

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

January 2020



# Q Highlights

The **S&P Healthcare Services Index** decreased 0.5% over the last month, as compared to S&P 500, which increased 0.1% over the same period.

## Over the past month:

The sectors experiencing the most growth were Providers – Rehabilitation (up 6.7%), Healthcare Staffing (up 5.8%) and Dialysis Services (up 5.4%).

The sectors experiencing the most decline were Commercial Managed Care (down 7.9%), Consumer Directed Health / Wellness (down 6.8%) and Assisted / Independent Living (down 6.3%).

The current average LTM revenue and LTM EBITDA multiples for the Healthcare Services industry overall are 2.8x and 15.8x, respectively.

## THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



Consumer Direct Health / Wellness (4.19x LTM Revenue, 27.2x LTM EBITDA)



Assisted / Independent Living (1.97x LTM Revenue, 22.1x LTM EBITDA)



HCIT (4.68x LTM Revenue, 21.5x LTM EBITDA)



Healthcare REITS (14.12x LTM Revenue, 21.1x LTM EBITDA)

# Healthcare Services Sector Update .o

Market Sector	# of Co's	Ag. Equity Mkt. Value	Average % Change		LTM Multiples		Earnings Ratio		PEG Ratio 2020E
			1 mo	12 mo	Rev	EBITDA	LTM	2020E	
<b>Providers</b>									
Acute Care Hospitals	4	\$62,862	(5.9%)	2.7%	1.35x	9.1x	15.4x	11.7x	1.1x
Assisted / Independent Living	3	1,451	(6.3%)	(23.5%)	1.97x	22.1x	NM	NM	NM
Behavioral Health	2	4,637	(4.5%)	15.5%	0.32x	15.2x	NM	18.1x	2.0x
Dialysis Services	3	33,566	5.4%	15.7%	1.83x	10.4x	20.9x	14.4x	0.6x
Healthcare Staffing	2	3,512	5.8%	3.9%	1.16x	16.3x	26.3x	29.7x	2.6x
Home Health / Hospice	6	20,788	4.6%	42.3%	2.59x	20.4x	43.6x	33.1x	2.1x
Rehabilitation	4	12,391	6.7%	24.0%	3.46x	16.1x	23.0x	25.1x	2.6x
Skilled Nursing	3	3,860	(1.6%)	3.6%	1.30x	16.3x	20.4x	19.9x	1.3x
Providers - Other	3	3,893	(3.4%)	7.6%	4.45x	13.2x	33.4x	25.7x	2.0x
