

# AVALANCHE PREDICTED FOR HEALTHCARE PRIVATE EQUITY

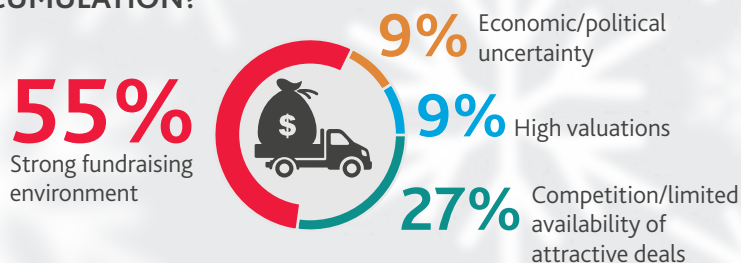
All signs indicate a blizzard of healthcare deal activity in 2018 with private equity firms as major players.

Flushed with cash, investors continue to pour capital into their coffers, signaling an optimistic outlook for profitable opportunities. KKR's \$1.45 billion Health Care Strategic Growth Fund and Athyrum Capital Management LP and Neuberger Berman's \$2.025 billion healthcare fund are just two of the largest healthcare-focused private equity funds to close recently.

On the strategic side, recently announced megamergers, such as CVS's agreement to acquire Aetna for a whopping \$69 billion, will leave competitors with no choice but to find partners to merge with. These mergers may also provide private equity firms with acquisition and exit opportunities.

To get deals done, private equity firms will have to contend with intense competition and high valuations. Still, healthcare-focused private equity fund managers surveyed in BDO's Ninth Annual Private Equity PERSpective Survey have an optimistic outlook. Here are some of their insights:

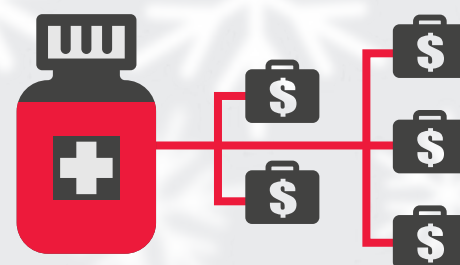
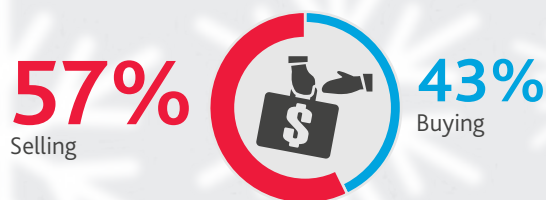
## WHAT ARE THE PRIMARY DRIVERS OF DRY POWDER ACCUMULATION?



## WHAT ARE THE TOP CHALLENGES TO GETTING DEALS DONE?



## ARE YOU MORE INTERESTED IN MAKING ACQUISITIONS OR EXITING PORTFOLIO COMPANIES?



**86%** of healthcare-focused fund managers expect to make between **one and eight new platform deals** over the next 12 months. Of those, **36%** expect to make at least **five new platform deals**.

**73%** of private equity fund managers who focus on healthcare deals believe **sales to strategic buyers** will generate the greatest return on investments over the next 12 months.

Source: BDO's Ninth Annual Private Equity PERSpective Survey/PitchBook



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## CONTACT:

**Patrick Pilch, CPA, MBA**, Managing Director & National Healthcare Advisory Leader, 212-885-8006 / [ppilch@bdo.com](mailto:ppilch@bdo.com)

**Steven Shill, CPA, Partner**, National Healthcare Leader, 714-957-3200 / [sshill@bdo.com](mailto:sshill@bdo.com)

**Scott Hendon**, National Private Equity Leader, 214-665-0750 / [shendon@bdo.com](mailto:shendon@bdo.com)

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