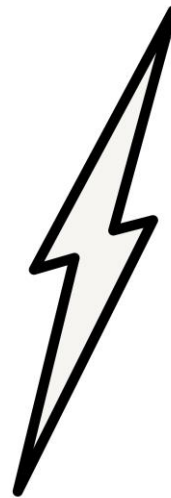


Acquisition of Nexus AG by TA Associates

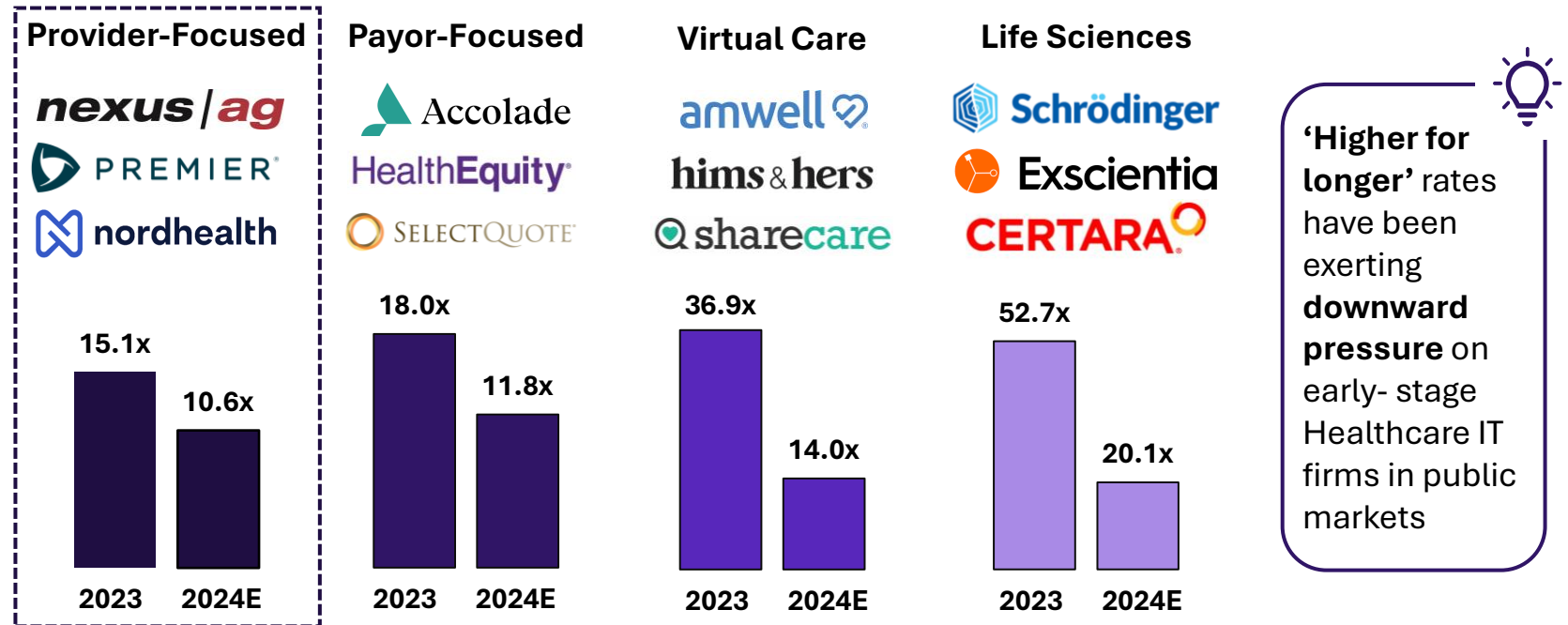
Deal Overview

*Private
Equity
Society*



Market Overview

Median EV/EBITDA and Key Players by Healthcare IT Sub-Vertical

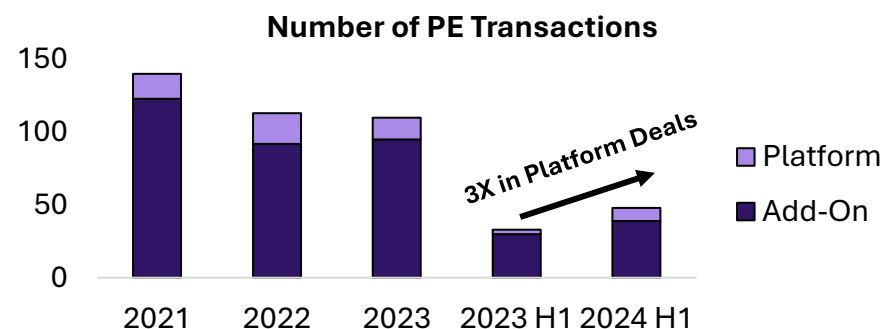


Nexus AG plays in the **Provider-Focused Healthcare IT** space, which provides software solutions designed to **streamline and enhance** the operational, clinical, and administrative tasks of healthcare providers.

Emerging Themes within Healthcare IT

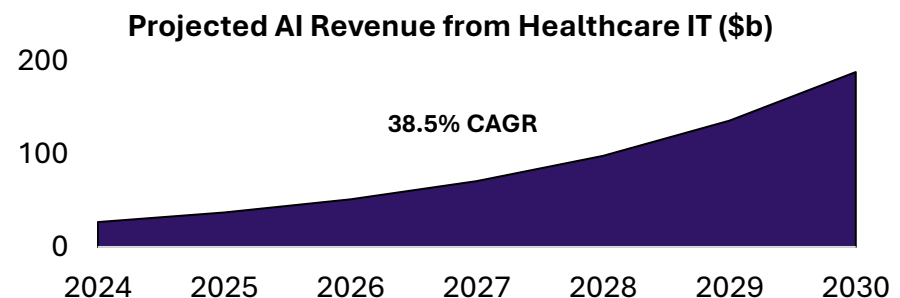
Rise of Platform Deals

