MERCER CAPITAL
BUSINESS VALUATION & FINANCIAL ADVISORY SERVICES

VALUE FOCUS

Medtech & Device Industry

Fourth Quarter 2023

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

We include a review of market performance, valuation multiple trends, operating metrics, and other market data. This issue also includes a review of M&A and IPO activity during the third quarter of 2023.

MERCER CAPITAL

Medtech & Device Industry Services

Mercer Capital provides valuation services to start ups, larger public and private companies, and private equity and venture capital funds.

Mercer Capital's expertise in the medtech and device industry spans the following segments:

- Biotechnology and life sciences
- Medical devices
- Healthcare technology
- Large, diversified

Our services include:

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

Contact a Mercer Capital professional to discuss your needs in confidence.

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In This Issue

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Stock Market Performance

The *S&P 500* declined 3.6% during the third quarter of 2023 after increasing 8.3% in the prior quarter. Among the medtech industry sub-sectors tracked by Mercer Capital, the medical devices group underperformed the broader index over 3Q23. The healthcare technology group outperformed all other groups. The large, diversified group and the biotechnology & life sciences groups posted negative returns over the quarter, albeit better than the broader index.

- A market-capitalization weighted index of companies included in our biotechnology and life sciences sub-sector declined 2.2% over the quarter ended September 2023. The top performer of the group was Regeneron Pharmaceuticals, Inc., which posted a 14.5% return. REGN is a Tarrytown, New York-based company that develops, manufactures, and commercializes medicines for treating a variety of diseases including, among others, macular degeneration, atopic dermatitis, cutaneous squamous cell carcinoma, atherosclerotic cardiovascular disease, and rheumatoid arthritis.

- The medical device index fell 14.2% in 3Q23. Companies across the group performed poorly. The best performer was Boston Scientific Corporation with a quarterly return of negative 2.4%. BSX is a Massachusetts-based company that develops, manufactures, and markets medical devices for use in various interventional medical specialties worldwide.

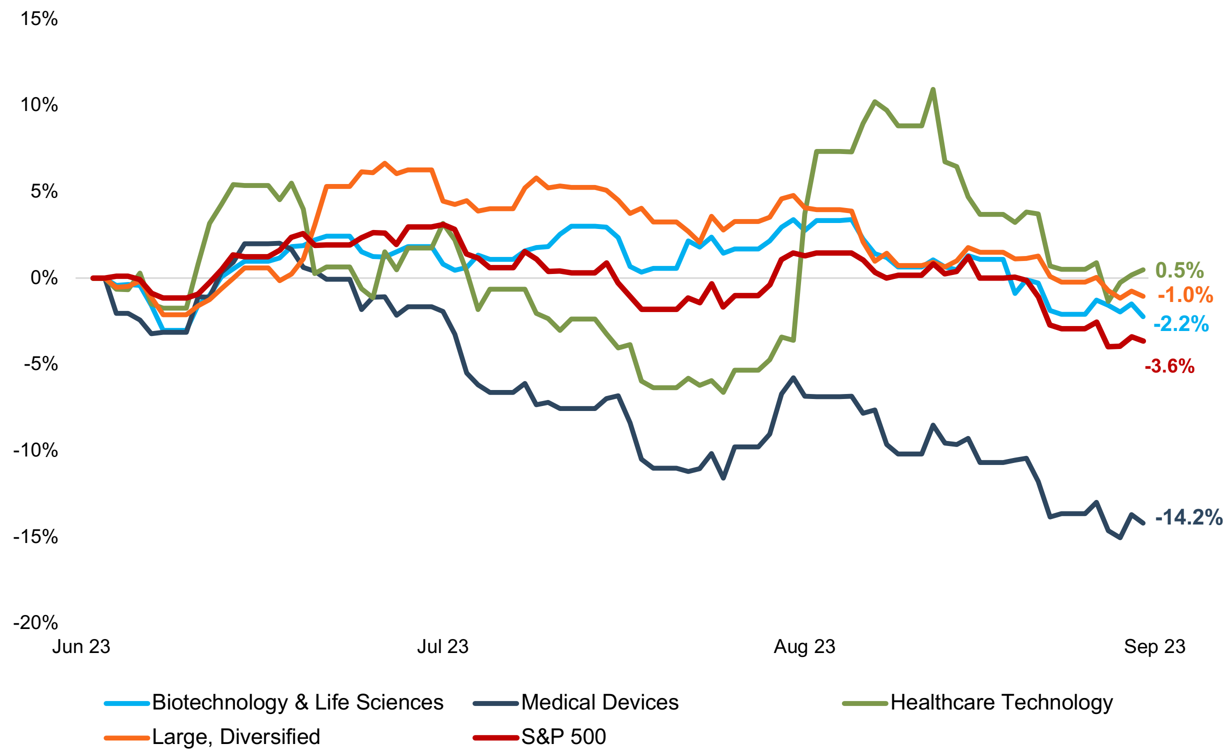
- The healthcare technology index increased 0.5% over the quarter. Veradigm, Inc., up 46.3%, outperformed all other constituents of the group. MDRX is a Chicago-based healthcare technology company that provides information technology solutions and services to healthcare organizations in the US, Canada, and internationally.

- The large, diversified companies as a group returned negative 1.0% over the quarter. The top performer was Amgen, Inc. up 22.0% during the period. AMGN develops, manufactures, and delivers human therapeutics worldwide, focusing on inflammation, oncology, bone health, cardiovascular disease, nephrology, and neuroscience areas.

