

# Connect

## January 08



## Sector focus: Healthcare and Pharmaceuticals

**The healthcare and pharmaceutical sector is a key area of investment activity for CBPE. We have looked at opportunities to acquire a number of privately owned businesses and subsidiaries of large quoted pharmaceutical and healthcare businesses.**

CBPE is attracted to the sector because of the combination of the highly regulated nature of the markets and the growing market demand driven by demographic changes and patient education. Together these characteristics provide for a growing high quality earnings stream.

CBPE has made two investments in the sector, IDIS and Rosemont Pharmaceuticals, with both deals having been led by Sean Dinnen and John Fisher.

IDIS has three business areas. It is the market leader in the sourcing and distribution of unlicensed pharmaceuticals on a named patient basis. In addition it manages distribution programmes throughout Europe for unlicensed or prelicensed drugs on behalf of 'big pharma' and biotech firms. Finally, IDIS is involved in the sourcing and distribution of drugs for use in clinical trials.

IDIS is based in Weybridge and profits have more than doubled under the leadership of Natalie Douglas since CBPE acquired the company from the founding shareholders in September 2005.

Rosemont was acquired for £93m in a competitive auction run by Citigroup on behalf of the previous owner, NASDAQ listed Savient Inc.

Rosemont is the clear market leader in the manufacture and sale of oral liquid pharmaceuticals which are typically prescribed to patients suffering from dysphagia or swallowing difficulties.

Based in Leeds, Rosemont manufactures around 100 oral liquid products, the majority of which have no competition in liquid form even from the brand originator. The product range includes licensed products and Specials or unlicensed formulations.

Following CBPE's investment there has been a £6m investment in a site expansion project which is nearing completion and also an increased focus upon new product development. The company is trading well ahead of business plan expectations.

# CBPE sells Fishers to management in £40m secondary buyout

CBPE sold Fisher Holdings for £40m in November. The business has been acquired by the ongoing management team with backing from Bank of Scotland Integrated Finance. The exit coincided with the retirement of Managing Director, Victor Ward. CBPE achieved a return of 2.9x its original investment.

Fishers is Scotland's leading supplier of linen textile services to customers in the hospitality, healthcare and leisure sectors. Under CBPE ownership it has expanded into North East England. Fishers also supplies garment laundry services to a wide range of industrial customers.

John Fisher who served as a Non-Executive Director for CBPE said: "Fishers has been an excellent investment for CBPE. We are delighted with the business' strong progression during the period of our ownership. The management team have done a fantastic job and we wish the ongoing team every future success."



## Protocol Skills investment

CBPE has backed the management buyout of Protocol Skills, a provider of vocational skills training, for £46.5m.

Protocol Skills which has a turnover of £35m, provides apprenticeships and NVQ training to around 15,000 learners per year. It is one of only three national vocational training providers in the highly fragmented 'work-based learning' market in the UK. It has a strong market position in the retail and hospitality sectors which are amongst the highest users of vocational skills training. Clients include New Look, McDonalds and Asda.

The provision of vocational skills is a priority for the UK government, particularly since the publication of the Leitch Review of Skills in the UK in 2006. Following the introduction of the new 'Train to Gain' scheme available funding is growing strongly, up to £1.84bn in 2007/8.

The management team is led by Dan Wright, Chief Executive, who joined the business in 2004. Since joining, he has steered the business through a period of strong growth in both the volume of learners and the level of leaver success rates.

Protocol Skills is headquartered in Ellesmere Port, Cheshire. The company employs 800 people.



## New warehouse for IDIS

In August 2007 IDIS opened a new purpose built warehouse five minutes from the head office in Weybridge. This new facility, at 11,500 sq ft, is three times the size of the previous warehouse. IDIS supplies medicines for named patients all over the world and the investment in this facility will meet the growing demand for controlled drugs, cytotoxics and provide increased ability to handle a wide range of temperature sensitive products in line with the growing needs of the pharmaceutical market.

## Fund update

We are actively looking to make new investments with Fund VII currently 50% invested. The portfolio companies in Fund VII are Alex Stewart, Aqualisa, BWA Water Additives, CanDu, IDIS, Protocol Skills, Rosemont Pharmaceuticals, Upperpoint and Waltons.

Allied Glass is the last remaining investment in Fund VI.

For more information on investments, or further details about Close Brothers Private Equity, please call +44 (0)20 7065 1100 or visit our website at [www.cbpe.com](http://www.cbpe.com).

The Executives at Close Brothers Private Equity are: John Snook (Managing Partner), Ben Alexander, Sean Dinnen, John Fisher, Mathew Hutchinson, Anand Jain, John Kelly, Nick MacNay, Neil Murphy, Andrew Nelson, Mark Perryman, Iain Slater and Simon Wildig.

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