

The background of the slide is a blue-tinted photograph of an operating room. It features a large surgical table in the foreground, several overhead surgical lights, and various medical monitors and equipment. The text is overlaid on this image.

CFRA

Industry Surveys

Health Care Equipment & Supplies

OCTOBER 2022

Siti Salbiah
Industry Analyst

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Contacts

Sales Inquires & Client Support

800.220.0502
cservices@cfraresearch.com

Media Inquiries

press@cfraresearch.com

CFRA

977 Seminole Trail, PMB 230
Charlottesville, VA 22901

Contributors

Raymond Jarvis

Senior Editor

Atifi Kuddus, Geraldine Tan

Associate Editors

Marc Bastow

Contributing Editor

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CFRA

977 Seminole Trail, PMB 230
Charlottesville, VA 22901

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NEW THEMES



What's Changed: MedTech isn't spared from cybersecurity threats. The FBI revealed that older legacy medical devices are at risk of cyberattacks due to insufficient cyber protection – details on page 16.



What's Changed: M&A activity within the HealthCare Equipment & Supplies industry is seeing a number of notable deals thus far, including a multibillion-dollar acquisition by Oracle. More on M&A on page 17.

EXECUTIVE SUMMARY

CFRA has a neutral fundamental outlook on the Health Care Equipment & Supplies industry over the next 12 months. We expect the industry to report average sales growth and light EPS growth in 2022, given the growing vaccinated population in the U.S., partially offset by rising inflation and difficult comps.

Sales Growth Expected to Return to 10-year Average in 2022

As of early October 2022, 79% of Americans have received at least one shot of a Covid-19 vaccine, per Centers for Disease Control and Prevention (CDC), and all-American adults have become eligible for Covid-19 vaccines. This is good news for medical device companies, which have been waiting for health care visits and medical procedure volumes to return to normal. In addition, there's likely a sizeable backlog of procedures to be worked through. Given all this and depressed procedure volumes, particularly in 2020, we expect medical device companies to report a continued recovery in sales growth back near the 10-year average, though we note this marks a deceleration in sales growth following a particularly strong 2021. We also note that this prediction remains contingent on full return of in-person medical services and elective procedures recovery.

Covid-19 Testing to Moderate as the Pandemic Subsides

Many diagnostics companies introduced Covid-19 tests, which have contributed massively to sales over the past year. Rapid antigen tests are being used to support the reopening of schools and workplaces. Molecular tests are still the most accurate tests for active infection, making them particularly useful for treatment decisions. Also, antibody tests are being widely used to study the long-term effectiveness of vaccines. However, we anticipate test sales to moderate as more populations become vaccinated and as the pandemic subsides.

Capital Equipment Sales Have Proven to Be More Resilient Than Anticipated

Contrary to our original expectation that the pandemic-induced recession would hurt sales of large capital equipment that is unrelated to Covid (e.g., surgical robotic systems), demand for such equipment has proven to be quite resilient. Although health care providers are financially pressured during the pandemic, much of it is offset by stimulus measures. Also, health care providers, who tend to derive a large part of their profits from elective procedures, are looking ahead to the elective procedure recovery. As a result, they remain committed to purchasing innovative equipment that supports robust procedure volumes.

The M&A Environment Has Been Tepid

The M&A environment appears to be lukewarm, with deal counts during the pandemic a third lower than the 10-year average. However, the annual total deal value during the pandemic years is up sizably versus pre-pandemic. Recent deals include companies seeking to increase their exposure to nascent technologies (e.g., diagnostics) with significant growth potential. Many companies are looking to take advantage of trends that have been accelerated by the pandemic, such as the adoption of remote monitoring and telehealth. There has been a modest level of M&A activity in 2022 so far.

An Aging Population Continues to Support Long-Term Industry Growth

From a long-term perspective, people are living longer and will likely continue to live longer because of continued medical innovations and growth in per-capita health care spending across the world, especially in emerging and developing markets. As a result, elderly populations are becoming a larger and larger proportion of total populations, leading to increasing demand for innovative devices and supplies that keep people alive and in good health. In addition, the strengthening impact and capabilities of technology on our lives have led to increased development and interest in wearable medical devices.

HEALTH CARE EQUIPMENT & SUPPLIES

Outlook: Neutral

MARKET CAP BREAKDOWN*

RANK NO.	COMPANY NAME	MARKET CAP (\$ billion)
1	Danaher Corp.	187.9
2	Abbott	169.4
3	Medtronic	107.3
4	Intuitive Surgical	66.9
5	Stryker Corp.	76.6
	Others†	486.2

Source: CFRA, S&P Global Market Intelligence.

*Data as of September 30, 2022.

†Refer to the "Comparative Company Analysis" section of this survey for the list of companies.

BY THE NUMBERS

2%

Global procedures performed using robotic surgery

430

Covid-19 tests that received FDA's Emergency Use Authorization as of September 28, 2022

1.41

Daily Covid-19 tests per thousand people in the U.S. as of June 18, 2022

17.9%

Estimated increase in industry's operating margin in 2022

5.6%

Expected annual growth of global medical device sales from 2021 to 2028

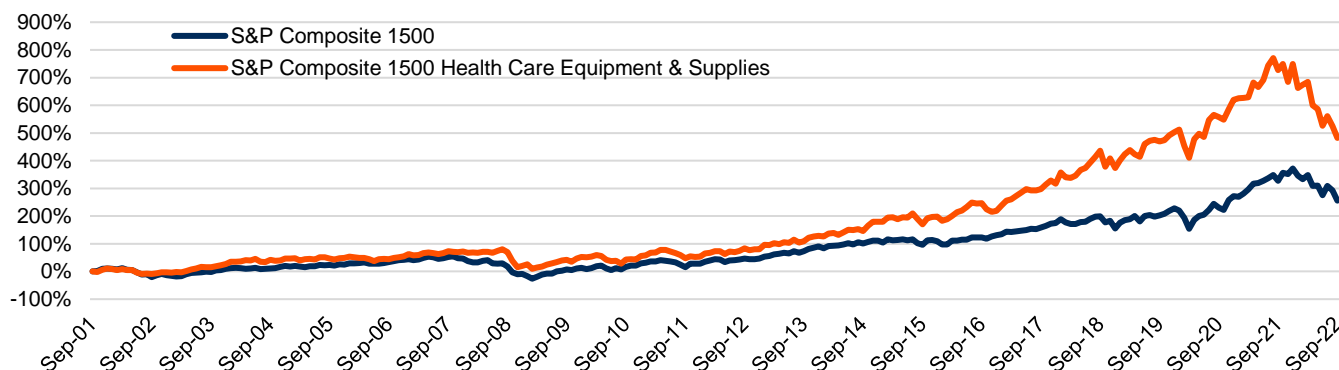
25x

Forward earnings – MedTech companies are trading near a 10-year high

ETF FOCUS

XLV Health Care Select Sector SPDR Fund	AUM (\$M) 37,072.0	Expense Ratio 0.10
VHT Vanguard Health Care	AUM (\$M) 15,601.8	Expense Ratio 0.10
IYH iShares U.S. Healthcare	AUM (\$M) 2,998.0	Expense Ratio 0.39
IHF iShares U.S. Healthcare Providers	AUM (\$M) 1,540.3	Expense Ratio 0.39
XHS SPDR S&P Health Care Services	AUM (\$M) 128.7	Expense Ratio 0.35

20-YEAR INDEX PERFORMANCE*



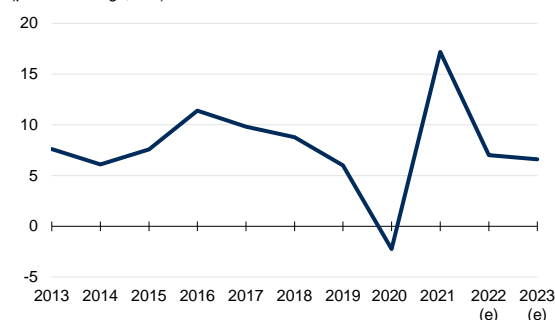
*Data through September 30, 2022.

Source: S&P Global Market Intelligence.

FINANCIAL METRICS

Revenue Growth

(percent change, Y/Y)



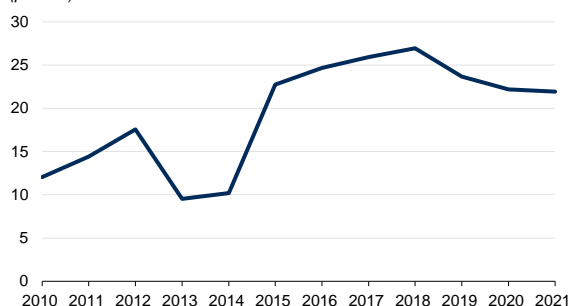
e-Estimate

Source: CFRA; S&P Global Market Intelligence.

