



Healthcare M&A Quarterly Update

Q3 2024

Q3 2024 Healthcare Mergers and Acquisitions (M&A) Highlights

M&A Quarter Trends and Highlights

- There were 378 announced US transactions in Q3 2024, compared to 400 in the prior quarter. Significant deals in Q3 included Orlando Health's acquisition of five hospitals from Tenet Health for \$910 million and UCSF Health's acquisition of two hospitals from Dignity Health. UCSF plans to invest \$100 million into the hospitals to support integration.
- Physician medical groups led the way with 105 announced US transactions in the quarter, including Rural Healthcare Group's acquisition of Stewardship Health and its 1,700 providers.
- In addition to the sale of its medical group, Steward Health sold multiple hospitals through the bankruptcy process. Selected partners included Christus Health, Orlando Health, AHS South, and Pafford Health Systems.

Relevant ECG Thought Leadership

- [“Strategic Options for Independent Hospitals and Smaller Health Systems” \(ecgmc.com\)](#).
- [“Healthcare Integrations Are Likely to Fail without the Right Adviser” \(linkedin.com\)](#).
- [“Earnings Call Summary: Hospitals Edition—Q2 2024” \(ecgmc.com\)](#).
- [“A Tale of Two Strategies: Remain Independent or Join a System” \(ecgmc.com\)](#).

Sources: *Becker's Hospital Review*, and LevinPro Healthcare M&A.

Note: Transaction volumes for prior quarters were not adjusted retroactively.

Notable Q3 2024 Transactions

HCA Subsidiary to Acquire
Catholic Medical Center



Northwest Urgent Care, a CHS
Subsidiary, to Acquire 10 Urgent
Care Centers from Carbon Health



UCSF Closes Acquisition of
Two Hospitals
from Dignity Health



Mercy has Acquired
Via Christi Hospital
from Ascension



Quarterly Spotlight: Hospital Divestiture and Ambulatory Investment

Reevaluation of Asset Portfolios

- In recent quarters, large national players have been reevaluating their portfolio of assets. Many major systems such as Community Health Systems, Tenet Health, and Ascension sold multiple hospitals during the quarter.
- During Community Health System's Q2 2024 earnings call, CEO Tim Hingtgen reaffirmed the system's plan to sell \$1 billion worth of hospital assets. Ascension has also sold a number of hospitals in recent years, substantially improving its operating margins.

Future Outlook: Continued Ambulatory Investment

- Systems divesting their hospital assets are shifting their investment to ambulatory settings, a trend that is expected to continue
- HCA Healthcare outpatient procedures in 2023 accounted for over 38% of patient revenue, and the system continues to expand within the ASC space, as seen through its opening of Silicon Valley Surgery Center in Campbell, California, in Q1 2024. Tenet Healthcare is investing \$450 million into its ambulatory business, United Surgical International Partners.

Notable Hospital Divestitures from Major Systems: Q3 2024

Woodbridge Healthcare Signs Definitive Agreement to Acquire Three Hospitals from CHS



Orlando Health Acquires Majority Ownership of Five Hospitals from Tenet Health



Shannon Medical Center Acquires River Crest Hospital from Universal Health Services



Prime Healthcare Enters into APA to Acquire Nine Hospitals from Ascension



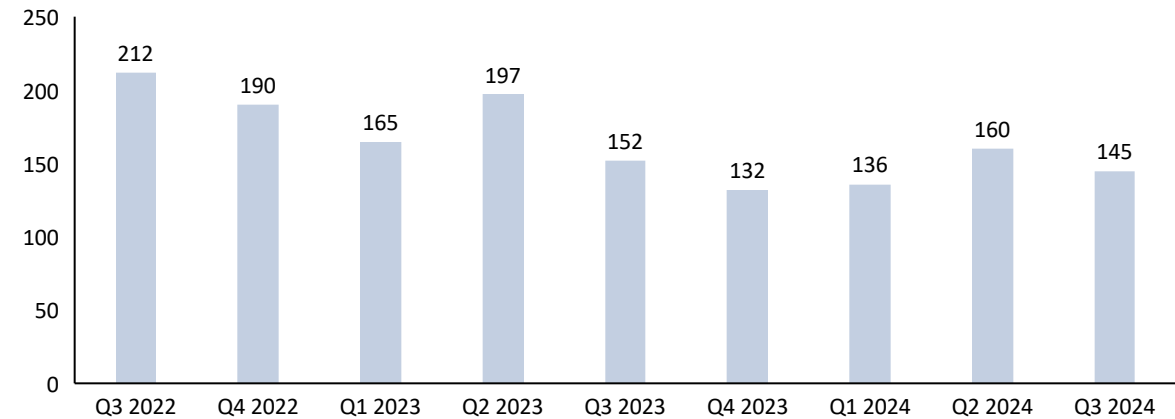
Sources: *Becker's Hospital Review*, and LevinPro Healthcare M&A.

