

Dispatch from Sweden

Winter 2011

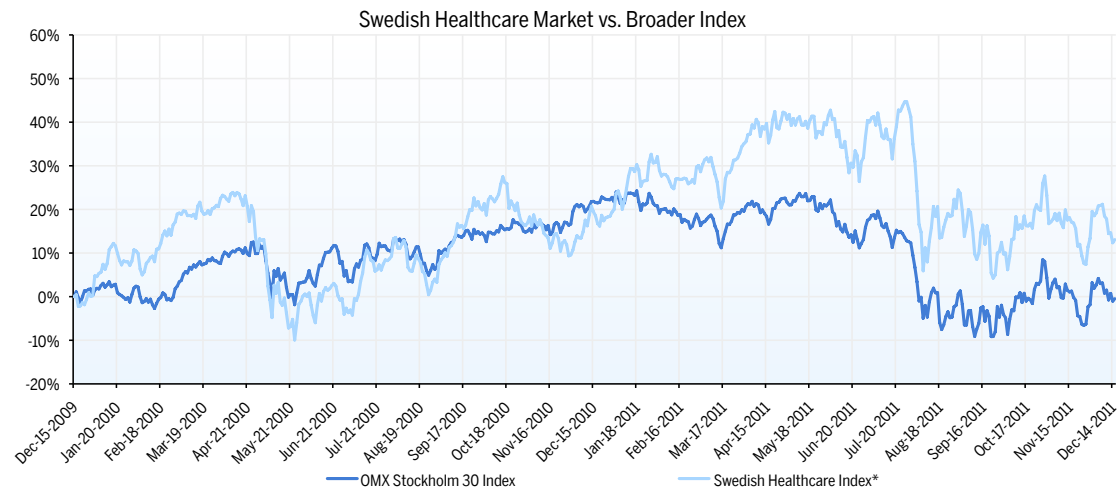


Dear Friends,

In Stockholm, the days are getting shorter, and that means it's the season for the julbord, the Christmas table where Swedes celebrate the season with schnapps and pickled herring. As the holidays approach, the Swedish business community feels confident about the strength of the Swedish economy, and is proud that, in contrast to much of Europe, their nation is running a budget surplus.

I recently spent time visiting healthcare companies and private equity funds in Stockholm with my colleagues at Experia Corporate Finance Advisors.

The Swedish market has historically been a hotbed of innovation in healthcare. With a small domestic market, and a very open economy, there is a clear understanding that companies must compete in international markets in order to grow to any significant scale. Building a presence in the other Nordic markets is typically an important early step, but it is critical to note that market dynamics and the healthcare regulatory frameworks are often quite different from those in Sweden.



The provision of health care in Sweden is decentralized to the county councils, and to a certain extent to municipalities. In Sweden, county councils must provide their residents with health and medical care, and dental care for residents up to the age of 20. Municipalities are responsible for care of the elderly, either at home or in special housing. They also have responsibility for residents with physical disabilities or psychological disorders. Healthcare costs in Sweden represent 9% of GDP, which is about half that of the U.S., as a percentage of GDP.

The private delivery of healthcare services is a growing trend in Sweden and the share of private providers has been growing rapidly. Two years ago the pharmacy market was liberalized with the privatization of Apoteket AB, the government monopoly. This has led to a large investment of private equity in the pharmacy market.

Through our long affiliation with Experia, an independent, Stockholm-based investment bank founded in 2003 and focused on the mid-market sector in the Nordic markets, Brocair has deep expertise and transaction capabilities in Sweden and the other main Nordic countries (Denmark, Norway and Finland).

Collectively, the Nordic region represents the world's eleventh largest healthcare market, and Nordic companies are present across a wide range of sub-sectors. We would love to discuss with you how we can help you with opportunities in the region.

Below are some metrics on the Swedish healthcare market, and recent transactions in the industry. If there is anything we at Brocair can do to assist you with your mergers and acquisitions efforts in Sweden or the other Nordics, please do not hesitate to call us.

Gregg Blake

Managing Partner
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Brocair Managing Partner Gregg Blake, left, with colleague Håkan Persson from Experia Corporate Finance Advisors during a recent meeting in Stockholm.

