



HEALTH CARE INDUSTRY TRENDS

Jan 2020

M&A ACTIVITY

P. 2

HEALTHCARE SECTOR TRENDS

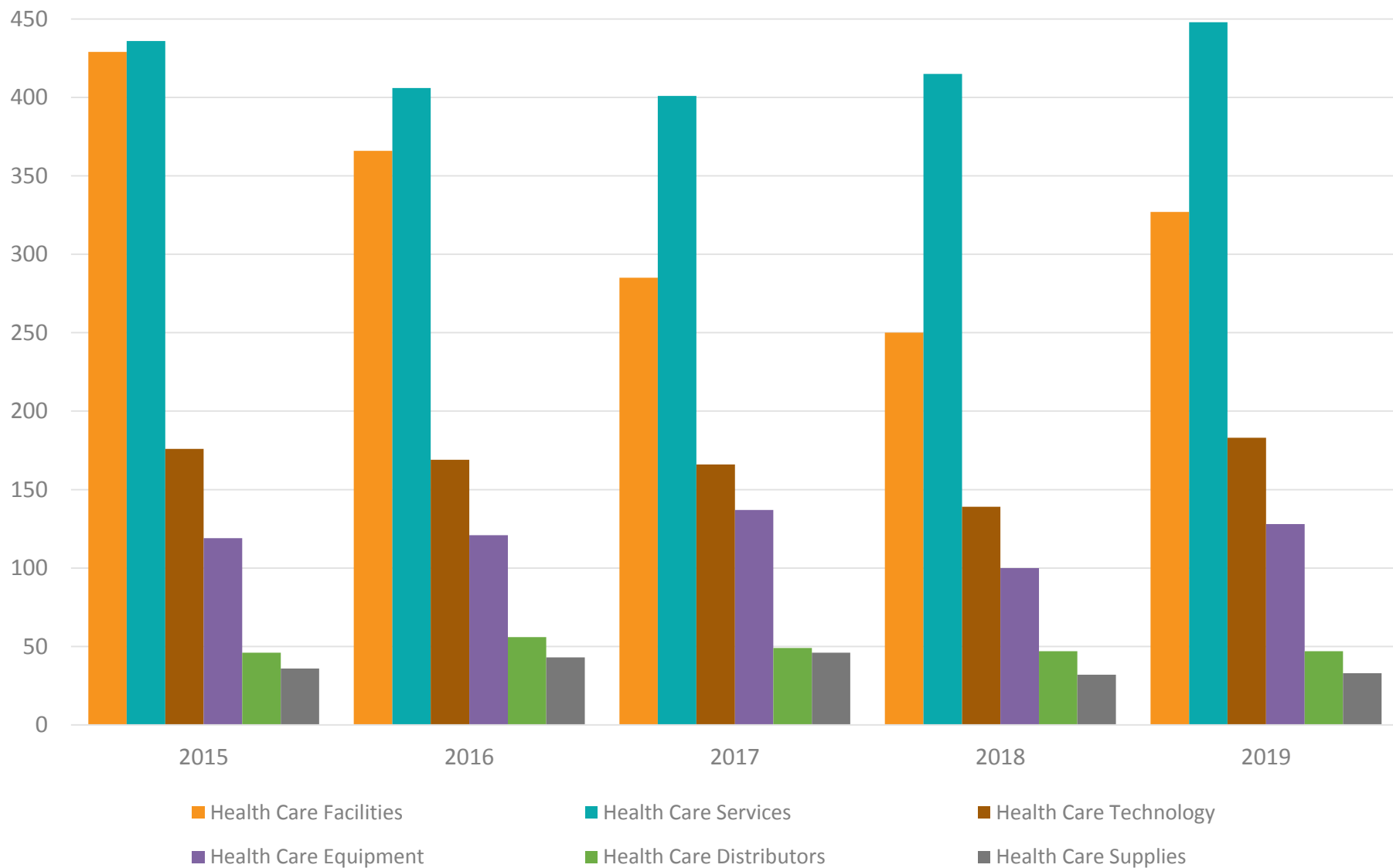
P. 3

SELECTED M&A TRANSACTIONS

P. 10

M&A ACTIVITY

Number of Health Care M&A Deals, both public & private acquisition targets – 2015 through 2019



