



Healthcare Services

Quarterly Update
First Quarter 2018



CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

Table Of Contents

Recent Representative Transaction

page **4**

Market Overview

page **6**

Notable Industry Developments

page **8**

Selected M&A Transactions By Sector

page **10**

Valuation Metrics By Sector

page **18**

Notes

page **22**



Q1 2018 Highlights

May, 2018

M&A transaction volume in Q1 2018 was on par with the previous quarter's total of 380 deals. According to preliminary figures from Irving Levin Associates Inc., a total of 378 transactions were announced in Q1 2018. Compared with the same quarter a year prior, volume was down 14%. Deal value in Q1 2018 totaled approximately \$112.9 billion, 2% lower than the previous quarter, but 90% greater than the same quarter in 2017. This quarter's \$67 billion acquisition by Cigna (NYSE:CI) of Express Scripts Holdings (NYSE:ESRX) accounted for almost 60% of total transaction value in Q1 2018.

The model for healthcare delivery continues to evolve across the continuum of care. Hospitals that do not adjust service offerings and/or their cost structures may be forced to close. Both not-for-profit and for-profit hospitals are feeling the pressure of declining inpatient volumes and reimbursement levels from government payers along with rising drug costs and labor expenses, as well as regulatory changes to policies like the 340B drug discount program. Downward pressures on margins will continue as insurers vertically integrate with providers.

Cigna's proposed acquisition of Express Scripts, the last large pharmacy benefit manager, follows the announcement of the \$77 billion CVS Health / Aetna deal and the \$4.9 billion Optum / DaVita Medical Group transaction in December 2017. As a result of such strategic integrations, insurers would be able to provide preventative, outpatient and post-acute care to their members at a lower cost than can acute care hospitals, which have high fixed costs. The Medicare Payment Advisory Commission estimated that hospital margins could fall to negative 10% in 2017, a drop from negative 7.1% in 2015, as vertical integration in the healthcare sector expands.

Rural hospitals face even more challenges as healthcare delivery continues to evolve away from inpatient care toward outpatient care and the utility of having a 24/7 bedded hospital continues to drop. A consistent better way forward for many rural hospitals is to partner with a larger, regional health system and appropriately rationalize certain services relative to market demand, which not only retains certain types of services in a given market but also provides a more financially sustainable framework. Such hospitals face the evolutionary need to operate with core clinical services, not as a hospital seeking to expand ambulatory outpatient services or extending into post-acute services such as skilled nursing or long-term care. Importantly, the staying power of these rural hospitals will depend largely on the strengths of the properly-aligned partnerships they develop with regional medical centers.

Matt Caine, Managing Director at SOLIC Capital, will be moderating a roundtable discussion regarding hospital consolidation trends at the 11th Annual "Investment and M&A Opportunities in Healthcare" conference on June 5-6 in Nashville. Issues to be addressed include: With declining reimbursements, will the squeeze on revenues have the effect of forcing more mergers to maximize economies of scale? With the failure to 'repeal & replace' the ACA, how will regulatory roll-backs affect reimbursements? Will this disruption be good or bad in terms of generating deal-flow? What are the prospects for M&A deal-flow in the hospital sector in the next 12 months? For additional information, please [click here](#).

We welcome your comments and hope you find our SOLICConnect report informative.



Matt Caine
Managing Director
mcaine@soliccapi.com



Gregory Hagood
Senior Managing Director
ghagood@soliccapi.com



Edward R. Casas, MD, MM, MPH
Senior Managing Director
ecasad@soliccapi.com

 *Recent Representative Transaction*

\$52,800,000



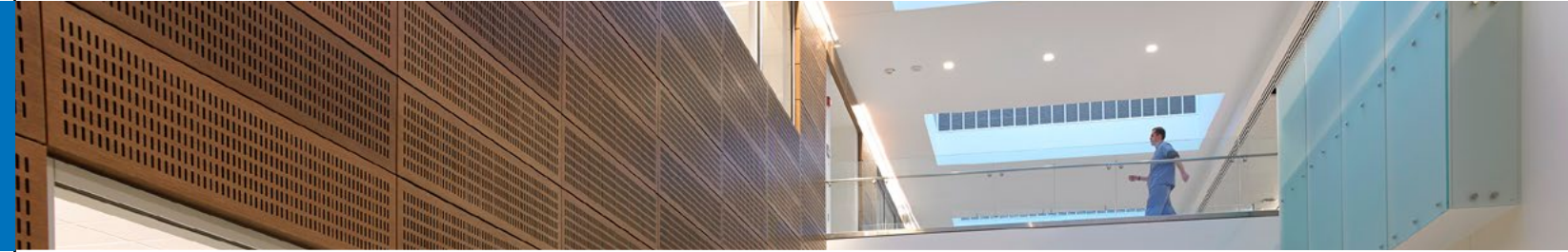
has emerged from bankruptcy
as a reorganized corporation via
a Joint Plan of Reorganization
co-sponsored by



Financial Advisor

Friendship Village of Mill Creek, NFP (d/b/a Greenfields of Geneva) (“Greenfields”) is a not-for-profit continuing care retirement community (CCRC) with 267 units located in Geneva, Illinois just outside of Chicago. Greenfields entered into an agreement to effect a recapitalization with Friendship Senior Options, which was the highest and best offer resulting from an evaluative solicitation process. Approved by the Bankruptcy Court once new bond financing was finalized, the transaction resulted in (i) an optimized recovery for the existing senior secured creditors, and (ii) a reorganized Greenfields entity to emerge from bankruptcy with a new infusion of capital and recapitalized bond indebtedness.

