

# MEDICAL TECHNOLOGY M&A PULSE

2021 YEAR IN REVIEW



# 2021

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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



# 2021 Market Summary

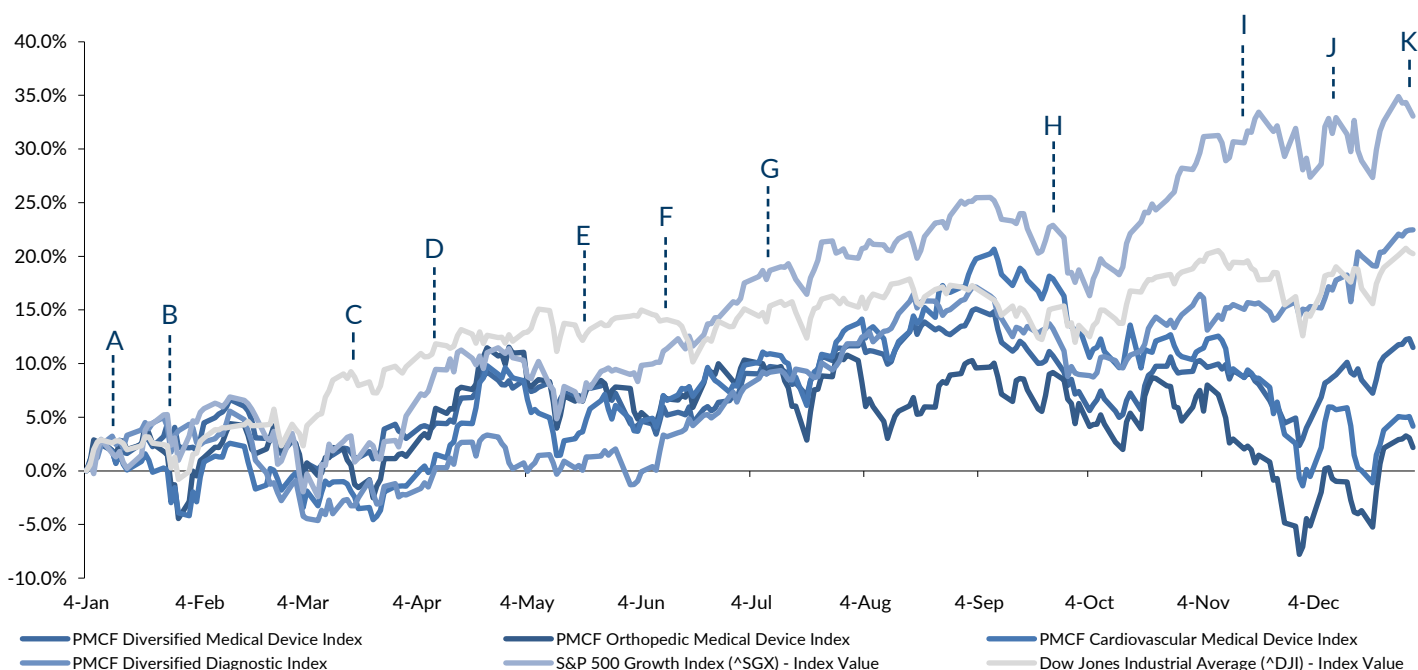
## 2021: A STANDOUT YEAR IN MEDICAL TECHNOLOGY

- In the face of ongoing waves of COVID-19 and concerns about inflation, M&A, VC, and equity markets had an outstanding year in 2021. With numerous investor classes eager to deploy capital 2022 is shaping up to be another banner year for deal making.
- 2021 was a robust year for M&A within the medical technology sector, with reason for continued optimism into 2022. Total activity reached 766 announced or completed transactions, a 36.8% increase over 2020's strong performance in its own right. Each of PMCF's subsectors saw an increase in volume year-over-year, led by Non-Imaging Diagnostic which was up 58.8%, and Services which were up 51.9%. Looking at just the fourth quarter, activity increased 12.3%, below the explosive growth of prior quarters, but still evidence of healthy market activity.
- Stock market performance across PMCF's four Medical Technology indices was a mixed bag in 2021. The Diagnostic, and Diversified Medical Device sectors each had excellent years, growing 22.5% and 11.5% respectively. Growth in the Cardiovascular and Orthopedic indices was considerably more modest, finishing the year up 4.2% and 2.2%. All four indices trailed the S&P 500 Growth Index, which, powered by the strong performance of technology stocks, notched 33.1% gains on the year.

## 2021 COVID EVENTS TIMELINE

- January 4, 2021 | United Kingdom Begins Administering AstraZeneca Vaccine
- February 1, 2021 | More Americans Vaccinated Than Infected with COVID-19
- March 19, 2021 | U.S. Administers its 100 Millionth COVID-19 Vaccine Shot
- April 17, 2021 | Global Death Count From COVID-19 Reaches 3 Million People
- May 25, 2021 | Half of U.S. Adults Are Fully Vaccinated Against COVID-19
- June 15, 2021 | U.S. Passes 600,000 Deaths from COVID-19
- July 7, 2021 | Delta Variant Surpassed Alpha Variant to Become Dominant U.S. Strain
- October 1, 2021 | U.S. Passes 700,000 Deaths from COVID-19
- November 19, 2021 | CDC Recommends Booster Shot 6 Months After Initial Vaccination
- November 26, 2021 | WHO Classifies a New Variant, Omicron as a Variant of Concern
- December 22, 2021 | FDA Authorizes Pfizer's Antiviral Pill, Paxlovid to Treat COVID-19

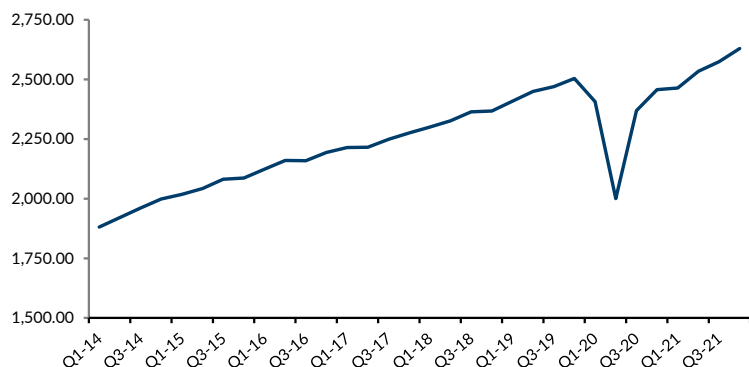
## PMCF MEDICAL TECHNOLOGY INDICES PERFORMANCE



