

7 Mile Advisors



Sectorwatch:

Healthcare - Primary Care

Q1 2021

The logo for 7MA, featuring a large white '7' followed by the letters 'MA' in a bold, sans-serif font. The background of the slide is a blue-tinted photograph of an office interior with people working at desks with laptops.

7MA

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

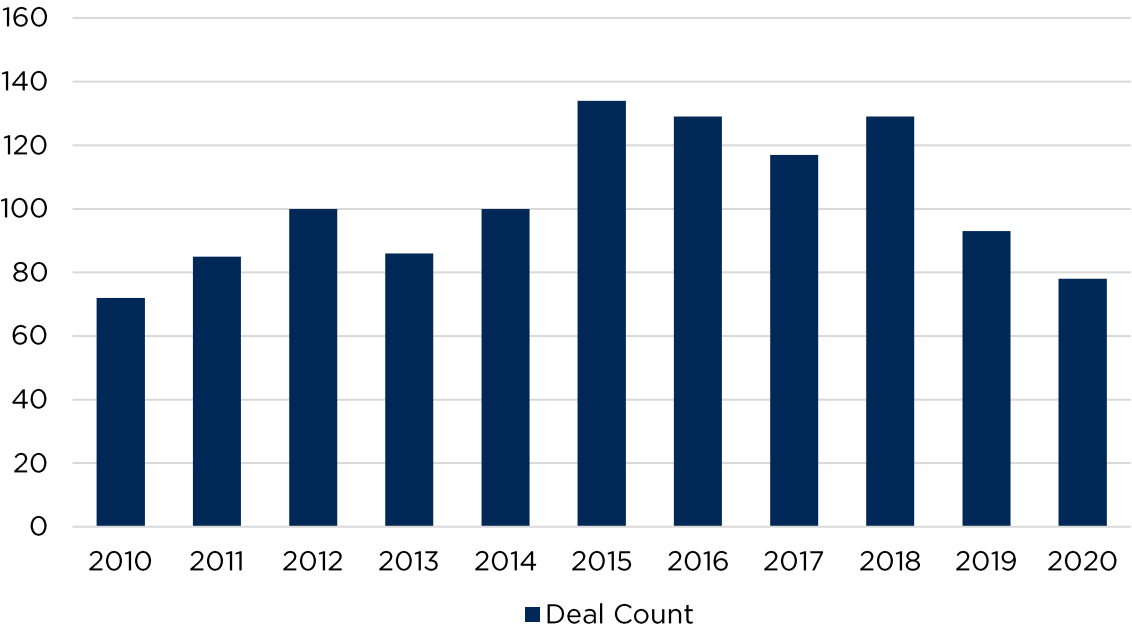
- The most recently announced deals in the sector

