

Q2-2018 Anesthesia Services Update



Market Update

Merger & acquisition activity within the anesthesia services segment remained steady through the second quarter of 2018. The industry saw several notable private equity recapitalizations during the quarter, highlighted by Envision Healthcare's announcement to go private with KKR. The Cranemere Group made a majority investment in Texas based NorthStar Anesthesia, one of the leading providers of anesthesia care services with over 2,000 providers across 20 states. Spindletop Capital also entered the space, recapitalizing Texas-based Tricity Pain Associates and making a growth equity investment in Georgia-based Interventional Pain Management. Following these transactions, along with Siromed's Q1 acquisition of A4, Provident expects the sector to see an uptick in transaction volume as new consolidators enter the market, driving merger and acquisition activity through the second half of 2018.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	States
June 2018	KKR & Co.	Envision Healthcare Corporation	262	25,000	45
June 2018	The Cranemere Group	NorthStar Anesthesia	150	2,000	20
May 2018	CRH Medical	Western Ohio Sedation Associates	3	N/A	1
May 2018	Spindletop Capital Management	Interventional Pain Management	2	N/A	1
May 2018	Spindletop Capital Management	Tricity Pain Associates	9	15	1
April 2018	U.S Anesthesia Partners, Inc.	First Colonies Anesthesia Associates	7	200	1

Notable Market Trends



Envision Healthcare Corporation (NYSE: EVHC), the nation's largest provider of outsourced anesthesia services, has announced its intent to go private in a \$9.9 Billion transaction with Kohlberg Kravis & Roberts (KKR). The partnership is expected to facilitate the integration of new practices and future expansion efforts across

the fragmented market. Envision stands to benefit from KKR's extensive knowledge of physician services and ASCs, following previous partnerships with AirMedical Group Holdings and Covenant Surgical Partners. The transaction is expected to close during the third quarter.

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