

# MEDICAL TECHNOLOGY M&A PULSE

FIRST QUARTER 2021



# Q1'21

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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 Q1 Market Summary

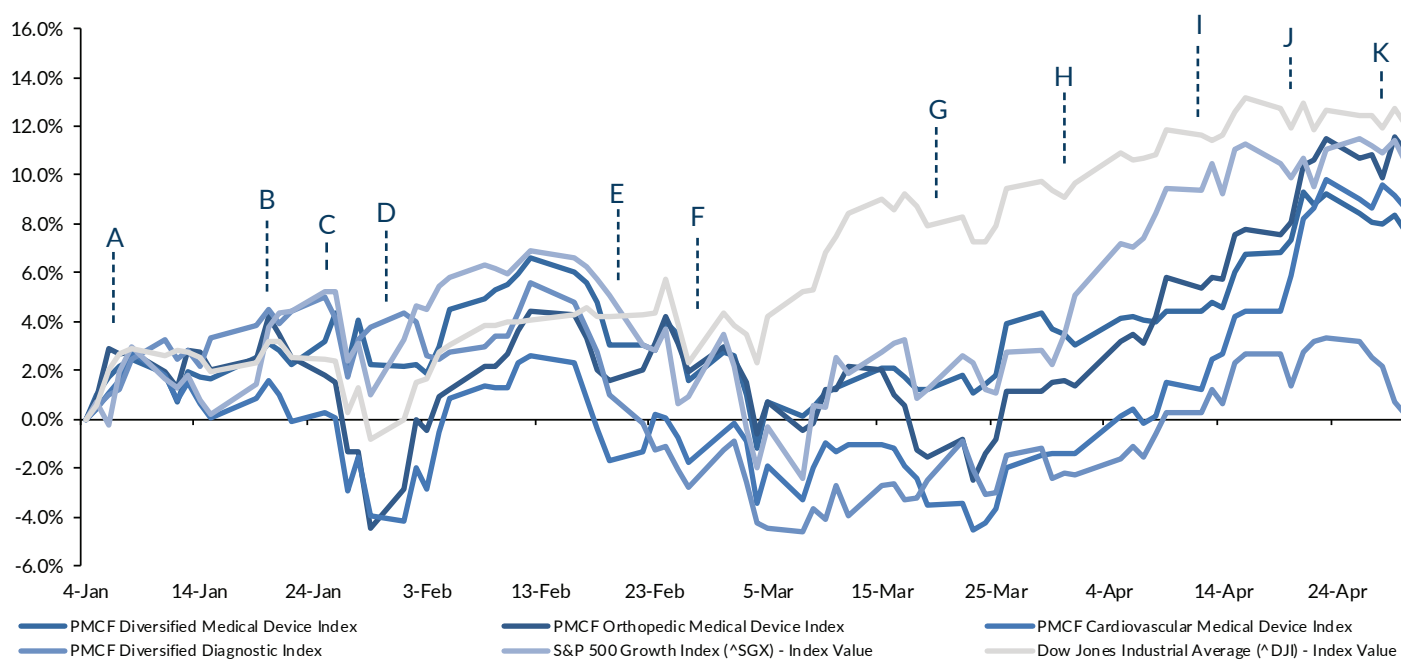
## 2021: HOPE ON THE HORIZON

- For millions of Americans and others around the world who have received a COVID-19 vaccine, reassuring signs of hope have begun to emerge. As of the time of publication, just under half of Americans have received at least one dose, with over 44% fully vaccinated. A rollout of this speed is monumental, with over 300 million doses administered to date.
- This effort was enabled by partnerships between the public and private sector, with healthcare companies of all types playing a role. The rollout of the vaccine in the U.S. was largely successful, with doses administered skyrocketing during February, March, and April, with the percentage of Americans who received at least one dose climbing from 7.9% February 1, to 44.1% by April 30. Recently however, vaccinations have plateaued in some areas, and these pockets are seeing rising COVID cases. Nevertheless, the rapid development and rollout of COVID-19 should be considered one of the most impactful public health achievements in decades, with innumerable lives saved and the potential for life to return to normalcy now conceivable.
- During the year to date, PMCF's four Medical Technology indices have generally followed the performance trends of the benchmark S&P 500 Growth Index and Dow Jones Industrial Average, though they lagged behind the Dow's robust performance during March and April.

## KEY 2021 EVENTS TIMELINE

- January 4, 2021 | United Kingdom Begins Administering AstraZeneca Vaccine
- January 21, 2021 | Pfizer Vaccine Found to be Effective Against B.1.1.7 (UK) Variant
- January 27, 2021 | U.S. Pledges to Increase Vaccine Supply by 50%
- February 1, 2021 | More Americans Vaccinated Than Infected with COVID-19
- February 21, 2021 | Pfizer Vaccine Found to be 98.8% Effective Against Deaths / Hospitalizations
- February 27, 2021 | FDA Grants EUA for Johnson & Johnson Vaccine
- March 19, 2021 | U.S. Administers its 100 Millionth COVID Vaccine Shot
- April 2, 2021 | CDC Announces Vaccinated Travelers Can Travel Domestically at Low Risk
- April 13, 2021 | CDC and the FDA Recommend Pausing the Johnson & Johnson Vaccine
- April 17, 2021 | Global Death Count From COVID-19 Reaches 3 Million People
- April 29, 2021 | India Reports Record High Number of Cases, Total Cases Exceeding 18 million

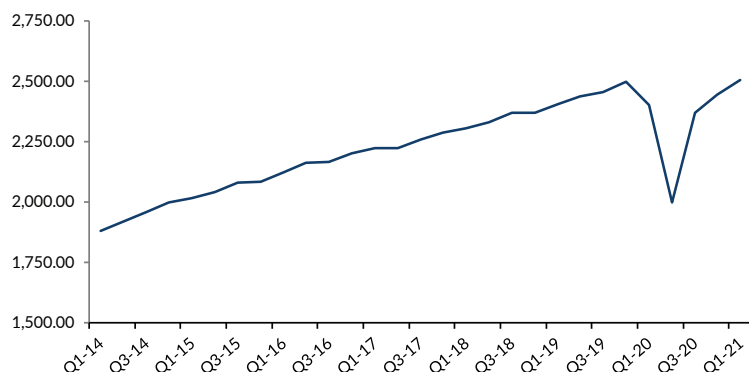
## PMCF MEDICAL TECHNOLOGY INDICES PERFORMANCE



