

7 Mile Advisors



# Sectorwatch:

## Healthcare - Primary Care

Q4 2020



# Healthcare - Primary Care

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# Overview

**7MA provides Investment Banking & Advisory Services to the Business Services and Technology Industries globally.**

We advise on M&A and private capital transactions and provide market assessments and benchmarking. As a close-knit team with a long history together and a laser focus on our target markets, we help our clients sell their companies, raise capital, grow through acquisitions, and evaluate new markets.

We publish our sectorwatch, a review of M&A and operational trends in the industries we focus.

## DASHBOARD

- Summary metrics on the sector
- Commentary on market momentum by comparing the most recent 12-month performance against the last 3-year averages.

## PUBLIC BASKET PERFORMANCE

- Summary valuation and operating metrics for a basket of comparable public companies.

## VALUATION COMPARISON

- Graphical, detailed comparison of valuation multiples for the public basket.

## RECENT DEALS

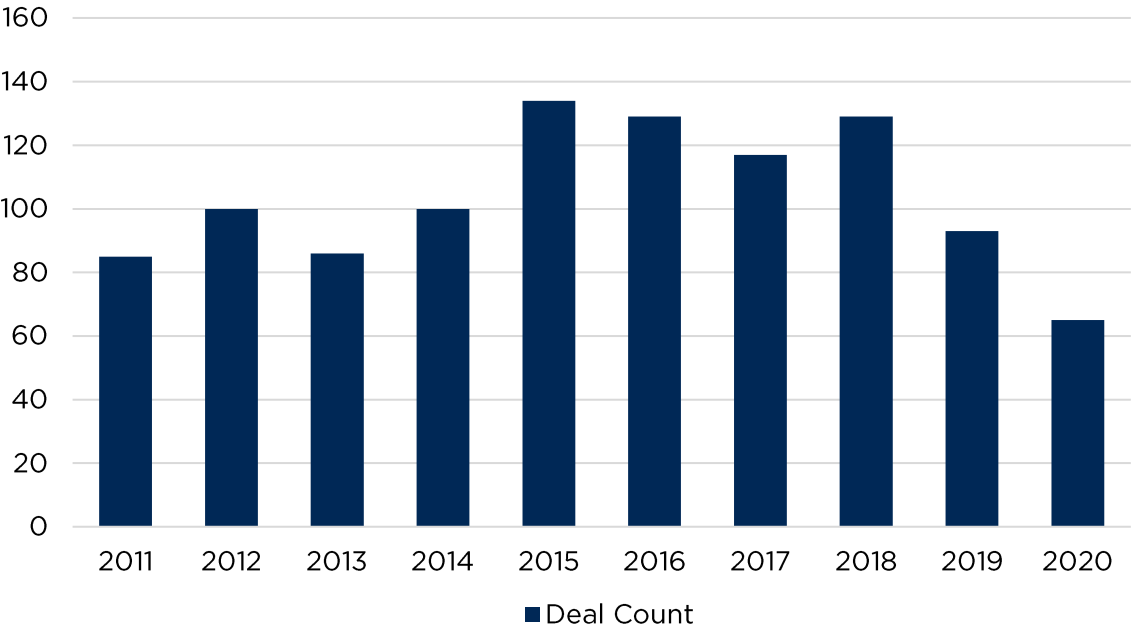
- The most recently announced deals in the sector

# Dashboard

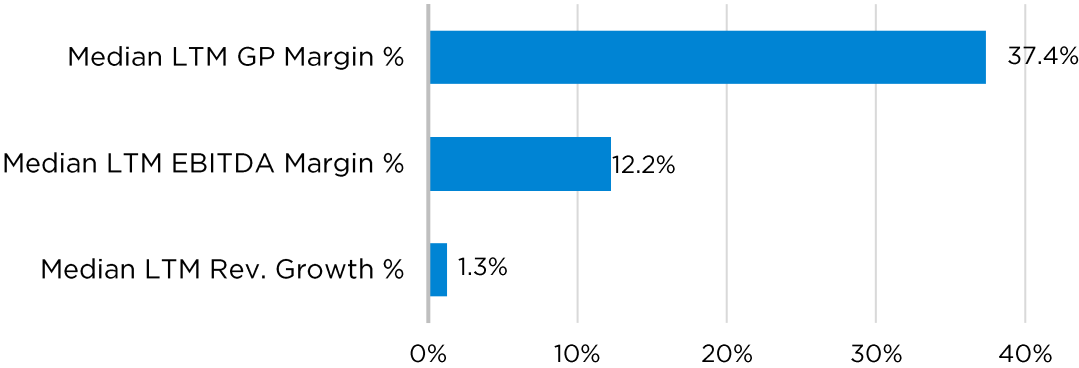
## REVENUE GROWTH MOMENTUM ↓ -3.5%

1 - year revenue growth compared to revenue growth average for last 3 years - Current revenue growth rate is less than the average of the last 3 years, indicating that the market may be flattening or declining

