

**ASPEN**<sup>®</sup>



 **HOLDING COMPANY**  
• *when precision matters*



 **A TESTEO**

**GROUPE  
PONROY  
SANTÉ**

# 3i Capital Markets Seminar Private Equity

18 September 2017



# Introduction

**Simon Borrows, Chief Executive**

# Clear and consistent strategy



- 1 Grow investment portfolio earnings
- 2 Realise investments with good cash-to-cash returns
- 3 Maintain an operating cash profit
- 4 Use our strong balance sheet
- 5 Increase shareholder distributions

# Our Private Equity investment approach

Targeting mid market investments in sectors with inherent growth and opportunity



Three core sectors

Business Services

Consumer

Industrial

Examples of sub-sector themes

Testing, inspection and certification

Polarisation

Automotive components

White collar services

Demographics

Filtration

Lifestyle

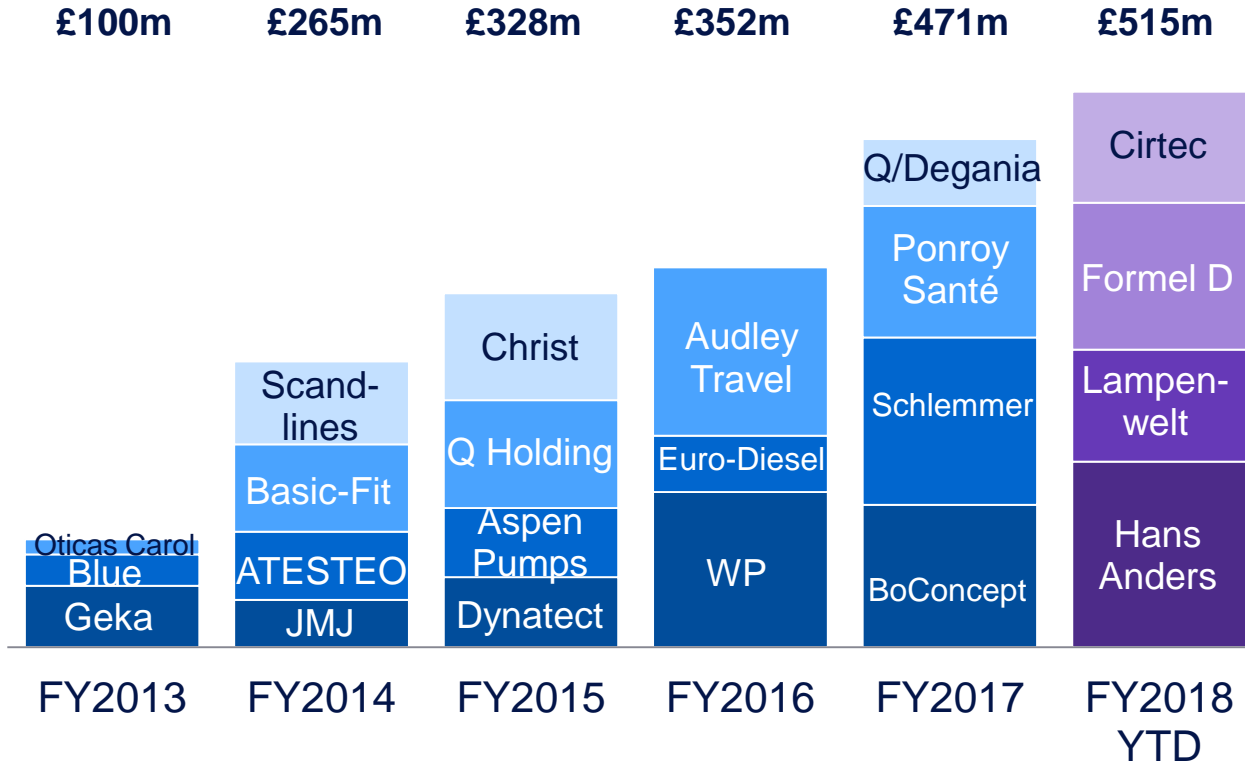
- Focused origination
  - Northern Europe, North America
  - Sector discipline
- Development of sector insight and knowledge of industry best practice
- Targeted use of Business Leaders Network

**Core objective: generate >2x cost from our investments**

# Our approach is producing good results



Proprietary capital invested in each vintage



**c£2bn** invested since FY2013

FY2013-FY2017 MM of **1.7x<sup>1</sup>**

<sup>1</sup> Excludes new investments made in FY2017 but includes the further investment in Q/Degania. Sterling MM

# Today's seminar



2015

Manufacturer of pumps and accessories for the air conditioning, heating and refrigeration industry

Original cost: £64m

Residual cost: £80m

Valuation: £92m

GROUPE  
PONROY  
SANTÉ

2017

Manufacturer of natural healthcare and cosmetics products

Original cost: £122m

Residual cost: £124m

Valuation: £121m



2013

International transmission testing specialist

Original cost: £74m

Residual cost: £39m

Valuation: £172m



2014

Manufacturer of precision elastomeric components

Original cost: £162m

Residual cost: £162m

Valuation: £238m

# Today's presenters



**Pete Wilson**

**Partner  
UK**

Joined 3i in 2006 and was appointed Partner in 2014.



**Ulf von Haacke**

**Partner, Managing Director, Head of Industrials  
Germany**

Joined 3i in 2001 and was appointed joint Managing Director and Co-head of Germany in 2009.



**Rémi Carnimolla**

**Partner, Managing Director  
France**

Joined 3i in 2003 and was appointed Managing Director of France in 2011.



**Richard Relyea**

**Partner, Managing Director  
North America**

Joined 3i in 2007 and was appointed co-head of 3i's North America Private Equity team in 2015.

# Aspen Pumps

**Pete Wilson**  
Partner, UK





# 3i in the UK



- Investing in UK growth business for 70 years+
- 9 investment professionals

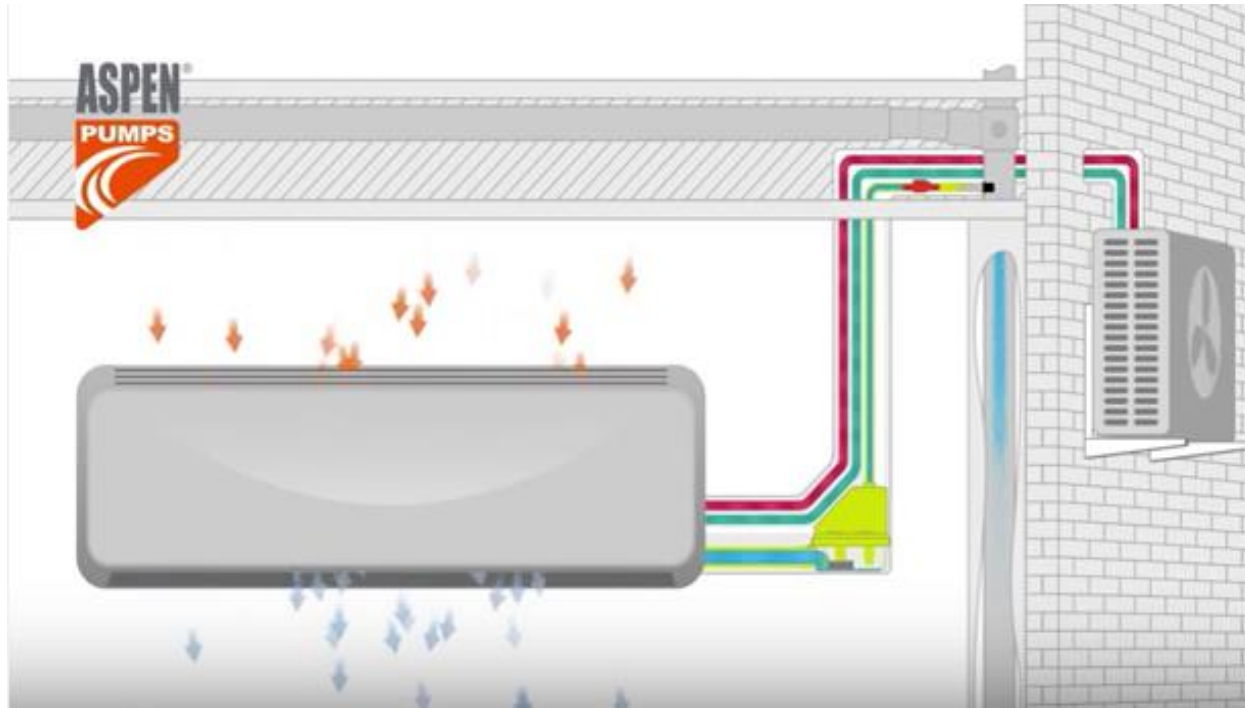


# Aspen is the global leader in condensate removal pumps to the HVAC/R industry



- Global leader in design, manufacture and assembly of pumps to remove condensate water for air conditioning and refrigeration
- Global business, selling into 100+ countries
- Strong mega-trends underpinning market growth
- 3i invested £64m in a management buyout in Feb 2015  
EV of £105m
- Strong financial performance:
  - EBITA CAGR of 23% 2015-17LTM
  - ROCE of 90%
  - Operating cash conversion of 75%

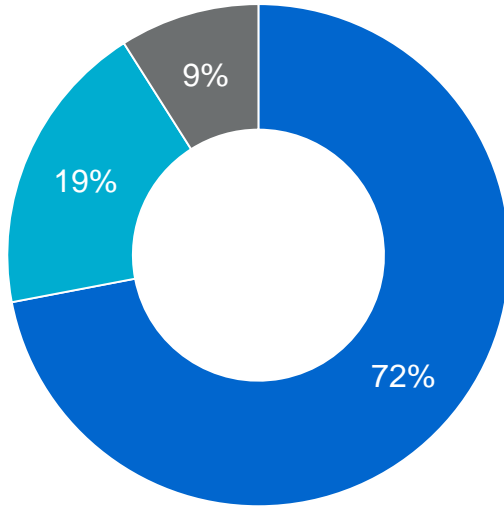
# How a condensate removal pump works



# Pumps are the core of the business, which is highly international

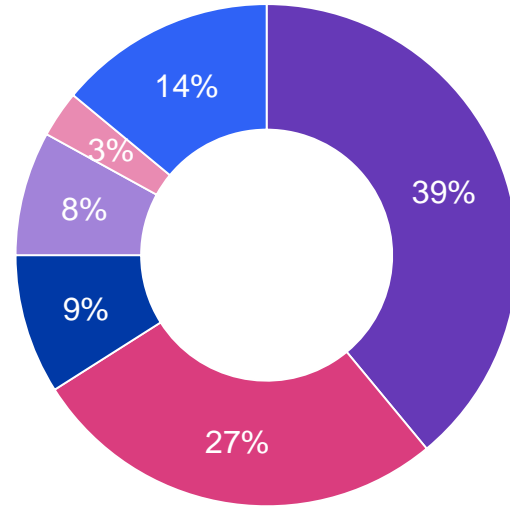


## Sales by product



- Pumps
- Big Foot (Rooftop support systems)
- Xtra (accessories)