SOLIC served as financial advisor to Greenfields and the Special Committee to the Board of Directors in conjunction with an evaluation of its strategic alternatives and certain restructuring activities, including services related to Greenfields’ Chapter 11 bankruptcy filing.

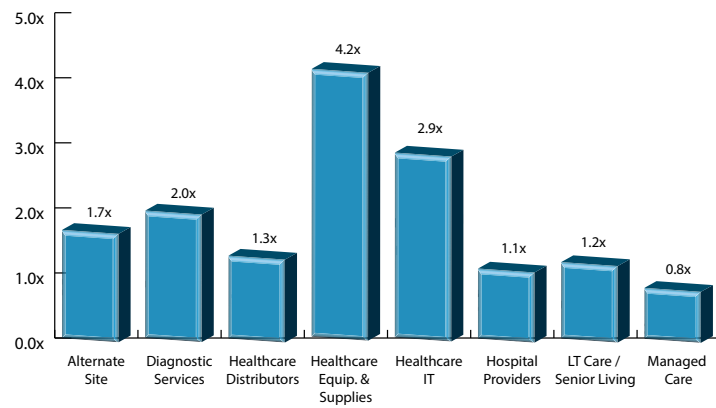


Page Left Intentionally Blank

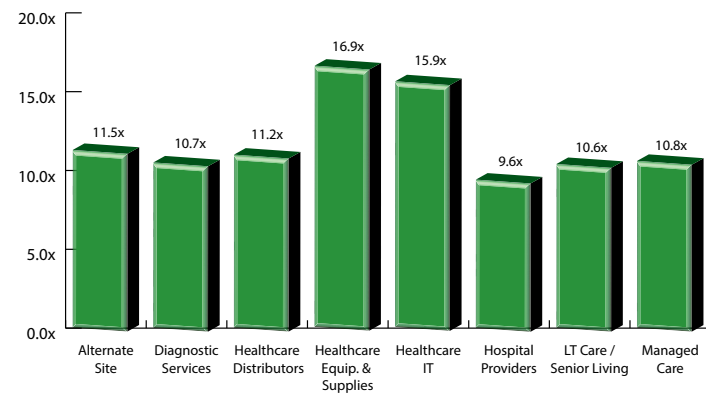
Market Overview



Enterprise Value To Revenue

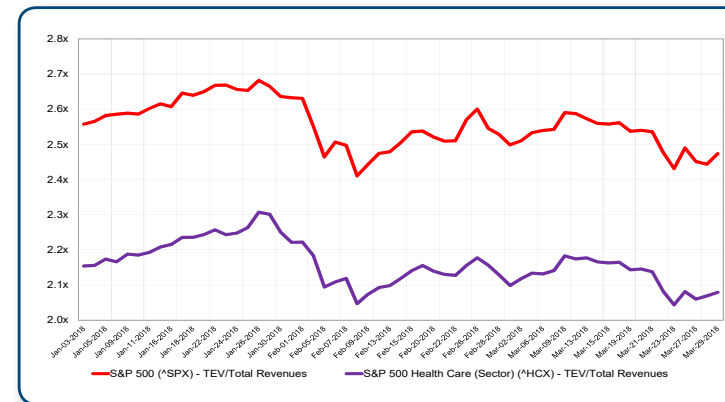


Enterprise Value To EBITDA

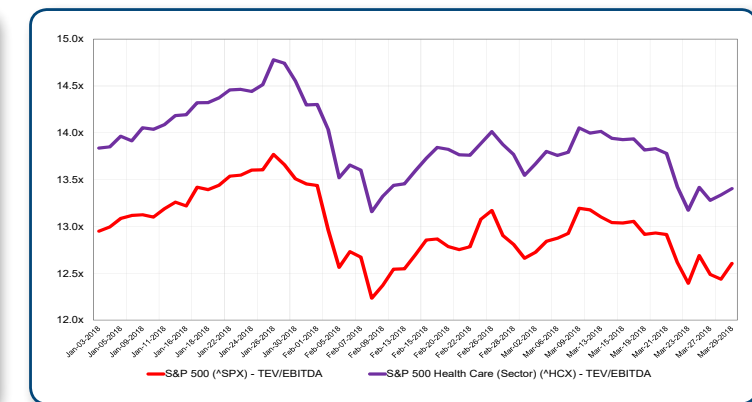


Revenue and EBITDA multiples for the S&P 500 and healthcare sector decreased by approximately 3% in Q1 2018.

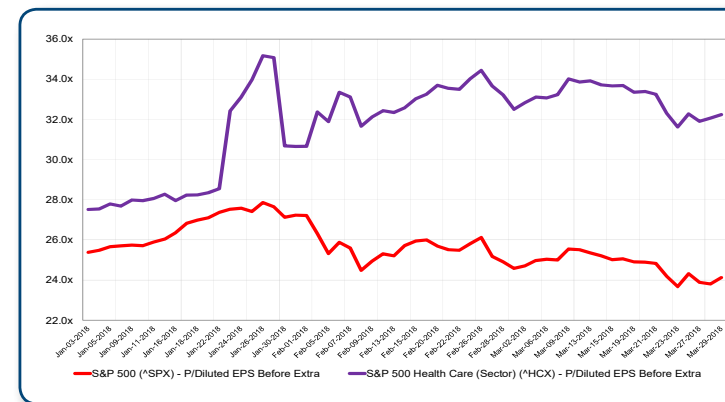
S&P Healthcare Index vs. the S&P 500 Total Enterprise Value / Revenue



