



HEALTHCARE IQ

M&A Outlook in the Dental Sector Appears Bright

Like most other sectors, M&A activity in the dental space went on hiatus for a few months with most significant deals in the market hitting the pause button from mid-March through June.

Beginning in June, dental service organization (“DSO”) deal activity began picking up again, and the number of DSO deals closed through the first nine months of 2020 (as reported by Capital IQ) is essentially unchanged from the same period in 2019. Of note, prices being paid in terms of multiples remain relatively strong. For good quality assets with scale, multiples are essentially unchanged. However, one of our respondents did indicate that there has been some pull back in pricing for smaller, single-site assets with prices being paid declining by 10-15% to approximately 70% of revenue.

While we did hear mention of increased use of structure (earnouts, other forms of deferred compensation, etc.), this doesn’t appear to be widespread. Rather, the amount of equity roll for the DSO seller is increasing, particularly in instances where the purchase multiple is being pushed up. Higher multiples typically equate to greater equity roll, and, in some cases can be as much as 40%.

To sum up, we believe that the dental sector will continue to be highly attractive for investors as the overall dynamics remain strong, and we don’t see recent events changing anyone’s long-term views. The strong M&A market that we’ve seen over the past several years will likely continue as the dental industry is still largely comprised of smaller players and so remains ripe for continued consolidation.

For our complete analysis, go to www.amherstpartners.com/HealthcareIQ_3Q2020.

Recent Deal Activity 3Q 2020

September 29, 2020 – Long Beach, California-based **Molina Healthcare, Inc.** (NYSE: MOH) (“Molina”) entered into a definitive agreement to acquire substantially all of the assets of New York, New York-based **Affinity Health Plan, Inc.** (“Affinity”). Affinity is a Medicaid managed care organization serving members in New York. Molina management noted Affinity’s product line and geographic fit, coupled with its strong balance sheet and demonstrated operating capabilities as being drivers for the transaction. The announced transaction value was \$380 million.

September 17, 2020 – New York, New York-based **MetLife, Inc.** (NYSE: MET) (“MetLife”) announced the acquisition of New York, New York-based **Versant Health, Inc.** (“Versant”), a managed eye health and vision care provider. Versant owns the well-established marketplace brands Davis Vision and Superior Vision. MetLife cited Versant’s brand recognition and leadership in the industry as drivers for the transaction. The announced transaction value was \$1.7 billion.

September 13, 2020 – Foster City, California-based **Gilead Sciences, Inc.** (NasdaqGS: GILD) (“Gilead”) announced the acquisition of Morris Plains, New Jersey-based **Immunomedics, Inc.** (NasdaqGM: IMMU) (“Immunomedics”). Immunomedics is a clinical-stage biopharmaceutical company who develops monoclonal antibody-based products for the targeted treatment of cancer. The announced transaction value was approximately \$21 billion.

September 2, 2020 – Dallas, Texas-based private equity firm **Trive Capital** (“Trive”) announced the acquisition of Addison, Texas-based **Valor Healthcare, Inc.** (“Valor”). Valor is an outsourced provider of high-quality primary care and mental health services to veterans in the United States. Valor operates more than 35 Veterans Administration (“VA”) community-based outpatient clinics (“CBOCs”) as a contractor for the US Department of Veterans Affairs. Terms of the transaction were not disclosed.

September 2, 2020 – Kennesaw, Georgia-based **CryoLife, Inc.** (NYSE: CRY) (“CryoLife”) announced the acquisition of Boca Raton, Florida-based **Ascyrus Medical LLC** (“Ascyrus”). Ascyrus a leading cardiac and vascular surgery company focused on aortic disease. CryoLife management cited Ascyrus’s product offerings and broad geographic

reach, particularly in Canada and the EU, as drivers for the transaction. The announced transaction value was approximately \$199 million.

September 2, 2020 – Kennesaw, Georgia-based **CryoLife, Inc.** (NYSE: CRY) (“CryoLife”) announced the acquisition of Boca Raton, Florida-based **Ascyrus Medical LLC** (“Ascyrus”). Ascyrus a leading cardiac and vascular surgery company focused on aortic disease. CryoLife management cited Ascyrus’s product offerings and broad geographic reach, particularly in Canada and the EU, as drivers for the transaction. The announced transaction value was approximately \$199 million.

August 7, 2020 – San Ramon, California-based **CooperVision, Inc.** (“CooperVision”) announced the acquisition of San Diego, California-based **C&E GP Specialists, Inc.** (“C&E”). C&E is a customized orthokeratology contact lens manufacturer and distributor. CooperVision management noted that the acquisition further expands CooperVision’s specialty eye care business and its leadership in addressing the increasing severity and prevalence of myopia. The announced transaction value was \$27 million.

