Q4-2015 Physician Services Update

Provident

Market Update

Numerous high-growth sectors of physician services continued to undergo rapid consolidation in the fourth quarter of 2015, a trend that is unlikely to subside as physician shareholders across all verticals witness the success stories of groups who have already partnered with either a private equity firm or strategic consolidator. Provident has been heavily involved in the consolidation of physician services as it has recently unfolded, and we guided several more practices through successful M&A transactions this past quarter with closed deals in Interventional Pain Management, Dermatology, Anesthesia and Urgent Care. Heading into 2016, Provident expects private equity to be a significant driver of M&A activity within physician services, as these investors continue to aggressively seek platform-caliber practices who are able to utilize capital and deal execution expertise to rapidly grow and achieve scale in an increasingly competitive healthcare environment. Likewise, strategic consolidation will likely keep pace, offering providers the ability to mitigate some financial risk and add additional infrastructure to support practices through the future uncertainties of the Affordable Care Act and value-based care.

SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
Anesthesia			
December 2015	Surgery Partners	AllCare Clinical Associates	Surgery Partners (NASDAQ: SGRY) has acquired AllCare Clinical Associates, which will serve as the Company's platform into Anesthesia services. Provident served as an advisor to AllCare Clinical Associates during this transaction.
Interventional Pain Management			
December 2015	North American Partners in Anesthesia	ProCare Systems	North American Partners in Anesthesia (NAPA) has announced the acquisition of ProCare Systems. Based in Grand Rapids, MI, ProCare Systems 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. Specific terms of the transaction were not disclosed.
November 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. The acquisition provides a platform for Alliance to expand its IPM services across Florida, a highly fragmented market abundant with providers. Provident served as the exclusive sell-side advisor to PRC Associates during this transaction.
Dermatology			
November 2015	Pharos Capital Partners	The Dermatology Center & Rockledge MedSpa	Private equity firm Pharos Capital Partners has successfully recapitalized The Dermatology Center & Rockledge MedSpa (TDC), a regional leader of dermatology services in Maryland. Provident served as the exclusive sell-side advisor to TDC during this transaction.
Radiology			
November 2015	Radiology Partners	Radiology Associates of Canton	Radiology Partners (RadPartners) continued its aggressive growth strategy through the majority acquisition of Ohio-based Radiology Associates of Canton. The new partnership also includes RadHelp, a population management company that works with radiology groups and hospitals to manage radiology departments more efficiently. Through this transaction, RadPartners now comprises over 200 radiologists and operates in 7 states.
October 2015	RadNet	Diagnostic Imaging Group	RadNet (NASDAQ: RDNT) has acquired Diagnostic Imaging Group for $57M plus 1.5 million shares of RadNet stock. New York-based Diagnostic Imaging Group operates 17 imaging centers and employs over 600 people.
Multi-Specialty			
December 2015	Optum (UnitedHealth Group)	ProHealth Physicians	Optum, the consulting and physician services subsidiary of insurer UnitedHealth Group, has acquired a percentage of multi-specialty group ProHealth Physicians. This acquisition marks a continued effort by UnitedHealth Group to expand and grow their most profitable segment. It was released that the Company will remain partially physician-owned, but other deal terms were not disclosed.

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SELECT TRANSACTIONS (CONTINUED)

Month	Acquirer	Target Company	Details
Women's Health			
December 2015	Regional Women's Health Group	OB/GYN of East Brunswick	Regional Women's Health Group has announced a merger with a private OB/GYN physician practice with two office locations. The transaction is expected to close in early 2016, and will expand New Jersey's largest private OB/GYN and fertility practice to 153 providers and 58 office locations.
October 2015	Premier Health Specialists, Inc.	Lifestages Centers for Women	Premier Health Specialists, Inc., the specialty care practice segment of health system Premier Health, has announced the acquisition of Lifestages Centers for Women. This transaction adds a practice with 8 physicians and 6 locations to Premier Health's existing OB/GYN network of about 10 other practices elsewhere in Ohio.
October 2015	Vivere	Reconceived, LLC	Vivere, a fertility management and equity partner with specific expertise in enhancing the growth and efficiency of already growing practices, has acquired Reconceived, LLC. Vivere will look to build upon its previous successes, which have allowed the group to increase overall revenue by 91% in the last three years through establishing partnerships with forward-thinking physicians.
Eye Care			
December 2015	Barnet Dulaney Perkins Eye Center	Eyes of Arizona	In a move to improve the overall quality of eye care services in the Lake Havasu, Arizona region, Barnet Dulaney Perkins Eye Center (BDP) has acquired Eyes of Arizona. The partnership with BDP will give Eyes of Arizona access to leading edge technology, including an online portal for secure messaging and scheduling.
November 2015	Essilor of America	Professional Eyecare Resource Co-Operative	Essilor of America has acquired a majority interest in Professional Eyecare Resource Co-Operative (PERC) and Infinity Vision Alliance (IVA). This acquisition is the second in a strategy that began with the year's earlier purchase of Vision Source. Specific terms of the transaction were not disclosed.
October 2015	EyeCare Services Partners	Omni Eye Specialists	EyeCare Services Partners (ESP) expanded across the U.S. and moved into the state of Colorado through the acquisition of Denver-based Omni Eye Specialists. Omni operates with approximately 10 physicians and 7 locations. With the deal, ESP now operates in 4 states. Provident served as the exclusive sell-side advisor to ESP during its initial private equity recapitalization with Varsity Healthcare Partners in 2014.
Orthopaedics			
December 2015	Premier Health Specialists, Inc.	Orthopaedic Sports Medicine Consultants and Associates	Premier Health Specialists, Inc. has acquired Orthopaedic Sports Medicine Consultants and Associates, a large sports medicine practice in Middletown, Ohio. Premier Health will move the Company under its Premier Physician Services banner. The practice has 26 employees and 13,000 square feet of space. The acquisition continues Premier Health's strategy of expanding its presence in southern Ohio. Specific terms of the transaction were not disclosed.
October 2015	The Rothman Institute	OrthopaediCare Ventures	The Rothman Institute continued its strategy of northern expansion, adding OrthopaediCare Ventures, one of the Philadelphia region's largest orthopaedic practices with four offices and 17 physicians. The partnership, expands Rothman's presence in Philadelphia to now include 24 locations. Specific terms of the transaction were not disclosed.
Hospitalist			
December 2015	TeamHealth	Everest Inpatient Physicians and Geriatric Essentials	In its first acquisition since the merger with IPC Healthcare that recently closed in November, TeamHealth has acquired Texas-based Everest Inpatient Physicians and Tennessee-based Geriatric Essentials. Specific terms of these deals were not disclosed.