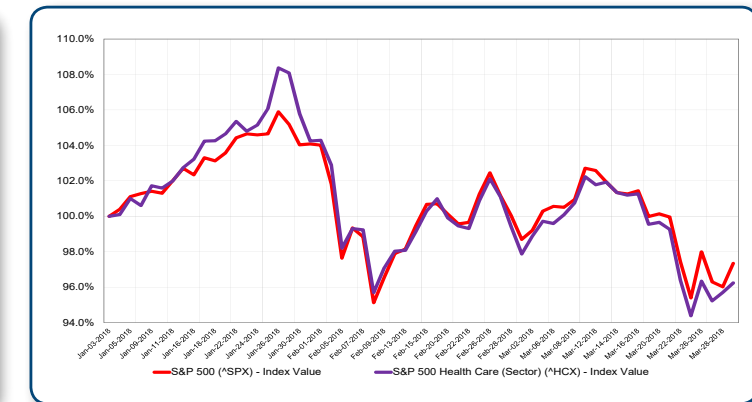
S&P Healthcare Index vs. the S&P 500 Total Enterprise Value / EBITDA



S&P Healthcare Index vs. the S&P 500 Price / Diluted EPS



S&P Healthcare Index vs. the S&P 500 Relative Performance (%)



Notable Industry Developments



Chapter 9 Bankruptcies by Rural Hospitals Climb as Populations Shrink and Federal Reimbursements Decline
 During the last five years, 14 rural hospitals have filed for Chapter 9 bankruptcy. And, since 2010, 83 rural hospitals – or eight to ten per year – have closed, according to the North Carolina Rural Health Research and Policy Analysis Center. The financial distress index that the North Carolina Rural Health Policy Center developed in 2015 estimates that 6% of the country's 2,264 rural hospitals are at risk of closure. Financial indicators such as operating margin, benchmark performance and retained earnings are the strongest indicators of financial distress, but hospital size and market poverty rates are also influential.

Hospitals Pressured as Insurers Pursue More Vertical Integration
 Hospitals that don't adapt to this challenging environment could get squeezed out of the care continuum as insurers grow and direct more care to lower-cost settings, according to an analysis from Moody's. Both not-for-profit and for-profit hospitals are feeling the pressure of falling inpatient volumes and reimbursement levels from government payers along with rising drug costs and labor expenses, as well as regulatory changes to policies like the 340B drug discount program. Those downward pressures on margins will continue if insurers' plans to vertically integrate with providers come to fruition. The Medicare Payment Advisory Commission estimates that hospital margins could sink to negative 10% in 2017, a drop from negative 7.1% in 2015.

Cigna Agrees to Buy Express Scripts, the Last Major Independent PBM, in \$67 Billion Deal
 Cigna and Express Scripts said the acquisition would benefit consumers by allowing the two companies to bring together patients' medical and pharmacy histories to improve treatments and lower costs. The completion of the deal would mark the end of Express Scripts as the last major independent pharmacy benefit manager, one that has focused on striking deals with drug companies to lower costs for insurers and employers. The company is responsible for the prescription plans of more than 80 million Americans. The deal would ensure that all of the major pharmacy benefit managers have ties to big insurers. CVS Health, which also owns pharmacies, recently announced a merger agreement with the health insurer Aetna. OptumRx is owned by UnitedHealth Group. Anthem, which operates for-profit Blue Cross plans in several states, said it had plans to create its own pharmacy business. With no other large independent pharmacy managers left for smaller insurers, federal and state officials may be reluctant to approve the Cigna-Express Scripts deal.

First Quarter 2018

New Tax Law Could Widen Distance Between Healthcare's Haves and Have-Nots
 Moody's studied 11 for-profit health systems and estimated they would realize a total of \$700 - \$800 million in tax savings in 2018 under the law passed in December compared with what they would have paid under previous rules, with the vast majority of those savings going to HCA and Universal Health Services. However, healthcare companies carrying high debt loads like Community Health Systems and Tenet Healthcare, while sharing in the benefits of a lower tax rate and ability to immediately deduct capital expenses, are now limited in how much interest they are able to deduct. The new law limits the amount of interest expense companies can deduct to 30% of their earnings before interest, taxes, depreciation and amortization (EBITDA) through 2021.

U.S. Not-For-Profit Hospitals Experiencing Extreme Nursing Shortage
 According to a recent Moody's report, the added expense pressure and personnel issues resulting from nursing shortages will negatively affect hospital margins for at least the next three to four years. The nursing shortage is largely due to a growing demand for nurses and a lack of supply. Hospitals have implemented strategies to attract and retain nursing talent including increased compensation, sign-on bonuses, and attractive fringe benefits. However, these incentives are increasing already rising expenses. The Bureau of Labor Statistics predicts this nursing imbalance will persist until 2025.

Medicare Beneficiaries Spent 15% Fewer Days in Skilled Nursing Facilities (SNFs) Between 2009 and 2016
 According to a new analysis released by Avalere Health, the rise of home healthcare was not the main driver for a decline in SNF use between 2009 and 2016. The decline was a result of hospitals increasingly placing patients in observation status over admitting them for inpatient services. Under CMS rules, Medicare covers up to 100 days of care at a SNF, but patients must have received at least three days of hospital inpatient care before they can qualify for coverage at a nursing facility. Patients placed in observation are not eligible to stay at a SNF after they are discharged.

