

## Medical Technology

## Updating SMID medtech POs for recent re-rating

Price Objective Change

## Updating SMID medtech POs for recent re-rating

Current medtech multiples have likely discounted too much for GLP-1 concerns (see [Search for the bottom continues 16 Oct 2023](#)). However, unless expectations change on GLP-1s, medtech likely does trade at some discount vs recent history. We are lowering some POs to reflect this new discount (and higher interest rates). But, even with our new lower POs, we have names like DXCM that still have over 40% upside to our PO. We continue to prefer high quality, profitable companies, consistently executing, that can compound earnings faster than average (i.e., BSX, SYK, ISRG, DXCM, SWAV, BDX, ABT).

## Discount likely shrinks from where it is today with time

Generally, a large cap medtech is trading below relative valuations when revenue growth was at low single digits (vs today's 5-6%) suggesting multiples could be discounting growth by over 300bps. A consensus view of what mid-term impact GLP-1s will have on industry growth will likely form and we think it will be much less than what stocks are currently discounting. SWAV's analyst day (first one post GLP-1 selloff) could be an opportunity for investors to see TAMs are still large even under bullish GLP-1 scenarios.

## Valuation framework in this environment

Profitability matters even more when GLP-1s raise questions on long term TAMs but near-term estimates are still achievable. With the long-term uncertainty investors put an even greater discount on future earnings. We have tried to validate valuation multiples on real earnings where possible. Otherwise, we use the historical 1-5x EV/sales range smid cap medtech has historically traded at which has also been validated by strategics (average historical medtech M&A premium is 6x sales). The margin of error for a misstep is just much higher without profitability.

## See inside for historical medtech multiples and historical M&amp;A multiples.

## Exhibit 1: Summary of PO changes in this report

New and Old PO summary

	Previous PO	New PO	Previous methodology	New methodology
<b>DXCM</b>	\$140	\$115	50x 2024 EBITDA	30x 2025 EBITDA
<b>SWAV</b>	\$316	\$250	55x 2024 EBITDA	30x 2025 EBITDA
<b>PODD</b>	\$295	\$180	11x 2024 Revenue	30x 2025 EBITDA
<b>INSP</b>	\$355	\$180	13x 2024 Revenue	5x 2025 Revenue
<b>FNA</b>	\$25	\$12	9x 2023 Revenue	3x 2025 Revenue
<b>SIBN</b>	\$33	\$24	7x 2024 Revenue	4x 2025 Revenue
<b>EMBC</b>	\$25	\$17	DCF	8x 2025 EPS
<b>SILK</b>	\$28	\$8	4x 2024 Revenue	1x 2025 Revenue
<b>NVRO</b>	\$28	\$17	2x 2024 Revenue	1x 2025 Revenue
<b>TNDM</b>	\$33	\$18	2x 2024 Revenue	1x 2025 Revenue

Source: BofA Global Research

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We also adjust our estimates for SILK (updating for recent preannouncement) and for DXCM and PODD as we adjust our margin expansion assumption. See inside for estimate changes.

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TAMs: Total Addressable Markets

NCD: Medicare's National Coverage  
Determination

**Exhibit 2: Summary of PO changes in this report**

New and Old PO summary

	Previous PO	New PO	Previous methodology	New methodology
<b>DXCM</b>	\$140	\$115	50x 2024 EBITDA	30x 2025 EBITDA
<b>SWAV</b>	\$316	\$250	55x 2024 EBITDA	30x 2025 EBITDA
<b>PODD</b>	\$295	\$180	11x 2024 Revenue	30x 2025 EBITDA
<b>INSP</b>	\$355	\$180	13x 2024 Revenue	5x 2025 Revenue
<b>FNA</b>	\$25	\$12	9x 2023 Revenue	3x 2025 Revenue
<b>SIBN</b>	\$33	\$24	7x 2024 Revenue	4x 2025 Revenue
<b>EMBC</b>	\$25	\$17	DCF	8x 2025 EPS
<b>SILK</b>	\$28	\$8	4x 2024 Revenue	1x 2025 Revenue
<b>NVRO</b>	\$28	\$17	2x 2024 Revenue	1x 2025 Revenue
<b>TNDM</b>	\$33	\$18	2x 2024 Revenue	1x 2025 Revenue

Source: BofA Global Research

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**PO changes and new valuation multiples**

**DXCM (Buy):** Our new \$115 PO (from \$140) is based on 30x our 2025 EBITDA, a premium given DXCM can grow EBITDA faster than mature large caps. High quality large cap names (BSX/SYK) trade at 20x EBITDA and large cap growth (ISRG) trades at 30x EBITDA. We reiterate our Buy rating as 2024 sets up well with so many new people gaining CGM coverage.

**SWAV (Buy):** Our new \$250 PO (from \$316) is based on 30x our 2025 EBITDA. We use the same multiple we use for DXCM given the same rationale. We reiterate our Buy rating as SWAV can continue working as EBITDA estimates mover higher over the next few years and SWAV discloses more on its pipeline.

**PODD (Buy):** Our new \$180 PO (from \$295) is based on 30x our 2025 EBITDA. We use the same multiple we use for DXCM and SWAV given the same rationale. We reiterate our Buy rating as PODD is the clear market leader in the fastest-growing segment of the pump market with a wide moat.

**INSP (Buy):** Our new \$180 PO (from \$355) is based on 5x our 2025 rev. INSP's is not profitable but with INSP executing and revenue growth remaining strong there's reasons to expect that INSP can eventually achieve profitability. This allows us to assign INSP an EV/sales at the higher end of the 1-5x historical range. We reiterate our Buy rating as nothing we've learned changes our view on INSP's large growth opportunity, and we see continued upside to estimates.

**SIBN (Buy):** Our new \$24 PO (from \$33) is based on 4x 2025 rev. SIBN's TAM is less likely to be impacted by GLP-1s and SIBN has good revenue momentum with increasing operating leverage. We assign an above average EV/sales multiple vs the 1-6x range. We reiterate our Buy rating based on continued sales momentum driven by new and legacy products and operating leverage into 2024.

**FNA (Buy):** Our new \$12 PO (from \$25) is based on 3x 2025 rev. We assign an average multiple vs the 1-6x range as FNA has still been executing but not at the high end given lower margins (but on brink of turning EBITDA positive). We reiterate our Buy rating as we believe the company is positioned well to continue to take share in the foot and ankle market.

**EMBC (Underperform):** Our new \$17 PO (from \$25) is based on 8x 2025 EPS a discount to large cap value medtech that trades at 10-13x EPS given EMBC's structural declining market. We reiterate our Underperform rating as EMBC's cash flow value looks reflected in valuation when considering the structural growth rates for this business longer term.

