

## PRESS RELEASE

**STS MEDICAL GROUP ANNOUNCES THE ACQUISITION OF MSS MEDICAL SET SERVICE GMBH, WHEREBY IT INCREASES ITS MARKET SHARE IN THE GERMAN SPECIALIZED (OPHTHALMIC) SURGICAL CUSTOMIZED PROCEDURAL KITS MARKET AND AIMS TO EXPAND THE MSS BUSINESS MODEL TO THE OTHER KEY EUROPEAN MARKETS. THIS ACQUISITION WILL FURTHER STRENGTHEN STS MEDICAL GROUP'S EUROPEAN MARKET POSITION IN GERMANY AND GERMAN-SPEAKING COUNTRIES.**

### **THE GERMAN MARKET REMAINS THE KEY ASSET OF THE STS MEDICAL GROUP'S GROWTH STRATEGY**

- **In 2014, Germany was the number one European country in terms of turnover in the surgical CPT market with 102 million US\$.**
- **The German market is expected to grow by nearly 60% until 2019, with a turnover 159 million US\$ in the surgical CPT market.**
- **The Ophthalmic CPT market in Europe had an annual value of 150 million US\$ in 2014**

LUXEMBOURG [1<sup>st</sup> October 2015] - **STS Medical Group**, an international group specialized in the production and distribution of medical devices and surgical customized procedural kits (CPTs) – announces the acquisition of **MSS Medical Set Service GmbH**, a German company based in Großwallstadt, operating in the market of personalized ophthalmic surgery kits.

With this acquisition, **STS Medical Group** further reinforces its market share in the ophthalmic surgery kits market in Germany, the top country in Europe for use of procedural kits with € 94 million in sales, and at the same time strengthens STS sales in other European markets.

For STS Medical Group, the acquisition of **MSS** is part of strategic plan to significantly increase sales and capabilities in the CPT market and its growth strategy become a key player in surgical medical devices. The acquisition of **MSS** is the Group's second acquisition of 2015, following the purchase of Luigi Salvadori S.p.A., an Italian company, operating in the market of specialized medical gauze and surgery kits.

*"The transaction represents an important step for the development of STS Medical Group in Europe, with a twofold strategic value: first, it enables STS Medical Group to increase focus in the German market of surgical customized procedural kits (CPTs), the biggest in Europe, where **MSS** historically enjoys a position of leadership in the ophthalmic area, **MSS** is recognized as a fast and high quality partner for healthcare providers. Our production capacity in Germany can now count on three production units with over 250 employees. Secondly, the transaction enhances our product portfolio and market proposition in the other main European markets, enabling us to grow market share",* said **Augusto Orsini, CEO of STS Medical Group**.

*"The strategy of STS Medical Group is to grow our top line and capabilities through acquisitions and then drive sales and operating performance at those acquisitions ..."* added **Stephen A. Lehman, partner of the private equity fund Monitor Clipper Partners**. *"... We aim to expand the presence of STS Medical Group in Europe by significantly increasing sales thereby becoming one of the leading players in the surgical medical devices industry".*

**Detlev Neumann**, shareholder and Managing Director of **MSS** declared *"I am glad that **MSS**, after years of consistent development and profit improvement, will continue its growth along with STS Medical Group. I am proud to remain Managing Director of **MSS** and to become strategic advisor of STS Medical Group. I am joining a group with a great reputation and an equally great ambition to grow globally for the benefit of **MSS**, its employees, customers and suppliers."*

**GERMAN MARKET OUTLOOK** - In 2014, Germany was the number one European country in terms of turnover in the CPT market, with 102 million US\$, followed by the UK and France. This trend is expected to continue: In fact, the forecast for 2019, shows Germany still in the top spot at a turnover of €159 million US\$ (nearly 60% growth over 2014).

**EUROPEAN MARKET OUTLOOK** - Revenue of ophthalmic surgical customized procedural kits in Europe totaled approximately 150 million US\$ in 2014. This makes Ophthalmology the biggest segment of the European market of surgical procedural kits (24.3% of the total market). In 2014, the European market for surgical customized procedure trays amounted to approximately € 720 million and is expected to grow up to 10% yearly, due to the increase in the elderly population and treatable diseases. Northern Europe continues to dominate the European CPT market accounting for 74% of the total European revenue, and € 512 million in sales in 2014.

**GLOBAL MARKET OUTLOOK** - Every year, over 250 million complex surgical operations take place worldwide. The Global market for procedural kits, which also includes non-surgical CPTs, is expected to grow to € 19.7 billion in 2015. The United States is the country with the highest rate of use of procedural kits (80% of all procedures).