Private Equity in Healthcare

Private Equity Quarterly Synopsis

- In Q3 2024, there were 145 announced US healthcare private equity deals, down from 160 in the prior quarter.
- Q3 was marked by TowerBrook and CD&R's \$8.9 billion acquisition of R1 RCM, a leading provider of technology-driven solutions that transform the patient experience and financial performance of healthcare providers. An investment vehicle controlled by TowerBrook was the beneficial owner of approximately 36% of the company's outstanding shares of common stock.

Announced US Healthcare Private Equity Deals by Quarter



Significant Healthcare Private Equity Transactions: Q3 2024

R1 RCM to Be Acquired by TowerBrook Capital Partners and CD&R



The acquisition will be paid in cash, with R1 valued at \$8.9 billion or for \$14.30 per share.

EQT Acquires a Controlling Interest in GeBBS from ChrysCapital



EQT will acquire GeBBS via its Asia-based BPEA Private Equity Fund VIII for approximately \$870 million.

CorroHealth Finalizes Acquisition of Xtend Health for \$365 Million in Cash

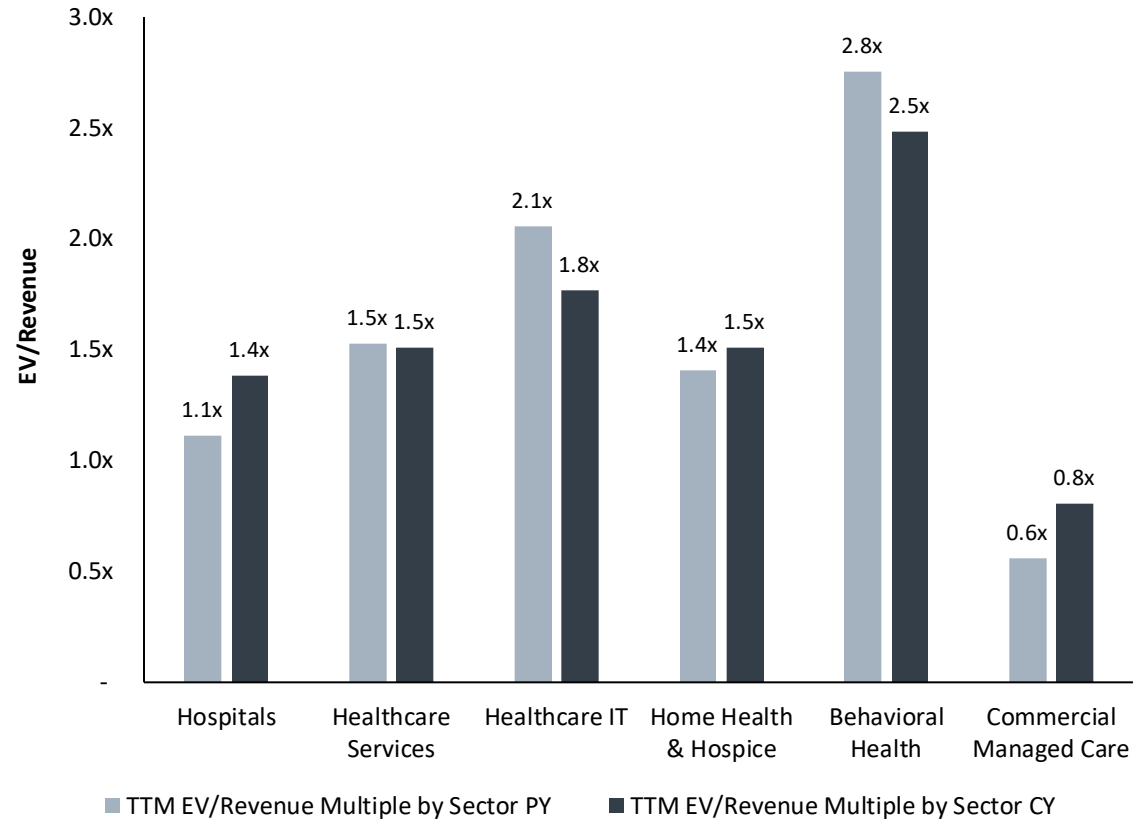


Xtend Health is Navient's RCM business and is set to support CorroHealth in becoming a clear leader in RCM.