Stock Market Performance

(continued)

3Q 2023 Stock Price Performance

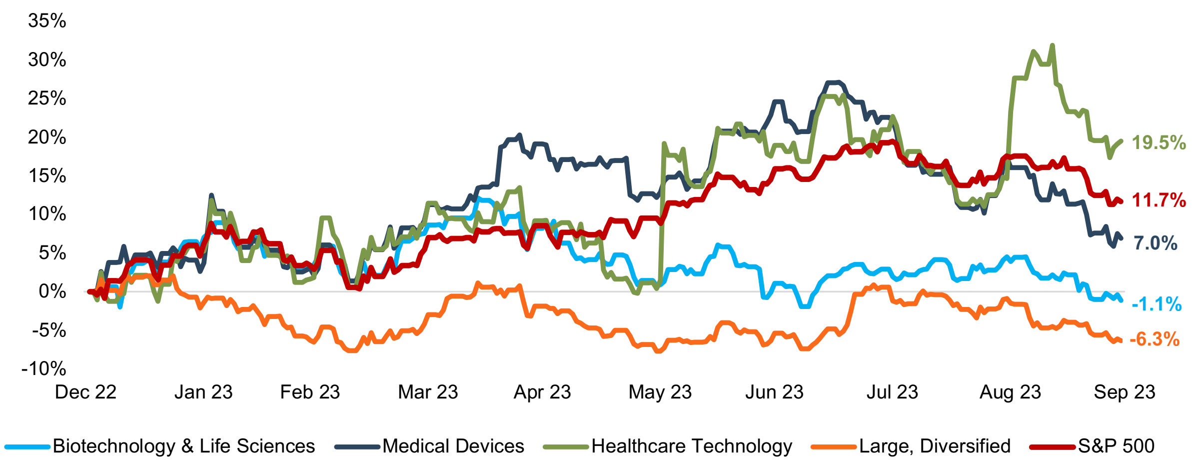


Individual sub-sector performance represented by market capitalization weighted indices for each group.
Data Source: Bloomberg LP; Mercer Capital Analysis

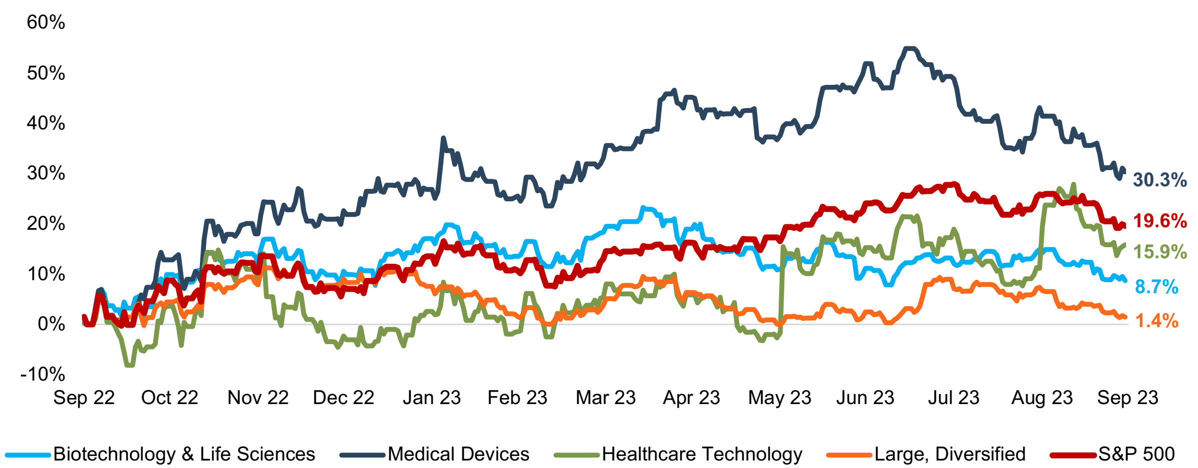
Stock Market Performance

(continued)