Dashboard

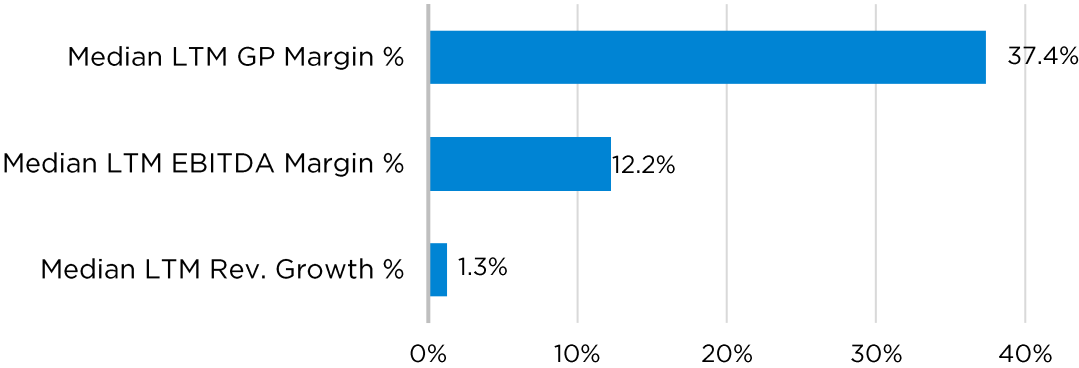
REVENUE GROWTH MOMENTUM ↓ -3.5%

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

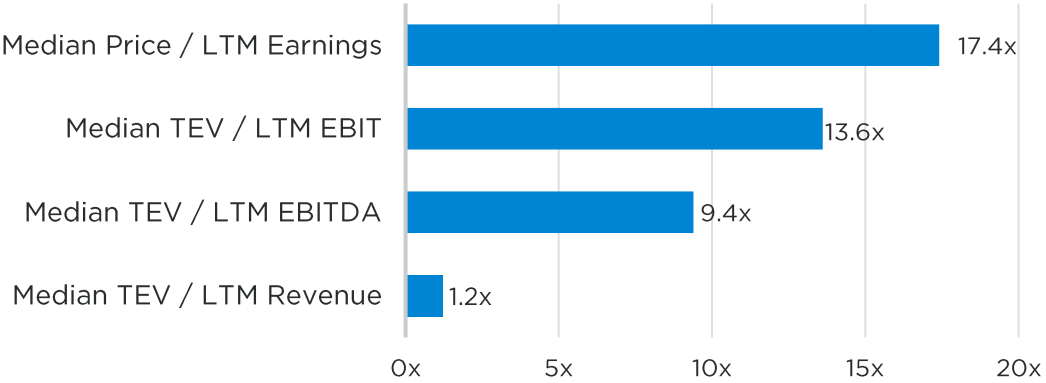
M&A Activity



Operating Metrics



Valuation

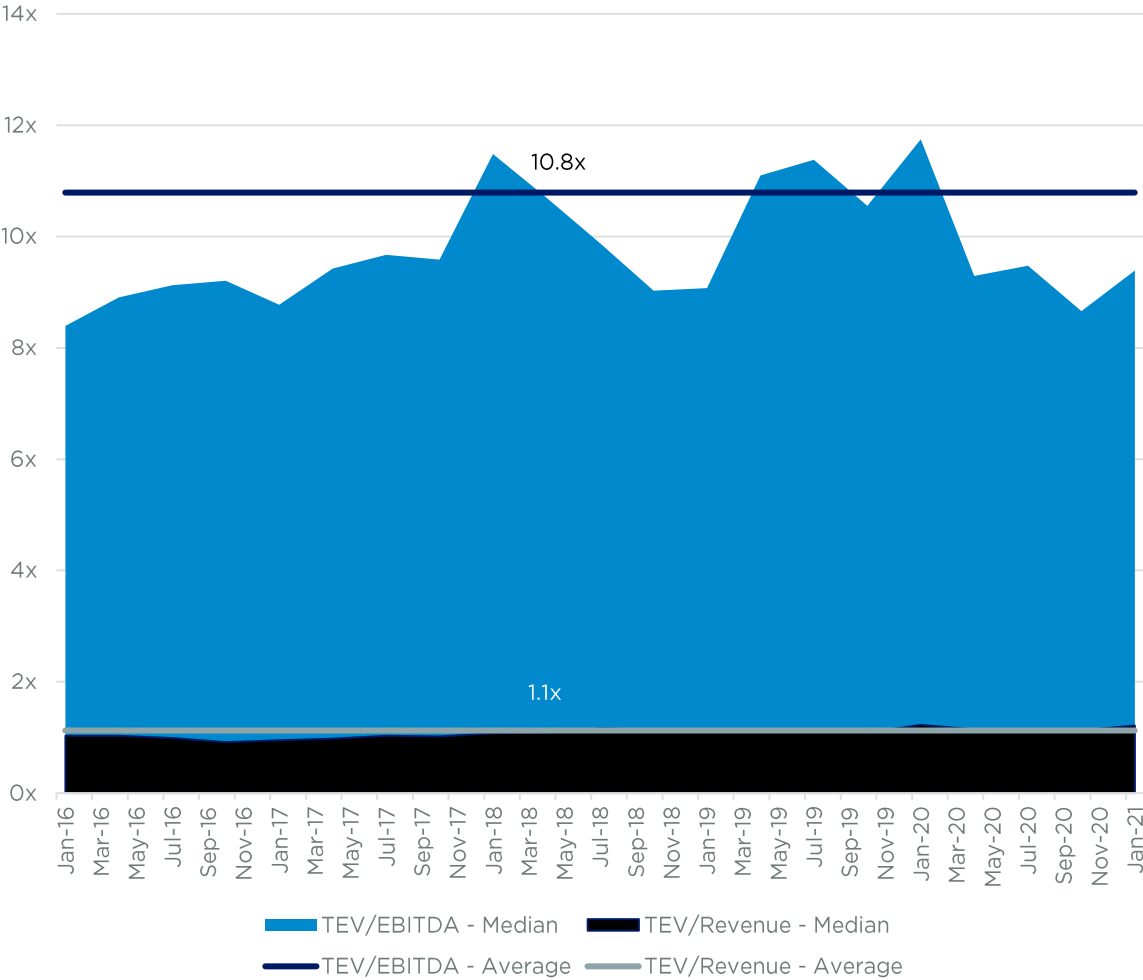


Public Basket

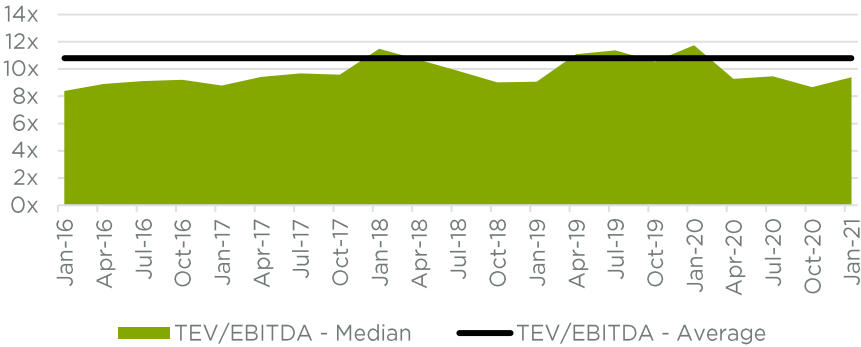
Company	TEV \$m	LTM EBITDA \$m	LTM Rev \$m	Rev Growth YoY	GP %	EBITDA %	TEV / Rev X	TEV / EBITDA X	# FTEs	Rev / FTE \$k
Community Health Systems	13,213	1,532	11,955	-10.6%	37.5%	12.8%	1.1x	8.6x	80,000	149
Universal Health Services	14,910	1,795	11,368	1.2%	88.9%	15.8%	1.3x	8.3x	90,400	126
Tenet Healthcare	19,645	2,031	17,531	-4.2%	35.0%	11.6%	1.1x	9.5x	113,600	154
HCA Management Services	86,579	9,357	50,763	1.3%	37.2%	18.4%	1.7x	9.3x	280,000	181
Anthem	100,692	8,618	117,450	17.2%	N/A	7.3%	0.9x	11.7x	70,600	1,664
UnitedHealth Group	372,497	26,860	251,085	5.6%	25.8%	10.7%	1.5x	13.9x	325,000	773
Average	101,256	8,366	76,692	1.8%	44.9%	12.8%	1.3x	10.2x	159,933	508
Median	53,112	5,325	34,147	1.3%	37.2%	12.2%	1.2x	9.4x	102,000	168

