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Silicon Valley Bank

MedTech Investing and M&A Trends

Northeast MedTech Summit

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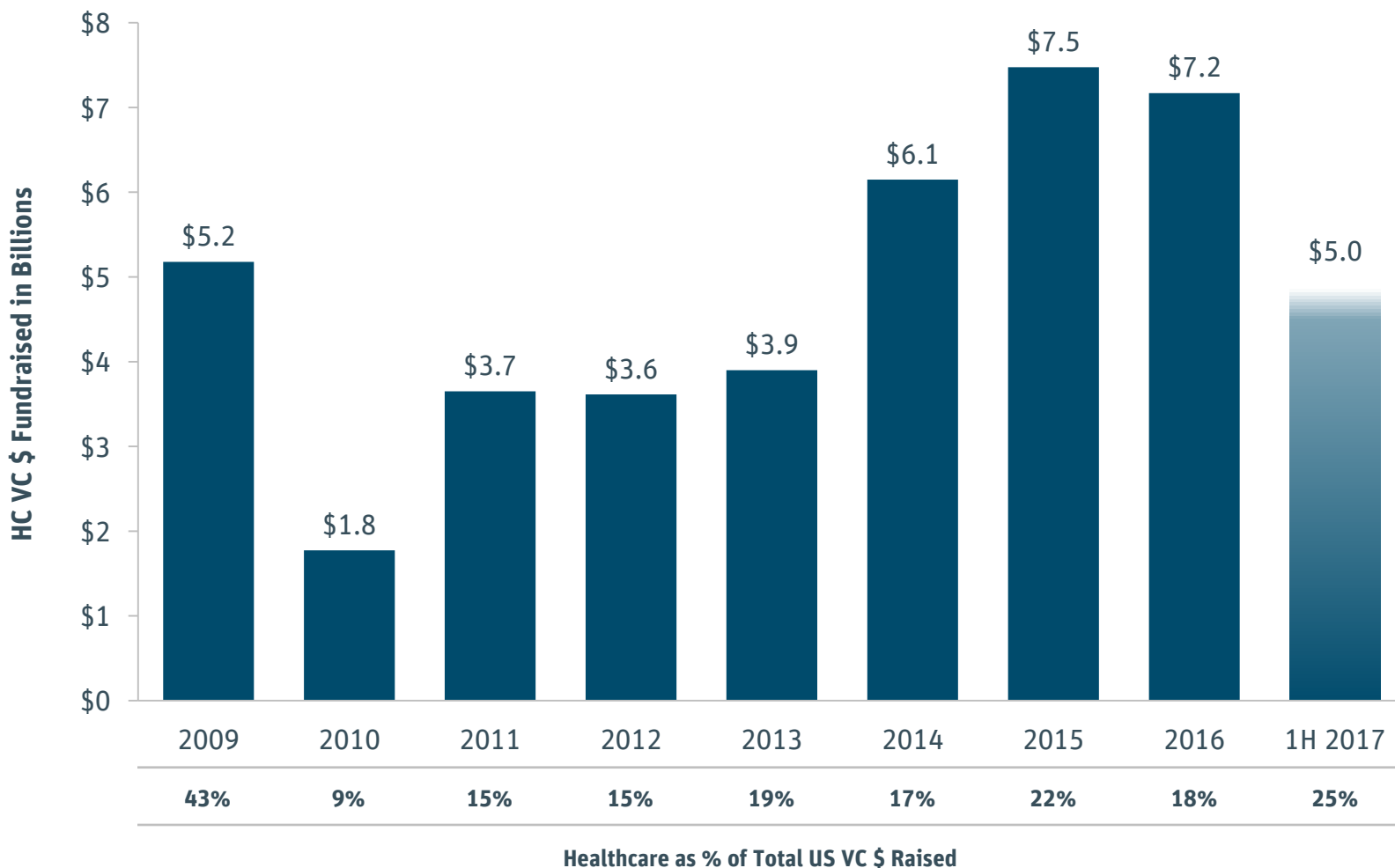
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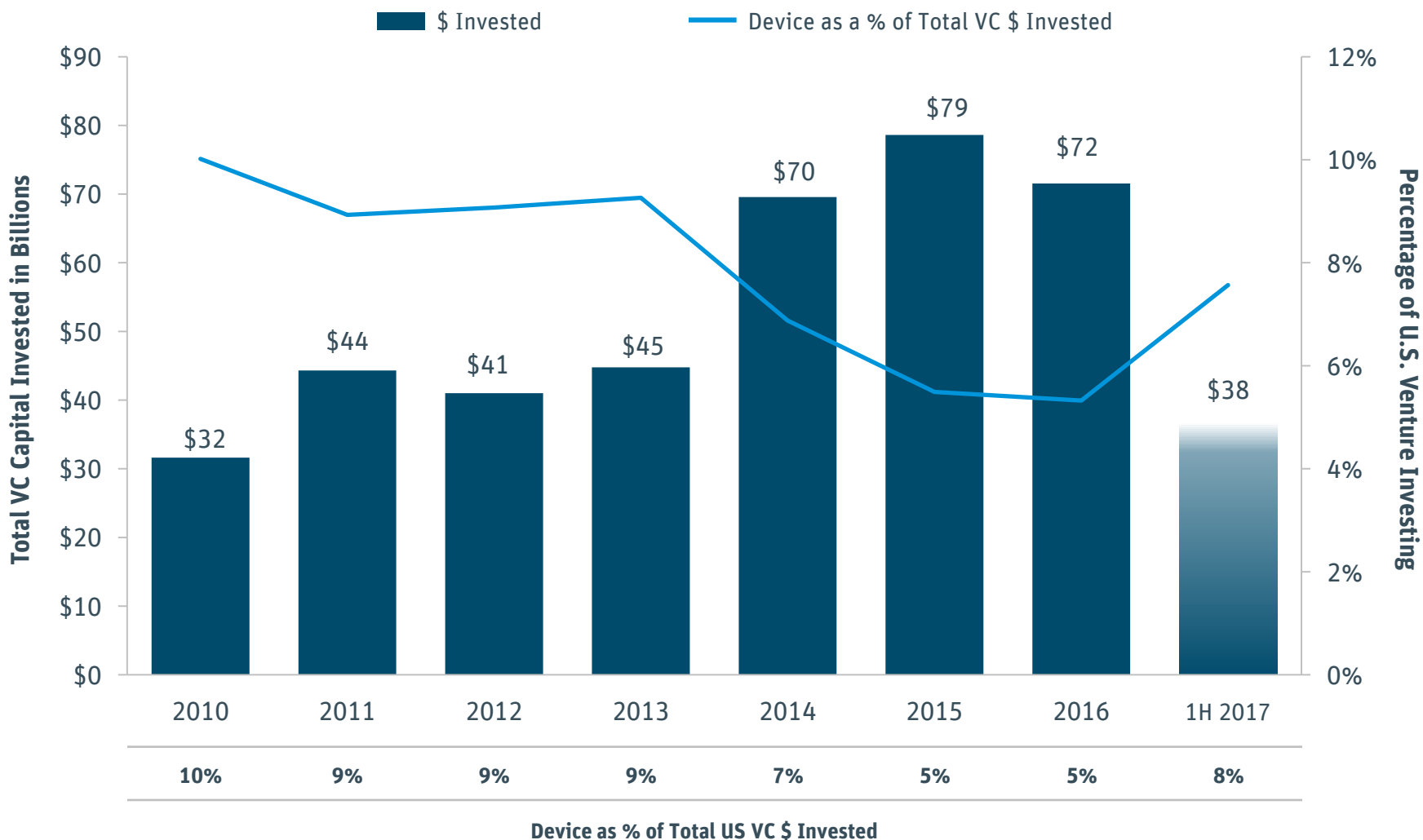
MedTech Fundraising and Early Stage Investment

