


 1st Edition

Private Equity Newsletter

1st Semester 2008 Review

Bionest Partners

19 rue du Général Foy
 75008 Paris
 France
 Tel: +33 1 58 05 14 00

Tower 49, 12th floor
 12 East 49th Street
 New York, NY 10017
 USA
 Tel: +1 (646) 386 2900

Alain J. Gilbert
 Managing Partner
alain@bionest.com

Thomas Martinelli
 Manager
thomas@bionest.com

Nicolas Brodetsky
 Associate Manager
nbrodetsky@bionest.com

Private Equity Transactions

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Bionest Transaction Services

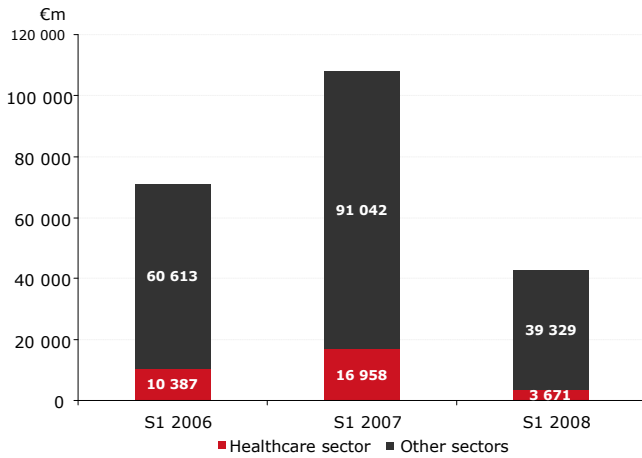
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Private Equity Transactions

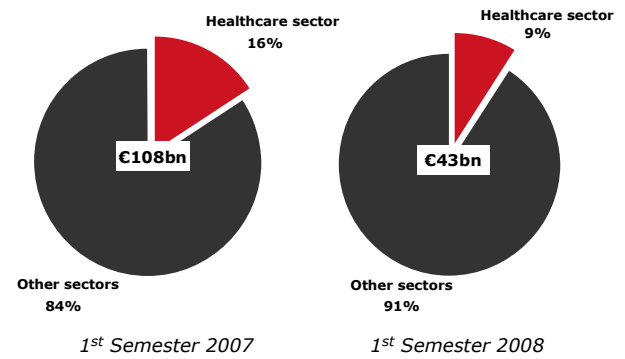
Sharp decline in European Transactions – Is healthcare a defensive sector?

Total Buy Out Deal Amounts (Europe)



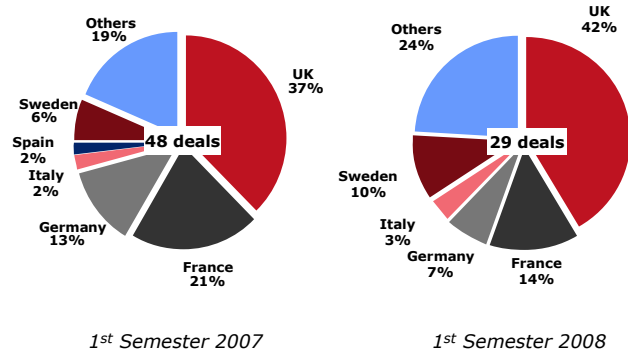
Source : Private Equity Insight, Merger Market, Candover, Bionest Partners Analysis

Sectors Distribution (Europe)



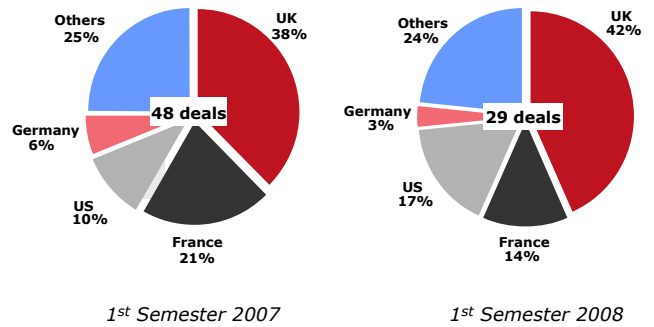
Source : Private Equity Insight, Merger Market, Bionest Partners Analysis

Target Country Evolution (Healthcare deals)