While PE has continued to utilise add-on transactions, **platform acquisitions** in the sector have **tripled YOY**. Elevated fundraising levels and vast amounts of dry powder have enabled sponsors to pursue scalable platform opportunities.



AI Integration

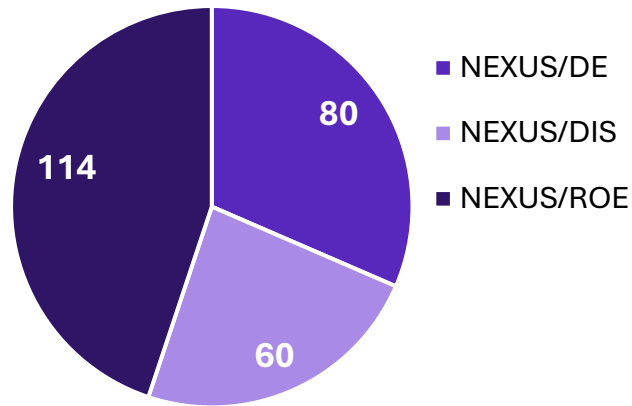
As the technology continues to mature, Capstone expects AI-enabled players to draw significant M&A attention from strategic and financial acquirers.



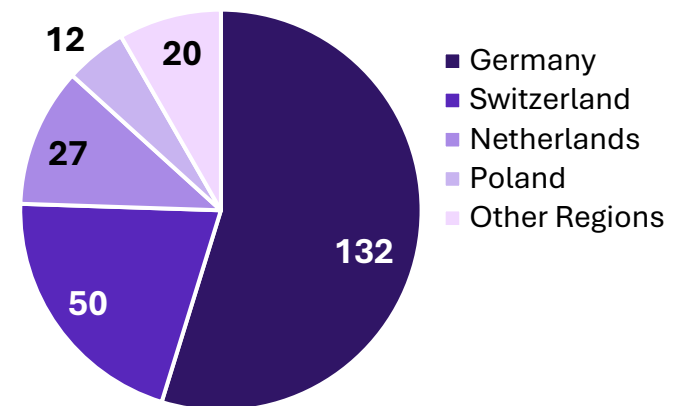
Business Overview

The three main divisions in Nexus AG are **DE (Germany)**, **DIS (Diagnostics Systems)** and **ROE (Rest of Europe)**. Germany remains the largest market for NEXUS AG.