Healthy VC Fundraising Keeps Healthcare Investment Humming

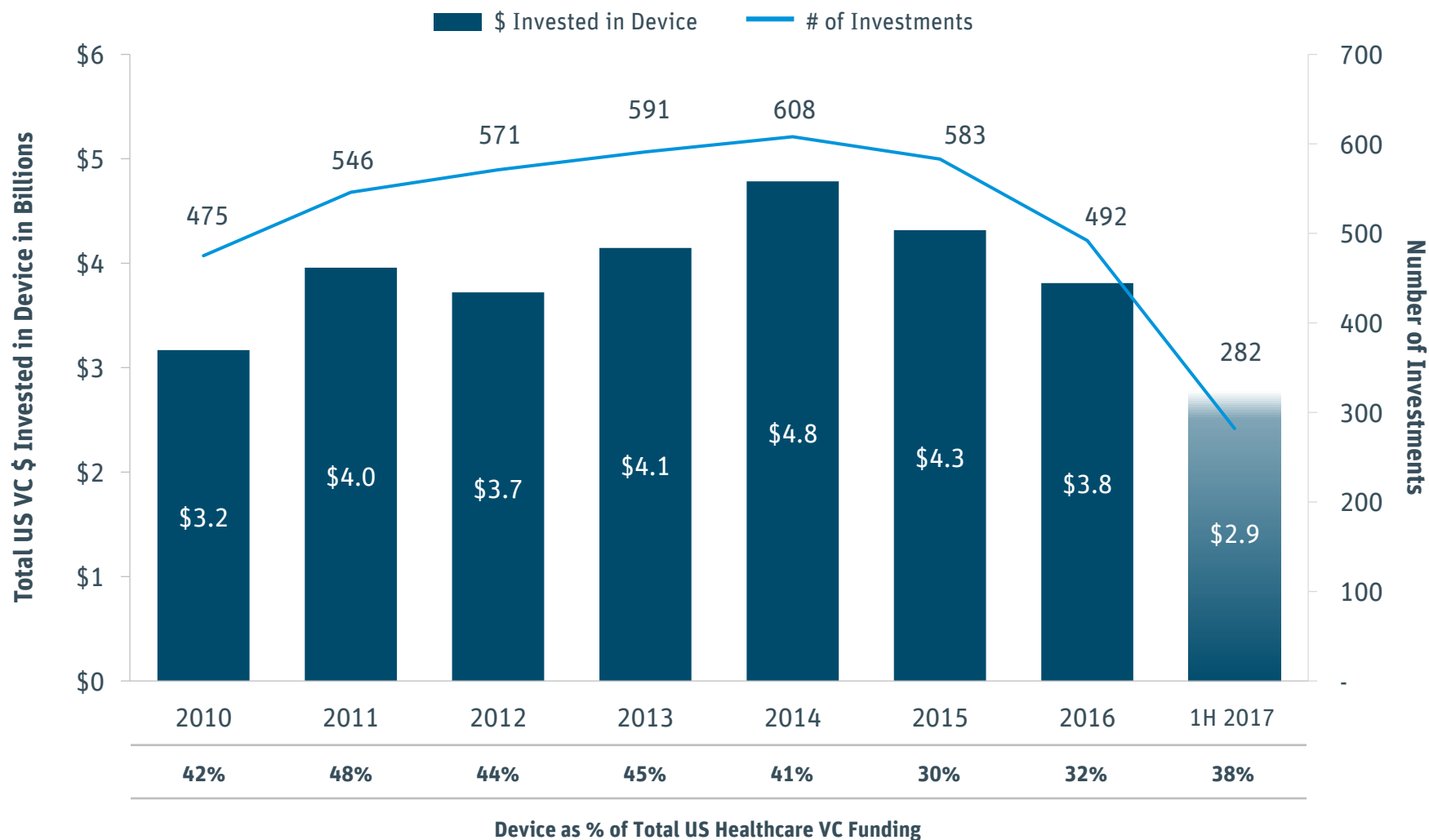
U.S. Healthcare Venture Fundraising*



Device Investing On Track to Reclaim Historical Level of Overall Venture Dollars



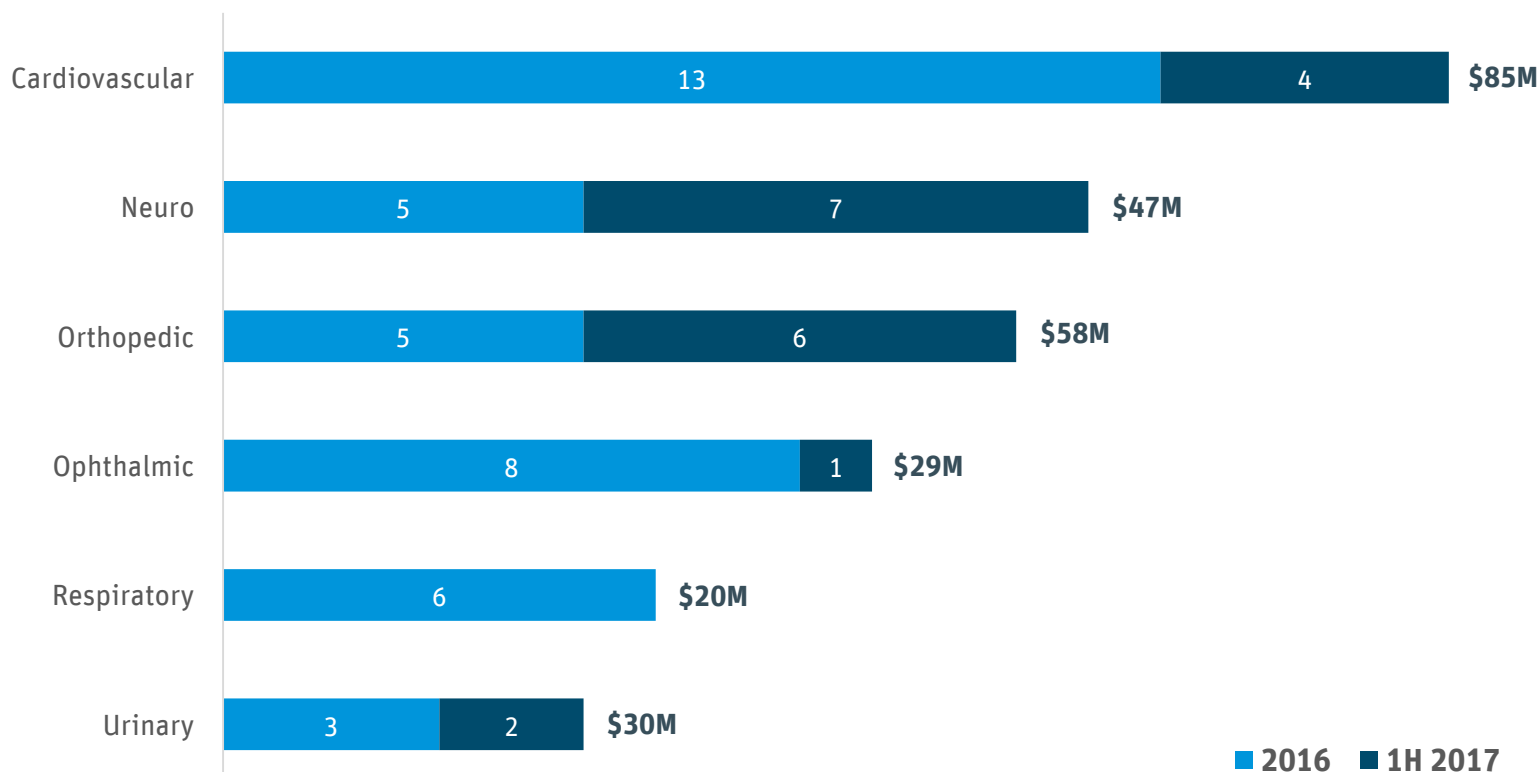
Device Investment Expected to Surpass 2016



Series A MedTech Investment - Steady for 2017

U.S. Series A Investments by Disease Focus (2016 – 1H 2017)

	2016	1H 2017
# of U.S. Investments	59	32
Strategic Investments % / #	4% / 4	6% / 2
