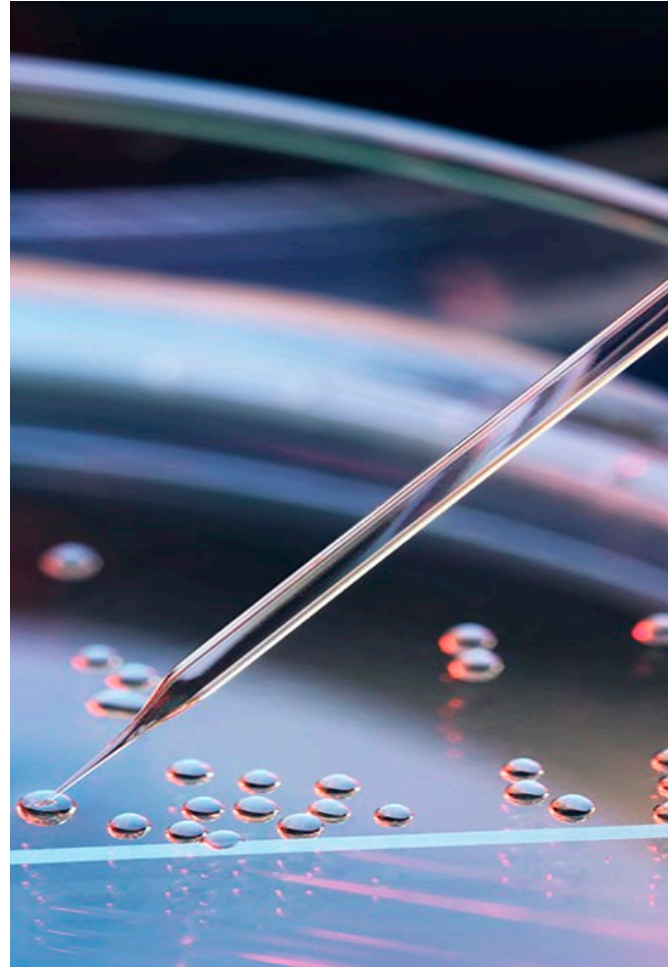


## HEALTHCARE SERVICES & TECHNOLOGY

Market Update



**March 2021**

# Healthcare Services & Technology Market Update

## Healthcare Services & Technology Industry Practice

The healthcare services and technology landscape is constantly shifting, driven by changes in regulations, reimbursement, and advancements in technology.

Stifel's Healthcare Services & Technology team works to stay abreast of these changes. Via years of experience, relationships, and recent mandates, our team provides thought leadership across a board range of healthcare sub-sectors, which is complemented by the firm's comprehensive set of strategic and financial products.

### Product Offering

M&A Advisory	Equity Capital Raising	Debt Capital Raising	Restructuring Advisory	Fairness Opinions
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### Sector Coverage

 <p><b>Alternate Site</b></p> <ul style="list-style-type: none"> <li>Labs</li> <li>Infusion Sites</li> <li>Physical Therapy</li> <li>Post-Acute Care</li> </ul>	 <p><b>Behavioral Health</b></p> <ul style="list-style-type: none"> <li>Autism</li> <li>General Psychology</li> <li>Mental Health</li> <li>Substance Abuse</li> </ul>	 <p><b>Healthcare Technology</b></p> <ul style="list-style-type: none"> <li>Data Analytics</li> <li>Digital Health</li> <li>Software/SaaS</li> <li>Tech-enabled Services</li> </ul>
 <p><b>Payor Services</b></p> <ul style="list-style-type: none"> <li>Managed Care</li> <li>PBMs</li> <li>TPAs</li> <li>Worker's Compensation</li> </ul>	 <p><b>Pharma Services</b></p> <ul style="list-style-type: none"> <li>Clinical Trials</li> <li>Manufacturing</li> <li>Marketing</li> <li>Supply Chain</li> </ul>	 <p><b>Physician Groups</b></p> <ul style="list-style-type: none"> <li>Dental Services</li> <li>Hospital-Based</li> <li>Multi-Site</li> <li>Veterinary Services</li> </ul>

### Stifel's Healthcare Services & Technology Team

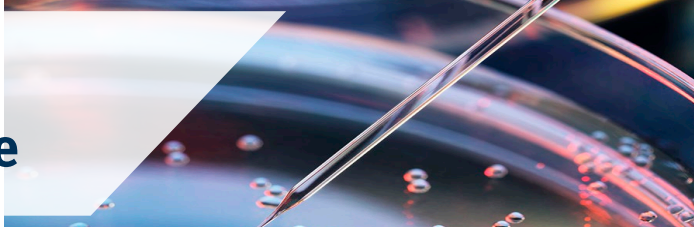
 <p><b>Kojo Appenteng</b> Managing Director Technology (630) 926-2136 appentengk@stifel.com</p>	 <p><b>Chip Bierbaum</b> Managing Director Pharma Services (917) 597-5743 bierbaumc@stifel.com</p>	 <p><b>Todd Heglund</b> Managing Director Technology &amp; Services (646) 431-4929 heglundt@stifel.com</p>	 <p><b>Jim Hesburgh</b> Managing Director Services (917) 302-7695 hesburghj@stifel.com</p>	 <p><b>Patrick Krause</b> Managing Director Services (415) 722-6514 krausepa@stifel.com</p>
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### Select Recent Transactions

