

# MEDICAL TECHNOLOGY M&A PULSE

FOURTH QUARTER 2020



# Q4'20

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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](http://pmcf.com).

## INVESTMENT BANKING SERVICES:

- Mergers & Acquisitions
- Carve-outs & Divestitures
- Strategic Assessments
- Transaction Readiness Planning
- Capital Raising



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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 Q4 Market Summary

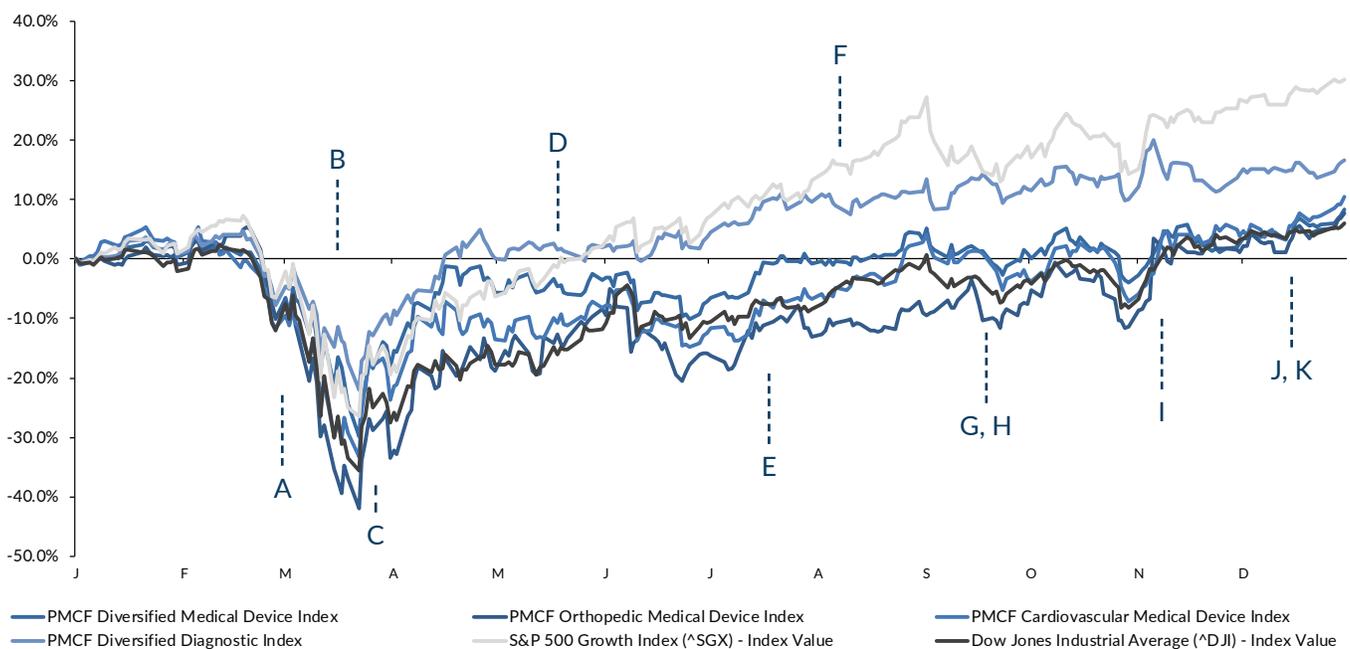
## 2020: THE YEAR MEDICAL TECHNOLOGY DEVELOPMENT BECAME NIGHTLY NEWS

- For a brief moment at its onset, 2020 seemed on its way to being a fairly typical year, with the U.S. stock market performing well and a Presidential Election on the horizon. Quickly though it became clear that society would face unprecedented challenges due to the global outbreak of COVID-19, and that the Medical industry would be called on to try and keep the world healthy. From cutting edge biotechnology companies racing to develop a coronavirus vaccine, to manufacturers of respiratory and personal protective equipment juggling severed international supply chains, nearly all companies in the industry faced disruptions and had a role to play in returning the world to normalcy.
- During a turbulent year for public equities, PMCF's four Medical Technology indices generally followed the performance trends of the benchmark S&P 500 Growth Index and Dow Jones Industrial Average, with a similar sharp dip in late Q1 followed by a strong recovery.
- Though it is still early in 2021 at the time of publication, encouraging signs of recovery from the pandemic are emerging, with over 13% of the U.S. having received at least one vaccine dose, and drugmakers pledging massive boosts to supplies.

## KEY 2020 EVENTS TIMELINE

- 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 30, 2020 | U.S. Launches Operation Warp Speed to Develop a COVID-19 Vaccine
- May 27, 2020 | Total U.S. COVID-19 Deaths Exceed 100,000
- July 14, 2020 | Moderna Publishes Phase I/II Clinical Trial Data
- August 8, 2020 | Total U.S. Cases of COVID-19 Exceed 5 Million
- September 28, 2020 | 1 Million Officially Recorded COVID-19 Deaths Worldwide
- October 2, 2020 | U.S. President Donald Trump Tests Positive for COVID-19 During Outbreak
- November 3, 2020 | U.S. Presidential Election
- December 11, 2020 | U.S. F.D.A. Grants Emergency Use Authorization (E.U.A.) for Pfizer / BioNTech Coronavirus Vaccine
- December 18, 2020 | U.S. FDA Grants E.U.A. for Moderna Coronavirus Vaccine

## PMCF MEDICAL TECHNOLOGY INDICES PERFORMANCE



Sources: Capital IQ, PitchBook, Company Reports, Fraser

## Supply Chain Switch-Up

### How COVID-19 Highlighted the Need for Medical Supply Chain Modernization

- Disruptions To Global Supply Chains During COVID-19 Made Resiliency A Critical Focus Area
- Healthcare Has Lagged Other Industries In Modernizing Supply Chain Management
- U.S. President Joe Biden Recently Signed An Executive Order Mandating The Review of U.S. Supply Chain Weak Spots

#### Severe Shortages Lead to Chaos

After the outbreak of COVID-19 brought on a spring filled with painful stories of nurses forced to wash and re-wear single-use personal protective equipment, doctors forced to make heart-wrenching ventilator allocation decisions, and care facilities running out of basic cleaning supplies like hand sanitizer, it is no surprise that supply chain is top of mind for Medical industry executives as we look into 2021. According to healthcare consultant Sage Growth Partners, supply chain risk was the number 2 worry on hospital executives minds in 2020, just behind the safety concern of hospital staff themselves getting sick. To better understand the root causes of supply chain issues and avoid a repeat of critical item shortages during future disruptions, the Biden Administration has ordered a 100-day government review that may inform potential supply chain modifications and could impact standard Medical industry protocols.

#### Time For a Technology Update

Experts have long held that healthcare industry supply chain systems were lagging behind those of other industries in measures of sophistication and efficiency and were ripe for disruption. With many industry players jolted into focusing on previously neglected supply chain issues, technology can offer a route to clear and much needed improvement. Transitioning processes away from manual, paperwork heavy ordering and purchasing to automated and data driven workflows is an immediate route to improvement. These technology systems can be paired with forecasting tools that can use big data and artificial intelligence to inform decision making at a level of precision not possible with legacy processes.

