# Q4-2020 Private Equity Update

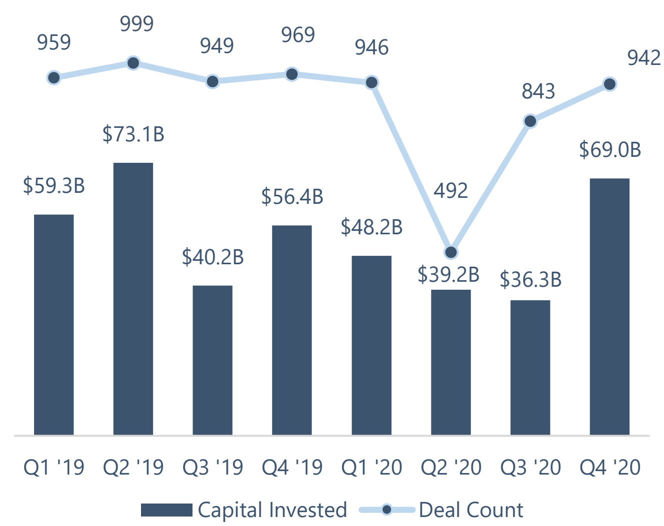
## Market Update

Over the last three months of 2020, the private equity market remained extremely active, continuing the mid-year rebound seen in Q3. Deal flow through mid-November was up 5% from FY 2019. Q4 also experienced record levels of capital invested, levels which have not been reported since Q2 of 2019. Furthermore, the quarter sustained larger deal volume that is likely due to PE groups seeking to make additional add-on or platform investments given their substantial reserves of dry-powder.

Despite the ongoing business challenges and earnings slowdown presented by COVID-19, valuations within the market remained at pre-COVID levels. Q4 transactions have shown that buyers are willing to recognize COVID normalizations to remain competitive in processes, which is likely to further support current valuation levels.

As Provident predicts the year to come, Q4's positive performance may be an indicator of a strong recovery. As debt markets continue to thaw and the prospect of returning to normalcy becomes tangible due to the new vaccine candidates, Provident expects private equity firms to continue deploying higher levels capital in the coming year.

## Private Equity Investment & Deal Count




Sources:
1. PWC: Private Equity Deal Insights
2. Chart Source: PitchBook Data, Inc

## Selected Q4-2020 Transactions:

| Month | Acquirer | Target | Healthcare Vertical | Deal Description |
|---|---|---|---|---|
| December | Arlington Capital | Everest Clinical Research | Clinical Research Sites | Everest, a CRO offering clinical research services across phase I to phase IV trials for pharmaceutical, biotech. and medical device companies, has been acquired by Arlington Capital. The deal establishes the newest global CRO platform. |
| December | Latticework Capital Management | Beacon Behavioral Hospital | Mental Health Services | Beacon Behavioral Hospital, the largest independent provider of mental health services in the Louisiana, has been acquired by Latticework Capital. The deal establishes the newest behavioral health platform in the Southeast. Provident served as advisor to Beacon Behavioral. |
| December | Blue Sea Capital | Atlanta Oral and Facial Surgery | Oral Surgery | Atlanta Oral and Facial Surgery, one of the nation's largest independent oral surgery practices, has partnered with Blue Sea Capital. The acquisition establishes Beacon Oral Specialists, the nations newest oral surgery platform. Provident served as advisor to AOFS. |
| November | Varsity Healthcare Partners | Partners First Cardiology | Cardiology | Partners First Cariology, a cardiology management platform based out of Texas, has been acquired by Varsity Healthcare Partners. The deal marks the first private equity platform investment into cardiology. |
| November | Arsenal Capital Partners | Best Value Healthcare | Primary Care | Best Value Healthcare, a large primary care provider focused on Medicare Advantage patients, has been acquired by Arsenal Capital Partners. The deal reflects Arsenal's commitment to investing in value-based care. |

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