Health Care Providers & Services

MARKET MONITOR
WINTER 2018

MOSSADAMS

Selected Recent Health Care Transactions

The Everett Clinic

acquired by

DaVita Health Care Partners

Moss Adams Capital acted as financial advisor to The Everett Clinic in this transaction.

Yakima Valley Memorial Hospital

has formally affiliated with

Virginia Mason Medical Center

Moss Adams Capital acted as financial advisor to Yakima Valley Memorial Hospital in this transaction.

Moss Adams Capital

provided strategic advisory and investment banking services for

Seattle Children's

Moss Adams Capital

provided investment banking services for

Overlake Medical Center

Kadlec Health Services

formed an affiliation with

Providence Health & Services

Moss Adams Capital acted as financial advisor to Kadlec in this transaction.

Redwood Regional Medical Center

acquired by

St. Joseph Heritage Healthcare

Moss Adams Capital acted as financial advisor to Redwood Regional Medical Center in this transactions.

Moss Adams Capital

provided investment banking services for

Seattle Reproductive Medicine

Molded Devices, Inc.

has acquired

Dempsey Industries

Moss Adams Capital acted as financial advisor to Molded Devices, Inc. in this transaction.

Industry Update: A Changing Landscape For 2018

Obamacare Remains a Concern for President Trump and the Republican Party

In 2017, Congressional Republicans failed to pass a bill replacing Obamacare. This year, Republicans continue to find themselves in a similar situation. Based on the recent, closely-followed Alabama Senate election, won by **Doug Jones (D)**, the Republican party now controls only a 51-49 seat majority in the U.S. Senate. Many Republicans now believe a more practical approach to revising Obamacare will be to promulgate more moderate changes in the short-term, rather than attempting to pass a complete overhaul of the ACA. (**Washington Examiner** – *12/27/17*)

Numerous Healthcare Mega-Mergers Announced in December 2017

Six mega-mergers were announced in December 2017. The proposed mergers included vertical integration plays between payers and providers, and horizontal alignments between large hospital groups, as companies seek to build scale to create a competitive advantage. With much of the focus now placing the consumer at the center of healthcare, many insurance companies are looking to retain more risk. Providers are also feeling pressure from rising staffing costs, increased bad debts as high-deductible health plans squeeze patients, declining inpatient admissions, and potential major policy changes.

CVS Health's $69-billion Proposed Acquisition of Aetna Poses a Major Threat To U.S. Hospitals

CVS Health's proposed acquisition of **Aetna** appears designed to reduce hospital length of stay and to hasten the shift towards value-based care. In addition to expanding its pharmacy and retail clinic services, CVS plans to deliver care to homes, with an aim to serving and supporting clients in lower cost settings, rather than in higher-cost hospitals. (**Forbes** – *12/5/17*)

The Blockchain Revolution is Making its Way to Healthcare

A recent study by **IBM** showed that 16% of surveyed healthcare executives had planned to implement a blockchain solution this year, while 56% expected to by 2020. Blockchain has the potential to disrupt healthcare by creating a common database of health information for providers and research efforts, providing better security and privacy, and reducing administration costs. (**Huffington Post** – *12/17/17*)

Washington State Sees Major Increase in ACA Enrollment Despite Rule Changes

Approximately 230,000 state residents had signed up through December 27— a 35% increase over the same period last year. The increase occurred despite a new federal tax law which removes the mandate that every American needs health insurance. Nearly 8.8 million people signed up for health insurance in the 39 states served by the federal HealthCare.gov website, down slightly from the 9.2 million people during last year's open enrollment period. (**Seattle Times** – 12/27/17)

HC Providers & Facilities – Valuations Vary Across Industry

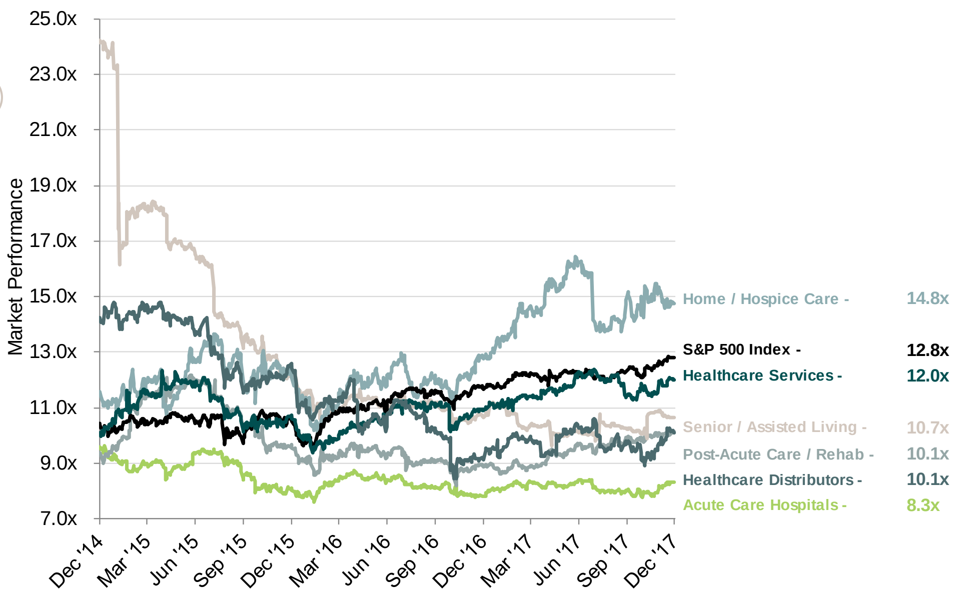
EV/EBITDA multiples for the Health Care Industry niches tracked by MAC were flat to slightly higher in 2017. The Homecare/Home Health/Hospice sector had the highest EV/EBITDA multiple, of 14.8x.

