

VALUE FOCUS

MEDTECH & DEVICE INDUSTRY



BUSINESS VALUATION &
FINANCIAL ADVISORY SERVICES

First Quarter 2025

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EXECUTIVE SUMMARY

This quarterly update includes a broad outlook that divides the healthcare industry into four sectors:

1. Biotechnology & Life Sciences
2. Medical Devices
3. Healthcare Technology
4. 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.

FEATURE ARTICLES

Stryker Corporation (SYK): Many Acquisitions in 2024

Stryker Corporation made bold moves in 2024, snapping up a number of companies and setting the stage for growth in 2025. With a \$4.8 billion deal among a series of strategic acquisitions, and stock surging 34%, what's next for this medical tech giant? CEO Kevin Lobo states "M&A will be the number one use of the company's cash going forward." In this article we look into some of the SYK acquisitions over 2024.

Medical Device Industry Outlook – Five Long-Term Trends to Watch

What is driving the future of the medical device industry? From powerful demographic shifts to technological innovation and global market expansion, we discuss five key trends that are reshaping the landscape in 2025 and beyond. But it is not all smooth sailing—rising trade tensions, regulatory changes, and evolving reimbursement models could bring new challenges.

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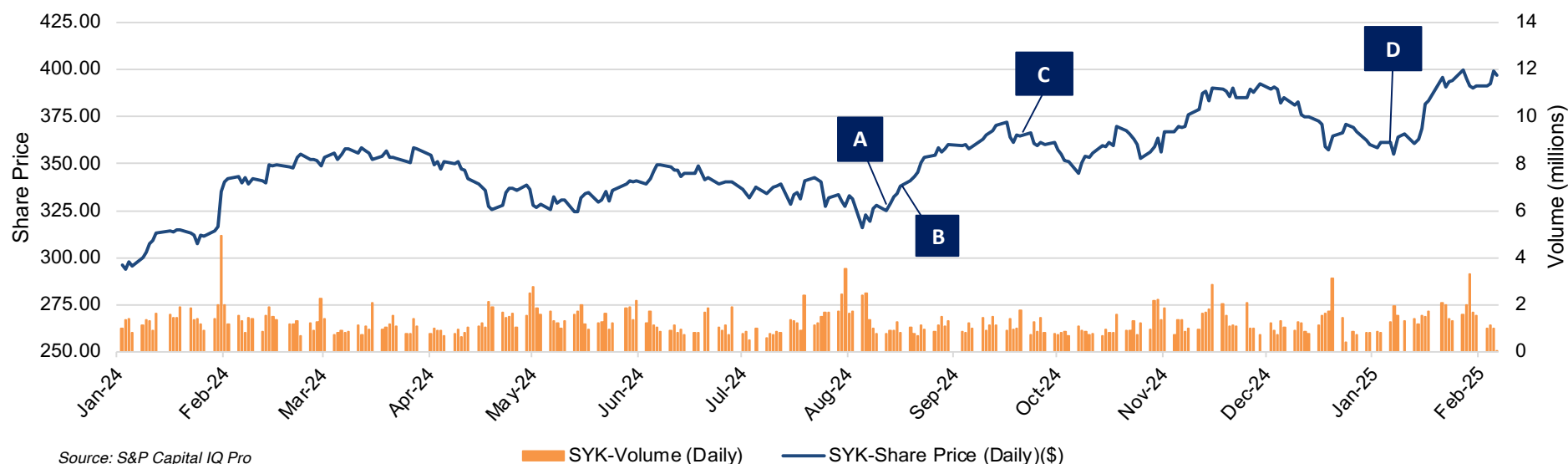
FEATURE ARTICLE

Stryker Corporation (SYK): Many Acquisitions in 2024

J. Davis Rolfe, Jr., CPA

Stryker Corporation (NYSE:SYK) is a global leader in medical technologies, offering products and services in MedSurg, Neurotechnology, and Orthopedics that help improve patient and healthcare outcomes. **Divestiture** of the Spine division was completed in 2025. The company sells its products to physicians, hospitals, and other healthcare facilities through company-owned subsidiaries and branches, as well as third-party dealers and distributors in approximately 75 countries. The company is based in Portage, Michigan.

During 2024, Stryker Corporation completed a number of acquisitions, with a further announcement in early January 2025. Since the beginning of 2024, Stryker's stock price has grown 34% from \$296.23 per share to \$397.17 per share in early February 2025. Stryker CEO Kevin Lobo **highlighted** the company's recent acquisitions in October 2024, stating that he expects the acquisitions to contribute \$300 million to its 2025 sales. Additionally, Mr. Lobo stated Stryker has "significant financial capacity for future deals," having already spent \$1.6 billion, and that "M&A will be the number one use of the company's cash going forward." On the following page, we summarize our observations related to some of Stryker's recent acquisitions and the company's stock price at the relevant dates.



Stryker Corporation (SYK): Many Acquisitions in 2024 (cont.)

(A): Stryker Corporation agreed to acquire 100% of Webdr.ai Inc. (fka Care.ai inc.), a Florida-based company, on August 12, 2024. The acquisition was completed on September 17, 2024. The terms of the deal were undisclosed. On the day of announcement, Stryker's stock price was \$325.20 per share. Webdr.ai develops and operates a sensor-based platform that detects and evaluates a range of patient behaviors. Primarily, it offers an artificial intelligence (AI) powered platform that detects and predicts adverse events. The acquisition aims to strengthen Stryker's growing healthcare IT offering and wirelessly connected medical device portfolio.

(B): Stryker Corporation agreed to acquire 100% of Vertos Medical Inc. (fka X-Sten Corp.), a California-based company, on August 22, 2024. The acquisition was completed on October 1, 2024. The terms of the deal were undisclosed. On the day of announcement, Stryker's stock price was \$350.72 per share. Vertos, a medical device company, develops minimally invasive treatments for lumbar spinal stenosis. The Vertos acquisition aims to strengthen Stryker's Orthopedics and Spine segment.

(C): Stryker Corporation acquired 100% of NICO Corporation, an Indiana-based company, on September 20, 2024. The terms of the deal were undisclosed. Stryker's stock price at the transaction date was \$364.81 per share. NICO designs and develops technology and products for the field of corridor surgery, including cranial, ENT, spinal, and otolaryngology. It offers its products through distributors to physicians and hospitals in North America, the Middle East, Israel, Oceania, Australia, and New Zealand. The acquisition aims to complement Stryker's Neurotechnology and Spine segments.

(D): Stryker Corporation agreed to acquire 100% of Inari Medical, Inc. (NASDAQGS:NARI), a California-based company, on January 6, 2025 for a total of \$4.8 billion. Under the terms of the offer, Stryker will commence a tender offer for all outstanding shares of common stock for \$80 per share in cash. On the day of announcement, Stryker's stock price was \$361.36 per share. Inari builds minimally invasive, novel, and catheter-based mechanical thrombectomy devices and accessories for specific diseases in the United States. This acquisition should be accretive to Stryker's Neurovascular business, per management. Mr. Lobo noted "the acquisition of Inari expands Stryker's portfolio to provide life-saving solutions to patients who suffer from peripheral vascular diseases." At announcement, the deal's enterprise value to total revenue multiple was 8.37x. ♦

FEATURE ARTICLE

Medical Device Industry Outlook – Five Long-Term Trends to Watch

Sujan Rajbhandary, CFA, ABV & Daniel P. McLeod, CFA

MEDICAL DEVICES OVERVIEW

The medical device manufacturing industry produces equipment designed to diagnose and treat patients. Medical devices range from simple tongue depressors and bandages to complex programmable pacemakers and sophisticated imaging systems. Major product categories include surgical implants and instruments, medical supplies, electro-medical equipment, in-vitro diagnostic equipment and reagents, irradiation apparatuses, and dental goods.

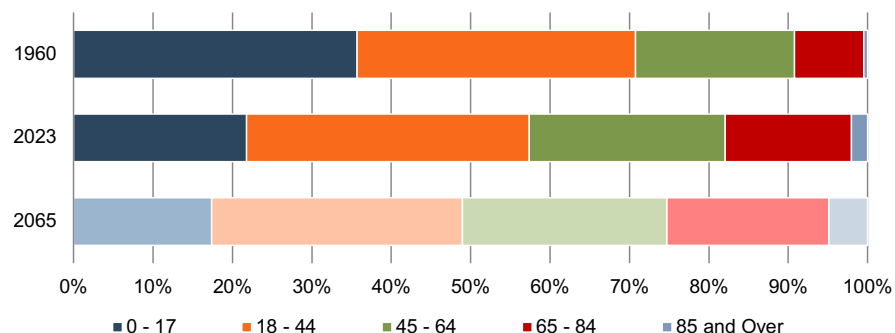
The following outlines five structural factors and trends that influence demand and supply of medical devices and related procedures.

