

HEALTHCARE:

A More Selective Path to Growth

2026 Private Equity Survey
Healthcare Spotlight



Healthcare investors are pursuing growth while taking a more selective approach across the investment lifecycle.

Healthcare remains an attractive destination for private equity (PE) capital, but competition for attractive assets is intensifying. Risk exposure uncovered during due diligence and increased competition from other buyers and investors now stand as the two leading challenges to deploying capital. Despite those pressures, healthcare-focused PE firms continue to pursue growth through both new platform acquisitions and add-on acquisitions, signaling continued confidence in the sector.

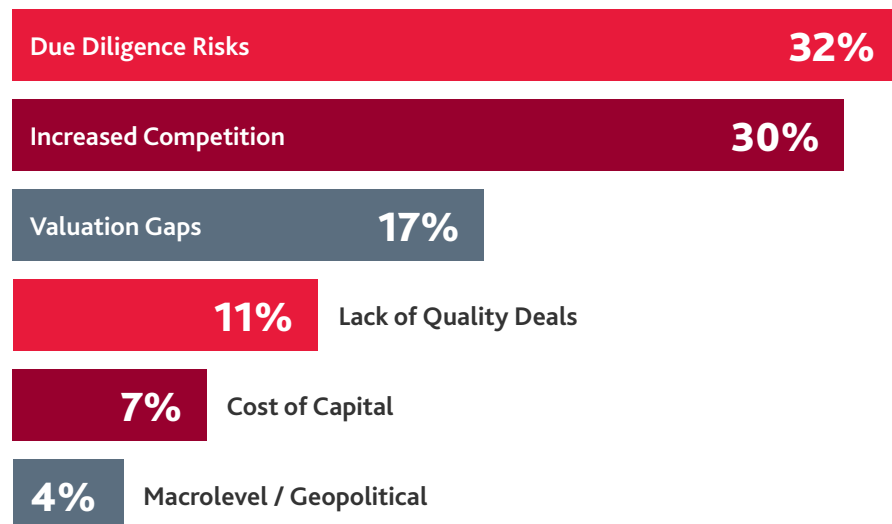
At the same time, some aspects of execution, like talent management, also require a new look. Talent remains the industry's biggest internal constraint, while technology investments, cash flow management, and new sales growth initiatives have emerged as top value creation priorities. These findings suggest healthcare-focused PE firms remain committed to growth but are becoming more selective in how they deploy capital, improve performance, and position portfolio companies for future exits.



FINDING # 1

Healthcare PE Investors are Pursuing Growth with Greater Discipline

What is the top challenge you are facing when it comes to deploying capital?



Analysis

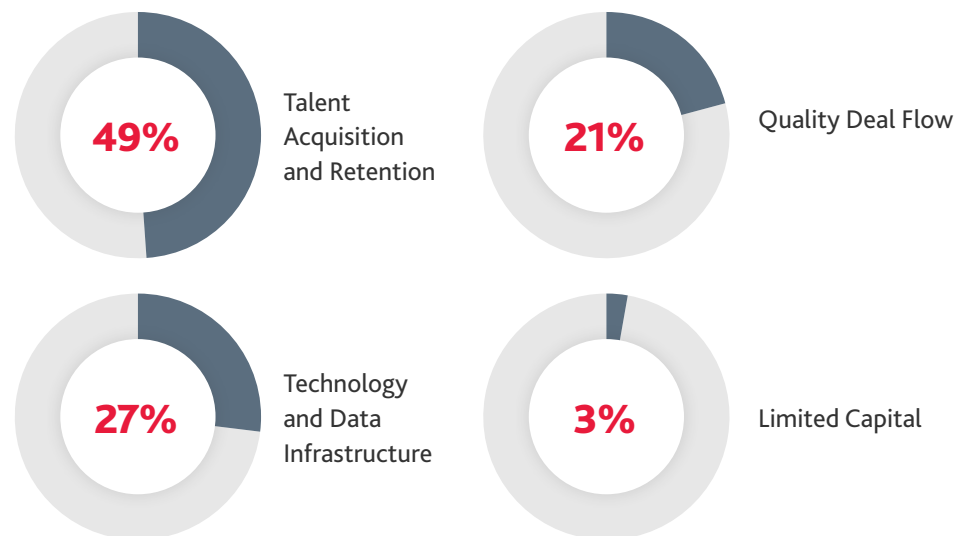
- ▶ Risk exposure uncovered during due diligence, such as cybersecurity concerns, financial information and liabilities, tax exposure, operating performance, and litigation, remains healthcare PE's leading capital deployment challenge, cited by 32% of firms.
- ▶ Competition for healthcare assets remains strong. Nearly one-third of respondents identify competitive pressure as their biggest challenge, reinforcing continued demand for attractive opportunities.
- ▶ While investors continue to deploy capital, they are applying greater scrutiny to diligence findings, valuation expectations, and transaction quality before moving forward.

