

# Q3-2016 Physician Services Update



## Market Update

The consolidation environment within physician services continues to be extremely active, as a number of physician practices are looking for partnerships to enhance clinical capabilities and facilitate growth strategies. Similar to previous quarters, there has been a strong interest from the private equity community to invest within various verticals of physician services, especially as funds increase their knowledge of the value-based reimbursement environment and partner with organizations catered towards quality/low cost care. Among the larger strategic players, there is a desire to diversify service offerings and to leverage best practices through merging, as exemplified by the announced partnership between WellMed and USMD Holdings. Provident played an active role in the consolidation activity in the quarter through the sell-side representation of Quantum Vision Centers and The Surgery Center of Chevy Chase. Provident anticipates the robust investment interest among medical groups will continue in the fourth quarter.

## Provident Transaction Announcements



## Select Transactions

Month	Acquirer	Target Company	Details
<b>Emergency Medicine</b>			
September 2016	New Mountain Capital	Island Medical Management Partners	New Mountain Capital, a private equity firm, has announced the recapitalization of Island Medical Management, a leading provider of outsourced healthcare practice management services to emergency departments, hospitalist programs, and hospital-based urgent care centers. Headquartered in Hauppauge, NY, Island Medical provides services to more than 75 hospital programs across the United States. The Company will utilize the investment to continue expansion in new geographies and to expedite add-on acquisitions.
<b>Multispecialty</b>			
September 2016	WellMed / OptumCare	USMD Holdings (NASDAQ: USMD)	USMD Holdings (NASDAQ: USMD) has announced the group will be acquired for \$254.5 million by WellMed, a subsidiary of Optum comprised of nearly 11,000 physicians at 127 locations in Texas and Florida. USMD Holdings was formed in 2012 as a merger of four groups: USMD Inc., the Urology Associates of North Texas, Medical Clinic of North Texas PA, and IMPEL Management Services LLC. The combined entities include hospitals in Arlington and Fort Worth, more than 40 primary care clinics, a urology chain of more than 27 locations and 55 physicians, and four cancer treatment centers. Texas based UANT Ventures, a venture financing group, owns approximately 76% of USMD's total shares.
August 2016	Surgical Care Affiliates (NASDAQ: SCAI)	Surgery Center of Chevy Chase	The Surgery Center of Chevy Chase (SCCC) completed a majority recapitalization with Surgical Care Affiliates (SCA). With over 20 physician partners, Maryland-based SCCC, specializes in musculoskeletal care in addition to anesthesia, ENT, plastic surgery, pain management, podiatry, urology, and oral surgery. The deal significantly expands SCA's footprint within Maryland. Provident served as the sole financial advisor to SCCC in the transaction.
August 2016	The Doctors Clinic	Franciscan Medical Group / CHI Franciscan Health	Franciscan Medical Group, affiliated with CHI Franciscan Health (CHI), acquired The Doctors Clinic, a 80 physician medical group offering services in eight locations in Kitsap county, Washington. Tacoma-based CHI is aggressively expanding throughout the region via affiliations and acquisitions of outpatient medical groups. Recent deals completed by CHI include the purchase of Advanced Medical Imaging and Olympic Radiology in 2015, and WestSound Orthopaedics in July of 2016.
<b>Ophthalmology</b>			
September 2016	Clarkson Eyecare / FFL Partners	Quantum Vision Centers	Clarkson Eyecare, a portfolio company of FFL Partners, added surgical eye care to its suite of services through the acquisition of Quantum Vision Centers. Quantum operates over 20 clinical locations in Southern IL and St. Louis. Provident served as the exclusive financial advisor to Quantum in the transaction.

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<b>Radiology</b>			
July 2016	Radiology Partners / New Enterprise Associates	Columbus Radiology	Radiology Partners, a portfolio company of New Enterprise Associates, has acquired Columbus Radiology, which was the 13 <sup>th</sup> largest independent U.S. radiology group, and fastest growing in 2015. With 79 physicians providing professional radiology services to 45 total sites across Ohio, the addition of Columbus Radiology brings Radiology Partners to over 300 radiologists throughout 7 states. This transaction marks the third acquisition for Radiology Partners within the past year, as the Company also recently acquired Lake Pointe Radiology Associates and Radiology Associates of Canton.
July 2016	Sheridan Healthcare / AMSURG (NASDAQ: AMSG)	AllegiantMD	Sheridan Healthcare, the physician services division of publically traded AmSurg (NASDAQ: AMSG), has acquired Tampa-based AllegiantMD, a group of 43 radiologists who provide services primarily to Hospital Corporation of America and Community Health Systems acute care hospitals. Sheridan has significantly expanded its radiology division over the past two years, with other recent acquisitions including 53 physician group Radiology Associates of Hollywood and 100 physician group Radisphere Radiology.
<b>Urgent Care</b>			
August 2016	Revelstoke Capital Partners	Fast Pace Urgent Care / Shore Capital Partners	Revelstoke Capital Partners, a private equity firm based in Denver, completed its investment in Fast Pace Urgent Care., an operator of 42 urgent care clinics throughout rural Tennessee and Kentucky. The Company received an investment from Shore Capital Partners in 2012. The recent investment from Revelstoke will assist Fast Pace's expansion into new rural communities and improve its ability to acquire smaller urgent care providers.
<b>Urology</b>			
August 2016	Audax	Chesapeake Urology	Chesapeake Urology, one of the largest urology practices in the Mid-Atlantic and the country, completed a majority recapitalization with Audax, a middle market private equity fund. Chesapeake Urology has approximately 80 providers that offer services throughout 21 medical offices and 14 AAAHC-certified ambulatory surgery centers throughout several Maryland counties. This specific transaction marks the first private equity investment of an independent Urology practice and is expected to serve as a catalyst for future consolidation within the industry.