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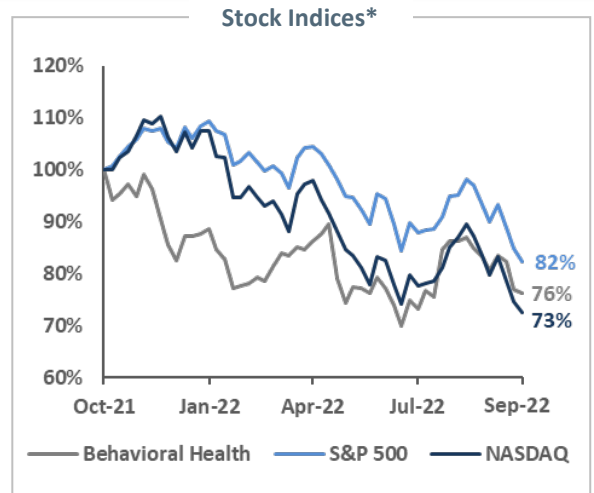
**HEALTHCARE SERVICES  
SECTOR UPDATE  
3Q22**

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

## BCA Market Commentary & Stock Indices Relative Performance

- Behavioral demand continues to outpace available supply. 1 in 5 Americans has a mental health issue.
- Access to care has continued to be an issue across many communities. Insurance coverage and shortage of psychiatrists are consistent industry challenges.
- Staffing in healthcare has been challenging during the pandemic. Shortages and labor costs will continue to be an inhibitor of access and growth in behavioral.
- Outpatient care, digital health and other applications should continue to grow and drive innovation in the sector.



\*LFST and TALK excluded from Behavioral Health index

## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
9/13/22	Upward Health	Heritage Group	Risk-bearing provider of in-home primary medical and behavioral care	N/A
9/6/22	Action Behavior Centers	Charlesbank Capital Partners	Applied Behavior Analysis therapy for children on the autism spectrum	\$840
8/29/22	Springstone	Apollo Global Management	Operates psychiatric hospitals treating mental illness and substance abuse	\$250
8/25/22	Point Quest	Avesi Partners	Provider of adolescent behavioral health and special education services	N/A
8/25/22	Monte Nido & Affiliates	Revelstoke Capital Partners	Provider of treatment programs for individuals with eating disorders	\$725
7/28/22	C.B.E.S.T.	The Stepping Stones Group	Provider of ABA services in the greater Los Angeles area	N/A
7/21/22	Sandstone Care	Vistria Group	Provider of behavioral health services for young people in CO, MD, and VA	N/A
7/14/22	Success TMS	Traverse Point Partners	FL-based provider of TMS therapy	\$27

## Select Public Trading Multiples

(\$M, except share prices)

Company	Ticker	Stock Price			TEV	TEV / Revenue		TEV / EBITDA	
		9/30/22	High	Low		LTM	NTM	LTM	NTM
Acadia Healthcare	ACHC	\$78.18	90%	156%	\$8,541	3.7x	3.2x	14.3x	12.7x
American Well	AMWL	\$3.59	37%	142%	\$347	1.3x	1.2x	N/M	N/M
Lifestance	LFST	\$6.62	45%	139%	\$2,416	3.1x	2.5x	N/M	N/M
One Medical	ONEM	\$17.15	70%	289%	\$3,442	3.9x	2.8x	N/M	N/M
Talkspace	TALK	\$1.03	25%	126%	(\$8)	N/M	N/M	N/M	N/M
Universal Health Services	UHS	\$88.18	56%	101%	\$12,061	0.9x	0.9x	7.0x	6.4x

Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook. Talkspace has a negative EV due to its high cash balance and lack of debt.

