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Spotlight On: Home Medical Equipment and Supplies

Our nation's population is aging — and ailing — and many individuals are opting for home-delivered medical products and services. Strategic and private equity buyers alike are capitalizing on favorable industry dynamics and market fragmentation to gain share as the demand for home healthcare continues to grow.

There's No Place Like Home

- **Large market opportunity.** The market for home healthcare services is large (\$50 billion in 2006) and growing rapidly, with annual increases in revenue of 9 percent since 2001. Home health agencies (direct home nursing and related services) generate the largest portion of this revenue (~\$34 billion). The balance is attributable to providers of home medical equipment, supplies, and related services, who also are experiencing strong demand. This group can be further segmented into three primary markets: **home respiratory equipment and services** (~\$8 billion market), **home infusion therapy** (~\$5 billion market), and **home medical equipment / supplies** ("HME") (~\$3 billion market).
- **Fragmentation.** The ~\$16 billion market for home medical equipment, supplies, and related services is highly fragmented, with a limited number of national providers. Over 100,000 market participants bill Medicare less than \$300,000 per year and the top-five providers have a collective market share of approximately 31 percent.
- **A strong value proposition** (e.g., cost-effectiveness, increased patient compliance, patient preference, and convenience) and **favorable trends** (e.g., the aging population, the increasing incidence of chronic diseases, and medical/technological advances) are expected to continue to fuel demand for home medical equipment, supplies, and related services over the next decade.
- While **M&A activity** in HME has cooled slightly due to potential reductions in Medicare rates pursuant to the competitive bidding program, we expect the market to heat up again in the coming months as the reimbursement environment becomes more visible. Certain segments, including diabetic testing and wound care equipment/supplies, have remained active, as have adjacent sectors such as home infusion, with several sizable transactions expected to spur further consolidation.

Summary of Selected Recent M&A Transactions in HME and Home Infusion

Date	Transaction (Target/Acquirer)	Target Description	Enterprise Value (\$ mm)	Multiple:	
				Revenue	EBITDA
Pending	Byram Healthcare Centers, Inc. (Paine & Partners, LLC / OPG Groep NV)	Home medical supplies	\$132.0	1.0x	14.2x
Feb-08	Critical Homecare Solutions, Inc. (Kohlberg & Co. L.L.C.) / MBF Healthcare Acquisition Corp.	Infusion therapy, specialty pharmacy & home nursing	\$420.1	2.1x	11.4x
Dec-07	Coram Inc. / Apria Healthcare Group	Home infusion and specialty pharmacy	\$350.0	0.7x	15.5x
Oct-07	PolyMedica Corporation / Medco Health Solutions Inc.	Diabetic testing supplies and mail order pharmacy	\$1,530.5	2.2x	15.5x
Sep-07	HomeChoice Partners, Inc. / DaVita Inc.	Infusion therapy, home nursing & HME	\$76.5	2.1x	n/d
Aug-07	Option 1 Nutrition Solutions / Thompson Street Capital Partners, L.L.C.	Home healthcare products and services for enteral therapy	n/d	n/d	8.0x ⁽¹⁾
Aug-07	Option Care, Inc. / Walgreen Co.	Home infusion and specialty pharmacy	\$779.1	1.0x	15.7x
Jul-07	National Rehab Equipment, Inc. / AEA Investors LLC	Home healthcare products and services for wound care	n/d	n/d	10.5x ⁽¹⁾
Jan-07	Harrington Holdings, Inc. / The Jordan Company, L.P.	Home medical equipment and supplies	\$460.0	1.4x	n/d

(1) BGL estimate.

Source: Capital IQ and BGL research



Spotlight On: Home Medical Equipment and Supplies

Platform for Growth

Favorable industry dynamics and trends point toward continued robust growth for many providers of home medical equipment, supplies, and related services:

- **Lower-cost alternative.** Healthcare expenditures in the U.S. are projected to reach \$3.1 trillion by 2011 — a growth rate in excess of 7 percent per year from 2006. With healthcare expenditures rising, industry and government will continue to pursue ways to reduce costs without sacrificing quality of care. Home healthcare is widely viewed by government and private payors as an attractive way to reduce overall healthcare expenditures, as it is highly effective and offers substantial cost savings over care provided in other settings. In a comparison of hospital, skilled nursing facility (“SNF”), and home health Medicare charges in 2006, the National Association for Home Care & Hospice reported a per-visit cost of \$125 for home health versus \$5,036 and \$535 per day for hospital and SNF stays, respectively. Additionally, home-delivered medical products and self-administered therapies offer significant savings relative to products and services provided in retail or outpatient settings, by facilitating greater patient compliance and avoiding recurring professional and facility costs. Furthermore, home healthcare has been shown to result in better responses to treatment and a lower incidence of infection.
- **Aging population.** The “baby boomer” generation is aging. According to the U.S. Census Bureau, the number of Americans over age 65 is expected to more than double by 2030, from 35 million today to over 79 million. This massive demographic shift will contribute significantly to increased healthcare spending, given the higher care requirements of older adults.
- **Decline in overall health.** The life expectancy in the U.S. increased to 77.9 years in 2007 — the highest in history. Although we are living longer, our quality of life is not improving. Recent studies report a decline in the nation’s health, and the incidence of chronic diseases is on the rise. Nearly 40% of U.S. adults are obese and approximately 66% are overweight. Obesity is cited as a leading cause of health problems such as heart disease, diabetes, stroke, and cancer. In particular, the obesity epidemic is expected to fuel the need for diabetes management, as the U.S. diabetic population is projected to grow from approximately 21 million today to nearly 37 million by 2015. Obesity also has been linked to sleep-disordered breathing, which is believed to affect 15 to 30 million Americans (the majority of which remain undiagnosed). As more people are living with chronic diseases and requiring ongoing care, the need for home-delivered medical products and services will continue to grow.
- **Preference for home care.** The vast majority of patients strongly prefer the increased independence and convenience afforded by home care. Additionally, studies have shown that individuals function better when at home, with home care leading to faster recovery times.
- **Medical advances.** Technological advances have enabled effective treatment of many medical conditions in the home that previously only could be treated in an institutional or outpatient setting. New technologies will further increase the scope of services that can be offered at home.

Key Challenges

Pending changes in **Medicare reimbursement** — the competitive bidding program and the new reimbursement paradigm for home oxygen therapy — pose potential future challenges for HME and oxygen suppliers.

Competitive Bidding of Durable Medical Equipment, Prosthetics, Orthotics, and Supplies (“DMEPOS”) — Centers for Medicare & Medicaid Services (“CMS”) is requiring DMEPOS suppliers to “bid” to provide certain products and services in particular geographic regions at specified prices. CMS will designate providers with the most competitive pricing as approved suppliers for those regions. In July 2007, Phase I of the program was launched, targeting 9-10 product categories in ten large metropolitan statistical areas (“MSAs”). Suppliers still are awaiting the announcement of winning bidders and pricing levels, which is expected in March 2008. In January 2008, preliminary details of Phase II were released, which will expand the program to 70 additional large MSAs. Notably, the second round does not include diabetic testing supplies (mail order or otherwise). Many industry observers believe CMS excluded diabetic supplies because it plans to seek nationwide bids for these products in 2009, which would be implemented sometime in 2010.

Industry Opposition

Industry advocates and trade groups are challenging these programs, citing that reimbursement cuts could substantially impact patient access to quality care. The American Association for Home Care expects competitive bidding to force many small suppliers out of business, shifting the competitive landscape further in favor of regional and national companies. The VGM Group, a member service organization for independent HME providers, estimates some 60 percent of the nation’s independent dealers may be forced to exit the business. Key industry legislation opposing the programs currently is pending review:

Tanner Hobson Bill (H.R. 1845) — major components include an exemption for rural areas, an “any willing provider” provision, which would allow any qualifying supplier that submits a bid to participate at the final bid rate, and a provision requiring Congressional action (based on the results of an impact analysis of the first 10 sites) before competitive bidding could be extended beyond the initial 10 MSAs. According to AAHomecare, the industry likely will need to craft a new bill, as word trickled out from Congress in February that the any willing provider provision likely would limit its chances of becoming law.

Home Oxygen Patient Protection Act (“HOPPA”) (H.R. 621) — Effective January 2006, a CMS ruling limited the number of months providers can rent home oxygen equipment to Medicare beneficiaries at 36 months, after which time ownership of oxygen equipment transfers from provider to patient. The full impact of the new ruling will begin in January 2009, reducing the average monthly reimbursement per Medicare patient by an estimated 20 percent. HOPPA would repeal the 36-month payment cap and restore ownership of equipment to home oxygen providers, thereby preventing further reductions in the number of suppliers and access to care.





