

Q1-2017 Private Equity Industry Update



M&A Update

Indications are that overall deal count within the private equity industry will fall for the fifth consecutive quarter. Having said that, this does not necessarily serve as an indicator of a lack of overall activity within merger and acquisition markets. Strategic acquirers sitting on record levels of cash have become increasingly active consolidators in their respective industries. Combine this with an ever-increasing level of attention from financial investors in the lower middle market and the results are a more competitive and seller-friendly environment in which private equity investors are having to reevaluate their investment mandates and concentrate on fewer opportunities. Nowhere is this more evident than the lower middle market of the healthcare industry.

Provident Healthcare Partners has concluded an active first quarter of private equity activity in which they were the exclusive financial advisors to two privately held businesses serving as platform investments. The first of which was Minnesota Eye Consultants, which operates a network of clinical and surgical eye care services locations and was recapitalized by Waud Capital Partners. This is just the latest of a flurry of activity in the eye care services market that has drawn parallels to prior consolidation plays within the dental and dermatology markets. Following this, Women's Health Care Group of PA (WHCGPA) was purchased and combined with another business by Audax Group. WHCGPA operates a network of more than 40 locations, offering a wide array of women's health services. Each of these highly competitive transactions are representative of the continued optimism of private equity investors within the lower middle market of physician services.

Month	Acquirer	Target Company	Details
March 2017	Audax Group	Women's Health Care Group of PA	Women's Health Care Group of PA (WHCGPA) has completed a recapitalization with Audax Group. WHCGPA provides obstetrics and gynecology services at over 40 locations throughout the state of Pennsylvania. Provident Healthcare Partners served as exclusive financial advisor to WHCGPA. The terms of the transaction were not disclosed.
March 2017	Chicago Pacific Founders	Pinnacle Dermatology	Chicago Pacific Founders, a strategic investment fund exclusively focused on healthcare services, has announced an investment in Pinnacle Dermatology. Pinnacle delivers a comprehensive suite of dermatology and cosmetic services, caring for a wide range of skin conditions and disorders in the Midwest region. The financial terms of the deal were not disclosed.
March 2017	MTS Health Investors	Trumpet Health Investors	MTS Health Investors has recapitalized Trumpet Behavioral Health, a provider of behavioral health services to children and adults with Autism Spectrum Disorder and other developmental disabilities. MTS has partnered with the existing senior management team to provide support and growth capital during their expansion. The financial terms of the deal were not released.
February 2017	Waud Capital Partners	Minnesota Eye Consultants	Minnesota Eye Consultants (MEC) has completed a recapitalization with Waud Capital Partners to form United Vision Partners Holdings. MEC is a provider of primary and surgical eye care services in the Minneapolis metropolitan area, operating out of six locations. Provident Healthcare Partners served as exclusive financial advisor to MEC. The terms of the transaction were not disclosed.
February 2017	BelHealth Investment Partners	American HealthCare Services Association	BelHealth Investment Partners announced the acquisition of American HealthCare Staffing Association (AHSA), a staffing services provider for hospitals. AHSA supports its customers with all areas of staffing including nurses, physicians, mid-levels, allied health professionals, medical office staff, IT and other staffing specialties. The financial terms of the deal were not released.
January 2017	InTandem Capital Partners	Cano Health	InTandem Capital Partners, a healthcare services focused private equity firm, announced it has acquired Cano Health and Comfort Health. InTandem Capital's goal is to create a South Florida regional consolidator in primary care committed to clinical excellence and efficient operations that caters to all demographics. The financial terms of the deal were not released.