

INDUSTRY INSIGHTS

Healthcare Services Sector Update

February 2019



Q Highlights

The **S&P Healthcare Services** Index decreased 1.5% over the last month, as compared to the S&P 500, which increased 3.0% over the same period.

Over the past month:

The sectors experiencing the most growth were Consumer Directed Health / Wellness (up 12.2%), Skilled Nursing (up 12.1%) and Specialty Managed Care (up 10.6%)

The sectors experiencing the greatest decline were Pharmacy Management (down 32.5%), Healthcare Staffing (down 20.0%) and Assisted / Independent Living (down 16.4%)

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.25x and 14.7x respectively

THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Healthcare Services Sector Update ..

Market Sector	# of Co's	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio
			1 mo	12 mo	Rev	EBITDA	LTM	2019E	
Providers									
Acute Care Hospitals	4	\$63,700	7.4%	36.0%	1.35x	9.0x	19.1x	13.4x	0.9x
Assisted / Independent Living	3	1,464	(16.4%)	(4.3%)	1.35x	13.2x	NM	NM	NM
Behavioral Health	3	4,035	(0.2%)	(32.3%)	1.07x	10.1x	NM	25.4x	1.1x
Dialysis Services	3	33,924	7.4%	(21.2%)	1.65x	8.8x	15.9x	16.9x	1.4x
Healthcare Staffing	2	2,661	(20.0%)	(12.8%)	0.88x	12.5x	17.2x	16.5x	1.2x
Home Health / Hospice	6	15,008	6.8%	62.1%	1.77x	17.3x	36.6x	26.3x	2.0x
Rehabilitation	4	9,788	(3.0%)	16.0%	2.94x	14.2x	18.1x	23.5x	2.0x
Skilled Nursing	4	4,011	12.1%	67.1%	0.89x	11.6x	25.1x	22.5x	1.5x
Providers - Other	3	4,129	(5.6%)	(24.9%)	1.68x	10.9x	11.2x	25.9x	2.0x
Total / Average	32	\$138,721	(1.3%)	9.5%	1.51x	11.9x	20.5x	21.3x	1.5x
Payors / Managed Care									
Commercial Managed Care	4	\$414,609	(5.2%)	7.9%	1.27x	15.0x	20.3x	14.8x	1.1x
Government Managed Care	3	46,245	(5.2%)	35.0%	0.47x	9.3x	22.3x	15.5x	1.1x
Specialty Managed Care	2	6,946	10.6%	19.2%	0.60x	13.7x	25.9x	12.5x	1.3x
Total / Average	9	\$467,800	(5.0%)	10.7%	0.78x	12.7x	22.8x	14.3x	1.1x
Consumer Directed Health / Wellness									
HCIT	20	\$47,941	4.8%	22.2%	4.29x	33.3x	27.8x	31.6x	2.2x
Other Outsourced Services									
Care Management / TPA	5	\$8,275	3.3%	45.7%	1.89x	20.1x	24.3x	26.6x	1.8x
Clinical Laboratories	6	36,366	6.8%	(2.8%)	3.44x	11.2x	18.4x	15.4x	2.3x
Contract Research Orgs	5	53,496	8.7%	33.2%	2.95x	17.3x	33.6x	19.9x	1.4x
Hospital Vendors	4	6,939	(3.7%)	(23.4%)	1.67x	18.9x	20.9x	17.9x	1.5x
Healthcare Consulting	2	1,813	(8.9%)	18.3%	1.25x	12.1x	NM	21.2x	1.5x
Total / Average	22	\$106,888	6.6%	18.0%	2.24x	15.9x	24.3x	20.2x	1.7x
Product									
Distribution	6	\$69,643	0.9%	(15.9%)	0.34x	9.5x	19.9x	12.2x	2.0x
Pharmacy Management	2	896	(32.5%)	(35.7%)	0.80x	15.7x	NM	11.2x	0.4x
Total / Average	8	\$70,539	(15.8%)	(25.8%)	0.57x	12.6x	19.9x	11.7x	1.2x
Healthcare REITS									
Total / Average (\$MM)	113	\$951,014	(0.9%)	11.4%	2.25x	14.7x	22.0x	20.9x	1.5x

Healthcare Services Sector Update ..

