



HEALTHCARE

Spring 2023

Cautious Investors Focused on Quality

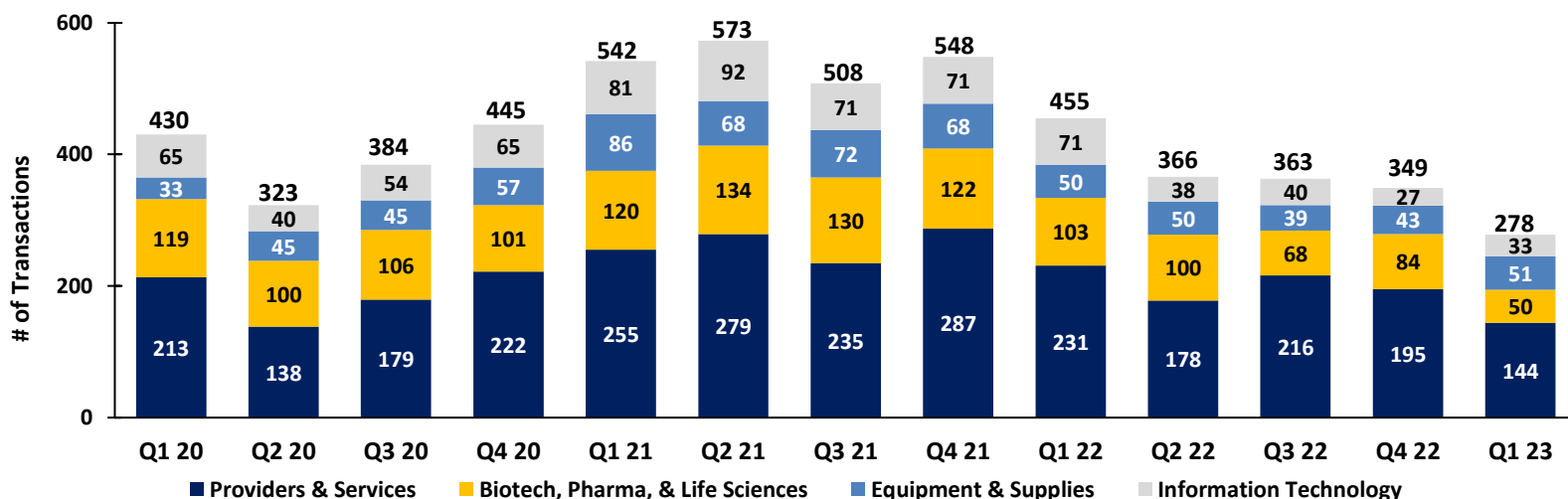
While down from the go-go days of 2021, M&A transaction volume in 2022 was still relatively strong despite high inflation, rising interest rates, and global uncertainty. The sheer persistence of these concerning trends finally showed up in Q1 2023 as healthcare M&A activity dropped over 20% from Q4 2022 and nearly 40% compared to Q1 2022.

Conversely, as illustrated on the final page of this report, public company valuation multiples have rebounded slightly in Q1 2023, returning to their median level of the past decade. In private markets, we are witnessing an overall easing of valuation multiples; however, there is increasing disparity between the highest quality assets—which continue to command premium valuations—and the average company. Investors are applying a higher level of scrutiny before closing a transaction, preferring to complete fewer deals of higher quality or at lower prices.

Over 50% of transaction activity in the healthcare industry during the last 12 months have occurred in the Providers & Services sector (54%), followed by Biotech, Pharma, & Life Sciences (22%), Equipment & Supplies (14%), and Information Technology (10%). Within the broad Providers & Services sector, EdgePoint has identified notable transaction in the following subsectors: Physician Practices, Home Health & Hospice, Behavioral Health, Dental, Rehabilitation, and Support Services. We have also profiled the Equipment & Supplies sector.

While concerns over persistently high inflation and rising interest rates suggest that transaction volume and valuations may continue to soften in 2023, aging baby boomers, technological advancement, and a still fragmented industry should assure vigorous M&A activity in all healthcare subsectors by both strategic and financial buyers for years to come.