The Senior/Assisted Living HC niche, as tracked by MAC, had a significant increase in valuation in late 2014, due to a decline in **Brookdale Senior Living's** EBITDA, as a result of merger-related expenses.

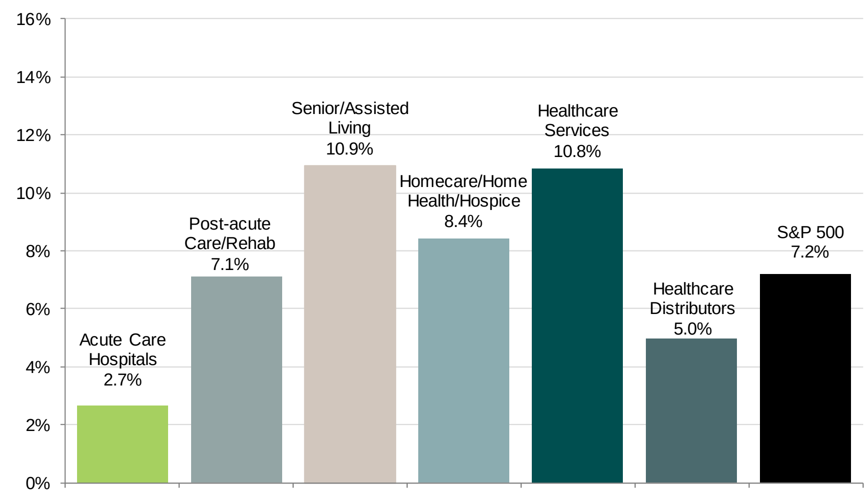
The outlook for the overall Health Care Providers industry group is mixed. Three of the six industry groups, note table below, are expected to have revenue growth rates greater than the S&P 500 over the next 12 months.

Revenue growth for the Senior/Assisted Living niche is expected to outpace all other Health Care niches tracked by MAC and the S&P 500, with 10.9% revenue growth expected over the next 12 months.

Healthcare Providers & Facilities vs. S&P



Next 12 Months: Estimated Sales Growth



Note: The Healthcare Providers & Facilities indices are composed of the public companies included on pages 6-8 of this report.

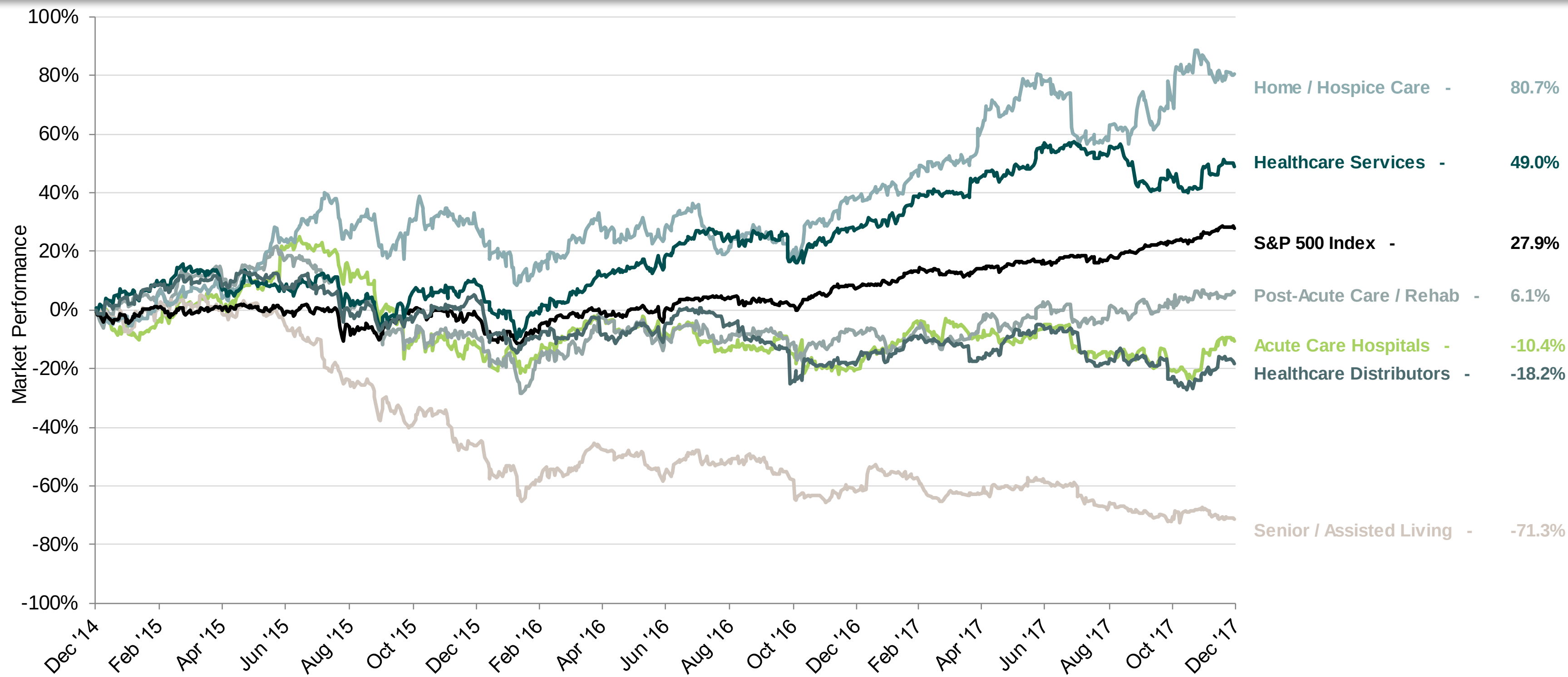
Source: Capital IQ, WSJ.