July 28, 2020 – New York, New York-based private equity firm **WindRose Health Investors, LLC** (“WindRose”) announced the recapitalization of **Caregiver, Inc.** (“CareGiver”). CareGiver is a leading provider of long-term care services and supports to people with intellectual and developmental disabilities. WindRose leadership cited Caregiver’s premier platform and exceptional reputation for providing high-quality care as drivers for the transaction. The announced transaction value was approximately \$200 million.

July 9, 2020 – Salt Lake City, Utah-based **Health Catalyst, Inc.** (NasdaqGS: HCAT) (“Health Catalyst”) announced the acquisition of Madison, Wisconsin-based **Healthfinch, Inc.** (“Healthfinch”). Healthfinch provides a workflow integration engine delivering insights and analytics into EMR workflows to automate physicians’ ability to close patient care gaps in real-time. The announced transaction value was approximately \$42 million.

Healthcare Company Trading Multiples

(\$ in millions)	09/30/20	Qtrly Price	Market	Total	LTM		Gross	EBITDA	Net Debt/	Enterprise Value/LTM	
Company	Stock Price	Change	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Alternate Site/Outpatient											
Medical Facilities Corporation	\$3.28	5%	\$102	\$297	\$371	\$69	38%	18%	1.8x	0.8x	4.3x
Surgery Partners, Inc.	21.90	96%	1,090	5,275	1,785	269	20%	15%	7.7x	3.0x	19.6x
Acadia Healthcare Company, Inc.	29.48	15%	2,623	6,125	3,091	532	40%	17%	5.6x	2.0x	11.5x
Concord Medical Services Holdings Limit	1.98	18%	86	752	26	(44)	(12%)	NM	NM	NM	NM
RadNet, Inc.	15.35	(3%)	792	1,963	1,091	119	21%	11%	4.8x	1.8x	16.4x
American Renal Associates Holdings, Inc	6.90	8%	239	1,109	816	116	31%	14%	3.8x	1.4x	9.6x
DaVita Inc.	85.65	6%	9,079	20,289	11,524	2,450	31%	21%	3.1x	1.8x	8.3x
Fresenius Medical Care AG & Co. KGaA	84.57	(5%)	24,765	39,778	20,306	3,655	31%	18%	2.9x	2.0x	10.9x
IMAC Holdings, Inc.	0.78	(36%)	9	14	14	(5)	10%	NM	NM	1.0x	NM
The Joint Corp.	17.39	17%	244	248	53	5	89%	10%	0.5x	4.7x	NM
Encompass Health Corporation	64.98	5%	6,462	10,306	4,602	850	38%	18%	3.7x	2.2x	12.1x
Select Medical Holdings Corporation	20.82	44%	2,789	7,442	5,415	638	14%	12%	4.2x	1.4x	11.7x
U.S. Physical Therapy, Inc.	86.88	7%	1,116	1,352	431	61	22%	14%	1.0x	3.1x	22.3x
Median⁽²⁾							31%	15%	3.7x	1.9x	11.6x
Mean							29%	15%	3.6x	2.1x	12.7x
Home Healthcare/Hospice/Home Infusion											
Addus HomeCare Corporation	\$94.51	3%	\$1,479	\$1,401	\$736	\$60	29%	8%	NM	1.9x	23.5x
Amedisys, Inc.	236.43	16%	7,676	8,065	1,972	202	42%	10%	1.6x	4.1x	NM
Chemed Corporation	480.35	3%	7,647	7,767	2,021	367	32%	18%	0.3x	3.8x	21.1x
LHC Group, Inc.	212.56	20%	6,715	6,779	2,060	164	37%	8%	NM	3.3x	NM
Median⁽²⁾							34%	9%	0.9x	3.6x	22.3x
Mean							35%	11%	0.9x	3.3x	22.3x
Long-Term Care/Senior Housing											
Brookdale Senior Living Inc.	\$2.54	(16%)	\$465	\$5,777	\$3,254	\$413	27%	13%	7.7x	1.8x	14.0x
Capital Senior Living Corporation	\$0.63	(12%)	\$20	\$933	\$421	\$40	30%	10%	9.8x	2.2x	23.2x
Five Star Senior Living Inc.	\$5.07	29%	\$160	\$103	\$656	\$24	49%	4%	NM	0.2x	4.4x
Diversicare Healthcare Services, Inc.	\$1.65	0%	\$11	\$351	\$478	\$14	20%	3%	4.9x	0.7x	24.6x
Genesis Healthcare, Inc.	\$0.54	(15%)	\$61	\$3,524	\$4,308	(\$9)	44%	(0%)	8.7x	0.8x	NM
National HealthCare Corporation	\$62.31	(2%)	\$957	\$905	\$994	\$85	40%	9%	NM	0.9x	10.7x
The Ensign Group, Inc.	\$57.06	34%	\$3,034	\$3,970	\$2,247	\$235	16%	10%	2.6x	1.8x	16.9x
Median⁽²⁾							30%	9%	7.7x	0.9x	15.4x
Acute Care Hospitals											
Community Health Systems, Inc.	\$4.22	40%	\$485	\$13,277	\$12,075	\$1,001	37%	8%	9.2x	1.1x	13.3x
HCA Healthcare, Inc.	\$124.68	27%	\$42,146	\$72,294	\$50,146	\$9,035	37%	18%	2.8x	1.4x	8.0x
Tenet Healthcare Corporation	\$24.51	35%	\$2,583	\$17,408	\$17,542	\$2,375	35%	14%	5.2x	1.0x	7.3x
Universal Health Services, Inc.	\$107.02	14%	\$9,092	\$12,498	\$11,278	\$1,722	40%	15%	1.8x	1.1x	7.3x
Median⁽²⁾							37%	14%	4.0x	1.1x	7.7x
Mean							37%	14%	4.8x	1.2x	9.0x

