

INDUSTRY INSIGHTS

# Healthcare Services Sector Update

January 2021



# Q Highlights

The **S&P Healthcare Services** Index increased by 6.5% over the last month, compared to the S&P 500 Index, which decreased 1.1% over the same period.

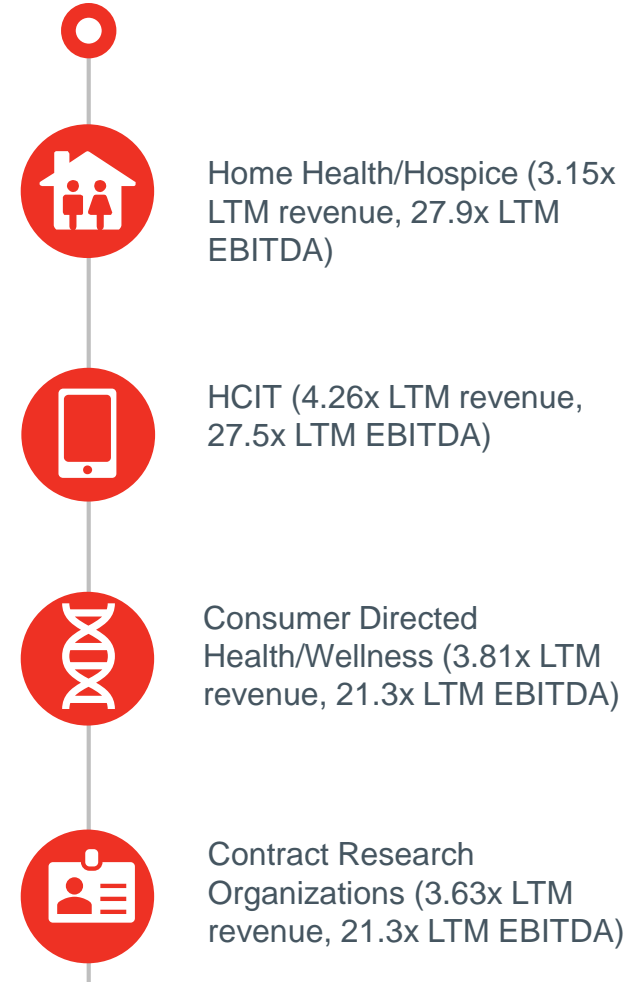
## Over the past month:

The sectors that experienced the most growth were Telemedicine (up 33.3%), Consumer Directed Health/Wellness (up 18.1%) and Providers – Other (up 14.8%).

The sectors that experienced the largest decline was Behavioral Health (down 7.9%), Care Management/TPA (down 4.5%) and Commercial Managed Care (down 3.9%).

The current average Last Twelve Months (LTM) revenue and LTM EBITDA multiples for the healthcare services industry overall are 1.97x and 10.7x, respectively.

## THE SECTORS WITH THE HIGHEST VALUATION MULTIPLES



# Healthcare Services Sector Update .o

Market Sector	No. of Companies	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	\$71,634	(0.6%)	16.9%	1.26x	9.4x	14.3x	12.2x	1.4x
Assisted/Independent Living	3	1,184	13.9%	(9.4%)	1.56x	14.3x	26.2x	NM	NM
Behavioral Health	3	19,435	(7.9%)	16.9%	0.42x	15.0x	36.9x	21.7x	1.7x
Dialysis Services	2	36,893	(2.2%)	20.1%	2.00x	10.4x	17.8x	15.7x	0.7x
Healthcare Staffing	2	3,721	5.1%	5.4%	1.17x	16.5x	38.6x	22.9x	2.9x
Home Health/Hospice	7	32,961	(0.2%)	44.5%	3.15x	27.9x	31.4x	35.1x	2.7x
Rehabilitation	4	13,461	(2.6%)	9.4%	4.10x	17.5x	22.2x	15.8x	0.9x
Skilled Nursing	3	5,258	5.8%	53.2%	1.29x	14.6x	32.0x	25.1x	1.7x
Providers – Other	4	5,344	14.8%	53.2%	6.41x	15.8x	NM	20.0x	NM
<b>Payors/Managed Care</b>									
Commercial Managed Care	5	\$523,534	(3.9%)	19.0%	3.23x	10.7x	16.2x	16.1x	1.4x
Government Managed Care	2	47,629	0.4%	16.7%	0.51x	9.3x	16.0x	14.8x	1.8x
Specialty Managed Care	2	1,168,135	0.0%	0.0%	0.46x	6.3x	15.1x	15.2x	NM
<b>Consumer Directed Health/Wellness</b>	<b>4</b>	<b>\$8,199</b>	<b>18.1%</b>	<b>21.2%</b>	<b>3.81x</b>	<b>21.3x</b>	<b>NM</b>	<b>33.0x</b>	<b>0.3x</b>
<b>Telemedicine</b>	<b>2</b>	<b>\$46,556</b>	<b>33.3%</b>	<b>130.9%</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>
<b>HCIT</b>	<b>25</b>	<b>\$103,918</b>	<b>10.5%</b>	<b>35.6%</b>	<b>4.26x</b>	<b>27.5x</b>	<b>33.2x</b>	<b>31.8x</b>	<b>2.6x</b>
<b>Other Outsourced Services</b>									
Care Management/Third-Party Administrator	4	\$8,030	(4.5%)	(4.1%)	1.51x	12.7x	29.8x	15.8x	0.6x
Clinical Laboratories	9	72,879	13.2%	65.6%	2.85x	20.3x	24.5x	16.4x	1.1x
Contract Research Organizations	6	84,608	0.7%	22.8%	3.63x	21.3x	38.5x	28.1x	2.5x
Hospital Vendors	4	8,640	1.5%	15.5%	2.56x	12.8x	26.9x	27.4x	2.6x
<b>Product</b>									
Distribution	7	\$83,363	2.2%	32.8%	1.08x	13.6x	15.2x	14.5x	1.9x
Home Medical Equipment / Durable Medical Equipment	3	\$4,222	3.6%	176.4%	3.27x	18.6x	11.1x	13.1x	NM
<b>Healthcare REITS</b>	<b>15</b>	<b>\$90,069</b>	<b>(3.6%)</b>	<b>(18.8%)</b>	<b>11.60x</b>	<b>18.0x</b>	<b>27.5x</b>	<b>35.4x</b>	<b>NM</b>

