

Q4-2019 Home Health & Hospice Update

Market Update

With uncertainty looming around the upcoming Patient-Driven Groupings Model (PDGM), strategic acquirers and investors have focused their attention towards the hospice space in the fourth quarter of 2019 resulting in robust transaction volume. Due to increased competition and a shrinking number of platform opportunities available, Provident has seen valuations drastically increase in the hospice space and expects multiples to remain high throughout 2020.

As the impact of PDGM becomes more apparent in Q1, Provident expects a surge of home health M&A activity, driven by opportunistic investors and smaller firms utilizing M&A as a way to offset the burden of adapting to the new model.

Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Humana, Inc.	\$358.53	\$62,761	\$4,111	0.59x	8.73x
Amedisys, Inc.	\$175.05	\$1,889	\$223	2.52x	21.92x
LHC Group, Inc.	\$143.28	\$2,058	\$194	1.95x	22.75x
Addus HomeCare Corp	\$99.87	\$598	\$37	2.16x	34.05x

As of 1/13/2020

Revenue / EBITDA in \$000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
December	Traditions Health	Guiding Hospice	1	1	Traditions Health has acquired Texas based Guiding Hospice, marking their second hospice acquisition in Q4 this year.
December	Care Finders Total Care	At Home Quality Care & Philadelphia Home Care	2	1	Carefinders, one of the fastest growing home healthcare providers in the Northeast, has acquired At Home Quality Care and Philadelphia Home Care.
December	HouseWorks	Extended Family	1	1	Houseworks has successfully expanded into the New Hampshire and southern Maine markets with the acquisition of Extended Family.
December	Heart of Hospice	Heartstrings Hospice	1	1	Hear of Hospice, a subsidiary of Evening Post Industries Group, has purchased Heartstrings Hospice, a South Carolina-based company.
November	Amedisys	Asana Hospice	8	1	Amedisys has acquired Asana Hospice, marking their third hospice acquisition in 2019.
November	Traditions Health	Pathways Hospice	1	1	Tradition's Health, a portfolio company of Dorilton Capital Advisors, has acquired Pathways Hospice, further expanding their presence in the Arizona market.
October	TEAM Services Group	AmeriBest Home Care	1	1	AmeriBest Home Care, a portfolio company of Boyne Capital, has been sold to TEAM Services Group, a portfolio company of Alpine Investors.

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Upcoming Conference

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.