## Sales by geography



- Western Europe
- UK
- North America
- Eastern Europe
- South America
- Rest of the World

# We acquired Aspen in a process that played to our strengths



## Early identification

- Identified Aspen as part of sub-sector work in flow control
- Tracking the business a number of months ahead of sale

## 3i network

- Existing relationship with Chairman providing early access
- Accelerated 3-4 weeks ahead of competitors

## Sector knowledge

- Sector we knew through former investment in Jung Pumpen (2.5x MM in 2007)
- Strong track record in industrial sector

## Fit with 3i strategy

- Management team focused on finding the right partner to deliver international growth

# Our investment case



# Strong structural growth and product penetration drivers



**Global growth  
in use of air  
conditioning**



**Increase in  
volume of AC  
units sold**



**Trend towards  
'split' systems  
(vs. 'ducted')**



**Increased  
likelihood pump  
will be needed**



**Technology driving  
greater number of  
units per system**



**Increased number  
of pumps per AC  
system**

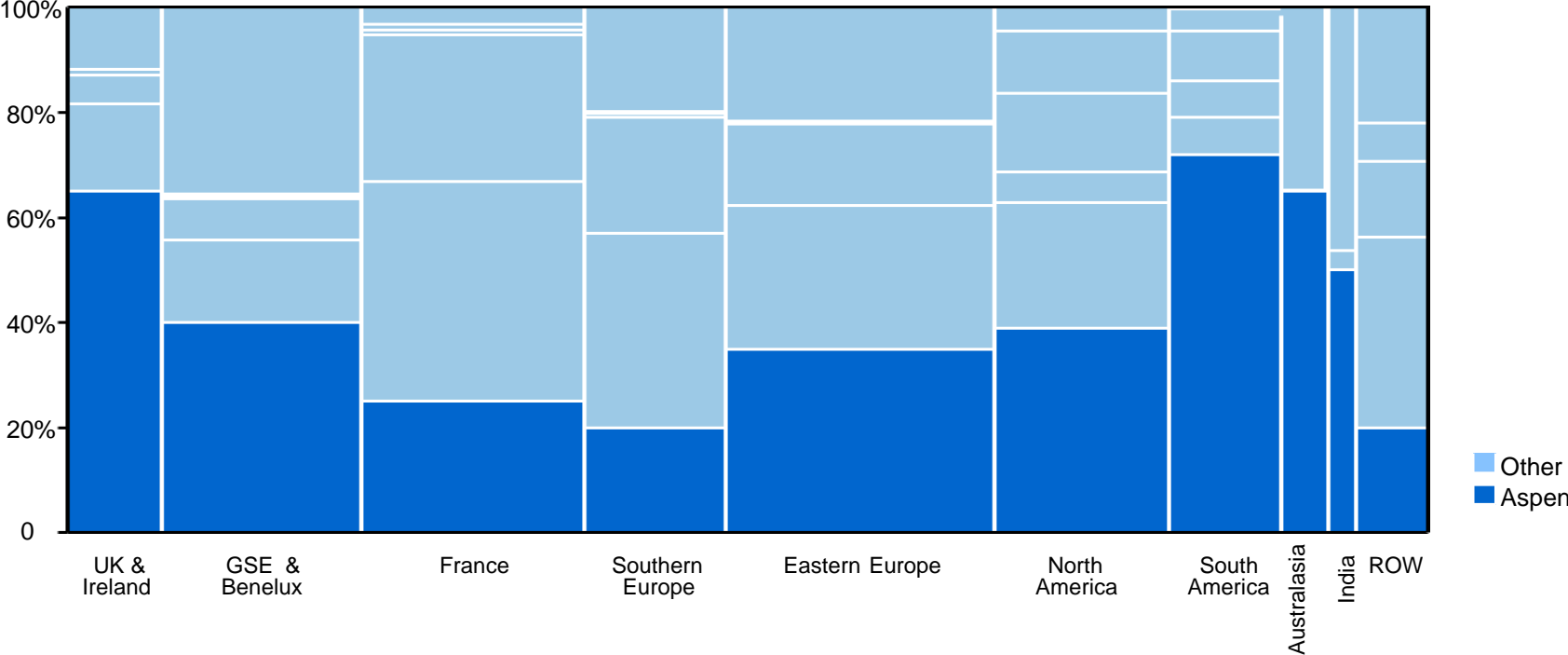


**Increased size of after-market, with replacement opportunity**

# Market leader with significant penetration opportunity



## Aspen share of pump volumes by geography vs. competitors

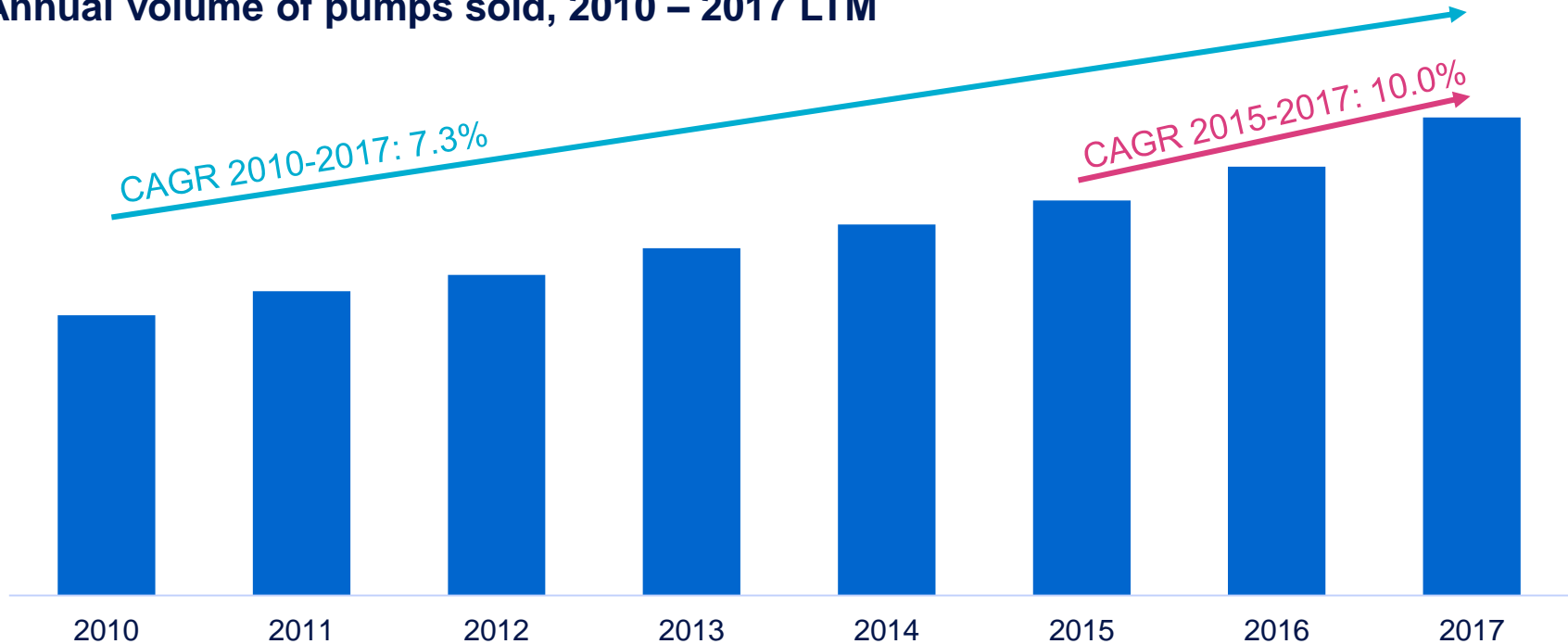




# Consistently strong growth, increased since our investment



## Annual volume of pumps sold, 2010 – 2017 LTM



# Channel position further strengthened by M&A



May 2017  
JAVAC UK



April 2017  
Salina



May 2016  
M&S



July 2015  
Pro Pipe





## Strong CEO

### Adrian Thompson

- 10 years at the company
- Strong track record of growth
- Relevant experience (ex Aliaxis, Multikwik)

## Aligned with 3i

- Significant re-investment of proceeds into the 3i buyout

## Experienced chairman

### Richard Connell

- Introduced by 3i from BLN
- Sector relevance (Ideal Stelrad)
- Significant PE experience

