



# Healthcare Services Industry Report

*August 2021*



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# Healthcare Services Industry Report

## I. *Physician Practice Management*

# PHYSICIAN PRACTICE INDUSTRY KEY TAKEAWAYS

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- ❑ **Physician Practice revenues** are expected to increase at an annualized rate of 2.4% to \$398.9 billion over the four years to 2025. Demand for healthcare services is projected to remain strong, driven by the aging baby boomer population and the rising prevalence of chronic conditions. In addition, healthcare reform is anticipated increase the number of insured patients, thereby boosting demand.
- ❑ **External Drivers**
  - **Federal funding for Medicare and Medicaid:** Combined, Medicare and Medicaid are expected to comprise an estimated three-quarters of industry revenue in 2020. Increased federal funding stimulates demand for healthcare services and determines the prices charged for those services. Federal funding for Medicare and Medicaid is expected to increase in 2021.
  - **Number of adults aged 65 and older:** Elderly adults comprise most home health care patients. Therefore, the rate of growth in these age groups affects demand for home care. The number of adults aged 65 and older is expected to increase in 2021, representing a potential opportunity for the industry.
  - **Number of people with private health insurance:** Individuals covered by private health insurance are likely to use healthcare services more frequently. Therefore, the extent to which private health insurance covers the US population affects demand for healthcare services. More than 10.0% of industry revenue is generated by private insurance payments. The number of people with private health insurance is expected to decline in 2021, posing a potential threat to the industry.
  - **Per capita disposable income:** As per capita disposable income rises, individuals are more likely to purchase insurance plans or be able to afford out-of-pocket healthcare expenses, such as home care services. Out-of-pocket payments make up about 10.0% of industry revenue. Per capita disposable income is expected to rise in 2021.
- ❑ **Industry Outlook**
  - **Continued Growth:** Over the coming years, healthcare reform, aging demographics and medical personnel shortages will likely continue to shape the Physician Practice industry.
  - **Emerging Trends:** Structural changes borne from the COVID-19 (coronavirus) pandemic, such as telehealth consultation, are expected to continue driving innovation in terms of patient-doctor interaction

# INDUSTRY AT A GLANCE

## Key Statistics

**\$354.0bn**  
Revenue



**\$47.8bn**  
Profit



**13.5%**  
Profit Margin



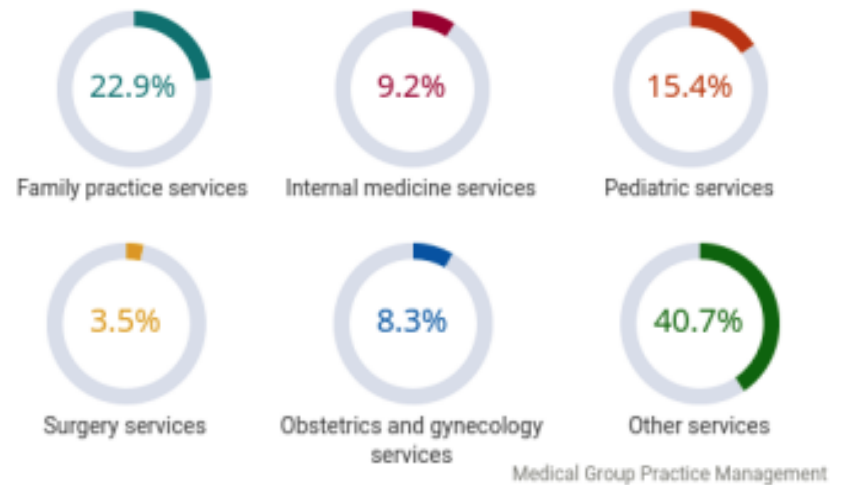
**119k**  
Businesses



**2m**  
Employment



**\$169.3bn**  
Wages



# INDUSTRY AT A GLANCE

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## SWOT

### **S** Strengths

- Growth Life Cycle Stage
- Low Volatility
- Low Imports
- High Profit vs. Sector Average
- Low Customer Class Concentration
- Low Capital Requirements

### **O** Opportunities

- High Revenue Growth (2006-2021)
- High Revenue Growth (2016-2021)
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Federal funding for Medicare and Medicaid

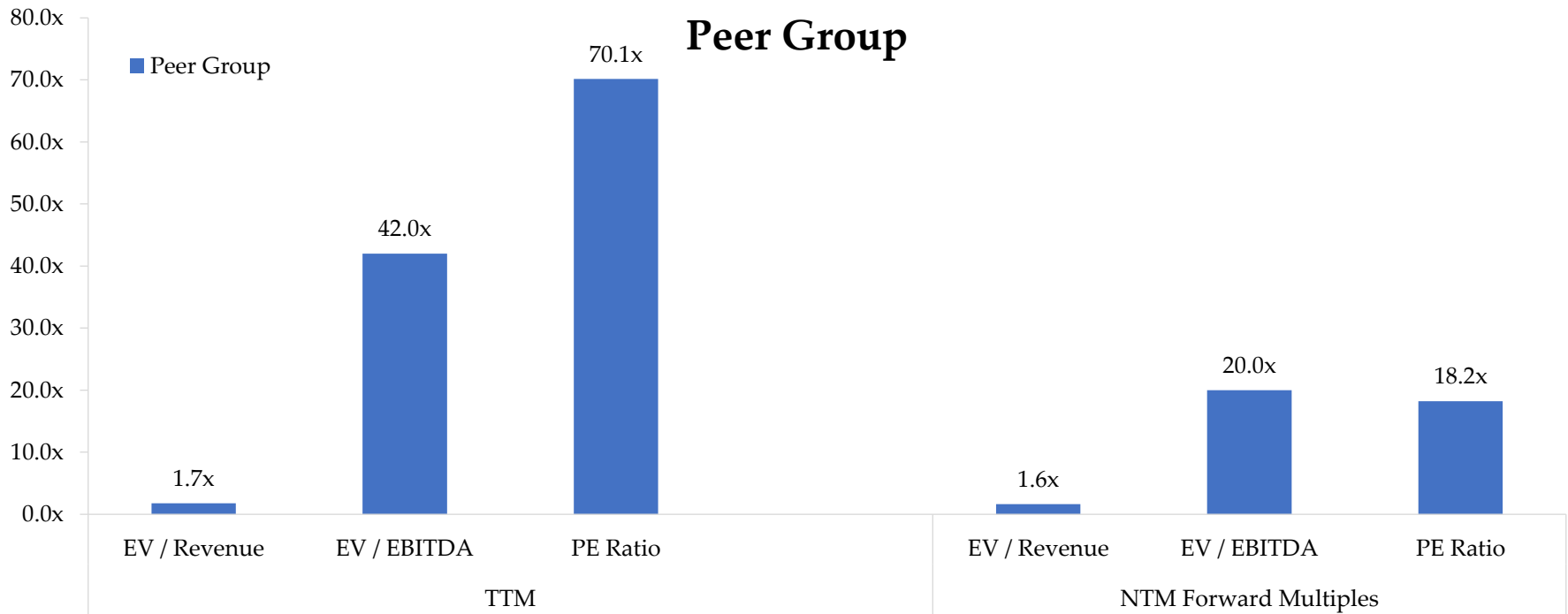
### **W** Weaknesses

- High Product/Service Concentration

### **T** Threats

- Low Outlier Growth
- Number of people with private health insurance

# PUBLIC COMPARABLES

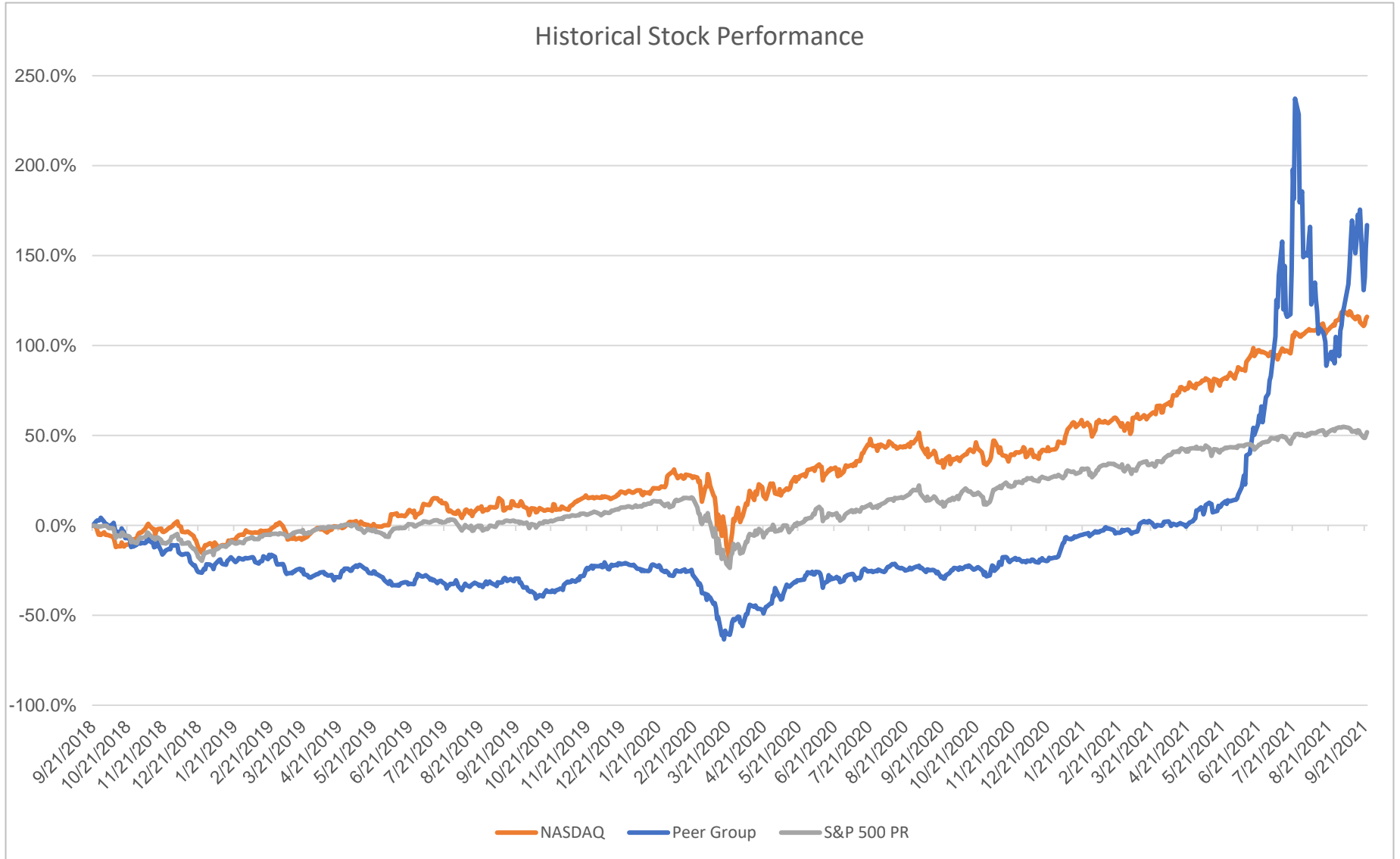


# PUBLIC COMPARABLES

\$ in Millions Ticker	Carecloud MTBC	Mednax MD	Evolut Health EVH	Magellan Health MGLN	Apollo Medical Holdings AMEH	Privia Health PRVA		
Total Revenue	\$105	\$1,734	\$1,022	\$4,578	\$682	\$817		
Gross Profit	40	449	321	119	143	83		
EBIT	-8	118	-313	-14	185	25		
Net Income	(\$8.81)	(\$796.49)	(\$334.25)	\$382.34	\$37.87	\$31.24		
EBITDA	2	146	-251	85	203	27		
Total Debt	11	1,805	360	638	261	34		
EV	112	2,761	1,795	1,818	1,296			
Employees	3,700	3,600	2,900	9,000	630	559		
<b>Ratio Analysis</b>								<b>Median</b>
Revenue/Employee	\$28,411	\$481,653	\$352,563	\$508,615	\$1,082,898	\$1,461,673		\$495,134
EV/Revenue	1.07x	1.59x	1.76x	0.40x	1.90x			
Debt/EBITDA	7.14x	12.88x		8.08x	1.27x	1.41x		
EV/EBITDA	1.07x	1.59x	1.76x	0.40x	1.90x			
Market Cap/EBITDA	65.14x	14.96x		28.70x	5.81x			
Market Cap	122	2,185	1,780	2,431	1,182			
Close Price	8.46	25.35	20.67	93.64	27.97			
52 Week Low	4.82	9.38	4.56	40.02	11.57			
52 Week High	13.40	29.26	22.35	95.43	27.98			
Gross Margin	38.3%	25.9%	31.4%	2.6%	21.0%	10.1%		23.4%
EBIT	-7.9%	6.8%	-30.6%	-0.3%	27.1%	3.1%		1.4%
EBITDA	1.8%	8.4%	-24.6%	1.9%	29.8%	3.3%		2.6%
Acct. Receivable Days	37	74	36	62	34	39		38
Inventory Days	2	NM	NM	3	NM	NM		3
Acct. Payable Days	55	37	27	23	23	6		25
Revenue Growth	63.1%	-2.6%	20.8%	0.3%	22.8%	3.9%		12.4%



# PHYSICIAN PRACTICE INDEX VS. S&P 500



DCA Physician Practice Index: MTBC, MD, EVH, MGLN, AMEH

# RECENT PRIVATE TRANSACTIONS

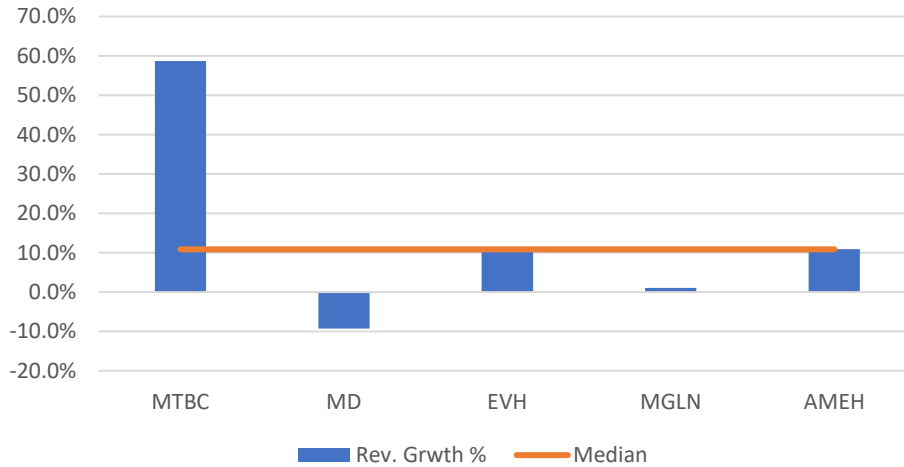
Date	Target	Acquirer	Sector	Deal Synopsis
8/24/2021	Women's Health USA	Ares Private Equity Group	Enterprise Systems (Healthcare)	The company was acquired by Unified Women's Healthcare, via its financial sponsors SSG Capital Management, Oak HC/FT, Ares Private Equity Group and Altas Partners, through an LBO on August 24, 2021 for an undisclosed sum.
05/25/2021	Jarvis Analytics	Henry Schein One	Enterprise Systems (Healthcare)	The company was acquired by Henry Schein One, a subsidiary of Henry Schein (Nasdaq: HSIC) for an undisclosed amount on May 25, 2021. The acquisition means dental teams will benefit by having a trusted partner with the size and expertise of Henry Schein One to enhance and support their dental analytics solutions.
1/1/2021	PBS Endo	Henry Schein One	Enterprise Systems (Healthcare)	The company was acquired by Henry Schein One for an undisclosed amount in January 2021.
11/19/2020	Micro-Office Systems	Medsphere Systems	Enterprise Systems (Healthcare)	The company was acquired by Medsphere Systems, via its financial sponsors NextEquity Partners, Sixth Street Partners and Thomas Weisel Partners Group through an LBO on November 19, 2020 for an undisclosed sum. The deal will enable the acquirer to enhance the value and usability of its affordable healthcare IT solutions and services.
08/24/2020	Credible Behavioral Health	Qualifacts Systems	Enterprise Systems (Healthcare)	The company was acquired by Qualifacts Systems, via its financial sponsor Warburg Pincus, through an LBO on August 24, 2020 for an undisclosed sum. The combination of these technology companies will elevate the experience of behavioral health and human service providers while positioning the combined company for continued innovation and thought leadership in the market.
05/21/2020	IntegraMed Fertility	Amulet Capital Partners	Buildings and Property	The assets of IntegraMed Fertility was acquired by Amulet Capital Partners through a \$7 million LBO on May 21, 2020. The acquisition is a part of formation of support services platform, 'US Fertility' by Amulet Capital Partners and Shady Grove Fertility.
5/21/2020	US Fertility	Amulet Capital Partners	Practice Management (Healthcare)	The company was formed as a joint venture between Amulet Capital Partners and Shady Grove Fertility Center on May 21, 2020.
4/27/2020	Paramount Health Solutions		Practice Management (Healthcare)	The company went out of business on September 10, 2019.
03/31/2020	MacPractice	Valsoft	Enterprise Systems (Healthcare)	The company was acquired by Valsoft for an undisclosed amount on March 31, 2020. The acquisition enables Valsoft to expands its Presence in the Practice Management Vertical.
2/25/2020	Streamline Health Enterprise Content Management	Hyland Software	Enterprise Systems (Healthcare)	The company, a subsidiary of Streamline Health Solutions, was acquired by Hyland Software, via its financial sponsor Thoma Bravo, through an LBO on February 25, 2020 for an undisclosed sum. The acquisition bolsters Hyland Software's efforts to become the world's leading content services provider and furthers its mission of helping healthcare organizations improve the lives of patients and enhance the experiences of healthcare consumers.