**SILK (Underperform):** Our new \$8 PO (from \$28) is based on 1x 2025 rev assuming a year of cash burn. We use a 1x sales multiple given profitability is far out and there's increased uncertainty given carotid NCD and the recent guide reset. We reiterate our

Underperform rating as we think it will be hard for the stock to work with the NCD a potential risk that's hard to disprove near-term.

**NVRO (underperform):** Our new \$17 PO (from \$28) is based on 1x 2025 rev. We use 1x sales since sustainable profitability seems far out and there's uncertainty with underlying market growth/share. We reiterate our Underperform rating as we think the SCS market will remain pressured.

**TNDM (underperform):** Our new \$18 PO (from \$33) is based on 1x EV/2025 sales. We use 1x sales given sustainable profitability is far out along with more competitive pressure. We reiterate our Underperform rating as we continue to see some risk to out-year estimates and TNDM is still years away from being able to participate in the growth segment of the pump market (patch pumps) in our view.

## Model Changes

**SILK:** We update our SILK model for preliminary Q3 revenue of \$44.4m and updated 2023 outlook of \$170-\$174m. We now model 2023 revenue of \$171m, 2024 revenue of \$199m, and 2025 revenue of \$226m from previous estimates of \$182m, \$225m and \$269m respectively. We now model 2023 EBITDA of -\$55m, 2024 EBITDA of -\$53m, and 2025 EBITDA of -\$48m from previous estimates of -\$52m, -\$54m and -\$42m respectively. We now model 2023 EPS of -\$1.42, 2024 EPS of -\$1.34, and 2025 EPS of -\$1.24 from previous estimates of -\$1.35, -\$1.40 and -\$1.09 respectively.

**DXCM:** We update our DXCM EBITDA estimates for 2024 to \$1,197m and 2025 to \$1,551m to reflect DXCM's long-term targets of 21% operating margin and 31% EBITDA margin in 2025E (from previous 2024 EBITDA estimate of \$1,266m and 2025 EBITDA estimate of \$1,647m). Our updated 2024 eps estimate is now \$1.75 and 2025 eps is \$2.22 from previous \$1.87 and \$2.51 respectively.

**PODD:** We update our PODD EBITDA estimates for 2024 to \$339m and 2025 to \$442m from \$317m and \$398m respectively as we see potential for PODD to expand operating margin +200bps+ in 2024 and 2025. Our 2024 eps estimate is now \$2.47 and our 2025 eps estimate is now \$3.71 from previous \$2.30 and \$3.27 respectively.

## Historical SMID cap EV/sales multiples generally in the 1-5x range before interest rates went to zero

On 2025 sales, many SMIDs are now back in the 1-5x EV/sales multiple range we saw back in 2013-2014, before zero interest rates.

### Exhibit 3: SMID Cap Comps – 2013

Below we show the SMID cap medtech comp group from the end of 2013

Ticker	Name	12/31/2013			NTM Sales (2014E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2014E)
		Market Cap (\$Ms)	EV (\$Ms)	TTM Sales (2013A)				
DXCM US	DEXCOM INC	2,567	2,519	160	212	33%	11.9x	67%
CYNO US	CYNOSURE LLC	579	465	226	284	25%	1.6x	59%
PODD US	INSULET CORP	2,036	2,008	247	304	23%	6.6x	54%
CSII US	CARDIOVASCULAR SYSTEMS INC	1,021	880	117	144	23%	6.1x	77%
ABAX US	ABAXIS INC	890	789	180	207	15%	3.8x	50%
ABMD US	ABIOMED INC	1,063	956	177	202	14%	4.7x	80%
SPNC US	SPECTRANETICS CORP	1,031	902	159	179	13%	5.0x	75%
ZLTQ US	ZELTIQ AESTHETICS INC	700	656	112	126	12%	5.2x	72%
GMED US	GLOBUS MEDICAL INC - A	1,886	1,610	434	488	12%	3.3x	78%
ALGN US	ALIGN TECHNOLOGY INC	4,605	4,133	660	740	12%	5.6x	76%
LDRH US	LDR HOLDING CORP	568	537	112	123	10%	4.4x	83%
IART US	INTEGRA LIFESCIENCES HOLDING	1,533	1,805	836	915	9%	2.0x	65%
OMCL US	OMNICELL INC	894	789	381	416	9%	1.9x	55%
MMSI US	MERIT MEDICAL SYSTEMS INC	674	916	449	489	9%	1.9x	45%
NXTM US	NXSTAGE MEDICAL INC	611	528	263	286	9%	1.8x	40%
RMD US	RESMED INC	6,666	6,129	1,540	1,670	8%	3.7x	63%



**Exhibit 3: SMID Cap Comps – 2013**

Below we show the SMID cap medtech comp group from the end of 2013

12/31/2013								
CFN US	CAREFUSION CORP	9,238	9,384	3,556	3,790	7%	2.5x	53%
TFX US	TELEFLEX INC	3,865	4,722	1,696	1,803	6%	2.6x	52%
ARAY US	ACCURAY INC	661	702	326	343	5%	2.0x	38%
STE US	STERIS PLC	2,831	3,150	1,585	1,666	5%	1.9x	42%
EW US	EDWARDS LIFESCIENCES CORP	7,188	6,844	2,046	2,148	5%	3.2x	73%
HRC US	HILL-ROM HOLDINGS INC	2,391	2,585	1,681	1,755	4%	1.5x	47%
NUVA US	NUVASIVE INC	1,453	1,483	685	711	4%	2.1x	75%
CNMD US	CONMED CORP	1,172	1,333	763	774	2%	1.7x	56%
NTUS US	NATUS MEDICAL INC	707	688	344	347	1%	2.0x	60%
Average						11%	3.6x	61%
Median						9%	2.6x	60%

Source: Bloomberg

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**Exhibit 4: SMID Cap Comps – 2014**