Sources: Capital IQ, PitchBook, Company Reports, Fraser

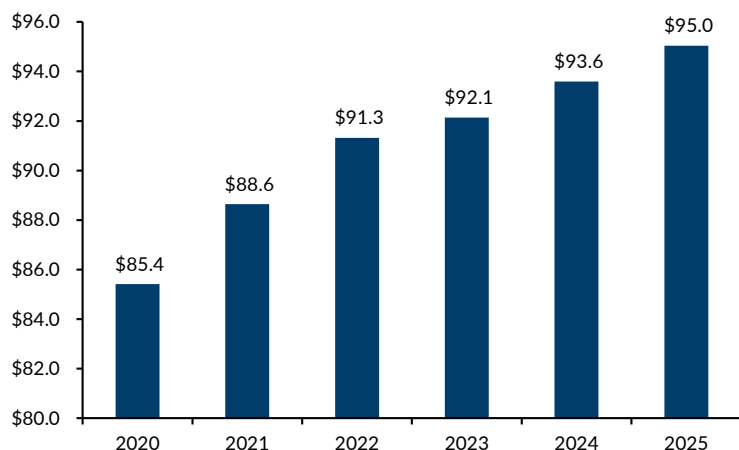
# Trends in Medical Technology

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



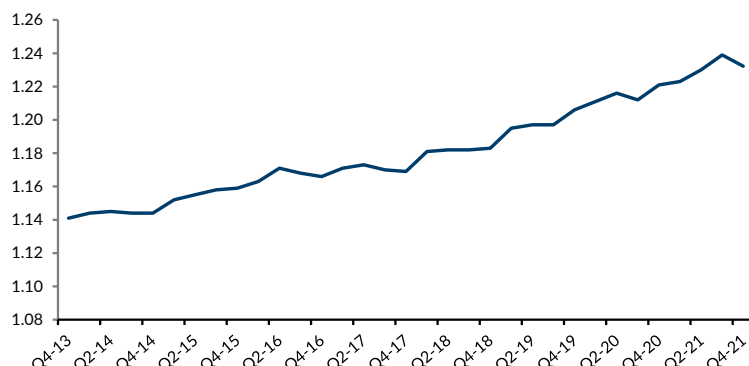
- Personal Health Care Service expenditures serve as a proxy for activity in the broader Healthcare and Medical industries, with high levels of service expenditures correlated with strong performance in other sectors.
- After a brief downturn due to broad health care system disruptions and temporary delays of elective procedures, personal health care service expenditures have exceeded pre-pandemic levels and began to grow markedly in 2021, up 6.7% during the year.

## U.S. MEDICAL INSTRUMENT & SUPPLY MANUFACTURING (\$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 world, leveraging advances in biotechnology, materials science, robotics, and therapeutics.
- Growth during 2021 remained strong, though not quite matching the 2020 to 2021 rebound. While the industry continues to face pockets of supply chain and COVID-19 related disruptions, both the short-term and long-term outlook is bright.

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



- As medical industry revenues are growing, producer costs are also rising, in some part due to the broader inflation in the U.S. and rising labor costs. 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 123.2, up from 122.1 at the end of 2020.

Sources: PMCF Research, FRED, US Census Bureau, IBIS

# Medical Technology M&A Activity

## Medical Equipment

Best Buy Co., Inc. (NYSE: BBY) acquires Current Health Limited

**October 2021** — Best Buy Co. Inc. (NYSE: BBY) announced and subsequently completed the acquisition of Current Health Limited in November 2021 for \$400M. Current Health is an at-home technology platform that offers patient monitoring, telehealth, and patient engagement into a single solution packaged in a battery powered armband. Current Health will become part of the Best Buy Health division, which aims to bring virtual care to life. “The future of consumer technology is directly connected to the future of healthcare,” says Deborah Di Sanzo, President of Best Buy Health. “We have the distinct expertise in helping customers make technology work for them directly in their homes and by combining Current Health’s remote care management platform with our existing health products and services, we can create a holistic care ecosystem that shows up for someone across all of their healthcare needs.” Christopher McCann, CEO of Current Health said, “Best Buy has unparalleled physical reach, world-class supply chain logistics, and trusted support services—allowing us to provide a high-touch consumer experience, at scale.” Current Health financials were not disclosed.

## Therapeutic Device

Alcon Inc (SWX:ALC) acquires Ivantis Inc.

**November 2021** — Alcon (SIX/NYSE: ALC), announced the acquisition of Ivantis, developer of the novel Hydrus Microstent, a minimally invasive glaucoma surgery device designed to lower eye pressure for open-angle glaucoma patients in connection with cataract surgery. In the U.S., Hydrus Microstent is currently indicated for the reduction of intraocular pressure in adult patients with mild to moderate primary open-angle glaucoma in conjunction with cataract surgery. Alcon plans to pursue stand-alone surgery indications in the U.S. with clinical trials already underway. The Hydrus Microstent is currently approved for stand-alone use and commercialized in the U.K., Canada, Australia, Singapore, and Germany. Initial transaction consideration was \$475M, with additional contingent payments possible based on achievement of regulatory and commercial milestones. “We believe this transaction will further strengthen our global surgical portfolio and help provide a platform for more growth in the glaucoma space,” said David Endicott, CEO of Alcon. “As we welcome Ivantis associates into Alcon, we look forward to introducing Hydrus Microstent on a broader, global scale in the near future to help even more patients see brilliantly.”

## Consumable & Disposable

Essity AB (OM:ESSITY B) acquires Hydrofera, LLC

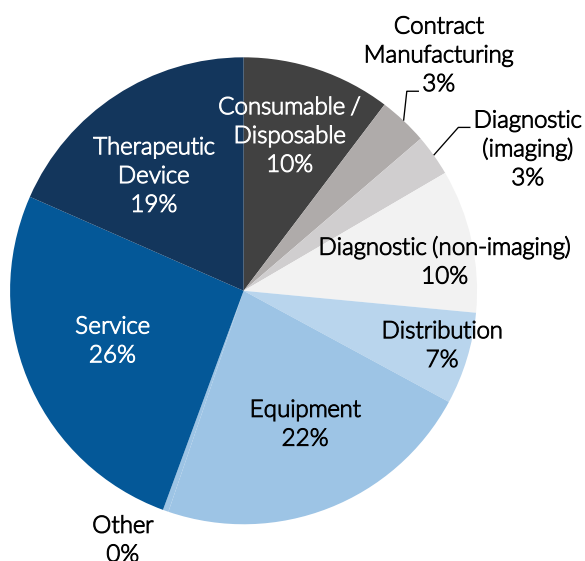
**December 2021** — Hygiene and health company Essity (OM: ESSITY B) acquired Hydrofera for \$116M, with a potential additional earnout of \$15M. This consideration represents a 5.6x Enterprise Value (EV) / Revenue multiple, and a 28.5x EV / EBITDA multiple based on Hydrofera’s 2020 financial results. The transaction furthers Essity’s aim of growth through acquisition in the Medical Solutions segment. Hydrofera is a developer of Hydrofera Blue Antibacterial Wound Dressings, an advanced line of wound care products designed to shorten healing times, lower treatment costs, and deliver better patient outcomes. The company has about 90 employees and is based in Connecticut, with a presence in 15+ countries. Hydrofera has a direct sales force and maintains agreements and preferred provider status with the major national medical/surgical distributors and buying groups in the US and Canadian healthcare markets. “The acquisition of Hydrofera is yet another great strategic fit for Essity further strengthening our innovation capacity and expanding our offering within advanced wound care. The company has innovations that significantly accelerate healing and reduce the patient’s discomfort,” says Ulrika Kolsrud, President Health and Medical Solutions at Essity.