 <p>Takeover Offer from <b>IEQT</b> Financial Adviser &amp; Consent Solicitation Agent February 2021</p>	 <p>Senior Notes Co-Manager February 2021</p>	 <p>PIPE Joint Placement Agent January 2021</p>	 <p>Follow-on Offering Joint Bookrunning Manager January 2021</p>	 <p>Has Been Acquired by <b>Corona</b> a portfolio company of Advisor to Seller October 2020</p>	 <p>Private Placement Lead Placement Agent October 2020</p>	 <p>Follow-on Offering Joint Bookrunning Manager October 2020</p>	 <p>Has Been Acquired by <b>FFL</b> and <b>TSD TECHNOLOGIES</b> Advisor to Seller September 2020</p>	 <p>Senior Notes Co-Manager September 2020</p>	 <p>Has Sold its Argentine Operations to A Consortium of Local Investors Advisor to Seller August 2020</p>
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As of February 28, 2021.

# Healthcare Services & Technology Market Update

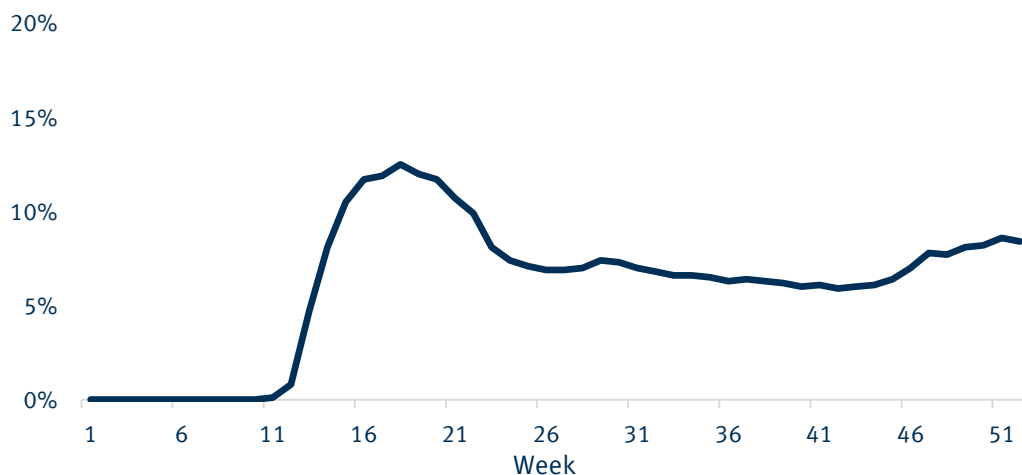


## Notable Data Driving Market Dynamics

### Market Observations – Meaningful Pivot to Tele-Solutions During Pandemic

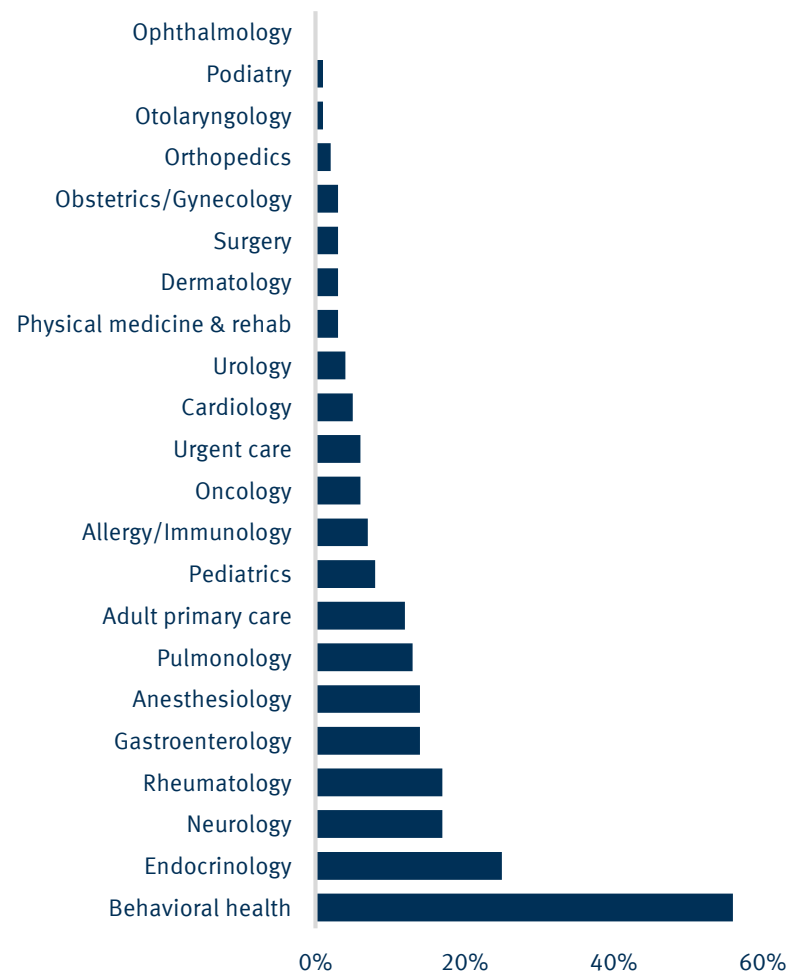
- Tele-solutions were rapidly adopted during the onset of the pandemic, giving providers a new means to connect with patients as in-person visits dropped rapidly due to lock-down restrictions for non-life threatening patient care episodes
- As the pandemic has dragged on, tele-consultants have leveled off in terms of their overall percentage of patient encounters, but are still significantly higher than pre-pandemic levels speaking to an increased adoption of tele-solutions as a convenient way for patients to seek care
- Among major specialties, behavioral health has shown a marked increase in the use of tele-solutions, which may point to a longer-term shift in how patients connect with their providers

### Virtual Patient Encounters as a Percentage of Total Encounters



Source: Commonwealth Fund, December 2020, Baseline Week March 1-7.

### Telemedicine Visits as a Percentage of Baseline





# Healthcare Services & Technology Market Update

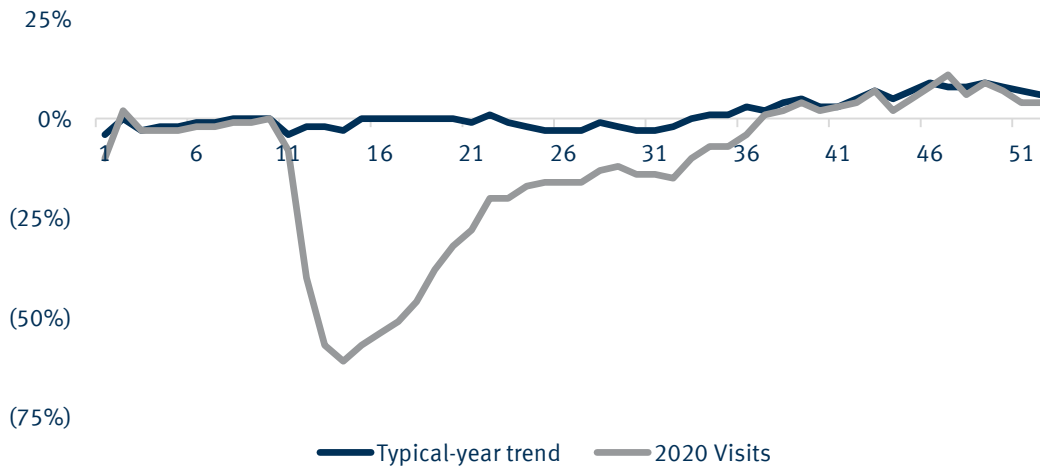


