

MEDICAL TECHNOLOGY M&A PULSE

FIRST QUARTER 2020



Q1'20

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PMCF Medical Technology Team

ABOUT PMCF

P&M Corporate Finance ("PMCF"), a U.S. registered broker/dealer, is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International partners. Offering a depth of advisory services, PMCF helps clients worldwide meet their sale, acquisition, financing, and strategic growth objectives. Additional information on PMCF can be found by visiting our website, pmcf.com.

INVESTMENT BANKING SERVICES:

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Medical Technology Industry Expertise

In the medical technology sector, it takes a highly focused approach to execute a transaction efficiently. And it requires the constant monitoring of new procedures, technology and product development, and overall market trends. At PMCF, our Medical Technology team brings this dedication and market knowledge to every transaction. Our transaction expertise in the medical device, bio-pharmaceutical, and healthcare sectors, combined with industry relationships and a proprietary healthcare consulting service offering, afford us a unique perspective in the industry.

Medical Devices	Contract Research	Clinical Services	Therapeutics
Healthcare	Contract Manufacturing	Behavioral Health	Managed Care
Drug Delivery	Bio-Pharmaceutical	Specialty Pharmacy	Specialty Services

SELECT RECENT PMCF MEDICAL TECHNOLOGY TRANSACTIONS



2020 Q1 Market Summary

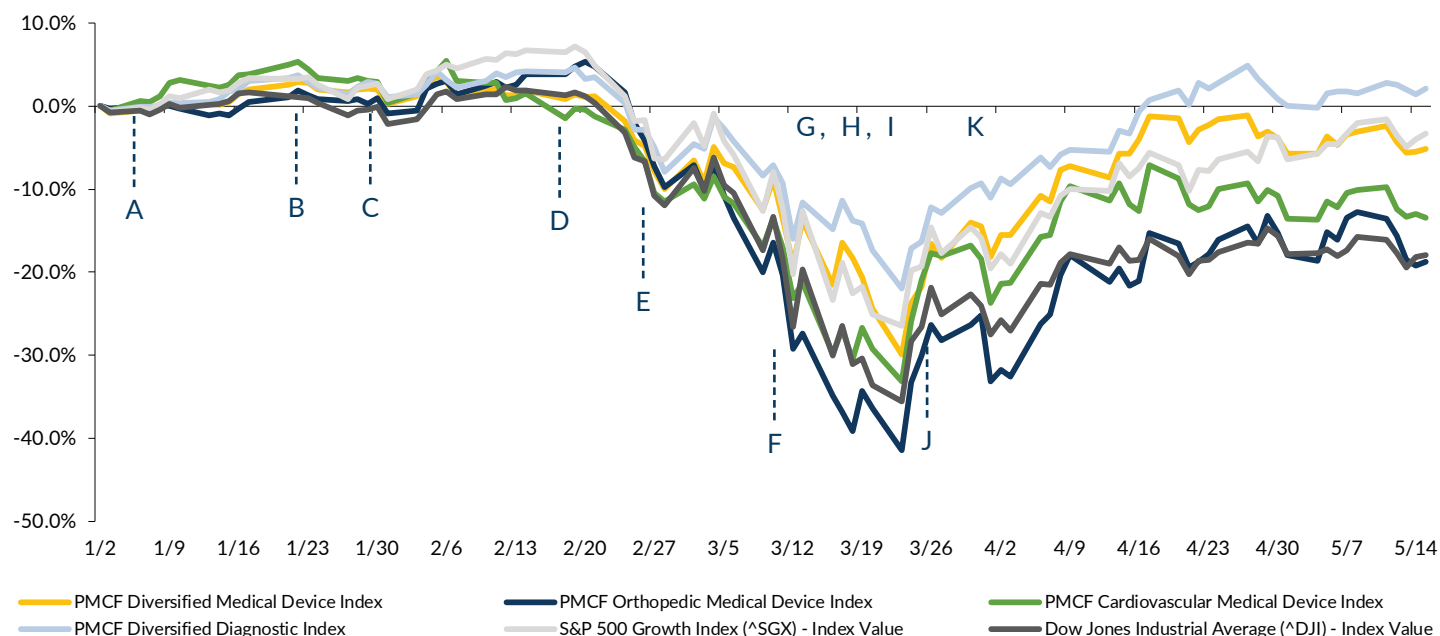
MEDICAL TECHNOLOGY: A BEACON OF HOPE IN UNPRECEDENTED TIMES

- In the midst of global pandemic, medical equipment and consumable manufacturers, diagnostic test providers, and pharmaceutical / biotechnology developers have been thrust into the spotlight as the government and the public alike lean on them. The critical role these companies play in public health has been underscored as they produce products that keep people safe and limit the spread of infection, help treat those who contract COVID-19, and race in the attempt to develop a cure and vaccine.
- Despite their critical role in helping the world overcome the challenges related to COVID-19, the stock performance of medical companies has differed little from that of the broader market during 2020. All four PMCF MedTech indices declined during Q1, with the Diversified Diagnostic Index faring the best at -9.4%, and the Orthopedic Medical Device Index sliding the farthest at -25.2%, likely related to the temporary ban on elective procedures.
- While PMCF's Medical Technology indices reacted sharply to COVID-19 events during the first quarter, as discussed above, as of this report's May 15th data cut off date all indices had rebounded in a significant way, with the Diversified Diagnostic Index leading the way up 2.1% year to date.

Key First Quarter COVID-19 Events Timeline

- January 4, 2020 | WHO Announces Pneumonia Cases of Unknown Cause
- January 21, 2020 | Washington State Department of Health Announces First Case of COVID-19
- January 31, 2020 | Secretary Azar Declares Public Health Emergency for United States for 2019 Novel Coronavirus
- February 19, 2020 | S&P 500 Record High
- February 28, 2020 | Stock Markets Report Largest Single Week Declines Since 2008 Financial Crisis
- March 11, 2020 | WHO Declares Novel Coronavirus Outbreak a Pandemic
- March 16, 2020 | President Trump Issues Coronavirus Guidelines for the Public
- March 19, 2020 | Governor Newsom of California Announces Executive "Stay Home Except for Essential Needs" Order
- March 20, 2020 | Illinois and New York Announce Stay-At-Home Orders
- March 26, 2020 | Historic Rise in Unemployment Insurance Claims
- March 27, 2020 | CARES Act Signed Into Law

PMCF MEDICAL TECHNOLOGY INDICES PERFORMANCE



Sources: Capital IQ, PitchBook, Company Reports, Fraser

What We're Discussing with Clients

Managing A Crisis

5 Action Items to Effectively Navigate the COVID-19 Impact

The M&A market in the Medical Technology sector experienced several years of continued growth through 2019 and into January and February 2020. In March 2020, deal activity declined as economic concerns surrounding the COVID-19 pandemic took hold. Lower activity is expected for the remainder of 2020 as fewer deals will launch in Q2 and deals currently in market either have extended timeframes or are being put on hold. As we continue to monitor the COVID-19 situation, we want to provide some thoughts and potential action items as you continue to navigate COVID-19 and its impact on your business.

1

Consistent, Direct Communication With Stakeholders

In challenging times, decisions made by company leadership will have rippling effects inside and outside the organization. Having an open line of direct, fact-based communication with key stakeholder groups is critical to avoiding surprises and working on collaborative solutions.

The first step is identifying these stakeholders – company staff, customers, and financing partners are all essential partners in maintaining operations and each have their own needs in times of crisis. Company communication should disseminate from the highest level of the organization (CEO or President). The following are key items for communication with each key stakeholder group:

- Company staff (internal and workforce) – timing of facility closings and re-openings, steps taken to ensure safety and policies for sick pay / leave.
- Customers – understand changes in expected demand. Liquidity challenges may delay payments and there may be a need to revisit payment terms with key customers.
- Financing partners – communicate cash flow needs to sustain critical operations or advances to cover payroll; monitor the impact of potential covenant violations given revenue slowdown.

