



HOULIHAN  
CAPITAL

*Value. Added.*



Industry Observations – September 30, 2019

## Healthcare Industry

## Select Healthcare Public Company Industry Data As of September 30, 2019

(USD in millions, except per share data)

		Market Data					LTM Operating Data			Forward Estimates	
Company Name	Ticker	Price at 09/30/19	% of 52 Week High	Equity Value	Enterprise Value	Debt / Total Capital	Total Assets	LTM Revenue	LTM EBITDA	CY 2019 Revenue Estimate	CY 2019 EBITDA Estimate
Healthcare Equipment and Supplies											
Align Technology, Inc.	ALGN	\$180.92	45.5%	\$14,450.24	\$16,437.15	5.2%	\$2,346.02	\$2,188.98	\$571.48	\$2,385.63	\$601.07
Boston Scientific Corporation	BSX	\$40.69	92.8%	\$56,680.09	\$63,265.69	51.0%	\$24,309.00	\$10,077.00	\$2,689.00	\$10,690.43	\$3,256.61
Haemonetics Corporation	HAE	\$126.14	89.9%	\$6,404.11	\$6,735.84	44.1%	\$1,259.61	\$976.68	\$194.34	\$996.41	\$295.35
ICU Medical, Inc.	ICUI	\$159.60	55.7%	\$3,298.26	\$2,941.29	2.8%	\$1,622.92	\$1,310.76	\$232.56	\$1,214.50	\$264.55
Integra LifeSciences Holdings Corporation	IART	\$60.07	91.2%	\$5,138.05	\$6,671.70	51.4%	\$3,290.41	\$1,492.50	\$361.09	\$1,523.58	\$372.59
Medtronic plc	MDT	\$108.62	96.9%	\$145,732.14	\$161,747.30	35.0%	\$91,268.00	\$30,666.00	\$9,438.00	\$31,122.99	\$10,000.14
NuVasive, Inc.	NUVA	\$63.38	87.5%	\$3,298.68	\$4,021.23	44.3%	\$1,805.31	\$1,126.51	\$236.44	\$1,155.27	\$297.23
ResMed Inc.	RMD	\$135.11	95.7%	\$19,411.40	\$19,987.68	38.0%	\$4,107.68	\$2,606.57	\$786.78	\$2,751.59	\$846.09
Stryker Corporation	SYK	\$216.30	96.8%	\$80,702.66	\$87,368.02	42.6%	\$26,354.00	\$14,204.00	\$4,009.00	\$14,872.26	\$4,243.60
Teleflex Incorporated	TFX	\$339.75	90.9%	\$15,707.61	\$17,107.83	45.8%	\$6,314.41	\$2,517.38	\$681.45	\$2,601.90	\$748.27
The Cooper Companies, Inc.	COO	\$297.00	86.3%	\$14,723.36	\$15,967.88	33.4%	\$6,172.80	\$2,613.30	\$774.80	\$2,684.61	\$872.69
Healthcare Providers and Services											
Centene Corporation	CNC	\$43.26	58.1%	\$17,892.57	\$20,532.82	39.2%	\$34,368.00	\$65,491.00	\$3,137.00	\$73,809.98	\$3,032.36
Cigna Corporation	CI	\$151.79	67.0%	\$57,317.31	\$99,309.44	47.6%	\$154,401.00	\$102,510.00	\$8,893.00	\$136,777.92	\$11,804.31
Community Health Systems, Inc.	CYH	\$3.60	67.3%	\$410.01	\$15,058.93	109.7%	\$16,132.00	\$13,583.00	\$1,335.00	\$13,043.76	\$1,631.45
DaVita Inc.	DVA	\$57.07	72.1%	\$7,901.73	\$17,955.68	68.9%	\$19,930.96	\$11,253.47	\$2,108.67	\$11,349.74	\$2,239.85
HCA Healthcare, Inc.	HCA	\$120.42	81.7%	\$41,061.15	\$79,740.11	104.9%	\$45,449.00	\$48,844.00	\$9,406.00	\$50,934.52	\$9,708.36
Humana Inc.	HUM	\$255.67	71.8%	\$34,538.28	\$40,672.93	34.9%	\$28,913.00	\$60,726.00	\$3,683.00	\$64,299.08	\$3,726.37
Sectet Medical Holdings Corporation	SEM	\$16.57	81.9%	\$2,247.24	\$7,578.24	70.5%	\$7,106.94	\$5,218.08	\$635.02	\$5,318.97	\$679.32
Tenet Healthcare Corporation	THC	\$22.12	69.9%	\$2,288.28	\$20,445.11	88.0%	\$23,207.00	\$18,213.00	\$2,746.00	\$18,256.49	\$2,690.27
WellCare Health Plans, Inc.	WCG	\$259.17	79.7%	\$13,039.38	\$13,160.25	33.7%	\$13,205.50	\$24,901.20	\$1,055.60	\$27,199.00	\$1,182.04

Notes: LTM (latest twelve months); Enterprise Value (market capitalization less total cash and short-term investments plus short-term borrowings and total long-term debt);

EBITDA (earnings before interest, taxes, depreciation and amortization)

Source: Capital IQ

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Publicly available information utilized in this publication has been obtained from sources deemed to be reliable. Houlihan does not guarantee the accuracy or completeness of the information provided within this publication. The material presented reflects information known to the authors at the time this publication was written and this information is subject to change.