Healthcare Company Trading Multiples

(\$ in millions)											
Company	09/30/20	Qtrly Price	Market Cap.	Total EV ⁽¹⁾	LTM		Gross Margin	EBITDA Margin	Net Debt/EBITDA	Enterprise Value/LTM	
	Stock Price	Change			Revenue	EBITDA				Revenue	EBITDA
Healthcare Information Technology											
Allscripts Healthcare Solutions, Inc.	\$8.14	23%	\$1,327	\$2,291	\$1,718	\$70	46%	4%	10.1x	1.3x	NM
Benefitfocus, Inc.	\$11.20	1%	\$361	\$540	\$287	(\$2)	50%	(1%)	NM	1.9x	NM
Castlight Health, Inc.	\$1.13	39%	\$170	\$143	\$146	(\$25)	61%	(17%)	NM	1.0x	NM
Cerner Corporation	\$72.29	3%	\$22,076	\$23,152	\$5,614	\$1,170	82%	21%	0.9x	4.1x	19.8x
Computer Programs and Systems, Inc.	\$27.61	23%	\$389	\$480	\$269	\$34	52%	13%	2.5x	1.8x	13.9x
Evolent Health, Inc.	\$12.41	68%	\$1,063	\$1,338	\$943	(\$23)	22%	(2%)	NM	1.4x	NM
Fitbit, Inc.	\$6.96	11%	\$1,877	\$1,512	\$1,299	(\$309)	29%	(24%)	NM	1.2x	NM
HealthEquity, Inc.	\$51.37	(12%)	\$3,948	\$4,780	\$724	\$203	58%	28%	3.8x	6.6x	23.6x
HealthStream, Inc.	\$20.07	(9%)	\$642	\$527	\$247	\$37	62%	15%	NM	2.1x	14.4x
HMS Holdings Corp.	\$23.95	(27%)	\$2,120	\$2,186	\$624	\$108	33%	17%	0.6x	3.5x	20.3x
Inovalon Holdings, Inc.	\$26.45	34%	\$4,109	\$5,055	\$656	\$180	75%	27%	4.9x	7.7x	NM
IQVIA Holdings Inc.	\$157.63	11%	\$30,150	\$42,074	\$10,939	\$1,768	33%	16%	5.9x	3.8x	23.8x
Model N, Inc.	\$35.28	(8%)	\$1,219	\$1,143	\$156	(\$6)	58%	(4%)	NM	7.3x	NM
MTBC, Inc.	\$8.87	(7%)	\$113	\$122	\$74	(\$0)	38%	(1%)	3.9x	1.7x	NM
NantHealth, Inc.	\$2.34	(54%)	\$260	\$442	\$91	(\$16)	68%	(18%)	NM	4.8x	NM
National Research Corporation	\$49.21	(16%)	\$1,240	\$1,263	\$130	\$46	64%	35%	0.5x	9.7x	NM
NextGen Healthcare, Inc.	\$12.74	17%	\$849	\$883	\$539	\$33	57%	6%	0.8x	1.6x	NM
Omnicell, Inc.	\$74.66	12%	\$3,193	\$3,116	\$906	\$101	48%	11%	NM	3.4x	NM
R1 RCM Inc.	\$17.15	41%	\$1,982	\$2,754	\$1,250	\$196	19%	16%	2.5x	2.2x	14.1x
Tabula Rasa HealthCare, Inc.	\$40.77	(29%)	\$882	\$1,102	\$297	(\$2)	35%	(1%)	62.2x	3.7x	NM
Teladoc Health, Inc.	\$219.24	5%	\$17,809	\$17,479	\$716	(\$9)	64%	(1%)	NM	NM	NM
Veeva Systems Inc.	\$281.19	16%	\$42,411	\$40,973	\$1,283	\$347	72%	27%	NM	NM	NM
Vocera Communications, Inc.	\$29.08	37%	\$942	\$835	\$188	(\$4)	62%	(2%)	NM	4.4x	NM
Median⁽²⁾							57%	6%	3.2x	3.4x	19.8x
Mean							52%	7%	8.2x	3.6x	18.5x
Pharmacy											
CVS Health Corporation	\$58.40	(10%)	\$76,428	\$151,347	\$262,980	\$18,256	18%	7%	3.5x	0.6x	8.3x
Rite Aid Corporation	\$9.49	(45%)	\$507	\$7,092	\$23,199	\$635	21%	3%	4.6x	0.3x	11.2x
Walgreens Boots Alliance, Inc.	\$35.92	(14%)	\$31,126	\$72,719	\$138,745	\$5,016	20%	4%	4.5x	0.5x	14.5x
Median⁽²⁾							20%	4%	4.5x	0.5x	11.2x
Mean							20%	4%	4.2x	0.5x	11.3x
Managed Care											
Anthem, Inc.	\$268.59	1%	\$67,552	\$85,122	\$112,965	\$9,134	26%	8%	1.9x	0.8x	9.3x
Cigna Corporation	\$169.41	(11%)	\$62,207	\$92,225	\$154,629	\$11,529	16%	7%	2.5x	0.6x	8.0x
Humana Inc.	\$413.89	6%	\$54,755	\$55,684	\$70,554	\$5,037	19%	7%	0.2x	0.8x	11.1x
UnitedHealth Group Incorporated	\$311.77	5%	\$296,286	\$324,749	\$247,811	\$26,492	26%	11%	0.9x	1.3x	12.3x
Centene Corporation	\$58.33	(12%)	\$33,800	\$38,998	\$86,523	\$4,762	18%	6%	1.0x	0.5x	8.2x
Magellan Health, Inc.	\$75.78	4%	\$1,918	\$2,517	\$7,109	\$197	3%	3%	2.8x	0.4x	12.8x
Molina Healthcare, Inc.	\$183.04	1%	\$10,854	\$9,592	\$16,999	\$1,253	15%	7%	NM	0.6x	7.7x
Triple-S Management Corporation	\$17.87	(6%)	\$413	\$356	\$3,427	\$94	21%	3%	NM	0.1x	3.8x
Median⁽²⁾							18%	7%	1.4x	0.6x	8.8x
Mean							18%	6%	1.6x	0.6x	9.1x

