

Buyout-Backed Healthcare Deals Revive in Q2 2018

Overall private equity-backed buyout deal activity is on par with Q1 levels

The second quarter of 2018 saw 1,149 private equity-backed buyout deals announced worth a combined \$118bn. Preqin expects these figures to rise by up to 5% as more information becomes available, placing the quarter broadly on par with Q1 levels, which saw 1,182 deals announced worth \$121bn. For just the third time over the past five years, healthcare deals have accounted for over \$20bn in quarterly deal value, as Q2 saw 141 deals in the sector worth a total of \$28bn. The industry accounted for just 12% of deals announced, but for almost a quarter (24%) of deal value – the highest proportion of any industry except for information technology deals which also represented 24% of deal value. This is a significant increase from Q1, in which healthcare deals accounted for just 4% of deal value, and is the result of KKR's \$9.9bn acquisition of Envision Healthcare Corporation, the largest deal announced in the quarter.

For more information, see the full [Q2 2018 Private Equity-Backed Buyout Deals and Exits Factsheet](http://docs.preqin.com/reports/Preqin-Buyout-Deals-and-Exits-Q2-2018.pdf) here:

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Key Private Equity-Backed Buyout Deals & Exits Facts:

- Q2 2018 saw **1,149 private equity-backed buyout deals announced worth a combined \$118bn**. This is on par with Q1 2018 which saw 1,182 deals worth \$121bn.
- **North America saw 618 deals announced worth a total of \$81bn**, while Europe saw 418 deals worth a total of \$26bn. Seventy deals were announced in Asia for \$9.2bn.
- Buyout, growth and add-on deals all accounted for significant proportions of the number of Q2 deals – 40%, 16% and 39% respectively. **Buyouts accounted for the largest share of deal value**, though, at 48%.
- **The healthcare and information technology industries accounted for the largest proportions of deal value, 24% each**. This marks a significant increase for healthcare from the previous quarter, when the sector accounted for just 4% of deal value.
- **The largest deal announced in the quarter was a healthcare deal**: KKR bought Envision Healthcare Corporation from Clayton Dubilier & Rice for \$9.9bn.
- While the largest sums of capital were invested in healthcare and information technology, **deals in industrials accounted for the largest proportion (22%) of the number of deals announced**.
- **Buyout-backed exit activity rose in value for the first time in four quarters**, as 470 exits were announced for \$103bn in Q2. This is the highest total exit value since Q3 2015, when 535 exits were announced for \$132bn.
- Trade sales and sales to GP accounted for 56% and 34% of the number of exits in Q2, and represented 54% and 32% of exit value respectively. **IPOs accounted for 9% of exits and 14% of exit value**.

Christopher Elvin, Head of Private Equity Products:

“At the end of 2017, an overwhelming majority of investors surveyed by Preqin cited valuations as a key issue for private equity in 2018. These concerns, alongside record private equity dry powder levels, are making it more difficult for fund managers to deploy capital. However, while Q2 buyout deal activity did not necessarily outpace Q1's levels, the quarter nonetheless saw strong deal flow, which would imply that fund managers are managing to put their capital to work.

The healthcare industry saw a strong revival in Q2, accounting for a quarter of total deal value. The sector was buoyed by the acquisition of Envision Healthcare Corporation by KKR for \$9.9bn, making it the largest healthcare buyout deal since the Global Financial Crisis. With the global ageing population growing, as well as fast-paced regulatory change and technological innovation, the industry will likely remain a key sector for future deal-making.”

Preqin is the leading source of information for the alternative assets industry, providing insight and analysis gathered by its global teams of dedicated researchers. Founded in 2003, the company is a frequent source of intelligence used in the global financial press, through its online databases, regular publications and bespoke data requests.

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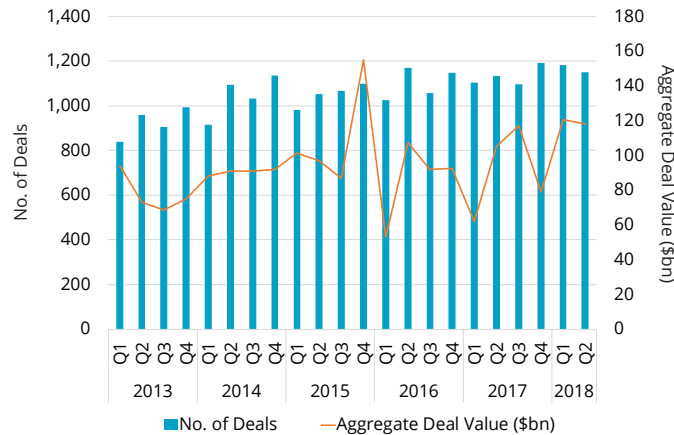
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Q2 2018 BUYOUT DEALS AND EXITS