Market Indices	Value at	% Change			
	2/28/2019	1 mo	YTD	12 mo	36 mo
S&P 500	2,784.5	3.0%	11.1%	2.6%	42.9%
NASDAQ Composite Index	7,532.5	3.4%	13.5%	3.6%	64.1%
Russell 2000 Index	1,575.5	5.1%	16.8%	4.2%	51.9%
S&P Composite 1500 Health Care Facilities (Sub Ind)	338.2	1.4%	13.3%	28.3%	59.8%
S&P Composite 1500 Health Care Providers & Services (Industry)	894.5	(6.5%)	1.6%	4.7%	47.3%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,583.4	(7.5%)	2.0%	10.3%	89.0%
S&P Health Care Services Select Industry Index	10,225.2	(1.5%)	9.1%	7.5%	29.0%

Interest Rates	Value at	1 mo	3 mo	12 mo
	2/28/2019	ago	ago	ago
LIBOR - USD - 6 months	2.69%	2.80%	2.89%	2.22%
U.S. Treasury - 2 years	2.52%	2.45%	2.80%	2.25%
U.S. Treasury - 5 years	2.51%	2.44%	2.85%	2.65%
U.S. Treasury - 10 years	2.71%	2.64%	3.02%	2.87%
U.S. Treasury - 30 years	3.09%	3.01%	3.31%	3.13%
U.S. Prime Rate	5.50%	5.50%	5.25%	4.50%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Eqty Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	33	\$832,298	29.2%	87.5%	2.6%	10.6%	16.1%	59.1%
\$1 billion - \$5 billion	42	101,793	37.2%	10.7%	1.7%	13.2%	32.4%	61.2%
\$250 million - \$1 billion	24	15,638	21.2%	1.6%	3.3%	13.6%	5.1%	49.8%
\$100 million - \$250 million	6	895	5.3%	0.1%	4.2%	11.5%	39.0%	95.6%
< \$100 million	8	390	7.1%	0.0%	13.1%	47.2%	(36.0%)	(31.0%)
Total / Average (\$MM)	113	\$951,014	100.0%	100.0%	5.0%	19.2%	11.3%	46.9%

