

Q3-2021 Private Equity Update

Commentary

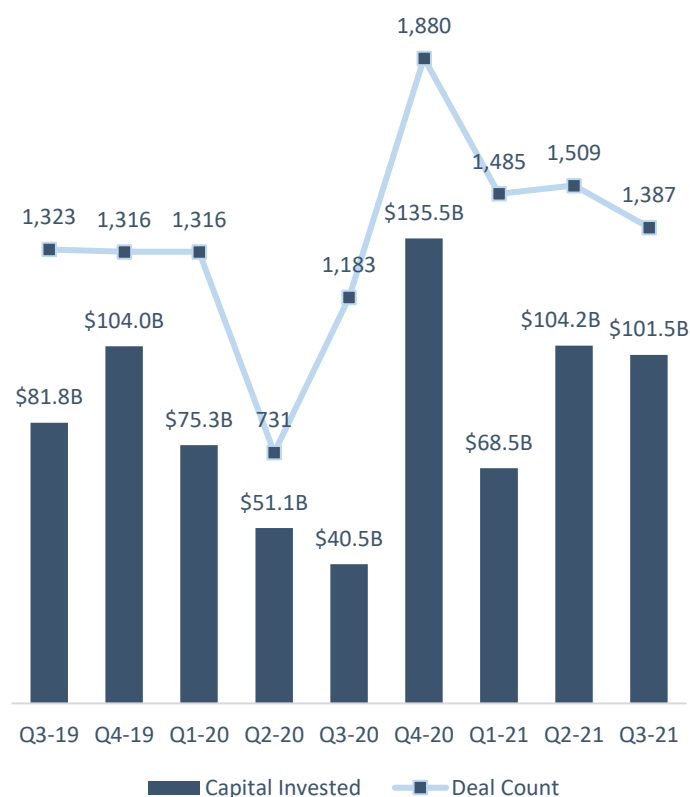
PE dealmaking continues its strong momentum through Q3-2021. Overall, PE investors are bullish across the board, especially within healthcare services, as firms take advantage of markets awash with liquidity and look for defensible assets.

PE is on a record-setting pace for 2021 with several mega-deals and middle-market transactions surging due to the economic recovery, abundance of dry powder, and threats of an increase in long term capital gains tax in 2022. Dry-powder reserves, which is estimated to be north of \$1.5 trillion⁽¹⁾, was a driving force behind capital invested as PE groups made additional platform and add-on investments.

The threat to a capital gains hike, which would lead the U.S. to have the highest top marginal tax rate on capital gains in the Organization for Economic Co-operation and Development (OECD), has also driven several PE exits. For context, PE exits are on an astounding run, with YTD exit value more than 50% higher than the next-highest annual figure. Total enterprise value of exits through the end of Q3 is \$600B+. Full realizations, partial sales, and recapitalizations (both at the portfolio company and fund level) are also driving distributions higher.

PE and M&A activity is expected to remain strong through the last quarter of 2021. Provident projects that fewer deals will launch in Q4-21 as most investors and bankers will look to close all deals currently under LOI and in confirmatory due diligence. Service providers (e.g. QoE firms) and lawyers also have limited bandwidth, making Q4-21 a difficult time to launch new transactions.

Private Equity Investment & Deal Count⁽¹⁾



Q3-2021 Healthcare Private Equity Quick Stats⁽¹⁾

Transactions 200+

Overall, healthcare transaction volume remained relatively stagnant in Q3-21 hovering around ~200 transactions. Competition continues to push valuations upwards, making it more difficult for PE to compete against strategic acquirers who can immediately benefit from revenue and / or cost synergies.

PE Exits 90+

Several notable PE exits occurred in Q3-21, including Halifax Group's exit of PromptCare to Waud Capital for \$400M and Regal Healthcare Partners' exit of Dental365 to The Jordan Company through an LBO rumored to have traded for 14.1x.

Investors 270+

The growing, diverse investor and acquirer base highlights how sectors across the healthcare spectrum remain extremely active and ripe for consolidation.

Capital Invested \$10.1B

Investor interest in healthcare remains strong and risks associated with PE ownership of healthcare companies is perceived as minimal compared to other industries. Healthcare assets continue to be very defensible against macroeconomic downturns.

Largest Deal \$1.1B

Greenphire, a provider of global financial lifecycle management solutions for clinical trials, sponsors, CROs and sites, was acquired by Thoma Bravo through a \$1.1B LBO in July 2021.

Top Investors by Deal Count



Select Q3-2021 Transactions

Month	Acquirer / Investor	Target	Healthcare Vertical	Target Description
September	Waud Capital	PromptCare	Home Infusion and Respiratory Services	PromptCare's respiratory segment provides mainly invasive and non-invasive ventilator services to the adult and pediatric population and its infusion segment focuses on providing high quality care to patients with chronic conditions.
August	CenExel Clinical Research / Webster Equity Partners	Advanced Memory Research Institute (AMRI) & ForCare Clinical Research	Clinical Research Sites	AMRI is an Alzheimer's focused clinical research site based out of New Jersey. ForCare Clinical is a Tampa-based research site focused on dermatology, rheumatology, and neurology clinical trials.
August	The Jordan Company	Dental365	Dental Service Organization	Dental365 is a full-service dental practice offering general dentistry and specialty services with locations throughout New York, Connecticut, and New Jersey.
August	Ontario Teachers' Pension Plan	Acorn Health	Behavioral Health	A national provider of applied behavior analysis (ABA) therapy for children diagnosed with autism spectrum disorder with locations in Michigan, Illinois, Virginia, Florida, Maryland, Pennsylvania, and Tennessee.
July	Thoma Bravo	Greenphire	Pharmaceutical Services	Leading provider of global financial lifecycle management solutions for clinical trials, sponsors, clinical research organizations, and research sites in more than 70 countries.

About Provident Healthcare Partners

Provident Healthcare Partners is a leading, independent healthcare investment bank specializing in mergers and acquisitions advisory, strategic planning, and capital formation services for middle-market and emerging growth companies, with extensive experience in both mature and developing areas of the healthcare services industry. Our sole focus on healthcare services gives us a deeper level of understanding of each sector that cannot be matched by a generalist firm.

Our mission is to consistently exceed the expectations of our clients by leveraging superior strategic thinking, unmatched knowledge of the healthcare industry, and decades of healthcare transaction advisory experience.

With a bi-coastal presence and national coverage, 26 investment banking professionals and over \$4B in TEV to date, Provident devotes a team of seasoned professionals to every transaction to ensure an efficient and successful close.

23+

Years of Healthcare Investment Banking

145+

Healthcare Deals Closed

70+

Physician Deals Closed Since 2014

26

Investment Banking Professionals

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