

Abbott Laboratories

FDA AdComm votes in favor of TriClip

Maintain Rating: BUY | PO: 120.00 USD | Price: 111.34 USD

TriClip panel vote supports FDA approval

The FDA panel for ABT's TriClip voted that TriClip is safe (14 votes yes), effective (12 votes yes, 2 no, 0 abstain) and favorable risk/benefit (13 votes yes, 1 no, 0 abstain). We expect TriClip FDA approval in the next 3-6 months (it's a breakthrough device). See inside for our FDA panel tracker. Having two tricuspid treatment options on the market would help develop the overall market but there are still questions to be answered (patient selection, future intervention, etc) suggesting it may take time for TriClip to become material for ABT's large revenue base. Our initial doc feedback suggests replacement would be a larger market than clipping given patient anatomy. ABT representatives at the panel outlined a controlled rollout to 5-10 sites per month starting first with centers who have MitraClip experience.

TriClip Panel discussion takeaways

None of the panelists were concerned about safety/MAE rates. There were individuals who felt KCCQ was a valid measurement of effectiveness and think it's unlikely that placebo effect contributed to most of the change in scores given the durability lasting at least 12 months and the relationship between change in TR and KCCQ score. One panelist was comfortable with safety and effectiveness but mentioned "now that we have approved tricuspid replacement, once tricuspid is clipped, you take that option off the table in the future." On lack of hard endpoints, the panelists were comforted by the potential explanations that the study wasn't powered enough to be able to determine hard endpoints at 1 year and a lower risk population was studied. On the indications for use labeling question some felt the language could be less vague and could define "improved health status" as improved KCCQ score as well as potentially specify the grade scale of severe TR and that Class IV NYHA patients were not assessed. On benefit/risk profile most agreed there is a benefit with regards to symptom improvement but some concern about whether clipping gets in the way of future intervention from defibrillators/pacemakers or afib ablation for example. One panelist who voted no on effectiveness believes more information is needed on which patients will benefit and the other believes there will be a role for tricuspid clipping in a limited population. We maintain our Buy rating on ABT given its above average growth profile and ability to drive EPS upside from gross margin expansion.

Estimates (Dec) (US\$)	2021A	2022A	2023E	2024E	2025E
EPS	5.21	5.34	4.44	4.60	5.10
GAAP EPS	3.93	3.91	3.25	3.36	3.85
EPS Change (YoY)	42.7%	2.5%	-16.9%	3.6%	10.9%
Consensus EPS (Bloomberg)			4.44	4.61	5.10
DPS	1.79	1.88	2.07	2.15	2.27
Valuation (Dec)					
P/E	21.4x	20.9x	25.1x	24.2x	21.8x
GAAP P/E	28.3x	28.5x	34.3x	33.1x	28.9x
Dividend Yield	1.6%	1.7%	1.9%	1.9%	2.0%
EV / EBITDA*	16.1x	16.5x	20.2x	19.3x	17.7x
Free Cash Flow Yield*	4.5%	4.0%	3.4%	4.6%	4.9%

* For full definitions of *IQmethod*SM measures, see page 6.

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Stock Data

Price	111.34 USD
Price Objective	120.00 USD
Date Established	16-Jan-2024
Investment Opinion	B-1-7
52-Week Range	89.67 USD - 115.83 USD
Mkt Val (mn) / Shares Out (mn)	193,293 USD / 1,736.1
Free Float	99.5%
Average Daily Value (mn)	597.32 USD
BofA Ticker / Exchange	ABT / NYS
Bloomberg / Reuters	ABT US / ABT.N
ROE (2023E)	20.5%
Net Dbt to Eqty (Dec-2022A)	18.7%
ESGMeter TM	High

ESGMeter is not indicative of a company's future stock price performance and is not an investment recommendation or rating. ESGMeter is independent of BofA Global Research's equity investment rating, volatility risk rating, income rating, and price objective for that company. For full details, refer to "BofA ESGMeter Methodology".

