## TheStreet Quant Ratings

### HCA HEALTHCARE INC

<table>
<thead>
<tr>
<th>BUY</th>
<th>HOLD</th>
<th>SELL</th>
<th>RATING SINCE 03/22/2022</th>
</tr>
</thead>
<tbody>
<tr>
<td>A+</td>
<td>A</td>
<td>A-</td>
<td>BUY</td>
</tr>
<tr>
<td>B+</td>
<td>B</td>
<td>B-</td>
<td></td>
</tr>
<tr>
<td>C+</td>
<td>C</td>
<td>C-</td>
<td></td>
</tr>
<tr>
<td>D+</td>
<td>D</td>
<td>D-</td>
<td></td>
</tr>
<tr>
<td>E+</td>
<td>E</td>
<td>E-</td>
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<td>F</td>
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- **TARGET PRICE**: $328.98

### Sector: Health Care and Social Assistance | Industry Group: General Medical and Surgical Hospitals

#### HCA BUSINESS DESCRIPTION
HCA Healthcare, Inc., through its subsidiaries, provides health care services in the United States.

#### STOCK PERFORMANCE (%)

<table>
<thead>
<tr>
<th>3 Mo.</th>
<th>1 Yr.</th>
<th>3 Yr (Ann)</th>
</tr>
</thead>
<tbody>
<tr>
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</tbody>
</table>

- **Price Change**: -16.32 31.96 27.35

#### GROWTH (%)

<table>
<thead>
<tr>
<th>Last Qtr</th>
<th>12 Mo.</th>
<th>3 Yr CAGR</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.02</td>
<td>2.77</td>
<td>7.20</td>
</tr>
<tr>
<td>3.29</td>
<td>-11.37</td>
<td>19.96</td>
</tr>
<tr>
<td>10.00</td>
<td>-2.22</td>
<td>27.97</td>
</tr>
</tbody>
</table>

#### RETURN ON EQUITY (%)

- **HCA Subsector Avg S&P 500**
  - Q2 2023: NA 18.96 |
  - Q2 2022: 3.68 20.22 |
  - Q2 2021: 6.44 13.87 |

#### P/E COMPARISON

- **HCA** 12.33 |
- **Subsector Avg** 13.94 |
- **S&P 500** 24.55 |

#### EPS ANALYSIS¹ ($)

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<th>2021</th>
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<tr>
<td>1.44</td>
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<td>1.45</td>
</tr>
<tr>
<td>1.45</td>
<td>2.45</td>
<td>1.46</td>
</tr>
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#### WEEKLY PRICE (US$) | SMA (50) | SMA (100) |
<table>
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#### RETURN ON EQUITY (%)

- **HCA Subsector Avg S&P 500**
  - Q2 2023: NA 2.19 |
  - Q2 2022: 3.68 20.22 |
  - Q2 2021: 6.64 13.87 |

#### RECOMMENDATION
We rate HCA HEALTHCARE INC (HCA) a BUY. This is driven by several positive factors, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company’s strengths can be seen in multiple areas, such as its solid stock price performance, revenue growth, good cash flow from operations and increase in net income. We feel its strengths outweigh the fact that the company shows low profit margins.

#### HIGHLIGHTS
Investors have apparently begun to recognize positive factors similar to those we have mentioned in this report, including earnings growth. This has helped drive up the company’s shares by a sharp 31.96% over the past year, a rise that has exceeded that of the S&P 500 Index. Regarding the stock’s future course, although almost any stock can fall in a broad market decline, HCA should continue to move higher despite the fact that it has already enjoyed a very nice gain in the past year.

Despite its growing revenue, the company underperformed as compared with the subsector average of 9.7%. Since the same quarter one year prior, revenues slightly increased by 7.0%. Growth in the company’s revenue appears to have helped boost the earnings per share.

Net operating cash flow has significantly increased by 51.84% to $2,475.00 million when compared to the same quarter last year. Despite an increase in cash flow, HCA HEALTHCARE INC’s average is still marginally south of the subsector average growth rate of 57.38%.

The company, on the basis of net income growth from the same quarter one year ago, has underperformed when compared to that of the S&P 500 and the Hospitals subsector average. The net income increased by 3.3% when compared to the same quarter one year prior, going from $1,155.00 million to $1,193.00 million.