- ◆ Total revenue for constituents in the S&P Composite 1500 Health Care Equipment & Supplies Index is forecasted to decelerate to 7% growth in 2022, as the demand for health care equipment and supplies remains contingent on the full return of in-person medical services and elective procedures recovery.
- ◆ CFRA expects the industry's revenue to remain stagnant at 6.6% in 2023, with a three-year compound annual growth rate (2021-2023 CAGR) of 2.3%.

Net Debt-to-Total Capital

(percent)

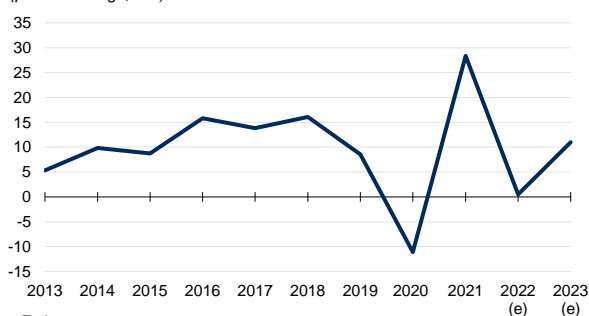


Source: CFRA; S&P Global Market Intelligence.

- ◆ The net debt-to-capital ratio for the industry has been moderate for the past several years due to persistent low interest rates.
- ◆ Looking forward, we foresee a cutback in debt and equity issuance propelled by tightening monetary policy.

Adjusted EPS Growth

(percent change, Y/Y)



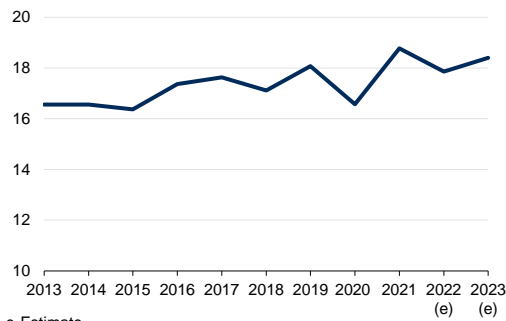
e-Estimate

Source: CFRA; S&P Global Market Intelligence.

- ◆ We project the industry's adjusted EPS growth for medical device companies to shrink to 0.5% in 2022, from 28.4% the previous year, due to lower revenue growth in 2022 and supply chain bottleneck issue.
- ◆ We expect adjusted EPS growth to stand at 11% in 2023.

EBIT Margins

(percent change, Y/Y)



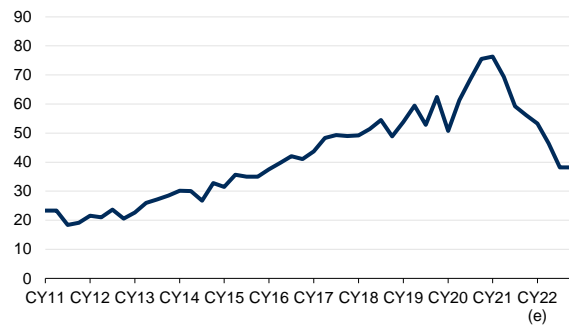
e-Estimate

Source: CFRA; S&P Global Market Intelligence.

- ◆ As Covid-19 test sales begin to moderate in the first half of 2022, we expect the industry's EBIT margin to remain flat, diminish by 90 basis points to 17.9% by the end of the year and reach 18.4% in 2023.
- ◆ The pandemic had a divergent impact on the operating margins of medical device companies. Companies exposed to pandemic upsides (e.g., diagnostics firms) achieved record margins, while those exposed heavily to procedure volumes experienced a sharp decline in margins.

Normalized Price-to-Earnings Ratio

(in multiples)

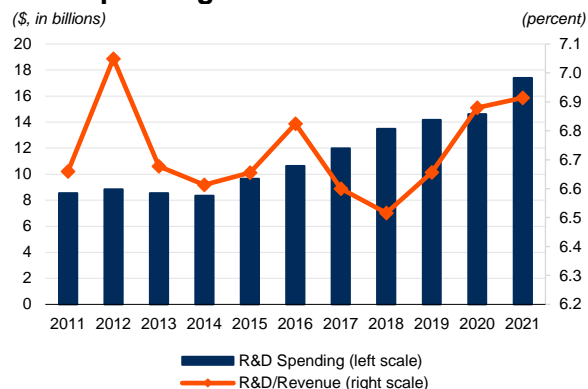


*Source: CFRA, S&P Global Market Intelligence.

- ◆ The median normalized price-to-earnings (P/E) multiple for the constituents of the S&P Composite 1500 Health Care Equipment & Supplies index reached 56.2x in the fourth quarter of 2021 and is estimated to decrease to 37.7x by the end of 2022.
- ◆ We attribute the forecasted lower P/E ratio in 2022 to a potential downturn in the equities markets, largely impacted by the increase in interest rates and the end of easy money policies.

KEY INDUSTRY DRIVERS

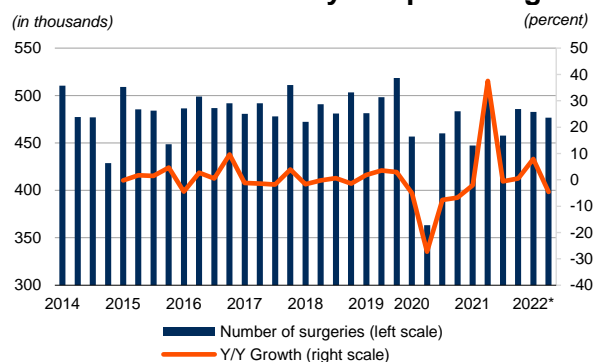
R&D Spending



Source: CFRA, S&P Global Market Intelligence.

- ◆ The average industry research & development (R&D) spending as a percentage of revenue has increased in the last few years as companies developed innovative new products.
- ◆ R&D margins have been healthy in recent years, and we think R&D spending will continue its upward trend going forward.

Growth in Same Facility/Hospital Surgeries

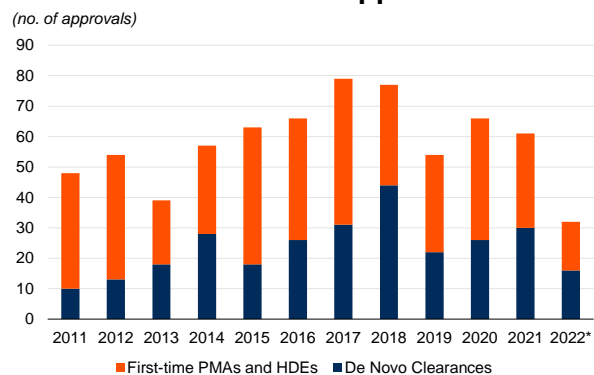


*Data as of Q2 2022.

†HCA Healthcare and Tenet Healthcare
Source: Company Reports.

- ◆ Hospitals are key consumers of medical devices and supplies. In the second quarter of 2022, surgery volumes reached a total of nearly 477,000 surgeries, down from 499,000 in the second quarter of 2021.

Number of New Device Approvals



*Data as of September 30, 2022.