# M&A Activity Roundup

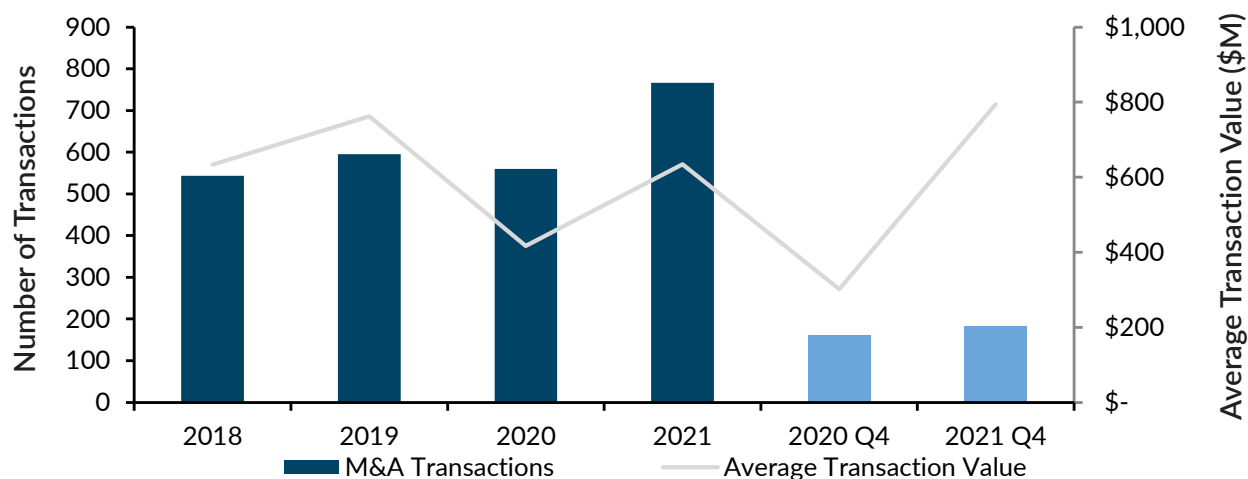
## TRENDS IN MEDICAL TECHNOLOGY M&A

- M&A transaction volume in 2021 was up significantly from 2020, with 766 transactions announced in 2021, compared to 560 announced in 2020, a 37% increase year-over-year. Looking specifically at the fourth quarter of 2020 and 2021, announced transactions increased 12%. While this growth was not quite on pace with the rest of the year, it remains a very strong quarter and a positive indicator for projecting early 2022 activity.
- Median transaction value for deals with disclosed financial terms climbed enormously in 2021, more than doubling from \$24.3M to \$60.7M. This growth in valuation reflects both the increasing quality of assets entering the market, as well as the intense competition among acquirers competing for preferred targets. Q4 in particular was a strong quarter for median valuations; among the 69 transactions with disclosed valuations the median was a whopping \$72.0M, a cool 196% above 2020's median.

TRANSACTIONS BY PRODUCT SEGMENT - 2021



MEDICAL DEVICE M&A TRANSACTION METRICS



Period	Mean/Median	Transaction Value (\$MM)	TEV/REV	TEV/EBITDA
2021 Q4	Mean	\$793.9	3.38x	18.00x
2021 Q4	Median	\$72.0	2.53x	17.79x
2020 Q4	Mean	\$301.5	3.38x	15.62x
2020 Q4	Median	\$38.0	2.46x	16.52x
2021	Mean	\$416.7	6.11x	17.60x
2021	Median	\$60.7	3.71x	14.54x
2020	Mean	\$762.3	5.28x	30.54x
2020	Median	\$24.3	2.40x	13.57x
2019	Mean	\$633.8	6.76x	18.06x
2019	Median	\$24.8	2.83x	14.08x

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Medical Equipment M&A

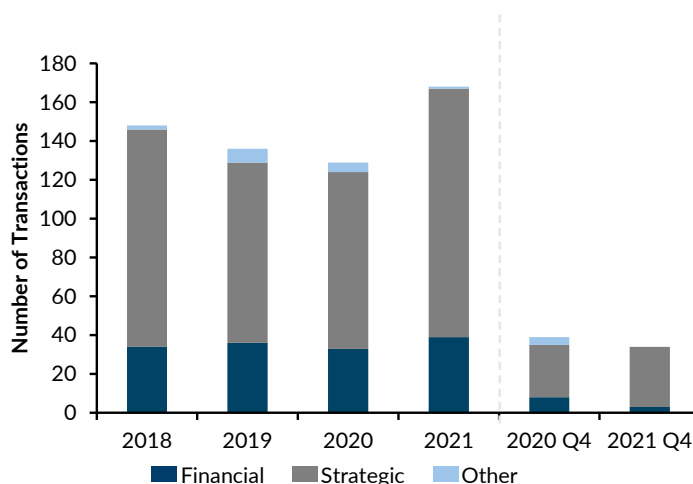
## TRENDS IN MEDICAL EQUIPMENT M&A

- Medical Equipment M&A activity increased meaningfully in 2021, with total announced transactions climbing 32.6% from 129 to 171 year-over-year. This represents the busiest year in the last decade since PMCF began tracking sector activity.
- Public acquirers were the key driver in increased volume, accounting for 46.7% of all transactions in the medical equipment subsector. This represented an increase of 27 transactions, more than half of the total increase. Private equity buyers were mostly flat between years, with 31 transactions announced in 2020 vs. 32 in 2021.
- In cross border transactions, domestic transactions were the primary cause for the increase in total volume. U.S.-to-U.S. transactions increased from 46 to 76, while international to international was the next largest segment with 62.
- Furniture/Equipment was the leading end market within the broader Medical Equipment category, followed by Hospital Care, Monitor, Surgical, and Respiratory. The increased prevalence of these sectors may be their relevance in COVID-19 care in a hospital setting.

