

J&A Cross Border Capital Markets Report

Medical Devices and Digital Health in Southeast Asia

May 2024

Over \$1.9 billion has been invested in the medical devices and digital health sectors in Southeast Asia since 2020. The medical devices and digital health sectors are driven by continuous technological advancements and innovations, which play a crucial role in shaping the future of the healthcare industry.

This report provides a comprehensive analysis of investment activity in these two sectors. The data set analyzed focuses on capital deployment, transaction types, geographical distribution, and the largest deals within the industry over the period. By analyzing the data and trends from Q1 2020 to Q1 2023, this report explores the emerging trends and technologies shaping the current landscape of medical devices and digital health and what it means for the capital markets.

AUTHORS



GENESIS RAMOS

Genesis Ramos is an associate at J&A. She supports the account management and leads discovery sessions with potential clients about their objectives, transaction goals, and preliminary project analysis. She is Honduran by birth and has a legal background. She is based in the New York City office.

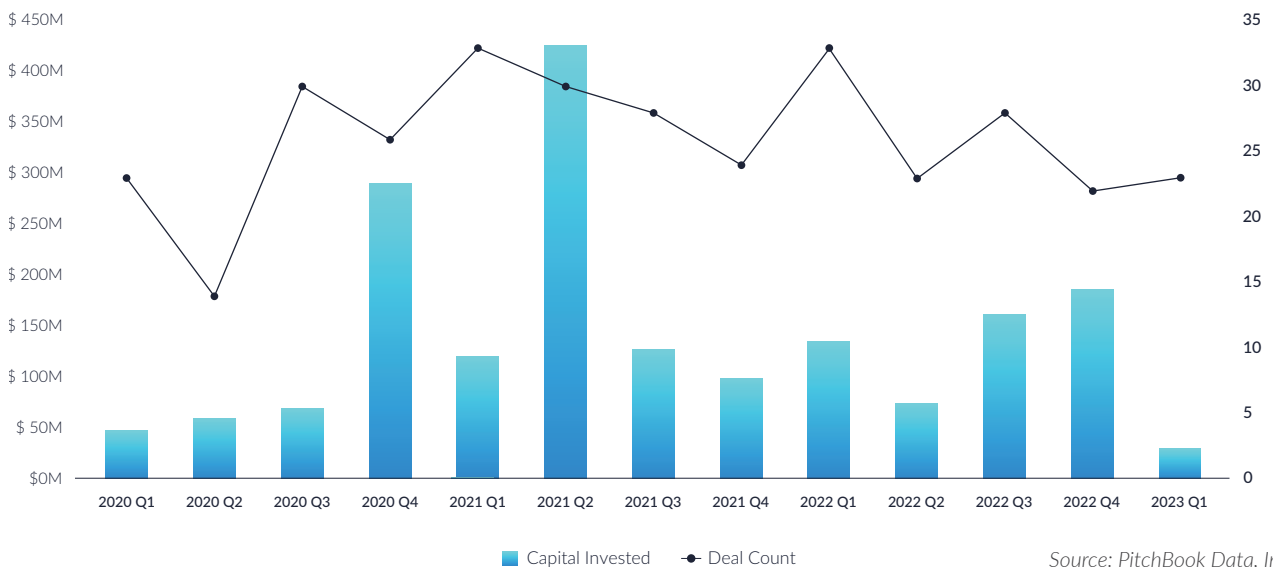


GARETH WALDECK

Gareth Waldeck is a member of the investment banking and global trade team at J&A. He is based in Abu Dhabi. He is originally from South Africa and studied Economics at Fordham University. He has served as panelist for multiple forums such as the Diversity Dividend: Why Equality Benefits Us All and regularly publishes in the space of cross border capital markets.