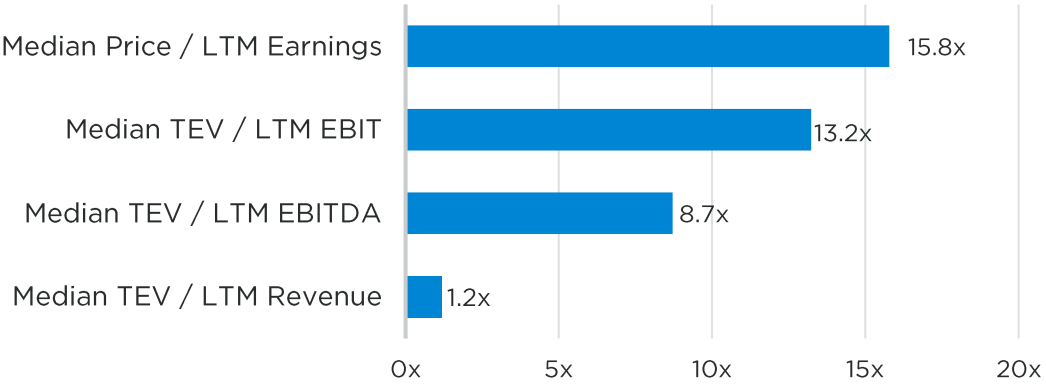
### M&A Activity



## Operating Metrics



## Valuation

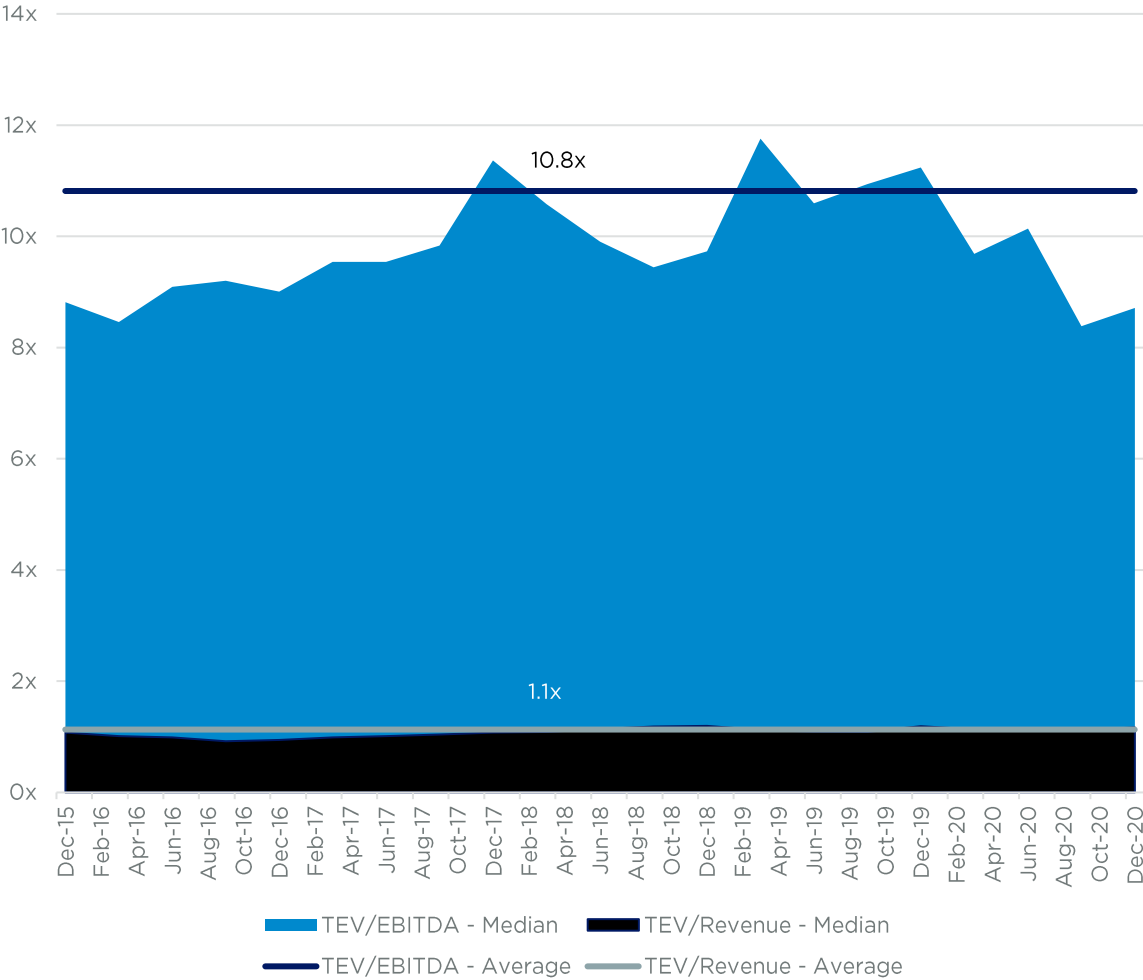


# Public Basket

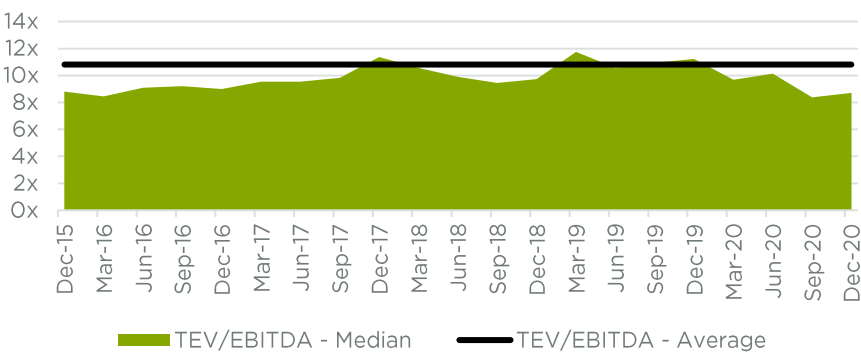
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Community Health Systems	13,224	1,532	11,955	-10.6%	37.5%	12.8%	1.1x	8.6x	80,000	149
Universal Health Services	14,034	1,795	11,368	1.2%	88.9%	15.8%	1.2x	7.8x	90,400	126
Tenet Healthcare	18,125	2,031	17,531	-4.2%	35.0%	11.6%	1.0x	8.8x	113,600	154
HCA Management Services	79,687	9,357	50,763	1.3%	37.2%	18.4%	1.6x	8.5x	280,000	181
Anthem	94,927	8,618	117,450	17.2%	N/A	7.3%	0.8x	11.0x	70,600	1,664
UnitedHealth Group	351,433	26,860	251,085	5.6%	25.8%	10.7%	1.4x	13.1x	325,000	773
<b>Average</b>	95,238	8,366	76,692	1.8%	44.9%	12.8%	1.2x	9.6x	159,933	508
<b>Median</b>	48,906	5,325	34,147	1.3%	37.2%	12.2%	1.2x	8.7x	102,000	168

