

PE Hub

12 January 2021 • pehub.com

Capital Constellation buys minority stake in Avista Capital

New York's Avista to date has invested over \$6 billion in more than 35 growth-oriented healthcare businesses globally. By [Sarah Pringle](#)

Healthcare-focused private equity firm Avista Capital Partners has sold a passive minority stake to Capital Constellation.

Capital Constellation's investment will support the continued growth of Avista's healthcare-focused investment business, enabling the New York-based firm to increase commitment to its funds under management.

Houlihan Lokey provided financial advice to Avista, while Kirkland & Ellis offered legal counsel.

Capital Constellation, which is advised by global investment advisor Wafra, has partnered with seven managers since its inception across North America and Europe. Its investments have spanned technology, renewable energy, healthcare, communications, real estate credit and private credit. Constellation was built by a coalition of institutional investors representing approximately \$1 trillion of AUM.

"We have a real bent toward sector specialism," said Connor Stewart - who, as a managing director at Wafra, co-leads all strategic partnership transactions, including GP stake investments. "We think teams that have lived and breathed a sector in an increasingly competitive world have a

significant competitive advantage."

"We felt Constellation's investment in Avista is a really strong endorsement of being dedicated to middle market healthcare investing," added Thompson Dean, managing partner and co-CEO of Avista.

Avista, which has invested over \$6 billion in more than 35 growth-oriented healthcare businesses globally, will stick to what it knows in terms of investment strategy.

The firm continues to see an acceleration in outsourcing trends, whether in contract manufacturing, contract development or contract research - all fields in which it has deep investment experience, Dean said. He added that direct-to-consumer healthcare models also remain attractive as more people are shopping from home, and that Avista's additional areas of interest include specialty distribution, medical devices and healthcare IT.

With many healthcare models proving able to withstand hits from covid-19, the industry remains "as busy as ever" from a dealflow perspective, added David Burgstahler, managing partner and co-CEO alongside Dean. "We are focused on areas that increase the efficiency of the healthcare system at lower costs," he said.

Avista has remained active throughout

the pandemic, most recently agreeing in December to acquire Solmetex, which helps dental practices with waste management and regulation compliance. The deal is set to close later this week, a source said.

Solmetex marked Avista's fourth platform investment out of Fund V and its third platform investment of 2020.

Solmetex, Vision and Xifin are all Fund V platform investments, along with its initial fund investment in 2019: GCM, an outsourced manufacturer of high-precision components for the medtech industry.

In September, Avista's National Spine & Pain Centers joined forces with Prospira PainCare, a portfolio company of Enhanced Healthcare Partners and Webster Equity Partners, PE Hub reported. The newly combined company generates north of \$50 million in EBITDA, a source said at the time, creating the largest national platform in the pain management specialty.

Avista, founded in 2005 as a spinout from DLJ Merchant Banking, closed its fourth vehicle in 2017, collecting more than \$800 million, PE Hub previously wrote. The firm had raised more than \$600 million for its fifth flagship as of April 2020, an SEC filing showed. ■