Selected M&A Transactions

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Alternate Site					
03/31/18	Community Medical Group	Centene Corporation (NYSE:CNC)	\$146.0	n/a	n/a
Description:	Centene Corporation (NYSE:CNC) has acquired Community Medical Group, an operator of medical centers that provide Medicaid and Medicare medical services. Community Medical Group was founded in 2003 and is based in North Miami Beach, FL.				
03/14/18	American Medical Response, Inc.	Air Medical Group Holdings, Inc.	\$2,400.0	n/a	n/a
Description:	Air Medical Group Holdings, Inc. has acquired American Medical Response, Inc., a provider of ground and air-based emergency medical transportation services. American Medical Response, Inc. was founded in 1992 and is headquartered in Greenwood Village, CO.				
03/07/18	Heartland Dental, LLC	KKR & Co. L.P. (NYSE: KKR)	n/a	n/a	n/a
Description:	KKR & Co. L.P. (NYSE: KKR) has acquired Heartland Dental, LLC, a provider of non-clinical administrative services to supported dentists. Heartland Dental, LLC was founded in 1997 and is based in Effingham, IL.				
02/28/18	Agility Health, LLC (TSXV: AHI)	Alliance Physical Therapy Management, LLC	\$45.0	n/a	n/a
Description:	Alliance Physical Therapy Management, LLC has acquired Agility Health, LLC, a provider of rehabilitation services. Agility Health, LLC was founded in 2012 and is based in Grand Rapids, MI.				
02/01/18	Meridian Surgical Partners, LLC - seven ambulatory surgery centers	MFC Nuetera Holding Company, LLC	\$46.5	n/a	n/a
Description:	MFC Nuetera Holding Company, LLC has acquired seven ambulatory surgery centers of Meridian Surgical Partners, LLC. Meridian Surgical Partners was founded in 2006 and is based in Brentwood, TN. SOLIC Capital Advisors served as the financial advisor to Meridian.				



Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
02/01/18	U.S. Healthworks, Inc.	Concentra, Inc.	\$753.0	n/a	11.3x
Description:	Concentra, Inc. has acquired U.S. Healthworks, Inc., an owner/operator of occupational healthcare and urgent care centers. U.S. Healthworks, Inc. was founded in 1995 and is based in Valencia, CA.				

Diagnostic Services

03/26/18	Seven Texas Based Diagnostic Imaging Centers	Preferred Medical Imaging, LLC	\$21.3	n/a	n/a
Description:	Preferred Medical Imaging, LLC entered into an agreement to acquire seven Texas based diagnostic imaging centers.				
03/05/18	Molecular Response, LLC	BioDuro, LLC	n/a	n/a	n/a
Description:	BioDuro, LLC has acquired Molecular Response, LLC, a provider of molecular diagnostics and therapeutic target identification services. Molecular Response, LCC was founded in 2010 and is based in San Diego, CA.				
02/16/18	HealthFair USA, Inc.	Community Care Health Network, Inc.	\$160.0	3.56x	n/a
Description:	Community Care Health Network, Inc. has acquired HealthFair USA, Inc., a mobile health screening company. HealthFair USA, Inc. was founded in 1998 and is based in Winter Park, FL.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Healthcare Distributors					
03/12/18	Cogentix Medical, Inc. (NasdaqCM:CGNT)	LM US Parent, Inc.	\$238.1	3.75x	n/a
Description:	LM US Parent, Inc. has acquired Cogentix Medical, Inc., a medical device company that designs, develops, manufactures, and markets fiberoptic and video endoscopy products under the PrimeSight brand. Cogentix Medical was founded in 1987 and is headquartered in Minnetonka, MN.				
02/28/18	Entellus Medical, Inc.	Stryker Corporation (NYSE:SYK)	\$715.4	7.7x	n/a
Description:	Stryker Corporation (NYSE:SYK) has acquired Entellus Medical, Inc., a medical technology company focused on products for the minimally invasive treatment of chronic and recurrent sinusitis. Entellus Medical, Inc. was founded in 2006 and is headquartered in Plymouth, Minnesota.				
01/02/18	H. D. Smith, LLC	AmerisourceBergen Corporation (NYSE:ABC)	\$815.0	n/a	n/a
Description:	AmerisourceBergen Corporation (NYSE:ABC) has acquired H.D. Smith, LLC, a distributor and supplier of healthcare products and business solutions to manufacturers and providers. H.D. Smith, LLC was founded in 1954 and is based in Springfield, IL.				

