

## Healthcare Facilities

### INDUSTRY SUMMARY

COGENT VALUATION identified Healthcare Facilities publicly traded companies, IPOs, and recent M&A transactions within the Healthcare Facilities 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 September 30, 2017, the median 52-week share price return of the Healthcare Facilities industry was -1.4%. Between September 30, 2016 and September 30, 2018, the median EV/EBITDA multiple decreased from 14.1 to 12.9. Furthermore, the median price-to-earnings multiple decreased from 33.5 to 20.9 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.1% and 50.0%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-1.4%**

Median 3-Year CAGR  
Return

**-1%**

Median EV/Revenue  
Multiple

**8.1x**

Median EV/EBITDA  
Multiple

**12.9x**

Median Price/Earnings  
Multiple

**20.9x**

Median EV/Gross CF  
Multiple

**19.3x**

## Comparable Public Company Market Price Returns as of September 30, 2018

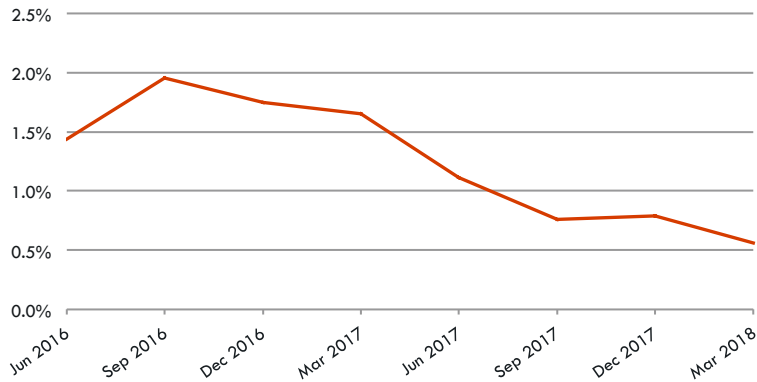
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
<b>Acadia Healthcare Company, Inc.</b>	-8.9%	13.3%	-10.1%	-20.6%	2.8%	-47.0%	2.0%	29.3%
<b>Healthcare Realty Trust Incorporated</b>	8.2%	5.1%	-14.7%	21.2%	10.3%	7.1%	3.7%	28.2%
<b>Medical Properties Trust, Inc.</b>	23.7%	-0.2%	0.9%	-0.9%	-0.9%	6.9%	-16.5%	12.8%
<b>National HealthCare Corporation</b>	19.0%	-1.6%	-16.4%	3.9%	7.6%	22.8%	-1.8%	16.6%
<b>Omega Healthcare Investors, Inc.</b>	-16.4%	0.1%	-18.0%	-1.9%	-3.6%	-10.6%	-10.5%	31.1%
<b>SunLink Health Systems, Inc.</b>	87.7%	7.1%	-11.6%	4.8%	10.8%	31.2%	-32.9%	55.7%
<b>Tenet Healthcare Corporation</b>	-8.9%	9.2%	36.9%	-42.2%	-25.6%	-51.0%	-40.2%	20.3%
<b>Median of Industry Public Companies</b>	<b>8.2%</b>	<b>6.8%</b>	<b>-11.6%</b>	<b>3.9%</b>	<b>2.8%</b>	<b>7.1%</b>	<b>-10.5%</b>	<b>25.2%</b>

Multiple year periods are calculated as the average annual return.

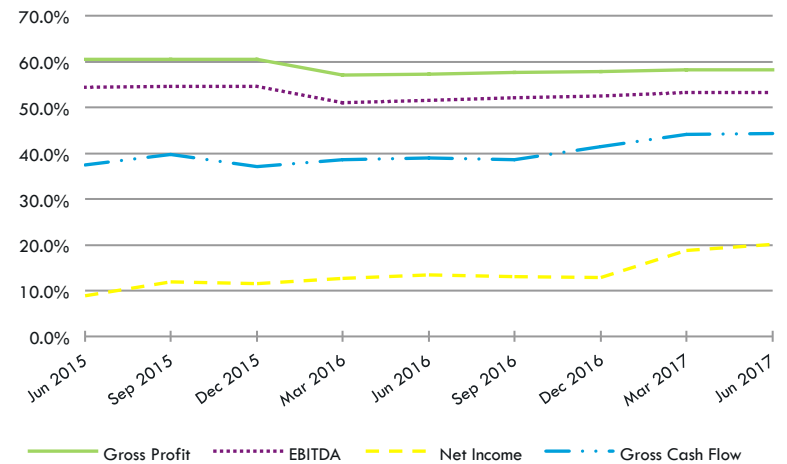
■ Highest Return    
 ■ Lowest Return    
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Healthcare Facilities Companies



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



## Public Company Median Multiples by Quarter

The chart below illustrates Public Company Multiples.

