

Healthcare Products Industry Report

Q1 2022



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Healthcare Products Industry Report

I. Manufacturing

HEALTHCARE PRODUCTS MANUFACTURING: INDUSTRY OUTLOOK

FORECAST: CONTINUED GROWTH

- ❑ Factors that influenced the Medical Device Manufacturing industry over the five years to 2021 such as healthcare reform, technological advancements, outsourcing, regulation and an aging population, will likely continue to drive industry development over the coming years to 2026.
- ❑ The combined effect of these factors is forecasted to boost revenue growth at an annualized rate of 3.2% to \$52.7 billion in 2026.

CHANGING DEMOGRAPHICS

- ❑ The changing demographics of the United States favor the industry. Although the majority of baby boomers are still under the age of 65, a significant portion of the group will cross this age threshold over the five years to 2026, resulting in an expected annualized 3.0% rise in the 65-and-over demographic. 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.

EFFECTS OF LEGISLATION

- ❑ It is expected that the average industry profit margin (measured as earnings before interest and taxes) will hold at 12.3% of revenue in 2026. The Physician Payment Sunshine Act is expected to increase industry costs and possibly reduce revenue, since it requires covered manufacturers to annually report any transfers of value to physicians.
- ❑ However, other recent legislation will likely continue to benefit the industry, as US healthcare reform has aimed at expanding coverage to a broader range of patients. The Patient Protection and Affordable Care Act accomplishes this by significantly loosening the eligibility criteria for enrollment in Medicaid in addition to making private insurance more accessible to consumers. As a result, more people have access to healthcare, which will likely boost the average number of physician visits. This, in turn, will raise demand for some medical services and devices.

DOWNSTREAM PRESSURES

- ❑ Despite expected increases in medical procedure volumes, the prices that medical device manufacturers are able to charge will likely remain a concern for industry operators over the next five years.
- ❑ Although access to insurance will increase, standards for device reimbursements will become more stringent due to governmental cost-containment efforts for healthcare and continued pressure from local hospitals and health systems. The net effects of these pressures will likely drive customers to demand lower pricing.
- ❑ Moreover, stricter reimbursement requirements could directly hurt the total revenue of key customer groups, such as hospitals and clinics. Hospitals that receive small reimbursements per procedure will need to perform more procedures to justify new equipment purchases. In turn, manufacturers may be pressured to reduce per-unit costs to keep up sales.

EXTERNAL INDUSTRY 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. The number of physician visits is expected to increase.

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. Therefore, growth in the number of adults aged 65 and older leads to greater industry demand. The number of adults aged 65 and older is expected to increase, presenting a potential opportunity for the industry.

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. Federal funding for Medicare and Medicaid is expected to increase.

TRADE-WEIGHTED INDEX

- ❑ The trade-weighted index (TWI) measures the relative strength of the US dollar. A higher TWI discourages Americans from purchasing domestically manufactured devices and makes it more expensive for foreign customers to purchase US products. The TWI is expected to decrease in 2021. However, the pandemic has continued to make trade difficult, posing a threat to the industry.

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, increasing industry demand. Total health expenditure is expected to increase.

INDUSTRY AT A GLANCE

Key Statistics



\$45.0bn Revenue

- Annual Growth 2016 – 2021 2.5%
- Annual Growth 2021 – 2026 3.2%



\$5.5bn Profit

- Annual Growth 2016 – 2021 -0.5%



12.3% Profit Margin

- Annual Growth 2016 – 2021 -1.9%



944 Businesses

- Annual Growth 2016 – 2021 2.9%
- Annual Growth 2021 – 2026 2.7%



96,318 Employees

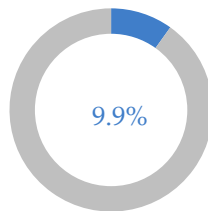
- Annual Growth 2016 – 2021 3.4%
- Annual Growth 2021 – 2026 3.0%



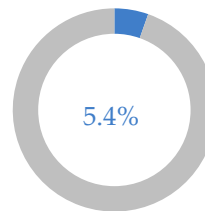
\$10.1bn Wages

- Annual Growth 2016 – 2021 4.2%
- Annual Growth 2021 – 2026 3.1%

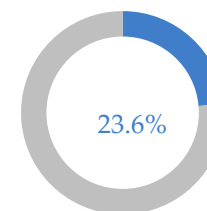
Segments



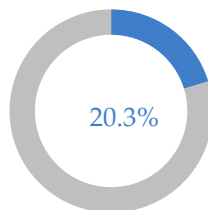
Neuromodulation and spinal devices



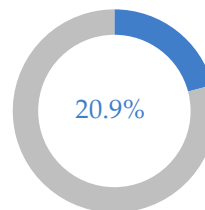
Diabetes devices



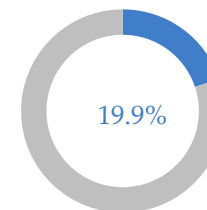
Cardiovascular devices



Other devices



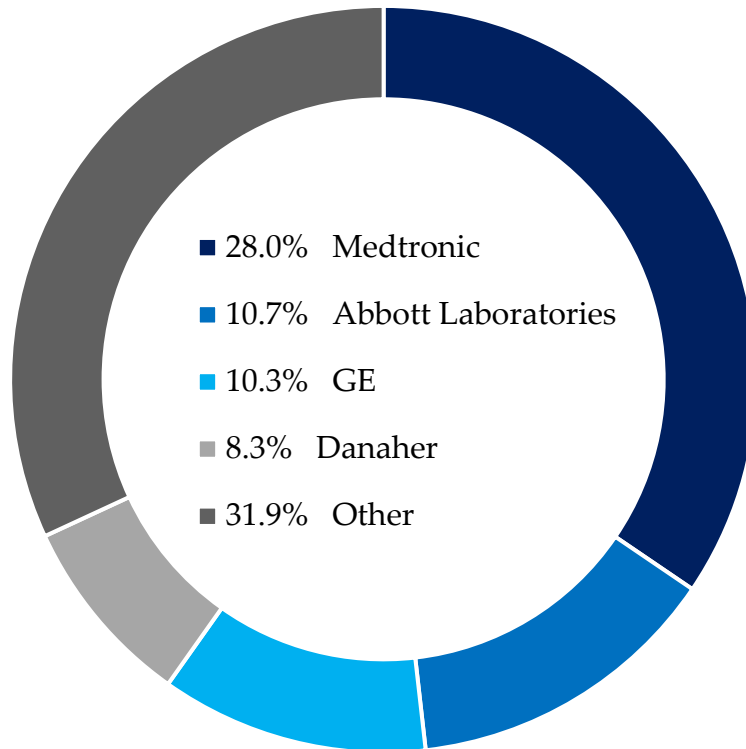
Irradiation devices



Patient recovery and noninvasive devices

INDUSTRY AT A GLANCE

Major Players



SWOT Analysis

S

STRENGTHS

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

W

WEAKNESSES

- High Competition
- High Imports
- Low Revenue per Employee

O

OPPORTUNITIES

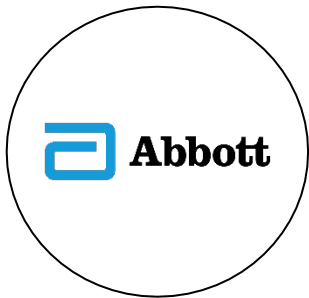
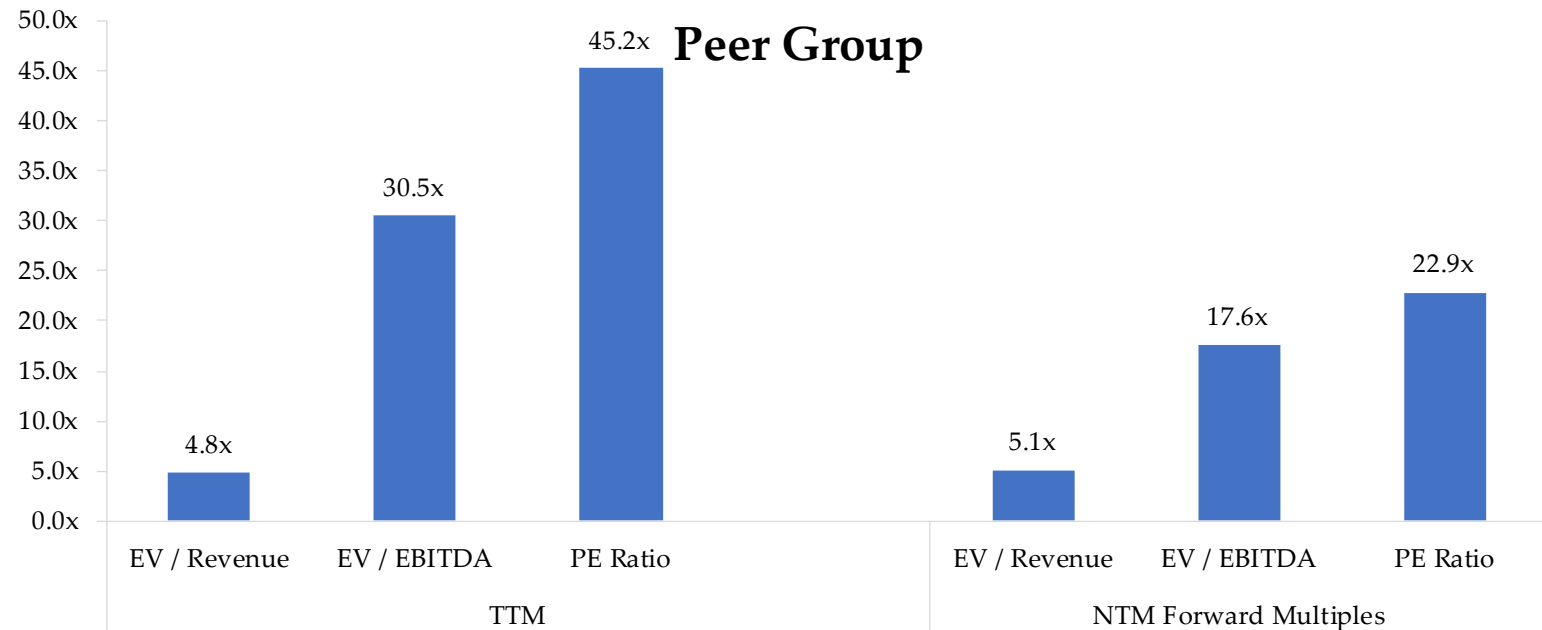
- High Revenue Growth (2021-2026)
- Number of Adults Aged 65 and Older

T

THREATS

- Low Revenue Growth (2005-2021)
- Low Outlier Growth
- Low Performance Drivers
- Trade-Weighted Index

