

Q3-2019 Home Health & Hospice Update



Market Update

Multiples are at all time highs for the home health and hospice industry, driven by the value proposition that in-home care provides to the overall health care system. Evident by Addus HomeCare's acquisition of Hospice Partners of America, providers are willing to pay premium valuations to expand services offerings in a growing attempt to capture the entire continuum of care. Supported by the current state of the capital markets and upcoming regulatory complexities, such as PDGM and Review Choice Demonstration, Provident Healthcare Partners expects the post-acute care space to see further consolidation and investment activity throughout the remainder of 2019.

Notable Market Trends

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Humana	\$266.26	\$60,726	\$4,087	0.65x	13.36x
Amedisys, Inc.	\$129.42	\$1,812	\$208	2.47x	21.99x
LHC Group, Inc.	\$110.86	\$2,037	\$174	2.05x	26.74x
Addus HomeCare	\$81.58	\$566	\$36	1.74x	27.40x

As of 10/14/2019

Revenue / EBITDA in \$000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
September	Towerbrook Capital and Ascension Health	Hospice Compassus	125	30	Private equity firm Towerbrook Capital Partners and Ascension Health have agreed to purchase the Nashville-based hospice provider Hospice Compassus at a valuation of \$1 billion.
September	Heal	Doctors on Call	1	1	Heal has completed the acquisition of Doctors on Call expanding their services into the NY territory.
September	Arosa+LivHOME	LifeLinks.care	2	2	Arosa+LivHOME has signed an agreement to acquire LifeLinks.care. This marks Arosa+LivHOME's sixth acquisition since January and entry into its sixth state, Tennessee.
August	The Ensign Group, Inc.	Agape Hospice & Palliative Care	1	1	The Ensign Group, Inc., has acquired Agape Hospice & Palliative Care further expanding their hospice service offerings into the Arizona market.
August	Care Advantage	Allegiance Home Care	2	1	Care Advantage has announced the acquisition of Allegiance Home Care. Since its initial investment in January 2017, this is Care Advantage's tenth add-on acquisition.
August	Addus HomeCare	Hospice Partners of America	21	6	Addus HomeCare Corporation has completed the purchase of Hospice Partners of America, LLC, a multi-state provider of hospice services for a cash purchase price of \$130mm.

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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.