



# Healthcare Services

*Quarterly Industry Update*  
*First Quarter 2016*



CAPITAL PLACEMENTS • MERGERS, ACQUISITIONS & DIVESTITURES • RESTRUCTURINGS

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# Q1 2016 Highlights

## May 2016

348 healthcare M&A transactions were announced in Q1 2016, according to preliminary figures from Irving Levin Associates, Inc., down 8% from the same period a year prior. Comparing against a record breaking year in 2015, Q1 2016 transaction dollar volume was down 26% against the same period a year prior, but Q1 2016 still posted a solid total transaction value at \$79.4 billion. The Healthcare Services sector consisting of hospitals, physician practices, diagnostic laboratories and outpatient centers accounted for 62% of all healthcare M&A activity in Q1 2016 (216 deals), down 3% compared with the same period a year prior.

Consolidation has touched all facets of healthcare, including hospitals of all sizes, medical groups and insurers, and this trend will significantly affect the industry as a whole. Mergers, acquisitions and other types of partnerships are critical as hospitals focus on providing coordinated, cost-effective care. However, consolidation also increases leverage and causes revenue to rise. This has led to the creation of "super regional systems." The trend of regional consolidation has also expanded beyond the hospital sector to medical groups in many major markets. A number of factors, including uncertainty about the long-term economic effects of health reform and declining reimbursements for some specialties, have caused many physicians to choose hospital employment rather than the traditional private practice. The number of hospital-employed physicians has grown in recent years: 33% of physicians worked directly for a hospital, or in practices that had at least some hospital ownership, in 2014, up from 29% in 2012, according to a study by the American Medical Association. Instead of succumbing to market pressures and selling, some physician groups have grown into market leaders on the same level as their large hospital-owned competitors. Although hospitals view dominant independent medical groups as competitors, insurers have embraced these "super regional" physician groups as a way to slow hospital leverage.

As a result of the continuing push to reimburse hospitals, physicians and post-acute care providers on outcomes, there is a renewed interest in digital health, from companies that bridge the gap between acute- and post-acute transitions to those that monitor patients who are recuperating at home. Others are building revenue cycle management systems to keep track of patients, and how the bundled payments will be parceled out. IBM (NYSE: IBM) has spent at least \$4 billion in the past 12 months to build out its Watson Health division. The latest and largest deal, at \$2.6 billion in February 2016, was for Truven Health Analytics, which provides cloud-based healthcare data, analytics and insights to more than 8,500 clients, including federal and state government agencies, health plans, hospitals, clinicians and life sciences companies.

Successful healthcare provider strategies are increasingly built upon the theory of dominant market presence. Critical mass is needed to pay and retain the most talented staff and to be the most attractive to patients and payers. Dominance is becoming more and more about high quality physician networks as it is about having the best buildings and locations. To be a dominant player, healthcare providers must improve customer experience, invest in precision medicine and better care delivery, invest in more effective cost management and a better IT, physician and core team.

We welcome your comments and hope you find our SOLICconnect report informative.

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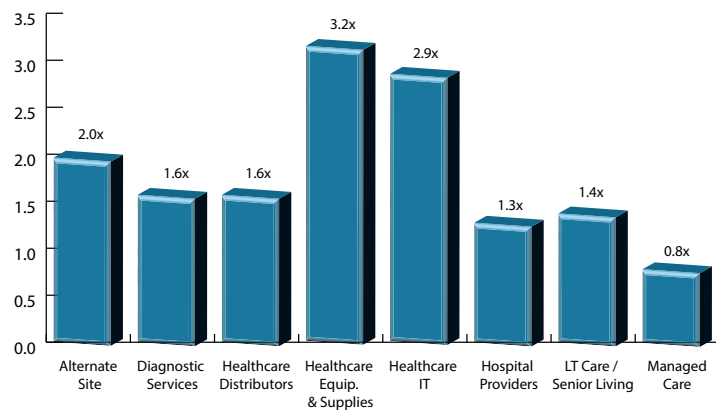
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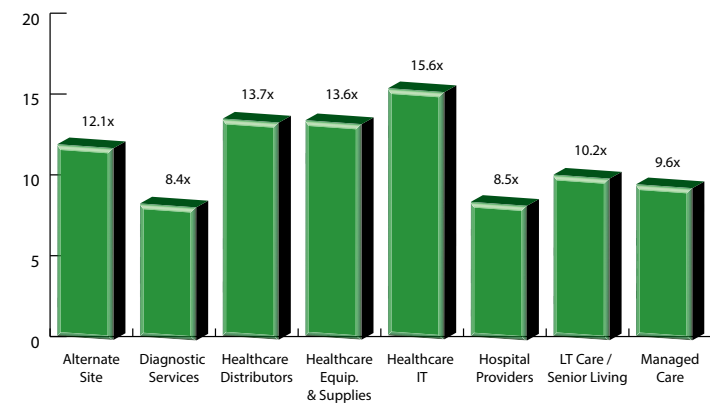
# Market Overview



Enterprise Value To Revenue

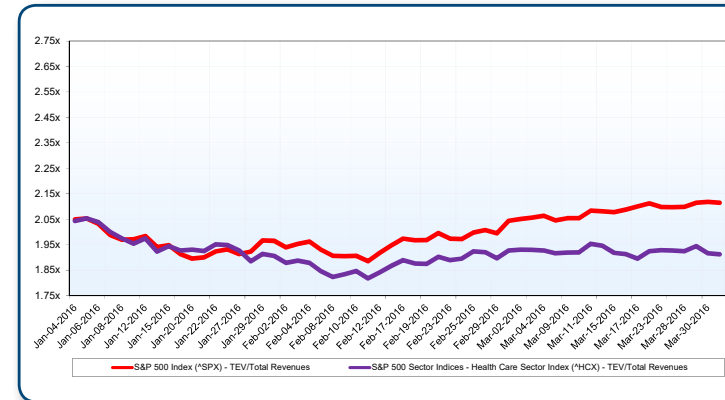


Enterprise Value To EBITDA

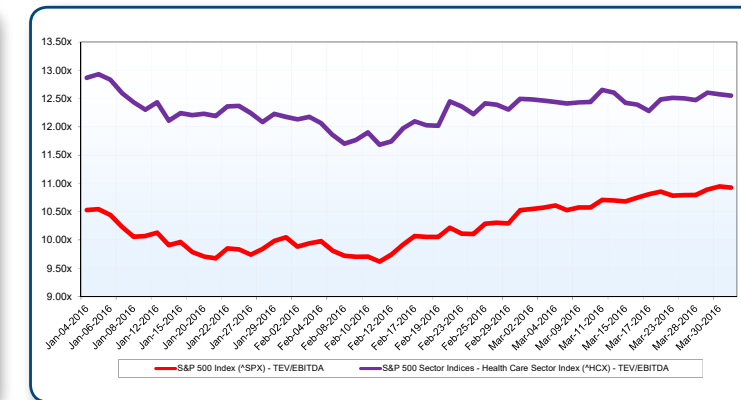


Both revenue multiples and EBITDA multiples remained strong in Q1-16, on lower overall transaction volume but strong transaction valuation.

