



**CAPITAL  
ALLIANCE**

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Mergers &  
Acquisitions

Capital  
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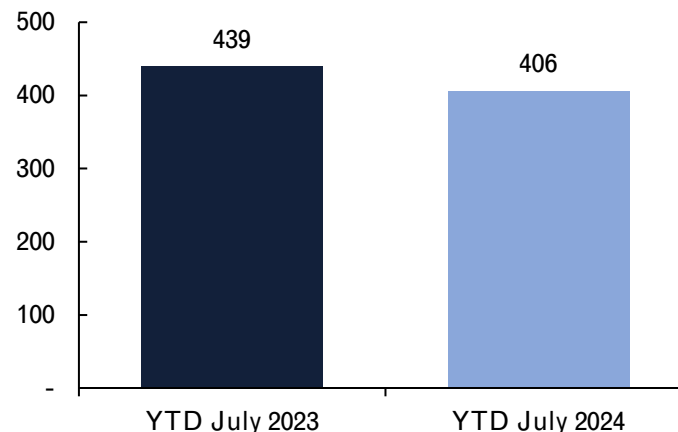
Strategic  
Advisory

**Healthcare  
Market Monitor**  
*Summer 2024*

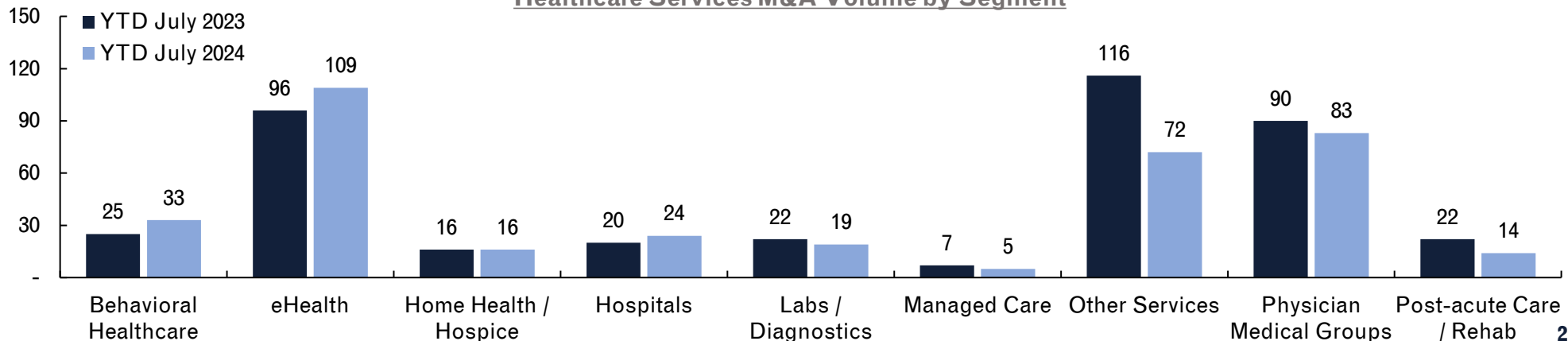
# YTD July 2024 Healthcare Services M&A Activity

- In the YTD July 2024 period, there were 406 U.S. healthcare services M&A transactions, representing a 7.5% decrease from the same period in 2023.
- Although the number of physician medical group transactions has declined this year compared to the same period YTD July 2023, it remains the second most active segment in healthcare services. The physician services sector continues to experience consolidation primarily through smaller add-on acquisitions rather than larger platform deals.
- The Behavioral Healthcare M&A market continues to see robust activity, driven by increased demand for mental health services and a growing awareness of their significance. We see Behavioral Healthcare remaining an attractive sector, with investors and providers actively seeking opportunities to expand their service offerings and geographic reach.
- Despite continued challenging operating conditions including staffing shortages and increased regulatory scrutiny, we see the pace of M&A activity picking up due to anticipated interest rate decreases and increasing public company valuations.

