

Healthcare Services Industry Report

Q3 2021



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Healthcare Services Industry Report

I. Physician Practice Management

PHYSICIAN PRACTICE INDUSTRY KEY TAKEAWAYS

- ❑ **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

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
1.5%	2.4%	

\$47.8bn
Profit

Annual Growth	Annual Growth
2015–2020	2015–2020
-0.4%	

13.5%
Profit Margin

Annual Growth	Annual Growth
2015–2020	2015–2020
-1.3pp	

119k
Businesses

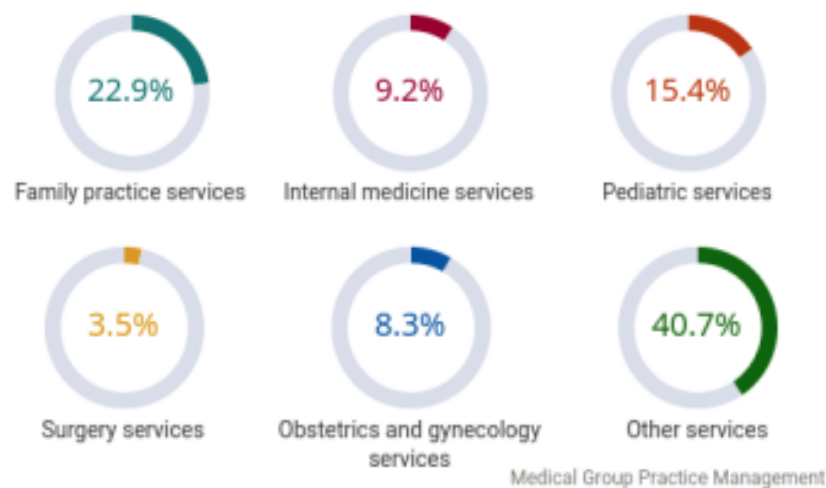
Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
0.0%	1.4%	

2m
Employment

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
2.0%	2.2%	

\$169.3bn
Wages

Annual Growth	Annual Growth	Annual Growth
2015–2020	2020–2025	2015–2025
1.9%	2.2%	



INDUSTRY AT A GLANCE

SWOT Analysis

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

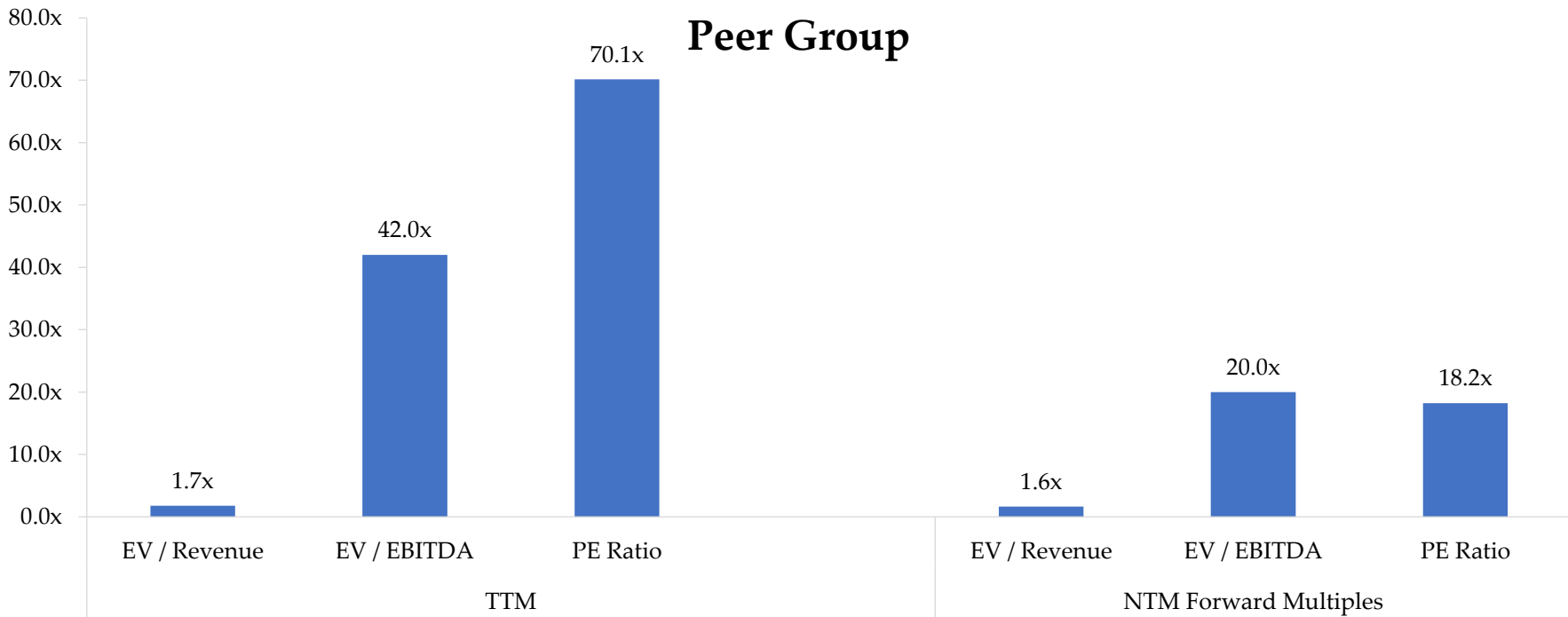
W Weaknesses

- High Product/Service Concentration

T Threats

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

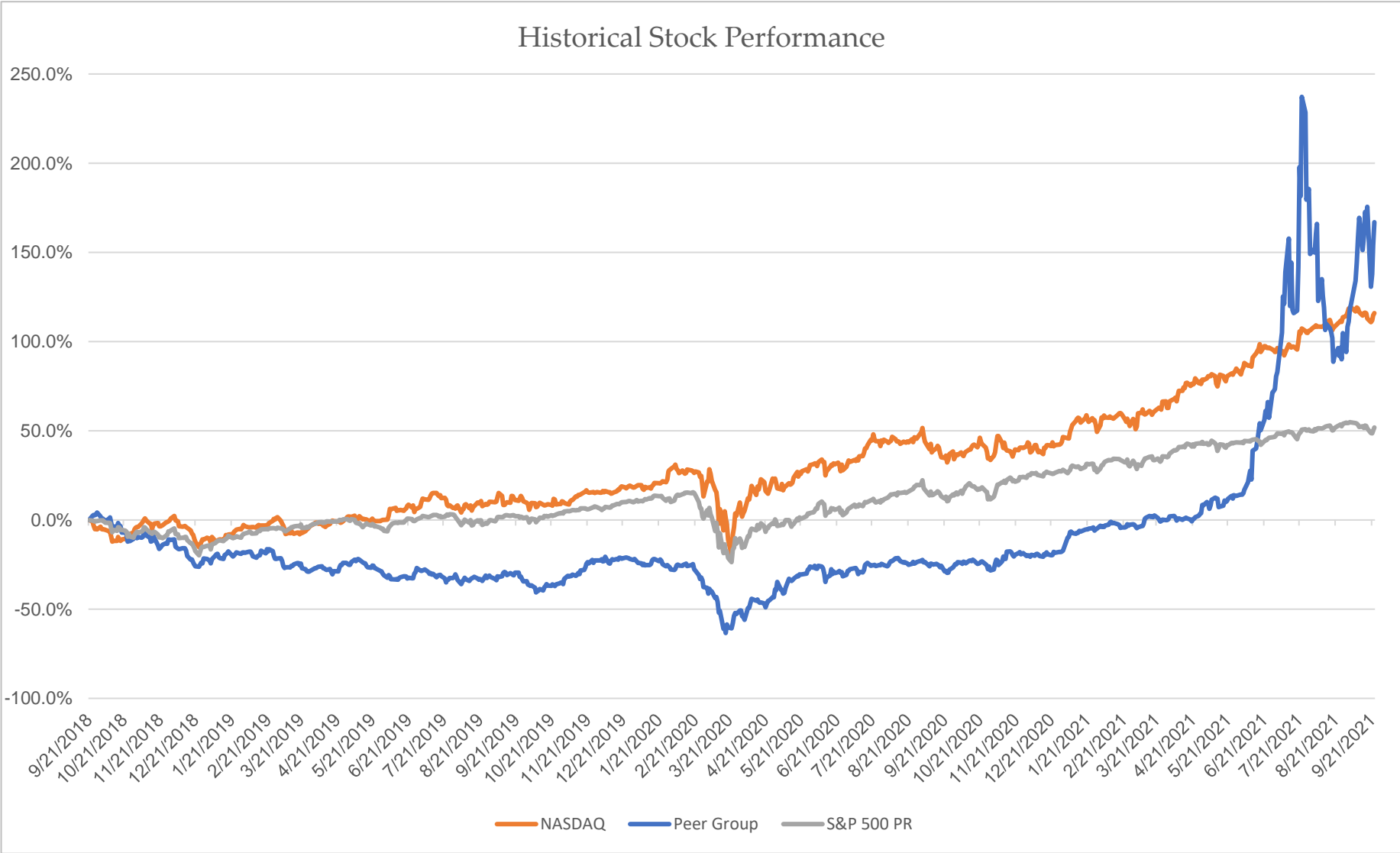
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions Ticker	Carecloud MTBC	Mednax MD	Evolent Health EVH	Magellan Health MGLN	Apollo Medical Holdings AMEH	Privia Health PRVA	
Total Revenue	\$128	\$1,797	\$974	\$4,737	\$702	\$860	
Gross Profit	50	473	284	118	167	58	
EBIT	-3	142	-45	0	172	-173	
Net Income	(\$3.71)	(\$52.69)	(\$70.89)	\$307.74	\$52.58	(\$146.59)	
EBITDA	19	242	57	68	149	35	
Total Debt	15	1,058	299	525	201	44	
EV	129	3,390	2,235	2,129	3,356	2,892	
Employees	3,700	3,600	2,900	9,000	630	559	
Ratio Analysis							Median
Revenue/Employee	\$34,462	\$499,160	\$335,739	\$526,388	\$1,114,808	\$1,538,877	\$512,774
EV/Revenue	1.01x	1.89x	2.30x	0.45x	4.78x	3.36x	1.89x
Debt/EBITDA	0.77x	4.37x	5.25x	7.77x	1.35x	1.23x	4.37x
EV/EBITDA	6.72x	14.01x	39.20x	31.53x	22.52x	81.97x	22.52x
Market Cap/EBITDA	6.36x	11.45x	37.59x	36.81x	22.64x	89.34x	22.64x
Market Cap	122	2,771	2,143	2,485	3,375	3,152	
Close Price	8.38	32.11	24.56	94.62	75.91	29.81	
52 Week Low	7.29	12.47	9.44	69.35	16.21	27.15	
52 Week High	12.84	35.68	24.97	95.43	114.55	50.77	
Gross Margin	39.4%	26.3%	29.1%	2.5%	23.7%	6.7%	25.0%
EBIT	-2.3%	7.9%	-4.6%	0.0%	24.5%	-20.1%	-1.2%
EBITDA	0.2%	9.6%	1.6%	1.1%	25.2%	-19.9%	1.3%
Acct. Receivable Days	38	55	56	60	38	48	52
Inventory Days	2	NM	NM	3	NM		2
Acct. Payable Days	50	34	27	20	26	5	26
Revenue Growth	72.2%	1.5%	8.8%	4.9%	6.4%		6.4%

