



VALUE FOCUS

Medtech & Device Industry

First Quarter 2024

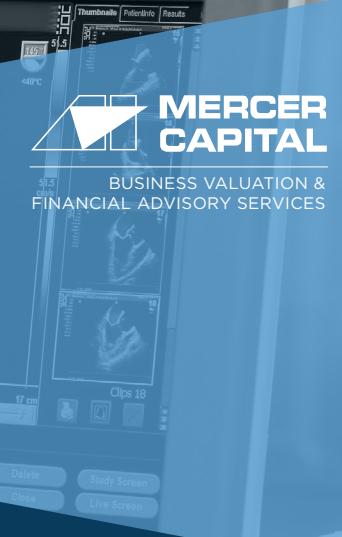
This quarterly update includes a broad outlook that divides the healthcare industry into four sectors: Biotechnology & Life Sciences, Medical Devices, Healthcare Technology, and Large, Diversified Healthcare Companies.

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 fourth quarter of 2023.

IN THIS ISSUE

Our Annual Article

Five Trends to Watch in the Medical Device Industry



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:

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

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Five Trends to Watch in the Medical Device Industry

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Medical Devices Overview

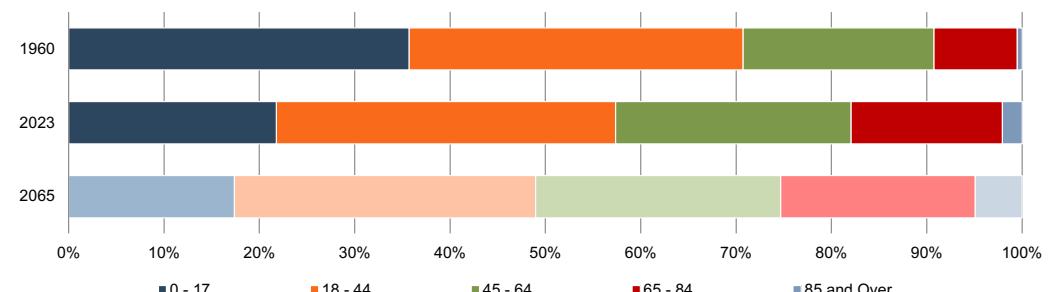
The medical device manufacturing industry produces equipment designed to diagnose and treat patients within global healthcare systems. Medical devices range from simple tongue depressors and bandages to complex programmable pacemakers and sophisticated imaging systems. Major product categories include 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 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**.

U.S. Population Distribution by Age Group



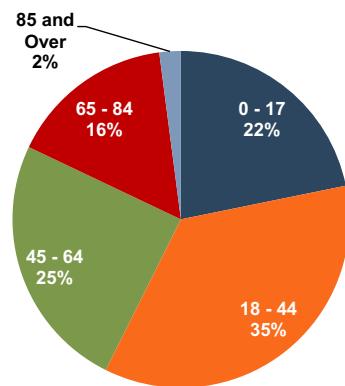
Source: US Census Bureau, S&P Capital IQ Pro

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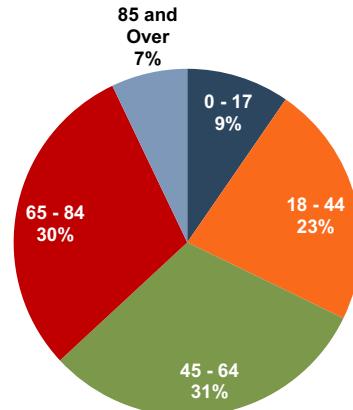
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The elderly account for nearly one third of total healthcare consumption in the U.S. Personal healthcare spending for the population segment was **approximately** \$22,000 per person in 2020, 5.5 times the spending per child (about \$4,000) and more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

U.S. Population Distribution by Age



U.S. Healthcare Expenditure by Age

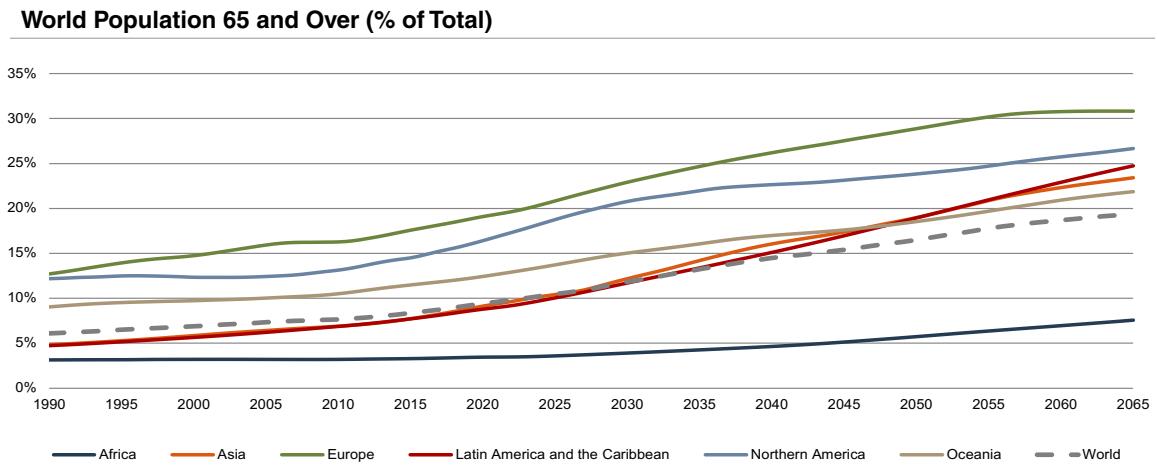


Source: U.S. Census Bureau, Centers for Medicare and Medicaid Services, Office of the Actuary, National Health Statistics Group

According to United Nations projections, the global elderly population will rise from approximately 808 million (10% of world population) in 2022 to 2.0 billion (19.4% of world population) in 2065. Europe's elderly made up 20% of the total population in 2022, and the proportion is projected to reach 31% 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% of the total population in 2022, but this region is expected to undergo drastic transformations over the next several decades, with the elderly population expected to expand to 25% of the **total population** by 2065. North America has an above-average elderly population as of 2022 (17%) and is projected to expand to 27% by 2065.