share price as of 11Jan21

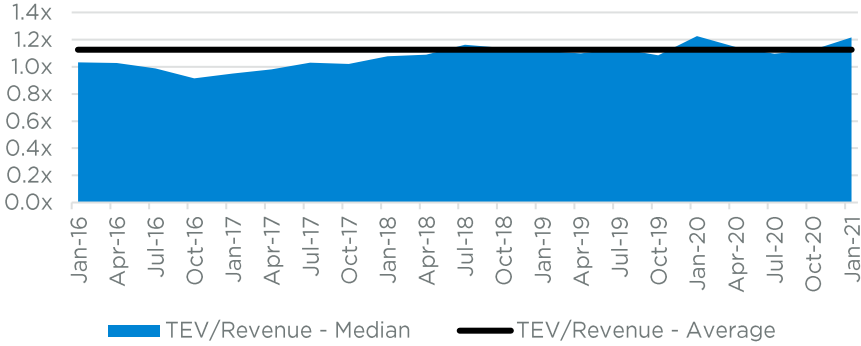
Public Basket



Public EBITDA Multiples over Time

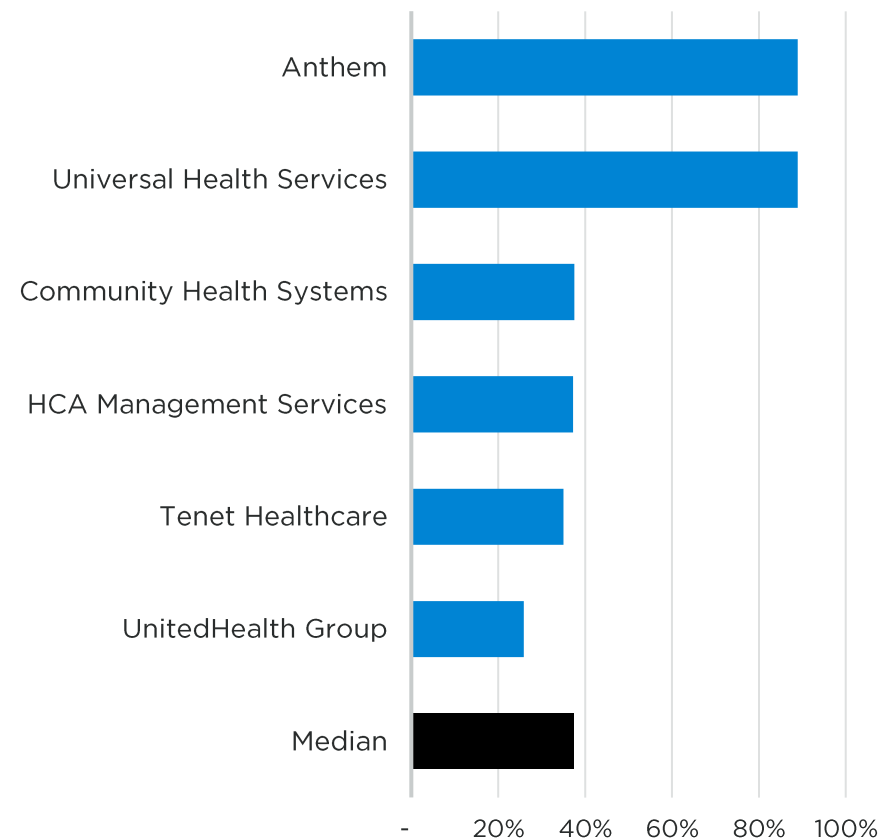


Public Revenue Multiples over Time

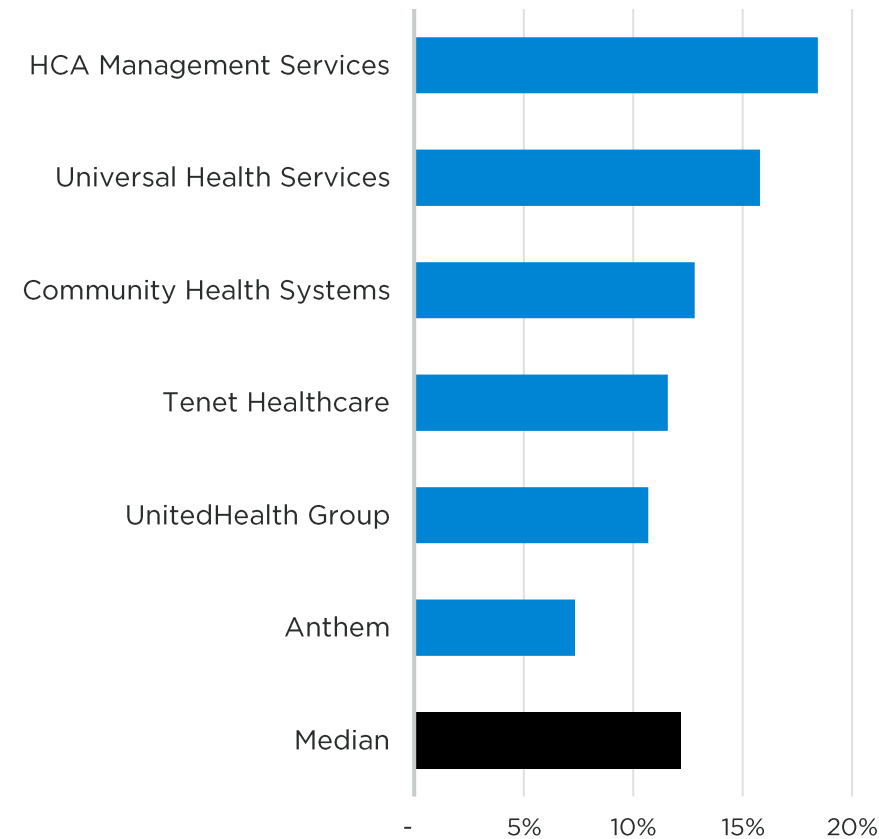


Operational Metrics

LTM Gross Profit Margin %

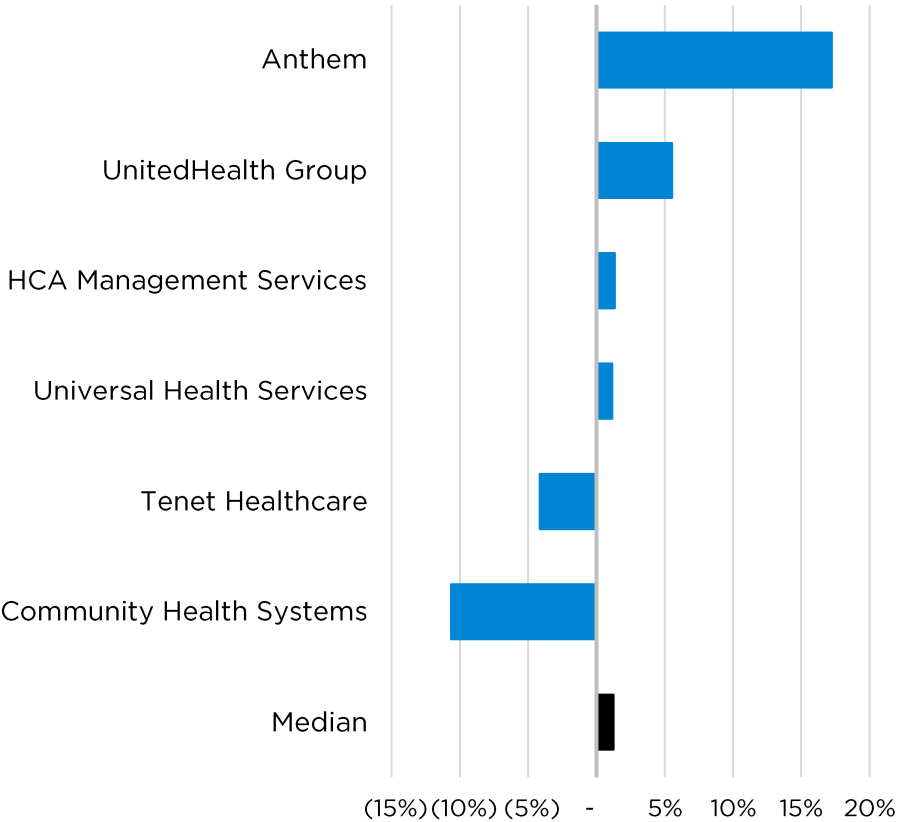


LTM EBITDA %