Mergers & Acquisitions News

Record year in Healthcare M&A

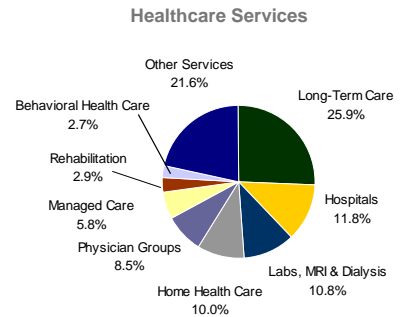
With 2007 now behind us, we look back at a record year in Healthcare M&A. A total of 1,051 transactions were announced in 2007 (vs. 1,009 transactions in 2006) for a deal value of \$226.5 billion (vs. \$268.4 billion in 2006). M&A activity continued at a steady pace despite the credit market dislocation, bolstered by strategic buyer transactions and consistent middle market volume.

The Technology category led healthcare M&A for the year, accounting for 54 percent of deals announced and contributing \$172.9 billion, or 76 percent, of the total M&A funds committed in 2007. Medical Devices was the most active sub-sector in the category, with 191 announced transactions — a 27 percent increase over the 2006 level (150 transactions). Pharmaceuticals brought in the largest M&A spend, with \$73 billion in funds committed, and also posted strong deal volume with 177 transactions announced in 2007 — a 28 percent increase over 2006 (138 transactions). Long-Term Care again was the most active sub-sector of the Services category, accounting for 26 percent of deals announced.

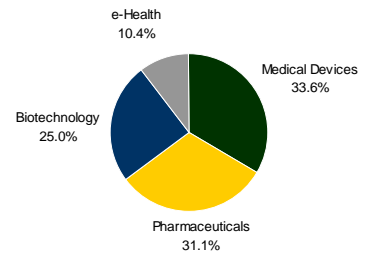
Healthcare valuations remain strong. In the fourth quarter of 2007, the median EBITDA multiple for announced healthcare transactions was 13.0x⁽¹⁾. This figure compares to median EBITDA multiples of 16.2⁽¹⁾ and 13.3⁽¹⁾ for the prior quarter and the fourth quarter of 2006, respectively.

(1) Figure based on transactions with disclosed values.

Healthcare M&A Deal Stratification 2007 Announced Transactions

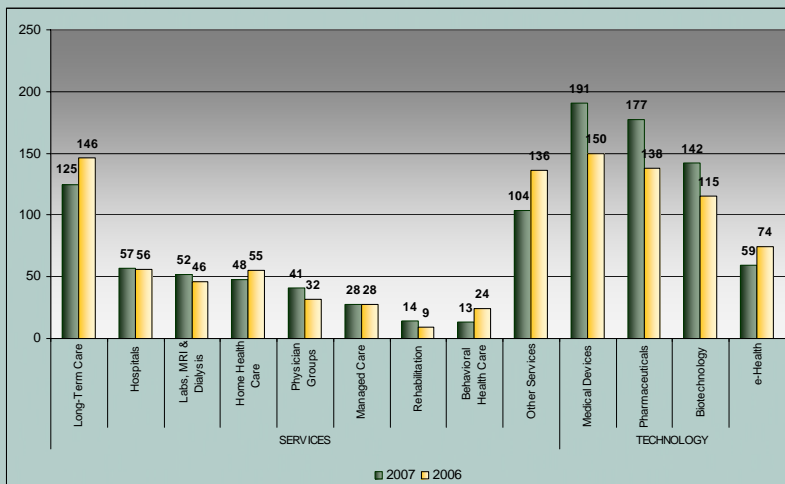


Technology



Source: Irving Levin.

Healthcare M&A – Full Year 2007



Source: Irving Levin.





Mergers & Acquisitions News

Summary of Selected Healthcare M&A Transactions – Q407

Sector	Target	Target Country	Acquirer	Date	Enterprise Value (\$ mm)	Enterprise Value Multiple Revenue	Multiple EBITDA
HEALTHCARE SERVICES ⁽¹⁾							
Laboratory / Diagnostics & Diagnostic Imaging	Symbion Health Limited	Australia	Primary Health Care Ltd.	Pending	\$2,850.0	0.8x	13.1x
Diagnostic Imaging	Alliance Medical Ltd.	United Kingdom	Dubai International Capital Private Equity	11/29/07	\$1,247.5	4.6x	n/d
Radiation Therapy Services	Radiation Therapy Services Inc.	United States	Vestar Capital Partners	2/21/08	\$1,093.9	3.0x	12.4x
Managed Care / PBM	Fiserv Health, Inc.	United States	United HealthCare Services, Inc.	1/10/08	\$721.0	0.9x	n/d
Laboratory / Diagnostics	Unilabs SA	Switzerland	Capio AB	Pending	\$596.0	2.2x	13.4x
Distribution	Oncology Therapeutics Network, Inc.	United States	McKesson Corp.	10/29/07	\$575.0	0.2x	n/d
Assisting Living	The Zig Inge Group	Australia	Macquarie Capital Alliance Group	11/19/07	\$567.1	n/d	n/d
Infusion Therapy	Coram, Inc.	United States	Apria Healthcare Group Inc.	12/3/07	\$350.0	0.7x	15.5x
Eye Care	Ultrasec Limited	United Kingdom	3i Group Plc	2/14/08	\$347.3	n/d	n/d
Hospital Management	Community Health Systems, Inc., Nine Hospitals	United States	Capella Healthcare, Inc.	2/29/08	\$315.0	0.8x	n/d
Disease Management	Alere Medical, Inc.	United States	Inverness Medical Innovations Inc.	11/16/07	\$302.1	n/d	n/d
Hospital Management	Nuffield Hospitals, Nine Hospitals	United Kingdom	BMI Healthcare Limited	2/2/08	\$283.2	n/d	12.7x
Disease Management	ParadigmHealth, Inc.	United States	Inverness Medical Innovations Inc.	12/21/07	\$230.0	3.9x	n/d
Fertility Therapy	Monash IVF Pty. Ltd.	Australia	ABN AMRO Capital Australia	12/14/07	\$172.9	n/d	n/d
Diagnostic Imaging	American Radiology Services, Inc.	United States	CML Healthcare Income Fund	2/29/08	\$151.0	n/d	n/d
Long-Term Care	Conform Health Group (Pty) Ltd.	Australia	Babcock & Brown Communities Limited	Pending	\$147.4	n/d	n/d
Distribution	TAD Pharma GmbH	Germany	KrKa dd Novo Mesto	Pending	\$142.6	1.6x	n/d
Telemedicine	Raytel Cardiac Services, Inc.	United States	Koninklijke Philips Electronics NV	11/30/07	\$110.0	n/d	n/d
Dental, Diagnostic Imaging & Rehabilitation Services	Abano Healthcare Group Ltd.	New Zealand	Crescent Capital Partners Management Pty Ltd.	Pending	\$103.8	1.5x	10.1x
Laboratory / Diagnostics	Redwood Toxicology Laboratory, Inc.	United States	Inverness Medical Innovations Inc.	Pending	\$99.0	2.3x	n/d
Distribution	K.P. Marinopoulos S.A.	Greece	Alapis S.A.	Pending	\$83.5	0.2x	10.7x
Hospital Management	SunLink Health Systems Inc.	United States	Resurgence Health Group, LLC	Pending	\$78.0	0.5x	8.1x
Hospital Management	Anahim Memorial Medical Center	United States	Integrated Healthcare Holdings Inc.	Pending	\$68.0	n/d	n/d
Rehabilitation Services	Complete Case Management Holdings Limited	United Kingdom	Claimar Care Group plc.	11/2/07	\$67.4	n/d	n/d
Laboratory / Diagnostics	Pediatrix Screening, Inc.	United States	PerkinElmer Inc.	2/29/08	\$66.0	n/d	n/d
TECHNOLOGY							
Medical Equipment	Respiricon Inc.	United States	Philips Holding USA Inc.	Pending	\$4,854.9	3.9x	19.7x
Biotechnology	MGI Pharma Inc.	United States	Eisai Corporation of North America	1/25/08	\$3,696.2	10.0x	n/d
Specialty Pharmaceuticals	Reliant Pharmaceuticals, Inc.	United States	GlaxoSmithKline plc	12/19/07	\$2,570.3	5.4x	43.7x
Specialty Pharmaceuticals	Adams Respiratory Therapeutics Inc.	United States	Reckitt Benckiser Group plc	1/23/08	\$2,202.2	6.3x	28.8x
Medical Equipment	Gyrus Group plc	United Kingdom	Olympus Corp.	2/1/08	\$2,103.8	4.8x	24.0x
Pharmaceuticals	Zakłady Farmaceutyczne Polpharma S.A.	Poland	Gedeon Richter Ltd.	Pending	\$1,307.9	3.5x	12.4x
Specialty Pharmaceuticals	Axcan Pharma Inc.	Canada	Texas Pacific Group	2/25/08	\$1,015.7	2.9x	7.5x
Tools / Diagnostics	Bruker Biospin Group	Germany	Bruker BioSciences Corp.	2/26/08	\$922.6	2.1x	n/d
Medical Devices	Cardiac Surgery and Vascular Surgery Businesses (Boston Scientific Corporation)	United States	Getinge AB	1/4/08	\$750.0	2.7x	n/d
Specialty Pharmaceuticals	Aspreva Pharmaceuticals Corporation	Canada	Galenica Ltd.	1/3/08	\$579.2	2.4x	4.5x
Pharmaceuticals	Bristol-Myers Squibb Medical Imaging, Inc.	United States	Avista Capital Holdings, L.P.	1/8/08	\$525.0	n/d	n/d
Biotechnology	Agensys, Inc.	United States	Astellas Pharma US, Inc.	Pending	\$507.0	n/d	n/d
Pharmaceuticals	Recip Pharma Ab	Sweden	Meda AB	12/13/07	\$491.0	3.7x	n/d
Medical Devices	Fluid Management and Venous Access Businesses (Boston Scientific Corp.)	United States	Avista Capital Holdings, L.P.	2/14/08	\$425.0	n/d	n/d
Specialty Pharmaceuticals	Bradley Pharmaceuticals Inc.	United States	Nycomed US, Inc.	2/21/08	\$354.1	2.5x	13.8x
Biotechnology	Illumigen Biosciences, Inc.	United States	Cubist Pharmaceuticals Inc.	12/26/07	\$341.5	n/d	n/d
Healthcare Supplies	Retail Products Business (Covidien Ltd.)	United States	First Quality Enterprises, Inc.	Pending	\$335.0	0.5x	n/d
Medical Devices	Tutogen Medical Inc.	United States	Regeneration Technologies Inc.	2/27/08	\$261.5	4.9x	31.9x
Pharmaceuticals	VetXX A/S	Denmark	Dechra Pharmaceuticals plc	1/15/08	\$237.0	3.6x	42.9x
Specialty Pharmaceuticals	Shire plc, Portfolio of Non Core Products	United Kingdom	Laboratorios Almirall SA	Pending	\$213.0	3.9x	n/d
Biotechnology	IV Busulfex (PDL BioPharma Inc.)	United States	Otsuka Pharmaceutical Co., Ltd.	Pending	\$200.0	6.8x	n/d
Medical Equipment	Renal Solutions, Inc.	United States	Fresenius Medical Care AG & Co. KGAA	11/26/07	\$200.0	n/d	n/d
Tools / Diagnostics	E-Z-EM Inc.	United States	Bracco Diagnostics Inc.	Pending	\$197.0	1.4x	14.5x
Tools / Diagnostics	BBI Holdings plc	United Kingdom	Inverness Medical Innovations Inc.	2/13/08	\$173.4	5.7x	25.0x
Pharmaceuticals	Arab Pharmaceutical Manufacturing Co., Ltd.	Jordan	Hikma Pharmaceuticals plc	Pending	\$163.6	n/d	n/d

