

Q4-2018 Dermatology Update



Market Update

Transaction volume within dermatology remained steady through the fourth quarter, primarily driven by add-on acquisition activity as established private equity-backed platforms continued to establish density in their respective markets through acquisitions. The fourth quarter marked the second consecutive quarter without a private equity recapitalization, a trend that Provident expects to continue heading in to 2019. With over two dozen PE-backed organizations and few independent platform-worthy groups left to partner with, Provident expects most new investors entering the sector to target organizations that already have private-equity backing as the sector enters the next phase of the investment cycle. However, the few remaining sizable platforms in unconsolidated geographies should expect significant interest from private equity partners.

Investment Activity Breakdown



Select Transactions:

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

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
December	Anne Arundel Dermatology	Rock Creek Dermatology and Skin Cancer Center	2	2	MD
December	Integrated Dermatology	DermASAP	2	6	MA
November	Anne Arundel Dermatology	Maryland Dermatology Laser Skin & Vein	1	5	MD
November	United Derm	Sierra Skin	7	29	NV
October	Integrated Dermatology	Brookside Dermatology Associates	1	3	CT
October	Pinnacle Dermatology	Soderstrom Skin Institute	7	17	IL
October	Riverchase Dermatology	Elba Rubianes, MD	1	1	FL
October	Riverchase Dermatology	Wittenborn Plastic Surgery	1	1	FL

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Upcoming Conference



Members of the Provident Healthcare Partners dermatology coverage team will be hosting a booth at the American Academy of Dermatology conference in March.