



# HEALTHCARE REPORT

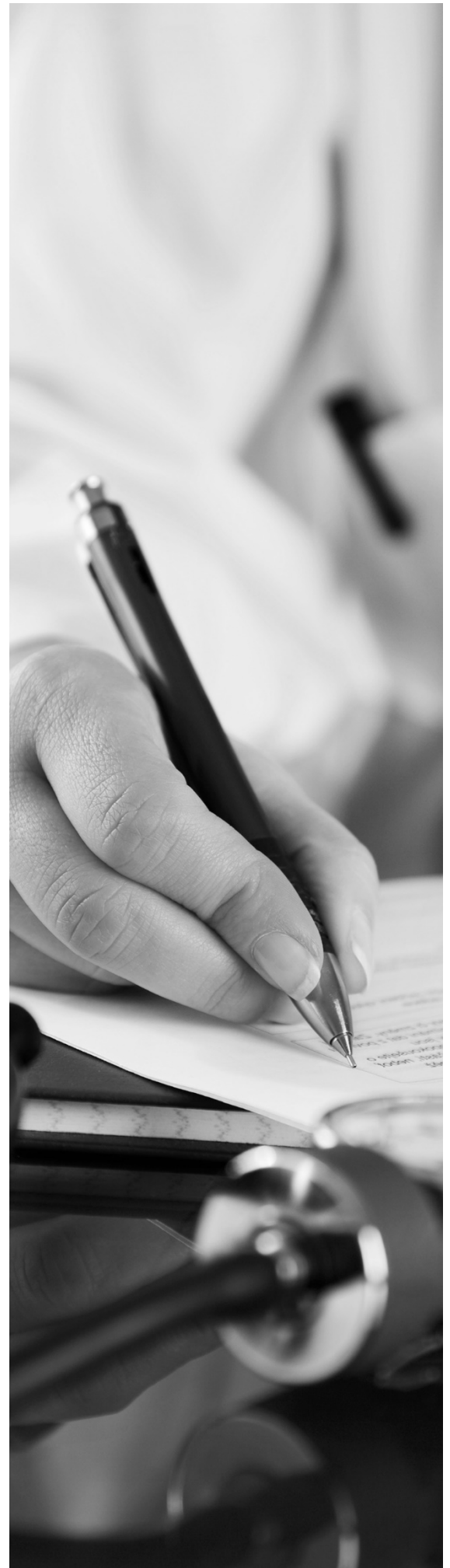
Q2 2016

Explore M&A Activity, Capital Market  
Conditions and Current Trends for the  
Healthcare Industry

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## Q2 INDUSTRY UPDATE

Every business school student learns about Porter's Five Forces: threat of new entry, supplier power, buyer power, threat of substitution and competitive rivalry among existing firms. Participants in today's Healthcare industry are affected by rapidly shifting landscapes in at least one, and sometimes all five, forces.

Players who are differentiating themselves in what are sometimes called the "4 Ps", as defined in the graphic on the next page, are becoming attractive candidates for growth investment and M&A due to the rapidity of this evolution.

A great example of this evolving landscape is in the Specialty Providers segment (i.e., niche providers of specialized care facilities or services). MEDNAX has grown rapidly (nearly doubling since 2011) due to an intense M&A focus on neonatology, teleradiology and anesthesiology, among other specialties. By standardizing best practices and standards of care in neonatology and anesthesiology, MEDNAX has been able to improve outcomes, organizational communication and reduce overhead. Its large corporate infrastructure enables it to improve revenue cycle management in its acquisition targets, making it attractive for its physician partners to sell to them, but also to retain ownership in specific facilities. In teleradiology, each incremental physician adds efficiency to its system. With more physicians in its system, studies can get from the radiology center to the right licensed and credentialed radiologist faster, and diagnoses can be made faster, improving outcomes and profitability for each center. These drivers not only make specialty providers in fragmented industries like neonatology, teleradiology and anesthesiology better takeover/growth investment candidates, they also make MEDNAX a better partner for larger hospital systems and care networks. The seven acquisitions that MEDNAX has completed in 2016 (at the time of this report) all point to this thesis. AmSurg Corp., a provider of ambulatory services (gastroenterology procedures, ophthalmology procedures and orthopedic) and physician services (anesthesiology, radiology and neotology) has grown at a similar rate and has been aggressive through M&A in a similar fashion.

## KEY M&A TRANSACTIONS

Not all specialty care businesses want to sell to larger organizations, however, and those spaces remain fragmented, meaning that many small practices must deal with practice management on their own. Accordingly, this has created demand for management services, such as revenue cycle management ("RCM"), patient engagement and other services like eligibility and enrollment. Even players outside of healthcare recognize the potential of technology and niche services in this segment, as evidenced by TransUnion's acquisition of AuditZ in June 2016. TransUnion already had a reasonably large RCM business, but AuditZ has a proprietary technology that helps providers find insurance benefit information to boost care reimbursement, and identify and recover payments.

Along the lines of non-core healthcare businesses acquiring healthcare

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## ABOUT SDR

Established in 2002, SDR Ventures has developed deep M&A and capital transaction knowledge and expertise. SDR offers transaction advisory, private capital formation and business consulting services across a wide range of industries. We serve business owners and operators of privately held companies and provide them with a professional-class experience.