(1) Enterprise value and EBITDA reduced to account for minority interest.

Source: Capital IQ.





Healthcare Insider

Industry Valuations: Healthcare Services

Company Name	Ticker	Recent Stock Price (2)	% of 52W High	Market Capitalization (3)	Enterprise Value (4) (5)	Enterprise Value /		Total Debt/ EBITDA (5)	TTM Revenue	TTM Margins	
						Revenue	EBITDA (5)			Gross	EBITDA (5)
AMBULATORY SURGERY CENTERS											
AmSurg Corp.	AMSG	\$23.75	79.8%	\$745.2	\$933.7	1.8x	9.2x	2.2x	\$531.1	59.2%	19.2%
NovaMed Inc.	NOVA	\$4.00	51.6%	\$98.0	\$209.2	1.6x	10.3x	5.1x	\$128.6	45.6%	15.7%
Median			65.7%	\$421.6	\$571.4	1.7x	9.8x	3.6x	\$329.9	52.4%	17.5%
ASSISTED LIVING											
Assisted Living Concepts Inc.	ALC	\$6.00	47.1%	\$364.9	\$476.0	2.1x	9.7x	2.6x	\$229.3	33.9%	21.4%
Brookdale Senior Living Inc.	BKD	\$24.95	51.5%	\$2,543.5	\$4,561.8	2.5x	17.6x	8.2x	\$1,839.3	36.3%	14.1%
Capital Senior Living Corp.	CSU	\$7.53	61.6%	\$200.1	\$373.0	2.0x	13.9x	7.3x	\$183.8	26.7%	14.6%
Emeritus Corp.	ESC	\$22.36	56.8%	\$872.0	\$2,060.2	4.4x	23.7x	14.5x	\$469.0	26.9%	18.5%
Median			54.1%	\$618.5	\$1,268.1	2.1x	13.9x	7.3x	\$349.2	30.4%	16.6%
Mean			54.2%	\$995.2	\$1,867.8	2.2x	13.7x	6.1x	\$680.4	30.9%	17.2%
BEHAVIORAL HEALTH											
PHC Inc.	PHC	\$2.75	78.8%	\$55.5	\$54.4	1.1x	10.9x	0.5x	\$50.5	44.7%	9.8%
Providence Service Corp.	PRSC	\$26.52	79.2%	\$322.1	\$303.1	1.3x	13.8x	0.9x	\$242.4	20.7%	9.1%
Psychiatric Solutions, Inc.	PSYS	\$30.68	71.8%	\$1,690.7	\$2,822.8	1.9x	11.8x	4.9x	\$1,482.0	38.8%	16.2%
Res-Care Inc.	RSCR	\$21.15	80.0%	\$616.8	\$848.8	0.6x	8.1x	1.9x	\$1,403.2	10.4%	7.4%
Median			79.0%	\$469.4	\$576.0	1.2x	11.4x	1.4x	\$822.8	29.8%	9.5%
Mean			77.4%	\$671.3	\$1,007.3	1.2x	11.1x	2.0x	\$794.5	28.7%	10.6%
DENTAL MANAGEMENT SERVICES											
American Dental Partners, Inc.	ADPI	\$10.59	35.9%	\$135.7	\$271.5	1.1x	6.4x	3.4x	\$254.1	42.1%	16.7%
Birner Dental Management Services Inc.	BDMS	\$22.00	87.2%	\$44.6	\$50.1	1.2x	7.1x	0.9x	\$40.7	40.8%	17.5%
Median			61.5%	\$90.1	\$160.8	1.2x	6.7x	2.1x	\$147.4	41.5%	17.1%
DIAGNOSTIC IMAGING											
Alliance Imaging Inc.	AIQ	\$9.78	88.9%	\$498.0	\$1,047.9	2.4x	7.0x	4.5x	\$444.9	47.1%	33.9%
RadNet, Inc.	RDNT	\$8.14	77.0%	\$283.2	\$701.0	1.8x	10.3x	6.1x	\$395.7	30.1%	17.2%
Median			83.0%	\$390.6	\$874.4	2.1x	7.0x	4.5x	\$420.3	38.6%	25.5%
DIALYSIS											
DaVita Inc.	DVA	\$47.55	70.5%	\$5,094.0	\$8,314.0	1.6x	8.3x	3.7x	\$5,264.2	31.8%	19.0%
Dialysis Corp. of America	DCAI	\$8.16	60.1%	\$78.1	\$83.5	1.2x	10.1x	1.2x	\$72.5	39.7%	11.4%
Fresenius Medical Care AG & Co. KGAA	DB:FME	\$52.41	87.4%	\$15,546.6	\$21,202.5	2.2x	11.1x	2.9x	\$9,720.3	34.5%	19.7%
Median			70.5%	\$5,094.0	\$8,314.0	1.6x	10.1x	2.9x	\$5,264.2	34.5%	19.0%
Mean			72.7%	\$6,906.3	\$9,866.7	1.6x	9.8x	2.6x	\$5,019.0	35.4%	16.7%
DISEASE MANAGEMENT											
Healthways Inc.	HWAY	\$35.42	49.7%	\$1,273.1	\$1,507.3	2.2x	10.9x	2.1x	\$674.4	31.1%	20.5%
Matria Healthcare Inc. (1)	MATR	\$22.95	64.6%	\$492.3	\$776.8	2.2x	10.2x	3.9x	\$352.2	68.8%	21.7%
Median			57.2%	\$882.7	\$1,142.1	2.2x	10.5x	3.0x	\$513.3	50.0%	21.1%
DISTRIBUTION											
Amerisourcebergen Corp.	ABC	\$41.50	73.4%	\$6,748.2	\$7,475.8	0.1x	8.5x	1.4x	\$66,721.8	3.3%	1.3%
Cardinal Health Inc.	CAH	\$57.90	76.0%	\$20,646.8	\$23,532.5	0.3x	9.3x	1.6x	\$89,386.0	6.1%	2.8%
Henry Schein Inc.	HSIC	\$58.92	92.8%	\$5,280.9	\$5,488.9	0.9x	12.4x	1.0x	\$5,920.2	29.0%	7.5%
McKesson Corp.	MCK	\$58.92	86.1%	\$17,014.0	\$17,527.0	0.2x	10.1x	1.1x	\$99,637.0	4.8%	1.7%
MWI Veterinary Supply, Inc.	MWIV	\$35.71	80.1%	\$430.3	\$430.3	0.6x	14.6x	0.0x	\$752.4	14.1%	3.9%
Omnicare Inc.	OCR	\$19.31	46.0%	\$2,351.4	\$4,900.9	0.8x	9.0x	5.2x	\$6,220.0	25.0%	8.7%
Owens & Minor Inc.	OMI	\$43.25	94.3%	\$1,770.2	\$2,051.9	0.3x	12.2x	1.7x	\$6,800.5	10.5%	2.5%
Patterson Companies Inc.	PDCO	\$35.72	89.1%	\$4,994.5	\$5,013.4	1.7x	13.2x	0.5x	\$2,959.5	34.4%	12.8%
PSS World Medical Inc.	PSSI	\$17.06	78.1%	\$1,085.8	\$1,255.3	0.7x	11.5x	1.7x	\$1,805.1	29.3%	6.1%
Median			80.1%	\$4,994.5	\$5,013.4	0.6x	11.5x	1.4x	\$6,220.0	14.1%	3.9%
Mean			79.5%	\$6,702.5	\$7,519.6	0.6x	11.2x	1.6x	\$31,133.6	17.4%	5.3%
EYE CARE											
LCA-Vision Inc.	LCAV	\$14.28	28.2%	\$264.0	\$209.8	0.7x	3.7x	0.1x	\$292.6	53.8%	19.4%
TLC Vision Corp.	TLCV	\$1.94	31.8%	\$96.8	\$192.2	0.6x	7.6x	4.4x	\$298.5	31.1%	8.5%
Median			30.0%	\$180.4	\$201.0	0.7x	7.6x	2.3x	\$295.6	42.4%	14.0%
HEALTHCARE IT											
Allscripts Healthcare Solutions Inc.	MDRX	\$9.98	35.5%	\$567.9	\$653.8	2.3x	13.6x	2.8x	\$281.9	49.8%	17.1%
Cerner Corp.	CERN	\$44.25	66.9%	\$3,559.2	\$3,406.5	2.2x	9.5x	0.5x	\$1,519.9	81.6%	23.5%
Computer Programs & Systems Inc.	CPSI	\$21.79	64.8%	\$235.5	\$212.3	1.9x	10.1x	0.0x	\$110.0	42.5%	19.1%
Eclipsys Corp.	ECLP	\$21.62	82.1%	\$1,167.4	\$976.0	2.0x	18.0x	0.0x	\$477.5	42.3%	11.3%
HLTH Corporation (1)	HLTH	\$11.40	69.6%	\$2,090.3	\$1,912.6	3.6x	37.4x	12.7x	\$527.1	59.7%	9.7%
HMS Holdings Corp.	HMSY	\$29.12	78.5%	\$720.6	\$723.0	4.9x	18.6x	0.6x	\$146.7	39.3%	26.5%
Omnicell Inc.	OMCL	\$18.68	60.0%	\$644.2	\$474.4	2.2x	21.4x	0.0x	\$213.1	53.2%	10.4%
Quality Systems Inc.	QSIL	\$32.81	72.3%	\$898.8	\$820.4	4.5x	13.3x	0.0x	\$180.4	66.6%	34.2%
SXC Health Solutions, Corp.	SXCI	\$13.11	46.2%	\$275.2	\$194.1	2.1x	10.5x	0.0x	\$91.6	58.7%	20.2%
TriZetto Group Inc.	TZIX	\$19.59	94.0%	\$840.4	\$1,035.2	2.3x	12.1x	4.7x	\$451.8	52.3%	18.9%
Median			68.2%	\$780.5	\$771.7	2.3x	12.7x	0.0x	\$247.5	52.8%	19.0%
Mean			67.0%	\$1,099.9	\$1,040.8	2.8x	13.2x	1.0x	\$400.0	54.6%	19.1%
HOME NURSING											
Almost Family Inc.	AFAM	\$21.91	82.4%	\$119.1	\$128.3	1.0x	9.8x	0.8x	\$123.8	51.1%	10.6%
Amedisys Inc.	AMED	\$42.52	85.1%	\$1,125.5	\$1,093.4	1.6x	9.9x	0.2x	\$697.9	55.8%	15.8%
Gentiva Health Services Inc.	GTIV	\$21.98	95.5%	\$616.5	\$881.0	0.7x	8.8x	3.1x	\$1,229.3	42.6%	8.1%
LHC Group, Inc.	LHCG	\$17.01	51.3%	\$306.4	\$304.7	1.0x	8.6x	1.0x	\$298.0	48.8%	11.9%
Median			83.7%	\$461.4	\$592.8	1.0x	9.3x	0.5x	\$498.0	49.9%	11.3%
Mean			78.6%	\$541.9	\$601.9	1.1x	9.3x	1.0x	\$587.3	49.6%	11.6%