SPOTLIGHT SUB-SECTOR



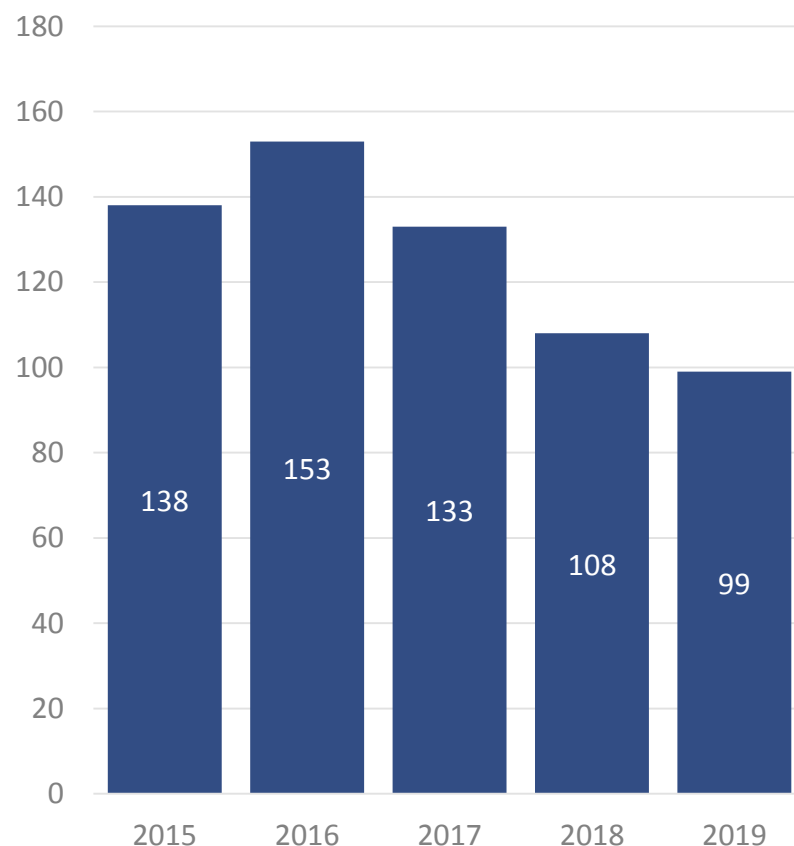
Physicians, Rehabilitation / Home Care, and Laboratories

Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
<u>Home Care / Rehabilitation</u>			
Addus HomeCare Corp	\$1,337.5	2.2x	31.8x
Amedisys, Inc.	\$5,688.2	3.0x	30.2x
Encompass Health Corp	\$10,673.6	2.4x	11.8x
LHC Group, Inc.	\$4,751.6	2.3x	22.1x
<u>Laboratories & Outpatient Testing</u>			
American Renal Associates	\$1,308.7	1.6x	10.3x
DaVita Inc.	\$20,940.5	1.9x	9.2x
Laboratory Corporation of America Holdings	\$23,522.8	2.1x	12.4x
Quest Diagnostics Inc	\$18,635.3	2.4x	12.2x
<u>Physician Specialty Services</u>			
MEDNAX, Inc.	\$4,227.0	1.1x	8.0x
Surgery Partners, Inc.	\$4,820.9	2.7x	14.2x

Source: Capital IQ, as of 12/31/2019

Note: These companies are also included
in the Healthcare Services industry.