YTD Stock Price Performance



LTM Stock Price Performance



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

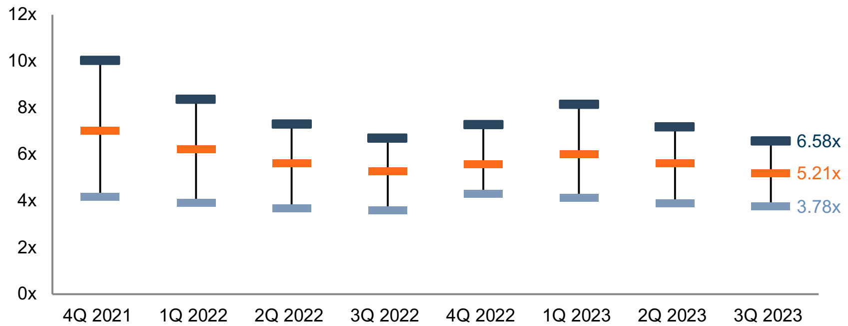
Revenue Multiples

75% Quartile · Median · 25% Quartile

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

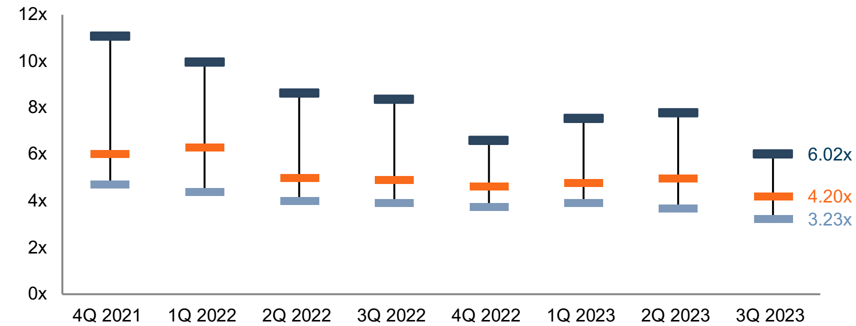
Biotechnology & Life Sciences

EV / Trailing LTM Revenue



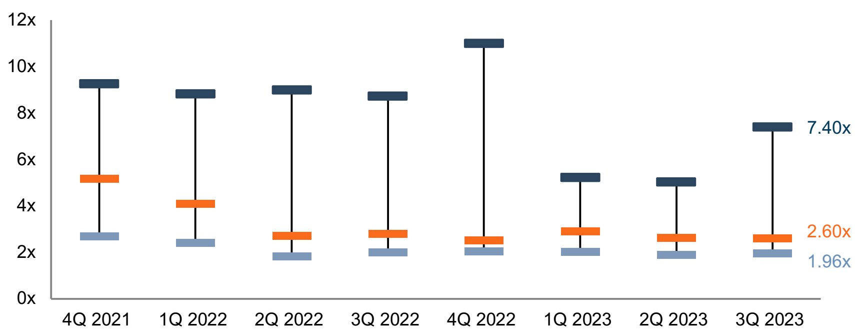
Medical Devices

EV / Trailing LTM Revenue



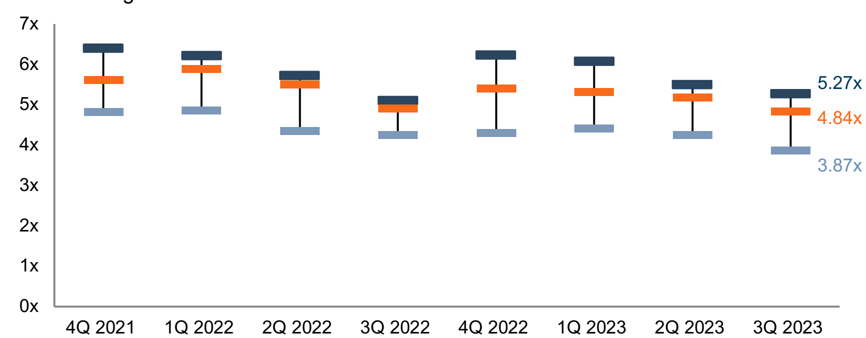
Healthcare Technology

EV / Trailing LTM Revenue



Large, Diversified

EV / Trailing LTM Revenue

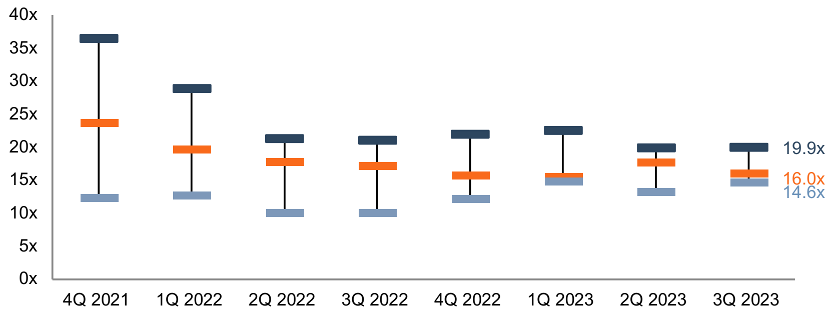


EBITDA Multiples

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

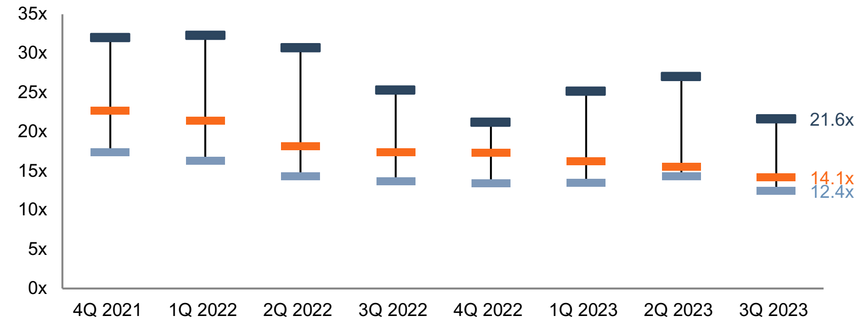
Biotechnology & Life Sciences

EV / Trailing LTM EBITDA



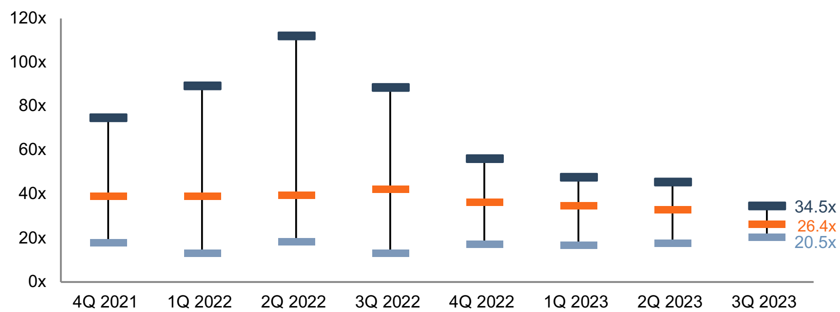
Medical Devices

EV / Trailing LTM EBITDA



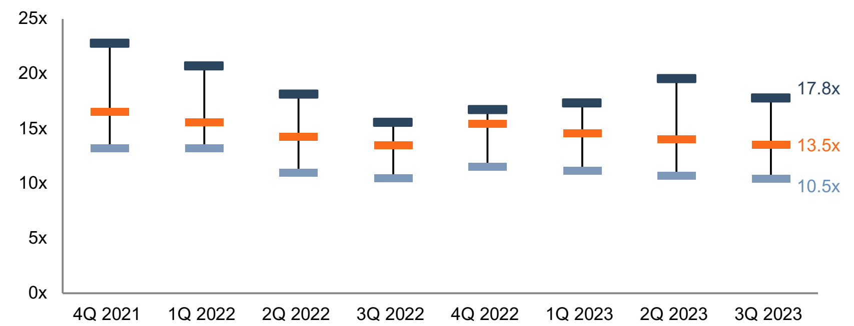
Healthcare Technology

EV / Trailing LTM EBITDA



Large, Diversified

EV / Trailing LTM EBITDA



Select Operating Metrics

Sector	TTM Gross Margin 3Q 2023	TTM Gross Margin 2Q 2023	TTM Operating Margin 3Q 2023	TTM Operating Margin 2Q 2023	TTM R&D / Revenue 3Q 2023	TTM R&D / Revenue 2Q 2023	TTM EBITDA Margin 3Q 2023	TTM EBITDA Margin 2Q 2023
Biotechnology & Life Sciences	61.4%	62.2%	19.4%	24.0%	21.4%	20.3%	27.8%	31.8%
Medical Devices	63.3%	62.8%	17.3%	17.3%	6.9%	7.1%	29.2%	29.4%
Healthcare Technology	58.5%	58.9%	5.4%	4.5%	13.1%	13.5%	19.9%	18.9%
Large, Diversified	57.0%	57.4%	18.2%	19.0%	8.8%	8.7%	31.5%	32.4%
Overall Median	**59.6%**	**59.7%**	**16.8%**	**17.1%**	**8.3%**	**8.1%**	**28.9%**	**29.5%**

Sector	Revenue Growth Q / Q	Revenue Growth Y / Y	L-T FWD Op. Earn. Growth 3Q 2023	L-T FWD Op. Earn. Growth 2Q 2023	Debt / EV 3Q 2023	Debt / EV 2Q 2023	Debt / EBITDA 3Q 2023	Debt / EBITDA 2Q 2023
Biotechnology & Life Sciences	0.2%	0.6%	4.2%	9.7%	11.7%	8.5%	2.4	1.8
Medical Devices	1.9%	4.8%	8.0%	10.6%	11.5%	10.5%	2.2	1.8
