

HOME-BASED CARE M&A ACTIVITY

2024 MID-YEAR UPDATE



**SECTOR SPOTLIGHT:
HEALTHCARE SERVICES**

Home-Based Care

Sector Spotlight: Healthcare Services | 2024 Mid-Year Update

The North American home-based care M&A market had a slow start to 2024 with 26 transactions in H1 2024. There is optimism for increased deal volume in the back half of 2024 with cooling inflationary conditions and suspected interest rate cuts setting the stage for greater deal activity.

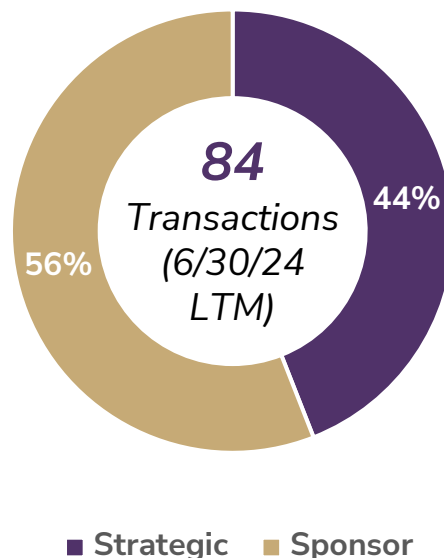
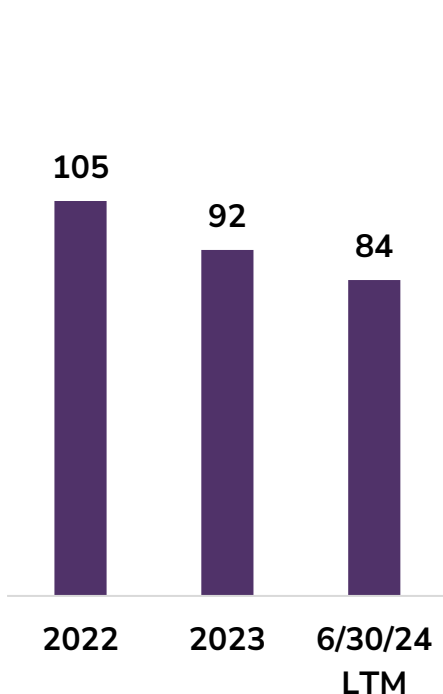
Consistent with the end of 2023, transactions were evenly split between strategic and financial acquirers. Publicly traded Pennant Group, continues to be a frequent acquirer, totaling three transactions in the first half of 2024.

While dealmaking volume has slowed, buyers are still eager to deploy capital to achieve strategic objectives. Key rationale for M&A in Home-Based Care includes geographic market growth, patient census expansion, and acquiring across the continuum to further diversify services.

Notable Home-Based Care Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
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Home-Based Care Transaction Activity



Key Takeaways

- Transaction activity was down 8.7% versus 2023
- Home Care and Home Health** transactions represented 29% and 21% of total transaction activity, respectively
- Integrated or diversified providers** represented the largest value of closed and announced transactions
- Hospice** had the lowest share of deal volume (7%)

Deals to Know from H1 2024



Acquirer



Target

June 2024: Dover Health, a provider of diversified home care services, has made its second transaction of 2024 after acquiring **Centered Care Hospice and Palliative Care**, a provider of nursing, hospice, and palliative care services, as a strategic investment.

The transaction allows Dover to expand into the Chicago market, which compliments its foothold in Missouri.



Acquirer



Target

May 2024: The Pennant Group, a publicly traded provider of home health, hospice, home care and senior living services, made its third acquisition of 2024 after acquiring **Nurses On Wheels**, a provider of hospice and home health services within the state of Texas.

The acquisition reflects Pennant's strategy of expanding their hospice services into the south Texas market.



Acquirer



Target

April 2024: Commonwise Home Care, a Virginia-based home care company, acquired **Caregivers of Charleston**, a non-medical home care services provider, as a strategic investment.

The deal further establishes Commonwise as a leading personal care service provider throughout Southeastern US geographic area.



Acquirer



Target

March 2024: Waud Capital Partners, a growth-oriented middle-market private equity firm with, acquired **Senior Helpers**, a Maryland-based national leading franchise of home care services with over 380 locations, as a platform investment.

Waud bring deep expertise in the healthcare space that will facility Senior Helpers' next phase of growth.



Acquirer



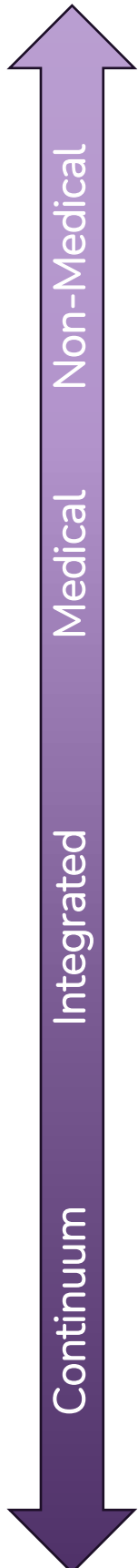
Target

February 2024: IntellaTriage, a provider of licensed nursing triage, with the backing of its 7 financial sponsors, acquired **NurseLine**, a national provider of hospice and home health, as an add-on investment.

The deal solidifies IntellaTriage's position as the leader in the post-acute healthcare segment, further streamlining healthcare delivery and delivering unmatched solutions.

