












Q4-2022 Home Health & Hospice Update

Market Update

The fourth quarter of 2022 finished strong in what was a transformational year for the home health and hospice sectors. Total deal values exceeded record-breaking levels seen in 2021, primarily driven by several mega-cap transactions. The most notable transactions of 2022 include UnitedHealth Group's pending acquisition of LHC Group Inc., CVS Health's pending acquisition of Signify Health, Walgreen's acquisition of CareCentrix, and the formation of Gentiva and Enhabit. The trend of large-cap healthcare and tech companies entering the home care space is expected to continue in 2023 and beyond, serving as a catalyst for continued investment activity in the sector.

Separately, this November, CMS announced its final rule resulting in an increase in the aggregate reimbursement by 0.7%, a drastic improvement over the initial proposed 4.2% decrease back in June. This positive ruling should allow transaction processes to resume that may have been on hold as a result of the uncertainty in future reimbursement.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
December	 care advantage, inc. <small>A FAMILY OF CARE AND COMPASSION</small>	 Lighthouse Healthcare Inc. <small>Leading the way at home for 100 years</small>	1	VA	Care Advantage has acquired Virginia-based Lighthouse Healthcare Inc. The acquisition further diversifies Care Advantage's suite of service offerings into the private pay space.
October	 CIMARRON HEALTHCARE CAPITAL  Tacoma Holdings	 Frontpoint HEALTH	3	TX	Private equity firms Cimarron Healthcare Capital and Tacoma Holdings have recapitalized Texas-based, Frontpoint Health. Frontpoint Health provides home health, hospice, palliative and personal care services.
October	 Agape Care Group	 Journey Hospice <small>THE JOURNEY OF CARE</small>	7	AL, LA	Agape Care Group completed its acquisition of Journey Hospice, expanding into the Alabama and Louisiana markets. Following the acquisition, Agape's average daily census exceeds 3,700 across five states.
October	 enhabit Home Health & Hospice	 CARING HEARTS Hospice	4	TX	Enhabit Home Health and Hospice (NYSE: EHAB) has acquired Texas-based Caring Hearts Hospice.
October	 KAIN CAPITAL	 PERA HEALTHCARE	4	CO, MO, KS, OK	Kain Capital, a leading healthcare-focused private equity firm, has acquired a majority stake in Hospice Care of America to form PERA Holdings.

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Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/Rev	EV/EBITDA
Addus HomeCare	\$99.49	\$929	\$100	1.83x	17x
Amedisys	\$83.54	\$2,220	\$316	1.49x	10.48x
Pennant Group	\$10.98	\$460	\$27,066	1.41x	23.96x
Enhabit	\$13.16	\$1,084	\$160	1.16	7.83x

Share price as of 12/31/2022

Revenue / EBITDA in millions