*Totals may not equal 100% due to rounding.

FINDING # 2

Healthcare Investors Say Sourcing Experienced Talent is a Key Constraint to Growth

What internal capability is most limiting your firm's ability to execute deals at speed?



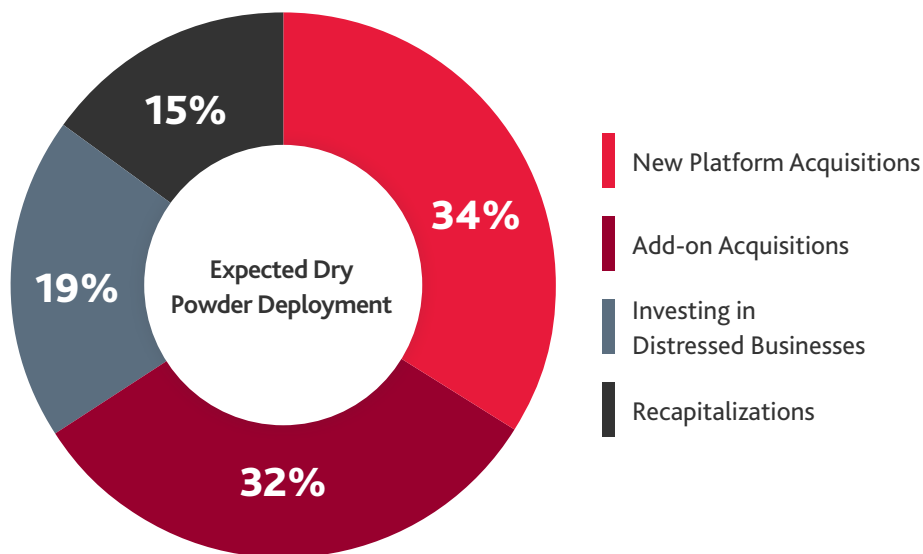
Analysis

- ▶ Talent remains the biggest barrier to execution. Nearly half of healthcare-focused private equity firms, 49%, say finding and retaining the right people at both the fund and portfolio company level is their primary deal execution limitation. To overcome this barrier, firms need to make sure that the people responsible for finding talent also have the industry experience to know what they should be looking for.
- ▶ Meanwhile, technology and data infrastructure ranks second at 27%, ahead of access to quality deal flow at 21%.
- ▶ Capital availability is not limiting growth. Only 3% identify limited capital as their biggest challenge, underscoring that execution capacity matters more than funding availability.

FINDING # 3

Healthcare PE Investors Continue to Pursue Acquisition-Led Growth

In the NEXT year, what is the primary way you anticipate your firm will deploy your dry powder?



