

Private Equity Injects Fresh Capital into Healthcare

Healthcare-focused private equity assets under management hit the \$200bn mark

Healthcare-focused private equity is on the brink of a record year. Capital has flowed into the sector, with healthcare-focused private equity-backed buyout deals seeing year-on-year increases in aggregate deal value since 2015. As at November, 585 healthcare-focused deals have been announced in 2018 YTD, worth a total of \$56bn – putting the year on track to surpass the 619 deals worth a record \$57bn seen in 2017. Deal activity looks set to increase, as the industry holds \$56bn in dry powder, pushing total assets under management to \$199bn.

Although just 84 healthcare-focused private equity funds have held a final close as of November, they have raised \$22bn, making this year the fourth consecutive year in which the industry has raised over \$20bn. This also puts the year on track to hit similar levels to those seen in 2017, when 140 funds raised \$26bn.

For more information and analysis, see the full *Healthcare-Focused Private Equity* factsheet here:

<http://docs.preqin.com/reports/Preqin-Private-Equity-Injects-Fresh-Capital-Into-Healthcare-Dec-18.pdf>

Christopher Elvin, Head of Private Equity:

“The private equity healthcare industry is booming: strong fundraising, record levels of dry powder available to invest, and record numbers of deals in the sector. It is a testament to the healthcare industry’s growing importance for private equity: having once been a sector with few dedicated players, it is now an integral part of the buyout deal making ecosystem. It’ll be interesting to keep an eye on the US market in particular, as the country is experiencing fast-paced regulatory changes in its healthcare coverage, which may provide further opportunities for investment.”

Key Healthcare-Focused Private Equity Facts:

- Healthcare-focused private equity-backed buyout deal activity is on the brink of a record year: **as at November 2018, 585 deals have been announced worth a total of \$56bn.**
- **2018 saw the announcement of the largest healthcare-focused deal since the Global Financial Crisis:** KKR bought Envision Healthcare Corporation from Clayton Dubilier & Rice, a public-to-private deal worth \$9.9bn.
- **The healthcare private equity industry holds \$199bn in assets under management, including \$56bn in dry powder** – a record high.
- **The bulk of healthcare-focused private equity dry powder is focused on North America**, with fund managers earmarking \$36bn for the region.
- **In 2018, 84 healthcare-focused private equity funds have held a final close and raised \$22bn.**
- **This brings average fund size to \$261mn** – the largest average fund size for the healthcare industry in over a decade.

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PRIVATE EQUITY INJECTS FRESH CAPITAL INTO HEALTHCARE

We present an overview of private equity investments in the healthcare industry, looking at the number and value of buyout deals and the largest deals announced since 2008 as well as historical AUM and fundraising figures.

Fig. 1: Private Equity-Backed Buyout Deals in the Healthcare Industry, 2008 - 2018 YTD (As at November 2018)

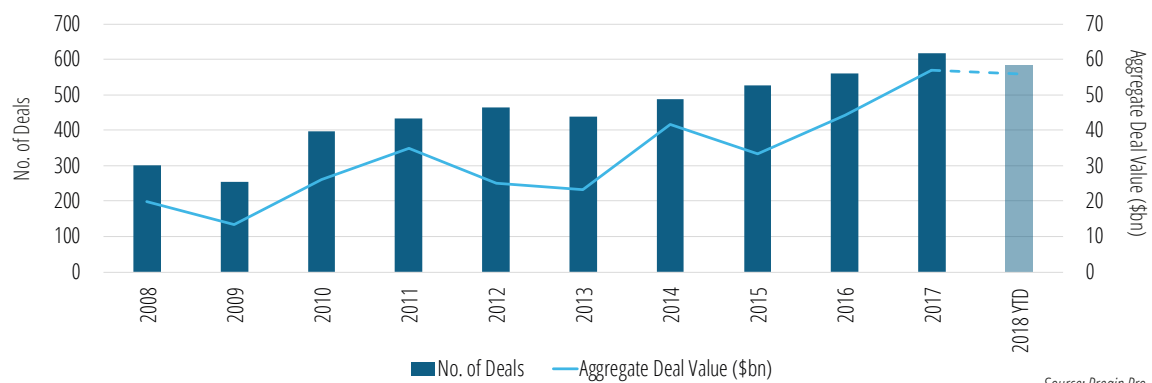


Fig. 2: Largest Private Equity-Backed Buyout Deals in the Healthcare Industry Announced in 2008 - 2018 YTD (As at November 2018)

