

Q2-2018 Dermatology Update



Market Update

Consolidation activity in the second quarter of 2018 remained especially robust, highlighted by multiple landmark transactions in states in which there had already been several private equity-backed players competing for add-on acquisitions. The willingness of private equity firms to invest in geographies with existing platforms indicates that the dermatology sector remains highly fragmented and attractive to a broad group of potential partners. With over two dozen groups backed by institutional capital, Provident expects strategic add-on acquisition activity to continue to increase and platform private equity activity to eventually slow as valuations and competition for deals remain at elevated levels.

Provident Transaction



Provident Healthcare Partners served as the exclusive financial advisor to the shareholders of Dermatology and Surgery Associates in their recapitalization with BelHealth Investment Partners, a private equity firm. BelHealth is in the process of acquiring several other practices to form a new platform, NavaDerm, which will aim to grow throughout the New York and New Jersey markets.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Physicians	State(s)
June	BelHealth Investment Partners	Dermatology & Surgery Associates*	1	6	NY
June	Gryphon Investors	Water's Edge Dermatology	33	33	FL
June	Platinum Dermatology	Camelback Dermatology & Skin Surgery	1	3	AZ
May	Select Dermatology	Mindful Dermatology	1	2	TX
May	Spindletop Capital	Sanova Dermatology	9	15	LA, TX
May	Platinum Dermatology	DSA Dermatology	1	2	TX
May	Pinnacle Dermatology	Spencer Dermatology	1	2	IN
May	US Dermatology Partners	Trinity Dermatology	1	3	TX
April	Anne Arundel Dermatology Management	Tideway Dermatology	2	2	MD
April	Susquehanna Private Capital	Skin & Cancer Associates	26	38	FL
April	US Dermatology Partners	Annapolis Dermatology, Apex Dermatology, Rubin & Reddick Dermatology	4	14	CO, MD, TX

* Denotes a transaction in which Provident served as exclusive financial advisor

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Upcoming Webinar



Members of the Provident Healthcare Partners dermatology coverage team will be co-hosting a webinar with Epstein Becker Green on July 24th, 2018, covering "Consolidation in Dermatology".