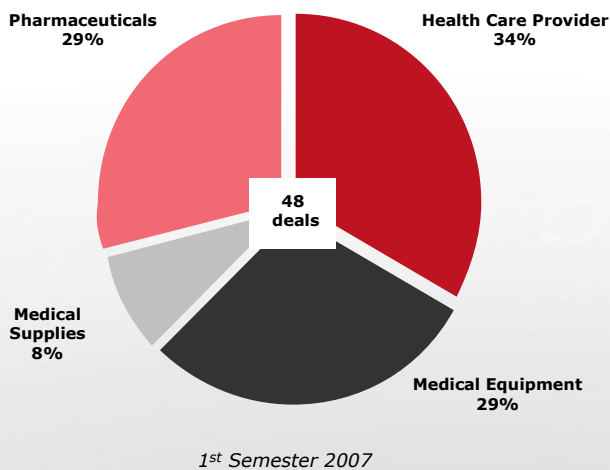
Source : Private Equity Insight, Merger Market, Bionest Partners Analysis

Acquirer Country Evolution (Healthcare deals)

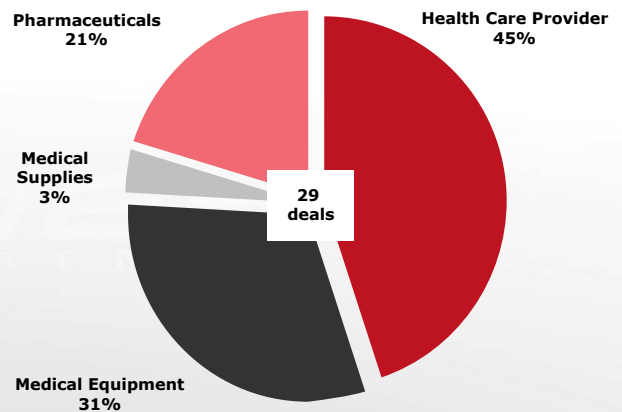


Source : Private Equity Insight, Merger Market, Bionest Partners Analysis

HealthCare Sector Distribution (Number of Deals)



1st Semester 2007



1st Semester 2008

Source : Private Equity Insight, Merger Market, Bionest Partners Analysis



Healthcare, the perfect defensive sector...

Private Equity funds have been in the spotlight since 2004 and have had an incredible expansion since then. By the second half of 2007, private-equity deals, many of which, depend heavily on debt leverage, have drastically decreased.

Even though Healthcare has been hit harder than its peers, **it has potential to resist or even expand better than others**. It is able to benefit from multiple drivers...

- Primarily, due to a demographic push, **the industry is a necessity which places providers in a strengthened position, as such, they do not have to face cyclical demand issues. Moreover, an acquisition in the healthcare industry is often accompanied by a significant property portfolio**. Property holdings permit easier access to credit as they bring extra security for bankers. A lender will look at these assets and be able to apply a higher debt multiple than non asset backed deals.
- Another factor to take into account is the sector's visibility. **Companies in the Healthcare sector are known for having long and visible pipelines**. These are very important to lenders as they can see the direction of the firm for a short- to medium-term horizon. This will enable easier access to credit and make lenders more comfortable. Of course, management's track records will be carefully analyzed, in order to assess their ability to transform those pipelines...
- Finally, the increasing cost burden of care provision has become an important issue at every level, from government to corporate employers. **Private investments is needed across the entire healthcare value chain in order to transform our systems into efficient organizations that create both value for the patient and for the shareholders**.

... is shifting from industry to services !

A major shift in the type of Private Equity deals has been confirmed in 2008 in the European Healthcare sector. Basically, they are **switching from industry to services**. This is consistent with the former statements and highlights the current dynamism of healthcare service sector in Europe. Indeed, demand for healthcare service providers is increasing due to demographic factors, such as an ageing population. **Similarly, medical equipments represent 30% of total deals in 2008, however, they are characterized by much smaller deals than in 2007**.

Other sub-sectors are experiencing a less attractive phase such as the European Pharmaceutical one, which has been developing in cost-efficient emerging countries. **Also, biotechnology firms encountered less private equity activity due to a lack of visibility and high R&D needs which cools down investors in this unsteady period**.

