



MedDevNews

Q1 2023

ENGLAND
COMPANY
INVESTMENT BANKING

Featuring:

- Quarterly Overview
- Market Trends
- Relevant Transaction Activity

Q1 2023 Market At A Glance

MedDevNews provides an exclusive quarterly summary into market trends, recent private finance and merger and acquisition activity, as well as major news stories within the Medical Device sector.

**OEM
M&A**



73
Transactions

0.0%
Change YoY



\$14.5 billion
Transaction Value

+ 165.3%
Change YoY

**CMO
M&A**



6
Transactions

- 33.3%
Change YoY

N/A
Transaction Value

N/A
Change YoY

**Private
Financings**



403
Transactions

- 27.4%
Change YoY



\$2.8 billion
Transaction Value

- 34.0%
Change YoY

**Public
Companies**

4.4x
Median
EV/Revenue

19.4x
Median
EV/EBITDA



+9.2%
Median Revenue
Growth YoY

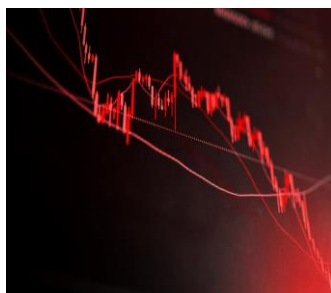
65.1%
Median
GM

England & Company is an independent investment bank that provides financial advice on mergers, acquisitions, restructurings, and capital-raising to owners, executives, and boards of directors of public and private companies. Our clients include leading companies in the Energy & Sustainability, Healthcare, Industrial & Infrastructure, and Technology & Media markets.

Source(s): CapiQ, Med Device Online

Q1 2023 Quarterly Overview

Decrease in Market Activity



In Q1 2023, market indicators were generally lower with respect to Q4 2022; however, this is because Q4 2022 numbers were unusually high. Q1 2023 registered a substantial increase in activity compared to the first three quarters of 2022. The number of financings and the disclosed total value for Q1 2023 increased slightly from the previous quarter. Public market returns were mostly negative but improved relative to Q4 2022, with two verticals - CMO and Organ & Tissue Transplant - showing highly positive returns. Organ & Tissue Transplant was a clear winner with almost 50% stock return for the past 12 months.

Globus Medical and NuVasive Will Merge to Form a New Global Company Focused on Musculoskeletal Innovation



Announced in early February, Globus Medical and NuVasive will merge through an all-stock transaction to form a new global company focused on musculoskeletal innovation. The merger is an important strategic move for the companies as it will enable them to strengthen their positions in the \$50 billion musculoskeletal market, particularly in the more critical growing areas of complex, innovative lower limb and spine solutions. By combining their innovative technologies, they intend to offer comprehensive procedural solutions that better support surgeons, healthcare providers, and patients in over 50 countries worldwide. The all-stock deal is valued at \$3.1 billion and is projected to be completed by mid-2023. As a result of the merger, the newly formed company will be able to leverage the strengths of both companies to optimize its operations and provide better service to customers.

