

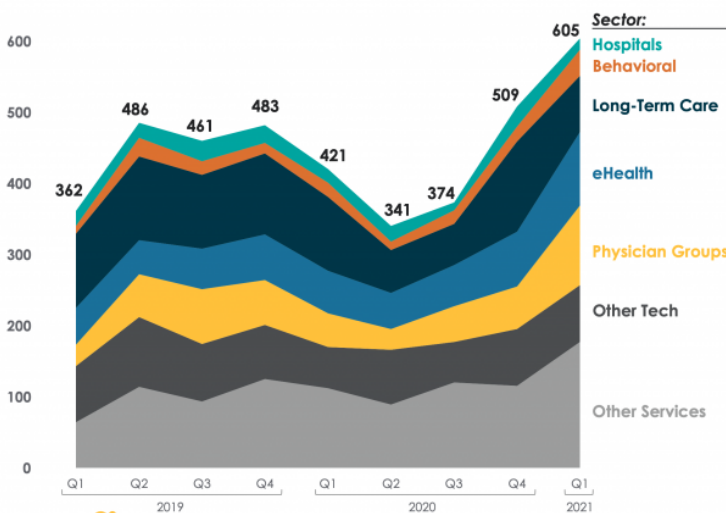
## Healthcare M&A heats up in first quarter

Judging from the level of deal activity across healthcare in the first quarter of this year, post-pandemic euphoria is truly taking hold. **After a substantial, COVID-related dip across most of last year, healthcare M&A began to accelerate in the fourth quarter of 2020, and hit a new high in the first quarter of 2021—up 19 percent.** While all sectors saw an uptick in deal flow, the level of activity was particularly high among physician groups, as well as in the behavioral health and “e-health” spaces. Although hospital deal activity waned somewhat in the first quarter, the **average value** of deals increased: the average seller size by revenue was \$676M, around 70 percent above historical year-end averages. This reflects a shift from bolt-on acquisitions by health systems looking to add isolated assets, to larger health systems seeking to combine their portfolios. **Private equity continues to fuel a large portion of deal activity**, especially in the behavioral health and physician group space, contributing to an 87 percent surge in the physician sector. **We’d expect this flurry of M&A activity to persist—especially among physician groups and hospitals—as organizations seek financial security after a turbulent year, and as larger players look to scale their market presence and diversify revenue streams.**

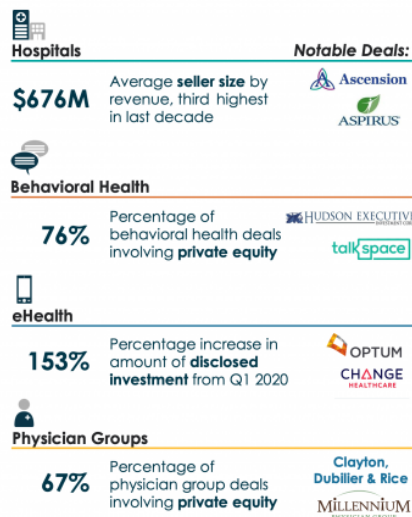
### Healthcare M&A Sets Record Pace in the First Quarter of 2021

Physician Groups See Fastest Deal Growth, While Hospital Transactions Slow

Number of M&A Deals, By Sector



### Q1 2021 Deal Characteristics, Select Sectors



Source: Behavioral Health M&A Report: Q1 2021. Merit Taggart, 15 Apr. 2021; "Quarterly M&A Reports and News Releases (2019-2021)," Levin Associates Products, 27 Apr. 2021; Singh, Anu, "Healthcare Merger & Acquisition Activity Report: Q1 2021," Kaulman Hall, Apr. 2021; Talkspace to Merge with Hudson Executive Investment Corp., Hudson Executive Investment Corp., 13 Jan. 2021; Gisi Healthcare analysis.