Sources: Capital IQ, PitchBook, Company Reports, Fraser

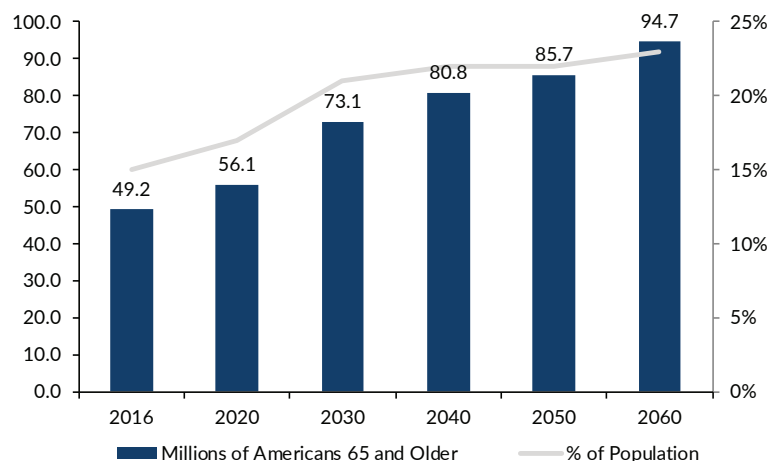
# Trends in Medical Technology

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



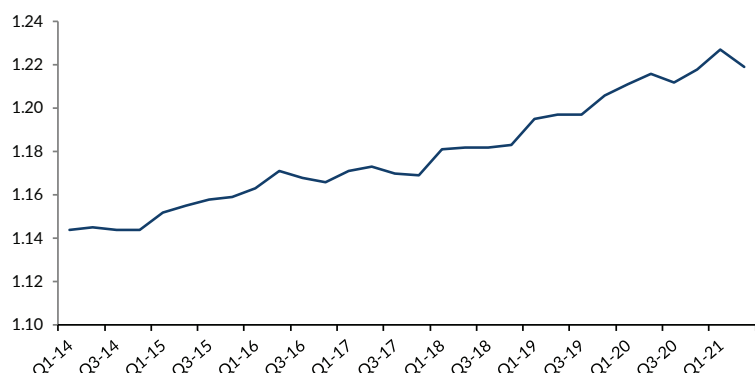
- Personal Health Care Service expenditures serve as a proxy for activity in the broader Healthcare and Medical industries, with high levels of service expenditures correlated with strong performance in other sectors.
- After a brief downturn due to broad health care system disruptions and temporary delays of elective procedures, personal health care service expenditures have slightly exceeded pre-pandemic levels and continue to grow steadily, up 2.5% quarter over quarter to start 2021.

## UNITED STATES POPULATION BY AGE



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

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



- As medical industry revenues are growing, producer costs are also rising, often due to COVID-19 safety measures. The Bureau of Labor Statistics provides a Producer Price Index (PPI) that measures the average change in selling price of domestic output. The Medical Equipment & Supply PPI value serves as a broad proxy for Medical industry costs.
- The PPI is based on a 2003 baseline equal to 100. Currently the index is at 121.9, down from 122.7 in Q4 2020.

# Medical Technology M&A Activity

## Medical Equipment

Boston Scientific (NYSE:BSX) acquires Lumenis Surgical Business from Baring P.E.

**March 2021** — Boston Scientific (NYSE:BSX), a global medical technology leader for more than 40 years, announced a definitive agreement to acquire the global surgical business of Lumenis LTD from Baring Private Equity Asia for an upfront cash payment of \$1.07 billion. The Lumenis surgical business includes laser systems as well as fibers and accessories used for urology and otolaryngology procedures. 2021 net sales for the business are expected to be ~\$200 million. According to Meghan Scanlon, senior vice president and president of Urology and Pelvic Health at Boston Scientific, “We look forward to adding the innovative Lumenis laser portfolio, talented employees and surgical laser center of excellence to our organization. The acquisition will expand our global footprint throughout Europe and Asia and accelerate the delivery of our robust stone management offerings to more urologists – ultimately serving more patients worldwide.” Lumenis CEO Tzipi Ozer-Armon commented “We take great pride in our heritage of innovation in surgical laser solutions which are helping millions of patients worldwide.”

## Therapeutic Device

Hellman & Friedman acquires Cordis Corporation from Cardinal Health

**March 2021** — Cardinal Health (NYSE:CAH) announced that it signed a definitive agreement to sell its Cordis business to Hellman & Friedman for ~\$1 billion. Cordis has a history of innovation in the cardiovascular technology field, specializing in minimally invasive devices. Mike Kaufmann, CEO of Cardinal Health commented “Our decision to divest Cordis demonstrates our disciplined approach to evaluating our portfolio and focusing our resources in our strategic growth areas where we are an advantaged owner.” Hellman & Friedman is partnering with Ajax Health and Zeus Health to help grow the Cordis business. “Cordis is an excellent fit with our philosophy of investing in great businesses as a market-leading cardiovascular device manufacturer known for high-quality products, strong physician satisfaction and superb patient outcomes,” said Hunter Philbrick, Partner at H&F. “We are excited to invest in the talented Cordis, Ajax and Zeus teams to drive industry leadership, therapeutic innovation and improved patient experiences

## Consumable & Disposable

Steris (NYSE:STE) acquires Cantel Medical Corp (NYSE:CMD)

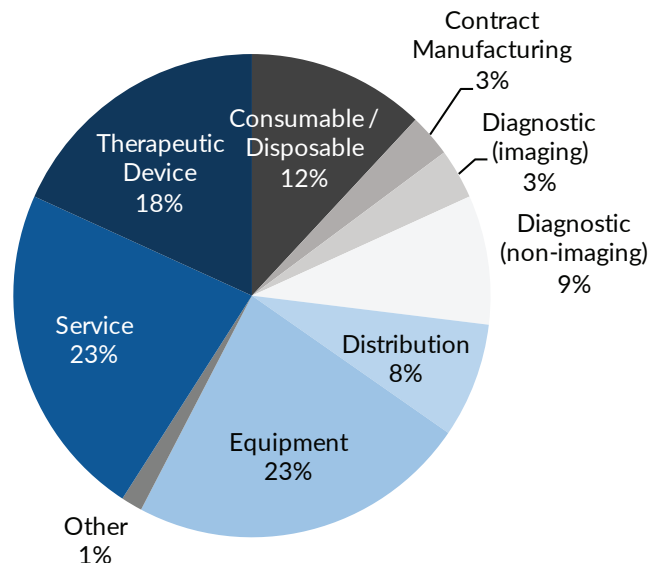
**January 2021** — Steris plc (NYSE:STE) announced that Steris signed a definitive agreement to acquire Cantel through a U.S. subsidiary. Cantel is a global provider of infection prevention products and services primarily to endoscopy and dental Customers. Cantel’s implied enterprise value is approximately \$4.9 billion, which implies a 24x multiple on LTM EBITDA and a 4.4x multiple on LTM revenue. “We have long appreciated Cantel, which is a natural complement and extension to STERIS’s product and service offerings, global reach and Customers,” said Walt Rosebrough, President and Chief Executive Officer of STERIS. “Our companies share a similar focus on infection prevention across a range of healthcare Customers. Combined, we will offer a broader set of Customers a more diversified selection of infection prevention and procedural products and services.” George Fotiadis, CEO of Cantel remarked “We believe Cantel and STERIS are a perfect strategic fit, and this combination is a natural next step for our company, enabling us to accelerate progress on our Cantel 2.0 initiatives and drive enhanced value for shareholders and the healthcare providers and systems we support”