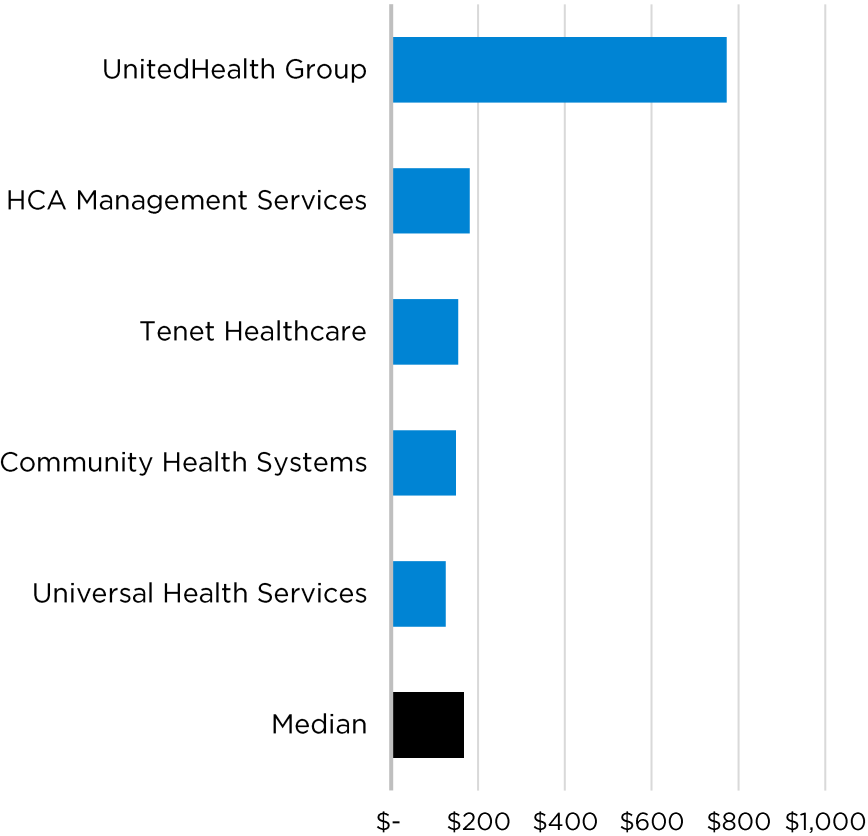


Operational Metrics

LTM Revenue Growth %

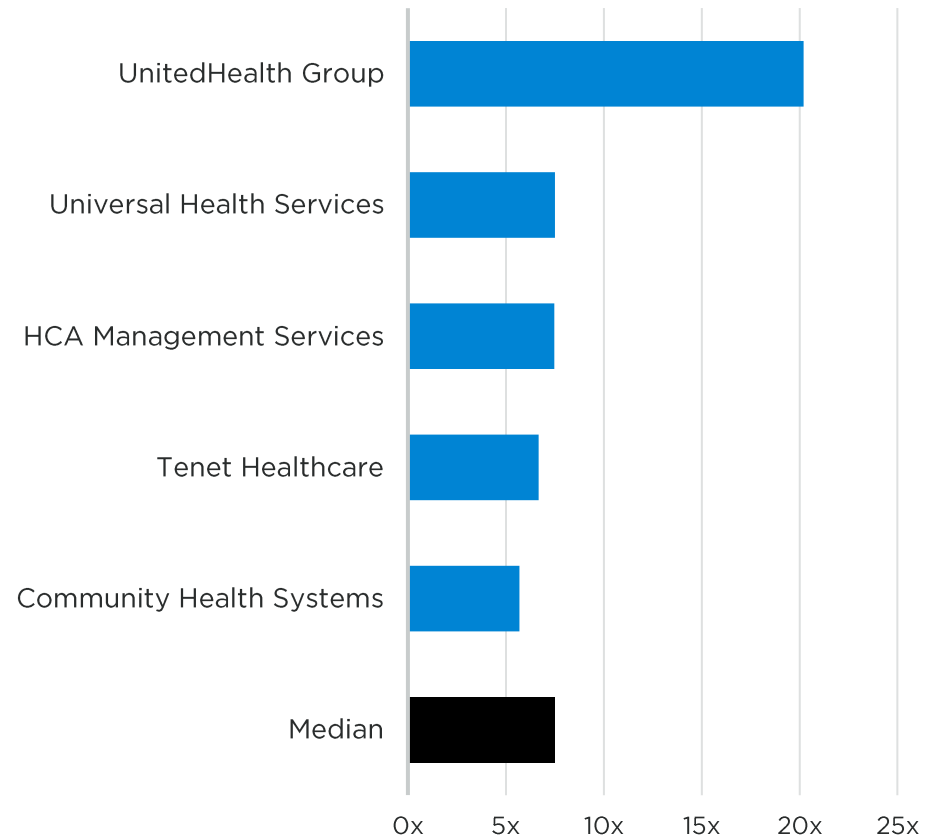


LTM Revenue per Full Time Employee x 000's

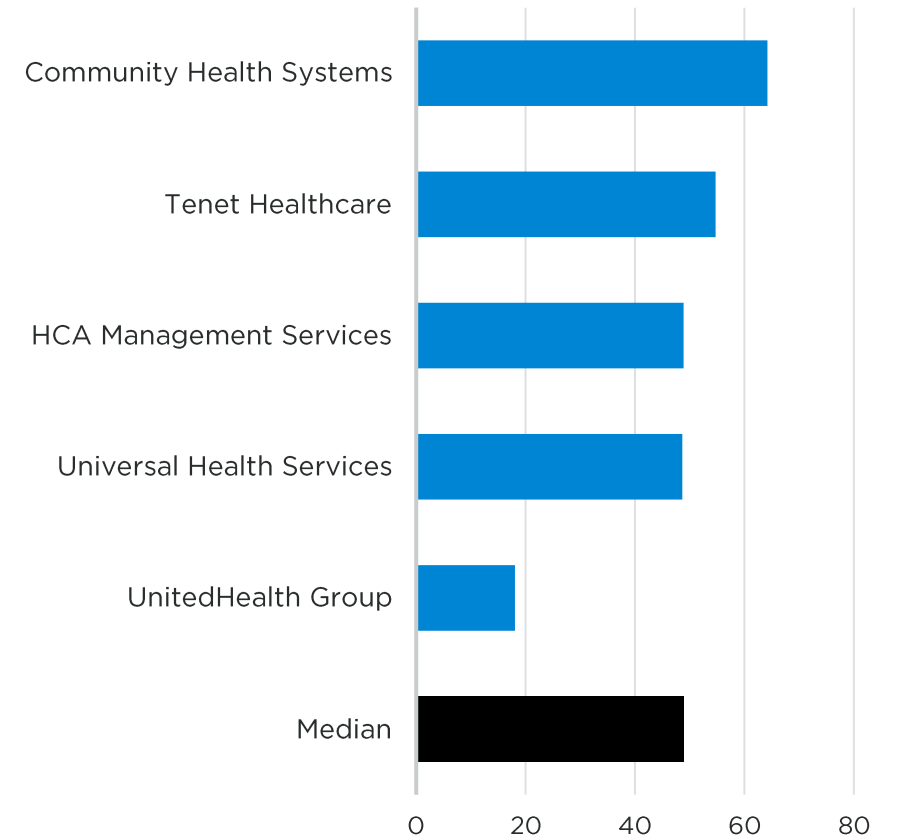


Operational Metrics

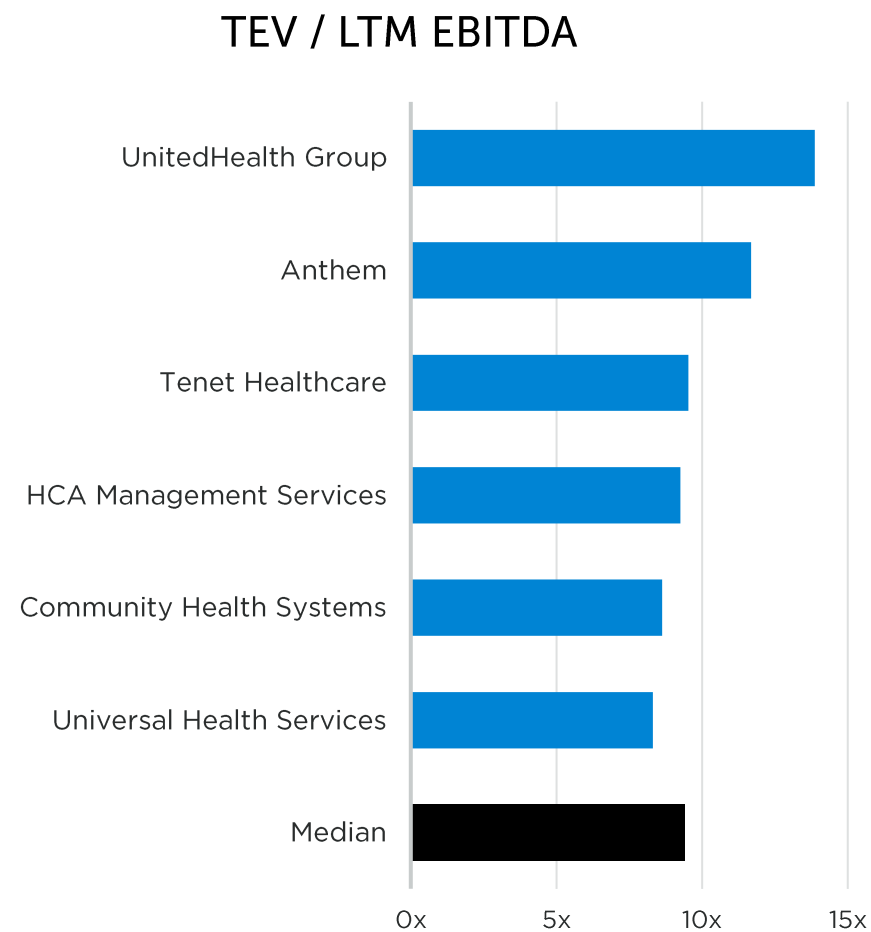
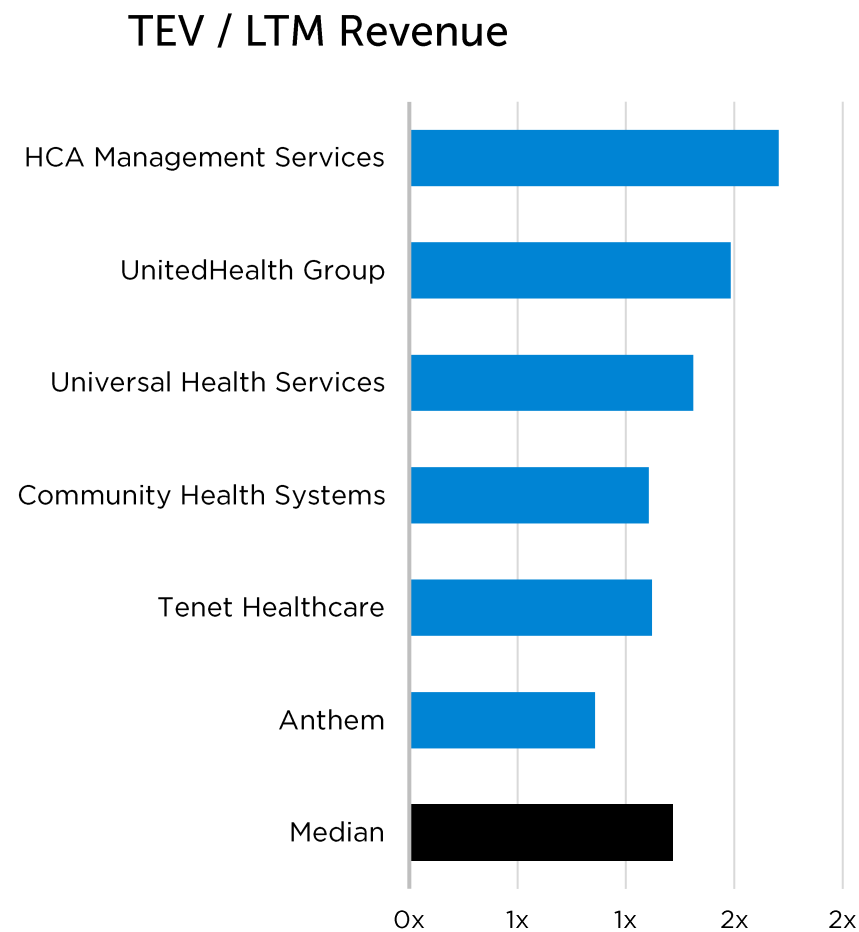
Accounts Receivable Turnover