HCA HEALTHCARE INC has improved earnings per share by 10.0% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. We feel it is likely to report a decline in earnings in the coming year. During the past fiscal year, HCA HEALTHCARE INC reported lower earnings of $19.23 versus $21.25 in the prior year. For the next year, the market is expecting a contraction of 4.1% in earnings ($18.44 versus $19.23).
### Annual Dividend Rate
- **HCA HEALTHCARE INC**
- **Annual Dividend Rate**: $2.40
- **Annual Dividend Yield**: 0.95%

### Beta
- **Beta**: 1.61

### Market Capitalization
- **Market Capitalization**: $68.2 Billion

### 52-Week Range
- **52-Week Range**: $178.32-$304.86

### Price as of 9/28/2023
- **Price as of 9/28/2023**: $250.65

### Subsector Analysis

HCA HEALTHCARE INC falls within the Health Care and Social Assistance sector and the General Medical and Surgical Hospitals industry group of the North American Industry Classification System or NAICS.

TheStreet Quant Ratings is currently tracking 81 companies in the Health Care and Social Assistance sector that total around $382 billion in market capitalization as well as $676 billion in annual sales.

The Hospitals subsector accounts for 18.5% of those revenues.

Industries in the Hospitals subsector provide medical, diagnostic, and treatment services that include physician, nursing, and other health services to inpatients and the specialized accommodation services required by inpatients. Hospitals may also provide outpatient services as a secondary activity.

Establishments in the Hospitals subsector provide inpatient health services, many of which can only be provided using the specialized facilities and equipment that form a significant and integral part of the production process.

### Peer Group: Hospitals

<table>
<thead>
<tr>
<th>Ticker</th>
<th>Company Name</th>
<th>Recent Price ($)</th>
<th>Market Cap ($M)</th>
<th>Price/ Earnings</th>
<th>Net Sales TTM ($M)</th>
<th>Net Income TTM ($M)</th>
</tr>
</thead>
<tbody>
<tr>
<td>HCA</td>
<td>HCA HEALTHCARE INC</td>
<td>250.65</td>
<td>68,174</td>
<td>12.33</td>
<td>61,775.00</td>
<td>5,771.00</td>
</tr>
<tr>
<td>NHC</td>
<td>NATIONAL HEALTHCARE CORP</td>
<td>64.95</td>
<td>995</td>
<td>31.38</td>
<td>1,066.89</td>
<td>31.93</td>
</tr>
<tr>
<td>BKD</td>
<td>BROOKDALE SENIOR LIVING INC</td>
<td>4.00</td>
<td>924</td>
<td>NM</td>
<td>2,883.97</td>
<td>-103.06</td>
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<tr>
<td>UHS</td>
<td>UNIVERSAL HEALTH SVCS INC</td>
<td>126.80</td>
<td>7,879</td>
<td>13.17</td>
<td>13,798.66</td>
<td>692.06</td>
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<tr>
<td>THC</td>
<td>TENET HEALTHCARE CORP</td>
<td>67.34</td>
<td>6,837</td>
<td>14.80</td>
<td>19,861.00</td>
<td>499.00</td>
</tr>
<tr>
<td>EHC</td>
<td>ENCOMPASS HEALTH CORP</td>
<td>67.57</td>
<td>6,773</td>
<td>20.35</td>
<td>4,574.30</td>
<td>313.90</td>
</tr>
<tr>
<td>AHC</td>
<td>ACADIA HEALTHCARE CO INC</td>
<td>70.35</td>
<td>6,484</td>
<td>23.77</td>
<td>2,777.63</td>
<td>270.54</td>
</tr>
<tr>
<td>ENSG</td>
<td>ENSIGN GROUP INC</td>
<td>93.97</td>
<td>5,281</td>
<td>22.27</td>
<td>3,397.72</td>
<td>240.50</td>
</tr>
<tr>
<td>SGRY</td>
<td>SURGERY PARTNERS INC</td>
<td>29.28</td>
<td>3,704</td>
<td>NM</td>
<td>2,661.50</td>
<td>-54.40</td>
</tr>
<tr>
<td>SEM</td>
<td>SELECT MEDICAL HOLDINGS CORP</td>
<td>25.77</td>
<td>3,276</td>
<td>16.11</td>
<td>6,408.76</td>
<td>203.71</td>
</tr>
<tr>
<td>USPH</td>
<td>U S PHYSICAL THERAPY INC</td>
<td>94.54</td>
<td>1,417</td>
<td>48.98</td>
<td>580.78</td>
<td>30.49</td>
</tr>
</tbody>
</table>

