

VALUE FOCUS

MEDTECH & DEVICE INDUSTRY



BUSINESS VALUATION &
FINANCIAL ADVISORY SERVICES

Fourth 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.

ICYMI

Fair Value of Contingent Consideration (Earn-Outs) in M&A

Contingent consideration features in many medtech transactions. Milestone-based earnouts are common in deals involving development stage firms, while larger companies can use the mechanism to bridge difference in opinion regarding price. This article outlines considerations for the fair value measurement of contingent consideration. Fair value measurements are typically required of reporting entities after transactions are completed. However, the elements outlined in the article – including structure and terms, and modeling approaches and assumptions – are equally relevant for parties designing earn-out structures as part of a transaction. Contact a Mercer Capital professional to discuss your fair value measurement or earn-out structure evaluation needs.

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FEATURE ARTICLE

Year in Review: Across MedTech, Discipline Is a Recurring Theme

Sujan Rajbhandary, CFA, ABV

Last month, the medtech team at Mercer Capital attended the **2025 Musculoskeletal New Ventures Conference**, where discussions among founders, venture investors, strategic acquirers, and advisors converged on a consistent message: activity in the industry is increasingly shaped by discipline around clinical differentiation, capital efficiency, and strategic coherence. Innovation continues across the ecosystem, though expectations around execution, funding, and exit visibility have tightened.

For early-stage companies, investors described an environment that supports new ventures, albeit with a greater emphasis on efficient capital deployment. Successful companies are pursuing leaner development strategies with earlier clinical or regulatory wins, rather than broad, capital-intensive pipelines. Incremental innovation, particularly in mature segments such as orthopedics, has been attractive when paired with platform scalability or data-enabled (AI) differentiation. Management quality and adaptability remain critical at this stage.

In contrast, as other **observers have also noted**, venture capital has favored select growth-stage and later-stage deals. Investments flowed into companies able to articulate coherent clinical and commercial strategies aligned with the priorities of large, strategic buyers. Clear narratives around end-market adoption, strategic fit, and integration potential have tended to lead to higher valuations across observed transactions.

Among large, established medtech companies, portfolio optimization was an ongoing effort. For public companies, exposure to higher-growth segments has increasingly supported better valuation multiples and relative equity performance. In response,

strategic acquirers such as Stryker, Boston Scientific, Medtronic, and Johnson & Johnson have tuned their portfolios through targeted acquisitions, divestitures, and capital redeployment. For example, **Stryker's acquisition of Inari Medical reflects** the appeal of the high-growth interventional markets with strong clinical differentiation, while its divestment of the spine business demonstrates an effort to exit slower-growth or less strategically differentiated segments. Similarly, Johnson & Johnson's acquisitions of Shockwave Medical and V-Wave in 2024 augmented a cardiovascular platform focused on markets with long-term growth potential, while the announced separation of its DePuy Synthes orthopedics business signals a broader effort to simplify and sharpen strategic focus within its portfolio.

Overall healthcare IPO activity in 2025 was broadly in line with 2024 levels, with issuance concentrated among higher-quality medtech and life sciences companies rather than reflecting a broad-based market reopening. Offerings such as **Caris Life Sciences**, which combined scale, revenue growth, and a differentiated data-driven platform, were relatively well received, suggesting that the IPO window remains available but is selective.

Across various company stages and transactions, 2025 activity in medtech reflected a consistent emphasis on disciplined, capital-efficient growth. Whether among early-stage investments prioritizing focused development, later-stage companies articulating clear strategic fit, or large strategics actively reshaping portfolios, the common thread has been the pursuit of durable clinical differentiation and well-defined paths to scale or exit.

