

The German care market in the wake of digital transformation

The M&A perspective

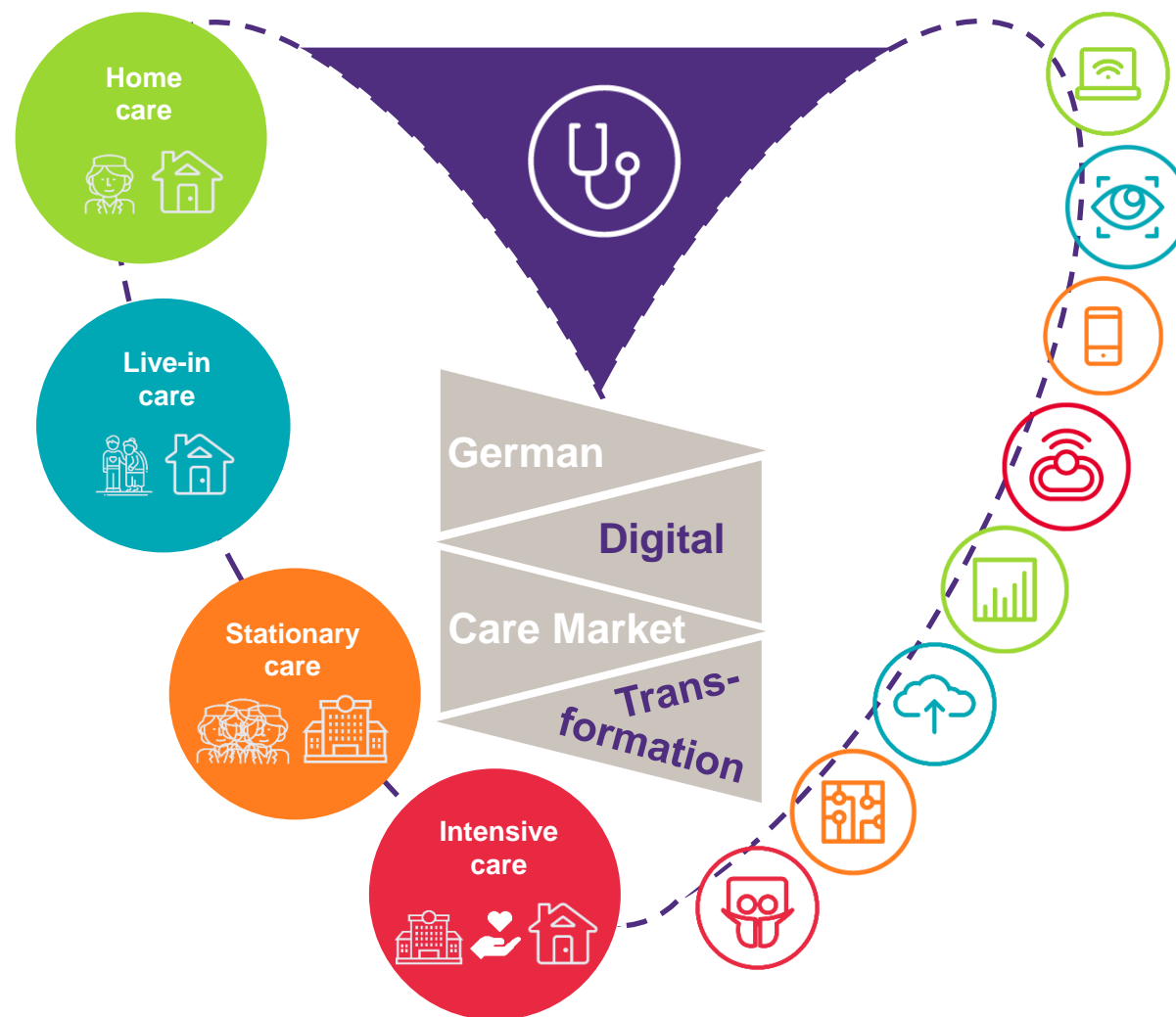
Hamburg, October 2020



The German care market in the wake of digital transformation

The German care market is undergoing a continuous change. It is also expected that this transformation will continue over the upcoming decades.

- The social care system, which is characterized by a high level of regulation, can release reliable potential for growth despite its bureaucratic hurdles.
- Demographic changes also require investments in elderly care.
- The consolidation of the stationary care market and the non-clinical intensive care market is already far advanced and is driven by larger pan-European care providers and medium-sized private equity investors.
- The consolidation of the home care market is currently still proceeding in the background. Family offices and smaller private equity investors have already invested in this sector, but have not yet reached a critical size.
- At present, the live-in care sector is mainly driven by companies situated in Eastern Europe and the Balkan countries. On the medium term, we also expect German companies to play a role in this area.



The digital transformation of the care industry is already present in various ways. Many successful digital business models are currently establishing themselves in the market, and are expected to be indispensable for the care sector in the future.

- The spirit of optimism is clearly evident through increased investments in digital care solutions.
- Despite the lengthy introduction of the electronic patient file, the care sector has been experiencing a digital flexibilization of the legal framework for two years now.
- After the initial unexpected shock-induced numbness for venture capital investments following the Corona outbreak, specialized financial investors have noticed the positive side effects of the crisis.
- The government's stimulus package as well as additional measures accelerate the change.
- The convergence of care and the digital world will ultimately lead to an increasing number of transactions.

