



Healthcare Services

Quarterly Update
Third Quarter 2016



CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

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Q3 2016 Highlights

November, 2016

Deal volume in healthcare M&A in Q3 2016 totaled 363 transactions, ranking the quarter as the second-highest in deal volume for any previous third quarter, according to preliminary figures from Irving Levin Associates, Inc. As compared to the same period a year prior (the top-ranked Q3 for deal volume) deal volume in Q3 2016 declined 12%. In terms of transaction dollar volume for healthcare M&A, Q3 2016 totaled \$48.0 billion, which in most other years would be a respectable amount. However, in recent years, spending has become so outsized that Q3 2016 transactional dollar volume is down 75% from the same period a year prior, a period which had two deals comprising \$43.9 billion, or 91% of the entire Q3 2015's dollar volume.

Healthcare M&A in Q3 2016 highlights an emerging trend of M&A by real estate investment trusts (REITs). In 2015, six hospital acquisitions were made by REITs, for a total of \$2.8 billion in 25 hospitals and 3,478 beds. In the first week of October 2016, Ventas' Ardent Health announced it is acquiring the privately held, for-profit LHP Hospital Group. Ventas issued a commitment to provide \$700 million of secured debt financing to an Ardent subsidiary in connection with this transaction, creating the second largest, private, for-profit hospital chain in the U.S.

Healthcare M&A is expected to continue to play a significant role in providers' integrated delivery strategy as providers seek organizations with both size and scale, as well as diversity or expertise in different services (e.g., health plan, physician management) and expanding a geographic "footprint" for longer-term transition to population health management. However, a number of for-profit providers are currently divesting facilities. Community Health and Quorum Health Corporation will use proceeds from divestitures to reduce leverage, but other providers are divesting assets in order to focus on strategically important markets. Larger for-profit providers are expected to continue to rationalize their portfolios as hospitals focus on markets with the best opportunities for growth, given ongoing pressure to grow patient volumes and reimbursement.

Not-for-profit hospital affiliations continue at an accelerating rate as these transactions are largely credit positive, and create organizations with deeper resources, greater economies of scale, and stronger pricing power. Even with all the recent consolidation activity, not-for-profit healthcare as a whole remains largely fragmented compared to other healthcare sectors, signaling transactions will likely remain at their current pace through 2017. Another driver of these affiliations include the need to counter consolidation among private health insurers and increased reimbursement pressure from governmental payers. For larger organizations, affiliations offer an opportunity to build scale, expand into new markets, acquire referrals and diversify cash flows. For smaller organizations, affiliations provide access to physicians, management expertise, affordable capital, and the opportunity to escape financial distress.

In the last two years, competition has continued to drive a particularly high pace of consolidations in the Chicago and Philadelphia areas. In September 2014, Thomas Jefferson University affiliated with two other providers in the Philadelphia area and signed a definitive agreement with a third. Also in the region, the University of Pennsylvania Health System and Geisinger Health System, have each entered into significant affiliations over the last year. In the Chicago area, Northwestern Memorial HealthCare has entered into a large number of transactions, significantly expanding its footprint and moving into suburban markets. In July, in a major multistate combination of two large financially healthy systems, Providence Health & Services combined with St. Joseph Health System to create Providence St. Joseph Health. The affiliation, which combines two large systems within mostly separate but contiguous markets, has the potential to optimize the particular strengths of both organizations, and create an organization with superior financial performance.

In other healthcare sector areas, acquisition activity among home healthcare and behavioral health firms continues to accelerate, driven by expansion of insurance coverage under the Affordable Care Act as well as growing demand for addiction treatment centers. State and national legislative insurance changes have made substance use treatment a \$35 billion-a-year industry. In addition, private equity firms continue to be very active in the areas of outpatient physician therapy and home healthcare. There are currently over a dozen PE backed rehab therapy companies, and the market continues to experience regional consolidation. As value based reimbursement expands, demand for effective, integrated home healthcare services to assist hospitals in avoiding readmission penalties is driving a renewed interest from institutional investors. Through Q3 2016, there were almost 50 home health deals announced so far this year. In early October 2016, Almost Family (NASDAQ: AFAM), one of the nation's largest home health care providers, entered into an agreement to acquire an 80% equity interest in the home health business of Community Health Systems (NYSE: CHS) for \$128 million. Together, the two companies care for an average of 50,000 patients daily, and the combination would make Almost Family the third-largest Medicare home health provider in the U.S.

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



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Recent Representative Transaction

SOLIC Capital Advisors (“SOLIC”) Serves as Exclusive Financial Advisor and Chief Restructuring Officer to Coshocton County Memorial Hospital

Overview

Based in Coshocton, Ohio, Coshocton County Memorial Hospital (“CCMH” or the “Hospital”) operates as a general acute care hospital with twelve primary care and specialty physician clinics across central Ohio. The Hospital is organized as a private 501(c)3 non-profit corporation and is a Medicare-designated Sole Community Hospital. As a result of its tight liquidity position, existing financing obligations, and competitive pressures negatively impacting its patient revenue, the CCMH filed a petition for protection under Chapter 11 of the U.S. Bankruptcy Code on June 30, 2016.

SOLIC Role

SOLIC served as the exclusive financial advisor and interim chief restructuring and chief financial officer in exploring a full range of strategic transaction opportunities available and provided support staff to perform various operating and financial analyses to support certain restructuring initiatives at the Hospital. In its role as interim CRO/ CFO, SOLIC managed and oversaw the Hospital's financial operations, vendor relations, liquidity controls and developed a rolling 13-week cash forecast related to debtor-in-possession (“DIP”) financing. Additionally, SOLIC supported Hospital management in the oversight, implementation and execution of certain operational improvement initiatives prior to and during the bankruptcy filing. In its financial advisory capacity, the SOLIC team led the transaction process, which entailed dialogue with prospective strategic and financing partners. SOLIC professionals developed and implemented a competitive solicitation process, provided valuation and due diligence support, and structured and negotiated the terms of a DIP financing agreement and asset sale agreement with Prime Healthcare Foundation (“Prime”), a not-for-profit organization affiliated with Prime Healthcare, a national hospital management company based in California with nearly 43,000 employees operating 43 acute-care hospitals in 14 states.