Below we show SMID cap medtech comp group from the end of 2014

12/31/2014								
Ticker	Name	Market Cap (\$Ms)	EV (\$Ms)	TTM Sales (2014A)	NTM Sales (2015E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2015E)
DXCM US	DEXCOM INC	4,255	4,176	259	347	34%	12.0x	68%
SPNC US	SPECTRANETICS CORP	1,454	1,582	205	273	33%	5.8x	75%
CSII US	CARDIOVASCULAR SYSTEMS INC	950	848	161	208	30%	4.1x	79%
PODD US	INSULET CORP	2,593	2,612	289	360	25%	7.3x	55%
ZLTQ US	ZELTIQ AESTHETICS INC	1,064	1,019	174	215	23%	4.7x	71%
ABAX US	ABAXIS INC	1,281	1,172	190	227	19%	5.2x	52%
INGN US	INOGEN INC	598	542	113	133	18%	4.1x	51%
ATRC US	ATRICURE INC	550	495	107	124	15%	4.0x	71%
LDRH US	LDR HOLDING CORP	867	818	141	161	14%	5.1x	83%
OSUR US	ORASURE TECHNOLOGIES INC	570	472	106	121	14%	3.9x	65%
IART US	INTEGRA LIFESCIENCES HOLDING	1,775	2,334	863	981	14%	2.4x	66%
ALGN US	ALIGN TECHNOLOGY INC	4,484	3,882	762	861	13%	4.5x	76%
CYNO US	CYNOSURE LLC	593	476	292	329	12%	1.4x	59%
NVRO US	NEURO CORP	962	804	33	36	12%	22.1x	61%
ABMD US	ABIOMED INC	1,563	1,432	213	236	11%	6.1x	81%
OMCL US	OMNICELL INC	1,186	1,060	441	484	10%	2.2x	54%
MMSI US	MERIT MEDICAL SYSTEMS INC	756	973	510	555	9%	1.8x	44%
GMED US	GLOBUS MEDICAL INC - A	2,251	1,947	474	514	8%	3.8x	77%
STE US	STERIS PLC	3,863	4,331	1,814	1,966	8%	2.2x	42%
HRC US	HILL-ROM HOLDINGS INC	2,577	3,046	1,758	1,901	8%	1.6x	46%
NXTM US	NXSTAGE MEDICAL INC	1,123	1,093	302	325	8%	3.4x	39%
NUVA US	NUVASIVE INC	2,249	2,214	762	811	6%	2.7x	77%
RMD US	RESMED INC	7,870	7,439	1,616	1,703	5%	4.4x	62%
TFX US	TELEFLEX INC	4,758	5,526	1,840	1,905	4%	2.9x	54%
ARAY US	ACCURAY INC	592	641	380	389	3%	1.6x	40%
NTUS US	NATUS MEDICAL INC	1,177	1,110	356	365	2%	3.0x	61%
CNMD US	CONMED CORP	1,239	1,414	740	753	2%	1.9x	56%
Average						13%	4.6x	62%
Median						12%	3.9x	61%

Source: Bloomberg

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**Exhibit 5: SMID Cap Comps – 2015**

Below we show SMID cap medtech comp group from the end of 2015

12/31/2015								
Ticker	Name	Market Cap (\$Ms)	EV (\$Ms)	TTM Sales (2015A)	NTM Sales (2016E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2016E)
NVRO US	NEURO CORP	1,900	1,726	70	138	98%	12.5x	69%
CFMS US	CONFORMIS INC	750	634	67	98	47%	6.4x	41%
PODD US	INSULET CORP	2,153	2,208	264	374	42%	5.9x	51%
DXCM US	DEXCOM INC	6,691	6,578	402	543	35%	12.1x	71%

**Exhibit 5: SMID Cap Comps – 2015**

Below we show SMID cap medtech comp group from the end of 2015

12/31/2015								
STE US	STERIS PLC	6,470	7,893	2,050	2,744	34%	2.9x	43%
XENT US	INTERSECT ENT INC	634	509	62	80	29%	6.4x	81%
GKOS US	GLAUKOS CORP	795	713	72	91	27%	7.8x	82%
ATRC US	ATRICURE INC	724	704	130	161	24%	4.4x	72%
HRC US	HILL-ROM HOLDINGS INC	3,138	5,174	2,184	2,702	24%	1.9x	48%
ABMD US	ABIOMED INC	3,831	3,635	303	372	23%	9.8x	85%
NTUS US	NATUS MEDICAL INC	1,593	1,511	376	458	22%	3.3x	63%
ZLTQ US	ZELTIQ AESTHETICS INC	1,119	1,071	255	308	21%	3.5x	72%
PEN US	PENUMBRA INC	1,609	1,460	186	222	19%	6.6x	66%
ALGN US	ALIGN TECHNOLOGY INC	5,235	4,556	845	980	16%	4.7x	76%
ABAX US	ABAXIS INC	1,266	1,133	214	248	16%	4.6x	55%
OMCL US	OMNICELL INC	1,106	1,024	485	554	14%	1.8x	53%
LDRH US	LDR HOLDING CORP	732	623	164	187	14%	3.3x	83%
INGN US	INOGEN INC	793	710	159	181	14%	3.9x	46%
VASC US	VASCULAR SOLUTIONS INC	598	556	147	164	11%	3.4x	67%
IART US	INTEGRA LIFESCIENCES HOLDING	2,504	3,170	883	974	10%	3.3x	69%
NXTM US	NXSTAGE MEDICAL INC	1,403	1,367	336	370	10%	3.7x	40%
CYNO US	CYNOSURE LLC	1,014	849	339	373	10%	2.3x	60%
GMED US	GLOBUS MEDICAL INC - A	2,652	2,322	545	589	8%	3.9x	76%
MMSI US	MERIT MEDICAL SYSTEMS INC	823	1,026	542	583	8%	1.8x	44%
NUVA US	NUVASIVE INC	2,847	2,758	811	872	7%	3.2x	77%
SPNC US	SPECTRANETICS CORP	642	866	246	264	7%	3.3x	74%
RMD US	RESMED INC	7,516	7,259	1,742	1,842	6%	3.9x	59%
TFX US	TELEFLEX INC	5,470	6,192	1,810	1,894	5%	3.3x	55%
ARRAY US	ACCURAY INC	546	597	398	415	4%	1.4x	40%
CNMD US	CONMED CORP	1,221	1,419	719	741	3%	1.9x	55%
OFIX US	ORTHOFIX MEDICAL INC	732	668	396	408	3%	1.6x	78%
Average						20%	4.5x	63%
Median						14%	3.5x	66%

Source: Bloomberg

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**Exhibit 6: SMID Cap Comps – 2016**

