



KPMG Corporate Finance LLC

Podiatry physician
practice M&A

September 2020

kpmgcorporatefinance.com

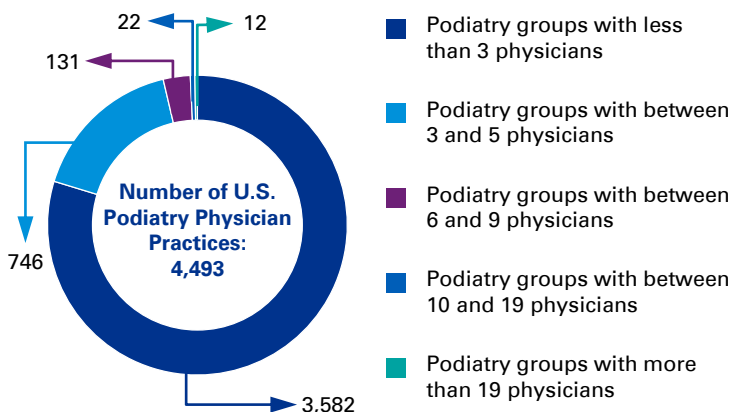


U.S. podiatry market overview

The podiatry physician market in the U.S. is expected to benefit from the aging population and the increase in arthritis and diabetes.

- An estimated 75 percent of Americans experience foot or ankle problems.⁽¹⁾
- The burgeoning geriatric population, rising prevalence of chronic diseases such as diabetes, arthritis and obesity, and increasing awareness about the importance of routine foot health and care is driving growth in the market.
 - In 2018, approximately 11 percent of Americans were estimated to have diabetes and roughly 15 percent of diabetic patients experience foot ulcers.⁽²⁾
 - By 2040, an estimated 78.4 million (or 25.9 percent of the projected total adult population) adults aged 18 years and older will have doctor-diagnosed arthritis.⁽³⁾
 - The number of adults 65 and older is projected to rise from 55 million in 2019 to 88 million by 2050, thus providing new opportunities to podiatry practices.⁽⁴⁾
- There are approximately 13,320 active doctors of podiatric medicine in the U.S., which represents an average of one physician for every 20,408 Americans.⁽⁵⁾

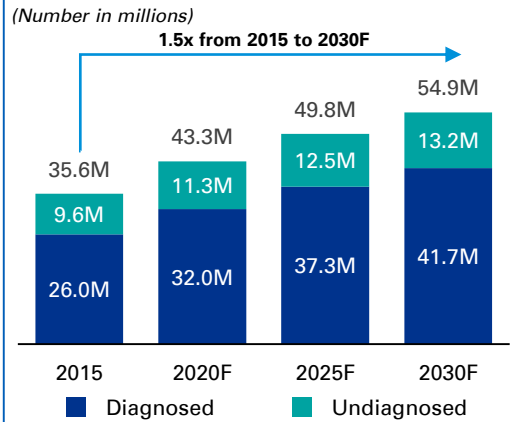
Highly fragmented U.S. podiatry practice market⁽⁶⁾



Sources:

- ⁽¹⁾ IBISWorld Industry Report – Podiatrists in the US
- ⁽²⁾ American Diabetes Association; America’s Health Rankings – United Health Foundation
- ⁽³⁾ CDC – National Statistics - Future Arthritis Burden
- ⁽⁴⁾ U.S. Census Bureau
- ⁽⁵⁾ Illinois Podiatric Medical Association
- ⁽⁶⁾ Active practices with at least 1 physician and main specialty of radiology per Definitive Healthcare

