

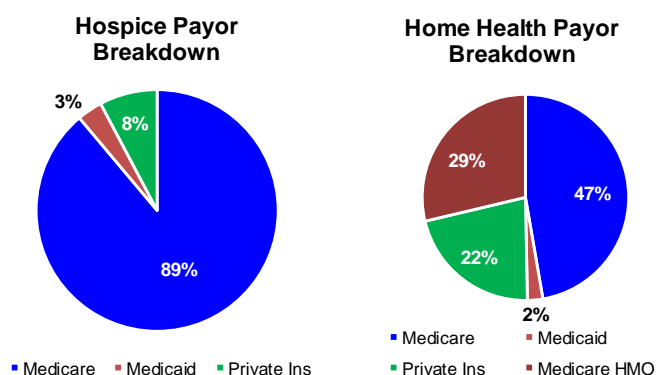
## Project Arrowhead

### Partnership or Sale of a Midwest Hospital Home Health and Hospice Operation

Project Arrowhead (“Company”) is a Midwest home health and hospice division that a community hospital seeks to spin-off into a joint venture or sale of some or all of the Company. The hospital Board believes that the Company is a not part of the core operational objectives of the hospital. The hospital Board desires to sell a part or all of the Company, with a preference to maintain a joint venture through a partial sale; control or non-control.

The Company provides home health services which include skilled nursing, home health aide, physical therapy, occupational therapy, social service, and speech therapy. Hospice services include skilled nursing, aide, social service, chaplain, physical therapy, occupational therapy, and speech therapy.

The payor breakdown for both services is primarily driven by Medicare. Medicare HMO makes up the second largest payor source for home health, and private insurance is the second largest payor source for hospice - only accounting for 8%. Both the home health and hospice services operate at impressive margins primarily due to the operational efficiency provided by the hospital’s existing administrative infrastructure. Most of the referrals come from the hospital physicians and discharges.



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### Financial Summary

	Co-Prep 9/30/2016		Co-Prep 9/30/2017		Co-Prep 9/30/2018		Prelim 9/30/2019	
		%		%		%		%
Home Health Revenue	1,421,476	61.3%	1,464,871	64.7%	2,252,892	82.4%	1,765,324	64.3%
Hospice Revenue	897,597	38.7%	800,739	35.3%	480,560	17.6%	980,673	35.7%
<b>Combined Net Revenue</b>	<b>2,319,073</b>	<b>100.0%</b>	<b>2,265,610</b>	<b>100.0%</b>	<b>2,733,452</b>	<b>100.0%</b>	<b>2,745,997</b>	<b>100.0%</b>
Home Health EBITDA	202,522	8.7%	365,779	16.1%	807,820	29.6%	378,207	13.8%
Hospice EBITDA	324,803	14.0%	247,968	10.9%	11,605	0.4%	278,835	10.2%
<b>Combined EBITDA</b>	<b>527,325</b>	<b>22.7%</b>	<b>613,747</b>	<b>27.1%</b>	<b>819,425</b>	<b>30.0%</b>	<b>657,043</b>	<b>23.9%</b>

### Investment Considerations

- Well established home health and hospice operation with strong referral line
- Variety of services provided through both home health and hospice
- Strong financial profile with infrastructure for future growth

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