

Q3-2017 Private Equity Update



M&A Update

The third quarter of 2017 saw the private equity industry deviate from what had been a consistent trend: increases in overall fundraising statistics. For the first time in over a year, the number of new funds closed in the quarter failed to reach 100, with total capital raised of roughly \$87B. Total deal count over the same timeframe saw a decrease of 15% but with nearly the same amount of capital deployed to achieve those investments (\$212B), this should not be viewed as an alarming trend. The same can be said for private equity exits, which decreased by 18% from the second quarter of 2017 and typically follows the pace of overall deal count. Given the total number of new funds that have closed in recent years, the amount of dry powder within the market has never been higher and has led to increased competition for a comparatively smaller supply of quality investment opportunities.

Healthcare services remains a strong area of interest for private equity investors at all levels. This added attention has forced more groups to head downstream looking for platform-worthy investments, creating greater competition and consistently strong valuations. Two such opportunities were represented by Provident Healthcare Partners this past quarter: Central Texas Pain Center's merger with Pain Specialists of Austin to form CommonView Capital's pain management platform and Adult & Pediatric Dermatology's recapitalization by Waud Capital Partners as their platform investment in the dermatology space. Both of these transactions saw a very high level of interest from private equity investors, which allowed Provident to maximize valuation and obtain deal structures that fit the needs of the shareholders.

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
September 2017	CommonView Capital	Central Texas Pain Center	CommonView Capital announced the acquisition of Pain Specialists of Austin and Central Texas Pain Center (CTP), with Provident Healthcare Partners serving as exclusive financial advisor to CTP. These are the first acquisitions to be conducted under CommonView's platform company, Pain Specialists of America. The financial terms of the deals were not disclosed.
September 2017	Waud Capital Partners	Adult & Pediatric Dermatology	Waud Capital Partners announced a strategic partnership and growth investment with Adult & Pediatric Dermatology (APDerm), a leading provider of dermatology and cosmetic services in the Northeast region. Provident Healthcare Partners served as exclusive financial advisor to APDerm. The financial terms of the deal were not disclosed.
August 2017	GPB Capital	Alliance Physical Therapy	GPB Capital has entered the physical therapy sector by forming their platform entity, Alliance Physical Therapy. Through this vehicle, GPB has made an initial acquisition of four practices: Back in Motion, Rehab Access, Arrow Physical Therapy & Rehabilitation, and Whatcom Physical Therapy. The financial terms of the deals were not disclosed.
August 2017	CCMP Capital	Eating Recovery Center	CCMP Capital has purchased a controlling stake in Eating Recovery Center. Eating Recovery Center is the only fully vertically integrated national healthcare system exclusively dedicated to the treatment of serious eating disorders. It treats all related conditions at all levels of severity and stages of the illness. The financial terms of the deal were not disclosed.
August 2017	Vestar Capital Partners	Quest Analytics	Vestar Capital Partners has acquired Quest Analytics, an independent solutions company providing commercial software development and consulting services to health plans, consultants, and government agencies. The Company has brought solutions ranging from pioneering access and disruption analysis to network adequacy and design services. Financial terms of the deal were not disclosed.
July 2017	Silver Oak Services Partners	Redwood Dental	Silver Oak Services Partners has recapitalized Redwood Dental. In conjunction with the deal, Redwood acquired Signature Smiles, Affordable Dental Care, and Holly Dental Care as add-on acquisitions. Redwood is based in the Detroit-area and now has 10 locations as a result of the recapitalization. The financial terms of the deal were not disclosed.