# Healthcare Services Sector Update

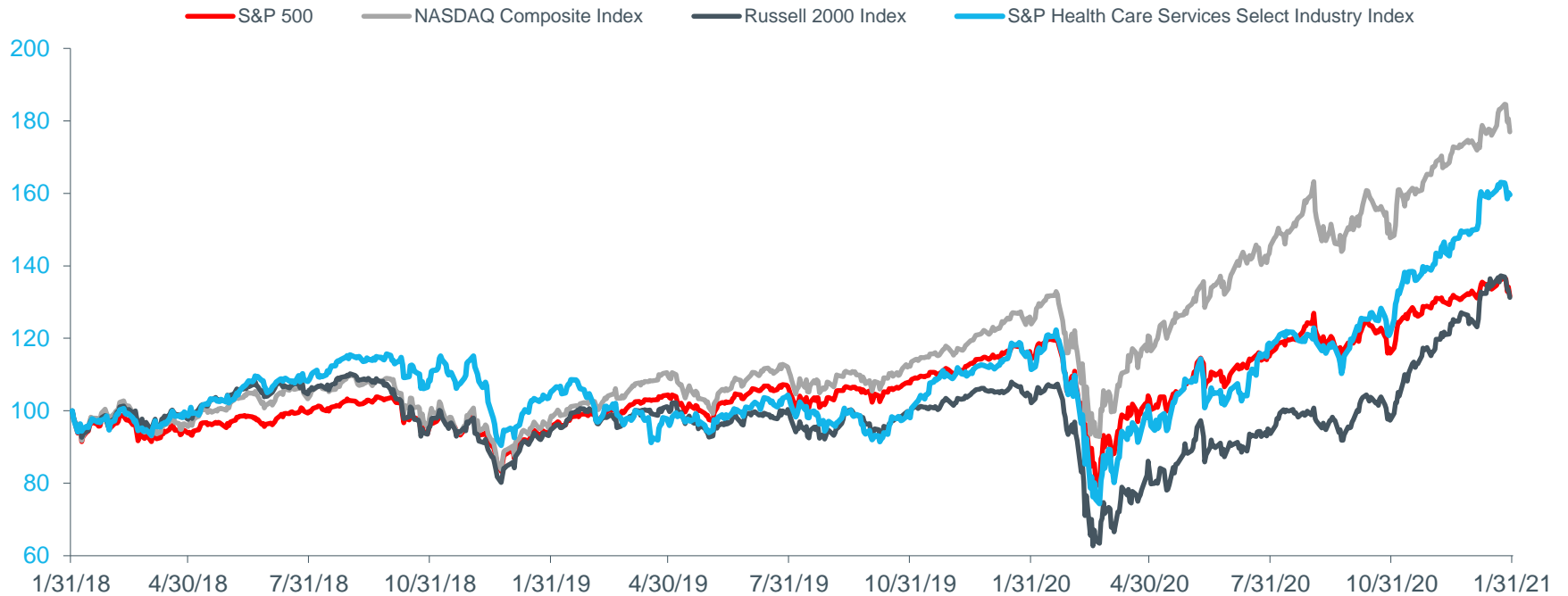
Market Indices	Value at	% Change			
	1/31/2021	1 mo	YTD	12 mo	36 mo
S&P 500	3,714.2	(1.1%)	(1.1%)	15.2%	31.5%
NASDAQ Composite Index	13,070.7	1.4%	1.4%	42.8%	76.4%
Russell 2000 Index	2,073.6	5.0%	5.0%	28.5%	31.7%
S&P Composite 1500 Health Care Facilities (Sub Ind)	417.2	(1.0%)	(1.0%)	17.3%	56.5%
S&P Composite 1500 Health Care Providers & Services (Industry)	1,149.0	(1.2%)	(1.2%)	17.6%	28.2%
S&P Composite 1500 Managed Health Care (Sub Ind)	2,017.7	(4.7%)	(4.7%)	18.6%	33.7%
<b>S&amp;P Health Care Services Select Industry Index</b>	<b>15,720.8</b>	<b>6.5%</b>	<b>6.5%</b>	<b>43.2%</b>	<b>58.7%</b>