Below we show SMID cap medtech comp group from the end of 2016

12/31/2016								
Ticker	Name	Market Cap (\$Ms)	EV (\$Ms)	TTM Sales (2016A)	NTM Sales (2017E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2017E)
NVCR US	NOVOCURE LTD	683	560	83	196	136%	2.9x	72%
NVRO US	NEVRO CORP	2,099	1,961	229	317	39%	6.2x	70%
DXCM US	DEXCOM INC	5,051	4,927	573	758	32%	6.5x	69%
ABMD US	ABIOMED INC	4,902	4,660	415	527	27%	8.8x	84%
GKOS US	GLAUKOS CORP	1,164	1,068	114	142	24%	7.5x	86%
PEN US	PENUMBRA INC	1,985	1,856	263	316	20%	5.9x	66%
ALGN US	ALIGN TECHNOLOGY INC	7,647	6,947	1,080	1,287	19%	5.4x	76%
ZLTQ US	ZELTIQ AESTHETICS INC	1,748	1,692	354	414	17%	4.1x	71%
PODD US	INSULET CORP	2,165	2,199	367	427	16%	5.1x	59%
INGN US	INOGEN INC	1,370	1,256	203	235	16%	5.4x	48%
CSII US	CARDIOVASCULAR SYSTEMS INC	789	709	193	223	16%	3.2x	81%
ATRC US	ATRICURE INC	653	647	155	179	16%	3.6x	72%
KTWO US	K2M GROUP HOLDINGS INC	847	875	237	267	13%	3.3x	67%
NTUS US	NATUS MEDICAL INC	1,146	1,038	382	428	12%	2.4x	63%
CYNO US	CYNOSURE LLC	1,080	862	434	481	11%	1.8x	61%
BEAT US	BIOTELEMETRY INC	632	634	208	231	11%	2.7x	63%
OMCL US	OMNICELL INC	1,242	1,445	693	768	11%	1.9x	49%
NUVA US	NUVASIVE INC	3,717	4,197	962	1,066	11%	3.9x	77%
GMED US	GLOBUS MEDICAL INC - A	2,380	2,035	564	625	11%	3.3x	76%
ABAX US	ABAXIS INC	1,189	1,052	226	249	10%	4.2x	56%
NXTM US	NXSTAGE MEDICAL INC	1,702	1,661	366	401	9%	4.1x	43%
LIVN US	LIVANOVA PLC	2,160	2,243	1,153	1,261	9%	1.8x	65%
SPNC US	SPECTRANETICS CORP	1,061	1,313	271	296	9%	4.4x	75%
RMD US	RESMED INC	8,787	9,167	1,968	2,140	9%	4.3x	59%
IART US	INTEGRA LIFESCIENCES HOLDING	3,205	3,768	992	1,076	8%	3.5x	70%



**Exhibit 6: SMID Cap Comps – 2016**

Below we show SMID cap medtech comp group from the end of 2016

12/31/2016								
AORT US	ARTIVION INC	630	644	180	194	8%	3.3x	66%
STE US	STERIS PLC	5,723	6,977	2,622	2,760	5%	2.5x	40%
HRC US	HILL-ROM HOLDINGS INC	3,668	5,585	2,631	2,747	4%	2.0x	49%
TFX US	TELEFLEX INC	7,102	7,592	1,868	1,941	4%	3.9x	56%
CNMD US	CONMED CORP	1,229	1,700	764	787	3%	2.2x	55%
OFIX US	ORTHOFIX MEDICAL INC	645	605	410	422	3%	1.4x	79%
Average						17%	3.9x	65%
Median						11%	3.6x	66%

Source: Bloomberg

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**Exhibit 7: SMID Cap Comps – 2017**

Below we show SMID cap medtech comp group from the end of 2017

12/31/2017								
Ticker	Name	Market Cap (\$Ms)	EV (\$Ms)	TTM Sales (2017A)	NTM Sales (2018E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2018E)
VRAY US	VIEWRAY INC	626	614	34	92	170%	6.7x	41%
NVCR US	NOVOCURE LTD	1,807	1,721	177	262	48%	6.6x	75%
AXGN US	AXOGEN INC	972	940	60	83	38%	11.3x	84%
IRTC US	IRHYTHM TECHNOLOGIES INC	1,310	1,242	99	133	35%	9.4x	73%
BEAT US	BIOTELEMETRY INC	971	1,138	287	382	33%	3.0x	61%
AORT US	ARTIVION INC	694	880	190	243	28%	3.6x	69%
IART US	INTEGRA LIFESCIENCES HOLDING	3,752	5,418	1,188	1,480	25%	3.7x	69%
NVRO US	NEVRO CORP	2,053	1,929	327	402	23%	4.8x	71%
ABMD US	ABIOMED INC	8,297	7,946	544	668	23%	11.9x	84%
INGN US	INOGEN INC	2,498	2,324	249	302	21%	7.7x	49%
PODD US	INSULET CORP	4,024	4,150	464	555	20%	7.5x	63%
TCMD US	TACTILE SYSTEMS TECHNOLOGY I	517	473	109	131	19%	3.6x	72%
DXCM US	DEXCOM INC	4,993	4,772	719	852	19%	5.6x	68%
XENT US	INTERSECT ENT INC	962	859	96	114	18%	7.6x	83%
LIVN US	LIVANOVA PLC	3,859	3,912	1,012	1,190	18%	3.3x	67%
PEN US	PENUMBRA INC	3,170	2,955	334	389	17%	7.6x	65%
CSII US	CARDIOVASCULAR SYSTEMS INC	787	679	207	240	16%	2.8x	81%
OMCL US	OMNICELL INC	1,864	2,045	713	807	13%	2.5x	48%
ATRC US	ATRICURE INC	631	634	175	196	12%	3.2x	73%
MMSI US	MERIT MEDICAL SYSTEMS INC	2,171	2,417	728	810	11%	3.0x	50%
NTUS US	NATUS MEDICAL INC	1,266	1,331	501	557	11%	2.4x	60%
NXTM US	NXSTAGE MEDICAL INC	1,606	1,560	394	437	11%	3.6x	43%
LMAT US	LEMAITRE VASCULAR INC	613	572	101	112	11%	5.1x	71%
KTWO US	K2M GROUP HOLDINGS INC	781	831	258	282	9%	2.9x	66%
WMGI US	WRIGHT MEDICAL GROUP NV	2,349	3,076	745	812	9%	3.8x	79%
GKOS US	GLAUKOS CORP	888	769	159	171	7%	4.5x	86%
ABAX US	ABAXIS INC	1,124	963	235	252	7%	3.8x	55%
GMED US	GLOBUS MEDICAL INC - A	3,973	3,547	636	680	7%	5.2x	76%
NUVA US	NUVASIVE INC	3,285	3,800	1,027	1,089	6%	3.5x	75%
OFIX US	ORTHOFIX MEDICAL INC	1,000	919	434	448	3%	2.0x	79%
STE US	STERIS PLC	7,427	8,574	2,585	2,672	3%	3.2x	43%
HRC US	HILL-ROM HOLDINGS INC	5,575	7,597	2,776	2,869	3%	2.6x	49%
OSUR US	ORASURE TECHNOLOGIES INC	1,144	990	167	170	2%	5.8x	62%
CNMD US	CONMED CORP	1,425	1,879	796	808	2%	2.3x	55%
Average						21%	4.9x	66%
Median						15%	3.7x	68%