**Average**      2.6x      2.1x      10.6x      9.6x  
**Median**      3.1x      2.5x      10.6x      9.6x

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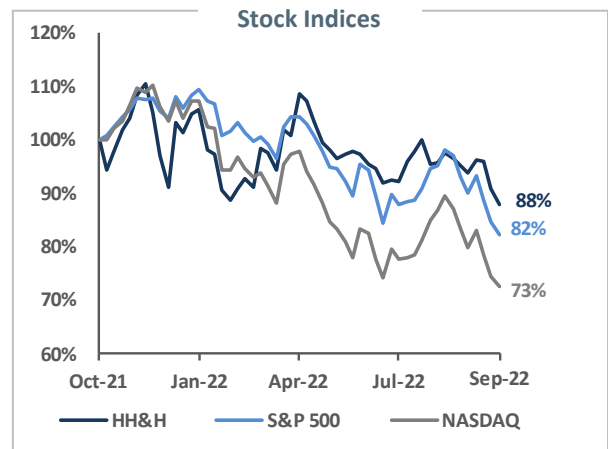
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### Representative Transactions



## BCA Market Commentary & Stock Indices Relative Performance

- The steady stream of transaction activity enjoyed by the Home Health & Hospice Sector in 1H22 continued in 3Q22 with most of the deal activity continuing to be driven by industry consolidators completing small tuck-in acquisitions. Recently, several scaled companies have initiated sale processes suggesting that larger deal announcements could come in 1H23.
- Hospice transactions were more plentiful than home health deals in 3Q22 due to uncertainty around the final home health payment rule for 2023 which was released on October 31, 2022. The final rule will increase payments by a net 0.7%, or \$125 million, in calendar year 2023 relative to CY 2022. While this news was better than the proposed payment rule, which included a 4.2% aggregate decrease in payments, industry stakeholders have ongoing concerns about the budget neutrality methodology used by CMS in its rulemaking process.
- 3Q22 saw an addition to the universe of publicly traded home health and hospice operators. On July 1, 2022, rehabilitation hospital company Encompass Health Corporation (NYSE: EHC) completed the spinoff of 100% of Enhabit, Inc., its home health and hospice business. Enhabit is now an independent public company trading on the NYSE under the symbol "EHAB".



## Select M&A and Financing Transaction

Date	Target	Acquiror	Target Business Description	TEV (\$M)
9/14/22	GHC Hospice	Agape Care Group	Hospice services in GA & SC	N/A
8/31/22	Uintah Basin Healthcare	Canyon Home Care & Hospice	Home health and hospice services in UT	N/A
8/29/22	Comfort Hospice of St. Louis	Residential Healthcare Group	Hospice services in MO	N/A
8/29/22	Grace Hospice of Maumee Ohio	Residential Healthcare Group	Hospice services in OH	N/A
8/16/22	Ardent Hospice & Palliative Care	Pennant Group	Hospice and palliative services in CA	N/A
8/16/22	Three Rivers Home Health	LHC Group	Home health services in GA	N/A
8/10/22	Focus Forward Skilled Care	Sonas Home Health	Home health services in FL	N/A
8/2/22	National Home Healthcare	Care Advantage	Home health services in VA	N/A

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	9/30/22	High	Low	TEV	LTM	NTM	LTM	NTM
Addus HomeCare	ADUS	\$95.24	88%	139%	\$1,711	1.9x	1.7x	17.1x	15.8x
Amedisys	AMED	\$96.79	51%	100%	\$3,657	1.7x	1.5x	12.4x	11.3x
Aveanna Healthcare	AVAH	\$1.50	17%	101%	\$1,527	0.9x	0.8x	11.0x	9.7x
Chemed	CHE	\$436.56	81%	108%	\$7,086	3.3x	3.3x	14.7x	14.5x
Enhabit Home Health	EHAB	\$14.04	56%	121%	\$1,224	1.1x	1.1x	7.4x	7.8x
Pennant Group	PNTG	\$10.41	36%	103%	\$645	1.4x	1.4x	26.5x	16.3x
<b>Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.</b>					<b>Average</b>	<b>1.7x</b>	<b>1.6x</b>	<b>14.8x</b>	<b>12.6x</b>
					<b>Median</b>	<b>1.5x</b>	<b>1.4x</b>	<b>13.6x</b>	<b>12.9x</b>

