

# Quarterly Industry Update

As of March 31, 2016

Industry: Urgent and Ambulatory Care

## Industry Summary

Cogent Valuation identified Urgent and Ambulatory Care publicly traded companies, IPOs, and recent M&A transactions within the Urgent and Ambulatory Care industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since March 31, 2015, the median 52-week share price return of the Urgent and Ambulatory Care industry was -20.4%. Between March 31, 2014 and March 31, 2016, the median EV/EBITDA multiple decreased from 8.6 to 7.7. Furthermore, the median price-to-earnings multiple decreased from 20.0 to 16.2 over the same period.

## Comparable Public Company Key Statistics

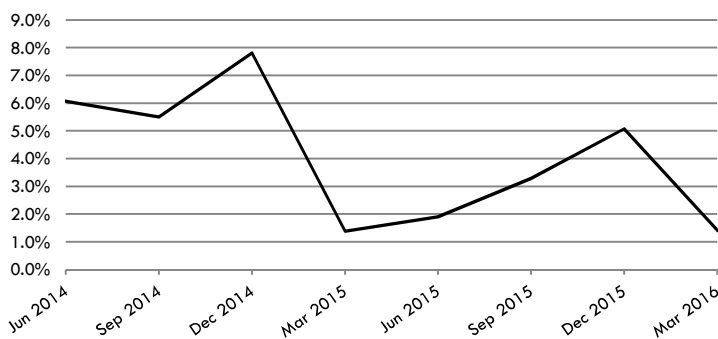
Median 52-Week Return	-20.4%	Median EV/Revenue Multiple	1.5x	Median Price/Earnings Multiple	16.2x
Median 3-Year CAGR Return	12.6%	Median EV/EBITDA Multiple	7.7x	Median EV/Gross CF Multiple	17.2x

## Comparable Public Company Market Price Returns As of March 31, 2016

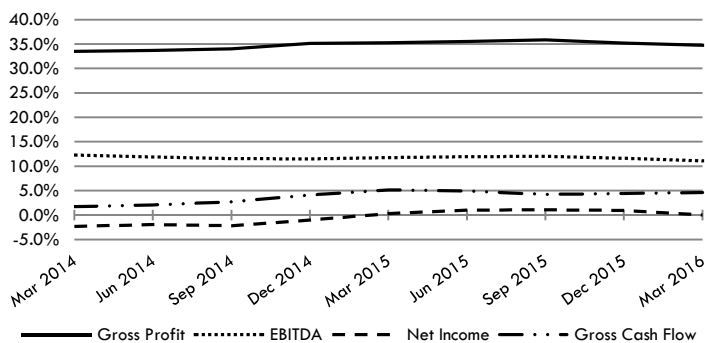
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Acadia Healthcare Company, Inc.	-11.8%	-11.8%	-23.0%	10.5%	23.3%	N/A	2.0%	29.3%	102.7%	134.2%	N/A
American Caresource Holdings, Inc.	11.9%	11.9%	-83.9%	-51.8%	-38.5%	-38.0%	-85.8%	76.8%	14.7%	10.9%	-69.3%
AmSurg Corp.	-1.8%	-1.8%	21.3%	25.9%	30.4%	24.0%	38.9%	19.2%	53.0%	15.2%	24.3%
Community Health Systems, Inc.	-30.2%	-30.2%	-64.6%	-31.3%	-26.9%	-14.3%	-50.8%	37.3%	27.7%	76.2%	-53.3%
HCA Holdings, Inc.	15.4%	15.4%	3.7%	21.9%	24.3%	18.2%	-7.8%	53.8%	58.1%	36.9%	N/A
HEALTHSOUTH Corp.	8.1%	8.1%	-15.2%	2.3%	12.6%	8.5%	-9.5%	15.4%	57.8%	19.5%	-14.7%
Kindred Healthcare Inc.	3.7%	3.7%	-48.1%	-27.4%	5.5%	-12.4%	-34.5%	-7.9%	82.4%	-8.1%	-35.9%
LifePoint Health, Inc.	-5.7%	-5.7%	-5.7%	12.7%	12.6%	11.5%	2.1%	36.1%	40.0%	1.6%	1.1%
Nobilis Health Corp.	11.4%	11.4%	-37.6%	80.7%	90.1%	49.4%	-6.8%	191.9%	693.9%	-24.2%	-62.0%
Select Medical Holdings Corporation	-0.8%	-0.8%	-20.4%	-2.6%	9.5%	7.9%	-17.3%	24.0%	23.1%	11.2%	16.0%
Surgical Care Affiliates, Inc.	16.3%	16.3%	34.8%	22.7%	N/A	N/A	18.3%	-3.4%	N/A	N/A	N/A
Tenet Healthcare Corp.	-4.5%	-4.5%	-41.6%	-17.8%	-15.3%	-0.6%	-40.2%	20.3%	29.7%	58.2%	-23.3%
Universal Health Services Inc.	4.4%	4.4%	6.0%	23.3%	25.0%	20.3%	7.4%	36.9%	68.1%	24.4%	-10.5%
<b>Median of Industry Public Companies</b>	<b>3.7%</b>	<b>3.7%</b>	<b>-20.4%</b>	<b>10.5%</b>	<b>12.6%</b>	<b>8.5%</b>	<b>-7.8%</b>	<b>29.3%</b>	<b>55.4%</b>	<b>17.4%</b>	<b>-19.0%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Urgent and Ambulatory Care Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Urgent and Ambulatory Care Industry