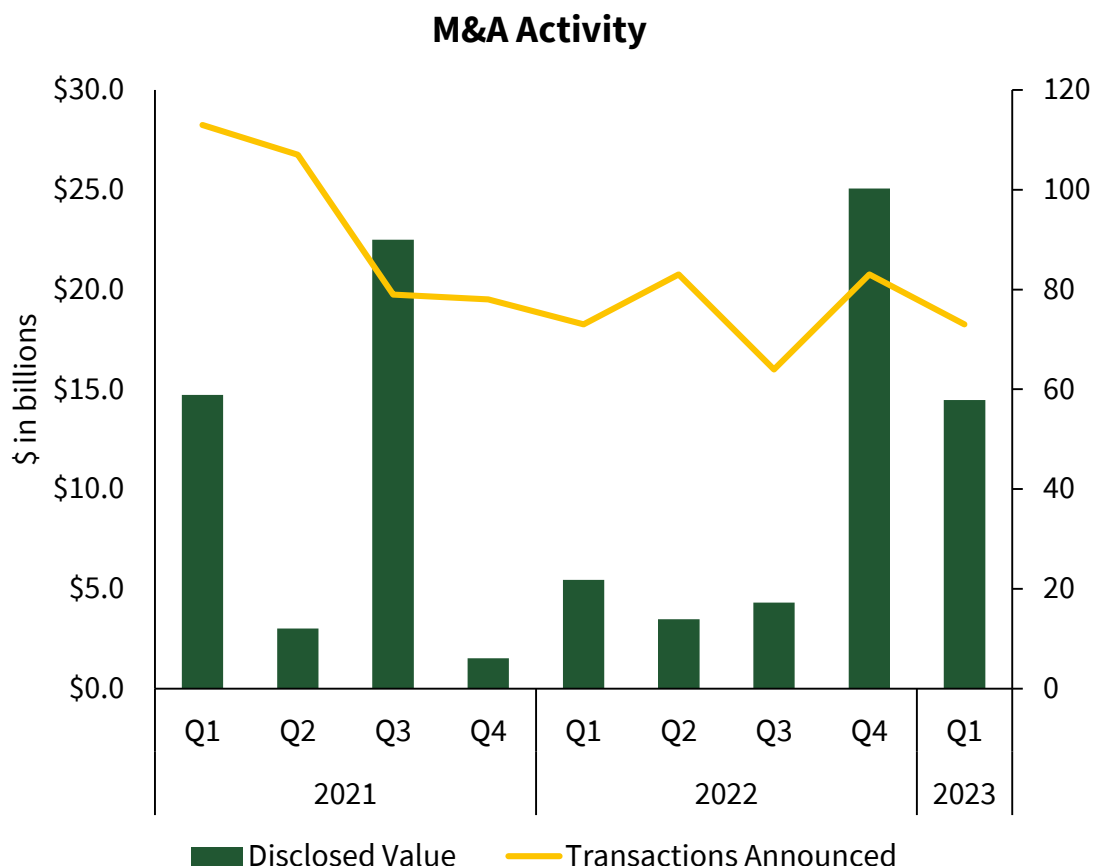
Source(s): Nuvasive

OEM Merger & Acquisition Activity

Number of M&A deals dropped slightly from Q4 2022, continuing a generally weakening trend since 2021, but may be stabilizing.

Total disclosed value of deals for OEMs fell in Q1 2023 to just under \$15 billion from \$25 billion in Q4 2022. That said, it still showed a substantial improvement from the first three quarters of 2022.

The spike in Q4 2022 was due primarily to one large acquisition of almost \$20 billion.