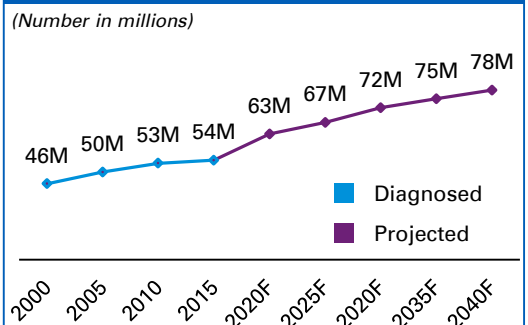
U.S. diabetes forecasts



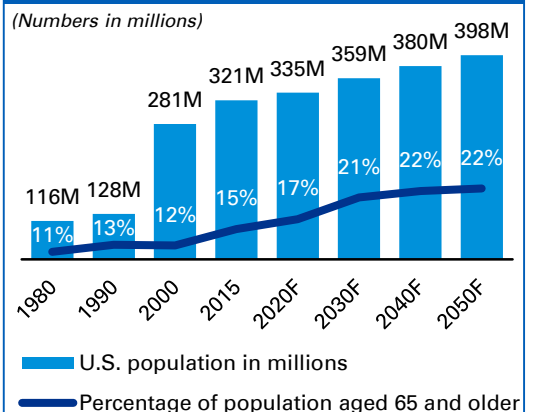
Prevalence of prediabetes in U.S. (in millions)

| Year | 2015 | 2020F | 2025F | 2030F |
|-----------------------|-------|-------|--------|--------|
| Prevalence (Millions) | 90.6M | 97.3M | 104.0M | 107.7M |

National arthritis prevalence projections⁽³⁾



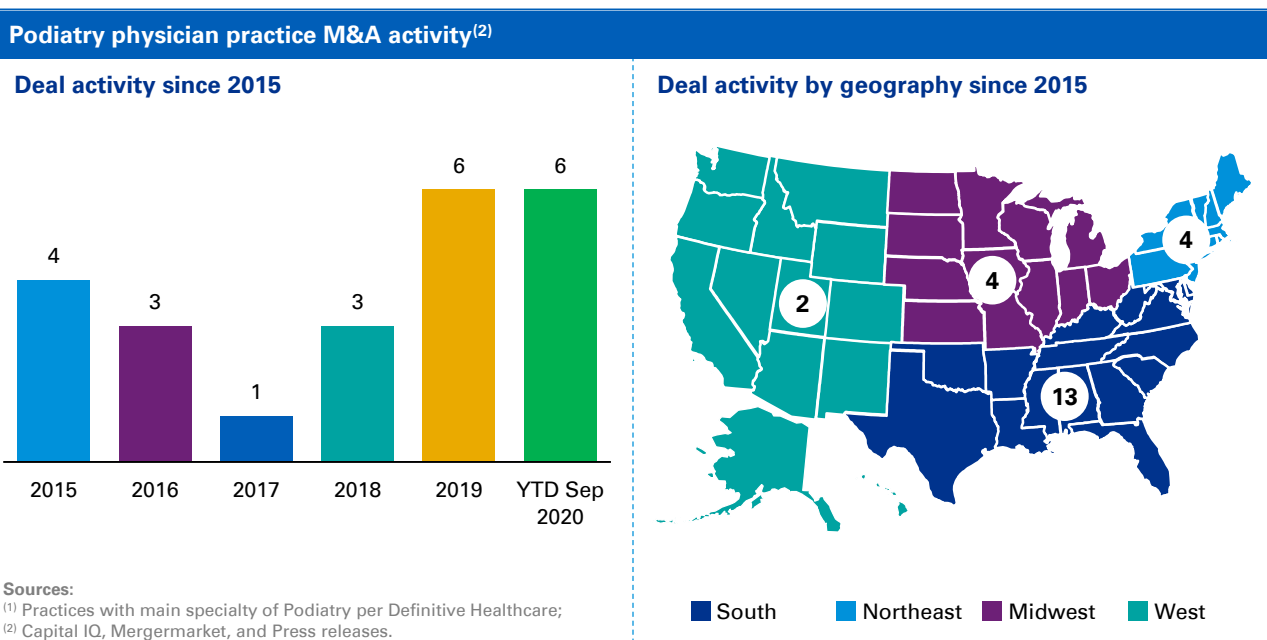
U.S. population overview⁽⁴⁾



Podiatry physician practice M&A activity overview

The fragmented U.S. podiatry physician practice market, dominated by groups with less than 3 physicians, represents an attractive consolidation opportunity.

