

A global market

HM reports from Jefferies 2018 Global Healthcare Conference in London

Healthcare Temperature Check

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Appetite for healthcare assets shows no sign of abating as a challenging geopolitical environment combined with late cycle fears propel investors towards sectors with strong defensive characteristics. **Maria Davies** reports from the 2018 Jefferies London Healthcare Conference

An appetite for creation

Healthcare has always been something of a safe haven in troubled times, but current market sentiment suggests enthusiasm for the services side of the industry is somewhat muted compared to other sub-sectors as regulatory pressure and shifts in

the political agenda persist. This was one of the key takeaways from Jefferies ninth Annual Global Healthcare Conference in London, which rounded off 2018 with a look at what the year ahead might hold in store for the global healthcare market.

The mood of conference attendees was borne out by the findings of Jefferies' inaugural *Healthcare Temperature Check*, published in November.

According to its survey of over 500 senior leaders in the healthcare sector, 93% of institutional and private equity investors expect to either maintain or increase their exposure to healthcare stocks in 2019.

However, the areas generating the keenest interest are those where high levels of innovation and limited exposure to political risk have the potential to power growth.

Over a third of respondents to the *Healthcare Temperature Check* survey forecast that small and mid-cap Biotechnology would be best performing sub-sector over the next 12 months. Speciality Pharmaceuticals came in second, with 14% of respondents expecting it to outperform other sub-sectors. In contrast, just 6% of respondents said healthcare services would enjoy the best performance in the year ahead.

The reasons are myriad.

Tariff reductions, along with pressure in insurance markets, mean service providers are often squeezing the pips in order to maintain margins. Services are also more vulnerable to regulatory pressure and political uncertainty. And, according to the *Healthcare Temperature Check*, both are key risks to the sector in 2019. Pricing pressure from regulators and payors was identified by 40% of respondents as the greatest risk to the sector over the next 12 months, with the same proportion citing political and policy uncertainty.

The picture, however, is by no means uniform. Healthcare services companies presenting at the Jefferies conference acknowledged they were operating under challenging market conditions, but many agreed that the flipside was opportunity, as high barriers to entry and an increasing regulatory burden drive consolidation.

Ripe for consolidation

Christian Wojczewski, CEO of Mediq BV, a provider of direct-to-patient medical devices and care solutions in

Europe, told delegates: 'We consider the underlying market dynamics as attractive. We've all heard about the trend to move patients out of hospital and into a home setting, which is leading to robust and resilient underlying growth. You are probably also aware the industry is also highly fragmented. There are a lot of small players around, 'mom and pop' shops, that in the long run will also struggle to deliver on the high expectations and demands that come from the healthcare system, so we expect the market to further consolidate.'

Wojczewski said the company continued to pursue a buy and build strategy and expected to grow its portfolio with continued small acquisitions focused on the more profitable segments of the market.

Despite its recent large-scale acquisition of Cambian, Farouq Sheikh, Chairman of CareTech, a provider of specialist social care services in the United Kingdom, told delegates that the acquisition of small local businesses remained an important element of its growth strategy.

The company operates in a £1.5bn

market, but even with the Cambian acquisition, its market share is less than 5% in what remains a highly fragmented industry, according to Sheikh.

'Almost half the market is run by the private sector and 70% of that by 'moms and pops' where regulation is driving opportunities for consolidation...What we tend to do is keep the brands and grow the brands. We buy good local brands, we retain management and we grow them and it's almost like they are powered by CareTech but we can retain good local relationships and that's how we've managed to grow our business,' said Sheikh.

Tougher regulatory requirements are also driving opportunities for consolidation in France's fragmented acute hospital market, according to David Sylberg, CFO of hospital operator Groupe Elsan.

'We've been growing very fast and in the last seven years we have multiplied the size of our company by five from 20 to 100 facilities, which is basically because of the need for consolidation of that market. It was a very fragmented market, it is still to some extent a fragmented market...You still have 'mom and pop' style of operation in our market. It may appear a bit strange to hear, but 40% of hospitals in France are still owned by the doctors... that presents opportunities for us in terms of acquisition,' he said.

93% OF INSTITUTIONAL AND PRIVATE EQUITY INVESTORS EXPECT TO EITHER MAINTAIN OR INCREASE THEIR EXPOSE TO HEALTHCARE STOCK IN 2019

The growing importance of scale

Healthcare has been a hive of M&A activity over the last year with significant transactions in the pharma market and some of Europe's leading healthcare providers changing hands. Despite political uncertainty, this is a trend expected to continue in 2019. Over 80% of all respondents to Jefferies *Healthcare Temperature Check* said they thought M&A activity would be the same or higher in the coming year. Healthcare corporates were particularly bullish, with

50% predicting increased activity.

Fredrik Rågmark, CEO of Medicover, a provider of healthcare and diagnostic services in central Europe, told delegates the company had slowed down its M&A activity prior to its 2017 IPO, but said the market could expect to see an acceleration in deals going forward.

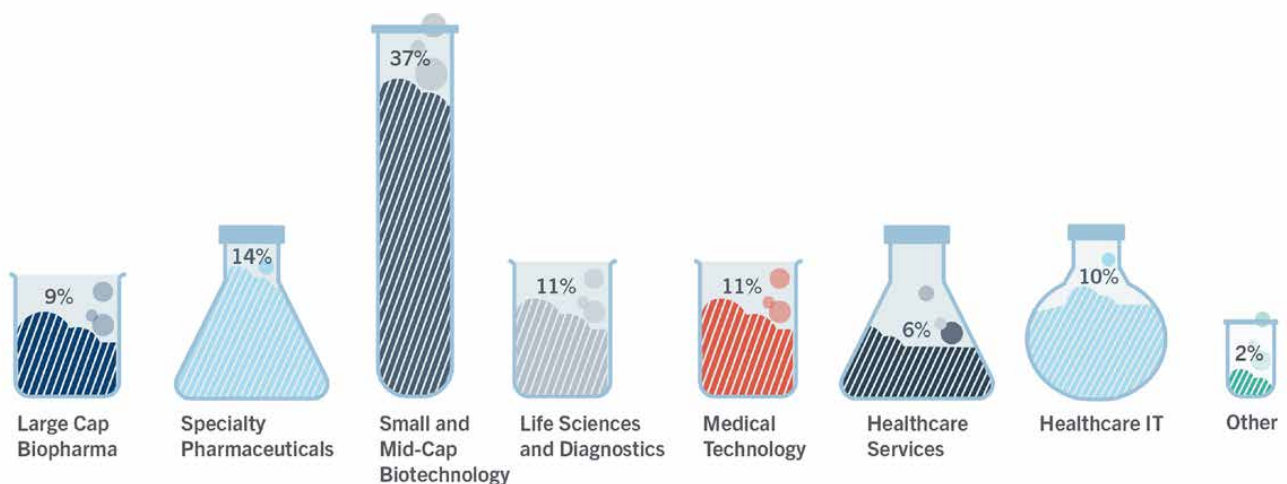
'We wanted to ensure we did not have a big pool of deals to close if for some unforeseen reason the IPO would not have happened. So post-IPO we have really put a lot of effort from an organisation resource point of view to build up a solid pipeline of deals...I think you should expect more to happen there because we are quite excited about our M&A pipeline and the M&A opportunity we have in front of us,' he said.

One of the key factors driving M&A activity continues to be the quest for scale. Even in the healthcare services markets, where investor appetite is likely to be more muted, some major transactions could be on the cards as existing players look to expand into new geographies and service lines, and investors seek to build on platform acquisitions.

Wojczewski told the conference that in the specialist home healthcare market, Mediq BV represented the 'only truly European platform for growth' and would be looking to expand across targeted services.

'If you look at our strategy for group:

JEFFERIES HEALTHCARE TEMPERATURE CHECK SECTOR UPSIDE IN 2019



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first and foremost, our focus today is on the European market but we're prioritising profitable growth over volume growth. We will continue to pursue our buy and build strategy and I'm happy to say we also have a build pipeline, so we expect further small acquisitions to happen in the future. Strategically, operationally, we are managing our portfolio as I mentioned towards more profitable segments, which also means that we are accelerating some of those while at the same time considering exiting others,' he said.