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



SELECTED PUBLICLY TRADED COMPANIES

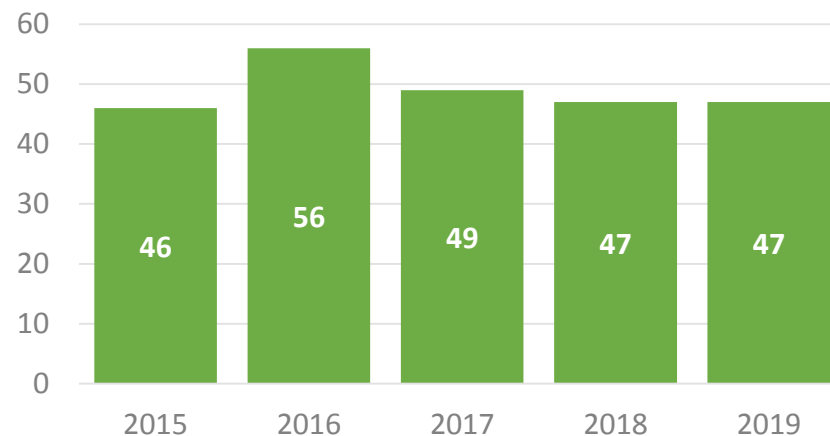


HEALTH CARE DISTRIBUTORS

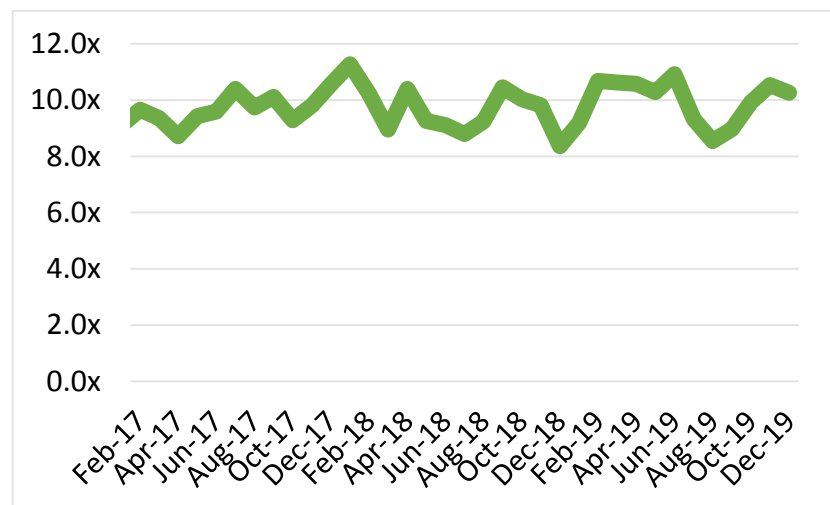
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
AmerisourceBergen Corporation	\$18,741.0	0.1x	8.0x
Cardinal Health, Inc.	\$21,991.1	0.1x	7.7x
Covetrus, Inc.	\$2,689.0	0.7x	21.0x
Henry Schein, Inc.	\$11,967.5	0.9x	10.3x
McKesson Corporation	\$35,496.6	0.2x	9.1x
Patterson Companies, Inc.	\$2,562.6	0.5x	12.2x
PetIQ, Inc.	\$908.3	1.4x	27.2x
	Average	0.5x	13.6x
	Median	0.5x	10.3x

Source: Capital IQ, as of 12/31/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECTED PUBLICLY TRADED COMPANIES

