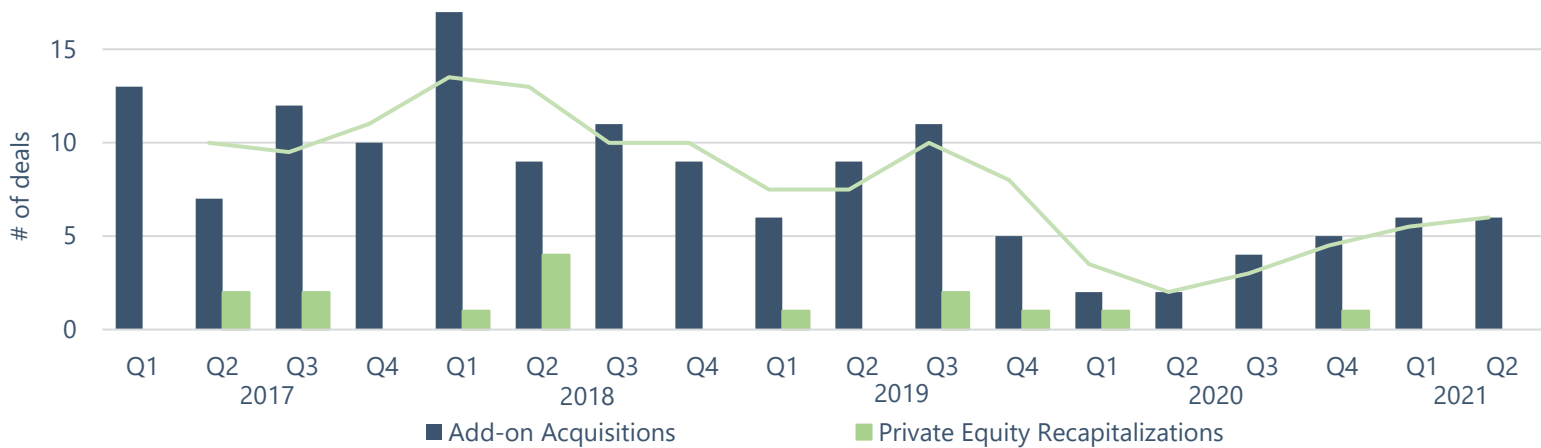


Q2-2021 Dermatology Update

Market Update



The dermatology space has started to capture M&A headlines again, after a relatively quiet period of tepid deal flow. One such headline was the recent merger of Water's Edge Dermatology and Riverchase Dermatology, two large private equity-backed platforms operating in the state of Florida, which came together to capture synergistic value through increased scale and density. Shortly after the partnership, the combined platform made a sizable out-of-state acquisition, which served as the first such acquisition for both organizations. Chicago Pacific Founders-backed Pinnacle Dermatology also made a splash with one of the larger strategic deals to date, in acquiring AZ-based Spectrum Dermatology. Additionally, OMERS-backed Forefront Dermatology, one of the three largest consolidators in the space is rumored to be for sale. Provident expects the remaining half of the year to be particularly active as sellers gear to front run any potential tax hikes in 2022.

Select Transactions:

Month	Acquirer	Target	Target – Number of:		
			Locations	Providers	State(s)
June	Forefront Dermatology	Sperling Dermatology	3	3	NJ
June	Water's Edge/Riverchase Dermatology	Goodman Dermatology	4	14	GA
June	Dermatology Specialists of Georgia	Cobb Street Dermatology	1	3	GA
May	Forefront Dermatology	Village Dermatology	4	4	AL
May	Pinnacle Dermatology	Spectrum Dermatology	7	31	AZ
April	Pinnacle Dermatology	Ariano Dermatology	1	3	IL

Provident Industry Coverage Team

Ajeeya Shekar
Director
ashekar@providenthp.com
 (617) 226-4251

Steven Grassa, CFA
Vice President
sgrassa@providenthp.com
 (617) 226-4213

Upcoming Publication

Members of the Provident Healthcare Partners team are working on an updated dermatology white paper, which will provide a comprehensive overview of partnership considerations and transaction activity across the segment.