



# Healthcare Services

*Quarterly Update*  
*Third Quarter 2018*



CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

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## Q3 2018 Highlights

### October, 2018

With almost 420 healthcare transactions announced, M&A transaction volume in Q3 2018 was up 8% as compared to the same time a year prior, according to preliminary figures from Irving Levin Associates Inc., marking the third straight quarter with transaction volume exceeding 400. The services sector accounted for 63% of the deal volume in Q3 2018 with long-term care totaling 24% of the service sector transactions. Transaction value in Q3 2018 was relatively modest, totaling approximately \$30.4 billion, 30% lower than the same quarter in 2017. The largest acquisition in the period was the take-private transaction of LifePoint Health (NASDAQ: LPNT) by RCCH HealthCare Partners, a portfolio company of Apollo Global Management, for \$5.6 billion. LifePoint and many of its peers face higher medical costs, fewer patient admissions and changes to reimbursement policies in Medicare and Medicaid that have pressured profits. The newly combined system will operate a diversified portfolio of healthcare assets, including 84 non-urban hospitals, outpatient centers, physician practices, and post-acute service providers across 30 states.

With a record \$1 trillion in cash to invest, private-equity firms have turned to “asset light” healthcare services. In October, KKR completed its acquisition of Envision Healthcare Corporation (NYSE: EVHC) for approximately \$9.9 billion and in August a portfolio company of Veritas Capital acquired Cotiviti Holdings, Inc. (NYSE: COTV), a provider of healthcare-focused payment accuracy solutions, for almost \$5 billion. Financial buyers have been particularly active with physician medical groups, especially specialty practices, announcing more than 20 direct acquisitions of physician practices so far this year. The high degree of interest in specialty physician groups such as dermatology, ophthalmology and all forms of dentistry has driven multiples well north of 10x EBITDA this year as these specialties are not as far along the consolidation spectrum as compared with anesthesiology, emergency medicine and hospitalist providers. Private equity interest in orthopedic practices is also increasing, driven by the migration of hip and knee replacements to less expensive outpatient settings and the dramatic increase in the volume of such procedures.

The healthcare industry is currently experiencing significant horizontal integration, with several non-traditional players entering the market that are likely to disrupt traditional delivery channels for patient care. The announced mergers of CVS Health (NYSE: CVS) with Aetna (NYSE: AET) and Cigna (NYSE: CI) with Express Scripts (NYSE: ESRX) are expected to provide payors with greater control in directing patient care. Further, Amazon’s (NASDAQ: AMZN) recent \$1 billion acquisition of prescription drug delivery business, PillPack, will bring a new level of competition to pharmacy benefit management. Additionally, Best Buy’s (NYSE: BBY) \$800 million acquisition of GreatCall, Inc., a provider of connected health and personal emergency response services, in August 2018 provides an interesting new competitor in the home health and person care markets.

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



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 *Recent Representative Transaction*

**\$456,700,000**

**Memorial**  
University Medical Center  
*has been acquired by*

**HCA**<sup>®</sup>

Financial Advisor /  
Wind-Down Fiduciary

SOLIC Capital Advisors provided transition planning and wind-down oversight to Chatham County Hospital Authority and Memorial Health, Inc. in connection with the sale of Memorial University Health Center to Hospital Corporation of America (HCA).

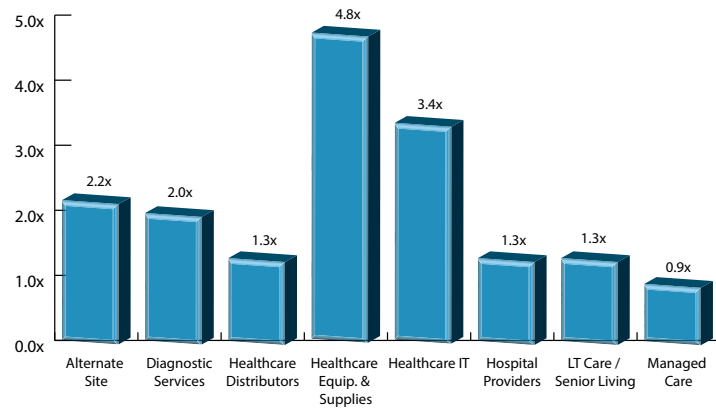


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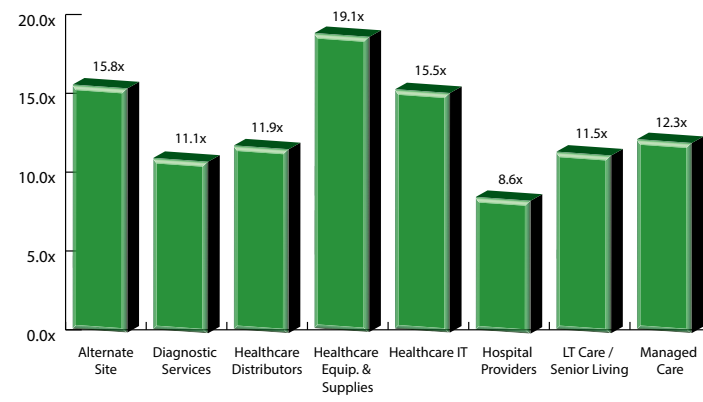
# Market Overview



