



# DealReader

## Home Health & Community-Based Healthcare

January 2017

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**The Newsletter on Home Health & Community-Based Healthcare Services Segments**

*"People are usually the happiest at home"*

- William Shakespeare

### Lincoln's Home & Community Focus

- In 2015 – 2016, Lincoln International's Healthcare Group completed **eight** home & community and elder services M&A and financing deals
- The Group remains engaged on several home and community-based assignments

## Select Lincoln Deals since 2015



### Home Care



### Home Infusion



### Home Medical Supplies



### Adult Day Health



### Home Health



### Home Health

# The Newsletter on Home Health & Community-Based Services Segments

## Service Segment Definitions:

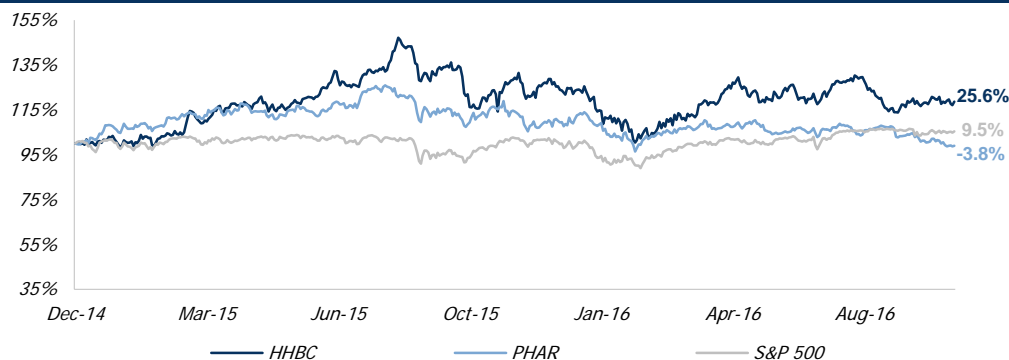
**HHBC:** Adult Day Health, Home Care, Home Nursing, Hospice, Pediatric Home Health, Pediatric Therapy, Physician Housecall, PPEC

**PHAR:** Home Infusion, Specialty IV, Specialty Pharmacy, Compounding

**HMS:** Home Medical Supplies (excludes DME)

## Lincoln International Home Health & Community-Based Healthcare Indices

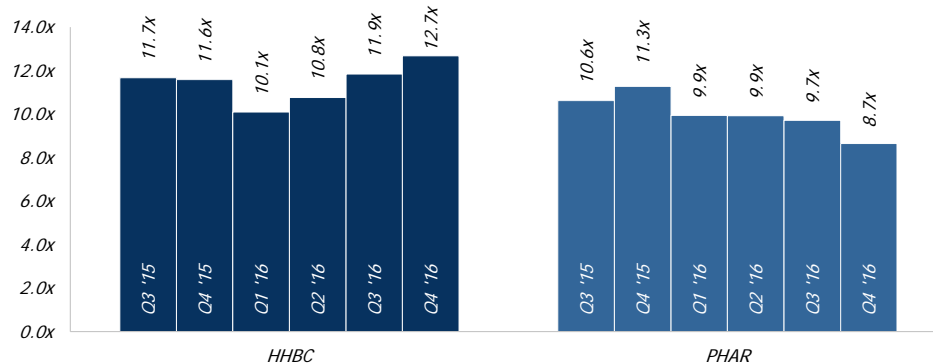
### Last 7 Quarters Relative Stock Price Performance



HHBC: ADUS, AFAM, AMED, CHE, KND, LHCG

PHAR: BIOS, CVS, ESRX, PMC, WBA

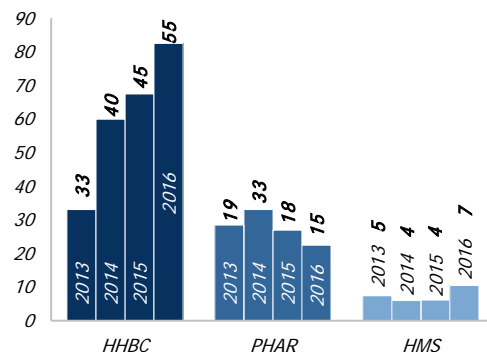
### Historical Median Enterprise Value / EBITDA Performance