# M&A Activity Roundup

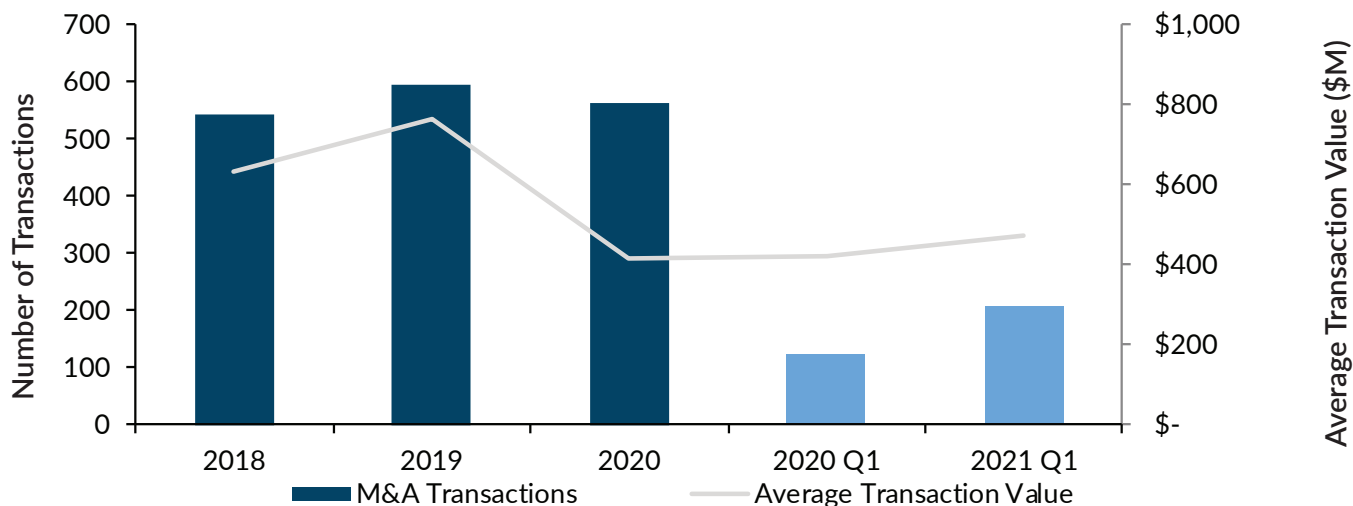
## TRENDS IN MEDICAL TECHNOLOGY M&A

- M&A transaction volume in the first quarter of 2021 was significantly up from the first quarter of 2020, with 208 transactions announced in 2021 compared to 125 announced in 2020's first quarter. In the entirety of the PMCF medical technology database, dating back to 2012, 2021 is the strongest first quarter by transaction volume, with 2017 Q1 the next closest at 157 transactions, or a whopping 25% below 2021 Q1's activity.
- Average transaction value during the quarter was also very strong; the 66 transactions with disclosed values averaged \$475 million, up from \$422 million in 2020. The largest announced deals this quarter were ICON's acquisition of PRA Health Science, and STERIS's acquisition of Cantel Medical.
- As a percentage of overall M&A transactions, those with Therapeutic Device, Equipment, and Service target companies were again the three most active segments, during the quarter, making up 64% of announced deals.

TRANSACTIONS BY PRODUCT SEGMENT - Q1 2021



MEDICAL DEVICE M&A TRANSACTION METRICS



Period	Mean/Median	Transaction Value (\$MM)	TEV/REV	TEV/EBITDA
2021 Q1	Mean	\$475.0	7.24x	14.43x
2021 Q1	Median	\$65.1	4.43x	12.23x
2020 Q1	Mean	\$421.8	3.02x	38.59x
2020 Q1	Median	\$33.8	2.33x	16.77x
2020	Mean	\$414.8	5.28x	30.54x
2020	Median	\$23.7	2.40x	13.57x
2019	Mean	\$762.3	6.76x	18.06x
2019	Median	\$24.8	2.83x	14.08x
2018	Mean	\$633.8	6.64x	17.52x
2018	Median	\$57.5	2.50x	13.63x

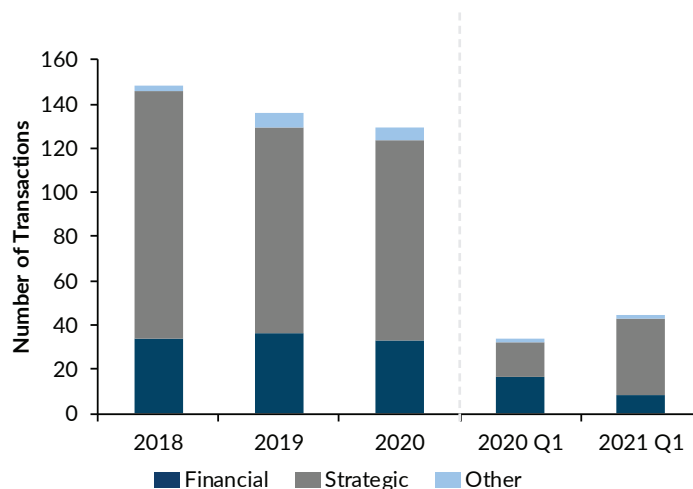
Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Medical Equipment M&A

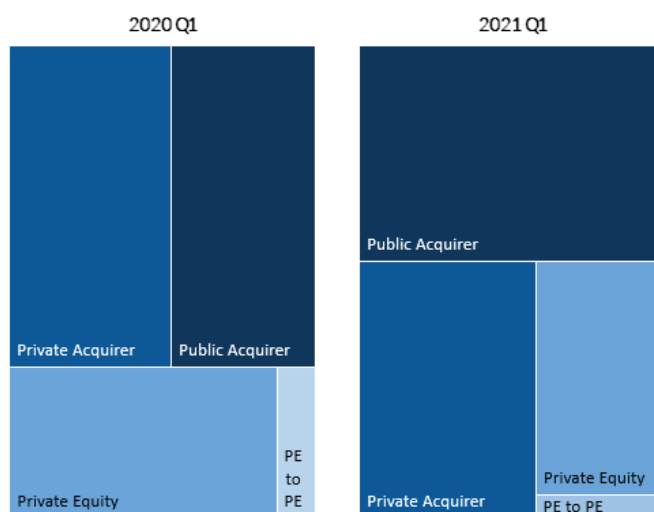
## TRENDS IN MEDICAL EQUIPMENT M&A

- Medical Equipment M&A activity nearly doubled quarter over quarter, increasing from 25 to 48 transactions announced in the sector. As in the broader medical M&A market, this was the strongest Q1 on record in PMCF's database, and the strongest individual quarter since Q3 of 2018.
- Transactions among all buyer types were up, with public acquirers leading the way at 46% of transactions, followed by private acquirers at 31%.
- In cross border transactions, entirely domestic transactions saw a particularly notable increase, more than doubling from 8 to 17 announced transactions. U.S. buyers were also active in the international space, acquiring 7 international targets during the quarter.
- Reflecting buyer's continued focus on COVID-19 related care companies, the three most active end markets were Furniture / Equipment, Hospital Care, and Surgical. Each of these end markets is on pace to set the high volume mark for the 2018 – 2020 time period.