## Enterprise Value To Revenue

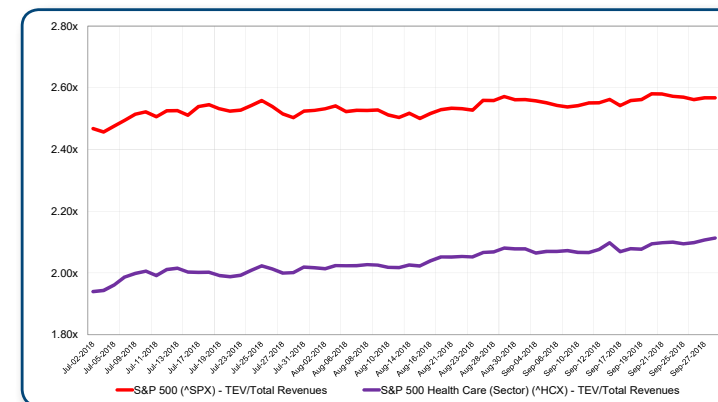


## Enterprise Value To EBITDA

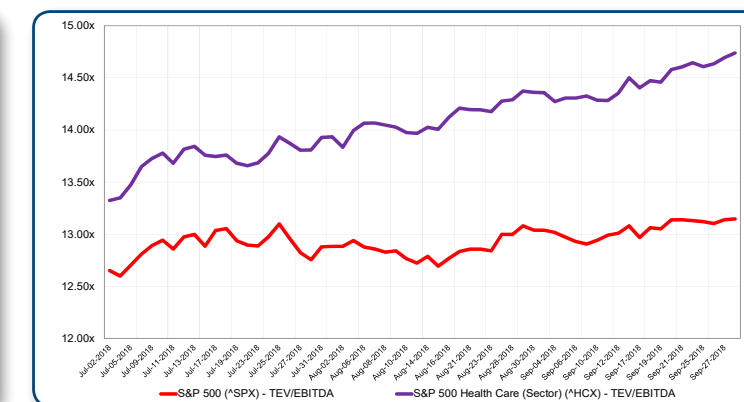


Revenue and EBITDA multiples for the S&P 500 increased by approximately 4% in Q3 2018, while the healthcare sector saw a 9% increase in revenue multiples and an 11% increase in EBITDA multiples.

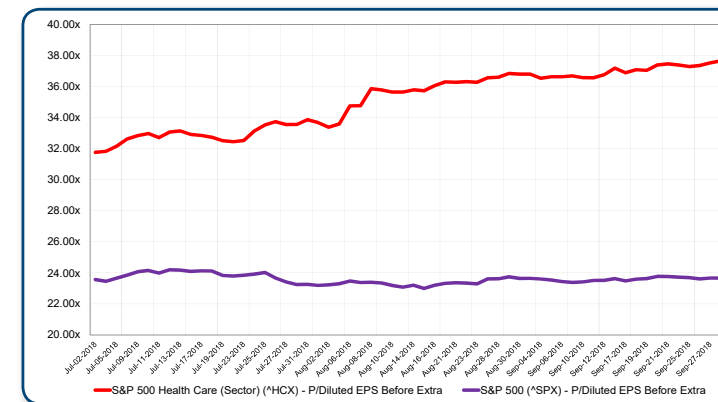
## S&P Healthcare Index vs. the S&P 500 Total Enterprise Value / Revenue



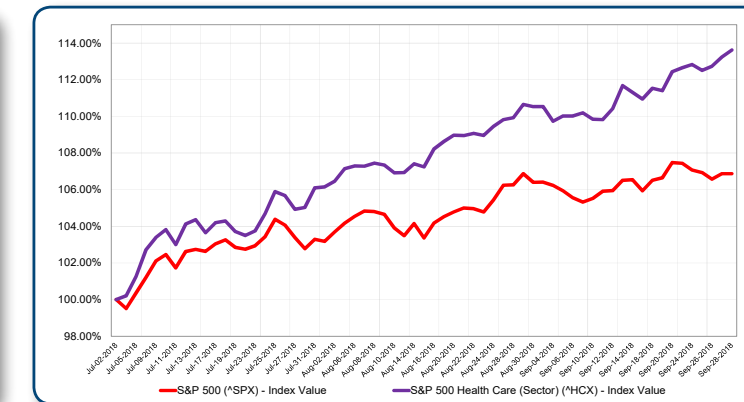
## S&P Healthcare Index vs. the S&P 500 Total Enterprise Value / EBITDA



## 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



### Medicare Hospice Payment Model Fails Its First Year

A Medicare model targeted at patients who wanted hospice as well as curative care lagged in its first year because hospice providers fled the program and doctors were disinterested in participating in it, according to a new federal evaluation. The CMS five-year experiment, known as the Medicare Care Choices Model, launched in January 2016. The model was created because Medicare previously didn't pay for hospice. Under the initiative, hospices receive a monthly payment of \$200 to \$400 per patient per month. Meanwhile, other providers can still bill Medicare for curative services. The model immediately began to face problems once it launched and by the end of its first year, 37 hospices, or more than a quarter of those that agreed to participate in the model, exited the effort. Hospices found the \$400 payment offered by the CMS was not enough to cover their costs and they had difficulty finding beneficiaries who met all of the eligibility criteria to get treatment under the model.

### The Growing Investment Opportunity in Urgent Care

Traditionally, primary care physicians (PCPs) have played an integral role in patient health, with many families maintaining long-lasting relationships with the same PCP throughout their lifetime. While PCPs continue to play a significant role, the number of PCPs is steadily decreasing due, in part, to medical students pursuing specialties instead of general practices/family medicine. Additionally, more junior medical professionals are choosing to pursue urgent care opportunities that offer a healthier work-life balance. As a result, urgent care is attracting some of the most talented medical professionals and, in turn, offering patients access to higher quality care. Poised for tremendous growth, urgent care is currently an \$18 billion industry that is expected to grow by 5.8% in 2018, according to the Urgent Care Association of America.

