

Shields & Company

INVESTMENT BANKERS

Healthcare & Human Services Sector Update

Q4 2020



Healthcare Sector Update – Q4 2020

M&A Summary & Outlook

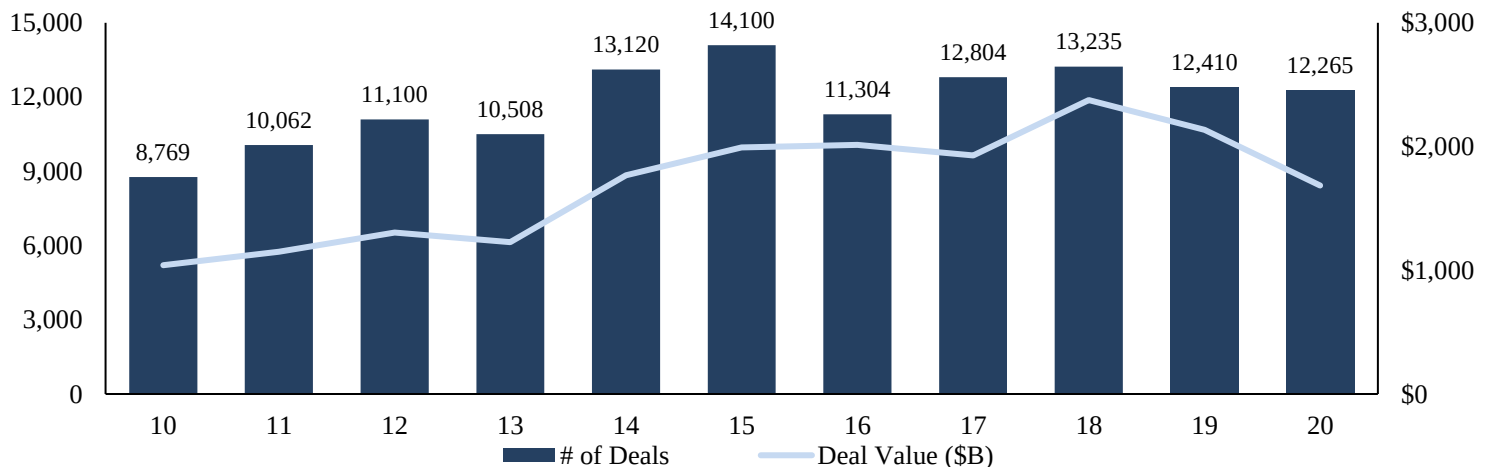
- Q4 2020 saw North American M&A volume of 3,874 transactions and total deal value of \$549.9 billion.
- Within the Healthcare sector, there were 227 transactions in Q4 2020, compared to 157 transactions in Q4 2019, representing a 45% increase from last year. The sector remained relatively stable with 646 total transactions in 2020 compared to last year's total of 653.