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businesses, Huron Consulting acquired MyRounding solutions in February 2016. MyRounding is a tool for hospitals to manage rounding and patient surveys, designed to improve physician engagement, patient satisfaction, outcomes and staff productivity. Though this was in Q1 of 2016, it is worth highlighting that non-healthcare and healthcare businesses alike recognize the growth potential of businesses that align with the 4 P's.

## KEY TRENDS

The emergence of innovative healthcare technologies designed to improve treatment access, enhance data storage and monitor cybersecurity threats has continued to be a major trend within the industry. As the telehealth movement gains momentum, care access is shifting to mobile platforms, fulfilling the public's desire for value-based treatment and helping reduce industry costs. According to a health industry issues report by PwC, over 32% of consumers claimed to have at least one health-related app on their mobile device, as compared to only 16% just two years prior. By improving mobile connectivity and expanding data analysis capacity, many industry players are engineering marginal costs out of the system and making primary care more accessible and fluid. However, with the estimated value of Internet-connected healthcare products exceeding \$280 billion by 2020, vulnerability to hackers has prompted increasing cybersecurity regulation. Medical product manufacturers will therefore need to proactively invest in securing and protecting customer data.

As costs to U.S. businesses associated with mental illness now exceed \$440 billion, compared to \$200 billion in 2013, many industry stakeholders are recognizing the importance of behavioral healthcare, propelling that sector in 2016. Additionally, advances in telehealth technology have allowed mental healthcare providers to conduct virtual appointments, streamlining access to behavioral healthcare.

# 4 Ps of HEALTHCARE



## PAYORS

- Drives cost out of the system
- Adds value in revenue recovery, billing and coding, patient pay, and eligibility and enrollment



## PROVIDERS

- Easiest, most convenient service to administer
- Establish new best practices
- Reduce liabilities



## PATIENTS

- Safer, more convenient service
- Reduce readmissions either through post-acute care or by assisting patients with post-care responsibilities



## PHYSICIANS

- Improved Clinical Outcomes

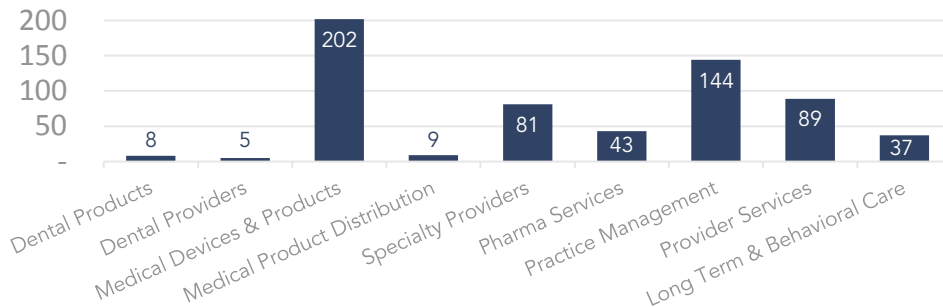
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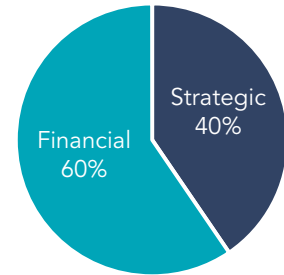
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## TRANSACTIONS BY SEGMENT

