

SPECIAL REPORT:

Private Equity and Health Care in Emerging Markets

OCTOBER 2016



The Current Investing Landscape: How and Where Managers Are Putting Capital to Work

Demand for health care does not always equate to private equity returns. As noted by Dan Schonfeld, Head of Finance of impact investing firm **Vital Capital Fund**, in reference to the health care market in Sub-Saharan Africa, “The question is not whether there will be demand for what you supply. There will be. The only question from a private equity perspective is can you do it in a way that is likely to generate the kind of returns that you need to deliver to your investors over the time frame you have to work with. And this is where things become tricky.” Indeed, private equity fund managers must define and hone their strategies for approaching the sector, taking into account the depth and maturity of the health care markets in their targeted geographies, the competitive landscape and their own ability to generate value in various health care companies.

Large generalist investors with experience scaling companies and pursuing consolidation in other sectors may be well-suited to grow a hospital chain or adopt a buy-and-build strategy for retail pharmacies across a market, for example. On the other side of the spectrum, specialist fund managers focusing on niche areas such as biotechnology are likely better suited to source and back early-stage, high-tech ventures seeking to develop a new product. It’s important to emphasize that the health care opportunity is not just full-service hospitals and specialist care centers, but also a whole range of pharmaceuticals, medical devices, equipment and information technology solutions that doctors and patients will rely on as health care systems in emerging markets mature. Though deal activity in the provider segment predominates, accounting for 43% of disclosed capital invested since 2011, private fund managers have invested across the entire value chain (see Exhibit 6).

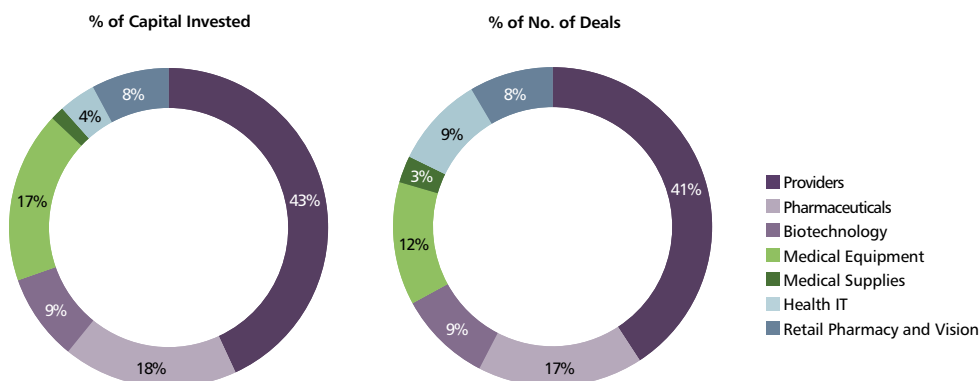
Specialist health care funds have gained traction recently, with private equity fund managers having raised steadily growing amounts of capital for such funds in recent years. Capital raised totaled more than US\$1 billion in 2015 for such funds—more than any other year since EMPEA began tracking fundraising data in 2006 (see Exhibit 7). Specialist fund managers, which often retain staff with high levels of industry experience, or grow directly out of the health care industry, tend to focus on subsectors outside of large-scale health care delivery—such as specialist care, pharmaceuticals, biotechnology or medical devices—or in geographies beyond the reach of large generalist funds, where the specialists’ operational expertise in health care or unique knowledge of niche market segments can be put directly to use.

Such fund managers tend to pursue strategies that allow them to avoid competing with large generalist funds, direct investors or strategic investors. For some, this means narrowing down on health care subsectors in which they can generate significant value. **Lilly Asia Ventures**, a China-focused fund manager staffed largely by professionals from the biotechnology sector, pursues such a strategy. “There are so many pitfalls to avoid in health care and hence, smart capital is critical for any venture’s success,” notes Judith Li, Partner at Lilly Asia Ventures. Others emphasize generating proprietary deal flow in geographies in which generalist funds may not have a presence. Hari Buggana of InvAscent notes, “We don’t rely on investment bank deals. We go into parts of India outside Mumbai and really work to find good companies—and work with them for two or three years to turn them into deals.”

As explained by Hoda Abou-Jamra, Founding Partner of India and MENA-focused fund manager **TVM Capital Healthcare Partners**, having a long-standing presence in EM health care markets can be another benefit. “The experience and understanding that specialist funds gain about the specifics of the health care regulatory environments they operate in can lead to opportunity. Diverse regulations across geographies, especially in emerging markets, can create challenges not only to investing in health care companies, but even more with regards to operational issues. Dedicated health care investors know how to deal with this and have an operations team of health care specialists ready to support the portfolio management teams.”

