

# Healthcare & Life Sciences

INDUSTRY UPDATE | Q2 2017

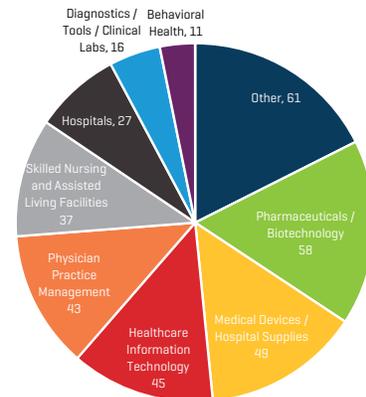
## Congressional Stalemate May Lead to Repeal-Only and Replace Later

Senate Republicans are having difficulty garnering enough votes to pass The Better Care Reconciliation Act (BCRA) of 2017, which is likely a result of the Congressional Budget Office (CBO) forecasting that the bill would: 1) leave 22 million Americans without health insurance, and 2) curtail Medicaid expansion. The House version of healthcare reform, the American Health Care Act (AHCA), had passed the House May 4, 2017.

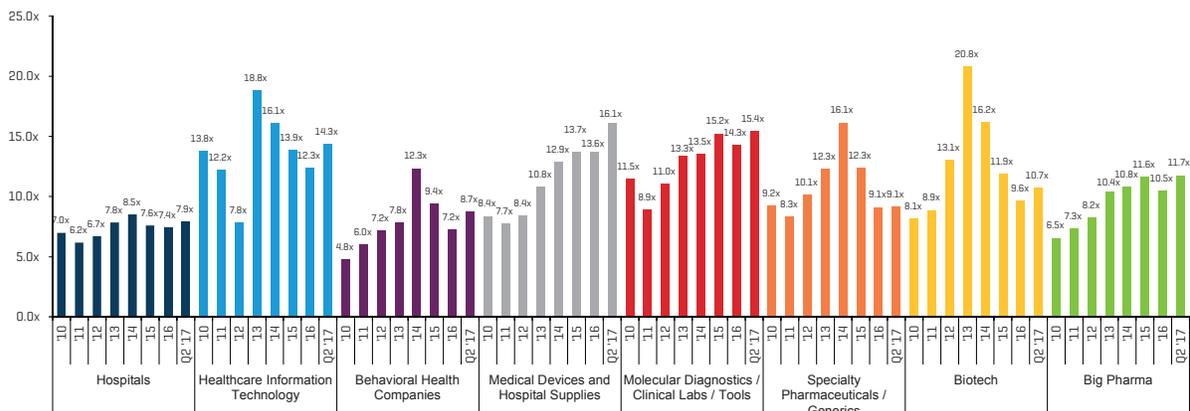
As of this writing, it looks like Senate Republicans may be giving up on replacing Obamacare for now and will attempt to repeal the Affordable Care Act with a two year transition period to avoid disrupting the insurance markets. This approach will provide time to replace Obamacare with a better bill that is thoughtfully debated in consideration of all facts and constituents. A new healthcare bill and its repeal of elements of the Affordable Care Act (ACA) can be passed with a simple majority of the Senate as long as it complies with the budget reconciliation rule.

A repeal of the ACA would still curtail Federal Medicaid funding and expansion and eliminate the mandate that individuals purchase insurance or that employers provide insurance. It would also repeal tax increases that the ACA had established for the federal government to subsidize state Medicaid programs and their expansion.

### TTM M&A VOLUME BY SECTOR



### M&A TRANSACTION ENTERPRISE VALUE / EBITDA MULTIPLES





## About This Piece

This Healthcare Industry Update is authored by John Calcagnini, Managing Director within our Investment Banking group's Healthcare and Life Sciences practice.

## For More Information

### John Calcagnini

Managing Director  
+1.310.598.3857  
jcalcagnini@stoutadvisory.com

### Ellen Rogers

Analyst  
+1.312.763.6636  
erogers@stoutadvisory.com

The move to repeal may put pressure on democrats to come to the table to negotiate a replacement as repeal could lead to loss of coverage or premium levels for persons with pre-existing conditions for example.

Repeal could also mean that states could waive mandated coverage of essential health benefits defined by the Affordable Care Act, such as behavioral health benefits, and could remove a ban on insurance companies placing lifetime caps on benefits. In general, the legislative direction seems to be to push more of the responsibility for who and what is covered back onto the states and their respective insurance agencies.

## Recent Healthcare & Life Sciences Trends

### BIOTECH – CONTINUED STRONG PERFORMANCE

Big Biotech has been a market performer over the last year, up 11.2% in our index, and has rallied with the market since April and May. Big Pharma continues to selectively buy up oncology therapeutics, in some cases in Phase 1 or Phase 2, which is encouraging. The average premium has been 50% to the prior day's close with respect to a broad list of M&A transactions in biotech. Funding continues to be a challenge for smaller biotechs as investors have derisked with the market at higher valuation levels and the IPO market window remains tight.

Smaller biotechs continue to focus on oncology as the large, expensive trials for cardiovascular, CNS (major depressive disorders), and diabetes drugs have relegated them to the domain of Big Pharma.

Investor interest has been focused on immuno-oncology drugs such as PD-1 inhibitors, PD-L1 inhibitors, CTLA-4 inhibitors, and Car T-Cells, where there have been some promising clinical and commercial results. This has largely been the domain of big pharma (Merck, Pfizer, BMS, Astrazeneca, Roche/Genentech, etc.), but smaller biotechs like Kite and Juno are also benefiting from investor enthusiasm for immuno-oncology. Therapeutics for NASH (nonalcoholic steatohepatitis) and anti-infectives/antibiotics continue to be other areas of interest.

## RECENT ONCOLOGY-RELATED BIOTECH M&A TRANSACTIONS

(\$ in millions)

