



**MERCER
CAPITAL**

BUSINESS VALUATION &
FINANCIAL ADVISORY SERVICES

VALUE FOCUS

Medtech & Device Industry

Third 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 second 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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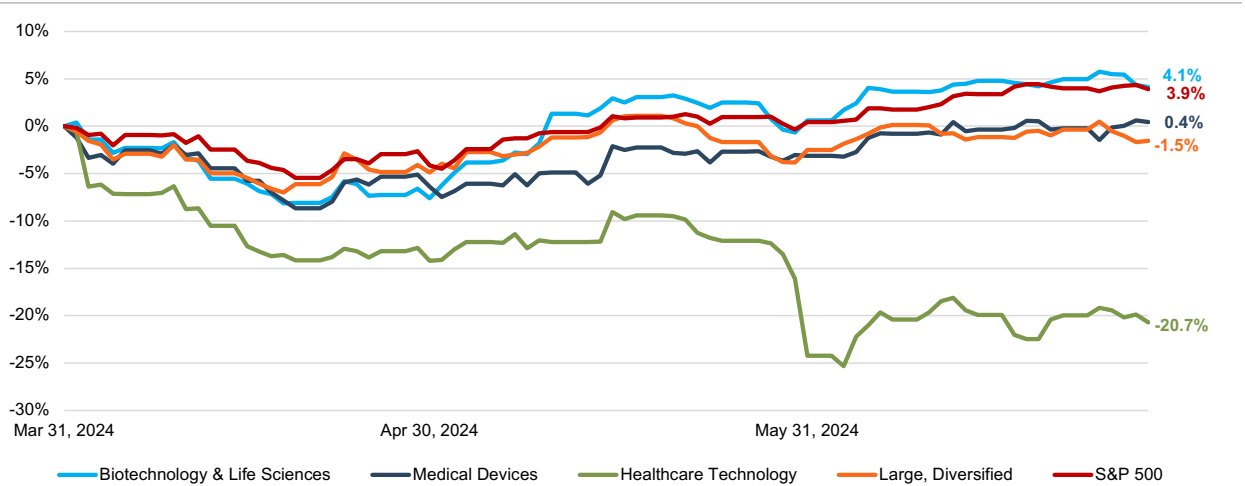
Stock Market Performance

The S&P 500 gained 3.9% during the second quarter of 2024, following a 10.2% increase in the prior quarter. Among the medtech industry sub-sectors tracked by Mercer Capital, the biotechnology & life sciences group slightly outperformed the broader index over 2Q24. The healthcare technology group was the biggest laggard of the group, posting a negative 20.7% return quarter over quarter and giving back virtually all of the gains made in the prior quarter. The medical devices sector returned a positive, albeit minimal, return Quarter-over-Quarter, while the large, diversified group had a small negative return in 2Q24.

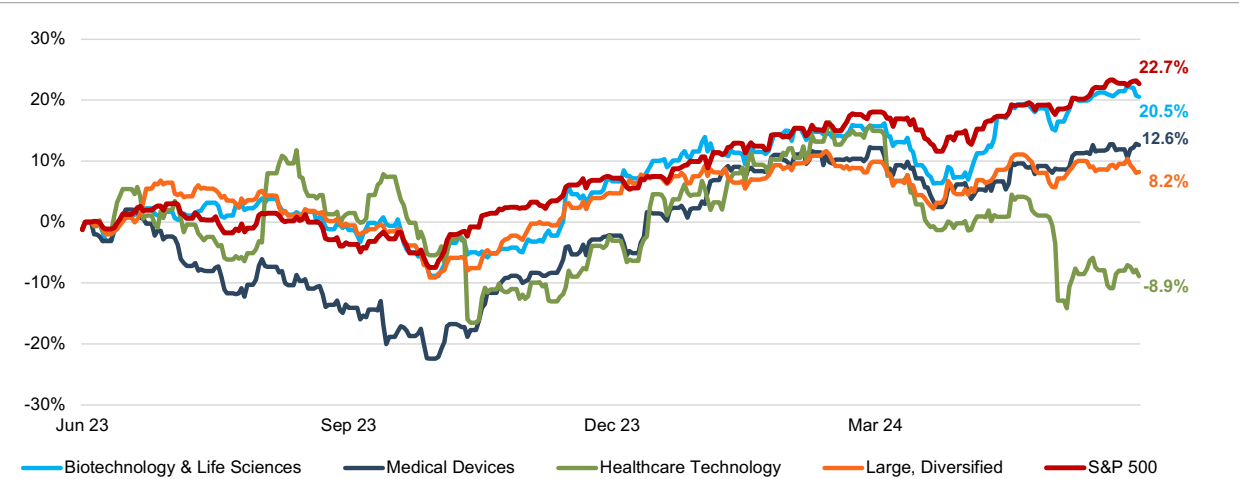
- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector increased 4.1% over the quarter ended June 2024. The top performer of the group was Vertex Pharmaceuticals Incorporated, which posted a 12.1% return. VRTX engages in developing and commercializing therapies for treating cystic fibrosis. The Company is based in Boston, Massachusetts.
- The medical device index increased 0.4% in 2Q24. Thirteen of the 16 constituents posted negative returns quarter-over-quarter. The best performer was Boston Scientific Corporation with a quarterly return of 12.4%. BSX is a Massachusetts-based company that develops, manufactures, and markets medical devices for use in various interventional medical specialties worldwide.
- The healthcare technology index declined 20.7% over the quarter, with four of the constituent companies posting losses. Veradigm Inc., up 23.4%, outperformed all other constituents of the group. MDRX is a Chicago-based company that provides information technology solutions to healthcare providers, payers, and biopharma markets globally. Evolent reported the largest quarterly drop in stock price of 41.7%, partly attributable to weaker than expected earnings. Subsequently, EVH has announced it has received takeover interest from a number of private equity firms.
- The large, diversified companies as a group was down 1.5% over the quarter. The top performer within the group was Koninklijke Philips N.V., which gained 30.1% during the period. PHIA operates as a health technology company worldwide, providing diagnostic imaging solutions, connected care, and personal health. The Company is headquartered in Amsterdam, the Netherlands.

