

Incline Equity, MTN Capital Sell Orthotic Holdings to Frazier

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Incline Equity Partners and MTN Capital Partners have sold Orthotic Holdings Inc. to Frazier Healthcare, as the health-care focused firm re-enters the foot- and ankle-care space.

Frazier sold Ascension Orthopedics, which develops and sells a range of implants for the shoulder, elbow, wrist, hand, foot and ankle, to Integra LifeSciences Corp. for \$65 million in September 2011.

The firm, which has offices in Seattle and Menlo Park, Calif., said in a news release that the foot and ankle market is one of the fastest expanding spaces in orthopedics as obesity and diabetes, two of the more increasingly prevalent diseases in the U.S., often result in foot and ankle related health conditions.

Terms of the Orthotic transaction weren't disclosed. Frazier invests in companies with annual earnings before interest, taxes, depreciation and amortization of \$5 million to \$30 million.

Markham, Ontario-based Orthotic makes, markets and distributes custom-made and branded medical products that treat foot, ankle and leg related conditions and diseases through three brands: Langer Biomechanics, Arizona AFO and The Orthotic Group.

Pittsburg-based Incline, set up by three managing partners of PNC Equity Partners, acquired Orthotic in September 2008, in conjunction with New York firm MTN Capital and the company's management. Incline invested from its \$272 million PNC Equity Partners II LP fund, which the firm manages while being independent of PNC.

During its four-plus years of ownership of Orthotic, Incline said the company doubled its earnings, with "process enhancements through the implementation of foot scanning technology, significant growth achieved by entering new sales channels and three targeted acquisitions."

Incline focuses on investments of \$10 million to \$25 million in lower midmarket growth companies with enterprise values of \$25 million to \$100 million across a variety of industry sectors including specialized light manufacturing, value-added distribution, and business and industrial services.

MTN Capital also targets companies at the lower end of the midmarket.