

VALUE FOCUS

Medtech & Device Industry

Second Quarter 2024

This quarterly update includes a broad outlook that divides the healthcare industry into four sectors: Biotechnology & Life Sciences, Medical Devices, Healthcare Technology, and Large, Diversified Healthcare Companies.

We include a review of market performance, valuation multiple trends, operating metrics, and other market data. This issue also includes a review of M&A and IPO activity during the first quarter of 2024.



Medtech & Device Industry Services

Mercer Capital provides valuation services to start ups, larger public and private companies, and private equity and venture capital funds.

Mercer Capital's expertise in the medtech and device industry spans the following segments:

- Biotechnology and life sciences
- Medical devices
- Healthcare technology
- Large, diversified

Our services include:

- Transaction and valuation advisory
- Purchase price allocations
- Impairment testing
- Portfolio valuation for LP reporting
- Equity compensation valuation for tax compliance

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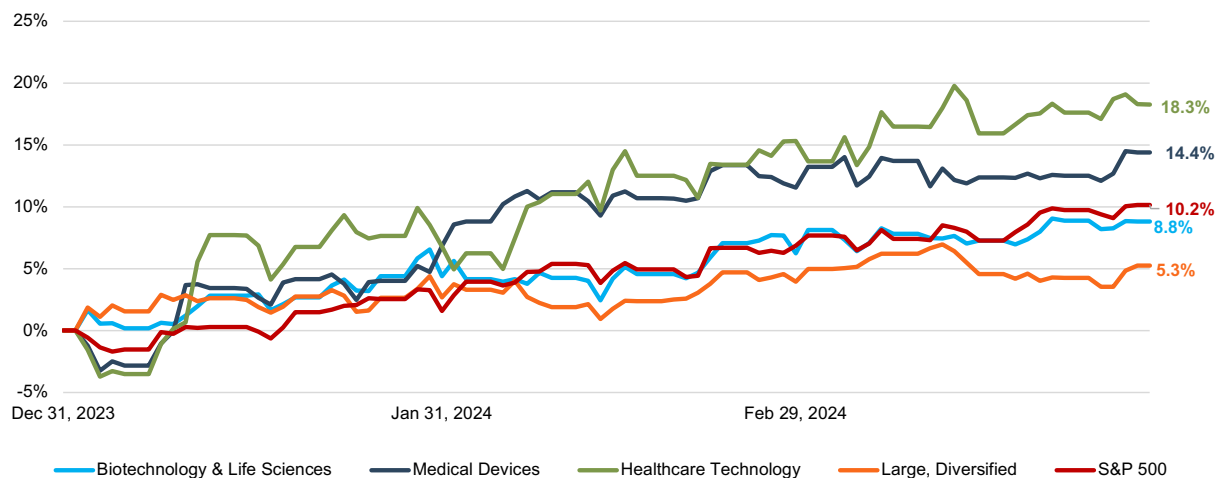
Stock Market Performance

The S&P 500 gained 10.2% during the first quarter of 2024, following an 11.2% increase in the prior quarter. Among the medtech industry sub-sectors tracked by Mercer Capital, the medical devices and healthcare technology groups outperformed the broader index over 1Q24. The healthcare technology group had the strongest performance while the large, diversified group lagged other sub-sectors and the broader market index. However, both the biotechnology & life sciences and the large, diversified groups made gains over 1Q24.

