

# Healthcare Products Industry Report

*December 2021*



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# Healthcare Products Industry Report

## I. Manufacturing

# HEALTHCARE PRODUCTS MANUFACTURING: KEY INDUSTRY TAKEAWAYS

- ❑ **Healthcare Products Manufacturing:** Industry revenue is expected to grow at an annualized rate of 2.9% to \$58.0 billion by 2026. The aging baby boomer population and technological developments will continue to bolster industry growth, while the changing regulatory environment will likely support profitability. Additionally, input prices are expected to rise only slightly, resulting in a marginal increase in average industry profit from 10.7% of revenue in 2021 to 12.3% in 2026.
- ❑ **External Drivers**
  - **Number of physician visits:** Hospitals are one of the major purchasers and users of medical devices. The need to purchase or replace equipment directly correlates with the total number of physician visits in a year; therefore, an increase in physician visits bolsters demand for medical devices.
  - **Number of adults aged 65 and older:** Recent medical advancements and longer life expectancy have boosted the number of adults aged 65 and older. Incidences of disease and disorder rise with age, increasing demand for medical treatment.
  - **Total health expenditure:** Total health expenditure includes private and public spending on activities that promote health and prevent diseases. Increased healthcare funding programs (such as the Patient Protection and Affordable Care Act) result in more available funding for the replacement of medical equipment and supplies.
  - **Federal funding for Medicare and Medicaid:** Health coverage is an important factor for patients and doctors choosing treatment options. Medicare coverage is particularly significant, as it directly affects the number of patients who have to pay for industry products and the amount that manufacturers receive in Medicare payments.
- ❑ **Industry Outlook**
  - **Continued Growth:** Factors that influenced the Medical Device Manufacturing industry from 2016 to 2021 such as healthcare reform, technological advancements, outsourcing, regulation and an aging population, will likely continue to drive industry development from 2021 to 2026. The combined effect of these factors is forecasted to boost revenue growth at an annualized rate of 2.9% to \$58.0 billion in 2026.
  - **Emerging Trends:** The changing demographics of the United States favor the industry. Medical innovations will continue to expand the average lifespan, with high-tech fields such as biotechnology and 3D printing likely enabling the development of new therapeutic and diagnostic product lines.



# INDUSTRY AT A GLANCE

## Key Statistics



### \$50.4bn Revenue

- Annual Growth 2016 – 2021 1.3%
- Annual Growth 2021 – 2026 3.5%



### \$5.4bn Profit

- Annual Growth 2016 – 2021 -1.0%



### 10.7% Profit Margin

- Annual Growth 2016 – 2021 -3.5pp



### 998 Businesses

- Annual Growth 2016 – 2021 4.1%
- Annual Growth 2021 – 2026 3.2%



### 93,089 Employees

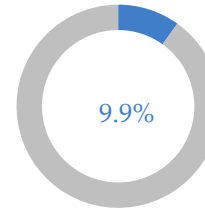
- Annual Growth 2016 – 2021 2.7%
- Annual Growth 2021 – 2026 2.8%



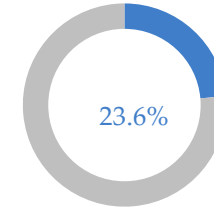
### \$9.8bn Wages

- Annual Growth 2016 – 2021 3.5%
- Annual Growth 2021 – 2026 2.8%

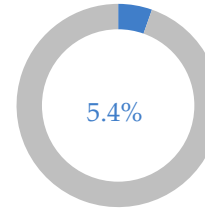
## Segments



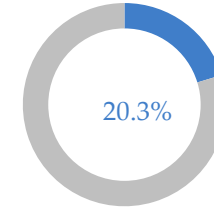
Neuromodulation and spinal devices



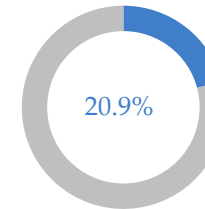
Cardiovascular devices



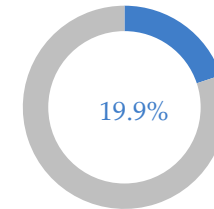
Diabetes devices



Other devices



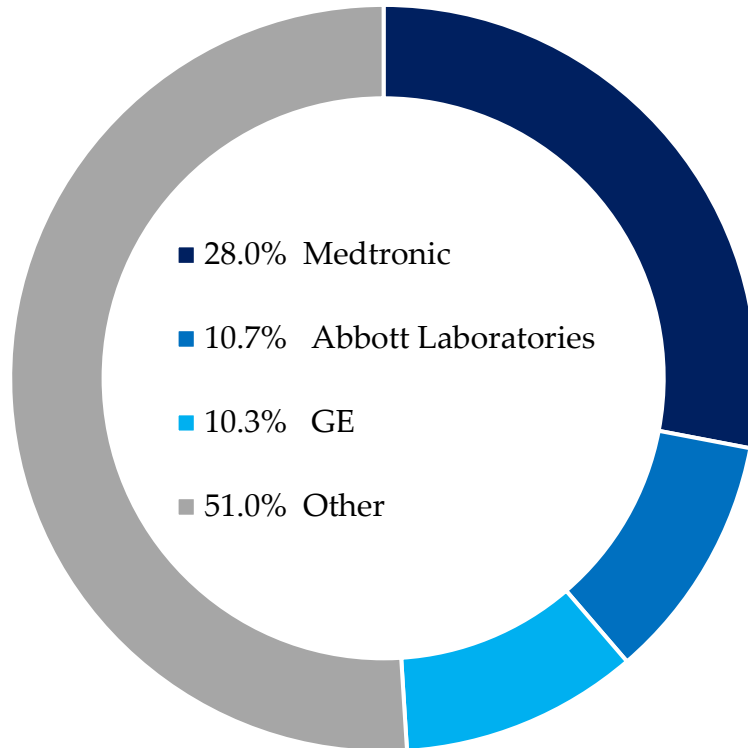
Irradiation devices



Patient recovery and noninvasive devices

# INDUSTRY AT A GLANCE

## Major Players



## SWOT Analysis

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### STRENGTHS

- Growth Life Cycle Stage
- Low Customer Class Concentration
- High Profit vs. Sector Average
- Low Capital Requirements

W

### WEAKNESSES

- High Competition

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### OPPORTUNITIES

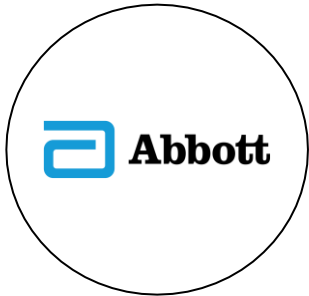
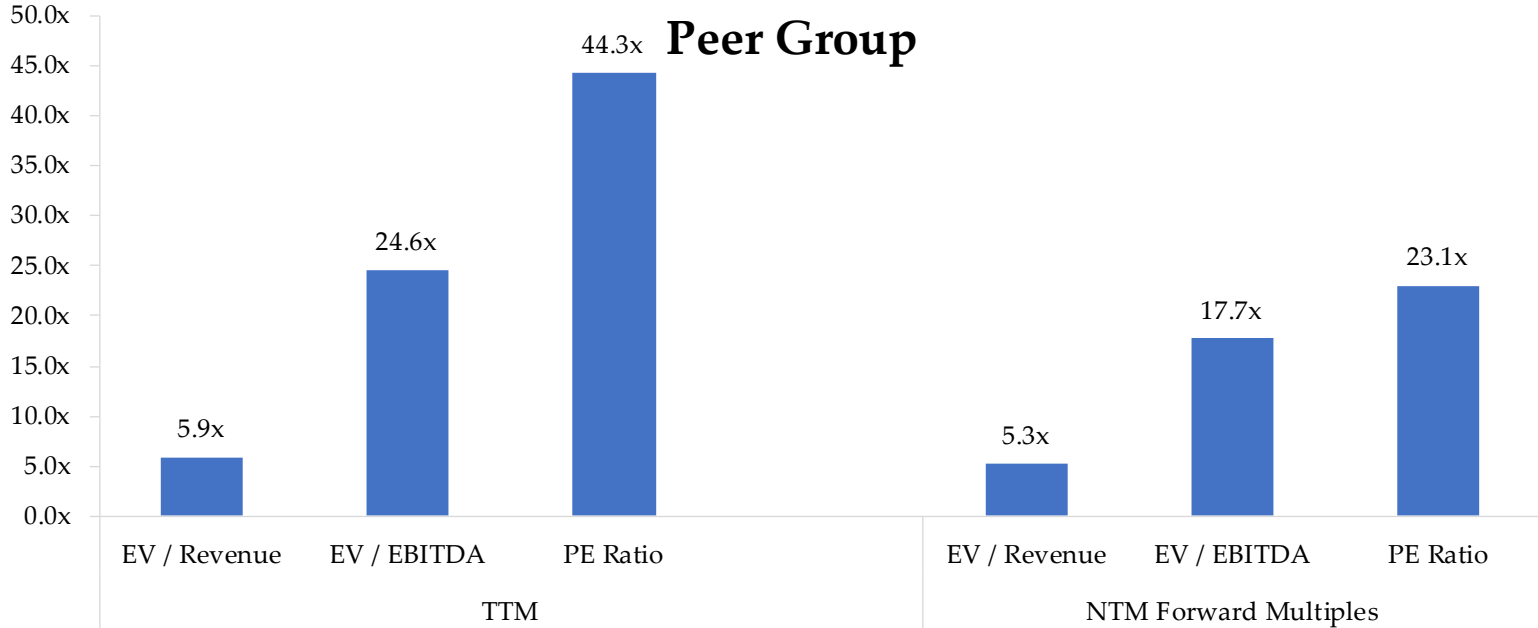
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Trade-Weighted Index

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### THREATS

- Low Revenue Growth (2005-2021)
- Low Outlier Growth
- Number of physician visits

# PUBLIC COMPARABLES

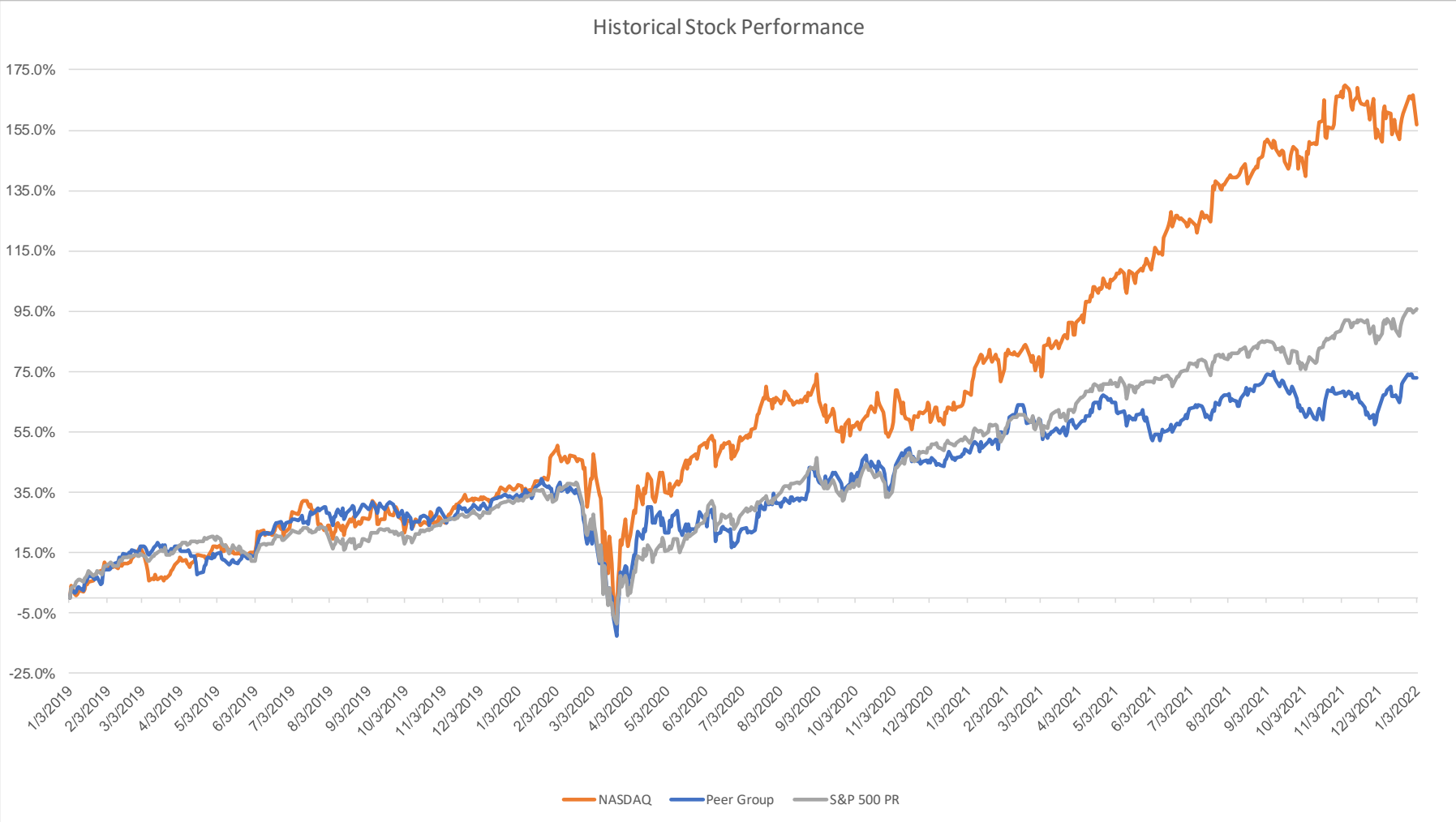


# PUBLIC COMPARABLES

\$ in Millions Ticker	Medtronic	Abbott	Boston Scientific	Avanos Medical	Stryker	
	MDT	ABT	BSX	AVNS	SYK	
Total Revenue	\$30,117	\$40,233	\$11,197	\$738	\$16,246	
Gross Profit	19,634	22,426	7,440	362	10,459	
EBIT	4,820	7,701	900	-65	2,480	
Net Income	\$3,606	\$6,376	\$582	\$2	\$2,083	
EBITDA (Normalized)	8,602	11,801	2,416	92	3,919	
Total Debt	26,389	18,501	9,464	227	12,740	
EV	154,217	257,790	68,046	1,779	110,894	
Employees	90,000	109,000	38,000	5,380	43,000	
<b>Ratio Analysis</b>						<b>Median</b>
Revenue/Employee	\$334,633	\$369,110	\$294,658	\$137,138	\$377,814	\$334,633
EV/Revenue	4.85x	6.09x	5.93x	2.42x	6.65x	5.93x
Debt/EBITDA	3.72x	1.70x	5.56x	NM	3.85x	3.79x
EV/EBITDA (Normalized)	26.59x	27.06x	63.43x	20.82x	37.13x	27.06x
Market Cap/EBITDA	28.61x	27.87x	70.81x	NM	37.33x	32.97x
Market Cap (mm)	139,095	248,869	60,534	1,671	100,882	
Close Price	106.10	139.04	43.12	35.49	268.42	
52 Week Low	98.38	105.36	34.58	28.95	220.90	
52 Week High	135.89	142.60	46.29	53.61	281.16	
Gross Margin	65.2%	55.7%	66.4%	49.0%	64.4%	64.4%
EBIT	16.0%	19.1%	8.0%	-8.8%	15.3%	15.3%
EBITDA	25.0%	27.8%	15.3%	-3.2%	21.0%	21.0%
Acct. Receivable Days	62	53	51	63	57	57
Inventory Days	154	107	139	165	218	154
Acct. Payable Days	81	97	65	70	77	77
Revenue Growth	4.2%	28.0%	10.2%	4.6%	15.5%	10.2%