Average Days Sales Outstanding

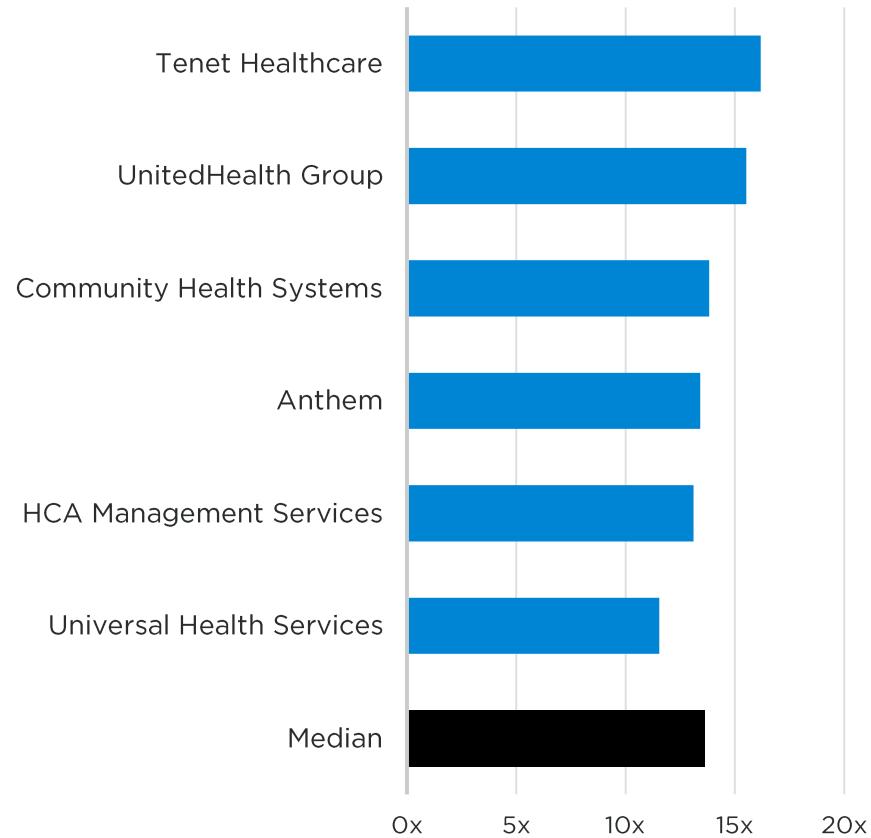


Valuation

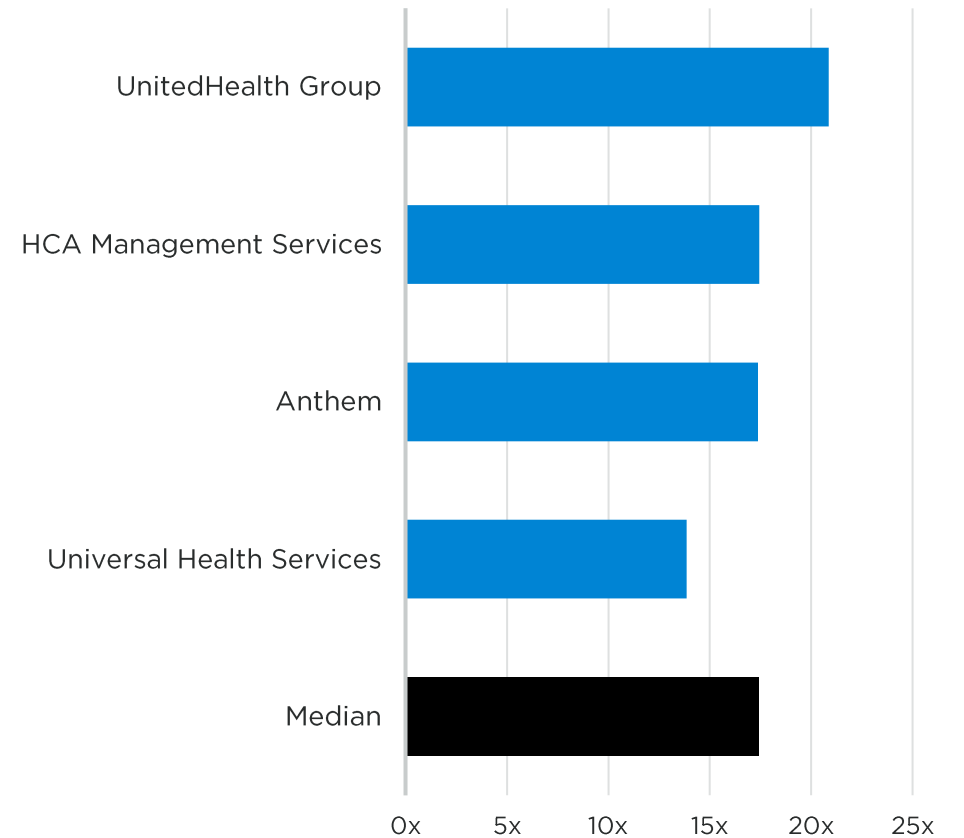


Valuation

TEV / LTM EBIT

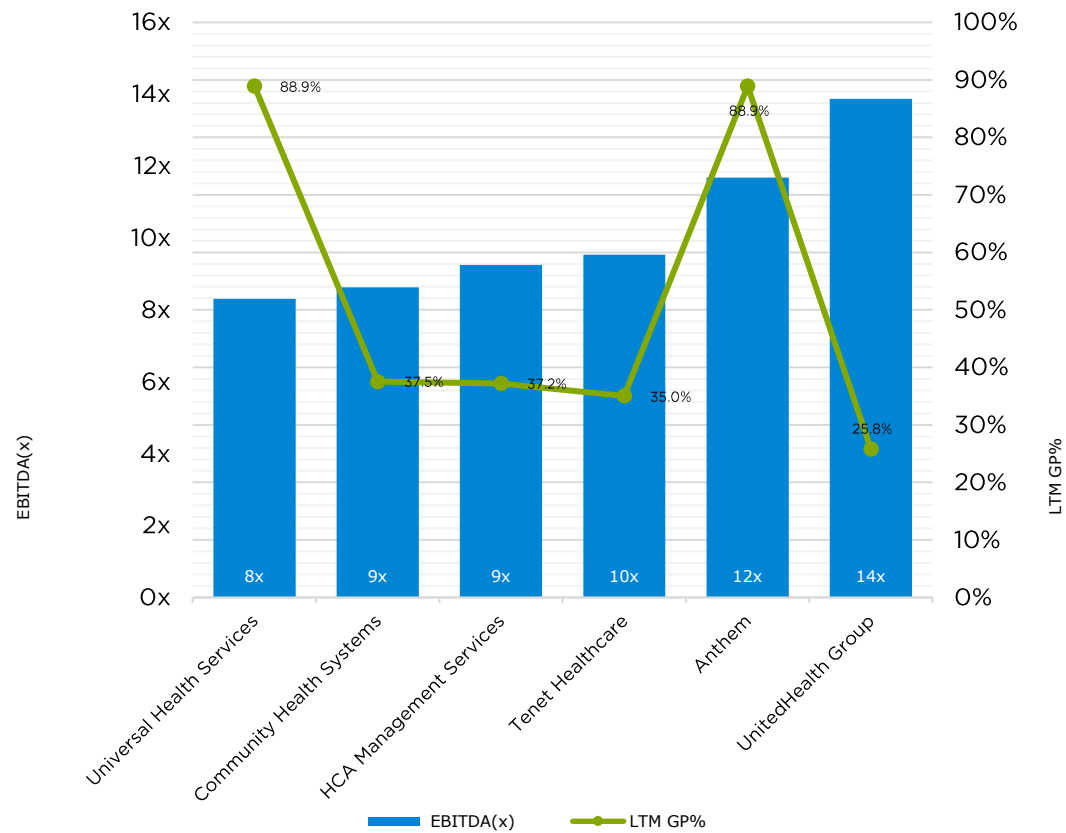


Price / LTM Earnings

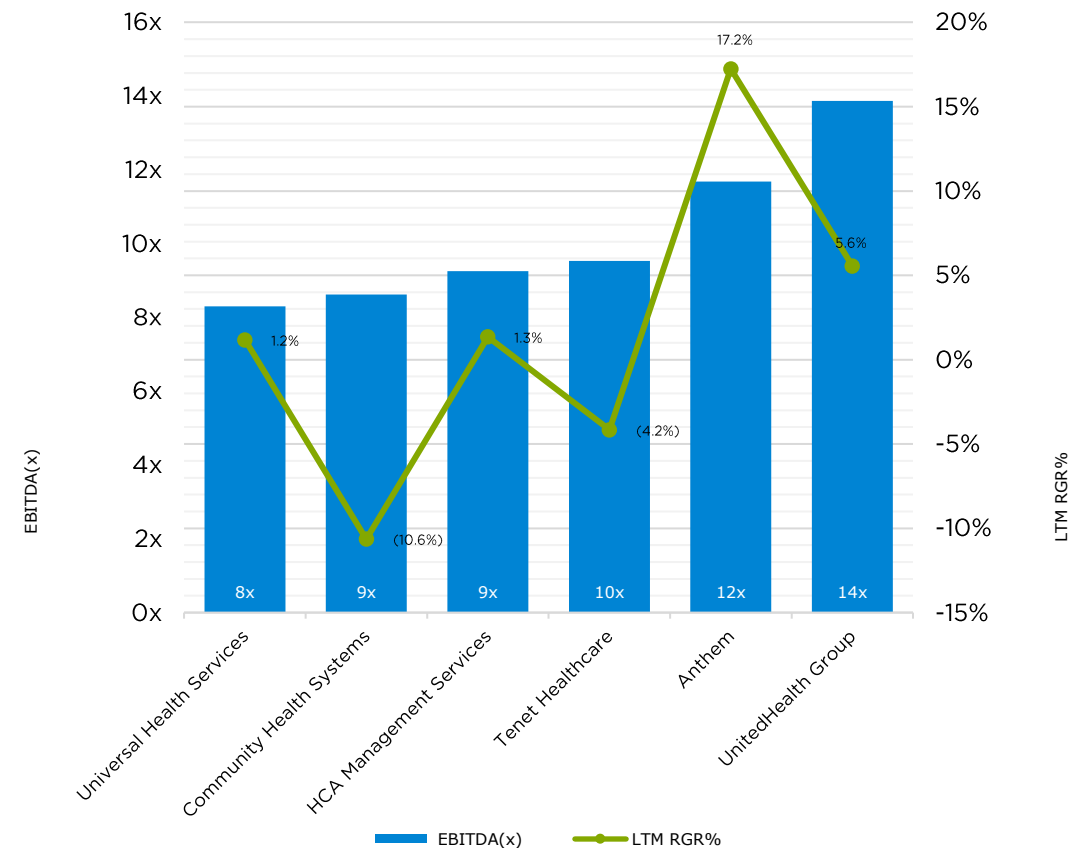


Valuation

Historical Valuation Multiples versus Gross Profit



Historical Valuation Multiples versus Revenue Growth Rate



Recent Transactions

Date	Target	Buyer	Total Transaction Amount	Target Revenue	TEV / Revenue	TEV / EBITDA
05-Jan-21	Apex Family Medical	CB2 Insights	1.80	-	-	-
31-Dec-20	Three Village Family Medicine	New York Health	-	-	-	-
30-Dec-20	Perimeter Pain and Primary Care Clinic	CB2 Insights	0.80	-	-	-
22-Dec-20	Bayless Integrated Healthcare	Magellan Health	-	-	-	-
08-Dec-20	ExcelleMD	WELL Health Technologies	-	-	-	-
18-Nov-20	MBMG Medical Centers	Sun Capital Partners	500.00	-	-	-
17-Nov-20	Best Value Healthcare	Arsenal Capital Partners	-	-	-	-
12-Nov-20	Cano Health	Jaws Acquisition Corp	4,400.00	1,450.00	3.0x	-
