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Healthcare equity investment grows by 125% in APAC, declines in west

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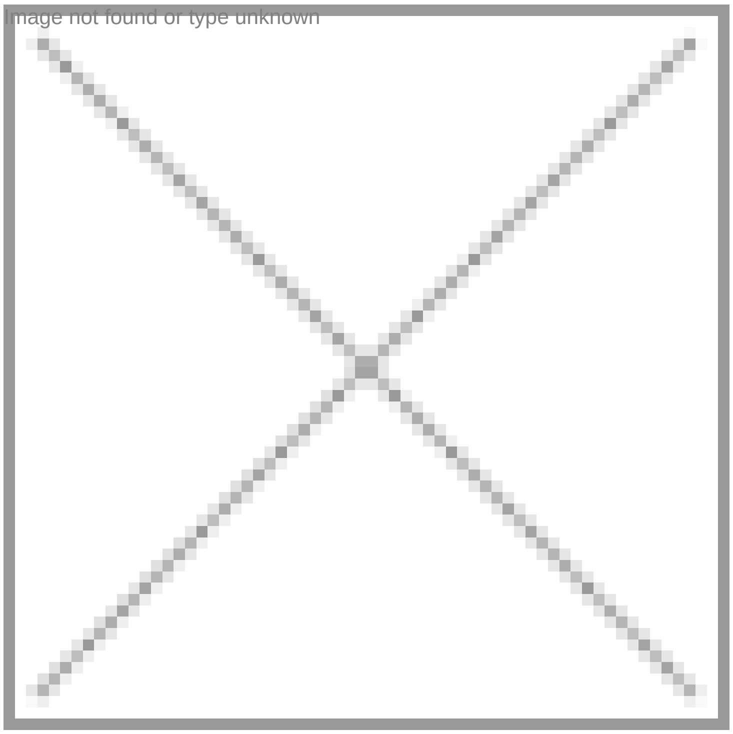

Singapore: As the global investment community continues its recovery from the 2008 financial crisis, the total value of the world's healthcare Private Equity (PE) deals has decreased significantly from USD57.7 billion in 2007 to USD19.8 billion in 2013, says a new report from research and consulting firm GlobalData.

While the pace of PE investments in developed economies slows down, there is a growing level of PE interest in emerging markets, such as India and China, as PE firms aim to cash-in on the significant potential of the region's healthcare sector. The volume of healthcare PE investment in Asia-Pacific has increased by a massive 125.8 perent between 2011 and 2013.

The report states that many factors have proven responsible for the reduced average value of completed PE-backed deals over the past three years in particular. These include ongoing healthcare reform in parts of Western Europe and North America, as well as pricing pressures caused by budget deficits, high healthcare expenditures, and growing national debt.

Deal activity declined in Europe by 30.5 percent, from 59 deals in 2012 down to 41 in 2013. Meanwhile, North America witnessed only a minor 2.5 percent growth, from 80 deals in 2012 to 82 in 2013.

Joshua Owide, GlobalData's Director of Healthcare Industry Dynamics, says, "This year is expected to be crucial for the US healthcare sector, because most of the Affordable Care Act's provisions will become effective. Investors are therefore being cautious in putting money into the US healthcare industry.

"For firms that choose to invest, healthcare service providers, such as clinics and managed care facilities, as well as outsourcing companies, including both contract manufacturing and contract research organizations, have emerged as relatively safer risk options."

"These same countries are being targeted by large pharmaceutical companies, which are seeking to recover from loss of marketing exclusivity due to patent expirations and slowed growth in the developed markets," Owide concludes.