# HEALTHCARE PRODUCTS - MANUFACTURING INDEX Vs. S&P 500



DCA Healthcare Products - Manufacturing Index: MDT, ABT, BSX, AVNX, SYK, BDX

# RECENT PRIVATE TRANSACTIONS

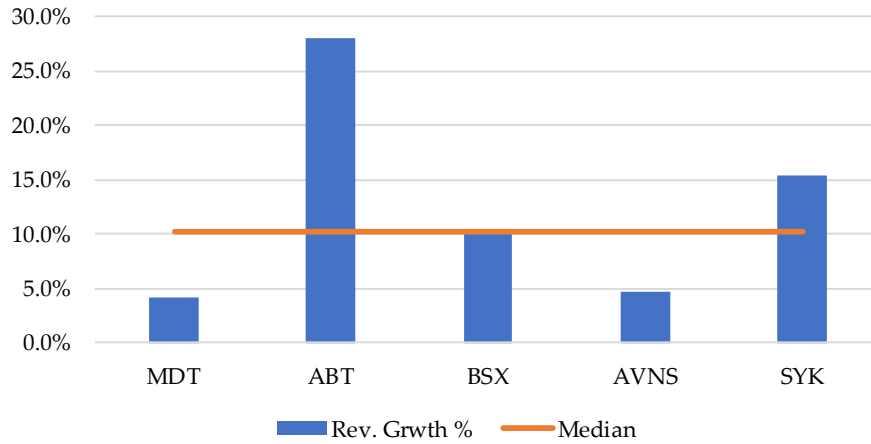
Deal Date	Target Companies	Investors	Deal Synopsis
21-Dec-2021	VERO Biotech	MVM Partners (Eric Bednarski)	The company received \$27.27 million of development capital from MVM Partners and undisclosed investors on December 21, 2021. The deal will enable the company to expand commercialization of the GENOSYL Delivery System. As a part of this transaction, AUA Private Equity Partners sold its stake in the company.
21-Dec-2021	SiO2 Materials Science	Doosan (KRX: 000150)(Han Lee)	The company entered into a definitive agreement to receive \$100 million of financing from Doosan on December 21, 2021. Through this investment, Doosan has secured exclusive business rights in Asia and Oceania for all the company products and plans to promote domestic manufacturing in the future.
14-Dec-2021	Dermlite	DW Healthcare Partners	The company was acquired by DW Healthcare Partners through a Amount of 33.6 million LBO on December 14, 2021.
13-Dec-2021	Fast&Up	Morgan Stanley Private Equity Asia(Nirav Mehta)	The company raised \$22 million of venture funding from Morgan Stanley Private Equity Asia on December 13, 2021.
25-Nov-2021	Vivachek		The company filed to go public on November 25, 2021. The expected offering amount is CNY 775 million.

# RECENT PUBLIC TRANSACTIONS

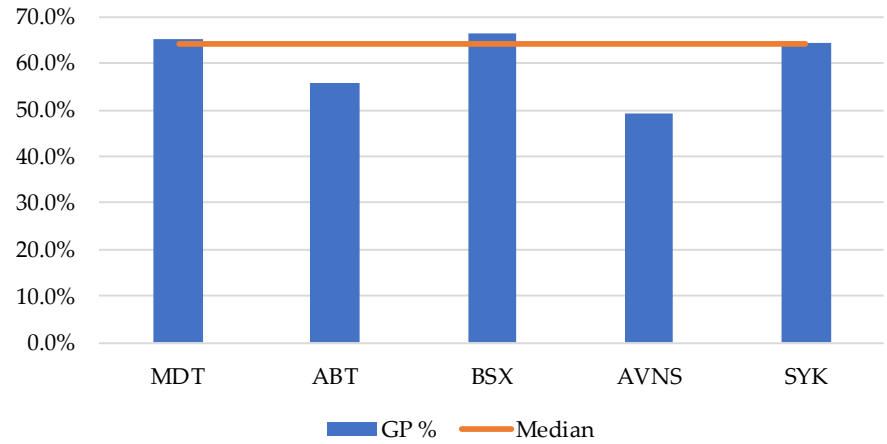
Deal Date	Target	Acquirer	Deal Synopsis
23-Nov-2021	ViewRay (NAS: VRAY)		The company raised \$80.5 million in its second public offering on the Nasdaq stock exchange under the ticker symbol of ViewRay on November 23, 2021.
12-Nov-2021	Journey Medical (NAS: DERM)	Medtainer	The company raised \$35.2 million in its initial public offering on the Nasdaq stock exchange under the ticker symbol of DERM on November 12, 2021. A total of 3,520,000 shares were sold at a price of \$10 per share. The underwriters were granted an option to purchase up to an additional 528,000 shares from the company to cover over-allotments, if any.
10-Nov-2021	Bluejay Diagnostics (NAS: BJDIX)	Vesper Healthcare Acquisition	The company raised \$21.6 million in its initial public offering on the Nasdaq stock exchange under the ticker symbol of BJDIX on November 10, 2021. A total of 2,160,000 units were sold at \$10 per unit. Each unit consists of one share of common stock, one Class A warrant and one Class B warrant. After the offering, there was a total of 12,694,265 outstanding shares (excluding the over-allotment option) at \$10 per unit, valuing the company at \$126.9 million. The underwriters were granted an option to purchase up to an additional 324,000 shares from the company to cover over-allotments, if any.
05-Nov-2021	Concert Pharmaceuticals (NAS: CNCE)		The company (NAS: CNCE) received \$65 million of development capital from BVF Partners and RA Capital Management on November 5, 2021 through a private placement. The company will have the potential to receive an additional \$103 million upon the full exercise of warrants being issued in connection with the agreement. The financing consists of the sale of common and preferred stock, warrants and a portion of the company's right to receive potential future AVP-786 royalties under an existing licensing agreement with Avanir Pharmaceuticals.
03-Nov-2021	Novabay Pharmaceuticals (ASE: NBY)	Bioventus	The company (ASE:NBY) received GBP 15 million of development capital from undisclosed investors on November 3, 2021 through a private placement. The company intends to use the proceeds for the acquisition of DERMAdoctor.

# OPERATING METRICS

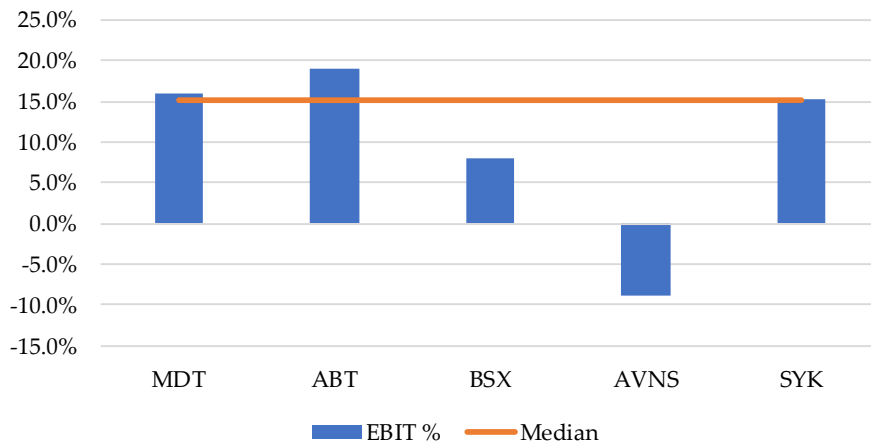
## Revenue Growth



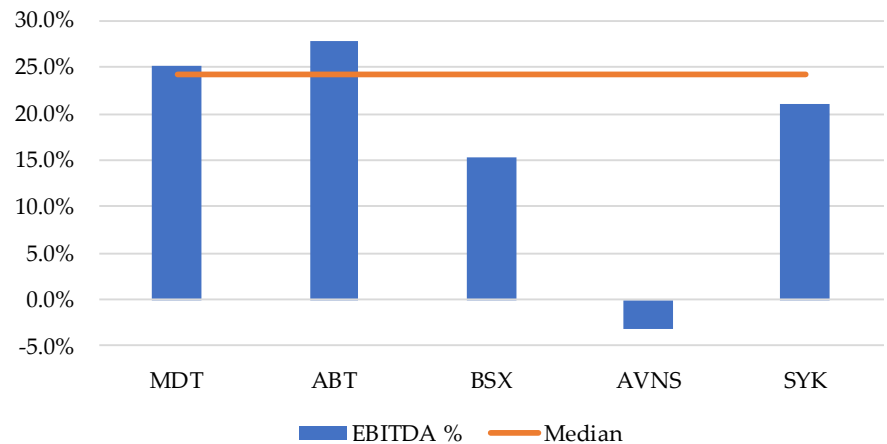
## Gross Profit Margin



## EBIT Margin

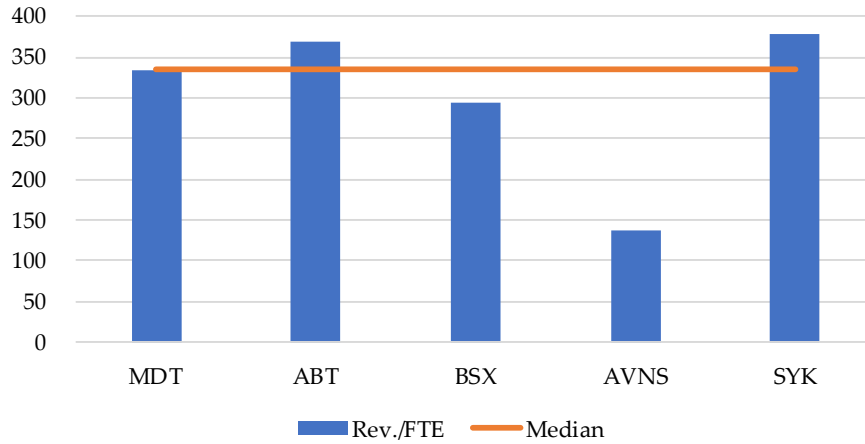


## EBITDA Margin

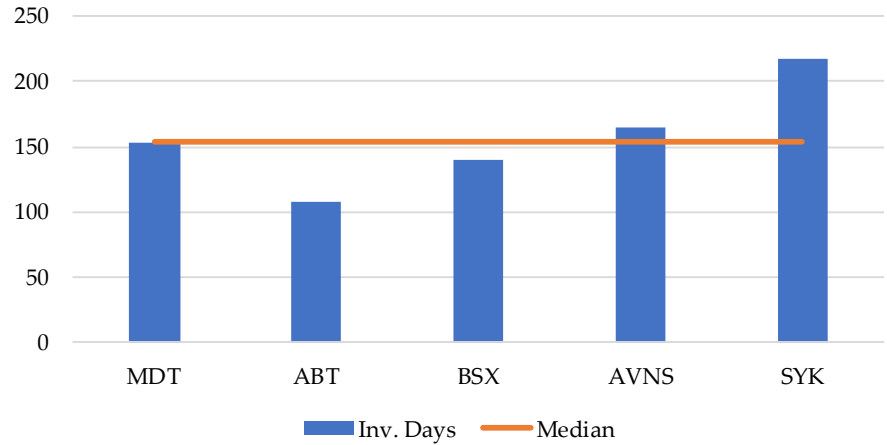


# RATIO ANALYSIS

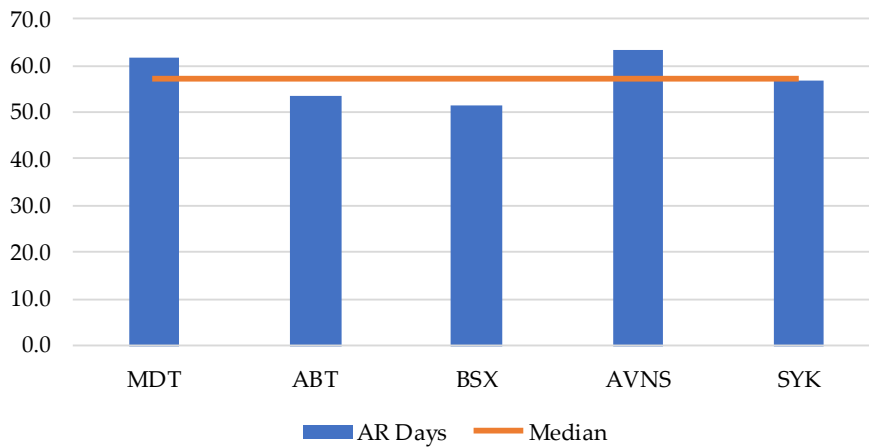
## Revenue per Employee



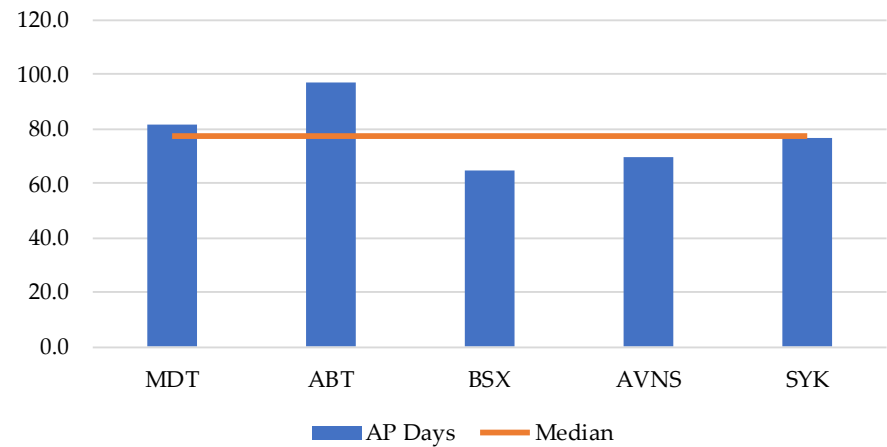
## Inventory Days



## AR Days



## AP Days



# VALUATION TRENDS

		Fundamentals								
		TIM						NTM Estimates		
Ticker	Company	Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
MDT	Medtronic	106.10	139094.50	154216.50	31798.00	8389.00	3.49	33149.68	10818.23	5.90
ABT	Abbott	139.04	248868.71	257789.71	42308.00	12290.00	4.06	39852.50	11967.96	4.70
BSX	Boston Scientific	43.12	60533.68	68045.68	11470.00	2414.00	0.74	12953.00	3836.50	1.87
SYK	Stryker	268.42	100881.51	110893.51	16669.00	3170.00	5.05	18300.00	5281.80	10.20
AVNS	Avanos Medical	35.49	1670.63	1778.63	736.20	(21.30)	(1.09)	781.50	129.10	1.55

