

Sector expertise
continued

Healthcare

Cinven is one of the most prominent private equity firms in healthcare, having completed nine investments in six different countries totalling €7.4 billion.

Selected investments

UK

General Healthcare

Hospital operator

France

Générale de Santé

Hospital operator

UK

Partnerships in Care

Psychiatric care homes

Sweden (global operations)

Phadia

In-vitro diagnostics – Allergy testing

France (global operations)

Sebia

In-vitro diagnostics – Protein testing

UK

Spire Healthcare

Hospital operator

Sector expertise
continued

Healthcare



Stuart McAlpine, Pascal Heberling and Simon Rowlands
Healthcare sector professionals

Cinven's Healthcare team has expertise across the entire sector, encompassing healthcare services, medical technology and pharmaceuticals, and has been a driving force within the industry in areas such as the consolidation of the UK private hospital market and the development of the niche in-vitro diagnostic market.

Cinven's current healthcare portfolio includes Sebia, a protein diagnostics testing business; Spire Healthcare, a leading UK-based hospital group; Partnerships in Care, a UK psychiatric care home operator; and Phadia, the market-leader in allergy and autoimmunity diagnostics. In addition, we have previously invested in medical services, medical technology and pharmaceuticals, in many European jurisdictions.

Cinven acquired Sebia in June 2010. The business has made considerable progress, continuing to grow in all its major markets since the acquisition as it pursues its strategy of geographical expansion and product innovation (see case study on page 10 of this annual review).

An underlying theme across our healthcare portfolio is revenue growth driven by Cinven's investment in the businesses, including investment in the salesforce, R&D, expansion capital expenditure and in acquisitions.

Healthcare benefits from strong demographic drivers: ageing populations increase the demand for healthcare. In addition, medical science is advancing, leading to new technologies and treatments which drive up the cost of healthcare. In a period when government budgets are under pressure, identifying the right areas to invest in is critical to success in this sector.

Cinven targets businesses which benefit from demographic change, both in developed and emerging markets, and which operate in areas that have favourable reimbursement dynamics that insulate them against the general pressure on healthcare costs. Areas where we see particular opportunity today include:

- medical technology businesses active in niche markets that have potential to grow through global expansion and are insulated from general reimbursement pressures;
- companies with resilient payors (e.g. medical insurers and those governments with stronger balance sheets), making them less vulnerable to consumer downturns;

- companies that can help reduce the cost of public healthcare provision, either through early identification of disease (e.g. diagnostics) or through improving the cost-effectiveness of provision (e.g. outsourcing); and
- businesses that can benefit from the significant shifts occurring in the large pharmaceutical sector, which is undergoing significant consolidation.

Through the experience we have from our long investment history and the strong network of relationships developed over that time, we are often able to identify proprietary angles on investment opportunities. In addition, our Asian office has a proven record in helping European healthcare companies within the Cinven portfolio to tackle the challenge of emerging market growth. This capability makes us a value-adding shareholder, which is especially appealing where management teams want a partner who can contribute operational expertise as well as capital.