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

STOCK MARKET PERFORMANCE

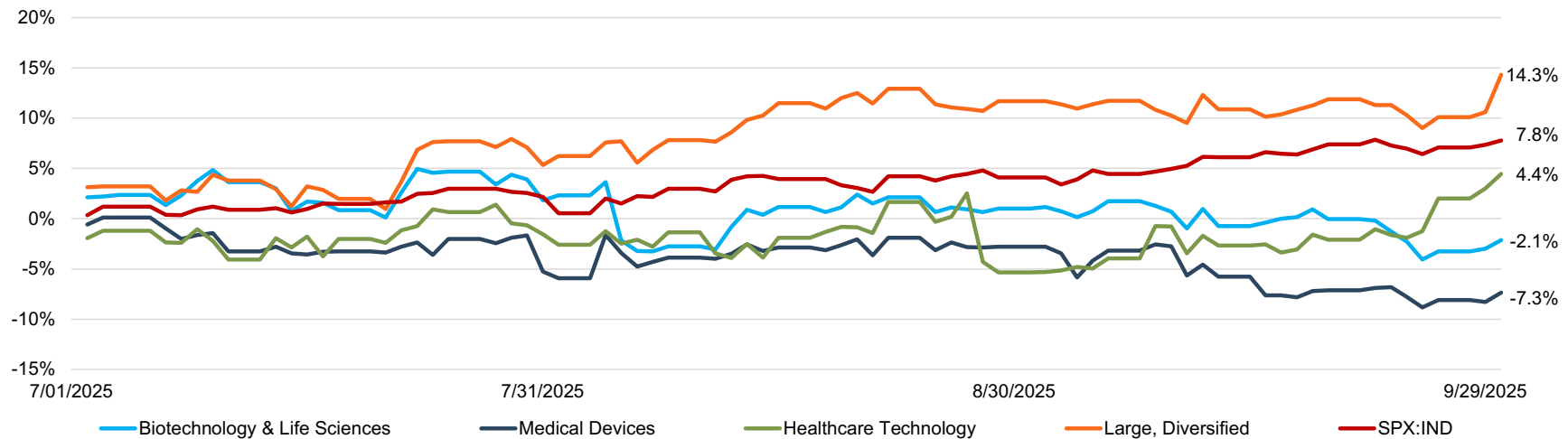
The S&P 500 was up 7.8% during the third quarter of 2025, following a 10.6% increase in the prior quarter. Only one of the four medtech industry sub-sectors tracked by Mercer Capital outperformed the broader index over 3Q25, similar to the prior quarter's performance. The large, diversified group was the biggest winner, while the biotechnology & life sciences and medical devices groups declined in 3Q25. The healthcare technology group grew 4.4% following an increase of 23.0% in the prior quarter.

- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector decreased 2.1% over the quarter ended September 2025. Of the 14 companies tracked, eight posted positive returns. The top performer of the group was Incyte Corporation, which reported a 24.5% return. INCY engages in the discovery, development, and commercialization of therapeutics for hematology/oncology, inflammation, and auto-immunity. The Company is headquartered in Wilmington, Delaware.
- The medical device index decreased 7.3% in 3Q25, with seven of the 16 companies posting positive returns (after nine companies reported positive returns over the prior quarter). The best performer was IDEXX Laboratories, Inc. with a quarterly return of 19.1% (its second straight quarter as the group's best performer). IDXX is a Maine-based company that develops, manufactures, and distributes products primarily for the companion animal veterinary, livestock and poultry, dairy, and water testing markets in Africa, the Asia Pacific, Canada, Europe, and Latin America.
- Within the healthcare technology index, seven of the nine constituent companies posted positive returns. The best performer was Doximity, Inc., 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 increased 14.3% over the quarter. Last quarter, only four of 13 companies in the group recorded positive returns QOQ. However, ten posted positive returns over 3Q25. The top performer within the group was AbbVie Inc., which increased 24.7% during the period. ABBV discovers, develops, manufactures, and sells pharmaceuticals worldwide. The Company is headquartered in North Chicago, Illinois.

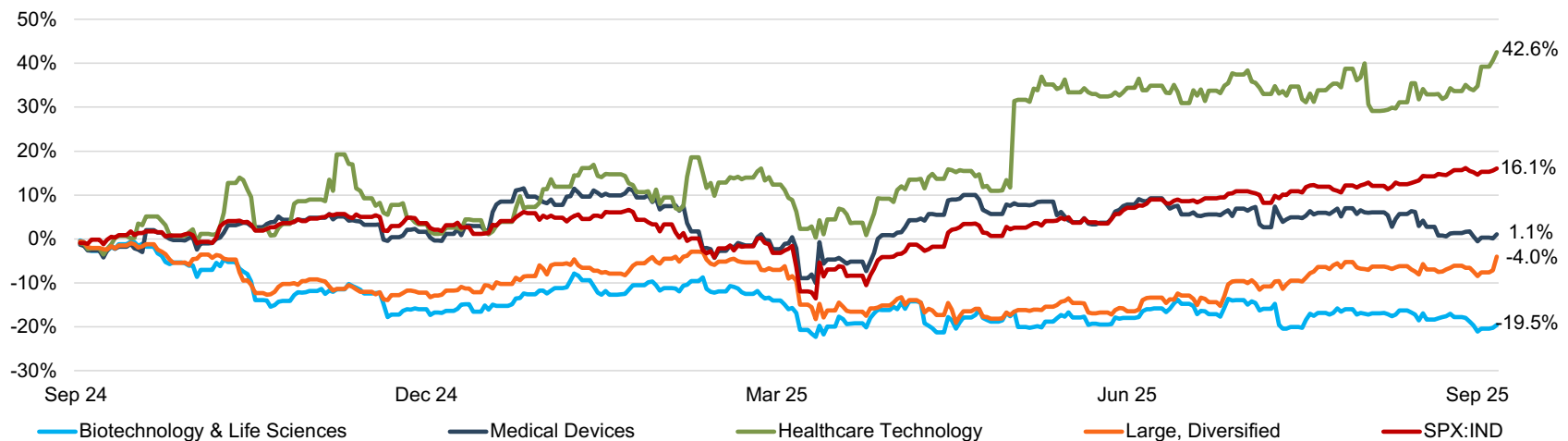
MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