Stock Market Performance

2Q 2024 Stock Price Performance



LTM Stock Price Performance



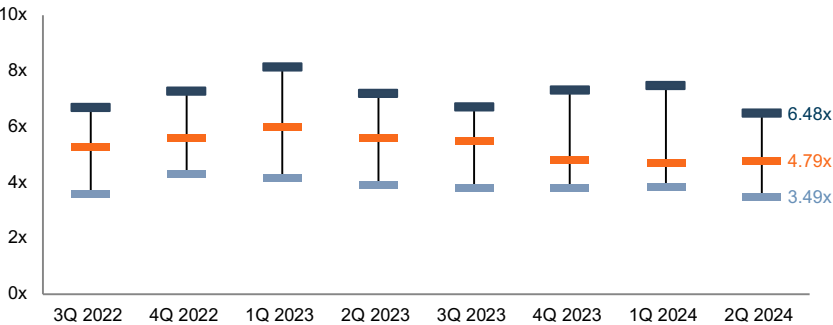
Individual sub-sector performance represented by market capitalization weighted indices for each group. Data Source: Bloomberg LP; Mercer Capital Analysis

Revenue Multiples

■ 75% Quartile ■ Median ■ 25% Quartile
Median Revenue multiples from each MCM group. Data source: Bloomberg

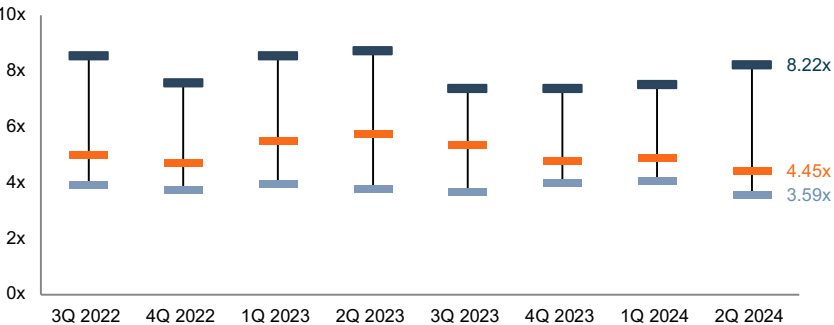
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



