

MedDevNews

Q1 2024

 ENGLAND & COMPANY
INVESTMENT BANKING







20 YEARS
OF TRUSTED ADVICE

Featuring:

- Quarterly Overview
- Market Trends
- Relevant Transaction Activity

Q1 2024 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		50 Transactions	- 31.5% Change YoY		\$7.4 billion Transaction Value	- 48.9% Change YoY
CMO M&A		5 Transactions	- 16.7% Change YoY		N / A Transaction Value	N / A Change YoY
Private Financings		342 Transactions	- 22.1% Change YoY		\$3.2 billion Transaction Value	+15.2% Change YoY
Public Companies		3.8x Median EV / Revenue	16.6x Median EV / EBITDA		+9.6% Median Revenue Growth YoY	65.9% 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: CapIQ, Med Device Online

Q1 2024 Quarterly Overview



Tentative Anticipation of M&A Pace to Speed Up

Experts anticipate a more active M&A environment as large companies reconsider inorganic growth because of expected declines in interest rates; however, many companies are still in a wait-and-see mode. MedTech growth rates are starting to stabilize to pre-pandemic levels and are expected to level out slightly higher, at 100 to 150 basis points above current levels. This remains to be seen due to conflicting economic indicators and the upcoming U.S. presidential election. This potential rebound will also be affected by the geopolitical instability that continues to be seen in the Middle East.



Emerging Cardiac Markets

Heart device heavyweights Medtronic, Boston Scientific, J&J, and Abbott are pursuing new products in pulsed field ablation (PFA), a treatment for atrial fibrillation that has been said to be “the best evolution within the electrophysiology space in 15 years.” PFA is a nonthermal catheter ablation procedure that uses high-voltage electrical pulses to treat cardiac arrhythmias. A meta-analysis of the procedure has shown significantly fewer complications compared to the current thermal ablation method, which uses heat to remove tissue. Medtronic and Boston Scientific already have PFA systems in use in European markets, with both companies announcing FDA approval for use in the United States.



Neurology is Expected to be Fastest Growing Medical Device Specialty in 2024

Neuralink has received FDA approval for a second implant after receiving approval for its first implant in September 2023. The trial process involved inserting wires thinner than a human hair into the brain, with the goal of enabling people to control a computer mouse or keyboard using their thoughts. In a significant breakthrough, Elon Musk reported in February 2024 that they had accomplished this goal in the first human, and the patient is now able to work on clicking the mouse buttons. The team at Braingate has set a new speed record with their genAI-powered thought-to-speech implant technology, showcasing the rapid pace of advancements in this field.

Source: MedTechDive, Mckinsey, Reuters, National Institute of Health (NIH.gov).

OEM Merger & Acquisition Activity

Transaction volume was down year-over-year, with only 50 transactions announced in Q1 2024 versus 73 in Q1 2023.

