

HEALTHCARE *IQ*

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EXPERIENCE | SOLUTIONS | RESULTS

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Industry-Specific Overview of Recent M&A and Capital Markets Activity

OCTOBER 2022

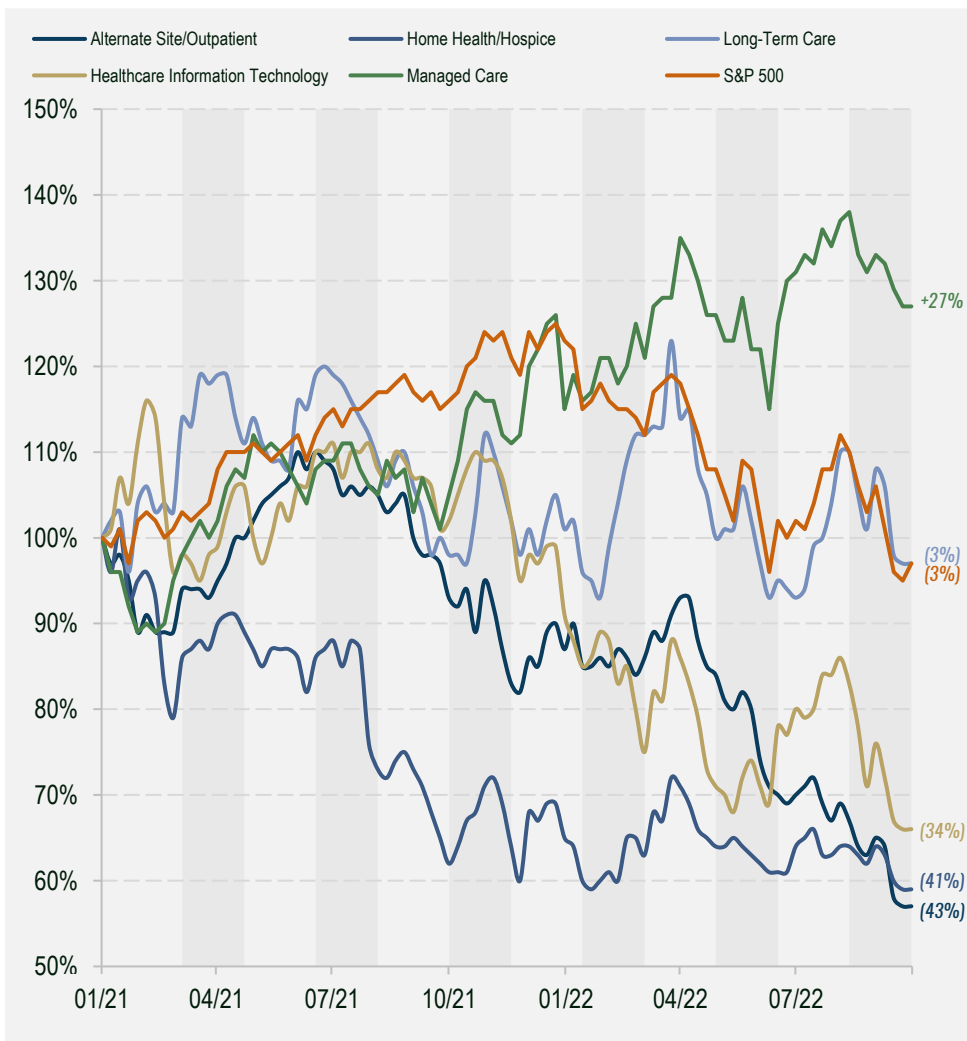
Recent Market Observations

Healthcare Industry Update | October 2022

Annual healthcare expenditures in the U.S. grew to just over \$4 trillion in 2020, comprising approximately 20% of gross domestic product (GDP). According to the Centers for Medicare and Medicaid Services (CMS), healthcare expenditures will continue to increase at an average rate of 4.6% annually through 2030, reaching almost \$7 trillion in total. Despite this impressive scale and its critical importance in our society, it is hard to recall a time when our healthcare system was not in a state of disruption. As we monitor trends in the industry, here are some of our current observations:

- We continue to see structural problems in our healthcare system, namely (i) sub-optimal health outcomes (life expectancy is on the decline), (ii) a lack of value (both real and perceived), and (iii) inequities in access to healthcare. These issues were magnified by the COVID-19 pandemic, and they are fundamental to the clinical, financial, and operational transformation that is beginning to reshape the industry.
- Sharply rising costs, including expenditures related to staffing, supplies, pharmaceuticals, and other, combined with lagging reimbursement rates and a lower overall demand for services, particularly elective services, have placed the financial model for healthcare providers under extreme pressure. The trend toward value-based care and away from fee-for-service contracts is another prominent driver of patient-focused change in the industry and, at least in the near-term, applying further pressure to the revenue model for many providers.
- Given the massive dollars at stake, current participants in the healthcare industry are seeing increasing competition from medical and tech innovators and start-ups, including companies focused on providing patients with more targeted and personalized options for controlling their healthcare spending.
- Finally, one response to the need to curb cost increases has been to seek efficiencies and scale economies through mergers and acquisitions, while at the same time enhancing the ability to deliver higher quality care through digital technologies, data access, and analytics. Within the healthcare services segment, the most active sectors for consolidation and roll-up transactions through mid-year 2022 have been (in order) (i) long-term care, (ii) physician medical groups, and (iii) home health.

Recent Stock Price Performance – Amherst Healthcare Indices















Source: Capital IQ

Healthcare Universe – **Alternate Site/Outpatient:** ACHC, CCM, DR, DVA, EHC, FME, IMAC, JYNT, RDNT, SEM, SGRY, USPH; **Home Health/Hospice:** ADUS, AMED, CHE, LHCG; **Long-Term Care:** BKD, FVE, ENSG; **Managed Care:** ANTM, CI, HUM, UNH, CNC, MOH, GTS; **Healthcare Information Technology:** MDRX, BNFT, CSLT, CERN, CPSI, EVH, HQY, HSTM, IQV, MODN, MTBC, NH, NRC, NXGN, OMCL, RCM, TRHC, TDOC, VEEV, VCRA

Public Market Trading Multiples

Healthcare Industry Update | October 2022

(\$ in millions, other than stock price)		9/30/2022	Quarterly	Market	Total	LTM		Gross	EBITDA	Net Debt /	Enterprise Value / LTM	
Company		Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Alternate Site/Outpatient	 Acadia Healthcare Company	\$78.18	9%	\$7,102	\$8,626	\$2,449	\$537	43%	22%	2.5x	3.5x	16.1x
	 Concord Medical Services	1.85	(5%)	80	1,129	65	(62)	(34%)	(95%)	NM	NM	NM
	 DaVita	82.77	(0%)	7,557	21,017	11,627	2,297	30%	20%	4.0x	1.8x	9.2x
	 Encompass Health Corporation	45.23	(3%)	4,513	8,399	5,268	992	38%	19%	3.1x	1.6x	8.5x
	 Fresenius Medical Care	28.47	(42%)	8,352	22,117	19,228	2,657	28%	14%	3.9x	1.2x	8.3x
	 IMAC Holdings, Inc.	0.38	(54%)	12	16	17	(9)	3%	(52%)	NM	0.9x	NM
	 Medical Facilities Corporation	7.82	15%	230	350	410	76	37%	18%	1.0x	0.9x	4.6x
	 RadNet	20.35	15%	1,166	2,651	1,365	187	23%	14%	4.3x	1.9x	14.2x
	 Select Medical Holdings	22.10	(12%)	2,783	7,931	6,278	630	18%	10%	5.0x	1.3x	12.6x
	 Surgery Partners	23.40	(25%)	2,066	6,502	2,381	438	22%	18%	6.1x	2.7x	14.8x
	 The Joint Corp.	15.71	(2%)	228	243	91	9	90%	9%	1.1x	2.7x	NM
	 U.S. Physical Therapy	76.02	(32%)	989	1,357	522	82	22%	16%	1.7x	2.6x	16.6x
Median								25%	15%	3.5x	1.8x	12.6x














Source: Capital IQ

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

(2) Medians exclude all non-meaningful values.