		Multiples					
		TIM			NTM Forward Multiples		
Ticker	Company	EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
MDT	Medtronic	4.85	18.38	30.58	4.65	14.26	17.99
ABT	Abbott	6.09	20.98	34.50	6.47	21.54	29.58
BSX	Boston Scientific	5.93	28.19	56.00	5.25	17.74	23.06
SYK	Stryker	6.65	34.98	54.01	6.06	21.00	26.33
AVNS	Avanos Medical	2.42			2.28	13.78	22.90

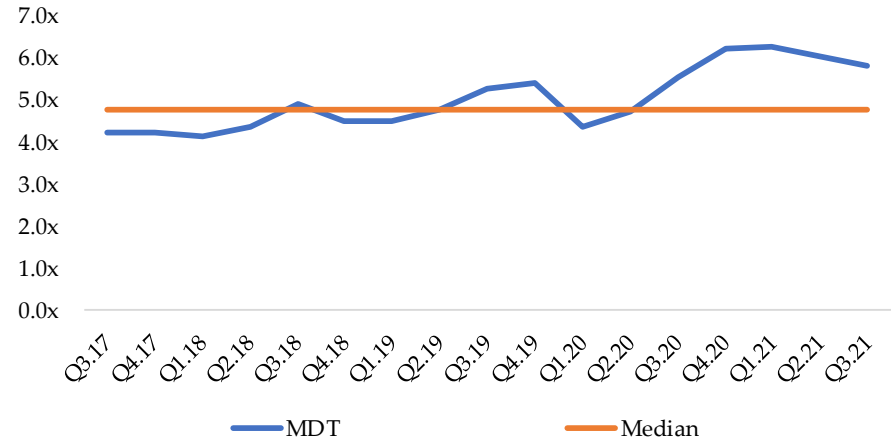


# PUBLIC COMP

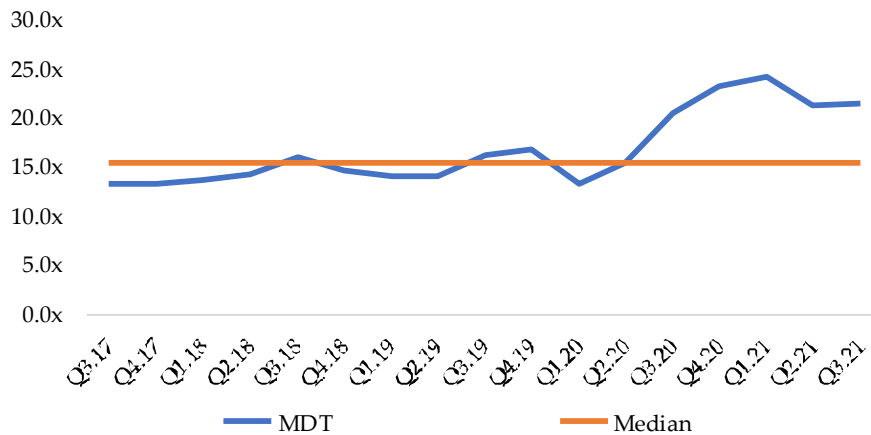
## Medtronic PLC (NYS: MDT)

One of the largest medical device companies, Medtronic develops and manufactures therapeutic medical devices for chronic diseases. Its portfolio includes pacemakers, defibrillators, heart valves, stents, insulin pumps, spinal fixation devices, neurovascular products, advanced energy, and surgical tools. The company markets its products to healthcare institutions and physicians in the United States and overseas. Foreign sales account for almost 50% of the company's total sales.

### EV/Revenue Medtronic



### EV/EBITDA Medtronic

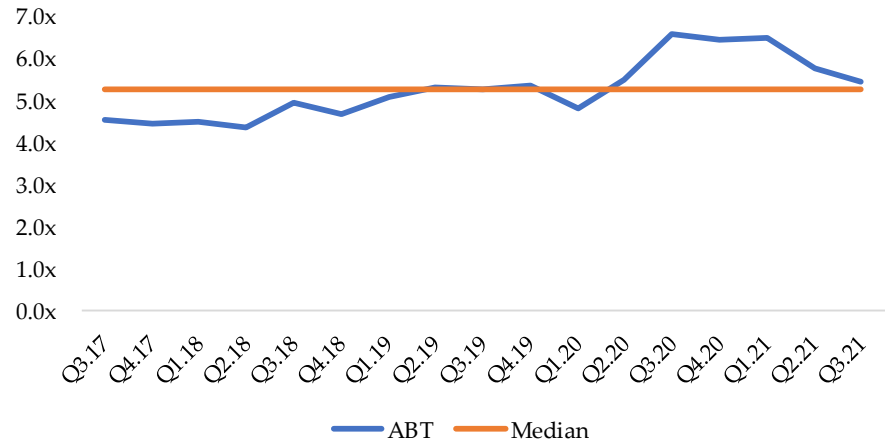


# PUBLIC COMP

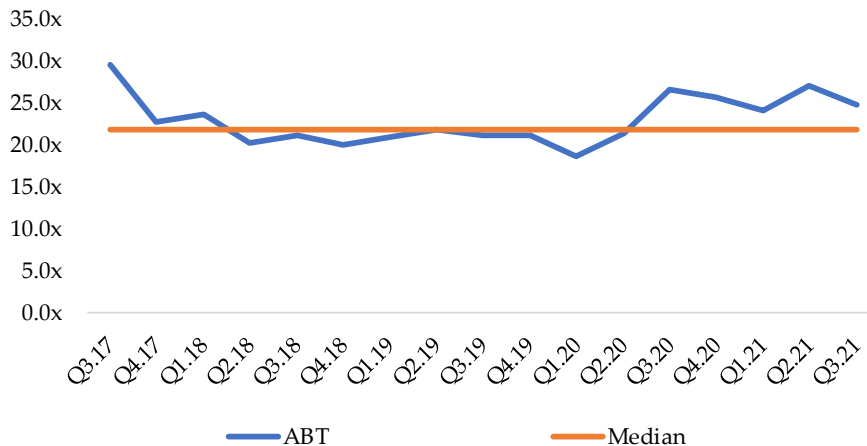
## Abbott Laboratories (NYS: ABT)

Abbott manufactures and markets medical devices, adult and pediatric nutritional products, diagnostic equipment and testing kits, and branded generic drugs. Products include pacemakers, implantable cardioverter defibrillators, neuromodulation devices, coronary stents, catheters, infant formula, nutritional liquids for adults, and immunoassays and point-of-care diagnostic equipment. Abbott derives approximately 60% of sales outside the United States.

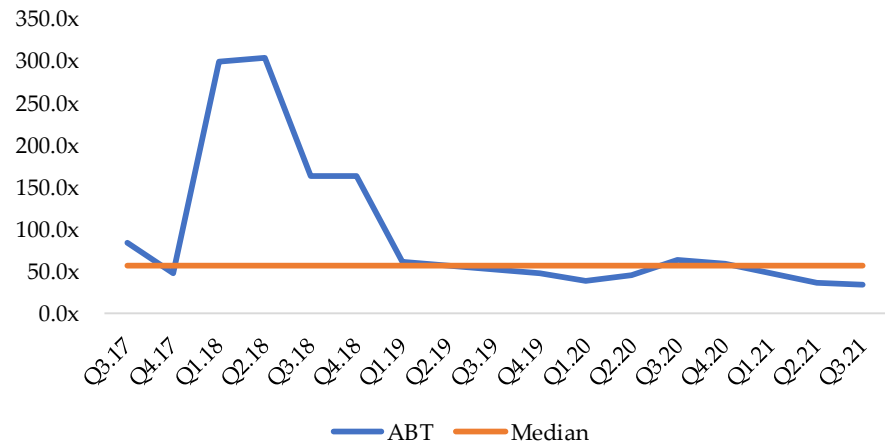
### EV/Revenue Abbott



### EV/EBITDA Abbott



### P/E Abbott

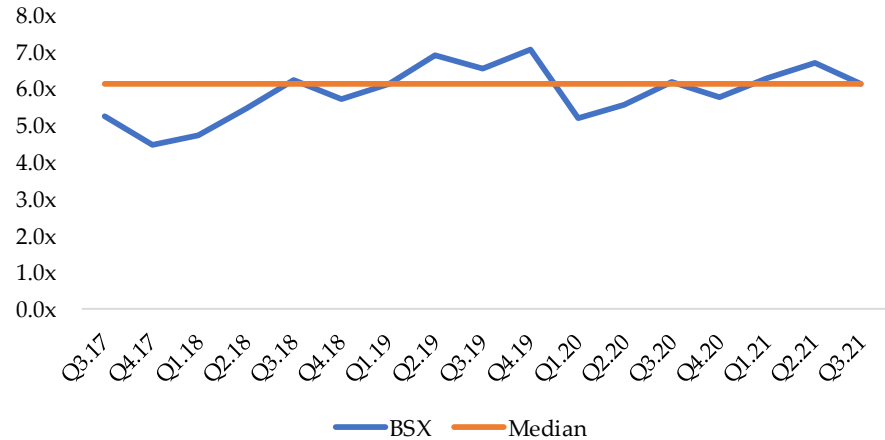


# PUBLIC COMP

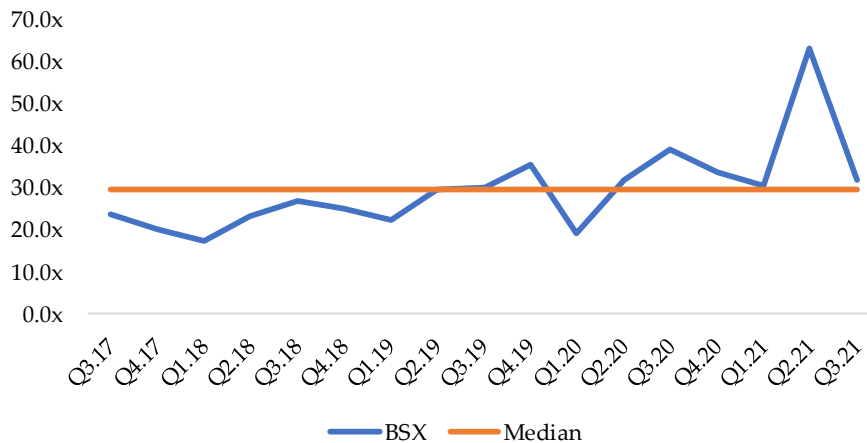
## Boston Scientific Corporation (NYS: BSX)

Boston Scientific produces less invasive medical devices that are inserted into the human body through small openings or cuts. It manufactures products for use in angioplasty, blood clot filtration, cardiac rhythm management, catheter-directed ultrasound imaging, structural heart disease, upper gastrointestinal tract diagnostics, interventional oncology, and treatment of incontinence. The firm markets its devices to healthcare professionals and institutions globally. Foreign sales account for nearly half of the firm's total sales.