STOCK MARKET PERFORMANCE

3Q 2025 Stock Price Performance



LTM Stock Price Performance



MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

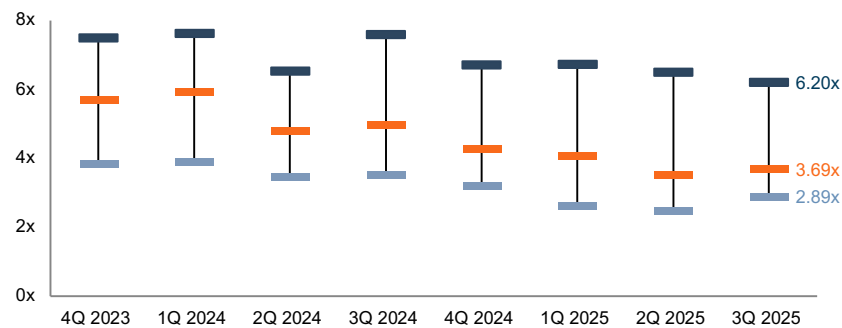
REVENUE MULTIPLES

■ 75% Quartile ■ Median ■ 25% Quartile

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

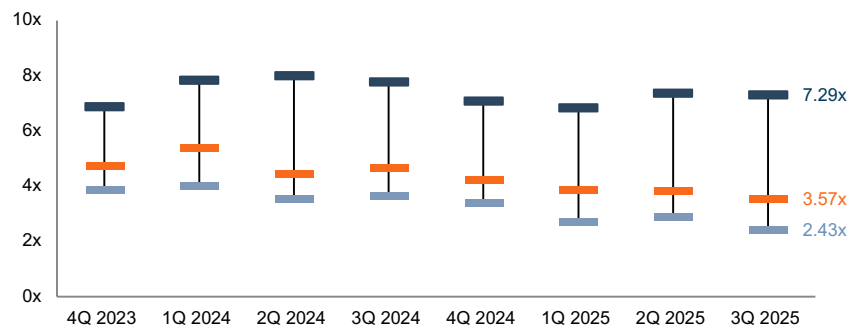
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



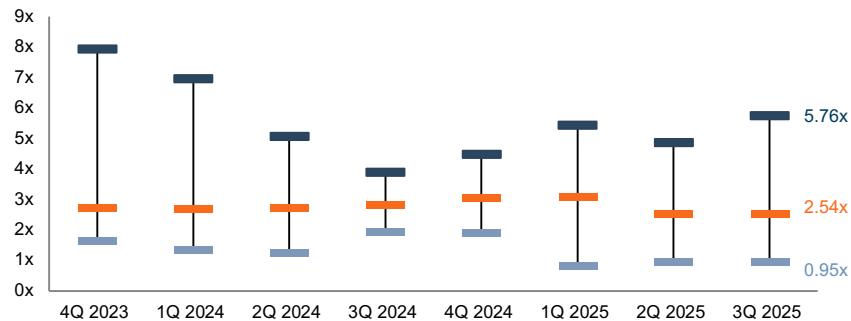
Medical Devices

EV / Trailing LTM Revenue



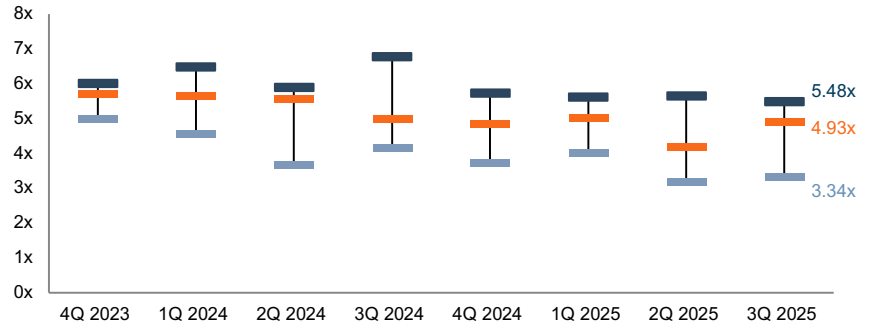
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue



MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

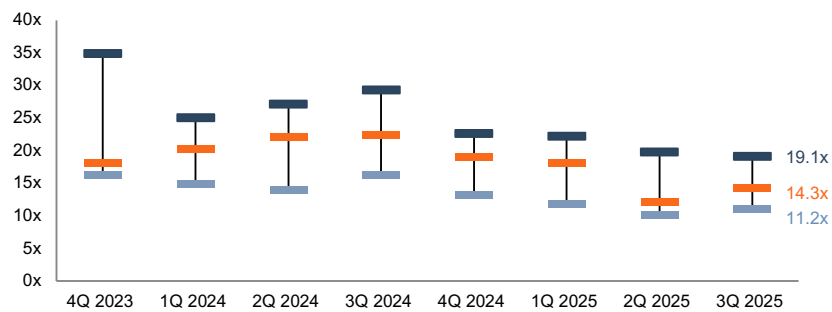
EBITDA MULTIPLES

■ 75% Quartile ■ Median ■ 25% Quartile

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

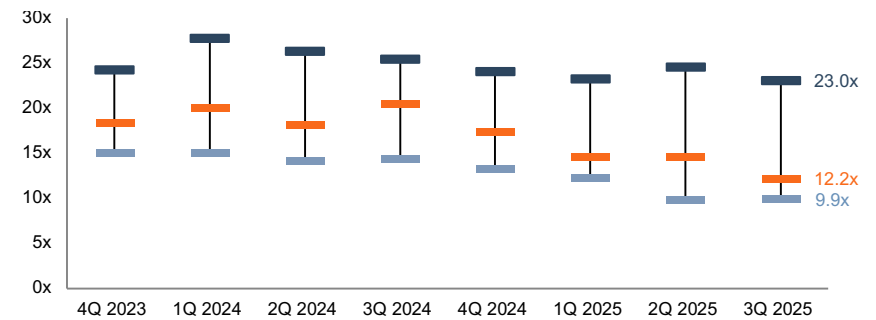
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



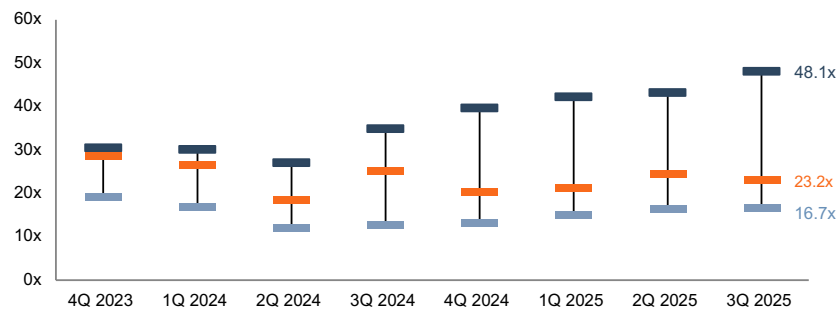
Medical Devices

EV / Trailing LTM EBITDA



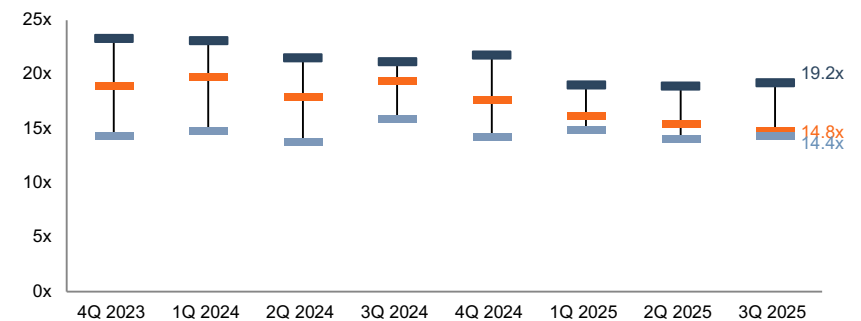
Healthcare Technology

EV / Trailing LTM EBITDA



Large, Diversified

EV / Trailing LTM EBITDA



SELECT OPERATING METRICS

Sector	TTM Gross Margin		TTM Operating Margin		TTM R&D / Revenue		TTM EBITDA Margin	
	3Q 2025	2Q 2025	3Q 2025	2Q 2025	3Q 2025	2Q 2025	3Q 2025	2Q 2025
Biotechnology & Life Sciences	55.1%	53.6%	23.4%	23.7%	4.8%	5.0%	28.9%	28.3%
Medical Devices	65.7%	65.8%	19.3%	20.1%	5.7%	5.7%	28.0%	29.1%
Healthcare Technology	65.3%	66.7%	10.1%	12.5%	11.2%	11.3%	23.3%	17.9%
Large, Diversified	55.3%	55.9%	19.0%	18.8%	7.4%	7.4%	28.0%	27.5%
Overall Median	59.7%	60.0%	19.2%	18.9%	6.4%	6.4%	27.7%	27.6%

Sector	Revenue Growth		L-T FWD Op. Earn. Growth		Debt / EV		Debt / EBITDA	
	Q / Q	Y / Y	3Q 2025	2Q 2025	3Q 2025	2Q 2025	3Q 2025	2Q 2025
Biotechnology & Life Sciences	1.6%	4.8%	3.0%	3.0%	12.4%	13.2%	1.8	1.8
Medical Devices	2.2%	6.3%	6.6%	6.6%	9.3%	8.7%	1.5	1.7
Healthcare Technology	2.1%	9.5%	0.0%	0.0%	2.9%	3.9%	0.7	0.8
Large, Diversified	1.7%	5.1%	3.6%	3.6%	16.6%	19.4%	2.9	3.1
Overall Median	1.9%	5.4%	3.9%	3.9%	11.4%	13.4%	1.9	2.0