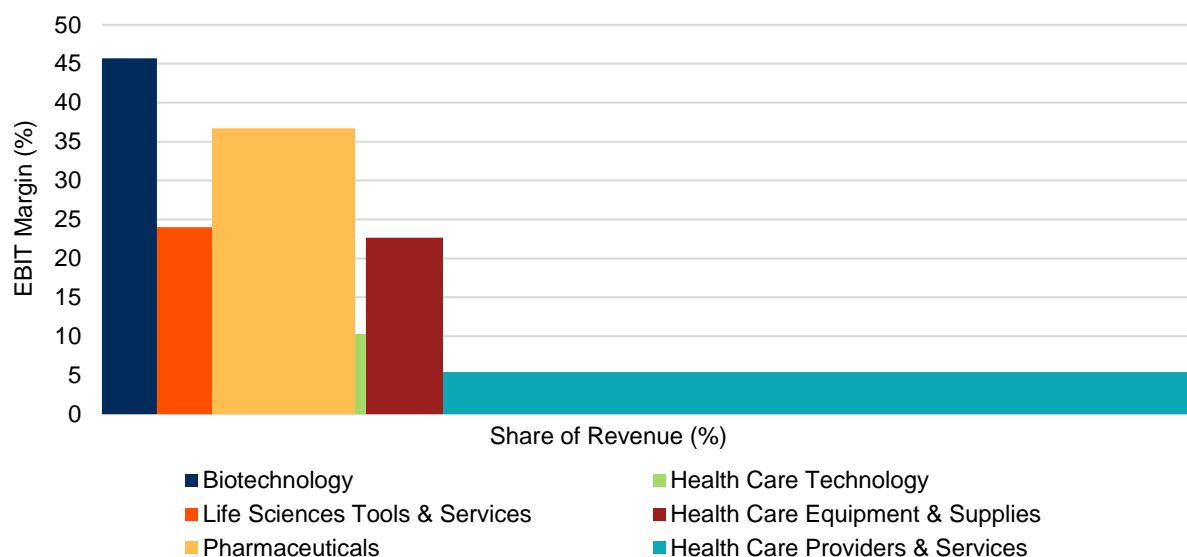
Source: Evaluate.

- ◆ Despite the pandemic and regulatory burden from the U.S. Food and Drug Administration (FDA), new device approvals – defined as first-time premarket approvals (PMAs), humanitarian device exceptions (HDEs), and de novo clearances – were 61 in 2021, compared to 66 in 2020.
- ◆ A higher number of device approvals is generally a positive trend for the industry; however, it can be negative if it is driven by lax safety standards, which could lead to device recalls and lawsuits.
- ◆ As of September 30, 2022, 32 new devices have been approved so far this year.

INDUSTRY TRENDS

PROFIT SHARE MAP OF THE HEALTH CARE INDUSTRY*

(as of the second quarter of 2022)



*Companies within the S&P Composite 1500 Index as of September 30, 2022.

Source: CFRA, S&P Global Market Intelligence.

As seen in the chart above, the Health Care Equipment & Supplies industry comprises 7.5% of the entire Health Care sector's revenues, with an EBIT margin of 22.6%, which stems from the high-margin profile of the industry's products.

Competitive Environment

The medical technology (MedTech) market is highly competitive due to its numerous opportunities for rapid sales growth and high margins. However, competition in certain product categories is often limited to several key competitors due to various challenges, such as regulation, pricing pressures, product liability, and entrenched competition. Only the most innovative or well-funded companies are capable of breaking into well-established MedTech markets.

Worldwide MedTech sales are expected to grow at a CAGR of 5.6% between 2021 and 2028 to reach \$767.4 billion, according to EvaluateMedTech. Another source, Fortune Business Insights, estimated that the value of the global medical device market would grow at a CAGR of 5.5% between 2022 and 2029 to reach \$718.9 billion.

The table on the next page provides an overview of the largest anticipated MedTech companies in 2028. Medtronic is projected to be the market leader in 2028, with estimated sales of \$41.7 billion.

LARGEST GLOBAL MEDICAL TECHNOLOGY COMPANIES

(ranked by 2028 projected MedTech sales)

RANK NO.	COMPANY NAME	SALES (in \$, billions)		CAGR (%) 2021– 2028e	MARKET SHARE (in percent)	
		2021	2028		2021	2028e
1	Medtronic	31.7	41.7	4.0	5.7	5.4
2	Abbott Laboratories	29.9	39.0	3.9	5.4	5.1
3	Johnson & Johnson	27.1	35.6	4.0	4.9	4.6
4	Siemens Healthineers	21.3	31.4	5.7	3.8	4.1
5	Stryker	17.1	27.0	6.8	3.1	3.5
6	Becton Dickinson	18.9	22.5	2.5	3.4	2.9
7	Philips	19.4	21.1	1.2	3.5	2.8
8	Roche	16.3	20.8	3.6	2.9	2.7
9	EssilorLuxottica	15.2	20.9	4.7	2.7	2.7
10	Boston Scientific	11.9	19.1	7.0	2.1	2.5
11	Baxter International	8.5	15.4	8.8	1.5	2.0
12	General Electric	9.5	12.6	4.0	1.7	1.6
13	Danaher	9.8	12.4	3.4	1.8	1.6
14	B. Braun Melsungen	9.3	12.0	3.7	1.7	1.6
15	Alcon	7.8	11.7	5.9	1.4	1.5
16	Laboratory Corporation of America	10.4	10.0	(0.5)	1.9	1.3
17	3M	7.7	9.1	2.4	1.4	1.2
18	Intuitive Surgical	4.8	10.0	11.0	0.9	1.3
19	Align Technology	4.0	10.4	14.9	0.7	1.4
20	Edwards Lifesciences	5.2	9.4	8.8	0.9	1.2
	Others	268.3	375.1	5.7	48.4	48.9
Top 20		285.1	285.9	392.3	5.4	51.6
Total Industry		530.4	554.2	767.4	5.6	100.0

Source: EvaluateMedTech.

PORTER'S FIVE FORCES ANALYSIS

Below, we outline Porter's Five Forces framework as a tool to analyze the competitive environment of the Health Care Equipment & Supplies industry.

Porter's Five Forces Analysis	
Threat of New Entrants or New Entry (Low)	<p>The medical devices market typically has high barriers to entry, primarily in the form of substantial R&D expenditures, regulatory requirements, and entrenched competition. These factors, among others, often stand in the way of potential new competitors.</p> <p>i. Significant R&D Expenditure Medical device companies must often spend significant amounts of money and time on developing commercially successful products. New entrants, especially small companies, may not have the ability or willingness to finance the R&D expenditures necessary to develop products that represent an improvement over existing options.</p> <p>ii. Strict Regulations Regulatory barriers for device makers include lengthy animal and human clinical tests and voluminous FDA-mandated documentation. To launch a new device successfully, a company must also have manufacturing site clearance from the FDA. On top of that, receiving FDA approval for a device does not preclude a firm from being sued for issues with the device.</p> <p>iii. Entrenched Competition New entrants often must compete against expansive, experienced, and diversified device manufacturers when vying for contracts with large hospital-supply purchasing collectives, individual clinical sites, and physicians' offices. Would-be rivals usually have a tough time dislodging existing products that are already accepted as safe and effective, unless the new device or equipment proves to be significantly better or more affordable. Some physicians have long-standing loyalties to their favorite brands or salespeople, and those physicians do not readily shift their demand to alternative manufacturers selling similar products. Third-party payers usually need to be convinced to reimburse a new device for said device to be successful since consumers are usually averse to paying out-of-pocket costs.</p> <p>Additionally, the costs to train (both the salesforce and physicians) and litigate (against competitors and consumers) can be quite high.</p>
Bargaining Power of Suppliers (Low to Moderate)	<p>This industry has numerous suppliers that are globally located, which weakens the power of suppliers. However, there may be critical suppliers that provide complex or unique components that are less substitutable. Because medical devices are often used in or on the human body, suppliers may be subject to strict regulatory requirements, potentially providing more power to the suppliers that can consistently follow specific protocols and procedures.</p>

Bargaining Power of Customers (Moderate)	<p>Buyers have traditionally been health care providers (<i>i.e.</i>, hospitals, for the most part). These providers have undergone a significant amount of consolidation activity in the past several years, leading to increased leverage over health care equipment and supplies companies. Ironically, large provider organizations tend to also be the best customers because they can negotiate high reimbursement rates from health insurers for medical procedures.</p> <p>Hospital organizations often look to purchase a wide array of equipment and supplies, making smaller manufacturers of such products less attractive. Buyer power is weaker for some products, particularly those with no substitutes or those that are superior or essential to addressing specific health care issues.</p>
Degree of Rivalry/Competition (High)	<p>In medical device and supply markets with multiple participants, intense rivalry often exists among competitors because companies that make the most effective product stand to capture the most market share. Life cycles of medical devices can be short, as next-generation devices can come to market within a year or two of the preceding versions. Even if a firm has technological dominance in a certain area, dominance should not be expected to last because there are many well-funded companies continually searching for new, high-growth markets to penetrate through massive investment in some combination of R&D and M&A.</p>
Threat of Substitutes (Low to Moderate)	<p>For large and expensive equipment, the threat of substitution is often low because switching costs can be very high for buyers. For example, suppose a hospital bought a \$1.5 million robotic surgery platform several years ago and trained numerous surgeons on the machine. In that case, it is unlikely that the hospital would revert to traditional surgery or even switch to a competitor's robotic surgery platform. To switch to a substitute, the hospital would likely have to retrain surgeons, write off the remaining value of the \$1.5 million machine, and invest in new equipment – costs that most hospitals would not want to bear.</p> <p>Switching costs are moderate when it comes to smaller, less expensive medical devices because physicians grow accustomed to performing procedures in a certain way. Changing techniques or products used in procedures can lead to adverse outcomes for patients. Also contributing to the low threat of substitutes is that product differentiation can take a few years in this industry because new medical devices often require follow-up studies and evaluations to prove their marginal value to physicians and health insurers.</p>

GROWTH OPPORTUNITIES

Despite accelerating revenue growth over the past several years, mature large-cap medical device companies have increased R&D spending at an even faster pace, resulting in R&D margin expansion. Before Covid-19, companies in this industry had traded at valuations near 10-year highs; yet the growth opportunities in many therapeutic areas may well have justified such valuations. Some of the most promising therapeutic areas include diabetes, structural heart issues, and robotic surgery. Below, we discuss the promise of medical devices in diabetes and structural heart disease, as well as the future of robotic surgery.