Source: Bloomberg

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**Exhibit 8: SMID Cap Comps – 2018**

Below we show SMID cap medtech comp group from the end of 2018

Ticker	Name	12/31/2018		TTM Sales (2018A)	NTM Sales (2019E)	Expected Sales Growth	EV/NTM Sales	Gross Margin (2019E)
		Market Cap (\$Ms)	EV (\$Ms)					
VRAY US	VIEWRAY INC	585	473	81	128	57%	3.7x	30%
AXGN US	AXOGEN INC	795	678	84	115	36%	5.9x	84%
IRTC US	IRHYTHM TECHNOLOGIES INC	1,854	1,810	146	195	33%	9.3x	75%
NVCR US	NOVOCURE LTD	3,122	3,026	248	324	31%	9.3x	73%
INSP US	INSPIRE MEDICAL SYSTEMS INC	989	825	51	64	27%	12.9x	81%
GKOS US	GLAUKOS CORP	2,028	1,888	181	225	24%	8.4x	86%
ESTA US	ESTABLISHMENT LABS HOLDINGS	556	529	61	76	24%	7.0x	60%
PODD US	INSULET CORP	4,695	4,998	564	698	24%	7.2x	66%
INGN US	INOGEN INC	2,704	2,464	358	435	22%	5.7x	49%
KIDS US	ORTHOPEDIATRICS CORP	507	468	58	69	20%	6.8x	76%
PEN US	PENUMBRA INC	4,208	4,008	445	531	19%	7.6x	67%
XENT US	INTERSECT ENT INC	866	766	108	129	19%	5.9x	82%
TNDM US	TANDEM DIABETES CARE INC	2,185	2,056	184	218	19%	9.4x	52%
TCMD US	TACTILE SYSTEMS TECHNOLOGY I	849	803	144	165	14%	4.9x	72%
MMSI US	MERIT MEDICAL SYSTEMS INC	3,064	3,391	883	1,006	14%	3.4x	50%
CSII US	CARDIOVASCULAR SYSTEMS INC	992	894	231	259	12%	3.5x	80%
OMCL US	OMNICELL INC	2,470	2,543	787	877	11%	2.9x	50%
ATRC US	ATRICURE INC	1,181	1,109	202	223	11%	5.0x	74%
BEAT US	BIOTELEMETRY INC	1,995	2,114	399	439	10%	4.8x	63%
NVRO US	NEVRO CORP	1,177	1,065	387	420	8%	2.5x	71%
OSUR US	ORASURE TECHNOLOGIES INC	709	552	182	195	8%	2.8x	61%
GMED US	GLOBUS MEDICAL INC - A	4,266	3,667	713	766	7%	4.8x	77%
AORT US	ARTIVION INC	1,049	1,232	263	282	7%	4.4x	68%
NUVA US	NUVASIVE INC	2,807	3,293	1,102	1,174	7%	2.8x	73%
OFIX US	ORTHOFIX MEDICAL INC	975	906	453	480	6%	1.9x	79%
IART US	INTEGRA LIFESCIENCES HOLDING	3,841	5,056	1,472	1,538	4%	3.3x	68%
STE US	STERIS PLC	9,036	10,065	2,730	2,850	4%	3.5x	43%
LIVN US	LIVANOVA PLC	4,409	4,531	1,107	1,152	4%	3.9x	69%
CNMD US	CONMED CORP	1,806	2,245	860	889	3%	2.5x	56%
HRC US	HILL-ROM HOLDINGS INC	5,903	7,723	2,862	2,912	2%	2.7x	50%
NTUS US	NATUS MEDICAL INC	1,150	1,198	531	536	1%	2.2x	60%
						<b>Average</b>	16%	5.2x
						<b>Median</b>	12%	4.8x

Source: Bloomberg

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## SMID cap historical M&A average 6x sales

**Pre JNJ/ABMD, there were no traditional medtech deals over \$1b for >10x sales****Exhibit 9: A decade of SMID M&A deals**

These 56 SMID cap deals over the past decade were acquired at roughly 6x EV/ Sales on average. Before JNJ's acquisition of Abiomed, there were no traditional medtech deals over \$1bn for more than 10x sales outside of robotics and healthcare IT (SYK/Vocera).

Date Announced	Target	Acquirer	EV of Target Entity	EV/ Sales	Sales (US\$m)	EV/EBITDA TTM	Seller
12/01/2022	Surgical Innovation Associates	Integra LifeSciences Holdings Corp	\$50.0	10.0x	\$5.0	na	Surgical Innovation Associates
11/29/2022	Apollo Endosurgery	Boston Scientific Corp	\$615.0	8.1x	\$76.0	na	Apollo Endosurgery
11/1/2022	Abiomed	Johnson & Johnson	\$16,600.0	14.4x	\$1,151.4	56.2x	Abiomed
8/23/2022	Aerie Pharmaceuticals	Alcon	\$770.0	5.7x	\$135.0	na	Aerie Pharmaceuticals
8/22/2022	Standard Bariatrics	Teleflex Inc	\$170.0	11.3x	\$15.0	na	Standard Bariatrics
6/15/2022	Biorez	CONMED Corp	\$85.0	17.0x	\$5.0	na	Biorez
6/14/2022	M.I.Tech	Boston Scientific Corp	\$230.0	5.5x	\$42.0	na	Synergy Innovation
6/6/2022	Medifox Dan	ResMed	\$1,000.0	12.0x	\$83.0	28.6x	Medifox Dan
6/6/2022	Parata	Becton Dickinson and Co	\$1,525.0	6.9x	\$220.0	na	Frazier Healthcare Partners
5/4/2022	In2Bones	CONMED Corp	\$145.0	3.9x	\$36.8	na	In2Bones
1/6/2022	Vocera Communications (we view this as more healthcare IT and less of a pure medtech deal)	Stryker Corp	\$3,090.0	13.5x	\$229.5	na	Vocera Communications
10/6/2021	Baylis Medical	Boston Scientific Corp	\$1,750.0	8.8x	\$200.0	na	Baylis Medical



**Exhibit 9: A decade of SMID M&A deals**

These 56 SMID cap deals over the past decade were acquired at roughly 6x EV/ Sales on average. Before JNJ's acquisition of Abiomed, there were no traditional medtech deals over \$1bn for more than 10x sales outside of robotics and healthcare IT (SYK/Vocera).