## Select Healthcare Public Company Industry Data As of September 30, 2019

(USD in millions, except per share data)

Company Name	Ticker	Market Data					LTM Operating Data			Forward Estimates	
		Price at 09/30/19	% of 52 Week High	Equity Value	Enterprise Value	Debt / Total Capital	Total Assets	LTM Revenue	LTM EBITDA	CY 2019 Revenue Estimate	CY 2019 EBITDA Estimate
Pharmaceuticals											
AbbVie Inc.	ABBV	\$75.72	78.4%	\$111,950.80	\$145,414.87	129.3%	\$57,142.00	\$32,624.00	\$14,922.00	\$33,136.03	\$17,171.87
Akorn, Inc.	AKRX	\$3.80	50.5%	\$479.34	\$1,255.95	76.6%	\$1,414.16	\$662.94	-\$67.42	\$700.98	\$78.65
Bristol-Myers Squibb Company	BMJ	\$50.71	79.6%	\$82,949.72	\$83,290.70	61.5%	\$55,163.00	\$23,857.00	\$7,653.00	\$24,189.99	\$8,175.68
Eli Lilly and Company	LLY	\$111.83	84.6%	\$102,372.87	\$113,577.14	85.2%	\$38,666.40	\$24,735.80	\$7,405.10	\$22,226.31	\$7,402.44
Amneal Pharmaceuticals, Inc.	AMRX	\$2.90	12.9%	\$371.64	\$3,418.26	78.8%	\$4,262.14	\$1,824.78	\$384.43	\$1,677.02	\$437.71
Merck & Co., Inc.	MRK	\$84.18	96.4%	\$215,532.34	\$237,397.52	49.9%	\$83,965.00	\$44,367.00	\$17,185.00	\$45,908.94	\$18,858.14
Mylan N.V.	MYL	\$19.78	52.6%	\$10,203.91	\$22,696.70	53.2%	\$31,816.90	\$11,288.10	\$3,547.00	\$11,615.52	\$3,495.92
Perrigo Company plc	PRGO	\$55.89	74.1%	\$7,604.09	\$9,898.55	38.8%	\$11,428.70	\$4,651.80	\$821.30	\$4,793.27	\$910.97
Pfizer Inc.	PFE	\$35.93	77.3%	\$198,730.57	\$237,011.02	44.5%	\$156,199.00	\$53,656.00	\$22,397.00	\$51,468.85	\$22,085.26
The Medicines Company	MDCO	\$50.00	96.3%	\$3,955.40	\$5,041.35	95.7%	\$956.27	-\$3.30	-\$159.33	\$2.10	-\$183.10

Notes: LTM (latest twelve months); Enterprise Value (market capitalization less total cash and short-term investments plus short-term borrowings and total long-term debt);

EBITDA (earnings before interest, taxes, depreciation and amortization)

Source: Capital IQ

## Select Healthcare Public Company Valuation Metrics As of September 30, 2019

(USD in millions, except per share data)

