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**Survival of the Fittest:**

**The Impact of COVID-19 on the Healthcare  
M&A and Finance Landscape**

May 26, 2020

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# Agenda

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1. Introduction
2. Shifting Healthcare M&A Landscape
3. Sectors to Watch
4. Preparing for and Negotiating Acquisitions in the “New Normal”
5. Impact of Recent and Future Legislative and Regulatory Changes
6. Audience Questions

# Panel

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**Phil Kim**  
Healthcare Transactions Partner  
Haynes and Boone, LLP



**Darius Dills**  
VP Business Development,  
National Partners in Healthcare



**Taylor Curtis**  
Managing Director and Head of  
Business Development,  
MHT Partners



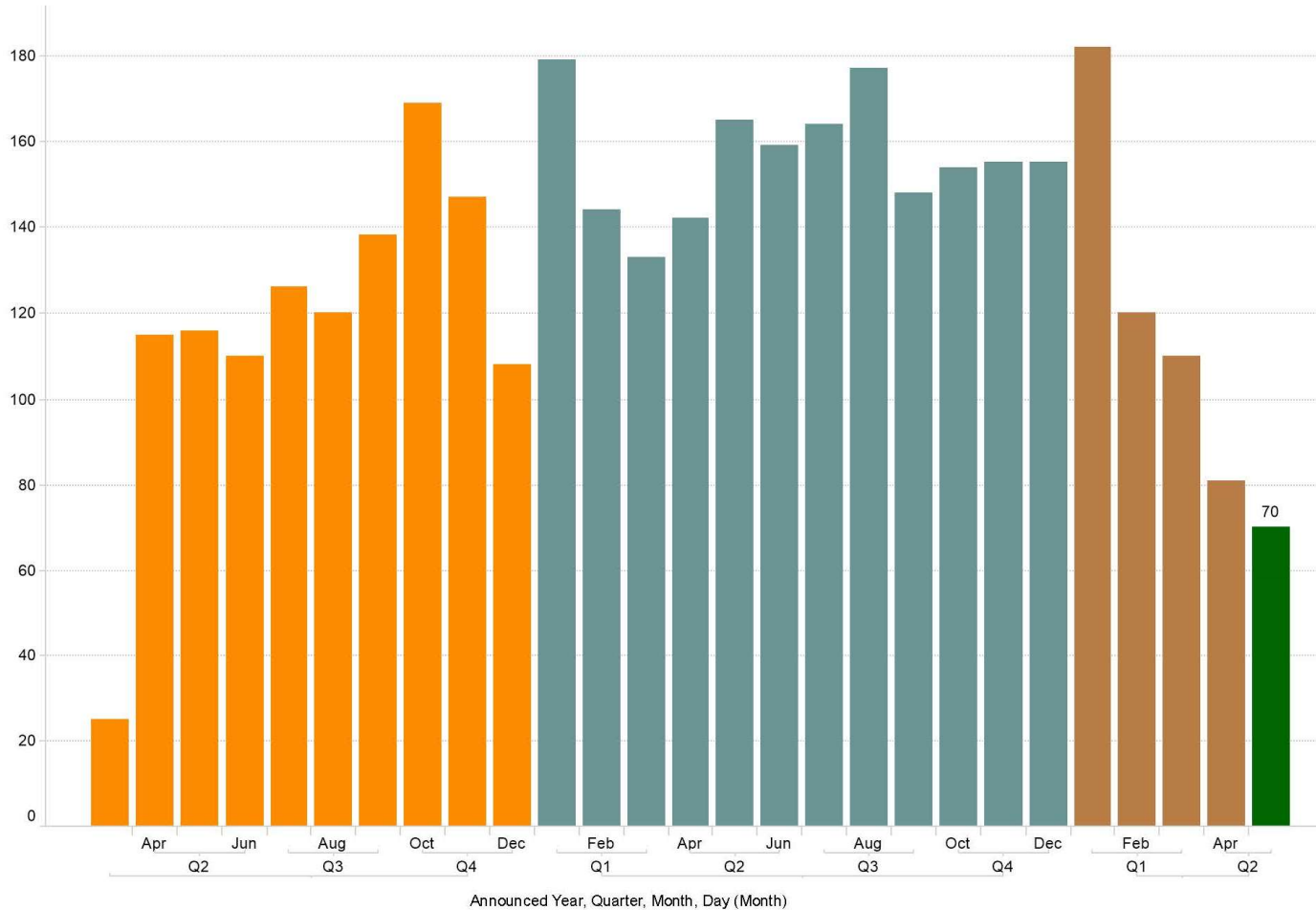
**Dan Waldmann**  
Consultant; Fmr. Senior VP,  
Public Affairs, Tenet Healthcare