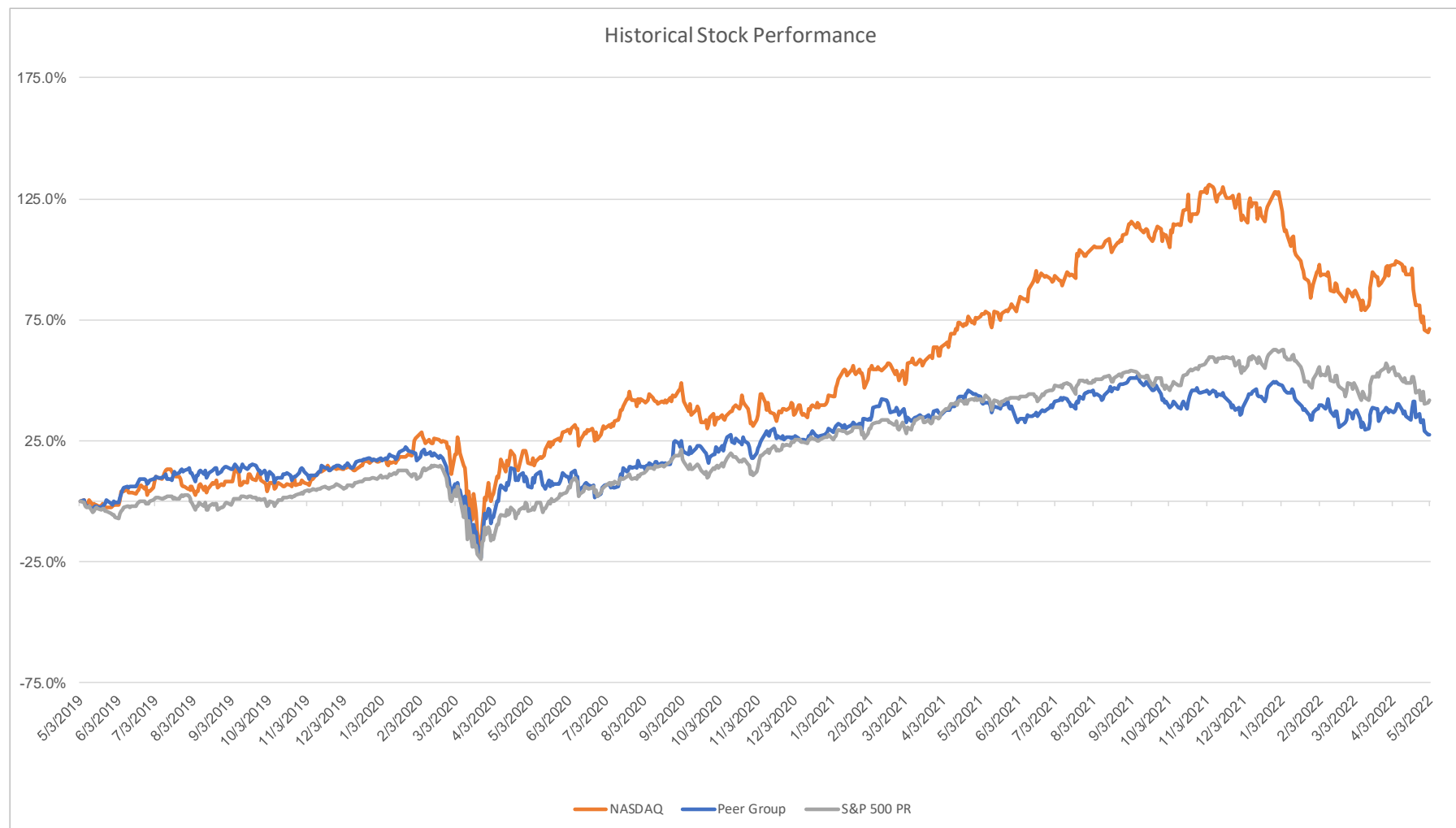
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions	Medtronic (Other Healthcare Technology Systems)	Abbott	Boston Scientific	Avanos Medical	Stryker	
Ticker	MDT	ABT	BSX	AVNS	SYK	
Total Revenue	\$31,597	\$42,308	\$11,470	\$736	\$16,669	
Gross Profit	21,020	24,044	7,680	356	10,640	
EBIT	5,036	8,769	1,611	-61	2,195	
Net Income	\$3,882	\$7,244	\$1,156	(\$52)	\$1,900	
EBITDA (Normalized)	8,579	12,922	2,814	91	3,630	
Total Debt	25,964	18,397	9,459	206	12,651	
EV	157,153	214,813	69,078	1,493	103,564	
Employees	90,000	109,000	38,000	5,380	43,000	
Ratio Analysis						Median
Revenue/Employee	\$351,078	\$388,147	\$301,842	\$136,840	\$387,651	\$351,078
EV/Revenue	4.94x	4.83x	5.68x	2.01x	6.05x	4.94x
Debt/EBITDA	3.65x	1.52x	3.50x	NM	4.14x	3.57x
EV/EBITDA (Normalized)	22.35x	24.83x	32.70x	17.67x	29.35x	24.83x
Market Cap/EBITDA	23.41x	25.51x	37.31x	NM	29.10x	27.30x
Market Cap (mm)	143,048	205,834	61,552	1,424	94,104	
Close Price	106.63	116.72	43.06	30.10	249.15	
52 Week Low	98.38	105.36	37.96	27.96	236.09	
52 Week High	135.89	142.60	47.50	45.82	281.16	
Gross Margin	66.5%	56.8%	67.0%	48.4%	63.8%	63.8%
EBIT	15.9%	20.7%	14.0%	-8.3%	13.2%	14.0%
EBITDA	24.5%	29.0%	23.6%	-2.9%	19.0%	23.6%
Acct. Receivable Days	61	53	52	62	58	58
Inventory Days	153	105	140	161	209	153
Acct. Payable Days	79	99	68	64	80	79
Revenue Growth	13.1%	31.3%	13.5%	2.3%	17.2%	13.5%

HEALTHCARE PRODUCTS - MANUFACTURING INDEX Vs. S&P 500



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

RECENT PRIVATE TRANSACTIONS

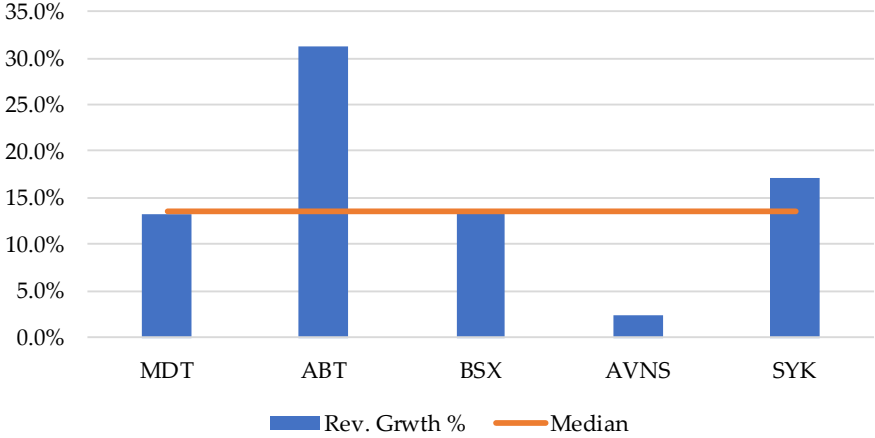
Deal Date	Target Companies	Investors	Deal Synopsis
02-May-2022	Citagenix	HANSAmed	Citagenix reached a definitive agreement to be acquired by HANSAmed for \$6.75 million on May 2, 2022. The transaction enables HANSAmed an exclusive focus on drug pipeline. The transaction will close no later than 180 days following the signing of this binding agreement.
18-Apr-2022	Natus Medical (NAS: NTUS)	ArchiMed	Natus Medical (NAS: NTUS) entered into a definitive agreement to be acquired by ArchiMed through an estimated \$1.2 billion public-to-private LBO on April 18, 2022.
22-Mar-2022	Signifier Medical Technologies	Angelus Venture Fund, Segulah Medical Acceleration, Waha Capital	Signifier Medical Technologies was acquired by Angelus Venture Fund, Segulah Medical Acceleration, and Waha Capital for \$49 million on March 22, 2022. VIDANT Capital and other undisclosed investors participated in the round.
08-Mar-2022	Probo Medical	A vista Capital Partners	The company was acquired by A vista Capital Partners through a \$450 million LBO on March 8, 2022.
01-Mar-2022	Dadi	Roman Health Ventures	Dadi was acquired by Roman Health Ventures for \$100 million on March 1, 2022. The acquisition will help Roman to launch the Ro Sperm Kit, an updated and rebranded offering powered by Dadi's proprietary collection, testing, and storage kit and create the first direct-to-patient fertility offering to support any individual or couple's needs.

RECENT PUBLIC TRANSACTIONS

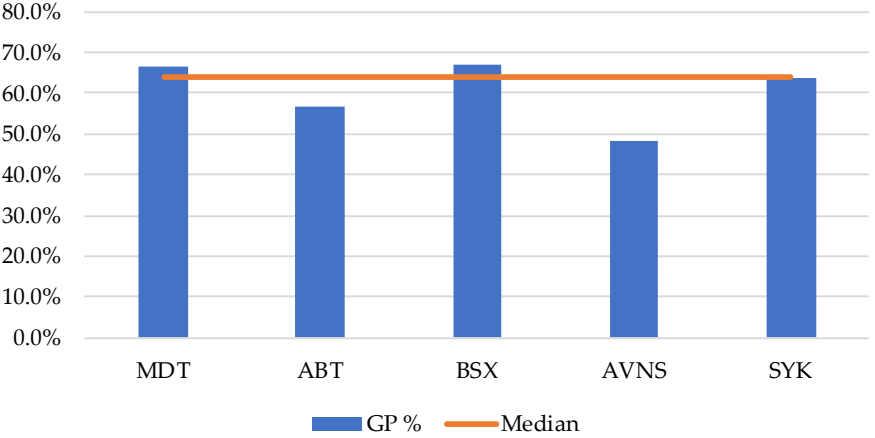
Deal Date	Target	Acquirer	Deal Synopsis
27-Apr-2022	Oticon Medical	Cochlear (ASX: COH)	Oticon Medical, a subsidiary of Demant (CSE: DEMANT), is in talks to be acquired by Cochlear (ASX: COH) for \$170 million on April 27, 2022. The acquisition will provide Cochlear with greater scale and will enable it to increase its investments in R&D and market growth activities.
20-Apr-2022	Carestream Dental (intra-Oral Scanner Business)	Envista Holdings (NYSE: NVST)	The Intra-Oral Scanner Business of Carestream dental was acquired by Envista Holdings (NYSE: NVST) for \$600 million. The acquisition further enables Envista's purpose of partnering with dental professionals to improve patients' lives by digitizing, personalizing, and democratizing dental care.
19-Apr-2022	GoodNight Medical	Quipt Home Medical (TSX: QIPT)	GoodNight Medical was acquired by Quipt Home Medical (TSX: QIPT) for \$7 million on April 19, 2022. The acquisition provides Quipt an expansionary opportunity into Massachusetts, North Carolina and Texas, which are new U.S. states for Quipt's coverage sphere including important new commercial insurance contracts.
19-Apr-2022	Surplus Diabetic	ADDvise Group (STO: ADDV A)	Surplus Diabetic was acquired by ADDvise Group (STO: ADDV A) for \$19.5 million on April 19, 2022. The total consideration consists of an initial purchase price of \$15.5 million in cash and an interest-free promissory note of \$0.5 million as well as two potential earn-outs of a maximum of \$1.6 million and \$1.9 million respectively upon the achievement of certain predetermined targets based on materially higher financial targets than the company's revenue for the last twelve months as of November 30, 2021.
04-Apr-2022	MD Orthopaedics	OrthoPediatrics (NAS: KIDS)	MD Orthopaedics was acquired by OrthoPediatrics (NAS: KIDS) for \$19.6 million on April 4, 2022. The acquisition further supports OrthoPediatrics' mission of helping children living with orthopedic conditions. The purchase price includes a contingent payout of \$2.5 million based on completion of future milestones.