PHYSICIAN PRACTICE INDEX VS. S&P 500



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

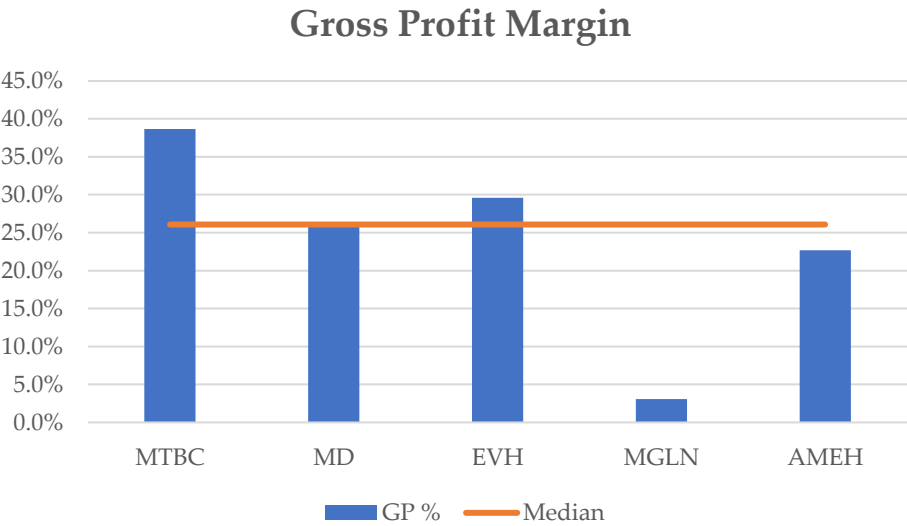
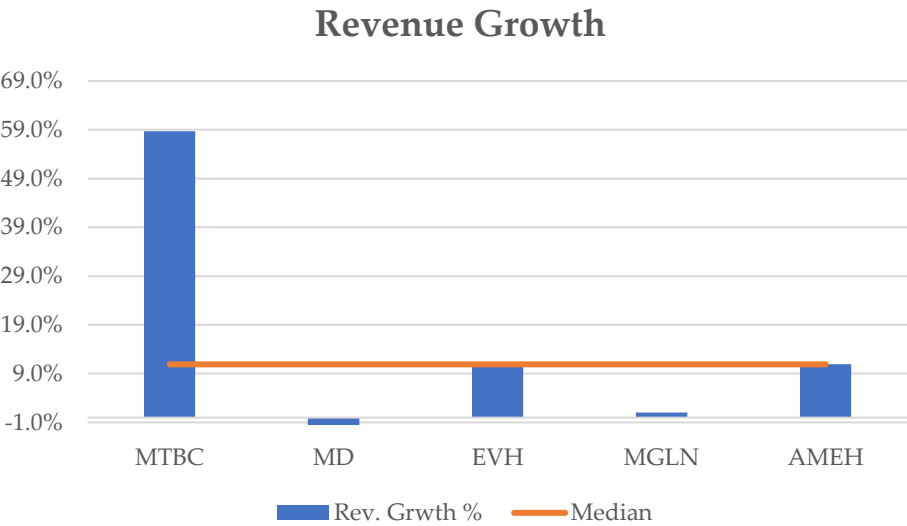
RECENT PRIVATE TRANSACTIONS

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.

RECENT PUBLIC TRANSACTIONS

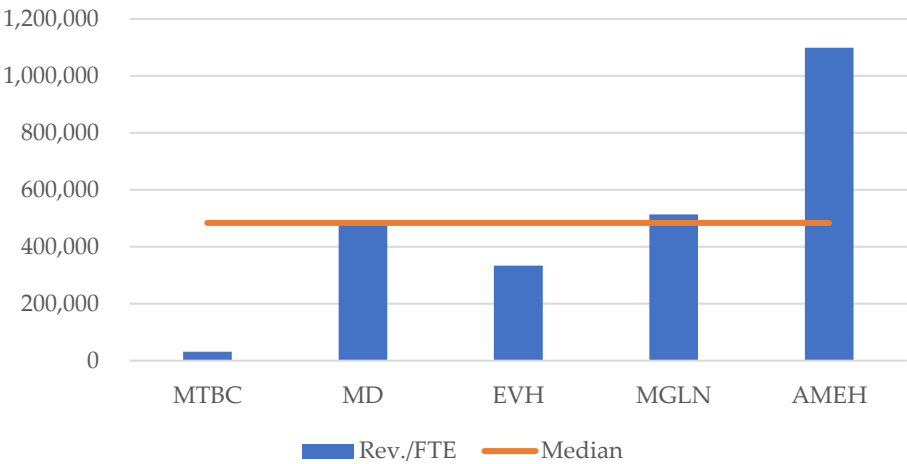
Date	Target	Acquirer	Sector	Deal Synopsis
01/06/2021	Change Healthcare	Optum	Enterprise Systems (Healthcare)	The company reached a definitive agreement to be acquired by Optum, a subsidiary of UnitedHealth Group (NYS: UNH), for approximately \$8 billion on January 6, 2021. The amount of \$13 billion 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

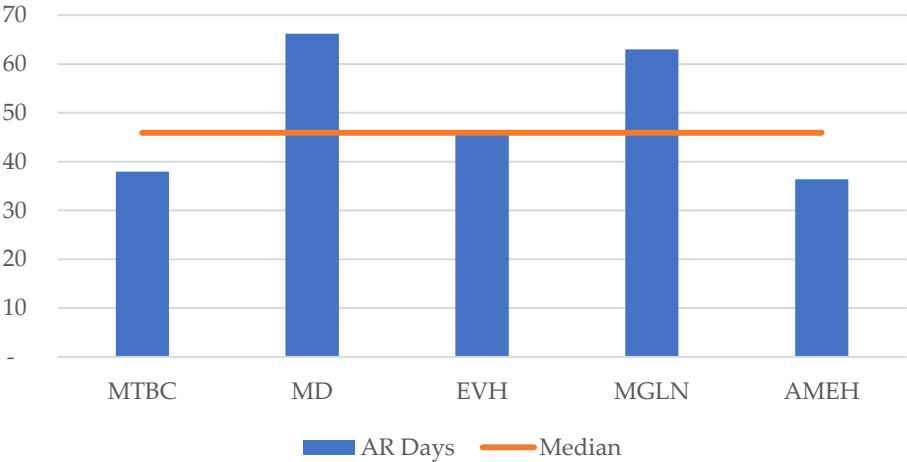


RATIO ANALYSIS

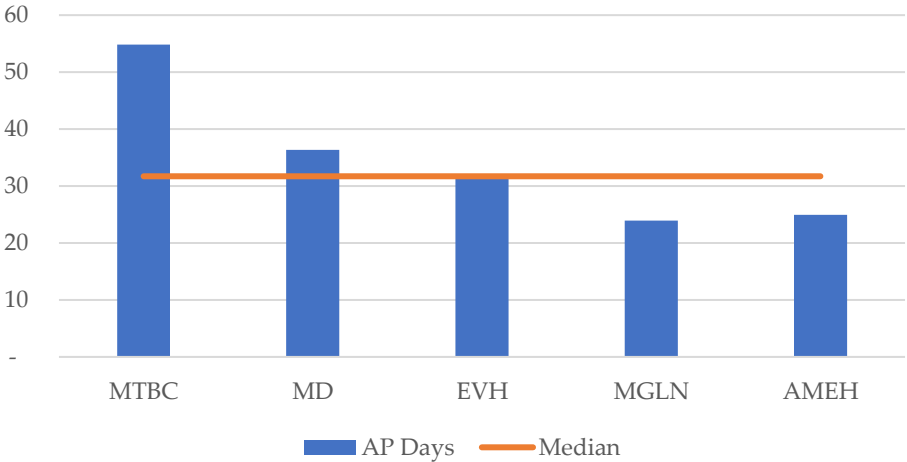
Revenue per Employee



AR Days



AP Days



VALUATION TRENDS

TickerCompany		Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
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

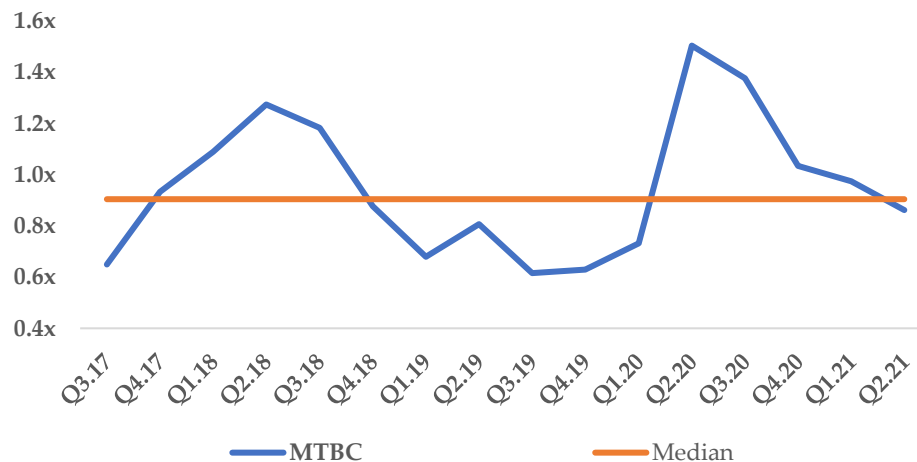
TickerCompany		Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
Peer Group							
MTBC	Carecloud	1.0x	479.0x		0.8x	4.5x	-11.5x
MD	Mednax	1.7x	19.8x	65.6x	1.6x	12.0x	18.2x
EVH	Evolent Health	2.4x	157.2x		2.5x	38.4x	-1,488.0x
MGLN	Magellan 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

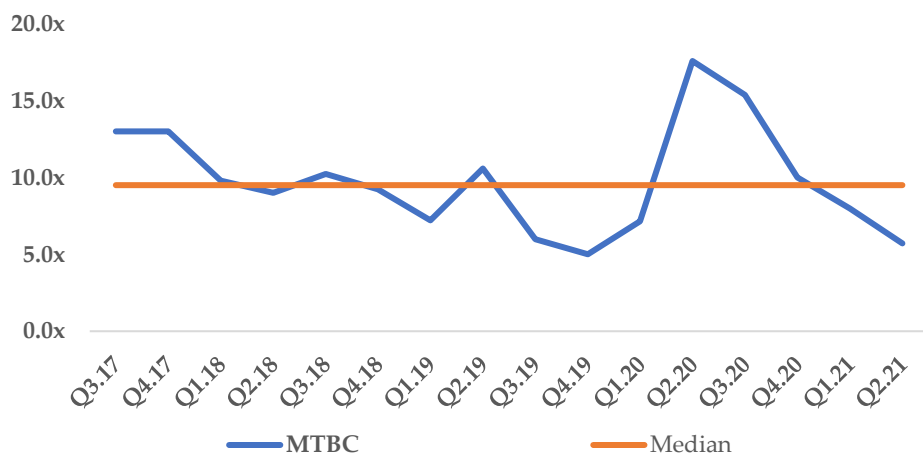
CareCloud Inc. (NAS: MTBC)

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).