**Brent Beckert**  
M&A Associate,  
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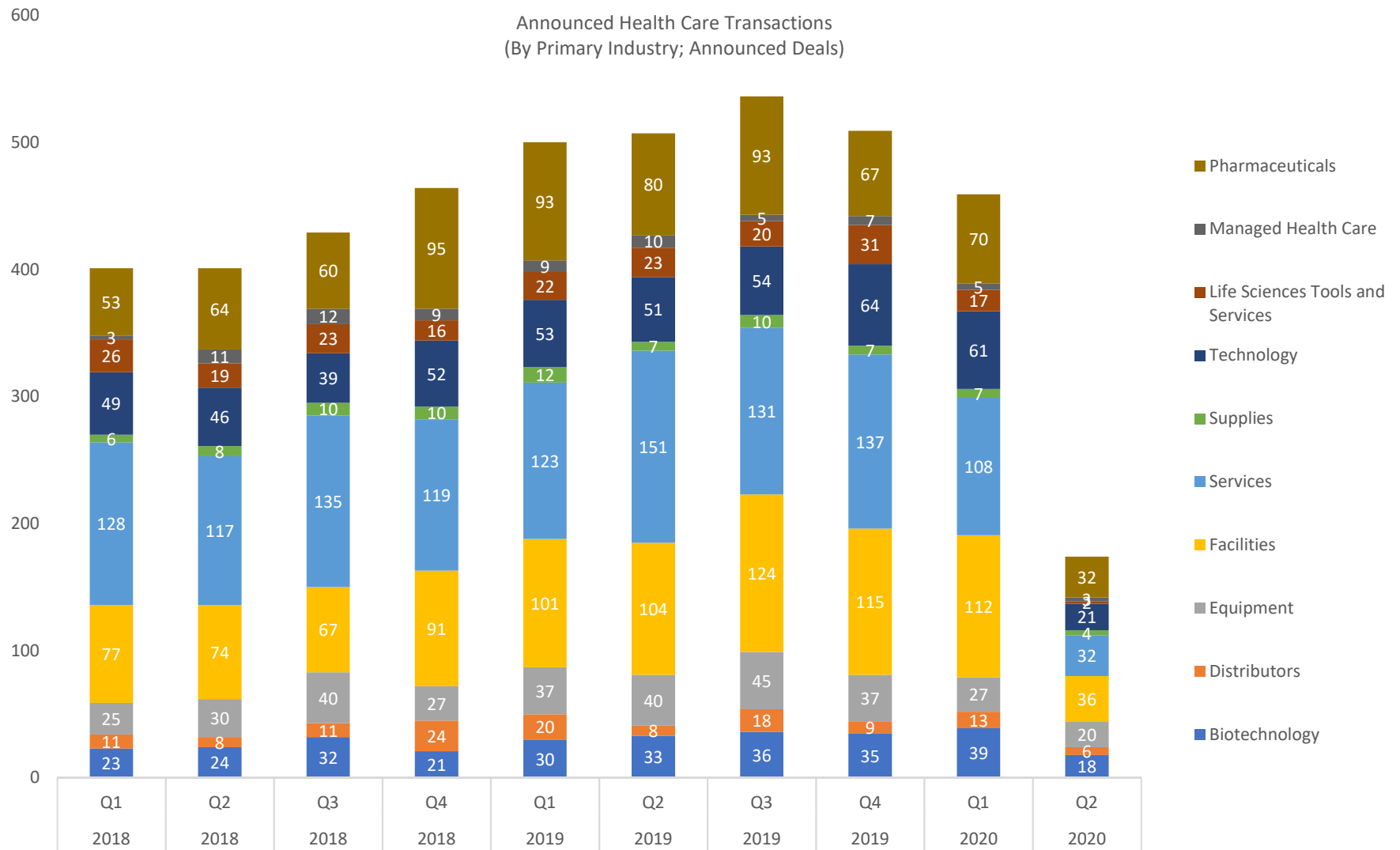
# Shifting M&A Landscape