## Notable Data Driving Market Dynamics

### Market Observations – Meaningful Pivot to Tele-Solutions During Pandemic

- Outpatient visits per week began to stabilize towards the end of 2020, despite an increase in COVID-19 cases during the winter months
- This is in line with the pattern over the previous four years (blue line) indicating that the number of visits usually increases during winter months

### Percentage Change in Patient Visits Against Baseline



Source: Commonwealth Fund, December 2020, Baseline Week March 1-7.

### Percentage Change in Visits by Specialty Against Baseline



# Healthcare Services & Technology Market Update



## Notable Events and Trends

### Healthcare Services News

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- **COVID-19 Relief** - The President signed into law a \$1.9 trillion COVID-19 relief package with several provisions beneficial to insurers and providers. The package provides for a significant expansion to the Affordable Care Act (“ACA”), meaningfully extending coverage to Americans. It also includes funds aimed at addressing the healthcare needs of rural communities, and makes permanent the relaxation of some telehealth reimbursement policies. Notably, the bill does not provide relief on Medicare loans or extend the moratorium on Medicare sequestration
- **Telehealth claims were up 28x nationally in December**, when compared with claims in pre-COVID-19 December 2019, with behavioral health conditions continuing as the top remote diagnosis for the month, a new analysis of privately billed medical claims shows
- **New Opportunities for Value-Based Care with HHS Finalization of Stark Law, Anti-Kickback Statute, and Civil Monetary Penalties Law Reforms** - The Department of Health and Human Services (“HHS”), in collaboration with the Centers for Medicare & Medicaid Services (“CMS”) and the Office of the Inspector General (“OIG”), issued two final rules clarifying certain regulatory terms and adding and amending exceptions and safe harbors to accommodate “value” transactions under the Anti-Kickback Statute (“AKS”), the federal Physician Self-Referral Law (the “Stark Law”), and the Civil Monetary Penalties Law (the “CMP Law”)