Date Announced	Target	Acquirer	EV of Target Entity	EV/ Sales	Sales (US\$m)	EV/EBITDA TTM	Seller
8/6/2021	Intersect ENT	Medtronic Inc	\$1,100.0	7.6x	\$143.8	NA	XENT US
3/3/2021	Lumenis LTD - Surgical Business	Boston Scientific Corp	\$1,070.0	6.7x	\$160.0	na	Lumenis
1/21/2021	Preventice Solutions	Boston Scientific Corp	\$1,225.0	6.2x	\$197.5	na	Preventice
1/12/2021	Cantel Medical	Steris	\$4,600.0	4.4x	\$1,055.8	14.7x	CMD US
12/18/2020	BioTelemetry	Phillips	\$2,800.0	6.3x	\$445.8	23.7x	BioTelemetry
11/4/2019	Wright Medical	Stryker Corp	\$5,400.0	5.3x	\$1020.0	39.3x	Wright Medical
8/8/2019	Corindus	Siemens Healthineers	\$1,100.0	37.6x	\$29.3	na	Corindus
11/20/2018	BTG	Boston Scientific Corp	\$4,000.0	6.0x	\$392.5	23.0x	BTG
9/20/2018	Mazor Robotics	Medtronic Inc	\$1,340.0	17.6x	\$87.4	nm	MZOR US
8/30/2018	K2M Group Holdings	Stryker Corp	\$1,368.0	4.7x	\$289.6	nm	KTWO US
6/6/2018	JNJ Advanced Sterilization Products	Fortive Corp	\$2,800.0	3.5x	\$800.0	14.0x	JNJ US
3/16/2018	LifeScan	Platinum Equity	\$2,100.0	1.4x	\$1500.0	na	JNJ US
9/11/2017	Teva Pharma's ParaGard intrauterine contraceptive device	The Cooper Cos	\$1,100.0	6.5x	\$168.0	na	TEVA IT
9/5/2017	NeoTract Inc	Teleflex Inc	\$1,100.0	6.7x	\$164.5	na	NeoTract Inc
8/7/2017	NxStage Medical	Fresenius Medical Care AG & Co KGaA	\$2,000.0	4.5x	\$447.0	16.0x	NXTM US
6/28/2017	Spectranetics	Royal Philips	\$2,000.0	5.7x	\$352.0	na	SPNC US
4/18/2017	Medtronic's Patient Care, Deep Vein Thrombosis and Nutritional Insufficiency businesses	Cardinal Health	\$6,100.0	2.7x	\$2300.0	na	MDT US
2/15/2017	Codman Neurosurgery from Johnson & Johnson	Integra LifeSciences Holdings Corp	\$1,045.0	2.8x	\$370.0	9.1x	JNJ US
2/14/2017	Cynosure Inc	Hologic Inc	\$1,440.0	3.0x	\$487.0	30.0x	CYNO US
2/13/2017	Zeltiq Aesthetics Inc	Allergan Inc/United States	\$2,475.0	5.9x	\$421.1	146.4x	Zeltiq Aesthetics Inc
12/2/2016	Vascular Solutions	Teleflex Inc	\$1,000.0	5.4x	\$185.5	51.3x	VASC US
10/18/2016	Abbott and St. Jude Medical's vascular closure and electrophysiology biz	Terumo Corporation	\$1,120.0	4.3x	\$260.0	14.4x	ABT US & STJ US
9/16/2016	Abbott's Medical Optic's business	Johnson & Johnson	\$4,325.0	3.6x	\$1,195.0	19.0x	ABT US
6/27/2016	Heartware International	Medtronic Inc	\$1,100.0	4.4x	\$250.0	na	HTWR US
6/7/2016	LDR	Zimmer Biomet	\$1,000.0	5.0x	\$200.0	na	LDRH US
2/16/2016	Physio-Control International, Inc.	Stryker Corp	\$1,280.0	2.5x	\$520.0	na	Bain Capital
2/1/2016	Alere Inc.	Abbott Laboratories	\$5,300.0	2.2x	\$2,421.0	11.9x	ALR US
2/1/2016	Sage Products, LLC	Stryker Corp	\$2,775.0	6.5x	\$430.0	na	Madison Dearborn Partners
7/22/2015	Thoratec Corp	St Jude Medical Inc	\$3,400.0	6.5x	\$526.0	28.3x	THOR US
6/17/2015	Welch Allyn	Hill-Rom Holdings Inc	\$2,005.0	2.9x	\$725.0	13.6x	Welch Allyn
5/28/2015	Cordis	Cardinal Health	\$1,944.0	na	na	na	JNJ US
3/2/2015	American Medical Systems	Boston Scientific Corp	\$1,650.0	4.1x	\$396.0	12.0x	ENDP
12/17/2014	Volcano Corp.	Royal Philips NV	\$1,000.0	2.5x	\$400.0	250x	VOLC
10/27/2014	Tornier	Wright Medical Group	\$1511.2	4.9x	\$311.0	na	TRNX US
10/5/2014	CareFusion	Becton Dickinson and Co	\$12,200.0	3.2x	\$3842.0	14.0x	CFN US
7/14/2014	ABT Developed EPD biz	Mylan	\$5,300.0	2.65x	\$2000.0	na	ABT US
5/16/2014	CFR Pharmaceuticals	Abbott Laboratories	\$3,379.5	4.4x	\$767.9	27.7x	CFR Pharmaceuticals
2/3/2014	ArthroCare	Smith & Nephew PLC	\$1,188.2	3.0x	\$394.0	na	ArthroCare
1/16/2014	Ortho-Clinical Diagnostics/Johnson & Johnson	Carlyle Group	\$4,150.0	2.2x	\$1,900.0	na	JNJ US
9/25/2013	MAKO Surgical Corp.	Stryker Corp	\$1,650.0	14.7x	\$112.4	-64.0x	MAKO Surgical Corp.
12/4/2012	Gambro AB	Baxter International Inc	\$4,019.9	2.5x	\$1600.0	na	Gambro AB
4/30/2012	Gen-Probe Inc	Hologic Inc	\$3,757.5	6.4x	\$586.2	19.4x	Gen-Probe Inc
10/28/2010	Neurovascular Division/Boston Scientific Corp	Stryker Corp	\$1,400.0	4.0x	\$348.0	na	BSX US
10/18/2010	AGA Medical Holdings Inc	St Jude Medical Inc	\$1,298.3	6.2x	\$199.0	30.92x	

