



Healthcare Services

Quarterly Update
Second Quarter 2016



CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

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Q2 2016 Highlights

July, 2016

In contrast to overall middle market M&A deals which fell to levels not seen since 2009, deal volume in healthcare M&A increased in Q2 2016 as compared to the same quarter a year prior, according to preliminary figures from Irving Levin Associates, Inc. Deal volume in the healthcare sector in Q2 2016 reached 396 announced transactions, up 11% vs. Q1 2016's 358 deals, and 15% higher than last year's 344 deals in Q2. For the first half of 2016, deal volume reached 755 transactions, up 5% compared with the first half of 2015 (721 deals). Transaction dollar volume for healthcare M&A was also up in Q2 2016 as compared to prior periods. Committed healthcare financings in Q2 2016 reached \$88 billion, up 9% over Q1 2016 and up 59% from Q2 2015. Spending for the sector in the first half of 2016 reached \$168.9 billion, a 4% increase compared with the same period in 2015 (\$162.4 billion).

In 2015, 102 hospital transactions were announced, up slightly from 99 the year before. Halfway through 2016, 49 hospital deals were announced which is virtually even with the 48 recorded in the first half of 2015. The Federal Trade Commission (FTC) challenged several of those hospital deals, including the NorthShore University Hospital / Advocate Health Care merger in Chicago and the Penn State Hershey Medical Center / PinnacleHealth System in Pennsylvania. In May 2016, a federal judge declined to temporarily block the Penn State Hershey / PinnacleHealth merger, which was announced in June 2014. U.S. District Judge John Jones III rejected the FTC's request to temporarily block the merger, which would create a new not-for-profit health system in central Pennsylvania. Judge Jones III said the FTC defined the systems' geographic market too narrowly and did not account for the distances many patients travel to reach the hospitals. In June 2016, U.S. District Judge Jorge Alonso declined to grant the FTC a preliminary injunction to halt the NorthShore University Hospital / Advocate Health Care merger because, in the judge's opinion, the FTC's criteria used to define the systems' geographic market were flawed.

Further consolidation among healthcare companies will likely be fueled by the Medicare Access and CHIP Replacement Act of 2015 (MACRA), which will continue the change that began with the Affordable Care Act in 2010. The Centers for Medicare and Medicaid Services set a deadline of January 1, 2018 for its first round of proposed regulations to take effect. Additionally, consolidation in the sector continues to be driven by the need for scale and the ability to leverage administrative functions and investments in information technology. Not-for-profit hospitals continue to seek larger partners to adapt to evolving industry dynamics, such as changes in reimbursement models, and to fund capital needs - i.e., LifePoint Health, Inc. and Prospect Medical Holdings, Inc. have each accessed the capital markets and increased leverage to fund multiple acquisitions of not-for profit hospitals this year.

Along with acquisitions, portfolio rationalization will also continue as hospital operators sharpen their focus on markets in which they can command a presence large enough to provide negotiating leverage with payers and warrant further investment. Community Health Systems announced in May that it plans to divest 10 hospitals in markets that it did not deem targeted for growth. Additionally, Tenet Healthcare Corp. exited the Atlanta, Georgia market with its sale of five hospitals earlier this year to WellStar Health System for \$575 million.

Hospital stocks largely underperformed the S&P 500 in June 2016 with the sector down -6.2% vs. the S&P up +0.1%. Conversely, Managed Care stocks outperformed the S&P by 3.8% largely as a result of membership growth, diversification of revenues, and cost containment. Despite hospital stock weakness in June, favorable Q1 2016 utilization results and an analysis of forward utilization trends support an overall positive outlook for the sector. Annual growth in hospital utilization will be driven by market demographics, further supported by market share gains, economic growth and coverage expansion.

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



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Recent Representative Transaction

SOLIC Capital Advisors (“SOLIC”) Serves as Financial Advisor to Progressive Acute Care, LLC

Overview

Progressive Acute Care, LLC (“PAC”) is a Louisiana-based healthcare system founded in 2008 to own and operate community-based hospitals. The hospitals (“Hospitals”) include Winn Parish Medical Center located in Winnfield, LA; Avoyelles Hospital located in Marksville, LA; and Oakdale Community Hospital located in Oakdale, LA. The Hospitals provide inpatient, outpatient, and emergency care primarily for residents in the immediate regions of the three Hospitals. Issues included:

- Declining market share and weakening financial results
- Lack of liquidity and vendor management challenges
- Technical default on long-term debt

SOLIC Role

SOLIC professionals were retained by the Board of Directors to provide a full complement of investment banking and restructuring support services including:

- Collaboration with the Board to prioritize and assess its strategic goals and operational objectives
- Review of PAC’s current financial position, operational trends, capital needs, financial outlook, and market position
- Update and review of PAC’s budgets and cash flow forecasts
- Identify and solicit prospective acquirers for the Hospitals
- Manage all aspects of the sale process including due diligence, site visits and negotiation of purchase agreement and schedules
- Supervision of the preparation of requisite disclosures required by the bankruptcy filings of PAC

Outcome

During the course of the engagement, SOLIC professionals:

- Assisted with liquidity planning and management, including development of rolling 13-week cash forecast and vendor prioritization
- Managed the preparation of financial analyses, including weekly updates to cash collateral/DIP budgets
- Assisted PAC in preparation and filing of bankruptcy under Chapter 11 of the U.S. Bankruptcy Code
- Solicited a broad range of prospective acquirers and negotiated a Stalking Horse Asset Purchase Agreement with Allegiance Health
- As a result of SOLIC’s efforts, on July 14, 2016 the Company entered into Stalking Horse Purchase Agreement to sell its hospitals to Allegiance Health. The current offer is subject to higher and better offers pursuant to Section 363 of the U.S. Bankruptcy code.

