

J&A Capital Markets Report

Medical Equipment for Respiratory Care Capital Markets Activity

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AUTHORS



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Jaydon Burrell is a member of the investment banking team at J&A. Originally from South Africa, he holds a master's degree in finance and investment banking from the University of Johannesburg. Jaydon has a background in portfolio and investment management and has received education in both Hong Kong and South Africa. Additionally, Jaydon holds the Series 63 and Series 82 licenses as a private securities representative.



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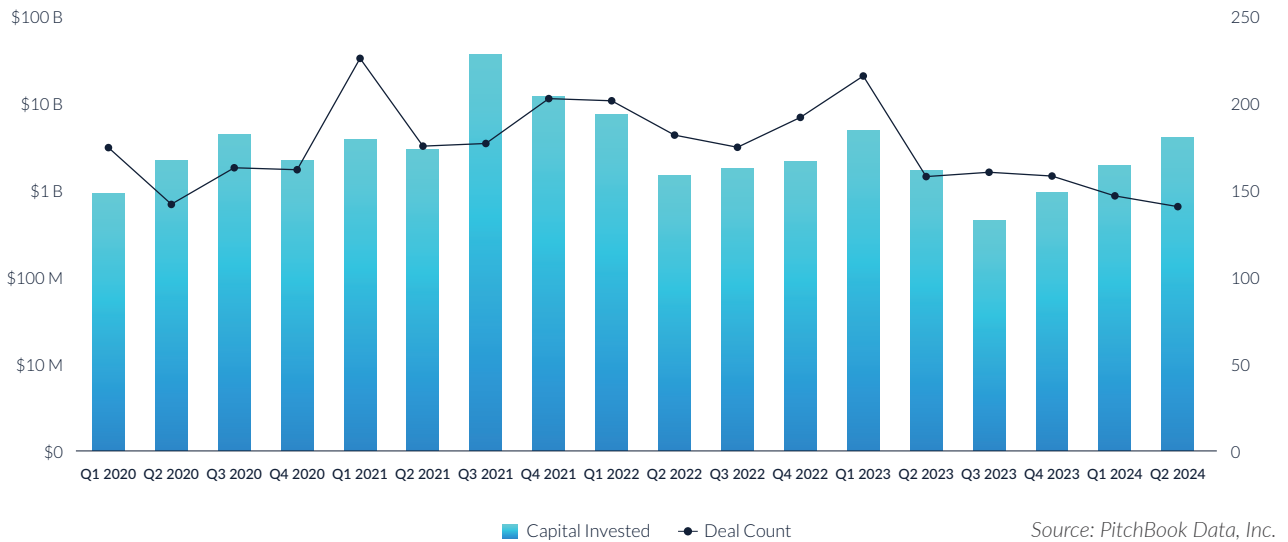


Between Q1 2020 and Q2 2024, over \$91 billion was deployed across 3,147 capital market transactions in the medical equipment for respiratory care sector globally. The average deal size of \$29 million indicates an appetite for transactions in the lower and middle markets.

The respiratory care devices industry focuses on medical equipment used to diagnose, treat, and manage respiratory conditions such as asthma, COPD, and acute respiratory distress. Key products include ventilators, oxygen concentrators, nebulizers, CPAP or BiPAP machines, patient mobility machines, and diagnostic tools. These devices are essential in hospitals, clinics, and home care settings.

The respiratory care devices industry is growing due to several factors. Increasing prevalence of respiratory diseases like COPD, asthma, and sleep apnea, combined with the rising geriatric population, is driving demand for advanced treatment options. Additionally, technological innovations and the shift towards home healthcare solutions further fuel growth. Increased awareness of respiratory health, particularly post-pandemic, and investments in research and development also contribute to the industry's expansion.