Healthcare Equipment & Supplies					
03/19/18	Vyaire Medical, Inc.	Apax Partners LLP	\$872.0	1.1x	n/a
Description:	Apax Partners LLP entered into an agreement to acquire Vyaire Medical, Inc., a manufacturer of respiratory ventilation and diagnostics equipment. Vyaire Medical, Inc. was founded in 2016 and is headquartered in Mettawa, IL.				
03/16/18	LifeScan Inc.	Platinum Equity, LLC	\$2,100.0	1.4x	n/a
Description:	Platinum Equity, LLC has made a binding offer to acquire LifeScan, Inc., a manufacturer and supplier of blood glucose monitoring equipment for hospital and home use. LifeScan, Inc. was founded in 1981 and is based in Milpitas, CA.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
03/08/18	SafeOp Surgical, Inc.	Alphatec Holdings, Inc. (NasdaqGS:ATEC)	\$33.6	n/a	n/a
Description:	Alphatec Holdings, Inc. (NasdaqGS:ATEC) has acquired SafeOP Surgical, Inc., a producer of neuromonitoring devices for caregivers. SafeOP Surgical, Inc. was founded in 2011 and is based in Hunt Valley, MD.				
02/14/18	Exactech, Inc.	TPG Capital, L.P.	\$721.3	2.68x	16.51x
Description:	TPG Capital, L.P. has acquired Exactech, Inc., a provider of orthopedic implant devices. Exactech, Inc. was founded in 1985 and is headquartered in Gainesville, FL.				
02/01/18	Dielectrics, Inc.	UFP Technologies, Inc. (NasdaqCM:UFPT)	\$60.0	1.33x	n/a
Description:	UFP Technologies, Inc. (NasdaqCM:UFPT) has acquired Dielectrics, Inc., a developer of medical device components. Dielectrics, Inc. was founded in 1954 and is based in Chicopee, MA.				
01/23/18	Argon Medical Devices, Inc.	Weigao International Medical Hong Kong Limited	\$844.2	3.74x	12.41x
Description:	Weigao International Medical Hong Kong Limited has acquired Argon Medical Devices, Inc., manufacturer and seller of medical devices for interventional radiology, vascular surgery, interventional cardiology, and critical care procedures. Argon Medical Devices, Inc. was founded in 1972 and is based in Plano, TX.				

Healthcare IT					
03/07/18	ABILITY Network Inc.	Inovalon Holdings, Inc.	\$1,200.0	8.6x	16.6x
Description:	Inovalon Holdings, Inc. (NASDAQGS: INOV) acquired ABILITY Network Inc., a developer and provider of web-based solutions for healthcare providers in ambulatory, acute, and post-acute settings. ABILITY Network Inc. was founded in 2002 and is based in Minneapolis, MN.				
03/01/18	Evolent Health, Inc. (NYSE:EVH)	Undisclosed buyer	\$41.7	2.16x	n/a
Description:	An undisclosed buyer as acquired Evolent Health, Inc. (NYSE:EVH), a provider of healthcare delivery and payment solutions. Evolent Health, Inc. was founded in 2011 and is headquartered in Arlington, VA.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
02/26/18	Intermedix Corporation	R1 RCM Inc. (NASDAQGM: RCM)	\$460.0	2.4x	9.6x
Description:	R1 RCM Inc. (NASDAQGM: RCM) entered into an agreement to acquire Intermedix Corp., a provider of tech-enabled solutions that supports and connects healthcare providers, public health agencies, and emergency personnel. Intermedix Corp. was founded in 1983 and is headquartered in Ft. Lauderdale, FL.				
02/15/18	Flatiron Health, Inc.	Roche Holding AG (SWX:ROG)	\$1,900.0	n/a	n/a
Description:	Roche Holding AG (SWX:ROG) has acquired Flatiron Health, Inc., a developer of software that connects community oncologists, academics, hospitals, life science researchers, and regulators on a shared technology platform. Flatiron Health was founded in 2012 and is based in New York.				
01/11/18	ProVation Medical, Inc.	Clearlake Capital Group, L.P.	\$180.0	n/a	n/a
Description:	Clearlake Capital Group, L.P. has acquired ProVation Medical, Inc., a provider of clinical decision support and procedure documentation solutions. ProVation Medical was founded in 1994 and is headquartered in Minneapolis, MN.				
01/08/18	Practice Fusion	Allscripts Healthcare	\$100.0	n/a	n/a
Description:	Allscripts Healthcare has acquired Practice Fusion, a provider of cloud-based electronic health records to doctors. Practice Fusion was founded in 2005 and is based in San Francisco, CA.				

Hospital Providers

03/02/18	Presence Health Network	AMITA Health	n/a	n/a	n/a
Description:	AMITA Health has acquired Presence Health Network, a Catholic health system in Illinois. Presence Health Network was founded in 1939 and is based in Mokena, IL.				
03/01/18	Piedmont Columbus Regional	Piedmont Healthcare, Inc.	\$280.0	n/a	n/a
Description:	Piedmont Healthcare, Inc. has acquired Piedmont Columbus Regional, a provider of healthcare and wellness programs. Piedmont Columbus Regional was founded in 1935 and is based in Whiteville, NC.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
03/01/18	MacNeal Health Network, Inc.	Loyola University Health System	\$270.0	n/a	n/a
Description:	Loyola University Health System has acquired MacNeal Health Network, Inc., an operator of healthcare facilities. MacNeal Health Network, Inc. was founded in 1919 and is based in Berwyn, IL.				
03/01/18	East Texas Medical Center Regional Healthcare System	AHS Medical Holdings LLC; The University of Texas System	n/a	n/a	n/a
Description:	Ardent Health Services and The University of Texas System has acquired East Texas Medical Center Regional Healthcare System, an operator of primary, secondary, and tertiary healthcare facilities. East Texas Medical Center was founded in 1951 and is based in Tyler, TX.				
02/01/18	Memorial Health, Inc.	HCA Healthcare, Inc. (NYSE: HCA)	\$456.7	n/a	n/a
Description:	HCA Healthcare (NYSE: HCA) has acquired Memorial Health, a 612-bed medical center and employed physicians group. Memorial Health was founded in 1955 and is based in Savannah, GA. SOLIC Capital Advisors served as wind-down advisor to Memorial Health.				
02/01/18	Presence Health - two hospitals	OSF Healthcare Systems	\$185.0	n/a	n/a
Description:	OSF Healthcare has acquired two Chicago-based Presence Health facilities, a 206-bed facility in Urbana and a 174-bed hospital in Danville.				
01/25/18	Tennova Healthcare - Jamestown	Renova Health, Inc. (OTCPK: RNVA)	n/a	n/a	n/a
Description:	Renova Health, Inc. (OTCPK: RNVA) has signed an agreement to acquire Tennova Healthcare - Jamestown, an 85-bed hospital that offers acute care, medical, and surgical services. Jamestown was founded in 1985 and is headquartered in Franklin, TN.				
01/05/18	Des Peres Hospital, Inc.	St. Luke's Hospital	n/a	n/a	n/a
Description:	St. Luke's Hospital entered into an agreement to acquire Des Peres Hospital, Inc., a 143-bed acute care facility. Des Peres Hospital, Inc. was founded in 1974 and is based in St. Louis, MO.				
01/03/18	JFK Health System, Inc.	Hackensack Meridian Health, Inc.	n/a	n/a	n/a
Description:	Hackensack Meridian Health, Inc. has acquired JFK Health System, Inc., a provider of health care services through its 499-bed medical center, inpatient and outpatient rehabilitation centers, nursing facilities and specialized treatment programs. JFK Health is based in Edison, NJ.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
01/01/18	Community Health Center of Branch County	Promedica Health System	n/a	n/a	n/a
Description:	Promedica Health System has acquired Community Health Center of Branch County, an acute care medical facility campus that provides inpatient and outpatient care services. Community Health Center of Branch County was founded in 1939 and is based in Coldwater, MI.				