	9/30/18	6/30/17	9/30/18	3/31/18	12/31/17	9/30/17	6/30/17	3/31/17
<b>EV/Revenues Multiple</b>	8.1x	9.9x	9.5x	10.7x	9.8x	8.6x	6.8x	10.0x
<b>EV/EBITDA Multiple</b>	12.9x	15.1x	14.6x	18.6x	17.2x	17.3x	17.0x	16.9x
<b>Price/Earnings Multiple</b>	20.9x	18.3x	19.1x	31.2x	31.6x	29.3x	38.2x	33.6x
<b>EV/Gross Cash Flows Multiple</b>	19.3x	22.6x	21.7x	27.5x	25.4x	23.3x	22.5x	20.5x

■ Highest Multiple    
 ■ Lowest Multiple    
 ■ Median Multiple

## Industry Initial Public Offerings— Healthcare Facilities (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
11/30/16	Innovative Industrial Properties, Inc.	\$20.00	3.4	\$67.0	N/A	N/A	N/A	N/A	N/A	N/A
2/7/14	Luz Saúde, S.A.	\$4.36	40.7	\$177.4	\$477.7	\$244.4	\$511.0	\$80.0	\$14.0	\$96.2
7/4/13	International Healthway Corporation Limited	\$0.38	104.4	\$39.4	\$386.7	\$232.0	\$9.6	\$0.0	\$35.6	\$0.0
4/26/13	American Realty Capital Healthcare Trust, Inc.	\$10.00	173.8	\$1,749.4	\$1,195.9	\$219.5	\$49.7	\$26.6	(\$12.8)	\$41.6
10/16/12	MD Medical Group Investments Plc	\$12.00	22.5	\$270.5	\$12,913.5	\$2,958.6	\$121.9	\$52.9	\$1,270.6	\$1,654.0
3/24/10	NorthWest Healthcare	\$9.74	17.5	\$170.5	N/A	N/A	N/A	N/A	N/A	N/A
8/22/07	Parkway Life Real Estate Investment Trust	\$0.84	288.9	\$242.4	N/A	N/A	N/A	N/A	N/A	N/A
<b>Median of all IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$177.4</b>	<b>\$836.8</b>	<b>\$238.2</b>	<b>\$85.8</b>	<b>\$39.7</b>	<b>\$24.8</b>	<b>\$68.9</b>

Multiple year periods are calculated as the average annual return.

■ Highest Return  
 ■ Lowest Return  
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
8/30/18	Raseel Medical Center	The Allure Group Inc.	\$23.5	100%	N/A	N/A
8/7/18	Two Skilled Nursing Facilities, In Maryland	Primary Health Properties	\$50.2	100%	\$2.5	10.9x
7/18/18	99 Bed Skilled Nursing Facility in Aberdeen, South Dakota	Loyola University Health	\$12.2	100%	N/A	N/A
6/27/18	175-bed facility	Primary Health Properties	\$418.0	100%	N/A	N/A
5/9/18	Mountmellick Primary Healthcare	The Allure Group Inc.	\$45.0	100%	N/A	N/A
3/1/18	MacNeal Health Network	Primary Health Properties	\$2.3	100%	N/A	N/A
8/30/18	Mallow Primary Healthcare	Loyola University Health	\$35.4	100%	N/A	N/A
8/7/18	Assets of Centro Gallego	Aedifica SA	\$23.5	100%	N/A	N/A
12/7/16	Raseel Medical Center	Carter Validus	\$50.2	100%	N/A	N/A
12/1/16	Two Skilled Nursing Facilities, In Maryland	ISEC Healthcare Ltd.	\$2.9	100%	N/A	N/A
11/30/16	(Multiple Facilities)	BC Partners	\$389.4	100%	\$162.0	2.4x
11/23/16	(Multiple Facilities)	Northern Horizon Capital	\$16.2	100%	N/A	N/A