Publicly Traded Swedish Healthcare Companies
>\$20M Enterprise Value

Pharmaceuticals

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
Active Biotech AB	OM:ACTI	Lund	SEK 21.3	SEK 175.0	SEK 13.8	\$ 180.0	\$ (42.9)	\$ 223.0	NM	NM	5.3x	N/A	N/A	N/A	31-Dec
Biolnvent International AB	OM:BINV	Lund	SEK 15.7	SEK 32.0	SEK 13.7	\$ 116.8	\$ (31.7)	\$ 148.5	16.1x	20.2x	6.2x	N/A	N/A	N/A	31-Dec
Eurocine Vaccines AB	OM:EUCI	Stockholm	SEK 23.3	SEK 49.8	SEK 14.2	\$ 31.5	\$ (2.8)	\$ 34.3	NM	NM	NM	N/A	N/A	N/A	30-Jun
Karo Bio AB	OM:KARO	Huddinge	SEK 1.0	SEK 2.5	SEK 0.8	\$ 27.8	\$ (29.0)	\$ 56.8	NM	N/A	N/A	N/A	N/A	N/A	31-Dec
Meda AB	OM:MEDA A	Solna	SEK 65.8	SEK 79.8	SEK 48.0	\$ 5,255.0	\$ 2,416.2	\$ 2,838.8	2.5x	2.2x	2.9x	7.5x	6.7x	9.3x	31-Dec
Medivir AB	OM:MVIR B	Huddinge	SEK 62.5	SEK 151.5	SEK 57.8	\$ 189.2	\$ (80.3)	\$ 269.5	N/A	N/A	2.3x	N/A	N/A	9.5x	31-Dec
Moberg Derma AB	OM:MOB	Solna	SEK 23.1	SEK 31.0	SEK 15.0	\$ 23.1	\$ (8.4)	\$ 31.4	N/A	N/A	3.9x	N/A	N/A	N/A	31-Dec
NeuroVive Pharmaceutical AB	OM:NVP	Lund	SEK 12.9	SEK 44.8	SEK 12.1	\$ 24.3	\$ (2.3)	\$ 26.6	32.9x	NM	28.1x	N/A	N/A	N/A	31-Dec
Oasmia Pharmaceutical AB	OM:OASM	Uppsala	SEK 9.1	SEK 18.0	SEK 8.3	\$ 65.8	\$ (6.4)	\$ 72.2	8.4x	9.0x	5.2x	N/A	N/A	N/A	30-Apr
Orexo AB	OM:ORX	Uppsala	SEK 25.2	SEK 51.0	SEK 24.0	\$ 82.8	\$ (25.7)	\$ 108.5	3.2x	4.2x	2.2x	N/A	N/A	N/A	31-Dec
Swedish Orphan Biovitrum AB	OM:SOBI	Solna	SEK 13.6	SEK 43.2	SEK 11.4	\$ 607.6	\$ 91.7	\$ 516.0	1.1x	5.2x	2.1x	9.2x	35.5x	22.0x	31-Dec

Diagnostics & Laboratory Tools

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
Biotage AB	OM:BIOT	Uppsala	SEK 5.1	SEK 7.3	SEK 4.4	\$ 27.7	\$ (26.6)	\$ 54.2	0.7x	0.8x	0.4x	13.9x	8.3x	4.5x	31-Dec
CellaVision AB	OM:CEVI	Lund	SEK 12.6	SEK 14.4	SEK 9.0	\$ 38.9	\$ (4.4)	\$ 43.3	2.2x	1.8x	1.8x	15.4x	15.9x	12.9x	31-Dec
Vitrolife	OM:VITR	Gothenburg	SEK 42.8	SEK 52.0	SEK 32.7	\$ 128.3	\$ 8.3	\$ 119.9	2.5x	2.5x	2.6x	15.2x	15.3x	14.7x	31-Dec

*Pricing as of December 15, 2011

IT/Business Services

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
Dedicare AB	OM:DEDI	Stockholm	SEK 23.3	SEK 33.9	SEK 16.0	\$ 28.9	\$ (0.6)	\$ 29.5	N/A	N/A	0.5x	N/A	N/A	9.5x	31-Dec
Raysearch Laboratories AB	OM:RAY B	Stockholm	SEK 15.3	SEK 41.8	SEK 10.9	\$ 68.6	\$ (6.4)	\$ 75.1	11.0x	10.3x	4.1x	22.0x	28.8x	16.5x	31-Dec
Sectra AB	OM:SECT B	Linköping	SEK 51.0	SEK 53.0	SEK 29.0	\$ 156.8	\$ (103.6)	\$ 260.4	1.8x	1.5x	1.1x	42.7x	22.3x	17.0x	30-Apr