share price as of 01Dec20

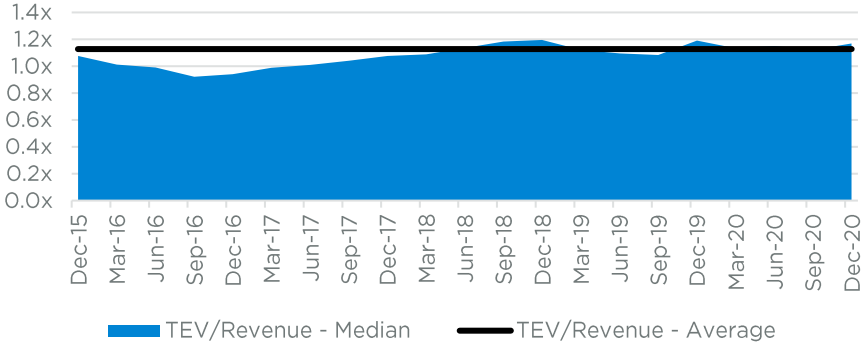
# Public Basket



Public EBITDA Multiples over Time

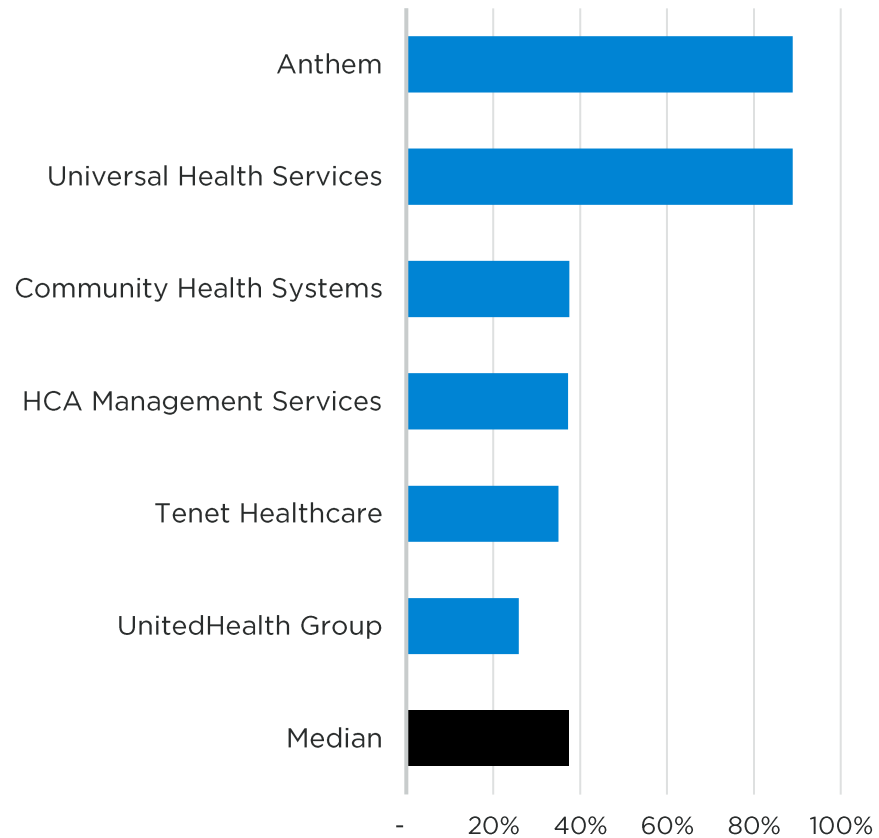


Public Revenue Multiples over Time

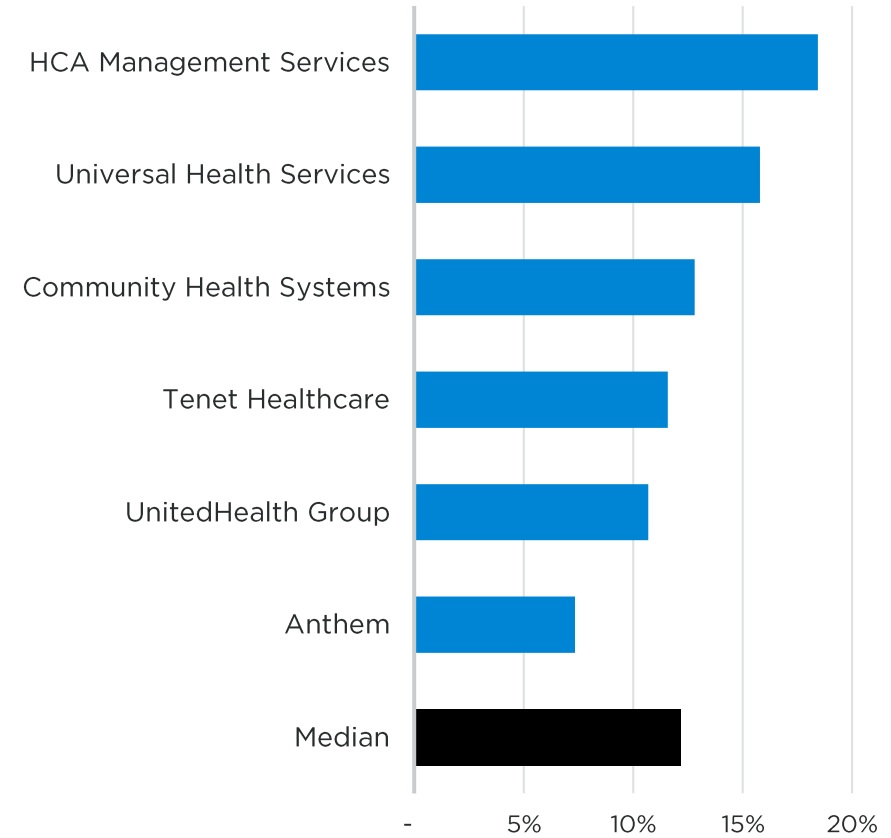


# Operational Metrics

LTM Gross Profit Margin %

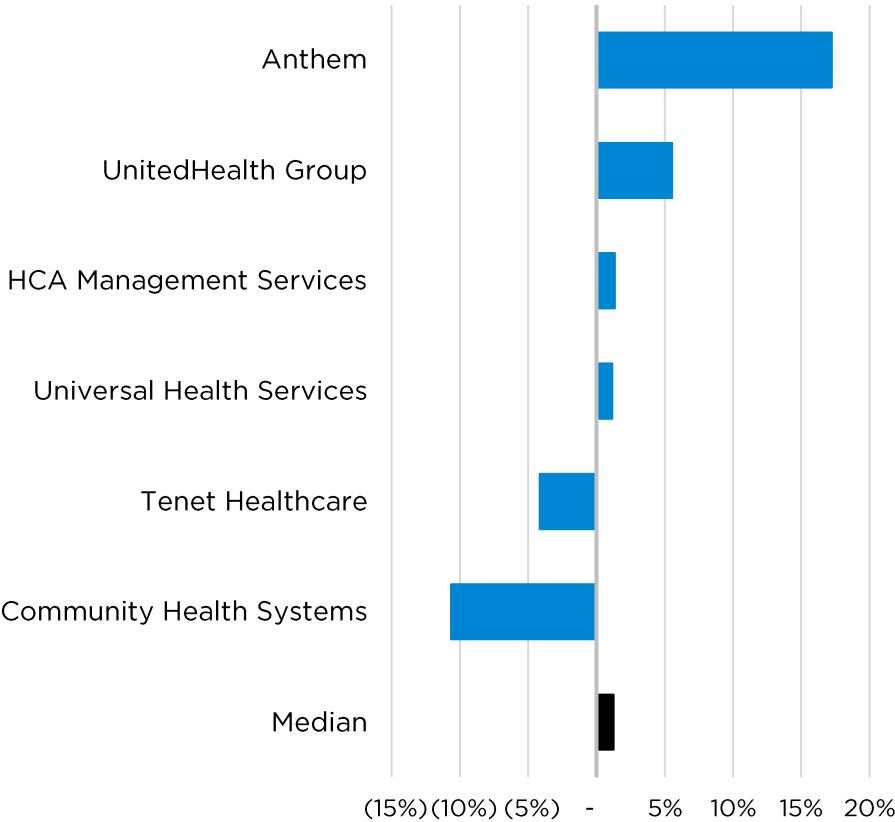


LTM EBITDA %

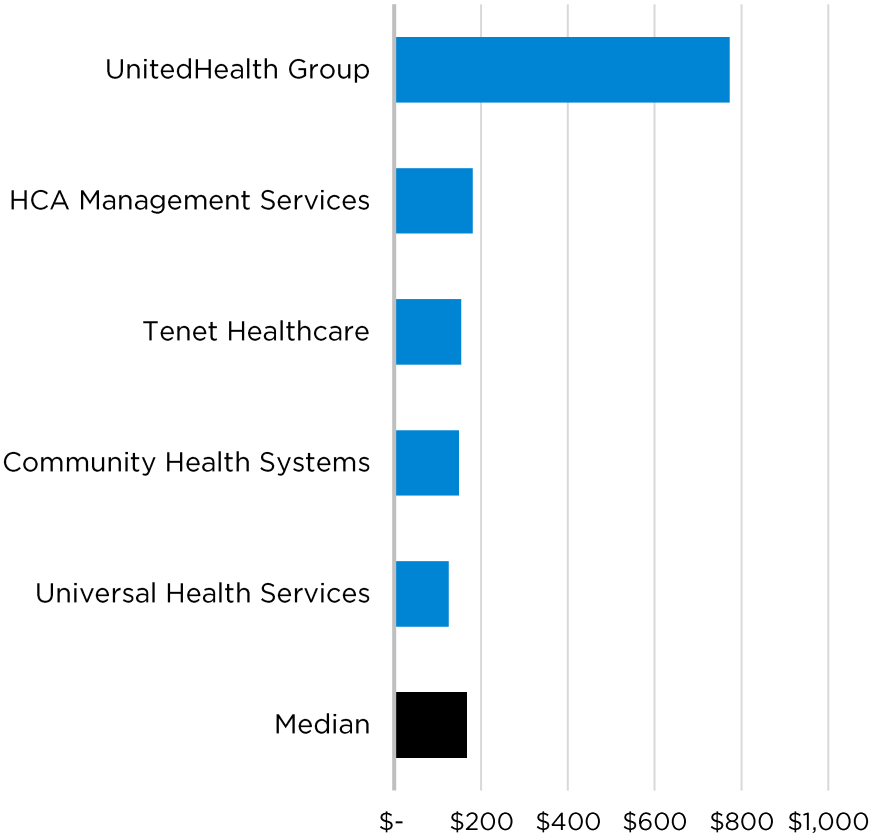


# Operational Metrics

LTM Revenue Growth %



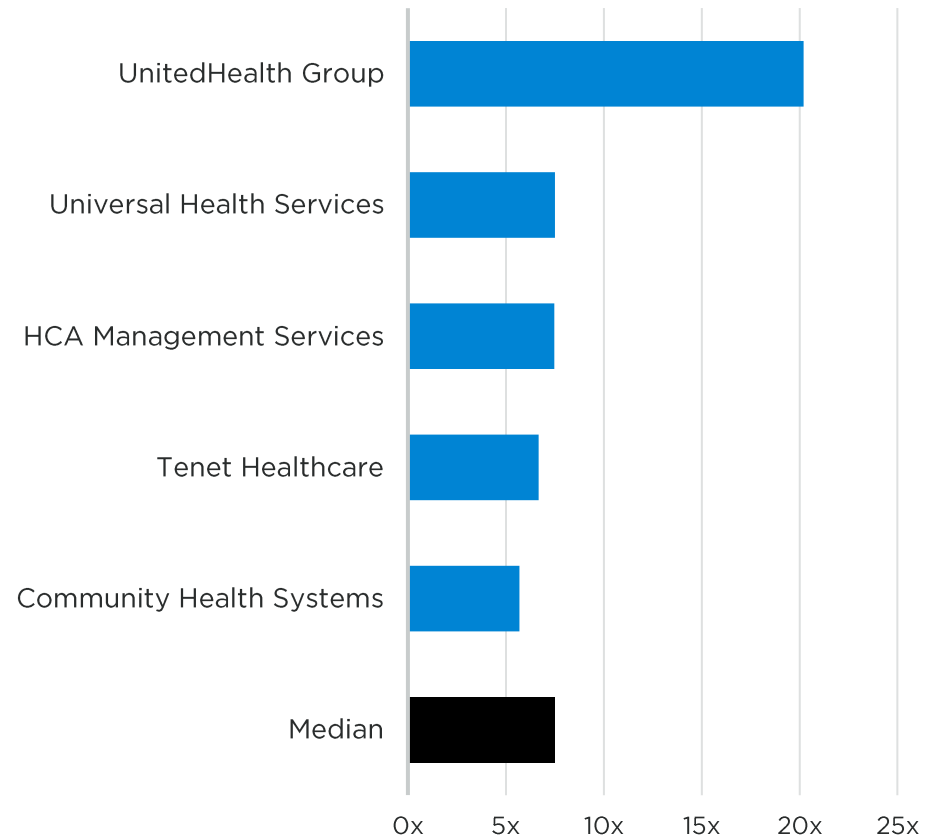
LTM Revenue per Full Time Employee x 000's