Total Series A (\$M)	\$244	\$132
Median Round Size (\$M)	\$3.3	\$3.0



Notes:

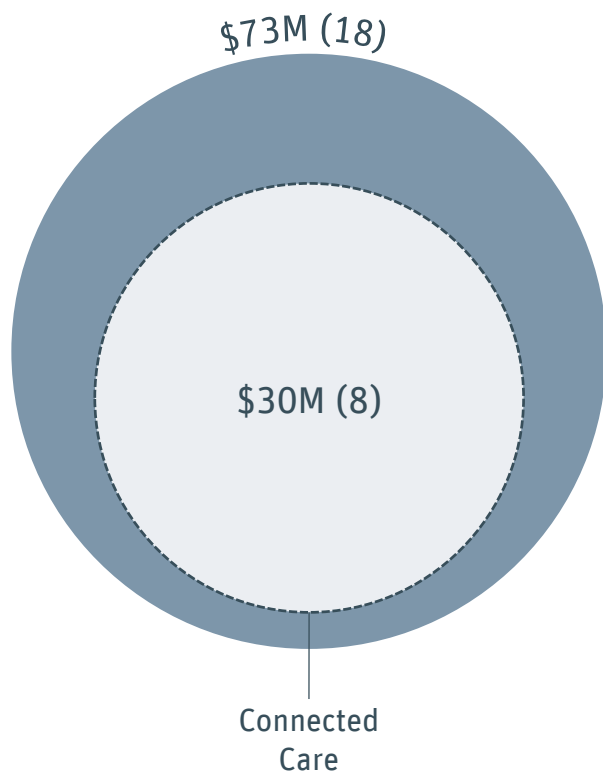
Series A Investments includes all U.S. based first round investments from institutional investors, and all first round investments greater than \$2M independent of investor type.

Source: PitchBook and SVB proprietary data.

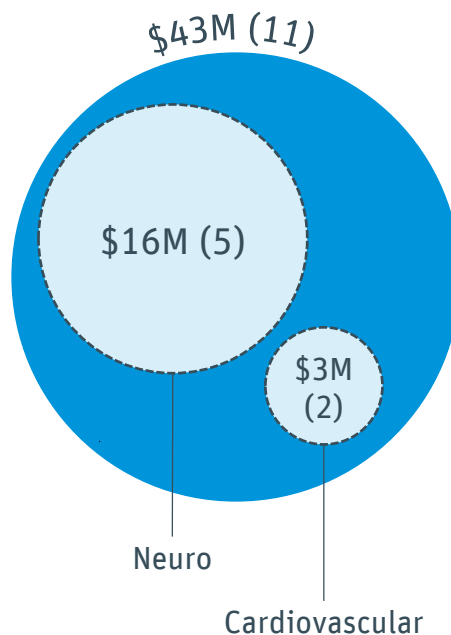
Series A Investment – Modalities in Focus

U.S. Series A Investments by Modality (2016 – 1H 2017)

