

VALUE FOCUS

Healthcare Facilities



Year-End 2015

Overview	1
Sub-Sector Focus:	
Acute Care Hospitals	1
Macroeconomic Trends	2
Industry Trends	4
Valuation Trends	6
Mergers & Acquisitions	9
Trends	9
Transactions Summary	10
Public Company Pricing	13
About Mercer Capital	19

Overview

While the broad healthcare sector outperformed the market over 2015, sub-sector performance varied. The current emphasis on admitting patients into lower acuity settings has benefited certain sub-sectors such as homecare and hospice and stand-alone emergency service centers, which have capitalized on providing limited but specialized services at profitable operating levels. This focal shift has weighed on traditional healthcare facility sectors (acute-care hospitals, healthcare REITs) that incur considerable overhead expense.

Healthcare facilities continue to adapt to new payment models seeking to emphasize results rather than (the number of) procedures. Interna-

tional Statistical Classification of Diseases (ICD-10) implementation is requiring healthcare providers to comply with the new coding and data collection guidelines. Other factors that pose risks to the sector include a decreasing supply of doctors and healthcare professionals and cuts to Federal Medicare and Medicaid outlays.

Overall, current valuation trends and expectations are positive for healthcare facilities, following weakness in the second half of 2015. A stable economy and favorable industry dynamics will likely continue to elevate the sector despite some short-term issues facing certain operators.

Sub-Sector Focus: Acute Care Hospitals

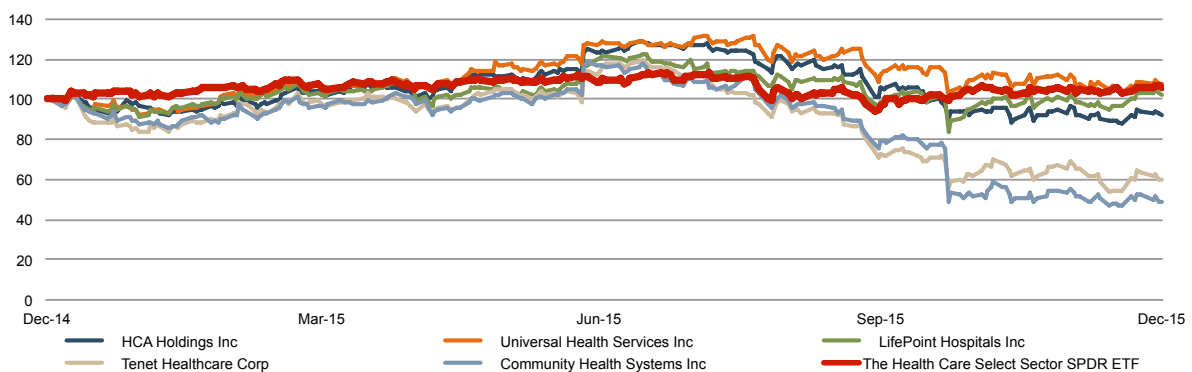
A favorable decision by the U.S. Supreme Court for the Affordable Care Act (ACA) in *King v. Burwell* appeared to boost outlooks for a number of healthcare companies in the first half of 2015. Healthcare reform continued to increase insurance enrollment, and boost admission rates and revenue for hospital and acute-care facility operators. However, as admission growth has waned, new issues have arisen for hospital operators, leading acute-care facility operators to widely underperform the broader healthcare sector in the second half of 2015.

HCA Holdings, the largest for-profit hospital operator in the U.S., missed 3Q15 earnings estimates due to an unexpected increase in labor costs and unfavorable payor mix. Contract labor costs were up nearly 40% compared to 3Q14, due to increased volume, labor productivity declines, and employment turnover. HCA also saw a 13.6% increase in uninsured

patients compared to 3Q14, with uninsured adjusted admissions up nearly 9%. Management indicated slow Medicaid conversions (uninsured patients becoming qualified for Medicaid) and an increase in the number of patients previously insured who converted to self-pay, because they did not pay insurance premiums.

Overall, hospital stocks were off 15% to 60% from their mid-year highs, compared to a 3% decline for the S&P 500. As exemplified by HCA, increasing debt expense, an unattractive payor mix, and rising salary costs have saddled operators and dampened outlooks for hospitals. The spike in the number of uninsured patient admissions in 3Q15 is a key issue worth watching over the next several quarters. A measure of operating margin improvement at hospital operators could well depend on the Affordable Care Act's ability to provide insurance coverage for those in need.

Mercer Capital Healthcare Facility Select Indices: One Year Performance



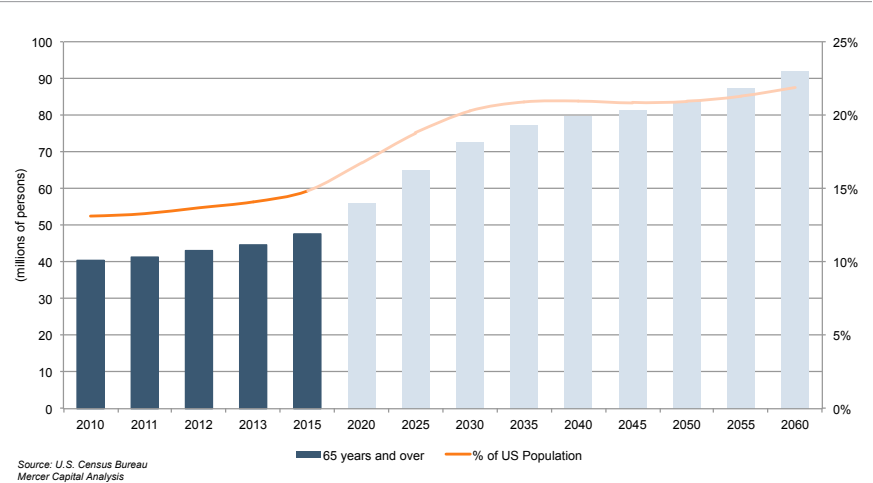
12/31/14 = 100 | Source: Bloomberg, Mercer Capital Analysis

Macroeconomic Trends

Demographic Trends I

Aging populations are a major driving force behind spending on healthcare, with the elderly (aged 65 and older) accounting for the largest percentage of healthcare expenditure in the U.S. among all age groups. Elderly residents are expected to account for 15% of the population in 2015 and grow to 20% by 2030, continuing to increase overall healthcare demand.¹

