



BRENTWOOD  
CAPITAL  
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HEALTHCARE SERVICES  
SECTOR UPDATE  
1Q22

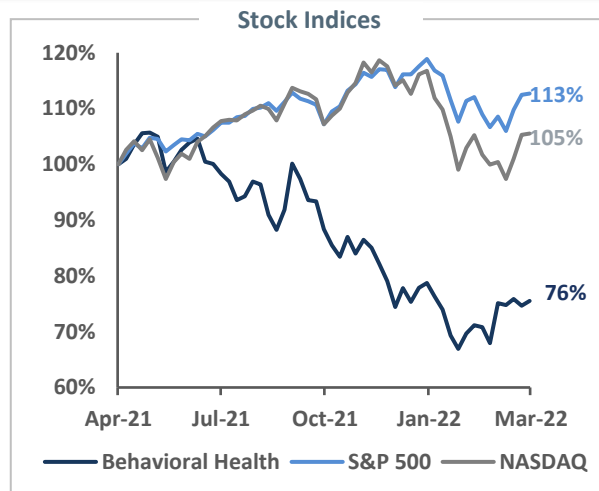
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May 2022

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

## BCA Market Commentary & Stock Indices Relative Performance

- 20% of Americans experience a behavioral health issue annually and over 50% of adults will experience mental health issues during their lifetime; however out-of-pocket cost and lack of insurance coverage remain barriers for those seeking treatment.
- Rates of suicide, overdoses, poverty and homelessness among people with brain disorders increased dramatically over 2020 and 2021.
- Demand for care has been on the rise with significant waiting lists to see qualified providers. Over 60% of psychiatrists are 55 or older creating additional stress on the current supply / demand imbalance.
- BCA expects continued growth and investment in the behavioral health sector.



## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
3/30/22	Lighthouse Behavioral Health Solutions	Amulet Capital Partners	Provider of inpatient and outpatient addiction treatment programs	N/A
3/30/22	Brightline	KKR	Adolescent mental health and speech therapy treatment provider	\$705
3/25/22	Refresh Mental Health	Optum (United Health)	Provider of operational support services to mental health practices	N/A
3/8/22	Dan Med TMS Neuro Institute	Discovery Behavioral Health	Network of mental health, substance use and eating disorder centers	N/A
2/2/22	Oceans Healthcare	Webster Equity Partners	Mental health and substance use disorder treatment provider	N/A

\*Estimated TEV

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
Company	Ticker	3/31/22	High	Low		LTM	NTM	LTM	NTM
Acadia Healthcare	ACHC	\$65.53	95%	131%	\$7,416	3.2x	2.9x	13.3x	11.7x
Universal Health Services	UHS	\$144.95	88%	125%	\$16,789	1.3x	1.2x	8.5x	8.1x
Lifestance	LFST	\$10.11	34%	157%	\$3,322	5.0x	3.8x	N/M	N/M
Talkspace	TALK	\$1.74	19%	134%	(\$47)	N/M	N/M	N/M	N/M
American Well	AMWL	\$4.21	22%	139%	\$340	1.3x	1.2x	N/M	N/M
1Life Healthcare	ONEM	\$11.08	24%	158%	\$1,878	2.6x	1.8x	N/M	N/M

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook. Lifestance, Talkspace, American Well, and 1Life Healthcare are new additions to the BCA Quarterly. Talkspace has a negative EV due to its high cash balance and lack of debt.

<b>Average</b>	<b>2.7x</b>	<b>2.2x</b>	<b>10.9x</b>	<b>9.9x</b>
<b>Median</b>	<b>2.6x</b>	<b>1.8x</b>	<b>10.9x</b>	<b>9.9x</b>

## Brentwood Capital Advisors

### Industry Banker

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### Representative Transactions

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

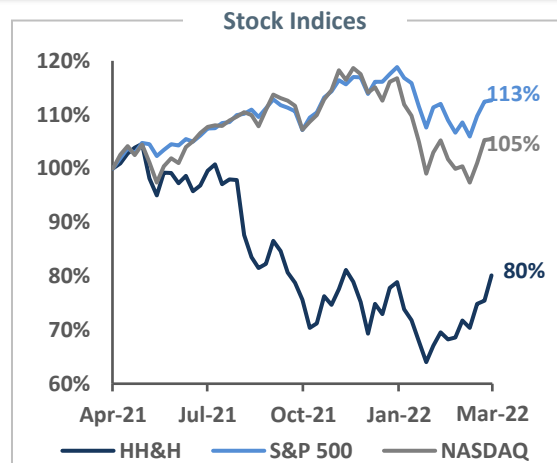
Sell-Side  
**Mount Sinai**  
Sale to  
**BayMark Health Services**

Sell-Side  
**Family Care**  
Recapitalized by  
**RevelStoke Capital Partners**

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

## BCA Market Commentary & Stock Indices Relative Performance

- Home Health & Hospice M&A activity slowed in 1Q22 compared to 4Q21, but this quarter was still busier than the first quarters of 2021 and 2020. Early signs point to 2022 being another healthy year for Home Health & Hospice deal activity.
- On March 29, 2022, UnitedHealth Group Inc. (NYSE: UNH) announced it would acquire LHC Group Inc. (Nasdaq: LHCG) through its Optum health-services division. The \$6.0 billion transaction adds one of the country's largest home-health and hospice firms to Optum's existing footprint of doctor groups, clinics and surgery centers. This deal is the latest example of health insurers leveraging home health as a lower-cost alternative to nursing homes and a tool to reduce hospital stays. UnitedHealth expects the acquisition to close in the second half of 2022.
- As of March 31, 2022, post-acute stocks were trading at ~80% of prior year values. This is driven by a myriad of factors including staffing shortages, wage pressures and the exceptionally high trading values entering 2021.