Home-Based Care Market Map

Home-based care providers enable healthcare professionals to utilize their expertise and capabilities within the patient's home to improve the quality of care, patient accessibility to care, and business/practice operations.



Regional Home Care	
National Home Care	Franchise Home Care
PDN, Assisted Living, Therapy Services	
Pediatric Home-Based Care	
Regional Home Health & Hospice	
National Home-Based Care	
Palliative, Hospital at Home, Infusion	
Hospitals and Health Systems	Fully Integrated Care & "Payviders"
Behavioral Health (Mental Health)	Behavioral Health (ABA, IDD)

Healthcare Services Valuation Tool

Understanding how company, market, and regulatory-specific drivers can affect risk, growth, and targeted outcomes is critical to both operational and financial performance as well as valuation upon a potential exit.

Company Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Company Momentum	●	●
Customer (Payor) Diversity / Concentration	○	●
Geographic (State) Diversity / Concentration	○	●
Scope of Services Offerings	○	●
Fill Rates / Strength of Staffing	●	●
Strength of Systems (EMR & EHR)	○	●
Strength of Management Team	●	●
Sustainability of Business Model	○	●
Financial Profile & Unit Economics	●	●
Growth Trajectory	○	●
Aggregate Scoring	○	●

Market Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Strength of M&A Market	?	●
Strength of Financing Markets	●	●
Availability and Bandwidth of Buyers	○	●
Opportunity Size vs. Market Appetite	?	●
Aggregate Scoring	○	●

Regulatory Specific Factors		
Key Factors	Performance Impact	Valuation Impact
Macro Healthcare Regulatory Risk	○	○
Exposure to Medicare / Medicaid	●	●
Impact of CMS Ruling	?	●
Availability of Labor and Staffing	●	○
Aggregate Scoring	●	●