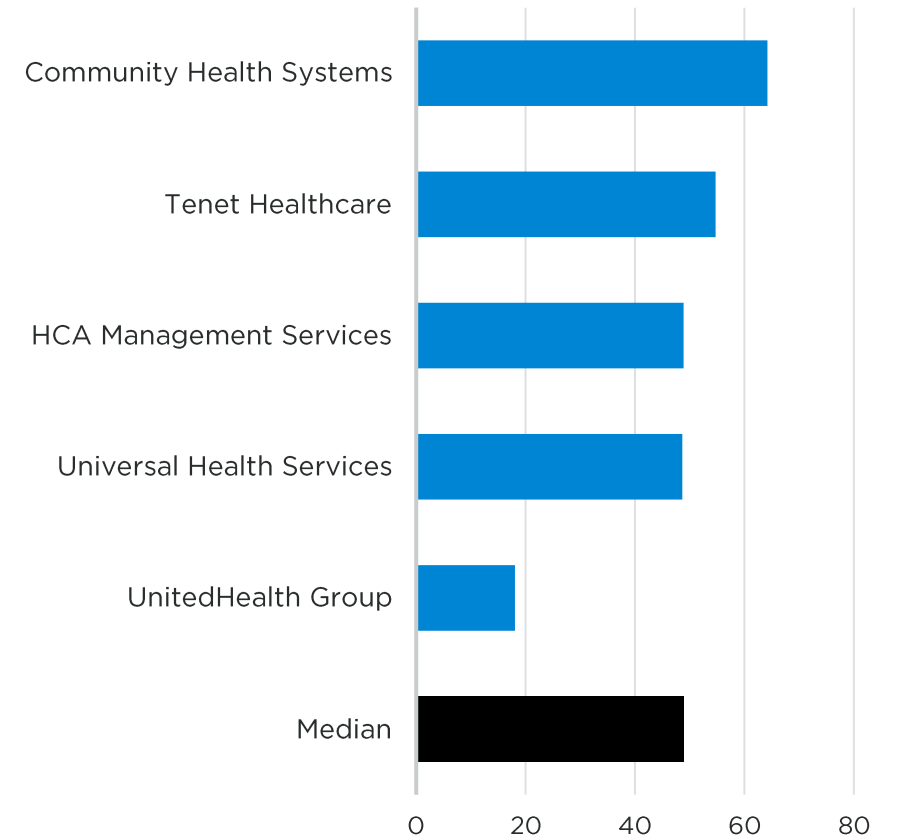


# Operational Metrics

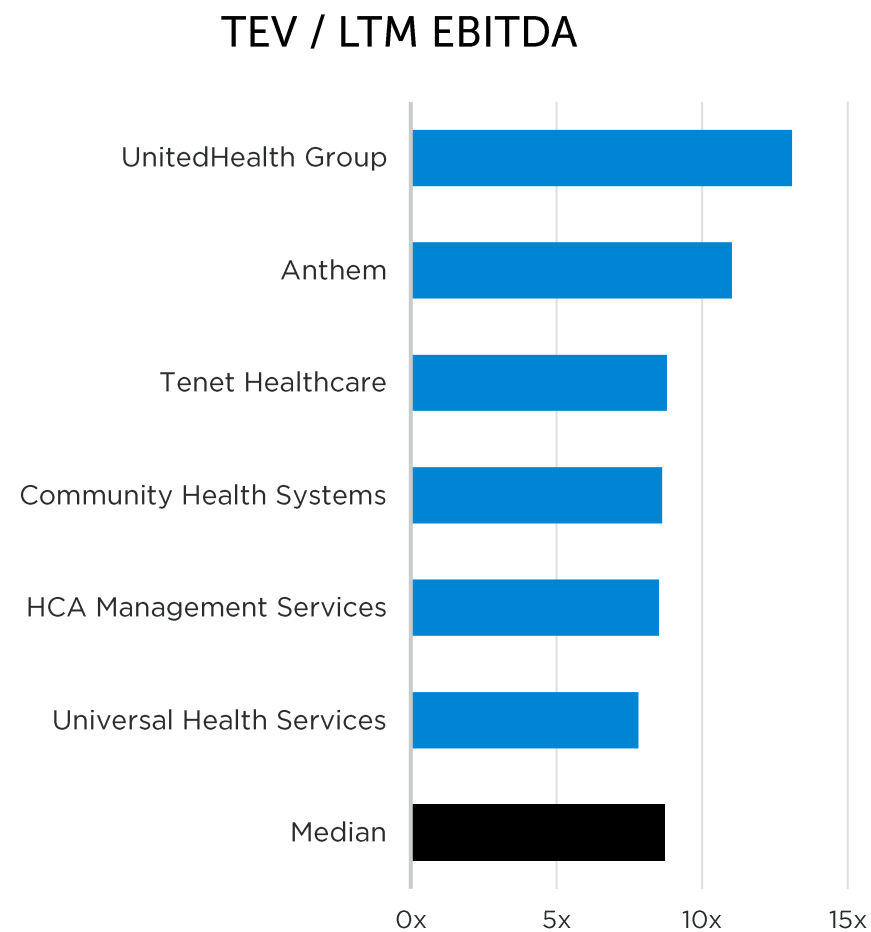
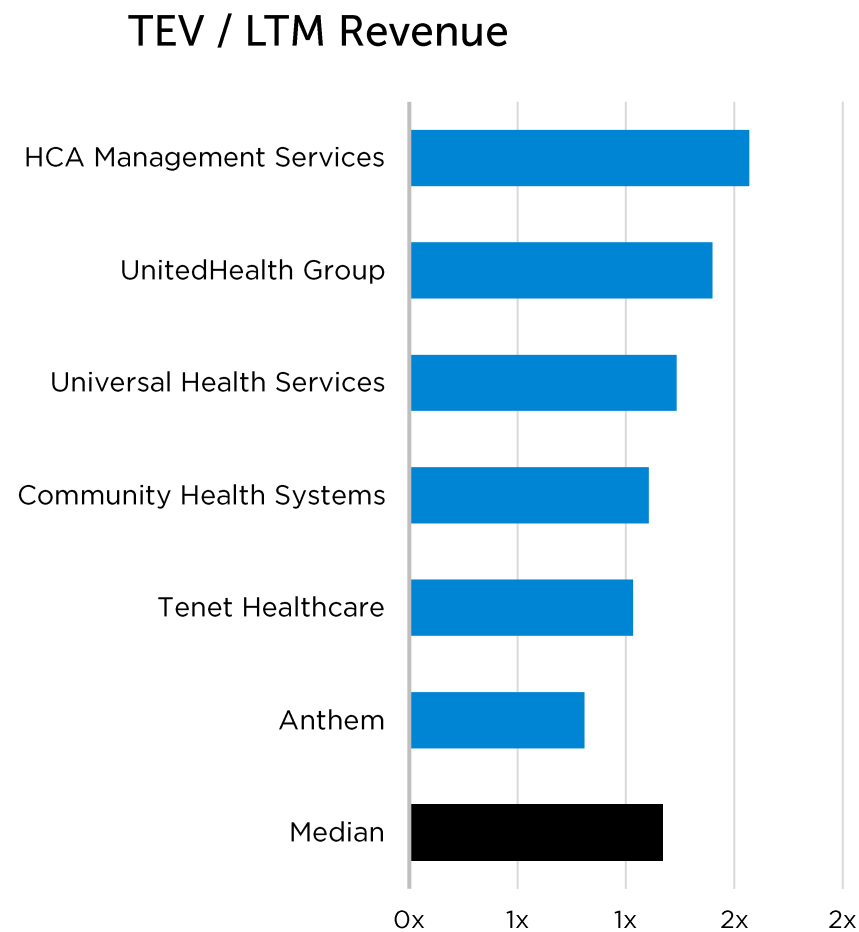
## Accounts Receivable Turnover