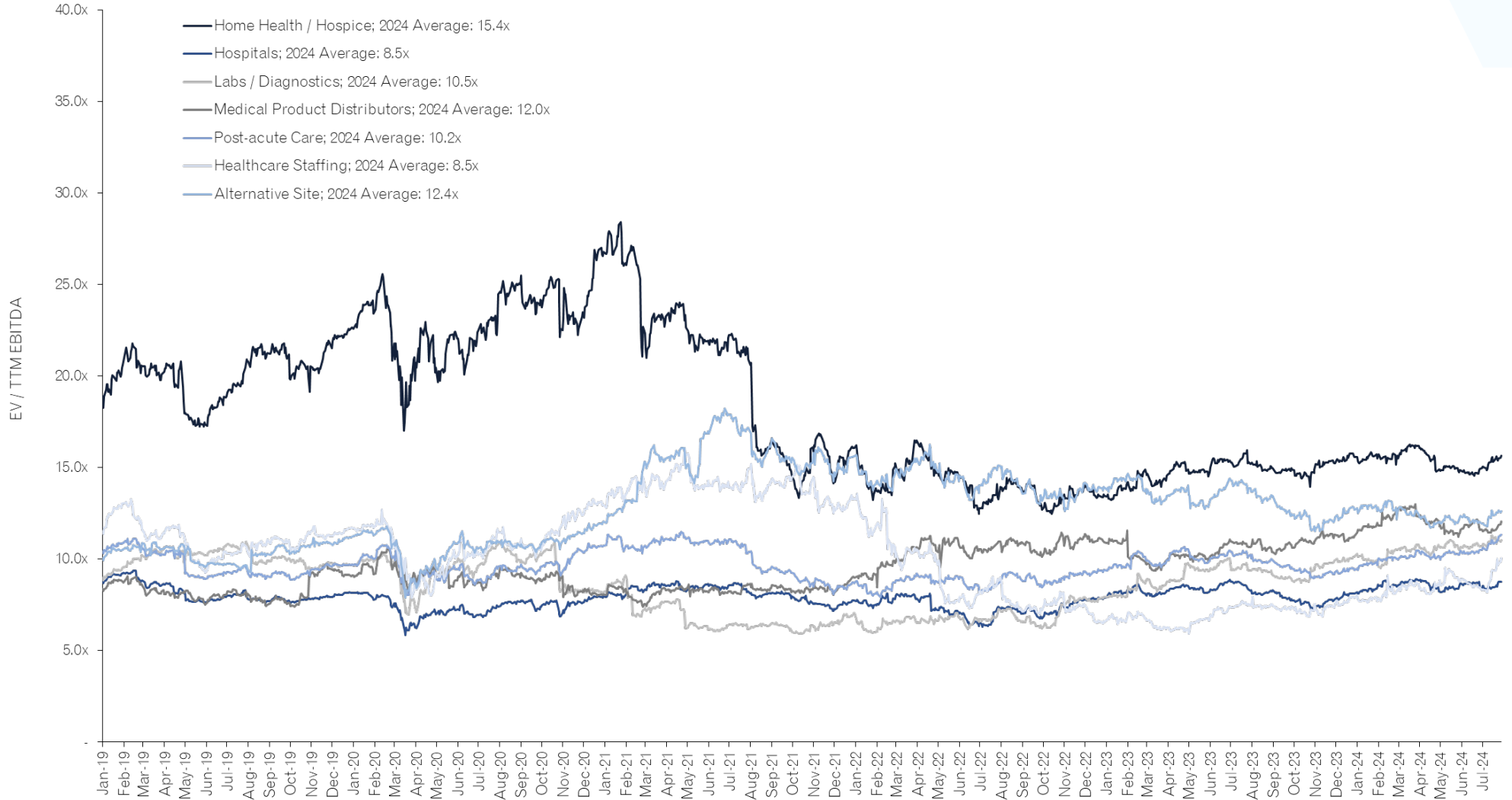
**Total U.S. Healthcare Services M&A Volume**



