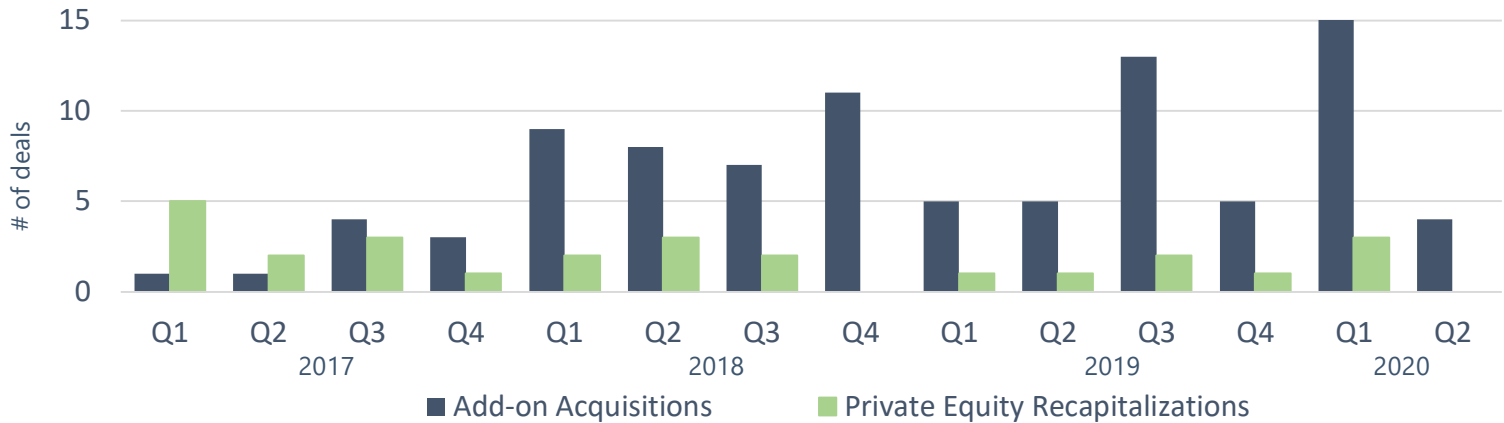


# Q2-2020 Ophthalmology Update

## Market Update



An exceptionally robust M&A market within ophthalmology came to a brief but screeching halt in April and May as deal participants tried to get a handle on COVID-19's near and long term impact within the sector. We've since seen deal activity start to pick back up as many practices have recovered to or near pre-COVID levels prompting the resumption of deals that were previously put on hold.

Barring additional government-mandated office closures, ophthalmology practices have proved to be fairly resilient during the pandemic due to the medically necessary nature of procedures associated with cataracts, retinal diseases and glaucoma. Retina practices, in particular, have fared well and have shown to be more insulated than most other sectors within physician services, increasing the subspecialty's appeal.

Provident expects transaction volume to continue to accelerate as the many processes that were put on hold in March and April created a massive backlog of pent up deals. Most of these deals will likely close in the latter half of 2020 as investment appetite remains strong, however the structure of those deals will likely look a bit different given the uncertain environment.

Financing markets are still behind equity markets in gaining comfort around the go-forward prospects of provider-based businesses in a post-COVID environment and tight lending markets could continue to restrict a buyer's ability to finance transactions. Because of this, many deals are likely to be structured with some type of deferred consideration or seller note to help bridge the financing gap and provide the buyer comfort with the added risk. Case count, local response and patient sentiment will be key factors that will greatly impact deal activity moving forward.

## Select Transactions:

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

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
June	Prism Vision Group	Retina Group of Washington	17	32	MD, VA, DC
June	EyeCare Partners	Arizona Eye Institute & Cosmetic Laser Center of Phoenix	1	3	AZ
June	EyeSouth Partners	Mitchell Refractive	1	2	FL
June	EyeSouth Partners	Coastal Eye Associates	5	14	TX

## Provident Industry Coverage Team

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

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

## Upcoming White Paper

Members of the Provident Healthcare Partners vision care coverage team are publishing an updated ophthalmology white paper to be released in the second half of 2020