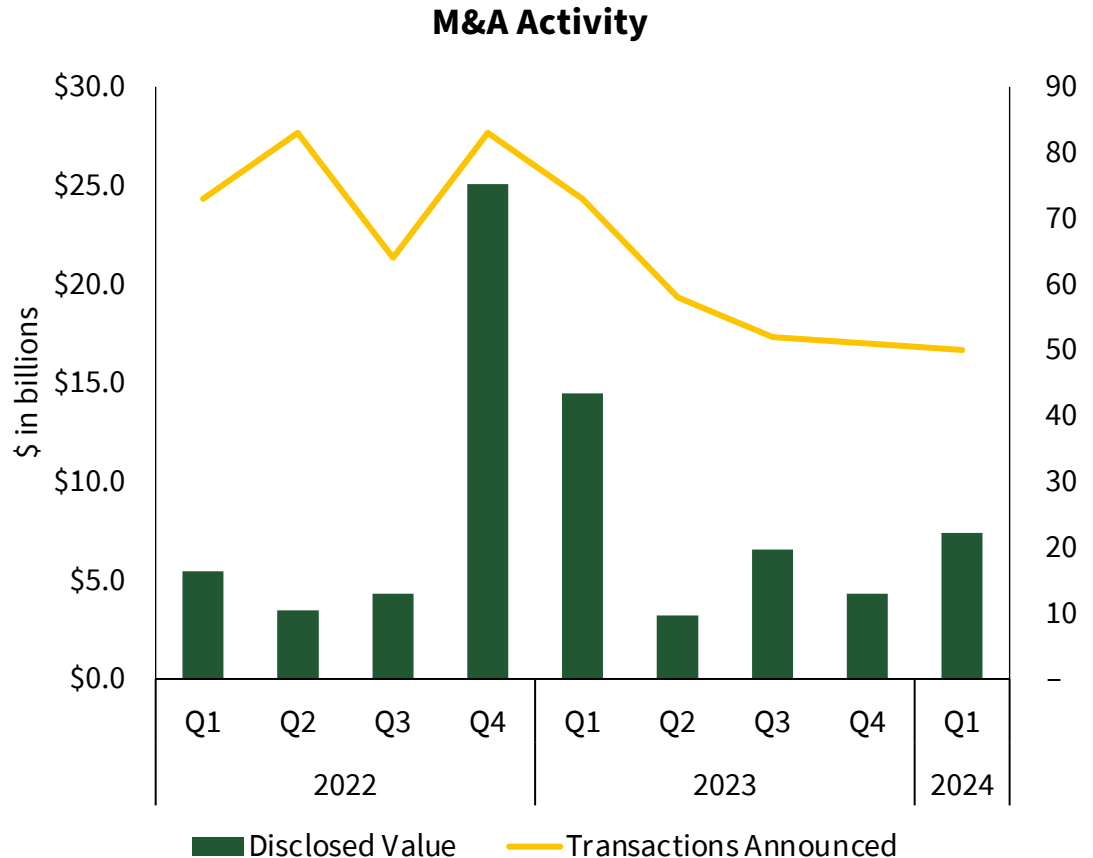
Additionally, total transaction value dropped to \$7.4 billion from \$14.5 billion the previous year.

The number of transactions declined for the fifth consecutive quarter as many companies continued to sit on the sidelines during these uncertain times.

However, secular trends, a normalizing environment, and rising OEM innovation are expected to generate a rebound in M&A momentum.

Boston Scientific's acquisition of neuromodulation maker Axonics in January 2024, valued at \$3.7 billion, was a standout transaction, accounting for approximately 50% of the total disclosed transaction value in Q1.