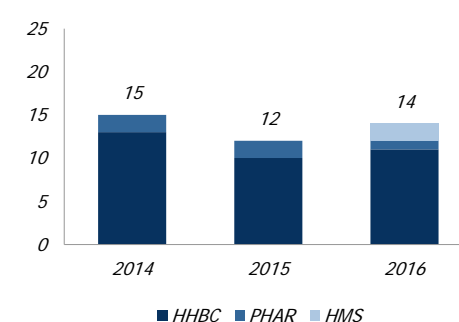
Note: May exclude outlier multiples

### Total Number of M&A Transactions Across Index

#### U.S. Deals by Segment



#### International Deals by Segment



Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

## Market Observations by Segment

**HHBC:** The Home Health & Community Based Care services segment (skilled home health, unskilled home care, hospice, pediatric home & community, day health) closed out another stellar transaction year. Per our chart on page 2, HHBC has seen M&A deal increases in every year since we started this DealReader. The interest has been vibrant across most of its sub-segments, including:

- Medicare oriented skilled home health (though waning just a bit in recent months),
- Pediatric home health & community (e.g., Bain Capital – Epic Health and Epic Health – Pediatrics being bellwether deals)
- Medicaid oriented home care (e.g., All Metro Healthcare adding through acquisition of Multicultural)
- Franchise home care (e.g., Altaris Capital buying Senior Helpers from Levine Leichtman)
- Hospice (with several deals in the market)
- Home Health to hospice combination deals (witness the acquisition of hospice and home health provider Great Lakes Caring by Blue Wolf Capital, which also owns Medicaid focused National Home Health)

HHBC continues to attract interest from strategic buyers already active in HHBC as well as buyers taking a closer look at the sector as a way to build a care continuum of acute to post-acute or across the post-acute space. Regarding the latter, example buyers include Kindred, Healthsouth-Encompass and Envision Healthcare, to name just a few.

*International HHBC:* aside from consistent HHBC deal activity in non-US markets, with a steady stream of platform builds in such countries as the UK, France, Germany, and other European countries, we are also observing M&A and venture investments in this sector in many other countries/geographic areas (e.g., Far East, India, South America).

**PHAR:** Even though there are fewer platform companies available than in years past in such areas as specialty pharmacy and home infusion, the specialized pharmacy services sector continues to show attractive M&A dynamics given the higher growth in many of the specialized pharmacy sub-segments and given the pipeline of specialized drugs expected to continue to be introduced over the coming years. While Q4 was a slower deal quarter, the year overall saw interesting, solid acquisition activity by Diplomat Pharmacy, Kroger's Axiom Pharmacy, Meijer, CVS and Bioscrip.

*International PHAR:* Q4 saw two bellwether specialized pharmacy services deals in Germany, both completed by private equity group IK Investment Partners. The firm acquired Aposan, a home infusion provider (with Lincoln International's Healthcare Group serving as sell-side advisor), and subsequently purchased Zyto Services, a patient-specific infusion compounding provider.

**HMS:** The direct-to-patient home medical supplies provider space saw rebound in deal activity in 2016, though very limited deal flow in Q4. Domtar's acquisition of Home Delivery Incontinent Services (with the latter represented by Lincoln International's Healthcare Group) and Coloplast's Comfort Medical purchase, under vertical integration, direct-to-consumer strategic initiatives, were among the most notable deals in the space in 2016. While there are somewhat fewer private equity platforms in the HMS space than in years past (though note HIG's purchase of U.S. Medical Supply in late 2015), other sector participants (e.g., Domtar; CR Bard following its Liberator acquisition; Epic Health on the pediatric side post-Option 1 acquisition) have created interesting M&A dynamics in this space.

