

# MEDICAL TECHNOLOGY M&A PULSE

FOURTH QUARTER 2023



# Q4'23

## INSIDE THIS ISSUE

|                                   |             |
|-----------------------------------|-------------|
| Trends in Medical Technology      | PAGE 4      |
| Medical Technology M&A Activity   | PAGES 5-9   |
| 2023 Q4 Public Market Summary     | PAGES 10-13 |
| Venture Capital Activity Overview | PAGE 14     |

# PMCF Medical Technology Team

## ABOUT PMCF

PMCF is an investment bank focused exclusively on middle market transactions with professionals in Chicago, Detroit, Denver, and across the globe through Corporate Finance International™ affiliates. 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
- Capital Raising



**BRYAN HUGHES**  
Managing Director  
312.602.3636  
[Bryan.Hughes@pmcf.com](mailto:Bryan.Hughes@pmcf.com)



**MATT JAMISON**  
Managing Director  
312.602.3583  
[Matt.Jamison@pmcf.com](mailto:Matt.Jamison@pmcf.com)



**JAKE STESLICKI**  
Vice President  
312.602.3674  
[Jake.Steslicki@pmcf.com](mailto:Jake.Steslicki@pmcf.com)



**PETER KONYNDYK**  
Associate  
616.643.4168  
[Peter.Konyndyk@pmcf.com](mailto:Peter.Konyndyk@pmcf.com)

## 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



# 2023 Q4 Market Summary

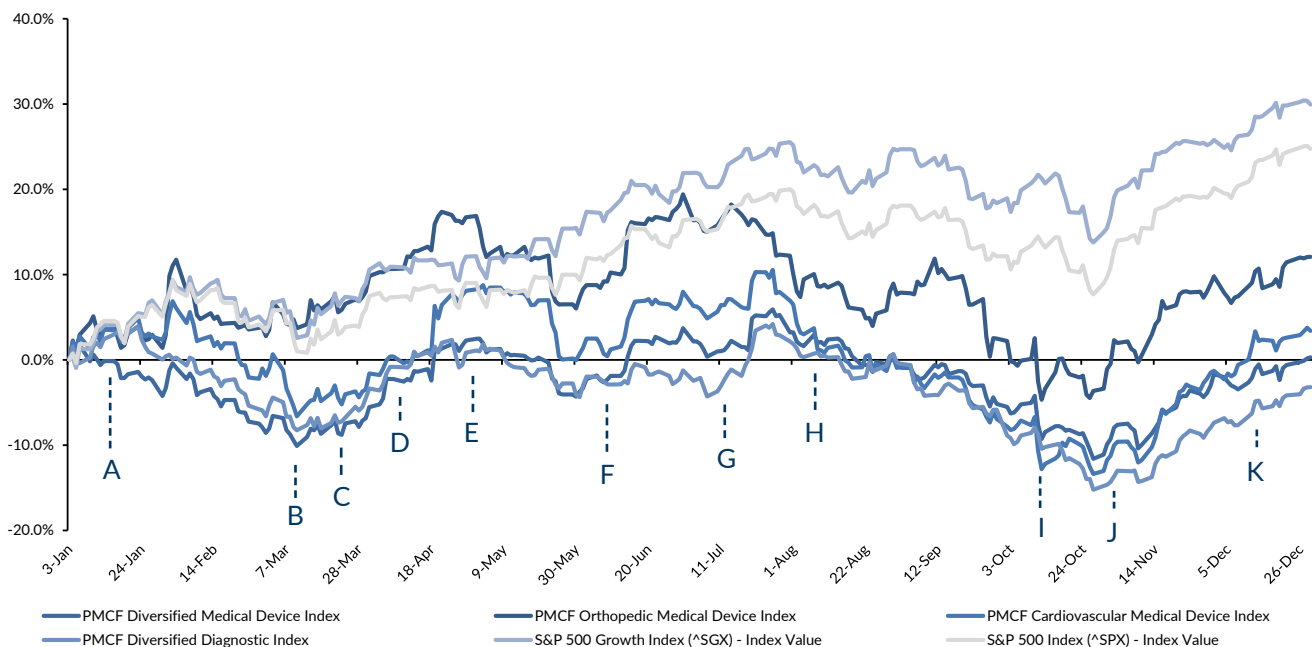
## Q4 2023: CAUTIOUS OPTIMISM

- Concerns about a recession dominated economic discussions in early 2023, fueled by the Federal Reserve's aggressive response to historically high inflation. After an unprecedented period of increasing interest rates, the U.S. finally saw inflation rates drop below 4% in May. This ultimately set up the Federal Reserve to claim victory over inflation and begin signaling potential rate cuts in 2024. This change in tune pushed equity markets higher and extinguishing fears of an immediate, inflation-induced recession. Optimism, supported by strong economic fundamentals, drove the S&P 500 to finish up 25% for the year, after a difficult 2022.
- 2023 Medical M&A experienced a strong year by volume, in line with 2020 and 2022, with 569 transactions announced for the year (2021 remaining the post pandemic outlier). Services was the leading segment, comprising 25% of transactions. This was closely followed by Consumables and Disposable and Therapeutic Devices, each making up 19% of volume.
- The fourth quarter represented a strong bounce back for Medical Device public companies after a sluggish Q3. The Orthopedic index remained the top performer, up 12% for the year, though well below the S&P 500 Growth Index which was up 30%. The Diversified Diagnostic index was the only one of the group with negative annual performance, finishing down 3%.

## 2023 NOTABLE EVENTS TIMELINE

- January 7, 2023 | Kevin McCarthy elected as speaker of the House of Representatives
- March 12, 2023 | The U.S. Treasury makes funds available to backstop bank deposits following the failure of Silicon Valley Bank and Signature bank
- March 19, 2023 | UBS agrees to buy Credit Suisse for more than \$1B
- April 4, 2023 | Amid the war in Ukraine, Finland joins NATO as its 31st member
- May 1, 2023 | First Republic Bank fails and is sold to JP Morgan for more than \$10B
- June 2, 2023 | U.S. suspends the national debt limit through Jan. 1, 2025, narrowly avoiding default
- July 14, 2023 | The House of Representatives pass Defense Bill, authorizing record spending
- August 8, 2023 | Maui wildfires destroy historic town of Lahaina
- October 7, 2023 | Hamas attacks Israel starting violent conflict in Israel and Gaza
- October 30, 2023 | United Auto Workers strike ends
- December 13, 2023 | Federal Reserve signals interest rate cuts for 2024

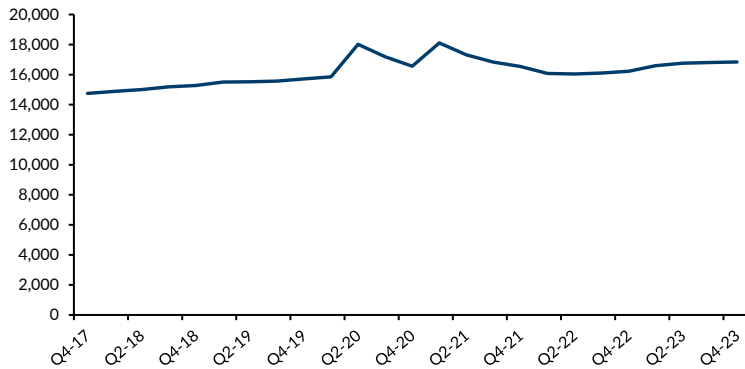
## PMCF MEDICAL TECHNOLOGY INDICES PERFORMANCE



Sources: Capital IQ, PitchBook, Company Reports, Fraser

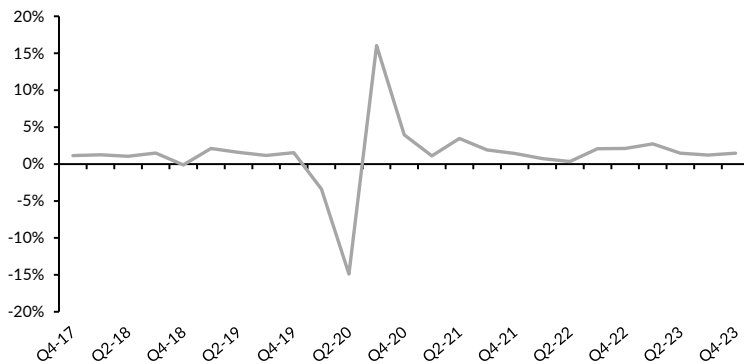
# Trends in Medical Technology

U.S. REAL DISPOSABLE PERSONAL INCOME, 2012 DOLLARS (\$B)