#### What Is Supply Chain Resilience?

When used in a business context, resilience generally refers to the ability to bounce back from challenges and disruptions. Traditionally organizations have sought to create resiliency by building redundancy into their systems, be it excess capacity, multiple suppliers for the same product, or extra inventory on hand. Adding resiliency in this manner can be costly, as that extra capacity or inventory stored in house is not free, forcing managers to consider the tradeoff between efficiency and security. There are modern alternatives to developing resiliency, however, that avoid such tradeoffs that companies should explore. These include instilling a culture that is prepared for and embraces periods of uncertainty and developing flexible operating protocols that allow for last minute decision making in the face of changing information. If 2020 was any indication of the future, resiliency is going to be top of mind for years to come.

# What We're Discussing with Clients

## Supply Chain Switch-Up (Continued)

### How COVID-19 Highlighted the Need for Medical Supply Chain Modernization

#### Focus Areas for Supply Chain Improvement



**Technology** – Patient care and product manufacturing are both becoming increasingly complex, with care delivered across multiple sites and manufacturing requiring highly specialized components. Utilizing technology to predict demand and allocate supply orders accordingly can help businesses avoid both shortages and excess inventory



**Collaboration** – Small-scale suppliers possess the nimbleness to offer businesses the chance to work together to rapidly design and develop products, often on timelines measured in days instead of the typical months or years working with large suppliers can take, a critical advantage during emergency times like the early COVID period



**Standardization** – During periods of Emergency Use Authorizations, the formal procedures of quality control tied to FDA approval are limited, and less experienced suppliers can be used, increasing the need for standard designs to be shared between suppliers and purchasers through digital platforms that enable quality and efficiency



**Distributed** – Avoiding relying on sole source suppliers and forming relationships with multiple vendors of various sizes and geographies can mitigate the risk of disruption by having alternative options to shift purchasing to. Having additional vendors on approved purchasing lists in advance can prevent delays when time is critical



**Flexibility** – On the production side flexibility can help businesses make the best of challenging outcomes. For instance, designing parts such that they can be left in intermediate stages of completion and used in multiple end products depending on how they are finished enables manufacturers to make just in time allocation decisions

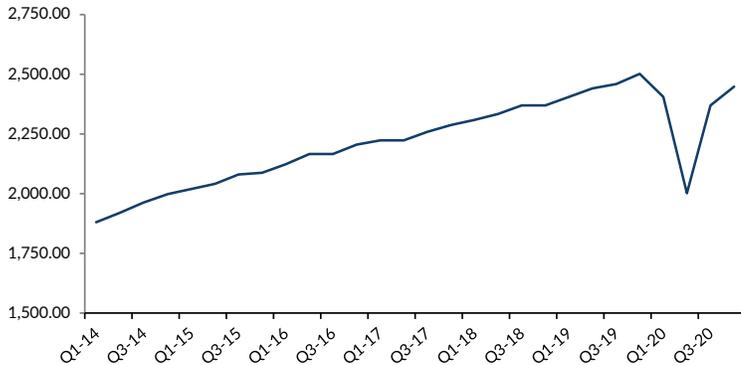
#### How Your Business Can Benefit

The events of the past year have made abundantly clear how vital an agile, technology-enabled, supply chain is for the success of companies in the modern economy, particularly within the Medical sector. Without it, your business is vulnerable to disruption that leaves you unable to run operations, fulfill orders, or serve customers. By conducting regular and thorough reviews of your supply chain systems and processes you can identify areas of strength as well as potential vulnerabilities. A well-planned strategy that balances efficiency with resiliency, and incorporates current best practices is crucial for success. This success can manifest itself both in day-to-day operational and financial performance, but also in the long-term positioning of your business and its attractiveness as an asset to potential acquirers.

PMCF's team of seasoned investment bankers have extensive experience helping businesses of all types position themselves for success both prior to, and during the transaction process. Our strategic assessment service assists businesses in analyzing current industry positioning and benchmarking against competitors. Completing an assessment today can help optimize your performance so that if a transaction becomes the right decision for your business, you are best prepared to achieve an outcome that meets your goals.

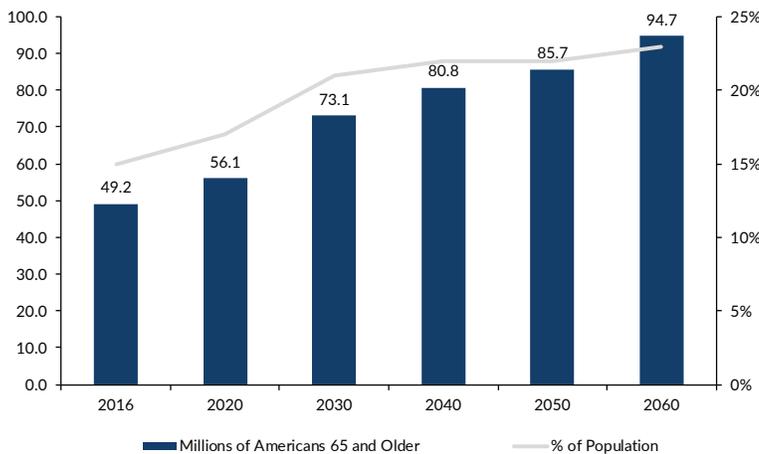
# Trends in Medical Technology

## U.S. PERSONAL HEALTH CARE SERVICES EXPENDITURES (\$B)



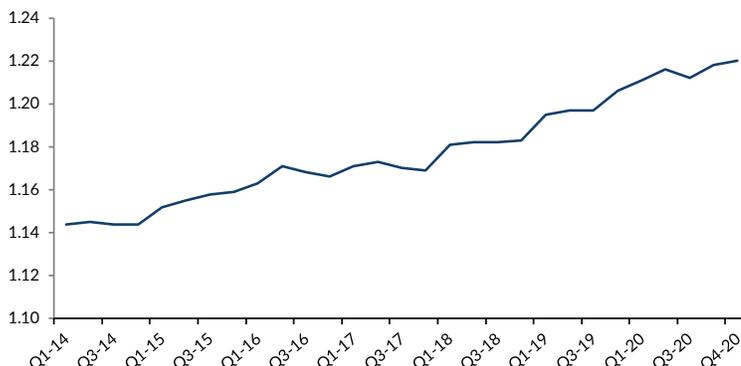
- Personal Health Care Service expenditures serve as a proxy for activity in the broader Healthcare and Medical industries, with high levels of service expenditures correlated with strong performance in other sectors.
- After a brief downturn due to elective procedure shutdowns during the 2nd quarter, personal health care service expenditures have almost matched pre-pandemic levels and continue to grow steadily, up 3.2% between the start of the 3rd and 4th quarter.

## UNITED STATES POPULATION BY AGE



- The Medical Device, Instrument, Technology, and Supply industries in the United States together constitute one of the most critical and advanced industries in the world, leveraging advances in biotechnology, materials science, robotics, and therapeutics.
- While growth between 2020 and 2021 is expected to be relatively minimal as the world continues to grapple with COVID-19, and non-pandemic related medical R&D and manufacturing activity slows, the longer-term industry outlook remains bright.