- There are approximately 4,500 podiatry physician practices in the U.S. and more than 96 percent of these practices are comprised of five or fewer physicians.⁽¹⁾
- Historically, the podiatry market has remained largely untouched by outside investment and general merger activity, leaving significant room for consolidation.
- As solo podiatry practices face diminishing margins, private equity interest has increased as they recognize the opportunity to consolidate and achieve economies of scale.
- As a result, podiatry is seeing increased interest from financial players including recent investments by Albaron Partners, Shore Capital and NMS Capital.



Key factors driving consolidation activity in the sector

| Fragmented market | Diverse revenue streams | Favourable macro trends | Increased bargaining power |
|--|---|--|--|
| <p>The sector is highly fragmented and is largely served by smaller private practices, presenting an opportunity to embark roll-up strategy.</p> | <p>Presence of ancillary services such as diagnostic vascular and nerve testing, cosmetic treatments, physical therapy, and in-office dispensing of foot care products, makes the specialty more attractive for potential buyers.</p> | <p>An aging American population and rising awareness of podiatry services will boost the growth of the specialty, thus fueling the interest of buyers in the sector.</p> | <p>Larger podiatry practices have more resources to allocate towards marketing expenditures and negotiations with managed-care organizations to be included in their provider network.</p> |

Selected precedent podiatry M&A transactions

| Closed Date | Target Name | Target Location | Acquirer Name | Deal Value (\$ mm) |
|-------------|--|-----------------|--|--------------------|
| Sep-20 | Family Foot & Ankle Center | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Aug-20 | Chapel Hill Foot and Ankle Associates | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Jul-20 | Ryan Foot & Ankle Specialists | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Jun-20 | Carolina Foot & Ankle of Huntersville | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Mar-20 | Piedmont Foot & Ankle Clinic | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Jan-20 | Carmel Foot Specialists | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Dec-19 | Gaston Foot & Ankle Associates | NC | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Nov-19 | Harrisburg Foot & Ankle Center | PA | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Jul-19 | Long Island Bone & Joint | NY | Orlin & Cohen Orthopedic Associates | Undisclosed |
| Jun-19 | Affiliated Podiatrists | VA | Foot and Ankle Specialists of the Mid-Atlantic (NMS Capital) | Undisclosed |
| Feb-19 | Turner Podiatry and Wound Care | GA | Village Podiatry Centers | Undisclosed |
| Jan-19 | Great Lakes Foot and Ankle Institute | MI | Albaron Partners | Undisclosed |
| Dec-18 | Foot and Ankle Specialists of the Mid-Atlantic | MD | New MainStream Capital | Undisclosed |
| Sep-18 | Weil Foot & Ankle Institute | IL | Northwest Community Healthcare | Undisclosed |
| Aug-18 | Preferred Podiatry Group | IL | Shore Capital Partners | Undisclosed |
| Aug-17 | Podiatry Centers of Memphis | TN | University Clinical Health | Undisclosed |
| Oct-16 | Denver Sports Performance Enhancement Center | CO | University of Colorado Health | Undisclosed |
| Oct-16 | East Valley Foot & Ankle Specialists | AZ | Orthopedic Specialists of North America | Undisclosed |
| Sep-16 | Access Foot Care | FL | KG Health Partners | Undisclosed |
| Dec-15 | Moorestown Foot Specialists | NJ | Foot Health Centers | Undisclosed |
| Oct-15 | Advanced Foot Care Centers | GA | Extremity Healthcare | Undisclosed |
| Mar-15 | Cincinnati Arthritis Associates | OH | UC Health | Undisclosed |
| Feb-15 | Podiatry Affiliates | NY | Buffalo Medical Group | Undisclosed |

Sources: Capital IQ, Mergermarket, and Press releases.

