

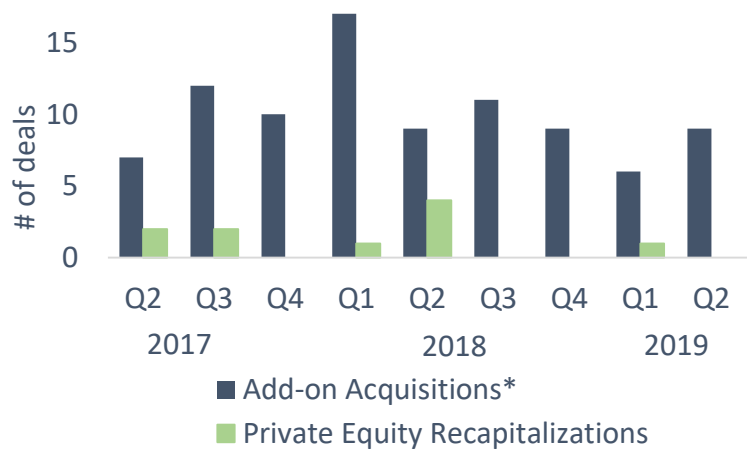
Q2-2019 Dermatology Update



Market Update

Transaction volume within dermatology was once again driven by robust add-on acquisition activity as another quarter closed with a plethora of strategic acquisitions. Scarcity of sizable groups with which to invest, paired with an abundance of private-equity backed organizations competing for deals has contributed greatly to a landscape dominated by strategic consolidation activity. One notable and unique transaction completed in the second quarter was that of Rush University Medical Center's (RUMC) investment in private equity-backed Pinnacle Dermatology. In acquiring a minority stake in the sponsor-backed dermatology platform, RUMC is one of the first hospital systems to transact with a private equity firm within the dermatology sector. Provident expects more and more private equity firms to take on further outside investment and/or exit to the next echelon of financial and strategic acquirers.

Investment Activity Breakdown



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

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
June	Advanced Dermatology & Cosmetic Surgery	Advanced Dermatology of Southern Maryland	3	2	MD
June	Waters Edge Dermatology	Aqua Plastic Surgery & Coast Dermatology	3	4	FL
June	Integrated Dermatology	Brookside Dermatology Associates	1	2	CT
June	Rush University Medical Center	Pinnacle Dermatology	36	66	IL, IN, MI, MN
May	Anne Arundel Dermatology	Laser Skin & Vein Centers of Virginia	1	3	VA
May	Waters Edge Dermatology	PBC Dermatology	1	3	FL
May	Pinnacle Dermatology	Roberts Dermatology	1	4	MI
April	Forefront Dermatology	Asarch Dermatology	5	7	CO, KS

Provident Industry Coverage Team

Ajeya Shekar
Vice President
ashekar@providenthp.com
(617) 226-4251

Steven Grassa
Senior Analyst
sgrassa@providenthp.com
(617) 226-4213

Upcoming Conference



Members of the Provident Healthcare Partners dermatology coverage team will be attending the American Society for Dermatologic Surgery in Chicago in October