## FINANCIAL VS. STRATEGIC BUYER MEDICAL EQUIPMENT



## MEDICAL EQUIPMENT TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	20 Q1	21 Q1
Acute Care	1	1	4	2	-
Aesthetic	3	2	-	-	-
Cardiovascular	3	5	3	-	2
Drug Delivery	9	1	5	-	4
Furniture/Equipment	39	37	25	5	13
Home Health	5	10	9	5	1
Hospital Care	3	7	21	-	8
Infection Control	6	5	1	1	-
IVD	5	-	1	-	1
Monitor	12	8	12	-	3
Neurovascular	-	2	2	-	-
Ophthalmology	4	7	6	-	2
Ortho	2	1	-	-	4
Other	17	19	11	4	-
Respiratory	7	7	6	3	1
Support	5	9	6	1	2
Surgical	27	15	17	4	7
<b>Total</b>	<b>148</b>	<b>136</b>	<b>129</b>	<b>25</b>	<b>48</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	20 Q1	21 Q1
Int'l-to-Int'l	65	66	57	10	16
U.S.-to-Int'l	15	11	12	4	8
U.S.-to-U.S.	59	48	46	8	17
Int'l-to-U.S.	9	11	14	3	7
<b>Total</b>	<b>148</b>	<b>136</b>	<b>129</b>	<b>25</b>	<b>48</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

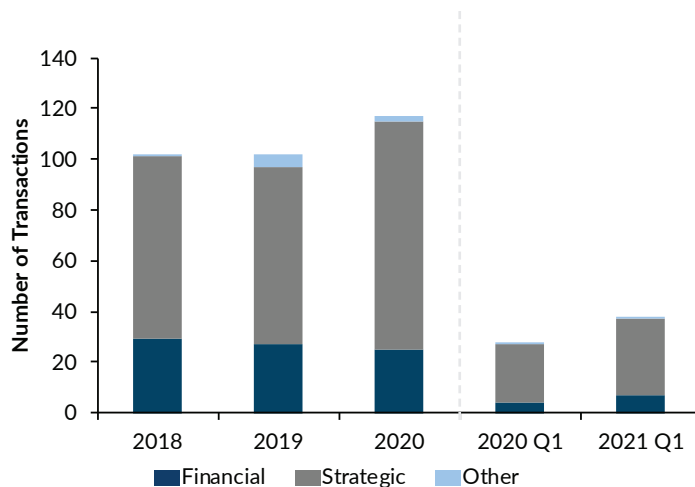


# Therapeutic Device M&A

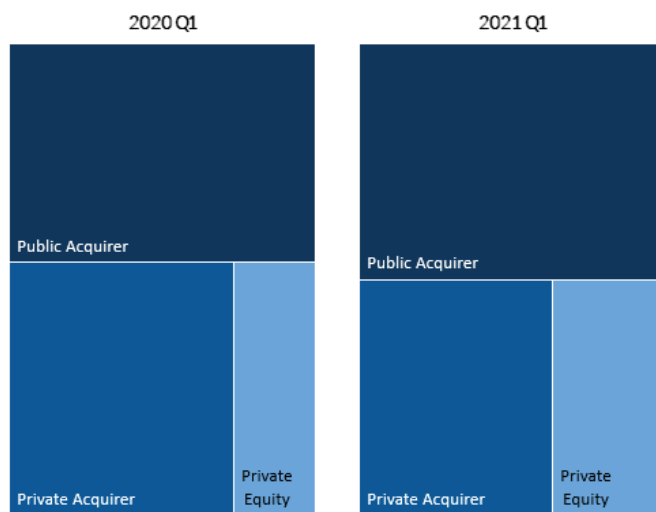
## TRENDS IN THERAPEUTIC DEVICE M&A

- Therapeutic Device M&A was up 36% quarter-over-quarter between 2020 and 2021, with transactions increasing from 28 to 38. The bulk of this activity came from strategic buyers, with 30 of the 38 transactions involving a strategic group.
- Unsurprisingly, given the activity of strategic buyers, public groups were the most active in the Therapeutic Device space during 2021 Q1, making up exactly half of the 38 announced transactions. Both private acquirers and private equity groups completed more transactions in the space than during 2020 Q1.
- In cross border trends, the globalization of medical M&A continued to be on display, with over 63% of transactions involving at least one international party.
- Orthopedic and Other were again the most common end markets within the broader Therapeutic Device segment, a status they have held each year since 2017. Cardiovascular was also an active segment, with 4 announced transactions during the quarter, up from 2 transactions announced in 2020 Q1.

## FINANCIAL VS. STRATEGIC BUYER THERAPEUTIC DEVICE



## THERAPEUTIC DEVICE TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	20 Q1	21 Q1
Acute Care	-	6	3	-	1
Aesthetic	-	-	-	-	-
Cardiovascular	9	7	10	-	4
Drug Delivery	2	-	2	-	-
Furniture/Equipment	-	1	3	-	2
Home Health	9	2	5	1	3
Hospital Care	2	-	-	-	-
Infection Control	-	3	-	-	-
IVD	1	3	1	1	1
Monitor	1	-	2	-	-
Neurovascular	-	5	1	1	3
Ophthalmology	12	13	7	2	4
Ortho	27	33	37	10	7
Other	32	23	36	11	11
Respiratory	2	3	3	1	1
Support	1	1	2	-	-
Surgical	4	2	5	1	1
<b>Total</b>	<b>102</b>	<b>102</b>	<b>117</b>	<b>28</b>	<b>38</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	20 Q1	21 Q1
Int'l-to-Int'l	49	34	47	13	20
U.S.-to-Int'l	7	6	10	3	1
U.S.-to-U.S.	35	51	46	8	14
Int'l-to-U.S.	11	11	14	4	3
<b>Total</b>	<b>102</b>	<b>102</b>	<b>117</b>	<b>28</b>	<b>38</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

