



DealReader

Home Health & Community-Based Healthcare

September 2016

Lincoln's Home & Community Focus

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

Inside this Issue

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

Select Lincoln Deals since 2015

Private Equity Group

has raised debt financing to acquire

Leading Home Care Platform



Home Care

CLEARVIEW CAPITAL

has sold

SENIOR CARE | ACTIVE DAY

to

Audax Group



Adult Day Health

SUMMER STREET CAPITAL PARTNERS

has sold

WILLCARE
We care for people

to

ALMOST family
Excellence Through Senior Advocacy



Home Health

Creadev

has sold

homeperf

to

ARKEA | BNP PARIBAS
PARQUEST CAPITAL | VIVALTO



Home Infusion

MTS | **OAKTREE**

have sold

Loving Care
and its Pediatric Division to

epic

a portfolio company of

WEBSTER capital



Home Health

The Newsletter on Home Health & Community-Based Services Segments

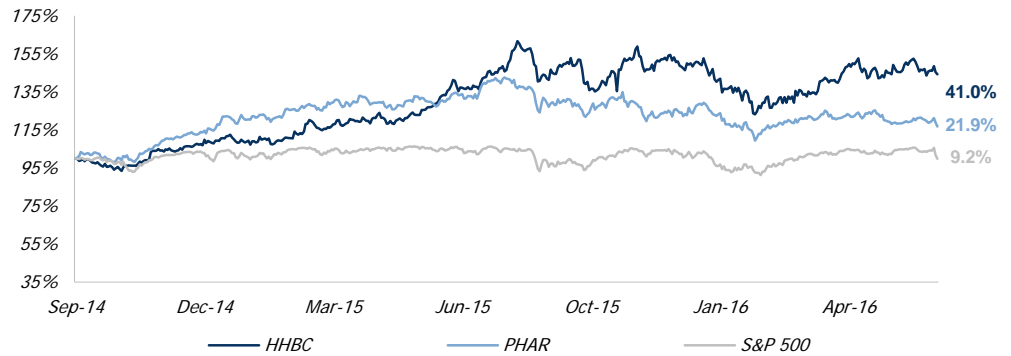
Service Segment Definitions:

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

PHAR: Home Infusion, Specialty Home IV, Specialty Pharmacy, Compounding
HMS: Home Medical Supplies (excludes DME)

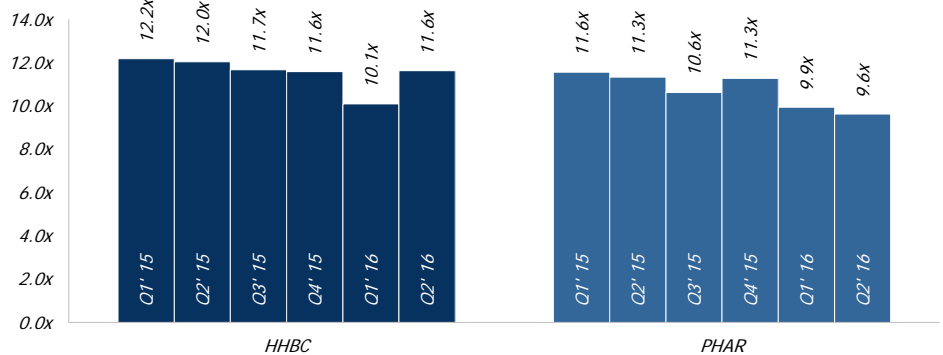
Lincoln International Home Health & Community-Based Healthcare Indices