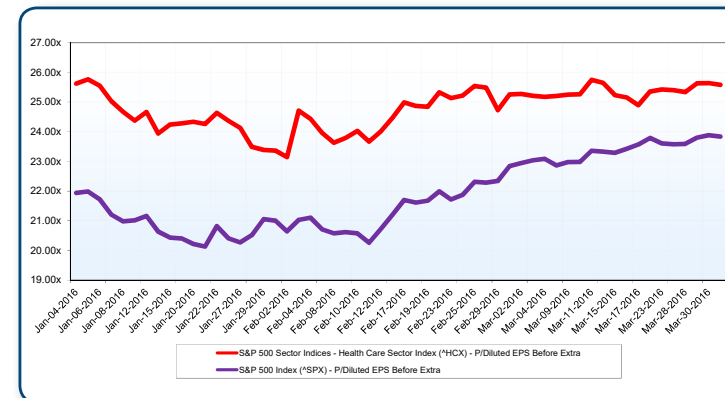
S&P Healthcare Index vs. the S&P 500  
Total Enterprise Value / Revenue



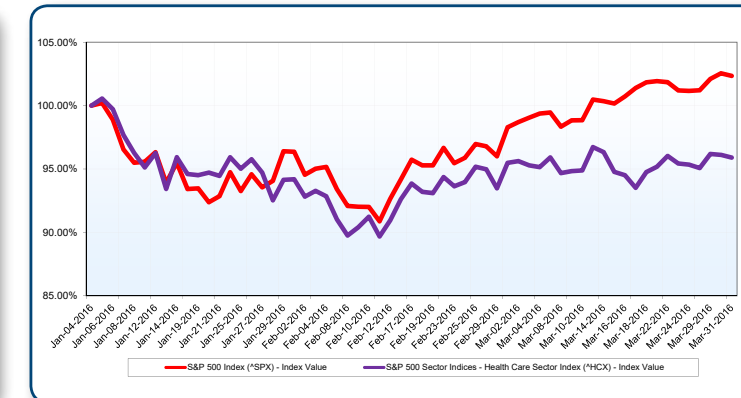
S&P Healthcare Index vs. the S&P 500  
Total Enterprise Value / EBITDA



S&P Healthcare Index vs. the S&P 500  
Price / Diluted EPS

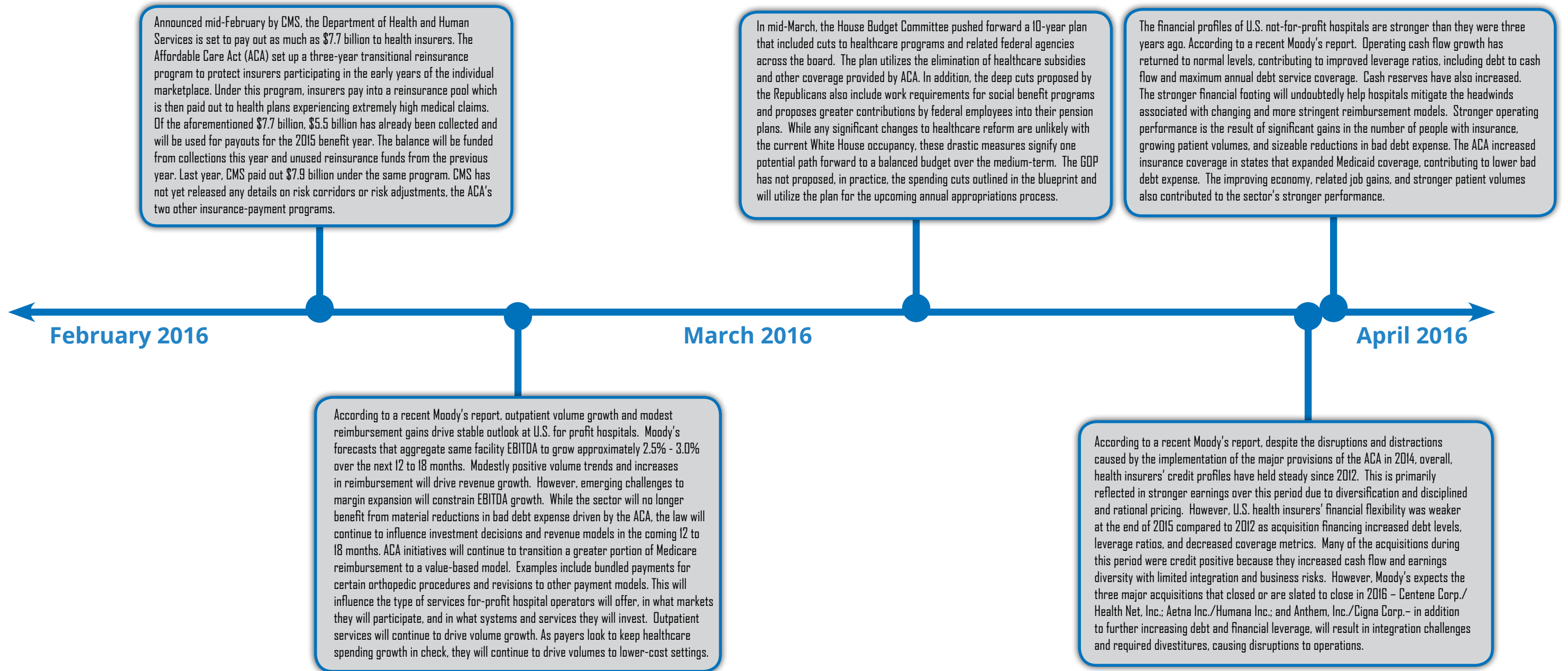


S&P Healthcare Index vs. the S&P 500  
Relative Performance (%)





# Notable Industry Developments



 Selected M&A Transactions - Alternate Site

Date: **3/31/2016**  
 Target: **Contract Therapy Business**  
 Buyer: **Encore Rehabilitation Services, LLC**  
 Enterprise Value: **\$73 MM**  
 Value/Revenue: -  
 Value/EBITDA: -

Encore Rehabilitation acquired two contract therapy businesses that operate rehabilitation centers: Metro Therapy and Select Medical Rehabilitation Services. Metro Therapy has locations in New York and Select Medical Rehabilitation has locations across the U.S.