HC Providers & Facilities – Stock Performance (1/15 – 12/17)

Those Health Care industry niches outperforming the S&P 500 Index's performance over the past 3 years (of +27.9%) include Home/Hospice Care (+80.7%) and Healthcare Services (+49.0%).

The Senior / Assisted Living industry niche has underperformed the S&P 500 significantly over the last 18-months due to numerous factors, including declining occupancy rates and oversupply of available beds/units.

3-Year Indexed Stock Price Performance



Note: The Healthcare Providers & Facilities indices are composed of the public companies included on pages 6-8 of this report.

Source: Moss Adams Capital (MAC), Capital IQ.

Valuation Metrics: Acute & Post-Acute Care

($US in millions, except per share amounts)

Company Name	12/29/17 Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data: Sales	TTM Data: EBITDA	TTM Data: EBITDA Margin	NTM Est. Growth: Sales	NTM Est. Growth: EBITDA	EV Multiple: TTM Sales	EV Multiple: TTM EBITDA	EV Multiple: NTM Sales	EV Multiple: NTM EBITDA
Acute Care Hospitals													
HCA Healthcare, Inc.	$87.84	$91.03 - $71.18	$31,100	$65,165	$42,693	$8,031	18.8%	5.3%	5.1%	1.5x	8.1x	1.4x	7.7x
Universal Health Services, Inc.	113.35	129.74 - 95.26	10,758	14,901	10,243	1,697	16.6%	5.2%	4.1%	1.5x	8.8x	1.4x	8.4x
Acadia Healthcare Company, Inc.	32.63	54.34 - 26.92	2,867	6,079	2,815	574	20.4%	5.1%	9.6%	2.2x	10.6x	2.1x	9.7x
LifePoint Health, Inc.	49.80	70.95 - 42.50	1,963	4,861	6,406	749	11.7%	0.3%	2.4%	0.8x	6.5x	0.8x	6.3x
Tenet Healthcare Corp.	15.16	22.72 - 12.25	1,530	18,474	19,061	1,995	10.5%	(3.2%)	31.1%	1.0x	9.3x	1.0x	7.1x
Community Health Systems, Inc.	4.26	10.51 - 3.85	477	14,484	16,764	1,655	9.9%	(16.4%)	(4.6%)	0.9x	8.8x	1.0x	9.2x
			Median	**$14,693**	**$13,503**	**$1,676**	**14.1%**	**2.7%**	**4.6%**	**1.2x**	**8.8x**	**1.2x**	**8.1x**
			Average	**$20,661**	**$16,330**	**$2,450**	**14.6%**	**(0.6%)**	**8.0%**	**1.3x**	**8.7x**	**1.3x**	**8.1x**
Post-acute Care/Rehab													
HealthSouth Corporation	$49.41	$50.41 - $38.24	$4,858	$7,885	$3,844	$821	21.3%	7.1%	3.2%	2.1x	9.6x	1.9x	9.3x
Select Medical Holdings Corporation	17.65	19.78 - 12.00	2,362	5,791	4,299	492	11.5%	6.7%	15.4%	1.3x	11.8x	1.3x	10.2x
The Ensign Group, Inc.	22.20	24.78 - 16.51	1,136	1,390	1,795	130	7.3%	6.9%	43.5%	0.8x	10.7x	0.7x	7.4x
U.S. Physical Therapy, Inc.	72.20	78.00 - 56.50	908	1,048	392	62	15.7%	10.8%	3.9%	2.7x	17.0x	2.4x	16.3x
Kindred Healthcare, Inc.	9.70	11.90 - 5.50	887	4,203	6,996	454	6.5%	(12.7%)	74.0%	0.6x	9.3x	0.7x	5.3x
Civitas Solutions, Inc.	17.10	20.55 - 15.40	640	1,285	1,475	148	10.0%	7.2%	17.8%	0.9x	8.7x	0.8x	7.4x
AAC Holdings, Inc.	9.00	13.06 - 5.99	216	414	272	36	13.1%	20.0%	64.8%	1.5x	11.6x	1.3x	7.0x
			Median	**$1,390**	**$1,795**	**$148**	**11.5%**	**7.1%**	**17.8%**	**1.3x**	**10.7x**	**1.3x**	**7.4x**
			Average	**$3,145**	**$2,725**	**$306**	**12.2%**	**6.6%**	**31.8%**	**1.4x**	**11.2x**	**1.3x**	**9.0x**

Note: NA if denominator is 0, for percentages and multiples, or if estimates are not available.