## MEDICAL EQUIPMENT & SUPPLY PRODUCER PRICE INDEX (PPI)



- While medical industry revenues are growing, producer costs are also rising, often due to COVID-19 safety measures. The Bureau of Labor Statistics provides a Producer Price Index (PPI) that measures the average change in selling price of domestic output. The Medical Equipment & Supply PPI value serves as a broad proxy for Medical industry costs.
- The PPI is based on a 2003 baseline equal to 100. Currently the index is at 122.0, up from 120.6 in Q4 2019.

# Medical Technology M&A Activity

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## Medical Equipment

Royal Philips (NYSE: PHG) acquires BioTelemetry (Nasdaq:BEAT)

**December 2020** - Royal Philips (NYSE: PHG), a global leader in health technology with a robust cardiac care portfolio, announced a definitive merger agreement with BioTelemetry, Inc (Nasdaq:BEAT). BioTelemetry is a leading U.S. based remote care diagnostics and monitoring provider. The Company is a strong fit with Philips' cardiac care transformation strategy, aiming to reshape care along the health continuum. Philips will acquire all shares of BioTelemetry for \$72.00 per share, which is an implied enterprise value of \$2.8 billion. Per Frans van Houten, CEO of Royal Philips, "BioTelemetry's leadership in the large and fast growing ambulatory cardiac diagnostics and monitoring market complements our leading position in the hospital. Leveraging our collective expertise, we will be in an optimal position to improve patient care across care settings for multiple diseases and medical conditions." BioTelemetry's President and CEO Joseph Capper expressed similar excitement. "We are delighted to become part of Philips and continue on our journey to deliver health information to improve the quality of life and reduce the cost of care."

## Therapeutic Device

Olympus Corporation acquires Veran Medical Technologies

**December 2020** - Olympus Corporation announced that it has entered into an agreement to acquire Veran Medical Technologies through its U.S. subsidiary Olympus Corporation of the Americas (OCA). OCA is the headquarters of the company's therapeutic division, which focuses on gastroenterological endotherapy devices, urological devices, and respiratory devices. Veran is a private medical device company based in St. Louis, MO, whose mission is to enable precision therapy and early cancer detection. Veran has developed an advanced thoracic navigation platform used by leading cancer centers throughout the United States. Transaction consideration is valued at up to \$340 million. Nacho Abia, CEO of OCA commented, "We are very excited about acquiring VMT because its portfolio of devices will complement our product portfolio and further strengthen our position in respiratory medical devices." Jason Pesterfield, CEO of Veran added, "Olympus has a clear strategy to become a global medtech leader, and we're excited to contribute our unique capabilities and become part of this journey."

## Consumable & Disposable

Teleflex (NYSE:TFX) acquires Z-Medica

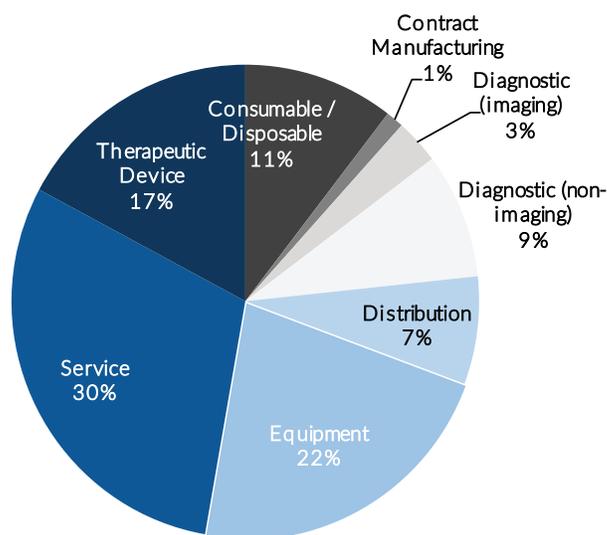
**December 2020** - Teleflex Incorporated (NYSE:TFX), a leading global provider of healthcare supplies and services, announced that it has entered into a definitive agreement to acquire Z-Medica from Linden Capital. Per the agreement, Teleflex will pay \$500 million in cash at closing, plus up to an additional \$25 million pending the achievement of commercial milestones. Teleflex provides a broad variety of medical technologies in the fields of vascular access, interventional cardiology and radiology, anesthesia, emergency medicine, surgical, urology and respiratory care. Z-Medica has developed advanced hemostatic technologies used for hemorrhage control under three main brands, QuikClot, Combat Gauze, and QuikClot Control+. According to Z-Medica's CEO Eric Compton, "We are excited to join the Teleflex organization, which shares our vision for making our products the standard of care for the treatment of hemorrhage control." Teleflex Chairman Liam Kelly noted, "The acquisition of Z-Medica, an industry leading provider of hemostatic devices, enables Teleflex to leverage strength in the hospital, EMS, and military call points, with differentiated products that complement the EZ-IO and EZPLAZ 1 product portfolio."

# M&A Activity Roundup

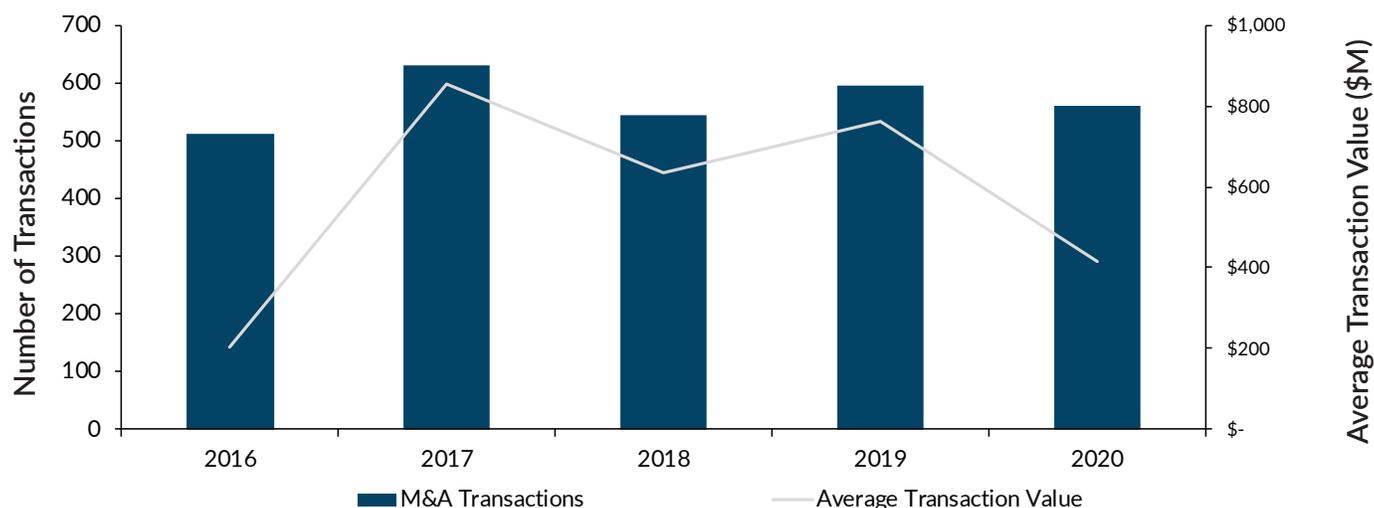
## TRENDS IN MEDICAL TECHNOLOGY M&A

- M&A transaction volume in the fourth quarter of 2020 was nearly identical to that of 2019's fourth quarter, with 163 transactions announced in 2020 and 162 transactions announced in 2019. For the full year transaction volume was down just 5.8% compared to 2019, and up 3.3% compared to 2018, an outstanding indicator of market activity and optimism in a year disrupted by COVID-19
- For the fourth quarter, average transaction value was up from \$242 million in 2019 to \$297 million in 2020. The largest announced transaction in Q4 2020 was EQT Partners' \$2B+ offer for Swedish drugmaker Recipharm.
- As a percentage of overall M&A transactions, those with Therapeutic Device, Equipment, and Service target companies are again on track to be the three most active segments, constituting 67% of transactions announced this year, up from 64% in 2019.