OPERATING METRICS

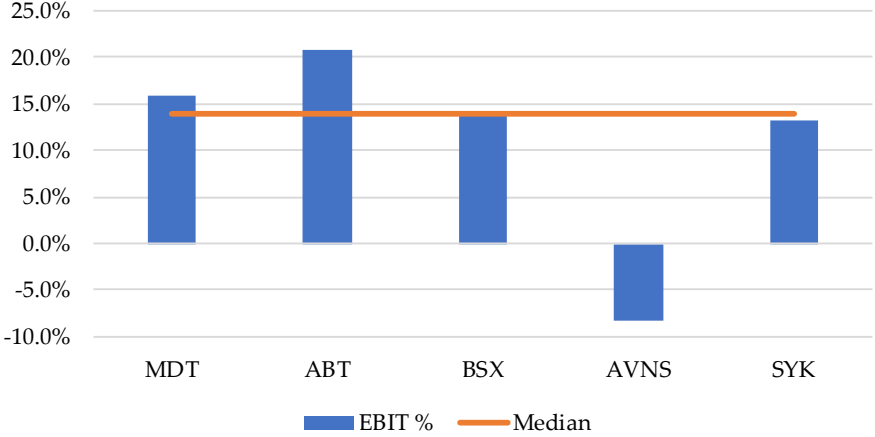
Revenue Growth



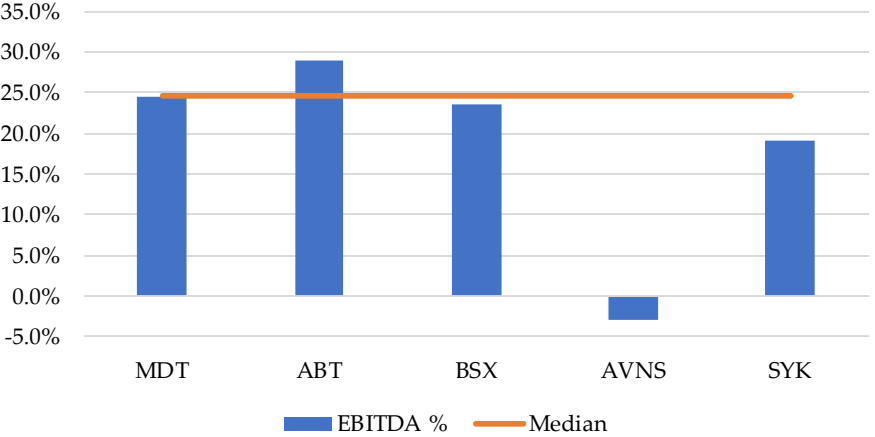
Gross Profit Margin



EBIT Margin

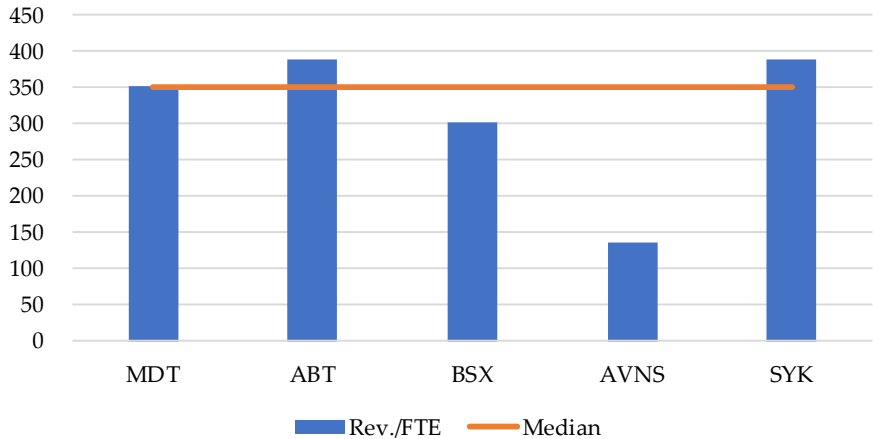


EBITDA Margin

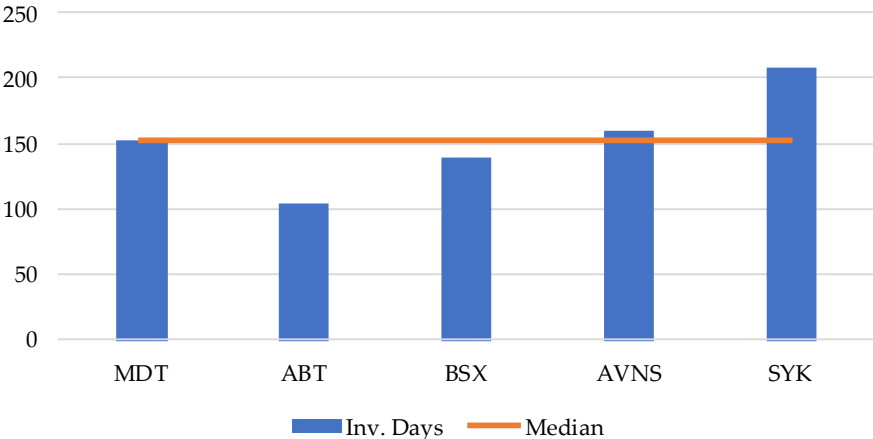


RATIO ANALYSIS

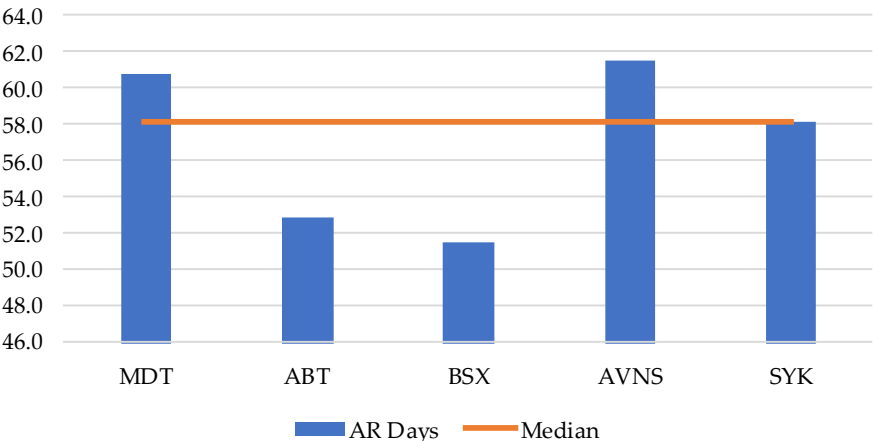
Revenue per Employee



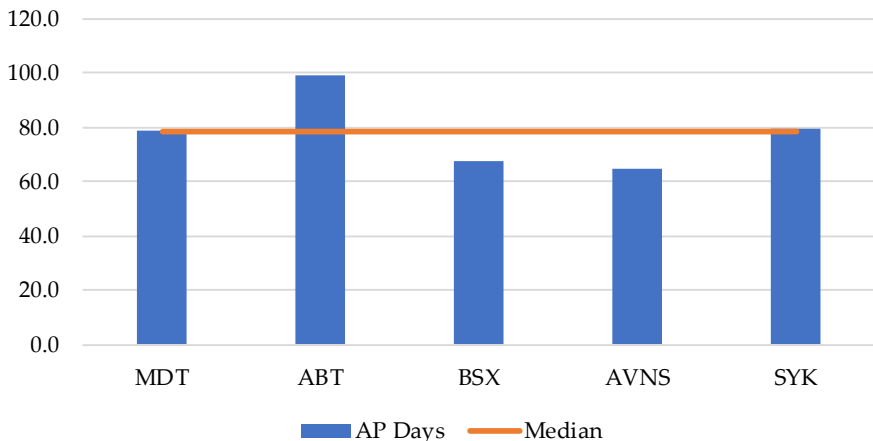
Inventory Days



AR Days



AP Days



VALUATION TRENDS

Ticker	Company	Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
MDT	Medtronic (Other Healthcare Techn	103.11	138366.35	152471.35	31785.00	8752.00	3.65	33325.00	10973.91	5.78
ABT	Abbott	112.43	198973.70	207952.70	43075.00	12239.00	3.98	39451.65	10837.46	4.27
BSX	Boston Scientific	41.77	59507.89	67033.89	11888.00	2506.00	0.69	13101.91	3802.02	1.83
SYK	Stryker	237.87	89611.17	102180.17	17430.00	3256.00	5.35	18756.94	5193.10	10.06
AVNS	Avanos Medical	29.19	1381.21	1450.21	744.60	47.20	0.11	856.05	155.30	1.86

Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
MDT	Medtronic (Other Healthcare Techn	4.80	17.42	28.40	4.58	13.89	17.84
ABT	Abbott	4.67	17.96	26.09	5.27	19.19	26.32
BSX	Boston Scientific	5.51	30.53	80.33	5.12	17.63	22.86
SYK	Stryker	5.86	31.38	45.22	5.45	19.68	23.64
AVNS	Avanos Medical	1.95	30.72	265.36	1.69	9.34	15.69

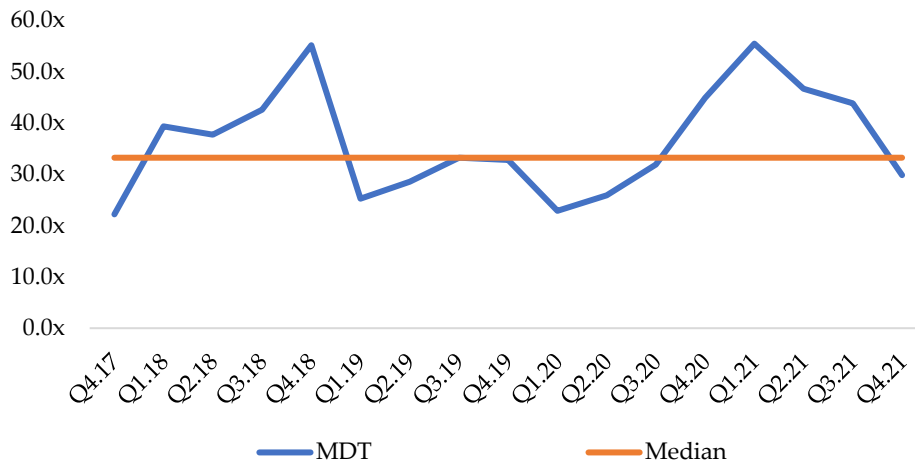
PUBLIC COMP



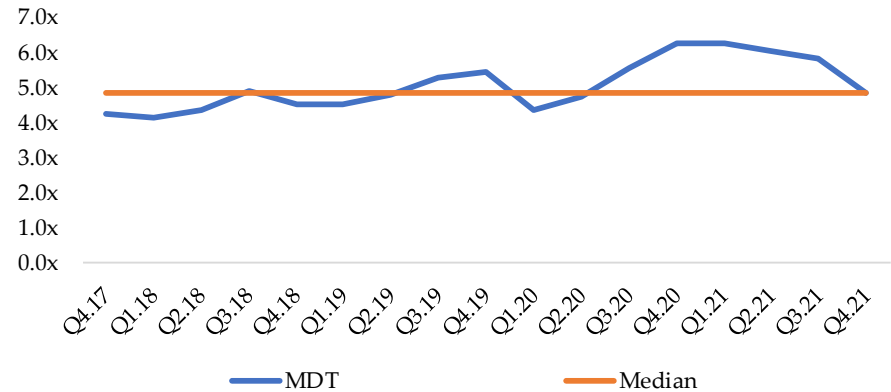
Medtronic
When Life Depends on Medical Technology

Medtronic PLC (NYS: MDT), one of the largest medical device companies, 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.

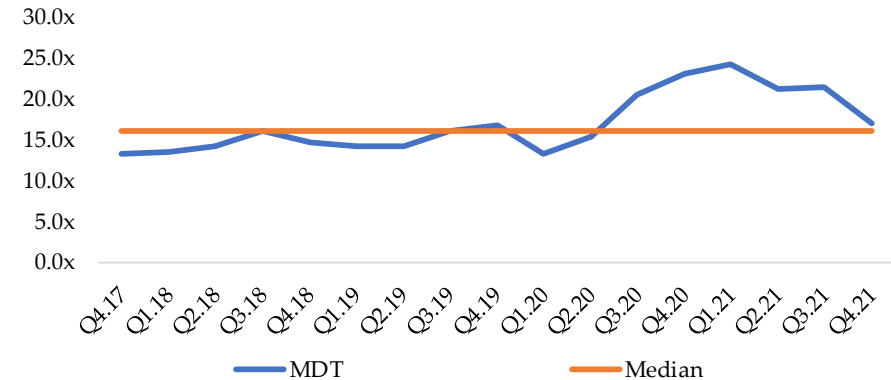
P/E Medtronic



EV/Revenue Medtronic (Other Healthcare Technology Systems)



EV/EBITDA Medtronic (Other Healthcare Technology Systems)

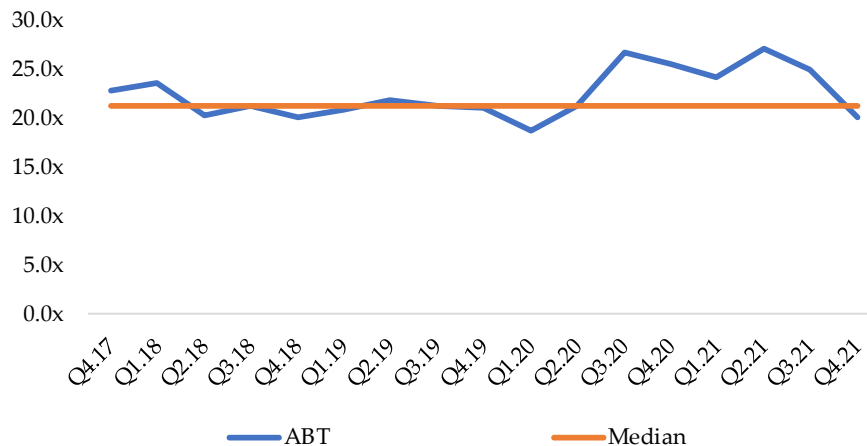




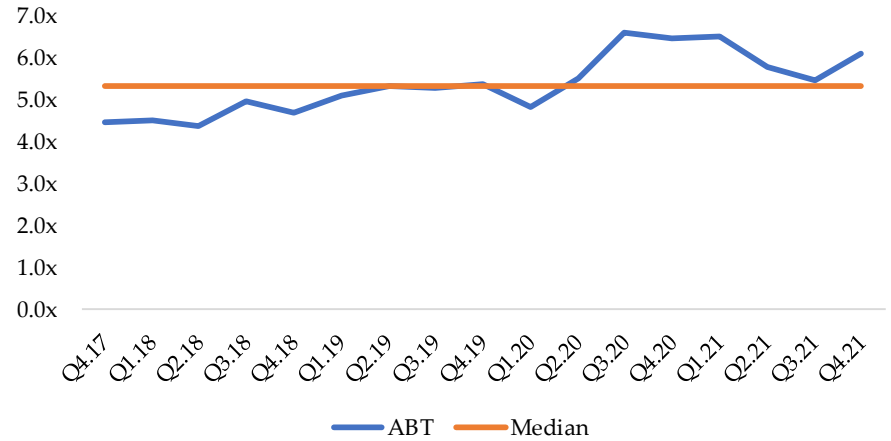
Abbott

Abbott Laboratories (NYS: ABT) 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.