Sources: Capital IQ

Valuation Metrics: Senior / Assisted Living & Homecare / Hospice

($US in millions, except per share amounts)

	12/29/17				TTM Data			NTM Est. Growth		EV Multiple			
	Share	52 Week	Market	Enterprise			EBITDA			TTM	TTM	NTM	NTM
Company Name	**Price**	**High - Low**	**Cap**	**Value**	**Sales**	**EBITDA**	**Margin**	**Sales**	**EBITDA**	**Sales**	**EBITDA**	**Sales**	**EBITDA**
Senior/Assisted Living													
Brookdale Senior Living Inc.	$9.70	$16.31 - $8.78	$1,808	$6,819	$3,961	$702	17.7%	17.3%	(10.5%)	1.7x	9.7x	1.5x	10.8x
Capital Senior Living Corporation	13.49	17.66 - 11.60	411	1,414	464	80	17.1%	4.6%	30.3%	3.0x	17.8x	2.9x	13.6x
Genesis Healthcare, Inc.	0.76	4.75 - 0.60	72	4,526	5,350	420	7.8%	(0.0%)	60.0%	0.8x	10.8x	0.8x	6.7x
Five Star Senior Living Inc.	1.50	2.85 - 1.35	75	108	1,130	13	1.1%	23.8%	32.9%	0.1x	8.4x	0.1x	6.3x
			Median	**$2,970**	**$2,545**	**$250**	**12.5%**	**10.9%**	**31.6%**	**1.3x**	**10.2x**	**1.2x**	**8.8x**
			Average	**$3,216**	**$2,726**	**$304**	**11.0%**	**11.4%**	**28.2%**	**1.4x**	**11.7x**	**1.3x**	**9.4x**
Homecare/Home Health/Hospice													
Chemed Corporation	$243.02	$251.00 - $157.56	$3,880	$3,938	$1,642	$238	14.5%	3.6%	14.4%	2.4x	16.5x	2.3x	14.4x
Amedisys, Inc.	52.71	65.91 - 42.05	1,789	1,812	1,472	116	7.9%	9.2%	39.3%	1.2x	15.7x	1.1x	11.2x
LHC Group, Inc.	61.25	76.14 - 44.04	1,120	1,284	1,004	94	9.3%	17.0%	14.1%	1.3x	13.7x	1.1x	12.0x
The Ensign Group, Inc.	22.20	24.78 - 16.51	1,136	1,390	1,795	130	7.3%	6.9%	43.5%	0.8x	10.7x	0.7x	7.4x
Almost Family, Inc.	55.35	66.15 - 40.15	773	918	750	43	5.7%	11.2%	81.7%	1.2x	NM	1.1x	11.9x
Addus HomeCare Corporation	34.80	40.75 - 29.90	400	398	416	34	8.2%	7.7%	20.4%	1.0x	11.7x	0.9x	9.7x
			Median	**$1,337**	**$1,238**	**$105**	**8.0%**	**8.4%**	**29.9%**	**1.2x**	**13.7x**	**1.1x**	**11.6x**
			Average	**$1,623**	**$1,180**	**$109**	**8.8%**	**9.3%**	**35.6%**	**1.3x**	**13.6x**	**1.2x**	**11.1x**

Note: NA if denominator is 0, for percentages and multiples, or if estimates are not available.

Sources: Capital IQ

Valuation Metrics: Healthcare Services & Distributors

($US in millions, except per share amounts)

Company Name	12/29/17 Share Price	52 Week High - Low	Market Cap	Enterprise Value	TTM Data Sales	TTM Data EBITDA	TTM Data EBITDA Margin	NTM Est. Growth Sales	NTM Est. Growth EBITDA	EV Multiple TTM Sales	EV Multiple TTM EBITDA	EV Multiple NTM Sales	EV Multiple NTM EBITDA
Healthcare Services													
Laboratory Corporation of America Holdings	$159.51	$165.18 - $127.33	$16,238	$23,211	$9,892	$1,899	19.2%	10.7%	13.5%	2.3x	12.2x	2.1x	10.8x
Quest Diagnostics Incorporated	98.49	112.97 - 90.10	13,424	17,113	7,634	1,432	18.8%	3.7%	12.6%	2.2x	12.0x	2.2x	10.6x
Tivity Health, Inc.	36.55	48.50 - 20.60	1,448	1,602	543	125	23.0%	11.0%	6.4%	3.0x	12.8x	2.7x	12.1x
LHC Group, Inc.	61.25	76.14 - 44.04	1,120	1,284	1,004	94	9.3%	17.0%	14.1%	1.3x	13.7x	1.1x	12.0x
			Median	$9,358	$4,319	$778	19.0%	10.8%	13.0%	2.3x	12.5x	2.1x	11.4x
			Average	$10,803	$4,768	$887	17.6%	10.6%	11.6%	2.2x	12.7x	2.0x	11.4x
Healthcare Distributors													
McKesson Corporation	$155.95	$169.29 - $133.82	$32,512	$40,415	$201,955	$3,885	1.9%	2.8%	14.8%	0.2x	10.4x	0.2x	9.1x
Cardinal Health, Inc.	61.27	84.88 - 54.66	19,276	28,400	130,578	3,041	2.3%	5.0%	8.1%	0.2x	9.3x	0.2x	8.6x
AmerisourceBergen Corporation	91.82	97.85 - 71.90	20,024	21,551	153,144	2,444	1.6%	8.6%	(2.5%)	0.1x	8.8x	0.1x	9.0x
Henry Schein, Inc.	69.88	93.50 - 65.28	10,968	13,298	12,264	1,033	8.4%	6.2%	6.6%	1.1x	12.9x	1.0x	12.1x
Patterson Companies, Inc.	36.13	48.30 - 32.07	3,347	4,371	5,532	391	7.1%	1.4%	0.1%	0.8x	11.2x	0.8x	11.2x
Owens & Minor, Inc.	18.88	37.02 - 17.75	1,157	1,976	9,297	215	2.3%	7.8%	46.9%	0.2x	9.2x	0.2x	6.3x
Platinum Capital Limited	1.58	2.08 - 1.49	450	112	60	0	NA	(100.0%)	NA	1.9x	NA	NA	NA
			Median	$13,298	$12,264	$1,033	2.3%	5.0%	7.3%	0.2x	9.9x	0.2x	9.1x
			Average	$15,732	$73,262	$1,573	3.9%	(9.8%)	12.3%	0.6x	10.3x	0.4x	9.4x

Note: NA if denominator is 0, for percentages and multiples, or if estimates are not available.