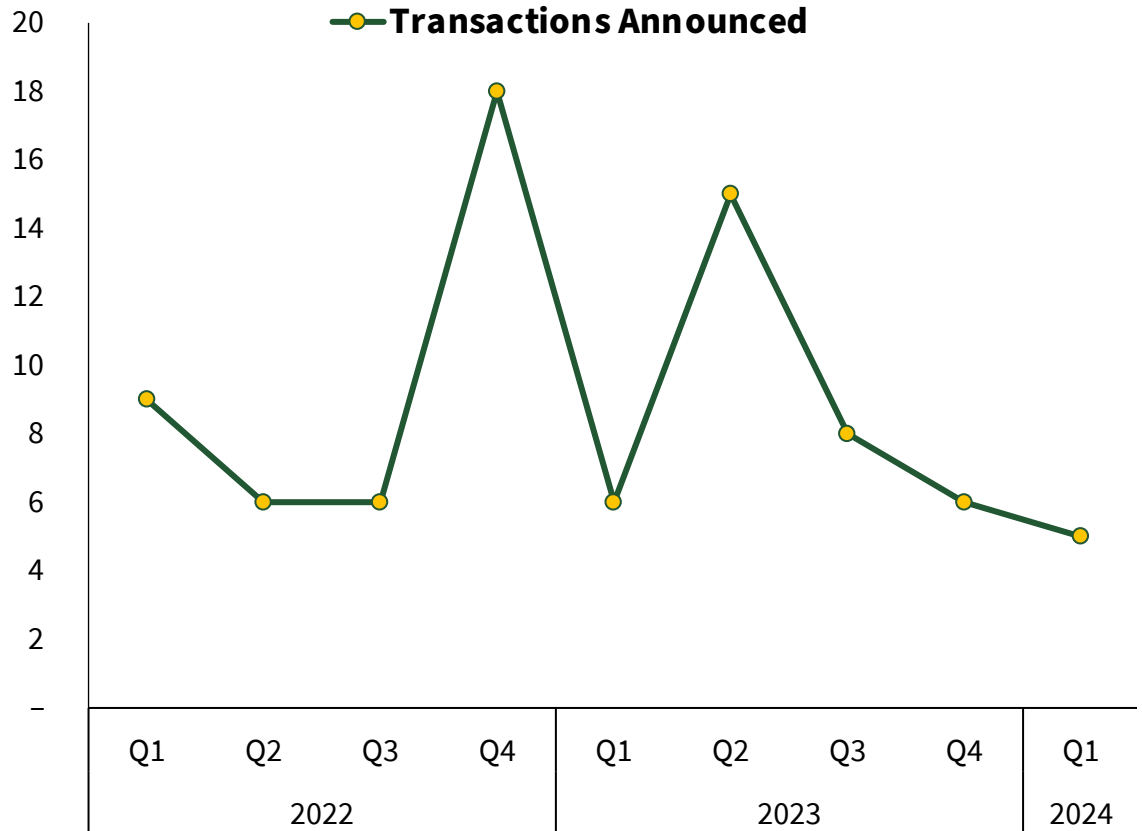
Source: CapIQ



CMO Merger & Acquisition Activity

M&A activity in the CMO sector continued to decline in Q1 2024, with five announced transactions.

The CMO subsector will continue to expand as it moves beyond the decreased demand created during the pandemic and the ripple effects that followed, including the current normalization of OEM inventory levels, which had skyrocketed in 