

Durable Medical Equipment

Q4 2023

Market Update







While M&A activity across DME demonstrated a moderate uptick in Q4 relative to the muted transaction volumes seen in the prior 9 months, consolidation activity in the space remains well-below the historic levels observed in 2021 and early 2022. Large consolidators (e.g., AdaptHealth) have continued to focus on internal initiatives, streamlining operations, and improving cash flow as a challenging debt environment has continued to make inorganic growth a less attractive option.

Despite these headwinds, opportunistic buyers looking for avenues to expand their product offerings and consolidate market share found attractive acquisition targets in Q4. Specifically, National HME's acquisition of Hospice Source represents a well-capitalized platform able to capture an opportunity to build scale within its core markets in a less competitive buyer environment.

At a macro-level, the Federal Reserves indication that interest rates should retreat from their current highs towards mid-2024 has created a boost in sentiment towards M&A markets. Provident expects sellers to utilize this momentum to explore transaction processes that should provide increased optionality and more attractive valuation multiples.

Provident is encouraged by the uptick in M&A activity as 2023 drew to a close and expects this upward trend to gradually gain momentum throughout 2024. Easing macroeconomic pressures and a desire for growth figures to bring both private equity and strategic consolidators to the table, as expansion via M&A remains a compelling avenue to gain scale, expand product offerings, and capture additional market share.

Select Transactions

Month	Acquirer	Target	Deal Description
December			National HME, a leading provider of DME to the hospice space, acquired Hospice Source. The acquisition deepens National HME's existing footprint and enables the platform to capture additional market share in its core focus areas while leveraging its existing infrastructure across the combined platform to drive efficient, cost-effective growth.
October			iMedical Healthcare Solutions, a Mid-Atlantic based provider of equipment sales and rentals to hospital systems has acquired Bed Techs. The partnership will leverage Bed Tech's complementary focus on used, and refurbished hospital equipment to bolster iMedical's existing platform and increase wallet share by providing additional products to its combined customer base.
October			Home Care Delivered ("HCD"), medical supply platform backed by Beecken, Petty, O'Keefe & Co., acquired Medline's DMEPOS supplier business unit. The transaction will enhance HCD's market presence in its core product categories while expanding its geographical footprint and providing access to a broader customer base.

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Upcoming Conferences

Medtrade 2024

PHP is attending Medtrade 2024 in Dallas, TX from March 26–28. Please contact Kevin Palamara or Brendan Schroeder if you will be in attendance.