2

Optimizing The Cash Conversion Cycle

Under normal business conditions, companies are typically focused on the income statement and overall profitability, but cash is paramount during a crisis. Seek opportunities to generate additional cash.

- Billing accuracy – Where applicable, make sure clients are properly billed for all products / services delivered.
- Billing timing – Expedite client approval on purchase orders to ensure an approved invoice can be issued promptly.
- Monitor and Track Stockpiling – Closely track inventory, monitor and flag stockpiling to minimize future returns of unused product.

Managing A Crisis (Continued)

3

Leveraging Financing Facilities And Explore Alternative Financing Options

Engage with your lenders to understand what options might be available when drawing down on your credit facility. Given the market uncertainty, consider running multiple scenario analyses, including extreme outcomes, to determine downside risk and a potential cash shortfall. Fed intervention is providing banks with tools to assist borrowers, including deferral of principal.

If companies are short on cash and additional debt financing is not available, factoring receivables or offering customer discounts may be an effective, although expensive, option to generate cash. Companies can also offer discounts to customers that are willing to pay in advance of standard credit terms. Either option can soften any existing cash constraints during a crisis.

4

Understand The Executive Orders And Reopening Plans Impacting States

Review state guidelines to determine how these orders apply to your business as well as your clients. Organize all documentation in preparation for potential inquiries / facility visits from the local authorities.

Reopening plans will differ across the country depending on the density of COVID-19 cases. Assess how your state's reopening plans will impact cash flow needs, employees returning to facilities, and client support.

5

Understand Your Business Interruption Insurance Policy And Federal / State Programs

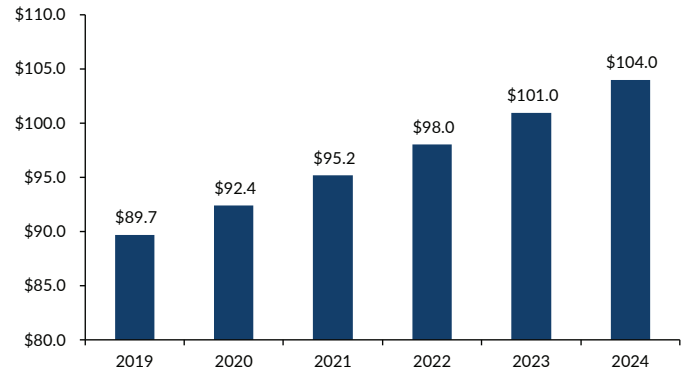
Many insurance companies have stated that claims-related to COVID-19 losses will not be covered by business interruption policies. Blanket statements by insurers such as "all claims under all policies in all instances will" should be viewed with skepticism – regardless if this language relates to an acceptance or denial of a submitted claim. Stay up-to-date on COVID-19-specific legislative changes – certain states hard-hit by the virus are considering bills to force insurers to cover these business interruption losses.

Becoming educated on the economic assistance tools available to small businesses is critical. Several state and federal programs have been available to small businesses and employees during times of crisis. Programs such as the "Coronavirus Aid, Relief, and Economic Security Act" or "CARES Act" as well as a bevy of changes to SBA loan availability / qualifications provide economic assistance if certain conditions are maintained. It is important to understand these requirements to fully take advantage of these options and avoid penalties. Law firms, commercial banks and CPA firms are regularly holding free webinars and providing seemingly real-time summaries of programs as they become available.

Trends in Medical Technology

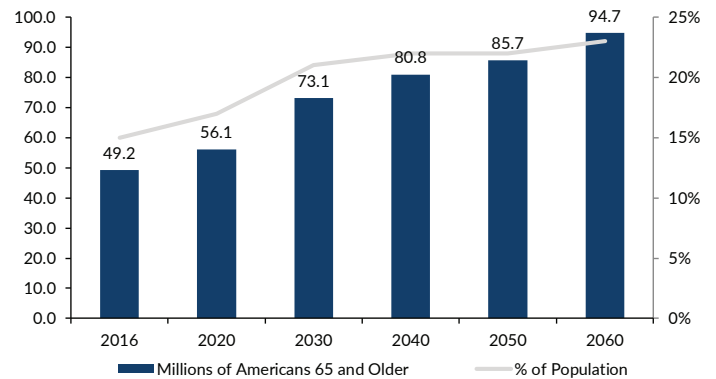
U.S. MEDICAL INSTRUMENT & SUPPLY MANUFACTURING MARKET SIZE (\$B)

- The Medical Device, Instrument, Technology, and Supply industries in the United States together constitute one of the most critical and advanced industries in the U.S., leveraging advances in biotechnology, materials science, robotics, and therapeutics.
- Advances in technology, paired with a rapidly growing and aging population, increased life expectancy for ill patients, and increased health care spending together portend continued industry growth and expansion of the target addressable market.



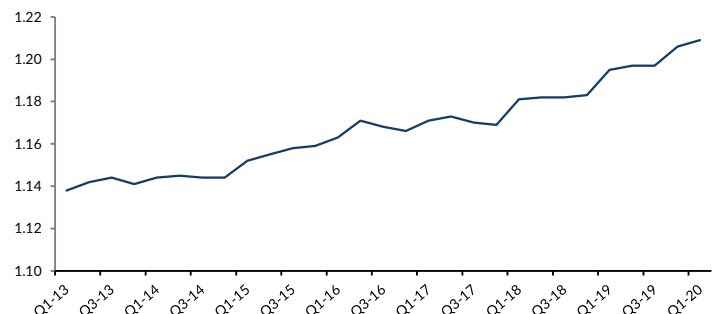
U.S. 65 AND OLDER POPULATION

- In the United States and worldwide, the geriatric population is growing both in number and in percentage of the total population. This trend is particularly visible in the U.S, with Americans 65 and older increasing from 49.2 million people in 2016 to 56.1 million people in 2020.
- By 2050 it is projected by the United States Census Bureau that about 22% of Americans will be 65 plus. Likewise the World Health Organization forecasts that 16% of the total world population will be 65 plus. In total this represents over 1.5 billion geriatric individuals.



MEDICAL EQUIPMENT & SUPPLY PRODUCER PRICE INDEX (PPI)

- While medical industry revenues are growing, producer costs are also rising. The U.S. Bureau of Labor Statistics provides a Producer Price Index (PPI) that measures the average change over time in the selling price of output produced domestically. The Medical Equipment & Supply PPI value serves as a broad proxy for Medical industry costs.
- The PPI is based on a 2003 price baseline set equal to 100. Currently the index is at 120.9, up from 113.8 at the start of 2013.



Medical Technology M&A Activity

Medical Equipment

Smith & Nephew (LSE:SN)
acquires Tusker Medical Inc.

January 2020 - Smith & Nephew (LSE:SN) acquired Tusker Medical, Inc. for \$140M. Tusker develops Tula, an in-office solution for tympanostomy tubes (commonly known as ear tubes). This system enables placement of ear tubes without anesthesia for patients 6 months and older. Tula received Breakthrough Device status from the FDA, and in late 2019 earned pre-market approval. This acquisition is consistent with Smith & Nephew's strategy of investing in technologies that serve currently unmet clinical needs. It is also complementary to Smith & Nephew's ENT segment. According to Brad Cannon, President of Sports Medicine & ENT at Smith & Nephew "The Tula System is a truly innovative option for physicians treating incredibly common ear conditions. It is a game-changer when treating children, removing the risk and stress of general anaesthesia for patients and caregivers. Tula is a highly complementary addition to our ENT portfolio, and we are excited to significantly improve the treatment options for surgeons and patients with the launch of this technology."

