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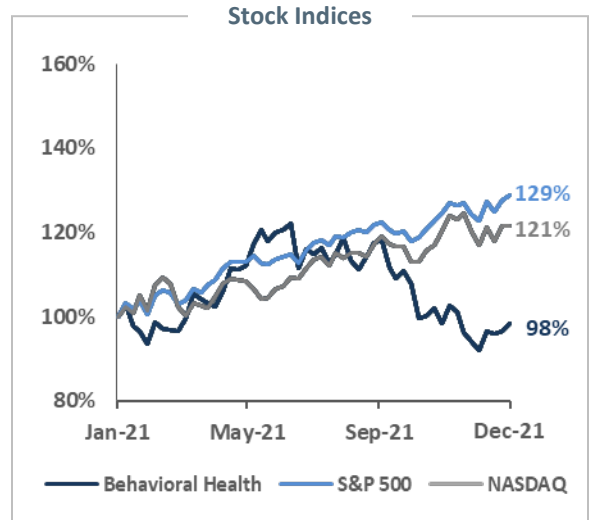
**HEALTHCARE SERVICES  
SECTOR UPDATE  
4Q21**

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January 2022  
[www.brentwoodcapital.com](http://www.brentwoodcapital.com)

## BCA Market Commentary & Stock Indices Relative Performance

- Demand for mental health services has always exceeded market supply. COVID has further intensified this imbalance.
- 1 in 5 Americans experience a mental illness in a given year. Isolation, addiction and other problems have only increased with the pandemic.
- Telehealth, digital health and outpatient care will be key drivers of access for the behavioral health sector.
- Capital raising and M&A in behavioral health have been robust in 2020 and 2021 given the growth in the sector.



## Select M&A and Financing Transactions

| Date     | Target                                        | Acquiror                       | Target Business Description                                | TEV (\$M) |
|----------|-----------------------------------------------|--------------------------------|------------------------------------------------------------|-----------|
| 12/27/21 | Project Antelope                              | PE Buyer                       | Provider of addiction and mental health therapy programs.  | Conf.     |
| 12/21/21 | Community Medical Services                    | FFL Partners, Two Sigma Impact | Provider of MAT drugs, counseling and behavioral therapy.  | N/A       |
| 12/16/21 | Awakenings KC Clinical Neuroscience Institute | Discovery Behavioral Health    | Provider of adult outpatient mental health programs.       | N/A       |
| 12/8/21  | Cerebral                                      | SoftBank                       | Provider of online mental healthcare and wellness.         | \$4,800   |
| 12/8/21  | InnovaTel Telepsychiatry                      | Quartet Health                 | Provider of virtual mental healthcare.                     | N/A       |
| 12/2/21  | Polaris Renewal Services                      | BayMark Health Services        | Operator of two opioid treatment programs for adults.      | N/A       |
| 11/30/21 | Metropolitan Neuro Behavioral Institute       | Mindpath Health                | Provider of psychiatric and psychological services.        | N/A       |
| 11/15/21 | Behavioral Learning Center                    | The Stepping Stones Group      | Home-based early intervention and autism-related services. | N/A       |
| 10/12/21 | Port 45 Recovery                              | Sunrise Treatment Center       | Provider of PHP, IOP, outpatient care and aftercare.       | N/A       |

## Select Public Trading Multiples

(\$M, except share prices)

| Company                   | Ticker | Stock Price<br>12/31/21 | % of 52-Week |      | TEV      | TEV / Revenue |      | TEV / EBITDA |       |
|---------------------------|--------|-------------------------|--------------|------|----------|---------------|------|--------------|-------|
|                           |        |                         | High         | Low  |          | LTM           | NTM  | LTM          | NTM   |
| Acadia Healthcare         | ACHC   | \$60.70                 | 88%          | 125% | \$6,786  | 3.0x          | 2.8x | 12.1x        | 11.1x |
| Universal Health Services | UHS    | \$129.66                | 79%          | 112% | \$14,970 | 1.2x          | 1.2x | 7.2x         | 7.1x  |