Public Company Performance

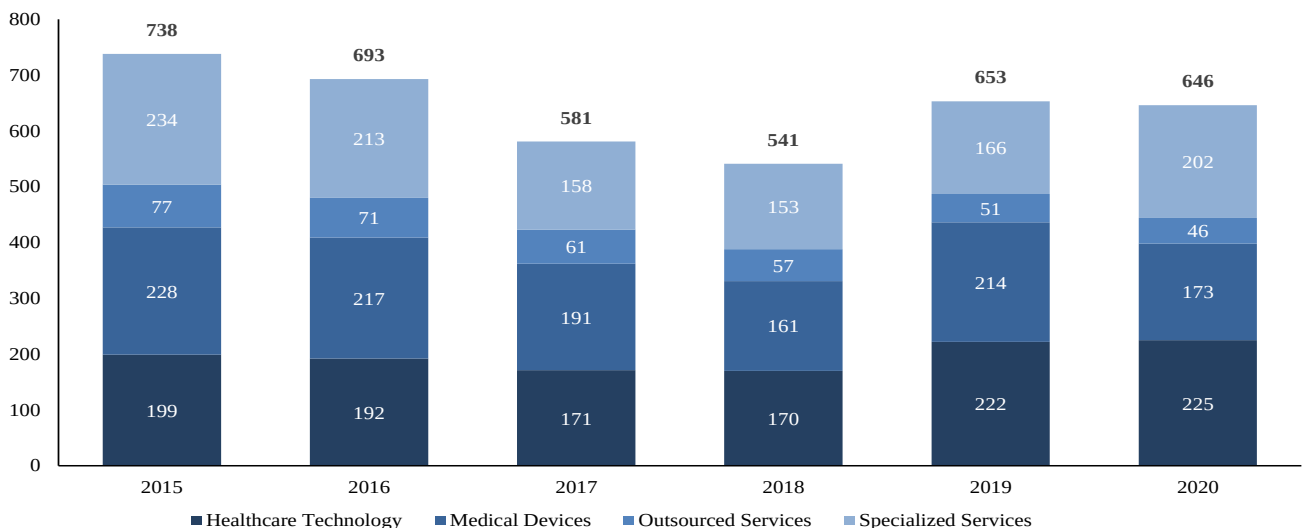
- Public company EV/EBITDA multiples slightly increased from last quarter with a median Healthcare multiple of 13.3x in Q4 2020 compared to a median multiple of 12.0x in Q3 2020. The median EV/EBITDA multiple in Q4 2019 was 12.4x.
- After Q4 2020, Medical Devices is the only one out of four Healthcare sub-sectors that has outperformed the S&P 500 over the past five years.

North American M&A Overview

(\$ in billions)



M&A Deal Volume: Healthcare Sector



Select Recent M&A Transactions

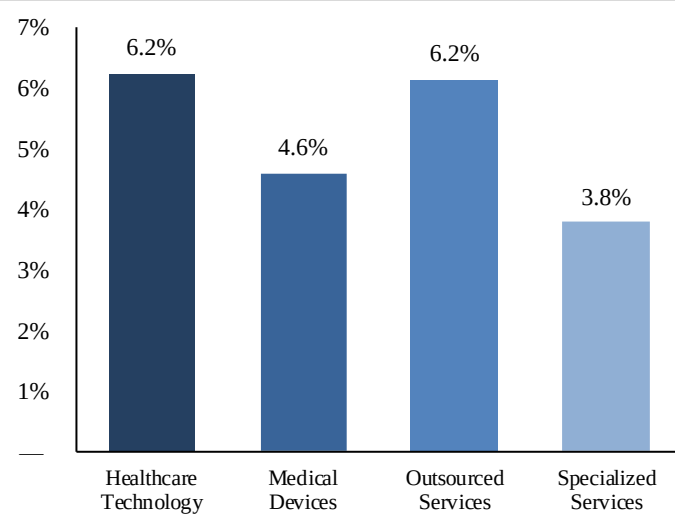
(\$ in millions)