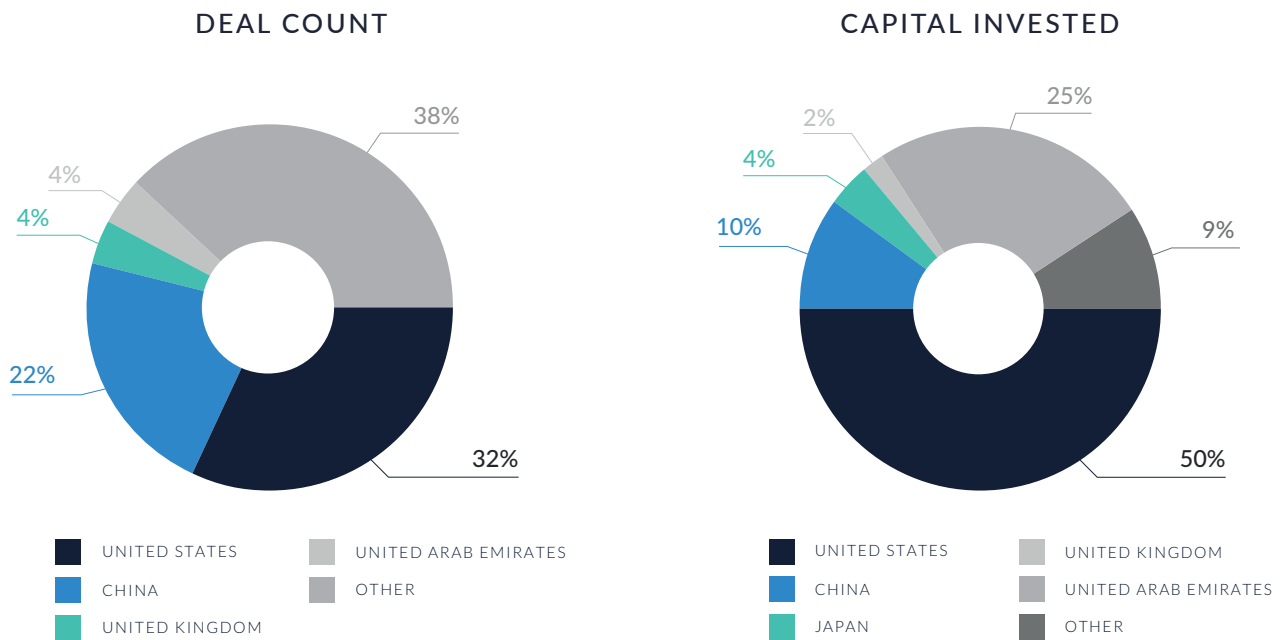
Medical Equipment for Respiratory Care Capital Market Transactions (Q1 2020 – Q2 2024)



Note: The y-axis has been converted to a logarithmic scale to better graphically represent all data points.

- Between Q1 2020 and Q2 2024, over \$91 billion was deployed across 3,147 capital market transactions in the medical equipment for respiratory care sector by global firms with an average deal size of \$29 million.
- Q3 2021 reflects the period with the most significant deployment of capital, \$36 billion, while Q1 2021 experienced the highest deal count, 226.
- There is consistent global demand for transactions in the medical equipment for respiratory care sector, with an average deal count per quarter of 175 deals.
- The largest completed transaction was the 80% acquisition of Medline Industries led by Abu Dhabi Investment Authority for \$34 billion on June 5, 2021. This transaction resulted in a valuation to revenue multiple of 2.1x.

Breakdown of Medical Equipment for Respiratory Care Capital Market Transactions by Country (Q1 2020 – Q2 2024)



