

Q1-2019 Home Health & Hospice Update



Market Update

Home health agencies and investors have started to prepare for the upcoming changes to come with the implementation of the new Patient-Driven Groupings Model (PDGM). With the number of claims and the Risk Adjusted Processing Systems submissions nearly doubling, additional back office infrastructure will be required to process claims and adapt to the new model. Provident expects continued M&A opportunities will arise from smaller agencies not having the operational capacity or resources to adjust to the new PDGM payment framework. Furthermore, larger providers such as Addus, Elara Caring, Humana, and LHC Group will continue to utilize their infrastructure to drive further consolidation in the industry.

Notable Market Trends

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Humana	\$272.39	\$56,912	\$2,815	0.72x	14.07x
Amedisys, Inc.	\$126.91	\$1,663	\$179	2.31x	21.93x
LHC Group, Inc.	\$109.88	\$1,810	\$127	2.05x	30.98x
Addus HomeCare	\$64.86	\$518	\$33	1.72x	25.17x

As of 4/8/2019

Revenue / EBITDA in \$ 000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
February	Aveanna Healthcare	Maxim Healthcare Services	72	18	Aveanna Healthcare, a leading provider of home healthcare, has announced it has entered into a definitive agreement to acquire the home healthcare division of Maxim Healthcare Services.
February	Amedisys, Inc.	RoseRock Healthcare	1	1	Amedisys Inc. continues to grow its hospice business with the acquisition of RoseRock Healthcare. RoseRock provides specialized hospice care to about 200 patients daily. Financial terms of the agreement were not disclosed.
February	LHC Group, Inc.	Geisinger Home Health and Hospice	2	13	LHC Group will take majority ownership of Geisinger's home health and hospice services. LHC Group expects annualized revenue from the newly announced JV of about \$35 million, which will not materially affect its 2019 diluted EPS.
February	Help at Home	Coastal Home Care, Inc. / Altrus Home Care	11	1	Help at Home will significantly expand their Georgia presence with the addition of Coastal Home Care and Altrus Home Care.
March	KKR & Co.	BrightSpring Health Services, Inc.	-	40	KKR has purchased BrightSpring for approximately \$1.32 billion with an affiliate of Walgreens Boots Alliance, Inc. as a minority investor. KKR is making the investment from KKR's Americas XII Fund.
March	Traditions Health	Reflections Hospice and Palliative Care	3	1	Traditions Health, LLC has acquired Reflections Hospice and Palliative Care, marking the tenth bolt-on acquisition.

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.