# How have we driven value since investment?



## Salesforce effectiveness

- ✓ Global programme rolled out
- ✓ Sales growth in all key territories

## Organisation design

- ✓ Increased focus on core pumps
- ✓ Further recruitment of high quality talent

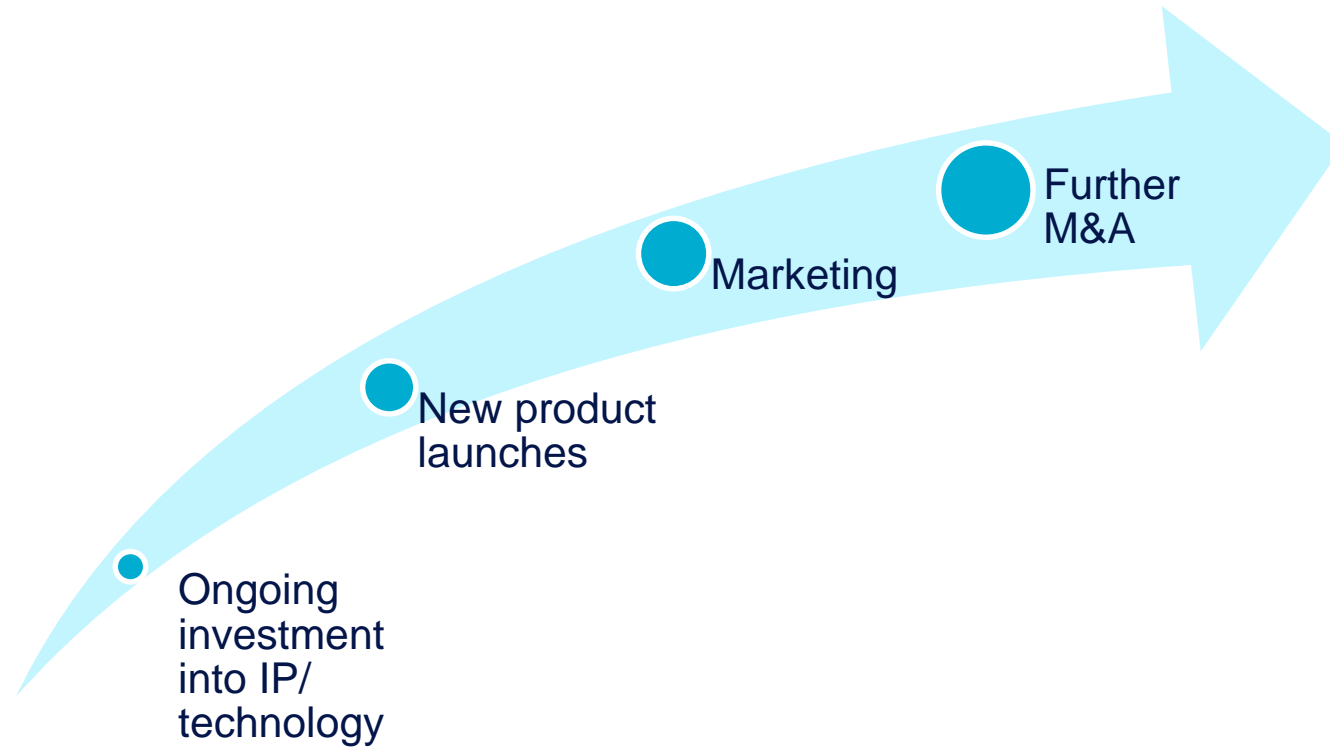
## M&A

- ✓ Built out pipeline
- ✓ 3i resource internationally to execute deals

## Investment into NPD and new pumps

- ✓ Two significant product launches of new pumps
- ✓ Strategic relationships developed

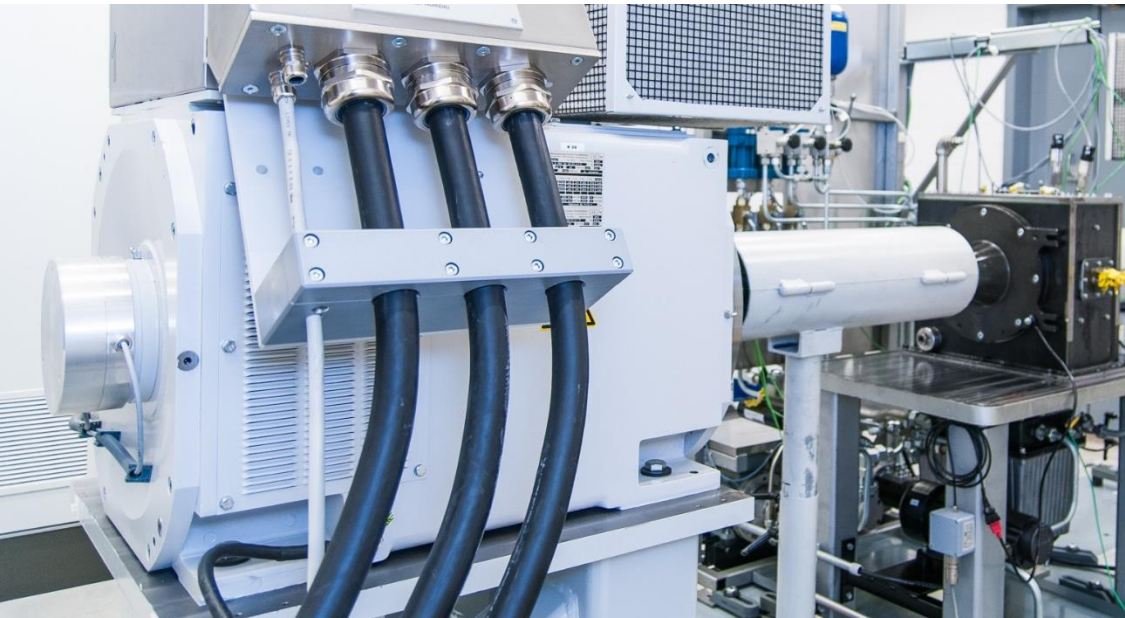
# Clear opportunities for future value creation



# ATESTEO

Ulf von Haacke

Partner, Managing Director, Germany



# 3i in Germany



- Frankfurt office since 1984
- 13 investment professionals
- Strong core team with recent new hires
- Market reputation as one of the oldest PE houses in Germany



# ATESTEO – a global leader in drivetrain testing services



- Global market leader in independent automotive drivetrain testing services with over 3x more capacity than next competitors and a significant share of OEMs in customer base
- Prime objective is to ensure durability of transmissions and other drivetrain components through lab-based tests
- Operates 134 test labs across five locations in Germany and one site in China
- Unique modular test lab setup with proprietary equipment & software



“ ”

Opportunity to invest into a primary transaction and drive the transformation from a Mittelstand company to a global product quality testing company  
3i Investment Paper



# Our investment in ATESTEO



2x

Doubled adj. EBITDA in  
2013-2017



>30%

increase in testing  
capacity



International expansion,  
especially in China



From an owner-managed diversified engineering company to a world leading testing and inspection specialist for the automotive industry





**Sector track record**



**Local network & personal relations**



**Strong BLN network**

- a) China
- b) Germany



**Long-term vision**



# Why 3i decided to invest



## 1 Fundamental qualities of business

- ✓ Market leadership
- ✓ Attractive margins and high cash conversion

## 5 Primary transaction

- ✓ Professionalisation leading to efficiency gains
- ✓ Multiple arbitrage from repositioning

## 4 3i track record

- ✓ Experience in automotive and TIC
- ✓ Strong BLN network



## 2 Market growth

- ✓ Underlying growth trends
- ✓ Outsourcing opportunity

## 3 Internationalisation potential

- ✓ Organic potential in China and USA
- ✓ Add-ons in adjacent areas

# The automotive industry is undergoing fundamental change



## Electrification

- **Electrification of the powertrain** at the expense of the internal combustion engine (ICE)



### High level implications:

- **Shifting markets** and revenue pools
- Changes in **mobility behaviour**
- **Diffusion** of advanced technology
- **New competition** and cooperation

## Connectivity

- Increasing **communication abilities** of cars due to internet access, WLAN and other technologies

## Autonomous driving

- Development of vehicles that can **navigate without human input**



## Ownership

- Ownership model of cars keeps evolving from “physically owning” to “**renting and sharing**”

# ATESTEO is well positioned on drivetrain testing market drivers



**>5%**

Underlying market  
growth 2013-17

- Increasing testing demand from higher powertrain complexity
- Outsourcing trend due to customer cost savings
- Safety concerns and quality improvements lead to more tests

**~25%**

E-Mobility share  
YTD 2017

- Fundamental shift of powertrain technology is inevitable
- Rising testing complexity from hybrid/electric vehicles
- ATESTEO started first tests in 2008, E-Mobility share is increasing

**30 test labs**  
Asia growth

- Chinese share in global vehicle production is expected to increase
- ATESTEO is well positioned in the growing Chinese market

# How we created value since investment



## 1 Enhanced transparency and profit focus

- ✓ Transition from family business
- ✓ Increasing focus on cash & return
- ✓ Improved governance framework and reporting

## 2 Market opportunity China

- ✓ Proactive growth in Chinese market
- ✓ Key market for capacity expansion through the opening of 20 new testing labs in 2015-18

## 3 Clear strategic repositioning

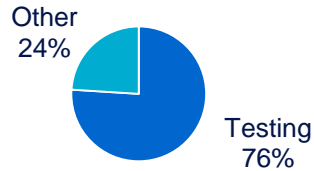
- ✓ Discontinuing non-core activities
- ✓ Expansion of testing service portfolio
- ✓ Rebranded from GIF to ATESTEO, clearly identifiable as TIC

# We have internationalised and focused the business through our period of ownership

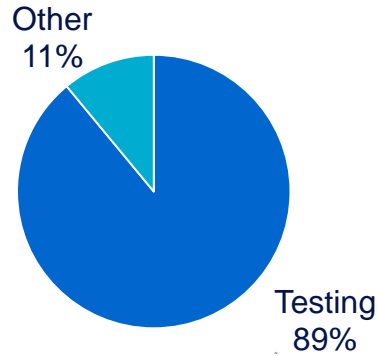


## Testing share

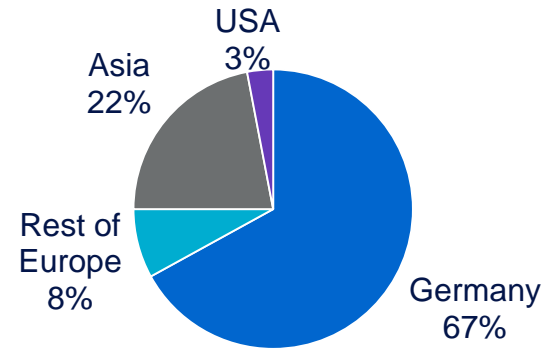
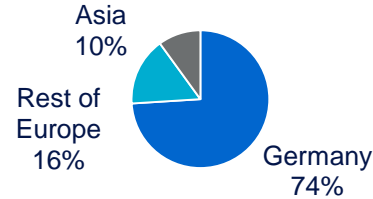
2013



2016



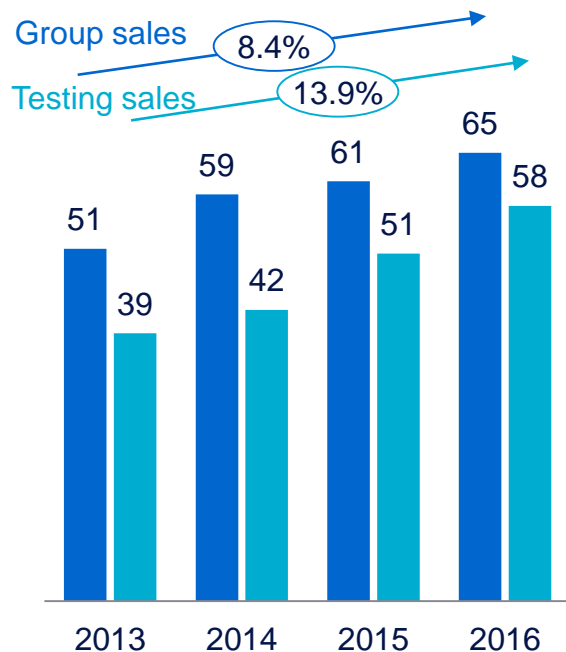
## Customer origin split



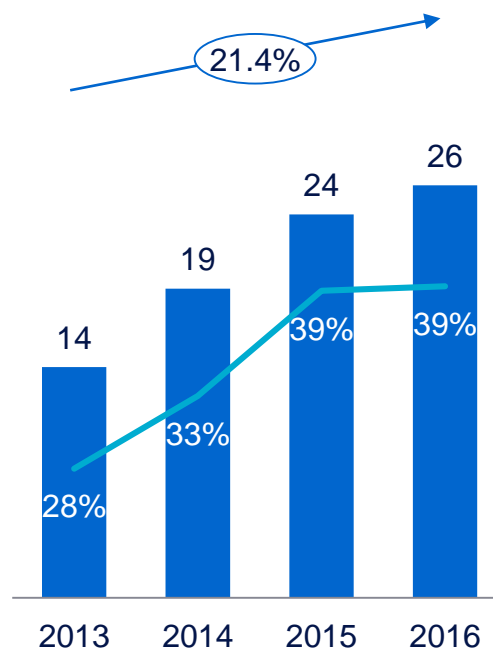
# ATESTEO's financial performance since 2013 has validated our investment thesis