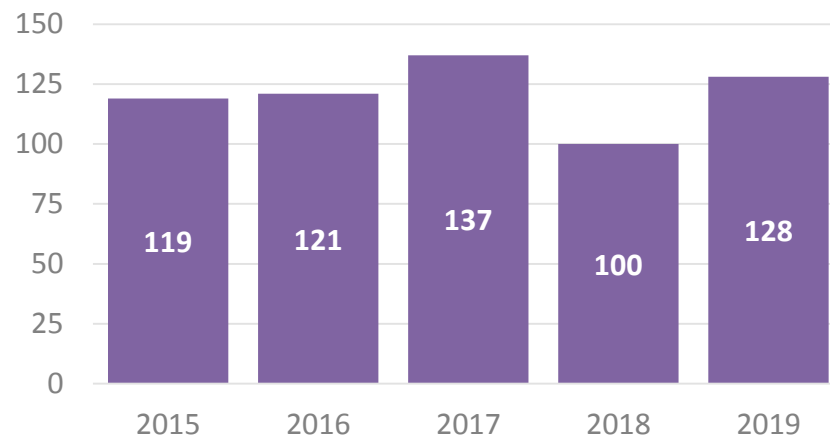


HEALTH CARE EQUIPMENT

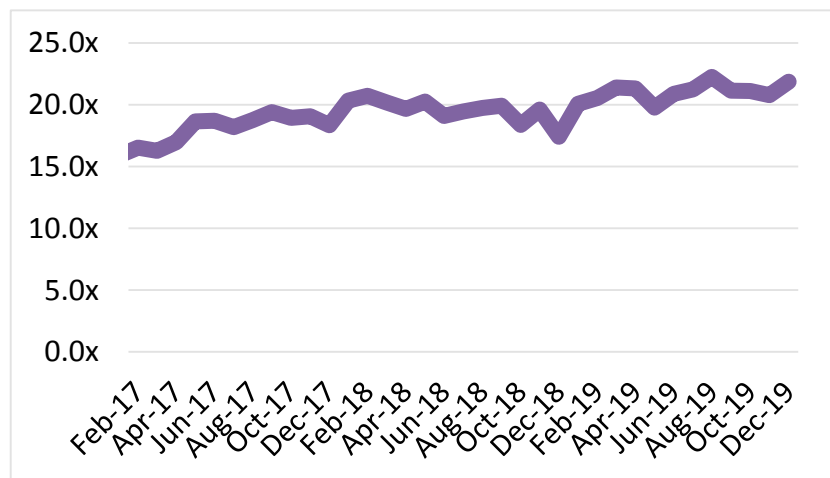
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
Abbott Laboratories	\$169,476.1	5.4x	21.9x
Baxter International Inc.	\$45,577.7	4.1x	17.4x
Becton, Dickinson and Company	\$92,533.1	5.4x	17.9x
Boston Scientific Corporation	\$73,951.7	7.1x	27.0x
Intuitive Surgical, Inc.	\$65,516.4	15.4x	44.2x
Stryker Corporation	\$85,345.5	5.9x	20.6x
Varian Medical Systems, Inc.	\$12,797.9	4.0x	22.1x
	Average	6.7x	24.4x
	Median	5.4x	21.9x

Source: Capital IQ, as of 12/31/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECTED PUBLICLY TRADED COMPANIES

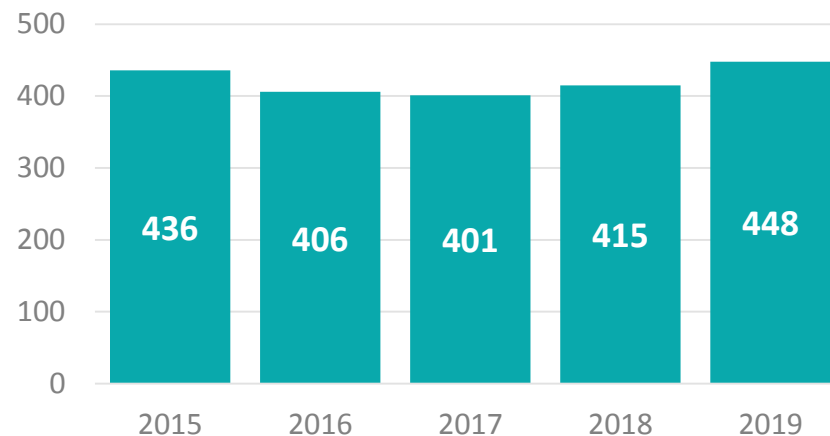


HEALTH CARE SERVICES

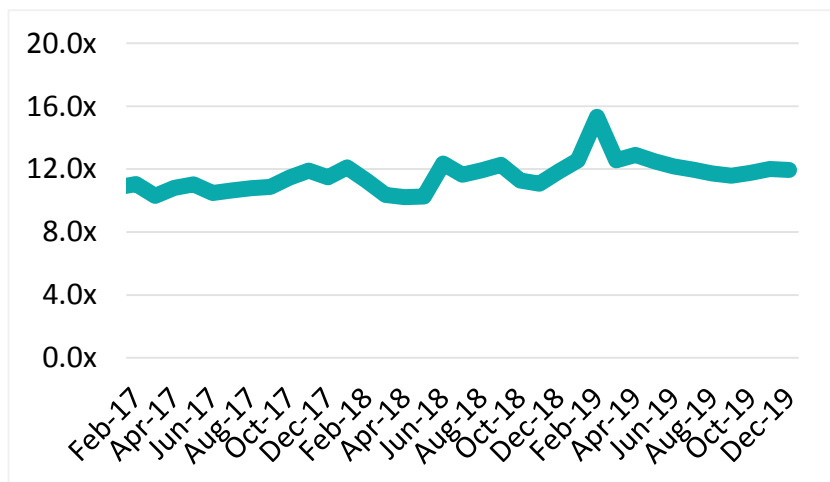
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
Amedisys, Inc.	\$5,688.2	3.0x	30.2x
Chemed Corporation	\$7,268.9	3.9x	24.5x
Cigna Corporation	\$111,231.8	0.9x	10.6x
CVS Health Corporation	\$179,118.6	0.7x	11.4x
DaVita Inc.	\$20,940.5	1.9x	9.2x
Fresenius Medical Care AG & Co. KGaA	\$37,805.8	2.0x	11.5x
Laboratory Corporation of America Holdings	\$23,522.8	2.1x	12.4x
R1 RCM Inc.	\$2,095.4	1.8x	17.1x
	Average	2.0x	15.9x
	Median	1.9x	11.9x

