

Healthcare Services Market Update

Q1 2025

Q1-25 M&A Activity: Economic Resiliency & Rebound in Sponsor Exits

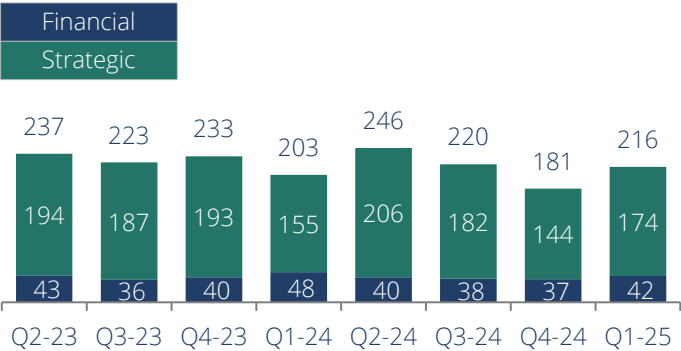
The first quarter delivered a strong start to 2025, both in terms of transaction volume and capital deployed. Healthcare M&A activity was especially strong compared to other industries with more exposure to cyclical economic factors. The healthcare services space has been relatively insulated and resilient in the face of many of the macroeconomic uncertainties associated with tariffs and other policies of the current administration.

While 2023 and 2024 were down years from an exit perspective, the first quarter saw a significant rebound in exit activity as the proverbial “log jam”

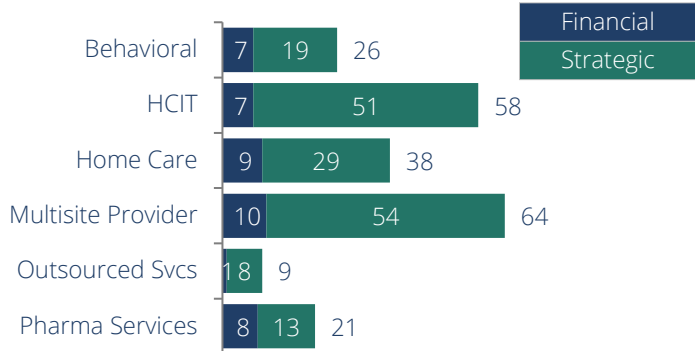
seems to have been broken. Narrowed bid-ask spreads, improved investor sentiment, and lengthy hold periods contributed meaningfully to secondary sale activity in the first quarter.

M&A volume was particularly robust in sectors such as behavioral health and pharma services as investors continue to circle both spaces as core areas of focus given the macro tailwinds driving investment in those industries. While physician services deal flow remains much lower than its highwater market levels, the recent entry of pharma distribution companies has reinvigorated activity in the sector.

Quarterly Transaction Volume



Q1-25 Transactions by Sector



Notable Transactions in Q1 2025

Autism Services

Has partnered with

Home Care

Has partnered with

Eye Care

Has been acquired by

Pharma Services

Has been acquired by

Select Provident Q1 2025 Transactions

Has been acquired by

An Undisclosed Buyer

Potomac Urology

Provident served as exclusive financial advisor to Potomac Urology in its transaction with an undisclosed strategic acquirer. Potomac Urology's physician partners will benefit from the resources and synergy potential that its strategic partner presents as part of a multispecialty platform.

Has partnered with

Hawaii Endodontics

Provident served as the exclusive advisor to Hawaii Endodontics (“HI Endo”) in its partnership with MB2 Dental, a portfolio company of Charlesbank Capital Partners and Warburg Pincus. HI Endo is MB2's first partnership in Hawaii and will facilitate future expansion in the market.