Private Equity Transactions

29 deals in the European Healthcare sector during the first semester of 2008

Target Company	Sub Sector	Value €m	Target Country	Acquirer
June 2008				
Euromedic International NV	Health Care Providers	800	Hungary	Merill Lynch Global PE / Ares Life Sciences
Groupe Amplitude	Medical Equipment	ND	France	Weinberg Capital Partners
May 2008				
Vitaflo International Ltd	Pharmaceuticals	20	UK	Meyersyside Venture Fund
April 2008				
Healthcare Homes Group Ltd	Health Care Providers	95	UK	Bowmark Capital
Alloheim Senioren-Residenzen AG	Health Care Providers	80	Germany	Star Capital Partners
Centrum Medyczne Lim	Health Care Providers	ND	Poland	Mid Europa Partners
Sia International	Pharmaceuticals	509	Russia	TPG
March 2008				
Assistances Médicales Spécialisées	Medical Equipment	30	France	Capzantine
LaborMed Pharma	Pharmaceuticals	123	Romania	Advent International
Premier Research Group Plc	Pharmaceuticals	127	UK	Pegasus Bidco Ltd / (ECI Partners & Indigo Capital Ltd)
Societe Civile d'Investissement Medico-Chirurgical	Health Care Providers	20	France	Almaviva Sante
Summit Medical	Medical Supplies	47	UK	Riverside Company
Tissue Science Laboratories	Pharmaceuticals	45	UK	Covidien UK
February 2008				
Dedienne Santé	Medical Equipment	6	France	Turenne Capital Partenaires
DPNova	Health Care Providers	ND	Sweden	Dentutech and Ambertank
Olivia Group	Health Care Providers	ND	Sweden	Procuritas Partners
Premier Medical Group	Health Care Providers	ND	UK	Nomura Securities
Stanmore Implants	Medical Equipment	17	UK	Abingworth Management Ltd
Tunstall Group	Health Care Providers	683	UK	Charterhouse Capital Partners
Ultralase Ltd	Health Care Providers	232	UK	3i
Verna Group	Medical Equipment	ND	UK	Bank of Scotland Corporate
January 2008				
Active Pharmaceuticals Ingredients	Pharmaceuticals	269	Norway	3i
Bionostics Plc	Medical Equipment	20	UK	JO Hambro
Ibis Holding	Health Care Providers	18	Italy	Efibanca Palladio Finanziaria
Acibadem	Health Care Providers	89	Turkey	Almond Holding AS
Chezara Chernigov	Medical Equipment	10	Ukraine	Arca capital Slovakia A.S.
Human Care	Medical Equipment	30	Sweden	Garden Growth Capital Health Care
Integrated Dental Holdings	Health Care Providers	401	UK	Merrill Lynch
Zett Optics GmbH	Medical Equipment	ND	Germany	Ventizz Capital Partners
Total Transactions value (7 deals undisclosed)		3671		
Average Deal Amount (7 deals undisclosed)		167		

Source : Private Equity Insight, Merger Market, Bionest Partners Analysis



2nd Semester driven by private clinics and clinical diagnostics ?

Private Clinics

Vitalia was expected to be one of the most important private equity transactions of the year. Blackstone expected to divest the business for about €1.1bn to €1.3bn. Selected bidders for the second round included French buyout shop LBO France, London-based CVC Capital Partners, French real estate firm Batipart and Italian hospital operator Gruppo Ospedaliero San Donato.

Vitalia has expanded rapidly through bolt-on acquisitions. Blackstone has invested about €900 million in its two years, buying 46 clinics that collectively generated sales of about €600 million in 2007.