Firm	Investment Type	Deal Date	Deal Size (\$mn)	Investor(s)	Bought from/ Exiting Company	Location
Envision Healthcare Corporation	Public-to-Private	Jun-18	9,900	KKR	Clayton Dubilier & Rice	US
IQVIA, Inc.	Merger	May-16	9,000	Aisling Capital, Bain Capital, CPP Investment Board, IMS Health Inc., Leonard Green & Partners, Quintiles Transnational Corporation, Temasek Holdings, TPG	-	US
MultiPlan, Inc.	Buyout	May-16	7,500	GIC, Hellman & Friedman, Leonard Green & Partners	Ardian, Partners Group, Starr Investment Holdings	US
Kinetic Concepts, Inc.	Public-to-Private	Jul-11	6,300	Apax Partners, CPP Investment Board, Public Sector Pension Investment Board	-	US
Stada Arzneimittel AG	PIPE	Aug-17	6,155	Bain Capital, Cinven, Partners Group	-	Germany
Athenahealth, Inc.	Public-to-Private	Nov-18	5,700	Evergreen Coast Capital, Veritas Capital	-	US
Lifepoint Health, Inc.	Merger	Jul-18	5,600	Apollo Global Management, RCCH Healthcare Partners	-	US
IMS Health Inc.	Public-to-Private	Nov-09	5,200	CPP Investment Board, Leonard Green & Partners, TPG	-	US
PAREXEL International Corporation	Public-to-Private	Jun-17	5,000	Pamplona Capital Management	-	US
Syneos Health, Inc.	Merger	May-17	4,600	Advent International, INC Research Holdings Inc., InVentiv Health, Inc, Thomas H Lee Partners	-	US

Source: Preqin Pro

Fig. 3: Healthcare-Focused Private Equity Assets under Management, 2000 - 2018 (As at March 2018)

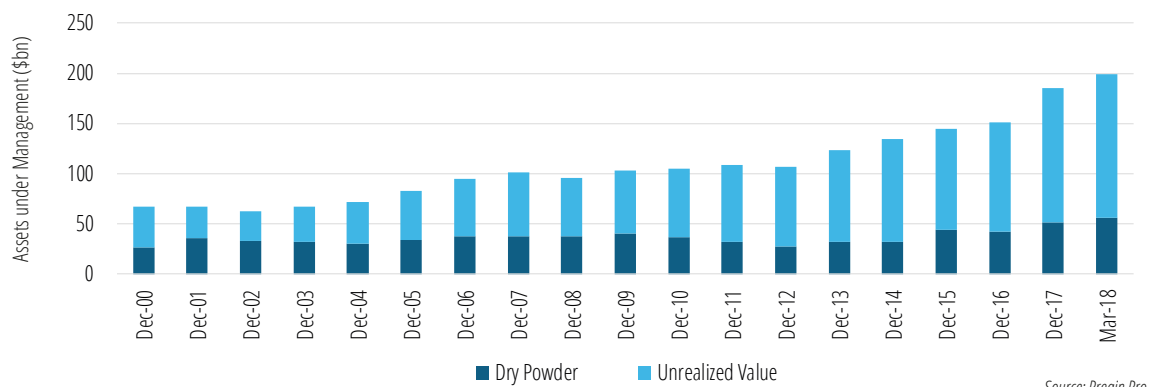


Fig. 4: Annual Healthcare-Focused Private Equity Fundraising, 2008 - 2018 YTD (As at November 2018)

