**1st Quarterly report, 2024, for Addus Home Care (ADUS) Date:** June 10 2024

Percentage change in Sales from year ago quarter 11.6%

Percentage change in Earnings per Share from year ago quarter 24.4%

Is company meeting our target sales & earnings estimates? **Yes**

Pre-tax Profit on sales trend? (up, even, down) **UP**

Return on equity trends? (up, even, down) **UP**

Debt? (up, even, down) **DOWN**

Current PE is 28.2

Where does it fall in my estimated High/low range of PE's? **Slightly under midpoint**

Signature PE =\_**30.15**\_\_\_\_\_\_\_\_

Club cost basis for this stock is **$98.7252**. Current price is $116.80 (6/10/24)

**Current fair value**:

**My SSG Total Return** is 15.6% Projected Average Return is 12.3%

**What will drive future growth?**

### Positive Points

* Addus HomeCare Corp reported a strong financial performance with a total revenue of $280.7 million in Q1 2024, marking an 11.6% increase year-over-year.
* Adjusted earnings per share increased by 24.7% to $1.21, compared to $0.97 in the first quarter of 2023.
* The company experienced robust cash flows, allowing for a reduction in debt balance to $101.4 million and maintaining a healthy cash balance of approximately $77 million.
* Addus HomeCare Corp continues to benefit from favorable reimbursement rates in its personal care segment and has seen a Medicare hospice reimbursement increase of approximately 3.1%.
* The company is actively pursuing acquisitions to enhance scale in existing markets and enter new markets, aligning with its growth strategy and the new Medicaid Access rule.

### Negative Points

* The final Medicaid Access rule retains the challenging 80% compensation requirement, which could impact operational flexibility and cost management.
* Despite positive adjustments, the Medicaid Access rule still presents potential long-term challenges for smaller providers, possibly affecting industry dynamics.
* Home health segment revenue decreased by 3.1% year-over-year, indicating ongoing pressures from the shift of Medicare beneficiaries to Medicare Advantage.
* The implementation of the Medicaid Access rule over six years introduces uncertainty and potential legal and administrative challenges that could affect operational planning.
* While the company has made significant progress in value-based care, revenue from these contracts remains immaterial, suggesting a need for further development and scaling.
	+ **Recommend**: X Hold or, Challenge w/better \_\_, Sell\_\_\_