Healthcare Technology	2.0%	11.0%	8.8%	9.4%	17.0%	12.9%	2.1	0.4
Large, Diversified	-0.2%	-3.2%	3.8%	5.9%	17.1%	20.3%	2.5	2.8
Overall Median	**1.1%**	**0.9%**	**7.1%**	**9.4%**	**14.0%**	**10.7%**	**2.3**	**2.0**

Median measures for each group. | Data Source: Bloomberg

Public Medical Device Companies

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		3Q 2023	2Q 2023	3Q 2022	Quarterly	Annual	3Q 2023	3Q 2023	3Q 2023	FY 2024	FY 2025	3Q 2023	3Q 2023	2024	2025
Biotechnology & Life Sciences															
Biogen Inc	BIIB	$257	$285	$267	-9.8%	-3.7%	$42,642	$9,993	$2,697	$2,941	$3,384	4.27x	15.8x	14.5x	12.6x
Bio-Rad Laboratories Inc	BIO	358	379	417	-5.5%	-14.1%	10,069	2,720	622	516	546	3.70	16.2	19.5	18.4
BioMarin Pharmaceutical Inc	BMRN	88	87	85	2.1%	4.4%	16,124	2,311	234	350	633	6.98	68.9	46.1	25.5
Sartorius Stedim Biotech	DIM	239	250	309	-4.3%	-22.6%	25,925	3,150	898	781	953	8.23	28.9	33.2	27.2
Eurofins Scientific SE	ERF	57	62	59	-9.3%	-3.8%	14,838	6,816	1,301	1,334	1,493	2.18	11.4	11.1	9.9
Gilead Sciences Inc	GILD	75	76	59	-1.8%	26.1%	110,404	27,391	11,923	12,009	12,763	4.03	9.3	9.2	8.7
Illumina Inc	ILMN	137	187	191	-26.8%	-28.0%	22,944	4,465	418	442	548	5.14	54.9	52.0	41.9
Incyte Corp	INCY	58	62	67	-7.2%	-13.3%	9,430	3,609	638	815	1,167	2.61	14.8	11.6	8.1
IQVIA Holdings Inc	IQV	197	225	181	-12.5%	8.6%	48,541	14,855	3,329	3,567	3,799	3.27	14.6	13.6	12.8
Lonza Group AG	LONN	465	596	491	-21.9%	-5.3%	35,510	6,736	2,447	1,883	1,966	5.27	14.5	18.9	18.1
Mettler-Toledo International Inc	MTD	1,108	1,312	1,084	-15.5%	2.2%	26,267	3,911	1,275	1,235	1,224	6.72	20.6	21.3	21.5
Regeneron Pharmaceuticals Inc	REGN	823	719	689	14.5%	19.5%	76,631	13,097	5,021	5,291	5,320	5.85	15.3	14.5	14.4
Vertex Pharmaceuticals Inc	VRTX	348	352	290	-1.2%	20.1%	78,461	9,654	4,605	4,604	5,100	8.13	17.0	17.0	15.4
Waters Corp	WAT	274	267	270	2.9%	1.7%	18,446	2,995	1,035	1,051	1,083	6.16	17.8	17.6	17.0
Group Median					**-6.3%**	**-1.0%**						**5.21x**	**16.0x**	**17.3x**	**16.2x**