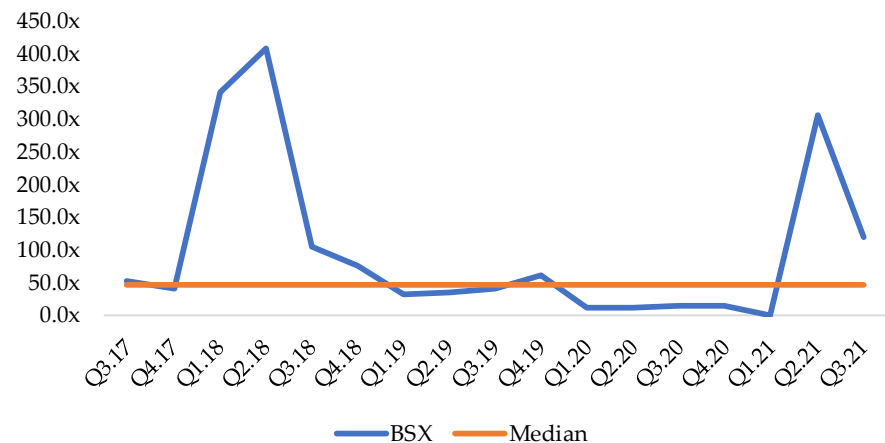
### EV/Revenue Boston Scientific



### EV/EBITDA Boston Scientific



### P/E Boston Scientific

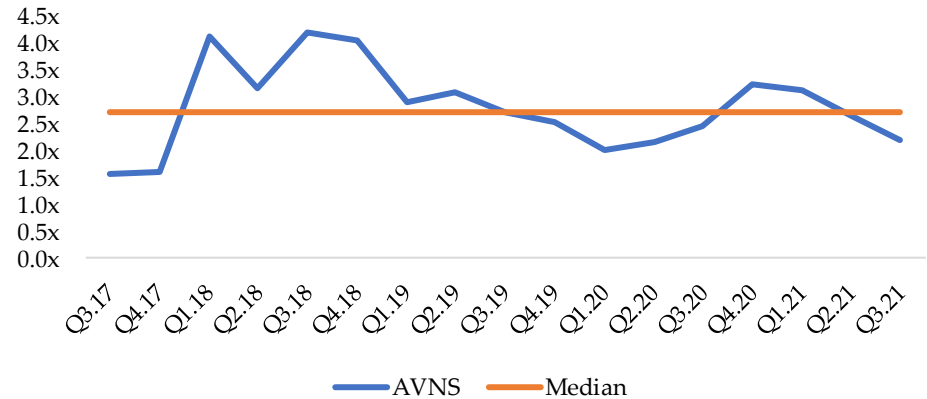


# PUBLIC COMP

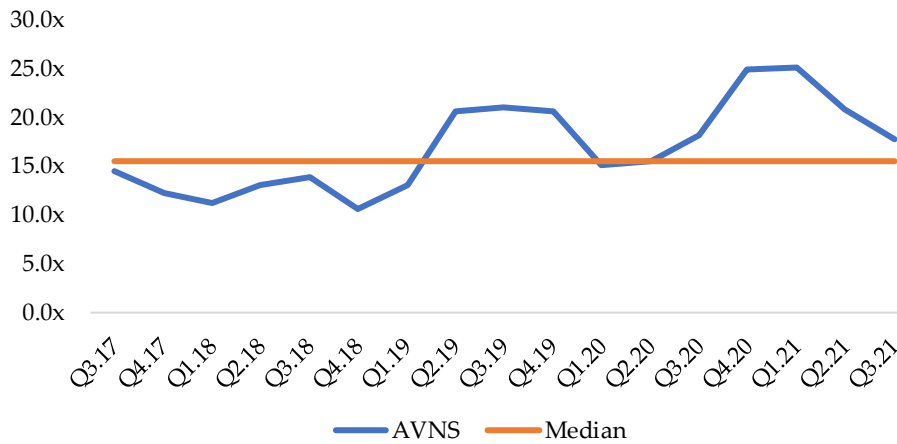
## Avanos Medical (NYSE: AVNS)

Avanos Medical, Inc. operates as a medical technology company that focuses on delivering medical device solutions to improve patients' quality of life in North America, Europe, the Middle East, Africa, the Asia Pacific, and Latin America. It offers a portfolio of chronic care products that include digestive health products, such as Mic-Key enteral feeding tubes, Corpak patient feeding solutions, and NeoMed neonatal and pediatric feeding solutions; and respiratory health products, such as closed airway suction systems and other airway management devices under the Ballard, Microcuff, and Endoclear brands. The company also provides a portfolio of non-opioid pain solutions.

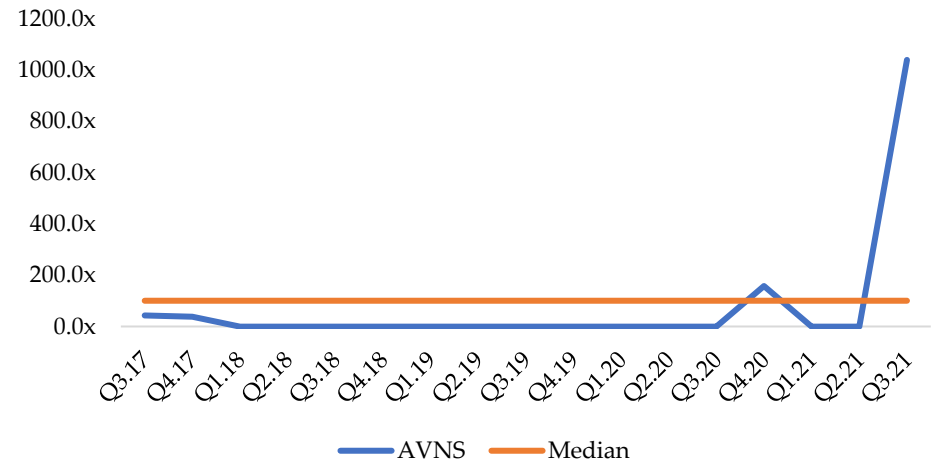
### EV/Revenue Avanos Medical



### EV/EBITDA Avanos Medical



### P/E Avanos Medical

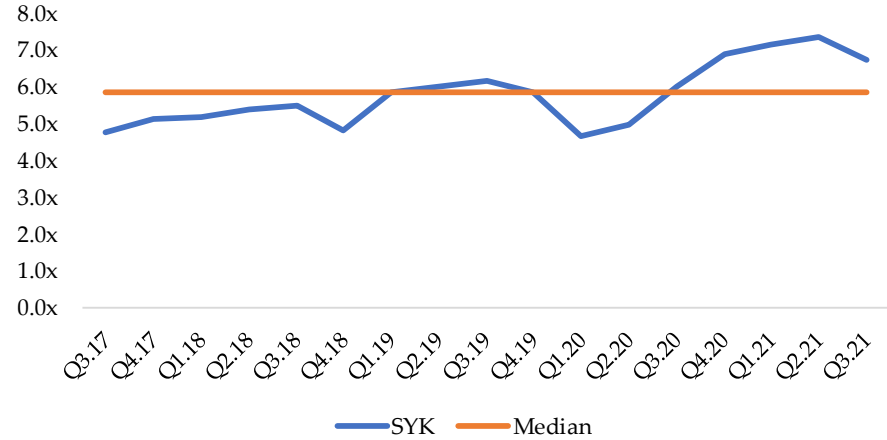


# PUBLIC COMP

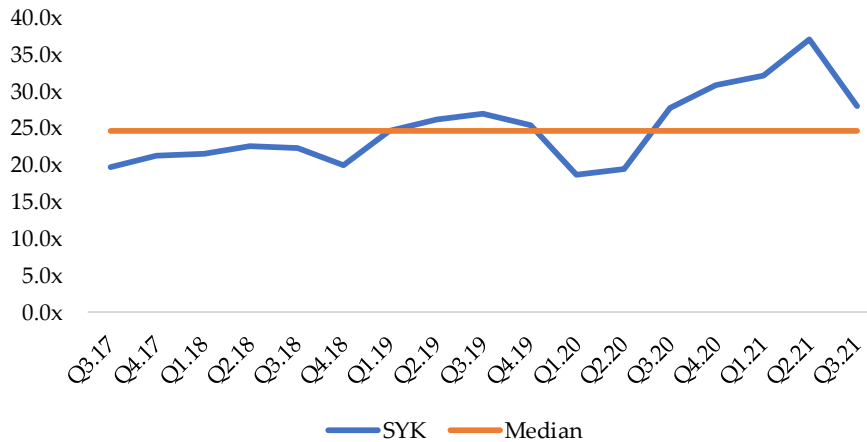
## Stryker Corporation (NYS: SYK)

Stryker Corporation develops, manufactures, and markets specialty surgical and medical products. The Company's products include implants, biologics, surgical, neurologic, ear, nose and throat and interventional pain equipment, endoscopic, surgical navigation, communications and digital imaging systems, as well as patient handling and emergency medical equipment.

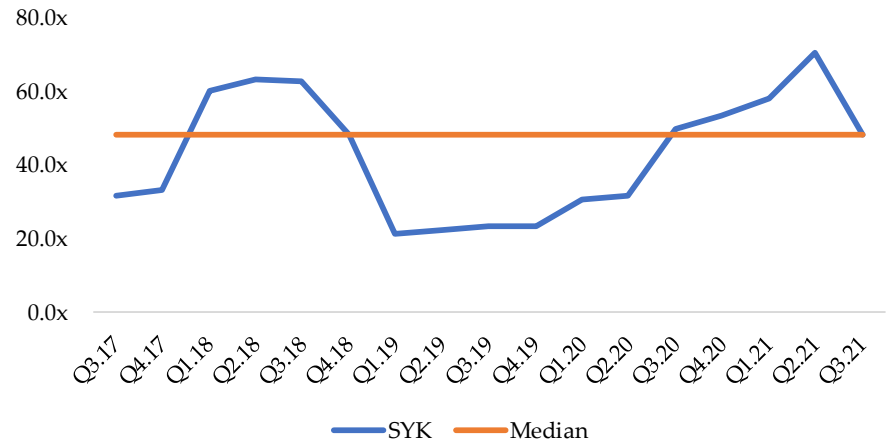
### EV/Revenue Stryker



### EV/EBITDA Stryker



### P/E Stryker



# Healthcare Products Industry Report

## II. Wholesaling









# HEALTHCARE PRODUCTS WHOLESALING: KEY INDUSTRY TAKEAWAYS

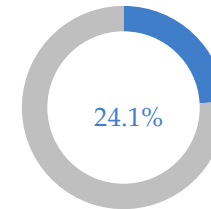
- ❑ **Healthcare Products Wholesaling:** Industry revenue is expected to grow at an annualized rate of 2.6% to \$305.1 billion by 2026. Revenue is expected to rise as healthcare providers continue to invest in new equipment to keep up with growing demand for healthcare services. New product development by medical device manufacturers is also expected to contribute to industry growth by offering new solutions to health issues. Mergers and acquisitions among medical device manufacturers will likely cause wholesalers to consolidate to maintain negotiating power and meet demands of newly expanded customers. Consolidation will likely help industry operators reduce costs, leading to a rise in profit margins in the outlook.
- ❑ **External Drivers**
  - **Number of physician visits:** The number of physician visits, which is affected by the general health of the population and patients' ability to pay for health services (out of pocket or through public or private health insurance), influences the frequency of the use of medical supplies. Medical supplies need to be replaced after a certain amount of time or number of uses, so when people visit hospitals, dentists and physicians more frequently, demand for medical supplies to treat patients will increase.
  - **Federal funding for Medicare and Medicaid:** Funding for Medicare and Medicaid determines the degree to which doctors and hospitals will be reimbursed for medical supplies and devices, which influences demand for industry services. Adverse changes in funding or prices will likely cause healthcare participants to reduce their demand for medical supplies.
  - **Research and development expenditure:** The release of new medical supply products developed by medical supplies manufacturers increases demand for wholesalers. Increased investment in research and development by manufacturers positively correlates to product development.
  - **Number of adults aged 65 and older:** As people get older, they generally need more medical care; in fact, the elderly use medical devices more than any other age group. Longer life expectancy also influences demand because people will use more industry products over the course of a longer life.
- ❑ **Industry Outlook**
  - **Continued Growth:** The Medical Supplies Wholesaling industry's growth from 2021 to 2026 is expected to largely resemble the industry's performance during from 2016 to 2021. The higher number of insured Americans will likely contribute to steady demand for medical supplies and services, but increased demand will come at a price. Operators will likely experience increasingly aggressive internal competition caused by the implementation of a competitive bidding program by the Centers for Medicare & Medicaid Services (CMS), a fluctuating network of suppliers, heightened government regulations and a tightened credit market.
  - **Emerging Trends:** Industry operators will continue to consolidate as a result of consolidation trends in the overall healthcare market. Consolidation helps large wholesalers gain competitive advantages that include the expansion of customer base, improvement of distribution system, price negotiation and volume of purchased inventory. The number of companies in the industry is projected to continue grow an annualized rate of 2.0% from 2021 to 2026, resembling growth from 2016 to 2021.

# INDUSTRY AT A GLANCE

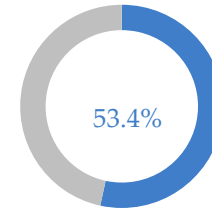
## Key Statistics

- 
**\$268.7bn Revenue**
  - Annual Growth 2016 – 2021 2.5%
  - Annual Growth 2021 – 2026 2.6%
- 
**\$13.4bn Profit**
  - Annual Growth 2016 – 2021 0.6%
- 
**5.0% Profit Margin**
  - Annual Growth 2016 – 2021 -0.5pp
- 
**11,684 Businesses**
  - Annual Growth 2016 – 2021 1.9%
  - Annual Growth 2021 – 2026 2.0%
- 
**255k Employees**
  - Annual Growth 2016 – 2021 2.8%
  - Annual Growth 2021 – 2026 2.5%
- 
**\$30.3bn Wages**
  - Annual Growth 2016 – 2021 3.3%
  - Annual Growth 2021 – 2026 2.5%

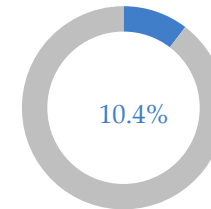
## Segments



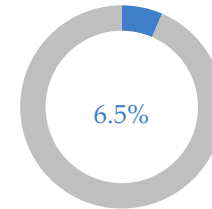
Surgical, Medical, and Hospital Supplies



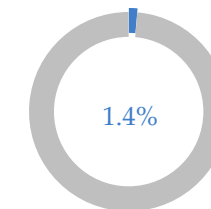
Surgical, Medical, and Hospital equipment



