

# Durable Medical Equipment

Q3 2023

## Market Update

Durable Medical Equipment (DME) M&A activity in Q3-23 slowed to a degree as several large, strategic consolidators have navigated the effects of rising interest rates, leadership transitions, and other strategic initiatives. Notably, AdaptHealth, National Seating & Mobility, and Advanced Diabetes Supply have all replaced key executives in the past several months, which has led to a reduced focus on M&A driven growth.

The absence of competition from these historically aggressive groups, coupled with a challenging debt financing market, has created downward pressure on valuation multiples and a less attractive market for sellers looking to explore an M&A process.

That said, opportunistic strategic platforms and private equity groups have capitalized on the less competitive market environment to acquire attractive assets at reasonable valuations. Henry Schein's recent acquisition of Shield Healthcare stands out as a recent example, and we've seen more nimble platforms such as Reliable Medical (backed by Seven Hills Capital) remain extremely active. Provident has seen premium assets are still attracting competitive multiples in this market environment.

Provident is expecting an uptick in M&A activity in Q4 and into the early portion of 2024 as interest rates normalize and these larger acquirors work through their leadership transitions and shift their focus back towards inorganic growth.

## Select Transactions

Month	Acquirer	Target	Deal Description
September			Sunrise Medical has acquired Denver, CO-based Ride Designs, expanding its custom seating offerings, clinical expertise and service capabilities. Ride Designs provides a custom, high-end seating product line to Sunrise's existing product portfolio, allowing it to service a broader patient population within its current platform.
September		Undisclosed Business	Quipt Home Medical, has acquired an undisclosed business with ten locations across three southeast states, generating \$9M revenue and \$2M of synergy-adjusted EBITDA. The deal adds 17,500 active patients and 1,900 unique referring physicians to Quipt's existing platform.
August			Henry Schein, one of the largest nationwide providers of healthcare supplies and equipment, acquired Shields Healthcare via its homecare focused PRISM Medical Supplies division to expand its homecare revenue base to \$300M+ and diversify its product offering into CGMs, incontinence, and other supplies.

## Provident Industry Coverage Team

**Kevin Palamara**  
 Managing Director  
 (617) 226-4221  
 kpalamara@providenthp.com

**Brendan Schroeder**  
 Associate  
 (617) 226-4207  
 bschroeder@providenthp.com