

December 18, 2020

Philips spends nearly \$3bn to integrate Biotelemetry



[Elizabeth Cairns](#)



The deal is a late entrant into 2020's top five mergers and acquisitions.

At \$2.8bn, Philips's acquisition of the IT-enabled patient-monitoring company Biotelemetry, announced today, is its largest medtech takeover since the Dutch group bought Respironics for \$5.1bn 12 years ago. Big as it is – by Philips's standards – the deal is certainly a good fit with the company's recent M&A activity.

Four of Philips's five most recent takeovers have been in the digital health space, as the company moves to capitalise on a sector growing fast even before the coronavirus pandemic forced a great swathe of healthcare provision online. And Philips' enthusiasm for all things connected is unlikely to dim in the future.

Under this particular deal, Philips is to pay \$72 per share in cash, a 16.5% premium to Biotelemetry's closing price yesterday. The transaction is expected to close in the first quarter of 2021, after which Philips says it expects Biotelemetry's business to deliver double-digit growth and improve its adjusted EBITA margin to over 20% by 2025.

Acceleration of telehealth

Biotelemetry's hardware includes wearable heart monitors that detect atrial fibrillation and other heart arrhythmias, including in patients who have had a stroke or received a heart valve implant. But this can be done in an entirely remote manner: once prescribed by a doctor a device can be posted to the patient, who attaches it him or herself.

Arguably the real value of the deal to Philips lies in Biotelemetry's software, however. As well as its heart monitors' ability to transmit abnormal heart rhythm data wirelessly via an app to healthcare professionals, the company also sells Geneva, a cardiac data platform that integrates data from "almost any remote cardiac monitoring device". This offers AI-based data analytics and allows cardiologists to monitor transmissions from their patients – and also allows doctors to stay on top of their patients' bills.

Philips's acquisitions over the past three years

Date	Target	Value (\$m)	Focus
Dec 18, 2020	Biotelemetry	2,800	Cardiology; healthcare IT; patient monitoring
Aug 27, 2020	Intact Vascular	360	Cardiology
Aug 1, 2019	Healthcare information systems business of Carestream Health	-	Healthcare IT
Jul 18, 2019	Medumo	-	Healthcare IT
Sep 19, 2018	Blue Willow Systems	-	Healthcare IT
Aug 29, 2018	Xhale	-	Patient monitoring
Jul 31, 2018	EPD Solutions	537	Cardiology; neurology
Jun 13, 2018	Remote Diagnostic Technologies	-	Cardiology; healthcare IT
May 8, 2018	Nightbalance	-	Anaesthesia & respiratory

Source: EvaluateMedTech & company website.

"There's an acceleration of telehealth and we think that's structural," Philips's chief executive, Frans van Houten, said on a conference call. "That's a fundamental push for cloud-based solutions."

This would explain why Philips has bought so many companies in this space over the past three years, though the others were much smaller bolt-on deals for largely private groups.

There might be more to come. On the call Mr Van Houten said Philips would "be selective in doing acquisitions - we will definitely take into account the ability to integrate and absorb" new companies, but added that "we would not exclude that next year there could be other opportunities".

Top 5 medtech M&A deals of 2020

Announcement Date	Acquirer	Target	Value (\$bn)	Focus
Aug 5	Teladoc Health	Livongo	18.5	Healthcare IT
Aug 2	Siemens Healthineers	Varian Medical Systems	16.4	Diagnostic imaging
Sep 20	Illumina	Grail	8.0	In vitro diagnostics (liquid biopsy)
Dec 18	Philips	Biotelemetry	2.8	Cardiology; healthcare IT; patient monitoring
Oct 26	Exact Sciences	Thrive Earlier Detection	2.2	In vitro diagnostics (liquid biopsy)

Source: EvaluateMedTech.

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