

# Leadership Newsletter

## Healthcare

Winter 2011

### Healthcare Team Update

GTCR has partnered with leading management teams to build businesses for over 30 years, having invested more than \$8.5 billion in over 200 companies since the firm's inception in 1980. In the first quarter of 2011, we closed our tenth investment fund, the firm's largest to date, with \$3.25 billion of equity capital commitments. The firm has continued to invest actively throughout 2011, completing 16 acquisitions across the Healthcare, Financial Services & Technology and Information Services & Technology industries.

We believe our 30-year investment history has made us one of the leading private equity investors in the healthcare sector. Since our founding, we have made more than 40 platform investments and more than 140 total investments in healthcare, including add-on transactions. Over the past two years, the GTCR healthcare team has made five new platform investments: Actient Pharmaceuticals, ATI Physical Therapy, Curo Health Services, Devicor Medical Products and Sterigenics International. In addition, we've made add-on acquisitions at five portfolio companies, resulting in a total of 13 transactions in the healthcare industry during this period. With these transactions, we have invested over \$700 million of GTCR capital in the healthcare industry since the start of 2010.

We continue to actively seek investments across all segments of the healthcare industry, including providers, payors and medical and biopharmaceutical products, both as add-on acquisitions for our existing portfolio companies and as standalone platform investments. Consistent with our "Leaders Strategy" of investing, we seek to partner with exceptional management teams as the critical first step in identifying, acquiring and building market-leading companies through acquisitions and organic growth.

### Recent Healthcare Investment Activity

#### **Actient Pharmaceuticals, Lake Forest, IL**

CEO: Ed Fiorentino

*Platform Investment: July 2010 | Recent Acquisition: April 2011*



GTCR partnered with Ed Fiorentino, a senior executive and 22-year veteran of Abbott Laboratories, to form Actient Pharmaceuticals in March 2009. The company is focused on acquiring approved or on-market products, as well as late-stage development drugs. In July 2010, Actient completed a transaction to license and acquire six pharmaceutical products from UCB SA, a biopharmaceutical company based in Brussels, Belgium. The transaction provided Actient with a strategic asset in the urology space and an established commercial pharmaceutical platform that the company seeks to leverage with additional product acquisitions.

To continue the build-out of its urology franchise, Actient acquired Timm Medical, a urology specialty business, in January 2011 and Striant, a buccal testosterone product, in April 2011. The acquisitions are consistent with Actient's strategic focus in urology and further diversify the Company's financial profile and product portfolio. The company continues to evaluate acquisitions in the urology space and other specialty therapeutic areas.

### **ATI Physical Therapy, Bolingbrook, IL**

CEO: Greg Steil

*Platform Investment: March 2010 | Recent Acquisition: June 2011*

GTCR partnered with Greg Steil (Founder and CEO) and Dylan Bates (COO) to acquire ATI Physical Therapy, an operator of outpatient rehabilitation clinics. Founded in 1996, ATI provides comprehensive outpatient rehabilitation services through 140 clinics across Illinois, Indiana, Wisconsin, Delaware, Maryland and Pennsylvania. The company seeks to continue its strong history of opening de novo clinics and is actively reviewing opportunities to expand its platform through acquisitions.

In June 2011, ATI acquired two Indiana-based physical therapy providers, Advanced Physical Therapy and APT Plus. The acquisitions provide further diversification across payors, geographic location and product offerings to the existing ATI platform.



## **Capella Healthcare, Brentwood, TN**

CEO: Dan Slipkovich

*Platform Investment: November 2005 | Recent Acquisition: June 2011*

In 2005 GTCR again partnered with former Province Healthcare COO Dan Slipkovich and other Province team members to form Capella. After completing several acquisitions, the company currently operates 15 non-urban hospitals in 7 states.

In June 2010, the company completed a \$500 million high-yield offering to refinance its existing debt and put in place an improved long-term capital structure. The company completed the acquisition of two Tennessee-based hospitals in June 2011 and continues to actively explore other opportunities to expand its hospital portfolio. Management is currently implementing several operational initiatives to help drive results.



## **Curo Health Services, Mooresville, NC**

CEO: Larry Graham

*Platform Investment: September 2010 | Recent Acquisition: November 2011*

In April 2010, GTCR partnered with Larry Graham, the former President and COO of Amedisys, to form Curo Health Services. Curo is focused on building a home health and hospice platform through acquisition and organic growth.