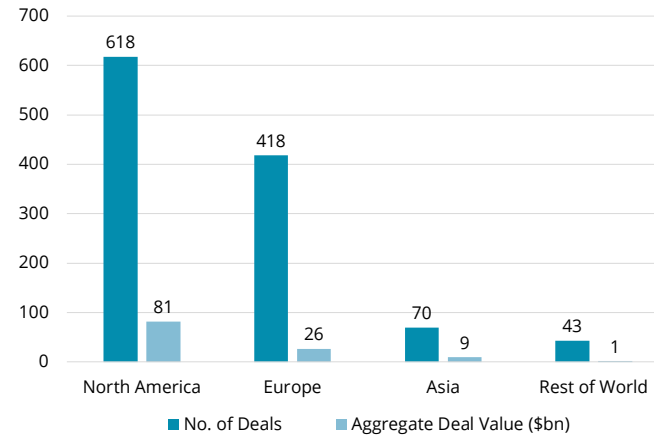
3 JULY 2018

Fig. 1: Global Quarterly Private Equity-Backed Buyout Deals, Q1 2013 - Q2 2018



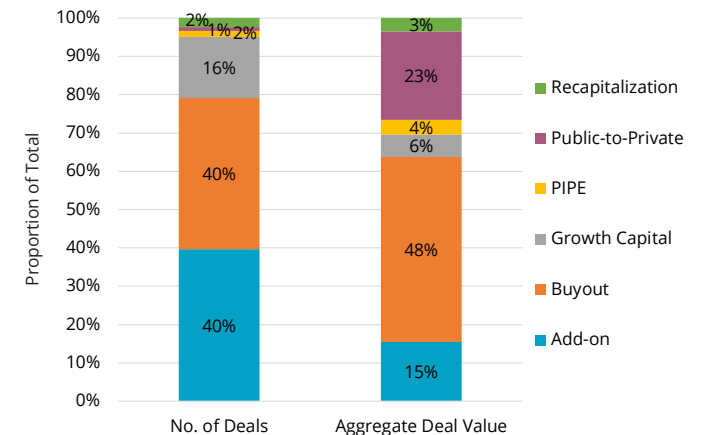
Source: Preqin

Fig. 2: Private Equity-Backed Buyout Deals in Q2 2018 by Region



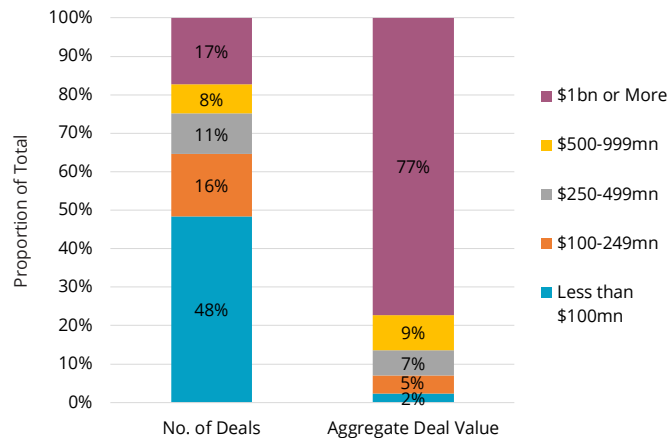
Source: Preqin

Fig. 3: Private Equity-Backed Buyout Deals in Q2 2018 by Type



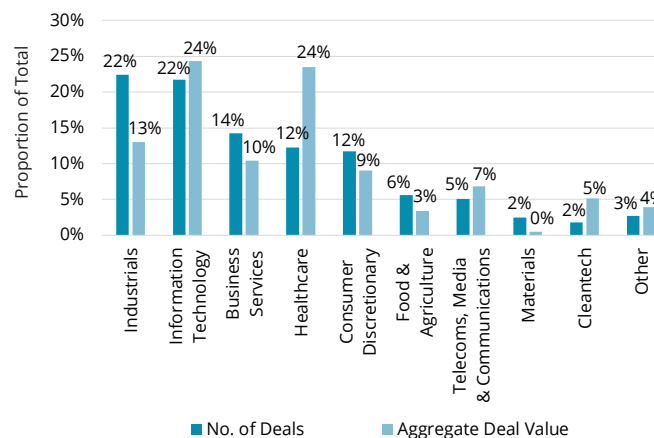
Source: Preqin

Fig. 4: Private Equity-Backed Buyout Deals in Q2 2018 by Size



Source: Preqin

Fig. 5: Private Equity-Backed Buyout Deals in Q2 2018 by Industry



Source: Preqin

KEY FACTS



1,149

private equity-backed buyout deals were announced in Q2 2018, down from 1,160 in Q1.



