

Mega Deals in Home Health & Hospice Likely to Drive Further M&A Activity

Commentary:

- With two massive home health and hospice deals equating to \$14 billion in transaction value closing in the first quarter of 2023, we expect deal volume for the remainder of the year to be robust given the interest shown by these large strategics for home health & hospice companies:
 - CVS's acquisition of Signify had an Implied Enterprise Value / TTM EBITDA multiple of 54.2x
 - Optum's acquisition of LHC had an Implied Enterprise Value / TTM EBITDA multiple of 22.4x
 - Option Care Health's announced deal with Amedisys has an Implied Enterprise Value / TTM EBITDA multiple of 10.7x
- The pandemic accelerated the preference to age in place and provide alternative care models to vulnerable patients. Aging populations and the shift to lower cost settings continues to provide a growing market opportunity. All these factors serve as the backdrop to keep strategic and investor interest high. Further, an ever-changing regulatory environment, tight labor market, and high interest rates will lead some operators to seek suitors creating a healthy push-pull dynamic.
- We also expect the numerous private equity-backed entities to continue the trend of smaller, add-on acquisitions as they seek to maximize return on their platform investment while waiting for interest rates to come back down and time their monetization event accordingly.
- In summary, home health and hospice is continued to be viewed as an essential means to further coordinate care in a value-based shift, and accomplish the broader three objectives of healthcare, mainly: **improve outcomes, lower costs, and improve patient experience**. As such, we believe the highly fragmented and growing sector will continue to consolidate and witness strong transaction activity.

Recent Notable Home Health & Hospice M&A Activity:



Target
Pending



Target



Target



Target



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With 300+ Completed Transactions In The Firm's 22-Year History, Hexagon Capital Alliance's Investment Bankers Know The Appropriate Industry-Specific Strategic Buyers, Private Equity Groups, And Family Offices To Approach On Behalf Of Our Clients.

Select Healthcare Services Transactions

 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 	 <p>a portfolio company of</p>  <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p>  <p>a portfolio company of</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> <p>Confidential Buyer</p>	 <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	<p>Provided investment banking services to</p> 
 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Provided investment banking services to</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 
<p>Provided investment banking services to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	<p>Home Pharmacy of California</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 
<p>Community Psychiatry</p> <p>has been acquired by</p> 	 <p>formed an affiliation with</p> 	 <p>has been acquired by</p> 	<p>Anesthesia Services Inc.</p> <p>has been acquired by</p> 	 <p>has been acquired by</p> 

* Represents a transaction executed by principals of Hexagon Capital Alliance at a prior firm