Status quo and development of the German care market



The structure of the German care market

Care services are considered the third largest sector in the German healthcare market. Due to the demographic change in Germany and the continuously growing demand for care, the care market engaged on a growth path for years and will continue to develop positively according to forecasts.

The care market is an attractive playground for all care market players

Strong growth sector: The care service sector is one of the fastest growing areas in the German healthcare market. It is expected to grow its market size of 53bn EUR in 2018 to 66bn EUR by 2020 (CAGR: 1.84%).

Growing demand: It is expected that the number of people in need of care will rise to about 4.1 million in 2030.

High economic importance: Currently, there are around 622,000 caregivers. With regard to the increasing need for care, about 100,000 additional caregiver will be needed by 2030.

Market overview 2018



~ 53 billion EUR
Market volume



3.92 million people in need of care
in Germany

Breakdown of patients by type of care (Status quo, February 2020)



79% taken care of at home (c. 2.1 million people)



c. 2.2 million people
by relatives or live-in caregivers

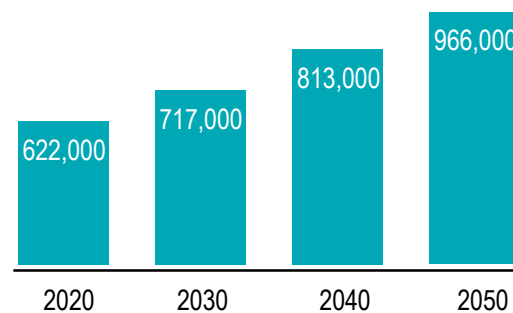


c. 0.9 million people
by relatives together with home care providers



21% cared for in stationary nursing homes
(c. 835,000 people)

Demand for caregivers continuously increases



- While the number of people in need of care increases, the demand for qualified personnel does too.
- To counteract the shortage of qualified personnel, wage increases and training reforms for caregivers are expected to be implemented in the foreseeable future.
- In response to the strong demand for qualified personnel, foreign temporary workers migrate to Germany.

Competitive landscape and M&A drivers in the care service sector

The domestic demographic development and the size of the German care market offer great potential for consolidation in all segments of the care industry.

- Despite the high transaction activity (>200 transactions) over the last ten years, stationary care still offers good consolidation potential. Compared to the other types of care, we are talking about a relatively consolidated market.
- Medium-sized private equity investors continue to rely on buy-and-build strategies to build up larger stationary care providers. The major pan-European market players are strongly represented in Germany and tend to buy larger nursing home operators.
- In the past, the expansion of German stationary care providers required a high level of capital commitment through the acquisition and ownership of nursing homes real estate properties. Nowadays, the properties are sold in separate deals.

Stationary care



- In relation to the number of patients, the non-clinical intensive care market is quite small.
- The relatively high reimbursements that result from the more complex disease level of the patients lead to a high interest of financial investors.
- While the top ten players amount for about 20% of the intensive care patients (as a consolidation result), the other players are relatively small with turnover figures below 50 mEUR.
- The non-clinical intensive care sector is for some years now in the limelight of domestic and foreign investors, some of them being already involved in tertiary transactions. Especially larger financial investors have started to recognize the greater potential for consolidation in this niche market.

Intensive care



- The home care market represents the largest segment of the care market, but is also highly fragmented. The top ten care providers sum up together only to c. 5% of the total number of patients. There is however almost no pure home care provider with a turnover of over 50m EUR.
 - As the entry barriers in this particular market are low, a consolidating force would have to offer an attractive infrastructure for the future conglomerate in addition to the purchase price. There are already venture capital investors that want to shake up the non-intensive care market with a few large financing rounds, however with a strong digital component.
 - The non-intensive care market is already attracting investors from family offices or smaller private equity investors.

Home care



- The shortage of qualified personnel and the particular burden of 24/7 care entails that a large number of caregivers are being recruited in Eastern Europe and the Balkan countries. Therefore, the majority of care providers of live-in care are usually temporary caregivers from these countries.
- Even if this means that little movement is to be expected in Germany, a few venture capital investments in online employment platforms have already been reported.
- Additionally, strategic partnerships have also been reported, such as the one between the Dortmund SHD Group and the Polish CareWork Group.

