Cinven

Update

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Portfolio

Passing the test: Cinven purchases medtech leader Phadia

Cinven has successfully completed the €1.285 billion purchase of the medtech company Phadia, the world leader in in-vitro allergy testing.

Phadia is the global market leader in in-vitro allergy diagnostics and the European market leader in autoimmunity diagnostics. The company has been a pioneer in bringing new allergy diagnostic tests to the market since it was established in 1967 and its products, including the ImmunoCAP range, have a high reputation.

"Phadia is an outstanding business in a growing niche of the medtech sector," comments Cinven partner Stuart McAlpine. "Allergy prevalence is rising, and Phadia is the leading diagnostic company in this field. Phadia has an exceptional management team; we believe it can achieve strong organic growth and continue its market leadership in in-vitro allergy diagnostics."

Headquartered in Uppsala, Sweden, the business employs over 1,100 people. It has a global footprint, distributing directly in 18 countries and enjoying further reach through a broad international network of distributors.

Phadia has an installed base of 5,000 highly advanced systems in over 3,000 hospital and commercial laboratories worldwide, to which it supplies allergens, autoimmunity tests and related consumables. It has an extensive product portfolio, including the broadest range of specific allergy tests in the market. Phadia's innovative approach to R&D, the reliability of its products and the high level of technical support it provides to laboratories have made it a market leader.

Cinven's strategy, developed in conjunction with the existing management team, is to further develop Phadia's successful business model in order to take full advantage of the growth opportunities presented by an expanding market. These include widening sales of the ImmunoCAP range to countries such as the USA, where the in-vitro allergy testing market is still developing. Cinven will also support Phadia as it seeks to exploit its strong brand and distribution network through strategic alliances with companies operating in related areas, such as allergy immunotherapy. There is potential to further develop Phadia's autoimmunity division, which, although a market leader in Europe, is under-represented elsewhere.

"Phadia is looking forward to working alongside Cinven," comments the company's CEO Magnus Lundberg. "During the due diligence process we were impressed by Cinven's understanding of our products and markets, and believe that they are the right partner to help us accelerate international growth and take Phadia into a new phase of its development."

Portfolio

Cinven boosts Eutelsat into higher orbit...

Cinven's successful exit from Eutelsat in December 2006 was a product of the determination and vision of the sector team, supporting a growing European company.

The shares were bought at €15.50 by Spanish infrastructure investor Abertis S.A. (94%), and Lehman Brothers International (Europe). While the sale followed a successful IPO on the Paris Bourse 14 months earlier, the story behind the exceptional return can be traced back to 2004.

Cinven Partner Benoit Valentin explains: "Cinven's involvement with Eutelsat was not typical. We bought a minority stake and then came together with other investors subsequently to create a buyout. Throughout the process, however, our deep sectoral knowledge and understanding of the business allowed the team to proceed with confidence and commitment."

With a fleet of 23 satellites, Eutelsat is the third largest operator of fixed satellite services in the world and the largest in Europe. It leases capacity to operators who in turn provide their own customers with radio, TV broadcasting services, professional data networks and broadband internet access. The product of an intergovernmental scheme, ownership was originally split between a patchwork of national PTT operators.

Cinven was interested in Eutelsat for a number of reasons. In the first place, Eutelsat was a leading business with an excellent management team and satellites occupying prime "hotspots." Secondly, Cinven believed that investors were overcautious following the boom and crash of technology stocks: there was strong evidence that the industry was maturing and acquiring sound financial disciplines. Thirdly, they saw how value could be released in Eutelsat with new, more efficient capital and management structures in place.

The ownership structure was consolidated in the spring of 2005. As part of that consolidation, the business was recapitalised allowing €175m to be returned to Cinven's shareholders, and paving the way for the IPO. Set at €12.00 per share, the institutional offering was substantially oversubscribed and closed within 24 hours. Throughout this period, Eutelsat continued to strengthen its position with the deployment of new satellites and the signing of major new contracts.

Cinven Partner David Barker sums up: "This was an exceptional transaction for Cinven which has left Eutelsat in very good shape for the future. As well as helping to rationalise the ownership structure, we supported the management strategy and are confident that Abertis, itself a long-term partner of the business, will continue to drive its development and success."

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