

# Q4-2014 Physician Services Update



## Market Overview

The fourth quarter yielded several private equity-led, blockbuster deals within the physician services space. Transactions were not confined to a single service area as private equity groups invested, either directly or through a portfolio company, into platform-caliber companies in four of the five specialties profiled below. This proliferation of interest is indicative of opportunities for private equity investors to replicate previous physician practice successes in new areas ripe for consolidation. Ontario Teachers' Pension Plan, Enhanced Equity Funds, Cressey & Company, and Sterling Partners had all previously grown successful practice management organizations prior to closing new investments this past quarter – as a result, these investors will not only contribute capital resources to their new partners, they will also provide valuable previous experience in navigating the complexities of rapidly growing an organization within the physician services space. Given the changes and uncertainty within the healthcare environment, it is likely that investors will continue to see opportunity in new practice areas, and thereby create waves of consolidation in the quarters to come.

## SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
<b>Anesthesia Services</b>			
December 2014	TEAMHealth	Certified Anesthesia Services	TeamHealth has acquired Certified Anesthesia Services, a 40 clinician group based in Washington, D.C. The deal will add seven ASCs and one hospital to TeamHealth's network of covered facilities and expands the organization's footprint in the Mid-Atlantic region.
December 2014	NorthStar Anesthesia	Anesthesia Management Solutions	NorthStar Anesthesia, backed by TPG Growth, has acquired Anesthesia Management Solutions, a North Carolina-based group that provides anesthesia and management services across 20 locations in the Southeast and Midwest. The transaction will significantly expand NorthStar Anesthesia's footprint – post-transaction the Company will service more than 100 facilities in 18 different states.
December 2014	Ontario Teachers' Pension Plan	PhyMed	PhyMed, a Tennessee-based group of more than 350 clinicians, has been recapitalized by Ontario Teachers' Pension Plan. The transaction provides an exit opportunity for Excellere Partners, which had initially invested into PhyMed in 2012.
October 2014	MEDNAX	The NEXus Medical Group	MEDNAX has acquired The NEXus Medical Group, a Georgia-based practice consisting of 15 anesthesiologists and 49 anesthesiologists. The transaction will allow the organization to leverage MEDNAX's economies of scale in order to better negotiate with payors and pursue new contracts.
<b>Dermatology</b>			
December 2014	Enhanced Equity Funds	West Dermatology	Enhanced Equity Funds has announced a new partnership with West Dermatology. Serving clients in Nevada, California, and Arizona, West Dermatology is one of the leading clinical dermatology groups in the nation. West Dermatology is comprised of 49 physicians and clinicians. No terms of the deal were released.
October 2014	Advanced Dermatology & Cosmetic Surgery	Milstein Batta Dermatology	Advanced Dermatology & Cosmetic Surgery announced the acquisition of Milstein Batta Dermatology. Founded by Dr. Harold Milstein, Milstein Batta Dermatology serves patients in Philadelphia and the surrounding region in general and cosmetic dermatology, as well as skin cancer diagnosis and treatment. The acquisition strengthens Advanced Dermatology's growing presence in the Mid-Atlantic. The terms of the transaction were not disclosed.
August 2014	Cressey & Company	Gulf Coast Dermatology	Cressey & Company has announced a recapitalization of Gulf Coast Dermatology. Gulf Coast offers an array of dermatology services throughout the southeastern United States. At the time of the transaction, Gulf Coast Dermatology had 24 clinics located in Florida, Alabama, and Georgia. The financial terms of the deal were not disclosed.
<b>Hospitalists</b>			
November 2014	Sound Physicians and Fresenius Medical Care	Cogent Healthcare	Sound Physicians, backed by Fresenius Medical Care, announced an agreement to acquire Cogent Healthcare, a provider of hospitalist and intensive care services. Cogent Healthcare has more than 650 providers who deliver hospitalist and intensivist services to more than 80 hospitals throughout the United States. Combined, the expanded Sound Physicians organization will consist of 1,750 providers that serve more than 180 hospitals in 35 states, and further augment Fresenius' expansion into the post-acute care sector.
<b>Radiology</b>			
November 2014	Radiology Partners	Singleton Associates	Radiology Partners, the largest physician-led, hospital-based radiology group in the United States, has added Houston, Texas-based Singleton Associates to its growing hospital-based radiology practice. Singleton Associates has more than 30 fellowship-trained, board certified radiologists serving six hospitals and over 20 total healthcare facilities throughout Houston and the surrounding metro area. Post-transaction, Radiology Partners will expand its network to include approximately 180 radiologists serving more than 90 hospitals, clinics and imaging centers across six states. Provident Healthcare Partners served as Singleton's exclusive advisor through the transaction process.
<b>Surgical</b>			
December 2014	Sterling Partners	Surgical Solutions	Sterling Partners, a growth-oriented private equity firm, has announced its partnership with Surgical Solutions, an industry-leading provider of support and equipment for surgical procedures. The investment will provide Surgical Solutions with the resources to embark upon an aggressive growth strategy. Financial details surrounding this transaction were not disclosed.

Source: SEC Filings, Company Press Releases, and Reports; IBISWorld; Capital IQ; PIP; IBISWorld; and Research. This document has been compiled with publicly available information. Provident Healthcare Partners, LLC makes no guarantee of its accuracy or completeness. No data or statement should be construed to be a recommendation for the purchase, sale, or retention of any security.