# RECENT PUBLIC TRANSACTIONS

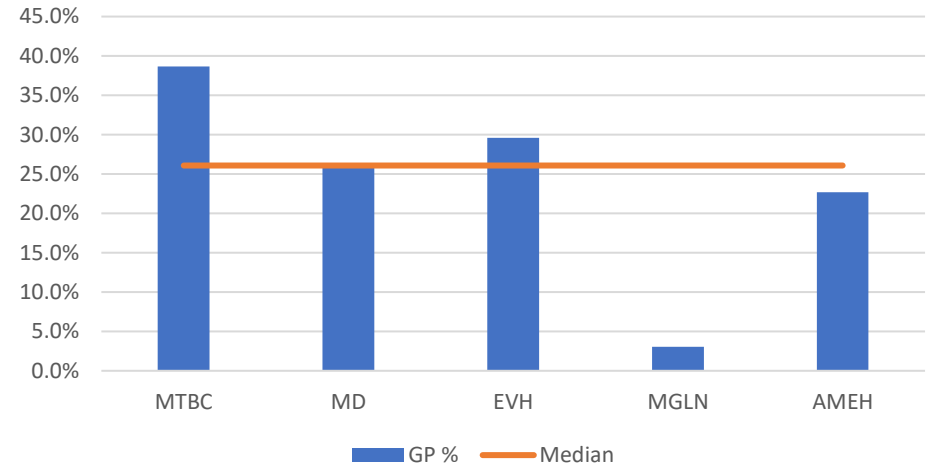
Date	Target	Acquirer	Sector	Deal Synopsis
01/06/2021	Change Healthcare	Optum	Enterprise Systems (Healthcare)	The company reached a definitive agreement to be acquired by Optum, a subsidiary of UnitedHealth Group (NYSE: UNH), for approximately \$8 billion on January 6, 2021. The amount of \$13 billion includes more than \$5 billion in debt owed by the company. The acquisition will help clinicians make the most informed and clinically advanced patient care decisions, more quickly and easily. The deal is expected to close in the second half of 2021.
01/04/2021	Magellan Health	Centene	Other Healthcare Services	The company (NASDAQ: MGLN) reached a definitive agreement to be acquired by Centene (NYSE: CNC) for \$2.2 billion on January 4, 2021. The acquisition will broaden and deepen Centene's whole health capabilities and establish a leading behavioral health platform.
10/06/2020	Augmedix	Malo Holdings Corp.	Medical Records Systems	The company acquired Malo Holdings Corp. through a reverse merger, resulting in the combined entity trading on the OTC Markets Stock Exchange on October 6, 2020.

# OPERATING METRICS

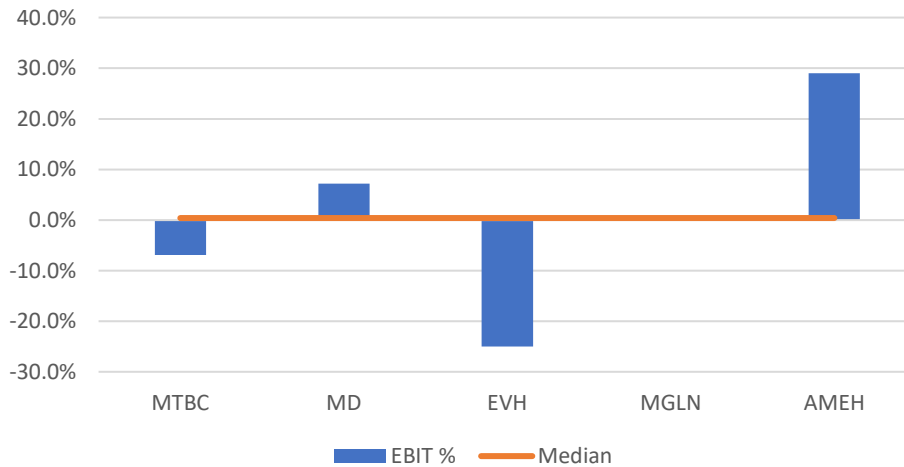
### Revenue Growth



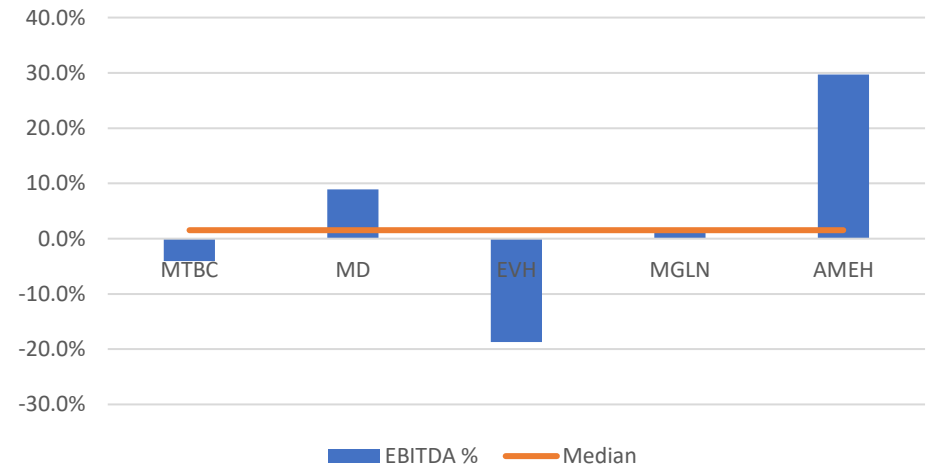
### Gross Profit Margin



### EBIT Margin

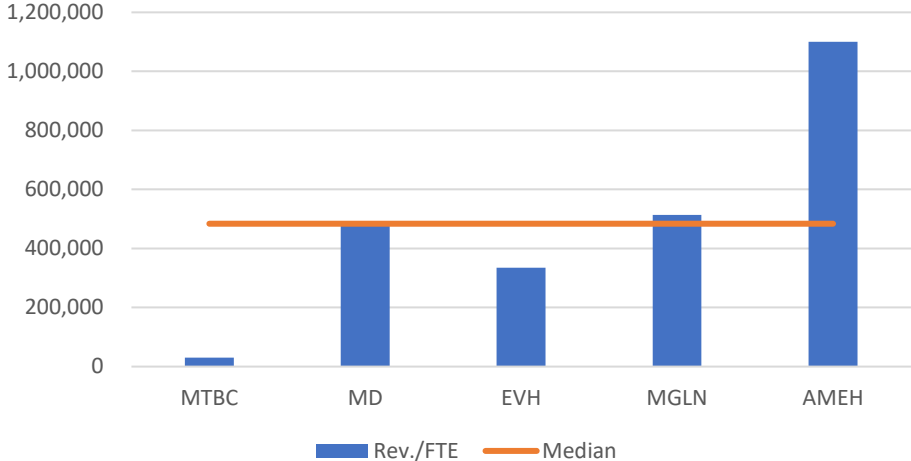


### EBITDA Margin

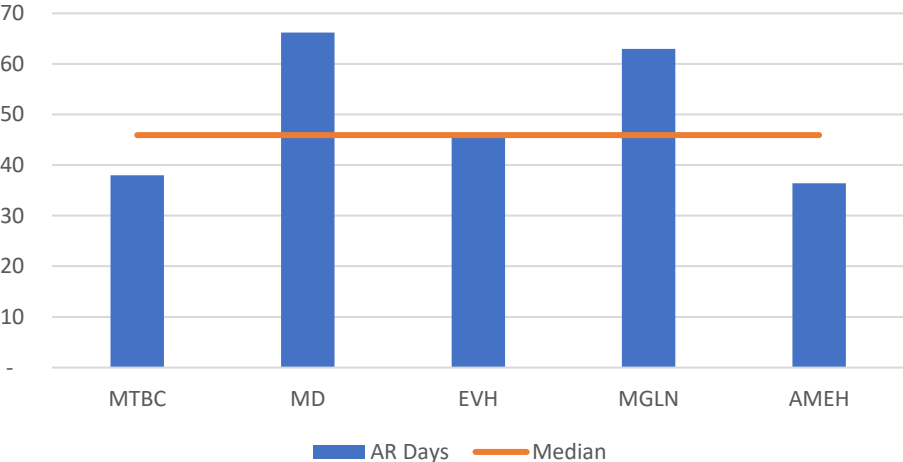


# RATIO ANALYSIS

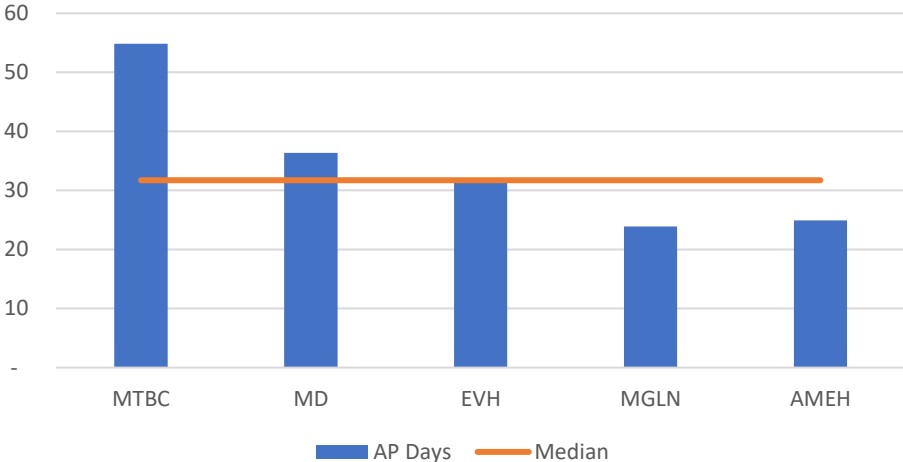
### Revenue per Employee



### AR Days



### AP Days



# VALUATION TRENDS

Ticker	Company	Fundamentals								
		TTM					NTM Estimates			
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
<b>Peer Group</b>										
MTBC	Carecloud	8.02	116.03	122.91	127.51	0.26	(1.35)	145.69	27.02	(0.70)
MD	Mednax	28.86	2,499.44	3,118.55	1,796.98	172.76	(0.63)	1,914.12	259.23	1.58
EVH	Evolent Health	26.04	2,282.92	2,374.74	973.64	15.11	(0.83)	949.72	61.87	(0.02)
MGLN	Magellan Health	94.62	2,484.92	2,128.63	4,737.49	50.68	11.94	5,007.21		1.73
AMEH	Apollo Medical Holdings	96.37	4,013.78	3,994.98	702.33	176.77	1.34	887.17	142.88	1.42

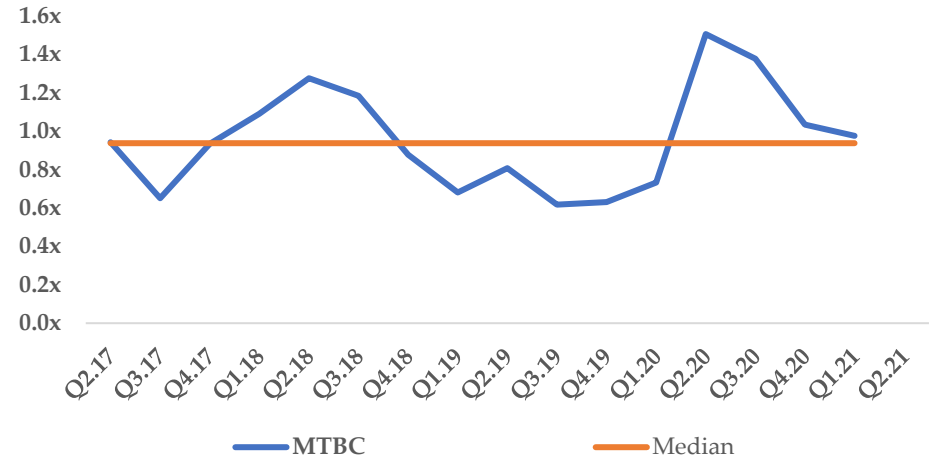
Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
<b>Peer Group</b>							
MTBC	Carecloud	1.0x	479.0x		0.8x	4.5x	-11.5x
MD	Mednax	1.7x	19.8x	65.6x	1.6x	12.0x	18.2x
EVH	Evolent Health	2.4x	157.2x		2.5x	38.4x	-1,488.0x
MGLN	Magellan Health	0.4x	42.0x		0.4x		54.6x
AMEH	Apollo Medical Holdings	5.7x	22.6x	74.7x	4.5x	28.0x	68.0x

# PUBLIC COMP

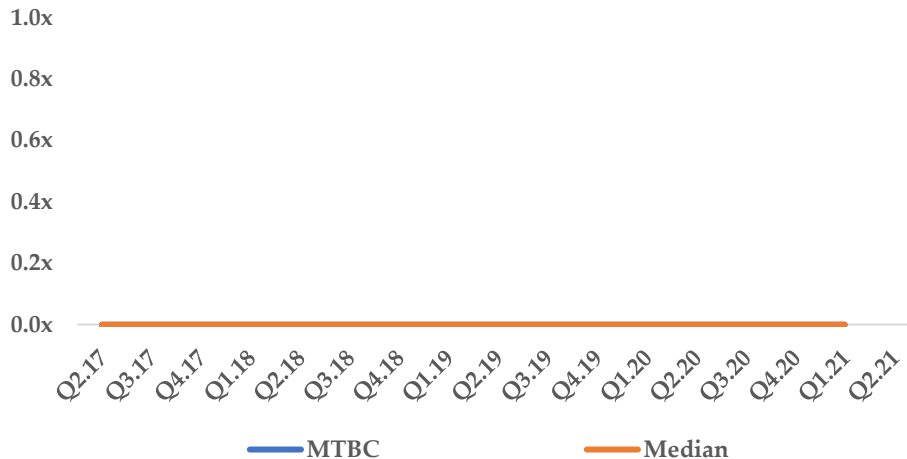
## CareCloud Inc. (NAS: MTBC)

CareCloud Inc operates in the healthcare industry. Its suite of technology-enabled solutions helps clients increase financial and operational performance, streamline clinical workflows, and make better business and care decisions. More than forty thousand providers across the United States count on CareCloud to help them improve patient care while reducing administrative burdens and operating costs. The company's services and solutions include revenue cycle management (RCM), practice management (PM), electronic health record (EHR), business intelligence, telehealth, and patient experience management (PXM).

