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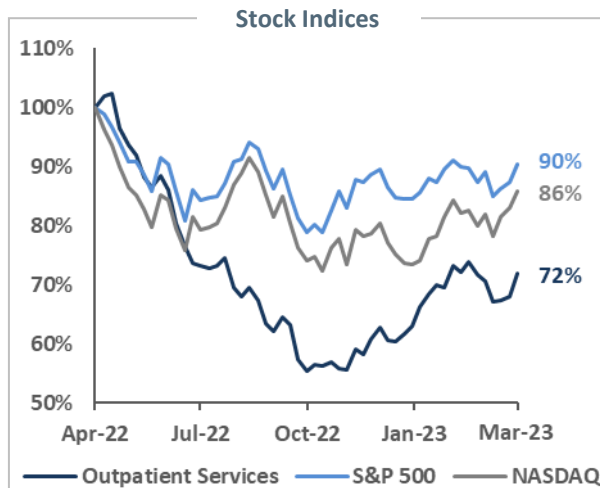
HEALTHCARE SERVICES
SECTOR UPDATE
1Q23

May 2023

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BCA Market Commentary & Stock Indices Relative Performance

- Ambulatory infusion centers are growing and attracting capital, driven by the large pipeline of expensive biotech therapies requiring provider administered infusion.
- There is a shortage of affordable infusion centers, and investors are funding aggressive de novo growth strategies alongside targeted M&A.
- Alternate-site providers typically have cost advantages, and operators are designing more strategies that can drive (and share) savings for value-based care platforms.
- In fee-for-service, investors are de-risking by aggressively pursuing retail and patient pay models: medspa centers, weight loss clinics, and urgent care.



Select M&A and Financing Transactions

Date	Target	Acquiror	Target Business Description
3/30/23	3 Practices and 1 ASC	Capitol Pain Institute	3 interventional pain management practices and an ASC based in CO
3/6/23	Advanced Plastic Surgery Center	Advanced Medaesthetic Partners	NYC-based provider of aesthetic plastic surgery
2/16/23	Advanced Skin & Body Solutions	MedSpa Partners	Seattle-based medical aesthetics platform
1/31/23	CIVIC Infusion	VIVO Infusion	Operator of ambulatory infusion centers in CT and NY
1/30/23	Skintastic	Premier Medical Spas	Operator of a med spa facility in Tampa, FL
1/24/23	Medix Infusion	Echo Health Ventures	Operator of ambulatory infusion centers across the Southwest
1/23/23	MedQuest Associates	Novant Health & TPG	Operator of outpatient and mobile imaging centers across the Southeast
1/17/23	Pediatric Urgent Care	Praesidian Capital	Provider of pediatric urgent care in Oklahoma City, OK

Select Public Trading Multiples

(\$M, except share prices)		Stock Price		% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	3/31/23	High	Low	TEV	LTM	NTM	LTM	NTM	
DaVita	DVA	\$81.11	65%	124%	\$19,274	1.7x	1.6x	9.0x	7.9x	
Encompass Health	EHC	\$54.10	83%	128%	\$8,402	1.9x	1.8x	9.2x	8.3x	
Fresenius	FME	\$42.64	62%	167%	\$24,406	1.2x	1.1x	6.2x	6.7x	
Select Medical	SEM	\$25.85	84%	137%	\$8,174	1.3x	1.2x	13.2x	9.3x	
Surgery Partners	SGRY	\$34.47	54%	168%	\$5,816	2.3x	2.1x	11.2x	9.9x	
U.S. Physical Therapy	USPH	\$97.91	74%	134%	\$1,535	2.8x	2.6x	17.5x	20.8x	
Average						1.9x	1.8x	11.0x	10.5x	
Median						1.8x	1.7x	10.2x	8.8x	