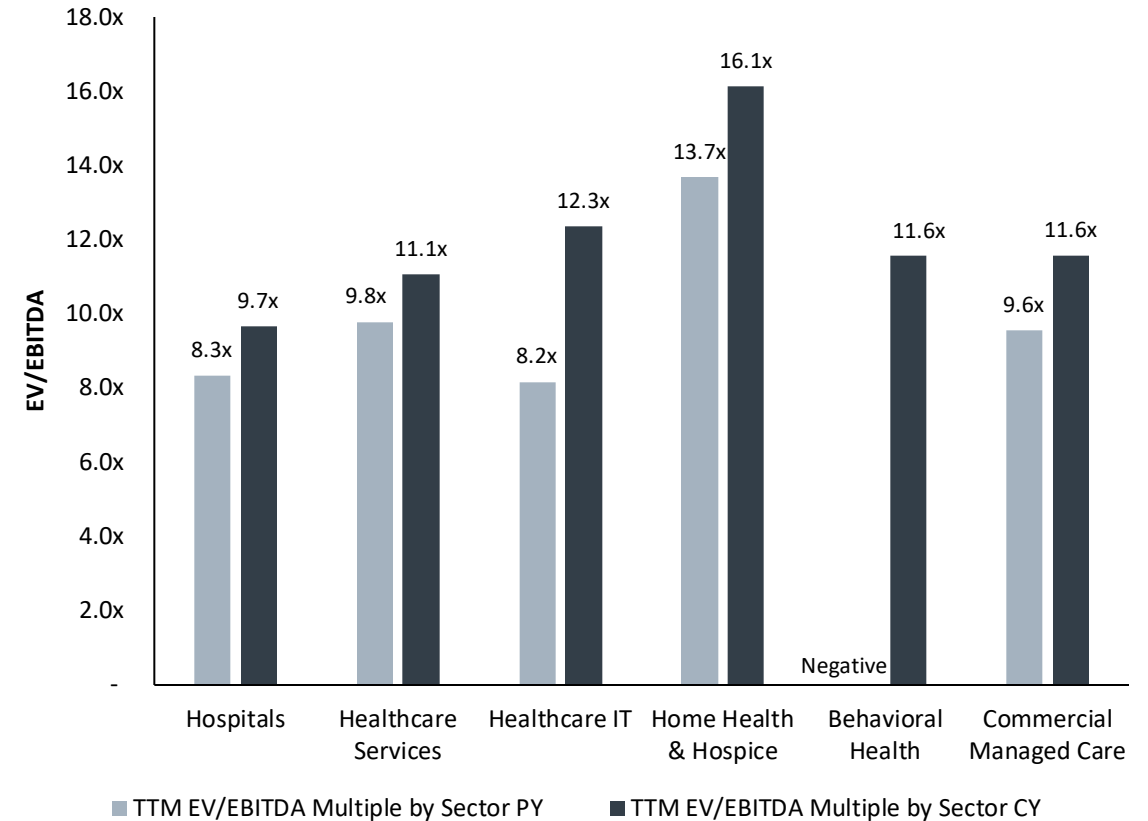
Sources: LevinPro Healthcare M&A, Business Wire, and company press releases.
Note: Transaction volumes for prior quarters were not adjusted retroactively.

