

---

# Healthcare Services M&A Review: A Quarterly Update

*Provident Healthcare Partners provides an overview of merger and acquisition activity in the healthcare services industry for the first quarter of 2020*

# Table of Contents

---

I.	<a href="#"><u>Quarterly Healthcare Market Update</u></a>	3
II.	<a href="#"><u>Healthcare M&amp;A Deal Stratification</u></a>	4
III.	<a href="#"><u>Provident Quarterly Update</u></a>	5
IV.	Healthcare Services Newsletters	
	i. <a href="#"><u>Behavioral Health</u></a>	6
	ii. <a href="#"><u>Dental Services</u></a>	7
	iii. <a href="#"><u>Dermatology</u></a>	8
	iv. <a href="#"><u>Durable Medical Equipment</u></a>	9
	iv. <a href="#"><u>Emergency Medical Services</u></a>	10
	v. <a href="#"><u>Healthcare IT</u></a>	11
	vi. <a href="#"><u>Healthcare Staffing</u></a>	12
	vii. <a href="#"><u>Home Health &amp; Hospice</u></a>	13
	viii. <a href="#"><u>Laboratory Services</u></a>	14
	ix. <a href="#"><u>Ophthalmology</u></a>	15
	x. <a href="#"><u>Pharmaceutical Services</u></a>	16
	xi. <a href="#"><u>Pharmacy &amp; Infusion Services</u></a>	17
	xii. <a href="#"><u>Physician Services</u></a>	18
	xiii. <a href="#"><u>Private Equity Industry</u></a>	19
	xiv. <a href="#"><u>Rehabilitation</u></a>	20
	xv. <a href="#"><u>Veterinary Services</u></a>	21
V.	<a href="#"><u>Concluding Thoughts</u></a>	22

# Q1 Market Update: M&A Activity Slows as COVID-19 Alters Market Environment

Following an active year of consolidation in the healthcare services industry in 2019, M&A momentum in the sector continued into the early months of 2020. Private equity firms have raised record amounts of capital in recent years and have actively sought opportunities to deploy this dry powder, while strategic acquirers have continued their pursuit of add-on acquisitions to increase their size and scale. However, while these dynamics are expected to persist for the foreseeable future, consolidation activity in healthcare services and across global markets dropped precipitously in March driven by the COVID-19 pandemic and the economic and public health uncertainty that has come with it. While the duration and continued impact of the virus remains uncertain, transaction closings are expected to be delayed in the near-term as private equity firms focus their efforts on keeping existing portfolio companies afloat, and lenders work with existing portfolio companies drawing down revolvers. While the virus has led to emergency only care across many sub-sectors, providers have turned to telehealth to continue to provide care to patients through these stay-at-home orders. Provident will continually monitor the impact of COVID-19 on the transaction environment across healthcare services.








Despite the COVID-19 pandemic, there was notable healthcare services M&A activity in Q1 2020, highlighted by multiple transactions in ophthalmology, healthcare IT, and veterinary services. Within the ophthalmology sector, Webster Equity Partners led the formation of Retina Consultants of America (RCA), a subspecialty platform comprised of four previously disparate retina practices: Retina Consultants of Houston, Retina Group of Florida, Long Island Vitreoretinal Consultants, and Retinal Consultants Serving Northern California. The new entity is headquartered in Southlake, TX, and is expected to pursue add-on acquisitions of retina practices to expand its footprint into new markets.

The healthcare IT sector continued its strong momentum into Q1 with \$3.1 billion of capital invested in the quarter, the second-highest venture capital funding quarter to date. Notable transactions in the last three months include TelaDoc's \$600 million acquisition of telehealth provider InTouch Health. Investment activity in the sector should remain strong due to the increased need for digital healthcare services, such as telehealth, in the wake of the COVID-19 crisis.

Other notable private equity transactions in the quarter include two successful exits for private equity firms. Morgan Stanley Capital Partners sold its stake in Pathway Vet Partners to TSG Consumer Partners for an enterprise value of over \$2 billion. Additionally, Shore Capital exited its position in Florida Autism Centers to Blue Sprig Pediatrics, a portfolio company of KKR.

Provident actively tracks and analyzes M&A activity, key developments, and emerging trends among healthcare services verticals. We publish these findings in our quarterly newsletters, which can be accessed [here](#). Provident also invites the readers of our newsletters to view our new Provident Perspectives publications, which focuses on current trends our professionals have identified in a variety of healthcare verticals. You can read some of our new posts [here](#).

## Notable Market Healthcare Deals This Quarter <sup>(1)</sup>

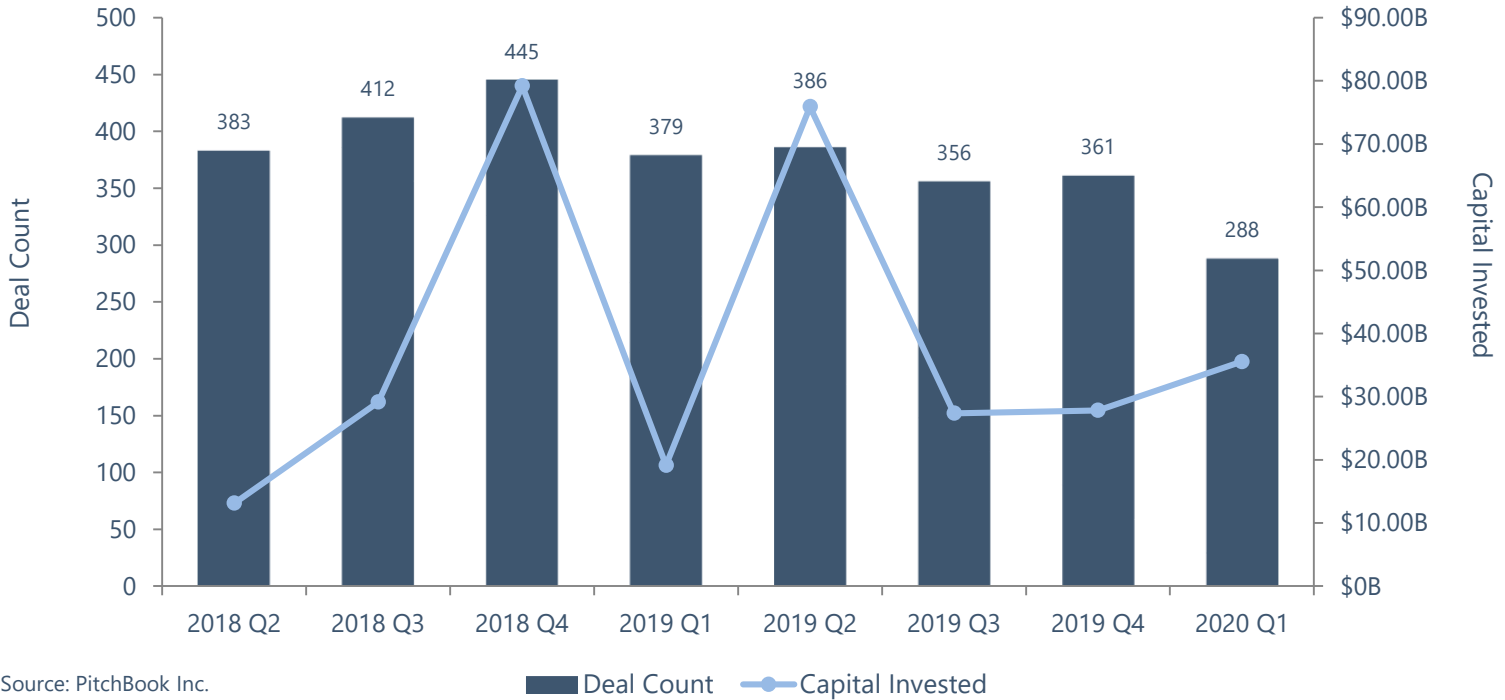
<p><b>Autism Services</b></p>  <p>Florida Autism Center Start here. Go anywhere.</p> <p>A portfolio company of</p>  <p>Has been acquired by</p> 	<p><b>Durable Medical Equipment</b></p>  <p>Has been recapitalized by</p> 	<p><b>Behavioral Health</b></p>  <p>Has been acquired by</p>  <p>A portfolio company of</p> 
<p><b>Ophthalmology</b></p>  <p>Has formed</p> 	<p><b>Dermatology</b></p>  <p>HEALTHY SKIN IS OUR PASSION™</p> <p>A portfolio company of</p>  <p>Has been acquired by</p> 	<p><b>Veterinary Services</b></p>  <p>Has been acquired by</p> 

<sup>(1)</sup>: These are Q1 market transactions; Provident was not involved in these transactions.