Limitations in the supply of deals in certain markets—as well as the availability of specialist funds in emerging markets more broadly—

Exhibit 6: EM Private Investment in Health Care by Subsector, 2011-1H 2016



Source: EMPEA. Data as of 30 June 2016.

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complicate the question for LPs (see Exhibit 8). As 57 Stars’ Bernard McGuire notes, “like anything in life, if you could have somebody who was an expert in health care, you’d like to work with them. But how many emerging markets can truly support sector focused funds? And then, how many of those markets have multiple sector-focused funds for you to choose from and really making a discerning selection?” Indeed, as of 1H 2016, of the 579 total EM private capital funds in the market, just 14 focused solely on health care. However, in shallower health care markets with few or no choices for specialized managers, generalists can still generate value. Egypt-focused fund manager BPE Partners’ Omar El Labban attests, “While large global funds might be willing to come and pay high entry multiples for assets in Egypt, you will find many doctors and hospital managers are willing to partner with local players like us to leverage local market knowledge and expertise.”

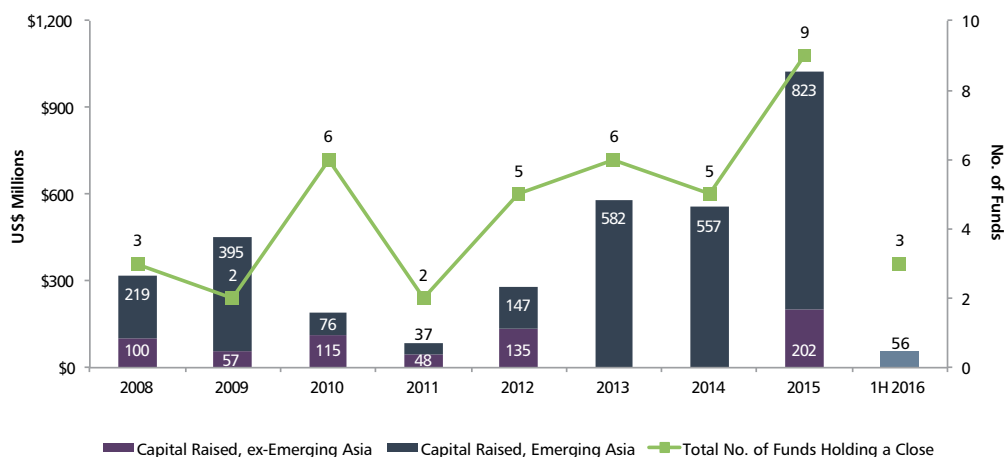
Indeed, many sector- and geography-agnostic funds are building significant exposure to the EM health care space. Such funds are often able to deploy more capital and can bring expertise in growing and consolidating large-scale, market-leading health care companies. But this strategy is not without its challenges. At the

largest end of the market, where large global generalist funds are wont to compete for large hospital and health care services deals, high returns may be harder to come by, as competition for such assets from global players tend to drive up entry multiples, and the assets themselves tend to be capital-intensive. This is not to say that such deals cannot generate impressive returns: where fund managers can build or roll up market-leading companies, such marquee assets may demand premium valuations at exit from strategic buyers. Global growth markets investor **The Abraaj Group** pursued this strategy in its investment in Turkey-based hospital operator Acibadem, which was later sold to Malaysia-based global health care provider IHH Healthcare.

The EM health care opportunity most commonly communicated is that of capacity expansion, and the generalist fund managers with extensive experience scaling companies both in and out of the health care sector can create extensive value with such strategies. In Sub-Saharan Africa, Vital Capital’s Dan Schonfeld notes, “I would at least find it difficult to think of any country in Sub-Saharan Africa, and any sector of health care in Sub-Saharan Africa, that wouldn’t be at least potentially attractive from the outset. The fundamental starting point for any discussion of this type is the gap between supply and demand—which in this case is overwhelming.” Of course not every opportunity will be well-suited for private equity investment, and while the amount of white space in the Sub-Saharan Africa health care market creates interesting opportunities, the time horizons required can outlast the life of a standard PE fund.