2023 as an over-reaction to the supply chain issues in 2021-2022. Late 2024 and 2025 are gearing up for increased activity. PE owners are finally eyeing an exit in 2025-2026 and are beginning to see the light at the end of the tunnel.



Source: CapIQ

Private Financing Activity

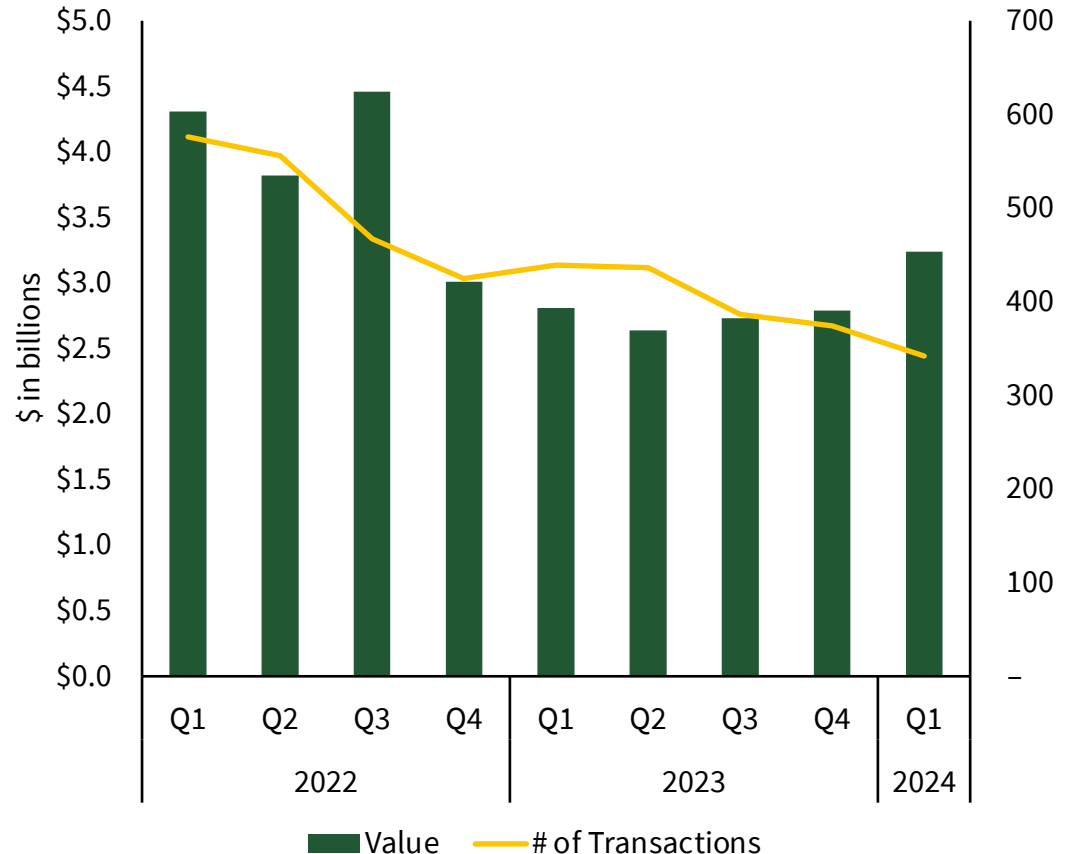
Transaction activity has steadily declined since Q1 2023, with 342 transactions announced in Q1 2024.