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

**Average**    2.1x    2.0x    9.7x    9.1x

**Median**    2.1x    2.0x    9.7x    9.1x

## Brentwood Capital Advisors

### Industry Banker

**L.A. Galyon IV**  
Managing Director & Partner  
lgalyon@brentwoodcapital.com  
(615) 224-3815

### Representative Transactions

Sell-Side  
**Project Antelope**  
Sale to  
**PE Buyer**

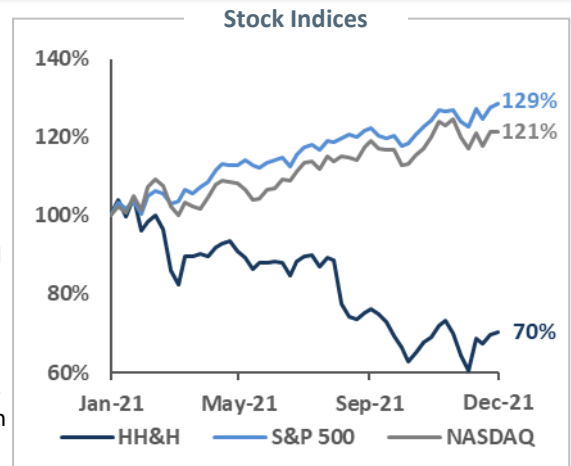
Sell-Side  
**Mount Sinai**  
Sale to  
**BayMark Health Services**

Sell-Side  
**Family Care**  
Recapitalized by  
**REVELSTOKE CAPITAL PARTNERS**

Sell-Side  
**Family Support Center**  
Sale to  
**SPG**

## BCA Market Commentary & Stock Indices Relative Performance

- Robust deal making in 4Q21 rounded out a banner year of M&A activity for the post-acute sector in 2021. BCA clients were beneficiaries of investors' keen interest in the post-acute sector as BCA advised on ten closed transactions across post-acute services and technology in 2021. Two active acquirors during 4Q21 were Aveanna Healthcare (NASDAQ: AVAH) and Traditions Health (Dorilton Capital). Fresh off its IPO in 2Q21, Aveanna announced two significant acquisitions in December 2021: (i) Accredited Home Care for \$180M and (ii) Comfort Care for \$345M. Traditions announced acquisitions of Family Comfort Hospice, Homestead Hospice and Heritage Hospice and Palliative Care.
- Nursing shortages in the U.S. remain a significant headwind for the post-acute sector. BCA recently asked a home health operator about the competitive landscape to which he replied, "he or she who has the nurses will win the day." BCA expects labor woes to hamper sector growth, which could slow the frantic pace of post-acute deal making. Time will tell.
- As of 12/31/21, post-acute stocks were trading at ~70% of prior year values. This is driven by a myriad of factors including, (i) Covid-related staffing shortages, (ii) vaccine mandates and (iii) the exceptionally high trading values entering 2021.



## Select M&A and Financing Transactions

| Date     | Target                                           | Acquiror                      | Target Business Description                                    | TEV (\$M) |
|----------|--------------------------------------------------|-------------------------------|----------------------------------------------------------------|-----------|
| 12/20/21 | InTeliCare Health Services                       | Graham Healthcare Group       | Home health services in FL.                                    | N/A       |
| 12/15/21 | Heritage Hospice and Palliative Care             | Traditions Health             | Hospice services in IL and IN.                                 | N/A       |
| 12/14/21 | Comfort Care                                     | Aveanna Healthcare            | Home health and hospice services in AL and TN.                 | \$345     |
| 12/2/21  | Select Home Health                               | Fortis Home Health & Hospice  | Home health and hospice services in IN and UT.                 | N/A       |
| 12/1/21  | Accredited Home Care                             | Aveanna Healthcare            | Home health and private duty services in CA.                   | \$180     |
| 12/1/21  | Homestead Hospice                                | Traditions Health             | Hospice services in AL, AZ, GA, OH and SC.                     | N/A       |
| 11/22/21 | Silver Linings Hospice Care                      | Charter Healthcare Group      | Hospice services in NM.                                        | N/A       |
| 11/17/21 | Arcadia Hospice of SEPA                          | The Care Team                 | Hospice services in PA.                                        | N/A       |
| 11/14/21 | Prime Home Care                                  | Help at Home                  | Home health and private duty services in OH.                   | N/A       |
| 10/26/21 | Caring Brands International / Interim Healthcare | Wellspring Capital Management | Home health services with 550 locations in U.S., U.K. and AUS. | N/A       |
| 10/19/21 | Agape Care Group                                 | Ridgmont Equity Partners      | Hospice services in GA and SC.                                 | N/A       |
| 10/12/21 | Family Comfort Hospice                           | Traditions Health             | Hospice services in AZ.                                        | N/A       |
| 10/4/21  | THEMA Health Services                            | Pharos Capital Group          | Home health and hospice services in AZ.                        | N/A       |