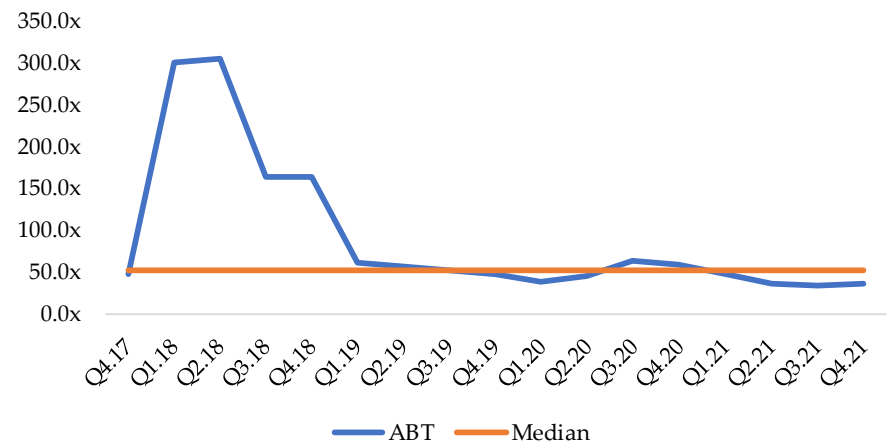
EV/EBITDA Abbott



EV/Revenue Abbott



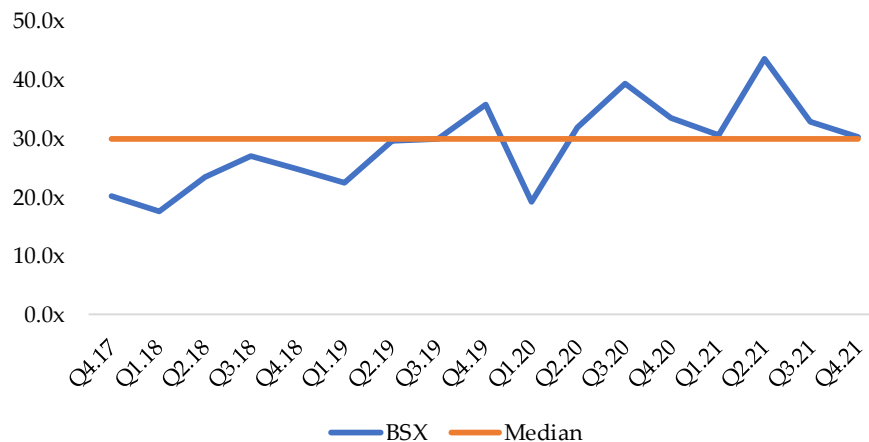
P/E Abbott



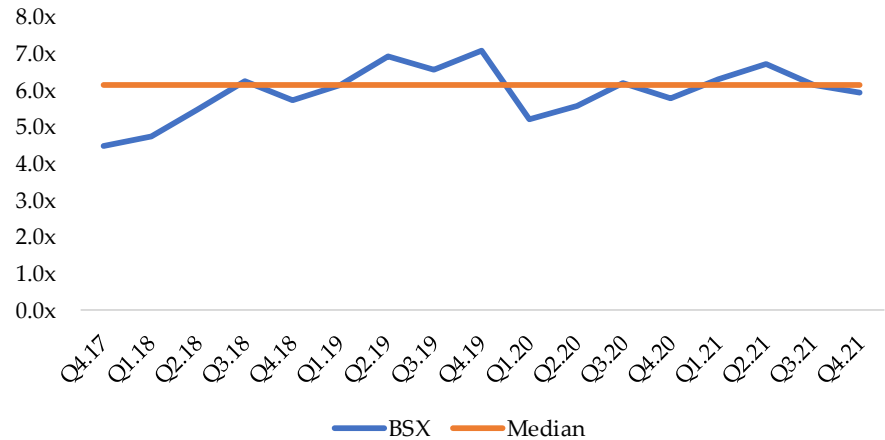
Boston Scientific

Boston Scientific Corporation (NYS: BSX) 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.

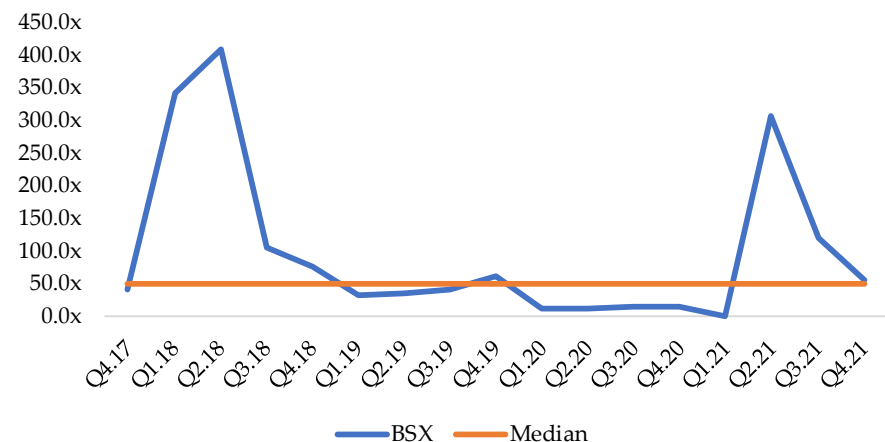
EV/EBITDA Boston Scientific



EV/Revenue Boston Scientific



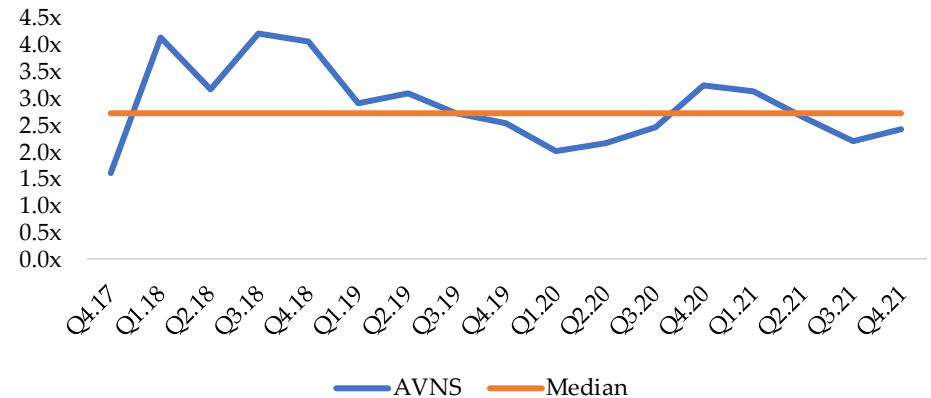
P/E Boston Scientific



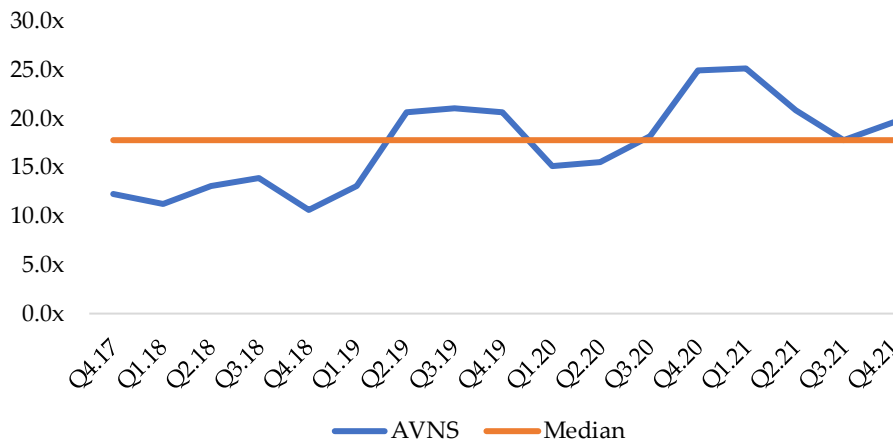
AVANOS

Avanos Medical, Inc. (NYSE: AVNS) 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 and respiratory health products.

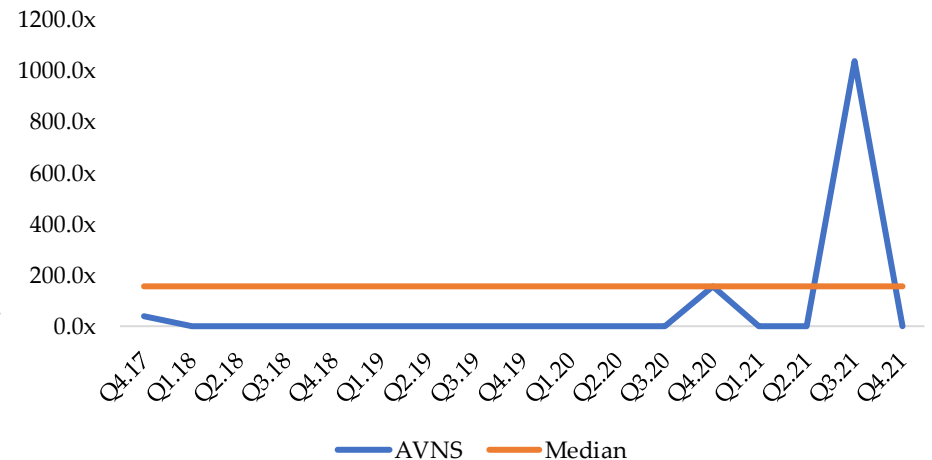
EV/Revenue Avanos Medical



EV/EBITDA Avanos Medical



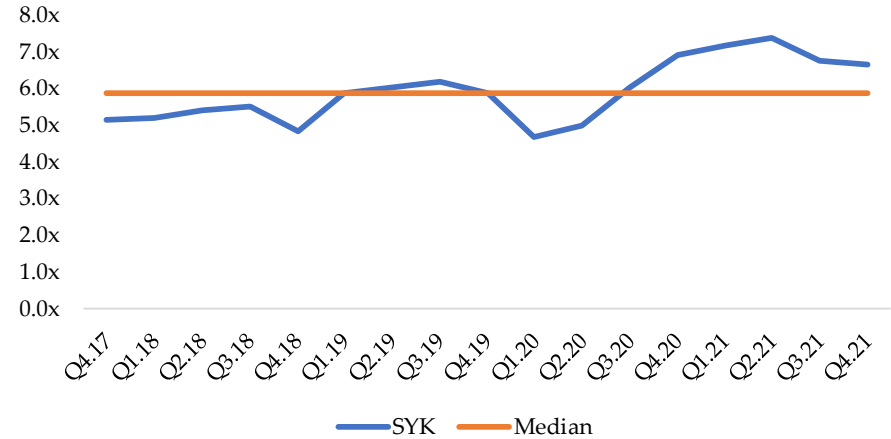
P/E Avanos Medical



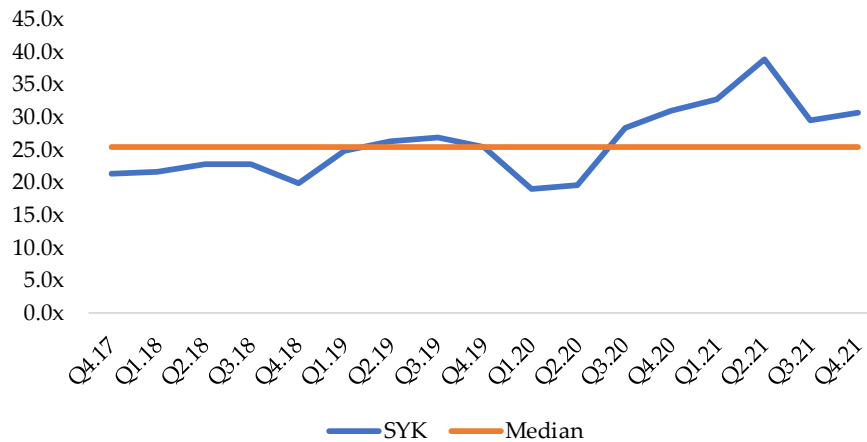


Stryker Corporation (NYS: SYK) develops, manufactures, and markets specialty surgical and medical products. The Company's products include implants, biologics, surgical, neurologic, ear, nose and throat and interventional pain equipment, endoscopic, surgical navigation, communications and digital imaging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

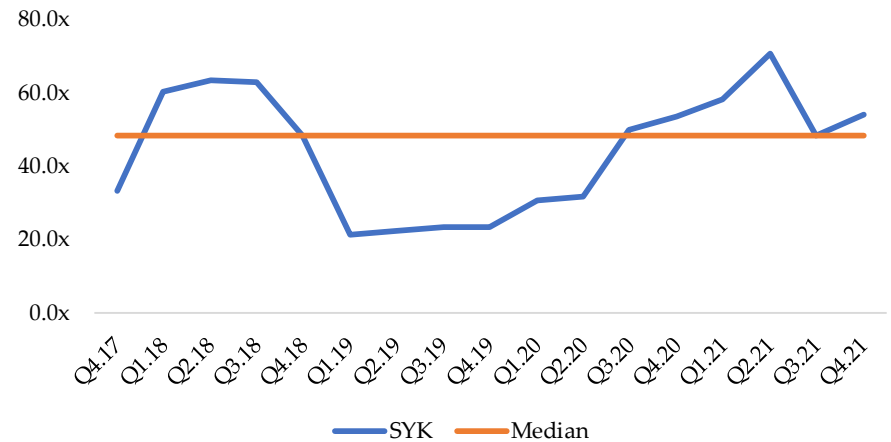
EV/Revenue Stryker



EV/EBITDA Stryker



P/E Stryker



Healthcare Products Industry Report

II. Wholesaling

HEALTHCARE PRODUCTS WHOLESALING: INDUSTRY OUTLOOK

FORECAST: CONTINUED GROWTH

- ❑ 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.