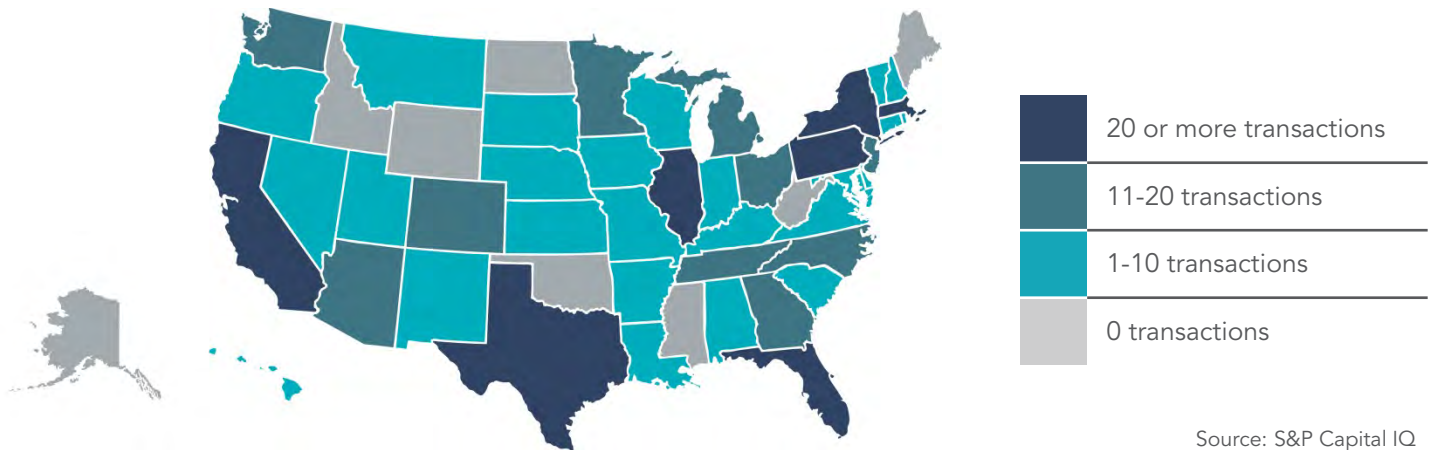


## TRANSACTIONS BY TYPE



Source: S&P Capital IQ

## TRANSACTIONS BY LOCATION



Source: S&P Capital IQ

## TRANSACTION ACTIVITY

Date	Target	Buyer(s)	Segment	Amount (\$ in Mil)	TEV/Rev	TEV/EBITDA
6/28/2016	IntelliCyt Corporation	Sartorius AG	Pharma Services	90	-	6.72x
6/27/2016	Heartware International Inc.	Medtronic, Inc.	Medical Devices & Products	1,255	-	4.07x
6/13/2016	Home Solutions Inc.	HomeChoice Partners, Inc.	Specialty Providers	75	-	0.69x
6/7/2016	LDR Holding Corporation	Zimmer Biomet Holdings, Inc.	Medical Devices & Products	1,147	-	6.26x
6/7/2016	Acro Pharma Services and Community Pharma ...	NS3 Health, LLC	Pharma Services	75	-	0.36x
6/6/2016	BNN Holdings Corp.	NuVasive, Inc.	Medical Devices & Products	98	-	1.96x
5/24/2016	Euromed Inc.	Scapa Group plc	Medical Devices & Products	42	16.80x	2.33x
5/18/2016	LogicMark LLC	Nxt-ID, Inc.	Long Term & Behavioral ...	27	-	2.41x
5/3/2016	IMS Health Holdings, Inc.	Quintiles Transnational Holdings Inc.	Practice Management	13,549	17.73x	4.30x
5/3/2016	IZI Medical Products, Inc.	Shore Capital Partners, LLC	Medical Devices & Products	12	-	1.21x
5/2/2016	Symmetry Surgical Inc.	RoundTable Healthcare Management, LLC	Medical Devices & Products	153	15.64x	1.69x
4/28/2016	St. Jude Medical Inc.	Abbott Laboratories	Medical Devices & Products	30,175	18.65x	5.29x
4/27/2016	ExamWorks Group, Inc.	Leonard Green & Partners, L.P.	Practice Management	2,021	16.68x	2.36x
4/20/2016	Hansen Medical, Inc.	Auris Surgical Robotics, Inc.	Medical Devices & Products	114	-	7.61x

**ACCESS FULL LIST**

Source: S&P Capital IQ

Note: These data represent recorded transactions only, and are not all-inclusive. Nevertheless, they are typically representative of the industry.





## ACTIVE BUYERS

### MOST ACTIVE STRATEGIC BUYERS

Strategic Buyer	Inv. Date	Select Corporate Acquisitions
Advanced Dermatology & Cosmetic Surgery Inc.	5/31/2016	• Andrea Cambio, M.D., P.L.
	5/4/2016	• Dermatology Associates, P.C.
	4/29/2016	• Skin Pathology Associates, Inc.
	3/21/2016	• Fair Oaks Skin Care Center, Ltd.
	3/7/2016	• Kalamazoo Dermatology & Skin Cancer Center, Ltd.
CRH Medical Corporation (TSX:CRH)	6/30/2016	• Arapahoe Gastroenterology Anesthesia Associates, LLC
	6/16/2016	• Community Anesthesia PLLC
	6/2/2016	• Austin Gastroenterology Anesthesia Associates, LLC
	12/31/2015	• Johns Creek Anesthesia, LLC
	12/11/2015	• Macon Gastroenterology Anesthesia Associates, LLC
Marquee Dental Partners, LLC	5/24/2016	• Save-On Dental Care, Five Practices In Alabama
	5/11/2016	• Signature Studios
	1/12/2016	• Winfree and Denton Cosmetic and General Dentistry
	12/8/2015	• Bohle Family Dentistry, PSC
	8/28/2015	• Embassy Dental Professionals, P.C.
DaVita HealthCare Partners Inc. (NYSE:DVA)	6/8/2016	• Inspira Dialysis Centers Located in Vineland, Millville and Bridgeton
	4/8/2016	• Mountain View Medical Group, P.C.
	9/21/2015	• The Everett Clinic, Inc.
	8/24/2015	• Renal Ventures Management, LLC
	1/23/2015	• DaVita Care (India) Pvt. Ltd.
Medtronic plc (NYSE:MDT)	5/31/2016	• Responsive Orthopedics LLC
	2/1/2016	• Belco S.r.l.
	11/18/2015	• Aircraft Medical Limited
	11/10/2015	• Cardiores S.A.
	9/28/2015	• Lazarus Effect, Inc.