1. Demographics

The aging population, driven by declining fertility rates and increasing life expectancy, represents a major demand driver for medical devices. The U.S. elderly population (persons aged 65 and above) totaled 60.0 million in 2023 (18% of the population). The U.S. Census Bureau estimates that the elderly will number 92.7 million by 2065, representing more than 25% of the **total population**.

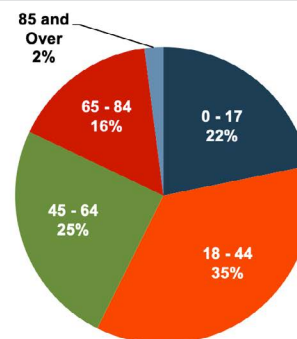
The elderly account for nearly one third of total healthcare consumption in the U.S. **Personal healthcare spending** for the population segment was approximately \$22,000 per person in 2020, 5.5 times the spending per child (about \$4,000) and more than double the spending per working-age person (about \$9,000).

U.S. Population Distribution by Age Group

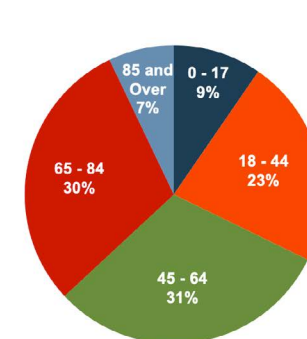


Source: US Census Bureau, S&P Capital IQ Pro

U.S. Population Distribution by Age Group



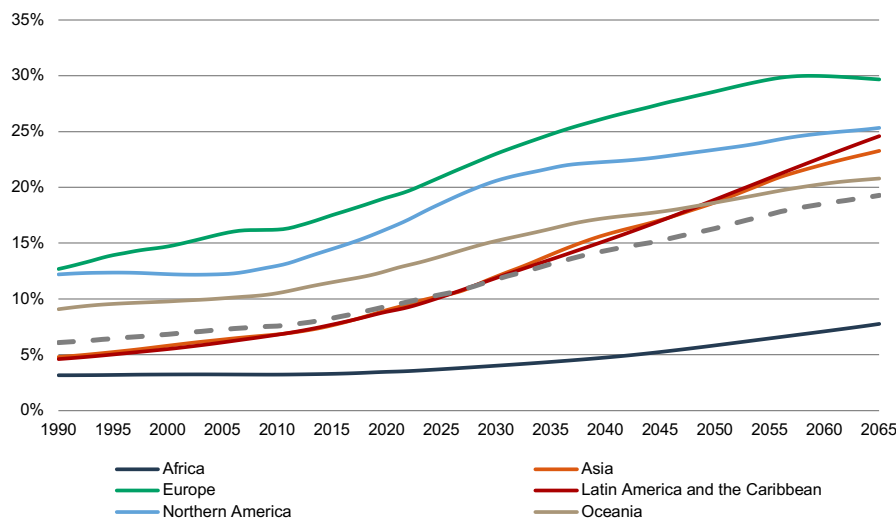
U.S. Healthcare Cost Distribution by Age Group



Source: US Census Bureau, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

World Population 65 and Over (% of Total)



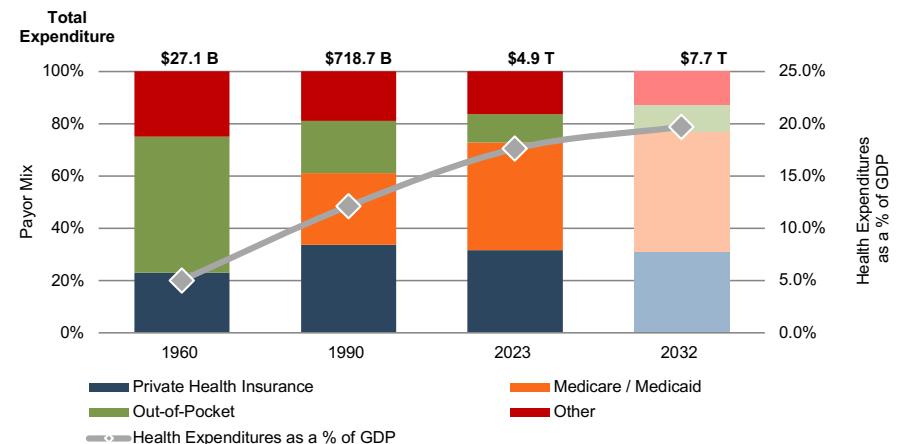
Source: United Nations, Department of Economic and Social Affairs, Population Division (2024). World Population Prospects 2024, Online Edition.

According to **United Nations projections**, the global elderly population will rise from approximately 809.0 million (10% of world population) in 2023 to 1.9 billion (19.3% of world population) in 2065. Europe's elderly made up 20.1% of the total population in 2023, and the proportion is projected to reach 29.7% by 2065, making it the world's oldest region. Latin American and the Caribbean is currently one of the youngest regions in the world, with its elderly at 9.5% of the total population in 2023, but this region is expected to undergo drastic transformation over the next several decades, with the elderly population expected to expand to 24.6% of the total population by 2065. North America has an above-average elderly population as of 2023 (17.6%) and is projected to expand to 25.3% by 2065.

2. Healthcare Spending and the Legislative Landscape in the U.S.

Demographic shifts underlie the expected growth in total U.S. healthcare expenditure from **\$4.9 trillion** in 2023 to \$7.7 trillion in 2032, an average annual growth rate of 5.6%. This projected average annual growth rate is slightly higher than the observed rate of 5.1% between 2013 and 2022, implying some acceleration in expected spending. Projected growth in annual spending for Medicare (average annual growth of 7.0%) and Medicaid (average annual growth of 5.2%) is expected to contribute substantially to the increase in national health expenditure over the coming decade. Growth in national healthcare spending, after significant growth in 2020 of 10.6%, slowed to 3.2% in 2021 and 4.1% in 2022 before increasing to 7.5% in 2023. Healthcare spending as a percentage of GDP is expected to increase from **17.6% in 2023 to 19.7% by 2032**.

U.S. Healthcare Consumption Payor Mix and as a % of GDP

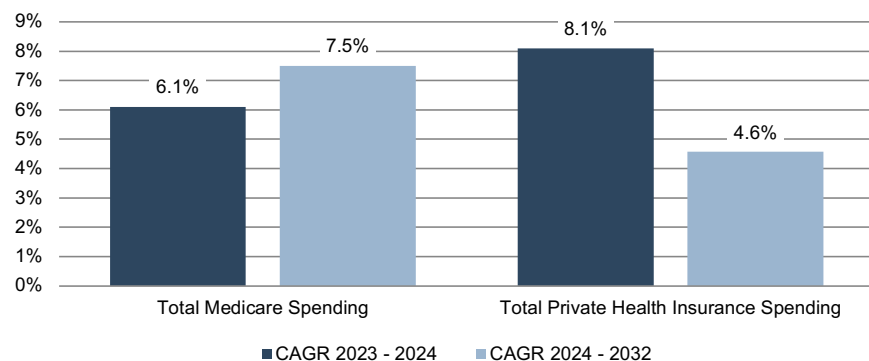


Source: Centers for Medicare & Medicaid Services, Office of the Actuary

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

Since inception, Medicare has accounted for an increasing proportion of total U.S. healthcare expenditures. Medicare currently provides healthcare benefits for an estimated **65 million** elderly and disabled people, constituting approximately 10% of the federal budget in 2021. Medicare spending growth is expected to average **7.1% from 2025 to 2026**. Medicare represents the largest portion of total healthcare costs, constituting 21% of total health spending in 2021. Medicare accounts for 26% of spending on hospital care, 26% of physician and clinical services, and 32% of retail prescription drugs sales.

Average Spending Growth Rates, Medicare and Private Health Insurance



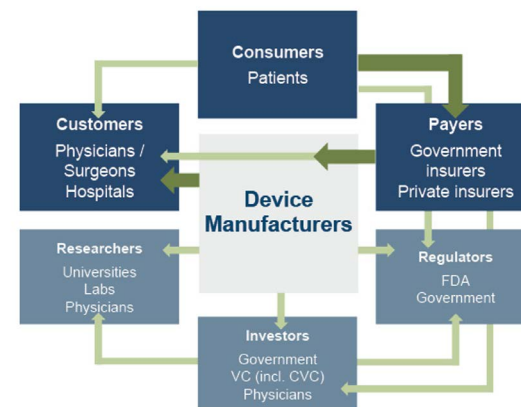
Source: CMS

Due to the growing influence of Medicare in aggregate healthcare consumption, legislative developments can have a potentially outsized effect on the demand and pricing for medical products and services. In early 2025, there were indications of potential scrutiny of Medicare and Medicaid. Future updates of this outlook will incorporate any changes that may occur. Total Medicare spending totaled \$1.0 trillion in 2023 and is expected to reach \$1.9 trillion by 2032.