Even with this decline, the aggregate capital injected in Q1 2024 was \$3.2 billion, surpassing the 2023 average of \$2.7 billion.

The decline in deals reflects a continued shift in VCs' focus from quantity to "quality" (e.g., later-stage, lower-risk companies) as VC deal value reached \$2.9 billion.

PE investors, however, are likely to take a wait-and-see approach until the cost of debt begins to decline, possibly in the second half of 2024, when the Federal Reserve is expected to start cutting interest rates. Falling rates could fuel a rise in activity, or if debt remains expensive, sellers could begin to ease valuation expectations.

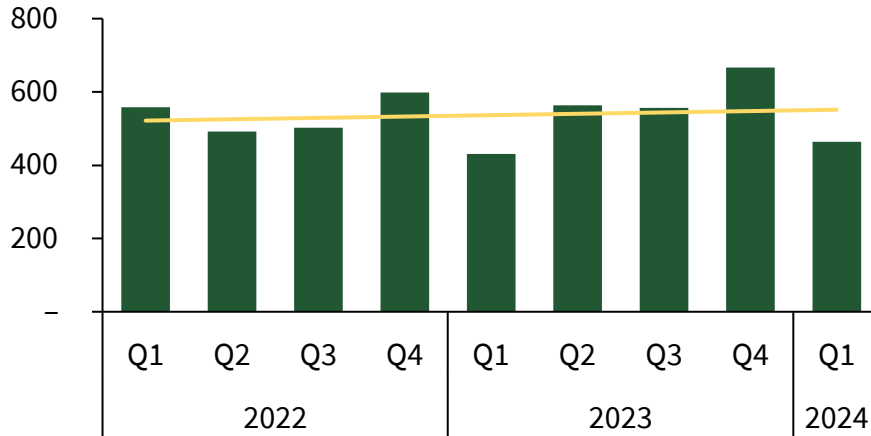
U.S. Financing Trends



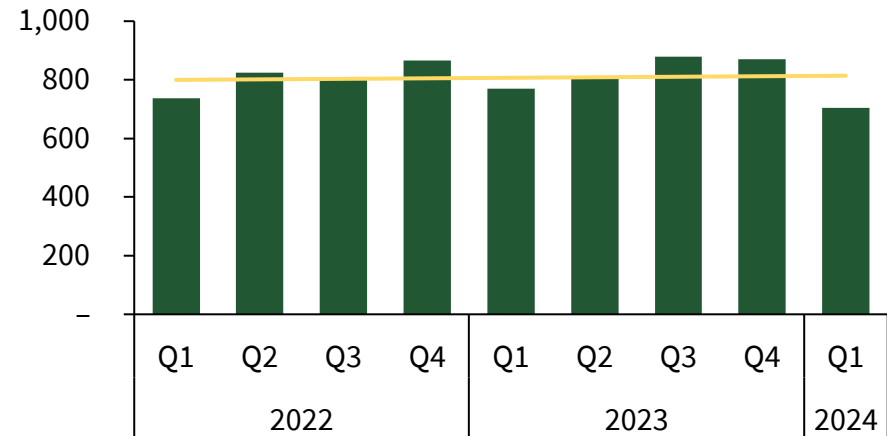
Source: PitchBook.