Interest Rates	Value at	1 mo	3 mo	12 mo
	1/31/2021	ago	ago	ago
LIBOR - USD - 6 months	0.22%	0.26%	0.24%	1.75%
U.S. Treasury - 2 years	0.11%	0.13%	0.14%	1.33%
U.S. Treasury - 5 years	0.43%	0.36%	0.38%	1.33%
U.S. Treasury - 10 years	1.09%	0.91%	0.86%	1.52%
U.S. Treasury - 30 years	1.86%	1.64%	1.64%	2.01%
U.S. Prime Rate	3.25%	3.25%	3.25%	4.75%

Capitalization Profile	No. of Co's	Ag. Equity Mkt. Value	% Total No. of Co's	% Ag. Equity Mkt. Value	Average Stock Performance			
					1 mo	YTD	12 mo	36 mo
> \$5 billion	47	\$1,153,667	39.2%	89.7%	3.3%	3.3%	31.1%	90.5%
\$1 billion - \$5 billion	43	119,016	35.8%	9.2%	9.3%	9.3%	63.7%	120.5%
\$250 million - \$1 billion	21	12,930	17.5%	1.0%	9.6%	9.6%	24.5%	91.3%
\$100 million - \$250 million	4	813	3.3%	0.1%	18.7%	18.7%	94.5%	89.2%
< \$100 million	5	233	4.2%	0.0%	40.6%	40.6%	(11.2%)	(37.1%)
<b>Total/Average (\$mn)</b>	<b>120</b>	<b>\$1,286,659</b>	<b>100.0%</b>	<b>100.0%</b>	<b>16.3%</b>	<b>16.3%</b>	<b>40.5%</b>	<b>70.9%</b>

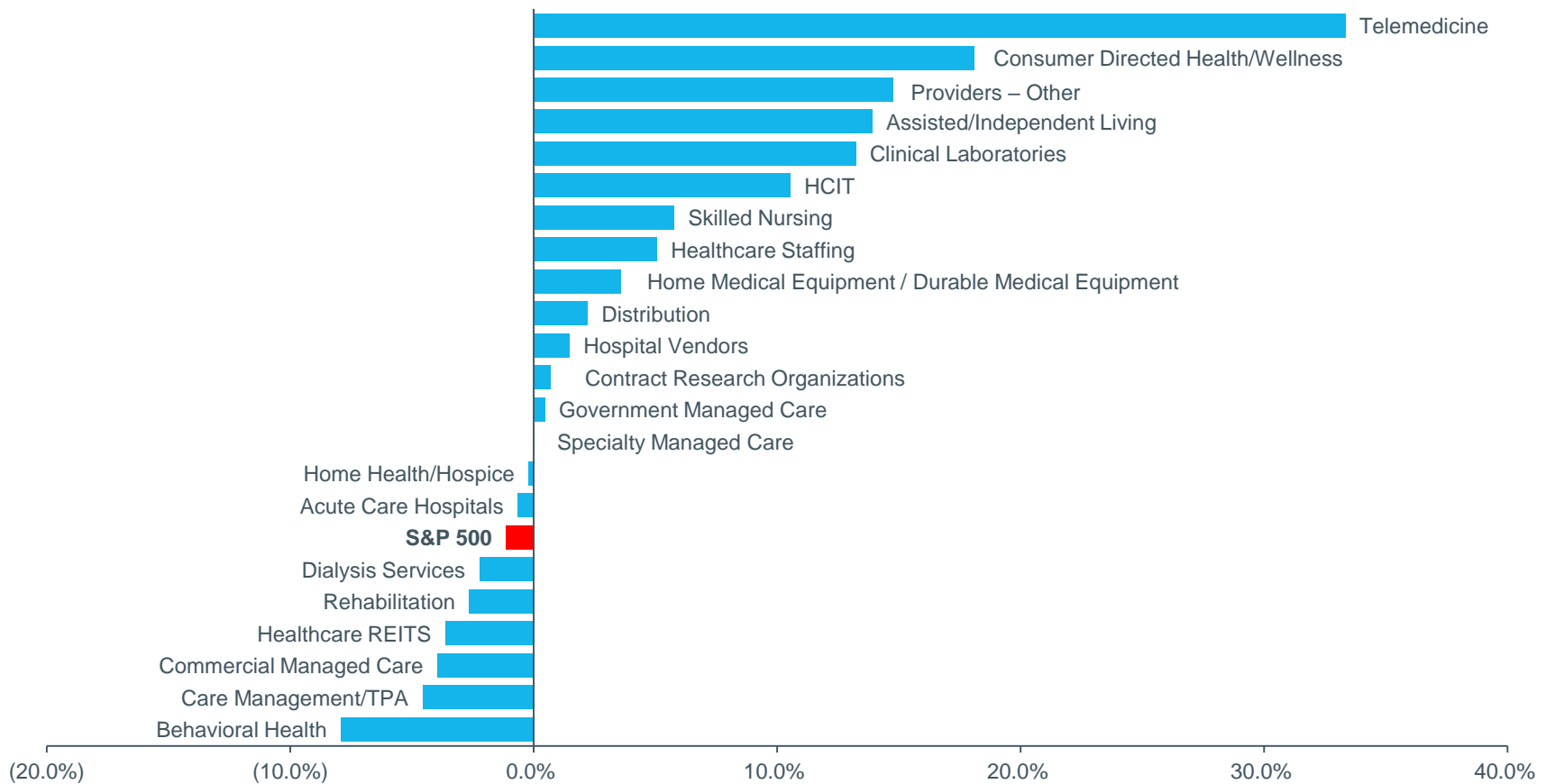
# Healthcare Services Market Performance