## Average Days Sales Outstanding

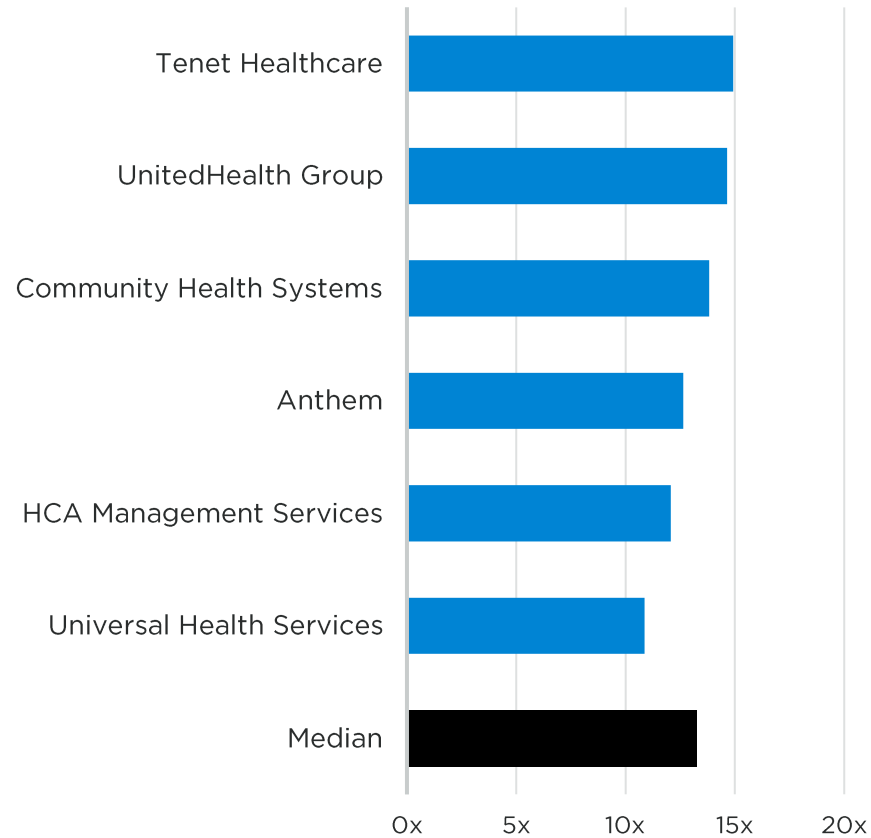


# Valuation

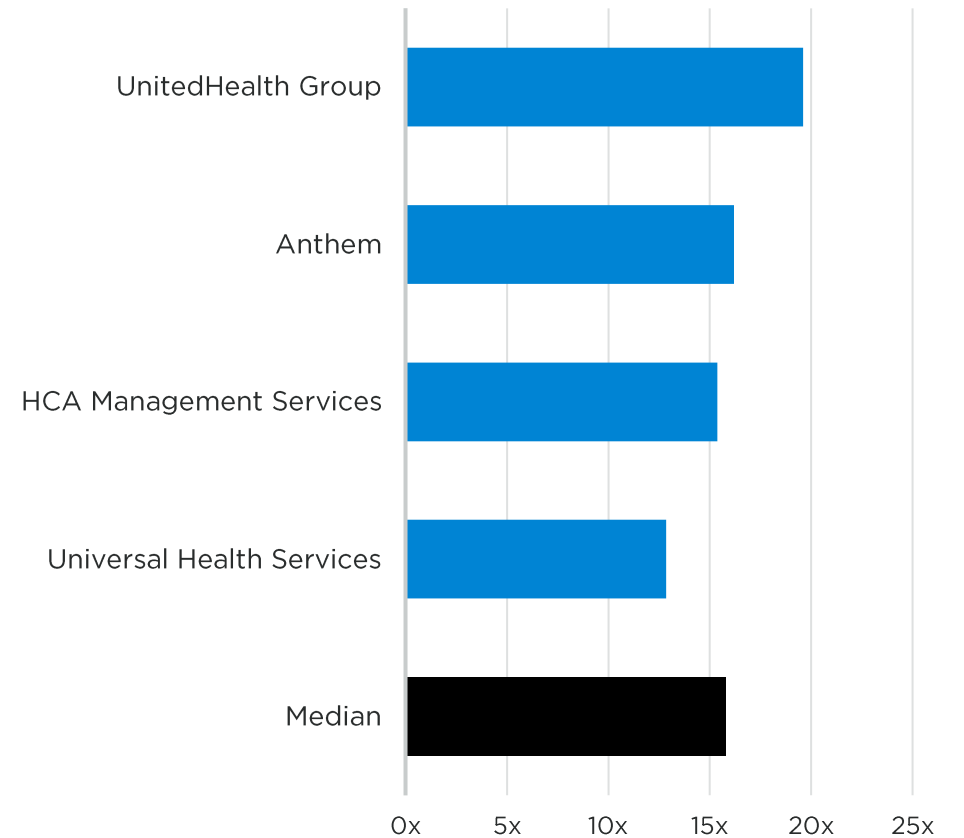


# Valuation

TEV / LTM EBIT

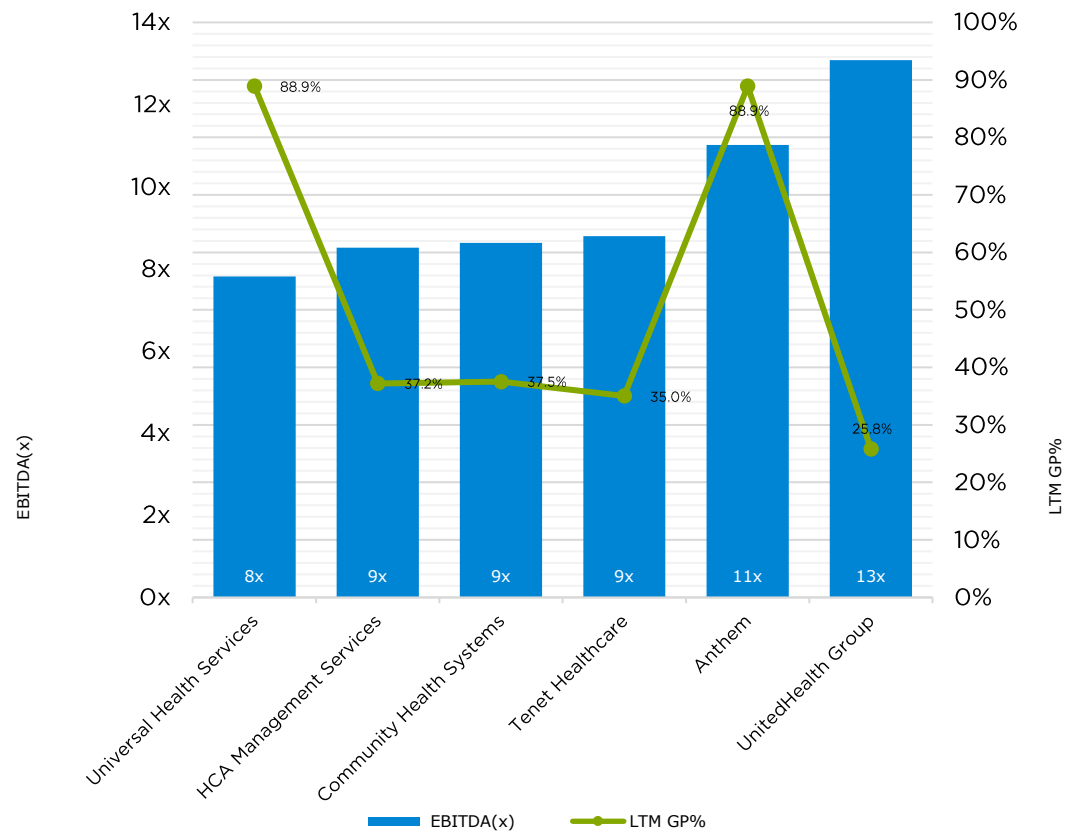


Price / LTM Earnings

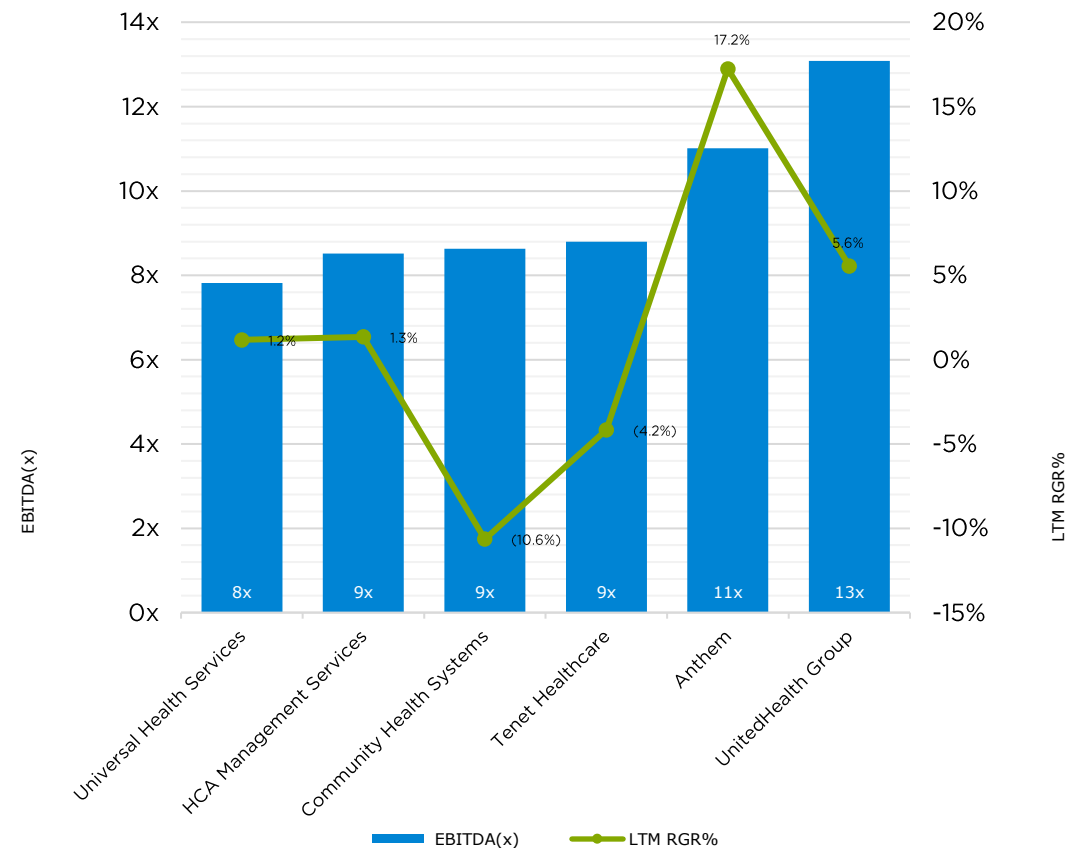


# Valuation

## Historical Valuation Multiples versus Gross Profit



## Historical Valuation Multiples versus Revenue Growth Rate



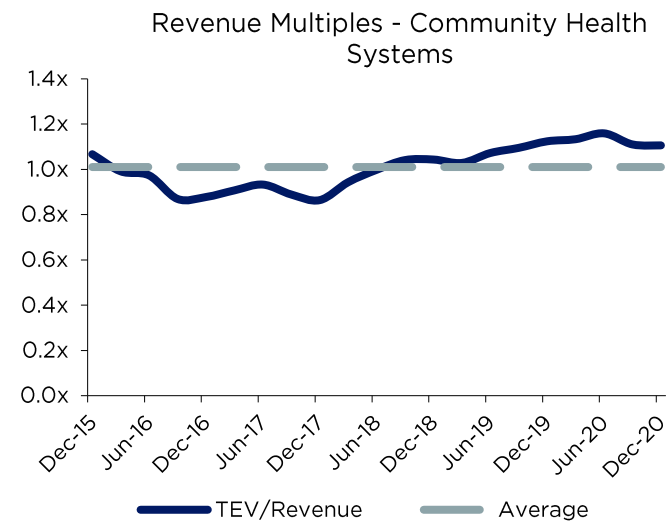
# Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue (TTM at time of deal)	TEV / Revenue	TEV / EBITDA
18-Nov-20	MBMG Medical Centers	Sun Capital Partners	500.00	-	-	-
17-Nov-20	Best Value Healthcare	Arsenal Capital Partners	-	-	-	-
10-Nov-20	Doctors Making Housecalls	Enhanced Healthcare Partners	-	-	-	-
12-Oct-20	Healthstat	Alta Partners	-	-	-	-
07-Oct-20	Maverick County Medical	CB2 Insights	0.98	-	-	-
30-Sep-20	Tennova Healthcare-Harton	Vanderbilt University Medical Center	-	-	-	-
09-Sep-20	Circle Medical	WELL Health Technologies	14.30	-	-	-
07-Sep-20	Adamsville Family Medicine	Complete Health	-	-	-	-
03-Sep-20	MainStreet Family Care	Trinity Hunt Partners	-	-	-	-
03-Sep-20	VirtualCare	MainStreet Family Care	-	-	-	-
01-Sep-20	CareHere	Ares Capital	-	-	-	-
01-Sep-20	Urgent Care Now	CityMD	-	-	-	-
01-Sep-20	Valor Healthcare	Trive Capital	-	-	-	-
29-Aug-20	Jet Medical Center	Concentra	-	-	-	-
05-Aug-20	South Surrey Medical	CloudMD Software & Services	0.52	-	-	-