24%

of deal value in Q2 was represented by healthcare assets, the largest proportion.



\$103bn

Aggregate value of private equity-backed buyout exits in Q2, the highest total since Q4 2016.



Q2 2018 BUYOUT DEALS AND EXITS

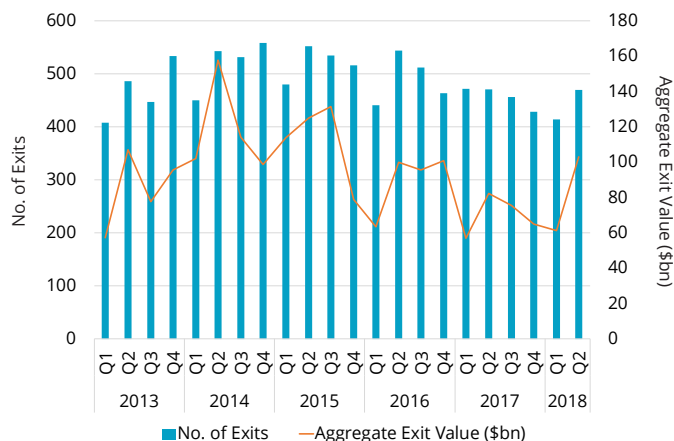
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Fig. 6: Largest Private Equity-Backed Buyout Deals Announced Globally in Q2 2018

Portfolio Company	Investment Type	Deal Date	Deal Size (mn)	Deal Status	Investor(s)	Bought from/Exiting Company	Location	Primary Industry
Envision Healthcare Corporation	Public-to-Private	Jun-18	9,900 USD	Announced	KKR	Clayton Dubilier & Rice	US	Healthcare
BMC Software, Inc.	Buyout	May-18	8,300 USD	Announced	KKR	Bain Capital Ventures, Elliott Management Corporation, GIC, Golden Gate Capital, Insight Venture Partners	US	Software
Cotiviti, LLC	Add-on	Jun-18	4,900 USD	Announced	Veritas Capital, Verscend Technologies, Inc.	Advent International, Oak Investment Partners	US	Software
GFL Environmental Inc.	Recapitalization	Apr-18	5,125 CAD	Announced	BC Partners, Ontario Teachers' Pension Plan	Hawthorn Equity Partners, HPS Investment Partners, Macquarie Infrastructure and Real Assets (MIRA)	Canada	Environmental Services
Recordati S.p.A.	PIPE	Jun-18	3,030 EUR	Announced	CVC Capital Partners, PSP Investments, StepStone Group	-	Italy	Pharmaceuticals
VeriFone Systems, Inc.	Public-to-Private	Apr-18	3,400 USD	Announced	British Columbia Investment Management Corporation, Francisco Partners	-	US	Hardware
General Electric Distributed Power Inc.	Buyout	Jun-18	3,250 USD	Announced	Advent International	General Electric	US	Power
Financial Engines, Inc.	Public-to-Private	Apr-18	3,020 USD	Announced	Hellman & Friedman	-	US	Financial Services
SRS Distribution, Inc.	Buyout	Apr-18	3,000 USD	Completed	Leonard Green & Partners	Berkshire Partners	US	Distribution
ZPG Plc	Public-to-Private	May-18	2,200 GBP	Announced	Silver Lake	Daily Mail and General Trust, Lansdowne Partners	UK	Software