Public Market Trading Multiples (cont'd)

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Company		Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Long-Term Care	 AlerisLife, Inc.	\$0.95	(18%)	\$31	\$16	(\$3)	(\$18)	NM	NM	NM	NM	NM
	 Brookdale Senior Living	4.27	(6%)	798	5,554	2,497	189	21%	8%	13.0x	2.2x	NM
	 The Ensign Group	79.50	5%	4,356	5,493	2,808	336	18%	12%	2.3x	2.0x	16.3x
	Median							20%	10%	7.7x	2.1x	16.3x
Home Health/Hospice	 Addus HomeCare Corporation	\$95.24	13%	\$1,517	\$1,642	\$905	\$76	30%	8%	1.4x	1.8x	21.5x
	 Amedisys	96.79	(13%)	3,140	3,729	2,216	263	45%	12%	1.7x	1.7x	14.2x
	 Chemed Corporation	436.56	(9%)	6,478	6,728	2,141	426	37%	20%	0.5x	3.1x	15.8x
	 LHC Group	163.66	6%	5,078	6,025	2,297	168	38%	7%	3.6x	2.6x	NM
	Median							38%	10%	1.6x	2.2x	15.8x
Managed Care	 Centene Corporation	\$77.81	(10%)	\$44,475	\$53,542	\$130,241	\$5,845	19%	4%	1.4x	0.4x	9.2x
	 Cigna Corporation	277.47	4%	84,661	114,246	179,183	10,227	13%	6%	2.8x	0.6x	11.2x
	 Elevance Health	454.24	(7%)	109,018	127,123	149,134	9,881	25%	7%	1.8x	0.9x	12.9x
	 Humana	1%	61,403	69,492	90,512	4,871	19%	5%	1.6x	0.8x	14.3x	14.3x
	 Molina Healthcare	329.84	17%	19,164	17,243	29,435	1,313	12%	4%	NM	0.6x	13.1x
	 UnitedHealth Group	505.04	(2%)	472,406	507,492	306,561	27,569	24%	9%	0.9x	1.7x	18.4x
	Median							19%	6%	1.6x	0.7x	13.0x












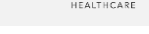
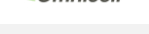

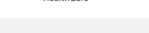

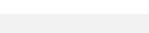
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Public Market Trading Multiples (cont'd)

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Company		Stock Price	Price Δ	Cap.	EV ⁽¹⁾	Revenue	EBITDA	Margin	Margin	EBITDA	Revenue	EBITDA
Healthcare Information Technology	 Allscripts Healthcare Solutions	\$15.23	0%	\$1,687	\$1,407	\$1,522	\$111	50%	7%	NM	0.9x	12.6x
	 Benefitfocus	6.35	(20%)	217	446	255	10	51%	4%	15.2x	1.7x	NM
	 CareCloud	4.18	20%	63	67	148	19	37%	13%	0.2x	0.5x	3.6x
	 Computer Programs and Systems	27.88	(14%)	402	536	305	47	50%	15%	2.8x	1.8x	11.4x
	 Evolent Health	35.93	15%	3,487	3,643	1,088	35	27%	3%	3.1x	3.3x	NM
	 HealthEquity	67.17	16%	5,678	6,503	795	172	55%	22%	4.5x	8.2x	NM
	 HealthStream	21.26	(3%)	650	635	259	30	65%	12%	NM	2.4x	21.1x
	 IQVIA Holdings	181.14	(16%)	33,784	45,318	14,136	2,676	34%	19%	4.1x	3.2x	16.9x
	 Model N	34.23	33%	1,268	1,234	212	(1)	56%	(1%)	NM	5.8x	NM
	 NantHealth	0.25	(42%)	28	280	63	(40)	63%	(63%)	NM	4.4x	NM
	 National Research Corporation	39.80	2%	985	978	152	55	63%	36%	NM	6.4x	17.9x
	 NextGen Healthcare	17.70	1%	1,204	1,181	604	29	55%	5%	NM	2.0x	NM
	 Omnicell	87.03	(25%)	3,854	4,230	1,258	134	48%	11%	2.5x	3.4x	NM
	 R1 RCM	18.53	(16%)	7,749	9,502	1,556	297	22%	19%	5.6x	6.1x	NM
	 Tabula Rasa HealthCare	4.80	85%	115	483	348	(44)	28%	(13%)	NM	1.4x	NM
	 Teladoc Health	25.35	(27%)	4,098	4,825	2,234	4	68%	0%	34.9x	2.2x	NM
	 Veeva Systems	164.88	(19%)	25,603	22,747	2,001	509	72%	25%	NM	NM	NM
Median								51%	11%	4.1x	2.8x	14.8x