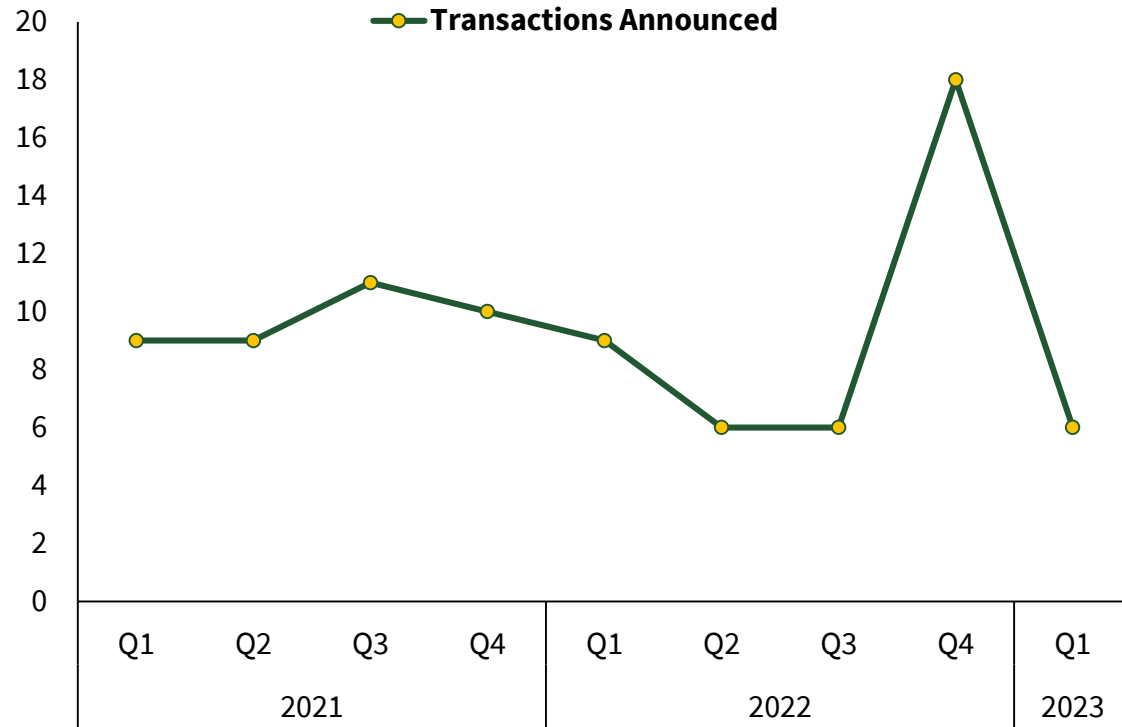
Source(s): CapIQ

CMO Merger & Acquisition Activity

CMO M&A activity dropped from Q4 2022 to a level more in line with Q3 2022 and the previous seven quarters.

This level of M&A activity continues to support the broader market trend of increased consolidation due to growing OEM outsourcing needs.

Based on conversations with CMOs and OEMs, we believe that the larger CMOs are providing more value to their partners by increasing production and reducing the uncertainty in pricing and delivery times.



Source(s): CapIQ

Private Financing Activity

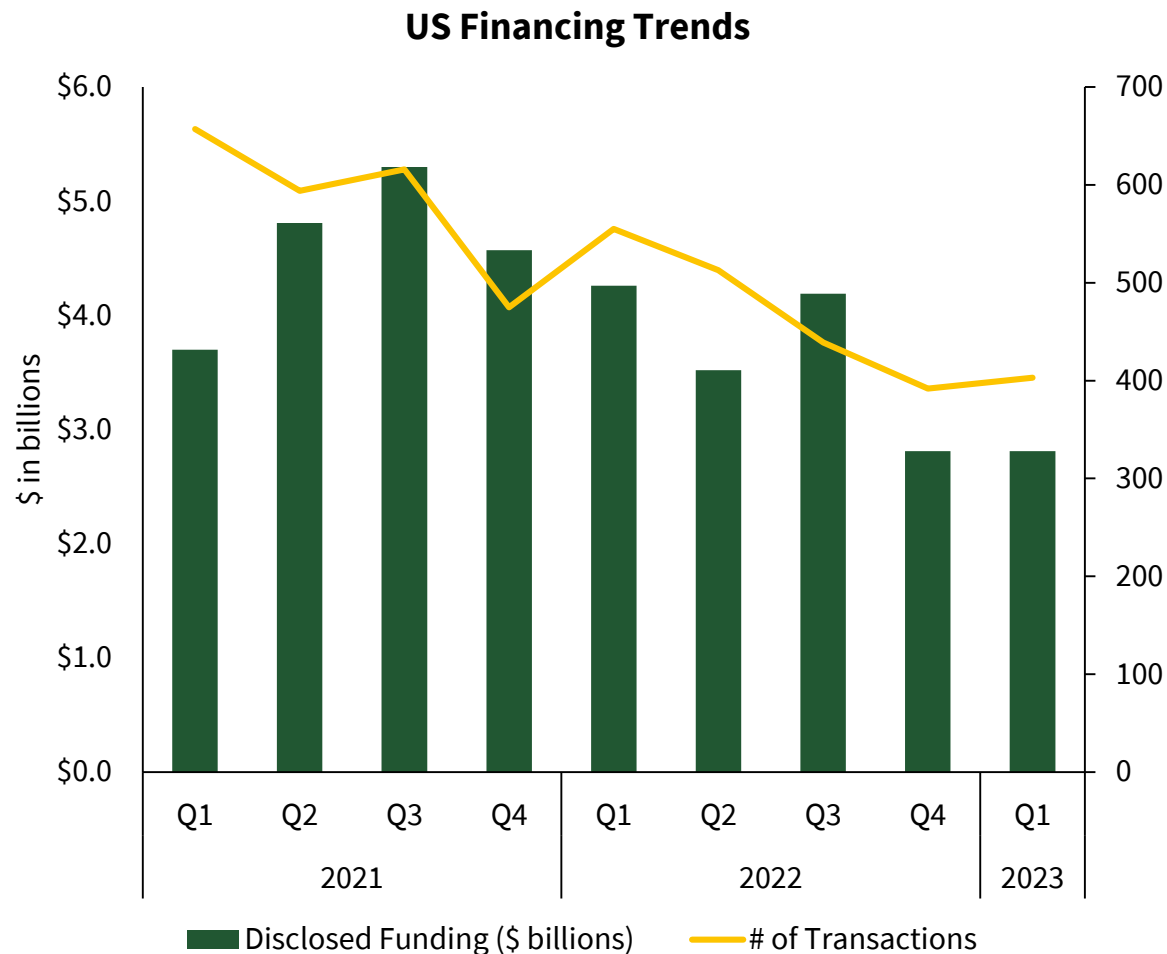
The total number of transactions in Q1 2023 increased slightly relative to Q4 2022 and might signal the start of stabilization after a steady downward trend since the "Covid-Boom" of 2021. Total disclosed funding remained constant versus the previous quarter. In late 2020 and in 2021, there was a spree of capital raising to fund companies impacted by the Covid shutdown.

