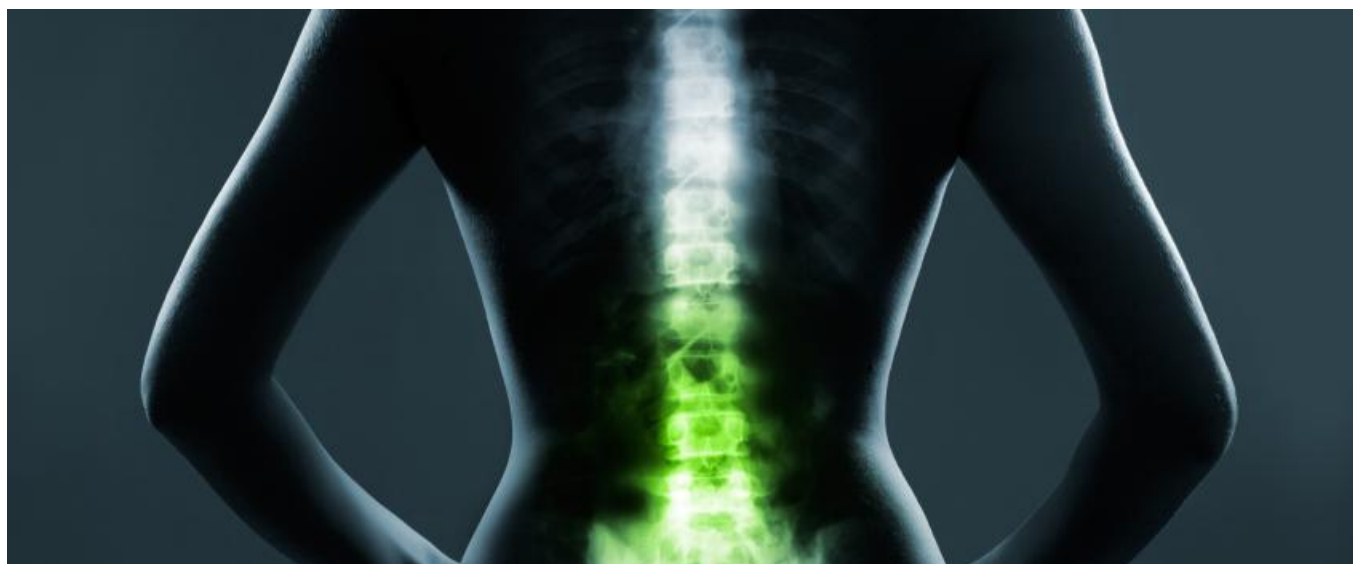


## Seven plus eight makes six for Globus



[Elizabeth Cairns](#)



**The purchase of Nuvasive for \$3.1bn is the biggest ortho deal for some time - and integration will be tough.**

The seventh-largest orthopaedics company by medical device sales, as compiled by *Evaluate Medtech*, is to merge with the eighth largest, and the result will be the sixth largest. The groups in question are Globus Medical and Nuvasive, which are to combine in an all-stock deal that values the latter at \$3.1bn.

Orthopaedics, a fairly genericised sector, is ripe for consolidation, and there have been some interesting smaller M&A moves here recently, most obviously Orthofix and Seaspine's merger of equals. But yesterday's deal is the biggest since Stryker announced its purchase of Wright Medical for \$5.4bn in late 2019.

### The top 5 orthopaedics acquisitions of the past decade

Announcement date	Acquirer	Target	Value (\$bn)
Apr 24, 2014	Zimmer Biomet	Biomet	14.0
Nov 4, 2019	Stryker	Wright Medical Group	5.4
Oct 27, 2014	Wright Medical Group	Tornier	3.3
Nov 19, 2018	Enovis	DJO Global	3.2
Feb 9, 2023	Globus Medical	Nuvasive	3.1

Source: Evaluate Medtech & company announcements.

Nuvasive specialises in spinal technology, including the X360 surgical system as well as spinal implants and imaging technology used for procedures like cervical disc arthroplasty and lateral fusion. Globus is stronger in robotics and imaging, suggesting that the different technology plays could fit fairly well.

That said there is a sizeable product overlap between the two groups, and while executives said on a conference call yesterday that they did not see any antitrust issues they acknowledged that that was "for the FTC to decide". Divestitures at the very least are a distinct possibility if the deal is to get over the finish line.

There are also worrying precedents, with deals built around spinal technology having performed poorly in the

past. Both Zimmer's 2016 acquisition of LDH Holdings for \$1bn and J&J's notoriously disappointing \$21bn purchase of Synthes more than a decade ago resulted in declining ortho sales as the parent groups struggled to integrate and saw their sales channels disrupted.

Cost-cutting is on the cards to make the deal work, with Globus saying it can make around \$170m in synergies within three years.

On current forecast orthopaedics sales, the combined group will have leapfrogged Smith & Nephew by 2028, ranking as the sixth-biggest company in this sector.

Top 10 orthopaedics companies in 2028			
Company	Annual orthopaedics sales (\$bn)		CAGR
	2021	2028	
Stryker	8.8	12.2	+5%
Johnson & Johnson	8.4	9.9	+2%
Zimmer Biomet	7.5	8.0	+1%
Medtronic	3.0	3.6	+2%
Arthrex	2.5	3.3	+4%
<b>Globus-Nuvasive</b>	<b>2.0</b>	<b>3.2</b>	<b>+7%</b>
Smith & Nephew	2.2	2.7	+3%
Globus Medical	1.0	1.6	+8%
Nuvasive	1.0	1.6	+6%
Invivo Therapeutics	0.0	1.4	N/A
Microport Scientific	0.2	1.1	+26%

Source: Evaluate Medtech.

That is unless another bidder emerges. Private equity is taking an interest in the ortho space – the Orthofix-Seaspine deal was almost derailed when a higher offer for the former group was made by two unnamed private equity companies. That was a much smaller deal, however, and whether investment groups have the appetite for something this large is uncertain.

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