Third Quarter 2018

### Healthcare Stocks Emerge as Market Leaders in Q3

The healthcare sector is the best performer on the S&P 500 index, up 13% in the third quarter. The sector's rally in the third quarter can be tied to a wide range of companies, such as Pfizer, Humana, UnitedHealth Group and Abiomed, which saw shares rise at least 20% in 2018, according to a recent article in The Wall Street Journal. The heightened interest in healthcare stocks coincides with strong profits in the industry, which are expected to grow as the population ages.

### Medicare Advantage Premiums Hit Three-Year Low

Medicare Advantage plans' average monthly premium will be \$28 next year, marking the lowest charges in the last three years, according to the CMS. On average, Medicare Advantage premiums will decrease by 6% from \$29.81 per month in 2018. Nearly 83% of Medicare Advantage enrollees who stay in their current plan will have the same or lower premium in 2019. Premiums are decreasing as the number of coverage options increase. There will 600 additional Medicare Advantage plans next year.

### Investors Target Post-Acute Sector's Growing Demographic

ProMedica and Welltower's acquisition of HCR ManorCare signals the increasing value investors place in post-acute providers as they aim to serve one of the country's fastest-growing demographics. Ohio-based hospital operator ProMedica finalized its \$1.4 billion acquisition of bankrupt nursing home provider HCR ManorCare in July. Running parallel to the deal, real estate investment trust Welltower agreed to buy ManorCare's skilled nursing and memory care real estate for approximately \$2.2 billion. There will be fewer independent post-acute providers as they struggle to raise the additional capital to comply with evolving regulatory regimes, care coordination and new payment systems, according to a new report from Welltower. Larger health systems are poised to acquire these providers, offering the infrastructure and capital to keep up with the evolving post-acute space. Meanwhile, REITs can help health systems transition to smaller footprints and asset-light operations, which allow providers to focus on care delivery rather than real-estate ownership.

### Medicaid Enrollment Drops as Employment Rises

Medicaid enrollment is dropping as the economy improves and unemployment drops, according to an A2 Strategy Group report released at Medicaid Health Plans of America's annual conference. Medicaid enrollment has shrunk by 1.5% or 1.1 million individuals since last year with enrollment hitting 74.2 million. Thirty-four (34) states reported shrinking Medicaid enrollment this year, with an average 3% decline. Illinois posted the greatest enrollment decrease at 8.3%.



## Selected M&A Transactions

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
<b>Alternate Site</b>					
09/11/18	<b>Valley Healthcare Group, LLC / Northwest Medical, Inc.</b>	<b>Great Elm Capital Group, Inc. (NasdaqGS:GEC)</b>	\$66.0	1.4x	n/a
Description:	Great Elm Capital Group, Inc. (NasdaqGS:GEC) has acquired the combined businesses of Valley Healthcare Group, LLC / Northwest Medical, Inc., a provider of sleep and respiratory-focused durable medical equipment and services across five states. Valley Healthcare Group, LLC was founded in 2006 and is headquartered in Phoenix, AZ. Northwest Medical, Inc. was founded in 1983 and is based in Portland, OR.				
09/04/18	<b>Four clinic physical therapy practice in Minnesota</b>	<b>U.S. Physical Therapy, Inc. (NYSE:USPH)</b>	\$7.7	2.6x	n/a
Description:	U.S. Physical Therapy, Inc. (NYSE:USPH) has acquired a four clinic physical therapy practice in Minnesota.				
08/27/18	<b>Provant Health</b>	<b>Summit Health, Inc. (NASDAQ:DGX)</b>	\$27.0	n/a	n/a
Description:	Summit Health, Inc. (NASDAQ:DGX) has acquired Provant Health, a provider of on-site workplace wellness solutions for employees. Provant Health was founded in 2001 and is based in East Greenwich, RI.				
08/10/18	<b>Triad Surgery Center</b>	<b>Prosper Holdings LLC</b>	\$9.3	n/a	n/a
Description:	Prosper Holdings LLC has acquired Triad Surgery Center, a specialty surgery center comprised of three operating rooms and two procedure rooms. Triad Surgery Center was founded in 2002 and is based in Greensboro, NC.				
07/26/18	<b>Lake Washington Anesthesia, PLLC</b>	<b>CRH Medical Corporation (TSX:CRH)</b>	\$5.0	n/a	n/a
Description:	CRH Medical Corp. has acquired Lake Washington Anesthesia, PLLC, a gastroenterology anesthesia practice located in Kirkland, WA.				



Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
<b>Diagnostic Services</b>					
09/27/18	<b>PhenoPath, PLLC</b>	<b>Quest Diagnostics (NYSE:DGX)</b>	n/a	n/a	n/a
Description:	Quest Diagnostics has acquired the PhenoPath, PLLC, a provider of clinical laboratory services. PhenoPath, PLLC was founded in 1998 and is based in Seattle, WA.				
09/17/18	<b>NeuMoDx Molecular, Inc.</b>	<b>QIAGEN N.V. (NYSE:QGEN)</b>	\$292.1	n/a	n/a
Description:	QIAGEN N.V. (NYSE:QGEN) has entered into a merger agreement to acquire NeuMoDx Molecular, Inc., a provider of molecular diagnostic services. NeuMoDx Molecular, Inc. was founded in 2012 and is based in Ann Arbor, MI.				
08/15/18	<b>11 diagnostic centers</b>	<b>Akumin Inc. (TSX:AKU.U)</b>	\$25.0	n/a	n/a
Description:	Akumin Inc. (TSX:AKU.U) has acquired 11 freestanding, outpatient diagnostic imaging centers operated by Rose Radiology Centers, Inc. The 11 diagnostic centers are located in Tampa Bay, FL.				
07/02/18	<b>Seventh Wave Laboratories, LLC</b>	<b>Bioanalytical Systems, Inc.</b>	\$10.1	n/a	n/a
Description:	Bioanalytical Systems, Inc. has acquired Seventh Wave Laboratories, LLC, a provider of drug development services. Seventh Wave Laboratories, LLC was founded in 2003 and is based in Chesterfield, MO.				