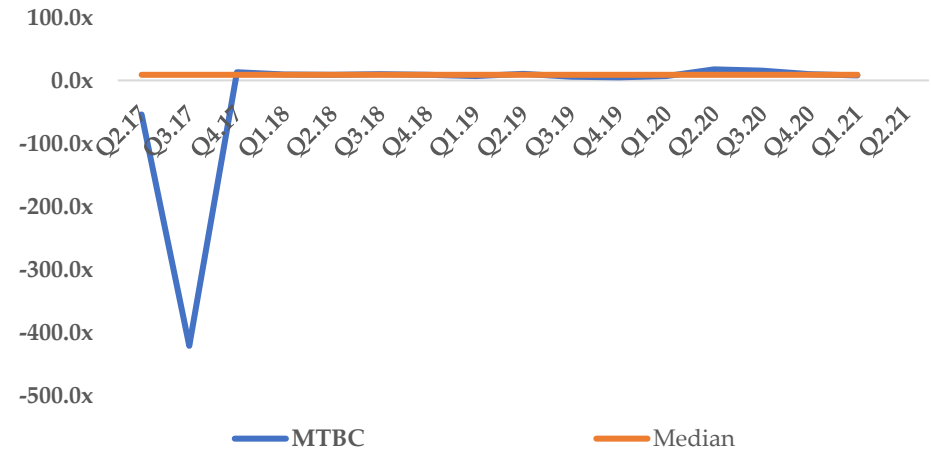
### EV/Revenue Carecloud



### P/E Carecloud



### EV/EBITDA Carecloud

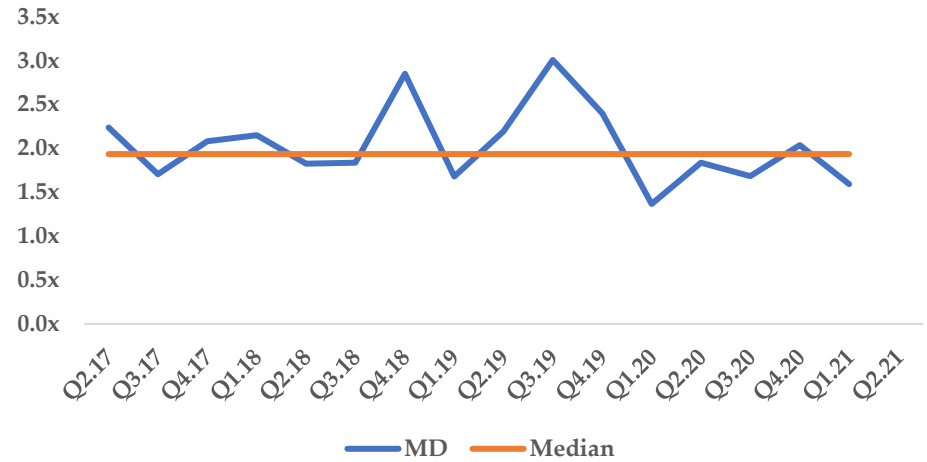


# PUBLIC COMP

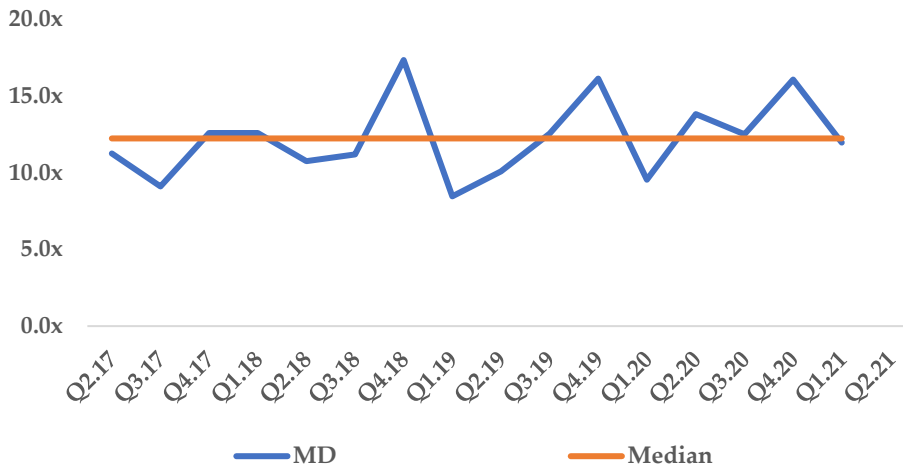
## Mednax (NYS: MD)

Mednax Inc provides physician services to hospitals, intensive care units, and other medical units. The services provided by the company include maternal care for expectant mothers, intensive care for premature babies, cardiology care for infants suffering from heart defects, and anesthesia care during surgeries, among others. The company operates only under one segment, which is physician services. Mednax generates roughly half of its revenue from the women's and children's services provided, and also roughly half of the company's total revenue is earned in the United States.

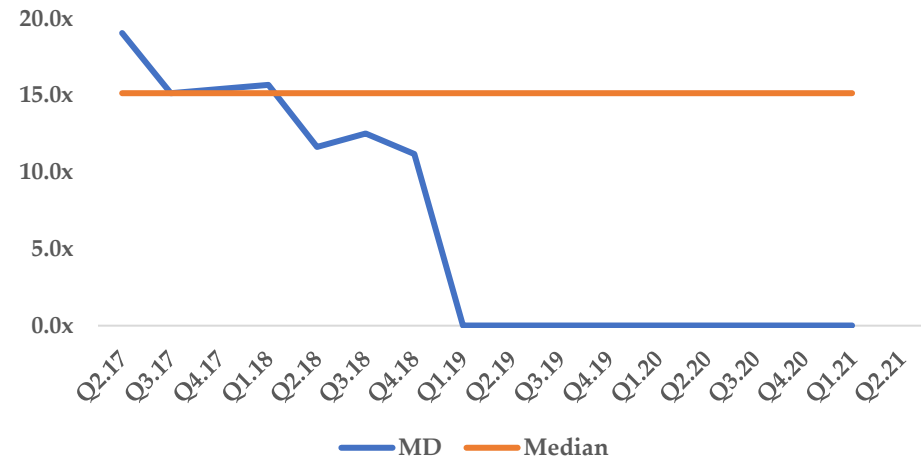
### EV/Revenue Mednax



### EV/EBITDA Mednax



### P/E Mednax



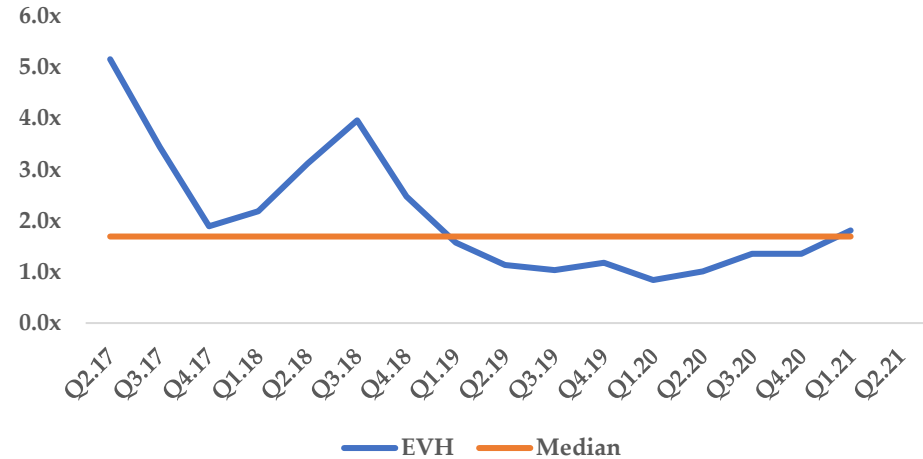


# PUBLIC COMP

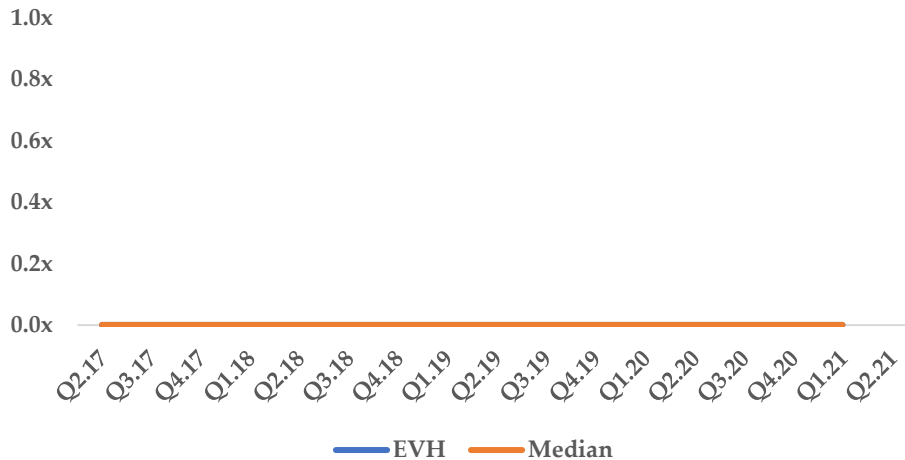
## Evolut Health Inc. (NYS: EVH)

Evolut Health Inc is engaged in healthcare delivery and payment. The company supports health systems and physician organizations in their migration toward value-based care and population health management. The company's reportable segments are Service segment which includes value-based care services, specialty care management services and comprehensive health plan administration services. and True Health segment consists of a commercial health plan it operates in New Mexico that focuses on small and large businesses. It generates a majority of its revenue from the Service segment.

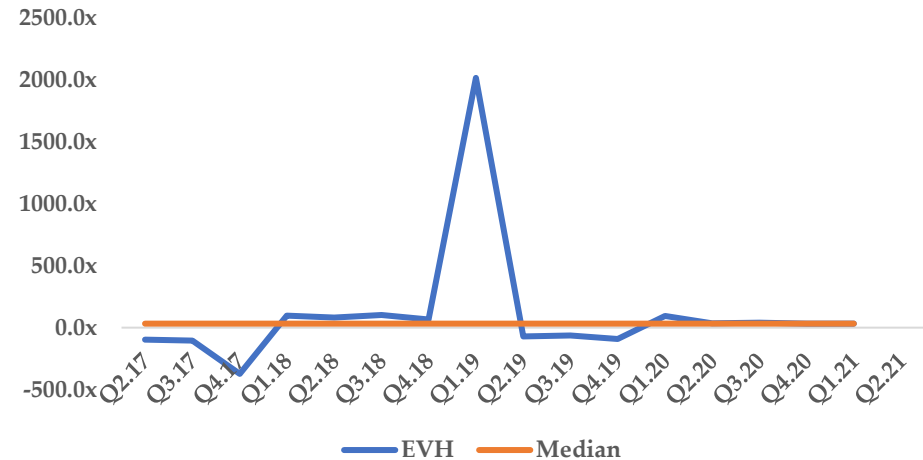
### EV/Revenue Evolut Health



### P/E Evolut Health



### EV/EBITDA Evolut Health

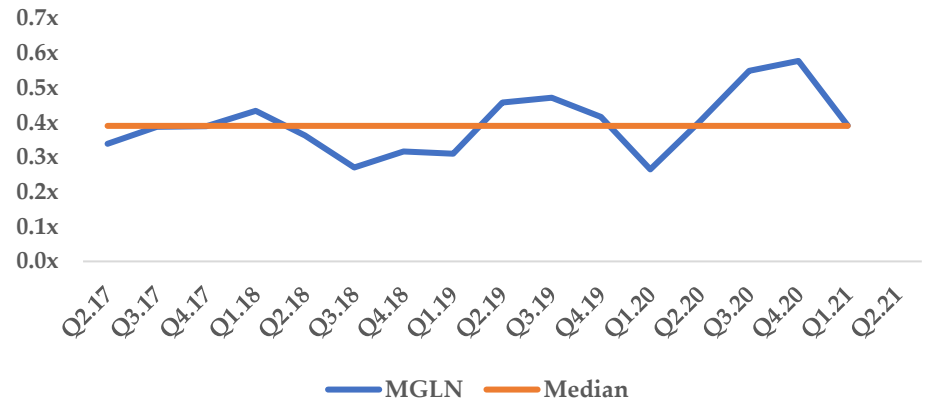


# PUBLIC COMP

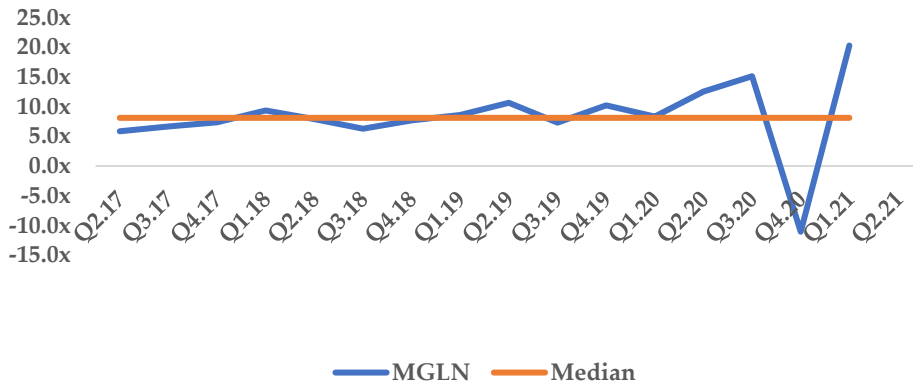
## Magellan Health (NAS: MGLN)

Magellan Health provides healthcare management services to health plans and other managed care organizations, employers, labor unions, United States government agencies, and third-party administrators. The firm operates in three segments: Healthcare, Pharmacy Management, and Corporate. The Healthcare business manages behavioral healthcare services and employee assistance program services, as well as specialty areas like diagnostic imaging. The Pharmacy Management segment includes pharmacy benefit management (PBM) services, pharmacy benefit administration for Medicaid and other government-sponsored programs, pharmaceutical dispensing operations, and clinical and formulary management programs. The Healthcare business generates the majority of revenue.

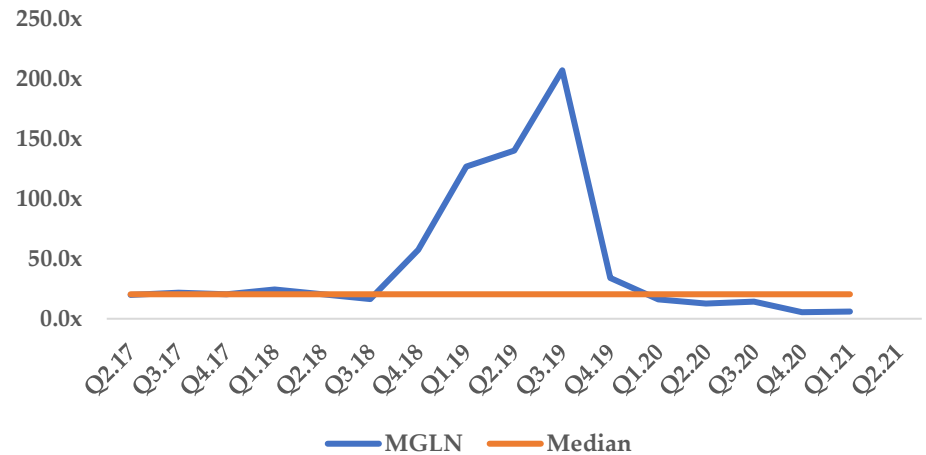
### EV/Revenue Magellan Health



### EV/EBITDA Magellan Health



### P/E Magellan Health

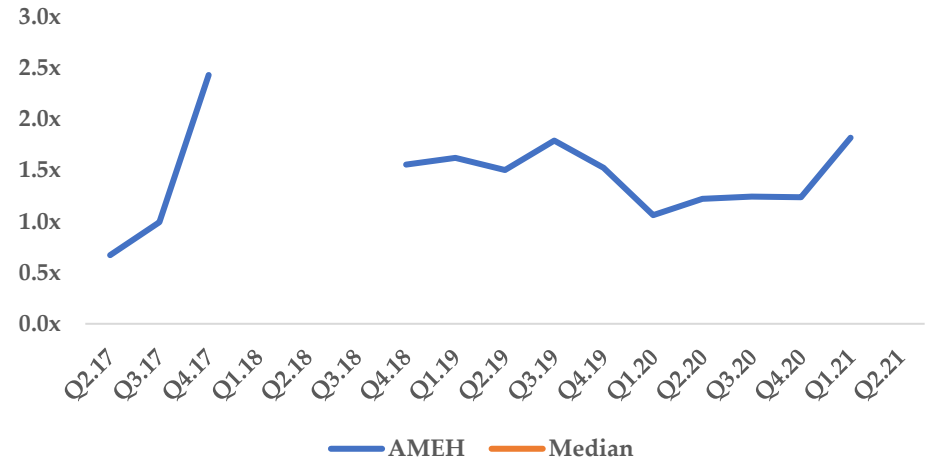


# PUBLIC COMP

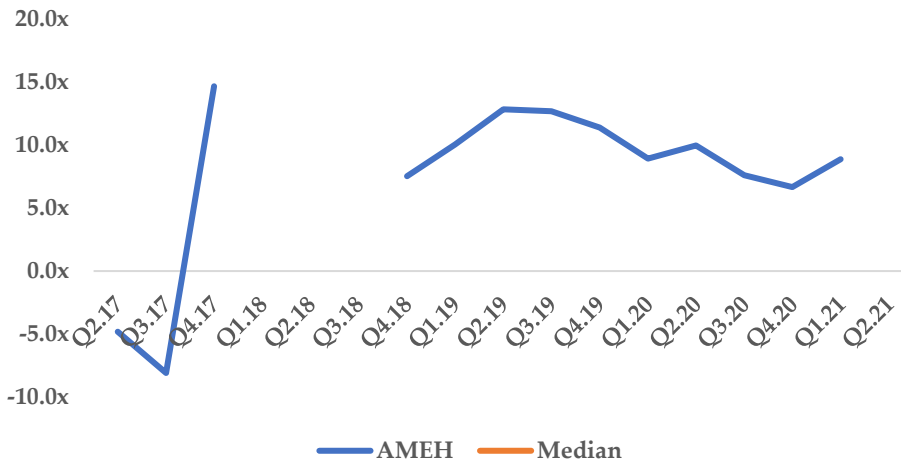
## Apollo Medical Holdings (NAS: AMEH)

Apollo Medical Holdings Inc is a patient-centered, physician-centric integrated population health management company. The company is working to provide coordinated, outcomes-based medical care in a cost-effective manner. It is focused on physicians providing high-quality medical care, population health management and care coordination for patients, particularly senior patients and patients with multiple chronic conditions. Its operating segment is the healthcare delivery segment.