AGING POPULATION

- ❑ Changing demographics in the US population will have a favorable effect on the Medical Supplies Wholesaling industry.
- ❑ Over the five years to 2026, it is expected the number of individuals aged 65 and older in the United States will increase at an annualized rate of 3.0%. During the same period, the average age of the population is projected to rise as well. Longer life expectancies and a growing elderly population both translate into increased demand at facilities that use industry products and, in turn, revenue growth for the industry.
- ❑ As Americans live longer and have fewer children, the incidence of age-related diseases will likely rise because an increasing share of the population will be in the upper age range. If people acquire diseases at the same age as in previous years, but survive longer due to more advanced devices, then aging will boost healthcare spending on extended, costly treatments for chronic conditions or the successful treatment of more diseases per person over the course of a lifetime. Consequently, the aging baby-boomer generation will fuel demand for hospital products, such as beds, stretchers, blood analyzers and sterilization equipment.

NEW PRODUCTS KEEP DEMAND STRONG

- ❑ Medical supplies wholesalers will likely continue to benefit from the market introduction of new technologies and improvements in existing products.
- ❑ Product improvements will likely enable new treatments for previously untreatable or ineffectively treated diseases or conditions, and the introduction of a remedy for a previously untreatable condition will cause overall industry demand to rise. Medical device trends are anticipated to facilitate innovation including nanotechnology, the combination of drugs and biologics, less-invasive surgeries and devices and wireless technology for hospitals. Neurological, cardiovascular and orthopedic products will likely represent growth opportunities for medical supplies companies because these products are particularly important to the aging population.

EXTERNAL INDUSTRY 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. The total number of physician visits is expected to increase, representing a potential opportunity for the industry.

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. By adding new products to its existing portfolio, wholesalers will gain a competitive advantage. US research and development expenditure is expected to increase.

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. The number of people in the United States aged 65 and older is expected to grow.

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. Federal funding for Medicare and Medicaid is expected to increase; however, the volatile nature of federal funding poses a threat to the industry.

INDUSTRY AT A GLANCE

Key Statistics



\$268.7bn Revenue

- Annual Growth 2016 – 2021 2.5%
- Annual Growth 2021 – 2026 2.6%



11,684 Businesses

- Annual Growth 2016 – 2021 1.9%
- Annual Growth 2021 – 2026 2.0%



\$13.4bn Profit

- Annual Growth 2016 – 2021 0.6%



255k Employees

- Annual Growth 2016 – 2021 2.8%
- Annual Growth 2021 – 2026 2.5%



5.0% Profit Margin

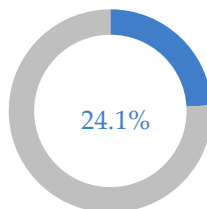
- Annual Growth 2016 – 2021 -0.5pp



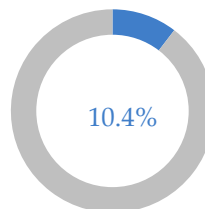
\$30.3bn Wages

- Annual Growth 2016 – 2021 3.3%
- Annual Growth 2021 – 2026 2.5%

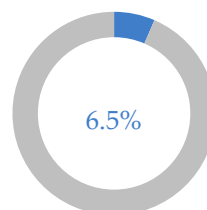
Segments



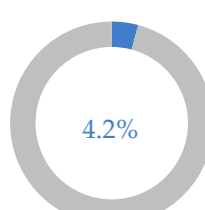
Surgical, Medical, and
Hospital Supplies



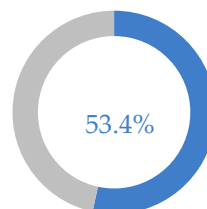
Orthopedic and
Prosthetic appliances



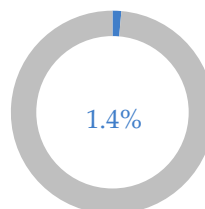
Dental equipment,
instrument and supplies



Other



Surgical, Medical, and
Hospital equipment



Pharmaceuticals,
Cosmetics and toiletries

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

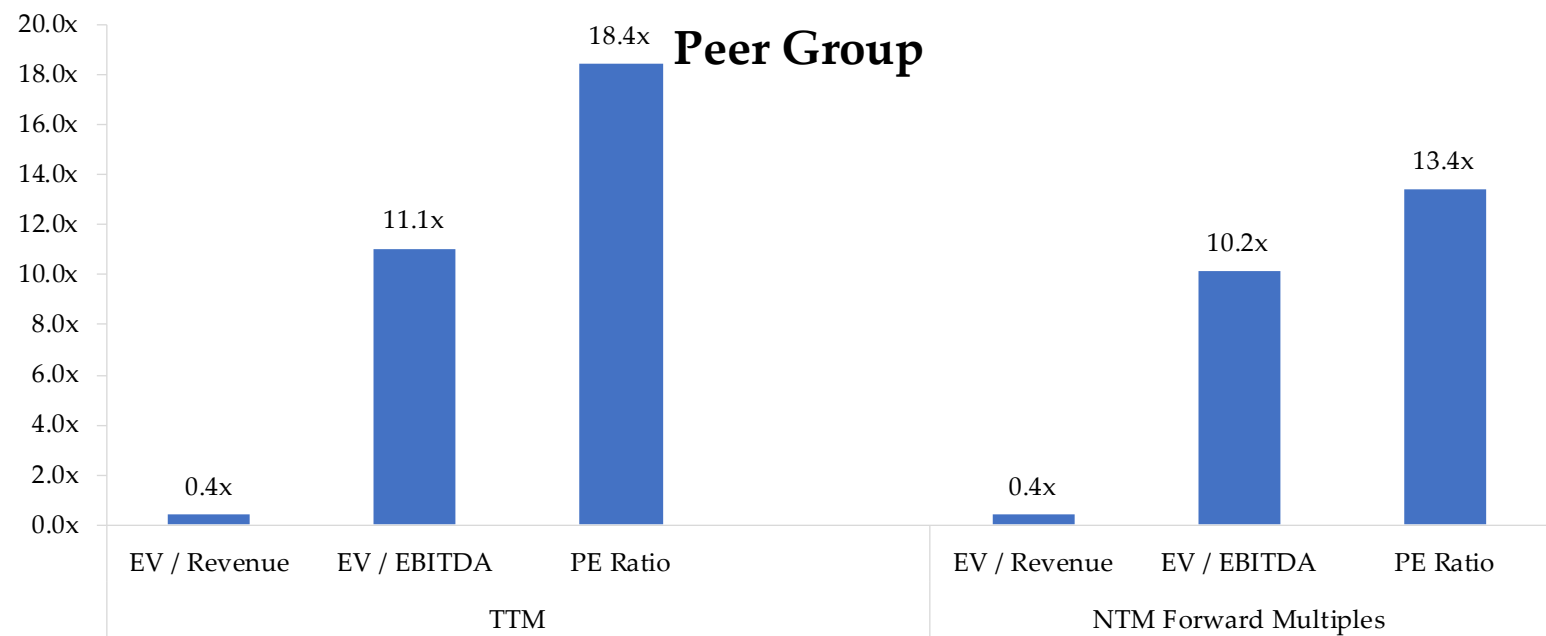
- High Revenue Growth (2021-2026)
- High Performance Drivers
- Research and development expenditures

T

THREATS

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

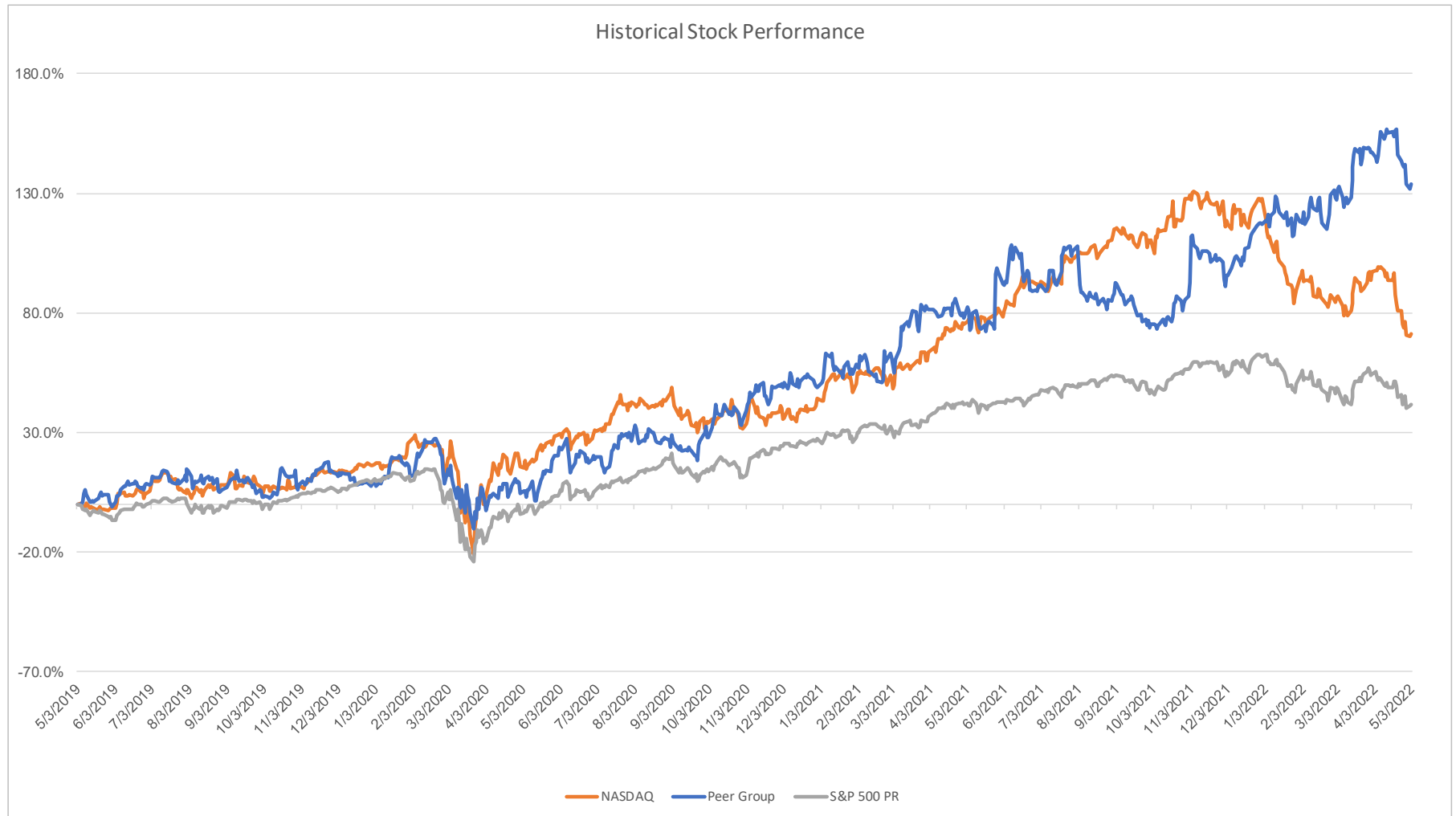
PUBLIC COMPARABLES



PUBLIC COMPARABLES

\$ in Millions	Henry Schein	Owens & Minor	Patterson Companies	McKesson	Ameri sourceBergen	
Ticker	HSIC	OMI	PDCO	MCK	ABC	
Total Revenue	\$12,236	\$9,680	\$6,281	\$250,991	\$213,989	
Gross Profit	3,552	1,570	1,227	12,832	6,943	
EBIT	832	350	234	-5,141	2,396	
Net Income	\$627	\$230	\$166	(\$4,807)	\$1,540	
EBITDA (Normalized)	1,089	533	314	4,726	3,511	
Total Debt	1,122	1,113	712	7,938	6,684	
EV	13,952	3,874	3,617	53,359	36,803	
Employees	21,000	18,800	7,800	76,000	42,000	
Ratio Analysis						Median
Revenue/Employee	\$582,677	\$514,894	\$805,270	\$3,302,513	\$5,094,972	\$805,270
EV/Revenue	1.13x	0.40x	0.56x	0.21x	0.17x	0.40x
Debt/EBITDA	1.12x	2.58x	2.43x NM		1.92x	2.17x
EV/EBITDA (Normalized)	12.30x	7.10x	11.80x	8.34x	9.34x	9.34x
Market Cap/EBITDA	10.89x	6.17x	9.99x NM		NM	9.99x
Market Cap (mm)	11,602	2,820	3,084	47,613	32,931	
Close Price	84.04	36.78	31.59	317.85	157.46	
52 Week Low	70.25	29.85	26.51	180.42	111.34	
52 Week High	92.68	49.16	37.37	335.60	167.19	
Gross Margin	29.0%	16.2%	19.5%	5.1%	3.2%	10.7%
EBIT	6.8%	3.6%	3.7%	-2.0%	1.1%	3.6%
EBITDA	8.2%	4.6%	5.0%	-1.7%	1.4%	4.6%
Acct. Receivable Days	42	27	25	28	27	27
Inventory Days	68	60	55	30	24	42
Acct. Payable Days	47	47	45	58	60	52
Revenue Growth	27.2%	16.5%	16.2%	7.2%	12.7%	14.4%