In September 2010, Curo completed its first transactions, acquiring three hospice providers across Texas and Utah. In November 2011, Curo combined with Regency Healthcare Group, a provider of hospice and palliative care services primarily in the Southeast. The combined business operates 45 locations across 8 states, and has a combined census of almost 2,100 patients. Curo is continuing to pursue additional acquisitions.

## **Devicor Medical Products, Cincinnati, OH**

CEO: Tom Daulton

*Platform Investment: July 2010 | Recent Acquisition: August 2011*

In November 2008, GTCR partnered with Tom Daulton, a former senior executive at Cardinal Health, to form Devicor Medical Products. Devicor was a management start-up in the medical device space, with a focus on investing in businesses in the interventional procedures segment of the medical device industry.



In July 2010, Devicor acquired the Mammotome breast care business from Johnson & Johnson (J&J). Mammotome is a market leading provider of vacuum-assisted breast biopsy products. It manufactures and sells small capital units and disposable medical products to hospitals and breast clinics in 40 countries. Devicor has made significant progress in carving out the Mammotome business from J&J, building out a new back-office infrastructure, transitioning the manufacturing to a new Devicor facility and establishing its own supply chain. The Devicor team has also repositioned the business by reinvigorating the sales force, changing the pricing model and developing several new products. In addition, in August 2011, Devicor acquired Neoprobe's gamma detection device, a product Devicor previously sold globally (excluding Japan) on behalf of Neoprobe (AMEX: NEOP).

### **Sterigenics International, Oak Brook, IL**

Chairman: Michael Mulhern | CEO: David Meyer

*Platform Investment: March 2011*

GTCR acquired Sterigenics International, the leading global provider of contract sterilization and ionization services for medical devices, food products and other advanced applications. Headquartered in Oak Brook, Illinois, Sterigenics provides comprehensive outsourced sterilization services to its customers through a network of 38 sterilization facilities across all major global geographies.



Sterigenics intends to continue to leverage and expand its global network of service centers to better serve existing and new customers. The company is actively seeking acquisitions in the sterilization market, as well as in the broader medical device services market.

## Other Healthcare Portfolio Companies

### **APS Healthcare, White Plains, NY**

CEO: Greg Scott

Platform Investment: June 2007

APS provides care management and population health services to high-cost populations. The company has continued to focus on its industry-leading presence with state Medicaid agencies. The company has also focused on further penetrating the health plan sector, providing additional scale and further diversifying the company's customer base. APS continues to win new business awards and expand its existing programs. Over the last year, the company was awarded several new contracts, including in California, Ohio and Colorado.

### **Jessamine Healthcare, Rockville, MD**

CEO: Dale Wolf

Formation: May 2010

In May 2010, GTCR partnered with Dale Wolf to form Jessamine Healthcare. The new company, headquartered in Rockville, Maryland, is focused on acquiring companies in the healthcare payor and outsourced payor services segments.

Mr. Wolf is a 34-year industry veteran who most recently served for twelve years as a senior executive of Coventry Health Care. During his tenure as CEO of Coventry, he oversaw its growth from a regional commercial health insurer into a broad national platform generating approximately \$12 billion in annual revenues from commercial, Medicare, Medicaid and workers' compensation products.

## Healthcare Team Member Updates

### **Principal**

**Sean Cunningham** was promoted to Principal in September 2011. Sean originally joined GTCR in 2001. He has played an instrumental role in several of the firm's investments. He is currently on the boards of directors of Devicor Medical Products and Sterigenics. Sean holds an MBA from the Wharton School at the University of Pennsylvania as well as AB and BE degrees in Engineering Sciences from Dartmouth College.

### **Vice President**

**John Kos** rejoined the firm as a Vice President in August 2011. John originally joined GTCR's healthcare team in 2006. Prior to joining GTCR, he worked as an investment banking analyst in the healthcare group of Citigroup Global Markets in New York. John holds an MBA with distinction from Harvard Business School and a BS in Finance from the University of Illinois.

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## **Healthcare Investments Since 2005**

**Actient Pharmaceuticals**

**APS Healthcare**

**ATI Physical Therapy**

**Capella Healthcare**

**Curo Health Services**

**Devicor Medical Products**

**GeneraMedix Pharmaceuticals**

**Graceway Pharmaceuticals**

**HealthSpring**

**Jessamine Healthcare**

**Managed Health Care Associates**

**Morton Grove Pharmaceuticals**

**Ovation Pharmaceuticals**

**Sterigenics International**

**Trans Healthcare**

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