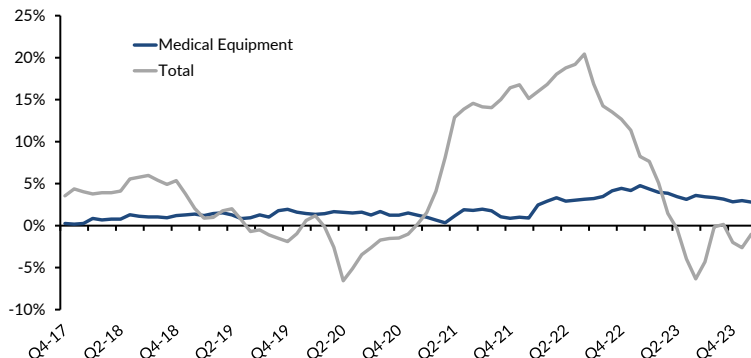
- Real disposable personal income refers to the amount U.S. residents have left to spend after paying taxes, adjusted for inflation. It has historically been relatively stable and increasing.
- For various segments of the healthcare industry, spending on healthcare is correlated with disposable income, making it a valuable macroeconomic indicator. Fourth quarter total disposable income was \$16.8B, up 3.9% from the year prior.

U.S. PERSONAL HEALTH CARE SERVICES EXPENDITURES (YEAR OVER YEAR % CHANGE)



- 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.
- Health care service expenditures continue to grow steadily, following the large swings during the COVID-19 pandemic. Total expenditures in Q4 were up 4.2% from the beginning of 2023.

PRODUCER PRICE INDEX (PPI) - YEAR OVER YEAR % CHANGE



- Similar to the broader U.S. economy, medical equipment producer costs have risen dramatically coming out of the pandemic. The Bureau of Labor Statistics provides a Producer Price Index (PPI), which measures the average change in selling price of domestic output. The Medical Equipment & Supply PPI value serves as a proxy for Medical industry costs.
- The PPI index is down 1.0% over the past year, while Medical Equipment is up 2.8%.

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

# Medical Technology M&A Activity

---

## Therapeutic Device

United Therapeutics Corporation  
acquires Miromatrix Medical

**October 2023** — United Therapeutics Corporation (Nasdaq: UTHR) and Miromatrix Medical Inc. (Nasdaq: MIRO) announced a definitive agreement for United Therapeutics to acquire Miromatrix. Miromatrix is a life sciences company focused on the development of bioengineered organs composed of human cells. United Therapeutics is a biotechnology company with six FDA-approved therapies to address rare, life-threatening conditions, and four ongoing, registration-phase studies. The acquisition of Miromatrix will expand United Therapeutics' existing complementary platform of organ manufacturing programs. "At United Therapeutics, we are determined to rectify the severe shortage of transplantable organs," said Martine Rothblatt, Ph.D., Chairperson and Chief Executive Officer of United Therapeutics. "We expect that Miromatrix will help us in this mission, bringing a number of new approaches, highly-skilled personnel, and state of the art facilities as additional shots on goal to complement our existing organ manufacturing programs."

## Orthopedic Device

H.I.G. Capital acquires  
ZimVie's spine business

**December 2023** — ZimVie Inc. (Nasdaq: ZIMV), a global life sciences leader in the dental and spine markets, announced it has entered into a definitive agreement to sell its spine business to H.I.G. Capital, a leading global alternative investment firm, for \$375 million in total consideration. ZimVie intends to utilize the after-tax proceeds to reduce debt, consistent with the Company's stated capital allocation priorities. The deal is expected to be accretive to ZimVie's revenue growth rate, EBITDA margin, and cash flow conversion rate. "We are pleased to reach an agreement with H.I.G. Capital for the strategic sale of our core spine, motion preservation, and EBI® Bone Healing portfolio and services. Our spine business possesses an innovative portfolio, and is well positioned to continue to improve under this new ownership. Similarly, this transaction provides the capital to fund go-forward growth for dental's commercial and innovation platforms while reducing ZimVie's leverage profile," said Vafa Jamali, President and CEO.

## Medical Device

Ametek acquires Paragon Medical

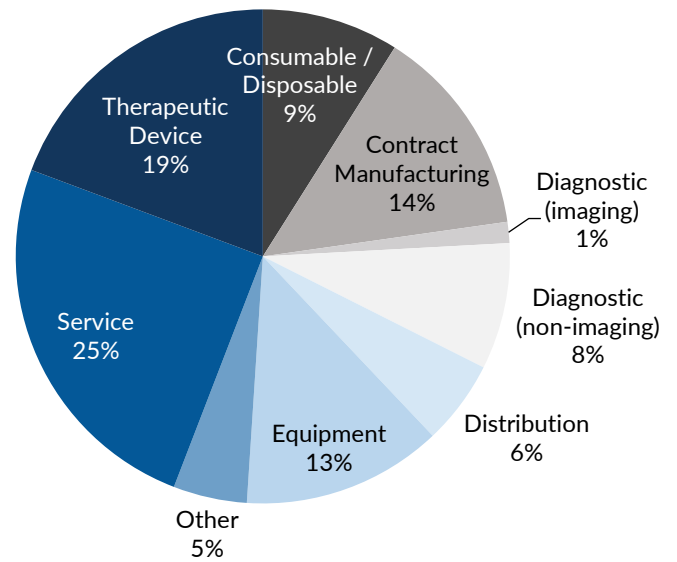
**December 2023** — AMETEK, Inc. (NYSE: AME) announced that it has completed its acquisition of Paragon Medical, a leading provider of highly engineered medical components and instruments, from affiliates of American Securities LLC, in an all-cash transaction valued at approximately \$1.9 billion. Paragon Medical serves a wide range of specialty applications including orthopedics, minimally invasive surgery, robotic surgery, and drug delivery. Paragon's product portfolio includes single-use and consumable surgical instruments and implantable components sold to a diverse blue-chip customer base of leading medical device manufacturers. "We are excited to welcome the Paragon team to AMETEK. Paragon's outstanding capabilities and market leadership align seamlessly with AMETEK's commitment to delivering high-performance solutions, further broadening our presence in the attractive MedTech industry," said David A. Zapico, AMETEK Chairman and Chief Executive Officer.

