



DealReader

Chronic & Elder Healthcare

April 2016

Lincoln's Chronic & Elder Care Focus

- Over the past 12 months, Lincoln International's Healthcare Group has completed **six** chronic & elder care M&A and financing deals
- The Group remains engaged on several chronic and elder care services assignments

Inside this Issue

The Newsletter on Chronic & Elder Care Segments

Valuation and Deal Dynamics

Deals Completed since January 2015

Undisclosed Client

Debt Financing for Acquisition of

Home Care Provider

Home Care



Adult Day Health



Home Health



Home Infusion



Home Health

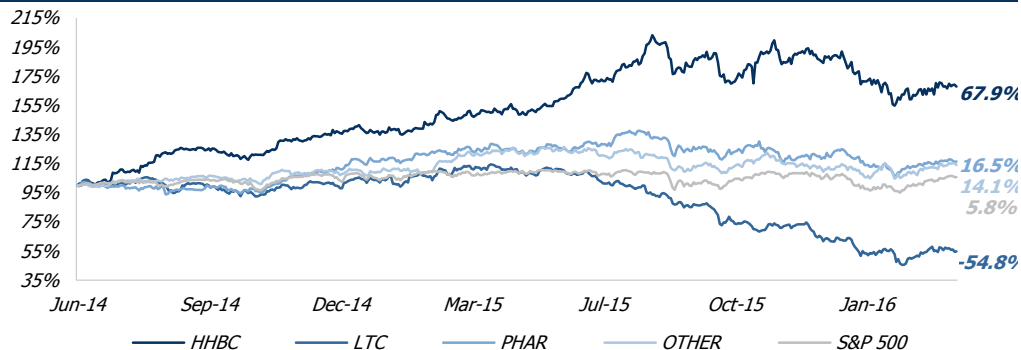


SNF Rehab

The Newsletter on Chronic & Elder Care Segments

Lincoln International Chronic & Elder Care Indices

Last 7 Quarters Relative Stock Price Performance



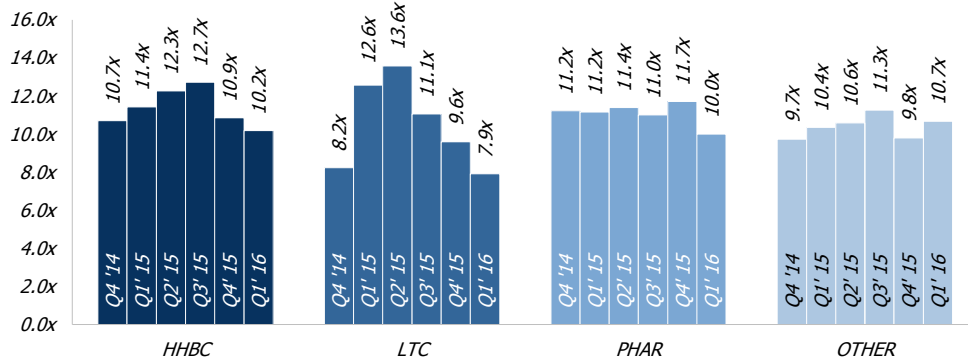
HHBC: ADUS, AFAM, AMED, CHE, KND, LHCG

LTC: BKD, FVE, GEN, KND, NHC

PHAR: BIOS, CVS, ESRX, PMC, WBA

OTHER: DVA, FME, HLS, SEM, USPH

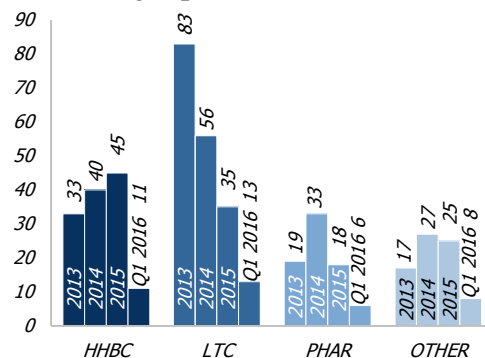
Historical Median Enterprise Value / EBITDA Performance



Note: May exclude outlier multiples

Total Number of M&A Transactions Across Index

U.S. Deals by Segment



Transactions in 2013, 2014, 2015 and Q1 2016

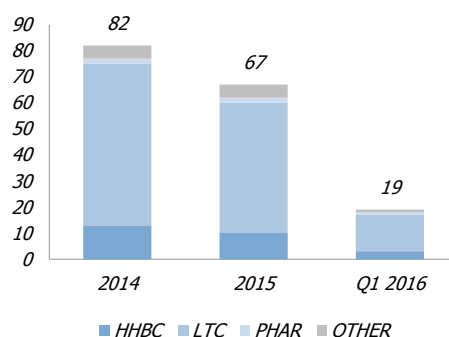
Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

Deal Classification

- HHBC: Home Nursing, Home Care, Hospice, Peds Home, PPEC, Adult Day Health, etc.
- LTC: SNF, ALF, RC, ILF and related (excluding real estate deals)
- PHAR: Home IV, Specialty Pharmacy, LTC Pharmacy, Behavioral Pharmacy
- OTHER: Outpatient Rehab, Dialysis, Elder Outpatient, LTAC

