

Specialty
Dermatology

Focus
Q1 2021 Acquisition Activity and Outlook

Core Dermatology Buyers Remain Active to Start 2021. Window of Opportunity May Be Starting to Close for Smaller Practices.

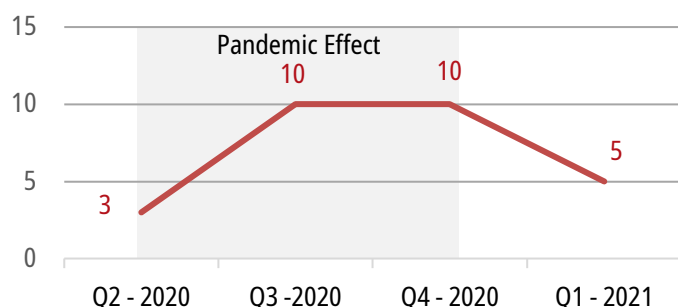
The first quarter of 2021 delivered five reported dermatology practice acquisitions. This activity decline may signal that the window of opportunity for small practice deals may be starting to close. Indeed, dermatology consolidation is now in its tenth year. However, Schweiger, Epiphany, and Anne Arundel continued to acquire smaller add-on practices and grow their platforms.

By the end of Q2, we expect most practices to have a full year of financials post COVID-19 shutdowns. This will be important to achieve maximum transaction value since trailing-twelve-month (TTM) financial performance is the most scrutinized data in practice and surgery center valuations. With COVID-19 closures phasing out of TTM financial data, practice EBITDA will likely be at its highest level in 18 months. We expect more practices will be interested in pursuing deals that will close this calendar year given potential tax implications looming in 2022.

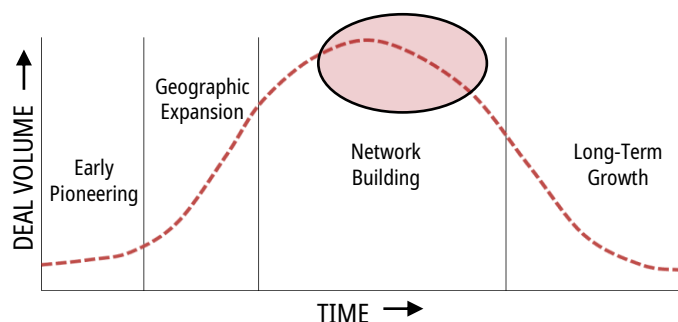
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12-Month Quarterly Acquisition Trend



PE Consolidation Lifecycle Positioning



Notable Deals in the Q1 2021

Buyer	Practice	State	MDs	Date
Anne Arundel Dermatology	Carolina Skin Care	NC	2	2/4/21
Epiphany Dermatology	Sunflower Dermatology	MO	3	1/25/21
Schweiger Dermatology	Montgomery Dermatology Associates	PA	3	1/5/21
Schweiger Dermatology	Dr. Joseph Newmark	NY	1	1/5/21
Epiphany Dermatology	Infiniti Skin Care	IA	1	1/4/21

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