

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 December 31, 2017, the median 52-week share price return of the Healthcare Facilities industry was -2.4%. Between December 31, 2016 and December 31, 2018, the median EV/EBITDA multiple increased from 12.2 to 13.5. However, the median price-to-earnings multiple decreased from 30.6 to 22.1 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

-2.4%

Median 3-Year CAGR
Return

1.3%

Median EV/Revenue
Multiple

9.8x

Median EV/EBITDA
Multiple

13.5x

Median Price/Earnings
Multiple

22.1x

Median EV/Gross CF
Multiple

20.2x

Comparable Public Company Market Price Returns as of December 31, 2018

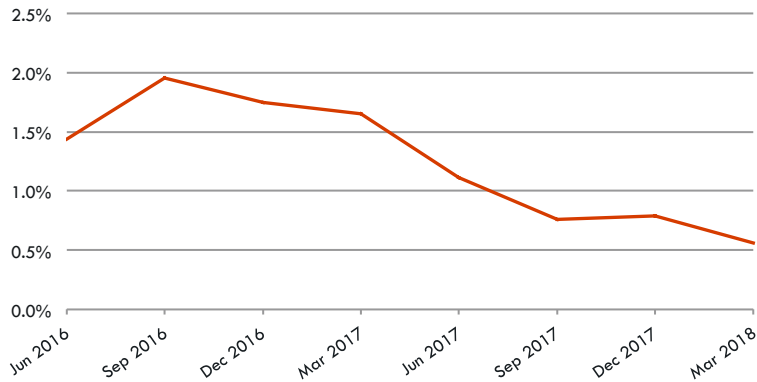
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Acadia Healthcare Company, Inc.	-8.9%	13.3%	-10.1%	-20.6%	2.8%	-47.0%	2.0%	29.3%
Healthcare Realty Trust Incorporated	8.2%	5.1%	-14.7%	21.2%	10.3%	7.1%	3.7%	28.2%
Medical Properties Trust, Inc.	23.7%	-0.2%	0.9%	-0.9%	-0.9%	6.9%	-16.5%	12.8%
National HealthCare Corporation	19.0%	-1.6%	-16.4%	3.9%	7.6%	22.8%	-1.8%	16.6%
Omega Healthcare Investors, Inc.	-16.4%	0.1%	-18.0%	-1.9%	-3.6%	-10.6%	-10.5%	31.1%
SunLink Health Systems, Inc.	87.7%	7.1%	-11.6%	4.8%	10.8%	31.2%	-32.9%	55.7%
Tenet Healthcare Corporation	-8.9%	9.2%	36.9%	-42.2%	-25.6%	-51.0%	-40.2%	20.3%
Median of Industry Public Companies	-2.4%	6.8%	-11.6%	3.9%	2.8%	7.1%	-10.5%	25.2%

Multiple year periods are calculated as the average annual return.

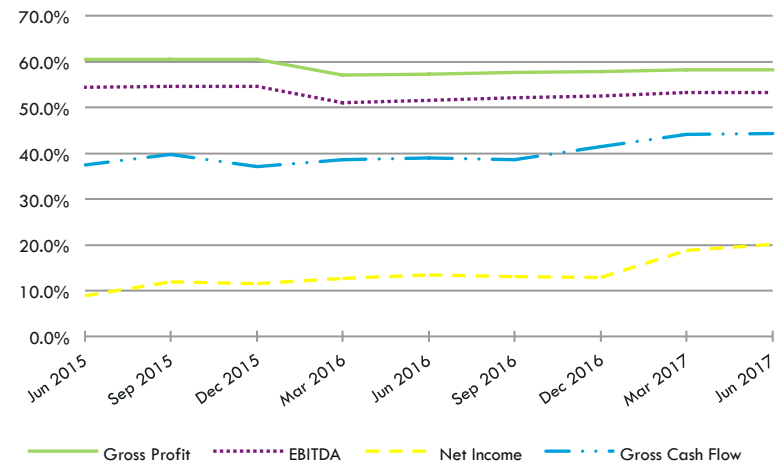
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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.