Five Trends to Watch in the Medical Device Industry

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

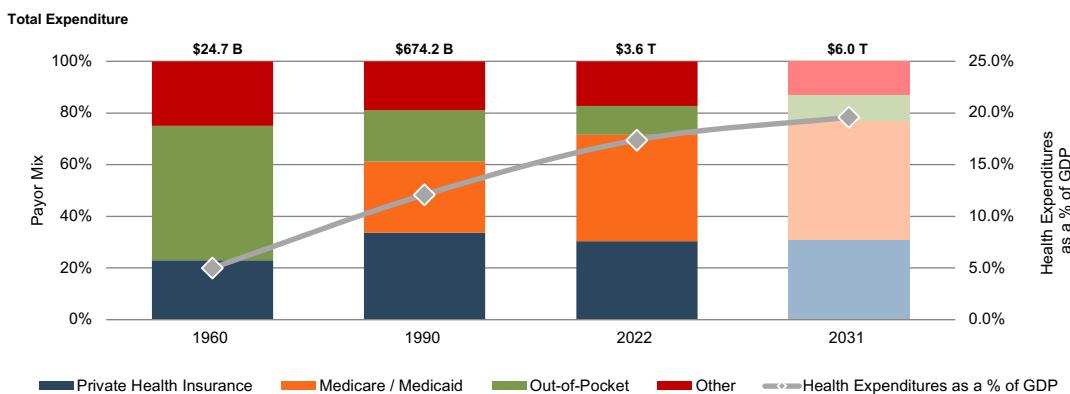
Demographic shifts underlie the expected growth in total **U.S. healthcare expenditure from \$4.4 trillion in 2022 to \$7.2 trillion in 2031**, an average annual growth rate of 5.5%. This projected average annual growth rate is slightly higher than the observed rate of 5.1% between 2013 and 2021, suggesting some acceleration in expected spending. **Projected growth** in annual spending for Medicare (7.5%) and Medicaid (5.0%) 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 10.2%, slowed to 2.7% in 2021. Healthcare spending as a percentage of GDP is expected to increase from 18.3% in 2021 to 19.6% by 2031.

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. Spending growth is expected to average 7.8% from 2025 to 2031. The program represents the largest portion of total healthcare costs, constituting 21% of total health spending in 2021 and 10% of the federal budget. **Medicare accounts for 26%** of spending on hospital care, 26% of physician and clinical services, and 32% of retail prescription drugs sales.

Five Trends to Watch in the Medical Device Industry

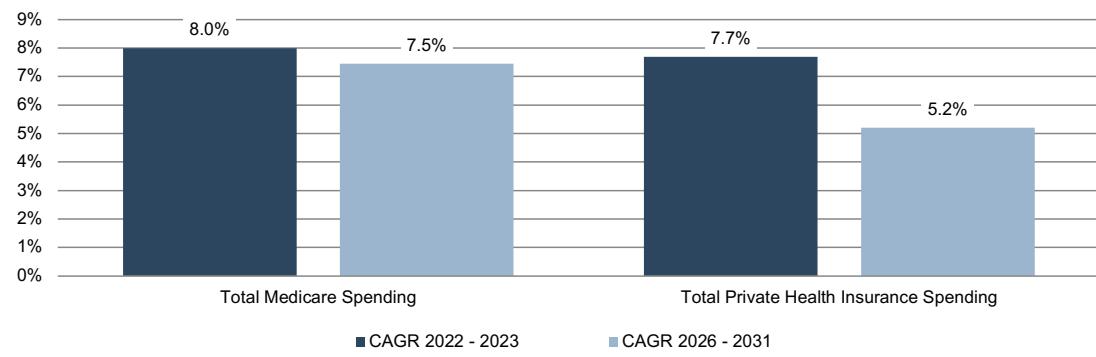
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U.S. Healthcare Consumption Payor Mix and as % of GDP



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

Average Spending Growth Rates, Medicare and Private Health Insurance



Source: CMS

Five Trends to Watch in the Medical Device Industry

(cont.)

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. Medicare spending totaled \$944.3 billion in 2022 and is expected to reach \$1.8 trillion by 2031.

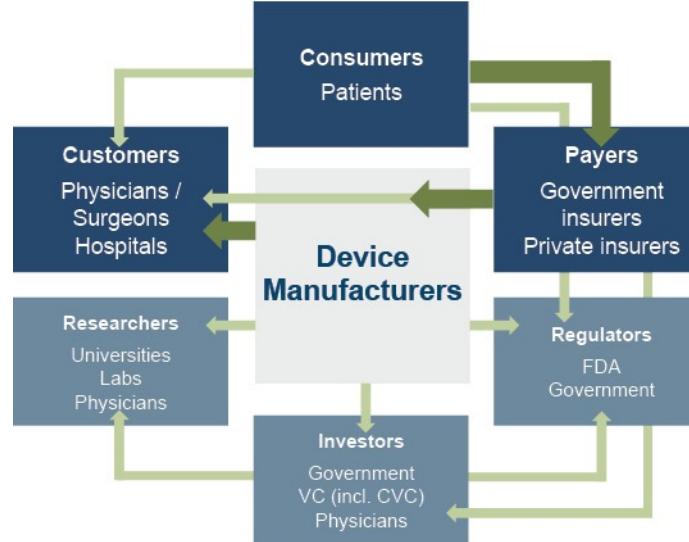
The Inflation Reduction Act (“IRA”) was signed into law on August 16, 2022 by the Biden administration. Among other items, the IRA aims to lower prescription drug costs and improve access to prescription drugs for Medicare enrollees. Two healthcare spending-related items in the IRA include out-of-pocket 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% in 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 consumers (patients). In most developed economies, the consumers themselves are one step (or more) 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.

Five Trends to Watch in the Medical Device Industry

(cont.)



Third-party payors (both private and government programs) are keen to reevaluate their payment policies to constrain rising healthcare costs. Hospitals are the largest market for medical devices. Lower reimbursement growth will likely persuade hospitals to scrutinize medical purchases by adopting 1) higher standards to evaluate the benefits of new procedures and devices, and 2) 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 (LAN)**, a public-private partnership launched in March 2015 by HHS, found that 48.9% of (traditional) Medicare payments were tied to Category 3 and 4 APMs in 2022, compared to 40% in 2021 and 35.8% in 2018.

Five Trends to Watch in the Medical Device Industry

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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 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.

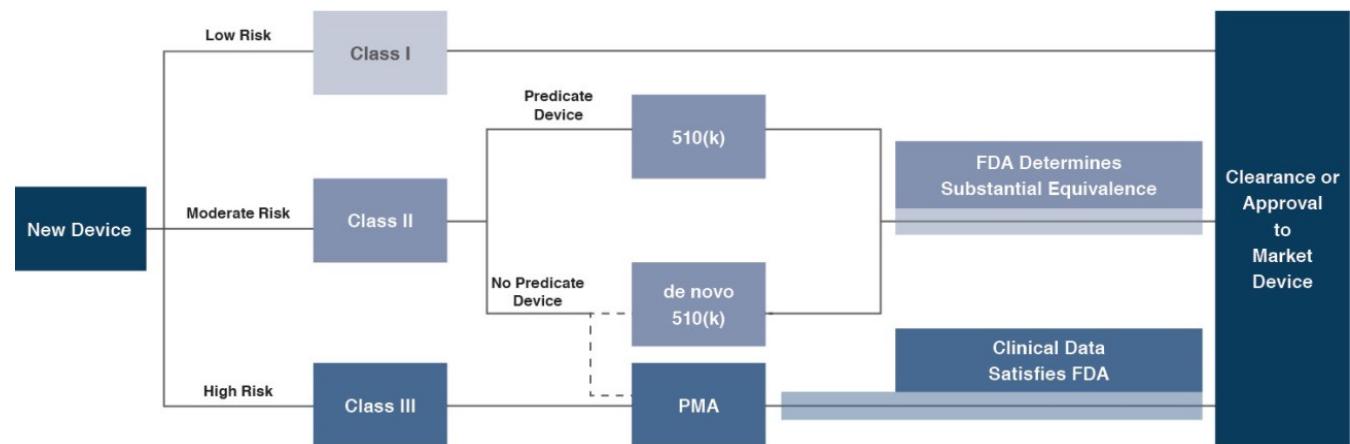
4. Competitive Factors and Regulatory Regime

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. 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.