Therapeutic Device

Montagu Private Equity
acquires Tutogen Medical

January 2020 - Montagu Private Equity entered into a definitive agreement to acquire Tutogen Medical from RTI Surgical Holdings (Nasdaq:RTIX) for \$490M. Tutogen, RTI's OEM, sports, and reconstructive surgery divisions, designs, develops, manufactures, and distributes biologic, metal, and synthetic implants for use in various surgical procedures. Olivier Visa, President of RTI's OEM business said "We are thrilled about Montagu's purchase of the OEM business. We have built a world-class design, development and manufacturing competency with demonstrated expertise across tissue, biologics and hardware with a tremendous team and a customer base of leading medical technology companies." Guillaume Jabalot, Director at Montagu, echoed that sentiment, stating "As a strong, resilient business that is well-positioned to capitalize on accelerated growth opportunities, RTI's OEM business is an excellent fit for Montagu's investment strategy. We look forward to working with Olivier and the team to support the business in this exciting next chapter of growth, maintaining its ethos of exceptional service and innovation."

Consumable & Disposable

SHL Medical acquires
Weibel CDS

March 2020 - SHL Medical, a leader in the self-injection drug delivery industry, announced its acquisition of Weibel CDS, a medical technology company offering drug delivery products and solutions. Weibel specializes in providing safer, faster, and easier drug delivery in custom user loaded devices. SHL, which is backed by EQT Partners, a Swedish private equity fund, did not disclose the financial terms of the transaction. SHL CEO Ulrich Faessler commented "SHL Medical's acquisition of Weibel is based on a shared passion for innovation and precision. We felt a synergy between Weibel's cutting-edge technologies and SHL's experience in commercializing original designs. The integration will strengthen our ability to offer even more advanced drug delivery systems based on human-centered designs and functionality." Weibel CEO Hans Peter Manser echoed that sentiment, saying "We are excited to segue into one of the world's most prominent solutions providers of drug delivery systems. With SHL's experience and global outreach, Weibel will be able to accelerate our innovations for safer, easier, and faster drug delivery."

Diversified Medical Device Public Comparables

PUBLIC DIVERSIFIED MEDICAL DEVICE COMPANY COMMENTARY

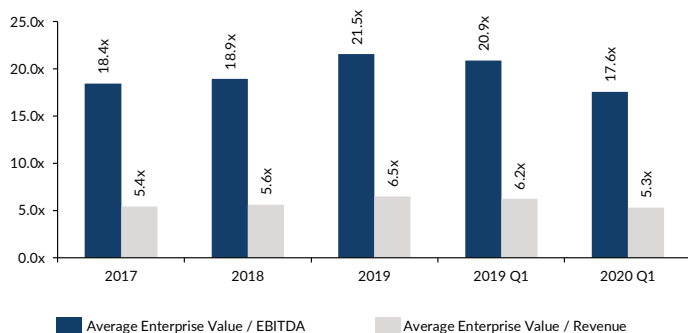
- “We’ve quickly developed and launched three diagnostic tests for COVID-19: two for the laboratory setting and one for rapid point-of-care testing. At the same time, our teams in every business and around the world have been making extraordinary efforts to keep our operations running and our supply chains moving and to undertake the thousands of processes to make our vital products and get them to the people who need them.” – Robert Ford, Abbott Laboratories CEO
- “Recommendations by surgical societies and health care organizations to delay certain surgeries to conserve resources for COVID care are having a material impact on surgery broadly, including robotic-assisted surgery...We are analyzing customer procedure deferrals in response to COVID.” – Gary Guthart, Intuitive Surgical CEO

DIVERSIFIED MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

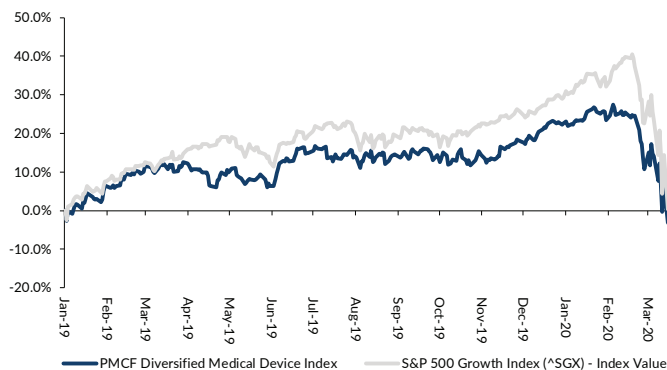
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	3/31/2020	3,668	18,272	139,153	153,966	4.8x	18.8x	38.3x
Baxter International Inc.	3/31/2020	4,110	7,244	41,180	44,345	3.9x	14.7x	42.1x
Becton, Dickinson and Company	3/31/2020	2,357	21,614	62,307	81,566	4.7x	16.0x	83.2x
Boston Scientific Corporation	3/31/2020	370	10,604	45,656	55,890	5.2x	19.3x	9.8x
Intuitive Surgical, Inc.	3/31/2020	3,253	0	57,816	54,586	12.2x	34.3x	42.9x
Johnson & Johnson	3/29/2020	18,024	27,583	345,705	355,264	4.3x	12.5x	23.3x
Medtronic plc	1/24/2020	11,629	26,596	120,856	135,968	4.4x	14.0x	22.5x
Smith & Nephew plc	12/31/2019	277	2,047	15,597	17,367	3.6x	13.0x	27.8x
Stryker Corporation	3/31/2020	4,048	10,902	62,405	69,259	4.7x	16.2x	30.4x
High		18,024	27,583	345,705	355,264	12.2x	34.3x	83.2x
Mean		5,304	13,874	98,964	107,579	5.3x	17.6x	35.6x
Median		3,668	10,902	62,307	69,259	4.7x	16.0x	30.4x
Low		277	0	15,597	17,367	3.6x	12.5x	9.8x

As of March 31, 2020

DIVERSIFIED MEDICAL DEVICE MULTIPLES



DIVERSIFIED MEDICAL DEVICE INDEX



EV/EBITDA multiples for the Diversified Medical Device (“DMD”) comparables finished 2019 with a notable increase from 2018 levels, concluding the year at 21.5x, up from 18.9x last year. This marked the 4th consecutive year of increasing EV/EBITDA, multiples dating back to 2015 when DMD traded at 14.7x at year end. Average EV/Revenue multiples mirrored this trend, ending 2019 at 6.5x, up from 5.6x in 2018. The first quarter of 2020 was challenging for the markets as a whole, and the DMD index was no different, with EV/EBITDA multiples down 3.3x from Q1 2019.