### Healthcare Distributors

09/04/18	<b>Red Rock Medical L.L.C.</b>	<b>Hospice Source, LLC</b>	n/a	n/a	n/a
Description:	Hospice Source, LLC has acquired Red Rock Medical, LLC, a distributor of healthcare equipment and supplies to hospices and nursing homes. Red Rock Medical, LLC was founded in 2012 and is based in Oklahoma City, OK.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/29/18	<b>Savillex Corporation</b>	<b>Thompson Street Capital Partners</b>	n/a	n/a	n/a
Description:	Thompson Street Capital Partners has acquired Savillex Corporation, a manufacturer and supplier of products used for pharmaceutical and chemical packaging applications. Savillex Corporation was founded in 1976 and is based in Eden Prairie, MN.				
08/13/18	<b>Universal Hospital Services, Inc.</b>	<b>Federal Street Acquisition (NASDAQ: FSAC)</b>	\$1,740.0	n/a	n/a
Description:	Federal Street Acquisition (NASDAQ: FSAC) has acquired Universal Hospital Services, Inc., a provider of medical equipment and technology management services. Universal Hospital Services, Inc. was founded in 1939 and is based in Minneapolis, MN.				
08/06/18	<b>Bemis Co., Inc. (NYSE:BMS)</b>	<b>Amcort Ltd.</b>	\$6,717.8	1.6x	12.2x
Description:	Amcor Ltd. has acquired Bemis Co., Inc. (NYSE:BMS), a manufacturer and distributor of supplies used to produce packaging for medical and other applications. Bemis Co., Inc. (NYSE:BMS) was founded in 1858 and is based in Neenah, WI.				