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	
		3Q 2025	2Q 2025	3Q 2024	Quarterly	Annual	3Q 2025	3Q 2025	3Q 2025	FY 2026	FY 2027	3Q 2025	3Q 2025	2026	2027
Biotechnology & Life Sciences															
Biogen Inc	BIIB	\$140	\$126	\$194	11.5%	-27.7%	\$23,167	\$10,066	\$3,773	\$3,262	\$3,109	2.30x	6.1x	7.1x	7.5x
Bio-Rad Laboratories Inc	BIO	280	241	335	16.2%	-16.2%	7,565	2,557	492	475	492	2.96	15.4	15.9	15.4
BioMarin Pharmaceutical Inc	BMRN	54	55	70	-1.5%	-22.9%	9,526	3,094	722	1,041	1,186	3.08	13.2	9.2	8.0
Sartorius Stedim Biotech	DIM	202	238	209	-15.2%	-3.6%	22,341	3,286	875	1,207	1,392	6.80	25.5	18.5	16.0
Eurofins Scientific SE	ERF	72	71	63	2.1%	14.2%	16,854	7,310	1,554	2,039	2,227	2.31	10.8	8.3	7.6
Gilead Sciences Inc	GILD	111	111	84	0.1%	32.4%	154,097	29,087	14,175	16,551	17,258	5.30	10.9	9.3	8.9
Illumina Inc	ILMN	95	95	130	-0.5%	-27.2%	15,902	4,288	961	1,211	1,381	3.71	16.5	13.1	11.5
Incyte Corp	INCY	85	68	66	24.5%	28.3%	13,673	4,813	1,364	1,882	2,020	2.84	10.0	7.3	6.8
IQVIA Holdings Inc	IQV	190	158	237	20.5%	-19.8%	45,686	15,904	3,547	3,973	4,231	2.87	12.9	11.5	10.8
Lonza Group AG	LONN	661	710	633	-6.9%	4.5%	51,163	8,203	2,419	3,180	3,671	6.24	21.2	16.1	13.9
Mettler-Toledo International Inc	MTD	1,228	1,175	1,500	4.5%	-18.1%	27,460	3,942	1,212	1,305	1,409	6.97	22.7	21.0	19.5
Regeneron Pharmaceuticals Inc	REGN	562	525	1,051	7.1%	-46.5%	52,450	14,248	4,357	5,882	7,003	3.68	12.0	8.9	7.5
Vertex Pharmaceuticals Inc	VRTX	392	445	465	-12.0%	-15.8%	95,961	11,723	4,858	6,364	7,062	8.19	19.8	15.1	13.6
Waters Corp	WAT	300	349	360	-14.1%	-16.7%	18,926	3,106	1,098	1,235	1,311	6.09	17.2	15.3	14.4
Group Median					1.1%	-16.4%						3.69x	14.3x	12.3x	11.2x

(\$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		
		3Q 2025	2Q 2025	3Q 2024	Quarterly	Annual	3Q 2025	3Q 2025	3Q 2025	FY 2026	FY 2027	3Q 2025	3Q 2025	2026	2027
Medical Devices															
Terumo Corp	4543	\$17	\$18	\$19	-10.1%	-12.4%	\$23,963	\$7,099	\$1,935	\$1,779	\$1,988	3.38x	12.4x	13.5x	12.1x
Sysmex Corp	6869	12	17	20	-29.2%	-37.5%	7,540	3,328	798	776	855	2.27	9.5	9.7	8.8
Olympus Corp	7733	13	12	19	6.4%	-33.4%	14,655	6,521	1,396	1,283	1,449	2.25	10.5	11.4	10.1
Align Technology Inc	ALGN	125	189	254	-33.9%	-50.8%	8,193	3,983	857	1,109	1,167	2.06	9.6	7.4	7.0
Baxter International Inc	BAX	23	30	38	-24.8%	-40.0%	19,654	11,023	2,376	2,157	2,273	1.78	8.3	9.1	8.6
Boston Scientific Corp	BSX	98	107	84	-9.1%	16.5%	155,669	19,350	5,169	6,941	7,804	8.04	30.1	22.4	19.9
Coloplast A/S	COLOB	85	95	131	-9.9%	-34.8%	22,615	4,168	1,381	1,491	1,619	5.43	16.4	15.2	14.0
Edwards Lifesciences Corp	EW	78	78	66	-0.6%	17.9%	42,517	5,884	1,804	2,030	2,279	7.23	23.6	20.9	18.7
Hologic Inc	HOLX	67	65	81	3.6%	-17.1%	15,432	4,101	1,352	1,404	1,497	3.76	11.4	11.0	10.3
IDEXX Laboratories Inc	IDXX	639	536	505	19.1%	26.5%	52,019	4,167	1,480	1,644	1,837	12.48	35.1	31.7	28.3
Intuitive Surgical Inc	ISRG	447	543	491	-17.7%	-9.0%	155,525	nm	nm	4,768	5,525	nm	nm	32.6	28.2
ResMed Inc	RMD	274	258	244	6.1%	12.1%	39,404	5,257	1,983	2,166	2,354	7.49	19.9	18.2	16.7
Smith & Nephew PLC	SN/	18	15	16	17.9%	15.8%	18,139	5,798	1,520	1,747	1,867	3.13	11.9	10.4	9.7
Stryker Corp	SYK	370	396	361	-6.6%	2.3%	155,118	24,381	6,793	7,645	8,421	6.36	22.8	20.3	18.4
Teleflex Inc	TFX	122	118	247	3.4%	-50.5%	7,923	3,190	900	958	995	2.48	8.8	8.3	8.0
Zimmer Biomet Holdings Inc	ZBH	99	91	108	8.0%	-8.8%	26,453	8,011	2,646	2,837	2,897	3.30	10.0	9.3	9.1
Group Median					-3.6%	-10.7%						4.20x	14.1x	12.4x	11.2x