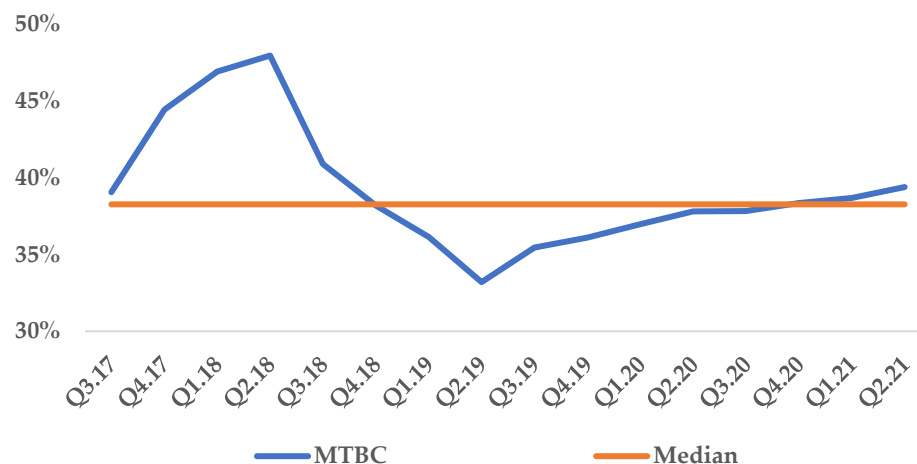
E/V Revenue



EV/EBITDA Carecloud



Gross Margin Carecloud

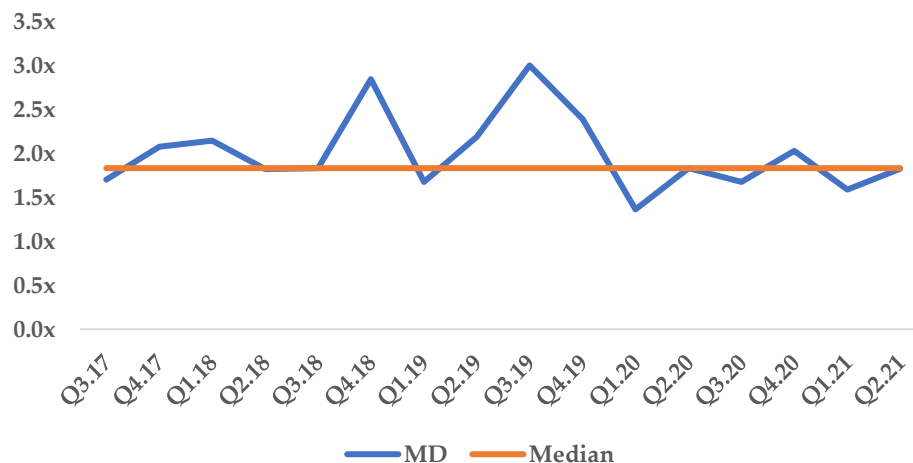


PUBLIC COMP

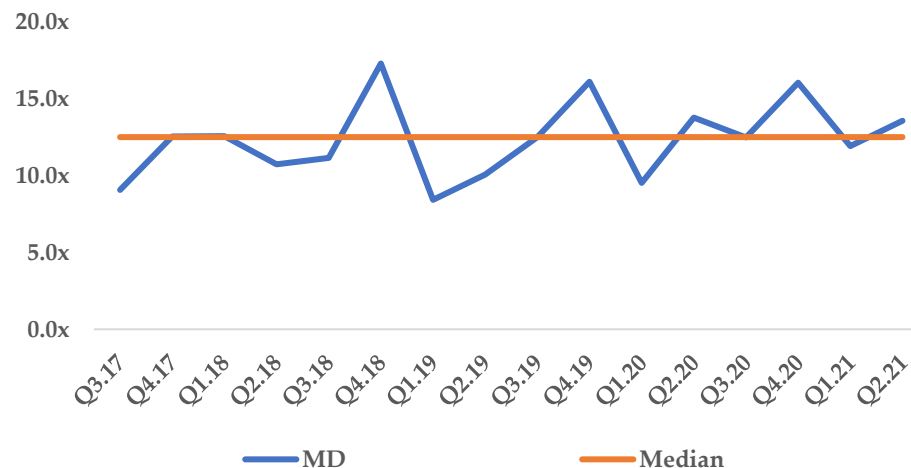
Mednax (NYS: MD)

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

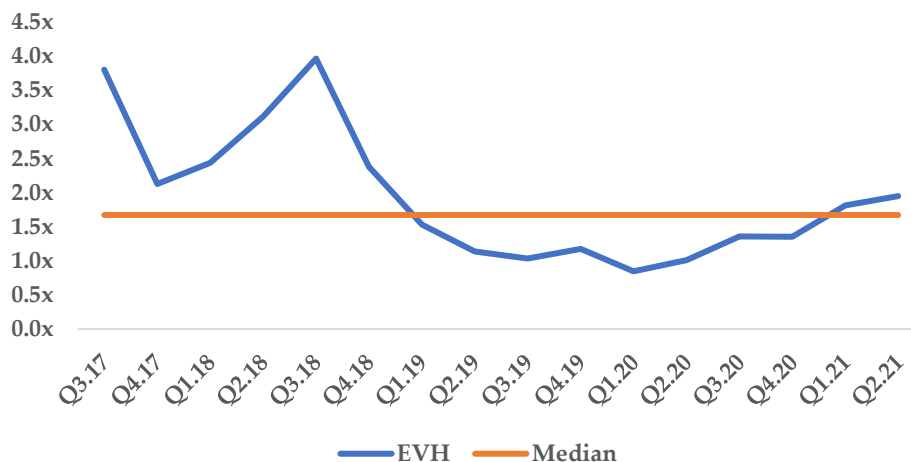


PUBLIC COMP

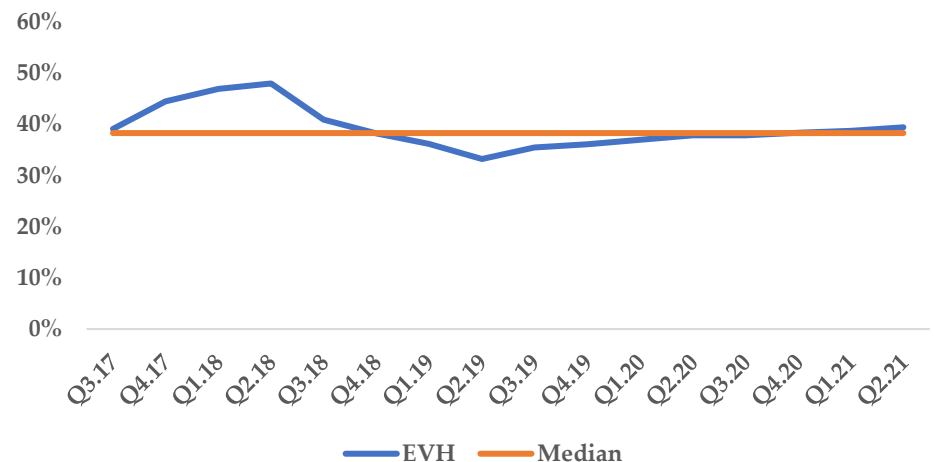
Evolut Health Inc. (NYS: EVH)

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



Gross Margin Evolut Health

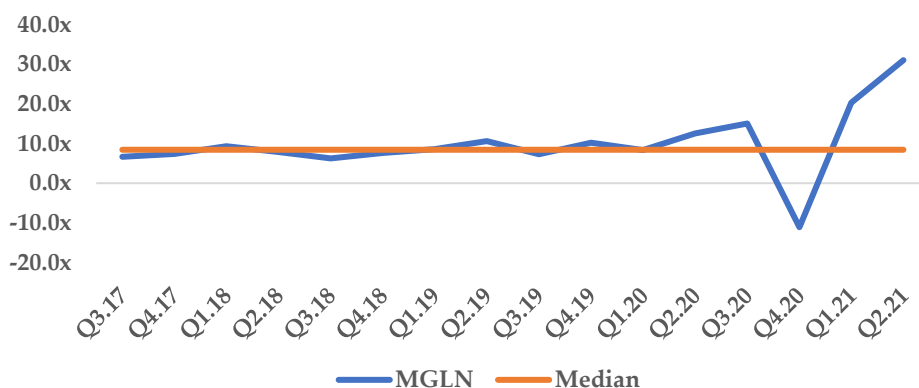


PUBLIC COMP

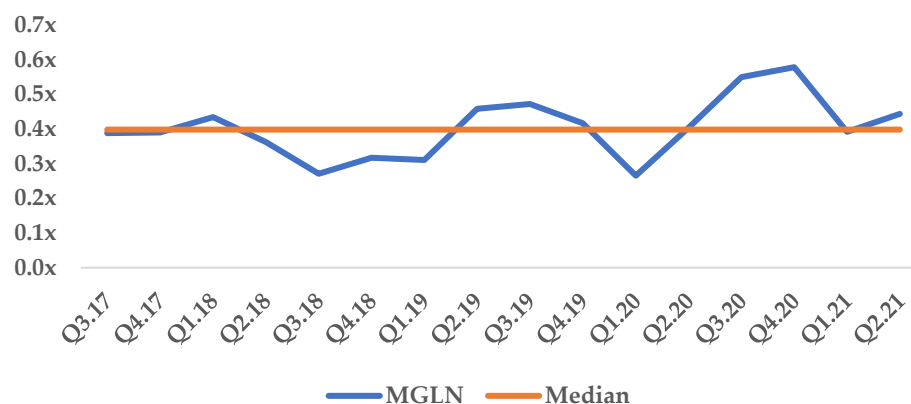
Magellan Health (NAS: MGLN)

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/EBITDA Magellan Health



EV/Revenue Magellan Health

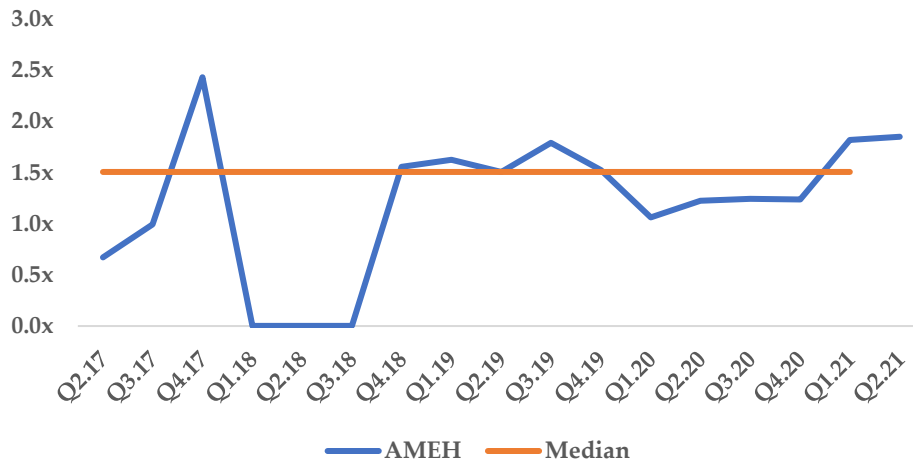


PUBLIC COMP

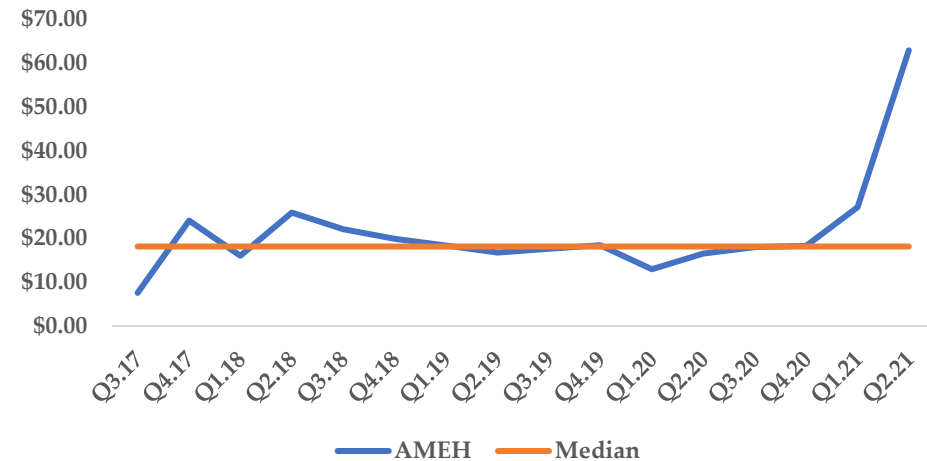
Apollo Medical Holdings (NAS: AMEH)

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



Close Price Apollo Medical Holdings



Healthcare Services Industry Report

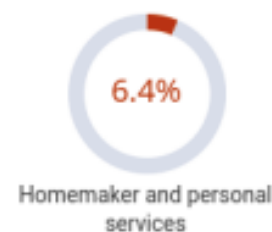
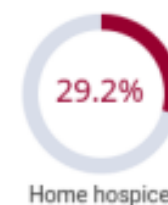
II. Home Health & Hospice