Live-in care



M&A activity of the last three years

Date	Acquirer	Acquirer - Shareholders	Target	Core activity	Stationary care # of beds	Assisted living	Day care		Non-intensive home care	
							Service # of places	# of places	Services	# of patients
Sep-20	CURATA Care Holding	Private	6 nursing homes & 1 home care provider of KMG	Stationary care	450	-	-	-	-	67
Aug-20	Korian SA	Listed	Ambulanter Krankenpflagedienst Emmy Hensel	Home care	-	-	-	-	-	125
Jul-20	Convivo Unternehmensgruppe	Private	AWO Wohn- und Pflegezentrum (WuPZ) Röbel	Stationary care	69	33	-	-	-	-
May-20	Cosiq GmbH	Private	Allen- und Pflegeheim St. Elisabeth gGmbH	Stationary care	90	-	-	-	-	-
May-20	Domus Cura GmbH	Private	Pflegezentrum Hüffenhardt	Stationary care	135	-	-	4	-	-
Apr-20	MCC Seniorenresidenzen	Private	Altera Senioren-Domizil Wertheim GmbH	Stationary care	106	18	-	-	-	-
Apr-20	Korian SA	Listed	Pflegesparte der QualiVita AG	Stationary care	767	n.a.	1	n.a.	3	308
Jan-20	Quadriga Capital	PE investor	Medical Senioren-Park Holding GmbH & Co. KG	Stationary care	1,190	10	n.a.	15	n.a.	n.a.
Jan-20	Argentum Pflege Holding GmbH	PE backed (Trilantic Capital)	DPUW (Armonea Deutschland)	Stationary care	2,952	n.a.	n.a.	n.a.	n.a.	n.a.
Jan-20	Alloheim-Senioren-Residenzen SE	PE backed (Nordic Capital)	Mohring Gruppe & Vital Wohnen Gruppe	Stationary care	1,176	287	2	n.a.	2	n.a.
Dec-19	Alvia Capital GmbH	PE investor	JWO Hamburg Care GmbH	Home care	-	-	-	-	-	217
Oct-19	Schönes Leben Gruppe	PE backed (Waterland)	MEDIKO Pflege- und Gesundheitszentren	Stationary care	2,000	n.a.	n.a.	n.a.	n.a.	n.a.
Sep-19	United Healthcare Partners AG	Private	Healthcare Deutschland GmbH	Home care	-	-	-	-	-	10,000
Jul-19	Kos SpA	Private	Charleston Holding GmbH	Stationary care	3,856	393	n.a.	38	5	230
May-19	Alloheim Senioren-Residenzen SE	PE backed (Nordic Capital)	Pro Talis Gruppe	Stationary care	1,100	54	2	n.a.	1	n.a.
Jan-19	EMVIA LIVING	PE backed (Chequers Capital)	Aventinum Management GmbH	Stationary care	153	98	n.a.	24	1	n.a.
Jan-19	Dorea GmbH	PE backed (Credev)	Abendfrieden Gruppe	Stationary care	92	46	n.a.	64	n.a.	n.a.
Jan-19	Contilia Gruppe	Charitable / non-for-profit	Altenzentrum St. Elisabeth Duisburg	Stationary care	186	-	-	-	-	-
Dec-18	Korian SA	Listed	Schauinsland GmbH	Stationary care	350	~250	1	n.a.	n.a.	200
Dec-18	Dorea GmbH	PE backed (Credev)	Seniorenheime von Cura Sana	Stationary care	604	-	-	-	-	-
Dec-18	Advent International	PE investor	Lavorel Medicare / Bonitas	Intensive care	-	-	-	-	n.a.	4,000
Nov-18	Groupe Maisons de Famille SA	PE backed (Credev)	DOREA Holding GmbH	Stationary care	5,500	~500	9	n.a.	12	1,000
Nov-18	Orpea	Listed	7 nursing homes of Axion-Gruppe	Stationary care	985	-	-	-	-	-
Nov-18	Alloheim Senioren Residenz SE	PE backed (Nordic Capital)	CMS Unternehmensgruppe	Stationary care	2,000	300	1	n.a.	1	n.a.
Sep-18	opseo	PE backed (Ergon Capital)	Linde REMEO Deutschland GmbH	Intensive care	97	-	-	-	1	35
Jul-18	Korian SA	Listed	PflegeExperten Kufu GmbH	Intensive care	-	-	-	-	2	25
Jun-18	Advent International	PE investor	Deutsche Fachpflege Gruppe	Intensive care	-	-	-	-	n.a.	900
Jun-18	GHO Capital	PE investor	Linimed-Gruppe	Intensive care	-	-	-	-	n.a.	150
Apr-18	Alloheim Senioren Residenz SE	PE backed (Nordic Capital)	Cosmas Bet. und Iteralklinik Seniorenzentrum	Stationary care	459	164	n.a.	12	n.a.	n.a.
Feb-18	Bregal Unternehmerkapital	PE investor	DPG Deutsche Pflegegruppe	Intensive care	-	-	-	-	30	n.a.
Feb-18	Deutsche Fachpflege Gruppe	PE backed (Chequers Capital)	bipG VOR ORT GmbH	Intensive care	-	-	-	-	n.a.	150
Feb-18	Schönes Leben Gruppe	PE backed (Waterland)	Compassio GmbH & Co. KG	Stationary care	3,058	n.a.	n.a.	n.a.	11	n.a.
Dec-17	Nordic Capital VIII Alpha, L.P.	PE investor	Alloheim Senioren Residenz SE	Stationary care	20,120	n.a.	n.a.	n.a.	17	n.a.
Oct-17	Chequers Capital	PE investor	EMVIA Living (prev. SWP Holding)	Stationary care	5,400	n.a.	n.a.	n.a.	n.a.	n.a.
Aug-17	Oaktree Capital Management LP	PE investor	Vitanas Holding GmbH	Stationary care	5,685	n.a.	n.a.	n.a.	3	n.a.

Sources: pflegemarkt.com, WKGT research

The Corona pandemic leads to a temporary shift in priorities in order to establish efficient crisis management. However, a recovery in transaction behavior with similar patterns as before the outbreak is expected.

- Out of more than 30 transactions, the majority accounts for the stationary care sector.
- The driving forces behind the consolidation represent larger pan-European care providers as well as financial investors, who are geared to a buy-and-build-strategy.
- As part of the optimization of the German investments, the balance sheet of stationary care providers is being streamlined by the sale of real estate portfolios. The number of such transactions has risen sharply in recent years and exceeds the number of corporate transactions.
- Although some transactions still took place during the Corona outbreak, most of them resulted from insolvency.
- As of March 2020, intensive care and stationary care providers in particular have been busy introducing strict measures to prevent chain infections and to protect their reputation.

