

Specialty
ENT & Allergy

Focus
Q1 2021 Acquisition Activity and Outlook

Private Equity Interest in ENT & Allergy Practices Accelerates. Expect Increasing Opportunity for Large Practice Sellers.

The first quarter of 2021 delivered five reported ENT practice acquisitions marking the most active three-month M&A period we have seen in the specialty. Notably, Audax Private Equity formally named its portfolio company “Elevate ENT” and expanded into Texas with the major acquisition of Texas ENT Specialists. While the next quarter may not produce as many deals, activity should remain high throughout this year.

Eric J. Yetter
Managing Director and Healthcare Team Leader
(615) 477-4741
eric.yetter@focusbankers.com

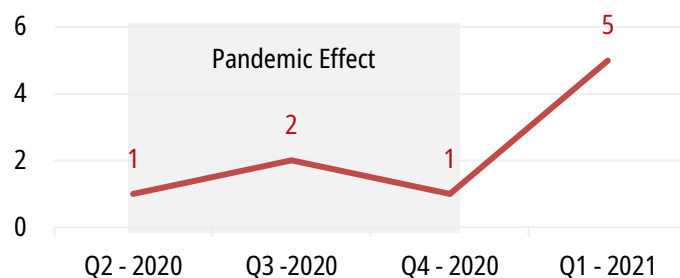
J. Andrew Snyder
Managing Director
(615) 319-3233
andy.snyder@focusbankers.com

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

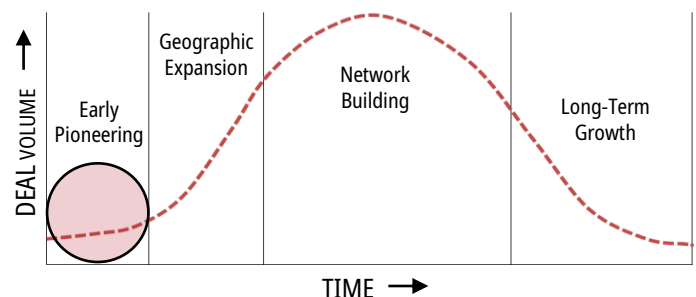
transaction value because trailing-twelve-month (TTM) financial performance is the most scrutinized data in practice and surgery center valuations. With COVID-19 closures phasing out of TTM financial data, practice EBITDA will likely be at its highest level in 18 months. We expect more practices will be interested in pursuing deals that will close this calendar year given potential tax implications looming in 2022.

ENT practices remain in the early pioneering stage of the consolidation lifecycle, and we believe new PE-backed companies will likely originate in 2021.

12-Month Quarterly Acquisition Trend



PE Consolidation Lifecycle Positioning



Notable Deals in the Q1 2021

Buyer	Practice	State	MDs	Date
ENT Partners	Maryland ENT Center	MD	1	2/2/21
Elevate ENT	Texas ENR Specialists	TX	3	1/12/21
ENT Partners	Arlington ENT	IL	30	1/11/21

ENT & Allergy – Q1 2021 Acquisition Activity and Outlook

www.focusbankers.com

Legal Disclaimer/Other Disclosures

This report is for informational purposes only and does not constitute an offer, invitation, solicitation, or recommendation to buy, sell, subscribe for, or issue any securities and shall not form the basis of any contract with FOCUS Investment Banking, LLC. This report was prepared exclusively for the benefit and internal use of the person or company to whom it is directly addressed and delivered (including such recipient's subsidiaries, the "Company") in order to assist the Company in evaluating, on a preliminary basis, the feasibility of a possible transaction or transactions and does not carry any right of publication or disclosure, in whole or in part, to any other party. This report is for discussion purposes only and is incomplete without reference to, and should be viewed solely in conjunction with, the oral briefing provided by FOCUS Investment Banking, LLC ("FOCUS"). Neither this report nor any of its contents may be used for any other purpose without the prior written consent of FOCUS.

The information in this report is based upon FOCUS estimates and reflects prevailing conditions and our views as of this date, all of which are accordingly subject to change. In preparing this report, we have relied upon and assumed, without independent verification, the accuracy and completeness of information available from public sources. In addition, our analyses are not and do not purport to be appraisals of the assets, stock, or business of the Company or any other entity. FOCUS makes no representations as to the actual value which may be received in connection with a transaction or the legal, tax or accounting effects of consummating a transaction. FOCUS does not render legal or tax advice, and the information contained in this communication should not be regarded as such. The information in this report does not take into account the effects of a possible transaction (or transactions) involving an actual or potential change of control, which may have significant valuation and other effects. The information in this report is confidential.

If you are not the intended recipient or an authorized representative of the intended recipient, you are hereby notified that any review, dissemination or copying of this report is prohibited.

Copyright Notice

The contents of this paper, including (but not limited to) all written material, images, analysis, and graphics, are protected under international copyright and trademark laws. You may not copy, publish, reproduce, broadcast, modify, reprint, transmit or distribute any material from this paper or pdf in whole or in part without the express written permission of FOCUS.