

SECTOR SNAPSHOT – H2 2022 & Q1 2023

HEALTHCARE SERVICES MARKET



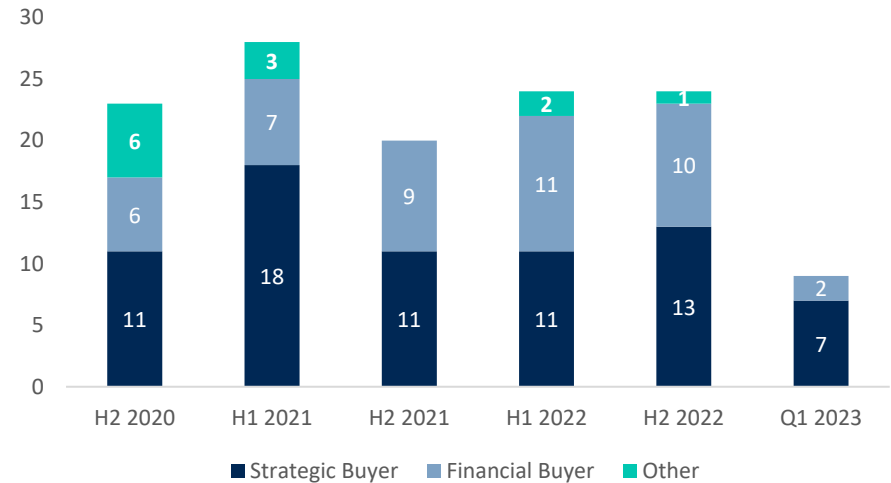
Shah Zaki
Partner



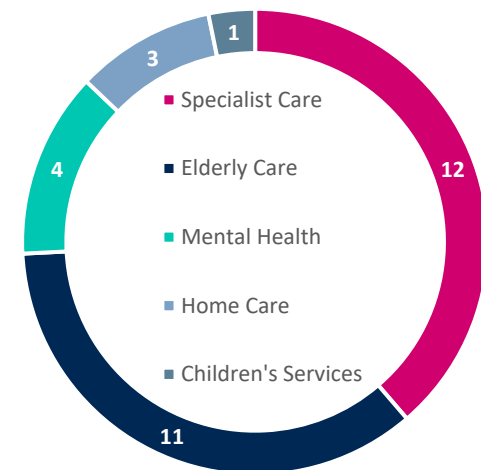
Steve Nock
Director

- M&A deal volumes in the second half of 2022 remained in line with H1 with 24 deals completed.
- This is relatively consistent across the five year period monitored, showing the strength and resilience of M&A in the UK care sector despite the challenges faced in the last few years.
- Private equity interest in the sector remains high both in terms of investment in new platform assets and the deployment of follow on capital in buy and build strategies. One such example of this saw Apposite Capital backed Swanton Care and Community acquire four specialist care businesses during the course of H2 2022.
- Similarly, a number of strategic buyers continue to consolidate their respective markets, adding new regions and service lines to their portfolio.
- Specialist care accounted for the majority of transactions in the 9 month period to Q1 23 with serial acquiror Optimo Care Group accounting for 3 of these transactions. High acuity care continues to remain attractive to both trade and PE buyers as a result of the high margins and more protected market position.
- Elderly care remains a core focus for investors due to the reliability and consistency of income. This sub-sector has seen a small decline in activity recently, largely as a result of reduced REIT activity driven by rising interest rates and fluctuating asset values.
- Looking forward, the care sector faces a number of continued challenges including higher operating costs due to rising utilities, food and insurance. In addition, recruitment and retention issues remain a challenge in the sector whilst rising interest rates will result in increased borrowing costs for leveraged businesses.
- These challenges are likely to drive continued consolidation across various sub-sectors during the course of 2023. PE interest is likely to remain high as the sector remains a relative safe haven for investment whilst REIT investment is likely to increase due to the reduced competition from debt and equity markets.