HOME-BASED CARE M&A ACTIVITY

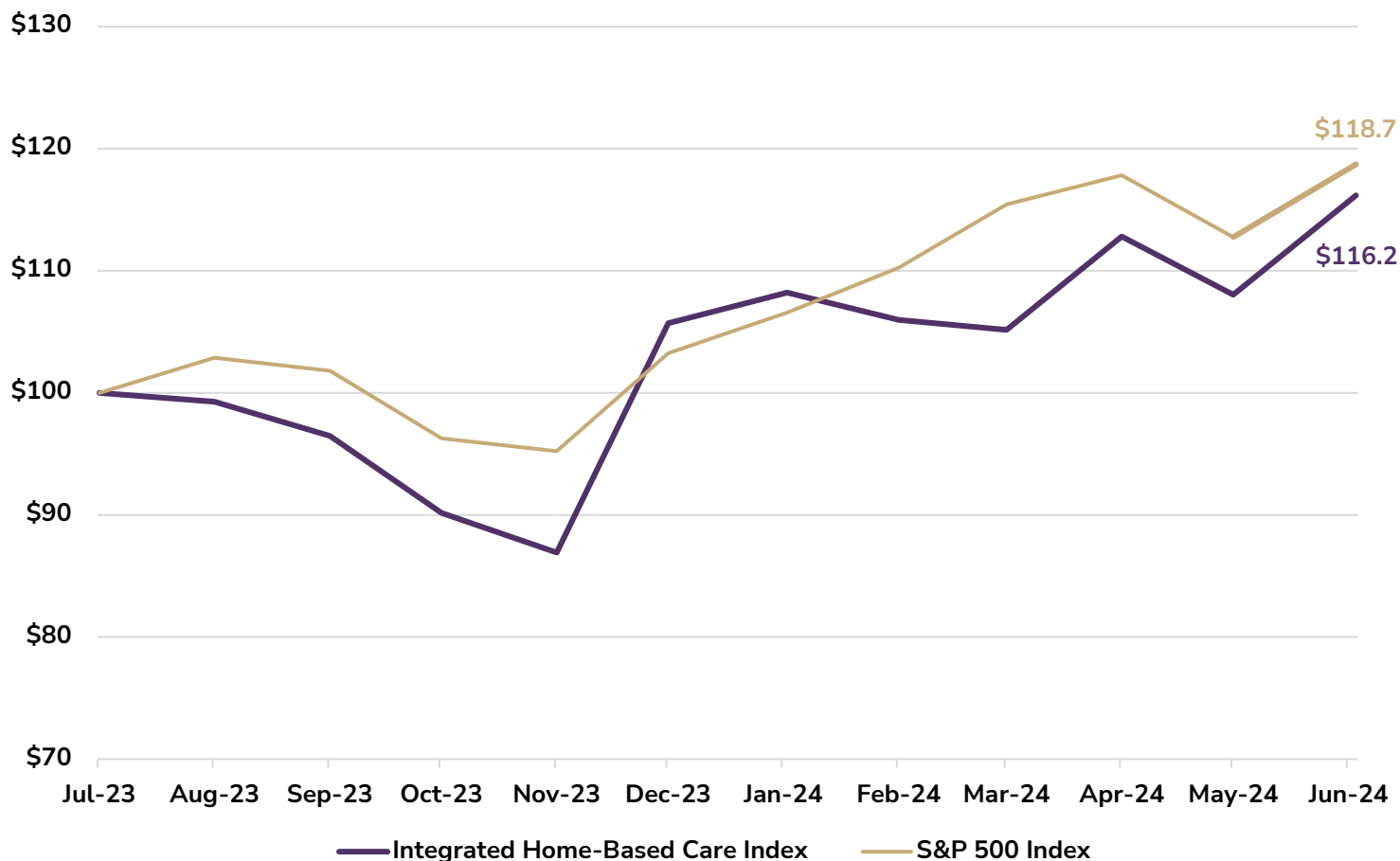
VALUATION POINTERS



**SECTOR SPOTLIGHT:
HEALTHCARE SERVICES**

Home-Based Care Public Comparable Companies Analysis

Integrated Home-Based Care Public Company Stock Performance – Last 12 Months



Integrated Home Based Care								
Company	Ticker	Share Price	Fully Diluted Market Cap	Enterprise Value	EV / Revenue		EV / EBITDA	
					TTM	NTM	TTM	NTM
Encompass Health	NYS: EHC	\$85.79	\$8,799	\$12,245	2.5x	2.2x	12.1x	11.1x
Chemed	NYS: CHE	\$542.58	\$8,306	\$8,138	3.5x	3.2x	17.4x	NM
Option Care Health	NAS: OPCH	\$27.70	\$4,817	\$5,768	1.3x	1.1x	13.4x	12.3x
Amedisys	NAS: AMED	\$91.80	\$3,057	\$3,485	1.5x	1.4x	14.0x	13.0x
ModivCare	NAS: MODV	\$26.24	\$393	\$1,532	0.6x	0.5x	8.2x	7.1x
Addus HomeCare	NAS: ADUS	\$116.11	\$2,156	\$2,229	2.0x	1.9x	17.7x	14.7x
Aveanna Healthcare	NAS: AVAH	\$2.76	\$563	\$1,859	1.0x	0.9x	12.8x	11.3x
Enhabit (Health & Hospice Services)	NYS: EHAB	\$8.92	\$457	\$1,059	1.0x	1.0x	10.9x	10.4x
Pennant Group	NAS: PNTG	\$23.19	\$702	\$1,062	1.8x	1.6x	24.1x	20.4x
Median					1.5x	1.4x	13.4x	11.8x
Average					1.7x	1.5x	14.5x	12.5x

Note: All data as of June 30, 2024; TTM = Trailing Twelve Months; NTM = Next Twelve Months.

Recent Home-Based Care Transactions: H1 2024 (1/3)

Home-Based Care: Precedent Transaction Analysis					
Date	Target	Target Description	Acquirer	Sector	Strategic vs. Sponsor
Jun-24	Caregivers Home Health	Provider of a comprehensive home health service designed to address diverse medical needs.	Elara Caring	Diversified	Sponsor
Jun-24	Haven Hospice	Provider of health care services intended to serve the Gainesville region.	BrightSpring Health Services	Diversified	Strategic
Jun-24	Noble Hospice and Palliative Care	Operator of end-of-life care centers intended to ensure comfort and dignity for terminally ill patients.	Northrim Horizon	Diversified	Sponsor
Jun-24	Centered Care Hospice and Palliative Care	Provider of hospice & palliative services intended to serve families and individuals.	Dover Health	Hospice	Strategic
Jun-24	Cornerstone Home Healthcare	Operator of a healthcare company catering to homebound patients in Cook, Dekalb, Grundy, Kankakee, Kendall, Lake, Will, DuPage and Kane.	Dover Health	Diversified	Strategic
Jun-24	Pinnacle Home Care	Operator of a healthcare company based in Oldsmar, Florida.	HCS-Girling	Home Health	Sponsor
May-24	AccordCare (Connecticut Personal Care Division)	Provider of home care and certified home health, throughout Connecticut.	HouseWorks	Diversified	Sponsor
May-24	Companions Forever	Provider of non-medical home care services intended to prioritize the loved one's well-being and independence.	HouseWorks	Home Care	Sponsor
May-24	Specialty Service Solutions	Operator of a private in-home care agency intended to serve older adults.	Family Resource Home Care	Diversified	Strategic

Recent Home-Based Care Transactions: H1 2024 (2/3)