Announced No.	Date	Company	Buyer	Critical Trial Stage <sup>(1)</sup>	Upfront Value <sup>(2)</sup>	Contingent Value <sup>(3)</sup>	Total Transaction Value	LTM Revenue	LTM EBITDA	1-Day Stock Premium	1-Week Stock Premium	1-Mo. Stock Premium
<b>Pre-Revenue</b>												
1.	Jun-17	Debiopharm International SA	ImmunoGen, Inc. [Nasdaq:IMGN]	P2	\$25	\$30	\$55	-	-	-	-	-
2.	Jan-17	Merrimack Pharmaceuticals, Oncology Assets	Ipsen S.A. [ENXTPA:IPN]	P2/P3	575	450	1,025	-	-	-	-	-
3.	Dec-16	Ganymed Pharmaceuticals AG	Astellas Pharma Inc. [TSE:4503]	P2	460	938	1,398	-	-	-	-	-
4.	May-16	Celator Pharmaceuticals, Inc.	Jazz Pharmaceuticals [Nasdaq:SSJAZZ]	P3	1,539	-	1,539	-	(19)	73%	77%	101%
5.	Apr-16	Stemcentrx, Inc.	AbbVie Inc. [NYSE:ABBV]	P1/P2a	5,017	4,308	9,325	-	-	-	-	-
6.	Jan-16	AbVitro LLC	Juno Therapeutics, Inc. [Nasdaq:SSJUNO]	Pre	125	-	125	-	-	-	-	-
7.	Dec-15	Acerta Pharma B.V. <sup>(4)</sup>	AstraZeneca PLC [LSE:AZN]	P3	2,500	1,500	4,000	-	-	-	-	-
8.	Oct-15	Adheron Therapeutics, Inc.	Roche Holding AG [SWX:ROG]	P1/P2a	105	475	580	-	-	-	-	-
9.	Jul-15	cAM Biotherapeutics Ltd	Merck & Co., Inc. [NYSE:MRK]	P1	95	510	605	-	-	-	-	-
10.	May-15	Ambrx, Inc.	WuXi PharmaTech; Shanghai Fosun; Others	P1/P2a	-	-	-	-	-	-	-	-
11.	May-15	IgDraSol Inc.	NantPharma, LLC	P3	90	1,200	1,290	-	-	-	-	-
12.	May-15	STAGE cell therapeutics GmbH	Juno Therapeutics, Inc. [Nasdaq:SSJUNO]	Pre	58	150	208	-	-	-	-	-
13.	Apr-15	Quantical Pharmaceuticals, Inc.	Celgene Corporation [Nasdaq:GS:CELG]	Pre	100	385	485	-	-	-	-	-
14.	Feb-15	Flexus Biosciences, Inc.	Bristol-Myers Squibb Company [NYSE:BMRY]	P1	800	450	1,250	-	-	-	-	-
15.	Jan-15	Dendreon Corp, Substantially All Assets	Valeant Pharmaceuticals Int. [NYSE:VRRX]	P3	495	-	495	-	-	-	-	-
16.	Sep-14	Ambit Biosciences Corporation	Daiichi Sankyo Company, Limited [TSE:4568]	Mkt	350	105	455	9	(28)	89%	84%	105%
17.	Mar-14	AnaptysBio, TIM-3, LAG-3 and PD-1 Products	TESARO Development, Ltd	Pre	17	108	125	-	-	-	-	-
18.	Sep-13	IgDraSol Inc.	Sorrento Therapeutics, Inc. [Nasdaq:QM:SRNE]	P2	35	-	35	-	-	-	-	-
<b>Mean</b>					<b>\$729</b>	<b>\$816</b>	<b>\$1,353</b>	<b>NM</b>	<b>(\$23)</b>	<b>81%</b>	<b>81%</b>	<b>103%</b>
<b>Median</b>					<b>125</b>	<b>450</b>	<b>580</b>	<b>NM</b>	<b>(23)</b>	<b>81%</b>	<b>81%</b>	<b>103%</b>
<b>Min</b>					<b>17</b>	<b>30</b>	<b>35</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>
<b>Max</b>					<b>5,017</b>	<b>4,308</b>	<b>9,325</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>	<b>NM</b>
<b>Revenue-Generating</b>												
19.	Jan-17	ARIAD Pharmaceuticals, Inc.	Takeda Pharmaceuticals U.S.A., Inc.	Mkt	\$5,452	-	\$5,452	\$186	(\$126)	75%	93%	89%
20.	Nov-16	SciClone Pharmaceuticals [Nasdaq:SS:SDLN]	GL Trade Inv.; Ascendent Capital; Others	Mkt	579	-	579	159	39	10%	9%	10%
21.	Mar-15	Pharmacyclics LLC	AbbVie Inc. [NYSE:ABBV]	Mkt	21,053	-	21,053	816	113	21%	19%	57%
22.	Aug-13	Onyx Pharmaceuticals, Inc.	Amgen Inc. [Nasdaq:SS:AMGN]	Mkt	10,010	-	10,010	516	(151)	7%	8%	(5%)
<b>Mean</b>					<b>\$9,273</b>	<b>NM</b>	<b>\$9,273</b>	<b>\$419</b>	<b>(\$31)</b>	<b>28%</b>	<b>32%</b>	<b>38%</b>
<b>Median</b>					<b>7,731</b>	<b>NM</b>	<b>7,731</b>	<b>351</b>	<b>(43)</b>	<b>15%</b>	<b>14%</b>	<b>33%</b>
<b>Min</b>					<b>579</b>	<b>NM</b>	<b>579</b>	<b>159</b>	<b>(151)</b>	<b>7%</b>	<b>8%</b>	<b>(5%)</b>
<b>Max</b>					<b>21,053</b>	<b>NM</b>	<b>21,053</b>	<b>816</b>	<b>113</b>	<b>21%</b>	<b>19%</b>	<b>57%</b>

## RECENT BIOTECH BUYOUT PREMIUMS

(\$ in millions)

No.	Announced Date	Company	Buyer	Enterprise			1-Day	1-Week	1-Month
				Value	LTM Revenue	LTM EBITDA	Premium	Premium	Premium
1	Jan-17	GenVec, Inc.	Intrexon Corporation (NYSE:XDN)	\$8	\$1	(\$7)	45%	7%	100%
2	Jan-17	CoLucid Pharmaceuticals, Inc.	Eli Lilly and Company (NYSE:LLY)	861	-	-	33%	39%	31%
3	Sep-16	Tobira Therapeutics, Inc.	Allergan plc (NYSE:AGN)	1,662	1	(41)	498%	524%	482%
4	Sep-16	Vitae Pharmaceuticals, Inc.	Allergan plc (NYSE:AGN)	528	-	(45)	159%	163%	139%
5	Sep-16	Raptor Pharmaceuticals Corp.	Horizon Pharma (Nasdaq:SS-HZNP)	753	110	(40)	21%	24%	33%
6	Jul-16	Relypsa, Inc.	Vifor Pharma Ltd.	1,432	36	(229)	59%	61%	88%
7	May-16	Celator Pharmaceuticals, Inc.	Jazz Pharmaceuticals (Nasdaq:SS-JAZZ)	1,472	-	(19)	73%	77%	101%
8	May-16	Xenopoint, Inc.	Arbor Pharmaceuticals, LLC	455	48	(70)	60%	60%	43%
9	May-16	Anacor Pharmaceuticals, Inc.	Pfizer Inc. (NYSE:PFE)	4,498	85	(59)	55%	59%	53%
10	Feb-16	Alexza Pharmaceuticals Inc.	Grupo Ferrer Internacional S.A.	115	5	(36)	228%	234%	148%
11	Nov-15	Ocata Therapeutics, Inc.	Astellas US Holding, Inc.	340	-	(28)	91%	82%	81%
12	Nov-15	ZS Pharma, Inc.	Zeneca, Inc.	2,495	-	(101)	43%	39%	39%
13	Nov-15	Dyax Corp.	Shire Pharmaceuticals International	5,599	98	(18)	34%	33%	87%
14	Oct-15	VBI Vaccines Inc.	VBI Vaccines Inc. (Nasdaq:CMVBIV)	74	-	(16)	49%	46%	23%
15	Aug-15	InSite Vision Incorporated	Ranbaxy Inc.	57	4	(11)	100%	94%	90%
16	Jul-15	Receptos, Inc.	Calgene Corporation (Nasdaq:SS-CELG)	7,152	3	(176)	18%	17%	30%
17	Jun-15	Kythera Biopharmaceuticals, Inc.	Allergan plc (NYSE:AGN)	2,026	-	(108)	24%	33%	53%
18	Jun-15	Midatech Pharma US Inc.	Midatech Pharma Plc (AIM:MTPH)	21	2	(9)	50%	58%	54%
19	May-15	Synageva BioPharma Corp.	Alexion Pharmaceuticals, Inc. (Nasdaq:SS-ALXN)	8,312	6	(209)	136%	124%	143%
20	Mar-15	Auspex Pharmaceuticals, Inc.	Teva Pharmaceutical Industries Limited (NYSE:TEVA)	3,341	-	(50)	42%	34%	50%
21	Mar-15	Cellular Dynamics International, Inc.	Fujifilm Medical Systems USA, Inc.	255	17	(28)	108%	106%	204%
22	Jan-15	Foundation Medicine, Inc. (Nasdaq:GS-FMI)	Roche Holdings, Inc.	1,597	61	(46)	109%	123%	132%
23	Dec-14	Avanir Pharmaceuticals, Inc.	Otsuka America, Inc.	3,192	115	(45)	13%	18%	31%
24	Oct-14	Durata Therapeutics, Inc.	Actavis W.C. Holding Inc.	858	10	(63)	66%	76%	54%
25	Sep-14	Ambit Biosciences Corporation	Daiichi Sankyo Company, Limited (TSE:4568)	333	9	(28)	89%	84%	105%
26	Aug-14	InterMune, Inc.	Roche Holding AG (SWX:ROG)	8,369	111	(207)	38%	44%	63%
27	Jun-14	Idenix Pharmaceuticals, Inc.	Merck & Co., Inc. (NYSE:MRK)	3,647	(3)	(122)	239%	255%	379%
28	May-14	Chelsea Therapeutics International Ltd.	H. Lundbeck A/S (CPSE:LUN)	598	-	(21)	29%	29%	21%
29	Feb-14	Cadence Pharmaceuticals Inc.	Mallinckrodt Public Limited Company (NYSE:MNKA)	1,317	113	(26)	28%	32%	38%
30	Jan-14	NuPathe, Inc.	Teva Pharmaceutical Industries Limited (NYSE:TEVA)	270	-	(20)	13%	12%	52%
31	Sep-13	Astex Pharmaceuticals, Inc.	Otsuka America, Inc.	748	80	(0)	3%	24%	62%
32	Jul-13	Optimer Pharmaceuticals, Inc.	Cubist Pharmaceuticals LLC	696	77	(115)	(20%)	(22%)	(26%)
33	Jul-13	Talon Therapeutics, Inc.	Spectrum Pharmaceuticals, Inc. (Nasdaq:SS-SPPI)	233	-	(21)	177%	159%	156%