Nikoloz Gamkrelidze, CEO of London-listed Georgia Healthcare Group (GHG), told delegates the company, which operates across Georgia's hospital, insurance and healthcare retail markets, was scaling up its retail pharmacy businesses. GHG currently operates 267 retail pharmacies but plans to grow this to 300 over the next 18 months to two years.

'We are the largest retailer, not only in the pharma market but we are larger than any food retailer in the country and that gives us a huge opportunity of scale, so the pharma performance is very strong and this performance is also coming from us being the largest player not only in pharma distribution but also in insurance and hospitals,' he said.

New York Stock Exchange-listed virtual healthcare provider Teladoc said scale was vital for the business from a recruitment as well as synergistic perspective. According to CEO Jason Gorevic, the company is putting the capital raised from its 2015 IPO to 'good use' in pursuing both organic and acquisitive expansion. He told delegates Teladoc was the only truly comprehensive provider in the increasingly crowded virtual healthcare space, with operations in over 125 countries.

'Our best estimate is that we're about five or six times larger than our next closest competitor...and scale matters in this business...physicians work with us because Teladoc has the volume,' he said.

'We have been an acquisitive company,' he added. 'We thought the opportunity in front of us was such that there was an unmatched opportunity to bring together assets that increased the scope of our services but also the footprint both geographically and in terms

of the market segments that we serve and that's proven to be very successful. It has given us the ability to grow organically as well as through acquisition. Scale matters in this business and its certainly helped us financially in terms of taking advantage of economies of scale but it has also really given us the opportunity to play a really different role and create something new in virtual care beyond just a replacement of the urgent care centres.'

CareTech said its 'transformational' acquisition of Cambian would give it the scale to expand its service proposition as well as deliver value for investors. Although in the near-term, CareTech is focussing on integrating the two businesses, Sheikh said the company also has the bandwidth for international expansion and is 'very interested in opportunities in the Middle East'.

The global village

In an increasingly global healthcare market, expansion into new geographies has become part of the core growth strategy for many of the major players in the healthcare services sector. International expansion is likely to remain a key feature in the year ahead. However, as the Jefferies Conference demonstrated, organisations are taking very different approaches to cross-border growth.

Mediq BV said that over the last ten years, the profile of the company had changed from a 'Dutch-based distribution company' to a 'truly international healthcare player', with a well-positioned pan-European platform able to capitalise on emerging opportunities.

'Our international reach allows us to scout and identify trends in therapy areas in which we operate but also in the product categories,' said Wojczewski. 'We steer the portfolio towards more attractive segments, considering the growth opportunities in those segments, considering factors like patient-centred care because it's also quite clear that depending on the therapy field, the length of stay of patients can vary between a couple of weeks and a couple of years.'

Steve Grobet, IR director at pan-European nursing home provider Orpea told delegates the company was looking to increase market share by targeting new countries over the next five to ten years.

'The big story of Orpea is very easy. Orpea was a French company ten, 15 years ago then we started slightly investing in new countries close to France. Over the last six years, we became a European group by expanding in a lot of European countries and being a European leader in 11 countries, and the next step that we started one year ago is to become a more global group offering our know-how in many other areas and accelerating the expansion in Eastern Europe and in Brazil and other countries,' he said.

However, Grobet said there were two countries where Orpea 'would never go' - the UK and the US. 'In these countries,' he added, '80% of the beds are private but in both countries you don't have 80% of people who can afford them.'

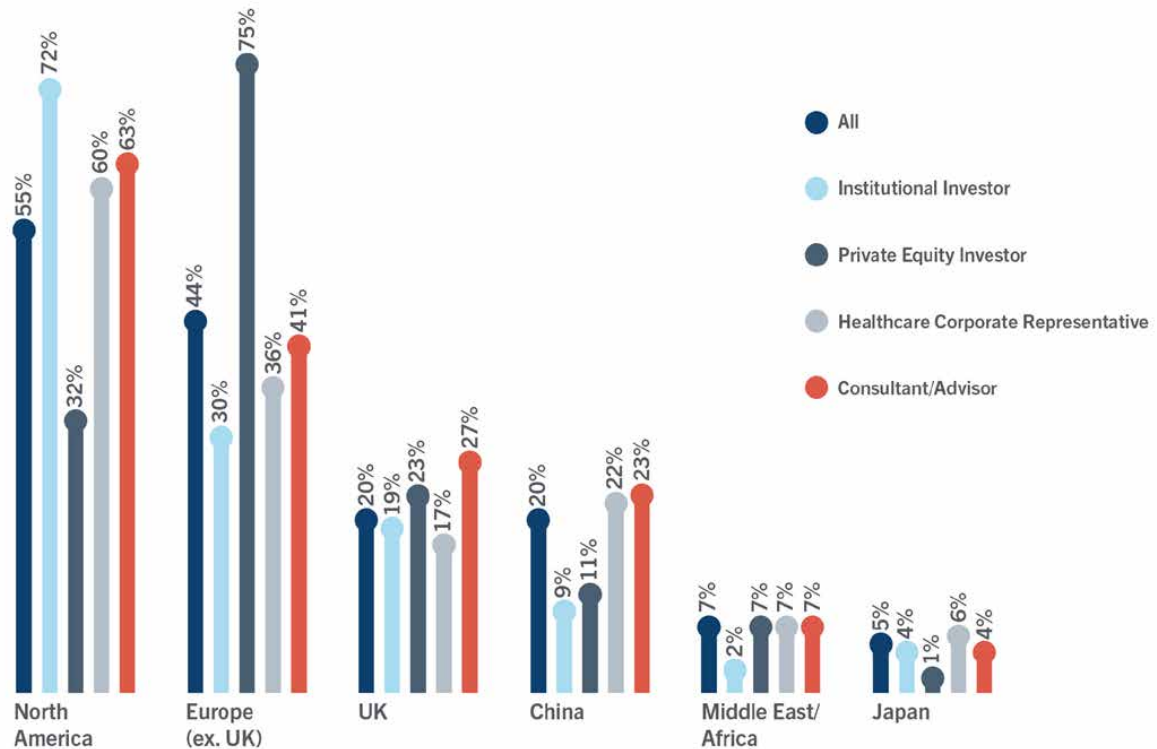
UK-based specialist home healthcare provider, Healthcare at Home remains a predominantly UK-based business but CEO Darryn Gibson told the conference that its medical logistics business was now operating on a pan-European basis in 15 countries.

Other companies were taking a targeted approach to expansion and carving out opportunities in particular regions. Integrated health and care operator Attendo AB has operations across Sweden, Finland and Denmark, but said it had no immediate plans to look for growth beyond the Nordics.

CEO Martin Tivéus said: 'I don't see us needing to go out of Nordics in the hunt for growth because prospects in the Nordic region are very good. The opening of opportunities in Denmark is very good,

OUR
INTERNATIONAL
REACH ALLOWS
US TO IDENTIFY
TRENDS IN
THERAPY AREAS

JEFFERIES HEALTHCARE TEMPERATURE CHECK
GEOGRAPHIC OPPORTUNITIES FOR 2019



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there is a lot to do in the Nordics. Having said that, long term it would be good for a company like Attendo to have more markets to manage growth in the very long term. At some point if the timing is right, it is possible we will go outside, but there's no stress.'

Healthcare in the Nordic region is underpinned by favourable demographics, with an ageing population across Sweden, Denmark and Finland. In Sweden, 18% of the population have passed retirement age and, over the next two decades, the number of people aged 80-plus is expected to increase from around half a million to 800,000. At the same time, the policy environment looks set to become increasingly pro-private sector. Although still being debated, SOTE reforms in Finland could open up the healthcare market to a greater range of providers, while recent Swedish elections saw a swing away from the left in local municipalities, which could present long-term opportunities to shift market share towards greater private sector provision.