## Healthcare Equipment & Supplies

09/26/18	<b>Focal Therapeutics, Inc.</b>	<b>Hologic, Inc. (NasdaqGS:HOLX)</b>	\$125.0	7.8x	n/a
Description:	Hologic, Inc. (NasdaqGS:HOLX) has acquired Focal Therapeutics, Inc., a producer of medical equipment and supplies used in surgical procedures. Focal Therapeutics, Inc. was founded in 2007 and is based in Aliso Viejo, CA.				
09/11/18	<b>Invuity, Inc.</b>	<b>Stryker Corporation (NYSE:SYK)</b>	\$200.3	4.9x	n/a
Description:	Stryker Corporation (NYSE:SYK) has acquired Invuity, Inc., a producer of surgical devices. Invuity, Inc. was founded in 2004 and is based in San Francisco, CA.				
09/06/18	<b>Augmenix, Inc.</b>	<b>Boston Scientific Corporation (NYSE:BSX)</b>	\$600.0	n/a	n/a
Description:	Boston Scientific Corporation (NYSE:BSX) has acquired Augmenix, Inc., a producer of medical supplies used in radiation therapy. Augmenix, Inc. was founded in 2007 and is based in Bedford, MA.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/30/18	<b>K2M Group Holdings, Inc.</b>	<b>Stryker Corporation (NYSE:SYK)</b>	\$1,340.0	4.9x	n/a
Description:	Stryker Corporation (NYSE:SYK) has acquired K2M Group Holdings, Inc., a producer of spinal medical devices. K2M Group Holdings, Inc. was founded in 2004 and is based in Leesburg, VA.				
08/20/18	<b>Cartiva, Inc</b>	<b>Wright Medical Group N.V. (NASDAQ:WMGI)</b>	\$435.0	n/a	n/a
Description:	Wright Medical Group N.V. (NASDAQ:WMGI) has acquired Cartiva, Inc., a producer of orthopedic medical devices. Cartiva, Inc., was founded in 2011 and is based in Alpharetta, GA.				
08/09/18	<b>Veniti, Inc.</b>	<b>Boston Scientific Corporation (NYSE:BSX)</b>	\$108.0	n/a	n/a
Description:	Boston Scientific Corporation (NYSE:BSX) has acquired Veniti, Inc., a developer of medical devices for use in treatment across the venous disease continuum. VENITI, Inc. was founded in 2010 and is based in St. Louis, MO.				
07/20/18	<b>Bovie Medical Corporate (NYSE:BSX)</b>	<b>Symmetry Surgical, Inc.</b>	\$97.0	n/a	n/a
Description:	Symmetry Surgical, Inc. has acquired the core business of Bovie Medical Corporate (NYSE:BSX), a developer of medical devices with facilities in Florida and Bulgaria. Bovie Medical Corporate (NYSE:BSX) was founded in 1982 and is based in Clearwater, FL.				
07/20/18	<b>Claret Medical, Inc.</b>	<b>Boston Scientific Corporation (NYSE:BSX)</b>	\$220.0	n/a	n/a
Description:	Boston Scientific Corporation (NYSE:BSX) has acquired Claret Medical, Inc., a cardiovascular medical device company. Claret Medical, Inc. was founded in 2009 and is based in Santa Rosa, CA.				
07/05/18	<b>Criterion Medical, Inc.</b>	<b>Boston Scientific Corporation (NYSE:BSX)</b>	\$202.0	n/a	n/a
Description:	Boston Scientific Corporation (NYSE:BSX) has acquired Criterion Medical, Inc., a developer of medical devices for the treatment of arterial fibrillation. Criterion Medical, Inc. was founded in 2016 and is based in Carlsbad, CA.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
<b>Healthcare IT</b>					
09/17/18	<b>Healthcare IT business of Aramark (NYSE:ARMK)</b>	<b>TriMedx, LLC</b>	<b>\$300.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	TriMedx, LLC has acquired the healthcare IT business of Aramark (NYSE:ARMK), a provider of management programs for clinical equipment in healthcare facilities. The healthcare IT business of Aramark (NYSE:ARMK) is based in Charlotte, NC.				
09/03/18	<b>Herald Technologies Inc.</b>	<b>Persistent Systems, Inc.</b>	<b>\$5.2</b>	<b>n/a</b>	<b>n/a</b>
Description:	Persistent Systems, Inc. has acquired Herald Technologies Inc., a developer of healthcare IT software. Herald Technologies Inc. was founded in 2015.				
08/27/18	<b>Cotiviti Holdings, Inc.</b>	<b>Verscend Technologies, Inc.</b>	<b>\$4,929.3</b>	<b>6.7x</b>	<b>17.1x</b>
Description:	Verscend Technologies, Inc. has acquired Cotiviti Holdings, Inc., a provider of payment accuracy and spend management solutions to the healthcare sector. Cotiviti Holdings, Inc. was founded in 1979 and is based in Atlanta, GA.				
08/15/18	<b>GreatCall, Inc.</b>	<b>Best Buy Co., Inc. (NYSE:BBY)</b>	<b>\$800.0</b>	<b>2.7x</b>	<b>n/a</b>
Description:	Best Buy Co., Inc. (NYSE:BBY) has acquired GreatCall, Inc., a provider of mobile health and safety devices for older adults and caregivers. GreatCall, Inc. was incorporated in 2005 and is based in San Diego, CA.				
08/02/18	<b>AdvancedMD, Inc.</b>	<b>Global Payments, Inc. (NYSE:GPN)</b>	<b>\$700.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Global Payments Inc. (NYSE:GPN) entered into an agreement to acquire AdvancedMD, Inc., a provider of cloud-based management solutions to medical practices. AdvancedMD, Inc. was founded in 1999 and is based in South Jordan, Utah.				
07/09/18	<b>NueSoft Technologies, Inc.</b>	<b>AdvancedMD Software, Inc.</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Description:	AdvancedMD Software, Inc. has acquired NueSoft Technologies, Inc., a provider of internet-based practice management solutions. NueSoft Technologies, Inc. was founded in 1993 and is based in Marietta, GA.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
<b>Hospital Providers</b>					
09/28/18	<b>Milford Hospital</b>	<b>Yale New Haven Health System</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Description:	Yale New Haven Health System has acquired the Milford Hospital, a not-for-profit acute-care general medical and surgical community hospital. Milford Hospital was founded in 1927 and is based in Milford, CT.				
09/14/18	<b>Einstein Healthcare Network</b>	<b>Jefferson Health</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Description:	Jefferson Health has acquired Einstein Healthcare Network, a not-for-profit operator of hospitals and outpatient centers. Einstein Healthcare Network was founded in 1965 and is based in Philadelphia, PA.				
09/01/18	<b>North Cypress Medical Center</b>	<b>C-HCA, Inc. (NYSE:HCA)</b>	<b>\$148.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	C-HCA, Inc. (NYSE:HCA) has acquired North Cypress Medical Center, a 149-bed hospital in Texas. North Cypress Medical Center was founded in 1989 and is located in Cypress, TX.				
08/31/18	<b>Mission Health</b>	<b>HCA Healthcare (NYSE:HCA)</b>	<b>\$1,500.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	HCA Healthcare (NYSE:HCA) has acquired Mission Health, the largest healthcare system in western North Carolina. Mission Health was founded in 1885 and is based in Asheville, NC.				
08/03/18	<b>Trios Health</b>	<b>RCCH HealthCare Partners</b>	<b>\$78.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	RCCH HealthCare Partners has acquired Trios Health, a regional health system comprised of two hospitals and multiple outpatient sites. Trios Health was founded in 1952 and is based in Kennewick, WA.				
08/13/18	<b>Post Acute Medical Rehabilitation Hospital of Tulsa</b>	<b>The Sanders Trust LLC</b>	<b>\$24.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	The Sanders Trust has acquired Post Acute Medical Rehabilitation Hospital of Tulsa, an inpatient rehab hospital in Oklahoma. Rehabilitation Hospital of Tulsa was founded in 2015 and is based in Tulsa, OK.				
07/23/18	<b>LifePoint Health, Inc. (NASDAQ:LPNT)</b>	<b>RCCH HealthCare Partners</b>	<b>\$5,600.0</b>	<b>0.9x</b>	<b>8.5x</b>
Description:	RCCH HealthCare Partners has acquired LifePoint Health, Inc. (NASDAQ:LPNT), an owner and operator of community hospitals, regional health systems, physician practices, outpatient centers and post-acute facilities across 22 states. LifePoint Health, Inc. (NASDAQ:LPNT) was founded in 1997 and is based in Brentwood, TN.				



Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
07/12/18	<b>Warm Springs Rehab Hospital Kyle</b>	<b>The Sanders Trust LLC</b>	<b>\$27.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	The Sanders Trust has acquired Warm Springs Rehab Hospital Kyle, a two-story, 40-bed rehab hospital. Warm Springs Rehab Hospital Kyle was founded in 2014 and is based in Kyle, TX.				
07/11/18	<b>Ocean Behavioral Health Hospital</b>	<b>CV Mission Critical REIT II, Inc.</b>	<b>\$15.3</b>	<b>n/a</b>	<b>n/a</b>
Description:	CV Mission Critical REIT II, Inc. has acquired Ocean Behavioral Health Hospital, a 48-bed hospital. Ocean Behavioral Health Hospital was founded in 2015 and is based in Katy, TX.				
07/02/18	<b>PAMC, Ltd.</b>	<b>Apollo Medical Holdings, Inc. (NASDAQ: AMEH) and AHMC Healthcare</b>	<b>\$33.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Apollo Medical Holdings, Inc. (NASDAQ: AMEH) and AHMC Healthcare have acquired PAMC, Ltd., a 128-bed not-for-profit hospital. PAMC, Ltd. was established in 1860 and is based in Los Angeles, CA.				

## Long-Term Care / Senior Living

09/24/18	<b>Skilled nursing facility portfolio</b>	<b>Northwind Group</b>	<b>\$182.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	Northwind Group has acquired a SNF portfolio comprised of 7 facilities totaling 110-units and 1,037 beds. The 17 SNFs are located in Ohio and northern Kentucky.				
09/20/18	<b>Crown Point Assisted Living / Memory Care</b>	<b>Bridge Investment Group</b>	<b>\$28.7</b>	<b>n/a</b>	<b>n/a</b>
Description:	Bridge Investment Group has acquired Crown Point Assisted Living / Memory Care, a three-story, 143-unit senior care facility. Crown Point Assisted Living / Memory Care was founded in 2017 and is located in Parker, CO.				
09/20/18	<b>5901 Tamarac LLC</b>	<b>Millennium Management LLC</b>	<b>\$15.4</b>	<b>n/a</b>	<b>n/a</b>
Description:	Millennium Management LLC has acquired 5901 Tamarac LLC, a nursing home owner/operator. 5901 Tamarac LLC was founded in 2018 and is based in Tamarac, FL.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
09/14/18	<b>Maryland-based skilled nursing facility</b>	<b>Local owner / operator</b>	<b>\$17.3</b>	<b>n/a</b>	<b>n/a</b>
Description:	A local owner/operator has acquired a 145-bed SNF with 85% occupancy. The facility was built in 1997 and is located in Burtonsville, MD.				
09/05/18	<b>Courtyard at Mt. Tabor</b>	<b>Strategic Student &amp; Senior Housing Trust</b>	<b>\$92.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Strategic Student & Senior Housing Trust has acquired Courtyard at Mt. Tabor, a 286-unit CCRC running at 94% capacity with a 100% private pay census. Courtyard at Mt. Tabor was founded in 1992 and is located in Portland, OR.				
09/05/18	<b>Villas at Saratoga</b>	<b>CareTrust REIT, Inc. (NasdaqGS:CTRE)</b>	<b>\$19.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	CareTrust REIT, Inc. (NasdaqGS:CTRE) has acquired Villas at Saratoga, an 85-bed skilled nursing and 37-unit assisted living campus. Villas at Saratoga was founded in 1947 and is based in Saratoga, CA.				
08/27/18	<b>Two skilled nursing facilities</b>	<b>Private investor</b>	<b>\$24.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	A private investor has acquired two SNFs totaling 300 beds. The two SNFs were built in 1983.				
08/21/18	<b>Avalon Southwest Health &amp; Rehab</b>	<b>Chicago-based owner/operator</b>	<b>\$15.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	A Chicago-based owner/operator has acquired Avalon Southwest Health & Rehab, a 211-bed SNF. Avalon Southwest Health & Rehab was founded in 1983 and is based in Tucson, AZ.				
08/20/18	<b>Brookdale Battery Park</b>	<b>Ventas, Inc. (NYSE:VTR)</b>	<b>\$194.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Ventas, Inc. (NYSE:VTR) has acquired Brookdale Battery Park, an independent living community in New York. Brookdale Battery Park was founded in 2000 and is based in Manhattan, NY.				
08/15/18	<b>Four assisted living communities</b>	<b>Concepts in Community</b>	<b>\$16.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	Concepts in Community has acquired a portfolio of four assisted living communities totaling 95,414 sqft. The four assisted living communities were founded in 2000 and are based in Oregon and Washington.				
08/15/18	<b>Marymount Greenhills</b>	<b>Cadence Senior Living</b>	<b>\$32.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Cadence Senior Living has acquired Marymount Greenhills, a 158-unit retirement community. Marymount Greenhills was founded in 1986 and is based in Millbrae, CA.				
08/14/18	<b>Two CCRCs</b>	<b>Arcapita</b>	<b>\$100.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Arcapita has acquired two CCRCs comprised of 897 IL/AL/MC units and 174 skilled nursing beds. The two CCRCs are located in Lincolnshire, IL.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
08/08/18	<b>Nine SNFs</b>	<b>Private Equity Investor</b>	<b>\$81.4</b>	<b>n/a</b>	<b>n/a</b>
Description:	An undisclosed private equity investor has acquired nine SNFs comprised of 981 beds across 8 states.				
08/08/18	<b>Oak Pointe of Warrenton</b>	<b>Griffin-American REIT IV</b>	<b>\$8.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Griffin-American REIT IV has acquired Oak Pointe of Warrenton, a 53-unit assisted living community. Oak Pointe of Warrenton was founded in 2000 and is based in Warrenton, MO.				
08/02/18	<b>Watermark Retirement</b>	<b>Keppel Corporation (BNA:SGX)</b>	<b>\$77.3</b>	<b>n/a</b>	<b>n/a</b>
Description:	Keppel Corporation (BNA:SGX) has acquired Watermark Retirement, an operator of 53 senior housing communities across 21 states. Watermark Retirement was founded in 1985 and is based in Tucson, AZ.				
08/02/18	<b>Park Ridge Nursing &amp; Rehab Center</b>	<b>Partnership Buyer</b>	<b>\$8.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	Partnership Buyer has acquired Park Ridge Nursing & Rehab Center, a skilled nursing facility with 94% occupancy. Park Ridge Nursing & Rehab Center was founded in 1965 and is based in Jacksonville, FL.				
07/23/18	<b>The Songbird SNF Portfolio</b>	<b>Griffin-American Healthcare</b>	<b>\$78.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	Griffin-American Healthcare has acquired The Songbird SNF Portfolio, a portfolio of consisting of 23 SNFs and 1 AL facility in Missouri and Illinois.				
07/19/18	<b>ManorCare Health Services (NYSE:QCP)</b>	<b>CareTrust REIT, Inc. (NASDAQ:CTRE)</b>	<b>\$9.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	CareTrust REIT, Inc. (NASDAQ:CTRE) has acquired ManorCare Health Services, a 99-bed SNF formerly operated by HCR ManorCare. ManorCare Health Services was founded in 1999 and is located in Aberdeen, SD.				
07/17/18	<b>Riverside Inn &amp; Saddle Brook</b>	<b>LTC Properties (NYSE:LTC)</b>	<b>\$25.2</b>	<b>n/a</b>	<b>n/a</b>
Description:	LTC Properties (NYSE:LTC) has acquired Riverside Inn & Saddle Brook, two memory care communities in Texas comprised of 88 units and 133 beds.				
07/16/18	<b>Arbor Glen</b>	<b>LCS Holdings, Inc.</b>	<b>\$39.7</b>	<b>n/a</b>	<b>n/a</b>
Description:	LCS Holdings, Inc. has acquired Arbor Glen, a CCRC with 241 units and 64 SNF beds. Arbor Glen was founded in 1996 and is based in Bridgewater, NJ.				

