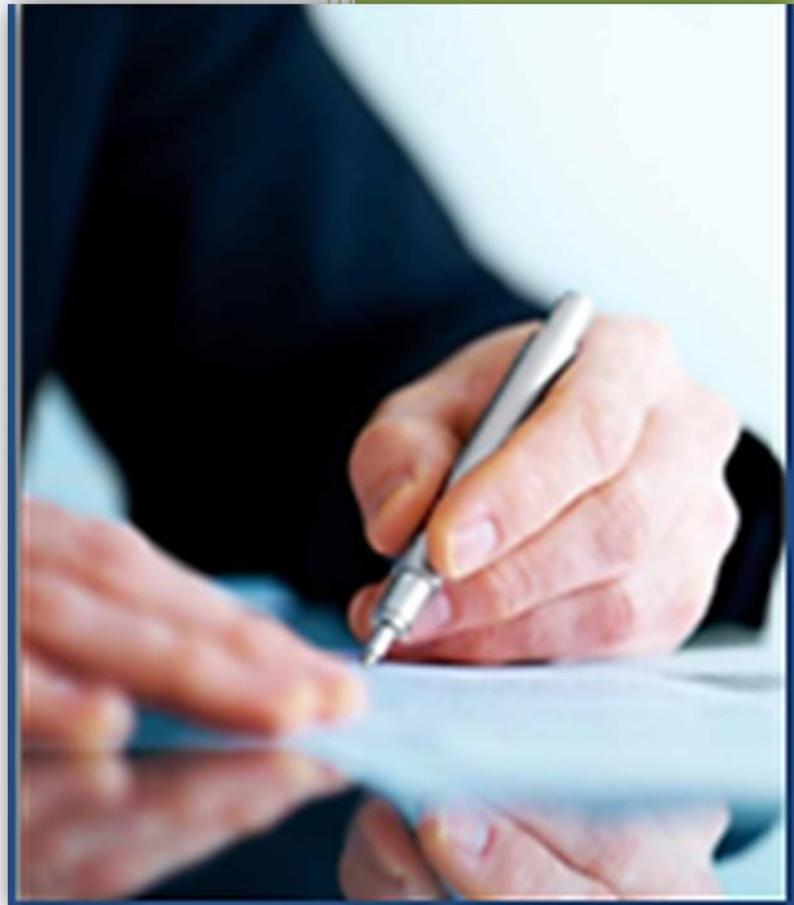


2007  
through  
2012

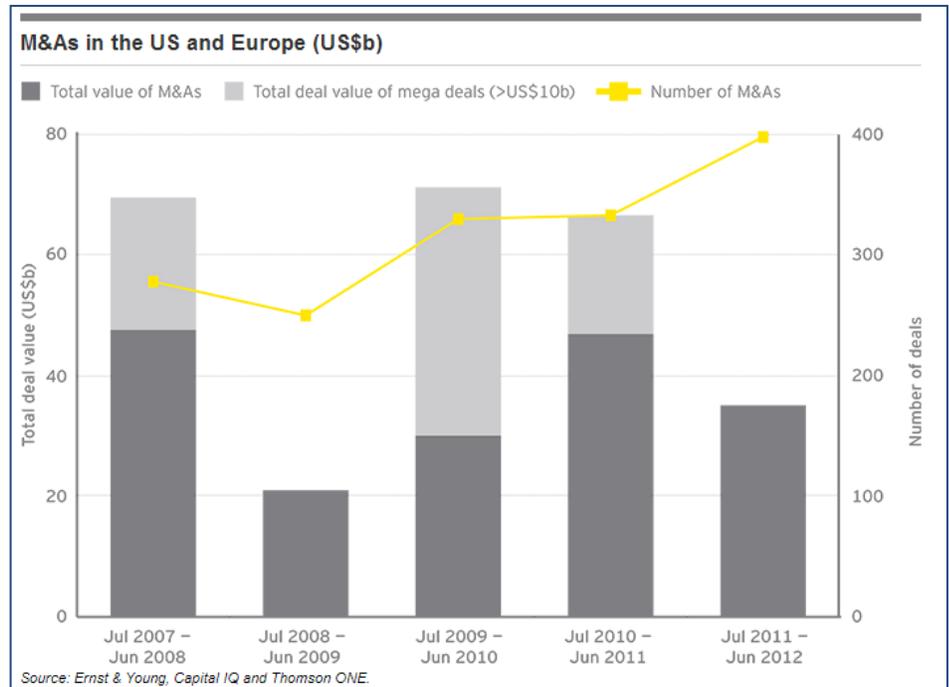
## Mergers and Acquisitions Overview



## 2012: DEAL MAKING REMAINS STEADY

Merger and acquisition (M&A) activity among US and European medical technology companies remained vibrant in the year ended June 30, 2012, with a total value of US\$35 billion.