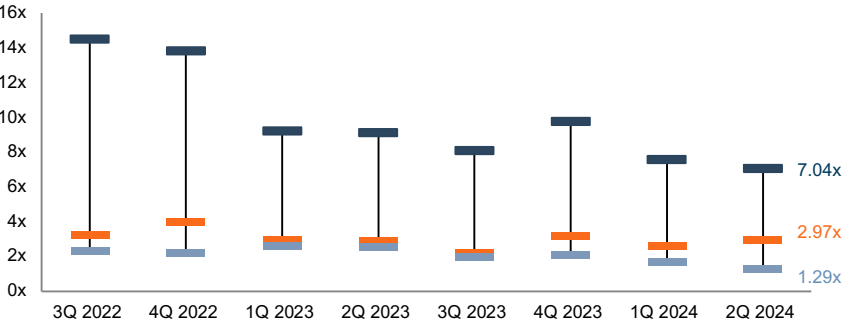
Medical Devices

EV / Trailing LTM Revenue



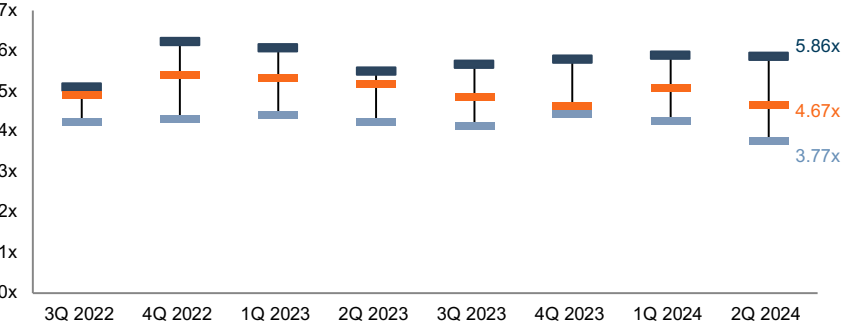
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue

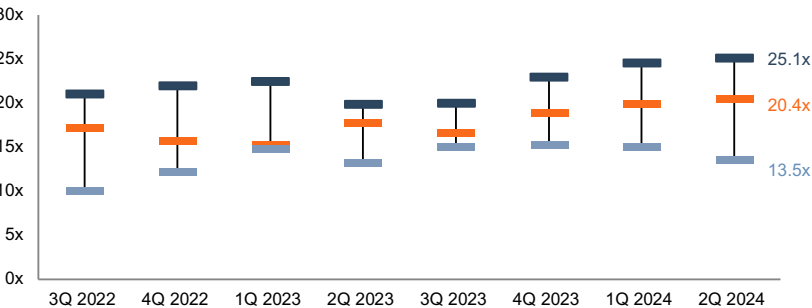


EBITDA Multiples

■ 75% Quartile ■ Median ■ 25% Quartile
Median EBITDA multiples from each MCM group. Data source: Bloomberg

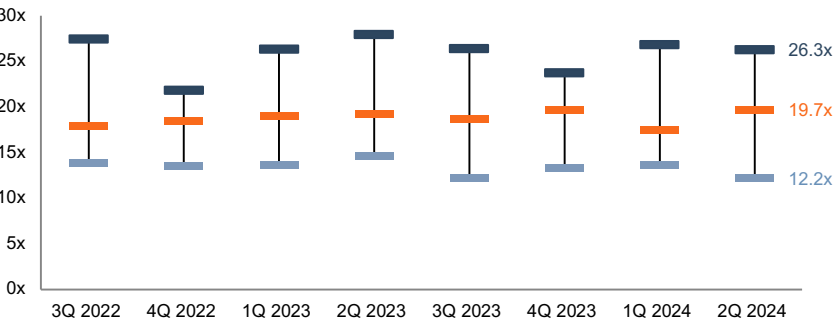
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



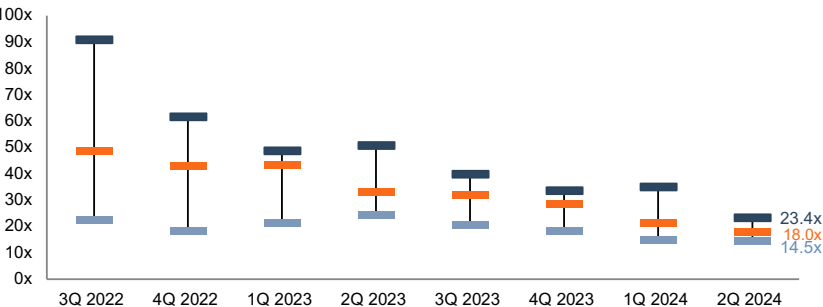
Medical Devices

EV / Trailing LTM EBITDA



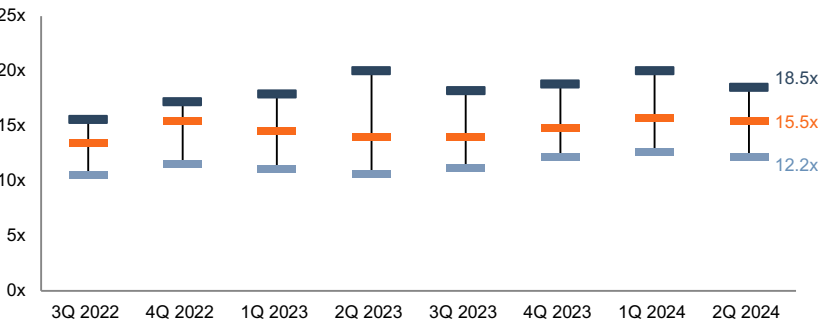
Healthcare Technology

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	
	2Q 2024	1Q 2024	2Q 2024	1Q 2024	2Q 2024	1Q 2024	2Q 2024	1Q 2024
Biotechnology & Life Sciences	61.4%	60.9%	14.1%	16.3%	21.1%	21.1%	24.6%	23.9%
Medical Devices	65.1%	65.0%	17.5%	17.6%	7.0%	7.1%	28.8%	29.7%
Healthcare Technology	68.4%	68.4%	8.9%	8.4%	13.1%	13.4%	20.6%	20.3%
Large, Diversified	55.5%	56.0%	17.4%	17.8%	8.4%	8.5%	30.2%	30.8%
Overall Median	61.8%	61.7%	16.8%	16.8%	8.2%	8.5%	28.6%	28.8%

