

Healthcare Services

INDUSTRY UPDATE MAY 2024



2023 General Slowdown

In 2023, the volume of private equity transactions within the healthcare services sector saw a 16.2% decline compared to the previous year, reaching a low for platform deals not seen in seven years. This downturn was driven by elevated interest rates and sustained challenges in workforce availability

2023 Non-Skilled Home Care Growth

There was a notable rebound in merger and acquisition (M&A) activity, surpassing both pre-pandemic and 2022 levels, with a year-over-year transaction volume increase of 4.1% at the end of 2023

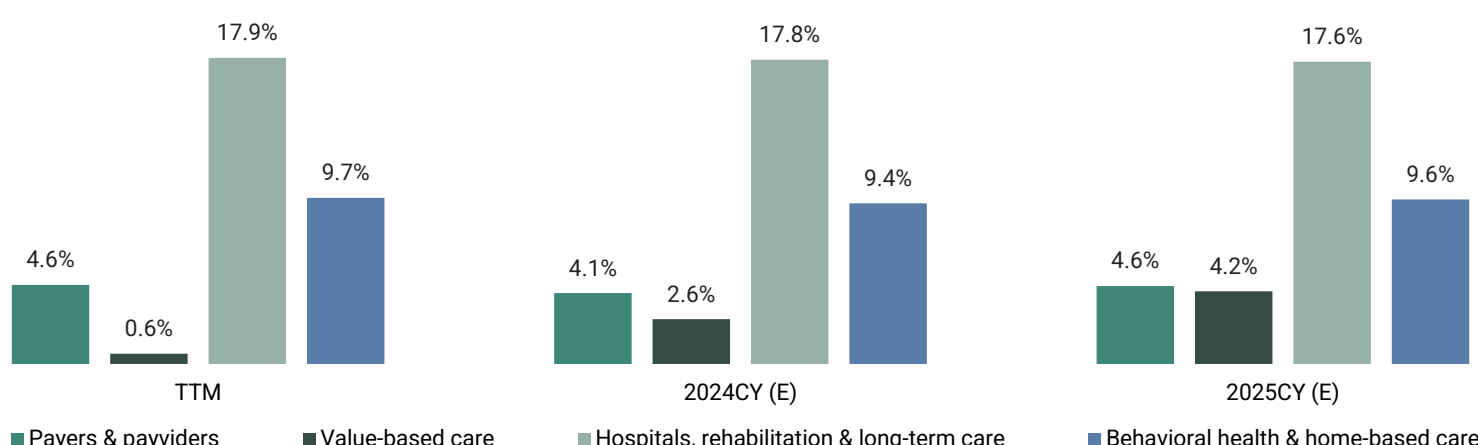
Strategic M&A Activity

Increased activity among the more established, non-private equity organizations in a facility-to-facility type of transactions. Large healthcare systems are expanding their reach and consolidating their market presence. These transactions are driven by the need to enhance operational efficiencies

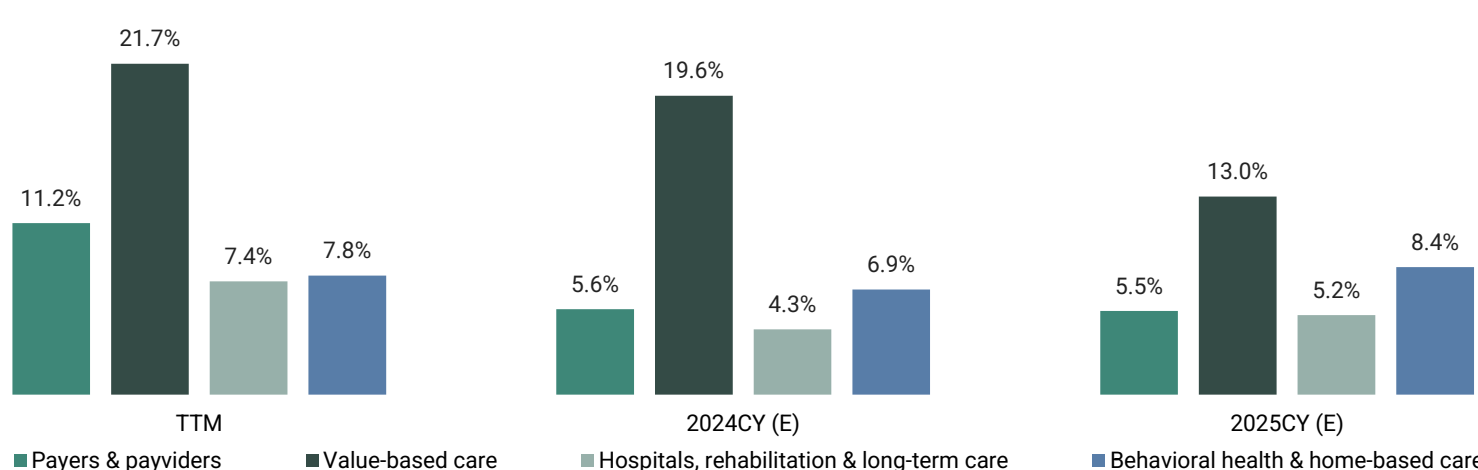
HEALTHCARE SERVICES HEADLINE TRANSACTIONS