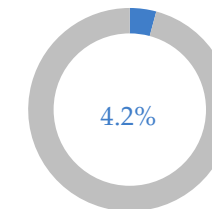
Orthopedic and Prosthetic appliances



Dental equipment, instrument and supplies



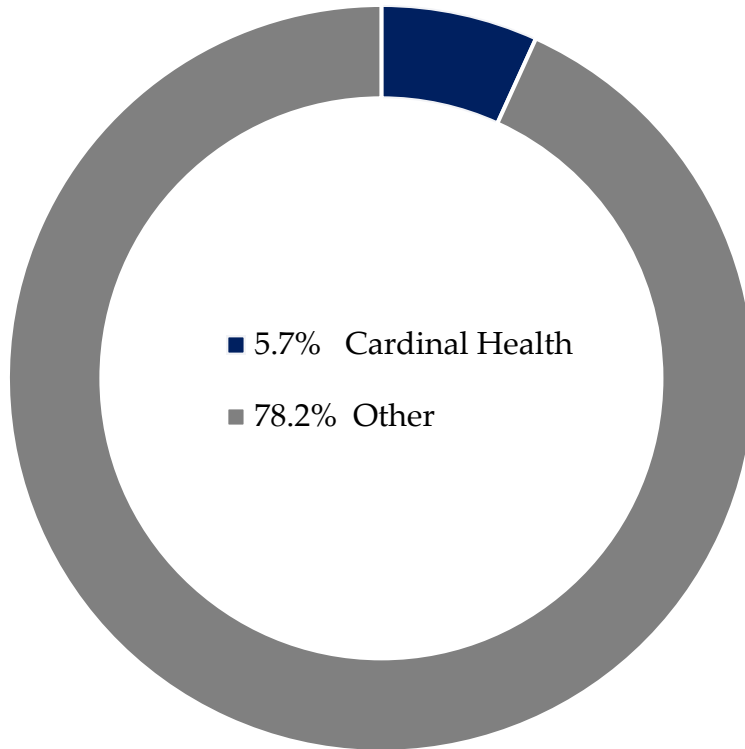
Pharmaceuticals, Cosmetics and toiletries



Other

# INDUSTRY AT A GLANCE

## Major Players



## SWOT Analysis

S

### STRENGTHS

- Growth Life Cycle
- Low Imports
- High Profit vs. Sector Average
- Low Capital Requirements

W

### WEAKNESSES

- Low & Steady Barriers to Entry
- High Competition
- High Customer Class Concentration
- High Product/Service Concentration
- Low Revenue per Employee

O

### OPPORTUNITIES

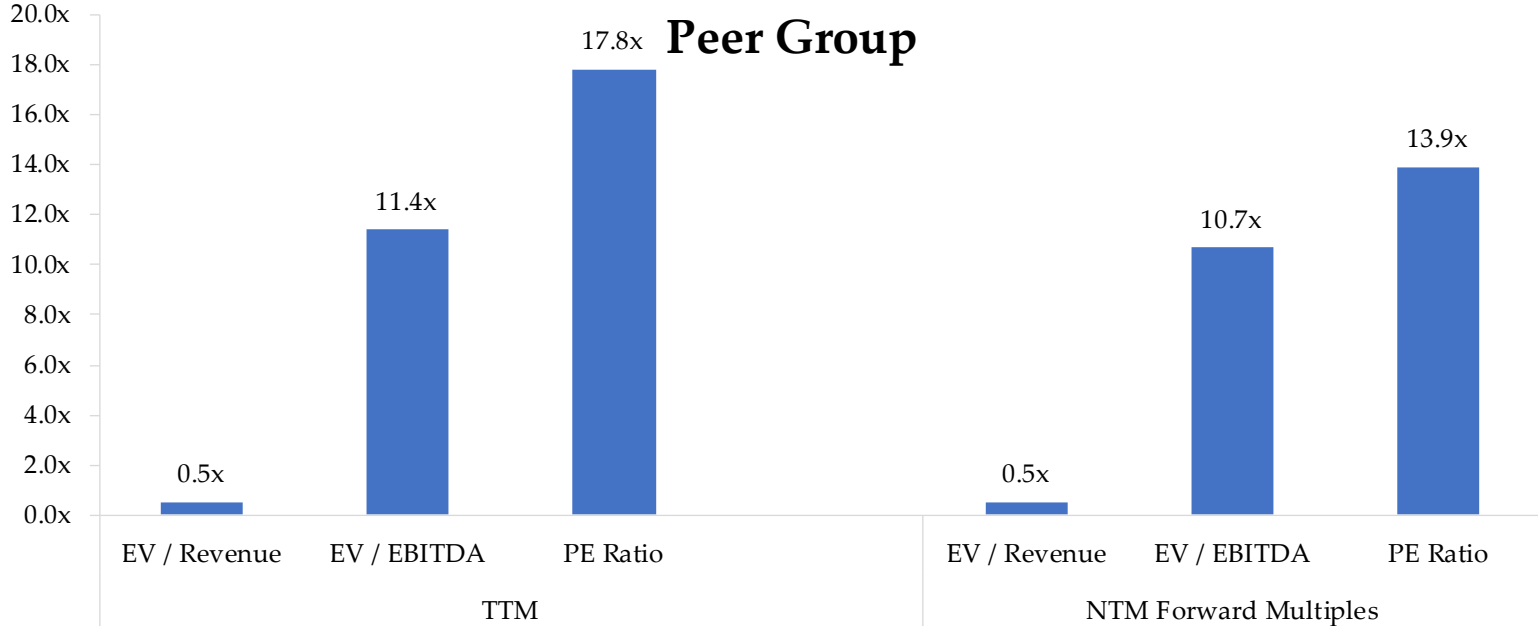
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Research and development expenditures

T

### THREATS

- Low Revenue Growth (2005-2021)
- Low Outlier Growth
- Number of physician visits

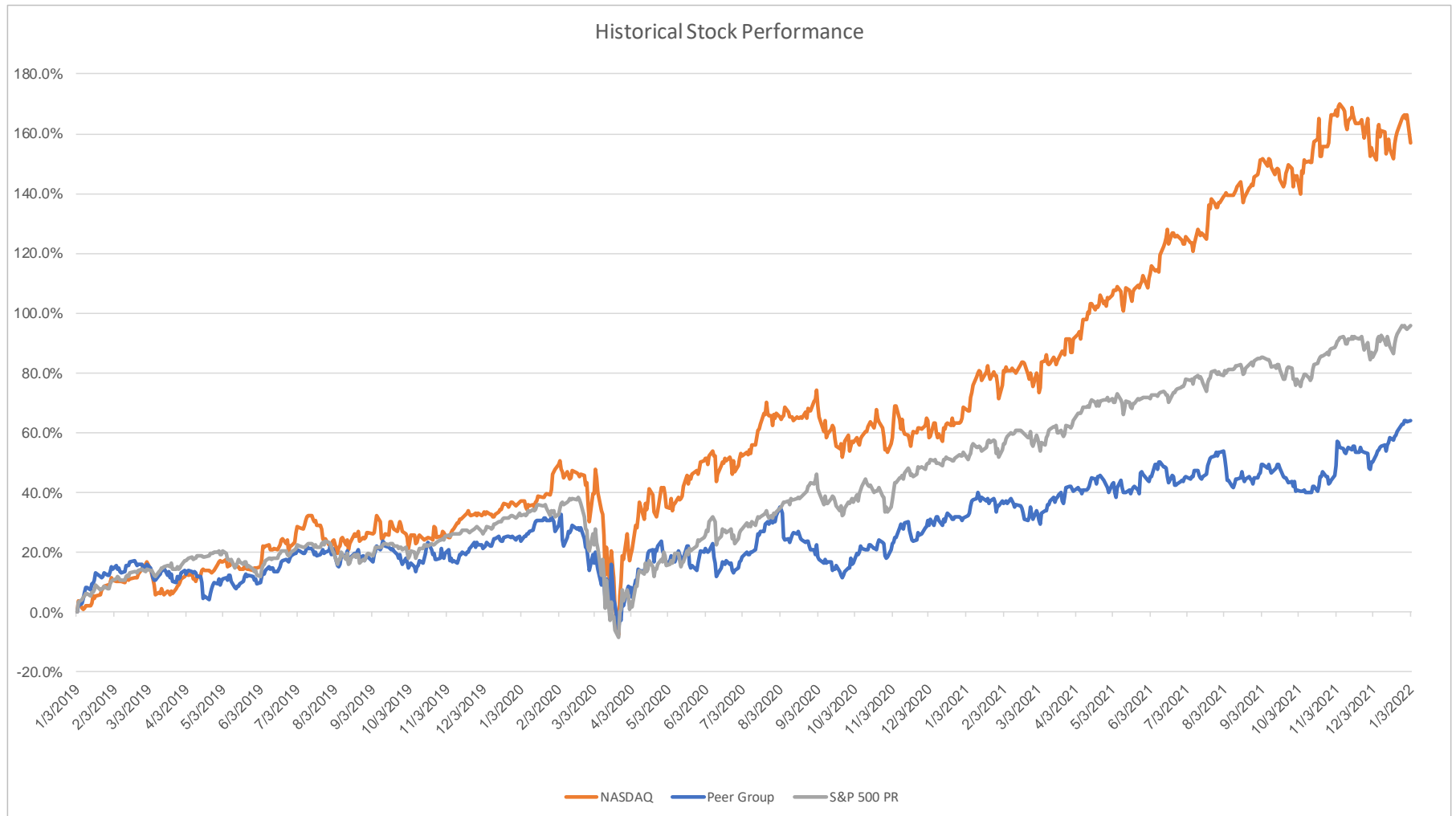
# PUBLIC COMPARABLES



# PUBLIC COMPARABLES

\$ in Millions	Henry Schein	Owens & Minor	Patterson Companies	McKesson	Premier	
Ticker	HSIC	OMI	PDCO	MCK	PINC	
Total Revenue	\$11,898	\$9,366	\$5,912	\$245,223	\$1,721	
Gross Profit	3,395	1,586	1,203	12,480	837	
EBIT	806	362	224	-4,923	263	
Net Income	\$606	\$232	\$156	(\$4,497)	\$288	
EBITDA (Normalized)	1,061	558	306	4,600	473	
Total Debt	1,107	1,156	722	9,456	522	
EV	13,015	4,356	3,416	44,223	5,425	
Employees	21,000	18,800	7,800	76,000	2,600	
<b>Ratio Analysis</b>						<b>Median</b>
Revenue/Employee	\$566,574	\$498,179	\$757,957	\$3,226,618	\$661,982	\$661,982
EV/Revenue	1.06x	0.45x	0.54x	0.18x	3.12x	0.54x
Debt/EBITDA	1.20x	2.65x	2.48x	NM	1.35x	2.48x
EV/EBITDA (Normalized)	14.96x	9.68x	12.00x	7.80x	10.07x	11.03x
Market Cap/EBITDA	13.76x	9.39x	NM	NM	10.72x	12.24x
Market Cap (mm)	10,751	3,282	2,862	37,952	5,017	
Close Price	77.43	44.43	29.31	248.10	41.21	
52 Week Low	60.70	23.58	26.51	169.34	32.44	
52 Week High	83.45	49.16	37.37	251.04	42.15	
Gross Margin	28.5%	16.9%	20.4%	5.1%	48.6%	20.4%
EBIT	6.8%	3.9%	3.8%	-2.0%	15.3%	5.3%
EBITDA	8.2%	4.8%	5.1%	-1.6%	22.3%	6.7%
Acct. Receivable Days	41	27	27	28	32	30
Inventory Days	66	58	60	29	66	60
Acct. Payable Days	46	46	53	58	34	46
Revenue Growth	28.1%	11.3%	7.7%	6.2%	32.4%	11.3%

# WHOLESALE HEALTHCARE PRODUCTS INDEX VS. S&P 500



DCA Healthcare Products - Wholesale Index: HRC, HSIC, OMI, PDCO, MCK, BDX



# RECENT PRIVATE TRANSACTIONS

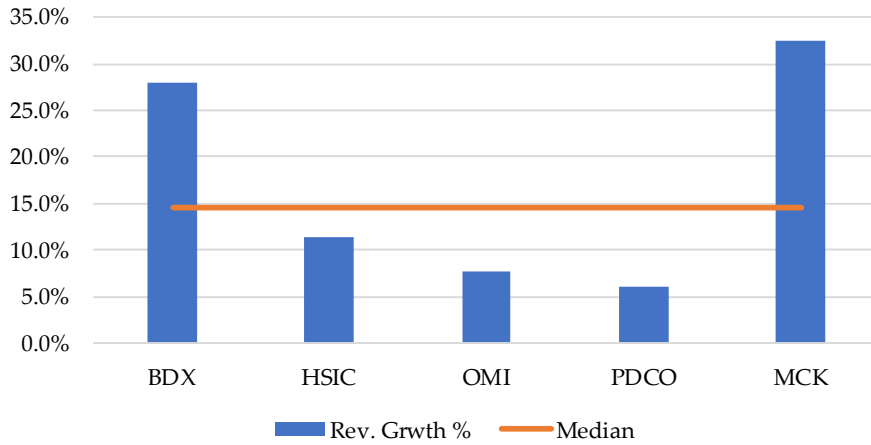
Deal Date	Target	Acquirer	Deal Synopsis
13-Dec-2021	Rising Pharmaceuticals	H.I.G. Capital(Michael Gallagher)	Shore Suven Pharma JV sold an 18% stake in the company to H.I.G. Capital for an estimated \$40.6 million on December 13, 2021. The transaction values the company at an estimated \$225.6 million.
17-Sep-2021	Hilco Vision		The company received \$31.4 million of debt financing in the form of an incremental unitranche term loan B from Antares Capital, Audax Group, Northleaf Capital Partners, Varagon Capital Partners, and Northwestern Mutual on September 17, 2021. The funds will be used to support future acquisitions.
25-Aug-2021	Trustcare Home Medical Equipment	Cinven	The company was acquired by National Seating & Mobility, via its financial sponsor Cinven, through an LBO on August 25, 2021 for an undisclosed sum.
23-Aug-2021	PerSys Medical	Combat Medical	The company was acquired by Combat Medical, via its financial sponsor Water Street Healthcare Partners, through an LBO on August 23, 2021 for an undisclosed sum. With this acquisition, Combat Medical offers the widest choice of dressings and tourniquets available for lifesaving critical care.
12-Jun-2021	Dental Savings	Ismile Dental Products	The company was acquired by Ismile Dental Products for an undisclosed amount on June 12, 2021. The acquisition complements iSmile's long term strategy to offer customers a growing inventory of quality dental products, at discounted prices with reduced delivery times.