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	0.0%	1.7%	14.0%	13.3%	12.0%	10.6%	2.2	2.2
Medical Devices	1.2%	4.3%	11.4%	9.9%	9.3%	9.6%	1.7	1.6
Healthcare Technology	1.0%	3.3%	8.0%	10.3%	6.0%	13.9%	1.2	1.7
Large, Diversified	0.2%	0.9%	7.4%	6.3%	20.6%	18.5%	2.7	2.7
Overall Median	0.6%	3.3%	9.5%	9.1%	12.0%	11.5%	2.2	2.1

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	
		2Q 2024	1Q 2024	2Q 2023	Quarterly	Annual	2Q 2024	2Q 2024	2Q 2024	FY 2025	FY 2026	2Q 2024	2Q 2024	2025	2026
Biotechnology & Life Sciences															
Biogen Inc	BIIB	\$232	\$216	\$285	7.5%	-18.6%	\$39,625	\$9,663	\$2,568	\$3,323	\$3,556	4.10x	15.4x	11.9x	11.1x
Bio-Rad Laboratories Inc	BIO	273	346	379	-21.0%	-28.0%	7,545	2,605	580	470	518	2.90	13.0	16.1	14.6
BioMarin Pharmaceutical Inc	BMRN	82	87	87	-5.7%	-5.0%	15,180	2,472	309	542	807	6.14	49.1	28.0	18.8
Sartorius Stedim Biotech	DIM	164	285	249	-42.3%	-34.0%	18,645	2,946	839	874	1,036	6.33	22.2	21.3	18.0
Eurofins Scientific SE	ERF	49	63	62	-21.8%	-20.1%	13,611	7,046	1,439	1,502	1,671	1.93	9.5	9.1	8.1
Gilead Sciences Inc	GILD	69	72	74	-5.2%	-7.2%	105,964	27,451	12,450	8,631	13,164	3.86	8.5	12.3	8.0
Illumina Inc	ILMN	104	133	182	-21.8%	-42.7%	17,764	4,493	328	680	929	3.95	54.2	26.1	19.1
Incyte Corp	INCY	61	57	62	6.4%	-2.6%	9,798	3,768	806	979	1,263	2.60	12.2	10.0	7.8
IQVIA Holdings Inc	IQV	211	253	225	-16.4%	-5.9%	50,689	15,069	3,419	3,734	4,054	3.36	14.8	13.6	12.5
Lonza Group AG	LONN	546	595	592	-8.2%	-7.8%	41,106	7,489	1,622	1,840	2,210	5.49	25.3	22.3	18.6
Mettler-Toledo International Inc	MTD	1,398	1,331	1,312	5.0%	6.6%	31,865	3,786	1,199	1,236	1,331	8.42	26.6	25.8	23.9
Regeneron Pharmaceuticals Inc	REGN	1,051	962	719	9.2%	46.3%	101,029	13,100	4,567	5,335	5,853	7.71	22.1	18.9	17.3
Vertex Pharmaceuticals Inc	VRTX	469	418	352	12.1%	33.2%	111,619	10,185	4,604	5,053	5,487	10.96	24.2	22.1	20.3
Waters Corp	WAT	290	344	267	-15.7%	8.8%	19,007	2,909	1,018	1,069	1,137	6.53	18.7	17.8	16.7
Group Median					-7.0%	-6.6%						4.79x	20.4x	18.4x	17.0x