Date	Target	Buyer	Enterprise Value (\$ mm)	Enterprise Value / Revenue	Enterprise Value / EBITDA
07/16/18	<b>Shaker Gardens</b>	<b>New York owner / operator</b>	<b>\$13.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	A New York owner/operator has acquired Shaker Gardens, a CCRC community with 122 AL and 50 SNF beds. Shaker Gardens was founded in 1995 and is based in Shaker Heights, OH.				
07/02/18	<b>Pelican Bay Assisted Living</b>	<b>Griffin-American Healthcare</b>	<b>\$19.5</b>	<b>n/a</b>	<b>n/a</b>
Description:	Griffin-American Healthcare has acquired Pelican Bay Assisted Living, an 81-unit CCRC. Pelican Bay Assisted Living was founded in 2012 and is located in Beaumont, TX.				

## Managed Care

09/27/18	<b>Genoa Healthcare, LLC</b>	<b>UnitedHealth Group, Inc. (NYSE:UNH)</b>	<b>\$2,500.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	UnitedHealth Group, Inc. (NYSE:UNH) has acquired Genoa Healthcare, LLC, a provider of pharmacy services in behavioral health centers across 46 states. Genoa Healthcare, LLC was founded in 2002 and is based in Tukwila, WA.				
09/12/18	<b>NCH Management Systems, Inc.</b>	<b>Evolent Health, Inc. (NYSE:EVH)</b>	<b>\$217.0</b>	<b>n/a</b>	<b>n/a</b>
Description:	Evolent Health, Inc. (NYSE:EVH) has acquired NCH Management Systems, Inc., a specialty care management company focused primarily on cancer and cardiac care. NCH Management Systems, Inc. was founded in 2002 and is based in Wellesley, MA.				
08/17/18	<b>Senior Dental Care, LLC</b>	<b>Serent Capital</b>	<b>n/a</b>	<b>n/a</b>	<b>n/a</b>
Description:	Serent Capital has acquired Senior Dental Care, LLC, a provider of dental care services. Senior Dental Care, LLC was founded in 199 and is based in Blountstown, FL.				

# 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	
<b>Alternate Site <sup>[1]</sup></b>								
AMED	Amedisys, Inc.	\$124.96	98.9%	\$3,978.2	\$4,078.0	2.6x	26.0x	60.4x
DVA	DaVita Inc.	71.63	88.7%	11,955.0	22,757.8	2.0x	9.7x	18.7x
DB:FME	Fresenius Medical Care AG & Co. KGaA	88.90	81.8%	31,505.2	39,277.2	2.0x	11.6x	NM
Mean						2.2x	15.8x	18.7x
<b>Diagnostic Services</b>								
LH	Laboratory Corporation of America Holdings	173.68	91.2%	17,698.0	23,959.4	2.2x	11.5x	13.8x
DGX	Quest Diagnostics Incorporated	107.91	92.6%	14,747.7	18,565.7	2.4x	11.5x	18.6x
RDNT	RadNet, Inc.	15.05	94.4%	726.7	1,343.0	1.4x	10.4x	NM
Mean						2.0x	11.1x	16.2x

[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	
<b>Healthcare Distributors <sup>[2]</sup></b>								
ABC	AmerisourceBergen Corporation	\$92.22	86.8%	\$19,952.4	\$22,506.9	0.1x	9.4x	18.9x
CAH	Cardinal Health, Inc.	54.00	71.3%	16,192.7	23,532.7	0.2x	7.8x	66.7x
HSIC	Henry Schein, Inc.	85.03	97.3%	13,019.1	15,387.3	1.2x	13.7x	32.2x
MCK	McKesson Corporation	132.65	74.2%	26,499.6	35,839.6	0.2x	9.5x	NM
OMI	Owens & Minor, Inc.	16.52	55.5%	1,029.5	2,580.8	0.3x	11.3x	NM
SRCL	Stericycle, Inc.	58.68	76.5%	5,039.9	7,660.7	2.2x	11.2x	30.4x
TMO	Thermo Fisher Scientific Inc.	244.08	99.6%	98,314.5	116,969.5	5.1x	20.2x	41.2x
Mean						1.3x	11.9x	27.2x