HOME HEALTH & HOSPICE 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



INDUSTRY AT A GLANCE

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

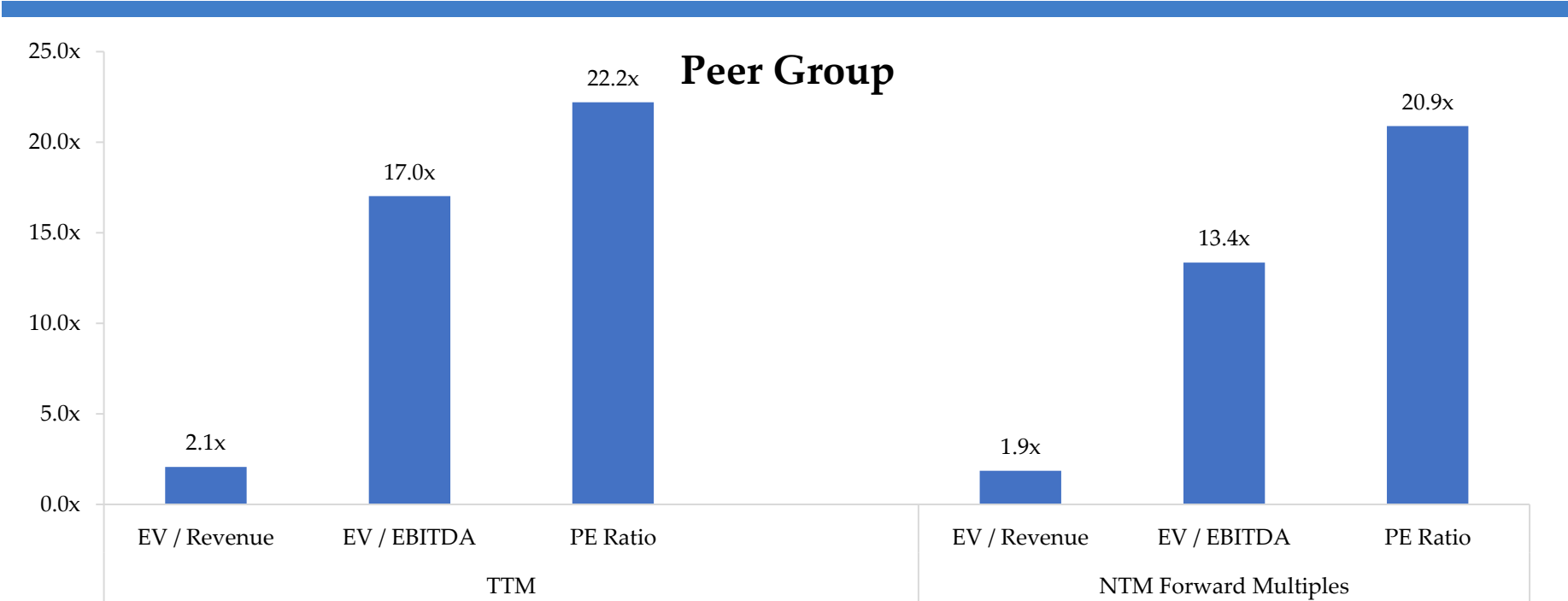
W Weaknesses

- 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

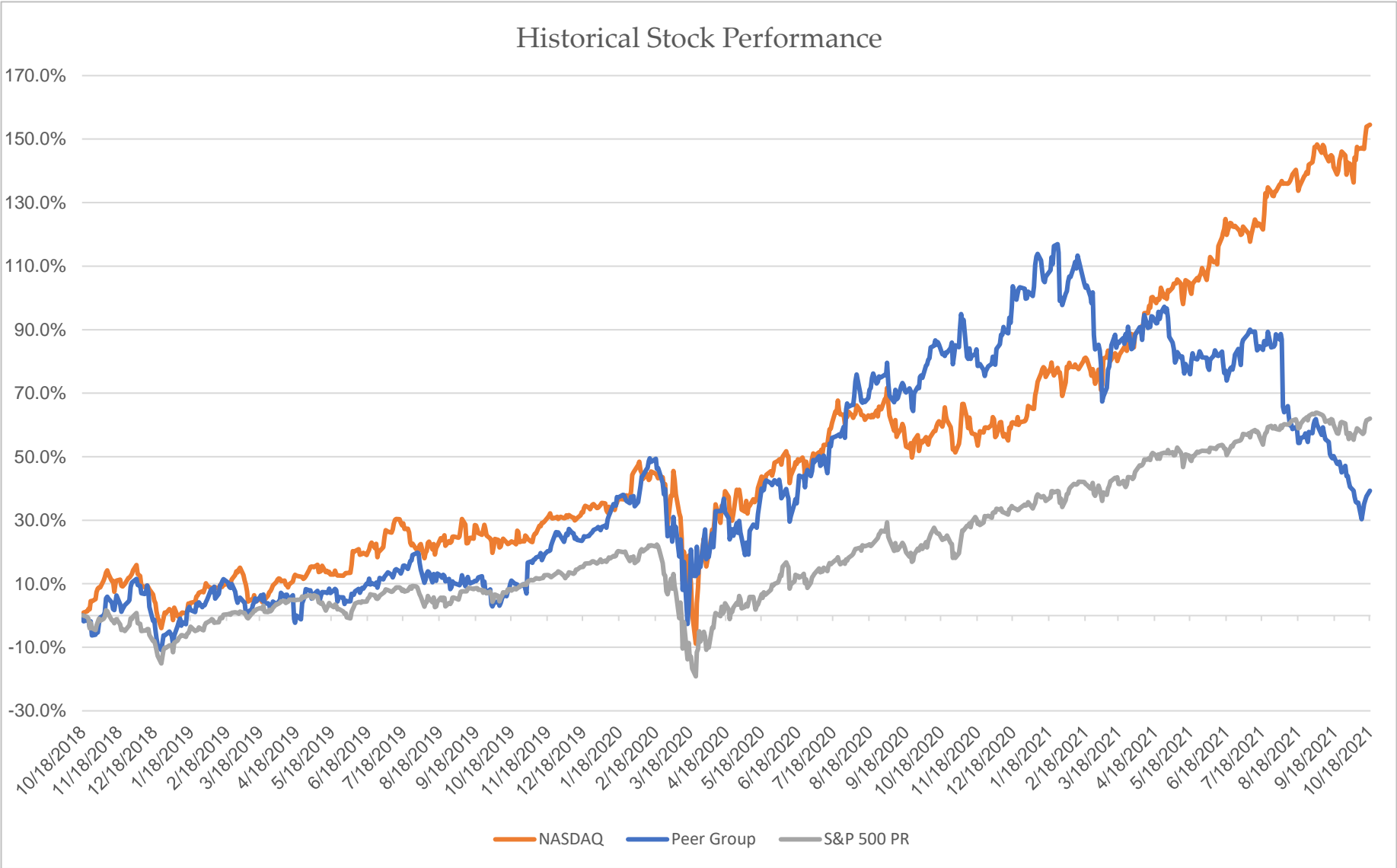
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions	Amedisys	LHC Group	InnovAge	Encompass Health	The Ensign Group	Adus HomeCare	
Ticker	AMED	LHCG	INNV	EHC	ENSG	ADUS	
Total Revenue	\$2,196	\$2,134	\$607	\$4,906	\$2,494	\$813	
Gross Profit	986	883	165	4,700	431	245	
EBIT	311	182	15	806	239	53	
Net Income	\$247.15	\$117.18	(\$19.72)	\$384.30	\$188.01	\$38.06	
EBITDA	316	278	86	1,000	310	86	
Total Debt	284	108	301	3,427	1,201	239	
EV	6,180	6,016	1,941	11,607	5,495	1,530	
Employees	21,000	30,000	1,910	22,383	24,400	35,139	
Ratio Analysis							Median
Revenue/Employee	\$104,575	\$71,125	\$317,874	\$219,202	\$102,216	\$23,142	\$103,396
EV/Revenue	2.81x	2.82x	3.14x	2.37x	2.20x	1.88x	2.59x
Debt/EBITDA	0.90x	0.39x	3.49x	3.43x	3.87x	2.79x	3.11x
EV/EBITDA	19.54x	21.64x	22.52x	11.61x	17.73x	17.89x	18.72x
Market Cap/EBITDA	18.93x	21.28x	23.62x	7.81x	14.53x	16.73x	17.83x
Market Cap	5,986	5,915	2,037	7,806	4,503	1,431	5,209
Close Price	183.45	186.76	15.03	78.45	81.67	89.92	85.80
52 Week Low	174.05	170.01	14.29	60.44	52.89	80.32	70.38
52 Week High	325.12	236.81	27.18	89.68	98.66	129.01	113.83
Gross Margin	44.9%	41.4%	27.1%	95.8%	17.3%	30.2%	35.8%
EBIT	14.1%	8.5%	2.4%	16.4%	9.6%	6.6%	9.1%
EBITDA	17.4%	9.5%	4.4%	21.5%	11.8%	6.9%	10.7%
Acct. Receivable Days	44	55	26	44	45	59	45
Acct. Payable Days	11	51	38	228	19	17	28
Revenue Growth	11.4%	3.6%		6.6%	11.0%	10.5%	10.5%

HOME HEALTH & HOSPICE INDEX VS. S&P 500



DCA Home Health & Hospice Index: AMED, LHCG, INNV, ENSG, EHC, ADUS

RECENT PUBLIC TRANSACTIONS

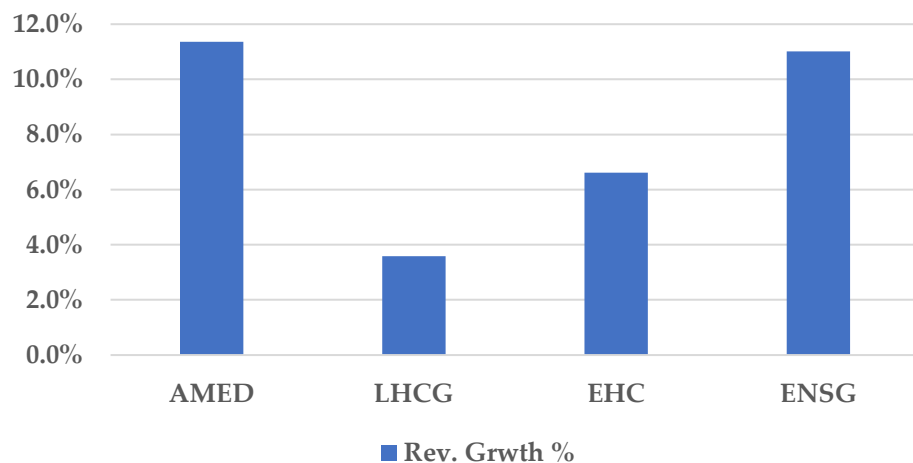
Date	Target	Acquirer	Sector	Deal Synopsis
06/21/2021	Kindred Healthcare	Apollo Global Management	Hospitals / Inpatient Services	The company entered into a definitive agreement to be acquired by LifePoint Health, via its financial sponsors Apollo Global Management and ATP Private Equity Partners, through 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 PRIVATE TRANSACTIONS

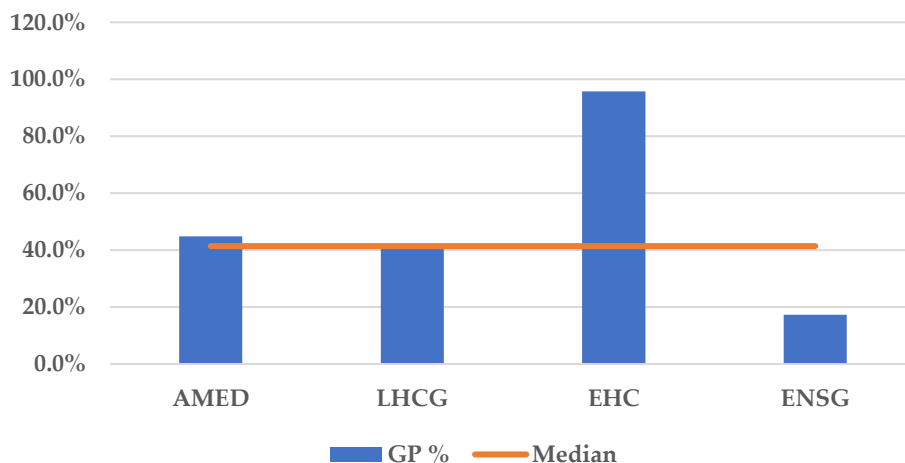
Date	Target	Acquirer	Sector	Deal Synopsis
08/06/2021	Invitae		Clinics / Outpatient Services	The company is rumored to be in talks regarding a potential acquisition by Exact Sciences (NAS: EXAS) for an undisclosed amount on August 6, 2021.
06/17/2021	ATI Physical Therapy	Fortress Value Acquisition Corp. 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