2023 Rev. Breakdown by Divisions (€ mn)



2023 Rev. Breakdown by Geography (€ mn)



Current Revenue Streams



Software Sales

- Develops and licenses software solutions for healthcare institutions
- SaaS (Software as a Service): Offers software solutions to allow access applications on **subscription basis**



Diagnostic Systems

- Tools for radiology, pathology and laboratory diagnostics
- Integration of diagnostic systems within hospital & clinic infrastructures



Technical Support

- Provides ongoing technical support and maintenance support
- Handle troubleshooting, updates, upgrades, etc.



Consulting Services

- Leverages expertise in healthcare IT to help organisations such as hospitals optimise processes through workflow analysis, strategic planning, etc.

Future Services

Advanced Reporting Module

Will allow company to leverage image analysis and AI to expedite and improve quality of medical reporting

NEXUS / PORTAL

Platform to enhance digital communication between healthcare providers and patients

NEXUS / VNA

Vendor Neutral Archive (VNA) to advance enterprise-wide image and document archiving system

Deal Rationale

Utilising Vast Experience

TA Associates has a **robust history of investing in the software sector**, partnering with companies across various industries to drive growth and innovation. Notable examples include,

Software Companies

certinia
formerly FinancialForce

November 2024

Momentive

July 2024

Healthcare Companies

Solarity

June 2024

diatech
pharmacogenetics

April 2023

TA Associates brings extensive expertise in the **software industry and healthcare sector**. By collaborating with Nexus AG's management, TA aims to accelerate innovation, particularly in cloud and AI technologies.



Financial Flexibility and Stability

As a strategic partner, TA Associates plans to provide Nexus AG with greater financial flexibility and a stable ownership structure.

Global Expansion

Financial backing can support Nexus AG in **scaling operations to other regions**, particularly markets with rising e-health adoption, such as Asia.

Stable Ownership

As a private equity partner, TA Associates provides Nexus AG with a stable ownership model, **reducing short-term financial pressures** often faced in public markets.

Potential Synergies (With Examples)

Operational Synergies: Optimising Processes



- Potential Revenue Synergies through **cross-selling of services**, particularly within cytology, gynecology & endocrinology
- Opportunity to improve services and drive innovation in growing diagnostics industry

