

# Q2-2017 Home Health & Hospice Industry Update



## Market Overview

The home health and hospice sector continues to hold its position as one of the most attractive healthcare services sectors for investment and consolidation activity. Though the second quarter of 2017 was absent of any new private equity platform investments, a trend that has proliferated over the past twelve months, large strategic consolidators remained aggressive and Provident's perspective is that the lack of private equity investment should be attributed to timing rather than waning investor interest. Two notable strategic transactions were closed or announced in the second quarter, as Addus HomeCare (NASDAQ:ADUS) and AccentCare, Inc. (backed by private equity firm Oak Hill Capital) reemerged in the M&A headlines after having been relatively quiet for a period with their acquisitions of Options Home Care and Sta-Home Health & Hospice, respectively. Overall, demographic trends and post-acute care's role in value-based care will continue to drive buyer interest and, correspondingly, valuations, and Provident holds a strong outlook for home health and hospice for the second half of 2017.

## SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
June 2017	Sunny Days In-Home Care	Daly Care	Sunny Days In-Home Care, a provider of non-medical, in-home personal care services for seniors and disabled adults, acquired Daly Care. Daly Care is a lifestyle management and in-home care provider. The acquisition allows Sunny Days In-Home Care to expand their care offerings as well as gives them access to a new demographic, the intellectually and developmentally disabled. Financial terms of the transaction were not disclosed.
May 2017	Optima Healthcare Solutions	Hospicesoft	Optima Healthcare Solutions, a provider of cloud-based software for post-acute care providers, acquired Hospicesoft. Hospicesoft is a supplier of cloud-based software that includes EMR and billing designed specifically for hospices. The transaction strengthens Optima Healthcare Solutions' full suite of modern integrated services for providers across the post-acute continuum of care. Financial terms of the transaction were not disclosed.
May 2017	Care Advantage / BelHealth Investment Partners	Stay at Home Personal Care / Commonwealth Senior Living	Care Advantage, a provider of home health services in Virginia and a BelHealth Investment Partners portfolio company, acquired Stay at Home Personal Care, a subsidiary of Commonwealth Senior Living. Stay at Home Personal Care currently operates three locations in Virginia that provide in-home, non-skilled personal care services. The acquisition increases Care Advantage's presence in Virginia. Financial terms of the transaction were not disclosed.
May 2017	Addus HomeCare (NASDAQ: ADUS)	Options Home Care / HB Management Company	Addus HomeCare, a comprehensive provider of personal homecare services, announced that it has agreed to acquire Options Home Care, a wholly-owned subsidiary of HB Management Group and a provider of personal care services in more than 20 counties in New Mexico. With annual revenues of approximately \$20 million, the addition of Options Home Care will strengthen Addus HomeCare's existing presence in New Mexico, which they initially entered through their acquisition of Coordinated Home Healthcare in 2013. Financial terms of the transaction were not disclosed. The transaction is expected to close in the third quarter of this year.
May 2017	Cornerstone Healthcare / The Ensign Group, Inc. (NASDAQ: ENSG)	Voto Home Health	Cornerstone Healthcare, the home health and hospice division of The Ensign Group, Inc., acquired Voto Home Health. Voto Home Health is a Medicare-certified home health agency servicing King County, Washington. With the acquisition, Cornerstone Healthcare now operates 20 hospice operations, 18 home health operations, and three home care operations in nine western states. Financial terms of the transaction were not disclosed.
April 2017	AccentCare, Inc. / Oak Hill Capital	Sta-Home Health & Hospice	AccentCare, Inc., a portfolio company of Oak Hill Capital and provider of post-acute healthcare as well specialized care management prior to acute episodes, has acquired Sta-Home Health & Hospice, the largest home health provider in Mississippi. The deal will facilitate AccentCare, Inc.'s entrance into the Mississippi market. Financial terms of the transaction were not disclosed.