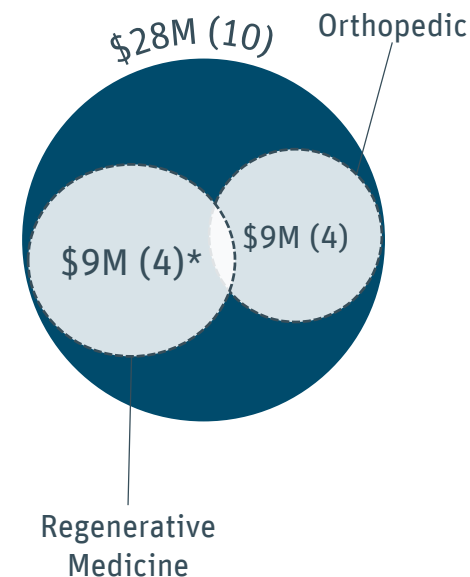
Imaging / Monitoring



Neuromodulation / Electrotherpay



Surgical

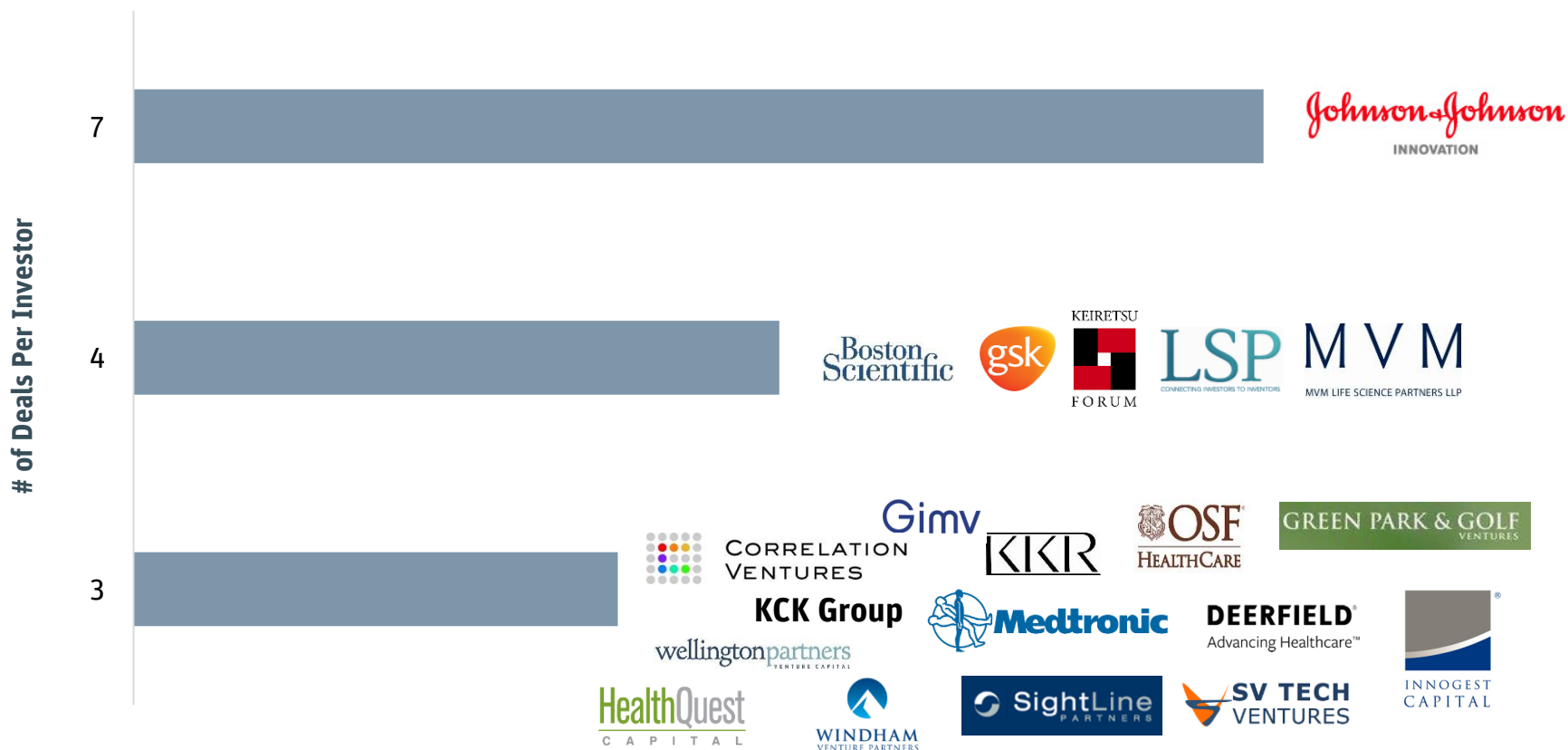


Notes:

*One financing value was undisclosed
Source: PitchBook and SVB proprietary data.

New Types of Investors Enter Device Sector, Joining Familiar Corporate Venture Funds

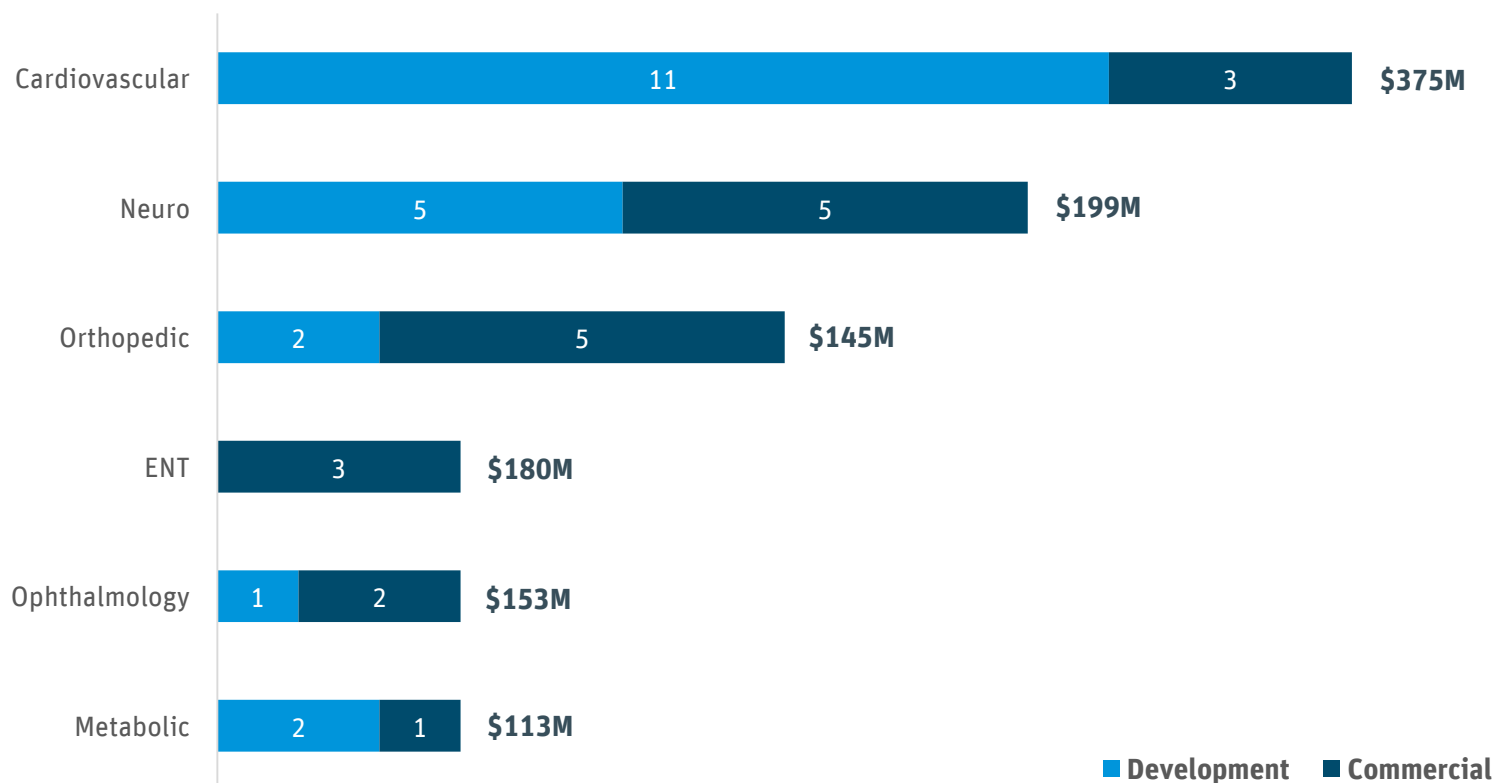
Most Active Investors* in Device (2016 – 1H 2017)