Outcome

Under its asset purchase agreement, Prime acquired substantially all of CCMH's assets, has committed to keep the hospital operating as an acute-care facility, maintain all current service lines at the Hospital, and retain substantially all of CCMH's employees. The transaction, valued at \$38.0 million, will allow CCMH to emerge from bankruptcy as a strong hospital with a proven healthcare system providing it with access to industry-leading systems as well as significant capital for facilities improvements, technology and equipment.

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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Restructuring Officer*

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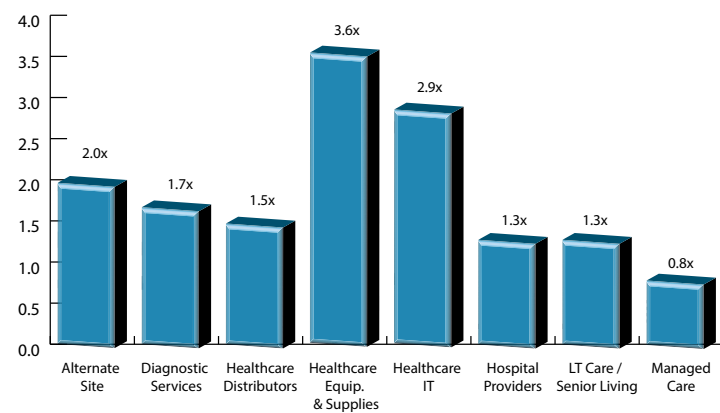
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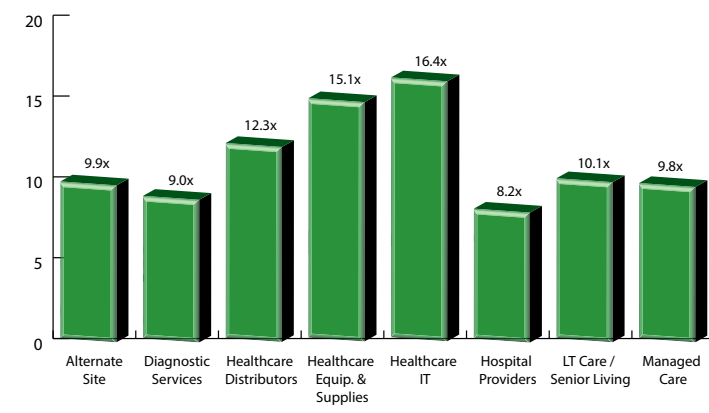
Market Overview



Enterprise Value To Revenue

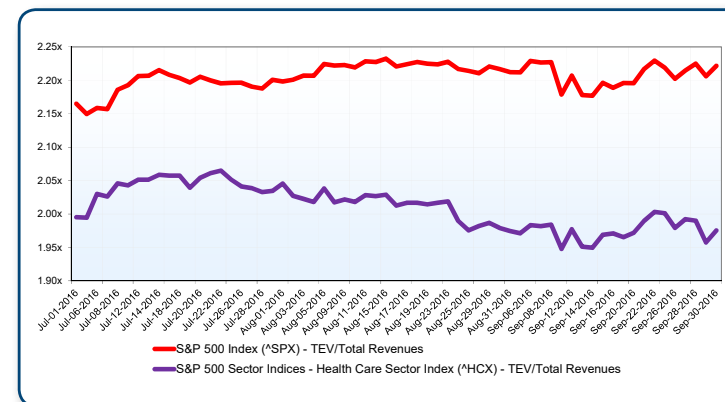


Enterprise Value To EBITDA

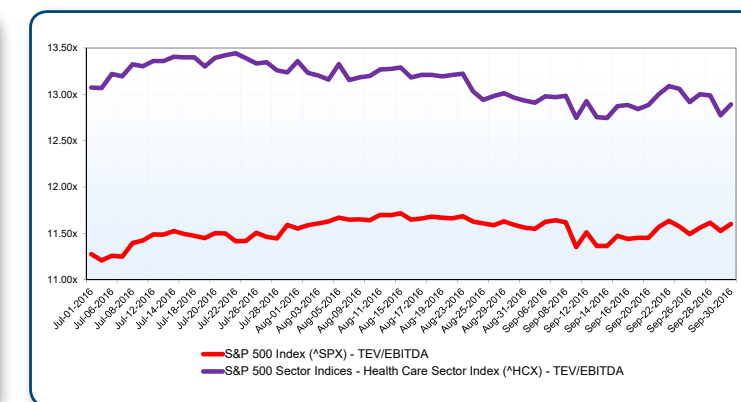


Transaction valuations remained strong, while both revenue multiples and EBITDA multiples were stable throughout Q3-16.

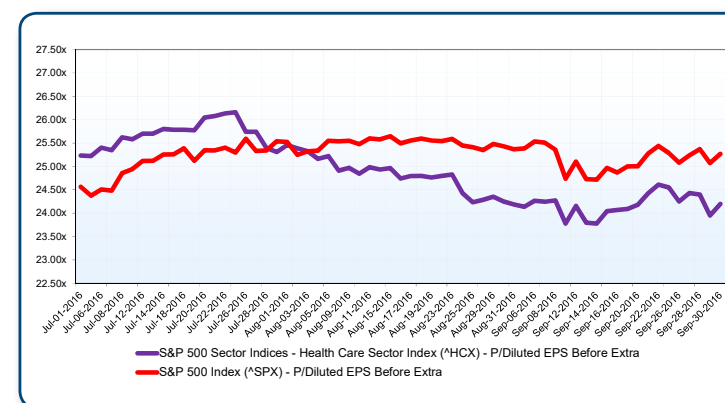
S&P Healthcare Index vs. the S&P 500
Total Enterprise Value / Revenue



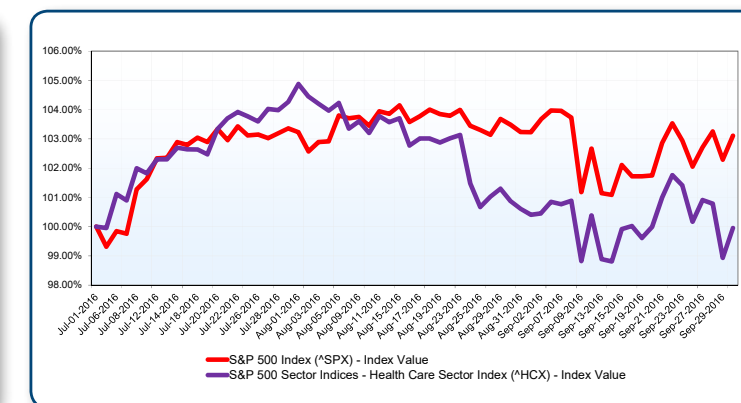
S&P Healthcare Index vs. the S&P 500
Total Enterprise Value / EBITDA



