

INSIGHTS

TVM Capital
Healthcare Partners Ltd.

Gate Village
Building 4, DIFC
P.O. Box 113355
Dubai
United Arab Emirates

+971 (4) 401 9568
www.tvm-capital.ae

Regulated by the DFSA

“HANDS-ON” PRIVATE EQUITY REDUCES EMERGING MARKET RISK

Youssef Haidar

**Partner & Managing Director
TVM Capital Healthcare Partners**

and

Chad P. Floe

**Operating Partner and Managing Director, Corporate Finance
TVM Capital Healthcare Partners**

Private equity in emerging markets such as the Middle East and North Africa region is almost all about driving the growth of young and promising companies, so investors must be prepared to roll up their sleeves and get involved in day-to-day operations if they are to be successful.

Because the private healthcare sector is still only just emerging as a force in the region’s economies, investment opportunities tend to be in companies that need growth capital and also expert support to professionalize. This is in contrast to private equity in many parts of the world, where investors can pick from a range of possibilities, including turning around failing firms, and financial restructuring.

As such, emerging market investors need to focus on how they can add value to a firm’s operations. And that means it is vital to be a specialist – to use sector expertise to promote efficiency, good governance and compliance, as well as to create new business opportunities.

At TVM Capital Healthcare Partners, for example, we have taken a methodical and detailed approach to investment. We have undertaken extensive research to identify gaps in emerging market healthcare provision, worked with government agencies to establish private sector licensing frameworks, and employed our global network and a strong “operations group” to support growing businesses.

TVM Operations Group is essentially an accelerator company of around 25 time-tested people that provides general management support. This includes



providing management and strategy development, as well as back office services, such as legal, information technology, marketing, accounting, human resources.

Setting up this ecosystem is a significant investment in itself. But it brings huge value-creating benefits for the companies we invest in, and reduces risk for TVM Capital Healthcare Partners, our limited partners and our external investment partners and co-investors.

It means that in their early years, our portfolio company management teams are left to concentrate on doing what they do best – providing high quality healthcare services and aggressively growing the business. Access to part time resources and economies of scale at TVM Operations Group mean that each company can save time and costs, and still has access to and can employ high quality specialist skills.

Meanwhile, as investors, we have an excellent view on day-to-day realities and can help to find solutions to any issues the companies may face. This encourages good corporate governance across the company, which is highly valued, especially in an emerging market context.

When TVM Capital Healthcare Partners invested in UAE long-term ventilated care company ProVita International Medical Center in early 2010, we started to put this system in place. TVM Operations Group supplied strategy advisory, interim management and back-office services in the early years, and later also helped to arrange international strategic partnerships with Spaulding Rehabilitation Network and Joslin Diabetes Center to help build a centre of excellence.

As the company grew and matured, it was able to take on more of the functions itself. So by the time TVM Capital Healthcare Partners exited in mid-2015 – through a sale to London-listed NMC Health Plc – ProVita had become a completely stand-alone, independent, strong and well-managed provider of high quality care.

TVM Operations Group is currently serving three portfolio companies in the Middle East and India, and will again be involved in many of our new investments, including in Southeast Asia. It is a vital part of our success as our hands on strategies serve to mitigate operational and governance risks.



About the Authors

Youssef Haidar

Partner & Managing Director, TVM Capital Healthcare Partners

Youssef Haidar is a seasoned investment executive who has played an important role in the development of TVM Capital Healthcare Partners and its portfolio companies as a partner, managing director and member of the investment committee. Since he joined the firm when it was established in 2009, he made major contributions to building the market presence of the firm, develop its portfolio of healthcare companies and syndicate financing transactions.

He combines a depth of knowledge of both Western and Middle Eastern markets, which allows him to work well within the highly diverse cultural environment in the UAE and the wider Middle East region and connect international clinical partners with regional healthcare service providers and investors. His broad understanding of the needs of fast growing entrepreneurial companies such as the TVM Capital Healthcare Partners portfolio companies has enabled him to be a major driver of the firm's success.

