

DAILY BUSINESS REVIEW

DEALMAKERS

Attorneys help orthopedic company obtain \$100M loan

Dealmakers: Jaret L. Davis and Drew Altman

The Deal: The Greenberg Traurig attorneys helped assemble a \$100 million long-term syndicated credit facility for Exactech, a Gainesville maker of orthopedic implant devices.

The deal closed Feb. 24.

Details: With some 74 million baby boomers headed into retirement, Corporate America is desperately searching for the right products they'll want to buy in their golden years.

But it isn't all Cadillacs, golf clubs and sunset dinner specials. There are also more practical considerations. A generation that has been known for its active lifestyle is inevitably going to feel the pain of worn-out knees, arthritic hips and painful shoulders.

And for some of them, Exactech, may have a solution. The company is an innovator in orthopedic implant devices. From a relatively humble start in the mid-1980s, it has grown to become a publicly traded company whose most lucrative business lately is its international growth.

But to take fuller advantage of opportunities takes capital, and for that Exactech turned to Jaret Davis, of Greenberg Traurig's Miami office. Exactech is a longtime Greenberg client, and that meant working with Davis, who is co-managing shareholder and a specialist in corporate finance as well as life sciences.

"The firm has represented Exactech since its IPO" in the mid-1990s, Davis said. "I personally represented them for roughly 10 years."

Exactech's founders include Dr. William Petty, who had been head of orthopedic surgery at the University of Florida. He remains chairman and CEO. Gary Miller, who was director of biomechanics research at UF's College of Medicine, was also a founder.



J. ALBERT DIAZ

Greenberg Traurig attorneys Drew Altman and Jaret L. Davis helped orthopedic implant company Exactech, a longtime client, put together a \$100 million long-term syndicated credit facility similar to a public offering.

Exactech stock trades on the Nasdaq, and its market capitalization is just over \$200 million. Recently, the company has done especially well abroad — domestic revenues were up just 1 percent in 2011, while global sales soared 24 percent. In the year just ended its sales crossed the \$200 million threshold, reaching \$205.4 million while net income was \$8.8 million.

"The company's almost at an inflection point of greatness," said Davis. "I would say their corporate personality is conservative, with a growth bent."

(The company did have a brush with scandal in 2010, however, when it signed a deferred prosecution agreement with the U.S. attorney's office in New Jersey for payments that were alleged to induce surgeons to use Exactech's products. The company paid a \$3 million fine. A large number of orthopedic companies have signed such settlements in recent years resulting from a Department of Justice investigation.)

In terms of structure, "it's very similar to a public offering," said Davis, who also was an adviser to Terremark when it was purchased by Verizon in a deal valued at \$2 billion last year. "You have a lead arranger."

In this case, SunTrust Robinson Humphrey, the investment banking arm of the Atlanta-based banking giant, took the lead. It joined forces with other lenders that include HSBC and BBVA Compass Bank. The facility they put together was for \$100 million in total. It comprised a \$30 million term loan and a \$70 million revolving credit facility. Among other things, it allowed Exactech "to pay substantially all of its long-term obligations that were outstanding," according to an SEC filing.

Also significantly, it extended the maturity date of Exactech's credit facility to 2017 from 2013. That allows the company "to improve our credit facility now to solidify our financing for the next five years and position the company to take advantage of growth opportunities," Jody Philips, the company's chief financial officer, said in a release. "This five-year facility ensures adequate capacity for Exactech to continue its high level of growth."

Davis and Greenberg Traurig expect to be there as it happens. "Lately, we're seeing an opening of the spigot," he said, regarding the availability of bank financing. "We're excited that we have been, and will continue to be, part of the story."

Background: Davis is co-managing shareholder in Greenberg's corporate and securities practice. Altman is an associate in the corporate and securities practice.

— Gregg Fields