Ensuring care during a pandemic outbreak

The demographic development and size of the German care market continue to offer great potential for consolidation. The high relevance and urgency of an anti-Corona plan has shifted short-term priorities of care providers from maximizing value to optimizing their own processes and structures.

Crisis management

- Every care provider is dependent on implementing a crisis management system that is geared to its own institution and patients.
- In the event of an outbreak of infection, nursing homes and shared flats have a higher risk of infection due to the common rooms, as well as an indirect risk of damaging their reputation.
- Since in some federal states an obligation for single room occupancy has already been introduced before the crisis, it is expected that this rule will be extended in the current situation.
- The design of new nursing homes will have to adapt to the lessons learned from the Corona pandemic in the future.

Securing supply and cost coverage

- The supply of protective equipment is expected to improve after the Corona outbreak, however, given the combination with all other crisis measures the overall care costs will increase.
- As the majority of the patients belong to the high-risk group, an extension of the Corona test capacity is likely to be expected. This is particularly important for newly admitted patients in the stationary care sector.
- Almost every measure to fight the pandemic leads to increased costs for the care providers. Although it is becoming apparent that many services will be reimbursed, a slight reduction in the operating margin for care providers is likely to be expected.

Personnel

- In most cases, employees in the care sector are exposed to higher stress levels.
- The systemic importance of the caregivers as well as the existing shortage of qualified personnel has gained attention with the outbreak of Corona. Although a number of measures have been adopted to improve remuneration packages and simplify training paths, these alone will have little chance of closing the gap in the care system in Germany.
- The number of caregivers that are currently missing in Germany will continue to be compensated with caregivers migrating from other countries. However, it is expected that stricter controls resulting from the outbreak of Corona will improve the fight against labor exploitation.

Digital transformation

- During the Corona crisis, the daily business of stationary care providers was influenced by two main factors: The adherence to infection control measures for vulnerable groups (e.g. bans on visits) and the adherence to the necessary personnel quota, especially since some of the foreign caregivers have returned home.
- New digital solutions can help to mitigate anti-crisis measures and reduce the overburdening of caregivers.
- Furthermore, virtual assistance solutions, such as telemedicine, can provide an answer to the necessary interaction between patient, caregiver and doctor. Such digital solutions are a readily available substitute to the physical doctor visits.

Digital transformation in the German care market



Innovative framework conditions for the healthcare industry

New regulations create further opportunities for the use of digital technologies in the care service sector. Likewise, the digitization of the healthcare system is further promoted. These framework conditions combined with the associated financial subsidies create a dynamic business environment that particularly attract start-ups and established providers of digital care solutions.

Pflegepersonal-Stärkungsgesetz (PpSG)

- The law for strengthening the caregivers (*Ger. Pflegepersonal-Stärkungsgesetz*) came into force in January 2019 and is intended to contribute to better care and support caregivers to offer better care quality services. The regulation aims to achieve improvements in the daily lives of caregivers in non-intensive and stationary care through better staffing and working conditions.
- Digital solutions for care documentation, billing of care services, internal quality management, shift and tour planning as well as interdisciplinary cooperation with doctors and rehabilitation clinics can result in better care services. Furthermore, digital e-learning services can help to relieve the burden on caregivers. To support the implementation of digital solutions, the care insurance is co-financing each care facility (home or stationary care) with up to 12,000 Euro, or 40% of a total investment amount of 30,000 Euro.

Stimulus package

- In June 2020, the government released a stimulus package as a response to the outbreak of the Corona pandemic, which is aimed to support the digital transformation of the healthcare system, among other things. In addition to modern emergency capacities and the strengthening of the supply structures, the focus of the program „Zukunftsprogramm Krankenhäuser“ is on an improved healthcare infrastructure, IT and cyber security and has a dedicated volume of 3bn EUR.
- Moreover, the program „Pakt für den öffentlichen Gesundheitsdienst“ allocates funds of 4bn EUR for the technical and digital upgrade of the IT infrastructure of health care authorities. Overarching communication and interoperability have to be established in order to ensure a functioning public system and improve protection against pandemics. As such, in order to improve the reporting system and crisis management, investments in hardware and software are required.

Digitale-Versorgungs-Gesetz (DVG)

- The law of digital provisions (*Ger. Digitale-Versorgungs-Gesetz*) which has been in force since December 2019, improves the framework conditions for the digital transformation of the healthcare system in Germany. Costs for the use of reimbursable digital health applications are covered by the statutory health insurance. Furthermore, remote medical treatments through tele medical services and the development of the telematics infrastructure are being supported by this law.
- In order to promote the development of digital medical products, tele medical procedures and IT-supported procedures in medical care, the DVG enables health insurance companies to invest up to 2% of their financial reserves in equity funds or investments.