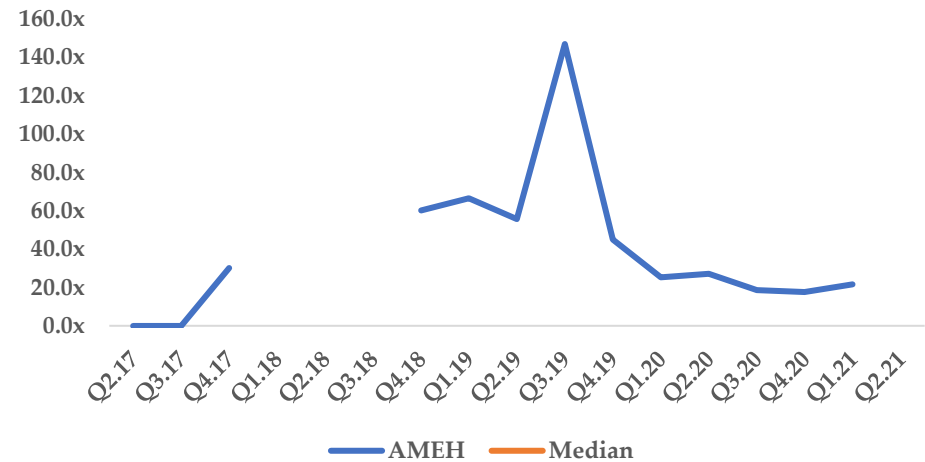
### EV/Revenue Apollo Medical Holdings



### EV/EBITDA Apollo Medical Holdings



### P/E Apollo Medical Holdings





# Healthcare Services Industry Report

## *II. Home Health & Hospice*

# ADVERTISING INDUSTRY KEY TAKEAWAYS

- ❑ **Health Home & Hospice:** Industry Revenue is expected to increase at an annualized rate of 5.1% to \$140.8 billion from 2021 to 2026. The industry is expected to evolve, including more chronic disease-management services, and thus, consolidation will likely benefit the industry to influence policy change and benefit from larger-scale operations.
- ❑ **External Drivers**
  - **Federal funding for Medicare and Medicaid:** Combined, Medicare and Medicaid are expected to comprise an estimated three-quarters of industry revenue in 2020. Increased federal funding stimulates demand for healthcare services and determines the prices charged for those services.
  - **Number of adults aged 65 and older:** Elderly adults comprise most home health care patients. Therefore, the rate of growth in these age groups affects demand for home care. The number of adults aged 65 and older is expected to increase in 2021, representing a potential opportunity for the industry.
  - **Number of people with private health insurance:** Individuals covered by private health insurance are likely to use healthcare services more frequently. Therefore, the extent to which private health insurance covers the US population affects demand for healthcare services. More than 10.0% of industry revenue is generated by private insurance payments.
  - **Per capita disposable income:** As per capita disposable income rises, individuals are more likely to purchase insurance plans or be able to afford out-of-pocket healthcare expenses, such as home care services. Out-of-pocket payments make up about 10.0% of industry revenue. Per capita disposable income is expected to rise in 2021.
- ❑ **Industry Outlook**
  - **Continued Growth:** Strong and steady revenue growth is expected for the Home Care Providers industry from 2022 to 2026 as the COVID-19 (coronavirus) pandemic subsides and an aging population feels more comfortable utilizing industry services.
  - **Emerging Trends:** The industry is expected to benefit from increasing interest in home healthcare and expanded access to Medicare and Medicaid under the Patient Protection and Affordable Care Act (PPACA) under federal government. The aging population will likely continue to foster revenue growth because this demographic not only requires more healthcare services compared with other age groups, but it also increasingly prefers home care. Payers are expected to progressively shift to home care because it is more affordable than inpatient hospital and nursing home care.

# INDUSTRY AT A GLANCE

## Key Statistics

**\$109.6bn**  
Revenue

<b>Annual Growth</b>	<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2021–2026</b>	<b>2016–2026</b>
3.3%	5.1%	

**2m**  
Employment

<b>Annual Growth</b>	<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2021–2026</b>	<b>2016–2026</b>
1.7%	4.9%	

**\$8.3bn**  
Profit

<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2016–2021</b>
4.5%	

**\$55.9bn**  
Wages

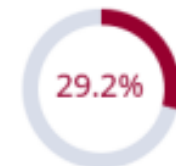
<b>Annual Growth</b>	<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2021–2026</b>	<b>2016–2026</b>
3.9%	5.5%	

**7.6%**  
Profit Margin

<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2016–2021</b>
0.4pp	



Traditional home healthcare and home nursing care



Home hospice



Homemaker and personal services

**429k**  
Businesses

<b>Annual Growth</b>	<b>Annual Growth</b>	<b>Annual Growth</b>
<b>2016–2021</b>	<b>2021–2026</b>	<b>2016–2026</b>
3.7%	5.3%	



Home therapy services



Other

# INDUSTRY AT A GLANCE

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## SWOT

### **S** Strengths

- High & Increasing Level of Assistance
- Growth Life Cycle Stage
- Low Volatility
- Low Imports
- Low Customer Class Concentration
- Low Capital Requirements

### **O** Opportunities

- High Revenue Growth (2016-2021)
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Number of people with private health insurance

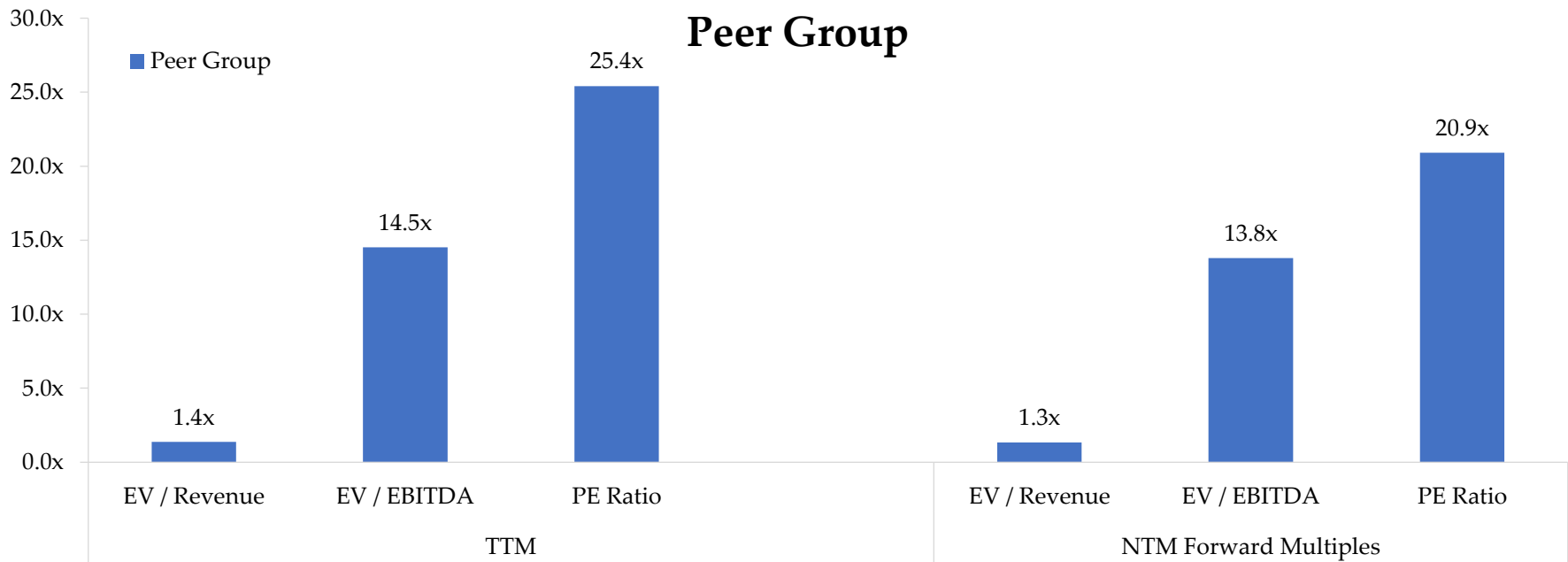
### **W** Weaknesses

- Low & Steady Barriers to Entry
- High Competition
- Low Profit vs. Sector Average
- High Product/Service Concentration
- Low Revenue per Employee

### **T** Threats

- Low Revenue Growth (2005-2021)
- Low Outlier Growth
- Number of adults aged 65 and older

# PUBLIC COMPARABLES



*Adding years of healthy life*



*It's all about helping people.*



APRIA HEALTHCARE®

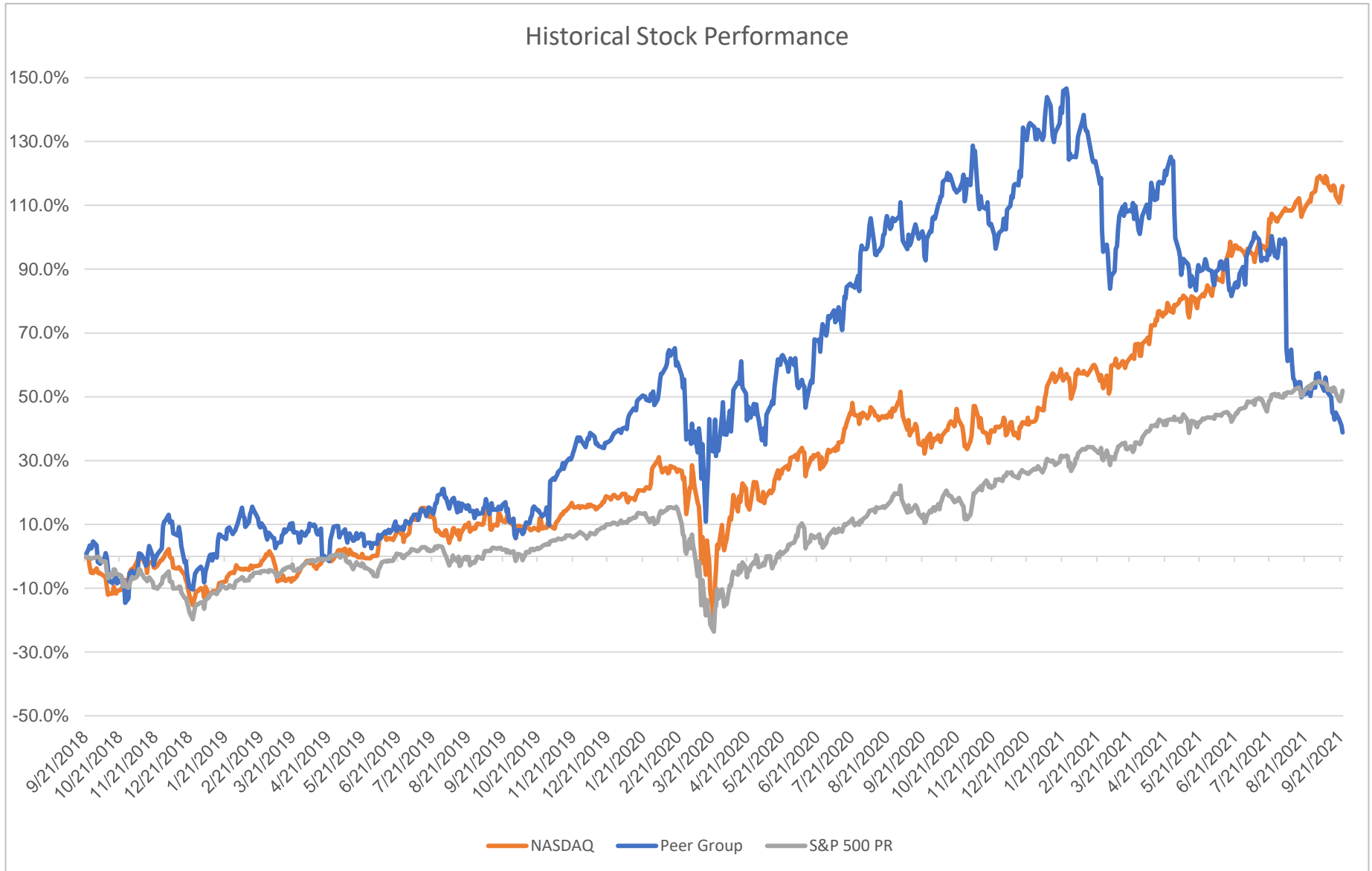




# PUBLIC COMPARABLES

\$ in Millions Ticker	Amedisys AMED	LHC Group LHCG	National Healthcare NHC	Genesis Healthcare GENN	Apria Healthcare Group APR	Aveanna Healthcare AVAH
Total Revenue	\$2,072	\$2,063	\$981	\$3,906	\$1,109	\$1,495
Gross Profit	886	813		1,650	780	455
EBIT	222	178	48	28	71	31
Net Income	\$183.61	\$111.60	\$41.87	(\$58.96)	\$46.14	(\$57.05)
EBITDA	290	199	90	136	186	61
Total Debt	307	123	194	3,810	457	55
EV	9,078	6,027	1,065	3,303	1,260	
Employees	21,000	30,000	13,432	44,000	6,460	
<b>Ratio Analysis</b>						
Revenue/Employee	\$98,644	\$68,773	\$73,013	\$88,778	\$171,628	
EV/Revenue	4.38x	2.92x	1.09x	0.85x	1.14x	
Debt/EBITDA	1.39x	1.13x	2.44x	30.11x	1.56x	1.15x
EV/EBITDA	4.38x	2.92x	1.09x	0.85x	1.14x	
Market Cap/EBITDA	30.57x	30.53x	13.23x	0.34x	5.36x	
Market Cap	8,851	6,087	1,191	46	999	
Close Price	269.46	192.65	77.51	0.28	28.36	
52 Week Low	165.42	116.26	55.88	0.26	20.07	
52 Week High	325.12	236.81	80.51	1.37	28.59	
Gross Margin	42.8%	39.4%		42.2%	70.4%	30.4%
EBIT	10.7%	8.6%	4.9%	0.7%	6.4%	2.1%
EBITDA	14.0%	9.7%	9.2%	3.5%	16.8%	4.1%
Acct. Receivable Days	44	56	34	46	25	42
Acct. Payable Days	11	51	NM	34	200	32
Revenue Growth	5.9%	-0.8%	-1.6%	-14.4%	1.8%	8.0%