Announced Health Care Transaction Counts (Announced Deals)



**Taylor Curtis**  
Managing Director and Head of  
Business Development,  
MHT Partners

## Sectors to Watch: Who is Most Likely to Survive (and Thrive) in this Environment?

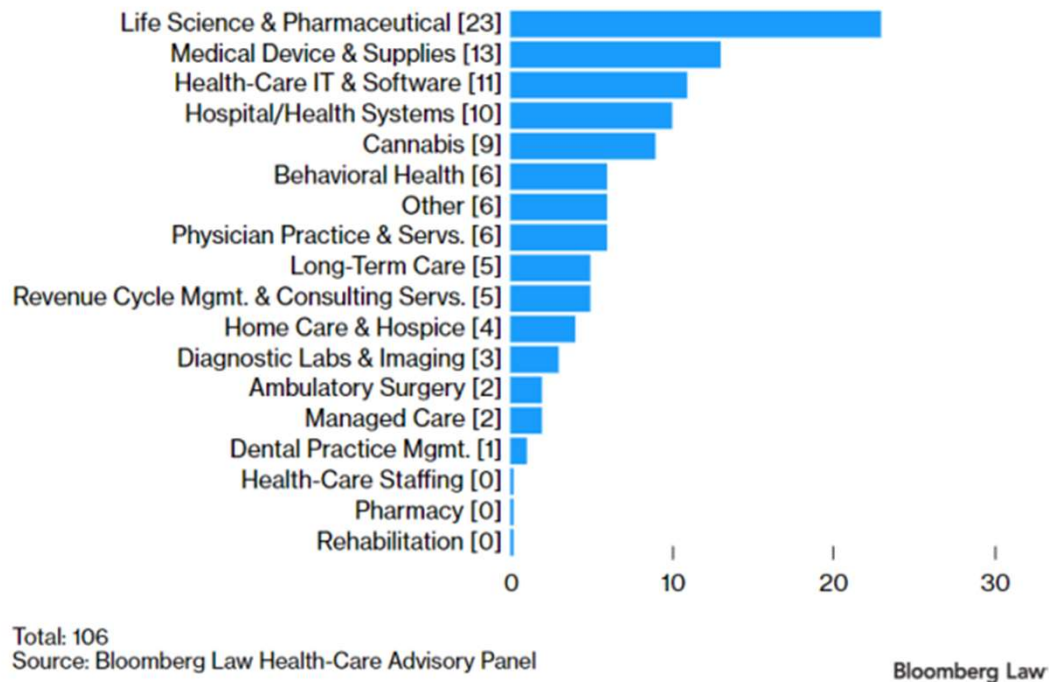


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Source: S&P Capital IQ Data

## Sectors to Watch: Who is Most Likely to Survive (and Thrive) in this Environment?

### Transaction Distribution - April



**Taylor Curtis**  
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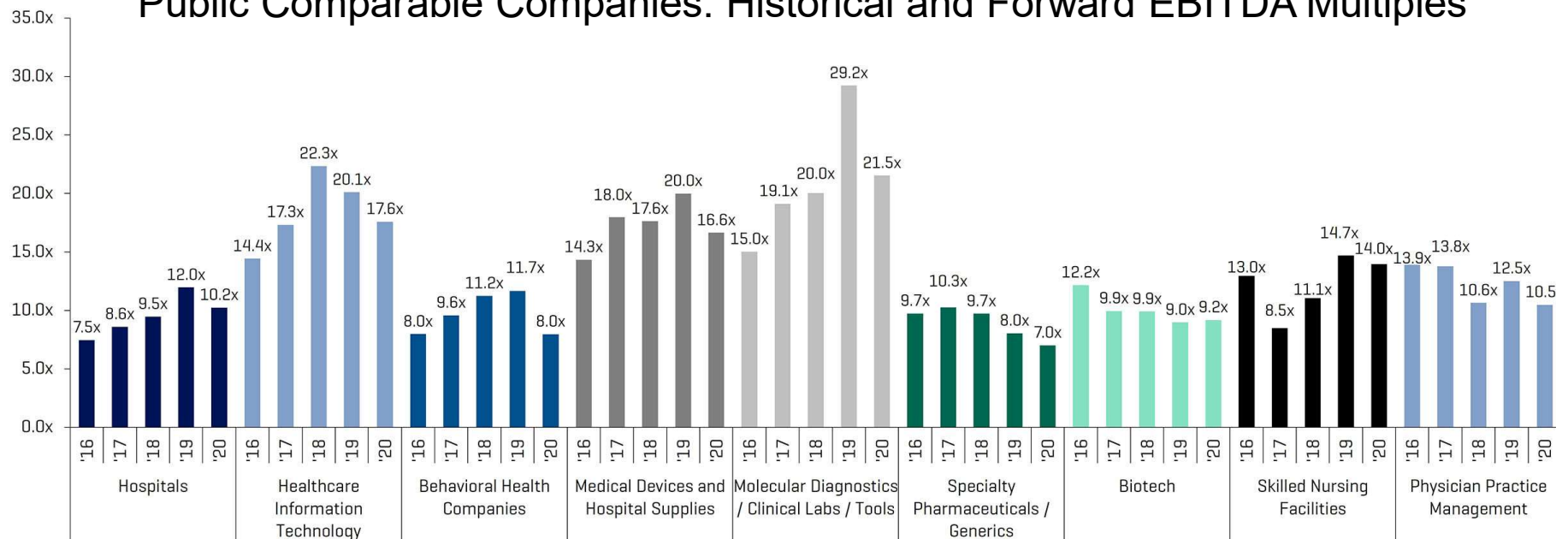


**Dan Waldmann**  
Consultant; Fmr. Senior VP,  
Public Affairs, Tenet Healthcare



## Sectors to Watch: Avoiding (or Finding) a “COVID-19 Discount”

### Public Comparable Companies: Historical and Forward EBITDA Multiples



Source: Stout Analysis of S&P Capital IQ Data



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# Preparing for Acquisitions in the “New Normal”

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1. Managing Cash Flow and Debt Obligations
2. Maintaining Operational Flexibility
3. Open Lines of Communication
4. Mitigating Risk of a “Second Wave”
5. Preparing Now for a Quick Launch in the Fall



**Dan Waldmann**  
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**Phil Kim**  
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# Changing Deal Terms: What to Expect

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- Bridging the Valuation Gap: Earnouts, Earnouts, Earnouts
- Calculating Working Capital
- Increased Risks to Sellers
  - New Emphasis on financial and legal diligence
  - R&W insurance remains viable; but expect exclusions
  - Conditions to Close



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# Recent Legislative and Regulatory Changes Impacting Operations (and Valuations)

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- Section 1135 Blanket Waivers
  - Hospitals
  - Stark Law
  - Telehealth
  - Other Forms of Regulatory Relief
  
- Financial Relief
  - Provider Relief Fund
  - Paycheck Protection Program
  - Main Street Lending Program
  - Employee Retention Tax Credits



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# Prospects for Future Relief

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# THANK YOU

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