(\$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		
		3Q	2Q	3Q	Quarterly	Annual	3Q 2025	3Q 2025	3Q 2025	FY 2026	FY 2027	3Q 2025	3Q 2025	2026	2027
		2025	2025	2024											
Healthcare Technology															
M3 Inc	2413	\$16	\$14	\$10	17.2%	60.6%	\$10,492	\$2,213	\$405	\$575	\$641	4.74x	25.9x	18.3x	16.4x
Craneware PLC	CRW	32	29	27	10.6%	19.8%	1,101	191	48	70	77	5.76	23.2	15.6	14.3
Doximity Inc	DOCS	73	61	44	19.3%	67.9%	12,834	621	256	356	398	20.66	50.2	36.0	32.3
Evolent Health Inc	EVH	8	11	28	-24.9%	-70.1%	1,947	2,054	87	152	186	0.95	22.5	12.8	10.5
HealthStream Inc	HSTM	28	28	29	2.1%	-2.1%	760	299	69	76	80	2.54	10.9	10.0	9.5
Veradigm Inc	MDRX	5	5	10	2.1%	-50.5%	541	nm	nm	86	118	nm	nm	6.3	4.6
Omniceil Inc	OMCL	30	29	44	3.6%	-30.2%	1,425	1,178	85	158	176	1.21	16.7	9.0	8.1
Teladoc Health Inc	TDOC	8	9	9	-11.3%	-15.8%	1,682	2,528	29	296	317	0.67	57.1	5.7	5.3
Veeva Systems Inc	VEEV	298	288	210	3.4%	41.9%	42,512	2,968	884	1,438	1,621	14.32	48.1	29.6	26.2
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	
		3Q 2025	2Q 2025	3Q 2024	Quarterly	Annual	3Q 2025	3Q 2025	3Q 2025	FY 2026	FY 2027	3Q 2025	3Q 2025	2026	2027
Large, Diversified															
Agilent Technologies Inc	A	\$128	\$118	\$148	8.8%	-13.6%	\$38,446	\$6,788	\$1,903	\$2,105	\$2,305	5.66x	20.2x	18.3x	16.7x
AbbVie Inc	ABBV	232	186	197	24.7%	17.2%	472,250	59,644	29,324	33,035	36,330	7.92	16.1	14.3	13.0
Abbott Laboratories	ABT	134	136	114	-1.5%	17.5%	238,669	43,843	11,540	13,054	14,412	5.44	20.7	18.3	16.6
Amgen Inc	AMGN	282	279	322	1.1%	-12.4%	197,068	35,971	18,824	20,155	20,538	5.48	10.5	9.8	9.6
Becton Dickinson & Co	BDX	187	172	241	8.7%	-22.4%	73,019	21,840	6,177	6,569	6,825	3.34	11.8	11.1	10.7
Danaher Corp	DHR	198	198	278	0.4%	-28.7%	158,601	24,268	7,928	8,142	8,877	6.54	20.0	19.5	17.9
Johnson & Johnson	JNJ	185	153	162	21.4%	14.4%	473,787	92,149	32,073	35,884	37,734	5.14	14.8	13.2	12.6
Medtronic PLC	MDT	95	87	90	9.3%	5.8%	142,891	34,200	9,402	10,230	11,053	4.18	15.2	14.0	12.9
Koninklijke Philips NV	PHIA	27	24	33	12.8%	-17.6%	33,484	19,119	2,332	3,710	4,029	1.75	14.4	9.0	8.3
Roche Holding AG	ROG	80	68	113	17.5%	-28.8%	1,334	821	93	128	0	1.63	14.4	10.4	na
Siemens Healthineers AG	SHL	54	55	60	-2.3%	-10.1%	74,952	26,129	5,226	5,821	6,436	2.87	14.3	12.9	11.6
Thermo Fisher Scientific Inc	TMO	485	405	619	19.6%	-21.6%	215,419	43,736	11,195	11,992	12,602	4.93	19.2	18.0	17.1
Group Median					9.0%	-13.0%						5.03x	15.0x	13.6x	12.9x