M&A VOLUMES BY TYPE



H2 2022 & Q1 2023 M&A BY SUBSECTOR



KEY TRANSACTIONS – H2 2022

DOMESTIC TRADE & PE BUYERS

TRADE

Optimo
Care Group
Have acquired

For undisclosed value
Sector:
Supported Living

accomplish.
make every day amazing
Have acquired

For undisclosed value
Sector:
Mental Health

anchor
Have acquired

For c.£59m
Sector:
Elderly Care

Elysium
Healthcare
Have acquired

For undisclosed value
Sector:
Mental Health

involve
Care & Support
Have acquired

For undisclosed value
Sector:
Learning Disabilities

fortiusclinic
Have acquired

For undisclosed value
Sector:
Mental Health

PRIVATE EQUITY

Trinity
Homecare
Have acquired

For undisclosed value
Sector:
Domiciliary Care

MONTREUX
Capital Management
Have acquired

For undisclosed value
Sector:
Learning Disabilities

Swanton
Every Moment Matters
Have acquired

For undisclosed value
Sector:
Supported Living

Swanton
Every Moment Matters
Have acquired

For undisclosed value
Sector:
Child Care

TRISTONE
HEALTHCARE
Have acquired

For undisclosed value
Sector:
Learning Disabilities

RCI
Respect • Courage • Innovation
Have acquired

For undisclosed value
Sector:
Mental Health

“Despite macroeconomic conditions, trade acquirors continue to seek specialised healthcare service providers”

Notable trade deals with a domestic acquiror in H2 2022 include:

- Ramsay Healthcare owned, Elysium Healthcare, acquired complex mental health service provider, Regis Healthcare. Ramsay Healthcare which has a Market Cap of \$11bn and operates health care facilities in Australia, Europe and Asia. This deal will create further specialisation for Elysium Healthcare moving forwards.
- Optimo Care Group, a prominent care provider in the United Kingdom, acquired Stepping Stones Services, a supported living provider. This transaction represents one of the five strategic acquisitions executed by Optimo Care Group, in line with their buy and build strategy aimed at expanding and enhancing their portfolio.
- Residential care provider for individuals with learning disabilities, involve Group, acquired Cavendish Care, a bespoke high-quality home nursing and care services provider. This resulted in Cavendish Care rebranding to involve Care & Support.

“Private equity activity remained strong in H2 2022 as investors continued to pursue value in a resilient sector”

Notable PE deals in H2 2022 include:

- Swanton Care & Community, backed by Apposite Capital, acquired Wycombe Care, a children’s residential care facility. This deal represents one of four completed by Swanton Care & Community as they continue to diversify their services.
- Tristone Healthcare, backed by Duke Royalty, acquired Next Steps, a leading residential care provider to young adults with learning disabilities. The acquisition completes a trio of transactions in 2022 for the buy and build social care investment group.
- Limerston Capital backed Trinity Homecare, acquired Premier Homecare, a provider of high-quality domiciliary and live-in care services across the South West of England. Trinity Homecare is a leading UK private pay home care business providing long-term live-in care and hourly domiciliary care. This acquisition will bolster their national coverage.

SPECIALIST CORPORATE FINANCE ADVISORS TO THE HEALTHCARE SECTOR

Orbis Partners are an independent corporate finance firm with significant experience advising business owners across the **healthcare services sector** on company sales, finance raising and business strategy. If you wish to have a confidential discussion on market dynamics or business valuations then please get in touch.

Orbis' Recent Healthcare Transactions

<p>was sold to</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>Have Acquired</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>Was sold to</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>was sold to</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>was sold to</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>
<p>was sold to</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>was sold to</p> <p>Advisor to the Seller</p> <p>ORBIS</p>	<p>Have acquired a majority investment in</p> <p>Lead advisor to Vendor</p> <p>ORBIS</p>	<p>was sold to</p> <p>Lead advisor to Vendor</p> <p>ORBIS</p>	<p>was sold to</p> <p>Lead advisor to Vendor</p> <p>ORBIS</p>
<p>Have Acquired</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>Have Acquired</p> <p>Lead advisor to Vendor</p> <p>ORBIS</p>	<p>was sold to</p> <p>Advisor to the Seller</p> <p>ORBIS</p>	<p>Have Acquired</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>	<p>Have Acquired</p> <p>For Undisclosed</p> <p>ORBIS Lead advisor to Vendor</p>



Company Sales

Extensive mid-market M&A expertise and experience across the team



Finance Raise

Supporting existing business to fund development and acquisitions



Business Strategy

Independent advice and planning strategy led by deep sector insights



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