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

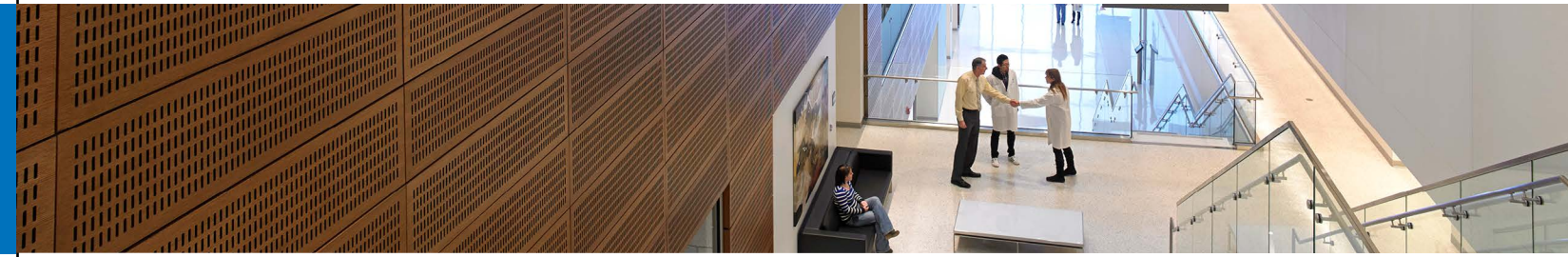


S&P Healthcare Index vs. the S&P 500
Relative Performance (%)





Notable Industry Developments



Federal Rules Make Tiny Hospitals Profitable

Indianapolis-based St. Vincent's is constructing eight micro-hospitals that will have seven emergency room beds and eight inpatient beds for short stays. These hospitals are smaller and less expensive to build and operate than traditional hospitals. But micro-hospitals, which are developing in Indianapolis and other cities, can bill patients the same prices as traditional, acute-care hospitals for treating medical conditions that are not life-threatening. Additionally, these hospitals can garner higher reimbursements than urgent-care centers or medical clinics for a wide assortment of related services, such as diagnostics imaging and surgery, due to recent changes in rules by the Centers for Medicare & Medicaid Services.

As Treatments Get Less Invasive and Recovery Times Shrink, a New Kind of Hospital is Cropping Up - the "Bedless Hospital"

Reflecting the fundamental shift in U.S. medicine to outpatient care, MetroHealth System just opened a \$48 million bedless hospital near Cleveland that is projected to serve approximately 3,000 people in the first year. The bedless hospital has all the capabilities of traditional hospitals: operating rooms, infusion suites, and even emergency rooms and helipads. What they don't have is overnight space. For MetroHealth, building and buying bedless hospitals is part of a strategy to compete with Cleveland Clinic and University Hospitals.

Not-for-Profit Hospitals Improve Performance in 2015 but It is Not Expected to Last

Operating performance last year improved across the board for not-for-profit hospitals in the U.S. but that trend is not expected to continue in 2016, according to a recent Fitch Ratings analysis. Despite the improvements last year, Fitch analysts expect operating performance will be "more volatile" in 2016 and beyond as the CMS further implements value-based reimbursement models and reimbursement rates decrease overall. The analysts predict pressures from the Affordable Care Act will fully emerge in 2016 with more labor and wage pressures for clinical staff and an increased need to address population health.

September 2016

October 2016

Employer Costs Slow as Consumers Use Less Care, Deductibles Soar

The increase in average health insurance premiums has slowed in the last decade; however, the 2016 increase of 3.4% is still faster than indicative economic growth rates such as inflation and worker wage growth. Couple this premium increase with the widespread adoption of high deductible insurance plans, and consumers are facing increasingly higher out-of-pocket healthcare costs. Employers argue that this exposure to medical costs makes consumers better shoppers, not to mention the cost savings to employers themselves. But consumers have reacted differently, citing an inability to intelligently shop for care given the market's often opaque pricing trends. Consumers have spoken out more fervently against rising drug costs, as evidenced by Mylan's woes with the EpiPen price hike, or perhaps more alarmingly, others have resorted to using fewer medical services all together. This trend will be an important one to follow as high deductible plans become more common over the next few years.

Community Health Systems ("CYH") Announced Plans to Consider Options to Sell Some or All of Its Business

On September 19, CYH announced that it signed a definitive agreement for the sale of four hospitals and their associated assets to subsidiaries of Curae Health, Inc. Facilities included in the transaction are 95-bed Merit Health Gilmore Memorial in Amory, Miss., 112-bed Merit Health Batesville in Batesville, Miss., 181-bed Merit Health Northwest Mississippi in Clarksdale, Miss., and 126-bed Highlands Regional Medical Center in Sebring, Fla. Additionally, on October 17, CYH sold an 80% stake in its Home Health Division for \$128 million to Louisville-based Almost Family.

S&P Expects Credit Quality to be Stable Across All For-Profit Health Services Sectors

Stable credit quality already incorporates industry headwinds such as chronic reimbursement pressure, relatively modest M&A/consolidation activity, problematic high deductibles, and early upside benefit of Medicaid expansion and exchange enrollment has leveled off.

Healthcare Employment Growth has Almost Doubled General Employment Growth and has Generally Been Counter-Cyclical During Recessions

According to S&P, healthcare employment is now 10.8% of nonfarm payrolls; however, this total underrepresents the total share of employment in healthcare dependent businesses such as pharma and medical device manufacturing.