## Select M&A and Financing Transaction

Date	Target	Acquiror	Target Business Description	TEV (\$M)	TEV Multiple	
					Revenue	EBITDA
3/29/22	LHC Group	Optum (United Health)	Home health services with 900+ locations	\$6,000	2.6x	24.3x
2/23/22	AssistedCare <sup>(1)</sup>	Amedisys	Home health services in NC	N/A	N/A	N/A
2/2/22	Evolution Health	Amedisys	Home health and hospice services in TX, OK and OH	N/A	N/A	N/A
1/24/22	A*Med Home Health	Choice Health at Home	Home health services in TX	N/A	N/A	N/A
1/19/22	Providence Care	InTandem Capital Partners	Post-acute and end-of-life services in SC	N/A	N/A	N/A
1/13/22	Crossroads Hospice	The Care Team	Hospice services in TX	N/A	N/A	N/A
1/10/22	Lanier Hospice	Agape Care Group	Hospice services in GA	N/A	N/A	N/A
1/9/22	Care & Comfort	Androscoggin Home Healthcare + Hospice	Home health and behavioral health services in ME	N/A	N/A	N/A
1/5/22	Blessings Hospice	Jet Health	Hospice services in TX	N/A	N/A	N/A
1/5/22	JourneyCare	Addus HomeCare	Hospice services in IL	\$85	N/A	N/A

(1) Acquisition of certain home health assets from AssistedCare Home Health, Inc., and RH Homecare Services, LLC, doing business as AssistedCare Home Health and AssistedCare of the Carolinas, respectively

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price		% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	3/31/22	High	Low	TEV	LTM	NTM	LTM	NTM	
Addus HomeCare	ADUS	\$93.29	84%	136%	\$1,609	1.9x	1.7x	16.5x	15.5x	
Amedisys	AMED	\$172.29	59%	141%	\$6,123	2.8x	2.6x	21.4x	21.9x	
Aveanna Healthcare	AVAH	\$3.41	26%	101%	\$1,853	1.1x	1.0x	23.2x	9.4x	
Chemed	CHE	\$506.55	94%	126%	\$8,289	3.9x	3.8x	18.3x	18.2x	
LHC Group <sup>(2)</sup>	LHCG	\$157.23	70%	145%	\$5,382	2.4x	2.1x	15.5x	15.3x	
Pennant Group	PNTG	\$18.63	40%	164%	\$915	2.3x	2.0x	35.4x	27.1x	
<b>Average</b>						<b>2.4x</b>	<b>2.2x</b>	<b>19.0x</b>	<b>16.0x</b>	
<b>Median</b>						<b>2.4x</b>	<b>2.1x</b>	<b>18.3x</b>	<b>15.5x</b>	

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

(2) Merger with Optum Health announced on 3/29/22. Stock price as of 3/28/22.

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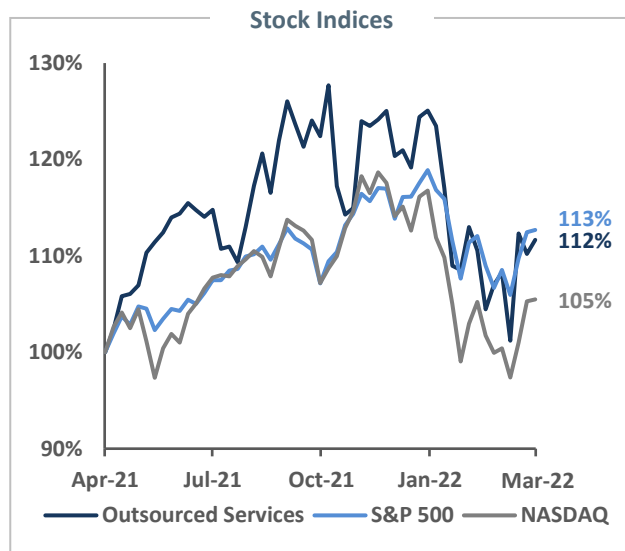
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### Representative Transactions



## BCA Market Commentary & Stock Indices Relative Performance

- The No Surprises Act window is opening in April 2022. Providers and payers should have a better view of process by 3Q22.
- Volumes should become more stable after a volatile, variant-driven 2021.
- The labor market is incredibly tight. Staffing is a tremendous concern for all employers, especially healthcare providers.
- The market for healthcare services should normalize in 2H22 after a difficult two years in the height of Covid.



## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
3/16/22	Cumberland Anesthesia	North American Partners in Anesthesia	Provider of anesthesia services based in NC	N/A
2/9/22	US Acute Care Solutions	Buyout of WCAS	Physician-owned integrated acute care	N/A
2/2/22	Alteon Health	US Acute Care Solutions	Provider of emergency medicine and post-acute care	N/A
1/19/22	Gale Healthcare Solutions	FTV Capital	Provider of staffing services in post-acute and acute settings	\$60 <sup>(1)</sup>
1/14/22	Therapy Partner Solutions	Lee Equity Partners	Physical therapy platform in Southeastern U.S.	N/A
1/10/22	Alto Healthcare Staffing	Littlejohn Capital	Provider of diversified staffing services	N/A
1/6/22	Mobile Vascular Partners	Housatonic Partners	Provider of mobile vascular and interventional radiology services	N/A

(1) Minority growth equity investment.

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price			% of 52-Week		TEV / Revenue		TEV / EBITDA	
Company	Ticker	3/31/22	High	Low	TEV	LTM	NTM	LTM	NTM	
AMN Healthcare	AMN	\$104.33	81%	143%	\$5,691	1.4x	1.3x	9.0x	8.7x	
ASGN	ASGN	\$116.71	88%	127%	\$6,841	1.7x	1.4x	13.6x	10.8x	
Cross Country Healthcare	CCRN	\$21.67	71%	182%	\$996	0.6x	0.5x	6.1x	5.7x	
Healthcare Services Group	HCSG	\$18.57	56%	126%	\$1,220	0.7x	0.7x	15.8x	11.9x	
MedNax	MD	\$23.48	66%	105%	\$2,581	1.4x	1.2x	9.1x	8.3x	
					<b>Average</b>	<b>1.2x</b>	<b>1.0x</b>	<b>10.7x</b>	<b>9.1x</b>	
					<b>Median</b>	<b>1.4x</b>	<b>1.2x</b>	<b>9.1x</b>	<b>8.7x</b>	

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

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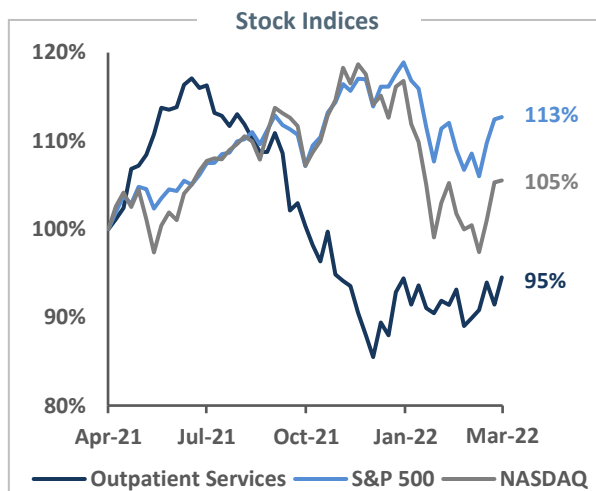
### Representative Transactions



# 1Q22 Outpatient Healthcare Services Sector Overview

## BCA Market Commentary & Stock Indices Relative Performance

- Outpatient healthcare services and PPM broadly should see expanded deal activity in 2022.
- Covid disrupted volumes and created a backlog in surgeries.
- Staffing continues to be a challenge as providers work through existing patient waiting lists.



## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
2/10/22	Forefront Dermatology	Partners Group	Dermatology provider with 203 clinics across 23 states	\$1,500
2/1/22	Epiphany Dermatology	Leonard Green & Partners	Dermatology provider with 67 clinics across 12 states	N/A
1/6/22	Campus Eye Group	Beekman Group	Multi-specialty eye services practice with 11 locations in NJ and PA	N/A
1/5/22	Smile Doctors	Thomas H. Lee Partners	Orthodontics-focused DSO with more than 295 locations in 25 states	\$2,400*

\*Estimated TEV

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price		% of 52-Week		TEV / Revenue		TEV / EBITDA	
Company	Ticker	3/31/22	High	Low	TEV	LTM	NTM	LTM	NTM
DaVita	DVA	\$113.11	83%	120%	\$23,927	2.1x	2.0x	9.4x	9.2x
Encompass Health	EHC	\$71.11	79%	126%	\$10,609	2.1x	1.9x	9.4x	9.0x
Fresenius	FRE	\$37.22	65%	128%	\$45,184	1.1x	1.0x	5.7x	4.7x
Select Medical	SEM	\$23.99	55%	112%	\$7,770	1.3x	1.2x	7.1x	8.5x
Surgery Partners	SGRY	\$55.05	79%	146%	\$6,892	3.1x	2.7x	15.5x	12.9x
U.S. Physical Therapy	USPH	\$99.45	81%	118%	\$1,477	3.0x	2.7x	16.2x	13.6x
<b>Average</b>						<b>2.1x</b>	<b>1.9x</b>	<b>10.6x</b>	<b>9.6x</b>
<b>Median</b>						<b>2.1x</b>	<b>2.0x</b>	<b>9.4x</b>	<b>9.1x</b>

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