### Healthcare Technology News

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- **Digital therapeutics market continues its outsized growth.** Demand for global digital therapeutics is at an all-time high due to the increase in adoption of mobile technology and AI, with recent estimates by Allied Market Research suggesting a global TAM of \$13.8B by 2027 up from \$2.8B in 2019
- **Consolidation in payor technologies.** Increasing consolidation as payor-focused technology companies look to leverage their own data and expertise to improve existing technologies, grow their own capabilities and expand reach into new markets and geographies to help drive better outcomes in the healthcare market
- **Healthcare software companies shifting to data analytics.** COVID-19 has accelerated the need for predictive analytics across the healthcare landscape, resulting in the proliferation of analytics platforms designed to reveal paths of improvement in patient care quality, clinical data, diagnostics and business management

Source: Bloomberg, FactSet, CapIQ, Mergermarket, Allied Market Research.

# Healthcare Services & Technology Market Update

## Notable Recent Deal Activity

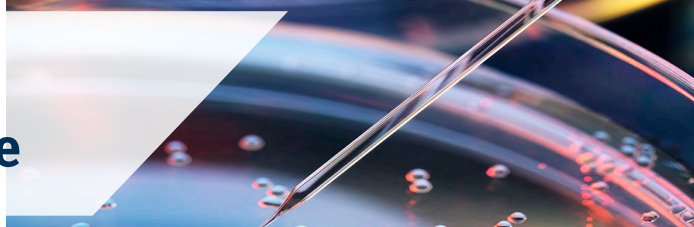
### November 2020 – February 2021 Transaction Highlights

Date	Target	Acquiror	Target Description	Sector	Deal Metrics
2/10/21	 NATIONAL Spine & Pain CENTERS	 Prospira PAINCARE	Provides pain management services in the specializing in treating acute and chronic pain	HCS	Not disclosed
2/09/21	 US Acute Care Solutions	Management Buyout	Provides emergency medicine and hospitalist services	HCS	EV: \$0.5B
2/08/21	 BRIDGES BRASWELL REHABILITATION INSTITUTE FOR DEVELOPMENT OF GERIATRY AND EDUCATIONAL SERVICES, LLC	 Proud Moments A B A	Offers behavioral healthcare services	HCS	Not disclosed
2/01/21	 MB2 DENTAL	 Charlesbank CAPITAL PARTNERS L.L.C.	A dental partnership organization, provides dental practice management services	HCS	EV: \$1.0B EV / LTM EBITDA : 10.0x
1/19/21	 CareFirst OB/GYN Group	 Axia WOMEN'S HEALTH	Provides health care services for women	HCS	Not disclosed
1/21/21	 Preventice SOLUTIONS	 Boston Scientific	Provides healthcare solutions by utilizing portfolio of services, sensors, and software	HCIT	EV: \$0.9B EV / LTM Revenue : 7.0x
1/11/21	 TEXAS ENT SPECIALISTS	 SOUTH FLORIDA ENT ASSOCIATES	Provides ear, nose, and throat specialty care	HCS	Not disclosed
1/06/21	 PointClickCare	HELLMAN & FRIEDMAN	Develops and provides cloud-based software solutions for the senior care industry	HCIT	EV: \$4.0B EV / LTM Revenue : 10.0x
1/06/21	 CHANGE HEALTHCARE	 OPTUM	Provides data and analytics-driven solutions	HCIT	EV: \$13.8B EV / LTM Revenue : 5.7x EV / LTM EBITDA: 15.1x

Note: Enterprise Value ("EV") defined as equity value plus debt less cash.















Source: Company press releases, Bloomberg, FactSet, CapitalIQ, Mergermarket.

