

Q4-2021 Private Equity Update

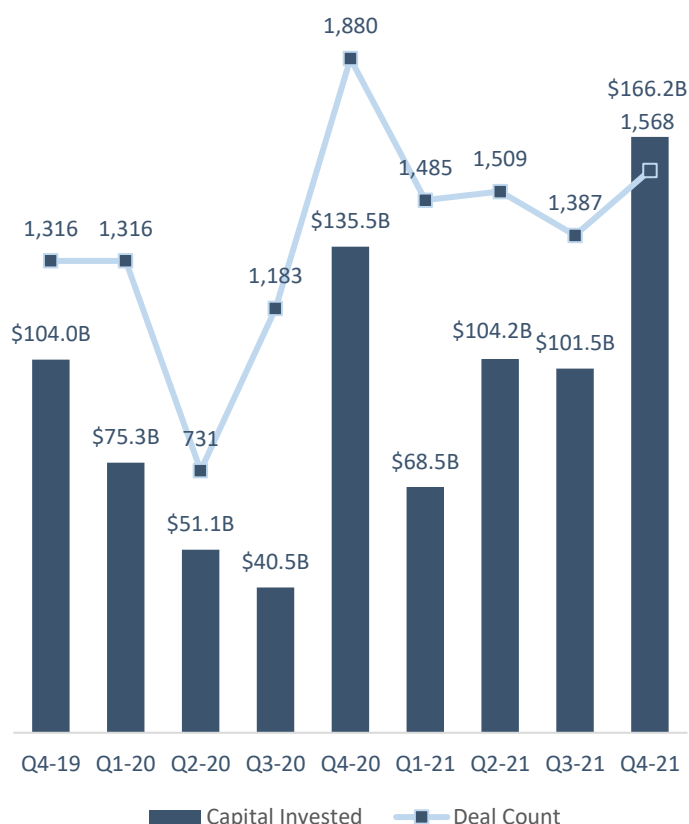
Commentary

PE dealmaking concluded 2021 with more than 1,500 transactions in the fourth quarter, bringing the total for the year to ~6,000 transactions. Overall, PE investors remain bullish across a variety of healthcare subsectors as firms take advantage of markets awash with liquidity and look for defensible assets. 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 appetite for high quality deals persisted throughout 2021 despite high multiples. The healthcare sector-wide mean enterprise value / EBITDA multiple was north of 15.0x. The life science and pharmaceutical sectors had some of the highest deal volume driven in part by a strong pipeline for additional Covid-19 therapeutics, including oral antivirals and other vaccines. Behavioral health also had an active year, as the sector has experienced heightened demand for services due to increase awareness of its importance, a trend also accelerated by Covid-19 and the impacts it has on mental health, particularly in children and adolescents. Physician practice management and services deal volume also persisted, including several completed deals in dermatology, dentistry, GI, vision care, urology, and women's health, a trend likely to continue throughout 2022.

In general, PE could continue to see elevated levels of deal volume and capital invested in 2022, as middle-market transactions continue to experience tailwinds from strong economic recovery, abundance of dry powder, and the decrease threat of a material increase in long-term capital gains tax.

Private Equity Investment & Deal Count⁽¹⁾



Q4-2021 Healthcare Private Equity Quick Stats⁽¹⁾

Transactions
235+

Healthcare transaction volume exploded to 235+ in Q4-21, up from ~200 in the previous quarter. Competition between private equity and strategic acquirers continue to push valuations upwards, particularly in managed care, skilled nursing facilities, assisted living facilities, and long-term acute care hospitals.

PE Exits
85+

Several notable PE exits occurred in Q4-21 including Revelstoke Capital's exit of CVP Partners to Eyecare Partners / Partners Group for ~\$600M. RiverGlade Capital also exited U.S. Oral Surgery Management which was acquired by Oak Hill Capital, the transaction values the company at an estimated \$725M.

Investors
330+

The growing, diverse investor and acquirer base highlights how sectors across the healthcare spectrum remain extremely active and ripe for consolidation. Investors also continue to perceive healthcare assets as less risky.

Capital Invested
\$53.5B

Private equity and corporate capital is abundant and driving the demand for assets across dozens of subsectors. CROs, ASCs, home infusion, labs, MRI & dialysis, long-term care, and home health and hospice have been the biggest beneficiaries of this capital.

Largest Deal
\$34.0B

Medline industries, a manufacturer and distributor of healthcare supplies partnering with healthcare providers around the world, was acquired by The Blackstone Group, The Carlyle Group, and others through a \$34.0B LBO in October 2021.

Top Investors by Deal Count



THE CARLYLE GROUP



Select Q4-2021 Transactions

Month	Acquirer / Investor	Target	Healthcare Vertical	Target Description
November	Oak Hill Capital	U.S. Oral Surgery Management	Oral Surgery	A shared services organization that collaborates with oral and maxillofacial surgeons to offer a partnership solution for continued and accelerated growth.
November	Eyecare Partners / Partners Group	CVP Physicians	Vision Care	Operator of a network of ophthalmology practices in the Midwest and Mid-Atlantic of the United States.
November	Beecken Petty O'Keefe, Centerbridge Partners	Medical Solutions	Staffing	Provider of travel nursing and medical staffing services.
October	The Blackstone Group, The Carlyle Group, Hellman & Friedman	Medline Industries	Supplies	Manufacturer and distributor of healthcare supplies partnering with healthcare providers around the world.
October	24 Hour Home Care	Alpine Investors	Home Care	Provider of non-medical home care to seniors and persons with intellectual and developmental disabilities.

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

150+

Healthcare Deals Closed

75+

Physician Deals Closed Since 2014

26

Investment Banking Professionals

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