

Mindray acquires Dragonbio's ortho business

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Singapore: Mindray Medical International, a developer, manufacturer and marketer of medical devices worldwide, has signed a definitive agreement to acquire a controlling stake of Wuhan Dragonbio Surgical Implant, a domestic medical orthopedic products provider that specializes in trauma, spine, joint and other surgical products. Under the agreement, Mindray will pay a total purchase price of approximately \$35.5 million, which will be funded through Mindray's existing cash reserves.

The transaction is expected to be closed in July. Mindray expects the deal to have minimal impact on its 2012 financial results and maintains its annual financial guidance on revenues and non-GAAP net income growth.

Founded in 2005 and based in Wuhan, China, Dragonbio sells medical orthopedic products solely in China and achieved total revenues of approximately \$7.7 million in 2011. Orthopedics is one of the largest medical device market segments worldwide. Based on Mindray's estimates, the global orthopedic market was valued at approximately \$30 billion in 2011, with an annual growth rate of around 8 percent.

According to Frost & Sullivan, a research and consulting firm, the market size in China was approximately \$1.1 billion in 2010 and is rapidly growing with a projected CAGR of over 18 percent from 2010 to 2015. Through the combined business benefits from the transaction, Mindray expects to gain access to the fast-growing Chinese orthopedic market and potentially expand into additional international markets in the future.

"We are excited about this transaction and are pleased to offer more products to our customers," said Mr Minghe Cheng, Mindray's chief strategic officer. "The orthopedic consumable market has high barriers to entry, but this deal will give us instant access to this promising and sizable market. We expect to unlock the value of the acquired business through our strong capital position, large-scale operational experience and worldwide presence."