



DealReader

Home Health & Community-Based Healthcare

July 2017

Lincoln's Home & Community Focus

- Since 2015, Lincoln International's Healthcare Group has completed eight home & community and elder services M&A and financing transactions
- The Group remains engaged on several home & community based assignments

Inside this Issue

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

"People are usually the happiest at home"

- William Shakespeare

Select Lincoln Deals since 2015

MTS OAKTREE
have sold
Secura Home Health LLC
to
CARE FINDERS
FOR A CARE

Home Care

Private Shareholder
has sold
APOSAN
to
Investment Partners

Home Infusion

HDIS
has been sold to
Domtar

Home Medical Supplies

CLEARVIEW CAPITAL
has sold
SENIOR CARE ACTIVE DAY
to
Aundax Group

Adult Day Health

SUMMER STREET CAPITAL PARTNERS
has sold
WILLCARE
to
ALMOSTfamily

Home Health

MTS OAKTREE
have sold
Loving Care
and its Pediatric Division to
epic
a portfolio company of
WEBSTERcapital

Home Health

The Newsletter on Home Health & Community-Based Services Segments

Service Segment Definitions:

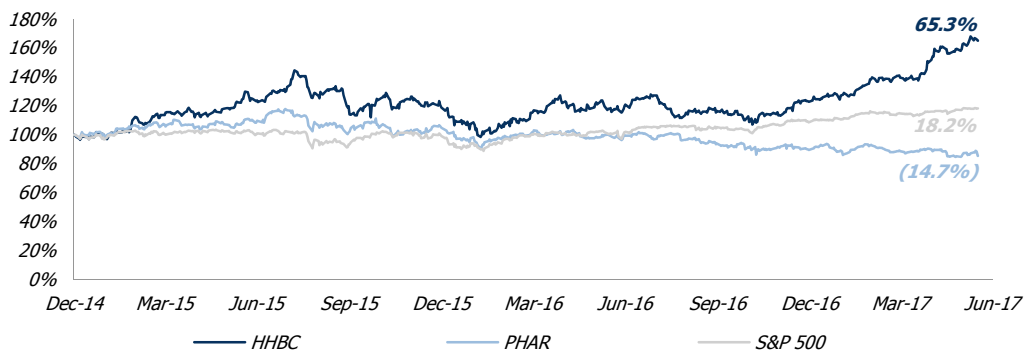
HHBC: Adult Day Health, Home Care, Home Nursing, Hospice, Pediatric Home Health, Pediatric Therapy, Physician Housecall, PPEC

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

HMS: Home Medical Supplies (excludes DME)

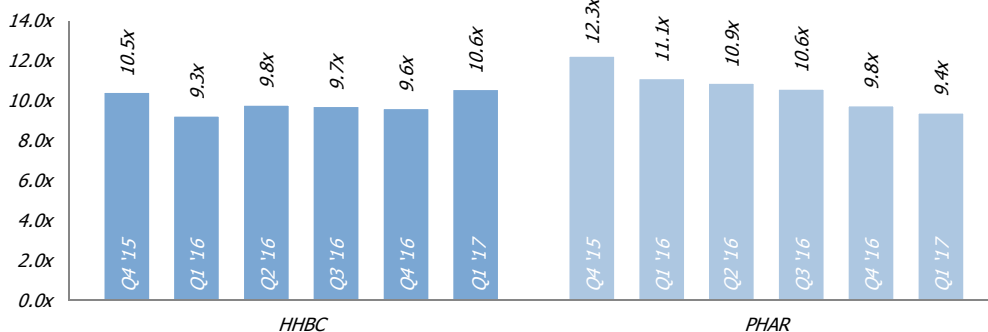
Lincoln International Home Health & Community-Based Healthcare Indices

Last 11 Quarters Relative Stock Price Performance



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

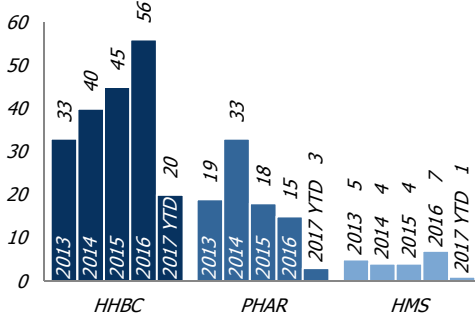
Historical Median Enterprise Value / EBITDA Performance



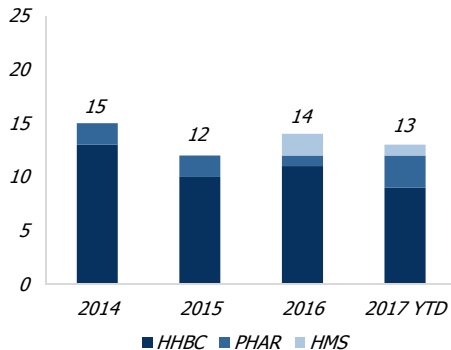
Note: May exclude outlier multiples

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 (through early June 2017)

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Market Observations by Segment