Mean	\$1,919	\$45	(\$63)	82%	83%	95%
Median	\$858	\$26	(\$41)	50%	58%	62%
Min	\$8	(\$3)	(\$229)	(20%)	(22%)	(26%)
Max	\$8,369	\$115	(\$0)	498%	524%	482%

## HOSPITALS - SHIFTING TO VALUE-BASED REIMBURSEMENT

Hospitals and other healthcare service providers will continue to face reimbursement pressures. They will need to deliver better risk-adjusted health outcomes while operating more cost efficiently to maintain profitability under the value-based payment model put into place by the Affordable Care Act and Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

These laws will provide incentive payments for providers that achieve better health outcomes at a lower cost. The MACRA law only impacts Medicare payments, but commercial payers are following this lead with risk-sharing contracts with providers.

This shift to value-based reimbursement from traditional fee for service (volume-based) will require integrated healthcare systems to better coordinate with physicians and post-acute facilities to manage outcomes and costs. It may also lead to further industry consolidation.

Integrated healthcare service providers are pursuing alternative payment models with commercial payers, such as bundled payment systems (shared savings and shared risk), to improve health outcomes and optimize reimbursement and revenue, while reducing costs associated with readmissions or lengths of stay. This is also likely to lead to further industry consolidation among hospitals, physician groups and other service providers. Managing payer mix, services offered, system providers, and delivery settings will all be important. Having technology and analytics that can evaluate important revenue and cost variables will be critical, hence the high level of strategic and private equity interest in digital health.

## LONG-TERM ACUTE CARE HOSPITALS

Hospital stocks were up 8.6% versus a year ago in our index. This is likely a function of stock market performance and moderating concerns about overly disruptive healthcare reform changes.

Long-term acute care hospitals (LTACs), a subsegment in which companies like Kindred Healthcare compete, have been confronted by reimbursement changes that lower reimbursement for patients who were referred from an acute care hospital but

were not in an ICU, cardiovascular ward, or on a ventilator for 96 hours. This has forced some LTACs to restructure their business models, operations, and debt to survive. In fact, recent bankruptcy filings blame the Medicare rule changes.

Investors have been concerned that many LTACs lease their properties from REITs and could be adversely impacted by escalating rents when revenue per patient is declining. M&A activity in this segment remains active, but it is predominantly strategic acquirers involved and not private equity, which is consistent with what we hear from private equity firms. They are and have been concerned about the reimbursement outlook for LTACs and regular acute care hospitals as well.

## RECENT LTAC PUBLIC COMPANY VALUATIONS

No.	Company Name	Share Price 6/26/2017	Market Capitalization	Enterprise Value	CAGR 2016-2018	Owned RE / LTM Rev	EBITDA Margin		EV / Revenue		Adj EV**		EV / EBITDA	
							2016	LTM	2016	LTM	EBITDA 2016	2016	LTM	
1	Universal Health Services, Inc.	\$ 116.75	\$ 11,161	\$ 15,071	7.0%	78.6%	17.4%	17.1%	1.54x	1.52x	9.1x	8.9x	8.9x	
2	HCA Healthcare, Inc.	87.11	31,642	64,021	5.0%	36.2%	19.7%	19.5%	1.54x	1.53x	N/A	7.8x	7.8x	
3	Community Health Systems, Inc.	9.55	1,042	16,744	(9.8%)	40.9%	10.8%	10.6%	0.91x	0.93x	9.2x	8.4x	8.8x	
4	Tenet Healthcare Corp.	18.77	1,862	19,602	1.9%	41.0%	11.6%	11.2%	1.00x	1.01x	9.1x	8.6x	9.0x	
5	LifePoint Health, Inc.	66.75	2,644	5,593	3.3%	43.9%	11.4%	11.5%	0.88x	0.87x	8.1x	7.7x	7.6x	
6	Select Medical Holdings Corporation	14.85	1,958	5,262	5.0%	19.1%	10.6%	10.8%	1.25x	1.24x	12.0x	11.7x	11.5x	
7	HealthSouth Corporation	48.69	4,357	7,602	7.0%	37.6%	22.5%	22.2%	2.09x	2.05x	9.6x	9.3x	9.2x	
8	Kindred Healthcare, Inc.	11.02	951	4,312	(6.8%)	14.7%	7.6%	7.3%	0.60x	0.60x	9.8x	7.9x	8.3x	
9	Genesis Healthcare, Inc.	1.89	174	4,885	(1.5%)	58.8%	9.2%	9.1%	0.87x	0.88x	10.1x	9.4x	9.7x	
	<b>Max</b>				7.0%	78.6%	22.5%	22.2%	2.09x	2.05x	12.0x	11.7x	11.5x	
	<b>Mean</b>				1.2%	41.2%	13.4%	13.3%	1.19x	1.18x	9.6x	8.9x	9.0x	
	<b>Median</b>				3.3%	40.9%	11.4%	11.2%	1.00x	1.01x	9.4x	8.6x	8.9x	
	<b>Min</b>				(9.8%)	14.7%	7.6%	7.3%	0.60x	0.60x	8.1x	7.7x	7.6x	

In millions of U.S. dollars, except for share price.

Sources: S&P Capital IQ, Inc.