During 2019 the PMCF DMD trailed the S&P 500 Growth Index, with the S&P finishing the year up 29.3%, while the DMD closed up 22.6%. Each began the first quarter of 2020 on a strong note, peaking in Mid-February before sliding sharply due to COVID-19.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

Orthopedic Public Comparables

PUBLIC ORTHOPEDIC MEDICAL DEVICE COMPANY COMMENTARY

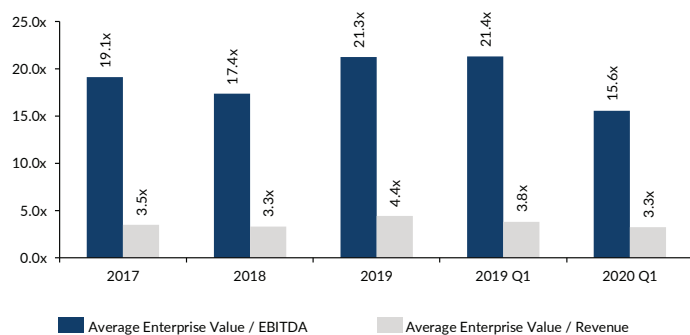
- “Unlike truly elective procedures, the patients deferring surgeries addressed by our products will not improve with time, rather, their underlying conditions generally continue to deteriorate. So while the exact timing of the resumption of elective procedures to more normalized level is difficult to predict at this point in time, we do anticipate the vast majority of patients treated by our products will return.” – Katherine Owen, Stryker Corp. VP of Strategy & Investor Relations
- “Consistent market feedback is that procedures outside of hospitals will be an important part of reopening health care systems, so our positive connections offering can help ASCs, ambulatory surgical centers, with patient selection and reimbursement.” – Ronald Diggelmann, Smith & Nephew Chief Executive Officer

ORTHOPEDIC MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

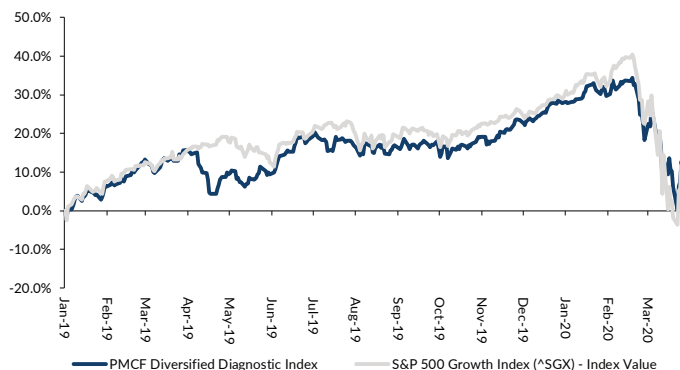
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Alphatec Holdings, Inc.	3/31/2020	27	56	217	269	2.2x	NM	NM
Colfax Corporation	12/31/2019	110	2,488	2,339	4,766	1.4x	7.6x	NM
Globus Medical, Inc.	3/31/2020	277	3	4,246	3,972	5.0x	16.9x	28.0x
NuVasive, Inc.	3/31/2020	512	1,117	2,642	3,247	2.7x	12.1x	41.2x
Orthofix Medical Inc.	3/31/2020	58	29	537	508	1.1x	10.9x	NM
Smith & Nephew plc	12/31/2019	277	2,047	15,597	17,367	3.6x	13.0x	27.8x
Stryker Corporation	3/31/2020	4,048	10,902	62,405	69,259	4.7x	16.2x	30.4x
Wright Medical Group N.V.	3/29/2020	103	1,122	3,691	4,710	5.1x	36.1x	NM
Zimmer Biomet Holdings, Inc.	3/31/2020	2,449	9,674	20,891	28,121	3.6x	11.8x	18.5x
High		4,048	10,902	62,405	69,259	5.1x	36.1x	41.2x
Mean		873	3,049	12,507	14,691	3.3x	15.6x	29.2x
Median		277	1,122	3,691	4,710	3.6x	12.6x	28.0x
Low		27	3	217	269	1.1x	7.6x	18.5x

As of March 31, 2020

ORTHOPEDIC MEDICAL DEVICE MULTIPLES



ORTHOPEDIC MEDICAL DEVICE INDEX



During 2019 EBITDA and revenue trading multiples for PMCF’s Orthopedic Medical Device (“OMD”) companies exhibited very strong growth from the previous year. EV/EBITDA multiples increased 23% year over year, from 17.4x in 2018 to 21.4x in 2019. EV/Revenue multiples grew even more on a percentage basis, from 3.3x to 4.4x, recording 34% growth. By both of these measures market OMD valuations reached levels not seen during the last decade, only to slide sharply during the first quarter of 2020, with both EV multiples declining 27% compared to year end 2019 levels.

PMCF’s OMD index outperformed the S&P 500 Growth Index for the majority of 2019, closing up 38.7%, compared to 29.3% for the S&P Index. This situation was reversed during the COVID-19 market slide in February / March 2020, with the OMD index falling more drastically than the S&P Index, at one point down 18.7% relative to the start of 2019.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

Cardiovascular Public Comparables

PUBLIC CARDIOVASCULAR MEDICAL DEVICE COMPANY COMMENTARY

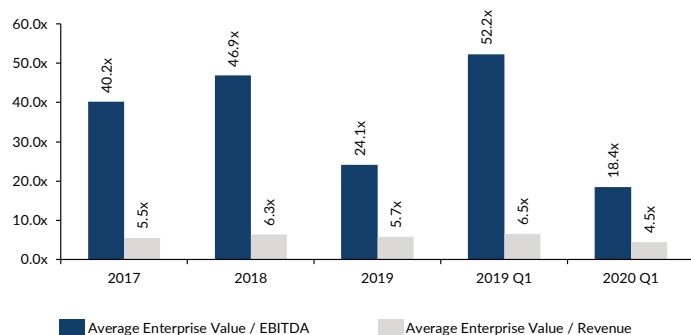
- “We believe that the recent elective procedure guidance by government agencies and CMS has started the recovery phase or Yellow phase, in selected areas of the country. We think this increases utilization into the summer months. This Yellow summer phase will allow for more protected PCI and the return of protocols for stemi heart attacks and cardiogenic shock.” – Michael Minogue, Abiomed CEO
- “We also know that the diseases we treat are very serious...that many of the patients that might have been treated in Q1, Q2 and so forth, might indeed be treated in Q4. And so it's the combination of those factors that encourage us to say that we're likely...to be in a more typical volume situation in Q4.” – Michael Mussallem, Edwards Lifesciences CEO

CARDIOVASCULAR MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

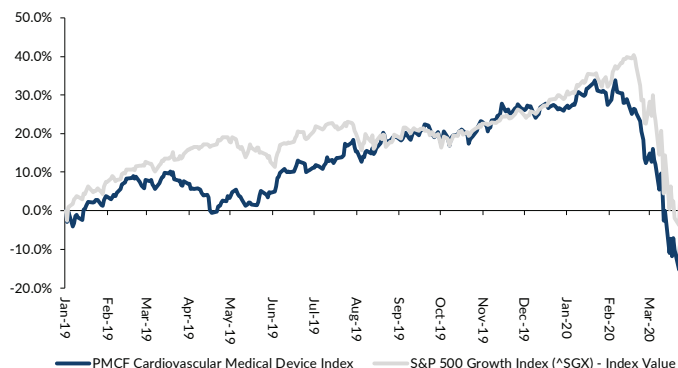
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abiomed, Inc.	3/31/2020	443	14	6,541	6,112	7.3x	22.0x	27.2x
AngioDynamics, Inc.	2/29/2020	27	24	392	389	1.3x	14.3x	NM
Cardiovascular Systems, Inc.	3/31/2020	107	21	1,241	1,155	4.4x	NM	NM
CryoLife, Inc.	3/31/2020	63	273	638	847	3.1x	20.7x	NM
Edwards Lifesciences Corporation	3/31/2020	1,031	675	39,106	38,750	8.8x	28.2x	38.3x
LeMaitre Vascular, Inc.	3/31/2020	31	15	503	488	4.1x	17.0x	28.3x
Medtronic plc	1/24/2020	11,629	26,596	120,856	135,968	4.4x	13.9x	22.5x
Merit Medical Systems, Inc.	3/31/2020	50	534	1,726	2,209	2.2x	13.5x	NM
Terumo Corporation	3/31/2020	1,551	2,288	25,993	26,731	4.6x	18.0x	31.3x
High		11,629	26,596	120,856	135,968	8.8x	28.2x	38.3x
Mean		1,659	3,382	21,888	23,628	4.5x	18.4x	29.5x
Median		107	273	1,726	2,209	4.4x	17.5x	28.3x
Low		27	14	392	389	1.3x	13.5x	22.5x

As of March 31, 2020

CARDIOVASCULAR MEDICAL DEVICE MULTIPLES



CARDIOVASCULAR MEDICAL DEVICE INDEX



Cardiovascular Medical Devices experienced a significant drop in valuation multiples during 2019, with EV/EBITDA decreasing from 49.6x at the close of 2018 to 24.1x at the close of 2019. Similarly EV/Revenue declined from 6.3x to 5.7x. This decline was primarily due to Abiomed's EV/EBITDA falling from 70.4x to 27.2x, and Cardiovascular Systems' multiple no longer being calculated due to their EBITDA dropping below 0. The CMD index was significantly impacted by the COVID market dip, with EV/EBITDA multiple declining 24% and EV/Revenue multiples 22% from 2019 year end.

