



Medical Devices Outsourcing and Manufacturing Momentum

The outsourced medical device market continues to attract strong investor interest despite sector challenges, such as the destocking trends seen in 2023-2024 and persistent geopolitical uncertainty, slowing deal activity. High levels of capital to deploy, combined with maturing investments, are driving private equity appetite. Similarly, strategic investors are continuing to execute on their M&A growth plans and pursue synergistic transactions.

Lincoln International's dedicated medical devices team leverages deep expertise and robust industry relationships to deliver successful outcomes in this dynamic market. Lincoln's recent transactions reflect four key trends shaping the medical device outsourcing market.

Key Themes in Medical Device Outsourcing and Manufacturing

1

Criticality of technical capabilities, high growth segments and customer bases

Strategic buyers and PE firms are increasingly targeting acquisitions with
1) technical complexity, whether in design and engineering and / or manufacturing;
2) exposure to high-growth sub-segments; and
3) high-quality customer bases. In today's macroeconomic environment, investors are discerning and seek acquisitions with differentiated services and product portfolios.

2

Investing in complementary capabilities with unique expertise

Complementary capabilities are driving strategic buyer interest, while niche expertise can boost valuation. For example, automation expertise that can be leveraged across existing operations can drive efficiencies and unlock increased synergies.

3

Enhanced importance of supply chain resiliency

The pandemic-era supply chain disruptions continue to underscore the need for strategic resiliency in procurement. Global dynamics such as tariff fluctuations and geopolitical events impact medical device outsourcing businesses to various degrees. While investors expect this, companies with scalable operations and vertical integration are generally better positioned to weather these uncertainties.

4

Shifting geography preferences

Low-cost manufacturing is nothing new in the sector. However, geopolitical and economic volatility have heightened investor interest in geographies that provide both low-cost operational benefits and reduced political risks, such as India. Although some U.S.-based manufacturers are exploring onshoring opportunities, significant operational shifts are unlikely to materialize in the short term.

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Recent Lincoln Momentum

Despite increased diligence scrutiny in M&A processes, attractive assets can still attain strong outcomes. Consolidation opportunities remain in the sector, and M&A volume is predicted to rebound once overall market uncertainty improves. Reach out today to discuss themes in the medical device outsourcing space or to learn more about Lincoln's recent transactions.

Lincoln's expertise and deep market knowledge are reflected in the success of several recent transactions, including:

HealthEdge
INVESTMENT PARTNERS

has sold

LifeSync

to

Amphenol

Sell-Side

LifeSync is a leading vertically integrated provider of patient monitoring connections and contract manufacturer of medical cables. The company's state-of-the-art, automated facilities offered scalable and cost-optimized solutions that accelerate time to market for medical device companies.

Relevant Themes:



Adroit USA Inc
CUSTOM MEDICAL DEVICES

has been sold to

ARTEREX

a portfolio company of

Investindustrial
Building Better Companies

Sell-Side

Adroit USA Inc, a vertically integrated contract manufacturer specializing in complete medical devices. With two ISO 13485-certified manufacturing facilities in India along with an engineering applications development lab California, Adroit USA serves clients spanning startups to Fortune 500 clients.

Relevant Themes:



Crédit Mutuel
Equity

has sold

TECHNOFLEX
The IV drug delivery expert

to

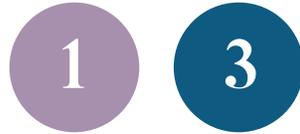
ADAGIA
PARTNERS

Sell-Side
Lender Education



As a pioneer in IV drug delivery solutions, Technoflex has built a reputation for innovation, providing high value-added products and services to blue-chip pharmaceutical, biotech and CDMO clients. Positioned in the premium segment of the market, Technoflex generates more than 50% of its sales in the U.S.

Relevant Themes:



HOBSON
MOTZER
PRECISION METAL COMPONENTS
& ASSEMBLIES

has been sold to

Vantage

a portfolio company of

Aterian
INVESTMENT PARTNERS

Sell-Side



Hobson & Motzer is a manufacturer of consumable precision medical devices for the global surgical stapler market. With highly automated facilities and a technically advanced platform, Hobson & Motzer is uniquely positioned to serve blue-chip OEM clients.

Relevant Themes:



Ready to discuss the opportunities ahead for you?

Connect with a senior professional at connect@lincolnternational.com