



## Q2-2014 ANESTHESIA SERVICES INDUSTRY UPDATE

### M&A Overview

Acquirers of anesthesia and interventional pain management providers remained busy in the second quarter, and although the total amount of announced deals was slightly lower this quarter compared to the first quarter (nine transactions compared to seven), Provident estimates that the \$2.35 billion value of the Sheridan acquisition by AMSURG substantially surpasses the total combined value of all other transactions in the first two quarters of this year. MEDNAX remains the most active acquirer with five anesthesia groups acquired through the end of July, while NorthStar Anesthesia has made its first publicly disclosed add-on since it received private equity backing from TPG Capital nearly one year ago.

The acquisition of Sheridan by AMSURG is a particularly notable deal as it provides a “pure play” ASC management company entry into the lucrative outsourced physician services market (and vice versa). There is likely to be substantial value creation and cross-selling opportunities between the two organizations – Sheridan’s comprehensive service offerings, including its anesthesia division, already have significant overlap within the surgical setting on both an inpatient and outpatient basis, and AMSURG’s current facilities/operations within these settings could be augmented by Sheridan’s clinical service offerings. Both companies are also likely to streamline administrative and corporate functions in order to drive further operating efficiencies and to improve the bottom line.

### RECENT TRANSACTIONS

Month	Acquirer	Target Company	Details
June 2014	US Anesthesia Partners	North Houston Anesthesiologists	US Anesthesia Partners, an anesthesia-focused physician services organization, has acquired a group of approximately 30 anesthesia providers serving the Northeast Houston market for an undisclosed sum. The anesthesiologists and anesthesiologists, who will join USAP as the Northeast Houston Division of GHA, are the exclusive providers of anesthesia services at Kingwood Medical Center, Memorial Hermann Northeast Hospital and Memorial Hermann Surgical Hospital Kingwood.
June 2014	Northstar Anesthesia	Anesthesia Concepts	NorthStar Anesthesia, an anesthesia care company has acquired Anesthesia Concepts, a MD-based company specializing in anesthesia services for ambulatory surgery centers (ASCs) and hospitals. This is NorthStar’s first expansion into the Mid-Atlantic region, where Anesthesia Concepts provides services to 11 facilities in Maryland and Virginia. This network bolsters NorthStar’s expertise in ASCs and adds to its network of nearly 70 locations around the country.
May 2014	AMSURG	Sheridan Healthcare	AMSURG, an ambulatory surgery center management company, is acquiring Sheridan Healthcare, a FL-based outsourced physician services portfolio company of Hellman & Friedman, in a cash and stock transaction valued at approximately \$2.35 billion. The EBITDA multiple is approximately 12.18 based on Sheridan’s pro forma LTM adjusted EBITDA of \$193M.
May 2014	MEDNAX	Anesthesia and Pain Management Group	MEDNAX has acquired Anesthesia and Pain Management Group, a practice of 14 providers based in NJ that provides ambulatory anesthesia and pain management services at two ASCs. The transaction augments MEDNAX’s presence in New Jersey, which has historically been an active region for anesthesia M&A activity.
May 2014	Prospira PainCare	Advanced International Pain Clinic	Private equity-backed Prospira PainCare, a comprehensive provider of multidisciplinary pain management and restorative healthcare services, has acquired Advanced Interventional Pain Clinic (AIPC), a leading provider of pain management services in the Orlando, FL metropolitan market. AIPC has three clinic locations and is the second FL-based acquisition for Prospira.
May 2014	MEDNAX	Cross River Anesthesiologist Services	MEDNAX has acquired Cross River Anesthesiologist Services, a group employing 22 full-time physicians and CRNAs based in Kingston, NY. The practice provides a range of anesthesia services at multiple hospitals, ambulatory facilities, and office-based locations.
April 2014	MEDNAX	Fredericksburg Anesthesia Associates	MEDNAX has acquired Fredericksburg Anesthesia Associates, based in VA, for an undisclosed amount. Fredericksburg Anesthesia Associates employs 16 anesthesiologists who provide services to two hospitals and an ASC and is the third VA-based practice to join MEDNAX’s American Anesthesiology division.