If you would like more information about SOLIC, or if you have any questions regarding our role in this transaction, please contact one of the deal team members listed.



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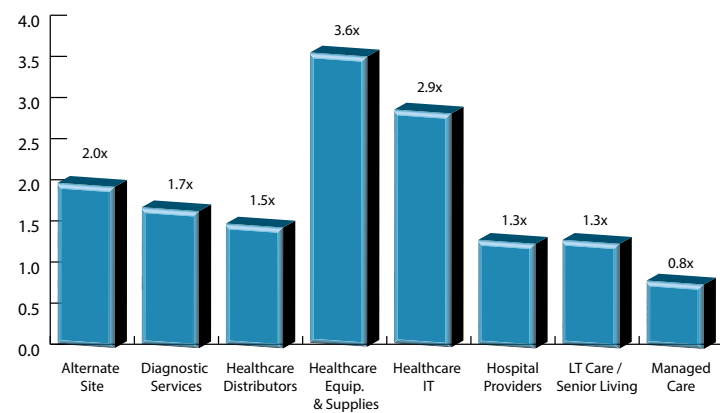
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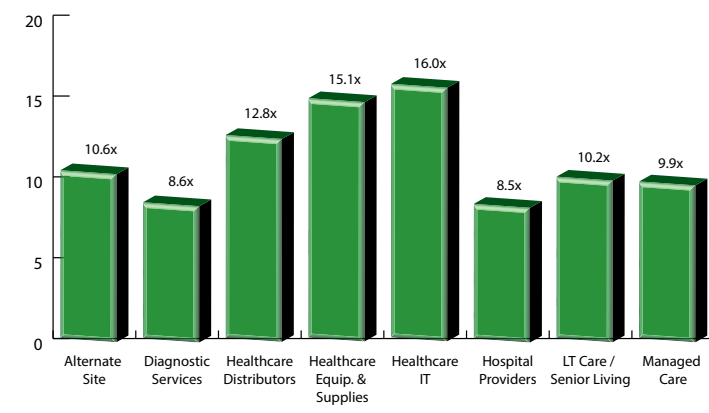
Market Overview



Enterprise Value To Revenue

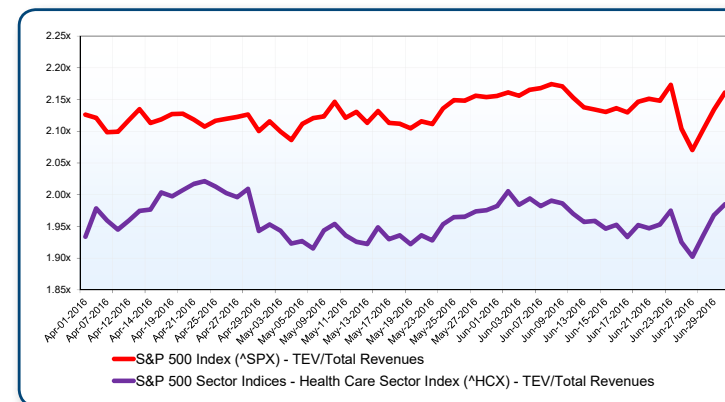


Enterprise Value To EBITDA

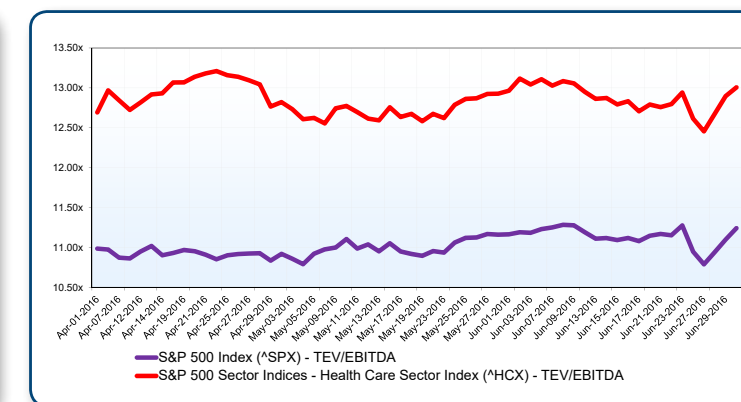


Transaction valuations remained strong, while both revenue multiples and EBITDA multiples trended slightly upward throughout Q2-16.

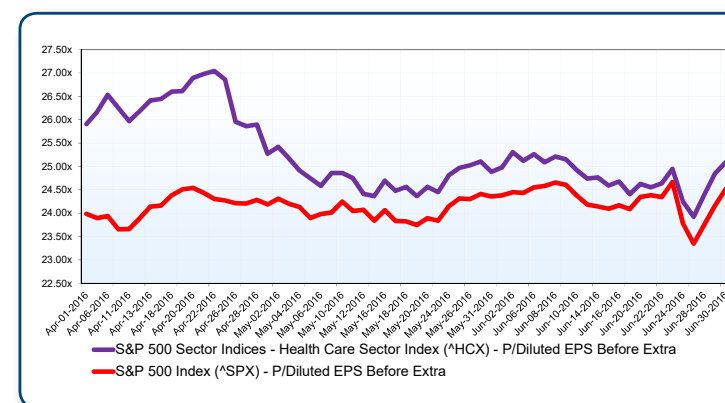
S&P Healthcare Index vs. the S&P 500
Total Enterprise Value / Revenue