1. DIABETES

Overview

The number of diabetics globally is projected to rise from an estimated 573 million people in 2021 to 783 million by 2045, according to the latest available data from the International Diabetes Federation. Given the rising diagnosis and survival rates of type 1 diabetes and the increasing levels of obesity (a common cause of type 2 diabetes), we expect the prevalence of diabetes to continue increasing worldwide, suggesting that there will be growing demand for diabetes-related therapies and devices, such as continuous glucose monitors (CGMs) and automated insulin pumps.

Growing Competition in CGMs Market

On March 14, 2022, Dexcom unveiled that its next-generation CGM, Dexcom G7, has secured CE Mark (Conformité Européenne), enabling the company to tap the European market. The G7 offers upgraded features and improvements from the previous version, G6. In comparison, the G7 is 60% smaller in size and has a more circular shape, enabling the device to be affixed to the upper arm, the abdomen, or the upper buttocks for children aged between 2 to 17. Another instrumental feature is that the G7 has a shorter warm-up time of only 30 minutes for a 10-day lifespan, compared to the two-hour warm-up time for the G6. The G7 also provides more accurate glucose monitoring than the G6, with a MARD of 8.2%, compared to the G6's MARD of 9% and Abbott's Freestyle Libre 2's MARD of 9.3%. MARD – or mean absolute relative difference – refers to a percentage describing how far a user can expect the sensor reading to deviate from the actual blood glucose level. In other words, the lower the percentage, the more accurate the sensor is. Nevertheless, the company received some queries from the FDA on the G7's software update after its official data review submission in early 2022. In early August 2022, the company unveiled its intention to resubmit the software for G7, which will defer the U.S. launch date of the product until later in 2022.

On March 16, 2022, Abbott's Freestyle Libre 3 got the nod to be available for use in the U.K. Abbott claimed its Freestyle Libre 3 sensor to be the world's smallest, thinnest sensor (about the size of two stacked U.S. pennies) and can be worn on the upper arm for up to 14 days. The Freestyle Libre 3 system provides accurate real-time glucose readings by integrating its sensor with users' smartphones, and it has a MARD of 9.2%. The company has also been promoting its Libre system as a more affordable option than CGMs offered by its rival, Dexcom. The Freestyle Libre 3 obtained FDA approval on May 31, 2022.

2. STRUCTURAL HEART DISEASE

Overview

Heart disease is the leading cause of death globally, with structural heart issues affecting many older people. According to the United Nations (UN), the share of global population age 65 and above is expected to rise from 10% in 2022 to 16% in 2025. In the UN's words, "population aging is poised to become one of the most significant social transformations of the 21st century, with implications for nearly all sectors of society." We see it as a favorable implication for certain MedTech firms, such as Edward

Lifesciences (EW). As significant populations of people live into their golden years, we expect to see substantial demand for devices that treat structural heart issues.

Emerging Heart Valve Technology Poised for Robust Growth

Transcatheter Mitral Valve (TMV) replacement, an emerging technology, is expected by device manufacturers to be a multi-billion-dollar market in several years. TMV replacement is a minimally invasive medical procedure that replaces the function of the heart's mitral valve. Patients most appropriate for this procedure are those threatened by significant (moderate-to-severe) mitral regurgitation (MR).

A parallel for the TMV replacement market is the transcatheter aortic valve replacement (TAVR) market. Since the first TAVR was approved by the FDA in 2011, the TAVR market has expanded to a value of \$5.8 billion in 2021 and is expected to reach \$11.8 billion by 2027. TAVR has been revolutionary because many otherwise inoperable patients could undergo TAVR due to the procedure's minimally invasive nature, unlike surgical replacement.

TMV replacement promises similar potential to, if not greater potential than, TAVR. A few research studies have shown significant MR to be a more prevalent disease than aortic stenosis (the disease that TAVR addresses). Based on company disclosures, medical device companies could obtain the first FDA approval within a few years for a TMV replacement therapy, presenting a multi-billion market opportunity.

TMV repair, first FDA approved in 2013, had positive data in September 2018 that is encouraging for the future of TMV replacement. Data from the COAPT (Cardiovascular Outcomes Assessment of the MitraClip Percutaneous Therapy for Heart Failure Patients with Functional Mitral Regurgitation) study demonstrated that TMV repair reduced heart failure hospitalizations within 24 months by 47% relative to medical therapy only treatments. These results bolstered investor and device manufacturers' confidence in the viability of TMV replacement therapies, which many companies are working on developing.

Based on the Framingham Heart Study, the "Burden of valvular heart diseases" study, and U.S. Census Bureau data, CFRA estimates the prevalence of significant MR in the U.S. to be roughly 1.7%, or 5.6 million Americans. We expect the TMVR market to reach \$4 billion in 2025, driven by growing awareness, positive clinical evidence, and the commercialization of numerous approaches toward addressing significant MR.

We expect the market for TMVR therapies to reach \$11.8 billion by 2027. Given the successes of minimally invasive surgery in the form of TAVR, and the historical difficulties of addressing MR, we think TMV replacement has rapid growth potential. MR has historically been an undertreated disease because of high surgical morbidity as well as high rates of recurring MR. A minimally invasive approach like that used in transcatheter procedures would likely substantially reduce morbidity risk for patients.

3. ROBOTIC SURGERY

Robotic surgery promises to significantly reduce the chance of human error in the operating room and increase the efficiency with which procedures are performed. In the future, we expect that tired, overworked surgeons and unsteady hands will no longer be concerns.

In the field of general surgery robotics, Intuitive Surgical has been the dominant player in the market for many years. Intuitive Surgical currently focuses on five surgical specialties: general surgery, urologic surgery, gynecologic surgery, cardiothoracic surgery, and head and neck surgery. However, in recent years, numerous companies have introduced products or made explicit their intention to enter the field of robotic surgery, such as Verb Surgical (partially owned by Johnson & Johnson), Medtronic, and TransEnterix. Surgical robotic systems for orthopedic procedures have also experienced tremendous interest as evidenced by the strong recent sales of offerings, such as Stryker's Mako system, Medtronic's

Mazor systems, and Zimmer Biomet's Rosa system. Over the next several years, we expect competition and innovation in surgical robotics to continue intensifying, with potential competition from Asensus Surgical, avateramedical GmbH, Johnson & Johnson, Medcaroid, and others. As of 2022, we believe that the vast majority of surgical procedures in the world (>90%) are done without the aid of surgical robotic systems, meaning that the market for surgical robotic systems has a lot of room for growth.

Operating Environment

The medical devices business is heavily regulated (but not as heavily as the drug business) and highly dependent on technological innovation. Companies must navigate the varying regulations and demands of different regions while also defending their intellectual property.

Protective Patents

Makers of innovative medical devices can protect their products through U.S. and foreign patents. Patent protection can cover novel technologies, as well as incremental improvements to existing products and even manufacturing processes.

Patent specifications are generally less precise for medical devices than for pharmaceuticals, which leads to much litigation throughout the industry. Many medical technology firms are involved in some type of patent infringement action with competitors; therefore, to resolve challenges and get their products on the market, companies often cross-license the rights to each other's patents.

Medical equipment and supplies companies are typically less reliant on patents than drug makers because medical device patents are often easy to circumvent, and medical device products often have shorter life cycles. Manufacturers often develop new technologies that render existing ones obsolete before patents expire on the existing technologies. For example, pacemakers and angioplasty catheters were revolutionary technologies that had 17-year long patents; however, technological advancements quickly rendered those products obsolete. As a result, the patents were of little value in preventing new competition. The rapid evolution of medical technology often creates many opportunities for patent disputes.