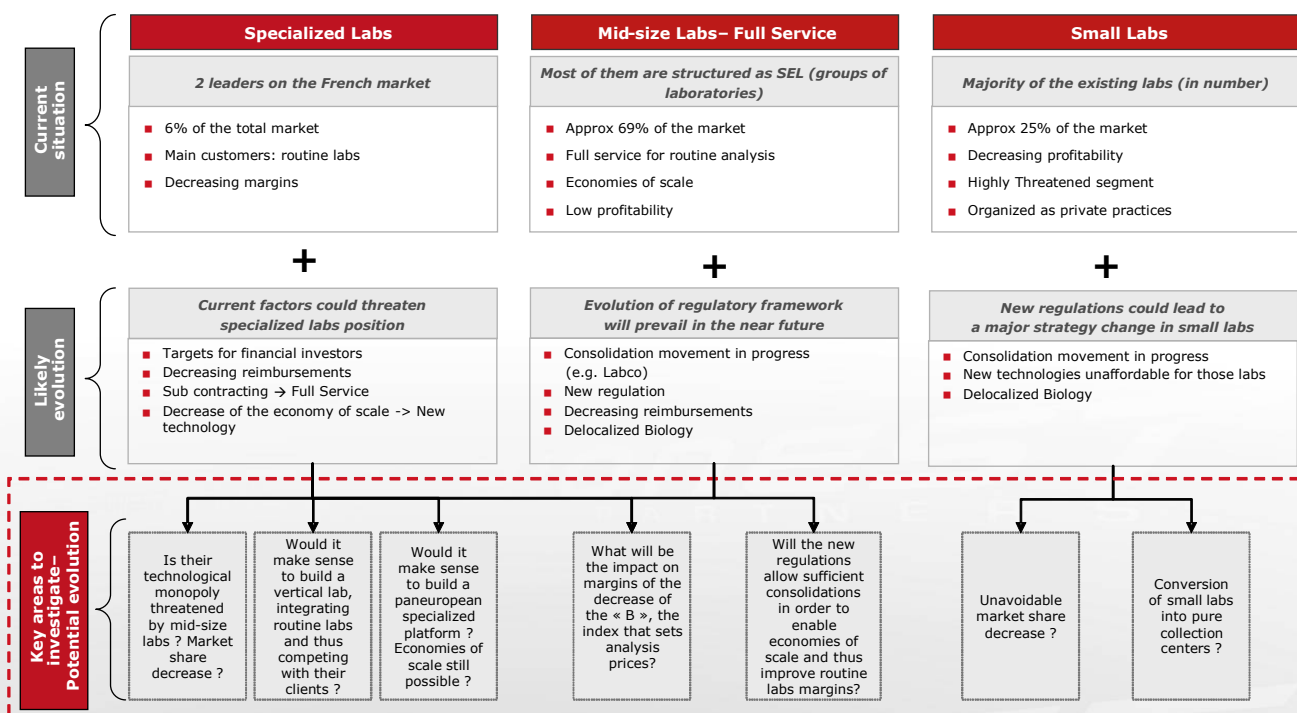
Preliminary offers did not meet expectations (due to a rapid process in a challenging debt financing environment), thus Blackstone aborted discussions with final bidders. **However, corresponding valuation multiples of Vitalia raised interests for funds to divest their current assets. For the remaining ones, it might have renewed attractiveness of building such a network from scratch...**

Clinical Diagnostic

3i has been particularly active in the European Healthcare sector over the last few years.

With the largely mediatized €140m investment in Labco, a European network of diagnostics labs, followed by the divestment of Sampletest (a private Spanish-Portuguese clinical analysis laboratory group) to Labco, 3i has spurred growing interest in the clinical diagnostic laboratory sector among its peers. The clinical diagnostics sector in France has always been attractive to PE funds, however limited to specialized labs such as Cerba and more recently Biomnis. **A possible deregulation could prompt a much higher volume of transactions on routine laboratory transactions...**

Focus on the fast moving strategies of the clinical diagnostic sector in France

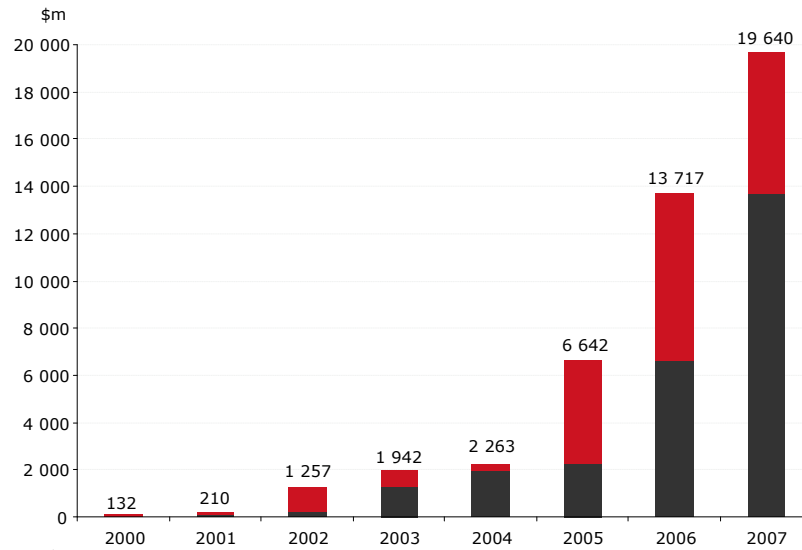


Private Equity Transactions

Private equity opportunities in the Middle East

PE investment boom in the MENA region

Cummulated PE amount invested in the MENA region



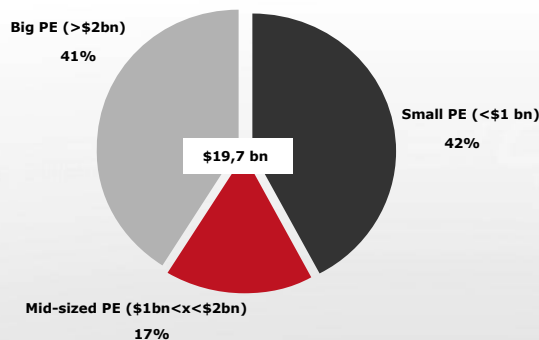
Source : Worldbank, IMF, Bionest Partners Analysis

