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TOP MERGERS + ACQUISITIONS IN MEDTECH + BIOTECH IN 2021

Ken Dropiewski

WHO + WHY?

Looking back at M+A activity this year, I took notice of a few that stood out, irrespective of their size.

Over the past 12 months, companies have experienced an increase in IPOs. However, if this was used as their exit strategy, it means M+A is down. Still, there are notable partnerships to discuss year to date. Did you see some of these acquisitions coming and did they make sense? Regardless, it makes for an interesting discussion heading into 2022. Before I get to my main list, here are a few points worth mentioning:

- In the overall MedTech + Biotech industry, including devices, biopharma, HealthTech, and Dx/tools, IPO activity is up significantly. The first half of 2021 alone surpassed all IPO activity in 2020.
- Funding has been extremely healthy. The first half of overall healthcare funding doubled the first half funding of 2020, and at the midway point, it almost surpassed the entire previous year. In addition, Series A financing has been significantly strengthened. It's nice to see the early investment dollars going to work on promising technology.
- As valuations have increased because of successful IPOs, companies are forced to make earlier decisions on acquisitions. Preclinical deals have gained steam and it looks like it will remain that way in the future.
- We say this every year — it doesn't matter how big you are, you can be bought. See the list below for more.




It's always fun to see the ways this niche continues to evolve and to look at the strategies they employ to grow. Technology continues to innovate, and money is available, but exits are still a challenge for small players trying to justify relevancy. Valuations have been inflated and have contributed to a slow down of acquisitions. I'll be curious to see if valuations come back to Earth in 2022 and if we see an uptick in M+A activity. For now, let's celebrate what happened this year. With that being said, in no particular order, here are my top five mergers + acquisitions in 2021.

(MY) TOP 5 MERGERS + ACQUISITIONS IN MEDTECH + BIOTECH IN 2021

1 BAXTER ACQUIRES HILLROM (\$12.4B VALUE)

If there is one thing the pandemic has shown us, it's the importance of having accessible healthcare regardless of the patient's location. Patients weren't physically going to see their healthcare providers for diagnosis or therapy because of a crippling fear of being affected by the virus. Fast forward to now and everybody is talking about "connected care" and patients being treated in the comfort of their homes. Baxter's Chairman, President, and Chief Executive Officer Joe Almeida said, "Patients increasingly want to receive their care at home, while hospitals and other healthcare providers are increasingly using digital healthcare technologies to expand access, improve quality, and lower costs."⁽¹⁾





2 PRIVATE EQUITY GROUP BUYS MEDLINE (\$34.0B VALUE)

This made the list because it is thought to be the largest MedTech leveraged buyout in over a decade. Leveraged buyouts are large purchases that involve multiple companies sharing the debt to acquire a company. This group of private equity sponsors included blockbusters Carlyle, Blackstone, and Hellman & Friedman (2). I'm wondering if we will see more of these leveraged buyouts? As a side note, Hellman & Friedman also bought Cordis for \$1B in 2021 from Cardinal Health, who had originally purchased Cordis in 2015 for \$1.9B.

3 GINKGO BIOWORKS MERGES WITH SOARING EAGLE ACQUISITION CORP. (\$17.5B VALUE)

I couldn't provide a list without including a SPAC deal. This merger with Soaring Eagle Acquisition Corp. allowed Ginkgo Bioworks to go public. Furthermore, Ginkgo said the capital from this merger "will dramatically increase the scale of Ginkgo's platform and empower an ecosystem for cell programmers, accelerating the number of new programs able to launch on Ginkgo's platform every year." (3) Although SPAC activity has appeared to slow down and has been scrutinized on valuation after de-SPACing in contrast with valuation after the traditional IPO, it is still a viable option. This deal in particular shows tremendous potential.



4 BOSTON SCIENTIFIC HAS THREE ACQUISITIONS IN A MONTH

I was only going to pick one, but wanted to call attention to all of BSx's activity across the board. Baylis Medical (\$1.75B), Lumenis (\$1.07B), and Devoro Medical (\$336M) were all acquired within 30 days. Baylis highlights the pack and further proves their commitment to structural heart and electrophysiology. In a press release, Boston Scientific's Chairman and Chief Executive Officer Mike Mahoney said, "A leader in many of the fastest-growing markets in our industry, we believe that Baylis Medical Company will add meaningful revenue, operating income, and new research and development capabilities across multiple Boston Scientific businesses while complementing existing offerings within our electrophysiology and structural heart portfolios." Earlier this year, Boston Scientific also bought the remaining stakes in Farapulse and Preventice Solutions. (4)





5

JAZZ PHARMACEUTICALS ACQUIRES GW PHARMACEUTICALS (\$7B)

This is a megadeal in the cannabidiol medicine space. It's amazing to see how far this platform has come and the broad range of diseases it can help. Jazz Pharmaceuticals Chairman and Chief Executive Officer Bruce Cozadd said, "We are fortunate to be combining two companies that share a passion for, and track record of, developing differentiated therapies that advance science and care of patients with often overlooked diseases." (5)

IN CONCLUSION

The top companies in this industry are changing constantly. IPOs have changed the landscape some, but it's still gratifying to see M+A activity geared toward improving patient care. I'm curious to see if IPOs continue to surge or if we have more M+A activity in 2022.



KEN DROPIEWSKI

Partner

dropiewski@mbexec.com

ABOUT THE AUTHOR

Ken Dropiewski is a Partner with McDermott + Bull's Life Science and Medical Device practice and has been in the search industry for nearly two decades. His expertise serves the medical device, biotechnology, and healthcare industries. Ken is especially known for work done in the cardiac, vascular, interventional, and oncology segments and has been in the MedTech field for over 20 years. Prior to his career in search, he worked for Johnson + Johnson and Boston Scientific.

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