Selected M&A Transactions

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Alternate Site					
09/06/16	Cepheid (NasdaqGS:CPHD)	Danaher Corporation (NYSE:DHR)	\$4,088.5	7.2x	n/a
Description:	Danaher Corp. (NYSE:DHR) entered into a definitive agreement to acquire Cepheid (NasdaqGS:CPHD), a molecular diagnostics company that develops, manufactures, and markets integrated systems for testing in the clinical and non-clinical markets. Cepheid was incorporated in 1996 and is based in Sunnyvale, California.				
08/01/16	Arizona Vein & Vascular Center, LLC & Arizona Center for Minimally Invasive Surgery, LLC	Nobilis Health Corp. (NYSE:HLTH)	\$16.8	1.1x	3.7x
Description:	Nobilis Health Corp. (TSX:NHC) entered into definitive agreement to acquire Arizona Vein & Vascular Center, LLC, an owner and operator of surgery centers, and The Arizona Center for Minimally Invasive Surgery, LLC, a clinical and surgery center. Arizona Vein & Vascular Center, LLC was founded in 2007 and has five locations across Arizona.				

Diagnostic Services

09/01/16	Accuratus Lab Services, Inc.	Microbiology Research Associates, Inc.	\$0.0	n/a	n/a
Description:	Microbiology Research Associates, Inc. agreed to acquire Accuratus Lab Services, Inc., a provider of GMP and GLP testing services to medical device and biopharmaceutical industries to meet FDA standards, as well as EPA regulated antimicrobial and consumer products. Accuratus Lab Services, Inc. was founded in 2002 and is based in Eagan, Minnesota.				



Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/03/16	AssureRx Health, Inc.	Myriad Genetics, Inc. (NasdaqGS:MYGN)	\$410.0	6.8x	n/a
Description:	Myriad Genetics, Inc. (NasdaqGS:MYGN) signed a definitive agreement to acquire AssureRx Health, Inc., a medicine company that develops genetic tests, specializing in pharmacogenomics testing. AssureRx Health, Inc. was founded in 2006 and is based in Mason, Ohio.				
07/27/16	Sequenom, Inc. (NasdaqGS:SQNM)	Laboratory Corp. of America (NYSE:LH)	\$352.7	3.1x	n/a
Description:	Laboratory Corp. of America Holdings (NYSE:LH) entered into a definitive agreement to acquire Sequenom, Inc. (NasdaqGS:SQNM), a life sciences company that develops and commercializes molecular diagnostics testing services for the women's health and oncology markets in the U.S. and internationally. Sequenom, Inc. was founded in 1994 and is headquartered in San Diego, California.				

Healthcare Distributors

09/30/16	Novae, LLC	myEcon, Inc.	\$0.0	n/a	n/a
Description:	myEcon, Inc. agreed to acquire Novae, LLC, a supplier of homeopathic formulas for the body system. Novae, LLC was founded in 2014 and is based in Conyers, Georgia.				
09/13/16	Jordan Reses Supply Company, LLC	First Nation Group, LLC	\$0.0	n/a	n/a
Description:	First Nation Group, LLC acquired Jordan Reses Supply Company, LLC, a distributor of medical equipment and supplies to government agencies in the U.S. Jordan Reses Supply Company, LLC was founded in 1985 and is headquartered in Ann Arbor, Michigan.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/03/16	Anda, Inc.	Teva Pharmaceutical Industries Limited (NYSE:TEVA)	\$500.0	n/a	n/a
Description:	Teva Pharmaceutical Industries Limited (NYSE:TEVA) entered into a definitive agreement to acquire Anda, Inc., a distributor of generic, brand, specialty, and over-the-counter pharmaceutical (OTC) products to retail, independent and chain pharmacies, nursing homes, mail order pharmacies, hospitals, clinics, and physician offices. Anda, Inc. was founded in 1992 and is based in Parsippany, New Jersey.				

Healthcare Equipment & Supplies

09/27/16	EndoChoice Holdings, Inc. (NYSE:GI)	Boston Scientific Corp. (NYSE:BSX)	\$193.8	2.6x	n/a
Description:	Boston Scientific Corporation (NYSE:BSX) entered into a definitive agreement to acquire EndoChoice Holdings, Inc. (NYSE:GI), a medical device company that designs and commercializes various products for gastrointestinal caregivers in the U.S. and internationally. EndoChoice Holdings, Inc. was founded in 2008 and is headquartered in Alpharetta, Georgia.				
09/16/16	Abbott Medical Optics, Inc.	Chace, LLC	\$4,325.0	3.9x	n/a
Description:	Chace, LLC entered into a definitive agreement to acquire Abbott Medical Optics, Inc. a provider of laser vision correction technologies for patients with myopia, hyperopia and astigmatism, presbyopia, cataract, spherical aberration, and corneal health problems. Abbott Medical Optics, Inc. was founded in 1976 and is based in Santa Ana, California.				
09/02/16	Lifeline Scientific, Inc. (AIM:LSIC)	Shanghai Genext Medical Technology Co. Ltd	\$81.4	1.7x	8.3x
Description:	Shanghai Genext Medical Technology Co. Ltd entered into an agreement to acquire Lifeline Scientific, Inc. (AIM:LSIC), a medical technology company that develops products and services for cell, tissue, and organ transplantation in the U.S. and internationally. Lifeline Scientific, Inc. was founded in 1998 and is based in Itasca, Illinois.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/01/16	Accutron, Inc.	Crosstex International, Inc.	\$52.5	2.6x	n/a
Description:	Crosstex International, Inc. acquired Accutron, Inc., a designer and manufacturer of analgesia conscious sedation equipment and accessories for dental practitioners. Accutron, Inc. was founded in 1970 and is based in Phoenix, Arizona.				
07/19/16	InnFocus, Inc.	Santen Pharmaceutical Co.	\$225.0	n/a	n/a
Description:	Santen Pharmaceutical Co. Ltd. (TSE:4536) entered into a definitive agreement to acquire InnFocus, Inc., an ophthalmology company that develops biocompatible biomaterials and medical devices for glaucoma surgery. InnFocus, Inc. was founded in 2003 and is based in Miami, Florida.				
07/06/16	DFINE, Inc.	Merit Medical Systems, Inc. (NasdaqGS:MMSI)	\$97.5	2.9x	n/a
Description:	Merit Medical Systems, Inc. (NasdaqGS:MMSI) acquired DFINE, Inc., a developer of minimally invasive therapeutic devices used to treat pathologies of the vertebrae, metastatic spinal tumors, and vertebral compression fractures. DFINE, Inc. was founded in 2004 and is based in San Jose, California.				