EV = Enterprise Value

CAGR = Compound Annual Growth Rate

RE = Real Estate

NA = Not Available

n/m = Not Meaningful

\*Book value of owned real estate represents latest available data

\*\* Adjusted Enterprise Value add-back capitalized lease expenses which are assumed to be capitalized at an 8% rate

**2016 MEDIAN VALUATION:**

**8.6X EBITDA**

**9.4X EBITDAR\*\***

## RECENT U.S.-BASED LTAC M&A TRANSACTIONS

(\$millions)												
No.	Announced Date	Target	Buyers/Investors	Implied EV	EV/ Revenue	EV/ EBITDA	EV/ Margin	EBITDA				
1.	23-May-17	Carrus Specialty Hospital And Carrus Rehabilitation Hospital	Global Medical REIT, Inc. (NYSE:GMRE)	\$ 26	-	-	-	NA				
2.	08-Mar-17	HealthEast Care System LLC	Fairview Health Services, Inc.	-	-	-	-	NA				
3.	04-Oct-16	Reliant Senior Care Management Inc.	Priority Healthcare Group	-	-	-	-	NA				
4.	28-Sep-16	Legacy Care LLC	LGS Medical Services Group	-	-	-	-	NA				
5.	23-Jun-16	West Park Rehabilitation Center, Skilled Nursing and Memory Care	The Macintosh Company, Inc.	-	-	-	-	NA				
6.	30-May-16	Vanguard of Crestview, LLC	Skyline Healthcare, LLC	2.7	-	-	-	NA				
7.	06-Apr-16	Legend Healthcare, LLC	The Ensign Group, Inc. (NasdaqGS:ENSG)	-	-	-	-	NA				
8.	16-Mar-16	Atrium Post Acute Care of Oconto Falls	Atrium Health and Senior Living	-	-	-	-	NA				
9.	16-Feb-16	The Oaks at Denville	Springpoint Senior Living, Inc.	-	-	-	-	NA				
10.	09-Feb-16	Laurel Health Care Company	Ciena Healthcare Management, Inc.	-	-	-	-	NA				
11.	09-Feb-16	The Laurels of Huber Heights, LLC	-	15.7	-	-	-	NA				
12.	22-Jan-16	Birch Manor Rehabilitation and Skilled Nursing Center	Priority Healthcare Group	-	-	-	-	NA				
13.	22-Jan-16	Kennedy Health System, Inc.	Jefferson Health System, Inc.	-	-	-	-	NA				
14.	04-Nov-15	Specialty Hospital of Washington LLC	BridgePoint Healthcare LLC	-	-	-	-	NA				
15.	20-Jul-15	James Square Health and Rehabilitation Centre	Investment 360 L.L.C	-	-	-	-	NA				
16.	10-Jul-15	Hillcrest Raleigh at Crabtree Valley Rehab and Healthcare	Hillcrest Convalescent Center, Inc.	15.5	-	-	-	NA				
17.	13-May-15	Rosewood Rehabilitation and Nursing Center	Investment 360 L.L.C	10.9	-	-	-	NA				
18.	07-Apr-15	Avamere Rehabilitation of Cascade Park	Avamere Family of Companies Inc.	-	-	-	-	NA				
19.	31-Mar-15	Northgate Healthcare Services Corporation	Synergy Health Centers LLC	-	-	-	-	NA				
20.	17-Mar-15	CSH Master Care USA Inc.	HCP, Inc. (NYSE:HCP); Brookdale Senior Living Inc. (NYSE:BKD)	849.0	-	-	-	NA				
21.	22-Feb-15	Greenwich Woods Limited Partnership	-	15.0	-	-	-	NA				
22.	21-Feb-15	Warm Springs Specialty Hospital of San Antonio, LLC	Citizens Medical Center	-	-	-	-	NA				
23.	02-Dec-14	Beeghly Oaks Operating, LLC	CareRite Centers, LLC	2.9	-	-	-	NA				
24.	07-Nov-14	Extendicare Holdings, Inc.	Formation Capital; NorthStar Healthcare and Asset Management Group; Safanad	870.0	0.8x	10.4x	7%					
25.	06-Nov-14	Homestead Long Term Care Management LLC	Trinity Healthcare, LLC	-	-	-	-	NA				

## RECENT U.S.-BASED LTAC M&A TRANSACTIONS, CONT.

(\$millions)

Announced No.	Date	Target	Buyers/Investors	Implied EV	EV/Revenue	EV/EBITDA	EBITDA Margin
26.	20-Oct-14	Comprehensive Health Solutions, P.C.	IPC Healthcare, Inc.	-	-	-	NA
27.	09-Oct-14	Gentiva Health Services Inc.	Kindred Healthcare, Inc. (NYSE:KND)	1,835.4	0.9x	11.9x	8%
28.	09-Oct-14	Symphony of Evanston, LLC	Symphony Post Acute Network	-	-	-	NA
29.	28-Aug-14	1125 Sir Francis Drake Boulevard Operating Company, Lic	MedEquities Realty Trust, Inc. (NYSE:MRT)	51.0	-	-	NA
30.	18-Aug-14	Skilled Healthcare Group, Inc.	Genesis Healthcare, Inc. (NYSE:GEN)	-	-	-	NA
31.	07-Aug-14	GeriCare LLC	IPC Healthcare, Inc.	-	-	-	NA
32.	28-Jul-14	Deer Meadows Retirement Community	Investment 360 L.L.C	30.3	-	-	NA
33.	10-Jul-14	Juniper Village at Brookline	Juniper Communities, LLC	35.5	-	-	NA
34.	04-Jun-14	Sunnyside Operations LLC	Avamere Family of Companies Inc.	-	-	-	NA
35.	30-May-14	Westgate Center for Health and Rehabilitation, LLC	National Health Care Associates, Inc.	-	-	-	NA
36.	21-May-14	Specialty Hospitals of America, LLC	Silver Point Capital L.P.	15.0	-	-	NA
37.	08-May-14	Total InPatient Services, P.A.	IPC Healthcare, Inc.	-	-	-	NA
38.	03-Apr-14	Westmount Health Facility	Centers Health Care, LLC	2.3	-	-	NA
39.	03-Apr-14	Diversicare Rose Terrace LLC	-	16.5	-	-	NA
40.	05-Mar-14	Blue Ridge Health Care Center	West Coast Commonwealth Partners, LLC	10.5	-	-	NA
41.	25-Feb-14	Restora Healthcare Company, LLC	Healthcare FG AcuityHealthcare; American Realty Capt.; HealthCap; Tutera & Co.	5.0	-	-	NA
42.	15-Feb-14	Squirrel Hill Operating, LLC	CareRite Centers, LLC	8.0	-	-	NA
43.	14-Feb-14	Newport Specialty Hospital	Alta Hospitals System, LLC	-	-	-	NA
44.	06-Feb-14	The Villages of Orleans Health & Rehabilitation Center	Comprehensive Healthcare Management Services LLC	7.8	-	-	NA
45.	05-Feb-14	Network Geriatric Services, PA	Extended Care Physicians, PA	-	-	-	NA
46.	03-Feb-14	Karissa Court Healthcare Facility	Aviv REIT, Inc.	15.9	-	-	NA
47.	31-Dec-13	Batavia Health Care Center, LLC	-	-	-	-	NA
48.	06-Dec-13	Rainbow Health & Rehab Of Memphis, LLC	OHI Asset, LLC	13.5	-	-	NA
49.	20-Sep-13	Warm Springs Rehabilitation Hospital of Westover Hills	Carter/Validus Operating Partnership, LP	25.8	-	-	NA
50.	19-Sep-13	Harden Healthcare, LLC	Gentiva Health Services Inc.	408.8	0.9x	-	NA

<b>Max</b>	1,835.4	0.9x	11.9x
<b>Mean</b>	178.7	0.8x	11.2x
<b>Median</b>	15.6	0.9x	11.2x
<b>Min</b>	2.3	0.6x	10.4x

## HEALTHCARE INFORMATION TECHNOLOGY – A DYNAMIC AND EMERGING LANDSCAPE

With the healthcare payment system transitioning from volume-based fee for service to value-based reimbursement, healthcare providers will need greater and different healthcare information tools and analytics to truly understand how to get superior outcomes at the lowest cost.

This will be critical if they want to secure greater revenue-sharing rewards from payers and boost their own revenue and profitability. A better understanding of which procedures and physicians have the best cost-based outcomes will be vital. Value-based reimbursement is designed to rein in spiraling healthcare costs for the nation, and reimbursement pressures on providers will continue for the foreseeable future. Thus, they will need to learn to operate their Medicare business efficiently and be strategic in managing their commercial mix of services, as well.