Electronic patient file

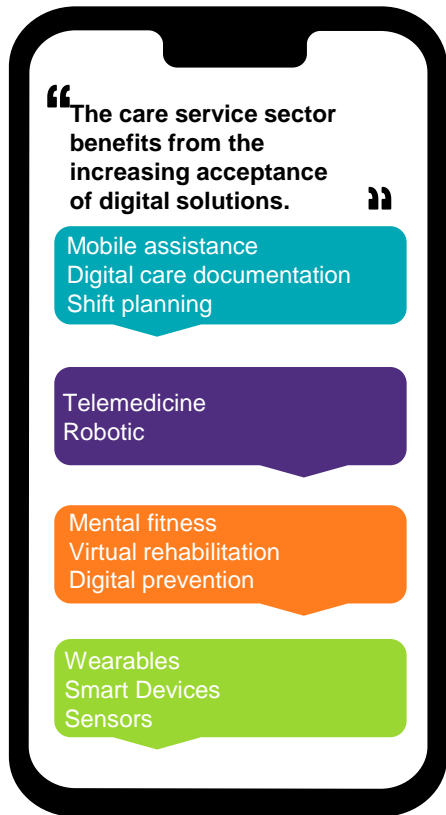
- Following approval by the German Bundestag, the electronic patient file is to be provided by health insurance companies from January 1, 2021 onwards. The use of the electronic patient file is voluntarily.
- It is up to the patient to decide whether and which data the electronic patient file will be filled with and who is being allowed access.
- The implementation of additional functions of the electronic patient file such as the vaccination pass, the maternity pass or the health record for children will be regulated in a following law.

Video consultation

- On July 16, 2020, the Federal Joint Committee has decided that a medical sickness certificate (limited to seven calendar days) can be issued via video consultation, given that the insured person is known in the practice, i.e. sick leave based on online questionnaires, chat surveys or telephone calls is not permitted. A subsequent sick leave certificate can only be issued with a previous visit in the medical practice.
- As of January 1, 2021, the medical certificate about the inability to work will be transmitted electronically or in digital form to the health insurer.

Showcasing the potential of digitalization for the care service sector

The use of digital technologies and applications becomes increasingly important for the care service sector and represents a way of counteracting demographic change and the associated challenges of aging population. The spectrum of eHealth solutions that support everyday life, aim to redefine patient-related activities for caregivers in the shortest possible time and to maintain the independence of those in need of care.



Digital Infrastructure

- The use of mobile and digital assistance technologies enables holistic and multidisciplinary planning and mapping of care services, thus creating better results for those in need of care as well as intelligent solutions for caregivers and more cost-efficient approaches for the payers.
- Digital irretrievability of care planning and documentation, care coordination and shift planning allow for a greater focus on patient-related services, relieves workflows, increases patient safety and enables easy networking with relatives and doctors.

Digital Assistance

- The integration of intelligent systems such as smart video consultation hours enables the spatial and temporal decoupling of diagnostics and therapy opens up new ways of communication and networking between those in need of care and caregivers, and strengthens the cooperation between care services and medical expertise of doctors on an equal footing.
- The use of robotics supports caregivers and those in need of care in everyday activities, ensures sensor-based monitoring of body functions or provides rapid help in emergencies, and assists as interaction partner through video-based family networks.

Digital Therapy

- Effective therapeutic and preventive eHealth solutions support the physical, cognitive and social abilities of health and typical age-related illnesses of those affected.
- Web-based tele therapeutic platforms enable customized rehabilitation independent of time and place, which can be controlled, adapted and accompanied by therapists in a more targeted manner.
- Digitally supported therapy and prevention systems are used for the treatment of back pain, psychological and neurological impairments and for nutritional advice etc.

Devices & Wearables

- Medical wearables record activities, sleep quality/ quantity, heartbeat and can automatically trigger alarms when parameters change so that relatives or caregivers can take early action.
- Smart home systems create more security and alert relatives or caregivers in emergency situations via push messages.
- Sensors register dangerous situations and, if necessary, emit audio signals that help remind patients to drink, serve as orientation aids, or can be used for prevention of pressure ulcer.