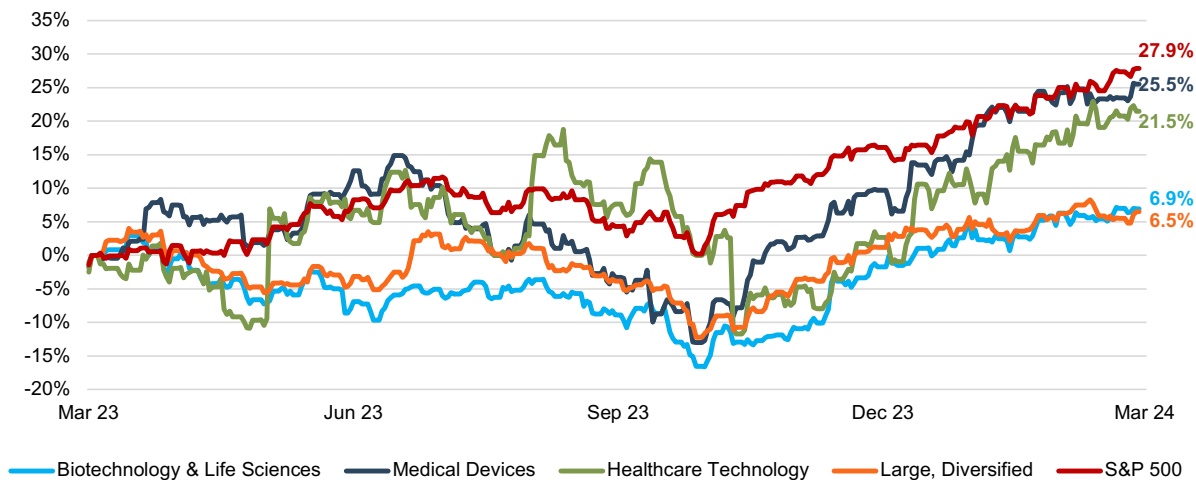
- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector increased 8.8% over the quarter ended March 2024. The top performer of the group was Lonza Group AG, which posted a 42.2% return. LONN is a Swiss company that supplies various products and services for pharmaceutical, biotech, and nutrition markets in Europe, North and Central America, Latin America, Asia, Australia, and New Zealand.
- The medical device index increased 14.4% in 1Q24. Individual performance by companies in the group were mixed, with four of the 16 constituents posting negative returns quarter-over-quarter. The best performer was Edwards Lifesciences Corporation with a quarterly return of 25.3%. EW is a California-based company that provides products and technologies for structural heart disease and critical care monitoring in the United States, Europe, and Japan.
- The healthcare technology index declined 18.3% over the quarter, with only two of the constituent companies posting gains. Craneware plc, up 25.1%, outperformed all other constituents of the group. CRW is an English company that develops, licenses, and supports computer software for the healthcare industry in the United States.
- The large, diversified companies group was up 5.3% over the quarter. The top performer within the group was AbbVie Inc., which gained 18.6% during the period. AbbVie discovers, develops, manufactures, and sells pharmaceuticals worldwide. The Company is headquartered in North Chicago, Illinois.

Stock Market Performance

1Q 2024 Stock Price Performance



LTM Stock Price Performance



Individual sub-sector performance represented by market capitalization weighted indices for each group. Data Source: Bloomberg LP; Mercer Capital Analysis

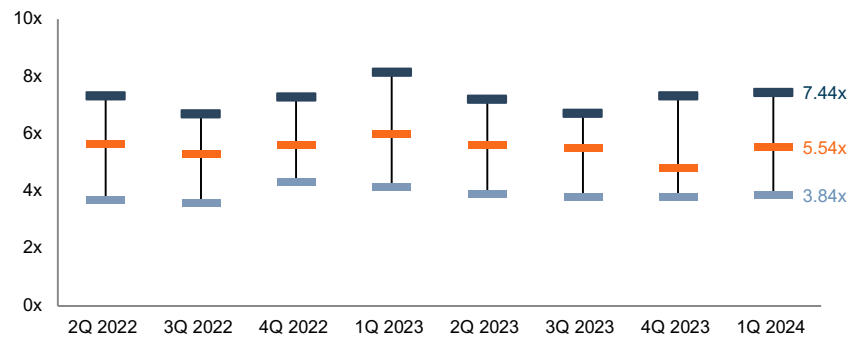
Revenue Multiples

■ 75% Quartile ■ Median ■ 25% Quartile

Median Revenue multiples from each MCM group. Data source: Bloomberg

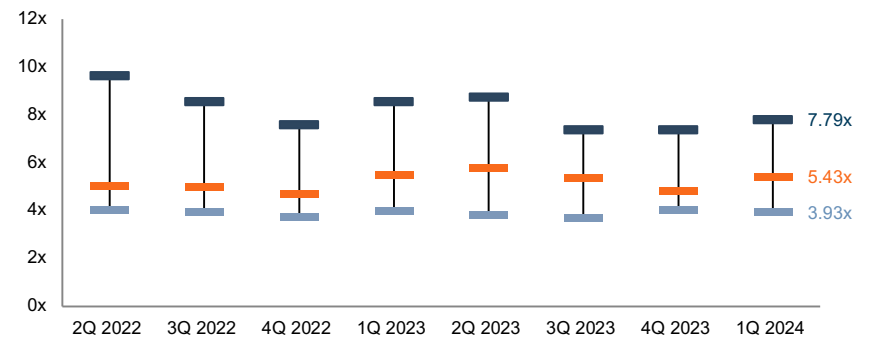
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