Source: S&P Capital IQ

### SELECT SPONSORS WITH ACTIVE PORTFOLIO HOLDINGS

Financial Buyer	Inv. Date	Select Holdings
Cortec Group	1/4/2016	• CVR Management LLC
	11/16/2015	• Community Veterinary Partners, LLC
	11/12/2013	• Canadian Hospital Specialties Ltd.
	12/23/2011	• Cranial Technologies
Webster Capital	5/3/2016	• Healthcare Associates of Texas LLC
	9/3/2015	• Clinical Pharmacy Services, Inc.
	6/30/2015	• Addiction Research and Treatment, Inc.
	3/31/2015	• PharmaLogic Holdings Corp.
	4/29/2013	• Best Friends Pet Care, Inc.
Shore Capital Partners, LLC	8/8/2011	• Discovery Practice Management, Inc
	5/3/2016	• IZI Medical Products, Inc.
	11/2/2015	• Specialdocs Consultants, Inc.
	4/7/2015	• Chicagoland Smile Group
	2/20/2015	• Summit Medical, Inc.
Harvest Partners, LP	5/31/2014	• Cumberland Therapy Services, Inc.
	5/18/2016	• Advanced Dermatology & Cosmetic Surgery Inc.
	6/6/2015	• Dental Care Alliance, LLC
	4/20/2015	• VetCor, Inc.
	5/20/2014	• AthletiCo Ltd.
MTS Health Investors, LLC	4/15/2013	• AxelaCare Health Solutions, LLC
	4/19/2016	• Avadyne Health, Inc.
	1/8/2016	• Unknown Stake in HCCA Health Connections, Inc. and HCCA International, Inc.
	10/29/2014	• Celerion Inc.
	12/17/2012	• Vital Decisions, LLC
	3/7/2012	• WPI Holdings Inc.

Source: S&P Capital IQ

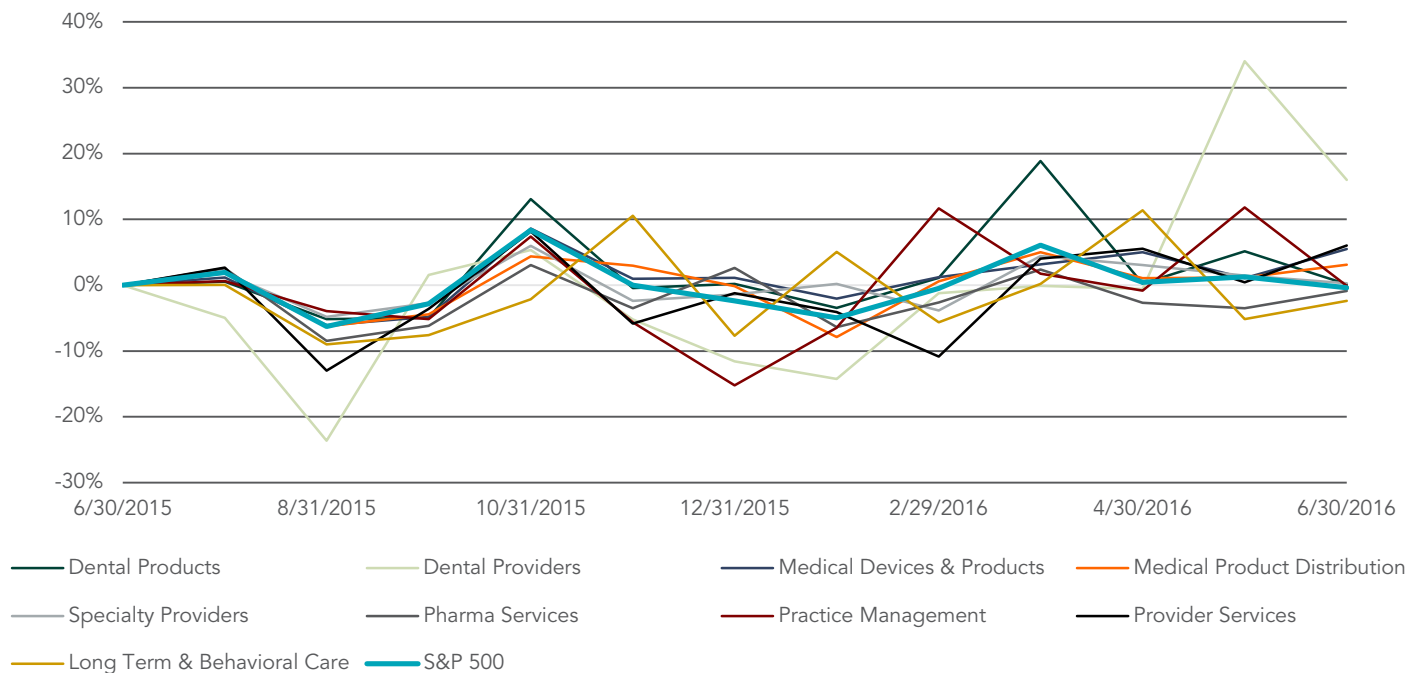
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## PUBLIC BASKET