Source: Capital IQ

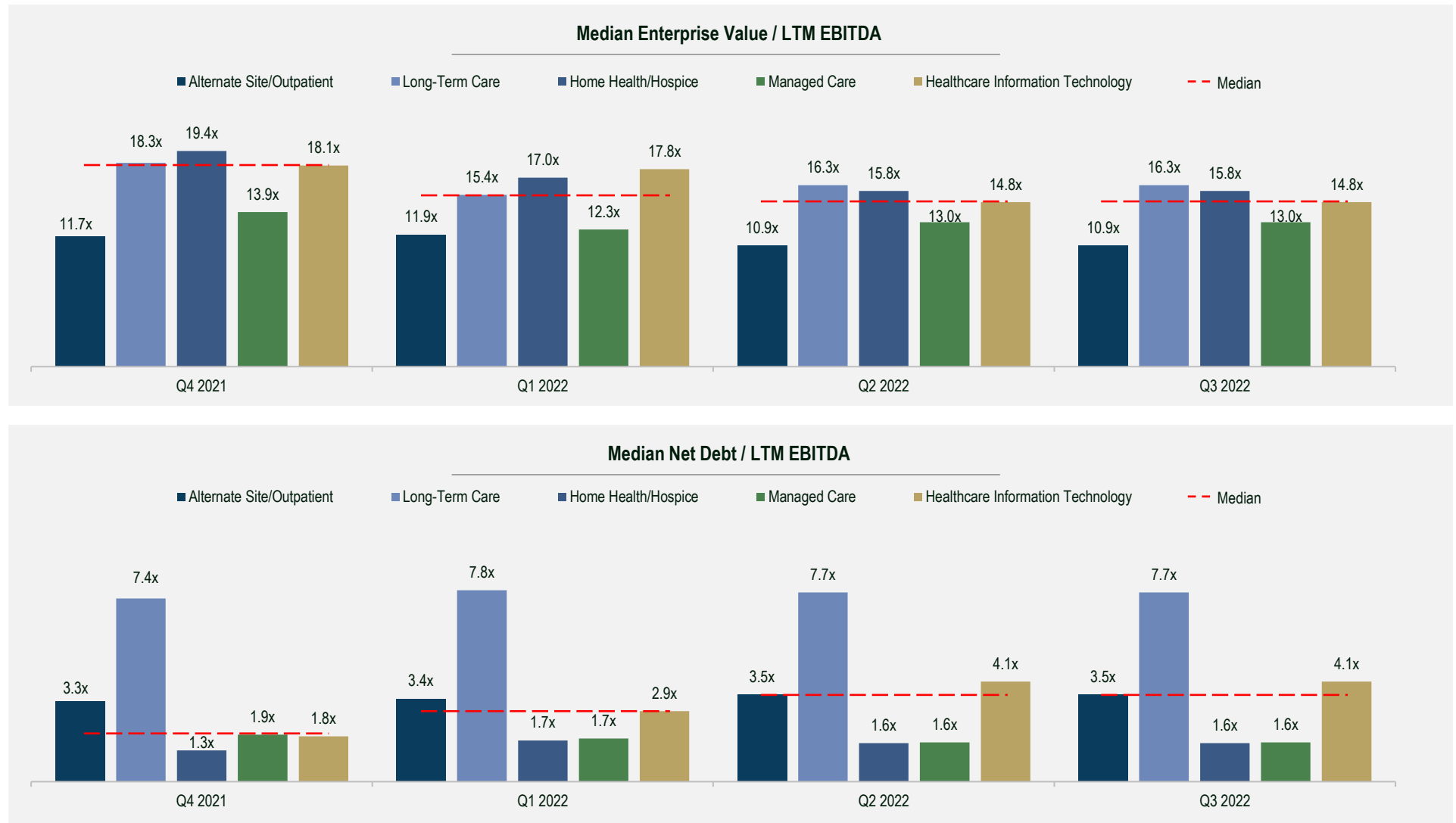
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(2) Medians exclude all non-meaningful values.