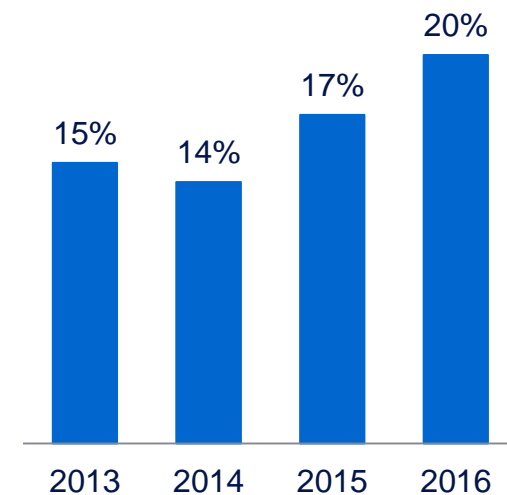
## Sales



## Adj. EBITDA



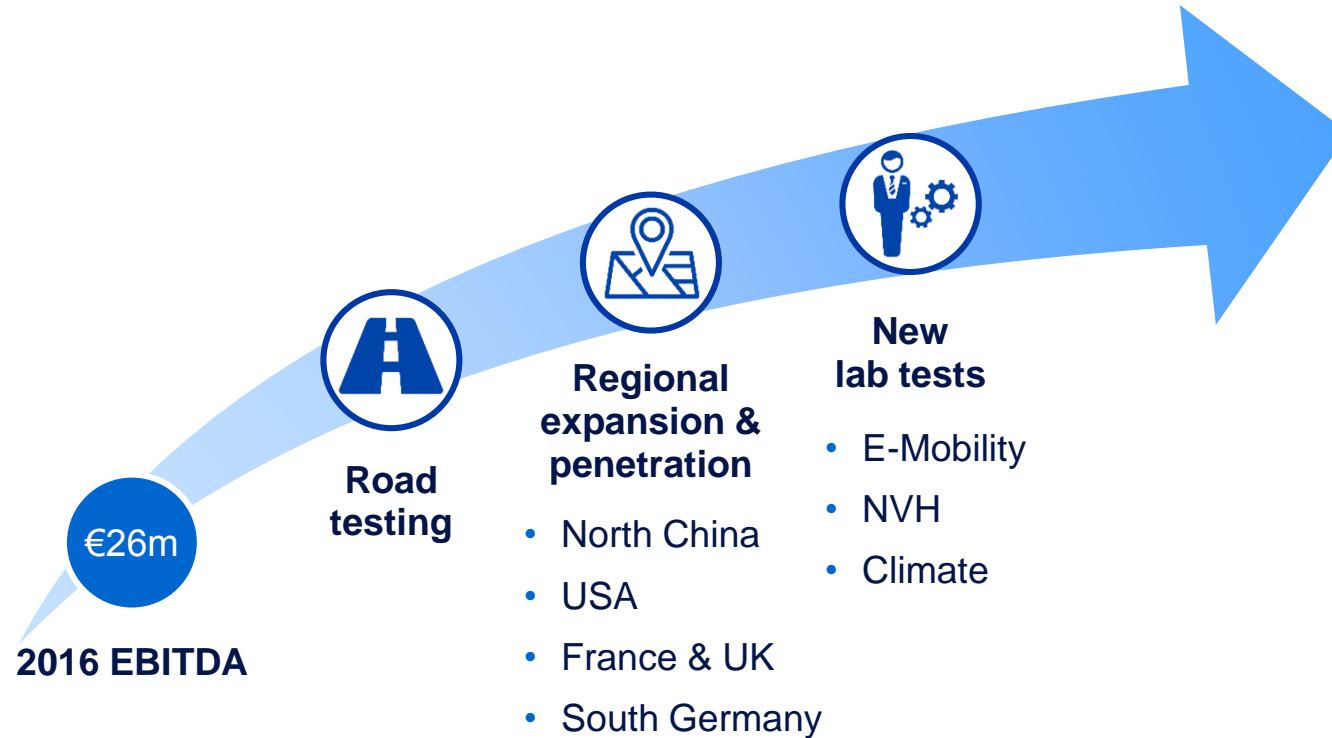
## ROCE



Note: Percentages above charts refer to 2013-16 CAGR



# ATESTEO has significant potential for future growth



# Groupe Ponroy Santé

Rémi Carnimolla

Partner, Managing Director, France



GROUPE  
PONROY  
SANTÉ

# 3i in France



- Paris office since 1983
- Historic offices in Nantes, Lyon and Strasbourg underpin breadth of network
- 7 investment professionals
- Core expansion country for Action, Basic-Fit, BoConcept, Lampenwelt, etc.

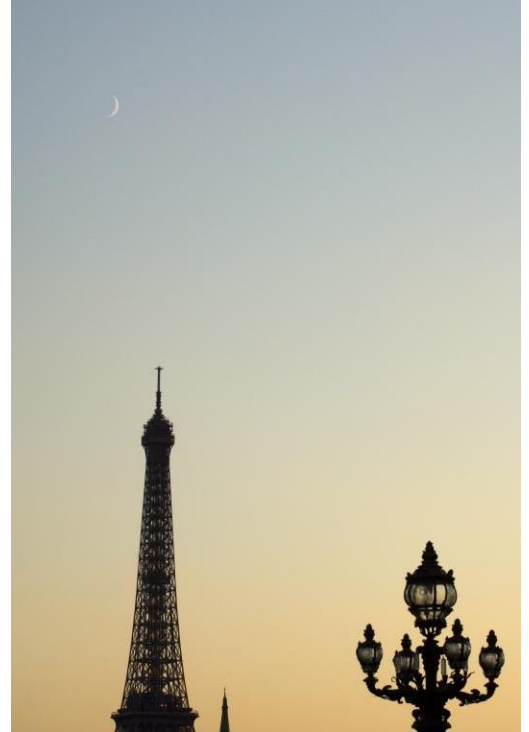


GROUPE  
PONROY  
SANTÉ

Trescal

Vedici

Keolis



# What is Ponroy?



# “Naturality” applied to cosmetics and food supplements through strong brands



## Natural cosmetics



### Baby care



### Natural and Bio personal care



## Natural foods supplements / OTC



### Teas, Vitamins & Dietary Supplements in HM/SM



### Teas, Vitamins & Dietary Supplements in Pharma



### Mail-order & e-commerce





# Examples of products supported by medical studies




## manhaë

Manhaë is hormone and phytoestrogen-free:

- Reduce hot flushes and night sweats,
- Calm nervousness,
- Restore radiance to the skin,
- Relieve fatigue,
- Restore a sensation of lightness in the legs.

Scientifically proven efficacy to be taken safely and risk-free  
 Manhaë, **n° 1** in its category - Source IMS April 2016




## DIGESTION

**8 milliards**  
PAR PRISE

Ultrabiotique is a probiotic complex which contributes to re-balancing the intestinal flora and reinforcing the body's natural defences. Probiotics are living micro-organisms with beneficial effects on health.

No. 2 in the immune defence sector – Source IMS 2014

Ultrabiotique adult – 4 probiotic strains – 8 billion probiotics per dose  
 Ultrabiotique children – 2 probiotic strains, vitamin D and vitamin A – 6 billion probiotics per dose





## lecitone

**GENIUS**  
CAPACITÉS COGNITIVES MÉMOIRE

**JEUNE**  
MÉMOIRE ET FATIGUE SCOLAIRE

DÈS 12 ANS



## lecitone

Lecitone offers a response in order to stimulate and optimize the intellectual activity and the brain activity.

The Lecitone line plays an important role in the cognitive functions and in particular memory. During revision and exam times, or from the first signs of memory loss, irrespective of the age. Based on scientific research on long chain phospholipids, it is composed of an Omega-3 rich phospholipids combination: Phospho Cognitive Technology®. The phospholipids contained in the formula were selected for their Omega-3 composition. This form protects the Omega-3 (DHA, EPA) more effectively and makes them

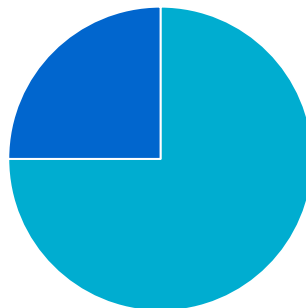
# A multi-channel and international distribution strategy leading to nascent or promising global brands



Net sales 2016 (after rebates) = €108m

Net sales 16 €27m  
O/W FRANCE 83%  
O/W INTERNATIONAL 17%

**NATURAL COSMETICS**  
25%



**NATURAL FOOD SUPPLEMENTS / OVER-THE-COUNTER**  
75%

Net sales 16 €81m  
O/W FRANCE 74%  
O/W INTERNATIONAL 26%

Mainly in HM/SM

	BIOLANE	VITARMONYL	OTHER <sup>(1)</sup>
FRANCE	✓	✓	✓
BENELUX	✗	✗	✗
CANADA	✗	✗	✗
CHINA	✓	✗	✓
HONG KONG	✓	✗	✓
ITALY	✗	✓	✗
EXPORT	✓	✗	✗