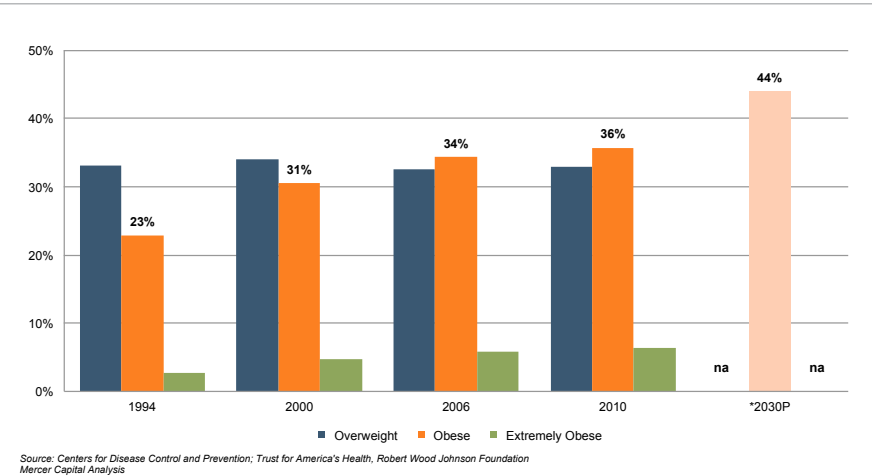
U.S. Resident Population 65 Years and Older



Demographic Trends II

In addition to the greying population, the prevalence of unmet medical needs and increasing incidence of lifestyle diseases are likely to drive continued growth in the demand for healthcare services. According to OECD estimates, currently 70% of U.S. adults are overweight or obese, the second highest rate among high-income countries. Some data show obesity rate increases are slowing, however, with a few forecasts even predicting a downturn in the proportion of overweight individuals in the U.S. over the next several years.^{2,3}

U.S. Adult Obesity Rates

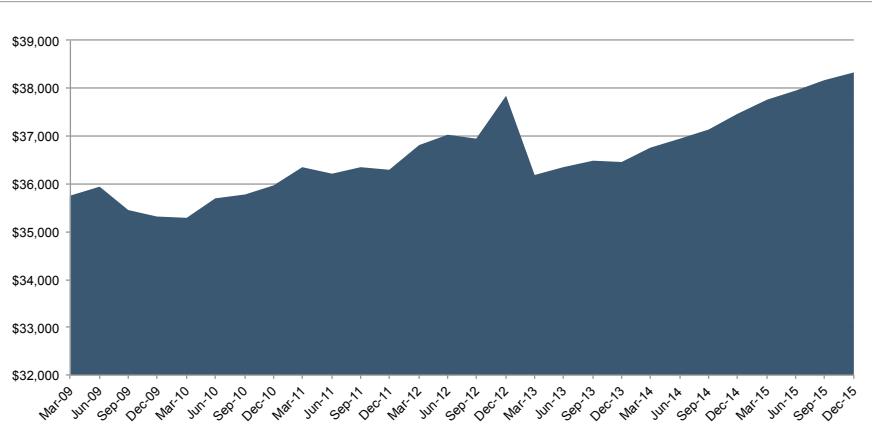


Macroeconomic Trends (continued)

Disposable Income

Per capita disposable income contracted in the most recent recession, but has grown steadily since 2009. Disposable income per capita increased from approximately \$36,500 in 4Q13 to \$38,300 in 4Q15.⁴ As disposable income rises, individuals are better able to afford out-of-pocket expenses and healthcare demand can be expected to increase.

U.S. Personal Disposable Income per Capita

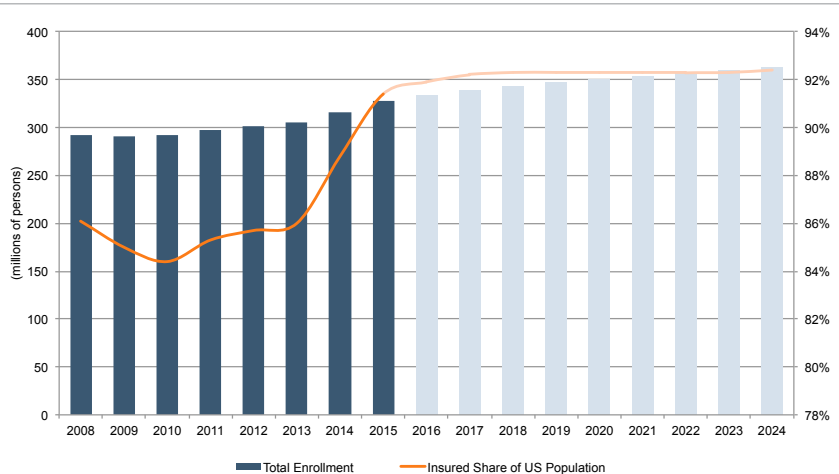


*Chained (2009) Dollars
Source: Bureau of Economic Analysis

Health Insurance Coverage

The Affordable Care Act (ACA) was passed, in part, to address the number of Americans without health insurance. People covered by insurance are more likely to use healthcare services. According to current projections, the Center for Medicare and Medicaid Services (CMS) estimates the percentage of Americans enrolled in a health insurance plan will grow from 84% in 2010 to 92% by 2016.⁵

Health Insurance Enrollment Totals



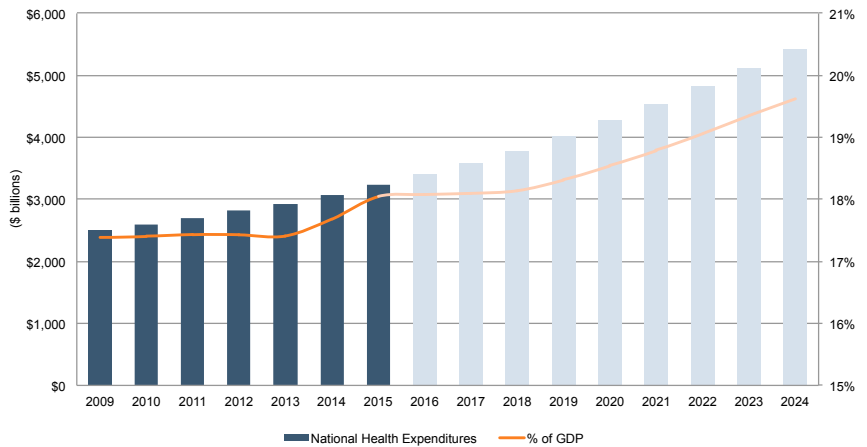
Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group
Mercer Capital Analysis