# Healthcare Services & Technology Market Update



## Notable Recent Deal Activity (cont.)

### November 2020 – February 2021 Transaction Highlights

Date	Target	Acquiror	Target Description	Sector	Deal Metrics
1/05/21	Arlington ENT Associates	 ENT Partners	Provides health care services for adults and children	HCS	Not disclosed
1/05/21	Virginia Dermatology and Skin Surgery Center	 PINNACLE DERMATOLOGY	Provides dermatology and skin surgery services	HCS	Not disclosed
1/04/21	 Magellan HEALTH	 CENTENE Corporation	Provides healthcare management services in the United States	HCS	EV: \$3.2B EV / LTM Revenue : 0.4x EV / LTM EBITDA: 15.6x
12/22/20	 FAST PACE HEALTH URGENT CARE	 REVELSTOKE CAPITAL PARTNERS	Provides urgent care services	HCS	Not disclosed
12/17/20	 PRN PHYSICAL REHABILITATION NETWORK	 GRYPHON INVESTORS	Operates physical rehabilitation therapy centers	HCS	Not disclosed
12/10/20	 REFRESH Mental Health	 KELSO PRIVATE EQUITY	Operates behavioral healthcare facilities	HCS	Not disclosed
11/18/20	 hms	 VERITAS gainwell COTIVITI	Provides cost containment solutions	HCIT	EV: \$3.7B EV / LTM Revenue : 5.4x EV / LTM EBITDA: 20.5x
11/12/20	 BioTelemetry inc	 PHILIPS	Provides remote cardiac monitoring, remote blood glucose monitoring, centralized core laboratory services	HCIT	EV: \$2.9B EV / LTM Revenue : 6.7x EV / LTM EBITDA: 26.6x

Note: Enterprise Value (“EV”) defined as equity value plus debt less cash.

Source: Company press releases, Bloomberg, FactSet, CapitalIQ, Mergermarket.