The *Inflation Reduction Act* (“IRA”) was signed into law in August 2022 by the Biden administration. Among other items, the **IRA** aims to lower prescription drug costs and improve access to prescription drugs for Medicare enrollees. Two healthcare **spending-related items** in the IRA include out-of-pocket caps for insulin products (capped at \$35 for each monthly subscription under Part D and Part B) and a \$2,000 out-of-pocket annual spending cap for drugs under Medicare Part D. These provisions could have significant effects on the growth rates for out-of-pocket spending for prescription drugs, which are projected to decline by 5.9% and 4.2% 2024 and 2025, respectively.

3. Third-Party Coverage and Reimbursement

The primary customers of medical device companies are physicians (and/or product approval committees at their hospitals), who select the appropriate equipment for the consumers (patients). In most developed economies, the consumers themselves are one (or more) step removed from interactions with manufacturers, and therefore pricing of medical devices. Device manufacturers ultimately receive payments from insurers, who usually reimburse healthcare providers for routine procedures (rather than for specific components like the devices used). Accordingly, medical device purchasing decisions tend to be largely disconnected from price.



Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

Third-party payors (both private and government programs) are keen to reevaluate their payment policies to constrain rising healthcare costs. Hospitals and other care settings form the largest market for medical devices. Lower reimbursement growth will likely persuade hospitals to scrutinize medical purchases by adopting i) higher standards to evaluate the benefits of new procedures and devices, and ii) a more disciplined price bargaining stance.

The transition of the healthcare delivery paradigm from fee-for-service (FFS) to value models is expected to lead to fewer hospital admissions and procedures, given the focus on cost-cutting and efficiency. In 2015, the Department of Health and Human Services (HHS) announced goals to have 85% and 90% of all Medicare payments tied to quality or value by 2016 and 2018, respectively, and 30% and 50% of total Medicare payments tied to alternative payment models (APM) by the end of 2016 and 2018, respectively. A report issued by the **Health Care Payment Learning & Action Network (HCPLAN)**, a public-private partnership launched in March 2015 by HHS, found that 33.7% of (traditional) Medicare payments were tied to APMs categorized as 3B and above in 2023, compared to 30.2% in 2022. HCPLAN has set goals of reaching 50% in 2024, 60% in 2025 and 100% in 2030. These goals are aligned with the **CMS Innovation Center (CMMI) goal** of having 100% of traditional Medicare beneficiaries with Parts A and B in care relationships with accountability for quality and total cost of care.

In 2020, CMS released guidance for states on how to advance **value-based care** across their healthcare systems, emphasizing Medicaid populations, and to share pathways for adoption of such approaches. CMS states that **value-based care** advances health equity by putting focus on health outcomes of every person, encouraging health providers to screen for social needs, requiring health professionals to

monitor and track outcomes across populations, and engaging with providers who have historically worked in underserved communities. Ultimately, lower reimbursement rates and reduced procedure volume will likely limit pricing gains for medical devices and equipment.

The medical device industry faces similar reimbursement issues **globally**, as the European Union (EU) and other jurisdictions face similar increasing healthcare costs. A number of countries have instituted price ceilings on certain medical procedures, which could deflate the reimbursement rates of third-party payors, forcing down product prices. Industry participants are required to report manufacturing costs, and medical device reimbursement rates are set potentially below those figures in certain major markets like Germany, France, Japan, Taiwan, Korea, China, and Brazil. Whether third-party payors consider certain devices medically reasonable or necessary for operations presents a hurdle that device makers and manufacturers must overcome in bringing their devices to market.

4. Competitive Factors and Regulatory Regime

Historically, much of the growth of medical technology companies has been predicated on continual product innovations that make devices easier for doctors to use and improve health outcomes for the patients. Successful product development usually requires significant R&D outlays and a measure of luck. If viable, new devices can elevate average selling prices, market penetration, and market share.

Government regulations curb competition in two ways to foster an environment where firms may realize an acceptable level of returns on their R&D investments. First, firms that are first to the market with a new product can benefit from patents and intellectual property protection giving them a competitive advantage for a finite period.

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

Second, regulations govern medical device design and development, preclinical and clinical testing, premarket clearance or approval, registration and listing, manufacturing, labeling, storage, advertising and promotions, sales and distribution, export and import, and post market surveillance.

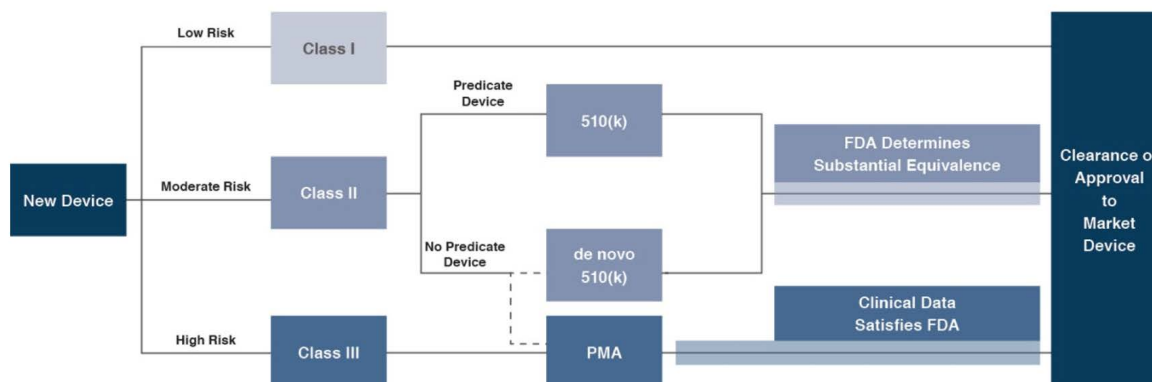
Regulatory Overview in the U.S.

In the U.S., the FDA generally oversees the implementation of the second set of regulations. Some relatively simple devices deemed to pose low risk are exempt from the FDA's clearance requirement and can be marketed in the U.S. without prior authorization. For the remaining devices, commercial distribution requires marketing authorization from the FDA, which comes in primarily two flavors.

1) The premarket notification ("510(k) clearance") process requires the manufacturer to demonstrate that a device is "substantially equivalent" to an existing device ("predicate device") that is legally marketed in the U.S. The 510(k) clearance process may occasionally require clinical data and generally takes between 90 days and one year

for completion. In November 2018, the FDA announced plans to change elements of the 510(k) clearance process. Specifically, the FDA plan includes measures to encourage device manufacturers to use predicate devices that have been on the market for no more than 10 years. In early 2019, the FDA announced an **alternative 510(k)** program to allow medical devices an easier approval process for manufacturers of certain "well-understood device types" to demonstrate substantial equivalence through objective safety and performance criteria. In February 2020, the FDA launched its voluntary pilot program: **electronic Submission Template and Resource (eSTAR)** as an interactive submission template that may be used by the medical device submitters to prepare certain pre-market submissions for a device. Starting in October 2023, all 510(k) submissions were required to be submitted using eSTAR unless exempted.

2) The premarket approval ("PMA") process is more stringent, time-consuming, and expensive. A PMA application must be supported by valid scientific evidence, which typically entails collection of extensive technical, preclinical, clinical, and manufacturing data. Once the PMA is submitted and found to be complete, the FDA begins an in-depth review, which is required by statute to take no longer than 180 days. However, the process typically takes significantly longer and may require several years to complete.



Pursuant to the **Medical Device User Fee Modernization Act (MDUFA)**, the FDA collects user fees for the review of devices for marketing clearance or approval. The current iteration of the **Medical Device User Fee Act (MDUFA V)** came into effect in October 2022.

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

Under MDUFA V, the FDA is authorized to collect \$1.8 billion in user fee revenue for the five-year cycle, an increase from the approximately \$1 billion in user fees under MDUFA IV, between 2017 and 2022. A significant change from MDUFA IV to MDUFA V relates to performance goals for **De Novo Classification requests** (requests for novel medical devices for which general controls alone provide reasonable assurance of safety and effectiveness for the intended use). There has also been updated PMA guidance, with the **FDA conducting substantive reviews** within 90 calendar days for all original PMAs, panel-track supplements, and 180-Day supplements.