The CMD index performed unevenly throughout 2019, alternating periods of strong growth with extended downturns, particularly during Q2, before dropping alongside with the rest of the general market in Q1 2020. For the previous 5 quarters dating back to the start of 2019, the S&P 500 Growth Index outpaced the CMD by 6.7%.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

Diversified Diagnostic Public Comparables

PUBLIC DIVERSIFIED DIAGNOSTIC COMPANY COMMENTARY

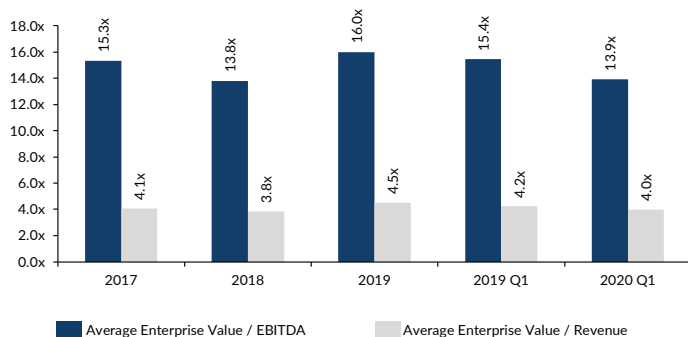
- “We’re also looking ahead recognizing a potential second wave of COVID-19, which could align, timing-wise, with flu season. We’re preparing additional capacity to ensure we can address both demand for a flu test and an antigen COVID-19 assay. Given that the symptoms are pretty similar, we’re also anticipating potential higher demand this fall as well.” – Thomas Polen, Becton, Dickinson and Company CEO
- “We’re now able to perform more than 50,000 COVID-19 tests per day. We have also eliminated our backlog with a current turnaround time of 1 to 2 days and less than 1 day for priority hospital patients. We have maximized our output by effectively managing the global supply chain.” – Stephen Rusckowski, Quest Diagnostics CEO

DIVERSIFIED DIAGNOSTIC PUBLIC COMPARABLES SUMMARY

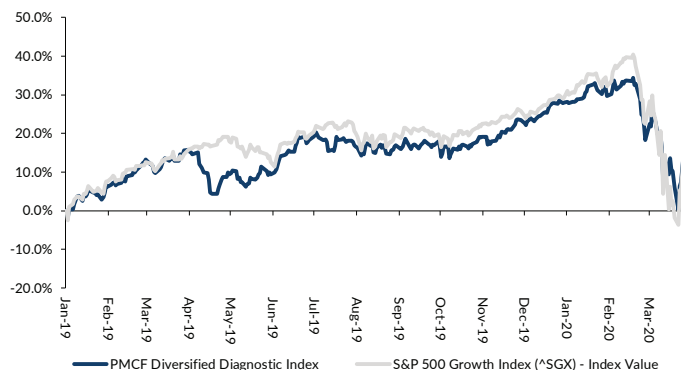
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	3/31/2020	3,668	18,272	139,153	153,966	4.8x	18.8x	38.3x
Becton, Dickinson and Co.	3/31/2020	2,357	21,614	62,307	81,566	4.7x	15.6x	83.2x
Danaher Corporation	12/31/2019	19,912	22,526	96,457	100,682	5.6x	21.4x	42.5x
Hologic, Inc.	3/28/2020	800	3,689	9,242	12,137	3.6x	11.7x	113.8x
Laboratory Corporation of America	3/31/2020	336	7,118	12,298	19,098	1.7x	7.3x	15.1x
Novartis AG	3/31/2020	4,764	36,695	187,703	219,708	4.2x	12.4x	26.8x
Quest Diagnostics Incorporated	3/31/2020	342	4,590	10,716	15,086	2.0x	7.9x	13.1x
Roche Holding AG	12/31/2019	12,252	16,089	277,060	284,118	4.3x	11.1x	20.1x
Thermo Fisher Scientific Inc.	3/28/2020	2,981	19,999	113,108	130,126	5.1x	19.0x	30.9x
High		19,912	36,695	277,060	284,118	5.6x	21.4x	113.8x
Mean		5,268	16,732	100,894	112,943	4.0x	13.9x	42.6x
Median		2,981	18,272	96,457	100,682	4.3x	12.4x	30.9x
Low		336	3,689	9,242	12,137	1.7x	7.3x	13.1x

As of March 31,2020

DIVERSIFIED DIAGNOSTIC MULTIPLES



DIVERSIFIED DIAGNOSTIC INDEX



EV/EBITDA multiples within the Diversified Diagnostic (“DD”) industry rebounded strongly in 2019 after a marked decline in 2018, increasing from 13.8x to 16.0x and reflecting improved sentiment and positive developments within the industry. EV/Revenue multiples similarly improved, rising from 3.8x to 4.5x. Given diagnostic companies critical role in developing coronavirus tests, it is not surprising that the DD index has been the least affected of the four PMCF tracked MedTech indices, with EV/EBITDA multiples declining just 1%, and EV/Revenue multiples 4% from 2019.

The Diversified Diagnostic index generally mirrored the movement of the S&P 500 Growth Index, particularly in the latter half of 2019, but was more volatile during March 2020, ultimately finishing the month up 16.3% compared to the start of 2019, while the S&P 500 was up 10.2% over the same period.

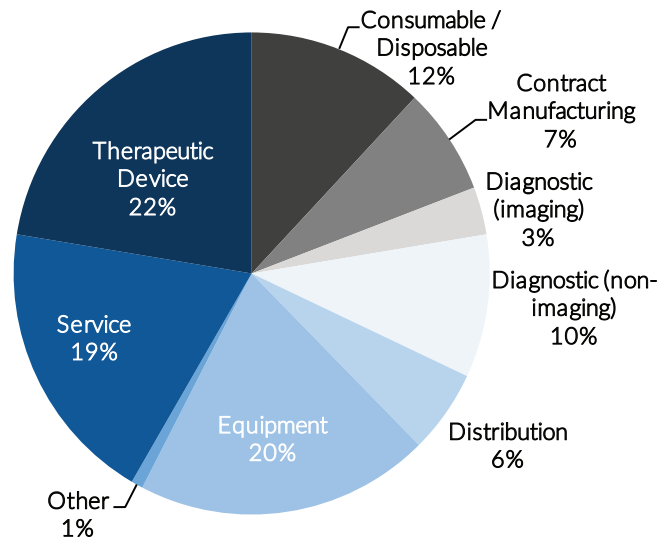
Sources: Capital IQ, PitchBook, Company Reports, PMCF