YOY TTM Revenue and EBITDA Medians by Sector

Q3 2024 TTM versus Q3 2023 TTM EV/Revenue



Q3 2024 TTM versus Q3 2023 TTM EV/EBITDA



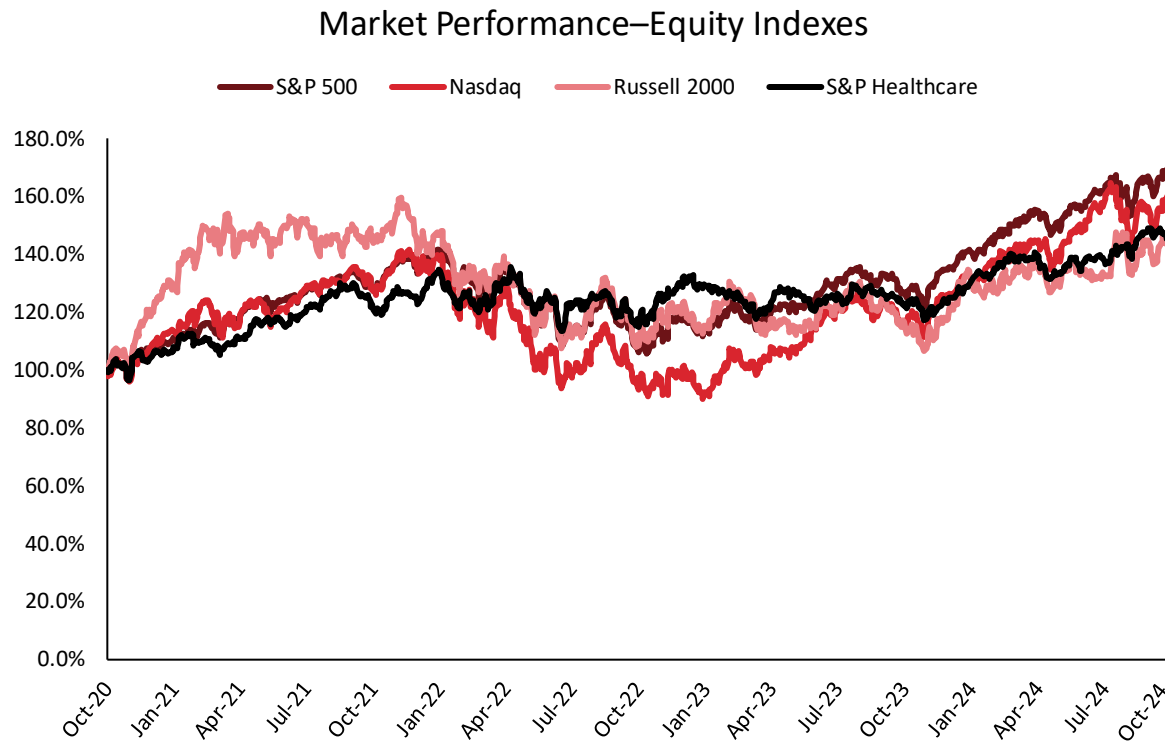
Source: S&P Capital IQ.

Notes: CY = current year; EV = enterprise value; PY = prior year; TTM = trailing 12 months; YOY = year over year. A list of companies included in each sector is shown at the end of this presentation. Comparisons reflect publicly available information as of October 2, 2024.