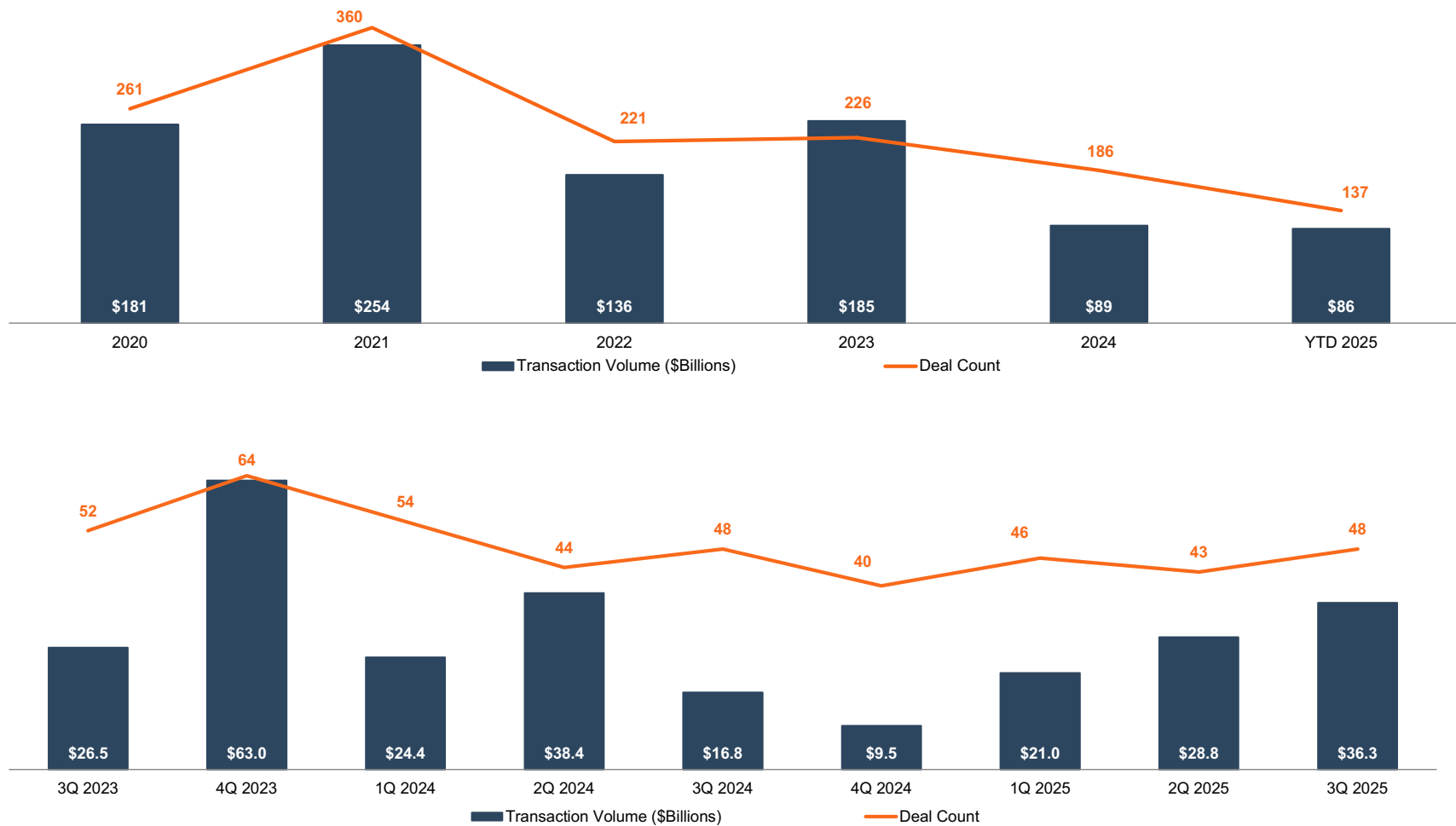
(\$Millions, except per share figures)