Source: Capital IQ, as of 12/31/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECTED PUBLICLY TRADED COMPANIES

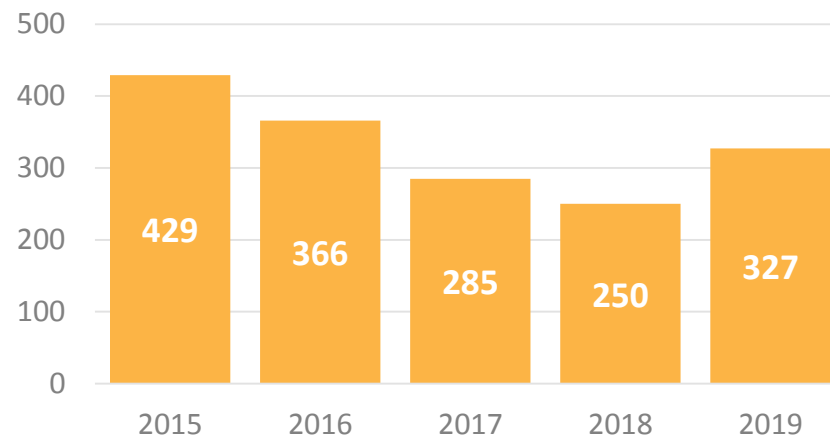


HEALTH CARE FACILITIES

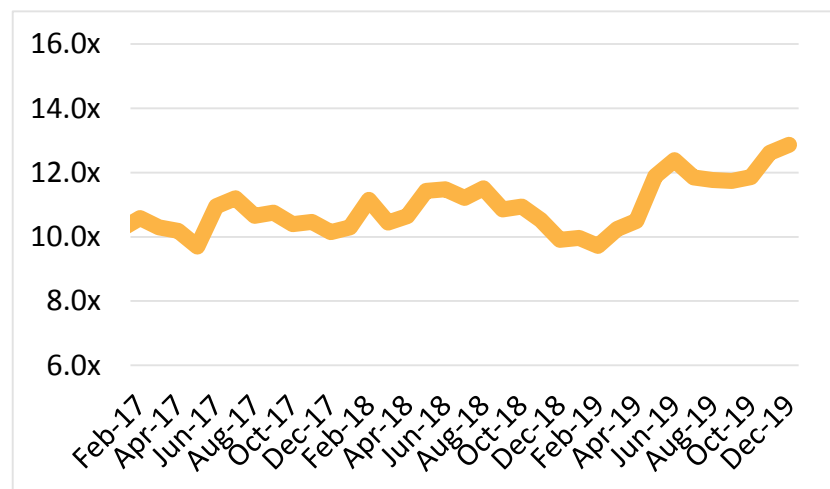
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
Acadia Healthcare Company, Inc.	\$6,614.0	2.2x	11.8x
Brookdale Senior Living Inc.	\$7,002.2	2.1x	17.0x
HCA Healthcare, Inc.	\$87,636.9	1.7x	9.1x
Select Medical Holdings Corporation	\$8,497.2	1.6x	12.9x
Surgery Partners, Inc.	\$4,820.9	2.7x	14.2x
Tenet Healthcare Corporation	\$21,979.1	1.2x	7.8x
The Ensign Group, Inc.	\$3,689.9	1.6x	16.9x
	Average	1.9x	12.8x
	Median	1.7x	12.9x

Source: Capital IQ, as of 12/31/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECTED PUBLICLY TRADED COMPANIES