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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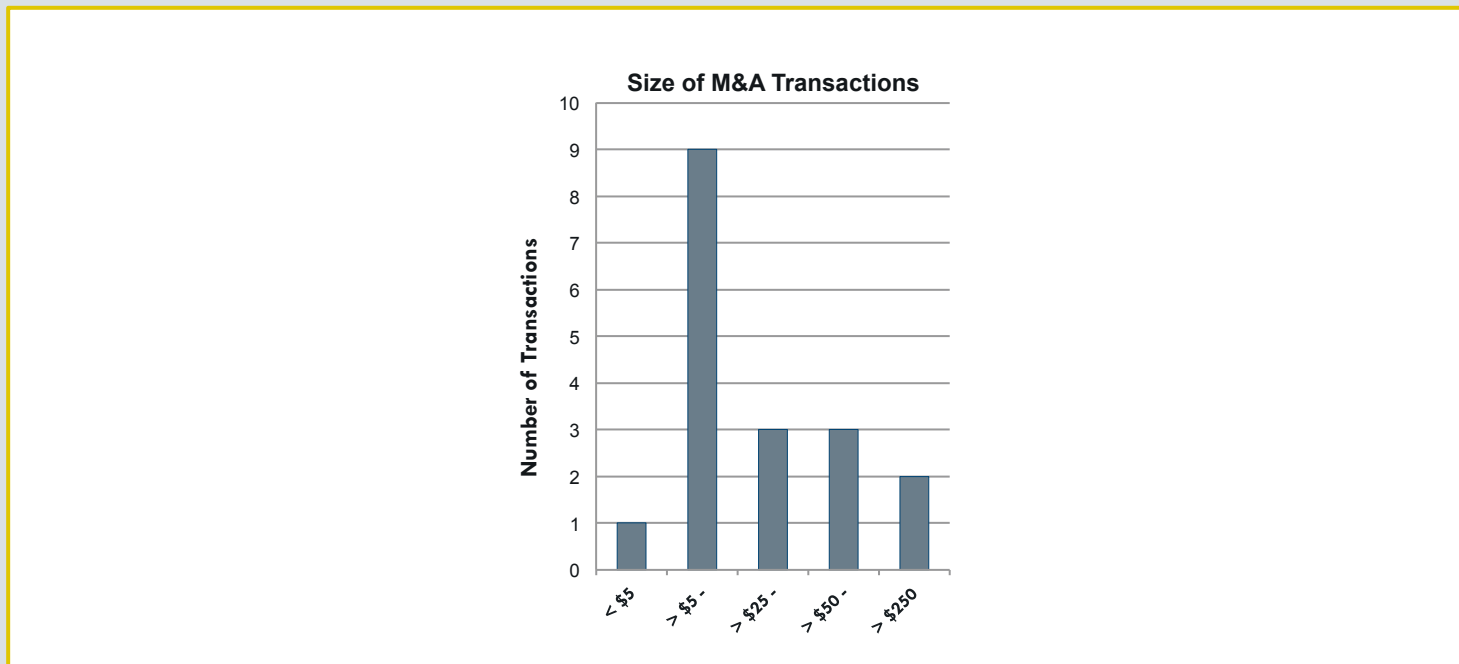
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
11/1/16	(Multiple Facilities)	Second Spring Healthcare	\$1,100.0	100%	N/A	N/A
10/6/16	(Multiple Facilities)	Skyline Healthcare, LLC	\$55.0	100%	N/A	N/A
9/23/16	Physician's ASC Management	Medical Facilities Corp.	\$20.6	72%	N/A	N/A
8/2/16	(Multiple Facilities)	CareTrust REIT, Inc.	\$6.9	100%	N/A	N/A
7/22/16	Hospice Of Southern Illinois	Cedarhurst Living, LLC	\$2.1	100%	N/A	N/A
7/20/16	HealthSouth Rehabilitation	Harrison Street Real Estate	\$111.5	100%	N/A	N/A
<b>Median of the 18 M&amp;A Transaction Targets</b>			<b>\$20.6</b>	<b>100%</b>	<b>\$82.3</b>	<b>6.7x</b>

USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2018





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**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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