HHBC

Since our last DealReader in January 2017, the HHBC segment (including skilled and unskilled home health, hospice, pediatric home & community, and day care) continues to demonstrate strong transactional activity, which could yield a fifth year in a row of year-over-year growth in M&A deals in this sector. The interest remains compelling across virtually all HHBC segments, but several categories are worth highlighting in particular:

- **Pediatric home & community:** With the merger of Epic Health and PSA, supported by two PE backers, a sort of “new era” has been established in the pediatric home health market. In addition, Epic Health’s acquisition of Pediatria signals the importance of the adjacent prescribed pediatric extended care or PPEC segment. Importantly, growing interest in pediatric themes has grown beyond medical pediatric care into behavioral areas, with investment and M&A acceleration being seen in autism therapy, pediatric behavioral care, and special needs/special education service arenas (which are beyond the scope of this medically focused DealReader).
- **Adult day health :** A segment of HHBC that has not received a lot of attention, but is growing in recognition. Since the Senior Care/Active Day acquisition by Audax Group (with Lincoln International serving as advisor to the seller), we have seen additional M&A and investment activity in this segment, including ongoing acquisitions by Senior Care and Civitas and a new entrée by HIG Growth.
- **Home Health:** No shortage of deal activity in the Medicare and other skilled home health segment, including deals by strategic players and private equity groups. In recent months, we highlight such notable deals as Accent Care/Sta-Home, BelHealth Investment/Caregiver Services, and numerous acquisitions by Almost Family, Amedisys, Jet Health and others.
- **Private Home Health and Medicaid Home Care:** Steady, if not growing (in

private pay) interest in these more unskilled home care segments. We highlight transactional activity by Amedisys, Help at Home, CK Franchising, and others.

- **International HHBC:** We continue to observe strong M&A activity in home health markets in such European countries as the UK, France and Germany. Similarly, there are an intriguing number of home health deals occurring in Japan, China and India. It appears 2017 could be breakout year for international HHBC deals based on YTD statistics.

PHAR

We continue to observe a slowdown in the specialized pharmacy services arenas, with very few home infusion, specialty pharmacy and institutional pharmacy transactions over the past several months. That said, interest by both strategic and financial players in pursuing acquisitions in this broader space remains quite high, suggesting that few quality assets of any meaningful size are available. Among the most active acquirors in the space continues to be publicly traded Diplomat Pharmacy, with a particular, recent focus on specialty infusion acquisitions. If anything, there are more specialized pharmacy (particularly home infusion and compounding pharmacy) transactions occurring in non-U.S. markets, particularly in Europe (e.g., France and Germany).

HMS

M&A activity in the home medical supplies provider space remains consistent, but at moderate levels. While we believe a couple of deals are in the market and/or about to come to market, we saw limited closing activity in YTD 2017. Most notably, hospital-focused medical supplies distributor Owens & Minor re-entered the direct-to-patient home medical supplies space via the acquisition of Byram Healthcare. An interesting strategic move in light of the fact that publicly traded OMI had previously entered this space through the acquisitions of Access Diabetic (in 2005) and Matrix Diabetic, only to divest those assets a few years later. In the HMS space, we continue to expect future acquisitions by larger strategic players, both in-market corporates and companies looking to vertically integrate in the home medical supplies arena.

Select M&A Activity in HHBC-PHAR-HMS

Sampling of Deals – Last Several Months

Announced Date	Target	Acquirer	Classification
06/05/2017	Care Hospice, Inc.	CHSO Management, LLC	HHBC
06/05/2017	Senior Cosmos Co.,Ltd. (Japan)	Cocokara Fine Inc. (TSE:3098)	PHAR
05/02/2017	Byram Healthcare Centers, Inc.	Owens & Minor, Inc. (NYSE:OMI)	HMS
05/02/2017	Asten Santé SA (France)	La Poste S.A.	PHAR
04/06/2017	Sta-Home Health & Hospice, Inc.	AccentCare, Inc.	HHBC
04/04/2017	Kissito PACE of Roanoke, Inc.	InnovAge Home Care	HHBC
03/01/2017	Tenet Healthcare, Six Home Health & Hospice Agencies	Amedisys, Inc. (NasdaqGS:AMED)	HHBC
03/01/2017	Enara Group Limited/Complete Care Holdings Limited (United Kingdom)	Apposite Capital LLP	HHBC
01/10/2017	Home Health Investments, LLC	Jet Health, Inc.	HHBC
01/09/2017	Affinity Biotech, Inc.	Diplomat Pharmacy, Inc. (NYSE:DPLO)	PHAR
01/04/2017	Care Advantage, Inc.	BellHealth Investment Partners, LLC	PHAR
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
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 (Germany)	SHS Capital mbH	HHBC
11/07/2016	Innovations Health Services & Assure Home Healthcare	Pediatric Services of America, Inc.	HHBC
11/03/2016	ZytoService Deutschland GmbH (Germany)	IK Investment Partners	PHAR
11/02/2016	Secura Home Health, LLC	Care Finders Total Care LLC	HHBC
10/16/2016	APOSAN Dr. Künzer GmbH (Germany)	IK Investment Partners	PHAR
10/13/2016	Senior Helpers	Altaris Capital Partners, LLC	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.	BioScrip	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	BiLogics, 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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Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

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