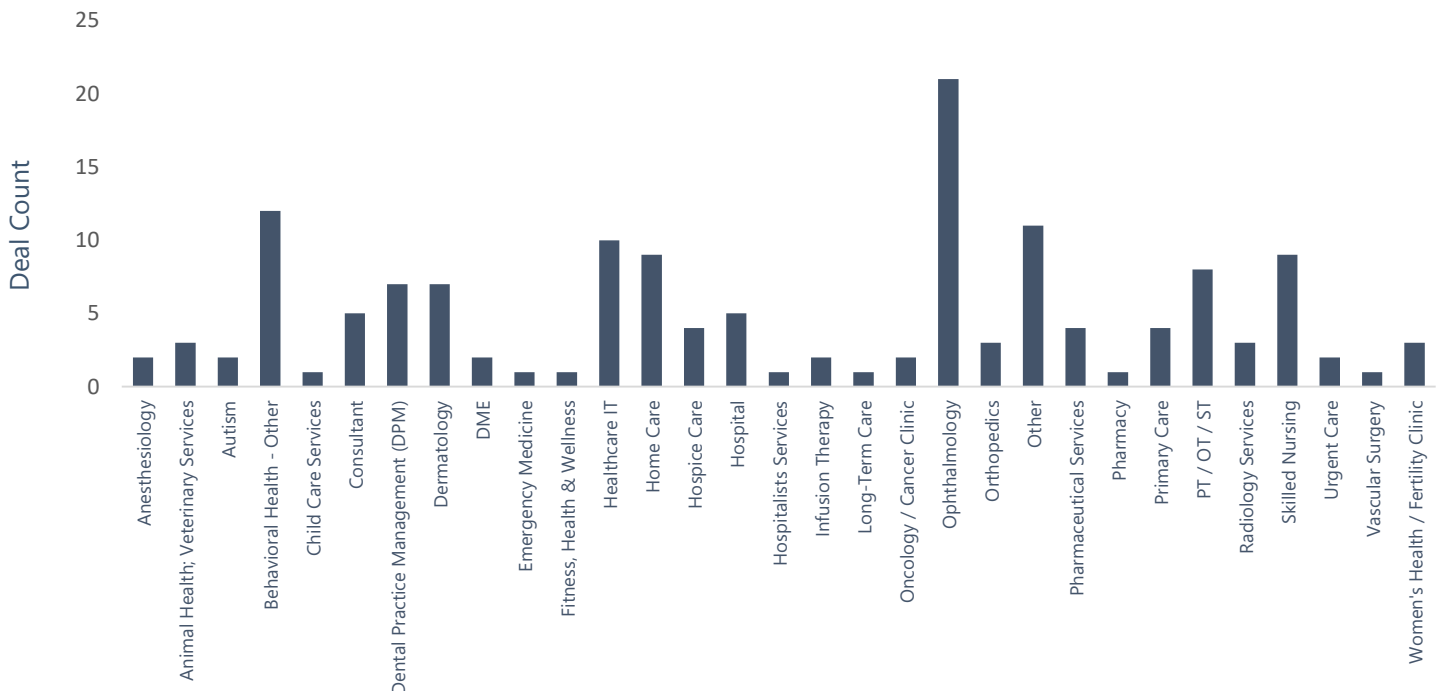
# Healthcare M&A Deal Stratification

In the first quarter of 2020, 280+ deals closed in the healthcare sector, with a large concentration in healthcare services. Although neither the amount of capital invested in these transactions nor overall deal volume in Q1 2020 matched prior year quarters, Provident believes this decline is driven by an increased focus on the lower middle-market of healthcare (companies valued at less than \$500 million in Total Enterprise Value), along with the impact of COVID-19, which caused a precipitous decrease in transactions completed in the final weeks of the quarter.

## Healthcare M&A Quarterly Deal Activity (Q2 2018 – Q1 2020)



## Q1 2020 Healthcare Services Deal Count



# Provident Quarterly Update

In the first quarter of 2020, Provident closed four transactions in three different healthcare subsectors: physical therapy, home healthcare, and women’s health. Three clients partnered with strategic acquirers, each private equity-backed, and one client was recapitalized as a new private equity platform investment. Doctors of Physical Therapy (DPT) is based in Naperville, IL with locations throughout the Midwest, At Home Healthcare (AHH) is headquartered in Tyler, TX, Women’s Health of Central Massachusetts (WHCMA) is headquartered in Worcester, MA, and Seven Hills Women’s Health Centers (SHWHC) is located in Cincinnati, OH.

## Provident Q1 Transactions <sup>(1)</sup>

### Physical Therapy



### Home Healthcare



### Women’s Health



<sup>(1)</sup> Provident served as the exclusive sell-side financial advisor to DPT, AHH, WHCMA, and SHWHC.

### Provident Case Study

#### Women’s Health of Central Massachusetts (WHCMA)

##### WHCMA Profile

- HQ: Worcester, MA
- Clinics: 4
- Partners: 12

The WHCMA partners engaged Provident as their exclusive advisor through a robust marketing and transaction process which saw significant interest from both private equity and strategic acquirers.

WHCMA elected to partner with Women’s Health Connecticut (WHC), a Sverica-backed strategic acquirer with strong existing infrastructure, which WHCMA will be able to leverage post-acquisition.

The addition of WHCMA under WHC’s umbrella bolsters WHC’s presence in New England, as part of a national expansion strategy.

### Provident Case Study

#### Seven Hills Women’s Health Centers (SHWHC)

##### SHWHC Profile

- Partners: 33
- HQ: Cincinnati, OH
- Offices: 15

Provident was selected as SHWHC’s exclusive advisor following SHWHC’s prior engagement with another firm.

Provident managed a competitive process involving four private equity-backed strategic acquirers in the women’s health space.

The 33 shareholders of SHWHC ultimately chose to partner with Audax-backed Axia Women’s Health based on their strong valuation and in order to be a foundational practice in the company’s Midwest growth strategy.

## Upcoming Whitepaper

- “COVID-19 Impact on Healthcare Services businesses and M&A activity” Eric Major (Director), Ajeya Shekar (Vice President), and Steven Grassa (Associate)

## Podcast Episodes

- [Episode 11 of Provident’s Healthcare Dealcast “Overview of the Quality of Earnings Process” is now available](#)

# Q1-2020 Behavioral Health Update

## Market Update

Consolidation within the Behavioral Health sector continued to see robust activity, led by a slew of new platforms and strategic add-ons in the autism services, addiction treatment and mental health segments. Autism services continues to be the most active subsector within the space, with multiple landmark transactions taking place within the first quarter. The most notable transaction was Blue Sprig Pediatrics' (BSP) recapitalization of Shore Capital-backed Florida Autism Centers in what was the fourth autism deal in the last six months valued over \$100M. Additionally, NexPhase-backed Action Behavior Centers is rumored to be out to market, less than one year after taking on investment, which indicates just how seller-friendly an environment the space has been prior to disruptions associated with COVID-19.

In spite of all of this consolidation, the crippling impact of COVID-19 on businesses has clearly been the most impactful development for the quarter and will seemingly continue to be so for an undetermined amount of time. As social distancing, clinic and school closings, and state-wide shutdowns have led to reduced volume and financial strain on businesses, taking advantage of government stimulus programs, such as the SBA Paycheck Protection Program, as well as telehealth services, will be crucial to navigating the current environment. Select subsectors within behavioral health, such as telepsychiatry and mental health, are expected to see increased demand from the pandemic but, overall, Provident expects M&A activity to be impacted in Q2, with transactions delayed to Q3 and Q4 closings.