## Performance of Market Indices for Last 36 Months



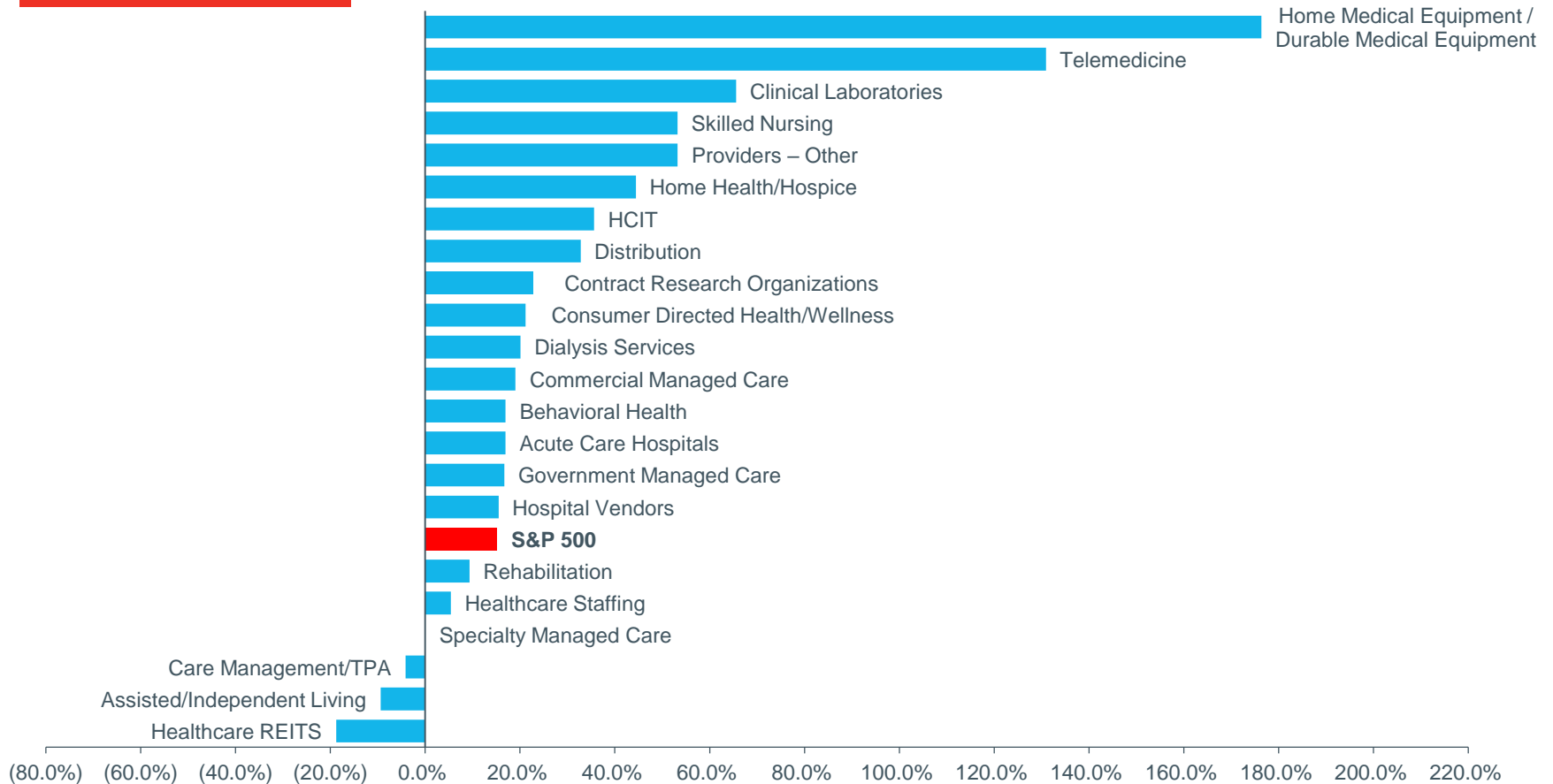
# Healthcare Services Sector Change

1 Month % Change



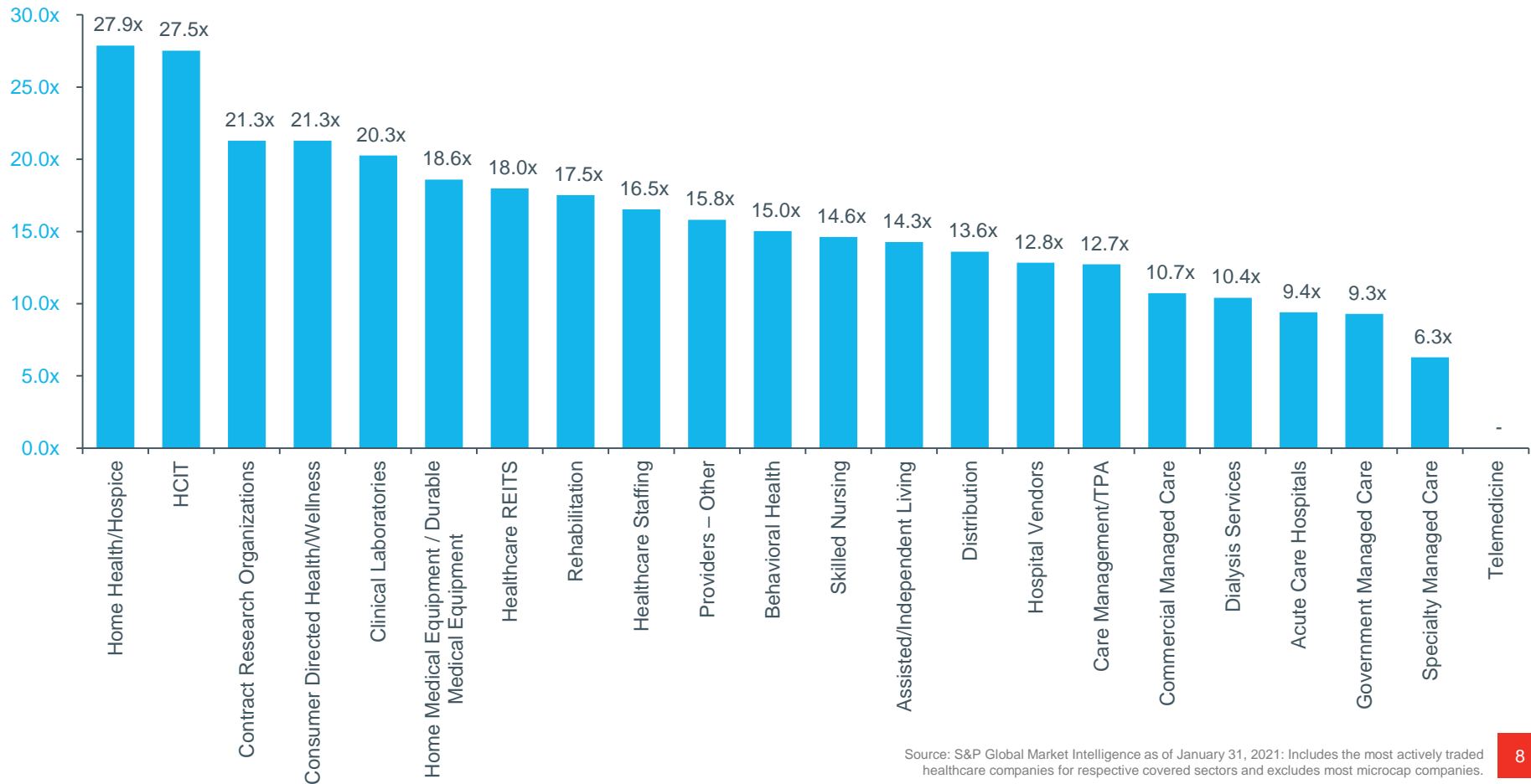
# Healthcare Services Sector Change

12 Month % Change



# Healthcare Services Multiples

Overview of Subsector EV/LTM EBITDA



Source: S&P Global Market Intelligence as of January 31, 2021: Includes the most actively traded healthcare companies for respective covered sectors and excludes most microcap companies.



