

## Deal of the Week: KKR to Buy Envision Healthcare for \$9.9B

Announcement Date	<ul style="list-style-type: none"> <li>• June 11, 2018</li> </ul>	
Acquirer	<ul style="list-style-type: none"> <li>• KKR &amp; Co.</li> </ul>	
Acquirer Description	<ul style="list-style-type: none"> <li>• Leading global investment firm that manages multiple alternative asset classes, including private equity, energy, infrastructure, real estate and credit, with strategic manager partnerships that manage hedge funds</li> <li>• Headquartered in New York, NY</li> </ul>	
Target Company	<ul style="list-style-type: none"> <li>• Envision Healthcare Corporation (NYSE: EVHC)</li> </ul>	
Target Description	<ul style="list-style-type: none"> <li>• American healthcare company and national hospital-based physician group</li> <li>• Provides physician staffing services to hospitals, primarily in emergency rooms, and post-acute care services</li> <li>• Founded in 1992 and headquartered in Nashville, Tennessee</li> </ul>	
Target Financial Statistics	<ul style="list-style-type: none"> <li>• Mkt Cap: \$5.3 billion</li> <li>• EV: \$8.9 billion</li> <li>• LTM Revenue: \$8.0 billion</li> </ul>	<ul style="list-style-type: none"> <li>• LTM EBITDA: \$1.1 billion</li> <li>• LTM EV / Revenue: 1.1x</li> <li>• LTM EV / EBITDA: 8.5x</li> </ul>
Target Advisors	<ul style="list-style-type: none"> <li>• JP Morgan, Evercore and Guggenheim Securities</li> </ul>	
Price / Consideration	<ul style="list-style-type: none"> <li>• \$9.9 billion</li> </ul>	<ul style="list-style-type: none"> <li>• Cash</li> </ul>
Rationale	<ul style="list-style-type: none"> <li>• “Envision is a leading provider of physician-led services in a health-care system in which physician-patient interactions have a pronounced impact on nearly all health-care decisions,” Jim Momtazee, KKR’s head of health-care investing, said in the statement. “We are excited to partner with the outstanding team.”</li> <li>• Envision said the deal marks an end to its efforts to find strategic alternatives, which the company launched after posting disappointing third-quarter results last year. The company has been struggling with lower patient admissions at hospitals. As part of its strategic review, Envision had reached out to around 25 potential buyers over the last seven months</li> <li>• In the healthcare industry, Envision’s buyout is the latest in a spate of mergers and acquisitions activity among physician networks, a business that has struggled in recent years to adapt to changes in how U.S. health insurers reimburse providers</li> </ul>	
Deal Points	<ul style="list-style-type: none"> <li>• K.K.R. would pay about \$46 a share in cash, 5% higher than Envision’s closing stock price on Friday and 32% higher than its stock price in November, when it announced it was reviewing strategic alternatives</li> <li>• Envision’s equity value would be \$5.57 billion. Including the assumption of long-term debt, the enterprise value of a transaction would be \$9.9 billion</li> </ul>	
Of Note	<ul style="list-style-type: none"> <li>• K.K.R. is no stranger to Envision. Last year, the two struck a deal in which Envision would sell its ambulance operations to Air Medical Group, a company owned by the private equity firm, for about \$2.4 billion</li> <li>• Last year, KKR finished raising money for a \$1.45 billion health-care fund dedicated to growth stage companies</li> <li>• Private equity firms, armed with a record \$1 trillion in cash, are investing more in public companies than at any time since the financial crisis</li> </ul>	