403 financings completed in the quarter:

- \$2.8 billion of total capital was invested, a 34.0% decrease from \$4.3 billion in Q1 2022
- Average capital raise size decreased 9.2% to \$7.0 million from \$7.7 million in Q1 2022 and 2.7% from the Q4 2022 average of \$7.2 million

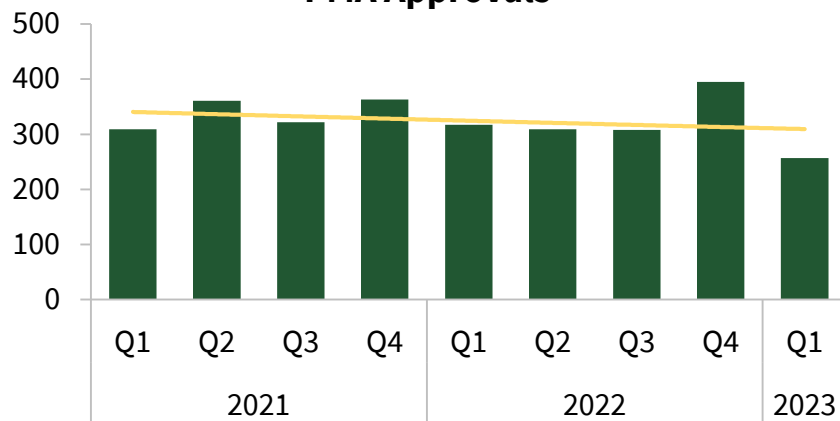
Analysis of the data reveals that while the number of early-stage rounds dropped significantly since the 2021 peak, the number of later-stage venture deals has held up better.