'The need for elderly care services is

going up,' said Tivéus. 'If you look at the 85-plus segment in Nordics, it is expected to grow rapidly. That in combination with higher public spending makes the Nordic region almost the same size as the UK or France as a whole.'

Likewise, Stockholm-listed care home group, Ambea which recently acquired the care operations of Aleris in Norway, Sweden and Denmark for SEK 2.6bn, said it too would remain focused on the Nordic region in the short term at least.

CEO Fredrik Gren told delegates: 'When we started exploring international opportunities, we did a full review of Nordic countries and also looked at northern European states, and concluded early that our business model is very similar in the Nordics. We feel very comfortable in the Nordic countries. When it comes to northern Europe, I think the market for elderly care is crowded there, so the area we are looking into is the disabled care space... but I think we'll have our hands full for quite a while with [the Aleris] acquisition.'

Planet health

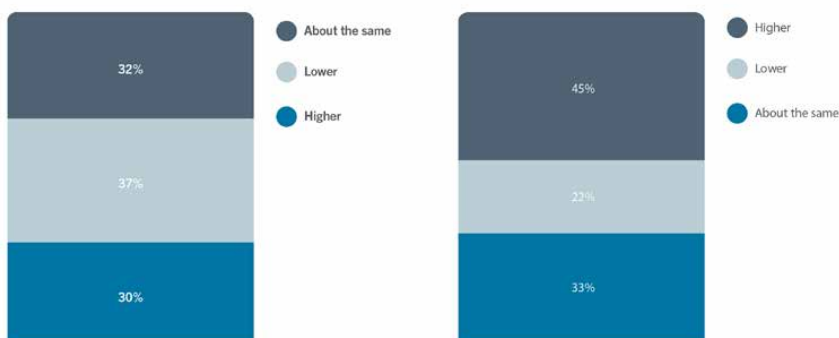
According to the *Healthcare Temperature Check*, investors are split on where will offer the best growth opportunities in 2019. Institutional investors and corporates see North America as providing the greatest value opportunities while an overwhelming majority of private equity investors view Europe more favourably.

Respondents to the survey, felt that the UK, China and the rest of the world offered fewer opportunities in the year ahead. Nevertheless, several healthcare services providers said they remained committed to pursuing growth strategies in emerging markets.

Groupe Elsan said it planned to leverage its mature operating model in areas outside of continental Europe.

'We have today up and running two hospitals in Morocco. We have some ongoing investments in Africa...so we think emerging markets are providing good opportunities for us,' said Sylberg. 'For now, we have decided not to develop in the continental Europe mature markets

JEFFERIES HEALTHCARE TEMPERATURE CHECK
EXPECTATIONS FOR 2019 - FTSE 100 V. MSCI WORLD HEALTH CARE INDEX



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The future is digital

The conference also heard how healthcare services companies are looking to embrace digital healthcare. Most insurers now offer some form of access to virtual consultations and healthcare providers are increasingly using technology to drive efficiency and enhance the patient experience.

Groupe Elsan said the rise of digital platforms was presenting interesting opportunities for traditional building-based services to develop new partnerships and, potentially, income streams.

Sylberg told delegates: 'Everybody wants to do something in a e-healthcare but we believe that to do something in this space you have to have access to the hospital operator - if you want to basically address acute services you need the hospital operator, so we don't believe that we are going to be ourselves an important player in terms of creating solutions but we see ourselves as being a very important piece in terms of integrating solutions - we view ourselves very much as an integrator.'

Gibson said Healthcare at Home was in the last stages of selecting a partner for digitalising its offering to patients in what would be a step-change to patients' experience of its service.

'Unsurprisingly, we see the future is digitisation... our patients compare our service not to other homecare providers but to other services they receive in the home, and we'll recognise today the ease with which they can organise and arrange their life digitally, which is what we need to be offering... therefore we need to accept this and embrace it as an opportunity to offer additional benefits for stakeholders,' he said.

Tunstall, which specialises in connected healthcare solutions to enable older people and those with long-term needs to live independently, told the conference that advances in technology, together with market dynamics, were driving change in the way healthcare is delivered.

CEO Gordon Sutherland said: '[There is] a global shortage of doctors and nurses, we simply do not produce enough doctors and nurses worldwide to cope with the demand. No longer is it possible to find such qualified people from different parts of the world and bring them into Western Europe, it just doesn't exist.'

because our strategy is to try to capture growth and we think that markets where there is a need for equipment and where the governments in some of those countries are putting a high priority on healthcare, we can play a role.'

Likewise, Stockholm-listed Medcover, which operates integrated healthcare and diagnostics businesses across central Europe, said its recently acquired Indian business MaxCure would be a key focus in the year ahead, with 'turbo-charged' roll out of greenfield fertility clinics in a number of the country's States.

However, Rågmark told the conference that for the foreseeable future, the company planned to concentrate on markets where it already has a foothold. 'Including in India, there's so much work for us to do that I don't think you should expect us to go into any new geographies in the short to mid-term. There's so much to do where we are right now,' he said.

Just 2% of institutional investors and 7% of corporates and other investors who responded to the Jefferies survey believe that the Middle East and Africa will present the biggest value opportunities in 2019. However, Humania Capital, an investment platform dedicated to healthcare opportunities in the Middle East and emerging markets, maintained that the former presented significant opportunities due to its concentration of high-income countries.

Humania Capital president Makarem Batterjee told delegates: 'There is a major gap in supply in demand which is a great opportunity for the private sector to go and invest... Egypt is an example of a country seeing expenditure increasing as its economy expands and Saudi Arabia ... at the end of the day these countries have

high purchase power parity ... high GDP per capital ... they are very interesting countries to invest in because they spend a lot on healthcare per person.'

Despite the quest for international scale, some healthcare services providers remain focused on their

THERE IS A MAJOR GAP IN SUPPLY AND DEMAND WHICH IS A GREAT OPPORTUNITY FOR THE PRIVATE SECTOR TO GO AND INVEST

domestic markets, albeit with an eye on international patients. Gamkrelidze said GHG had no plans to deploy capital outside of Georgia, but instead was looking to export its services by targeting medical tourism in the region.

'If two or three years ago someone would have asked me what is the potential for medical tourism, I would've said it's a little bit faraway but then basically what we see...is that with a four million population, this year we'll be hosting eight million-plus visitors... Georgia has the best hospital infrastructure across all former Soviet countries,' he said.

And, we have got advances in technology that are making things possible. So that combination of the number of old people who want to stay at home, not enough doctors and nurses, a shortage of cash in most economies to cope with that demand, aligned with technology hardware, software and systems that allow us to change how social care and healthcare is provided is a wonderful opportunity for companies such as Tunstall moving forward.'

Adding value

Indeed, creating additional value for stakeholders, whether they be investors, commissioners, insurers or patients, is likely to be a key driver of growth for healthcare services companies as global healthcare systems gravitate away from fee-for-service towards value-based care models.

Several healthcare services companies presenting at the conference mentioned positioning for a value care model. GHG has a hybrid model and is able to take a whole patient view through its mix of hospital, insurance, pharmacy and primary care operations. Medcover is already advanced in the delivery of value-based care, offering prepayment services in return for private care provision. Key for the company now, is developing an integrated approach to health and care, which captures patients early and retains them in the long-term.

The company, which is active across acute hospital services and diagnostics markets in Poland, Ukraine, Romania and Germany, said there were interesting opportunities for integration, particularly in its Polish Insurance business, where it recently expanded its wellness offering with the acquisition of a majority stake in Polish fitness provider OK System.

'There's a lot of synergies we believe in bundling the access to sports facilities and healthcare. Also very importantly, you could argue that the border between what is healthcare and wellbeing is a bit blurred...we make a lot of money if our members are healthy...the more we can have our members looking after themselves and living a healthy life it's good for Medcover, it's good for those individuals and it's actually good for this business we just bought,' said Rågmark.

Finnish healthcare services giant Terveystalo Oyj, recently expanded its

acute healthcare portfolio with the €233m acquisition of Attendo's Finnish healthcare business, but said it was increasingly moving into the provision of wellbeing and wellbeing services.

