

# Q4-2021 Durable Medical Equipment (DME) Update

## Market Update

The fourth quarter of 2021 wrapped a strong year of M&A activity across the DME space as several private equity investors initiated new platform investments and strategic acquirers continued to display an appetite for inorganic expansion. As concerns over the negative impacts of the potential re-introduction of competitive bidding continue to subside, the most active investors in the space are poised to continue growing through M&A to expand product offerings, reach new regional markets, and benefit from cost and revenue synergies.

Provident expects M&A momentum within DME to continue into 2022 as acquirers seek opportunities to capitalize on the fragmented marketplace and promising opportunity to gain scale through inorganic expansion.

## Notable Transaction



Apria Healthcare, a leading national provider of home healthcare equipment and related services, was acquired by Byram Healthcare, a subsidiary of Owens & Minor after being acquired in 2017. The transaction comes on the heels of Apria's IPO in February 2021 and fetched an equity value of ~\$1.45bn, a 26% premium over Apria's closing share price on January 7, 2022.

This landmark transaction in the DME space demonstrates the continued appetite for operators to build scale and develop a diversified product portfolio to capture ancillary revenue streams and address a range of patient conditions.

## Select Transactions:

Month	Acquirer	Target	Deal Description
November	National Seating & Mobility	Comfort N Medical	National Seating & Mobility (NSM), a leading provider of mobility equipment, acquired Comfort N Medical, a Florida-based provider of mobility products with plans to expand into home accessibility solutions. The transaction represents a continuation of a broader trend across DME of providers seeking to diversify product offerings into adjacent areas such as home access.
October	Walgreens Boots Alliance	CareCentrix	Walgreens Boots Alliance (WBA) acquired a majority stake in CareCentrix, investing \$330M for a 55% stake in the business. The transaction will significantly deepen WBA's service offering across post-acute and home care as it launches Walgreens Health, a tech-enabled care model utilizing a national scaled, locally delivered healthcare platform.
October	OlyHealth	AdaptHealth	OlyHealth, a provider of respiratory, sleep, and CPAP supplies with six locations across Washington state, has been acquired by AdaptHealth. The transaction represents a continuation of AdaptHealth's aggressive inorganic expansion strategy over the past 24 months across a range of DME sub-verticals including respiratory, sleep, and diabetic supplies.

## Near-Term Outlook:

As concerns over the potential impact of increases in the long-term capital gains tax rate by the Biden administration subside, Provident expects DME providers who were initially reluctant to pursue an M&A process in 2022 to re-consider approaching the market. Given the wide range of investors across the private equity and strategic universe with a thesis in DME, sellers are well-positioned to benefit from high-investor demand creating upward pressure on valuations.

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**MedTrade West**  
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