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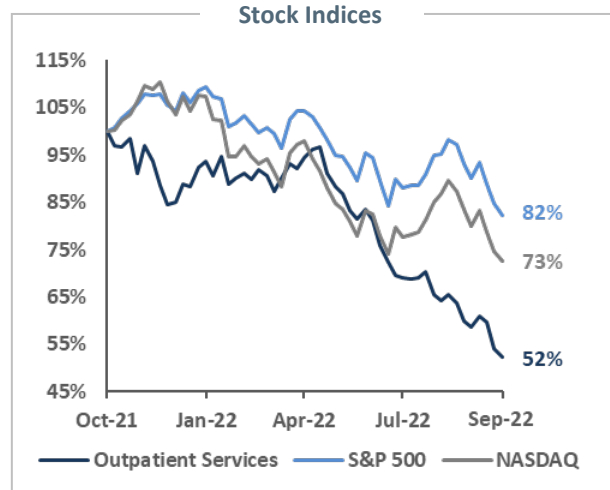
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### Representative Transactions



## BCA Market Commentary & Stock Indices Relative Performance

- Between 2020 and 2030, the U.S. population is projected to grow 7%, while the population of Americans over age 65 will grow by 30%.
- Hospitals continue to lose inpatient and HOPD procedures to more efficient, less expensive outpatient settings. MSK and cardiology are two specialties where this shift is feeding transaction activity.
- The above trends are expected to feed 20% growth in U.S. outpatient procedure volume from 2020 to 2030.
- Physicians continue to seek the benefits of scale, diversification, and extended resources through practice sale transactions to health systems and specialty-specific consolidators.
- Segments such as orthopedics and cardiology are attracting more capital, while ophthalmology, dermatology, and dental remain resilient.



## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
9/30/22	EyeSouth Partners	Olympus Partners	Eye care management services organization with over 155 locations	\$1,000*
9/16/22	Specialty Dental Brands	TSG Consumer Partners	Dental support organization with over 211 practices across 20 states	N/A
9/7/22	Project Checkerboard	Strategic Acquiror	Provider of management and ancillary services for men's health	Confidential - BCA Deal
9/7/22	Coram Infusion Services	KabaFusion	Coram specialty pharmacy assets operating across 25 states	N/A
8/19/22	GI Alliance	Apollo Global Management	Gastroenterology care platform operating across 14 states	\$2,200*
8/18/22	Aligned Orthopedic Partners	Jordan-Young Institute	Physician-led provider of orthopedic services in the greater Mid-Atlantic region	N/A
7/21/22	First Care	Fast Pace Health	Operator of 21 urgent care clinics across Kentucky and Indiana	Confidential - BCA Deal
6/30/22	Los Angeles Reproductive Center	InTandem Capital Partners	CA-based provider of fertility testing and treatment services	\$29

\*Estimated TEV

## Select Public Trading Multiples

(\$M, except share prices)		Stock Price			% of 52-Week			TEV / Revenue		TEV / EBITDA	
Company	Ticker	9/30/22	High	Low	TEV	LTM	NTM	LTM	NTM		
DaVita	DVA	\$82.77	66%	110%	\$20,449	1.8x	1.7x	8.5x	7.9x		
Encompass Health	EHC	\$45.23	75%	107%	\$7,877	1.5x	1.8x	7.3x	7.9x		
Fresenius	FME	\$28.53	40%	105%	\$20,082	1.0x	1.0x	5.4x	5.4x		
Select Medical	SEM	\$22.10	60%	103%	\$7,722	1.2x	1.2x	11.6x	8.6x		
Surgery Partners	SGRY	\$23.40	37%	100%	\$5,171	2.2x	1.9x	11.1x	9.2x		
U.S. Physical Therapy	USPH	\$76.02	58%	104%	\$1,199	2.3x	2.1x	12.8x	12.3x		
					<b>Average</b>	<b>1.7x</b>	<b>1.6x</b>	<b>9.4x</b>	<b>8.6x</b>		
					<b>Median</b>	<b>1.6x</b>	<b>1.7x</b>	<b>9.8x</b>	<b>8.2x</b>		