Long-Term Care / Senior Living

03/29/18	Almost Family, Inc.	LHC Group, Inc. (NasdaqGS:LHCG)	\$1,036.0	1.36x	26.7x
Description:	LHC Group, Inc. (NasdaqGS:LHCG) has acquired Almost Family, Inc., a provider of home healthcare services. Almost Family, Inc. was founded in 1976 and is based in Louisville, KY.				

03/29/18	Healdsburg Senior Living	Real Estate Investment firm	\$19.0	n/a	n/a
Description:	A real estate investment firm has acquired Healdsburg Senior Living, a senior living community with 40 assisted living units, 32 memory care beds and 38 skilled nursing beds. Healdsburg Senior living is located in Healdsburg, CA.				

02/28/18	Ambercare Corporation, Inc.	Addus HomeCare Corporation (NASDAQ: ADUS)	\$40.0	0.7x	n/a
Description:	Addus HomeCare Corporation (BASDAQ: ADUS) has acquired Ambercare Corporation, Inc., a provider of personal care, hospice and home health services through 15 locations. Ambercare Corporation was founded in 1994 and is based in Albuquerque, NM.				

02/28/18	MD2U PLLC	National Health Industries, Inc. (NASDAQ: AFAM)	\$40.0	n/a	n/a
Description:	National Health Industries, Inc. (NASDAQ: AFAM) has acquired MD2U PLLC, a provider of in-home primary care services for chronic and acute illnesses. MD2U was founded in 2010 and is based in Louisville, KY.				

02/06/18	Sabra Health Care REIT (NASDAQ: SBRA) - 20 skilled nursing facilities	Private equity investor	\$103.3	n/a	n/a
Description:	A private equity investor has acquired 20 skilled nursing facilities from Sabra Health Care REIT (NASDAQ: SBRA). The facilities are located in Kentucky, Ohio and Indiana and comprise 1,866 total licensed beds.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
01/18/18	Two skilled nursing facilities	Investor group	\$32.0	n/a	n/a
Description:	An investor group has acquired two skilled nursing facilities comprising of 320 beds. The facilities are located in Medina and Gowanda, NY.				
01/17/18	Legend Oaks Healthcare	National Health Investors, Inc. (NYSE: NHI)	\$14.4	n/a	n/a
Description:	National Health Investors, Inc. (NYSE: NHI) has acquired Legend Oaks Healthcare, a 121-bed skilled nursing facility. Legend Oaks Healthcare was founded in 2016 and is headquartered in Waxahachie, TX.				
01/02/18	Sunrise Senior Living, LLC (NYSE: SNH) - four CCRCs	Welltower Inc. (NYSE: HCN)	\$368.0	n/a	n/a
Description:	Welltower Inc. (NYSE: HCN) has entered into an agreement to acquire four CCRCs from Sunrise Senior Living, LLC (NYSE: SNH). The CCRCs are located in Washington, D.C., Miami and Charlottesville MSAs, and feature independent living, assisted living, memory care and skilled nursing services.				

Managed Care

03/09/18	Genex Services, LLC	Stone Point Capital LLC; Trident Fund IV	n/a	n/a	n/a
Description:	Stone Point Capital LLC has acquired Genex Services, LLC, a provider of managed care services to worker compensation payers, managed care specialists and risk managers. Genex Services was founded in 1978 and is headquartered in Wayne, PA.				

03/08/18	Express Scripts Holding Co. (NASDAQ: ESRX)	Cigna Corp. (NYSE: CI)	\$68,576.0	0.7x	9.6x
Description:	Cigna Corporation (NYSE: CI) entered into an agreement to acquire Express Scripts Holding Co. (NASDAQGS: ESRX), a pharmacy benefit management company. Express Scripts Holding Co. was founded in 1986 and is headquartered in St. Louis, MO.				

02/27/18	Maestro Health, Inc.	AXA SA (ENXTPA: CS)	\$155.0	n/a	n/a
Description:	AXA SA (ENXTPA: CS) has acquired Maestro Health, Inc., an employee benefits company. Maestro Health, Inc. was founded in 2013 and is based in Chicago, IL.				