M&A Activity Roundup

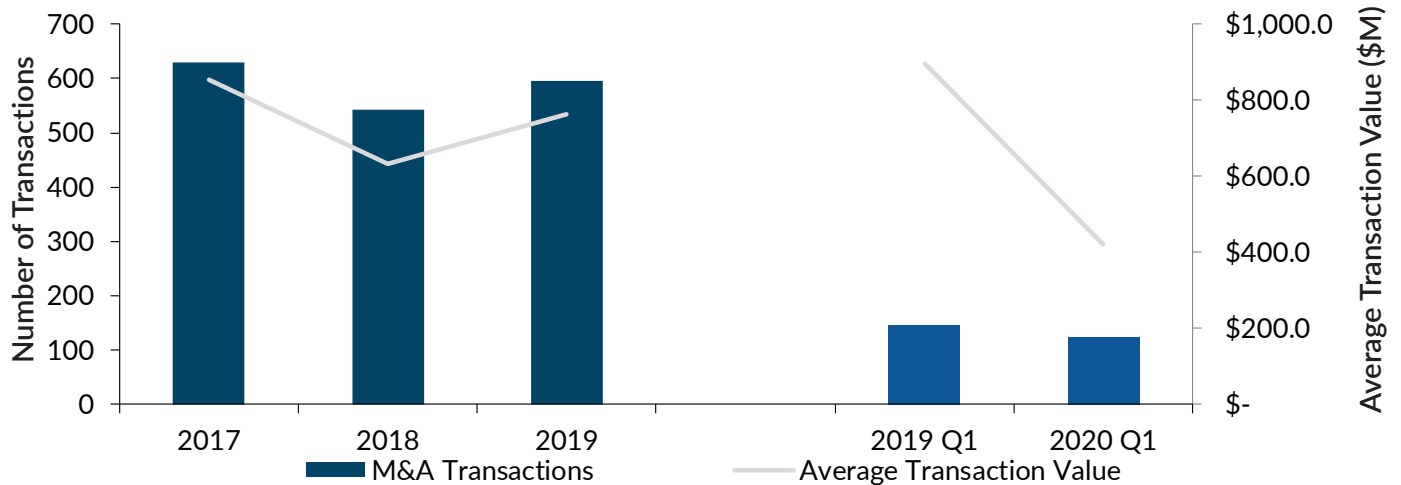
TRENDS IN MEDICAL TECHNOLOGY M&A

- Overall M&A transaction levels in the first quarter of 2020 were down 14% compared to 2019's deal volume during the same period, reflecting the general decrease in M&A market activity attributed to the effects of the COVID-19 pandemic.
- While average transaction value has dropped significantly year over year, this is primarily due to two \$15B+ transactions being announced in Q1 2019 that greatly impacted average value. Comparing the periods instead on a median basis, the transaction value in Q1 2020 was actually ~6% greater than in Q1 2019.
- As a percentage of overall M&A transactions, those with Therapeutic Device, Equipment, and Service target companies were again the big three, constituting the majority of transactions as they have each year dating back to 2016, when Contract Manufacturing edged out Service transactions.

TRANSACTIONS BY PRODUCT SEGMENT - Q1 2020



MEDICAL DEVICE M&A TRANSACTION METRICS



Period	Mean/Median	Transaction Value (\$MM)	TEV/REV	TEV/EBITDA
2020 Q1	Mean	\$421.8	3.02x	38.59x
2020 Q1	Median	\$33.8	2.33x	16.77x
2019 Q1	Mean	\$896.8	10.81x	18.22x
2019 Q1	Median	\$31.9	4.88x	17.83x
2019	Mean	\$762.3	6.76x	18.06x
2019	Median	\$24.8	2.83x	14.08x
2018	Mean	\$633.8	6.64x	17.52x
2018	Median	\$57.5	2.50x	13.63x
2017	Mean	\$854.0	6.44x	21.59x
2017	Median	\$31.0	2.44x	14.61x

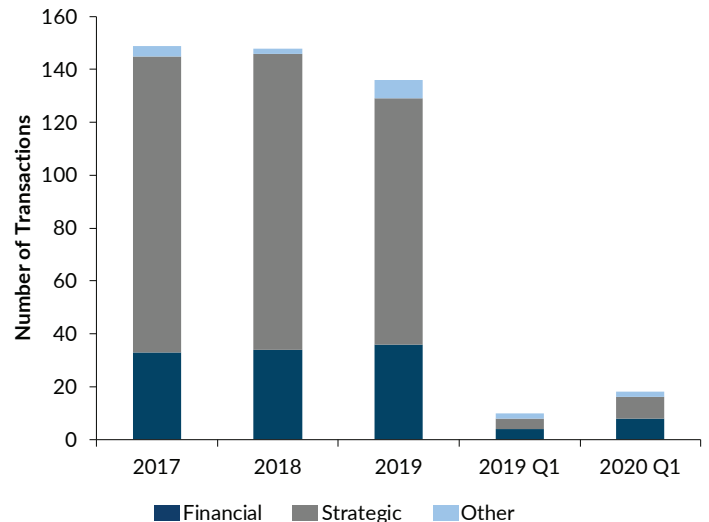
Sources: Capital IQ, PitchBook, Company Reports, PMCF

Medical Equipment M&A

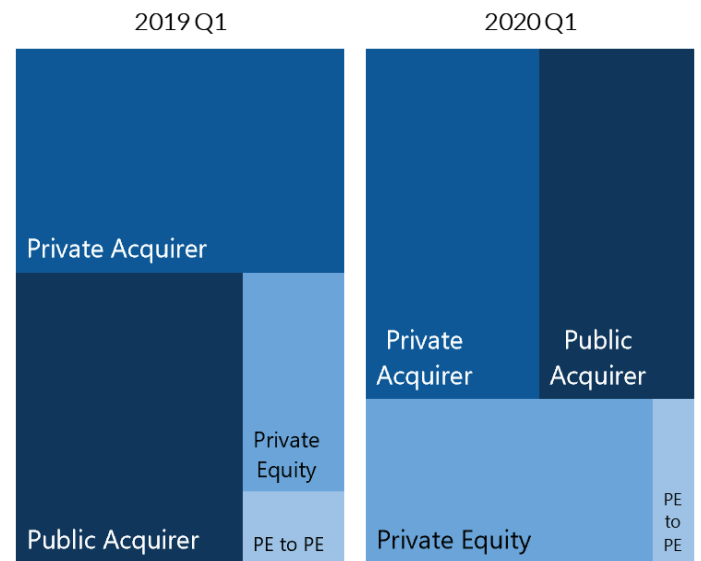
TRENDS IN MEDICAL EQUIPMENT M&A

- Medical Equipment M&A activity was up slightly during the first quarter of 2020, with 25 announced transactions, compared to 23 during the same period in 2019. The amount of transactions involving financial buyers doubled, from four in 2019 Q1 to eight in 2020 Q1, while transactions with strategic buyers were more consistent, at 17 and 15 during the same periods.
- The increased activity by financial buyers is further highlighted when categorizing buyers into public, private, and private equity buyers. In 2020 32% of transactions in the space involved a private equity buyer, compared to 17% in 2020. Public acquirers were less active, comprising 29% of acquisitions in 2019 Q1, down from 32% in 2020 Q1.
- Cross border trends remained stable quarter over quarter, with the proportion of deals in each seller-to-buyer dynamic remaining relatively consistent dating back to 2017.
- Furniture / Equipment (General) will likely remain one of the most active end markets in the Medical Equipment category; along with Home Health it was the most active end market in Q1 2020, and was the most active in 2019.