## Select Transactions:

Autism Services				
Month	Acquirer	Target	Locations	State(s)
March	Blue Sprig Pediatrics	Florida Autism Centers	60	FL, GA
January	Acorn Health	Autism University	1	MI
January	General Atlantic	Comprehensive Education Services (ACES)	30	AZ, CA, CO, HI, TX & WA
January	Stepping Stones Group	STAR of CA	9	CA

Mental Health & Addiction Services				
Month	Acquirer	Target	Locations	State(s)
March	Discovery Behavioral Health	Associated Behavioral Healthcare of Seattle & New Hope Ranch	5	WA, TX
March	Veronis Suhler Stevenson (VSS)	Ascent Behavioral Health	2	ID
January	Galen Partners	Evolve Treatment Centers	1	CA
January	Summit Behavioral Healthcare	Peak View Behavioral Health	2	CO
January	Turnbridge	Clearpoint Recovery Center	1	CT

## Provident Industry Coverage Team

**Robert Aprill**  
*Senior Associate*  
 raprill@providenthp.com  
 (617) 226-4211

**Steven Grassa, CFA**  
*Associate*  
 sgrassa@providenthp.com  
 (617) 226-4213

## Upcoming White Paper

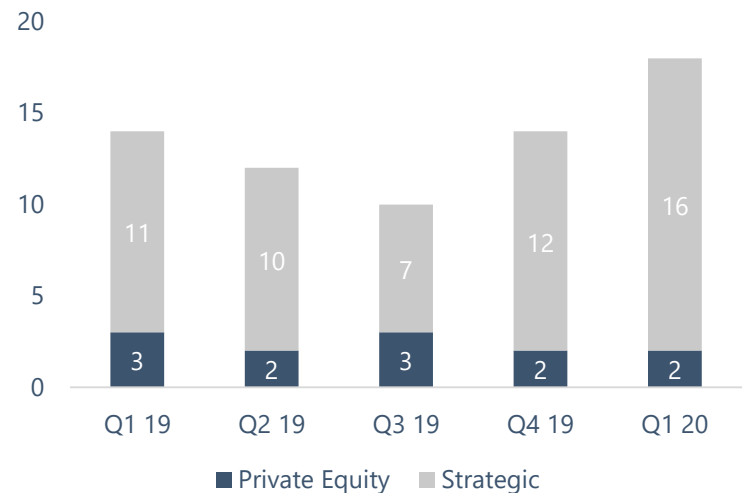
Members of the Provident Healthcare Partners behavioral health coverage team will be publishing a white paper on the pandemic's impact on the behavioral health sector and on measures that businesses can take to help navigate these uncertain times.

# Q1-2020 Dental Services Update

## Market Update

The first quarter of 2020 began with a flurry of transaction activity within the dental services market. With 18 announced transactions, this was the most active quarter the dental market had seen in quite some time. It is also worth noting that there were likely many other transactions slated to close at the end of March that were delayed due to COVID-19. Given the elective nature of many dental procedures, it is one of the segments of practice management that has been hit hardest by the current pandemic. Both buyers and sellers in the dental market are focusing intently on their core businesses heading into the second quarter. Activity in the sector will continue to be driven by large consolidators that are expanding through add-on acquisitions, while larger platform transactions will be delayed until patient volumes rebound and credit markets begin to re-open. Based on the transaction activity leading up to COVID-19, it is Provident's expectation that once normalcy returns to the market, transaction volume in dental services will return in a big way as both buyers and sellers look to complete a transaction backlog.

## Investment Activity Breakdown



## Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Dentists	State(s)
January	Dental365	Four Gentle Dental Offices	4	7	1
January	Evolution Capital Partners	Empire Dental Arts	4	5	1
January	Keystone Capital	Colony Square Dental Associates	1	2	1
January	Mid-Atlantic Dental Partners	Jersey Dental Group	4	17	1
January	Pacific Dental Services	Lake Barcroft Dental Group	1	2	1
January	Smile Brands	Walnut Family Dental/Placentia Dental Studios	2	4	1
January	U.S. Oral Surgery Management	Metropolitan Oral & Maxillofacial Surgery Associates	1	1	1
January	U.S. Oral Surgery Management	Peachtree Dunwoody Oral & Facial Surgery PC	2	3	1
February	42 North Dental	Allen Dental Associates	1	4	1
February	Affinity Dental Management	Concerned Dental Care	10	32	1
February	Marquee Dental Partners	Gamble Cosmetic and Family Dentistry	1	1	1
February	MB2 Dental	Denton Smiles Dentistry	1	2	1
February	MB2 Dental	Pine Top Orthodontics	1	2	1
February	MB2 Dental	Zelmanow Dental	1	2	1
March	Clairvest Group	ChildSmiles	5	Undisclosed	1
March	Empire Dental Arts	Papich-Forsyth DDS Associates	2	2	1
March	Light Wave Dental Management	Triangle Family Dentistry	6	18	1
March	Marquee Dental Partners	Byrl Criswell, DDS	2	3	1

## Provident Industry Coverage Team

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

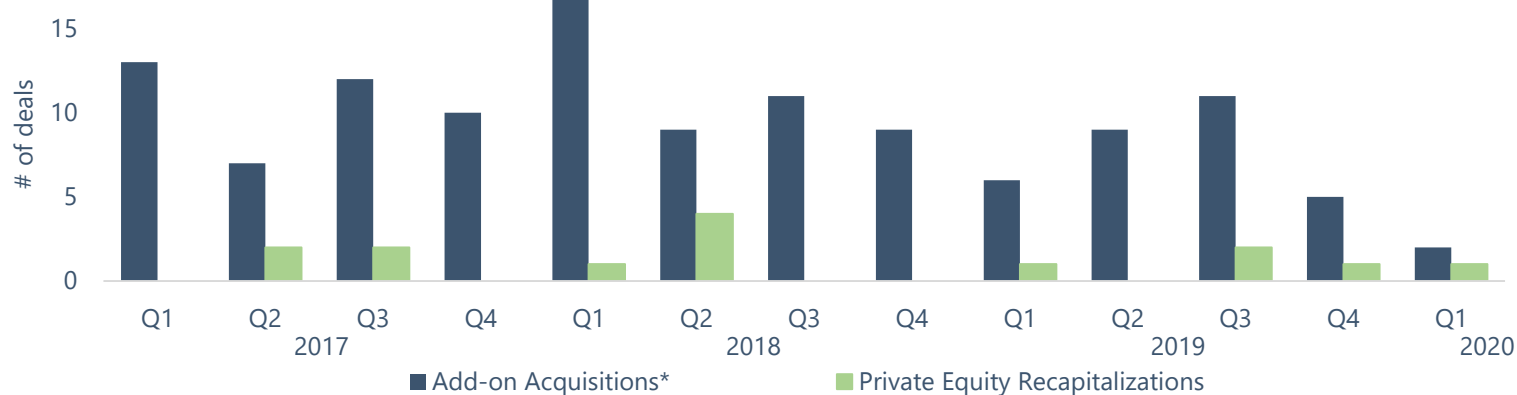
**Ajeya Shekar**  
*Vice President*  
 ashekar@providenthp.com  
 (617) 226-4251

**Abe M'Bodj**  
*Associate*  
 ambodj@providenthp.com  
 (310) 359-6630

**Cyrus Jamidar**  
*Analyst*  
 cjamidar@providenthp.com  
 (310) 919-4014

# Q1-2020 Dermatology Update

## Market Update



Although consolidation activity within dermatology had been fairly muted to start the year, the quarter still saw a landmark transaction take place in Sun Capital's recapitalization of West Dermatology, previously backed by Enhanced Healthcare Partners (EHP). The multistate, Southwest-focused platform more than doubled its clinic count, executing on 22 add-on acquisitions over EHP's 5.5 year hold period. This transaction marks the eighth dermatology platform that has traded private equity hands since institutional investment began to take place in the sector and is a sign of increasing market maturity.

The obvious and more pressing development to transpire throughout the quarter was the sudden and unforeseen rise of

COVID-19 and its crippling impact in the business and medical world. With state-wide shutdowns and CDC guidance prompting furloughs, cancellations, and an overall massive reduction in volume, independent and PE-backed practices alike find themselves trying to navigate through increasing levels of uncertainty.