10-Nov-20	Healthstat	Alta Partners	-	-	-	-
07-Oct-20	Maverick County Medical	CB2 Insights	0.98	-	-	-
30-Sep-20	Tennova Healthcare-Shelbyville	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	-	-	-	-

Appendix

*Public Basket
Contact Information*



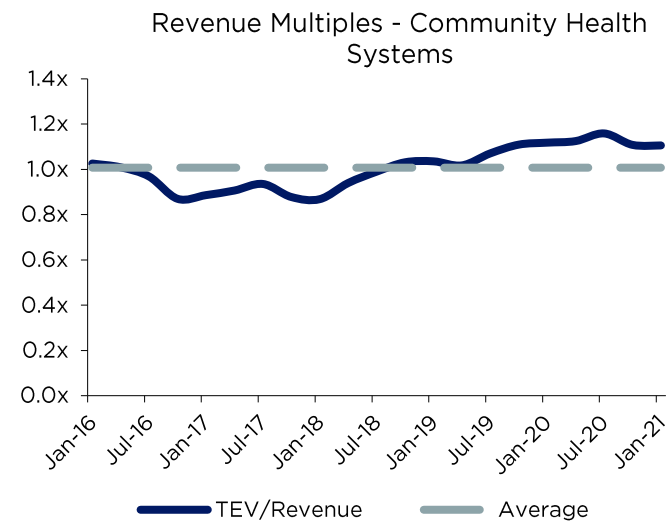
Public Basket

Community Health Systems

Community Health Systems

Community Health Systems is the largest publicly owned hospital operator in the United States.

The company owns or leases over 100 general acute-care hospitals located in nonurban and urban markets. The company also owns four home health agencies and provides management and consulting services to independent hospitals. The firm derives revenue through a broad range of general and specialized hospital healthcare services and outpatient services.



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.

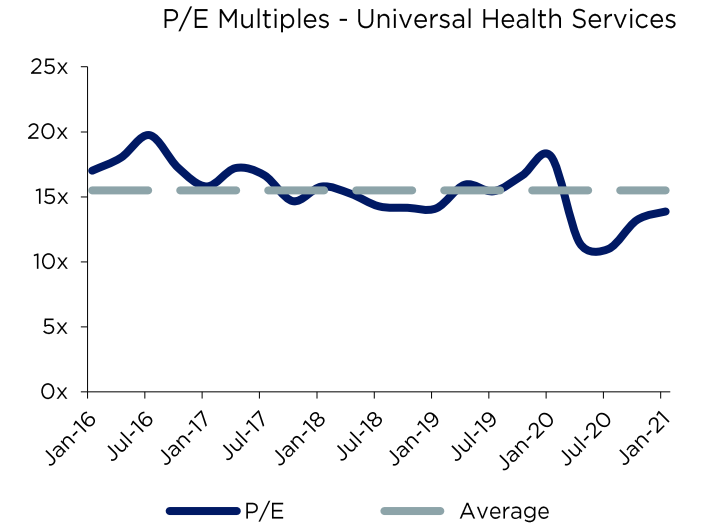
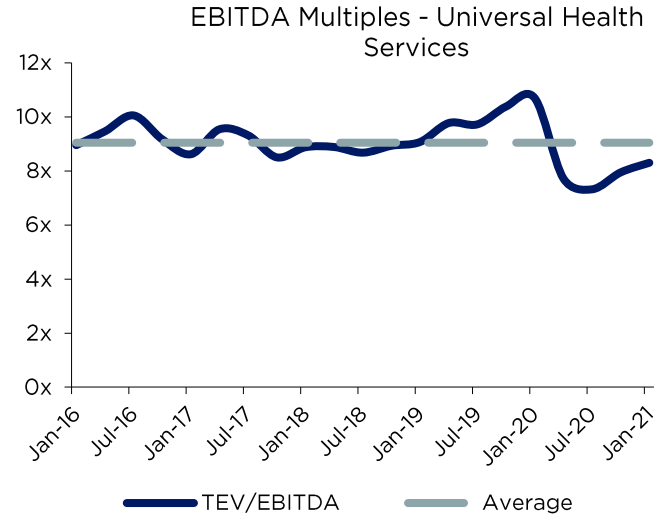
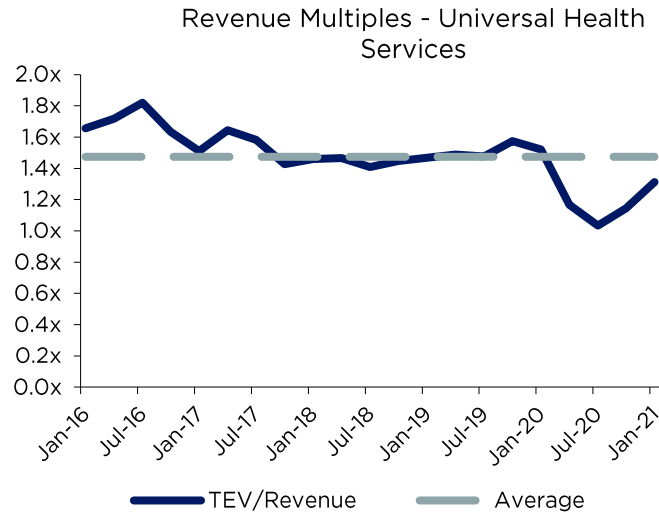
Universal Health Services