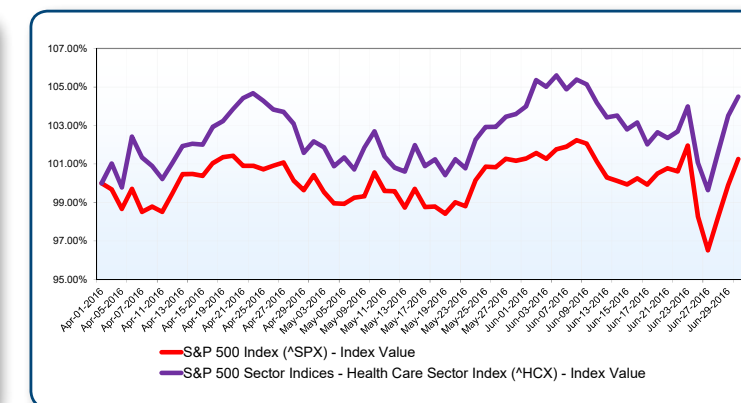
S&P Healthcare Index vs. the S&P 500
Total Enterprise Value / EBITDA



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

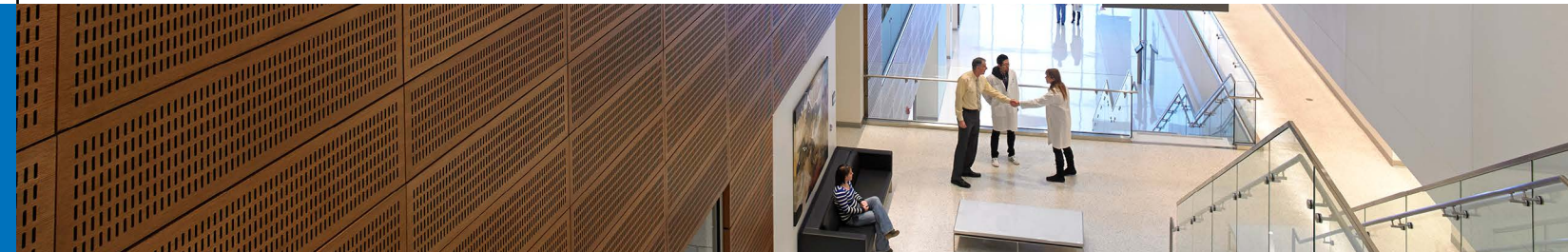


S&P Healthcare Index vs. the S&P 500
Relative Performance (%)





Notable Industry Developments



Moody's Stable Outlook for the Hospital Sector
According to Moody's, not-for-profit hospital medians show strong revenue growth, profitability and liquidity. The durability of margins supports Moody's stable outlook for the sector. Strong revenue growth and strengthening profitability margins are due to gains in insurance coverage, volume increases, improved revenue cycle, expense management and the stabilizing of changes implemented by the Affordable Care Act.



MACRA Continues to Move Forward
The Medicare Access and CHIP Replacement Act (MACRA) passed through Congress with bipartisan support in 2015. With MACRA in place, the Centers for Medicare and Medicaid Services has begun to issue new rules for payment to physicians. MACRA will have a significant impact on the healthcare industry as it changes the payment and incentives in Medicare. The proposed rule change was released on April 27, with the comment period ending June 26. CMS' goal is to finalize it by the end of 2016. Adjustments to reimbursements would take effect in 2019.

Spiraling Drug Costs Prompt Call for Change
MedPAC, the nonpartisan Medicare Payment Advisory Commission, entered the conversation of rising drug costs citing that Medicare's prescription program grew from \$46 billion in 2014 to \$73 billion in 2017, a 60% increase. In an effort to rein in spending, MedPAC put forth a proposal aimed at across-the-board protection from the most expensive drugs, paid for in part by higher payments for some seniors.

California to Receive Nearly \$2 Billion in Uncompensated-Care Funds
For the next four years, the CMS will give California's public hospitals up to \$472 million annually to cover hospital visits for the uninsured as part of a waiver meant to reform the state's Medicaid program. In 2014, the state expanded Medicaid to people who made 138% of the federal poverty level. That covered an additional 3 million people under Medi-Cal. But an independent analysis by Navigant Consulting found that at almost 4 million people, California has the second largest uninsured population in the U.S. despite Medicaid expansion and ACA coverage.

CMS Proposes \$180 Million Pay Cut for Home Health
Home healthcare agencies may see a 1% drop in Medicare reimbursement in 2017. The CMS cut payments by \$260 million for 2016, \$60 million for 2015 and \$200 million for 2014.

Presence Health, Seeking Stability, Sets \$1 Billion Bond Deal
Chicago-based Presence Health Network will issue nearly \$1 billion of bonds in mid-July in a sale designed to overhaul its debt portfolio and provide some breathing room to help stabilize its balance sheet. Presence's 2015 operating results triggered technical covenant violations on coverage ratios that could have forced accelerated debt repayment.