While the supply gap is less stark in other regions and markets, its persistence still represents an opportunity for many managers. According to an internal report by The Carlyle Group, in Brazil the gap in private hospital beds alone in Q1 2016 is 19,000—a gap

Exhibit 7: Capital Raised by EM Health Care-dedicated Private Funds, 2008-1H 2016



Source: EMPEA. Data as of 30 June 2016.

that could take dozens of new hospitals to close. Overall, supply tends to be lower in emerging markets than in their developed market counterparts, suggesting that—as disease burdens are not likely much lower in emerging markets—the supply gap for health care delivery persists across such markets (see Exhibit 5).

Related to the opportunity present in capacity expansion, as the hospital business is reliant on scale, fractured health care markets present opportunity for consolidation. In Brazil, where Carlyle’s Edson Peli estimates that the majority of hospitals remain sub-scale and could benefit from increased scale, Carlyle played on the fractured environment as well as the broader supply gap in its BRL1.75 billion (approximately US\$580 million) primary investment in Brazil’s hospital network Rede D’Or Sao Luiz—much of which was to be used for organic growth as well as acquisitions in the sector. The Abraaj Group’s development of health care platform North Africa Hospital Holdings Group, which to-date owns two hospitals in Egypt and two others in Tunisia, follows a similar thesis.

Perhaps less frequently communicated, but arguably more exciting are the opportunities for innovation in health care products and services in emerging markets. Pricing pressures and infrastructure shortcomings challenge health care provision in ways that are less salient in developed markets, and systems, structures and norms are not as fully established and internalized as in developed markets—providing incentive and opportunity for improvement.

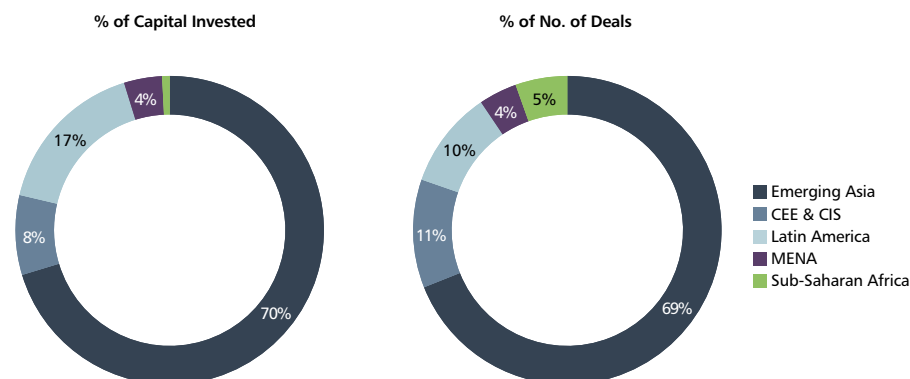
Most unique to emerging markets is innovation in health care delivery systems that lowers prices for quality services. Hari Buggana of InvAscent, notes “there are different types of innovation, but in health care delivery we find a lot of room for business process and business model innovation.” Among the most important of innovations undertaken by InvAscent’s portfolio companies was building out a network of cancer clinics in a “hub and spoke” model

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in which sophisticated oncological services are carried out in major cities—allowing for a concentration of medical equipment and talent in such cities—with more basic care and monitoring taking place in clinics in smaller towns. The model allows patients from smaller towns to receive quality care without re-locating across the country for long periods of time, and without the cost and inefficiency of building fully integrated “hub” clinics across India’s many smaller cities and towns.

The same pressures that make this example useful—pricing pressures and urban-rural demographic dynamics—also make telemedicine a useful tool. Quadria Capital’s Dr. Amit Varma notes, “at the end of the day, it’s my core objective to provide the highest quality care at the least possible price. This is the need of the day in Asia and other developing countries. I cannot not innovate. I don’t have an option. When you’re talking about a population with an almost 80% mobile phone saturation, innovation to my mind is, how do we use mobile technology to provide care? Frugal or incremental innovation in service delivery, drugs, medical devices and consumables is being pursued successfully by many local Asian health care companies, and they are delivering some very good results on

Exhibit 8: EM Private Investment in Health Care by Region, 2011-1H 2016



Source: EMPEA. Data as of 30 June 2016.

increasing access and affordability.” Such technologies can take the form of physicians remotely consulting with patients, but also methods for making systems more efficient on the back-end. Dr. Felix Olale, Partner at EM financial services investor **LeapFrog Investments**, notes that scalable telemedicine technologies are beginning to take hold. Lifetrack Medical Systems, for example, has created a global tele-radiology platform that allows images from rural locations and in some cases across other countries in South Asia to maximize utilization of radiology reporting from a single location in Manila. This alleviates both the challenge of access to medicine for rural locations, but also deals with shortages of specialist consultants in these markets.