# Healthcare SPAC Overview

SPAC	Equity Mkt. Value (\$mm)	Target	Date		Description of Target	Sponsor
			IPO	Liquidation		
Big Rock Partners Acquisition Corp.	\$158	NeuroRx, Inc.	11/20/17	4/23/21	NeuroRx, Inc. operates as a clinical stage-small molecule pharmaceutical company which develops novel therapeutics for the treatment of central nervous system disorders.	Big Rock Partners, LLC (Richard Akerman)
Deerfield Healthcare Technology Acquisitions Corp.	251	CareMax Medical Group, L.L.C.	7/16/20	7/17/22	CareMax Medical Group, L.L.C. owns and operates medical clinics providing primary care.	Deerfield Management Company, L.P.
Falcon Capital Acquisition Corp.	116	Sharecare, Inc.	9/21/20	9/21/22	Sharecare, Inc. provides an online health and wellness engagement platform that gives consumers with a personal results-oriented experience by connecting them to health resources and programs.	Arilium Group, Eagle Equity Partners
GigCapital2, Inc.	86	UpHealth, Inc./Cloudbreak LLC	6/5/19	3/10/21	UpHealth, Inc./Cloudbreak LLC comprises digital healthcare services.	UBS O'Connor LLC
GX Acquisition Corp.	89	Celularity Inc.	5/20/19	5/20/21	Celularity Inc., a biopharmaceutical company, develops placental-derived off-the-shelf therapeutic and cellular medicines for cancer, infectious diseases, and degenerative diseases.	GX Sponsor LLC (Trimaran Capital)
Hudson Executive Investment Corp.	594	Groop Internet Platform Inc.	6/9/20	6/9/22	Groop Internet Platform Inc., doing business as Talkspace, operates an online platform that connects users and therapist for one-on-one discussions, chats, and video interfaces.	Hec Sponsor LLC (Doug Braunstein, Doug Bergeron)
Jaws Acquisition Corp.	1,122	Cano Health, LLC	5/13/20	5/14/22	Cano Health, LLC owns and operates health care centers and pharmacies.	Jaws Sponsor LLC (Barry Sternlicht)
Longevity Acquisition Corporation	29	4D pharma plc	8/28/18	5/29/21	4D pharma plc, together with its subsidiaries, engages in the research, development, and production of live biotherapeutic products.	BIP GP LLC (Weiss Asset Management)
Longview Acquisition Corp.	930	Butterfly Network, Inc.	5/20/20	5/21/22	Butterfly Network, Inc. develops a mobile ultrasound device and a suite of tools that help make ultrasound workflow mobile and system integrations simple and secure.	Glenview Capital Management, LLC
Vesper Healthcare Acquisition Corp.	586	Edge Systems, LLC	9/29/20	9/29/22	Edge Systems, LLC designs, develops, manufactures, markets, and sells aesthetic technologies and products.	BLS Investor Group LLC (Bernard Schwartz)

# SPACs Actively Seeking Healthcare Targets

SPAC	Equity Mkt. Value (\$mm)	Date		Sponsor
		IPO	Liquidation	
AGBA Acquisition Limited	\$21	5/14/19	5/16/21	Agba Holding Limited
Alpha Healthcare Acquisition Corp.	35	9/17/20	9/17/22	AHAC Sponsor LLC (Rajiv Shukla)
Amplitude Healthcare Acquisition Corporation	126	9/29/20	9/29/22	Amplitude Healthcare Holdings Llc (Metalmark Capital)
ARYA Sciences Acquisition Corp III	216	8/6/20	8/6/22	ARYA Sciences Holdings III (Perceptive Advisors)
CA Healthcare Acquisition Corp.	128	1/26/21	1/26/23	Covington Associates, Pleasant Bay Capital Partners
Capstar Special Purpose Acquisition Corp.	85	7/2/20	7/2/22	Capstar Partners, PIMCO
Chardan Healthcare Acquisition 2 Corp.	27	4/24/20	4/24/22	Chardan Capital Markets
CHP Merger Corp.	389	11/21/19	11/20/21	Concord Health Partners
DFP Healthcare Acquisitions Corp.	311	3/11/20	3/11/22	Deerfield Management Company, L.P.
Edoc Acquisition Corp.	132	11/9/20	8/9/22	American Physicians LLC (Xiaoping Becky Zhang)
Galileo Acquisition Corp.	40	10/18/19	7/17/21	Galileo Founders Gp Corp. (Luca Giacometti, Alberto Recchi)
Health Assurance Acquisition Corp.	50	11/12/20	11/12/22	General Catalyst (Hemant Teneja)
Healthcare Capital Corp.	85	1/14/21	1/14/23	Healthcare Capital Sponsor LLC (Dr. David Milch)
Healthcare Services Acquisition Corporation	405	12/22/20	12/22/22	Alliance Bernstein, Blackrock
LifeSci Acquisition II Corp.	106	11/20/20	11/20/22	LifeSci Capital LLC (Andrew McDonald, Michael Rice)
Malacca Straits Acquisition Company Limited	176	7/15/20	1/13/22	Malacca Straits Management Company Limited
Roth CH Acquisition II Co.	150	12/10/20	6/10/22	Roth Capital, Craig-Hallum
SCP & CO Healthcare Acquisition Company	45	1/21/21	1/21/23	SCP & CO
Therapeutics Acquisition Corp.	241	7/8/20	7/8/22	Bain Capital Life Sciences Investors, LLC

Source: S&P Global Market Intelligence as of January 31, 2021: Includes the most actively traded healthcare companies for respective covered sectors and excludes most microcap companies.