<b>Total / Average</b>	<b>30</b>	<b>\$146,959</b>	<b>0.1%</b>	<b>10.2%</b>	<b>2.05x</b>	<b>15.5x</b>	<b>26.2x</b>	<b>22.2x</b>	<b>1.8x</b>
<b>Payors / Managed Care</b>									
Commercial Managed Care	5	\$444,092	(7.9%)	(1.1%)	3.22x	11.6x	16.8x	14.2x	1.0x
Government Managed Care	2	44,385	(1.7%)	(4.4%)	0.48x	8.8x	14.9x	11.7x	0.9x
Specialty Managed Care	16	995,782	(0.0%)	0.3%	2.76x	10.9x	19.4x	15.6x	1.2x
<b>Total / Average</b>	<b>23</b>	<b>\$1,484,259</b>	<b>(7.3%)</b>	<b>(1.4%)</b>	<b>2.15x</b>	<b>10.4x</b>	<b>17.0x</b>	<b>13.8x</b>	<b>1.0x</b>
<b>Consumer Directed Health / Wellness</b>	<b>5</b>	<b>\$8,218</b>	<b>(6.8%)</b>	<b>(2.0%)</b>	<b>4.19x</b>	<b>27.2x</b>	<b>15.2x</b>	<b>24.3x</b>	<b>1.1x</b>
<b>HCIT</b>	<b>23</b>	<b>\$57,624</b>	<b>1.4%</b>	<b>24.5%</b>	<b>4.68x</b>	<b>21.5x</b>	<b>26.9x</b>	<b>28.6x</b>	<b>2.0x</b>
<b>Other Outsourced Services</b>									
Care Management / TPA	5	\$9,637	0.5%	24.6%	1.87x	20.7x	22.9x	23.9x	1.4x
Clinical Laboratories	6	43,965	4.5%	27.8%	4.24x	12.2x	21.3x	19.5x	2.8x
Contract Research Orgs	5	59,495	(0.5%)	18.3%	3.09x	18.1x	28.8x	19.7x	1.4x
Hospital Vendors	4	7,696	0.0%	21.2%	1.73x	14.9x	23.8x	29.1x	2.0x
Healthcare Consulting	1	1,408	(5.7%)	34.0%	2.04x	15.9x	47.6x	23.0x	1.7x
<b>Total / Average</b>	<b>21</b>	<b>\$122,201</b>	<b>1.3%</b>	<b>22.6%</b>	<b>2.60x</b>	<b>16.4x</b>	<b>28.9x</b>	<b>23.0x</b>	<b>1.9x</b>
<b>Product</b>									
Distribution	6	\$71,418	2.5%	3.5%	0.58x	10.0x	27.3x	13.7x	1.3x
Pharmacy Management	1	302	(0.5%)	(72.6%)	0.17x	16.2x	NM	23.8x	1.0x
<b>Total / Average</b>	<b>7</b>	<b>\$71,719</b>	<b>1.0%</b>	<b>(34.5%)</b>	<b>0.37x</b>	<b>13.1x</b>	<b>27.3x</b>	<b>18.7x</b>	<b>1.1x</b>
<b>Healthcare REITS</b>	<b>15</b>	<b>\$108,836</b>	<b>2.8%</b>	<b>6.4%</b>	<b>14.12x</b>	<b>21.1x</b>	<b>31.2x</b>	<b>43.4x</b>	<b>NM</b>
<b>Total / Average (\$MM)</b>	<b>124</b>	<b>\$1,999,817</b>	<b>(0.5%)</b>	<b>7.8%</b>	<b>2.80x</b>	<b>15.8x</b>	<b>25.2x</b>	<b>22.3x</b>	<b>1.6x</b>

