

Q3-2019 Dermatology Update



Market Update

The dermatology sector continues to see consistently robust deal activity as over ten transactions were publicly disclosed in the third quarter of 2019. Similar to preceding quarters over the last few years, most of the consolidation was driven by strategic add-on activity as PE-backed dermatology platforms continue to look to expand to new markets or build density in existing ones by way of acquisition. Although most transactions were strategic in nature, there were a few private equity firms that made their first investment in the space, including HIG Growth Partners' recapitalization with Soderstrom Skin Institute to form MedPro and Potomac Equity Partners' investment into the cosmetic-focused Laser MD MedSpa and SculptMe.

Provident was active in the quarter as well, having represented Vail Aspen Breckenridge Dermatology (VAB) in their partnership with Epiphany Dermatology. The transaction provides VAB with the resources of a larger platform and Epiphany with a significant presence in the state of Colorado.

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)
September	Anne Arundel Dermatology	Southern Dermatology, Azalea Skin Treatment Center & Raleigh Dermatology Associates and Skin Solutions	4	20	NC
August	Epiphany Dermatology	Colorado West Dermatology	1	1	CO
August	NavaDerm	Laser & Skin Surgery Center of New York	2	15	NY
July	Epiphany Dermatology	Vail Aspen Breckenridge Dermatology*	6	7	CO
July	Epiphany Dermatology	Kuykendall Dermatology	2	1	OK
July	Potomac Equity Partners	Laser MD MedSpa & SculptMe	4	N/A	MA
July	Pinnacle Dermatology	Bolingbrook Dermatology	1	1	IL
July	H.I.G. Growth Partners	MedPro (Soderstrom Skin Institute)	8	20	IL, IA

Note: Provident served as exclusive financial advisor to Vail Aspen Breckenridge Dermatology in its transaction with Epiphany Dermatology

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Upcoming Conference



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