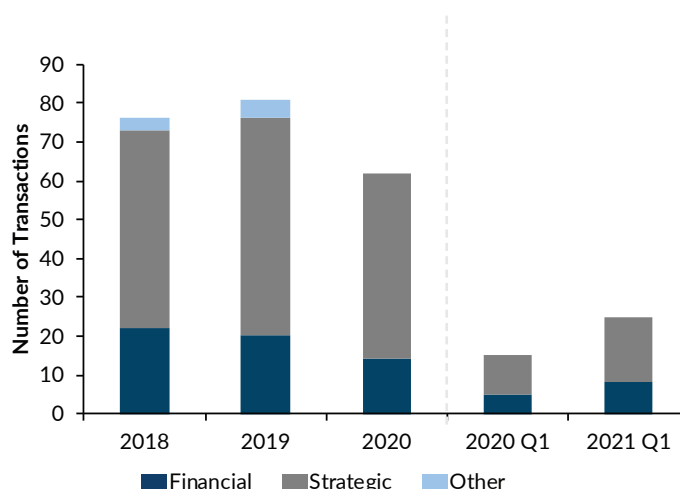


# Consumable & Disposable M&A

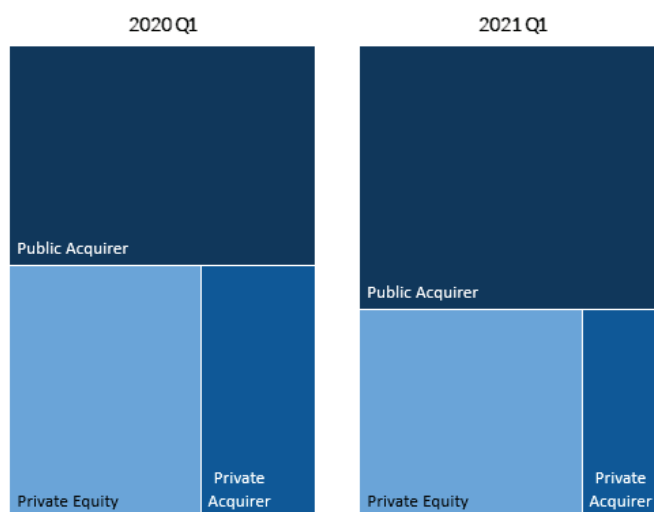
## TRENDS IN CONSUMABLE & DISPOSABLE M&A

- Consumable & Disposable M&A market activity was up 67% quarter over quarter in the first quarter of 2021. Both strategic and financial buyers were more active, with strategic groups announcing 8 transactions during the year, compared to 5 the quarter prior, and financial buyers reporting 17 and 10, respectively.
- Public acquirers were more active in 2021 Q1 than in 2020, with 7 more transactions announced in 2021. Private equity groups followed suit, with 3 additional transactions announced, while private acquirers held steady at 3 each quarter.
- When it comes to cross border trends, there was a notable jump up in International to U.S. transactions during the year, with 4 announced in 2021 already, compared to 1 in all of 2020.
- Continuing the trend from previous year, infection control was the leading end market within the Consumable & Disposable sector, with 6 transactions announced, compared to 19 in 2020 and 2 in 2019, showing the COVID induced uptick is here to stay for at least a bit longer.

## FINANCIAL VS. STRATEGIC BUYER CONSUMABLE & DISP.



## CONSUMABLE & DISP. TRANSACTIONS BY BUYER TYPE



## TRANSACTIONS BY END MARKET

End Market	2018	2019	2020	20 Q1	21 Q1
Acute Care	7	8	8	1	3
Aesthetic	1	2	-	-	-
Cardiovascular	3	2	-	-	-
Drug Delivery	3	5	8	1	1
Furniture/Equipment	-	1	-	-	-
Home Health	4	4	2	1	2
Hospital Care	2	9	6	1	5
Infection Control	11	2	19	4	6
IVD	10	5	1	1	2
Monitor	-	-	-	-	-
Neurovascular	-	-	-	-	-
Ophthalmology	-	3	1	-	1
Ortho	-	-	1	-	-
Other	16	22	11	4	-
Respiratory	1	2	2	-	-
Support	3	6	3	2	-
Surgical	15	10	-	-	5
<b>Total</b>	<b>76</b>	<b>81</b>	<b>62</b>	<b>15</b>	<b>25</b>

## CROSS BORDER TRANSACTION TRENDS

Seller-to-Buyer	2018	2019	2020	20 Q1	21 Q1
Int'l-to-Int'l	30	42	36	10	12
U.S.-to-Int'l	6	9	4	2	2
U.S.-to-U.S.	31	25	21	3	7
Int'l-to-U.S.	9	5	1	-	4
<b>Total</b>	<b>76</b>	<b>81</b>	<b>62</b>	<b>15</b>	<b>25</b>

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Medical Device Public Comparables

## PUBLIC DIVERSIFIED MEDICAL DEVICE COMPANY COMMENTARY

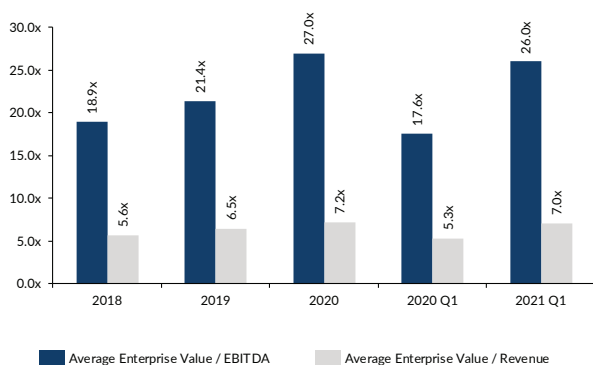
- “I think this [self-administered rapid COVID-19 diagnostic test] is something that people are going to want to buy and have in their homes and stock up in their homes. Think of it as maybe your new element in your medicine cabinet.” – Robert Ford, Abbott Laboratories President, CEO, & Director
- “Johnson & Johnson stands ready to resume shipment of its COVID-19 vaccine in Europe. In addition, we will work with member states to resume vaccinations in all Janssen COVID-19 vaccine clinical trials in Europe. We remain committed to supplying 200 million doses of our COVID-19 vaccine to the European Union, plus Norway and Iceland.” – Paulus Stoffels, Johnson & Johnson Chief Scientific Officer