# HOME HEALTH & HOSPICE INDEX VS. S&P 500



DCA Home Health & Hospice Index: AMED, LHCG, GENN, APR, AVAH

# RECENT PRIVATE TRANSACTIONS

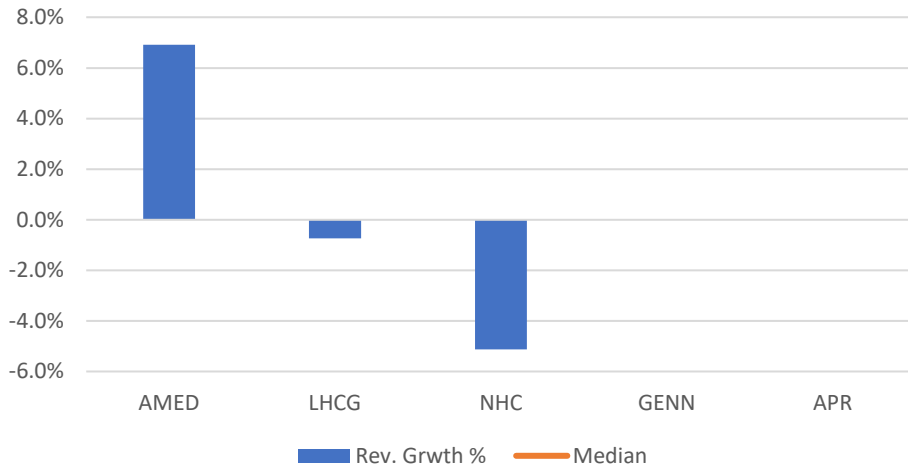
Transaction Date	Target	Acquirer	Sector	Deal Synopsis
06/21/2021	Kindred Healthcare	Apollo Global Management	Hospitals/Inpatient Services	The company entered into a definitive agreement to be acquired by LifePoint Health, via its financial sponsors Apollo Global Management and ATP Private Equity Partners, through an LBO on June 21, 2021.
03/26/2021	ViaQuest	Council Capital	Elder and Disabled Care	The company, a subsidiary of Salisbury Behavioral Health, was acquired by Council Capital through an LBO on March 26, 2021 for an undisclosed sum. In support of this transaction, White Oak Healthcare Finance provided an undisclosed amount of senior credit facility to the company.
07/01/2019	Alacare Home Health & Hospice	Encompass Health	Elder and Disabled Care	The company was acquired by Encompass Health (NYS: EHC) for \$217.8 million on July 1, 2019. The acquisition will expand Encompass Health's home health and hospice services to new markets and complement existing inpatient rehabilitation services in Alabama.
04/01/2018	Elizabeth Manor Healthcare and Rehabilitation Center	ProMedica	Elder and Disabled Care	The company was acquired by Quality Care Properties (NYSE: QCP) in April 2018 for an undisclosed sum.

# RECENT PUBLIC TRANSACTIONS

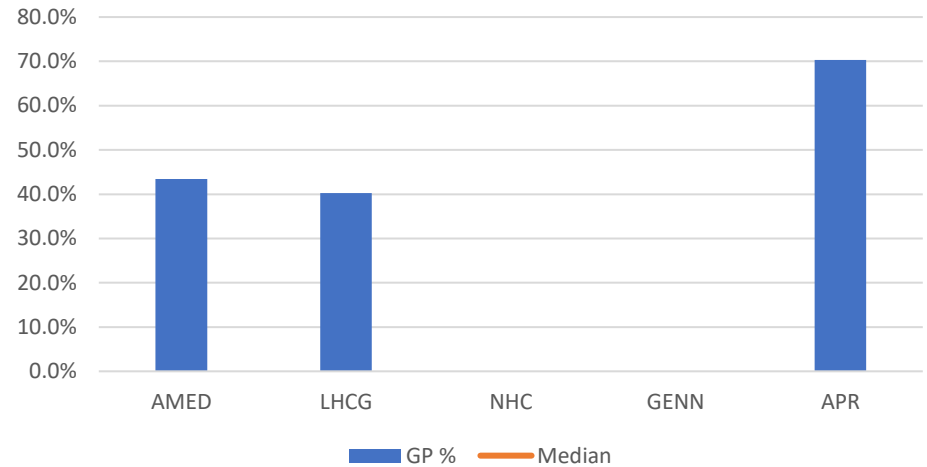
Date	Target	Acquirer	Sector	Deal Synopsis
08/06/2021	Invitae		Clinics/Outpatient Services	The company is rumored to be in talks regarding a potential acquisition by Exact Sciences (NAS: EXAS) for an undisclosed amount on August 6, 2021.
06/17/2021	ATI Physical Therapy	Fortress Value Acquisition Corp. II	Clinics/Outpatient Services	The company acquired Fortress Value Acquisition Corp. II through a reverse merger, resulting in the combined entity trading on the NYSE under the ticker symbol ATIP on June 17, 2021. The transaction reflects an implied equity value for the combined company of roughly \$2.5 billion.
06/08/2021	CareMax	Deerfield Healthcare Technology Acquisitions	Clinics/Outpatient Services	The company acquired Deerfield Healthcare Technology Acquisitions for approximately \$364 million through a reverse merger, resulting in the combined entity trading on the Nasdaq Global Select Market Stock Exchange under the ticker symbol CMAX on June 8, 2021.
06/04/2021	Cano Health	Jaws Acquisition	Clinics/Outpatient Services	The company acquired Jaws Acquisition through a \$690 million reverse merger, resulting in the combined entity trading on the New York Stock Exchange under the ticker symbol "CANO" on June 4, 2021. The business combination values the company at around \$4.4 billion and providing \$935 million to grow and pay down debt.
04/15/2021	Healthcare Solutions Management Group	Verity (US)	Hospitals/Inpatient Services	The company acquired Verity(US) through a reverse merger, resulting in the combined entity trading on the OTC PINK stock exchange under the ticker symbol VRTY on April 15, 2021.
1/20/2021	Mycotopia Therapies	20/20 Produce	Clinics/Outpatient Services	The company acquired 20/20 Produce through a reverse merger, resulting in the combined entity trading on OTC Pink under the ticker symbol TWGL on Jan. 20, 2021.

# OPERATING METRICS

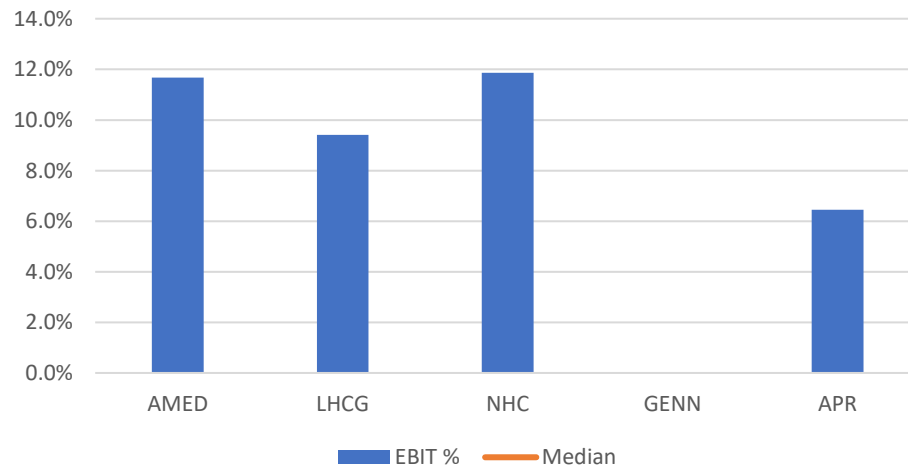
## Revenue Growth



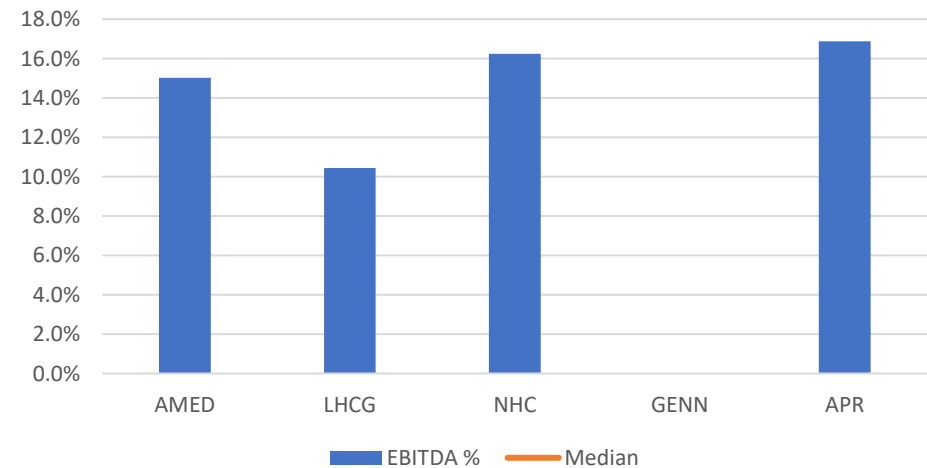
## Gross Profit Margin



## EBIT Margin

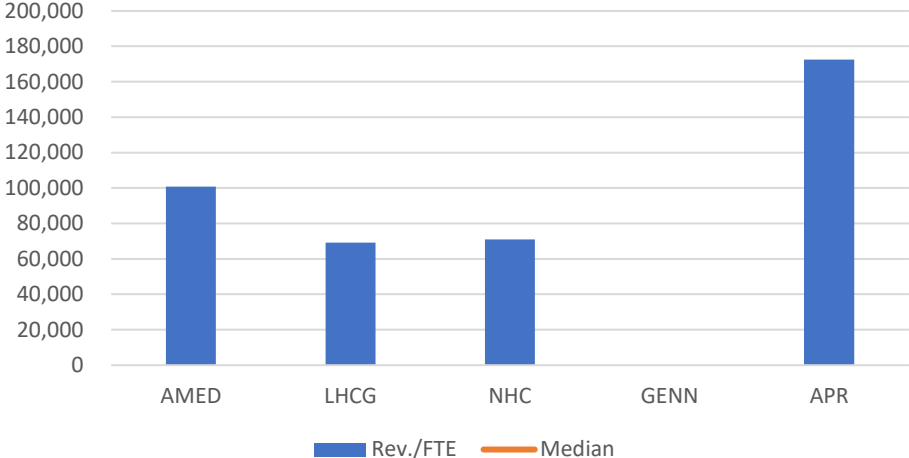


## EBITDA Margin

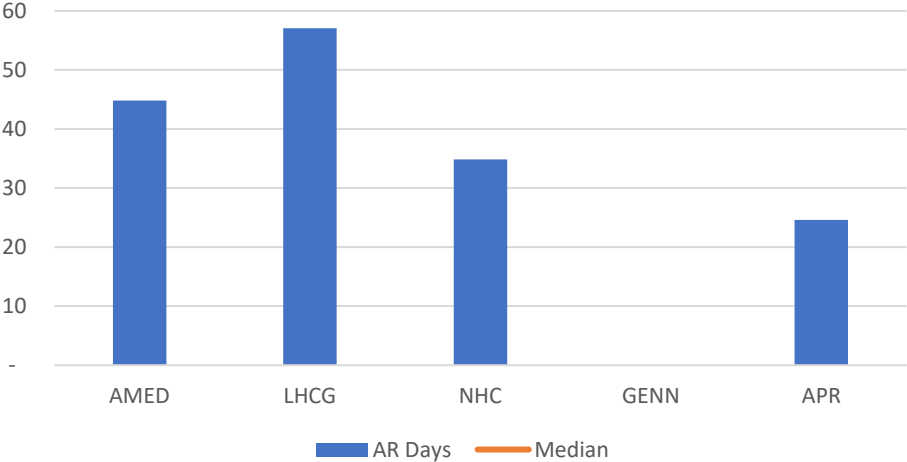


# RATIO ANALYSIS

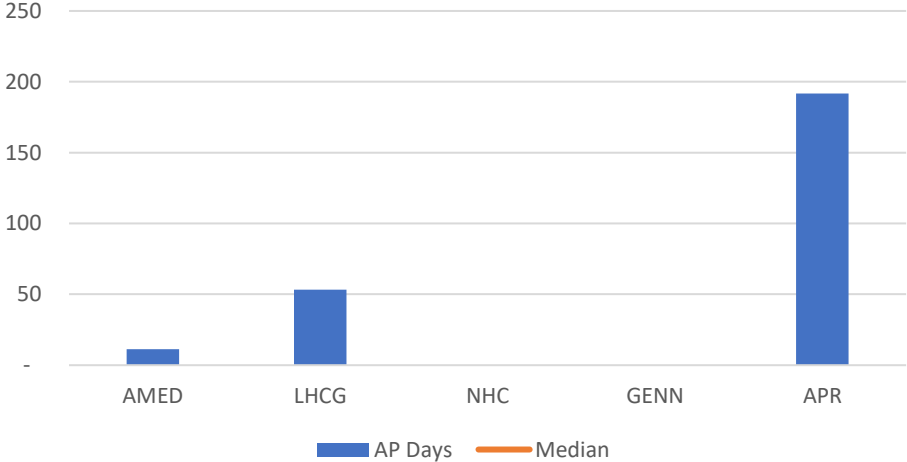
Revenue per Employee



AR Days



AP Days



# VALUATION TRENDS

Ticker	Company	Fundamentals								
		TTM					NTM Estimates			
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
<b>Peer Group</b>										
AMED	Amedisys	161.53	5,356.54	5,550.13	2,196.09	382.26	7.56	2,363.17	321.13	6.37
LHCG	LHC Group	160.88	5,201.09	5,302.20	2,133.76	203.03	3.77	2,342.35	313.53	6.69
GENN	Genesis HealthCare	0.20	33.85	3,289.92	3,906.22	136.30	(0.53)	3,156.59	238.69	0.36
APR	Apria Healthcare Group	36.49	1,308.37	1,549.69	1,132.10	206.59	1.57	1,161.45	227.71	1.74
AVAH	Aveanna Healthcare	8.26	1,499.10	1,449.39	1,641.58	111.38	(0.05)	1,856.59	201.52	0.51

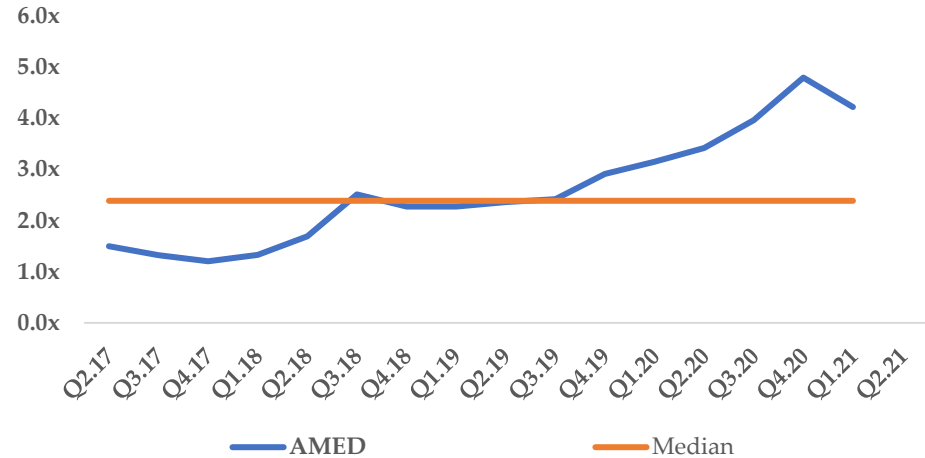
Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
<b>Peer Group</b>							
AMED	Amedisys	2.5x	14.5x	21.7x	2.3x	17.3x	25.4x
LHCG	LHC Group	2.5x	26.1x	43.1x	2.3x	16.9x	24.1x
GENN	Genesis HealthCare	0.8x	24.1x		1.0x	13.8x	0.6x
APR	Apria Healthcare Group	1.4x	7.5x	25.4x	1.3x	6.8x	20.9x
AVAH	Aveanna Healthcare	0.9x	13.0x		0.8x	7.2x	16.2x

# PUBLIC COMP

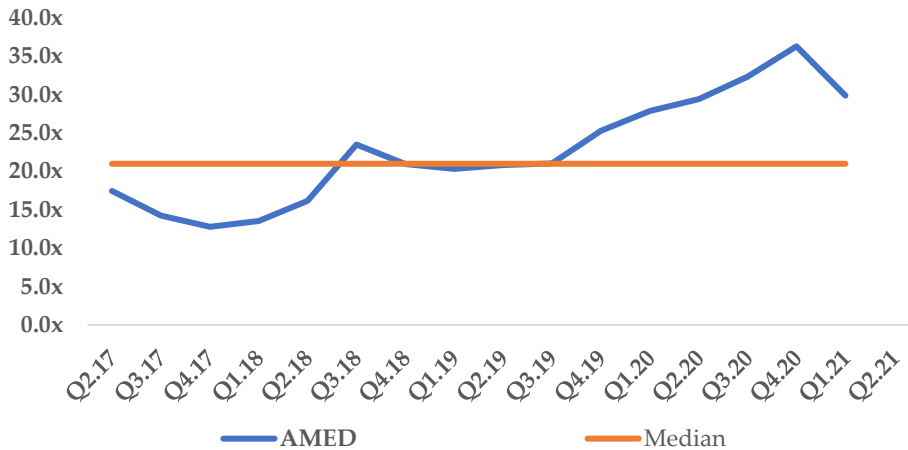
## Amedisys (NAS: AMED)

Amedisys Inc is a healthcare services company in the United States. The company brings healthcare to the home through the provision of home healthcare services, hospice services, and personal care services. The Home Health Segment provides skilled nurses, therapists, and aids to patient's homes throughout the United States. The Hospice segment operates many centers designed to provide comfort and support for terminally ill patients. The Personal Care Segment provides individuals with assistance in the daily living activities. A majority of the company's revenue is derived from the Home Health segment. Additionally, the Hospice segment accounts for a substantial amount of revenue, while the Personal Care segment makes up for the small remaining revenue.