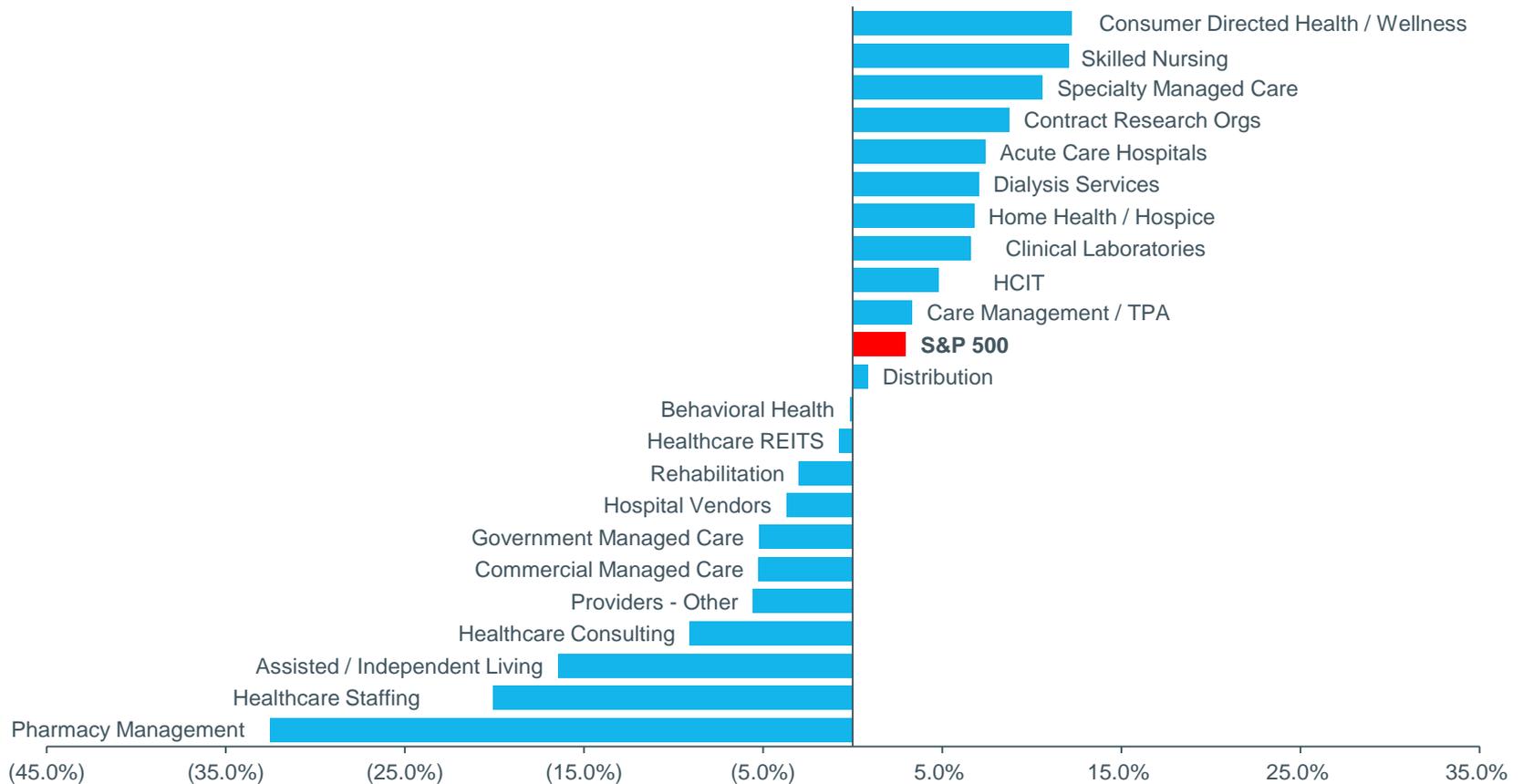
Healthcare Services Market Performance

Performance of Market Indices for Latest 36 Months



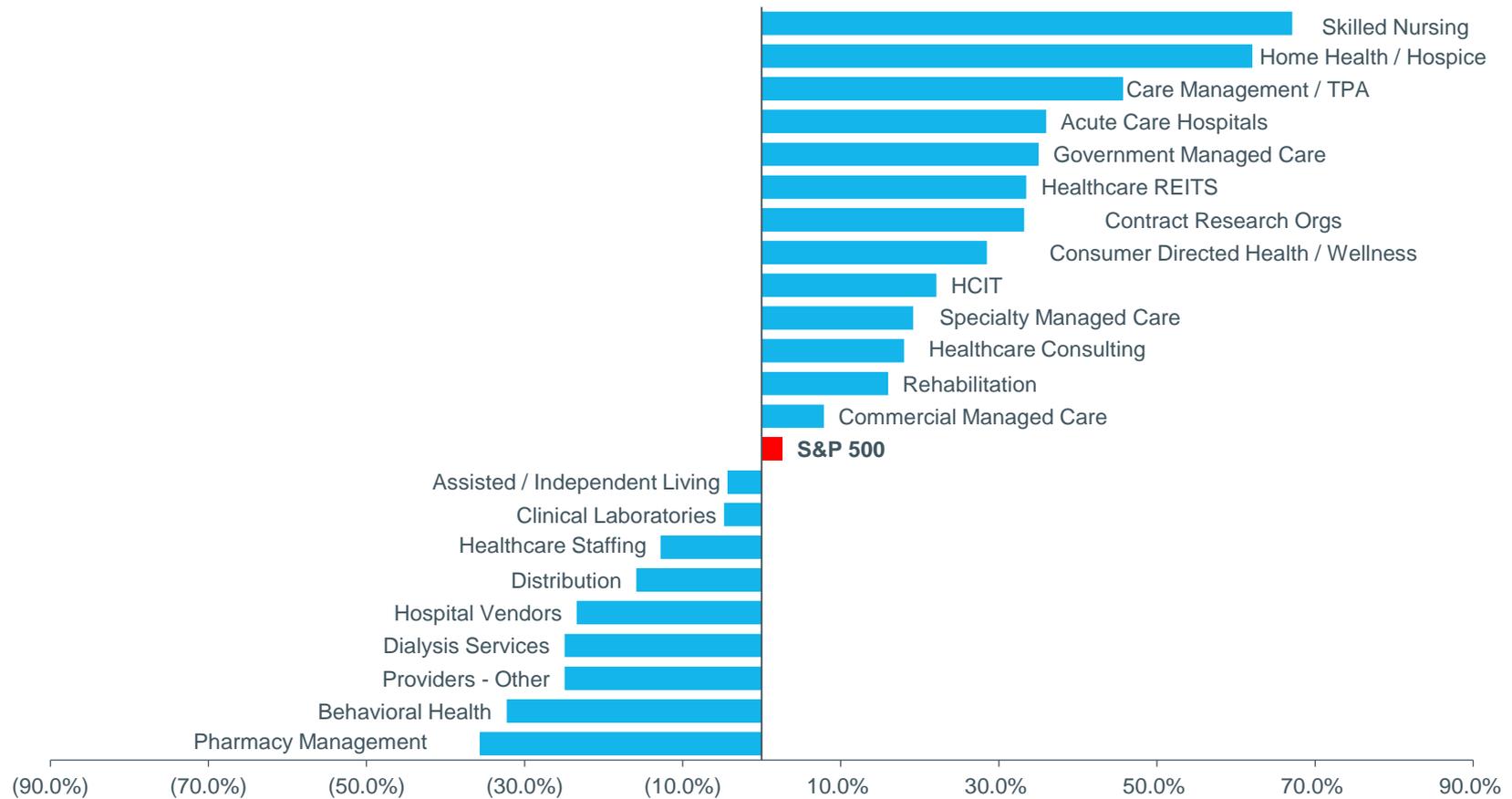
Healthcare Services Sector Change

Average % - 1 Month Change



Healthcare Services Sector Change

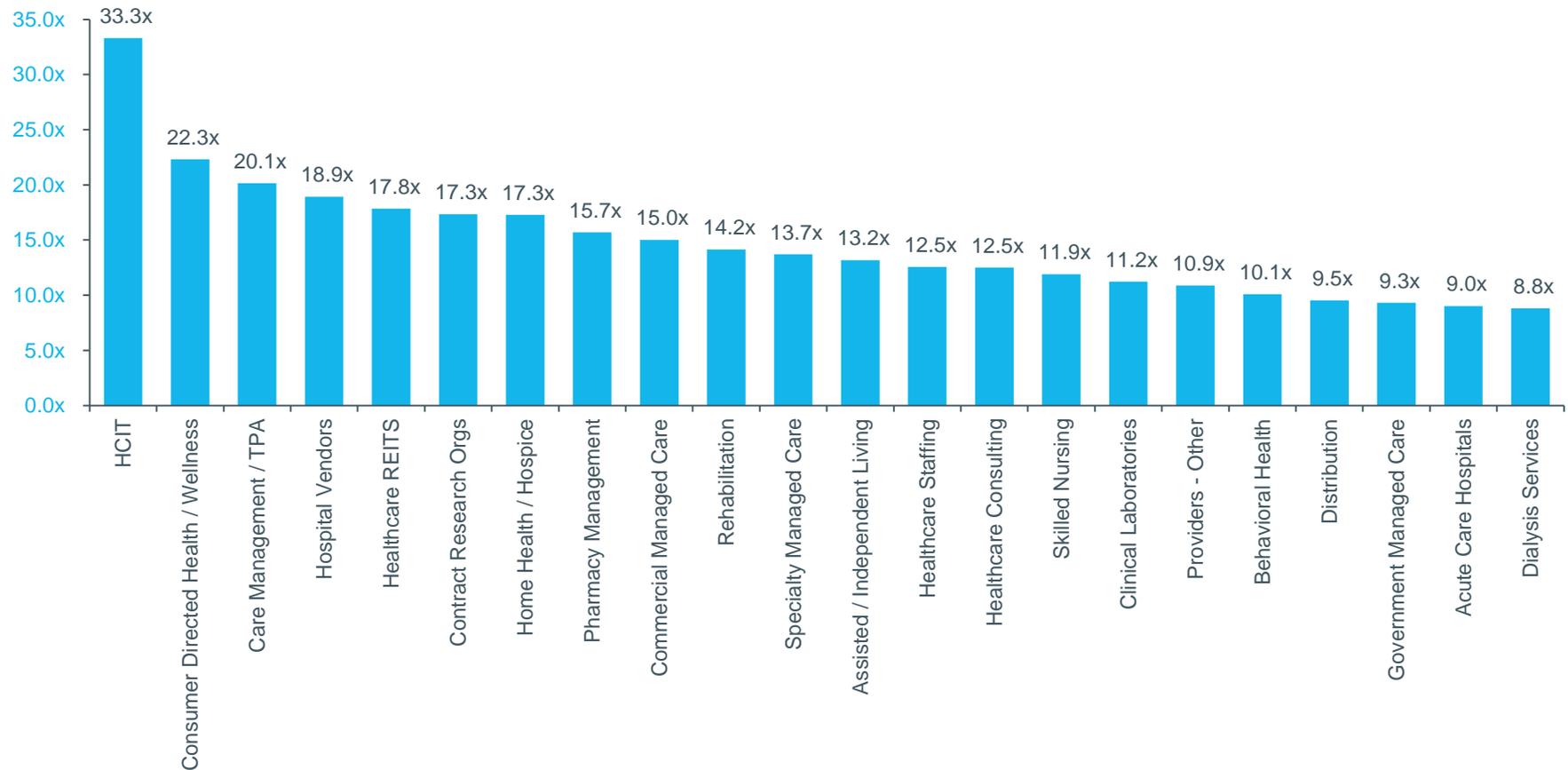
Average % - 12 Month Change



Source: S&P Global Market Intelligence as of February 28 2019, and includes the most actively traded healthcare companies for respective covered sectors, excluding most microcap companies.

Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



For the detailed February trading multiples for individual healthcare services companies, please contact one of our professionals below.

Brooks Dexter

Managing Director
Head of Healthcare M&A
Los Angeles
+1 424 249 1646
brooks.dexter@duffandphelps.com

Eric Coburn

Managing Director
New York
+1 212 450 2839
eric.coburn@duffandphelps.com

Philip Smith

Managing Director
Minneapolis
+1 612 225 2043
philip.smith@duffandphelps.com

Adam Stormoen

Managing Director
Minneapolis
+1 612 225 2044
adam.stormoen@duffandphelps.com

Jordan Lampos

Director
Los Angeles
+1 424 249 1668
jordan.lampos@duffandphelps.com

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