Source(s): PitchBook

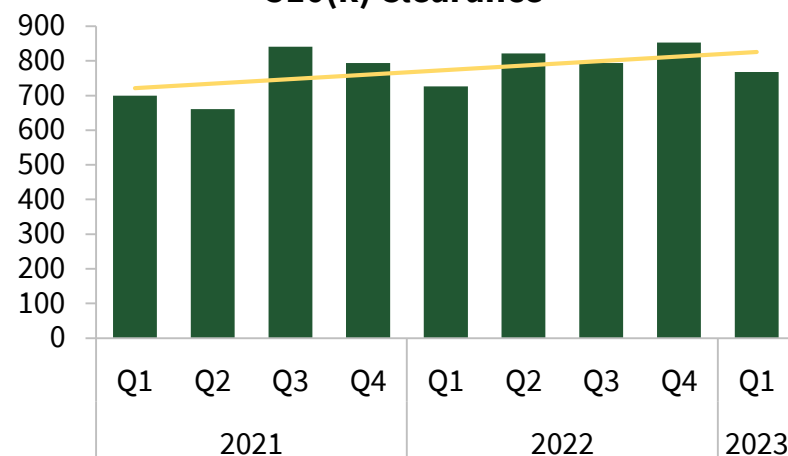


Regulatory Trends

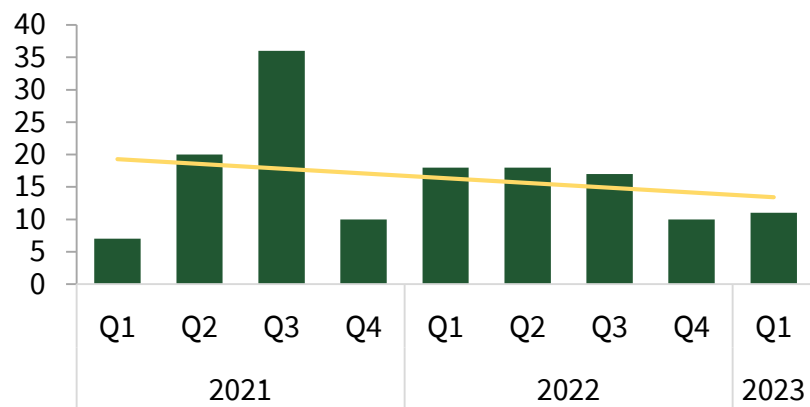
PMA Approvals



510(k) Clearance



FDA Tracked Recalls



In Q1 2023, both PMA approvals & 510(k) clearances dropped, bringing into question a potential slowing of the regulatory process. FDA recalls continued to be down significantly compared to the first three quarters of 2022 but were up compared to Q4.






Source(s): FDA.gov, Medtech Dive

Q1 2023 Notable OEM M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value ⁽¹⁾ (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
 NUVASIVE <i>Creative Spine Technology®</i>	 GLOBUS MEDICAL	February 2023	\$3,592	3.0x	15.3x
 HESKA	 ANTECH	February 2023	\$1,419	5.6x	n/a
 CSI CARDIOVASCULAR SYSTEMS, INC.	 Abbott	February 2023	\$772	3.2x	n/a
 TaeWoong MEDICAL	 OLYMPUS	February 2023	\$354	15.5x	n/a
 EMBODY <i>Repair. Regenerate. Restore.</i>	 zimmer	January 2023	\$281	93.7x	n/a
 neovasc	 SHOCKWAVE MEDICAL INC	January 2023	\$116	30.4x	n/a
 CU Medical Systems, Inc.	XCure Net Co., Ltd.	February 2023	\$66	1.8x	6.6x
Symbow Medical Technology Co	Dalian Ruikai Taifu Investment Management	March 2023	\$52	n/a	n/a
			Median	5.6x	n/m

Source(s): CapIQ; (1) For relevant transactions, may include earn-out

Q1 2023 Notable CMO M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value ⁽¹⁾ (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
 Ekimas	NORDICUS	March 2023	n/a	n/a	n/a
 KOHLER	DIRECTA	March 2023	n/a	n/a	n/a
 G-FLEX	Diversatek Healthcare	February 2023	n/a	n/a	n/a
 TOTAL TITANIUM INC	BAUSCH+LOMB	February 2023	n/a	n/a	n/a
 RBC MEDICAL INNOVATIONS	Sterling Technology BIOACTIVE SOLUTIONS	February 2023	n/a	n/a	n/a
GRAY OPTICS	FISBA	January 2023	n/a	n/a	n/a
			Median	n/a	n/a

Source(s): CapIQ; (1) For relevant transactions, may include earn-out

Q1 2023 Developing Trends



As EU MDR Challenges Continue, Countries Look to Accepting US FDA Approved Products

According to the MedTech industry, there is growing consensus that the EU MDR sets excessively high patient safety standards, which is having a detrimental effect on MedTech product availability. The Swiss government is actively working to facilitate access for Swiss patients to MedTech products approved by the US FDA. This step would broaden the choices available to patients seeking medical treatment in Switzerland. Australia and Israel have also recently moved in this direction, and others are considering the same. The EU MDR appears to be resulting in approvals lagging three to five years behind the FDA, and many companies are currently launching their products in the US first, allowing countries such as Switzerland to access MedTech innovations earlier. This is a complete turnaround from 10 years ago when companies targeted Europe first.



