

## US listings disappoint in quiet year for medtech floats



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### Initial public offerings

Medtech - H2 2017

#### Highly unusually most of the cash raised via IPOs in 2017 came via offerings outside the US.

The coming year is expected to play host to the largest healthcare flotation in history when Siemens spins off its Healthineers unit in a deal that could raise more than \$10bn. Last year, though, was conspicuously quiet: the total value of medtech IPOs came to just \$241m.

Despite the roaring health of the public exchanges across the year, with most listed medtech companies enjoying share price growth and some trebling or even quadrupling in value, just 10 companies went public in 2017. The deals themselves were small and, unusually, only half of them were conducted in the US (see tables below).

The biggest IPO of last year was Bonesupport, which raised nearly \$58m on Nasdaq Stockholm in June. The smallest was that of another Swedish group, the orthopaedics specialist Integrum, whose tiny offering on Nasdaq First North brought it \$2.5m.

The unusual preponderance of Stockholm-based IPOs – three of the 10 – is a reflection of the receptiveness to life science companies of the Swedish market, according to Bonesupport's chief executive, Richard Davies ([Life is Swede for medtech IPOs, June 21, 2017](#)). Of course all three of these companies are themselves headquartered in Sweden, and the Stockholm exchanges are unlikely to make as much sense as a destination for groups based in other countries.

<b>2017's medtech IPOs</b>						
<b>Date</b>	<b>Company</b>	<b>Amount raised (\$m)</b>	<b>Offering price</b>	<b>Share price change to YE17</b>	<b>Exchange</b>	<b>Focus</b>
28 March	Visioneering Technologies	24.9	Aus\$0.42	31%	Australian Securities Exchange	Ophthalmics
9 May	Endra Life Sciences	9.7	US\$5	(3%)	Nasdaq	Diagnostic imaging
15 May	Integrum	2.5	SEK20	75%	Nasdaq First North	Orthopaedics; physical medicine
12 June	Myomo	5.0	US\$7.5	(50%)	NYSE	Cardiology; physical medicine
21 June	Bonesupport	57.6	SEK29	(33%)	Nasdaq Stockholm	General and plastic surgery; orthopaedics
21 June	Sedana Medical	11.5	SEK19.5	95%	Nasdaq First North	Drug delivery
20 September	Co-Diagnostics	7.1	US\$6	(56%)	Nasdaq	In vitro diagnostics
12 October	Celcuity	26.2	US\$9.5	99%	Nasdaq	In vitro diagnostics
12 October	Orthopediatrics	52.0	US\$13	48%	Nasdaq	Orthopaedics
13 October	Biom Up	45.0	€10.5	65%	Euronext Paris	Cardiology; dental; orthopaedics

All the companies that went out in 2017 did so in their home markets, with the exception of Visioneering Technologies. The Alpharetta, Georgia group, which makes multifocal contact lenses, listed in Australia despite much of its customer base being located in the US. This decision might have been influenced by a need to be close to east Asia.

Visioneering's products are manufactured in Taiwan and the company notes on its website that myopia is unusually prevalent in China, with around 90% of urban youth in China being shortsighted – around three times the rate among US children.

Highly unusually the lion's share of the cash raised through 2017's deals came via offerings outside the US – \$141m to the US's \$100m. The general rule that US-listed healthcare stocks do better than European ones was unchanged in 2017, yet the medtech companies that listed on the main Nasdaq exchange or the NYSE performed more poorly than the European and Australian stocks, judged by the share price change to the end of 2017.

The US-listed stocks improved by an average of just 8%, versus 47% average share growth for the non-US stocks. It looks like the Europeans were right to stay home.

### IPOs by year, 2013-17

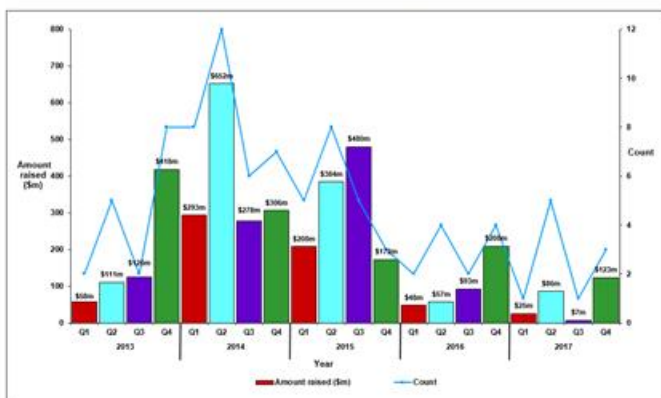
Year	IPO count	Total raised (\$m)	Avg size (\$m)
2013	17	712	41.9
2014	33	1,529	46.3
2015	21	1,244	59.2
2016	12	2,354	196.1
2016 (excluding Convatec)	11	406	36.9
2017	10	241	24.1

2017 saw the fewest listings of any year since *EP Vantage* started tracking them. It also raised the lowest annual total. Even when Convatec's aberrant £1.47bn (\$1.9bn) IPO is removed the 2016 total and average deal size - previously both the lowest - outstripped 2017's.

The quarterly analysis below, from which Convatec's listing has also been excluded, makes this diminishing of IPO value explicit. The decrease in the size of the deals is arguably no bad thing, given that smaller companies do not seem to interest venture investors any more ([Medtech funding ventures into the unknown, January 16, 2018](#)).

But it is equally clear that few of these small groups can make it out to the public exchanges either. Still, the IPO market is cyclical, and the optimistic view would be that this is the nadir before market conditions improve. Fingers crossed.

Medtech IPOs 2013-2017



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