

Building a Nationwide Laboratory Testing Leader



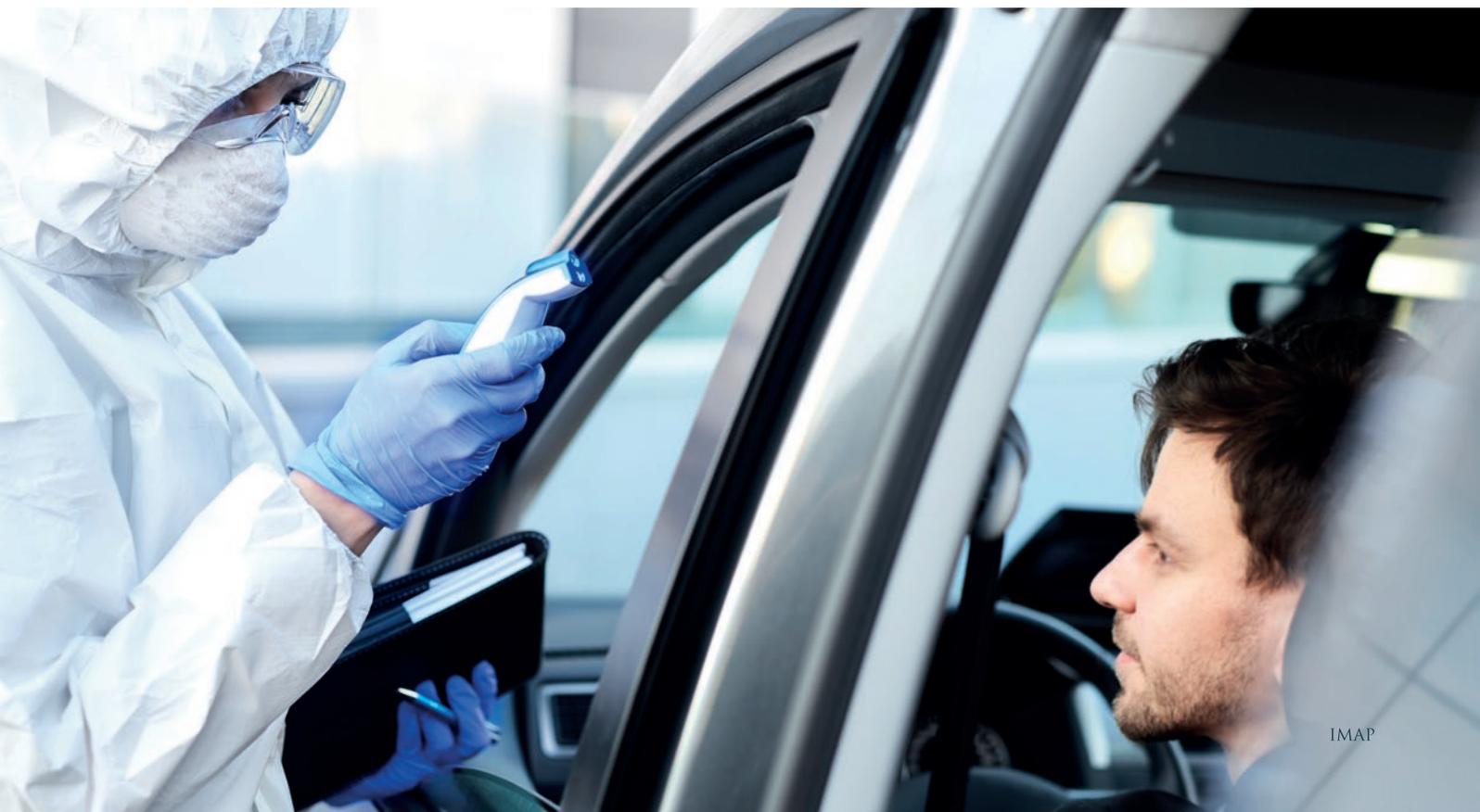
CYRIL KAMMOUN
IMAP France
cyril.kammoun@imap.com

With the COVID-19 virus causing havoc around the world and effectively paralyzing the economy, testing has become crucial in the management of the pandemic. IMAP's Dealmaker of the year 2019 winner, Cyril Kammoun, CEO and Managing Partner at Degroof Petercam (IMAP France), discusses their longstanding relationship with client BIOGROUP, market leader in the biologic sector and its recent activity assisting the French Government with critical COVID-19 testing.

Firstly, congratulations on being awarded IMAP Dealmaker of the Year 2019 for your landmark work with BIOGROUP.

Thank you, I'm very pleased to have received the award. I've been doing this for over 25 years and for me, these are more than just successful transactions. I get a great deal of satisfaction from the connections we have formed with our clients over the years. My

relationship with BIOGROUP spans back to 2014. The biologic market was fragmented and consolidating quickly. BIOGROUP was a regional leader in the sector in the east of France and looking to play a larger role across the country and ultimately, become the market leader. Fast forward to now, and 39 transactions later, 11 of which in 2019 alone, and BIOGROUP is now the leading biologic group in France.