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Select recent KPMG Corporate Finance LLC transactions

KPMG

Project Lion

A gastroenterology physician practice

Ongoing

KPMG

Project Wave

An anesthesia physician group

Ongoing

KPMG

Digestive CARE

Has been acquired by GASTROHEALTH

A portfolio company of Audax Group

Closed

KPMG

CITIZENS CHOICE HEALTHPLAN 2020

Has been acquired by Alignment Healthcare

Closed

KPMG

Deer Meadows
Retirement Community

Has been acquired by investment360^o

Closed

KPMG

USA
United Surgical Assistants

Has been acquired by INTRALIGN

A portfolio company of ALTARIS

HERITAGE GROUP PARTNERS IN HEALTHCARE

Closed

KPMG

KabaFusion
Patient-Focused Infusion Therapy

Has been recapitalized by BROWN BROTHERS HARRIMAN

Closed

KPMG

PT SOLUTIONS

Has been acquired by NEWHARBOR CAPITAL

Closed

KPMG

ADVANTMED

Has received growth investment from BISON CAPITAL

Closed

KPMG

Catholic Health Care Services
ARCHDIOCESE OF PHILADELPHIA Caring For Seniors

Has been acquired by BISHOP NEASE GROUP

Closed

Select recent KPMG LLP Deal Advisory credentials

KPMG

Compassion-First Pet hospitals (Quad - C)

KPMG Deal Advisory

Sell-side financial due diligence assistance on its sale to JAB

Closed

KPMG

Heartland Dental (Ontario Teachers Pension Plan Board)

KPMG Deal Advisory

Sell-side financial due diligence assistance on its sale to KKR

Closed

KPMG

DentalCorp

KPMG Deal Advisory

Sell-side financial due diligence assistance on its sale to L Catterton

Closed

KPMG

Private equity client

KPMG Deal Advisory

Sell-side financial due diligence assistance on its potential sale of women's health mammography company

Closed

KPMG

Audax Private Equity - Advanced Dermatology

KPMG Deal Advisory

Sell-side financial due diligence assistance on Advanced Dermatology's sale to Harvest Partners

Closed

KPMG

Great Point Partners- Professional PT

KPMG Deal Advisory

Sell-side financial due diligence assistance on sale of Professional PT to Thomas H. Lee Partners

Closed

KPMG

Center for Diagnostic Imaging

KPMG Deal Advisory

Financial due diligence assistance on sale to Wellspring Capital

Closed

KPMG

Forefront Dermatology (Varsity Healthcare Partners)

KPMG Deal Advisory

Sell-side financial due diligence assistance on its sale to Ontario Municipal Employees Retirement System(OMERS)

Closed

KPMG

ATI Physical Therapy (KRG Capital Partners)

KPMG Deal Advisory

Financial pre-sale due diligence assistance on sale of ATI with over 500 clinic locations to Advent International

Closed

KPMG

EyeCare Services Partners (Varsity Healthcare Partners)

KPMG Deal Advisory

Provided financial due diligence assistance on its sale to Harvest Partners

Closed

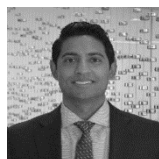
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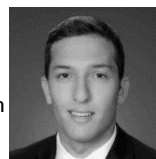
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| 2015-2019 global advisor ranking ⁽¹⁾ | | # of Deals |
|---|-------------------------------|------------|
| 1. | KPMG* | 2,462 |
| 2. | PwC | 2,200 |
| 3. | Deloitte | 1,631 |
| 4. | Rothschild & Co. | 1,513 |
| 5. | Ernst & Young LLP | 1,403 |
| 6. | Houlihan Lokey | 1,275 |
| 7. | BDO | 1,029 |
| 8. | IMAP | 957 |
| 9. | Lazard | 935 |
| 10. | Industrial & Comm. Bank China | 916 |

| 2010-2019 global advisor ranking ⁽¹⁾ | | # of Deals |
|---|--------------------|------------|
| 1. | KPMG* | 4,321 |
| 2. | PwC | 4,135 |
| 3. | Deloitte | 2,827 |
| 4. | Ernst & Young LLP | 2,654 |
| 5. | Rothschild & Co. | 2,552 |
| 6. | Houlihan Lokey | 2,347 |
| 7. | BDO | 1,883 |
| 8. | Lazard | 1,859 |
| 9. | Goldman Sachs & Co | 1,813 |
| 10. | Morgan Stanley | 1,685 |

Global coverage. Industry knowledge. Middle-Market focus.

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Note:

⁽¹⁾ League tables include completed deals which have value between \$0 million to \$500 million and also where deal value is not disclosed, as of January 2, 2020.

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