

Q1-2022 Private Equity Update

Commentary

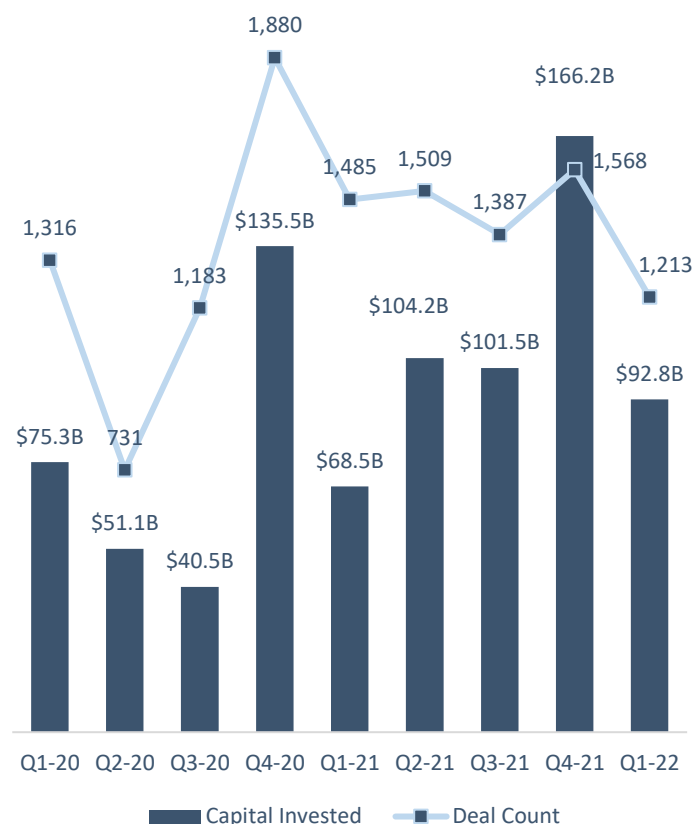
After PE dealmaking set a record in 2021, with more than ~6,000 transactions, transaction volume in Q1-22 dipped off its recent highs to its lowest quarterly level in over one year. However, capital invested remains above historical norms. Overall, PE investors remain fairly bullish across a variety of healthcare subsectors despite the ongoing threats of inflation, rising interest rates, and conflict in eastern Europe. Healthcare services companies are still considered a more defensible asset class than many other industries.

Fears of an increase in long-term capital gains have also subsided which are giving sellers and investors more comfort and confidence to execute transactions in 2022. Provident expects transaction volume in physician services to remain steady in all subspecialty areas, especially those that have multiple ancillary services (including ambulatory surgery), substantial growth potential, experienced value-based care programs, and experienced management teams.

Specifically, multi-site cardiology practices are experiencing a sharp rise in both capital invested and deal volume, with several new platforms created in the last 12 months; Ares Private Equity, Silversmith Partners, and Webster Equity are three notable PE firms that have created cardiology platforms.

Provident anticipates PE healthcare services add-on and platform activity will continue strong into Q2-22, as middle-market transactions ride on the tailwinds of strong economic recovery, an abundance of dry powder, and a supply / demand imbalance for premium healthcare services assets.

Private Equity Investment & Deal Count⁽¹⁾



Q1-2022 Healthcare Private Equity Quick Stats⁽¹⁾

Transactions
190+

Healthcare transaction volume dipped slightly from 235+ in Q4-21 to 190+ in Q1-22. Competition between private equity and strategic acquirers continue to push valuations upwards, but private equity is finding it increasingly difficult to underwrite synergies without an existing platform, putting strategic acquirers at a slight advantage.

PE Exits
68+

Several notable PE exits occurred in Q1-22 including Centre Partners' exit of Vision Innovation Partners to Gryphon Investors. CI Capital Partners also exited Epiphany Dermatology which was acquired by Leonard Green & Partners. The total enterprise value of both transactions were executed at an undisclosed amount.

Investors
220+

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
\$20.8B

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. ~22% of all PE capital invested in Q1-22 went into healthcare, more than any other sector.

Largest Deal
\$17.0B

Athenahealth, a medical practice automation and claims management software intended for medical groups and health systems, was acquired by Bain Capital, Government of Singapore Investment Corporation, and Hellman & Friedman, and through a \$17.0B LBO in February 2022.

Top Investors by Deal Count

APOLLO

Hellman & Friedman



TPG

LGP

WARBURG PINCUS

Select Q1-2022 Transactions

Month	Acquirer / Investor	Target	Healthcare Vertical	Target Description
March	Gryphon Investors	Vision Innovation Partners	Ophthalmology	A leading multi-state platform providing comprehensive ophthalmology and optometry services with more than 140 providers across 63 clinical locations and 11 ASCs.
February	Kinderhook Industries	Physician Partners	Primary Care	A value-based primary care physician group and managed service organization.
February	Bain Capital, Government of Singapore Investment Corp, Hellman & Friedman	Athenahealth	Enterprise Software	Developer of medical practice automation and claims management software intended for medical groups and health systems.
February	Leonard Green & Partners	Epiphany Dermatology	Dermatology	A dermatology practice management platform, offering general dermatology, Mohs surgery, cosmetics and pathology services.
January	Trinity Hunt	SpineOne	Interventional Pain Management	An interventional pain management provider focused on the treatment of spine, back, neck, and joint pain.

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, 25 investment banking professionals and over \$4.5B 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*

25

*Investment Banking
Professionals*

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