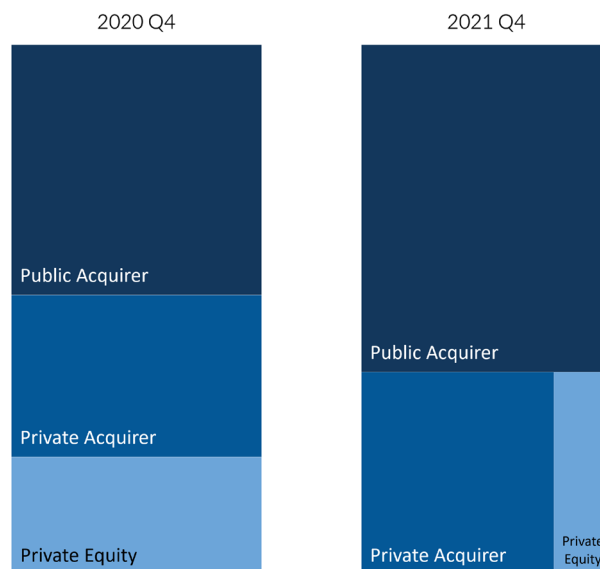
### TRANSACTIONS BY END MARKET

End Market	2019	2020	2021	20 Q4	21 Q4
Acute Care	1	4	2	1	2
Aesthetic	2	-	1	-	1
Cardiovascular	5	3	4	1	-
Drug Delivery	1	5	8	2	2
Furniture/Equipment	37	25	37	11	6
Home Health	10	9	11	-	4
Hospital Care	7	21	19	6	2
Infection Control	5	1	2	-	1
IVD	-	1	6	-	2
Monitor	8	12	16	3	3
Neurovascular	2	2	2	1	-
Ophthalmology	7	6	8	4	2
Ortho	1	-	6	-	1
Other	19	11	10	3	1
Respiratory	7	6	12	-	1
Support	9	6	11	1	3
Surgical	15	17	16	3	3
<b>Total</b>	<b>136</b>	<b>129</b>	<b>171</b>	<b>36</b>	<b>34</b>

## FINANCIAL VS. STRATEGIC BUYER MEDICAL EQUIPMENT



## MEDICAL EQUIPMENT TRANSACTIONS BY BUYER TYPE



## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2019	2020	2021	20 Q4	21 Q4
Int'l-to-Int'l	66	57	62	13	12
U.S.-to-Int'l	11	12	16	4	3
U.S.-to-U.S.	48	46	76	17	15
Int'l-to-U.S.	11	14	17	2	4
<b>Total</b>	<b>136</b>	<b>129</b>	<b>171</b>	<b>36</b>	<b>34</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

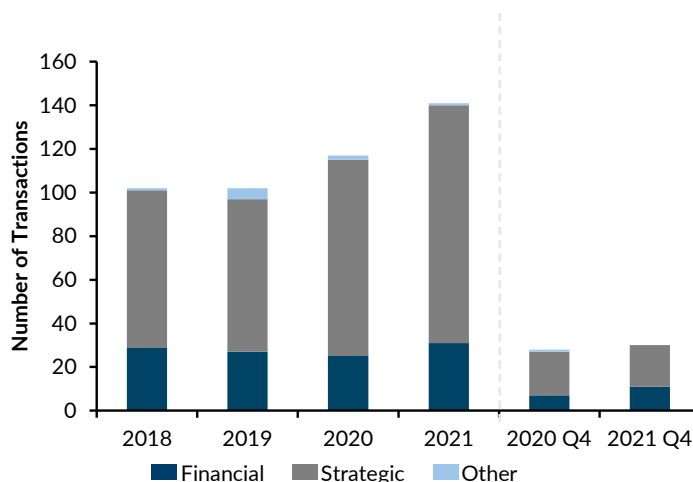


# Therapeutic Device M&A

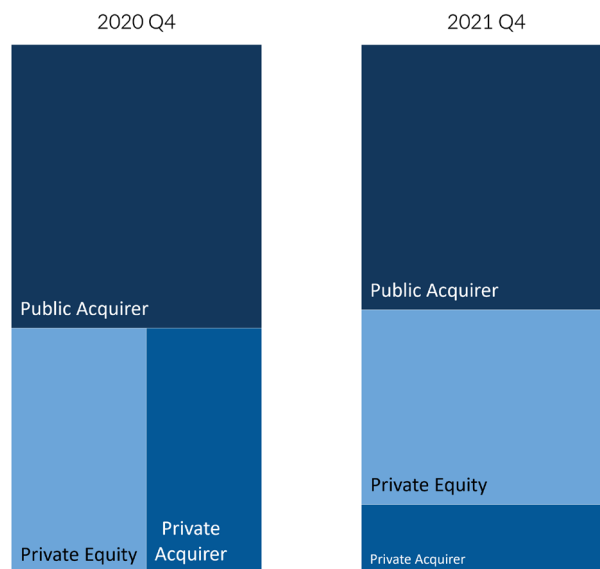
## TRENDS IN THERAPEUTIC DEVICE M&A

- Therapeutic Device M&A activity saw a 20.1% increase in transaction volume between 2020 and 2021, with the majority of the year-over-year increase due to a particularly strong second quarter. Both strategic and financial buyers experienced similar growth, with strategic up 21.1% and financial up 24.0%.
- Public buyers historically have been the most active segment in the Therapeutic Device space, and that trend continued in 2021. After making up 46.2% of acquisitions in the space in 2020, they made up an even larger share in 2021 at 56.7%.
- The diversified Other end market saw the most transactions announced in 2021, followed by Orthopedic and Cardiovascular. These three were also the top 3 end markets in 2020, followed closely behind by Ophthalmology.
- Purely domestic and purely international transactions were almost even in terms of volume for the second consecutive year. International transactions narrowly edged out strictly domestic deals, 61-59, a similar outcome to 2020 when the count was 47-46.

## FINANCIAL VS. STRATEGIC BUYER THERAPEUTIC DEVICE



## THERAPEUTIC DEVICE TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2019	2020	2021	20 Q4	21 Q4
Acute Care	6	3	3	3	-
Aesthetic	-	-	1	-	-
Cardiovascular	7	10	18	-	5
Drug Delivery	-	2	-	1	-
Furniture/Equipment	1	3	2	1	-
Home Health	2	5	7	1	3
Hospital Care	-	-	1	-	-
Infection Control	3	-	2	-	1
IVD	3	1	1	-	-
Monitor	-	2	-	1	-
Neurovascular	5	1	4	-	-
Ophthalmology	13	7	15	-	4
Ortho	33	37	28	6	5
Other	23	36	45	10	10
Respiratory	3	3	8	1	2
Support	1	2	5	1	-
Surgical	2	5	1	3	-
<b>Total</b>	<b>102</b>	<b>117</b>	<b>141</b>	<b>28</b>	<b>30</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2019	2020	2021	20 Q4	21 Q4
Int'l-to-Int'l	34	47	61	8	13
U.S.-to-Int'l	6	10	10	3	2
U.S.-to-U.S.	51	46	59	13	11
Int'l-to-U.S.	11	14	11	4	4
<b>Total</b>	<b>102</b>	<b>117</b>	<b>141</b>	<b>28</b>	<b>30</b>