Sources: Capital IQ

Valuation Metrics: Healthcare Services & Distributors [a]

$ in millions

Announced	Acquirer/Investor	Target	Target Description	Transaction Value
12/15/17	Birchwood Health Care Properties	Perry Hall Assisted Living Community, LLC	Operates as a senior housing facility.	$6.0
12/04/17	National Health Investors, Inc.	Country Club of Woodland Hills, Limited Partnership	Owns and operates a 200-unit independent living and assisted living community.	$34.6
11/07/17	MedEquities Realty Trust, Inc.	Advanced Diagnostics Hospital East, LLC	Operates a hospital.	$17.5
10/23/17	Concentra, Inc.	U.S. Healthworks, Inc.	Owns and operates occupational healthcare and urgent care centers.	$753.0
09/13/17	Bridge Investment Group, LLC	SHI Carlisle Palm Beach	SHI Carlisle Palm Beach is based in the United States.	$77.2
09/05/17	Centers Health Care, LLC	Capital Living and Rehabilitation Centres	Owns and operates a hospital.	$85.0
08/31/17	Associated Home Care LLC	Intercity Home Care Inc.	Provides home health care services for the elderly and disabled.	$9.6
08/18/17	Skyline Healthcare, LLC	Whitehall OpCo, LLC	Provides nursing and rehabilitation services.	$26.0
08/09/17	Civitas Solutions, Inc.	JLH Enterprises, Chippewa Valley, Inc.	Operates an assisted living facility for people with developmental disabilities.	$1.5
07/06/17	Global Medical REIT LP	Norvin Austin Rehab LLC	Operates an inpatient rehabilitation facility.	$40.7
06/30/17	Premier Healthcare Management	Washington County Health Center Auxiliary, Inc.	Operates a 288-bed nursing home.	$29.6
06/30/17	Navicent Health Inc.	Navicent Health Baldwin, Inc.	Operates as a healthcare facility.	$12.2
06/28/17	Physicians Realty L.P.	BCC Cancer Center Venture, L.P.	Owns and operates cancer facility.	$290.0
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Nazareth Vista, LLC	Owns and operates residential care facilities for the elderly.	$25.8
06/14/17	Kame-San JLLP	Shady Lawn, LLC	Owns and operates nursing and long term facility.	$7.5
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Nazareth Classic Care of Fairfield, LLC	Operates assisted living facility.	$7.5
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Nazareth Classic Care Community, LLC	Operates assisted living facility.	$8.0
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Napa Skilled Nursing Center, LLC	Operates assisted living facility.	$6.3
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Nazareth Park Place, LLC	Owns and operates a senior housing facility.	$4.5
06/14/17	Colonial Oaks Senior Living Holdco, LLC	Nazareth Agua Caliente Villa, LLC	Owns and operates an assisted living facility.	$3.1
06/01/17	Alpine Pacific Capital, LLC	Solid Landings Behavioral Health, Inc.	Offers behavioral health treatment programs.	$9.1
05/10/17	**Surgery Partners, Inc.**	National Surgical Hospitals, Inc.	Owns and operates a chain of surgical hospitals and ambulatory surgery centers.	$760.0
04/19/17	**HCA Holdings, Inc. (nka:HCA Healthcare, Inc.)**	Memorial University Medical Center, Inc.	A tertiary care hospital which provides healthcare services to patients.	$430.0
03/13/17	The Blackstone Group L.P.	HCRIX Royal LLC	Owns and operates assisted living community.	$17.1
03/03/17	Regional Medical Center Anniston	Anniston HMA, LLC	Owns and operates an acute care hospital.	$25.0

Sources: Capital IQ and Mac Research

*(a) Public Companies in **bold**.*

Valuation Metrics: Healthcare Services & Distributors [(a)]

