

Enhabit Spin-Off: Searching For Value In Small-Cap Event-Driven Equities

June 24, 2022 | By Alex Gavrish, Etalon Capital Ltd; author of "Story Investing"

On July 1st 2022, Encompass Health Corporation is [expected](#) to [complete](#) the [spin-off](#) of its subsidiary Enhabit Inc.

[Encompass Health](#) will distribute 100% of [Enhabit](#). Shareholders will receive 1 share of Enhabit for every 2 shares of Encompass Health.

Upon completion of distribution, Encompass Health will continue to trade on the New York Stock Exchange under the ticker symbol "EHC" and Enhabit will trade on NYSE under the symbol "EHAB".

When-issued public trading market for Enhabit common stock is expected to begin on or about June 23, 2022 on the NYSE under symbol "EHAB-WI", with regular-way trading of Enhabit common stock under the ticker symbol "EHAB" beginning on July 5th, 2022.

Enhabit Home Health & Hospice is a leading national home health and hospice provider. The company operates a nationwide footprint spanning 252 home health locations and 99 hospice locations across 34 states.

On June 23rd, company's shares traded at about \$25 (when-issued trading), valuing company at \$1,248 million.

Based on company's guidance for FY 2022, Enhabit aims to achieve annual revenues of approximately \$1.1 billion with an Adjusted EBITDA of about \$175 million.

Based on a net debt of \$573 million (company's recent spin-off presentation), company has an Enterprise Value of \$1,821 million and is valued at an EV/EBITDA valuation multiple of x10.4 (company's FY 2022 Adj EBITDA guidance).



Enhabit Home Health & Hospice

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