

# Tornier Inc. readies \$205 million IPO

Mass Device

By [Thomas Lee](#) [1]

Tornier Inc. is planning to test the choppy waters of Wall Street with an estimated \$205 million initial public offering, according to documents filed with the Securities and Exchange Commission.

The orthopedics firm in Edina, Minnesota, which specializes in devices to treat injuries to extremities and small bones, is the third local medical device company in two months to file for an IPO.

Last month, [Electromed Inc.](#) [2] in New Prague said it's seeking to raise \$13.8 million. [Kips Bay Medical Inc.](#) [3] of Plymouth, founded by Medtronic veteran Manny Villafana, filed for a \$57.5 million stock offering.

While stock offerings are not set in stone, the IPO filings are good news for Minnesota's medical technology industry, which has already seen [ATS Medical Inc.](#) [4], [Virtual Radiologic Corp.](#) [5], and [ev3 Inc.](#) [6] exit the public markets via acquisitions in recent weeks.

[AGA Medical Holdings Inc.](#) [7] in Plymouth was the last local medical device company to go public in November last year. The company raised \$199.4 million, well short of the its target of \$275 million.

In a region dominated by cardiovascular devices, Tornier has the potential to kick start a thriving local orthopedic industry, said Peter Bianco, director of lifescience business development at Nilan Johnson Lewis in Minneapolis and a former orthopedics executive at Johnson & Johnson.

'Tornier is a well respected and extremely well managed company,' Bianco said.

Founded nearly 70 years ago by French entrepreneur Rene Tornier, the company was acquired in 2006 by private equity firms [Warburg Pincus](#) [8], [The Vertical Group](#) [9], [Split Rock Partners](#) [10] in Eden Prairie, and its current CEO Douglas Kohrs, who formerly lead [American Medical Systems Inc.](#) [11]

While major orthopedic companies like Johnson & Johnson and Zimmer dominated the large joint market, Tornier over the years has focused on the smaller but lucrative business of upper and lower extremities and small bones, Bianco said. Tornier's IPO puts it in a good position to consolidate the fragmented global extremity market, especially in the United States, he said.

Judging from sales, the company is the second largest maker of shoulder joint replacement products in the world and the number one player in foot and ankle

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joint replacements in America.

Last year, Tornier generated revenue of \$201.5 million, a 13.5 percent gain from the 2008. The company lost \$55.7 million compared to \$36.8 million the previous year. U.S. sales accounted for 57 percent of total sales with 43 percent originated overseas. Tornier employs 769 workers, including 157 in the United States.

The company has focused in recent years on building its sports medicine and orthobiologics.

In January, Tornier and [LifeCell Corp.](#) [12] launched a 65 patient clinical trial to test Conexa Reconstructive Tissue Matrix on large rotator cuff tears. Developed by LifeCell, Conexa is a porcine-derived tissue material designed to repair injured or surgically reconstruct soft tissue. Launched by Tornier for orthopaedic applications in October 2008, Conexa has been implanted in approximately 1,500 patients.

Bank of America and JP Morgan are Tornier's book runners with Piper Jaffray & Co. in Minneapolis acting as lead manager. Warburg Pincus is Tornier's top investor, owning 55.5 million shares, or 62.6 percent of company.

Tornier will trade on the NASDAQ Global Market as TRNX.

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