		LTM Operating Statistics						Trading Multiples			
Company Name	Ticker	Return On Assets	Return On Equity	Return On Capital	Revenue Growth	EBITDA Growth	EBITDA Margin	TEV/ LTM Revenue	TEV/ CY 2019 Revenue	TEV/ LTM EBITDA	TEV/ CY 2019 EBITDA
Healthcare Equipment and Supplies											
Align Technology, Inc.	ALGN	14.3%	32.2%	22.9%	26.3%	18.9%	26.1%	7.5x	6.9x	28.8x	27.3x
Boston Scientific Corporation	BSX	5.0%	16.3%	6.6%	6.1%	5.4%	26.7%	6.3x	5.9x	23.5x	19.4x
Haemonetics Corporation	HAE	5.6%	7.8%	6.7%	5.9%	28.4%	19.9%	6.9x	6.8x	34.7x	22.8x
ICU Medical, Inc.	ICUI	6.2%	3.6%	7.5%	-9.3%	-26.2%	17.7%	2.2x	2.4x	12.6x	11.1x
Integra LifeSciences Holdings Corporation	IART	4.8%	7.3%	5.5%	8.9%	12.9%	24.2%	4.5x	4.4x	18.5x	17.9x
Medtronic plc	MDT	4.7%	8.8%	5.5%	2.4%	0.4%	30.8%	5.3x	5.2x	17.1x	16.2x
NuVasive, Inc.	NUVA	4.1%	6.4%	4.8%	6.2%	3.6%	21.0%	3.6x	3.5x	17.0x	13.5x
ResMed Inc.	RMD	11.1%	19.6%	14.0%	11.4%	15.7%	30.2%	7.7x	7.3x	25.4x	23.6x
Stryker Corporation	SYK	8.5%	33.2%	10.9%	8.9%	11.4%	28.2%	6.2x	5.9x	21.8x	20.6x
Teleflex Incorporated	TFX	5.0%	10.6%	6.5%	8.2%	11.4%	27.1%	6.8x	6.6x	25.1x	22.9x
The Cooper Companies, Inc.	COO	5.0%	13.0%	5.6%	7.0%	0.0%	29.6%	6.1x	5.9x	20.6x	18.3x
	Mean	6.7%	14.4%	8.8%	7.4%	7.4%	25.6%	5.7x	5.5x	22.3x	19.4x
	Median	5.0%	10.6%	6.6%	7.0%	11.4%	26.7%	6.2x	5.9x	21.8x	19.4x
Healthcare Providers and Services											
Centene Corporation	CNC	5.0%	11.0%	8.5%	34.6%	39.1%	4.8%	0.3x	0.3x	6.5x	6.8x
Cigna Corporation	CI	4.0%	12.6%	8.4%	133.0%	76.8%	8.7%	1.0x	0.7x	11.2x	8.4x
Community Health Systems, Inc.	CYH	3.1%	N/A	3.9%	-2.8%	65.6%	9.8%	1.1x	1.2x	11.3x	9.2x
DaVita Inc.	DVA	4.8%	13.3%	5.7%	-0.4%	-10.0%	18.7%	1.6x	1.6x	8.5x	8.0x
HCA Healthcare, Inc.	HCA	10.5%	N/A	13.4%	8.0%	11.4%	19.3%	1.6x	1.6x	8.5x	8.2x
Humana Inc.	HUM	6.8%	22.7%	12.8%	10.4%	7.2%	6.1%	0.7x	0.6x	11.0x	10.9x
Select Medical Holdings Corporation	SEM	4.1%	10.7%	4.7%	10.5%	13.2%	12.2%	1.5x	1.4x	11.9x	11.2x
Tenet Healthcare Corporation	THC	5.3%	16.0%	6.9%	-3.0%	-1.1%	15.1%	1.1x	1.1x	7.4x	7.6x
WellCare Health Plans, Inc.	WCG	4.8%	14.3%	10.3%	38.1%	33.6%	4.2%	0.5x	0.5x	12.5x	11.1x
	Mean	5.4%	14.4%	8.3%	25.4%	26.2%	11.0%	1.0x	1.0x	9.9x	9.0x
	Median	4.8%	13.3%	8.4%	10.4%	13.2%	9.8%	1.1x	1.1x	11.0x	8.4x

Notes: LTM (latest twelve months); NTM (next twelve months); EBITDA (earnings before interest, taxes, depreciation and amortization); TEV (total enterprise value)

Source: Capital IQ

## Select Healthcare Public Company Valuation Metrics As of September 30, 2019

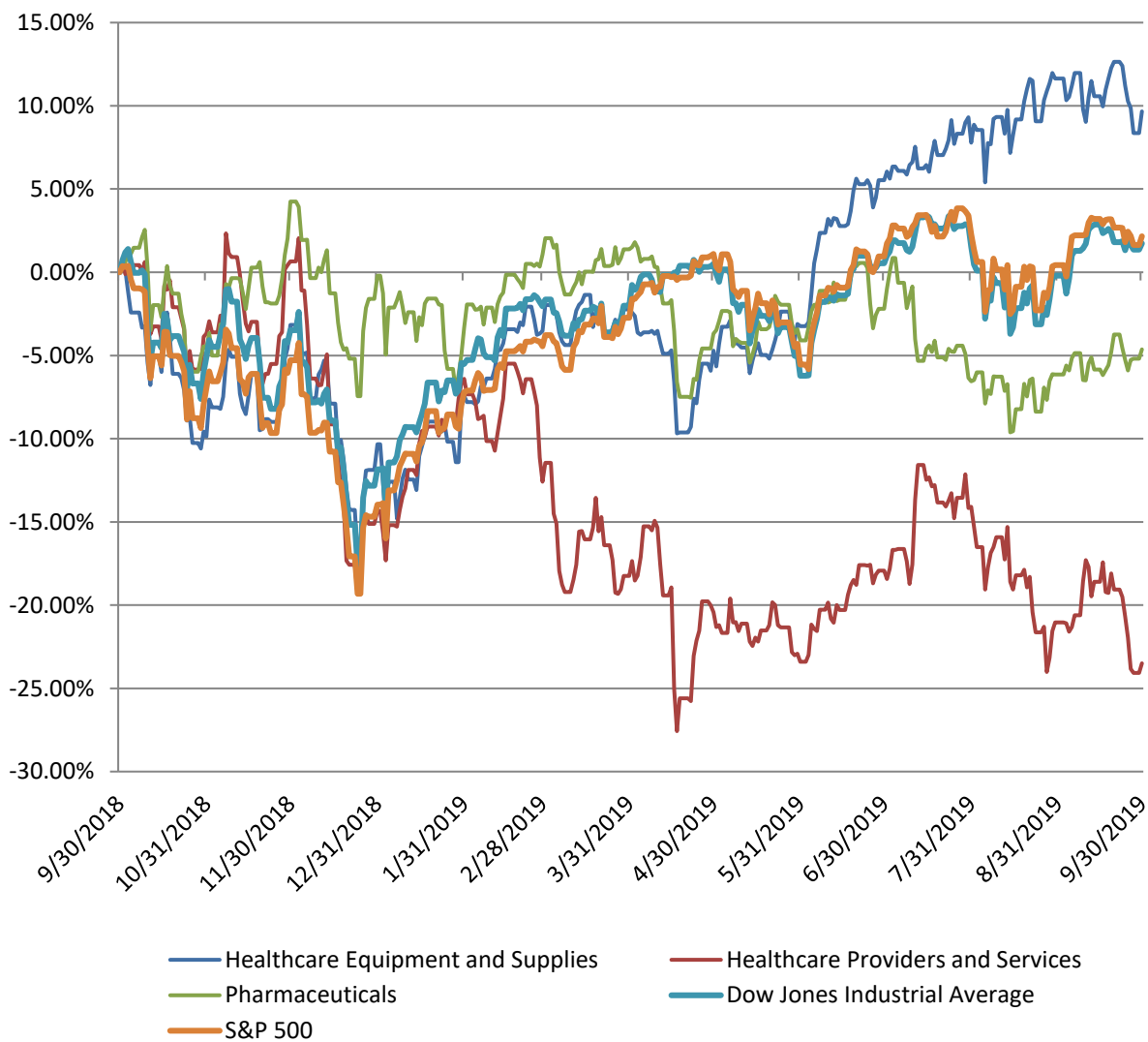
(USD in millions, except per share data)