TR = tricuspid regurgitation

MAE = material adverse events

KCCQ = Kansas City Cardiomyopathy Questionnaire

HFH = heart failure hospitalization

NYHA = New York Heart Association

iQprofileSM Abbott Laboratories

iQmethodSM – Bus Performance*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Return on Capital Employed	16.4%	15.9%	13.0%	13.1%	13.3%
Return on Equity	27.0%	25.8%	20.5%	19.4%	19.1%
Operating Margin	26.3%	25.7%	22.2%	22.3%	22.9%
Free Cash Flow	8,648	7,804	6,527	8,963	9,546

iQmethodSM – Quality of Earnings*

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash Realization Ratio	1.1x	1.0x	1.1x	1.4x	1.3x
Asset Replacement Ratio	0.5x	0.5x	0.6x	0.7x	0.8x
Tax Rate	10.3%	12.2%	10.4%	11.0%	11.0%
Net Debt-to-Equity Ratio	22.9%	18.7%	15.3%	1.3%	-10.5%
Interest Cover	23.1x	29.9x	35.4x	27.6x	34.5x

Income Statement Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Sales	43,075	43,653	40,109	42,004	45,230
% Change	24.5%	1.3%	-8.1%	4.7%	7.7%
Gross Profit	24,967	24,849	22,277	23,600	25,547
% Change	25.3%	-0.5%	-10.4%	5.9%	8.3%
EBITDA	12,815	12,485	10,184	10,690	11,655
% Change	39.2%	-2.6%	-18.4%	5.0%	9.0%
Net Interest & Other Income	(239)	(1)	161	128	148
Net Income (Adjusted)	9,321	9,422	7,768	8,046	8,929
% Change	43.0%	1.1%	-17.6%	3.6%	11.0%

Free Cash Flow Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Net Income from Cont Operations (GAAP)	9,945	9,857	8,131	8,464	9,341
Depreciation & Amortization	3,538	3,267	3,239	3,236	3,236
Change in Working Capital	(771)	(1,519)	(1,569)	(511)	(640)
Deferred Taxation Charge	NA	NA	NA	NA	NA
Other Adjustments, Net	(2,179)	(2,024)	(1,261)	84	97
Capital Expenditure	(1,885)	(1,777)	(2,012)	(2,310)	(2,488)
Free Cash Flow	8,648	7,804	6,527	8,963	9,546
% Change	51.1%	-9.8%	-16.4%	37.3%	6.5%
Share / Issue Repurchase	(2,044)	(3,628)	(785)	200	200
Cost of Dividends Paid	(3,202)	(3,309)	(3,629)	(3,764)	(3,978)
Change in Debt	(248)	(699)	(1,536)	0	0

Balance Sheet Data (Dec)

(US\$ Millions)	2021A	2022A	2023E	2024E	2025E
Cash & Equivalents	9,799	9,882	9,549	14,948	20,716
Trade Receivables	6,487	6,218	6,310	6,741	7,251
Other Current Assets	7,953	9,124	9,037	9,353	9,867
Property, Plant & Equipment	8,959	9,162	9,789	10,788	11,963
Other Non-Current Assets	41,998	40,052	39,393	37,469	35,545
Total Assets	75,196	74,438	74,079	79,299	85,343
Short-Term Debt	754	2,251	1,051	1,051	1,051
Other Current Liabilities	12,351	13,238	12,680	12,916	13,300
Long-Term Debt	17,296	14,522	14,477	14,477	14,477
Other Non-Current Liabilities	8,771	7,522	6,877	6,877	6,877
Total Liabilities	39,172	37,533	35,085	35,321	35,705
Total Equity	36,024	36,905	38,994	43,978	49,638
Total Equity & Liabilities	75,196	74,438	74,079	79,299	85,343

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

Medical Technology

Company Description

Abbott Laboratories is a leading diversified global healthcare company that develops, manufactures and markets branded generics, medical devices, nutritional products, and diagnostic solutions.

Investment Rationale

We expect ABT to continue to grow underlying earnings in the double-digit range on the base business and to grow organic revenue in the high single digit range (excluding COVID testing). We think given growth profile ABT should trade at a higher multiple than its medtech peers.

Stock Data

Average Daily Volume 5,364,823

Quarterly Earnings Estimates

	2022	2023
Q1	1.73A	1.03A
Q2	1.43A	1.08A
Q3	1.15A	1.14E
Q4	1.03A	1.19E

Panel votes and subsequent FDA actions

The FDA sometimes seeks the recommendation of an advisory committee (MDAC) when considering approval of a device. Panel members vote on the approvability of a device including evaluation of its safety, effectiveness, and risk-benefit profile. Panel votes are not binding but can be influential. We went through the FDA archive since 2010 and identified 73 panel voting sessions. We then cross-referenced devices from panels to the FDA database of approvals. On avg., if approved, approval came 252 days post-panel.