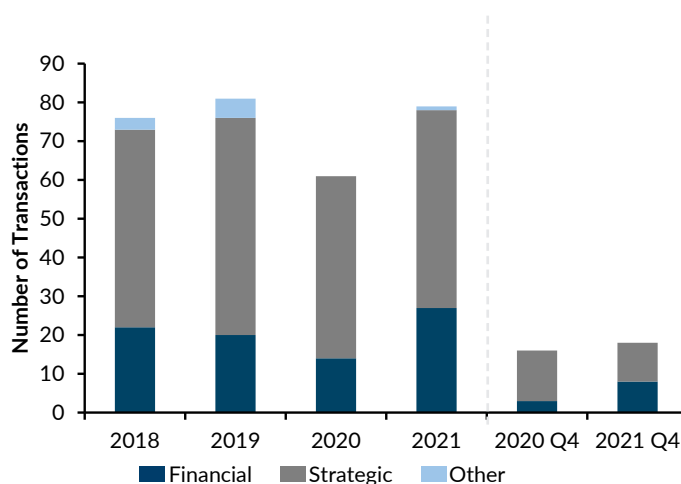


# Consumable & Disposable M&A

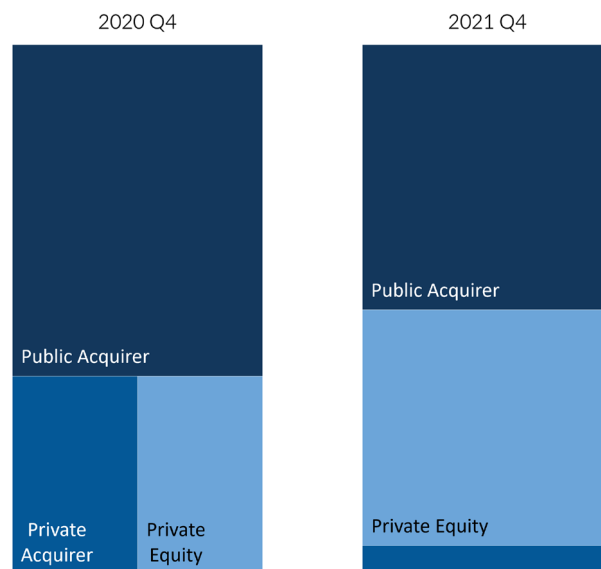
## TRENDS IN CONSUMABLE & DISPOSABLE M&A

- Much like in the Medical Equipment and Therapeutic Device categories, 2021 was a strong year for Consumable & Disposable M&A, with transaction volume up 29.5% over 2020. 27 of the announced transactions involved a financial party and 51 a strategic. While financial buyer transactions were above the 2019 sector volume high mark, overall volume was slightly below the record year.
- Private equity buyers were involved in a much larger share of transactions in 2021 than in 2020, comprising 32.9% of acquirers compared to 21.3% the year prior. This increase in proportion mostly came at the expense of private acquirers, as public acquirers remained consistent at just over half of transactions.
- There remains significant international activity within Consumable and Disposable M&A. Of the 79 total transactions, 56 had at least one international party.
- Infection Control remained the most active end market for obvious, COVID-19 related reasons. Volume in the end market was distributed fairly evenly across quarters, indicating there has been no decrease in appetite for pandemic linked assets.

## FINANCIAL VS. STRATEGIC BUYER CONSUMABLE & DISP.



## CONSUMABLE & DISP. TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2019	2020	2021	20 Q4	21 Q4
Acute Care	8	8	9	2	3
Aesthetic	2	-	1	-	1
Cardiovascular	2	-	-	-	-
Drug Delivery	5	8	4	1	-
Furniture/Equipment	1	-	1	-	-
Home Health	4	2	2	-	-
Hospital Care	9	6	14	2	2
Infection Control	2	18	27	5	7
IVD	5	1	3	-	-
Monitor	-	-	1	-	1
Neurovascular	-	-	-	-	-
Ophthalmology	3	1	1	1	-
Ortho	-	1	-	-	-
Other	22	11	4	2	1
Respiratory	2	2	-	2	-
Support	6	3	6	1	2
Surgical	10	-	6	-	1
<b>Total</b>	<b>81</b>	<b>61</b>	<b>79</b>	<b>16</b>	<b>18</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2019	2020	2021	20 Q4	21 Q4
Int'l-to-Int'l	42	35	41	7	10
U.S.-to-Int'l	9	4	8	1	2
U.S.-to-U.S.	25	21	23	8	3
Int'l-to-U.S.	5	1	7	-	3
<b>Total</b>	<b>81</b>	<b>61</b>	<b>79</b>	<b>16</b>	<b>18</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Medical Device Public Comparables

## PUBLIC DIVERSIFIED MEDICAL DEVICE COMPANY COMMENTARY

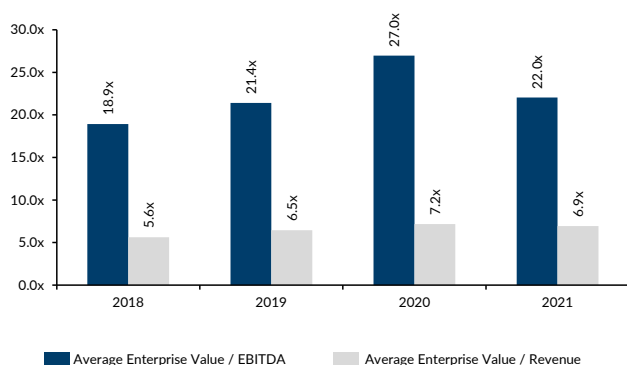
- “Out of our 20 businesses, 14 reached revenue levels last quarter that were at or above pre-COVID levels 2 years ago. That said, the recovery from Delta has taken longer in the U.S. and Europe.” – Geoffrey Straub Martha, Medtronic Chairman of the Board & CEO
- “In the last 2 years, COVID-19 has changed global perceptions and attitudes towards health care. It has shown us that there is significant opportunity for change and improvement in order to better serve patients, customers and communities around the world. The global response to the pandemic has also created a renewed sense of optimism about the power of science.” – Joaquin Duato, Johnson & Johnson CEO & Director

### DIVERSIFIED MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

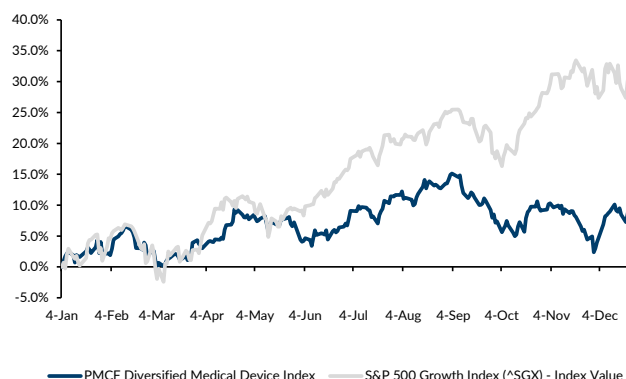
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	12/31/2021	9,692	18,397	241,365	250,286	5.9x	19.7x	34.9x
Baxter International Inc.	9/30/2021	3,258	6,440	42,980	46,207	3.7x	15.5x	36.1x
Becton, Dickinson and Company	12/31/2021	1,911	17,424	71,683	87,196	4.3x	15.1x	36.7x
Boston Scientific Corporation	12/31/2021	1,947	9,462	60,534	68,049	5.9x	21.5x	55.3x
Intuitive Surgical, Inc.	12/31/2021	8,620	0	128,355	119,736	22.6x	58.9x	77.5x
Johnson & Johnson	10/3/2021	31,708	33,928	450,358	452,578	4.9x	14.2x	25.6x
Medtronic plc	10/29/2021	10,669	25,623	139,095	154,217	4.8x	15.7x	29.8x
Smith & Nephew plc	7/3/2021	1,387	3,566	15,387	17,566	3.5x	14.5x	28.3x
Stryker Corporation	12/31/2021	3,019	12,472	100,882	110,335	6.7x	23.3x	53.8x
High		31,708	33,928	450,358	452,578	22.6x	58.9x	77.5x
Mean		8,023	14,146	138,960	145,130	6.9x	22.0x	42.0x
Median		3,258	12,472	100,882	110,335	4.9x	15.7x	36.1x
Low		1,387	0	15,387	17,566	3.5x	14.2x	25.6x