		LTM Operating Statistics						Trading Multiples			
		Return On Assets	Return On Equity	Return On Capital	Revenue Growth	EBITDA Growth	EBITDA Margin	TEV/ LTM Revenue	TEV/ CY 2019 Revenue	TEV/ LTM EBITDA	TEV/ CY 2019 EBITDA
Company Name	Ticker										
Pharmaceuticals											
AbbVie Inc.	ABBV	13.7%	N/A	25.6%	5.4%	16.1%	45.7%	4.5x	4.4x	9.7x	8.5x
Akorn, Inc.	AKRX	-5.7%	-97.4%	-6.9%	-13.2%	N/A	-10.2%	1.9x	1.8x	N/A	16.0x
Bristol-Myers Squibb Company	BMJ	10.1%	43.6%	14.3%	10.4%	17.0%	32.1%	3.5x	3.4x	10.9x	10.2x
Eli Lilly and Company	LLY	9.6%	57.8%	18.0%	10.6%	4.9%	29.9%	4.6x	5.1x	15.3x	15.3x
Amneal Pharmaceuticals, Inc.	AMRX	2.2%	-20.9%	2.7%	47.5%	3.3%	21.1%	1.9x	2.0x	8.9x	7.8x
Merck & Co., Inc.	MRK	9.9%	30.6%	15.0%	7.5%	49.6%	38.7%	5.4x	5.2x	13.8x	12.6x
Mylan N.V.	MYL	3.2%	0.3%	4.0%	-3.7%	2.2%	31.4%	2.0x	2.0x	6.4x	6.5x
Perrigo Company plc	PRGO	2.3%	1.5%	2.9%	-5.4%	-23.2%	17.7%	2.1x	2.1x	12.1x	10.9x
Pfizer Inc.	PFE	6.3%	19.5%	9.2%	0.8%	4.0%	41.7%	4.4x	4.6x	10.6x	10.7x
The Medicines Company	MDCO	-11.6%	-727.3%	-12.8%	N/A	N/A	N/A	N/A	2403.4x	N/A	N/A
	Mean	4.0%	-76.9%	7.2%	6.7%	9.2%	27.6%	3.4x	243.4x	11.0x	10.9x
	Median	4.7%	1.5%	6.6%	5.4%	4.4%	31.4%	3.5x	3.9x	10.7x	10.7x

Notes: LTM (latest twelve months); NTM (next twelve months); EBITDA (earnings before interest, taxes, depreciation and amortization); TEV (total enterprise value)

