

Press release

Stockholm, September 28, 2020

Patricia Industries acquires Advanced Instruments, the global market leader in analytical osmolality

Patricia Industries, a part of Investor AB, has signed an agreement with Windjammer Capital to acquire US company Advanced Instruments, the leading global provider of osmolality testing instrumentation and consumables for the clinical, biopharmaceutical, and food & beverage markets.

Advanced Instruments manufactures a broad portfolio of innovative osmolality testing products used in over 90 countries. The company's rapidly growing biopharmaceutical product range is used in the research laboratories and manufacturing facilities in all top 10 global biopharmaceutical companies. The products are also used by numerous emerging cell and gene therapy companies to optimize and monitor formulation and production of complex biologics products. Advanced Instruments' clinical products are used by leading academic and community hospitals across the world for diagnosing a variety of medical conditions. The food & beverage products are used by many leading global producers and has a particular focus on ensuring product quality in the dairy market.

Since its formation in 1955, Advanced Instruments has entrenched osmolality as a critical and high-value test enabling the measurement of the number of dissolved particles in a fluid to diagnose medical conditions and assess product quality in a variety of settings. The company has built a strong brand reputation and deep customer relationships, it is recognized as the global authority on osmolality testing, and its products are the standard within each of its core markets. Clinical is the largest segment, followed by biopharma, then food & beverage. Geographically, North America is the single largest market.

"Advanced Instruments fulfils many of the criteria we seek in new investments. It is the clear global leader in a highly attractive market segment with durable long-term growth prospects. The company's products are critical for its customers yet represent a fraction of their overall costs. Advanced Instruments has a compelling financial profile with high growth and profitability, strong cash flow generation, and a large share of recurring revenue. We believe that Advanced Instruments is a great addition to Patricia Industries", comments Investor AB President and CEO Johan Forssell.

The enterprise value amounts to USD 780m. For the 12-month period ending June 30, 2020, sales amounted to USD 72 m and the adjusted EBITDA margin was approximately 45 percent. While covid-19 impacted both sales and profitability during the second quarter, the company has showed good resilience. Over the past 15 years, organic sales growth has averaged approximately 10 percent, with strong profitability and cash conversion.

"Advanced Instruments has a market-leading technology and a track record of successful innovation. The company has a resilient business model, strong long-term organic growth potential and multiple ways to expand through acquisitions in both existing and new markets. We look forward to working with the management team and our strong industrial network to further develop the business", says Noah Walley, Co-Head Patricia Industries.

"I am excited for Advanced Instruments to become part of the Patricia Industries and Investor AB family. We share a values-oriented culture and passion for innovation, and I firmly believe that their long-term investment approach, healthcare industry expertise, and engaged ownership model will be invaluable to Advanced Instruments in our next phase of growth", says Byron Selman, CEO of Advanced Instruments.

Patricia Industries plans to inject approximately USD 620m in equity for majority ownership of the company. The remainder of the acquisition will be financed by external debt and equity participation by Advanced Instruments' management, board and other key individuals.

Upon closing, Advanced Instruments becomes Patricia Industries' fourth North American subsidiary, in addition to BraunAbility, Laborie, and Sarnova.

The acquisition is subject to approval by the relevant competition authorities. Closing is expected during the fourth quarter 2020.

About Patricia Industries

Patricia Industries is a long-term owner that invests in companies and works to develop each company to its full potential. Patricia Industries is a part of the industrial holding company Investor AB, whose main owner is the Wallenberg Foundations.

About Advanced Instruments

Advanced Instruments is a global provider of scientific and analytical instruments for the biotechnology, clinical, and food & beverage industries. Since 1955, the company's innovations have helped organizations improve quality of results, achieve reliable outcomes, and increase workplace productivity. Advanced Instruments has a diverse portfolio of products, including freezing-point osmometers, cerebrospinal fluid cell counters, anaerobic jar systems, cryoscopes, pasteurization test systems, and testing standards and controls.

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Investor, founded by the Wallenberg family in 1916, is an engaged owner of high-quality, global companies. We have a long-term investment perspective. Through board participation, as well as industrial experience, our network and financial strength, we work continuously to support our companies to remain or become best-in-class. Our holdings include among others ABB, Atlas Copco, Ericsson, Mölnlycke and SEB.

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