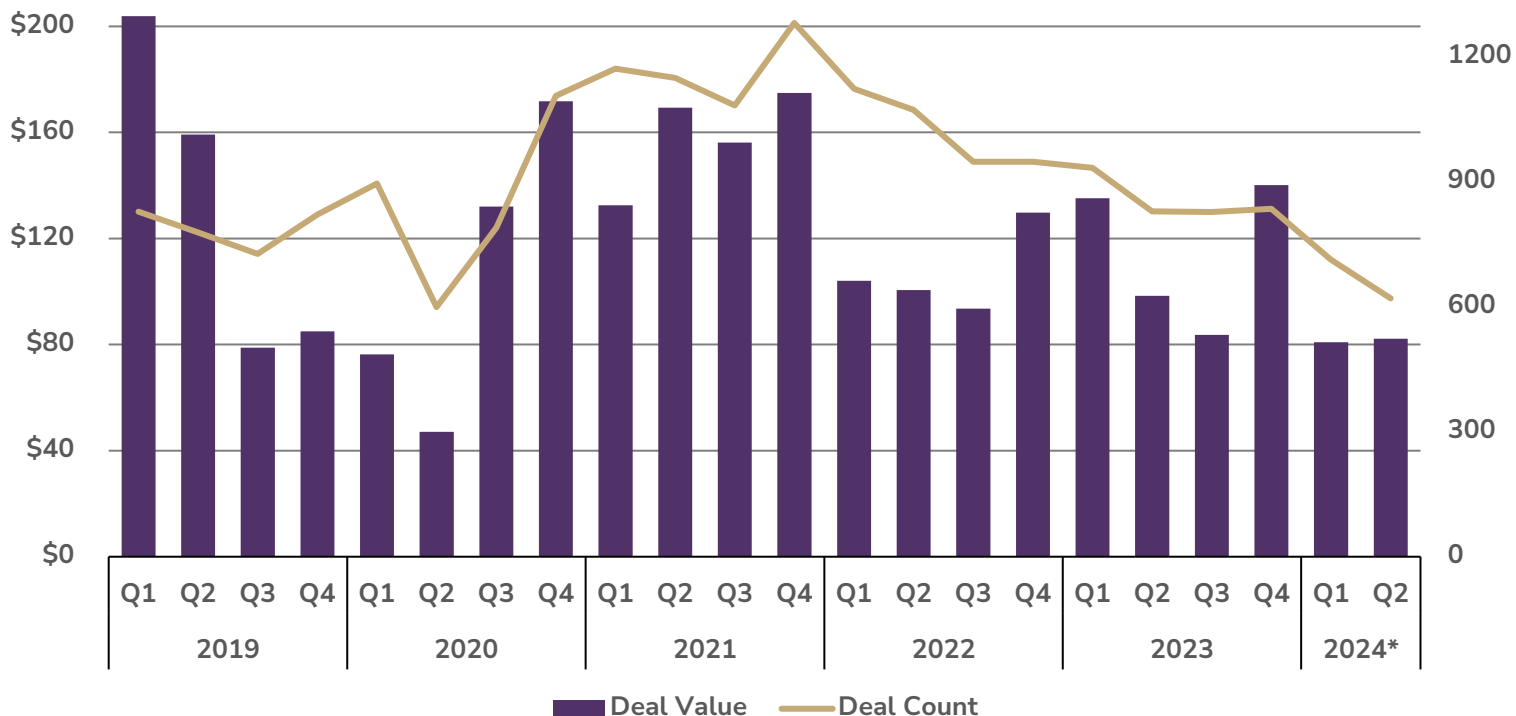
Home-Based Care: Precedent Transaction Analysis					
Date	Target	Target Description	Acquirer	Sector	Strategic vs. Sponsor
May-24	Nurses On Wheels	Provider of hospice services based in Corpus Christi, Texas. The company also offers home health, spiritual counseling, bereavement services, pain management and DME services.	Pennant Group	Diversified	Strategic
May-24	Mid-Delta Home Health, Hospice & DME	Provider of home health, hospice, and durable medical equipment services in Belzoni, Mississippi.	Arden Home Health & Hospice	Diversified	Strategic
May-24	Veranda Senior Living	Operator of senior living communities providing independent living, assisted living, and memory care options.	Pennant Group	Home Care	Strategic
Apr-24	CustomCARE	Provider of homecare services intended to serve the Medicaid population.	Community Based Care	Diversified	Sponsor
Apr-24	Caregivers of Charleston	Provider of home care services intended to facilitate clients with exceptional home care services and achieve the optimum wellness they deserve.	Commonwise Home Care	Home Care	Strategic
Apr-24	Homecare Hospice	Provider of hospice care services specialized in-home care for terminally ill patients.	Legacy Hospice	Diversified	Sponsor
Apr-24	ComForCare	Provider of in-home caregiving and private-duty nursing services intended to serve elderly people.	Stancy Health Care	Home Care	Strategic
Mar-24	Senior Helpers	Provider of professional home care services intended to serve customers in the United States, Canada, and Australia.	Waud Capital Partners	Home Care	Sponsor
Mar-24	Upstate Home Care Solutions	Operator of a home care services agency catering to elders and the disabled.	Addus HomeCare	Home Care	Strategic

Recent Home-Based Care Transactions: H1 2024 (3/3)

