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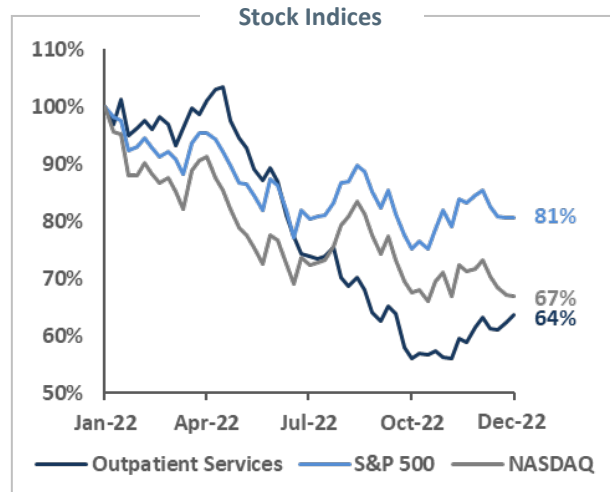
HEALTHCARE SERVICES
SECTOR UPDATE
4Q22

February 2023

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BCA Market Commentary & Stock Indices Relative Performance

- Surgical services continue to shift to outpatient settings, feeding volume and mix tailwinds for these providers.
- Outpatient trends are supported by consistent medtech advances, lower costs compared to med surg settings, and patient preference for the more convenient, specialized sites of care.
- Hospital systems are more frequent buyers / developers of higher-growth alternate site services. The same is true for specialty physician platforms extending into higher margin ancillary services.
- Retail oriented alternate site models have found favor among investors. Good examples are urgent care and medspa consolidators.
- Public market valuations were negatively impacted by soft results reported by large dialysis providers during 2022.



Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description
12/8/22	Diamondhead Urgent Care	Ochsner Health	Mississippi-based urgent care provider
11/29/22	United Vein & Vascular Centers	Amulet Capital Partners	Florida-based operator of vein and vascular care treatment centers
11/28/22	Medi-Weightloss, Inc.	Audax Private Equity	Physician-supervised weight-loss and wellness clinics with ~100 locations nationally
11/3/22	Georgetown Physical Therapy	H2 Health	Texas-based provider of physical therapy
11/2/22	KabaFusion	Novo Holdings	Provider of intravenous immunoglobulin (IVIG) infusion therapies licensed in 44 states

Select Public Trading Multiples

(\$M, except share prices)

Company	Ticker	Stock Price 12/31/22	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA	
			High	Low		LTM	NTM	LTM	NTM
DaVita	DVA	\$74.67	60%	114%	\$18,992	1.6x	1.6x	8.4x	8.4x
Encompass Health	EHC	\$59.81	100%	142%	\$8,893	1.7x	1.9x	8.2x	8.9x
Fresenius	FME	\$32.58	46%	128%	\$21,435	1.1x	1.0x	6.1x	6.4x
Select Medical	SEM	\$24.83	81%	132%	\$8,027	1.3x	1.2x	13.3x	9.4x
Surgery Partners	SGRY	\$27.86	44%	136%	\$5,812	2.4x	2.1x	11.7x	10.2x
U.S. Physical Therapy	USPH	\$81.03	62%	111%	\$1,276	2.4x	2.2x	14.1x	12.9x
Average						1.7x	1.7x	10.3x	9.4x
Median						1.6x	1.8x	10.0x	9.1x

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

Sell-Side



Sale to



TESTOSTERONE & WEIGHT LOSS

Sell-Side

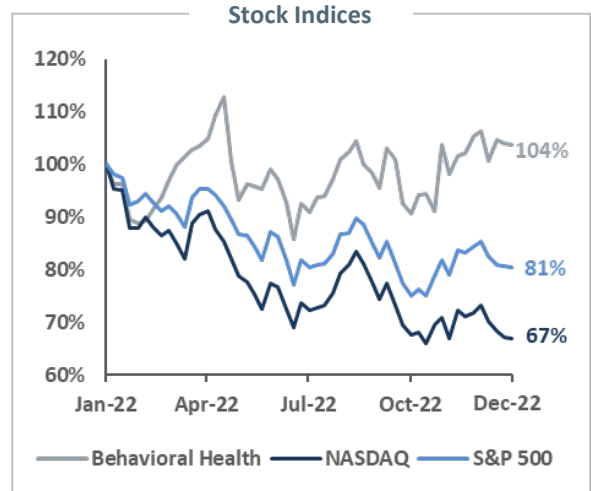


Sale to



BCA Market Commentary & Stock Indices Relative Performance

- Alcohol and drug abuse and related disorders are major public health challenges that continue to take an enormous toll on our society and cause an annual economic impact of more than \$440BN.
- Despite a difficult labor environment in 2022, Behavioral Health, across all modalities, continued to garner interest from investors.
- Deal activity is expected to remain high in 2023, specifically for platforms with commercial and government payer strategies.
- Mental health providers are commanding premium valuations, which should continue in 2023.
- While there were negative headlines within the autism sector, such as CARD and 360 Behavioral Health's layoffs, investors are still active in the sector due to the tremendous demand for services.



Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description
12/19/22	Cornerstone Treatment Facilities	Aurora Health	Addiction care provider specializing in medically-supervised inpatient rehab
12/16/22	Project Aurora	Strategic Acquiror	Eating disorder and mental health treatment for women
12/12/22	ABA Connect	MBF Healthcare Partners	Texas-based provider of applied behavior analysis ("ABA") therapy
11/30/22	PrairieCare	Newport Healthcare	Midwest-based provider of pediatric psychiatric care
11/8/22	Brand New Start Treatment Centers	Acadia Healthcare Company	Provider of medication-assisted treatment programs for opioid use disorders
10/28/22	Bradford Health Services	Lee Equity Partners	Southeastern provider of substance use disorder treatment
10/24/22	The Ross Center	ARC Health	Provider of full spectrum psychiatric and psychological services
10/3/22	Spero Health	My Turning Point	Outpatient addiction treatment provider with four locations

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV / Revenue			TEV / EBITDA		
Company	Ticker	12/31/22	High	Low	TEV	LTM	NTM	LTM	NTM	
Acadia Healthcare	ACHC	\$82.32	92%	164%	\$8,972	3.9x	3.2x	14.5x	13.1x	
American Well	AMWL	\$2.83	45%	112%	\$201	0.7x	0.7x	N/M	N/M	
Lifestance	LFST	\$4.94	44%	117%	\$1,861	2.3x	2.0x	34.5x	37.3x	
One Medical	ONEM	\$16.71	91%	281%	\$3,618	3.6x	2.9x	N/M	N/M	
Talkspace	TALK	\$0.61	29%	117%	(\$58)	N/M	N/M	N/M	N/M	
Universal Health Services	UHS	\$140.89	89%	171%	\$16,146	1.2x	1.2x	9.5x	8.5x	
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	2.3x	2.0x	19.5x	19.6x
						Median	2.3x	2.0x	14.5x	13.1x

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Representative Transactions

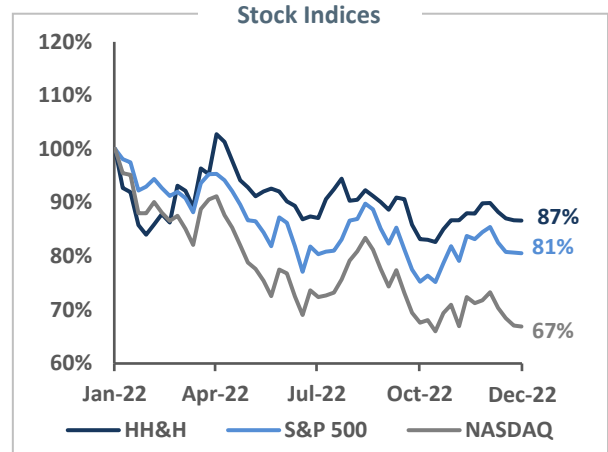
Sell-Side
Project Aurora
Sale to
Strategic Acquiror

Sell-Side
Constellation Behavioral Health
Sale to
LINDSAY GOLDBERG

Sell-Side
Mount Sinai
Sale to
BayMark Health Services

BCA Market Commentary & Stock Indices Relative Performance

- 2022 saw the lowest volume of deals in the Home Health & Hospice sector since 2017. This was driven by (i) a record-setting volume of deals in 2021 that depleted the inventory of sellers and focused strategic buyers on integrating the recently acquired assets, (ii) the proposed 2023 home health rate cut that put home health sellers and buyers in “wait and see” mode, and (iii) staffing challenges and rising wages that hindered companies' growth and profitability making for an inopportune time to pursue a transaction.
- The vast majority of transactions completed in 2022 were small tuck-in acquisitions. Mega-deals in 2022 included Clayton, Dubilier & Rice's acquisition of the Hospice and Personal Care divisions of Kindred at Home (a Humana Inc. subsidiary) as well as United Health Group Inc.'s (NYSE: UNH) acquisition of LHC Group Inc. (Nasdaq: LHCG) [note: this transaction has yet to close as it remains the subject of a FTC probe].
- From 2018 to 2022, valuations for publicly traded home health and hospice operators spiked and reached a peak median LTM / EBITDA multiple of >34x. However, valuations began decreasing in 2H21 and ended 2022 closer to their pre-2018 levels. The median LTM / EBITDA multiple at YE22 was 17.5x. The valuation downdraft can be attributed to (i) staffing challenges and rising wages, (ii) greater competition in the sector, (iii) pending impact of unfavorable reimbursement changes, and (iv) COVID-related valuation support for home care models has subsided.