Multi channels

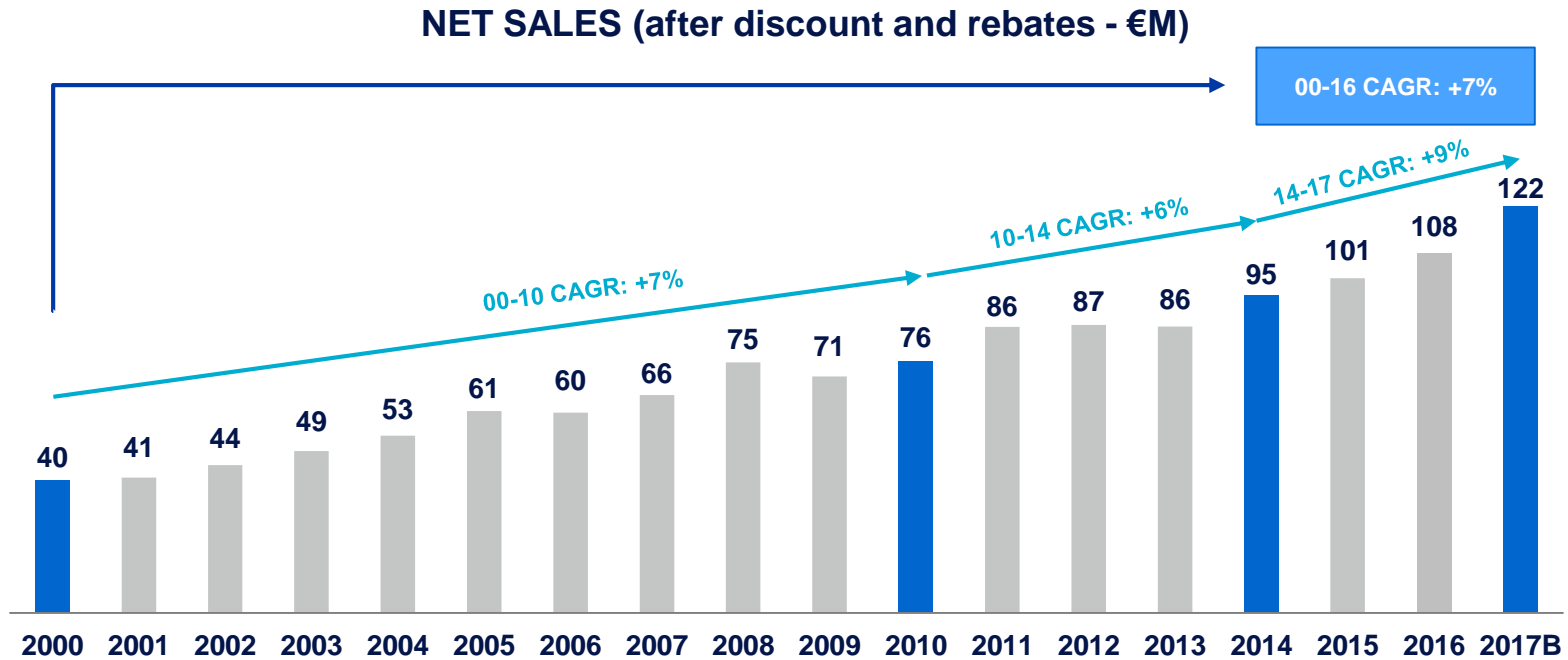
	HM / SM	DRUG-STORES	MAIL-ORDER <sup>(2)</sup>	OTHER <sup>(3)</sup>
FRANCE	✓	✓	✓	✓
BENELUX	✓	✓	✓	✗
CANADA	✓	✓	✗	✗
CHINA	✗	✗	✗	✗
HONG KONG	✓	✓	✗	✗
ITALY	✓	✗	✗	✗
EXPORT	✓	✓	✓	✗

1) Mainly includes Private Label

2) And ecommerce

3) Mainly includes Specialized Retailers

# Long-term steady growth track record, accelerated over recent years, and strong financial economics



**Best-in-class  
EBITDA margin  
of 21%**

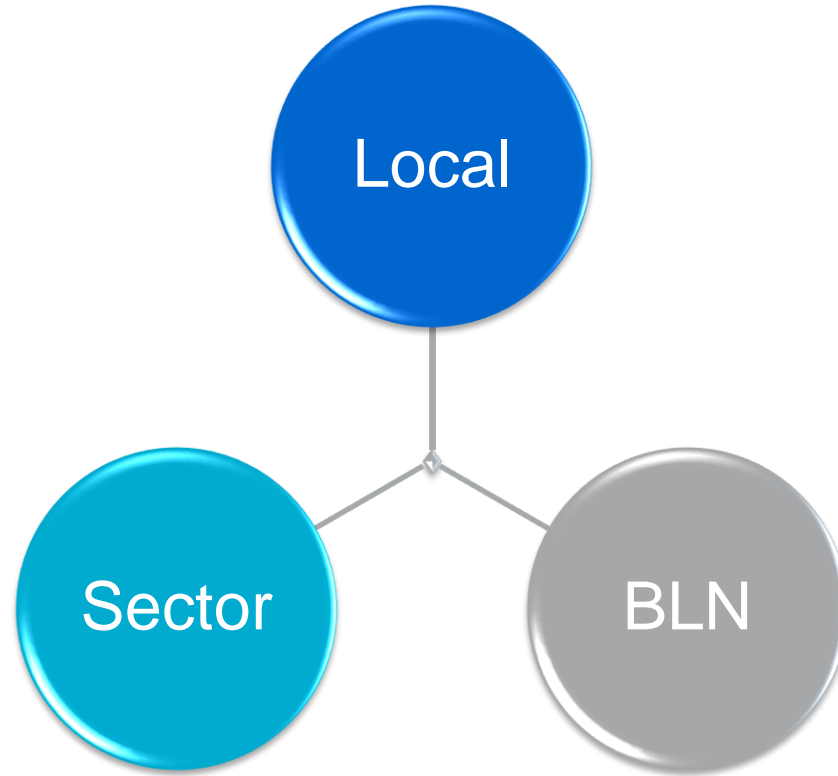
**Best-in-class  
ROCE of 65%+**

**Strong cash  
conversion of  
80%**



# Best-in-class in-house manufacturing meets pharma standards, with strong R&D capabilities

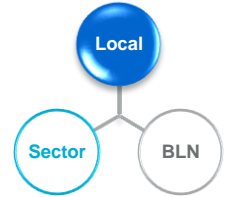




## Local: winning in a competitive environment thanks to our local network and long-standing presence



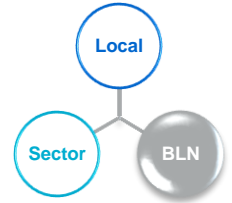
- 3i Nantes office (1999-2004)
- First meeting with the Ponroy family in 2003
- Proactive follow-up since then
- Better understanding of CEO & Family agenda
- No M&A involved; process run by the lawyer of the family



# BLN: Philippe Charrier, a successful entrepreneur, with a long and trustful relationship with 3i



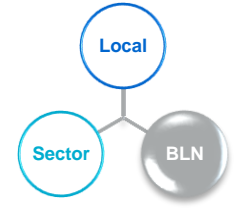
- In 3i network since 2005
- CEO of Labco between 2010 and 2016
- Mutual trust
- Assessment of many deal opportunities together
- Decision to review Food Supplement sector together
- Identified and worked on Ponroy together with us 12 months before the process
- Building credibility with sellers who wanted to hand over to a safe pair of hands



# BLN: Philippe Charrier has the best possible track record to realise Ponroy's growth opportunities



Mass-market		✓			✓
Pharmacies			✓		
Brand building		✓	✓		✓
Medical R&D			✓	✓	
M&A				✓	✓
International		✓	✓	✓	✓
Entrepreneur / PE			✓	✓	✓



# Sector: Natural Consumer Healthcare has been targeted by 3i across Europe and the US since 2012



1

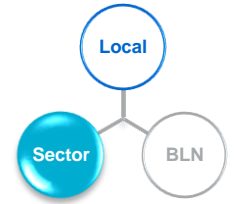
- Attractive sector identified by 3i's Consumer team
  - Secular trends
  - Fragmented industry; many small and mid-sized companies

2

- Deep-dive launched in 2012 with BLN, incl. Philippe Charrier
  - To understand sector opportunities and challenges
  - To determine the relevant investment strategy
  - To find targets and the best platform for consolidation

3

- Extensive coverage of the industry in Europe / US
  - Built strong network of experts, advisors and industry insiders
  - 40+ sizeable targets identified, assessed and approached
  - 1 deal: Ponroy
  - 70+ build-up opportunities in our pipeline



# Sector: Natural Consumer Healthcare is a mega consumer trend in food and cosmetics ...



## CONSUMER TRENDS

SELF MEDICATION

REGULATION

HEALTH AWARENESS

AVOIDING SIDE EFFECTS

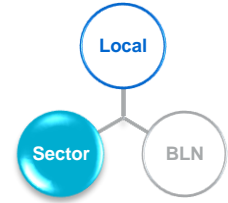
ORGANIC FOOD

ECO-FRIENDLY

HEALTHY LIFE

NATURAL

WELL BEING

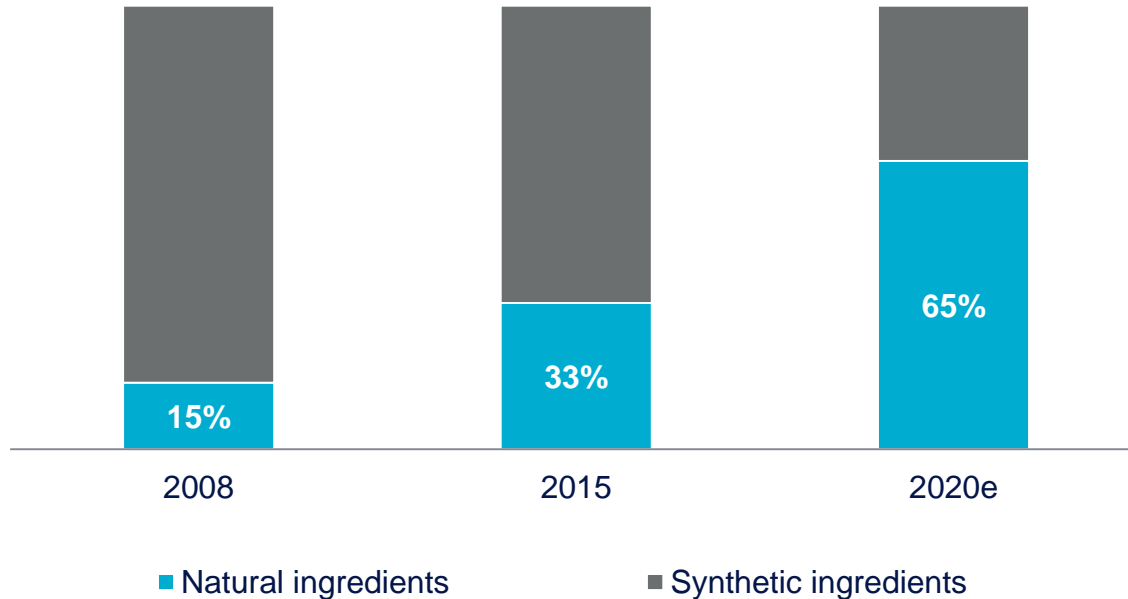
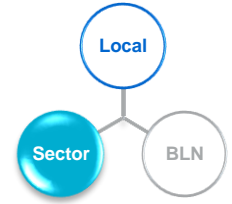


...