Selected M&A Transactions

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Alternate Site					
06/06/16	Biotronic Neuronetwork	NuVasive, Inc. (Nasdaq:NUVA)	\$98	2.0x	n/a
Description:	NuVasive entered into a definitive agreement to acquire BNN Holdings, a provider of intraoperative neurophysiologic monitoring solutions for patients, hospitals, and surgeons in the U.S. BNN Holdings was founded in 1978 and is based in Ann Arbor, Michigan.				
06/03/16	Southern Winds Hospital	Millennium Management, LLC	\$15	n/a	n/a
Description:	Millennium Management entered into an agreement to acquire Southern Winds Hospital, an acute care facility providing inpatient and outpatient services. Southern Winds Hospital was founded in 1966 and is based in Miami, Florida.				
05/24/16	Ed Support Services, LLC	Platinum Health Care, LLC	\$8	n/a	n/a
Description:	Platinum Health Care acquired Ed Support Services, a provider of education and behavioral health services to people with disabilities in the San Francisco Bay area. Ed Support Services was founded in 2006 and is based in Oakland, California.				
04/18/16	The Meadows of Wickenburg, Inc.	Kohlberg & Company LLC - Alita Care, LLC	\$180	n/a	n/a
Description:	Alita Care agreed to acquire The Meadows of Wickenburg, a provider of addiction and psychological treatment services. The Meadows of Wickenburg was founded in 1976 and is based in Wickenburg, Arizona.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Diagnostic Services					
06/30/16	Professional Clinical Laboratory, Inc.	Schryver Medical Sales and Marketing, LLC	n/a	n/a	n/a
Description:	Schryver Medical Sales and Marketing acquired Professional Clinical Laboratory, a provider of laboratory services for skilled nursing facilities in Alabama, Georgia, Louisiana, Mississippi, Kansas, Oklahoma and Texas. Professional Clinical Laboratory was founded in 1999 and is based in Fort Worth, Texas.				
06/21/16	Oliver Street Dermatology Holdings, LLC	ABRY Partners, LLC	n/a	n/a	n/a
Description:	ABRY Partners acquired a majority stake in Oliver Street Dermatology Holdings, a provider of clinical dermatology and pathology lab services. Oliver Street Dermatology Holdings was incorporated in 2012 and is based in Boston, Massachusetts.				
05/25/16	Recombine, Inc.	CooperSurgical Inc.	\$85	4.2x	n/a
Description:	CooperSurgical acquired Recombine, a provider of clinical genetic testing services. Recombine is a provider of CarrierMap, a genetic carrier screen and ChromoMap, a prenatal screen. Recombine was founded in 2011 and is based in New York.				
04/29/16	Skin Pathology Associates, Inc.	Advanced Dermatology & Cosmetic Surgery Inc.	n/a	n/a	n/a
Description:	Advanced Dermatology & Cosmetic Surgery acquired Skin Pathology Associates a provider of dermatopathology laboratory services for referring physicians. Skin Pathology Associates was founded in 1995 and is based in Birmingham, Alabama.				
04/01/16	Pacific Pathology Associates, Inc.	Aurora Diagnostics, LLC	n/a	n/a	n/a
Description:	Aurora Diagnostics acquired Pacific Pathology Associates, a provider of pathology services to hospitals and physicians. Pacific Pathology Associates is based in Salem, Oregon.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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Healthcare Distributors

05/02/16	Symmetry Surgical, Inc.	RoundTable Healthcare Management, LLC	\$153	1.7x	15.6x
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Description: RoundTable Healthcare Partners agreed to acquire Symmetry Surgical, a manufacturer and distributor of medical devices worldwide. Symmetry Surgical was founded in 1976 and is headquartered in Nashville, Tennessee.

05/02/16	CHEK Diagnostics	Sinocare, Inc. (SZSE:300298)	\$200	n/a	n/a
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Description: Sinocare entered into a definitive agreement to acquire CHEK Diagnostics, a designer, developer, manufacturer and distributor of point-of-care and home diagnostic testing tools for the healthcare industry. CHECK Diagnostics was founded in 1992 and is based in Indianapolis, Indiana.

04/28/16	St. Jude Medical, Inc. (NYSE:STJ)	Abbott (NYSE:ABT)	\$29,841	5.3x	18.7x
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Description: Abbott Laboratories entered into a definitive agreement to acquire St. Jude Medical, a developer, manufacturer and distributor of cardiovascular medical devices for cardiac rhythm management, cardiovascular, and atrial fibrillation therapy areas worldwide. St. Jude Medical was founded in 1976 and is headquartered in St. Paul, Minnesota.

Healthcare Equipment & Supplies

06/29/16	IntelliCyt Corporation	Sartorius AG	\$90	6.7x	n/a
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Description: Sartorius AG acquired IntelliCyt, a developer of cell and bead based screening solutions using high throughput flow technology for use in drug discovery, antibody discovery, and immunology. IntelliCyt was founded in 2006 and is based in Albuquerque, New Mexico.

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
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06/27/16	HeartWare International, Inc.	Medtronic plc (NYSE:MDT)	\$1,066	4.1x	n/a
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Description: Medtronic signed a definitive agreement to acquire HeartWare International, a medical device company that designs, develops, manufactures and markets miniaturized implantable heart pumps or ventricular assist devices (VAD) for the treatment of advanced heart failure in the U.S., Germany and internationally. HeartWare International is headquartered in Framingham, Massachusetts.

06/15/16	Sequent Medical, Inc.	Terumo Corporation (OTC:TRUMF) - MicroVention, Inc.	\$380	n/a	n/a
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Description: MicroVentions agreed to acquire Sequent Medical, a medical device company that develops catheter-based neurovascular technologies. The company develops Microbraid, a technology to create the WEB, an aneurysm embolization system that enables physicians to treat a range of intracranial aneurysms/ruptured and unruptured aneurysms. Sequent Medical was founded in 2006 and is based in Aliso Viejo, California.

06/07/16	LDR Holding Corporation (Nasdaq:LDRH)	Zimmer Biomet Holdings (NYSE:ZBH)	\$1,043	6.3x	n/a
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Description: Zimmer Biomet Holdings entered into a definitive agreement to acquire LDR Holdings, a medical device company that designs, manufactures and markets orthopaedic reconstructive products. LDR Holdings was founded in 2006 and is based in Austin, Texas.

05/27/16	FEI Company (NasdaqGS:FEIC)	Thermo Fisher Scientific, Inc. (NYSE:TMO)	\$4,177	4.5x	18.9x
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Description: Thermo Fisher Scientific signed an agreement to acquire FEI Company, a supplier of scientific instruments and related services for nanoscale applications and solutions for industry and science. FEI Company was founded in 1971 and is headquartered in Hillsboro, Oregon.

04/20/16	Hansen Medical, Inc.	Auris Surgical Robotics, Inc.	\$101	7.6x	n/a
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Description: Auris Surgical Robotics entered into a definitive agreement to acquire Hansen Medical, a developer, manufacturer, and seller of medical robotics designed for the positioning, manipulation and control of catheters and catheter-based technologies in the U.S. and internationally. Hansen Medical was founded in 2002 and is headquartered in Mountain View, California.