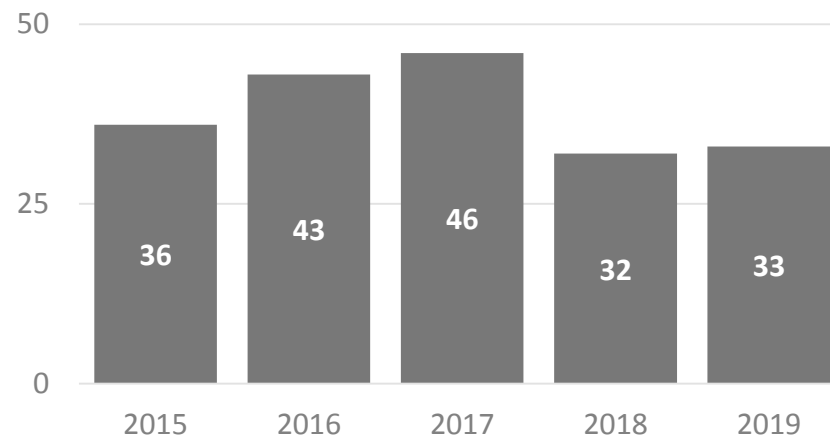


HEALTH CARE SUPPLIES

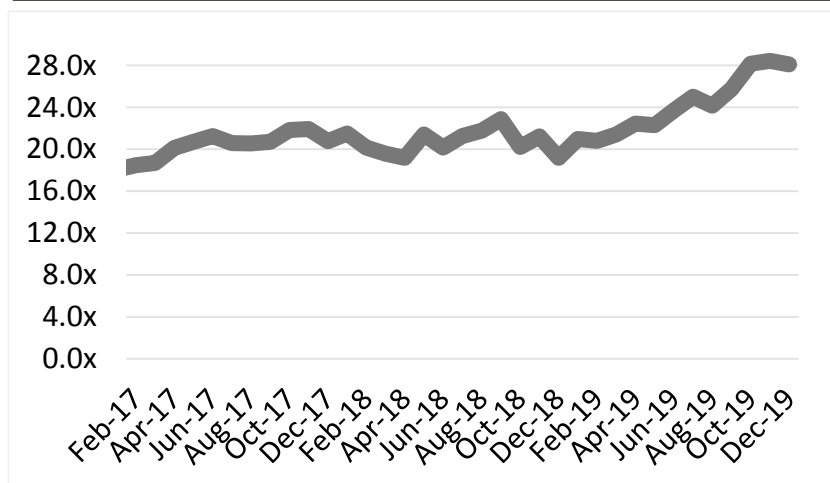
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
Alcon, Inc.	\$30,869.2	4.2x	32.1x
Align Technology, Inc.	\$21,266.7	9.3x	37.7x
DENTSPLY SIRONA Inc.	\$13,937.8	3.5x	19.8x
Haemonetics Corporation	\$6,111.5	6.2x	27.7x
ICU Medical, Inc.	\$3,567.2	2.8x	15.6x
Neogen Corporation	\$3,128.3	7.5x	36.4x
The Cooper Companies, Inc.	\$17,500.7	6.6x	20.9x
West Pharmaceutical Services, Inc.	\$10,995.4	6.1x	28.5x
	Average	5.8x	27.3x
	Median	6.2x	28.1x

Source: Capital IQ, as of 9/30/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECTED PUBLICLY TRADED COMPANIES