**Healthcare Services M&A Volume by Segment**



# Public Company Valuation Timeline



MARKET DATA

# Public Company Valuations

\$ in millions, except per share data													
Category	Company Name	7/31/24 Share Price	Market Cap	Enterprise Value	TTM Data					EV Multiple			
					Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
eHealth	Veeva Systems Inc.	\$191.93	\$31,026	\$26,317	\$2,488	\$1,803	72.5%	\$562	22.6%	NM	46.9x	9.47x	23.5x
	Evolent Health, Inc.	23.32	2,674	3,333	2,176	447	20.6%	123	5.7%	1.53x	27.0x	1.26x	12.4x
	Teladoc Health, Inc.	9.43	1,614	2,029	2,609	1,847	70.8%	91	3.5%	0.78x	22.2x	0.75x	5.1x
	Omnicell, Inc.	29.21	1,341	1,445	1,080	447	41.4%	32	2.9%	1.34x	45.5x	1.32x	13.3x
	Health Catalyst, Inc.	7.37	435	356	297	135	45.6%	(51)	NA	1.20x	NA	1.13x	12.4x
	<b>Median Average</b>		<b>\$1,614</b> <b>\$7,418</b>	<b>\$2,029</b> <b>\$6,696</b>	<b>\$2,176</b> <b>\$1,730</b>	<b>\$447</b> <b>\$936</b>	<b>45.6%</b> <b>50.2%</b>	<b>\$91</b> <b>\$151</b>	<b>4.6%</b> <b>8.7%</b>	<b>1.27x</b> <b>1.21x</b>	<b>36.3x</b> <b>35.4x</b>	<b>1.26x</b> <b>2.78x</b>	<b>12.4x</b> <b>13.3x</b>
Home Health / Hospice	Chemed Corporation	\$570.16	\$8,550	\$8,473	\$2,336	\$840	36.0%	\$424	18.2%	3.63x	20.0x	3.33x	16.1x
	Amedisys, Inc.	98.05	3,210	3,589	2,290	1,008	44.0%	234	10.2%	1.57x	15.4x	1.48x	13.5x
	Addus HomeCare Corporation	121.36	2,172	2,245	1,088	353	32.4%	116	10.7%	2.06x	19.3x	1.94x	16.7x
	The Pennant Group, Inc.	29.81	896	1,255	575	122	21.1%	34	5.9%	2.18x	37.0x	1.95x	24.6x
	Aveanna Healthcare Holdings Inc.	4.21	810	2,271	1,919	597	31.1%	126	6.6%	1.18x	18.0x	1.13x	14.3x
	Enhabit, Inc.	10.24	514	1,115	1,044	506	48.5%	68	6.5%	1.07x	16.4x	1.02x	11.1x
<b>Median Average</b>		<b>\$1,534</b> <b>\$2,692</b>	<b>\$2,258</b> <b>\$3,158</b>	<b>\$1,504</b> <b>\$1,542</b>	<b>\$552</b> <b>\$571</b>	<b>34.2%</b> <b>35.5%</b>	<b>\$121</b> <b>\$167</b>	<b>8.4%</b> <b>9.7%</b>	<b>1.82x</b> <b>1.95x</b>	<b>18.7x</b> <b>21.0x</b>	<b>1.71x</b> <b>1.81x</b>	<b>15.2x</b> <b>16.0x</b>	
Hospitals	HCA Healthcare, Inc.	\$363.05	\$93,694	\$138,489	\$68,347	\$27,523	40.3%	\$13,356	19.5%	2.03x	10.4x	1.91x	9.6x
	Tenet Healthcare Corporation	149.70	14,345	28,730	20,910	8,167	39.1%	3,930	18.8%	1.37x	7.3x	1.35x	7.3x
	Universal Health Services, Inc.	213.76	14,307	19,245	15,018	6,170	41.1%	2,013	13.4%	1.28x	9.6x	1.19x	8.5x
	Community Health Systems, Inc.	5.26	696	13,406	12,546	5,187	41.3%	1,354	10.8%	1.07x	9.9x	1.04x	8.4x
	<b>Median Average</b>		<b>\$14,326</b> <b>\$30,760</b>	<b>\$23,987</b> <b>\$49,967</b>	<b>\$17,964</b> <b>\$29,205</b>	<b>\$7,169</b> <b>\$11,762</b>	<b>40.7%</b> <b>40.4%</b>	<b>\$2,971</b> <b>\$5,163</b>	<b>16.1%</b> <b>15.6%</b>	<b>1.33x</b> <b>1.44x</b>	<b>9.7x</b> <b>9.3x</b>	<b>1.27x</b> <b>1.37x</b>	<b>8.4x</b> <b>8.4x</b>
Labs / Diagnostics	Labcorp Holdings Inc.	\$215.44	\$18,160	\$24,123	\$12,488	\$3,496	28.0%	\$1,656	13.3%	1.93x	14.6x	1.85x	10.6x
	Quest Diagnostics Incorporated	142.30	15,840	20,775	9,346	3,085	33.0%	1,791	19.2%	2.22x	11.6x	2.13x	10.7x
	<b>Median Average</b>		<b>\$17,000</b> <b>\$17,000</b>	<b>\$22,449</b> <b>\$22,449</b>	<b>\$10,917</b> <b>\$10,917</b>	<b>\$3,291</b> <b>\$3,291</b>	<b>30.5%</b> <b>30.5%</b>	<b>\$1,723</b> <b>\$1,723</b>	<b>16.2%</b> <b>16.2%</b>	<b>2.08x</b> <b>2.08x</b>	<b>13.1x</b> <b>13.1x</b>	<b>1.99x</b> <b>1.99x</b>	<b>10.7x</b> <b>10.7x</b>