# M&A Activity Roundup

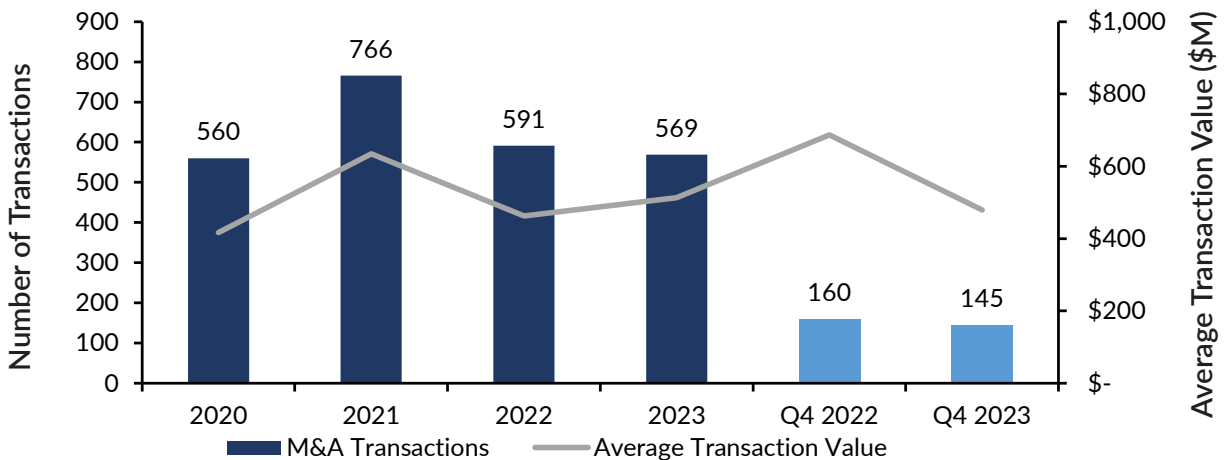
## TRENDS IN MEDICAL TECHNOLOGY M&A

- Q4 2023 M&A volume was higher than in Q3 of 2023 (145 vs. 134 announced transactions). 2023 had 569 transactions, similar to 2020 and 2022, representing a strong year in medical technology M&A.
- The Services segment once again led the way from a volume perspective with 25% of announced transactions. On an annual basis, the Services segment completed 141 transactions followed by Therapeutic Device with 107 transactions. Consumable and Disposable experienced the largest year over year volume improvement, up 56% from 2022.
- Of the 2023 transactions with disclosed enterprise values and EBITDA, median TEV / EBITDA multiples were notably lower from the year prior (8.5x vs. 15.7x). Prospects of the rising rate cycle coming to an end and contemplated rate cuts in 2024 may reverse this course, providing a much-desired monetary policy reprieve.

TRANSACTIONS BY PRODUCT SEGMENT - Q4 2023



MEDICAL DEVICE M&A TRANSACTION METRICS



| Period  | Mean/Median | Transaction Value (\$MM) | TEV/REV | TEV/EBITDA |
|---------|-------------|--------------------------|---------|------------|
| 2023 Q4 | Mean        | \$478.73                 | 10.7x   | 13.6x      |
| 2023 Q4 | Median      | \$54.81                  | 1.8x    | 7.5x       |
| 2022 Q4 | Mean        | \$687.09                 | 4.0x    | 22.3x      |
| 2022 Q4 | Median      | \$37.57                  | 2.4x    | 16.1x      |
| 2023    | Mean        | \$513.41                 | 5.7x    | 13.9x      |
| 2023    | Median      | \$44.55                  | 1.8x    | 8.9x       |
| 2022    | Mean        | \$463.04                 | 10.0x   | 27.0x      |
| 2022    | Median      | \$29.69                  | 2.4x    | 15.7x      |
| 2021    | Mean        | \$634.03                 | 6.1x    | 17.6x      |
| 2021    | Median      | \$60.71                  | 3.7x    | 14.5x      |

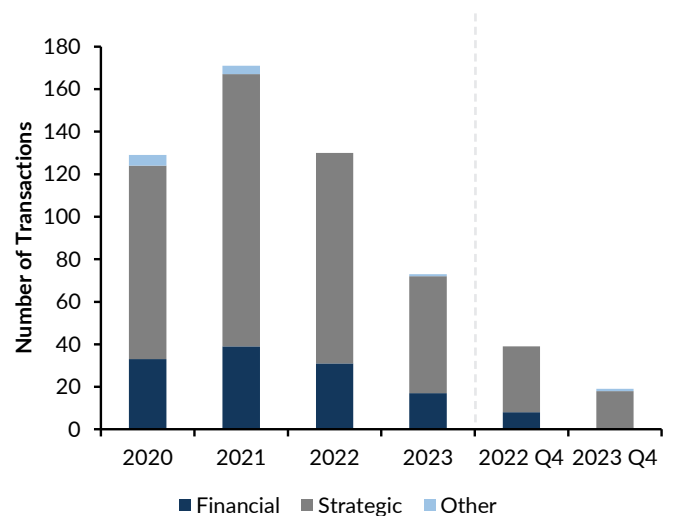
Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Medical Equipment M&A

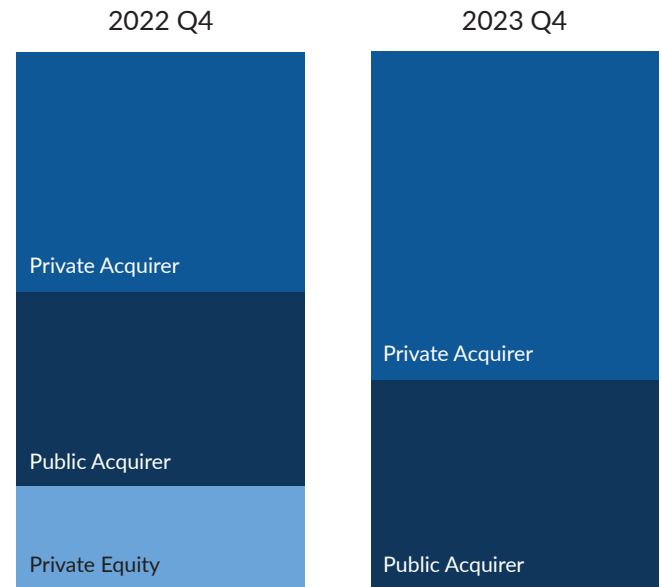
## TRENDS IN MEDICAL EQUIPMENT M&A

- Medical Equipment M&A volume in 2023 was lower compared to 2022 with 73 transactions announced vs 130. Strategic acquirers continued to be the most active in Q4 with 18 of the total 19 announced transactions.
- Similar to 2022, private acquirers were more active than public acquirers, announcing 40 transactions. Private equity activity slowed their pace of acquisition with only 9 transactions in 2023 vs. 31 transactions in 2022.
- International-only acquisitions once again led M&A in the Equipment segment, with 47 transactions, 15 less than the year prior. U.S.-focused activity experienced another slow year with 26 acquisitions involving a U.S. based company; much lower than 2022.
- Consistent with prior quarters, Furniture/Equipment was the leading end market within the Medical Equipment category with 32 transactions in 2023. Ortho and Surgical markets followed behind as the next most active markets in the subsector, however activity was largely spread across end markets.

## FINANCIAL VS. STRATEGIC BUYER MEDICAL EQUIPMENT



## MEDICAL EQUIPMENT TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

| End Market          | 2021       | 2022       | 2023      | '22 Q4    | '23 Q4    |
|---------------------|------------|------------|-----------|-----------|-----------|
| Acute Care          | 2          | -          | -         | -         | -         |
| Aesthetic           | 1          | 3          | -         | -         | -         |
| Cardiovascular      | 4          | 5          | -         | 2         | -         |
| Drug Delivery       | 8          | 1          | 2         | -         | 1         |
| Furniture/Equipment | 37         | 28         | 32        | 6         | 9         |
| Home Health         | 11         | 8          | 3         | 1         | -         |
| Hospital Care       | 19         | 13         | 6         | 1         | 2         |
| Infection Control   | 2          | 3          | 1         | 1         | -         |
| IVD                 | 6          | 3          | -         | -         | -         |
| Monitor             | 16         | 15         | 1         | 4         | -         |
| Neurovascular       | 2          | -          | 1         | -         | 1         |
| Ophthalmology       | 8          | 5          | 2         | 2         | 1         |
| Ortho               | 6          | 8          | 7         | 4         | 1         |
| Other               | 10         | 5          | 5         | 3         | -         |
| Respiratory         | 12         | 6          | 1         | 2         | -         |
| Support             | 11         | 10         | 5         | 5         | -         |
| Surgical            | 16         | 17         | 7         | 8         | 4         |
| <b>Total</b>        | <b>171</b> | <b>130</b> | <b>73</b> | <b>39</b> | <b>19</b> |

## CROSS BORDER TRANSACTION TRENDS

| Seller-to-Buyer | 2021       | 2022       | 2023      | '22 Q4    | '23 Q4    |
|-----------------|------------|------------|-----------|-----------|-----------|
| Int'l-to-Int'l  | 62         | 62         | 47        | 22        | 13        |
| U.S.-to-Int'l   | 16         | 12         | 4         | 1         | -         |
| U.S.-to-U.S.    | 76         | 43         | 15        | 14        | 5         |
| Int'l-to-U.S.   | 17         | 13         | 7         | 2         | 1         |
| <b>Total</b>    | <b>171</b> | <b>130</b> | <b>73</b> | <b>39</b> | <b>19</b> |

