

State of the Market

Private Equity Investment in Physician Owned Specialty Practices

The Momentum Returns
 2020 Year in Review | 2021 Deal Outlook

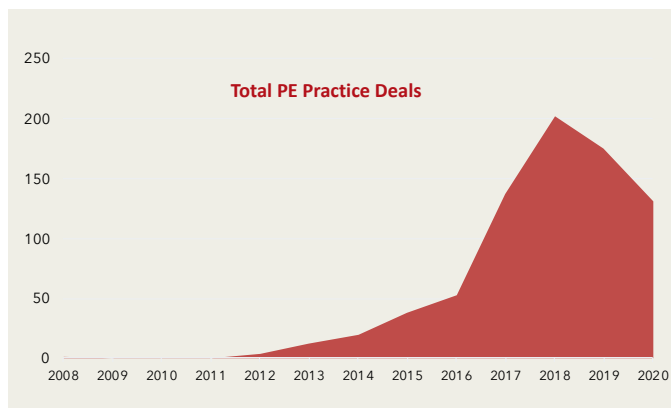


2020 RECAP AND OUTLOOK

The FOCUS healthcare team represents medical practices and ancillary businesses in specialties where private equity-backed consolidation is occurring. We track activity in key verticals and maintain strong relationships with private equity firms and their portfolio companies.

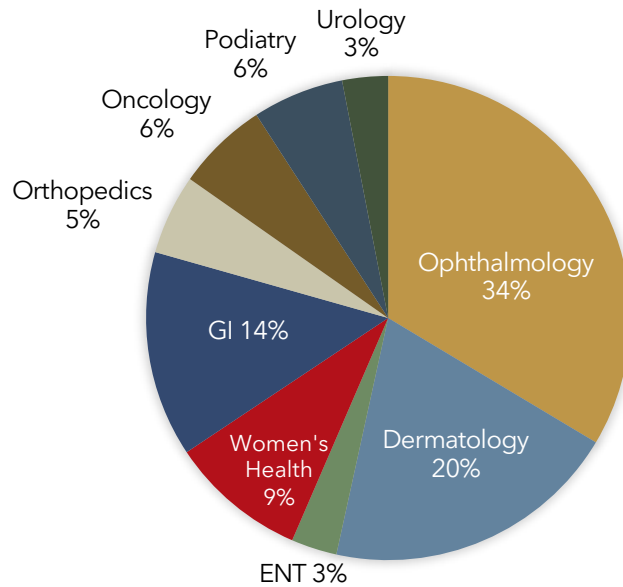
In our world, transaction volume declined in 2020 mainly due to COVID-19 which introduced uncertainty and had buyers focused on their existing businesses. Activity accelerated in Q4, and the market has been very active so far in 2021. We expect 2021 will set a

new high for completed transactions in this ~10-year consolidation wave, driven in part by expected tax changes that will encourage doctors to sell now.



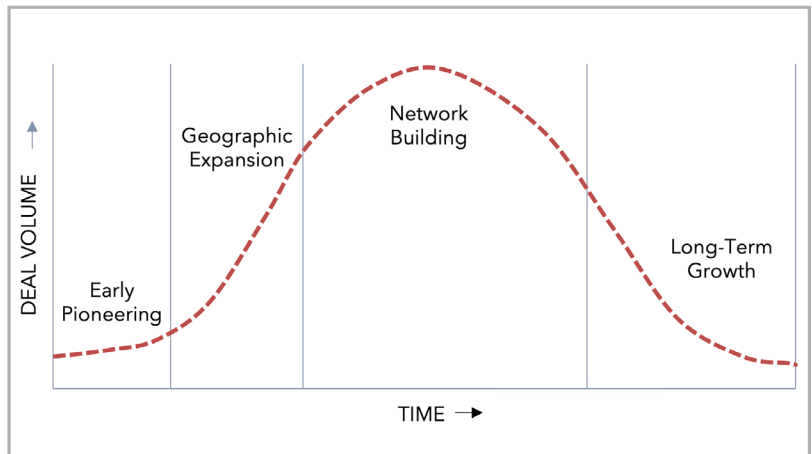
TRANSACTION MIX

In 2020, Ophthalmology and Dermatology had the highest deal volumes, including a large amount of add-on activity. GI came in third followed by Women’s Health (not including fertility).



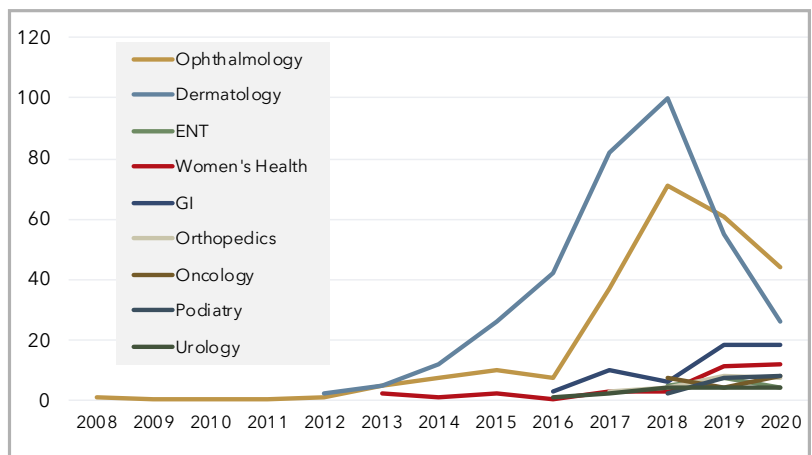
THE PRIVATE EQUITY CONSOLIDATION LIFECYCLE

In its simplest form, private equity-backed consolidations go through a common lifecycle pattern as shown below. The length and slopes will vary due to factors like specialty characteristics, economic conditions, insurance coverage and government regulations. Earlier lifecycle investments are centered in larger platform practices with later investment moving toward smaller add-on practices.



DEALS BY SPECIALTY

The chart below shows that Oncology, ENT, Orthopedics, and Urology are earlier stage. Ophthalmology will rebound from the pandemic’s impact on its previously strong expansion phase. Dermatology continues to build its network. Overall, we expect strong new platform and add-on activity in 2021.



GETTING A DEAL DONE

Medical practice transactions are highly complex and difficult to negotiate and execute. Sellers who are serious about a deal should work with advisors uniquely geared to handle the significant and unforeseen challenges common to these deals.

FOCUS offers an investment banking process designed to deliver great outcomes to doctors embarking on the most important and complex transactions of their lives. Our team has closed nine transactions around sixteen physician-owned businesses within the past two years.

REPRESENTATIVE TRANSACTIONS

This announcement appears as a matter of record only.



has been acquired by



A FOCUS Managing Director represented Eye Center of Texas and introduced this transaction while working at a prior firm.

This announcement appears as a matter of record only.



has been acquired by



A FOCUS Managing Director represented Valley Eye Institute and introduced this transaction while working at a prior firm.

This announcement appears as a matter of record only.



has been acquired by



A FOCUS Managing Director represented CWC Emergent Care Center and introduced this transaction while working at a prior firm.

GET IN TOUCH:

The next step is to schedule a phone call to discuss your unique situation. We will update you on the market, explain transactions, and answer any questions you have.

We offer a low-pressure approach and are ready to get to work when you are. To schedule a call, visit our website at www.focusbankers.com or call us directly.



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