Regulatory Overview Outside the U.S.

The European Union (EU), along with countries such as Japan, Canada, and Australia all operate strict regulatory regimes similar to that of the FDA, and international consensus is moving towards more stringent regulations. Stricter regulations for new devices may slow-release dates and may negatively affect companies within the industry.

Medical device manufacturers face a single regulatory body across the EU: Regulation (EU 2017/745), also known as the European Union Medical Device Regulation (EU MDR). The regulation was published in 2017, replacing the medical device directives regulation that was in place since the 1990s. The requirements of the MDR became applicable to all **medical devices sold in the EU in May 2021**. The EU is the second largest market for medical devices in the world with total medical device sales expected to exceed approximately €170 billion by 2027, behind only the United States. The EU MDR has introduced stricter requirements for medical device manufacturers, including increased clinical evidence and **post-market surveillance**.

Consequently, there is increased risk for longer approval processes and delays in manufacturing of these devices.

5. Emerging Global Markets

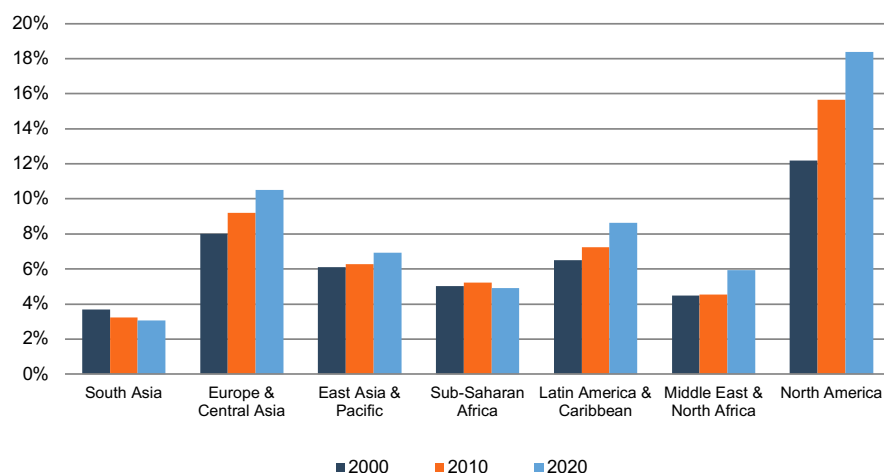
Emerging economies are claiming a growing share of global healthcare consumption, including medical devices and related procedures, owing to relative economic prosperity, growing medical awareness, and increasing (and increasingly aging) populations. **According to the WHO**, middle income countries, such as China, Turkey, and Peru, among others, are rapidly converging towards outsized levels of spending as their income scales. When countries grow richer, the demand for health care increases along with people's expectation for government-funded health-care. Upper-middle income countries accounted for **17.5%** of total global healthcare spending in 2021, up from 10.5% in 2000.

As global health expenditure continues to increase, sales to countries outside the U.S. represent a potential avenue for growth for domestic medical device companies. **According to the World Bank**, all regions (except Sub-Saharan Africa and South Asia) have seen an increase in healthcare spending as a percentage of total output over the last two decades.

Global medical device sales are estimated to increase **6.3% annually from 2024** to 2032, reaching nearly \$887 billion according to data from Fortune Business Insights. While the Americas are projected to remain the world's largest medical device market, the Asia Pacific market is expected to expand at a relatively quicker pace over the next several years.

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

World Health Expenditure as a % of GDP



Source: The World Bank

SUMMARY

Demographic shifts underlie the long-term market opportunity for medical device manufacturers. While efforts to control costs on the part of the government insurer in the U.S. (and elsewhere) may limit future pricing growth for incumbent products, a growing global market provides domestic device manufacturers with an opportunity to broaden and diversify their geographic revenue base. Developing new products and procedures is risky and usually more resource intensive compared to some other growth sectors of the economy. However, barriers to entry in the form of existing regulations provide a measure of relief from competition, especially for newly developed products.

POST-SCRIPT – OUTLOOK FOR THE BALANCE OF 2025

The medical device industry, if not the broader body politic, looked to have put the COVID-19 pandemic firmly behind it by 2024. COVID-era convulsions specific to the industry on the demand and supply sides included deferrals of many elective procedures in the early part of the pandemic and disruptions to the (global) supply chains involved in the manufacture of devices and equipment. Procedure volumes were largely caught up by a couple of years after the pandemic and most manufacturers appeared to have worked through their supply chain and inventory issues by 2024. Back to focusing on the more routine longer-term demographic and other trends?

Well, maybe not quite so fast. As we were updating this note in mid-April, a few new items came to light that many observers may not have been adequately attuned to even at the advent of the new year. First, the U.S. has embarked on a deliberate push to alter the global trade landscape. While the specifics of the new regime remain uncertain and in flux, it is fair to assume a higher degree of trade friction will affect device manufacturers that rely on global supply chains. And such friction will surely introduce costs, including welfare losses, that will be borne to varying degrees by everyone involved – component suppliers, manufacturers, caregivers, end-user patients, and entire nations.

Second, changes in the payor landscape in the U.S. could potentially materialize as the government appears ready to scrutinize Medicaid and Medicare programs. Again, the specifics of these changes (if any) are unknown and uncertain. However, following our discussion of the second trend in an earlier section of this article, it bears considering that any changes to these programs will percolate to care settings, potentially affecting everyone involved.

Medical Device Industry Outlook – Five Long-Term Trends to Watch (cont.)

Finally, in this space we are fond of mentioning likely technological changes ahead of us. Last year, we highlighted GLP-1 drugs, and deservedly so even after the benefit of hindsight. At the current moment, artificial intelligence has come to dominate the zeitgeist. For medtech companies, AI has the potential to bring about technological change across a wide range of functions from product design/testing, to incorporation of large datasets (and analysis) to enhance procedure outcomes, to business process improvements. We will remain highly curious observers over both the short term and long term. ♦

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

STOCK MARKET PERFORMANCE

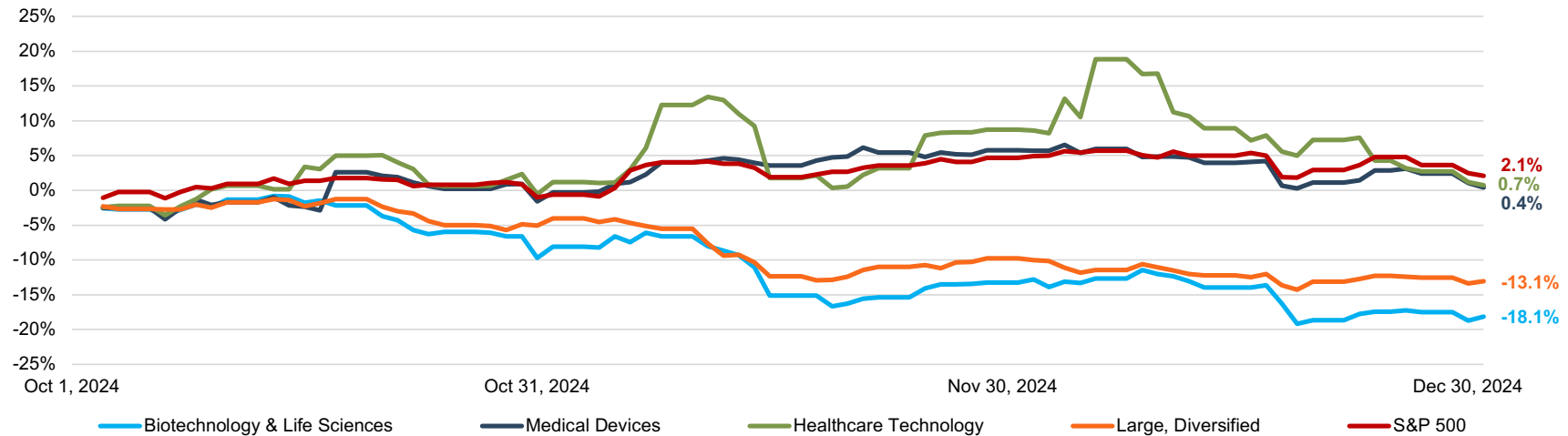
The S&P 500 gained 2.1% during the fourth quarter of 2024, following a 5.5% increase in the prior quarter. Among the medtech industry sub-sectors tracked by Mercer Capital, all four sectors underperformed the broader index over 4Q24. In the prior quarter, all but one sub-sector (biotechnology & life sciences) outperformed the S&P 500. However, the story was different in 4Q24, with the strongest group (healthcare technology) posting only a 0.7% quarter-over-quarter return. The biggest laggard was the biotechnology & life sciences group, which recorded a negative 18.1% return.

- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector decreased 18.1% over the quarter ended December 2024. Of the 14 companies tracked, only four posted positive returns. The top performer of the group was Gilead Sciences, Inc., which posted a 10.2% return. GILD discovers, develops, and commercializes medicines in the areas of unmet medical needs in the U.S., Europe, and other geographies. The Company is headquartered in Foster City, California.
- The medical device index increased 0.4% in 4Q24. Only three companies posted positive returns over the quarter. The best performer was Edwards Lifesciences Corporation with a quarterly return of 12.2%. EW is a California-based company that provides products and technologies for structural heart disease and critical care monitoring in the U.S., Europe, Japan, and other geographies. Stryker Corporation posted a return of negative 0.33% - we examined Stryker acquisitions over 2024 in our feature article on page 1.
- The healthcare technology index increased 0.7% over the quarter, with five of the nine constituent companies posting positive returns. Doximity, Inc., up 22.5%, outperformed all other constituents of the group on the strength of its record engagement during the quarter, with over 610,000 unique providers using its clinical workflow tools. DOCS is a California-based company that operates a cloud-based digital platform for medical professionals in the United States.
- The large, diversified companies as a group decreased 13.1% over the quarter. All 13 companies in the group recorded negative returns quarter-over-quarter. The top performer within the group was Abbott Laboratories, which fell 0.8% during the period, largely attributable to missed sales expectations for the nutrition, diagnostic, and pharma divisions. ABT discovers, develops, manufactures, and sells healthcare products worldwide, operating in four segments: pharmaceutical products, diagnostic products, nutritional products, and medical devices. The Company is headquartered in Chicago, Illinois.

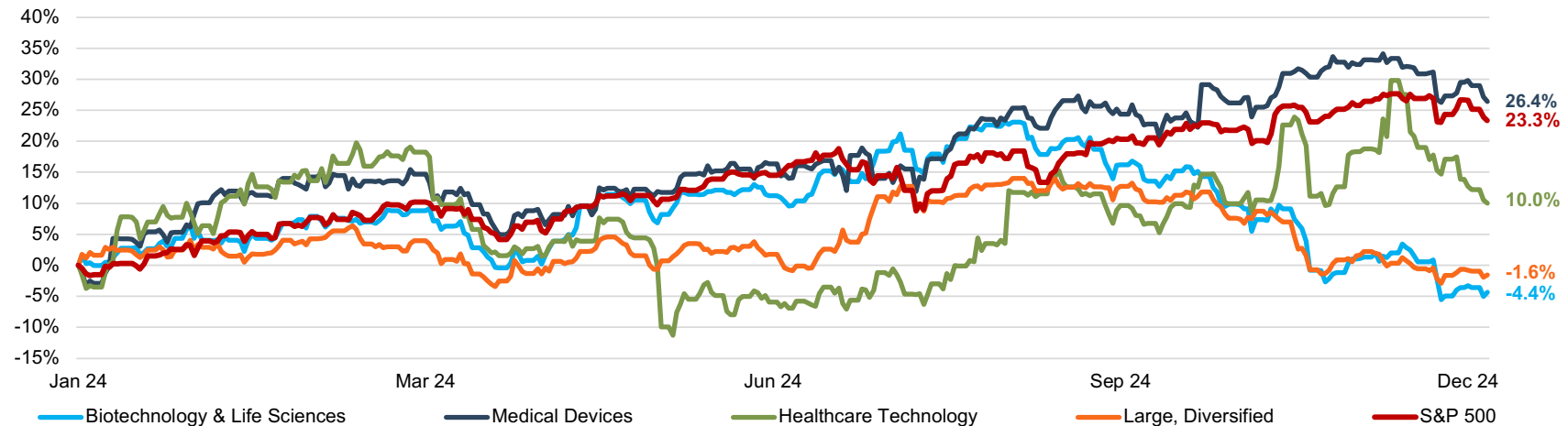
MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

STOCK MARKET PERFORMANCE

4Q 2024 Stock Price Performance



LTM Stock Price Performance



MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

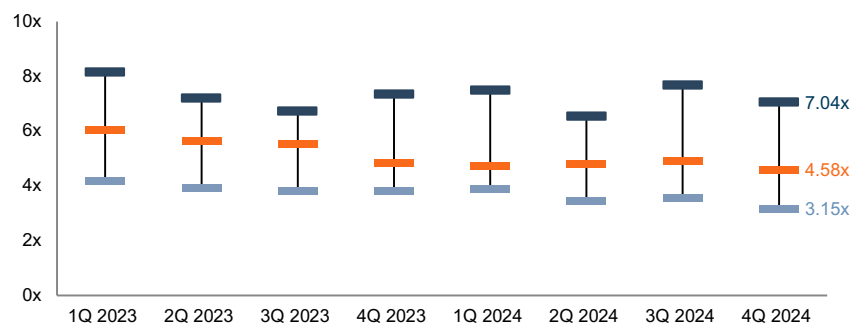
REVENUE MULTIPLES

■ 75% Quartile ■ Median ■ 25% Quartile

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

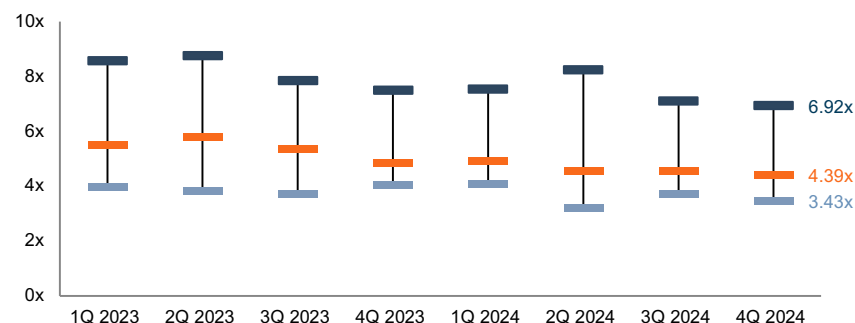
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



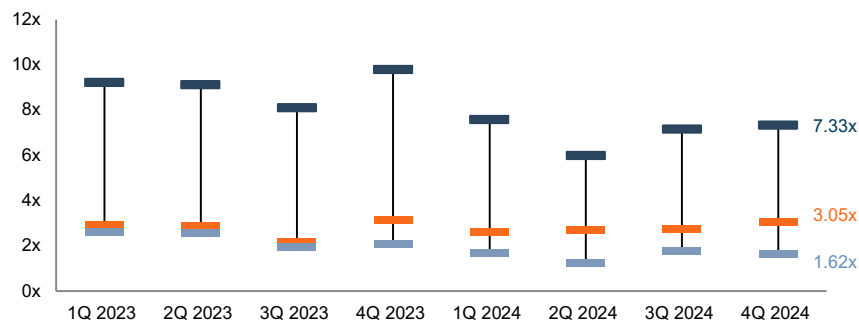
Medical Devices

EV / Trailing LTM Revenue



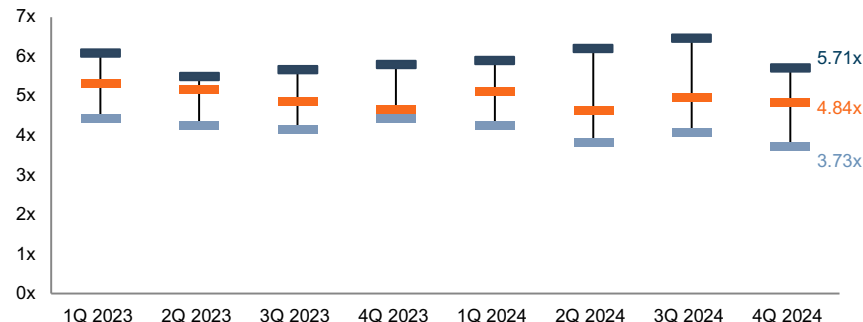
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue



MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

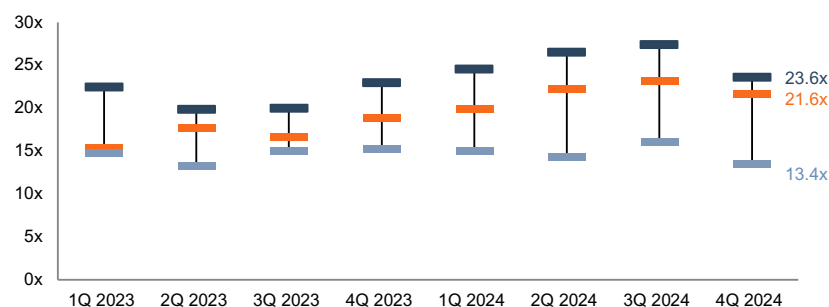
EBITDA MULTIPLES

■ 75% Quartile ■ Median ■ 25% Quartile

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

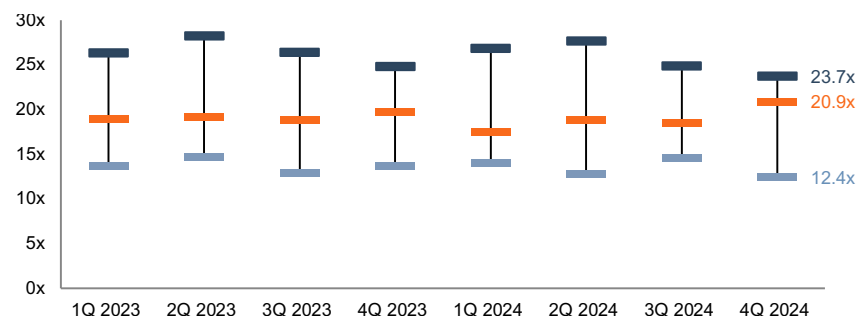
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



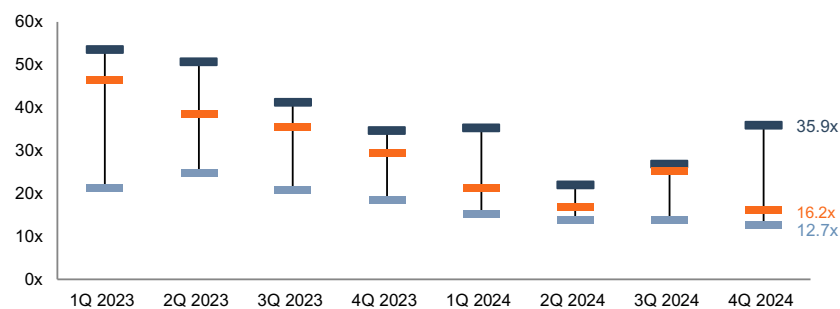
Medical Devices

EV / Trailing LTM EBITDA



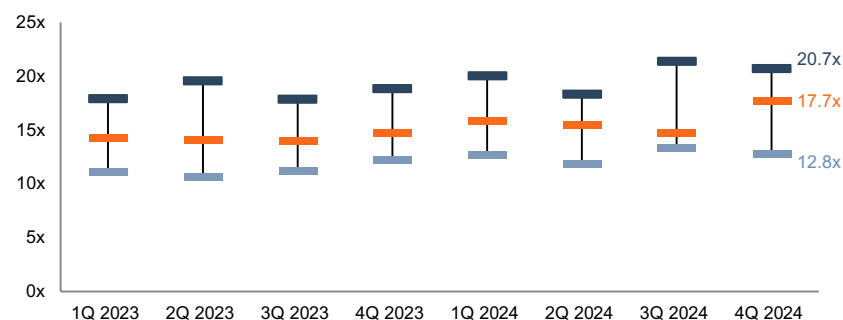
Healthcare Technology

EV / Trailing LTM EBITDA



Large, Diversified

EV / Trailing LTM EBITDA



MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

SELECT OPERATING METRICS

Sector	TTM Gross Margin		TTM Operating Margin		TTM R&D / Revenue		TTM EBITDA Margin	
	4Q 2024	3Q 2024	4Q 2024	3Q 2024	4Q 2024	3Q 2024	24Q 2024	3Q 2024
Biotechnology & Life Sciences	65.8%	63.9%	13.2%	13.0%	20.9%	22.1%	27.8%	25.1%
Medical Devices	65.5%	65.3%	16.5%	16.9%	6.7%	6.8%	28.3%	30.6%
Healthcare Technology	68.6%	68.6%	9.2%	9.0%	12.4%	12.7%	20.9%	20.5%
Large, Diversified	55.8%	55.6%	17.1%	17.4%	8.4%	8.4%	28.7%	30.0%
Overall Median	62.7%	62.1%	15.5%	16.0%	8.2%	8.5%	28.0%	28.9%

Sector	Revenue Growth		L-T FWD Op. Earn. Growth		Debt / EV		Debt / EBITDA	
	Q / Q	Y / Y	4Q 2024	3Q 2024	4Q 2024	3Q 2024	24Q 2024	3Q 2024
Biotechnology & Life Sciences	0.8%	1.3%	16.8%	13.7%	11.5%	11.2%	2.0	2.0
Medical Devices	1.2%	3.8%	11.1%	11.8%	8.2%	9.6%	1.6	1.6
Healthcare Technology	1.2%	1.4%	6.8%	6.1%	4.2%	7.8%	0.6	1.2
Large, Diversified	1.3%	3.7%	8.9%	8.2%	18.8%	17.2%	2.8	2.7
Overall Median	1.2%	3.5%	10.1%	9.0%	11.7%	11.8%	2.0	2.1

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

PUBLIC MEDICAL DEVICE COMPANIES

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		4Q 2024	3Q 2024	4Q 2023	Quarterly	Annual	3Q 2024	4Q 2024	4Q 2024	FY 2025	FY 2026	4Q 2024	4Q 2024	2025	2026
Biotechnology & Life Sciences															
Biogen Inc	BIIB	\$153	\$194	\$259	-21.1%	-40.9%	\$27,232	\$9,608	\$3,009	\$3,343	\$3,525	2.83x	9.1x	8.1x	7.7x
Bio-Rad Laboratories Inc	BIO	329	335	323	-1.8%	1.7%	8,963	2,580	541	465	513	3.47	16.6	19.3	17.5
BioMarin Pharmaceutical Inc	BMRN	66	70	96	-6.5%	-31.8%	12,069	2,753	544	606	875	4.38	22.2	19.9	13.8
Sartorius Stedim Biotech	DIM	195	209	265	-6.7%	-26.3%	21,749	2,965	818	767	901	7.34	26.6	28.3	24.1
Eurofins Scientific SE	ERF	51	63	65	-19.6%	-21.8%	13,982	7,519	1,408	1,650	1,808	1.86	9.9	8.5	7.7
Gilead Sciences Inc	GILD	92	84	81	10.2%	14.0%	133,305	28,299	14,003	9,286	13,689	4.71	9.5	14.4	9.7
Illumina Inc	ILMN	134	130	139	2.5%	-4.0%	22,929	4,372	343	1,213	1,332	5.24	66.8	18.9	17.2
Incyte Corp	INCY	69	66	63	4.5%	10.0%	11,586	4,076	79	269	1,457	2.84	146.9	43.1	8.0
IQVIA Holdings Inc	IQV	197	237	231	-17.1%	-15.1%	46,918	15,405	3,470	3,835	4,108	3.05	13.5	12.2	11.4
Lonza Group AG	LONN	592	633	421	-6.5%	40.5%	46,061	7,471	2,091	2,211	2,561	6.16	22.0	20.8	18.0
Mettler-Toledo International Inc	MTD	1,224	1,500	1,213	-18.4%	0.9%	27,829	3,762	1,177	1,237	1,275	7.40	23.7	22.5	21.8
Regeneron Pharmaceuticals Inc	REGN	712	1,051	878	-32.2%	-18.9%	63,098	14,202	4,710	5,297	5,917	4.44	13.4	11.9	10.7
Vertex Pharmaceuticals Inc	VRTX	403	465	407	-13.4%	-1.0%	99,041	10,626	4,670	898	5,793	9.32	21.2	110.4	17.1
Waters Corp	WAT	371	360	329	3.1%	12.7%	23,597	2,905	1,014	1,070	1,126	8.12	23.3	22.1	21.0
Group Median					-6.6%	-2.5%						4.58x	21.6x	19.6x	15.4x

(\$Millions, except per share figures)

