

# Q1: Quarterly Industry Update

AS OF March 31, 2020

**cogent** valuation  
FINANCIAL OPINIONS

## 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 March 31, 2019, the median 52-week share price return of the Healthcare Facilities industry was -1.4%. Between March 31, 2019 and March 31, 2020, 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

**8.1**

Median Price/Earnings  
Multiple

**20.9x**

Median EV/Gross CF  
Multiple

**19.3x**

## Comparable Public Company Market Price Returns as of March 31, 2020

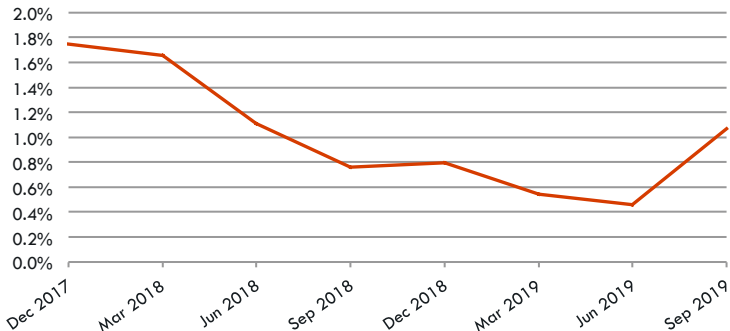
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
Acadia Healthcare Company, Inc.	-9.5%	-9.5%	-10.1%	-20.6%	2.8%	-1.4%	2.0%	29.3%
Healthcare Realty Trust Incorporated	1.9%	1.9%	-14.7%	21.2%	10.3%	5.9%	3.7%	28.2%
Medical Properties Trust, Inc.	15.5%	15.5%	0.9%	-0.9%	-0.9%	12.0%	-16.5%	12.8%
National HealthCare Corporation	12.6%	12.6%	-16.4%	3.9%	7.6%	-19.6%	-1.8%	16.6%
Omega Healthcare Investors, Inc.	-18.9%	-18.9%	-18.0%	-1.9%	-3.6%	-11.9%	-10.5%	31.1%
SunLink Health Systems, Inc.	121.4%	121.4%	-11.6%	4.8%	10.8%	31.9%	-32.9%	55.7%
Tenet Healthcare Corporation	60.0%	60.0%	36.9%	-42.2%	-25.6%	2.2%	-40.2%	20.3%
Median of Industry Public Companies	-20.0%	-20.0%	-11.6%	3.9%	2.8%	14.5%	-10.5%	25.2%

Multiple year periods are calculated as the average annual return.

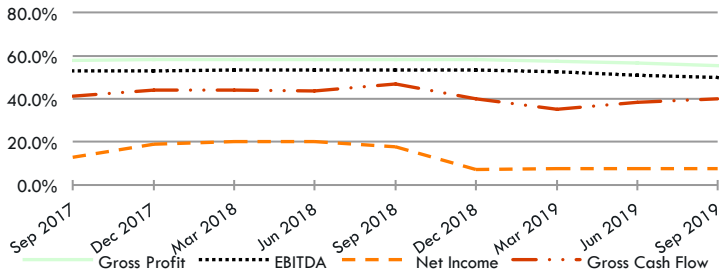
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# 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

	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
<b>EV/Revenues Multiple</b>	8.1x	9.9x	9.5x	5.6x	9.7x	6.5x	10.0x	9.6x
<b>EV/EBITDA Multiple</b>	12.9x	15.1x	14.6x	15.6x	16.7x	13.9x	13.4x	13.5x
<b>Price/Earnings Multiple</b>	20.9x	18.3x	19.1x	16.9x	23.6x	22.0x	19.8x	22.7x
<b>EV/Gross Cash Flows Multiple</b>	19.3x	22.6x	21.7x	19.5x	20.0x	21.4x	21.3x	22.6x

■ 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
2/29/20	Innovative Industrial Properties, Inc.	\$20.00	3.4	\$67.0	N/A	N/A	N/A	N/A	N/A	N/A
2/7/20	Luz Saúde, S.A.	\$4.36	40.7	\$177.4	\$477.7	\$244.4	\$511.0	\$80.0	\$14.0	\$96.2
12/4/19	International Healthway Corporation Limited	\$0.38	104.4	\$39.4	\$386.7	\$232.0	\$9.6	\$0.0	\$35.6	\$0.0
4/26/18	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
10/16/16	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
3/24/15	NorthWest Healthcare	\$9.74	17.5	\$170.5	N/A	N/A	N/A	N/A	N/A	N/A
8/22/14	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>