Ticker	Company Name	Stock Price	% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
						LTM Revenue	LTM EBITDA	
<b>Healthcare Equipment &amp; Supplies <sup>[3]</sup></b>								
ABT	Abbott Laboratories	\$73.36	99.7%	\$128,696.9	\$146,529.9	5.0x	21.4x	158.2x
BAX	Baxter International Inc.	77.09	98.4%	41,186.6	41,815.6	3.8x	17.8x	46.6x
BDX	Becton, Dickinson and Company	261.00	98.7%	69,834.1	90,687.1	6.1x	21.3x	107.0x
BEAT	BioTelemetry, Inc.	64.45	98.1%	2,109.0	2,272.1	6.5x	27.0x	NM
BSX	Boston Scientific Corporation	38.50	98.4%	53,242.6	59,527.6	6.3x	23.2x	101.6x
JNJ	Johnson & Johnson	138.17	93.2%	370,676.4	384,620.4	4.8x	14.4x	274.9x
MDT	Medtronic plc	98.37	98.2%	132,849.8	147,189.8	4.9x	15.5x	42.4x
SIE	Siemens	110.36	87.7%	91,916.6	115,278.6	1.4x	12.2x	14.2x
Mean						4.8x	19.1x	34.4x

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

[3] ABT, BDX, BSX 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	
<b>Healthcare IT <sup>[4]</sup></b>								
MDRX	Allscripts Healthcare Solutions, Inc.	\$14.25	88.4%	\$2,488.2	\$4,483.8	2.2x	42.2x	NM
ATHN	athenahealth, Inc.	133.60	81.5%	5,411.1	5,452.7	4.2x	22.5x	48.9x
CERN	Cerner Corporation	64.41	87.2%	21,191.2	20,746.5	4.0x	16.1x	25.7x
CPSI	Computer Programs and Systems, Inc.	26.85	77.5%	365.3	502.8	1.8x	14.4x	NM
HMSY	HMS Holdings Corp.	32.81	96.9%	2,738.4	2,890.3	5.1x	24.9x	78.1x
NXGN	NextGen Healthcare, Inc.	20.08	84.6%	1,289.5	1,308.4	2.5x	30.4x	NM
OMCL	Omicell, Inc.	71.90	98.5%	2,823.5	2,976.1	3.9x	41.5x	75.5x
Mean						3.4x	15.5x	37.3x

<b>Hospital Providers <sup>[5]</sup></b>								
CYH	Community Health Systems, Inc.	\$3.46	43.9%	\$390.5	\$14,487.5	1.0x	17.6x	NM
HCA	HCA Healthcare, Inc.	139.12	99.8%	48,141.9	82,284.9	1.8x	9.7x	17.6x
LPNT	LifePoint Health, Inc.	64.40	98.5%	2,490.8	5,410.8	0.9x	8.2x	59.5x
THC	Tenet Healthcare Corporation	28.46	71.6%	2,914.2	19,537.2	1.0x	7.3x	NM
UHS	Universal Health Services, Inc.	127.84	96.4%	11,933.1	15,917.6	1.5x	9.4x	15.0x
Mean						1.3x	8.6x	16.3x

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

[5] CYH has been excluded from mean EBITDA multiple calculation, and LPNT 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	
<b>Long-Term Care / Senior Living</b>								
BKD	Brookdale Senior Living Inc.	\$9.83	88.6%	\$1,844.7	\$6,513.9	1.8x	11.4x	14.7x
CSU	Capital Senior Living Corporation	9.44	56.5%	294.3	1,283.1	2.8x	16.2x	19.4x
DVCR	Diversicare Healthcare Services, Inc.	6.45	52.7%	42.2	125.3	0.2x	4.7x	13.6x
ENSG	The Ensign Group, Inc.	37.92	94.6%	1,973.1	2,221.6	1.1x	13.8x	28.7x
GEN	Genesis Healthcare, Inc.	1.35	47.2%	137.5	4,356.3	0.9x	11.5x	NM
Mean						1.3x	11.5x	19.1x

<b>Managed Care</b>								
AET	Aetna Inc.	\$202.85	98.2%	\$66,352.2	\$67,332.2	1.1x	11.0x	19.1x
ANTM	Anthem, Inc.	274.05	99.3%	71,240.3	86,468.2	1.0x	14.2x	16.7x
CNC	Centene Corporation	144.78	97.7%	29,717.1	29,523.1	0.6x	13.1x	24.6x
CI	Cigna Corporation	208.25	91.7%	50,680.7	52,389.7	1.2x	10.5x	20.3x
ESRX	Express Scripts Holding Company	95.01	98.5%	53,407.1	65,460.8	0.7x	9.1x	11.6x
HUM	Humana Inc.	338.52	99.2%	46,635.7	43,828.7	0.8x	12.8x	35.0x
UNH	UnitedHealth Group Incorporated	266.04	98.1%	256,056.4	277,072.4	1.3x	15.3x	22.1x
Mean						0.9x	12.3x	21.4x

<b>OVERALL HEALTHCARE SECTOR</b>						Mean	2.2x	13.2x	23.8x
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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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