



Pitching Upward or Just a Bounce

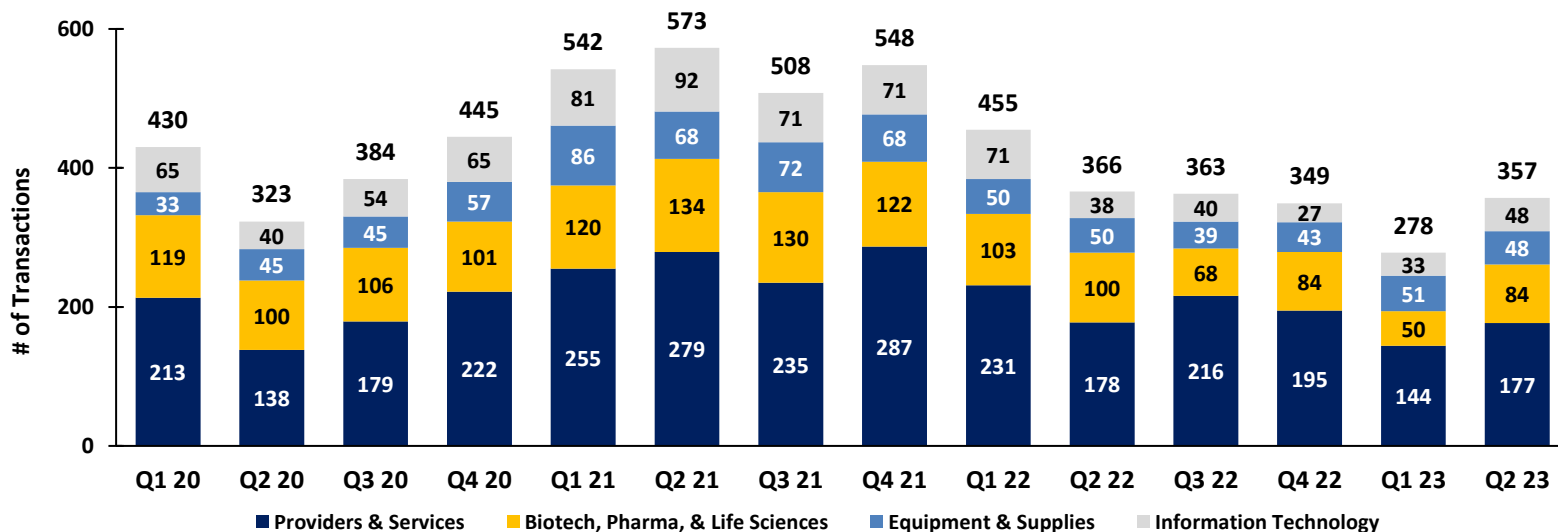
If you've ever been to an air show, no doubt you've experienced the thrill of watching a plane in a dive pitch upward to safety and new heights. Now compare that sensation to watching a super ball reach ever lower heights with each bounce. Healthcare M&A transaction volume rebounding to 357 deals in Q2 2023 after a disappointing 278 in Q1 has us wondering which will be the more apt metaphor in the months to come. Inflation and interest rates remain stubbornly high; but private equity and many strategic buyers have significant dry powder they want to invest.

Public company valuation multiples continued to climb in Q2 2023, inching up from 12.2x in Q1 to the long-term median level of 12.4x. In private markets, we are witnessing an overall easing of valuation multiples; however, high quality assets continue to command strong valuations.

Over 50% of transaction activity in the healthcare industry during the last 12 months have occurred in the Providers & Services sector (51%), followed by Biotech, Pharma, & Life Sciences (22%), Equipment & Supplies (13%), and Information Technology (13%). Within the broad Providers & Services sector, EdgePoint has identified notable transactions in the following subsectors: Physician Practices, Home Health & Hospice, Behavioral Health, Dental, and Support Services. We have also profiled the Equipment & Supplies sector.

Given the countervailing forces pushing and pulling on healthcare M&A, we predict the upcoming quarters to emulate the "phugoid oscillation" of an aircraft steadying after a disturbance. Transaction volume and valuations will continue to bounce up and down, but at a less violent amplitude until steadying at long-term averages. Enjoy the ride!