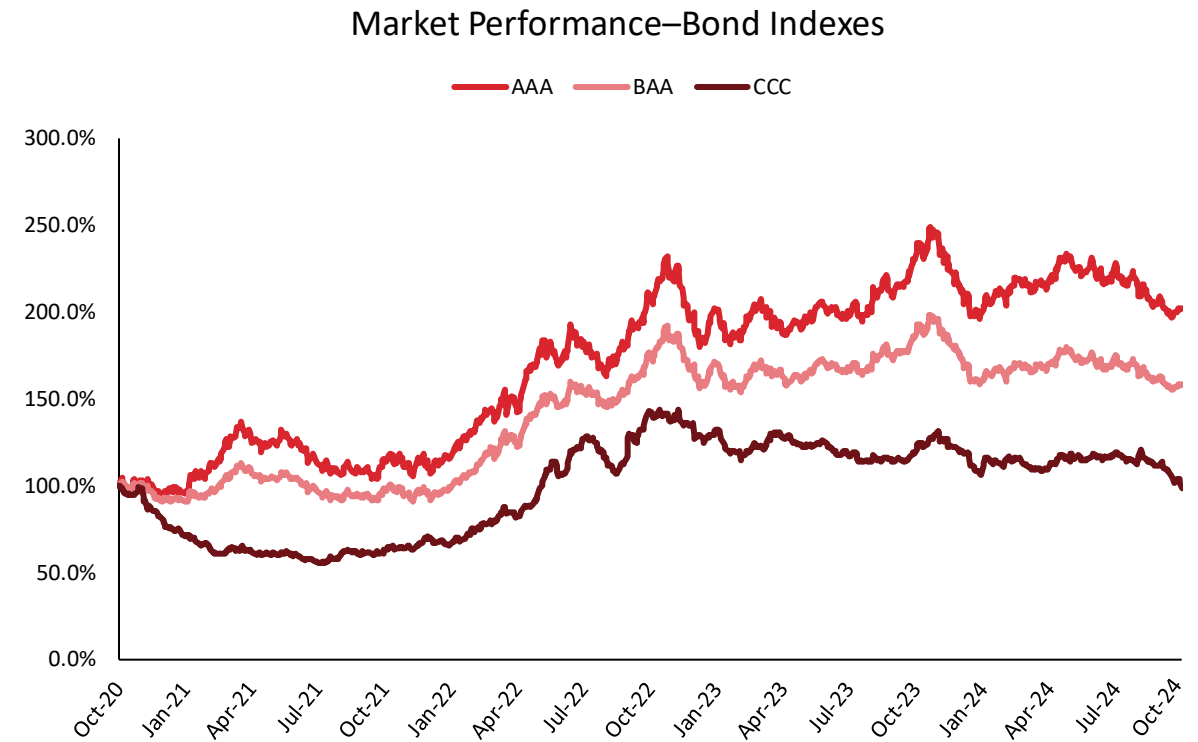
Equity and Bond Index Comparison

The S&P 500 and Nasdaq continue to outperform the S&P 500 Health Care Sector, while the overall market has seen substantial growth in Q3 2024.

Equity Index Trend



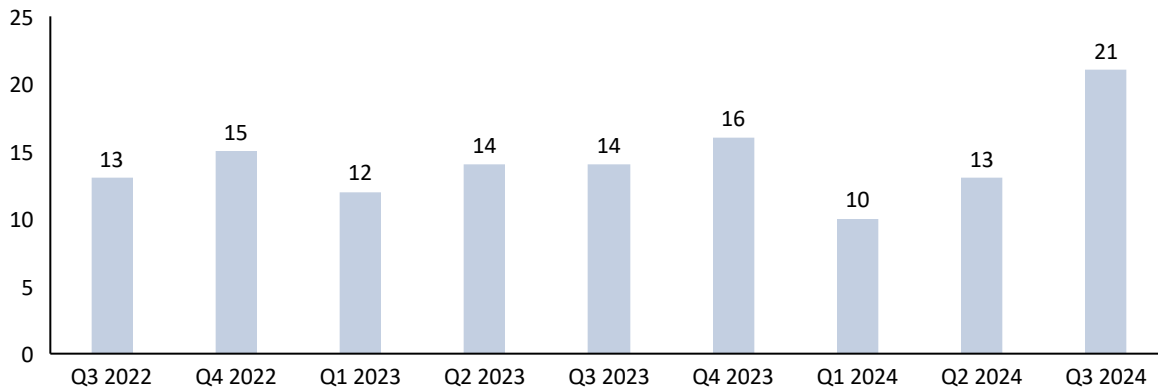
Bond Index Trend



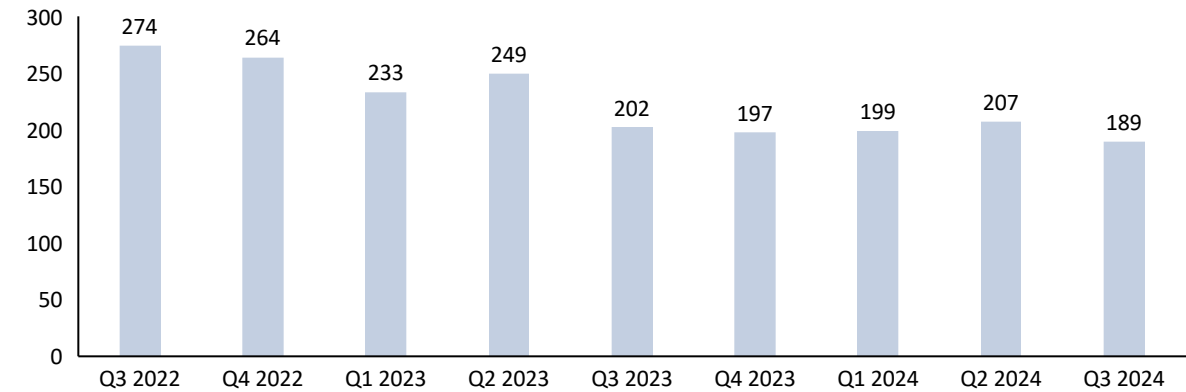
Sources: S&P Capital IQ and Federal Reserve Bank of St. Louis.