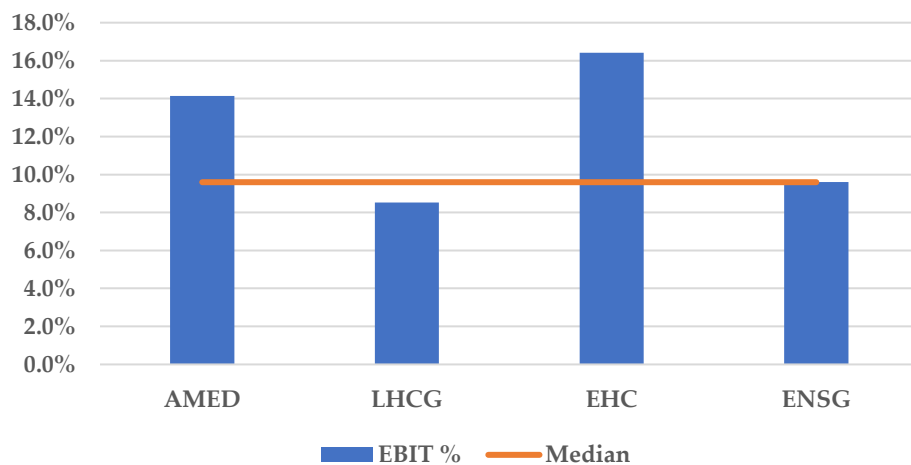
Revenue Growth



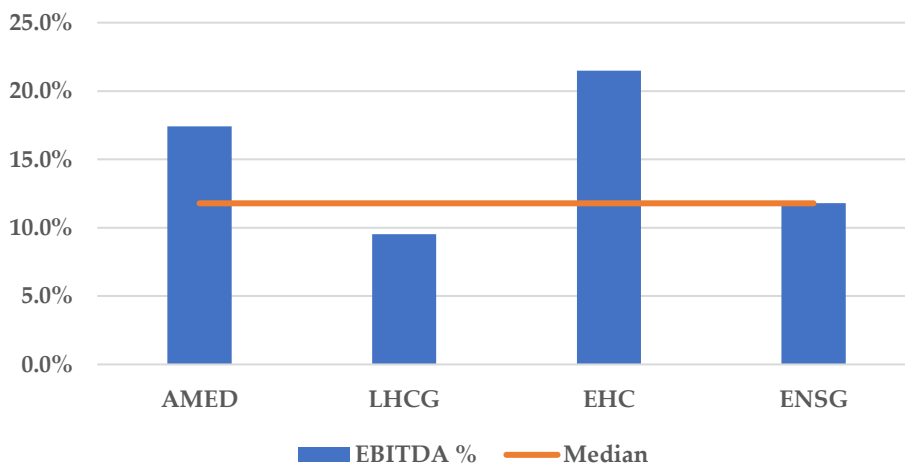
Gross Profit Margin



EBIT Margin

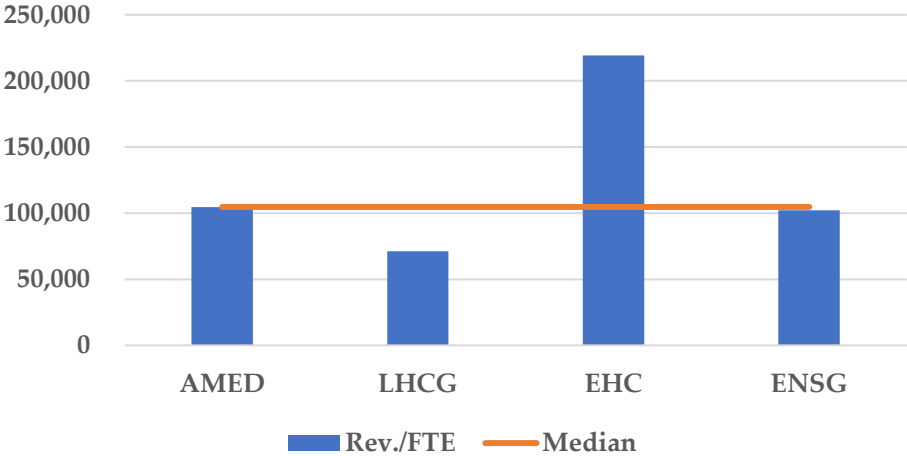


EBITDA Margin

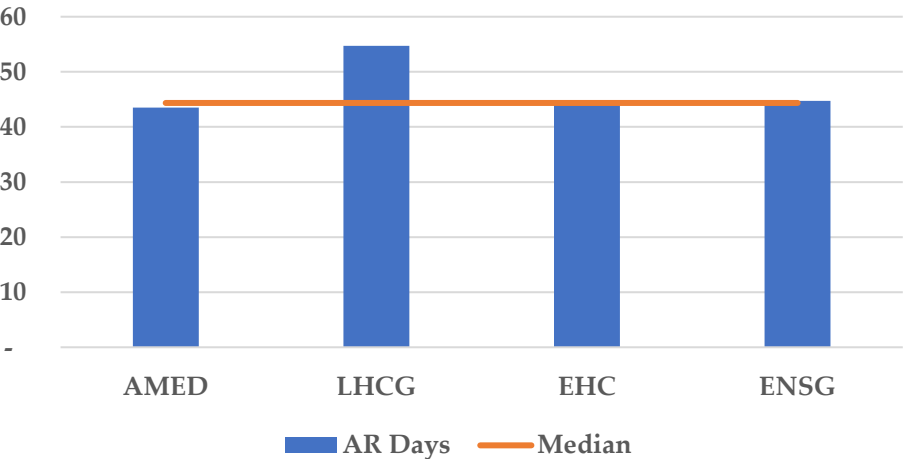


RATIO ANALYSIS

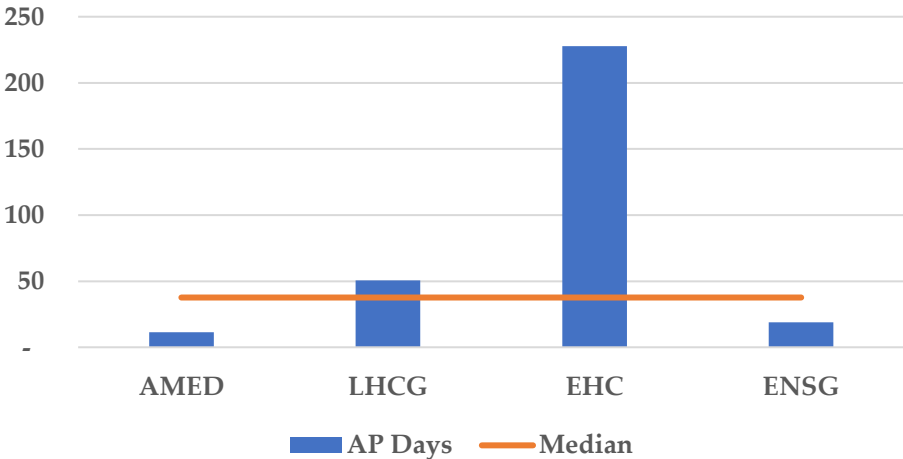
Revenue per Employee



AR Days



AP Days



*Revenue in thousands

*Revenue in thousands

VALUATION TRENDS

TickerCompany		Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
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
ENSG	The Ensign Group	73.74	4,016.26	5,007.95	2,494.07	294.16	3.49	2,780.51	363.36	3.86
EHC	Encompass Health	68.28	6,728.44	10,529.64	4,906.40	1,055.00	3.87	5,489.57	1,102.29	4.57
ADUS	Addus HomeCare	77.0	1,225.59	1,324.84	813.18	56.50	3.83	939.02	102.37	3.83

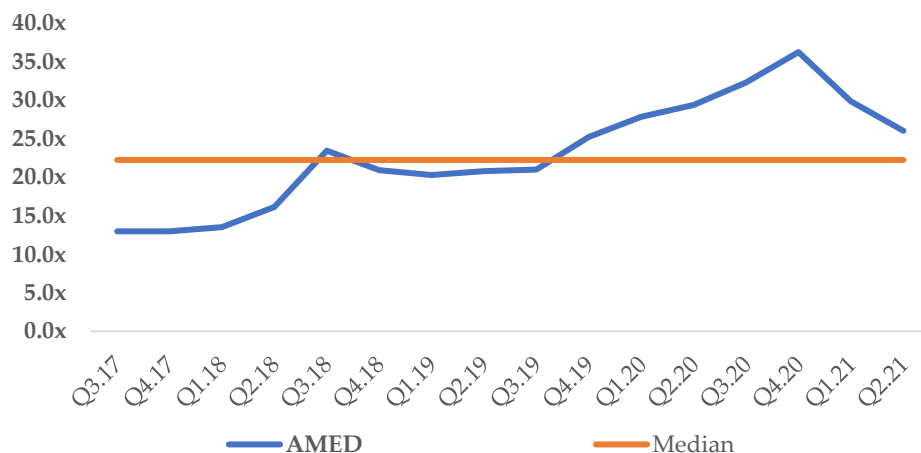
		Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
		Ticker	Company				
Peer Group							
AMED	Amedisys	2.4x	13.9x	21.5x	2.2x	16.4x	25.0x
LHCG	LHC Group	2.2x	23.2x	39.4x	2.0x	14.8x	21.7x
ENSG	The Ensign Group	2.0x	17.0x	22.2x	1.8x	13.8x	19.1x
EHC	Encompass Health	2.1x	10.0x	17.8x	1.9x	9.6x	14.9x
ADUS	Addus HomeCare	1.6x	19.8x	32.4x	1.4x	12.9x	20.1x

PUBLIC COMP

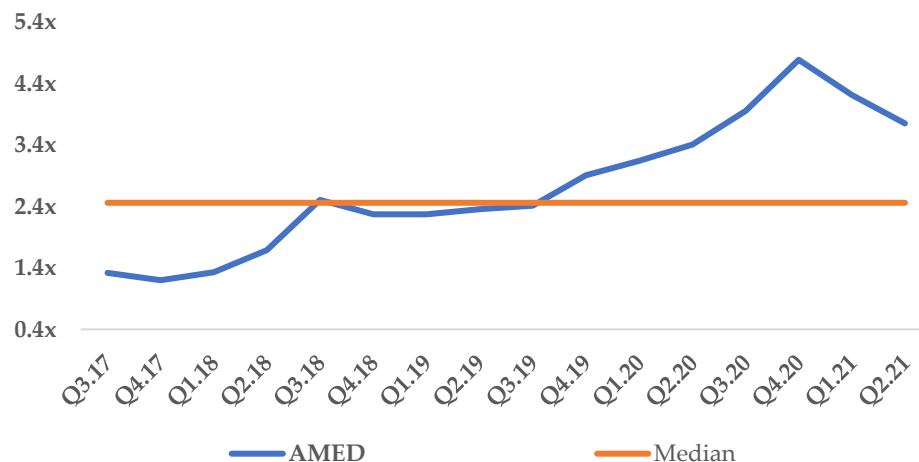
Amedisys (NAS: AMED)

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.