Healthcare IT

09/22/16	Creehan & Company Corporation	Inovalon Holdings, Inc. (NasdaqGS:INOV)	\$130.0	4.8x	n/a
Description:	Inovalon Holdings, Inc. (NasdaqGS:INOV) entered into a definitive agreement to acquire Creehan & Company Corporation, a developer of wholesale software for the pharmaceutical industry. Creehan & Company Corporation is located in Canonsburg, Pennsylvania.				
09/21/16	RTech Healthcare Revenue Technologies Inc.	TransUnion Healthcare, Inc.	\$62.0	n/a	n/a
Description:	TransUnion Healthcare, Inc. entered into a purchase agreement to acquire RTech Healthcare Revenue Technologies, Inc., a developer of software designed to maximize reimbursements and reduce uncompensated care costs for hospitals and healthcare systems of all sizes. RTech Healthcare Revenue Technologies, Inc. was founded in 1999 and is based in New York.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
09/12/16	Anthelio Healthcare Solutions, Inc.	Atos SE (ENXTPA:ATO)	\$275.0	1.4x	n/a
Description:	Atos SE (ENXTPA:ATO) signed a share purchase agreement to acquire Anthelio Healthcare Solutions, Inc., a provider of healthcare technology solutions to hospitals, physician practice groups, and other healthcare providers in the U.S. Anthelio Healthcare Solutions, Inc. was founded in 1999 and is based in Dallas, Texas.				
08/09/16	Press Ganey Holdings, Inc. (NYSE:PGND)	EQT Partners AB	\$2,428.6	6.9x	22.7x
Description:	EQT Partners AB entered into a definitive agreement to acquire Press Ganey Holdings, Inc. (NYSE:PGND), a provider of patient experience and caregiver measurement, performance analytics, and strategic advisory solutions for healthcare organizations in the U.S. Press Ganey Holdings, Inc. was founded in 1985 and is based in Wakefield, Massachusetts.				
08/08/16	Morrissey Associates, Inc.	Echo, Inc.	\$48.0	3.8x	n/a
Description:	Echo, Inc. acquired Morrissey Associates, Inc., a developer of customized software solutions for the healthcare industry. The company develops and supports web-based applications related to physician credentialing and integrated care management. Morrissey Associates, Inc. was incorporated in 1986 and is based in Chicago, Illinois.				
07/13/16	Imprivata, Inc. (NYSE:IMPR)	Thomas Bravo, LLC	\$496.9	3.8x	n/a
Description:	Thomas Bravo Fund XII, L.P. entered into an agreement and plan of merger to acquire the remaining 95.2% stake in Imprivata, Inc. (NYSE:IMPR), a provider of information technology security and identity solutions for the healthcare industry in the U.S. and internationally. Imprivata, Inc. was incorporated in 2001 and is headquartered in Lexington, Massachusetts.				
07/13/16	Valence Health, Inc.	Evolent Health (NYSE:EVH)	\$247.3	n/a	n/a
Description:	Evolent Health, Inc. (NYSE:EVH) entered into a definitive agreement to acquire Valence Health, Inc., a healthcare IT and services firm that provides value-based care solutions for hospitals, health systems, and physicians to help achieve clinical and financial rewards for managing patient populations. Valence Health, Inc. was founded in 2001 and is based in Boston, Massachusetts.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Hospital Providers					
09/29/16	4 Rural Hospitals	Curae Health, Inc.	\$0.0	n/a	n/a
Description:	Curae Health, Inc. has agreed to acquire four rural hospitals. Merit Health Gilmore Memorial is a 95-bed acute-care community hospital located in Amory, Mississippi. Merit Health Batesville is a 112-bed physician-owned hospital located in Batesville, Mississippi. Merit Health Northwest Mississippi is a 181-bed general and surgical hospital located in Clarksdale, Mississippi. Highlands Regional Medical Center is a 126-bed full service hospital located in Sebring, Florida.				
09/28/16	2 Acute Care Hospitals	RCCH HealthCare Partners	\$0.0	n/a	n/a
Description:	RCCH Healthcare Partners has signed an agreement to acquire Lourdes Health, a 53-bed general and surgical hospital, and St. Joseph Regional Medical Center, a 145-bed acute-care hospital. Lourdes Health was founded in 1916 and is located in Pasco, Washington and St. Joseph Regional Medical Center was founded in 1902 and is located in Lewiston, Idaho.				
09/26/16	9 Acute Care Hospitals	Medical Properties Trust (NYSE:MPW)	\$1,250.0	n/a	n/a
Description:	Medical Properties Trust Inc. (NYSE:MPW) announced that it has entered into a binding agreement to raise funds from Cerberus Capital Management, L.P. for the acquisition of a portfolio of nine acute-care hospitals and 29 non-acute care hospitals.				
09/15/16	Sharon Hospital	Health Quest	\$0.0	n/a	n/a
Description:	Health Quest has signed a preliminary agreement to acquire Sharon Hospital, a 78-bed acute-care community hospital. Sharon Hospital will transition to non-profit status when it joins Health Quest. Sharon Hospital was founded in 1909 and is based in Sharon, Connecticut.				
09/07/16	University of Kansas Hospital, Inc.	Hays Medical Center, Inc.	\$0.0	n/a	n/a
Description:	Hays Medical Center, Inc. signed a letter of intent to acquire University of Kansas Hospital, Inc., an academic medical center and destination for complex care and diagnosis for patients. Kansas Hospital, Inc. was founded in 1979 and is based in Kansas City, Kansas.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/30/16	USMD Holdings, Inc. (NasdaqCM:USMD)	WellMed Medical Management, Inc.	\$298.8	0.9x	n/a
Description:	WellMed Medical Management, Inc. entered into an agreement and plan of merger to acquire USMD Holdings, Inc. (NasdaqCM:USMD), an early-stage physician-led integrated health system, providing healthcare services to patients in physician clinics, hospitals, cancer treatment centers, and anatomical pathology and clinical laboratories. They also provide management and operational services to two general acute care hospitals in Arlington and Fort Worth, Texas, and to three cancer treatment centers in three states. USMD Holdings, Inc. is headquartered in Irving, Texas.				