# Sector: Natural Consumer Healthcare is a mega consumer trend in food and cosmetics ...



## % of natural vs. synthetic ingredients used in Food and Cosmetics industry



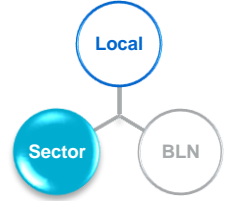
Source: Chr. Hansen



# ... and a core strategy for large FMCG and pharma players...



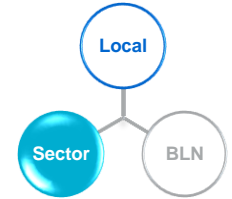
		Healthcare / Pharma				Consumer			
		Medtech	Biotech / Pharma	Animal Health	Consumer Health	Skin Care	Hair Care	Beauty / Other PC	Home Care
Pharma	Bayer	✓	✓	✓	✓		✓	✓	
	Roche		✓	✓					
	Lilly		✓	✓					
	Novartis		✓		✓	✓		✓	
	Johnson & Johnson	✓	✓		✓	✓	✓	✓	
	MERCK		✓	✓	✓			✓	
	Mylan		✓		✓			✓	
	Pfizer		✓		✓	✓		✓	
	SANOFI		✓	✓	✓	✓	✓	✓	
NOVARTIS	✓	✓		✓					
HPC	Beiersdorf				✓	✓	✓	✓	
	CHURCH & DWIGHT CO., INC.				✓			✓	✓
	COLGATE-PALMOLIVE COMPANY					✓		✓	✓
	Edgewell					✓		✓	
	ESTÉE LAUDER					✓	✓	✓	
	L'ORÉAL					✓	✓	✓	
	NESTLÉ				✓	✓			
	Prestige Brands				✓	✓			✓
	P&G				✓	✓	✓	✓	✓
	Beckitt Benckiser				✓	✓		✓	✓
	Unilever				✓	✓	✓	✓	✓



# ...driving strong M&A activity in a very fragmented market, where SMEs have a better track record of innovation



Date	Acquirer	Target	Price
August 2017	<b>KARO PHARMA</b>	<b>weifa</b>	18x EBITDA
June 2017	<b>cinfa</b>	<b>NATURAL SANTE</b>	15x EBITDA
September 2016	<b>Unilever</b>	<b>seventh generation</b>	3x Sales
July 2016	<b>DANONE</b>	<b>WhiteWave</b>	21x EBITDA
July 2016	<b>L'ORÉAL®</b>	<b>it COSMETICS®</b> <small>CHEMICALLY PROOFED • SKIN FRIENDLY • PROBLEM SOLUTIONS</small>	5x Sales
2014	<b>symrise</b>	<b>DIANA</b> <small>Performance from nature</small>	14x EBITDA
2012	<b>Reckitt Benckiser</b>	<b>Schiff</b> <small>NUTRITION INTERNATIONAL</small>	16x EBITDA
2010	<b>SANOFI</b>	<b>OENOBIOL®</b> <small>PARIS</small>	17x EBIT

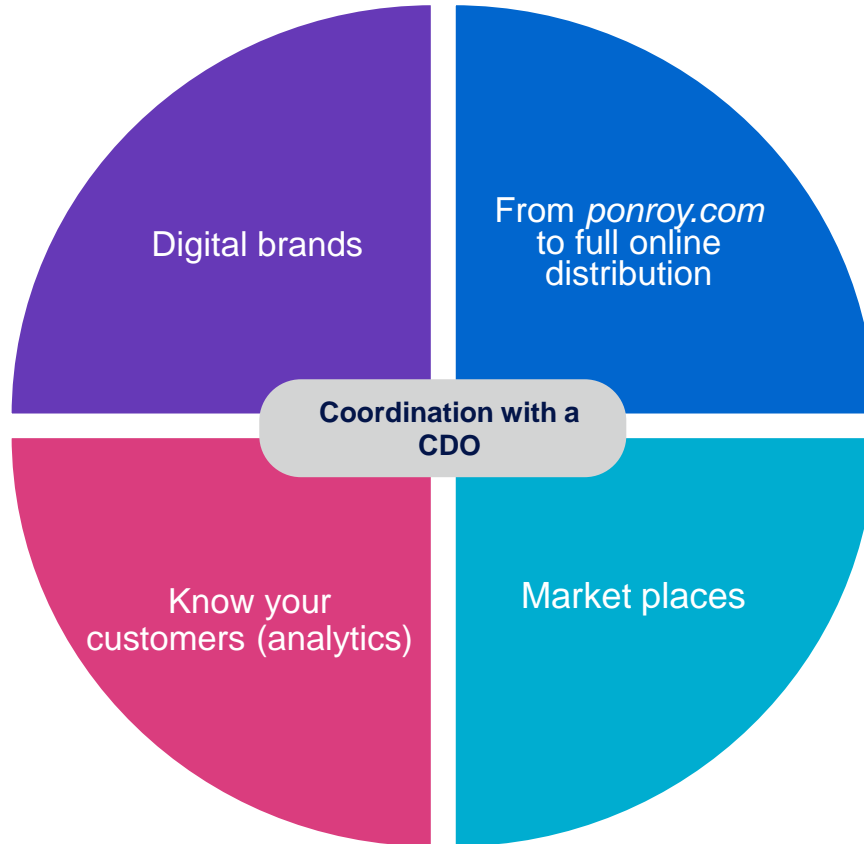


# Vision for Ponroy: more than double size through brand stretching, internationalisation, innovation and buy-and-build



- 1 From a family-owned to a PE-owned company:** driving cultural, organisation and system changes; creating the platform for accelerated growth.
- 2 Create global & digital brands:** focus first on Biolane; stretching / innovation (from baby-care to mother-care...) and international expansion.
- 3 Grow international sales in natural food supplements brands:** (i) multi-channel in core geographies (eg: Italy; China); (ii) from distributors to subsidiaries; (iii) more strategic, less opportunistic with distributors.
- 4 Accelerate innovation:** increase the number of new launches with a focus around existing pillars (e.g. women's-care).
- 5 M&A (primarily in natural food supplements):** (i) complement product portfolio for pharma in France; (ii) new segments or small brands to stretch and internationalise; (iii) new routes to market (e.g. pharma in Italy); and (iv) new geographies.
- 6 Develop a consistent “digital strategy” across the Group:** (i) penetrate market places; (ii) digital marketing / brands; (iii) analytic (know your customer); (iv) professionalise e-commerce business.

# Example: digitalisation is at the core of our brand building strategy



# 2017: after the first months of ownership, current trading is in line with plan and transformation is well advanced



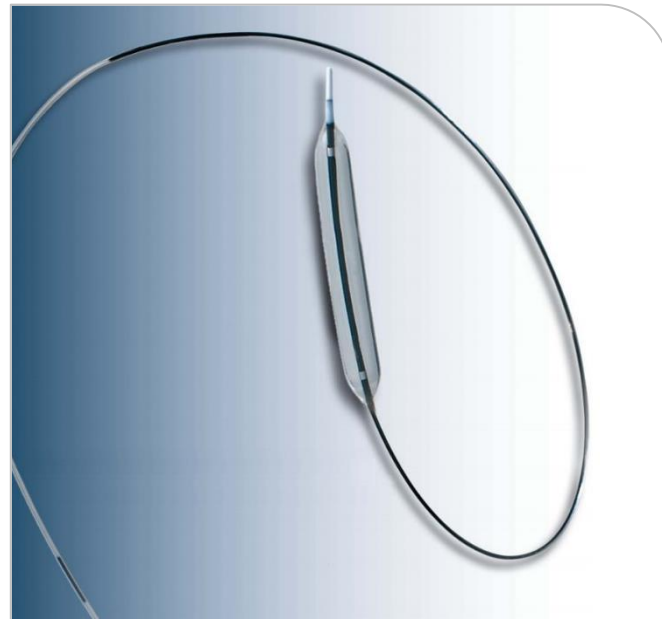
- 1 From family-owned to PE-owned** 
  - Cultural change ongoing
  - Philippe Charrier full time CEO
  
  - Organisation & talents upgrade:
    - From accountant to CFO / Business Partner ✓
    - From Head of Export to International MD ✓
    - From Head of Plant to COO ✓
    - PMO (new) and CDO (new) ✓
  - Strategy focus:
    - Innovation: prioritise too rich pipe
    - International: prioritise distributors & countries
    - Digital: roadmap
  
- 2 Structure for future growth** 
  
- 3 Acquisition** 
  - Active pipeline of c.10 targets
  - Initiate discussions with a handful



# Q Holding

**Richard Relyea**

**Partner, Managing Director, North America**



# 3i in the US



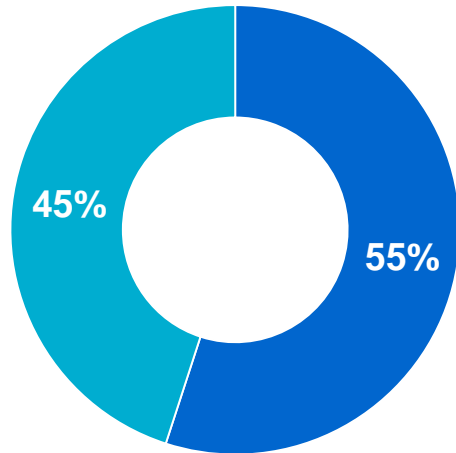
- 7 Private Equity investment professionals in New York office
- Focus on Industrials, Business & Technology Services and Healthcare



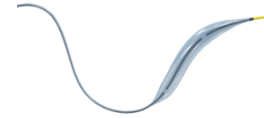
# Q Holding (“Q”): a leader in silicone solutions and other challenging applications across growing end markets



Q is a manufacturer of critical highly engineered components and finished devices for a targeted set of end markets catalyzed by long-term secular growth drivers



- Q Life Sciences
- QSR Electrical Management



**Medical & drug delivery devices**



**Critical medical device components**



**Biopharma manufacturing disposables**



**Electrical connector seals**



**Industrial 2k seals**



**Electrical insulation**



# Company highlights



- 1 Attractive end markets with strong secular growth**
- 2 Leading market position with a global footprint**
- 3 Low cost, mission-critical products**
- 4 Unparalleled material science & vertical integration for highly-engineered solutions**
- 5 Numerous organic and inorganic growth opportunities**

# Q Life Sciences – growing / non-cyclical medical device market



Q's healthcare segment is well positioned with strong macro tailwinds and attractive device markets

## Macro growth drivers

- Aging population living longer, more active lifestyles
- Increasing access to healthcare
- Emerging market growth
- Continuous innovation
- Minimally invasive therapeutics
- Improved patient outcomes

## Global medical device market

Rank	Device Area	WW Sales (\$bn)		CAGR % Growth
		2015	2022	
1.	In Vitro Diagnostics (IVD)	48.4	70.8	+5.6%
2.	Cardiology	42.1	62.3	+5.7%
3.	Diagnostic Imaging	38.9	50.3	+3.7%
4.	Orthopedics	34.0	44.1	+3.8%
5.	Ophthalmics	24.9	37.1	+5.8%
6.	General & Plastic Surgery	20.2	28.1	+4.8%
7.	Endoscopy	16.4	26.0	+6.8%
8.	Drug Delivery	17.6	24.5	+4.8%
9.	Dental	12.4	18.3	+5.7%
10.	Wound Management	12.4	17.0	+4.7%
11.	Diabetic Care	11.0	16.2	+5.7%
12.	Nephrology	10.6	15.4	+5.5%
13.	General Hospital & Healthcare Supply	10.3	14.4	+5.0%
14.	Healthcare IT	7.8	11.3	+5.5%
15.	Neurology	6.7	11.1	+7.6%
Top 15		313.7	446.8	+5.2%
Other		57.3	83.0	+5.4%
Total WW Medtech Sales		371.0	529.8	+5.2%

*Broad exposure to growing markets*

*Q top end-markets*

Source: Evaluate MedTech, company estimates.