Source: BofA Global Research

BofA GLOBAL RESEARCH



**Stocks mentioned**

<b>BofA Ticker</b>	<b>Bloomberg ticker</b>	<b>Company name</b>	<b>Price</b>	<b>Rating</b>
ABT	ABT US	Abbott Labs	US\$ 92.14	B-1-7
BDX	BDX US	Becton Dickinson	US\$ 259.3	B-1-7
BSX	BSX US	Boston Scientific	US\$ 50.46	B-1-9
DXCM	DXCM US	Dex.com	US\$ 80.49	C-1-9
EMBC	EMBC US	Embecta	US\$ 15.59	C-3-7
INSP	INSP US	Inspire Medical Syst	US\$ 155.35	C-1-9
PODD	PODD US	Insulet	US\$ 141.38	B-1-9
ISRG	ISRG US	Intuitive Surgical	US\$ 275.37	B-1-9
NVRO	NVRO US	Nevro	US\$ 16.96	C-3-9
FNA	FNA US	Paragon 28	US\$ 9.51	B-1-9
SWAV	SWAV US	Shockwave Medical	US\$ 209.96	C-1-9
SIBN	SIBN US	Si-Bone	US\$ 17.77	C-1-9
SILK	SILK US	Silk Road Medical	US\$ 7.34	C-3-9
SYK	SYK US	Stryker	US\$ 268.81	B-1-7
TNDM	TNDM US	Tandem Diabetes Care	US\$ 18.63	C-3-9

Source: BofA Global Research

**Price objective basis & risk****Abbott Laboratories (ABT)**

Our \$115 PO is based on 25x our 2024E EPS. This multiple is a premium for a high single digit organic grower but ABT's forward multiple has averaged 27x over the last three years. ABT likely deserves a premium for its balance sheet, above average durability in recession, and upside optionality with COVID testing.

Downside risks to our PO are 1) durability of COVID testing revenue, 2) product or pipeline setbacks, 3) lower-than-expected growth in emerging markets, 4) unfavorable FX moves.

**Becton Dickinson (BDX)**

Our price objective of \$305 is based on 22x our CY24E EPS. We believe this multiple is warranted for a mid-single digit grower with the ability to raise prices in an uncertain microenvironment.

Risks to our PO are 1) COVID testing could decline quicker than expected, 2) potential delays in Alaris approval, 3) inflation and cost pressures, and 4) slower growth in emerging markets.

**Boston Scientific (BSX)**

Our price objective of \$60 is derived from 28x our 2024E EPS estimate, which is a premium to the large cap medtech comp group. We believe this multiple is justified given our view of BSX's accelerating earnings growth outlook based on opportunities to drive above average top line growth.

Downside risks to our price objective are 1) Watchman slowdown if ABT becomes more competitive than expected, 2) supply chain/inflationary pressures impact margins more than expected, 3) BSX sees a major setback in a clinical trial or product pipeline failure, 4) unexpected COVID related headwinds.

**Dexcom (DXCM)**

Our DXCM \$115 PO is based on a 30x EV/2025E EBITDA multiple. This represents a premium given DXCM can grow EBITDA faster than mature large caps. High quality large



cap names (BSX/SYK) trade at 20x EBITDA and large cap growth (ISRG) trades at 30x EBITDA.

Upside risks are strategic activity, less of an impact than expected from competition, and faster approvals for DXCM's pipeline products. Downside risks are introduction of a pharmaceutical that better treats diabetes, increased competition in glucose sensing, inability to move into new market opportunities or geographies (i.e. setbacks with expected TAM expansion due to regulatory/reimbursement coverage delays), or pricing pressure.

### **Embecta (EMBC)**

Our price objective of \$17 is based on 8x CY2025 EPS a discount to large cap value medtech that trades at 10-13x EPS given EMBC's structural declining market.

Upside risks to our PO are: 1) Multiple Daily Injection (MDI) patients decline slower than expected, 2) faster growth in emerging markets, 3) pipeline comes to market quicker than expected, and 4) larger opportunity in Type 2 patient population. Downside risks are: a negative material change in EMBC's cash flow driven by a need to invest more or a slowdown in its markets or further pricing pressure

### **Inspire Medical (INSP)**

Our \$180 price objective is based on 5x 2025E EV/Sales. With INSP executing and revenue growth remaining strong there's reasons to keep believing INSP can eventually achieve profitability. This allows us to assign INSP an EV/Sales at the higher end of the 1-5x EV/Sales range smid cap medtech has historically traded at.

Risks are 1) future competitors could pose a risk, 2) procedure interruptions due to COVID-19, 3) lack of ability to train doctors and have doctors want to do the procedure, and 4) heavier weighted OUS exposure to Germany.

### **Insulet (PODD)**

Our \$180 PO is based on a 30x EV/2025E EBITDA multiple. This represents a premium given PODD can grow EBITDA faster than mature large caps. High quality large cap names (BSX/SYK) trade at 20x EBITDA and large cap growth (ISRG) trades at 30x EBITDA.

Upside risks are a faster penetration in Type 2 or a greater than expected share gain with Omnipod 5, pharmacy channel, and pay-as-you-go. Downside risks are slowdown in the overall pump market or patients converting from multiple daily injections, pricing pressure, new competitors with patch pumps, or additional competition particularly from AID systems in OUS markets.

### **Intuitive Surgical (ISRG)**

Our \$400 PO is based on roughly 53x our 2025E EPS. We think the premium multiple relative to average large cap peers is justified given ISRG's expected mid-teens top-line growth over the next several years, nearly 3x that of the medtech market, and ISRG is well ahead vs competition in one of the most significant growth markets in medtech (soft tissue robotics). ISRG pipeline also justifies our multiple as ISRG is spending over \$500m a year in R&D and it's a matter of time before the fruits of these investments show up in estimates.

Downside risks are 1) lower surgical volumes due to covid, 2) slowdown in hospital capital spending, 3) other competitive entrants and 4) supply chain headwinds.

### **Nevro (NVRO)**

Our PO of \$17 is based on a 1.0x 2025 EV/Sales multiple, which represents the low end of the historical 1-5x EV/Sales range smid cap medtech has historically traded at since

sustainable profitability seems far out and there's uncertainty with underlying market growth/share. Upside risks are a material acceleration in the SCS market, a setback at a competitor that helps NVRO, strategic activity, or a material inflection in PDN. Downside risks are a slowdown in the core SCS business or SCS market, a failure to expand the market for PDN, or new competitive entrants that take market share.