(\$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	
		2Q 2024	1Q 2024	2Q 2023	Quarterly	Annual	2Q 2024	2Q 2024	2Q 2024	FY 2025	FY 2026	2Q 2024	2Q 2024	2025	2026
Medical Devices															
Terumo Corp	TRUMF	\$16	\$18	\$16	-8.5%	5.3%	\$24,784	\$6,107	\$1,374	\$245,094	\$271,014	4.06x	18.0x	0.1x	0.1x
Sysmex Corp	SSMXY	16	18	22	-8.4%	-28.1%	9,758	3,062	801	129,350	142,725	3.19	12.2	0.1	0.1
Olympus Corp	OCPNY	16	15	16	10.3%	3.6%	17,861	6,546	1,686	245,844	281,203	2.73	10.6	0.1	0.1
Align Technology Inc	ALGN	241	328	354	-26.4%	-31.7%	17,399	3,917	817	956	1,072	4.44	21.3	18.2	16.2
Baxter International Inc	BAX	33	42	44	-21.1%	-24.3%	28,191	14,892	2,715	3,152	3,399	1.89	10.4	8.9	8.3
Boston Scientific Corp	BSX	77	68	54	12.4%	42.4%	121,876	14,707	4,262	4,791	5,306	8.29	28.6	25.4	23.0
Coloplast A/S	COLOB	120	134	122	-10.6%	-1.3%	29,745	3,629	1,162	8,695	9,746	8.20	25.6	3.4	3.1
Edwards Lifesciences Corp	EW	92	96	94	-3.3%	-2.1%	54,644	6,143	1,929	2,054	2,311	8.89	28.3	26.6	23.6
Hologic Inc	HOLX	74	78	81	-4.8%	-8.3%	17,717	3,969	1,257	1,313	1,427	4.46	14.1	13.5	12.4
IDEXX Laboratories Inc	IDXX	487	540	502	-9.8%	-3.0%	40,951	3,725	1,238	1,332	1,478	10.99	33.1	30.8	27.7
Intuitive Surgical Inc	ISRG	445	399	342	11.5%	30.1%	152,991	nm	nm	3,071	3,653	nm	nm	49.8	41.9
ResMed Inc	RMD	191	198	216	-3.1%	-11.5%	29,298	4,375	1,347	1,574	1,773	6.70	21.8	18.6	16.5
Smith & Nephew PLC	SN/	12	13	16	-1.0%	-20.8%	13,662	5,549	1,126	1,443	1,579	2.46	12.1	9.5	8.7
Stryker Corp	SYK	340	357	302	-4.7%	12.7%	140,594	20,963	5,675	6,101	6,743	6.71	24.8	23.0	20.8
Teleflex Inc	TFX	210	226	241	-6.9%	-12.5%	11,532	3,001	860	902	990	3.84	13.4	12.8	11.6
Zimmer Biomet Holdings Inc	ZBH	109	132	144	-17.6%	-24.8%	27,728	7,453	2,462	2,773	2,918	3.72	11.3	10.0	9.5
Group Median					-5.8%	-5.6%						4.20x	14.1x	13.1x	12.0x

(\$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	
		2Q 2024	1Q 2024	2Q 2023	Quarterly	Annual	2Q 2024	2Q 2024	2Q 2024	FY 2025	FY 2026	2Q 2024	2Q 2024	2025	2026
Healthcare Technology															
M3 Inc	MTHRY	\$10	\$14	\$21	-32.5%	-55.3%	\$5,352	\$1,684	\$557	\$78,637	\$86,422	3.18x	9.6x	0.1x	0.1x
Craneware PLC	CRW	29	28	17	5.1%	70.9%	1,036	174	50	57	62	5.95	20.8	18.1	16.7
Doximity Inc	DOCS	28	27	34	3.9%	-17.8%	4,503	437	145	246	269	10.31	31.1	18.3	16.8
Evolent Health Inc	EVH	19	33	30	-41.7%	-36.9%	2,845	2,176	147	247	322	1.31	19.3	11.5	8.8
HealthStream Inc	HSTM	28	27	24	4.8%	14.1%	780	283	60	66	70	2.76	12.9	11.8	11.1
Veradigm Inc	MDRX	10	8	13	23.4%	-24.6%	1,038	nm	nm	170	150	nm	nm	6.1	6.9
Omniceil Inc	OMCL	27	29	74	-7.4%	-63.3%	1,346	1,103	81	100	128	1.22	16.6	13.4	10.5
Teladoc Health Inc	TDOC	10	15	25	-35.2%	-61.4%	2,148	2,619	143	366	417	0.82	15.0	5.9	5.1
Veeva Systems Inc	VEEV	183	232	198	-21.0%	-7.4%	25,774	2,232	444	1,091	1,243	11.55	58.0	23.6	20.7
Group Median					-7.4%	-24.6%						2.97x	18.0x	11.8x	10.5x