Patient & Elder Care

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
Feelgood Svenska AB	OM:FEEL	Stockholm	SEK 1.2	SEK 2.7	SEK 1.1	\$ 28.5	\$ 11.1	\$ 17.3	0.4x	0.5x	0.3x	N/A	13.0x	7.3x	31-Dec
Global Health Partners AB	OM:GHP	Gothenburg	SEK 7.4	SEK 14.0	SEK 7.3	\$ 82.3	\$ 9.9	\$ 69.1	1.3x	1.2x	0.8x	N/A	14.2x	11.3x	31-Dec
Midsona AB	OM:MSON B	Malmö	SEK 12.5	SEK 19.8	SEK 11.5	\$ 81.8	\$ 40.9	\$ 40.9	0.8x	0.5x	0.5x	18.5x	13.2x	3.7x	31-Dec

Medical Devices

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
Aerocrine AB	OM:AERO B	Solna	SEK 8.7	SEK 12.2	SEK 4.5	\$ 112.6	\$ (9.9)	\$ 122.5	5.9x	4.6x	9.0x	N/A	N/A	N/A	31-Dec
Elekta AB	OM:EKTA B	Stockholm	SEK 281.2	SEK 316.9	SEK 207.8	\$ 4,235.4	\$ 457.4	\$ 3,776.0	2.8x	3.6x	3.5x	16.5x	19.6x	18.9x	30-Apr
Elos AB	OM:ELOS B	Linköping	SEK 43.5	SEK 69.3	SEK 39.5	\$ 63.7	\$ 26.2	\$ 37.5	1.3x	1.3x	1.1x	13.8x	10.4x	9.8x	31-Dec
Getinge AB	OM:GETI B	Getinge	SEK 166.1	SEK 180.0	SEK 132.5	\$ 7,514.6	\$ 1,791.1	\$ 5,720.0	2.1x	2.1x	2.4x	10.3x	9.1x	10.3x	31-Dec
Glycorex Transplantation AB	NGM:GTAB B	Lund	SEK 2.9	SEK 7.3	SEK 2.9	\$ 20.6	\$ (2.5)	\$ 23.1	11.9x	7.1x	3.5x	48.6x	45.7x	40.7x	31-Dec

Nutritional Supplements

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
BioGaia AB	OM:BIOG B	Stockholm	SEK 152.0	SEK 174.0	SEK 91.0	\$ 352.9	\$ (23.6)	\$ 376.6	6.3x	6.5x	8.2x	27.0x	23.6x	23.9x	31-Dec
Bringwell AB	OM:BWL	Stockholm	SEK 2.0	SEK 2.3	SEK 1.6	\$ 124.3	\$ 51.2	\$ 73.1	1.3x	1.2x	1.2x	10.4x	9.1x	8.4x	31-Dec
Probi AB	OM:PROB	Lund	SEK 52.0	SEK 55.0	SEK 40.0	\$ 56.5	\$ (11.0)	\$ 67.6	76x	4.7x	4.2x	26.8x	14.3x	14.3x	31-Dec

*Pricing as of December 15, 2011

Other

Company	Ticker	City	Price	52-Week		EV*	Net Debt	Market Cap	EV/Sales			EV/EBITDA			FYE
				High	Low				FY2009	FY2010	LTM	FY2009	FY2010	LTM	
C-Rad AB	OM:CRAD B	Uppsala	SEK 11.5	SEK 42.0	SEK 8.7	\$ 26.0	\$ 0.9	\$ 25.0	14.7x	10.7x	7.9x	N/A	N/A	N/A	31-Dec
Dignitana AB	OM:DIGN	Lund	SEK 22.5	SEK 31.9	SEK 15.2	\$ 25.0	\$ (0.3)	\$ 25.3	16.3x	30.7x	10.1x	N/A	N/A	N/A	31-Dec

	EV/Sales			EV/EBITDA		
	FY2010	FY2011	LTM	FY2010	FY2011	LTM
Mean	6.3x	5.7x	4.3x	19.1x	17.8x	14.0x
Median	2.5x	3.9x	2.9x	15.3x	14.8x	12.1x
Max	32.9x	30.7x	28.1x	48.6x	45.7x	40.7x
Min	0.4x	0.5x	0.3x	7.5x	6.7x	3.7x

*Pricing as of December 15, 2011

Representative Swedish Healthcare Transaction (last 24 months)

