

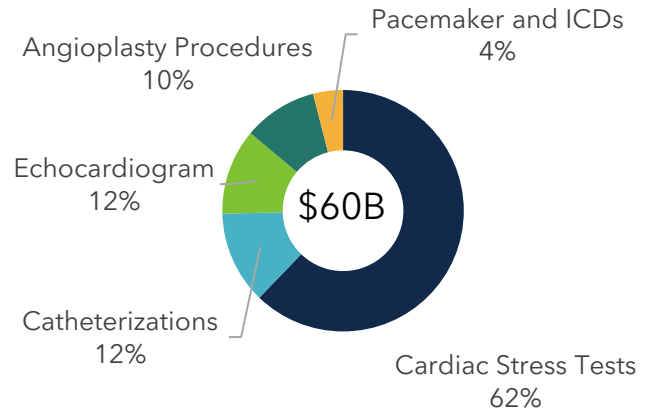
Cardiology INDUSTRY MARKET UPDATE

Cardiology, a procedure-based specialty like gastroenterology and orthopedics, is among the most sought-after physician practice management (PPM) specialties. Compelling demographic trends such as the aging Baby Boomer and Gen X population and the increase in more economical outpatient procedures are driving Cardiology investment.

Key Trends

- » Besides the fundamentally strong demand for services a smaller number of independent practices compared to specialists embedded in health systems make Cardiology increasingly attractive as a specialty for both providers and investors.
- » Ambulatory Surgery Centers (ASC) are assuming a bigger role in Cardiology. New reimbursement codes are creating enhanced revenue sources as procedures move to a low-cost-of-care setting.
- » Growth in Cardiology care is correlated with ancillary services and provide an additional revenue stream to providers and a broader suite of offerings to patients.
- » Value-based models are a currently under-utilized emerging opportunity for Cardiology services. Evolving technological solutions are playing a major role in driving the adoption of value-based care.
- » The fragmented nature of the Cardiology industry (about 44% of practices have only one provider) and the lack of differentiation make it ripe for external capital infusion. The increase in private equity-backed platforms in US Cardiology practices reflects this.

Market by Service ⁽¹⁾



(1) IBIS World

ICD - Implantable Cardioverter Defibrillator

Key Statistics



1,753 is the average number of unique patients seen by cardiologists during an 18-month period according to a 2021 survey. This volume is expected to increase



30% increase in the ratio of Advanced Practice Providers to Cardiologists since 2017 to manage patient panel demands

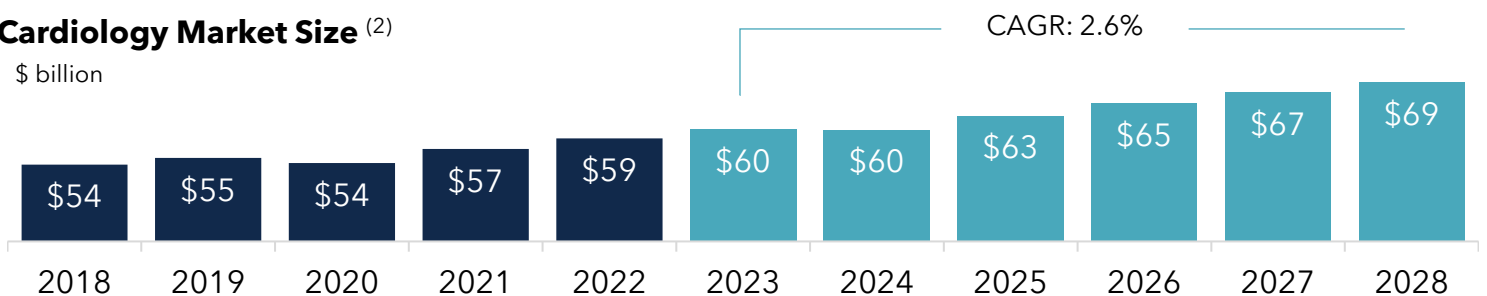


9x growth in single-specialty cardiology ASCs in the US between 2016 and 2021

Source: Cardiac Interventions Today, MedPac March 2023 report

Cardiology Market Size ⁽²⁾

\$ billion



(2) IBIS World

Investor Interest Driven By:

- » Increasing demand for Cardiology services
- » A growing shift to more economical outpatient procedures
- » Fewer independent practices leading to increased competition and higher valuations
- » Cardiology practices leveraging complimentary revenue streams like nuclear medicine and ultrasound as well as physician-owned cardiac catheterization labs (ASCs and OBLs)
- » Industry fragmentation - there are currently approximately 34,098 practicing cardiovascular specialists practicing in the U.S.

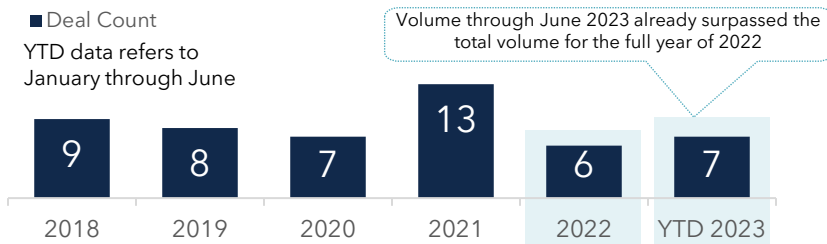
Source: Statista 2023

M&A Drivers

Key factors influencing the rationale in recent M&A transactions include the following:

- » As consolidators seek to build market-leading platforms and capitalize on industry tailwinds, the Cardiology market is seeing a surge in M&A activity from both strategic and financial partners
- » Economies of scale in larger practices are being achieved by consolidated, cost-efficient back offices that also improve bargaining power with payors
- » Physician shortages, a fragmented industry structure, and rising demand from an aging population are further driving interest

US Cardiology M&A Activity



Note: M&A transactions include Electrocardiographs (ECGs), Cardioscopes, Cardiovascular Equipment, Cardiology Services, and Cardiovascular Drugs industry categories from Capital IQ. The data excludes PE stake transactions

Active Private Equity Groups

WEBSTER EQUITY PARTNERS

Recent M&A Activity

Date	Target	Acquirer
Jun-23	Bay Area Cardiology Associates	Cardiovascular Associates of America
Apr-23	Coeur Value, Inc.	Cardiovascular Associates of America
Feb-23	Cardiovascular Institute Of The South LLC	Lee Equity Partners
Feb-23	Cardiovascular Institute Of Central Florida, LLC	Cardiovascular Associates of America
Nov-22	Cardiovascular Institute of New England	Cardiovascular Associates of America
Feb-22	RiverCity CardioVascular	Methodist Healthcare System of San Antonio
Jan-22	My Cardiologist	Novocardia

Source: Capital IQ

Select Transaction Spotlight

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