

MCI.EuroVentures Fund (MCI.EV, Fund) closed sales of entire position in lifebrain, company that operates on healthcare and medical diagnostic market in Italy. Overall transaction totalled to EUR 36.6M (PLN 155M).

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- **Including additional payoffs, which will be executed in the future, the realised Internal Rate of Return (IRR) will be 22%,**
- **The Fund became company's investor in mid-2015. It sold all its assets to strategic investor -Investindustrial,**
- **After the transaction, MCI.EuroVentures Fund has additional liquidity, which may be dedicated for its current operational activity, as well as new investments, also in healthtech sector.**

lifebrain is a leading provider of medical diagnostic in Italy. Company was established by Professor Michael Havel and by Mr Bernhard Auer, and has been developed based on "buy and build" strategy. In less than three years of the Fund's investment, lifebrain took over nearly 200 laboratories. Currently, the network of laboratories and collection points in Italy is over 220 locations, where over 20 million tests are carried out each year for the needs of more than 200 health centres. The main segments of the lifebrain activity are: clinical chemistry, haematology, immunochemistry, microbiology, molecular biology, cytology and pathology.

Consolidation process of European diagnostic market has just begun and it is still highly fragmented - 9 biggest entities possess only 16% market share. In comparison, in US, 2 largest players control as much as 45% of the market. Italy is one of the most fragmented European market, which in 2017 was valued at approximately EUR 4.7B.

Healthcare and diagnostic market in Europe grows by stable rate of 2-4% annually and its value is estimated at EUR 26B (over PLN 111B).

- From the beginning of our presence in the company, we had a well-defined plan for development by acquisitions. lifebrain had bought small and medium medical laboratories and had centralised processes including buying medical reagents and performing tests processes. In that, we have rapidly scaled up operations achieving synergies at both direct and operational cost levels. We have acquired about 220 locations - said responsible for the investment, former supervisory board member of lifebrain, **Krzysztof Konopiński**, MCI Capital/PEM Partner.

In med-size medical laboratories, direct costs of medical reagents may extend to 40-50% of revenue. By scaling up, it is possible to reduce these costs to 20-30% of revenue, what along with increasing effectiveness at the level of operational costs clearly translates to increasing EBITDA margin.

Currently, the company generates over EUR 100M (PLN 430M) in revenues annually. EBITDA increased almost 10 times during the investment of the MCI.EuroVentures Fund.

Next to MCI.EuroVentures being lifebrain's shareholder, MCI.CreditVentures Fund (part of MCI Group dedicated to private debt) granted debt financing for the company in the final phase of the investment. Amount was committed for purchase of additional laboratories.

- We are actively looking for next, investment opportunities in healthcare sector. Social trends such as population ageing, increasing health consciousness and pressure on medical prevention are a solid base of this sectors' development. We are also interested in fields that allow us to take advantage of our expertise in digital economy - said **Krzysztof Konopiński**.

MCI.EuroVentures Fund is concentrated on investments in the field of digital economy in CEE region. Fund's assets total to about PLN1B. During 2018, Fund management looks for at least 2 new investment projects, to which they are willing to allocate about PLN 200M.