Date	Target	Description	Buyer	Transaction Value
12/29/2020	OptiExpress, Inc.	OptiExpress, Inc. provides eye care services and treatment for ocular health issues.	Quigley Eye Specialists, LLC	NA
12/15/2020	Genesis Westwood Center (Alpine Healthcare Center)	Alpine Healthcare Center owns and operates a skilled nursing facility that offers short and long-term care.	Keene SNF Realty LLC	\$9.2
12/10/2020	Refresh Mental Health, Inc	Refresh Mental Health, Inc operates behavioral healthcare facilities.	Kelso & Company, L.P.	NA
12/4/2020	Veran Medical Technologies, Inc.	Veran Medical Technologies, Inc. develops minimally invasive therapeutic devices for oncology procedures.	Olympus Corporation of the Americas	\$340.0
12/3/2020	Verata Health, Inc.	Verata Health, Inc. develops artificial intelligence-based prior authorization process software for healthcare providers.	Olive AI, Inc.	\$120.0
12/2/2020	Midwest Dental, Inc.	Midwest Dental, Inc. operates as a dental services organization.	Smile Brands Inc.	NA
12/1/2020	A&E Medical Corporation	A&E Medical Corporation manufactures and sells medical devices.	Zimmer Biomet Holdings, Inc.	\$250.0
12/1/2020	PeelMaster Medical Packaging Corporation	PeelMaster Medical Packaging Corporation manufactures sterile medical device packaging solutions.	Spectrum Plastics Group, Inc.	NA
11/27/2020	BioLife Solutions, Inc.	BioLife Solutions, Inc. develops, manufactures, and supplies bioproduction tools for the cell and gene therapy industry.	Casdin Capital, LLC	\$36.0
11/11/2020	Queen City Hospice, LLC	Queen City Hospice, LLC owns and operates hospice and palliative care centers.	Addus HomeCare Corporation	\$192.0
11/10/2020	HSTechnology Solutions, Inc.	HSTechnology Solutions, Inc. provides value-based payment services that reduce health care cost.	MultiPlan Corporation	\$140.0
11/9/2020	INSIG Corporation	Insig Corporation owns and operates an online telehealth platform which connects patients with healthcare providers.	WELL Health Technologies Corp.	\$31.1
11/9/2020	Goetech LLC	Goetech LLC, provides Web and handheld-based software solutions to hospitals and retail pharmacies.	Grifols Shared Services North America, Inc.	\$60.2
11/6/2020	Integrated Medical Holdings LLC	Integrated Medical Holdings, LLC designs and manufactures catheter tipping and hole making equipment.	Syneo, LLC	NA
11/4/2020	Pinnacle Medical Solutions, Inc.	Pinnacle Medical Solutions, Inc. provides home delivery of medical supplies for people with diabetes.	AdaptHealth Corp.	\$131.6
10/28/2020	Z-Medica, LLC	Z-Medica, LLC engages in the development, production, marketing, and sale of hemorrhage control products.	Teleflex Incorporated	\$525.0
10/21/2020	FOX Rehabilitation, Inc.	FOX Rehabilitation, Inc. offers physical, occupational, and speech therapy services.	Blue Wolf Capital Partners LLC	NA
10/13/2020	CarePort Health, LLC	CarePort Health, LLC develops care coordination software solutions to manage patient transitions.	WellSky Corporation	\$1,350.0
10/6/2020	Key Surgical, Inc.	Key Surgical, Inc. manufactures sterile processing, operating room, and other instrument care supplies.	STERIS Corporation	\$850.0
10/2/2020	Reflections Dental Centre	Reflections Dental Centre is a dental health care service provider.	Smile Brands Inc.	NA
10/1/2020	Spectrum Home Healthcare, LLC	Spectrum Home Healthcare, LLC provides home healthcare services.	Civitas Solutions, Inc.	NA