Finance raisings of German start-ups

Date	Financing round	Financing volume	Start-up	Description	Investors	Cat.
Aug-20	Pre-Series A	> EUR 1 Mio.	RetroBrain R&D GmbH	Development of gesture-based therapeutical video games for elderly people	Catalpa Ventures GmbH & Co. KG, Almaro Holding AG, among others	D.T.
Aug-20	Series A	12.7 mEUR	Klara	Doctor-patient communication technology that uses artificial intelligence to automate processes	Gradient Ventures, Frist Cressey Ventures, FirstMark Capital, Lerer Hippeau, Project A, Stage 2 Capital	D.A.
Jul-20	Seed	c. EUR 0.5 Mio.	eCovery	Training app for rehabilitation	TGFS Basic, Angel Investors	D.T.
Jun-20	Series B	23 mEUR	kaia health	Digital therapeutics to manage chronic diseases	Optum Ventures, Idinvest, Capital300, Balderton, Heartcore, Symphony Ventures	D.T.
May-20	Seed	1.6 mEUR	Sympatient GmbH	Medical VR applications to improve mental health	Investiere (CH); IFB Innovationsstarter GmbH	D.T.
Apr-20	Seed	n.a.	Roboïse GmbH	Designs, manufactures, and deploys service robots at public venues and commercial sites	Bayern Kapital GmbH	D.A.
Apr-20	Seed	1 mEUR	VisionHealth GmbH / KATA@	Developed inhalation assistant for treatment of patients with chronic respiratory diseases	Dr. Georg Matheis, Sanner Ventures, weitere Investoren	D.A.
Jan-20	Series B	17 mEUR	Temedica GmbH	Develops digital health companions based on sound medical research	MIG Verwaltungs AG, Santo Venture Capital GmbH, HMW, G+J Digital Ventures GmbH	D.T.
Jan-20	Series B	18.9 mEUR	Oviva AG	Digital patient-oriented therapy for changing nutritional behaviour	Eight Roads Ventures, Partech Ventures, Earlybird, Albion Capital, MTIP AG, F Prime	D.T.
Jan-20	Series A	5.3 mEUR	GOREHA GmbH	Operates Caspar Health, a SaaS platform for virtual rehabilitation	Atlantic Labs, Ananda Ventures GmbH, Think.Health GmbH, Helmut C. Nanz	D.T.
Jan-20	Series B	6 mEUR	Selfapy	App to help people with depression, anxiety disorders or burnout	SHS, Think.Health Ventures, VC Fonds Kreativwirtschaft Berlin, High-Tech Gründerfonds	D.T.
Nov-19	Series	n.a.	Talea Pflege GmbH	Innovative network for non-intensive care	Holtzbrinck Ventures, Cherry Ventures, Ananda Ventures	D.I.
Sep-19	Series A	8 mUSD	kaia health	Digital therapeutics to manage chronic diseases	Optum Ventures (US)	D.T.
Jun-19	Series A	6.3 mEUR	HiDoc Technologies GmbH / Cara Care	Personalized care app for everyone with chronic gastrointestinal issues	Johnson & Johnson Innovation, Asabys Partners, Atlantic Labs	D.T.
Feb-19	Series A	> 1 mEUR	Lindera GmbH	App to reduce the risk of falls among elderly people	Rheingau Founders, DPF AG, Seniorenwerk, LAT Funkanlagen-Service, Herbert Leitker	D.T.
Jan-19	Series A	9 mEUR	kaia health	Digital therapeutics to manage chronic diseases	Balderton Capital (UK)	D.T.
Nov-18	Series A	7 mEUR	TeleClinic GmbH	Platform for remote treatments and online prescriptions	Idinvest Partners SA, Digital Health Ventures	D.A.
Oct-18	Seed	n.a.	ichó systems	Digital solutions to support people with dementia	capacura	D.W.
Oct-18	Series B	6 mEUR	libify	Manufacturing of mobile emergency, location and tracking systems	Yabeo, coparion, Heliad, Bayern Kapital	D.W.
Oct-18	Series B	4 mEUR	pflege.de	Support portal for people in need of care and caring relatives	Holtzbrinck Digital, Hanse Ventures, KfW, Alstin	D.A.
Apr-18	Seed	1.6 mEUR	Media4Care	Assistance systems for the care of elderly people with dementia	Ananda Ventures, IBB Beteiligungsges., Dr. Becker Klinikgruppe	D.A.

Source: WKG research

The possibility of reimbursements by health insurance companies and the increased traction of digital therapy solutions often lead to above-average growth and a relatively short time horizon until the offering companies achieve positive profitability. These advantageous framework conditions are leading to a lively interest in financing digital solutions at the interface between the care industry and the healthcare sector.

Digital Infrastructure (D.I.): Few start-up financing rounds in this area show a relatively high competitive intensity and little disruptive potential. The introduction of the electronic patient file is expected to generate new financing rounds in the area of cyber security and the connection of care market players to the telematics infrastructure.

Digital Assistance (D.A.): Due to current restrictions caused by the Corona pandemic and the improvement of the legal basis, providers of tele medical software and hardware are in great demand.

Digital Therapy (D.T.): Providers of prescription-based health apps for prevention, detection, monitoring, treatment or alleviation of diseases will increasingly benefit from the current legal situation, which is also evident from the financing rounds of 2020.

Devices & Wearables (D.W.): The strong development of smart watches and the corresponding eHealth applications will reduce the likelihood of new technical solutions with disruptive potential and the corresponding financing.

European acquisitions in light of the digitalization of the care sector

Date	Acquirer	Type / Shareholders	Target	Transaction volume	Target description	Cat.
Sep-20	myneva Group GmbH (DE)	PE backed (BID Equity)	SWING Gesellschaft für EDV-Systemlösungen mbH (DE)	n.a.	Software provider for the home care segment	D.I.
Jul-20	Zur Rose Group AG (CH)	Listed	TeleClinic GmbH (DE)	mid double digit mEUR	Platform for remote treatments and online prescriptions	D.A.
Jul-20	AVECTRIS AG (CH)	Axpo Group (CH)	LOGICARE AG (CH)	n.a.	IT services in the healthcare sector	D.I.
Jun-20	Alfa Group (SE)	PE backed (Main Capital)	Joliv (SE)	n.a.	SaaS eHealth solutions for the elderly care market	D.I.
Jun-20	Korian (FR)	Listed	Technosens (FR)	n.a.	Develops and commercialises a learning service-integration platform	D.I.
Apr-20	Addnode Group AB (SE)	Listed	IntraPhone AB (SE)	n.a.	Develops mobile solutions for housing care and personal assistance	D.I.
Apr-20	Essity AB (SE)	Listed	NovioScan B.V. (NL)	6.5 mEUR	Develops smart and wearable ultrasound solutions for health related problems	D.W.
Apr. 20	Main Capital (NL)	PE investor	Alfa Kommun & Landsting AB und Safe Care Svenska AB (SE)	n.a.	eHealth software solutions for public and private healthcare providers	D.I.
Feb-20	Korian (FR)	Listed	move in med (FR)	n.a.	Develops eHealth solutions to improve care pathway of patients with chronic diseases	D.A.
Jan-20	MediFox (DE)	PE backed (HG Capital)	DAN Produkte (DE)	n.a.	Care documentation for stationary and non-intensive care, software for shift planning	D.I.
Dec-19	MediFox (DE)	PE backed (HG Capital)	COMfuture GmbH (DE)	n.a.	Develops software solutions for non-intensive care providers and nursing homes	D.I.
Sep-19	Schön Klinik SE (DE)	Private	Aurora Health GmbH / Moodpath (DE)	n.a.	Develops digital solutions to improve detection and treatment of mental health disorders	D.T.
Sep-19	Brighter AB (SE)	Listed	Camanio AB (SE)	n.a.	Develops smart solutions for digital home care	D.A.
Sep-19	Enovation (NL)	PE backed (Main Capital)	POINT (NL)	n.a.	SaaS solutions for patient referral and patient file transfer between hospitals and nursing homes	D.I.
Dec-18	myneva Group GmbH (DE)	PE backed (BID Equity)	CareCenter Software GmbH (AT)	n.a.	Software provider for social care segments such as elderly care, social care and youth shelter	D.I.
Dec-18	Sentiance SA (BE)	Venture Capital (Volta Ventures)	BrandNewHealth (BE)	n.a.	Personalized mobile health coaching to improve employee wellbeing, population health etc.	D.T.
Nov-18	TH1NG (SE)	Private	Box Play B.U. from Alleato AB (SE)	n.a.	Digital solutions for monitoring people in need of care	D.W.
Nov-18	EMIS Group plc (UK)	Listed	Dovetail Digital Ltd. (UK)	6.5 mUSD	Blockchain software for the healthcare market	D.I.
May-18	HgCapital LLP	PE investor	MediFox GmbH (DE)	n.a.	Develops software solutions for non-intensive care providers and nursing homes	D.I.
Nov-17	Tieto Oy (FI)	Listed	VisueCare AB (SE)	n.a.	Cloud-based solution visualizes planning and facilitates quality assurance in healthcare industry	D.I.
Sep-17	MedCap AB (SE)	Listed	Abilia AB (SE)	1.23 mUSD	Assistive tools for people with disabilities	D.W.