Date:	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016
EV/Revenues Multiple	1.4x	1.5x	1.5x	1.7x	1.6x	1.8x	1.6x	1.3x	1.5x
EV/EBITDA Multiple	8.6x	9.4x	9.4x	9.9x	10.0x	10.4x	9.3x	7.9x	7.7x
Price/Earnings Multiple	20.0x	19.1x	20.6x	22.8x	33.7x	30.1x	23.3x	17.6x	16.2x
EV/Gross Cash Flows Multiple	17.1x	18.7x	17.2x	16.7x	19.4x	19.3x	20.0x	12.9x	17.2x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact Vanita Spaulding at 818-905-8330 for additional information or questions in connection with this research report. Copyright © 2016 Cogent Valuation. All Rights Reserved.

# Quarterly Industry Update

As of March 31, 2016

Industry: Urgent and Ambulatory Care



## Industry Initial Public Offerings (dollars in millions, except share prices)

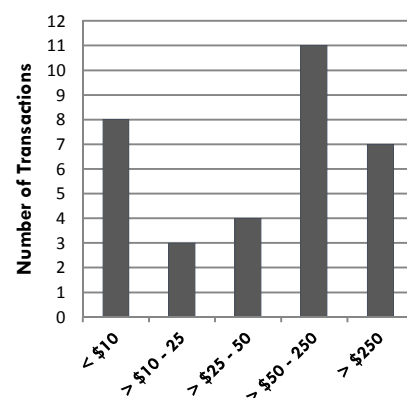
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/9/2015	Georgia Healthcare Group PLC	\$2.57	38.7	\$99.4	N/A	N/A	FALSE	\$21.6	\$7.8	\$21.6
9/30/2015	Surgery Partners, Inc.	\$19.00	14.3	\$271.4	\$1,848.1	\$1,359.7	\$696.3	\$174.2	(\$73.4)	\$190.9
11/11/2014	The Joint Corp.	\$6.50	3.0	\$19.5	\$10.1	\$0.0	\$6.4	\$0.1	(\$0.2)	\$0.2
10/1/2014	AAC Holdings, Inc.	\$15.00	5.0	\$75.0	\$93.8	\$46.8	\$103.2	\$6.2	\$0.9	\$9.2
6/24/2014	Adeptus Health Inc.	\$22.00	4.9	\$107.8	\$186.0	\$86.4	\$120.6	\$10.4	(\$3.2)	\$18.3
10/29/2013	Surgical Care Affiliates, Inc.	\$24.00	9.8	\$234.7	\$1,438.5	\$815.3	\$753.1	\$189.9	(\$21.0)	\$227.3
3/9/2011	HCA Holdings, Inc.	\$30.00	126.2	\$3,786.0	\$23,852.0	\$28,651.0	\$28,035.0	\$5,626.0	\$1,207.0	\$7,047.0
4/4/2001	Select Medical Corporation	\$9.50	9.0	\$85.5	\$586.8	\$317.0	N/A	\$91.7	\$5.7	\$112.5
6/8/2000	Community Health Systems, Inc.	\$13.00	18.8	\$243.8	\$1,935.7	\$1,484.6	\$1,025.1	\$212.3	(\$17.8)	\$272.6
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$107.8</b>	<b>\$1,012.7</b>	<b>\$566.2</b>	<b>\$696.3</b>	<b>\$91.7</b>	<b>(\$0.2)</b>	<b>\$112.5</b>

