

Medi-Tech Insights

As 2019 draws to a close, we wanted to reflect on the **Private Equity** activity in **Healthcare in Europe**.

1 Private Equity is increasingly making its presence felt in the European healthcare market

- Over the last decade, there have been 1500+ transactions in the healthcare space in Europe amounting to total deal value of €85+ billion involving financial investors.
- The pace of M&A activity has accelerated over the last few years as Private Equity funds are attracted to the secular growth trends in healthcare, which combined with fragmented markets, leave ample room for growth & consolidation.
- Last 12 months alone saw 185 announced/closed transactions with total deal value of €15+ billion and though one transaction skewed the deal value in 2019, healthcare deal flow across Europe continued to be strong in 2019.

#2 UK, France, Germany see most of the activity and sub-segments of Healthcare Services, Pharma & MedTech are most favoured

- UK alone represented 25% of all the deals in healthcare in Europe, presumably driven by uncertainty around Brexit, weaker Pound and UK companies with exposure to €/ \$ revenues being interesting targets for Private Equity players. France, Germany & UK combined represented more than 65% of the deal value and transactions in Europe.
- While Healthcare services & Providers dominate the landscape for Healthcare PE deals (62% of the deals in last 3 years), there is growing trend of deals in MedTech and Specialty Pharma.
- This trend in MedTech & Specialty Pharma will grow in coming years as traditional healthcare services opportunities face regulation in some countries & deal economics are not as attractive as before.



#3 Most funds have prepared for a recession/slowdown in 2020-21 – which could also mean more deal activity at more interesting valuations

- While speaking to many of our clients and network, it is clear that most firms expect a recession/slowdown in coming 6-18 months.
- Most firms have prepared their portfolio companies to successfully tackle a slowdown through measures like re-negotiating terms with suppliers, stronger CAPEX control. Also, most PE backed companies have engaged in significant buy-and-build activities over the last 3-5 years, which means these companies are usually in a stronger position than before.
- Moreover, in a slowdown scenario, deal activity is expected pick up even further- with more reasonable valuations & further consolidation opportunities across healthcare.

Medi-Tech Insights is a business research & insights firm, focused on healthcare sector. We support investors in their due diligence, opportunity assessments & deal generation. Our USP is our strong operating experience backed with solid, fact-based research methodology. Our clients include mid-market and large PE/VC firms & corporates. www.meditechinsights.com