Universal Health Services Inc owns and operates acute care hospitals, behavior health centers, surgical hospitals, ambulatory surgery centers, and radiation oncology centers.

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



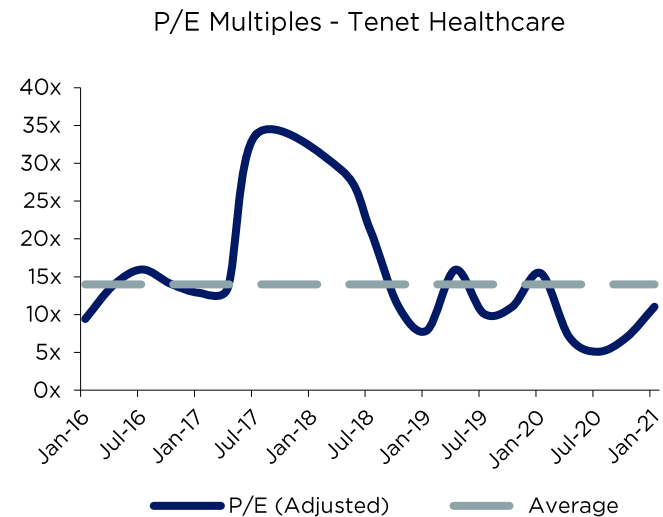
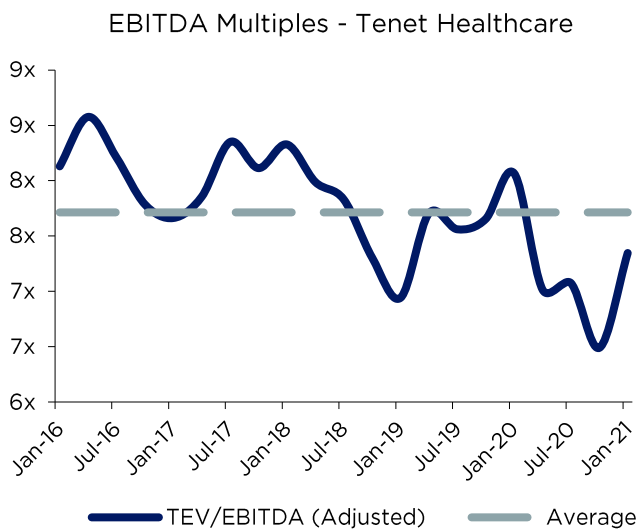
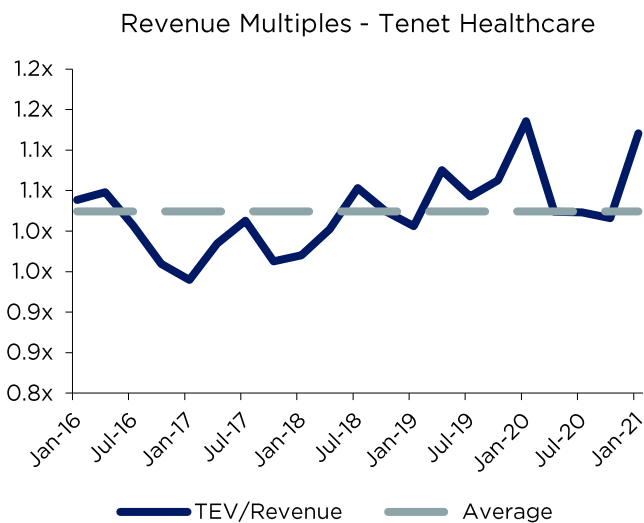
Company Name	Date	Deal Synopsis
Universal Health Services / Bayada Home Health Care (Joint venture)	17-Jul-20	Bayada Home Health Care and Universal Health Services Inc. (NYSE: UHS) have entered into an agreement to form a joint venture as of July 17, 2020. The goal of the joint venture is to meet the 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.

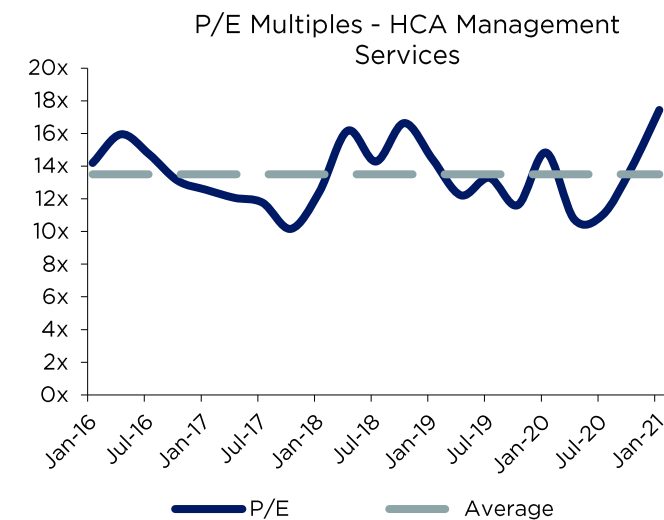
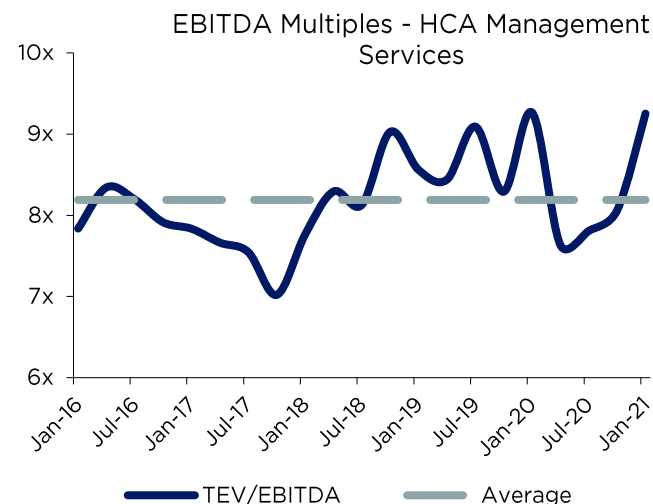
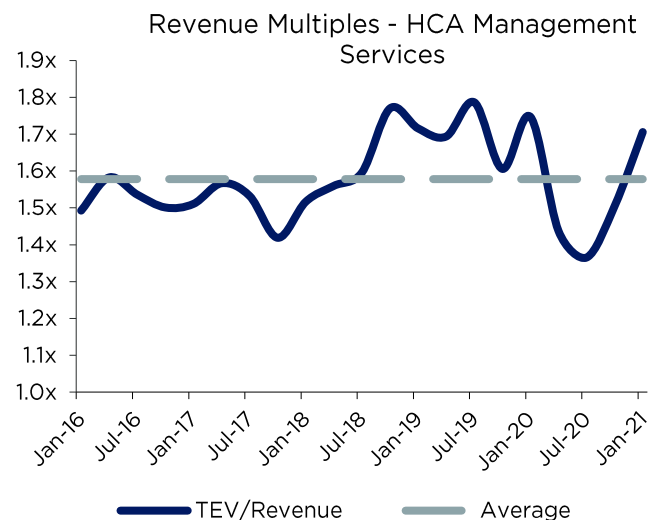
HCA Management Services

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.