Industry Trends

U.S. Healthcare Expenditure

Due to income levels and demographic shifts, total expenditure is expected to grow from approximately \$3 trillion in 2014 to over \$5 trillion by 2023. As a percentage of GDP, total healthcare expenditure is expected to grow from 18% in 2014 to almost 20% by 2023.⁶

U.S. Healthcare Spending Total and % of GDP

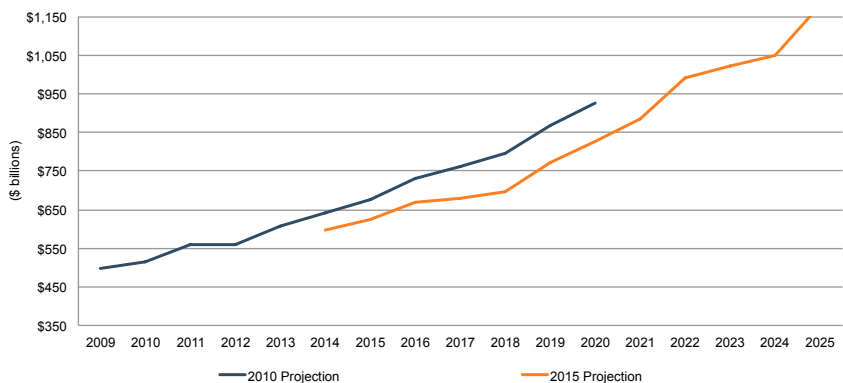


Source: Centers for Medicare & Medicaid Services, Office of the Actuary, National Health Statistics Group
Mercer Capital Analysis

Medicare Spending

Based on a comparison of estimates from the Congressional Budget Office's (CBO) August 2010 and March 2015 baselines, Medicare spending in 2015 will be approximately \$1,200 lower per person than was expected in 2010. The CBO's August 2010 and subsequent Medicare spending projections take into account the anticipated effects of the ACA, which included reductions in Medicare payments to plans and providers and introduced delivery system reforms. Overall, the CBO estimates Medicare will remain around 13% to 15% of federal spending and 3% of GDP through 2024.^{7,8}

CBO Medicare Spending Baseline Projections



Source: Congressional Budget Office, Medicare baseline Projections from 2010 to 2015
Mercer Capital Analysis

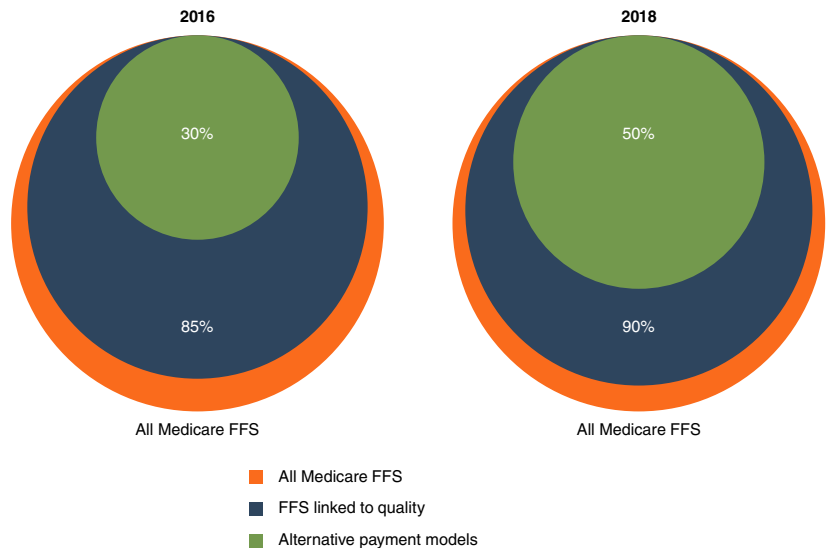
Industry Trends (continued)

Fee-For-Service vs. Value-Based Care

Commercial and government payors continue to push value-based payment models for healthcare providers. The ACA mandated that the CMS begin applying a value modifier under the Medicare Physician Fee Schedule (MPFS) by 2015. According to the CMS, at the end of 2014, value-based payments represented approximately 20% of Medicare fee-for-service (FFS) payments to healthcare providers. The government's goal is to have 85% and 90% of all Medicare FFS payments tied to quality or value by 2016 and 2018, respectively, along with 30% and 50% of Medicare payments tied to alternative payment models by the end of 2016 and 2018, respectively. Healthcare facilities are likely to see slowing revenue growth due to reduced procedure volume and new reporting and regulatory requirements.^{10, 11}

Fee-For-Service vs. Value-Based Care

Target percentage of Medicare FFS payments linked to quality and alternative payment models in 2016 and 2018

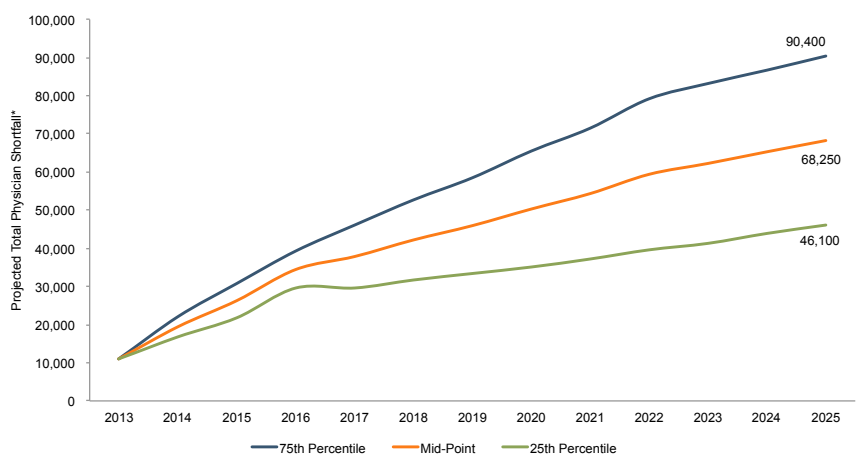


Source: CMS

Physician Shortages

According to the Association of American Medical Colleges (AAMC), the U.S. will have a shortage of approximately 46,000 to 90,000 physicians by 2025. An aging population and an increase in insured individuals are driving demand upward for health professionals, but supply has been slow to follow. Increasing wages could reverse the trend, but would negatively affect healthcare facility margins.¹²

Physician Supply and Demand in the U.S.