FINANCIAL VS. STRATEGIC BUYER MEDICAL EQUIPMENT



MEDICAL EQUIPMENT TRANSACTIONS BY BUYER TYPE



TRANSACTIONS BY END MARKET

End Market	2017	2018	2019	19 Q1	20 Q1
Acute Care	3	1	1	1	2
Aesthetic	4	3	2	1	-
Cardiovascular	2	3	5	-	-
Drug Delivery	6	9	1	-	-
Furniture/Equipment	28	39	37	8	5
Home Health	14	5	10	1	5
Hospital Care	9	3	7	1	-
IVD	5	5	-	-	-
Monitor	8	12	8	-	-
Neurovascular	2	-	2	-	-
Ophthalmology	2	4	7	2	-
Ortho	-	2	1	1	-
Other	30	17	19	6	4
Respiratory	6	7	7	-	3
Infection Control	7	6	5	-	1
Support	9	5	9	1	1
Surgical	14	27	15	1	4
Total	149	148	136	23	25

CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2017	2018	2019	19 Q1	20 Q1
Int'l-to-Int'l	64	65	66	11	10
U.S.-to-Int'l	14	15	11	1	4
U.S.-to-U.S.	57	59	48	8	8
Int'l-to-U.S.	14	9	11	3	3
Total	149	148	136	23	25

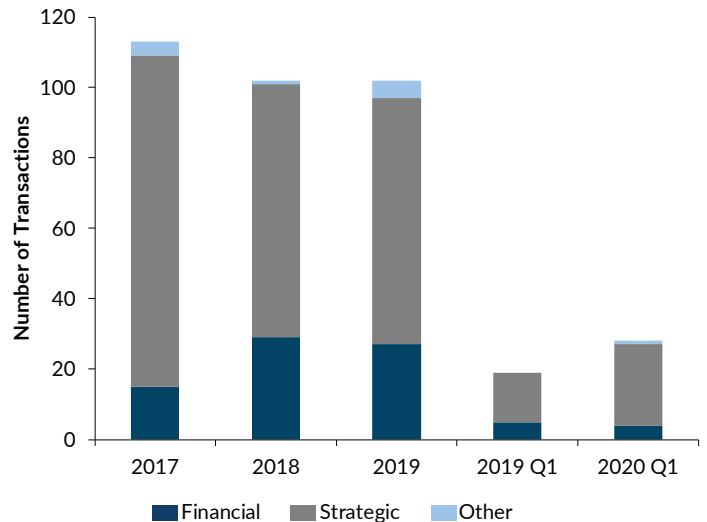
Sources: Capital IQ, PitchBook, Company Reports, PMCF

Therapeutic Device M&A

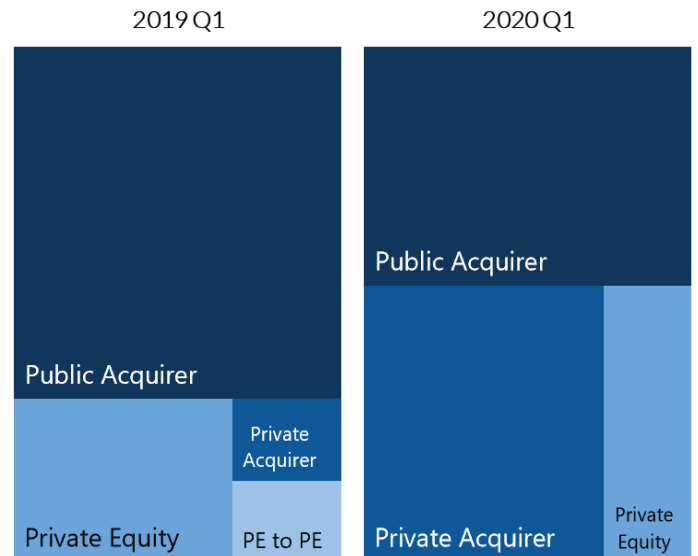
TRENDS IN THERAPEUTIC DEVICE M&A

- Therapeutic Device M&A saw a large jump in first quarter activity between 2019 and 2020, with announced transactions increasing almost 50% from 19 to 28. Most of this increase was due to strategic buyer acquisitions, as they increased from 14 to 23 transactions quarter over quarter.
- After comprising nearly 70% of Therapeutic Device transactions in Q1 2019, public acquirers ceded a significant proportion of transactions to private acquirers. After making up just 5% of transactions in Q1 2019, private acquirers participated in 39% of transactions in 2020 Q1.
- In cross-border trends a large uptick in International to International transactions was recorded in 2020 to date, with 10 additional transactions announced through Q1 compared to a year ago.
- Orthopedic and Other remained the most common end markets within the broader Therapeutic Device segment, a status they have held each year since 2017. Deals classified as Other include diversified device providers, or providers specializing in a highly niche market.

FINANCIAL VS. STRATEGIC BUYER THERAPEUTIC DEVICE



THERAPEUTIC DEVICE TRANSACTIONS BY BUYER TYPE



TRANSACTIONS BY END MARKET

End Market	2017	2018	2019	19 Q1	20 Q1
Acute Care	1	-	6	-	-
Aesthetic	2	-	-	-	-
Cardiovascular	9	9	7	3	-
Drug Delivery	3	2	-	-	-
Furniture/Equipment	-	-	1	1	-
Home Health	13	9	2	-	1
Hospital Care	-	2	-	-	-
IVD	1	1	3	1	1
Monitor	1	1	-	-	-
Neurovascular	-	-	5	1	1
Ophthalmology	9	12	13	2	2
Ortho	21	27	33	7	10
Other	41	32	23	3	11
Respiratory	6	2	3	-	1
Infection Control	-	-	3	-	-
Support	3	1	1	-	-
Surgical	3	4	2	1	1
Total	113	102	102	19	28

CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2017	2018	2019	19 Q1	20 Q1
Int'l-to-Int'l	48	49	34	3	13
U.S.-to-Int'l	9	7	6	3	3
U.S.-to-U.S.	43	35	51	11	8
Int'l-to-U.S.	13	11	11	2	4
Total	113	102	102	19	28

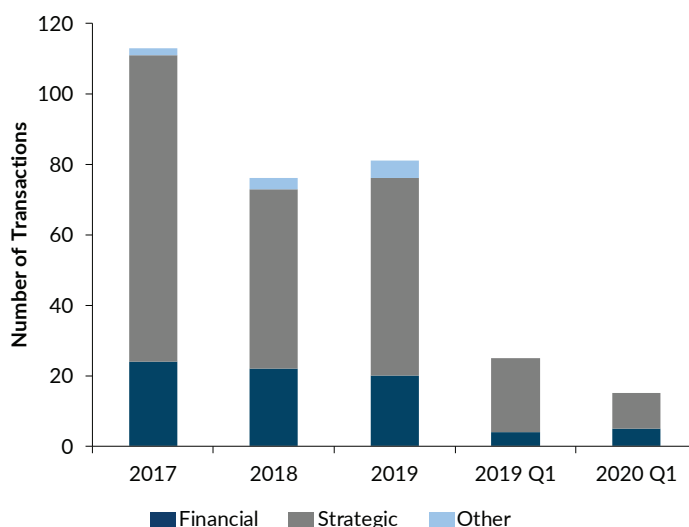
Sources: Capital IQ, PitchBook, Company Reports, PMCF