1st Semester 2008 Private Equity deals in Healthcare (Middle East)

Date	Target Company	Target Country	Sector	Value \$m	Fund	Fund Country
2008						
June 2008	Amoun Pharmaceuticals Company	Egypt	Healthcare provider	ND	Coral Growth Investment Ltd Funds	US
May 2008	Cairo Medical Tower Laboratory	Egypt	Healthcare provider	ND	Egyptian Direct Investment Fund Ltd	Egypt
March 2008	Planet Pharmacies LLC	UAE	Pharmaceuticals	108	Global Opportunistic Fund II Global Buyout Fund L.P.	Kuwait
March 2008	Arab Pharmaceutical Manufacturing Company	Jordan	Pharmaceuticals	ND	EuroMena Fund	UK
January 2008	Saudi Tadawi Company	Saudi Arabia	Pharmaceuticals	177	Abraaj Buyout Fund II	Saudi Arabia

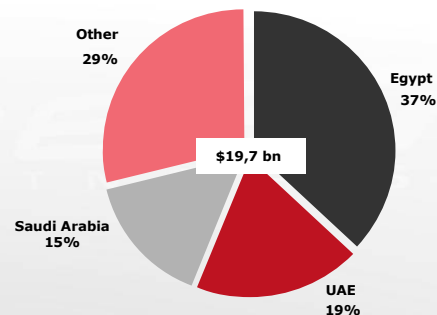
Source : Zawya, Bionest Partners Analysis

Size of PE funds in the region



Source : IRR Middle-East, Bionest Partners Analysis

Main countries of PE investment (MENA)



Source : Bionest Partners Analysis



Private Equity investment boom in the MENA region...

Despite the credit crunch on financial markets in the rest of the world, the private equity sector in the MENA region has recorded a 43% growth in 2007 and is set to witness unprecedented growth in the coming years. The active deployment of funds by institutions, sovereign wealths and high net-worth individuals combined with a prolonged low interest rate environment makes both cost and availability of funds attractive.

Great private equity opportunities exist in the region, sustained by several factors. Among them, the fast economic growth and the structure of businesses: 90% of the GCC commercial activity is controlled by family enterprises which are becoming more open to private equity participation who have been known to create additional value. Furthermore, regional governments are keen to privatise: **223 privatisations in MENA are planned for the next 10 years for a value of over \$1tr.**

A rising number of international private equity funds are rushing towards the MENA region, to quote last months' newcomers: Citigroup, Lehman Brother, UBS and Deutsche Bank. Carlyle Group, HSBC, and Swicorp have been in the region for several years now.

