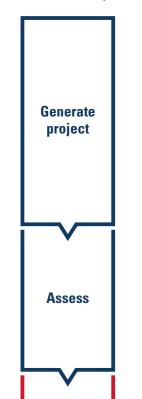
# Value Creation Case Studies ▶ Case 2 PE Investment Business and the Sasaeah Group

In April 2024, ORIX sold the Sasaeah Group to Virbac, a French company that is a global leader in animal health. By leveraging the strengths of Kyoto Biken Laboratories, Inc., Japan's leading manufacturer of vaccines for livestock, and Fujita Pharmaceutical Co., Ltd., Japan's leading manufacturer of generic veterinary pharmaceuticals, the Sasaeah Group has become one of Japan's leading comprehensive veterinary pharmaceutical groups, offering everything from preventive medicines to therapeutic drugs.

In the eight years since its investment in 2016, ORIX implemented various measures to add value which significantly increased Sasaeah's enterprise value at the time of the sale. A world-leading company recognized Sasaeah's value, resulting in a sale that will help the investee operate globally.





Finance and

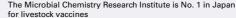
invest

Additional investment

# **Industry restructuring gaining momentum**

- Human pharmaceutical manufacturers in Japan are focusing on business concentration and selection.
- Revision to the Pharmaceutical Affairs Law abolished the obligation to manufacture veterinary pharmaceuticals in Japan.
- → Leading to the separation and sale of veterinary pharmaceutical businesses.







# Investee integration is expected to increase value.

# Strengthen organizations: Use shared sales networks.

- Enhance research and development: Develop highvalue-added products and propose solutions.
- Expand overseas: Enter growing markets such as Southeast Asia.



trends.

### フジタ製薬株式会社

Fujita Pharmaceutical, established in 1930 to develop, manufacture, and sell generic veterinary pharmaceuticals, needed assistance with business succession issues. ORIX had been engaging with Fuilta Pharmaceutical for several years and saw growth potential in industry restructuring

We made a list of companies with complementary businesses that were also likely to have issues with business succession. Working from this list, we began approaching Kyoto Biken Laboratories, established in 1948 to develop. manufacture, and sell animal vaccines, because its businesses complemented those of Fujita Pharmaceutical.

KYOTOBIKEN

# **Assess deals**

Assess profitability

and risk

**Identify changes in** 

customer needs

and markets

Invested in Kyoto Biken Laboratories in April 2016 and in Fujita Pharmaceuticals in July 2016.

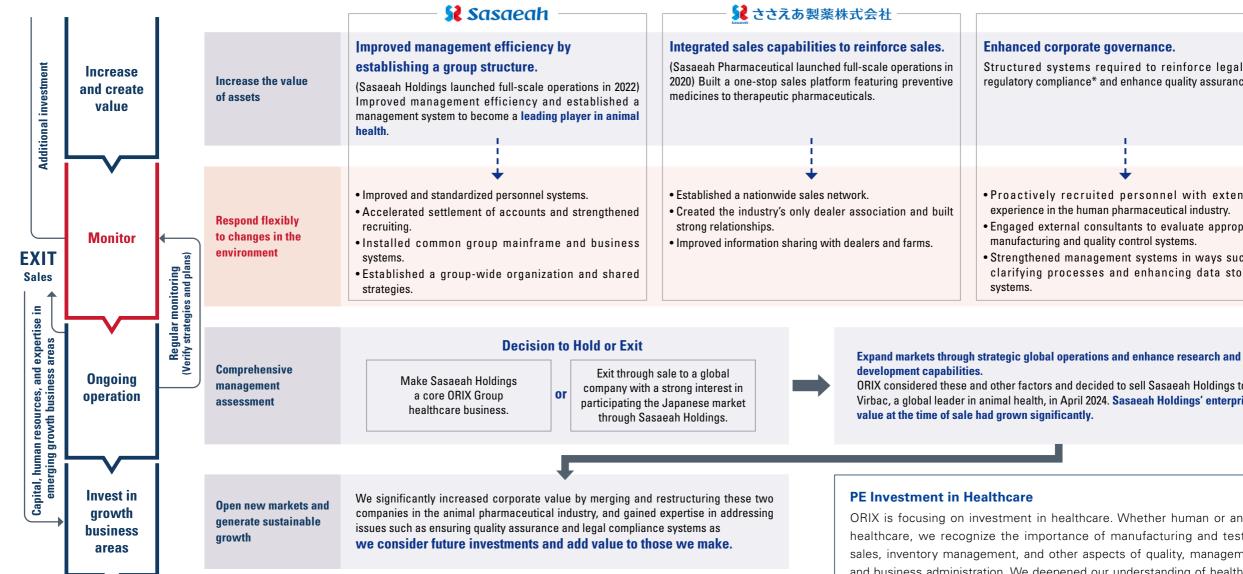
Objective: Leverage the respective strengths of investees to increase corporate value through synergistic integration.

## **Strengths**

The companies have excellent research and development, competitive advantages from strategies for rapid commercialization, and efficient sales systems that ensure strong profit margins.

The integrated company has a market share of over 60% in the cattle vaccine market as a result of excellent research and development. It also has production facilities outside Japan.

companies



\* Kyoto Biken Laboratories was subject to administrative penalties related to manufacturing and quality control in 2016 and 2017. We took this very seriously and

established systems for compliance with laws and regulations related to the manufacture and sale of veterinary pharmaceuticals and to manufacturing

Structured systems required to reinforce legal and regulatory compliance\* and enhance quality assurance.

- Proactively recruited personnel with extensive experience in the human pharmaceutical industry.
- Engaged external consultants to evaluate appropriate manufacturing and quality control systems.
- Strengthened management systems in ways such as clarifying processes and enhancing data storage

ORIX considered these and other factors and decided to sell Sasaeah Holdings to Virbac, a global leader in animal health, in April 2024. Sasaeah Holdings' enterprise value at the time of sale had grown significantly.

ORIX is focusing on investment in healthcare. Whether human or animal healthcare, we recognize the importance of manufacturing and testing. sales, inventory management, and other aspects of quality, management, and business administration. We deepened our understanding of healthcare issues through our investment in Sasaeah, and will deploy the expertise we gained in future healthcare initiatives.