Date: **3/16/2016**  
 Target: **Optimum Orthopedics Physical Therapy and Rehabilitation Center, LLC**  
 Buyer: **Professional Orthopedic and Sports Physical Therapy, P.C.**  
 Enterprise Value: -  
 Value/Revenue: -  
 Value/EBITDA: -

Professional Orthopedic and Sports Physical Therapy acquired Optimum Orthopedics Physical Therapy and Sports Rehabilitation, a provider of physical therapy and rehabilitation services. Optimum Orthopedics was founded in 2000 and is based in Lyndhurst, New Jersey.

Date: **3/15/2016**  
 Target: **Turning Point Treatment Center**  
 Buyer: **Summit Behavioral Healthcare, LLC**  
 Enterprise Value: -  
 Value/Revenue: -  
 Value/EBITDA: -

Summit Behavioral Healthcare acquired Turning Point Treatment Center, a chemical dependency treatment center for men and women. Turning Point was founded in 1997 and is based in Franklin, Pennsylvania.

Date: **1/25/2016**  
 Target: **Physiotherapy Associates Holdings, Inc.**  
 Buyer: **Select Medical Holdings Corp. (NYSE:SEM)**  
 Enterprise Value: **\$414 MM**  
 Value/Revenue: -  
 Value/EBITDA: -

Select Medical Holdings entered into an agreement to acquire Physiotherapy Associates, a provider of general orthopedics, spinal care and neurological rehabilitation, as well as orthotics and prosthetic services. Physiotherapy Associates has over 500 locations nationwide and is headquartered in Exton, Pennsylvania.

Date: **3/2/2016**  
 Target: **Physical Therapy Practices at Eight Locations**  
 Buyer: **US Physical Therapy Inc. (NYSE:USPH)**  
 Enterprise Value: **\$25 MM**  
 Value/Revenue: -  
 Value/EBITDA: -

US Physical Therapy acquired a 55% stake in Physical Therapy practices at eight locations. The eight locations provide approximately 65,000 patient visits annually.

 Selected M&A Transactions - Diagnostic Services

Date: **3/22/2016**

Target: **All About Truth  
DNA Services, Inc.**

Buyer: **DNA Diagnostics  
Center, Inc.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

DNA Diagnostics Center acquired All About Truth DNA Services, a provider of DNA testing services in South Florida. All About Truth DNA was founded in 2006 and is based in Plantation, Florida. Terms of the transaction were not disclosed.

Date: **3/11/2016**

Target: **Diagnostic &  
Treatment  
Center, LLC**

Buyer: **Ministry Health  
Care, Inc.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Ministry Health Care agreed to acquire a 50% stake in Diagnostic & Treatment Center, a provider of diagnostic, therapeutic, and surgical services. Diagnostic & Treatment Center is based in Weston, Wisconsin. Terms of the transaction were not disclosed.

Date: **2/1/2016**

Target: **Alere Inc.  
(NYSE:ALR)**

Buyer: **Abbott  
Laboratories  
(NYSE:ABT)**

Enterprise Value:

**\$8,615 MM**

Value/Revenue: -

Value/EBITDA: -

Abbott Laboratories entered into a definitive agreement to acquire Alere, a provider of point-of-care diagnostics and services for infectious diseases, cardiometabolic disease, and toxicology in the US and internationally. Alere was founded in 1981 and is headquartered in Waltham, Massachusetts.

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**Selected M&A Transactions - Healthcare Equipment & Supplies**

Date: **3/31/2016**  
 Target: **Cincinnati Sub-Zero Products, Inc.**  
 Buyer: **Gentherm Incorporated (NasdaqGS:THRM)**  
 Enterprise Value: **\$65 MM**  
 Value/Revenue: **1.0x**  
 Value/EBITDA: -

Gentherm agreed to acquire Cincinnati Sub-Zero, a designer and developer of temperature management equipment for medical and industrial industries. Cincinnati Sub-Zero was founded in 1940 and is based in Cincinnati, Ohio. This deal subsequently closed on April 1, 2016.

Date: **3/25/2016**  
 Target: **VirtualScopics, Inc. (NasdaqCM:VSCP)**  
 Buyer: **BioTelemetry, Inc. (NasdaqGS:BEAT)**  
 Enterprise Value: **\$13 MM**  
 Value/Revenue: **1.1x**  
 Value/EBITDA: -

BioTelemetry entered into an agreement to acquire VirtualScopics, a provider of imaging solutions to the pharmaceutical, biotechnology, and medical device industries. VirtualScopics was founded in 1988 and is headquartered in Rochester, New York.

Date: **3/24/2016**  
 Target: **Magellan Diagnostics, Inc.**  
 Buyer: **Meridian Bioscience, Inc. (NasdaqGS:VIVO)**  
 Enterprise Value: **\$66 MM**  
 Value/Revenue: **4.1x**  
 Value/EBITDA: -

Meridian Bioscience acquired Magellan Biosciences, a medical device company that develops and manufactures point-of-care systems, clinical laboratory instruments, and analytical laboratory services focused on lead testing. Magellan Diagnostics was founded in 2004 and is headquartered in North Billerica, Massachusetts.

Date: **2/16/2016**  
 Target: **Physio-Control, Inc.**  
 Buyer: **Stryker Corporation (NYSE:SYK)**  
 Enterprise Value: **\$1,280 MM**  
 Value/Revenue: -  
 Value/EBITDA: -

Stryker entered into a definitive agreement to acquire Physio-Control, a developer of external defibrillators/monitors and emergency medical response products and services. Physio-Control was founded in 1955 and is based in Redmond, Washington. This deal subsequently closed on April, 5, 2016.

Date: **2/11/2016**  
 Target: **Ellipse Technologies, Inc. (Nasdaq:NUVA)**  
 Buyer: **NuVasive, Inc. (Nasdaq:NUVA)**  
 Enterprise Value: **\$410 MM**  
 Value/Revenue: **10.2x**  
 Value/EBITDA: -

NuVasive acquired Ellipse Technologies, a medical technology company that develops and markets magnetically adjustable implant systems used in orthopedic surgery processes based on its proprietary technology platform. Ellipse Technologies was founded in 2005 and is based in Aliso Viejo, California.

Date: **2/1/2016**  
 Target: **Sage Products LLC**  
 Buyer: **Stryker Corporation (NYSE:SYK)**  
 Enterprise Value: **\$2,775 MM**  
 Value/Revenue: **6.5x**  
 Value/EBITDA: -

Stryker Corp entered into a definitive agreement to acquire Sage Products, a manufacturer of disposable health and personal care products. Sage Products was founded in 1971 and is based in Cary, Illinois.