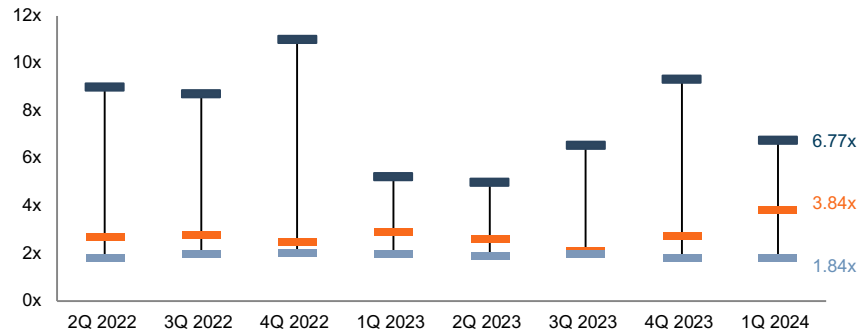
Medical Devices

EV / Trailing LTM Revenue



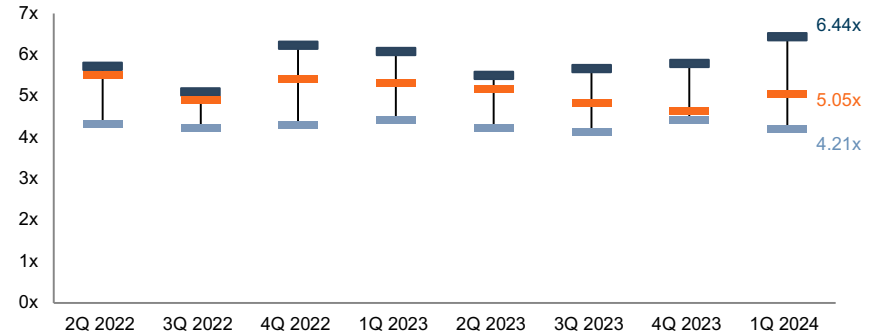
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue



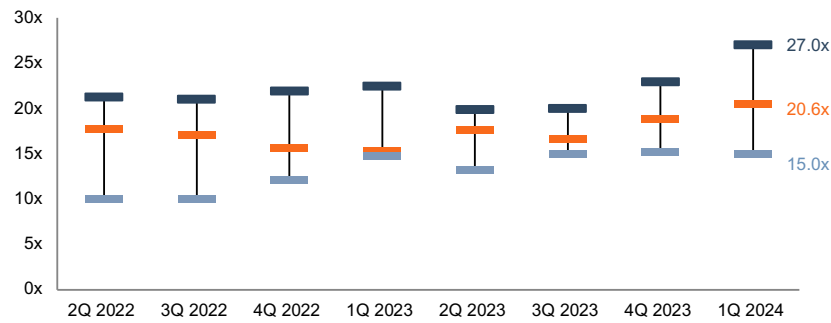
EBITDA Multiples

■ 75% Quartile ■ Median ■ 25% Quartile

Median EBITDA multiples from each MCM group. Data source: Bloomberg

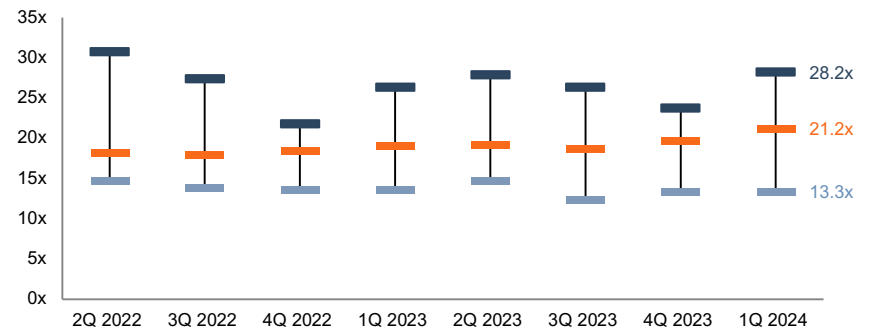
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