Source: Capital IQ

## Healthcare Public Company LTM Equity Performance As of September 30, 2019



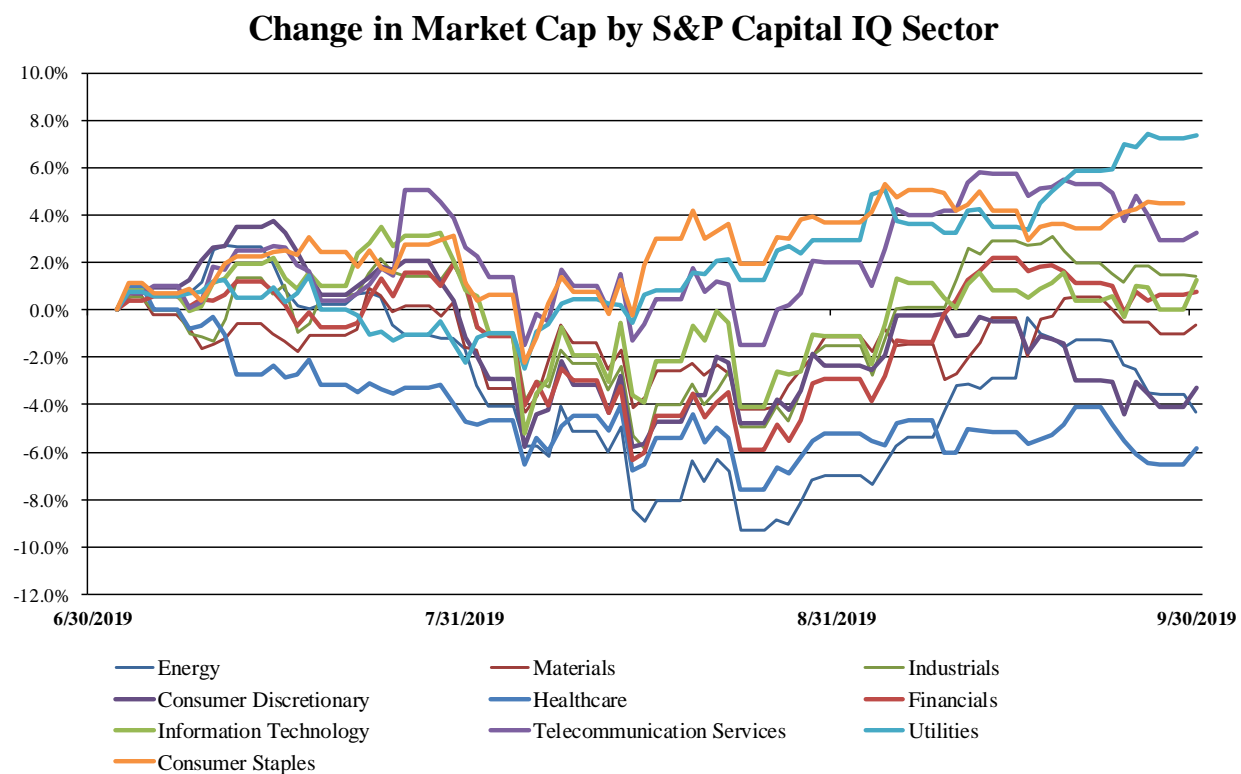
Note: The indices are derived from the equity performance of the previously listed companies. Source: Capital IQ

## Recent M&A Activity in Healthcare Industry September 30, 2018 to September 30, 2019

(USD in millions)

