



# HOME HEALTH, PERSONAL CARE, & HOSPICE MARKET SNAPSHOT

## RECENT M&A HIGHLIGHTS

Q4 2018 ended with strong M&A activity as larger players further diversified their service mix, adding scale to smaller service lines and expanding geographically. With the acquisition of LifePoint Health's home health ("HH") assets in North Carolina and Virginia, LHC Group expanded its presence from 30 total locations (20 HH, 10 hospice) to 47 (33 HH, 14 hospice). LHCG expects strong growth within the next few years. Earlier in Q4, the acquisition of Compassionate Care Hospice allowed Amedisys to expand its footprint and combine hospice operations to include a portfolio of 136 care centers in 34 states, with an average daily census of about 11,000 patients and 5,700 hospice employees.

Another notable transaction was Accent Care's acquisition of Steward Home Care and Hospice. This acquisition expanded Accent Care's Northeast presence to include Massachusetts and New Hampshire. Following the acquisition, Accent Care will operate in 16 states and service 110,000 patients and clients annually. In particular, this acquisition signals the continued health system appetite to divest non-core assets to experienced operators that can better manage their post-acute care network.

## MARKET OVERVIEW

Home health and personal care are a cost-effective alternative to facility-based care for patients recovering from illness or injury or in need of long-term assistance. On the other hand, hospice providers offer palliative care (rather than curative care) to terminally ill patients. Home health and personal care providers have been targets of consolidation due to high industry fragmentation and overall cost of care. The post-acute market has become one of the most highly sought after subsectors of healthcare services in recent years as favorable macro-level tailwinds, coupled with favorable Medicare reimbursement and a fragmented competitive landscape, have caused private equity dollars to flow into the sector and larger strategic players to make tuck-in acquisitions.

### TAILWINDS

### HEADWINDS



Aging  
Demographics















Cost  
Containment



Push for  
Value



Medicaid  
Reimbursement

				EV / LTM	
DATE	TARGET	ACQUIRER	EV (\$ mm)	Rev.	EBITDA
Dec. 18	 Steward HOME CARE	 AccentCare	-	-	-
Dec. 18	 LIFEPOINT HEALTH Home Health Assets	 LHC GROUP	-	-	-
Oct. 18	 CompassionateCare HOSPICE	 amedisys	-	-	-
Nov. 18	 VIP HEALTH CARE SERVICES	 ADDUS HOMECARE	\$340	1.8x	12.6x
July 18	 PREMIER HEALTHCARE SERVICES	 aveanna healthcare	-	-	-
May 18	 Camellia HEALTHCARE	 Encompass Health	135	1.7x	-



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## PRIVATE EQUITY

With a market ripe for consolidation, private equity dollars continued flowing into the post-acute space as firms seek platform investments to consolidate smaller operators. Firms continue to pay premiums for companies of size with a strong back-office that can scale quickly to create multi-regional organizations. Firms seek companies with favorable payer mix, established health system partnerships, and a strong community referral base.







In May 2018, Kelso and Blue Wolf merged Jordan Health Services with Great Lakes Caring Home Health and Hospice and National Home Health Care to create one of the largest privately held providers of home-based care in the United States. The newly combined company will serve over 63,000 patients and their families on a daily basis, employing over 31,000 caregivers across 15 states in 221 locations.

More recently, TPG Capital, Welsh, Carson, Anderson & Stowe, along with Humana Inc. (NYSE:HUM), acquired Curo Health Services to modernize, enhance, and transform home health care. Upon the closing of the acquisition of Kindred at Home Division, the consortium intends to merge Curo with the hospice business of Kindred at Home to create the country's largest hospice operator.

In October, MBF Healthcare Partners acquired a majority interest in Affinity Hospice, headquartered in Birmingham, Ala. Affinity's CEO will maintain a significant equity stake in the business remaining involved with day-to-day operations. Affinity provides hospice care throughout Alabama and Georgia, aiming to expand services nationally.

## H2C TAKEAWAYS

Given demographic tailwinds, relative cost advantages, and a favorable Medicare reimbursement environment to players with scale, H2C expects investor appetite in this sector to remain robust. Further, with patients continuing to prefer home care, coupled with payers acknowledging the benefits of home care, we believe the sector will benefit from its stronghold within the post-acute continuum. In addition, we expect increased merger and acquisition activity as smaller players struggle to manage costs and staffing.

DATE	TARGET	ACQUIRER	EV (\$ mm)	EV / LTM	
				Rev.	EBITDA
Oct-18			-	-	-
Aug-18			-	-	-
Apr-18			\$1,400	-	-
May-18			-	-	-
Apr-18			-	-	-
May-18			705	-	10.4x