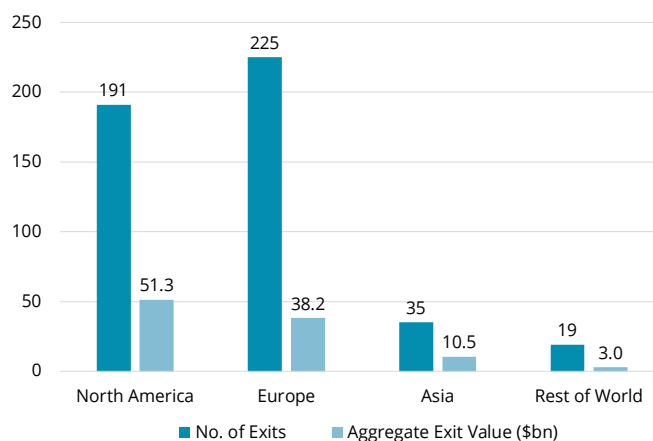
Source: Preqin

Fig. 7: Global Quarterly Private Equity Buyout-Backed Exits, Q1 2013 - Q2 2018



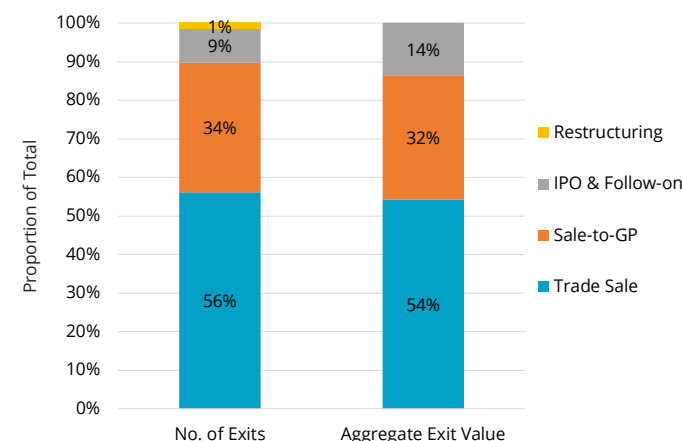
Source: Preqin

Fig. 8: Private Equity Buyout-Backed Exits in Q2 2018 by Region



Source: Preqin

Fig. 9: Private Equity Buyout-Backed Exits in Q2 2018 by Type



Source: Preqin



Q2 2018 BUYOUT DEALS AND EXITS

3 JULY 2018

Fig. 10: Largest Private Equity-Backed Buyout Exits Announced Globally in Q1 2018

Portfolio Company	Investment Date	Investment Type	Investment Size (mn)	Investor(s) (Entry)	Exit Date	Exit Type	Exit Value (mn)	Acquiror (Exit)	Location	Primary Industry
BMC Software, Inc.	May-13	Public-to-Private	6,900 USD	Bain Capital Ventures, Elliott Management Corporation, GIC, Golden Gate Capital, Insight Venture Partners	May-18	Sale to GP	8,300 USD	KKR	US	Software
Cotiviti, LLC	Apr-14	Merger	-	Advent International, Connolly, Goldman Sachs Merchant Banking Division, iHealth Technologies, Oak Investment Partners	Jun-18	Trade Sale	4,900 USD	Verscend Technologies, Inc.	US	Software
Bonne Terre Limited	Dec-14	Buyout	800 GBP	CVC Capital Partners	Apr-18	Trade Sale	4,700 USD	The Stars Group Inc	UK	Gambling
SRS Distribution, Inc.*	Feb-13	Buyout	-	Berkshire Partners	Apr-18	Sale to GP	3,000 USD	Leonard Green & Partners	US	Distribution
ADT Caps	Mar-14	Buyout	19,30 USD	Carlyle Group	May-18	Trade Sale	2,760 USD	Macquarie Infrastructure and Real Assets, SK Telecom	South Korea	Electronics
Varsity Brands, Inc.	Nov-14	Buyout	1,500 USD	Ares Capital, Charlesbank Capital Partners, Partners Group	Jun-18	Sale to GP	2,500 USD	Bain Capital	US	Retail
Hearthside Food Solutions LLC	Mar-14	Buyout	1,000 USD	Goldman Sachs Merchant Banking Division, Vestar Capital Partners	Apr-18	Sale to GP	2,400 USD	Charlesbank Capital Partners, Partners Group	US	Food
Mehiläinen Oy	Jun-14	Buyout	-	KKR, Triton Partners	May-18	Sale to GP	1,800 EUR	CVC Capital Partners, Ilmarinen Mutual Pension Insurance Company, LocalTapiola Group, Varma Mutual Pension Insurance Company	Finland	Healthcare
Cory Riverside Energy	Jun-15	Restructuring	-	Barclays, BNP Paribas Capital, Commerzbank, EQT, Strategic Value Partners	Jun-18	Trade Sale	1,500 GBP	Dalmore Capital, Fiera Infrastructure, Semperian PPP Investment Partners, Swiss Life Asset Management AG	UK	Cleantech
Pret A Manger Ltd	Feb-08	Buyout	345 GBP	Bridgepoint, Goldman Sachs	May-18	Trade Sale	1,500 GBP	JAB Holdings B.V.	UK	Restaurants

* Denotes partial exit.

Source: Preqin

LOOKING FOR MORE DATA AND ANALYSIS?

Preqin provides information, data and research on the private equity and venture capital industry across fund performance, fundraising, fund managers, investors, deals, fund terms and more.

If you have more detailed requests for private equity data or any questions, please contact us:

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