# RECENT PUBLIC TRANSACTIONS

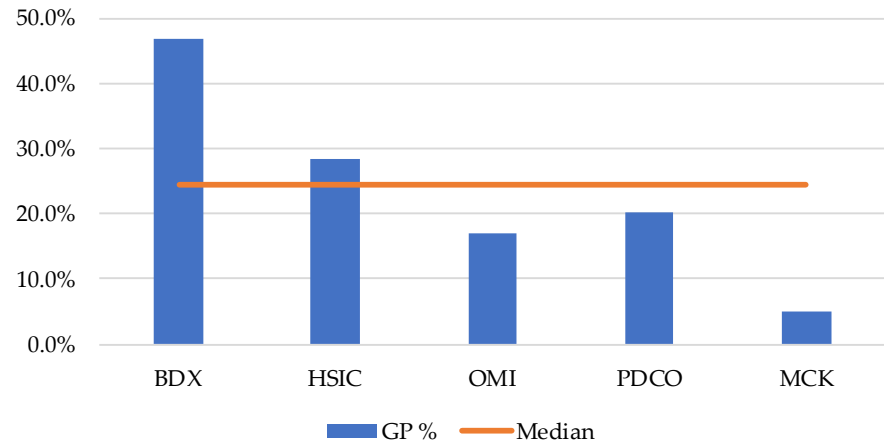
Deal Date	Target Companies	Investors	Deal Synopsis
02-Sep-2021	Hill-Rom Holdings	Baxter International	The company reached a definitive agreement to be acquired by Baxter International (NYS: BAX) for \$10.5 billion on September 2, 2021. The acquisition accelerates Baxter's digitally-enabled connected care solutions across the continuum of care.
08-Nov-2019	AdaptHealth	DFB Healthcare	The company acquired DFB Healthcare for \$253 million through a reverse merger, resulting in the combined entity trading on the NASDAQ Stock Exchange under the ticker symbol AHCO on November 8, 2019.
16-Jan-2019	Fuse Medical	Generex Biotechnology	The company was acquired by Generex Biotechnology (PINX: GNBT) for \$34 million on January 16, 2019. The acquisition will help to advance the Generex mission to deliver innovative end-to-end solutions to their healthcare partners, physicians, and patients.
12-Nov-2018	AdaptHealth		Quadrant Management was in talks to sell its stake in the company to an undisclosed investor on November 12, 2018. The deal was subsequently canceled.
09-Oct-2020	Advanced Container Technologies	Medtainer	The company acquired Medtainer (PINX: MDTRD) through a reverse merger, resulting in the combined entity trading on the New York Stock Exchange under the ticker symbol ACTX on October 9, 2020.

# OPERATING METRICS

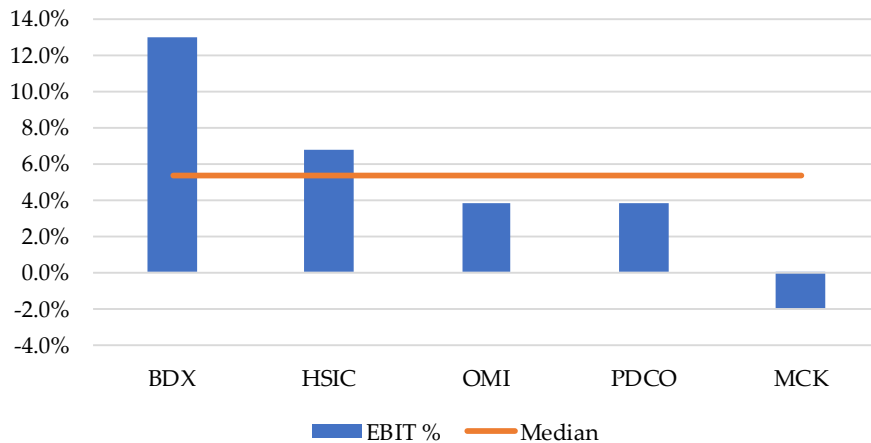
## Revenue Growth



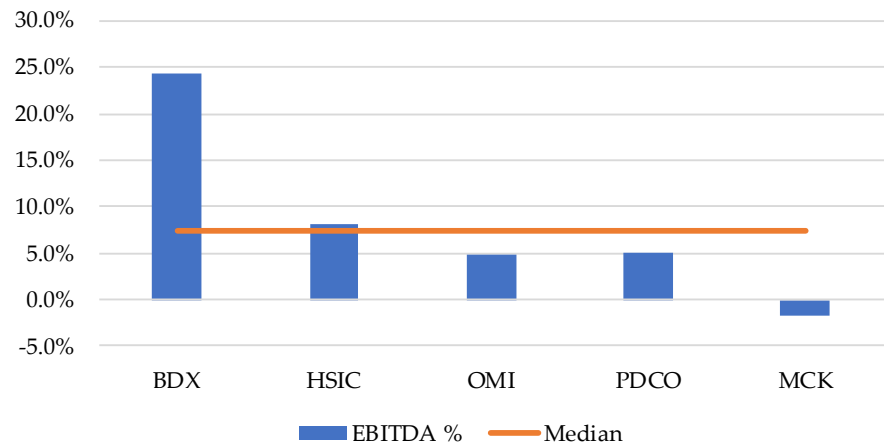
## Gross Profit Margin



## EBIT Margin

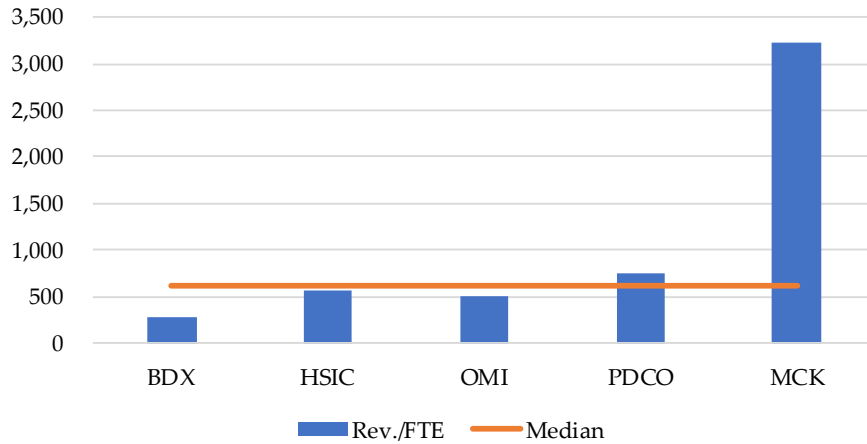


## EBITDA Margin

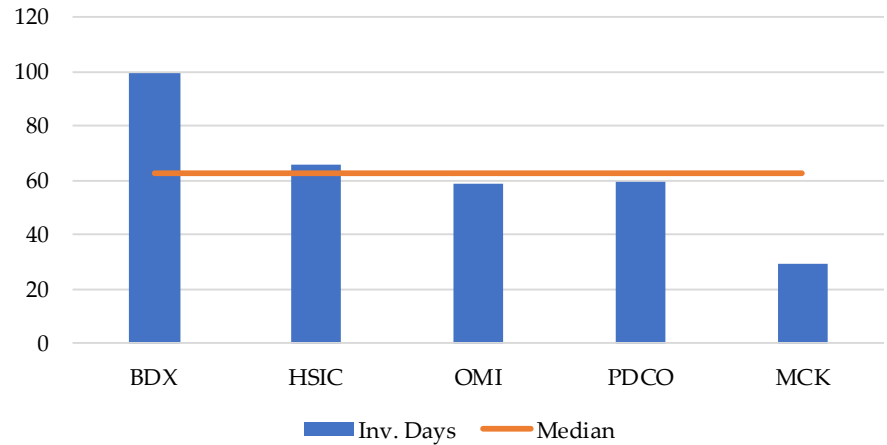


# RATIO ANALYSIS

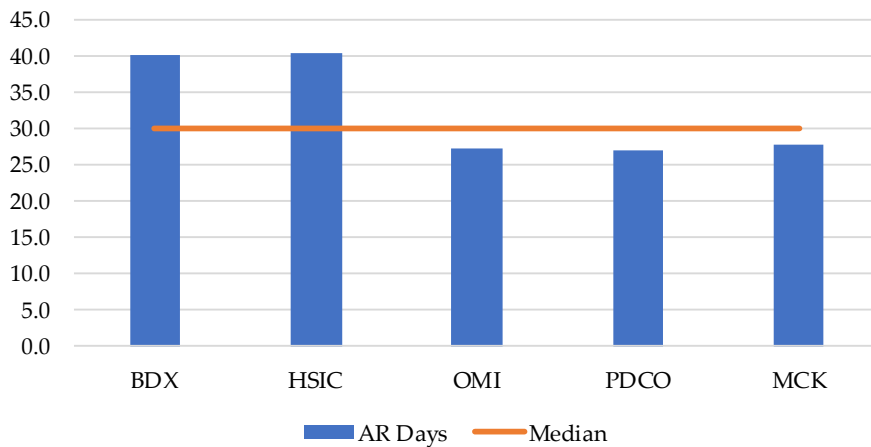
## Revenue per Employee



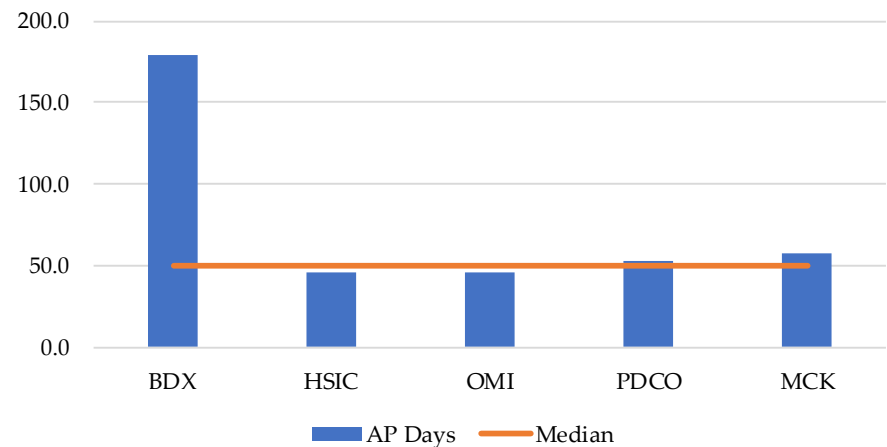
## Inventory Days



## AR Days



## AP Days



# VALUATION TRENDS

		Fundamentals								
		TIM						NTM Estimates		
Ticker	Company	Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
BDX	Premier	253.21	71682.71	86999.71	20248.00	4975.00	6.92	19710.16		12.71
HSIC	Henry Schein	77.43	10751.43	13014.61	12236.22	1001.90	4.44	12517.92	1110.00	4.62
OMI	Owens & Minor	44.43	3282.33	4356.06	9680.01	441.79	3.20	9699.30	436.00	3.30
PDCO	Patterson Companies	29.31	2861.51	3416.47	6377.10	307.76	1.66	6489.35	319.51	2.11
MCK	McKesson	248.10	37952.21	44223.21	250991.00	(4280.00)	(29.99)	255081.49	4771.70	21.75
PINC	Becton, Dickinson and Company	41.21	5,016.99	5,425.43	1,739.41	462.17	2.16	1,391.44	505.85	2.62

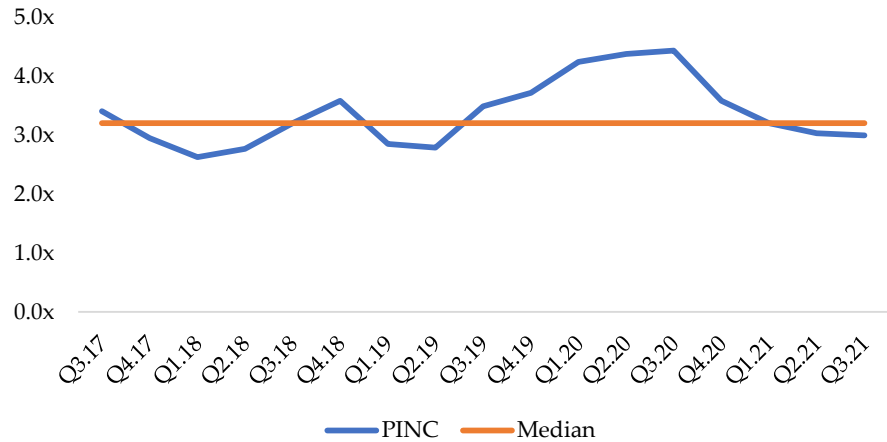
		Multiples					
		TIM			NTM Forward Multiples		
Ticker	Company	EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
BDX	Premier	4.30	17.49	36.96	4.41		19.92
HSIC	Henry Schein	1.06	12.99	17.64	1.04	11.72	16.76
OMI	Owens & Minor	0.45	9.86	14.33	0.45	9.99	13.46
PDCO	Patterson Companies	0.54	11.10	17.98	0.53	10.69	13.92
MCK	McKesson	0.18			0.17	9.27	11.41
PINC	Becton, Dickinson and Company	3.1x	11.7x	21.6x	3.9x	10.7x	15.7x

# PUBLIC COMP

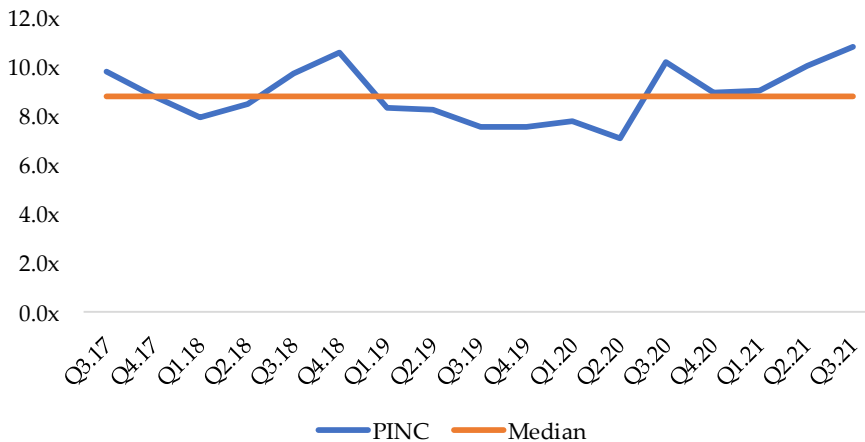
## Premier, Inc. (NASDAQ: PINC)

Premier, Inc., together with its subsidiaries, operates as a healthcare improvement company in the United States. It operates in two segments, Supply Chain Services and Performance Services. The Supply Chain Services segment offers its members with an access to a range of products and services, including medical and surgical products, pharmaceuticals, laboratory supplies, capital equipment, information technology, facilities and construction, and food and nutritional products, as well as purchased services, such as clinical engineering and document shredding. The Performance Services segment offers PremierConnect for members to address existing cost and quality imperatives, to manage a value-based care reimbursement model, and support their regulatory reporting framework.

