

Q3-2014 Home Health & Hospice Industry Newsletter



Market Overview

While merger and acquisition activity in the home health and hospice services sector continued in the 3rd quarter, Provident expects a notable uptick in deal activity moving forward. Consolidation will be largely driven by macro economic and sector specific changes such as market-driven cost pressures related to reimbursement, ICD-10 transition, and an overall increase in compliance scrutiny. Large industry players are expected to play a significant role in market consolidation, especially as these groups look to benefit from economies of scale.

Kindred Continues Pursuit of Gentiva

Determined to acquire Gentiva, Kindred continues to pursue the home health and hospice provider and has revised its bid to \$17.25 per share for the Company. The recent uptick in valuation came shortly after Gentiva disclosed that a mystery bidder has valued the Company at that price per share. Although details about the mystery buyer were not released, analysts have speculated that the group is most likely a private investment firm. The offer would value Gentiva at approximately \$635.5 million before the assumption of any debt.



Provident Healthcare Partners is pleased to announce its role as exclusive financial advisor to Isokinetics, Inc. in its sale to Kinex R&M Holdco, a portfolio company of Merit Capital Partners. Isokinetics began in 1987 when the founder of the Company, Mike Salem, recognized an increasing demand for high quality home medical equipment. Isokinetics experienced tremendous growth in the following years and expanded operations to currently serve 9 states. Bart Holl, an Associate at Provident Healthcare, commented on the transaction stating, "the management team of Isokinetics has built a leading organization and will prove to be a superior partner to Kinex as they execute on an aggressive national growth strategy." The terms of the transaction were not disclosed.

Select Transactions

Month	Acquirer	Target Company	Details
September 2014	Nautic Partners, LLC	All Metro Health Care Services, Inc.	Nautic Partners, LLC announced it plans to acquire All Metro Health Care Services, Inc. ("All Metro"). All Metro is a leading provider of home care services throughout New York, New Jersey and Florida. Specific financial terms of the deal were not disclosed.
August 2014	Thoughtful Care, Inc.	Kansas City Home Care, Inc.	Kansas City Home Care, Inc. announced it has been acquired by Thoughtful Care, Inc., a provider of specialized Alzheimer's and dementia care to clients. Kansas City Home Care provides home health services including Alzheimer's and Dementia Care. Terms of the deal were not disclosed.
July 2014	Graham Holdings Company (NYSE: GHC)	Residential Healthcare Group, LLC	Graham Holdings Company has acquired the majority interest of Residential Healthcare Group, LLC. Residential Healthcare Group is the parent company of Residential Home Health and Residential Hospice. Residential Home Health, founded in 2001, and Residential Hospice, founded in 2011, are leading providers of skilled home health and hospice care in Illinois and Michigan. Financial terms of the transaction were not disclosed.