Valuation and Debt Multiples

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Although valuation multiples in the sector have seen some fluctuations over the past year, median valuation multiples and debt levels in the sector have remained relatively stable over this period



Source: Capital IQ

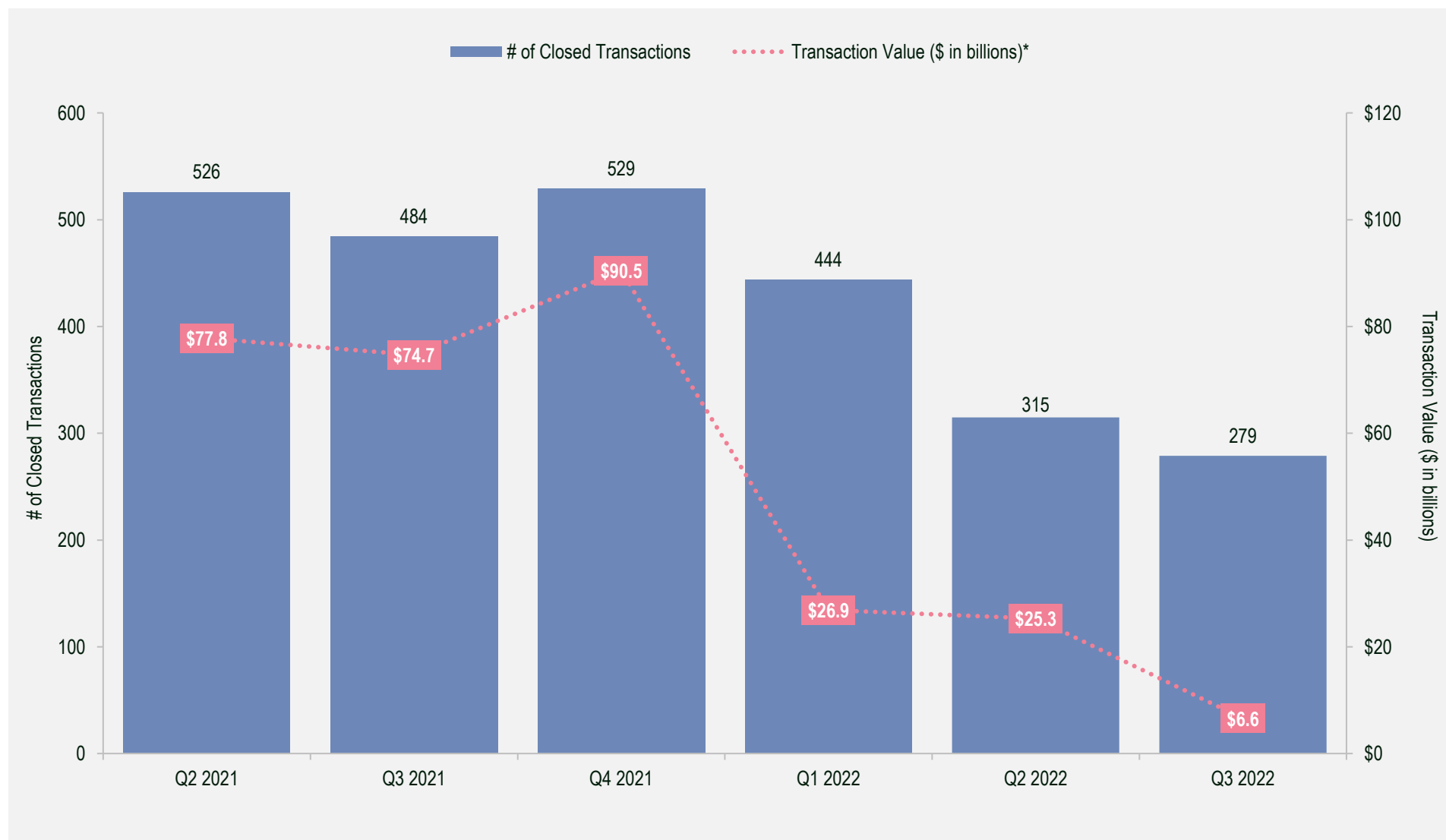
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(2) Median and mean values exclude all non-meaningful values.

U.S. M&A Activity

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Both reported deal value and deal volume continued a steady decline in 2022, with 279 Healthcare reported deals in Q3 2022