Five Trends to Watch in the Medical Device Industry

(cont.)



- 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

Five Trends to Watch in the Medical Device Industry

(cont.)

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.

- 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. 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.

Five Trends to Watch in the Medical Device Industry

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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 European Union: 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 as of May 26, 2021. The **EU** is the second largest market for medical devices in the world with approximately €150 billion in sales in 2022, only behind 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 an increased risk for longer approval processes and delays in manufacturing of these devices.

5. Emerging Global Markets

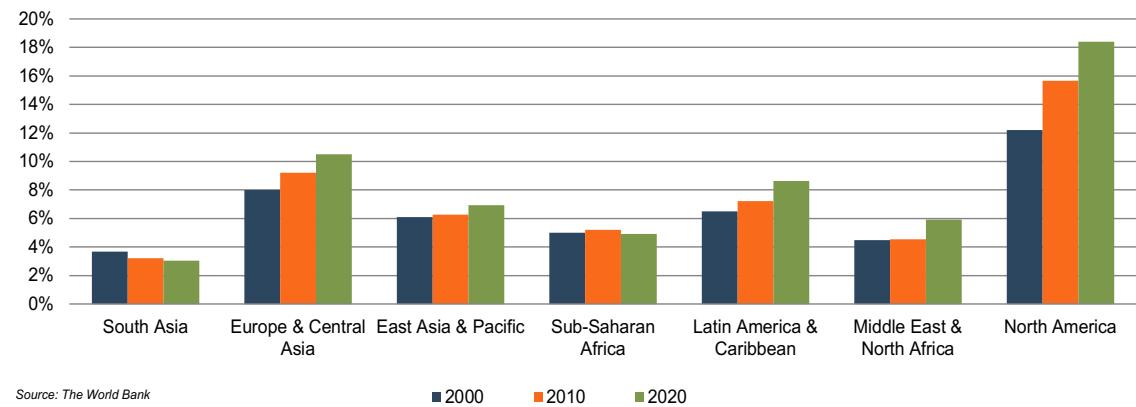
Emerging economies are claiming a growing share of global healthcare consumption, including medical devices and related procedures, owing to relative economic prosperity, growing medical awareness, and increasing (and increasingly aging) populations. According to the **WHO**, middle income countries, 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-financed healthcare. Upper-middle income countries accounted for 16.6% of total global healthcare spending in 2021, up from 8.2% 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.

Five Trends to Watch in the Medical Device Industry

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World Health Expenditure as a % of GDP



Source: The World Bank

■ 2000 ■ 2010 ■ 2020

Global medical device sales are **estimated** to increase 5.9% annually from 2023 to 2030, reaching nearly \$800 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.

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. 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.

Five Trends to Watch in the Medical Device Industry

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Post-Script – 2024 Outlook

The medical device industry looked to have put the effects of COVID-19 behind by 2023. A large number of elective procedures were deferred in the early part of the pandemic and a measure of catch-up in procedure volumes was reported in subsequent periods. Back to focusing on the longer-term demographic and other trends?

Well, maybe not quite so fast. It was always likely that the pandemic-induced disruptions would linger just a bit longer, creating some uncertainty around consumers' needs and preferences. But the industry awakened to a different type of potential disruption in mid-2023. Would GLP-1 drugs alter long-term demographic trends by reducing massive obesity rates? And would the industry face widespread lower demand for bariatric surgery devices, glucose monitors, cardiovascular devices, orthopedic implants and other equipment? A mid-year swoon in medtech stock prices was attributed, at least by some, to the wonder drugs. As 2023 came to a close, however, many appear to have reversed course from that early response. We may or may not get more clarity on the longer-term effects of these treatments in 2024 but, surely, they will also bring opportunities to go along with potential challenges for device makers.

Taking a broader view, some trends from recent periods will likely persist in 2024. Companies will continue to focus on profitability and profitable growth in a (relatively) higher-interest rate environment. Some observers suggest that an expected but measured decline in rates over 2024 (if it materializes) may not do much for medtech stock prices, further underscoring the need to shore up margins. On the flip side, since the period of rapid interest rate increases appears to be behind us, transaction volume should pick up from the low levels of the past two years. Finally, innovation, as always, will continue to be part of the conversation as novel treatments that serve unmet needs will help to unlock new markets.

2024 Outlook reading list:

- [What To Expect From Medtech In 2024](#) (McKinsey & Company)
- [5 Medtech Trends To Watch In 2024](#) (MedtechDive)
- [2024 Outlook For Life Sciences: GenAI, Drug Prices, Economy Likely To Influence Strategy](#) (Deloitte)

Stock Market Performance

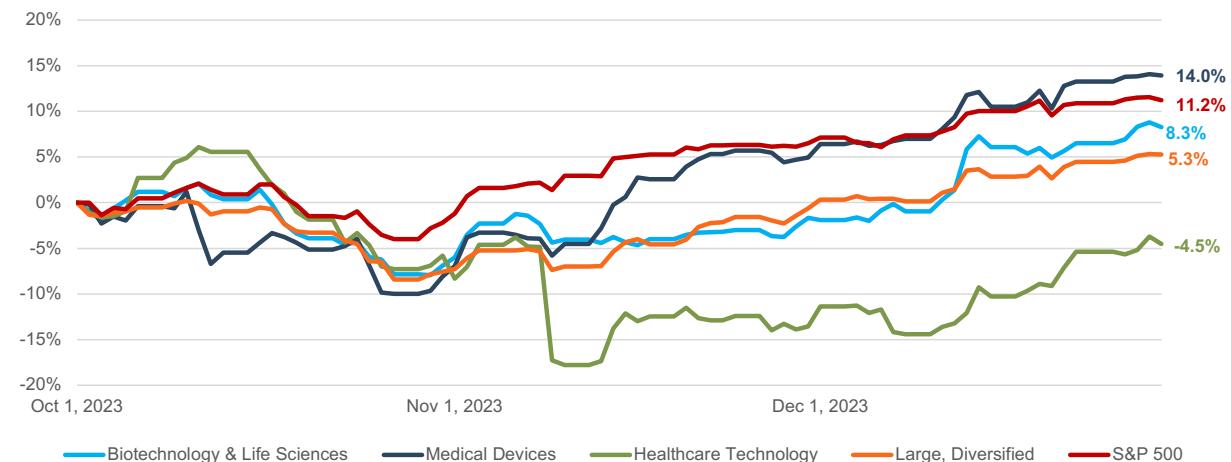
The S&P 500 increased 11.2% during the fourth quarter of 2023 after declining 3.6% in the prior quarter. Among the medtech industry sub-sectors tracked by Mercer Capital, only the medical devices group outperformed the broader index over 4Q23 quarter-over-quarter. The healthcare technology group was the laggard among the sub-sectors over the same quarter after outpacing the others in the prior quarter. Both the Biotechnology & Life Sciences and the Large, Diversified Groups made gains over 4Q23.

- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector increased 8.3% over the quarter ended December 2023. The top performer of the group was Waters Corporation, which posted a 20.1% return. WAT is a Milford, Massachusetts-based company that designs, manufactures, sells, and services high and ultra-performance liquid chromatography columns, other consumable products, and post-warranty service plans. The Company provides analytical workflow solutions in Asia, the Americas, and Europe.
- The medical device index increased 14.0% in 4Q23. The majority of companies in the group performed positively, with only one of the 16 constituents posting a negative return quarter-over-quarter. The best performer was Teleflex Incorporated with a quarterly return of 27.2%. TFX is a Pennsylvania-based company that designs, develops, manufactures, and supplies single-use medical devices for common diagnostic and therapeutic procedures in critical care and surgical applications worldwide.
- The healthcare technology index declined 4.5% over the quarter. Doximity, Inc., up 32.1%, outperformed all other constituents of the group. DOCS is a San Francisco-based company that operates a cloud-based digital platform for medical professionals in the United States, primarily serving pharmaceutical manufacturers and healthcare systems.
- The Large, Diversified Companies as a group was up 5.3% over the quarter. The top performer within the group was Agilent Technologies, Inc., which gained 24.8% during the period. Agilent provides application-focused solutions to life sciences, diagnostics, and applied chemical markets worldwide. The Company is headquartered in Santa Clara, California.

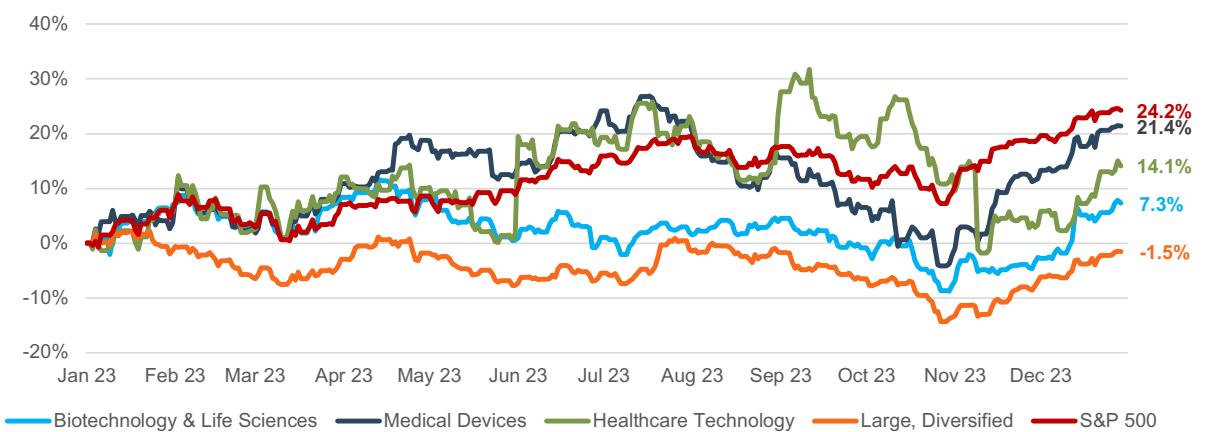
Stock Market Performance

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4Q 2023 Stock Price Performance



YTD Stock Price Performance



Individual sub-sector performance represented by market capitalization weighted indices for each group.

Data Source: Bloomberg LP; Mercer Capital Analysis

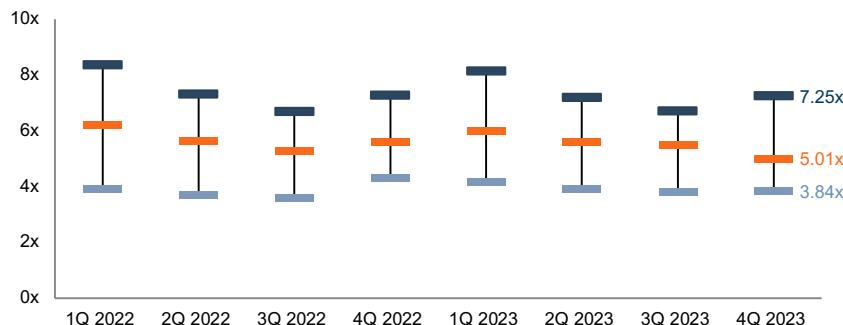
Revenue Multiples

■ 75% Quartile ■ Median ■ 25% Quartile

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

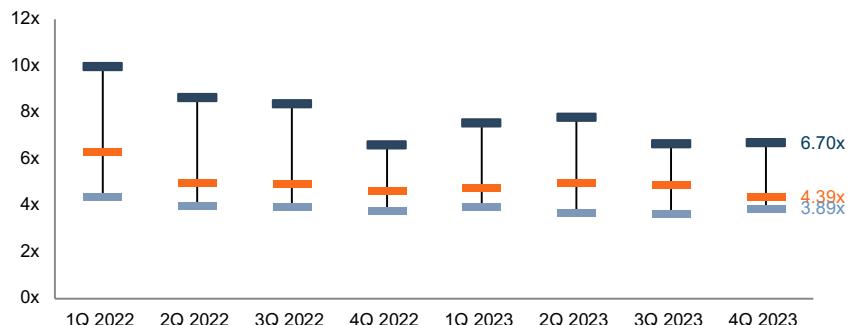
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



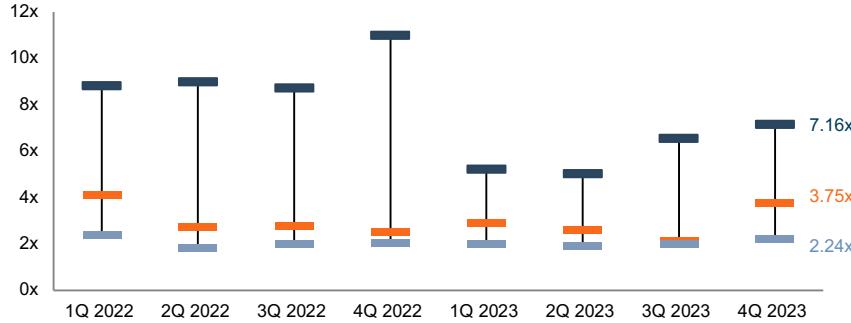
Medical Devices

EV / Trailing LTM Revenue



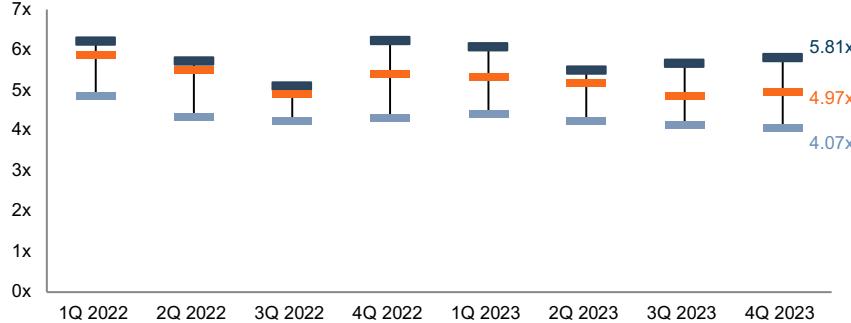
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue



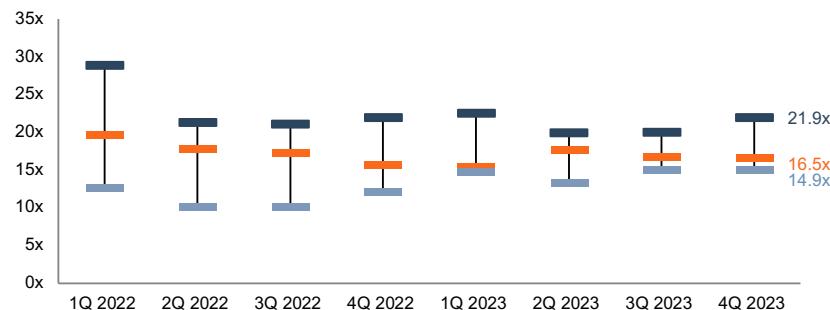
EBITDA Multiples

— 75% Quartile — Median — 25% Quartile

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

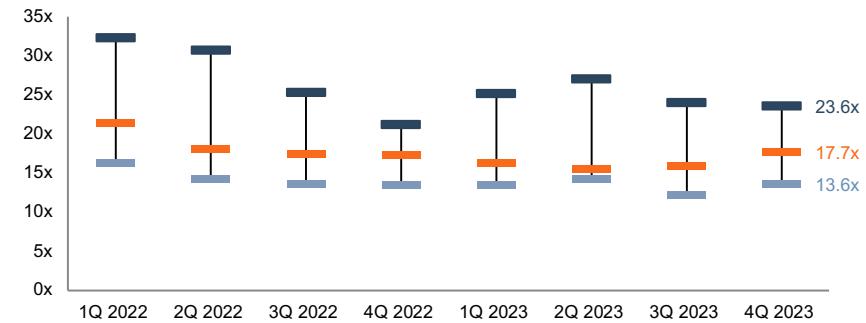
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



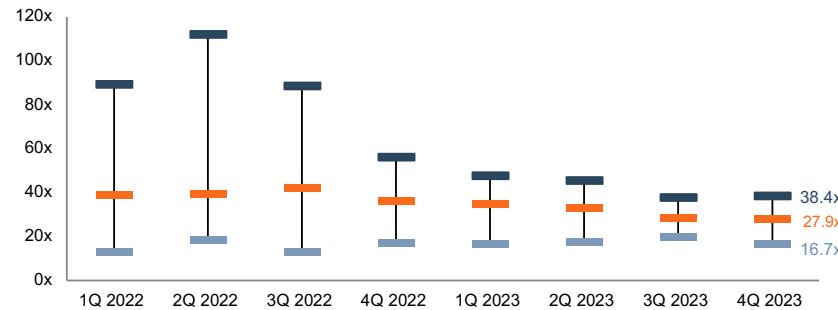
Medical Devices

EV / Trailing LTM EBITDA



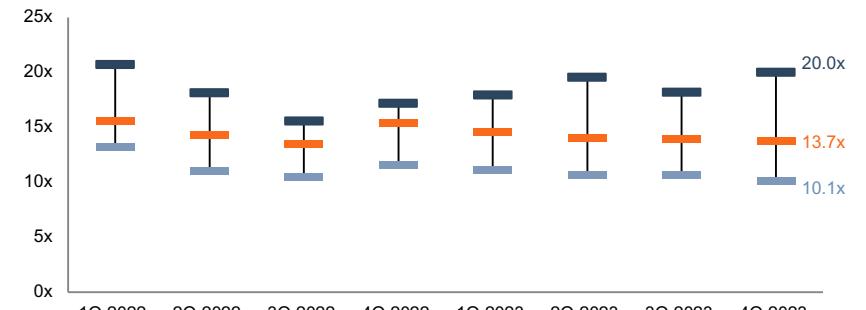
Healthcare Technology

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	
	4Q 2023	3Q 2023	4Q 2023	3Q 2023	4Q 2023	3Q 2023	4Q 2023	3Q 2023
Biotechnology & Life Sciences	61.4%	62.2%	19.4%	22.9%	21.4%	20.3%	27.8%	31.8%
Medical Devices	63.3%	62.8%	17.3%	17.3%	6.9%	7.1%	29.2%	29.4%
Healthcare Technology	62.2%	58.9%	4.5%	4.5%	13.1%	13.5%	14.7%	18.9%
Large, Diversified	57.0%	57.4%	17.6%	18.2%	8.6%	8.8%	31.7%	31.2%
Overall Median	59.9%	59.7%	17.0%	17.1%	8.1%	8.1%	29.0%	29.7%

Sector	Revenue Growth		L-T FWD Op. Earn. Growth		Debt / EV		Debt / EBITDA	
	Q / Q	Y / Y	4Q 2023	3Q 2023	4Q 2023	3Q 2023	4Q 2023	3Q 2023
Biotechnology & Life Sciences	0.1%	0.6%	7.9%	4.2%	11.0%	11.9%	2.4	2.4
Medical Devices	1.7%	4.4%	8.7%	8.5%	10.0%	10.9%	1.9	1.8
Healthcare Technology	1.1%	3.8%	8.8%	8.8%	6.8%	15.2%	1.7	3.4
Large, Diversified	0.0%	-1.4%	4.1%	3.8%	19.0%	18.2%	2.5	2.5
Overall Median	0.2%	1.0%	8.3%	7.1%	11.6%	12.4%	2.3	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	
	4Q 2023	3Q 2023	4Q 2022	Quarterly	Annual	4Q 2023			4Q 2023	4Q 2023	FY 2024	FY 2025		4Q 2023	4Q 2023	2024	2025
Biotechnology & Life Sciences																	
Biogen Inc	BIIB	\$259	\$257	\$277	0.7%	-6.6%	\$42,923	\$9,993	\$2,697	\$2,929	\$3,458	4.30x	15.9x	14.7x	12.4x		
Bio-Rad Laboratories Inc	BIO	323	358	420	-9.9%	-23.2%	9,057	2,720	622	507	512	3.33	14.6	17.9	17.7		
BioMarin Pharmaceutical Inc	BMRN	96	88	103	9.0%	-6.8%	17,636	2,311	234	343	640	7.63	75.3	51.4	27.6		
Sartorius Stedim Biotech	DIM	265	239	322	10.8%	-17.8%	28,315	3,150	898	772	924	8.99	31.5	36.7	30.6		
Eurofins Scientific SE	ERF	65	57	71	15.3%	-7.6%	16,509	6,816	1,301	1,302	1,463	2.42	12.7	12.7	11.3		
Gilead Sciences Inc	GILD	81	74	83	9.1%	-2.0%	117,973	27,391	11,923	12,164	12,829	4.31	9.9	9.7	9.2		
Illumina Inc	ILMN	139	137	202	1.4%	-31.1%	23,339	4,465	418	437	419	5.23	55.8	53.4	55.8		
Incyte Corp	INCY	63	58	80	8.7%	-21.8%	10,599	3,609	638	988	1,312	2.94	16.6	10.7	8.1		
IQVIA Holdings Inc	IQV	231	197	205	17.6%	12.9%	54,743	14,855	3,329	3,566	3,795	3.69	16.4	15.3	14.4		
Lonza Group AG	LONN	421	465	489	-9.4%	-13.7%	32,239	6,736	2,447	1,893	1,859	4.79	13.2	17.0	17.3		
Mettler-Toledo International Inc	MTD	1,213	1,108	1,445	9.5%	-16.1%	28,340	3,911	1,275	1,226	1,222	7.25	22.2	23.1	23.2		
Regeneron Pharmaceuticals Inc	REGN	878	823	721	6.7%	21.7%	82,568	13,097	5,021	5,461	5,617	6.30	16.4	15.1	14.7		
Vertex Pharmaceuticals Inc	VRTX	407	348	289	17.0%	40.9%	93,724	9,654	4,605	4,678	5,103	9.71	20.4	20.0	18.4		
Waters Corp	WAT	329	274	343	20.1%	-3.9%	21,717	2,995	1,035	1,051	1,082	7.25	21.0	20.7	20.1		
Group Median					9.0%	-7.2%						5.01x	16.5x	17.4x	17.5x		