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

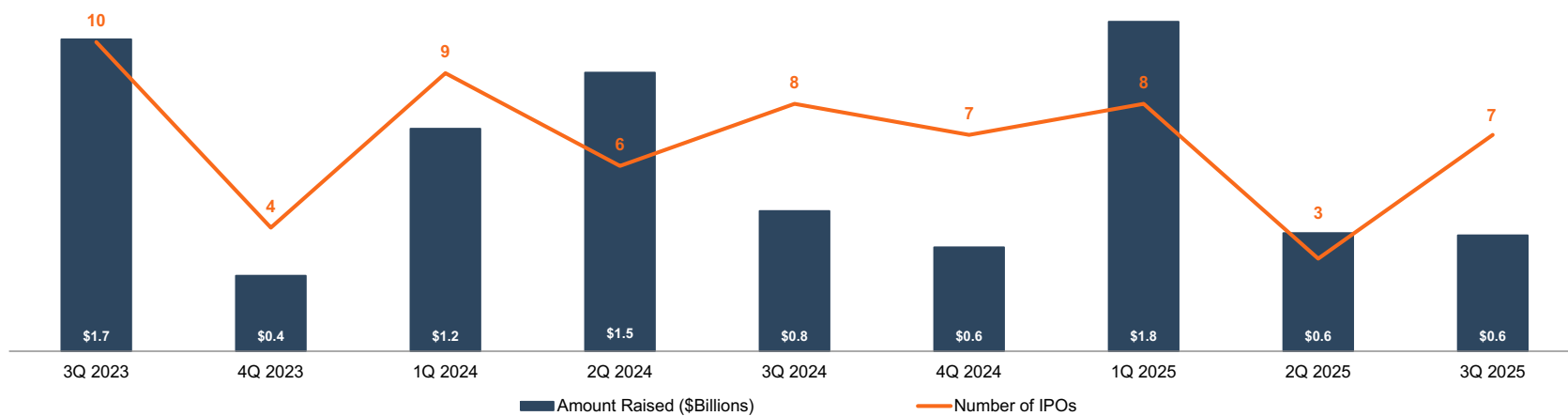
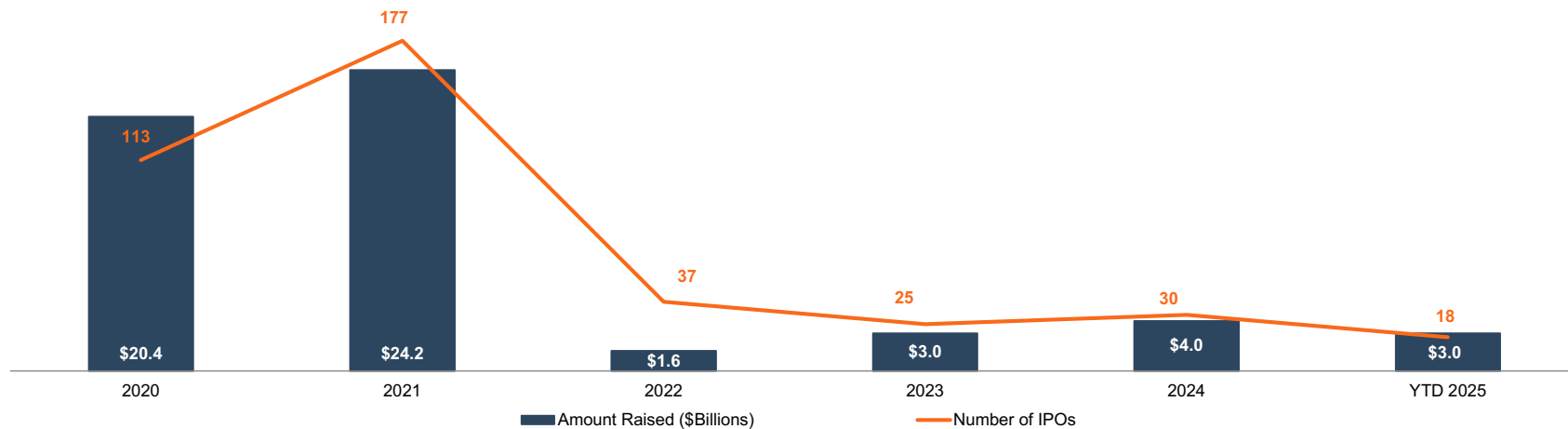
Completed Initial Public Offerings During 3Q 2025

Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds (\$mil)	9/30/25 Stock Price	Return Since IPO	9/30/25 Market Cap	Industry
Picard Medical, Inc.	NYSEAM:PMI	8/28/25	\$4.00	\$17.0	\$8.50	112.5%	\$626.5	Health Care Equipment
HeartFlow, Inc.	NasdaqGS:HTFL	8/7/25	19.00	316.7	33.66	77.2%	2,816.3	Health Care Technology
Otofarma S.P.A.	BIT:OTO	8/4/25	6.25	11.0	6.50	4.1%	37.4	Health Care Equipment
Shoulder Innovations, Inc.	NYSE:SI	7/30/25	15.00	75.0	12.55	-16.3%	255.5	Health Care Equipment
Carlsmed, Inc.	NasdaqGS:CARL	7/22/25	15.00	100.5	13.39	-10.7%	355.9	Health Care Equipment
Cloudbreak Pharma Inc.	SEHK:2592	7/2/25	1.29	15.6	0.58	-54.9%	486.3	Biotechnology
CapsoVision, Inc.	NasdaqCM:CV	7/1/25	5.00	27.5	4.84	-3.2%	226.4	Health Care Equipment

MERCER CAPITAL'S MEDTECH & DEVICE INDUSTRY SERVICES

INITIAL PUBLIC OFFERINGS

Medtech & Device IPOs



Source: Capital IQ; Mercer Capital Analysis

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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

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

MEDTECH & DEVICE INDUSTRY VALUATION TEAM



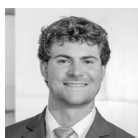
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