Consumable & Disposable M&A

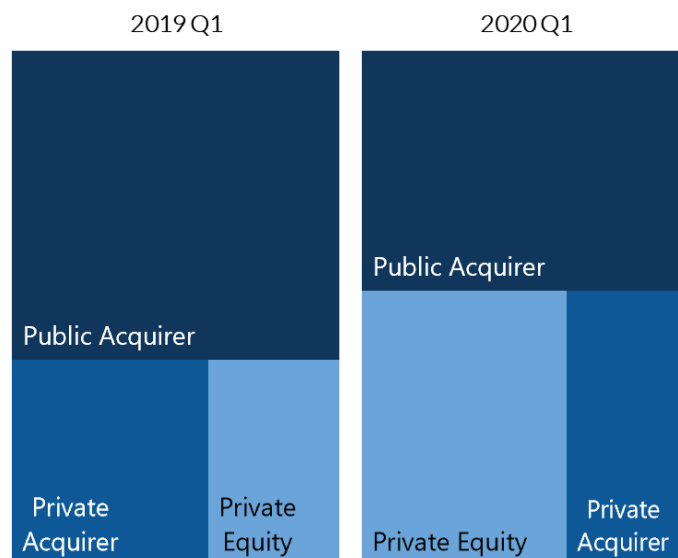
TRENDS IN CONSUMABLE & DISPOSABLE M&A

- Consumable & Disposable M&A market activity fell in the first quarter of the year, with deal volume decreasing from 15 to 25 transactions. Financial buyers actually increased their activity, announcing five deals this quarter compared to four in 2019's first quarter, but this was outweighed by the number of transactions completed by strategic buyers falling over 50%, from 21 deals in 2019 to 10 deals in 2020.
- Private Equity buyers accounted for a significantly increased percentage of acquisitions in 2020 Q1, moving from 16% to 33%, though again no PE to PE transactions were identified in the Consumable & Disposable sector.
- While the number of transactions in this sector fell from 2019 to 2020 on a quarterly basis, the distribution of transactions by cross-border status was stable, with International to International leading the way, followed by U.S. to U.S.
- Perhaps reflecting the early impact of COVID-19 on the broader medical industry, Infection Control was one of the most active end markets in Q1 2020, with four M&A transactions, up from just two in all of 2019.

FINANCIAL VS. STRATEGIC BUYER CONSUMABLE & DISP.



CONSUMABLE & DISP. TRANSACTIONS BY BUYER TYPE



TRANSACTIONS BY END MARKET

End Market	2017	2018	2019	19 Q1	20 Q1
Acute Care	7	7	8	2	1
Aesthetic	2	1	2	1	-
Cardiovascular	3	3	2	-	-
Drug Delivery	5	3	5	1	1
Furniture/Equipment	1	-	1	1	-
Home Health	7	4	4	2	1
Hospital Care	5	2	9	4	1
IVD	6	10	5	-	1
Monitor	-	-	-	-	-
Neurovascular	1	-	-	-	-
Ophthalmology	2	-	3	1	-
Ortho	-	-	-	-	-
Other	41	16	22	6	4
Respiratory	-	1	2	-	-
Infection Control	18	11	2	1	4
Support	6	3	6	3	2
Surgical	9	15	10	3	-
Total	113	76	81	25	15

CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2017	2018	2019	19 Q1	20 Q1
Int'l-to-Int'l	52	30	42	17	10
U.S.-to-Int'l	12	6	9	2	2
U.S.-to-U.S.	38	31	25	5	3
Int'l-to-U.S.	11	9	5	1	-
Total	113	76	81	25	15

Sources: Capital IQ, PitchBook, Company Reports, PMCF

2019 Venture Capital Activity Overview

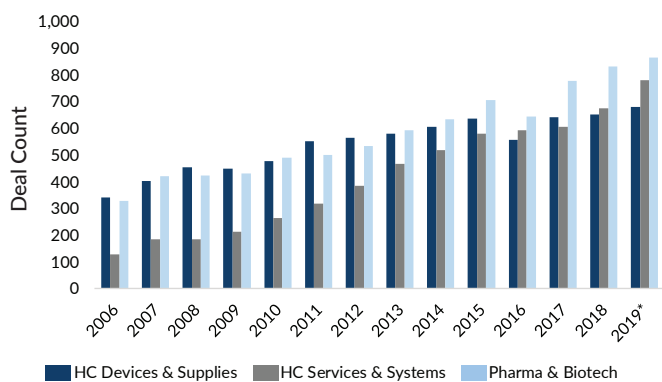
Venture capital deal activity in 2019 continued 2018's record pace, setting a new high mark for deal count, with total deal value just below the all time high reached in 2018. Enormous capital stockpiles continue to support robust valuations and fuel highly active markets. Despite significant levels of undeployed capital, venture firms continued to aggressively fundraise, with venture funds in the US alone raising over \$45 billion during 2019, signaling deal activity may very likely continue at its extraordinary pace over the coming years. This development contradicts the slight trail off in deal count during the latter half of 2019, and even during the slower paced Q3 and Q4 of 2019, deal count was similar to levels seen from 2014 - 2017.

Examining pre-money valuations by funding round reveals significant increases in median valuation from 2018 - 2019 across all stages of VC, with angel & seed median levels increasing about 14%, early stage VC levels growing just over 17.5%, and later stage VC medians notching a 15.8% uptick. Valuation growth is even more robust when examining trends across the last decade and a half, with median pre-money benchmarks essentially tripling in each round. Venture capital is generally considered an alternative asset class, and as such does not have strong correlation with overall market returns, however fundraising levels often provide a window into overall market sentiment and investment activity.

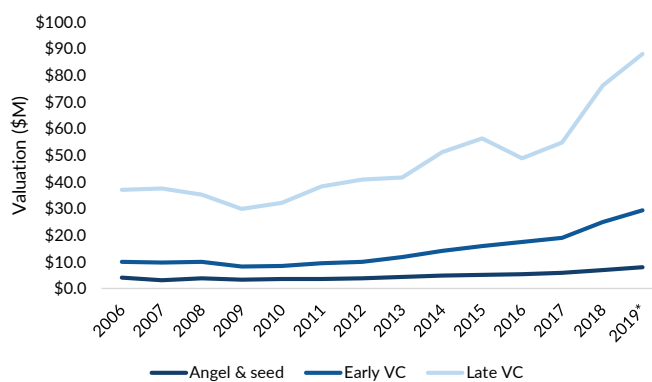
Looking at deal count levels there are some discrepancies in growth trends when classifying deals by round. Angel & seed deal counts have been more or less flat since 2016, with a slight downward trend. Early VC counts grew at a steady clip from 2016 - 2018, before stabilizing in 2019. Late VC deals have grown most pronouncedly over this period, with 2019 seeing an estimated 2,600 deals closed, compared to 1,873 closed in 2016.

Within the three major healthcare related VC industries, HC Devices & Supplies, HC Services & Systems, and Pharma & Biotech, Pharma & Biotech continued to be the most active sector, with approximately 870 deals completing in 2019, compared to 780 in HC Services & Systems, and 680 in HC Devices & Supplies. Levels in all three sectors represent all time deal count records.

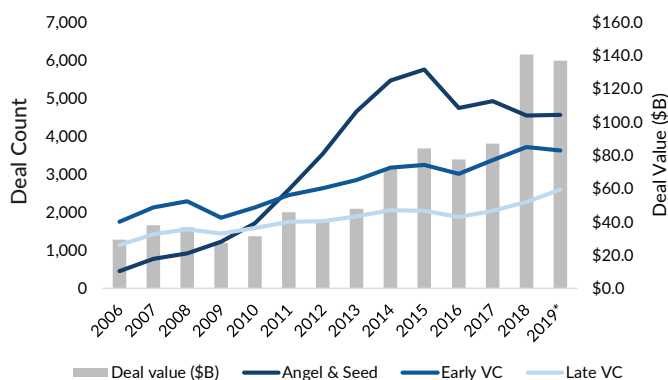
VC INVESTMENTS IN MEDICAL SECTORS



MEDIAN PRE-MONEY VALUATION BY ROUND



DEAL COUNT BY ROUND



Angel/Seed: The company has a concept or product under development, but is likely not fully operational. Typically in existence less than 18 months.

Early: The company has a product or service in testing or pilot production. In some cases, the product may be commercially available. May or may not be generating revenues. Typically in business less than three years.

Later: Product or service is widely available. Company is generating ongoing revenue; potentially positive cash flow. More likely to be, but not necessarily, profitable.

Sources: Capital IQ, PitchBook, NVCA, PMCF

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- Tailored sale process provides for extensive upfront preparation, detailed company review and identification of any potential issues in advance, and buyer evaluation/diligence ensuring the right fit
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