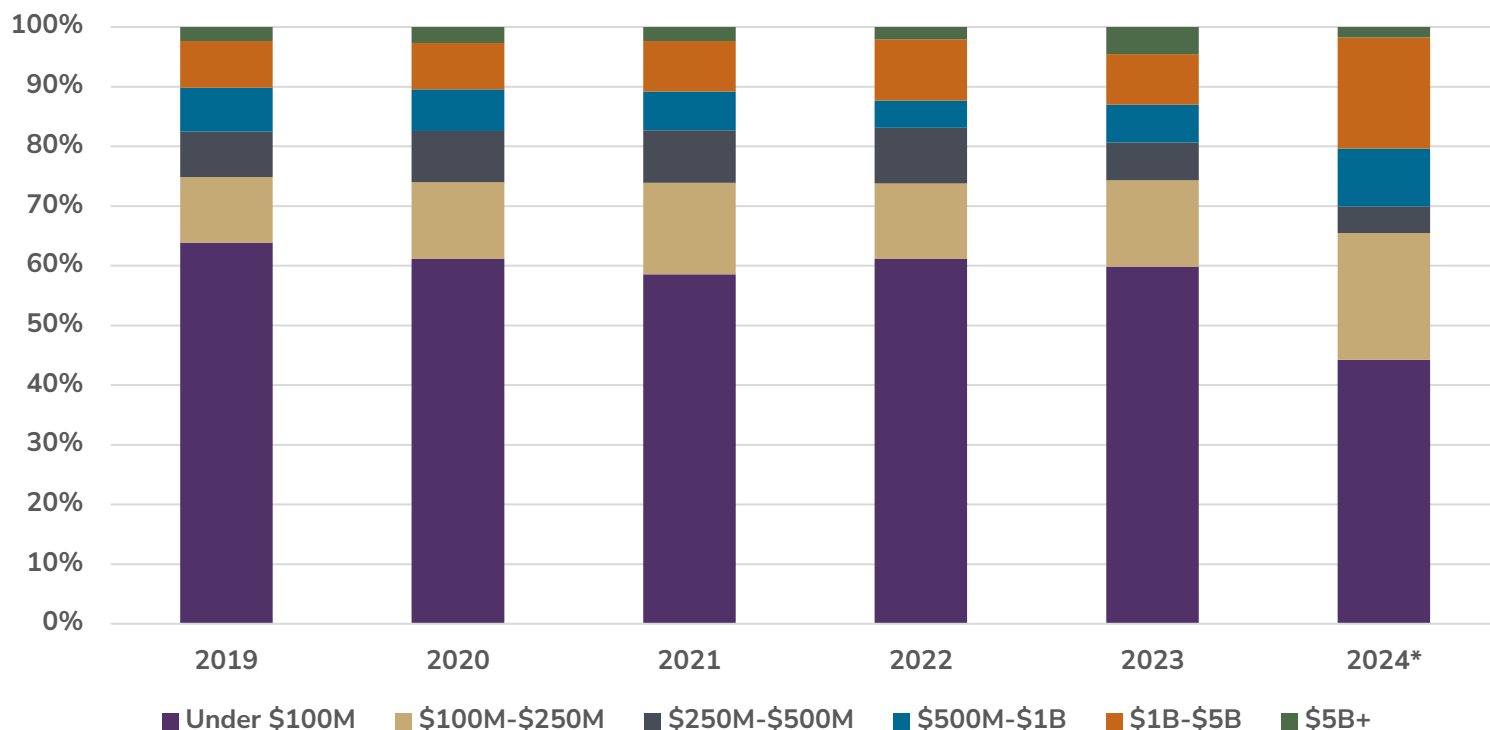
Home-Based Care: Precedent Transaction Analysis					
Date	Target	Target Description	Acquirer	Sector	Strategic vs. Sponsor
Mar-24	Southgate Senior Living	Operator of a senior living community intended to serve the local area and its neighboring communities.	Pennant Group	Home Care	Strategic
Feb-24	High Plains Senior Care Group	Provider of home healthcare services based in Amarillo, Texas.	Frontpoint Health	Diversified	Sponsor
Feb-24	NurseLine	Provider of hospice and home health triage services based in Dallas, Texas.	IntellaTriage	Diversified	Sponsor
Feb-24	Angels of Care Pediatric Home Health	Provider of home health services for children and young adults with complex medical conditions.	Varsity Healthcare Partners	Diversified	Sponsor
Jan-24	Superior Hospice & Superior Home Health	Provider of home health and hospice services intended to improve the overall wellness of the patients.	Legacy Care Partners	Diversified	Strategic
Jan-24	A-Abiding Home Care	Operator of a home health care agency based in Park Ridge, United States.	Lorient Capital Management	Diversified	Sponsor
Jan-24	Gold Medal Home Health	Provider of comprehensive services intended to serve individuals with disabilities based in Wayne, New Jersey.	Abound Health	Home Care	Sponsor
Jan-24	Saint Luke's Health System	Provider of health care and health-related services intended to enhance physical, mental and spiritual health.	BJC HealthCare	Diversified	Strategic

Healthcare M&A: Aggregate Activity

Healthcare M&A Activity by Quarter (2018 – 2024 Q2)