Last 7 Quarters Relative Stock Price Performance



HHBC: ADUS, AFAM, AMED, CHE, KND, LHCG
PHAR: BIOS, CVS, ESRX, PMC, WBA

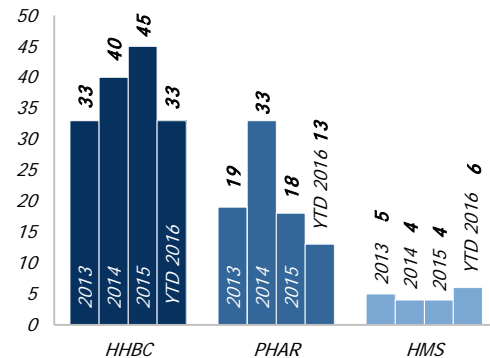
Historical Median Enterprise Value / EBITDA Performance



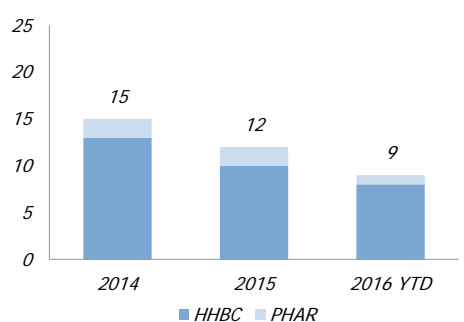
Note: May exclude outlier multiples

Total Number of M&A Transactions Across Index

U.S. Deals by Segment



International Deals by Segment



Transactions in 2013, 2014, 2015 and YTD August 2016
Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

Transactions in 2014, 2015 and Q1 2016
Sources for above graphs: Capital IQ, Lincoln International Healthcare Group

Market Observations by Segment

HHBC: The Home Health & Community Based Care services segment (excluding specialized pharmacy and supplies) is heading toward yet another great M&A year. Over the most recent few months, numerous skilled home health, unskilled home care, hospice and pediatric home health deals have added nicely to a burgeoning deal count. Of note: new private equity entrants (e.g., Geneva Glen Capital acquiring Southeastern Home Health); Hospice Compassus and Curo Health both active in the hospice arena; Epic (most active) and PSA, buoyed by capital continuing to spend money across the pediatric home & community spectrum; among public participants, LHC Group appears the most active buyer; some ongoing activity in adult day health since last year's bellwether acquisition of Senior Care/Active Day by Audax Group (with Lincoln serving as sell-side financial advisor); a regular flow of Medicaid and unskilled home care deals; and a number of home care franchisor deals remain of interest.

PHAR: Steady number of transactions in this segment, particularly over the past 3-5 months. The most active sub-segment continues to be specialty pharmacy. Diplomat Pharmacy remains an active acquiror, most recently purchasing TNH Pharmacy (for which Lincoln served as sell-side financial advisor). Kroger's Axiom pharmacy platform added in a major way by acquiring Altamont Capital's ModernHEALTH. Other retail pharmacy companies, like Meijer

and Long's Drug, are also busy in the M&A market. In home infusion, Bioscrip purchased KRG Capital's Home Solutions.

HMS: The direct-to-patient home medical supplies provider space has seen meaningful uptick in transactional activity over the past several months. Of note: Domtar's announced, pending acquisition of Home Delivery Incontinent (with Lincoln serving as sell-side financial advisor). Other buyers making inroads into direct-to-consumer supplies channels include C.R. Bard (acquiring Liberator in late 2015). Pediatric home health nursing provider Epic Health Services has also diversified its service offering and is trying to leverage its patient base by offering direct-to-patient supplies, with its 2015 Option 1 acquisition being the launch point for this strategic initiatives.

International Transactions: There continues to be consistent in home healthcare deals in non-United States markets, particularly in European countries, where several private equity backed players are active consolidators. In addition, home infusion provider deals, again predominantly in Europe, is an active M&A arena. Among the most active countries for HHBC and PHAR are the United Kingdom, Germany, and France. Finally, private equity buyers in Europe remain actively interested and investment-oriented in the home infusion market.

M&A in U.S. Home Health & Community Based Healthcare

■ Sampling of Deals – Last Several Months

Announced Date	Target	Acquirer	Classification
08/18/2016	HDIS Inc. (pending)	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	Hpm 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 Corporation	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 LLC	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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Automotive & Truck Building & Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
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 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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