Date Closed	Target	Acquirer	Transaction Value	Target Financial Information			Multiples	
				Enterprise Value*	Sales	EBITDA	EV/Sales	EV/EBITDA
11/15/2011	DuoCort Pharma AB	ViroPharma, Inc.	\$ 164.6	164.6	N/A	N/A	N/A	N/A
11/4/2011	Cellartis AB	Collectis	\$ 37.8	37.8	4.1	N/A	9.2x	N/A
9/30/2011	Elekta AB, Anatomic Pathology Information System	Sunquest Information Systems, Inc.	\$ 32.9	32.9	11.7	N/A	2.8x	N/A
9/15/2011	Nucletron B.V.	Elekta AB	\$ 525.1	525.1	184.1	37.4	2.9x	14.0x
8/31/2011	Sectra Mamea AB	Koninklijke Philips Electronics NV	\$ 99.9	99.9	20.1	N/A	5.0x	N/A
8/31/2011	Astra Tech AB	DENTSPLY International, Inc.	\$ 1,785.0	1,785.0	535.0	105.0	3.3x	17.0x
8/25/2011	BMM Pharma AB	Bluefish Pharmaceuticals AB	\$ 4.1	4.1	N/A	N/A	N/A	N/A
8/23/2011	Phadia AB	Thermo Fisher Scientific, Inc.	\$ 3,512.8	3,512.8	523.4	212.5	6.7x	16.5x
7/14/2011	Wagner Analysen Technik GmbH	Kibion AB	\$ 2.0	2.0	N/A	N/A	N/A	N/A
6/21/2011	Proxima Intressenter AB	Aleris AB	\$ 177.7	177.7	N/A	N/A	N/A	N/A
6/16/2011	Biophasia AB	Medivir AB	\$ 209.0	206.8	89.1	11.0	2.3x	18.7x
5/19/2011	Contur Software AB	Accelrys Software, Inc.	\$ 13.7	13.1	N/A	N/A	N/A	N/A
5/11/2011	Clean Chemical Sweden AB	Segulah Advisor AB	\$ 35.9	35.9	N/A	N/A	N/A	N/A
4/27/2011	Antula Holdings AB	Ipex Medical AB	\$ 280.4	280.4	N/A	N/A	N/A	N/A
3/11/2011	Q-Med AB	Galderma Pharma S.A.	\$ 1,184.9	1,039.7	224.9	57.2	4.6x	18.2x
2/25/2011	Jolife AB	Medtronic Emergency Response Systems, Inc.	\$ 53.0	53.0	N/A	N/A	N/A	N/A
2/24/2011	Biolin Scientific AB	Ratos AB	\$ 49.4	46.6	21.4	3.1	2.2x	15.2x
2/11/2011	Oy Bio-Vita AB	Midsona AB	\$ 5.4	5.4	8.7	N/A	0.6x	N/A
1/31/2011	Techtum Lab AB	AlphaHelix Molecular Diagnostics AB	\$ 1.6	1.6	N/A	N/A	N/A	N/A
10/4/2010	Alaven Pharmaceutical, LLC	Meda AB	\$ 350.0	350.0	111.3	N/A	3.1x	N/A
8/31/2010	Inmedic AB	Hammarplast Medical AB	\$ 3.0	3.0	5.0	N/A	0.6x	N/A
5/31/2010	Resonant Medical, Inc.	Elekta AB	\$ 28.6	28.6	0.0	N/A	N/A	N/A
5/31/2010	Immuno Diagnostic Oy	Addtech Life Science	\$ 6.5	6.5	5.4	N/A	1.2x	N/A
4/30/2010	MIP Technologies AB	Biotage AB	\$ 2.2	2.2	1.8	N/A	1.2x	N/A
3/24/2010	Farfield Group Ltd.	Biolin Scientific AB	\$ 3.5	3.5	2.4	0.3	1.5x	11.7x
1/31/2010	Wasserburger Arzneimittelwerk GmbH	Recip AB	\$ 69.3	69.3	34.4	N/A	2.0x	N/A

Mean	3.1x	15.9x
Median	2.6x	16.5x
Max	9.2x	18.7x
Min	0.6x	11.7x

Representative transactions only include closed deals with publicly available transaction data

Bolded companies headquartered in Sweden

Source: Capital IQ and public filings

*Enterprise Value (EV) = market capitalization + net debt + minority interest

Brocair Partners LLC, based in New York, was formed in 2004 to provide mergers & acquisitions advisory services, equity and debt placement services, and strategic advice to healthcare companies. Brocair Partners has advised a range of public and private companies across healthcare segments that include pharmaceuticals, medical devices, patient care, consumer health and nutrition, healthcare business services and information technology, and pharmaceutical ingredients and intermediates, both in the United States and worldwide. Outside North America, Brocair Partners collaborates on cross-border healthcare transactions with a constellation of key affiliates worldwide.

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