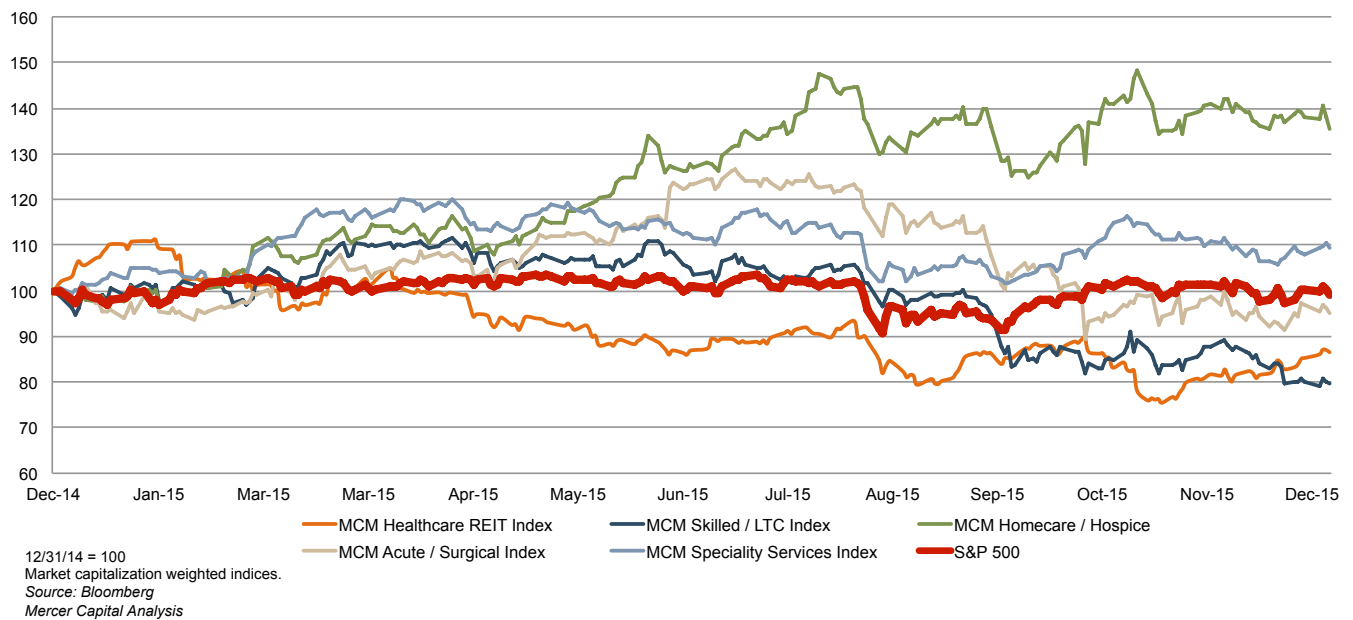


*Data represent total projected physician shortfall. Percentiles represent results of AAMC projection iterations. Source: AAMC Report, "The Complexities of Physician Supply and Demand: Projections from 2013 to 2025" <https://www.aamc.org/download/426242/data/hrsreportdownload.pdf>
 Mercer Capital Analysis

Valuation Trends

Healthcare facility sub-sectors experienced mixed performance in 2015. Homecare and hospice operators saw strong price appreciation, with over 35% gains during the year. Specialty service providers (dialysis centers, diagnostic imaging) outpaced the broader markets, although performance varied widely among individual constituents. Other broad facility sub-sectors lagged in 2015. Healthcare REITs experience weakness over the majority of 2015, while acute care and long-term care / skilled nursing operators saw declines beginning in the third quarter that lingered through the end of the year.

Mercer Capital Healthcare Facility Select Indices: One Year Performance



Indices	Value at Year-End 2015
	12/31/14 = 100
MCM Homecare / Hospice	135.4
MCM Speciality Services Index	109.6
S&P 500	99.3
MCM Acute / Surgical Index	95.1
MCM Healthcare REIT Index	86.5
MCM Skilled / LTC Index	79.5

Source: Bloomberg, Mercer Capital Analysis

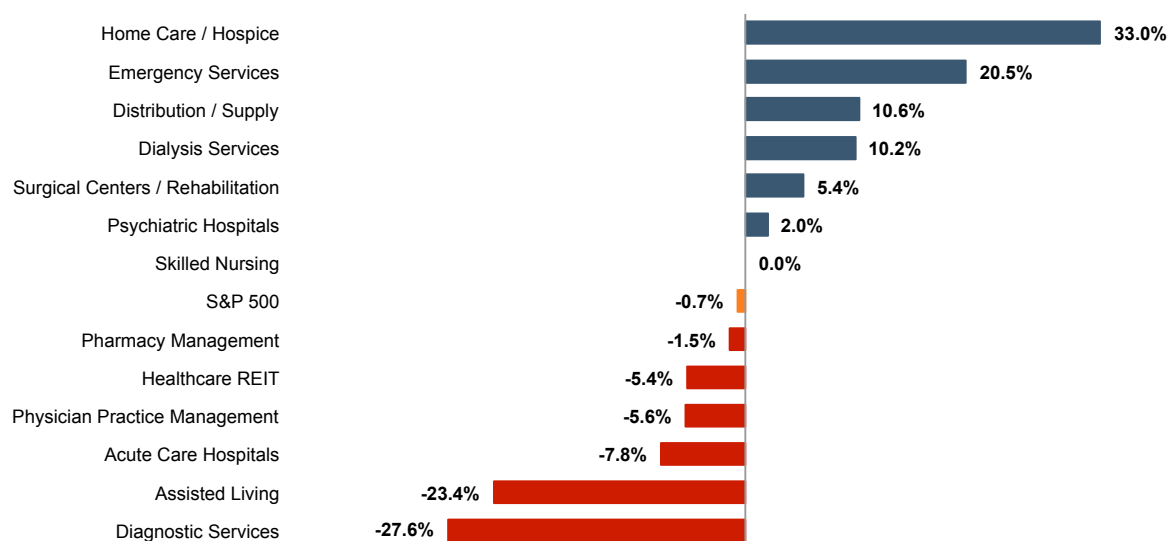
Valuation Trends (continued)