# For the detailed January 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  
+1 310 850 8714  
brooks.dexter@duffandphelps.com

## Eric Coburn

Managing Director  
New York  
+1 917 692 6283  
eric.coburn@duffandphelps.com

## Philip Smith

Managing Director  
Minneapolis  
+1 612 590 1956  
philip.smith@duffandphelps.com

## Jordan Lampos

Director  
Dallas  
+1 818 665 9637  
jordan.lampos@duffandphelps.com

## Priyanka Sharma

Director  
New York  
+1 917 455 8308  
priyanka.sharma@duffandphelps.com

## Peter Machmeier

Vice President  
Minneapolis  
+1 612 849 3792  
peter.machmeier@duffandphelps.com

## Cray Yoo

Vice President  
Los Angeles  
+1 310 498 2500  
cray.yoo@duffandphelps.com

## About Duff & Phelps

Duff & Phelps is the world's premier provider of governance, risk and transparency solutions. We work with clients across diverse sectors in the areas of valuation, corporate finance, disputes and investigations, cyber security, claims administration and regulatory compliance. With Kroll, the leading global provider of risk solutions, and Prime Clerk, the leader in complex business services and claims administration, our firm has nearly 4,000 professionals in 25 countries around the world. For more information, visit [www.duffandphelps.com](http://www.duffandphelps.com).

*M&A advisory, capital raising and secondary market advisory services in the United States are provided by Duff & Phelps Securities, LLC. Member FINRA/SIPC. Pagemill Partners is a Division of Duff & Phelps Securities, LLC. M&A advisory, capital raising and secondary market advisory services in the United Kingdom are provided by Duff & Phelps Securities Ltd. (DPSL), which is authorized and regulated by the Financial Conduct Authority. M&A advisory and capital raising services in Germany are provided by Duff & Phelps GmbH, which is a Tied Agent of DPSL. Valuation Advisory Services in India are provided by Duff & Phelps India Private Limited under a category 1 merchant banker license issued by the Securities and Exchange Board of India.*

The material in this report is for information purposes only and is not intended to be relied upon as financial, accounting, tax, legal or other professional advice. This report does not constitute, and should not be construed as soliciting or offering, any investment or other transaction, identifying securities for you to purchase or offer to purchase, or recommending the acquisition or disposition of any investment. Duff & Phelps does not guarantee the accuracy or reliability of any data provided from third party resources. Although we endeavor to provide accurate information from third party sources, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future.

# Appendix | Selected Companies

## Acute Care Hospitals (4)

Community Health Systems, Inc. (NYSE:CYH), HCA Healthcare, Inc. (NYSE:HCA), Tenet Healthcare Corporation (NYSE:THC), Universal Health Services, Inc. (NYSE:UHS)

---

## Assisted/Independent Living (3)

Brookdale Senior Living Inc. (NYSE:BKD), Capital Senior Living Corporation (NYSE:CSU), Five Star Senior Living Inc. (NasdaqCM:FVE)

---

## Behavioral Health (3)

Acadia Healthcare Company, Inc. (NasdaqGS:ACHC), Magellan Health, Inc. (NasdaqGS:MGLN), Oak Street Health, Inc. (NYSE:OSH)

---

## Dialysis Services (2)

DaVita Inc. (NYSE:DVA), Fresenius Medical Care AG & Co. KGaA (DB:FME)

---

## Healthcare Staffing (2)

AMN Healthcare Services, Inc. (NYSE:AMN), Cross Country Healthcare, Inc. (NasdaqGS:CCRN)

---

## Home Health/Hospice (7)

Addus HomeCare Corporation (NasdaqGS:ADUS), Amedisys, Inc. (NasdaqGS:AMED), Chemed Corporation (NYSE:CHE), LHC Group, Inc. (NasdaqGS:LHCG), ModivCare Inc. (NasdaqGS:MODV), Option Care Health, Inc. (NasdaqGS:OPCH), Pennant Group, Inc. (NasdaqGS:PNTG)

---

## Rehabilitation (4)

Encompass Health Corporation (NYSE:EHC), The Joint Corp. (NasdaqCM:JYNT), Select Medical Holdings Corporation (NYSE:SEM), U.S. Physical Therapy, Inc. (NYSE:USPH)

---

## Skilled Nursing (3)

Genesis Healthcare, Inc. (NYSE:GEN), National HealthCare Corporation (AMEX:NHC), The Ensign Group, Inc. (NasdaqGS:ENSG)

---

## Providers – Other (4)

1Life Healthcare, Inc. (NasdaqGS:ONEM), MEDNAX, Inc. (NYSE:MD), RadNet, Inc. (NasdaqGM:RDNT), Surgery Partners, Inc. (NasdaqGS:SGRY)

---

## Commercial Managed Care (5)

Anthem, Inc. (NYSE:ANTM), Cigna Corporation (NYSE:CI), Humana Inc. (NYSE:HUM), Progyny, Inc. (NasdaqGS:PGNY), UnitedHealth Group Incorporated (NYSE:UNH)

---

## Government Managed Care (2)

Centene Corporation (NYSE:CNC), Molina Healthcare, Inc. (NYSE:MOH)