$ in millions

Announced	Acquirer/Investor	Target	Target Description	Transaction Value	Metric
12/19/17	**TPG Capital; WCAS; Humana Inc. (NYSE:HUM)**	**Kindred Healthcare, Inc. (NYSE:KND)**	Operates Hospitals, Home Health Services, Hospice Services, Kindred Hospital Rehabilitation Services, RehabCare, and Nursing Centers.	$4,399.6	0.6x Rev; 9.2x EBITDA
11/16/17	**Nobilis Health Corp. (AMEX:HLTH)**	Elite Surgical Affiliates	Owns three ambulatory surgery centers and one surgical hospital.	$60.0	2.4x Rev; 4.0x EBITDA
11/16/17	**LHC Group, Inc. (NasdaqGS:LHCG)**	**Almost Family, Inc. (NasdaqGS:AFAM)**	Provider of home healthcare services.	$1,036.0	1.4x Rev; 23.9x EBITDA
07/05/17	**CareMeridian, LLC**	Country Life Care Center	Owns and operates a rehabilitation and post-acute care facility.	$9.5	1.1x Rev
05/10/17	**Surgery Partners, Inc. (NasdaqGS:SGRY)**	National Surgical Hospitals, Inc.	Owns and operates a chain of surgical hospitals and ambulatory surgery centers.	$760.0	1.4x Rev; 10.0x EBITDA
05/10/17	Bain Capital Private Equity, LP	**Surgery Partners, Inc. (NasdaqGS:SGRY)**	Operates surgical facilities in the United States.	$2,418.2	2.4x Rev; 11.1x EBITDA
05/04/17	**Addus HomeCare Corp. (NasdaqGS:ADUS)**	Options Services, Inc.	Provides in-home care services.	$23.2	1.2x Rev
01/09/17	Optum, Inc.	Surgical Care Affiliates, Inc.	Owns and operates a network of multi-specialty ambulatory surgery centers and surgical hospitals.	$4,162.9	3.3x Rev; 12.3x EBITDA
11/17/16	MultiCare Health System, Inc.	Spokane Washington Hospital Company, LLC	Operates as an acute care hospital in Spokane.	$425.0	
10/31/16	Tennessee Parent, Inc.	Team Health Holdings, Inc.	Provides outsourced healthcare professional staffing and administrative services to hospitals and other healthcare providers.	$6,037.0	1.4x Rev; 15.2x EBITDA
09/28/16	Sioux Falls Specialty Hospital, L.L.P.	Prairie States Surgical Center, L.L.C.	Owns and operates ambulatory surgical center.	$20.0	2.5x Rev
08/30/16	WellMed Medical Management Inc.	USMD Holdings, Inc.	Physician-led integrated health system with more than 250 physicians and associate practitioners.	$325.0	0.9x Rev
06/15/16	**Envision Healthcare Corporation, Inc. (NYSE:EVHC)**	Envision Healthcare Holdings, Inc.	Provides physician-centric surgical center and physician services in the United States.	$8,132.3	2.8x Rev; 10.6x EBITDA
06/13/16	HomeChoice Partners, Inc.	Home Solutions Inc.	Provides home infusion services	$75.0	0.7x Rev
04/11/16	**HCP, Inc. (NYSE:HCP); Life Care Co., LLC**	Life Care Community Saint Johns Inc.	Owns and operates a retirement care community center.	$24.5	2.3x Rev
03/22/16	RegionalCare Hospital Partners, Inc.	Capella Holdings, Inc.	Operates general acute care hospitals and ancillary healthcare facilities.	$600.0	
03/15/16	**Civitas Solutions, Inc. (NYSE:CIVI)**	Maryland Adult Day Health, Inc.	Compromises adult healthcare centers.	$12.3	1.0x Rev
03/02/16	**Civitas Solutions, Inc. (NYSE:CIVI)**	Tender Loving Care, Inc.	Owns and operates facilities that provide services for individuals with brain injuries, or severe and persistent mental illness.	$8.5	1.2x Rev
02/11/16	**Amedisys Inc. (NasdaqGS:AMED)**	Associated Home Care LLC	Provides in home care services in Massachusetts.	$38.1	1.0x Rev
02/02/16	**LifePoint Health, Inc. (NasdaqGS:LPNT)**	Providence Hospitals	Provides healthcare services including cardiovascular and heart care services.	$132.2	

	Deal Size	Revenue Multiple	EBITDA Multiple
Transactions Represented	20	17	8
Median	$229	1.4x	10.9x
Mean	$1,434	1.6x	12.0x
High	$8,132	3.3x	23.9x
Low	$9	0.6x	4.0x

M&A Transactions include transactions with EV above $5 million and with publicly reported deal metrics.

Sources: Capital IQ and MAC Research.

*(a) Public companies in **bold**.*

HC Providers & Facilities – Selected M&A Transaction

Two Nonprofit Hospitals in Talks to Form Unpresented Reach

According to the *Wall Street Journal*, Renton, Washington's **Providence St. Joseph Health** is currently in negotiations with St. Louis-based **Ascension Health** regarding a possible merger of the two very large nonprofit health care providers. The combined entity would become the largest hospital chain in the United States, with 191 hospitals in 27 states, generating annual revenue of approximately $45 billion. Such a merger would create an organization larger than **HCA Healthcare, Inc.** which currently owns 177 hospitals and reported $42 billion of revenue in 2016.

The announcement above comes shortly after another announced potential major hospital merger, between **Dignity Health** and **Catholic Health Initiatives**. The new combined entity would own 139 hospitals and have revenue of approximately $28.4 billion.

Both transactions raise the stakes in the competitive landscape between big hospital operators and health insurers, as both heath care sectors seek to gain leverage in negotiations regarding health care costs, and greater control over patient care.