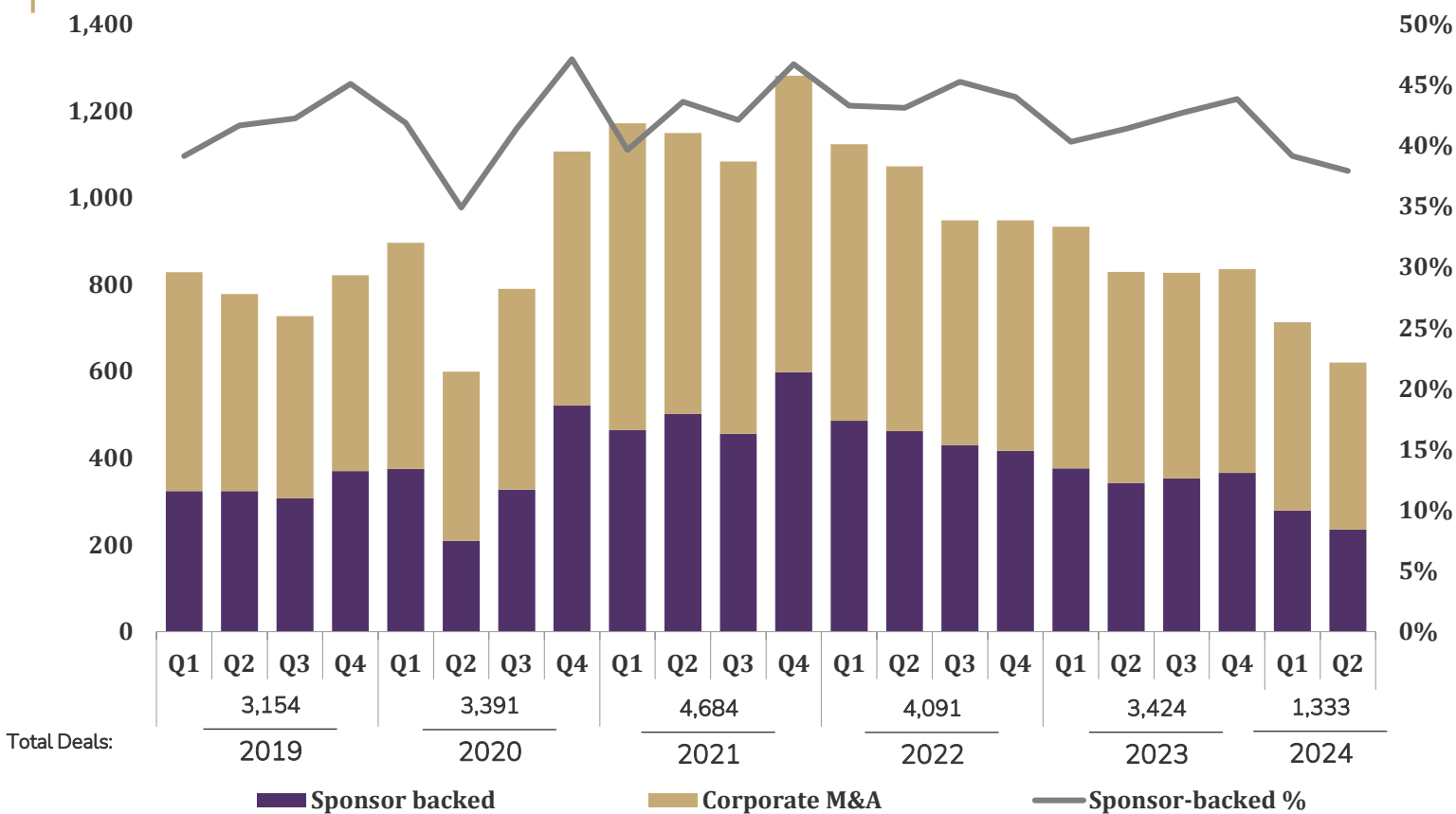


U.S. Healthcare M&A Activity by Size (2019 – 2024 Q2)

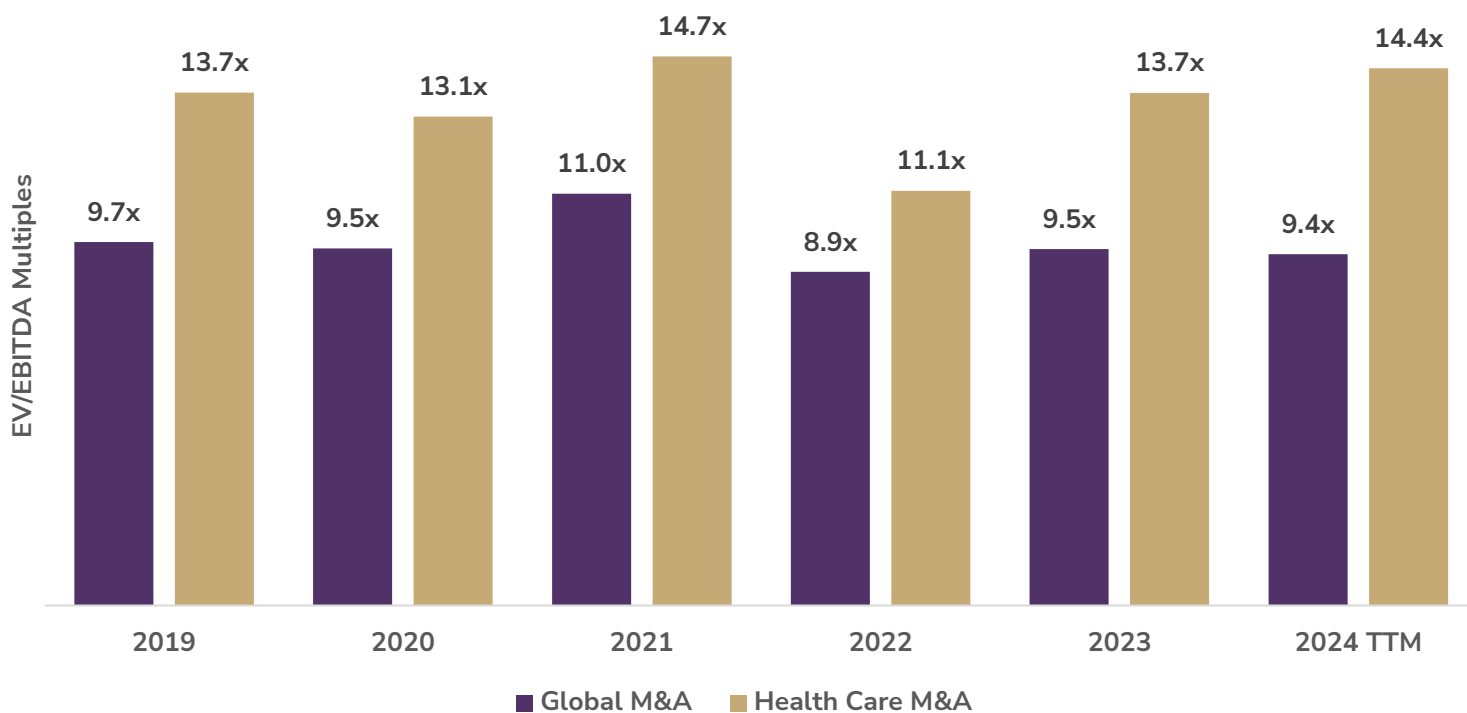


Healthcare M&A: Acquirer Activity and Multiples

Healthcare M&A Activity by Acquirer Type (2019 – 2024 Q2)