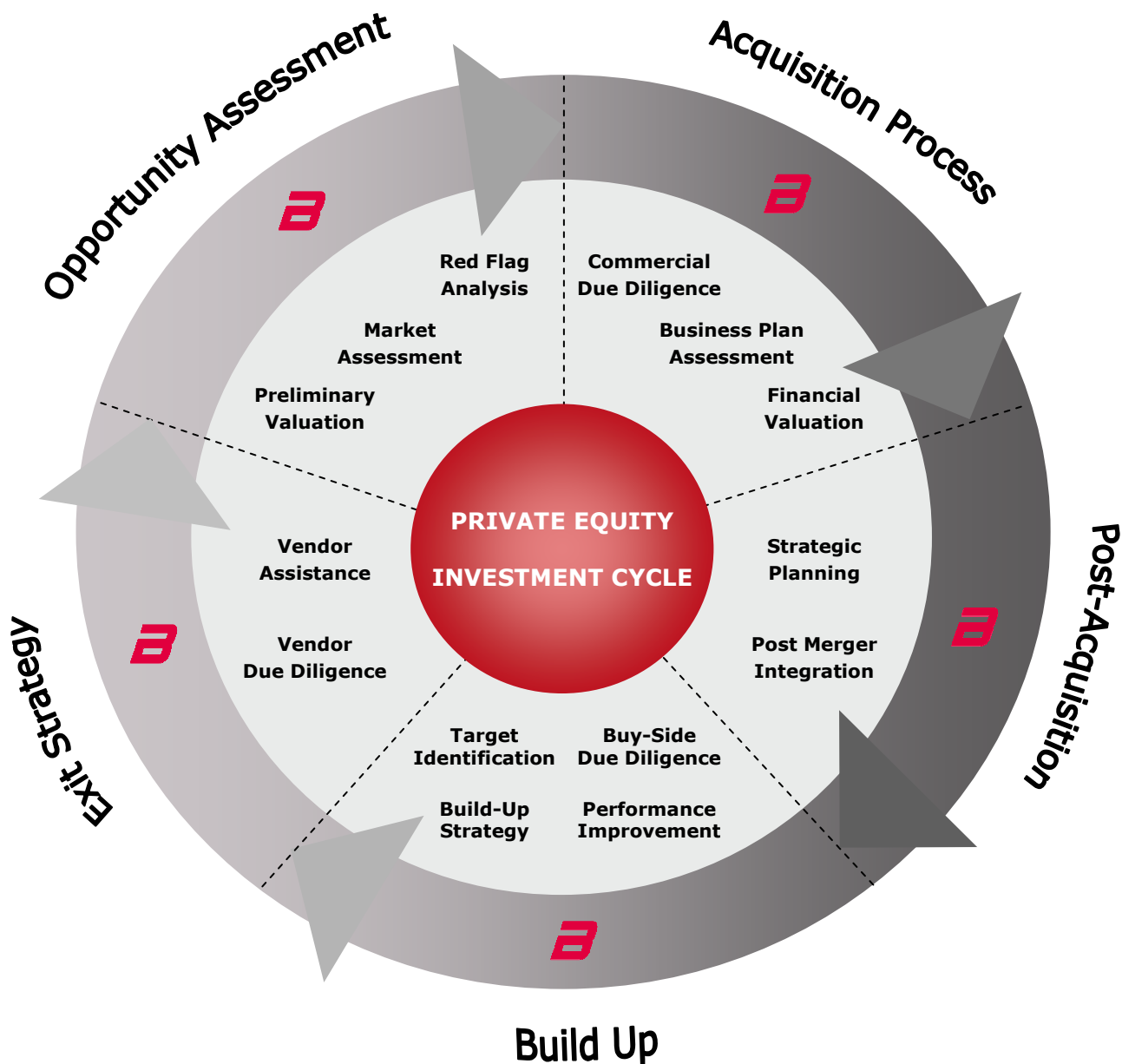
... will offer multiple opportunities in the growing healthcare sector

Within this region, the healthcare sector seems to show the most promising future.

With rising prosperity comes sedentary lifestyles but, also, sugar and fast-food based diets. As a result of this, the region's population has encountered major health problems. Non-communicable diseases, in general, are on the rise in the entire MENA region. **Today, these represent 45% of all diseases and they are expected to increase to 60% by 2020, explained, primarily, by the increased use of tobacco and the new unhealthy lifestyles.** However, the MENA region, though very heterogeneous among countries, encounters an overall under-supply in the healthcare sector (2.1 hospital beds per 1000 people in the GCC countries versus 6.1 on average in the OECD countries). Thus, the current healthcare market size of \$17bn is expected to grow to \$60bn by 2025, supported by an ageing and growing population.

Massive investments will be needed across the entire healthcare value chain to keep pace with the booming demand; the region offers tremendous opportunities for private equity funds.

Bionest partners supports PE funds throughout the transaction process



Why choose Bionest for your life sciences transactions ?

- Exclusive focus on the life sciences sectors
- Unique combination of finance and strategy skills
- Premium access to world-renowned experts



Bionest Selected Transaction Assignments


2008





Commercial Due Diligence
for
Tier 1 Private Equity Fund




2008





Commercial Due Diligence
for




2007



Commercial Due Diligence
for




2007



Commercial Due Diligence
for
BainCapital Apax PARTNERS



2007



Commercial Due Diligence
for




2006



Commercial Due Diligence
for




2006



Commercial Due Diligence
for





2006




Commercial Due Diligence
for




2006



Commercial Due Diligence
for
cognetas



2006



Commercial Due Diligence
for
citigroup



2006



Commercial Due Diligence
for




2006






Commercial Due Diligence
for
Apax PARTNERS




2006

Animal Health Player


Commercial Due Diligence
for
 



2004



Commercial Due Diligence
for
The Blackstone Group®



2003



Commercial Due Diligence
for




2003



Commercial Due Diligence
for




Bionest Partners can provide you with necessary insights

for assessing value creating deals...