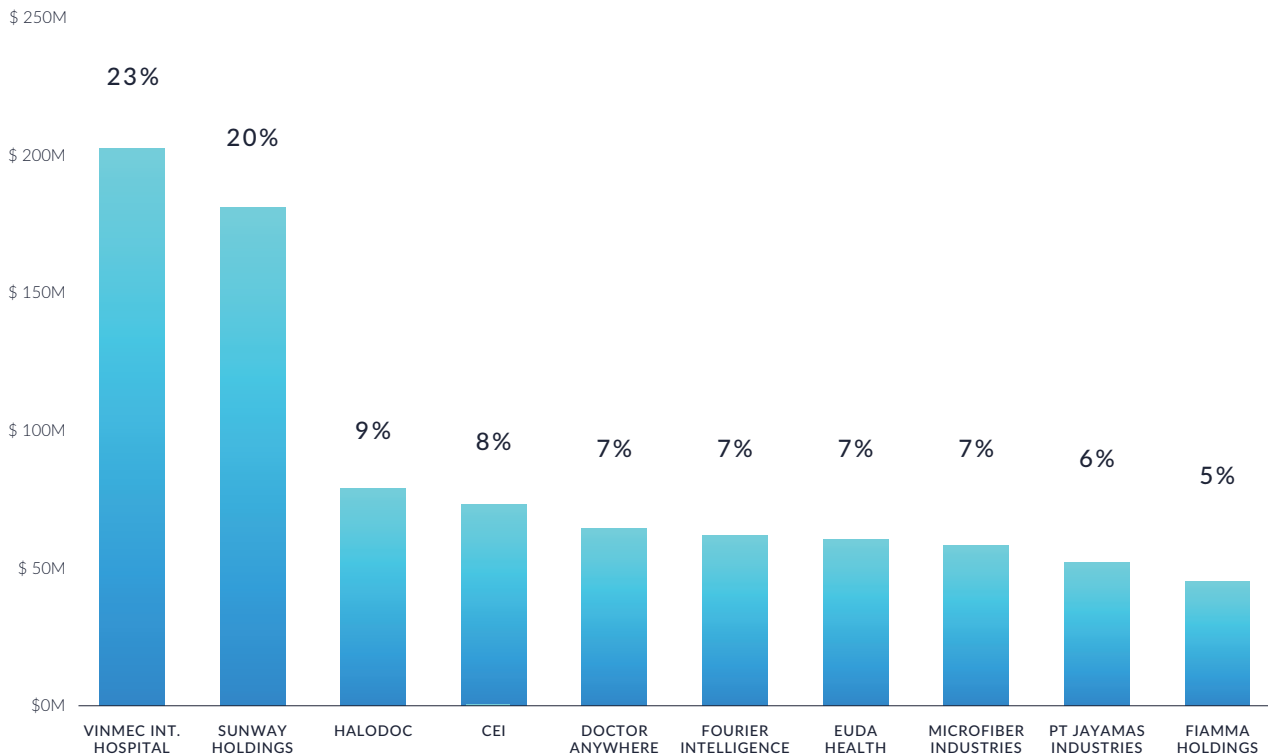


Announced Medical Device and Digital Health Sector Investments in Southeast Asia (Q1 2020 – Q1 2023)



- The medical device and digital health industry has received over \$1.9 billion from investors with over 337 transactions at an average deal size of \$141 million since Q1 2020.
- The second quarter of 2021 saw the largest capital deployment of \$426 million in the sector, driven by Sunway Healthcare Holdings, which saw the biggest investment raise of \$181 million from Singaporean investor GIC.
- Since the third quarter of 2021, investment numbers have remained relatively steady until Q1 of 2023, when we see a dip in investment. This could be due to the Silicon Valley Bank collapse in early 2023, which decreased venture capital funding and overall investment in technology-driven healthcare solutions.