(\$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	
		2Q 2024	1Q 2024	2Q 2023	Quarterly	Annual	2Q 2024	2Q 2024	2Q 2024	FY 2025	FY 2026	2Q 2024	2Q 2024	2025	2026
Large, Diversified															
Agilent Technologies Inc	A	\$129	\$145	\$119	-10.8%	8.4%	\$38,614	\$6,591	\$1,899	\$1,885	\$2,060	5.86x	20.3x	20.5x	18.7x
AbbVie Inc	ABBV	172	180	129	-4.9%	32.5%	358,792	54,403	26,059	25,959	27,738	6.60	13.8	13.8	12.9
Abbott Laboratories	ABT	104	113	107	-8.1%	-2.8%	188,429	40,326	10,185	10,836	11,694	4.67	18.5	17.4	16.1
Amgen Inc	AMGN	312	282	215	10.7%	45.1%	221,910	29,532	12,874	17,733	17,854	7.51	17.2	12.5	12.4
Becton Dickinson & Co	BDX	234	246	260	-5.2%	-10.1%	82,380	19,492	6,732	5,626	6,096	4.23	12.2	14.6	13.5
Danaher Corp	DHR	250	249	212	0.2%	18.0%	197,271	26,231	8,012	7,693	8,614	7.52	24.6	25.6	22.9
Johnson & Johnson	JNJ	146	157	160	-6.9%	-8.9%	359,181	85,648	30,848	32,379	33,402	4.19	11.6	11.1	10.8
Medtronic PLC	MDT	79	86	85	-8.9%	-7.6%	120,563	31,957	9,423	9,694	10,485	3.77	12.8	12.4	11.5
Koninklijke Philips NV	PHIA	25	19	21	30.1%	20.9%	30,049	19,651	3,129	2,995	3,365	1.53	9.6	10.0	8.9
Roche Holding AG	ROG	278	255	294	9.0%	-5.4%	246,029	65,366	25,289	22,064	24,141	3.76	9.7	11.2	10.2
Siemens Healthineers AG	SHL	57	60	56	-4.0%	2.9%	79,902	23,559	5,171	4,517	5,288	3.39	15.5	17.7	15.1
Thermo Fisher Scientific Inc	TMO	553	581	520	-4.8%	6.3%	239,450	42,492	10,832	10,837	11,857	5.64	22.1	22.1	20.2
Group Median					-4.9%	4.6%						4.45x	14.6x	14.2x	13.2x

(\$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	
Johnson & Johnson	Shockwave Medical, Inc.	4/5/24	\$13,948	\$12,919	16.40	76.8	69.2	Health Care Equipment
Vertex Pharmaceuticals Incorporated	Alpine Immune Sciences, Inc.	4/10/24	4,956	4,650	82.27	nm	nm	Biotechnology
Merck & Co., Inc.	Eyebiotech Limited	5/29/24	3,000	3,000	nm	nm	nm	Biotechnology
Ono Pharmaceutical Co., Ltd.	Deciphera Pharmaceuticals, Inc.	4/29/24	2,220	1,948	11.13	nm	nm	Biotechnology
Genmab A/S	ProfoundBio, Inc.	4/3/24	1,800	1,800	nm	nm	nm	Biotechnology
Biogen Inc.	Human Immunology Biosciences, Inc.	5/22/24	1,800	1,800	nm	nm	nm	Biotechnology
Novartis AG	Mariana Oncology, Inc.	5/2/24	1,750	1,750	nm	nm	nm	Biotechnology
Boston Scientific Corporation	Silk Road Medical, Inc	6/18/24	1,334	1,160	6.25	nm	nm	Health Care Equipment
Johnson & Johnson	Proteologix, Inc.	5/16/24	850	850	nm	nm	nm	Biotechnology
Nordson Medical Corporation	Atrion Corporation	5/28/24	815	805	4.56	34.2	20.6	Health Care Supplies
Peak Rock Capital LLC	Hu-Friedy Mfg. Co., LLC	4/11/24	800	800	1.97	9.3	nm	Health Care Equipment
Incyte Corporation	Escient Pharmaceuticals, Inc.	4/23/24	750	750	nm	nm	nm	Biotechnology
Zynerba Pharmaceuticals, Inc.	Epygenix Therapeutics, Inc.	4/30/24	680	680	nm	nm	nm	Biotechnology
GTCR LLC	Surmodics, Inc.	5/29/24	657	616	4.31	33.4	21.4	Health Care Equipment
Altaris, LLC	Sharecare, Inc.	6/21/24	605	504	1.20	nm	nm	Health Care Technology
Sigma-Aldrich Corporation	Mirus Bio LLC	5/22/24	600	600	nm	nm	nm	Biotechnology
21 Invest France; Oakley Capital Investments Limited; Oakley Capital V; 21 Centrale Partners Fund VI	Groupe ProductLife S.A.S.	5/27/24	543	543	nm	nm	nm	Life Sciences Tools and Services
Hologic, Inc.	Endomagetics Ltd.	4/29/24	310	310	8.86	nm	nm	Health Care Equipment

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

Data Source: Capital IQ

Mergers & Acquisitions (cont.)