($Millions, except per share figures)
Data Source: Bloomberg

Public Medical Device Companies *(continued)*

		Price			∆ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		3Q 2023	2Q 2023	3Q 2022	Quarterly	Annual	3Q 2023	3Q 2023	3Q 2023	FY 2024	FY 2025	3Q 2023	3Q 2023	2024	2025
Medical Devices															
Terumo Corp	TRUMF	$27	$31	$28	-15.6%	-4.7%	$20,280	$6,131	$1,434	$207,230	$229,642	3.31x	14.1x	0.1x	0.1x
Sysmex Corp	SSMXY	48	68	53	-29.3%	-10.1%	9,742	3,089	784	115,685	126,886	3.15	12.4	0.1	0.1
Olympus Corp	OCPNY	13	16	19	-17.2%	-31.8%	17,641	6,445	1,946	186,827	249,694	2.74	9.1	0.1	0.1
Align Technology Inc	ALGN	305	354	207	-13.7%	47.4%	22,192	3,807	738	865	926	5.83	30.1	25.7	24.0
Baxter International Inc	BAX	38	45	52	-16.6%	-28.1%	30,254	14,951	2,837	2,936	3,233	2.02	10.7	10.3	9.4
Boston Scientific Corp	BSX	53	54	39	-2.4%	36.3%	85,576	13,757	3,971	4,052	4,574	6.22	21.6	21.1	18.7
Coloplast A/S	COLOB	106	125	100	-15.2%	6.2%	25,646	3,425	1,126	8,941	9,924	7.49	22.8	2.9	2.6
Edwards Lifesciences Corp	EW	69	94	83	-26.6%	-16.2%	40,941	5,819	1,915	1,896	2,128	7.04	21.4	21.6	19.2
Hologic Inc	HOLX	69	81	65	-14.3%	7.6%	16,977	4,038	1,290	1,342	1,422	4.20	13.2	12.7	11.9
IDEXX Laboratories Inc	IDXX	437	502	326	-12.9%	34.2%	37,034	3,588	1,205	1,217	1,317	10.32	30.7	30.4	28.1
Intuitive Surgical Inc	ISRG	292	342	187	-14.5%	55.9%	102,302	nm	nm	2,749	3,194	nm	nm	37.2	32.0
ResMed Inc	RMD	147	217	216	-32.1%	-31.7%	23,173	4,016	1,279	1,500	1,656	5.77	18.1	15.5	14.0
Smith & Nephew PLC	SN/	12	16	11	-22.6%	8.6%	13,623	5,349	1,088	1,353	1,486	2.55	12.5	10.1	9.2
Stryker Corp	SYK	273	304	200	-10.2%	36.4%	115,041	19,885	5,310	5,314	5,968	5.79	21.7	21.6	19.3
Teleflex Inc	TFX	196	242	200	-18.7%	-1.9%	10,695	2,959	864	855	921	3.61	12.4	12.5	11.6
Zimmer Biomet Holdings Inc	ZBH	112	145	104	-22.8%	8.2%	28,622	7,279	2,396	2,640	2,774	3.93	11.9	10.8	10.3
Group Median					**-16.1%**	**6.9%**						**4.20x**	**14.1x**	**12.6x**	**11.8x**

($Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies *(continued)*

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		3Q 2023	2Q 2023	3Q 2022	Quarterly	Annual	3Q 2023	3Q 2023	3Q 2023	FY 2024	FY 2025	3Q 2023	3Q 2023	2024	2025
Healthcare Technology															
M3 Inc	MTHRY	$18	$22	$28	-15.6%	-34.7%	$11,318	$1,749	$599	$83,632	$94,717	6.47x	18.9x	0.1x	0.1x
Craneware PLC	CRW	18	17	21	5.5%	-13.3%	722	170	52	57	61	4.25	13.9	12.6	11.8
Doximity Inc	DOCS	21	34	30	-37.6%	-29.8%	3,345	402	130	213	235	8.33	25.8	15.7	14.2
Evolent Health Inc	EVH	27	30	36	-10.1%	-24.2%	3,680	1,790	116	195	262	2.06	31.7	18.9	14.1
HealthStream Inc	HSTM	22	25	21	-12.0%	1.8%	607	277	55	61	65	2.19	11.0	10.0	9.3
Veradigm Inc	MDRX	13	13	15	4.3%	-13.7%	1,436	152	40	174	177	9.45	35.7	8.3	8.1
NextGen Healthcare Inc	NXGN	24	16	18	46.3%	34.1%	1,625	626	60	128	150	2.60	27.0	12.7	10.8
Omnicell Inc	OMCL	45	74	87	-38.9%	-48.2%	2,202	1,186	88	131	134	1.86	25.1	16.9	16.4
Teladoc Health Inc	TDOC	19	25	25	-26.6%	-26.7%	3,618	2,580	102	323	363	1.40	35.4	11.2	10.0
Tabula Rasa HealthCare Inc	TRHC	10	8	5	25.0%	114.8%	553	338	(11)	22	33	1.63	nm	25.1	16.9
Veeva Systems Inc	VEEV	203	198	165	2.9%	23.4%	29,718	2,077	512	850	1,046	14.31	58.0	35.0	28.4
Group Median					**-10.1%**	**-13.7%**						**2.60x**	**26.4x**	**12.7x**	**11.8x**