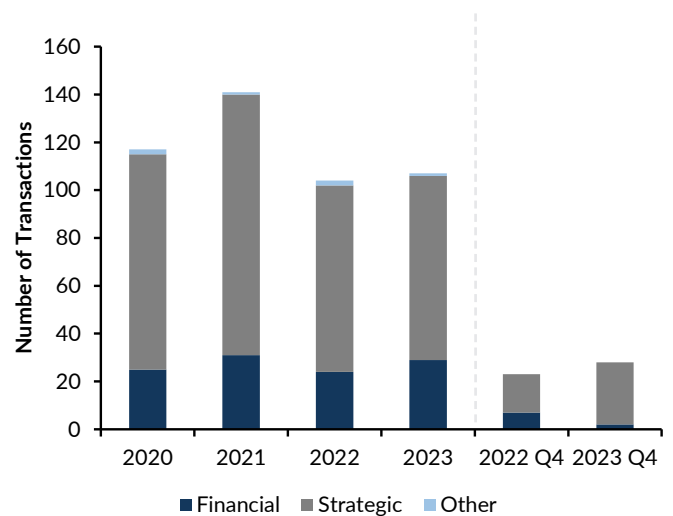
Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Therapeutic Device M&A

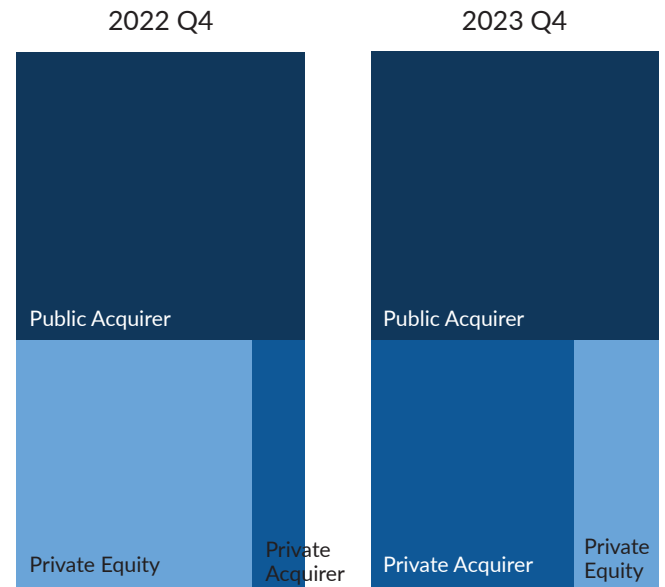
## TRENDS IN THERAPEUTIC DEVICE M&A

- Therapeutic Device M&A had a strong year with 107 total transactions announced, which is slightly higher than the 2022 volumes of 104. Q4 2023 also performed well compared to 2022 Q4, as 5 more transactions were completed.
- Private acquirers led the Therapeutic Device space and announced 50 total transactions in 2023, while Public acquirers led the 4th quarter with 16. Private equity groups were quiet once again; involved in just 15 transactions in 2023.
- Ortho focused transactions were the most active end market, with 18 announced in 2023. The next closest end markets were Surgical, Cardiovascular, and Other end markets (17, 15, and 14 transactions, respectively). Cardiovascular notably had a strong rebound back to 2021 levels.
- An increased number of U.S. companies were acquired across global markets. This, coupled with consistent, international-only transactions, demonstrates the continued M&A appetite outside of the U.S.

## FINANCIAL VS. STRATEGIC BUYER THERAPEUTIC DEVICE



## THERAPEUTIC DEVICE TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

| End Market          | 2021       | 2022       | 2023       | '22 Q4    | '23 Q4    |
|---------------------|------------|------------|------------|-----------|-----------|
| Acute Care          | 3          | 3          | 1          | -         | -         |
| Aesthetic           | 1          | 3          | 3          | 2         | -         |
| Cardiovascular      | 18         | 9          | 15         | -         | 8         |
| Drug Delivery       | -          | 3          | 6          | -         | 4         |
| Furniture/Equipment | 2          | 1          | -          | 1         | -         |
| Home Health         | 7          | 1          | 2          | 1         | -         |
| Hospital Care       | 1          | 1          | 5          | 1         | -         |
| Infection Control   | 2          | -          | -          | -         | -         |
| IVD                 | 1          | -          | 2          | -         | 1         |
| Monitor             | -          | 1          | 3          | 1         | -         |
| Neurovascular       | 4          | 10         | 10         | 3         | 6         |
| Ophthalmology       | 15         | 20         | 4          | 2         | -         |
| Ortho               | 28         | 18         | 18         | 5         | 5         |
| Other               | 45         | 23         | 14         | 4         | 3         |
| Respiratory         | 8          | 3          | 6          | 1         | -         |
| Support             | 5          | 2          | 1          | -         | -         |
| Surgical            | 1          | 6          | 17         | 2         | 1         |
| <b>Total</b>        | <b>141</b> | <b>104</b> | <b>107</b> | <b>23</b> | <b>28</b> |

## CROSS BORDER TRANSACTION TRENDS

| Seller-to-Buyer | 2021       | 2022       | 2023       | '22 Q4    | '23 Q4    |
|-----------------|------------|------------|------------|-----------|-----------|
| Int'l-to-Int'l  | 61         | 45         | 35         | 10        | 6         |
| U.S.-to-Int'l   | 10         | 8          | 17         | 5         | 4         |
| U.S.-to-U.S.    | 59         | 38         | 43         | 7         | 14        |
| Int'l-to-U.S.   | 11         | 13         | 12         | 1         | 4         |
| <b>Total</b>    | <b>141</b> | <b>104</b> | <b>107</b> | <b>23</b> | <b>28</b> |

Sources: Capital IQ, PitchBook, Company Reports, PMCF

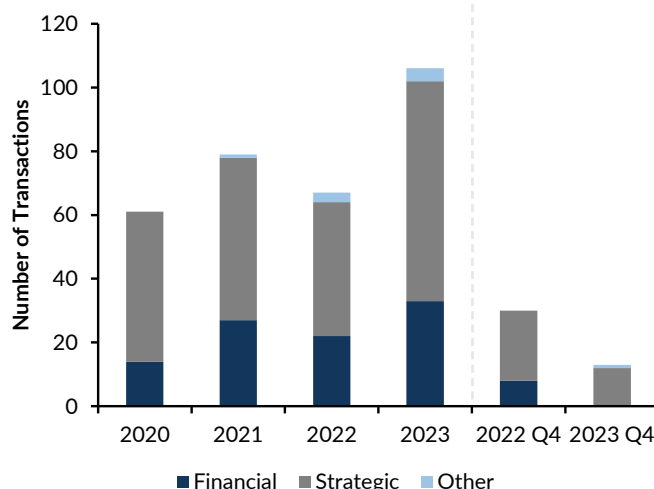


# Consumable & Disposable M&A

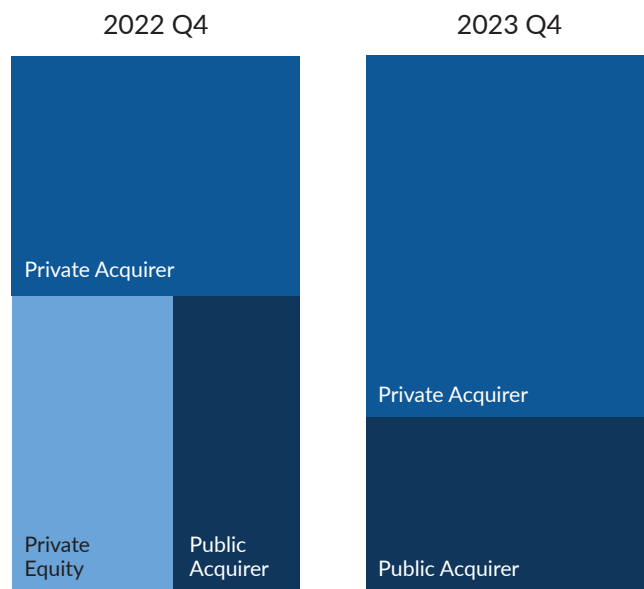
## TRENDS IN CONSUMABLE & DISPOSABLE M&A

- Consumable & Disposable M&A activity in 2023 was higher than the previous year (106 vs. 68 announced transactions) although Q4 volume was lower than 2022. Similar to previous quarters, strategic acquirers continue to drive transaction volume.
- Private acquirers led M&A activity, announcing 54 transactions for the year and 9 in Q4. This is followed by public company acquisitions, which were 34% of all Consumable & Disposable M&A. Private equity groups remained quiet, announcing only 16 transactions during the year.
- Consumable & Disposable sector activity was distributed across U.S. and international markets. During 2023, pure domestic transaction activity grew to 36 transactions for the year which is up from 20 in 2022. International transactions slightly increased to 47, up from 39 in 2022.
- Support focused transactions led the way among end markets with 20 transactions. Infection Control continues to see slowing activity as only 6 transactions were completed in 2023, likely driven by normalization of the space following the COVID-19 pandemic.

