

Q4-2016 Private Equity Industry Update



M&A Update

International private equity activity in the fourth quarter is reporting similar trends to what has been seen throughout 2016 and in years prior. Those trends include healthy fundraising, consistent deal flow and strong returns at exit. Having said that, the statistics around these areas seem to have plateaued in recent years. There are many economic factors that can play into this, but with the general economy performing well and all indicators pointing upward coming into 2017, it's expected that overall deal flow and deal size will see an uptick across industries. This includes healthcare, which has been one of the only industries to not only retain it's level of M&A activity, but actually continue to expand. Taking a deeper look at the sectors of interest, investors continue to familiarize themselves with the highly regulated physician services markets and develop investment theses around areas of healthcare that historically were not attractive to private equity investors.

An area of continued interest within the healthcare M&A environment is the dental industry. As traditional, platform-worthy dental practice management (DPM) opportunities become harder to find and garner ever-increasing valuations, it's the ancillary services to this industry that are now seeing more activity. One such example of this was the recapitalization by DFW Capital Partners of Children's Dental Health Associates, P.C. in which Provident Healthcare Partners served as exclusive financial advisor to the sellers. It is areas such as this, pediatric dentistry for example, that are proving to be the next best option for investors who are seeking to enter what has been a fruitful DPM investment environment.

Month	Acquirer	Target Company	Details
December 2016	DFW Capital Partners	Children's Dental Health Associates, P.C.	Children's Dental Health Associates, P.C. has completed a recapitalization with DFW Capital Partners. CDHA is the largest pediatric dental company in the state of Pennsylvania, with 16 office locations and two surgery centers. Provident Healthcare Partners served as exclusive financial advisor to CDHA. The financial terms of the transaction were not disclosed.
December 2016	Harren Equity Partners	MedPro Healthcare Staffing	MedPro Healthcare Staffing, a diversified healthcare staffing provider for allied professionals and nurses, has been recapitalized by Harren Equity Partners, a lower middle market private equity firm. The MedPro management team will continue running operations and remain as a key driver to the growth of operations. The financial terms of the deal were not disclosed.
December 2016	Thomas H. Lee Partners	Professional Physical Therapy	Thomas H. Lee Partners acquired Professional Physical Therapy (ProPT) from its previous private equity backer, Great Point Partners. In its five year partnership with Great Point Partners, ProPT grew from 10 clinics in NY to 107 locations across NY, CT, and NJ through a series of 21 acquisitions and 16 de novo locations. The financial terms of the deal were not disclosed.
November 2016	LLR Partners	SUN Behavioral Health	SUN Behavioral Health, a national operator of freestanding psychiatric hospitals, received a \$34 million growth capital investment led by LLR Partners. The capital injection will enable SUN Behavioral Health to open additional freestanding facilities and acquire smaller operators in underserved geographies to expand their footprint.
October 2016	Silversmith Capital Partners	Nordic Consulting Partners	Silversmith Capital Partners has made an investment in Nordic Consulting Partners, a healthcare IT consulting firm headquartered in Madison, WI. Nordic provides diversified HCIT advisory services to physicians. The investment will allow Nordic Consulting Partners to complete add-on acquisitions and further diversify its scope of services. The financial terms of the deal were not disclosed.
October 2016	GTCR	Riverchase Dermatology	Riverchase Dermatology, a 25 location dermatology practice in Florida, has been acquired by GTCR. The transaction will serve as an exit opportunity for Prairie Capital, which initially invested into the business in 2012. With their new private equity backing, Riverchase seeks to expand its presence nationally via acquisitions and de novo growth. The financial terms of the transaction were not disclosed.