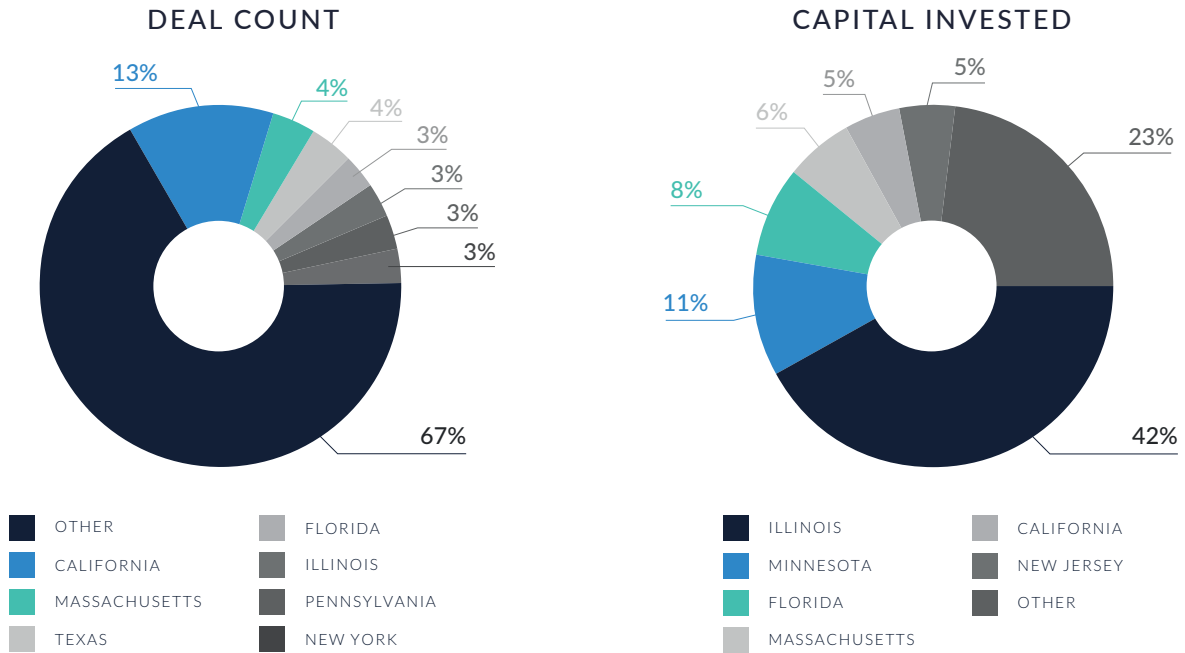
Source: PitchBook Data, Inc.

- The United States represents the largest share of capital invested, contributing 50% of the total (\$63 billion). It also leads in deal count, representing 32% of the total deals (1,100 deals). This resulted in an average deal size of around \$58 million.
- China accounts for 10% of the total capital invested, amounting to \$12.6 billion. Regarding deal count, it ranks second with 22% (730 deals), resulting in an average deal size of around \$17 million.
- Despite its smaller deal count (147 deals, 4% of total deals), the UAE attracted 25%

of the total capital (\$32 billion), indicating that it is involved in more significant deals. The average deal size of over \$200 million indicates an appetite for larger transactions, suggesting a high-value market presence with an average deal size of around \$217 million.

- The “other” category contributes only 9% of total capital invested but makes up a significant 38% of deal count, highlighting a global interest in capital market transactions in this space.

Breakdown of Medical Equipment for Respiratory Care Capital Market Transactions by US State (Q1 2020 – Q2 2024)



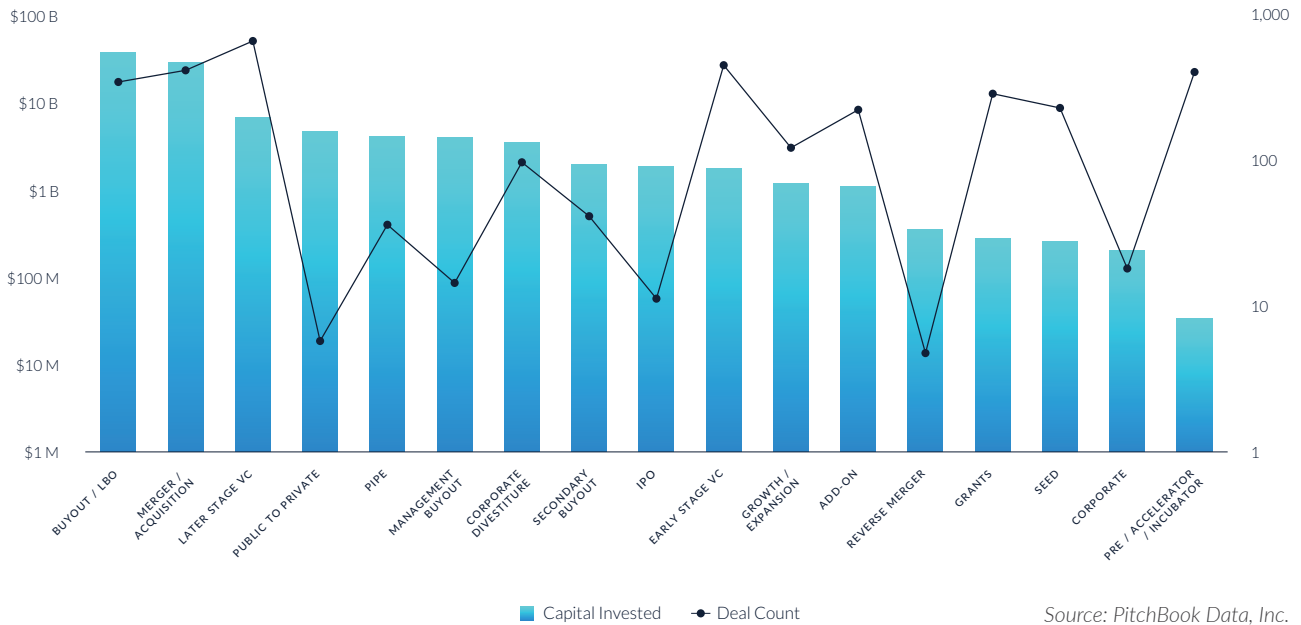
Source: PitchBook Data, Inc.