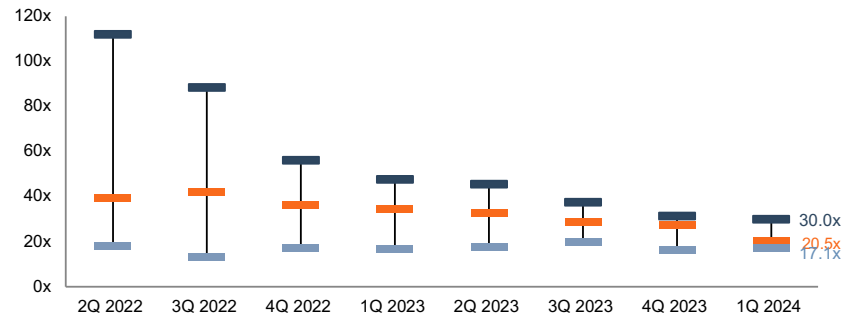
Medical Devices

EV / Trailing LTM EBITDA



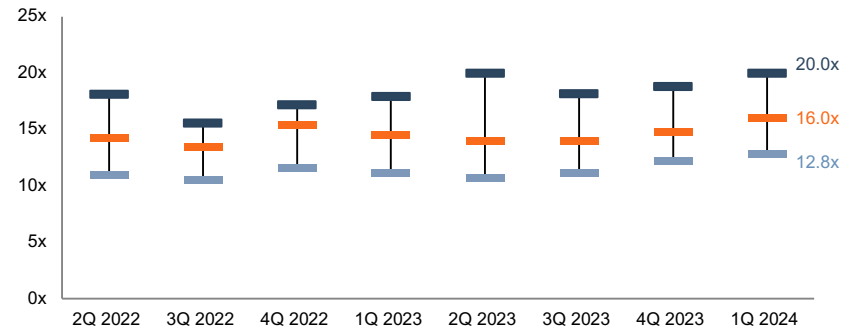
Healthcare Technology

EV / Trailing LTM EBITDA



Large, Diversified

EV / Trailing LTM EBITDA



Select Operating Metrics

Sector	TTM Gross Margin		TTM Operating Margin		TTM R&D / Revenue		TTM EBITDA Margin	
	1Q 2024	4Q 2023	1Q 2024	4Q 2023	1Q 2024	4Q 2023	1Q 2024	4Q 2023
Biotechnology & Life Sciences	61.4%	60.9%	14.1%	16.6%	21.1%	21.1%	24.6%	27.0%
Medical Devices	65.1%	65.0%	17.5%	17.6%	7.0%	7.1%	28.8%	29.7%
Healthcare Technology	62.6%	62.3%	3.0%	4.7%	12.6%	13.1%	15.6%	15.0%
Large, Diversified	55.5%	56.0%	17.8%	17.6%	8.5%	8.6%	30.2%	30.8%
Overall Median	60.8%	60.4%	16.4%	16.8%	8.2%	8.5%	28.5%	28.9%

Sector	Revenue Growth		L-T FWD Op. Earn. Growth		Debt / EV		Debt / EBITDA	
	Q / Q	Y / Y	1Q 2024	4Q 2023	1Q 2024	4Q 2023	1Q 2024	4Q 2023
Biotechnology & Life Sciences	0.2%	1.3%	13.3%	7.9%	9.8%	11.5%	2.2	2.3
Medical Devices	1.6%	6.1%	9.9%	8.7%	9.5%	10.0%	1.7	1.8
Healthcare Technology	1.2%	5.1%	10.3%	8.8%	5.7%	13.9%	1.7	1.7
Large, Diversified	0.6%	1.4%	6.3%	4.1%	18.6%	18.2%	2.7	2.4
Overall Median	1.0%	4.0%	9.1%	8.3%	9.9%	12.1%	2.2	2.3

Median measures for each group. | Data Source: Bloomberg

Public Medical Device Companies

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		1Q 2024	4Q 2023	1Q 2023	Quarterly	Annual	1Q 2024	1Q 2024	1Q 2024	FY 2025	FY 2026	1Q 2024	1Q 2024	2025	2026
Biotechnology & Life Sciences															
Biogen Inc	BIIB	\$216	\$259	\$278	-16.7%	-22.4%	\$37,117	\$9,663	\$2,568	\$3,316	\$3,549	3.84x	14.5x	11.2x	10.5x
Bio-Rad Laboratories Inc	BIO	346	323	479	7.1%	-27.8%	9,618	2,605	580	476	523	3.69	16.6	20.2	18.4
BioMarin Pharmaceutical Inc	BMRN	87	96	97	-9.4%	-10.2%	16,028	2,472	309	530	807	6.48	51.8	30.3	19.9
Sartorius Stedim Biotech	DIM	285	264	306	7.7%	-6.9%	28,890	2,946	839	891	1,065	9.81	34.4	32.4	27.1
Eurofins Scientific SE	ERF	64	65	66	-2.3%	-3.1%	16,399	7,046	1,439	1,506	1,650	2.33	11.4	10.9	9.9
Gilead Sciences Inc	GILD	73	80	80	-8.7%	-8.2%	111,746	27,451	12,450	8,656	13,295	4.07	9.0	12.9	8.4
Illumina Inc	ILMN	137	139	233	-1.4%	-41.0%	23,002	4,493	328	427	809	5.12	70.1	53.9	28.4
Incyte Corp	INCY	57	63	72	-9.3%	-21.2%	8,964	3,768	806	984	1,290	2.38	11.1	9.1	7.0
IQVIA Holdings Inc	IQV	253	231	199	9.3%	27.2%	58,065	15,069	3,419	3,737	4,058	3.85	17.0	15.5	14.3
Lonza Group AG	LONN	595	418	591	42.2%	0.7%	44,640	7,489	1,622	1,853	2,207	5.96	27.5	24.1	20.2
Mettler-Toledo International Inc	MTD	1,331	1,213	1,530	9.8%	-13.0%	30,674	3,786	1,199	1,237	1,334	8.10	25.6	24.8	23.0
Regeneron Pharmaceuticals Inc	REGN	962	878	822	9.6%	17.1%	90,501	13,100	4,567	5,335	5,854	6.91	19.8	17.0	15.5
Vertex Pharmaceuticals Inc	VRTX	418	407	315	2.7%	32.7%	98,269	10,185	4,604	5,233	5,676	9.65	21.3	18.8	17.3
Waters Corp	WAT	344	329	310	4.6%	11.2%	22,171	2,909	1,018	1,070	1,138	7.62	21.8	20.7	19.5
Group Median					3.6%	-7.6%						5.54x	20.6x	19.5x	17.9x

