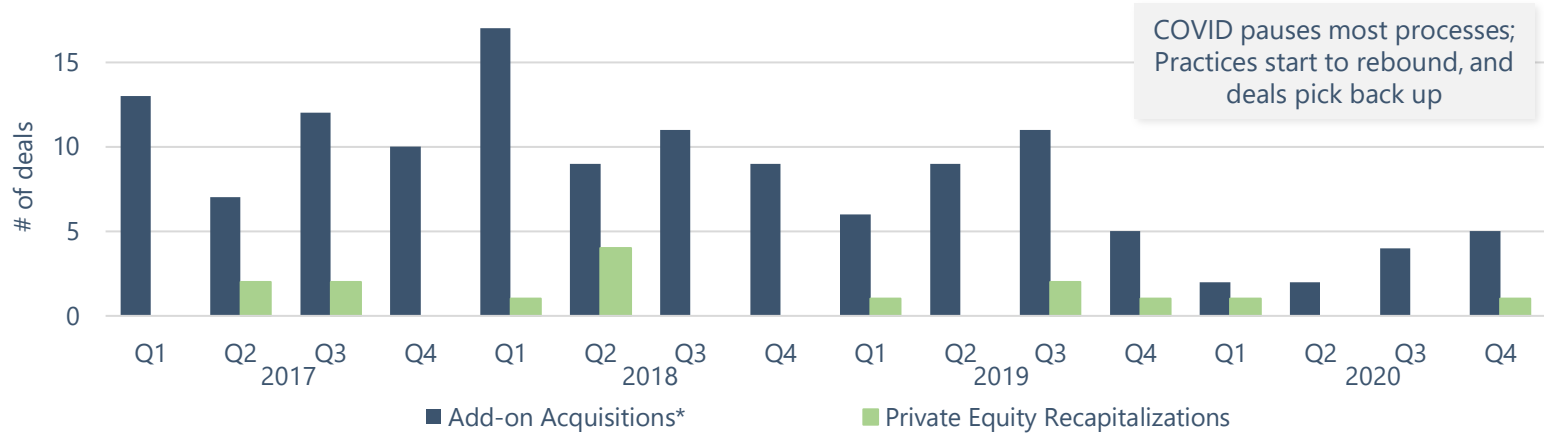


Q4-2020 Dermatology Update

Market Update



Transaction volume in dermatology continues to gradually return to pre-pandemic levels as prospective buyers and sellers alike rebound from the effects of the pandemic. Transactions over the last three quarters have been marked by strategic add-on acquisitions with very few new entrants having invested in the sector in 2020. One notable private equity recapitalization though was Ridgemont Equity's acquisition of Anne Arundel Dermatology from NMS Capital. Provident expects this trend, whereby consolidators become the consolidated, to continue as larger, multi-regional platforms start to acquire smaller ones, focused on regional density. ~15-20% of platforms have gone through secondary sales over the years, which will likely increase as we enter the 9th year since private equity investment in dermatology. Furthermore, with tax policy likely changing in 2022, Provident expects robust deal activity in 2021 as sellers aim to close by year end to secure current capital gains tax rates.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
Dec	Epiphany Dermatology	Mesquite DeSoto Dermatology	2	6	TX
Dec	Advanced Dermatology and Cosmetic Surgery	Nielsen Dermatology	1	1	FL
Dec	Epiphany Dermatology	Dermatology Associates, LLP	1	2	IA
Oct	Schweiger Dermatology Group	Harkaway Center for Dermatology and Aesthetics	2	5	NJ
Oct	Advanced Dermatology and Cosmetic Surgery	Dermatology Associates of Montgomery	1	2	AL
Oct	Ridgemont Equity Partners	Anne Arundel Dermatology	74	181	MD, TN, NC, PA

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Recent Publications

Members of the Provident Healthcare Partners team recently published a white paper and podcast, related to COVID-19's impact on M&A markets, which can both be found on our website, along with other resources to help navigate through the impact of COVID-19.

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