Stock Price Performance by Market Sectors

Sector	Number of Companies	Median % Change		LTM Multiples		Forward Multiples	
		3 month	1 year	EV / Revenue	EV / EBITDA	EV / Revenue	EV / EBITDA
Acute Care Hospitals	5	-12.6%	-7.8%	1.10x	8.9x	1.03x	7.6x
Assisted Living	3	2.9%	-23.4%	2.30x	12.0x	1.92x	11.2x
Diagnostic Services	3	11.4%	-27.6%	1.55x	9.2x	1.46x	7.6x
Dialysis Services	2	4.2%	10.2%	1.86x	10.5x	1.80x	9.6x
Distribution / Supply	5	9.6%	10.6%	0.29x	12.1x	0.27x	10.2x
Emergency Services	2	-4.7%	20.5%	2.38x	14.8x	2.06x	8.4x
Healthcare REIT	7	2.0%	-5.4%	11.36x	17.3x	11.29x	15.6x
Home Care / Hospice	6	2.4%	33.0%	1.01x	11.7x	0.91x	10.4x
Skilled Nursing	5	-18.6%	0.0%	0.91x	8.6x	0.80x	7.6x
Pharmacy Management	4	4.0%	-1.5%	0.71x	13.3x	0.70x	10.2x
Physician Practice Management	2	-8.3%	-5.6%	1.67x	10.1x	2.59x	11.6x
Psychiatric Hospitals	3	-5.7%	2.0%	2.83x	17.5x	2.16x	10.2x
Surgical Centers / Rehabilitation	4	4.1%	5.4%	2.42x	10.7x	2.20x	11.2x
All / Median	51	2.4%	0.0%	1.67x	11.7x	1.80x	10.2x

Source: Capital IQ, Mercer Capital Analysis

Median Stock Price % Change, 1 Year

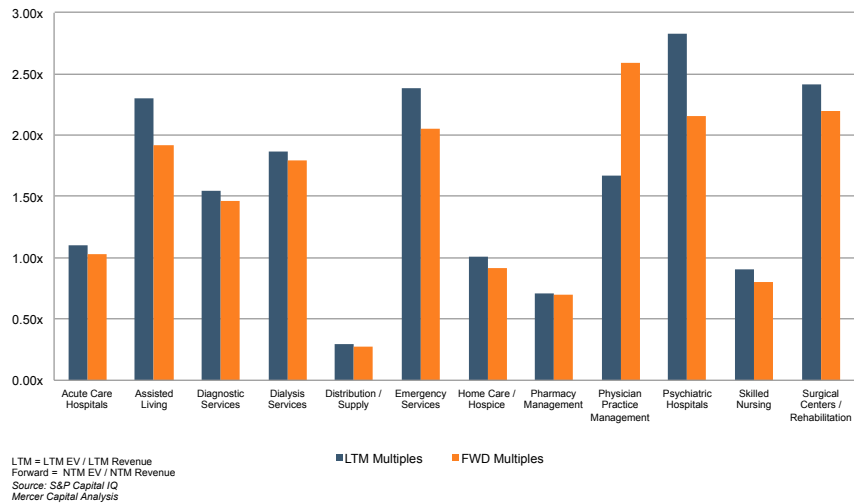


Source: S&P Capital IQ
Mercer Capital Analysis

Valuation Trends (continued)

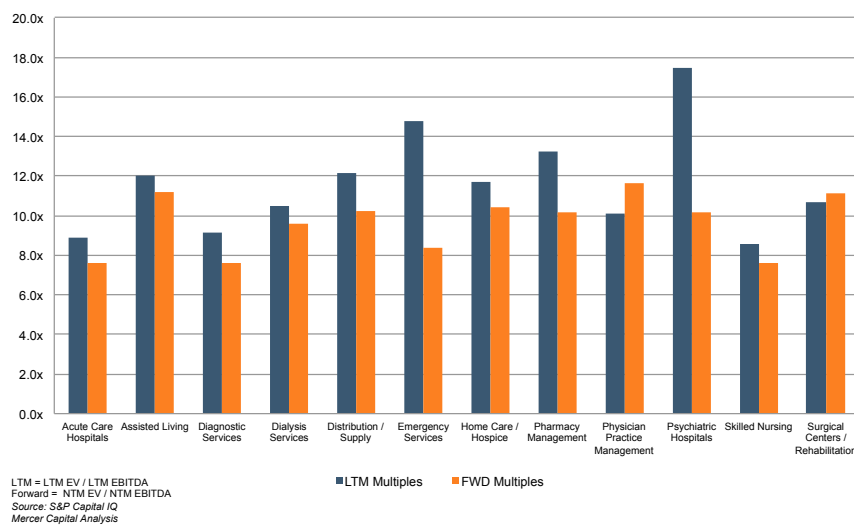
EV / Revenue Multiples

Excluding healthcare REITs, sub-sectors with the highest LTM revenue multiples at year-end 2015 were psychiatric hospitals (2.83x) and surgical and rehabilitation centers (2.42x). Forward multiples imply varying degrees of growth in estimated revenues for most sectors over the next twelve months.



EV / EBITDA Multiples

Excluding REITs, the sub-sectors with the highest EBITDA multiples in 2015 were psychiatric hospitals (17.5x) and emergency service providers (14.8x). Similar to forward revenue, forward EBITDA is expected to grow across most sectors.