Since the closing of the first fund in 2010, Mr. Haidar served in important operational roles and assumed a board position in the fund's first investment, ProVita International Medical Center (Abu Dhabi and Al Ain) until the trade sale to NMC Health in June 2015. He now holds board positions at Cambridge Medical & Rehabilitation Center (Abu Dhabi) and Ameco Medical Industries (Cairo). He also serves as chairman of the board at Bourn Hall International (Dubai, Delhi, Kotchi). He previously served on the board of Manzil Healthcare Services (UAE).

Mr. Haidar began his career as a member of the corporate finance and transaction services team at PwC in London and Lebanon. He later served as managing director of Unifund Capital Financial Investments in Abu Dhabi and MD and head of investment banking at Naeem Holding Co. Over these years he has developed a wealth of experience in markets across Europe, the GCC, the Levant and North Africa.

He is a frequent speaker at global conferences which focus on private equity investments in the Middle East region. He is also frequently invited as a guest on TV shows of major regional channels to discuss key financial developments in the Middle East region.

He holds a Master's degree in finance and accounting from Kingston University in London, UK and is a certified public accountant (CPA) from the State of New Hampshire, USA.



Chad P. Floe
Operating Partner and Managing Director, Corporate Finance
TVM Capital Healthcare Partners

Chad joined in October 2014 as an Operating Partner with responsibility for corporate finance and advisory activities with portfolio companies.

Over a career of more than 27 years in investment banking, Chad built and led international teams of up to 80, focused on healthcare and cross border advisory. He has advised clients in more than 200 M&A, equity, and leveraged finance transactions in Europe, the US and the Middle East, while at HSBC, Dresdner Kleinwort Wasserstein, Lehman Brothers, First Boston and originally at Morgan Bank.

An international American now based in Dubai, Chad has been based in London since 1989. Chad's GCC connections are long-standing, having lived in Dubai in 2008 while running HSBC's MENA Advisory business, and covered Saudi Arabia for Morgan Bank in the early 1980s.

Chad has successfully transitioned from an established investment banking career to a plural healthcare industrial career, recently serving as International Director at HCA International (London's leading private hospital group), responsible for evaluating, structuring and negotiating opportunities in the international clinical services space, particularly in the GCC and India.

Chad has also served since 2006 as board member and senior advisor to Otto-bock Group GmbH (a private German company and global leader in prostheses and mobility) and on the Executive Committee of the Board of HealthRight International (an international not-for-profit organization providing long-term healthcare solutions in the emerging markets).

He received his MBA (with Distinction) from The Wharton School, and his BA in International Relations from Pomona College. Content is only targeted at and suitable for professional clients and persons other than professional clients, such as retail clients, should not act upon or rely upon the content of this communication.

About TVM Capital Healthcare Partners

TVM Capital Healthcare Partners is a specialist private equity investor that focuses on meeting gaps in healthcare provision in emerging markets, including the Middle East, North Africa, India and Southeast Asia. The firm started operations in Dubai in 2007 and was incorporated in 2009. The company is part of TVM Capital Group, an affiliation of global venture capital and private equity firms with an operating track-record of over 30 years.

TVM Capital Healthcare Partners' team of investment professionals brings a wealth of experience in investment and successful exits across multiple markets. The company has also assembled a talented group of healthcare specialists, advisors and consultants who act as executives-in-residence in the TVM Operations Group – an accelerator company that supports the development of portfolio companies -- and in TVM Healthcare Advisors, which provides research and advisory services. This team conceptualizes and develops new business opportunities that provide investors exclusively with proprietary transactions.

TVM Capital Healthcare Partners' current investment portfolio includes a long-term care and rehabilitation center and the largest homecare company in the UAE, a medical devices manufacturer in Egypt, and IVF centers operating in the Middle East and India.

Its investment into ProVita International Medical Center was successfully exited in 2015, demonstrating how a specialist private equity investor can create value in emerging market healthcare and contribute to their existing healthcare infrastructure.

TVM Capital Healthcare Partners operates from the Dubai International Financial Center (DIFC) and is licensed and regulated by the Dubai Financial Services Authority (DFSA).

www.tvm-capital.ae

or

www.tvm-capital.com

Content is only targeted at and suitable for professional clients and persons other than professional clients, such as retail clients, should not act upon or rely upon the content of this communication.