Government relief packages and CMS' expansion of telehealth services will prove crucial over the next few months, with potential further stimulus on the horizon. Provident expects significant delays in transaction volume as buyers and sellers both turn to focusing efforts on managing their existing businesses. Operational preparation to ensure patient, provider and staff retention will be key to capturing pent up demand for services when the pandemic subsides.

## Select Transactions:

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

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
February	SUN Capital	West Dermatology	55+	130	AZ, CA, NV
January	Pinnacle Dermatology	Brighton Dermatology	1	6	MI
January	Pinnacle Dermatology	Academic Dermatology	1	2	MN

## Provident Industry Coverage Team

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

**Steven Grassa, CFA**  
Associate  
sgrassa@providenthp.com  
(617) 226-4213

## Upcoming White Paper

Members of the Provident Healthcare Partners dermatology coverage team will be publishing a white paper on the pandemic's impact on the dermatology services sector and on measures that practices can take to help navigate these uncertain times.



# Q1-2020 Durable Medical Equipment (DME) Update

## Market Update

The first quarter of 2020 marked a continuation of the strong consolidation activity in the DME sector in 2018 and 2019. With the impending re-introduction of competitive bidding for Medicare reimbursement of DME products in 2021, businesses are actively positioning themselves to manage tightening profit margins by increasing horizontal scale, diversifying revenue streams, and streamlining back-office functions.

Provident expects the DME sector to be resilient against the negative market effects from the COVID-19 pandemic. While M&A activity in the sector may experience a short-term slowdown, the general upward trend is expected to continue, driven by strong volume demands and the recent entrance of new private equity buyers into the space.

### Select Transactions:

Month	Acquirer	Target	Deal Description
March	Silver Oak Services Partners	DASCO Home Medical Equipment	Silver Oak Services Partners, a middle-market private equity firm actively investing in the healthcare services space, recapitalized DASCO Home Medical Equipment (DASCO). DASCO is a provider of respiratory therapy equipment, ventilators, and other DME. Silver Oak's investment in DASCO represents its first platform investment in the DME space. The firm expects to pursue add-on acquisition opportunities in the near-term to drive growth.
March	AdaptHealth	Advanced Home Care	AdaptHealth, a leading provider of home medical equipment in the US, has acquired Advanced Home Care (AHC). Like AdaptHealth, AHC is a provider of CPAP and BiPAP machines, oxygen, ventilation, and other DME. The acquisition will expand AdaptHealth's geographic footprint in the Southeast US and provide relationships with the twelve regional healthcare systems with whom AHC has established joint ventures.
February	Centurion Service Group	Monet Medical	Centurion Service Group, formerly a used medical equipment auction house that has transitioned to a leading seller of new and reconditioned DME, has acquired Monet Medical. Monet Medical is a refurbisher of various DME including beds, stretchers, and infusion pumps. This acquisition will expand Centurion's infrastructure, distribution, and reconditioning capabilities to provide medical equipment for hospital and in-home use.
January	AdaptHealth	Patient Care Solutions	AdaptHealth, a leading provider of home medical equipment in the US, has acquired the Patient Care Solutions (PCS) business of McKesson. PCS is a provider of urological and ostomy products. The acquisition is expected to boost AdaptHealth's footprint in wound care, diabetic care, incontinence supplies, and breast pumps, areas where the Company previously had minimal exposure.

## Notable Consolidator



AdaptHealth (NASDAQ: AHCO), one of the largest strategic operators in the DME space, has had an extremely active Q1 2020. The Company acquired three leading DME businesses in the quarter: Advanced Home Care (respiratory equipment provider), Healthline Medical Equipment (respiratory and mobility products), and Patient Care Solutions, a division of McKesson Patient Care (wound care products). These acquisitions will expand AdaptHealth's geographic footprint and product portfolio, enabling the Company to continue to execute on its aggressive growth strategy. AdaptHealth plans to remain active in pursuing attractive acquisition opportunities for the remainder of 2020.

## Provident Industry Coverage Team

**Kevin Palamara**  
 Managing Director  
[kpalamara@providenthp.com](mailto:kpalamara@providenthp.com)  
 (617) 226-4221

**Brendan Schroeder**  
 Analyst  
[bschroeder@providenthp.com](mailto:bschroeder@providenthp.com)  
 (617) 226-4207

# Q1-2020 Emergency Medical Services Update

## Market Update

Similar to trends observed in the latter half of 2019, transaction activity in the urgent care and ambulance services markets was concentrated regionally in the first quarter of 2020. The Southeastern United States remains a highly active region for consolidation and investment, buoyed by demographic trends and weak hospital performance.

The ongoing COVID-19 pandemic has largely overwhelmed the U.S. emergency medicine system, which has historically pursued maximum efficiency and reduction of unnecessary supplies, equipment, and personnel. With that being said, certain players have been able to launch and/or accelerate telehealth initiatives that may permanently augment patient patterns well after the pandemic ends.

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
<b>Urgent Care:</b>					
March	CRH Healthcare	ChoiceOne Urgent Care	3	1	CRH has acquired three urgent care centers in Maryland from ChoiceOne Urgent Care. The three centers were originally formed via a joint-venture in 2018 between CRH and ChoiceOne. The three locations are expected to be re-branded under CRH later in 2020.
February	University of Maryland Medical System	ChoiceOne Urgent Care	9	1	ChoiceOne Urgent Care has divested its ownership in nine urgent care locations throughout Maryland. The facilities were originally formed via a joint-venture with University of Maryland Medical System (UMMS). All employees will contract with UMMS post-transaction.
<b>Ambulance Services:</b>					
March	Best Care Ambulance	Butler Medical Transport	N/A	1	Maryland-based Best Care Ambulance has been acquired by Butler Medical Transport of Towson, MD. Best Care will continue operating under its current brand, while retaining all of its 60+ employees.
February	PatientCare Logistics Solutions	MedFleet Ambulance Service	N/A	1	PatientCare, a provider of ground-based emergency medicine services, has acquired MedFleet Ambulance Service. The acquisition bolsters PatientCare's footprint in the Southeastern United States, while increasing its expertise in advanced life support (ALS) and basic life support (BLS) ambulance services.

## Provident Industry Coverage Team

**Eric Major**  
*Director*  
 emajor@providenthp.com  
 (617) 226-4212

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

**Bill Bolding**  
*Senior Analyst*  
 bbolding@providenthp.com  
 (310) 359-6616

# Q1-2020 Healthcare IT Update

## Market Update

The healthcare IT sector continued to be a dynamic sector in Q1 2020. The industry saw a whopping \$3.1 billion invested in Q1, the second-highest venture capital funding quarter to date. Healthcare IT companies are well positioned to capitalize on the global disruption caused by COVID-19 and the increased need for digital healthcare services, such as telehealth. The federal government has also implemented policies increasing access to telehealth services, such as expanding Medicare coverage and relaxing HIPAA requirements. Although the COVID-19 crisis will cause some slowdown in M&A activity within other sectors, Provident expects investment in the healthcare IT sector to remain strong due to the increased need for adaptable health solutions in the wake of the crisis.