Healthcare M&A Transactions by Sector, by Quarter



Source: CapIQ Healthcare Mergers & Acquisitions; does not include transactions treated as partnerships or affiliations

Notable Physician Practice Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|---|---------------------------------|---|
| 03/30/2023 | Capital Pain Institute (Iron Path Capital) | Ascent Surgical Center | Plastic surgery, neurosurgery, orthopedic surgery, and surgical dermatology center in Plano, TX |
| 03/14/2023 | Elevate ENT Partners (Audax) | ENT Associates of Texas | ENT practice located in Frisco, TX |
| 03/06/2023 | Adv. Medaesthetic Partners (Leon Capital Group) | Advanced Plastic Surgery Center | Provides surgical and medspa services in Pearl River, NY |
| 02/27/2023 | | Reflection Center | Provides surgical and medspa services in Livingston, NJ |
| 02/06/2023 | | Main Line Center for Laser | Provides medspa services in Ardmore, PA |
| 02/03/2023 | | Surgery The Aesthetic Clinique | Provides medspa services in Santa Rosa Beach, FL |
| 03/01/2023 | Princeton Medspa Partners (Princeton Equity Group) | Skinjectibles | Provides medspa services in Tucson, AZ |
| 01/30/2023 | | Skintastic Med Spa | Provides medspa services in Springhill, FL |
| 02/17/2023 | Pivotal Healthcare Partners (Ashlar Capital) | St. John's Vein Center | Vein Center and Vascular testing provider in FL |
| 02/16/2023 | Pinnacle Dermatology (Baypine LP) | Tru-Skin Dermatology | Offers dermatology care services in Austin, TX |
| 02/17/2023 | Sunvera Group (Ridgemont Equity Partners) | Zimm Cataract & Laser Center | Provides a variety of eye care services in Erie, PA |

Notable Home Health & Hospice Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|--|-------------------------|---|
| 03/31/2023 | Ustayev Management | Simplura Health Group | Home Health and Hospice provider in Jenkintown, PA |
| 03/21/2023 | PurposeCare (Lorient Capital) | HSH Senior Services | Home Health provider in St. Joseph, MI |
| 03/07/2023 | Help at Homee (Centerbridge Partners) | Prosper Home Care | Home Health provider in Atlanta, GA |
| 01/03/2023 | | Open Systems Healthcare | Home health and skilled nursing in Philadelphia, PA |
| 02/28/2023 | Sympto Health (Peer Ventures) | Healthful | Provides concierge level care to patients in the US |

Notable Behavioral Health Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|---|----------------------------------|--|
| 03/27/2023 | ARC Health (Five Points Capital) | Dr. David Rakofsky | Provides mental health services in Chicago, IL |
| 01/25/2023 | | The Colorado Center for Clinical | Provides psychiatric services based in Denver, CO |
| 01/12/2023 | | Lilac Center | Provides mental health services in Kansas City metro |
| 03/19/2023 | Recovery Centers of America (Deerfield Management Co.) | Adolescent & Young Adult Adv. | Psychiatric and Substance Abuse Treatment |
| 02/16/2023 | IVYREHAB Network (Waud Capital) | Sora Therapy | Rehab for children with developmental delays |
| 01/03/2023 | BayCare Health System | Northside Behavioral Health | Mental health services in Tampa, FL |

Source: CapIQ

Notable Dental Practice Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|--|----------------------------------|--|
| 03/21/2023 | Espire Dental (Rallyday Partners) | Fox Creek Family Dental Longmont | General and cosmetic dentistry practices |
| 03/10/2023 | SGA Dental Partners Opco (Thurston Group) | Patrick Stuckey, D.D.S. | General dental practice |
| 02/11/2023 | Today's Dental Group | Today's Dental Fremont | General dental practice |
| 01/27/2023 | Gen4 Dental Partners Opco (Five Points Capital) | Nashville Aesthetic Dentistry | General and cosmetic dentistry practices |

Notable Rehabilitation Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|--|---------------------------------------|---|
| 03/30/2023 | Capitol Pain Institute (Iron Path Capital) | Spring Rehabilitation | Physical medicine and rehabilitation practice |
| 02/01/2023 | Confluent Health (Partners Group Holding AG) | Motion PT Holdings, Inc | Provides physical and occupational therapy services |
| 01/17/2023 | The Stepping Stones Group (Florac Investments) | Catalyst Speech Language Pathology | Provides school-based speech pathology services |
| 01/04/2023 | MVPT Physical Therapy (Cypress Health Partners) | Sports Physical Therapy of NY | Provides physical therapy and rehab services |

Notable Support Services Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|---|----------------------------|---|
| 03/08/2023 | The Chartis Group (Audax) | Chi-Matic Inc | Provides revenue cycle management services |
| 02/22/2023 | GeBBS Healthcare Solutions (ChrysCapital) | CPa Medical Billing LLC | Provides medical billing services |
| 02/21/2023 | HealthComp, LLC (New Mountain Capital) | MediOpin | Provides medical cost management solutions |
| 02/14/2023 | Prosperity Behavioral Health (NewSpring Capital) | Elevated Billing Solutions | Provides medical billing services primarily for substance abuse and mental health centers |