Outsourcing by Medtech OEMs Expands

The trend of OEM's divesting manufacturing facilities is continuously boosting the CMO market as more organizations outsource their manufacturing. When major OEMs find a sustainable solution to outsource a challenging function, they tend to embrace it. Although some may keep a small portion of their manufacturing in-house to protect their sourcing and reduce lead times, outsourcing will likely remain the predominant trend. In addition to outsourcing manufacturing, big companies like J&J's Depuy Synthes are looking to outsource R&D.



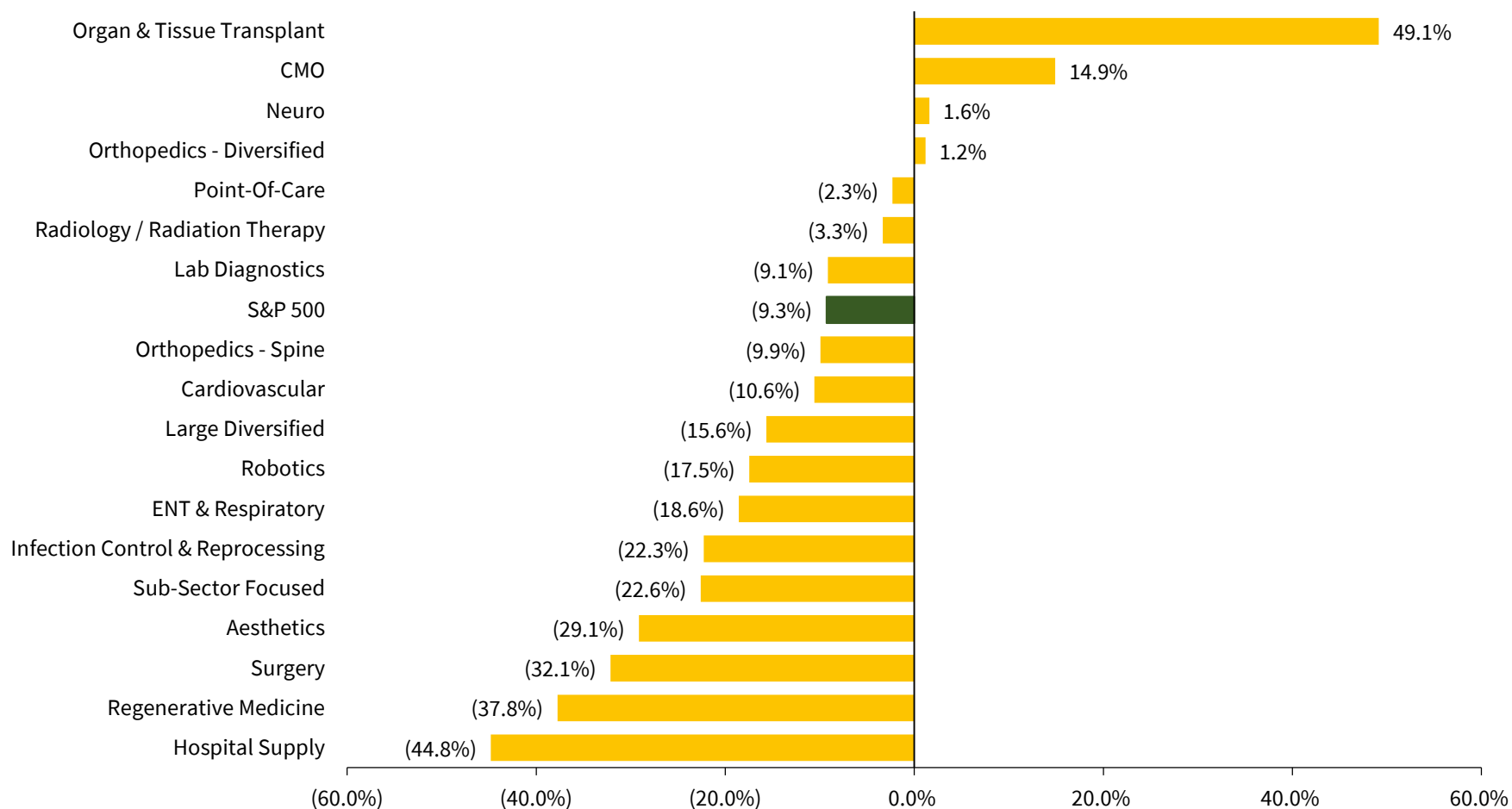
Layoffs Continue, Smaller Companies Gain Talent