Exhibit 1: Panel votes since 2010

We went through the FDA archive since 2010 and identified 73 panel voting sessions. On avg., if approved, approval came 252 days post-panel.

Applicant	Device	Panel Date	Panel	# of Favorable Votes			# of Panelists	% Favorable Votes			Approval Date	Days to Approval
				Safe	Effective	Risk/Ben		Safe	Effective	Risk/Ben		
Medtronic	Symplcity Spyril RDN	8/23/23	Circulatory System	13	7	6 ⁸	13	100%	54%	43%	11/17/23	86
ReCor Medical	Paradise uRDN	8/22/23	Circulatory System	14	8	10	14	100%	57%	71%	11/7/23	77
BrainsGate Ltd	Ischemic Stroke System	12/10/21	Neurological	13	3	3	13	100%	23%	23%	NOT APPROVED	NOT APPROVED
Integra LifeSciences	SurgiMend PRS	10/20/21	General & Plastic	7	5 ⁹	5	12	58%	42%	42%	NOT APPROVED	NOT APPROVED
TransMedics	OCS Liver System	7/14/21	Gastro & Urology	14	14	12	14	100%	100%	86%	9/28/21	76
TransMedics	OCS Heart System	4/6/21	Circulatory System	9	10	12	18	50%	56%	67%	9/3/21	150
Lutonix, Inc	Lutonix 014 DCB PTA	2/17/21	Circulatory System	15	2	3	18	83%	11%	17%	NOT APPROVED	NOT APPROVED
Refocus Group, Inc	VisAbility Micro Insert	11/9/20	Ophthalmic	1	3	1	16	6%	19%	6%	NOT APPROVED	NOT APPROVED
Neovasc	Reducer System	10/27/20	Circulatory System	14	1	3	18	78%	6%	17%	NOT APPROVED	NOT APPROVED
Impulse Dynamics	OPTIMIZER SMART	12/4/18	Circulatory System	12	11	12	13	92%	85%	92%	3/21/19	107
Sequent Medical, Inc.	WEB Embolization	9/27/18	Neurological	15	12	12	15	100%	80%	80%	12/31/18	95
PneumRx, Inc.	Elevair Endobronchial Coil	6/14/18	Anes. & Respiratory	7	5	3	12	58%	42%	25%	NOT APPROVED	NOT APPROVED
Cordis	INCRAFT Stent Graft	6/12/18	Circulatory System	11	14	11	15	73%	93%	73%	11/27/18	168
Senseonics, Inc	Eversense CGM	3/29/18	Clinical Chem & Tox	8	8	8	8	100%	100%	100%	6/21/18	84
Intrinsic Therapeutics	Barricaid Anular Closer	12/12/17	Orthopedic & Rehab	5	12	5	14	36%	86%	36%	2/8/19	423
TransMedics	OCS Lung System	5/17/17	Gastro & Urology	11	8	9	13	85%	62%	69%	3/22/18	309
Dexcom, Inc.	Dexcom G5 CGM	7/21/16	Clinical Chem & Tox	8	9	8	10	80%	90%	80%	12/20/16	152
St. Jude Medical	Amplatzer PFO Occluder	5/24/16	Circulatory System	15	9	11	16	94%	56%	69%	10/28/16	157
Cartiva, Inc.	Synthetic Cartilage	4/20/16	Orthopedic & Rehab	10	9	8	12	83%	75%	67%	7/1/16	72
Angel Medical Systems	AngelMed Guardian	3/16/16	Circulatory System	4	0	0	12	33%	0%	0%	4/9/18	754
Abbott Vascular	Absorb GT1 BVS System	3/15/16	Circulatory System	9	10	9	10	90%	100%	90%	7/5/16	112
ASTORA Women's	TOPAS	2/25/16	Gastro & Urology	8	8	8	8	100%	100%	100%	NOT APPROVED	NOT APPROVED
Medtronic	DIAM Spinal Stabilization	2/19/16	Orthopedic & Rehab	4	2	0	11	36%	18%	0%	NOT APPROVED	NOT APPROVED
Merz North America	Radiesse	2/27/15	General & Plastic	11	12	9	14	79%	86%	64%	6/4/15	97