Source: WKG research

The transaction activity of digital solution providers for the care industry reflects the maturity of the different solutions as well as the market penetration. Listed companies and private equity investors are primarily responsible for the consolidation of the market.

The high number of takeovers in the field of **Digital Infrastructure (D.I.)** highlight the urge to acquire market share. The target companies often have complementary solutions or cover obvious market niches.

The attention that is paid to **Digital Assistance (D.A.)** has benefited greatly from the limitations caused by the Corona pandemic. The recent acquisitions of the telemedicine provider TeleClinic by the parent company of DocMorris is just one example that illustrates the attractiveness of digital replacement of classical solutions.

Providers of **Digital Therapy (D.T.)** are less often considered as takeover targets because the market penetration of such solutions is not yet completed. Due to the lively interest in financing, a wave of takeovers and initial consolidation is expected in the coming years.

The market for **Devices & Wearables (D.W.)** is characterised by both general technical solutions for care patients as well as specific technical developments for improving the patient's well being. Accordingly, the acquisitions were made in order to enter a new niche market or to complement the company's own solutions for combating a disease.

How disruptive innovation can revolutionize the healthcare system

The care service sector will benefit directly from the disruptive movements in the healthcare system. It is expected that any breakthrough in the following areas will lead to timely replications in the care service sector.

Genomics

- Advances in the decoding of the human genome can, in certain cases, lead to a definite diagnosis and targeted treatments based on both the patient's DNA and the disease.

Neuroscience applications

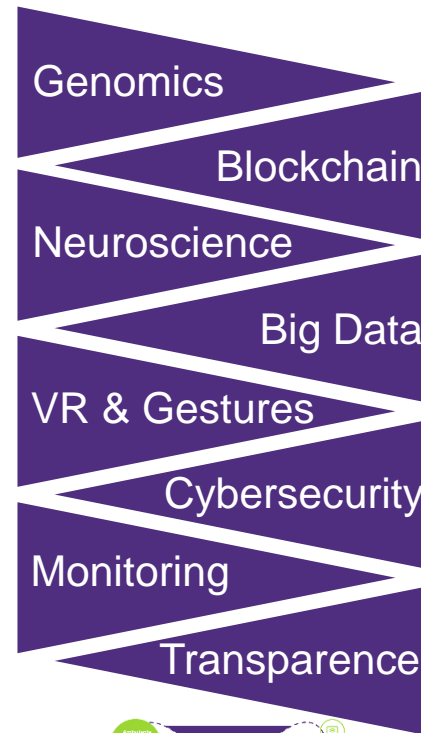
- The congruence between neuroscience and current technical solutions (such as VR-technology) may lead to better rehabilitation of stroke patients or new treatment options for patients with mental disorders.

Gesture recognition

- Touch-free and gesture-based interaction will familiarize older patients with the digital environment. Preventive digital applications for care patients or smart glass controls for impaired people can enable them to become more independent.

Digital monitoring and rehabilitation

- The availability of user-friendly digital catalogues would speed up the discharge of patients from rehabilitation clinics and thus lead to significant cost savings. At the same time, health remains the top priority.



Blockchain technology

- The exchange of empirical data in decentralized networks promotes the development of AI-supported early diagnosis of age-related diseases. As a result, preventive medical check-ups can be carried out in a more targeted manner.

Big Data

- As data collection and evaluation increases, new prediction models for individual care needs will soon be developed. Insurance companies will then be able to design individual premiums.

Cybersecurity related to patient data

- The smooth exchange of data requires uniform coding and secure encryption of patient files. The greater the confidence in the secure management of data, the greater the benefit for predicting the diagnosis.