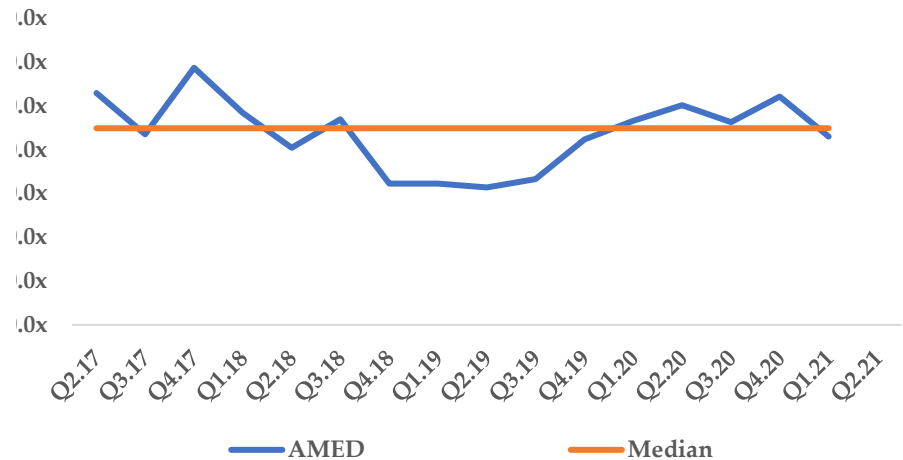
### EV/Revenue Amedisys



### EV/EBITDA Amedisys



### P/E Amedisys



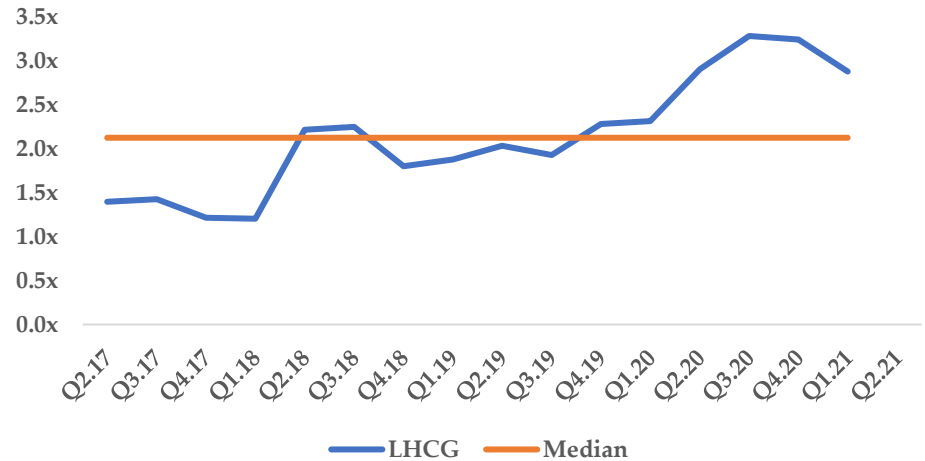


# PUBLIC COMP

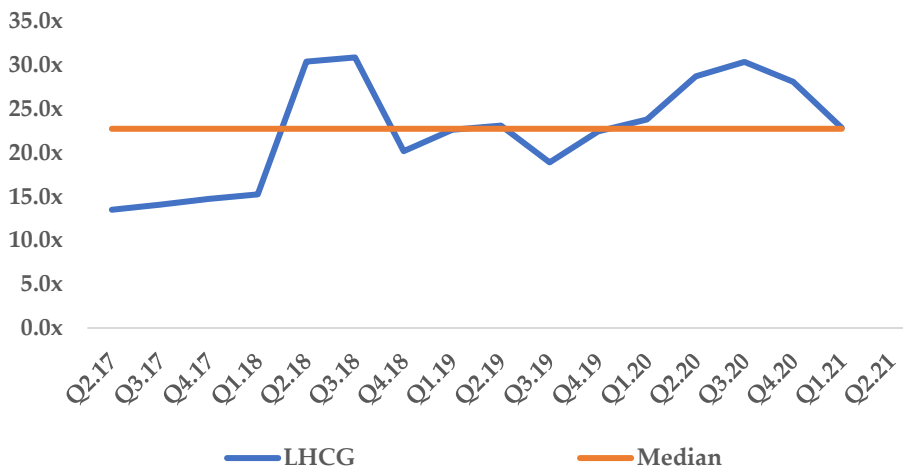
## LHC Group (NAS: LHCG)

LHC Group Inc provides post-acute health care services to patients through its home nursing agencies, community-based services agencies, hospice agencies, and long-term acute care hospitals. The company's home health service locations offer a wide range of services, including skilled nursing, medically-oriented social services and physical, occupational, and speech therapy. Its hospices provide end-of-life care to patients with terminal illnesses through interdisciplinary teams of physicians, nurses, home health aides, counselors, and volunteers. Its other service segments are Home and community based, Facility-based, Hospice and Healthcare Innovations. The company derives most of its revenues from the Home health services.

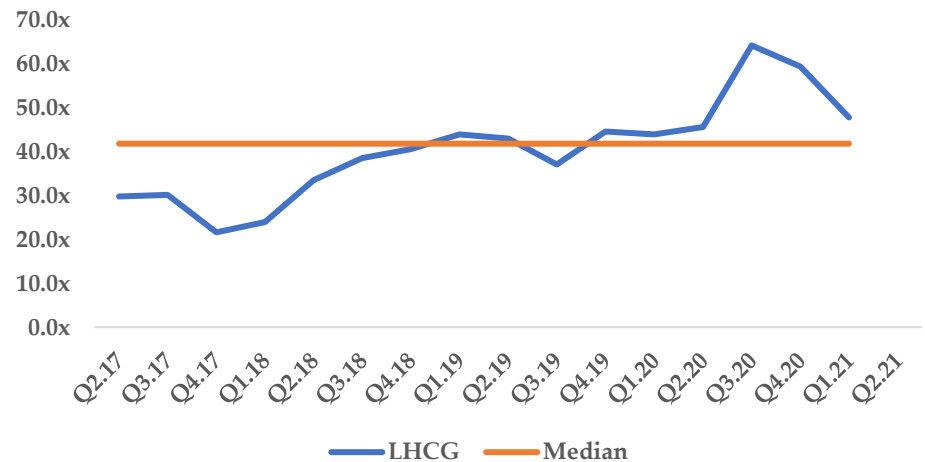
### EV/Revenue LHC Group



### EV/EBITDA LHC Group



### P/E LHC Group

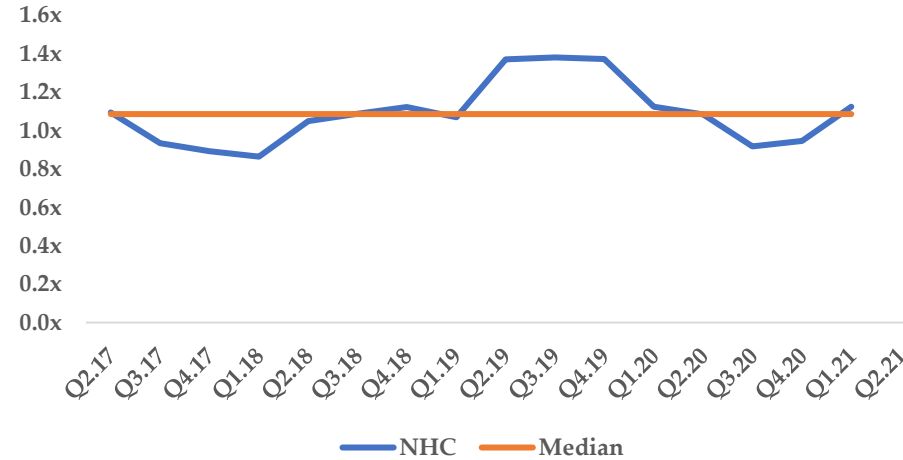


# PUBLIC COMP

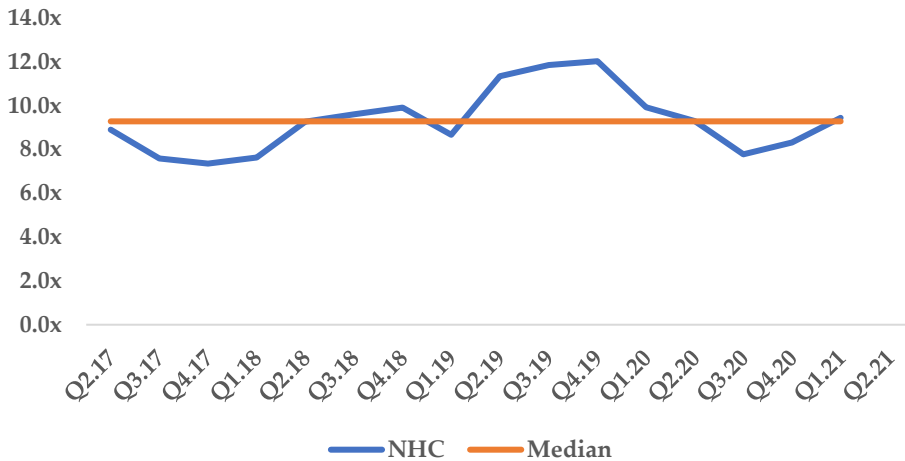
## National Healthcare (ASE: NHC)

National Healthcare Corp Provides long-term care facilities. Its principal business includes the operation of skilled nursing facilities, assisted living facilities, independent living facilities, and home care programs. The company's activities include providing sub-acute and post-acute skilled nursing care, intermediate nursing care, rehabilitative care, memory and Alzheimer's care, senior living services, and home health care services. In addition, the company also provide management services, accounting, and financial services, as well as insurance services to third-party operators of healthcare facilities. Its reportable segments include Inpatient services, and home care services. Generating, a majority of its revenue from Inpatient services.

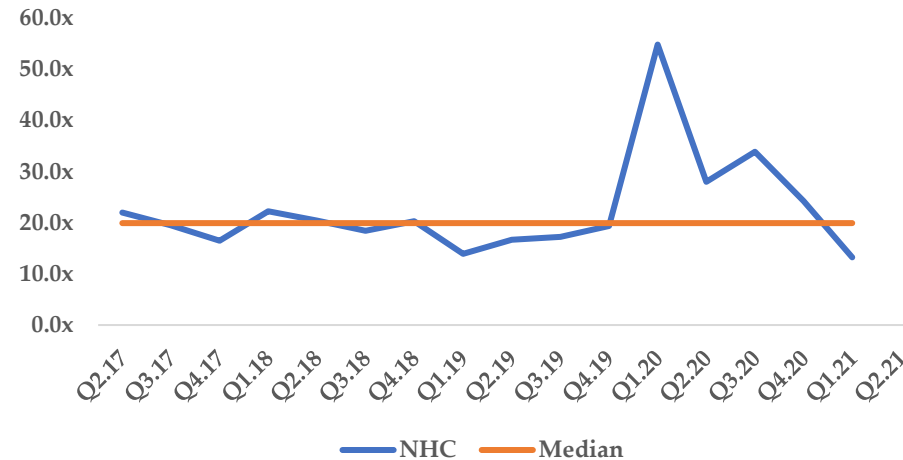
### EV/Revenue National Healthcare



### EV/EBITDA National Healthcare



### P/E National Healthcare

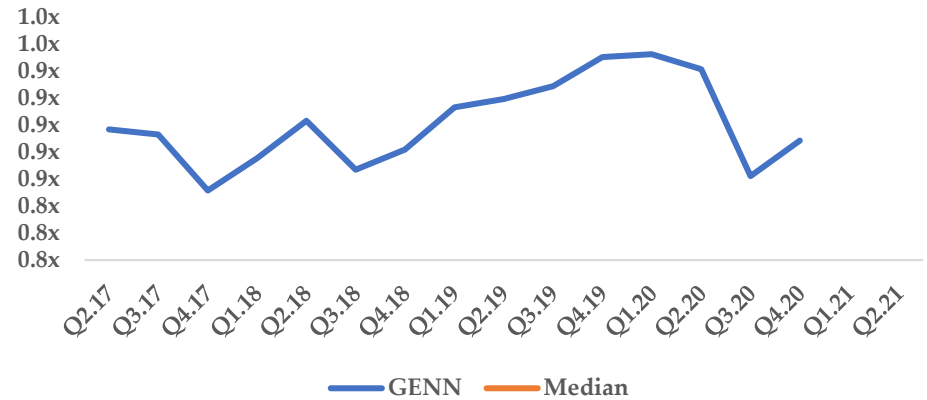


# PUBLIC COMP

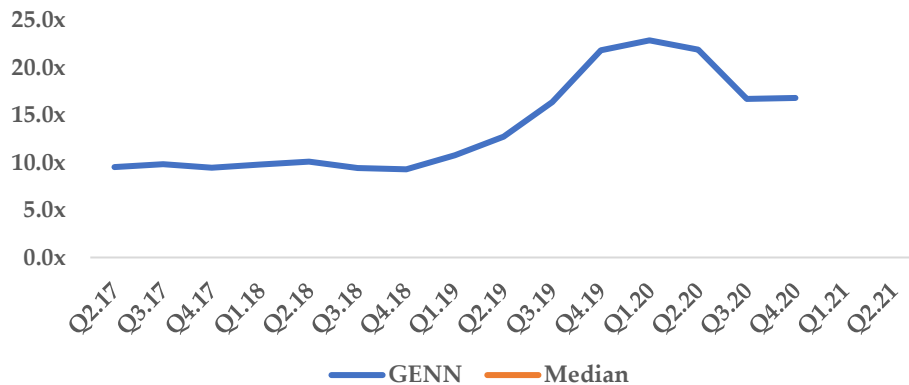
## Genesis HealthCare (PINX: GENN)

Genesis Healthcare Inc is a post-acute care provider in the United States. It focuses on the medical and physical issues facing elderly patients and is provided by the employees of skilled nursing facilities, assisted/senior living communities, integrated and third-party rehabilitation therapy business. The company has three operating segments. The inpatient services segment include the operation of skilled nursing facilities and assisted/senior living facilities; rehabilitation therapy segment services include integrated and third-party rehabilitation and respiratory therapy services; and all other services. The majority of its revenue is generated from its skilled nursing facilities of the inpatient services segment