Vertiflex Incorporated	Superion Spacer	2/20/15	Orthopedic & Rehab	5	5	4	8	63%	63%	50%	5/20/15	89
Alcon Research, Ltd.	AcrySof IQ ReSTOR IOL	11/14/14	Ophthalmic	12	11	12	12	100%	92%	100%	12/22/16	769
Boston Scientific	WATCHMAN LAAC	10/8/14	Circulatory System	12	6 ¹	6 ²	12	100%	46%	50%	3/13/15	156
SonaCare Medical, LLC	Sonablate 450	10/1/14	Gastro & Urology	3	2	0	11	27%	18%	0%	NOT APPROVED	NOT APPROVED
Cohera Medical, Inc.	TissuGlu	8/1/14	General & Plastic	11	6	6	11	100%	55%	55%	2/3/15	186
EDAP Technomed, Inc	Ablatherm	7/30/14	Gastro & Urology	3	0	0	9	33%	0%	0%	NOT APPROVED	NOT APPROVED
Enteromedics, Inc.	Maestro Rechargeable	6/17/14	Gastro & Urology	8	4	6	9	89%	44%	67%	1/14/15	211
Lutonix, Inc	LUTONIX 035 DCB PTA	6/12/14	Circulatory System	9	9	9	9	100%	100%	100%	10/9/14	119
AcuFocus, Inc.	KAMRA Inlay	6/6/14	Ophthalmic	4 ³	7	4 ⁴	8	44%	88%	50%	4/17/15	315
Adv. Circulatory Systems	RESQ CPR System	5/6/14	Circulatory System	10	2	7	10	100%	20%	70%	3/6/15	304
Exact Sciences	Cologuard	3/27/14	Molecular & Clinical Gx	10	10	10	10	100%	100%	100%	8/11/14	137
Epigenomics AG	Epi proColon	3/26/14	Molecular & Clinical Gx	9	5 ⁵	5 ⁶	10	90%	45%	50%	4/12/16	748
XVIVO Perfusion, Inc.,	XVIVO XPS with STEEN	3/20/14	Gastro & Urology	10	10	10	10	100%	100%	100%	8/12/14	145
STAAR Surgical	Visian Toric ICL	3/14/14	Ophthalmic	5	7	6	9	56%	78%	67%	9/13/18	1644
Roche	cobas HPV Test	3/12/14	Microbiology	13	13	13	13	100%	100%	100%	4/24/14	43
Inspire Medical	Upper Airways Stim	2/20/14	Anes. & Respiratory	12	12	12	13	92%	92%	92%	4/30/14	69
Boston Scientific	WATCHMAN LAAC***	12/11/13	Circulatory System	13	13	13	14	93%	93%	93%	NOT APPROVED	NOT APPROVED
Cochlear Americas	Nucleus Hybrid L24	11/8/13	Ear, Nose, & Throat	14	14	13	14	100%	100%	93%	3/20/14	132
Medtronic	MDT CRT-P and CRT-D	10/8/13	Circulatory System	6	7	4 ¹⁰	7	86%	100%	50%	4/10/14	184
Ocular Therapeutix	ReSure Sealant	9/19/13	Ophthalmic	9	5 ¹¹	5 ¹²	11	82%	45%	45%	1/8/14	111
Allergan	Juvéderm Voluma XC	5/2/13	General & Plastic	7	7	7	7	100%	100%	100%	10/22/13	173
Bausch + Lomb	Trulign Toric IOL	4/8/13	Ophthalmic	10	10	10	12	83%	83%	83%	5/20/13	42
Abbott Vascular	MitraClip Clip Delivery	3/20/13	Circulatory System	8	4 ⁷	5	8	100%	44%	63%	10/24/13	218
NeuroPace, Inc.	NeuroPace RNS System	2/22/13	Neurological	13	12	11	13	100%	92%	85%	11/14/13	265
Hologic, Inc.	Selena 3D with C-View	10/24/12	Radiological	9	9	9	10	90%	90%	90%	5/16/13	204
Second Sight Medical	Argus II	9/28/12	Ophthalmic	17	18	19	19	89%	95%	100%	2/13/13	138
Dune Medical Devices	MarginProbe System	6/21/12	General & Plastic	11	8	10	11	100%	73%	91%	12/27/12	189
Edwards Lifesciences	SAPIEN	6/13/12	Circulatory System	10	12	11	12	83%	100%	92%	10/19/12	128
Cameron Health, Inc.	S-ICD	4/26/12	Circulatory System	8	7	7	8	100%	88%	88%	9/28/12	155