## Select Transactions:

Month	Acquirer	Target	Target :		
			Business Segment	Headquarters	Deal Size
March	Emerald Organic Products	Carie	Telehealth & Virtual Care Technology	Miami, FL	N/A
March	Raziel Health	Ideal Life Inc	Remote Patient Monitoring	Winter Bank, FL	N/A
March	The Blackstone Group	HealthEdge Software	Medical Business Solutions	Burlington, MA	N/A
February	Sharecare, Inc.	Visualize Health	Digital Health Management	Franklin, TN	N/A
February	Brooks Automation, Inc.	Ruro Incorporated	Life Sciences Software	Frederick, MD	\$15mm
February	Wellin5	Therachat	Telehealth & Mental Health	San Francisco, CA	N/A
January	Fellow Health Partners, Inc.	Billing Services, Inc.	Medical Business Solutions	Great River, NY	N/A
January	HealthGrades	Evariant Inc	Patient Engagement Platform	Farmington, CT	N/A
January	TelaDoc	InTouch Health	Telehealth	Santa Barbara, CA	\$600mm

## Provident Industry Coverage Team

**Kevin Palamara**  
Managing Director

[kpalamara@providenthp.com](mailto:kpalamara@providenthp.com) [ashekar@providenthp.com](mailto:ashekar@providenthp.com) [jvesely@providenthp.com](mailto:jvesely@providenthp.com)

(617) 226-4221

**AJ Shekar**  
Vice President

(617) 226-4251

**Jake Vesely**  
Senior Analyst

(617) 226-4293

## HCIT Public Comparable Multiples

Select Public Healthcare IT Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
Allscripts	\$7.06	\$1.8B	\$66.3mm	1.66x	37.75x
Evolut Health	\$6.21	\$846.4mm	(\$255.7)mm	1.24x	N/A
Teladoc Health	\$144.21	\$553.3mm	(\$35.5)mm	11.61x	N/A
Inovalon Holdings	\$16.50	\$642.4mm	\$177.7mm	6.27x	23.63x

As of 4/9/2020

## Upcoming Conference

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the Healthcare IT sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.

# Q1-2020 Healthcare Staffing Update

## Market Update

Healthcare staffing transaction volume continued to experience strong momentum in the first quarter. Technology continues to play a pivotal role for agencies to help ensure standards for delivering high quality patient care.

Notable Q1 deals include CHG Healthcare's acquisition of LocumsMart, a Locum Tenens vendor management technology that connects healthcare facilities and physician candidates. Additionally, AMN Healthcare acquired STRATUS video, a remote video interpreting company which provides AMN a strategic advantage in telehealth. Leveraging IT solutions further illustrates the importance of properly placing individuals into hospitals and other facilities, based upon credentials and skills of the job requisition.

Staffing firms have seen increased demand for nurses, particularly in intensive care units and emergency rooms, as a result of COVID-19. School closures have led to absenteeism as healthcare workers need to care for their children. Doctors and nurses, who are credentialed in other states, are able to practice in certain states without having to apply for licensure within the state as a result of COVID-19. States have also made it easier for retired doctors and nurses to become recertified. As a result, we expect staffing to experience continued momentum in Q2.

### Notable Staffing Transactions in 2020



Acquired by



March 2020



Acquired by



March 2020



Acquired by



March 2020

A division of



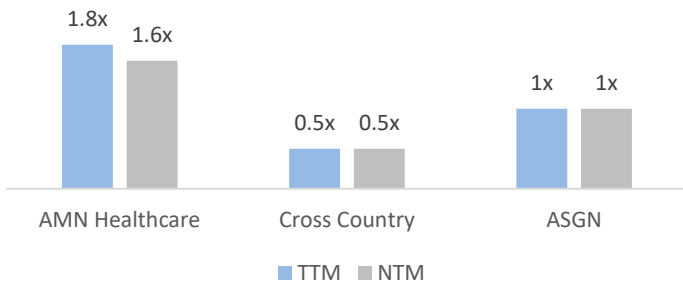
Acquired by



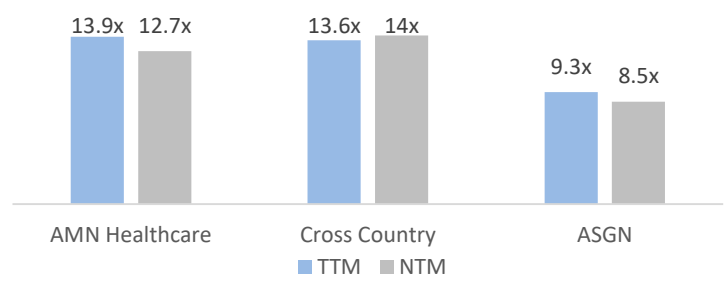
January 2020

## Industry Multiples

Enterprise Value to Revenue Multiples



Enterprise Value to EBITDA Multiples



Source: CapIQ, as of April 1, 2020

## Select Transactions

Month	Acquirer	Target	Service Lines	Presence
January	Olympus Partners	Soliant Healthcare Staffing	Healthcare Staffing	Nationwide
January	The Carlyle Group	Trust Healthcare Consulting Services	Healthcare Staffing	Nationwide
March	AMN Healthcare	Stratus Video	Staffing IT	Nationwide
March	CHG Healthcare	LocumsMart	Staffing IT	Nationwide

## Upcoming Conference Sponsorship



Provident will be attending the SIA Healthcare Staffing Summit, which will be held on October 26-28, 2020 at the Marriott Marquis in Houston, TX. Members of the Provident staffing coverage team will be attending the event.

## Provident Industry Coverage Team

**Eric Major**  
 Director  
 emajor@providenthp.com  
 (617) 226-4212

**Rich Sciretta**  
 Senior Associate  
 rsciretta@providenthp.com  
 (617) 226-4215

# Q1-2020 Home Health & Hospice Update

## Market Update

Demand for home health and hospice deals remains strong as healthcare investors look to diversify away from other sectors that could be impacted longer term due to COVID-19. Provident is currently working on several engagements within the home care and hospice sectors that are moving forward, on schedule and at healthy valuation multiples, despite the COVID-19 situation. Additionally, several of the large strategics allocated significant amounts of capital for home health and hospice acquisitions in 2020 and remain committed to their growth strategies. Provident also expects several larger scale acquisitions in the latter half of 2020 as many of the private equity-backed platforms in the space are approaching the tail-end of the traditional 3-7 year holding period.

## Home Health & Hospice Comparable Multiples

Select Public Post Acute Care Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV / Rev	EV / EBITDA
National Healthcare Corp	\$80.51	\$966	\$126	1.38x	10.30x
Amedisys, Inc.	\$191.89	\$1,996	\$239	3.01x	25.46x
LHC Group, Inc.	\$139.31	\$2,080	\$203	2.31x	24.50x
Addus HomeCare Corp	\$81.76	\$598	\$37	2.16x	34.05x

As of 4/10/2020

Revenue / EBITDA in \$000s

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March	St. Croix Hospice	Serenity Care Hospice	1	1	St. Croix Hospice, portfolio company of Chicago-based private equity firm Vistria Group, has acquired Serenity Care Hospice marking its entry into the Missouri market.
March	Bristol Hospice	Sojourn Hospice & Palliative Care	8	2	Bristol Hospice, a portfolio Company of Webster Equity Partners, has acquired the Utah and California operations of Sojourn Hospice & Palliative Care, marking its ninth acquisition.
January	Abode Healthcare	Springhill Home Health & Hospice	2	1	Abode Healthcare has acquired Springhill Home Health & Hospice further expanding its services in the Alabama region.
January	Hospice Care of South Carolina	Agape Hospice	2	1	Hospice Care of South Carolina has acquired Agape Hospice, becoming the largest hospice care provider in the state of South Carolina.
January	Amedisys	Asana Hospice	8	5	Amedisys has completed the acquisition of Asana Hospice, marking its third acquisition in the hospice space and adding approximately 540 ADC under its care.
January	LHC Group	Egan Home Health and Hospice	5	1	LHC Group and its joint venture partner Ochsner Health Systems have completed the acquisitions of five Egan home health and hospice locations in Louisiana as part of LHC's effort to double its hospice locations in the next 12 to 18 months.

## Provident Industry Coverage Team

Kevin Palamara  
Managing Director

AJ Shekar  
Vice President

Jake Vesely  
Senior Analyst

[kpalamara@providenthp.com](mailto:kpalamara@providenthp.com) [ashekar@providenthp.com](mailto:ashekar@providenthp.com) [jvesely@providenthp.com](mailto:jvesely@providenthp.com)

(617) 226-4221

(617) 226-4251

(617) 226-4293

## Industry Conferences

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the home health & hospice sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.

[www.providenthp.com](http://www.providenthp.com)

# Q1-2020 Laboratory Services Update

## Market Update

Laboratory services are expected to undergo increased transaction activity in the coming months as the healthcare industry shifts priorities and capital allocation to better manage the ongoing COVID-19 pandemic.

Public-private partnerships have become increasingly prevalent in the United States as means to combat the pandemic, with a higher concentration of investment and opportunity flowing towards large consolidators with national reach and broad patient access such as Quest Diagnostics.

## Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$20B	\$11.6B	\$2.0B	1.7x	10.2x
Quest Diagnostics	DGX	\$15.3B	\$7.7B	\$1.5B	1.9x	9.6x
Eurofins	ERFSF	\$12.5B	\$4.6B	\$861.0M	2.7x	14.5x
Publicly Traded Avg.		\$16.0B	\$7.98B	\$1.5B	2.1x	11.4x

## Select Transactions:

Month	Acquirer	Target	Deal Description
March	Invitae	GeneLex Corp	Invitae Corporation (NYSE: NVTA), a leading medical genetics company, announced it has entered into a definitive agreement to acquire Genelex, a privately held pharmacogenetic testing company. Pharmacogenetic testing evaluates genetic variations that can impact how an individual responds to prescription medication.
February	Pluton Biosciences	Microbe Inotech Laboratories Inc	St. Louis startup Pluton Biosciences has acquired Microbe Inotech Laboratories (MiL), a full-service microbiological lab also headquartered in St. Louis, MO. The 29-year-old laboratory is now Pluton MiL, LLC, a division of Pluton Biosciences.
January	Neogenomics Laboratories	Human Longevity Inc	NeoGenomics, Inc. (NEO), a leading provider of cancer-focused genetic testing services, announced that it has acquired the Oncology Division assets of Human Longevity, Inc. (HLONG) for \$37 million. The transaction was funded via cash.
January	Quest Diagnostics	Memorial Hermann Diagnostic Laboratories	Quest Diagnostics (NYSE: DGX), the leading provider of diagnostic information services, and Memorial Hermann Health System, a not-for-profit health system that includes 17 hospitals and more than 300 care delivery sites in the Greater Houston region, announced a long-term collaboration intended to broaden access to innovative, high-value laboratory services for providers and patients.

## Provident Industry Coverage Team

**Ethan Goodson**  
*Director*  
 egoodson@providenthp.com  
 (310) 359-6616

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

**Bill Bolding**  
*Senior Analyst*  
 bbolding@providenthp.com  
 (310) 359-6616

# Q1-2020 Ophthalmology Update

## Market Update

From the standpoint of new investment and consolidation, the first quarter of 2020 started off as one of the most active quarters within the vision care services sector to date. The quarter saw new multispecialty platforms formed, robust strategic transaction activity, high profile retina affiliations and the formation of a retina-focused platform, all totaling nearly \$1B in aggregate transaction value. In spite of all of this consolidation, the sudden and unforeseen impact of COVID-19 stole the spotlight for the quarter and will, seemingly, continue to hold sway over the sector for some time.

state-wide shutdowns, social distancing and CDC guidance has resulted in furloughs, surgery cancellations, heavy volume decreases and financial strain on independent and PE-backed practices alike; recent stimulus and government programs will be key to cushioning the impact of the virus. For the next few months, Provident expects a delay in deal closings as attention is diverted away from new investment and towards existing practice management.

## Select Transactions:

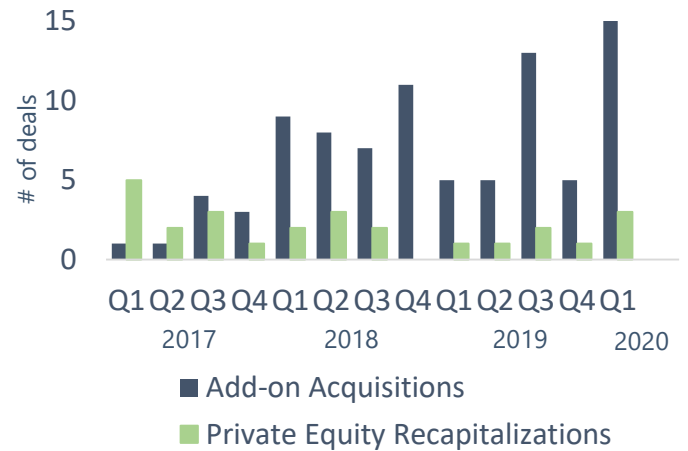
Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
March	Prism Vision Group	Retina Group of Washington	17	32	MD, VA, DC
March	Retina Consultants of America	California Retinal Consultants	12	10	CA
March	Spectrum Vision Partners	Lehigh Valley Eye Center	2	9	PA
February	MoonSail Capital	Arbor Centers for EyeCare & Chicago Eye Institute	10	20	IL
February	New Harbor Capital	Quigley Eye Specialists	8	16	FL
February	Prism Vision Group	Retina Care Center	10	5	DE, MD, PA
February	Vision Innovation Partners	Baltimore Eye Physicians	1	7	MD
January	Acuity Eyecare Group	Consortium of Optometric Practices	22	20+	AZ, OH, TN, TX
January	Covenant Physician Partners	Texas Eyecare Network	1	4	TX
January	Midwest Vision Partners	Cleveland Eye Clinic, Michigan Eye Institute & Specialty Eye Institute	24	53	MI, OH
January	ReFocus Eye Health	Soll Eye	4	9	NJ, PA
January	Webster Equity Partners	Retina Consultants of Houston, Retina Group of Florida, Long Island Vitreoretinal Consultants & Retinal Consultants Serving Northern California	42	47	CA, FL, NY, TX

## Provident Industry Coverage Team

**Eric Major**  
*Director*  
[emajor@providenthp.com](mailto:emajor@providenthp.com)  
 (617) 226-4212

**Steven Grassa**  
*Associate*  
[sgrassa@providenthp.com](mailto:sgrassa@providenthp.com)  
 (617) 226-4213

## Vision Care Consolidation Activity



## Upcoming White Paper

Members of the Provident Healthcare Partners vision care coverage team will be publishing a white paper on the pandemic's impact on the vision care services sector and on measures that practices can take to help navigate these uncertain times

[www.providenthp.com](http://www.providenthp.com) 15

# Q1-2020 Pharmaceutical Services Update

## Market Update

Merger and acquisition activity in the pharmaceutical CDMO and CRO sectors was primarily concentrated in the European region during the first quarter of 2020. While North America remains the most active region for consolidation due to its FDA/NDA access and growth opportunity, Europe possesses unmatched research talent, infrastructure, and qualified human capital. This dynamic has allowed Europe to become a leader in innovative cell and gene therapy development, which has attracted unprecedented funding in recent years.

## Select Transactions:

Month	Acquirer	Target	Target Focus	Deal Description
March	Frontage Laboratories	Biotranix	CRO	Biotranix, a U.S. based pharmacokinetic and metabolism research facility has been acquired by Frontage Laboratories. The acquisition fills a gap in Frontage's capabilities in transporter assaying and broader pharmacokinetic research.
March	Nuvisan Pharma	Inamed GMBH	CRO	Nuvisan Pharma has acquired Inamed GMBH, a CRO focused on cystic fibrosis. As one of the few providers of research services utilizing orally inhaled products flow-studies in the world, Inamed has been able to consistently recruit patients for rare disease studies.
March	Exothera	Softimat	CDMO	Exothera has acquired a manufacturing facility in Belgium from Softimat in its effort to expand into cell and gene development. The company funded the acquisition with the help of its private equity sponsor, KKR which invested in Exothera in 2019.
March	Catalent	MaSTherCell Global	CDMO	Catalent has acquired MaSTherCell Global from Orgenesis, a portfolio company of Great Point Partners. The acquisition complements Catalent's' recent investments in gene and cell therapy development, which have received unprecedented levels of funding in the past few years.
January	GHO Capital	Ardena	CDMO	GHO Capital has completed a majority recapitalization of Ardena, a full service CDMO to small and mid-size biopharmaceutical clients. The Company employs 300+ people across its offices in Europe, Asia, and North America.

## Provident Industry Coverage Team

**Ethan Goodson**  
*Director*  
 egoodson@providenthp.com  
 (310) 359-6610

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

**Bill Bolding**  
*Senior Analyst*  
 bbolding@providenthp.com  
 (310) 359-6616



# Q1-2020 Pharmacy & Infusion Services Update

## Market Update

The pharmacy services and infusion sectors saw an uptick in transaction activity in the first quarter of 2020. CVS Health, which has been focused on integrating Aetna for the past year, made two retail acquisitions in the Southeastern and Midwestern United States, two regions where it lacks concentration relative to competitors. The infusion therapy market continues to consolidate around a few national players such as KabaFusion, which acquired Lincare's infusion therapy business in February. Provident expects some level of consolidation activity to continue, despite the macro-economic headwinds present in this current transaction environment.