### HEALTHCARE SEGMENTS VS. S&P 500

Running 12 Months



### DENTAL PRODUCTS

Source: S&P Capital IQ

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/Rev	TEV/EBITDA
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	IN	\$24,037	\$120	12.9%	17%	27.4x	2.5x	5.0x	13.0x
DENTSPLY SIRONA Inc.	NasdaqGS:XRAY	PA	\$14,532	\$62	0.7%	2%	37.7x	1.7x	5.5x	26.4x
Henry Schein, Inc.	NasdaqGS:HSIC	NY	\$14,509	\$177	2.4%	12%	33.4x	5.0x	1.5x	16.8x
Align Technology Inc.	NasdaqGS:ALGN	CA	\$6,459	\$81	10.8%	22%	54.8x	7.2x	6.7x	27.9x
Patterson Companies, Inc.	NasdaqGS:PDCO	MN	\$4,626	\$48	2.9%	6%	23.8x	3.2x	1.0x	12.5x
Cantel Medical Corp.	NYSE:CMN	NJ	\$2,866	\$69	-3.7%	11%	46.9x	6.4x	4.7x	23.8x
BIOLASE, Inc.	NasdaqCM:BIOL	CA	\$68	\$1	-10.7%	39%	NM	3.2x	1.3x	NM
Milestone Scientific Inc.	AMEX:MLSS	NJ	\$61	\$3	80.6%	19%	NM	6.1x	5.5x	NM
Pro-Dex Inc.	NasdaqCM:PDEX	CA	\$23	\$6	45.5%	130%	61.2x	2.5x	1.1x	16.6x
<b>Segment Average</b>			<b>\$7,465</b>		<b>15.7%</b>	<b>28.7%</b>	<b>40.7x</b>	<b>4.2x</b>	<b>3.6x</b>	<b>19.6x</b>

### DENTAL PROVIDERS

Source: S&P Capital IQ

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/LMT EPS	Price/Book	TEV/Rev	TEV/EBITDA
Birmer Dental Management Services...	OTCPK:BDMS	CO	\$27	\$15	51.5%	29%	NM	17.0x	0.6x	11.2x
<b>Segment Average</b>			<b>\$27</b>	<b>\$15</b>	<b>51.5%</b>	<b>29%</b>	<b>NM</b>	<b>17.0x</b>	<b>0.6x</b>	<b>11.2x</b>

Source: S&P Capital IQ

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## PUBLIC BASKET (CONTINUED)

### MEDICAL DEVICES & PRODUCTS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
Medtronic plc	NYSE:MDT	N/A	\$121,021	\$87	15.7%	13%	37.5x	2.3x	4.8x	16.0x
Abbott Laboratories	NYSE:ABT	IL	\$57,752	\$39	-6.0%	-12%	38.2x	2.8x	3.1x	14.2x
Stryker Corporation	NYSE:SYK	MI	\$44,814	\$120	11.7%	29%	33.5x	5.1x	4.5x	16.5x
Becton, Dickinson and Company	NYSE:BDX	NJ	\$35,987	\$170	11.7%	10%	35.2x	4.7x	3.8x	14.7x
Boston Scientific Corporation	NYSE:BSX	MA	\$31,710	\$23	24.2%	27%	59.3x	4.9x	4.9x	19.1x
Baxter International Inc.	NYSE:BAX	IL	\$24,973	\$45	10.1%	19%	53.1x	2.8x	2.5x	15.7x
Intuitive Surgical, Inc.	NasdaqGS:ISRG	CA	\$25,174	\$661	10.0%	21%	49.4x	5.3x	9.6x	26.4x
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	IN	\$24,037	\$120	12.9%	17%	27.4x	2.5x	5.0x	13.0x
St. Jude Medical Inc.	NYSE:STJ	MN	\$22,174	\$78	41.8%	26%	31.8x	5.4x	4.9x	17.4x
Edwards Lifesciences Corp.	NYSE:EW	CA	\$21,119	\$100	13.1%	26%	53.0x	9.2x	8.0x	27.8x
CR Bard Inc.	NYSE:BCR	NJ	\$17,242	\$235	16.0%	24%	34.7x	11.8x	5.3x	17.4x
ABIOMED, Inc.	NasdaqGS:ABMD	MA	\$4,699	\$109	15.3%	21%	117.4x	12.6x	13.6x	64.6x
Integra LifeSciences Holdings Corporation	NasdaqGS:IART	NJ	\$2,969	\$80	18.4%	18%	40.4x	3.8x	3.9x	17.7x
Wright Medical Group N.V.	NasdaqGS:WMGI	N/A	\$1,764	\$17	4.6%	-28%	NM	1.7x	4.3x	NM
Johnson & Johnson	NYSE:JNJ	NJ	\$333,653	\$121	12.1%	18%	29.4x	4.6x	4.5x	14.3x
<b>Segment Average</b>			<b>\$51,273</b>		<b>14.1%</b>	<b>15.2%</b>	<b>45.7x</b>	<b>5.3x</b>	<b>5.5x</b>	<b>21.1x</b>