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				Safe	Effective	Risk/Ben		Safe	Effective	Risk/Ben		
HeartWare, Inc.	HeartWare VAS	4/25/12	Circulatory System	8	11	9	11	73%	100%	82%	11/20/12	209
U-Systems, Inc.	somo-v ABUS	4/11/12	Radiological	13	13	13	13	100%	100%	100%	9/18/12	160
Torax	LINX Reflux Mgt System	1/11/12	Gastro & Urology	9	9	9	9	100%	100%	100%	3/22/12	71
CardioMEMS	Champion HF Monitoring	12/8/11	Circulatory System	9	3	4	10	90%	30%	40%	5/28/14	902
Medtronic	REVERSE CRT-D	12/7/11	Circulatory System	5	3	3	5	100%	60%	60%	4/4/12	119
Medtronic	Cardiac Ablation System	10/27/11	Circulatory System	1	10	2	10	10%	100%	20%	NOT APPROVED	NOT APPROVED
AtriCure Inc.	Synergy Ablation System	10/26/11	Circulatory System	5	9	5	9	56%	100%	56%	12/14/11	49
Cook Inc.	Zilver-PTX Peripheral DES	10/13/11	Circulatory System	11	11	11	11	100%	100%	100%	11/14/12	398
Berlin Heart	EXCOR Pediatric VAD	7/21/11	Circulatory System	16	16	16	16	100%	100%	100%	12/16/11	148
Edwards Lifesciences	SAPIEN	7/20/11	Circulatory System	7	9	9	10	70%	90%	90%	11/2/11	105
Biomimetic	Augment Bone Graft	5/12/11	Orthopedic & Rehab	12	10	10	18	67%	56%	56%	9/1/15	1573
Medicis Aesthetics	Restylane	4/27/11	General & Plastic	6	6	6	7	86%	86%	86%	10/11/11	167
Chestnut Medical	Pipeline Embolization	3/18/11	Neurological	8	8	8	8	100%	100%	100%	4/6/11	19
NovoCure	NovoTTF-100A System	3/17/11	Neurological	12	7 ¹³	7	12	100%	54%	58%	4/8/11	22
Abbott Vascular	RX Acculink Carotid Stent	1/26/11	Circulatory System	6	8	7	11	55%	73%	64%	5/6/11	100
Allergan	LAP-BAND	12/3/10	Gastro & Urology	8	8	8	10	80%	80%	80%	2/16/11	75
Oceana Therapeutics	Solesta	12/2/10	Gastro & Urology	6	5	5	6	100%	83%	83%	5/27/11	176
MELA Sciences, Inc.	MelaFind	11/18/10	General & Plastic	10	8 ¹⁴	8 ¹⁵	16	63%	50%	50%	11/1/11	348
Glaukos, Inc.	iStent	7/30/10	Ophthalmic	7	6	7	8	88%	75%	88%	6/25/12	696
Medtronic	AMPLIFY rhBMP-2 Matrix	7/27/10	Orthopedic & Rehab	9	10	6	14	64%	71%	43%	NOT APPROVED	NOT APPROVED

Source: fda.gov, BofA Global Research. ¹Chair broke tie and voted No, so 6 Favorable of 13 Votes. ²6 Yes, 5 No, 1 Abstain. ³Chair broke tie and voted No, so 4 Favorable of 9 Votes. ⁴4 Yes, 3 No, 1 Abstain. ⁵Chair broke tie and voted No, so 5 Favorable of 11 Votes. ⁶5 Yes, 4 No, 1 Abstain. ⁷Chair broke tie and voted No, so 4 Favorable of 9 Votes. ⁸6 Yes, 7 No*, 1 Abstain; *Chair broke tie and voted No, so 6 Favorable of 14 Votes. ⁹5 Yes, 6 No, 1 Abstain. ¹⁰3 Yes, 3 No, 1 Abstain. Chair broke tie and voted Yes, so 4 Favorable of 8 Votes. ¹¹5 Yes, 3 No, 3 Abstain. ¹²5 Yes, 1 No, 5 Abstain. ¹³Chair broke tie and voted Yes, so 7 Favorable of 13 Votes. ¹⁴8 Yes, 6 No, 2 Abstain. ¹⁵8 Yes, 7 No, 1 Abstain. Note: NOT APPROVED indicates no FDA approval as of this analysis. ***The panel deliberated on a Watchman PMA submission on 12/11/13. The panel voted 13 to 1 in favor of the device's safety, effectiveness, and risk-benefit profile. However, thereafter in February 2014, the FDA received updated follow-up data from the PREVAIL trial that showed additional ischemic strokes in Watchman subjects, which raised questions about the device. The updated datasets were then the subject of the panel meeting on 10/8/14.