Mergers & Acquisitions

Trends

Hospitals and healthcare facilities are adapting to changes sweeping through the industry, as new policies and market forces are driving consolidation. Transaction activity remains high as providers combine and consolidate to remain competitive and achieve greater economies of scale. Major factors currently driving transactions include: ^{13, 14}

- **Reduced reimbursement rates.** Reimbursement issues are causing heavy financial stress on healthcare facilities, as payment models move from fee-for-service towards value based and bundle payments. Stagnant reimbursement from Medicare, Medicaid, and other commercial payors are also hurting industry revenue, driving an uptick in consolidating M&A activity.
- **Volume challenges.** Patients have been gravitating towards lower cost outpatient facilities, lowering the number of patients in inpatient facilities. Higher deductibles and growing copays have resulted in larger out-of-pocket expenses for consumers, leading patients to delay certain medical treatments. This has led to greater uncertainty in patient volume in a number of healthcare facility sectors.
- **Integrated healthcare services.** In order to maintain margins and profitability, healthcare facilities are looking to expand their footprint into a number of sectors. Larger healthcare facilities are absorbing smaller groups in divergent sectors in order to provide a continuum of care to patients, diversify their services, and control costs.
- **Scale advantages.** Larger and more integrated healthcare facilities have greater leverage and bargaining power when dealing with third-party payors, which has prompted smaller facilities to consolidate with bigger healthcare groups. Considerable capital expenditures will be needed to upgrade older facilities due to increasing healthcare demand, and large medical facility groups are better equipped to take on improvement projects due to their advantageous capital positions.

Transactions Summary

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
SJM International, Inc.	Thoratec Corp.	7/21/2015	10/8/15	3,409.3	48.4x	7.05x
AmerisourceBergen Drug Corporation	PharMEDium Healthcare Holdings, Inc.	10/5/2015	11/6/15	3,060.8	31.9x	7.54x
Team Health Holdings, Inc.	IPC Healthcare, Inc.	7/10/2015	11/23/15	1,476.1	21.0x	2.07x
NorthStar Healthcare Income, Inc.; Griffin-American Healthcare REIT III, Inc.; Northstar Asset Management Group Inc.	Trilogy Investors LLC	9/11/2015	12/1/15	1,148.5	NA	NA
MPT Operating Partnership, L.P.	Capella Holdings, Inc.	7/21/2015	8/31/15	900.0	NA	1.26x
Fujian Thaihot Investment Co., Ltd.	Alliance Healthcare Services, Inc.	9/16/2015	NA	774.3	6.5x	1.73x
Madison Dearborn Partners, LLC	Patterson Medical Supply, Inc.	7/1/2015	8/28/15	715.0	10.6x	1.54x
U.S. Renal Care Inc.	Dialysis Newco, Inc.	8/21/2015	12/31/15	640.0	NA	NA
AMR Holdco, Inc.	WP Rocket Holdings Inc.	7/30/2015	10/28/15	620.0	NA	NA
DaVita HealthCare Partners Inc.	Renal Ventures Management, LLC	8/24/2015	NA	415.0	NA	NA
Cardinal Health, Inc.	Navihealth, Inc.	8/25/2015	8/26/15	408.5	NA	NA
Universal Health Services Inc.	Foundations Recovery Network, LLC	9/18/2015	10/28/15	350.0	NA	NA
NeoGenomics Laboratories, Inc.	Clariant, Inc.	2/3/2015	12/30/15	299.7	96.2x	2.35x
Henry Ford Health System, Inc.	W. A. Foote Memorial Hospital, Inc.	11/10/2015	NA	293.0	NA	NA
Levine Leichtman Capital Partners; Levine Leichtman Capital Partners V, L.P.	Monte Nido & Affiliates, LLC	8/21/2015	9/3/15	280.0	NA	NA
BlueMountain Capital Management LLC	Daughters of Charity Health System (nka:Verity Health System)	12/3/2015	12/14/15	260.0	NA	NA

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$30M shown)

Transactions Summary (continued)

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
New Mountain Capital, LLC; New Mountain Capital Partners IV L.P.	Equian, LLC	12/18/2015	12/18/15	225.0	NA	NA
Air Methods Corp.	TriState CareFlight, LLC	11/4/2015	1/19/16	222.5	NA	2.73x
Legacy Health	PacificSource Health Plans, Inc.	10/26/2015	NA	200.0	NA	NA
Welsh, Carson, Anderson & Stowe	InnovAge Home Care	11/17/2015	NA	186.0	NA	NA
EHHI Holdings, Inc.	CareSouth Health System, Inc.	8/28/2015	11/2/15	170.0	NA	1.63x
AMN Healthcare, Inc.	B. E. Smith, Inc.	11/17/2015	1/4/16	160.0	NA	1.60x
Wolters Kluwer Health, Inc.	Learner's Digest International LLC	8/14/2015	8/31/15	150.0	NA	3.85x
21C East Florida, LLC	South Florida Radiation Oncology, LLC	7/2/2015	7/2/15	140.0	NA	NA
Cintas Corporation	ZEE Medical, Inc.	7/31/2015	8/1/15	134.0	NA	NA
US Acute Care Solutions, LLC	MEP Health, LLC	11/19/2015	12/31/15	120.0	NA	NA
Acadia Healthcare Company, Inc.	Discovery House Group, Inc.	11/1/2015	11/1/15	118.5	NA	NA
GHO Capital Partners LLP	DNA Diagnostics Center, Inc.	10/13/2015	10/13/15	118.3	NA	NA
University Hospitals Cleveland Medical Center Inc.	St. John Medical Center	8/31/2015	11/2/15	90.4	NA	NA
Prime Healthcare Services, Inc.	Southern Regional Health System, Inc.	7/20/2015	2/2/16	71.6	NA	NA
RWS Holdings plc	Corporate Translations, Inc.	11/2/2015	11/2/15	70.0	14.6x	3.04x
Mid Rockland Imaging Partners, Inc.	Diagnostic Imaging Group, LLC	10/15/2015	10/16/15	65.4	NA	NA

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$30M shown)

Transactions Summary (continued)