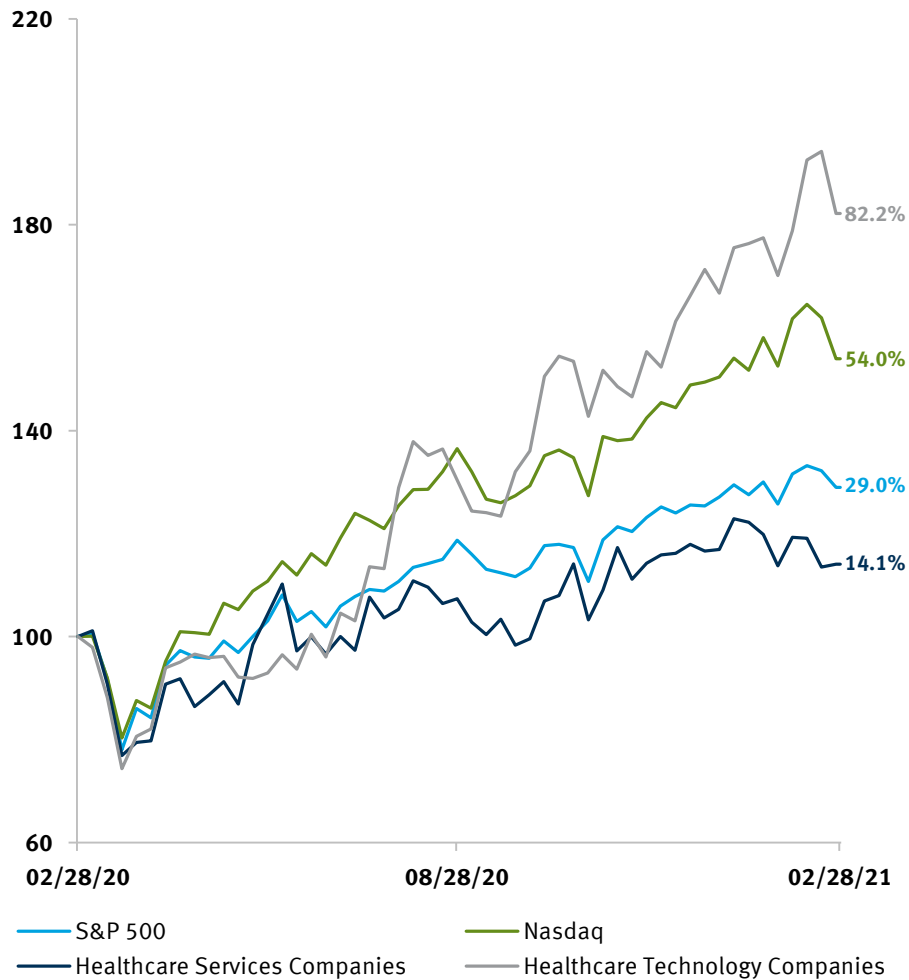


# Healthcare Services & Technology Market Update

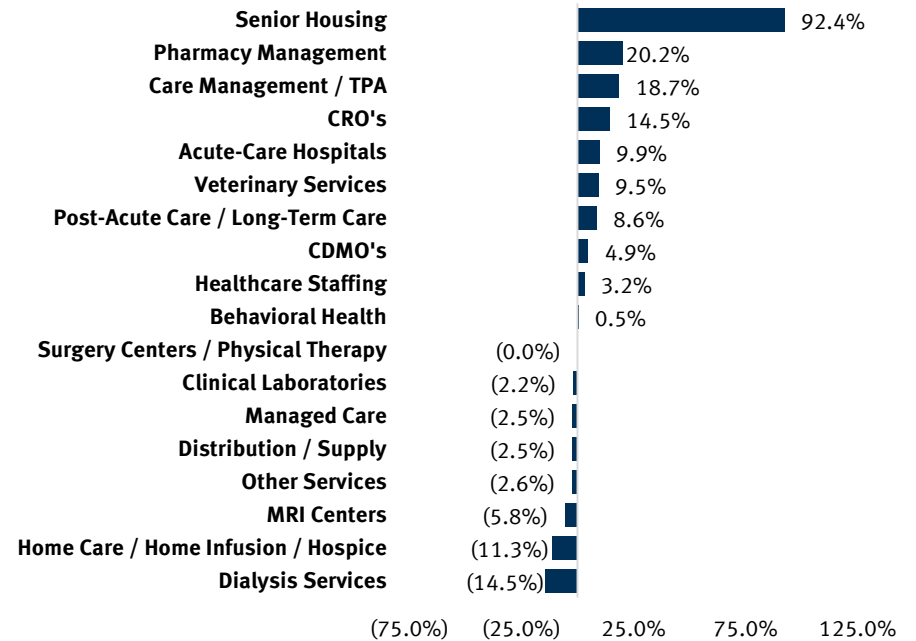


## Equity Performance for Select Sector Participants

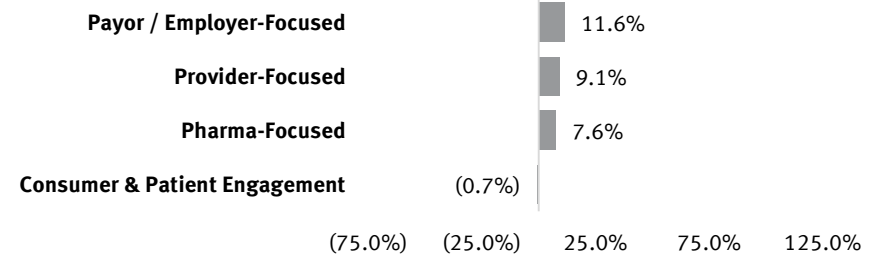
### Healthcare Services & Healthcare Technology Market Performance – LTM



### Healthcare Services % Median Change – 2021YTD



### Healthcare Technology % Median Change – 2021YTD



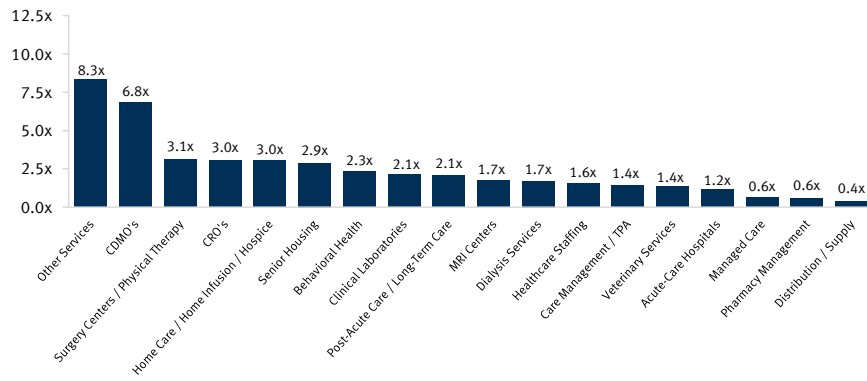
Source: CapIQ, FactSet and company filings as of February 28, 2021.



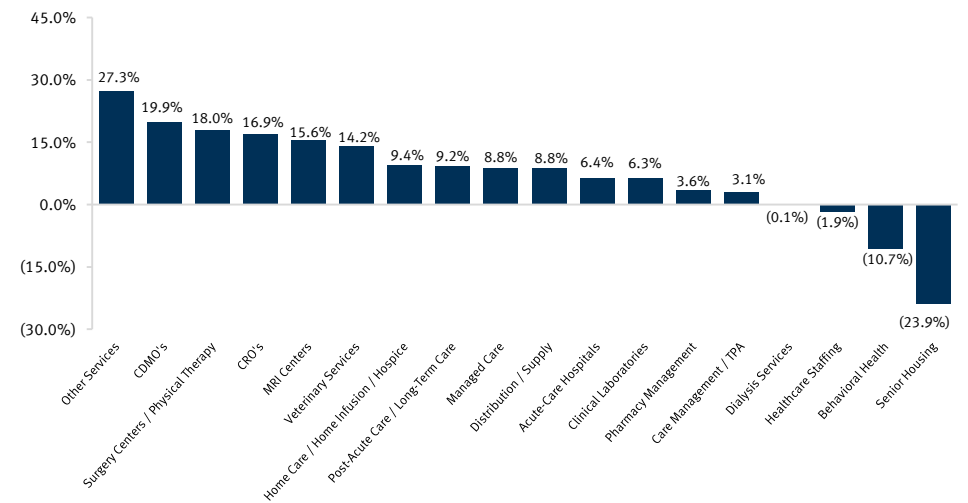
# Healthcare Services & Technology Market Update