(\$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	
		4Q 2023	3Q 2023	4Q 2022	Quarterly	Annual	4Q 2023			4Q 2023	FY 2024	FY 2025	4Q 2023	4Q 2023	2024	2025	4Q 2023	2024	2025
Medical Devices																			
Terumo Corp	TRUMF	\$33	\$27	\$28	23.7%	16.1%	\$25,036	\$6,080	\$1,417	\$209,877	\$231,706	4.12x	17.7x	0.1x	0.1x	4.12x	17.7x	0.1x	
Sysmex Corp	SSMXY	56	48	60	16.9%	-7.6%	11,319	3,089	784	117,054	128,621	3.66	14.4	0.1	0.1	3.66	14.4	0.1	
Olympus Corp	OCPNY	14	13	18	11.5%	-18.7%	19,414	6,445	1,946	173,611	243,095	3.01	10.0	0.1	0.1	3.01	10.0	0.1	
Align Technology Inc	ALGN	274	305	211	-10.3%	29.9%	19,810	3,807	738	863	920	5.20	26.8	23.0	21.5	5.20	26.8	23.0	
Baxter International Inc	BAX	39	37	50	3.3%	-21.9%	30,756	14,951	2,837	2,916	3,132	2.06	10.8	10.5	9.8	2.06	10.8	10.5	
Boston Scientific Corp	BSX	58	53	46	9.5%	24.9%	93,031	13,757	3,971	4,053	4,576	6.76	23.4	23.0	20.3	6.76	23.4	23.0	
Coloplast A/S	COLOB	115	104	114	10.3%	0.6%	27,679	3,425	1,126	8,824	9,820	8.08	24.6	3.1	2.8	8.08	24.6	3.1	
Edwards Lifesciences Corp	EW	76	69	75	10.1%	2.2%	45,072	5,819	1,912	1,903	2,089	7.75	23.6	23.7	21.6	7.75	23.6	23.7	
Hologic Inc	HOLX	71	69	75	3.0%	-4.5%	17,452	4,038	1,290	1,323	1,409	4.32	13.5	13.2	12.4	4.32	13.5	13.2	
IDEXX Laboratories Inc	IDXX	555	437	408	26.9%	36.1%	46,821	3,588	1,205	1,214	1,322	13.05	38.8	38.6	35.4	13.05	38.8	38.6	
Intuitive Surgical Inc	ISRG	337	292	265	15.4%	27.1%	118,076	nm	nm	2,712	3,157	nm	nm	43.5	37.4	nm	nm	43.5	37.4
ResMed Inc	RMD	172	147	206	16.7%	-16.5%	26,654	4,016	1,279	1,513	1,663	6.64	20.8	17.6	16.0	6.64	20.8	17.6	
Smith & Nephew PLC	SN/	14	12	13	11.6%	5.6%	14,872	5,349	1,088	1,336	1,477	2.78	13.7	11.1	10.1	2.78	13.7	11.1	
Stryker Corp	SYK	299	273	242	9.9%	23.8%	125,018	19,885	5,310	5,321	5,956	6.29	23.5	23.5	21.0	6.29	23.5	23.5	
Teleflex Inc	TFX	249	196	248	27.2%	0.5%	12,985	2,959	864	853	903	4.39	15.0	15.2	14.4	4.39	15.0	15.2	
Zimmer Biomet Holdings Inc	ZBH	122	112	127	8.7%	-3.8%	30,626	7,279	2,396	2,627	2,758	4.21	12.8	11.7	11.1	4.21	12.8	11.7	
Group Median				10.9%	1.4%								4.20x	14.1x	14.2x	13.4x			