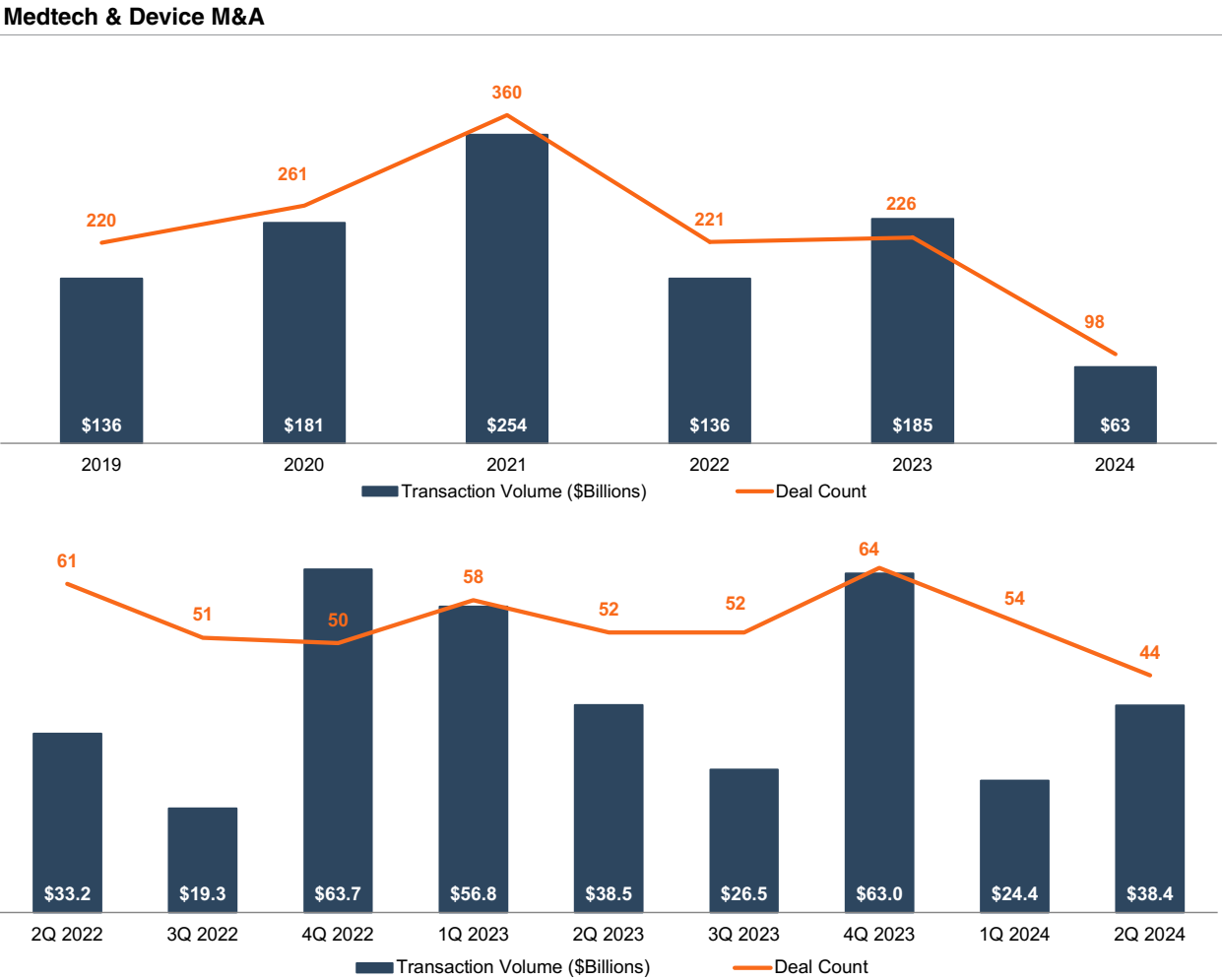
Announced Transactions During 1Q 2024								
Acquirer	Target	Announce Date	Transaction Value	Implied EV	Implied EV			Target Sector
					Revenue	EBIT	EBITDA	
Johnson & Johnson	Abceutics Inc.	4/5/24	208	208	nm	nm	nm	Biotechnology
Vertex Pharmaceuticals Incorporated	ARCA biopharma, Inc.	4/3/24	175	175	nm	nm	nm	Biotechnology
Merck & Co., Inc.	Asensus Surgical, Inc.	4/3/24	108	100	11.47	nm	nm	Health Care Equipment
Ono Pharmaceutical Co., Ltd.	Pro-Ficiency Holdings, Inc.	6/12/24	100	100	6.67	nm	nm	Health Care Technology

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

Data Source: Capital IQ

MedTech & Device M&A

(continued)