WHOLESALE HEALTHCARE PRODUCTS INDEX VS. S&P 500



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

RECENT PRIVATE TRANSACTIONS

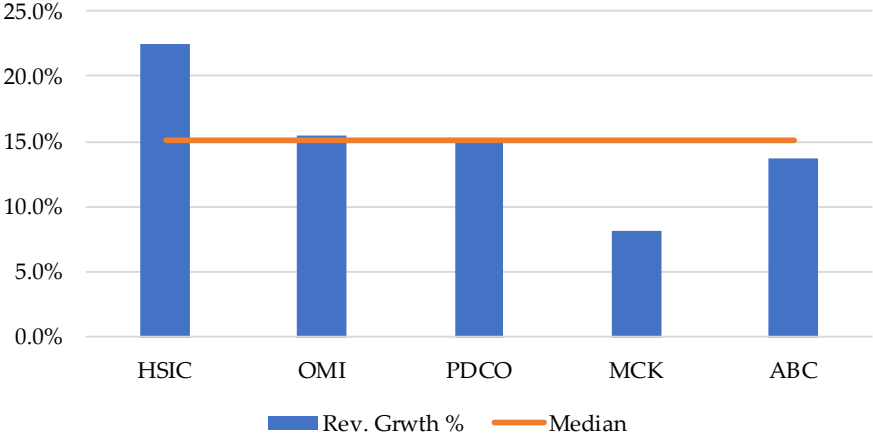
Deal Date	Target	Acquirer	Deal Synopsis
27-Apr-2022	Accessible Systems (Colorado)	Lifeway mobility	Accessible Systems (Colorado), a subsidiary of Ascent Mobility, was acquired by Lifeway Mobility via its financial sponsor Cressey & Company, through an LBO on April 27, 2022 for an undisclosed amount.
07-Apr-2022	Disapo	Parfümerie Douglas	Disapo was acquired by Parfümerie Douglas, via its financial sponsors Partners Group, CVC Capital partners and Canada Pension Plan Investment Board through a \$62.5 million LBO on April 7, 2022. The acquisition will greatly expand the product range of the Partner Program and significantly strengthen Parfümerie Douglas' market position.
04-Apr-2022	Canute Medical	Probo Medical	Canute Medical was acquired by Probo Medical, via its financial sponsor A vista Capital Partners, through an LBO on April 4, 2022 for an undisclosed amount.
21-Mar-2022	MedSource Imaging	Blue Sky Exchange (Colorado)	MedSource Imaging was acquired by Blue Sky Exchange (Colorado) for an undisclosed amount on March 21, 2022.
04-Jan-2022	Innovation Compounding	Revelation Pharma	Innovation Compounding was acquired by Revelation Pharma, via its financial sponsor Osceola Capital Management, through an LBO on January 4, 2022 for an undisclosed amount.

RECENT PUBLIC TRANSACTIONS

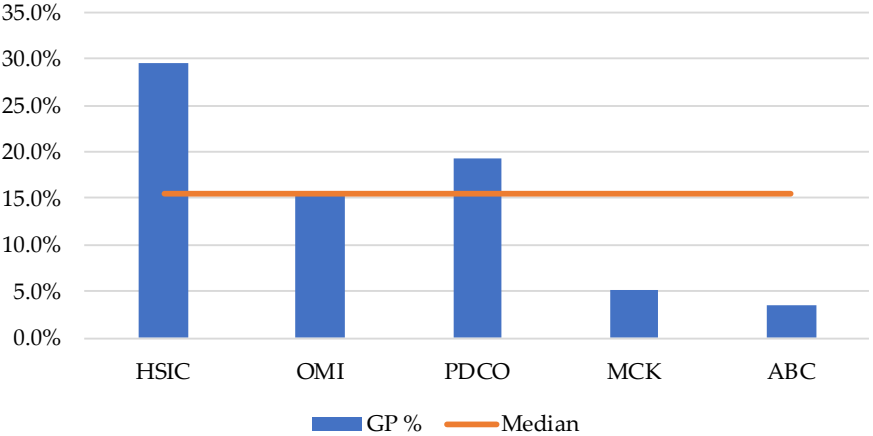
Deal Date	Target Companies	Investors	Deal Synopsis
10-Mar-2022	Rubicon Pharmacies	Neighbourly Pharmacy (TSE: NBLY)	Rubicon Pharmacies reached a definitive agreement to be acquired by Neighbourly Pharmacy (TSE: NBLY) for \$435 million on March 10, 2022.
17-Jan-2022	Hub and Spoke Innovations	Omniceil (NAS: OMCL)	Hub and Spoke Innovations reached a definitive agreement to be acquired by Omnicell (NAS: OMCL) for an undisclosed amount on January 17, 2022. The move will complement Omnicell's total solution technology portfolio for retail pharmacy in the UK, including a pack-pick dispensing robot, automated MDS filing machine and eMAR solution, thereby helping pharmacies to improve workflows and offer 24/7 access to medications and patient care.
05-Jan-2022	LifeHealthcare Group	Ebos Group (NZE: EBO)	LifeHealthcare Group reached a definitive agreement to be acquired by Ebos Group (NZE: EBO) for an undisclosed amount on January 5, 2022. The acquisition accelerates Ebos Group's medical device strategy and facilitates its entry into new therapeutic areas along with the introduction of new OEM relationships.