08/19/16	Chestatee Regional Hospital	Undisclosed Buyer	\$15.0	n/a	n/a
Description:	An undisclosed buyer acquired all assets of Chestatee Regional Hospital, a hospital that provides primary care, outpatient imaging, and health care services. Chestatee Regional Hospital was founded in 1973 and is headquartered in Dahlonega, Georgia.				
08/16/16	Desert View Regional Medical Center Holdings, LLC	Universal Health Services, Inc. (NYSE:UHS)	\$0.0	n/a	n/a
Description:	Universal Health Services Inc. (NYSE:UHS) acquired Desert View Regional Medical Center Holdings, LLC, an acute-care hospital serving residents of Nye County and surrounding communities. Desert View Regional Medical Center Holdings, LLC was founded in 2006 and is based in Pahrump, Nevada.				
08/09/16	Kennedy Health System, Inc.	Jefferson Health System	\$0.0	n/a	n/a
Description:	Jefferson Health System, Inc. entered into a binding definitive agreement to acquire Kennedy Health System, Inc., a provider of healthcare services through its acute-care hospital and ambulatory campuses in Cherry Hill, Stratford, and Turnersville, New Jersey. Kennedy Health System, Inc. was founded in 1965 and is based in Voorhees, New Jersey.				
08/08/16	HPI Portfolio	Carter Validus Mission Critical	\$116.5	n/a	n/a
Description:	Carter Validus Mission Critical REIT II, Inc. acquired HPI portfolio, two acute-care hospitals and seven integrated medical facilities. The acute-care hospitals have a total of 44 beds. All properties are located in the Oklahoma City, Oklahoma greater area.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/04/16	Southern Surgical Hospital	Our Lady of the Lake Regional	\$0.0	n/a	n/a
Description:	Our Lady of the Lake Regional Medical Center acquired a majority investment partnership position with Southern Surgical Hospital, a physician-owned, ambulatory surgical hospital. Southern Surgical hospital was founded in 2005 and is located in Slidell, Louisiana.				
07/29/16	Progressive Acute Care, LLC	Central Louisiana Hospital Group	\$14.8	n/a	n/a
Description:	Central Louisiana Hospital Group entered into an asset purchase agreement to acquire Progressive Acute Care, LLC, a network of hospitals offering services ranging from emergency services to surgery and diagnostic imaging. Progressive Acute Care, LLC was founded in 2008 and is based in Mandeville, Louisiana. SOLIC Capital Advisors served as the financial advisor to Progressive Acute Care, LLC.				
07/28/16	Rothman Orthopaedic Specialty Hospital	Jefferson Health System	\$0.0	n/a	n/a
Description:	Jefferson Healthcare acquired an unknown stake in Rothman Orthopaedic Specialty Hospital, LP, a hospital that offers a spectrum of orthopedic care services to patients. Rothman Orthopaedic Specialty Hospital, LP was founded in 2009 and is headquartered in Bensalem, Pennsylvania.				
07/25/16	Melville Surgery Center, LLC	Northwell Health, Inc.	\$0.0	n/a	n/a
Description:	Northwell Health, Inc. acquired a majority stake in Melville Surgery Center, LLC, an operator of a multi-specialty ambulatory surgery center. Melville Surgery Center, LLC is based in Melville, New York.				
07/25/16	West Shore Medical Center	Munson Healthcare, Inc.	\$0.0	n/a	n/a
Description:	Munson Healthcare, Inc. signed an agreement to acquire West Shore Medical Center, a non-profit acute-care hospital, providing emergency, diagnostic, treatment, and rehabilitation services. West Shore Medical Center was founded in 1970 and is based in Manistee, Michigan.				
07/22/16	Lakeside Women's Hospital, Inc.	Carter Validus Mission Critical REIT II, Inc.	\$19.8	n/a	n/a
Description:	Carter Validus Mission Critical REIT II, Inc. acquired Lakeside Women's Hospital, Inc., a provider of woman's healthcare needs including general surgeries, breast reconstruction, and hysterectomies. Lakeside Women's Hospital, Inc. was founded in 1997 and is based in Oklahoma City, Oklahoma.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
07/21/16	Gardens Regional Hospital & Medical Center	The KPC Group	\$19.5	n/a	n/a
Description:	The KPC Group agreed to acquire the assets of Gardens Regional Hospital & Medical Center, Inc., a not-for profit acute-care hospital that provides inpatient and outpatient services. Gardens Regional Hospital & Medical Center, Inc. is based in Hawaiian Gardens, California.				
07/15/16	Unity Medical & Surgical Hospital	Medical Facilities Corp. (TSX:DR)	\$53.6	n/a	n/a
Description:	Medical Facilities Corp. (TSX:DR) signed a letter of intent to acquire an 83% interest in Unity Medical & Surgical Hospital, a 29-bed, physician-owned medical and surgical hospital. Unity Medical & Surgical Hospital is located in Mishawaka, Indiana.				
07/07/16	Lakeway Regional Medical Center, LLC	Baylor Scott & White Health, LLC	\$0.0	n/a	n/a
Description:	Baylor Scott & White Health, LLC agreed to acquire Lakeway Regional Medical Center, LLC, a hospital providing various specialty services to residents in the Texas Hill Country. Lakeway Regional Medical Center, LLC was founded in 2012 and is based in Lakeway, Texas.				
07/05/16	Coshocton County Memorial Hospital	Prime Healthcare Services, Inc.	\$38.0	n/a	n/a
Description:	Prime Healthcare Services, Inc. entered into a Stalking Horse Agreement to acquire Coshocton County Memorial Hospital, a 56-bed acute-care hospital with a network of hospital-based clinics. Coshocton County Memorial Hospital was founded in 1909 and is based in Coshocton, Ohio. SOLIC Capital Advisors served as the financial advisor to Coshocton County Memorial Hospital.				

