

Fox Paine Exits Medical Device Investment For \$500M

By Marc Raybin

June 16, 2005

Private equity firm Fox Paine & Co. has agreed to sell medical portfolio company ACMI Corp. to strategic buyer Gyrus Group for approximately \$500 million.

ACMI was founded in 1908 and is headquartered in Southborough, Mass. The company develops, manufactures and sells diagnostic and therapeutic endoscopic instruments in the urology and gynecology fields. ACMI has more than 900 employees and more than 100 patents. Most of the company's management team will remain with the business following the switch to Gyrus, said Herald Chen, a managing director with Fox Paine and ACMI's chief executive officer. The chairman of Gyrus will take over the leadership role of ACMI.

Gyrus will pay \$440 million in cash and the remaining amount in Gyrus shares. The cash represents 88% of the purchase price and the Gyrus stock represents 12% of the purchase price.

The value of the deal nearly triples Fox Paine's November 1999 investment in ACMI. The firm invested \$89 million in equity.

Fox Paine was not looking to exit their investment in ACMI, but rather to continue growing the portfolio organically.

"We weren't selling the company, but the Gyrus people kept on knocking and we had to listen," said Saul Fox, chief executive officer of Fox Paine. "We sat back, looked at [the offer] and it did make sense."

The firm was approached by Gyrus in September 2004 and signed an agreement nine months later.

An analyst report from Investec Securities was bullish on the deal.

"From what we have seen to date this looks to be a sensible acquisition for Gyrus," wrote Sebastien Jantet. "The fit is good, increasing Gyrus' product range in urology and gynecology and adding two new markets, and, whilst the market will worry about execution risk, Gyrus has a good track record on this front."

Fox Paine & Co. has more than \$1.5 billion in equity under management. More than 75 institutions invest with Fox Paine, including public pension funds, corporate pension funds and insurance companies.