The dearth of existing infrastructure encourages the creation and adoption of such technologies in a way that developed markets-based companies are less apt to undertake. As Jonathan Louw, Managing Director of The Abraaj Group, sums up, “You’re able to pioneer certain new methodologies of treatment that you just wouldn’t be able to do in a developed market.” Adds Bobby Prasad, Global Chief Medical Officer of The Abraaj Group, “I think that is one of the most exciting aspects for me as a clinician, in that the technology just lends itself so much to health care delivery. If you get the technology right you can really influence the way clinicians learn and deliver care.”

Beyond the provider subsector, in Asia’s most mature health care markets, the biotechnology and drug discovery sectors are actively developing new therapies for their own markets as well as export around the world (see Exhibit 14 in Emerging Asia Regional Profile). Specialist fund managers such as Lilly Asia Ventures and **BioVeda China Fund (BVCF)** are heavily staffed with professionals from the biotechnology sector to source such deals with the

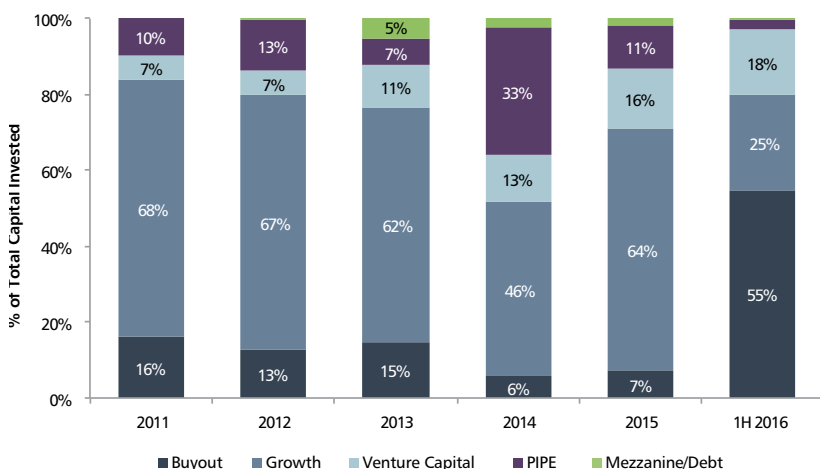
“ In emerging markets, you’re able to pioneer certain new methodologies of treatment that you just wouldn’t be able to do in a developed market. I think that is one of the most exciting aspects for me as a clinician, in that the technology just lends itself so much to health care delivery. If you get the technology right you can really influence the way clinicians learn and deliver care.

ability to understand the drugs and devices that such companies are creating.

Other innovations can target the health care ecosystem more broadly. Emerging markets vary drastically in the infrastructure available to pay for health care, as well as the structures adopted to do so. As following sections of this report demonstrate, operating a private hospital in a market such as U.A.E., with a robust private insurance system might be very different than operating similar hospitals in markets where out-of-pocket payments dominate. For example, LeapFrog Investments’ strategy for its third flagship

fund, which targets both financial inclusion—the payer side of health care—as well as health care providers, proposes a solution to investing in markets without the financial infrastructure to pay for health care. What is clear is that the ability to pay for services—regardless of the level of demand for health care—is crucial to whether private equity will benefit from investment in the space. In some markets, public investment in health care coverage can provide openings for private investment, as the following section on MENA demonstrates. The scaling back of public participation in the space can also provide opportunity, as the following sections on Sub-Saharan Africa and CEE and CIS demonstrate—so long as incomes are high enough to afford care. ●

Exhibit 9: EM Private Investment in Health Care by Deal Type, 2011-1H 2016



Source: EMPEA. Data as of 30 June 2016.