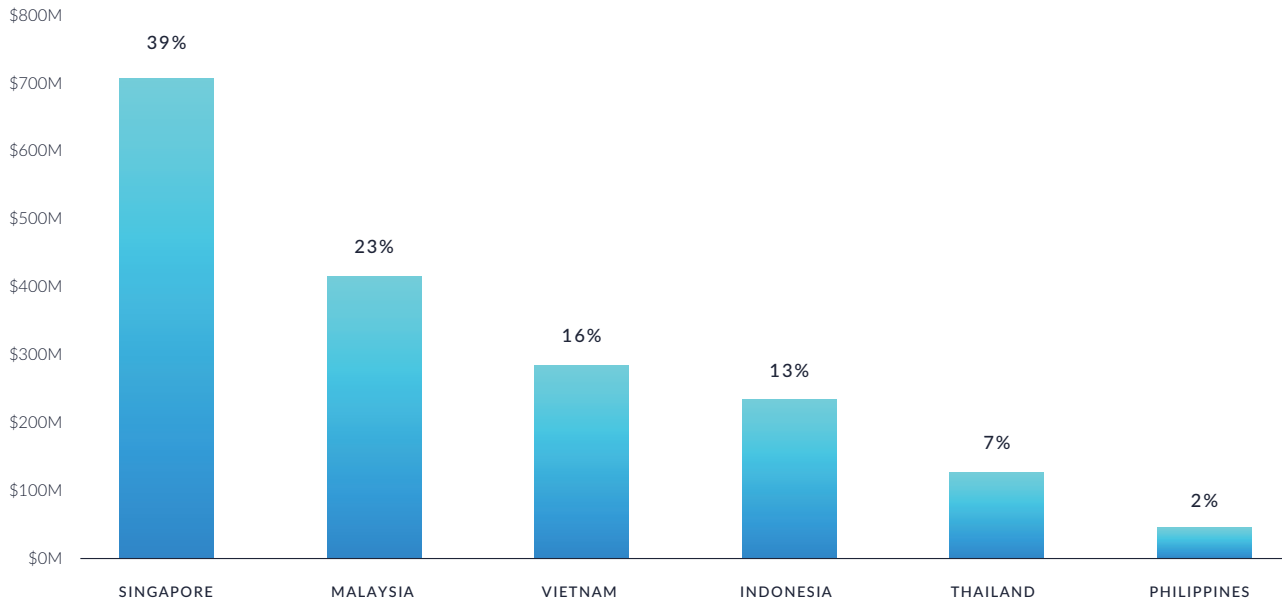
Biggest Deals in the Medical Devices and Digital Health Sector in Southeast Asia (Q1 2020 – Q1 2023)



Source: PitchBook Data, Inc.

- Vinmec International Hospital is an operator of clinics and hospitals across Vietnam. Vingroup, its parent company, raised capital from Singaporean GIC for \$203 million in December 2020. The company is using the proceeds to expand its medical footprint, focusing on healthcare infrastructure, research, and technology.
- GIC was also behind the second largest deal, investing \$181 million in Malaysian company Sunway Healthcare Holdings. They are accountable for 43% of the largest 10 deals in the last three years.
- Indonesian healthtech company Halodoc raised significant funding in multiple rounds in recent years. In 2020, they raised \$65 million in a Series B funding round, followed by another \$80 million in a Series C funding round in 2021. Halodoc offers a telemedicine platform and a range of healthcare services, including appointment booking and medicine delivery.

Breakdown in Announced Medical Devices and Digital Health Capital Markets Deals by Country