Note: Not meaningful (NM) if EV/Sales is greater than 10x, or EV/EBITDA is greater than 40x. NA if denominator is 0, for percentages and multiples, or if estimates are not available. NTM figures are based on the median estimate of Wall St. analysts.

Source: CapitalIQ, company filings.

MARKET DATA

# Public Company Valuations

\$ in millions, except per share data		7/31/24			TTM Data					EV Multiple			
Category	Company Name	Share Price	Market Cap	Enterprise Value	Sales	Gross Profit	Gross Margin	EBITDA	EBITDA Margin	TTM Sales	TTM EBITDA	NTM Sales	NTM EBITDA
Medical Product Distributors	McKesson Corporation	\$617.02	\$80,034	\$83,249	\$308,951	\$12,584	4.1%	\$5,107	1.7%	0.27x	16.3x	0.23x	14.1x
	Cencora, Inc.	237.88	46,873	49,834	283,831	9,564	3.4%	4,033	1.4%	0.18x	12.4x	0.16x	11.8x
	Cardinal Health, Inc.	100.83	24,569	26,698	220,572	7,388	3.3%	2,783	1.3%	0.12x	9.6x	0.13x	9.1x
	Henry Schein, Inc.	71.94	9,212	13,206	12,451	3,907	31.4%	934	7.5%	1.06x	14.1x	0.98x	11.5x
	Owens & Minor, Inc.	16.42	1,256	3,441	10,532	2,280	21.7%	599	5.7%	0.33x	5.7x	0.32x	6.0x
	<b>Median Average</b>		<b>\$24,559</b> <b>\$32,387</b>	<b>\$26,698</b> <b>\$35,286</b>	<b>\$220,572</b> <b>\$167,267</b>	<b>\$7,388</b> <b>\$7,145</b>	<b>4.1%</b> <b>12.8%</b>	<b>\$2,783</b> <b>\$2,691</b>	<b>1.7%</b> <b>3.5%</b>	<b>0.27x</b> <b>0.39x</b>	<b>12.4x</b> <b>11.6x</b>	<b>0.23x</b> <b>0.36x</b>	<b>11.5x</b> <b>10.5x</b>
Post-acute Care	Encompass Health Corporation	\$92.94	\$9,358	\$12,805	\$4,957	\$2,051	41.4%	\$1,041	21.0%	2.58x	12.3x	2.36x	11.9x
	Select Medical Holdings Corporation	140.75	7,981	9,442	3,968	642	16.2%	347	8.8%	2.38x	27.2x	2.12x	18.5x
	The Ensign Group, Inc.	39.76	5,170	10,442	6,873	1,373	20.0%	810	11.8%	1.52x	12.9x	1.48x	12.2x
	<b>Median Average</b>		<b>\$7,981</b> <b>\$7,503</b>	<b>\$10,442</b> <b>\$10,896</b>	<b>\$4,957</b> <b>\$5,266</b>	<b>\$1,373</b> <b>\$1,355</b>	<b>20.0%</b> <b>25.8%</b>	<b>\$810</b> <b>\$733</b>	<b>11.8%</b> <b>13.8%</b>	<b>2.38x</b> <b>2.16x</b>	<b>12.9x</b> <b>17.5x</b>	<b>2.12x</b> <b>1.99x</b>	<b>12.2x</b> <b>14.2x</b>