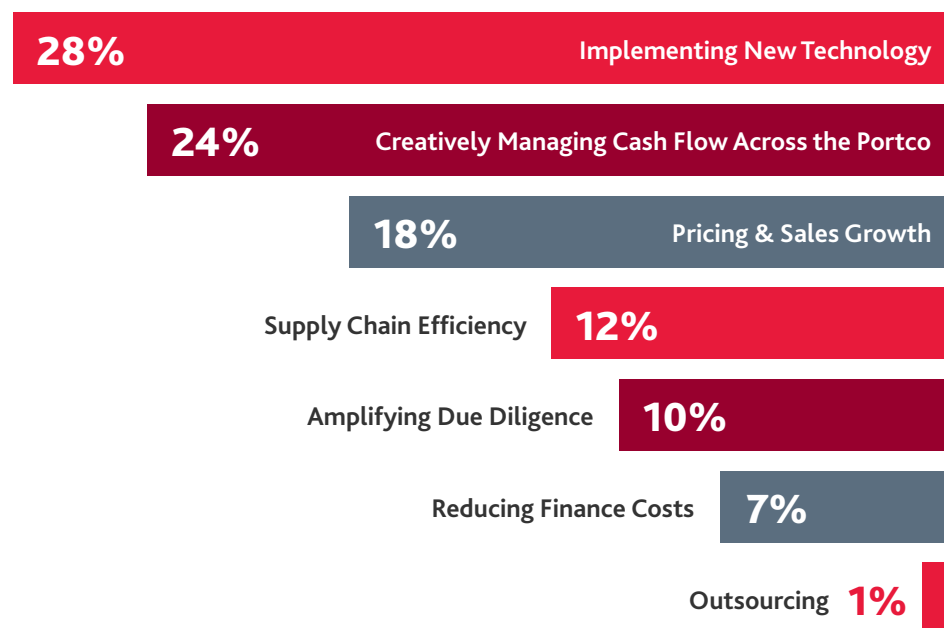
Analysis

- ▶ Growth remains centered on acquisitions. New platform acquisitions (34%) and add-on acquisitions (32%) are the preferred deployment strategies.
- ▶ Acquisition activity significantly outweighs alternative deployment strategies. Distressed investments (19%) and recapitalizations (15%) remain part of the mix but trail far behind M&A activity.
- ▶ The high expectations around platform and add-on acquisitions, which together account for about two-thirds of all anticipated deployment activity, show that firms believe healthcare is still a growth market.

FINDING # 4

Technology is Central to the Healthcare Value Creation Thesis

Which of the following value creation strategies do you feel would have the most impact this year?