Total Number of M&A Transactions Across Index

International Deals by Segment



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Transactions in 2014, 2015 and Q1 2016

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Market Observations by Segment

HHBC (Home Health & Community-Based Care): M&A activity remains undeterred in HHBC, suggesting a fourth consecutive year of solid to strong deal activity. Again, early 2016 transactions in this industry cut across multiple sectors, including skilled (Medicare) home health, Medicaid home care, pediatric home health and private pay. Medicaid-focused home care saw two more sizable platform deals in Q1 following the recent investment by Wellspring Capital in Help at Home: One Equity's purchase of All Metro and Blue Wolf's acquisition of National Home Health. In addition, Pediatric Services of America, newly backed by J.H. Whitney, completed a good size pediatric deal, and Amedisys completed their acquisition of a private pay home care company. Meanwhile, Linsalata Capital became the latest private equity group invested in home care franchising following Levine Leichtman's 2015 acquisition of Caring Brands / Interim Healthcare.

PHAR: After the large OptumRx / AxelaCare deal in Q4 2015, activities in the overall PHAR segment stayed relatively calm. The big exception was McKesson's February acquisition of Biologics, a specialty oncology pharmacy and payer / pharma services provider. We expect to see additional specialized pharmacy deals over the course of the year, with strategic buyers in particular likely to be quite active.

LTC and OTHER: Continuation of reduced 2015 M&A deal flow in LTC, with OTHER categories holding at 2015 levels. Of note, there are as many home health & community based deals these days as there are LTC elder care deals. Not surprising given the latest data published by *Associated Press* that in 2013, "51% of the \$146 billion spent on long-term care benefits for seniors and those with disabilities was spent on home and community-based services, compared to 49% on institutional LTC services." In the OTHER category, rehab deal volume stands out, including the bellwether Advent International's acquisition of ATI Physical Therapy.

International Transactions: Our Chronic and Elder Care DealReader now also features some initial statistics on non-U.S. transactions in these segments. By far, the most active category for M&A deals is LTC, followed by HHBC. Countries in which we observe particularly strong deal volume include the United Kingdom, Germany, Australia, Canada and France. Smaller but notable M&A transactions occur in the following regions: Far East (notably Japan, China and Singapore), Scandinavian countries (notably Finland and Norway), Benelux, and Mediterranean countries (notably Spain and Italy).

M&A in Chronic & Elder Care Segments

■ Sampling of Deals – Last 12 Months

Announced Date	Target	Acquirer	Classification
03/31/2016	Select Medical Rehabilitation Services, Inc.	Encore Rehabilitation Services, LLC	OTHER
03/29/2016	ATI Physical Therapy	Advent International	OTHER
03/25/2016	Autumn Corporation	Omega Healthcare Investors Inc. (NYSE:OHI); Saber Healthcare Group, LLC	LTC
03/15/2016	ExactCare Pharmacy LLC	Nautic Partners	PHAR
03/09/2016	Genesis Healthcare, Inc., Majority of Home Health and Hospice Operations	Hospice Compassus, Inc.	HH
03/08/2016	Healy Pharmacy, LLC	Apothecary by Design LLC	HH
02/25/2016	BioLogics, Inc.	McKesson Specialty Health	PHAR
02/11/2016	Associated Home Care Inc.	Amedisys Inc. (NasdaqGS:AMED)	HH
02/10/2016	All Metro Aids Inc.	One Equity Partners LLC	HH
02/08/2016	Care Unlimited Inc.	Pediatric Services of America, Inc.	HH
02/04/2016	H.H. Franchising Systems, Inc.	Linsalata Capital Partners	HH
01/28/2016	National Home Health Care Corp.	Blue Wolf Capital Partners LLC	HH
01/11/2016	The ELMS Group	Commonwealth Assisted Living LLC	LTC
01/04/2016	Active Health Services Ltd.; Community Advantage Rehabilitation, Inc.	Audax Group	OTHER
12/22/2015	Spectrum Professional Services, Inc.	Beecken Petty O'Keefe & Company	OTHER
12/09/2015	Senior Care / Active Day	Audax Group	HHBC
12/07/2015	Upstream Rehabilitation Inc.	Revelstoke Capital Partners	OTHER
12/01/2015	Family Hospice, LLC	New Century Hospice, Inc.	HHBC
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 Corporation	LHC Group, Inc.	HHBC
10/07/2015	Hospice Advantage, Inc.	Hospice Compassus, Inc.	HHBC
10/06/2015	PharMEDium Healthcare Holdings	AmerisourceBergen Drug Corporation	PHAR
09/30/2015	HomeFirst Healthcare Services, LLC	Epic Health Services, Inc.	HHBC
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
08/22/2015	DSI Renal	U.S. Renal Care Inc.	OTHER
08/15/2015	Help at Home, Inc.	Wellspring Capital Management LLC	HHBC
06/25/2015	Star Physical Therapy, LP	MOTION PT Holdings, Inc.	OTHER
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 Health Service Inc. and Acaring Home Care, LLC	Addus HealthCare, Inc.	HHBC
04/16/2015	Heritage Assisted Living, Inc.	The Ensign Group, Inc.	LTC

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Packaging
Technology & Media

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About Lincoln International

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 pension advisory services on a wide range of transaction sizes. With sixteen 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.

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