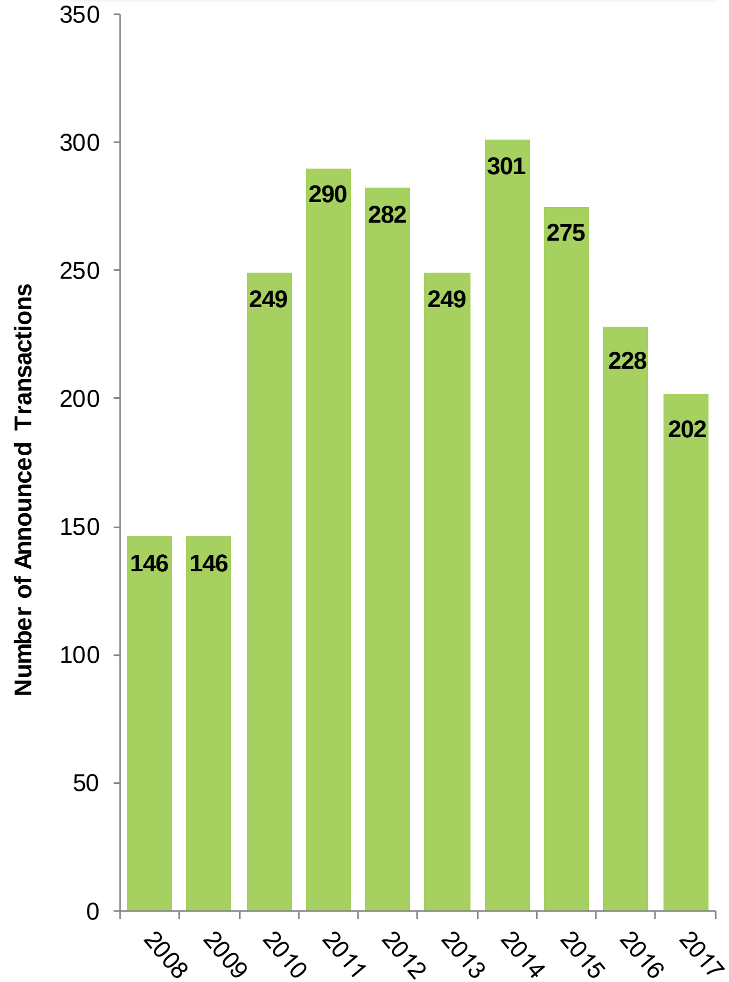
Private Equity Firm Doubles Down on Surgery Partners, Inc.

On August 31, 2017, **Surgery Partners, Inc.** ("Surgery Partners") completed the acquisition of **National Specialty Hospitals, Inc.** ("NSH") from Irving Place Capital for approximately $760 million. The combination creates an enterprise with 125 surgical facilities across 32 states, with a strong presence in musculoskeletal programs, including orthopedics, pain and spine.

The transaction was funded with a combination of debt and funds from a $320 million private placement with **Bain Capital Private Equity** ("Bain Capital") for preferred shares in Surgery Partners. Concurrently, Bain Capital agreed to acquire **H.I.G Capital's** 54% equity stake in Surgery Partners for another $500 million, becoming Surgery Partners' largest shareholder.

Sources: Company press releases, Capital IQ, WSJ.

Providers & Facilities Mid-Market M&A*



* *Middle market M&A includes transactions with EV < $500mm, and transactions with undisclosed EV.*

Our Locations

ARIZONA
Phoenix

CALIFORNIA
Fresno
Los Angeles
Manhattan Beach
Napa
Orange County
Silicon Valley
Sacramento
San Diego
San Francisco
Santa Rosa
Stockton
Walnut Creek
Woodland Hills

