

Update: KKR announces deal to buy Envision Healthcare (EVHC)

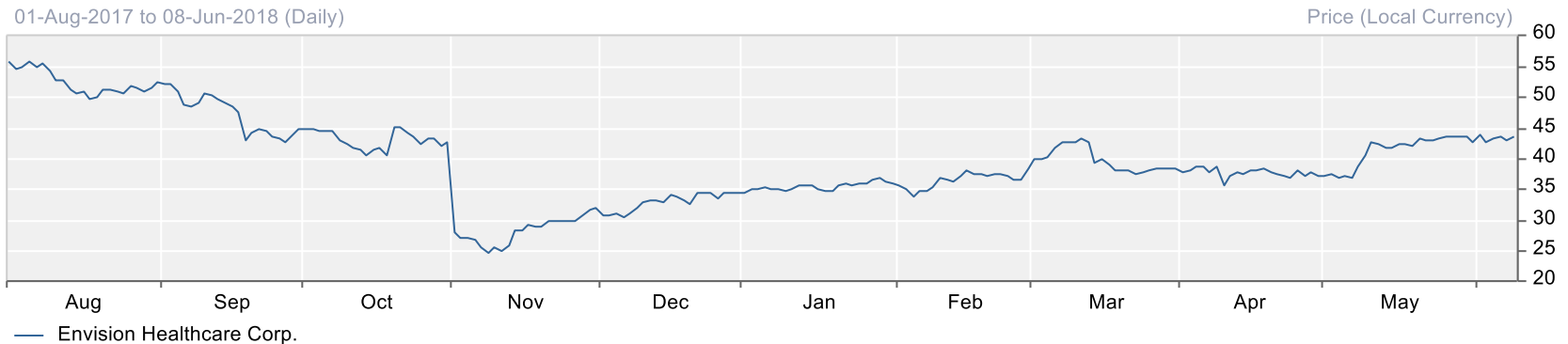
Description

- Today (June 11th, 2018), KKR & Co. LP (KKR), a private equity firm, announced an offer to buy Envision Healthcare (EVHC) for \$46.00 per share in cash.
- White Brook Capital believes the price undervalues the Company significantly, despite the Company conducting a thorough M&A process that makes it unlikely a better offer for the Company will be immediately forthcoming.
- White Brook is aware that recently involved activist investors have pushed for a sale and that this price satisfies their demands, but believes long-term shareholders would have been better served by letting operational improvements continue before potentially selling. White Brook believes that KKR will enjoy above market returns when the Firm exits its investment in the next 5 years.
- Accounts investing in line with the Concentrated Opportunities Strategy started a position in Envision in August 2017 at a price of ~\$52, but amassed 75% of their position at ~\$26 when the stock traded down in November 2017. In 2018, White Brook started the year with the stock comprising ~10% of the portfolio. At the time of KKR's offer it was a ~12% position. The returns on the position easily surpassed the Concentrated Opportunities IRR hurdle.

Envision Healthcare (YTD)

Closing Price

01-Aug-2017 to 08-Jun-2018 (Daily)



Source: FactSet Prices