Healthcare Information Technology encompasses an eclectic group of companies or subsegments and represents an exciting segment that is destined to grow rapidly and also see a lot of consolidation activity. New coding requirements imposed by the Affordable Care Act and MACRA will mean changes to billing systems and will impact revenue cycle management. Telemedicine is an exciting opportunity where reimbursement is expanding, new business models are emerging, and companies like TelaDoc and Plushcare compete. Precision medicine, where a patient's treatment is tailored to their personal genetic profile, will grow, along with bioinformatics as sharing of data-intensive records among providers will be necessary. Electronic medical records and their security are an element of the equation, as well.

Some other segments of interest include online health insurance providers and companies that help pharmaceutical companies target prescriptions to physicians and their patients.





## BEHAVIORAL HEALTH - A LARGE, GROWING, AND UNDERSERVED MARKET

Behavioral health broadly, and substance abuse treatment centers specifically, remains one of our favorite segments for investment. We see this profitable and fragmented industry growing as the opioid epidemic and regulatory changes and public policy drive growth in covered lives and treatment service options.

M&A activity in the substance abuse treatment center industry is bouncing back in 2017 after a lull in 2016. We are getting a lot of private equity and strategic interest in geographic rollup strategies. An increase in reimbursement and eligibility for state Medicaid programs began its rollout in the second quarter of 2017, but it will be interesting to see what happens if the ACA is repealed. This could potentially be very disruptive for the industry, as could the elimination of essential healthcare benefits. However, our view is that this is an underserved market and that periodic weakness in the sector may just be an opportunity to invest in what looks to be a growing industry for many years to come.

RECENT STOUT REPORT:

### Behavioral Health Industry Update

Interested in learning more about the latest behavioral health trends? Our Investment Banking group recently published a special report filled with timely, data-rich insights relating specifically to substance abuse treatment.

View the full report here: [www.googl/LCtN6h](http://www.googl/LCtN6h)

## M&A TRANSACTIONS - SUBSTANCE ABUSE TREATMENT CENTERS

No.	Announced Date	Target	Buyers/Investors	Implied EV (\$ millions)	EV/Revenue	EV/EBITDA	
1.	May-15	The Oxford Centre, Inc.	American Addiction Centers, Inc.	\$35.0	2.9x	6.3x	
2.	Jan-15	Clinical Services of Rhode Island, Inc.	AAC Holdings, Inc. (NYSE:AAC)	1.8	1.5x	9.2x	
3.	Oct-14	CRC Health Group, Inc.	Acadia Healthcare Company, Inc. (NasdaqGS:ACHC)	1,207.7	2.8x	13.4x	
4.	Jun-14	Partnerships in Care Limited	Acadia Healthcare Company, Inc. (NasdaqGS:ACHC)	662.0	2.3x	8.8x	
5.	Mar-14	Family Help & Wellness	Trinity Hunt Partners	NA	-	6.5x	
6.	Nov-12	Behavioral Centers of America, LLC	Acadia Healthcare Company, Inc. (NasdaqGS:ACHC)	149.9	2.5x	13.5x	
7.	Mar-11	Youth and Family Centered Services, Inc	Acadia Healthcare Company, Inc. (NasdaqGS:ACHC)	258.8	1.0x	5.6x	
				<b>Average</b>	\$385.9	2.2x	9.0x
				<b>Median</b>	204.3	2.4x	8.8x
				<b>Maximum</b>	1,207.7	2.9x	13.5x
				<b>Minimum</b>	1.8	1.0x	5.6x

**MEDIAN REVENUE MULTIPLE: 2.4X**  
**MEDIAN EBITDA MULTIPLE: 8.8X**

## MEDICAL DEVICES AND HOSPITAL SUPPLIES - SLOWED GROWTH BUT PROMISING NEW ENTRANTS

Medical device stocks have been the top performer in healthcare, up 14.6% from a year ago on strong financial performance and some large acquisitions at premium prices, such as the Becton Dickinson purchase of C.R. Bard. The medical device segment has seen growth and innovation slow somewhat from the early adoption of minimally invasive surgery, interventional cardiology, neuroradiology, Botox and Restylane, breast implants, and cervical and lumbar discs. But there continues to be exciting areas of growth and/or promise in diabetes (insulin pumps and continuous glucose monitoring), robotic surgery, structural heart disease (transcatheter valves), exoskeletons, aesthetic medicine (body contouring), presbyopia (Acu-focus, Glaukos, Presbyia and Revision Optics) and sensors/remote monitoring.

## SPECIALTY PHARMACEUTICALS/GENERICS - CONTINUED FOCUS ON PRICING

Valeant/Philidor and the Turing Pharmaceuticals fiascos have done this group no favor, as it has put pricey reformulated drugs in the crosshairs of regulators, patient advocacy groups, and payers alike. Well-publicized attacks on Mylan over the EpiPen pricing and Mallinckrodt have also put pressure on the group, and actually led to discounting. Endopharmaceutical's withdrawal of pain medication Opana from the market at the request of the FDA has also been a negative for the stocks. Specialty pharma has been the worst performer amongst our indices, down 9.8% from a year ago.

## RECENT U.S. AND INTERNATIONAL SPECIALTY PHARMACEUTICAL COMPANY M&A TRANSACTIONS

\$ in millions

No.	Date	Company	Buyer	Enterprise		LTM		EV / LTM	
				Value	Revenue	EBITDA	Margin	Revenue	EBITDA
1.	Jul-16	Sagent Pharmaceuticals	Nichi-Iko Pharmaceuticals	\$ 736	\$ 298	\$ 13	4.2%	2.5x	NM
2.	Feb-16	Meda AB	Mylan N.V.	9,881	2,322	759	32.7%	4.3x	13.0x
3.	Nov-15	Poli Group Holding S.r.l.	Almirall, S.A.	\$ 423	\$ 90	\$ -	NM	4.7x	NM
4.	May-15	Par Pharmaceutical Holdings, Inc.	Endo International plc	10,203	1,379	471	34.2%	7.4x	21.7x
5.	Feb-15	Salix Pharmaceuticals Ltd.	Valeant Pharmaceuticals International	14,838	1,134	155	13.7%	13.1x	NM
6.	Nov-14	Omega Pharma Invest NV	Perrigo Company plc	4,518	1,585	-	NM	2.9x	NM
7.	Sep-14	KV Pharmaceutical	AMAG Pharmaceuticals	600	130	-	NM	4.6x	NM
8.	Jul-14	Rottapharm S.p.A.	Meda AB	3,012	738	196	26.5%	4.1x	15.4x
9.	May-14	VersaPharm Incorporated	Akorn, Inc.	440	64	-	NM	6.9x	NM
10.	Apr-14	Questcor Pharmaceuticals, Inc.	Mallinckrodt Public Limited Company	5,300	891	517	58.0%	5.9x	10.3x
11.	Mar-14	Revive Pharmaceuticals, Donnatal	Concordia International Corp.	265	49	40	81.9%	5.4x	6.6x
12.	Feb-14	Cadence Pharmaceuticals Inc.	Mallinckrodt Public Limited Company	1,317	113	(26)	NM	11.7x	NM
13.	Feb-14	Galderma Pharma SA	Nestlé S.A.	7,481	2,235	-	NM	3.3x	NM
14.	Jan-14	NuPathe, Inc.	Teva Pharmaceutical Industries Limited	270	-	(19)	NM	NM	NM
15.	Nov-13	Santarus, Inc.	Salix Pharmaceuticals, Inc	1,986	338	82	24.1%	5.9x	24.4x
16.	Nov-13	Paladin Labs Inc.	Endo International plc	1,522	263	85	32.2%	5.8x	18.0x
17.	May-13	Doc Generici s.r.l.	Charterhouse Capital Partners LLP	387	174	-	NM	2.2x	NM
18.	May-13	Warner Chilcott plc	Allergan plc	8,431	2,449	1,341	54.8%	3.4x	6.3x
19.	Mar-13	Obagi Medical Products, Inc.	Valeant Pharmaceuticals International, Inc.	405	121	21	17.2%	3.4x	19.5x
20.	Jan-13	MAP Pharmaceuticals, Inc.	Allergan, Inc.	848	4	(56)	NM	NM	NM
21.	Nov-12	Healthpoint, Ltd.	Smith & Nephew, Inc.	782	151	-	NM	5.2x	NM
22.	Sep-12	Medicis Pharmaceutical Corporation	Valeant Pharmaceuticals International, Inc.	2,329	764	191	25.1%	3.0x	12.2x
23.	Dec-10	Q-Med AB	Galderma Pharma SA	1,040	225	57	25.4%	4.6x	18.2x
24.	Aug-10	Penwest Pharmaceuticals Co.	Endo International plc	155	36	15	43.1%	4.4x	10.1x
25.	Jan-10	BioForm Medical, Inc.	Merz GmbH & Co. KGaA	208	74	(0)	NM	2.8x	NM
26.	Sep-08	Mentor Corporation	Johnson & Johnson	1,120	382	84	21.8%	2.9x	13.4x
27.	Feb-08	CollaGenex Pharmaceuticals, Inc.	Galderma Laboratories, L.P.	321	64	(9)	NM	5.0x	NM
28.	Oct-06	Connetics Corporation	Stiefel Laboratories, Inc.	696	150	(9)	NM	4.6x	NM
29.	Nov-05	Inamed	Allergan plc	3,372	429	112	26.2%	7.9x	30.0x
<b>Mean</b>				\$ 2,858	\$ 595	\$ 259	32.6%	5.1x	15.6x
<b>Median</b>				1,040	244	99	26.4%	4.6x	14.4x
<b>Min</b>				155	4	13	4.2%	2.2x	6.3x
<b>Max</b>				14,838	2,449	1,341	81.9%	13.1x	30.0x