Regulatory Trends

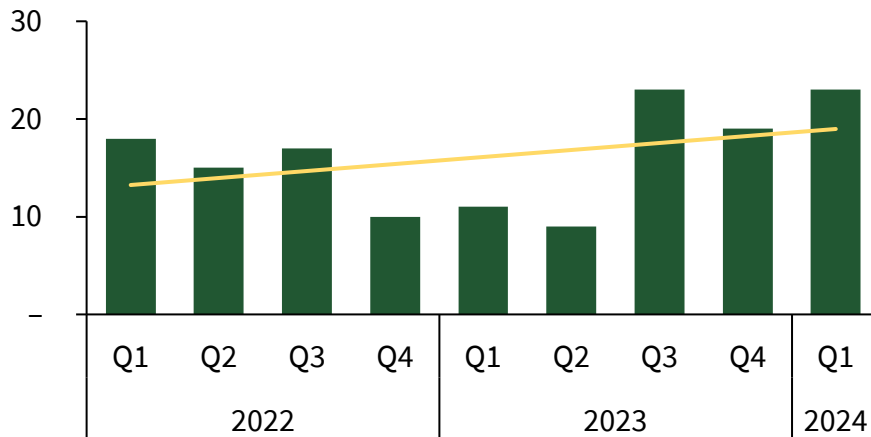
PMA Approvals



510(k) Clearance





FDA Tracked Recalls



In Q1 2024, PMA approvals decreased from the previous quarter but were higher than Q1 2023. 510(k) clearances dropped for the second consecutive quarter and were lower than in the same period in 2022 and 2023.

Source: FDA.gov











Q1 2024 Notable OEM M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value ⁽¹⁾ (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
 Axonics	 Boston Scientific	January 2024	\$3,356	9.2x	n/a
 ELITechGroup	 BRUKER	February 2024	\$929	5.8x	n/a
 APT Medical	 mindray	January 2024	\$858	17.3x	n/a
 JM Johnson Matthey <small>Inspiring science, enhancing life</small>	 montagu	March 2024	\$699	6.0x	n/a
 attune medical	 HAEMONETICS [®]	March 2024	\$160	7.3x	n/a
 Peters SURGICAL	 Advanced Medical Solutions	March 2024	\$154	n/a	n/a
 TITAN MEDICAL	 CONAVI [™]	March 2024	\$70	4.0x	n/a
 nion	 BRUKER	January 2024	\$58	n/a	n/a
			Median	6.7x	n/m

Source: CapIQ

Note: (1) For relevant transactions, may include earn-out

Q1 2024 Notable CMO M&A Transactions

Target	Acquirer	Announced Date	Target Enterprise Value ⁽¹⁾ (millions)	Enterprise Value/ LTM Revenue	Enterprise Value/ LTM EBITDA
 pulse TECHNOLOGIES	 Integer®	January 2024	\$158	n/a	n/a
 COOK® BIOTECH	 rti surgical	January 2024	n/a	n/a	n/a
 ACQUANDAS with Himmelsbach	 synchron	February 2024	n/a	n/a	n/a
 TERRATS Medical	 AVISTA CAPITAL PARTNERS	February 2024	n/a	n/a	n/a
 EVOLUTION MEDTEC	 cicor	February 2024	n/a	n/a	n/a
			Median	n/m	n/m