CEO Yrjö Närhinen told the conference: 'For us, the idea is that we can manage the entire care chain as well as manage the long-term contact with the customer.'

However, he added that with the acquisition of the Attendo business, the company planned to take a dual-track approach to reimbursement.

'We are fee-for-service. The good thing about fee-for-service is that if you improve your service, the price reflects upwards. [Attendo] are very much operational efficiency, capitated public money, which means they have operational efficiency at the heart. Their price doesn't flex upwards, but they need to earn themselves into margin and I think these two skills, talking about the future of healthcare, will ultimately allow you to combine fee-for-service as well as capitation equally. I think this will provide us with the broadest career plan for physicians in Finland, because I think, essentially, we can offer relevant possibilities be it for a young physician or really specialised doctors,' he said.



Jefferies Healthcare
Temperature Check
Available from
jefferies.com

Conference Conclusions

Overall, the market remains optimistic about the outlook for the healthcare sector in 2019. According to the Jefferies Healthcare Temperatures Check, there is no clear consensus among investors' expectations for FTSE 100 performance this year, with responses balanced between up, down and flat. In contrast, 78% of respondents thought healthcare stocks would remain flat or increase in value in 2019, with only 22% anticipating a decline.

Healthcare services might not be driven by the same high levels of innovation as Biopharma, where targeted and gene therapies could propel dramatic growth. Continued pressure from payors and the shifting regulatory environment in several geographies, such as SOTE reforms in Finland and Emmanuel Macron's overhaul of the French healthcare system, are likely to continue presenting challenges and opportunities in the near-term. In addition, political uncertainty and the prospect of economic downturn could impact on service providers, particularly those operating in elective care, where patients can opt to delay treatment or turn to public provision to avoid out-of-pocket expenses.

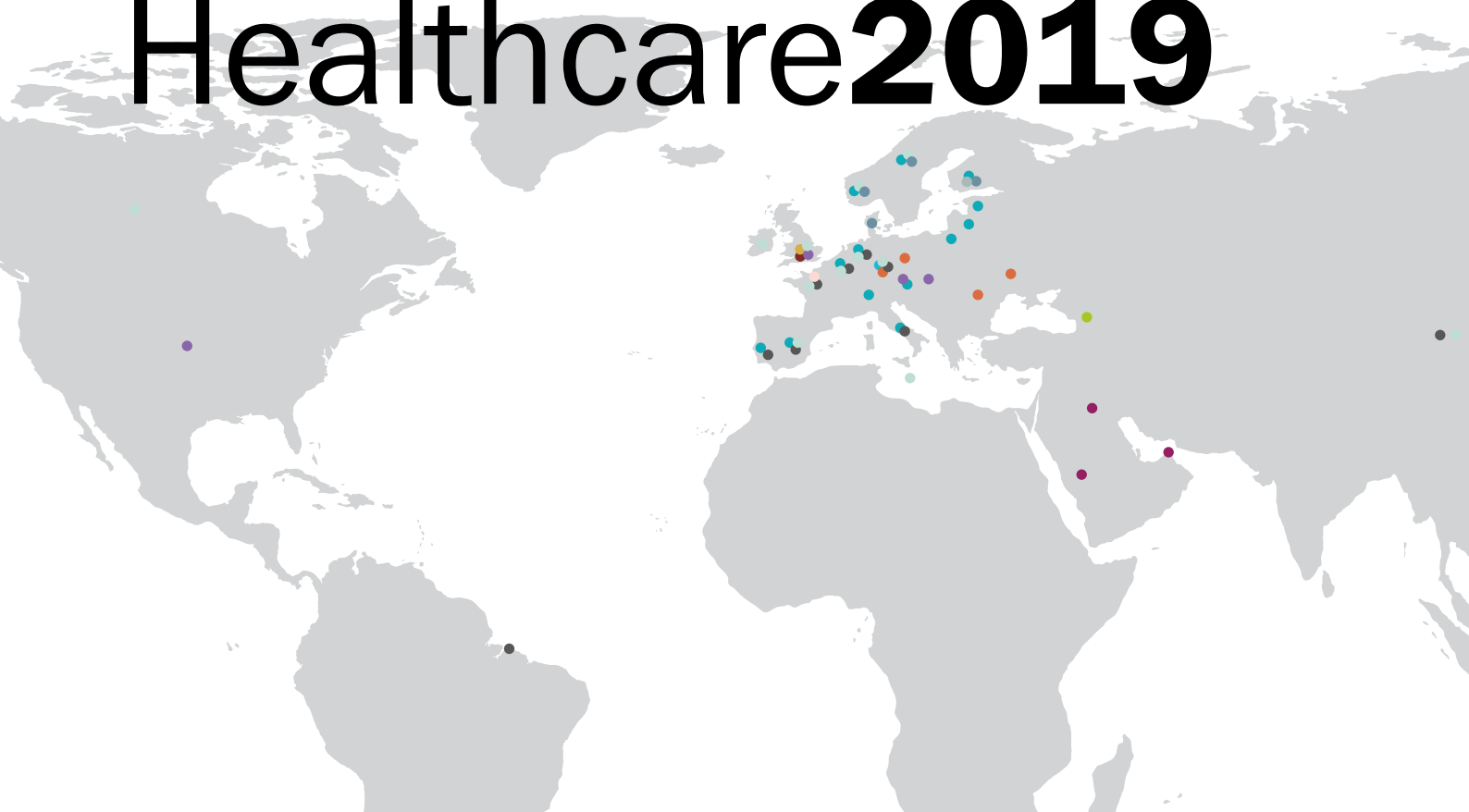
However, the mood at the Jefferies conference was that there could still be significant gains for those companies able to build scale, integrate across multiple service lines, develop innovative solutions and, above all, deliver value for payors.


And although in the short-term, margins could be constrained by pricing and regulatory pressure, the long-term fundamentals and underlying demographics remain enticing.

As Tunstall's Sutherland summed it up: 'It is fair to say the elderly population is increasing at an exponential rate. It's a tsunami of elderly people coming towards our health and social care systems across the board.'

The geographical scope of speaker organisations listed within LaingBuisson's reports from the 2018 Jefferies London Healthcare Conference

Healthcare2019





Holistic provider of remote digital care and health services designed to enable security, independent living and choice of care options for members with a disability, long-term condition or members of the senior community.

Established	1957	HQ	Doncaster, UK
Employees	4,300	Chief executive	Gordon Sutherland
Areas served	UK, Australia, Belgium, Canada, China, Denmark, Finland, France, Germany, Ireland, Malta, the Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland		


tunstall.com



Investment platform dedicated to healthcare opportunities in the Middle East and emerging markets.

Established	2017	HQ	Dubai, UAE
Employees	unknown	President	Makarem Batterjee
Areas served	UAE, Egypt		

humaniacap.com



Largest private hospital company in France present in all regions and active in all hospital-related fields, including medicine, surgery, obstetrics, oncology, post-operative care and rehabilitation, home care, and psychiatry.

Established	2015	HQ	Stockholm, Sweden
Employees	23,000	Chief executive	Thierry Chiche
Areas served	France		

groupe-elsan.com



Private provider of healthcare and social care services across the Nordic region.

Established	1903	HQ	Stockholm, Sweden
Employees	26,000	Chief executive	Fredrick Gren
Areas served	Sweden, Denmark, Finland, Norway		

ambea.com

Terveystalo

terveystalo.com

Healthcare service provider offering versatile healthcare, occupational healthcare, medical and examination services in around 180 clinics.

Established	2001	HQ	Helsinki, Finland
Employees	9,000	Chief executive	Yrjö Närhinen
Areas served	Finland		



caretech-uk.com

Provider of specialist social care services for children, young people and adults, through educational facilities, residential care, foster care, and mental health services.

Established	1993	HQ	Potters Bar, UK
Employees	9,300	Chief executive	Haroon Sheikh
Areas served	United Kingdom		



mediq.com

Distributor of medical supplies and related advice and services such as for ostomy, diabetes, wound care, respiratory care, and infusion to healthcare institutions in Europe.