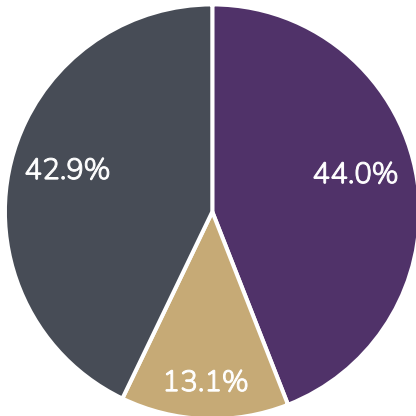


Healthcare M&A Transaction Multiples (2018 – 2024 TTM)

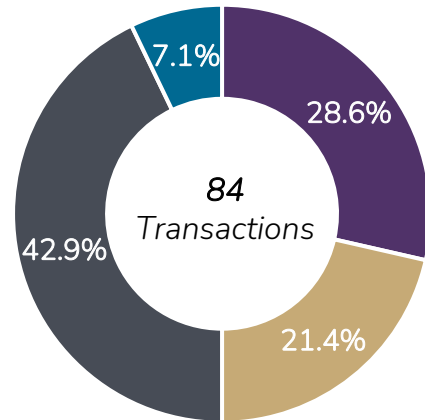


Home Based Care Precedent Transactions Analysis (2024 LTM)

Transactions by Category

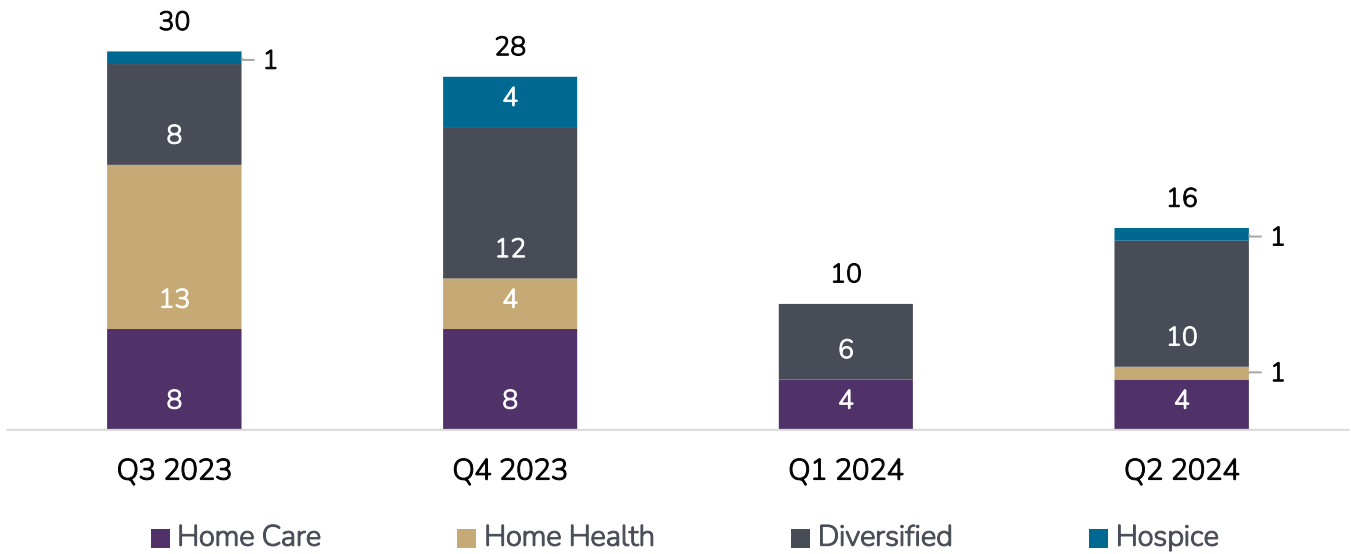


Transactions by Type



■ Strategic
 ■ Platform
 ■ Add-On
 ■ Home Care
 ■ Home Health
 ■ Diversified
 ■ Hospice

Transactions by Quarter by Type



Key Acquirers

Strategic



Sponsor-Backed



Financial Sponsors

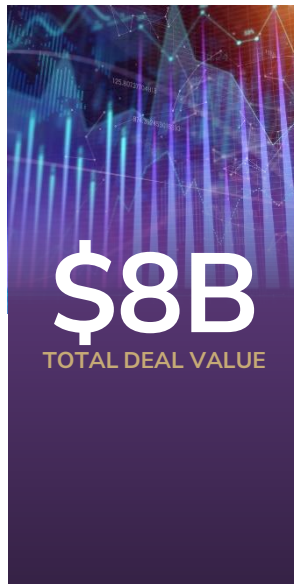
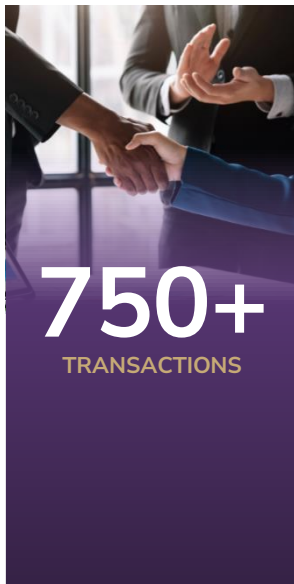