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
3/30/20	<b>Raseel Medical Center</b>	Derayah Financial - Derayah Reit Fund; Derayah Financial Corp., Investment Arm	\$5.9	100%	N/A	N/A
1/7/20	<b>Two Skilled Nursing Facilities, In Maryland</b>	Vita Healthcare Group, LLC	\$34.8	100%	\$2.5	10.9x
12/19/19	<b>99 Bed Skilled Nursing Facility in Aberdeen, South Dakota</b>	CareTrust REIT, Inc.	\$9.7	100%	N/A	N/A
11/27/19	<b>175-bed facility</b>	The Allure Group Inc.	\$25.0	100%	N/A	N/A
9/9/19	<b>Mountmellick Primary Healthcare</b>	Primary Health Properties	\$6.9	100%	N/A	N/A
3/1/18	<b>MacNeal Health Network</b>	Loyola University Health	\$270.0	100%	N/A	N/A
1/30/18	<b>Western Hospital</b>	Derayah Financial - Derayah Reit Fund; Derayah Financial Corp., Investment Arm	\$23.5	100%	N/A	N/A
8/7/17	<b>Assets of Centro Gallego</b>	Primary Health Properties	\$23.5	100%	N/A	N/A
12/7/16	<b>Raseel Medical Center</b>	Carter Validus	\$50.2	100%	N/A	N/A
12/1/16	<b>Two Skilled Nursing Facilities, In Maryland</b>	ISEC Healthcare Ltd.	\$2.9	100%	N/A	N/A
11/30/16	<b>(Multiple Facilities)</b>	BC Partners	\$389.4	100%	\$162.0	2.4x
11/23/16	<b>(Multiple Facilities)</b>	Northern Horizon Capital	\$16.2	100%	N/A	N/A

■ USA   ■ International

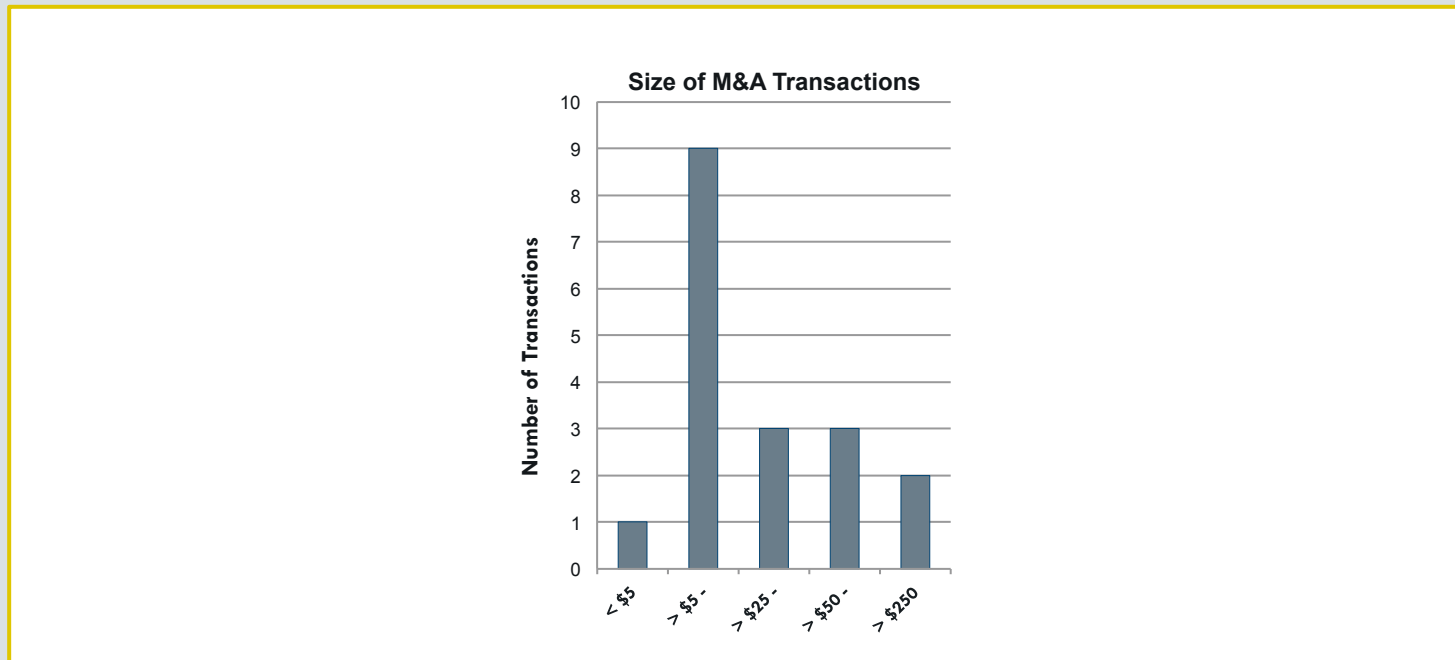
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## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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>

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





**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):** 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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