

DIVE BRIEF

Medtech M&A, IPOs hit new highs as more buyers enter the space: SVB

Published Jan. 14, 2022

By [Nick Paul Taylor](#)
Contributor

choness via Getty Images

Dive Brief:

- Medical device M&A and IPOs [hit new highs](#) in 2021, with 46 companies securing exits for their investors in deals that valued them collectively at \$27 billion, according to a new report from Silicon Valley Bank.
- The 22 acquisitions and 24 IPOs are both record figures, topping the high marks of 20 takeovers in 2018 and 21 stock listings in 2015. The median upfront takeover value climbed to \$223 million, a jump of almost 70% over the prior year and the first time SVB has seen the figure top \$200 million.
- Diagnostics and tools companies also enjoyed a bumper year, with the 55 exits far exceeding the historical high of 21 and the total value rising almost 50% from the record-smashing 2020.

Dive Insight:

The number of medical device IPOs doubled last year, rising from 12 to 24, as companies found public investors in the U.S. and China willing to buy their stock. By the end of the year, six of the class of 2021 had market caps in excess of \$1 billion, although only two of them, Paragon 28 and Sight Sciences, were listed in the U.S.

SVB used the market cap at the time of IPO to calculate the value of exits. IPO market caps drove the doubling of device exit values, which rose from a record \$14 billion in 2020 to \$27 billion last year, but M&A also contributed. The number and value of M&A transactions rose by 38% and 79%, respectively. SVB attributed the step-up in M&A activity to the expansion of the pool of potential purchasers of young medical device companies.

"Many of the IPOs over the last five years have grown into small to mid-cap companies, and have built up investment arms of their own to fund venture-backed deals. These firms have also started to pull the trigger on technology acquisitions, forcing bigger players to buy companies earlier. This has led to a very active M&A market," SVB wrote.

Buyers were very active in the diagnostics and tools sector, too. SVB tracked eight buyouts of diagnostic test companies and seven takeovers of diagnostics analytics players, compared to three and one deals, respectively, in 2020. The prior record numbers of deals for diagnostic test and analytics companies were four and one, respectively.

When 10 deals for R&D tools companies are factored in, M&A in the sector hit \$7.5 billion, down on the record 2020 but well up on historical levels. SVB expects private M&A in the sector to remain strong in 2022, with the bank forecasting more than 20 deals. The bank expects the number and valuations of IPOs to fall, however.

In the medical device space, SVB is predicting "M&A activity will stay hot, as a diverse set of acquirers compete for the top deals," but sees a slowdown in IPO activity.

Investors put another batch of startups on course for M&A and IPO exits last year. Venture investments in medical device companies rose from \$5.8 billion to \$8.8 billion, driven by the tripling of investments in Europe. Non-invasive monitoring was the most active area of both early and later-stage investing, with the 46 series A investments in startups in the space blowing away the 17 deals in the next most active area, imaging.