YOUR STRATEGIC AND M&A PARTNERS IN HEALTHCARE SERVICES

ABOUT DAK



**SECTOR SPOTLIGHT:
HEALTHCARE SERVICES**



Transaction Characteristics

Private Businesses Closely held, entrepreneurial, family owned and multi-generational

Financial Sponsors Committed funds, independent sponsors, and family offices

\$2-40 MM EBITDA

\$10-400 MM enterprise value

\$10-300 MM annual revenue

Advisory Focused Investment Banking

M&A Advisory

Buy and sell-side domestic and cross-border transactions including sales, divestitures, mergers, acquisitions

Strategic Advisory & Valuation

Preparation of strategic advisory & planning, business plan, pre-transaction planning, valuation, fairness opinion, and market feasibility analysis

Focused Middle Market Coverage

Healthcare Services



Generalist Coverage



Diversified Industrials



Pro Audio Visual



DAK's Healthcare Services Team



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Deep Expertise in the Healthcare Services Ecosystem

Trusted advisor to key stakeholders in home health and care, behavioral health, healthcare IT, medical device & lab, and pet healthcare services providers.

Strategic Advisor



is providing strategic guidance to



A Confidential
Home Care Provider

Sell Side Advisor



is currently in market with



A Regional
Home Health Provider

Sell Side Advisor



a portfolio company of



Has been recapitalized by management

Financial advisor to
Berenson Capital and IDS

Strategic Advisor



has provided strategic guidance to



A Multi-Site Senior Citizen
Mental Health Services Provider

Sell Side Advisor



is currently in market with



A Confidential
Value Based Care Provider

Sell Side Advisor



has been acquired by



Financial advisor to
Focus Forward Skilled Care

Sell Side Advisor



has been acquired by



Financial advisor to
Interactive Systems & Management Corporation

Sell Side Advisor



has been acquired by



Financial advisor to
Harrison Research Labs

DAK Group's Healthcare Services Coverage Area



Home-Based Care (Report Focus)

Home service offerings for individuals including skilled and non-skilled assistance in daily life, after surgical procedures or for end-of-life care. Specific services include in-home personal care, nursing, assisted living, rehabilitative therapy, and hospice care.



Home Health



Home Care



Pediatric



Hospice/
Assisted Living



Franchise

Key Trends

- The increase of adults aged 65 plus, has resulted in a spike in home health care demand; 20.9% and 50.2% of those aged between 75 – 84 and 85+, respectively, require assistance.
- Home health aides address chronic illnesses such as coronary artery disease and congestive heart failure, which are common among seniors. 6 out of 10 adults in the U.S. have a chronic disease; 4 out of 10 adults have two or more chronic diseases; and chronic illness is on the rise, driving pediatric care.
- Home Care is substantially more affordable when compared to substitute services, such as inpatient care.

Select Market Participants



Behavioral Healthcare

Inpatient and outpatient behavioral healthcare services including psychiatric care, mental health treatment, substance abuse, and addiction care. Patients are treated in a hospital environment or a third-party facility.



Mental Health



I/DD & ABA



Addiction Treatment

Key Trends

- 1 of 25 adults live with a severe mental health illness.
- Increasing consolidation of providers to meet the rising demand and pursue cost efficiencies.
- The COVID-19 Pandemic accelerated mental health issues due to social isolation and financial stress.
- The industry is expected to expand as social stigma related to addressing mental health issues subsides and more individuals seek out behavioral healthcare treatment.

Select Market Participants



DAK Group's Healthcare Services Coverage Area



Healthcare IT

Increasing digitalization and technological advancements are creating new efficiencies in patient care and record keeping. Healthcare Technology Services include electronic health and medical records (EH/MR) as well as telehealth services.



EMR



Telehealth



Data Analytics

Key Trends

- Advancements in and increased ease of use of communication technology has resulted in a dramatic shift towards telehealth services.
- Federal legislation has incentivized providers to digitize records and adopt EMR / EHR systems.
- The COVID-19 pandemic has increased adoption thanks to the demand for patient exposure, infection, and vaccination tracking.

Select Market Participants



Diversified Healthcare

Diversified Healthcare offerings including pet health services, laboratory services and other diagnostic testing, physician practice management, biotech and medical device companies and other healthcare service providers.



Biotech and
Devices



Pet
Health



Laboratory
Services



Other Healthcare
Services



Physician Practice
Management

Key Trends

- As 70% of U.S. households, or 90.5 million homes, have at least one pet, the demand for routine veterinary services continues to grow.
- The effects of the COVID-19 pandemic have proven to accelerate growth within the laboratory services market due to demand for COVID-19 testing along with the need for accurate and early disease diagnosis of other chronic and infectious diseases.
- With the use of electronic data becoming evermore prevalent in the healthcare space, robust practice management systems are becoming a necessity for medical and physician practices in order to be in line with regulatory and compliance requirements along with efficient and accurate patient record keeping.

Select Market Participants



FOR MORE INFORMATION CONTACT...



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How We Can Help You

DAK helps middle-market, privately held businesses, sponsor backed companies, and PE firms in the **Healthcare** space garner the greatest value for their companies.

As owners looking to grow, exit or just “take some chips off the table” by reducing risk, our teams provide operational advice, pre-transaction planning and expertise leading buy-side and sell-side transactions that create exceptional value.