



Cinven acquires oncology diagnostics market leader Sebia



More www.cinven.com/sebia

Market position and proprietary technologies underpin company's high growth rate

“This transaction shows Cinven at its best: Healthcare sector expertise, our long-term presence in France and our established relationship with the management team placed us in pole position when an opportunity emerged to acquire the business,” commented Cinven Partner Nicolas Paulmier. **“Sebia is the market leader in an attractive, growing market and will now be able to benefit from the knowledge we have gained as the owner of Phadia, our other specialised in-vitro diagnostics business.”**

Stuart McAlpine, a Partner in the Healthcare Team, added: “Medical Diagnostics was identified by us some years ago as a segment with very attractive characteristics both financially and in terms of strategic positioning: early diagnosis means better prognosis – and also lower treatment costs.”

The business

Sebia is the worldwide leader in clinical electrophoresis equipment and reagents. Its systems analyse proteins in order to detect various diseases and conditions, primarily myeloma, a form of cancer, which typically affects people who are more than 50 years old. Sebia is a global business and generates more than 80% of its sales outside France.

The company sells machines to private and public testing laboratories and has a large installed base of approximately 10,000 instruments. Only Sebia's reagent consumables can be used for its machines and account for the bulk of its sales: 75% in 2009. This 'razor / razorblade' business model provides predictable revenues and a defensive business model.

Sebia's high growth rate has been driven by (i) growth in its market, which is underpinned by long-term trends including ageing populations, an increase in the number of people being monitored and product improvements, and notably the shift from gel to capillary electrophoresis; and (ii) gains in market share resulting from Sebia's superior technology, the effectiveness of its sales force and the high standard of service it provides.

The transaction

The acquisition follows years of preparatory work: Cinven's Healthcare and French teams had begun to build a relationship with its CEO, then bioMérieux's CEO, in 2002 and had been monitoring Sebia closely since 2005. Cinven submitted a pre-emptive offer to the sellers following extensive proprietary due diligence and a period of privileged access to the company.

As the owner of Phadia, the leading allergy and autoimmunity diagnostics business, we have previous experience in the high-value in-vitro diagnostics industry. Although Phadia and Sebia will remain standalone investments, there are many similarities between the two investment strategies, allowing both businesses to benefit from our ownership. Cinven's Financing Team raised the debt for the transaction and concluded a highly successful syndication of the debt in June. The transaction is believed to be the first conventional buyout underwriting and syndication of 2010. Cinven's Asia Team played an important role in identifying the significant opportunity for Sebia in emerging markets.

The opportunity

Cinven's strategy, developed in conjunction with the existing management team, is to further develop Sebia's successful business model by:

- taking full advantage of the growth opportunities presented by an expanding market;
- upgrading customers to improved, higher-value systems;
- further increasing its market share in countries such as Germany and the USA through its superior technology and customer service;
- accelerating the growth of emerging markets, on the back of the opportunities identified by Cinven's Asia Team.

Sebia is also launching new detection tests for proteins such as Hb (haemoglobin) that can be run on its installed base of machines, offering significant additional growth potential.