

The Investor

TVM | Capital
HEALTHCARE

TVM Capital Healthcare is a private equity firm that focuses on specialized healthcare services, digital health solutions, pharmaceuticals, medical devices and diagnostics in the Middle East, North Africa and Southeast Asia. Founded in 2009, TVM Capital Healthcare invests growth capital, working out of regional headquarters in Singapore and Dubai with representative offices in Munich and Boston.

FUND NAME

TVM Healthcare I;
TVM Healthcare II

FUND SIZE

USD50 million (I);
USD23.5 million (II)

TOTAL AUM

USD134 million

The Company



Founded in 2012, the Cambridge Medical and Rehabilitation Center (CMRC) provides specialized inpatient, outpatient and homecare services to patients requiring short-term comprehensive rehabilitation as well as long-term care related to chronic illness or injury. Through its facilities in Abu Dhabi, Al Ain and Dhahran, CMRC has a bed capacity of 256 as of October 2021.

WEBSITE

www.cmrc.com

INDUSTRY/SECTOR

Healthcare

LOCATION

UAE and Saudi Arabia

DATE OF INVESTMENT
SEPTEMBER 2012

AMOUNT
USD57 MILLION

PARTICIPATION/STAKE
100%

DATE OF EXIT
MARCH 2021

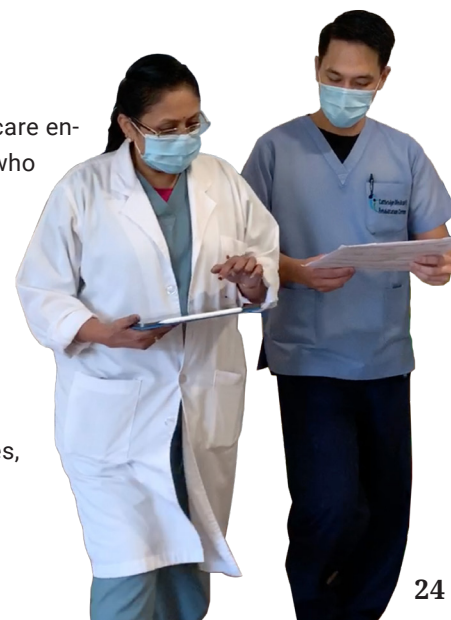
TVM CAPITAL HEALTHCARE'S first investment from its MENA Fund I was ProVita International Medical Center, a UAE-based long-term medical care company that helps ventilated patients enjoy life outside of intensive care units. Through its work with ProVita, the TVM Capital Healthcare team realized that less seriously ill patients typically lacked a local facility to help them recover beyond their stay at an acute care hospital; for instance, after suffering from a stroke. Patients in the UAE often traveled to the United States, the United Kingdom or Germany to access post-acute care, spending up to 12 weeks recovering in an unfamiliar culture and at great expense.

In 2012, TVM Capital Healthcare founded Cambridge Medical and Rehabilitation Center (CMRC) in Abu Dhabi to focus on non-ventilated patients in an environment that felt more like home and allowed them to easily see their families. CMRC provides a wide range of rehabilitative therapies including physical therapy, occupational therapy, speech therapy, respiratory therapy and hydrotherapy. By the time TVM Capital Healthcare exited its investment via a trade sale in March 2021, CMRC had pioneered the market for specialized post-acute care and rehabilitation in the Middle East, with 591 employees serving patients across three facilities in the UAE and Saudi Arabia.

The Deal

THE TVM CAPITAL HEALTHCARE team knew it was critically important that Emiratis perceive CMRC's quality of care to be on par with a developed markets-based facility. To build trust in the market, CMRC partnered with Spaulding Rehabilitation Network in Boston, which runs rehabilitation facilities across the United States and is a teaching affiliate of Harvard University. Spaulding facilitated trainings and gave CMRC employees access to its methods and standards of care. The company also established an alliance with Joslin Diabetes Center focused on diabetes disease management and obtained full international accreditation from the Joint Commission International (JCI) and the Commission on Accreditation of Rehabilitation Facilities (CARF).