Long-Term Care / Senior Living

09/22/16	Discovery Village at Palm Beach	Kayne Anderson Real Estate	\$38.0	n/a	n/a
Description:	Kayne Anderson Capital Advisors, LP acquired Discovery Village at Palm Beach, a 120-unit independent living, assisted living, and memory care facility. Discovery Village at Palm Beach was built in 2016 and is located in Palm Beach Gardens, Florida.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
09/21/16	Jewish Home Lifecare	Leopold Friedman	\$110.0	n/a	n/a
Description:	Leopold Friedman has acquired three adjacent elder care facilities located on the Jewish Home Lifecare University Heights campus in the Bronx, New York.				
09/11/16	Town Village Portfolio	Joint Venture	\$180.0	n/a	n/a
Description:	A joint venture between Chicago Pacific Founders, CPF Living Communities, and Grand Park Capital Management acquired a four-property portfolio of Town Village. The four properties have a total of 818 units and are located in Tennessee, Michigan, Oklahoma, and Alabama.				
09/06/16	2 Skilled Nursing Communities	Summit Healthcare REIT, Inc.	\$54.1	n/a	n/a
Description:	Summit Healthcare REIT, Inc. acquired an interest in two skilled nursing facilities. The two facilities have a total of 332 licensed beds and are located in Millsboro and Smyrna, Delaware.				
08/31/16	26 Seniors Housing Properties	Edgewood Management Group, LLC	\$236.0	n/a	n/a
Description:	Edgewood Management Group, LLC agreed to acquire 26 senior housing properties, which is the entire senior housing portfolio of Investors Real Estate Trust (NYSE:IRET). The 26 properties consist of 1,751 units and are located across the U.S.				
08/12/16	The Hearth at Greenpoint	Mainstreet Property Group	\$33.0	n/a	n/a
Description:	Mainstreet Property Group acquired The Hearth at Greenpoint, a 186-unit independent living and assisted living community. The Hearth at Greenpoint is located in Liverpool, New York.				
08/10/16	Discovery Village at Sarasota Bay	Kayne Anderson Real Estate	\$35.0	n/a	n/a
Description:	Kayne Anderson Capital Advisors, LP acquired Discovery Village at Sarasota Bay. Discover Village at Sarasota Bay is a 30-unit supervised independent living, 66-unit assisted living, and 30-unit memory care facility located in Sarasota, Florida.				
08/08/16	4 Senior Care Facilities	CareTrust REIT, Inc. (Nasdaq:CTRE)	\$34.3	n/a	n/a
Description:	CareTrust REIT, Inc. (Nasdaq:CTRE) acquired two seniors housing and two skilled nursing facilities. The four properties have a total of 79 assisted living units and 293 skilled nursing beds and are all located in California's Central Valley.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/04/16	4 Independent Living Communities	Capitol Seniors Housing	\$78.0	n/a	n/a
Description:	Capitol Seniors Housing acquired four communities with a total of 368 assisted living and independent living units. The communities are Island House of Mercer Island, Northgate Plaza in North Seattle, The Creekside in Woodinville and Mountlake Plaza in Mountlake Terrace. All properties are located in Seattle's greater metropolitan area.				
08/02/16	19 Seniors Housing Properties	Welltower, Inc. (NYSE:HCN)	\$1,152.6	n/a	n/a
Description:	Welltower Inc. (NYSE: HCN) agreed to acquire a portfolio of 19 properties located in Southern California, Northern California, and Washington. The 19 properties have a total of 2,590 independent living, assisted living, and memory care units.				
08/02/16	Sunrise of Severna Park	Welltower, Inc. (NYSE:HCN)	\$72.0	n/a	n/a
Description:	Welltower Inc. (NYSE: HCN) acquired Sunrise of Severna Park, a 161-unit facility offering assisted living and skilled nursing services for residents. Sunrise of Severna is located in Severna Park, Maryland.				
07/29/16	44 Assisted Living Communities	Undisclosed Buyer	\$252.5	2.8x	n/a
Description:	An undisclosed buyer has agreed to acquire a portfolio of 44 communities from Brookdale. The 44 communities have a total of 579 memory care units and 1,874 assisted living units, with an average occupancy rate of 79%.				
07/11/16	Solana Williston & Roseland	PGIM Real Estate	\$98.3	n/a	n/a
Description:	PGIM Real Estate acquired a portfolio of two 118-unit assisted and 53-unit memory care units. The Solana Williston is located in Willistown, Pennsylvania and Solana Roseland is located in Roseland, New Jersey.				
07/06/16	Fox Grape Skilled Nursing Portfolio	Griffin-America Healthcare REIT III, Inc.	\$65.5	n/a	n/a
Description:	Griffin-American Healthcare REIT III, Inc. acquired Fox Grape skilled nursing facility portfolio. The Fox Grape portfolio consists of five facilities with a total of 651 beds located in the affluent South Shore area of Boston.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
Managed Care					
08/02/16	Aetna, Inc. - Certain Medicare Advantage Assets	Molina Healthcare, Inc. (NYSE:MOH)	\$76.0	n/a	n/a
Description:	Molina Healthcare, Inc. (NYSE:MOH) entered into a definitive agreement to acquire certain Medicare Advantage assets from Aetna, Inc. (NYSE:AET). The certain Medicare Advantage assets are comprised of managed healthcare plans.				
08/02/16	Humana, Inc. - Certain Medicare Advantage Assets	Molina Healthcare, Inc. (NYSE:MOH)	\$41.0	n/a	n/a
Description:	Molina Healthcare, Inc. (NYSE:MOH) entered into a definitive agreement to acquire certain Medicare Advantage assets from Humana, Inc. (NYSE:HUM). The certain Medicare Advantage assets are comprised of managed healthcare plans.				
07/26/16	Rocky Mountain HealthCare Options, Inc.	United HealthCare Services, Inc.	\$0.0	n/a	n/a
Description:	United HealthCare Services, Inc. agreed to acquire Rocky Mountain HealthCare Options, Inc., a provider of health plans to members, employers, providers, and producers. It offers a range of medical benefit options including PPO, HMO, and health savings account-eligible plans. Rocky Mountain HealthCare Options, Inc. was founded in 1993 and is based in Grand Junction, Colorado.				

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.	\$47.44	86.0%	\$1,591.5	\$1,676.9	1.2x	19.4x	41.5x
AMSG	AmSurg Corp.	67.05	76.8%	3,603.5	6,958.6	2.5x	9.4x	19.8x
DVA	DaVita Inc.	66.07	83.7%	13,669.9	22,243.4	1.6x	8.7x	38.4x
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.14	71.9%	26,506.9	37,039.9	2.1x	11.5x	23.7x
Mean						1.8x	9.9x	21.8x

Diagnostic Services								
AIQ	Alliance Healthcare Services, Inc.	\$6.86	62.8%	\$73.7	\$687.0	1.4x	5.8x	9.0x
LH	Laboratory Corp. of America Holdings	137.48	97.3%	14,064.2	19,495.5	2.1x	11.4x	22.8x
DGX	Quest Diagnostics Inc.	84.63	97.4%	11,765.0	15,430.0	2.1x	10.3x	14.8x
RDNT	RadNet, Inc.	7.40	98.7%	343.6	983.9	1.1x	8.6x	32.1x
Mean						1.7x	9.0x	19.7x