Healthcare Company Trading Multiples

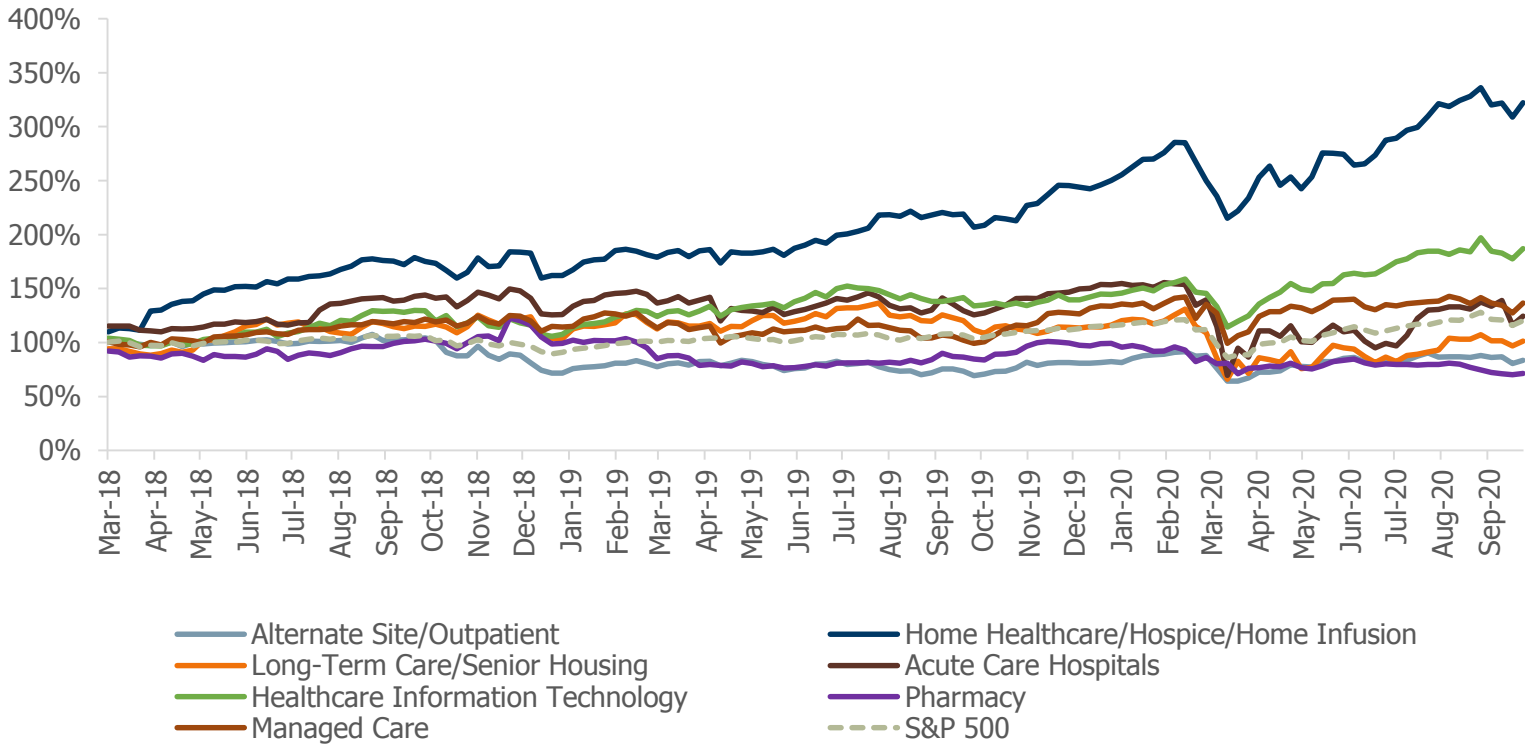
(\$ in millions)	09/30/20	Qtrly Price	Market	Total	LTM		Gross	EBITDA	Net Debt/	Enterprise Value/LTM	
Company	Stock Price	Change	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Distribution											
AmerisourceBergen Corporation	\$96.92	(3%)	\$19,785	\$21,138	\$186,287	\$2,254	3%	1%	0.5x	0.1x	9.4x
Cardinal Health, Inc.	\$46.95	(9%)	\$13,775	\$18,243	\$152,922	\$2,692	4%	2%	1.6x	0.1x	6.8x
Henry Schein, Inc.	\$58.78	(0%)	\$8,392	\$10,359	\$9,291	\$761	30%	8%	1.2x	1.1x	13.6x
McKesson Corporation	\$148.93	(2%)	\$24,155	\$32,622	\$231,002	\$3,714	5%	2%	1.6x	0.1x	8.8x
Owens & Minor, Inc.	\$25.11	241%	\$1,602	\$3,050	\$8,414	\$193	13%	2%	5.5x	0.4x	15.8x
Patterson Companies, Inc.	\$24.11	10%	\$2,294	\$2,998	\$5,407	\$307	21%	6%	2.0x	0.6x	9.8x
Median⁽²⁾							9%	2%	1.6x	0.3x	9.6x
Mean							13%	3%	2.1x	0.4x	10.7x
Staffing											
AMN Healthcare Services, Inc.	\$58.46	34%	\$2,747	\$3,769	\$2,365	\$261	33%	11%	3.4x	1.6x	14.4x
Cross Country Healthcare, Inc.	\$6.49	9%	\$244	\$314	\$851	\$24	24%	3%	1.8x	0.4x	13.1x
Median⁽²⁾							29%	7%	2.6x	1.0x	13.8x
Mean							29%	7%	2.6x	1.0x	13.8x
