

Q1-2021 Home Health & Hospice Update



Market Update

The hospice market remains at an all-time high in terms of interest level and valuations, both from the private equity community and from strategic consolidators. It is no surprise that some of the larger players in the space are looking to take advantage of the heightened valuation environment. Publicly traded Encompass Health is exploring strategic alternatives for its home health and hospice business and private-equity backed Bristol Hospice recently fielded first-round offers with several private equity groups bidding upwards of \$1 billion.

Given the large home health components of each business, the Abode Healthcare and Brookdale Home Health deals should be viewed as promising sign that we will see a resurgence of activity within the skilled home health segment, which has lagged behind hospice M&A considerably these past few years.

Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
National Healthcare Corp	\$66.41	\$981	\$160	0.94x	8.08x
Amedisys, Inc.	\$293.33	\$2,072	\$316	4.91x	34.30x
LHC Group, Inc.	\$213.32	\$2,063	\$266	3.25x	23.95x
Addus HomeCare	\$117.09	\$765	\$77	2.35x	25.34x

As of 12/31/20

Revenue / EBITDA in \$000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March	Mission Healthcare	Alliance Home Health & Hospice Care	1	1	Mission Healthcare, a portfolio company of The Vistria Group, has acquired Alliance Home Health & Hospice Care expanding its service offerings to the Bay Area.
February	BrightSpring Health Services	Abode Healthcare	45	12	BrightSpring Health Services, backed by private equity-firm KKR, has acquired Abode Hospice and Home Health for \$775 million according to PE Hub.
February	HCA Healthcare	Brookdale Home Health	163	27	HCA Healthcare will pay \$400 million to acquired 80% of Brookdale Senior Living's hospice, home health and outpatient therapy division. This transaction expands HCA's reach beyond hospitals, surgery centers and free-standing emergency rooms.
January	Grant Avenue Capital	Valeo Home Health and Hospice	1	1	Grant Avenue Capital, a healthcare-focused private equity firm, has acquired Salt Lake City-based Valeo Home Health and Hospice.
January	LHC Group	Grace Hospice	1	1	LHC Group has finalized its acquisition of Grace Hospice in Tulsa Oklahoma, expecting to add annualized revenues of roughly \$12.1 million.
January	The Pennant Group	Sacred Heart Home Health Care	1	2	The Pennant Group has acquired Sacred Heart Home Health Care expanding its service offerings in the Tucson market and strengthening its presence in Phoenix.

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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.