## Select Public Trading Multiples

| (\$M, except share prices)                                                                                                          |        | Stock Price | % of 52-Week |      | TEV / Revenue  |             |             | TEV / EBITDA |              |
|-------------------------------------------------------------------------------------------------------------------------------------|--------|-------------|--------------|------|----------------|-------------|-------------|--------------|--------------|
| Company                                                                                                                             | Ticker | 12/31/21    | High         | Low  | TEV            | LTM         | NTM         | LTM          | NTM          |
| Addus HomeCare                                                                                                                      | ADUS   | \$93.51     | 72%          | 128% | \$1,598        | 1.9x        | 1.7x        | 17.6x        | 15.8x        |
| Amedisys                                                                                                                            | AMED   | \$161.88    | 50%          | 121% | \$5,563        | 2.5x        | 2.4x        | 17.5x        | 19.8x        |
| Aveanna Healthcare                                                                                                                  | AVAH   | \$7.40      | 57%          | 126% | \$1,212        | 0.7x        | 0.6x        | 6.8x         | 5.5x         |
| Chemed                                                                                                                              | CHE    | \$529.04    | 94%          | 131% | \$8,655        | 4.1x        | 3.9x        | 20.3x        | N/A          |
| LHC Group                                                                                                                           | LHCG   | \$137.23    | 61%          | 127% | \$4,309        | 2.0x        | 1.8x        | 14.2x        | 15.7x        |
| Pennant Group                                                                                                                       | PNTG   | \$23.08     | 33%          | 132% | \$1,051        | 2.8x        | 2.3x        | 30.2x        | 28.9x        |
| <i>Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.</i> |        |             |              |      | <b>Average</b> | <b>2.2x</b> | <b>2.1x</b> | <b>15.3x</b> | <b>14.2x</b> |
|                                                                                                                                     |        |             |              |      | <b>Median</b>  | <b>2.0x</b> | <b>1.8x</b> | <b>17.5x</b> | <b>15.7x</b> |

## Brentwood Capital Advisors

### Industry Bankers

**L.A. Galyon IV** | Managing Director & Partner  
(615) 224-3815  
lagalyon@brentwoodcapital.com

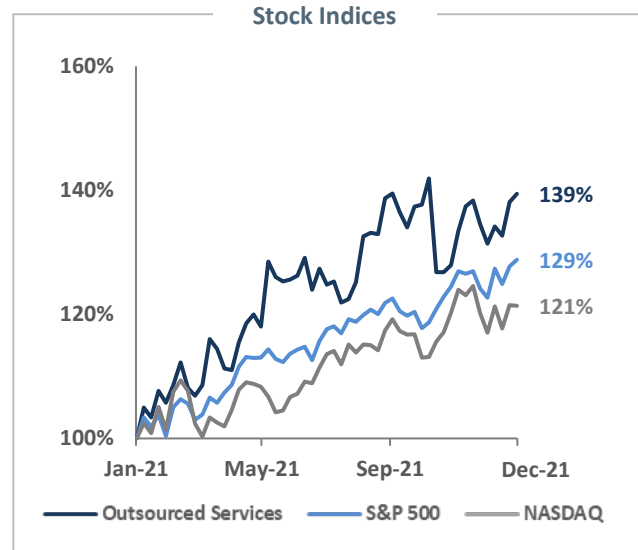
**John Allgood** | Director  
(615) 224-3818  
jallgood@brentwoodcapital.com

### Representative Transactions



## BCA Market Commentary & Stock Indices Relative Performance

- The No Surprises Act went into effect January 1, 2022. Visibility should improve in the outsourced clinical services sector as payors and providers work through this legislation.
- The healthcare system has been able to manage the Delta and Omicron variants with their impact on volumes and treatments.
- Staffing continues to be a tremendous challenge for hospitals and healthcare providers. This provided tailwinds for outsourced provider staffing models.
- Volumes should begin to normalize as more of the population is fully vaccinated.
- COVID has extended the sales cycle into hospitals for most outsourced services providers, impacting the pace of new contract additions.