### DIVERSIFIED MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

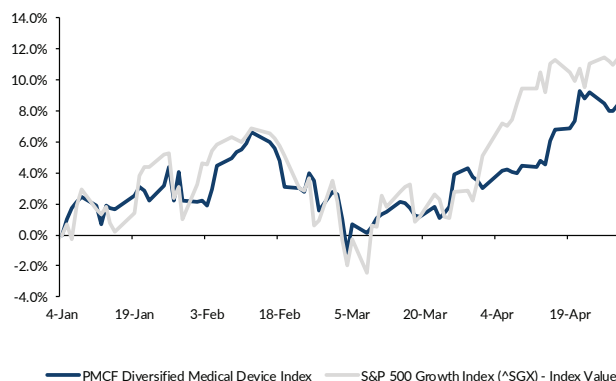
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	3/31/2021	7,148	19,890	210,706	223,667	6.5x	24.3x	47.8x
Baxter International Inc.	3/31/2021	3,182	6,560	42,647	46,063	3.9x	15.9x	39.6x
Becton, Dickinson and Company	3/31/2021	3,758	17,719	70,193	84,154	4.7x	15.6x	46.0x
Boston Scientific Corporation	3/31/2021	1,734	9,614	54,804	62,684	6.3x	26.7x	NM
Intuitive Surgical, Inc.	3/31/2021	4,558	0	88,499	83,979	19.1x	62.3x	84.8x
Johnson & Johnson	4/4/2021	24,619	33,613	428,684	437,678	5.3x	15.9x	29.6x
Medtronic plc	1/29/2021	14,640	30,323	159,329	175,182	6.3x	27.7x	52.3x
Smith & Nephew plc	12/31/2020	1,762	3,690	16,503	18,431	4.0x	19.2x	36.3x
Stryker Corporation	3/31/2021	2,312	13,505	91,428	102,621	7.2x	26.5x	57.8x
High		24,619	33,613	428,684	437,678	19.1x	62.3x	84.8x
Mean		7,079	14,990	129,199	137,162	7.0x	26.0x	49.3x
Median		3,758	13,505	88,499	84,154	6.3x	24.3x	46.9x
Low		1,734	0	16,503	18,431	3.9x	15.6x	29.6x

As of January 04, 2021

### DIVERSIFIED MEDICAL DEVICE MULTIPLES



### DIVERSIFIED MEDICAL DEVICE INDEX



EV/EBITDA multiples for the Diversified Medical Device (“DMD”) comparables finished the first quarter of 2021 at near record levels, up 48% over Q1 2020, concluding at 26.0x, up from 17.6x a year ago. Average multiples were led by extremely strong performance from Intuitive Surgical at 61.5x. Average EV/Revenue multiples also exhibited healthy growth, up 32% between the first quarters of 2020 and 2021, with Intuitive again leading the way, followed by Stryker Corporation and Abbott Laboratories.

Through the first four months of 2021 the PMCF DMD index is up 7.7%, down slightly from the 2021 to date peak of 9.3% reached in mid-April. At the end of the first quarter the index was up 3.5%, before climbing meaningfully during a strong month of April.

# Orthopedic Public Comparables

## PUBLIC ORTHOPEDIC MEDICAL DEVICE COMPANY COMMENTARY

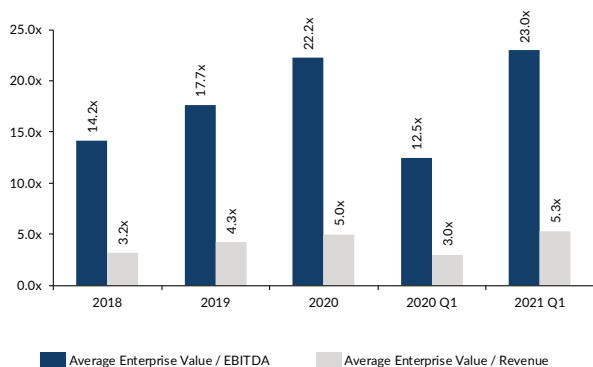
- “I’m encouraged by the current global market recovery and the momentum we are seeing in our business. The company’s continued commitment to R&D investment furthers our ability to deliver the strongest innovation pipeline in spine. Our long-term strategy provides opportunities for multiple vectors of growth.” – Christopher Barry, NuVasive CEO & Director
- “We expect that part of what we’ll see is a pretty significant tailwind from the backlog of patients that has built up over the last year or more. Now how fast that happens, how fast we work through that backlog, especially across certain regions is something we’re going to have to pay attention to.” – Bryan Hanson, Zimmer Biomet President, CEO, & Director

### ORTHOPEDIC MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

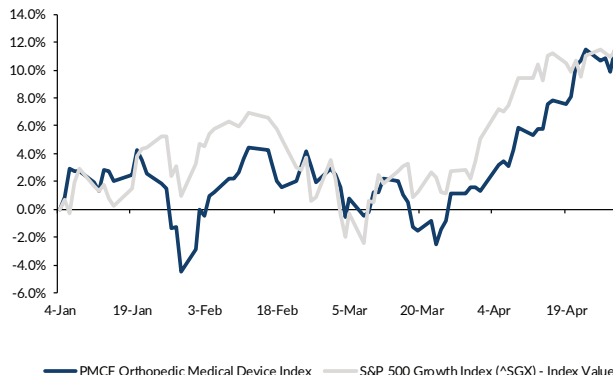
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Alphatec Holdings, Inc.	3/31/2021	191	66	1,483	1,382	10.0x	NM	NM
Colfax Corporation	12/31/2020	97	2,410	6,000	8,357	2.7x	16.8x	100.8x
Globus Medical, Inc.	3/31/2021	404	5	6,172	5,774	6.8x	29.6x	61.2x
Integra LifeSciences Holdings Corporation	3/31/2021	409	1,818	5,744	7,153	5.1x	19.8x	43.4x
NuVasive, Inc.	3/31/2021	234	1,002	3,323	4,091	3.6x	19.5x	NM
Orthofix Medical Inc.	3/31/2021	95	27	838	771	1.9x	31.7x	NM
Smith & Nephew plc	12/31/2020	1,762	3,690	16,503	18,431	4.0x	19.2x	36.3x
Stryker Corporation	3/31/2021	2,312	13,505	91,428	102,621	7.2x	26.5x	57.8x
Zimmer Biomet Holdings, Inc.	3/31/2021	725	7,854	33,331	40,465	5.8x	20.0x	NM
High		2,312	13,505	91,428	102,621	10.0x	31.7x	100.8x
Mean		692	3,375	18,314	21,005	5.2x	22.9x	59.9x
Median		404	1,818	6,000	7,153	5.1x	19.9x	57.8x
Low		95	5	838	771	1.9x	16.8x	36.3x

As of January 04, 2021

### ORTHOPEDIC MEDICAL DEVICE MULTIPLES



### ORTHOPEDIC MEDICAL DEVICE INDEX



The OMD index started 2021 on a high note, with quarterly multiples at 23.0x, the highest level within the last decade and a half. Compared to a year ago, EBITDA multiples are up 84%, while revenue multiples are up 75%. Orthofix Medical had the highest EBITDA multiple during the quarter, trading at 32.1x, while Alphatec Holdings had the highest revenue multiple at 10.1x.

PMCF's OMD index followed the pattern of the benchmark S&P 500 Growth Index for the majority of the first four months of 2021, lagging slightly in early February before finishing April up 11.0% on the year, compared to 10.6% for the Growth Index.

