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DxS is a record exit for NVM Private Equity

Deal: Acquisition of DxS Limited
Sector: Pharmaceuticals
Vendor: NVM Private Equity, YFM, Hygea and management
Acquirer: Qiagen NV (Qiagen)
Value: \$130 million (\$95 million initial consideration plus earnouts of up to \$35 million)

The sale of medical diagnostics specialist **DxS** to strategic acquirer **Qiagen** represents a **record exit for an investment syndicate led by NVM Private Equity.**

A syndicate led by NVM Private Equity has sold personalised medicines business **DxS** to international sample and assay technologies giant **Qiagen**. The partnership is set to create a global leader in personalised medicine – a potentially transformational area of healthcare which allows treatment to be tailored to individual patients.

The deal, for an initial consideration of \$75 million in cash and \$20 million in deferred payments, represents the culmination of an eight-year relationship between NVM and Manchester-based DxS. NVM identified the field of personalised medicine as an exciting growth market and were delighted to back Steve Little and his team with an initial investment of £1.25 million when they set up DxS in 2001.

NVM led further funding rounds in 2004 and 2006 and introduced YFM and Hygea as co-investors. This funding allowed the business to develop and secure a landmark success in bringing the world's first companion diagnostic to market. This has led to further contracts to develop diagnostic kits for a number of multinational giants in the pharmaceutical industry and cemented DxS' position as a leader in its field.

At \$130 million NVM would achieve a return of 13 times money and an internal rate of return (IRR) of 39%. The \$75 million initial cash consideration represents 8 times NVM's investment of a total of £3 million and an IRR of 34%.

*“We are delighted with the outcome at DxS” says **Clive Austin** of NVM’s Manchester office who represented NVM on the board of DxS. “Our investment in DxS has been an outstanding success for NVM and its funds. It is a perfect example of the rewards of sticking with a good team in a promising market, of following our investment and having a flexible approach to exit”.*

DxS partners with global pharmaceutical companies to develop companion diagnostics. This technology can speed up the regulatory approval process for new drugs and allow healthcare professionals to tailor their choice of therapy to individual patients. This avoids unnecessary or harmful treatments and drives down costs.

Management’s success in delivering their strategy has resulted in a significant improvement in the company’s financial position over the last 12 months. From a standing start in 2001 DxS now employs approximately 80 staff in two countries and delivered over £4.5 million EBITDA in the year to June 2009. Together with the company’s market leadership position, know-how and growth potential, this positioned DxS as a strategic acquisition within its sector.

“Qiagen is the ideal partner for DxS to roll out our assays globally, to take our partnerships to the next level and to take a leadership position in companion diagnostics“, said Steve Little, founder and CEO of DxS.

Qiagen said that it intends to establish DxS’ headquarters in Manchester as a Centre of Excellence in Pharma Partnering. Given the high level of synergies, Qiagen expects to expand the Manchester location.

DxS and its shareholders were advised on the deal by Osborne Clarke. Qiagen was advised by Morrison & Foerster. Jeffries acted as its financial advisor.

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Notes to editors:

NVM Private Equity Limited (NVM)

NVM is one of the UK’s leading independent private equity businesses focussed on making equity investments of between £2 million and £10 million in unquoted UK companies. NVM manages £160 million of funds and is differentiated by having executives living and working in regional business communities throughout the UK.

www.nvm.co.uk

DxS

DxS Limited is a personalized healthcare company providing molecular diagnostics to aid doctors and drug companies in selecting safe and effective therapies for patients based on their molecular profiles (Companion diagnostics). Headquartered in Manchester, UK, the company employs approximately 80 staff in two countries, most of them in the UK.

www.dxsdiagnostics.com

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Other Parties

YFM – Doug Stellman

Hygea – Charles Breese