**GOVERNANCE** - STS Medical Group is an investment vehicle established under the initiative of **Augusto Orsini** and **Monitor Clipper Partners**. **Augusto Orsini**, an executive with 25 years of experience in the medical devices industry, is the Chief Executive Officer of STS Medical Group. **Monitor Clipper Partners** is an independent private equity firm formed in 1998, based in Boston, Massachusetts, and Zurich, Switzerland. **Monitor Clipper Partners** has invested in over 40 businesses in North America and Europe, focusing primarily on partnering with founders and owners of middle-market companies. The firm provides strategic and operational support aimed at fundamentally transforming the franchise value of its portfolio companies. Monitor Clipper Partners has invested approximately \$ 2 billion in equity since its formation.

**STS Medical Group** was advised on German corporate law matters by **Philipp Jacobi** of the law firm **CORVEL**, on Luxembourg law matters by **Catherine Baflost** and **Soledad Pascual** of the law firm **MNKS**, and assisted on accounting and tax matters by **Gerard Schustereder** and **Christian Kuepker** of **PWC**.

**STS MEDICAL GROUP** - STS Medical Group, established in October 2012, is among the principal European players in the medical device industry with a consolidated turnover of approximately € 65 million in 2014 and 900 employees.

**BUSINESS LINES** - STS Medical Group operates in four main business lines: surgical customized procedural kits (CPTs); CPT components such as drapes, gowns and gauze; protective clothing; and medical devices for surgical theatres in public and private hospitals, as well as for healthcare facilities, local health services, nursing homes, wholesalers, and pharmacies.

**OPERATING COMPANIES** - STS Medical Group operates through **MSS Medical Set Service**, Sengewald Klinikprodukte, MSP Schmeiser, Texsan, Salvadori and Salvamed, and has operations in Italy, Germany and Bulgaria. The Group sells to all of the major European markets. Of the five production plants, three are located in Germany and two in Sandanski, Bulgaria, where STS Medical Group now benefits from one of the largest and most technologically advanced production hubs for medical devices in Eastern Europe.

**GERMAN COMPANIES** - **Sengewald Klinikprodukte GmbH** is operating in the **supply of drapes and gowns** in the European market and is one of the main players in the German market. Headquartered in Rohrdorf, South of Munich, Sengewald Klinikprodukte GmbH was established in 1979 as a subsidiary of Sengewald Verpackungen GmbH in Halle, Westphalia, and, since October 2012, is part of STS Medical Group. The



company is the cornerstone of a new platform aiming to become one of the key players for **Custom Procedure Trays (CPTs)** on the European market.

Sengewald operates two main businesses: the production and sales of a complete range of drapes, gowns and accessories for surgical interventions with the **Secu-Drape®** brand, and production and sales of customized OR Packs for surgical interventions (CPT) with the **Secu-Tray®** brand. Thanks to its 30 years' experience in this industry, today Sengewald assembles nearly **5 million CPTs**, in more than 3,000 configurations and with more than 10,000 different items.

**MSP Schmeiser** is a German company specialized in the manufacturing and distribution of Custom Procedure Trays (CPT) for surgical theaters. It was established in 1982 in Horb am Neckar, in the German state of Baden Wurttemberg. MSP Schmeiser was the first company to introduce procedural kits for surgical theatres in Germany and today serves clinics and healthcare institutions in the entire country. The company designs and builds, according to specific directions of surgeons and other operating room personnel, single kits that contains all medical devices necessary to perform a particular surgical intervention. MSP Schmeiser has more than 100 employees.

**MSS Medical Set Service** is a German company specialized in the manufacturing and distribution of Ophthalmic Custom Procedure Trays (CPT) for surgical theaters. It was established in 2006, in Großwallstadt, in the German state of Bayern. MSS manufactured 200,000 ophthalmic kits in 2014, with the shortest lead time in the ophthalmic market, high flexibility and to highest quality standards (just 3 complaints throughout 2014). The company designs and builds, according to specific directions of surgeons and other operating room personnel, single kits that contain all medical devices necessary to perform ophthalmic surgical interventions. **MSS** has more than 25 employees.

**SHAREHOLDING** - **STS Medical Group** is primarily funded by **Monitor Clipper Partners**, a Boston, Massachusetts and Zurich, Switzerland based independent private equity firm formed in 1998, which focuses on partnering with founders and owners of middle-market companies. The firm provides strategic and operational support aimed at fundamentally transforming the franchise value of its portfolio companies. Other investors include the founder and **CEO (Augusto Orsini)** and strategic advisors (Luigi Salvadori).

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