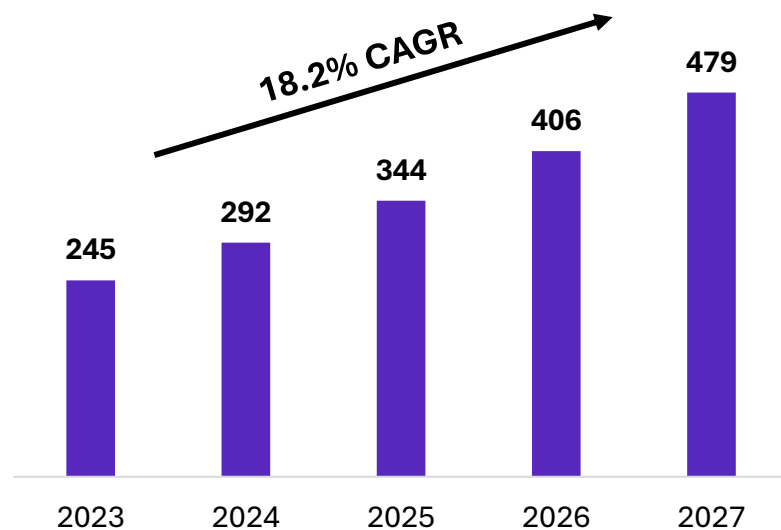
Market Synergies: Overseas Expansion



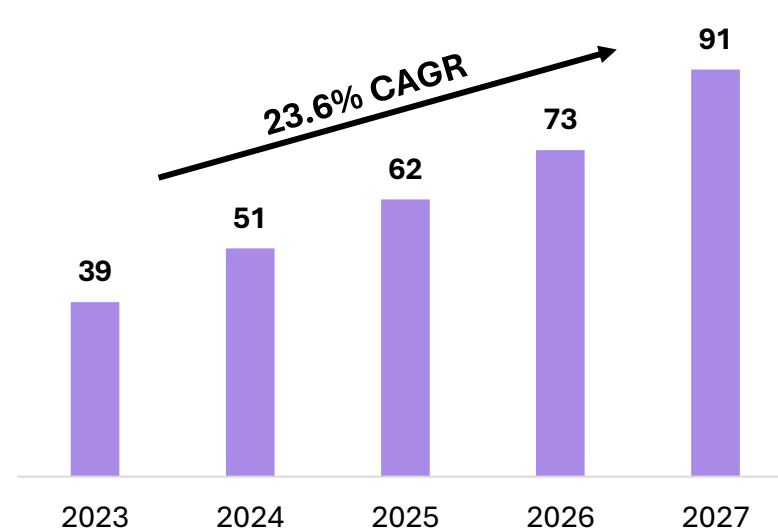
- Expanded into North America and Asia
- **Pursued acquisitions** such as that of Italy's largest medical lab network, Lifebrain, other lab groups such as Labexa and YourLab

LBO Overview

Revenue Growth (€ mn)



EBITDA Growth (€ mn)



The projections on our LBO model are based on historical growth and margins as well as data from similar transactions. Our Entry

Operating Assumptions		
Metric	Value	Rationale
Annual Revenue Growth	18%	Geographical and vertical expansion on top of base case organic growth Straight line based on 3-year average
EBITDA Margin	18%	
D&A % of Rev.	4%	
Capex % of Rev.	3%	
% of debt	70%	Typical % of debt taken up for software company LBOs
Tax Rate	26%	Straight line based on 3-year average

LBO interest rate was **400bps spread above Euribor** (based on similar transactions), and interest was paid down annually → accounted for in bottom line of model