## Trading Metrics for Healthcare Services Companies

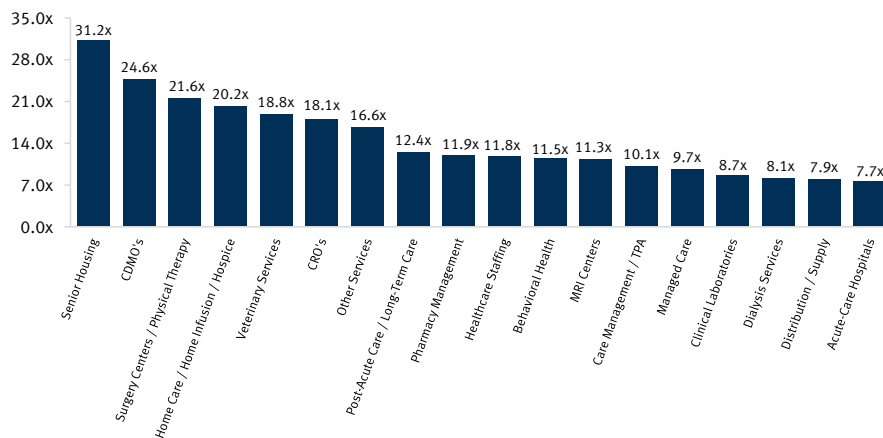
### Healthcare Services 2021E Revenue Multiples



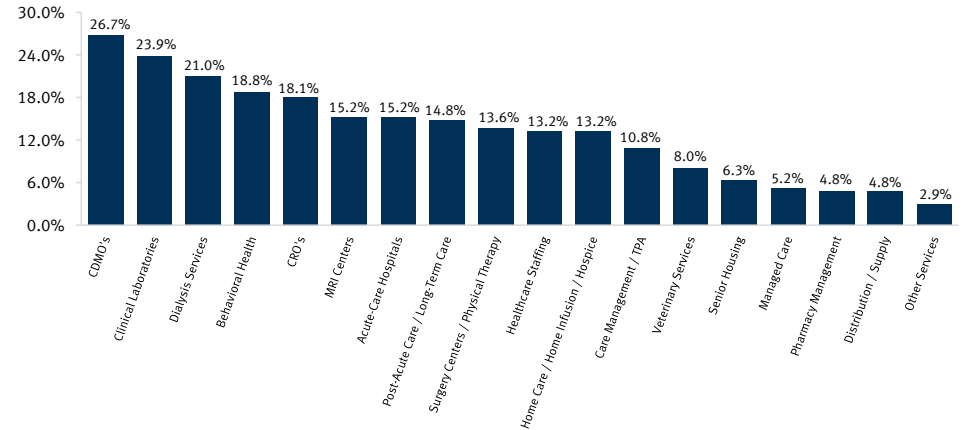
### Healthcare Services 2021E Revenue Growth



### Healthcare Services 2021E EBITDA Multiples



### Healthcare Services 2021E EBITDA Margin

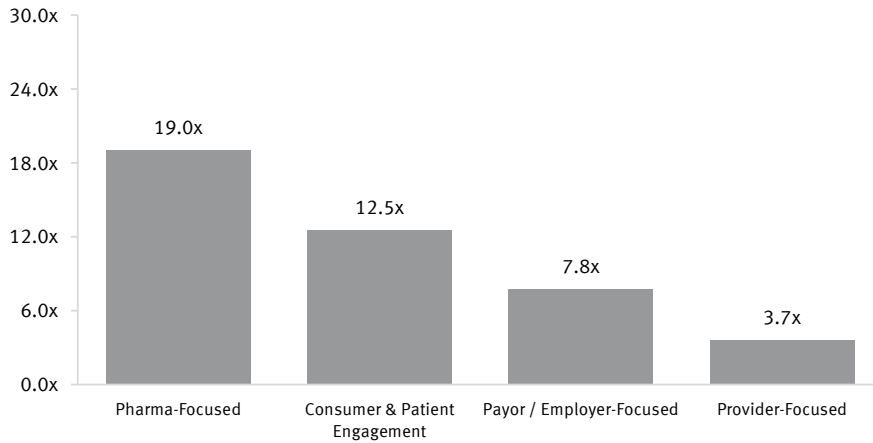


Note: Excludes EBITDA multiples over 40.0x, revenue growth over 100.0% and EBITDA margin over 50.0%.  
Source: CapIQ, FactSet and company filings as of February 28, 2021.