Close Date	Target	Acquirer	Target Company Primary Industry	Implied Enterprise Value
12/20/2018	Express Scripts Holding Company	Cigna Corporation	Health Care Services	\$68,671.41
7/29/2019	Array BioPharma Inc.	Pfizer Inc.	Biotechnology	\$11,076.25
10/11/2018	Envision Healthcare Corporation	KKR & Co. L.P. (nka:KKR & Co. Inc.); KKR	Health Care Services	\$10,418.63
2/15/2019	Loxo Oncology, Inc.	Eli Lilly and Company	Biotechnology	\$7,391.13
4/1/2019	Auris Health, Inc.	Ethicon US, LLC	Health Care Technology	\$5,750.00
2/11/2019	athenahealth, Inc.	Ventus Capital Fund Management, L.L.C.	Health Care Technology	\$5,638.50
11/16/2018	LifePoint Health, Inc. (nka:Legacy LifePoint Health, Inc.)	RCCH HealthCare Partners	Health Care Facilities	\$5,598.11
7/1/2019	Xiidra of Shire US, Inc.	Novartis AG	Pharmaceuticals	\$5,300.00
1/22/2019	Tesaro, Inc.	GlaxoSmithKline plc	Biotechnology	\$4,990.71
6/19/2019	DaVita Medical Holdings, LLC	Collaborative Care Holdings, LLC	Health Care Services	\$4,340.00
2/22/2019	DJO Global, Inc.	Colfax Corporation	Health Care Equipment	\$3,150.00
4/1/2019	Advanced Sterilization Products Services Inc.	Fortive Corporation	Health Care Equipment	\$2,700.00
10/1/2018	LifeScan, Inc.	Platinum Equity, LLC	Health Care Equipment	\$2,100.00
7/30/2019	Peloton Therapeutics, Inc.	Merck & Co., Inc.	Biotechnology	\$2,033.25
2/21/2019	NxStage Medical, Inc.	Fresenius Medical Care Holdings, Inc.	Health Care Equipment	\$2,013.26
7/16/2019	Benchmark Senior Living Portfolio	KKR & Co. Inc.	Health Care Facilities	\$1,943.47
12/21/2018	Endocyte, Inc.	Novartis AG	Pharmaceuticals	\$1,757.96
4/30/2019	Brammer Bio, LLC	Thermo Fisher Scientific Inc.	Biotechnology	\$1,700.00
5/7/2019	IFM Tre, Inc.	Novartis AG	Biotechnology	\$1,605.66
1/4/2019	UHS Holdco, Inc. (nka:Agility Holdco, Inc.)	Federal Street Acquisition Corp. (nka:Agility, Inc.)	Health Care Services	\$1,440.00
8/23/2019	Real Estate of 11 Acute Care Hospitals and 2 Behavioral Health	MPT Operating Partnership, L.P.	Health Care Facilities	\$1,400.00
3/8/2019	Civitas Solutions, Inc.	Centerbridge Partners, L.P.	Health Care Services	\$1,372.72
11/9/2018	K2M Group Holdings, Inc.	Stryker Corporation	Health Care Equipment	\$1,339.96
3/5/2019	BrightSpring Health Services	PharMerica Corporation	Health Care Services	\$1,320.00
5/17/2019	Paragon Bioservices, Inc.	Catalent Pharma Solutions, Inc.	Life Sciences Tools and Services	\$1,200.00
2/1/2019	Technology Business of MModal IP LLC	3M Company	Health Care Technology	\$1,000.00
10/1/2018	GreatCall, Inc.	Best Buy Co., Inc.	Health Care Services	\$800.00
6/30/2019	Tilos Therapeutics, Inc.	Merck & Co., Inc.	Biotechnology	\$773.00
11/13/2018	MatrixCare, Inc.	ResMed Operations Inc.	Health Care Technology	\$750.00
4/17/2019	Osiris Therapeutics, Inc.	Smith & Nephew plc	Biotechnology	\$625.80
10/16/2018	Augmenix, Inc.	Boston Scientific Corporation	Health Care Equipment	\$600.00
12/12/2018	Keryx Biopharmaceuticals, Inc.	Akebia Therapeutics, Inc.	Biotechnology	\$570.46
12/31/2018	Netsmart LLC.	AlpInvest Partners B.V.; TA Associates	Health Care Technology	\$567.97
6/11/2019	VertiFlex Inc.	Boston Scientific Corporation	Health Care Equipment	\$565.00
1/31/2019	Aurora Diagnostics, LLC	Sonic Healthcare Limited	Health Care Services	\$540.00
7/24/2019	InstaMed Communications, LLC	JPMorgan Chase Bank, National Association	Health Care Technology	\$500.00
11/27/2018	Conium International, Inc.	Gurnet Point Capital Limited	Pharmaceuticals	\$492.51
10/25/2018	Advanced Bioprocessing Business Of Becton, Dickinson and	Thermo Fisher Scientific Inc.	Biotechnology	\$477.00
11/15/2018	GENEWIZ, Inc.	Brooks Automation, Inc.	Life Sciences Tools and Services	\$450.00
10/10/2018	Cartiva, Inc.	Wright Medical Group, Inc.	Health Care Equipment	\$435.00
6/30/2019	Five Premier Urban Properties	Welltower Inc.	Health Care Facilities	\$431.82
1/16/2019	Perosphere Inc.	AMAG Pharmaceuticals, Inc.	Pharmaceuticals	\$423.20
3/13/2019	PowerVision, Inc.	Alcon Laboratories, Inc.	Health Care Supplies	\$418.00
11/23/2018	All Assets of ebbu, Inc.	11065220 Canada Inc.	Pharmaceuticals	\$407.80
9/6/2019	Modis Therapeutics, Inc.	Zogenix, Inc.	Biotechnology	\$404.77
5/29/2019	Abide Therapeutics Inc.	H. Lundbeck A/S	Biotechnology	\$400.00
1/24/2019	Hammes Medical Office Portfolio	Welltower Inc.	Health Care Services	\$391.00
4/4/2019	Myonexus Therapeutics, Inc.	Sarepta Therapeutics, Inc.	Biotechnology	\$365.00
2/11/2019	Buffalo Filter LLC	CONMED Corporation	Health Care Equipment	\$365.00
1/22/2019	Orbis Education Services, LLC	Grand Canyon Education, Inc.	Health Care Technology	\$362.50
1/2/2019	Avista Pharma Solutions, Inc.	Cambrex Corporation	Pharmaceuticals	\$327.19
2/1/2019	Compassionate Care Hospice Group, Inc.	Amedisys Hospice, L.L.C.	Health Care Services	\$324.50
3/8/2019	EPIX Therapeutics, Inc.	Medtronic plc	Health Care Equipment	\$316.00
8/12/2019	Cavion LLC	Jazz Pharmaceuticals plc	Biotechnology	\$312.50