COLORADO
Denver

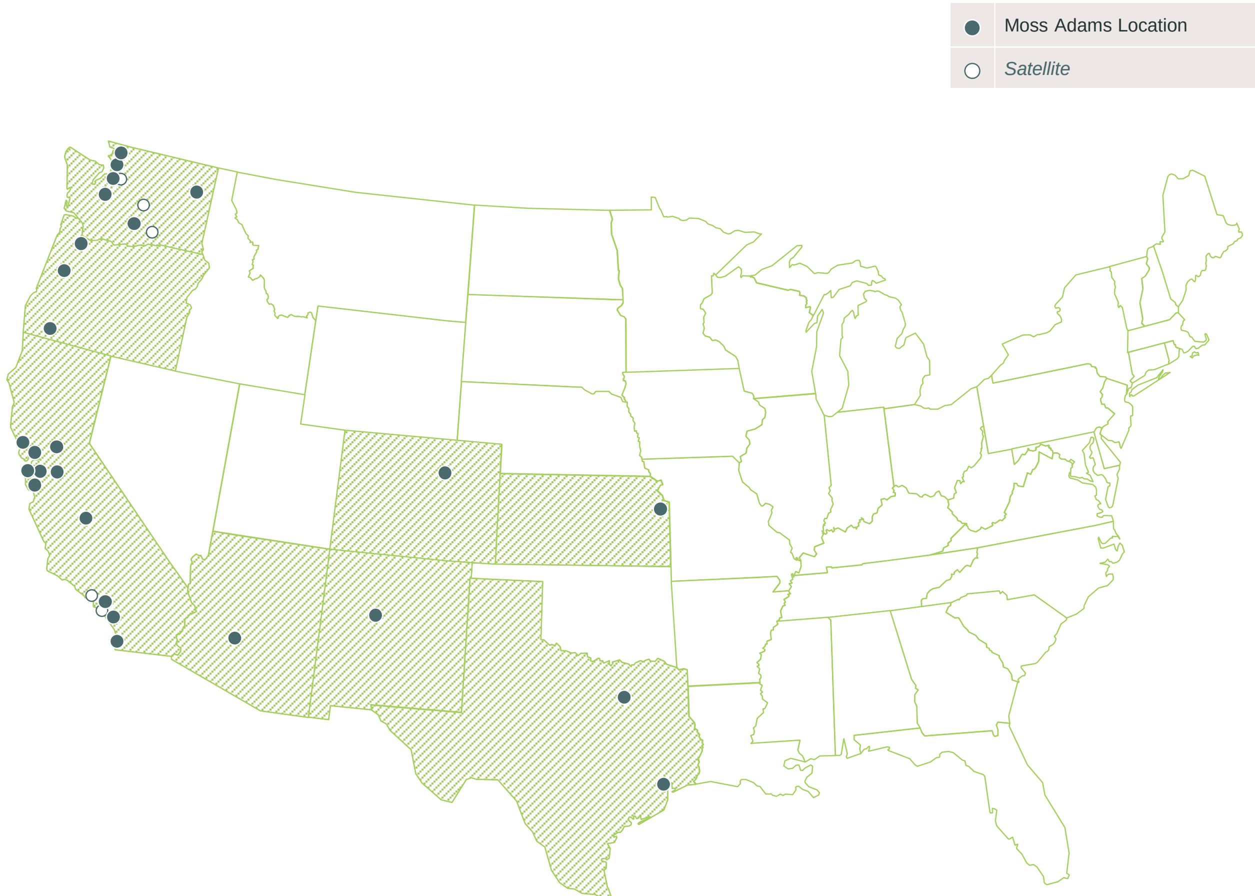
KANSAS
Kansas City

NEW MEXICO
Albuquerque

OREGON
Eugene
Medford
Portland

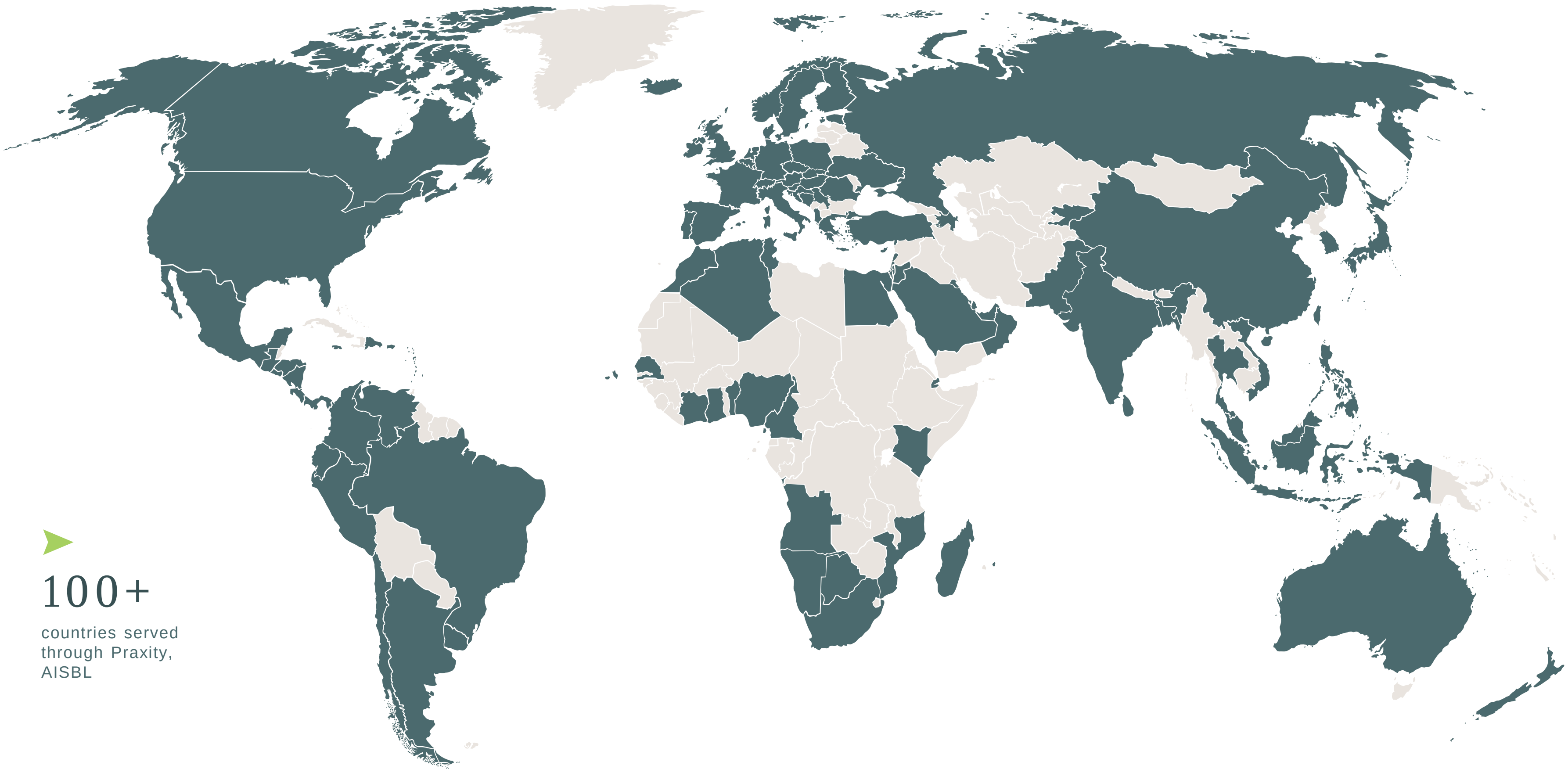
TEXAS
Dallas
Houston

WASHINGTON
Bellingham
Everett
Issaquah
Seattle
Spokane
Tacoma
Tri-Cities
Wenatchee
Yakima



25+
locations west of the Mississippi

Our Global Reach



100+

countries served through Praxity, AISBL

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