

Q4-2021 Home Health & Hospice Update



Market Update

M&A activity in the home health, hospice and personal care market remains strong, albeit valuations have started to normalize from the peak seen in early 2021. Public companies in the space have faced several headwinds that have led to a decline in market caps, with some dropping over 50% in the calendar year. Factors driving the decline are the industry-wide labor shortage, wage pressure, and struggles integrating newly acquired assets. Some historically acquisitive public groups have shied away from additional M&A in recent months and are dialing back valuation multiples offered in order to remain accretive. On the other hand, private equity's appetite for M&A remains at all-time highs in both the formation of new platforms as well as continued bolt-on transaction activity, keeping both competition for assets and valuations elevated.

Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
Addus HomeCare	\$93.51	\$761	\$75	1.92x	17.61x
Amedisys, Inc.	\$161.88	\$2,021	\$289	2.38x	16.81x
LHC Group, Inc.	\$137.23	\$2,169	\$303	2.26x	19.51x
National Healthcare Corp	\$67.94	\$992	\$162	0.98x	8.25x

Share price as of 12/31/2021

Revenue / EBITDA in \$000s

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
December	Aveanna Healthcare Holdings Inc. (Nasdaq: AVAH)	Comfort Care	31	2	Aveanna has completed its acquisition of Comfort Care, a geriatric home health and hospice company with operations in AL and TN for a purchase price of \$345 million. Comfort Care generates roughly \$100 million in annual revenue, with roughly 47% of its revenue derived from home health and 53% from hospice.
December	Aveanna Healthcare Holdings Inc. (Nasdaq: AVAH)	Accredited Home Care	5	1	Aveanna completed its acquisition of Accredited Home Care, a leading personal care company based in Southern California, for a base purchase price of \$180 million, plus up to \$45 million subject to future performance. Accredited generated approximately \$115 million in revenue for the twelve months ended August 31, 2021.
October	Walgreen Boots Alliance (Nasdaq: WBA)	CareCentrix, Inc.	n/a	n/a	Walgreens Boots Alliance made a majority investment in CareCentrix, the leading, independent home-centered platform that coordinates care to the home for health plans, patients, and providers. The transaction was valued at \$330 million for 55% of the company at an \$800 million valuation.
October	Wellspring Capital Management	Caring Brands International (Interim Healthcare)	300+	41	Wellspring Capital Management acquired Caring Brands International, the parent company of Interim Healthcare, one of the nation's largest home care franchise companies.
October	Ridgemont Equity Partners	Agape Care Group	20+	2	Ridgemont Equity Partners, a Charlotte-based private equity firm, acquired Agape Care Group from their prior private equity partner, The Vistria Group.
October	Pharos Capital Group, LLC	THEMA Health Services	3	1	Pharos Capital, a middle-market private equity firm, acquired THEMA Health Services, a leading provider of hospice, home health, and palliative cares services throughout the state of Arizona.

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Upcoming Conference

Members of the Provident Healthcare Partners Post-acute care team will be attending the Home Care 100 conference in Scottsdale, AZ in February.