

# Leading the way

A review of corporate finance  
deals in the healthcare sector

2017



# Our performance in the healthcare sector over the past 24 months

Total number  
of deals

33

Cumulative  
value of deals

£900m

Average value  
of deals

£27m

56%  
Buy-side



44%  
Sell-side

64%  
Domestic



36%  
International

39% Public listed

33% Private equity

28% Corporate

# Foreword



Evolving macro trends will underpin M&A activity in social care, however, whilst it's true that there is uncertainty in light of the recent election and surrounding Brexit's impact on the cost and availability of staff, already significantly impacted by the National Living Wage, it remains a growth sector. There can be no denying that some care providers reliant on government funding are struggling and some are looking to exit the market, however, many commentators are suggesting we are approaching an inflexion point as bed shortages reduce commissioner buying power.

The outlook for specialist care and private pay providers remains largely positive with both markets attracting robust interest from both private equity and foreign investors alike. Our 2017 specialist care pipeline is particularly positive with higher fee rates and increased demand making it an attractive area of investment.

Such activity is by no means limited to the specialist and private-pay providers. The pharma services market is also experiencing growth. Big pharmaceutical companies' efforts to make drug development more efficient by outsourcing pharmaceutical services is creating opportunities for smaller specialist operators.

The medical devices market is another success story, attracting a great deal of interest from foreign investors as the sale of both Medisafe and Daniels Healthcare, on which we advised, will attest.

In summary, whilst there are clearly parts of the healthcare sector that will undergo much turbulence and change in the coming year, it remains a growth sector. Operators that are entrepreneurial and strive for innovation will undoubtedly attract the attention of investors who remain very active in the sector and see healthcare as a defensive sector in turbulent times.

## **Peter Jennings**

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# Social care and services



Capita plc
Sale of specialist recruitment businesses to Endless LLP
Recruitment: education, healthcare and social care
£undisclosed June 2017
Grant Thornton provided corporate finance, due diligence, SPA advisory and business consulting services



Medical Solutions UK Limited
Sale of Medical Solutions UK Limited to Marcol Health
Healthcare services provider
£undisclosed May 2017
Grant Thornton provided corporate finance advisory services



Sodexo Limited
Acquisition of Prestige Nursing + Care
Domiciliary care provider
£undisclosed April 2017
Grant Thornton provided corporate finance advisory services

Project Bond
Sale of a group of seven elderly care homes
Healthcare
£undisclosed November 2016
Grant Thornton provided due diligence, tax and SPA advisory services

The Care Division Limited
Sale to Alina Homecare
Domiciliary learning disability care business
£undisclosed February 2016
Grant Thornton provided corporate finance advisory services



Country Court Care
Advice to secured lender
Care homes
Over £40 million February 2016
Grant Thornton provided a pre-lead review

CVS Group plc
Acquisition of Albavet Limited and Vetisco Limited
Veterinary sector
£undisclosed December 2015
Grant Thornton provided due diligence services

Loyds Nursing Group
Administration and Restructuring of Care Home Portfolio
Care Homes
£200m senior debt 2010-2015
Grant Thornton provided restructuring, tax and corporate finance advisory services



CVS Group plc
Acquisition of Highcroft Pet Care Limited
Veterinary sector
£undisclosed October 2015
Grant Thornton provided due diligence services

Optimo Care Group Limited
Refinancing
Domiciliary care
£undisclosed October 2015
Grant Thornton provided corporate finance advisory services



Vetswest Limited
Sale to MWI Veterinary Supply Inc
Veterinary support services
£undisclosed August 2015
Grant Thornton provided corporate finance advisory services



Global Group (UK) Limited
Sale to Impellam plc
Medical recruitment
£37.1 million July 2015
Grant Thornton provided corporate finance advisory services

Care UK Limited
Cost reduction, back-office carve-out and business transformation programme
Primary, secondary and urgent care services
£undisclosed July 2015
Grant Thornton provided business consulting services

- International
- Private Equity
- Public listed

# Acquisition of Prestige Nursing + Care by Sodexo Limited

**Client name:**

Sodexo Limited

**Sector:**

Domiciliary care provider

**Transaction type:**

Acquisition

**Services provided:**

Corporate finance advisory services

**Geographies served:**

France and United Kingdom



Sodexo is a global leader in managing and delivering a diverse range of services designed to improve the quality of life for their clients and customers and employs 425,000 staff across 80 countries worldwide.