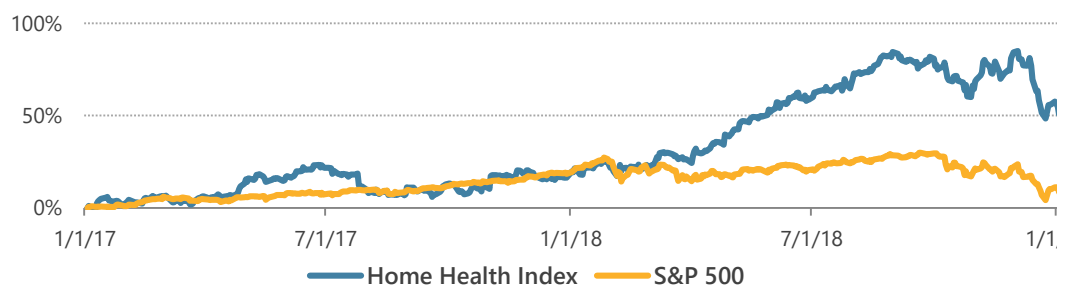
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Public Comparables • Home Health, Home Care, and Hospice

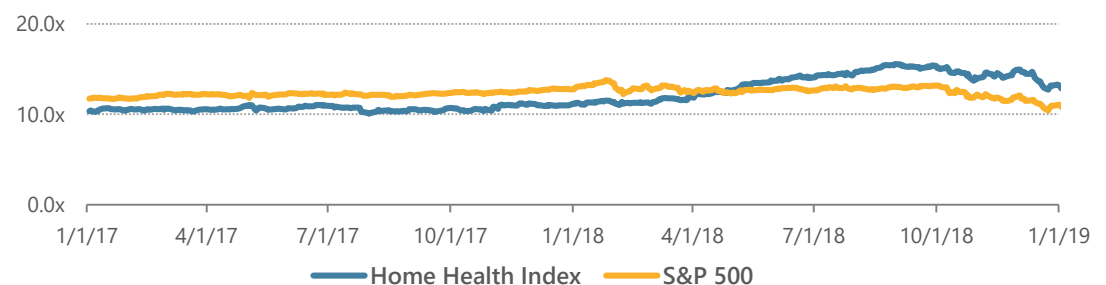
COMPANY	SHARE PRICE 12/31/18	% of 52 WEEK HIGH	MARKET CAP	EV (\$ mm)	EV / REVENUE			EV / EBITDA			LT GROWTH RATE
					LTM <sup>1</sup>	2018	2019	LTM <sup>1</sup>	2018	2019	
AMEDISYS	\$117.11	83.1%	3,734	3,778	2.33x	2.28x	1.95x	23.00x	21.2x	17.4x	18.1%
ADDUS HOME CARE	93.88	83.7%	2,945	3,261	2.05x	1.79x	1.51x	24.44x	19.2x	14.6x	18.2%
LHC GROUP	67.88	87.2%	857	811	1.66x	1.57x	1.40x	21.66x	18.8x	15.9x	13.3%
CHEMED	283.28	84.3%	4,536	4,599	2.62x	2.57x	2.45x	17.29x	15.1x	14.4x	13.9%
ENSIGN GROUP	38.79	77.6%	2,027	2,238	1.10x	1.11x	1.00x	12.21x	11.6x	9.7x	15.0%
BROOKDALE —SENIOR LIVING SOLUTIONS—	6.70	66.3%	1,258	5,757	1.59x	1.27x	1.34x	10.10x	10.7x	11.5x	0.0%
ENCOMPASS Health	61.70	74.8%	6,104	9,090	2.13x	2.13x	2.00x	10.31x	10.2x	9.7x	11.5%
Median					2.05x	1.79x	1.51x	17.3x	15.1x	14.4x	13.9%
Mean					1.92x	1.82x	1.66x	17.0x	15.3x	13.3x	12.9%

Home health stocks have outperformed the broader market over the last year, while enterprise valuations as a multiple of EBITDA are near all-time highs, as favorable regulatory changes and significant investment into the space have created considerable momentum and tailwinds.

## Home Health Index • Relative Stock Performance



## Historical Valuations • Total Enterprise Value / EBITDA



(1) LTM as of Dec. 31, 2018.

Source: CapIQ

Note: Home Health Index is composed of: AMED, ADUS, LHCG, CHE, ENSG, BKD, and EHC. Data is up to Dec. 31, 2018.



# H2C TRANSACTIONS ADVISORY OVERVIEW

A registered broker-dealer, H2C Securities is a preeminent investment bank and a leading healthcare services firm. H2C provides investment banking services to companies seeking additional capital, acquisitions/divestitures strategies and execution and/or restructuring/recapitalization solutions.

*Ongoing*

## A Multi-State Home Health Business

is pursuing a sale

Exclusive Sell-Side Advisor

*Ongoing*

## GEISINGER

has formed a joint venture partnership with



Exclusive Sell-Side Advisor

*Ongoing*

## A Regional Home Care Business

is pursuing a sale

Exclusive Sell-Side Advisor



acquired equity in



Financial Advisor to Wellmont Health System



has sold its CareOne



Exclusive Sell-Side Advisor to Memorial Health



has sold its home health business to



Exclusive Sell-Side Advisor to Baptist Health System

## ABOUT HAMMOND HANLON CAMP LLC

Hammond Hanlon Camp LLC ("H2C") is an independent, healthcare-focused strategic advisory and investment banking firm with a particular emphasis on the not-for-profit sector. The firm's principals have been lead advisors on hundreds of transactions in the healthcare industry representing billions of dollars in value, offering the experience and industry knowledge to achieve the most favorable results.

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