Source: S&P Capital IQ

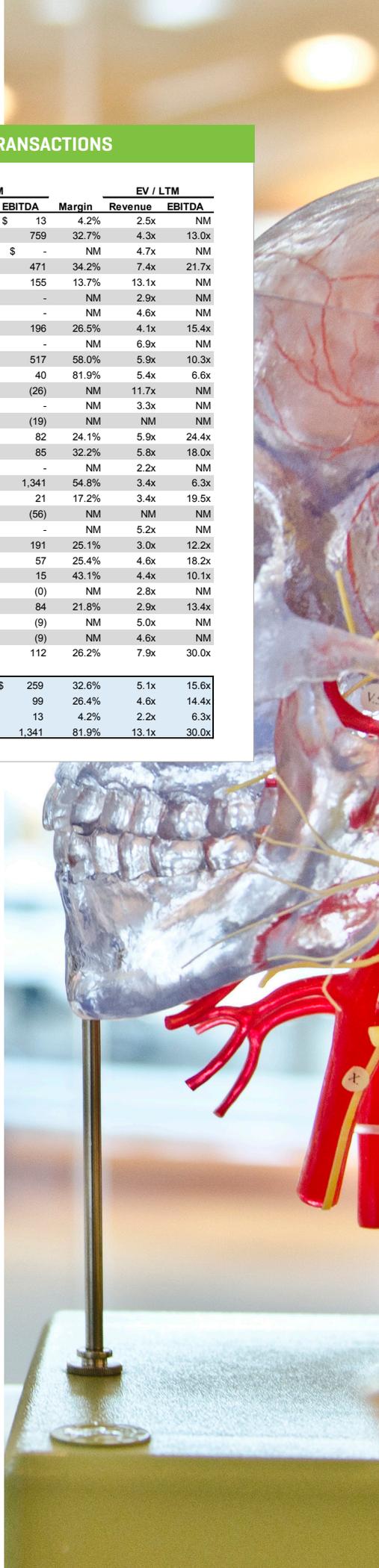
### MOLECULAR DIAGNOSTICS/CLINICAL LABS/TOOLS - LARGE LABS ARE EXPECTED TO DOMINATE

It's going to be tough for smaller molecular diagnostic labs to compete going forward. Only those with proprietary specialized tests for a subspecialty (for example, central nervous system disorders) are likely to survive on their own. As a result, we have seen consolidation that will likely continue. It will be a daunting task to compete with large, well-heeled CLIA labs and/or instrument manufacturers, such as Roche/Foundation Medicine or NantHealth, that have now developed much more sophisticated biomarker tests that look at a broad range of oncogenes designed for precision or personalized diagnostics.

Reimbursement cuts have hit areas like pharmaco-genomics hard, but those are areas that seem quite promising for the future. Personalized diagnostics (matching the right drug or drug combination to the right patient based on genetic profile) are the future, so this is an emerging area of interest. Manufacturers like GenMark are moving respiratory diagnoses to the point of care, and this model seems to be working.

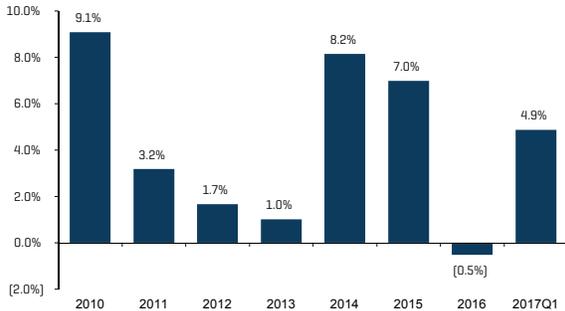
### BIG PHARMA - GLOBAL MIX OF BUSINESS AND PATIENT DEMAND SHOULD DRIVE CONTINUED GROWTH

The Trump Administration threats to put drugs out for bid for Medicare, concerns about many having domiciled outside the U.S., and patent expirations continue to dog this group. But they continue to chug along in the stock market (up 3% from a year ago) given their volume growth, stability, global market position, and proprietary drugs and development pipelines.

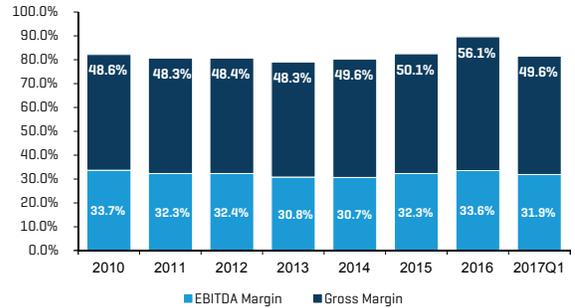


# Appendix: Additional Relevant Data

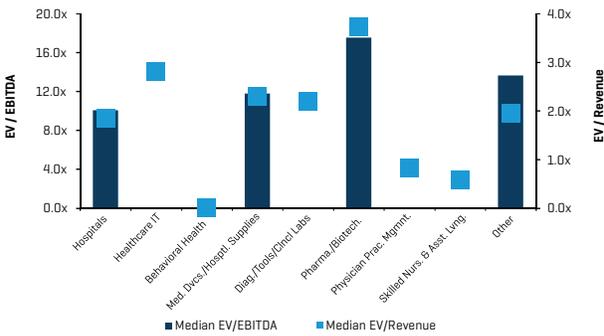
## MEDIAN INDUSTRY SUBSECTOR REVENUE GROWTH