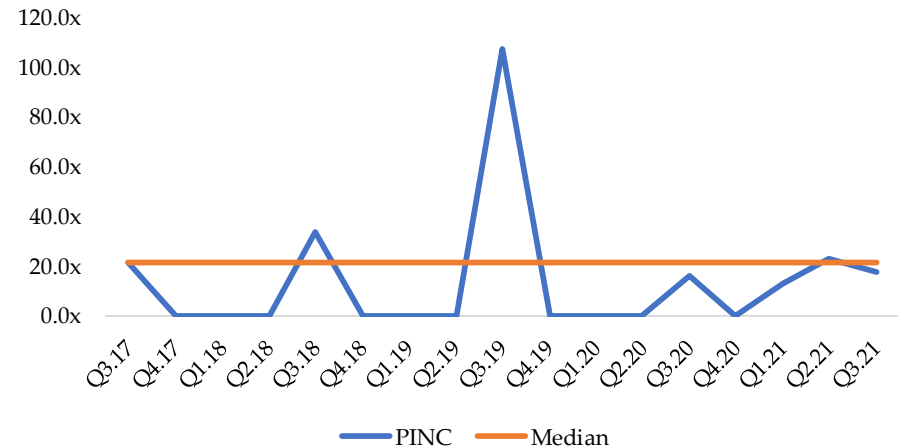
### EV/Revenue Premier



### EV/EBITDA Premier



### P/E Premier

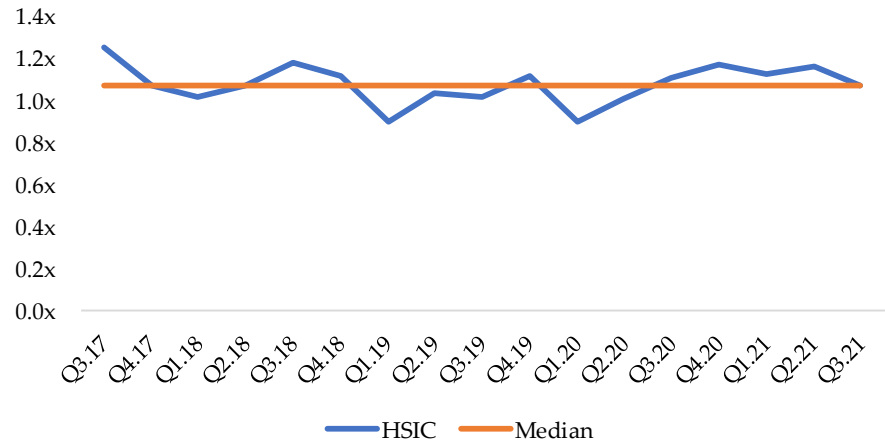


# PUBLIC COMP

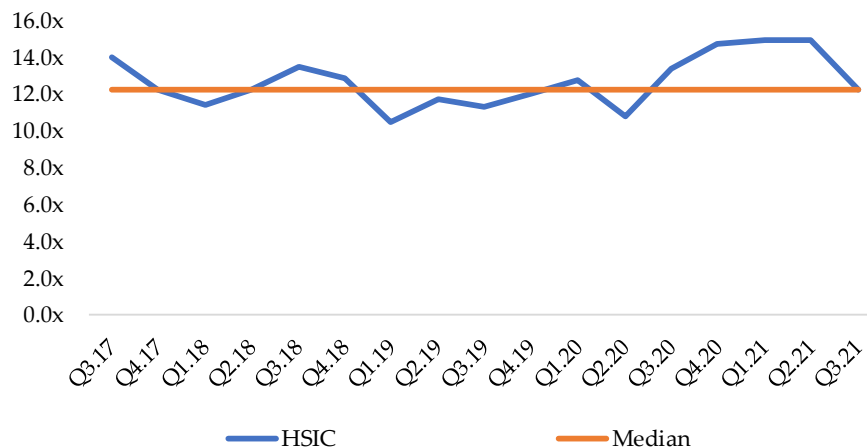
## Henry Schein, Inc. (NAS: HSIC)

Henry Schein is the largest wholesaler of dental and medical products to office-based practitioners. The company has been established for approximately 90 years and operates across nearly 30 distribution centers to offer hundreds of thousands of products to customers globally. Henry Schein also offers practice management products that include software products, technical, financial, and educational services. The company recently spun off its animal health business.

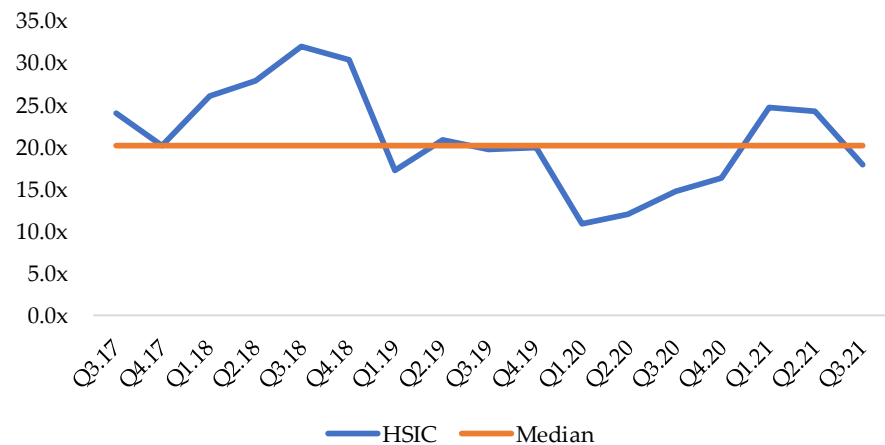
### EV/Revenue Henry Schein



### EV/EBITDA Henry Schein



### P/E Henry Schein

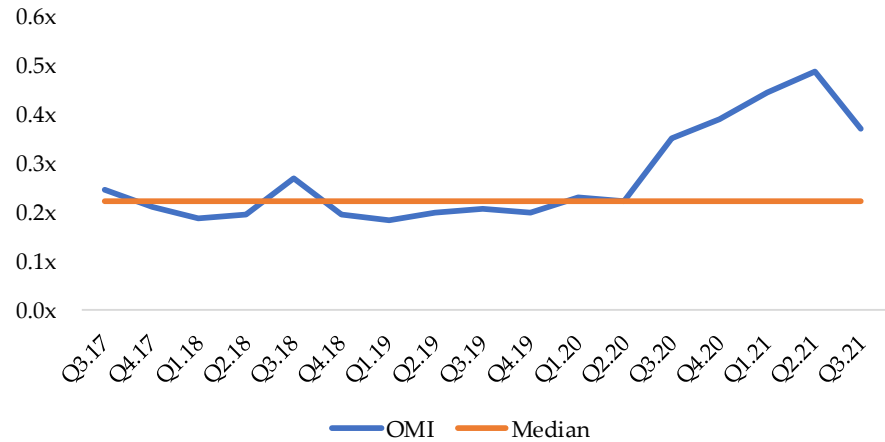


# PUBLIC COMP

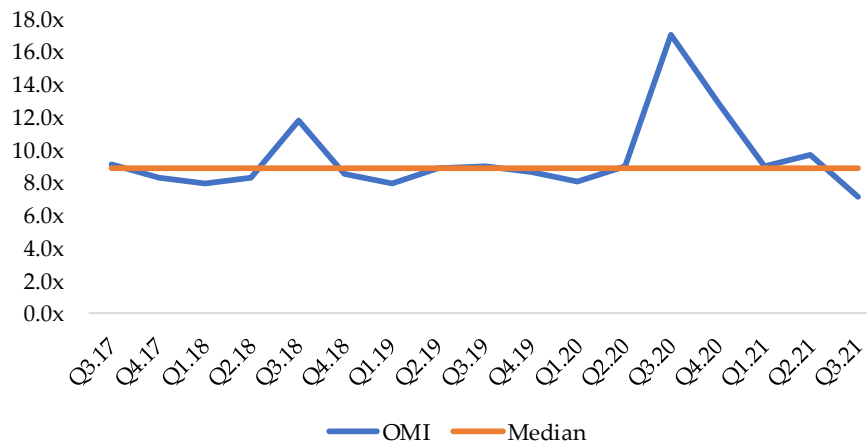
## Owens & Minor, Inc. (NYS: OMI)

Owens & Minor distributes consumable medical supplies to a variety of providers. The company operates in two segments that are Global products and Global Solutions. The company offers a portfolio of products and services to healthcare providers and manufacturers in the Global solutions segment. In the Global product segment, the company manufactures and sources medical-surgical products through our production and kitting operations. The majority of the revenue is generated from the Global solutions segment. The company operates in Asia, Europe, Latin America, and the United States, while the majority of revenue comes from the United States.

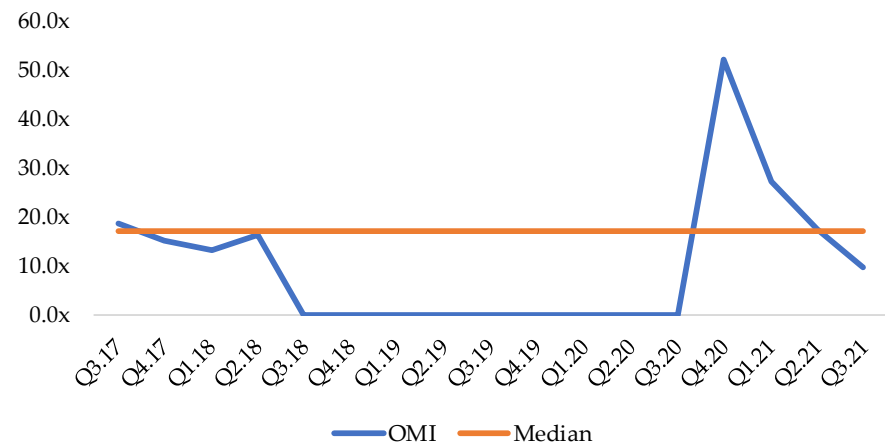
### EV/Revenue Owens & Minor



### EV/EBITDA Owens & Minor



### P/E Owens & Minor



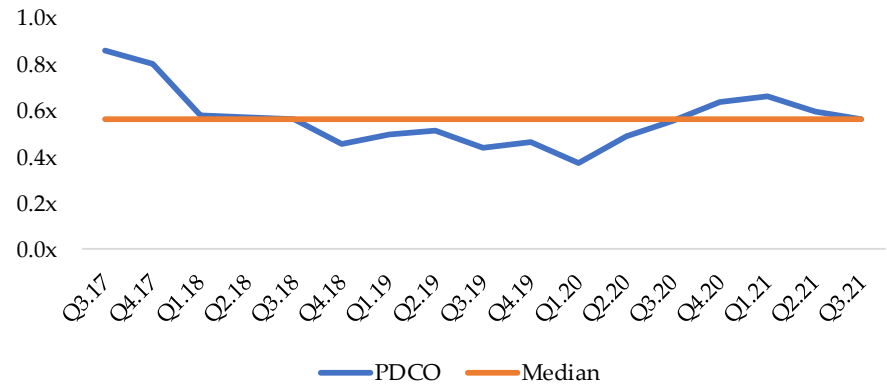


# PUBLIC COMP

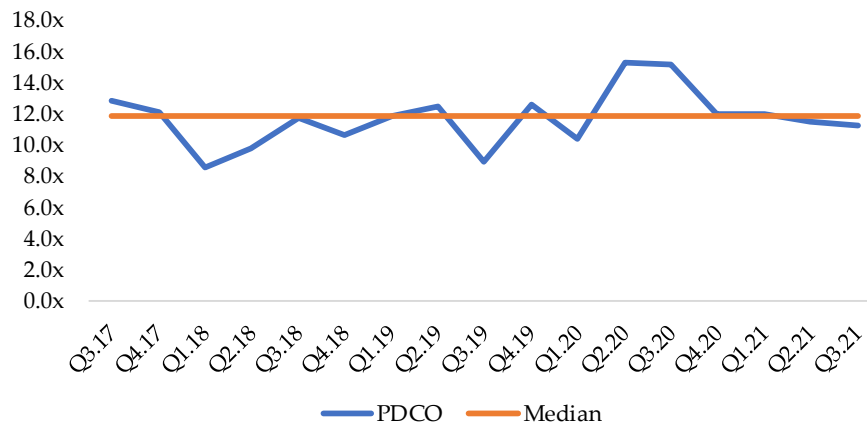
## Patterson Companies, Inc. (NAS: PDCO)

Patterson is a leading dental distributor and wholesaler of consumable products and equipment operating through two business segments, Patterson Dental and Patterson Animal Health. The firm offers dental and veterinary practice management products, including office software products, technical, financial, and educational services, primarily to two highly fragmented market segments throughout the U.S. and Canada. The company began as a dental distributor in 1877 and expanded to become a major supplier of animal health products to vets and production companies through an acquisition of Animal Health International in 2015. Patterson also has a presence in the U.K. animal health market.