Regional Profile: Sub-Saharan Africa

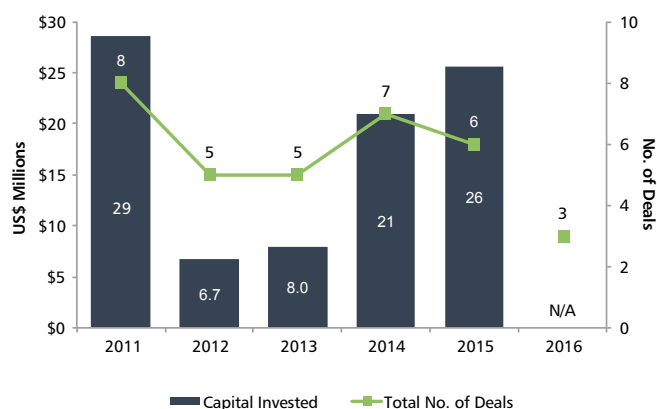
The supply gap for health care provision is perhaps greater in Sub-Saharan Africa than in any other region. The countries that constitute the region simultaneously bear the heaviest portion of the global disease burden and have among the lowest capacity for health care delivery,¹⁷ and spend less per capita on health care than any other region. When one considers such a gap amid a new generation of African consumers, health care would appear to present significant opportunity for the private sector, and private equity, to seize.

Yet the private equity industry has yet to invest deeply into the Sub-Saharan Africa health care market. The region attracted just six health care investments in 2015 and three in the first half of 2016; health care has consistently represented only approximately 5% of both the number of deals and an even smaller fraction of capital invested in Sub-Saharan Africa in recent years. From 2015 through 1H 2016, fund managers invested US\$26 million in the region's health care assets—a far cry from the more than US\$3 billion invested in Emerging Asia, more than US\$1 billion in Latin America and more than US\$150 million in MENA over the same time period. While capital invested in health care assets in emerging

markets accounted for approximately 10% of the total across all sectors from 2015 through 1H 2016, it accounted for just 1.4% of capital invested in Sub-Saharan Africa over the same period.

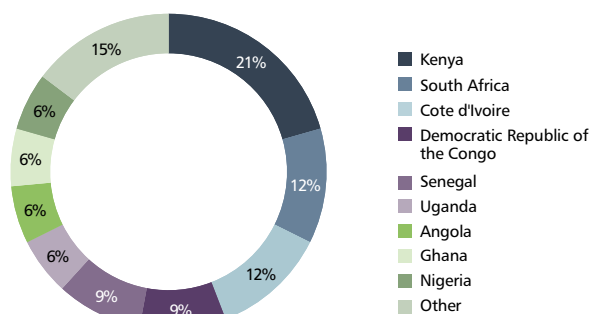
Fund managers' lack of investment activity in the sector may stem from several overlapping concerns. Worries about the size of the market, the region's generally poor payments infrastructure and potential for regulatory uncertainty seem to have deterred private equity firms from venturing further into health care. Meanwhile, the perception of a limited pool of fund managers with the expertise and track record to approach the sector deters some LPs. However, given the degree to which the sector is underinvested and underserved, early movers are finding creative ways to mitigate such challenges and are deploying capital with the belief that the sector has the potential to generate outsized returns. Moreover, in markets that have faced macroeconomic challenges arising from currency volatility and low commodity prices in recent years, exposure to defensive health care assets in Sub-Saharan Africa provides stability for fund managers invested in the sector.

Exhibit 35: Sub-Saharan Africa Health Care Investment, 2011-1H 2016



Source: EMPEA. Data as of 30 June 2016.

Exhibit 36: Sub-Saharan Africa Health Care Investment by Country, 2011-1H 2016 (% of No. of Deals)



Source: EMPEA. Data as of 30 June 2016.

¹⁷ As measured by hospital beds per capita. Source: World Bank. Accessed September 2016.

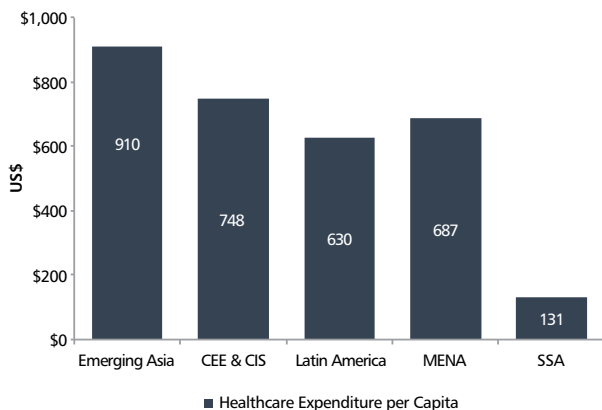
Many of the trends driving health care opportunities across emerging markets are present in Sub-Saharan Africa—albeit to varying degrees or stages. For example, while Sub-Saharan Africa has experienced a rise in non-communicable “lifestyle” diseases, such as diabetes, heart disease and hypertension that should drive demand for health care, spending has grown to a more limited extent than in other emerging markets. The continent’s disease burden remains dominated by communicable diseases, maternal and perinatal conditions and nutritional deficiencies, which represent 65% of causes of death.¹⁸ Kenya, which has received 35% of capital invested and 21% of deals in the health care sector from 2011 through 1H 2016, the highest percentages across Sub-Saharan Africa, provides a telling example. According to the WHO, HIV and AIDS cause up to 29.3% of deaths in the country and Malaria is not only responsible for 30% of patient morbidity, but also the leading cause of death for children under five years old.¹⁹