Established	1899	HQ	Utrecht, Netherlands
Employees	2,600	Chief executive	Christian Wojczewki
Areas served	Netherlands, Germany, Denmark, Belgium, Sweden, Norway, Finland, Hungary, Switzerland, Estonia, Latvia, Lithuania		



ghg.com.ge

Largest healthcare services provider in Georgia offering a range of inpatient and outpatient services through its network of hospitals and polyclinics, as well as medical insurance and pharmaceutical retailer and wholesaler services.

Established	2015	HQ	London, UK
Employees	15,000	Chief executive	Nikoloz Gamkrelidze
Areas served	Georgia		



medicover.com

Healthcare and diagnostic services provider operating a broad spectrum of services via a network of ambulatory clinics, hospitals, specialty-care facilities and laboratories.

Established	1995	HQ	Stockholm, Sweden
Employees	16,000	Chief executive	Fredrik Rågmark
Areas served	Poland, Germany, Romania, Ukraine		



orpea-group.com

Supports long and short-term physical and mental dependency needs through facilities and services: nursing homes; post-acute and rehabilitation facilities; psychiatric care facilities and homecare services.

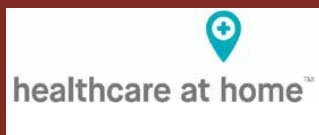
Established	1989	HQ	Paris, France
Employees	54,000	Chief executive	Yves Le Masne
Areas served	France, Belgium, Netherlands, Germany, Poland, Czech Republic, Austria, Switzerland, Italy, Portugal, Spain, Brazil, China		



teladoc.com

Telemedicine company that uses telephone and videoconferencing technology to provide on-demand remote medical care via mobile devices, the internet, video and phone.

Established	2002	HQ	New York, USA
Employees	1,200	Chief executive	Jason Gorevic
Areas served	USA, UK, Netherlands, Germany, Russia, Czech Republic. Company claims 125 countries		



hah.co.uk

Homecare and out-of-hospital services provider in the UK and Europe with a range of services such as prescription processing, dispensing, compounding, drug treatment monitoring, and specialist nursing in partnership with the NHS, private medical insurers, and pharmaceutical companies.

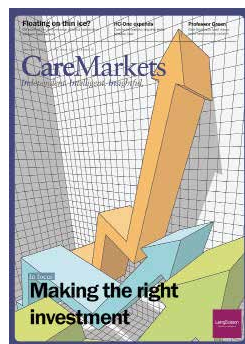
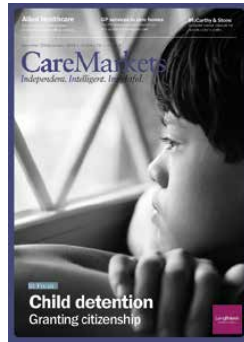
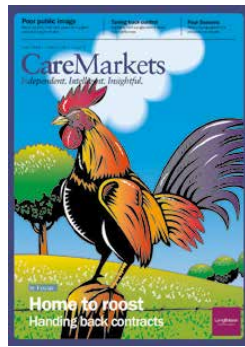
Established	1992	HQ	Burton upon Trent, UK
Employees	1,700	Chief executive	Darryn Gibson
Areas served	UK. Company claims operations in a further 15 European countries		



attendo.com

Largest private provider of care services in the Nordic region. Provides services ranging from elderly and social care to health, medical and dental care.

Established	1985	HQ	Danderyd, Sweden
Employees	24,000	Chief executive	Martin Tivéus
Areas served	Sweden, Denmark, Finland, Norway		



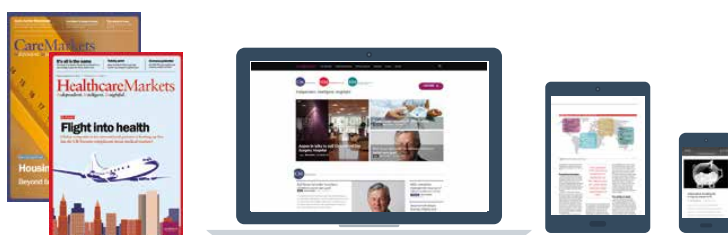
And new for 2019...



LaingBuisson's brand new title covering healthcare activity across EMEA and the Nordic Regions



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HM meets... Ashwin Pai

Managing director of Healthcare Investment Banking at Jefferies Ashwin Pai talks to **Maria Davies** about the outlook for healthcare as we enter the late economic cycle and an increasingly turbulent geopolitical environment

HM Can you tell Healthcare Markets a bit about your background?

AP I am a Managing Director at Jefferies and lead the firm's European healthcare services investment banking business.

I have spent my entire 16-year career in healthcare investment banking, most of it at Jefferies. Within the healthcare services sectors in the UK and Europe, we have completed 15 M&A and capital raising transactions over the past two years.

HM What about Jefferies? Can you tell us a bit about your focus and activity in the global healthcare market?

AP Jefferies is the largest independent, full-service, global investment banking firm. We are present in 13 countries across the Americas, Europe, and Asia.

Healthcare is our largest sector with over 100 dedicated healthcare investment bankers globally, including 23 managing directors covering every healthcare vertical. Our client strategy is to provide deep subsector expertise, delivered through senior bankers and supported by best-in-class M&A and capital markets capabilities.

Over the past two years, we have completed 78 M&A transactions, 174 equity transactions, and 88 leveraged finance transactions for healthcare companies globally.

HM The Jefferies London conference attracts companies from across the world of healthcare, when did it start and how has it grown in recent years?

AP We hosted our ninth annual Global Healthcare Conference in London in November 2018. We had 485

participating healthcare companies and 2,150 participants from corporates and private equity and institutional investment firms.

INVESTMENT
POOLS ARE
BECOMING
INCREASINGLY
INTERNATIONAL
WITH PRIVATE AND
PUBLIC INVESTORS
SEEKING GROWTH
AND VALUE
OPPORTUNITIES
ON BOTH SIDES OF
THE ATLANTIC

Our conference is now widely recognised as the go-to healthcare conference in Europe in terms of quality and size, offering a unique platform for owners and c-level executives to build business relationships as well as meet with investors. This year, we facilitated over 5,400 business-to-business and investor meetings at our conference over two days. We are very selective about whom we

invite, focusing on decision-makers at high calibre companies and important clients of Jefferies.

HM Companies from across the globe presented at this year's conference, do you think the healthcare market is becoming increasingly international?

AP Unlike the life sciences and medical devices sectors, healthcare services is predominantly national or regional and we don't see this changing materially.

However, investment pools are becoming increasingly international with private and public investors seeking growth and value opportunities on both sides of the Atlantic. The profile of corporates at our conference reflects this, with nearly 60% coming from the UK and Europe, one-third from the Americas, and 7% from Asia.

HM Given differences in healthcare systems around the world, what scope do you think there is in the market for the development of pan-European and international healthcare brands?

AP Healthcare systems in Europe run at the national level, are complex, and vary in their provision, governance, and funding. Learnings therefore cannot easily be translated to new markets and operational synergies are limited.

Segments such as diagnostic laboratories and imaging have standardised services and procurement benefits that have supported the creation of multinational groups.

Over the past two years, we have seen the emergence of private equity-based multi-country veterinary and dental services platforms that have

IN HEALTHCARE
SERVICES...
CORPORATES
CONTINUE
TO ACTIVELY
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THEIR DOMESTIC
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SMALL BOLT-ON
M&A

sizable procurement synergies but also very specific operational know-how to professionalise and consolidate fragmented markets dominated by 'mom and pop shops'.

With constantly changing healthcare systems, public funding constraints, and fragmented markets, we expect most services companies to focus on their home markets. However, there may be some that cautiously enter adjacent markets that share structural and cultural similarities as they look for new growth and diversification opportunities.

HM Has investor interest in healthcare intensified over the last decade and why?

AP Healthcare has long presented an attractive combination of being defensive but still offering significant growth opportunities.