## S&P Capital IQ - Sector Last 3 Month Equity Performance As of September 30, 2019

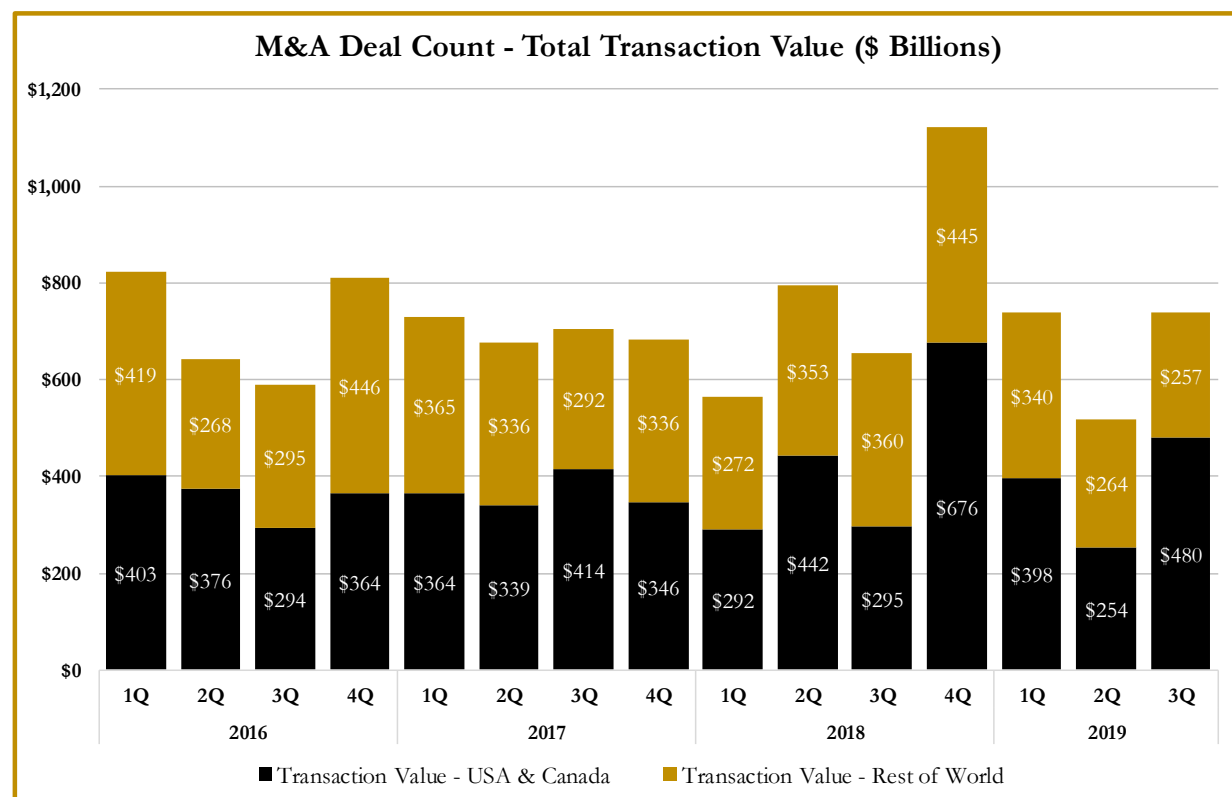
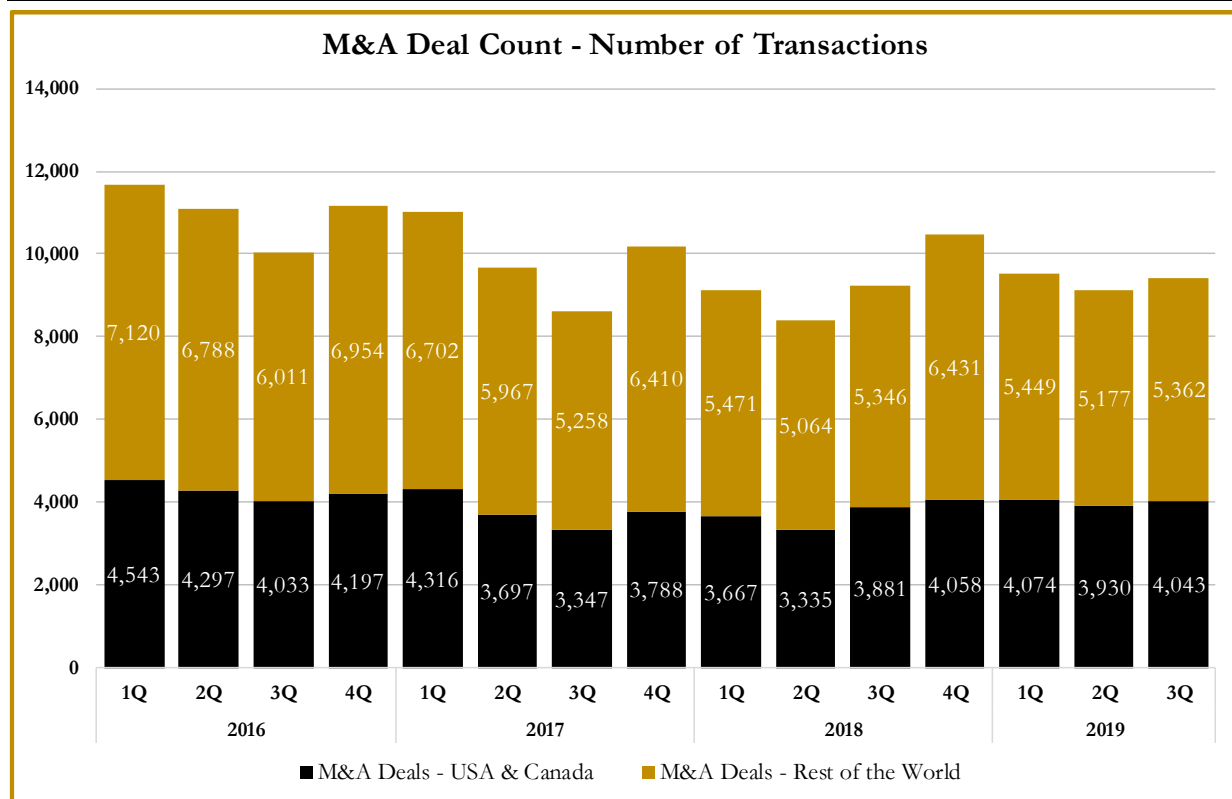


