

Mérieux Equity Partners (“MxEP”) announces the first two exits of Mérieux Participations 3 (“MP3”), its 2018 vintage Growth Buy-Out investment vehicle

Lyon & Paris – July 28th, 2022 – Mérieux Participations 3 (“MP3”), a Growth Buy-Out fund designed to invest in fast-growing, profitable companies active in the fields of Healthcare and Nutrition, announces the successful exits of two portfolio investments: Biobest and Doc Generici. These exits have been completed c.2.5 years after the closing of MP3

Less than 18 months after the closing of its investment period, MP3 completes the exits of its two first investments: the Belgian IPM-specialist Biobest and the Italian generic champion Doc Generici. These exits materialize a 2.5x MoIC. They also translate into a solid DPI ratio for MP3, above 40% at 2022 year-end and benefitting from significant, further upside with 10 active remaining portfolio participations. This outstanding performance confirms the relevance of MP3’s investment strategy and specialization in providing support to fast-growing companies or established market players in the fields of Healthcare and Nutrition.

After only 3 years of entry in Doc Generici alongside ICG and the Management, MP3 completes the disposal of its stake in the context of a new LBO round led by TPG Partners. Doc Generici is the undisputed leader in the Italian generic sector. Despite challenging market conditions and the pandemic outbreak, the group has posted solid and continuous growth all along MP3’s investment period. This remarkable performance validates the pertinency and the resilience of Doc Generici’s pure-play business model, providing the group with a unique position to capture rising generic adoption rates across the Italian market. It also reflects its best-in-class execution capabilities and the clear vision of its management team – the latter having been identified by MxEP as clear success factors for its investment in Doc Generici as soon as 2019. Taking heed of Doc Generici’s exceptional growth track record over the last 3 years, an anticipated exit was considered early 2022. The operation will materialize a 22% IRR for MP3, reached in the face of the deteriorated economic and banking context observed in Q2 2022 for the large-cap segment.

MP3 has also completed the disposal of its interest in Biobest, the world leader in integrated pest management (IPM). The first investment in the company in 2018 was a MP3 dedicated capital increase, to support Biobest’s attractive organic growth and buy-and-build strategy. With 8 bolt-on acquisitions realized across MP3’s investment period, Biobest has significantly contributed to the consolidation of a highly fragmented industry, notably outside Europe. In this context, MxEP has also provided Biobest with privileged access to the global Merieux network in specific regions – namely Chinese and North American markets. The management has also delivered an impressive organic growth performance, overperforming the 15% market CAGR over the period. In the context of the transformant acquisition of the Canadian pest control supplier Plant Products in February 2022, a new capital increase has been completed with the entry of Sofina as a new shareholder. As part of the transaction, MP3 sold a part of its stake in Biobest to Sofina and another investor. The remaining part of its investment has been rolled over through Mérieux Participations 4 (“MP4”, MxEP’s vintage-2022 Growth Buy Out vehicle) to retain an exposure to Biobest’s significant further value creation potential. The operation closed in June 2022 materializes a c.55% IRR – i.e. a MoIC above 4.0x.

The exits of Doc Generici and Biobest have been completed while MxEP is finalizing the fundraising of its new Growth Buy Out vehicle MP4 to reach the hard cap. To date, the fund has already passed its J-curve with 5 investments completed in less than one year (40% deployment rate). MxEP will maintain with MP4 the successful investment strategy rolled out with MP3, through targeted Healthcare and Nutrition investments across companies with high organic growth profiles (Swixx Biopharma, Dental Monitoring), buy-and-build platforms positioned for further market consolidation (Biobest, Janvier Labs) and established players with leading positions in their market (DomusVi).

About Mérieux Equity Partners - www.merieux-partners.com

Mérieux Equity Partners ("MxEP") is an AMF-accredited management company dedicated to equity investments in the health and nutrition sector. MxEP actively supports entrepreneurs and companies with differentiated products and services, giving them privileged access to its sector expertise and international network. MxEP currently manages over €1bn assets and in 2021 initiated its fifth vehicle dedicated to Growth Buy-Out investments, with a target size of €500m.

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