

CONSUMER HEALTHCARE

INDEPENDENT LIVING & MOBILITY

THE INDEPENDENT LIVING
SECTOR INADVERTENTLY
BENEFITTED FROM THE
COVID-19 PANDEMIC, WITH
THE MARKET DRIVEN BY
AN INCREASING DESIRE TO
STAY AT HOME.



COOPER PARRY
CORPORATE FINANCE

GLOBAL
M&A
PARTNERS

MIND THE GAP

SNAPSHOT

Consumer healthcare and specifically the **independent living** market is continuing to grow strongly through the Covid pandemic, driven by a growing addressable market and a shift in tastes to tech-enabled independent living within the home. M&A activity in the market is buoyant with opportunities for investors to buy into this robust growth market. This snapshot explores:

**KEY
MARKET
THEMES**

**CORE
M&A
VALUE
DRIVERS**

**RECENT
M&A
ACTIVITY**

Favourable demographic and opportunities to build scale and efficiency through market consolidation should drive M&A activity in the short-term.

KEY MARKET THEMES

OVERALL MARKET

The **private-pay consumer healthcare market** is large; typical consumers are 70+ with mild or moderate levels of frailty and a desire to stay in their own homes.

Over 75% of those aged 65+ in the addressable population have **total wealth of over £200k** (2) driving demand across a number of product categories.

Historical **market growth** has been strong at between **5-7%** with potential for unwinding pent-up demand built up through Covid-19 and a longer term tailwind caused by a trend for stay at home for care.

The total mobility and living aid market in the UK is estimated at £650m. The market is expected to grow by £448m at a CAGR of over 11% between 2020-25, driven by a large addressable market with low penetration levels.

MARKET ⁽¹⁾

	2020 MARKET SIZE (£m)	2025 MARKET SIZE (£m)	CAGR (%)	Delta (£m)
TOTAL	650	1098.5	11.1	448.5

KEY MARKET THEMES

MARKET DRIVERS

GROWING PRIVATE PAY MARKET

Evidence of compound annual growth in private elderly care is fuelling the market for bespoke mobility products enabling consumers to stay at home longer.

NEW PRODUCTS

Technology and manufacturing advancements are creating products that are seen as desirable while also meeting healthcare needs, creating new product segments.

LOW PENETRATION

Current penetration of products into this addressable population is very low, estimated at <2% in all independent living product categories.

STAY AT HOME

The increasing availability of in home healthcare products coupled with the rising cost of residential care is causing people to stay at home longer.

UNDERLYING DEMOGRAPHIC SHIFTS

An ageing population and increasing levels of frailty amongst a wealthy, elderly cohort are driving demand for at home solutions to mobility and bathing.

INCREMENTAL AWARENESS THROUGH MARKETING

There is headroom in the market to increase product awareness and consideration through well defined marketing channels.

CORE M&A VALUE DRIVERS

	MULTIPLE	MULTIPLE		
MARKET DYNAMICS	MARKET OPPORTUNITY	DECLINING	GROWING	Market growth to FY2025 is expected to remain strong with 7-9% annual growth , driven by a set of robust market drivers.
	CYCLICALITY	HIGH	LOW	The needs driven nature of the sector dampened some of the volatility through Covid, with businesses able to shore up revenue streams.
	COMPETITION	HIGH	LOW	Competition remains high in the independent living space with a few large dominant players across the key product categories, albeit fragmentation creates significant opportunity in market niches.
COMPANY SPECIFIC	STICKY REVENUE	LOW	HIGH	High recurring revenue alongside long-term contracts increases revenue visibility and commands a higher multiple.
	CORE PRODUCT RANGE	NON-CORE	NEEDS DRIVEN	The underlying demand for consumer healthcare is continuing to grow, specifically around a core set of products in which the highest valuations are seen.
	E-COMMERCE SALES	LOW	HIGH	Covid drag for independent living products has impacted those relying on in-store sales, with greater revenue robustness and higher valuations seen in businesses operating an e-commerce model .
	SUPPLY CHAIN IMPACT	SEVERE	MODERATE	In a post-covid market, investors are valuing supply chain versatility with those businesses demonstrating strong liquidity & in-house manufacturing receiving higher valuations.
	BESPOKE PRODUCTS	STANDARDISED	CUSTOM	A bespoke product range custom made to the end user increases penetration in the market and adds value to the business.