# Appendix

*Public Basket  
Contact Information*





Company Name	Date	Deal Synopsis
Lake Area Medical Center	30-Jun-17	The company was acquired by Community Health Systems (NYS: CYH) for \$32 million on June 30, 2017.
Physicians' Specialty Hospital	01-Apr-16	The company was acquired by Community Health Systems (NYSE: CYH) for \$12 million on April 1, 2016. Community Health Systems also apid additional \$2 million in assumed liabilities. The addition of Physicians' Specialty Hospital in Fayetteville deepens Community Health Systems' network of facilities in northwest Arkansas, one of the fastest-growing markets in the U.S.

### Universal Health Services

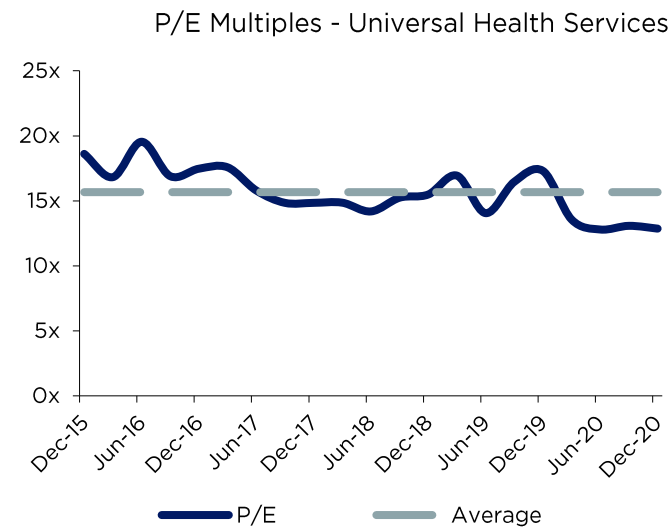
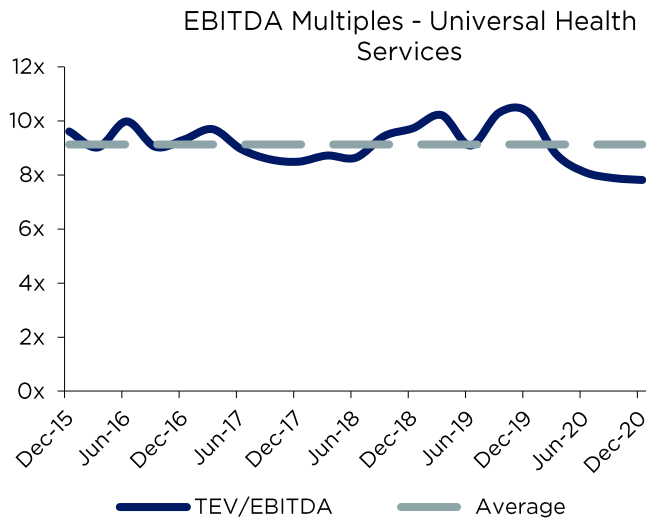
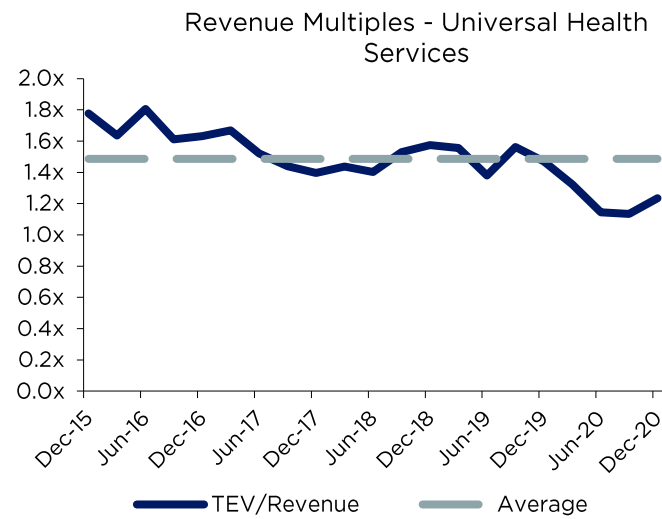
**Universal Health Services Inc owns and operates acute care hospitals, behavior health centers, surgical hospitals, ambulatory**

The firm operates in two key segments: Acute Care Hospital Services and Behavioral Health Services. The Acute Care Hospital Services segment includes the firm's acute care hospitals, surgical hospitals, and surgery and oncology centers. Each segment contributes roughly half of the firm's overall revenue. Universal Health Services receives a significant portion of its net patient revenue from Medicare and Medicaid. The largest proportion of the firm's net patient revenue is paid by managed care organizations.