When you began working with BIOGROUP all those years ago, it was impossible to foresee the crucial role they would now be playing in helping the French Government manage the current COVID-19 pandemic that is causing havoc across the globe.

Testing is central in the fight to control the spread of the virus. It allows us to isolate the people affected and prevent or at least slow down the number of new infections. It is also key in the future management of the pandemic, establishing how much the virus has spread across the broader population and understanding the populations level of immunity.

It's no surprise therefore, that across the globe, governments are in a race to make testing more widely available. There are severe limitations to what the state alone can do and with the sheer volume of testing required, they simply don't have the same capacity as private labs. The Government would need to begin reactive investing in labs to source raw materials and buy necessary machinery and of course, guarantee minimum volume orders. With limited testing available, the Government is forced to prioritize and reserve tests for exposed health personnel and patients at risk, meaning no testing for the general public as home testing is not an option, due to the strict regulations and conditions required.

BIOGROUP has spent the last 6 years growing and structuring the company to be a leader in nationwide laboratory testing. Employing over 7,000 employees across its 720 bio lab centers, it now has the necessary infrastructure and capacity to undertake 200,000 tests daily.

Can you explain a bit more about the type of testing being undertaken by BIOGROUP?

With a strong intuition of the market potential, BIOGROUP performed significant investments when the country was still on the verge of this health crisis in order to become the main provider

“BIOGROUP performed significant investments when the country was still on the verge of this health crisis in order to become the main provider of Covid-19 testing. It has organized its human, technical and scientific resources to respond to the health emergency and indeed the biological sector is proving invaluable in helping to tackle the crisis”.

of Covid-19 testing. It has organized its human, technical and scientific resources to respond to the health emergency and indeed the biological sector is proving invaluable in helping to tackle the crisis.

BIOGROUP is offering both types of COVID-19 testing at large:

- RT-PCR test – to detect the presence of the SARS-CoV2 virus and establish whether the individual is infected
- Serology testing for antibodies to establish whether the individual has been infected at some point in the past

RT-PCR testing by BIOGROUP is available to anyone making an appointment. Notably, in the form of “drive-through” testing, BIOGROUP biologists can test people without them even leaving their cars (more than 240 drive-through testing centers were already operating at the beginning of April). In Paris for example, BIOGROUP has partnered with the town hall of the 5th arrondissement, to open an RT-PCR COVID-19 testing center which is reserved for symptomatic or high-risk groups.

Another initiative began in mid-April, when the Hauts-de-Seine departmental council launched a campaign to test residents and staff at care homes for the elderly, expecting approximately 35,000 people to have been tested by the end of April. Carried out in collaboration with the Ile-de-France Regional Health Agency, BIOGROUP will be one of the labs analyzing the test results, with results available within 24 hours.

Moving the topic away from COVID-19, what has been your role in helping BIOGROUP become the agile organization and leading biological lab in France that it is today?

For us, BIOGROUP is a long-term entrepreneur whom we help to grow through the cycles; a flagship of our business model and how we work with all our

clients. In this case, we worked with them to ensure they were in the best position to accelerate growth and capability to support the desired acquisitions. We have also helped to raise equity and put in place a complex debt structure, allowing for bank debt, as well as debt funds, subordinated debt and subsequently, capital market transactions. Every deal closed requires the involvement of many different practices across Degroof Petercam, including: M&A, Healthcare and Equity & Debt Capital Markets, who all work together in order to ensure successful completion.

How has being market leader and holding a 20% share of the market benefited BIOGROUP?

It has been able to maximize synergies in the sector, re-group its testing centers, rationalize real estate and be a strong negotiator with suppliers, as scale brings lower costs. Having started out as a local player in the east of France, with a €50 million turnover and €15 million in EBITDA, BIOGROUP now

“BIOGROUP is a long-term entrepreneur whom we help to grow through the cycles; a flagship of our business model and how we work with all our clients. In this case, we worked with them to ensure they were in the best position to accelerate growth and capability to support the desired acquisitions”.

has about €1 billion in turnover and around €300 million in EBIDTA.

Why do you think BIOGROUP has been so successful in its acquisition strategy compared to its competitors?

BIOGROUP has managed to win 95% of the competitive processes in which it has taken part, even with stiff competition from several big firepower players. Groundwork plays a key role; by talking to players in advance and taking potential synergies into account, BIOGROUP is able to offer the winning bid. Many companies also still prefer to sell to a fellow biologist, rather than to a financial institution. BIOGROUP started out as a biological lab founded by Biologist, Dr. Stéphane Eimer and is unique in that it is the only biologic company in France with an individual controlling shareholder. The brand is also associated with quality, high standards and an entrepreneurial culture.

What’s next for BIOGROUP?

I strongly believe that there remains potential for consolidation in the market during the next 3-5 years. There are still sellers willing to sell whether it be for succession or synergy purposes. It’s also a highly profitable market, with comfortable EBIDTA margins. BIOGROUP may look to develop the business internationally and at the same time, is itself highly desirable to international companies looking to enter the French market, which is now impossible to enter except by means of an acquisition, due to antitrust restrictions.