Most Active Investors - Favorite Therapeutic Areas

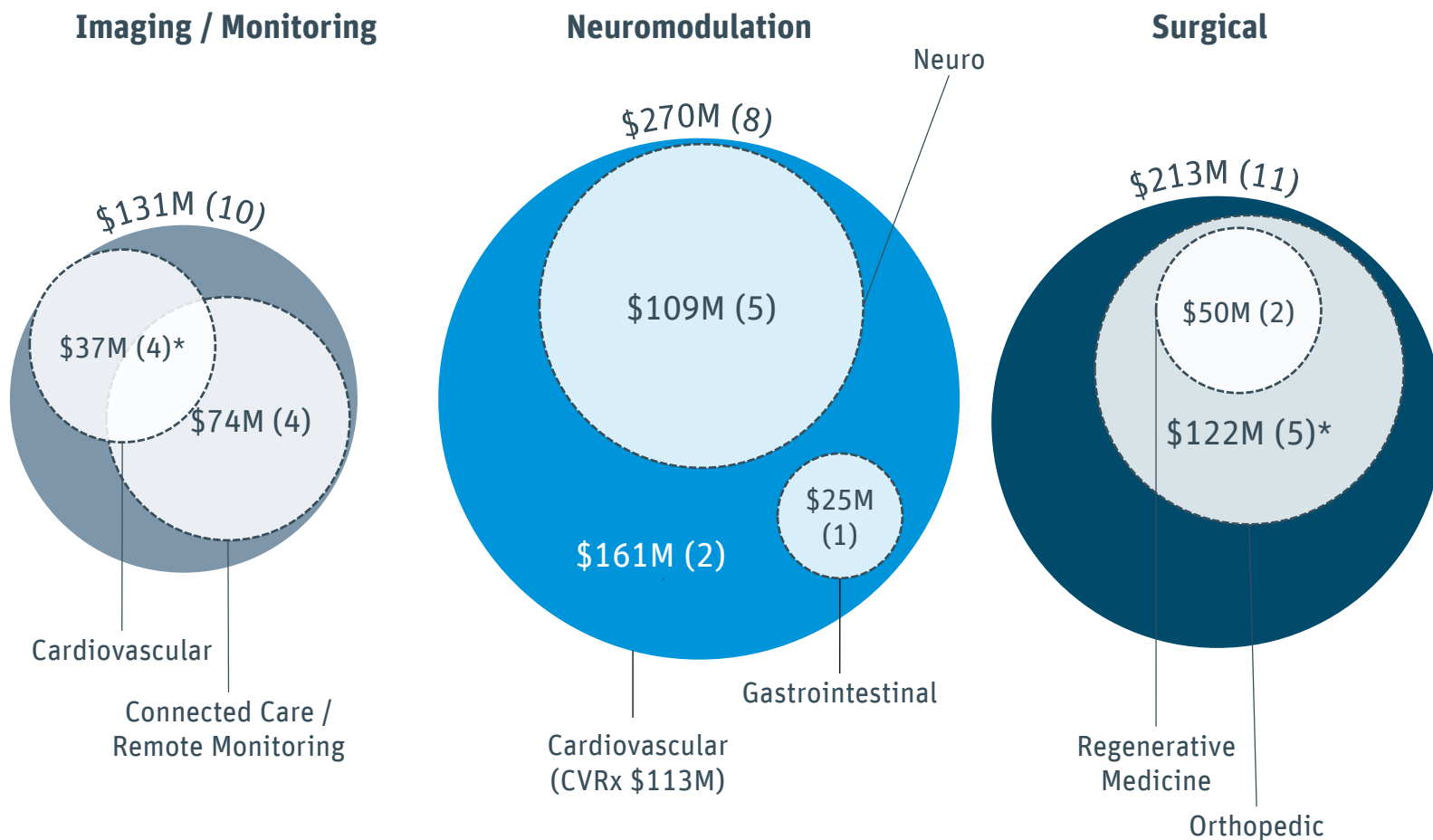
by Disease Focus (2016 – 1H 2017)

	Development Stage	Commercial Stage
# of Investments	33	25
Strategic Investments % / #	36% / 12	28% / 7
Total Invested Capital (\$M)	\$682	\$783
Median Round Size (\$M)	\$12.9	\$26.6



Top Three Modalities Persist Among New Investors

by Modality (2016 – 1H 2017)



Notes:

*One financing value was undisclosed

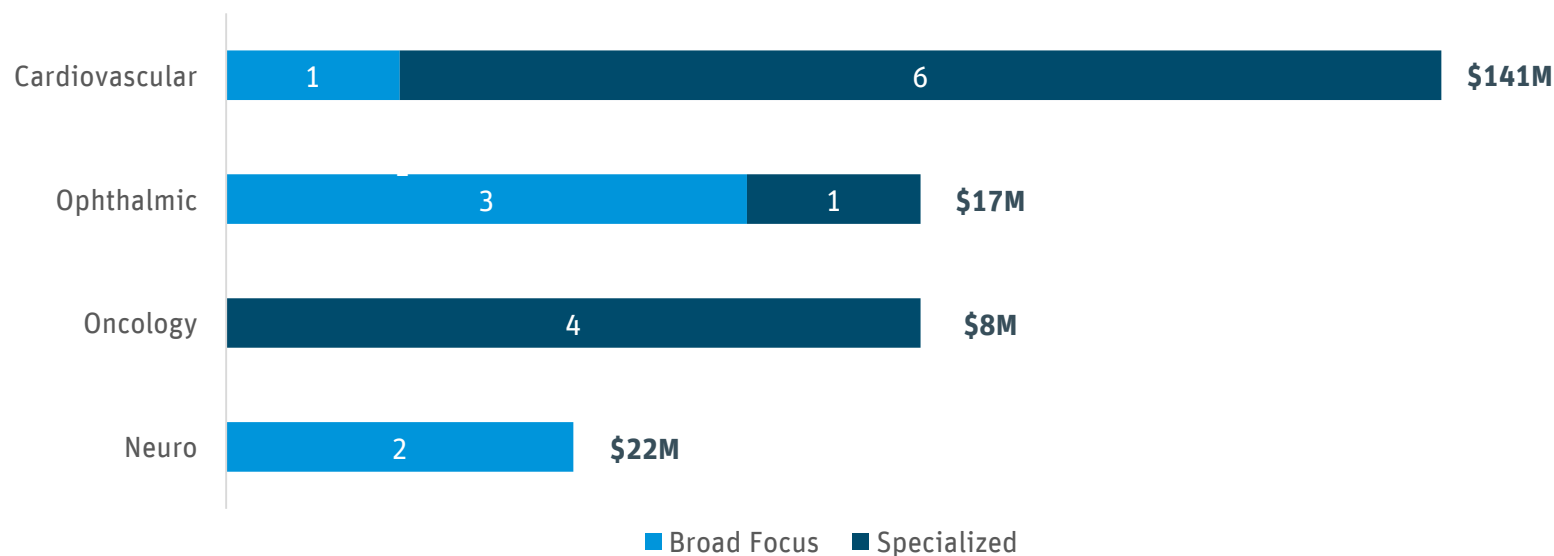
Source: PitchBook and SVB proprietary data.