**Background to deal**

Sodexo, through their Global Home Care division, is already a big player in the US in the home care market with its Comfort Keepers brand which has over 700 offices worldwide, including one in West Sussex. Sodexo were keen to expand through acquisition to scale its presence in the UK private pay home care market.

As a result of wide and existing Grant Thornton relationships with Sodexo, the London Corporate Finance Healthcare team were invited to present our credentials as part of a competitive tender to help support Sodexo’s acquisition strategy.

**Solution**

Having been successfully selected, the team undertook a detailed market mapping exercise of the UK home care market based on Sodexo’s specific criteria.

Prestige Nursing + Care (‘Prestige’) was selected as the prime target. Prestige, established in 1945, is a family business and is recognised as one of the UK’s most respected nursing and care agencies. It has a network of 45 company-owned and franchised branches covering most of the UK, and with over 2,500 nurses and care workers registered with them. Pivotaly Prestige had already begun a strategic transition towards the private pay home care market, making it a strong fit with Sodexo’s Comfort Keepers.

Through Grant Thornton’s existing relationship with Prestige, the two parties were introduced and with the team’s advice and support, Sodexo successfully purchased the business.

“I would like to thank Grant Thornton for their advice, guidance and support in helping us complete this transaction with Prestige enabling us to scale in this market in the UK. We look forward to continuing our work with Grant Thornton as we progress on the home care acquisition trail across Europe as well as the UK. I wouldn’t hesitate to recommend the team.”

**Dr. Patrick Flanagan Billiter, Global Chief Financial Officer, Sodexo Home Care**

# Medical devices and pharmaceutical

International 

Private Equity 

Public listed 



Eight Roads Holdings Limited

Acquisition of Expert-24 Limited by Medvivo Digital Limited
Global provider of customised decision support applications for use in healthcare industry
£undisclosed April 2017
Grant Thornton provided due diligence services

Idox plc

Acquisition of 6PM Holdings plc
Software solutions and services
£18.5 million February 2017
Grant Thornton provided due diligence services



Stallergenes Greer plc

Fundraising
Pharmaceuticals
€50 million December 2016
Grant Thornton provided debt advisory services



Guangzhou Wondfo Biotech Co, LTD

Acquisition of minority equity stake in Atlas Genetics Limited
Diagnostic instruments
US\$18 million December 2016
Grant Thornton provided due diligence services



Medisafe UK Limited

Sale of Medisafe UK Limited to STERIS plc
Manufacturer of surgical reprocessing equipment
£27 million July 2016
Grant Thornton provided corporate finance advisory services



Business Growth Fund/ Pharmacy2U Limited

Investment in Pharmacy2U Limited merger with chemistdirect.co.uk
Pharmaceuticals
£10 million July 2016
Grant Thornton provided due diligence services



Daniels Healthcare Group Limited

Sale of Daniels Healthcare Group Limited to MAUSER Group
Sharps containers
£undisclosed July 2016
Grant Thornton provided corporate finance advisory services



Oncimmune Holdings plc

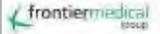
AIM flotation
Leading early cancer detection company
c.£66 million market cap May 2016
Grant Thornton acted as reporting accountant



Burgess Diagnostics Limited

Sale of Burgess Diagnostics to Solingen Private Equity
Mobile diagnostic imaging services provider to veterinary sector
£undisclosed March 2016
Grant Thornton provided corporate finance advisory services



Frontier Medical Group Limited

Refinancing of Frontier Medical Group
Healthcare, Medical devices
£undisclosed March 2016
Grant Thornton provided due diligence services



Dycem Limited

Sale to SEA Equity
Contamination control and non slip blended polymer products
£undisclosed January 2016
Grant Thornton provided corporate finance advisory services



Alliance Pharma plc

Acquisition of the Healthcare Products Business from Sinclair IS Pharma plc and the subsequent readmission to AIM Pharmaceuticals sector
£127.5 million December 2015
Grant Thornton acted as reporting accountant