Healthcare Staffing	ASGN Incorporated	\$94.67	\$4,345	\$5,249	\$4,275	\$1,225	28.6%	\$433	10.1%	1.23x	12.1x	1.25x	11.5x
	AMN Healthcare Services, Inc.	67.62	2,569	3,834	3,484	1,138	32.7%	422	12.1%	1.10x	9.1x	1.33x	12.3x
	Cross Country Healthcare, Inc.	18.24	609	544	1,575	336	21.3%	48	3.1%	0.35x	11.3x	0.40x	8.6x
	<b>Median Average</b>		<b>\$2,569</b> <b>\$2,508</b>	<b>\$3,834</b> <b>\$3,209</b>	<b>\$3,484</b> <b>\$3,111</b>	<b>\$1,138</b> <b>\$900</b>	<b>28.6%</b> <b>27.5%</b>	<b>\$422</b> <b>\$301</b>	<b>10.1%</b> <b>8.4%</b>	<b>1.10x</b> <b>0.89x</b>	<b>11.3x</b> <b>10.8x</b>	<b>1.25x</b> <b>1.00x</b>	<b>11.5x</b> <b>10.8x</b>
Alternate site	Acadia Healthcare Company, Inc.	\$64.85	\$6,016	\$8,024	\$3,057	\$1,317	43.1%	\$672	22.0%	2.62x	11.9x	2.39x	10.2x
	Option Care Health, Inc.	29.69	5,078	5,916	4,591	989	21.5%	378	8.2%	1.29x	15.7x	1.19x	12.5x
	Surgery Partners, Inc.	30.36	3,836	8,219	2,795	669	23.9%	554	19.8%	2.94x	14.8x	2.63x	15.8x
	RadNet, Inc.	59.75	4,414	5,615	1,658	373	22.5%	231	13.9%	3.39x	24.3x	3.13x	19.9x
	U.S. Physical Therapy, Inc.	97.50	1,469	1,782	606	119	19.7%	83	13.7%	2.94x	21.5x	2.72x	20.6x
	dentalcorp Holdings Ltd.	5.76	1,090	2,035	1,063	517	48.6%	139	13.0%	1.91x	14.7x	1.77x	9.6x
	Pediatric Medical Group, Inc.	8.34	690	1,354	1,999	418	20.9%	190	9.5%	0.68x	7.1x	0.67x	6.7x
	ModivCare Inc.	22.82	324	1,463	2,773	436	15.7%	134	4.8%	0.53x	10.9x	0.51x	7.1x
<b>Median Average</b>		<b>\$2,653</b> <b>\$2,865</b>	<b>\$3,825</b> <b>\$4,301</b>	<b>\$2,386</b> <b>\$2,318</b>	<b>\$476</b> <b>\$605</b>	<b>22.0%</b> <b>27.0%</b>	<b>\$210</b> <b>\$297</b>	<b>13.4%</b> <b>13.1%</b>	<b>2.27x</b> <b>2.04x</b>	<b>14.8x</b> <b>15.1x</b>	<b>2.08x</b> <b>1.88x</b>	<b>11.4x</b> <b>12.8x</b>	
<b>Overall Healthcare Services</b>		<b>Median Average</b>	<b>\$4,091</b> <b>\$11,810</b>	<b>\$5,765</b> <b>\$15,287</b>	<b>\$2,926</b> <b>\$28,793</b>	<b>\$1,073</b> <b>\$3,029</b>	<b>31.2%</b> <b>31.3%</b>	<b>\$423</b> <b>\$1,244</b>	<b>10.2%</b> <b>10.8%</b>	<b>1.34x</b> <b>1.54x</b>	<b>14.6x</b> <b>17.0x</b>	<b>1.32x</b> <b>1.67x</b>	<b>11.8x</b> <b>12.4x</b>