Over the past decade, the well-known trends of ageing populations and growing incidence of chronic diseases have taken the cost burden on government budgets to untenable levels. This is intensifying the need for new models of care that focus on preventive, predictive, clinically effective, and affordable care. Technology is playing an ever-growing role, and the entry of technology leaders such as Alphabet [the parent company of Google], Amazon, Apple and Microsoft is set to accelerate this trend. While we are only at the beginning of a transformation of healthcare delivery – and it will take time particularly in markets dominated by state provision – investors are eager to be at the forefront of this change.

HM Jefferies has recently published its first Healthcare Temperature Check on the global healthcare market, why do this now?

AP We launched our inaugural Jefferies Healthcare Temperature Check report to coincide with our recent Healthcare Conference in London. The report is based on views and sentiments from nearly 500 senior leaders, from major investors to CEOs.

As our conference has grown in scale and stature to become the premier

corporate and institutional healthcare conference in Europe, it offers us a once-in-a-year opportunity to capture a holistic and statistically relevant view of the year ahead from industry leaders. We will continue to publish our *Healthcare Temperature Check* to coincide with our conference in November of each year, and importantly, to track how the expectations from the prior year compared with reality.

HM What were the main findings of the report and were there any surprises?

AP The report covered ten highly pertinent topics in healthcare. The surprises were around the divergent views on valuation levels.

While 75% of institutional investors view asset pricing in healthcare to be fairly valued, with over half believing there is more to go, private equity investors are more cautious with nearly 45% believing there to be an asset inflation bubble.

There was also no clear consensus from the industry on the FTSE 100 Index performance in 2019, with responses balanced between up, down and flat. This is further evidence of the heightened uncertainty surrounding political and policy developments and their potential impact on industries.

HM How much activity has there been in the healthcare market over the last year in comparison with previous years and which segments of the market have seen the most M&A activity?

AP According to Dealogic, healthcare M&A activity in the United States and

Europe declined by 13% by number of deals but increased by 10% by value in 2018. The life sciences sector witnessed several multi-billion-dollar M&A deals in rare disease therapies and personalised medicine, as well as corporate carve-outs as companies sought to realign their strategic focus.

On the healthcare services front, corporates continue to actively consolidate their domestic markets with accretive but small bolt-on M&A and we have seen this across sectors such as medical services, nursing homes, behavioural health and laboratories. The mid-market tends to be dominated by financial buyers, including infrastructure funds, where they face less competition from corporates who tend to be more cautious and have limited synergies.

Financial buyers are also able to use more leverage, move nimbly in sales processes, and underwrite more aggressive expansion strategies. We have seen them being active across the board, including in behavioural health, nursing care, medical services, dental services, and veterinary services.

HM What is happening with valuations in the market?

AP There has been a lot said about high valuations in recent years, driven in part by historically low interest rates and the large quantum of dry powder.

Financial buyers are paying premium 'platform' multiples for businesses with scale, market leadership, strong organic growth, operational excellence, and high-quality management teams.

Such assets are few and far between, particularly in Europe where markets remain highly fragmented, so you have a lot of money chasing the same targets. The value creation then comes from the strategic expansion of the platform to extend market leadership in its existing markets or expand into new markets. This is often achieved through bolt-on M&A that 'averages down' the platform multiple and provides access to synergies. To minimise the execution risk, acquirors are therefore laser-focused on the managerial and operational capabilities



HM meets...
Ashwin Pai

Managing Director - Healthcare Investment Banking, Jefferies

Career

Managing Director - Healthcare Investment Banking, Jefferies (May 2010 -)

Vice President - Healthcare Investment Banking, Citigroup (August 2005 - April

2010)

Associate - M&A Advisory, ABN AMRO (August 2002 - August 2005)

Education

Brandeis University

[linkedin.com/in/ashwin-pai-5325612/](https://www.linkedin.com/in/ashwin-pai-5325612/)

of the platform and on taking a hands-on approach to their investments.

HM We have seen some very low value deals this year and others that have sparked a huge amount of interest from potential investors, what are investors looking for in healthcare assets?

AP There is no one size fits all and it depends on investors' investment strategies and target returns. While some seek defensive and predictable cash flows, others seek growth.

Naturally, higher multiples are associated with higher growth businesses. Against a backdrop of government austerity, we have seen strong interest in businesses with private-pay and non-discretionary spend, specialised services, and/or multi-country presence.

Businesses exposed to public-pay can also attract strong interest so long as they are well tooled to withstand pressures such as tariffs and staff costs, and have dominant positions in their markets. Acquirors are being a lot more selective about where they spend their time, focusing on the high-quality businesses where they have an angle or believe there is opportunity for further value creation beyond the base case business plan.

Importantly, investors want to back operators in fragmented markets that are well-positioned to drive a value-accretive consolidation strategy and to capture market share from sub-scale operators unable to adapt to market changes. Failed sales processes have usually involved businesses with negative operational trends in areas such as occupancy and staffing costs or where value expectations are not commensurate with growth and margins.

HM How far has the turbulent geopolitical environment impacted activity and valuations in the market?

AP Healthcare services tends to be very localised and more insulated from geopolitical factors compared to many other sectors. The main risks to valuation come from greater government austerity on pricing of products and services due to slowing economic growth and rising

WE CONTINUED
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IN THE UK
FOLLOWING THE
BREXIT VOTE...
HOWEVER,
THE GROWING
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TEMPERED
INTEREST

healthcare costs. Except for the UK, where Brexit has created a pause, we haven't yet seen valuation levels decline materially in other European markets.

HM What about Brexit? How far is this impacting on investor confidence and is it making UK healthcare assets less attractive to investors?

AP We continued to see interest in UK healthcare services following the Brexit vote in mid-2016. However, the growing uncertainty has substantially tempered interest as there is a fear of the unknown around its impact on overall economic growth, healthcare budgets, consumer confidence, healthcare staffing, and exchange rates (which impacts foreign investors). Investors are therefore less willing to risk investing large amounts in the UK only to see values decline materially in the near term.

According to Jefferies' *Healthcare Temperature Check*, which polled respondents in early October 2018, 22% believed Brexit would have a very negative impact on the healthcare sector, 46% believed it would be slightly negative, and 18% believed it would be neutral.

HM Given the political uncertainty, do you think 2019 will be a slow year for healthcare activity?

AP While there appears to be broad consensus that the global economy is late cycle, we expect M&A activity in healthcare services to continue, supported by high levels of dry-powder

and low interest rates, and healthcare remains a favoured investment destination for investors.

While the valuation multiples overall might come down as investors price in lower growth, premier assets should continue to attract strong interest and higher multiples as investors seek to put capital to work.

According to our *Healthcare Temperature Check*, around 90% of investors expect to increase or maintain their allocation to healthcare equities and most seeing the sector as an outperformer of the wider market. This buoyancy also translates across to M&A with 80% of respondents anticipating transaction activity to be higher, or at the same level, in 2019 as in 2018.

HM Looking further ahead, what are your forecasts for the international healthcare market over the next five years?

AP Healthcare service providers, who are very unlikely to see any tariff increases, will need to deliver operational efficiencies while maintaining or increasing service levels. This will require them to innovate new models of care, enabled by technology.

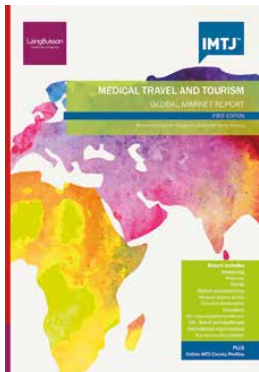
Consumers will be early adopters; however, governments will need to be convinced about the cost and clinical benefits of new treatment models.

Overall, however, healthcare service providers will continue to attract strong interest over the next five years as the demand from an ageing population continues to intensify.

Unique global oversight of an international market

Global medical tourism is increasing annually. What is changing rapidly is each country's share of the total market, and the nature of medical tourists that they are attracting. Countries thought of as suppliers of medical tourists – the US, China, Russia and the Gulf nations - are turning the tables and becoming major destinations.

This new report discusses the dynamics of medical tourism, providing insights into the supply chain, business models, products and the targeted consumer, and how the rise of medical tourism portals is having an effect. The report includes an additional section on the impact of Brexit on cross border healthcare from the UK.