Source: S&P Capital IQ

### MEDICAL PRODUCT DISTRIBUTION

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
Danaher Corp.	NYSE:DHR	DC	\$69,558	\$101	6.5%	9%	31.6x	2.8x	3.8x	16.6x
Stryker Corporation	NYSE:SYK	MI	\$44,814	\$120	11.7%	29%	33.5x	5.1x	4.5x	16.5x
McKesson Corporation	NYSE:MCK	CA	\$42,126	\$187	18.7%	-5%	20.5x	4.7x	0.3x	10.3x
Cardinal Health, Inc.	NYSE:CAH	OH	\$25,417	\$78	-4.8%	-13%	18.0x	3.8x	0.2x	9.3x
AmerisourceBergen Corporation	NYSE:ABC	PA	\$17,121	\$79	-8.4%	-24%	18.1x	8.1x	0.1x	10.9x
Henry Schein, Inc.	NasdaqGS:HSIC	NY	\$14,509	\$177	2.4%	12%	33.4x	5.0x	1.5x	16.8x
Patterson Companies, Inc.	NasdaqGS:PDCO	MN	\$4,626	\$48	2.9%	6%	23.8x	3.2x	1.0x	12.5x
Owens & Minor Inc.	NYSE:OMI	VA	\$2,347	\$37	-7.5%	4%	18.1x	2.3x	0.3x	10.2x
PharMerica Corporation	NYSE:PMC	KY	\$758	\$25	11.5%	-30%	17.5x	1.5x	0.5x	8.5x
Aceto Corp.	NASDAQGS:ACET	NY	\$648	\$22	-7.1%	-19%	16.6x	2.2x	1.2x	9.1x
<b>Segment Average</b>			<b>\$22,192</b>		<b>2.6%</b>	<b>-3.1%</b>	<b>23.1x</b>	<b>3.9x</b>	<b>1.3x</b>	<b>12.1x</b>

Source: S&P Capital IQ

### SPECIALTY PROVIDERS

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
Fresenius Medical Care AG & Co...	NYSE:FMS	N/A	\$23,791	\$44	-1.2%	4%	0.0x	0.0x	2.1x	12.1x
DaVita HealthCare Partners Inc.	NYSE:DVA	CO	\$15,967	\$77	5.4%	11%	21.7x	3.4x	1.8x	9.8x
MEDNAX, Inc.	NYSE:MD	FL	\$6,665	\$72	12.1%	1%	20.1x	2.7x	2.8x	12.6x
AmSurg Corp.	NasdaqGS:AMSG	TN	\$4,194	\$78	3.9%	2%	47.2x	1.9x	2.7x	10.0x
HEALTHSOUTH Corp.	NYSE:HLS	AL	\$3,494	\$39	3.2%	12%	18.6x	5.4x	2.1x	9.0x
Surgical Care Affiliates, Inc.	NasdaqGS:SCAI	IL	\$1,907	\$48	3.0%	20%	NM	4.9x	3.0x	10.4x
American Renal Associates Holdings,	NYSE:ARA	MA	\$893	\$29	3.5%	NM	NM	NM	2.5x	8.8x
Adeptus Health Inc.	NYSE:ADPT	TX	\$841	\$52	-7.0%	-5%	NM	7.7x	2.6x	16.9x
LHC Group, Inc.	NasdaqGS:LHCG	LA	\$784	\$43	21.7%	-4%	23.1x	2.1x	1.1x	10.8x
AAC Holdings, Inc.	NYSE:AAC	TN	\$541	\$23	15.3%	20%	43.9x	3.6x	3.1x	24.2x
<b>Segment Average</b>			<b>\$5,908</b>		<b>6.0%</b>	<b>6.6%</b>	<b>25.0x</b>	<b>3.5x</b>	<b>2.4x</b>	<b>12.5x</b>

Source: S&P Capital IQ

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## PUBLIC BASKET (CONTINUED)

### PHARMA SERVICES

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
CVS Health Corporation	NYSE:CVS	RI	\$102,827	\$96	-7.7%	-2%	19.2x	2.9x	0.8x	10.6x
Express Scripts Holding Company	NASDAQGS:ESRX	MO	\$47,966	\$76	10.4%	-13%	18.8x	3.2x	0.6x	9.2x
Perrigo Company plc	NYSE:PRGO	N/A	\$12,986	\$91	-29.1%	-37%	51.9x	1.3x	3.2x	14.1x
Allscripts Healthcare Solutions, Inc.	NasdaqGS:MDRX	IL	\$2,376	\$13	-3.9%	-17%	271.6x	1.7x	2.1x	24.0x
Magellan Health, Inc.	NasdaqGS:MGLN	AZ	\$1,619	\$66	-3.2%	7%	18.2x	1.5x	0.4x	8.4x
<b>Segment Average</b>			<b>\$33,555</b>	<b>\$68</b>	<b>-6.7%</b>	<b>-12.7%</b>	<b>75.9x</b>	<b>2.1x</b>	<b>1.4x</b>	<b>13.3x</b>

Source: S&P Capital IQ

### PRACTICE MANAGEMENT

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
WellCare Health Plans, Inc.	NYSE:WCG	FL	\$4,747	\$107	15.7%	37%	19.0x	2.7x	0.2x	7.0x
HealthEquity, Inc.	NasdaqGS:HQY	UT	\$1,765	\$30	23.2%	21%	91.9x	7.9x	11.6x	39.6x
Team Health Holdings, Inc.	NYSE:TMH	TN	\$3,008	\$41	-2.7%	-7%	25.3x	4.5x	1.4x	14.5x
<b>Segment Average</b>			<b>\$3,173</b>	<b>\$59</b>	<b>12.0%</b>	<b>17.0%</b>	<b>45.4x</b>	<b>5.0x</b>	<b>4.4x</b>	<b>20.4x</b>

