

# Q4-2017 Ophthalmology Update



## Market Overview

Investment and consolidation activity within ophthalmology continued in the fourth quarter of 2017, capping off a highly active year of consolidation within the sector. The final platform investment of 2017 closed in November when Blue Sea Capital completed a recapitalization with Ophthalmic Consultants of Long Island to form holding company, Spectrum Vision Partners. The formal alignment of yet another clinical leader with a capital partner is further indication that this is a direction that many groups are moving towards in order to gain access to capital and accelerate growth. Add-on acquisition activity picked up as well with Eyecare Services Partners and EyeSouth Partners closing on transactions in the quarter. Eyecare Services Partners made two undisclosed acquisitions in California and Washington DC while EyeSouth Partners completed their second add-on acquisition since their initial recapitalization earlier this year.

2017 was an emergent year for private equity investment into ophthalmology with 11 platform investments having closed throughout the country; prior to this year, only three groups had private equity backing. With over a dozen groups with private equity capital behind them, Provident fully expects consolidation to continue at its accelerated pace in 2018, as strategic consolidators look to execute upon add-on acquisition strategies to facilitate growth and increase market share. In addition, we expect new investors to enter the specialty, albeit at a lesser volume compared to 2017, as attractive market demographics and fragmentation continue to make ophthalmology a highly sought after sector.

## SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
December 2017	EyeSouth Partners	Georgia Ophthalmology Associates	EyeSouth Partners (EP), a portfolio company of Shore Capital, completed a strategic partnership with Georgia Ophthalmology Associates. The acquisition is EP's second add-on acquisition since their initial recapitalization in March of 2017. With the transaction, EP continues to build regional density in the metropolitan Atlanta area, adding 5 clinicians to their platform. EP now employs over 30 providers with 20 locations throughout the state of Georgia.
November 2017	Blue Sea Capital	Ophthalmic Consultants of Long Island	Blue Sea Capital has completed a recapitalization with Ophthalmic Consultants of Long Island (OCLI) to form Spectrum Vision Partners. The investment serves as Blue Sea Capital's foray into ophthalmology and was one of the larger recapitalizations of 2017. The Spectrum Vision Partners platform, currently comprised of 33 surgeons and 15 locations, will aim to grow in the Tristate and beyond through partnerships with other organizations.
November 2017	Great Lakes Management Services Organization	Walker Surgical Center	Great Lakes Management Services Organization (GLMSO) has acquired Walker Surgical Center, an outpatient surgery center located in Grand Rapids, Michigan. GLMSO was formed upon Sterling Partners' recapitalization of Grand Rapids Ophthalmology in February of 2017. With the transaction, GLMSO, which employs 11 ophthalmologists and 19 optometrists in 12 locations, adds a surgery center with nearly 5,000 cases.