TARGET	ACQUIRER	ACQUISITION SYNOPSIS
		In March 2024, Steward Health Care reached a deal to sell its physician group to UnitedHealth Group's Optum in order to right its struggling finances in Chapter 11. Steward Health, spans nine states and includes primary care and other clinicians in addition to a physician contracting network, pricing has not been announced yet
		In March 2024, Waud Capital Partners acquired Senior Helpers, a prominent home care franchise company, from Advocate Health for an undisclosed sum. Senior Helpers, known for its excellence in senior home care and wellness services, operates over 380 franchised and corporate-owned locations across 44 states, Canada, and Australia. This acquisition aligns with Waud's strategy of leveraging its deep expertise in nurturing and building upon its success in healthcare. Pricing has not been announced yet
		On May 2, 2024, CVS Health completed its acquisition of Oak Street Health for \$10.6 billion adding about 169 medical centers in 21 states. The acquisition will broaden CVS Health's value-based primary care platform and significantly benefit patients' long-term health by improving outcomes and reducing costs, particularly for those in underserved communities.

EBITDA MARGINS



REVENUE GROWTH



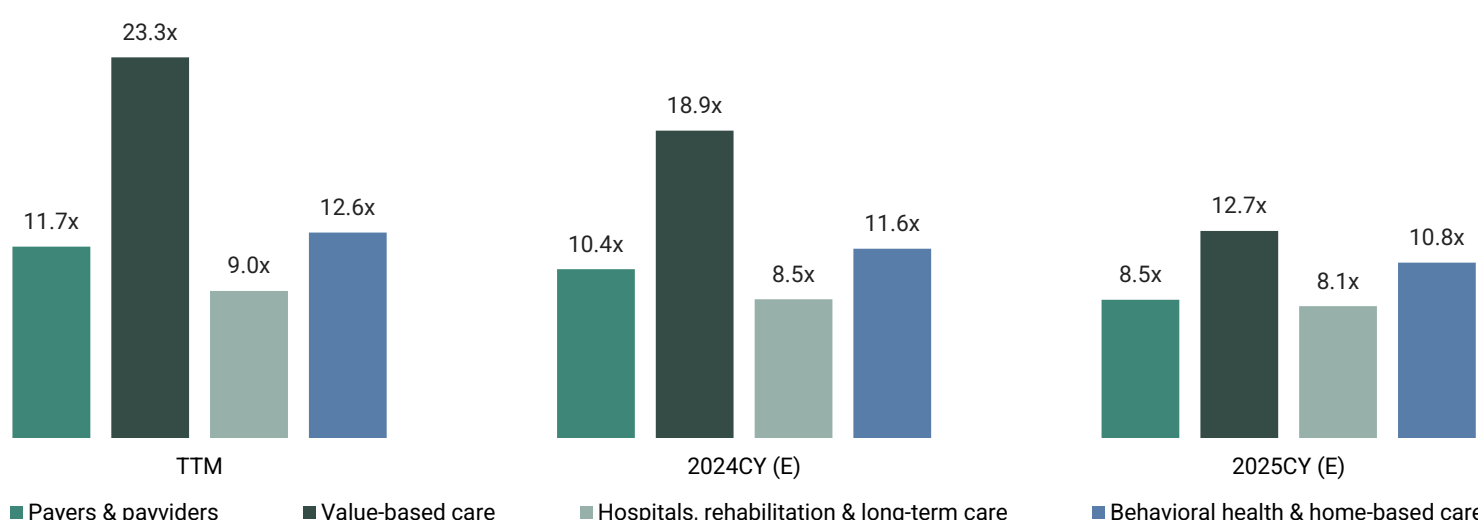
TRENDS TO WATCH

Telemedicine Impact: The rapid expansion of telemedicine is revolutionizing patient access to care by providing convenient, remote consultations and treatments are helping to control costs & grow EBITDA