01/05/18	Health Resources, Inc.	Paramount Care, Inc.	n/a	n/a	n/a
Description:	Paramount Care, Inc. has acquired Health Resources, Inc., a provider of dental benefits programs to employers across Indiana and Kentucky. Health Resources, Inc. was founded in 1986 and is based in Evansville, IN.				

Valuation Metrics by Sector



Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
Alternate Site ^[1]								
AMED	Amedisys, Inc.	\$60.34	91.5%	\$2,050.6	\$2,054.2	1.4x	15.6x	68.6x
DVA	DaVita Inc.	65.94	81.7%	11,949.9	21,941.8	2.0x	9.1x	13.9x
EVHC	Envision Healthcare Corporation	38.43	60.0%	4,596.6	11,429.2	1.5x	10.7x	18.0x
DB:FME	Fresenius Medical Care AG & Co. KGaA	83.10	72.2%	31,270.7	40,444.0	1.8x	10.6x	NM
Mean						1.7x	11.5x	15.9x

Diagnostic Services								
LH	Laboratory Corporation of America Holdings	161.75	89.0%	16,482.3	22,948.5	2.2x	11.5x	13.2x
DGX	Quest Diagnostics Incorporated	100.30	88.8%	13,619.1	17,540.1	2.3x	11.0x	18.2x
RDNT	RadNet, Inc.	14.40	99.7%	694.5	1,260.7	1.4x	9.5x	NM
Mean						2.0x	10.7x	15.7x

[1] AMED has been excluded from mean PE multiple calculation.

Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
Healthcare Distributors ^[2]								
ABC	AmerisourceBergen Corporation	\$86.21	81.1%	\$18,937.7	\$20,537.2	0.1x	8.3x	19.5x
CAH	Cardinal Health, Inc.	62.68	75.7%	19,725.8	28,268.8	0.2x	8.9x	10.9x
HSIC	Henry Schein, Inc.	67.21	71.9%	10,329.8	12,666.2	1.0x	11.8x	26.2x
MCK	McKesson Corporation	140.87	78.8%	29,067.0	37,078.0	0.2x	10.5x	6.2x
OMI	Owens & Minor, Inc.	15.55	44.5%	961.3	1,757.6	0.2x	8.8x	13.0x
SRCL	Stericycle, Inc.	58.53	66.5%	5,006.9	7,718.5	2.2x	10.2x	216.8x
TMO	Thermo Fisher Scientific Inc.	206.46	91.2%	82,952.3	102,749.3	4.9x	19.5x	36.9x
Mean						1.3x	11.2x	15.2x

Healthcare Equipment & Supplies ^[3]								
ABT	Abbott Laboratories	\$59.92	92.8%	\$104,640.3	\$123,155.3	4.5x	20.7x	NM
BAX	Baxter International Inc.	65.04	89.6%	34,979.0	35,089.0	3.3x	15.6x	50.0x
BDX	Becton, Dickinson and Company	216.70	87.2%	57,694.7	79,286.7	6.5x	23.6x	168.3x
BEAT	BioTelemetry, Inc.	31.05	79.2%	1,016.1	1,183.9	4.3x	20.5x	NM
BSX	Boston Scientific Corporation	27.32	91.3%	37,687.8	43,115.8	4.8x	17.7x	NM
JNJ	Johnson & Johnson	128.15	86.4%	343,780.3	360,074.3	4.7x	14.2x	270.4x
MDT	Medtronic plc	80.22	89.4%	108,728.1	123,231.1	4.1x	13.0x	39.2x
SIE	Siemens Aktiengesellschaft	103.80	77.8%	86,522.5	100,774.5	1.2x	10.2x	13.8x
Mean						4.2x	16.9x	26.5x

[2] SRCL and TMO have been excluded from mean PE multiple calculation.

[3] BAX, BDX and JNJ have been excluded from mean PE multiple calculation.

Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
Healthcare IT ^[4]								
MDRX	Allscripts Healthcare Solutions, Inc.	\$12.35	76.6%	\$2,233.5	\$4,125.7	2.3x	27.2x	NM
ATHN	athenahealth, Inc.	143.03	90.1%	5,735.2	5,842.9	4.8x	35.3x	109.2x
CERN	Cerner Corporation	58.00	78.5%	19,290.6	19,011.6	3.8x	13.9x	22.6x
CPSI	Computer Programs and Systems, Inc.	29.20	80.8%	402.4	544.3	2.0x	16.5x	NM
HMSY	HMS Holdings Corp.	16.84	80.6%	1,395.9	1,552.6	3.0x	16.0x	35.8x
OMCL	Omniceil, Inc.	43.40	78.3%	1,683.2	1,860.9	2.6x	39.1x	81.9x
QSII	Quality Systems, Inc.	13.65	76.9%	869.7	885.3	1.7x	17.4x	48.7x
Mean						2.9x	15.9x	35.7x

Hospital Providers								
CYH	Community Health Systems, Inc.	\$3.96	37.7%	\$443.5	\$14,413.5	0.9x	15.7x	NM
HCA	HCA Healthcare, Inc.	97.00	90.8%	34,165.1	68,248.1	1.6x	8.3x	16.3x
LPNT	LifePoint Health, Inc.	47.00	69.2%	1,832.0	4,788.0	0.8x	7.2x	18.7x
THC	Tenet Healthcare Corporation	24.25	96.1%	2,451.9	19,329.9	1.0x	8.0x	NM
UHS	Universal Health Services, Inc.	118.41	92.4%	11,162.6	15,196.8	1.5x	8.8x	15.2x
Mean						1.1x	9.6x	16.7x

[4] MDRX, ATHN and OMCL have been excluded from mean LTM EBITDA multiple calculation, and ATHN and OMCL have been excluded from mean PE multiple calculation.

Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
Long-Term Care / Senior Living								
BKD	Brookdale Senior Living Inc.	\$6.71	42.8%	\$1,251.9	\$5,879.3	1.5x	9.1x	14.7x
CSU	Capital Senior Living Corporation	10.75	64.3%	327.9	1,320.1	2.8x	15.7x	19.4x
DVCR	Diversicare Healthcare Services, Inc.	7.52	61.4%	48.5	132.7	0.2x	4.7x	13.6x
ENSG	The Ensign Group, Inc.	26.30	89.9%	1,354.1	1,619.2	0.9x	11.6x	34.2x
GEN	Genesis Healthcare, Inc.	1.51	56.1%	147.9	4,534.0	0.9x	12.8x	NM
KND	Kindred Healthcare, Inc.	9.15	76.9%	836.4	4,180.5	0.7x	9.9x	NM
Mean						1.2x	10.6x	20.5x

Managed Care								
AET	Aetna Inc.	\$169.00	86.9%	\$55,253.3	\$60,593.3	1.0x	10.7x	29.8x
ANTM	Anthem, Inc.	219.70	82.0%	56,182.1	72,959.4	0.8x	13.4x	15.3x
CNC	Centene Corporation	106.87	95.1%	18,703.3	19,428.3	0.4x	10.6x	22.8x
CI	Cigna Corporation	167.74	73.9%	40,800.6	43,316.6	1.0x	9.3x	19.1x
ESRX	Express Scripts Holding Company	69.08	81.2%	38,770.2	52,480.7	0.5x	7.4x	8.9x
HUM	Humana Inc.	268.83	91.6%	37,122.0	38,141.0	0.7x	10.4x	16.0x
UNH	UnitedHealth Group Incorporated	214.00	85.3%	207,079.9	231,036.9	1.1x	13.7x	20.0x
Mean						0.8x	10.8x	18.8x

OVERALL HEALTHCARE SECTOR					Mean	1.9x	12.2x	20.6x
----------------------------------	--	--	--	--	------	------	-------	-------



NOTES

Notes

- Sources: Capital IQ, Bond Buyer, Bloomberg, company 10-K, 10-Q and 8-K SEC filings, annual reports, press releases, and others as indicated.
- Any public companies chosen for the “SCA Healthcare Services Universe” are companies commonly used for industry information to show performance within a sector. They do not include all public companies that could be categorized within the sector and were not created as benchmarks; they do not imply benchmarking and do not constitute recommendations for a particular security and/or sector. The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

For further information regarding our Healthcare Services, please contact: Edward R. Casas, Senior Managing Director, ecasas@soliccapi.com

To view all of quarterly industry reports or to make changes to your subscription(s), please go to www.soliccapi.com/SOLICconnect

SCA gathers its data from sources it considers reliable. However, it does not guarantee the accuracy or completeness of the information provided within this publication. Any opinions presented reflect the current judgment of the authors and are subject to change. SCA makes no warranties, expressed or implied, regarding the accuracy of this information or any opinions expressed by the authors. (Officers, directors and employees of SOLIC and its subsidiaries may have positions in the securities of the companies discussed.) This publication does not constitute a recommendation with respect to the securities of any company discussed herein, and it should not be construed as such. SCA or its affiliates may from time to time provide investment banking or related services to these companies. Like all SCA employees, the authors of this publication receive compensation that is affected by overall firm profitability.

©2018 SOLIC Capital Advisors, LLC. All rights reserved.
Investment banking, private placement, merger, acquisition and divestiture services offered through SOLIC Capital, LLC. Member FINRA/SIPC. SOLIC Capital Management, LLC is a Registered Investment Adviser in the State of Illinois. SOLIC is not a certified public accounting firm and does not provide audit, attest, or public accounting services.

About SOLIC

LEADERSHIP TEAM

Edward R. Casas
Managing Partner
and Senior Managing Director

Neil F. Luria
Senior Managing Director

Gregory F. Hagood
Senior Managing Director
President of SOLIC Capital, LLC

Robert E. Annas
Senior Managing Director

Kim J. Brady
Senior Managing Director

Matthew M. Caine
Managing Director

George N. Koutsonicolis
Managing Director

Raoul Nowitz
Managing Director

Matthew E. Rubin
Managing Director

SOLIC Capital Advisors, LLC (“SCA”) is a leading specialty investment bank providing merger & acquisition, restructuring, capital placement and valuation advisory services to companies, lenders, institutional investors, the legal community and other creditor constituencies. SCA is a subsidiary of SOLIC Holdings, LLC which includes: SOLIC Capital Advisors (financial advisory), SOLIC Capital Partners (principal investing), SOLIC Capital, LLC (FINRA registered Broker/Dealer), and SOLIC Capital Management (asset management services).





SOLICONNECT

Healthcare Services | First Quarter 2018

SOLIC Capital | 4901 Vineland Road | Suite 120 | Orlando, Florida 32811 | (847) 583-1618 | www.soliccapital.com

©2018 SOLIC Capital. All rights reserved. Investment banking, private placement, merger, acquisition and divestiture services offered through SOLIC Capital, LLC. Member FINRA/SIPC. SOLIC Capital Management, LLC is a Registered Investment Adviser in the State of Illinois. SOLIC is not a certified public accounting firm and does not provide audit, attest or public accounting services.