Source: CapIQ

Note: (1) For relevant transactions, may include earn-out

Q1 2024 Developing Trends



Patent Activity Dropped in Q1 2024

Filings were down 9% year-over-year and decreased 11% quarter-over-quarter, with 32,020 in Q1 2024 compared to 36,098 in Q4 2023. The General Surgery Devices sector, where most of the activity has been, dropped 15% in Q1 2024 compared to Q4 2023. Diagnostic Imaging comprised the second-largest patent count and saw a 13% decline in Q1 2024 from Q4 2023. The top five companies that accounted for 9% of the activity were Johnson & Johnson, Becton Dickinson, Medtronic, Philips, and Boston Scientific. China drove a significant amount of global activity with 28% of total patent filings, followed by the U.S. at 24% and Japan at 8%.



AI Enhances Diagnostics Through Digital Therapeutics and Precision Medicine

AI technology, heralded as the fourth industrial revolution, is transforming human interactions and their engagement with the world. A study of 2,000 American adults using ChatGPT to diagnose health issues showed an impressive 84% accuracy, notable for a non-medical platform. The AI healthcare market, valued at \$26.6 billion, is projected to reach \$187.7 billion by 2030. Digital therapeutics, combining diagnostics with software interventions, has gained significant interest for managing and treating medical conditions. The FDA has approved over 40 digital therapeutic devices, enhancing clinicians' ability to deliver accurate care, especially for complex diseases like cancer.



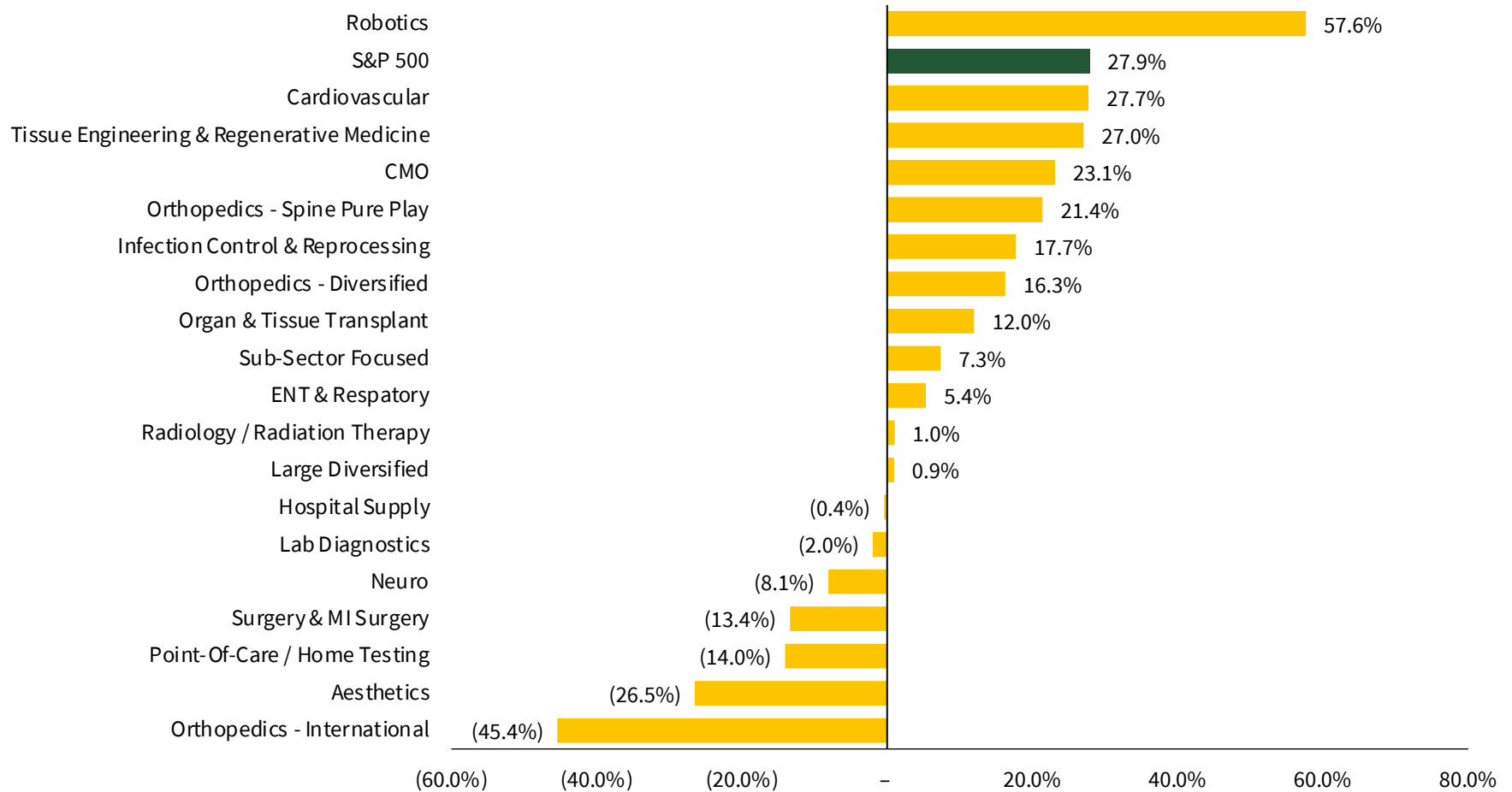
Whole-body Screening Scans are an Emerging Opportunity