	12/31/18	9/30/18	6/30/18	3/31/18	3/31/18	12/31/17	6/30/17	3/31/17
EV/Revenues Multiple	9.8x	9.9x	10.1x	9.5x	9.8x	8.6x	6.8x	10.0x
EV/EBITDA Multiple	13.5x	15.1x	15.5x	15.1x	17.2x	17.3x	17.0x	16.9x
Price/Earnings Multiple	22.1x	18.3x	21.4x	16.7x	31.6x	29.3x	38.2x	33.6x
EV/Gross Cash Flows Multiple	20.2x	22.6x	22.6x	19.2x	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
Median of all IPOs		nm	nm	\$177.4	\$836.8	\$238.2	\$85.8	\$39.7	\$24.8	\$68.9

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
11/12/18	Western Hospital	Australian Unity Funds Management Limited	\$16.2	100%	N/A	N/A
10/5/18	Stratford Healthcare Centre	Assura Plc	\$39.3	100%	\$2.5	10.9x
10/2/18	Genesis Healthcare	N/A	\$79.8	100%	N/A	N/A
8/30/18	Raseel Medical Center	Derayah Financial	\$5.9	100%	N/A	N/A
5/9/18	Nursing Facilities, In Maryland	Vita Healthcare Group, LLC	\$34.8	100%	N/A	N/A
3/1/18	99 Bed Skilled Nursing Facility in Aberdeen, South Dakota	CareTrust REIT, Inc.	\$9.7	100%	N/A	N/A
8/30/18	Western Hospital	The Allure Group Inc.	\$35.4	100%	N/A	N/A
8/7/18	Assets of Centro Gallego	Primary Health Properties	\$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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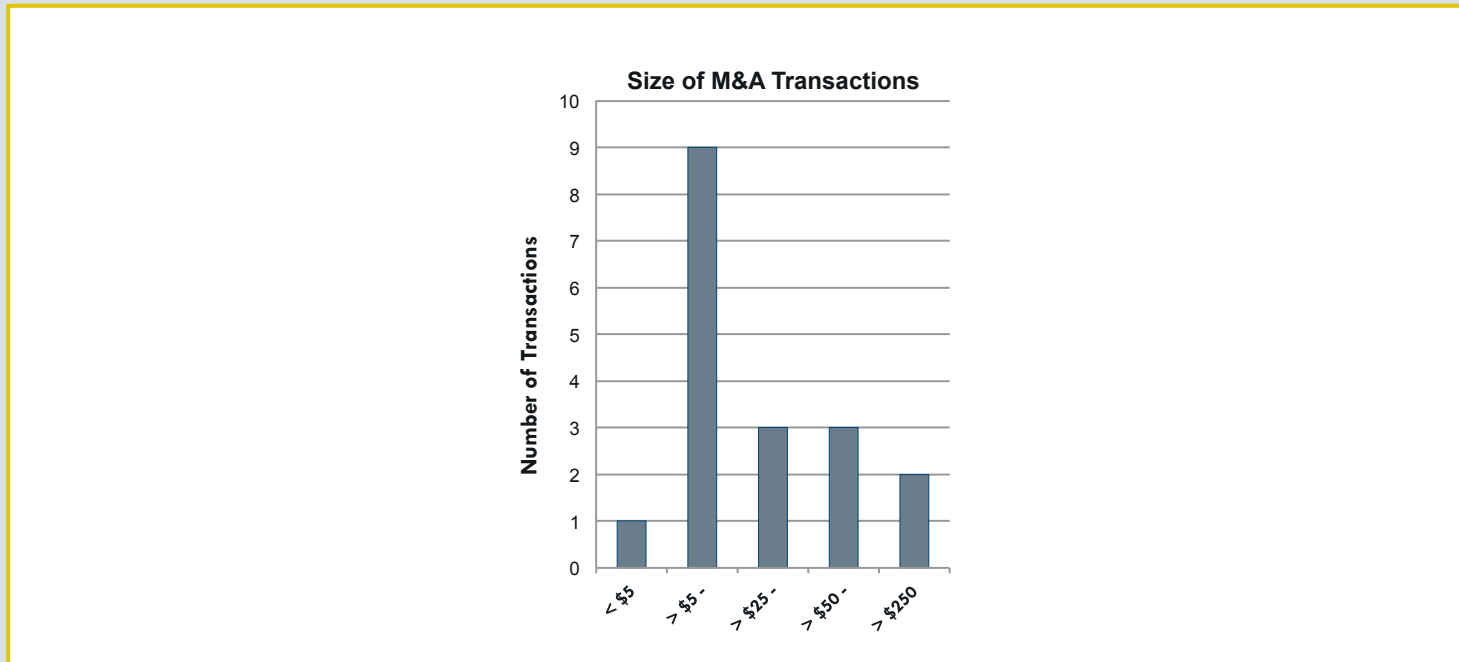
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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
Median of the 18 M&A Transaction Targets			\$20.6	100%	\$82.3	6.7x

USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 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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