Overseas patent protections vary by country. Some nations do little to enforce patents; as a result, their domestic markets are flooded with copycat products, which discourage innovation. These nations tend to have few domestic companies that invest heavily in R&D, and foreign companies are unwilling to supply state-of-the-art patent-protected products. Intellectual property protection (IPP) is a key element of U.S. and international trade negotiations.

Product Liability: A Potential Concern

In the U.S., medical device companies often face product liability risks for injuries allegedly resulting from the use of their products. Device makers that market in the U.S. can be sued for injuries, even if the FDA has approved the product for safety and efficacy. Although most companies protect themselves with product liability insurance, their coverage does not typically absorb the entire risk for their most widely used products. Thus, many firms must assume some risks themselves.

In a well-publicized case, Johnson & Johnson recalled its ASR Hip Implant (made by subsidiary DePuy Orthopaedics) in 2010. A study indicated that the five-year failure rate of the hip implant was approximately 13%. Even when the defective devices were replaced, hazardous fragments could be left behind in patients' bodies. On March 7, 2016, Johnson & Johnson was forced to pay \$360 million in punitive damages to five plaintiffs in the U.S. In May 2019, the Delhi High Court in India directed Johnson & Johnson to pay approximately \$34,000 each to 67 patients involved in an ASR hip implants case.

Heightened Threat of Cyberattacks

The MedTech business is seeing growth across global markets, aided by emerging technologies, such as the Internet of Things (IoT), Artificial Intelligence (AI), and 5G technology. These recent innovations offer increased benefits to patients; however, they also present a potential hazard for medical device makers in the realm of cybersecurity.

On September 15, 2022, the FBI's Internet Crime Complaint Center (IC3) announced some safety alerts regarding medical devices, including the vulnerabilities of a number of older legacy devices built with minimal cyber protections. Although device hardware can be used for as long as 10 or even 30 years, IC3 reminded users that the underlying software life cycles are identified by manufacturers and can range from a few months to the full life expectancy of a device, which provides hackers time to exploit vulnerabilities. One of the reasons legacy medical devices are at risk of cyber-attacks is that they contain outdated software that does not receive manufacturer support for patches or updates.

The FBI suggested medical device makers take some precautionary measures to prevent cyberattacks. Some of the measures comprise developing an "electronic inventory management system" for medical devices and related software that consists of vendor-developed software components, operating systems, versions, and model numbers. Some other recommended measures include using endpoint protection such as anti-virus software and data encryption, updating default passwords, managing assets making up the device, and conducting employee training to detect cyber risks.

Growing Interest in Developing Markets

While the U.S. has the largest and most profitable medical device market in the world, there are significant growth opportunities in emerging markets like China, India, Latin America, and the Middle East. These geographies have an expanding middle class, rising GDP, and ever-increasing health care investments.

Given the growing wealth in Asia, it is not surprising that this region is driving the growth of MedTech sales. The Asia-Pacific MedTech industry is anticipated to achieve a value of \$157 billion at a CAGR of 8.8% in 2022, according to APACMed estimates. The medical device market in this region is projected to grow at a CAGR of 7.9% to \$168 billion by 2023.

China

According to the International Trade Administration, China's medical device market is expected to increase over 2020-2025 by a CAGR of 6.2% (latest available), reaching \$38.4 billion in 2025. The increasing size of the medical device market in China can be partly attributed to the Chinese government's health care reforms, with companies anticipating easier access to the Chinese health care market. According to the Chinese Ministry of Health and the National Bureau of Statistics of China, China's health care expenditures increased to 7.1% of the country's GDP in 2020 (latest available) from 6.4% in 2017. For comparison purposes, health care expenditure as a percent of GDP in 2020 (latest available) for the U.S. was 19.7%, while the global spending on health was about 9.8% of GDP in 2019 (latest available).

China's aging demographics and recent wealth are attractive to foreign businesses. Additional factors that could entice foreign companies to do business in the country include a growing awareness of medical conditions, increasing availability of treatment options, and higher incomes, according to health care research firm Global Data. In 2021, China's population was at 1.41 billion and it is expected to shrink to 1.40 billion by 2050, according to Visual Capitalist. According to *The British Medical Journal*, China achieved near-universal health coverage (UHC) in 2020 but needs another decade to fully achieve UHC through its "Healthy China 2030" program. As part of the program, the Chinese government has laid out multiple initiatives to incentivize the improvement and growth of health care in the country, which will directly impact the MedTech market. The initiative aims to spur health care growth in China by providing

full support to local manufacturers. This could hurt foreign manufacturers. Consequently, MedTech companies will need to consider local investments and partnerships with local players to penetrate the market.

India

India is on its way to becoming a key medical device market. The country's medical device market was worth \$11.9 billion in 2021, and it is estimated to grow to \$50 billion by 2025 (35.4% CAGR), according to India Brand Equity Foundation. The country's private health care sector is expanding rapidly to meet the needs of its growing middle class, which has experienced rising disposable incomes and medical expectations. While India is certainly well-positioned to see a boom in its MedTech market, we believe that a \$50 billion market by 2025 is overly optimistic.

Demand for high-tech medical devices, such as cancer diagnostics, medical imaging, ultrasonic scanning, plastic surgery equipment, and polymerase chain reaction technologies, is met primarily by imports, which constitute about 12 billion of the Indian medical device market in 2021, according to the International Trade Administration. However, the market is becoming increasingly competitive due to low barriers to entry, the increasing presence of multinational corporations, and an expanding consumer base.

Domestic production consists primarily of low-technology products, such as surgical textiles and other medical supplies. The exports consist mainly of dental instruments, surgical items, and other laboratory equipment. Despite strong growth rates, the market is relatively small, given the very low per-capita spending and the lack of health insurance and health care facilities, especially in rural areas, according to a report by the National Institute of Pharmaceutical Education and Research.

M&A Environment

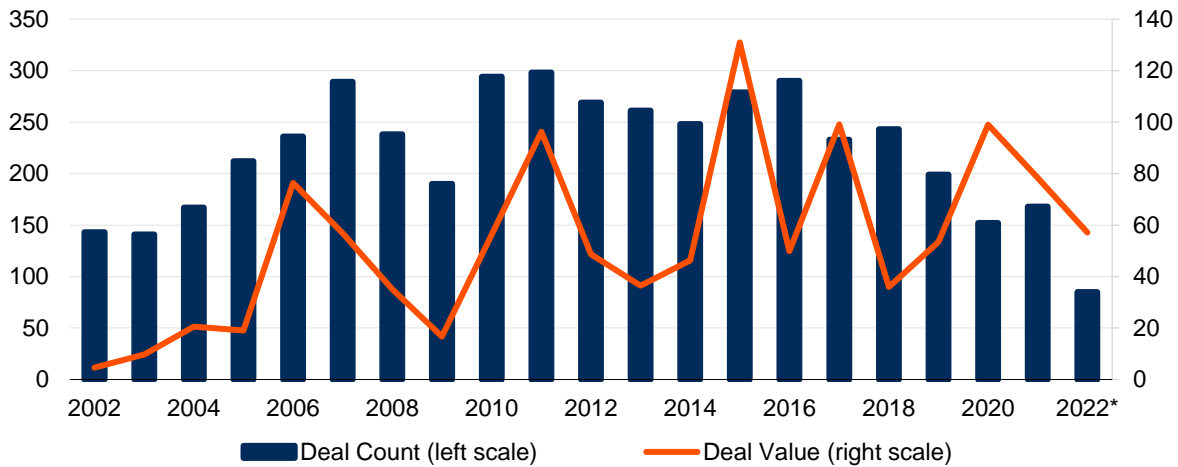
Innovative, disruptive new technologies are often discovered and developed by small companies. Because of this, large, well-established medical device companies often look to invest in or acquire small firms to bolster their product pipelines. The relationship is usually mutually beneficial because small firms benefit from the know-how, infrastructure, and vast resources of a large firm. Large firms, on the other hand, get to partake in the commercialization of often innovative new technologies. As a result, larger companies are often the chief suppliers (either directly or indirectly) of most breakthrough medical devices. Large deals are driven by several factors, in CFRA's view, such as the growing need to keep up with costly innovative technologies or a need to maintain sufficient leverage in negotiations with large-scale customers, who have become increasingly common over the past decade because of industry consolidation.