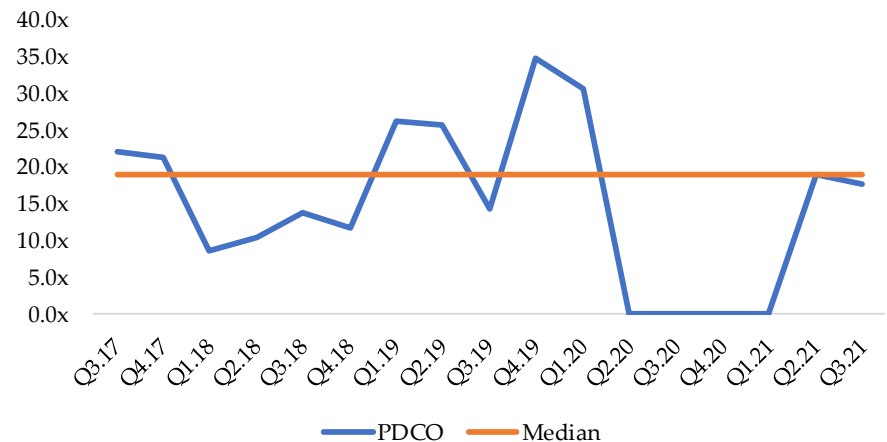
### EV/Revenue Patterson Companies



### EV/EBITDA Patterson Companies



### P/E Patterson Companies

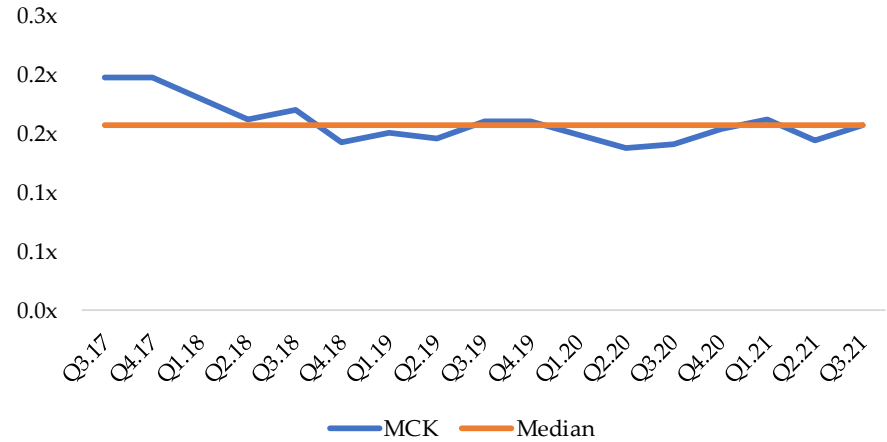


# PUBLIC COMP

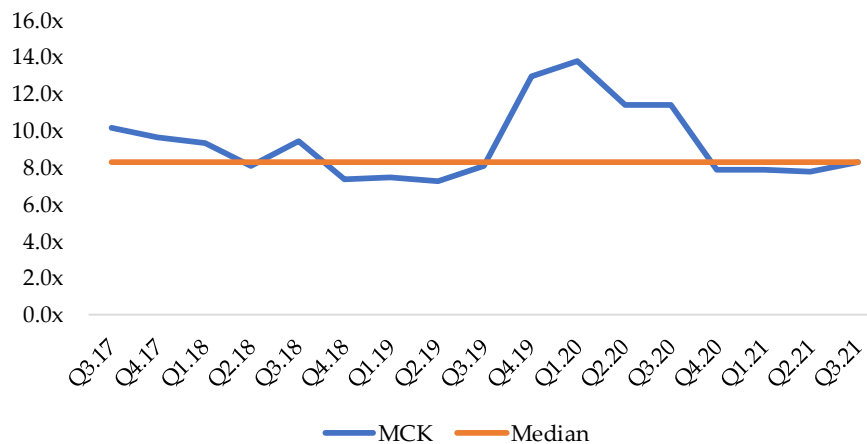
## McKesson Corporation (NYS: MCK)

McKesson is a leading wholesaler of branded, generic, and specialty pharmaceutical products to pharmacies (retail chains, independent, and mail order), hospitals networks, and healthcare providers. Along with AmerisourceBergen and Cardinal Health, the three account for well over 90% of the U.S. pharmaceutical wholesale industry. Outside the U.S. market, McKesson engages in pharmaceutical wholesale and distribution in Europe and Canada. Additionally, the company supplies medical-surgical products and equipment to healthcare facilities and provides a variety of technology solutions for pharmacies.

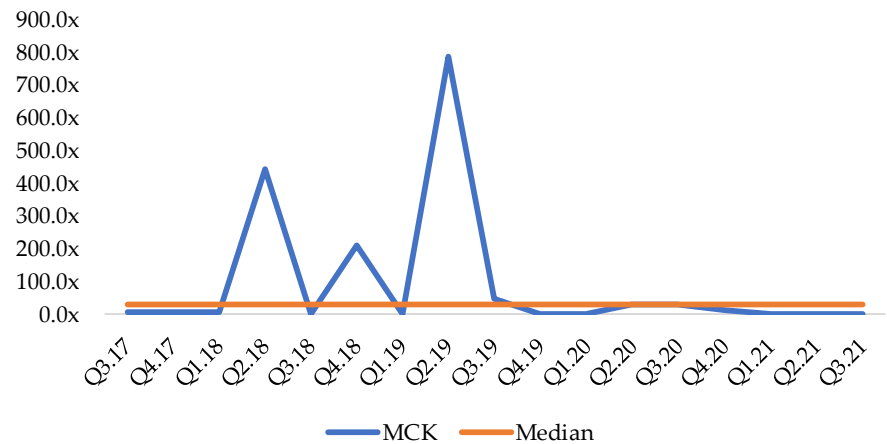
### EV/Revenue McKesson



### EV/EBITDA McKesson



### P/E McKesson

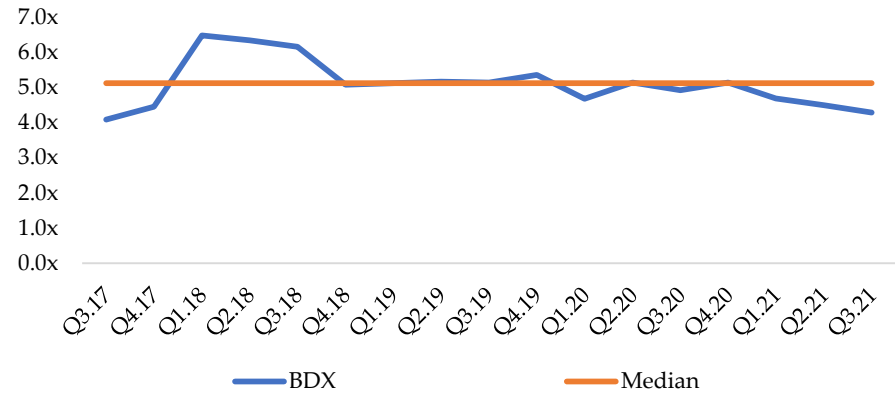


# PUBLIC COMP

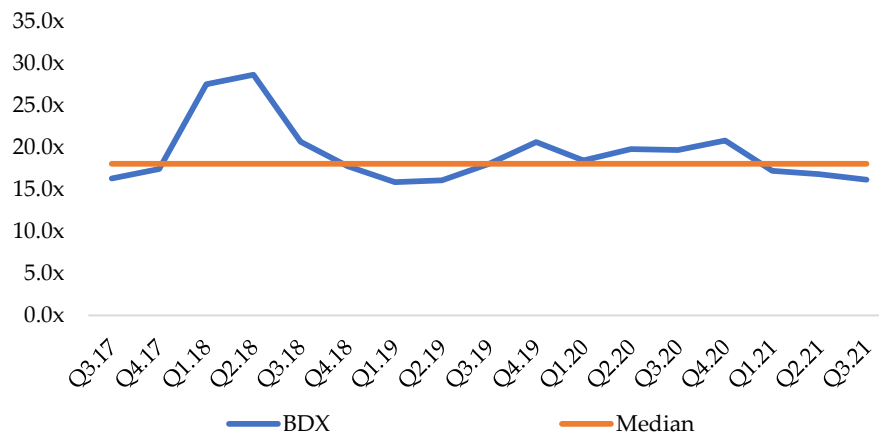
## Becton, Dickinson and Co (NYS: BDX)

Becton, Dickinson is the world's largest manufacturer and distributor of medical surgical products, such as needles, syringes, and sharps-disposal units. The company also manufactures diagnostic instruments and reagents, as well as flow cytometry and cell-imaging systems. BD Interventional (largely the former Bard business) accounts for 23% of revenue. International revenue accounts for 44% of the company's business.

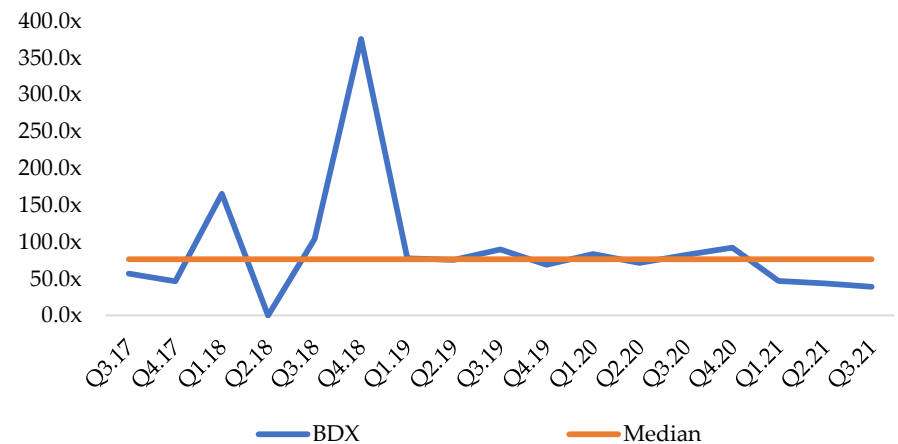
### EV/Revenue Becton, Dickinson and Company



### EV/EBITDA Becton, Dickinson and Company



### P/E Becton, Dickinson and Company



# DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services  
[www.acryness.com](http://www.acryness.com)

## Client Acryness

Acryness is an information technology company which provides a full range of billing support and payment processing solutions for large and small B2C billers with a core emphasis serving the healthcare community.



Health Care, Health Care Facilities  
[www.encompashealth.com](http://www.encompashealth.com)

## Client: Radiotherapy Clinics of Georgia

Radiotherapy Clinics of Georgia LLC operates as a provider of medical services specializing in radiation oncology. The Company provides treatments including surgery, chemotherapy, biologic therapy, and radiation therapy. Radiotherapy Clinics diagnoses and treats conditions such as brain, breast, cervical, endometrial, lung, prostate, and skin cancer. Acquired January 2007 by Physician Oncology Services, L.P.



Retail, Pharmacy and Retail  
[www.fruthpharmacy.com](http://www.fruthpharmacy.com)

## Client: Fruth Pharmacy

Fruth Pharmacy operates as pharmacy and retail store. The Company provides medication, health and beauty products, groceries, household items, gifts, balloons, and flowers. Fruth Pharmacy serves customers throughout West Virginia and Ohio.



Health Care, Health Care Facilities  
[www.ecompasshealth.com](http://www.ecompasshealth.com)

## Client: Health South

Health South changed its name to Encompass Health, based in Birmingham, Alabama, is one of the United States' largest providers of post-acute healthcare services, offering both facility-based and home-based post-acute services in 36 states and Puerto Rico through its network of inpatient rehabilitation hospitals, home health agencies, and hospice agencies.



Hospital & Healthcare  
[www.accessonemedcard.com](http://www.accessonemedcard.com)

## Client: Access One

Based in Fort Mill, South Carolina, Access One provides hospitals, health systems and employers with patient financing solutions. They strive to provide an easy user experience and a patient-friendly interface

# DAVIDSON CAPITAL ADVISORS PROFESSIONALS

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**Robert S. Cashion**  
**Managing Director, Investment Banking and Advisory Services**

Prior to joining Davidson Capital Advisors, Mr. Cashion spent over 20 years in the financial services industry. He manages the firm's overall corporate finance and consulting practice where he oversees and executes the firm's investment banking, advisory and capital raising engagements.

Mr. Cashion worked with several financial institutions and consulting firms delivering investment banking, leveraged finance, consulting and restructuring services. He worked with Bank of America Merrill Lynch and its predecessor firms in the High Grade Capital Markets, Corporate Finance and the Special Situations group.

Mr. Cashion has been involved in industry sectors including general industrial, distribution, business services, retail, technology and healthcare. Mr. Cashion holds B.A. Education, B.S. Accounting, and an MBA from the University of North Carolina. He is a Certified Public Accountant and holds FINRA 7, 63 and 79 securities licenses.



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# DAVIDSON CAPITAL ADVISORS PROFESSIONALS

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## **Elizabeth Folger** **Managing Director, Institutional Client Coverage**

Prior to joining Davidson Capital Advisors, Ms. Folger spent 16 years in the financial services industry in a variety of functions, most recently with Bank of America Merrill Lynch and its predecessor firms. She manages the sales and auction processes for the firm's sell side M&A and capital raising engagements. Her deep experience in the sales and trading has resulted in excellent execution for our client's projects.

She worked in the Loan Syndication Sales Group, headquartered in Charlotte, with her primary responsibilities for sales and distribution of syndicated loans for middle market and large corporate credits. Also, Ms. Folger worked on the Corporate Bond Trading desk where she managed and traded risk positions of \$50-\$100 million of intermediate term bank and finance paper.

Ms. Folger has been involved in a variety of sectors including general industrial, distribution, business services, retail, technology and healthcare. She holds a Bachelor of Arts from Hollins University.



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# DAVIDSON CAPITAL ADVISORS ANALYST TEAM

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## **Maxwell Purdy**

### **Corporate Finance Coverage**

Prior to joining Davidson Capital Advisors in 2021, Mr. Purdy interned with Graycliff Partners, a private equity located in New York, NY. He graduated from University of North Carolina Chapel Hill in 2021 with a BS in Political Science and a minor in Economics and Entrepreneurship.

Maxwell assists in leading the firm's corporate finance client coverage as well as private equity coverage.

## **Jake Hall**

### **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors, Mr. Hall interned with Churchill Terry, a private equity firm located in Dallas, TX. He graduated from Southern Methodist University in 2021 with an MBA in Finance and Strategy.

# DAVIDSON CAPITAL ADVISORS ANALYST TEAM

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**Sam Fernandez**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Fernandez lead finance and business development for Radio Nueva Vida radio station. He graduated from University of North Carolina in 2021 with a Bachelor of Science in Business Administration.

**Luke Habecker**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Habecker headed up business development for Odyssey Specialized Logistics, LLC. He graduated from University of North Carolina in 2019 with a Bachelor of Science in Business Administration.

**Luke Bitler**  
**Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Generation Estate, a private equity located in London, England. He graduated from University of Virginia in 2021 with a BA in History and Economics.