NOTE: Boxed figures are excluded from median and mean calculations.

(1) Company is target of announced acquisition.

(2) As of 3/5/2008.

(3) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(4) Enterprise Value is the total value of a firm (including all debt and equity).

(5) Enterprise Value and EBITDA reduced to account for minority interest.

Source: Capital IQ.



Healthcare Insider

Industry Valuations: Healthcare Services

Company Name	Ticker	Recent Stock Price (2)	% of S2W High	Market Capitalization (3)	Enterprise Value (4) (5)	Enterprise Value /		Total Debt/ EBITDA (5)	TTM Revenue	TTM Margins	
						Revenue	EBITDA (5)			Gross	EBITDA (5)
HOSPICE											
Chemed Corp.	CHE	\$46.04	64.6%	\$1,111.8	\$1,331.7	1.2x	8.9x	1.5x	\$1,100.1	30.3%	13.5%
Odyssey Healthcare Inc.	ODSY	\$8.83	63.3%	\$288.8	\$226.6	0.6x	8.0x	0.0x	\$404.9	40.7%	7.0%
Median		63.9%		\$700.3	\$779.1	0.9x	8.5x	0.8x	\$752.5	35.5%	10.3%
HOSPITAL MANAGEMENT											
Community Health Systems, Inc.	CYH	\$32.03	72.0%	\$3,094.7	\$12,059.9	1.7x	15.3x	11.6x	\$7,127.5	46.1%	11.0%
Dynacq Healthcare Inc.	DYII	\$5.24	55.8%	\$83.3	\$81.9	1.8x	8.3x	0.6x	\$46.7	52.7%	21.2%
Health Management Associates Inc.	HMA	\$5.53	44.2%	\$1,344.7	\$4,984.8	1.1x	7.9x	5.9x	\$4,392.1	46.0%	14.5%
Lifepoint Hospitals Inc.	LPNT	\$26.01	63.8%	\$1,476.3	\$2,940.6	1.1x	6.7x	3.5x	\$2,630.1	44.8%	16.7%
Tenet Healthcare Corp.	THC	\$5.09	65.3%	\$2,414.7	\$6,594.7	0.7x	9.5x	6.9x	\$8,852.0	37.4%	7.9%
Universal Health Services Inc.	UHS	\$54.23	85.5%	\$2,806.6	\$3,802.1	0.8x	7.5x	2.0x	\$4,751.0	42.8%	10.7%
Median		64.5%		\$1,945.5	\$4,393.5	1.1x	7.7x	2.7x	\$4,571.5	45.4%	12.7%
Mean		64.4%		\$1,870.1	\$5,077.3	1.2x	7.6x	3.0x	\$4,633.2	45.0%	13.7%
LABORATORY/DIAGNOSTICS											
Bio-Reference Laboratories Inc.	BRLI	\$25.67	71.7%	\$353.6	\$377.4	1.5x	11.8x	1.1x	\$250.4	52.2%	12.7%
Laboratory Corp. of America Holdings	LH	\$79.32	96.4%	\$8,764.9	\$10,265.6	2.5x	10.4x	1.7x	\$4,068.2	41.6%	24.3%
Quest Diagnostics Inc.	DGX	\$47.08	80.3%	\$9,140.5	\$12,513.7	1.9x	9.5x	2.7x	\$6,704.9	40.9%	19.6%
Median		80.3%		\$8,764.9	\$10,265.6	1.9x	10.4x	1.7x	\$4,068.2	41.6%	19.6%
Mean		82.8%		\$6,086.3	\$7,718.9	2.0x	10.6x	1.8x	\$3,674.5	44.9%	18.9%
LONG TERM CARE / NURSING HOME											
Advocat Inc.	AVCA	\$11.94	86.7%	\$70.2	\$104.8	0.5x	5.1x	1.9x	\$231.2	15.4%	8.8%
Extendicare REIT	TSX:EXE.UN	\$11.32	62.7%	\$797.0	\$1,832.4	1.0x	8.7x	5.2x	\$1,827.5	15.8%	11.5%
Five Star Quality Care Inc.	FVE	\$6.98	63.4%	\$222.1	\$264.1	0.3x	8.8x	4.7x	\$968.4	29.8%	3.1%
Kindred Healthcare Inc.	KND	\$21.17	57.7%	\$811.7	\$839.3	0.2x	4.6x	1.6x	\$4,220.3	22.2%	4.3%
National Healthcare Corp.	NHC	\$47.17	84.6%	\$591.4	\$459.7	0.8x	11.6x	0.3x	\$564.2	35.6%	7.0%
Sun Healthcare Group Inc.	SUNH	\$14.78	78.7%	\$637.3	\$1,274.2	0.9x	12.6x	7.1x	\$1,435.9	40.7%	7.1%
Median		71.0%		\$614.3	\$649.5	0.6x	8.7x	1.9x	\$1,202.1	26.0%	7.0%
Mean		72.3%		\$521.6	\$795.8	0.6x	7.8x	2.7x	\$1,541.2	26.6%	7.0%
MANAGED CARE											
Aetna Inc.	AET	\$50.06	83.4%	\$24,859.8	\$26,875.0	1.0x	8.1x	1.0x	\$27,599.6	29.2%	12.0%
AMERIGROUP Corp.	AGP	\$35.48	86.5%	\$1,897.7	\$1,799.5	0.5x	7.9x	1.7x	\$3,945.5	18.5%	5.8%
Centene Corp.	CNC	\$17.71	62.2%	\$773.3	\$712.1	0.2x	6.2x	1.8x	\$2,864.9	18.9%	4.0%
CIGNA Corp.	CI	\$44.92	78.0%	\$12,581.5	\$12,420.5	0.7x	7.0x	1.0x	\$17,582.0	42.0%	10.1%
Coverity Health Care Inc.	CVH	\$52.24	81.6%	\$8,081.9	\$8,798.4	0.9x	8.2x	1.5x	\$9,879.5	29.0%	10.9%
Health Net Inc.	HNT	\$43.59	73.6%	\$4,808.2	\$4,346.6	0.3x	5.9x	0.7x	\$14,108.3	15.9%	5.3%
HealthSpring Inc.	HS	\$17.01	67.2%	\$1,017.3	\$989.5	0.6x	6.1x	1.8x	\$1,574.8	22.1%	10.3%
Molina Healthcare Inc.	MOH	\$30.85	68.6%	\$877.5	\$618.4	0.2x	4.9x	1.6x	\$2,492.5	16.5%	5.1%