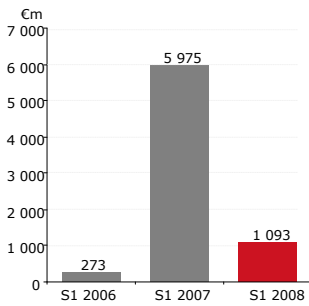


Private Equity Transactions

Fact Sheet (Buy Out Transactions in Healthcare – Europe)

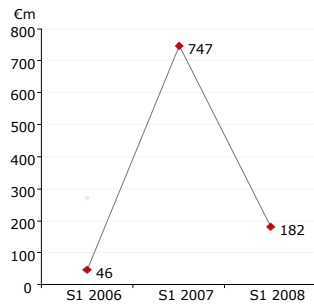
Pharmaceuticals*

Private Equity Deals Value

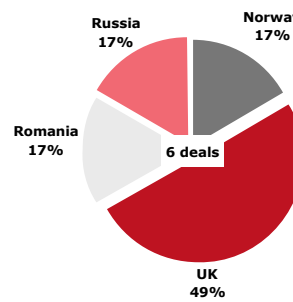


* 7 deal amounts disclosed

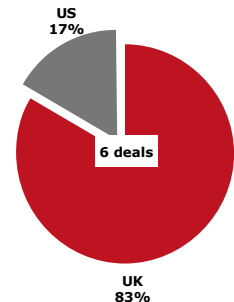
Deal Size Evolution



Target Country in 2008

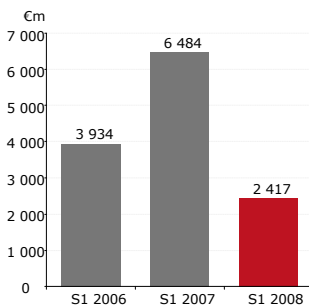


Acquirer Country in 2008



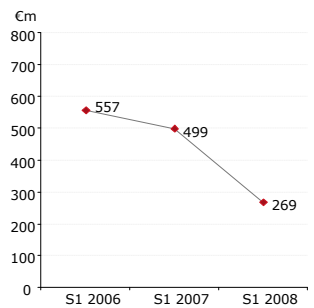
Healthcare providers*

Private Equity Deals Value

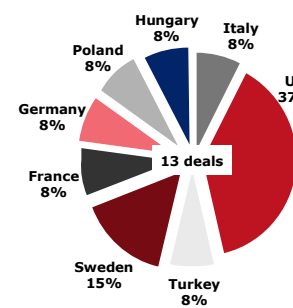


* 9 deal amounts disclosed

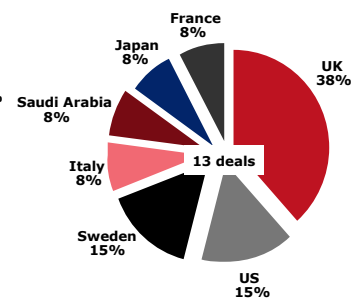
Deal Size Evolution



Target Country in 2008

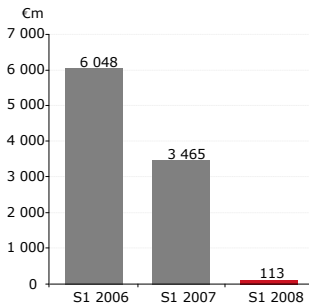


Acquirer Country in 2008



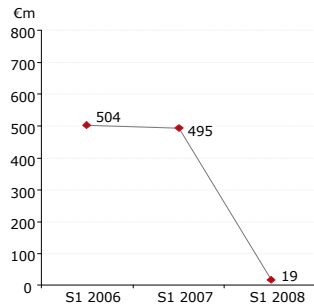
Medical Equipment*

Private Equity Deals Value

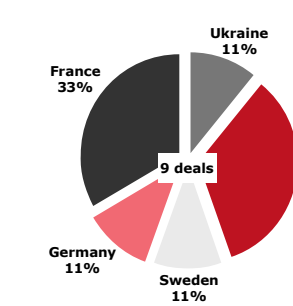


* 6 deal amounts disclosed

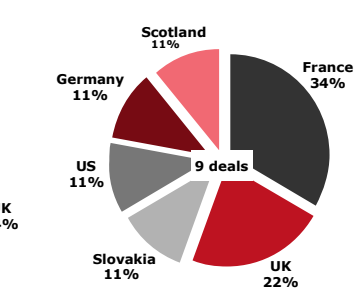
Deal Size Evolution



Target Country in 2008

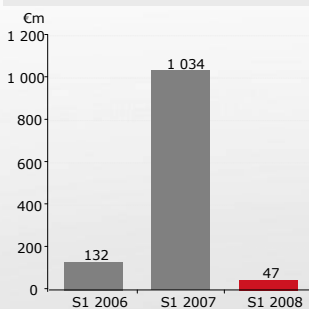


Acquirer Country in 2008



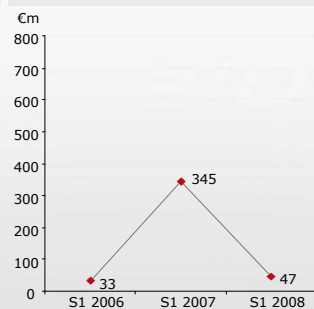
Medical Supplies*

Private Equity Deals Value



* 1 deal amount disclosed

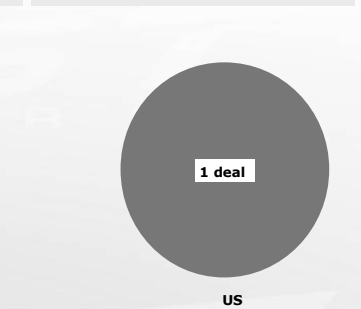
Deal Size Evolution



Target Country in 2008



Acquirer Country in 2008



Source : Private Equity Insight, Merger Market, Bionest Partners Analysis



Our Transaction Team Management



Alain J. Gilbert – Managing Partner

Before **co-founding Bionest in 2003**, Alain was European Founding President of Biogen Inc, (BGEN) where he was responsible for the launch of Avonex®, a biotech breakthrough treatment for MS. He held several position at senior management level such as **European founder of IDEXX Labs Inc.**,(IDXX) involved in veterinary diagnostic, water and food contaminant testing products, President of Medtronic Europe, world leader in cardiovascular devices (pacemakers, valves, etc.). Alain started his career in sales and marketing at Abbott's Diagnostic Division and remained there for 17 years, holding key executive positions in the US and in Europe. At Bionest, Alain is mostly involved in Biopharmaceutical, Animal Health, Product Launch, Private Equity and very focused on USA.



Thomas Martinelli - Manager