During what has been a mild recession, large companies have taken the opportunity to restructure, as they typically do every four years or so. Each of S&N, J&J, and Zimmer are simultaneously re-merging their Orthopedic and Sports Medicine divisions (we wondered why they were ever split up in the first place). Despite the ongoing mass layoffs, there are still opportunities for individuals in the medical device industry. Philips has laid off 10,000 employees, while Johnson & Johnson, Baxter, and other companies have collectively laid off thousands more. However, those affected may find solace in the fact that smaller, growth-oriented medical device companies are continuing to expand and may be looking for new talent.

Source(s): MEDTECH INSIGHT, Avicenne Medical

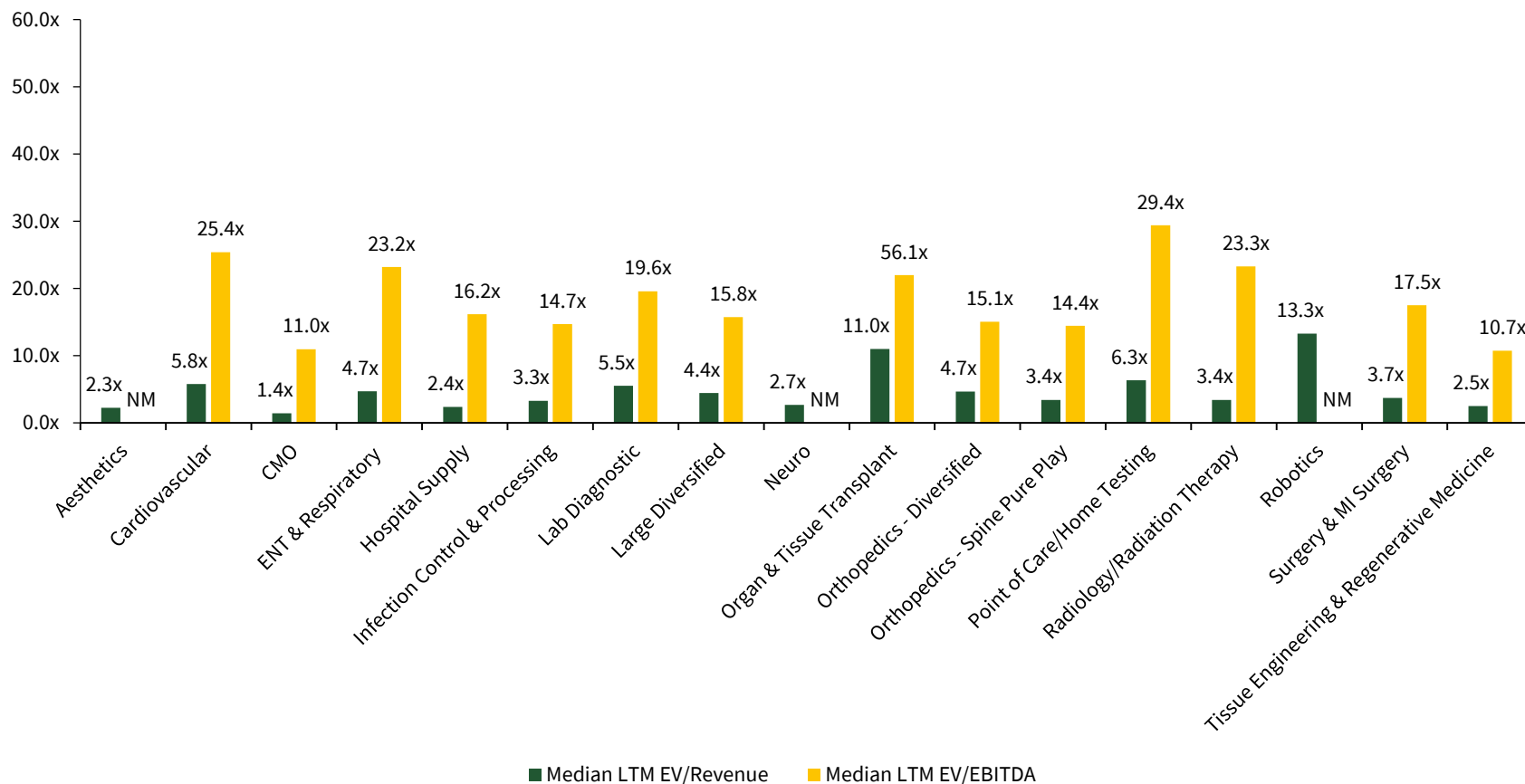
Public Market Performance

12 Month Stock Returns





























Source(s): NASDAQ

Public Company Analysis by Sector



Source(s): NASDAQ

Recent Medical Device Experience

 has been acquired by  Sell-side Advisor	 Debt Financing Exclusive Placement Agent	 \$38,500,000 Series C Preferred Stock Exclusive Placement Agent	 has been acquired by  Sell-Side Advisor	 has been acquired by  A subsidiary of Colfax Sell-Side Advisor
 \$12,700,000 Series C-1 Preferred Stock Exclusive Placement Agent	 has been acquired by  Sell-Side Advisor	 has been acquired by  Rosen's Diversified, Inc. Sell-Side Advisor	 has been acquired by  Sell-Side Advisor	 has been acquired by  Sell-Side Acquirer
 has acquired  Buy-Side Acquirer	 has acquired  Buy-Side Acquirer	 has made a strategic investment in Israeli Medical Device Company Exclusive Placement Agent	 BPH Products has been acquired by  Sell-Side Advisor	 has been acquired by  Sell-Side Advisor

See disclaimer on page 13

About England & Company

Founded in 2003, England & Company is an independent investment bank that provides strategic advice on mergers and acquisitions, recapitalizations and restructurings, and capital markets transactions to owners, executives, and boards of directors of domestic and international companies. The firm's clients include leading companies in the Energy & Sustainability, Healthcare, Industrial & Infrastructure, and Technology & Media markets. For further information, please visit: www.englishco.com.

