

# Q3-2020 Durable Medical Equipment (DME) Update

## Market Update

The third quarter of 2020 marked a continuation of the strong consolidation activity in the DME sector through the first half of the year. Transaction activity for the quarter was again led by operators in the Complex Rehab Technology space. In an industry not typically characterized by technological innovation, businesses with strong digital capabilities have garnered attention from acquirers due to the shift to virtual services accelerated by COVID-19.

M&A activity across DME has shown its resilience through the COVID-19 pandemic as private equity investors and strategic acquirers alike value the stable nature of the sector. Provident expects transaction activity across DME to continue through the end of 2020 and into 2021.

## Notable Consolidator



Following an extremely active Q2 in which it completed five acquisitions, National Seating & Mobility (NSM), one of the largest operators in the Complex Rehab Technology (CRT) space, continued its aggressive inorganic growth strategy through Q3 2020. Utilizing the capital resources provided by its private equity sponsor Cinven, the Company acquired Texas-based Travis Medical in a deal that includes 27 locations in 23 markets across the Pacific Northwest, Texas, Oklahoma and Florida. NSM also continued its push into Canada with the acquisition of British Columbia-based mobility equipment provider PG Surg Med. These acquisitions continue to grow the Company's scale in a market segment that is becoming increasingly concentrated among a handful of large operators.

## Select Transactions:

Month	Acquirer	Target	Deal Description
September	Rehab Medical	Wheelchairs Plus	Rehab Medical, an Indianapolis-based provider of complex rehab equipment, acquired San Antonio-based Wheelchairs Plus. Wheelchairs Plus is a complex rehab company that offers custom rehabilitation equipment, home medical equipment and disposable medical supplies. The transaction comes on the heels of Rehab Medical's acquisition of Mobility Specialists earlier this year and allows Rehab Medical to further solidify itself as a major operator in the rapidly consolidating CRT space.
September	Protech Home Medical	Home Technology Resources	Protech Home Medical acquired Health Technology Resources (HTR), a Buffalo Grove, IL-based, home respiratory services company focused on serving the Greater Chicago area. HTR, with its focus on serving high-acuity respiratory patients, is expected to seamlessly integrate with Protech's existing infrastructure to allow the combined organizations to capture cost and revenue synergies.
September	Spiro Health	The Medical Store	Spiro Health has acquired The Medical Store, a Burlington, VT-based provider of a full range of home medical equipment and supplies. The transaction allows Spiro Health, formed earlier this year as a merger of America's HealthCare at Home, Cape Medical Supply, and Health Complex Medical, to stretch its strong existing footprint in the New England market further north.
August	Sunrise Medical	James Leckey Design	Sunrise Medical, a Fresno, CA-based manufacturer and distributor of mobility equipment, acquired James Leckey Design along with its subsidiaries, Firefly Friends and Vidal Global. These acquisitions provide an effective complement to Sunrise's existing pediatric product offerings, a sector of strategic focus for the Company moving forward. Sunrise plans to leverage synergies between the two companies in key markets to streamline operations and increase scale.

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