Select M&A and Financing Transaction

Date	Target	Acquiror	Target Business Description
12/14/22	1st Care Home Health and Care Hospice	The Care Team	Home health and hospice services in IN
12/1/22	Southwest Florida Home Care	Enhabit Home Health	Home health services in FL
11/18/22	Hospice Care of America	PERA Holdings	Hospice services in CO, KS, MO, and OK
11/17/22	Alliance Home Health Care	PurposeCare	Home health services in IN
10/14/22	A-1 Health Care	PurposeCare	Home health services in OH
10/5/22	Adaptive Hospice	St. Croix Hospice	Hospice services in IN
10/4/22	Trio Home Health Care	Jet Health	Home health and hospice services in TX
10/1/22	Apple Home Healthcare	Addus HomeCare	Home health services in IL

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	12/31/22	High	Low	TEV	LTM	NTM	LTM	NTM
Addus HomeCare	ADUS	\$99.49	88%	145%	\$1,725	1.9x	1.7x	17.1x	15.7x
Amedisys	AMED	\$83.54	46%	105%	\$3,274	1.5x	1.4x	11.3x	10.8x
Aveanna Healthcare	AVAH	\$0.78	10%	117%	\$1,372	0.8x	0.8x	17.5x	10.4x
Chemed	CHE	\$510.43	96%	119%	\$8,116	3.8x	3.7x	17.8x	17.2x
Pennant Group	PNTG	\$10.98	45%	126%	\$635	1.4x	1.3x	24.8x	16.6x
Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.					Average	1.9x	1.8x	17.7x	14.1x
					Median	1.5x	1.4x	17.5x	15.7x

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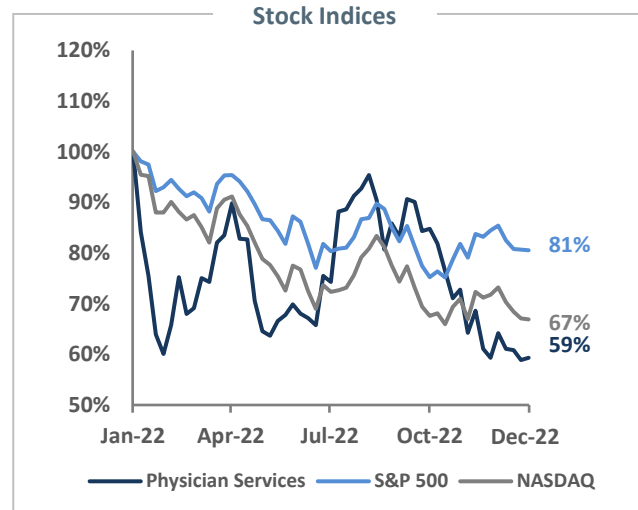
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Representative Transactions



BCA Market Commentary & Stock Indices Relative Performance

- 2022 saw heightened private equity activity in primary care, generally targeted groups contracting with MA plans to manage global capitation risk.
- Sponsors continued to invest in Florida and California, but also extended into rural markets.
- Cardiology and Orthopedics continue to be specialties of interest for investors. Both sectors remain in a strong positions to benefit from procedures shifting to outpatient settings.
- While M&A activity remained steady for smaller dental services organizations in 4Q22, investments in larger platforms slowed due in part to margin compression and the tightening credit markets.
- M&A pace in 1Q23 is expected to return to historical levels as investors gain increased insight into macroeconomic trends.
- Risk enablement platforms attracted interest from physician practices seeking a VBC partner rather than an exit buyer. Investors continued to fund enablement models in nephrology and primary care.



Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description	TEV (\$M)
12/20/22	Desert Kidney Associates	Duo Health	Provider of nephrology services	N/A
12/15/22	Ophthalmic Physicians	Ridgemon Equity Partners	Provider of specialty eye care services	N/A
12/13/22	REACH Fertility	Care Fertility Group	Operator of fertility clinics and IVF labs	N/A
12/2/22	Dental Associates of North Alabama	Silver Oak Services Partners	Operator of dental care clinics	N/A
11/16/22	Paradigm Oral Surgery	BlackRock Private Equity Partners	Provider of oral treatment services	N/A
10/7/22	EyeSouth Partners	Olympus Partners	Operator of a network of integrated eye care practices	N/A
10/1/22	Rise Health	Lorient Capital and Martis Capital	Operator of senior-focused primary care clinics	N/A
10/1/22	Center for Rheumatology	VSS Capital Partners	Operator of bone disease treatment clinics	N/A

Select Public Trading Multiples

(\$M except share prices)										
Company	Ticker	Stock Price 9/30/22	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA		
			High	Low		LTM	NTM	LTM	NTM	
Agilon Health	AGL	\$16.14	57%	112%	\$5,549	2.2x	1.5x	N/M	N/M	
Apollo Medical Holdings	AMEH	\$29.59	39%	110%	\$1,313	1.3x	1.1x	6.7x	11.1x	
CANO	CANO	\$1.37	14%	140%	\$1,912	0.7x	0.6x	8.9x	10.8x	
Pediatrix Medical	MD	\$14.86	53%	103%	\$2,041	1.0x	1.0x	7.6x	8.0x	
Oak Street	OSH	\$21.51	61%	162%	\$5,527	2.8x	2.0x	N/M	N/M	
The Oncology Institute	TOI	\$1.65	15%	193%	\$74	0.3x	0.3x	N/M	N/M	
P3 Health Partners	PIII	\$1.84	22%	114%	\$172	0.2x	0.1x	0.2x	N/M	
Average						1.2x	0.9x	5.9x	10.0x	
Median						1.0x	1.0x	7.2x	10.8x	

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

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