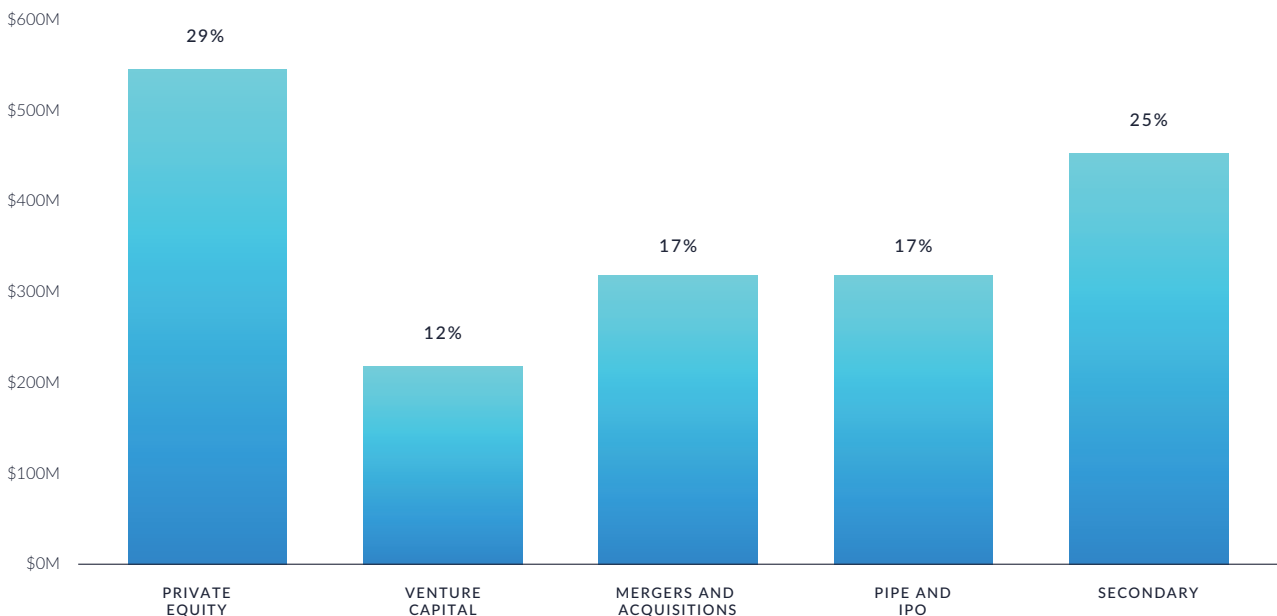


Source: PitchBook Data, Inc.

- Singapore is the leading recipient of funds in the sectors, having received \$710 million in investment in the last three years. It accounts for 39% of the total funding in the region. Their modern and ever-growing healthcare ecosystem and infrastructure have attracted investment and fostered innovation in the medical devices sector.
- Malaysia was the second largest recipient of funding with \$419 million of inward investment, composing 23% of the total. An important fact in its success is the progress made by the Malaysian government in working towards streamlining regulations and improving the regulatory environment for medical devices and digital health. This helps facilitate the commercialization and adoption of new technologies, making Malaysia an attractive destination for investment in these sectors.
- Vietnam surprisingly surpasses Indonesia with \$286 million in inward investment. Vietnam has been investing in healthcare infrastructure development, including the establishment of medical centers and hospitals, enhancing the capacity for adopting and utilizing medical devices and digital health technologies, making it an attractive market for investors.



Breakdown in Announced Medical Devices and Digital Health Capital Markets Deals by Deal Type in Southeast Asia



Source: PitchBook Data, Inc.

- From 2020 to Q1 2023, 29% of medical devices and digital health investments were made by private equity firms with \$546 million, accentuating the region's growing strategic value.
- Secondary transactions take up 25% of the total investment pool. As companies achieve successful exits or liquidity events

through secondary transactions, it can signal positive prospects for future investors and attract more capital to the industry. Investors deployed \$320 million through mergers and acquisitions within these sectors. Established companies enhance their market position, expand their product offerings, or gain a competitive advantage through domestic and international acquisitions.



The convergence of healthcare and technology has paved the way for digital health solutions and medical devices. The cross-border capital markets in the medical devices and digital health sectors in Southeast Asia have witnessed significant growth and investment in recent years. The region's expanding healthcare market, favorable regulatory environment, and technological advancements have attracted the attention of investors and spurred a flurry of deals and partnerships.