

The Engaged Healthcare Consumer is Changing Corporate M&A Initiatives

Lincoln International represents UAS Laboratories LLC in their sale to Chr. Hansen Holding A/S

When Lakeview Equity Partners, LLC looked for an advisor to sell UAS Laboratories LLC, they turned to Lincoln International because of the team's expertise across the healthcare and consumer sectors as well as their buyer relationships in the ingredient, nutrition & wellness, health science, and pharma services industries. Armed with relevant transaction credentials and extensive global buyer knowledge, Lincoln provided thoughtful, broad market perspective on optimal positioning to align management's strategic roadmap and rapid growth profile with buyer appetite.

Headquartered in Madison, Wisconsin, UAS Laboratories, is a vertically-integrated global supplier and manufacturer of probiotic solutions to customers worldwide. The company provides a comprehensive suite of solutions along the entire probiotic value chain and boasts a differentiated value proposition through deep scientific expertise, world-class facilities and capabilities, vertical integration and global presence. The company has approximately 230 employees with two manufacturing sites in the United States located in Madison, Wisconsin, and Wausau, Wisconsin.

LAKEVIEW EQUITY PARTNERS LLC
has sold
UAS Labs
The Probiotic Company
to
CHR. HANSEN
Sell-Side
USA Denmark

Situation

- After buying the business in 2013, the Lakeview and UAS management teams worked together to transform the business into the vertically integrated, probiotics powerhouse it is today—including divesting the consumer brand to focus exclusively on a B2B strategy and the construction of a \$60M+ fermentation plant with the ability to manufacture proprietary cultures and strains.
- UAS Laboratories' strong value proposition, created through deep scientific expertise, world-class facilities and capabilities, vertical integration, global presence and experienced leadership, made UAS a desirable target. Lakeview and UAS management had received numerous inbound inquiries from strategic global parties tracking the Company's progress.
- While the Company was realizing spectacular growth, there were general questions from industry participants about the overall long-term probiotic sector growth profile. UAS and Lincoln were able to leverage unique insights into online probiotic and supplement brand activity not typically tracked by traditional market sizing sources and a unique perspective of the emergence of the healthcare consumer.
- The process was carefully orchestrated and timed given the scarcity of asset, aggressive growth stage, secular tailwinds and diverse buyer interest across sectors. What was not anticipated was the COVID-19 related travel restrictions and shelter-in-place orders that went into effect across the world in mid-March 2020—simultaneous with the receipt of IOIs for UAS.
- Through meaningful disruption in process execution, the COVID-19 pandemic accelerated numerous trends highlighting the importance of healthcare consumerism as part of the healthcare ecosystem. Armed with multiple sources of online and direct-to-consumer market information, today's healthcare consumer is part patient and part medical practitioner—the natural intersection of supplements and pharmaceuticals in maintaining a healthy lifestyle.

>7X
forecasted 2020 revenue

~29%
revenue growth rate from 2019 to 2020

\$600M+
enterprise value

July 27, 2020
close date

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Results

- UAS Labs received meaningful interest from more than 20 leading strategic acquirers in the broader global ingredients, consumer health and pharmaceutical services industries.
- UAS Laboratories was sold to Chr. Hansen Holding A/S (CPSE:CHR), at more than 7X forecasted 2020 revenue. Chr. Hansen is an ideal partner for UAS because they are a leading, global bioscience company that develops natural ingredient solutions for the food, nutritional, pharmaceutical and agricultural industries.
- The company's strong organic growth track record, based on documented strains and high-potency multi-species blends of dietary supplement probiotics, will strengthen and expand Chr. Hansen's global microbial platform and human health business.
- Lincoln's ability to successfully manage a cross-border transaction during the COVID-19 pandemic ensured the completion of the deal and the continued growth and success of both UAS and Chr. Hansen.

Why Lincoln?

- Leading global M&A advisor in the mid-market, having closed over 220 transactions in 2019, as well as more than 40 during COVID-19.
- Extensive healthcare and consumer experience with numerous recent, relevant transactions.
- Unique insight into the leading strategic and institutional investors' strategic roadmaps enable optimal positioning to maximize value.
- Globally integrated resources foster strong relationships with, and provide access to, strategic and financial acquirers worldwide.
- Customized approach and tailored advice for each client and process.
- Unmatched process execution and innovation during an unprecedented, global pandemic.
- Flawless execution achieves premium valuations, certainty of close, optionality and best terms for our clients.

Lincoln Approach

- Lincoln's expertise across healthcare, consumer, food & beverage, pharmaceutical manufacturing, ingredients and vitamins & supplements sectors provided the expertise and insights to optimally position UAS, and its value proposition, to the broad marketplace of interested suitors.
- Lincoln approached the deal with:
 - **Bold positioning** highlighting UAS's scarcity value by touting best-in-class leadership, world class facility and capabilities, a global customer list, and remarkable organic growth
 - **Robust pre-marketing** with strategic buyers around the world to understand interest, sensitivities and energize competitive tension
 - **Extensive data and analytics** to quantitatively reinforce key company attributes and growth trends, support synergy and expansion potential as well as validate pro-forma adjustments related to the fermentation plant
 - **Reinforcing probiotic scientific leadership, proprietary positioning and potential revenue and cost synergies** throughout the process to help drive buyers must-have thesis
 - **Leveraging process execution excellence** to successfully pivot to a high impact, exclusively virtual diligence approach throughout the COVID-19 pandemic when the world effectively shut down at the preliminary bid stage
 - Accelerate dataroom access and activities to engage in enhanced buyer interactions and stimulate buyer activity
 - Create a highly orchestrated and open virtual management presentation that led to engaging, deep, and expansive dialogue with extensive buyer participants
 - Interactive virtual facility tours articulating the Company's differentiated capabilities and investment in infrastructure
 - Coordinate more virtual meet-and-greet meetings and encourage informal virtual discussions with key management members
- Lincoln acted as the exclusive financial advisor for UAS Laboratories, working closely with its shareholders and management throughout the sale process. This included providing advisory expertise and managing the preparatory, marketing, negotiation and due diligence phases of the transaction

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