

Bourne exhibits a nose for healthcare deals

Michael Brown | Original publication on 10/19/15 [Abridged]

About a week before the 2014 JPMorgan Healthcare Conference, Mike Wells, a board member at Cerberus Capital Management LP-backed Covis Pharma Sarl, broke his elbow in his Princeton, N.J. driveway. The spill derailed Wells' plans to attend the conference where he was set to hold a long-awaited meeting with Mark Thompson, CEO of Concordia Healthcare Corp., about a potential carve-out of the company's diabetic services division.

Not wanting to let his accident disrupt a potentially lucrative deal, Wells decided to ask his friend and colleague Banks Bourne, an investment banker who helped arrange the meeting, to be his stand-in.

"A week later we had the first offer on paper," said Wells, a managing director at Princeton BioPharma Capital Partners LLC and the former CEO of Aton Pharma Inc.

But instead of carving out and buying a division from Concordia, Zug, Switzerland-based Covis became the target.

"You have to have a nose for a good deal and Banks has a nose for a good deal," Wells asserted. "I knew he could take the meeting in my place, and I knew he would be successful."

The March sale of Covis for \$1.2 billion in cash to Toronto-based Concordia was the first of two billion-dollar, cross-border deals this year with Bourne's handprints on them.

and healthcare-related businesses. We didn't have a real game plan on day one."

Once an investment banker at Wachovia Securities (now known as Wells Fargo Securities) and TITAN Technology Partners from 1997 - 2001, Bourne in the past 13 years has built his firm from one with a handful of employees to an investment and merchant bank that advises on deals of various sizes and in various places and also buys companies for its own portfolio. According to Bourne Partners' website, the firm has raised more than \$2 billion in equity and debt capital and executed more than \$2 billion in healthcare and pharmaceutical M&A transactions.

[Bourne continues to advise] on healthcare deals while also buying for his own portfolio, with Bourne Partners becoming a limited partner in a number of funds including those run by The Carlyle Group; Cerberus; and Irving Place Capital, the former Bear, Stearns & Co. PE arm.

"Most people do focus in a certain size or geography, but we have tried to stay geographically and size agnostic," said Bourne. "We have a \$10 million deal we are closing, but we have done deals and invested in larger companies like Covis, as well. Our spread is really large. I'd say our average transaction size in the last couple years has been between \$150 million and \$200 million."

Just before starting Bourne Partners, Bourne founded a stake in Charlotte, N.C.-based Tanner Pharmaceuticals Inc., a pharma services company that provides access to pharmaceuticals globally through its Global Access Programmes and Clinical Trials Sourcing channels.

"Tanner was an interesting opportunity. They had an established distribution business that had relationships with hospitals in South America," Bourne explained.

Through investment and strategic planning, Bourne has been able to build Tanner into a more global player providing generic and branded products to countries that don't typically have great distribution channels or access to mission-critical drugs.

That scale increased even more on May 25, when Bourne merged it with another one of his portfolio companies, Charlotte-based BurnsAdler Pharmaceuticals, which licenses and acquires pharmaceuticals, medical devices, and over the counter (OTC) products for commercialization in Latin America and other international markets.

The new company, called Tanner Pharma Group, remains a portfolio company of Bourne.

Meanwhile, Bourne takes on advisory mandates like the one for Stellar Pharmaceuticals Inc. In 2012, when it agreed to sell [Theramed's]



remaining assets: Collatamp G, a sterilization product used by hospitals, and Gelfoam sponges, used to stop bleeding.

Bourne's successes have helped the company attract and keep new assignments.

"Roughly 90% of our clients come back for reoccurring transactions," said Bourne. "Unlike most investment banks that are one shot and you're out, we have a track record of reoccurring customers."

"They have become sort of consultants to the company. If Banks sees an opportunity he thinks we could be interested in, he will not hesitate to reach out to us," said John Howard, CEO of New York private equity firm Irving Place Capital Management LP, who invested his personal funds in Covis. "Covis was a really great deal that Banks thought up. The company had some great assets that were almost completely ignored by Big Pharma."

Savvy successes such as that have gained Bourne a reputation for not only making money for himself, but for others, too.

"The thing about investing, especially investing in specialty pharma, is you have to have a good track record and Banks certainly has that," said John Gregory, the former King [Pharmaceuticals] CEO. "He has made a lot of money for a lot of people and I think that helps him."

So does being tireless, according to Howard.

"Banks has really put his money where his mouth is," Howard said. "Covis was an easy investment decision for me partially because of that. Banks and his family have been very successful, but he is still looking for deals and constantly pitching new ideas."

The Deal

The second was on Sept. 8. The founder and managing partner of Bourne Partners, a Charlotte, N.C.-based investment and merchant bank, advised [Amdipharm Mercury Co. Ltd.] on [Concordia's] acquisition of [the] U.K. specialty pharmaceuticals group from London buyout firm Cinven Ltd. for an enterprise value of £2.3 billion (\$3.5 billion) on that day.

Bourne was hardly an overnight success. The 44-year-old graduate of North Carolina State University and Wake Forest University [Business School] started Bourne Partners in 2002, but before doing so, "we didn't immediately find what we wanted to do but we wanted to focus on consumer healthcare