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		1Q 2024	4Q 2023	1Q 2023	Quarterly	Annual				1Q 2024	1Q 2024			1Q 2024	FY 2025
Medical Devices															
Terumo Corp	TRUMF	\$18	\$16	\$13	10.3%	35.3%	\$27,277	\$6,107	\$1,374	\$236,018	\$259,073	4.47x	19.8x	0.1x	0.1x
Systemx Corp	SSMX	18	19	21	-4.9%	-18.1%	10,706	3,062	801	127,892	139,126	3.50	13.4	0.1	0.1
Olympus Corp	OCPNY	15	14	17	1.8%	-15.6%	15,830	6,546	1,686	241,876	275,031	2.42	9.4	0.1	0.1
Align Technology Inc	ALGN	328	274	334	19.7%	-1.9%	23,842	3,917	817	950	1,069	6.09	29.2	25.1	22.3
Baxter International Inc	BAX	43	38	39	11.3%	8.5%	32,842	14,892	2,715	3,348	3,416	2.21	12.1	9.8	9.6
Boston Scientific Corp	BSX	68	58	50	18.5%	36.9%	109,058	14,707	4,262	4,770	5,313	7.42	25.6	22.9	20.5
Coloplast A/S	COLOB	134	114	127	18.0%	5.5%	32,414	3,629	1,162	8,701	9,754	8.93	27.9	3.7	3.3
Edwards Lifesciences Corp	EW	96	76	83	25.3%	15.5%	56,442	6,143	1,929	2,058	2,340	9.19	29.3	27.4	24.1
Hologic Inc	HOLX	78	71	81	9.1%	-3.4%	18,931	3,969	1,257	1,312	1,426	4.77	15.1	14.4	13.3
IDEXX Laboratories Inc	IDXX	540	555	500	-2.7%	8.0%	45,407	3,725	1,238	1,332	1,478	12.19	36.7	34.1	30.7
Intuitive Surgical Inc	ISRG	399	337	255	18.3%	56.2%	135,802	nm	nm	3,024	3,610	nm	nm	44.9	37.6
ResMed Inc	RMD	198	171	216	15.4%	-8.6%	30,350	4,375	1,347	1,574	1,776	6.94	22.5	19.3	17.1
Smith & Nephew PLC	SN/	13	14	13	-7.4%	-6.9%	13,770	5,549	1,126	1,451	1,601	2.48	12.2	9.5	8.6
Stryker Corp	SYK	358	299	283	19.8%	26.7%	147,078	20,963	5,675	6,104	6,741	7.02	25.9	24.1	21.8
Teleflex Inc	TFX	226	249	251	-9.2%	-10.2%	12,247	3,001	860	869	985	4.08	14.2	14.1	12.4
Zimmer Biomet Holdings Inc	ZBH	132	121	128	8.7%	2.9%	32,539	7,453	2,462	2,797	2,942	4.37	13.2	11.6	11.1
Group Median					10.8%	4.2%						4.20x	14.1x	14.3x	12.9x

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		1Q 2024	4Q 2023	1Q 2023	Quarterly	Annual				1Q 2024	1Q 2024			1Q 2024	FY 2025
Healthcare Technology															
M3 Inc	MTHRY	\$14	\$16	\$25	-13.9%	-42.6%	\$8,553	\$1,684	\$557	\$79,359	\$86,927	5.08x	15.4x	0.1x	0.1x
Craneware PLC	CRW	28	22	14	25.1%	98.7%	995	174	50	58	62	5.72	20.0	17.3	16.2
Doximity Inc	DOCS	27	28	32	-4.0%	-16.9%	4,152	419	136	225	240	9.91	30.5	18.4	17.3
Evolent Health Inc	EVH	33	33	32	-0.7%	1.0%	4,387	2,176	147	246	322	2.02	29.8	17.8	13.6
HealthStream Inc	HSTM	27	27	27	-1.3%	-1.1%	739	283	60	66	70	2.61	12.2	11.2	10.6
Veradigm Inc	MDRX	8	10	13	-26.6%	-41.0%	841	nm	nm	169	155	nm	nm	5.0	5.4
Omniceil Inc	OMCL	29	38	59	-22.3%	-50.2%	1,434	1,103	81	100	128	1.30	17.7	14.4	11.2
Teladoc Health Inc	TDOC	15	22	26	-29.9%	-41.7%	3,009	2,619	143	367	418	1.15	21.0	8.2	7.2
Veeva Systems Inc	VEEV	232	193	184	20.3%	26.1%	33,806	2,176	440	1,091	1,259	15.53	76.9	31.0	26.9
Group Median					15.9%	-8.9%						2.79x	21.4x	14.0x	13.1x

