

Despair engulfs smaller device companies



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The nightmare on the public markets is not confined to the bigger groups.

If the biggest medical device developers are [having a hard time of it](#) they are not the only ones. Among the medium sized medtech companies there was again only one – the blood collection specialist Haemonetics – that managed to keep its head above water in terms of share price moves across the first half.

Things are more cheerful among the small caps, in that there is the full complement of five risers. Unfortunately, there are only five. All the others lost value as the turmoil on the markets and the ups and downs of the pandemic devastated investor sentiment.

Haemonetics makes systems to aid donation of both whole blood and plasma, as well as devices to test, store and process the donated material. The group's business suffered during the pandemic but was particularly badly hit in April 2021 when the company said that CSL Plasma, a network of centres that pay donors for plasma donations, had decided not to keep buying Haemonetics' PCS2 plasma collection devices and disposable plasmapheresis kits.

A further slump came in November when the group cut its 2022 guidance. So its success so far this year has as much to do with starting from a low bar as it does with post-Covid trends, though a recovery in Haemonetics' hospital business early this year also helped.

Mid cap (\$2.5-10bn) medtech companies: top risers and fallers in H1 2022

	H1 share price chg	H1 market cap chg (\$bn)	Market cap at Jun 30, 2022 (\$bn)
<i>Riser</i>			
Haemonetics (\$)	23%	0.6	3.3
<i>Top 5 fallers</i>			
Teladoc Health (\$)	-64%	-9.3	5.4
Natera (\$)	-62%	-5.4	3.4
Tandem Diabetes Care (\$)	-61%	-5.8	3.8
Ambu (DKr)	-60%	-4.1	2.7
Guardant Health (\$)	-60%	-6.1	4.1

The list of mid-caps whose share price fell the furthest is full of names that have previously featured in the list of risers. The telemedicine group Teladoc, which did so well in the pandemic, fell 37% in late April when it admitted in its first-quarter results that its [\\$18.5bn acquisition of Livongo](#) had not quite worked out as expected.

Teladoc said it had been forced to take a \$6.6bn write down on the Livongo deal.

And Natera, a developer of non-invasive prenatal tests and liquid biopsies, [lost a third of its value in March](#) after the short seller Hindenburg Research issued a report questioning its sales and billing practices.

Woeful

Among the small caps, there was a rare case of a single product sharply moving a company's share price. Cerament G, an injectable bone graft that elutes the antibiotic gentamicin, was approved by the FDA in May as a treatment for osteomyelitis, causing the stock to jump by 49%.

Natus, meanwhile, was pushed skywards in April when [private equity group Archimed bought it](#) for \$1.2bn.

It is interesting that, among the mid-size and smaller groups, a single cause for a share price move can be pinpointed in many cases. Despite this, the major reason for the fallers outweighing the risers in both number and magnitude of the changes is the woeful state of the markets as a worldwide recession looms.

Medtech shares were once seen as a safe haven compared with the vicissitudes of biotech trading. It appears, however, that in the current climate there is nowhere to hide.

Small cap (\$250m-2.5bn) medtech companies: top risers and fallers in H1 2022

	H1 share price chg	H1 market cap chg (\$m)	Market cap at Jun 30, 2022 (\$m)
<i>Top 5 risers</i>			
Bonesupport (SKr)	60%	168	490
Natus Medical (\$)	38%	323	1,133
Taidoc Technology (NT\$)	7%	42	648
Glaukos (\$)	2%	66	2,150
IBA Group (€)	2%	8	533
<i>Top 5 fallers</i>			
Invitae (\$)	-84%	-2,898	559
Inmode (\$)	-68%	-3,529	1,862
Senseonics (\$)	-61%	-714	477
Care Dx (\$)	-53%	-1,258	1,143
Viewray (\$)	-52%	-430	478

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