As of January 01, 2022

### DIVERSIFIED MEDICAL DEVICE MULTIPLES



### DIVERSIFIED MEDICAL DEVICE INDEX



EV/EBITDA multiples for the Diversified Medical Device (“DMD”) sector finished 2021 slightly below year end levels in 2020, 22.0x vs 27.0x. This still represents healthy growth along the 2018 and 2019 trend line, and suggests 2020 may have been an outlier. The only company in the DMD sector with a higher multiple in 2021 than in 2020 was Baxter International, which increased 5% year-over-year. Medtronic saw the largest percentage decline, dropping from 26.5x to 15.7x. Average Revenue multiples were nearly flat year-over-year, down 3.3%. Intuitive continues to lead the sector in revenue multiples, while the next closest is Stryker at 6.7x.

The PMCF DMD index finished 2021 up 11.5% on the year. While undoubtedly a strong year for the sector, this lagged the benchmark S&P 500 Growth Index which was up 33.1% during 2021 and surged ahead of the DMD in Q4.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Orthopedic Public Comparables

## PUBLIC ORTHOPEDIC MEDICAL DEVICE COMPANY COMMENTARY

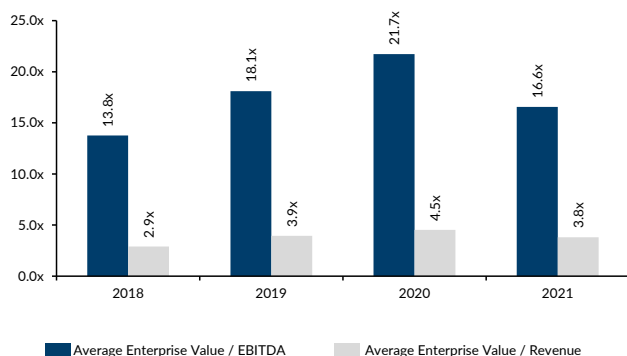
- “M&A that makes sense for us to help reshape our business and also reshape the addressable market. You can see we’ve talked a lot about margin expansion. Talked about it in our plan since last March of moving our segment margins to 25% net margin. Certainly, with COVID, we have some inefficiencies that we have to recapture. But we’re getting strong levers on our growth, and that’s a big part of our strategy is doing exactly that.” – Brady Shirley, Colfax CEO of DJO & EVP
- “[t]he shift to decentralized care, and this has been accelerated by COVID as both patients and providers look to move care actually away from the mainstream general hospital. With that comes new opportunities for innovation to meet the needs for simple procedures.” – Roland Diggelmann, Smith & Nephew CEO and Director

### ORTHOPEDIC MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

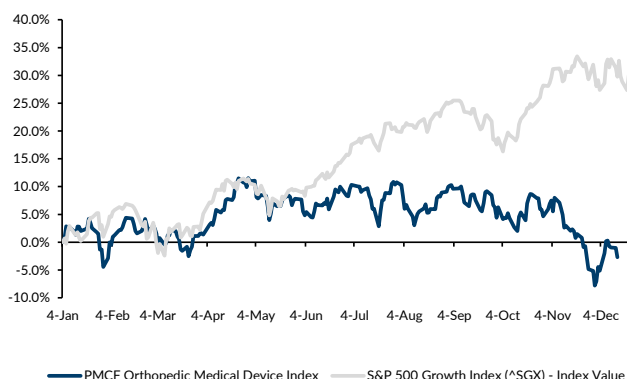
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Alphatec Holdings, Inc.	9/30/2021	224	356	1,135	1,291	6.1x	NM	NM
Colfax Corporation	10/1/2021	177	1,789	7,115	8,771	2.4x	13.9x	55.2x
Globus Medical, Inc.	9/30/2021	553	5	7,326	6,778	6.7x	21.0x	39.7x
NuVasive, Inc.	9/30/2021	235	1,008	2,715	3,489	3.1x	15.9x	NM
Orthofix Medical Inc.	9/30/2021	83	26	614	557	1.2x	13.9x	NM
Smith & Nephew plc	7/3/2021	1,387	3,566	15,387	17,566	3.5x	14.5x	28.3x
Stryker Corporation	12/31/2021	3,019	12,472	100,882	110,335	6.7x	23.3x	53.8x
Surgalign Holdings, Inc.	9/30/2021	68	1	99	32	0.3x	NM	NM
Zimmer Biomet Holdings, Inc.	9/30/2021	929	7,516	26,540	33,133	4.2x	13.4x	32.5x
High		3,019	12,472	100,882	110,335	6.7x	23.3x	55.2x
Mean		742	2,971	17,979	20,217	3.8x	16.6x	41.9x
Median		235	1,008	7,115	6,778	3.5x	14.5x	39.7x
Low		68	1	99	32	0.3x	13.4x	28.3x

As of January 01, 2022

### ORTHOPEDIC MEDICAL DEVICE MULTIPLES



### ORTHOPEDIC MEDICAL DEVICE INDEX



Like the other PMCF tracked sectors, both revenue and EBITDA multiples in the Orthopedic Medical Device were down from 2020 highs at the close of 2021. Colfax was the lone company in the sector with increased EBITDA and revenue multiples, up 8.0% and 8.8% respectively. Orthofix experienced the steepest decline, down over 50% from 29.2x to 13.9x. Globus and Zimmer Biomet followed with the next two largest decreases. Overall multiples remain in line with 2018 and 2019, suggesting a return to more typical recent market valuations.

PMCF's OMD index was nearly flat for 2021, recovering from a November slide to finish up 2.2% on the year. Price to earnings metrics remain in line with companies in the Medical Device and Cardiovascular sectors.