General diagnostic MRI screening is currently a niche service, but there is opportunity for market expansion into broad patient populations. Celebrities such as Kim Kardashian and Maria Menounos have brought the use of “concierge medicine” to public attention, particularly Menounos, who identified Stage 2 pancreatic cancer while pregnant during a Penuvo scan to look into unexplained pain. While rare, pancreatic cancer is one of the deadliest types of cancer due to the difficulty of early detection. Menounos was able to have a 3.9 mm tumor removed and is in remission. While market size for whole-body scanning is large, as any person could take scans for various conditions, the risks of expense, additional radiation exposure, and possibilities of false positives might result in whole-body scanning becoming a fad with limited staying power.

Source: Medical Device Network, FDA, Grand View Research, PitchBook.

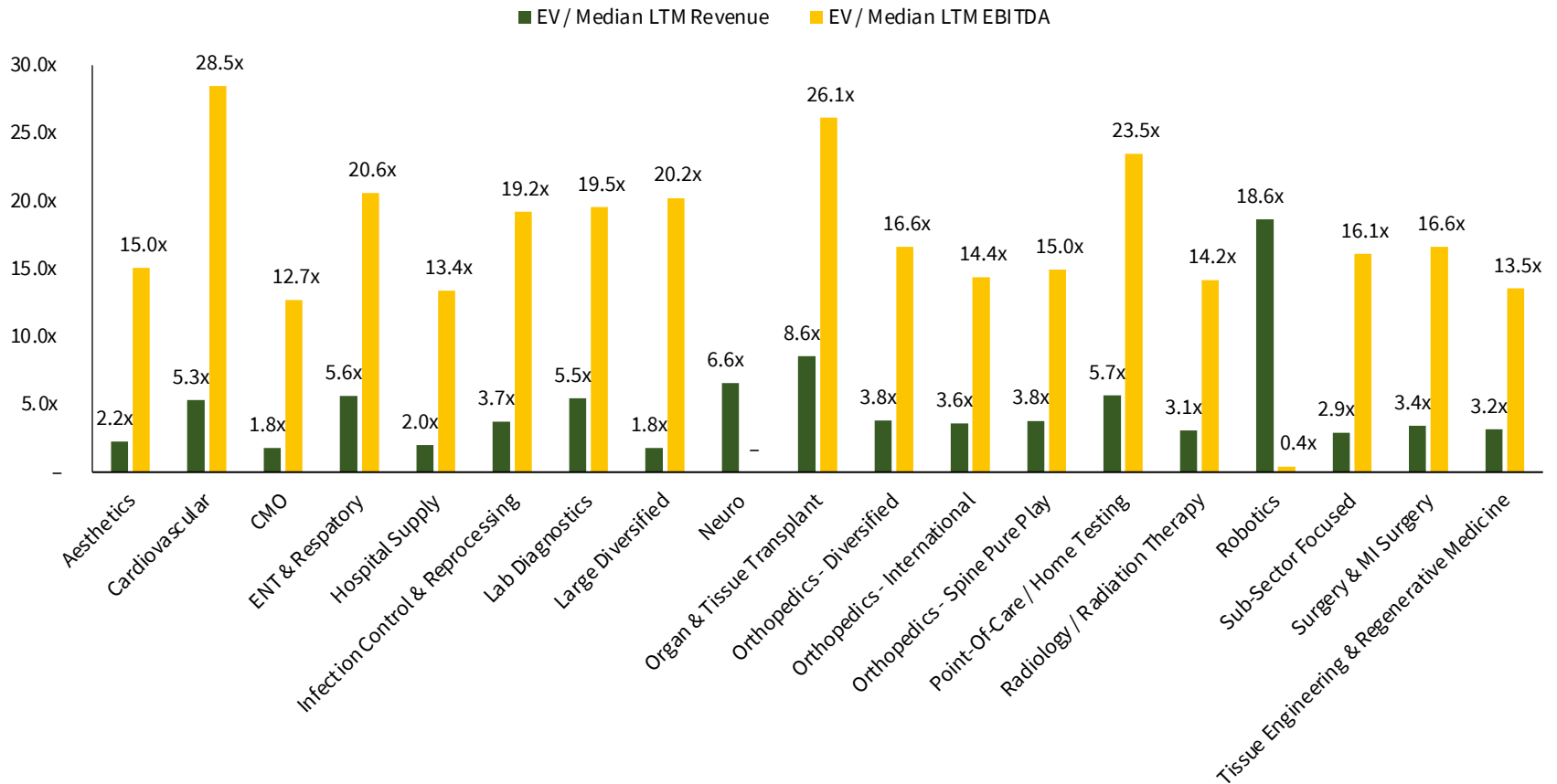
Public Market Performance

12-Month Stock Returns

























Source: CapIQ

Public Company Analysis by Sector



Source: CapIQ

Recent Medical Device Experience

 <p>has entered into a strategic relationship with</p>  <p>Financial Advisor</p>	 <p>has been acquired by</p>  <p>Sell-side Advisor</p>	 <p>\$18,000,000 Convertible Notes</p> <p>Exclusive Placement Agent</p>	 <p>\$38,400,000 Series C Preferred Stock</p> <p>Exclusive Placement Agent</p>	 <p>has been acquired by</p>  <p>Sell-side Advisor</p>
 <p>has been acquired by</p>  <p>A subsidiary of Colfax</p> <p>Sell-side Advisor</p>	 <p>\$12,700,000 Series C-1 Preferred Stock</p> <p>Exclusive Placement Agent</p>	 <p>has been acquired by</p>  <p>Sell-side Advisor</p>	 <p>has been acquired by</p>  <p>Rosen's Diversified, Inc.</p> <p>Sell-side Advisor</p>	 <p>has been acquired by</p>  <p>Sell-side Advisor</p>
 <p>has been acquired by</p>  <p>PART OF THE Johnson & Johnson FAMILY OF COMPANIES</p> <p>Sell-side Advisor</p>	 <p>has acquired</p>  <p>Buy-side Advisor</p>	 <p>has acquired</p>  <p>Buy-side Advisor</p>	 <p>has made a strategic investment in</p> <p>Israeli Medical Device Company</p> <p>Exclusive Placement Agent</p>	 <p>has been acquired by</p>  <p>Sell-side Advisor</p>

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.Englandco.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@englandco.com

J. Andrew Cowherd

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

Paul D. Teitelbaum

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

Kiat Tan

Managing Director
Singapore
+65 6990-3422
ktan@englandco.com

John R. Warmath

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

Jaclyn L. Doak

Vice President
New York, NY
(212) 235-0854
jldoak@englandco.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.