Source: Capital IQ

*Transaction Value represents publicly announced deal terms

Recent Transaction Activity

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Date	Target	Acquiror	Enterprise Value (\$M)	Target Description
09/22	Catalina Research Institute	American Clinical Research Holdings	\$39	Operates as a clinical trials center
09/22	GOOD	Roche	\$250	Develops biotherapeutics and self-regulating drugs
09/22	signifyhealth.	CVS	\$8,256	Operates as a technology platform catering to healthcare providers
09/22	Ardent HEALTH SERVICES	بور هيلث purehealth	\$500	Owens and operates a network of hospitals and clinics
08/22	NORTHWEST SPECIALTY HOSPITAL <small>QUALITY CARE SINCE 2003 PROUDLY OWNED AND OPERATED BY PHYSICIANS</small>	Hammes Partners	\$68	Operates as a multi-service hospital
08/22	Rochester Home Infusion	option care health	Undisclosed	Provides in-home intravenous therapy services
08/22	M D I <small>MOLDED - DEVICES - INC</small>	TRUARC PARTNERS	Undisclosed	Engages in plastic and rubber processing for the medical industry
08/22	GBT	Pfizer	\$5,551	Engages in the discovery, development, and delivery of sickle cell disease
08/22	maestro health	MARPAI	\$70	Operates as an employee benefits company
08/22	CHIMOCENTRIX	AMGEN	\$3,972	Develops and commercializes medications for inflammatory and autoimmune disorders, and cancer
08/22	CitiusTech	BainCapital PRIVATE EQUITY	Undisclosed	Provides healthcare technology services and solutions to providers, payors, and health plans
08/22	Barton Associates	H I G CAPITAL	Undisclosed	Provides staffing solutions to healthcare companies
08/22	BIO REZ	CONMED	\$250	Develops bioabsorbable scaffold implants
07/22	United Surgical Partners INTERNATIONAL	Tenet Health	\$406	Owens and operates ambulatory surgery centers and surgical hospitals
07/22	one medical	amazon	\$4,356	Operates a membership-based primary care platform
07/22	SILVERBACK THERAPEUTICS	ARS PHARMA	\$267	Develops tissue-targeted therapeutics for the treatment of illnesses
07/22	AmeriWater The Water Purification Specialists	Edgewater CAPITAL PARTNERS	Undisclosed	Manufactures and installs water treatment equipment for dialysis and other healthcare applications
07/22	TYME	SYROS	\$67	Develops cancer metabolism-based therapies

Source: Capital IQ

Amherst's Representative Healthcare Transactions

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<p>Ontario Systems Muncie, IN</p>  <p>has been acquired by management and an investor group led by Oxford Financial Group, Ltd. Indianapolis, IN</p>  <p>AmherstPartners Acted as advisor to Oxford Financial Group, Ltd.</p>	<p>Equipment Maintenance Solutions, LLC Ferndale, MI</p>  <p>has been acquired by Avante Health Solutions Chicago, IL</p>  <p>AmherstPartners Acted as advisor to Equipment Maintenance Solutions, LLC</p>	<p>Arbor Associates Philadelphia, PA</p>  <p>has been acquired by eBenx, Inc. Plymouth, MN</p> <p>eBenx</p> <p>AmherstPartners Acted as advisor to Arbor Associates</p>	<p>Ritzman Pharmacy Wadsworth, OH</p>  <p>has obtained senior debt financing from AloStar Bank of Commerce Birmingham, AL</p>  <p>AmherstPartners Acted as advisor to Ritzman Pharmacy</p>	<p>Ritzman Pharmacy Wadsworth, OH</p>  <p>has been acquired by CVS Pharmacy, Inc. Woonsocket, RI</p>  <p>AmherstPartners Acted as advisor to Ritzman Pharmacy</p>
<p>ProSolv Cardiovascular, Inc. Indianapolis, IN</p> <p>ProSolv CardioVascular</p> <p>has been acquired by Fujifilm Medical Systems USA, Inc. Woonsocket, RI</p> <p>A subsidiary of FUJIFILM Holdings Corporation (TSE:4901)</p>  <p>AmherstPartners Acted as advisor to ProSolv CardioVascular, Inc.</p>	<p>MMM Healthcare Inc. San Juan, Puerto Rico</p>  <p>has been acquired by The Straus Group New York, NY</p> <p>The Straus Group</p> <p>AmherstPartners Acted as advisor to MMM Healthcare Inc.</p>	<p>Wright & Filippis, Inc. Rochester Hills, MI</p>  <p>has divested its Sleep Therapy, Respiratory and DME service lines to Lincare, Inc. Clearwater, FL</p>  <p>A subsidiary of Linde</p> <p>AmherstPartners Acted as advisor to Wright & Filippis, Inc.</p>	<p>Roush Life Sciences Salem, NH</p>  <p>has been acquired by Foxx life Sciences Salem, NH</p>  <p>AmherstPartners Acted as advisor to Roush Life Sciences</p>	<p>Triumph Healthcare, LLC Houston, TX</p>  <p>has been acquired by TA Associates Boston, MA</p>  <p>AmherstPartners Acted as advisor to Triumph Healthcare</p>