# Cardiovascular Public Comparables

## PUBLIC CARDIOVASCULAR MEDICAL DEVICE COMPANY COMMENTARY

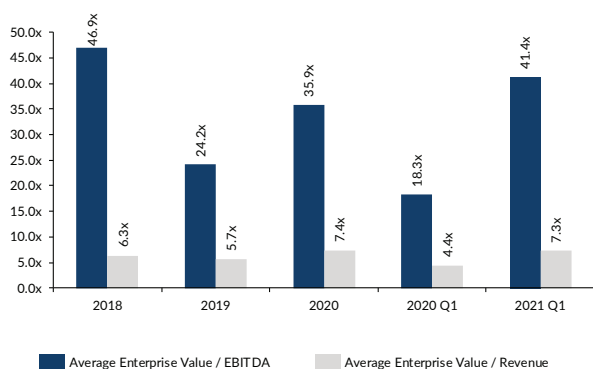
- “I think one of the encouraging signs of what we believe is kind of the early stages of recovery of the industry is some of the products that we introduced essentially stalled... But what we've seen is those products come back to life.” – Fred Lampropoulos, Merit Medical Systems Chairman, CEO, & President
- “Away from headquarters, the vaccines are also helping our sales reps gain greater hospital access. We estimate that 70% of our American sales force and 100% of our British sales force have received at least one vaccine shot. And now the European and Canadian vaccine efforts seem to be turning the corner. More vaccines for our sales reps likely means more sales calls and more sales.” – George LeMaitre, LeMaitre Vascular, Chairman & CEO

### CARDIOVASCULAR MEDICAL DEVICE PUBLIC COMPARABLES SUMMARY

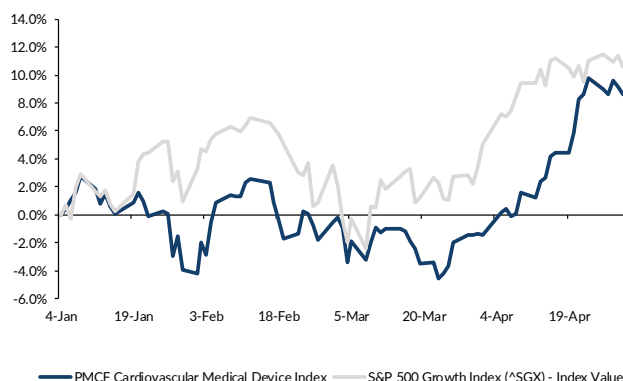
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abiomed, Inc.	3/31/2021	584	14	14,263	13,693	16.6x	53.1x	71.9x
AngioDynamics, Inc.	2/28/2021	54	40	883	869	3.2x	109.1x	NM
Cardiovascular Systems, Inc.	3/31/2021	211	21	1,503	1,312	5.7x	NM	NM
CryoLife, Inc.	3/31/2021	57	357	890	1,191	4.5x	33.8x	NM
Edwards Lifesciences Corporation	3/31/2021	1,331	689	52,152	51,510	11.7x	35.4x	64.5x
LeMaitre Vascular, Inc.	3/31/2021	24	47	997	1,021	7.9x	26.4x	46.7x
Medtronic plc	1/29/2021	14,640	30,323	159,329	175,182	6.3x	27.7x	52.3x
Merit Medical Systems, Inc.	3/31/2021	59	401	3,329	3,671	3.8x	23.5x	NM
Terumo Corporation	12/31/2020	1,645	2,473	27,283	28,110	5.1x	20.4x	39.3x
High		14,640	30,323	159,329	175,182	16.6x	109.1x	71.9x
Mean		2,067	3,818	28,959	30,729	7.2x	41.2x	54.9x
Median		211	357	3,329	3,671	5.7x	30.8x	52.3x
Low		24	14	883	869	3.2x	20.4x	39.3x

As of January 04, 2021

### CARDIOVASCULAR MEDICAL DEVICE MULTIPLES



### CARDIOVASCULAR MEDICAL DEVICE INDEX



Cardiovascular Medical Devices finished 2021 Q1 up substantially from a year ago, with 127% growth in EV/EBITDA, and 63% growth in EV/Revenue multiples. The outlook for the industry is much different than a year ago, when the healthcare system and world was in crisis, with uncertainty as to the ability of healthcare providers to perform non-COVID-19 related procedures. Over the last decade, year end EV/EBITDA multiples have only exceeded the CMD index's current valuation once, in 2018.

The CMD index is up 8.7% on the year, the second strongest performing of PMCF's four tracked medical indices behind only Orthopedic. Similar to the other indices, the CMD experienced a slight downturn in early to mid-February, yet has ticked upwards since then, trailing the S&P 500 Growth Index slightly.

Sources: Capital IQ, PitchBook, Company Reports, PMCF

# Diversified Diagnostic Public Comparables

## PUBLIC DIVERSIFIED DIAGNOSTIC COMPANY COMMENTARY

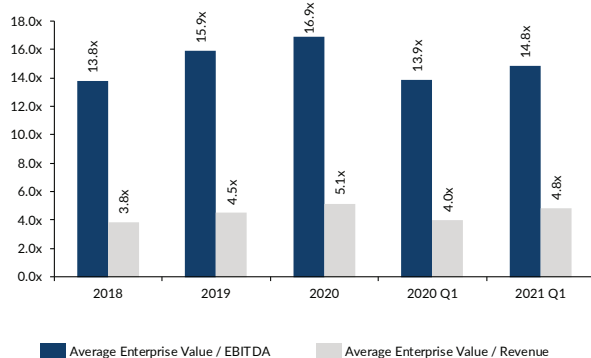
- “We secured our global supply chain to ensure that our essential medical devices were available to treat COVID patients in ICUs around the world, including BD devices used in the treatment of an estimated 90% of U.S. ICU patients. And today, we continue to add capacity and enable over 1 billion doses of COVID-19 vaccine to be delivered using our injection devices.” – Thomas Polen, Becton, Dickinson and Company President, CEO, & Chairman
- “Based on publicly available data for the U.S., molecular COVID testing volumes remain very high, much higher than for any other molecular test. But have declined significantly since January based on a better-than-expected vaccine rollout.” – Stephen MacMillan, Hologic Chairman, CEO, & President