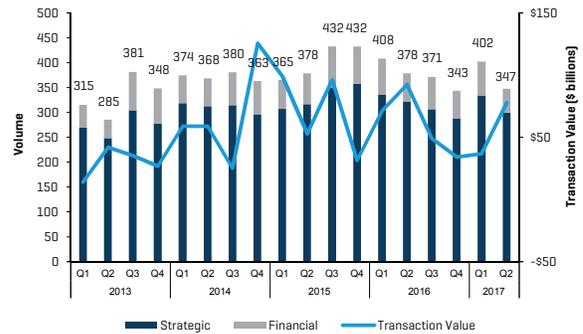
## MEDIAN SUBSECTOR GROSS PROFIT & EBITDA MARGIN



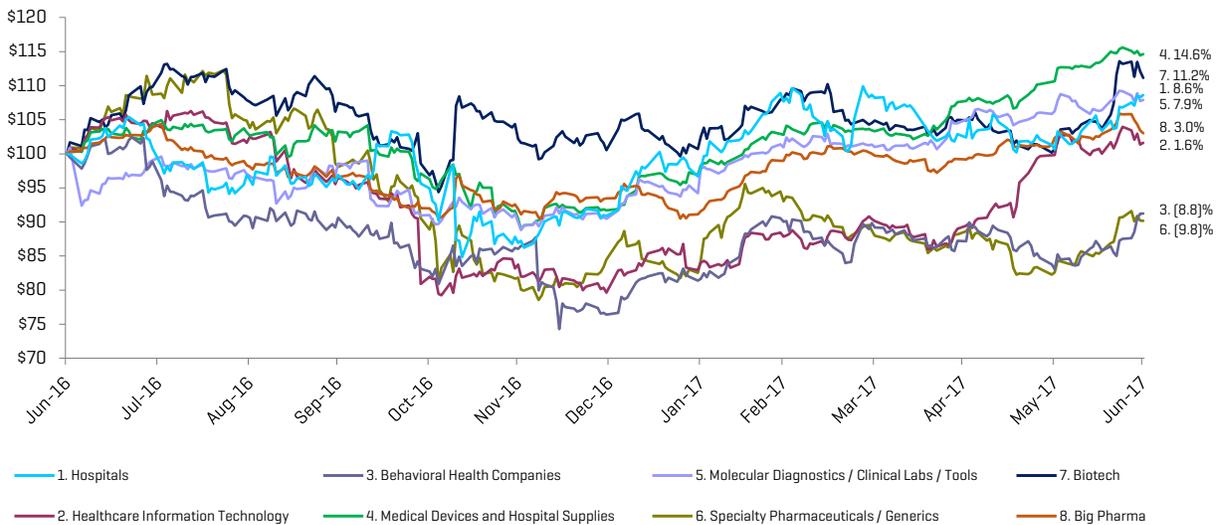
## MEDIAN TRANSACTION MULTIPLES



## QUARTERLY U.S. M&A DEAL VOLUME & VALUE



## HEALTHCARE INDICES BY SUBSECTOR (LTM)



## HEALTHCARE PUBLIC COMPANY ANALYSIS

(\$ millions, except share data)	Ticker	Share Price		Ent. Value <sup>(b)</sup>	LTM Margins		LTM Revenue	EV /		Debt / EBITDA	
		6/30/17	% 52 High		Gross	EBITDA		LTM EBITDA	2016E EBITDA		
<b>Hospitals</b>											
	Community Health Systems, Inc.	CYH	\$9.96	73.3%	\$16,814.7	36.8%	10.6%	0.94x	8.9x	8.2x	8.1x
	HCA Holdings, Inc.	HCA	87.20	95.8%	64,373.1	37.6%	19.5%	1.54	7.9	7.6	3.9
	Kindred Healthcare, Inc.	KND	11.65	92.8%	4,359.0	42.1%	7.3%	0.61	8.4	4.8	6.5
	LifePoint Health, Inc.	LPNT	67.15	94.6%	5,659.9	32.3%	11.5%	0.88	7.7	7.1	3.9
	Quorum Health Corporation	QHC	4.15	35.8%	1,373.6	35.6%	4.0%	0.65	16.2	9.2	15.6
	Select Medical Holdings Corporation	SEM	15.35	98.4%	5,341.7	18.8%	10.8%	1.26	11.7	9.7	6.1
	Tenet Healthcare Corp.	THC	19.34	60.7%	19,684.3	36.0%	11.2%	1.02	9.1	7.7	7.0
	<b>Group Median</b>			92.8%	\$5,659.9	36.0%	10.8%	0.94x	8.9x	7.7x	6.5x
	<b>Group Mean</b>			78.8%	16,800.9	34.2%	10.7%	0.98	10.0	7.8	7.3
<b>Healthcare Information Technology</b>											
	Allscripts Healthcare Solutions, Inc.	MDRX	\$12.76	84.1%	\$3,978.9	49.2%	9.5%	2.46x	25.9x	11.4x	8.7x
	athenahealth, Inc.	ATHN	140.55	94.0%	5,784.4	51.0%	10.1%	5.20	51.5	22.0	2.5
	Cerner Corporation	CERN	66.47	95.9%	21,981.9	85.3%	28.0%	4.55	16.3	12.9	0.4
	Evolent Health, Inc.	EVH	25.35	92.2%	1,592.3	38.8%	(16.4%)	5.12	NM	NA	NA
	Inovalon Holdings, Inc.	INOV	13.15	65.6%	1,645.5	64.1%	18.8%	3.80	20.2	15.3	3.2
	McKesson Corporation	MCK	164.54	82.5%	42,060.0	5.7%	2.2%	0.21	9.7	9.8	2.0
	NantHealth, Inc.	NH	4.23	26.8%	581.7	38.5%	(142.1%)	5.62	NM	NA	NA
	Omnicell, Inc.	DMCL	43.10	96.6%	1,769.9	45.1%	6.5%	2.63	40.3	20.4	4.9
	OptimizeRx Corporation	OPRX	1.03	85.8%	23.9	52.1%	(23.8%)	2.94	NM	NA	NA
	Quality Systems, Inc.	QSIJ	17.21	98.1%	1,057.4	56.2%	11.5%	2.07	18.0	13.4	0.3
	Teladoc, Inc.	TDOC	34.70	94.0%	1,765.7	74.0%	(31.0%)	12.69	NM	NA	NA
	Veeva Systems Inc.	VEEV	61.31	90.1%	7,904.3	68.8%	24.3%	13.58	55.9	37.2	0.0
	<b>Group Median</b>			91.1%	\$1,767.8	51.5%	8.0%	4.18x	23.1x	14.3x	2.2x
	<b>Group Mean</b>			83.8%	7,512.2	52.4%	(8.5%)	5.07	29.7	17.8	2.7
<b>Behavioral Health Companies</b>											
	AAC Holdings, Inc.	AAC	\$6.93	28.4%	\$348.2	35.4%	10.4%	1.31x	12.7x	6.7x	7.2x
	Acadia Healthcare Company, Inc.	ACHC	49.38	86.2%	7,592.5	41.0%	20.4%	2.64	13.0	12.0	5.6
	Magellan Health, Inc.	MGLN	72.90	86.1%	2,083.2	5.8%	4.9%	0.41	8.5	6.3	2.6
	The Providence Service Corporation	PRSC	50.61	99.1%	677.1	8.2%	4.5%	0.42	9.4	11.1	0.0
	Universal Health Services, Inc.	UHS	122.08	88.0%	15,713.9	42.3%	17.1%	1.58	9.2	8.7	2.3
	<b>Group Median</b>			86.2%	\$2,083.2	35.4%	10.4%	1.31x	9.4x	8.7x	2.6x
	<b>Group Mean</b>			77.6%	5,283.0	26.6%	11.5%	1.28	10.6	9.0	3.6
<b>Medical Devices and Hospital Supplies</b>											
	Abbott Laboratories	ABT	\$48.61	98.0%	\$99,742.5	57.3%	21.4%	4.47x	20.9x	14.4x	5.0x
	Baxter International Inc.	BAX	60.54	98.4%	32,831.7	42.8%	20.8%	3.20	15.4	14.2	1.3
	Boston Scientific Corporation	BSX	27.72	97.2%	43,317.8	70.7%	25.9%	5.05	19.5	17.4	2.5
	Becton, Dickinson and Company	BDX	195.11	99.2%	54,105.8	48.6%	25.9%	4.39	16.9	16.0	3.2
	C. R. Bard, Inc.	BCR	316.11	99.7%	23,815.4	62.8%	30.8%	6.30	20.5	18.3	1.5
	Edwards Lifesciences Corporation	EW	118.24	97.1%	24,736.8	73.6%	32.0%	7.85	24.6	22.6	0.8
	ICU Medical, Inc.	ICUI	172.50	98.2%	3,288.6	43.7%	19.4%	6.25	32.2	18.9	0.7
	Medtronic plc	MDT	88.75	98.9%	140,479.6	68.9%	31.0%	4.73	15.2	14.4	3.6
	Stryker Corporation	SYK	138.78	95.3%	55,764.1	66.3%	27.4%	4.73	17.3	16.2	2.2
	Zimmer Biomet Holdings, Inc.	ZBH	128.40	96.4%	36,365.2	73.3%	36.2%	4.69	12.9	12.2	4.1
	<b>Group Median</b>			98.1%	\$39,841.5	64.6%	26.7%	4.73x	18.4x	16.1x	2.4x
	<b>Group Mean</b>			97.9%	51,444.7	60.8%	27.1%	5.17	19.5	16.5	2.5
<b>Molecular Diagnostics / Clinical Labs / Tools</b>											
	Danaher Corporation	DHR	\$84.39	82.1%	\$69,728.5	55.6%	24.3%	4.06x	16.7x	16.6x	2.9x
	GenMark Diagnostics, Inc.	GNMK	11.83	86.5%	628.27	57.3%	(89.9%)	12.38	NM	NA	NA
	Hologic, Inc.	HOLX	45.38	97.0%	14,872.29	65.1%	35.0%	5.14	14.69	14.22	3.27