The „AirBNB“ model of personnel placement

- Automated translation reduces language barriers and creates digital, integrated marketing platforms with user-friendly support for foreign caregivers that replace traditional local placement.

Why us!



We support you until the transaction is brought to a successful end

Markets and competitive conditions are evolving rapidly. Established business models are suddenly outdated. In this context, transactions play an important role in the continued development of companies. We are up to date with the new developments and are here to support you achieve your transactional goals.

Sell-side M&A

- To bring your transaction to a successful end, we support you with a comprehensive range of advisory services. We understand the value drivers and sector in which you operate.
- We support you in identifying your key business and strategy drivers and build a consistent and value driving equity story.
- We take care of the entire coordination of the transaction process: beginning with building the equity story and the indicative valuation, to developing the go-to-market documents, the identification and approach of potential investors, up to the negotiations and successful closing.

Buy-side M&A

- To support you in reaching your growth ambitions, we identify potential strategic and financial investors based on pre-defined specific criteria.
- Together, we develop a search profile for your target company, followed by a thorough profiling of selected companies and the approach of suitable candidates directly by our team or via our international contact network.
- A tight and result-oriented project management as well as a coordinated and customized approach guarantee the success of your project.

Finance raising

- Optimized financing structures are decisive for the success of a company.
- We have extensive experience with the preparation of business plans and company valuations as well as with the preparation and coordination of the strategy and go-to-market documents. Moreover, we have both strong local and international knowledge and relationships with strategic and financial investors. This makes us the best partner to support you in your journey to find the best possible financing for your growth.

Transaction support

- We offer integrated due diligence services and transaction related advice. With our financial, tax, legal, commercial and IT experts, we are able to provide the basis for your decision from a single source.
- We build up on the findings from the tax due diligence and advise you on tax structuring matters of the acquisition.
- Additionally, we support you during the sell-side process by creating fact books or conducting a vendor due diligence. We anticipate information needs of potential buyers and proactively identify red flags in order to optimize the transaction price.

Your M&A team focused on the care market and its digital transformation



Hanno Hepke

Partner/ Head of TMT

T +49 40 43218 6235

M +49 174 174 7079

E hanno.hepke@wkg.com



Alex Refec

Senior Manager

T +49 40 43218 6216

M +49 152 5495 2403

E alex.refec@wkg.com



Sabine Fahrenholtz

Manager

T +49 40 43218 6218

M +49 152 5495 2402

E sabine.fahrenholtz@wkg.com

Dear Sir or Madam,

We would like to introduce you to Grant Thornton and would be pleased if you would consider our transaction services for your future investments. Of course, we are available for an introductory talk and welcome the opportunity to accompany you in your next investment case.

Our approach is pragmatic and business oriented. A comprehensive understanding of the targeted strategy and the needs you have as a potential entrepreneur or investor, serve as a basis of our approach. This is complemented by:

- profound expertise in the care market and technology
- fundamental experience in M&A transactions and finance raisings
- a partner-led approach that enables us to meet your expectations
- a special focus that enables us to deliver precise and timely results.

We have gained strong know-how through executing many transactions and supported owner managed businesses in M&A and finance raising processes over the years. Moreover, we understand the value drivers and sector in which you operate and customize our services to your needs.

We look forward to hearing from you.

Kind regards,

Your M&A team

Warth & Klein Grant Thornton AG Wirtschaftsprüfungsgesellschaft | Niederlassung Hamburg | Kleiner Burstah 12 | 20457 Hamburg



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Berlin

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Cicerostraße 2
10709 Berlin
T +49 30 890482 0
F +49 30 890482 100

Dresden

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Schubertstraße 41
01307 Dresden
T +49 351 31821 0
F +49 351 31821 635

Duesseldorf

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Johannstraße 39
40476 Duesseldorf
T +49 211 9524 0
F +49 211 9524 200

**Warth & Klein Grant Thornton
Rechtsanwalts-gesellschaft mbH**
Johannstraße 39
40476 Duesseldorf
T +49 211 9524 0
F +49 211 9524 200

Frankfurt a.M.

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Ulmenstraße 37-39
60325 Frankfurt a. M.
T +49 69 905598 0
F +49 69 905598 677

Hamburg

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Kleiner Burstah 12
20457 Hamburg
T +49 40 4321862 0
F +49 40 4321862 49

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Jungfernstieg 7
20354 Hamburg
T + 49 40 32088 1200
F + 49 40 32088 1222

Leipzig

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Humboldtstraße 25
04105 Leipzig
T +49 341 59083 0
F +49 341 59083 733

Munich

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Ganghoferstraße 31
80339 München
T +49 89 36849 0
F +49 89 36849 4299

**Warth & Klein Grant Thornton
Rechtsanwalts-gesellschaft mbH**
Ganghoferstraße 31
80339 München
T +49 89 36849 0
F +49 89 36849 4299

Niederrhein

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Eindhovener Straße 37
41751 Viersen
T +49 2162 91811 0
F +49 2162 91811 60

Rostock

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Am Voegenteich 26
18055 Rostock
T +49 381 3756 6300
F +49 381 3756 6315

Stuttgart

**Warth & Klein Grant Thornton GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft**
Jahnstraße 6
70597 Stuttgart
T +49 711 16871 0
F +49 711 16871 40

Wiesbaden

**Warth & Klein Grant Thornton AG
Wirtschaftsprüfungsgesellschaft**
Hagenauer Straße 59
65203 Wiesbaden
T +49 611 18890 0
F +49 611 260133