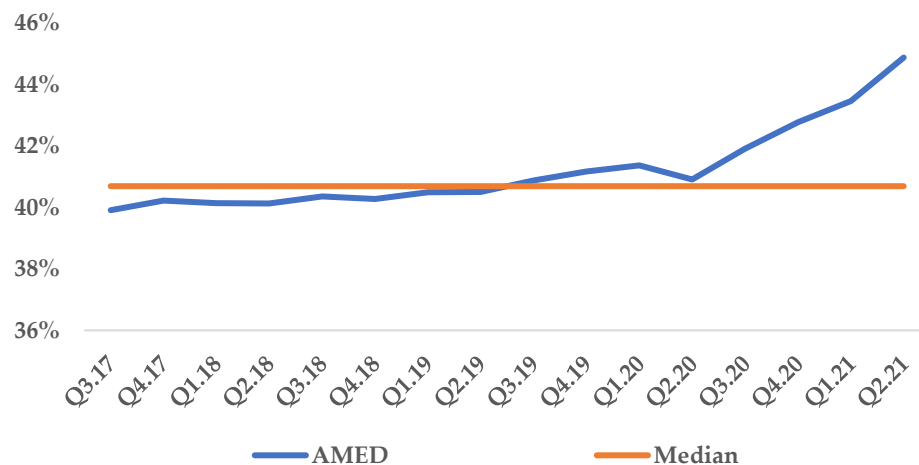
EV/EBITDA Amedisys



E/V Revenue Amedisys



Gross Margin Amedisys

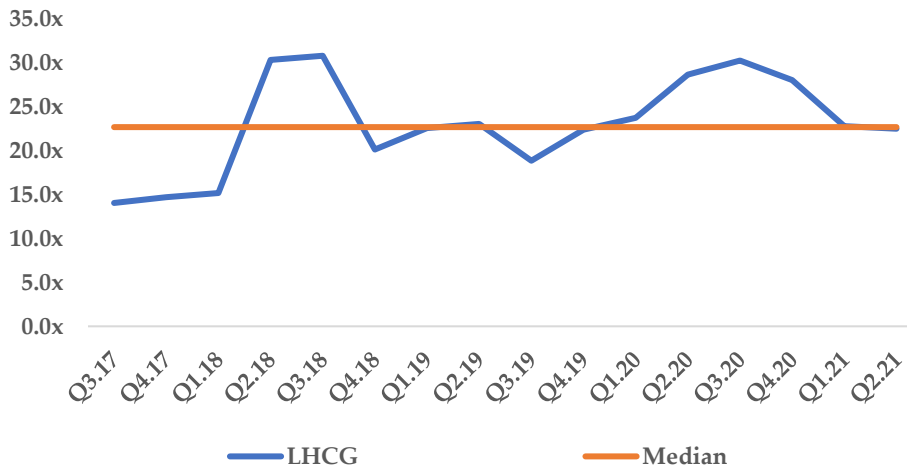


PUBLIC COMP

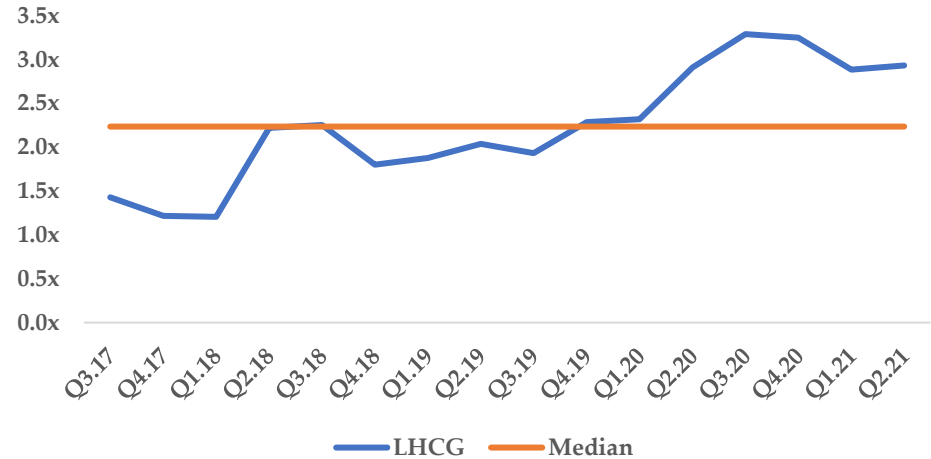
LHC Group (NAS: LHCG)

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.

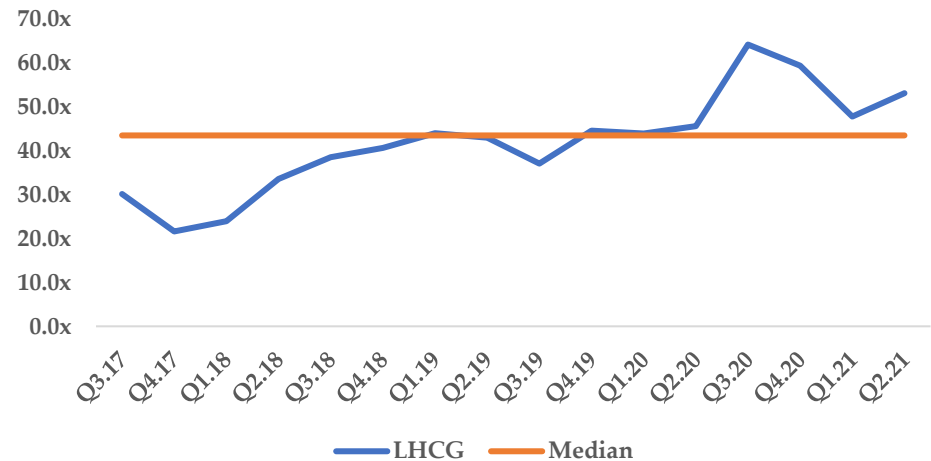
EV/EBITDA LHC Group



EV/Revenue LHC Group



P/E LHC Group

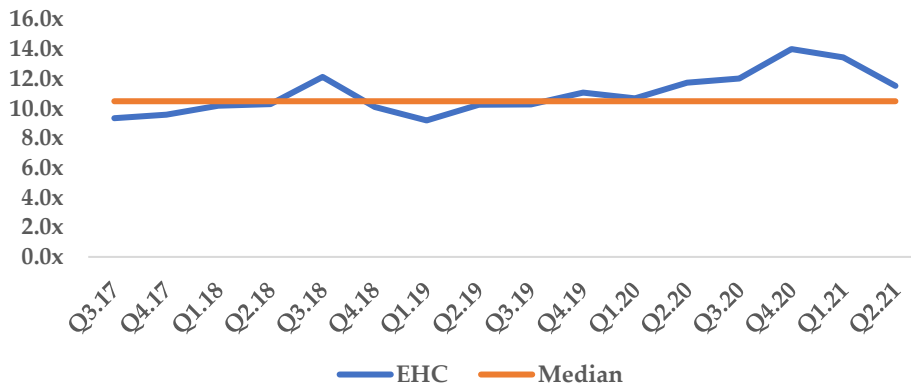


PUBLIC COMP

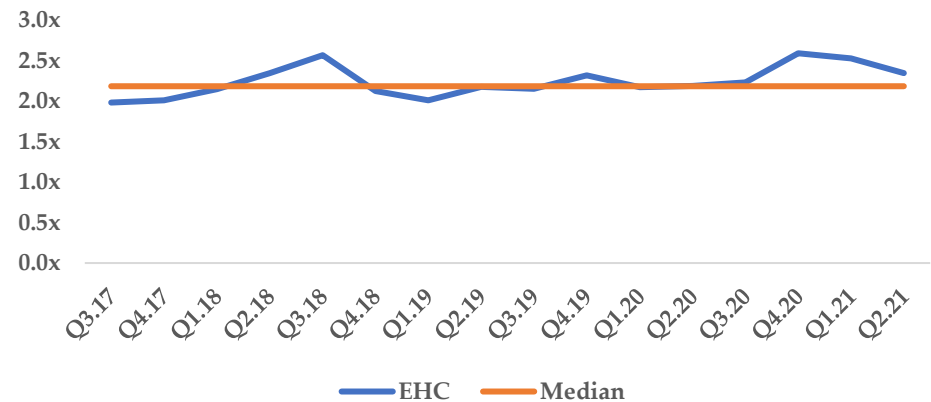
Encompass Health (NYS: EHC)

Encompass Health Corp provides post-acute healthcare services in the United States through a network of inpatient rehabilitation hospitals, home health agencies and hospice agencies. It operates in two segments: inpatient rehabilitation and home health and hospice. The Inpatient rehabilitation segment contributes the majority of the firm's revenue and provides specialized rehabilitative treatment through a network of inpatient hospitals. These hospitals are concentrated in the eastern half of the United States and Texas. The Home health and hospital segment provides skilled home health services through agencies concentrated in the southeastern United States and Texas, which include nursing, physical, occupational, and speech therapy, social work, and hospice services.

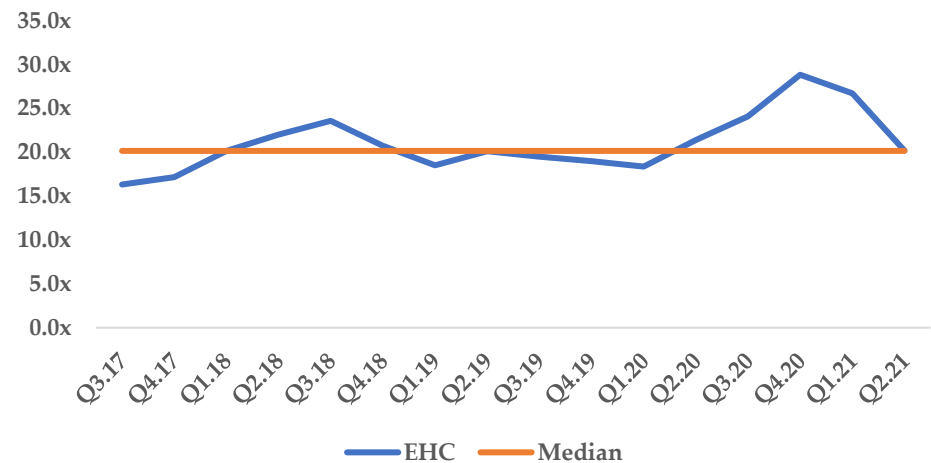
EV/EBITDA Encompass Health



EV/Revenue Encompass Health



P/E Encompass Health

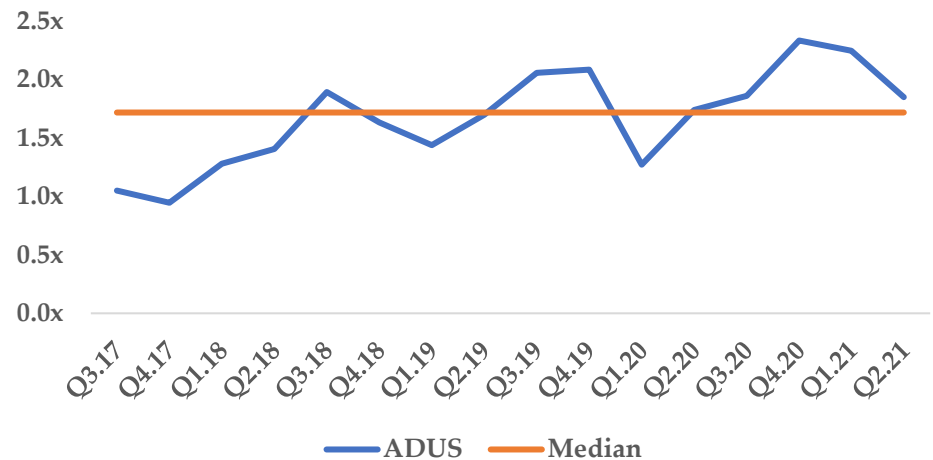


PUBLIC COMP

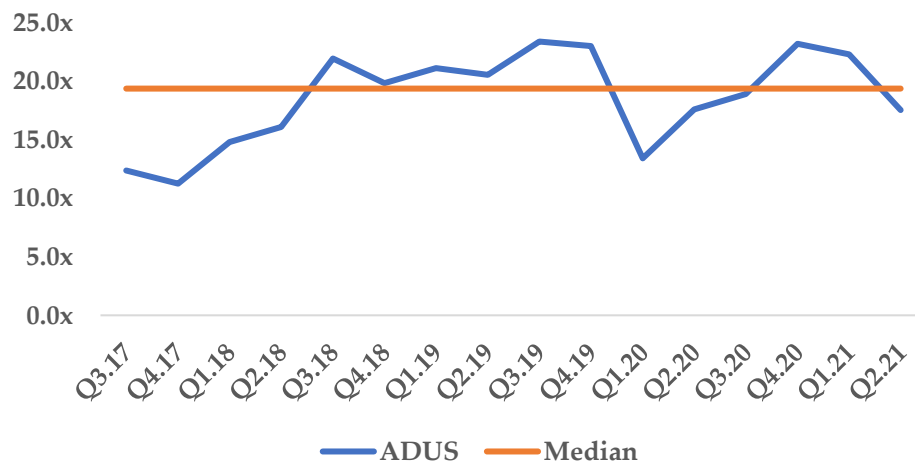
Addus HomeCare (NAS: ADUS)

Addus HomeCare Corp is engaged in the provision of in-home personal care services. It operates through the following segments: Personal care segment is a key revenue driver, provides non-medical assistance with activities of daily living, primarily to persons who are at risk of hospitalization or institutionalization, such as the elderly, chronically ill and disabled. The Hospice segment provides physical, emotional and spiritual care for people who are terminally ill and their families. Its Home health segment provides services that are primarily medical in nature to those individuals who may require assistance during an illness or after surgery.