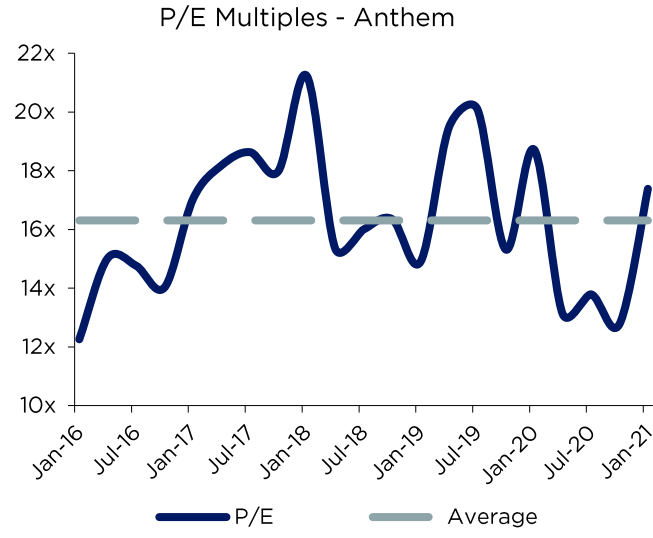
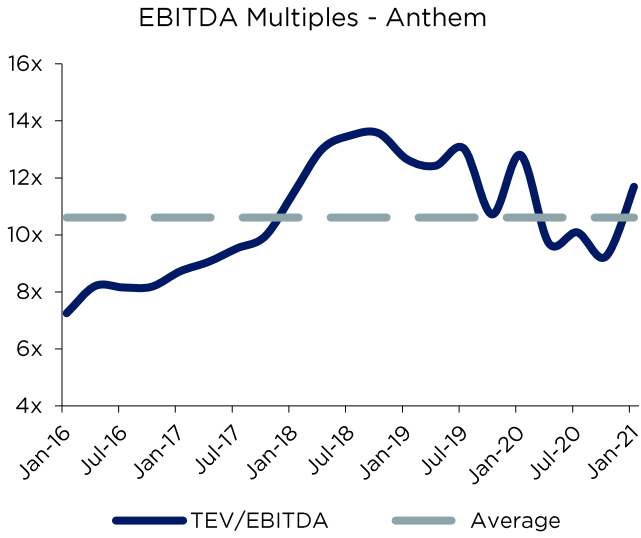
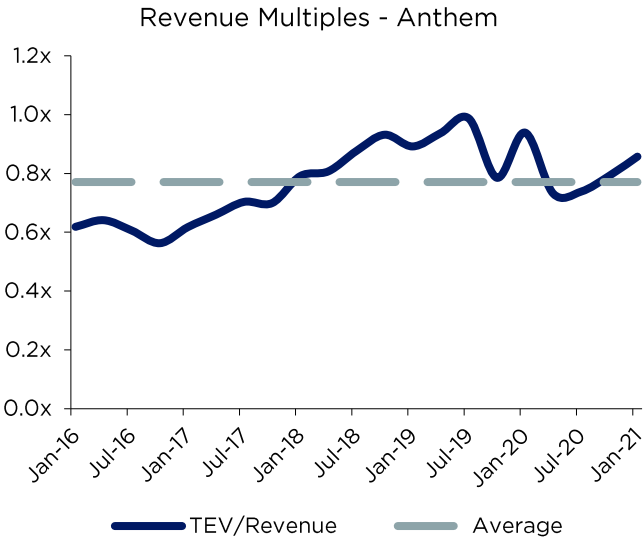
Anthem

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.

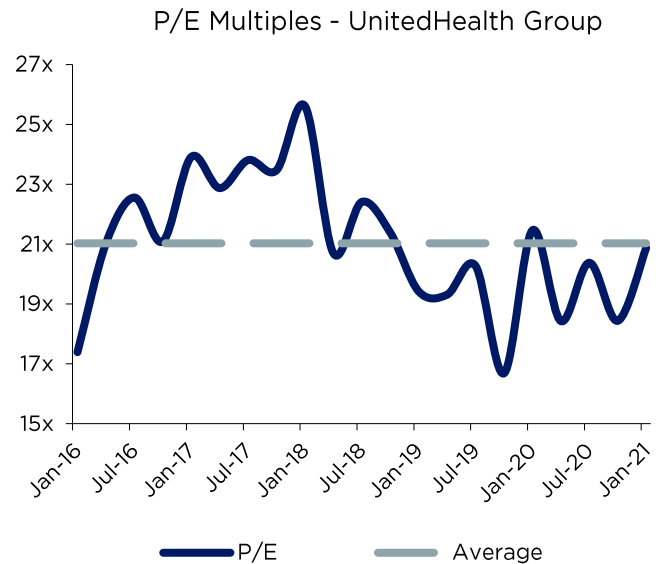
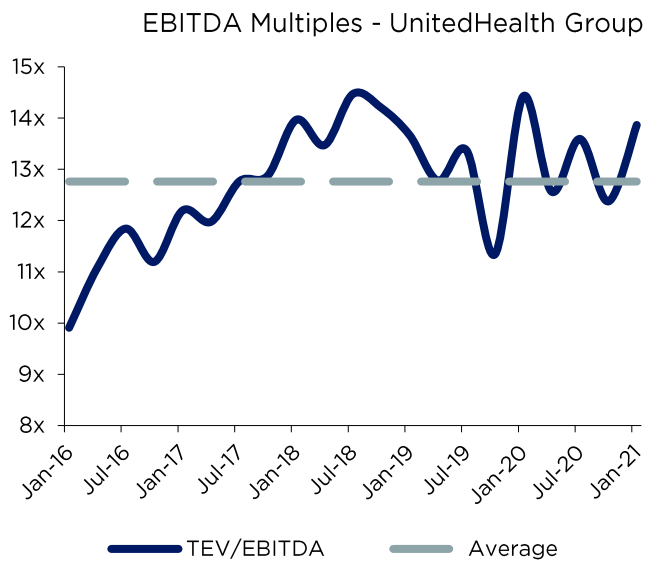
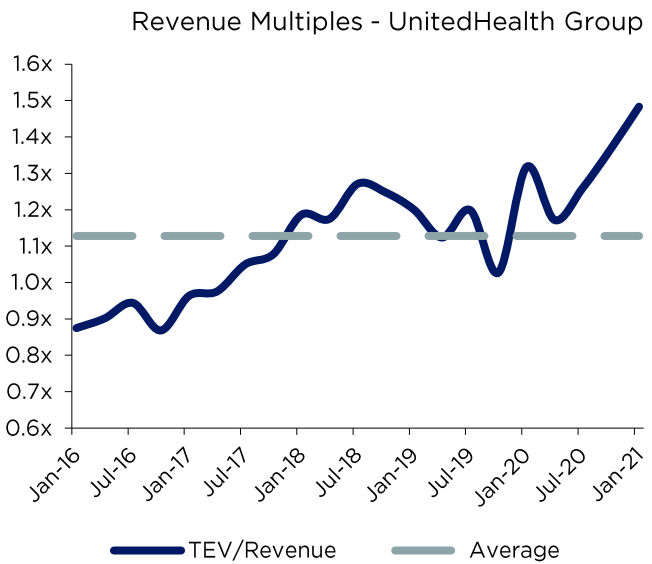
UnitedHealth Group

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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