Cryopreservation Services											
BioLife Solutions, Inc.	\$28.94	61%	\$926	\$897	\$37	\$3	63%	8%	NM	NM	NM
Cryo-Cell International, Inc.	\$8.00	0%	\$60	\$59	\$32	\$7	69%	22%	NM	1.9x	8.4x
Global Cord Blood Corporation	\$3.54	18%	\$430	NM	\$174	\$89	85%	51%	NM	NM	NM
Median⁽²⁾							69%	22%	NM	1.9x	8.4x
Mean							72%	27%	NM	1.9x	8.4x
Outsourced/Support Services											
CorVel Corporation	\$85.43	19%	\$1,532	\$1,532	\$572	\$77	21%	13%	NM	2.7x	19.9x
Healthcare Services Group, Inc.	\$21.53	(11%)	\$1,602	\$1,449	\$1,804	\$116	14%	6%	NM	0.8x	12.5x
The Providence Service Corporation	\$92.91	17%	\$1,305	\$1,290	\$1,428	\$102	13%	7%	NM	0.9x	12.6x
Sharps Compliance Corp.	\$6.27	(3%)	\$103	\$111	\$51	\$3	31%	5%	1.8x	2.2x	NM
Stericycle, Inc.	\$63.06	14%	\$5,769	\$8,239	\$3,016	\$520	36%	17%	3.9x	2.7x	15.8x
Median⁽²⁾							21%	7%	2.8x	2.2x	14.2x
Mean							23%	10%	2.8x	1.9x	15.2x
Physician Management											
Apollo Medical Holdings, Inc.	\$17.94	9%	\$651	\$854	\$665	\$59	15%	9%	NM	1.3x	14.5x
MEDNAX, Inc.	\$16.28	(7%)	\$1,364	\$2,959	\$3,480	\$438	24%	13%	3.3x	0.9x	6.8x
Median⁽²⁾							20%	11%	3.3x	1.1x	10.6x
Mean							20%	11%	3.3x	1.1x	10.6x