According to data provider Evaluate, the total deal value transacted as of September 2022 for medical device companies stood at \$57.1 billion, with a deal count of 85. Some of the largest MedTech deals closed in 2022 so far include Oracle's acquisition of Cerner for \$28.3 billion and Archimed's acquisition of Natus Medical for \$1.2 billion. Some of the deals concluded in 2021 consisted of Baxter's acquisition of Hillrom for \$15 billion and Siemens Healthineers' acquisition of Varian Medical Systems for \$16.4 billion. 2022 M&A activity has been strong so far, with 111 deals concluded at a total of \$4.7 billion as of September 2022.

M&A DEAL COUNT & TOTAL DEAL VALUE

(number of deals)

(\$, in billions)



*Data through September 30, 2022.

Source: Evaluate.

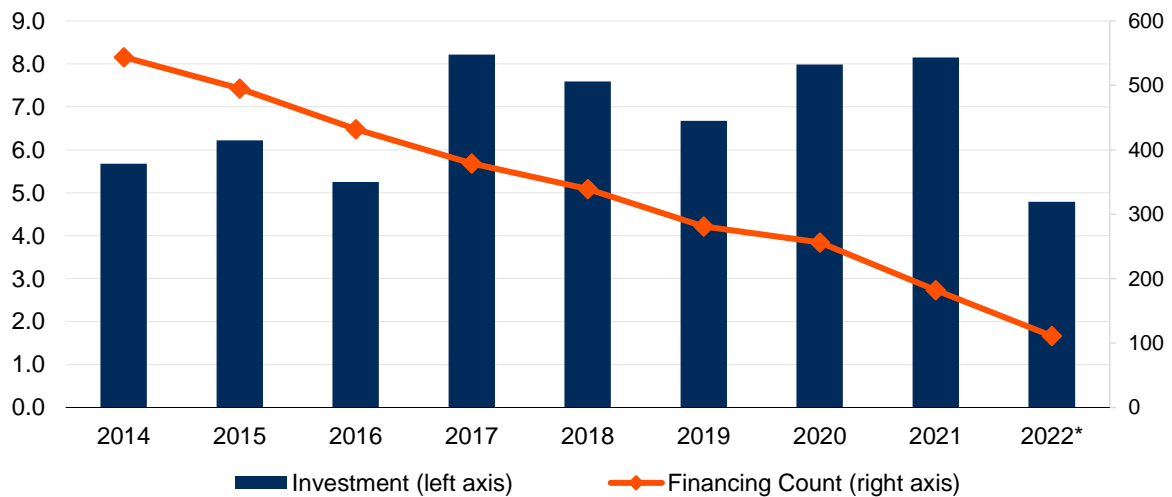
Venture Capital Financing is Crucial for Smaller MedTech Companies

Venture Capital (VC) financing is crucial to the medical device market because it is how budding technologies and innovations get off the ground. Transformative technologies are often eventually acquired by mature MedTech firms and then nurtured to become the next standard of care. Over the past three calendar years, the average annual VC financing totaled \$7.6 billion, with an average deal count of 240. In 2021, VC financing remained resilient, reaching \$8.1 billion across 182 deals. Recently, much of VC financing has gone to diagnostics companies since diagnostics are relatively easy-to-scale and it is one of the fastest-growing therapeutic areas. In fact, seven of the top 10 financing rounds in 2021 were for diagnostics companies. As of September 2022, year-to-date VC MedTech financing was \$4.8 billion across 111 deals.

VENTURE CAPITAL INVESTMENT & FINANCING COUNT

(\$, in billions)

(financing count)



*Data through September 30, 2022.

Source: Evaluate.

VC deals have been following a similar pattern as M&A activities, with the total deal count diminishing while the average deal size has been getting larger over recent years. Bigger investments are seen to be safer for VC firms because the higher funding provides burgeoning firms with a better opportunity to execute their strategies. However, investors are probably wary after the 2018 high-profile downfall of Theranos, a once-promising diagnostics company that lied about its core capabilities. If funding becomes constrained for young medical device companies, the future pace of growth in the medical device market could decelerate.

HOW THE INDUSTRY OPERATES

The Health Care Equipment & Supplies industry is exceptionally diversified – it is comprised of businesses in many different therapeutic areas, supplying hundreds of thousands of products. The Federal Food, Drug, and Cosmetic Act of 1938 defines a medical device as “an instrument, apparatus, implement, machine, contrivance, implant, in vitro reagent or other similar article that is intended for use in the diagnosis of disease or other conditions, or in the cure, mitigation, treatment, or prevention of disease.”

Medical products can be divided into two categories: conventional devices, which have little technological differentiation and a wide variety of uses (e.g., a syringe); and high-technology products, which depend on cutting-edge science to address highly specific therapeutic and diagnostic applications (e.g., continuous glucose monitor).

Items in the first category, conventional devices, are sold based on price to professional buyers representing institutions. Their margins tend to be narrow, and manufacturers depend on high sales volumes for profits. Intravenous products, anesthesia items, surgical apparel, traditional wound dressings, kits, trays, and a wide range of other products fall into this first category.

The second category consists of more technologically advanced products that can command premium pricing if they demonstrate clinical utility, and they face limited competition. Manufacturers profit from the attractive margins of these products, at least until competitors catch up – an inevitable evolution, given the weakness of patents in the medical device field. Implantable cardiovascular and orthopedic devices, advanced wound care management, and some surgical instruments fall into this second category, as do a few in vitro diagnostic (IVD) tests.

Major therapeutic areas in the Health Care Equipment & Supplies industry include cardiovascular, orthopedics, diagnostics, and surgical instruments. Large corporations with global scale – such as Medtronic Inc., Johnson & Johnson, and Becton, Dickinson & Co. – dominate these fields, offering comprehensive lines of both conventional hospital supplies and high-tech products. However, small and mid-sized companies can find opportunities in niche markets, particularly those that could benefit from innovation. Medical device manufacturers share common end markets, such as hospitals, physicians, and other health care providers, and are subject to third-party reimbursement.

Nearly all the world’s leading medical product manufacturers are based in the U.S. – only a handful of foreign companies have a major influence on the industry. Among the largest are Smith & Nephew plc (headquartered in London), and the diversified conglomerates Royal Philips Electronics NV (Amsterdam) and Siemens Healthineers AG (spun-off from Siemens AG and based in Munich).

In the medical products business, decision making for the purchasing process is often complex and varied. The people making buying decisions may or may not be the end-users or the payers. Hospitals, physician offices, clinics, clinical laboratories, nursing homes, and standalone imaging centers may have dedicated administrators who select suppliers for most items. The users of the products selected are physicians, nurses, or patients. The payers may often be the health care provider, an insurance company, or both.

Regulation: The FDA’s Role

Manufacturers must obtain U.S. FDA approval of their products before selling them in the U.S. or exporting them abroad. The FDA does not regulate devices that are both made and sold abroad by U.S. companies. The agency requires medical device manufacturers to provide extensive documentation of their products’ safety and effectiveness before granting approval. The FDA has the authority to encourage and even force manufacturers to recall products, restrict approvals of new products, suspend the sales of

items that are deemed harmful, and levy fines and penalties on companies that violate FDA regulations within U.S. borders.

The Road to FDA Approval

Medical devices – most of which, in contrast to pharmaceuticals, do not have systemic biological interaction with the body – generally are not required to undergo as stringent a review process as pharmaceuticals before commercialization. There are three risk classes for medical devices, which are shown below. A device's risk rating is typically key in determining which approval process a device should follow.

Device Classifications Determine the Process

Low Risk (Class I)	Moderate Risk (Class II)	High Risk (Class III)
<ul style="list-style-type: none"> Devices that present minimal potential harm to users, e.g., elastic bandages and toothbrushes 35% of device types are Class I and 93% are exempt from premarket review Most of these devices do not require clinical evidence for safety and efficacy 	<ul style="list-style-type: none"> Devices with moderate risk of harm, e.g., powered wheelchairs and needles 53% of device types are Class II, most of which require the 510(k) process Clinical evidence is often required, but at a level that is less stringent than for Class III devices 	<ul style="list-style-type: none"> Devices that sustain or support life are implanted, or that are high risk of injury or illness, e.g., pacemakers 9% of device types are Class III and require the PMA or HDE process Investigational device exemptions (IDE) are typically required for a device to be used in a clinical study to collect safety and efficacy data

Source: CFRA, FDA.