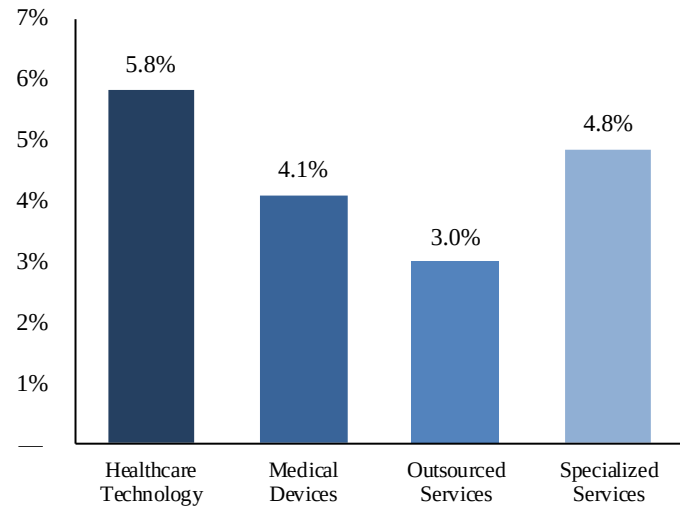


Public Company Trading Statistics

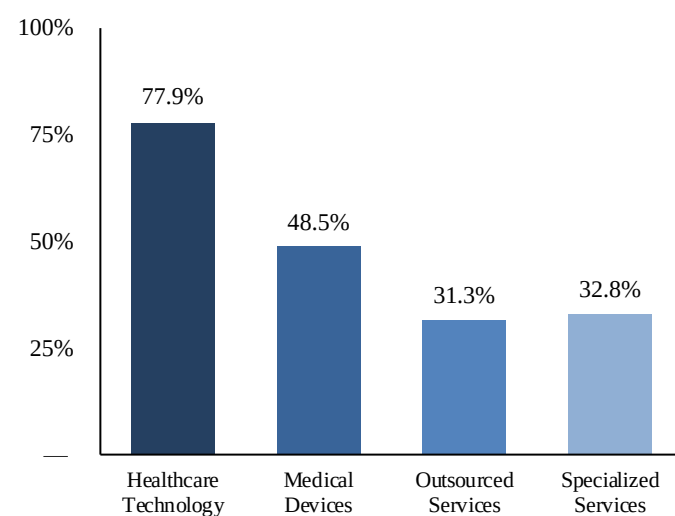
3-Year Revenue CAGR



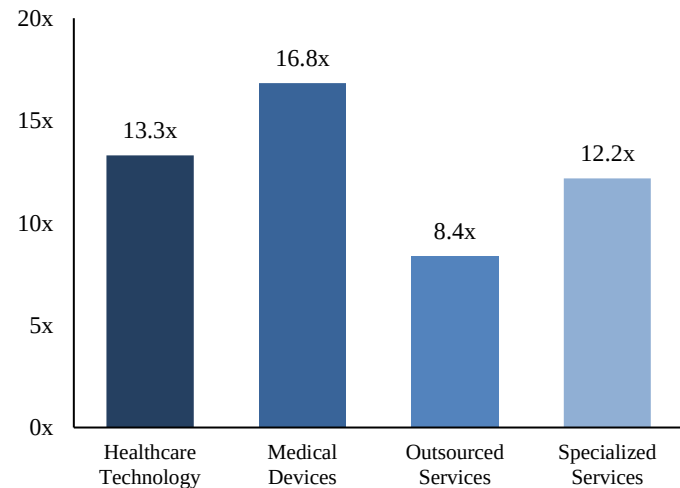
3-Year EBITDA CAGR



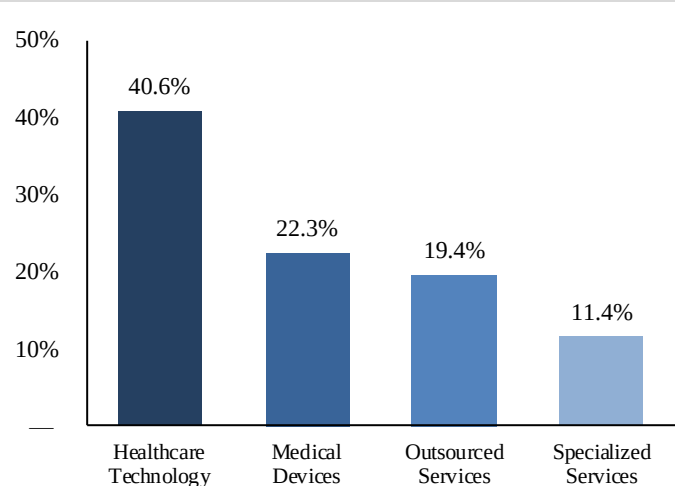