AN INVESTORS PERSPECTIVE

CAIRNGORM CAPITAL PARTNERS

- **“We invested in Millbrook because of the growing need to keep people independent within their own home, rather than more expensive forms of care”**
- **“We like the sector because of the potential growth within the sector as a result of the Covid 19 pandemic”**
- **“The expectation is for greater use of technology and private pay emerging within the assisted living space”**



AN INVESTORS PERSPECTIVE



Nottingham Rehab, provider of mobility and disability equipment was acquired by **Graphite Capital** in a private equity secondary buyout from H2 Equity and LDC.

March 2019



Care-Ability, the UK-based provider of specialist moving, handling and bathing equipment for elderly & disabled customers, was acquired by **Prism Medical**.

April 2019



Direct Healthcare Group, backed by ArchiMed, acquired Swedish specialist provider of transfer solutions that simplify mobility, **Patient Handling Europe** in a £26m deal valued off a 7.9x multiple.

April 2020



The Canadian based listed company, **Savaria**, acquired Swedish player **Handiacre Group** in a £298m transaction at a 14.1x EBITDA multiple. Handiacre are a supplier of technical aids for the elderly and disabled.

January 2021



Private equity house, **Livingbridge**, invested in a secondary buy-out of **AJM Healthcare** from Westbridge Capital, the UK-based provider of NHS wheelchair services throughout the UK.

July 2021

June 2019

Freshly backed by private equity house Limerston Capital, **Prism Medical** set about consolidating the market with the acquisition of **Assured Healthcare**, a UK supplier of patient lifting and bathing equipment.



July 2019

Cairngorm Capital invested in Millbrook Healthcare, the UK-based outsourced provider and manufacturer of equipment and services for assisted living for an undisclosed amount.



January 2021

Repose Furniture, UK-based manufacturer and distributor of rise and recliner chair, was acquired by **Prism Medical**, a portfolio company of Limerston Capital.



February 2021

Millbrook Healthcare, backed by Cairngorm Capital, acquired Ross Care, the UK-based mobility equipment servicing, sales, and leasing company.



CONTACT US

OUR HEALTHCARE CONTACTS WITHIN THE COOPER PARRY CORPORATE FINANCE TEAM



ANDY PARKER
Partner

Andy has nearly 30 years' Corporate Finance experience and is head of Corporate Finance at Cooper Parry.

Prior to joining Cooper Parry in 2015, Andy was a Corporate Finance Partner at PwC with whom he spent 18 years.

His focus is working with entrepreneurs to realise the value they have created in their businesses and with private equity investors.

His notable deals include debt advisory services in the buy-out of Helping Hands, the investment of Westbridge Capital into Bespoke Health and Social Care and AJ Mobility services, the buy-out of Regard Partnership funded by MML Capital Partners, and the sale of Genesis Dental to August Private Equity.

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TOM SUMMERS
Director

Tom has over 5 years' experience working in corporate finance advising on private equity transactions, sales to domestic and overseas buyers and management buy-outs.

Tom is a Chartered Accountant originally training in audit and has a BA in Physics from The University of Oxford.

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LOREN DOCKSEY
Analyst

Loren joined Cooper Parry Corporate Finance in 2020 as an analyst, assisting the team with deal origination and market research.

Loren has experience of working on buy-side mandates for both private equity and trade players, assessing investment criteria, mapping the market and originating acquisition targets.

He holds a BA (Hons) in Economics from The University of Derby and is a trainee Chartered Accountant.

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OUR RECENT COMPLETED DEALS IN THE HEALTHCARE SPACE

AJM HealthCare

TARGET COMPANY DETAILS
Company Name: AJM HealthCare Group Limited
Country: United Kingdom
Deal Type: Secondary Buy Out

BUYER DETAILS
Buyer Name: Livingbridge
Country of Buyer: United Kingdom

SECTOR
Healthcare

COOPER PARRY CORPORATE FINANCE

HEALTHCARE

TARGET COMPANY DETAILS
Target Name: Not disclosed
Country: United Kingdom
Deal Type: Primary Buy-out

BUYER DETAILS
Buyer Name: UK PE
Country of Buyer: United Kingdom

SECTORS
Consumer Healthcare

COOPER PARRY CORPORATE FINANCE