Unitedhealth Group, Inc.	UNH	\$47.22	79.4%	\$59,090.3	\$61,234.3	0.8x	7.1x	1.3x	\$75,431.0	26.5%	11.5%
WellPoint Inc.	WLP	\$71.44	79.4%	\$38,716.2	\$44,992.2	0.7x	7.2x	1.4x	\$61,134.3	24.7%	10.3%
Median		78.7%		\$6,445.0	\$6,572.5	0.7x	7.0x	1.5x	\$11,993.9	23.4%	10.2%
Mean		76.0%		\$15,270.4	\$16,278.6	0.6x	6.8x	1.4x	\$21,661.2	24.3%	8.5%
PHARMACY BENEFIT MANAGEMENT											
Allion Healthcare, Inc.	ALLI	\$5.46	72.0%	\$88.5	\$60.1	0.2x	7.1x	0.0x	\$241.0	14.4%	3.5%
BioScrip Inc.	BIOS	\$7.00	71.3%	\$267.8	\$303.9	0.3x	31.6x	3.8x	\$1,181.7	11.2%	0.8%
Express Scripts Inc.	ESRX	\$62.66	79.2%	\$15,840.9	\$17,426.6	1.0x	15.0x	1.7x	\$18,273.6	9.7%	6.3%
HealthExtras Inc.	HLEX	\$27.46	85.4%	\$1,173.8	\$1,049.3	0.6x	16.3x	0.0x	\$1,857.7	5.9%	3.5%
MedcoHealth Solutions Inc.	MHS	\$43.24	79.2%	\$22,654.4	\$25,304.4	0.6x	12.5x	1.7x	\$44,506.2	6.6%	4.5%
National Medical Health Card Systems Inc. (1)	NMHC	\$10.31	58.1%	\$60.5	\$132.1	0.2x	23.7x	0.4x	\$624.9	13.2%	0.9%
Median		75.6%		\$720.8	\$676.6	0.4x	13.8x	1.1x	\$1,519.7	10.4%	3.5%
Mean		74.2%		\$6,681.0	\$7,379.4	0.5x	12.7x	1.3x	\$11,114.2	10.2%	3.3%
REHABILITATION SERVICES											
HealthSouth Corp.	HLS	\$15.91	65.6%	\$1,254.6	\$3,676.3	2.1x	15.7x	8.7x	\$1,752.5	44.7%	13.4%
Rehabcare Group Inc.	RHB	\$16.50	63.0%	\$289.7	\$376.1	0.5x	8.0x	2.1x	\$720.3	18.3%	6.5%
US Physical Therapy Inc.	USPH	\$13.32	84.5%	\$157.5	\$161.9	1.1x	8.9x	0.8x	\$141.5	26.8%	12.8%
Median		65.6%		\$289.7	\$376.1	0.8x	8.5x	1.5x	\$720.3	26.8%	12.8%
Mean		71.0%		\$567.3	\$1,404.8	0.8x	8.5x	1.5x	\$871.4	29.9%	10.9%
RESPIRATORY THERAPY / DME											
American Homepoint Inc.	AHOM	\$0.92	28.7%	\$16.2	\$243.8	0.8x	5.3x	5.5x	\$311.0	61.2%	14.7%
Apria Healthcare Group Inc.	AHG	\$21.22	61.8%	\$929.4	\$1,588.2	1.0x	5.4x	2.3x	\$1,631.8	72.2%	18.0%
Lincare Holdings Inc.	LNCR	\$32.15	78.6%	\$2,353.0	\$3,041.3	1.9x	6.1x	1.7x	\$1,596.0	56.2%	31.3%
Rotech Healthcare Inc.	ROHI	\$0.49	19.8%	\$12.5	\$424.1	0.8x	6.1x	6.8x	\$547.8	70.5%	12.7%
Median		45.2%		\$472.8	\$1,066.2	0.8x	5.8x	2.0x	\$1,071.9	65.9%	16.3%
Mean		47.2%		\$827.8	\$1,324.4	0.8x	5.7x	2.0x	\$1,021.6	65.0%	19.2%
STAFFING											
AMN Healthcare Services Inc.	AHS	\$16.27	64.4%	\$550.4	\$678.9	0.6x	8.0x	1.7x	\$1,164.0	26.0%	7.3%
Allied Healthcare International Inc.	AHCI	\$1.99	53.1%	\$89.5	\$75.0	0.3x	5.1x	0.0x	\$285.7	30.2%	5.2%
Cross Country Healthcare Inc.	CCRN	\$11.20	54.3%	\$353.9	\$384.3	0.5x	8.0x	0.9x	\$712.3	23.8%	6.8%
Medical Staffing Network Holdings Inc.	MRN	\$5.32	79.3%	\$161.0	\$290.6	0.7x	18.1x	8.1x	\$438.7	23.8%	3.7%
On Assignment Inc.	ASGN	\$5.68	43.1%	\$201.2	\$308.1	0.5x	6.3x	2.9x	\$567.2	31.7%	8.7%
Median		54.3%		\$201.2	\$308.1	0.5x	7.1x	1.3x	\$567.2	26.0%	6.8%
Mean		58.8%		\$271.2	\$347.4	0.5x	6.8x	1.4x	\$633.6	27.1%	6.3%
OTHER											
Continuicare Corp.	CNU	\$2.28	63.0%	\$157.0	\$141.9	0.6x	9.6x	0.0x	\$248.2	15.6%	6.0%
Emergency Medical Services Corp.	EMS	\$24.40	53.0%	\$1,014.3	\$1,468.3	0.7x	7.1x	2.3x	\$2,107.0	15.8%	9.8%
Hanger Orthopedic Group Inc.	HGR	\$11.34	85.3%	\$259.5	\$683.6	1.1x	8.2x	4.9x	\$637.4	51.7%	13.2%
HearUSA Inc.	EAR	\$1.36	69.7%	\$51.4	\$93.4	1.0x	16.0x	7.8x	\$98.1	72.7%	6.0%
MedCath Corp.	MDTH	\$20.90	60.4%	\$444.9	\$481.4	0.7x	5.9x	1.9x	\$707.1	41.1%	11.5%
NightHawk Radiology Holdings, Inc.	NHWK	\$11.21	43.2%	\$339.8	\$376.7	2.5x	11.1x	2.9x	\$151.7	58.1%	22.4%
Pediatric Medical Group, Inc.	PDX	\$68.45	94.4%	\$3,321.3	\$3,201.3	3.5x	13.8x	0.0x	\$917.6	38.2%	25.2%
Median		63.0%		\$339.8	\$481.4	1.0x	8.9x	2.1x	\$637.4	41.1%	11.5%
Mean		67.0%		\$798.3	\$920.9	1.4x	9.3x	2.0x	\$695.3	41.9%	13.4%

NOTE: Boxed figures are excluded from median and mean calculations.