While many governments in the region attempt to provide basic health care services to address the disease burden, public health care systems frequently fall short of the demand for health care provision. Private equity has begun to invest in closing this gap. From 2008 through 1H 2016, 59% of capital invested in the health care sector in Sub-Saharan Africa accrued to providers. In particular, women’s and maternal health care—which is severely lacking in many markets in the region—has attracted a number of private equity backers. In 2013, for example, The Abraaj Group and development finance institution Swedfund partnered to invest US\$6.5 million in Kenya’s Nairobi Women’s Hospital. Investisseurs & Partenaires backed Nest for All, a Senegal-based clinic that focuses its services on women and children, in 2014. Vital Capital’s work with its portfolio company Luanda Medical Center in Angola has expanded its operations in women’s health as well.

While non-communicable diseases account for a smaller share of causes of death, they still represent 28% of deaths in Africa. As the communicable disease burden falls, they constitute a rising share of causes of mortality. Moreover, as African economies grow, rising levels of income and urbanization bring about lifestyle diseases and a corresponding demand for quality medical care. Such diseases lend themselves to investment from the private sector, which can bring in private hospitals, clinics and pharmacies. In 2014, for example, Catalyst Principal Partners invested in Goodlife Pharmacy, to address such ailments. The company offers a range of products from heart health products and diabetes products to fitness and nutrition, as well as skin care products in Kenya. Kenya’s Eagle Eye Laser Centre, backed in 2011 by Jacana Partners, provides specialty eye care and refractive surgery. Such investments tap into the increased consumption of pharmaceutical and personal products, and specialty health care in Sub-Saharan Africa, facilitated by the rising middle class.

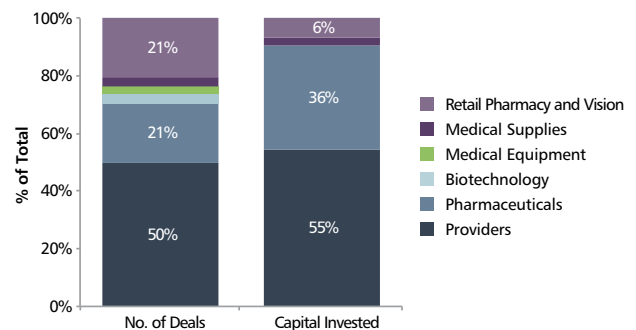
Sub-Saharan Africa’s fractured markets and sub-scale health care providers offer fund managers opportunities to create economies of scale in the distribution of health care. To scale many health care companies, and reach new potential consumers, fund managers must also consider geography. This often means scaling up in major metros with concentrated health care infrastructure and a built-in consumer base. From 2008 to 1H 2016, 35% of deals were made in Nairobi, Johannesburg and Abidjan alone. However, fund managers are increasingly finding opportunity to scale in under-served second-tier cities. By expanding the geographical reach of their portfolio companies, GPs begin to correct the skewed distribution of health care delivery facilities across Sub-Saharan Africa and attract additional customers. Haltons, a retail pharmacy based in Kenya, provides an excellent example of how private equity can expand access and generate value. In September 2013, when Fanisi Capital invested US\$1.5 million in the company, Haltons operated just four

Exhibit 37: Healthcare Expenditure per Capita by Region, 2014



Source: World Bank. Accessed September 2016.

Exhibit 38: Sub-Saharan Africa Health Care Investment by Subsector, 2011-1H 2016



Source: EMPEA. Data as of 30 June 2016.

¹⁸ “The State of Healthcare in Africa.” KPMG. <http://www.kpmg.com/Africa/en/IssuesAndInsights/Articles-Publications/Documents/The-State-of-Healthcare-in-Africa.pdf>.