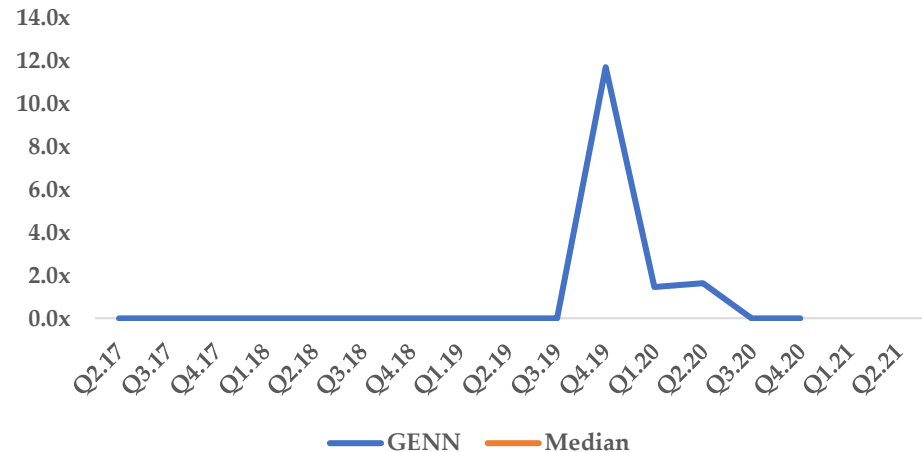
## EV/Revenue Genesis Healthcare



## EV/EBITDA Genesis Healthcare



## P/E Genesis Healthcare



# Healthcare Services Industry Report

## *III. Telehealth*

# TELEHEALTH SERVICES INDUSTRY KEY TAKEAWAYS

- ❑ **Telehealth revenues** are expected to increase at an annualized rate of 8.3% to \$4.8 billion over the four years to 2025. Even as the United States recovers from the COVID-19 (coronavirus) pandemic, demand for telehealth services is likely to remain high, as people that had tried telehealth services during the pandemic will likely continue to use these services.
- ❑ **External Drivers**
  - **Federal funding for Medicare and Medicaid:** Combined, Medicare and Medicaid are expected to comprise an estimated three-quarters of industry revenue in 2020. Increased federal funding stimulates demand for healthcare services and determines the prices charged for those services. Federal funding for Medicare and Medicaid is expected to increase in 2021.
  - **Private Investment in computers and software:** The level of private investment in computers and software reflects the general implementation of information technology within the private sector. Industry revenue growth is largely determined by technological expansion. An increase in private investment in computers and software corresponds with a rise in industry revenue. Private investment in computers and software is expected to decrease in 2021, posing a potential threat to the industry.
  - **Demand from medical device manufacturing:** Advancements in medical technology, such as wearable monitoring devices and digitized medical scans, have created new opportunities for telemedicine, supporting industry revenue growth. As a result, when new devices are brought to the market and revenue expands, demand for services provided by the Telehealth Services industry also increases. Demand from medical device manufacturing is expected to increase in 2020.
  - **Number of adults aged 65 and older:** Elderly adults comprise most home health care patients. Therefore, the rate of growth in these age groups affects demand for home care. The number of adults aged 65 and older is expected to increase in 2021, representing a potential opportunity for the industry.
  - **Number of people with private health insurance:** Individuals covered by private health insurance are likely to use healthcare services more frequently. Therefore, the extent to which private health insurance covers the US population affects demand for healthcare services. More than 10.0% of industry revenue is generated by private insurance payments. The number of people with private health insurance is expected to decline in 2021, posing a potential threat to the industry.
- ❑ **Industry Outlook**
  - **Continued Growth:** Over the five years to 2025, the Telehealth Services industry will likely continue to benefit from shifting demographics and structural factors affecting the healthcare system, including an aging population that is expected to increasingly demand medical care, a shortage of doctors and rapidly rising healthcare costs.
  - **Emerging Trends:** Various studies have supported the idea that the industry can provide quality care to a large number of patients with greater cost efficiency. In addition, the implementation of existing national legislation and increased federal and state support for telehealth services will likely benefit patients, healthcare providers and industry participants.

# INDUSTRY AT A GLANCE

## Key Statistics

**\$3.2bn**  
Revenue



**\$35.4m**  
Profit



**1.1%**  
Profit Margin



**780**  
Businesses



**14,703**  
Employment



**\$1.3bn**  
Wages



## Products & Services Segmentation



# INDUSTRY AT A GLANCE

## Major Players



● 24.2% Teladoc  
● 75.8% Other

## SWOT

### S Strengths

- Low & Increasing Level of Assistance
- Growth Life Cycle Stage
- Low Imports
- Low Customer Class Concentration
- Low Capital Requirements

### W Weaknesses

- High Product/Service Concentration
- Low Profit vs. Sector Average
- High Product/Service Concentration

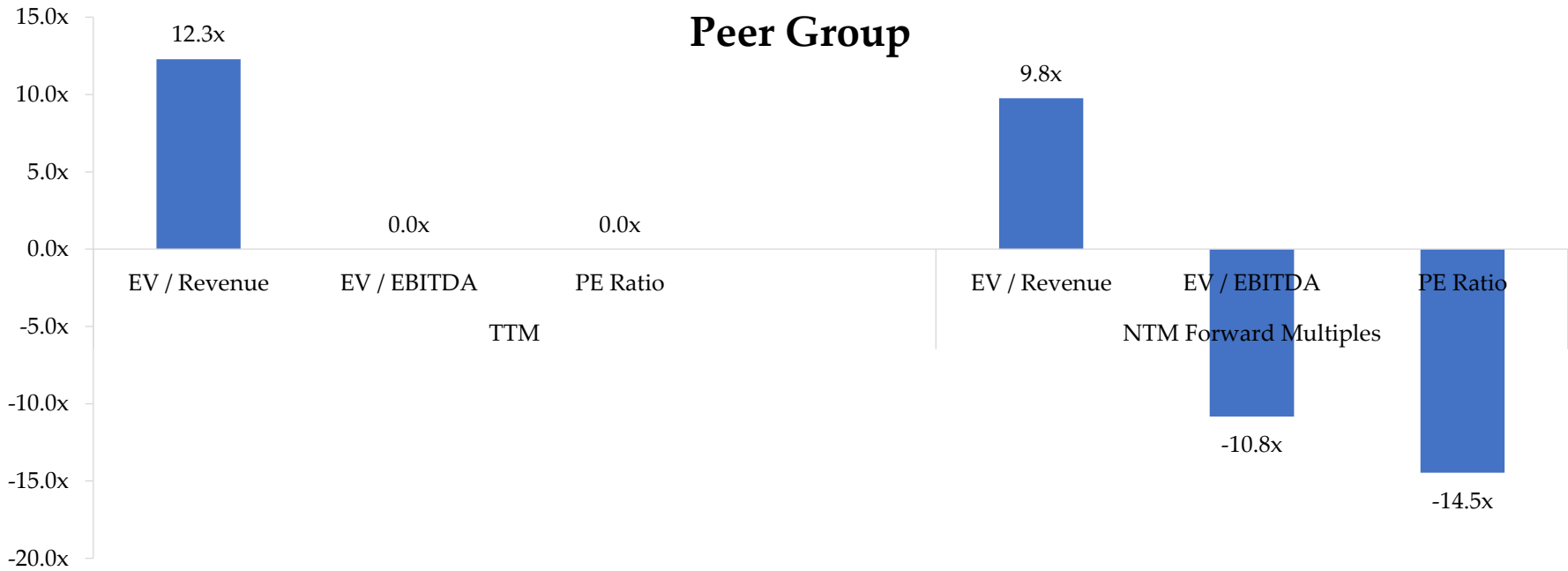
### O Opportunities

- Very High Revenue Growth (2006-2021)
- High Revenue Growth (2016-2021)
- High Revenue Growth (2021-2026)
- Prime Rate

### T Threats

- Low Outlier Growth
- Number of people with private health insurance

# PUBLIC COMPARABLES



**Teladoc**  
HEALTH

**GoodRx**

**talkspace**

**amwell**

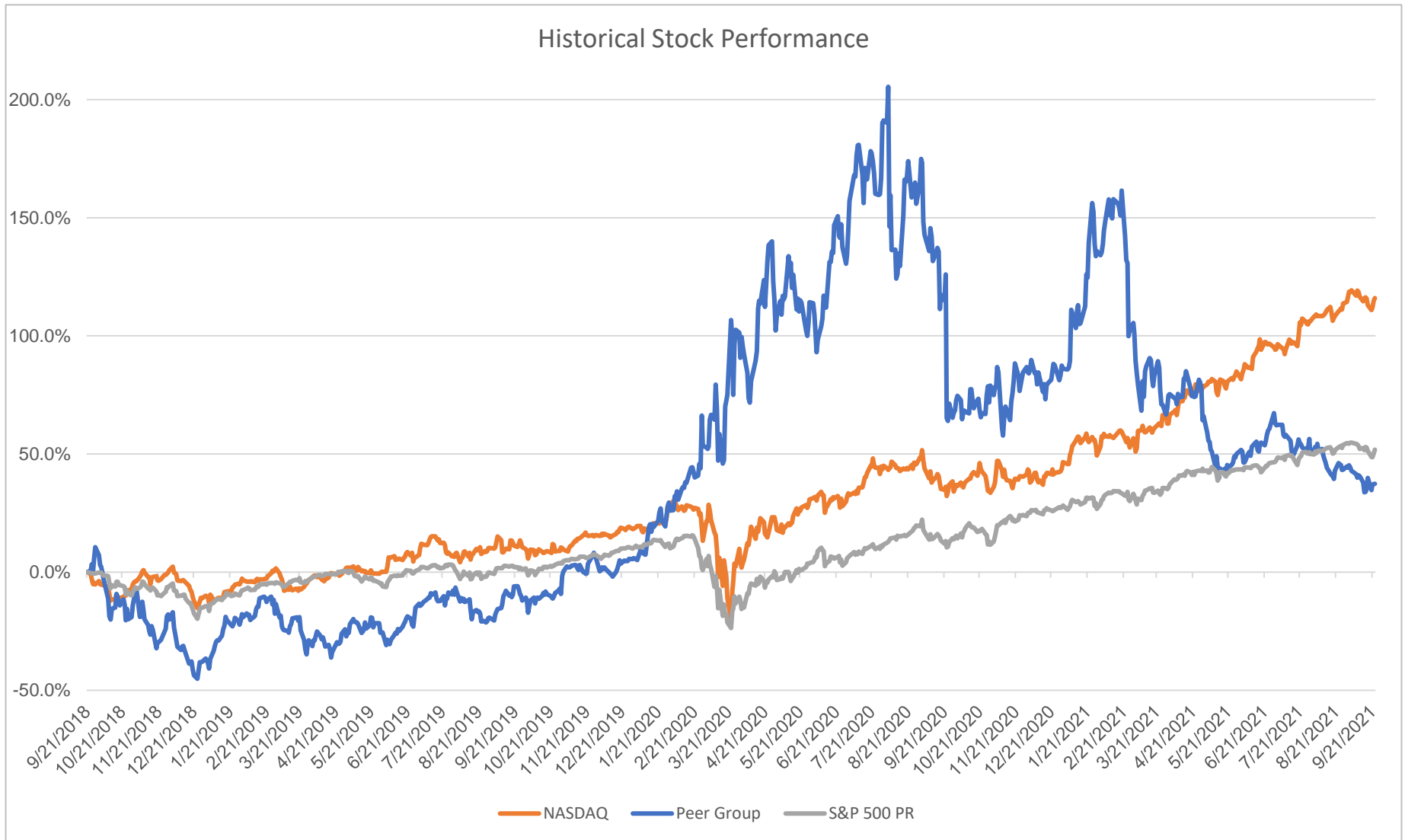
**Health Catalyst**  
ignite outcomes improvement



# PUBLIC COMPARABLES

\$ in Millions Ticker	Teledoc Health TDOC	Amwell AMWL	Health Catalyst HCAT	Talkspace TALK	Good Rx GDRX	Hims & Hers Health HIMS		
Total Revenue	\$1,094	\$245	\$189	\$76	\$551	\$0		
Gross Profit	703	88	91		521			
EBIT	-515	-227	-105		-276	-40		
Net Income	(\$485.14)	(\$224.43)	(\$115.02)		(\$293.62)	(\$40.27)		
EBITDA	-437	-217	-86	-22	-257	-40		
Total Debt	1,477	8	195		705	0		
EV	28,602	3,274	2,046		15,041	2,732		
Employees	4,400	812	1,000		478	181		
<b>Ratio Analysis</b>							<b>Median</b>	
Revenue/Employee	\$248,628	\$302,050	\$188,845		\$1,152,092	\$0		
EV/Revenue	26.15x	13.35x	10.83x		27.31x	18.36x		
Debt/EBITDA								
EV/EBITDA	26.15x	13.35x	10.83x		27.31x	18.36x		
Market Cap/EBITDA								
Market Cap	27,912	4,286	2,122		15,305	2,582		
Close Price	182.79	18.00	48.17		39.03	13.60		
52 Week Low	135.52	15.53	23.62		33.39	11.30		
52 Week High	308.00	43.75	55.07		64.22	25.40		
Gross Margin	64.3%	36.1%	48.1%NM		94.6%NM	56.2%		
EBIT	-47.1%	-92.7%	-55.4%NM		-50.1%NM	-52.7%		
EBITDA	-40.0%	-88.6%	-45.5%	-28.9%	-46.7%NM	-45.5%		
Acct. Receivable Days	31	58	70	NM	39	NM	48	
Inventory Days	21	14	NM	NM	NM	NM	18	
Acct. Payable Days	23	14	27	NM	120	NM	25	
Revenue Growth	97.7%	64.8%	21.9%		41.9%			

# TELEHEALTH INDEX Vs. S&P 500



DCA Telehealth Index: TDOC, AMWL, HCAT, TALK, GDRX

# RECENT PRIVATE TRANSACTIONS

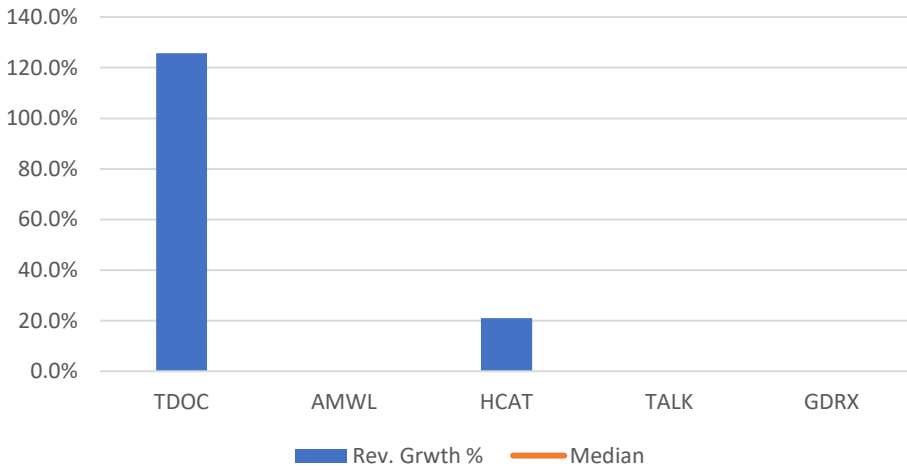
Date	Target	Acquirer	Sector	Deal Synopsis
05/11/2021	Doctor On Demand	Grand Rounds Health	Other Healthcare Services	The company was acquired by Grand Rounds Health, via its financial sponsor The Carlyle Group, through an LBO on May 11, 2021 for an undisclosed sum. The deal will combine Grand Rounds' data-driven clinical navigation platform and patient advocacy tools with the company's preeminent virtual care offering that will accelerate the adoption of virtual care in key areas including primary care, specialty care, chronic condition management and behavioral health.
04/19/2021	MDLive	Cigna	Clinics/Outpatient Services	The company was acquired by Cigna (NYS: CI) for \$2.028 billion on April 19, 2021. The acquisition will help the company to deliver a more affordable, convenient and connected patient care experience.
07/01/2020	InTouch Health	Teladoc Health	Other Healthcare Technology Systems	The company was acquired by Teladoc Health (NYS: TDOC) for \$1.079 billion on July 1, 2020. The consideration consists of \$160.7 million in cash and \$918.8 million in Teladoc Health's common stock.