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
04/11/16	CORPAK Medsystems	Halyard Health, Inc. (NYSE:NYH)	\$174	n/a	n/a
Description:	Halyard Health entered into an agreement to acquire CORPAK Medsystems, a developer, manufacturer and marketer of enteral access devices for hospitals, nursing homes, and home care providers. CORPAK Medsystems was founded in 2008 and is headquartered in Buffalo Grove, Illinois.				
04/11/16	Alcoa Remmele Medical Operations	Lisi Medical SAS	\$102	1.5x	n/a
Description:	Lisi Medical signed a stock purchase agreement to acquire Alcoa Remmele Medical Operations, a manufacturer of implants, devices, disposable instruments, and components. Alcoa Remmele Medical Operations was founded in 1961 and is based in Minneapolis, Minnesota.				

Healthcare IT

06/30/16	Healthiest You Corporation	Teladoc, Inc. (NYSE:TDOC)	\$156	15.6x	n/a
Description:	Teladoc signed a definitive agreement to acquire Healthiest You, a developer of a mobile application that enables users to have access to a telehealth provider network of doctors for treatments and free consultations. Healthiest You was incorporated in 2009 and is based in Phoenix, Arizona.				
06/13/16	Cardon Outreach, LLC	MedData, Inc.	\$400	n/a	n/a
Description:	MedData signed a definitive agreement to acquire Cardon Outreach, a provider of services and technology solutions to healthcare facilities in the U.S.. Cardon Outreach was founded in 1996 and is based in The Woodlands, Texas.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
05/03/16	IMS Health Holdings, Inc. (NYSE:IMS)	Quintiles Transnational Holdings, Inc. (NYSE:Q)	\$13,171	4.3x	17.7x
Description:	Quintiles Transnational Holdings signed an agreement to acquire IMS Health Holdings, a provider of information and technology services to healthcare industries worldwide. IMS Health Holdings was founded in 1954 and is based in Danbury, Connecticut.				
04/27/16	ANXeBusiness Corp	OpenText (Nasdaq:OTEX)	\$104	n/a	n/a
Description:	OpenText signed a definitive agreement to acquire ANXeBusiness, a provider of managed security, compliance, and connectivity solutions in the U.S. ANXeBusiness was founded in 1999 and is based in Southfield, Michigan.				
04/26/16	ExamWorks Group, Inc. (NYSE:EXAM)	Leonard Green & Partners, L.P.	\$2,005	2.4x	16.7x
Description:	Leonard Green & Partners entered into a definitive agreement to acquire ExamWorks Group, a provider of independent medical examinations (IMEs), peer and bill reviews, Medicare compliance, case management, record retrieval, document management, and other related services in the U.S., Canada, the United Kingdom, and Australia.				
04/25/16	Verisk Health, Inc. (Nasdaq:VRSK)	Veritas Capital Management	\$820	n/a	n/a
Description:	Veritas Capital Management agreed to acquire Verisk Health, a developer of healthcare analytics solutions. Verisk Health is based in Waltham, Massachusetts.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Hospital Providers					
06/30/16	Coshocton County Memorial Hospital	Prime Healthcare Services, Inc.	n/a	n/a	n/a
Description:	Prime Healthcare Services announced an agreement to acquire the assets of Coshocton County Memorial Hospital, which filed for Chapter 11 bankruptcy on June 30. Coshocton County Memorial Hospital is an acute care hospital with 56 beds based in Coshocton, Ohio. SOLIC Capital Advisors is serving as the financial advisor to Coshocton County Memorial Hospital.				
06/28/16	Floyd Memorial Hospital and Health Services, Inc.	Baptist Healthcare System, Inc.	\$150	n/a	n/a
Description:	Baptist Healthcare System signed a binding asset purchase agreement to acquire Floyd Memorial Hospital and Health Services, a 211-bed acute care, county-owned hospital providing healthcare services to residents in Southern Indiana. Floyd Memorial Hospital and Health Services, Inc. was founded in 1953 and is based in New Albany, Indiana.				
06/20/16	Atrium Medical Center at Corinth	Texas Health Resources	n/a	n/a	n/a
Description:	Texas Health Resources acquired Atrium Medical Center at Corinth, a 60-bed specialty long-term acute care hospital specializing in treatment of patients with complex medical conditions. Atrium Medical Center at Corinth is based in Tyler, Texas.				
06/15/16	Post Acute Medical Portfolio	Carter Valudis Mission Critical REIT, Inc.	\$71	n/a	n/a
Description:	Carter Valudis Mission Critical REIT acquired a post acute medical portfolio of four long-term acute-care facilities and one inpatient rehabilitation facility. The properties are 100% occupied and are located in Texas and Louisiana.				
06/15/16	AmSurg Corp. (NasdaqGS:AMSG)	Envision Healthcare Holdings, Inc. (NYSE:EVHC)	\$7,610	2.8x	10.5x
Description:	Envision Healthcare Holdings signed a definitive merger agreement to acquire AmSurg, a provider of ambulatory and physician services in the U.S. AmSurg was founded in 1992 and is headquartered in Nashville, Tennessee.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
05/26/16	Forest Park Medical Center	Texas Health Resources	\$117	n/a	n/a
Description:	Texas Health Resources acquired Forest Park Medical Center Fort Worth, a 54-bed physician-owned luxury hospital. Forest Park Medical Center Fort Worth filed for bankruptcy protection in 2015 and is located in Fort Worth, Texas.				
05/19/16	Memorial Hermann Northeast Hospital	Memorial Hermann Health System	n/a	n/a	n/a
Description:	Memorial Hermann Health System reached a deal to purchase Memorial Hermann Northeast Hospital, a 225-bed acute care hospital serving patients in the greater Lake Houston area.				
05/13/16	Forest Park Medical Center	St. David's Healthcare (NYSE:HCA)	\$135	n/a	n/a
Description:	St. David's Healthcare agreed to acquire Forest Park Medical Center Austin, a 46-bed, physician-owned, elective hospital that was never opened. Forest Park Medical Center Austin filed for bankruptcy protection in 2015 and is located in Austin, Texas.				
05/04/16	Trinity Mother Frances Health System	CHRISTUS Health, Inc.	n/a	n/a	n/a
Description:	CHRISTUS Health and Trinity Mother Frances Health System have finalized an agreement to merge. Trinity Mother Frances Health System is a multi-specialty medical group serving residents in East Texas.				
05/03/16	Care New England Health System, Inc.	Southcoast Health System, Inc.	n/a	n/a	n/a
Description:	Southcoast Health System agreed to acquire Care New England Health System, a primary care health system that provides services to Rhode Island and Southeastern Massachusetts. Care New England Health System was incorporated in 1995 and is based in Providence, Rhode Island.				
05/02/16	Valley Health System	Universal Health Services (NYSE:UHS)	\$1,618	n/a	n/a
Description:	Universal Health Services agreed to acquire 27.5% stake in Valley Health System, a network of acute care hospitals serving patients in Southern Nevada. There are five operating hospitals and one currently under construction. Valley Health System was founded in 1972 and is based in Las Vegas, Nevada.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
04/27/16	Forest Park Medical Center	Methodist Health System	\$18	n/a	n/a