## Select M&A and Financing Transactions

| Date     | Target                               | Acquiror                      | Target Business Description                                          | TEV (\$M) |
|----------|--------------------------------------|-------------------------------|----------------------------------------------------------------------|-----------|
| 12/13/21 | GHR Healthcare                       | MidOcean Partners             | Healthcare facility and community-based staffing services.           | N/A       |
| 12/13/21 | MNX Global Logistics                 | Quad-C Management             | Pharma logistics and cold chain services.                            | N/A       |
| 12/9/21  | Perkins Biomedical Services          | Copley Equity Partners        | Provider of repair and maintenance services for lab equipment.       | N/A       |
| 11/22/21 | American Health Staffing Group       | Littlejohn & Co.              | Health system, hospital, and outpatient clinic staffing services.    | N/A       |
| 11/1/21  | Lighthouse Lab Services              | Martis Capital                | Turnkey build-out and management services to clinical labs.          | N/A       |
| 10/29/21 | SpecialtyCare                        | Morgan Stanley Infrastructure | Network of outsourced clinical services to hospital operating rooms. | N/A       |
| 10/22/21 | Hernando County Emergency Physicians | Emergency Care Partners       | Provider of outsourced emergency department services in Florida.     | N/A       |
| 10/18/21 | Versant Diagnostics                  | Iron Path Capital             | Physician services provider focused on anatomic pathology.           | N/A       |

## Select Public Trading Multiples

| (\$M, except share prices) |        | Stock Price | % of 52-Week |      |         | TEV / Revenue |             |              | TEV / EBITDA |  |
|----------------------------|--------|-------------|--------------|------|---------|---------------|-------------|--------------|--------------|--|
| Company                    | Ticker | 12/31/21    | High         | Low  | TEV     | LTM           | NTM         | LTM          | NTM          |  |
| AMN Healthcare             | AMN    | \$122.33    | 95%          | 182% | \$6,590 | 2.0x          | 1.8x        | 13.1x        | 12.3x        |  |
| ASGN                       | ASGN   | \$123.40    | 94%          | 154% | \$7,038 | 1.6x          | 1.5x        | 13.8x        | 11.7x        |  |
| Cross Country Healthcare   | CCRN   | \$27.76     | 91%          | 323% | \$1,135 | 0.9x          | 0.8x        | 12.2x        | 12.0x        |  |
| Healthcare Services Group  | HCSG   | \$17.79     | 50%          | 109% | \$1,141 | 0.7x          | 0.6x        | 9.5x         | 10.3x        |  |
| MedNax                     | MD     | \$27.21     | 76%          | 134% | \$2,913 | 1.6x          | 1.4x        | 10.8x        | 9.5x         |  |
| <b>Average</b>             |        |             |              |      |         | <b>1.4x</b>   | <b>1.3x</b> | <b>11.9x</b> | <b>11.2x</b> |  |
| <b>Median</b>              |        |             |              |      |         | <b>1.6x</b>   | <b>1.4x</b> | <b>12.2x</b> | <b>11.7x</b> |  |

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

## Brentwood Capital Advisors

### Industry Bankers

**L.A. Galyon IV** | Managing Director & Partner  
(615) 224-3815  
lagalyon@brentwoodcapital.com

**Tom Wyllly** | Senior Partner  
(615) 224-3812  
twyllly@brentwoodcapital.com

**Michael Ory** | Managing Director  
(615) 905-8028  
mory@brentwoodcapital.com

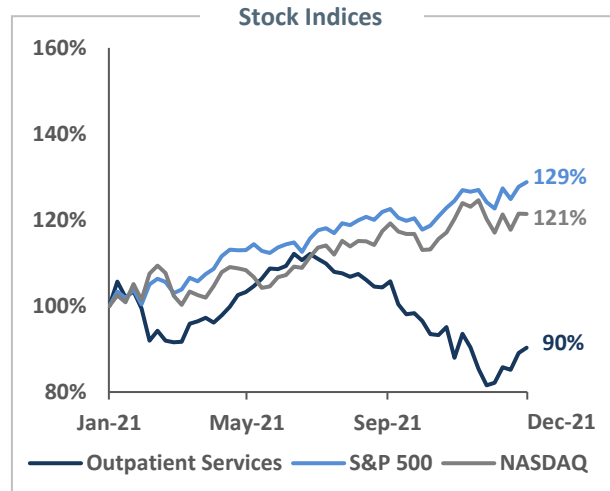
### Representative Transactions



# 4Q21 Outpatient Healthcare Services Sector Overview

## BCA Market Commentary & Stock Indices Relative Performance

- The second half of 2021 was extraordinarily busy due to low interest rates, record amounts of private capital, dry powder and the prospect of higher tax rates.
- Dental and vision M&A activity in 4Q21 was robust in both number and size of deals.
- Consolidation amongst physician practices is expected to continue in 2022.
- COVID service interruptions caused many remaining independent physician practices to prioritize stability and to consider defensive sales to consolidators.
- Outpatient providers that demonstrated success under value-based care arrangements achieved premium valuations in 2021.