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

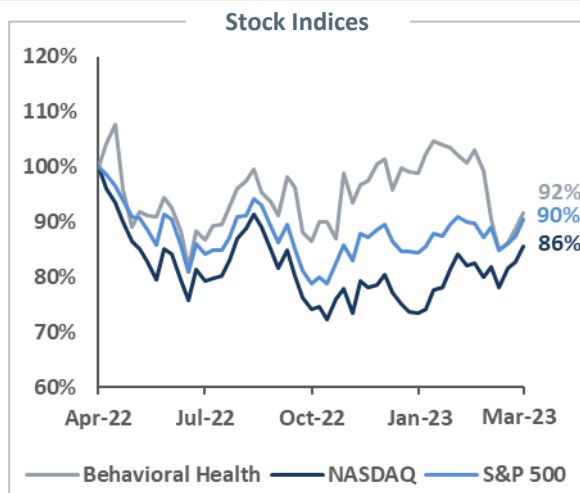


Sale to



BCA Market Commentary & Stock Indices Relative Performance

- Behavioral Health is expected to one of the more active sectors within healthcare in 2023.
- Demand for services continues to far outpace supply creating tailwinds for years to come.
- Investors have focused on providers who have sustainable rates & lengths of stay with a forward focus on outcomes.
- Outpatient mental health and SUD have seen consistent areas of interest and investment.
- Demand for ABA services far outpacing supply of providers with ASD prevalence now at 1:36 children as reported by the CDC.
- Challenging labor market is still plaguing ABA operators forcing large consolidators to streamline operations and focus on core markets.



Select M&A and Financing Transactions

Date	Target	Acquirer	Target Business Description
3/27/23	Wellington Counseling Group	ARC Health	Multi-specialty psychotherapy provider group serving the Chicago metro region
3/16/23	SpectrumAi	CVS Health	Developer of solutions to improve autism care
2/2/23	AnswersNow	Left Lane Capital	Digital ABA platform delivering high-quality, personalized therapy
1/25/23	Autism Learning Collaborative	Apara Autism Center	ABA therapy provider in Nebraska, New Mexico, and Oklahoma
1/25/23	Early Autism Services (MO operations)	Apara Autism Center	Missouri operations of ABA therapy provider Early Autism Services
1/24/23	Cornerstone Healthcare Group	Lifepoint Health	54-bed behavioral health facility based in Arizona
1/17/23	Muir Wood	Avesi Partners	Provider of integrated, adolescent-focused behavioral health services
1/17/23	Catalyst Speech Language Pathology	The Stepping Stones Group	Speech therapy provider to over 20 school districts in California
1/12/23	Lilac Center	ARC Health	Provider of DBT in the Kansas City metro and surrounding areas
1/9/23	Array Behavioral Care	CVS Health	Provider of virtual psychiatry and therapy

Select Public Trading Multiples

(\$M, except share prices)		Stock Price			% of 52-Week		TEV / Revenue		TEV / EBITDA	
Company	Ticker	3/31/23	High	Low	TEV	LTM	NTM	LTM	NTM	
Acadia Healthcare	ACHC	\$72.25	80%	114%	\$8,049	3.1x	2.8x	13.1x	11.6x	
American Well	AMWL	\$2.36	44%	110%	\$124	0.4x	0.4x	N/M	N/M	
Lifestance	LFST	\$7.43	66%	176%	\$3,010	3.5x	3.0x	N/M	N/M	
Universal Health Services	UHS	\$127.10	80%	154%	\$14,803	1.1x	1.1x	8.9x	7.9x	
Note: EBITDA includes add-backs for stock-based compensation and non-recurring expenses. Data per SEC filings and PitchBook.					Average	2.0x	1.8x	11.0x	9.8x	
					Median	2.1x	1.9x	11.0x	9.8x	

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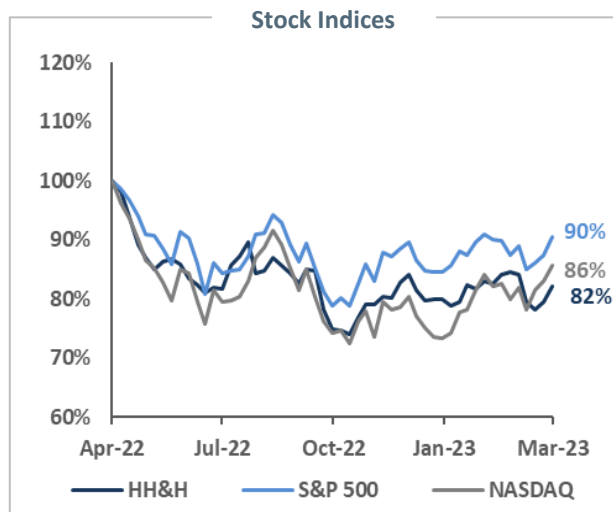
Representative Transactions