The peer group comparison is based on Major Hospitals companies of comparable size.
TheStreet Quant Ratings

HCA HEALTHCARE INC

STOCK-AT-A-GLANCE
Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of HCA shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock’s strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock’s valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR | SCORE | 
--- | --- | 
Growth | 4.0 out of 5 stars | weak | strong |
Measures the growth of both the company’s income statement and cash flow. On this factor, HCA has a growth score better than 70% of the stocks we rate.

Total Return | 4.5 out of 5 stars | weak | strong |
Measures the historical price movement of the stock. The stock performance of this company has beaten 80% of the companies we cover.

Efficiency | 5.0 out of 5 stars | weak | strong |
Measures the strength and historic growth of a company’s return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.

Price volatility | 4.5 out of 5 stars | weak | strong |
Measures the volatility of the company’s stock price historically. The stock is less volatile than 80% of the stocks we monitor.

Solvency | 1.5 out of 5 stars | weak | strong |
Measures the solvency of the company based on several ratios. The company is more solvent than 20% of the companies we analyze.

Income | 3.5 out of 5 stars | weak | strong |
Measures dividend yield and payouts to shareholders. The company’s dividend is higher than 60% of the companies we track.

THESTREET QUANT RATINGS RESEARCH METHODOLOGY
TheStreet Quant Ratings’ stock model projects a stock’s total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock’s valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock’s performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.
TheStreet Quant Ratings

HCA HEALTHCARE INC

Sector: Health Care and Social Assistance | General Medical and Surgical Hospitals

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**Consensus EPS Estimates ($)**

<table>
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<th>Q3 FY23</th>
<th>2023(E)</th>
<th>2024(E)</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.04</td>
<td>18.44 E</td>
<td>20.23 E</td>
</tr>
</tbody>
</table>

IBES consensus estimates are provided by Thomson Financial

**FINANCIAL ANALYSIS**

HCA HEALTHCARE INC’s gross profit margin for the second quarter of its fiscal year 2023 has decreased when compared to the same period a year ago. The company has grown sales and net income during the past quarter when compared with the same quarter a year ago, however, it was unable to keep up with the growth of the average competitor within its subsector. HCA HEALTHCARE INC has weak liquidity. Currently, the Quick Ratio is 0.84 which shows a lack of ability to cover short-term cash needs. The company’s liquidity has decreased from the same period last year.

At the same time, stockholders’ equity (“net worth”) has greatly increased by 37.41% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is in a position in which financial difficulties could develop in the future.

STOCKS TO BUY: TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit www.TheStreetRatings.com.
VALUATION
BUY. This stock’s P/E ratio indicates a discount compared to an average of 13.94 for the Hospitals subsector and a significant discount compared to the S&P 500 average of 24.55. Normally, for additional comparison, we would look at the price-to-book ratio; however, this company’s price-to-book ratio is negative making the value useless for comparisons. The current price-to-sales ratio is well below the S&P 500 average, but above the subsector average. Upon assessment of these and other key valuation criteria, HCA HEALTHCARE INC proves to trade at a discount to investment alternatives.

Price/Earnings
HCA 12.33 Peers 13.94
• Discount. A lower P/E ratio than its peers can signify a less expensive stock or lower growth expectations.
• HCA is trading at a discount to its peers.

Price/Projected Earnings
HCA 12.39 Peers 12.83
• Average. An average price-to-projected earnings ratio can signify a subsector neutral stock price and average future growth expectations.
• HCA is trading at a valuation on par with its peers.

Price/Book
HCA NM Peers 3.19
• Neutral. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
• HCA’s P/B is negative making this valuation measure meaningless.

Price/Sales
HCA 1.11 Peers 1.10
• Average. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
• HCA is trading at a valuation on par with its subsector on this measurement.

RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS
(as of 9/28/2023)
32.01% Buy - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.
29.88% Hold - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.
38.11% Sell - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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Sales Contact: 866-321-8726

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