Gross Margin



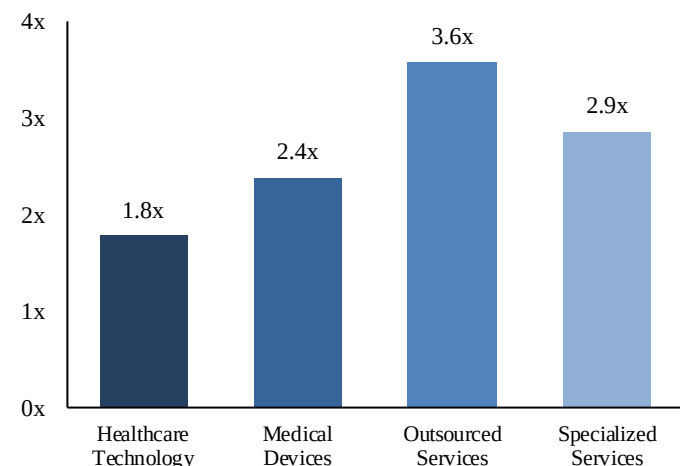
TEV/EBITDA



EBITDA Margin



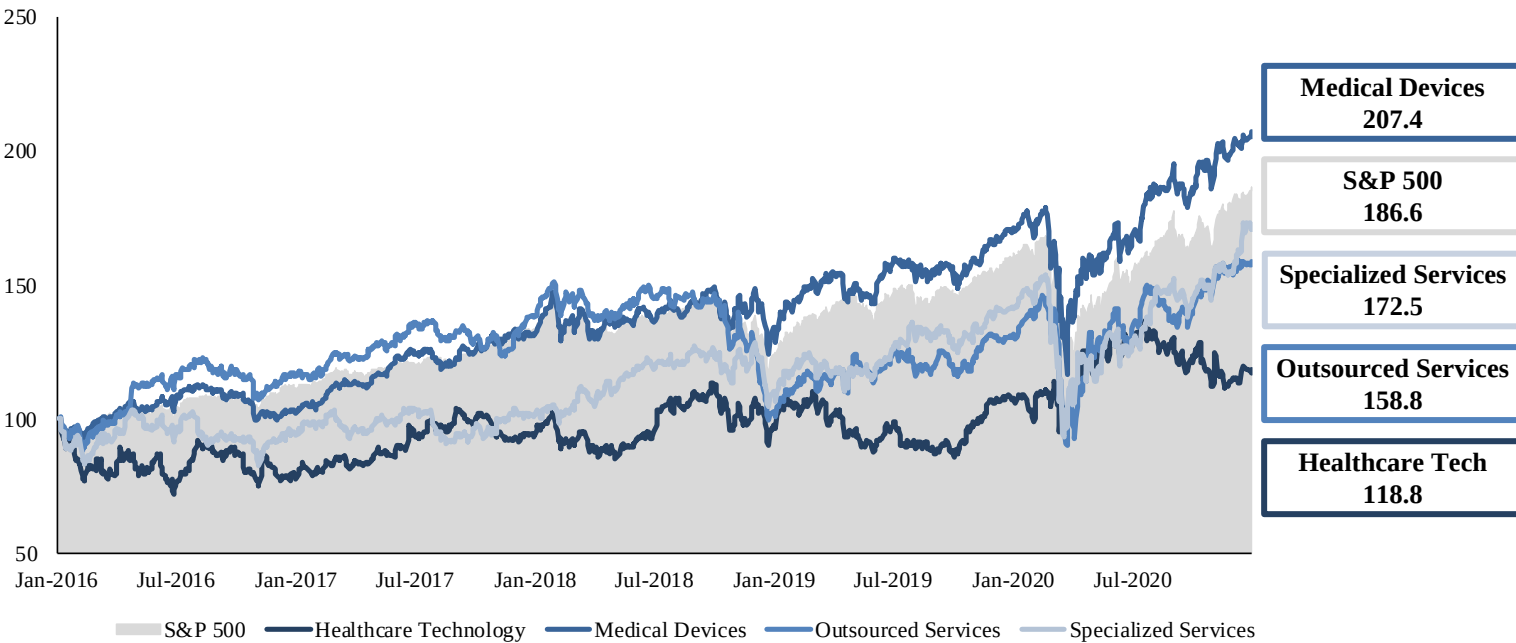
Total Debt/EBITDA



Public Company Trading History

5-Year Stock Return

(Indexed to 100)