In 2015, TVM Capital Healthcare enlisted Dr. Howard Podolsky, who had previously served at the acute care hospital network SEHA/Abu Dhabi Health Services, to be CMRC's Chief Executive Officer. The rest of the management team had been largely recruited from the United States, the United Kingdom, Europe, Australia and South Africa.



Adding to the multicultural environment, most of CMRC's nurses are hired from the Philippines, India, Pakistan, Saudi Arabia, Jordan and Egypt. Given the staff's diversity, CMRC's human resources department is trained every year on migrant worker rights and modern slavery risk management. CMRC is careful to only work with agencies that embrace ethical practices such as ensuring potential employees are not paying agency fees, contracts are transparent, and passports are not withheld.

Training and upskilling employees is core to CMRC's business model as finding qualified doctors, therapists and nurses is a challenge in the region. The company provides in-house educational opportunities and offers funding for independent instruction. At CMRC, a nurse with no intensive care experience can learn how to manage a patient on a mechanical ventilator in six to 12 months, thus giving him or her a chance to earn a higher income and become more marketable. Nearly 80% of all promotions are internal, creating opportunities for professional growth. Employee satisfaction is demonstrated by CMRC's low annual turnover rate of less than 3%.

The TVM Capital Healthcare team worked closely with CMRC to open new facilities, including one in Saudi Arabia in 2019. They also strategized to diversify the company's services. For example, CMRC developed a unique licensed program to treat cerebral palsy patients and became the first post-acute care provider in the region to provide continuity of care with dedicated outpatient clinical services. In 2021, it added homecare services, which allows patients to be discharged even if not fully recovered. As of October 2021, over 1,100 inpatients have been served by CMRC, while nearly 40,000 outpatient visits took place in 2020 alone.

Outlook

IN MARCH 2021, TVM Capital Healthcare sold its stake in CMRC to UAE-based Amanat Holdings, a publicly traded investment company focused on healthcare and education. Amanat fully acquired CMRC for USD232 million, making it one of the biggest healthcare deals executed in the GCC region at the time. The deal resulted in a 4.6x return on capital invested and a gross IRR of above 25% for the private equity firm and its co-investors.

The company is poised to continue expanding throughout the region, with plans to grow its presence in Dubai and the Northern Emirates over the next 24 months. It also intends to roll out three new facilities across Saudi Arabia in Riyadh, Jeddah and the Eastern Province. CMRC is evaluating a future entry into markets such as Qatar, Bahrain, Kuwait and Oman, where regulators have welcomed the conversation with CMRC on how to expand healthcare services. These plans, combined with the introduction of new and complementary clinical services, ensure the strategic viability of CMRC in the years ahead.



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TVM Capital Healthcare had the vision to bring post-acute care to the Middle East. It created a standard of care in the market that didn't previously exist and paved the way for others to follow suit.

Today there are at least eight new providers of post-acute care in the UAE, and we anticipate more specialty clinics will crop up in Saudi Arabia as well. We welcome the competition because this will translate into better quality, which is great for patients, insurers and regulators.”

DR. HOWARD PODOLSKY
GROUP CEO, CMRC

Partnering with government to expand healthcare

IN 2012, the public sector was the only provider of post-acute healthcare to UAE residents. A drop in oil prices meant that the government sought solutions to reduce healthcare spending without compromising patient care. TVM Capital Healthcare presented its proposal for CMRC and was able to demonstrate that its concept could complement the public healthcare system by providing better outcomes for the patient at a lower price; unblocking high-cost ICU beds in acute care hospitals; helping insurance companies reduce total costs; offering essential healthcare services locally; and creating skilled job opportunities. TVM Capital Healthcare's Investment, Operations and Advisory team collaborated closely with stakeholders such as the UAE's Ministry of Health, the Health Authority-Abu Dhabi (HAAD) and Daman Health Insurance to develop a framework for specialized long-term and rehabilitative care, including reimbursement models.