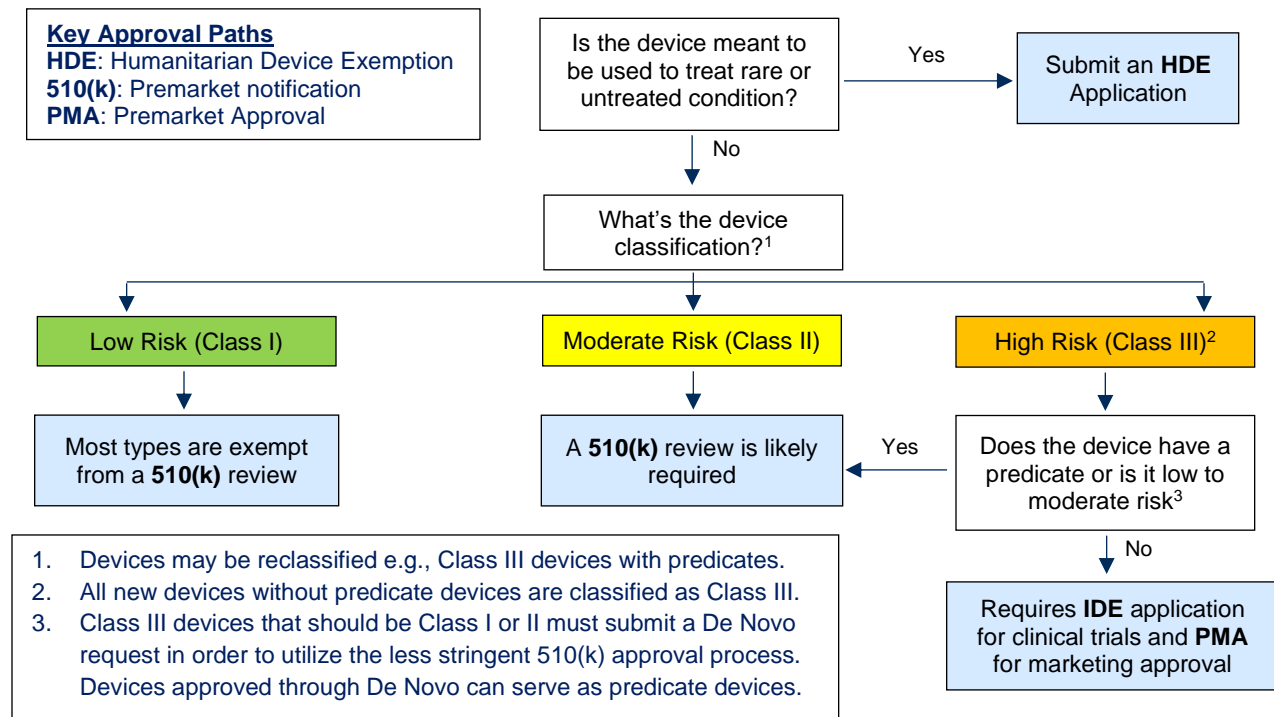
To be legally able to commercialize their products, manufacturers must submit their product through one of the FDA's key approval processes, which include the:

- **Premarket notification [510(k)]**, which is a process used for low- to moderate-risk devices and devices with a predicate (*i.e.*, a similar predecessor device).
- **De Novo** process, which enables novel devices of low to moderate risk without a predicate device to be classified as Class I or II. These devices may use the 510(k) process.
- **Premarket Approval (PMA)**, which is the FDA review required to evaluate the safety and effectiveness of high-risk devices.
- **Humanitarian Device Exemptions (HDE)**. This process allows a device to be marketed without evidence of effectiveness. It is meant for devices that aim to benefit patients with a rare disease or condition for which there are no alternative therapies.

In addition, companies developing complex devices often need an **investigational device exemption (IDE)**, which is an FDA approval for companies to test their devices in the clinical trials that come before a

PMA or 510(k). Below, we illustrate the typical decision process in determining which pathway a new device should follow.

Simplified Process Decision Chart



Source: CFRA, FDA.

Health Care Policy in the U.S.

Health care has long been a critical issue for American voters. There has been a fierce, ongoing debate between the Republican and Democratic parties over the best way to provide health care to the nation. Republican party members have been trying to reduce health care regulation by attempting to repeal the health care reform (i.e., the Affordable Care Act or ACA) passed in 2010, while Democratic party members have generally attempted to expand the government's role in health care regulation. In December 2018, a judge in Texas ruled the ACA to be unconstitutional. In early March 2020, the Supreme Court agreed to hear the challenge to the ACA, and in June 2021 reached a favorable decision that the ruling is reversed (i.e., the ACA will remain).

HOW TO ANALYZE A COMPANY IN THIS INDUSTRY

The commercial success of a new medical device does not come easily. A health care equipment & supplies manufacturer must invest heavily in R&D, obtain product approval from the U.S. FDA and foreign regulators, get clearance for reimbursement by Medicare and private managed care payers, and achieve acceptance and awareness of the product in key hospital and physician markets. Leading companies also need global marketing capabilities and must compete effectively with foreign device manufacturers.

Researching the Business

In analyzing a health care equipment & supplies company, here are some important questions to consider:

What are the company's principal products? Most large-cap companies in this industry offer both commodity medical products and proprietary items (i.e., MedTech). Proprietary items, especially high-tech devices, have high margins when they are introduced, considering that competition is relatively thin or, in some instances, nonexistent. Analysts and investors often focus heavily on key growth driving products for companies.

Margins are typically lower on commodity-like products that have been in the market for a long time – although cash flow from these products often supports R&D efforts. Investors and analysts generally do not assign as much value to this important revenue stream as they should because cash flow from these product lines, while important to the aims of the organization, is not seen as a growth area. However, these revenue streams tend to have a high level of consistency and help to fund working capital requirements.

What are the growth dynamics of core business lines? For companies participating in the Health Care Equipment & Supplies industry, sales growth is influenced by several factors, including pricing, foreign currency fluctuations, the establishment of insurance reimbursement, and marketing prowess. Since some products in this industry have relatively short life cycles and may be subject to volatile market share swings, be sure to consider whether a company can sustain growth in certain product areas, such as a company's core competencies, and whether a company is likely to achieve attractive returns on new areas of investment.

How does the company rank within its principal markets? Size and scale are generally beneficial for manufacturers of medical devices and supplies. Large firms usually have the financial resources to support the R&D expenditures, even in tough times, needed to move experimental devices through the discovery, testing, and regulatory filing stages. These companies also have the funds to maintain the large sales forces needed to market products in key domestic and foreign areas. New markets can often be expensive and difficult to navigate because of differing regulations and processes.

Large manufacturers have also become an increasingly attractive investment in recent years because of the consolidation activity among hospitals and other health care firms. Customers (e.g., hospitals) have gained increased bargaining power through consolidation and often want fewer suppliers so as to reduce costs, making large equipment and supplies manufacturers attractive because they can provide a full range of products, often on a volume-discounted basis.

However, small innovative companies should not be written off since large firms often make tuck-in acquisitions to gain access to fast-growing products.

How efficient is manufacturing? Being the low-cost producer in a competitive segment of the Health Care Equipment & Supplies industry often makes the difference between success and failure. This is especially true as governments, globally, are constantly seeking to rein in health care costs by limiting reimbursement, and in some countries, by controlling the price of medical products. Many Western medical products companies outsource manufacturing to countries with low production costs, mostly in Latin America and East Asia. Tax credits provide an incentive to manufacture in regions – such as Ireland and Puerto Rico – that were previously ignored by major foreign manufacturers. We look at the gross margins of target companies and their peers to get a sense of how MedTech firms compare to each other.

Are R&D efforts productive? Generally, larger and better-funded firms have a clear advantage in developing new medical technologies. They can typically afford to hire top scientists and conduct more costly clinical trials necessary to obtain regulatory approval of their products. Most leading innovation-oriented medical device makers spend between 5% and 15% of their sales dollars on R&D programs. However, their success in creating lucrative new medical products differs markedly. In a market dominated by managed care and the U.S. government (via Medicare), a key determinant of success is a manufacturer's ability to develop new devices that are both a therapeutic breakthrough and cost effective. New products that produce similar results to existing therapies are less likely to achieve commercial success.

To what extent has the firm diversified abroad? The U.S. remains the largest, and hence most important, market to U.S.-based health care equipment & supplies companies, as well as for many foreign-based firms. Foreign markets, especially in developing nations, are rapidly growing and driving growth for many medical devices and supplies companies. Having exposure to foreign markets is increasingly important, especially key foreign markets for medical technology, such as Germany and Japan. China is also an important market, given the size of the market and recent rapid rise in middle-class Chinese citizens. Companies that have significant foreign sales exposure can often be materially impacted by foreign exchange fluctuations, especially if they are not effectively hedged. Although such fluctuations are generally transitory in nature, these fluctuations must be considered in near-term revenue and earnings projections.