## FINANCIAL VS. STRATEGIC BUYER CONSUMABLE & DISP.



## CONSUMABLE & DISP. TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

| End Market          | 2021      | 2022      | 2023       | '22 Q4    | '23 Q4    |
|---------------------|-----------|-----------|------------|-----------|-----------|
| Acute Care          | 9         | 1         | 3          | -         | -         |
| Aesthetic           | 1         | 3         | 5          | 1         | 2         |
| Cardiovascular      | -         | 1         | 4          | 1         | 1         |
| Drug Delivery       | 4         | 3         | 9          | 1         | 2         |
| Furniture/Equipment | 1         | -         | -          | -         | -         |
| Home Health         | 2         | 1         | 2          | -         | -         |
| Hospital Care       | 14        | -         | 11         | -         | 1         |
| Infection Control   | 27        | 21        | 6          | 6         | -         |
| IVD                 | 3         | 3         | 1          | 2         | -         |
| Monitor             | 1         | -         | -          | -         | -         |
| Neurovascular       | -         | 1         | 1          | 1         | -         |
| Ophthalmology       | 1         | 3         | 4          | 3         | 1         |
| Ortho               | -         | 3         | 4          | 1         | -         |
| Other               | 4         | 7         | 18         | 5         | 2         |
| Respiratory         | -         | 1         | 4          | 1         | 1         |
| Support             | 6         | 9         | 20         | 5         | -         |
| Surgical            | 6         | 11        | 14         | 3         | 3         |
| <b>Total</b>        | <b>79</b> | <b>68</b> | <b>106</b> | <b>30</b> | <b>13</b> |

## CROSS BORDER TRANSACTION TRENDS

| Seller-to-Buyer | 2021      | 2022      | 2023       | '22 Q4    | '23 Q4    |
|-----------------|-----------|-----------|------------|-----------|-----------|
| Int'l.-to-Int'l | 41        | 39        | 47         | 15        | 7         |
| U.S.-to-Int'l   | 8         | 5         | 11         | 3         | 1         |
| U.S.-to-U.S.    | 23        | 20        | 36         | 9         | 5         |
| Int'l.-to-U.S.  | 7         | 4         | 12         | 3         | -         |
| <b>Total</b>    | <b>79</b> | <b>68</b> | <b>106</b> | <b>30</b> | <b>13</b> |

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Medical Device Public Comparables

## PUBLIC DIVERSIFIED MEDICAL DEVICE COMPANY COMMENTARY

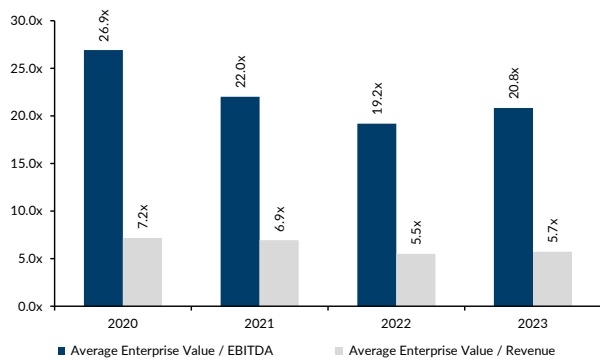
- “Some of the headwinds that we faced over the last couple of years are starting to turn a little bit into tailwinds. So whether it’s commodity costs, freight and distribution, all those elements seem to be right now and given our visibility for the year as we stand here today, turning into tailwinds.” – Robert Ford, Abbott Laboratories, Chairman, President & CEO
- “COVID-19 impacts have stabilized globally. While we continue to see some challenges, macro challenges from the point of view of inflation, hospital staffing and the like, there is a bolus of patients coming out into the market after COVID-19, which has made 2023 market growth faster than historical averages.” – Joaquin Duato, Johnson & Johnson, CEO & Chairman

### DIVERSIFIED MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

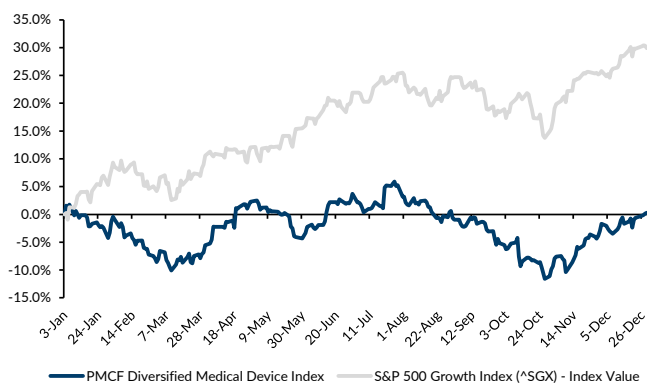
| Company Name                  | LTM as of  | Cash (\$MM) | Debt (\$MM) | Market Cap (\$MM) | TEV (\$MM) | TEV/REV | TEV/EBITDA | P/E   |
|-------------------------------|------------|-------------|-------------|-------------------|------------|---------|------------|-------|
| Abbott Laboratories           | 12/31/2023 | 7,279       | 15,873      | 191,088           | 199,906    | 5.0x    | 19.0x      | 37.5x |
| Baxter International Inc.     | 12/31/2023 | 3,194       | 14,364      | 19,613            | 30,849     | 2.0x    | 9.4x       | 87.0x |
| Becton, Dickinson and Company | 12/31/2023 | 1,182       | 16,110      | 70,599            | 85,527     | 4.4x    | 16.5x      | 47.8x |
| Boston Scientific Corporation | 12/31/2023 | 865         | 9,568       | 84,691            | 93,642     | 6.8x    | 25.9x      | 70.4x |
| Intuitive Surgical, Inc.      | 12/31/2023 | 5,223       | 90          | 118,775           | 113,731    | 16.4x   | 52.6x      | 79.4x |
| Johnson & Johnson             | 12/31/2023 | 22,927      | 30,432      | 377,317           | 384,822    | 3.9x    | 10.9x      | 29.4x |
| Medtronic plc                 | 10/27/2023 | 7,734       | 25,080      | 109,537           | 127,070    | 4.0x    | 14.5x      | 26.7x |
| Smith & Nephew plc            | 7/1/2023   | 190         | 3,040       | 11,954            | 14,804     | 2.8x    | 14.3x      | 54.9x |
| Stryker Corporation           | 12/31/2023 | 3,053       | 13,494      | 113,776           | 124,217    | 6.3x    | 24.2x      | 44.4x |
| High                          |            | 22,927      | 30,432      | 377,317           | 384,822    | 16.4x   | 52.6x      | 87.0x |
| Mean                          |            | 5,739       | 14,228      | 121,928           | 130,508    | 5.7x    | 20.8x      | 53.0x |
| Median                        |            | 3,194       | 14,364      | 109,537           | 113,731    | 4.4x    | 16.5x      | 47.8x |
| Low                           |            | 190         | 90          | 11,954            | 14,804     | 2.0x    | 9.4x       | 26.7x |

As of December 31, 2023

### DIVERSIFIED MEDICAL DEVICE MULTIPLES



### DIVERSIFIED MEDICAL DEVICE INDEX



EV/EBITDA multiples for the Diversified Medical Device (“DMD”) sector were modestly higher in 2023, as compared to 2022 (20.8x vs. 19.2x). Revenue multiples followed suit, 5.7x vs. 5.5x, however not near the elevated levels seen in 2020 and 2021. Intuitive Surgical remains the highest valued in the index at 52.6x EBITDA. Boston Scientific and Stryker follow in a far second and third place.