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		1Q 2024	4Q 2023	1Q 2023	Quarterly	Annual				1Q 2024	1Q 2024			1Q 2024	FY 2025
Large, Diversified															
Agilent Technologies Inc	A	\$145	\$139	\$137	4.7%	5.9%	\$43,378	\$6,735	\$1,942	\$2,005	\$2,184	6.44x	22.3x	21.6x	19.9x
AbbVie Inc	ABBV	180	152	152	18.6%	18.9%	374,537	54,403	26,059	26,219	28,804	6.88	14.4	14.3	13.0
Abbott Laboratories	ABT	113	109	99	3.8%	14.5%	203,786	40,326	10,185	10,833	11,788	5.05	20.0	18.8	17.3
Amgen Inc	AMGN	284	286	234	-0.5%	21.6%	206,537	29,532	12,874	18,026	18,095	6.99	16.0	11.5	11.4
Becton Dickinson & Co	BDX	247	243	244	1.9%	1.5%	86,417	19,492	6,732	5,692	6,129	4.43	12.8	15.2	14.1
Danaher Corp	DHR	250	231	222	8.1%	12.3%	197,175	26,231	8,012	7,694	8,618	7.52	24.6	25.6	22.9
Johnson & Johnson	JNJ	158	156	150	1.7%	5.2%	388,190	85,648	30,848	32,327	33,313	4.53	12.6	12.0	11.7
Medtronic PLC	MDT	87	82	78	6.7%	11.7%	132,991	31,558	9,399	9,336	9,909	4.21	14.1	14.2	13.4
Koninklijke Philips NV	PHIA	19	23	17	-13.9%	14.7%	24,560	19,651	3,129	3,074	3,357	1.25	7.8	8.0	7.3
Roche Holding AG	ROG	255	280	274	-8.9%	-7.1%	227,827	67,287	25,289	22,192	24,186	3.39	9.0	10.3	9.4
Siemens Healthineers AG	SHL	60	57	56	4.3%	5.9%	83,369	23,559	5,171	4,551	5,285	3.54	16.1	18.3	15.8
Thermo Fisher Scientific Inc	TMO	581	530	575	9.6%	1.1%	253,084	42,492	10,832	10,838	11,894	5.96	23.4	23.4	21.3
Group Median					4.0%	8.8%						4.79x	15.2x	14.7x	13.8x

(\$Millions, except per share figures)

Data Source: Bloomberg

Mergers & Acquisitions

Announced Transactions During 1Q 2024									
Acquirer	Target	Announce Date	Transaction Value	Implied EV	Implied EV			Target Sector	
					Revenue	EBIT	EBITDA		
Novartis BidCo AG	MorphoSys AG	2/5/24	4,791	4,063	15.90	nm	nm	Biotechnology	
Boston Scientific Corporation	Axonics, Inc.	1/8/24	3,701	3,356	9.16	nm	353.0	Health Care Equipment	
AstraZeneca AB	Fusion Pharmaceuticals Inc.	3/19/24	2,409	2,175	1051.72	nm	nm	Biotechnology	
Ingersoll Rand Inc.	ILC Dover LP	3/25/24	2,400	2,400	7.16	nm	nm	Health Care Supplies	
Johnson & Johnson	Ambrx Biopharma Inc.	1/8/24	2,000	1,775	433.70	nm	nm	Biotechnology	
Aventis Inc.	Inhibrx, Inc.	1/23/24	1,912	1,634	907.70	nm	nm	Biotechnology	
GSK plc	Aiolos Bio, Inc.	1/8/24	1,400	1,400	nm	nm	nm	Biotechnology	
Novo Nordisk A/S	Cardior Pharmaceuticals GmbH	3/25/24	1,111	1,111	nm	nm	nm	Biotechnology	
Bruker Corporation	ELITech Group SAS	2/28/24	943	943	nm	nm	nm	Health Care Equipment	
Novartis AG	IFM Due, Inc.	3/13/24	835	835	nm	nm	nm	Biotechnology	
Novartis AG	Calypso Biotech B.V.	1/8/24	425	425	nm	nm	nm	Biotechnology	
Merck Sharp & Dohme LLC	Harpoon Therapeutics, Inc.	1/8/24	423	392	10.49	nm	nm	Biotechnology	
Tome Biosciences, Inc.	Replace Therapeutics Inc.	1/2/24	185	185	nm	nm	nm	Biotechnology	
Veradigm Inc.	Cascade Bio, Inc.	2/27/24	184	184	nm	nm	nm	Health Care Technology	
Haemonetics Corporation	Advanced Cooling Therapy, Inc.	3/5/24	160	160	7.27	nm	nm	Health Care Equipment	
Integer Holdings Corporation	Pulse Technologies, Inc.	1/10/24	158	158	nm	nm	nm	Health Care Equipment	
Advanced Medical Solutions Group plc	Peters Surgical SASU	3/13/24	155	155	1.68	nm	nm	Health Care Equipment	
Össur hf. (nka:Embla Medical hf.)	Fior & Gentz Gesellschaft für Entwicklung und Vertrieb von orthopädi-etechnischen Systemen mbH	1/16/24	131	131	5.73	nm	nm	Health Care Equipment	
Calyx Services Inc.	Inviso, LLC	3/7/24	130		2.45	nm	nm	Health Care Technology	
XOMA Corporation	Kinnate Biopharma Inc.	2/16/24	115	(39)	nm	nm	nm	Biotechnology	