# Q Life Sciences – increasing medical device outsourcing trends



Q's healthcare segment is well positioned with exposures to non-cyclical therapeutic healthcare end markets and finished medical devices and is also benefiting from the rise of component outsourcing

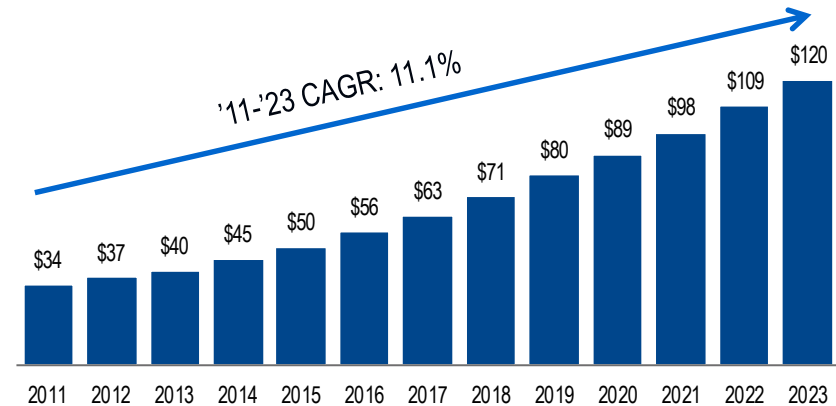
## Outsourcing growth drivers

- OEM focus on cost **and** quality
- Consolidation of vendors
- Challenging applications
- End-to-end solutions
- Global supply chain management

## Outsourcing trends

### Growing global medical device outsourcing market

Worldwide spend (US\$ in billions)



Source: Evaluate MedTech, company estimates.



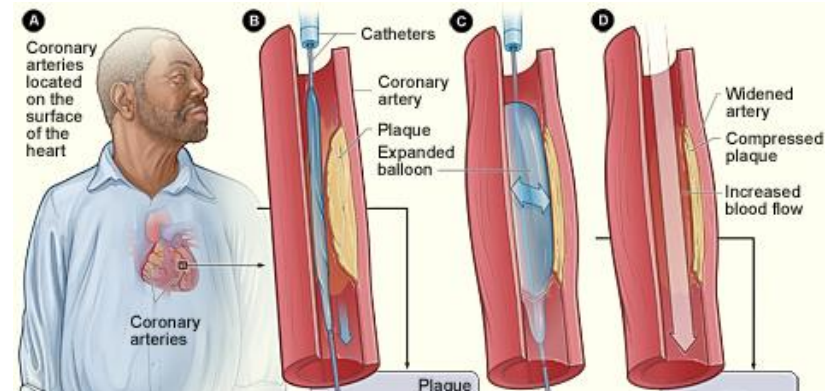
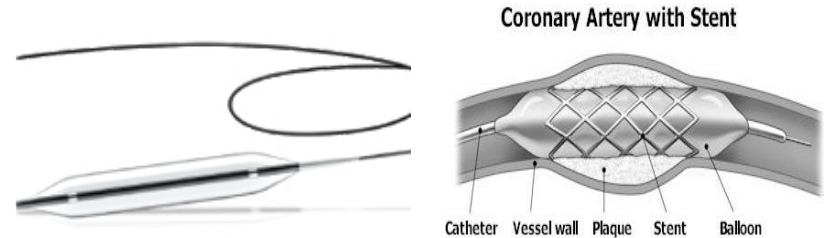
## Criticality of products

*Used daily in hospital settings*  
*Interaction with patients and/or  
devices in life saving applications*  
*Highly regulated environments*  
*Increasing supplier quality  
expectations*

## Example Q solutions

- Balloon catheters for angiography stent delivery
- Seals for minimally invasive entry devices (trocars)
- Tubing for enteral feeding and urology catheters
- Seals for drug delivery devices
- Assemblies for biopharma reactors

## Example: balloon catheter



# QSR – increasing electrification & content across a broad mix of industrial applications



QSR is benefiting from various macro tailwinds increasing the need for electrical management solutions across a number of industrial end markets and applications

## Key drivers

### Safety

- Active driver assist systems, sensors, actuators, parking / vision features in vehicles expected to increase **c. 5%** p.a. over next 10 years

### Green initiatives

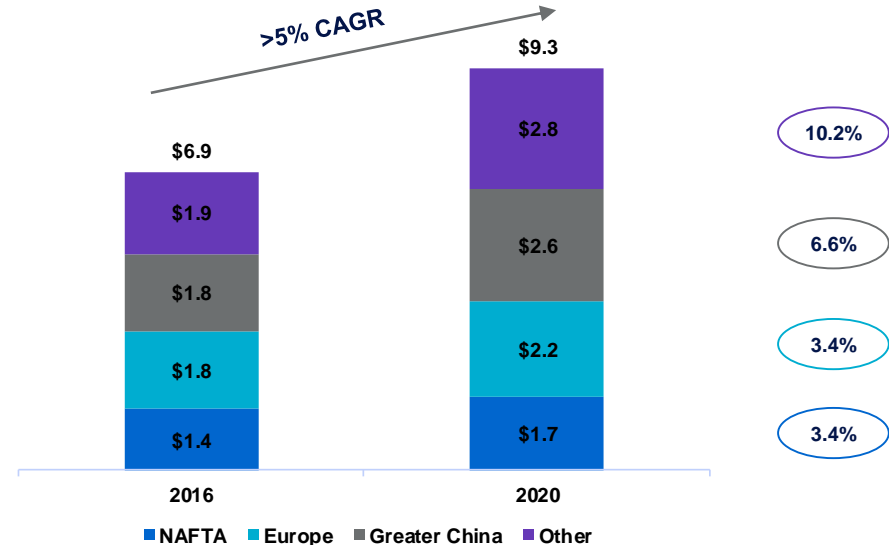
- Hybrids & EVs are expected to grow from c. 3% of vehicle sales today to **c. 18%** by 2022 and **c. 45%** by 2030

### Connectivity

- Connectivity and infotainment content expected to grow **c. 7%** over next 10 years

## End market trends

Global sealed connector market  
US\$bn



## Criticality of products

*Protection against harsh environments – breach of seal results in failure of product*

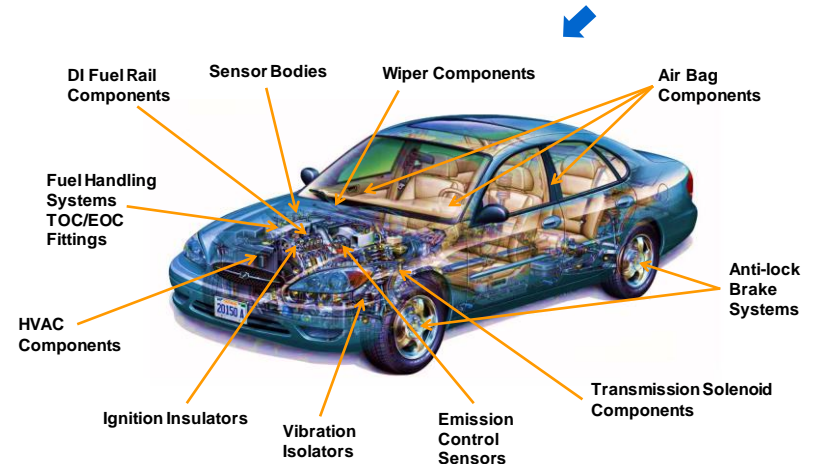
*Tight tolerances govern size and design of connectors*

*Automated customer assembly requires zero defect standard*

## Example Q solutions

- Highly complex 100+ multi-wire grommet seals
- Diaphragms
- Overmolded 2k parts
- Custom molded silicone parts
- Connector seals used in automotive, aerospace, construction, heavy equipment, off-highway, other harsh environments

## Example: electrical connector seals



# Key capabilities & differentiators that make Q a market leader in its respective segments



## End-to-end capabilities

### Capabilities



**Materials development and mixing / compounding**



**In-house tool production**



**Advanced processing technologies**



**Cleanroom manufacturing & assembly**



**Supply chain management**

### Differentiators

- **Design support:** engineered product designs and proprietary materials
- **Proprietary formulations:** internally compounded from proprietary formulations
- **Proprietary process technologies:** advanced automation and inspection
- **End-to-end capabilities:** regulatory through full finished device manufacturing
- **Long-term product platforms:** majority products are sole sourced into long-term (10-15 year) product platforms
- **Significant SKU diversity:** significant number of SKUs per customer
- **Quality and reliability:** material properties, temperature requirements and tight tolerances
- **Low cost country source capability:** China, India, Slovakia and Mexico

# 3i investment thesis



## Strong organic growth potential

- Conversion of strong pipeline in healthcare and connector end markets driven by secular trends

## Further operational excellence

- Drive additional scale and operating leverage across geographic footprint
- Leverage low cost manufacturing and assembly operations
- Further realization of continuous improvement initiatives

## Further internationalization

- **EMEA:** expand both in healthcare and electrical management
- **Asia:** leverage local presence in China & India to further penetrate local / fast growing players

## Strategic value enhancement

- Leverage position as leader in silicone applied material sciences
- Utilize international footprint to enhance position as preferred partner to both global and regional OEMs
- Build end-to-end capabilities throughout product development and commercialization lifecycle

