

"There was a situation where the company was lacking in focus, sitting on unrealised synergies and savings and not exploring its opportunities internationally." Pierre Guyot CEO, Mölnlycke

Mölnlycke

The consolidation of three European companies to build a world leader in the medical products space.



Case study: Healthcare sector

Mölnlycke Health Care Group The consolidation of three European companies to build a world leader in the medical products space.

The creation of MHCG 'Mölnlycke Health Care Group' was part of a pre-identified buy-and-build strategy within the medical products arena. Using its expertise in the healthcare sector and many months due diligence into the European medical products space, Apax Partners identified three companies that would perform better as a whole than as separate parts.

"They gave a clear focus to the respective businesses, this was very important to the development of the company. Apax motivated the processes required to maximise the synergies and savings from the combined businesses." Pierre Guyot, CEO, Mölnlycke

Apax Partners identified a compelling fit between the wound care and surgical businesses owned by the UK's SSL International Plc and the wound care and surgical businesses that made up Sweden-based Mölnlycke.

"Apax saw the opportunity; they saw in us a company with high quality products, strong technology and innovation with the potential to grow further and saw a case for the strategic acquisitions." Pierre Guyot, CEO, Mölnlycke

Having had early discussions with the Board of SSL, Apax Partners earned the company's trust, enabling the Apax Fund (AEV) to win the auctions for both the wound care division (later re-named 'Medlock Medical') and the surgical division (later re-named 'Regent Medical'). Having acquired Medlock and Regent, Apax Funds put themselves into a very good position to buy Mölnlycke, which they knew was slated for auction. The three businesses were subsequently merged in August 2005 to form MHCG.

Following the merger, Apax Partners worked closely with management and specialist project management support to ensure that the carve-out of Medlock and Regent from SSL and their subsequent merger to form MHCG ran smoothly.

Apax Partners was also heavily involved in upgrading the senior management team of the business, promoting talent from within the merged businesses and also bringing in a new CEO, CFO and Head of Wound Care. Anthony Habgood (Chairman of Whitbread Plc and Bunzl Plc) joined as Non-Executive Chairman.

"They brought in an international management team with experience in working in global companies which gave the motivation to explore opportunities abroad. They were also very active owners, keeping in close contact with management which made for a very quick decision-making process." Pierre Guyot, CEO, Mölnlycke

The combined group is now a leading global medical products company which manufactures and markets single-use wound care and surgical products for the professional healthcare sector. MHCG holds a top three market position in the European advanced wound care market and is the number one European single-use surgical products provider. MHCG has established production facilities in Asia and Europe, and sells into Europe and North America.

The consolidation strategy bore fruit in January 2007 when, following a dual track sales process, the Apax Fund took the decision to sell its interest to Sweden's Investor AB, the holding company of the Wallenberg family, rather than list the company on the London Stock Exchange.

The excellent return that was generated for the investors and management was tribute to the hard work of the staff and the management at the company as well as the combination of sector insight and M&A skills that brought the three businesses together.