# Healthcare Services Sector Update

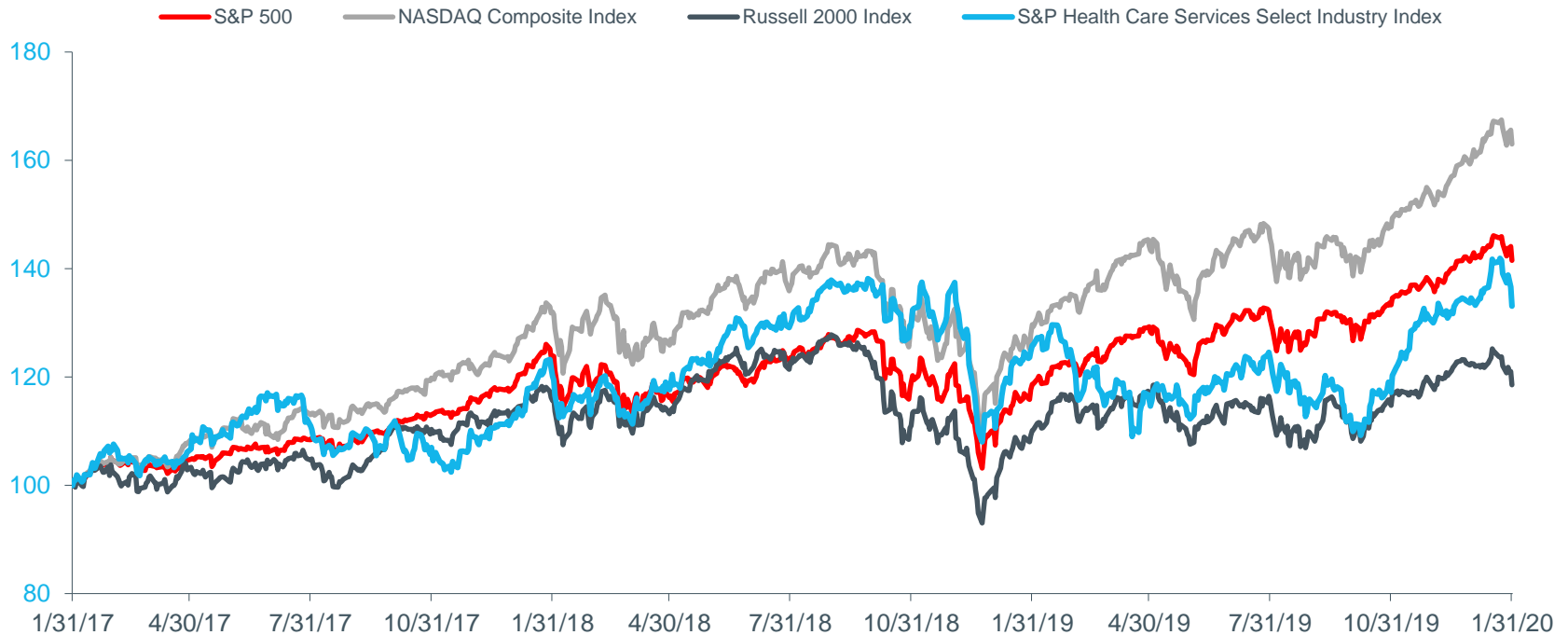
Market Indices	Value at	% Change			
	1/31/2020	1 mo	YTD	12 mo	36 mo
S&P 500	3,225.5	0.1%	(0.2%)	19.3%	41.5%
NASDAQ Composite Index	9,150.9	2.3%	2.0%	25.7%	63.0%
Russell 2000 Index	1,614.1	(3.0%)	(3.3%)	7.6%	18.5%
S&P Composite 1500 Health Care Facilities (Sub Ind)	355.6	(3.8%)	(4.2%)	6.6%	55.2%
S&P Composite 1500 Health Care Providers & Services (Industry)	976.9	(5.5%)	(5.6%)	2.1%	44.9%
S&P Composite 1500 Managed Health Care (Sub Ind)	1,701.2	(7.8%)	(7.7%)	(0.6%)	68.1%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>10,975.3</b>	<b>(0.5%)</b>	<b>(1.1%)</b>	<b>5.8%</b>	<b>33.1%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	1/31/2020	ago	ago	ago
LIBOR - USD - 6 months	1.75%	1.91%	1.92%	2.81%
U.S. Treasury - 2 years	1.33%	1.58%	1.61%	2.52%
U.S. Treasury - 5 years	1.33%	1.67%	1.65%	2.51%
U.S. Treasury - 10 years	1.52%	1.90%	1.80%	2.70%
U.S. Treasury - 30 years	2.01%	2.34%	2.28%	3.05%
U.S. Prime Rate	4.75%	4.75%	5.00%	5.50%

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	34	\$895,832	30.4%	88.3%	0.8%	0.8%	15.0%	63.2%
\$1 billion - \$5 billion	45	105,496	40.2%	10.4%	0.4%	0.4%	15.2%	86.4%
\$250 million - \$1 billion	21	12,205	18.8%	1.2%	(0.3%)	(0.3%)	1.1%	(4.5%)
\$100 million - \$250 million	7	1,290	6.3%	0.1%	11.2%	11.2%	36.2%	74.9%
< \$100 million	5	256	4.5%	0.0%	(3.7%)	(3.7%)	(21.6%)	(41.1%)
<b>Total / Average (\$MM)</b>	<b>112</b>	<b>\$1,015,078</b>	<b>100.0%</b>	<b>100.0%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>9.2%</b>	<b>35.8%</b>

