eg. dentistry, NHS

Key takeaways from HPE Europe 2024

October 9, 2024 Market analysis

Law firm McDermott Will & Emery hosted its annual Healthcare Private Equity (HPE) Europe conference at Th
September attended by hundreds of healthcare professionals and investors.

Joined by keynote speaker, former Conservative MP Rory Stewart, the event explored a wide range of topics, i
trends in life sciences and pharma, the future of medicine, and the current shape of the financial markets.

The following is a summary of the themes that were front of mind for those present and will no doubt shape
the months ahead.

The deal environment for healthcare and life sciences

• As we near the end of 2024, deal activity remains highly selective, investment committees have a high bar a
assets, and most investors are prioritising portfolio value creation. We observe a shift from cost reduction to g
portfolios. Additionally, services and technology are hot topics, and investor sentiment remains strong for biot

• Private equity fundraising for specialist healthcare funds was slow last year, and the audience was split on t
to 2021 levels within the next three years, with 53% saying it would not. Limited partners are focused on per
distributions, and are increasingly keen on co-investment opportunities.

• There is a lot of dry powder in the system, a logjam of exits that need to happen, and financing available for backdrop gets clearer, panellists were optimistic about transactional activity picking up in the next 12 months market, though deal timelines may remain elongated. In all, 58% of the audience felt the 2025 deal market w 2019, rather than 2021 or 2023.

What's next for medtech?

• The pace of innovation in medtech continues to revolutionise approaches to healthcare and drive deal oppor focus by companies on the end-user experience and a desire to move up the value chain to be closer to patien

• More deals are expected next year as medtech becomes a growing element of both healthcare and pharma intelligence and personalisation trends.

• There is a lot of optimism about the application of artificial intelligence tools across healthcare subsectors, b about some use cases. In the medtech space, there are many AI tools already being used in R&D, and there is the discovery and commercialisation of medicines; however, issues of liability arise as AI involvement shifts to diagnostics.

• The regulatory landscape is challenging for medtech companies, with developing legislation in relation to d cybersecurity all having an impact. However, these developments do create opportunities for specialised inve market perspective, for example, investors would welcome global initiatives to harmonise regulations with a f

Buy and build in pharma services

• Pharma services assets are attractive to investors as we observe a macro shift in innovation, which is movin companies and into leaner biotech businesses. These biotechs have less appetite to invest in large-scale oper for smarter commercial approaches working with partners in pharma services.

• Buy and build strategies work well for investors in pharma services, given the clear playbook and benefits g geographical presence, and access to additional technologies that allow companies to stay with customers lo

• Integration is critical to the delivery of these strategies, with culture recommended as a key area of focus du cross-border transactions. The most successful deals involve starting early, building a shared vision, and ensu staff are aligned around a flexible mindset.

Navigating a successful exit

• The exit environment remains challenging for financial sponsors. High valuation expectations are likely to c 2025 and were seen as the biggest challenge by 65% of the audience. Some exits have stalled due to a lack c uncertainty hinders the ability of sellers to run dual-track processes.

• Successful exits are best achieved when sellers are not under pressure to complete a sale, when the buyer u are multiple bidders interested, and when the asset and the marketing story are in optimum shape. The numb sellers is to ensure that they build options.

• The bioscience vertical is expected to see the most exit activity over the next 24 months, according to 55% c deal backlog and demand from big pharma companies facing a patent cliff.

Latest News

NEWS

[Cost pressures continue in pharmacy market – report]

9 October 2024

Christie & Co's 'Pharmacy market review 2024' report, analyses the UK pharmacy business market.

MARKET ANALYSIS

NEWS

[OakNorth provides loan for supported living scheme]

8 October 2024

OakNorth Bank has provided a £2.25 million loan to a new joint venture between Kyte Property and Grosvenor Hill.

REAL ESTATE

NEWS

Care business buyer and investor confidence rises – report

MARKET ANALYSIS

7 October 2024

Join our mailing list

Stay up to date with all our events, awards and publications.

Information you provide us with will be kept private at all times, and will be used for communication and research purpose only.

SIGN UP

3rd Floor,
10 Rose and Crown Yard,
King Street,
London SW1Y 6RE

BRANDS

- Caring Times
- HealthInvestor
- Nursery Management Today
- EducationInvestor

GET IN TOUCH

+44 20 7104 2000

SOCIAL