Source: S&P Capital IQ

### PROVIDER SERVICES

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
Cerner Corporation	NasdaqGS:CERN	MO	\$19,812	\$59	10.6%	-3%	36.2x	5.1x	4.4x	15.9x
Healthcare Services Group Inc.	NasdaqGS:HCSG	PA	\$2,994	\$41	12.4%	19%	51.1x	9.6x	2.0x	28.5x
HMS Holdings Corp.	NasdaqGS:HMSY	TX	\$1,482	\$18	22.7%	43%	59.1x	2.8x	3.2x	17.0x
The Advisory Board Company	NasdaqGS:ABCO	DC	\$1,451	\$35	9.7%	-29%	53.7x	3.3x	2.5x	17.6x
Omniceil, Inc.	NasdaqGS:OMCL	CA	\$1,229	\$34	22.8%	10%	62.3x	3.0x	2.6x	21.7x
Evolent Health, Inc.	NYSE:EVH	VA	\$1,154	\$19	81.8%	59%	52.9x	2.1x	8.6x	NM
Providence Service Corp.	NasdaqGS:PRSC	AZ	\$659	\$45	-12.1%	-4%	45.3x	2.5x	0.6x	10.3x
<b>Segment Average</b>			<b>\$4,112</b>	<b>\$36</b>	<b>21.1%</b>	<b>13.5%</b>	<b>51.5x</b>	<b>4.0x</b>	<b>3.4x</b>	<b>18.5x</b>

Source: S&P Capital IQ

### LONG TERM & BEHAVIORAL CARE

Company Name	Symbol	State	Market Cap (\$ in Mil)	Price	Stock Price Quarter Change	YTD Change	Price/ LMT EPS	Price/ Book	TEV/ Rev	TEV/ EBITDA
National HealthCare Corporation	AMEX:NHC	TN	\$989	\$65	3.9%	5%	17.8x	1.5x	1.1x	8.5x
The Ensign Group, Inc.	NasdaqGS:ENSG	CA	\$1,094	\$21	-7.2%	-7%	20.1x	2.6x	0.8x	9.7x
Civitas Solutions, Inc.	NYSE:CIVI	MA	\$773	\$21	19.5%	-28%	50.4x	5.7x	1.0x	10.8x
Acadia Healthcare Company, Inc.	NasdaqGS:ACHC	TN	\$4,843	\$55	0.5%	-11%	27.9x	1.9x	4.1x	19.3x
SunLink Health Systems Inc.	AMEX:SSY	GA	\$5	\$0	2.0%	-46%	NM	0.2x	0.1x	NM
AAC Holdings, Inc.	NYSE:AAC	TN	\$541	\$23	15.3%	20%	43.9x	3.6x	3.1x	24.2x
<b>Segment Average</b>			<b>\$5,908</b>	<b>\$50</b>	<b>5.7%</b>	<b>-11.2%</b>	<b>25.0x</b>	<b>3.5x</b>	<b>2.4x</b>	<b>12.5x</b>