## Select M&A and Financing Transactions

| Date     | Target                                        | Acquirer                        | Target Business Description                                            | TEV (\$M) |
|----------|-----------------------------------------------|---------------------------------|------------------------------------------------------------------------|-----------|
| 12/15/21 | Panorama EyeCare                              | Archimedes Health Investors     | Physician-led MSO with 12 locations in the Rocky Mountain region.      | N/A       |
| 12/9/21  | GPS Dental                                    | Main Post Partners              | MSO supporting 23 dental practices across the Midwest and Southeast.   | N/A       |
| 12/9/21  | Resurgens Orthopaedics                        | Welsh, Carson, Anderson & Stowe | Orthopaedic practice serving patients across 24 locations in GA.       | N/A       |
| 11/24/21 | Optim Dental                                  | Surge Private Equity            | Six dentistry practices in IL and IN.                                  | \$100     |
| 11/16/21 | CEI Vision Centers                            | EyeCare Partners                | Network of 150 providers specializing in ophthalmology.                | *\$600    |
| 11/9/21  | U.S. Endodontics Partners                     | Quad-C Management               | Specialty service organization with more than 80 offices in 28 states. | *\$435    |
| 11/8/21  | SurgCenter Development                        | Tenet Health Corporation        | Operator of ASCs and provider of related support services.             | \$1,200   |
| 11/2/21  | Infusion for Health                           | Oak HC/FT                       | Provider of adult and pediatric infusion services in CA.               | \$50      |
| 10/20/21 | Outpatient Imaging Affiliates                 | The Cranemere Group             | Operator of 56 imaging centers across 18 markets.                      | N/A       |
| 10/19/21 | Cumberland Pediatric Dentistry & Orthodontics | Spark Orthodontics              | Pediatric dentistry provider with 8 offices in TN.                     | N/A       |

\*Estimated TEV

## Select Public Trading Multiples

| (\$M, except share prices) |        |                         |              |      |          |             |               |              |              |     |
|----------------------------|--------|-------------------------|--------------|------|----------|-------------|---------------|--------------|--------------|-----|
| Company                    | Ticker | Stock Price<br>12/31/21 | % of 52-Week |      |          | TEV         | TEV / Revenue |              | TEV / EBITDA |     |
|                            |        |                         | High         | Low  | TEV      |             | LTM           | NTM          | LTM          | NTM |
| DaVita                     | DVA    | \$113.76                | 83%          | 121% | \$23,788 | 2.1x        | 2.0x          | 9.4x         | 9.4x         |     |
| Encompass Health           | EHC    | \$65.26                 | 73%          | 116% | \$9,895  | 2.0x        | 1.8x          | 8.9x         | 8.4x         |     |
| Fresenius                  | FRE    | \$40.21                 | 71%          | 109% | \$48,303 | 1.1x        | 1.1x          | 5.9x         | 5.1x         |     |
| Select Medical             | SEM    | \$29.40                 | 67%          | 115% | \$7,624  | 1.2x        | 1.2x          | 8.9x         | 8.2x         |     |
| Surgery Partners           | SGRY   | \$53.41                 | 77%          | 202% | \$6,266  | 2.9x        | 2.6x          | 14.8x        | 12.2x        |     |
| U.S. Physical Therapy      | USPH   | \$95.55                 | 67%          | 113% | \$1,348  | 2.8x        | 2.5x          | 14.2x        | 12.5x        |     |
| <b>Average</b>             |        |                         |              |      |          | <b>2.0x</b> | <b>1.9x</b>   | <b>10.3x</b> | <b>9.3x</b>  |     |
| <b>Median</b>              |        |                         |              |      |          | <b>2.0x</b> | <b>1.9x</b>   | <b>9.2x</b>  | <b>8.9x</b>  |     |

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses.

Data per SEC filings and PitchBook.

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### Industry Bankers

**L.A. Galyon IV** | Managing Director & Partner  
(615) 224-3815  
lagalyon@brentwoodcapital.com

**Michael Ory** | Managing Director  
(615) 905-8028  
mory@brentwoodcapital.com

**Porter Meadors** | Director  
(615) 224-3821  
pmeadors@brentwoodcapital.com

### Representative Transactions