TRANSACTIONS BY PRODUCT SEGMENT - Q4 2020



MEDICAL DEVICE M&A TRANSACTION METRICS



Period	Mean/Median	Transaction Value (\$MM)	TEV/REV	TEV/EBITDA
2020 Q4	Mean	\$296.5	3.38x	15.62x
2020 Q4	Median	\$36.0	2.46x	16.52x
2019 Q4	Mean	\$241.5	1.89x	22.98x
2019 Q4	Median	\$18.8	1.71x	14.14x
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

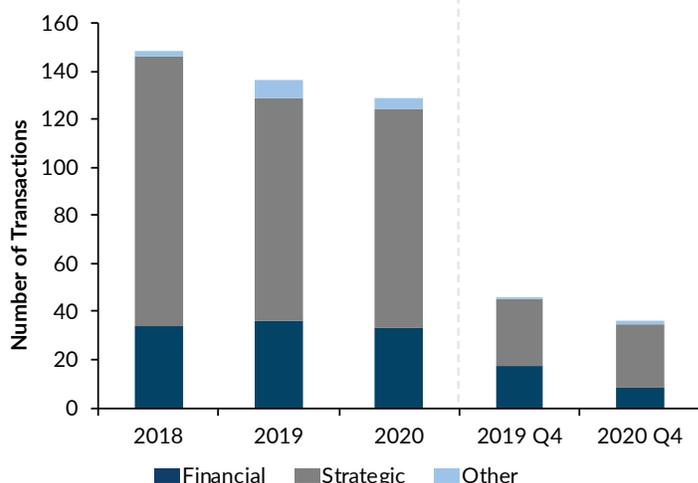
Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Medical Equipment M&A

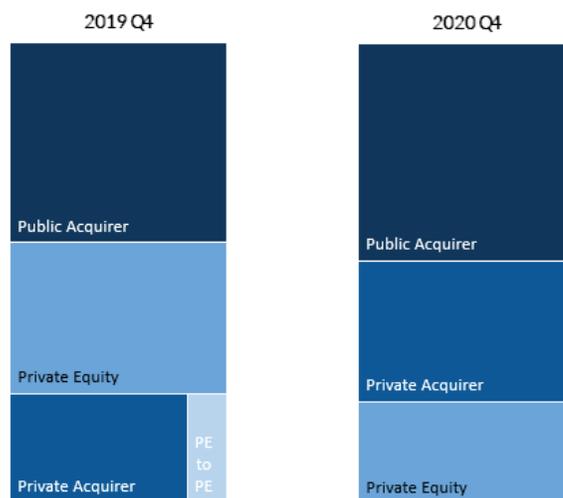
## TRENDS IN MEDICAL EQUIPMENT M&A

- Medical Equipment M&A activity volume was down slightly during 2020, with 5% fewer transactions announced during the year than during 2019. Within the Medical Equipment sector Q4 was the quarter that saw the biggest change in volume, with 46 transactions announced in 2019 Q4 and 36 announced in 2020, perhaps reflecting the effects of political uncertainty during the quarter.
- During the fourth quarter transactions announced by private equity buyers were down from a year ago, with 15 announced in 2019 and 8 in 2020. Transactions by public and private acquirers during the quarter were more stable year-over-year, with just 1 fewer transaction completed in 2020.
- In cross border transactions, much of the decrease in volume during Q4 compared to a year ago is due to a decline in international-to-international transactions, with 13 announced this year, versus 24 a year ago.
- Hospital care was the end market with the largest increase in transaction activity in 2020, with volume tripling from 7 to 21 transactions, without a doubt fueled by an increased focus on hospital care due to the COVID-19 pandemic.

## FINANCIAL VS. STRATEGIC BUYER MEDICAL EQUIPMENT



## MEDICAL EQUIPMENT TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	19 Q4	20 Q4
Acute Care	1	1	4	-	1
Aesthetic	3	2	-	-	-
Cardiovascular	3	5	3	1	1
Drug Delivery	9	1	5	1	2
Furniture/Equipment	39	37	25	18	11
Home Health	5	10	9	3	-
Hospital Care	3	7	21	2	6
Infection Control	6	5	1	3	-
IVD	5	-	1	-	-
Monitor	12	8	12	4	3
Neurovascular	-	2	2	1	1
Ophthalmology	4	7	6	1	4
Ortho	2	1	-	-	-
Other	17	19	11	4	3
Respiratory	7	7	6	3	-
Support	5	9	6	-	1
Surgical	27	15	17	5	3
<b>Total</b>	<b>148</b>	<b>136</b>	<b>129</b>	<b>46</b>	<b>36</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	19 Q4	20 Q4
Int'l-to-Int'l	65	66	57	24	13
U.S.-to-Int'l	15	11	12	2	4
U.S.-to-U.S.	59	48	46	18	17
Int'l-to-U.S.	9	11	14	2	2
<b>Total</b>	<b>148</b>	<b>136</b>	<b>129</b>	<b>46</b>	<b>36</b>

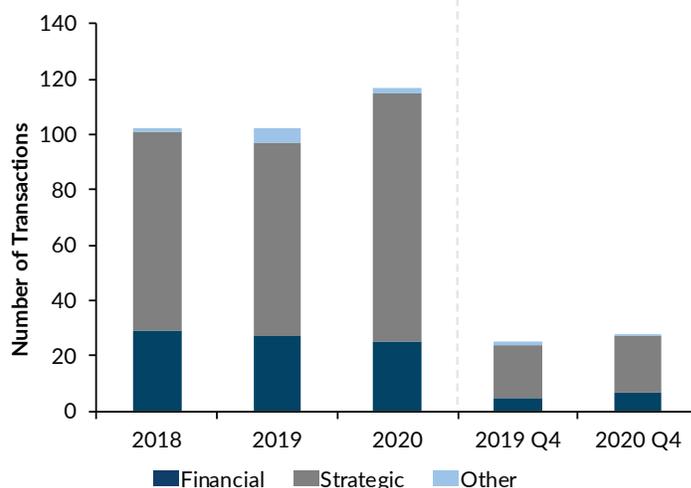
Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Therapeutic Device M&A