(1) Company is target of announced acquisition.

(2) As of 3/5/2008.

(3) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(4) Enterprise Value is the total value of a firm (including all debt and equity).

(5) Enterprise Value and EBITDA reduced to account for minority interest.

Source: Capital IQ.





Healthcare Insider

Industry Valuations: Medical Devices, Equipment & Supplies

Company Name	Ticker	Recent Stock Price (2)	% of 52W High	Market Capitalization (3)	Enterprise Value (4)	Enterprise Value /		Total Debt/ EBITDA	TTM Revenue	TTM Margins	
						Revenue	EBITDA			Gross	EBITDA
MEDICAL DEVICES											
Boston Scientific Corp.	BSX	\$12.79	75.9%	\$19,086.8	\$25,823.8	3.1x	12.0x	3.8x	\$8,357.0	69.6%	25.8%
CR Bard Inc.	BCR	\$94.84	94.5%	\$9,546.0	\$9,134.1	4.1x	14.3x	0.2x	\$2,202.0	60.7%	29.0%
Edwards Lifesciences Corp.	EW	\$42.97	81.2%	\$2,436.0	\$2,456.5	2.3x	10.7x	0.9x	\$1,091.1	65.3%	20.8%
Medtronic Inc.	MDT	\$49.90	86.0%	\$56,039.0	\$61,706.0	4.8x	13.9x	1.6x	\$12,935.0	74.0%	34.3%
Smith & Nephew plc	LSE:SN	\$13.00	93.2%	\$11,576.2	\$12,888.1	3.8x	17.6x	2.0x	\$3,369.0	68.3%	21.7%
St. Jude Medical Inc.	STJ	\$43.67	90.8%	\$15,023.3	\$15,989.8	4.2x	14.3x	1.2x	\$3,779.3	73.5%	29.5%
Stryker Corp.	SYK	\$65.73	85.5%	\$27,027.1	\$24,633.1	4.1x	14.5x	0.0x	\$6,000.5	68.9%	28.2%
Synthes Inc.	VIRTX:SYST	\$142.35	92.2%	\$16,896.6	\$16,670.4	5.5x	13.5x	0.1x	\$2,556.4	79.7%	40.8%
Wright Medical Group Inc.	WMGI	\$25.56	80.4%	\$936.5	\$893.6	2.3x	15.5x	3.5x	\$386.9	73.7%	14.9%
Zimmer Holdings Inc.	ZMH	\$76.85	81.4%	\$17,920.3	\$17,563.5	4.5x	11.3x	0.1x	\$3,897.5	77.5%	39.8%
Median			85.8%	\$15,959.9	\$16,330.1	4.1x	14.1x	1.1x	\$3,574.1	71.5%	28.6%
Mean			86.1%	\$17,648.8	\$18,775.9	3.9x	13.8x	1.3x	\$4,457.5	71.1%	28.5%
LIFE SCIENCES TOOLS / DIAGNOSTICS											
Applera Corp.-Applied Biosystems Group	ABI	\$34.21	90.8%	\$5,726.0	\$5,595.1	2.6x	11.7x	0.5x	\$2,150.3	56.4%	22.3%
Beckman Coulter Inc.	BEC	\$66.35	86.2%	\$4,160.3	\$5,068.1	1.8x	10.2x	2.0x	\$2,761.3	46.9%	17.9%
Bio-Rad Laboratories Inc.	BIO	\$90.72	78.7%	\$2,435.4	\$2,703.5	1.9x	12.9x	2.2x	\$1,461.1	54.2%	14.4%
Illumina Inc.	ILMN	\$71.40	93.2%	\$3,978.5	\$3,992.4	10.9x	56.5x	5.7x	\$366.8	63.9%	19.3%
Inverness Medical Innovations Inc.	IMA	\$30.13	46.4%	\$2,332.9	\$3,303.5	3.9x	24.6x	10.3x	\$839.5	47.1%	16.0%
Inverness Corp.	IVGN	\$84.17	84.9%	\$3,935.3	\$4,419.3	3.4x	13.8x	3.6x	\$1,281.7	63.6%	25.0%
Millipore Corp.	MIL	\$71.68	86.2%	\$3,944.5	\$5,179.8	3.4x	13.8x	3.4x	\$1,531.6	54.6%	24.5%
PerkinElmer Inc.	PKI	\$25.01	83.4%	\$2,941.8	\$3,255.1	1.8x	13.1x	2.1x	\$1,787.3	40.7%	13.9%
Thermo Fisher Scientific, Inc.	TMO	\$54.85	88.4%	\$22,960.2	\$24,516.2	2.5x	13.5x	1.2x	\$9,746.4	39.5%	18.7%
Waters Corp.	WAT	\$60.85	74.4%	\$6,082.5	\$6,273.7	4.3x	15.6x	2.2x	\$1,473.0	57.2%	27.3%
Median			85.5%	\$3,961.5	\$4,743.7	2.6x	13.3x	2.1x	\$1,502.3	54.4%	19.0%
Mean			81.3%	\$5,849.7	\$6,430.7	2.8x	13.1x	2.1x	\$2,339.9	52.4%	19.9%
MEDICAL EQUIPMENT											
Hillierbrand Industries Inc.	HB	\$53.13	76.5%	\$3,307.5	\$3,379.9	1.7x	8.4x	0.9x	\$2,044.8	43.3%	19.7%
Hologic Inc.	HOLX	\$58.31	80.0%	\$7,450.2	\$9,332.1	9.9x	34.0x	7.4x	\$946.6	53.9%	29.0%
Intuitive Surgical, Inc.	ISRG	\$286.32	79.6%	\$11,060.8	\$10,633.4	17.7x	47.9x	0.0x	\$600.8	69.0%	36.9%
Invacare Corp.	IVC	\$25.14	90.6%	\$805.4	\$1,280.8	0.8x	10.2x	4.3x	\$1,602.2	28.0%	7.8%
Kinetic Concepts Inc.	KCI	\$49.90	74.7%	\$3,608.0	\$3,410.0	2.1x	7.3x	0.1x	\$1,609.9	48.4%	29.0%
ResMed Inc.	RMD	\$40.40	74.0%	\$3,138.4	\$2,982.5	3.9x	10.5x	0.7x	\$762.7	60.9%	26.0%
Resprionics Inc. (1)	RESP	\$65.98	100.0%	\$4,905.3	\$4,636.0	3.6x	18.3x	0.2x	\$1,294.5	53.6%	19.6%
Sirona Dental Systems Inc.	SIRO	\$26.16	65.6%	\$1,433.0	\$1,904.3	2.8x	12.4x	3.6x	\$685.3	45.9%	22.5%
Steris Corp.	STE	\$24.70	77.9%	\$1,533.0	\$1,610.9	1.3x	8.0x	0.7x	\$1,239.8	41.7%	16.2%
Varian Medical Systems Inc.	VAR	\$51.48	94.1%	\$6,469.8	\$6,203.0	3.4x	16.2x	0.2x	\$1,847.3	41.4%	20.7%
Median			78.8%	\$3,457.8	\$3,395.0	2.4x	11.3x	0.7x	\$1,267.1	47.2%	21.6%
Mean			81.3%	\$4,371.1	\$4,537.3	2.4x	12.0x	1.2x	\$1,263.4	48.6%	22.7%
HEALTHCARE SUPPLIES											
Becton, Dickinson and Company	BDX	\$89.33	95.8%	\$21,801.5	\$22,047.7	3.4x	12.1x	0.6x	\$6,563.9	51.4%	27.6%
The Cooper Companies Inc.	COO	\$33.73	58.6%	\$1,529.4	\$2,402.8	2.5x	12.7x	4.6x	\$950.6	56.6%	19.9%
Covidien, Ltd.	COV	\$42.86	86.2%	\$21,376.3	\$24,342.3	2.4x	10.1x	1.6x	\$10,358.0	47.9%	23.3%
DENTSPLY International Inc.	XRAY	\$39.02	81.6%	\$5,889.8	\$6,057.1	3.0x	14.6x	1.2x	\$2,009.8	51.8%	20.7%
Haemonetics Corp.	HAE	\$58.53	91.0%	\$1,487.4	\$1,382.9	2.8x	13.5x	0.1x	\$494.6	49.8%	20.7%
ICU Medical Inc.	ICUI	\$26.30	58.4%	\$361.8	\$266.1	1.4x	7.3x	0.0x	\$188.1	41.6%	19.4%
Medical Action Industries Inc.	MDCI	\$19.81	78.0%	\$317.4	\$366.5	1.3x	11.4x	1.6x	\$287.8	23.2%	11.2%
Merit Medical Systems Inc.	MMSI	\$15.89	91.3%	\$433.9	\$416.3	2.0x	12.9x	0.0x	\$207.8	38.4%	15.5%
Median			83.9%	\$1,508.4	\$1,892.8	2.4x	12.4x	0.9x	\$722.6	48.8%	20.3%
Mean			80.1%	\$6,649.7	\$7,160.2	2.3x	11.8x	1.2x	\$2,632.6	45.1%	19.8%

NOTE: Boxed figures are excluded from median and mean calculations.