<p>Sell-Side</p> <p>Project Aurora</p> <p>Sale to</p> <p>Strategic Acquirer</p>	<p>Sell-Side</p> <p>Constellation Behavioral Health</p> <p>Sale to</p> <p>LINDSAY GOLDBERG</p>	<p>Sell-Side</p> <p>Mount Sinai</p> <p>Sale to</p> <p>BayMark Health Services</p>
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1Q23 Home Health & Hospice Sector Overview

BCA Market Commentary & Stock Indices Relative Performance

- BCA's industry conversations indicate that home health and hospice operators are beginning to see some improvement in the labor picture; while labor costs and availability are nowhere near Pre-Pandemic levels, many operators are hopeful that the worst is behind them.
- Similar to other healthcare sub-sectors, a gap exists in buyer and seller expectations. While the valuations for publicly traded home health and hospice companies have retreated significantly from their Pandemic highs, some private company owners have been slower to recalibrate their expectations. As the gap between buyers' and sellers' expectations narrows, BCA expects home health and hospice M&A will accelerate.
- Notable M&A transactions in 1Q23 include Gentiva's \$710 million acquisition of Heartland Hospice from ProMedica as well as Houseworks' acquisition of Amedisys' Personal Care Division.



Select M&A and Financing Transaction

Date	Target	Acquiror	Target Business Description
3/31/23	Community Hospice	Hospice Care Options	Hospice services in GA
3/23/23	Home Sweet Home In-Home Care	PurposeCare	Home health services in MI
3/14/23	Safe Harbor Hospice	Legacy Hospice	Hospice services in MO
3/8/23	HealthKeeperz	BAYADA Home Health	Home health services in NC
3/1/23	Kosciusko Home Care & Hospice	Stillwater Hospice	Hospice services in IN
2/27/23	Heartland Hospice	Gentiva	Hospice and home care services in IL, IN, OH, GA, SC, and VA
2/15/23	Amedisys (Personal Care Division)	Houseworks	Home health and hospice services in MA
1/13/23	Sena Health	Care2U	Hospital at home services in NJ and PA

Select Public Trading Multiples

(\$M, except share prices)		Stock Price	% of 52-Week		TEV / Revenue			TEV / EBITDA	
Company	Ticker	3/31/23	High	Low	TEV	LTM	NTM	LTM	NTM
Addus HomeCare	ADUS	\$106.76	93%	145%	\$1,828	1.9x	1.8x	18.0x	16.2x
Amedisys	AMED	\$73.55	42%	106%	\$2,950	1.3x	1.3x	10.5x	10.0x
Aveanna Healthcare	AVAH	\$1.04	30%	156%	\$1,464	0.8x	0.8x	33.4x	11.2x
Chemed	CHE	\$537.75	100%	125%	\$8,418	3.9x	3.7x	18.9x	17.7x
Pennant Group	PNTG	\$14.28	70%	165%	\$750	1.6x	1.5x	24.8x	18.7x
					Average	1.9x	1.8x	21.1x	14.8x
					Median	1.6x	1.5x	18.9x	16.2x

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

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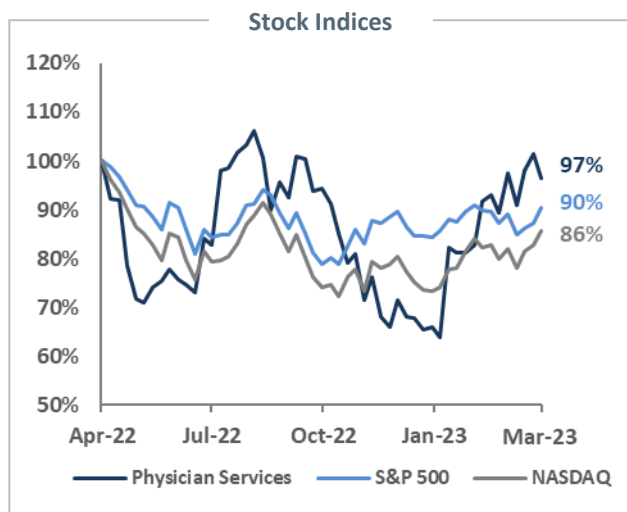
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Representative Transactions