Data Source: Bloomberg

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

PUBLIC MEDICAL DEVICE COMPANIES

		Price		Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA		
		4Q 2024	3Q 2024	4Q 2023	Quarterly	Annual	3Q 2024	4Q 2024	4Q 2024	FY 2025	FY 2026	4Q 2024	4Q 2024	2025	2026
Medical Devices															
Terumo Corp	4543	\$19	\$19	\$33	3.3%	-40.6%	\$29,330	\$6,295	\$1,450	\$254,002	\$283,639	4.66x	20.2x	0.1x	0.1x
Sysmex Corp	6869	19	20	56	-6.0%	-66.7%	11,426	3,121	776	131,298	143,353	3.66	14.7	0.1	0.1
Olympus Corp	7733	15	19	14	-20.6%	4.1%	17,386	6,495	(1,023)	234,410	266,600	2.68	nm	0.1	0.1
Align Technology Inc	ALGN	209	254	274	-18.0%	-23.9%	14,610	3,999	602	984	1,083	3.65	24.3	14.9	13.5
Baxter International Inc	BAX	29	38	39	-23.2%	-24.6%	26,663	13,988	2,364	2,058	2,568	1.91	11.3	13.0	10.4
Boston Scientific Corp	BSX	89	84	58	6.6%	54.5%	140,394	16,746	4,942	5,760	6,541	8.38	28.4	24.4	21.5
Coloplast A/S	COLOB	110	131	115	-16.3%	-4.4%	26,299	3,930	1,247	9,489	10,572	6.69	21.1	2.8	2.5
Edwards Lifesciences Corp	EW	74	66	76	12.2%	-2.9%	39,922	5,873	1,911	1,748	1,758	6.80	20.9	22.8	22.7
Hologic Inc	HOLX	72	81	71	-11.5%	0.9%	16,597	4,030	1,299	1,355	1,450	4.12	12.8	12.2	11.4
IDEXX Laboratories Inc	IDXX	413	505	555	-18.2%	-25.5%	34,434	3,898	967	1,435	1,574	8.83	35.6	24.0	21.9
Intuitive Surgical Inc	ISRG	522	491	337	6.2%	54.7%	182,266	nm	nm	3,870	4,556	nm	nm	47.1	40.0
ResMed Inc	RMD	229	244	172	-6.3%	32.9%	34,220	4,685	1,569	1,871	2,039	7.30	21.8	18.3	16.8
Smith & Nephew PLC	SN/	12	16	14	-20.0%	-9.8%	13,940	5,642	1,155	1,405	1,541	2.47	12.1	9.9	9.0
Stryker Corp	SYK	360	361	299	-0.3%	20.2%	144,952	22,595	6,272	6,927	7,577	6.42	23.1	20.9	19.1
Teleflex Inc	TFX	178	247	249	-28.0%	-28.6%	9,884	3,026	873	897	957	3.27	11.3	11.0	10.3
Zimmer Biomet Holdings Inc	ZBH	106	108	122	-2.1%	-13.2%	26,708	7,679	2,547	2,804	2,912	3.48	10.5	9.5	9.2
Group Median					-8.9%	-7.1%						4.20x	14.1x	12.6x	10.9x

(\$Millions, except per share figures)
Data Source: Bloomberg

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

PUBLIC MEDICAL DEVICE COMPANIES

		Price		Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA		
		4Q	3Q	4Q	Quarterly	Annual	3Q 2024	4Q 2024	4Q 2024	FY 2025	FY 2026	4Q 2024	4Q 2024	2025	2026
		2024	2024	2023											
Healthcare Technology															
M3 Inc	2413	\$9	\$10	\$17	-11.5%	-46.3%	\$5,065	\$1,672	\$536	\$75,400	\$83,977	3.03x	9.4x	0.1x	0.1x
Craneware PLC	CRW	26	27	22	-1.5%	18.3%	944	171	52	63	69	5.53	18.2	15.0	13.7
Doximity Inc	DOCS	53	44	28	22.5%	90.4%	9,224	475	176	280	309	19.40	52.5	33.0	29.8
Evolent Health Inc	EVH	11	28	33	-60.2%	-65.9%	2,020	2,464	150	162	166	0.82	13.5	12.5	12.2
HealthStream Inc	HSTM	32	29	27	10.3%	17.6%	886	288	62	67	70	3.08	14.3	13.3	12.6
Veradigm Inc	MDRX	10	10	10	0.5%	-7.1%	1,065	nm	nm	155	146	nm	nm	6.9	7.3
Omniceil Inc	OMCL	45	44	38	2.1%	18.3%	2,105	1,112	69	143	163	1.89	30.4	14.7	12.9
Teladoc Health Inc	TDOC	9	9	22	-1.0%	-57.8%	1,908	2,590	186	319	324	0.74	10.3	6.0	5.9
Veeva Systems Inc	VEEV	210	210	193	0.2%	9.2%	30,122	2,364	478	1,141	1,276	12.74	63.0	26.4	23.6
Group Median					-7.4%	-24.6%						2.97x	18.0x	11.8x	10.5x

(\$Millions, except per share figures)
Data Source: Bloomberg

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

PUBLIC MEDICAL DEVICE COMPANIES

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		4Q 2024	3Q 2024	4Q 2023	Quarterly	Annual	3Q 2024	4Q 2024	4Q 2024	FY 2025	FY 2026	4Q 2024	4Q 2024	2025	2026
Large, Diversified															
Agilent Technologies Inc	A	\$134	\$148	\$139	-9.5%	-3.4%	\$40,558	\$6,510	\$1,870	\$2,031	\$2,219	6.23x	21.7x	20.0x	18.3x
AbbVie Inc	ABBV	178	197	155	-10.0%	14.7%	377,814	56,334	21,342	29,540	33,142	6.71	17.7	12.8	11.4
Abbott Laboratories	ABT	113	114	110	-0.8%	2.8%	203,037	41,950	7,854	11,918	13,079	4.84	25.9	17.0	15.5
Amgen Inc	AMGN	261	322	288	-19.1%	-9.5%	188,090	33,424	9,522	18,274	18,492	5.63	19.8	10.3	10.2
Becton Dickinson & Co	BDX	227	241	244	-5.9%	-7.0%	84,551	20,178	7,107	6,224	6,607	4.19	11.9	13.6	12.8
Danaher Corp	DHR	230	278	231	-17.4%	-0.8%	178,996	23,875	7,497	7,582	8,338	7.50	23.9	23.6	21.5
Johnson & Johnson	JNJ	145	162	157	-10.8%	-7.7%	363,644	88,821	23,525	32,862	34,228	4.09	15.5	11.1	10.6
Medtronic PLC	MDT	80	90	82	-11.3%	-3.0%	120,497	32,319	9,448	9,748	10,587	3.73	12.8	12.4	11.4
Koninklijke Philips NV	PHIA	25	33	23	-23.0%	8.2%	30,505	19,613	3,245	3,060	3,340	1.56	9.4	10.0	9.1
Roche Holding AG	ROG	282	320	291	-11.9%	-3.1%	246,044	68,715	27,660	25,166	26,465	3.58	8.9	9.8	9.3
Siemens Healthineers AG	SHL	53	60	58	-11.3%	-8.8%	74,805	24,261	5,143	4,952	5,530	3.08	14.5	15.1	13.5
Thermo Fisher Scientific Inc	TMO	520	619	531	-15.9%	-2.0%	224,687	42,879	10,862	11,407	12,370	5.24	20.7	19.7	18.2
Group Median					-11.3%	-3.1%						4.52x	16.6x	13.2x	12.1x