# Cardiovascular Public Comparables

## PUBLIC CARDIOVASCULAR MEDICAL DEVICE COMPANY COMMENTARY

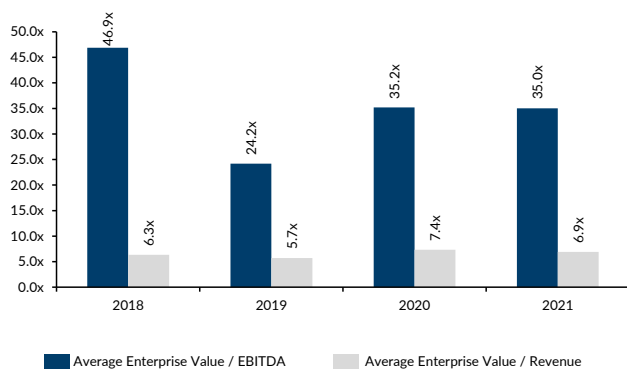
- “A main theme of healthcare was how to optimize onetime acute treatments. As chronic diseases increase, it is becoming just as important to manage the patient journey on a longer timeline. Improving the efficiency of long-term treatment, results will be required from a medical cost perspective. We will transition into an era in which even acute care results are traced through prognosis to monitor the efficacy of treatment.” – Shinjiro Sato, Terumo President, CEO, & Director
- “Coronary artery disease is the #1 cause of death in the U.S. and causes poor heart function, heart attacks and reduced quality of life for 15 million people and results in 875,000 deaths per year. This is also the #1 cause of death for people suffering from obesity and type 2 diabetes.” – Michael Minogue, Abiomed, Chairman, CEO & President

### CARDIOVASCULAR MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

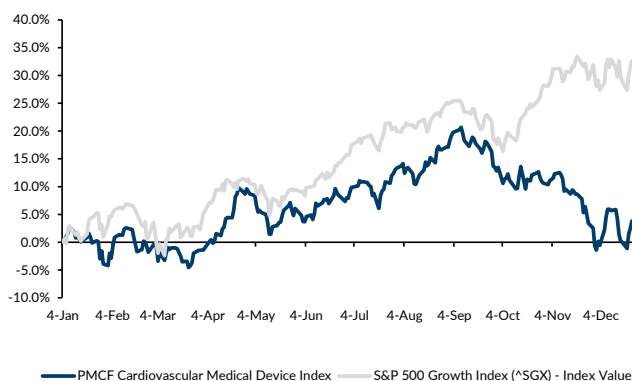
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abiomed, Inc.	12/31/2021	669	0	16,341	15,672	15.9x	52.4x	110.3x
AngioDynamics, Inc.	11/30/2021	34	33	1,066	1,065	3.6x	79.6x	NM
Cardiovascular Systems, Inc.	12/31/2021	177	20	762	605	2.3x	NM	NM
Artivion, Inc.	9/30/2021	65	363	800	1,099	3.8x	25.2x	0.0x
Edwards Lifesciences Corporation	12/31/2021	1,467	690	80,883	80,106	15.7x	45.3x	55.7x
LeMaitre Vascular, Inc.	9/30/2021	67	16	1,097	1,046	6.9x	20.5x	37.8x
Medtronic plc	10/29/2021	10,669	25,623	139,095	154,217	4.8x	15.7x	29.8x
Merit Medical Systems, Inc.	9/30/2021	69	356	3,517	3,804	3.6x	20.6x	81.3x
Terumo Corporation	9/30/2021	1,832	2,248	31,922	32,338	5.5x	21.0x	38.5x
High		10,669	25,623	139,095	154,217	15.9x	79.6x	110.3x
Mean		1,672	3,261	30,609	32,217	6.9x	35.0x	50.5x
Median		177	356	3,517	3,804	4.8x	23.1x	38.5x
Low		34	0	762	605	2.3x	15.7x	0.0x

As of January 01, 2022

### CARDIOVASCULAR MEDICAL DEVICE MULTIPLES



### CARDIOVASCULAR MEDICAL DEVICE INDEX



Cardiovascular Medical Devices multiples finished 2021 almost exactly where they finished 2020, at 35.2x vs 35.0x. Revenue multiples had a more pronounced decline, down 6.1% to 6.9x, though still a very robust valuation when compared to recent years. AngioDynamics remains the outlier in the sector, trading at 79.6x EBITDA at year end, up from 52.9x in 2020. Edwards Lifesciences also retained a premium valuation relative to the sector, up 15.1% to 45.3x.

The CMD index grew a modest 4.2% on the year, down from a high of 20.7% in early September. Until that point the sector had largely traced the performance of the S&P 500 Growth Index, but while the S&P spring boarded into a strong fourth quarter the CMD declined each month during Q4.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Diagnostic Public Comparables

## PUBLIC DIVERSIFIED DIAGNOSTIC COMPANY COMMENTARY

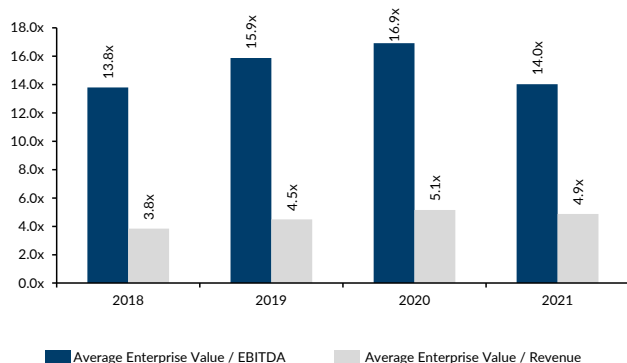
- “Today, next-gen sequencing instruments are complicated, their workflows are difficult. Therefore, most of these tests reside in large reference laboratories or large academic laboratories around the world.” – Ronald Andrews, Thermo Fisher Scientific, CEO, President, & Director
- “Lab and customer site access is holding at pre-pandemic levels, evidenced by more normalized customer productivity, equipment installations and project initiation, supported by a strong funding environment...The shifts in treatment towards biologics as the standard of care and the accelerating focus on genomic therapies are driving significant investments in research, development and production capacity across the sector.” – Rainer Blair, Danaher, President, CEO & Director