<p>Sell-side</p> <p>SimiTree</p> <p>Sale to</p> <p>SHERIDAN CAPITAL PARTNERS</p>	<p>Sell-side</p> <p>KARE-IN-HOME</p> <p>Sale to</p> <p>NAUTIC VISTRIA</p>	<p>Sell-side</p> <p>VITAL HEALTH CARE GROUP</p> <p>Sale to</p> <p>NAUTIC VISTRIA</p>
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BCA Market Commentary & Stock Indices Relative Performance

- A tightening credit market in Q1 created challenges for buyers looking to secure funding for transactions. This led to reductions in M&A volumes along with a decline in multiples.
- While much of the M&A activity in the PPM space this year may be add-on acquisitions, it is anticipated that interest in creating platforms in attractive specialties will persist throughout 2023.
- Cardiology and Orthopedics continue to be specialties of interest for investors as both sectors remain in a strong positions to benefit from growth tailwinds.
- During Feb23, EmergeOrtho, OrthoIndy and Proliance Surgeons launched PELTO Health Partners, which markets itself as an alternative to the traditional PE-sponsored MSOs
- Value based care continues to be a focus for private equity across multiple care settings.
- M&A activity in 1Q23 was highlighted by CVS Health's announced acquisition of Oak Street Health for \$10.6B.



Select M&A and Financing Transactions

Date	Target	Acquirer	Target Business Description
3/30/23	United Digestive	Kohlberg Kravis Roberts	Operator of gastroenterology physician practices
3/23/23	Orthopedic Associates	United Musculoskeletal Partners	Operator of comprehensive musculoskeletal care practices
3/6/23	Surgical Dermatology Group & Skin Cancer Specialists	Water's Edge Dermatology	Operator of multi-service surgical and dermatological practice centers
3/2/23	Bluetree Dental	Clairvest	Operator of pediatric dental clinics
2/22/23	One Medical	Amazon	Operator of primary care platform and centers
2/14/23	Fertility Associates of Memphis	Ivy Fertility	Operator of reproductive health care clinics
2/7/23	Oak Street Health*	CVS Health	Operator of value-based, primary care centers
2/6/23	Orthotexas Physicians and Surgeons	United Musculoskeletal Partners	Operator of multi-specialty orthopedic hospitals
2/1/23	Cardiovascular Institute of the South	Lee Equity Partners	Provider of cardiovascular care services
2/1/23	Mosaic Dental Collective	Audax Group	Provider of dental care management services
1/10/23	IVI-RMA Global	Kohlberg Kravis Roberts	Operator of fertility clinics and IVF labs

* Acquisition has been announced

Select Public Trading Multiples

(\$M except share prices)										
Company	Ticker	Stock Price 3/31/23	% of 52-Week		TEV	TEV / Revenue		TEV / EBITDA		
			High	Low		LTM	NTM	LTM	NTM	
Agilon Health	AGL	\$23.75	81%	160%	\$8,697	3.2x	2.0x	N/M	N/M	
Apollo Medical Holdings	AMEH	\$36.47	63%	136%	\$1,680	1.5x	1.2x	11.0x	12.9x	
CANO	CANO	\$0.91	9%	119%	\$1,549	0.6x	0.5x	9.8x	17.3x	
Pediatrix Medical	MD	\$14.91	60%	109%	\$1,983	1.0x	1.0x	7.8x	8.3x	
Oak Street	OSH	\$38.68	100%	291%	\$9,561	4.4x	3.1x	N/M	N/M	
The Oncology Institute	TOI	\$0.68	7%	147%	\$66	0.3x	0.2x	N/M	N/M	
Privia	PRVA	\$27.61	62%	153%	\$2,701	2.0x	1.7x	43.9x	37.4x	
Average						1.5x	1.2x	16.8x	16.8x	
Median						1.3x	1.1x	8.3x	11.0x	

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

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