($Millions, except per share figures)
Data Source: Bloomberg

Public Medical Device Companies *(continued)*

		Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Rev.	EV / EBITDA	EV / FWD EBITDA	
		3Q 2023	2Q 2023	3Q 2022	Quarterly	Annual	3Q 2023	3Q 2023	3Q 2023	FY 2024	FY 2025	3Q 2023	3Q 2023	2024	2025
Large, Diversified															
Agilent Technologies Inc	A	$112	$120	$120	-7.0%	-7.4%	$34,335	$6,994	$2,091	$2,027	$2,116	4.91x	16.4x	16.9x	16.2x
AbbVie Inc	ABBV	148	132	128	11.9%	15.6%	307,913	55,138	31,585	27,102	26,527	5.58	9.7	11.4	11.6
Abbott Laboratories	ABT	96	108	94	-10.7%	2.0%	175,403	39,959	9,911	10,190	10,851	4.39	17.7	17.2	16.2
Amgen Inc	AMGN	269	220	218	22.0%	23.3%	169,487	26,833	14,029	15,163	17,376	6.32	12.1	11.2	9.8
Becton Dickinson & Co	BDX	259	263	220	-1.7%	17.7%	90,853	19,046	6,610	5,552	5,345	4.77	13.7	16.4	17.0
Danaher Corp	DHR	220	212	228	3.4%	-3.6%	173,076	29,566	9,359	7,937	7,817	5.85	18.5	21.8	22.1
Johnson & Johnson	JNJ	156	164	159	-5.2%	-1.9%	411,071	83,703	38,402	31,905	32,997	4.91	10.7	12.9	12.5
Medtronic PLC	MDT	78	87	78	-10.3%	0.4%	121,256	30,772	9,143	9,120	9,869	3.94	13.3	13.3	12.3
Koninklijke Philips NV	PHIA	20	22	15	-7.2%	33.8%	26,374	19,204	3,045	2,815	3,057	1.37	8.7	9.4	8.6
Roche Holding AG	ROG	274	306	317	-10.4%	-13.6%	239,171	65,699	25,109	22,803	24,345	3.64	9.5	10.5	9.8
Siemens Healthineers AG	SHL	51	57	42	-10.3%	21.0%	73,626	22,626	4,078	4,670	5,357	3.25	18.1	15.8	13.7
Thermo Fisher Scientific Inc	TMO	506	521	506	-2.9%	0.1%	224,469	43,421	10,868	10,836	10,919	5.17	20.7	20.7	20.6
Group Median					**-6.1%**	**1.2%**						**4.84x**	**13.5x**	**14.5x**	**13.1x**

($Millions, except per share figures)

Data Source: Bloomberg

Mergers & Acquisitions

Announced Transactions During 3Q 2023					Implied EV			
Acquirer	Target	Announce Date	Transaction Value	Implied EV	Revenue	EBIT	EBITDA	Target Sector
Danaher Corporation	Abcam plc	8/28/23	5,999	5,900	12.35	64.2	40.0	Biotechnology
Thoma Bravo, L.P.; Thoma Bravo Discover Fund IV	NextGen Healthcare, Inc.	9/6/23	1,982	1,764	2.60	37.5	30.3	Health Care Technology
Eli Lilly and Company	Versanis Bio, Inc.	7/14/23	1,925	1,925	nm	nm	nm	Biotechnology
Revolution Medicines, Inc.	EQRx, Inc.	8/1/23	1,587	325	nm	nm	nm	Biotechnology
TPG Capital, L.P.	Nextech Systems, LLC	7/19/23	1,400	1,400	nm	nm	nm	Health Care Technology
Coloplast A/S	Kerecis LLC	7/7/23	1,300	1,300	17.48	nm	nm	Biotechnology
Alfasigma S.p.A.	Intercept Pharmaceuticals, Inc.	9/26/23	1,176	762	2.49	nm	nm	Biotechnology
Novo Nordisk A/S	Inversago Pharma Inc.	8/10/23	1,075	1,075	nm	nm	nm	Biotechnology
Novartis AG	DTx Pharma, Inc.	7/17/23	1,000	1,000	nm	nm	nm	Biotechnology
Thermo Fisher Scientific Inc.	CorEvitas, LLC	7/6/23	914	910	nm	nm	nm	Health Care Technology
Permira Advisers Ltd.	Ergomed plc	9/4/23	912	888	4.84	34.3	27.1	Life Sciences Tools and Services
Enovis Corporation	Limacorporate S.p.A.	9/25/23	867	842	2.95	129.8	23.7	Health Care Equipment
Boston Scientific Corporation	Relievant Medsystems, Inc.	9/19/23	850	850	nm	nm	nm	Health Care Equipment
Exact Care Pharmacy, LLC	Tabula Rasa HealthCare, Inc.	8/7/23	658	595	1.76	nm	nm	Health Care Technology
Laborie Medical Technologies, Inc.	Urotronic, Inc.	9/6/23	546	569	nm	nm	nm	Health Care Equipment
Novo Nordisk A/S	Embark Biotech ApS	8/30/23	515	515	nm	nm	nm	Biotechnology
Quince Therapeutics, Inc.	EryDel S.p.A.	7/24/23	509	509	nm	nm	nm	Life Sciences Tools and Services
Elos Medtech AB (publ)	Klingel Holding GmbH	7/28/23	408	na	nm	nm	nm	Health Care Equipment
Korro Bio, Inc.	Frequency Therapeutics, Inc.	7/14/23	326		nm	nm	nm	Biotechnology
DSM-Firmenich AG	Adare Pharmaceuticals SAS	7/3/23	300	300	nm	nm	nm	Biotechnology
Zoetis Inc.	PetMedix Ltd	9/15/23	285	262	nm	nm	nm	Life Sciences Tools and Services
ArchiMed SAS	Instem plc	8/30/23	245	234	2.99	29.3	19.9	Health Care Technology