Description:	Methodist Health System acquired a 51% stake in Forest Park Medical Center, a 54-bed physician-owned luxury hospital located in Texas.				
04/26/16	HealthSouth Rehabilitation Hospital of Beaumont, LLC	Post Acute Medical, LLC	n/a	n/a	n/a
Description:	Post Acute Medical agreed to acquire HealthSouth Rehabilitation Hospital of Beaumont, an owner and operator of a rehabilitation hospital. HealthSouth Rehabilitation Hospital of Beaumont was incorporated in 1991 and is headquartered in Beaumont, Texas.				
04/14/16	Schuylkill Health System	Lehigh Valley Health Network	n/a	n/a	n/a
Description:	Lehigh Valley Health Network signed a letter of intent to acquire Schuylkill Health System, an owner and operator of full-service hospitals, a children's hospital, community health centers, retail health clinics, and primary and specialty community clinics. Schuylkill Health System is based in Allentown, Pennsylvania.				
04/04/16	Kindred Healthcare - 12 Long term Acute Care Hospitals	Curahealth, LLC	\$28	n/a	n/a
Description:	Curahealth signed an asset purchase agreement to acquire 12 long-term acute-care hospitals from Kindred Healthcare. The 12 hospitals have a combined total of 783 beds and are located in Arizona, Louisiana, Massachusetts, Oklahoma, Pennsylvania and Tennessee.				
04/01/16	North Valley Hospital	Kalispell Regional Healthcare			
Description:	Kalispell Regional Healthcare has affiliated with North Valley Hospital, an acute care hospital. North Valley Hospital was founded in 1905 and is based in Whitefish, Montana.				
04/01/16	Physicians' Specialty Hospital	Community Health Systems	n/a	n/a	n/a
Description:	Community Health Systems acquired an 80% stake in Physicians' Specialty Hospital, a 20-bed, physician-owned hospital. Physicians' Specialty Hospital was founded in 2009 and is based in Fayetteville, Arkansas.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Long-Term Care / Senior Living					
06/29/16	Seven Assisted Living Communities	Senior Housing Properties (NYSE:SNH)	\$112	n/a	n/a
Description:	Senior Housing Properties Trust entered into a purchase and lease agreement to acquire seven private pay assisted living communities. Three properties are located in North Carolina, one in Tennessee, one in Virginia. Sweetgrass Village and Sweetgrass Court are located in South Carolina.				
06/09/16	The Trace at Claiborne Hill	Private Equity Firm	\$22	n/a	n/a
Description:	A private equity firm acquired The Trace at Claiborne Hill, a 70-unit independent/assisted living and 24-unit memory care facility. The Trace at Claiborne Hill has a 99% occupancy rate and is located in Covington, Louisiana.				
06/07/16	Three Skilled Nursing Facilities	Private Investor	\$15	n/a	n/a
Description:	A private investor acquired three skilled nursing facilities with a total of 200 beds. Two of the facilities are located in California and one is located in Arizona.				
06/02/16	Four Assisted Living Communities	CareTrust REIT, Inc. (Nasdaq:CTRE)	\$31	n/a	n/a
Description:	CareTrust REIT acquired four assisted living communities with a total of 188 beds. The four Michigan properties are located in Clarkston, Goodrich, Burton, and Lapeer.				
06/02/16	Sonata at Melbourne	Kayne Anderson Real Estate	\$46	n/a	n/a
Description:	Kayne Anderson Real Estate acquired Sonata at Melbourne, a 47-unit independent living, one 54-unit assisted living, and a 34-unit memory care facility. Sonata at Melbourne is 97% occupied and located in Melbourne, Florida.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
05/31/16	Eight Seniors Housing Properties	Cardinal Bay, Inc.	\$210	n/a	n/a
Description:	Cardinal Bay acquired eight senior housing properties with a total of 1,039 units. The properties were built between 1989 and 2000 and are located in Texas and Oklahoma.				
05/24/16	MorningStar at Arrowhead	Joint Venture	\$28	n/a	n/a
Description:	A joint venture acquired MorningStar at Arrowhead, a 60 assisted living unit and 25 memory care unit facility. MorningStar at Arrowhead sits on six acres and is located in Glendale, Arizona.				
05/23/16	Five Assisted Living Communities	National Health Investors, Inc. (NYSE:NHI)	\$88	n/a	n/a
Description:	National Health Investors acquired five assisted living and memory care facilities. Two facilities are in Iowa with a total of 105 beds, one in Missouri with 76 beds, one in Illinois with 56 beds, and one in Nebraska with 40 beds. The combined occupancy is 90%.				
05/04/16	Three Senior Living Communities	Omega Healthcare Investors (NYSE:OHI)	\$66	n/a	n/a
Description:	Omega Healthcare Investors acquired three senior living communities with a total of 355 beds.				
05/04/16	Two Assisted Living Communities	Omega Healthcare Investors (NYSE:OHI)	\$20	n/a	n/a
Description:	Omega Healthcare Investors acquired two assisted living communities with a total of 164 beds.				
05/04/16	Ten Skilled Nursing Facilities	Omega Healthcare Investors (NYSE:OHI)	\$169	n/a	n/a
Description:	Omega Healthcare Investors acquired ten skilled nursing facilities with a total of 985 beds. Six of the facilities are located in Ohio, three are located in Virginia, and one is in Michigan.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
05/04/16	Three Skilled Nursing Facilities	Omega Healthcare Investors (NYSE:OHI)	\$32	n/a	n/a
Description:	Omega Healthcare Investors acquired three skilled nursing facilities. The facilities have a total of 344 beds and are located in Colorado and Missouri.				
05/03/16	Assisted Living Community	Welltower, Inc. (NYSE:HCN)	\$30	n/a	n/a
Description:	Welltower acquired a 100% private pay assisted living community located in San Rafael, California.				
05/03/16	English Meadows Elks' Home	CareTrust REIT, Inc. (Nasdaq:CTRE)	\$10	n/a	n/a
Description:	CareTrust REIT acquired English Meadows Elks' Home, an assisted and independent living facility on 200 acres. English Meadows Elks' Home was founded in 1918 and is located in Bedford, Virginia.				
05/02/16	Croatan Village and Countryside	CareTrust REIT, Inc. (Nasdaq:CTRE)	\$12	n/a	n/a
Description:	CareTrust REIT acquired Croatan Village and Countryside, a 36 assisted living and 10 memory care unit facility. Croatan Village and Countryside is on 3.2 acres and is located in New Bern, North Carolina.				
04/11/16	The Four Freedoms House	Vitus Group	\$10	n/a	n/a
Description:	Vitus Group acquired Four Freedoms House of Miami Beach, a 210-unit 15-story property built in 1965. 85% of the units are subsidized by the Miami Housing Authority and must charge no more than 30% of residents income with an average rent of \$330 per month.				
04/06/16	Eight Skilled Nursing Facilities	National Health Investors, Inc. (NYSE:NHI)	\$119	n/a	n/a
Description:	National Health Investors acquired eight skilled nursing facilities with an average occupancy of 90%.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
04/06/16	Two Skilled Nursing Facilities	The Ensign Group, Inc. (Nasdaq:ENSG)	\$25	n/a	n/a
Description:	The Ensign Group agreed to acquire two nursing facilities with a total of 245 beds located in Texas.				
04/04/16	Two Skilled Nursing Facilities	CareTrust REIT, Inc. (Nasdaq:CTRE)	\$15	n/a	n/a
Description:	CareTrust REIT acquired two skilled nursing facilities with a total of 55 beds.				

