Clearview

CLEARWATER INTERNATIONAL

Autumn 2019

MedTech

Solid M&A activity is expected in the coming years in a highly fragmented market due to drivers such as: changes in customer demand, increased complexity in product offerings and new EU regulations.

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clearwaterinternational.com

Premium market growth

The Scandinavian MedTech market has experienced attractive growth rates for a long period of time, well-established international players combined with local entrepreneurs and distributors have successfully focused their strategic initiatives on organic development. However, as the market structure is changing an increasing consolidation is expected in the approx. 50 DKKbn market; highlighting 3 consolidation drivers.

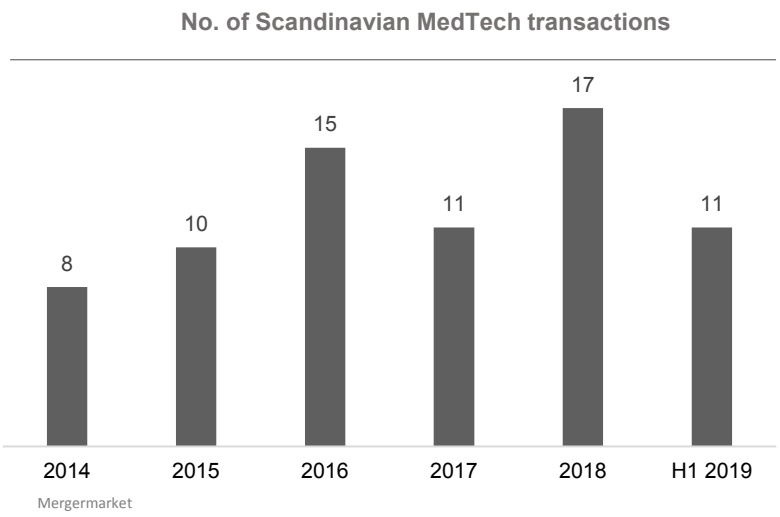
Regulatory changes

The ability to adapt to the constant developments in regulation is crucial to maintaining market share in this fragmented market. The recent directives regarding new classifications is the latest example of the highly complex legal environment that surrounds the healthcare industry and creates significant and costly entry barriers that favours market participants with a significant size and broad product programmes.

Scandinavian's market demand

With a combination of more complex products and an increased demand of more specialist knowledge, suppliers see Scandinavia as one of the market forces distributors to grow its market position significantly, and invest in a more specialised and international organisation. An investment that needs to be utilised across a larger revenue base in order to be profitable.

"With an increasing political focus on achieving savings in the still more costly healthcare industry (approx. 10% of GDP, growing by +5% year on year) procurement has been centralised in all Scandinavian markets and decreased purchasing density significantly in the public sector."



Scandinavian Medtech market

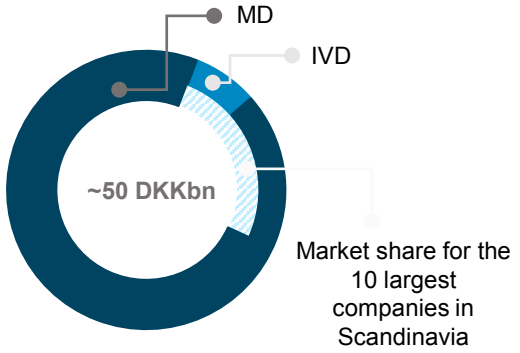
Political demand for centralisation of procurement

With an increasing political focus on achieving savings in the costly healthcare industry (approx. 10% of GDP, growing by +5% year on year) procurement has been centralised in all Scandinavian markets and decreased purchasing density significantly in the public sector. With increasing single purchase volumes, the development has also led to growing complexity in both contracts and risk associated with the agreements, which together has pushed several smaller producers and distributors to look for strong strategic partners or acquirers with larger capacity and stronger negotiation power.

Companies will see M&A as a solution to the trends

With the changing market structure, M&A is one solution to either gain significant size, the right product portfolio or the needed geographical reach and we therefore expect the ongoing consolidation within the MedTech sector to continue.

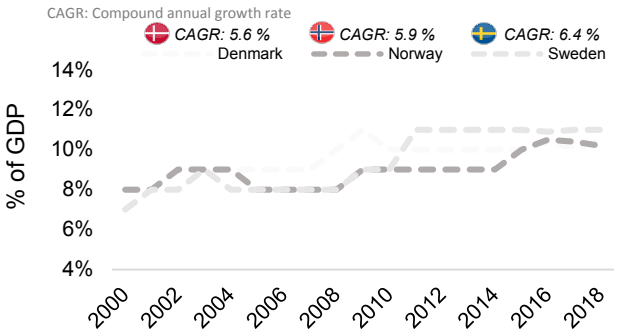
Scandinavian MedTech market



For the sake of this document medical technologies refers to medical devices (MDs) and in vitro diagnostics (IVD).

Clearwater International internal analysis

Scandinavian medical expenditures



CAGR: Compound annual growth rate

The high maintained level of M&A activity is expected to continue in the future

Year	Buyer	Nationality	Target	Nationality
2019	Surgical Science Sweden		SenseGraphics AB	
2019	Dacke Industri AB		Optronic Partner Pr AB	
2019	TouchPoint Medical Inc.		Health Tech AS	
2018	Ultimovacs		Immuneed	
2018	Addlife AB		Wellspect Healthcare	

Year	Buyer	Nationality	Target	Nationality
2018	Teqnion AB		Eloflex AB	
2018	Russing Development Ltd.		DDD-Diagnostic A/S	
2018	Vingmed Holding AS		Vingmed Danmark A/S	
2018	Ossur hf.		Ortos A/S	
2018	Addlife AB		Ossano Scandinavia AB	

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Recent Clearwater International Healthcare Transactions

Maribo Medico sold to ResMed Sell-side Undisclosed	LDC sold PRISM MEDICAL UK to LimerstonCapital Sell-side Undisclosed	naxicap / OUEST CROISSANCE sold Lilial to Coloplast Sell-side Undisclosed	DCC sold days Healthcare to PATTERSON COMPANIES, INC. Sell-side €34m	medichem acquired a majority stake in CHI ZHOU RUICK Buy-side Undisclosed
ORDESA acquired Colnatur Especialistas en colágeno Buy-side Undisclosed	NORTH EDGE MBO of Direct Healthcare Services Buy-side Undisclosed	M&J Airlaid Products A/S sold to Mölnlycke Sell-side Undisclosed	firtalgroup sold to matas Sell-side €20m	Vernacare sold to Palatine private equity Sell-side Undisclosed

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