(1) Transactions executed by Amherst professionals while employed at previous firms

Amherst's Representative Healthcare Transactions (cont'd)

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<p>VITAS Healthcare Corporation Miami, FL</p> <p>VITAS Healthcare has been acquired by</p> <p>Roto-Rooter, Inc. Cincinnati, OH</p> <p>ROTO-ROOTER</p> <p>AmherstPartners Acted as advisor to VITAS Healthcare Corporation</p>	<p>Acute Care Pharmaceuticals San Diego, CA</p> <p>AcuteCare PHARMACEUTICALS</p> <p>has been acquired by</p> <p>PNC Riverarch Capital Pittsburgh, PA</p> <p>PNC RIVERARCH CAPITAL</p> <p>AmherstPartners Acted as advisor to Acute Care Pharmaceuticals</p>	<p>Brandywine Senior Living, LLC Mount Laurel, NJ</p> <p>BRANDYWINE LIVING Life is Beautiful</p> <p>has been acquired by</p> <p>Warburg Pincus LLC New York, NY</p> <p>WARBURG PINCUS</p> <p>AmherstPartners Acted as advisor to Brandywine Senior Living, LLC</p>	<p>Renex Corp. Cora Gables, FL</p> <p>RENEX CORP.</p> <p>has been acquired by</p> <p>National Nephrology Associates Inc. Nashville, KY</p> <p>National Nephrology Associates</p> <p>AmherstPartners Acted as advisor to Renex Corp.</p>	<p>Mectra Labs Bloomfield, IN</p> <p>Mectra Labs Inc Manufacturers of Medical Devices</p> <p>has been acquired by</p> <p>Key Surgical Eden Prairie, MN</p> <p>KEYSURGICAL</p> <p>AmherstPartners Acted as advisor to Mectra Labs</p>
<p>Commonwealth Communities, LLC Stoughton, MA</p> <p>has been acquired by</p> <p>Kindred Healthcare, Inc. Louisville, KY</p> <p>Kindred Healthcare</p> <p>AmherstPartners Acted as advisor to Commonwealth Communities, LLC</p>	<p>Brandywine Senior Living, LLC Mount Lauren, NJ</p> <p>BRANDYWINE LIVING Life is Beautiful</p> <p>has been acquired by</p> <p>Retirement Residences REIT Toledo, OH</p> <p>RETIREMENT RESIDENCES REAL ESTATE INVESTMENT TRUST</p> <p>AmherstPartners Acted as advisor to Commonwealth Communities, LLC</p>	<p>Medical Analysis Systems, Inc Camarillo, CA</p> <p>MEDICAL ANALYSIS SYSTEMS, INC.</p> <p>has been acquired by</p> <p>The Control Division of Dade Behring Deerfield, IL</p> <p>DADE BEHRING</p> <p>AmherstPartners Acted as advisor to Medical Analysis Systems, Inc.</p>	<p>UroQuest Medical Corporation Menlo Park, CA</p> <p>UroQuest</p> <p>has been acquired by</p> <p>Chemfab Merrimack, NH</p> <p>CHEMFAB</p> <p>AmherstPartners Acted as advisor to UroQuest Medical Corporation</p>	<p>Wellstone Retirement Communities Miami, FL</p> <p>has been acquired by</p> <p>Senior Lifestyle Corporation Chicago, IL</p> <p>SENIOR LIFESTYLE your life, your style</p> <p>AmherstPartners Acted as advisor to Wellstone Retirement Communities</p>

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The Amherst Partners Team

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With a track record spanning over 25 years, Amherst Partners is a boutique investment banking firm focused on providing M&A advisory and capital raising services primarily for closely-held businesses

Boutique investment bank with significant Wall Street experience



Giuliani Capital
Advisors

J.P.Morgan



MACQUARIE



Core Execution Team



Charles Chandler
Partner



Donald Luciani
Partner



Marc Gondek
Director



Fahad Siddiqui
Director



John Wendzinski
Associate



Sam Jabara
Associate



John Hayek
Analyst



Emily Pachla
Controller

Operations Advisory



Jon B. Cotton
CEO, Apex Health, Former President,
Meridian Health Plan of Michigan



Ray Dallavecchia, Jr.
Owner, Venetian Associates



S. Evan Weiner
President/CEO, Edw. C. Levy Co.

AmherstPartners

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