Date: **3/09/2016**  
 Target: **Interactive Motion Technologies, Inc.**  
 Buyer: **Bionik Laboratories Corp. (OTCBB:BNKL)**  
 Enterprise Value: **\$24 MM**  
 Value/Revenue: -

Value/EBITDA: -  
 Bionik Laboratories signed a merger agreement to acquire Interactive Motion Technologies, a provider of robotic solutions for patients with neurological conditions. Its interactive therapy systems provide adaptive therapy for inpatients or outpatients with stroke or cerebral palsy impairments. Interactive Motion Technologies was founded in 1998 and is based in Watertown, Massachusetts.



 Selected M&A Transactions - Healthcare IT

Date: **3/23/2016**

Target: **Netsmart Technologies Inc.**

Buyer: **Allscripts Healthcare Solutions, Inc. (NasdaqGS:MDRX) GI Partners, LLC**

Enterprise Value: **\$950 MM**

Value/Revenue: -

Value/EBITDA: -

Allscripts and GI Partners agreed to acquire Netsmart Technologies, a healthcare information technology company that provides software and technology solutions. Netsmart Technologies was founded in 1968 and is based in Overland Park, Kansas. The deal subsequently closed on April 19, 2016.

Date: **2/22/2016**

Target: **Brightree, LLC**

Buyer: **ResMed Inc. (NYSE:RMD)**

Enterprise Value: **\$800 MM**

Value/Revenue: **7.1x**

Value/EBITDA: **18.6x**

Resmed entered into an agreement to acquire Brightree, a provider of cloud-based software solutions to the post-acute care industry. Brightree was founded in 2002 and is based in Lawrenceville, Georgia. The deal subsequently closed on April 4, 2016.

Date: **2/18/2016**

Target: **Truven Holding Corp.**

Buyer: **IBM Watson Health (NYSE:IBM)**

Enterprise Value:

**\$3,567 MM**

Value/Revenue: **5.8x**

Value/EBITDA: **34.9x**

IBM Watson Health entered into a stock purchase agreement to acquire Truven Holding Corp, a provider of analytic solutions and services for the healthcare industry. Truven Holding was founded in 2012 and is headquartered in Ann Arbor, Michigan.

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Date: **2/5/2016**

Target: **CenTrak, Inc.**

Buyer: **Halma plc (LSE:HLMA)**

Enterprise Value: **\$140 MM**

Value/Revenue: **3.2x**

Value/EBITDA: -

Halma acquired CenTrak, a provider of real time location systems to healthcare facilities. CenTrak provides asset tracking and management, nurse call automation, clinical operations and workflow, patient safety, environmental and temperature monitoring, security and protection, and hand-hygiene compliance solutions. CenTrak was founded in 2003 and is based in Newtown, Pennsylvania.



 Selected M&A Transactions - Hospital Providers

Date: **3/31/2016**

Target: **Sanford Tracy Medical Center**

Buyer: **Sanford Health & MeritCare**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Sanford Health & MeritCare acquired Sanford Tracy Medical System, a 25-bed medical center that provides hospital, clinic, and visiting outpatient medical specialty services. Sanford Health is based in Tracy, Minnesota with clinics in Balaton and Walnut Grove, Minnesota. Terms of the transaction were not disclosed.

Date: **3/30/2016**

Target: **HealthAlliance of the Hudson Valley**

Buyer: **WMC Health**

Enterprise Value: **\$88 MM**

Value/Revenue: -

Value/EBITDA: -

Westchester Medical acquired HealthAlliance of the Hudson Valley. The health system includes Mary's Avenue Campus (65 beds) and Broadway Campus (149 beds) in Kingston, and Margaretville Hospital (15 beds) and Mountainside Residential Care Center in Margaretville, New York.

Date: **3/29/2016**

Target: **Saline Memorial Hospital**

Buyer: **Capella Healthcare, Inc.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Capella Healthcare acquired Saline Memorial Hospital, a 177-bed non-profit community hospital in one of the five fastest growing counties in Arkansas. Terms of the transaction were not disclosed.

Date: **3/22/2016**

Target: **Stanislaus Surgical Hospital, LLC**

Buyer: **Sutter Health Network**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Sutter Health Network signed an agreement to acquire a majority stake in Stanislaus Surgical Hospital, a 23-bed hospital with eight operating rooms. Stanislaus Surgical Hospital was founded in 1985 and is based in Modesto, California. Terms of the transaction were not disclosed.

Date: **3/22/2016**

Target: **Capella Holdings, Inc.**

Buyer: **RegionalCare Hospital Partners, Inc.**

Enterprise Value: **\$600 MM**

Value/Revenue: -

Value/EBITDA: -

RegionalCare Hospital entered into an agreement to acquire Capella Holdings, an operator of 10 general acute care hospitals and ancillary healthcare facilities in five states. Capella Holdings was incorporated in 2005 and is based in Franklin, Tennessee.

Date: **3/22/2016**

Target: **Harrison Community Hospital**

Buyer: **Wheeling Hospital**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Wheeling Hospital announced an agreement to acquire Harrison Community Hospital. Harrison Community Hospital is a 25-bed critical access hospital. Harrison Community Hospital was founded in 1970 and is located in Cadiz, Ohio. Terms of the transaction were not disclosed.

Date: **3/22/2016**

Target: **Forest Hills and Franklin Hospitals**

Buyer: **Northwell Health**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Northwell Health has acquired Forest Hills and Franklin Hospitals. Forest Hills Hospital, renamed Long Island Jewish Forest Hills, is a 312-bed community teaching hospital located in Forest Hills, New York. Franklin Hospital, renamed Long Island Jewish Valley Stream, is a 305-bed community hospital with a 120-bed rehabilitation center located in Valley Stream, New York. Terms of the transaction were not disclosed.

Date: **3/14/2016**

Target: **Allegiance Health**

Buyer: **Henry Ford Health System**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Henry Ford Health System and Allegiance Health have approved a definitive agreement to merge. Allegiance Health is a 480-bed health system including specialty care, acute care, and long-term acute care. This deal subsequently closed on April 1, 2016. Terms of the transaction were not disclosed. **SOLIC Capital Advisors served as exclusive financial advisor to Allegiance Health.**

Date: **3/8/2016**

Target: **Floyd Memorial Hospital and Health Services Inc.**

Buyer: **Baptist Healthcare System, Inc.**

Enterprise Value: **\$150 MM**

Value/Revenue: -

Value/EBITDA: -

Baptist Healthcare announced an agreement to acquire Floyd Memorial Hospital, a 329-bed general medical and surgical hospital. Floyd Memorial Hospital was founded in 1953 and is based in New Albany, Indiana.

