

Durable Medical Equipment

Q3 2024

Market Update

M&A activity across the DME sector accelerated meaningfully in Q3 as several notable transactions were completed with a robust pipeline expected to bolster deal volumes throughout the balance of Q4 and into 2025. DME platforms who have built market share through sustainable growth, patient retention, and strong management infrastructure continue to be well-positioned to attract interest from the private equity and strategic investor community.

The M&A environment received a boost with the Federal Reserve's 50 basis point interest rate reduction which should improve the lending environment and support strong valuation multiples. An easing credit market figures to improve the exit environment for PE-backed platforms reportedly seeking new capital partners, such as National Seating & Mobility (Cinven), while improving access to debt financing for add-on acquisitions, two key drivers of dealmaking activity.







Notable Transaction

Owens & Minor (NYSE: OMI) has agreed to acquire Rotech, one of the largest privately held DME businesses nationwide, in a landmark transaction for \$1.36 billion in cash. This represents a 6.3x EBITDA multiple before accounting for any revenue or expense synergies and capital expenditures.

This acquisition represents a meaningful continuation of OMI's push into the patient direct market following its \$1.6 billion acquisition of Apria in March 2022. The deal underscores a continued focus of strategic acquirers such as Cardinal, McKesson, and Henry Schein towards delivering a broad range of medical products to treat patients in home-based settings.



Select Transactions

Month	Investor	Target	Deal Description
September			Gericare Medical Supply, a portfolio company of Silver Oak Services Partners, has acquired DDP Medical Supply, one of the largest medical supply distribution networks targeting post-acute and home care providers nationwide. Both companies will maintain their existing brands while benefitting from the increased scale and combined resources of the broader platform to deliver its services to a growing customer base.
August			AdaptHealth (Nasdaq: AHCO) has divested certain Complex Rehab Technology assets to National Seating & Mobility, amidst a strategic initiative focused on its core markets of sleep, respiratory, and diabetes. This decision follows recent leadership turnover at AdaptHealth with Suzanne Foster being named CEO, replacing interim CEO Richard Barasch, in April 2024.
July			AA Medical, a leading supplier of refurbished medical equipment, has acquired Surgical Product Solutions (SPS). The partnership will enable AA Medical to tap into SPS's product portfolio concentrated in surgical consumables and become an increasingly diversified and comprehensive provider of medical supplies to hospitals and health systems.

Provident Industry Coverage Team

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

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