Quarterly Transaction Trends by Sector¹

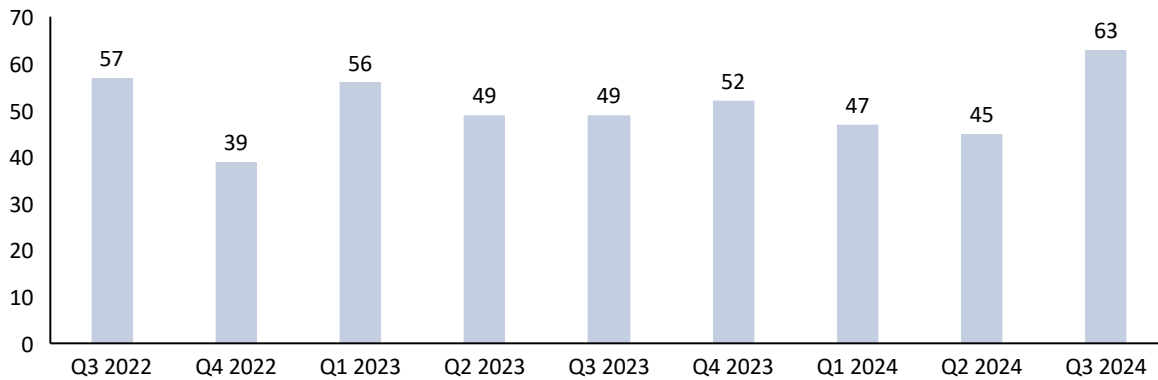
Hospitals



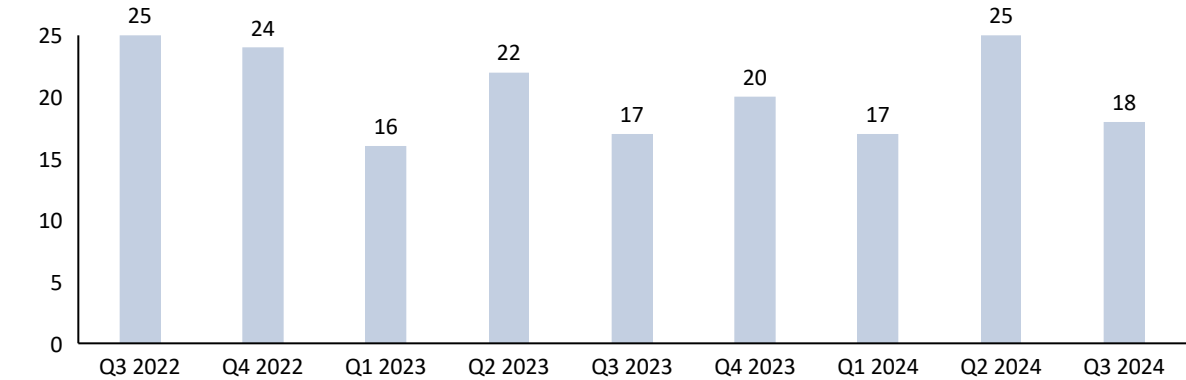
Healthcare Services



Health Tech



Home Health and Hospice

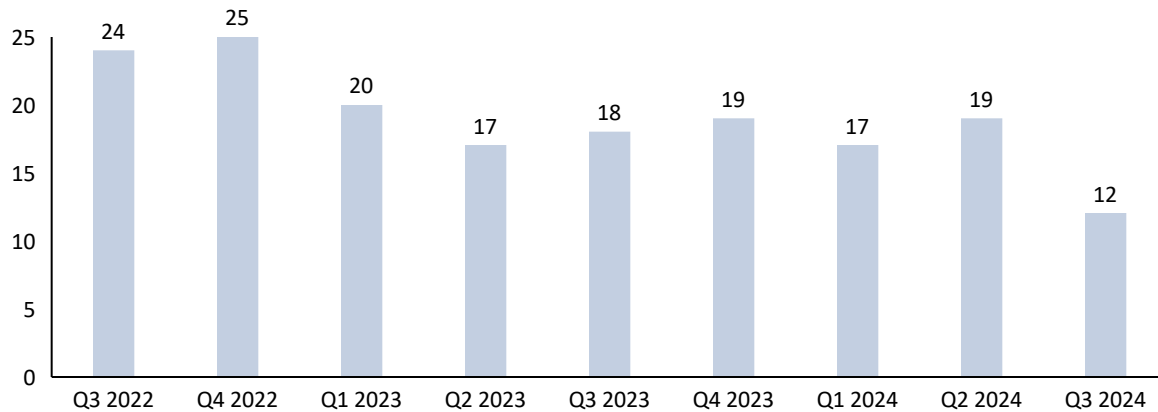


Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

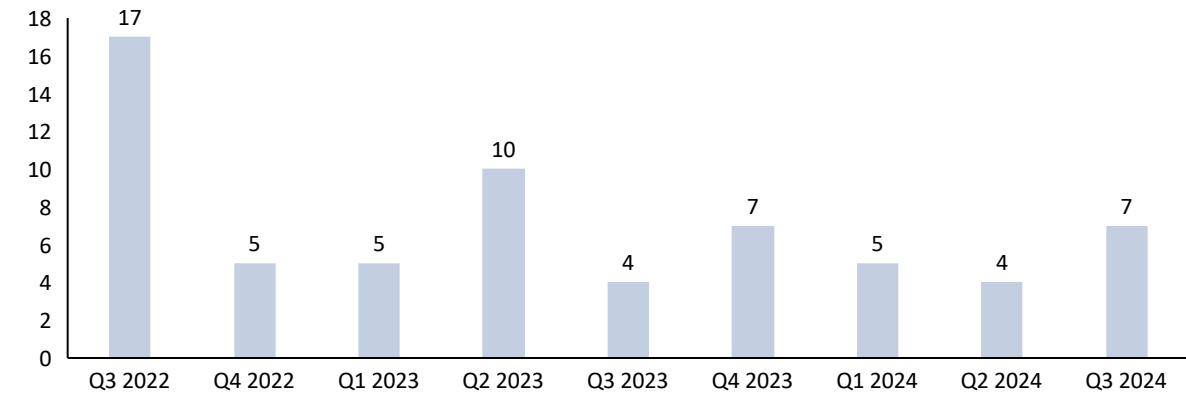
¹ Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care, specialty pharmacy, urgent care, pharmaceuticals, physician medical groups, and rehabilitation. All transaction counts sourced from LevinPro Healthcare M&A.

Quarterly Transaction Trends by Sector¹ (continued)

Behavioral Health



Managed Care



- ➔ Q3 2024 transaction volumes within the hospitals and health tech sectors were higher than that of any quarter over the last two years.
- ➔ The number of announced deals decreased quarter over quarter for three out of six analyzed sectors, with volumes for healthcare services and behavioral health being the lowest of any quarter over the last two years.