# Public Basket

## Universal Health Services



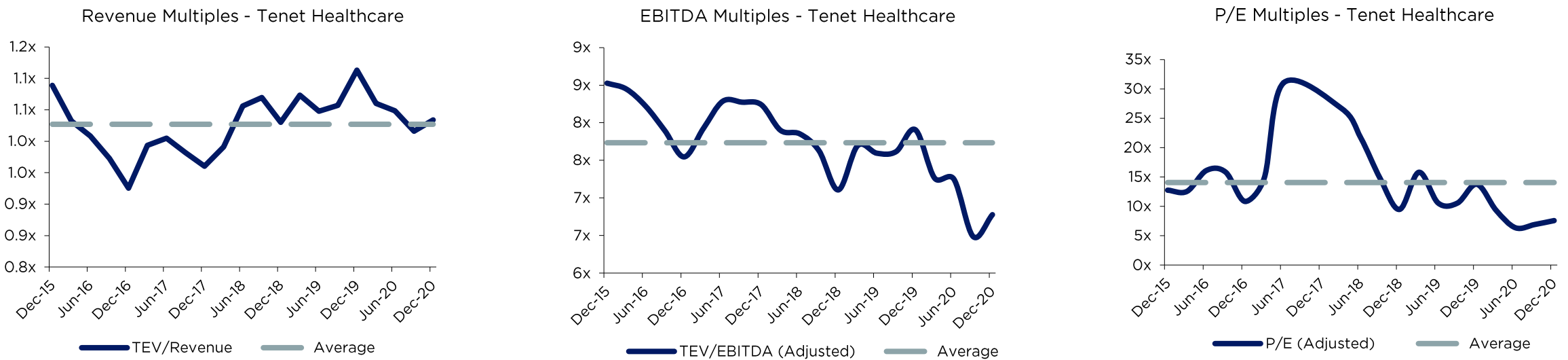
Company Name	Date	Deal Synopsis
Universal Health Services / Bayada Home Health Care (Joint venture)	17-Jul-20	Bayada Home Health Care and Universal Health Services Inc. (NYSE: UHS) have entered into an agreement to form a joint venture as of July 17, 2020. The goal of the joint venture is to meet the increased future demand for in-home care across both organizations' markets, helping more people recover at home after recent illnesses, injuries or hospitalizations.
Vera Whole Health	29-May-19	The company received an undisclosed amount of financing from Universal Health Services on May 29, 2019.

## Tenet Healthcare

Tenet Healthcare is a Dallas-based healthcare provider organization operating a collection of hospitals (65) and many outpatient facilities, including ambulatory surgery centers, urgent care centers, freestanding imaging centers, freestanding emergency rooms/micro-hospitals, and physician practices across the United States.

# Public Basket

## Tenet Healthcare



Company Name	Date	Deal Synopsis
United Surgical Partners International	3/23/20	Welsh, Carson and Anderson & Stowe sold a 15% stake in the company to Tenet Healthcare for \$630 million on April 26, 2018.
Four Hospitals (North Texas)	1/6/20	The company was formed as a joint venture between Baylor Scott & White Health and Tenet Healthcare Corporation (NYSE:THC) on January 04, 2016.

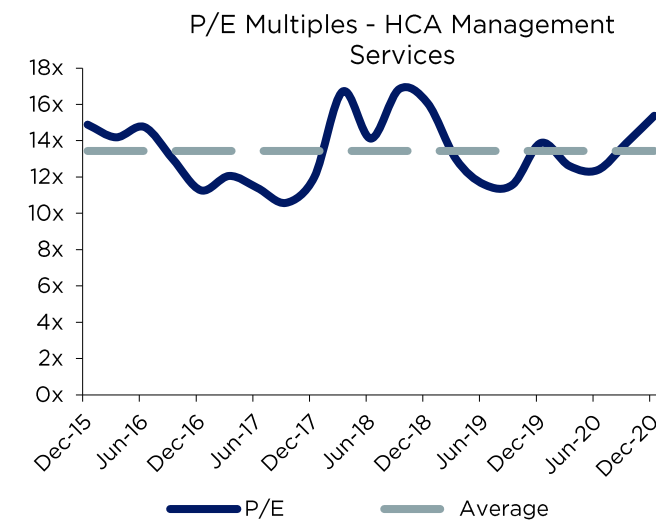
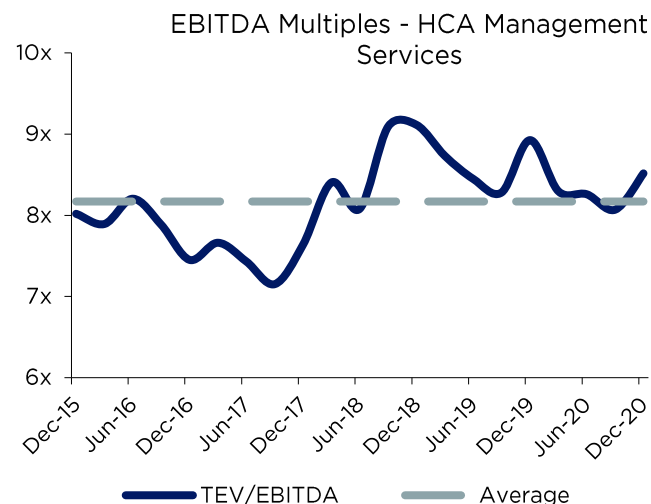
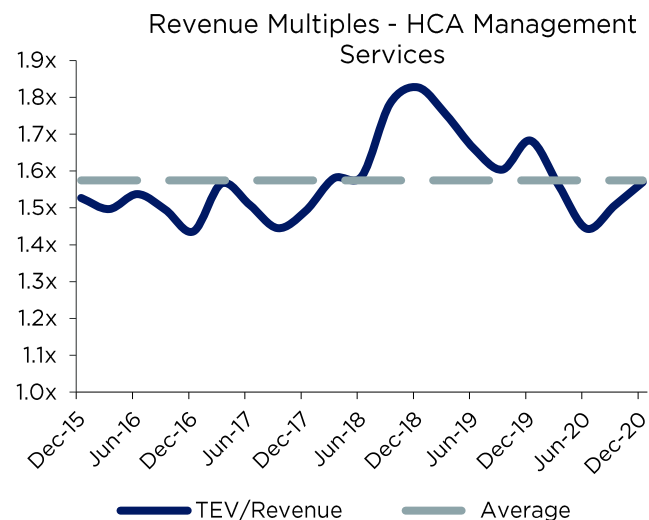
### HCA Management Services

**HCA Healthcare is a Nashville-based healthcare provider organization operating the largest collection of acute-care hospitals in the U.S.**

The firm owns and operates 184 hospitals, 123 outpatient surgery centers, and a broad network of physician offices, urgent care clinics, and freestanding emergency rooms across 20 states and a small foothold in England.

# Public Basket

## HCA Management Services



Company Name	Date	Deal Synopsis
Shands Live Oak Regional Medical Center	01-May-20	The business unit of Community Health Systems (NYSE: CYH) was acquired by HCA Management Services (NYS: HCA) for an undisclosed amount on May 1, 2020.
Valify	10-Jan-20	The company was acquired by HCA Management Services (NYS: HCA) for an undisclosed amount on January 10, 2020.