¹⁹ “Country Cooperation Strategy at a Glance: Kenya.” World Health Organization. http://www.who.int/countryfocus/cooperation_strategy/ccsbrief_ken_en.pdf.

retail outlets in Nairobi. The company has since grown its network of outlets to over 50 in 2015, and plans to expand its portfolio to more than 150 outlets in key towns in Kenya including Mombasa, Nakuru, Nyeri, Eldoret and Kisumu.²⁰

Fund managers are also hopeful that new technologies, from basic applications of telemedicine to drone delivery of medical supplies, will further break down geographic divides in quality and quantity of health care provision in coming years. However, while these and other quality- and efficiency-improving technologies have the potential to reshape health care in coming years, most professionals concede that such technologies are still in early stages and broad adoption will take time.

While achieving scale and consolidation within and across markets can generate significant value in many health care companies, other mechanisms for value creation, in health care in particular, require technical expertise and specialized clinical knowledge, beyond the expertise of most private equity professionals. In EM regions with the most mature health care sectors, several health care-specific funds and fund managers fill this role, but in Sub-Saharan Africa’s shallower health care market, these managers are less common. From 2006 through the first half of 2016, only two GPs raised specialist funds for the region. However, generalist fund managers seeking to gain exposure to the sector have bridged the knowledge gap by following the example of specialist funds and recruiting professionals with extensive experience in the health care sector and operational understanding of underlying assets.

For example, when impact investment fund manager Vital Capital backed development of Angola’s Luanda Medical Center (LMC) in 2014, they recruited Dr. Michael Averbukh, a medical professional and hospital administrator with previous experience working in the region, to lead the hospital. Dr. Averbukh has since scaled up the hospital’s services, and done so in a manner consistent with global standards of quality, but catered to local needs. Women’s health, gynecology and obstetrics had been severely lacking in the market, and became an early—and quickly successful—focus of LMC. “The approach differs tremendously from what I would have done had I been running the same medical center in the United States, Europe or Israel,” notes Dr. Averbukh. “This makes us unique and successful—bringing highly professional services, without any compromise in evidence-based medicine, together with the needs and the will and the perception of the local population.”

An intrinsic benefit of specialized knowledge is that it outlines a clear exit route for the fund manager. As GPs gear up for exits, being a market leader in a particular segment makes them attractive to large health care firms looking to extract synergies from acquisitions. While there have been few PE exits in Sub-Saharan Africa, strategic sales are most prominent. Ascendis Health, a manufacturer and distributor of health care products, went on a spree of acquisitions after its listing in 2013 and serves as a compelling example. In 2015, Capitalworks and Brimstone sold the diagnostics business of The Scientific Group, a supplier of instrumentation and consumables for pathology laboratories, to Ascendis Health for ZAR284 million

Exhibit 39: Largest Disclosed Health Care Investments in Sub-Saharan Africa, 2008-1H 2016

Fund Manager(s)	Company Name	Country	Subsector	Investment Type	Investment Amount (US\$m)	Investment Date
Vital Capital Investments	Luanda Medical Center	Angola	Providers	Growth	17	Sep-14
Seven Seas Capital	Healthcare-focused PPP	Kenya	Providers	Growth	16	Aug-09
AfricInvest	Kiboko	Kenya	Pharmaceuticals	Growth	14	May-11
African Health Systems Management	AAR	East Africa Regional Investment	Providers	Growth	10	Nov-10
The Abraaj Group	Nairobi Women’s Hospital	Kenya	Providers	Growth	7	Nov-13
AfricInvest, Jacana Partners	Lagray Chemicals	Ghana	Pharmaceuticals	Venture Capital	6	Feb-09
Vital Capital Investments	Luanda Medical Center	Angola	Providers	Growth	5	May-15
The Abraaj Group	Therapia Health	Nigeria	Providers	Growth	5	Apr-12
Metier	Surgical Innovations	South Africa	Medical Equipment	Growth	5	Aug-08
AfricInvest	Alminko	Senegal	Providers	Growth	5	Jan-11
The Abraaj Group	C&J Medicare	Ghana	Providers	Growth	5	Jul-11
Cauris Management	Cipharm	Cote d’Ivoire	Pharmaceuticals	Growth	4	Apr-14
Phoenix Capital Management	Ubipharm	Cote d’Ivoire	Retail Pharmacy and Vision	Growth	4	Dec-15
The Abraaj Group	Revital Healthcare	Kenya	Medical Supplies	Growth	3	Dec-11
The Abraaj Group	Nairobi Women’s Hospital	Kenya	Providers	Growth	3	Jan-10
Ascent	Medpharm Holdings Africa	Ethiopia	Providers	Growth	3	Feb-15
The Abraaj Group	Avenue Group	Kenya	Providers	Growth	3	Nov-11
Cauris Management	SOCOPHARM	Togo	Retail Pharmacy and Vision	Growth	2	May-09
The Abraaj Group	Clinique Biasa	Togo	Providers	Growth	2	Jul-12
Fanisi Capital	Haltons Pharma	Kenya	Retail Pharmacy and Vision	Growth	2	Sep-13