“Medtech mergers and acquisitions (M&As) are on a major upswing. The trend is accelerating. In the first half of 2011 alone, there were 135 M&A deals announced, worth a combined total of more than \$47.3 billion and with an average size of \$351 million.... A number of current market trends portend sustained M&A activity. Health care reforms and budgetary challenges are intensifying financial pressures on payers and, ultimately, providers. As they look for ways to cut expenses and increase efficiencies, providers are increasingly turning to consolidation, physician gain-sharing agreements, price caps, vendor reductions and reduced utilization rates — all of which will continue to be a major drag on organic growth for medtech companies. These financial pressures are driving medtech companies to re-evaluate their portfolios, divest underperforming or non-core business units, or acquire assets in high growth technologies or desirable markets — possibly leading to more M&A’s ahead.”



- Ernst and Young, “Pulse of the industry Medical technology report 2012”

MedTech companies have stepped up acquisitions to harness their strengths and diversify their offerings.

Company	Market Cap (Billions)	Recent M&A Activity
Johnson & Johnson	195.24	\$19.7 billion medical device - Synthes
Siemens Healthcare	91.91	3 companies in medical imaging and diagnostics in 2011-12. Amounts undisclosed
GE Healthcare	225.04	\$1 billion in financing for growth and acquisitions in 2012. \$425 million for Clariant cancer diagnostics
Medtronic	43.04	\$816 million China Kanghui orthopedic implants
Baxter International	35.75	\$2.8 billion - Gambro plus several other large deals 2011-2012
Philips Healthcare	24.93	12 companies since 2010 Amounts undisclosed
Abbott Laboratories	103.58	\$16 billion on eight acquisitions since 2008, building its pharmaceutical and medical-device pipeline
Boston Scientific	7.69	\$1.56 B spread over the next 6 years
Covidien	27.52	\$1.2 billion - six acquisitions (4 companies in respiratory medicine)
Danaher Corp.	37.39	\$6.8 billion paid for Beckman Coulter

Selected 2011- 2012 MedTech Mergers & Acquisitions



## Medtech Mergers and Acquisitions Remain Robust in 2012

MDDI Medical Device and Diagnostic Industry News Products and suppliers. December 3, 2012

Both buyers and sellers experienced a healthy environment this year. Despite the challenges and uncertainties medtech companies faced this year—which include the slow and cumbersome U.S. regulatory system, lack of a permanent R&D tax credit, and the anticipated 2.3% excise tax on the medical device industry—mergers and acquisitions remained strong in 2012. Major medtech companies made transactions across most medical device and diagnostics segments this year, and cross-border transactions were also strong. HT Capital Advisors tracked more than 200 M&A transactions in the medical device and diagnostics space for the first 10 months of 2012, compared with more than 260 transactions tracked in all of 2011. The average transaction value, based on publicly available data on 75 transactions, was \$178 million, compared with \$195 million for the prior year, based on publicly available data on 116 transactions. Seven transactions were valued at \$1 billion or more, compared with eight in the previous year and four in 2010.



*“Medtech mergers and acquisitions will not come to a standstill because of the Affordable Care Act in general or as a result of the device tax. Given the maturation of some of their most important legacy product lines in the United States, major medtech companies will continue to resort to mergers and acquisitions, both domestically and abroad, to enhance their product portfolios.”* - Clyde A. Burkhardt is senior managing director of HT Capital Advisors LLC (New York City), a private investment banking firm. He leads HT Capital Advisors' groups focusing on the medical device, healthcare services, and precision component industries.



GE Capital  
Healthcare Financial Services

BETHESDA, MD – November 2, 2012 — Executives in the senior housing and care industries are optimistic about their performance in the next 12 months, according to a survey of industry executives released today by [GE Capital, Healthcare Financial Services](#). Seventy-seven percent of respondents cited stronger performance expectations in the next 12 months versus last year, with another 22 percent expecting similar results year-over-year. **Growth Strategy: Sixty-six percent said mergers and acquisitions is their primary growth strategy in 2013**



Zacks Equity Research **MedTech Industry Stock Outlook, October, 2012**

Wary of an uncertain economy, MedTech companies have resorted to the acquisition route to harness their strengths and diversify their offerings.

Going forward, we do not expect this M&A trend to slacken. We also expect a significant pickup in in-licensing activities and collaborations for the development of pipeline candidates. Several MedTech majors, struggling with their core businesses, are looking to explore potential emerging therapies.