Reasons to buy

Trying to keep up-to-date with the ever-changing world of medical tourism is a challenge for every destination and healthcare provider involved in the international patient business.

Organisations must refine their medical tourism strategy in response to a changing market. To do that, they need to know the latest on which countries are doing well or badly, who is going where, the treatments they are seeking, why they are going there, and how political, economic, social and technological change are impacting the medical tourism market.

The Medical Travel and Tourism global market report provides extensive insight into what is happening now, and what the future trends may be. In addition to the report, purchase includes online access to IMTJ's constantly updated Country Profiles: a unique database giving a high end overview of healthcare systems and services while also listing up to date statistics on population, healthcare workforce, healthcare expenditure/provision/activity and the values of both inbound and outbound medical tourism.

Who is the report for

- C-suite professionals working in healthcare markets around the world
- Hospital and clinic groups operating internationally
- Travel agents
- Banks and other financial institutions
- Investors and private equity
- Insurers
- National government policy-makers
- Lawyers
- Policy advisors
- Think tanks
- Management consultants

What the report includes

- Overview
- International Medical Tourism
- Global Figures
- Top 20 Medical Tourism Destinations
- Top 25 Outbound Sources
- Top 20 Health and Wellness Destinations
- International, Regional and Domestic Market Commentary
- Agencies and Facilitators
- Customer Profiles
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Chosen provider of independent sector healthcare market data to the UK Government ONS

Jefferies' ninth Annual Global Healthcare Conference attracted 485 healthcare companies and over 2,150 senior-level attendees from across corporates and institutional and private equity investors, making it the largest healthcare-dedicated conference in Europe and providing valuable insights into current thinking and market trends. Among the many events was a panel on private equity investment. Healthcare Markets editor **Maria Davies** reports



More capital chasing fewer assets

While there is no indication that we are poised on the edge of another global recession, there is consensus that Europe and the US is relatively late in the business cycle. This makes the defensive, dependable healthcare sector all the more of a lure for investors, particularly those prepared to be in it for the long haul.

Despite challenging geopolitical and regulatory climates, globally, healthcare M&A activity has been booming in recent years and, according to Jefferies inaugural *Healthcare Temperature Check*, it's a trend that looks set to continue – in the near term at least.

Jefferies surveyed over 500 senior leaders in the sector for its report and over 90% of respondents – both

DESPITE
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AND REGULATORY
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institutional and private equity – said they planned to maintain or increase their exposure to healthcare stocks in 2019.

With investors and healthcare corporates predicting either a continuation or an increase in the already high levels of deal activity as we enter 2019, opportunities for expansion and consolidation could be rife.

The flipside, however, is a challenging market for investors as more and more capital chases fewer and fewer high-quality assets.

At its healthcare conference in November, Jefferies brought together a panel of four of the most influential private equity investors operating in the healthcare space to discuss the outlook for healthcare: Catherine Petty, partner and head of European healthcare at CVC Capital

Partners; Benjamin Kunstler, partner and head of European healthcare at Bain Capital Private Equity; Thomas Vetander, principal focusing on healthcare investments at Nordic Capital; and Åsa Riisberg, head of EQT Partners global healthcare sector, in a session moderated by Michael Dodds, managing director and global head of healthcare sponsor coverage at Jefferies LLC.

Petty told delegates that healthcare remains a strong defensive play with solid underlying growth, which at this stage in the cycle is attracting a broader range of investors into the market.

'It's a very difficult environment, an increasingly competitive environment with some very able competition and also some new entrants that have a very different cost of capital, so I think that we will see much more intense processes in place,' she said.

Multiples in the sector have been rising steadily in recent years. Three-quarters of institutional investors questioned for Jefferies' survey believe assets are fairly priced but almost 45% of private equity investors say there is an assets inflation bubble.

However, according to Kunstler, the increase in valuations is not confined to healthcare.

'Every sector we look at we see inflated multiples...for a very long time there's been a very strong inflow of capital in private equity,' he told delegates. 'We

WE ARE SEEING TREMENDOUS OPPORTUNITIES AS YOU CONTINUE TO SEE PORTFOLIO REALIGNMENT FROM VERY LARGE COMPANIES

recently looked at how much capital has been raised over the last five years versus the last ten years and you can sometimes see a 40%, 50% increase... There are also new pools of capital as some of our investors decide to go direct so if you think about the increasing pool of capital investing in the private equity asset class you see that as a result, mechanically, across sectors the multiples go up.'

Nevertheless, Kunstler agreed that healthcare valuations were being driven up as investors sought shelter in a relatively a safe haven which can provide both growth opportunity and resilience.

'At certain times, people pay up for stability and safety so in that context

everything is expensive and you've seen a particular rise in sectors like healthcare,' he said.

'In that environment, what we've seen is that healthcare is still quite fragmented and I think all of us have been trying to buy platforms, so what happens is that you pay a platform price.'

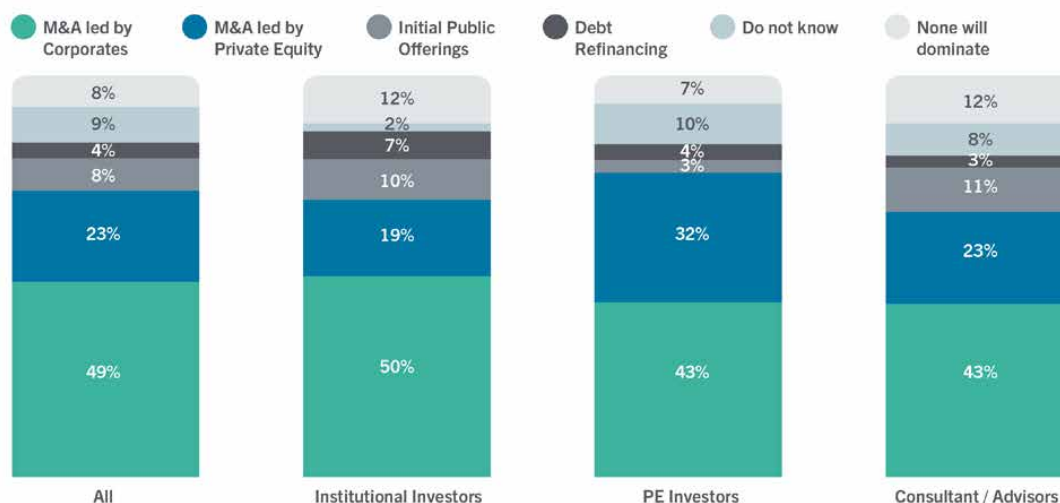
According to Petty, the current environment also means investors are looking to hold onto assets for longer and, as a result, are seeking out businesses with strong growth opportunities or the capital stretcher to support them through the cycle.

However, she said that despite emerging opportunities in the market, investors needed to be cognisant of the risks, particularly in the European and US markets.

'As we all know, the challenges in this space are also very significant right the way through from payors and reimbursement through to the regulatory environment we are in, so I think it's a very challenging environment right now for us to be investing and I think we have to be extremely thoughtful about actually managing the risk versus the opportunity around businesses. But at the same time, I think we are also seeing tremendous opportunities as you continue to see portfolio realignment from very large companies and hence a lot of opportunities as well,' she told delegates.

However, according to Vetander, it is

JEFFERIES HEALTHCARE TEMPERATURE CHECK M&A - AREAS OF TRANSACTION ACTIVITY EXPECTED IN 2019



SOURCE JEFFERIES HEALTHCARE TEMPERATURE CHECK

SOME INVESTORS ARE LOOKING AT THE SMALLER END OF THE HEALTHCARE SERVICES MARKET WHERE THE POTENTIAL EXISTS TO ACCELERATE GROWTH

not just investor interest that's driving up multiples.

'With a lot of things going for high multiples there's a lot of expectation and that expectation often lies with the current management team of the business. In more and more situations, they have a strong say in who the next owner is going to be so it's not just about coming with the money. I think this is why you have to be there early and build credibility and be a good partner for the management team. It's as much about them selecting you as you selecting them,' he explained.