### DIVERSIFIED DIAGNOSTIC PUBLIC COMPARABLES SUMMARY

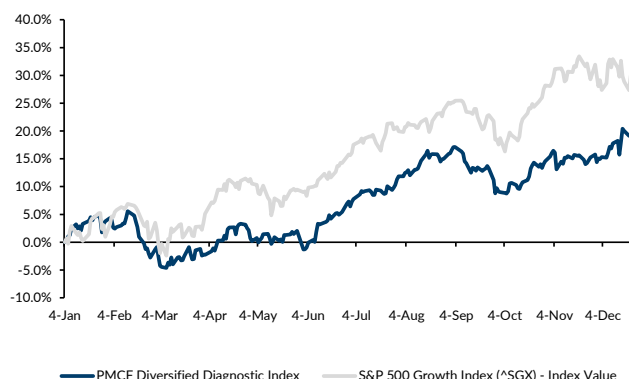
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	12/31/2021	9,692	18,397	241,365	250,286	5.9x	19.7x	34.9x
Becton, Dickinson and Co.	12/31/2021	1,911	17,424	71,683	87,196	4.3x	15.1x	36.7x
Danaher Corporation	12/31/2021	2,586	22,176	235,103	257,971	9.3x	26.2x	42.4x
Hologic, Inc.	12/25/2021	1,421	3,093	19,249	20,921	3.8x	7.3x	10.6x
Laboratory Corporation of America	9/30/2021	2,055	6,336	30,070	34,371	2.1x	7.0x	11.1x
Novartis AG	12/31/2021	28,224	31,093	197,007	200,043	4.2x	10.3x	19.9x
Quest Diagnostics Incorporated	12/31/2021	872	4,657	21,224	25,127	2.3x	7.1x	10.4x
Roche Holding AG	12/31/2021	14,294	34,223	336,558	360,716	5.1x	13.5x	23.3x
Thermo Fisher Scientific Inc.	12/31/2021	4,477	34,870	262,925	293,440	7.0x	20.1x	31.0x
High		28,224	34,870	336,558	360,716	9.3x	26.2x	42.4x
Mean		7,281	19,141	157,243	170,008	4.9x	14.0x	24.5x
Median		2,586	18,397	197,007	200,043	4.3x	13.5x	23.3x
Low		872	3,093	19,249	20,921	2.1x	7.0x	10.4x

As of January 01, 2022

### DIVERSIFIED DIAGNOSTIC MULTIPLES



### DIVERSIFIED DIAGNOSTIC INDEX



EV/EBITDA multiples within the Diversified Diagnostic (“DD”) industry remained behind those of PMCF’s other tracked medical sectors, closing the year at 14.0x. This comes despite the continued focus on diagnostics, and the importance of testing in managing continued COVID-19 outbreaks. Roche had the strongest 2021 in terms of EBITDA and Revenue multiples, up 18.5% and 15.3%. No other companies had increased EBITDA multiples, though Danaher and Thermo Fisher both recorded higher revenue multiples.

The DD Index was the strongest performing of the four tracked PMCF sectors, up 22.5% on the year. It was the only index to rebound from the September / October market slump with a strong fourth quarter, seeing 13.5% gains during the period.

# 2021 Venture Capital Activity Overview

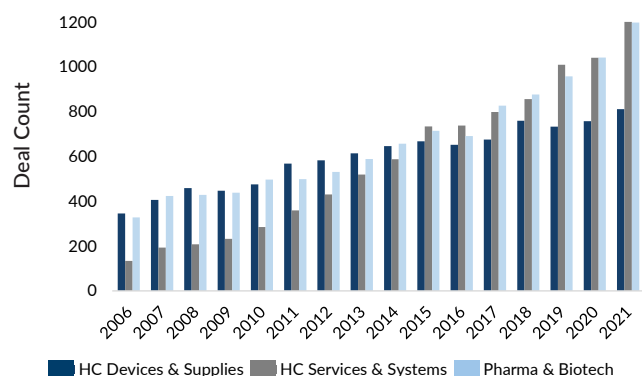
2021 was yet another record setting year in the venture capital world, making 2020's record highs pale in comparison. By nearly all measures, including deal activity, median valuations, and total capital invested 2021 was the industry's best year ever. For instance, in the U.S. alone VC backed companies raised \$330 billion. The previous high, in 2020, was just over half that amount at \$167 billion. This jump in capital raising was likely stimulated by the robust exit market, with over \$770 billion in exit value for VC backed companies getting acquired or going public. The majority of that \$770 billion, approximately \$682 billion, came from IPOs or companies utilizing SPACs. There is reason for continued optimism heading into 2022 as VC funds raised a record setting \$128 billion in capital, an over 45% increase from 2020's previous record high.

Deal activity shifted towards later stage companies in 2021, which is unsurprising given the increasing ability of investors to invest relatively late in a company's development and still realize large returns upon entering the public market. In 2021 Later VC deals comprised 30.3% of activity, up from 28.3% in 2020 and 25.9% in 2019. With Early VC deals also increasing from 28.0% to 30.9%, the increases in share came at the expense of Angel & Seed activity, which fell from 43.7% to 38.7%. After peaking at 50.4% of deal activity in 2015, Angel & Seed has declined every year since, though still far above the 13.3% of activity the stage made up in its nascent days back in 2006.

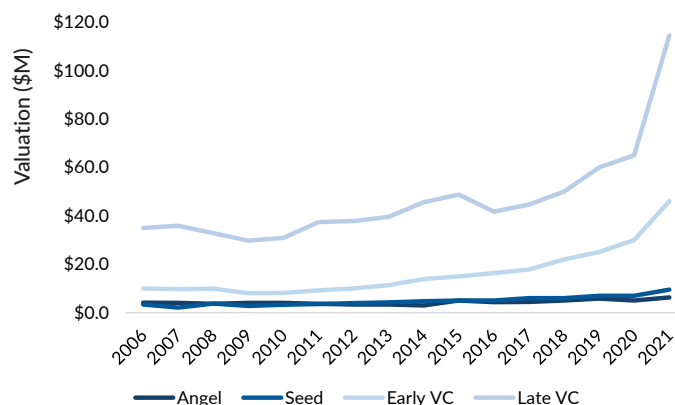
Median deal valuations again grew significantly across all deal stages, with each subsequent stage seeing a large % and absolute value increase in valuation year-over-year. Angel valuations were up 25.7% over 2020, Seed 35.7%, Early VC 53.3%, and Late VC median valuations a whopping 76.2% to \$114.5M. Given the large number of outsize mega rounds this year, average valuations were even higher, with the average Late VC valuation exceeding \$430 million.

Focusing in on healthcare, all three subsectors saw growth in deal volume. HC Services & Systems led the way up 24.3%, while Pharma & Biotech grew 14.9% and HC Devices & Supplies a more modest 6.9%. By funding raised the growth of these sectors was even more pronounced, with increases of 123.2%, 41.1%, and 15.2% respectively.

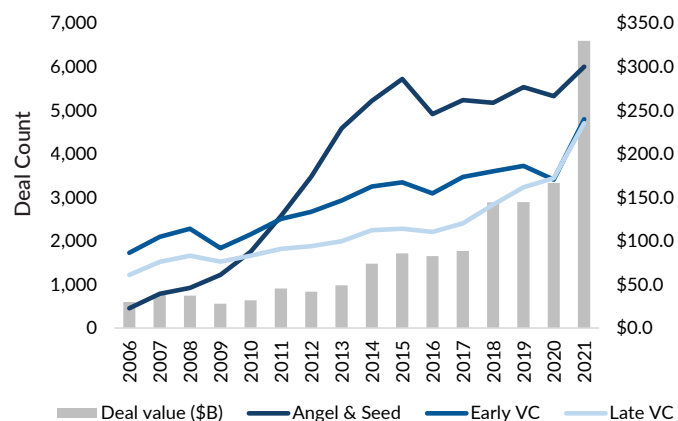
## VC INVESTMENTS IN MEDICAL SECTORS



## 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.

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