

Q2 2021 Home Healthcare Market Update

Market Commentary

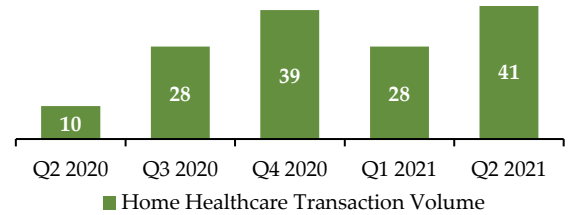
2021 transactions up after 46 percent increase in Q2 2021

- The home health market remains a rapidly consolidating area with 41 transactions in Q2 2021, up over 45 percent from Q1 2021.
- Humana, Inc. is set to purchase the remaining 60 percent of Kindred At Home for \$5.7BN, three years after acquiring 40 percent for \$2.4BN in 2018. The completed deal of Kindred At Home is valued at \$8.1 BN.
- Many startups are focusing on aging-in-place, aligning with the preferences of an aging U.S. population. Advances in digital technology are allowing strategies such as community paramedicine and high-acuity nursing to grow.

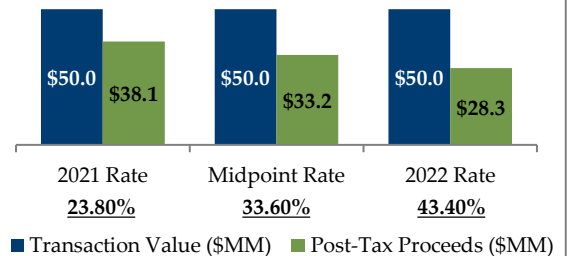
Last Call...

- In most years, business owners with the goal of closing a transaction before year-end need to enter the market no later than August. This year stakes are especially high due to the potential increase in the long-term capital gains tax in 2022. Transactions can be closed in a shorter timeframe, but there will be less certainty than ever before with most investment banks and ancillary firms (accountants, attorneys, etc.) at or near full capacity through the remainder of 2021.

M&A Transaction Volume



Potential Capital Gains Tax Effect



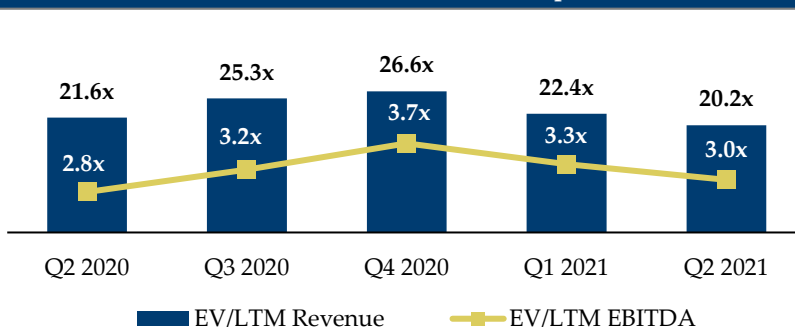
Select Q2 2021 Home Healthcare Transactions

Date	Acquirer	Target	Deal Value
06/17/21	The Pennant Group, Inc.	First Call Hospice	Undisclosed
06/02/21	LHC Group, Inc.	Heart of Hospice, LLC	Undisclosed
06/01/21	Searchlight Capital Partners, L. P.	Care Advantage, Inc.	Undisclosed
05/18/21	Traditions Health, LLC	Area Community Hospice, Inc..	Undisclosed
05/11/21	Amedisys, Inc.	Assets of Visiting Nurse Association	Undisclosed
04/26/21	Encompass Health Corp.	Assets of Frontier Home Health and Hospice	Undisclosed
04/13/21	Charter Healthcare Group	The Providence Home Health and Hospice	Undisclosed
04/01/21	Advocate Aurora Enterprises	Senior Helpers Franchising, LLC	\$187.0 MM

Select Home Healthcare Trading Multiples¹

Company	Ticker	Market Cap.	Revenue	EBITDA	EV/Rev.	EV/EBITDA
Amedisys, Inc.	AMED	\$7,977.8	\$2,117.0	\$270.3	3.9x	25.9x
Encompass Health	EHC	7,768.0	4,906.4	1041.6	2.5x	11.5x
LHC Group, Inc.	LHCG	6,341.5	2,075.2	218.5	3.0x	22.7x
Addus HomeCare	ADUS	1,374.0	779.9	66.5	1.9x	19.4x
The Pennant Group, Inc.	PNTG	1,157.6	404.8	23.7	3.7x	21.6x

Historic Mean Valuation Multiples



Max	3.9x	25.9x
Median	3.0x	21.6x
Mean	3.0x	20.2x
Min	1.9x	11.5x

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