With 18 total “Big Exit” transactions, 2011 saw more “Big Exits” for devices than any other year since 2005... This report definitely falls in favor of the faster-to-exit company strategy. It is interesting to note that when the author looked at capital deployed as a function of multiples generated, of the 28 device Big Exits between 2005 and 2008 that achieved a multiple greater than 4X, only four did so with more than \$50MM in venture investment. Exits over 10X averaged only \$24MM in venture investment! - MedtechWomen, Fall 2012

## HEALTHCARE FINANCE NEWS

### MERGERS, ACQUISITIONS REMAIN EVER PRESENT IN MEDICAL DEVICE MARKET

November 15, 2012 | Rene Letourneau - Managing Editor - [Healthcare Finance News](#)

The number of mergers and acquisitions in the medical device sector has been steady over the past three and a half years, according to research and publishing firm Irving Levin Associates’ new report *The Medical Device Acquisition Report, Second Edition, 2012*.

During the period covered in the report (January 2009 through June 2012), the medical device M&A market accounted for 632 transactions. The 88 deals announced in the first half of 2012 amount to about 14 percent of those deals, a level of activity that is on target to match or exceed the average number of deals transacted in each of the previous three years.

*“As 2013 plays out, especially with regard to getting ready for full implementation of [the] ACA in 2014, we will begin to see the outlines of the healthcare delivery system, and the players will begin to line up to make sure they are well positioned for it.”*

M&A DEAL AND DOLLAR VOLUME FOR 2011 AND 2010*						
Sector	DEAL VOLUME			DOLLAR VOLUME		
	2011	2010	% Change	2011	2010	% Change
Behavioral Health	12	8	50%	\$ 274,000,000	\$3,500,000,000	-92%
Home Health	28	44	-36%	286,000,000	1,433,000,000	-80%
Hospitals	86	77	12%	7,868,000,000	10,793,000,000	-27%
Laboratories, MRI, Dialysis	29	42	-31%	5,570,000,000	2,273,000,000	145%
Long-Term Care	161	116	39%	16,274,000,000	12,102,000,000	34%
Managed Care	20	14	43%	7,855,000,000	4,225,000,000	87%
Physician Medical Groups	107	67	60%	465,000,000	425,000,000	9%
Rehabilitation	14	12	17%	1,340,000,000	237,000,000	465%
Other	88	97	-9%	40,780,000,000	23,262,000,000	75%
Services Subtotal	545	477	14%	\$ 80,712,000,000	\$ 56,250,000,000	43%
Biotechnology	79	130	-39%	\$ 32,722,000,000	\$ 60,950,000,000	-46%
E-Health	71	78	-9%	5,995,000,000	6,955,000,000	-14%
<b>Medical Devices</b>	<b>170</b>	<b>185</b>	<b>-8%</b>	<b>63,465,000,000</b>	<b>41,672,000,000</b>	<b>52%</b>
Pharmaceuticals	115	137	-16%	44,477,000,000	39,847,000,000	12%
Technology Subtotal	435	530	-18%	\$146,659,000,000	\$149,424,000,000	-2%
<b>Grand Total</b>	<b>980</b>	<b>1,007</b>	<b>-3%</b>	<b>\$227,371,000,000</b>	<b>\$205,647,000,000</b>	<b>11%</b>

\*2011 Preliminary Figures

Source: Irving Levin Associates, Inc.

## Cross Industry M&A Comparisons 2009

Rank	Classification	Deals	Value (\$mm)	Avg. Deal
1	Drugs, Medical Supplies & Equipment	321	\$ 219,222.6	\$ 682.94
2	Computer Software, Supplies & Services	1348	\$ 51,894.9	\$ 38.50
3	Brokerage, Investment & Mgmt. Consulting	523	\$ 47,357.4	\$ 90.55
4	Banking & Finance	274	\$ 28,632.9	\$ 104.50
5	Miscellaneous Services	820	\$ 19,667.1	\$ 23.98
6	Leisure & Entertainment	220	\$ 9,475.5	\$ 43.07
7	Wholesale & Distribution	347	\$ 8,241.4	\$ 23.75
8	Insurance	201	\$ 7,651.3	\$ 38.07
9	Construction Contractors & Eng. Svcs.	244	\$ 4,519.6	\$ 22.21
10	Health Services	278	\$ 1,979.2	\$ 7.12

**Note: Medical Deal Value exceeded all other sector values combined.  
Average Medical Deal size was over 6.5x larger than next largest sector**

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