Frontiers in MedTech – Artificial Intelligence

Global Investments by Disease Focus (2016 – 1H 2017)





	Broad Focus	Specialized
# of Investments	18	12
Strategic Investments % / #	0% / 0	3% / 1
Total IC (\$M)	\$92	\$138*
Median Round Size (\$M)	\$3.1	\$3.4

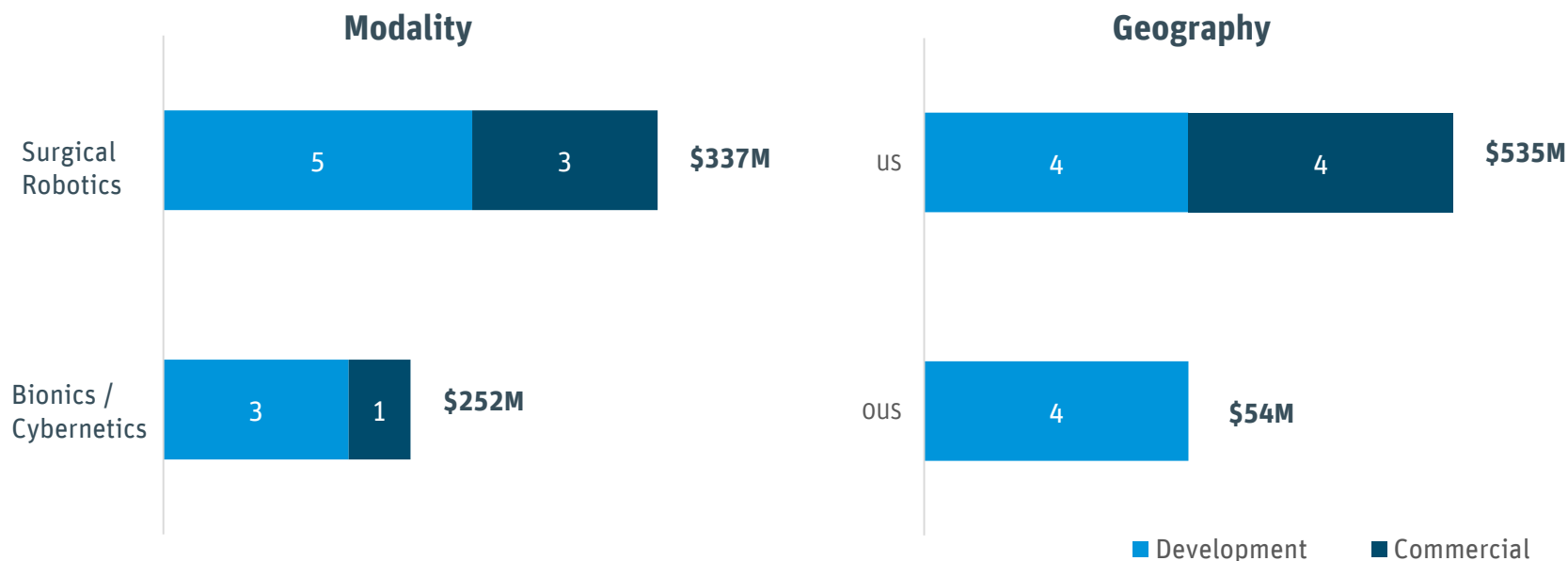
Notable Companies



Frontiers in MedTech – Medical Robotics

Global Investments by Modality and by Geography (2016 – 1H 2017)

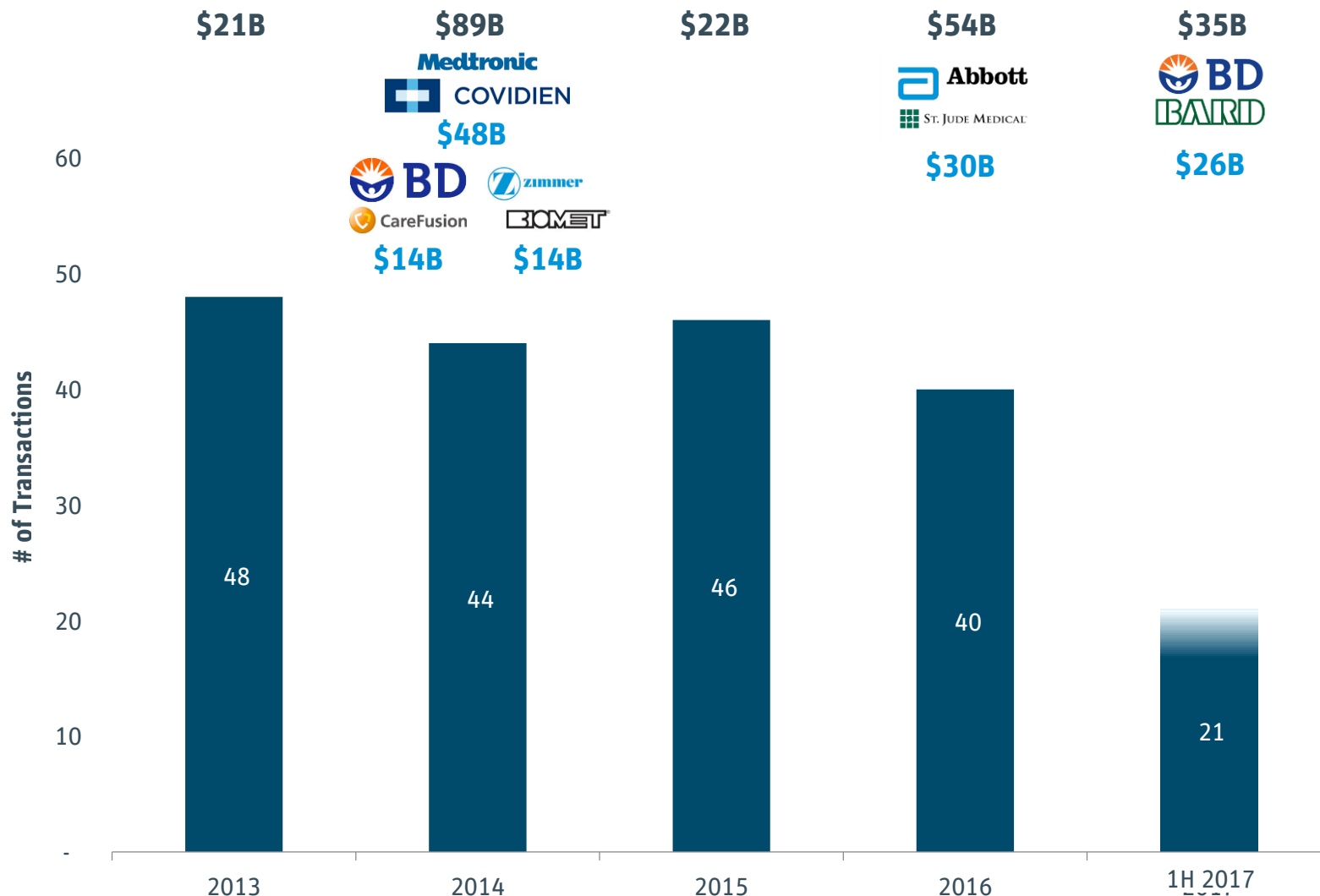
	Development	Commercial
# of Investments	8	4
Strategic Investments % / #	25% / 2	25% / 1
Total IC (\$M)	\$409	\$180
Median Round Size (\$M)	\$21.7	\$23.3
Notable Companies	 	 