Thomas has **over 5 years of consulting experience at Bionest** where he has been involved and/or **managed over 40 projects** ranging from strategic positioning, business planning and strategic due diligences for a wide range of clients. In Animal Health, Thomas handled several assignments since 2005, most significant being **Ceva Santé Animale** (Candover bid), **Merial** (Candover/PAI/JP Morgan bid), **Phibro** (3i equity stake investment) and **Vetoquinol** (support in the IPO process). Before joining Bionest, Thomas gained experience at Genopole Evry, and at the French Trade Commission in Toronto, Canada. Thomas has a Master's in Life Sciences and Management from ISTM (Paris).



Nicolas Brodetsky – Associate Manager

Nicolas **joined Bionest in 2007 as a senior consultant** where he has been involved in commercial due diligences for private equity firms, most significant being **Vitalia** and **Phibro Animal Health** (3i equity stake investment). Before joining Bionest, Nicolas was a senior consultant in the **Transaction Services department of Ernst & Young**, where he has been involved and in charge of due diligences for major transactions in various specialties (Healthcare, Energy and Distribution). Nicolas has a Master in Management from GGSB (Grenoble Graduate School of Business) with a major in corporate finance.

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Strategic advice and beyond



Bionest Partners are global experts focussed exclusively on the healthcare and life sciences sectors. We combine **strategic thinking with extensive real world experience** to provide **operational solutions**, which will help you to achieve your business goals.

Management consulting

Bionest provides practical advice on global corporate and product strategy. We assist in the area of R&D operations, product launches, market entry and franchise set-up. We perform buy and sell-side strategic due diligence, working with both corporates and private equity funds.

Financial advisory services

Bionest has in-depth expertise in corporate finance activities, including M&A, asset in- and out-licensing, company and pipeline valuation and also offers IPO support services as well as equity research via its securities arm.

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