BofA GLOBAL RESEARCH

Price objective basis & risk

Abbott Laboratories (ABT)

Our \$120 PO is based on 26x 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.

Analyst Certification

I, Travis Steed, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my 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
BUY				
	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
	The Cooper Companies	COO	COO US	Craig Bijou
NEUTRAL				
	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
	Merit Medical	MMSI	MMSI US	Craig Bijou
	Teleflex Incorporated	TFX	TFX US	Craig Bijou
	Zimmer Biomet	ZBH	ZBH US	Travis Steed
UNDERPERFORM				
	Embecka	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



iQmethodSM Measures Definitions

Business Performance

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

EV / EBITDA

Numerator

$\text{NOPAT} = (\text{EBIT} + \text{Interest Income}) \times (1 - \text{Tax Rate}) + \text{Goodwill Amortization}$

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

$\text{EV} = \text{Current Share Price} \times \text{Current Shares} + \text{Minority Equity} + \text{Net Debt} +$

Other LT Liabilities

Enterprise Value

Denominator

$\text{Total Assets} - \text{Current Liabilities} + \text{ST Debt} + \text{Accumulated Goodwill}$

Amortization

Shareholders' Equity

Sales

N/A

N/A

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

$\text{Market Cap} = \text{Current Share Price} \times \text{Current Basic Shares}$

Sales

Basic EBIT + Depreciation + Amortization

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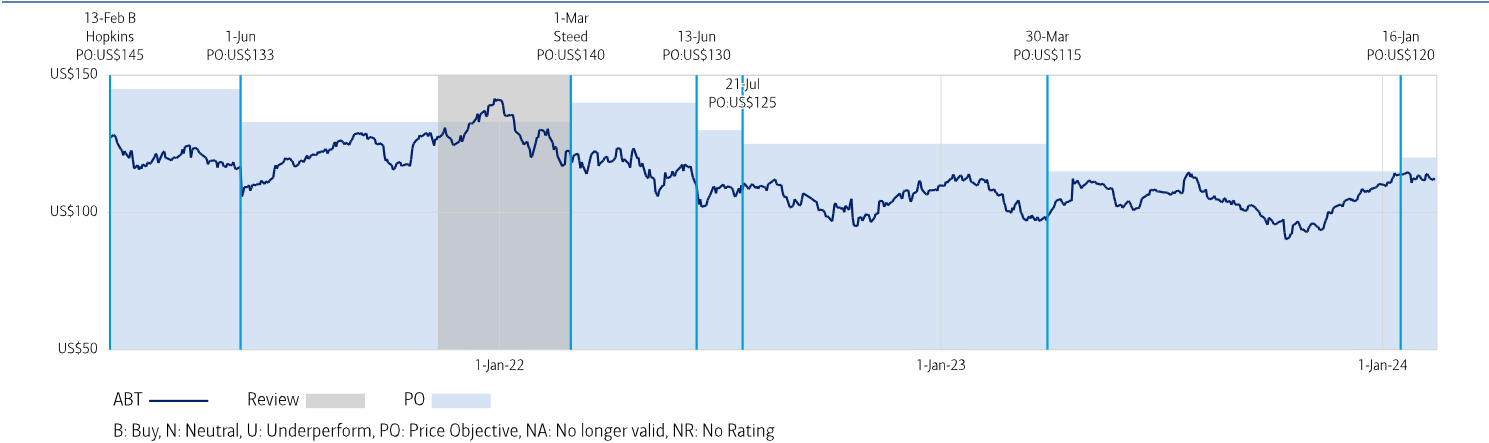
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Abbott Labs (ABT) Price Chart



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Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	234	60.94%	Buy	115	49.15%
Hold	80	20.83%	Hold	36	45.00%
Sell	70	18.23%	Sell	29	41.43%

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

Coverage Universe	Count	Percent	Inv. Banking Relationships ^{R1}	Count	Percent
Buy	1895	53.62%	Buy	1083	57.15%
Hold	832	23.54%	Hold	454	54.57%
Sell	807	22.84%	Sell	383	47.46%

^{R1} 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 ^{R2}
Buy	≥ 10%	≤ 70%
Neutral	≥ 0%	≤ 30%
Underperform	N/A	≥ 20%

^{R2} 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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