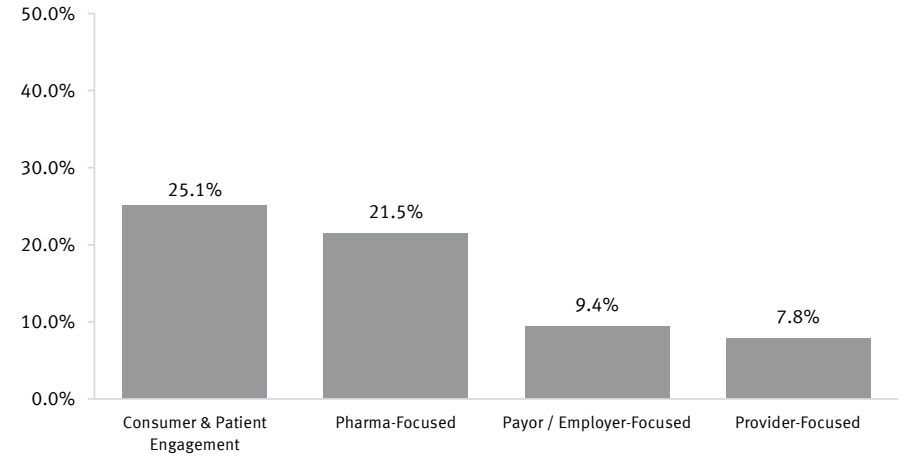
# Healthcare Services & Technology Market Update

## Trading Metrics for Healthcare Technology Companies

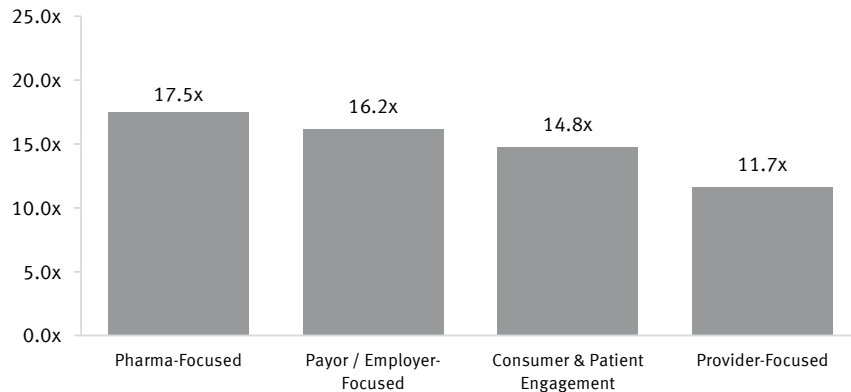
### Healthcare Technology 2021E Revenue Multiples



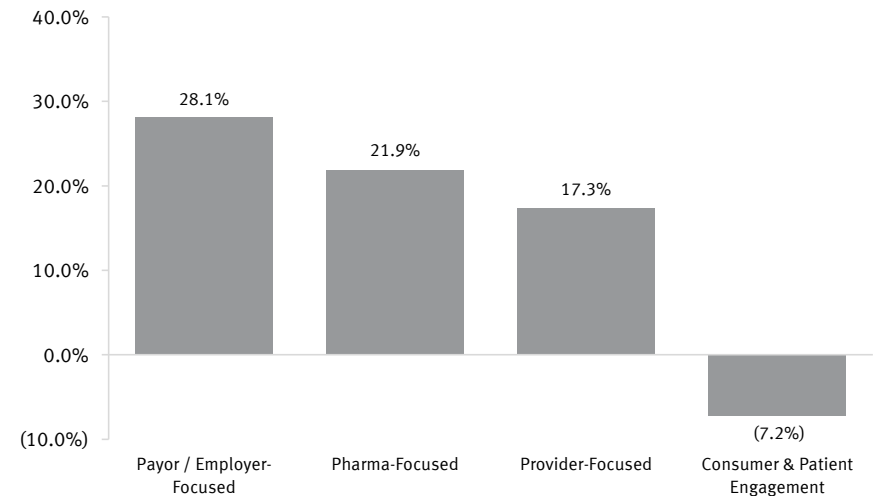
### Healthcare Technology 2021E Revenue Growth



### Healthcare Technology 2021E EBITDA Multiples



### Healthcare Technology 2021E EBITDA Margin



Note: Excludes EBITDA multiples over 40.0x, revenue growth over 100.0% and EBITDA margin over 50.0%.  
Source: CapIQ, FactSet and company filings as of February 28, 2021.



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