---

## Specialty Managed Care (2)

Assurant, Inc. (NYSE:AIZ), Triple-S Management Corporation (NYSE:GTS)

---

## Consumer Directed Health and Wellness (4)

Benefitfocus, Inc. (NasdaqGM:BNFT), Castlight Health, Inc. (NYSE:CSLT), HealthEquity, Inc. (NasdaqGS:HQY), Tivity Health, Inc. (NasdaqGS:TVTY)

---

# Appendix | Selected Companies

## Telemedicine (2)

American Well Corporation (NYSE:AMWL), Teladoc Health, Inc. (NYSE:TDOC)

---

## HCIT (25)

1Life Healthcare, Inc. (NasdaqGS:ONEM), Accolade, Inc. (NasdaqGS:ACCD), Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX), Cerner Corporation (NasdaqGS:CERN), Certara, Inc. (NasdaqGS:CERT), Change Healthcare Inc. (NasdaqGS:CHNG), Computer Programs and Systems, Inc. (NasdaqGS:CPSI), Craneware plc (AIM:CRW), Evolent Health, Inc. (NYSE:EVH), GoodRx Holdings, Inc. (NasdaqGS:GDRX), Health Catalyst, Inc. (NasdaqGS:HCAT), HealthStream, Inc. (NasdaqGS:HSTM), HMS Holdings Corp. (NasdaqGS:HMSY), Inovalon Holdings, Inc. (NasdaqGS:INOV), Medica Group Plc (LSE:MGP), NantHealth, Inc. (NasdaqGS:NH), National Research Corporation (NasdaqGS:NRC), NextGen Healthcare, Inc. (NASDAQ:NXGN), Omnicell, Inc. (NasdaqGS:OMCL), OptimizeRx Corporation (NASDAQ: OPRX), Phreesia, Inc. (NYSE:PHR), Premier, Inc. (NasdaqGS:PINC), R1 RCM Inc. (NasdaqGS:RCM), Streamline Health Solutions, Inc. (NasdaqCM:STRM), Tabula Rasa HealthCare, Inc.

---

## Care Management/TPA (4)

CorVel Corporation (NasdaqGS:CRVL), Crawford & Company (NYSE:CRD.B), eHealth, Inc. (NasdaqGS:EHTH), Maximus, Inc. (NYSE:MMS)

---

## Clinical Laboratories (9)

Biodesix, Inc. (NasdaqGM:BDSX), Fulgent Genetics, Inc. (NasdaqGM:FLGT), Invitae Corporation (NYSE:NVTA), Laboratory Corporation of America Holdings (NYSE:LH), Progenity, Inc. (NasdaqGM:PROG), Psychemedics Corporation (NasdaqCM:PMD), Quest Diagnostics Incorporated (NYSE:DGX), Sonic Healthcare Limited (ASX:SHL), Sotera Health Company (NasdaqGS:SHC)

---

## Contract Research Organizations (6)

Charles River Laboratories International, Inc. (NYSE:CRL), ICON Public Limited Company (NasdaqGS:ICLR), Syneos Health, Inc. (NasdaqGS:SYNH), PPD (NasdaqGS:PPD), PRA Health Sciences, Inc. (NasdaqGS:PRAH), IQVIA Holdings Inc. (NYSE:IQV)

---

## Hospital Vendors (4)

American Shared Hospital Services (AMEX:AMS), Healthcare Services Group, Inc. (NasdaqGS:HCSG), Sharps Compliance Corp. (NasdaqCM:SMED), Stericycle, Inc. (NasdaqGS:SRCL)

---

## Distribution (7)

AdaptHealth Corp. (NasdaqCM:AHCO), AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health, Inc. (NYSE:CAH), Henry Schein, Inc. (NasdaqGS:HSIC), McKesson Corporation (NYSE:MCK), Owens & Minor, Inc. (NYSE:OMI), Patterson Companies, Inc. (NasdaqGS:PDCO)

---

## Home Medical Equipment / Durable Medical Equipment (3)

AdaptHealth Corp. (NasdaqCM:AHCO), Protech Home Medical Corp. (TSXV:PTQ), Viemed Healthcare, Inc. (TSX:VMD)

---

## Healthcare REITs (15)

CareTrust REIT, Inc. (NasdaqGS:CTRE), Community Healthcare Trust Incorporated (NYSE:CHCT), Healthcare Realty Trust Incorporated (NYSE:HR), Healthcare Trust of America, Inc. (NYSE:HTA), LTC Properties, Inc. (NYSE:LTC), Medical Properties Trust, Inc. (NYSE:MPW), National Health Investors, Inc. (NYSE:NHI), New Senior Investment Group Inc. (NYSE:SNR), Omega Healthcare Investors, Inc. (NYSE:OHI), Physicians Realty Trust (NYSE:DOC), Sabra Health Care REIT, Inc. (NasdaqGS:SBRA), Diversified Healthcare Trust (NasdaqGS:DHC), Universal Health Realty Income Trust (NYSE:UHT), Ventas, Inc. (NYSE:VTR), Welltower Inc. (NYSE:WELL)