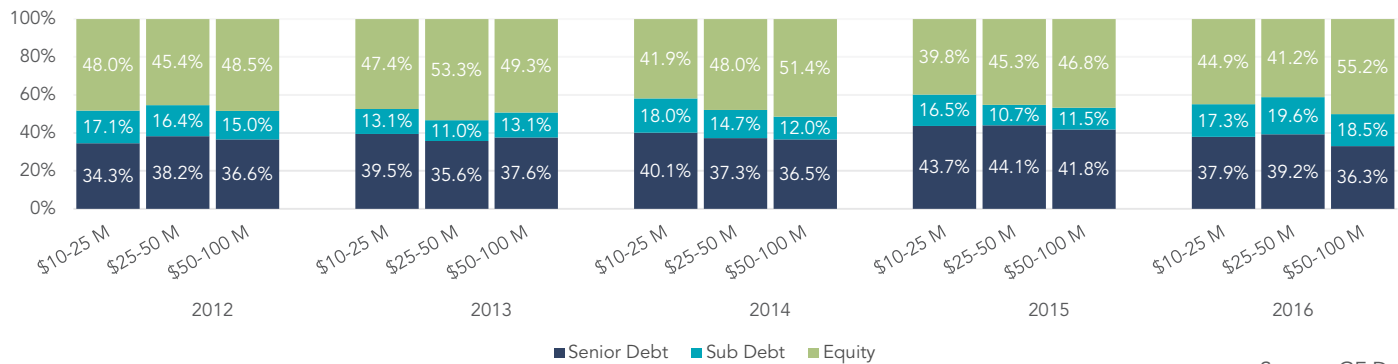
Source: S&P Capital IQ





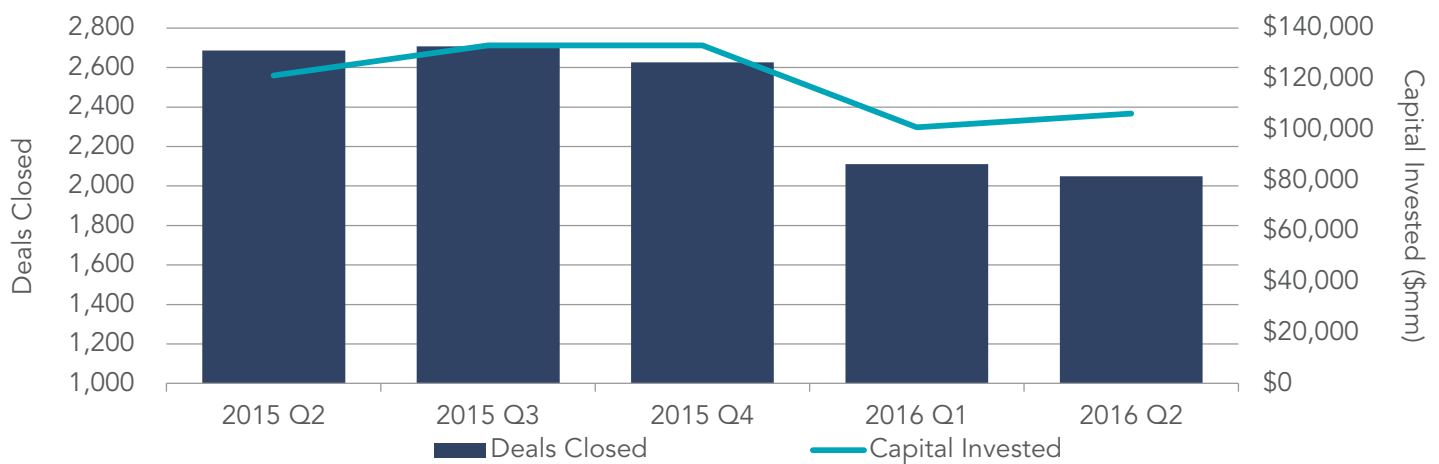
## OVERALL U.S. LOWER MIDDLE MARKET M&A ACTIVITY

### CAPITAL STACK



Source: GF Data\*

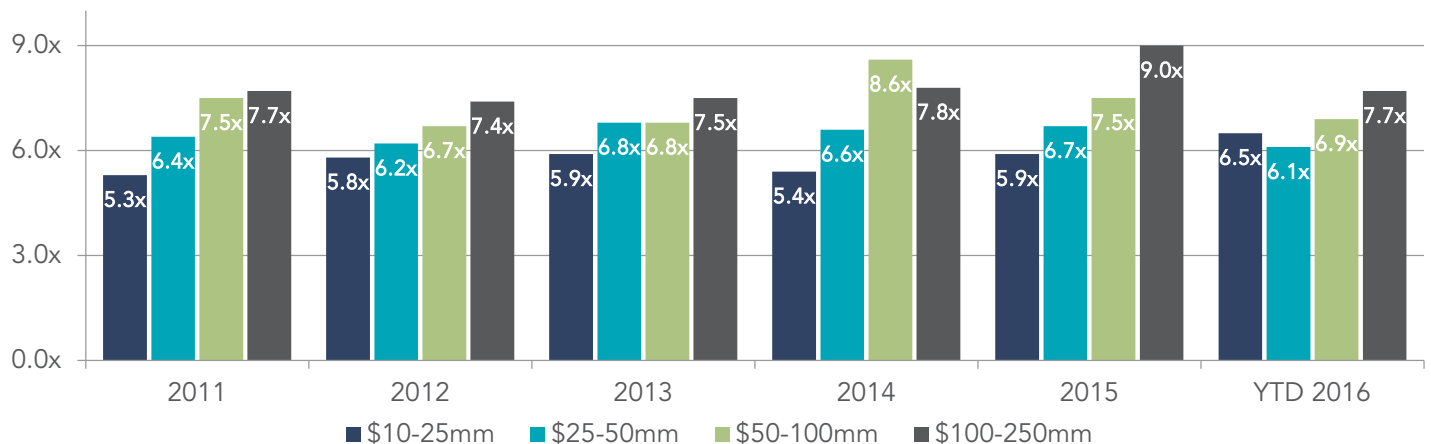
### M&A ACTIVITY



Source: S&P Capital IQ

### TRANSACTION MULTIPLES

#### EBITDA Multiples By Transaction Size



Source: GF Data\*

\*The most current source of GF Data is as of March 31, 2016, and lags one quarter behind the current quarter.



# HEALTHCARE REPORT

## COMPREHENSIVE HEALTHCARE EXPERTISE

Healthcare may have stolen the national spotlight in recent years, but we have been involved in the Healthcare industry for well over a decade. Our experience and drive puts us at the leading edge of information in the market, giving you the advantage when the time comes to buy, sell or seek investments to grow your business.

Our Healthcare investment banking expertise includes the following segments:

- Dental Products
- Medical Devices & Products
- Medical Product Distribution
- Specialty Providers
- Pharma Services
- Dental Providers
- Practice Management
- Provider Services

## CONTACT US



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## SELECT TRANSACTION EXPERIENCE

SDR has completed numerous transactions types throughout the Healthcare industry, including:

### BUY-SIDE

Has acquired

SDR Ventures BUY-SIDE TRANSACTION

### STRATEGIC SALE

Has been acquired by

SDR Ventures SELL-SIDE TRANSACTION

Has been acquired by

THOMA BRAVO

SDR Ventures SELL-SIDE TRANSACTION

### RECAPITALIZATIONS

Capital provided by

SDR Ventures CAPITAL FORMATION

Has completed a majority recapitalization with

REVELSTOKE CAPITAL PARTNERS, LLC

SDR Ventures CAPITAL FORMATION

## SDR SERVICE OFFERINGS



**SELL-SIDE ADVISORY**



**PRIVATE CAPITAL FORMATION**



**BUY-SIDE ADVISORY**



**STRATEGIC CONSULTING**