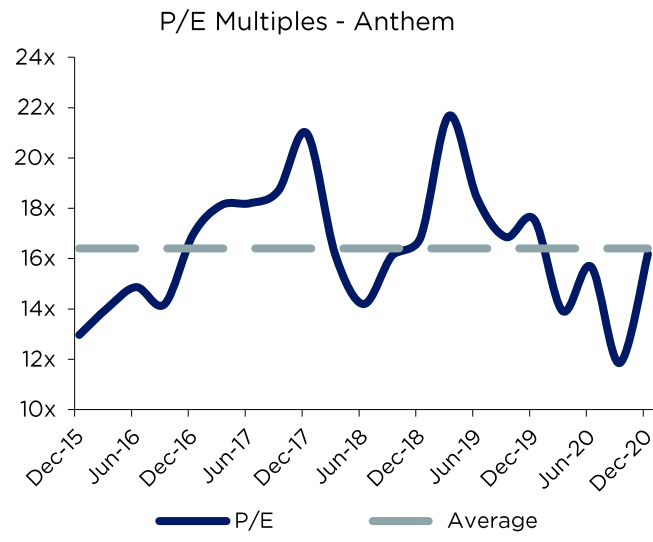
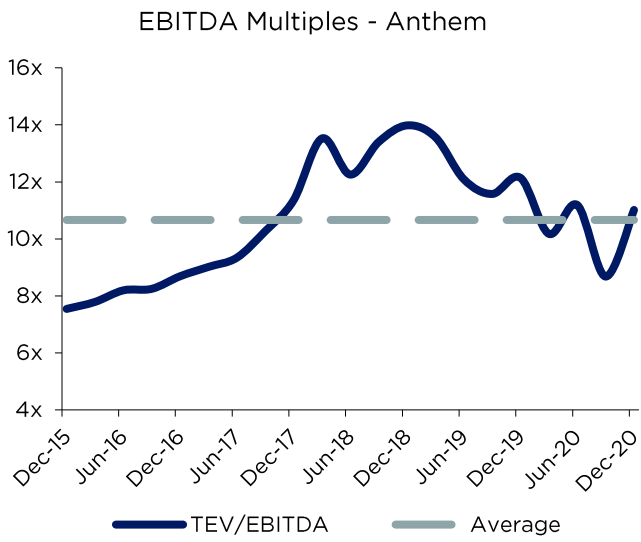
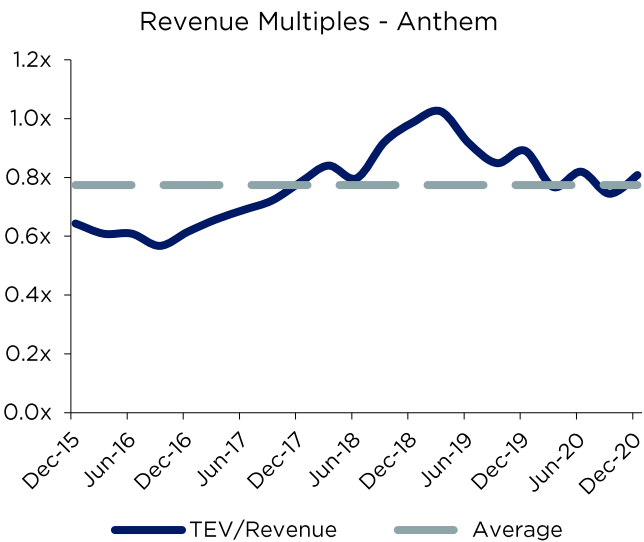
## Anthem

**Anthem is one of the largest private health insurance organizations nationwide, providing medical benefits to roughly 42 million medical members.**

The company offers employer, individual, and government-sponsored coverage plans. Anthem differs from its peers in its unique position as the largest single provider of Blue Cross Blue Shield branded coverage, operating as the licensee for the Blue Cross Blue Shield Association in 14 states. Through acquisitions, such as the Amerigroup deal in 2012, Anthem's reach expands beyond those states through government-sponsored programs such as Medicaid.

# Public Basket

Anthem



Company Name	Date	Deal Synopsis
AmeriBen	29-Apr-20	The company was acquired by Anthem (NYS: ANTM) on an undisclosed date.
Beacon Health Options	28-Feb-20	The company was acquired by Anthem (NYS: ANTM) for an undisclosed amount on February 28, 2020. The acquisition enables Anthem to offer critical behavioral health services to more people across the country.

## UnitedHealth Group

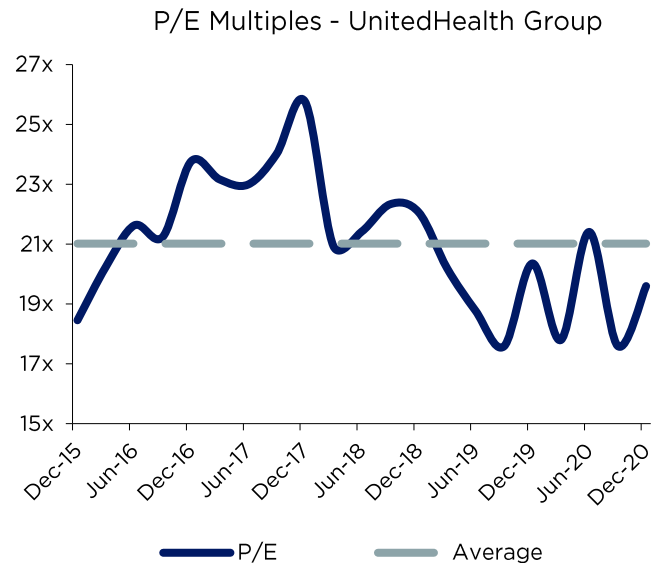
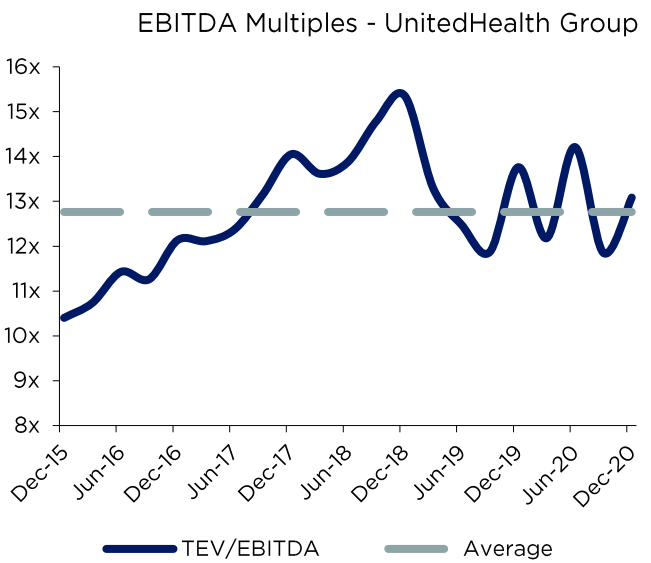
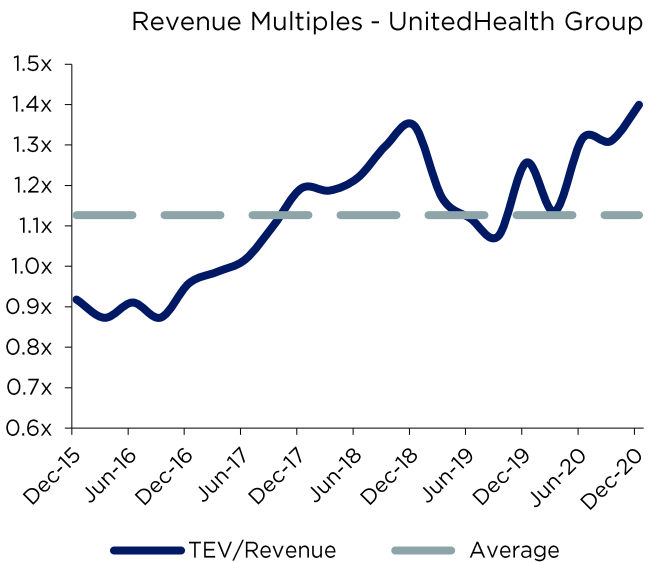
UnitedHealth Group is the largest private health insurance provider in the United States, offering medical benefits to nearly 50 million members across its U.S.

and international businesses. As the leader in employer-sponsored, self-directed, and government-backed insurance plans, UnitedHealth has obtained unrivaled scale compared with its peers in managed care. Along with its insurance assets, UnitedHealth's continued investment behind its Optum franchises has created a healthcare services colossus that spans everything from medical and pharmaceutical benefits to providing outpatient care and analytics to both affiliated and third-party customers.



# Public Basket

## UnitedHealth Group



Company Name	Date	Deal Synopsis
Equian	13-Sep-19	The company was acquired by UnitedHealth Group (NYS: UNH) for approximately \$3.2 billion on September 13, 2019.
USHEALTH Group	30-Aug-19	The company was acquired by UnitedHealth Group (NYS: UNH) for an undisclosed amount on August 30, 2019.

# Contact Info

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