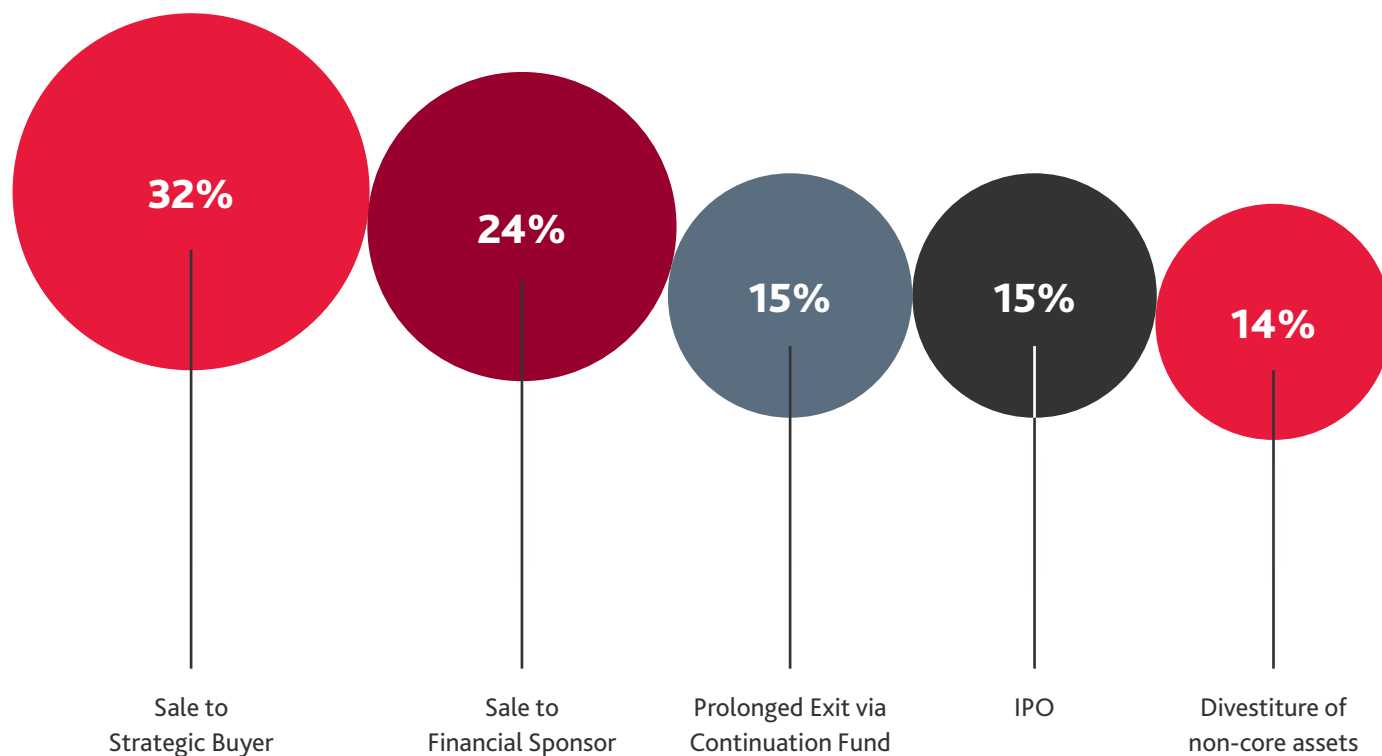
Analysis

- ▶ Technology investments rank as firms' leading value creation priority. More healthcare-focused PE firms selected implementing new technology and digital capabilities (28%) than any other strategy.
- ▶ Cash flow management follows closely at 24%, highlighting the continued importance of operational discipline and financial performance even as technology takes center stage.
- ▶ Pricing and sales growth initiatives rank third at 18%, suggesting investors are also looking to balance new growth initiatives with continued operational performance.

FINDING # 5

Healthcare PE Investors are Keeping Multiple Exit Paths Open

Top path you will pursue for your exits in the next 12 months.



Analysis

- ▶ Selling to a strategic buyer (32%) remains the leading exit path under consideration for healthcare-focused PE firms, followed by sale to a financial sponsor (24%).
- ▶ Ultimately, firms do not expect one single exit route to dominate the healthcare PE market.
- ▶ By maintaining multiple exit routes rather than relying on a single path to liquidity, firms are signaling their desire to preserve flexibility as market conditions evolve.



BDO's Take

Methodology: BDO's *2026 Private Equity Survey*, conducted by Rabin Roberts Research, polled 400 U.S. PE fund managers and operating partners in May 2026. This spotlight reflects responses from 164 PE firms that invest in healthcare.

- ▶ Healthcare-focused private equity firms continue to pursue growth, but competition and diligence-related concerns are contributing to a more selective approach to capital deployment. New platform and add-on acquisitions remain the leading deployment priorities, while diligence risk remains the top challenge to putting capital to work.
- ▶ Talent remains a key execution constraint. Finding and retaining the right people is critical to executing deals at speed and supporting longer-term value creation across portfolio companies.
- ▶ Exit flexibility remains important. Strategic buyers are the leading exit path under consideration (32%), while healthcare investors are also considering sales to financial sponsors, divestitures of non-core assets, continuation funds and IPOs.

See the full picture. Explore insights from all 400 respondents in the 2026 Private Equity Survey. ▶

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