Transaction values over $100 million; Presented in $millions
Data Source: Capital IQ

Mergers & Acquisitions *(continued)*

Announced Transactions During 3Q 2023

Acquirer	Target	Announce Date	Transaction Value	Implied EV	Implied EV: Revenue	Implied EV: EBIT	Implied EV: EBITDA	Target Sector
Regeneron Pharmaceuticals, Inc.	Decibel Therapeutics, Inc.	8/9/23	209	140	nm	nm	nm	Biotechnology
Neurogene Inc.	Neoleukin Therapeutics, Inc.	7/18/23	180	180	nm	nm	nm	Biotechnology
Repligen Sweden AB	Metenova AB	9/26/23	173	173	nm	nm	nm	Life Sciences Tools and Services
CCL Industries Inc.	Faubel & Co. Nachf. GmbH	7/31/23	141	141	2.82	nm	6.1	Life Sciences Tools and Services
Carmell Therapeutics Corporation	Axolotl Biologix, Inc.	7/27/23	140	140	2.80	nm	28.0	Biotechnology
Bruker Corporation	PhenomeX Inc. (nka:Bruker Cellular Analysis, Inc.)	8/17/23	136	105	1.47	nm	nm	Life Sciences Tools and Services
MediPacific, Inc.	Pardes Biosciences, Inc.	7/17/23	131	(22)	nm	nm	nm	Biotechnology
Mindray Medical Netherlands B.V.	DiaSys Diagnostic Systems GmbH	7/31/23	127	169	nm	nm	nm	Health Care Equipment

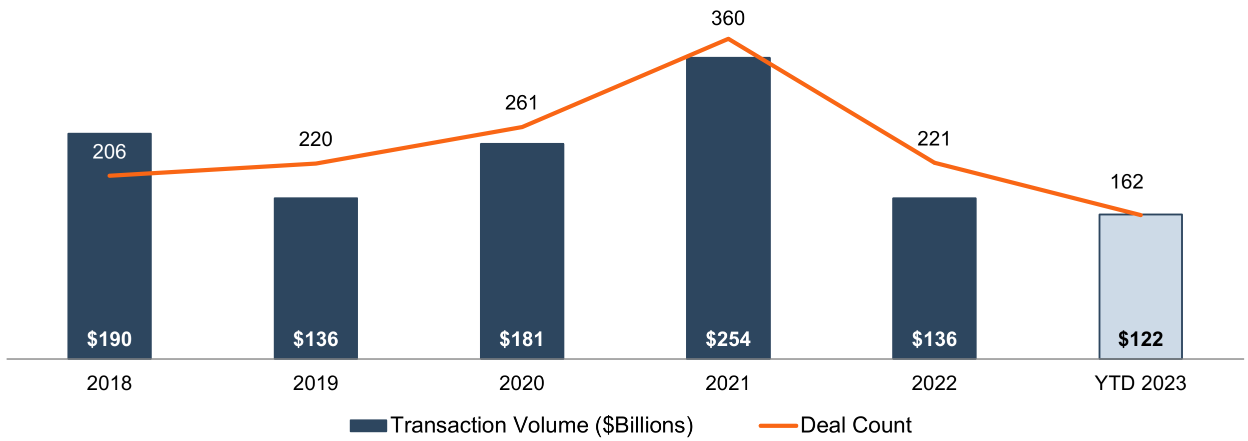
Transaction values over $100 million; Presented in $millions

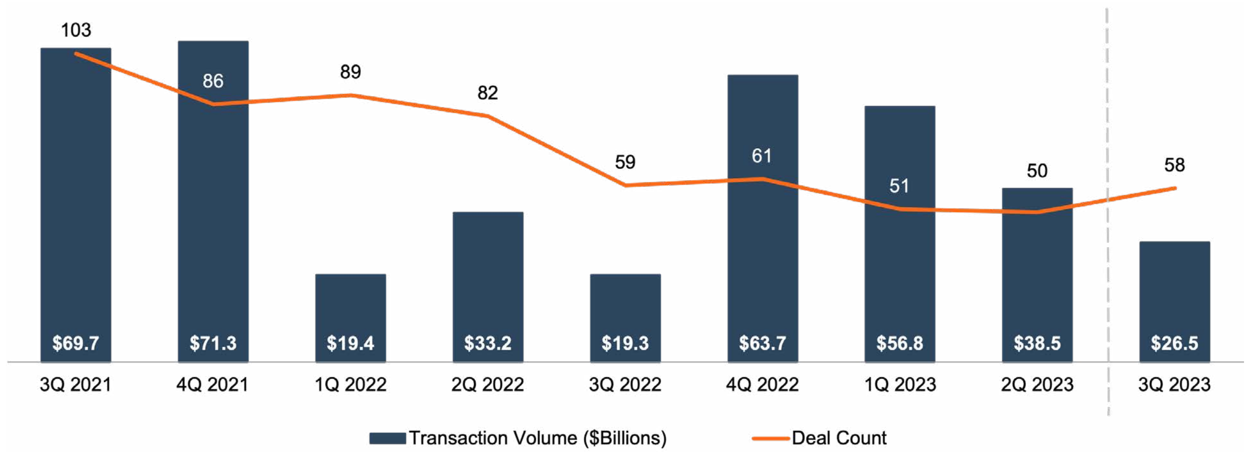
Data Source: Capital IQ

MedTech & Device M&A

(continued)