The DMD index recovered along with the rest of the market during Q4 to finish the year almost exacted as it started, but it is still down 6% from yearly highs in July. The DMD index lags behind the S&P 500 Growth Index by almost 30%.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Orthopedic Public Comparables

## PUBLIC ORTHOPEDIC MEDICAL DEVICE COMPANY COMMENTARY

- “Inflation is starting to normalize. We’re not seeing prices come down of input costs, but we’re not seeing them inflate to the same levels that we saw in 2022 and 2023 in most of the areas.” – Suketu Upadhyay, Zimmer Biomet, CFO & Executive VP of Finance
- “Acquisitions have been a key part of how we’ve grown and improved our company over time. We’ve got a very strong capability in this area to do great acquisitions and integrate them well and get great returns for our shareholders.” – Matthew Trerotola, Enovis Corporation, Chairman & CEO

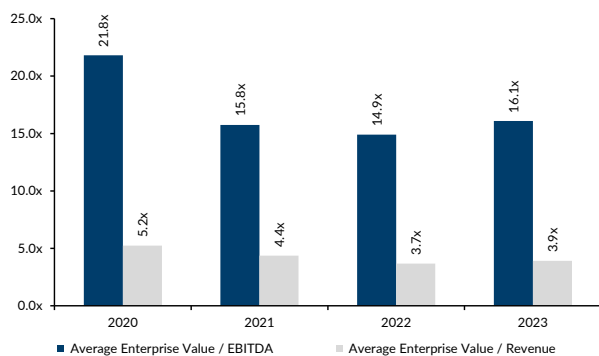
### ORTHOPEDIC MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

| Company Name                 | LTM as of  | Cash (\$MM) | Debt (\$MM) | Market Cap (\$MM) | TEV (\$MM) | TEV/REV | TEV/EBITDA | P/E   |
|------------------------------|------------|-------------|-------------|-------------------|------------|---------|------------|-------|
| Alphatec Holdings, Inc.      | 9/30/2023  | 123         | 538         | 2,060             | 2,499      | 5.5x    | NM         | NM    |
| Enovis Corporation           | 12/31/2023 | 36          | 515         | 3,058             | 3,539      | 2.1x    | 15.5x      | NM    |
| Globus Medical, Inc.         | 12/31/2023 | 518         | 521         | 7,343             | 7,346      | 5.8x    | 20.5x      | 36.4x |
| Novartis AG                  | 12/31/2023 | 14,073      | 26,439      | 207,167           | 219,616    | 3.7x    | 9.3x       | 24.0x |
| Orthofix Medical Inc.        | 9/30/2023  | 34          | 110         | 495               | 572        | 0.9x    | NM         | NM    |
| Smith & Nephew plc           | 7/1/2023   | 190         | 3,040       | 11,954            | 14,804     | 2.8x    | 14.3x      | 54.9x |
| Stryker Corporation          | 12/31/2023 | 3,053       | 13,494      | 113,776           | 124,217    | 6.3x    | 24.2x      | 44.4x |
| Zimmer Biomet Holdings, Inc. | 12/31/2023 | 416         | 5,768       | 25,433            | 30,785     | 4.2x    | 12.7x      | 53.9x |

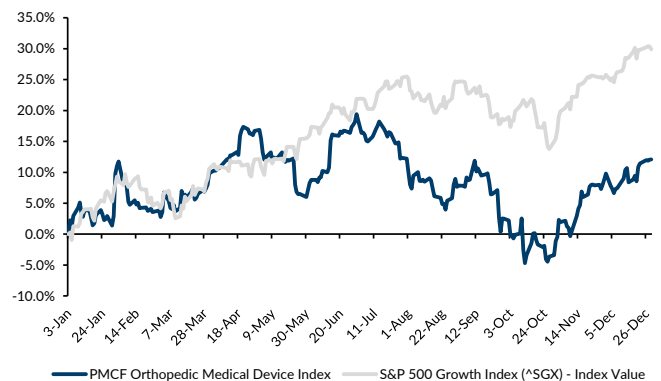
|        |        |        |         |         |      |       |       |
|--------|--------|--------|---------|---------|------|-------|-------|
| High   | 14,073 | 26,439 | 207,167 | 219,616 | 6.3x | 24.2x | 54.9x |
| Mean   | 2,305  | 6,303  | 46,411  | 50,422  | 3.9x | 16.1x | 42.7x |
| Median | 303    | 1,789  | 9,649   | 11,075  | 4.0x | 14.9x | 44.4x |
| Low    | 34     | 110    | 495     | 572     | 0.9x | 9.3x  | 24.0x |

As of December 31, 2023

### ORTHOPEDIC MEDICAL DEVICE MULTIPLES



### ORTHOPEDIC MEDICAL DEVICE INDEX



Orthopedic Medical Device had a strong 2023, surpassing valuations from 2021 and 2022. EBITDA to EV multiples were up slightly from prior years (16.1x vs. 14.9x), as were revenue multiples (3.9x vs 3.7x). Stryker and Globus Medical wrapped up another year ahead of peers, in terms of valuation (EV/EBITDA of 24.2x and 20.5x).

After a sharp decline in Q3, the OMD index rebounded nicely to finish the year up 12% which is almost a 17% increase from yearly lows. Once again, the OMD index is the best performer of those tracked by PMCF.

# Cardiovascular Public Comparables

## PUBLIC CARDIOVASCULAR MEDICAL DEVICE COMPANY COMMENTARY

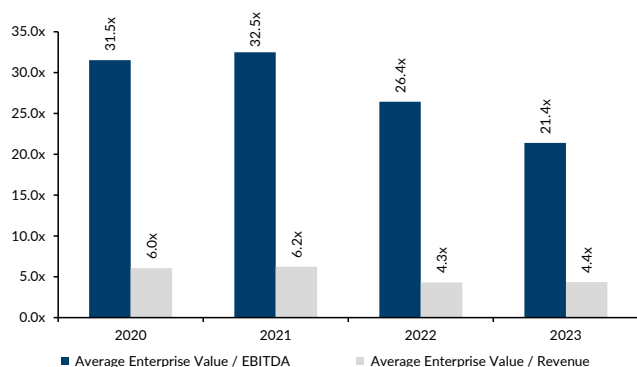
- “80% of our Med Device business is made in our Queensbury manufacturing facility which makes us very susceptible to the inflationary environment. The problem is we can’t get enough workers. And coming out of COVID, we just haven’t been able to fully staff 3 shifts.” – Stephen Trowbridge, AngioDynamics, Executive VP & CFO
- “We’ve got headwinds that we’re managing. Inflation is moderating a bit. It’s still higher than normal, but it’s moderating. Currency is fluid and dynamic. And as we look at it today it is a headwind next year, but we’re focused on driving and managing that. And global tax reform is likely to be a headwind.” – Karen Parkhill, Medtronic, Executive VP & CFO

