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HEALTHCARE SERVICES SECTOR UPDATE 4Q2019

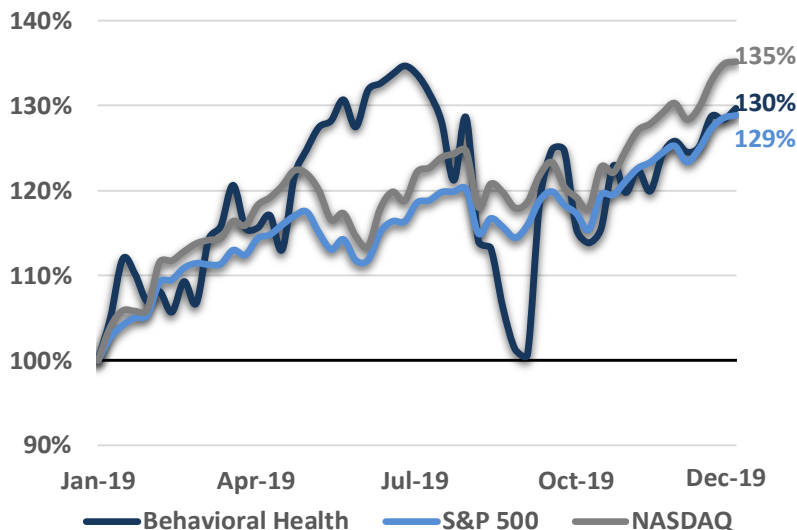
February 2020

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4Q19 Behavioral Health Sector Overview

BCA Market Commentary and Stock Indices Relative Performance

- Outpatient behavioral health services such as autism, medication assisted treatment and general psychiatry all continue to be of interest to investors.
- Private equity firms prefer lower cost settings in behavioral health that deliver long-term sustainable outcomes.
- One of the common themes from the JPM Healthcare Conference is that private equity funds have significant dry powder, estimated to be \$1.5TN at the end of 2019.
- Private equity firms will remain aggressive buyers of middle market companies as they seek opportunities to deploy capital.



Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV Multiple	
					Revenue	EBITDA
12/20/19	Comprehensive Autism Center	Speech Pathology Group	In-home and center-based therapies for children with mental health problems.	N/A	N/A	N/A
12/6/19	Centria Healthcare	Thomas H. Lee Partners	Autism and ABA therapy.	\$415.0	N/A	N/A

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
Company	Ticker		High	Low		LTM	NTM	LTM	NTM
American Addiction Centers	AACH	\$0.54	16%	168%	\$410	1.8x	1.5x	N/A	12.1x
Acadia Healthcare	ACHC	\$33.22	94%	132%	6,627	2.2x	2.0x	11.5x	10.1x
Universal Health Services	UHS	\$143.46	91%	125%	17,555	1.6x	1.5x	9.3x	9.4x
Average						1.8x	1.6x	10.4x	10.5x
Median						1.8x	1.5x	10.4x	10.1x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.

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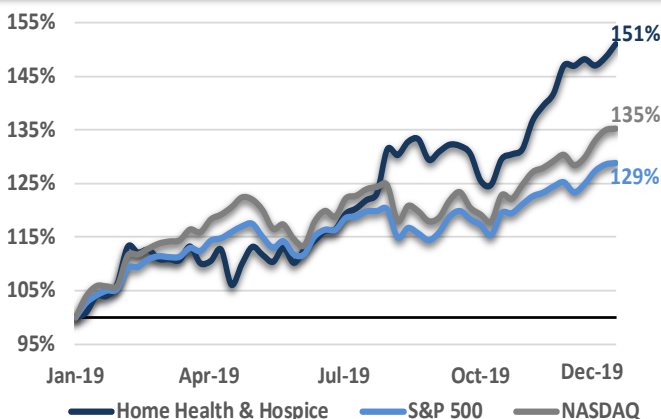
Representative Transactions



4Q19 Home Health & Hospice Sector Overview

BCA Market Commentary and Stock Indices Relative Performance

- Due to the January 2020 start of the Patient-Driven Groupings Model (PDGM), most buyers are taking a “wait and see” approach to home health and instead focusing on hospice acquisitions. As such, home health deal activity was muted in the fourth quarter of 2019 while hospice experienced robust transaction volume. Due to increased competition for a shrinking number of hospice platform opportunities, BCA has seen hospice valuations hit all-time highs and expects multiples to remain high throughout 2020.
- BCA expects home health transaction volume to remain low for the first-half of 2020 as the impact of PDGM is measured. BCA believes there is potential for a surge in home health deal activity in the second-half of 2020 as smaller operators seek to exit the business rather than adapt to the new model.



Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
12/23/19	Guiding Hospice	Traditions Health	Hospice provider in Texas.	N/A
12/3/19	Heartstrings Hospice	Heart of Hospice	Hospice provider with 17 locations.	N/A
11/25/19	Asana Hospice	Amedisys	Hospice provider in 5 states.	N/A
11/23/19	Healthcare Resources	DFW Home Health ⁽¹⁾	Home health provider in Texas.	N/A
11/19/19	Pathways Hospice	Traditions Health	Hospice provider in Arizona.	N/A
11/8/19	Hometown Hospice & Homecare	St. Croix Hospice	Home-care and hospice provider.	N/A
10/15/19	Transitions Hospice	Missouri Home Hospice	Hospice provider in Missouri.	N/A
10/1/19	Hospice Compassus	Towerbrook / Ascension	Hospice and palliative care provider.	\$1,000.0

(1) LHC Group comprises part of the DFW Home Health joint venture.

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	12/31/19	High	Low	TEV	LTM	NTM	LTM	NTM
Addus HomeCare	ADUS	\$97.22	100%	168%	\$1,285	2.1x	1.7x	25.4x	16.9x
Amedisys	AMED	\$166.92	99%	157%	5,830	3.1x	2.8x	25.3x	24.4x
LHC Group	LHCG	\$137.76	99%	155%	4,583	2.2x	2.1x	20.7x	19.3x
Chemed	CHE	\$439.26	99%	166%	7,484	4.3x	3.5x	26.3x	19.5x
Pennant Group	PNTG	\$33.07	92%	538%	1,166	2.5x	3.1x	N/A	N/A
Average						2.9x	2.5x	24.4x	20.0x
Median						2.7x	2.4x	25.4x	19.4x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses.
Data per SEC filings and PitchBook.

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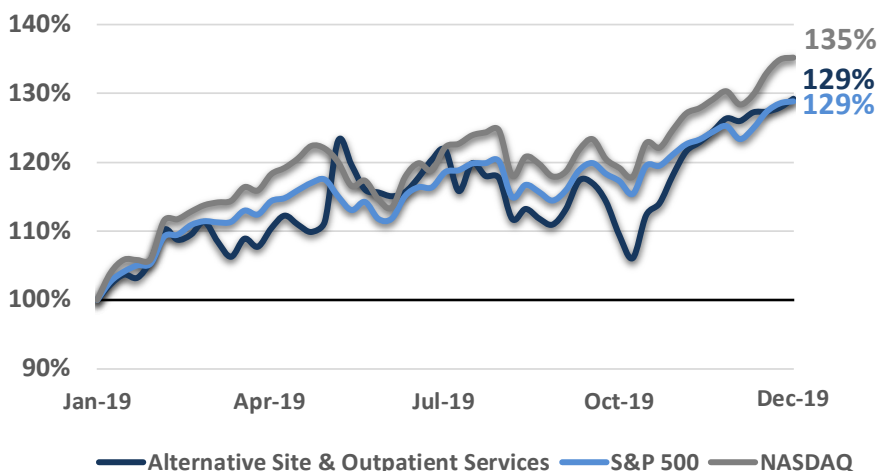
2020 Home Health & Hospice Transaction



4Q19 Outpatient Services Sector Overview

BCA Market Commentary and Stock Indices Relative Performance

- Physician Practice Management continues to draw interest from investors given solid industry tailwinds, including increasing number of baby boomers, demand for lower cost settings compared to hospitals and market fragmentation.
- Dental, dermatology and ophthalmology have seen significant investment from private equity, and there is projected to be robust deal activity in the orthopedics, gastroenterology and urology sectors in 2020.



Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV Multiple	
					Revenue	EBITDA
12/16/19	EyeCare Partners	Partners Group	Integrated medical vision services provider.	\$2,200.0	N/A	N/A
12/9/19	Metropolitan Ophthalmology Associates	Vision Innovation Partners	Provider of eye care services.	N/A	N/A	N/A
11/14/19	Steadman Clinic	Orthopedic Care Partners	Provider of orthopedic and sports medicine services.	N/A	N/A	N/A
10/21/19	DentalOne Partners	Mid-Atlantic Topco	Provider of dental care services.	N/A	N/A	N/A
10/8/19	Eye Center of North Florida	EyeSouth Partners	Eye care-focused management services organization.	N/A	N/A	N/A

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
Company	Ticker		High	Low		LTM	NTM	LTM	NTM
American Renal	ARA	\$10.37	74%	189%	\$1,019	1.2x	1.2x	7.8x	7.3x
Davita	DVA	\$75.03	100%	173%	22,055	1.9x	1.9x	9.4x	9.4x
Fresenius	FRE	\$56.11	95%	127%	55,921	1.5x	1.4x	6.7x	4.8x
U.S. Physical Therapy	USPH	\$114.35	77%	115%	1,569	3.3x	3.1x	18.4x	16.1x
Select Medical	SEM	\$23.34	99%	180%	7,305	1.4x	1.3x	10.6x	7.2x
Surgery Partners Inc.	SGRY	\$15.66	97%	291%	3,247	1.8x	1.7x	9.2x	7.8x
Average						1.8x	1.7x	10.4x	8.8x
Median						1.6x	1.5x	9.3x	7.5x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.

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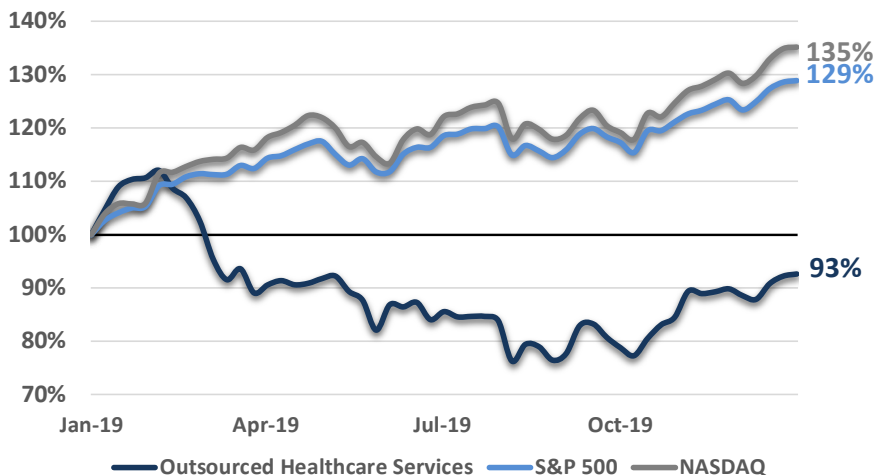
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4Q19 Outsourced Healthcare Services Sector Overview

BCA Market Commentary and Stock Indices Relative Performance

- Outsourced services continue to be a priority for private equity investors.
- One of the common themes from the JPM Healthcare Conference is that private equity funds have significant dry powder, estimated to be \$1.5TN at the end of 2019.
- Private equity firms will remain aggressive buyers of middle market companies as they seek opportunities to deploy capital.



Select M&A Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV Multiple	
					Revenue	EBITDA
11/5/19	Ohio Hospital Association (Workforce Solutions Program)	Qualivis	Provider of staffing services for hospitals.	N/A	N/A	N/A
10/28/19	TruePartners	American Physician Partners	Emergency medicine management group.	N/A	N/A	N/A

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
Company	Ticker		High	Low		LTM	NTM	LTM	NTM
MedNax	MD	\$27.79	71%	139%	\$4,496	1.2x	1.3x	7.9x	8.4x
Healthcare Services Group	HCSG	\$24.32	54%	115%	1,732	0.9x	1.0x	15.2x	14.1x
AMN Healthcare	AMN	\$62.31	95%	138%	3,744	1.7x	1.6x	14.0x	12.4x
Cross Country Healthcare	CCRN	\$11.62	89%	172%	487	0.6x	0.6x	19.9x	13.3x
ASGN	ASGN	\$70.97	98%	141%	4,859	1.3x	1.2x	11.1x	9.5x
Average						1.1x	1.1x	13.6x	11.5x
Median						1.2x	1.2x	14.0x	12.4x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.

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