(1) Company is target of announced acquisition.

(2) As of 3/5/2008.

(3) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(4) Enterprise Value is the total value of a firm (including all debt and equity).

Source: Capital IQ.



Healthcare Insider

Industry Valuations: Pharmaceuticals & Biotechnology

Company Name	Ticker	Recent	% of	Market	Enterprise	Enterprise Value /		Total Debt/	TTM	TTM Margins	
		Stock Price (2)	52W High	Capitalization (3)	Value (4)	Revenue	EBITDA	EBITDA	Revenue	Gross	EBITDA
PHARMACEUTICALS											
Abbott Laboratories	ABT	\$52.98	86.7%	\$81,893.2	\$91,286.1	3.5x	13.0x	1.9x	\$25,914.2	56.3%	25.2%
AstraZeneca plc	LSE:AZN	\$37.32	63.0%	\$54,371.2	\$65,116.3	2.2x	5.9x	1.4x	\$29,559.0	79.7%	36.9%
Eli Lilly & Co.	LLY	\$50.42	82.7%	\$57,326.8	\$57,502.8	3.1x	9.8x	0.9x	\$18,633.5	77.2%	31.4%
GlaxoSmithKline plc	LSE:GSK	\$21.23	53.4%	\$114,110.9	\$126,761.2	2.8x	6.9x	1.2x	\$45,147.6	77.1%	40.3%
Merck & Co. Inc.	MRK	\$43.25	70.2%	\$93,648.8	\$93,564.1	3.9x	8.3x	0.7x	\$24,197.7	76.6%	34.0%
Novartis AG	VIRTX:NOVN	\$48.54	70.4%	\$109,922.8	\$101,958.1	2.4x	8.8x	0.6x	\$38,947.0	72.5%	28.1%
Pfizer Inc.	PFE	\$22.05	79.5%	\$149,060.9	\$136,931.9	2.8x	6.7x	0.7x	\$48,418.0	84.0%	41.3%
Roche Holding AG	VIRTX:ROG	\$192.14	84.8%	\$165,736.6	\$156,688.1	3.4x	9.8x	0.4x	\$42,678.4	71.6%	34.3%
Sanofi-Aventis	ENXTPA:SAN	\$74.35	67.6%	\$100,621.3	\$107,355.2	2.4x	6.1x	0.6x	\$42,628.6	74.1%	36.7%
Wyeth	WYE	\$42.53	68.4%	\$56,903.8	\$55,260.6	2.5x	7.6x	1.6x	\$22,399.8	72.9%	32.4%
Median		70.3%	70.3%	\$97,135.1	\$97,761.1	2.8x	8.0x	0.8x	\$34,253.0	75.3%	34.2%
Mean		72.7%	72.7%	\$98,359.6	\$99,242.4	2.9x	8.3x	1.0x	\$33,852.4	74.2%	33.9%
SPECIALTY PHARMACEUTICALS											
Allergan Inc.	AGN	\$57.05	81.0%	\$17,453.3	\$17,926.8	4.6x	16.7x	1.5x	\$3,938.9	83.0%	27.2%
Biovail Corporation	BVF	\$14.20	53.6%	\$2,286.5	\$1,870.1	2.0x	3.9x	0.0x	\$946.6	78.9%	50.3%
Endo Pharmaceuticals Holdings Inc.	ENDP	\$26.29	73.3%	\$3,526.7	\$2,864.1	2.6x	8.5x	0.0x	\$1,085.6	80.0%	30.9%
Forest Laboratories Inc.	FRX	\$40.21	71.0%	\$12,520.5	\$10,763.2	3.0x	8.3x	0.0x	\$3,621.4	78.5%	35.7%
King Pharmaceuticals Inc.	KG	\$9.43	42.4%	\$2,320.3	\$1,354.1	0.6x	1.7x	0.5x	\$2,138.9	77.2%	38.1%
Medicus Pharmaceutical Corp.	MRX	\$19.60	57.1%	\$1,102.8	\$761.2	1.6x	6.1x	3.6x	\$464.7	89.0%	27.0%
Merck KGaA	DB.MRK	\$125.30	75.1%	\$27,241.0	\$27,838.1	2.6x	8.7x	0.6x	\$10,300.1	74.8%	29.6%
Sepracor, Inc.	SEPR	\$21.09	36.9%	\$2,362.7	\$2,194.6	1.8x	28.3x	9.3x	\$1,225.2	90.4%	6.4%
Shire plc	LSE:SHP	\$19.81	75.6%	\$10,906.0	\$11,277.5	4.6x	20.7x	2.1x	\$2,436.3	87.2%	22.2%
Warner Chilcott Limited	WCRX	\$16.65	83.2%	\$4,172.3	\$5,341.7	6.1x	12.9x	2.8x	\$899.6	79.3%	47.8%
Median		72.2%	72.2%	\$3,849.5	\$4,102.9	2.0x	8.5x	0.6x	\$1,681.1	79.7%	30.3%
Mean		64.9%	64.9%	\$8,389.2	\$8,219.1	2.0x	8.9x	1.2x	\$2,705.5	81.8%	31.5%
GENERIC PHARMACEUTICALS											
Barr Pharmaceuticals Inc.	BRL	\$47.48	81.3%	\$5,123.4	\$6,706.8	2.7x	10.7x	3.3x	\$2,500.6	53.2%	25.1%
Bentley Pharmaceuticals Inc.	BNT	\$14.44	90.9%	\$322.4	\$298.9	2.6x	16.0x	0.8x	\$117.0	50.1%	16.0%
Caraco Pharmaceutical Laboratories Ltd.	CPD	\$17.59	95.1%	\$543.8	\$557.8	2.9x	12.1x	0.0x	\$191.4	37.9%	24.1%
KV Pharmaceutical Co.	KV.A	\$25.93	82.4%	\$1,280.4	\$1,281.4	2.9x	12.5x	2.4x	\$443.6	66.8%	23.1%
Mylan, Inc.	MYL	\$10.81	47.2%	\$3,290.3	\$7,449.4	2.8x	13.7x	8.7x	\$2,666.0	42.3%	20.2%
Par Pharmaceutical Companies Inc.	PRX	\$17.12	55.8%	\$591.6	\$506.1	0.6x	5.1x	2.0x	\$798.2	35.8%	12.5%
Perrigo Co.	PRGO	\$33.71	91.5%	\$3,137.7	\$3,704.5	2.4x	17.2x	1.0x	\$1,554.8	30.0%	13.8%
Taro Pharmaceutical Industries Ltd.	TARO.F	\$7.50	75.8%	\$273.4	\$446.2	1.4x	6.3x	3.1x	\$313.0	53.8%	22.8%
Teva Pharmaceutical Industries Ltd.	TEVA	\$49.49	99.0%	\$40,063.4	\$42,412.4	4.5x	14.6x	1.8x	\$9,408.0	51.8%	31.0%
Watson Pharmaceuticals Inc.	WPI	\$28.15	83.0%	\$2,918.0	\$3,607.3	1.4x	7.0x	1.8x	\$2,496.7	39.7%	20.3%
Median		82.7%	82.7%	\$2,099.2	\$2,444.3	2.6x	12.1x	2.0x	\$1,176.5	46.2%	21.6%
Mean		80.2%	80.2%	\$5,754.4	\$6,697.1	2.2x	11.3x	2.0x	\$2,048.9	46.1%	20.9%
BIOTECHNOLOGY											
Amgen Inc.	AMGN	\$45.25	68.5%	\$49,215.2	\$53,241.2	3.6x	8.0x	1.7x	\$14,771.0	84.4%	44.9%
Amylin Pharmaceuticals Inc.	AMLN	\$24.20	45.4%	\$3,273.8	\$3,043.4	3.9x	NM	NM	\$781.0	91.6%	NM
Biogen Idec Inc.	BIB	\$59.69	70.4%	\$17,772.8	\$18,356.7	8.2x	14.5x	4.6x	\$2,245.5	86.0%	15.2%
Celgene Corporation	CELG	\$57.30	76.0%	\$23,135.4	\$20,615.7	14.7x	46.1x	0.5x	\$1,405.8	90.7%	32.1%
Cephalon Inc.	CEPH	\$60.99	71.9%	\$4,126.6	\$4,541.3	2.6x	9.6x	2.6x	\$1,772.6	80.7%	26.8%
Genentech Inc.	DNA	\$80.76	94.0%	\$85,050.3	\$84,076.3	7.2x	17.3x	0.6x	\$11,724.0	86.6%	41.5%
Genzyme Corp.	GENZ	\$74.93	91.3%	\$20,053.4	\$18,779.4	4.9x	16.0x	0.2x	\$3,813.5	75.9%	30.6%
Gilead Sciences Inc.	GILD	\$48.96	98.1%	\$45,477.5	\$45,757.7	10.8x	20.7x	0.6x	\$4,230.0	81.8%	52.4%
Millennium Pharmaceuticals Inc.	MLNM	\$13.40	78.0%	\$4,353.0	\$3,785.5	7.2x	79.1x	6.8x	\$527.5	94.6%	9.1%
Vertex Pharmaceuticals Inc.	VRTX	\$16.95	40.9%	\$2,353.9	\$1,913.1	9.6x	NM	NM	\$199.0	93.0%	NM
Median		73.9%	73.9%	\$18,913.1	\$18,568.0	6.0x	14.5x	0.6x	\$2,009.1	86.3%	31.4%
Mean		73.4%	73.4%	\$25,481.2	\$25,411.0	5.9x	13.1x	1.5x	\$4,147.0	86.5%	31.6%
CRO / PHARMA SERVICES											
Charles River Laboratories International Inc.	CRL	\$57.15	82.8%	\$3,896.3	\$4,169.4	3.4x	13.2x	1.6x	\$1,230.6	38.9%	25.7%
Covance Inc.	CVD	\$85.39	88.2%	\$5,476.6	\$5,157.1	3.2x	17.3x	0.0x	\$1,631.5	32.4%	18.1%
ICON plc	ICLR	\$67.41	94.8%	\$1,943.8	\$1,917.3	3.0x	21.9x	0.8x	\$630.7	43.8%	13.9%
inVentiv Health, Inc.	VTIV	\$32.90	70.8%	\$1,066.7	\$1,365.9	1.4x	11.1x	3.0x	\$977.3	30.3%	12.5%
Kendle International Inc.	KNDL	\$43.50	84.3%	\$635.5	\$808.1	1.4x	12.0x	3.0x	\$568.8	34.0%	11.9%
Life Sciences Research Inc.	ARCA:LSR	\$25.00	98.0%	\$315.7	\$355.5	1.5x	8.6x	1.8x	\$236.8	30.0%	17.5%
MDS, Inc.	TSX:MDS	\$16.67	74.7%	\$2,043.5	\$2,088.6	1.8x	25.9x	12.4x	\$1,210.0	34.8%	2.6%
Parexel International Corp.	PRXL	\$27.40	92.1%	\$1,541.8	\$1,542.2	1.5x	14.6x	0.6x	\$1,030.9	28.3%	10.2%
Pharmaceutical Product Development Inc.	PPDI	\$46.34	93.8%	\$5,530.3	\$5,027.9	3.6x	17.6x	0.0x	\$1,414.5	45.4%	20.2%
PharmaNet Development Group, Inc.	PDGI	\$28.90	67.1%	\$549.6	\$625.1	1.3x	13.0x	3.2x	\$470.3	31.1%	10.3%
West Pharmaceutical Services Inc.	WST	\$40.36	73.6%	\$1,296.4	\$1,567.7	1.5x	8.7x	2.2x	\$1,020.1	28.6%	17.6%
Median		84.3%	84.3%	\$1,541.8	\$1,567.7	1.5x	13.0x	1.7x	\$1,020.1	32.4%	13.9%
Mean		83.7%	83.7%	\$2,208.7	\$2,238.6	2.1x	12.9x	1.6x	\$947.4	34.3%	14.6%
PHARMA IT											
Cegecim SA	ENXTPA:CGM	\$83.28	57.4%	\$773.7	\$1,739.7	1.8x	11.1x	7.0x	\$837.0	22.2%	16.6%
IMS Health Inc.	RX	\$22.32	67.4%	\$4,092.2	\$5,178.6	2.4x	8.5x	2.0x	\$2,192.6	56.3%	27.7%
Phase Forward Inc.	PFWD	\$16.73	66.1%	\$707.6	\$524.9	3.9x	26.0x	0.0x	\$134.3	58.7%	15.1%
Median		66.1%	66.1%	\$773.7	\$1,739.7	2.4x	9.8x	1.0x	\$837.0	56.3%	16.6%
Mean		63.6%	63.6%	\$1,857.8	\$2,481.1	2.7x	9.8x	1.0x	\$1,054.6	45.7%	19.8%