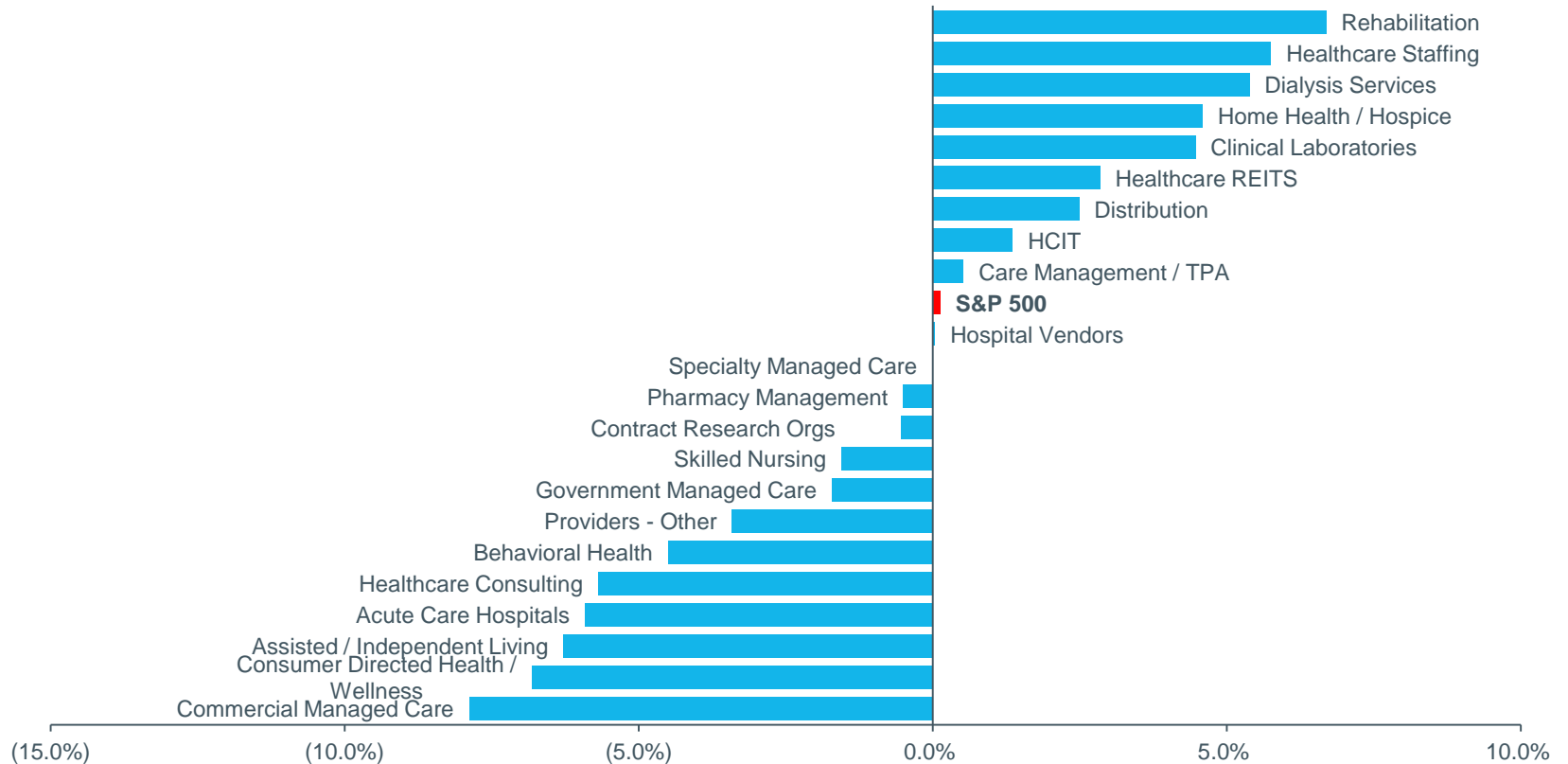
# Healthcare Services Market Performance

