

Q2 2021 Managed Care Market Update

Public Companies

(\$Bn)

Company	Ticker	Market Cap. ¹	EV ¹	Revenue			EBITDA			Cash Flow from Operations			Q1 2021	Q1 2021
				Q1 2019 ²	Q1 2020 ³	Q1 2021 ⁴	Q1 2019 ²	Q1 2020 ³	Q1 2021 ⁴	Q1 2019 ²	Q1 2020 ³	Q1 2021 ⁴	EV ¹ /Revenue ⁴	EV ¹ /EBITDA ⁴
UnitedHealth Group, Inc.	UNH	\$394.1	\$424.6	\$231.4	\$246.3	\$262.9	\$20.0	\$21.9	\$26.3	\$10.6	\$18.2	\$25.2	1.6x	16.1x
CVS Health Corp.	CVS	112.1	185.9	209.6	261.0	270.1	14.0	16.8	18.1	8.5	14.2	15.5	0.7x	10.3x
Anthem, Inc.	ANTM	97.1	112.0	94.2	109.2	124.6	6.5	7.6	9.1	3.2	7.0	10.7	0.9x	12.3x
Cigna Corp.	CI	89.6	115.8	75.2	154.2	163.1	7.0	11.4	10.6	4.9	8.2	9.6	0.7x	10.9x
Humana, Inc.	HUM	60.0	63.7	58.7	67.7	78.9	3.4	3.7	5.4	(0.6)	4.9	4.3	0.8x	11.8x
Centene Corp.	CNC	41.1	50.0	61.0	78.1	108.2	2.9	3.2	6.1	0.7	(0.1)	5.8	0.5x	8.2x
Molina Healthcare, Inc.	MOH	15.6	13.6	17.6	16.7	20.4	1.3	1.1	1.1	(0.5)	0.3	2.3	0.7x	12.4x

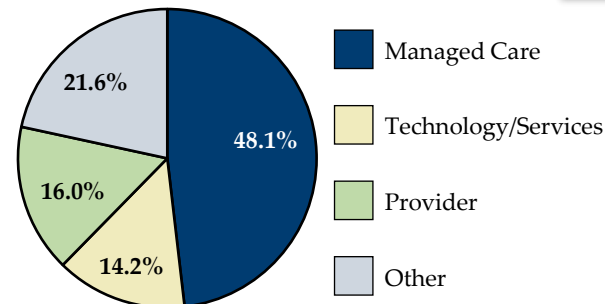
Recent Managed Care Transactions^{5,6}

Announcement Date	Acquirer	Target	Target Industry	Deal Value (\$MM)
04/27/21	Humana Inc. (NYSE: HUM)	Kindred Healthcare, LLC	Provider	\$5,700.0
04/22/21	Molina Healthcare, Inc (NYSE: MOH)	Cigna's TX Medicare/Medicaid Book of Business	Managed Care	60.0
03/24/21	Anthem, Inc. (NYSE: ANTM)	myNEXUS, Inc.	Technology/Services	Undisclosed
02/26/21	Cigna Corp. (NYSE: CI)	MDLIVE, Inc.	Technology/Services	Undisclosed
02/02/21	Anthem, Inc. (NYSE: ANTM)	MMM Holdings, LLC	Managed Care	Undisclosed

MCO Acquisition Demographics by Deal Volume⁷

Median: 0.7x
Mean: 0.8x

0.7x	11.8x
0.8x	11.7x



Laughton Sherman

CEO & MD

(212) 897-9444

L.Sherman@Sherman-Company.com

Jack Berczi

Analyst

Quarterly Deal Volume⁵



- Quarterly deal volume has bounced back from the lows of Q1 2020. We predict metrics to remain strong into the back half of 2021 and beyond.
- Reported deal values are reaching relative highs in 2021, bolstered largely by CNC's acquisition of MGLN for \$2.5 billion, UNH's acquisition of CHNG for \$8.7 billion, and HUM's acquisition of Kindred Healthcare for \$5.7 billion.

- Large, publicly-traded MCOs now produce combined yearly operating cash flows of greater than \$50.0 billion, much of which will continue to be deployed into acquisitions.
- While managed care entities and assets are almost always acquired by other MCOs, the acquisition appetite of MCOs, at large, is actually quite diverse. MCOs also acquire providers, technology/services companies, PBMs, insurance distribution companies, and TPAs, among others.

Sherman & Company is an investment banking firm dedicated to the convergence of the insurance, healthcare, technology, and asset management industries



Sources: Sherman & Company, S&P MI, S&P Cap IQ, and Yahoo Finance. 1. Market Cap and Enterprise Value are as of market close 05/07/21. 2. Q1 2019 LTM. 3. Q1 2020 LTM. 4. Q1 2021 LTM. 5. Data set includes transactions where either the acquirer, target, or both are tagged as "Managed Care" in S&P MI. 6. Includes all material transactions, per the criteria of footnote 5, that have been announced post Sherman & Company's 'Q1 2021 Managed Care Market Update'. 7. Data set includes all transactions wherein the acquirer is tagged as "Managed Care" in S&P MI, from 2016-2021.

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