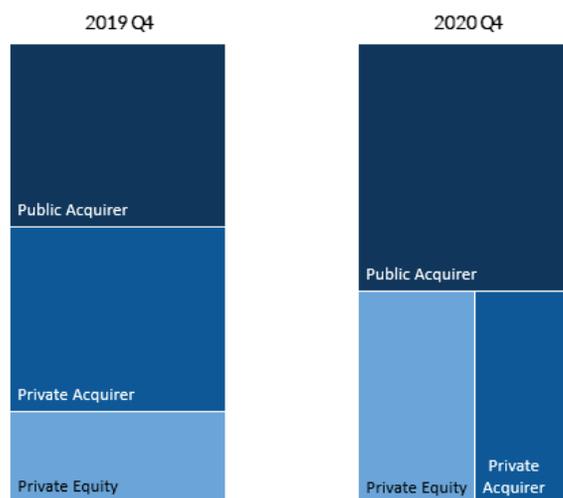
## TRENDS IN THERAPEUTIC DEVICE M&A

- Therapeutic Device M&A again saw an uptick in fourth quarter activity between 2019 and 2020, with transactions increasing from 25 to 28. In total Therapeutic M&A volume was up 15% on the year. Strategic buyers continue to show an appetite for assets in the field, with an additional 20 transactions involving strategic buyers completed in 2020.
- Public acquirers were highly active in the Therapeutic Device space during 2020, making up 46% of announced transactions, compared to 32% by private acquirers and 21% by private equity groups. Despite their declining share of volume, PE groups did complete the same number of Therapeutic transactions during the year.
- In cross border trends, the globalization of medical M&A continued to be on display, with over 60% of transactions involving at least one international party.
- Orthopedic and Other were again the most common end markets within the broader Therapeutic Device segment, a status they have held each year since 2017. Cardiovascular was also an active segment, with 10 announced transactions during the year, up from 7 transactions announced in 2019.

## FINANCIAL VS. STRATEGIC BUYER THERAPEUTIC DEVICE



## THERAPEUTIC DEVICE TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	19 Q4	20 Q4
Acute Care	-	6	3	1	3
Aesthetic	-	-	-	-	-
Cardiovascular	9	7	10	-	-
Drug Delivery	2	-	2	-	1
Furniture/Equipment	-	1	3	-	1
Home Health	9	2	5	1	1
Hospital Care	2	-	-	-	-
Infection Control	-	3	-	3	-
IVD	1	3	1	-	-
Monitor	1	-	2	-	1
Neurovascular	-	5	1	2	-
Ophthalmology	12	13	7	7	-
Ortho	27	33	37	6	6
Other	32	23	36	4	10
Respiratory	2	3	3	-	1
Support	1	1	2	1	1
Surgical	4	2	5	-	3
<b>Total</b>	<b>102</b>	<b>102</b>	<b>117</b>	<b>25</b>	<b>28</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	19 Q4	20 Q4
Int'l-to-Int'l	49	34	47	14	8
U.S.-to-Int'l	7	6	10	-	3
U.S.-to-U.S.	35	51	46	8	13
Int'l-to-U.S.	11	11	14	3	4
<b>Total</b>	<b>102</b>	<b>102</b>	<b>117</b>	<b>25</b>	<b>28</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Consumable & Disposable M&A

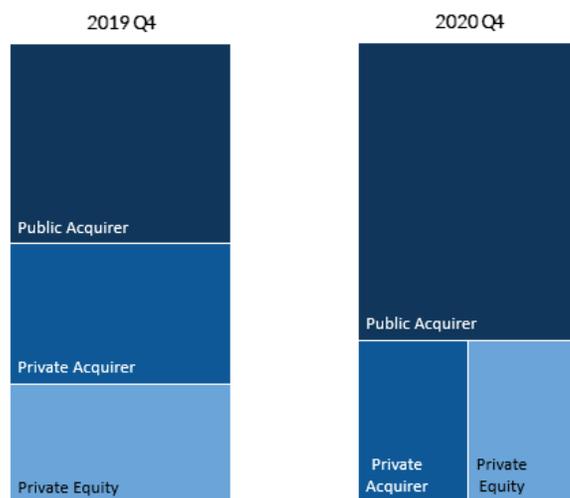
## TRENDS IN CONSUMABLE & DISPOSABLE M&A

- Consumable & Disposable M&A market activity was down 25% year over year in 2020, with the fourth quarter down 26%. Both strategic and financial buyers were less active, with strategic groups announcing 48 transactions during the year, compared to 56 the year prior, and financial buyers reporting 14 and 20 respectively.
- Public acquirers were almost as active in 2020 as in 2019, with just 3 fewer transactions announced in 2020, though due to decreased activity from other buyer groups they made up a much greater percentage of total activity.
- Among cross border trends within the sector, one of the most notable was the decline in U.S. to International transactions during the year, with only 4 announced in 2020, compared to 9 in 2019 and 6 in 2018.
- Continuing the trend from previous quarters, infection control was the far and way leading end market within the Consumable & Disposable sector, with 19 transactions announced, compared to just 2 in 2019 and 11 in 2018.

## FINANCIAL VS. STRATEGIC BUYER CONSUMABLE & DISP.



## CONSUMABLE & DISP. TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	19 Q4	20 Q4
Acute Care	7	8	8	1	2
Aesthetic	1	2	-	1	-
Cardiovascular	3	2	-	1	-
Drug Delivery	3	5	8	4	1
Furniture/Equipment	-	1	-	-	-
Home Health	4	4	2	-	-
Hospital Care	2	9	6	1	2
Infection Control	11	2	19	-	6
IVD	10	5	1	5	-
Monitor	-	-	-	-	-
Neurovascular	-	-	-	-	-
Ophthalmology	-	3	1	-	1
Ortho	-	-	1	-	-
Other	16	22	11	5	2
Respiratory	1	2	2	1	2
Support	3	6	3	1	1
Surgical	15	10	-	3	-
<b>Total</b>	<b>76</b>	<b>81</b>	<b>62</b>	<b>23</b>	<b>17</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	19 Q4	20 Q4
Int'l-to-Int'l	30	42	36	13	8
U.S.-to-Int'l	6	9	4	3	1
U.S.-to-U.S.	31	25	21	6	8
Int'l-to-U.S.	9	5	1	1	-
<b>Total</b>	<b>76</b>	<b>81</b>	<b>62</b>	<b>23</b>	<b>17</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Medical Device Public Comparables

## PUBLIC DIVERSIFIED MEDICAL DEVICE COMPANY COMMENTARY

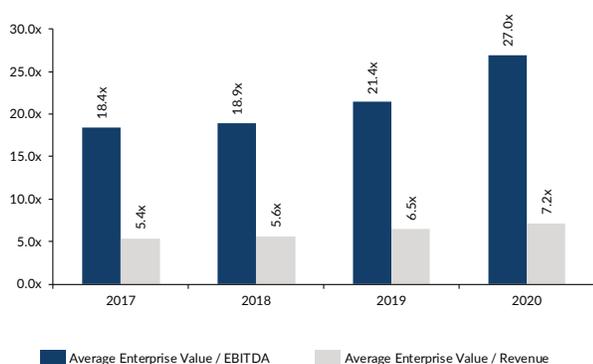
- “This has been a year like no other, and I once again want to acknowledge the health care providers, first responders, caregivers, researchers and, of course, patients who are on the front lines of this daily struggle.” – José Almeida, Baxter International, Chairman of the Board, President, and CEO
- “I’d also like to highlight briefly 2 important sustainability accomplishments this quarter: inclusion in the Dow Jones Sustainability Index; and the Newsweek’s America’s Most Responsible Companies 2021 list. These recognitions are a gratifying reflection of our commitment to sustainable, economic, environmental and social practices.” – Michael Mahoney, Boston Scientific Corporation Chairman, President, and CEO