(1) EV ("Enterprise Value") is defined as market capitalization plus net debt, preferred equity and minority interest.

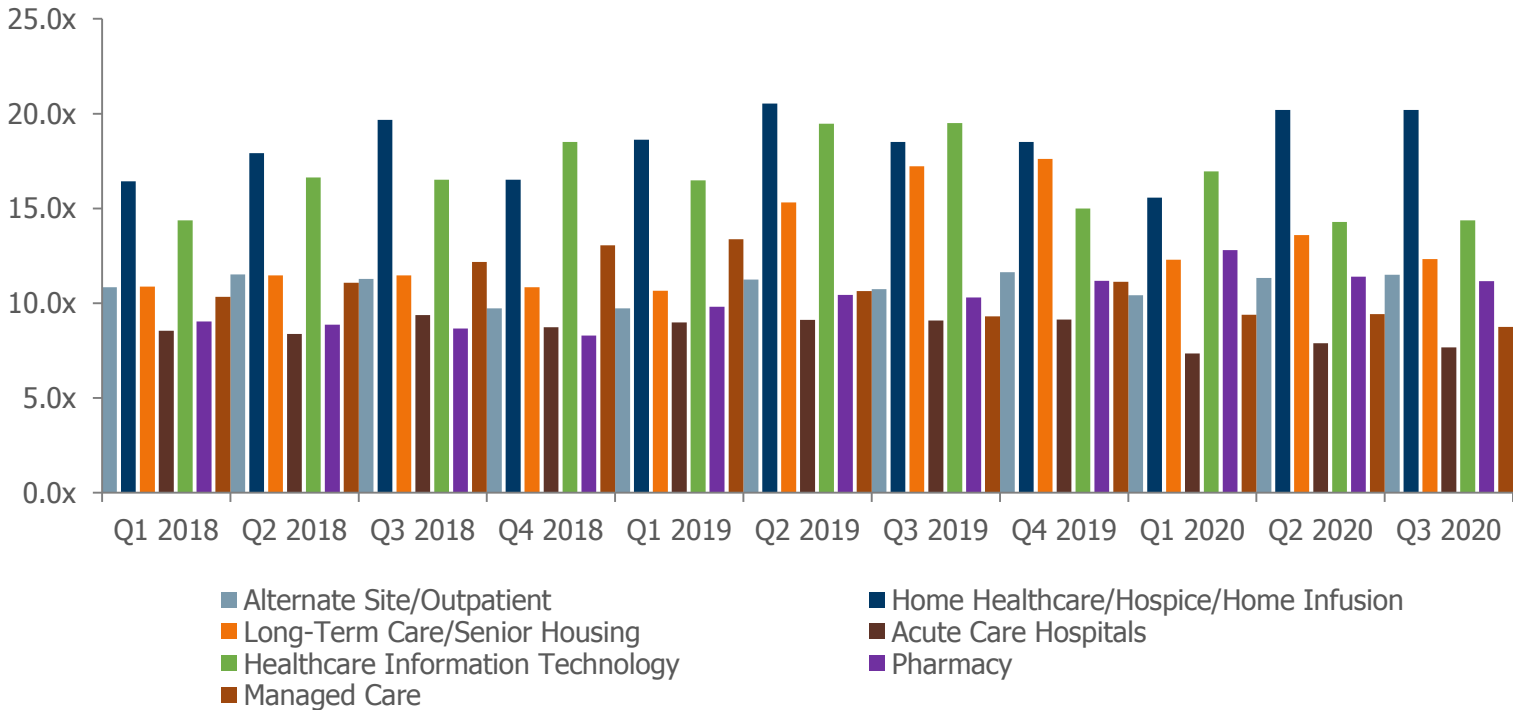
(2) Median and mean values exclude all non-meaningful values.

