

# Q1-2016 Anesthesia Services Update



## M&A Overview

Consolidation within the anesthesia market remained strong in the first quarter of 2016, led again by strategic acquirers vying for partnership opportunities to expand their geographic size and scale. However, private equity continues to be interested within the sector, given their ability to rapidly deploy capital resources into an anesthesia practice over a relatively short period of time via de novo growth and acquisitions. From successful buy and build strategies executed by groups such as Excellere Partners with PhyMed, as well as a universe of strategic buyers that serve as quality exit options, we believe there will be continued competition from private equity groups to make acquisitions within the sector. While private equity firms will likely see the broadest pool of potential opportunities within the lower-middle market, we have also seen interest from groups in large-cap transactions, such as American Securities proposed acquisition of NAPA for \$1B in reported transaction value. This transaction would serve as an exit opportunity for Moelis Capital, which had invested into NAPA in 2011.

Month	Acquirer	Target Company	Details
March 2016	MEDNAX	Lighthouse Anesthesia	MEDNAX has acquired Lighthouse Anesthesia, a group of 28 anesthesiologists and 74 anesthesiologists headquartered in Savannah, GA. Lighthouse will significantly increase MEDNAX's size and scale within Georgia and North Carolina, with services provided at 6 hospitals, 6 ASCs, and two endoscopy centers.
February 2016	North American Partners in Anesthesia	Anesthesia Care Group	North American Partners in Anesthesia has acquired Anesthesia Care Group, a New Hampshire based practice with approximately 30 clinicians. The transaction will extend NAPA's New England presence to 18 facilities as the organization continues to expand via acquisition.
February 2016	PhyMed	Anesthesia Associates of York & Laurel	PhyMed has acquired Anesthesia Associates of York, a Pennsylvania based group with approximately 70 clinicians and contracts at 5 facilities, and Anesthesia Associates of Laurel, a related Maryland practice. The transaction will expand PhyMed's footprint into the Pennsylvania and Maryland markets as the group continues to utilize an acquisition-oriented strategy for growth following its recapitalization by Ontario Teachers.
February 2016	NorthStar Anesthesia	Continental Anesthesia	NorthStar Anesthesia has acquired Continental Anesthesia, formerly a portfolio company of The Beekman Group. Continental Anesthesia will add 17 Chicago-area facility contracts to NorthStar's network, thereby significantly expanding the organization's Midwest presence.
January 2016	MEDNAX	West End Anesthesia Group	MEDNAX has acquired West End Anesthesia Group. Along with its related entities, West End Anesthesia consists of 94 clinicians in Richmond, Virginia, with exclusive contracts within the Bons Secours Virginia Health System. For West End, they will seek to leverage MEDNAX's revenue cycle management capabilities and administrative support functions to focus on clinical growth and additional expansion opportunities.
January 2016	US Anesthesia Partners	South Denver Anesthesiologists	U.S. Anesthesia Partners has acquired South Denver Anesthesiologists, a group of 82 physicians based in Denver, CO. The transaction is U.S. Anesthesia Partners' second within Colorado, having acquired Greater Colorado Anesthesia in February 2015. Combined, the two Colorado practices provide U.S. Anesthesia Partners with 230 clinicians serving 35 facilities in the region.
January 2016	MEDNAX	Professional Anesthesia Associates	MEDNAX has acquired Professional Anesthesia Associates, a group of 10 clinicians in Jackson, Tennessee. The group provides services at one hospital and three ambulatory surgery centers & adds to MEDNAX's footprint within the Tennessee market.