



## Press Release

### Cario offers SEK 3.5 billion for UK's CHG

Swedish healthcare company Cario today presented a cash offer of SEK 3.5 billion for all of the shares outstanding in the UK's fourth largest independent care company, Community Hospitals Group PLC, CHG. CHG, which is listed on the London Stock Exchange, has 3,400 employees and operates 21 hospitals in the United Kingdom. This transaction means that Cario will gain a substantially stronger international position in a market segment that is experiencing solid growth.

"We have worked for some time to secure a stronger platform in the United Kingdom. Our experience following the acquisition of Florence Nightingale and Previa UK (formerly Marsh Health) has been very good and with CHG we gain the complementary product content and market presence that will reflect our operations in Scandinavia. The potential for development is significant," says Per Båtelson, Cario's President.

Scandinavian medical care is highly regarded in international circles. From this base, Cario has developed its own competence in providing cost-effective, high-quality care to mainly public-sector purchasers. This model is becoming increasingly popular in a number of markets, including the UK. The British Government's Concordat between the National Health Service (NHS) and private-sector providers of care services is designed to allow private medical care companies to produce a greater number of services than previously in return for public funds in order to reduce patient queues in the public medical sector.

CHG specialises in meeting the needs of patients with acute care and nursing requirements. Its hospitals serve primarily the large insurance companies in the UK but also, and to an increasing extent, the NHS. CHG, with annual revenues of approximately SEK 2 billion has a good profitability and good organic growth.

Through the acquisition of CHG, Cario will become an important player in the UK market. The transaction will also enable Cario to establish itself more rapidly within the fields of diagnostic services, through access to an efficiently functioning network of general medical practitioners in the UK, among other factors. CHG's existing management and personnel will retain their current positions.

"We more than welcome the Cario offer," says Alan Pilgrim, Managing Director of CHG. "Cario's serious and long-term involvement within the medical care area will provide strong support in the stimulating but highly competitive UK medical care market."

"The transaction is wholly in line with Cario's strategic goals and is good for the company's shareholders. As a consequence of this Cario moves firmly onto the first rank of Pan-European Healthcare Companies. We plan to convene an extraordinary general meeting in order to approve the acquisition and a placement of new shares to strengthen the balance sheet following the acquisition being completed. The new issue will be underwritten by Deutsche Bank to raise £85 million," comments Roger Holtback, Chairman of the Cario Board.

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**Cario AB (publ)**

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The press release distributed in UK with further information about the terms and conditions relating to the offer for CHG can be found on the Cario website: [www.cario.se](http://www.cario.se) or the CHG website: [www.community-hospitals.co.uk](http://www.community-hospitals.co.uk)



## Cario's offer in figures

- Cario is making a cash offer of 653 British pence per share in Community Hospitals group (CHG) plus an additional interim dividend of 12 p per share. The interim dividend of 6.2 p per share announced earlier will be paid in accordance with the decision made earlier.
- The value of the total offer (including the interim dividend) is approximately GBP 242 M.
- Cario's offer is a cash offer.
- Cario plan to convene an extraordinary general meeting in order to approve the acquisition and a placement of new shares to strengthen the balance sheet following the acquisition being completed.
- The offer period is 21 days and is conditional upon Cario obtaining an ownership share of >90 per cent.
- The acquisition of CHG will create goodwill in an amount of SEK 1,300 M, which will be amortised over a period of 20 years.
- In 2000, Cario reported net sales of SEK 3,357 M. EBITA, excluding items affecting comparability, amounted to SEK 170 M, generating an operating margin of 5.1 per cent.
- CHG reported net sales of SEK 1,900 M<sup>1)</sup> in 2000, with an operating margin of 18.9 per cent.
- Cario estimate that the effect of the deal on EPS will be limited during 2001. Given the present margins and growth the deal will add approximately SEK 0,40 to EPS. EPSA is estimated to increase with SEK 1,50.
- The net sales rate for the Group as a whole will exceed SEK 5,500 M.
- The Cario Group will have more than 10,000 employees, with an estimated average annual total of approximately 7,800 employees.

<sup>1)</sup> CHG has a split fiscal year. Adjustments have been made in order to show figures for the full calendar year 2000.