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
05/09/2023	PhyNet Dermatology (Centure Equity Partners)	Peachtree Dermatology Associates	Provides cosmetic and medical dermatological services in Georgia
05/11/2023	Spectrum Vision Partners (Blue Sea Capital)	Crossroads Eye Care Associates	Provides eye care services in Pennsylvania
05/16/2023	Solaris Health (Lee Equity Partners)	Spokane Urology	Provides urological services in Washington
05/17/2023	Mercy Iowa City	Obstetric and Gynecologic Associates of Iowa City and Coralville	Provides women's health services in Iowa
06/11/2023	Premier Plastic Surgery Ptrs (Corbel Capital Partners)	Dr. Stephen Ronan, Dr. Ross Clevens, and Dr. Jeffrey Spiegel	National plastic surgery group
06/22/2023	Cardiovascular Assoc of Amer (Webster Equity Partners)	Bay Area Cardiology Associates	Offers cardiovascular services in Florida
06/22/2023	Unifeye Vision Partners (Waud Capital Partners)	Southwest Eye Care, P.C. and Atlas Surgery Center	Provides eye care and surgical services
06/27/2023	Inspire Aesthetics (Hidden Harbor Capital)	Jeffrey Epstein, MD FACS. Dr. Anthony Bared, M.D., F.A.C.S.	Plastic surgery group that specializes in hair restoration

Notable Home Health & Hospice Transactions

Date Closed	Buyer / Investor	Target	Description
05/01/2023	CenterWell Home Health	Trilogy Home Healthcare	Home Health provider with locations in Florida
05/03/2023	HouseWorks (InTandem Capital Partners)	Care and Help Home Care	Provider for physically disabled in Pennsylvania
06/05/2023	Optum, Inc.	Amedisys, Inc.	Home Health, Hospice, Personal Care, and High Acuity Care services throughout the United States
06/06/2023	Honor Health Network (Webster Equity Partners)	Just Home Healthcare Services	Adult day health and in-home personal care services in New Jersey
06/16/2023	The Pennant Group	Bluebird Home Health	Operates home health agencies

Notable Behavioral Health Transactions

Date Closed	Buyer / Investor	Target	Description
05/02/2023	Catholic Charities of the Diocese of St. Cloud	Granite City Counseling	Operates as an outpatient counseling clinic and behavioral health facility
06/09/2023	ARC Health (Thurston Group)	Silver Lake Psychology	Provides mental health care and psychology services
06/26/2023	Invo HealthCare Associates	ABA2DAY Behavior Services	Educational and behavioral health services for children with other special needs
06/27/2023	Comvest Advisors	Your Behavioral Health	Behavioral health services in California

Source: CapIQ

Notable Dental Practice Transactions

Date Closed	Buyer / Investor	Target	Description
05/12/2023	Northern Dental Access Center	Dental Care Alliance	General dentistry practice
06/06/2023	The Abra Healthcare Group (Clairvest Group)	Eugene J. McGuire D.D.S. PC	General dental practice
06/07/2023	Sage Dental Management (Linden Manager)	Kendall Dental Care in Miami	General dental practice
06/19/2023	Northern Dental Access Center	Bagley Dental Clinic	General dentistry practice

Notable Support Services Transactions

Date Closed	Buyer / Investor	Target	Description
04/03/2023	Aquity Solutions	Axea Solutions, Inc.	Provides finance consulting service
05/19/2023	Aspiron Health Resources (Linden Manager)	FIRM Revenue Cycle Management Services	Provides revenue cycle management services
05/31/2023	Medusind Solutions (Alpine Management)	AVA Billing & Consulting	Provides revenue cycle management services
05/31/2023	Medusind Solutions (Alpine Management)	BrightDrive Healthcare Solutions	Provides revenue cycle management services
06/01/2023	Advanced Revenue Cycle Management	Healthcare Management and Billing Service	Provides revenue cycle management services
06/27/2023	Unis Health (Riverside Partners)	JGL Closeco	Provides medical billing, credentialing, and medical coding services

