

## Healthcare: Capiro

### Partial realisation

---



### Enterprise value at entry

---

€1.5bn

### Healthcare provider

---

In 2006, Apax Funds acquired Capiro AB, one of the leading healthcare providers in Europe, operating hospitals in Sweden, Norway, France, Germany and the United Kingdom. The group also included Capiro Sanidad ('Capiro Spain'), a private hospital operator, with more than 20 hospitals and healthcare centres in four regions across Spain.

# Backing top management...



1  
Strategy overview

2  
Strategy in action

3  
How we are run

4  
Our investors

## Healthcare: Capiro

# ...and positioning the business for growth



During the five year period of ownership by Apax Funds, significant capital investment was made in the business to upgrade its facilities.

During this time the business grew to employ 7,000 clinical staff and the facilities included more than 1,500 beds.

### Healthcare provider



### Identify

Capiro Sanidad covers all medical specialties and is also well regarded for its research and training practice.

Despite being part of the wider Capiro group, Capiro Spain was never fully integrated into the rest of the group and retained its own independent management team. This allowed them to fully capitalise on the particular opportunities presented by the Spanish market, in particular the new capitation contract model that was emerging.

Under this model, contracts are awarded to provide acute care services over long-term periods of 30 or more years. The winner of the contract is responsible for building the hospital and at the end of the lease the building reverts to the local authority. In contrast to traditional models, the contract holders are reimbursed according to the population count of the area rather than per patient.

Capiro Spain secured the first 'capitation contract' in the Madrid region with the Hospital Infanta Elena in Valdermo. This gave Capiro Sanidad the responsibility for the health of 100,000 inhabitants in 2007 and a leading edge in this market.





## Support

The business saw strong growth during the five year period of ownership by Apax Funds, performing consistently and according to plan. Significant capital investment was made in the business to upgrade its facilities, while reducing waiting lists and increasing quality of care to patients. During this time the business grew to employ 7,000 clinical staff and the facilities included more than 1,500 beds.

The strong reputation that Capiro had built over many years also enabled it to reinforce its partnership with the Madrid Health Authority, increasing the number of public patients treated in its hospitals. In 2010, the Apax Healthcare team worked closely with Capiro's management to secure two 30-year public concession tendered contracts to build and manage two new hospitals in the cities of Mostoles and Villalba, in the Madrid region. These wins were fundamental to both the growth of the business and to the eventual sale of the business to a new owner.



## Realise

In February 2011, Capiro Sanidad was sold to funds advised by private equity firm, CVC Capital Partners. The Spanish business had performed strongly during the Apax Funds' ownership but was facing an uncertain macroeconomic situation in Spain and required large investments to build the two new hospitals that were driving future growth. Having significantly built the business and secured the contracts, Apax believed that it was an appropriate time to seek new owners to drive the next phase of growth in the business.

CVC was considered to be a natural owner of the business because of its previous ownership of the company between 1997 and 2005, when it was known as IDC Grupo Sanitario. It is a complicated business model due to the nature of the contract renewal process and any potential buyer would need to have a thorough understanding of these complexities.

In addition, the management team at Capiro Sanidad is well regarded and was known to CVC, through its previous ownership stint. The sale to CVC represented the best option to ensure a seamless, ordered transition of a complex business to a set of new owners who knew the management and space very well.

During 2010, the Apax Healthcare team worked closely with Capiro's management to secure two 30-year public concession tendered contracts to build and manage two new hospitals in the cities of Mostoles and Villalba, in the Madrid region.



1

Strategy overview

2

Sector focus

3

How we are run

4

Our investors