Date: **3/1/2016**

Target: **Wheaton Franciscan Healthcare**

Buyer: **Ascension Wisconsin**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Ascension Wisconsin signed an agreement to acquire Wheaton Franciscan Healthcare, an 860-bed hospital on eight campuses with three long-term care facilities. Wheaton Franciscan Healthcare was founded in 1879 and is based in Racine, Wisconsin. Terms of the transaction were not disclosed.

Date: **2/25/2016**

Target: **West Georgia Health System, Inc.**

Buyer: **Wellstar Health System, Inc.**

Enterprise Value: **\$84 MM**

Value/Revenue: -

Value/EBITDA: -

Wellstar Health System agreed to acquire West Georgia Health System. West Georgia Health System is comprised of West Georgia Medical Center (276 beds), two skilled nursing facilities, the Enoch Callaway Cancer Clinic, West Georgia Heart Clinic, its Women's Health Center and West Georgia Hospice. West Georgia Health provides care to patients in West Georgia and East Alabama.

Date: **2/18/2016**

Target: **Forest Park Medical Center at Frisco, LLC**

Buyer: **HCA North Texas (NYSE:HCA)**

Enterprise Value: **\$96 MM**

Value/Revenue: -

Value/EBITDA: -

HCA North Texas entered into an agreement to acquire Forest Park Medical Center at Frisco, a physician-owned chain of hospitals. The company was founded in 2010 and is based in Frisco, Texas. This deal subsequently closed on April 4, 2016.

Date: **2/18/2016**

Target: **Five LTAC hospitals from Select Medical**

Buyer: **Kindred Healthcare Inc. (NYSE:KND)**

Enterprise Value: **\$600 MM**

Value/Revenue: -

Value/EBITDA: -

Kindred Healthcare and Select Medical signed a definitive agreement to exchange five long-term acute care hospitals for four long-term acute care hospitals. The five hospitals have a total of 233 beds and are located in Indianapolis, Indiana, San Antonio, Texas, Houston, Texas, Denver, Colorado, and Colorado Springs, Colorado. Terms of the transaction were not disclosed.

Date: **2/18/2016**

Target: **Four LTAC hospitals from Kindred Healthcare**

Buyer: **Select Medical Holdings Corp.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Kindred Healthcare and Select Medical signed a definitive agreement to exchange five long-term acute care hospitals for four long-term acute care hospitals. The four hospitals have a total of 287 beds and are located in Atlanta, Georgia, Mishawaka, Indiana, and two hospitals in Cleveland, Ohio. Terms of the transaction were not disclosed.

Date: **2/18/2016**

Target: **Westlake Regional Hospital**

Buyer: **T.J. Regional Health**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

T.J. Regional Health acquired Westlake Regional, a 73-bed hospital and supporting clinics located in Columbia, Kentucky. Adair County Hospital District, including Westlake Regional Hospital, filed for Chapter 9 bankruptcy protection in July 2013. Westlake Regional Hospital serves Adair, Russell, Metcalfe and surrounding counties in southern Kentucky.

Date: **2/2/2016**

Target: **New Horizons Medical Center**

Buyer: **St. Elizabeth Healthcare**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

St. Elizabeth Healthcare acquired New Horizons Medical Center, a multi-specialty clinic located in Livonia, Michigan. New Horizons Medical Center, formerly Owen County Hospital, filed for Chapter 11 bankruptcy protection on May 29, 2015. Terms of the transaction were not disclosed.

Date: **2/2/2016**

Target: **Doctors' Hospital of Michigan**

Buyer: **Sant Partners, LLC**

Enterprise Value: **\$15 MM**

Value/Revenue: -

Value/EBITDA: -

Sant Partners acquired Doctors' Hospital of Michigan, a 336-bed for-profit, physician-owned hospital. Doctors' Hospital of Michigan filed for Chapter 11 bankruptcy protection in July 2015 and previously in 2008. Doctors' Hospital was founded in 1910 and is located in Pontiac, Michigan.

Date: **2/2/2016**

Target: **Heritage Park Portfolio**

Buyer: **Carter Validus Mission Critical REIT II, Inc.**

Enterprise Value: **\$34 MM**

Value/Revenue: -

Value/EBITDA: -

Carter Validus acquired The Heritage Park portfolio, two healthcare properties located in Sherman, Texas. Heritage Park Surgical Hospital is a 57,576 square foot medical facility that was built in 2005 and renovated in 2010 to become a full-service surgical hospital. Visionary Medical Imaging is an 8,055 square foot medical imaging center adjacent to the hospital.

Date: **2/2/2016**

Target: **Providence Hospitals**

Buyer: **LifePoint Health, Inc. (NasdaqGS:LPNT)**

Enterprise Value: **\$132 MM**

Value/Revenue: -

Value/EBITDA: -

LifePoint Health acquired Providence Hospitals. Providence Hospitals is the leading provider of cardiovascular and orthopedic services in the Midlands and is composed of two hospitals, thirteen physician practices, a network of rehabilitation centers, two sleep centers, and a school of cardiac diagnostics and is an accredited chest pain center. Providence Hospitals was founded in 1938 and is based in Columbia, South Carolina.

Date: **1/28/2016**

Target: **Alpena Regional Medical Center**

Buyer: **MidMichigan Health**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

MidMichigan Health signed a definitive agreement to acquire Alpena Regional Medical Center, 139-bed governmental acute care hospital. Alpena Regional offers inpatient and outpatient healthcare services to Alpena, Alcona, Iosco, Montmorency, Oscoda, and Presque Isle counties and is located in Midland, Michigan. Terms of the transaction were not disclosed.

Date: **1/26/2016**

Target: **Brazosport Regional Health System**

Buyer: **CHI St. Luke's Health**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

CHI St. Luke's Health has acquired Brazosport Regional Health System, a 158-bed non-profit hospital with the only Level III trauma center in the county. Brazosport Regional was built in 1947 and is located in Lake Jackson, Texas. Terms of the transaction were not disclosed.

Date: **1/19/2016**

Target: **Aria Health System**

Buyer: **Jefferson Health System, Inc.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Jefferson Health System agreed to acquire Aria Health, a system of acute care hospitals and a network of outpatient centers and primary care physicians, serving northeast Philadelphia, and Bucks and Montgomery counties. The health system was founded in 1903 and is based in Philadelphia, Pennsylvania. Terms of the transaction were not disclosed.

Date: **2/1/2016**

Target: **Palm Springs General Hospital, Inc.**

Buyer: **Larkin Community Hospital, Inc.**

Enterprise Value: **\$40 MM**

Value/Revenue: -

Value/EBITDA: -

Larkin Community Hospital acquired Palm Springs General Hospital, a 247-bed hospital. The hospital has 111,829 square feet on a 15-acre campus. The deal includes an adjoining medical office building with 43,004 square feet. Palm Springs General Hospital was founded in 1965 and is headquartered in Hialeah, Florida.

