

Q4-2022 Durable Medical Equipment (DME) Update

Market Update

Despite a sector-wide dip in M&A activity amidst an uncertain economic environment and rising interest rates, there was considerable M&A activity within the DME space as 2022 drew to a close. Consolidation activity was primarily led by strategic acquirers, both publicly-traded and private equity backed, to expand their market presence, broaden service offerings, and capitalize on economies of scale to drive efficiency.

Entering 2023, the outlook for transaction activity in DME remains strong as strategics such as Quipt Medical and AdaptHealth remain highly acquisitive. Consolidation activity is further buoyed by the fact DME is relatively insulated to potential economic downturns due to the inelastic nature of customer demand. These factors will drive continued investor interest in the sector and keep valuations at frothy levels.

Notable Transactions:



December 2022

Reliable Medical Supply acquired Chicago based Orbit Medical, a full-line HME provider specializing in power mobility and complex rehab. Reliable Medical, backed by private equity sponsor Seven Hills Capital, pursued the acquisition to diversify its business model and revenue mix while simultaneously growing its core service offering.

The acquisition serves as a natural extension of Reliable Medical's existing Midwest presence as the Company seeks to continue building regional density and better serve the needs of complex patients throughout the hospital discharge process.

Provident: Recent Industry Publications



Kevin Palamara was a contributor to HME News "Smart Talk" column with a 4-part series on M&A considerations:

- 1) [Have Transparent, Upfront Conversations](#)
- 2) [Assess Benefits, Drawbacks](#)
- 3) [Assess Interest Rates, Recessionary Fears](#)
- 4) [Understand the Current Landscape](#)

Provident is happy to discuss any of the trends or commentary discussed in these articles in further detail.



December 2022

Great Elm Group has sold its DME business, Great Elm Healthcare, to Quipt Home Medical at an \$80M enterprise value. The transaction represents a continuation of Quipt's rapid inorganic expansion strategy with its most significant acquisition to date. Great Elms footprint in the Southwest and Northwest will bolster Quipt's existing presence across the Southeastern US and nationwide.

The transaction also provides Quipt with considerable market share expansion within the respiratory market, a high-priority for the Company as it looks to capitalize on a growing population of patients with chronic respiratory conditions.

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