Palatine Private Equity / Vernacare

MBO of Vernacare by Palatine Private Equity
Single use healthcare products
£undisclosed October 2015
Grant Thornton provided corporate finance advisory and tax advisory services



Medical Innovations Group

Sale of Medical Innovations Group to Cantel Medical Corp
Medical Devices
£undisclosed September 2015
Grant Thornton provided corporate finance advisory and tax advisory services



Masters Pharmaceuticals Limited

Refinance
Unlicensed medicines
£undisclosed July 2015
Grant Thornton provided corporate finance advisory services

# Sale of Medisafe UK Limited to STERIS plc

**Client name:**

Medisafe UK Limited

**Sector:**

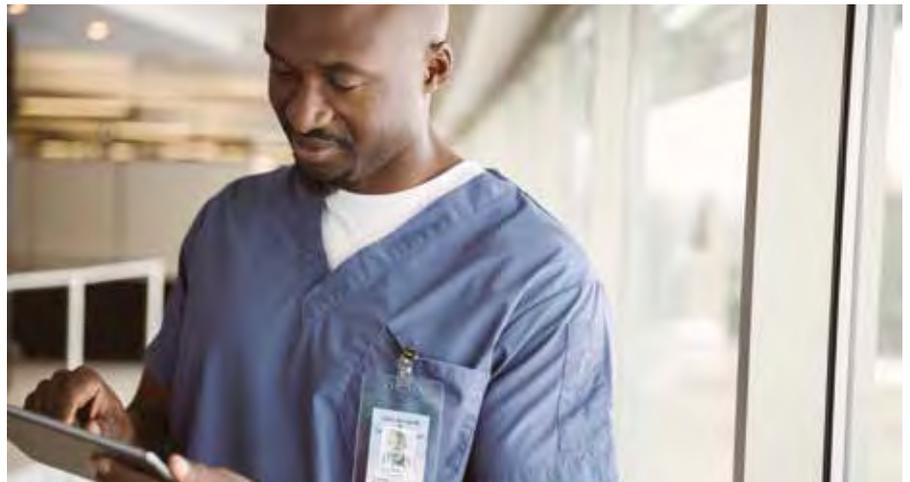
Manufacturer of surgical reprocessing equipment

**Transaction type:**

Sale

**Services provided:**

Corporate finance advisory services



Medisafe UK Limited is a Hertfordshire based provider of surgical reprocessing solutions to the healthcare sector with operations now spanning the world. Its market-leading capital equipment range of Sonic Irrigators™ is exported to over 70 countries along with an extensive range of ancillary consumables primarily used in hospitals' CSSD departments.

**Background to deal**

Inspired by a highly entrepreneurial culture, the Company invested continuously in R&D, developing the product range in response to evolving regulatory requirements and launching new revolutionary products, such as a recently patented range of instrument soaking devices developed to improve the pre-cleaning stage for reprocessing complex surgical instruments.

As a result of its continued success, Medisafe was approached by STERIS Plc, a multinational healthcare conglomerate with significant operations in the US and UK markets with a view to acquiring the company.

**Solution**

Grant Thornton advised the shareholders, leading a structured, competitive process to test the market, facilitate the transaction and maximise shareholder value. The transaction delivered a significant strategic premium, reflecting the earning potential of Medisafe and its leading market position at the forefront of the complex surgical instruments reprocessing market.

The shareholders will retain certain parts of Medisafe's operations in Germany and Scandinavia supplying endoscopy related products and consumables.

“We chose Grant Thornton for their knowledge and M&A expertise in the sector and from start to finish they did an excellent job of leading us through a fairly complex process to execute what we believe is an attractive transaction for all stakeholders. The team were high calibre, committed and understood the challenges associated with an entrepreneurial business as well as dealing with a multi-national corporation and their advisers.”

**Lawrence Dawson, Founder, CEO and majority shareholder, Medisafe Limited**

We would be delighted to discuss how Grant Thornton can help you achieve your strategic objectives. Please contact a member of our team or email us at [corporatefinance@uk.gt.com](mailto:corporatefinance@uk.gt.com)

For more information on Grant Thornton International member firms, please visit [www.grantthornton.global](http://www.grantthornton.global)

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