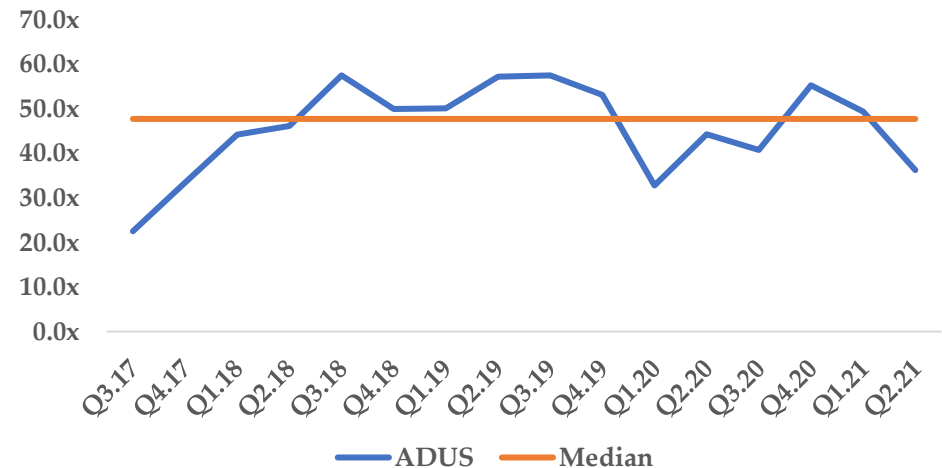
EV/Revenue Addus HomeCare



EV/EBITDA Addus HomeCare



P/E Addus HomeCare



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



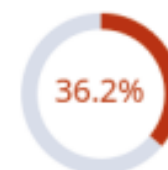
Products & Services Segmentation



Medical devices and hardware



Telehealth software



Virtual physician visits

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

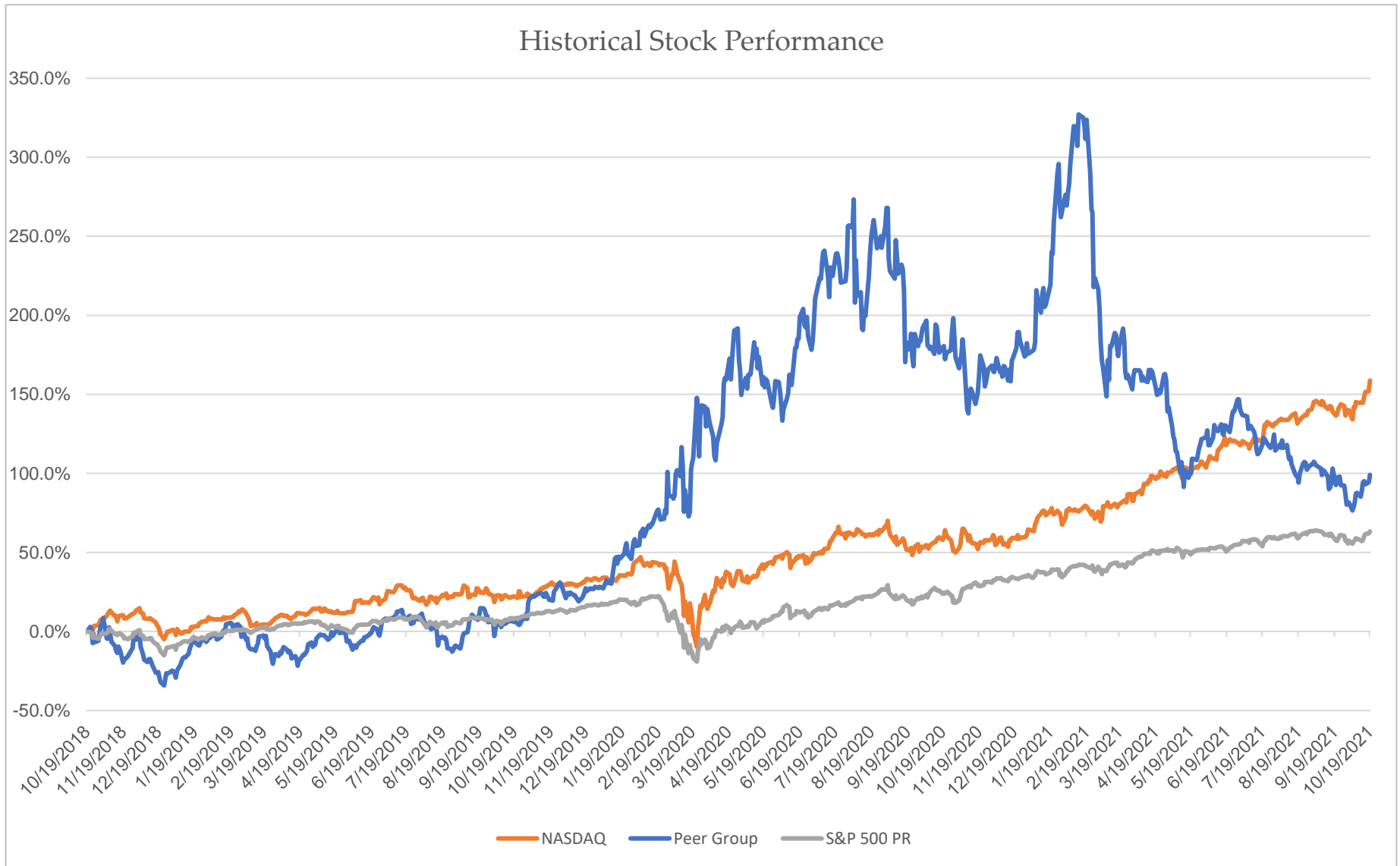
T Threats

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

PUBLIC COMPARABLES

\$ in Millions Ticker	Teledoc Health TDOC	Amwell AMWL	LifeMD LFMD	SOC Telemed TLMD	Ontrack OTRK	TrxADE Group MEDS	
Total Revenue	\$1,629	\$241	\$64	\$69	\$108	\$13	
Gross Profit	1,095	91	52	24	61	4	
EBIT	-680	-190	-83	-50	-11	-5	
Net Income	(\$763.32)	(\$190.44)	(\$81.31)	(\$61.52)	(\$18.11)	(\$5.40)	
EBITDA	213	-112	-59	-17	6	-2	
Total Debt	1,251	4	10	74	48	1	
EV	23,463	1,652	205	295	188	40	
Employees	4,400	812	56	226	726	43	
Ratio Analysis							Median
Revenue/Employee	\$370,215	\$296,550	\$1,150,197	\$307,146	\$149,421	\$308,792	\$307,969
EV/Revenue	14.40x	6.86x	3.18x	4.25x	1.74x	3.01x	3.71x
Debt/EBITDA	5.86x	-0.04x	-0.17x	-4.39x	7.93x	-0.31x	-0.10x
EV/EBITDA	110.01x	-14.79x	-3.48x	-17.58x	31.02x	-22.24x	-9.13x
Market Cap/EBITDA	107.83x	-23.29x	-3.56x	-16.17x	38.17x	-24.44x	-9.86x
Market Cap	22,999	2,601	209	271	232	44	252
Close Price	144.42	10.71	7.88	2.71	12.12	5.38	9.30
52 Week Low	129.74	9.43	5.05	2.25	9.51	3.10	7.24
52 Week High	308.00	43.75	33.02	9.85	99.89	10.82	38.39
Gross Margin	67.2%	37.9%	80.7%	34.4%	56.0%	32.3%	46.9%
EBIT	-41.8%	-79.0%	-129.4%	-71.9%	-10.0%	-40.5%	-56.8%
EBITDA	-31.8%	-77.9%	-128.4%	-61.7%	-7.2%	-39.6%	-50.7%
Acct. Receivable Days	31	60	5	60	32	49	40
Inventory Days	31	20	42	11	NM	43	31
Acct. Payable Days	26	15	351	40	11	10	20
Revenue Growth	127.4%	19.2%	214.7%		116.2%	3.7%	116.2%

TELEHEALTH INDEX Vs. S&P 500



DCA Telehealth Index: TDOC, AMWL, LFMD, TLMD, OTRK, MEDS

RECENT PRIVATE TRANSACTIONS

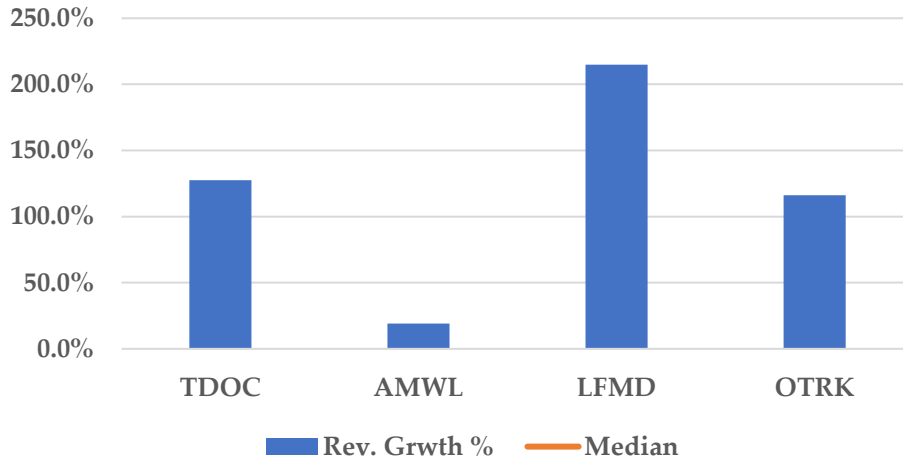
Date	Target	Acquirer	Deal Synopsis
05/11/2021	Doctor On Demand	Grand Rounds Health	The company was acquired by Grand Rounds Health, via its financial sponsor The Carlyle Group, through an LBO on May 11, 2021 for an undisclosed sum. The deal will combine Grand Rounds' data-driven clinical navigation platform 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	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	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

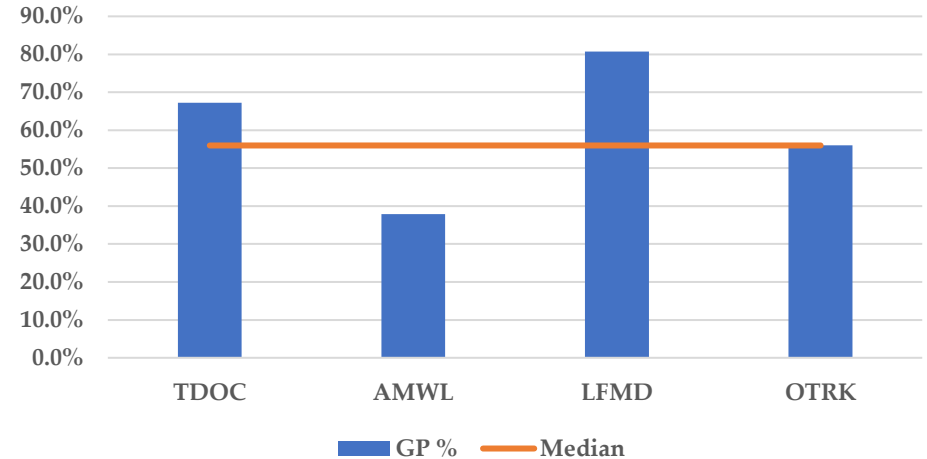
Date	Target	Acquirer	Deal Synopsis
06/23/2021	Hudson Executive Investment	Talkspace	The company acquired Hudson Executive Investment (NAS: HEC) through a reverse merger for \$414 million, resulting in the combined entity trading on the Nasdaq Stock Exchange under the ticker symbol TALK on June 23, 2021, 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