With multiples at an all-time high, Dodds asked the panellists if it was worth paying a premium for the right business?

For Kunstler, the answer largely depends on the type of investor and their investment thesis.

'What we've seen across the private equity industry is that there are some amazing companies with amazing management teams that are 'finished products'. The next five years will look similar to last five years, and that goes to certain types of buyers. And then there are more maybe dynamic companies – great companies with great management, but the next five years will be very different to the last five years and I think that attracts a very different kind of buyer,' he said.

'Coming back to the deeper pool of capital that is coming into our space, if you think about long-term fund investors, they will probably go for stability, so you see some processes that are overweighed with people who look for stability and then there are other processes where there are more people like us; where actually it's not about the stability, it's about how you can transform the company together with the management team. Picking where you play is critical,' he said.

Riisberg told the audience that for her team, the key was identifying the right sub-sectors and then targeting the right companies within them.

'If we pay a little bit more that's probably not going to make so much difference,' she said. 'A good company will probably end up being a good investment. It might be an even better

investment if you pay less, but for us, in our experience, whenever we try and buy companies on the cheap it doesn't really work so we'd rather overpay a bit for something that's good and then make it better.'

So, asked Dodds, which geographies and sub-sectors are attracting the most interest at the moment?

The panellists agreed that it was becoming increasingly important for investors to have a presence in both Europe and the US.

'In the upper end of the market it makes sense to look at companies on both side of the Atlantic as most companies will have global end markets,' said Vetander.

Petty, meanwhile said a US presence provided investors with more exit options because 'ultimately your exit is likely to be in the US - whether or not it's an IPO or a trade sale, the significant majority of your exits are going to be in the US.'

In terms of sub-sectors, respondents to the Jefferies' survey viewed small and mid-cap biotechnology as having the most upside over the next 12 months, with over a third citing this as the likely best performer.

The outlook for healthcare services was less rosy, with just 6% believing it would outperform other healthcare sectors.

Vetander said Nordic Capital continued to take a broad view and looked to invest across a variety of different business areas.

'That said, over the last 12 months

we've done three investments which are all in healthcare services,' he said. 'In the fragmented healthcare services industry, realising the benefits of having sites coming together, both operationally extracting synergies but more importantly, creating a culture in a market where individual clinics can create an atmosphere that people want to join. We think that's an interesting area.'

Riisberg said that at this point in the cycle, EQT Partners was looking for stable assets with great management teams where it could achieve margin growth. 'At this point in the cycle also you have to be looking at things that are stable and that you can hold on to,' she added.

Other investors are looking at the smaller end of the market where the potential exists to accelerate growth.

'We are looking at some of the more disruptive companies that are out there,' said Petty.

'Potentially, they are smaller than we would have done in the past but where we can facilitate international expansion.'

So, given the new breed of long-term investor looking to deploy capital in the sector what is the future for private equity investment?

According to Petty, given the stage in the cycle, it could actually be about to come into its own.

'I think where private equity is really strong is when a company needs to go through a transition and if it's a transition of the business model, if it's the transition of the ownership structure or if it's the transition of leadership, that's where we come into our own and something we can do really well,' she said. 'I think with all of the flux that's going on in the system around us from the payors, through to the manufacturers through to the big pharma re-orientating their portfolios - medtech doing the same - I think there are opportunities that will arise that we haven't seen before. I genuinely think that we're going through quite an interesting new phase in healthcare where we'll see very different businesses going forward to what we've seen in the past.'

Around the table



Michael Dodds

Managing Director - Managing Director and Global Head of Healthcare Sponsor Coverage, Jefferies

Michael Dodds joined Jefferies LLC in November 2005 as a member of the Global Healthcare Investment Banking Group and is responsible for healthcare financial sponsor and venture capital coverage. Prior to joining Jefferies, he spent three years as a strategic consultant for the Bank of Hawaii during its successful financial and operational restructuring. Michael has over 15 years of investment and merchant banking experience, having held positions at Berenson Minella and Donaldson, Lufkin and Jenrette. He received a Bachelor of Science in Economics with a concentration in Finance from the Wharton School of the University of Pennsylvania.

Jefferies



Catherine Petty

Partner, Head of Healthcare EMEA, CVC Capital Partners

Catherine joined CVC in 2006 from JP Morgan, where she was also Head of Healthcare in EMEA. Prior to this, she was a Special Partner at Vitruvian Partners and a Partner at Apax Partners on their Healthcare/Life Sciences team. Catherine has worked on numerous healthcare transactions, including the IPOs of Spire Hospitals Plc, LEO Pharma's acquisition of Astellas Derm, Roche's acquisition of Intermune and the sales of LGC to KKR and Atos Medical to PAI Partners.



Benjamin Kunstler

Partner and Head of European Healthcare, Bain Capital Private Equity

Benjamin joined Bain Capital Private Equity in 2008. He is a Managing Director in the Healthcare Vertical and a member of the European Private Equity team. Prior to joining Bain Capital Private Equity, he worked at Bain & Company in the Paris and Boston offices on a number of strategic and operational issues for clients in the healthcare, mobile telecommunications, and retail sectors. Benjamin also carried out multiple strategic due diligences for private equity funds.



Thomas Vetander

Principal, Nordic Capital

Thomas joined Nordic Capital in 2006 and has served on the boards of five Nordic Capital portfolio companies. Thomas is primarily focused on the Healthcare sector. He previously worked as a Management Consultant at McKinsey & Company in Stockholm (2004–2006). He holds an MSc in Engineering Physics from the Royal Institute of Technology in Stockholm and a BSc in Business Administration and Economics from the Stockholm University School of Business.

NORDIC CAPITAL



Åsa Riisberg

Head of Global Healthcare, EQT Partners




























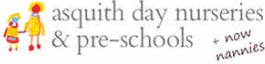




Åsa Riisberg joined EQT Partners in 2001. She holds an MSc in Financial Economics and Business Administration from Stockholm School of Economics. She also holds a major in International Business from Haute Etudes Commerciales (HEC) in Paris. Prior to joining EQT Partners, Åsa worked at the Texas Pacific Group (TPG), a private equity firm, in London. Prior to TPG, Åsa worked in the investment banking division at Morgan Stanley in London.

Jefferies: A Leader In Global Healthcare Investment Banking

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- Jefferies has the largest Healthcare investment banking group in the world with over 100 Healthcare bankers worldwide
- In the last two years, Jefferies has completed over 340 M&A advisory and bookrun equity and debt financing Healthcare transactions



Selected European Healthcare Services transactions executed by Jefferies

 ONEMED January 2019 Pending Undisclosed Sale to Nalka Invest Sole Financial Advisor	  August 2018 £372,000,000 Acquisition of Cambian Group Sole Financial Advisor	  July 2018 Undisclosed Sale to Genstar Capital Sole Financial Advisor	  July 2018 MEHILÄINEN €1,085,000,000 Credit Facility to Finance Acquisition by CVC Capital Partners Limited Joint Lead Arranger
  June 2018 Undisclosed Sale to Onex Corporation Sole Financial Advisor	  March 2018 £330,000,000 Credit Facility Joint Lead Arranger	   February 2018 Undisclosed Sale to Nordic Capital Sole Financial Advisor	  October 2017 €299,000,000 Common Stock Offering Joint Bookrunner
  October 2017 Undisclosed Acquisition of Curaeos Sole Financial Advisor	  October 2017 €762,000,000 Initial Public Offering Joint Bookrunner	  May 2017 €238,000,000 Initial Public Offering Joint Global Coordinator	  August 2016 Undisclosed Acquisition of Acorn Care and Education Limited Sole Financial Advisor
  December 2016 Undisclosed Sale to EQT VI Sole Financial Advisor	  November 2016 Undisclosed Sale to Bright Horizons Family Solutions, Inc. Sole Financial Advisor	  October 2016 £320,000,000 Sale of 22 Facilities to BC Partners Sole Financial Advisor	  January 2016 \$2,225,000,000 Acquisition of Priory Group Limited Sole Financial Advisor

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