Buyer / Acquirer	Target / Seller	Announce Date	Close Date	Implied Enterprise Value	Implied Enterprise Value /	
					EBITDA	Revenue
Amedisys Inc.	Infinity HomeCare, L.L.C.	11/3/2015	1/4/16	63.0	9.8x	1.26x
LHC Group, Inc.	Halcyon Healthcare, LLC	9/3/2015	10/2/15	58.5	NA	1.43x
Cipla (EU) Limited	Exelan Pharmaceuticals, Inc.	9/3/2015	2/18/16	50.0	NA	1.79x
WMK, Inc.	HASCO Medical, Inc.	8/13/2015	10/28/15	48.8	9.3x	0.52x
Digirad Corporation	Project Rendezvous Holding Corporation	10/13/2015	1/1/16	43.8	4.5x	0.65x
Authentidate Holding Corp.	Peachstate Health Management, LLC	8/25/2015	1/27/16	42.2	NA	NA
National Health Industries, Inc.	Black Stone Of Cincinnati, LLC	11/3/2015	11/3/15	41.0	NA	0.88x
True Health Diagnostics LLC	Health Diagnostic Laboratory, Inc.	9/4/2015	9/29/15	37.1	NA	NA
Surgical Care Affiliates, Inc.	Advanced Surgical Hospital LLC	9/1/2015	9/1/15	33.0	NA	NA
Foundation Healthcare, Inc.	University General Hospital, LP	10/6/2015	12/31/15	33.0	NA	0.47x
Constellation Healthcare Technologies, Inc.	MDRX Medical Billing, LLC	12/11/2015	2/10/16	30.0	6.3x	0.95x

\$ in millions

Source: Capital IQ, Mercer Capital Analysis (only deals with implied enterprise value exceeding \$30M shown)

Public Company Pricing

Acute Care Hospitals

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Community Health Systems, Inc.	CYH	\$26.53	-38.0%	-50.8%	\$3,136	\$20,736	\$19,437	\$2,387	1.07x	8.7x	1.03x	6.9x
HCA Holdings, Inc.	HCA	\$67.63	-12.6%	-7.8%	\$27,571	\$58,931	\$39,678	\$7,869	1.49x	7.5x	1.44x	7.4x
LifePoint Health, Inc.	LPNT	\$73.40	3.5%	2.1%	\$3,195	\$5,728	\$5,214	\$646	1.10x	8.9x	0.99x	7.6x
Tenet Healthcare Corp.	THC	\$30.30	-17.9%	-40.2%	\$3,020	\$19,707	\$18,634	\$2,177	1.06x	9.1x	0.97x	8.1x
Universal Health Services Inc.	UHS	\$119.38	-4.2%	7.7%	\$11,767	\$15,458	\$9,043	\$1,658	1.71x	9.3x	1.51x	8.8x
Median			-12.6%	-7.8%					1.10x	8.9x	1.03x	7.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Assisted Living

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Brookdale Senior Living Inc.	BKD	\$18.46	-19.6%	-49.7%	\$3,411	\$9,755	\$4,237	\$812	2.30x	12.0x	1.92x	11.2x
Capital Senior Living Corp.	CSU	\$20.86	4.0%	-16.3%	\$616	\$1,368	\$411	\$73	3.33x	18.7x	3.11x	15.1x
Five Star Quality Care Inc.	FVE	\$3.18	2.9%	-23.4%	\$156	\$239	\$1,125	\$27	0.21x	8.8x	0.17x	6.4x
Median			2.9%	-23.4%					2.30x	12.0x	1.92x	11.2x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Quick References

Enterprise Value	Market Capitalization + Total Debt + Preferred Equity + Minority Interest - Cash and Short Term Investments
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
LTM	Last Twelve Months
Forward	Next Twelve Month Estimates

Public Company Pricing (continued)

Diagnostic Imaging

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Alliance Healthcare Services, Inc.	AIQ	\$9.18	-5.9%	-56.3%	\$97	\$731	\$473	\$117	1.55x	6.3x	NA	NA
Quest Diagnostics Inc.	DGX	\$70.74	16.4%	8.4%	\$10,198	\$13,821	\$7,493	\$1,485	1.84x	9.3x	1.84x	8.9x
RadNet, Inc.	RDNT	\$6.18	11.4%	-27.6%	\$285	\$929	\$810	\$101	1.15x	9.2x	1.09x	6.3x
Median			11.4%	-27.6%					1.55x	9.2x	1.46x	7.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Dialysis Services

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
DaVita HealthCare Partners Inc.	DVA	\$69.71	-3.6%	-8.0%	\$14,709	\$23,010	\$13,773	\$2,494	1.67x	9.2x	1.61x	8.8x
Fresenius Medical Care AG & Co. KGAA	FME	\$84.72	12.0%	28.4%	\$25,824	\$35,272	\$17,147	\$3,013	2.06x	11.7x	1.98x	10.4x
Median			4.2%	10.2%					1.86x	10.5x	1.80x	9.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Distribution / Supply

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AmerisourceBergen Corporation	ABC	\$103.31	9.6%	16.4%	\$21,326	\$24,850	\$139,082	\$1,638	0.18x	15.2x	0.17x	10.2x
Cardinal Health, Inc.	CAH	\$89.27	16.2%	10.6%	\$29,368	\$32,706	\$112,423	\$2,893	0.29x	11.3x	0.27x	9.9x
Henry Schein, Inc.	HSIC	\$158.19	19.2%	16.2%	\$13,118	\$14,400	\$10,630	\$928	1.35x	15.5x	1.29x	14.5x
McKesson Corporation	MCK	\$196.87	6.8%	-4.5%	\$45,384	\$52,158	\$189,131	\$4,294	0.28x	12.1x	0.27x	9.7x
Patterson Companies, Inc.	PDCO	\$44.98	5.0%	-4.3%	\$4,380	\$5,417	\$4,990	\$464	1.09x	11.7x	0.95x	11.2x
Median			9.6%	10.6%					0.29x	12.1x	0.27x	10.2x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Emergency Services

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Adeptus Health Inc.	ADPT	\$54.52	-32.5%	45.8%	\$777	\$948	\$365	\$44	2.60x	21.4x	2.02x	9.0x
Air Methods Corp.	AIRM	\$41.93	23.0%	-4.8%	\$1,648	\$2,353	\$1,086	\$287	2.17x	8.2x	2.10x	7.8x
Median			-4.7%	20.5%					2.38x	14.8x	2.06x	8.4x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Home Care / Hospice

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Addus HomeCare Corporation	ADUS	\$23.28	-25.3%	-4.1%	\$255	\$254	\$337	\$22	0.75x	11.4x	0.68x	8.8x
Almost Family Inc.	AFAM	\$38.23	-4.5%	32.1%	\$376	\$464	\$512	\$37	0.91x	12.7x	0.77x	9.9x
Amedisys Inc.	AMED	\$39.32	3.6%	34.0%	\$1,325	\$1,398	\$1,266	\$88	1.10x	15.9x	1.06x	11.3x
Chemed Corp.	CHE	\$149.52	12.4%	42.7%	\$2,528	\$2,605	\$1,543	\$219	1.69x	11.9x	1.64x	11.0x
LHC Group, Inc.	LHCG	\$45.29	1.2%	45.3%	\$814	\$922	\$797	\$80	1.16x	11.5x	1.06x	11.0x
Providence Service Corp.	PRSC	\$46.92	7.7%	28.8%	\$721	\$1,018	\$1,695	\$108	0.60x	9.4x	0.58x	8.7x
Median			2.4%	33.0%					1.01x	11.7x	0.91x	10.4x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Pharmacy Management