Medtech & Device M&A





Initial Public Offerings

Completed Initial Public Offerings During 3Q 2023

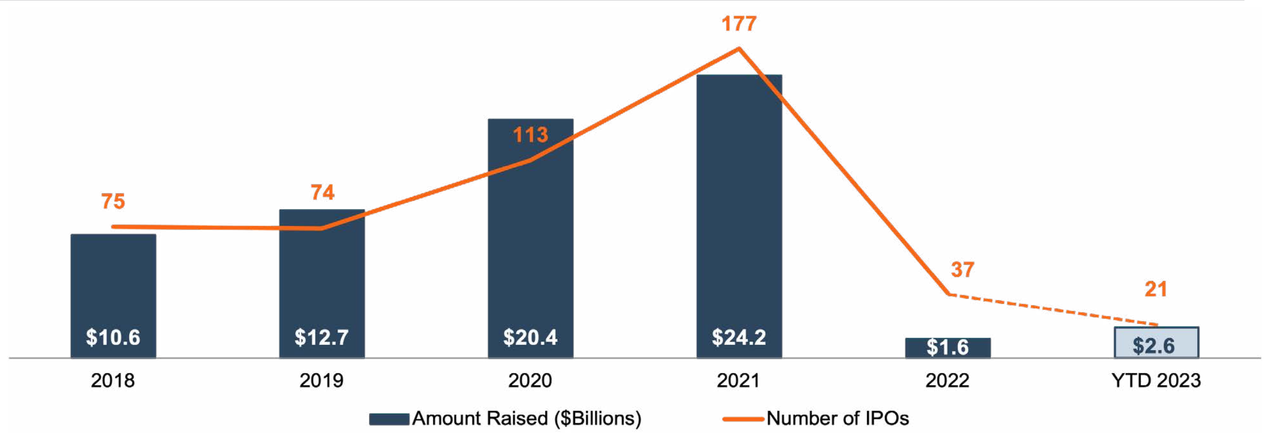
Issuer	Ticker	IPO Date	IPO Price	Gross Proceeds ($mil)	6/30/22 Stock Price	Return Since IPO	9/29/23 Market Cap	Industry
SCHOTT Pharma AG & Co. KGaA	XTRA:1SXP	9/27/23	28.40	210.4	33.49	17.9%	5,043.9	Life Sciences Tools and Services
RayzeBio, Inc.	NasdaqGM:RYZB	9/14/23	18.00	311.0	22.20	23.3%	1,228.0	Biotechnology
CurveBeam AI Limited	ASX:CVB	8/16/23	0.31	16.1	0.27	-13.5%	85.7	Health Care Equipment
NeurAxis, Inc.	NYSEAM:NRXS	8/8/23	6.00	6.6	3.80	-36.7%	18.9	Health Care Equipment
iVision Tech S.p.A.	BIT:IVN	7/28/23	1.27	2.2	1.62	28.1%	11.3	Health Care Supplies
EcoNaviSta, Inc.	TSE:5585	7/26/23	9.26	10.2	19.36	109.0%	117.9	Health Care Equipment

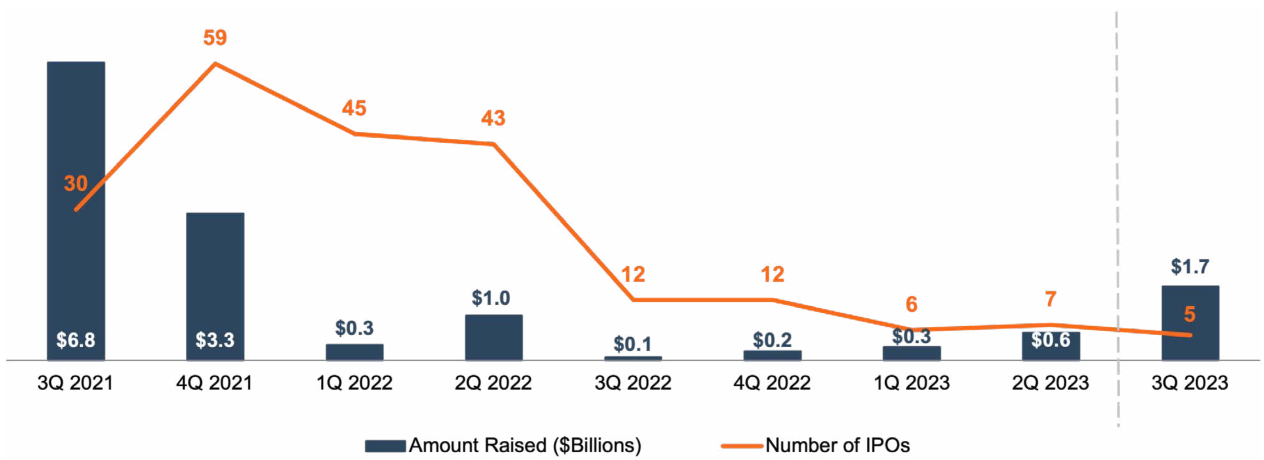
Data Source: Capital IQ

Initial Public Offerings

(continued)

Medtech & Device IPOs





Source: Capital IQ; Mercer Capital Analysis

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