NOTE: Boxed figures are excluded from median and mean calculations.

(1) Company is target of announced acquisition.

(2) As of 3/5/2008.

(3) Market Capitalization is the aggregate value of a firm's outstanding common stock.

(4) Enterprise Value is the total value of a firm (including all debt and equity).

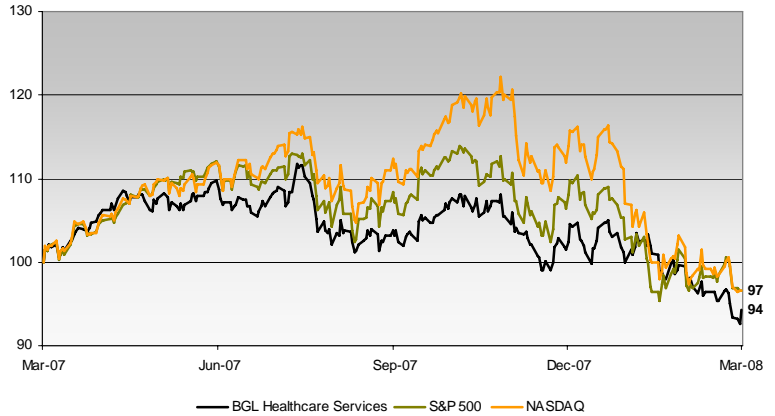
Source: Capital IQ.



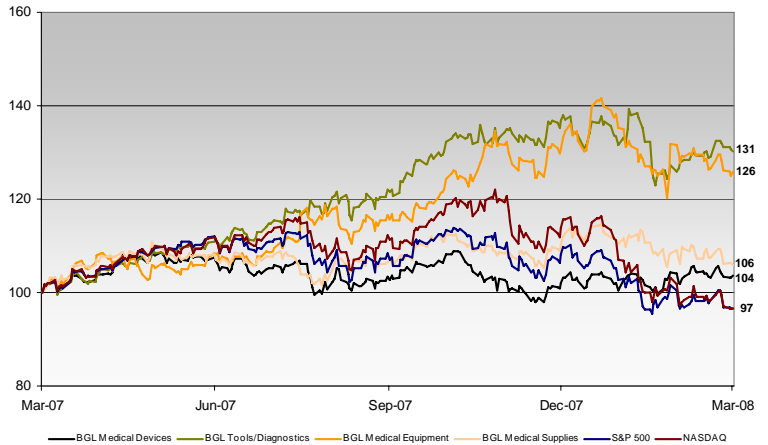


Stock Price Performance

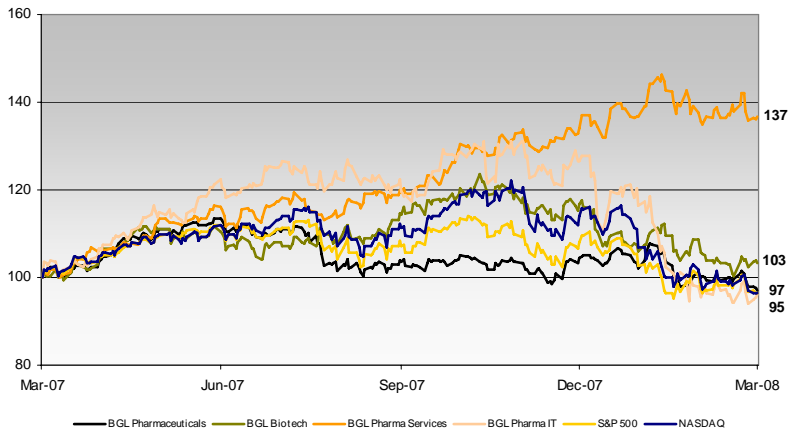
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