Date: **1/8/2016**

Target: **Crozer-Keystone Health System Inc.**

Buyer: **Prospect Medical Holdings, Inc.**

Enterprise Value: **\$300 MM**

Value/Revenue: -

Value/EBITDA: -

Prospect Medical Holdings entered into a preliminary agreement to acquire Crozer-Keystone, a health system including five hospitals: Crozer-Chester Medical Center (466 beds), Delaware County Memorial Hospital (190 beds), Taylor Hospital (105 beds), Springfield Hospital (25 beds), and Community Hospital, an outpatient and social services center. Crozer-Keystone was founded in 1990 and is based in Springfield, Pennsylvania.


**Selected M&A Transactions - Long-Term Care**

Date: **3/31/2016**

Target: **Palm Terrace Portfolio**

Buyer: **Out-of-state partnership**

Enterprise Value: **\$40 MM**

Value/Revenue: -

Value/EBITDA: -

An out-of-state partnership acquired the real estate and operations of the Palm Terrace Portfolio. Palm Terrace of Clewiston is a 155-bed skilled nursing facility in Clewiston, Florida. It was built in 1978 with an addition in 1995 and renovations in 2005 & 2012. Palm Terrace of Lakeland is a 185-bed facility built in 1960 with renovations in 1980, 1990, and 2014, and is located in Lakeland, Florida. Palm Terrace of St. Petersburg is a 96-bed facility built in 1946 and 1964 with recent renovations, and is located in St. Petersburg, Florida.

Date: **3/21/2016**

Target: **Two Senior Living Communities**

Buyer: **Capital Senior Living Corp. (NYSE:CSU)**

Enterprise Value: **\$48 MM**

Value/Revenue: -

Value/EBITDA: -

Capital Senior Living Corp acquired two assisted living communities located in Pensacola, Florida. The 95-unit assisted living community was built in 1988 and is currently being renovated. The 84-unit memory care community was built in 1997 and in 2006 received \$1.3 million of capex. Overall occupancy was 94%.

Date: **2/26/2016**

Target: **The Terraces of Roseville**

Buyer: **DiNapoli Capital Partners**

Enterprise Value: **\$39 MM**

Value/Revenue: -

Value/EBITDA: -

DiNapoli Capital Partners acquired The Terraces of Roseville, a senior living community located in Roseville, California. The Terraces of Roseville was built in 1987 on a 4.1 acre parcel and offers independent living, assisted living and memory care.

Date: **2/11/2016**

Target: **Associated Home Care Inc.**

Buyer: **Amedisys Inc. (NasdaqGS:AMED)**

Enterprise Value: **\$38 MM**

Value/Revenue: -

Value/EBITDA: -

Amedisys signed a definitive agreement to acquire Associated Home Care a provider of in-home care services. Associated Home Care was founded in 1991 and is based in North Andover, Massachusetts.

Date: **2/2/2016**

Target: **Iowa Skilled Nursing Portfolio & Texas Memory Care Facility**

Buyer: **CareTrust REIT, Inc.**

(NasdaqGS:CTRE)

Enterprise Value: **\$38 MM**

Value/Revenue: **10.6x**

Value/EBITDA: -

CareTrust REIT acquired a portfolio of nine skilled nursing facilities in Iowa with 518 beds, and an assisted living and memory care facility in San Angelo, Texas which has 30 units.

Date: **1/28/2016**

Target: **Queen Anne Manor LLC**

Buyer: **Capital Senior Housing**

Enterprise Value: **\$36 MM**

Value/Revenue: -

Value/EBITDA: -

Capital Senior Housing acquired Queen Anne Manor, an owner and operator of a retirement community. Queen Anne Manor was founded in 1907 and is based in Seattle, Washington.

Date: **2/18/2016**

Target: **Aston Gardens Portfolio**

Buyer: **Welltower Inc. (NYSE:HCN)**

Enterprise Value: **\$569 MM**

Value/Revenue: -

Value/EBITDA: -

Welltower, along with two other investors, acquired Aston Gardens, a portfolio of six primarily independent living communities built in 1994 and located in Sun City Center, Florida. Welltower acquired a 53.6% stake, Canada Pension Plan Investment Board acquired a 43.9% stake, and Discovery Senior Living will retain the remaining 2.5% stake.

Date: **1/27/2016**

Target: **MirAvanti at Ridgmar**

Buyer: **The Carlyle Group LP (NasdaqGD:CG) & Greystar Real Estate Partners, LLC**

Enterprise Value: **\$22 MM**

Value/Revenue: -

Value/EBITDA: -

The Carlyle Group and Greystar Real Estate Partners acquired MirAvanti at Ridgmar, a luxury retirement community for active adults. MirAvanti at Ridgmar is located in Fort Worth, Texas.



Date: **1/13/2016**

Target: **Two Assisted Living Communities**

Buyer: **Arcapita Group Holdings Limited**

Enterprise Value: **\$45 MM**

Value/Revenue: -

Value/EBITDA: -

Arcapita Group has acquired two assisted living communities. MorningStar at Bear Creek has 48 memory care units licensed for 53 beds and it opened in September 2014. MorningStar at Mountain Shadows has 45 assisted living units and 19 memory care units, and it opened in late 2013. Both communities are located in Colorado Springs, Colorado and have a combined occupancy of 80%.

Date: **1/11/2016**

Target: **Four Memory Care Communities**

Buyer: **ARC Healthcare Trust-II**

Enterprise Value: **\$55 MM**

Value/Revenue: -

Value/EBITDA: -

ARC Healthcare Trust-II acquired four memory care communities. The portfolio includes four memory care communities built between 2010 and 2012 with current occupancy close to 90%. They are licensed for a total of 182 beds. An affiliate of the original developer/owner, The LaSalle Group, will remain as the operator and tenant.

Date: **1/7/2016**

Target: **Park Place Senior Living**

Buyer: **CNL Healthcare Properties, Inc.**

Enterprise Value: **\$54 MM**

Value/Revenue: -

Value/EBITDA: -

CNL Healthcare Properties acquired Park Place Senior Living. This independent living/assisted community was built in 2006 with 116 independent living units and 40 assisted living units, but has since added 50 assisted living units and converted a portion to memory care. It was acquired by a joint venture between AEW and First Capital Group in 2011.

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Date: **1/5/2016**

Target: **Two assisted living communities**

Buyer: **Brookdale Senior Living Inc. (NYSE:BKD)**

Enterprise Value: **\$48 MM**

Value/Revenue: -

Value/EBITDA: -

Brookdale Senior Living acquired Emeritus at Landing of Brockport and Emeritus at Landing of Queensbury. Emeritus at Landing of Brockport is a memory care and assisted living facility with 128 units located in Brockport, New York. Emeritus at Landing of Queensbury is a memory care and assisted living facility with 81 units located in Queensbury, New York.