Source: Capital IQ; Mercer Capital Analysis

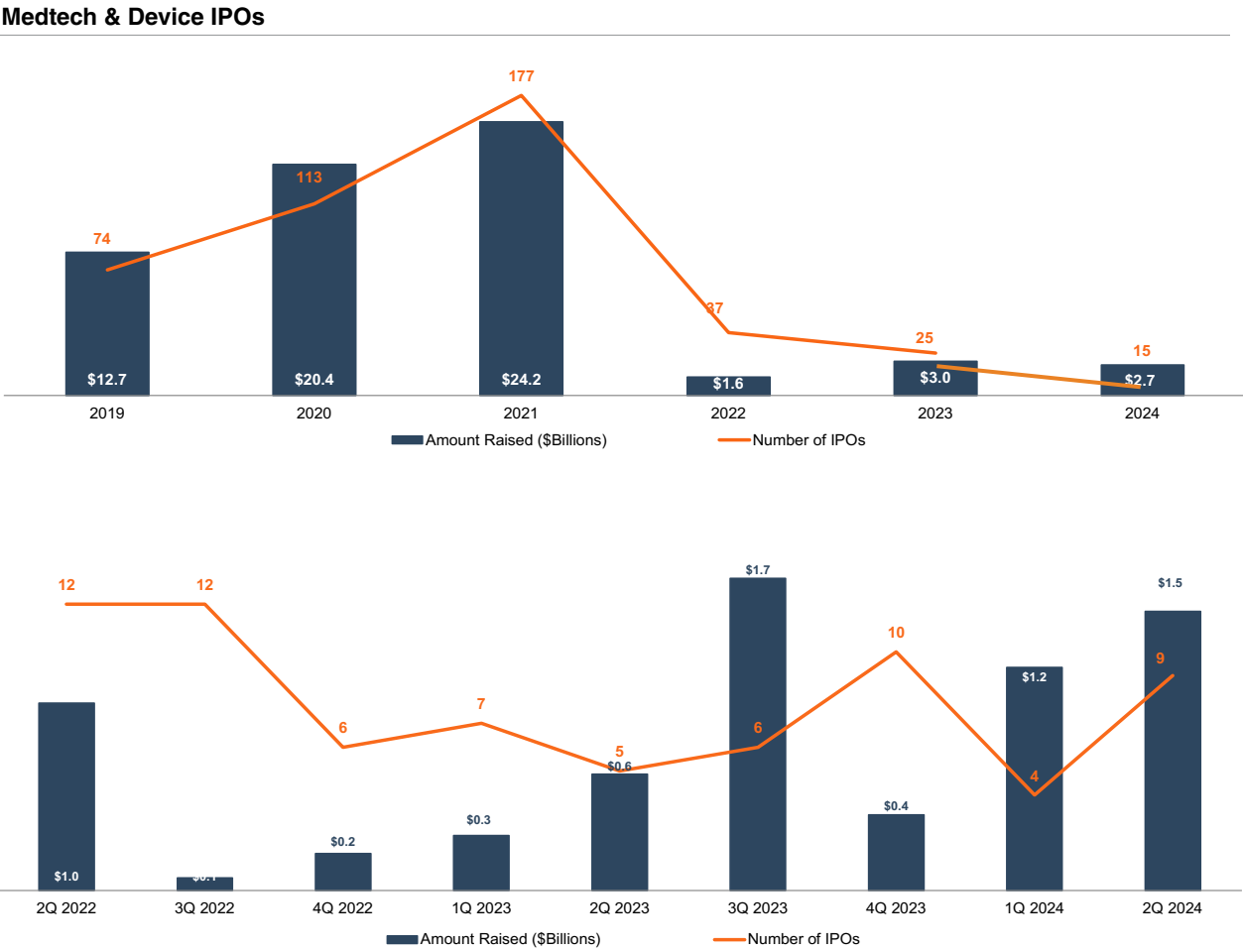
Initial Public Offerings

Completed Initial Public Offerings During 2Q 2024

Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds (\$mil)	6/28/24 Stock Price	Return Since IPO	6/28/24 Market Cap	Industry
TAUNS Laboratories, Inc.	TSE:197A	6/20/24	2.90	45.2	2.55	-12.1%	254.9	Health Care Equipment
AOTI, Inc.	AIM:AOTI	6/18/24	1.67	44.5	1.72	2.6%	182.8	Health Care Equipment
Chordia Therapeutics Inc.	TSE:190A	6/14/24	0.97	7.9	1.07	10.0%	70.1	Biotechnology
Tempus AI, Inc	NasdaqGS:TEM	6/13/24	37.00	410.7	35.00	-5.4%	5,769.1	Life Sciences Tools and Services
Waystar Holding Corp.	NasdaqGS:WAY	6/6/24	21.50	967.5	21.50	0.0%	3,598.7	Health Care Technology
Kohjin Bio Co., Ltd.	TSE:177A	4/25/24	12.22	10.4	12.05	-1.4%	60.4	Biotechnology

Initial Public Offerings

(continued)



Source: Capital IQ; Mercer Capital Analysis



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