### DIVERSIFIED MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

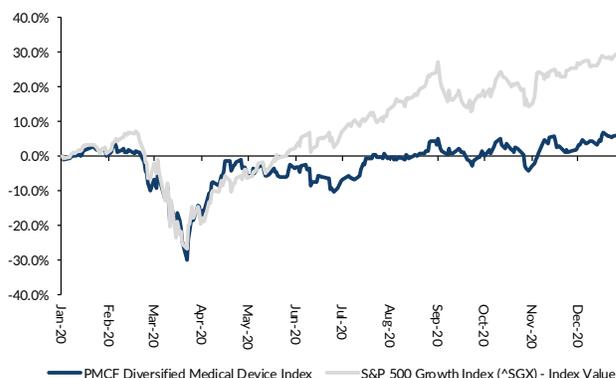
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	12/31/2020	7,148	19,890	186,949	199,910	6.2x	25.7x	58.0x
Baxter International Inc.	12/31/2020	3,730	6,804	40,920	44,031	3.8x	14.7x	45.3x
Becton, Dickinson and Company	12/31/2020	3,265	17,819	72,916	87,472	5.2x	18.4x	92.5x
Boston Scientific Corporation	12/31/2020	2,022	9,592	50,504	58,074	5.7x	26.3x	13.5x
Intuitive Surgical, Inc.	12/31/2020	5,172	80	94,044	88,980	20.7x	69.3x	91.1x
Johnson & Johnson	1/3/2021	25,425	36,366	411,993	422,934	5.2x	15.4x	24.6x
Medtronic plc	10/30/2020	14,279	30,008	156,165	172,046	6.2x	26.2x	42.3x
Smith & Nephew plc	12/31/2020	1,762	3,690	18,640	20,568	4.1x	19.0x	43.3x
Stryker Corporation	12/31/2020	3,024	14,425	89,821	101,222	6.8x	25.2x	51.9x
High		25,425	36,366	411,993	422,934	20.7x	69.3x	92.5x
Mean		7,314	15,408	124,661	132,804	7.1x	26.7x	51.4x
Median		3,730	14,425	89,821	88,980	5.7x	25.2x	45.3x
Low		1,762	80	18,640	20,568	3.8x	14.7x	13.5x

As of January 04, 2021

### DIVERSIFIED MEDICAL DEVICE MULTIPLES



### DIVERSIFIED MEDICAL DEVICE INDEX



EV/EBITDA multiples for the Diversified Medical Device (“DMD”) comparables finished 2020 at record levels, up 26% over year end 2019, concluding at 27.0x, up from 21.4x a year ago and 18.9x in 2018. Average multiples were led by extremely strong performance from Intuitive Surgical at 70.9x, but even with it removed, average EV/EBITDA multiples were up 15% year-over-year, averaging 21.5x. Average EV/Revenue multiples also exhibited healthy growth, up 11% between 2019 and 2020, with Intuitive again leading the way, followed by Stryker Corporation and Abbott Laboratories.

During the year 2020 the PMCF DMD index is up 8.3%, a remarkable feat given that it was down nearly 30% in late March during the initial COVID triggered market selloff. Since that point recovery has been relatively steady and upward trending, with the index hitting its annual high on the last trading day of the year.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Orthopedic Public Comparables

## PUBLIC ORTHOPEDIC MEDICAL DEVICE COMPANY COMMENTARY

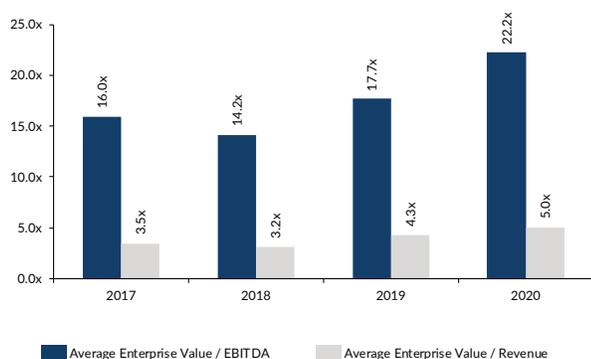
- “The slowdown this quarter was not as impactful as the decline in the second quarter as hospitals were better equipped to manage COVID patients while maintaining some level of elective surgeries. Despite the overall slowdown, we experienced continued growth.” – Preston Wells, Stryker Vice President of Investor Relations
- “We do believe the vaccines are going to change the COVID-19 dynamic, and we’re going to see positive impact as a result of it. As soon as we start to see the surges stop, we see the impact of COVID end. And we’re confident that the recovery is going to mean that the normal patient flow is going to start again, and we’re going to have the pull-through effect of a sizable patient backlog.” – Bryan Hanson, Zimmer Biomet President, CEO, and Director

### ORTHOPEDIC MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

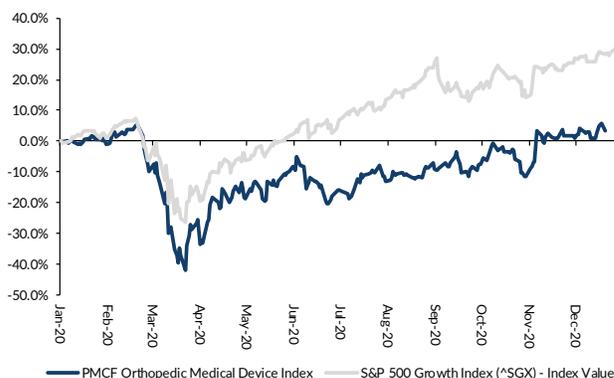
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Alphatec Holdings, Inc.	9/30/2020	16	69	1,101	1,178	8.8x	NM	NM
Colfax Corporation	12/31/2020	97	2,410	4,390	6,748	2.2x	12.6x	95.2x
Globus Medical, Inc.	12/31/2020	427	5	6,250	5,828	7.3x	33.4x	67.8x
Integra LifeSciences Holdings Corporation	12/31/2020	396	1,730	5,278	6,612	4.8x	19.2x	94.9x
NuVasive, Inc.	9/30/2020	982	1,520	2,763	3,300	3.1x	16.4x	NM
Orthofix Medical Inc.	9/30/2020	80	28	833	781	1.9x	29.3x	35.5x
Smith & Nephew plc	12/31/2020	1,762	3,690	18,640	20,568	4.1x	19.0x	43.3x
Stryker Corporation	12/31/2020	3,024	14,425	89,821	101,222	6.8x	25.2x	51.9x
Zimmer Biomet Holdings, Inc.	12/31/2020	802	8,503	31,747	39,452	5.5x	20.2x	NM
High		3,024	14,425	89,821	101,222	8.8x	33.4x	95.2x
Mean		843	3,598	17,869	20,632	4.9x	21.9x	64.8x
Median		427	1,730	5,278	6,612	4.8x	19.7x	59.8x
Low		16	5	833	781	1.9x	12.6x	35.5x

As of January 04, 2021

### ORTHOPEDIC MEDICAL DEVICE MULTIPLES



### ORTHOPEDIC MEDICAL DEVICE INDEX



Due to Stryker Corporation’s acquisition of Wright Medical, PMCF’s Orthopedic Medical Device (“OMD”) index has been updated slightly, with Integra LifeSciences Holding Corporation, a leading company in the orthopedic industry, replacing Wright Medical. For 2020 EBITDA and revenue trading multiples for the OMD index were both up substantially. EBITDA multiples increased 26% to 22.x, and revenue multiples increased 18% to 5.0x. Excluding the newly added Integra, those values are relatively unchanged, up 27% and 19% respectively.