5-Year Historical EBITDA Multiple



Public Comparable Companies

(\$ in millions)	Latest Twelve Months				TEV / LTM		TEV / EBITDA	
	TEV	Revenue	Gross Profit	EBITDA	Revenue	EBITDA	2021P	2022P
Healthcare Technology								
Agilent Technologies, Inc.	\$37,455	\$5,339	\$2,837	\$1,413	7.0x	26.5x	23.3x	20.9x
Alexion Pharmaceuticals, Inc.	\$34,866	\$5,862	\$5,347	\$3,105	5.9x	11.2x	9.4x	8.9x
Amgen Inc.	\$155,779	\$23,787	\$19,172	\$12,647	6.5x	12.3x	10.2x	9.9x
Biogen Inc.	\$40,910	\$11,315	\$12,502	\$7,230	3.6x	5.7x	7.3x	7.2x
Gilead Sciences, Inc.	\$75,312	\$23,147	\$18,290	\$6,346	3.3x	11.9x	6.1x	6.4x
Illumina, Inc.	\$52,601	\$3,238	\$2,262	\$1,079	16.2x	48.7x	37.9x	33.1x
Regeneron Pharmaceuticals, Inc.	\$47,783	\$8,475	\$5,108	\$3,349	5.6x	14.3x	10.0x	9.4x
Vertex Pharmaceuticals Incorporated	\$55,853	\$5,991	\$3,430	\$2,782	9.3x	20.1x	13.4x	12.6x
Healthcare Technology Median					6.2x	13.3x	9.8x	9.4x
Medical Devices								
<i>Dental Products</i>								
3M Company	\$116,775	\$31,712	\$15,384	\$9,001	3.7x	13.0x	12.3x	11.5x
DENTSPLY SIRONA Inc.	\$12,505	\$3,371	\$1,731	\$687	3.7x	18.2x	14.0x	12.6x
Dental Products Median					3.7x	15.6x	13.1x	12.1x
<i>Durable Medical Equipment</i>								
Hill-Rom Holdings, Inc.	\$8,251	\$2,881	\$1,475	\$605	2.9x	13.6x	12.8x	11.6x
Invacare Corporation	\$544	\$860	\$248	\$38	0.6x	14.4x	9.1x	7.6x
ResMed Inc.	\$31,571	\$3,028	\$1,813	\$981	10.4x	32.2x	27.8x	25.9x
STERIS plc	\$17,041	\$3,022	\$1,327	\$816	5.6x	20.9x	18.0x	16.4x
Durable Medical Equipment Median					4.3x	17.7x	15.4x	14.0x
<i>Medical Devices & Products</i>								
Abbott Laboratories	\$201,641	\$32,221	\$18,319	\$7,823	6.3x	25.8x	18.5x	17.5x
Baxter International Inc.	\$43,820	\$11,531	\$4,814	\$2,967	3.8x	14.8x	13.7x	12.9x
Boston Scientific Corporation	\$59,048	\$10,108	\$6,821	\$2,205	5.8x	26.8x	17.0x	14.9x
Conformis, Inc.	\$54	\$72	\$36	(\$17)	0.8x	NM	NM	NM
Danaher Corporation	\$178,156	\$20,392	\$11,642	\$5,813	8.7x	30.6x	23.0x	21.3x
Hanger, Inc.	\$1,351	\$1,025	\$348	\$157	1.3x	8.6x	7.4x	7.1x
Hologic, Inc.	\$21,189	\$3,776	\$2,513	\$1,561	5.6x	13.6x	9.7x	14.3x
Intuitive Surgical, Inc.	\$91,417	\$4,307	\$2,861	\$1,293	21.2x	70.7x	43.9x	36.4x
Johnson & Johnson	\$421,287	\$80,856	\$53,197	\$27,264	5.2x	15.5x	13.6x	12.7x
Medtronic plc	\$173,529	\$27,868	\$18,142	\$6,556	6.2x	26.5x	16.0x	15.2x
Stryker Corporation	\$98,460	\$14,220	\$9,117	\$3,982	6.9x	24.7x	20.3x	18.3x
Teleflex Incorporated	\$21,011	\$2,507	\$1,402	\$687	8.4x	30.6x	24.0x	20.7x
Thermo Fisher Scientific Inc.	\$198,172	\$28,497	\$13,488	\$8,361	7.0x	23.7x	19.2x	19.7x
Varian Medical Systems, Inc.	\$15,692	\$3,168	\$1,377	\$569	5.0x	27.6x	19.6x	NA
Medical Devices & Products Median					6.0x	25.8x	18.5x	16.3x