(\$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	
	4Q 2023	3Q 2023	4Q 2022	Quarterly	Annual	4Q 2023	4Q 2023	4Q 2023	FY 2024	FY 2025	4Q 2023	4Q 2023	2024	2025		
Healthcare Technology																
M3 Inc	MTHRY	\$17	\$18	\$27	-8.9%	-39.0%	\$10,227	\$1,749	\$599	\$83,070	\$94,255	5.85x	17.1x	0.1x	0.1x	
Craneware PLC	CRW	22	18	22	23.2%	3.7%	802	170	52	57	62	4.72	15.4	14.0	13.0	
Doximity Inc	DOCS	28	21	34	32.1%	-16.4%	4,461	402	130	214	235	11.10	34.3	20.8	19.0	
Evolent Health Inc	EVH	33	27	28	21.3%	17.6%	4,384	1,790	116	195	259	2.45	37.7	22.5	16.9	
HealthStream Inc	HSTM	27	22	25	25.4%	9.3%	772	277	55	61	65	2.79	14.0	12.7	11.9	
Veradigm Inc	MDRX	10	13	18	-20.2%	-40.5%	1,146	na	na	175	177	nm	nm	6.5	6.5	
Omnicell Inc	OMCL	38	45	50	-16.5%	-25.4%	1,876	1,186	88	131	131	1.58	21.4	14.4	14.3	
Teladoc Health Inc	TDOC	22	19	24	15.9%	-8.9%	4,120	2,580	102	326	367	1.60	40.4	12.7	11.2	
Veeva Systems Inc	VEEV	193	203	161	-5.4%	19.3%	27,947	2,155	504	862	1,046	12.97	55.4	32.4	26.7	
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	
	4Q 2023	3Q 2023	4Q 2022	Quarterly	Annual	4Q 2023	4Q 2023	4Q 2023	FY 2024	FY 2025	4Q 2023	4Q 2023	2024	2025	2024	2025	
Large, Diversified																	
Agilent Technologies Inc	A	\$139	\$111	\$149	24.8%	-6.4%	\$41,923	\$6,833	\$2,004	\$2,039	\$2,225	6.14x	20.9x	20.6x	18.8x		
AbbVie Inc	ABBV	154	146	154	5.0%	-0.2%	320,386	55,138	31,585	26,279	26,278	5.81	10.1	12.2	12.2		
Abbott Laboratories	ABT	110	96	107	14.3%	2.3%	198,428	39,959	9,911	10,199	10,761	4.97	20.0	19.5	18.4		
Amgen Inc	AMGN	288	267	254	8.0%	13.5%	179,847	26,833	14,029	17,123	18,762	6.70	12.8	10.5	9.6		
Becton Dickinson & Co	BDX	244	257	251	-5.3%	-2.7%	85,792	19,046	6,610	5,513	5,908	4.50	13.0	15.6	14.5		
Danaher Corp	DHR	231	219	234	5.4%	-1.2%	181,720	29,566	9,359	8,130	7,833	6.15	19.4	22.4	23.2		
Johnson & Johnson	JNJ	157	155	171	1.4%	-8.6%	383,711	83,703	38,402	31,567	32,489	4.58	10.0	12.2	11.8		
Medtronic PLC	MDT	82	78	75	6.0%	9.6%	127,043	31,227	9,257	9,366	9,958	4.07	13.7	13.6	12.8		
Koninklijke Philips NV	PHIA	23	20	14	16.3%	62.5%	29,380	19,204	3,045	2,807	3,041	1.53	9.6	10.5	9.7		
Roche Holding AG	ROG	291	274	304	6.4%	-4.1%	253,134	65,699	25,109	22,644	23,888	3.85	10.1	11.2	10.6		
Siemens Healthineers AG	SHL	58	51	49	14.5%	18.9%	81,935	22,626	4,078	4,589	5,276	3.62	20.1	17.9	15.5		
Thermo Fisher Scientific Inc	TMO	531	506	549	4.9%	-3.4%	234,196	43,421	10,868	10,839	10,892	5.39	21.5	21.6	21.5		
Group Median				6.2%	-0.7%							4.77x	13.4x	14.6x	13.6x		

(\$Millions, except per share figures)

Data Source: Bloomberg

Mergers & Acquisitions

Announced Transactions During 4Q 2023				Implied EV				
Acquirer	Target	Announce Date	Transaction Value	Implied EV	Revenue	EBIT	EBITDA	Target Sector
Bristol-Myers Squibb Company	Karuna Therapeutics, Inc.	12/22/23	13,883	12,542	nm	nm	nm	Biotechnology
AbbVie Inc.	ImmunoGen, Inc.	11/30/23	9,530	8,924	31.03	nm	nm	Biotechnology
AbbVie Inc.	Cerevel Therapeutics Holdings, Inc.	12/6/23	9,081	8,404	nm	nm	nm	Biotechnology
Bristol-Myers Squibb Company	Mirati Therapeutics, Inc.	10/8/23	6,053	5,075	132.88	nm	nm	Biotechnology
Bristol-Myers Squibb Company	RayzeBio, Inc.	12/26/23	4,153	3,612	nm	nm	nm	Biotechnology
Roche Holding AG	Carmot Therapeutics Inc.	12/4/23	3,461	3,234	nm	nm	nm	Biotechnology
Thermo Fisher Scientific Inc.	Olink Holding AB (publ)	10/17/23	3,294	3,164	19.91	nm	nm	Life Sciences Tools and Services
AMETEK, Inc.	Paragon Medical, Inc.	10/31/23	1,900	1,900	3.80	nm	nm	Health Care Supplies
Eli Lilly and Company	POINT Biopharma Global Inc.	10/3/23	1,387	1,048	4.30	9.7	9.5	Biotechnology
AstraZeneca PLC	Icosavax, Inc.	12/12/23	1,141	912	nm	nm	nm	Biotechnology
Carl Zeiss Meditec AG	Dutch Ophthalmic Research Center (International) B.V.	12/15/23	1,075	1,075	nm	nm	nm	Health Care Equipment
Claritas Capital	Sharecare, Inc.	10/11/23	724	672	1.45	nm	nm	Health Care Technology
AbbVie Inc.	Mitokinin, Inc.	10/5/23	655	655	nm	nm	nm	Biotechnology
Ajinomoto North America Holdings, Inc.	Forge Biologics Holdings, LLC	11/13/23	620	620	nm	nm	nm	Life Sciences Tools and Services
SomaLogic, Inc.	Standard BioTools Inc.	10/4/23	574	574	5.45	nm	nm	Life Sciences Tools and Services
Boehringer Ingelheim International GmbH	T3 Pharmaceuticals AG	11/22/23	508	508	nm	nm	nm	Biotechnology
Kyowa Kirin Co., Ltd.	Orchard Therapeutics plc	10/5/23	439	314	14.36	nm	nm	Biotechnology
Inari Medical, Inc.	LimFlow SA	11/1/23	415	415	nm	nm	nm	Health Care Equipment
Biosense Webster, Inc.; Ethicon, Inc.	Laminar, Inc.	11/30/23	400	375	nm	nm	nm	Health Care Supplies
H.I.G. Capital, LLC	Zimmer Biomet Spine, Inc.	12/18/23	375	375	nm	nm	nm	Health Care Equipment

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

Data Source: Capital IQ

Mergers & Acquisitions (continued)

Announced Transactions During 4Q 2023			Announce Date	Transaction Value	Implied EV	Implied EV			Target Sector
Acquirer	Target	Revenue	EBIT	EBITDA					
Getinge AB (publ)	Healthmark Industries Company, Inc.	10/11/23	320	320	nm	nm	nm	nm	Health Care Equipment
Integra LifeSciences Holdings Corporation	Acclarent, Inc.	12/13/23	280	280	2.55	nm	nm	nm	Health Care Equipment
SORA Corporation	CMIC HOLDINGS Co., Ltd.	11/7/23	255	238	0.34	3.6	2.4	nm	Life Sciences Tools and Services
Haemonetics Corporation	Opsens Inc.	10/10/23	254	240	6.75	nm	nm	nm	Health Care Equipment
LENZ Therapeutics, Inc.	Graphite Bio, Inc.	11/15/23	232	232	nm	nm	nm	nm	Biotechnology
Madison Industries Holdings LLC	CAE Healthcare, Inc.	10/24/23	226	226	nm	nm	nm	nm	Health Care Technology
Inventurus Knowledge Solutions, Inc.	Aquity Solutions, LLC	10/31/23	200	200	nm	nm	nm	nm	Health Care Technology
Q32 Bio Inc.	Homology Medicines, Inc.	11/16/23	195	195	99.59	nm	nm	nm	Biotechnology
Berenson Acquisition Corp. I	Custom Health, Inc.	12/22/23	185	185	nm	nm	nm	nm	Health Care Technology
GTCR LLC	Cloudbreak Health, LLC	11/16/23	180	180	nm	nm	nm	nm	Health Care Technology
United Therapeutics Corporation	Miromatrix Medical Inc.	10/30/23	143	127	132.13	nm	nm	nm	Life Sciences Tools and Services
Halma plc	TeDan Surgical Innovations, Inc.	11/20/23	100	100	3.42	nm	nm	nm	Health Care Supplies