All securities transactions offered through England Securities, LLC – member FINRA/SIPC

Healthcare Investment Banking Team

Craig W. England

Chief Executive Officer
Houston, TX
(713) 357-9441
cwengland@englishco.com

Scott R. Cousino

Managing Director
Washington, D.C.
(202) 386-6504
srcousino@englishco.com

J. Andrew Cowherd

Managing Director
New York, NY
(212) 235-0855
acowherd@englishco.com

William C. Getz

Managing Director
Houston, TX
(713) 357-9447
bill.getz@englishco.com

Paul D. Teitelbaum

Managing Director
New York, NY
(212) 235-0857
pteitelbaum@englishco.com

John R. Warmath

Senior Vice President
New York, NY
(212) 235-0863
john.warmath@englishco.com

The information contained in this report has been obtained from sources believed to be reliable. England Securities, LLC ("England") is dependent upon such sources (including company reports, public filings, press releases, and related news articles) for its information and does not guarantee or warrant the accuracy or completeness of these data sources or of the analyses and data contained herein. Nothing in this report constitutes an offer to buy or sell, or the solicitation of an offer to buy or sell, any security. Nothing contained in this publication is intended to be a recommendation of a specific security or company, nor is any of the information contained herein intended to constitute an analysis of any company or security reasonably sufficient to form the basis for any investment decision. Additionally, England does and seeks to do business with companies covered in its publications. As a result, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this publication. Moreover, officers and/or employees of England and its affiliates, or members of their families, may from time-to-time have long or short positions in securities of companies mentioned in this publication. Unless otherwise indicated, information presented herein with respect to the experience of England also includes transactions effected by the professionals of England prior to the date they joined the firm.