## Performance of Market Indices for Latest 36 Months



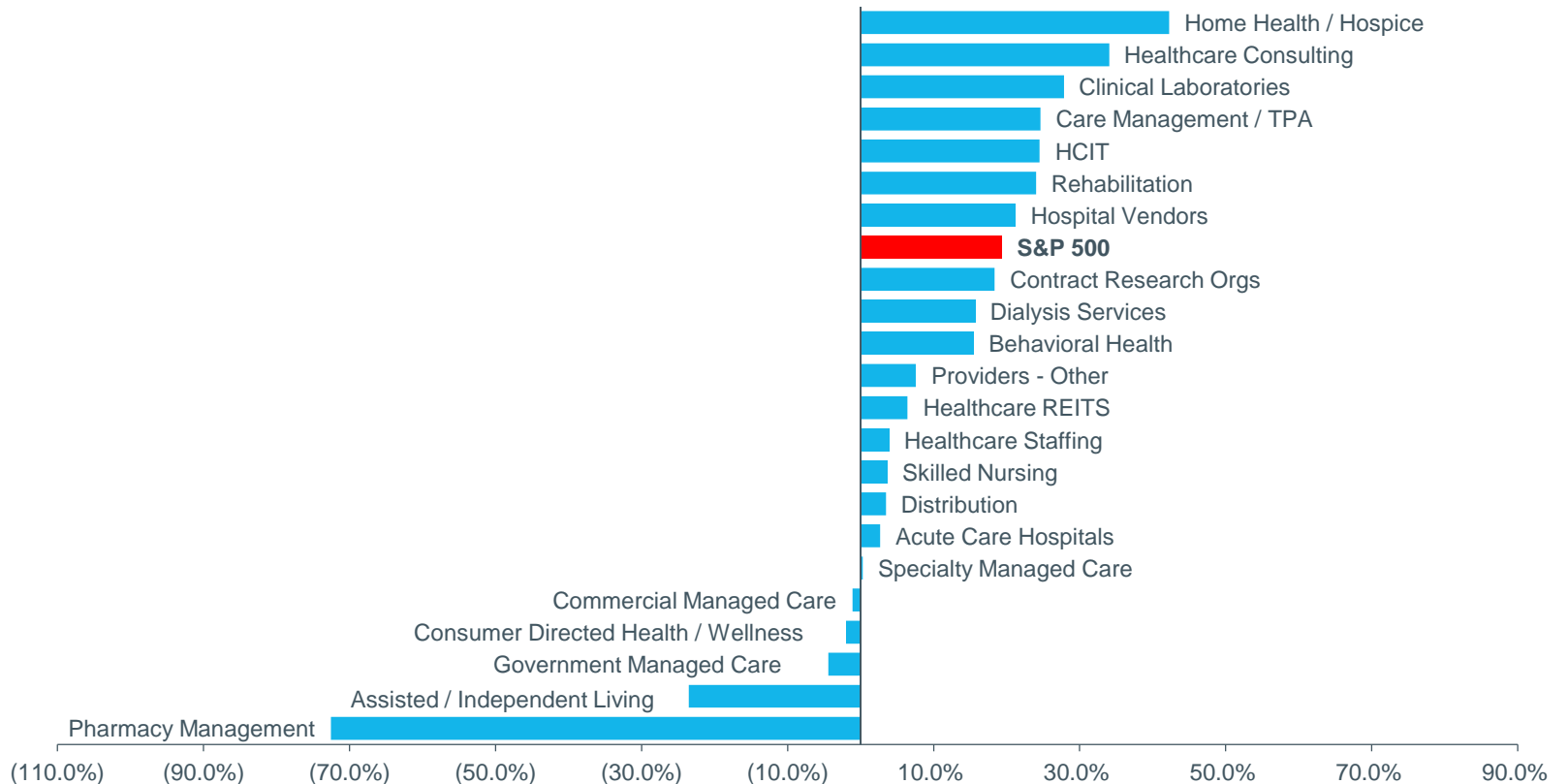
# Healthcare Services Sector Change

Average % - 1 Month Change



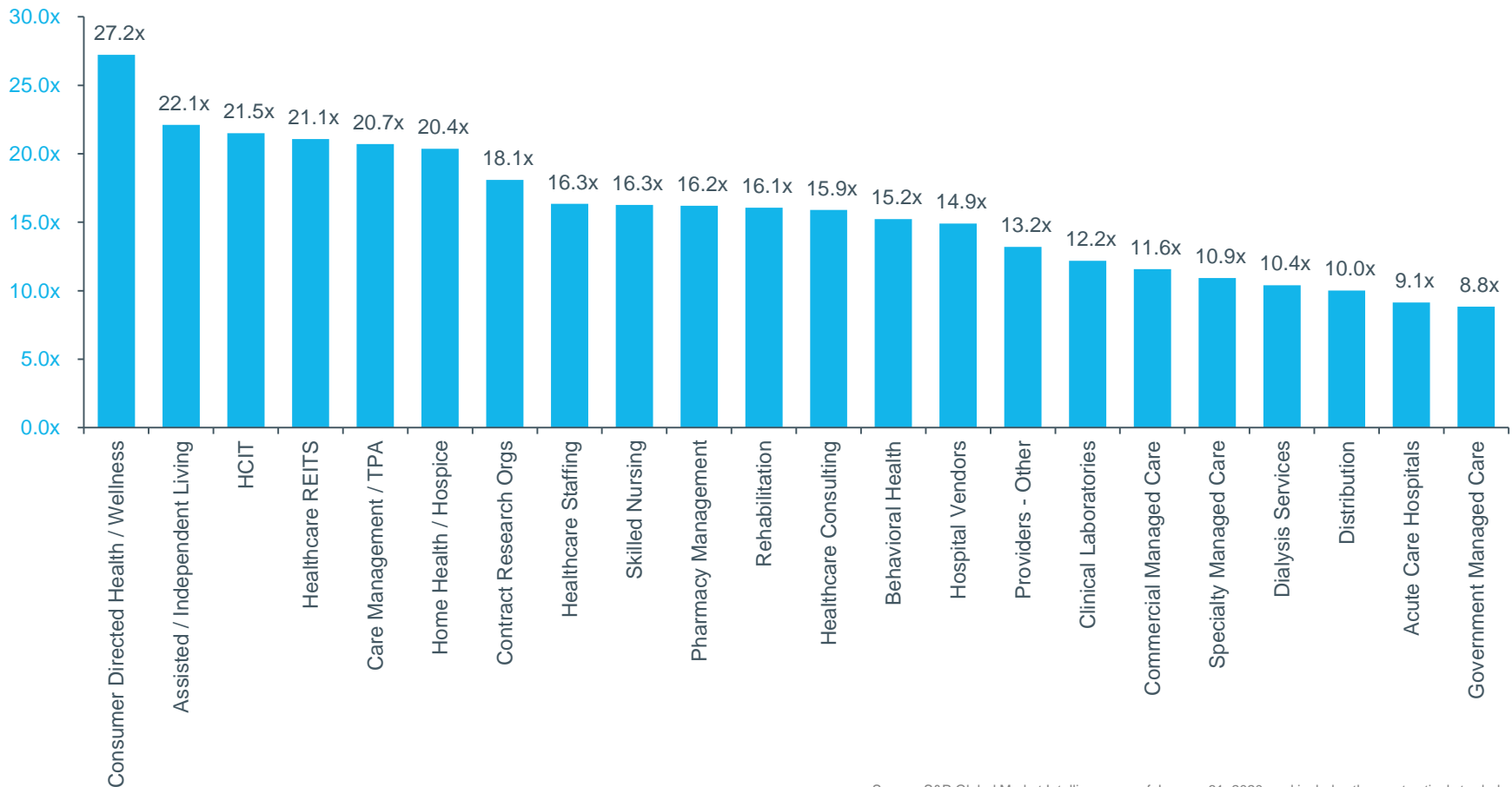
# Healthcare Services Sector Change

Average % - 12 Month Change



# Healthcare Services Multiples

## Overview of Subsector EV/LTM EBITDA





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

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