## M&A Activity in HHBC-PHAR-HMS

### Sampling of Deals – Last Several Months

Announced Date	Target	Acquirer	Classification
12/19/2016	Epic Health Services, Inc.	Bain Capital Private Equity, LP	HHBC
12/19/2016	Personal-Touch Home Care, Inc.	Anova Health Care System, Inc.	HHBC
12/13/2016	Multicultural Homecare Inc.	All Metro Aids Inc.	HHBC
12/01/2016	Comfort Medical, LLC	Coloplast A/S	HMS
11/29/2016	Great Lakes Home Health Services, Inc.	Blue Wolf Capital Partners LLC	HHBC
11/14/2016	Oncology Plus, LLC	Avella Specialty Pharmacy, Inc.	PHAR
11/14/2016	Medigroba GmbH	SHS Capital mbH	HHBC
11/07/2016	Innovations Health Services & Assure Home Healthcare	PSA Healthcare	HHBC
11/03/2016	ZytoService Deutschland GmbH	IK Investment Partners	HMS
11/02/2016	Secura Home Health, LLC	Care Finders Total Care LLC	HHBC
10/16/2016	APOSAN Dr. Künzer GmbH	IK Investment Partners	HMS
10/13/2016	Pediatric Healthcare, LLC	Epic Health Services, Inc.	HHBC
10/13/2016	Senior Helpers	Altaris Capital Partners, LLC	HHBC
09/19/2016	Professional Pediatric Home Care, Inc.	PSA Healthcare	HHBC
08/18/2016	HDIS Inc.	Domtar Corporation	HMS
07/20/2016	ModernHEALTH, Inc.	Kroger	PHAR
07/19/2016	New Century, Inc.	Curo Health Services, LLC	HHBC
07/12/2016	Southeastern Home Health Services	Geneva Glen Capital, LLC	HHBC
07/02/2016	CNS Home Health Care, Inc.	Recover Health, Inc.	HHBC
06/27/2016	Avita Drugs, LLC	Long's Drugs Inc.	PHAR
06/23/2016	Experea Healthcare, Inc.	ABC Home Medical Supply Inc.	HMS
06/13/2016	Home Solutions Inc.	BioScript	PHAR
06/08/2016	Wedgewood Village Pharmacy	New Harbor Capital	PHAR
06/01/2016	Valley Campus Pharmacy	Diplomat Pharmacy, Inc.	PHAR
06/01/2016	TNH Pharmacy	Diplomat Pharmacy, Inc.	PHAR
05/10/2016	Genesis Health Home and Hospice	Hospice Compassus	HHBC
04/08/2016	Advanced Medical	Woodbury Health	HMS
03/15/2016	ExactCare Pharmacy LLC	Nautic Partners	PHAR
03/08/2016	Healy Pharmacy, LLC	Apothecary by Design LLC	PHAR
02/25/2016	BioLogics, Inc.	McKesson Specialty Health	PHAR
02/11/2016	Associated Home Care Inc.	Amedisys Inc. (NasdaqGS:AMED)	HHBC
02/10/2016	All Metro Aids Inc.	One Equity Partners LLC	HHBC
02/08/2016	Care Unlimited Inc.	Pediatric Services of America, Inc.	HHBC
02/04/2016	H.H. Franchising Systems, Inc.	Linsalata Capital Partners	HHBC
01/28/2016	National Home Health Care Corp.	Blue Wolf Capital Partners LLC	HHBC
12/09/2015	Senior Care / Active Day	Audax Group	HHBC
12/07/2015	Medical Direct Club, LLC	Comfort Medical, LLC	HMS
12/01/2015	Family Hospice, LLC	New Century Hospice, Inc.	HHBC
11/20/2015	Liberator Medical Holdings, Inc.	CR Bard Inc.	HMS
11/17/2015	AxelaCare Health Solutions, LLC	OptumRx, Inc.	PHAR
11/04/2015	Black Stone of Cincinnati, LLC	Almost Family Inc.	HHBC
11/03/2015	Infinity HomeCare, LLC	Amedisys Inc.	HHBC
10/28/2015	Nurses' Registry and Home Health	LHC Group, Inc.	HHBC
10/07/2015	Hospice Advantage, Inc.	Hospice Compassus, Inc.	HHBC
10/06/2015	PharMEDium Healthcare Holdings	AmerisourceBergen Drug Corp.	PHAR
09/30/2015	HomeFirst Healthcare Services, LLC	Epic Health Services, Inc.	HHBC
09/03/2015	Option 1 Nutrition Solutions, LLC	Epic Health Services, Inc.	HMS
09/03/2015	Halcyon Hospice	LHC Group, Inc.	HHBC
08/31/2015	Willcare	Almost Family	HHBC
08/31/2015	CareSouth Health System, Inc.	Encompass Home Health	HHBC
08/18/2015	U.S. Medical Supply, Inc.	H.I.G. Capital	HMS
08/15/2015	Help at Home, Inc.	Wellspring Capital Management	HHBC
06/19/2015	Burman's Apothecary, L.L.C.	Diplomat Pharmacy, Inc.	PHAR
06/05/2015	Levin Homecare	Family Private Care, Inc.	HHBC
06/03/2015	Managed Care At Home, Inc.	Cornerstone Healthcare, Inc.	HHBC
05/29/2015	Northeast Pharmaceuticals, Inc.	Genoa (QoL)	PHAR
05/28/2015	Saint Jude Healthcare, LLC	St. Croix Hospice, LLC	HHBC
05/21/2015	Omnicare Inc.	CVS Pharmacy, Inc.	PHAR
05/20/2015	Aureus Health Services, LLC	Meijer, Inc.	PHAR
05/14/2015	Advanced Care Management, Inc.	LivHOME, Inc.	HHBC
04/27/2015	South Shore Home & Acaring Home	Addus HealthCare, Inc.	HHBC

## Global Industry Groups

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Building &  
Infrastructure  
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Chemicals  
Consumer  
Distribution  
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Energy & Power  
Financial Institutions  
Food & Beverage  
Healthcare  
Industrials  
Packaging  
Technology & Media

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Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With eighteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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