## Acquisition growth platform

- Strategically pursue additional M&A to broaden end market exposure, build out regional presence and capabilities and consolidate where synergistic



# Accomplishments under 3i ownership



- 1 Strengthened healthcare platform via organic growth and M&A**
- 2 Strong management team and board**
- 3 Expanded international footprint**
- 4 Improved operations through continuous improvement and ERP / WMS investments**
- 5 Achieved attractive organic growth**

# Strengthened healthcare platform via organic growth and M&A



Combination of organic growth and acquisitions has strengthened Q's position in the healthcare market



- Acquired in December 2016
- **HQ:** Israel with manufacturing sites in India and Slovakia
- **Key focus areas:** PTCA angioplasty, urology, enteral feeding and general surgery catheters; critical care products



- Created leading global healthcare component & device manufacturer
- Provided low-cost footprint in attractive emerging markets (India / Slovakia)
- Increased exposure to attractive therapeutic areas in healthcare
- Grew exposure to fast growing emerging market device customers



**Silicone Altimex**

- Acquired in July 2015
- **HQ:** Based in Nottingham, UK
- **Key focus areas:** medical devices and components for biopharmaceutical manufacturing

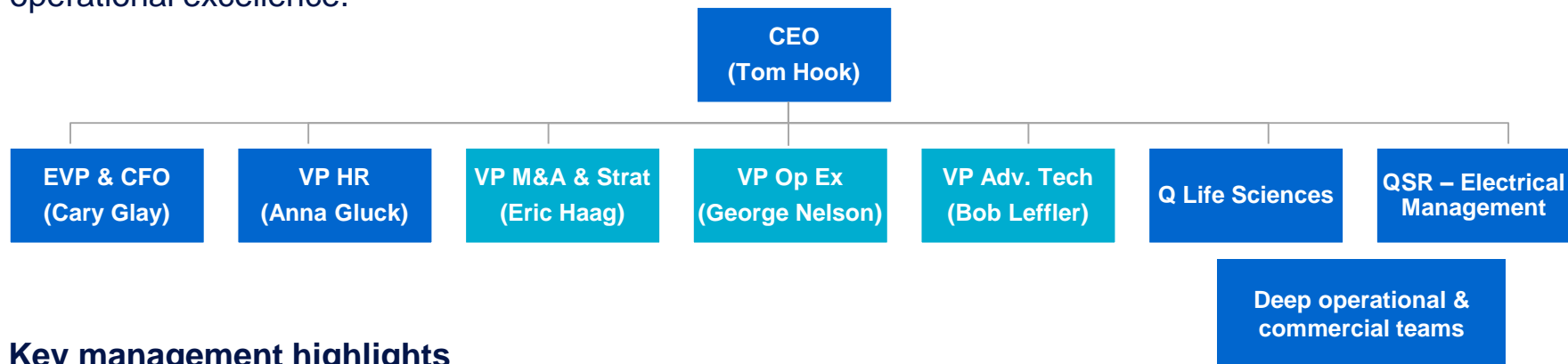


- Established Q manufacturing and R&D presence in the UK / Europe
- Expanded expertise in complex silicone extrusions and assemblies
- Brought strong exposure to attractive biopharma manufacturing segment

# Strong management team and board



Q's management team consists of talented individuals that are well positioned to drive growth and operational excellence.



## Key management highlights

- **Tom Hook, CEO:** former CEO of Integer (fka Greatbach), the largest medical device outsource (MDO) manufacturer
- **Cary Glay, CFO:** Former Vice President and Chief Financial Officer for Master Chemical Corporation and held variety of leadership roles with Eaton Corporation and Avery Dennison

## Non-executive directors and senior advisors

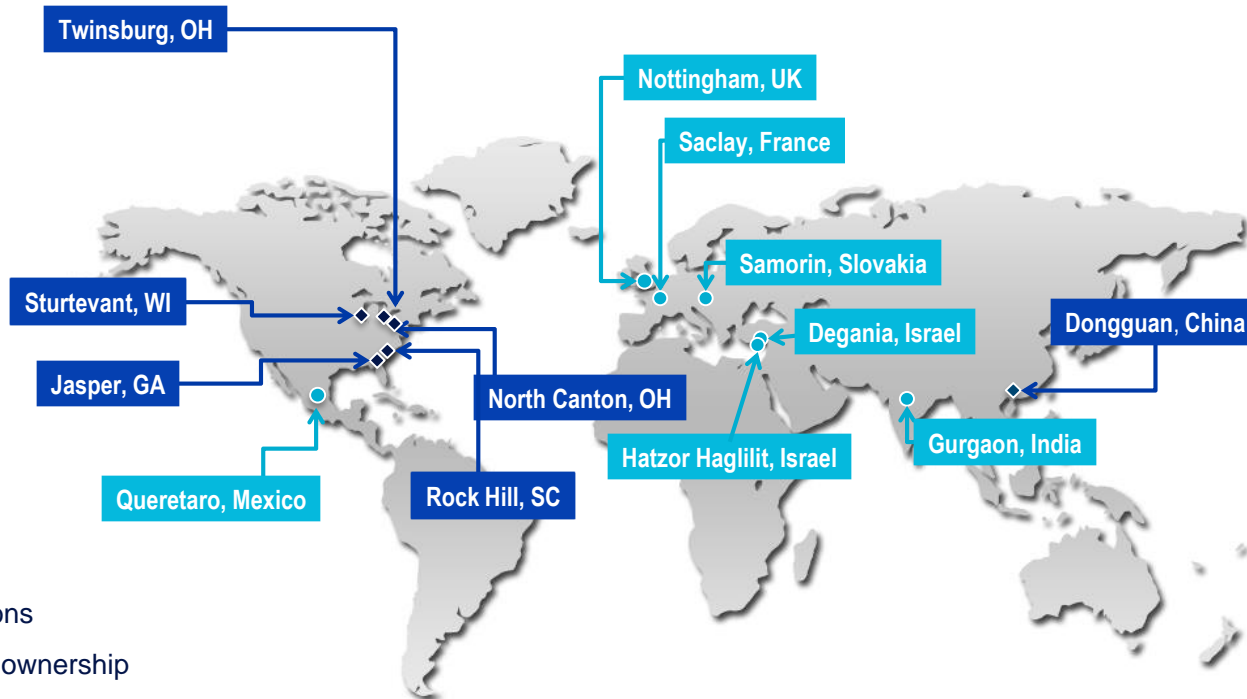
- **Shlomo Yanai:** Former CEO of Teva Pharmaceuticals
- **Saied Tousi:** Former SVP at Pall
- **Bill Purslow:** Former SVP at Freudenberg

 New positions created under 3i's ownership

# Expanded global footprint



3i has invested in expanding the global footprint of Q, focusing on key strategic markets that complement **local design & development** with **low-cost manufacturing**



# Improved operations through lean initiatives and ERP / WMS investments



## Q has improved efficiency and cost structure to better serve its customers



Standardized / harmonized ERP systems across sites



Installed Work Management Systems to better track metrics and identify areas for operational improvement



Invested in automated vision inspection systems to ensure highest quality levels



Hired VP of Lean Initiatives to share best practices across sites and identify cost savings opportunities

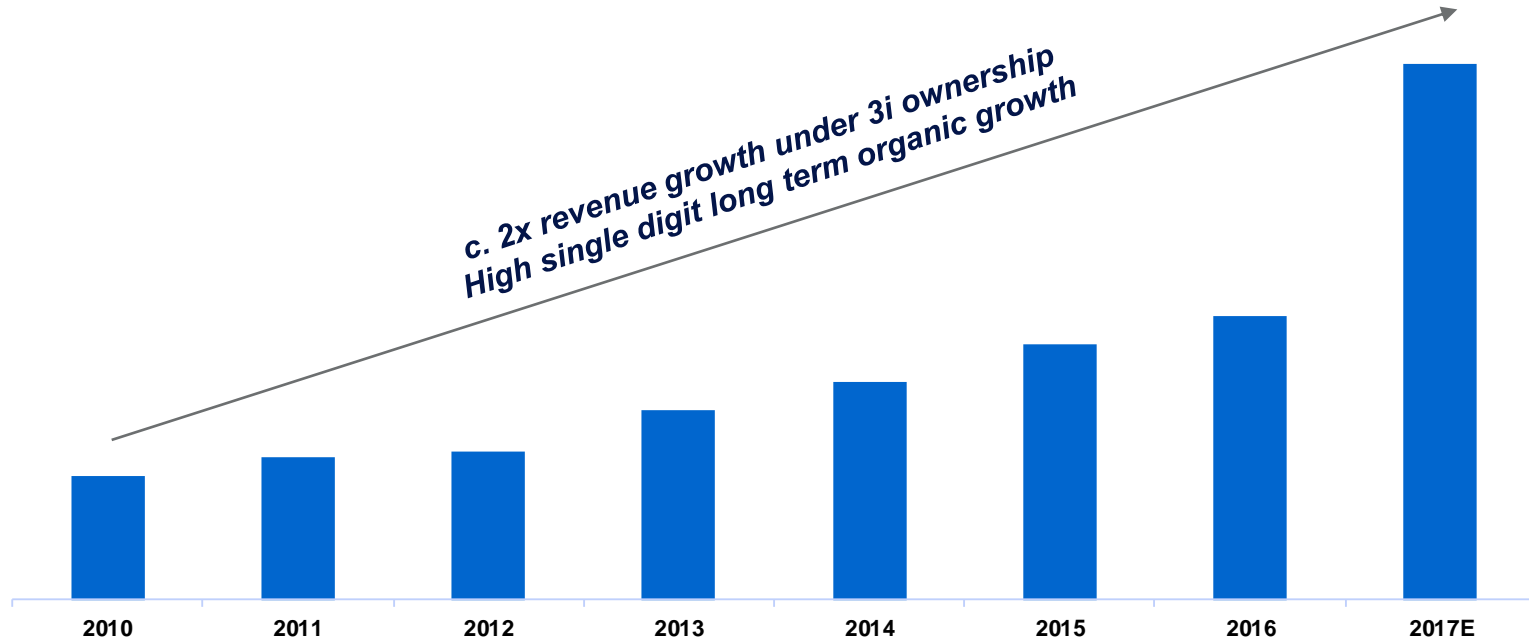


Hired VP of Advanced Technologies to drive innovation in design & development

# Consistent organic and acquisition growth



Q has achieved sustained topline growth through a combination of organic growth and M&A, and is poised to continue to benefit from attractive market trends and increasing share



Note: 3i acquired Q Holding in December 2014 and completed acquisition of Degania Medical in December 2016.

# Q is well positioned to capitalize on secular trends