PMCF’s OMD index followed the pattern of the S&P 500 Growth Index for the majority of 2020, with a steep dip in March related to COVID and a minor dip in late October attributed to U.S. election related uncertainty. On the year the index finished up 7.6%, trailing the robust growth of the S&P 500 Growth Index which closed up 30.3%.

# Cardiovascular Public Comparables

## PUBLIC CARDIOVASCULAR MEDICAL DEVICE COMPANY COMMENTARY

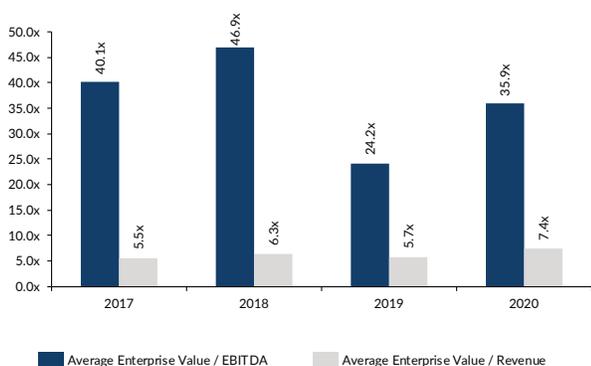
- “Proactive testing reduced employee anxiety and allowed us to get production back to full capacity to build essential life-saving heart pumps during a record quarter in our 40-year history.” – Michael Minogue, Abiomed CEO & President
- “Since November, the pandemic worsened across geographies around the world, lowering procedural volumes again and slowing our return to growth. Fortunately, the impact of this resurgence on our business was lessened because most of our products are used in critical procedures that cannot be postponed for long or at all, as well as hospitals and providers have become increasingly adept at managing procedural continuity throughout the pandemic.” – James Mackin, CryoLife Chairman, President, & CEO

### CARDIOVASCULAR MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

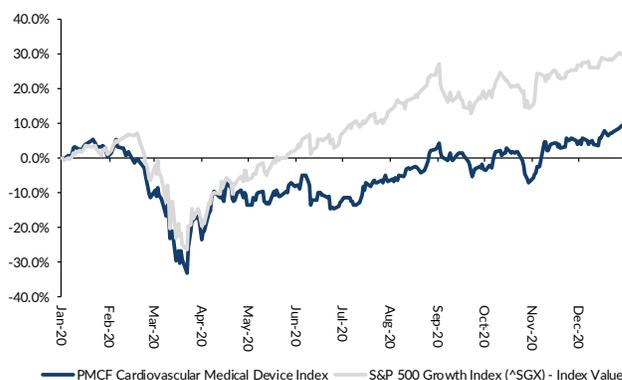
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abiomed, Inc.	12/31/2020	486	11	14,313	13,837	16.9x	54.0x	69.6x
AngioDynamics, Inc.	11/30/2020	58	50	586	578	2.2x	58.6x	NM
Cardiovascular Systems, Inc.	12/31/2020	225	23	1,741	1,539	6.6x	NM	NM
CryoLife, Inc.	12/31/2020	61	317	911	1,167	4.6x	38.5x	NM
Edwards Lifesciences Corporation	12/31/2020	1,403	695	55,419	54,712	12.5x	38.3x	70.3x
LeMaitre Vascular, Inc.	9/30/2020	34	76	818	860	7.0x	25.1x	44.2x
Medtronic plc	10/30/2020	14,279	30,008	156,165	172,046	6.2x	26.2x	42.3x
Merit Medical Systems, Inc.	9/30/2020	45	445	3,042	3,442	3.6x	20.4x	NM
Terumo Corporation	12/31/2020	1,645	2,473	31,193	32,021	5.5x	22.7x	45.2x
High		14,279	30,008	156,165	172,046	16.9x	58.6x	70.3x
Mean		2,026	3,789	29,354	31,133	7.2x	35.5x	54.3x
Median		225	317	3,042	3,442	6.2x	32.3x	45.2x
Low		34	11	586	578	2.2x	20.4x	42.3x

As of January 04, 2021

### CARDIOVASCULAR MEDICAL DEVICE MULTIPLES



### CARDIOVASCULAR MEDICAL DEVICE INDEX



Cardiovascular Medical Devices finished 2020 up meaningfully from a year ago, with 48% growth in EV/EBITDA, and 28% growth in EV/Revenue multiples. This is still down from valuations reached in 2017 – 2018, as the effect of Cardiovascular Systems’ multiple no longer being calculated due to their EBITDA dropping below 0 still lingers. The rest of the index is displaying strong valuations across the board, with AngioDynamics’s robust 58.1x EV/EBITDA multiple leading the way, followed by Abiomed’s 55.3x.

The CMD index finished 2020 up 10.5% on the year, the second strongest performing of PMCF’s four tracked medical indices behind only Diversified Diagnostic. Similar to the other indices, the CMD experienced a significant downturn at the end of the first quarter, but has consistently ticked upwards since then.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Diagnostic Public Comparables

## PUBLIC DIVERSIFIED DIAGNOSTIC COMPANY COMMENTARY

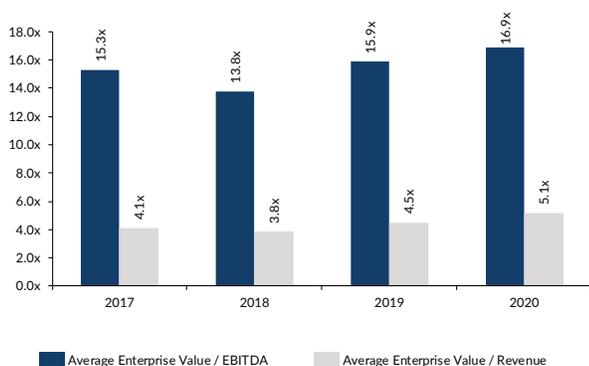
- “We launched and significantly funded the Thermo Fisher Foundation for Science, expanding our STEM education programs to benefit underserved communities...We established the Just Project, a collaboration with historically black colleges and universities where we’ve invested in a COVID-19 testing program, allowing students and faculty to safely return to campus. I’m proud of these and the many steps our teams are taking to make a difference in our communities.” – Marc Casper, Thermo Fisher Scientific President, CEO, & Chairman
- “Within Life Sciences, COVID-19 vaccine and therapeutic activity continues to drive record bioprocessing demand.” – Rainer Blair, Danaher Corporation President, CEO, Director