MedTech M&A

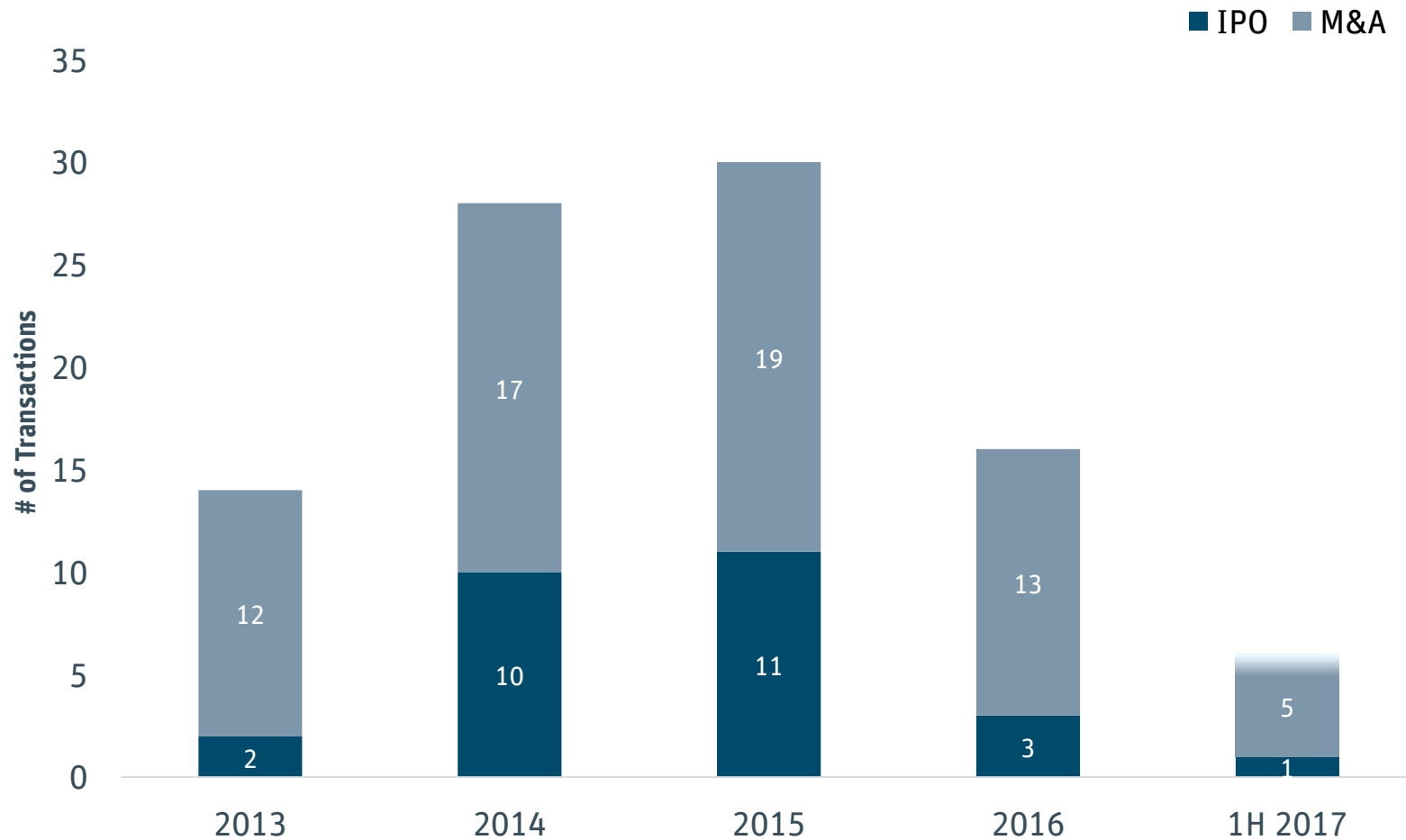
MedTech M&A Overview

of US & EU MedTech M&A Deals (2013 – 1H 2017)



Focus on VC Big Exits

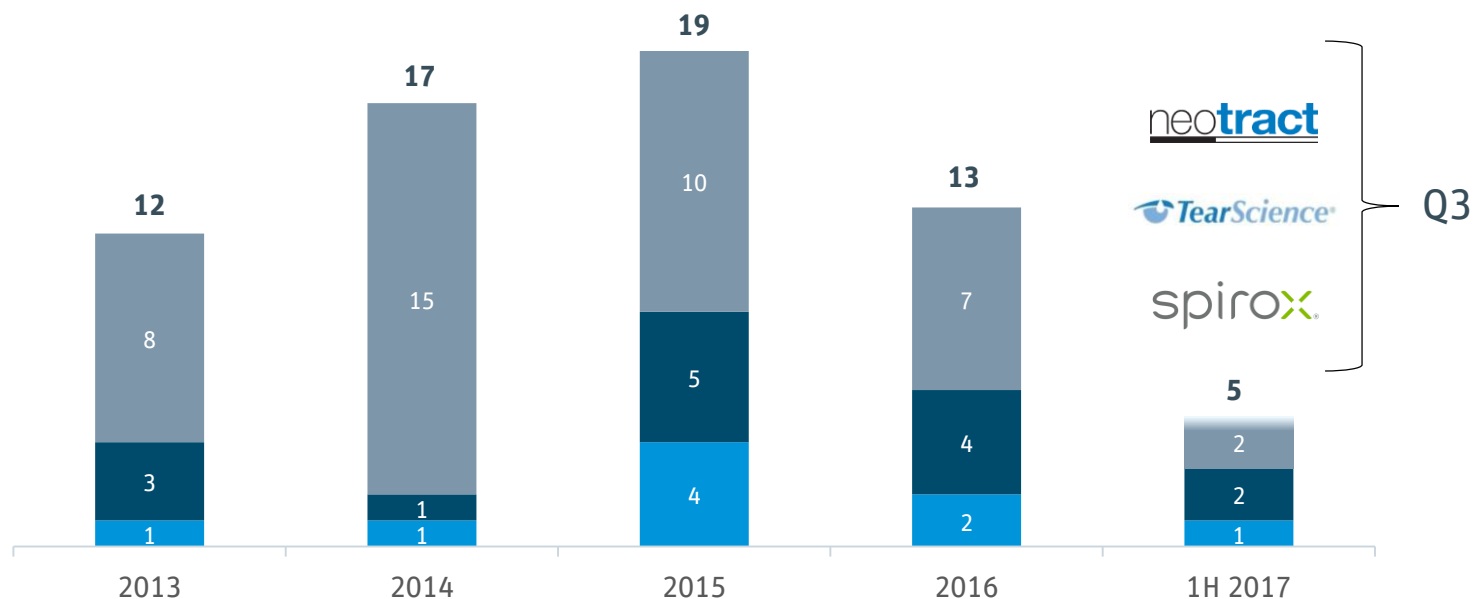
Device VC Big Exits (2013 – 1H 2017)



