

Q2-2020 Home Health & Hospice Update



Market Update

While the home health and hospice M&A landscape remains relatively strong, deal closings have undoubtedly slowed in the first half of 2020. Strategic acquirers have continued to be active but some private equity investors have delayed pursuing new home health platforms until there is further insight on the long-term impact of PDGM, which has been further clouded due to disruption from COVID-19.

Hospice, on the other hand, has seen little disruption and continues to see a high level of demand from both strategic and private equity investors. Evident by Amedisys' acquisition of AseraCare Hospice, investors have and will continue to pay premium valuation multiples for hospice organizations.

Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
National Healthcare Corp	\$60.39	\$1,004	\$60	1.13x	9.33x
Amedisys, Inc.	\$200.86	\$1,979	\$241	3.03x	24.81x
LHC Group, Inc.	\$177.78	\$2,090	\$209	2.16x	22.09x
Encompass Health	\$62.06	\$4,663	\$932	2.36x	11.54x

As of 3/31/2020

Revenue / EBITDA in \$000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
June	Traditions Health	Hospice with Grace	1	1	Traditions Health, a company of Dorilton Capital Advisors, has acquired Hospice with Grace to increase its presence in the Houston area.
May	The Pennant Group, Inc.	Prime Hospice and Harmony Hospice	2	1	The Pennant Group has acquired both Prime Hospice and Harmony Hospice in Arizona continuing Pennant's effort to expand its hospice care services.
May	CareCentrix	Turn-Key Health	1	1	CareCentrix has acquired Turn-Key Health, a leading community-based palliative care company serving health plans, hospitals, and physicians.
April	Missouri Home Hospice, LLC	HomeCare of Mid Missouri	3	1	Missouri Home Hospice has acquired HomeCare of Mid Missouri marking its fourth acquisition in its expansion of home care services in Missouri.
April	Choice Homecare of Texas	Nextgen Hospice	1	1	Choice Homecare of Texas has acquired Nextgen Hospice, which will expand Choice Homecare's services to include hospice in the Houston area, complementing its existing home health and rehab services.
April	Amedisys	AseraCare Hospice	44	14	Amedisys has acquired AseraCare Hospice, expanding its average census by 2,100 patients a day. The transaction was valued at \$235 million, inclusive of a \$32 million tax asset, effectively lowering the overall purchase price to \$203 million.

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Industry Conferences

While industry in-person conferences have been postponed, we would invite the opportunity to connect with executives and shareholders about some of the trends and transactions we are seeing in the home health and hospice space on a confidential basis.