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Source: CapitalIQ, company filings.

# What We're About

## Results Driven

Meticulously craft a transaction blueprint with steadfast commitment to achieve our clients' goals

## Experienced Investment Banking Professionals

A 20-year firm with professionals with 120 years combined experience in middle market mergers & acquisitions and corporate finance advisory services

## Objective Advice

We provide frank advice, backed with analysis and perspective, to map out and execute a process to reach our clients' transaction objectives

## Industry Expertise

Real-time pulse of sector activity, corporate, family office & private equity participants and enterprise valuation metrics

## The Right Capital

Capital is a commodity ... the investor behind the capital is targeted based on our clients' objectives

## Senior Banker Immersion

From engagement inception through post-closing transaction functions, our senior bankers are front and center

# Services & Industries

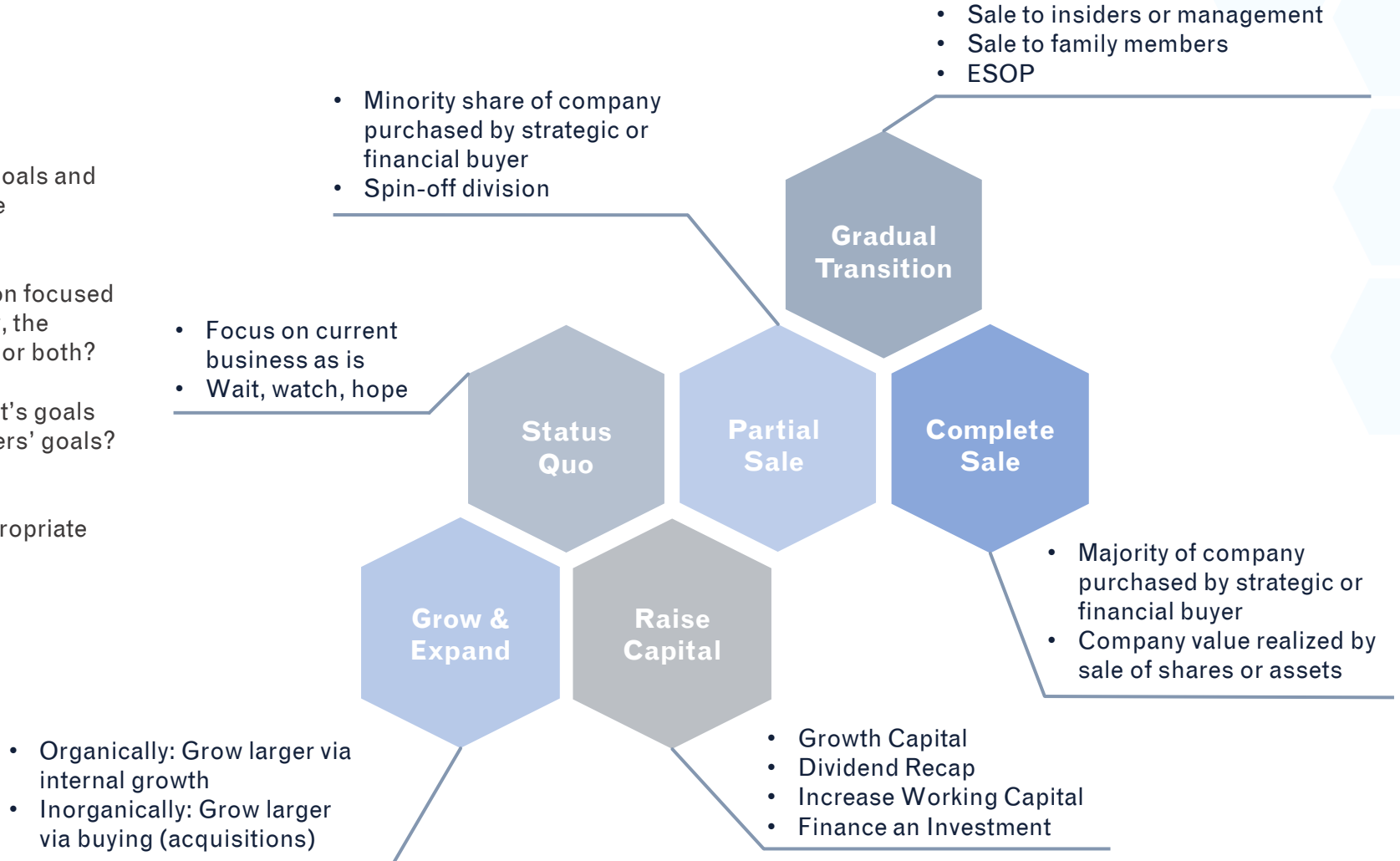
With more than 250 completed transactions, HCA's investment bankers maintain relationships with key decision-makers among strategic buyers and investors and comprehensive coverage of relevant private equity groups and family offices

- Merger and Acquisition Advisory
- Equity and Debt Capital Placement
- Strategic Alternatives Assessment
- Exclusive Sales and Divestitures
- Strategic Planning
- Management Buy-outs
- Recapitalizations



# Our Clients








































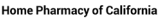





- What are your goals and objectives of the transaction?
- Is the transaction focused on the company, the shareholder(s), or both?
- Do management's goals differ from owners' goals? How so?
- What is the appropriate timing?





EXPERIENCE

# Proven Track Record of Successful Healthcare Transactions

 <p>has been acquired by</p> 	 <p>has acquired</p>  <p>The Worldwide Home Care division of</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>We provided investment banking services for</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	<p>We provided investment banking services for</p> 	<p>We provided investment banking services for</p> 	 <p>has been acquired by</p> 
 <p>formed an affiliation with</p> 	 <p>has been recapitalized by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has acquired</p> 

\*Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm

EXPERIENCE

# Proven Track Record of Successful Outcomes

- Deep expertise and strong relationships with relevant market participants
- Battle tested process that drives maximum valuation and enhanced terms
- Exclusive focus on private, middle market companies
- A life-cycle approach to client service



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The background of the slide is a laboratory setting. On the left, there is a white tray filled with many small, clear pipette tips. To the right, a white pipette with a blue handle is visible, with the brand name 'Easypet' printed on it. Further right, a clear test tube is shown. In the top right corner, a portion of a white notebook with a blue cover is visible, showing a page with a grid and some handwritten notes. The central text is contained within a white, irregularly shaped area that overlaps these laboratory items.

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