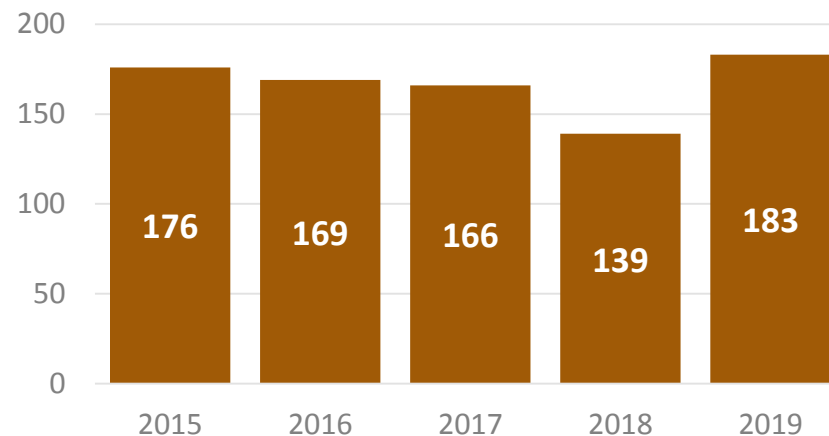


HEALTH CARE TECHNOLOGY

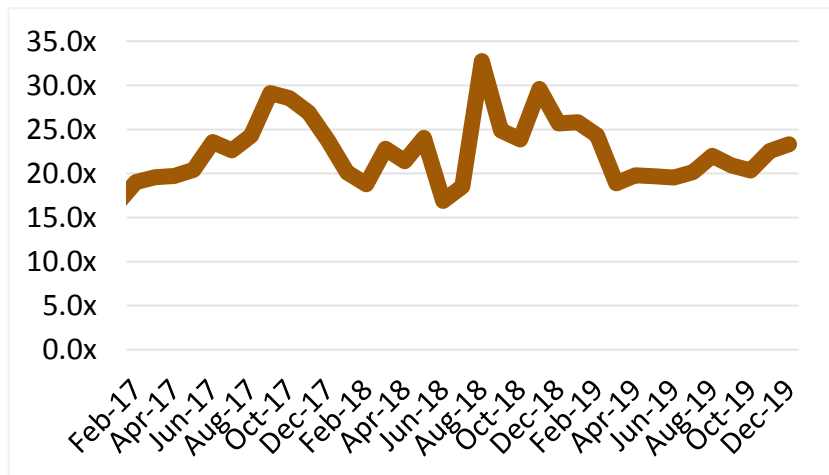
Company	Enterprise value (US \$ mil)	EV / Revenue	EV / EBITDA
Cerner Corporation	\$23,590.8	4.2x	21.3x
Veeva Systems Inc.	\$19,432.5	19.0x	62.9x
Omnicell, Inc.	\$3,430.1	4.0x	29.6x
Inovalon Holdings, Inc.	\$3,844.4	6.4x	23.3x
HMS Holdings Corp.	\$2,591.0	4.2x	18.0x
	Average	7.5x	31.0x
	Median	4.2x	23.3x

Source: Capital IQ, as of 9/30/2019

Number of M&A Deals, (both public & private acquisition targets) 2015 through 2019



Median Enterprise Value to EBITDA Multiples for Selected Public Companies



SELECT M&A TRANSACTIONS

Both public & private acquisition targets

Date	Target	Acquiror / Investor	Category	EV (US\$m)	EV/ Sales	EV/ EBITDA
Feb-19	Options Medical, LLC	Orthofix Medical Inc. (NasdaqGS:OFIX)	Health Care Distributors	-	-	-
Mar-19	Cellerate, LLC	Sanara MedTech Inc. (OTCPK:SMTI)	Health Care Distributors	28.00	-	-
Jun-19	Canfield Medical Supply, Inc. (OTCPK:CNMF)	WesBev LLC	Health Care Distributors	-	-	-
Nov-19	Suture Express, Inc.	Medline Industries, Inc.	Health Care Distributors	-	-	-
Nov-19	McKesson Patient Care Solutions, Inc.	AdaptHealth, LLC	Health Care Distributors	15.00	0.12x	-
Dec-19	Enclara Pharmacia, Inc.	Humana Inc. (NYSE:HUM)	Health Care Distributors	-	-	-
Jun-19	SuperSonic Imagine SA (ENXTPA:SSI)	Hologic, Inc. (NasdaqGS:HOLX)	Health Care Equipment	66.86	2.41x	-
Jun-19	UmanDiagnostics AB	Quanterix Corporation (NasdaqGM:QTRX)	Health Care Equipment	22.28	-	-
Aug-19	New Aera, Inc.	Inogen, Inc. (NasdaqGS:INGN)	Health Care Equipment	101.8	-	-
Aug-19	Gould's Discount Medical, Inc.	AdaptHealth Corp. (NasdaqCM:AHCO)	Health Care Equipment	24.26	-	-
Sep-19	Rebound Therapeutics Corp.	Integra LifeSciences Holdings Corporation (NasdaqGS:IART)	Health Care Equipment	102.1	-	-
Nov-19	Durable Medical Equipment business of SleepMed Therapy Services	AdaptHealth Corp. (NasdaqCM:AHCO)	Health Care Equipment	15.41	-	-
Feb-19	All Assets of RoseRock Healthcare	Amedisys, Inc. (NasdaqGS:AMED)	Health Care Services	17.5	-	-
Apr-19	Substantially All Assets of Alacare Home Health & Hospice	Encompass Health Corporation (NYSE:EHC)	Health Care Services	217.5	1.86x	-