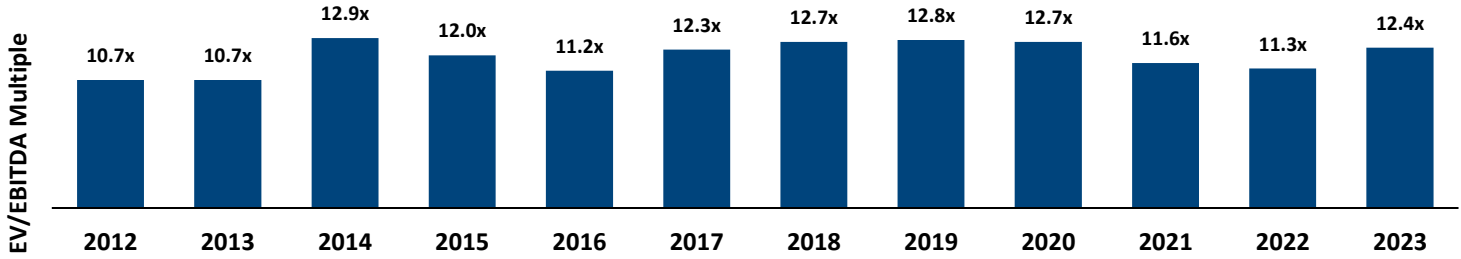
Notable Manufacturing, Equipment & Supplies

Date Closed	Buyer / Investor	Target	Description
05/16/2023	Advent Home Medical (New Harbor Capital Mgmt)	Med Emporium	Provides respiratory and home ventilator equipment
06/12/2023	Biosynex SA	ProciseDx Inc.	Develops and commercializes diagnostic equipment
06/14/2023	Medical Device, Inc.	NextPhase Medical Devices	A health care equipment company
06/15/2023	Capitol Imaging Services (Clearview Capital)	Alliance MRI	MRI, MR angiography, arthrogram, CT scan, X-Ray, ultrasound, and I-stat equipment service
06/20/2023	SV Health Investors	Robling Medical	A contract manufacturer that manufactures medical devices

Source: CapiQ

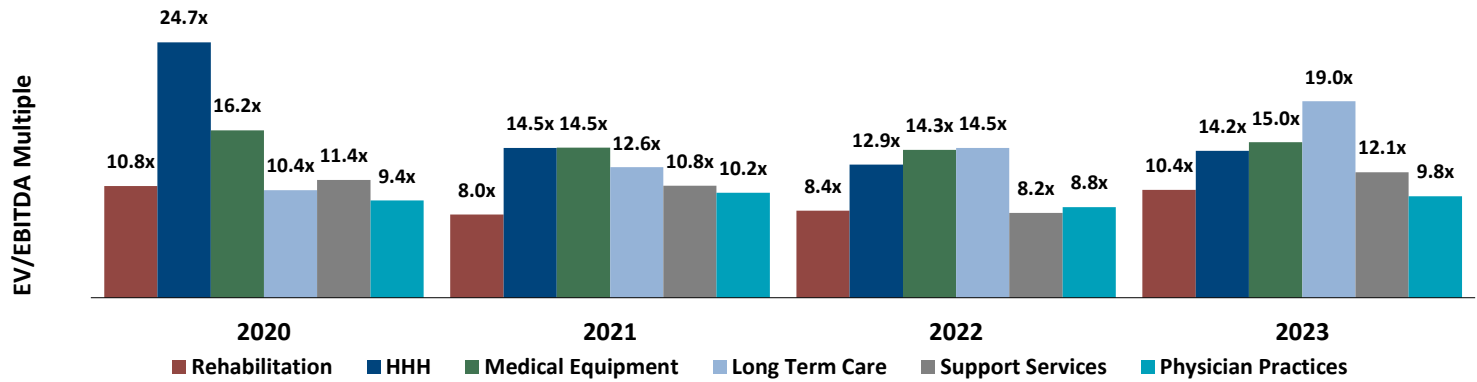
Public Company Comparisons Trading Multiples

Healthcare Industry Public Comparables: Annual EV/EBITDA Multiples



Source: CapIQ, public trading data as of June 30, 2023

Healthcare Sub-Sector Public EV/EBITDA Multiples



Source: CapIQ, public trading data as of June 30, 2023

Representative EdgePoint Healthcare Transactions



has been acquired by



JEFFREY EPSTEIN, MD, FACS
Hair Restoration Expert

ANTHONY BARED, M.D., F.A.C.S.
Rhinoplasty & Hair Restoration

have been acquired by



a portfolio company of



THE SPIEGEL CENTER

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have combined to form



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