Note: The indices are derived from the equity performance of the S&P Capital IQ Sectors. Source: Capital IQ

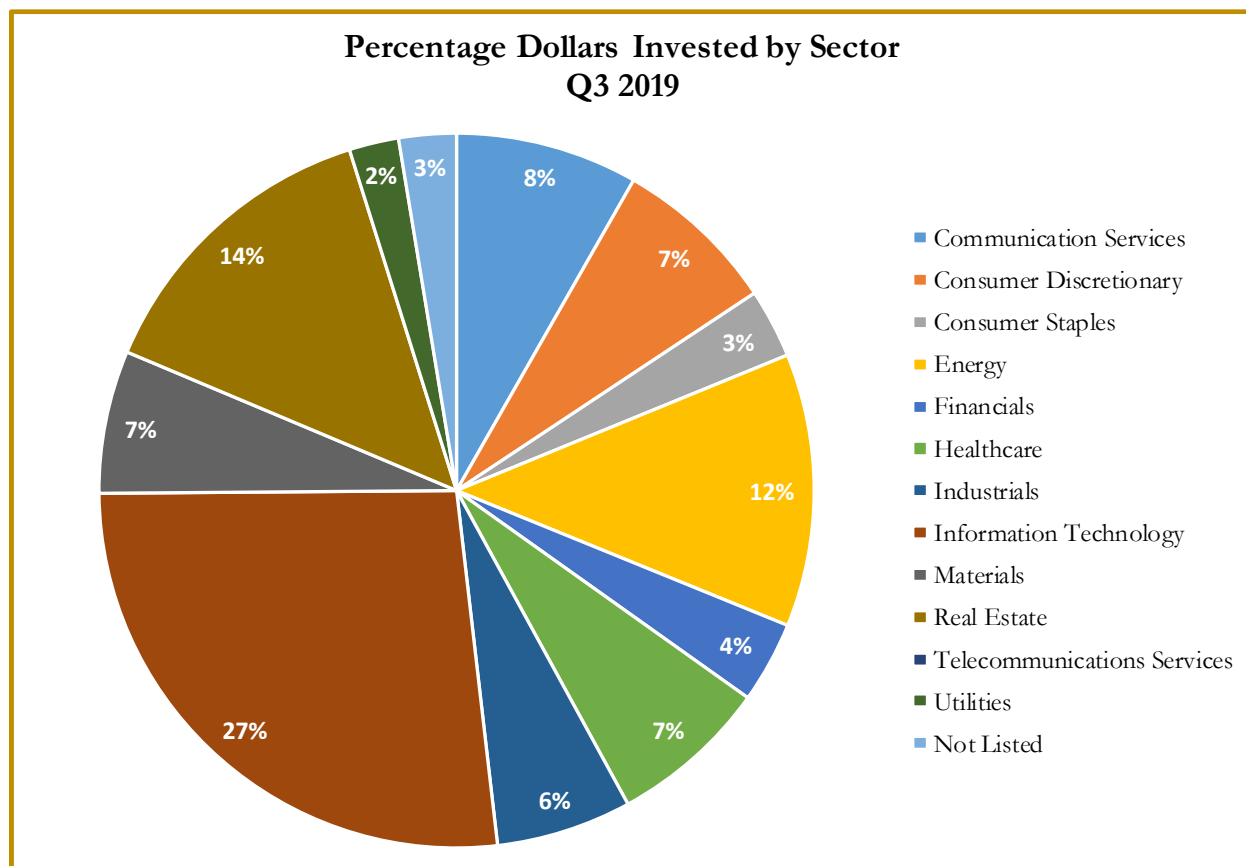


## M&A Deal Flow Statistics by S&P Capital IQ Sector

### As of September 30, 2019



## M&A Deal Flow Statistics by S&P Capital IQ Sector As of September 30, 2019





## About Houlihan Capital

Houlihan Capital is a leading, solutions-driven valuation, financial advisory and boutique investment banking firm. We pride ourselves on being thought leaders in an ever-changing landscape.

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