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

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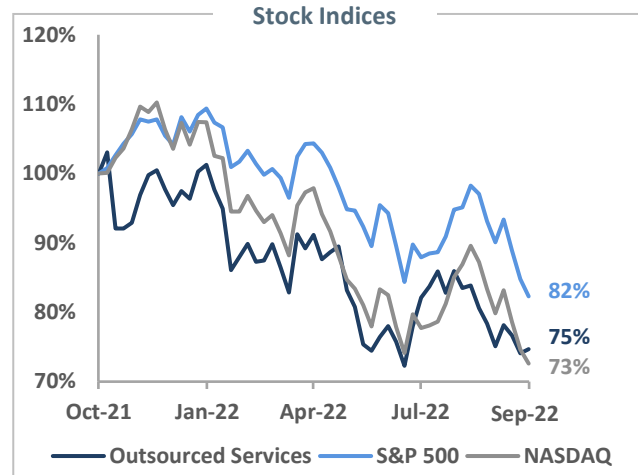
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### Representative Transactions

Sell-Side  <b>Project Checkerboard</b>  Sale to  <b>Strategic Acquiror</b>	Sell-Side    Sale to  
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## BCA Market Commentary & Stock Indices Relative Performance

- Outsourced medical staffing models continue to attract capital, driven by nurse and provider shortages.
- Many outsourced clinical provider models suffered during COVID-19 but have recovered during 2021-22.
- Providers of medical equipment maintenance, repairs, parts, and pre-owned sales have attracted capital during 2022. Several platforms are consolidating this fragmented segment.
- Medical transportation and logistics providers are also driving value for hospitals and risk-bearing entities with innovative models.



## Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
9/27/22	Prime Time Healthcare	One Equity Partners	Locum tenens and per-diem healthcare staffing services	N/A
9/12/22	Renal Care 360	Pharos Capital	Chronic kidney care management platform	N/A
8/25/22	MedServ Plus & XRV Healthcare	Prestige Medical Imaging	Provider of medical imaging diagnostic equipment	N/A
8/22/22	Heartland Medical Sales & Services	Prescott Inc	Supplier of anesthesia machines and maintenance service	N/A
8/17/22	Antigua Medical Services	MD Office Solutions	Provider of mobile nuclear cardiac diagnostic imaging services	N/A
8/1/22	Veyo	Medical Transportation Management	Provider of non-emergency medical transportation services	N/A
7/26/22	Barton & Associates	H.I.G. Capital	Locum tenens healthcare staffing	N/A
7/25/22	Bryn Mawr Communications	US HealthConnect	Provider of continuing education services for healthcare providers	N/A
7/6/22	Matchwell	Medical Solutions	Provider of short-term and long-term healthcare staffing services	N/A

## Select Public Trading Multiples

Company	Ticker	Stock Price 9/30/22	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
			High	Low		LTM	NTM	LTM	NTM
AMN Healthcare	AMN	\$105.96	82%	128%	\$5,822	1.1x	1.3x	6.8x	8.8x
ASGN	ASGN	\$90.37	69%	115%	\$5,395	1.2x	1.0x	9.7x	7.7x
Cross Country Healthcare	CCRN	\$28.37	93%	186%	\$1,300	0.5x	0.6x	4.5x	6.2x
Healthcare Services Group	HCSG	\$12.09	47%	101%	\$774	0.5x	0.5x	11.2x	10.7x
Pediatrix Medical Group <sup>(1)</sup>	MD	\$16.51	57%	101%	\$2,189	1.1x	1.0x	7.8x	7.5x
<b>Average</b>						<b>0.9x</b>	<b>0.9x</b>	<b>8.0x</b>	<b>8.2x</b>
<b>Median</b>						<b>1.1x</b>	<b>1.0x</b>	<b>7.8x</b>	<b>7.7x</b>

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

(1) Pediatrix Medical Group was formerly known as Mednax.

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### Representative Transactions

