

Q4-2015 Private Equity Industry Update



M&A Update

The end of the fourth quarter offers a chance to reflect on the calendar year as a whole for global private equity investment. This was a year in which, statistically speaking, saw slight drop offs in the two most important metrics for investment - capital raised and capital deployed. Having said that, YOY growth in median fund size grew by nearly 13%. The reason for this somewhat contradictory dynamic is the concentration from LPs on fewer, larger funds that are viewed as offering higher returns. What this says about the market going forward is an abundance of dry power available and an environment of growing competitiveness.

The effects of this competitiveness are already being seen within the healthcare industry, where both financial and strategic investors battle for many of the same opportunities. This is particularly true in many of the provision of care verticals where strategic buyers find it easier to grow a clinical model via acquisitions and private equity investors are scouring the market for platform investments. This was precisely the situation in which Provident Healthcare Partners served as exclusive financial advisor to The Dermatology Center, P.A. (TDC), a leading medical and cosmetic dermatology practice. TDC was eventually recapitalized at a highly competitive valuation by Pharos Capital Group, LLC, who was required to outbid a number of strategic acquirers. Alternatively, Provident also led three successful processes in the fourth quarter in which the buyers were PE-backed strategies.

Month	Acquirer	Target Company	Details
December 2015	Audax Group, Inc.	Active Day / Senior Care	Audax Group, Inc. announced that it has partnered with management to acquire Active Day / Senior Care, a leading national adult day care provider, from Clearview Capital, LLC. Headquartered in Trevoise, PA, Active Day / Senior Care provides therapeutic activities, opportunities for socialization and expert health and nursing care. Terms of the transaction were not disclosed.
November 2015	Pharos Capital Group, LLC	The Dermatology Center, P.A.	The Dermatology Center, P.A. (TDC) has completed a recapitalization with Pharos Capital Group, LLC. TDC is a leading medical and cosmetic dermatology practice with four locations in the metro Washington D.C. area. The Company prides itself on offering the most comprehensive dermatology services in the area. Provident Healthcare Partners served as exclusive financial advisor to TDC. The terms of the transaction were not disclosed.
November 2015	Wellspring Capital Management LLC	AdvoServ, Inc.	Wellspring Capital Management LLC acquired AdvoServ, Inc. (AdvoServ), a behavioral healthcare provider, from GI Partners, LLC. AdvoServ specializes in clinical, educational and residential services for children and adults with severe intellectual and developmental disabilities and dual diagnoses. The terms of the transaction were not disclosed.
November 2015	Audax Group, Inc.	Meridian Behavioral Health LLC	Audax Group, Inc. has bought Meridian Behavioral Health LLC (Meridian) from Triton Pacific Capital Partners at a reported enterprise value of \$120M. Meridian, of New Brighton, MN, provides a range of substance abuse and addiction treatment services, including medicated assisted treatment with specialized programs for both men and women.
November 2015	Frontier Capital, LLC	HealthiestYou	Frontier Capital has invested \$30 million in HealthiestYou. Based in Scottsdale, Arizona, HealthiestYou provides a technology-enabled health and wellness solution centered on telehealth engagement to more than 4,000 employer groups throughout the United States. The Company will use the funds to invest in sales and marketing, technology development and expand it's management team.
October 2015	Genstar Capital, LLC	PSKW, LLC	Genstar Capital, LLC, a leading private equity firm focused on healthcare technology, announced a substantial investment in PSKW, LLC. Headquartered in Bedminster, NJ, PSKW is the pharmaceutical industry's leading provider of patient prescription medication assistance solutions and payment reimbursement services. The terms of the transaction were not disclosed.