### DIVERSIFIED DIAGNOSTIC PUBLIC COMPARABLES SUMMARY

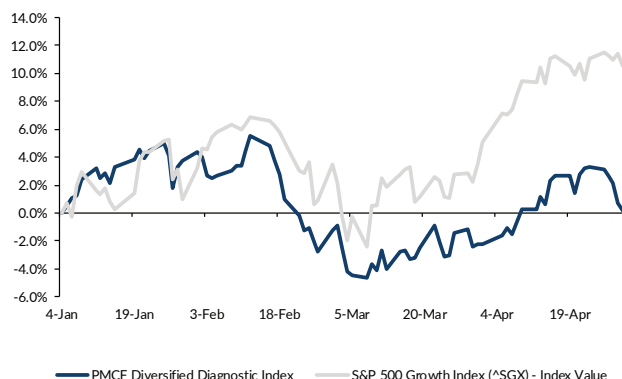
Company Name	LTM as of	Cash (\$MM)	Debt (\$MM)	Market Cap (\$MM)	TEV (\$MM)	TEV/REV	TEV/EBITDA	P/E
Abbott Laboratories	3/31/2021	7,148	19,890	210,706	223,667	6.5x	24.3x	47.8x
Becton, Dickinson and Co.	3/31/2021	3,758	17,719	70,193	84,154	4.7x	15.6x	46.0x
Danaher Corporation	12/31/2020	6,035	22,178	160,497	179,919	8.1x	26.7x	46.1x
Hologic, Inc.	3/27/2021	816	2,799	19,155	21,137	4.7x	9.3x	14.1x
Laboratory Corporation of America	3/31/2021	1,891	6,360	24,664	29,154	2.2x	7.8x	15.9x
Novartis AG	3/31/2021	3,995	37,843	194,601	228,515	4.7x	12.7x	26.1x
Quest Diagnostics Incorporated	3/31/2021	1,230	4,661	17,274	20,829	2.2x	7.4x	12.4x
Roche Holding AG	12/31/2020	13,951	17,418	279,670	287,017	4.5x	11.1x	18.5x
Thermo Fisher Scientific Inc.	12/31/2020	10,325	22,591	179,688	191,954	6.0x	18.3x	28.6x
High		13,951	37,843	279,670	287,017	8.1x	26.7x	47.8x
Mean		5,461	16,829	128,494	140,705	4.8x	14.8x	28.4x
Median		3,995	17,719	160,497	179,919	4.7x	12.7x	26.1x
Low		816	2,799	17,274	20,829	2.2x	7.4x	12.4x

As of January 04, 2021

### DIVERSIFIED DIAGNOSTIC MULTIPLES



### DIVERSIFIED DIAGNOSTIC INDEX



EV/EBITDA multiples within the Diversified Diagnostic (“DD”) industry were not as strong as those of PMCF’s other tracked medical sectors, closing the first quarter of the year at 14.8x. This represented a healthy 7% gain over a year ago, but a 2.1x reduction from the end of 2020. EV/Revenue multiples performed better, up 21% from a year ago. Danaher Corp and Abbott Laboratories traded at 26.7x and 24.5x respectively, leading the way for the index, while Johnson & Johnson’s 7.9x brought up the tail end.

The sector’s stock performance dipped beginning in mid-February, perhaps indicating investor belief that vaccine rollout progress may lessen the historic demand for diagnostic tests. For the year to date the index is almost flat, up just 0.2%, which is down from the 2021 high of 5.6% up in early February.

# 2021 Q1 Venture Capital Activity Overview

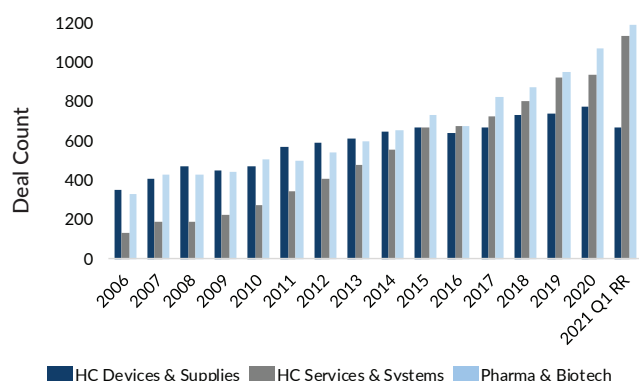
The first quarter of 2021 proved to be an explosive start to the year, with activity levels and valuation exceeding even 2020's torrid pace on an annualized basis. Perhaps the most notable development was the continued shift towards late-stage investments, with those companies pulling in over 75% of all VC investment dollars. This shift in allocation was accompanied by a push into larger deals, with the median pre-money valuation by round rising in all stage investments, but most notably among late-stage companies.

Pharma & Biotech is well on the way towards setting a record for sector deal activity for the 5th consecutive year, dating back to 2017. After the first quarter, annualized deal activity is projected to reach almost 1200 deals in the United States, up from 1069 in 2020 and 949 in 2019. HC Services & Systems is also off to a robust start, on pace for 1136 deals, well above last year's all time high of 937 deals. HC Devices & Supplies was the only sector to see a slight dip in performance, with 2021 deals on trajectory for 668 deals, a figure more comparable with 2017's activity level than last year's 937 deals.

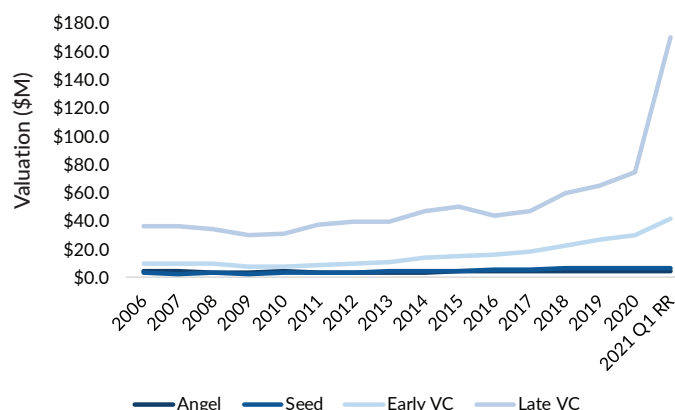
Buoyed by a surge in mega-deals, median deal valuations spiked in late-stage deals, with a sizable uptick in early-stage deals and flat valuations in angel and seed rounds. The increase in late-stage valuations was literally off the charts, more than doubling from \$75M to \$170M. Early valuations grew from \$30M to \$42M, while angel and seed stayed flat at \$5M and \$7M respectively.

Within the three healthcare related VC industries, HC Devices & Supplies, HC Services & Systems, and Pharma & Biotech, Pharma & Biotech was again the most active sector, with approximately 298 deals completed during the quarter, compared to 284 in HC Services & Systems, and 167 in HC Devices & Supplies.

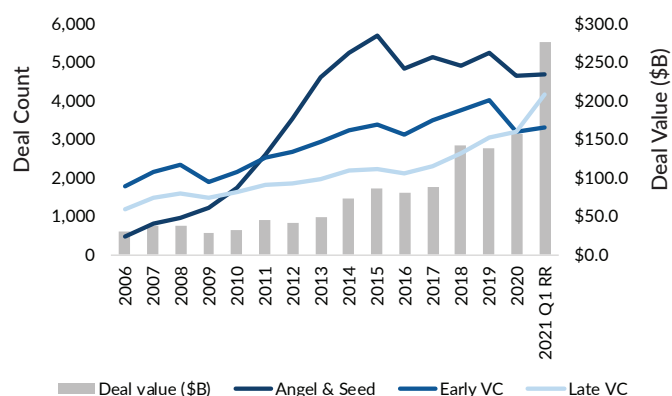
## VC INVESTMENTS IN MEDICAL SECTORS



## MEDIAN PRE-MONEY VALUATION BY ROUND



## DEAL COUNT BY ROUND



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

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

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

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- Tailored sale process provides for extensive upfront preparation, detailed company review and identification of any potential issues in advance, and buyer evaluation/diligence ensuring the right fit
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- Long-term and client first approach allows PMCF to provide unbiased advice



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