[1] AMED EBITDA multiple and AMED and DVA 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 Distributors								
ABC	AmerisourceBergen Corporation	\$80.78	76.3%	\$19,216.9	\$21,758.9	0.2x	11.7x	10.9x
CAH	Cardinal Health, Inc.	77.70	85.2%	24,860.1	28,186.1	0.2x	9.0x	18.0x
HSIC	Henry Schein, Inc.	162.98	89.1%	13,331.1	14,799.2	1.3x	15.2x	27.6x
MCK	McKesson Corporation	166.75	82.5%	37,635.8	42,668.8	0.2x	9.2x	16.3x
OMI	Owens & Minor Inc.	34.73	83.7%	2,167.4	2,682.6	0.3x	9.6x	19.4x
SRCL	Stericycle, Inc.	80.14	52.9%	6,783.6	9,868.5	2.9x	13.7x	28.2x
TMO	Thermo Fisher Scientific, Inc.	159.06	99.0%	62,711.5	76,196.2	4.3x	17.7x	31.7x
Mean						1.4x	12.3x	21.7x

Healthcare Equipment & Supplies ^[2]								
ABT	Abbott Laboratories	\$42.29	91.2%	\$62,166.1	\$66,760.1	3.2x	14.9x	32.7x
BAX	Baxter International Inc.	47.60	96.2%	25,889.1	26,428.1	2.6x	15.2x	5.5x
BDX	Becton, Dickinson and Company	179.73	98.9%	38,269.2	48,472.2	3.9x	15.1x	34.3x
BSX	Boston Scientific Corporation	23.80	96.0%	32,385.7	37,374.7	4.7x	18.6x	NM
BEAT	BioTelemetry, Inc.	18.57	86.7%	520.4	532.7	2.9x	14.8x	39.5x
JNJ	Johnson & Johnson	118.13	93.7%	323,189.5	306,876.5	4.3x	13.3x	22.0x
MDT	Medtronic plc	86.40	96.8%	119,399.2	138,809.2	4.8x	15.9x	33.6x
SIE	Siemens Aktiengesellschaft	117.35	95.8%	94,891.5	112,323.1	1.3x	10.6x	16.9x
STJ	St. Jude Medical Inc.	79.76	95.0%	22,778.5	28,460.5	4.9x	17.4x	34.7x
Mean						3.6x	15.1x	25.7x

[2] BEAT 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 IT^[3]								
MDRX	Allscripts Healthcare Solutions, Inc.	\$13.17	83.5%	\$2,457.0	\$3,942.1	2.8x	31.8x	NM
ATHN	athenahealth, Inc.	126.12	74.0%	4,962.0	5,122.3	5.1x	60.0x	NM
CERN	Cerner Corporation	61.75	90.4%	20,853.5	20,808.2	4.5x	16.4x	33.9x
CPSI	Computer Programs & Systems Inc.	26.06	44.1%	352.7	504.2	2.2x	14.6x	44.2x
HMSY	HMS Holdings Corp.	22.17	92.4%	1,872.1	1,882.0	3.8x	20.1x	67.0x
OMCL	Omniceil, Inc.	38.30	94.6%	1,385.0	1,569.3	2.6x	22.3x	97.2x
QSII	Quality Systems Inc.	11.32	64.7%	696.3	757.9	1.5x	13.4x	NM
WBMD	WebMD Health Corp.	49.70	73.6%	1,843.0	1,867.2	2.8x	11.4x	30.6x
Mean						2.9x	16.4x	32.3x

Hospital Providers								
CYH	Community Health Systems, Inc.	\$11.54	25.4%	\$1,311.5	\$16,974.5	0.9x	7.9x	NM
HCA	HCA Holdings, Inc.	75.63	90.4%	28,637.0	61,005.0	1.5x	7.6x	13.1x
LPNT	LifePoint Health, Inc.	59.23	77.5%	2,450.2	5,244.5	0.9x	8.2x	19.7x
THC	Tenet Healthcare Corp.	22.66	57.0%	2,255.1	19,004.1	1.0x	7.9x	NM
UHS	Universal Health Services Inc.	123.22	88.2%	11,999.6	15,622.3	1.7x	9.2x	17.5x
Mean						1.2x	8.2x	16.8x

[3] ATHN revenue multiple, MDRX and ATHN EBITDA multiples, and CPSI, HMSY and OMCL PE multiples

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.	\$17.45	68.5%	\$3,244.2	\$9,592.6	2.3x	12.0x	14.7x
CSU	Capital Senior Living Corp.	16.80	68.4%	504.0	1,328.8	3.1x	16.9x	19.4x
DVCR	Diversicare Healthcare Services Inc.	10.00	94.4%	63.6	125.1	0.3x	5.3x	13.6x
ENSG	The Ensign Group, Inc.	20.13	80.2%	1,014.6	1,162.6	0.8x	9.4x	22.3x
GEN	Genesis Healthcare, Inc.	2.67	44.3%	240.3	5,225.3	0.9x	9.7x	NM
KND	Kindred Healthcare Inc.	10.22	65.3%	871.3	4,140.3	0.6x	7.2x	14.7x
Mean						1.3x	10.1x	16.9x

Managed Care								
AET	Aetna Inc.	\$115.45	93.4%	\$40,499.9	\$44,110.6	0.7x	7.7x	16.9x
CI	Cigna Corp.	130.32	87.5%	33,436.2	36,150.2	0.9x	9.6x	16.9x
ESRX	Express Scripts Holding Company	70.53	79.1%	44,449.3	59,116.1	0.6x	8.8x	17.4x
CNC	Centene Corp.	66.96	50.6%	10,838.0	12,607.0	0.5x	10.6x	25.7x
HUM	Humana Inc.	176.89	92.3%	26,368.5	28,224.5	0.5x	11.3x	27.2x
UNH	UnitedHealth Group Incorporated	140.00	96.9%	133,334.8	159,960.8	0.9x	12.1x	21.9x
ANTM	Anthem, Inc.	125.31	83.6%	32,978.0	48,477.6	0.6x	9.2x	14.5x
Mean						0.7x	9.8x	19.1x

OVERALL HEALTHCARE SECTOR						Mean	1.8x	11.3x	21.7x
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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.

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