- California accounts for 19% of the total deal count in the medical equipment for respiratory care sector from Q1 2020 to Q2 2024, with 612 deals. This makes it the state with the highest number of deals, with an average deal size of around \$10 million.
- Illinois contributed the most capital invested, representing 42% of the total capital invested across the states, amounting

to \$51 billion. Illinois plays a crucial role in terms of capital, with an average deal size of \$325 million across 157 transactions.

- Although Minnesota accounts for only 4% of the deal count, it contributed to 11% of the total capital invested (\$13.9 billion). Florida also plays an important role, contributing 8% (\$10 billion) of capital investment while only representing 5% (167) of the deal count.

Breakdown of Medical Equipment for Respiratory Care Capital Market Transactions by Deal Type (Q1 2020 – Q2 2024)



Note: The y-axis has been put into a logarithmic scale to accurately represent all the data points.

- Buyout/LBO transactions dominated the market in terms of total capital invested, with \$44 billion spread across 377 deals. The average deal size for these transactions is also substantial at \$117 million.
- Mergers and acquisitions are the most common type of transaction in this market, with 455 deals contributing \$33.5 billion in capital, although the average deal size is lower at around \$73 million compared to buyout/LBOs.
- While there were only 6 public to private deals, they contributed \$5 billion in capital, with an average deal size of \$909 million, indicating that these deals involve significant investments per transaction. This is understandable with public companies typically being larger and more mature compared to private companies.
- Early-stage deals, including seed, early-stage VC, and accelerator/incubator investments, focus on high deal volumes but lower capital commitments. With average deal sizes of around \$1 million, \$4 million, and \$0.1 million, respectively, these transactions reflect the higher risk and potential for growth in early-phase companies.

DEAL SPOTLIGHT:

GREAT ELM HEALTHCARE



THE COMPANY

Great Elm Healthcare is a supplier of durable medical equipment based in Mesa, Arizona.

The company specializes in respiratory products including home respiratory equipment, early intervention, and other testing and mobility products. They were fully acquired by Quipt Home Medical for \$80 million on January 3, 2023.

This transaction resulted in a enterprise value to revenue multiple of 1.3x and an enterprise value to EBITDA multiple of 6.2x.

TRANSACTION

ACQUISITION

DEAL DATE

JANUARY 3, 2023

ACQUIRER

QUIPT HOME MEDICAL
(TSE: QUIPT)

TRANSACTION SIZE

\$80 MILLION

Between Q1 2020 and Q2 2024, the medical equipment for respiratory care sector attracted over \$91 billion in capital across 3,147 transactions. Growth was driven by the increasing prevalence of respiratory diseases, aging populations, and heightened healthcare awareness post-pandemic. The US dominated both capital investment and deal volume, with buyouts and M&A leading transaction types in terms of deal size, and early-stage investments leading the deal count.



SOURCES

GLOBAL RESPIRATORY DEVICES MARKET REPORT -
MORDOR INTELLIGENCE



RESPIRATORY DEVICES MARKET SIZE, SHARE, AND
GLOBAL FORECAST - FORTUNE BUSINESS INSIGHTS



GLOBAL RESPIRATORY CARE DEVICE MARKET INSIGHTS -
EXPERT MARKET RESEARCH



RESPIRATORY CARE DEVICES MARKET REPORT -
DATA BRIDGE MARKET RESEARCH



RESPIRATORY OXYGEN DELIVERY DEVICES MARKET
REPORT - GRAND VIEW RESEARCH



RESPIRATORY CARE DEVICES - GLOBAL STRATEGIC
BUSINESS REPORT- RESEARCH AND MARKETS



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