## Select Transactions

Month	Acquirer	Target	Pharmacy Sub-Sector	Deal Significance
March	MJH Life Sciences	Pharmacy Benefit Management Institute	Pharmacy Benefit Management	Pharmaceutical Strategies Group successfully divested its interest in the Pharmacy Benefit Management Institute via its sale to MJH Life Sciences, a medical media and research company.
March	CVS Health	Long's Drugs	Retail Pharmacy	South Carolina based Long's Drugs, an owner-operated retail pharmacy chain, exited to CVS Health. The historical locations will become inactive and the pharmacy files will be transferred to current CVS Pharmacy locations.
March	CVS Health	Schnucks Pharmacies	Retail Pharmacy	CVS Health expanded its retail footprint in the Midwest via its acquisition of 90+ Schnucks Pharmacy locations. CVS will continue to operate most of the current locations, which are focused in the grocery setting.
March	EMIS Group	Pinnacle Health & Pinnacle Systems	Pharmacy Services	Pinnacle Health & Pinnacle Systems, the owners of the broadly utilized PharmaOutcomes software management platform, have been acquired by the EMIS Group, a UK leader in healthcare systems and software.
February	KabaFusion	Lincare	Infusion Therapy	Lincare has divested its infusion therapy business to KabaFusion, a nationally recognized home infusion provider to specialty acute and chronic patients.
February	Guardian Pharmacy	Orange Park Pharmacy	LTC Pharmacy	Guardian Pharmacy, a member of Guardian Pharmacy Services, has acquired LTC provider Orange Park Pharmacy. The acquisition will double Guardian's employee base throughout Georgia and Florida.
January	PromptCare	Premier Specialty Infusion	Infusion Therapy	In an effort to expand its geographic footprint in the Midwest, PromptCare acquired Premier Specialty Infusion, an Illinois-based infusion provider focused on IVIG and neuroimmunology conditions.

## Provident Industry Coverage Team

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

**Bill Bolding**  
*Senior Analyst*  
 bbolding@providenthp.com  
 (310) 359-6616

## Upcoming Conference



*National Association of Specialty Pharmacy (NASP)  
 Annual Meeting  
 September 14 – 17, Washington, D.C.*

# Q1-2020 Physician Services Update

The first quarter exhibited continued consolidation in the physician services market, with PE-backed acquirers like Gastro Health, US Radiology Specialists and Axia Women's Health driving consolidation in their respective verticals. With the impact of COVID-19 limiting physician services activity to essential or emergency care, Provident expects a slowdown in Q2 deal activity, with closings delayed to Q3 and Q4.

## Select Transactions:

Gastroenterology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
February	Gastro Health	Gastroenterology Associates of Osceola	4	3	FL
February	Gastro Health	Associates in Gastroenterology	11	5	VA
February	Gastro Health	Digestive CARE	39	18	FL

Orthopaedics					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
February	Banner Health	The Orthopedic Clinic Association	18	1	AZ
January	Conway Regional Health System	Conway Orthopaedic & Sports Medicine Center	7	1	AR
January	Orlando Health	The Jewett Orthopaedic Clinic	21	9	FL

Radiology					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
January	Mednax	Boca Radiology Group	36	1	FL
January	US Radiology Specialists	Upstate Carolina Radiology	31	8	SC
January	US Radiology Specialists	Radiology Ltd.	40	11	AZ

Women's Health					
Month	Acquirer	Target	Target – Number of:		
			Physicians	Locations	States
March	Axia Women's Health	Seven Hills Women's Health Centers <sup>(1)</sup>	23	15	OH, KY
January	Women's Care Enterprises	Southern California Reproductive Center	8	7	CA
January	BlueMountain Capital Management	Advantia Health	200+	60	IL, MD, MO, VA, WV
January	Women's Health Connecticut	Women's Health of Central Massachusetts <sup>(1)</sup>	15	4	MA

(1) Provident served as exclusive financial advisor

## Provident Industry Coverage Team

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

**Eric Major**  
*Director*  
 emajor@providenthp.com  
 (617) 226-4212

## Upcoming Whitepaper:



Provident is issuing a white paper detailing COVID-19's impact on M&A in healthcare services.

# Q1-2020 Private Equity Update

## Market Update

Private equity fundraising remained consistent with historical trends, with \$133 billion raised across 267 funds in Q1 despite the global stagnation caused by the COVID-19 pandemic. However, deal volume was impacted toward the end of the quarter as sponsors wait to assess the economic impact of the pandemic.

Provident expects a drop in deal volume in the second quarter given the uncertainty in today's market. The investment landscape has changed rapidly due to growing caution by lenders on new commitments and increased efforts by private equity funds to support their existing portfolio companies. Many preexisting deal processes have been restructured or delayed as groups navigate through the crisis.

Despite the near-term challenges ahead, private equity funds can still generate strong returns for their investors as the crisis provides opportunities to invest at more attractive valuations. Sponsors are much better-equipped now compared to the last recession of 2007 – 2009, with higher levels of dry powder at their disposal and more flexible holding periods. Provident expects a surge of activity in the second half of 2020 or early 2021 when the crisis subsides.

## Select Transactions:

Month	Acquirer	Target	Healthcare Vertical	Notable Attributes
March	SV Health Investors	Doctors of Physical Therapy	Physical Therapy	SV Health Investors recapitalized Doctors of Physical Therapy (DPT), a leading outpatient physical therapy provider. Provident acted as DPT's financial advisor in the transaction.
March	TSG Consumer Partners	Pathway Veterinary Alliance	Animal Health & Veterinary Services	TSG Consumer Partners acquired Pathway Veterinary Alliance, a veterinary clinic chain, from Morgan Stanley Capital Partners for over \$2 billion.
February	The Edgewater Funds	At Home Healthcare	Home Care & Hospice	The Edgewater Funds recapitalized At Home Healthcare (AHH), a provider of home healthcare services throughout Texas. Provident acted as AHH's financial advisor in the transaction.
February	Sun Capital Partners, Inc.	West Dermatology	Dermatology	Sun Capital Partners acquired West Dermatology, a leading dermatology platform with over 50 locations.
January	Galen Partners	Evolve Treatment Centers	Behavioral Health	Galen Partners, a growth equity investment firm, recapitalized Evolve Treatment Centers, a leading mental health services provider for adolescents.
January	Abry Partners, Inc.	Centauri Health Solutions, Inc.	Healthcare IT	Abry Partners acquired Centauri Health Solutions, a provider of services to payors and providers in government sponsored healthcare programs.

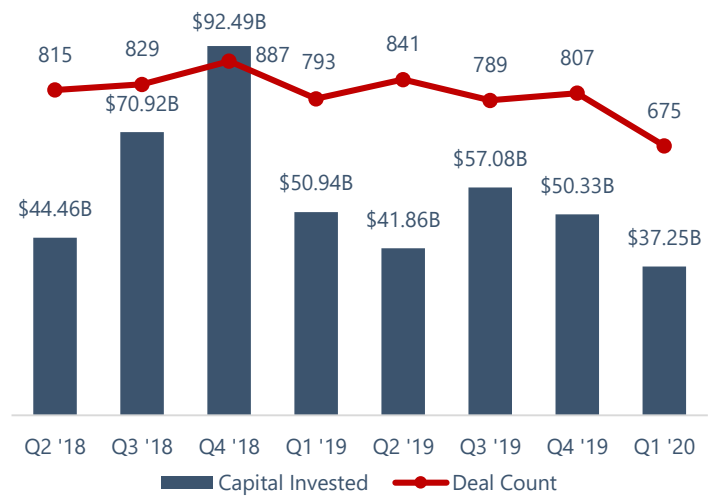
## Provident Industry Coverage Team

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

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

**Scott Davis**  
*Director*  
 sdavis@providenthp.com  
 (617) 226-4259

## Private Equity Investment & Deal Count



**Sources:**

1. Preqin's "Preqin Quarterly Update: Private Equity & Venture Capital Q1 2020"
2. PWC's "COVID-19 and the private equity industry"
3. Ernst and Young's "Why private equity can endure the next economic downturn"

Chart Source: PitchBook Data, Inc.