### CARDIOVASCULAR MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

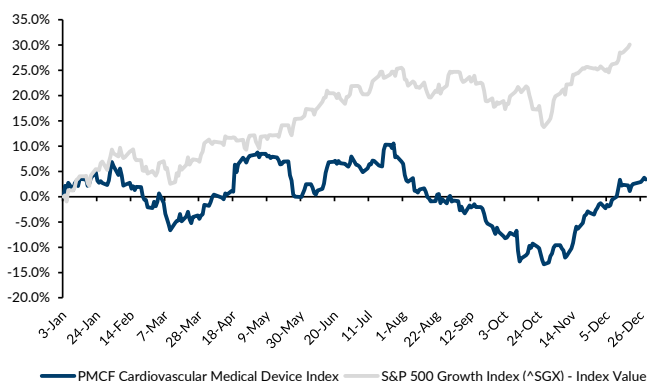
| Company Name                     | LTM as of  | Cash (\$MM) | Debt (\$MM) | Market Cap (\$MM) | TEV (\$MM) | TEV/REV | TEV/EBITDA | P/E   |
|----------------------------------|------------|-------------|-------------|-------------------|------------|---------|------------|-------|
| Abbott Laboratories              | 12/31/2023 | 7,279       | 15,873      | 191,088           | 199,906    | 5.0x    | 19.0x      | 37.5x |
| AngioDynamics, Inc.              | 11/30/2023 | 61          | 4           | 312               | 256        | 0.8x    | 22.3x      | 48.4x |
| Artivion, Inc.                   | 12/31/2023 | 59          | 358         | 734               | 1,033      | 3.1x    | 26.1x      | NM    |
| Edwards Lifesciences Corporation | 12/31/2023 | 1,645       | 695         | 46,246            | 45,365     | 7.8x    | 25.6x      | 32.6x |
| LeMaitre Vascular, Inc.          | 9/30/2023  | 97          | 17          | 1,264             | 1,184      | 6.4x    | 25.7x      | 46.5x |
| Medtronic plc                    | 10/27/2023 | 7,734       | 25,080      | 109,537           | 127,070    | 4.0x    | 14.5x      | 26.7x |
| Merit Medical Systems, Inc.      | 9/30/2023  | 61          | 355         | 4,387             | 4,681      | 3.8x    | 20.8x      | 44.2x |
| Terumo Corporation               | 12/31/2023 | 1,287       | 1,605       | 24,397            | 24,716     | 4.0x    | 17.1x      | 34.8x |
| High                             |            | 7,734       | 25,080      | 191,088           | 199,906    | 7.8x    | 26.1x      | 48.4x |
| Mean                             |            | 2,278       | 5,498       | 47,246            | 50,526     | 4.4x    | 21.4x      | 38.7x |
| Median                           |            | 692         | 527         | 14,392            | 14,698     | 4.0x    | 21.5x      | 37.5x |
| Low                              |            | 59          | 4           | 312               | 256        | 0.8x    | 14.5x      | 26.7x |

As of December 31, 2023

### CARDIOVASCULAR MEDICAL DEVICE MULTIPLES



### CARDIOVASCULAR MEDICAL DEVICE INDEX



Multiples in the Cardiovascular Medical Devices industry finished notably lower than the prior three years (EV to EBITDA of 21.4x vs. 26.4x). Revenue multiples remained mostly unchanged from the prior year. EBITDA multiples within the industry have little deviation from each other, with 6 of the 9 Companies trading in the low to mid 20 times EBITDA, suggesting market alignment in valuation expectations.

The CMD index switched course from a strong first half of the year, declining 23% from its 2023 high before recovering to ultimately finishing the year up 3.4%. It was the second-best performer of the four medical device indices tracked by PMCF.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Diagnostic Public Comparables

## PUBLIC DIVERSIFIED DIAGNOSTIC COMPANY COMMENTARY

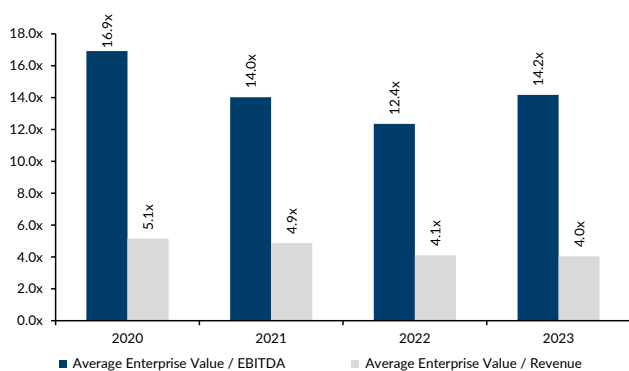
- “We think there will be a lot of other M&A opportunities over time, but we’ve got the luxury of being disciplined and patient right now. And having said that, we don’t want to just buy back our own stock forever. We like the deals we’ve done certainly over the last few years and want to be able to find more of those.” – Stephen MacMillan, Hologic Inc., Chairman, CEO & President
- “We’re integrating robotics, artificial intelligence and other advanced technologies to improve the efficiency of fundamental health care processes. We’re automating the pharmacy and the laboratory.” – Thomas Polen, Becton, Dickinson and Company, President, CEO & Chairman

### DIVERSIFIED DIAGNOSTIC PUBLIC COMPARABLES SUMMARY

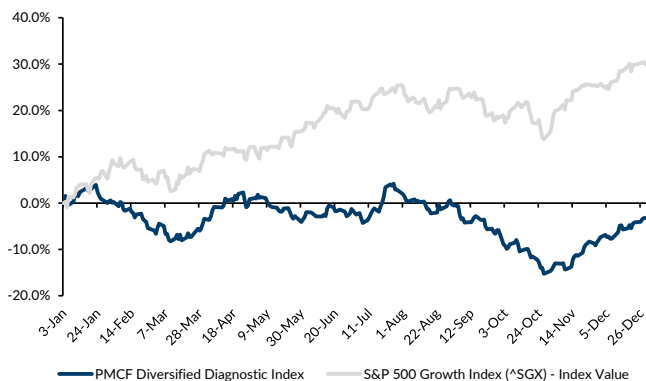
| Company Name                      | LTM as of  | Cash (\$MM) | Debt (\$MM) | Market Cap (\$MM) | TEV (\$MM) | TEV/REV | TEV/EBITDA | P/E   |
|-----------------------------------|------------|-------------|-------------|-------------------|------------|---------|------------|-------|
| Abbott Laboratories               | 12/31/2023 | 7,279       | 15,873      | 191,088           | 199,906    | 5.0x    | 19.0x      | 37.5x |
| Becton, Dickinson and Co.         | 12/31/2023 | 1,182       | 16,110      | 70,599            | 85,527     | 4.4x    | 16.5x      | 47.8x |
| Danaher Corporation               | 12/31/2023 | 5,864       | 18,402      | 170,943           | 183,485    | 6.2x    | 19.0x      | 29.2x |
| Hologic, Inc.                     | 12/30/2023 | 1,938       | 2,578       | 17,148            | 17,788     | 4.3x    | 13.2x      | 39.0x |
| Laboratory Corporation of America | 12/31/2023 | 537         | 5,954       | 19,297            | 24,730     | 1.7x    | 10.4x      | 23.4x |
| Novartis AG                       | 12/31/2023 | 14,073      | 26,439      | 207,167           | 219,616    | 3.7x    | 9.3x       | 24.0x |
| Quest Diagnostics Incorporated    | 12/31/2023 | 686         | 5,369       | 15,503            | 20,297     | 2.2x    | 9.8x       | 20.7x |
| Roche Holding AG                  | 12/31/2023 | 12,482      | 36,636      | 234,037           | 262,880    | 3.5x    | 9.4x       | 17.9x |
| Thermo Fisher Scientific Inc.     | 12/31/2023 | 8,077       | 34,917      | 205,083           | 232,041    | 5.4x    | 20.9x      | 34.8x |
| High                              |            | 14,073      | 36,636      | 234,037           | 262,880    | 6.2x    | 20.9x      | 47.8x |
| Mean                              |            | 5,791       | 18,031      | 125,652           | 138,474    | 4.0x    | 14.2x      | 30.5x |
| Median                            |            | 5,864       | 16,110      | 170,943           | 183,485    | 4.3x    | 13.2x      | 29.2x |
| Low                               |            | 537         | 2,578       | 15,503            | 17,788     | 1.7x    | 9.3x       | 17.9x |

As of December 31, 2023

### DIVERSIFIED DIAGNOSTIC MULTIPLES



### DIVERSIFIED DIAGNOSTIC INDEX



Diversified Diagnostic (“DD”) industry multiples closed the year higher than a year ago (14.2x vs. 12.4x). This demonstrates the valuation bounce back to 2021 levels, although not approaching 2020 valuations. Thermo Fisher, Danaher Corporation, and Abbott Laboratories each continue to lead the index in terms of valuation. Becton, Dickinson and Co., notably fell out of this group of leaders, trading at 16.5x vs. 18.1x at the end of Q3 2023.