Public Comparable Companies

(\$ in millions)	Latest Twelve Months				TEV / LTM		TEV / EBITDA	
	TEV	Revenue	Gross Profit	EBITDA	Revenue	EBITDA	2021P	2022P
Medical/Surgical/Dental Distributors								
AmerisourceBergen Corporation	\$20,147	\$189,894	\$5,188	\$2,610	0.1x	7.7x	7.2x	6.8x
Cardinal Health, Inc.	\$19,713	\$154,646	\$6,904	\$2,683	0.1x	7.3x	6.7x	6.3x
Henry Schein, Inc.	\$11,340	\$9,622	\$2,765	\$863	1.2x	13.1x	11.0x	10.5x
McKesson Corporation	\$36,008	\$234,194	\$12,069	\$4,774	0.2x	7.5x	6.9x	6.7x
Owens & Minor, Inc.	\$3,380	\$8,309	\$1,167	\$293	0.4x	11.5x	7.7x	8.2x
Patterson Companies, Inc.	\$3,483	\$5,542	\$1,180	\$339	0.6x	10.3x	9.6x	9.5x
Varian Medical Systems, Inc.	\$15,692	\$3,168	\$1,377	\$569	5.0x	27.6x	19.6x	NA
Medical/Surgical/Dental Distributors Median					0.4x	10.3x	7.7x	7.5x
Medical Devices Median					5.0x	16.8x	13.9x	12.8x
Outsourced Services								
Clinical Labs								
Laboratory Corporation of America Holdings	\$25,862	\$12,442	\$3,869	\$3,204	2.1x	8.1x	7.1x	8.4x
Quest Diagnostics Incorporated	\$19,730	\$8,361	\$3,091	\$2,352	2.4x	8.4x	7.4x	9.2x
Clinical Labs Median					2.2x	8.2x	7.3x	8.8x
Diagnostic Centers								
RadNet, Inc.	\$2,176	\$952	\$233	\$242	2.3x	9.0x	7.7x	7.5x
Diagnostic Centers Median					2.3x	9.0x	7.7x	7.5x
Dialysis Centers								
American Renal Associates Holdings, Inc.	\$1,258	\$814	\$252	\$155	1.5x	8.1x	9.5x	9.2x
DaVita Inc.	\$25,008	\$11,019	\$3,612	\$3,103	2.3x	8.1x	8.1x	7.8x
Fresenius Medical Care AG & Co. KGaA	\$39,866	\$18,039	\$5,642	\$4,730	2.2x	8.4x	7.3x	6.9x
Dialysis Centers Median					2.2x	8.1x	8.1x	7.8x
Disease Management								
Tivity Health, Inc.	\$1,946	\$1,128	\$523	\$229	1.7x	8.5x	11.7x	11.2x
Disease Management Median					1.7x	8.5x	11.7x	11.2x
Outsourced Services Median					2.2x	8.4x	7.7x	8.4x