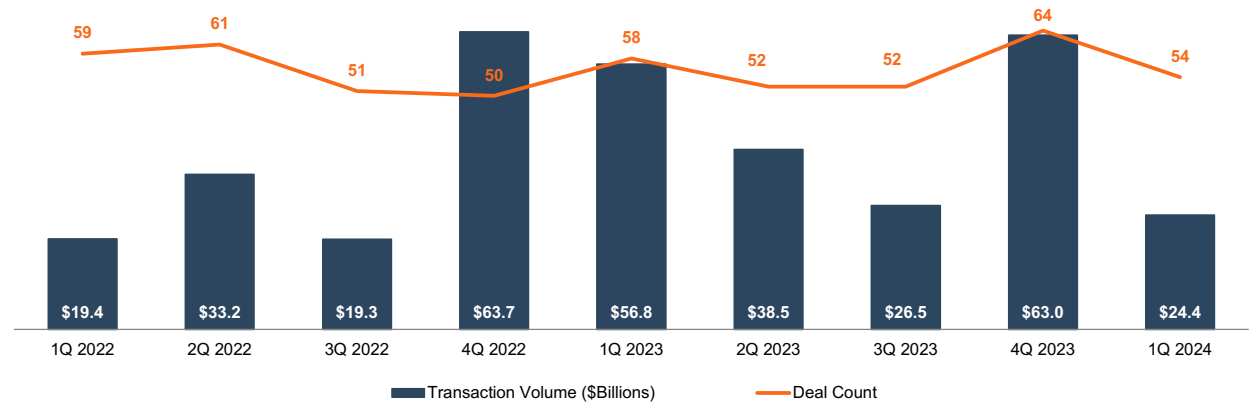
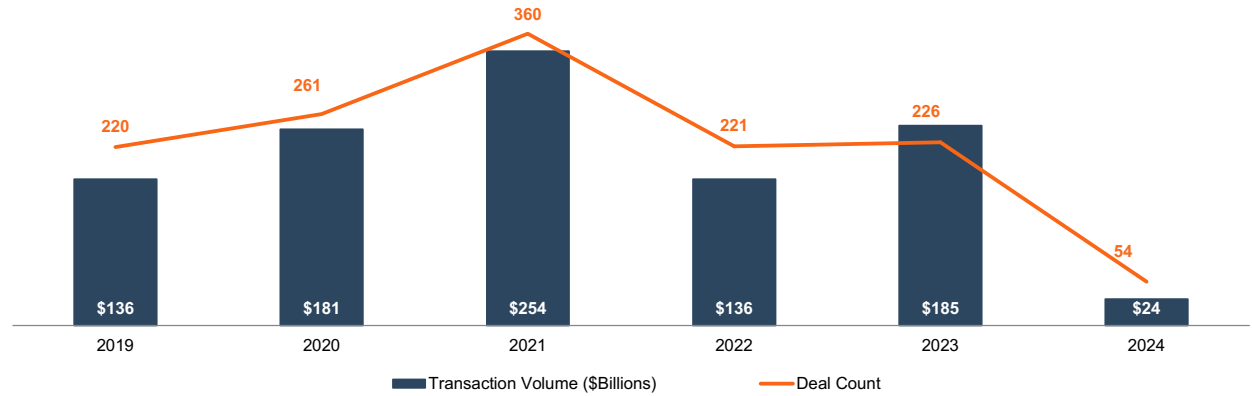
Transaction values over \$100 million; Presented in \$millions

Data Source: Capital IQ

MedTech & Device M&A

(continued)