Managed Care

05/16/16	Armed Forces Services Corp.	Magellan Healthcare, Inc. (Nasdaq:MGLN)	\$128	0.9x	n/a
Description:	Magellan Healthcare entered into a share purchase agreement to acquire Armed Forces Services, a provider of management consulting program delivery to government programs that serves the military community in the U.S.. Armed Forces Services was founded in 2000 and is headquartered in Arlington, Virginia.				
04/19/16	Total Care Medicaid Plan (NYSE:UAM)	Molina Healthcare, Inc. (NYSE:MOH)	\$41	n/a	n/a
Description:	Molina Healthcare entered into a definitive agreement to acquire Total Care Medicaid Plan, a provider of various healthcare plans to members in Central New York. Total Care Medicaid Plan is based in Syracuse, New York.				

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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.	\$50.48	92.8%	\$1,687.0	\$1,790.7	1.4x	20.4x	43.7x
AMSG	AmSurg Corp.	77.54	88.7%	4,193.5	7,275.7	2.7x	10.0x	23.7x
DVA	DaVita HealthCare Partners Inc.	77.32	94.4%	15,966.6	24,777.0	1.8x	9.8x	34.7x
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.14	74.8%	26,420.7	36,299.3	2.1x	12.1x	25.8x
Mean						2.0x	10.6x	28.1x
Diagnostic Services								
AIQ	Alliance Healthcare Services, Inc.	\$6.24	33.8%	\$65.9	\$671.6	1.4x	5.6x	17.8x
LH	Laboratory Corp. of America Holdings	130.27	98.7%	13,339.6	19,054.0	2.1x	10.9x	22.6x
DGX	Quest Diagnostics Inc.	81.41	100.0%	11,516.0	15,388.0	2.0x	10.2x	15.8x
RDNT	RadNet, Inc.	5.34	68.0%	252.4	903.9	1.1x	7.6x	23.4x
Mean						1.7x	8.6x	19.9x

[1] AMED EBITDA and PE multiple is excluded from the mean.

