

Market Update

2018 proved to be one of the most active years in private equity history with near record numbers in deal volume and capital investment. 2019 however, has shown decreasing trends with a below average Q1 for both deal volume and capital invested. Total fundraising for Q1 is also off to a slow start with just \$91 million raised and 107 funds closed. In contrast, growth equity funds are experiencing their strongest fundraising Q1 since 2008. Adding to this, the 10 largest funds in the market are seeking large capital raises with about \$126 billion between them. This indicates that deal activity might be poised to pick up despite a slow quarter.

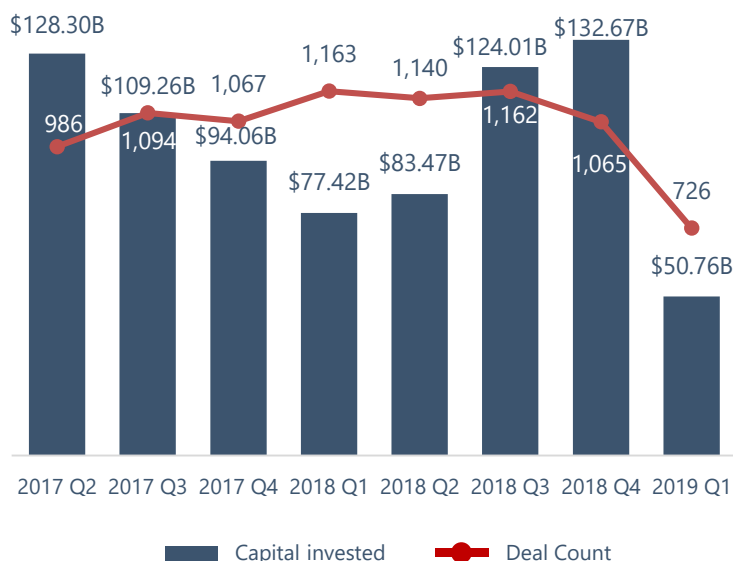
Analysts believe that some possible explanations for the slow start to the year include uncertainty regarding global trade disputes, the U.S. government shut down, and volatility in the equities market. Q1 2019 capital investment is down 34% from Q1 2018, and down 38% in deal volume. Nonetheless, future outlook remains bullish as Q1 investments were significantly low just following a massive fundraising year. As a result, Provident estimates that a substantial amount of dry powder still remains to be deployed, which may drive M&A activity and consolidation in the coming quarters.

Below are several notable transactions that took place in Q1 of 2019.

Select Transactions:

Month	Acquirer	Target	Healthcare Vertical	Notable Attributes
January	Consonance Capital	Psychiatric Medical Care	Behavioral Health	Consonance Capital acquired Psychiatric Medical Care, a respected provider of hospital based geriatric behavioral healthcare.
January	CR Group L.P.	Mid-Atlantic Dental Care	Dental Practice Management	CR Group LP. has acquired Mid-Atlantic Dental Care, a fast growing, regional Dental Service Organization.
February	Veritas Capital, Inc.	Athenahealth, Inc.	Healthcare IT & Software	Veritas Capital, Inc. has acquired Athenahealth, Inc., an established provider of network-enabled services for healthcare and point-of-care mobile apps.
February	JAB Holding Company	Compassion First Pet Hospitals	Veterinary Services	JAB Holding Company has acquired Compassion First Pet Hospital, a family of pet hospitals that provides advanced veterinary care.
March	KKR & Co	Brightspring Health Services, Inc.	Home Care & Hospice	KKR & Co has acquired Brightspring Health Services, a provider of homecare services the complex and high cost populations.
March	Audax Group	Proud Moments ABA	Behavioral Health	Audax Group has acquired Proud Moments ABA, a provider of home and facility based applied behavior analysis.

Private Equity Investment & Deal Count



Sources: PEI's "Q1 Fundraising: a Record Start for Growth Equity" and Weil's "Q1 Private Equity Update" Chart Source: PitchBook Data, Inc.

Provident Industry Coverage Team

Steven Aguiar
 Managing Director
 saguiar@providenthp.com
 (310) 359-6620

Kevin Palamara
 Managing Director
 kpalamara@providenthp.com
 (617) 226-4221

Michael Patton
 Managing Director
 mpatton@providenthp.com
 (617) 226-4205

Scott Davis
 Vice President
 sdavis@providenthp.com
 (617) 226-4259