Source: Capital IQ (as of September 30, 2020)

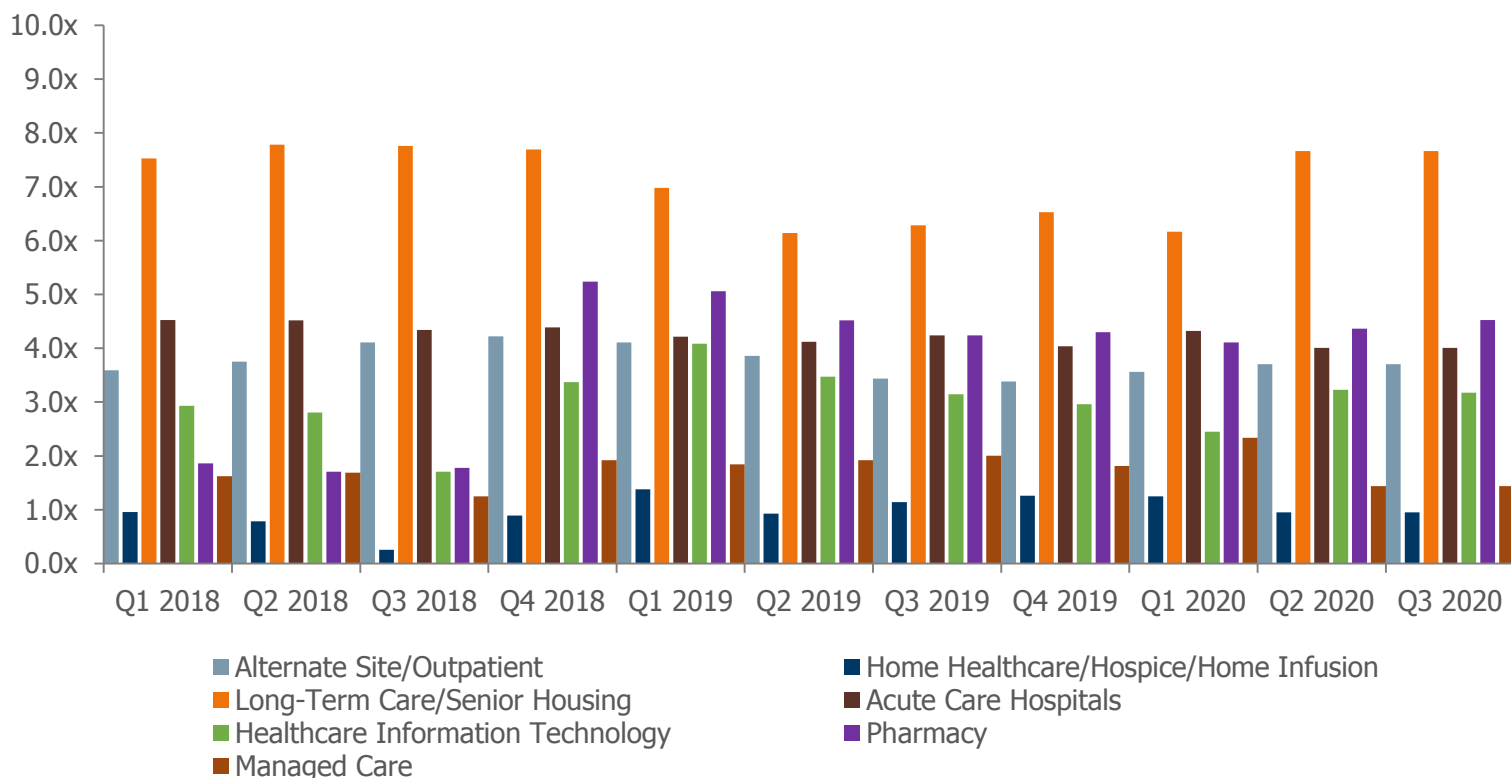
Amherst Partners' Healthcare Indices



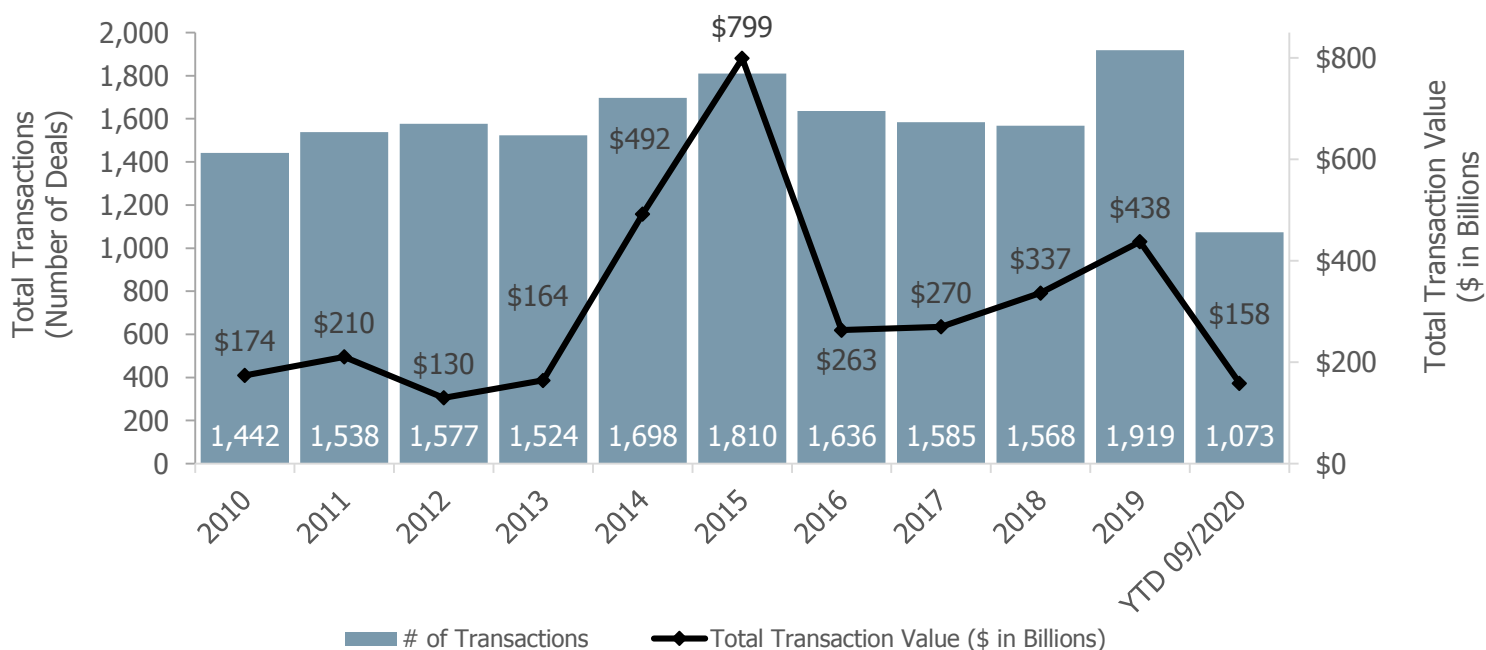
Healthcare Indices - Median Enterprise Value / LTM EBITDA



Healthcare Indices – Median Net Debt/LTM EBITDA



U.S. Healthcare M&A Activity



Search Criteria:

- (1) Geographic Location: United States of America
- (2) M&A Feature: Acquisition of Majority Stake
- (3) Industry Classification: Healthcare

HEALTHCARE IQ

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- Merger & Acquisition Advisory
- Capital Raising
- Restructuring Advisory
- Management Consulting

IMAP

As a partner in IMAP, Amherst maintains a well-established network of international offices in over 35 countries. In 2017, IMAP advisers completed 191 global transactions, worth over \$12 billion. Through our IMAP partners, Amherst benefits by having seasoned deal professionals "on the ground" across the globe, with firsthand knowledge of the local cultural and business environment.

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