nm: not meaningful

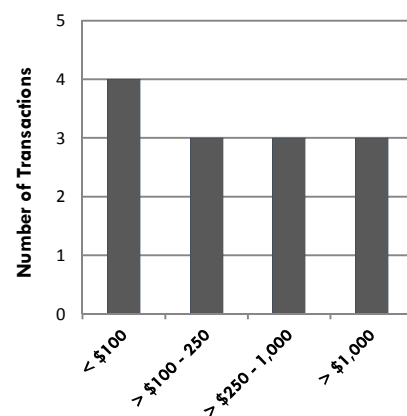
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
3/24/2016	Health Net, Inc.	Centene Corp.	\$6,891.5	100%	\$15,601.8	0.4x
3/1/2016	The Everett Clinic, Inc.	DaVita HealthCare Partners	\$385.0	100%	N/A	N/A
1/6/2016	Physicians Immediate Care	CRH Healthcare	\$2.3	100%	N/A	N/A
12/31/2015	MEP Health, LLC	US Acute Care Solutions	\$120.0	100%	N/A	N/A
12/23/2015	Baylor Surgery Center	Carter Validus Mission	\$14.4	100%	N/A	N/A
12/17/2015	Ambulatory Surgery Center	Physicians Realty Trust	\$0.2	100%	N/A	N/A
12/15/2015	Medac Health Services	American Caresource	\$5.6	100%	N/A	N/A
10/27/2015	Family ER + Urgent Care	TSM Ventures Inc.	\$6.2	100%	N/A	N/A
6/16/2015	Aspen Healthcare Limited	Tenet Healthcare Corp.	\$214.0	100%	N/A	N/A
6/1/2015	Concentra, Inc.	Welsh, Carson, Anderson	\$1,055.0	100%	\$1,000.0	1.1x
3/3/2015	Winter Haven Capital Ctr.	Carter Validus	\$3.8	100%	N/A	N/A
10/31/2014	Sherman/Grayson Health	Medical Properties Trust	\$32.5	100%	N/A	N/A
9/4/2014	Tributaries Land Co.	Kettering Adventist	\$10.6	100%	N/A	N/A
9/2/2014	Conemaugh Health System	DLP Healthcare, LLC	\$121.3	100%	\$515.0	0.2x
8/15/2014	St. Mary Health Corporation	Prime Healthcare Serv.	\$85.0	100%	N/A	N/A
7/2/2014	Diversicare Rose Terrace	N/A	\$16.5	100%	N/A	N/A
6/27/2014	Restora Healthcare Company	Healthcare Finance Group	\$5.0	100%	N/A	N/A
6/9/2014	Banner Casa Grande Med. Ctr.	Banner Health	\$87.0	100%	\$138.6	0.6x
5/8/2014	CorrectMed, LLC	ACSH Urgent Care	\$2.7	100%	\$3.7	0.7x
1/27/2014	Health Management Associates	Community Health Systems	\$7,715.9	100%	\$5,868.3	1.3x
12/31/2013	East Brunswick Surgery Center	Surgical Care Affiliates	\$25.4	51%	N/A	N/A
10/1/2013	Vanguard Health Systems Inc.	Tenet Healthcare Corp.	\$4,818.4	100%	\$5,936.7	0.7x
5/31/2013	St. Luke's Episcopal Health	Catholic Health Initiatives	\$1,000.0	100%	N/A	N/A
4/1/2013	Bayfront Medical Center	Shands HealthCare, Inc.	\$162.0	80%	N/A	N/A
3/31/2013	Cleveland County Healthcare	The Charlotte-Mecklenburg	\$100.0	100%	\$243.5	0.4x
11/30/2012	Arkansas Surgical Hospital LLC	Medical Facilities (USA)	\$39.0	51%	\$53.8	1.3x
11/30/2012	St. Joseph Medical Center	University Of Maryland	\$158.1	100%	\$409.2	0.4x
11/5/2012	Harmoni HS Limited	Care UK Limited	\$76.7	100%	\$158.2	0.5x
11/1/2012	HealthCare Partners, LLC	DaVita Inc.	\$4,693.0	100%	\$2,400.0	2.0x
10/1/2012	Auburn Regional Medical	MultiCare Health System	\$93.0	100%	N/A	N/A
9/19/2012	Saint Mary's Regional Medical	Medical Properties Trust	\$80.0	100%	N/A	N/A
9/3/2012	Alliance Urgent Care, LLC	Capital Group Holdings	\$0.5	100%	\$6.0	0.1x
9/1/2012	New England Sinai Hospital Inc.	Steward Health Care Sys.	\$45.7	100%	\$73.1	0.6x
<b>Median of the 33 M&amp;A Transaction Targets</b>			<b>\$80.0</b>	<b>100%</b>	<b>\$326.4</b>	<b>0.6x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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