### **Paragon 28 (FNA)**

Our PO of \$12 is based on a 3x EV / 2025E sales multiple, inline with the historical average multiple for SMID cap medtech. We believe a multiple in line with the SMID cap medtech group is appropriate EV/Sales because FNA has been executing and has potential to deliver 20% topline growth but is only on the brink of turning EBITDA positive. Downside risks to our PO are heightened competition, poor commercial execution and any supply chain disruptions. Upside risks to our PO include an acceleration in use by new surgeons, faster than expected utilization by existing surgeons and better profitability than expected.

### **Shockwave Medical (SWAV)**

Our \$250 PO is derived using a 30x EV/2025E EBITDA multiple. This represents a premium given SWAV can grow EBITDA faster than mature large caps. High quality large cap names (BSX/SYK) trade at 20x EBITDA and large cap growth (ISRG) trades at 30x EBITDA.

Downside risks: SWAV's success has gotten the attention of competitors, and while it's not clear how successful a competitive technology would be, it seems quite likely that SWAV will eventually face competition. Other downside risks are any major changes in reimbursement and an inability to expand in new geographies. COVID and staffing challenges are a risk as well.

### **Si-Bone (SIBN)**

Our \$24 PO is based on a 4x EV / 2025E sales multiple, above the historical average multiple for SMID cap medtech. We believe a slight premium to SMID cap medtech peers' average is appropriate given SIBN's revenue momentum, increasing operating leverage and lower risk to its TAM from GLP-1s. Downside risks to our PO are slowing SI joint fusion market development, increased competition, reimbursement changes or pricing headwinds. Upside risk is faster than expected adoption of recent product launches, strategic activity and faster move towards profitability.

### **Silk Road Medical (SILK)**

Our PO is \$8, which is derived from an 1x EV/2025E Sales estimate assuming a year of cash burn. We use a 1x EV/Sales multiple, the low end of the 1-5x EV/Sales range smid cap medtech has historically traded at, given profitability is far out and there's increased uncertainty given carotid NCD and the recent guide reset. Upside risks are better uptake in TCAR if doctors sense more competition from CAS or the overall market expanding with more awareness. Downside risk are CAS increasing and taking share from TCAR or an impact to TCAR pricing.

### **Stryker (SYK)**

Our \$315 PO is based on 27x our 2024 EPS which is a premium to medtech but in line with where higher-quality, higher-growth names trade today on 2024 EPS.

Downside risks to our PO are a slowdown in hospital capital spending, supply chain disruption, or more inflation pressure on costs and materials. Upside risks to our PO are new product launches and continued share gains driving upside to revenue growth. Moderating inflation/improving supply chains could also drive upside.

### **Tandem Diabetes Care (TNDM)**

Our \$18 PO is based on a 1x EV/2025E Sales multiple. We use 1x sales, the low end of the 1-5x EV/Sales range smid cap medtech has historically traded at given sustainable profitability is far out along with more competitive pressure.

Upside risks to our PO are driven by increased market share gains, an acceleration in the overall pump market, or less competitive pressure than expected. Downside risks to our PO are increased competition in the pump market, Type 1 pump penetration peaking earlier than expected, the Type 2 opportunity not opening for TNDM, and potential pipeline delays.

## **Analyst Certification**

We, Travis Steed and Craig Bijou, hereby certify that the views each of us has expressed in this research report accurately reflect each of our respective personal views about the subject securities and issuers. We also certify that no part of our respective compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

**US - Medical Technology & Devices Coverage Cluster**

Investment rating	Company	BofA Ticker	Bloomberg symbol	Analyst
<b>BUY</b>				
	Abbott Laboratories	ABT	ABT US	Travis Steed
	Axonics	AXNX	AXNX US	Travis Steed
	Bausch & Lomb	BLCO	BLCO US	Craig Bijou
	Becton Dickinson	BDX	BDX US	Travis Steed
	Boston Scientific	BSX	BSX US	Travis Steed
	Dexcom	DXCM	DXCM US	Travis Steed
	Inari Medical	NARI	NARI US	Travis Steed
	Inspire Medical	INSP	INSP US	Travis Steed
	Insulet	PODD	PODD US	Travis Steed
	Intuitive Surgical	ISRG	ISRG US	Travis Steed
	Medtronic	MDT	MDT US	Travis Steed
	Paragon 28	FNA	FNA US	Craig Bijou
	Procept BioRobotics Corporation	PRCT	PRCT US	Craig Bijou
	RxSight	RXST	RXST US	Craig Bijou
	Shockwave Medical	SWAV	SWAV US	Travis Steed
	Si-Bone	SIBN	SIBN US	Craig Bijou
	Stryker	SYK	SYK US	Travis Steed
<b>NEUTRAL</b>				
	Baxter International Inc	BAX	BAX US	Travis Steed
	Conmed	CNMD	CNMD US	Travis Steed
	Edwards Lifesciences	EW	EW US	Travis Steed
	GE HealthCare	GEHC	GEHC US	Craig Bijou
	Integer Holdings Corporation	ITGR	ITGR US	Craig Bijou
	Teleflex Incorporated	TFX	TFX US	Craig Bijou
	Zimmer Biomet	ZBH	ZBH US	Travis Steed
<b>UNDERPERFORM</b>				
	Embecta	EMBC	EMBC US	Travis Steed
	Globus Medical	GMED	GMED US	Craig Bijou
	Integra Lifesciences	IART	IART US	Craig Bijou
	Nevro	NVRO	NVRO US	Travis Steed
	Outset Medical	OM	OM US	Travis Steed
	Silk Road Medical	SILK	SILK US	Travis Steed
	Tandem Diabetes Care	TNDM	TNDM US	Travis Steed

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**Equity Investment Rating Distribution: Health Care Group (as of 30 Sep 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	233	60.21%	Buy	113	48.50%
Hold	83	21.45%	Hold	33	39.76%
Sell	71	18.35%	Sell	25	35.21%

**Equity Investment Rating Distribution: Global Group (as of 30 Sep 2023)**

Coverage Universe	Count	Percent	Inv. Banking Relationships <sup>R1</sup>	Count	Percent
Buy	1869	53.48%	Buy	1046	55.97%
Hold	828	23.69%	Hold	461	55.68%
Sell	798	22.83%	Sell	370	46.37%

<sup>R1</sup> Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

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Investment rating	Total return expectation (within 12-month period of date of initial rating)	Ratings dispersion guidelines for coverage cluster <sup>R2</sup>
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

<sup>R2</sup> Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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