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
BioScrip, Inc.	BIOS	\$1.75	-6.4%	-75.0%	\$120	\$602	\$982	\$9	0.61x	68.0x	0.69x	14.9x
Express Scripts Holding Company	ESRX	\$87.41	8.0%	3.2%	\$59,113	\$71,527	\$101,752	\$6,866	0.70x	10.4x	0.69x	9.8x
Omniceil, Inc.	OMCL	\$31.08	-0.1%	-6.2%	\$1,101	\$1,019	\$485	\$65	2.10x	15.7x	1.90x	10.6x
PharMerica Corporation	PMC	\$35.00	22.9%	69.0%	\$1,066	\$1,470	\$2,029	\$136	0.72x	10.8x	0.70x	9.8x
Median			4.0%	-1.5%					0.71x	13.3x	0.70x	10.2x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Physician Practice Management

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Birner Dental Management Services Inc.	BDMS	\$11.25	-10.0%	-19.5%	\$21	\$31	\$64	\$4	0.48x	7.4x	NA	NA
MEDNAX, Inc.	MD	\$71.66	-6.7%	8.4%	\$6,739	\$7,954	\$2,780	\$622	2.86x	12.8x	2.59x	11.6x
Median			-8.3%	-5.6%					1.67x	10.1x	2.59x	11.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Psychiatric Hospitals

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AAC Holdings, Inc.	AAC	\$19.06	-14.3%	-38.4%	\$427	\$549	\$194	\$28	2.83x	19.7x	2.16x	10.2x
Acadia Healthcare Company, Inc.	ACHC	\$62.46	-5.7%	2.0%	\$4,478	\$6,715	\$1,794	\$384	3.74x	17.5x	3.24x	14.3x
Magellan Health, Inc.	MGLN	\$61.66	11.2%	2.7%	\$1,539	\$1,642	\$4,597	\$209	0.36x	7.8x	0.36x	6.2x
Median			-5.7%	2.0%					2.83x	17.5x	2.16x	10.2x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Skilled Nursing

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Diversicare Healthcare Services Inc.	DVCR	\$8.15	-18.6%	-11.9%	\$51	\$108	\$388	\$23	0.28x	4.7x	NA	NA
Genesis Healthcare, Inc.	GEN	\$3.47	-43.4%	0.0%	\$533	\$5,639	\$5,519	\$544	1.02x	10.4x	0.96x	19.0x
The Ensign Group, Inc.	ENSG	\$22.63	6.4%	2.6%	\$1,161	\$1,217	\$1,342	\$121	0.91x	10.0x	0.80x	7.6x
Kindred Healthcare Inc.	KND	\$11.79	-23.6%	-32.7%	\$998	\$4,160	\$7,055	\$563	0.59x	7.4x	0.57x	6.6x
National HealthCare Corporation	NHC	\$61.70	2.0%	0.6%	\$920	\$919	\$907	\$107	1.01x	8.6x	NA	NA
Median			-18.6%	0.0%					0.91x	8.6x	0.80x	7.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Public Company Pricing (continued)

Surgical Centers / Rehabilitation

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
AmSurg Corp.	AMSG	\$76.00	-2.2%	38.9%	\$4,070	\$7,202	\$2,567	\$679	2.81x	10.6x	2.53x	13.2x
HEALTHSOUTH Corp.	HLS	\$34.81	-8.7%	-7.5%	\$3,183	\$6,582	\$3,116	\$706	2.11x	9.3x	1.87x	8.5x
Surgical Care Affiliates, Inc.	SCAI	\$39.81	21.8%	18.3%	\$1,576	\$2,822	\$1,034	\$264	2.73x	10.7x	2.60x	15.5x
Select Medical Holdings Corporation	SEM	\$11.91	10.4%	-16.7%	\$1,562	\$4,288	\$3,683	\$384	1.16x	11.2x	1.03x	9.1x
Median			4.1%	5.4%					2.42x	10.7x	2.20x	11.2x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

Healthcare REIT

Company Name	Ticker	Price at 12/31/15	% Change		Market Cap	Ent. Value (EV)	LTM		LTM Multiples		Forward Multiples	
			3-month	1 year			Rev.	EBITDA	EV / Rev.	EV / EBITDA	EV / Rev.	EV / EBITDA
Care Capital Properties, Inc.	CCP	\$29.92	-5.5%	NM	\$2,562	\$4,071	\$328	\$299	12.41x	13.6x	11.29x	12.0x
Welltower Inc.	HCN	\$67.11	1.8%	-5.8%	\$24,074	\$38,456	\$3,776	\$1,904	10.19x	20.2x	9.49x	17.6x
HCP, Inc.	HCP	\$37.64	4.3%	-8.0%	\$17,783	\$28,915	\$2,544	\$1,812	11.36x	16.0x	11.42x	15.6x
Healthcare Realty Trust Incorporated	HR	\$28.02	15.3%	8.6%	\$2,850	\$4,278	\$388	\$225	11.02x	19.0x	10.63x	18.2x
LTC Properties Inc.	LTC	\$42.78	2.4%	4.8%	\$1,535	\$2,093	\$137	\$121	15.28x	17.3x	14.31x	15.3x
Omega Healthcare Investors Inc.	OHI	\$34.35	1.1%	-5.3%	\$6,543	\$10,469	\$744	\$678	14.08x	15.4x	15.10x	13.6x
Ventas, Inc.	VTR	\$55.72	2.0%	-5.6%	\$18,790	\$30,202	\$3,284	\$1,676	9.20x	18.0x	8.91x	16.2x
Median			2.0%	-5.4%					11.36x	17.3x	11.29x	15.6x

\$ in millions, except per share pricing
Source: Capital IQ, Mercer Capital Analysis

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Mercer Capital

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