The DD Index was the worst performer of the PMCF tracked indexes as it was the only negative yearly performer, finishing Q4 down 3.2%. On the positive side, the DD Index was up almost 12% from yearly lows.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Q4 2023 Venture Capital Activity Overview

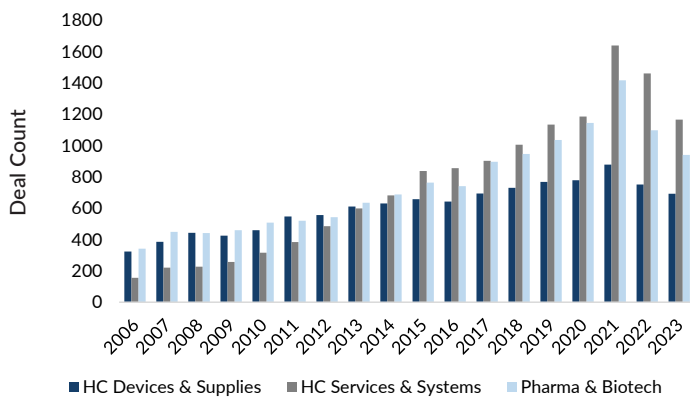
No surprise to many in the VC community, lower deal count and deal value continued in the fourth quarter of 2023. While activity remains low, optimism persists despite the clear market changes in the last few years. Political risk continues to rise due to conflicts in the Middle East and Ukraine and concerns surrounding China relations. U.S. economic policy remains uncertain with the Federal Reserve announcing a pause in rate hikes and signals towards rate cuts. There are questions about when rate cuts may take place and how significant they may be; with the consensus view being that it is unlikely the economy returns to a zero-interest rate environment. There remains optimism in VC industry as investors are recognizing these risks and adjusting investment philosophies to fit the current environment. Additionally, the VC industry is well capitalized to deploy funding while hoping to take advantage of new technologies that offer promising futures.

Venture Capital activity finished 2023 with 12,837 deals for \$170.6B in total value, representing a 23% and 29% decrease in volume and value from 2022. While this illustrates a market pullback, deal count remained on par with levels seen before the pandemic as 12,903 deals were completed in 2019. Angel, early VC, and late VC continue to split activity evenly across the market as they represented 32%, 33%, and 29% of 2023 activity, respectively. Medical VC investments followed trends seen by the rest of the market, accounting for 2,801 deals in 2023, about 500 fewer than 2022.

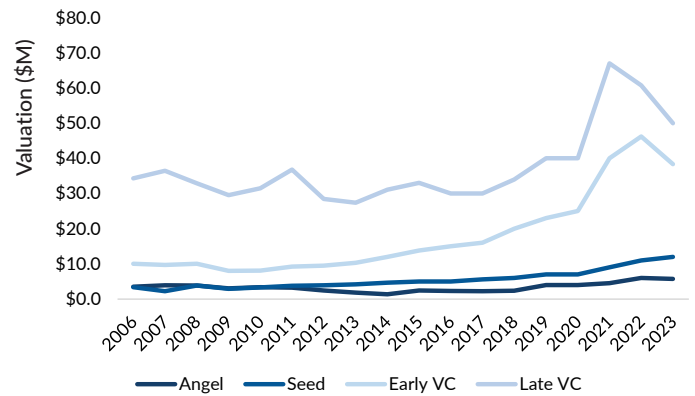
Median deal valuations experienced similar declines from record highs but are staying on track with prior periods. Angel and seed stages represent minimal changes while early and late-stage valuations have recognized more significant declines. Despite these movements, average deal value remains much higher than in 2019 (up 68% across all stages).

On a positive note, public markets in the U.S. finished 2023 strongly, primarily driven by the hopes of a rate cuts as well as the increasing recognition of the transformative opportunities of AI. Increased macro clarity, paired with interest in a new and rapidly growing technological sector are expected to drive increased VC investment activity in 2024.

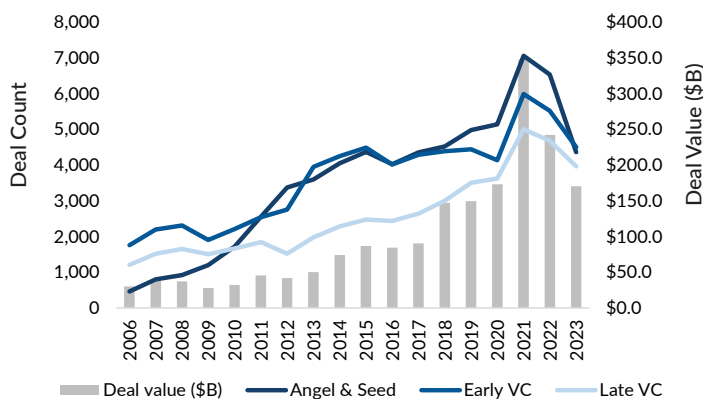
VC INVESTMENTS IN MEDICAL SECTORS



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

# PMCF's Unique Approach to M&A Advisory

PMCF's M&A advisory and investment banking services are designed to provide company shareholders with a trusted advisor to oversee all transaction related aspects of a company sale or strategic acquisition. Our service levels, industry expertise in medical technology, and approach to managing transactions positions us favorably against a traditional investment banker. See below for some examples of our differentiation:

- Differentiated approach via senior banker leadership and direct involvement through every step of the transaction providing a consistent and highly experienced point of contact
- One of the largest, most active investment banking boutiques with a focus on specialty niche businesses
- 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



Two-time winner, Boutique Investment Banking Firm of the Year  
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  
by M&A Advisor

Awarded, Deal of the Year  
by ACG Detroit

## Contact Info

**PMCF** | INVESTMENT  
BANKING



### CHICAGO

120 S. Riverside Plaza  
Suite 2100  
Chicago, IL 60606  
Phone: 312.602.3600



### DETROIT

2 Towne Square  
Suite 425  
Southfield, MI 48076  
Phone: 248.223.3300



### DENVER

8181 E. Tufts Avenue  
Suite 600  
Denver, CO 80237  
Phone: 720.370.8181

120 S Riverside Plaza  
Suite 2100  
Chicago, IL 60606

## Experienced Professionals. Trusted Advisors. Proven Results.

This market overview is not an offer to sell or a solicitation of an offer to buy any security. It is not intended to be directed to investors as a basis for making an investment decision. This market overview does not rate or recommend securities of individual companies, nor does it contain sufficient information upon which to make an investment decision.

PMCF will seek to provide investment banking and / or other services to one or more of the companies mentioned in this market overview. PMCF and / or the analysts who prepared this market update, may own securities of one or more of the companies mentioned in this market overview.

The information provided in this market overview was obtained from sources believed to be reliable, but its accuracy cannot be guaranteed. It is not to be construed as legal, accounting, financial, or investment advice. Information, opinions, and estimates reflect PMCF's judgment as of the date of publication and are subject to change without notice. PMCF undertakes no obligation to notify any recipient of this market overview of any such change.

The charts and graphs used in this market overview have been compiled by PMCF solely for illustrative purposes. All charts are as of the date of issuance of this market overview, unless otherwise noted.

The Medical Technology Index may not be inclusive of all companies in the medical technology industry and is not a composite index of the medical technology industry sector returns. Index and sector returns are past performance, which is not an indicator of future results.

This market overview is not directed to, or intended for distribution to, any person in any jurisdiction where such distribution would be contrary to law or regulation, or which would subject PMCF to licensing or registration requirements in such jurisdiction.

PMCF is a trade name for PMCF Advisors, LLC and P&M Corporate Finance, LLC, a FINRA-registered broker-dealer and SIPC member firm. The term "PMCF" refers to one or more of these legally separate and independent advisory practices. P&M Corporate Finance, LLC provides capital-raising and private placement services that require registration as a broker-dealer. PMCF Advisors, LLC provides M&A-related services that do not require registration in reliance upon the SEC M&A Brokers No-action Letter (2014) and comparable state-level exemptive relief. Please see [pmcf.com](http://pmcf.com) to learn more.

For more information, check out our new website, where you can access the electronic version of this report, sign up for future emails, read our latest industry reports, and more!