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								
ABC	AmerisourceBergen Corporation	\$79.32	68.7%	\$17,121.2	\$19,084.1	0.1x	10.9x	11.6x
CAH	Cardinal Health, Inc.	78.01	85.5%	25,417.2	28,499.2	0.2x	9.3x	18.7x
HSIC	Henry Schein, Inc.	176.80	97.7%	14,509.3	16,077.9	1.5x	16.8x	30.3x
MCK	McKesson Corporation	186.65	78.8%	42,125.7	47,729.7	0.3x	10.3x	19.0x
OMI	Owens & Minor Inc.	37.38	90.1%	2,347.2	2,830.0	0.3x	10.2x	21.5x
SRCL	Stericycle, Inc.	104.12	68.7%	8,841.1	11,959.6	3.7x	14.7x	36.0x
TMO	Thermo Fisher Scientific, Inc.	147.76	95.4%	58,145.4	72,363.6	4.2x	17.1x	29.7x
Mean						1.5x	12.8x	23.8x

Healthcare Equipment & Supplies ^[2]								
Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
ABT	Abbott Laboratories	\$39.31	76.0%	\$57,752.4	\$62,505.4	3.1x	14.2x	27.8x
BAX	Baxter International Inc.	45.22	96.3%	24,973.3	24,888.3	2.5x	15.7x	6.8x
BDX	Becton, Dickinson and Company	169.59	98.5%	35,987.3	46,770.3	3.8x	14.7x	45.3x
BSX	Boston Scientific Corporation	23.37	100.0%	31,710.0	37,049.0	4.9x	19.1x	NM
BEAT	BioTelemetry, Inc.	16.30	92.2%	454.7	455.1	2.6x	14.1x	41.2x
JNJ	Johnson & Johnson	121.30	99.9%	333,652.6	317,176.6	4.5x	14.3x	22.1x
MDT	Medtronic plc	86.77	99.8%	121,020.9	139,678.9	4.8x	16.0x	35.0x
SIE	Siemens Aktiengesellschaft	102.87	91.9%	83,183.7	101,115.9	1.2x	10.5x	15.3x
STJ	St. Jude Medical Inc.	78.00	96.5%	22,173.6	27,897.6	4.9x	17.4x	31.3x
Mean						3.6x	15.1x	23.1x

[2] BDX and BEAT PE multiples are excluded from the mean.

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^[3]								
MDRX	Allscripts Healthcare Solutions, Inc.	\$12.70	80.5%	\$2,375.8	\$2,886.8	2.1x	24.0x	239.8x
ATHN	athenahealth, Inc.	138.01	81.0%	5,418.7	5,616.4	5.8x	74.3x	251.0x
CERN	Cerner Corporation	58.60	78.1%	19,811.6	19,903.6	4.4x	15.9x	35.5x
CPSI	Computer Programs & Systems Inc.	39.92	67.5%	539.9	673.1	3.3x	18.6x	42.6x
HMSY	HMS Holdings Corp.	17.61	95.2%	1,482.0	1,536.3	3.2x	17.0x	60.5x
OMCL	Omniceil, Inc.	34.23	83.9%	1,229.5	1,403.4	2.6x	21.7x	51.5x
QSII	Quality Systems Inc.	11.91	68.1%	726.3	794.8	1.6x	13.9x	132.3x
WBMD	WebMD Health Corp.	58.11	86.0%	2,149.2	2,247.6	3.4x	14.6x	37.0x
Mean						2.9x	16.0x	45.4x

Hospital Providers								
CYH	Community Health Systems, Inc.	\$12.05	18.9%	\$1,359.1	\$18,877.1	1.0x	8.0x	12.0x
HCA	HCA Holdings, Inc.	77.01	80.6%	30,115.1	61,442.1	1.5x	7.7x	14.5x
LPNT	LifePoint Health, Inc.	65.37	74.1%	2,838.1	5,547.6	1.0x	8.8x	18.1x
THC	Tenet Healthcare Corp.	27.64	45.4%	2,744.8	19,220.8	1.0x	8.1x	NM
UHS	Universal Health Services Inc.	134.10	90.3%	13,013.4	16,571.8	1.8x	9.8x	19.3x
Mean						1.3x	8.5x	16.0x

[3] ATHN revenue multiple, MDRX, ATHN and OMCL EBITDA multiples, and the MDRX, ATHN and QSII PE multiples are excluded from the mean.

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.	\$15.44	44.3%	\$2,868.9	\$9,229.8	2.2x	11.6x	14.7x
CSU	Capital Senior Living Corp.	17.67	71.5%	529.0	1,347.2	3.2x	17.9x	19.4x
DVCR	Diversicare Healthcare Services Inc.	8.30	63.9%	52.8	113.7	0.3x	4.8x	13.6x
ENSG	The Ensign Group, Inc.	21.01	77.7%	1,093.7	1,186.4	0.8x	9.7x	22.5x
GEN	Genesis Healthcare, Inc.	1.77	22.0%	271.8	5,273.1	0.9x	9.8x	NM
KND	Kindred Healthcare Inc.	11.29	48.3%	961.4	4,349.2	0.6x	7.6x	15.8x
Mean						1.3x	10.2x	17.2x

Managed Care								
AET	Aetna Inc.	\$122.13	94.1%	\$42,818.8	\$46,898.5	0.8x	8.7x	18.4x
CI	Cigna Corp.	127.99	76.0%	32,831.1	35,702.1	0.9x	8.9x	16.0x
ESRX	Express Scripts Holding Company	75.80	80.1%	47,966.5	62,794.8	0.6x	9.2x	20.0x
HNT	Huntsworth plc	0.39	81.3%	125.1	155.4	0.9x	8.7x	NM
HUM	Humana Inc.	179.88	92.2%	26,808.7	28,357.7	0.5x	12.0x	25.1x
UNH	UnitedHealth Group Incorporated	141.20	99.9%	134,253.5	159,101.5	1.0x	12.5x	22.7x
ANTM	Anthem, Inc.	131.34	79.2%	34,536.2	50,119.2	0.6x	9.0x	14.8x
Mean						0.8x	9.9x	19.5x

OVERALL HEALTHCARE SECTOR						Mean	1.9x	11.5x	24.1x
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NOTES

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- 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.

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