	illumina, Inc.	ILMN	173.52	91.6%	24,670.92	70.1%	28.0%	10.18	36.35	31.56	1.56
	Laboratory Corporation of America Holdings	LH	154.14	99.6%	21,339.62	33.6%	19.4%	2.23	11.53	10.65	3.20
	Luminex Corporation	LMNX	21.12	88.9%	841.25	65.8%	17.7%	2.95	16.67	13.98	0.00
	Myriad Genetics, Inc.	MYGN	25.84	78.4%	1,754.88	77.7%	16.2%	2.32	14.31	13.60	1.96
	NeoGenomics, Inc.	NEO	8.96	90.7%	835.35	44.9%	11.1%	3.39	30.60	20.73	4.07
	PerkinElmer, Inc.	PKI	68.14	98.9%	8,264.59	47.9%	19.2%	3.88	20.17	17.80	2.57
	Quest Diagnostics Incorporated	DGX	111.16	99.4%	18,772.52	38.7%	18.8%	2.49	13.20	12.12	2.69
	Thermo Fisher Scientific Inc.	TMO	174.47	98.6%	84,729.44	46.4%	25.0%	4.52	18.08	16.76	3.67
	<b>Group Median</b>			91.6%	\$14,872.3	55.6%	19.2%	3.88x	16.7x	15.4x	2.8x
	<b>Group Mean</b>			92.0%	22,403.4	54.8%	11.3%	4.87	19.2	16.8	2.5
<b>Specialty Pharmaceuticals / Generics</b>											
	Allergan plc	AGN	\$243.09	93.0%	\$109,384.3	87.4%	39.3%	7.42x	18.9x	14.0x	5.5x
	Diplomat Pharmacy, Inc.	DPLO	14.80	38.0%	1,114.71	7.4%	1.7%	0.25	14.69	11.21	1.81
	Endo International plc	ENDP	11.17	44.8%	10,124.75	33.8%	10.1%	2.48	24.58	6.58	20.03
	Mallinckrodt Public Limited Company	MNK	44.81	52.2%	10,131.82	54.0%	22.5%	3.06	13.61	7.27	7.99
	Mylan N.V.	MYL	38.82	77.0%	34,896.86	44.7%	32.8%	3.01	9.18	8.27	3.93
	Teva Pharmaceutical Industries Limited	TEVA	33.22	58.9%	72,829.52	54.3%	32.2%	3.21	9.95	9.13	4.73
	The Medicines Company	MDCO	38.01	67.9%	2,989.51	53.4%	(215.9%)	21.09	NM	NA	NA
	Valeant Pharmaceuticals International, Inc.	VRX	17.30	52.8%	33,460.77	72.7%	41.4%	3.56	8.59	9.51	7.33
	<b>Group Median</b>			55.8%	\$21,796.3	53.7%	27.3%	3.13x	13.6x	9.1x	5.5x
	<b>Group Mean</b>			60.6%	34,366.5	50.9%	(4.5%)	5.51	14.2	9.4	7.3

### Notes:

(a) Market value based on fully-diluted shares including conversion of all exercisable in-the-money options, less shares repurchased using option proceeds.

(b) Enterprise Value equals Market Value plus total straight and convertible debt, preferred stock and minority interest, less cash and investments in unconsolidated subsidiaries.

LTM EBITDA, EBIT and Net Income exclude extraordinary items.





## Stout Healthcare & Life Sciences

Stout's healthcare experts are constantly called upon to provide M&A advisory, fairness and solvency opinions, real/personal property valuation, and litigation support services to healthcare providers throughout the U.S. Our clients include large, publicly traded companies, national and regional nonprofit healthcare systems, local hospital authorities, private equity firms and their portfolio companies, healthcare REITs, ancillary services providers, physicians groups and others operating along the healthcare continuum.

### HEALTHCARE/SYSTEMS PROVIDERS

- Acute care hospitals
- Rehabilitation hospitals
- Long-term acute care hospitals
- Surgical/specialty hospitals
- Psychiatric hospitals
- Skilled nursing facilities
- Senior housing
- Healthcare REITs
- Ancillary service providers (diagnostic imaging, ambulatory surgery centers, dialysis, physical therapy, sleep labs, wound care, etc.)
- Physician groups
- Dental groups
- Behavioral health

### OTHER HEALTHCARE ORGANIZATIONS:

- Medical device manufacturers
- Pharmaceuticals
- Biotech
- Medical research
- Distribution
- Information technology
- Management/staffing
- Intermediaries

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#### Michael Amacker

Managing Director, Valuation Advisory  
[mamacker@stoutadvisory.com](mailto:mamacker@stoutadvisory.com)  
+1.404.369.1116

#### Jeffrey Mordant

Managing Director, Dispute Consulting  
[jmordant@stoutadvisory.com](mailto:jmordant@stoutadvisory.com)  
+1.216.373.2997

#### Kevin Tom

Managing Director, Valuation Advisory  
[ktom@stoutadvisory.com](mailto:ktom@stoutadvisory.com)  
+1.646.807.4231

#### John Calcagnini

Managing Director, Investment Banking  
[jcalcagnini@stoutadvisory.com](mailto:jcalcagnini@stoutadvisory.com)  
+1.310.598.3857

#### Robert Hauptman

Director, Valuation Advisory  
[rhauptman@stoutadvisory.com](mailto:rhauptman@stoutadvisory.com)  
+1.216.373.2997

#### John VanSanten

Managing Director, Valuation Advisory  
[jvansanten@stoutadvisory.com](mailto:jvansanten@stoutadvisory.com)  
+1.312.752.3384

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