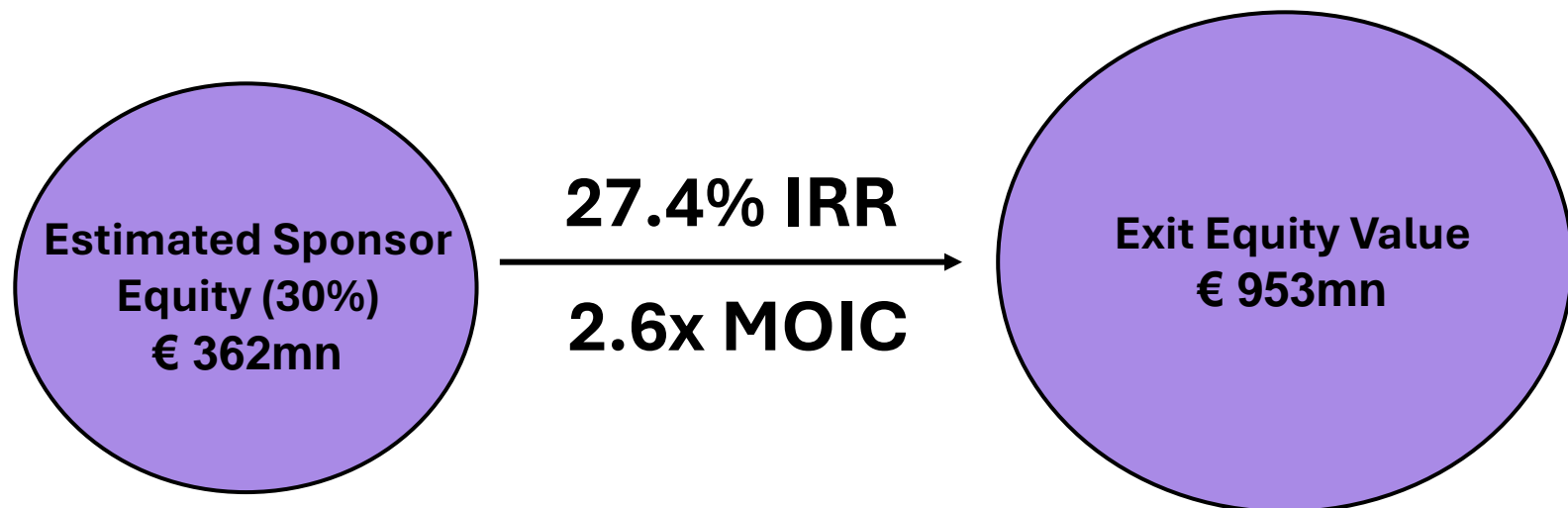
Expected Returns

Exit Valuation

The deal's entry value was € 1.21bn. Exit EBITDA Multiple was set at **19.0x**, based on precedent transactions within software and healthcare sector, while FCF was assumed to be used entirely to pay off debt at the end.

Exit EBITDA € 91mn **×** **Exit Multiple** 19.0x **=** **Exit Enterprise Value (EV)** € 1.7bn

Exit EV € 1.7bn **−** **Net Debt** € 776mn **=** **Exit Equity Value** € 953mn














IRR Sensitivity Analysis

	% of Equity						
IRR	15%	20%	25%	30%	35%	40%	45%
Exit Multiple 17.5x	45.7%	35.6%	28.2%	22.5%	17.9%	14.0%	10.7%
18.0x	47.7%	37.5%	30.0%	24.2%	19.5%	15.6%	12.2%
18.5x	49.6%	39.2%	31.7%	25.8%	21.1%	17.1%	13.7%
19.0x	51.5%	40.9%	33.3%	27.4%	22.5%	18.5%	15.1%
19.5x	53.2%	42.6%	34.9%	28.9%	24.0%	19.9%	16.4%
20.0x	55.0%	44.2%	36.4%	30.3%	25.4%	21.3%	17.7%
20.5x	56.6%	45.7%	37.8%	31.7%	26.7%	22.6%	19.0%

Sources: Team Analysis, S&P Capital IQ

SWOT Analysis

Strengths	Weaknesses
<p>Enhanced Financial Resources</p>  <p>Enables the company to pursue acquisitions and regional expansions more effectively.</p> <p>Industry Expertise</p> <p>TA Associates brings extensive experience in software and healthcare sectors.</p> <p>Attractive Shareholder Premium</p> <p>44.2% premium over the closing price on November 4, 2024, providing immediate value to shareholders.</p>	<p>Short-Term Profitability Impact</p> <p>The planned investments may affect Nexus AG's profitability and cash flow in the short to medium term.</p> <p>Delisting from Stock Exchange</p> <p>Delisting could reduce transparency and limit liquidity for remaining shareholders.</p>  <p>Growing Competitive Landscape</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  FEI Systems USA </div> <div style="text-align: center;">  CompuGroup Medical Germany </div> <div style="text-align: center;">  Mediware India </div> </div>
Opportunities	Threats
<p>Market Expansion</p> <p>Nexus could leverage TA Associates' network and expertise to expand into new geographies and verticals.</p> <p>Possible Geographical Expansions</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  5.0% CAGR </div> <div style="text-align: center;">  8.7% CAGR </div> </div> <p>Possible Vertical Expansions</p> <div style="display: flex; justify-content: space-around; align-items: center;"> <div style="text-align: center;">  Telemedicine </div> <div style="text-align: center;">  AI-Based Diagnostics </div> </div>	<p>Regulatory Risk</p>   <p>~€7.5bn control stake sale to CD&R</p> <p>The French government initially opposed CD&R's acquisition of Sanofi's Opella due to concerns about job cuts and supply chain sovereignty.</p> <p>Execution Risk</p> <p>Shareholders believing that Nexus' public market potential could be above the 44.2% deal premium.</p>

Sources: IQVIA, Team Analysis, Nexus e-Health