

# Q4-2015 Anesthesia Services Update



## M&A Overview

Transaction activity in the anesthesia services space was dominated by strategic acquirers in the fourth quarter, a noteworthy trend that was indicative of Provident's own deal flow and the 2015 consolidation landscape as a whole. As challenges in private practice related to compliance and reimbursement continue to manifest, a strategic sale has proven to be a popular strategy in order to fully mitigate personal risk, while also achieving liquidity for all shareholders. However, Provident fully expects private equity interest to remain strong, given opportunities for roll-up strategies and favorable valuations for an ultimate exit to a large public consolidator.

## Select Transactions

Month	Acquirer	Target Company	Details
December 2015	Surgery Partners	AllCare Clinical Associates	Surgery Partners, an operator of surgery centers across the U.S., has acquired AllCare Clinical Associates for an undisclosed sum. AllCare consists of 39 anesthesiologists and 118 anesthetists, with operations throughout North Carolina. Surgery Partners plans to expand AllCare's services throughout its managed facilities on a national level. Provident served as AllCare's exclusive financial advisor in connection with the transaction.
December 2015	Sheridan/AmSurg	Northside Anesthesiology Consultants	Sheridan, a subsidiary of AmSurg, has acquired Northside Anesthesiology Consultants, a group of 60 clinicians and 125 anesthetists providing services at three hospitals and 24 associated sites in greater Atlanta. With Sheridan as a partner, Northside plans to continue expanding by utilizing the capital resources and strategic relationships of its new parent organization.
December 2015	North American Partners in Anesthesia (NAPA)	ProCare Systems	North American Partners in Anesthesia announced the acquisition of ProCare Systems. Based in Grand Rapids, Michigan, ProCare is a management services organization (MSO) managing three IPM practices with 13 locations throughout Michigan. The transaction expands NAPA's IPM business, which currently manages 27 hospital and office-based chronic pain management facilities. Terms of the transaction were not disclosed.
November 2015	Sheridan/AmSurg	Valley Anesthesiology & Pain Consultants	Sheridan announced that it has acquired Valley Anesthesiology & Pain Consultants, a group of 240 physicians, for an undisclosed sum. The group will significantly expand AmSurg's presence in Arizona by adding 21 hospitals and 25 ASCs throughout the greater Phoenix market.
October 2015	Alliance HealthCare Services	PRC Associates	Alliance HealthCare Services acquired a 60% ownership position in PRC Associates, an IPM provider with nine locations in Central Florida. This is the second acquisition for Alliance's growing IPM division, which it intends to continue expanding into key geographies across the U.S. The acquisition provides a platform for Alliance to expand its IPM services across Florida, a highly fragmented market abundant with numerous providers. Provident served as PRC's exclusive financial advisor throughout the transaction process.
September 2015	MEDNAX	New Jersey Anesthesia Associates & Health Network Management	MEDNAX has acquired New Jersey Anesthesia Associates, a group of 70 anesthesia physicians and 20 mid-level providers in New Jersey, and its affiliated billing management company, Health Network Management. The transaction will significantly expand MEDNAX's scope of operations in New Jersey. Financial details of the transaction were not disclosed.
September 2015	CRH Medical	Knoxville Gastroenterology Anesthesia Associates	CRH Medical has acquired a 51% interest in Knoxville Gastroenterology Anesthesia Associates (KGAA), a provider of anesthesia services at three ASCs in Tennessee. While the transaction value was not disclosed, KGAA's estimated revenues were \$6.5 million and the deal was financed through cash and stock. CRH plans to continue making acquisitions to expand its regional footprint, both through joint ventures and complete buyouts.