

# Q4-2018 Home Health & Hospice Update



## Market Update

This quarter replicated the trend of private equity investors continuing to enter the post-acute care space. This October, Bain Capital, with \$105 billion AUM, completed their second investment into the space in their acquisition of Arosa and LivHome, with the goal of creating a national in-home care provider. This investment is indicative of the interest level towards home health and hospice in the large-cap firms and trickling into the lower middle market. With a number of others establishing platforms, private equity investors clearly remain bullish, which is translating into heightened valuation levels for groups of all sizes. As we continue to see consolidation within the industry, smaller groups are able to utilize M&A as a way to offset the burden of competing with the data capabilities and scale of these larger platforms.

## Notable Market Trends

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Humana	\$275.96	\$55,933	\$2,880	0.80x	15.81x
Amedisys, Inc.	\$116.43	\$1,648	\$172	2.54x	26.26x
LHC Group, Inc.	\$92.04	\$1,600	\$105	2.63x	39.57x
Addus HomeCare	\$67.45	\$490	\$335	2.01x	28.40x

As of 1/7/2019

Revenue / EBITDA in \$ 000s

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
October	Amedisys	Compassionate Care Hospice	53	24	According to most estimates, Compassionate Care Hospice is the eighth-largest hospice provider in the nation. Following this acquisition, Amedisys will become the third-largest US hospice provider.
October	Bain Double Impact	Arosa + LivHome	18	4	Bain Capital has acquired and will combine two regional healthcare companies, Arosa and LivHome, to create a national in-home care provider.
October	Pharos Capital Group	Charter Health Group	5	1	The transaction forms the basis for Pharos's post-acute care platform, which will focus on building and acquiring high-quality hospice and home health companies.
November	Addus	VIP Health Services	5	1	This agreement to acquire VIP Health Services will position Addus to fully capitalize on MA opportunities. Addus and VIP Health Care Services will have combined revenues of more than \$110 million in New York.
December	LHC Group	Commonwealth Home Health Care	1	1	LHC Group, Inc. and LifePoint Health share a joint venture partnership and announced the acquisition of Commonwealth Home Health Care.
December	LHC Group	Guardian Health Services	1	1	LHC Group, Inc. continues to make acquisitions, adding more than a dozen home health locations and four hospice locations since the joint venture began.

## Provident Industry Coverage Team

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## Industry Conferences

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the home health & hospice sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.