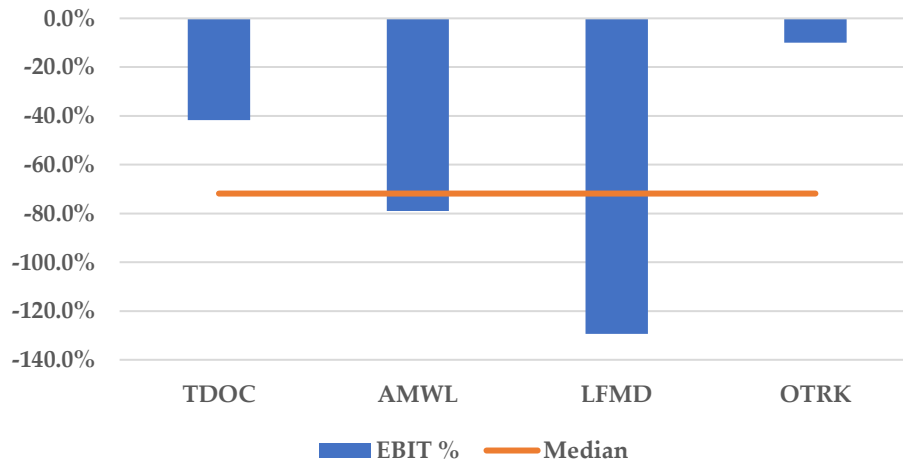
Revenue Growth



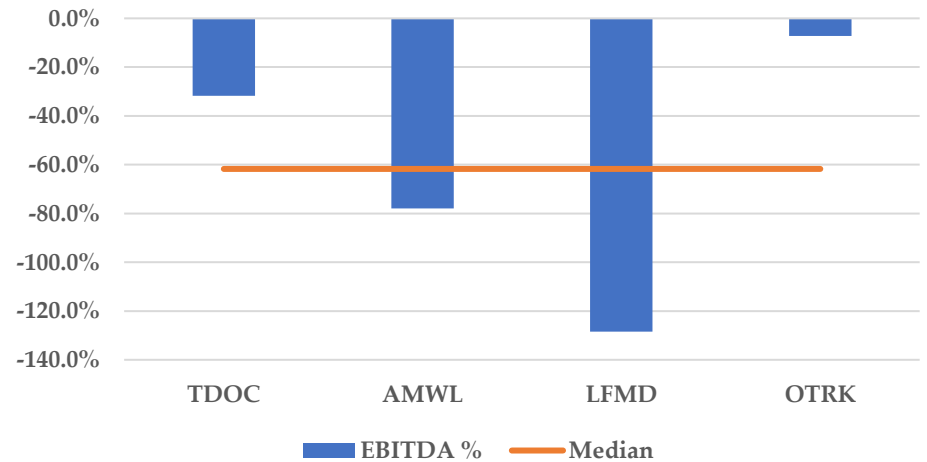
Gross Profit Margin



EBIT Margin

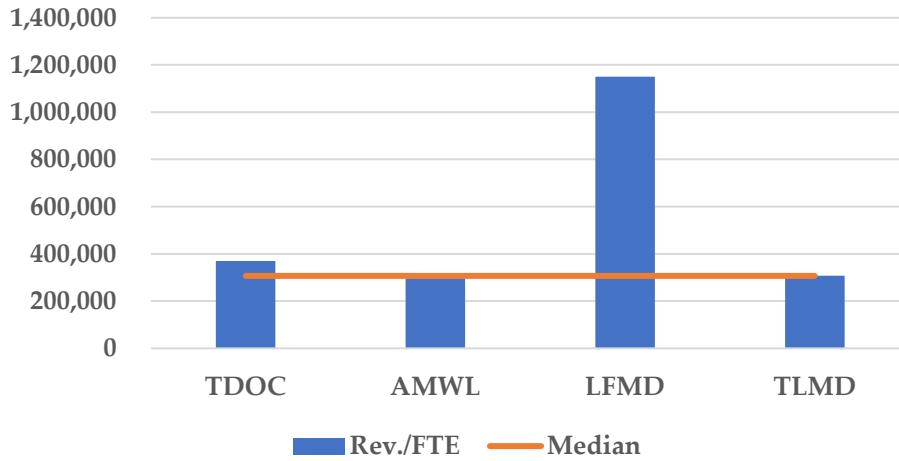


EBITDA Margin

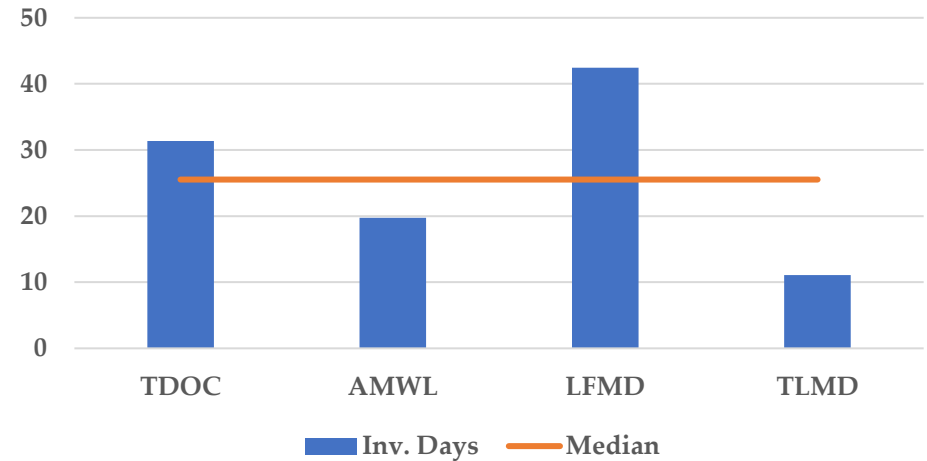


RATIO ANALYSIS

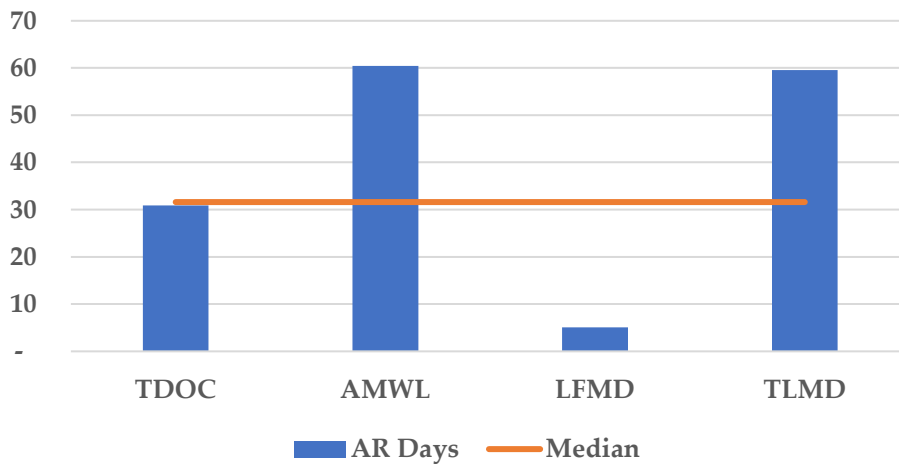
Revenue per Employee



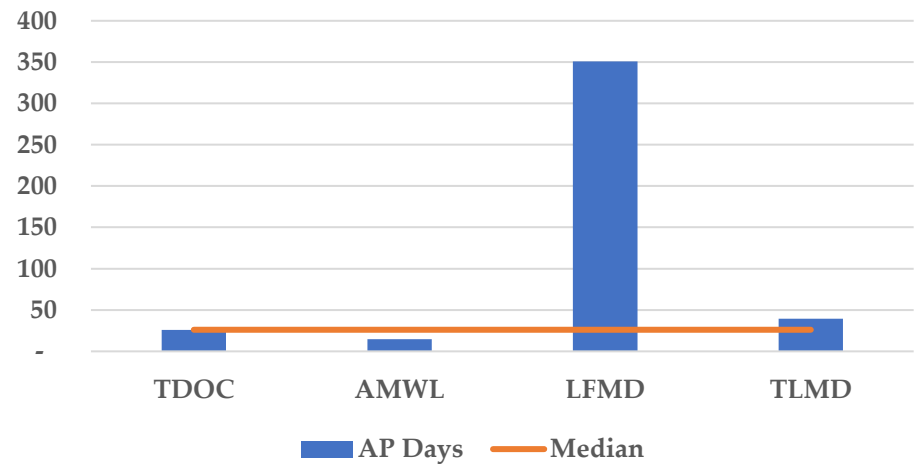
Inventory Days



AR Days



AP Days



VALUATION TRENDS

TickerCompany		Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
Peer Group										
TDOC	Teladoc Health	139.76	21,691.20	22,155.47	1,628.95	(517.24)	(5.66)	2,454.50	364.98	(1.93)
AMWL	Amwell	8.40	2,028.12	1,078.35	240.80	(187.55)	(0.12)	316.46	(137.45)	(0.72)
LFMD	LifeMD	5.15	154.80	150.20	64.41	(82.70)	(5.93)	132.19	(27.51)	(1.20)
TLMD	SOC Telemed	2.02	199.23	222.86	69.42	(42.86)	(3.32)	112.35	(17.32)	(0.55)
OTRK	Ontrak	9.31	168.88	125.48	108.48	(7.86)	(1.40)	51.35	(19.84)	(2.20)
MEDS	TrxADE Group	4.51	36.11	32.16	13.28	(5.25)	(0.68)	12.09	0.59	0.01

		Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
Ticker	Company						
Peer Group							
TDOC	Teladoc Health	13.6x	-42.8x		9.0x	60.7x	-72.4x
AMWL	Amwell	4.5x	5.7x		3.4x	-7.8x	-11.7x
LFMD	LifeMD	2.3x	-1.8x		1.1x	-5.5x	-4.3x
TLMD	SOC Telemed	3.2x	-5.2x		2.0x	-12.9x	-3.7x
OTRK	Ontrak	1.2x	-16.0x		2.4x	-6.3x	-4.2x
MEDS	TRxADE Group	2.4x			2.7x	54.1x	451.0x

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.

LifeMD (NAS: LFMD): LifeMD Inc is a direct-to-patient telehealth company that provides a smarter, cost-effective and convenient way of accessing healthcare. Its telemedicine platform helps patients access licensed providers for diagnoses, virtual care, and prescription medications, often delivered on a recurring basis. In addition to telemedicine offerings, the company sells nutritional supplements and other over-the-counter products. Many of its products are available on a subscription or membership basis, where a patient can subscribe to receive regular shipments of prescribed medications or products. This creates convenience and often discounted pricing opportunities for patients and recurring revenue streams for the company.

SOC Telemed (NAS: TLMD): SOC Telemed Inc is a provider of acute care telemedicine services and technology to U.S. hospitals and healthcare systems based on number of clients. It provides technology enabled clinical solutions which include acute teleNeurology, telePsychiatry, and teleICU, and telePulmonology service. It supports specialty care, providing time-sensitive specialty care when patients are vulnerable and may not otherwise have access. Its solution was developed to support complex workflows in the acute care setting by integrating cloud-based software platform, Telemed IQ, with a panel of patient advocates and a network of clinical specialists to create a seamless, acute telemedicine solution.

Ontrak (NAS: OTRK): Ontrak Inc is an AI and telehealth enabled, virtualized outpatient healthcare treatment company. The company's integrated, technology-enabled OntrakTM solutions, a component of the PRE platform, are designed to treat members with behavioral conditions that cause chronic medical conditions such as diabetes, hypertension, coronary artery disease, COPD, and congestive heart failure.

DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services
www.acryness.com



Health Care, Health Care Facilities
www.encompasshealth.com



Retail, Pharmacy and Retail
www.fruthpharmacy.com



Health Care, Health Care Facilities
www.ecompasshealth.com



Hospital & Healthcare
www.accessonemedcard.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.

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.

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.

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.

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

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

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

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

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.