

Market Commentary

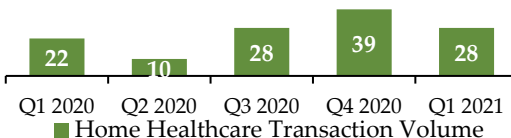
Over the past year, large, home-based healthcare providers have been prime acquisition targets. As a result, acquisition targets of scale have become more scarce, forcing acquirers to swim downstream to pursue smaller targets. Medium-sized home-based healthcare providers stand to capitalize as private equity and strategic consolidators search for companies with future growth capabilities.

Select Large-Scale Acquisitions

- H.I.G. Capital acquired St. Croix Hospice for an estimated \$580 MM
- Centerbridge/The Vistria Group acquired Help at Home for an estimated \$1.4 BN
- BrightSpring Health Services acquired Abode Healthcare for \$775 MM

After a strong finish in Q4 2020, deal volume fell 28 percent in Q1 2021 to 28 transactions, a figure more in line with pre-covid deal volume.

Although publicly traded valuation multiples slightly regressed in Q1 2021, we believe valuations will remain high and climb higher as SPACs move into the home-based provider sector and compete with strategic acquirers and record-level activity from private equity.



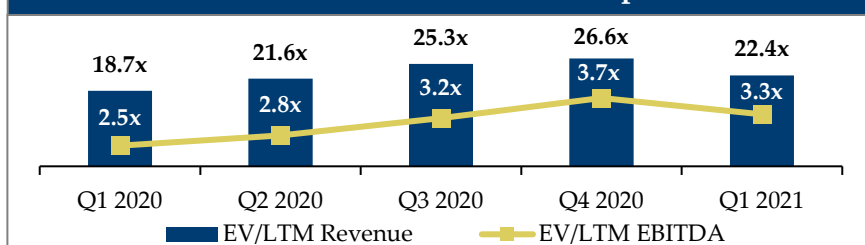
Select Q1 2021 Home Healthcare Transactions¹

Date	Acquirer	Target	Deal Value
01/05/21	Bristol Hospice, LLC	California operations of Companion Hospice	Undisclosed
01/11/21	Help At Home, LLC (OTC: HAH1)	Adaptive Group Holdings, LLC	Undisclosed
01/11/21	Caring People, Inc.	Always Here Home Care, Inc.	Undisclosed
01/11/21	Caring People, Inc.	Kosher Caregivers Inc.	Undisclosed
01/15/21	Thomas H. Lee Partners, L.P.	Care Hospice, Inc.	Undisclosed
01/25/21	Grant Avenue Capital, LLC	Valeo Home Health and Hospice	Undisclosed
01/26/21	Angels of Care	All Care Home Nursing Services	Undisclosed
02/16/21	Charter Health Care Group, LLC	Physmed Home Health Care	Undisclosed
02/16/21	Charter Health Care Group, LLC	Serene Care Hospice, Inc.	Undisclosed
02/24/21	HCA Healthcare (NYSE: HCA)	Brookdale Senior Living (NYSE: BKD) Hospice, Home Health, Outpatient Therapy business	\$400.0 MM
03/01/21	BrightSpring Health Services	Abode Hospice and Home Health	\$775.0 MM
03/15/21	Mission Healthcare	Alliance Home Health & Hospice Care	Undisclosed
03/30/21	Best Life Brands, LLC	PROHealth Home Care Inc.	Undisclosed

Select Home Healthcare Trading Multiples²

Company	Ticker	Market Cap.	Revenue	EBITDA	EV/Rev.	EV/EBITDA
Amedisys, Inc.	AMED	\$8,698.0	\$2,071.5	\$242.9	4.3x	30.9x
Encompass Health	EHC	8,129.9	4,644.4	890.8	2.6x	12.2x
LHC Group, Inc.	LHCG	6,041.2	2,063.2	201.2	2.9x	23.3x
Addus HomeCare	ADUS	1,639.2	764.8	63.1	2.3x	23.8x
The Pennant Group, Inc.	PNTG	1,294.4	391.0	25.2	4.1x	23.1x

Historic Mean Valuation Multiples



Max	4.3x	30.9x
Median	2.9x	23.3x
Mean	3.3x	22.4x
Min	2.3x	12.2x

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