 Selected M&A Transactions - Managed Care

Date: **3/25/2016**

Target: **March Holdings, Inc.**

Buyer: **Specialty Benefits, LLC**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Specialty Benefits acquired March Holdings, a provider of vision care benefit programs for individuals and families. March Holdings is based in Los Angeles, California. Terms of the transaction were not disclosed.

Date: **2/23/2016**

Target: **Advicare Corp.**

Buyer: **WellCare of South Carolina, Inc.**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

WellCare of South Carolina entered into an agreement to acquire assets of Advicare, a health maintenance organization that serves as a managed care organization. Advicare was incorporated in 2012 and is based in Greenville, South Carolina. Terms of the transaction were not disclosed.

Date: **2/11/2016**

Target: **HealthPlan Holdings, Inc.**

Buyer: **Wipro Ltd. (NYSE:WIT)**

Enterprise Value: **\$460 MM**

Value/Revenue: **2.1x**

Value/EBITDA: -

Wipro entered into a definitive agreement to acquire HealthPlan Holdings, an independent third party administrator providing business process outsourcing, including distribution, enrollment, administration, customer support, and retention services to insurers in the individual, small business, union trust, and voluntary benefits markets. HealthPlan Holdings was founded in 2001 and is based in Tampa, Florida.

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Date: **2/3/2016**

Target: **Cornerstone Health Care, P.A.**

Buyer: **Wake Forest Baptist Medical Center**

Enterprise Value: -

Value/Revenue: -

Value/EBITDA: -

Wake Forest Medical Center announced an agreement to acquire Cornerstone Health Care, a physician-owned and managed healthcare practice. Cornerstone Health Care was founded in 1995 and is based in High Point, North Carolina. Terms of the transaction were not disclosed.

# Valuation Metrics by Sector

Ticker	Company Name	Stock Price	52 - Week		% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
			High	Low				LTM Revenue	LTM EBITDA	
<b>Alternate Site <sup>(1)</sup></b>										
AMED	Amedisys Inc.	\$48.34	\$48.48	\$24.81	99.7%	\$1,611.1	\$1,684.5	1.3x	17.2x	NM
AMSG	AmSurg Corp.	74.60	87.42	54.11	85.3%	4,027.3	7,159.8	2.8x	10.3x	23.5x
DVA	DaVita HealthCare Partners Inc.	73.38	85.17	61.36	86.2%	15,391.8	23,692.4	1.7x	9.4x	58.7x
DB:FME	Fresenius Medical Care AG & Co. KGAA	69.14	94.82	72.35	72.9%	27,175.3	37,082.3	2.1x	11.6x	25.0x
							Mean	2.0x	12.1x	24.3x

<b>Diagnostic Services</b>										
AIQ	Alliance Healthcare Services, Inc.	\$7.19	\$24.49	\$6.23	29.4%	\$75.8	\$710.5	1.5x	5.9x	11.6x
LH	Laboratory Corp. of America Holdings	117.13	129.33	97.79	90.6%	11,912.1	17,627.6	2.1x	10.6x	27.0x
DGX	Quest Diagnostics Inc.	71.45	89.00	59.66	80.3%	10,200.1	13,823.1	1.8x	9.2x	14.7x
RDNT	RadNet, Inc.	4.83	9.30	4.73	51.9%	227.9	872.1	1.1x	7.9x	28.4x
							Mean	1.6x	8.4x	17.8x

<b>Healthcare Distributors <sup>(2)</sup></b>										
ABC	AmerisourceBergen Corporation	\$86.55	\$120.68	\$80.50	71.7%	\$19,747.2	\$23,270.8	0.2x	14.2x	48.0x
CAH	Cardinal Health, Inc.	81.95	91.91	74.73	89.2%	26,988.6	30,326.6	0.3x	10.5x	20.0x
HSIC	Henry Schein, Inc.	172.63	173.57	126.17	99.5%	14,145.7	15,428.0	1.5x	16.4x	30.3x
MCK	McKesson Corporation	157.25	243.61	148.29	64.5%	35,945.3	42,719.3	0.2x	9.9x	16.5x
OMI	Owens & Minor Inc.	40.42	40.69	31.89	99.3%	2,540.4	2,952.0	0.3x	10.8x	24.5x
SRCL	Stericycle, Inc.	126.19	151.57	104.91	83.3%	10,681.6	13,857.9	4.6x	17.6x	42.3x
TMO	Thermo Fisher Scientific, Inc.	141.59	143.65	117.10	98.6%	56,106.7	68,197.7	4.0x	16.4x	28.7x
							Mean	1.6x	13.7x	24.0x

Ticker	Company Name	Stock Price	52 - Week		% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
			High	Low				LTM Revenue	LTM EBITDA	
<b>Healthcare Equip. &amp; Supplies <sup>(3)</sup></b>										
ABT	Abbott Laboratories	\$41.83	\$51.74	\$36.00	80.8%	\$61,625.7	\$64,616.7	3.2x	14.5x	24.3x
BAX	Baxter International Inc.	41.08	72.84	32.18	56.4%	22,601.1	21,779.1	2.2x	14.6x	57.1x
BDX	Becton, Dickinson and Company	151.82	157.50	128.87	96.4%	32,158.0	43,361.0	3.9x	15.1x	46.9x
BSX	Boston Scientific Corporation	18.81	19.06	14.18	98.7%	25,472.8	30,830.8	4.2x	16.7x	NM
BEAT	BioTelemetry, Inc.	11.68	16.96	7.86	68.9%	322.8	327.4	1.9x	11.7x	44.9x
JNJ	Johnson & Johnson	108.20	109.56	81.79	98.8%	298,452.4	279,937.4	4.0x	12.7x	19.7x
MDT	Medtronic plc	75.00	79.08	55.54	94.8%	105,078.2	123,671.2	4.3x	14.4x	44.3x
SIE	Siemens Aktiengesellschaft	106.26	118.57	88.56	89.6%	85,922.8	102,957.2	1.2x	9.4x	13.7x
STJ	St. Jude Medical Inc.	55.00	80.84	48.83	68.0%	15,601.8	21,316.8	3.8x	13.2x	17.9x
							Mean	3.2x	13.6x	18.9x

<b>Healthcare IT <sup>(4)</sup></b>										
MDRX	Allscripts Healthcare Solutions, Inc.	\$13.21	\$15.78	\$11.47	83.7%	\$2,501.2	\$3,021.1	2.2x	27.4x	NM
ATHN	athenahealth, Inc.	138.78	170.42	110.68	81.4%	5,406.5	5,562.7	6.0x	91.4x	NM
CERN	Cerner Corporation	52.96	75.72	49.59	69.9%	18,007.3	18,099.3	4.2x	15.0x	34.4x
CPSI	Computer Programs & Systems Inc.	52.12	59.16	36.04	88.1%	699.7	663.9	3.6x	20.0x	32.2x
HMSY	HMS Holdings Corp.	14.35	18.60	8.11	77.2%	1,205.5	1,257.7	2.7x	13.9x	51.4x
OMCL	Omniceil, Inc.	27.87	40.80	25.06	68.3%	998.6	916.4	1.9x	14.1x	33.2x
QSII	Quality Systems Inc.	15.24	17.95	12.00	84.9%	927.9	823.1	1.7x	14.4x	28.2x
WBMD	WebMD Health Corp.	62.63	63.14	37.57	99.2%	2,252.3	2,413.8	3.8x	16.5x	42.2x
							Mean	2.9x	15.6x	32.0x

[1] DVA PE multiple is excluded from the mean.