Source: EMPEA. Data as of 30 June 2016.

²⁰ “Haltons Pharmacy Signs SH2bn Expansion Deal with Vivo Energy.” Daily Nation. 9 October 2016. <http://www.nation.co.ke/business/Haltons-Pharmacy-to-open-outlets-countrywide/996-2906302-sqjqq1/index.html>.

(US\$24 million). SG Diagnostics was the third medical devices business bought by Ascendis within the last 12 months, as the firm aimed to position itself as a leading provider of specialized medical products.

In addition to expertise, on the ground presence and deep knowledge of the markets they work in put fund managers in a favorable position. Such GPs can pinpoint specific needs of their consumers. “One cannot simply fly into Lagos and build a business, you need deep expertise, partnerships and experience built over many years to succeed,” suggests Jonathan Louw, Managing Director of The Abraaj Group. In addition to catering to local consumers’ needs, as the LMC case exemplifies, Louw suggests that permanent local presence provides fund managers a clearer perspective on the risks associated with investing in emerging and frontier markets, and allows fund managers access to a pipeline of deals that others might not have access to.

Some challenges still persist for those with specialized local knowledge. Health care spending in Sub-Saharan Africa is predominantly out of pocket, which can make treatments or procedures financially disastrous or outright inaccessible to much of the region’s population. From a private equity point of view, Africa’s low health insurance coverage severely limits the ability to pay for health care—and therefore stunts the overall growth of the service delivery market. Solving this problem isn’t as easy as investing more in private insurance companies. You have to take

care of both the insurance and provision if one is to achieve scale. As LeapFrog’s Felix Olale explains, “it’s a bit of a chicken and egg situation: Insurers can’t find networks of hospitals or clinics that are large enough and have in place the quality systems that could allow for efficient payments and network management. The challenge for the provider is in finding insurance packages that are well designed to meet the needs of the consumer for the health services offered. The result is that today over 70% of healthcare payments are out of pocket.” LeapFrog is approaching this challenge from both sides—it invests in both health insurance and health service providers, with the plan to build integrated payer-provider systems in the region.

The payments side of health care may also be improving as governments prioritize health care access—even via strategies grounded in public sector delivery. Public investment plays a central role in the sector, and according to LeapFrog’s Olale, is growing in influence. “There is an encouraging trend toward universal health coverage in the region. Ghana and Rwanda, for example, have made significant progress. This additional coverage, if tailored well, feeds demand for private healthcare,” notes Olale. “You have a domino effect in that first, more people can now afford access to health services. So those who can afford a bit more or are looking for additional convenience will end up opting for a private facility. This leads to an overall beneficial effect to the health system. The private sector also benefits.” ●

Exhibit 40: Notable Exits and IPOs in Sub-Saharan Africa, 2008-1H 2016

Country	Company Name	Fund Manager(s)	Subsector	Year(s) of Investment	Capital Invested (US\$m)	Transaction Date	Exit and Return Detail
Uganda	International Medical Group (IMG)	Kibo Capital Partners	Providers	2012	N/A	Jul-15	Kibo exited a 40% stake via a strategic sale to a consortium led by Ciel Group
South Africa	The Scientific Group	Capitalworks Equity Partners	Medical Equipment	2011	N/A	Jan-15	Strategic sale by Capitalworks Equity Partners and Brimstone to Ascendis Health for reported ZAR284m (US\$24m)
South Africa	Surgical Innovations	Metier	Medical Equipment	2008	4.88	Jan-14	Strategic sale to Ascendis Health
South Africa	Vitalaire	Medu Capital	Medical Supplies	2004	N/A	Feb-09	Exit of unknown type

Source: EMPEA. Data as of 30 June 2016.