Source: LevinPro Healthcare M&A. Note: Transaction volumes for prior quarters were not adjusted retroactively.

¹ Health services include deals in biotechnology, laboratories, MRA and dialysis, ACOs, ASCs, chiropractic, CROs, GPOs, health clinics, payments and billing, home equipment, infusion, occupational health, organ transplant, outpatient clinics, population health, primary and value-based care, specialty pharmacy, urgent care, pharmaceuticals, physician medical groups, and rehabilitation. All transaction counts sourced from LevinPro Healthcare M&A.

ECG Mergers, Acquisitions, and Partnerships (MAP) Team Leadership

From our more than five decades of experience, we have learned that successful problem-solving requires deep industry knowledge and expertise, rigorous data and analytics, strategic foresight, political and organizational savvy, and, most importantly, practical solutions that get implemented.



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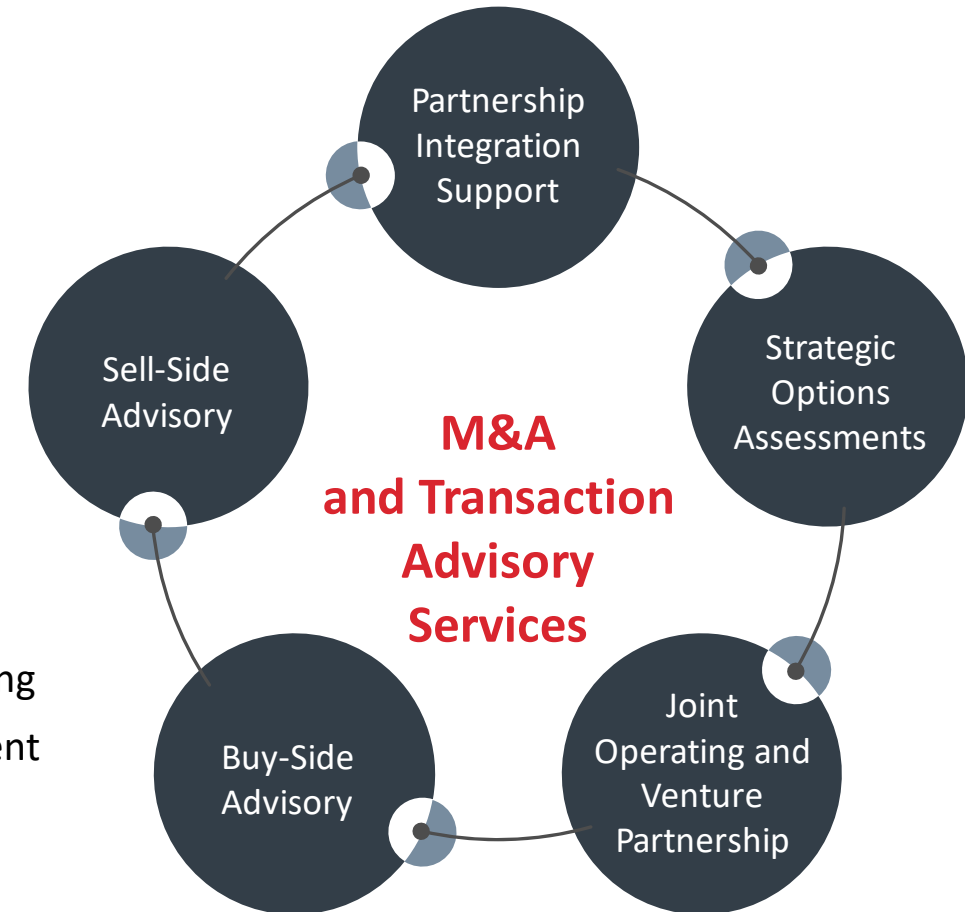
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ECG's M&A and Transaction Advisory Practice

