

Q3-2018 Dermatology Update



Market Update

Consolidation activity within dermatology showed no signs of slowing in the third quarter with several strategic consolidators making acquisitions in existing markets and, more notably, in new geographies. Five of the seven established platforms that disclosed transactions in the third quarter deployed their capital to enter contiguous states outside of core geographies to further extend their respective footprints and catchment areas. Schweiger Dermatology, which has built a tremendous amount of density in New York and New Jersey, made its first acquisition outside of the Tri-State area in the third quarter. Provident expects this theme to persist and become more prevalent as the sector enters the next phase of the investment cycle.

Investment Activity Breakdown



Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
September	Schweiger Dermatology	Pennsylvania Centre for Dermatology	1	7	PA
September	QualDerm Partners	Zitelli & Brodland, PC & Brentwood Dermatology	3	12	PA & TN
August	Epiphany Dermatology	NuLook Dermatology & Sun City Dermatology	3	7	TX
August	Pinnacle Dermatology	North Oakland Dermatology	1	1	MI
August	QualDerm Partners	Dermatology of Southeastern Ohio	1	4	OH
July	Anne Arundel Dermatology	Virginia Dermatology & Skin Cancer Center	4	6	VA
July	Epiphany Dermatology	Cherry Creek Dermatology	1	3	CO
July	Pinnacle Dermatology	Northwest Dermatology	1	6	IL
July	Platinum Dermatology	Van Dyke Aesthetics	1	1	AZ

*Add-on acquisitions represent transactions that have been publicly disclosed

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Upcoming Conference



Members of the Provident Healthcare Partners dermatology coverage team will be attending the American Academy of Dermatology conference in March.