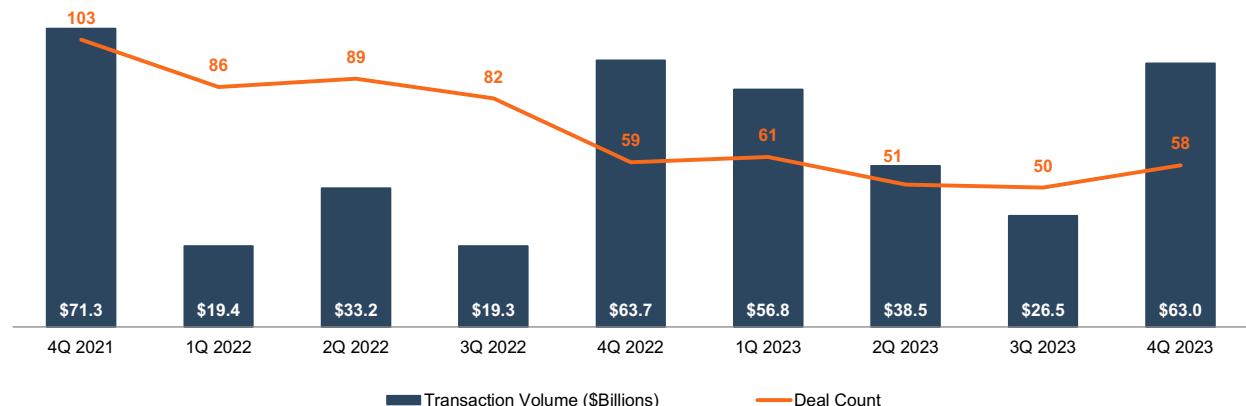
Transaction values over \$100 million; Presented in \$millions

Data Source: Capital IQ

MedTech & Device M&A

(continued)

Medtech & Device M&A



Source: Capital IQ; Mercer Capital Analysis

Initial Public Offerings

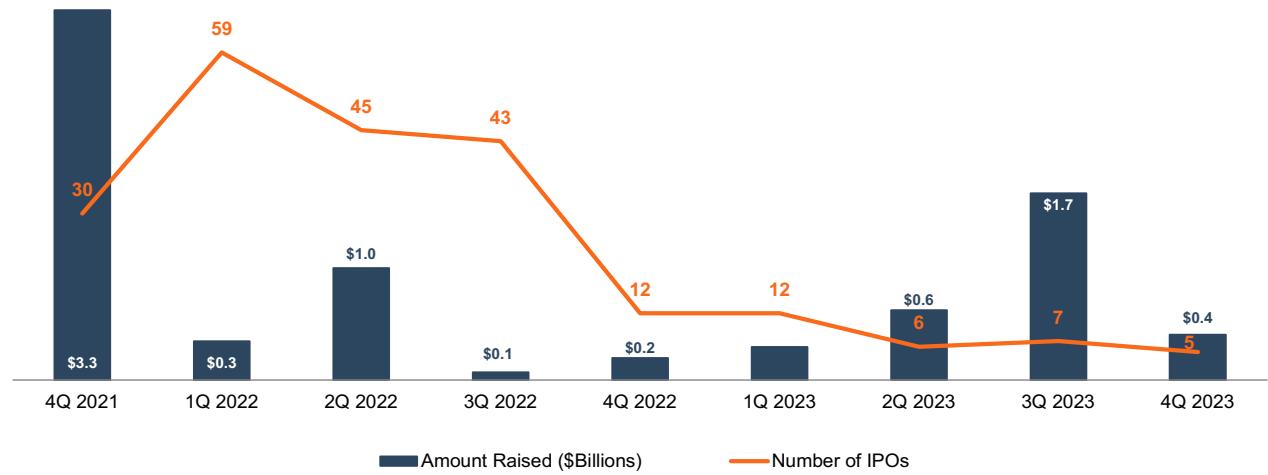
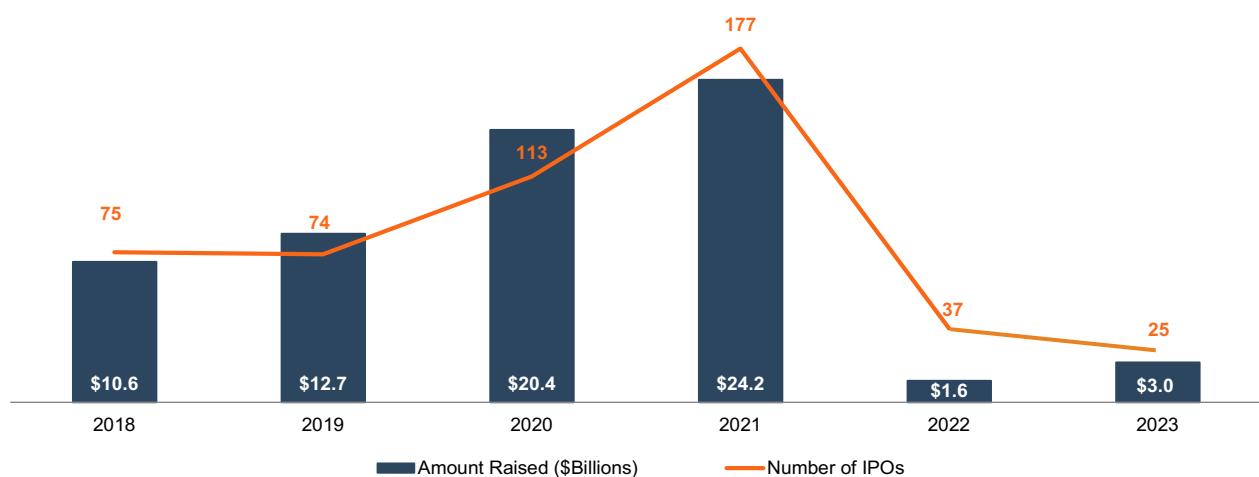
Completed Initial Public Offerings During 4Q 2023									
Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds (\$mil)	12/29/23 Stock Price	Return Since IPO	12/29/23 Market Cap	Industry	
MRSO Inc.	TSE:5619	12/21/23	15.90	11.0	14.35	-9.7%	50.7	Health Care Technology	
Enlitic, Inc.	ASX:ENL	12/18/23	0.56	0.0	0.59	5.4%	50.6	Health Care Technology	
CARGO Therapeutics, Inc.	NasdaqGS:CRGX	11/9/23	15.00	281.3	23.15	54.3%	953.9	Biotechnology	
Lexeo Therapeutics, Inc.	NasdaqGM:LXEO	11/2/23	11.00	100.0	13.42	22.0%	357.6	Biotechnology	

Data Source: Capital IQ

Initial Public Offerings

(continued)

Medtech & Device IPOs



Source: Capital IQ; Mercer Capital Analysis



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