ECG offers a broad range of M&A and partnership transaction advisory services to healthcare providers. As a leader in the industry, ECG provides specialized expertise to community hospitals, academic medical centers, health systems, medical groups, and physician enterprises as they seek strategic partners. Professionals at ECG can provide guidance from the commencement of a transaction through integration.

Specific Areas of Expertise

- Transaction planning and coordination
- Transaction structuring and governance
- Letter of Intent development and negotiation
- Definitive agreement negotiation
- Business, asset, and contract valuation
- RFP development and response
- Partner solicitation and market making
- Due diligence and financial assessment
- Posttransaction integration
- Fair market value and fair value opinions



Selected Companies by Sector

Hospitals

HCA Healthcare (HCA), Tenet Healthcare Corporation (THC), Community Health Systems (CYH), and Universal Health Services (UHS)

Healthcare Services

Enzo Biochem (ENZ), Exact Sciences Corporation (EXAS), Laboratory Corporation of America Holdings (LH), Myriad Genetics (MYGN), NeoGenomics (NEO), Quest Diagnostics (DGX), CareCloud (CCLD), Ontrak (OTRK), SHL Telemedicine (SHLTN), Teladoc Health (TDOC), Veradigm (MDRX), Welltower (WELL), Acadia Healthcare Company (ACHC), Amedisys (AMED), Community Health Systems (CYH), DaVita (DVA), Encompass Health Corporation (EHC), Fresenius Medical Care AG (FMS), HCA Healthcare (HCA), Pediatrix Medical Group (MD), National HealthCare Corporation (NHC), Select Medical Holdings Corporation (SEM), Surgery Partners (SGRY), Tenet Healthcare Corporation (THC), the Ensign Group (ENSG), GoodRx Holdings (GDRX), and Universal Health Services (UHS)

Healthcare IT

Accolade (ACCD), Veradigm (MDRX), CareCloud (CCLD), Certara (CERT), TruBridge Inc. (TBRG), the Craneware Group (CRW), Definitive Healthcare (DH), Doximity (DOCS), Evolent Health (EVH), Health Catalyst (HCAT), Healthcare Triangle Inc. (HCTI), HealthStream (HSTM), NantHealth Inc. (NHIQ), National Research Corporation (NRC), NextGen Healthcare (NXGN), Omnicell (OMCL), OptimizeRx Corporation (OPRX), Phreesia (PHR), Premier Inc. (PINC), R1 RCM (RCM), Streamline Health Solutions (STRM), and Tabula Rasa HealthCare (TRHC)

Home Health and Hospice

Addus HomeCare Corporation (ADUS), Amedisys (AMED), Aveanna Healthcare Holdings (AVAH), Brookdale Senior Living (BKD), Chemed Corporation (CHE), InnovAge Holding (INNV), LHC Group (LHCG), ModivCare (MODV), Option Care Health (OPCH), the Pennant Group (PNTG), and Sonida Senior Living (SNDA)

Behavioral Health

Acadia Healthcare Company (ACHC), LifeStance Health Group (LFST), and Accolade (ACCD)

Commercial Managed Care

Humana (HUM), Cigna (CI), UnitedHealth Group (UNH), Progyny (PGNY), Alignment Healthcare (ALHC), and Elevance Health (ELV)