OPERATING METRICS

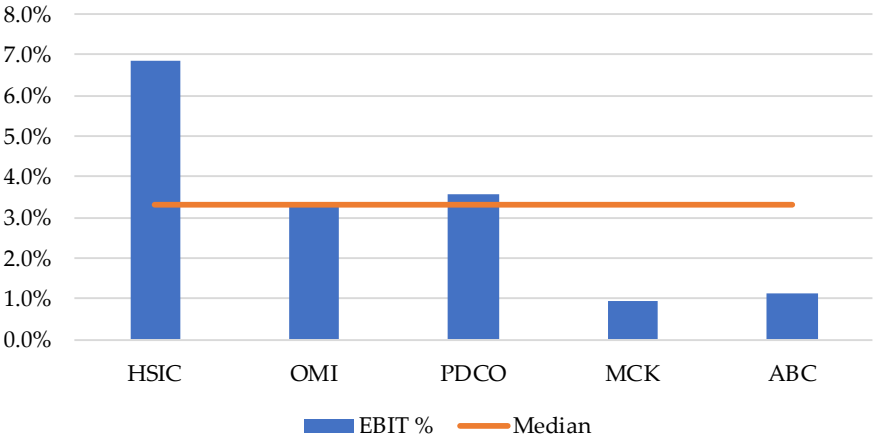
Revenue Growth



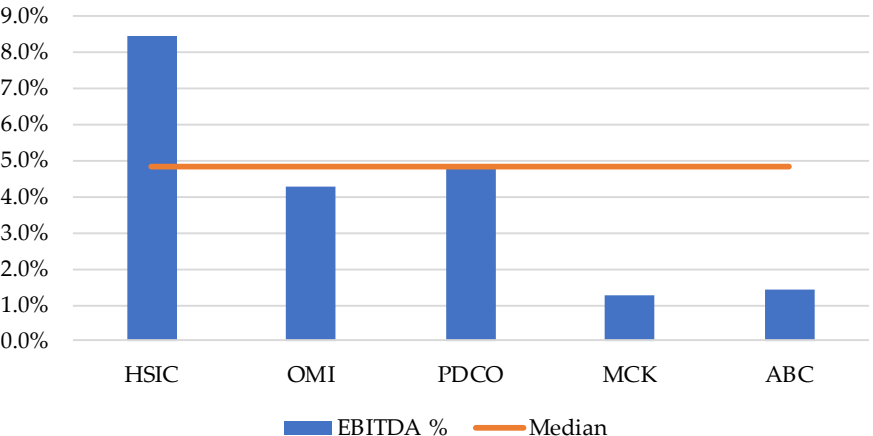
Gross Profit Margin



EBIT Margin

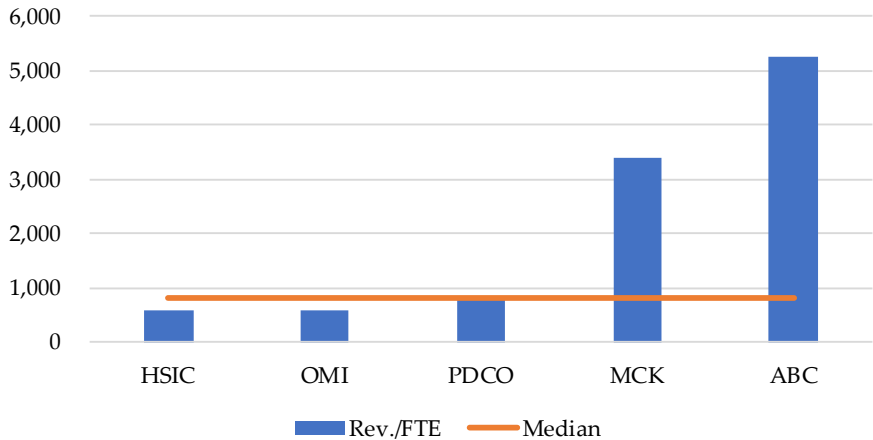


EBITDA Margin

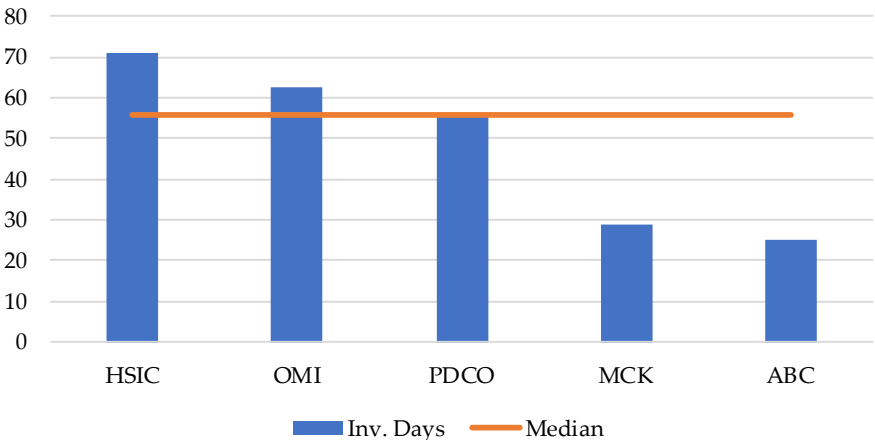


RATIO ANALYSIS

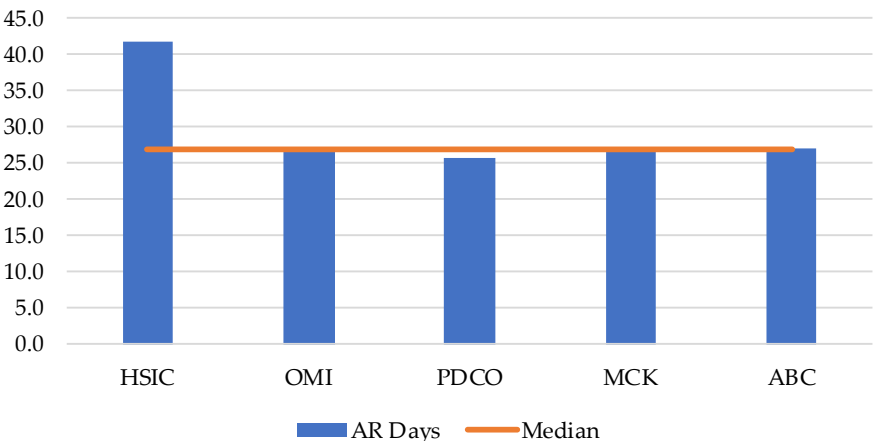
Revenue per Employee



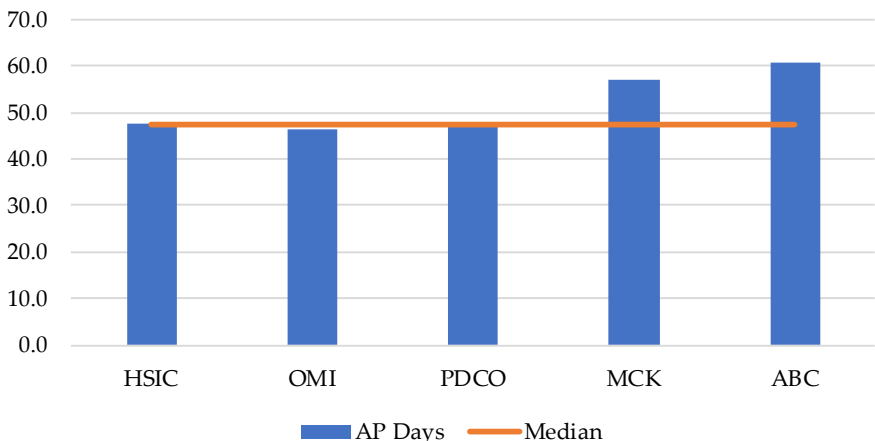
Inventory Days



AR Days



AP Days



VALUATION TRENDS

Ticker	Company	Fundamentals								
		TTM						NTM Estimates		
		Close Price	Market Cap	Enterprise Value	Total Revenue	EBITDA	Basic EPS	Total Revenue	EBITDA	Normalized EPS
ABC	AmerisourceBergen	150.76	31155.20	35027.00	221101.10	3166.46	7.80	243226.13	3650.79	11.23
HSC	Henry Schein	82.08	11105.95	13456.05	12401.02	1045.90	4.51	13262.87	1161.56	4.93
OMI	Owens & Minor	36.15	2725.31	3779.38	9785.32	415.47	3.05	9654.90	434.93	3.54
PDCO	Patterson Companies	31.11	2944.28	3477.46	6422.43	322.82	1.73	6597.00	342.02	2.25
MCK	McKesson	307.81	45958.14	51704.14	257006.00	3304.00	9.04	254177.00	4761.00	23.00

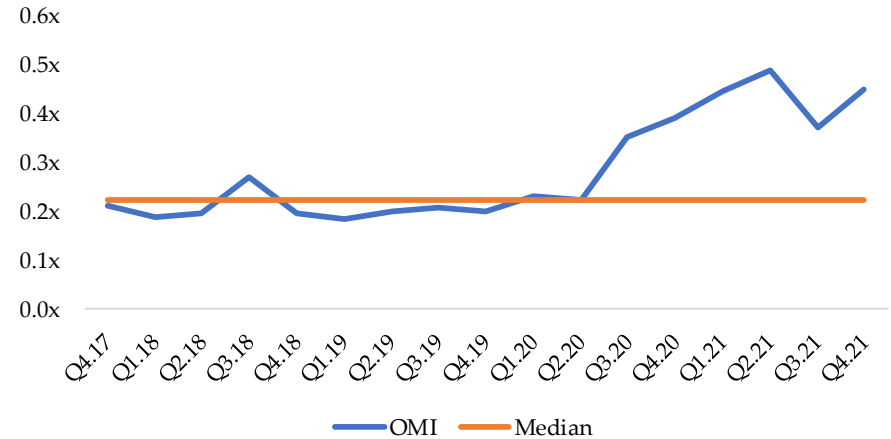
Ticker	Company	Multiples					
		TTM			NTM Forward Multiples		
		EV / Revenue	EV / EBITDA	PE Ratio	EV / Revenue	EV / EBITDA	PE Ratio
ABC	AmerisourceBergen	0.16	11.06	19.55	0.14	9.59	13.43
HSC	Henry Schein	1.09	12.87	18.44	1.01	11.58	16.66
OMI	Owens & Minor	0.39	9.10	12.30	0.39	8.69	10.21
PDCO	Patterson Companies	0.54	10.77	18.19	0.53	10.17	13.80
MCK	McKesson	0.20	15.65	34.35	0.20	10.86	13.38

PUBLIC COMP

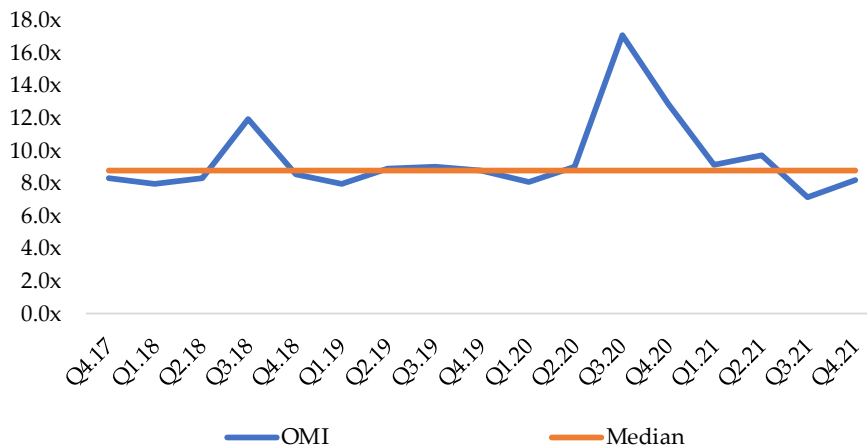


Owens & Minor, Inc. (NYS: OMI) distributes consumable medical supplies to a variety of providers. The company operates in two segments, Global products and Global Solutions. The company offers a portfolio of products and services to healthcare providers and manufacturers in the Global solutions segment. In the Global product segment, the company manufactures and sources medical-surgical products through our production and kitting operations.

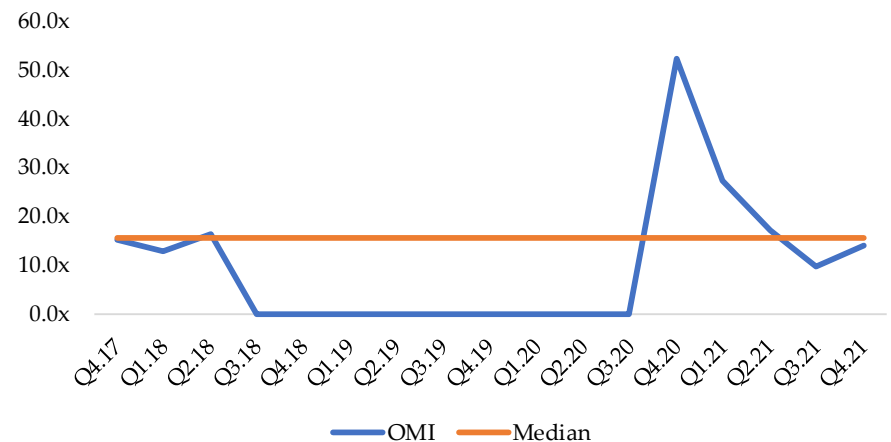
EV/Revenue Owens & Minor



EV/EBITDA Owens & Minor



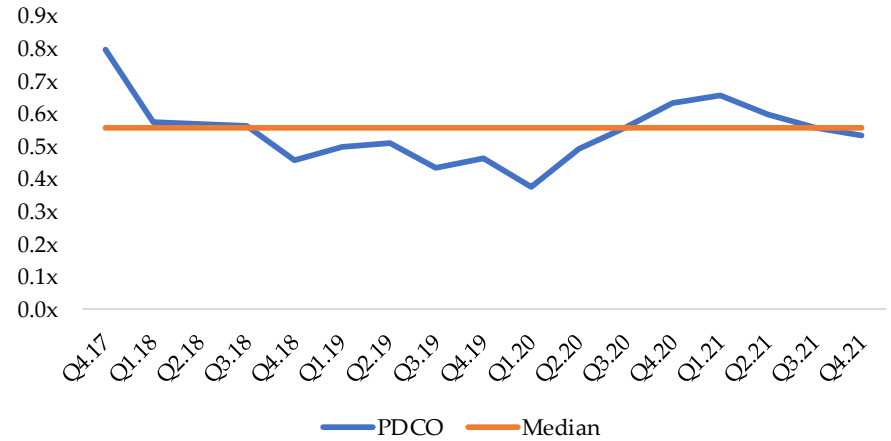
P/E Owens & Minor



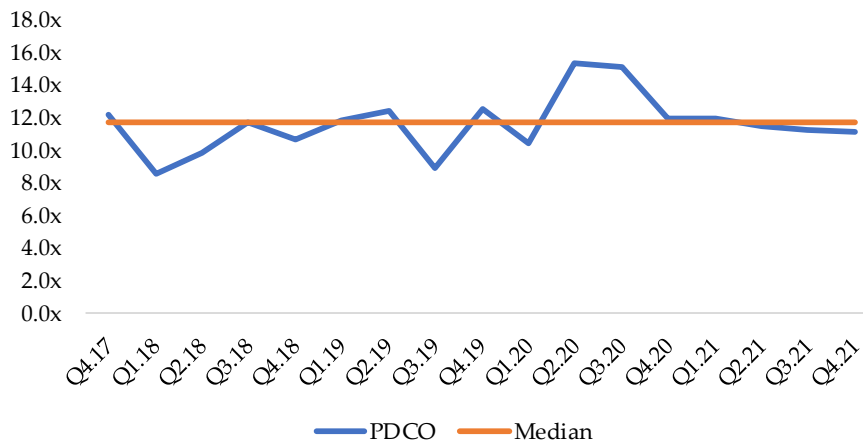


Patterson Companies, Inc. (NAS: PDCO) is a leading dental distributor and wholesaler of consumable products and equipment operating through two business segments, Patterson Dental and Patterson Animal Health. The firm offers dental and veterinary practice management products, including office software products, technical, financial, and educational services, primarily to two highly fragmented market segments throughout the U.S. and Canada.