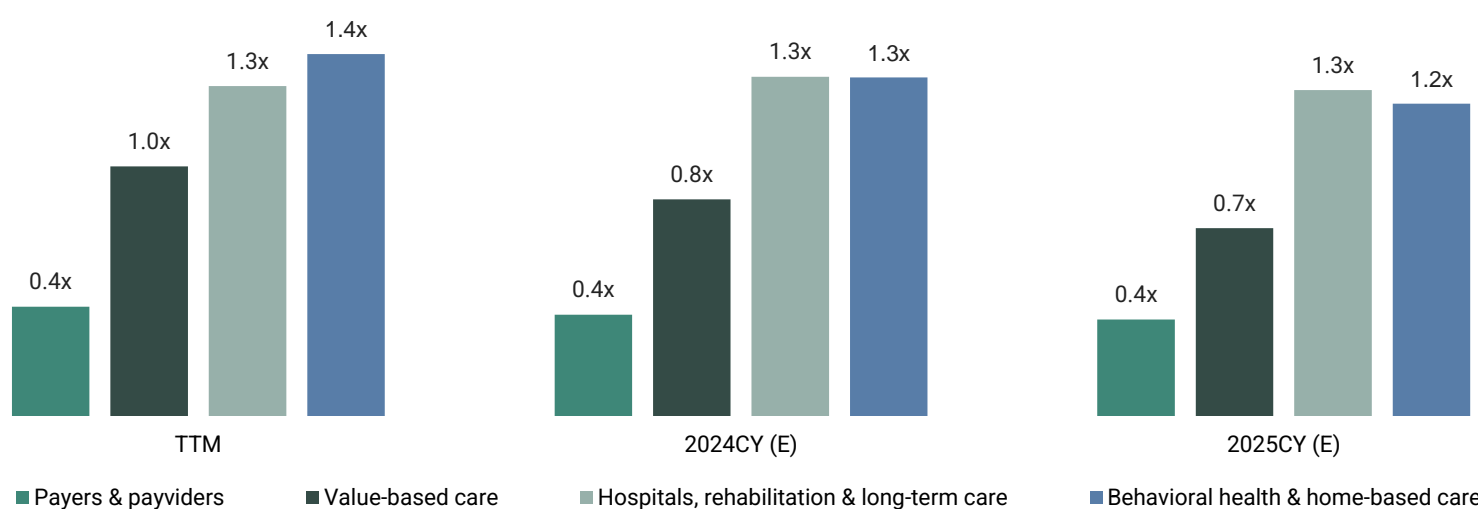
AI Impact: Emerging technologies such as generative AI are changing business models and patient delivery mechanisms, also fueling M&A growth and revenue growth in some corners of the market. However, this hasn't fully translated to revenue growth across all healthcare services sectors

Regulatory Changes: Proposed rules by the U.S. Centers for Medicare and Medicaid Services (CMS) could impact compensation structures and profit margins, and create increased antitrust scrutiny

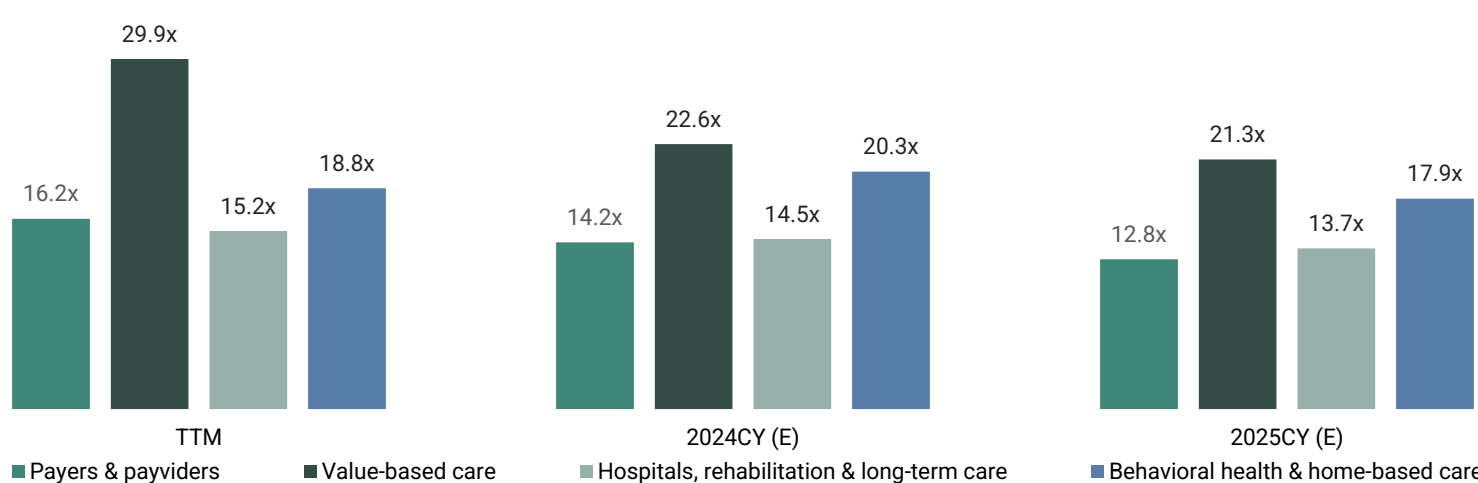
ENTERPRISE VALUE / EBITDA



ENTERPRISE VALUE / REVENUE



PRICE / EARNINGS



Sources: Pitchbook, Bain & Company, PwC, Becker's Healthcare

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