# Q1-2020 Rehabilitation Update

## Market Update

Merger and acquisition activity within the rehabilitation sector continued at a strong pace during the first quarter of 2020. Evident by Provident lead physical therapy processes in the first quarter of 2020, investors have and will continue to pay premium valuation multiples for the groups that have the size and scale necessary for initial platform investments in the space. Prior to the COVID-19 pandemic, private equity backed CORA Physical Therapy engaged an advisor in preparation for a marketing process. Barring further disruption from COVID-19, there is the likelihood of several other PE-backed groups coming to market towards the end of 2020 as many of the platforms in the space are nearing the tail-end of the traditional 3-7 year holding period.

While most providers within healthcare services have seen volume drop significantly during the pandemic, the outpatient PT sector looks poised for a sharp rebound given the essential nature of the services. Additionally, many payors including CMS have approved the coverage of telehealth furnished by PTs and PTAs to ensure patients continue to have access to the necessary care amid the pandemic. Although we may see some disruption from lenders on new larger platform transactions, Provident expects continued bolt-on M&A activity throughout 2020 as well as a return to normalcy for platform transactions as we gain a better understanding of the near- and long-term effects of the pandemic.

## Select Transactions:

Month	Acquirer	Target	Target – Number of:		Deal Significance
			Locations	States	
March	PHOENIX Rehabilitation and Health Services	Colorado Athletic Conditioning Clinic	4	Colorado	PHOENIX Rehabilitation, a portfolio company of Audax Private Equity, has acquired Colorado Athletic Conditioning Clinic. This transaction represents PHOENIX's fourth acquisition since Audax's initial investment in December, 2018.
March	SV Health Investors	Doctors of Physical Therapy	45	Illinois, Michigan, Wisconsin	SV Health Investors, a private equity firm focused exclusively on the healthcare sector, has made an initial platform investment in the physical therapy sector with the recapitalization of Doctors of Physical Therapy.  Provident Healthcare Partners served as the exclusive financial advisor to Doctors of Physical Therapy.
February	Spooner Physical Therapy	Fischer Institute	1	Arizona	Phoenix-based Spooner Physical Therapy has acquired the Fischer Institute to enhance their sports medicine service offerings.
January	PHOENIX Rehabilitation and Health Services	TuDor Physical Therapy	11	Ohio	PHOENIX Rehabilitation has acquired TuDor Physical Therapy marking their first expansion into Ohio.

## Provident Industry Coverage Team

**Eric Major**  
*Director*  
[emajor@providenthp.com](mailto:emajor@providenthp.com)  
 (617) 226-4212

**Jake Vesely**  
*Senior Analyst*  
[jvesely@providenthp.com](mailto:jvesely@providenthp.com)  
 (617) 226-4293

## Upcoming Conference

The Provident Healthcare Partners investment banking team regularly attends conferences and other events related to the rehabilitation sector. We invite industry executives and shareholders to reach out for a confidential meeting to gain a more detailed perspective on valuations and transaction activity within the sector.

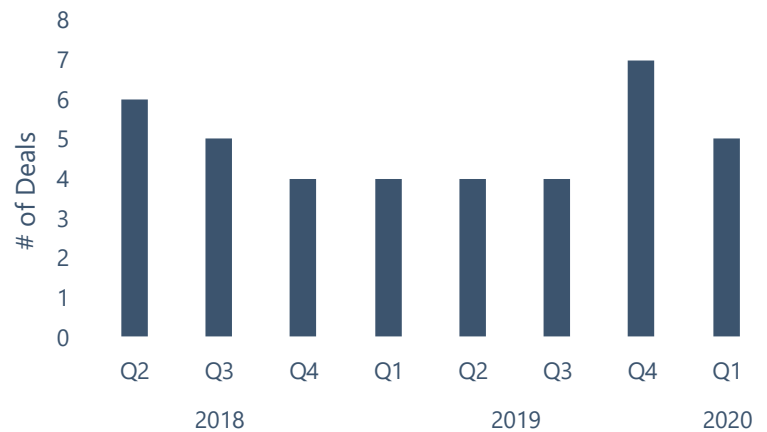
# Q1-2020 Veterinary Services Update

## Market Update

Private equity investment continued to lead consolidation activity within the veterinary service sector through the first quarter of 2020, driven by both platform investments and strategic add-on acquisitions. Private equity sponsors continue to search for expansion opportunities across the fragmented landscape to benefit from the favorable consumer tailwinds driving increased demand in the sector. There were several noteworthy transactions that occurred in the first quarter, most notable of which was Morgan Stanley Capital Partners' sale of Pathway Vet Partners to TSG Consumer Partners for an enterprise value of over \$2 billion. There were also notable strategic acquisitions as well such as Rarebreed's majority recapitalization of Maine Veterinary Medical Centers, the largest specialty veterinary practice in Maine and northern New England, and Destination Pet's acquisition of VitalPet, the platform's first add-on acquisition since taking on an investment from Letterone

Health in 2019. Despite growing concerns from investors in the public markets, private equity sponsors remain bullish on the consolidation opportunities in the veterinary service market based on the industries recession-resilient characteristics and fragmented landscape. Although the animal health market seems to be more insulated from COVID-19, Provident continues to track the short- and long-term effects resulting from the fallout of the pandemic.

## Publicly Announced Transaction Activity



## Select Transactions:

Month	Acquirer	Target	Target Subsector	Target Headquarters	Locations
March	SAGE Veterinary Centers	Mid-Columbia Pet Emergency Service	Veterinary Animal Hospital & Clinic	Pasco, Washington	1
March	TSG Consumer Partners	Pathway Vet Alliance	Veterinary Animal Hospital & Clinic	Austin, Texas	270
March	Destination Pet	Vital Pet	Veterinary Animal Hospital & Clinic	Houston, Texas	24
February	Zoetis, Inc	Ethos Diagnostic Science	Diagnostics & Testing	San Diego, California	3
February	Rarebreed Veterinary Partners of Portland	Maine Veterinary Medical Center	Veterinary Animal Hospital & Clinic	Scarborough, Maine	1

## Provident Industry Coverage Team

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

**Kyle Daly**  
*Senior Analyst*  
 kdaly@providenthp.com  
 (617) 226-4299

## Concluding Thoughts

---

Provident expects the merger, acquisition, and private equity investment activity that we observed in 2019 and early 2020 to slow its pace in the near-term as the market grapples with the effects of the COVID-19 pandemic, though the duration of this pandemic remains unclear. Private equity and strategic acquirers will be forced to focus their efforts on existing investments and company operations amidst the steep drop-off in economic activity and increased market volatility. However, healthcare services sub-sectors, which derive significant portions of their revenue from non-elective procedures should see a quick return from the COVID-19 impact, making the space an attractive option for private equity investors seeking to deploy capital.

While transaction activity figures to be buoyed by low or zero interest rates and other stimulus policies instituted by the federal government, Provident predicts that an overall decline in deal volume is unavoidable given the current environment. Sectors that appear most resilient to this downturn include telehealth providers, home healthcare, and research organizations seeking a vaccine.

Transactions that are successfully executed in this environment could exhibit some restructuring as acquirers focus on disciplined capital deployment and deal with an increased scarcity of debt capital financing. Provident will continue to monitor how these dynamics shift as the market environment continues to evolve.



Provident is the leading investment banking firm offering mergers and acquisition advisory services for high growth, middle market companies in the healthcare industry.

The firm has a vast network of senior industry relationships, a thorough knowledge of market sectors and specialties, and unsurpassed experience and insight into the investment banking process.

**Boston:**

260 Franklin Street, 16th Floor  
Boston, Massachusetts 02110  
**617-742-9800**

**Los Angeles:**

315 S. Beverly Drive, Suite 504  
Beverly Hills, California 90212  
**310-359-6600**

**[www.providenthp.com](http://www.providenthp.com)**