Trend Towards More Development Stage Exits

VC-backed Device Big Exit M&A by Stage* (2013 – 1H 2017)

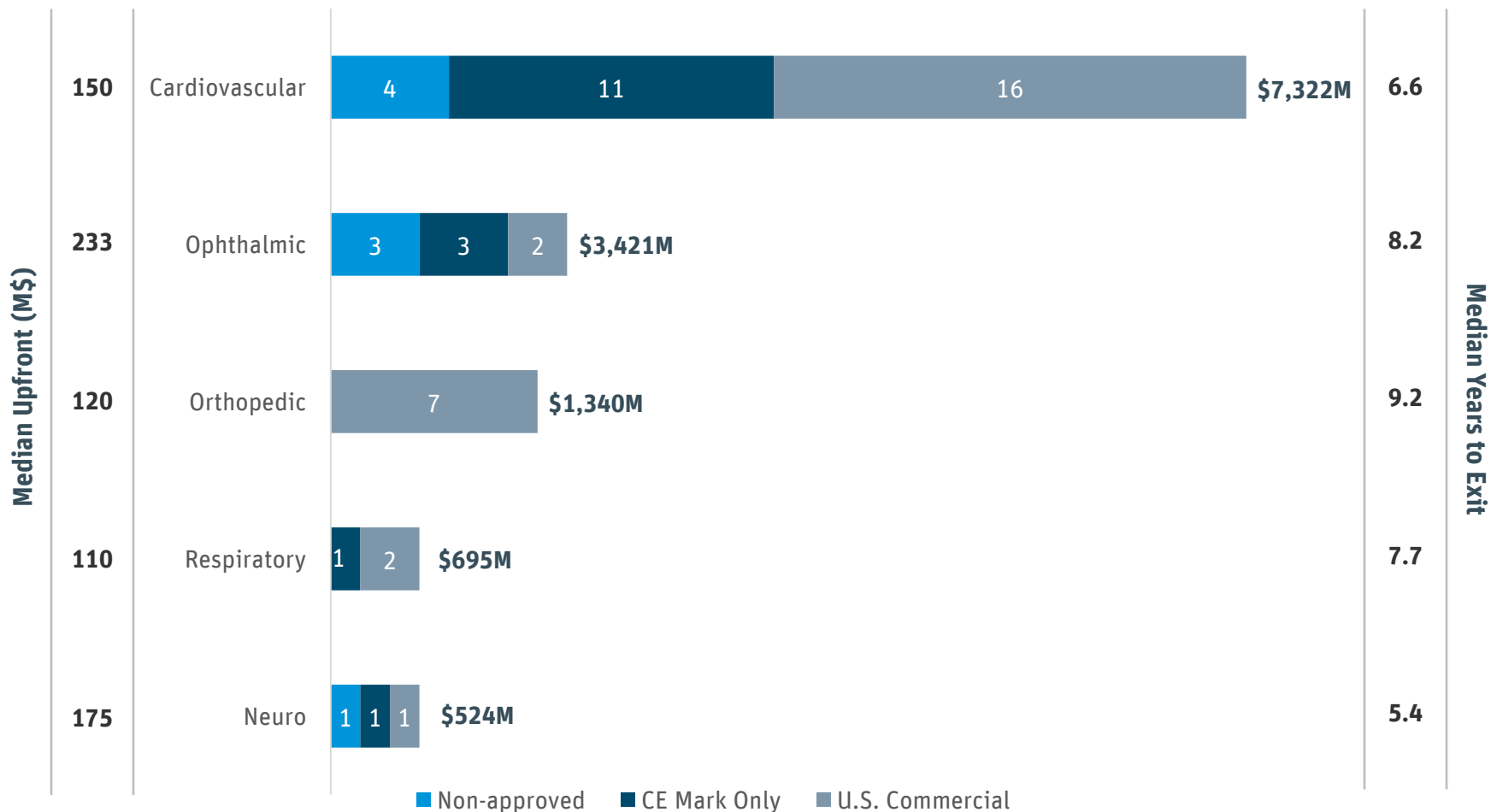
■ Non-Approved
 ■ CE Mark Only
 ■ U.S. Commercial



Total Transactions	2,305	4,296	3,718	4,379	1,535
Value (\$M)					
Median Upfront (\$M)	127	180	125	120	275
Median Total Deal (\$M)	175	185	141	380	315
Median Years to Exit	6.6	6.9	7.0	8.1	9.9

Cardiovascular, Ophthalmology and Neuro Achieve Exits at Earlier Stage*

VC-backed Device Big Exit M&A by Indication (2013 – 1H 2017)



PMA/De Novo 510(k) Exits Approaching Biopharma Up-Front Multiples

VC-backed Device M&A by Pathway 2015 – 1H 2017

2015 – 1H 2017	Stage at Exit	Median \$ Invested (\$M)	Median \$ Up-Front (\$M)	Median \$ Up-Front Multiple on VC\$	Median \$ Total Deal (\$M)	Median Total Deal Multiple on VC\$	Median Time to Exit (Years)
510(k) Path 20 Exits	<div> <div>18</div> <div>1</div> <div>1</div> </div>	\$48	\$100	3.0x	\$110	3.0x	9.3
PMA / De Novo 510(k) Path 17 Exits	<div> <div>1</div> <div>10</div> <div>6</div> </div>	\$57	\$240	3.8x	\$380	5.8x	5.5
Biopharma M&A 47 Exits	23 Early Stage (\leq Phase I) 24 Later Stage (\geq Phase II)	\$37	\$200	4.5x	\$580	11.1x	4.4

■ FDA-Approved
 ■ CE Mark Only
 ■ Development Stage



Silicon Valley Bank

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