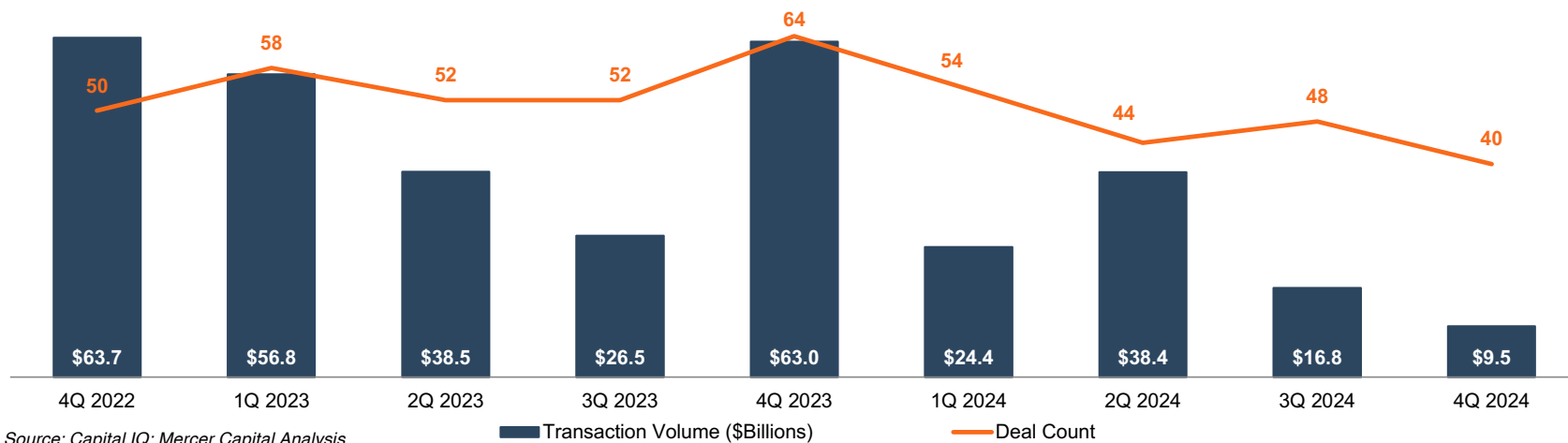
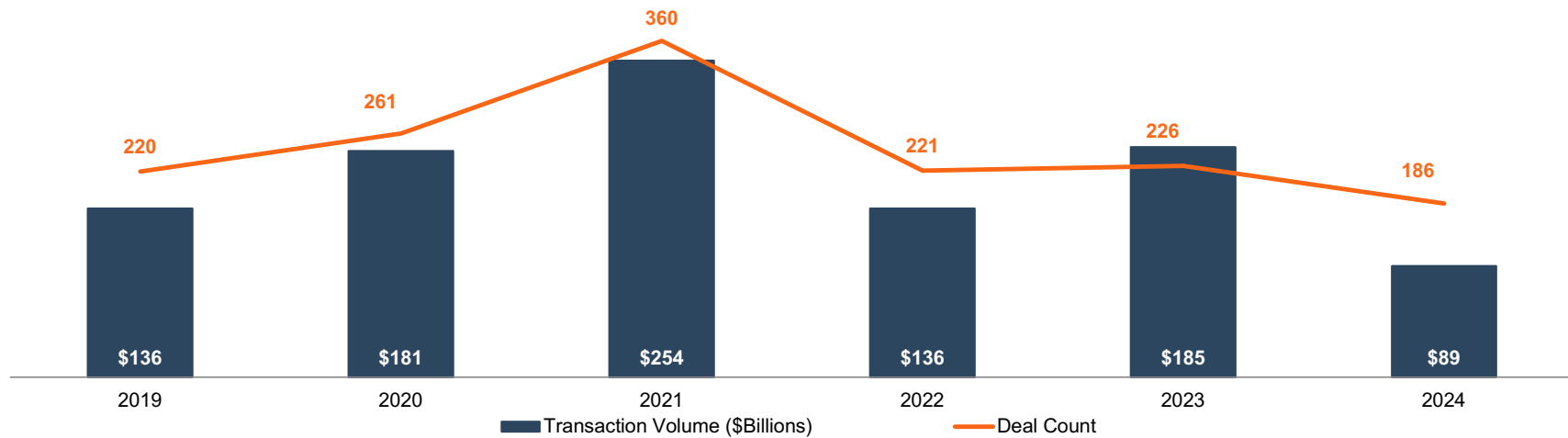
(\$Millions, except per share figures)

Data Source: Bloomberg

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

MEDTECH & DEVICE M&A

Medtech & Device M&A



Source: Capital IQ; Mercer Capital Analysis

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

INITIAL PUBLIC OFFERINGS

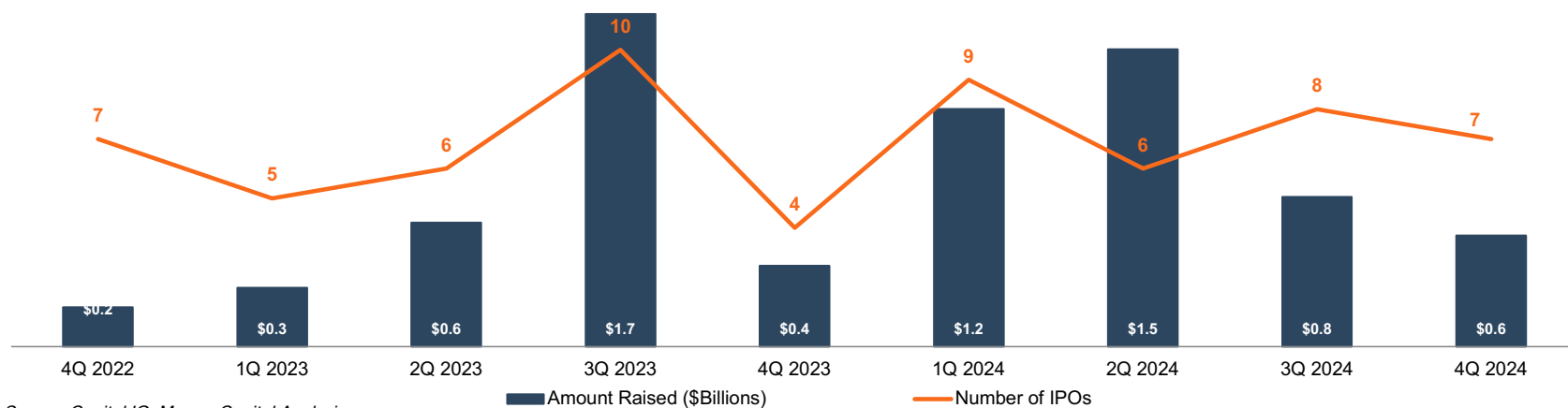
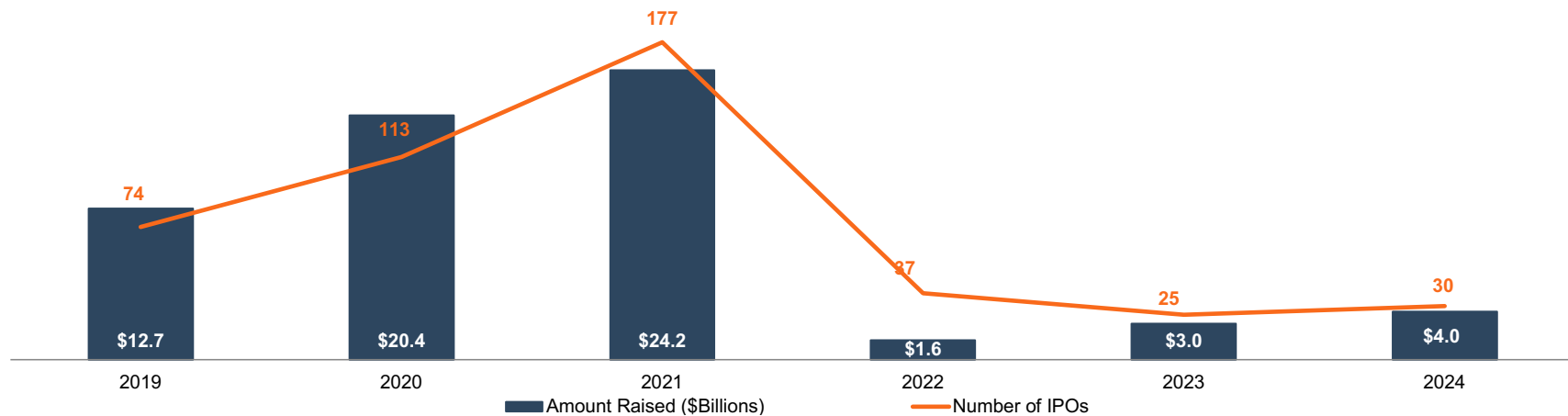
Completed Initial Public Offerings During 4Q 2024

Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds (\$mil)	12/31/24 Stock Price	Return Since IPO	12/31/24 Market Cap	Industry
Oncoinvent ASA	OB:ONCIN	12/4/24	0.18	11.8	0.30	64.6%	27.5	Pharmaceuticals
Onco-Innovations Limited	CNSX:ONCO	11/27/24	0.36	1.8	0.56	58.0%	24.4	Biotechnology
Invizyne Technologies, Inc.	NasdaqCM:IZTC	11/11/24	8.00	15.0	16.50	106.3%	157.2	Biotechnology
Camp4 Therapeutics Corporation	NasdaqGM:CAMP	10/10/24	11.00	75.0	5.22	-52.5%	105.2	Biotechnology
Upstream Bio, Inc.	NasdaqGS:UPB	10/10/24	17.00	255.0	16.44	-3.3%	881.1	Biotechnology
CeriBell, Inc.	NasdaqGS:CBLL	10/10/24	17.00	180.3	25.88	52.2%	927.1	Health Care Equipment
Pentixapharm Holding AG	DB:PTP	10/1/24	5.65	5.9	2.98	-47.2%	73.9	Health Care Supplies

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

INITIAL PUBLIC OFFERINGS

Medtech & Device IPOs



Source: Capital IQ; Mercer Capital Analysis

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

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- Large, diversified

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- Impairment testing
- Portfolio valuation for LP reporting
- Equity compensation valuation for tax compliance

Contact a Mercer Capital professional to discuss your needs in confidence.

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