### DIVERSIFIED DIAGNOSTIC PUBLIC COMPARABLES SUMMARY

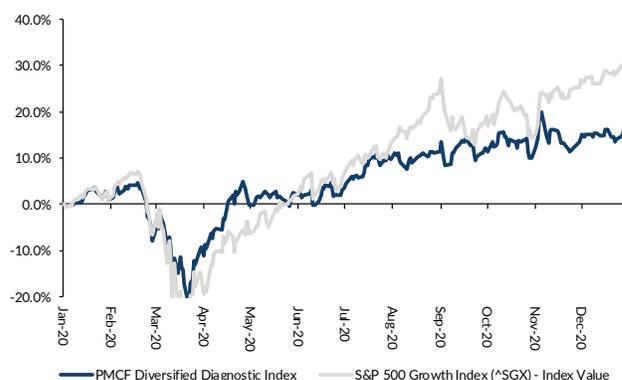
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	12/31/2020	7,148	19,890	186,949	199,910	6.2x	25.7x	58.0x
Becton, Dickinson and Co.	12/31/2020	3,265	17,819	72,916	87,472	5.2x	18.4x	92.5x
Danaher Corporation	12/31/2020	6,035	21,204	158,578	177,026	8.8x	30.8x	52.0x
Hologic, Inc.	12/26/2020	869	2,814	18,793	20,739	5.6x	13.6x	17.4x
Laboratory Corporation of America	12/31/2020	1,321	6,756	19,955	25,412	2.1x	8.1x	23.8x
Novartis AG	12/31/2020	11,404	38,049	214,904	241,617	4.7x	12.2x	29.4x
Quest Diagnostics Incorporated	12/31/2020	1,158	4,808	16,323	20,105	2.4x	8.5x	14.9x
Roche Holding AG	12/31/2020	13,951	17,418	300,918	308,264	4.5x	11.4x	20.7x
Thermo Fisher Scientific Inc.	12/31/2020	10,325	21,735	186,999	198,409	7.0x	24.0x	38.7x
High		13,951	38,049	300,918	308,264	8.8x	30.8x	92.5x
Mean		6,164	16,722	130,704	142,106	5.2x	17.0x	38.6x
Median		6,035	17,819	158,578	177,026	5.2x	13.6x	29.4x
Low		869	2,814	16,323	20,105	2.1x	8.1x	14.9x

As of January 04, 2021

### DIVERSIFIED DIAGNOSTIC MULTIPLES



### DIVERSIFIED DIAGNOSTIC INDEX



EV/EBITDA multiples within the Diversified Diagnostic (“DD”) industry continued their steady growth in 2020, increasing from 15.9x to 16.9x during the year, marking the high point for the 2017 – 2020 period. EV/Revenue multiples similarly improved, rising from 4.5x to 5.1x. Interestingly, multiples within DD remain the lowest of PMCF’s four tracked industries and had comparatively flat growth during 2020 at 6% and 15% respectively, while stock performance was far and away the strongest of the cohort during the year.

This strong stock performance reflected the market’s continued appreciation for the importance of the diagnostic industry during a pandemic marked year, with the stock up 16.7% during 2020. For much of 2020 the index appeared on pace to match the performance of the S&P 500 Growth Index, before tailing its growth during the fourth quarter.

# 2020 Venture Capital Activity Overview

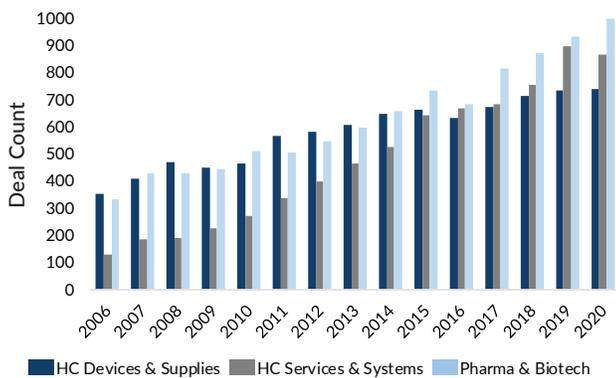
2020 was a robust year for venture capital, with records set for total deal value, VC fundraising, and deal exit value. In a year in which the world's attention was on healthcare as perhaps never before, medical sectors performed well in the venture world. Pharma & Biotech set a record for deal volume, with 998 deals completed in the United States. HC Devices & Supplies and HC Services & Systems joined Pharma & Biotech in setting new marks for deal value, with each up at least 30% from the previous high.

While total deal value was at a record level, the number of total deals was down from 2019, in part reflecting challenges new startups faced in raising capital amidst a pandemic. Many VC funds focused instead on investing additional capital into portfolio companies to support pandemic linked growth strategies, or to keep them afloat amidst challenging conditions for some sectors. Established funds had little trouble in this regard as the vast majority of new capital fundraised went to funds with a significant track record, while newer funds had less success, perhaps as investors sought to find stability in established funds during a year of uncertainty.

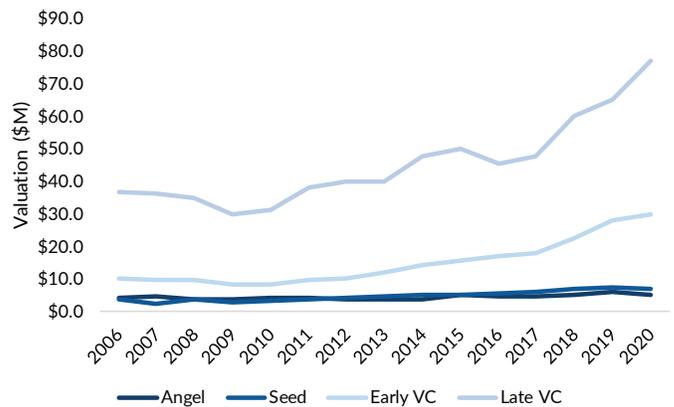
Median deal valuation across all rounds continues to spike, with 2020 valuations in two of the four rounds (Early VC and Late VC) on pace to exceed 2019's previous record highs. Late VC valuations have grown significantly, with the current median pre-value at \$77M, up from \$65M in 2019 and \$60M in 2018. Angel and Seed are the only stages to see a slight decrease in median pre-value, currently sitting at \$5M and \$7M, down from \$6M and \$7.5M respectively in 2019.

Within the three healthcare related VC industries, HC Devices & Supplies, HC Services & Systems, and Pharma & Biotech, Pharma & Biotech was again the most active sector, with approximately 998 deals completed in 2020, compared to 864 in HC Services & Systems, and 740 in HC Devices & Supplies.

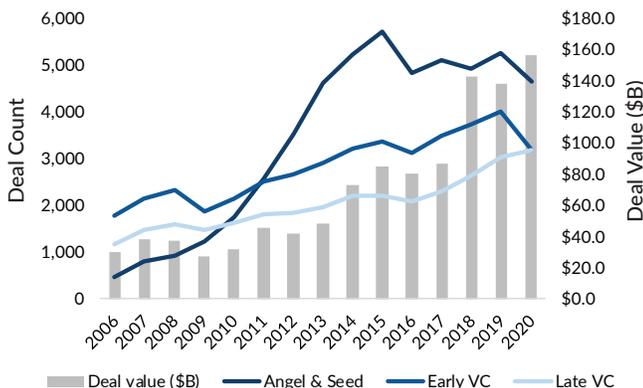
VC INVESTMENTS IN MEDICAL SECTORS



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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- Proven positioning and marketing processes to obtain premium valuations in company sales
- 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
- Unique sale planning approach that helps shareholders best prepare for a future sale whether its six months or several years
- Long-term and client first approach allows PMCF to provide unbiased advice



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by M&A Advisor

Awarded, Cross Border Corporate and Strategic Acquisition of the Year  
by M&A Advisor

Awarded, Cross Border M&A Deal of the Year  
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Awarded, Deal of the Year  
by ACG Detroit

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