SELECT M&A TRANSACTIONS

Both public & private acquisition targets

Date	Target	Acquiror / Investor	Category	EV (US\$m)	EV/ Sales	EV/ EBITDA
Apr-19	SFL Radiology Holdings, LLC	Akumin Corp.	Health Care Services	47.73	-	-
Nov-19	Soliant Health, Inc.	Olympus Partners	Health Care Services	612	1.78x	11.33x
Nov-19	Clear Genetics, Inc	Invitae Corporation (NYSE:NVTA)	Health Care Services	49.55	-	-
Dec-19	Diplomat Pharmacy, Inc. (NYSE:DPLO)	OptumRx, Inc.	Health Care Services	897.3	0.17x	16.53x
Dec-19	Pioneer Spine and Sports Physicians	Healthcare Trust, Inc.	Health Care Services	12.2	-	-
Feb-19	15 Skilled Nursing Facilities	Genesis Healthcare, Inc. (NYSE:GEN); Next Healthcare Capital	Health Care Facilities	204	-	-
May-19	Cancer Treatment Services International, Inc.	Varian Medical Systems, Inc. (NYSE:VAR)	Health Care Facilities	279.3	6.42x	-
Jun-19	Watsonville Hospital Corporation	Halsen Healthcare, LLC	Health Care Facilities	46	-	-
Aug-19	58 Skilled Nursing Facilities and Two Assisted Living Facilities	Omega Healthcare Investors, Inc. (NYSE:OHI)	Health Care Facilities	735	-	-
Aug-19	Hospice Partners of America LLC	Addus HealthCare Inc.	Health Care Facilities	130	2.62x	-
Nov-19	Portfolio of 10 Acute Care Hospitals	Medical Properties Trust, Inc. (NYSE:MPW)	Health Care Facilities	700	-	-
May-19	Solsys Medical, LLC	Misonix, Inc. (NasdaqGM:MSON)	Health Care Supplies	120.72	7.06x	-
Jun-19	Medical Device Resource Corporation	Innovia Medical LLC	Health Care Supplies	-	-	-

Source: Capital IQ and HCG Research

SELECT M&A TRANSACTIONS

Both public & private acquisition targets

Date	Target	Acquiror / Investor	Category	EV (US\$m)	EV/ Sales	EV/ EBITDA
Jun-19	Medical Indicators, Inc.	Progress Equity Partners, Ltd.	Health Care Supplies	-	-	-
Aug-19	NeoMed, Inc.	Avanos Medical, Inc. (NYSE:AVNS)	Health Care Supplies	34.96	0.97x	-
Aug-19	Starplex Scientific Inc.	Pretium Packaging, LLC	Health Care Supplies	-	-	-
Sep-19	The Hilsinger Company Inc.	Windjammer Capital Investors LLC	Health Care Supplies	-	-	-
Dec-19	A.R. Nelson Co. Inc.	Sealtite Corporation	Health Care Supplies	-	-	-
Jan-19	Geneva Healthcare, Inc.	BioTelemetry, Inc. (NasdaqGS:BEAT)	Health Care Technology	77.9	12.98x	-
Feb-19	Worksteady Inc.	AMN Healthcare Services, Inc. (NYSE:AMN)	Health Care Technology	55.18	-	-
Mar-19	Voalte, Inc.	Hill-Rom, Inc.	Health Care Technology	195	4.88x	-
Jun-19	RxHelpline, LLC/TogetherHealth PAP LLC/TogetherHealth Insurance, LLC	Health Plan Intermediaries Holdings, LLC	Health Care Technology	68.09	-	-
Jul-19	OmniComm Systems, Inc.	Anju Software, Inc.	Health Care Technology	76.36	3.03x	39.88x
Oct-19	ClearCare, Inc.	WellSky Corporation	Health Care Technology	235	-	-

Source: Capital IQ and HCG Research

Healthcare Team

HERITAGE CAPITAL GROUP OFFERS A
COMPREHENSIVE RANGE OF SERVICES

- M&A – Sell-side
- M&A – Buy- side
- Capital Raises
- Strategic Consulting

The Heritage health care team has assisted various medical practices and providers of medical products and services with strategic consulting, debt financing, valuations, acquisitions, exit planning and sales. With more than 40 years of varied experience among our team, we have been able to add value to each of the entities with which we work.

If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.



DAN EDELMAN
Principal
Jacksonville, FL
Tel: +1 904 354 9600



DOUGLAS M. KRAVET
Principal
Jacksonville, FL
Tel: +1 904 354 9600



MARY FROSIO
Principal
Jacksonville, FL
Tel: +1 904 354 9600



DON WIGGINS
Principal
Jacksonville, FL
Tel: +1 904 354 9600



HOWARD SERKIN
Principal
Jacksonville, FL
Tel: +1 904 354 9600



ALEX KELLISON
Director of Investment
Banking Services
Jacksonville, FL
Tel: +1 904 354 9600