Medtech & Device M&A



Source: Capital IQ; Mercer Capital Analysis

Initial Public Offerings

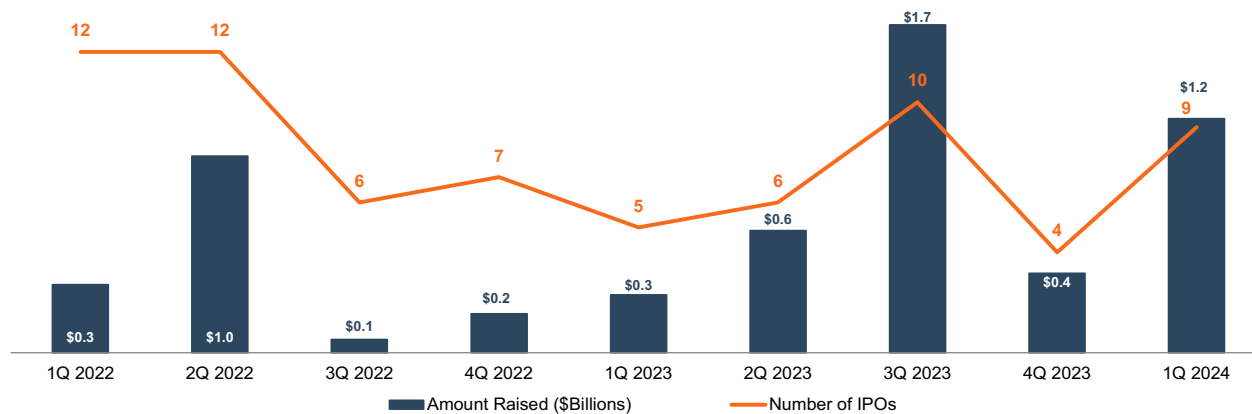
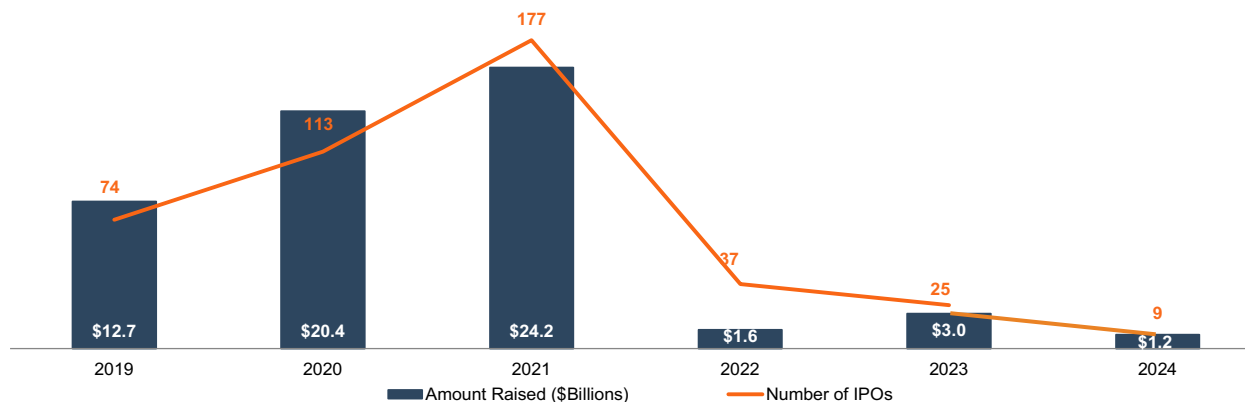
Completed Initial Public Offerings During 1Q 2024

Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds (\$mil)	3/29/24 Stock Price	Return Since IPO	3/29/24 Market Cap	Industry
Boundless Bio, Inc.	BOLD	1/24/24	16.00	100.0	14.25	-10.9%	316.9	Biotechnology
Chromocell Therapeutics Corporation	CHRO	2/15/24	6.00	6.6	2.62	-56.3%	15.1	Biotechnology
Veritas In Silico Inc.	130A	2/8/24	6.69	5.4	13.11	95.8%	83.5	Life Sciences Tools and Services
Metagenomi, Inc.	MGX	2/8/24	15.00	93.8	10.55	-29.7%	395.3	Biotechnology
Kyverna Therapeutics, Inc.	KYTX	2/7/24	22.00	319.0	24.84	12.9%	1,071.0	Biotechnology
Fractyl Health, Inc.	GUTS	2/1/24	15.00	110.0	7.40	-50.7%	352.3	Health Care Equipment
Autonomix Medical, Inc.	AMIX	1/26/24	5.00	11.2	3.02	-39.6%	56.8	Health Care Equipment
ArriVent BioPharma, Inc.	AVBP	1/25/24	18.00	175.0	17.86	-0.8%	598.2	Biotechnology
CG Oncology, Inc.	CGON	1/24/24	19.00	380.0	43.90	131.1%	2,925.3	Biotechnology

Initial Public Offerings

(continued)

Medtech & Device IPOs



Source: Capital IQ; Mercer Capital Analysis



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