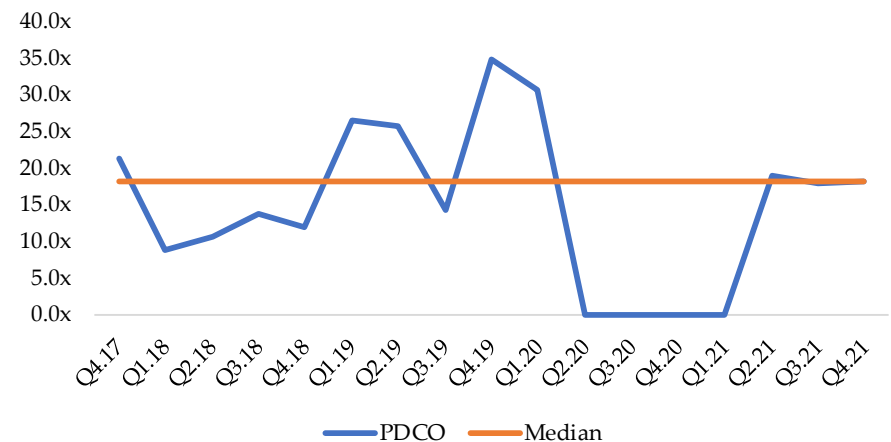
EV/Revenue Patterson Companies



EV/EBITDA Patterson Companies



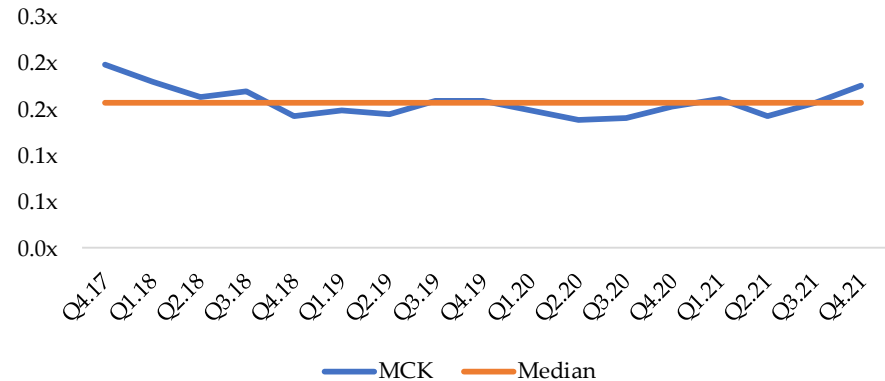
P/E Patterson Companies



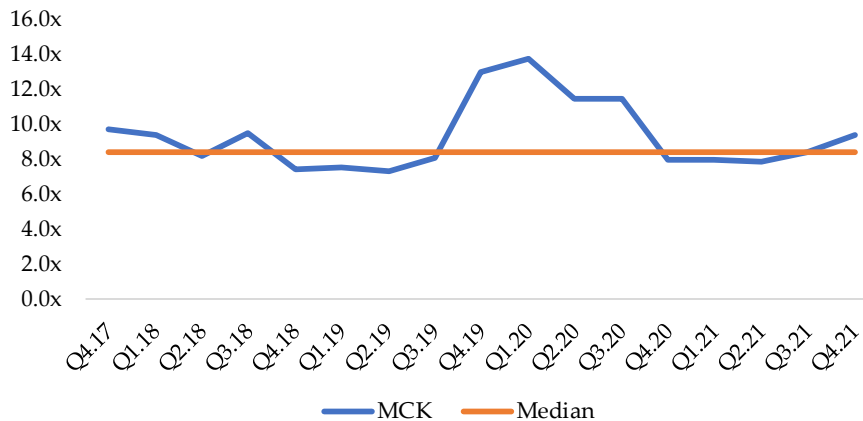
MCKESSON

McKesson Corporation (NYS: MCK) is a leading wholesaler of branded, generic, and specialty pharmaceutical products to pharmacies (retail chains, independent, and mail order), hospitals networks, and healthcare providers. 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.

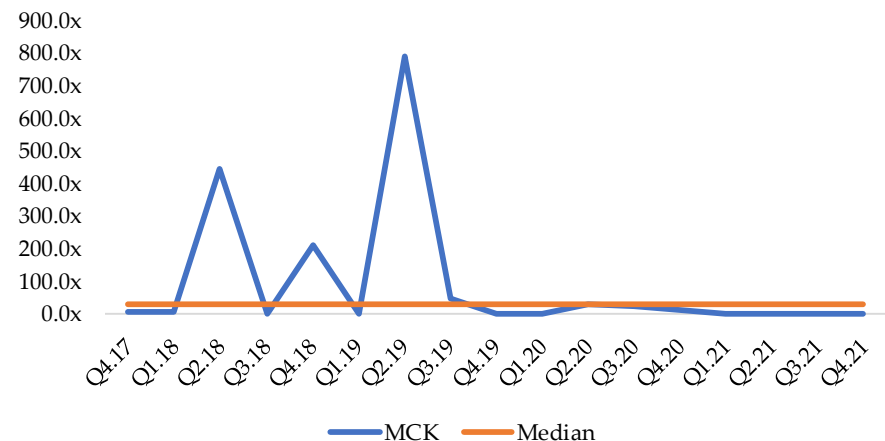
EV/Revenue McKesson



EV/EBITDAMcKesson



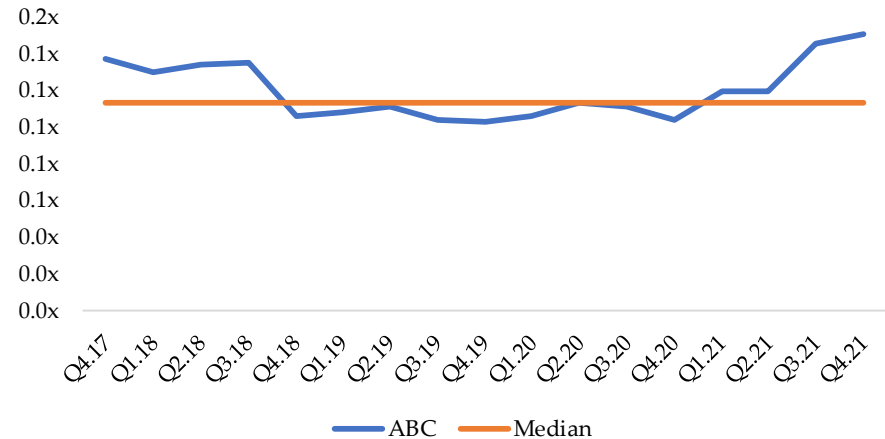
P/E McKesson



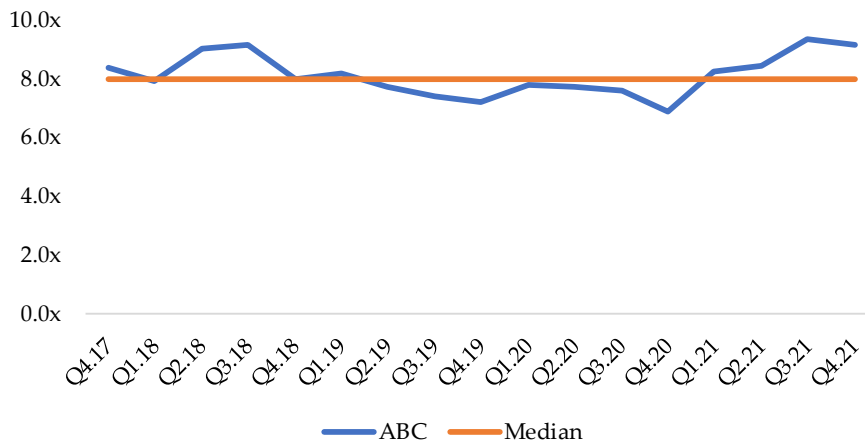


AmerisourceBergen (NYS: ABC) is a leading pharmaceutical wholesaler engaged in the sourcing and distribution of branded, generic, and specialty pharmaceutical products to pharmacies (retail chains, independent, and mail-order), hospital networks, and healthcare providers.

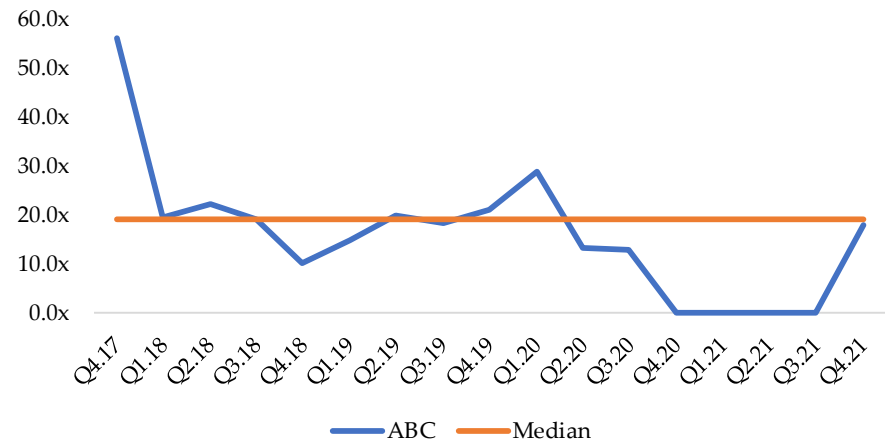
EV/Revenue AmerisourceBergen



EV/EBITDA AmerisourceBergen



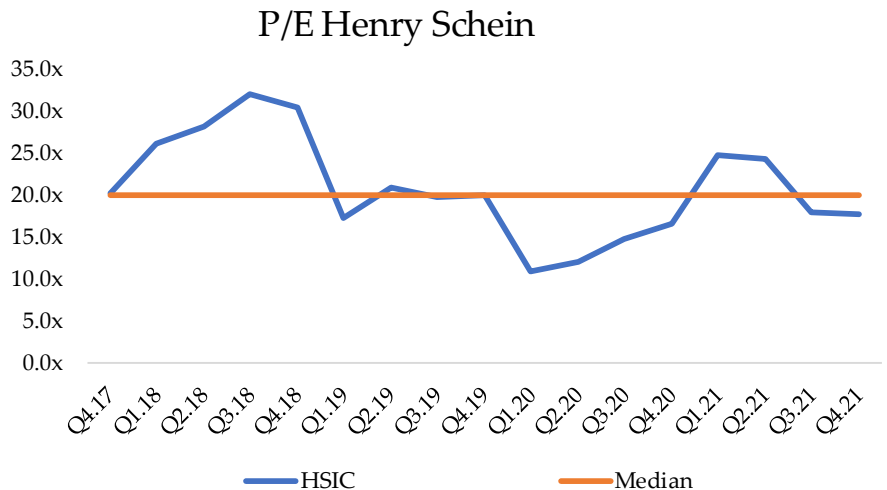
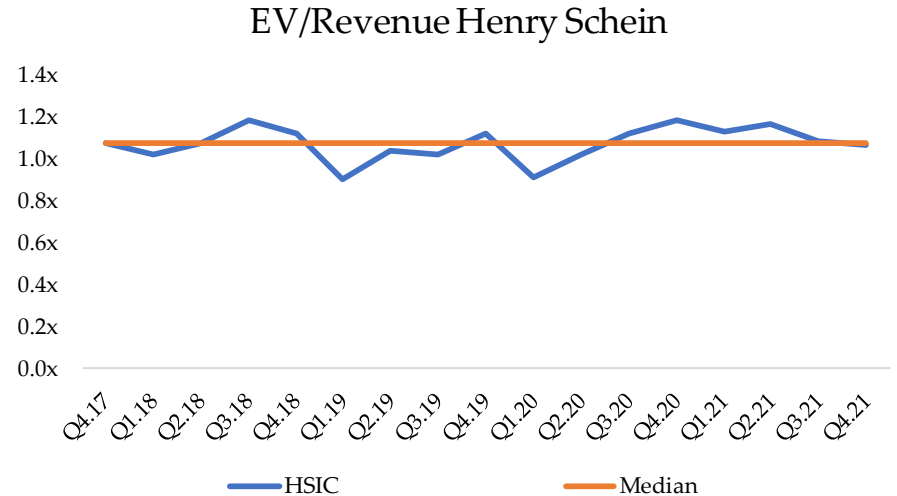
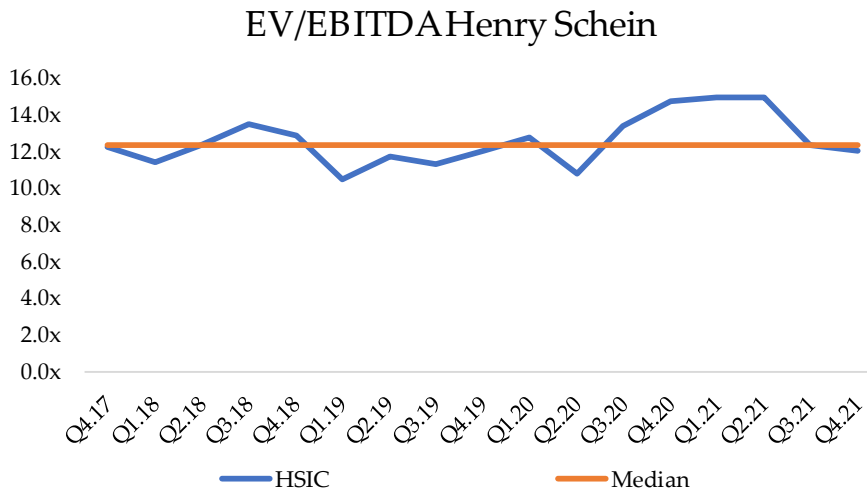
P/E AmerisourceBergen



PUBLIC COMP



Henry Schein, Inc. (NAS: HSIC) 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.



DAVIDSON CAPITAL ADVISORS RECENT HEALTHCARE TRANSACTIONS



Healthcare Technology, Payment Services
www.acryness.com



Health Care, Health Care Facilities
www.encompashealth.com



Retail, Pharmacy and Retail
www.fruthpharmacy.com



Health Care, Health Care Facilities
www.ecompasshealth.com



Hospital & Healthcare
www.accessonemedcard.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.

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.

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.

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.

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

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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robert.cashion@davcapadvisors.com



DAVIDSON CAPITAL ADVISORS PROFESSIONALS

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

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.

Kyle Burnett, Jr. **Analyst, Investment Banking**

Prior to joining Davidson Capital Advisors in 2021, Mr. Burnett interned with UBS Financial Services, Inc., a Swiss multinational investment bank. He graduated from Northwestern University in 2021 with a Bachelor of Arts in Economics and Political Science.