

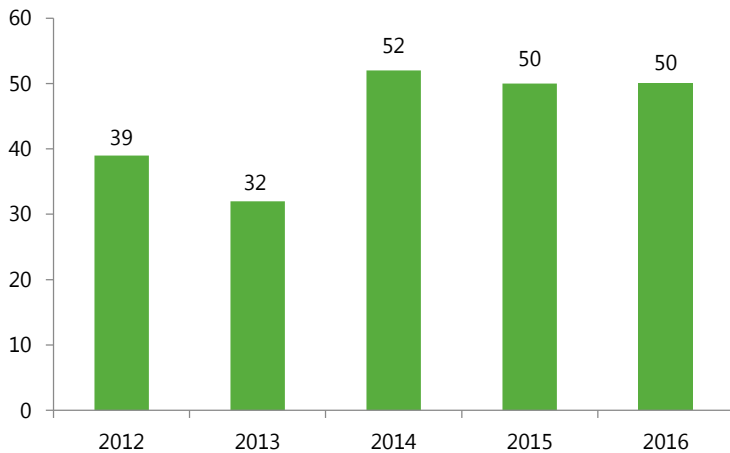


### M&A KEY TAKEAWAYS

- ▶ Transaction volume in 2016 remained consistent with the levels seen in the year prior, indicating a strong demand to make acquisitions by both strategic and private equity buyers.
- ▶ Strategics remained highly active in the sector, accounting for 66.0% of transaction volume. Consolidation to expand geographic reach, minimize operational inefficiencies and combat regulatory challenges continue to be main drivers of activity.
- ▶ M&A activity will remain strong in 2017 as strategics continue to increase market share via acquisitions and private equity groups continue to roll up small firms to develop regional leaders.

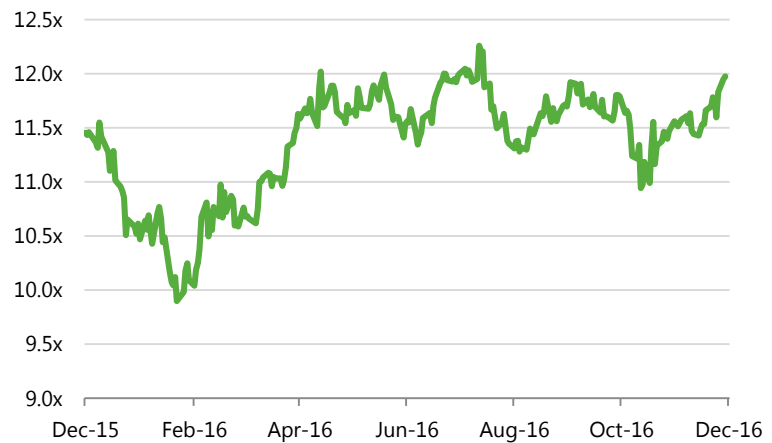
### TRANSACTION VOLUME

- ▶ Transaction volume in 2016 remained consistent with that of 2015, as the industry continued to grow to serve the needs of the aging population.



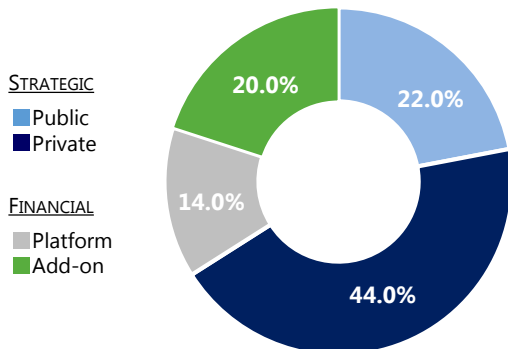
### AVERAGE PUBLIC EBITDA MULTIPLE

- ▶ The average public company EBITDA multiple grew by 4.4% over the last twelve months despite uncertainty surrounding regulation changes following the US election.



### BUYER BREAKDOWN

- ▶ Strategic buyers made the majority of acquisitions in 2016. While private companies account for the most volume, public companies have also shown a healthy interest in making acquisitions.
- ▶ Financial buyers are becoming more active in the space, accounting for 34.0% of deal volume thus far in 2016. This is a significant uptick in activity compared to 2015, when they accounted for 24.0% of volume.



### MOST ACTIVE BUYERS

- ▶ A total of six different buyers made multiple acquisitions in this segment. While most buyers have traditionally grown through acquisitions, Care Finders Total Care made its first acquisitions in 2016. Additionally, the two deals in 2016 were Pediatric Services of America's first acquisitions since 2007.

Buyer Name	# Deals in 2016	# Deals in past 5 years	Disclosed 2016 Deal Value (mm)
Amedisys	3	4	\$47.1
LHC Group	3	13	N/A
Kindred Healthcare	2	15	\$39.0
Care Finders Total Care	2	2	N/A
Blue Wolf Capital	2	8	\$103.0
Pediatric Services of America	2	3	N/A