

Market Overview

Consolidation activity within a number of physician specialties remained highly active during the second quarter of 2017. Fragmented markets in conjunction with regulatory uncertainty continue to drive transaction activity. During the quarter, several private equity-backed platforms accelerated their growth through add-on acquisitions, new platforms emerged, and strategic consolidators completed several acquisitions in key markets around the country. The benefits of size and scale for physician services providers has continued to incentivize groups to align with larger organizations that can provide management services efficiencies. Through these partnerships, independent physician practices are able to access the management and infrastructure necessary to succeed in a value-based environment, returning the physician's focus to providing high-quality patient care without the administrative burden of managing a practice.

With several new platform investments entering the market coupled with existing private equity-backed groups leveraging their capital resources, Provident expects a mix of add-on acquisitions and private equity recapitalizations will continue throughout the latter half of 2017. Provident's former client, Southeastern Spine Institute (SSI), is a prime example of a new private equity platform entering a fragmented specialty ripe for consolidation. SSI will leverage the resources and expertise of its private equity partner to become a regional platform within its respective geography as one of the first practices to take on an institutional investment in the orthopedic sector.

Provident Transaction



SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
Gastroenterology			
June 2017	Gastro Health / Audax Group	Pediatric Gastroenterology Associates	Gastro Health, a portfolio company of Audax Group, acquired Miami-based Pediatric Gastroenterology Associates. The transaction established Gastro Health's 26 th location in South Florida and added five new physicians to the platform. As a result of this acquisition, Gastro Health is now the largest pediatric gastroenterology practice in South Florida.
May 2017	Gastro Health / Audax Group	Orlando Torres, M.D.	The practice of Orlando Torres, M.D. was acquired by Gastro Health. Based in Hialeah, Florida, the acquisition continued Gastro Health's expansion north of Miami. As a result of the transaction, Dr. Torres will realize personal liquidity and gain access to the robust infrastructure of Gastro Health.
April 2017	Gastro Health / Audax Group	Gastroenterology Consultants	Gastro Health acquired Hollywood, Florida-based Gastroenterology Consultants. With two locations and nine physicians, Gastroenterology Consultants is Gastro Health's largest acquisition to date and provides a strong foothold in Broward County.
Orthopedics			
April 2017	Candescent Partners	Southeastern Spine Institute	Southeastern Spine Institute (SSI) was recapitalized by Candescent Partners. SSI is the largest spine-focused medical practice in South Carolina. Through this partnership, SSI will look develop into a leading regional orthopedic platform and capitalize on the fragmented market for spinal surgery. Provident served as the exclusive financial advisor to Southeastern Spine Institute in the transaction.

Multispecialty and Primary Care

June 2017	DaVita HealthCare Partners	Magan Medical Clinic	Magan Medical Clinic entered into a definitive agreement to be acquired by DaVita HealthCare Partners, a division of DaVita Medical Group. A respected multispecialty medical group in Los Angeles County's San Gabriel Valley, the Magan Medical Clinic's 55 providers serve more than 20,000 managed care patients.
June 2017	DuPage Medical Group/ Summit Partners	Northwest Health Care Associates	DuPage Medical Group announced its intent to acquire Northwest Health Care Associates. Founded in 1981 and serving Chicago's northwestern suburbs, Northwest Health Care Associates is a leading multispecialty clinic with 25 physicians across seven medical specialties. This transaction will expand DuPage Medical Group's presence further north while allowing Northwest Health Care Associates' patients to access additional services and increased convenience.
May 2017	Optum	Reliant Medical Group	Reliant Medical Group agreed to be acquired by Optum, a subsidiary of UnitedHealth Group. Reliant is the largest independent physician practice in Central Massachusetts with 500 providers, and in 2016 reported revenues of \$677 million. Reliant expects to bolster its ability to grow, modernize its clinical facilities, and have access to advanced data analytics under the Optum umbrella.
May 2017	DaVita HealthCare Partners	WellHealth Quality Care	DaVita HealthCare Partners acquired WellHealth Quality Care. WellHealth is a respected medical group and accountable care network in Southern Nevada with 11 locations, and a network of over 3,000 providers across various specialties. WellHealth will leverage the resources of DaVita HealthCare Partners to navigate the dynamic healthcare landscape with a keen focus on value-based health care models.
April 2017	Optum	American Health Network	American Health Network (AHN) agreed to be acquired by Optum for \$184 million. AHN is Indiana's largest independent primary care physician practice with over 300 doctors based in Carmel, Indiana. In the transaction, Optum acquired an 80% stake in AHN, with the physician shareholders maintaining a 20% stake in the organization. Understanding that scale is important in the modern healthcare environment, AHN will leverage the resources of Optum to become the Midwest operating center for Optum going forward.
April 2017	Hannibal Regional Healthcare System	Complete Family Medicine	Hannibal Regional Healthcare System (HRHS) acquired Complete Family Medicine. Complete Family Medicine is a five-location primary care provider with five doctors, headquartered in Kirksville, Missouri. Complete Family Medicine will gain access to the resources necessary to better serve their patient population.

Radiology

May 2017	New Enterprise Associates / Future Fund	Radiology Partners	El Segundo, California-based Radiology Partners, raised \$200 million of growth equity capital. Radiology Partners is the country's largest on-site physician led radiology practice. The funding round was led by Radiology Partners' private equity sponsor, New Enterprise Associates, as well as the Future Fund, Australia's sovereign wealth fund. Additionally, many of the physician shareholders of Radiology Partners chose to co-invest in the round. Radiology Partners expects to use this capital to continue fueling its rapid expansion as a single specialty provider of radiology services to hospital clientele.
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