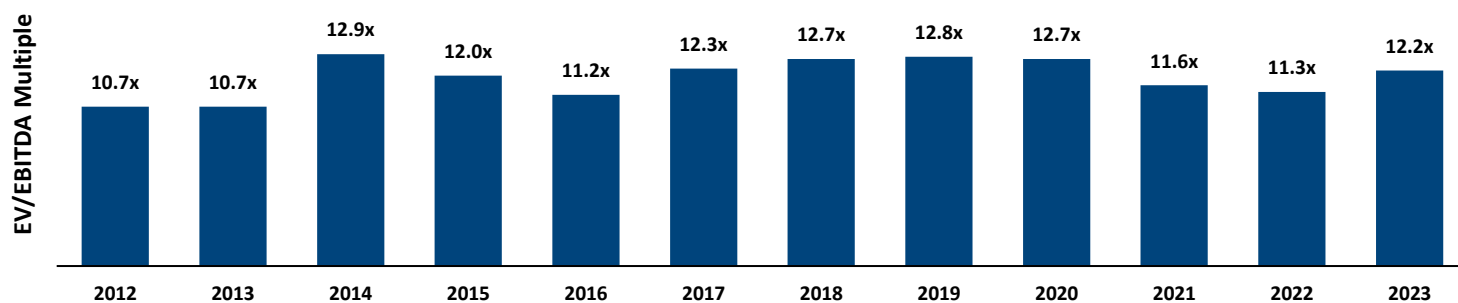
Notable Equipment & Supplies Transactions

| Date Closed | Buyer / Investor | Target | Description |
|-------------|---|---------------------------------|---|
| 03/31/2023 | Reliable Credit Solutions (Harbert Credit Solutions) | Tusk Mobility | Provides mobility products and services |
| 02/08/2023 | Journey Health & Lifestyle (Peloton Equity) | ProtoStar | Manufacturer and distributor of mobility products |
| 01/26/2023 | Mobility Ideal Health Care | Green Prosthetics and Orthotics | Manufactures custom fabricator of prosthetic and orthotic devices |
| 01/05/2023 | Health Enterprise Partners | InterMed Group, Inc. | Offers healthcare technology management services and equipment |

Source: CapIQ

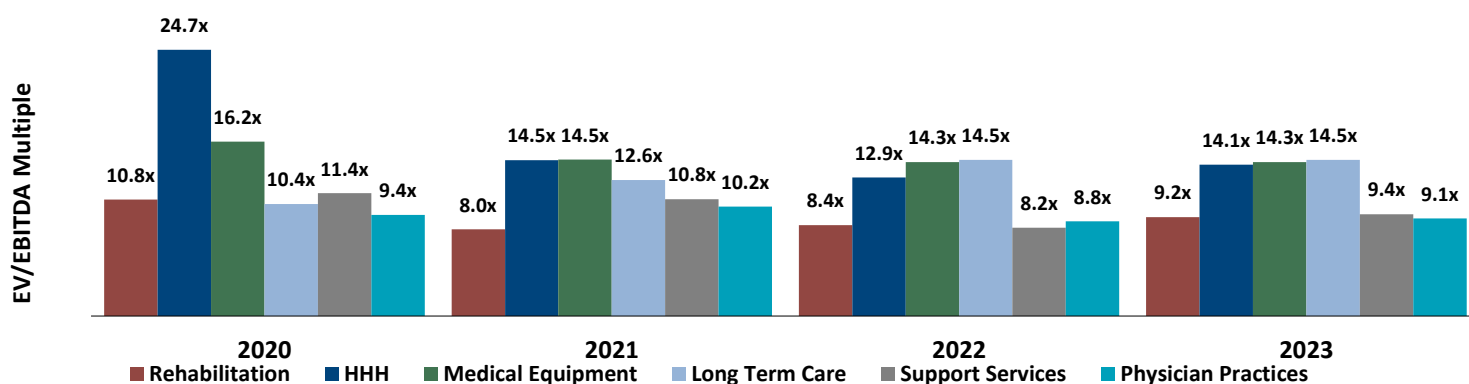
Public Company Comparisons Trading Multiples

Healthcare Industry Public Comparables: Annual EV/EBITDA Multiples



Source: CapIQ, public trading data as of March 31, 2023

Healthcare Sub-Sector Public EV/EBITDA Multiples



Source: CapIQ, public trading data as of March 31, 2023

Representative EdgePoint Healthcare Transactions



EdgePoint is an **independent, advisory-focused,**
investment banking firm serving the **middle market.**

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 RESULTS with
 INTEGRITY™