# RECENT PUBLIC TRANSACTIONS

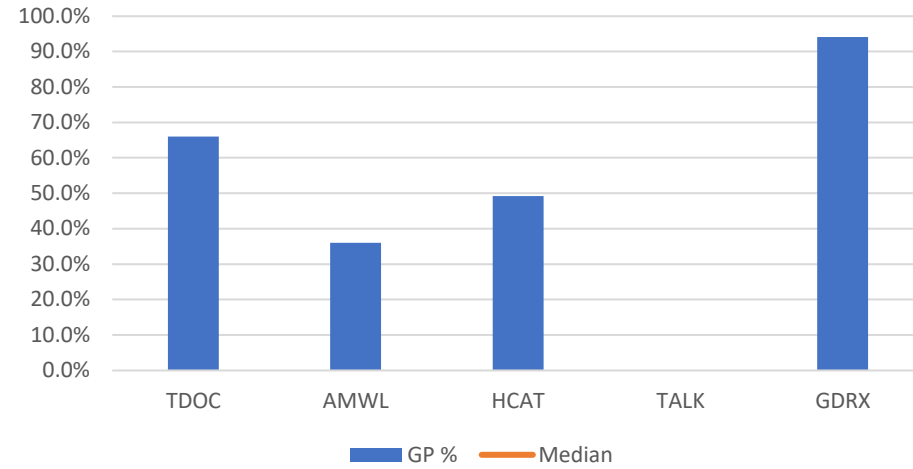
Transaction Date	Target	Acquirer	Deal Synopsis
06/23/2021	Hudson Executive Investment	Talkspace	The company acquired Hudson Executive Investment (NAS: HEC) through a reverse merger for \$414 million, resulting in the combined entity trading on the Nasdaq Stock Exchange under the ticker symbol TALK on June 23, 2021, putting the company's pre-money valuation at \$386 million.
10/30/2020	Healthcare Merger	SOC Telemed	The company acquired Healthcare Merger Corp. (NASDAQ: HCCO) through a reverse merger on October 30, 2020.

# OPERATING METRICS

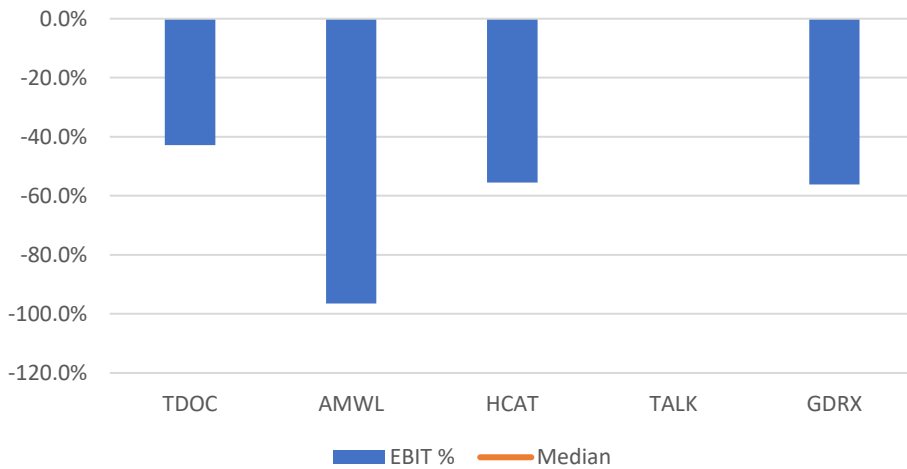
## Revenue Growth



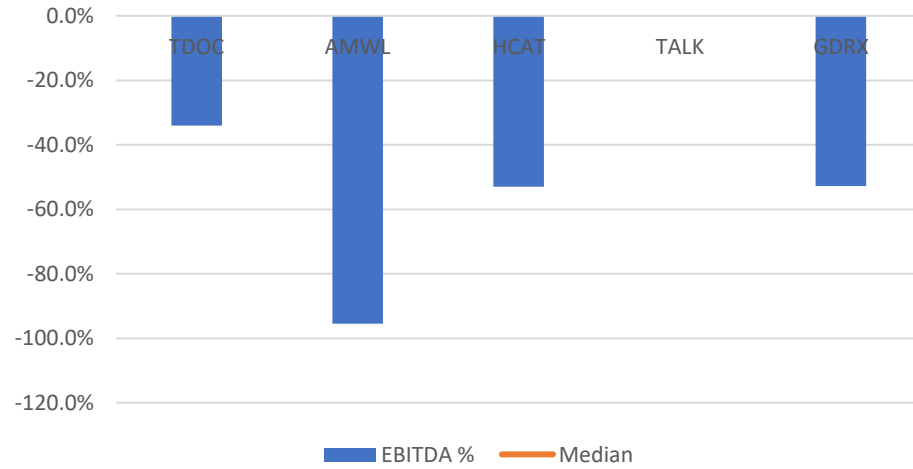
## Gross Profit Margin



## EBIT Margin

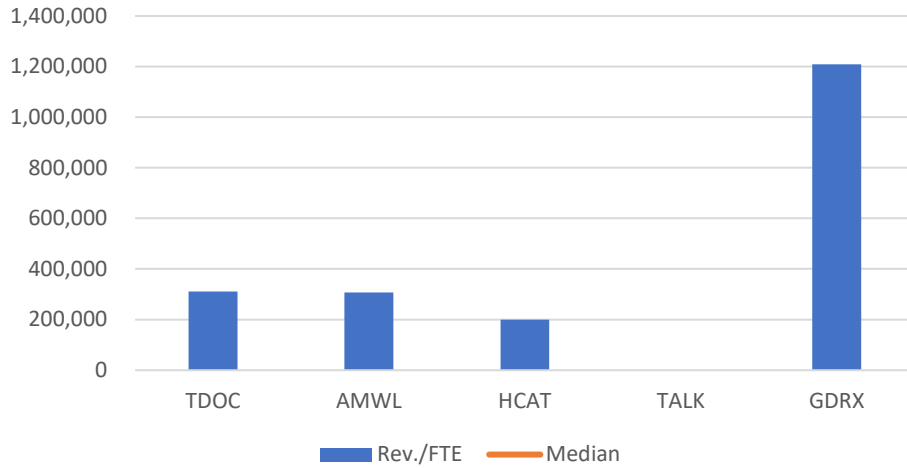


## EBITDA Margin

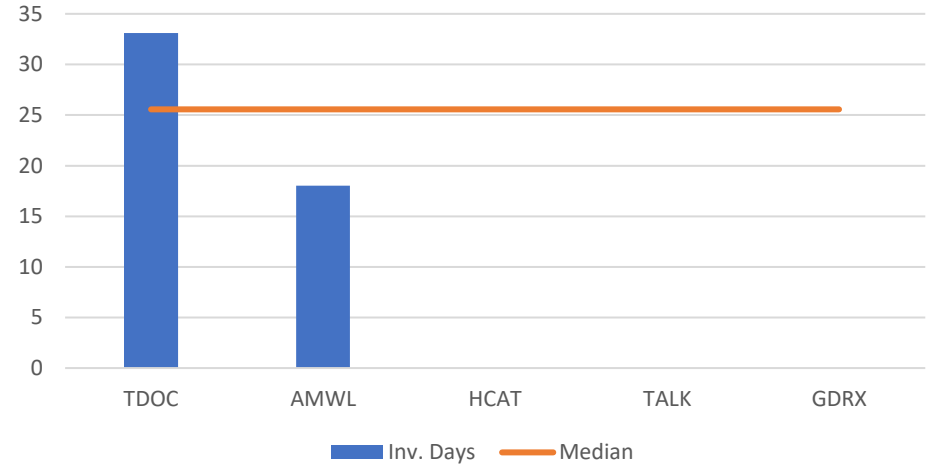


# RATIO ANALYSIS

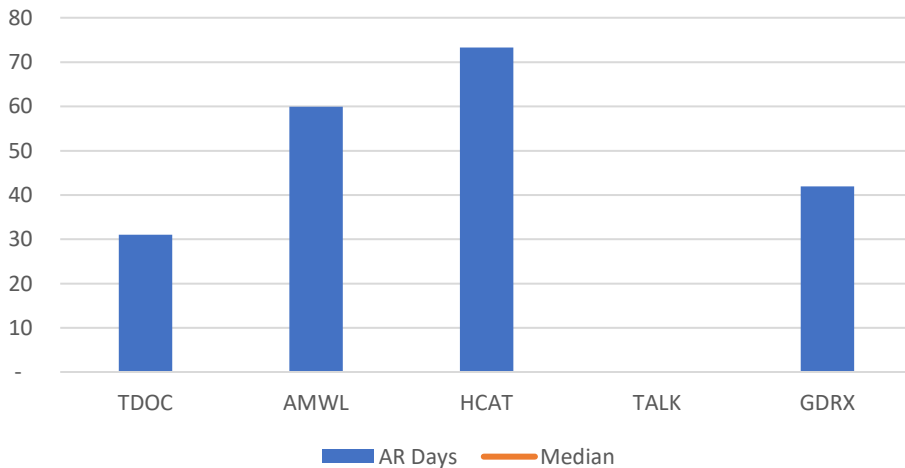
## Revenue per Employee



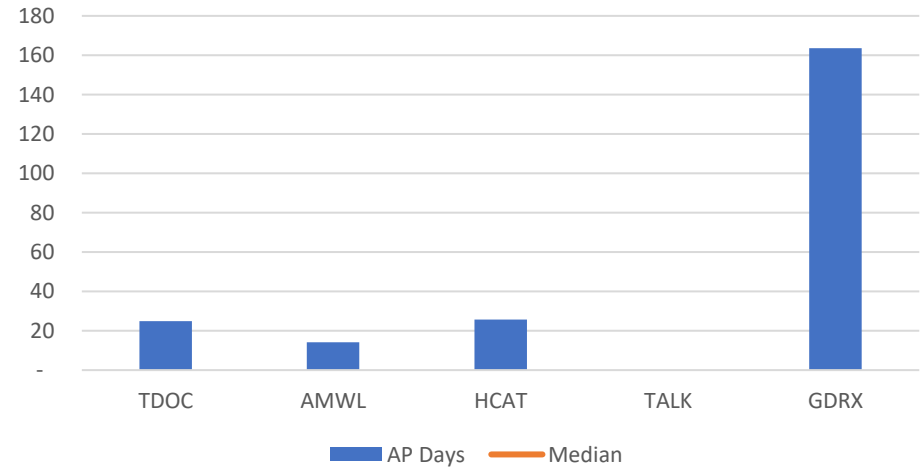
## Inventory Days



## AR Days



## AP Days



# VALUATION TRENDS

Ticker	Company	Fundamentals								
		Close Price	Market Cap	TTM			NTM Estimates			
				Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
<b>Peer Group</b>										
TDOC	Teladoc Health	138.80	22,082.95	22,547.22	1,628.95	(517.24)	(5.66)	2,310.39	333.04	(2.40)
AMWL	Amwell	10.21	2,477.46	1,527.69	240.80	(187.55)	(0.12)	296.43	(141.00)	(0.73)
HCAT	Health Catalyst	54.10	2,717.32	2,654.21	215.94	(114.00)	(3.14)	263.70	(4.86)	(0.29)
TALK	Talkspace	4.39	660.79	451.51	76.20	(22.00)		157.45	(36.65)	(0.30)
GDRX	GoodRx Holdings	46.33	18,013.49	17,822.83	631.06	(343.18)	(0.87)	895.77	290.70	0.44

Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
<b>Peer Group</b>							
TDOC	Teladoc Health			13.8x	9.8x	67.7x	-57.8x
AMWL	Amwell			6.3x	5.2x	-10.8x	-14.0x
HCAT	Health Catalyst			12.3x	10.1x	-545.7x	-188.1x
TALK	Talkspace			5.9x	2.9x	-12.3x	-14.5x
GDRX	GoodRx Holdings			28.2x	19.9x	61.3x	106.5x

# PUBLIC COMP

**Teladoc Health (NYS: TDOC):** Teladoc Health is a virtual health provider with a telehealth platform delivering 24-hour, on-demand healthcare via mobile devices, the Internet, video, and phone. It also offers remote patient monitoring programs for chronic care management. Its platform connects members with a network of physicians and behavioral health professionals. Most of the company's revenue is generated from access fees on a subscription basis (per member, per month). The balance comes from visit fees and equipment rental and sales to hospital systems. Since inception, Teladoc has primarily partnered with employers, health plans, and health systems to offer network access to their members; it has also started to market directly to consumers while expanding its service portfolio.

**Amwell (NYS: AMWL):** American Well Corp is a telehealth company enabling digital delivery of care for its customers. Its platform, Amwell, enables care delivery across the full healthcare continuum - from primary and urgent care in the home to high acuity specialty consults, such as telestroke and telepsychiatry, in the hospital. It provides both on-demand and scheduled consultations.

**Health Catalyst (NAS: HCAT):** Health Catalyst Inc is engaged in providing data and analytics technology and services to healthcare organizations. It has two operating segments. The Technology segment, which is the key revenue driver, includes data platform, analytics applications and support services. This generates revenues primarily from contracts that are cloud-based subscription arrangements, time-based license arrangements, and maintenance and support fees; and Professional Services segment is generally the combination of analytics, implementation, strategic advisory, outsource, and improvement services to deliver expertise to its customers to more fully configure and utilize the benefits of the technology offerings.

**Talkspace (NAS: TALK):** Talkspace Inc is a virtual behavioral health company that offers convenient and affordable access to a fully-credentialed network of qualified providers. It offers members access to licensed mental health providers across a wide and growing spectrum of care through virtual counseling, psychotherapy and psychiatry.

**GoodRx (NAS: GDRX):** GoodRx is an American healthcare company that operates a telemedicine platform and a free-to-use website and mobile app that track prescription drug prices in the United States and provide free drug coupons for discounts on medications. GoodRx checks more than 75,000 pharmacies in the United States. The website gets about fourteen million visitors a month. As of February 25, 2020, "millions of people" had downloaded the GoodRx app. GoodRx was founded in Santa Monica, California in 2011.



# DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services  
[www.acryness.com](http://www.acryness.com)

## Client Acryness

Acryness is an information technology company which provides a full range of billing support and payment processing solutions for large and small B2C billers with a core emphasis serving the healthcare community.



Health Care, Health Care Facilities  
[www.encompashealth.com](http://www.encompashealth.com)

## Client: Radiotherapy Clinics of Georgia

Radiotherapy Clinics of Georgia LLC operates as a provider of medical services specializing in radiation oncology. The Company provides treatments including surgery, chemotherapy, biologic therapy, and radiation therapy. Radiotherapy Clinics diagnoses and treats conditions such as brain, breast, cervical, endometrial, lung, prostate, and skin cancer. Acquired January 2007 by Physician Oncology Services, L.P.



Retail, Pharmacy and Retail  
[www.fruthpharmacy.com](http://www.fruthpharmacy.com)

## Client: Fruth Pharmacy

Fruth Pharmacy operates as pharmacy and retail store. The Company provides medication, health and beauty products, groceries, household items, gifts, balloons, and flowers. Fruth Pharmacy serves customers throughout West Virginia and Ohio.



Health Care, Health Care Facilities  
[www.ecompasshealth.com](http://www.ecompasshealth.com)

## Client: Health South

Health South changed its name to Encompass Health, based in Birmingham, Alabama, is one of the United States' largest providers of post-acute healthcare services, offering both facility-based and home-based post-acute services in 36 states and Puerto Rico through its network of inpatient rehabilitation hospitals, home health agencies, and hospice agencies.



Hospital & Healthcare  
[www.accessonemedcard.com](http://www.accessonemedcard.com)

## Client: Access One

Based in Fort Mill, South Carolina, Access One provides hospitals, health systems and employers with patient financing solutions. They strive to provide an easy user experience and a patient-friendly interface



# DAVIDSON CAPITAL ADVISORS PROFESSIONALS

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**Robert S. Cashion**  
**Managing Director, Investment Banking and Advisory Services**

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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# DAVIDSON CAPITAL ADVISORS PROFESSIONALS

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## **Elizabeth Folger** **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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# DAVIDSON CAPITAL ADVISORS ANALYST TEAM

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## **Maxwell Purdy** **Corporate Finance Coverage**

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

## **Jake Hall** **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

# DAVIDSON CAPITAL ADVISORS ANALYST TEAM

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**Sam Fernandez**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Fernandez lead finance and business development for Radio Nueva Vida radio station. He graduated from University of North Carolina in 2021 with a Bachelor of Science in Business Administration.

**Luke Habecker**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Habecker headed up business development for Odyssey Specialized Logistics, LLC. He graduated from University of North Carolina in 2019 with a Bachelor of Science in Business Administration.

**Luke Bitler**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Bitler worked with Generation Estates, a private equity located in London, England. He graduated from University of Virginia in 2021 with a BA in History and Economics.