Public Comparable Companies

	Latest Twelve Months				TEV / LTM		TEV / EBITDA	
	TEV	Revenue	Gross Profit	EBITDA	Revenue	EBITDA	2021P	2022P
(\$ in millions)								
Specialized Services								
<i>Acute Care Hospitals</i>								
Community Health Systems, Inc.	\$13,106	\$11,955	\$4,486	\$1,389	1.1x	9.4x	6.8x	6.7x
HCA Healthcare, Inc.	\$83,892	\$50,763	\$18,882	\$10,517	1.7x	8.0x	7.4x	7.0x
Tenet Healthcare Corporation	\$19,004	\$17,531	\$6,128	\$2,520	1.1x	7.5x	6.6x	6.2x
Universal Health Services, Inc.	\$14,600	\$11,368	\$4,529	\$2,000	1.3x	7.3x	7.4x	7.1x
Acute Care Hospitals Median					1.2x	7.8x	7.1x	6.8x
<i>Assisted Living/Long-Term Care</i>								
Brookdale Senior Living Inc.	\$5,842	\$3,145	\$896	\$703	1.9x	8.3x	10.6x	8.9x
Capital Senior Living Corporation	\$937	\$397	\$116	\$84	2.4x	11.2x	NA	NA
Five Star Senior Living Inc.	\$145	\$437	\$224	\$57	0.3x	2.5x	3.2x	3.0x
National HealthCare Corporation	\$929	\$939	\$387	\$135	1.0x	6.9x	NA	NA
The Ensign Group, Inc.	\$4,836	\$2,334	\$391	\$389	2.1x	12.4x	10.5x	9.9x
Assisted Living/Long-Term Care Median					1.9x	8.3x	10.5x	8.9x
<i>Behavioral Health</i>								
Acadia Healthcare Company, Inc.	\$7,864	\$3,147	\$1,275	\$646	2.5x	12.2x	10.6x	10.1x
Magellan Health, Inc.	\$2,678	\$7,120	\$233	\$200	0.4x	13.4x	11.0x	9.3x
The Providence Service Corporation	\$1,803	\$1,355	\$232	\$131	1.3x	13.8x	9.6x	10.4x
Behavioral Health Median					1.3x	13.4x	10.6x	10.1x
<i>Home Care/Hospice</i>								
Addus HomeCare Corporation	\$1,767	\$761	\$224	\$74	2.3x	23.8x	17.5x	16.0x
Amedisys, Inc.	\$9,917	\$2,021	\$878	\$272	4.9x	36.4x	27.8x	24.7x
Chemed Corporation	\$8,516	\$2,069	\$678	\$410	4.1x	20.8x	17.4x	NA
LHC Group, Inc.	\$6,701	\$2,062	\$786	\$225	3.2x	29.8x	20.8x	18.4x
Home Care/Hospice Median					3.7x	26.8x	19.2x	18.4x
<i>Surgicenters/Rehabilitation</i>								
Select Medical Holdings Corporation	\$8,279	\$5,446	\$816	\$1,016	1.5x	8.2x	7.7x	7.5x
Surgery Partners, Inc.	\$5,653	\$1,829	\$374	\$380	3.1x	14.9x	13.9x	NA
U.S. Physical Therapy, Inc.	\$1,768	\$373	\$96	\$111	4.7x	15.9x	14.9x	14.1x
Surgicenters/Rehabilitation Median					3.1x	14.9x	13.9x	10.8x
Specialized Services Median					1.9x	12.2x	10.6x	9.3x
TOTAL INDUSTRY MEDIAN					2.3x	13.3x	11.0x	10.2x

Source: Capital IQ.
Market Inputs as of December 31, 2020.
NA - Not Available.
NM - Not Meaningful.

Shields & Company

Shields & Company, Inc., founded in 1991, is a leading middle-market investment bank located in the Boston area providing corporate finance advisory services to privately-owned and closely-held businesses in North America. The Shields & Company team utilizes its in-depth experience and knowledge to provide creative, thorough, and professional financial advice. We are committed to providing senior-level, objective financial advice for our clients. We embrace a corporate philosophy where our clients' goals come first and, as a result, we design and execute tailored processes that maximize shareholder outcomes and exceed client expectations more than 90% of the time.

Our partners have Wall Street experience and sit on the Boards of Directors of various public and private companies, and are therefore sensitive to the fiduciary and governance responsibilities confronting leaders in the current era of increased corporate responsibility.

SERVICES

Mergers & Acquisitions	Debt Raising	Corporate Advisory	Valuations
Due Diligence Processes	Bank Debt	Acquisitions	409A & ASC 718
Selective Buy-Side Advisory	Mezzanine Debt	Corporate Divestitures	Fairness Opinions
Sell-Side Advisory		Corporate Governance	Goodwill Impairment
		Joint Ventures	Purchase Allocation
			Securities Valuation

INDUSTRIES

Business Services



Consumer, Food, & Beverage



Healthcare & Human Services



Industrial Products & Services



Niche Manufacturing



Specialty Distribution



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