[2] ABC and SRCL PE multiples are excluded from the mean.

[3] BAX, BDX, BEAT and MDT PE multiples are excluded from the mean.

[4] ATHN revenue multiple, MDRX and ATHN EBITDA multiples, and the HMSY and WBMD PE multiples are excluded from the mean.

Ticker	Company Name	Stock Price	52 - Week		% of 52 Week High	Market Cap (\$mm)	Enterprise Value (\$mm)	Enterprise Value to:		P/E
			High	Low				LTM Revenue	LTM EBITDA	
<b>Hospital Providers</b>										
CYH	Community Health Systems, Inc.	\$18.51	\$65.00	\$12.86	28.5%	\$2,087.1	\$19,687.1	1.0x	8.0x	11.0x
HCA	HCA Holdings, Inc.	78.05	95.49	43.91	81.7%	30,889.7	62,249.7	1.6x	7.9x	15.6x
LPNT	LifePoint Health, Inc.	69.25	88.18	58.20	78.5%	2,987.0	5,520.3	1.1x	8.5x	17.5x
THC	Tenet Healthcare Corp.	28.93	60.93	21.39	47.5%	2,850.5	19,537.5	1.0x	8.6x	NM
UHS	Universal Health Services Inc.	124.72	148.57	100.82	83.9%	12,180.1	15,870.9	1.8x	9.6x	18.4x
Mean								1.3x	8.5x	15.7x

<b>Long-Term Care / Senior Living</b>										
BKD	Brookdale Senior Living Inc.	\$15.88	\$39.89	\$11.28	39.8%	\$2,936.1	\$9,280.3	2.2x	11.4x	14.7x
CSU	Capital Senior Living Corp.	18.52	27.75	14.58	66.7%	547.1	1,299.7	3.2x	17.8x	19.4x
DVCR	Diversicare Healthcare Services Inc.	8.50	17.15	6.45	49.6%	53.4	110.3	0.3x	4.7x	13.6x
ENSG	The Ensign Group, Inc.	22.64	27.04	17.60	83.7%	1,148.3	1,204.1	0.9x	9.9x	21.4x
GEN	Genesis Healthcare, Inc.	2.32	8.06	1.42	28.8%	356.2	5,462.5	1.0x	10.0x	NM
KND	Kindred Healthcare Inc.	12.35	24.66	7.96	50.1%	1,035.0	4,197.4	0.6x	7.5x	NM
Mean								1.4x	10.2x	17.3x

<b>Managed Care</b>										
AET	Aetna Inc.	\$112.35	\$134.40	\$92.42	83.6%	\$39,277.6	\$44,645.6	0.7x	8.2x	16.6x
CI	Cigna Corp.	137.24	170.68	123.54	80.4%	35,101.5	38,380.5	1.0x	9.5x	17.1x
ESRX	Express Scripts Holding Company	68.69	94.61	65.55	72.6%	43,467.3	55,881.4	0.5x	8.1x	19.3x
HNT	Huntsworth plc	0.41	0.49	0.33	82.2%	129.9	160.3	1.0x	9.0x	NM
HUM	Humana Inc.	182.95	219.79	155.24	83.2%	27,262.8	29,112.8	0.5x	11.3x	21.7x
UNH	UnitedHealth Group Incorporated	128.90	131.11	95.00	98.3%	122,541.9	145,354.9	0.9x	11.8x	21.4x
ANTM	Anthem, Inc.	138.99	173.59	115.63	80.1%	36,325.3	51,377.2	0.6x	8.8x	14.8x
Mean								0.8x	9.6x	18.5x

<b>Overall Sector</b>							Mean	1.8x	11.5x	21.0x
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# NOTES



# Recent Representative Transaction

## Notes

- Sources: Capital IQ, Bond Buyer, Bloomberg, company 10-K, 10-Q and 8-K SEC filings, annual reports, press releases, and others as indicated.
- Any public companies chosen for the “SCA Healthcare Services Universe” are companies commonly used for industry information to show performance within a sector. They do not include all public companies that could be categorized within the sector and were not created as benchmarks; they do not imply benchmarking and do not constitute recommendations for a particular security and/or sector. The charts and graphs used in this report have been compiled by SOLIC Capital Advisors solely for purposes of illustration.

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### SOLIC Capital Advisors (“SOLIC”) Advises Allegiance Health on its Affiliation with Henry Ford Health System

#### Overview

Allegiance Health (“Allegiance”) is a 480-bed community-owned health system in Jackson, Michigan. Allegiance is a national leader in forming partnerships that innovatively address health wellness and prevention needs in the local community. Henry Ford Health System (“HFHS”) is a five-hospital system headquartered in Detroit, Michigan. Providing both health insurance and comprehensive health delivery services, Henry Ford is recognized as one of the nation’s leading integrated health systems.

#### SOLIC Role

SOLIC served as the exclusive financial advisor to the Board of Trustees in exploring a full range of strategic partnership opportunities available to Allegiance. In advising Allegiance, SOLIC worked extensively with Allegiance management and the Board to identify and prioritize strategic needs and objectives, and to develop and qualify a list of strategic partners to optimize achievement of these strategic goals. The SOLIC team managed the strategic evaluation process, which entailed orchestrating a confidential solicitation process, providing valuation and due diligence support, and advising the Allegiance Board on structuring and negotiating the terms of the agreement with HFHS.

#### Outcome

SOLIC professionals led negotiations with multiple health system providers. As a result, Allegiance consummated an agreement to affiliate with HFHS. The combined entity will create enhanced care models, provide greater access to new technologies, and enable physicians and other clinicians from both systems to work together to develop innovative approaches to patient care.

If you would like more information about SOLIC, or if you have any questions regarding our role in this transaction, please contact one of the deal team members listed.



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