How effective is the company in working with regulatory bodies and third-party payors? All medical devices sold in the U.S. must first be cleared by the FDA. Therefore, firms must be able to work with the agency and understand its criteria. Here again, size and experience can help. While most large, well-established medical products manufacturers are adept at working with the FDA, smaller and newer firms are less proficient and often encounter major snags in seeking approval for their products.

To be commercially successful, medical device companies must also navigate a complex third-party payor landscape, which includes government payors and commercial payors (i.e., health insurers), in order to obtain reimbursement for their products and services. MedTech firms must stay in front of commercial payors if they want to quickly gain reimbursement coverage for their devices since commercial payors are often flooded with applications and make decisions on a cycle. Government reimbursement also requires handling, but the process is much more standardized and transparent.

Does management make effective, strategic acquisitions? Many companies seek to grow through acquisitions as part of a broader effort to fill out product lines and position themselves as suppliers with a broad range of products for hospital-supply buying collectives and other large purchasers of medical products. Companies often utilize M&As to sustain and grow revenues and margins. To evaluate management's ability to make value-creating acquisitions, we often consider the prices that management pay, the synergies gained, and how well management's historic acquisitions have performed.

Have alliances been fruitful? Analysis of a major producer's strategic alliances with smaller start-ups and development-stage device makers also can provide clues to future growth prospects. Leading

medical device firms, such as Johnson & Johnson, Medtronic, and Boston Scientific Corp., have benefited from acquisitions and alliances with development-stage companies. Smaller firms are typically eager to align themselves with big producers, as larger firms can provide them with needed funds to finance clinical trials and the commercialization of products. Many companies also maintain relationships with scientists at leading medical colleges or other organizations, such as the federal government's National Institutes of Health (NIH). These connections can be helpful in developing new products.

Analyzing Financial Statements

When comparing the financial statements of health care equipment & supplies companies, some key financial figures and ratios to examine are sales, operating margins, pretax and net returns, return on equity (ROE) and return on assets (ROA), and cash flow. The balance sheet also provides some useful measures.

What are sales trends? Was growth generated through volume, pricing, acquisitions, or through some combination of the three? To what extent are foreign currency translations built into forward revenue expectations? Companies are more valuable when they have sustainable long-term growth sources.



Watch Out! Recognition of unbilled receivables is necessary for accounting for long-term contracts because timing of billings does not always coincide with timing of costs incurred on the contract. However, the amount of revenue recognized is based on estimates and there is no affirmation from customers that legitimate costs have been incurred because a bill has not yet been sent. As a result, recording revenues and booking an unbilled receivable can be used to manipulate revenues by either recording the revenues too early or by recording bogus revenues.

How healthy are operating margins? Health care equipment & supplies companies typically have high operating margins relative to other industries, reflecting their value-added products and the industry's generally high barriers to entry. A company's operating margin is typically measured as earnings before interest, taxes, and nonrecurring expenses, expressed as a percentage of sales. Operating margins can vary significantly based on therapeutic area, manufacturing efficiency, and complexity of the product.

The industry's high margins also reflect relatively low raw material and selling, general, and administrative (SG&A) costs. R&D costs are often quite high, and substantial expenses are incurred to develop new products. Once those costs are covered, the bulk of revenues flow to the bottom line. A company's SG&A and R&D expenses should be compared with industry averages and the company's historic levels. Margins of established firms should at least match industry norms. Companies in the development stage are likely to have lower-than-average operating margins because they typically spend a higher proportion of their funds on R&D, production, and marketing infrastructures.



Watch Out! Companies can boost earnings by capitalizing R&D costs that should be expensed. R&D costs should be expensed as incurred until the related product has reached commercial feasibility which in this industry normally occurs when a product is approved by the FDA. A material increase in capitalized R&D costs not explained by the timing of FDA approval may indicate over capitalization of R&D, which could pressure future earnings growth.



Watch Out! Management of medical supply companies must make a variety of estimates in calculating provisions for discounts, rebates, returns and any other appropriate allowances at the time of sale. Since revenues are presented net of these provisions, they have a direct impact on reported sales. Because these provisions are based on management's estimates, we caution that in robust periods management may provision very high levels and in leaner times may use these excess reserves to boost sales and income by either recording a lower provision or reversing a portion of the reserve into revenues.

What are pretax and net returns? Medical products companies have higher pretax and net income returns than most industries. One of the main reasons for this is because these companies typically have already invested significant amounts of money for many years prior to the commercialization of their products. Other reasons for higher returns include successful product innovation, favorable product pricing, and high R&D productivity.



Watch Out! Companies in the health care supply industry are fixed asset intensive, making depreciation a significant expense for most of these companies. Since depreciation is based on estimates of asset lives, management can manipulate these estimates to manage earnings. Specifically, extending the depreciable life of an asset will boost a company's earnings while shortening depreciable lives will decrease earnings.

What are the company's ROE, ROA, retention rate, and reinvestment rate? ROE, or net earnings as a percentage of average stockholders' equity, is a key measure of managerial effectiveness in the Health Care Equipment & Supplies industry. Generally, the more sophisticated and value-added a company's product mix is, the higher its ROE.

For companies with a more commodity-oriented sales mix, ROE can often fall into the high single-digit area. Sometimes, ROE ratios can be misleading, as in the case of a firm that had its equity depleted by a sustained period of losses. Thus, analysts also look at a company's ROA, a ratio that measures earnings against total assets, which do not fluctuate in value as much as stockholders' equity does.

Another important financial measure is the retention rate (net earnings minus dividends, divided by net earnings), which reveals the percentage of earnings available for reinvestment in the business. Companies that finance growth through reinvested earnings tend to be among the most profitable. Most medical device companies do not pay dividends. The reinvestment rate (ROE times the retention rate) is another tool for evaluating a company's growth potential.

How healthy is the cash flow? Analysts often look to free cash flow (FCF) as a measure of the company's operational strength because FCF focuses on what many analysts consider to be the most important aspect of a business: its ability to generate cash. FCF reveals how much cash is available after deducting operating costs and capital expenditures from revenues. FCF is excess cash that a company can allocate in many ways, such as share buybacks, dividend increases, acquisitions, debt paydowns, and increased business investment. Analysts typically seek to project FCF into the future and discount all future cash flows to determine the current value of a company.



Watch Out! Medical supply companies sometimes provide equipment to their customers that requires certain disposable products also made by the same supplier. In certain instances, the equipment is provided free of charge to the customer and 'ownership' is maintained by the supplier. Many companies do not record any revenue or cost of goods sold at the time the equipment is supplied. Rather, the cost of the equipment is recorded as a capital expenditure and depreciated over the estimated useful life of the equipment.



Watch Out! Some companies engage in supplier financing arrangements (aka reverse factoring). This effectively lengthens the supplier payment terms and thus improves working capital. However, operating cash flows can be overstated if the cash payment to the financial institution is presented as financing outflows rather than operating cash flows, which would be the case if the company pays the supplier directly. Furthermore, companies may not reclassify accounts payable under reverse factoring programs into financial liabilities, which may understate leverage ratios.

Looking at the balance sheet. An analysis of current assets and liabilities can provide an indication of a firm's short-term financial health. This is usually less of a concern for an established firm than for a

smaller start-up. For example, if the start-up's experimental product takes longer than expected to develop, the firm might run low on cash and need external financing to continue operating. An often-used tool in testing liquidity is the current ratio, which is calculated by dividing current assets by current liabilities. When this ratio is less than 1.0, it can suggest that a company is at higher risk of having short-term liquidity issues.

Analysts also often consider how manageable a company's debt burden is. If a company has a significant amount of debt, it may have to pay so much in interest that it cannot fully fund R&D activities. Net debt relative to total capital is a typical way of measuring debt. Analysts and lenders also often consider net debt (or just debt) relative to trailing-12-month EBITDA (earnings before interest, taxes, depreciation, and amortization). A ratio of over 4.0x is usually cause for concern. An elevated level of debt also means that a company has less flexibility to engage in M&A activity if enticing opportunities arise.

Given the rapidity with which many high-tech medical devices and diagnostic instruments become obsolete, it is also important to check inventory levels. When inventory levels rise at a faster pace than sales, it may signal that a company is building inventory for future sales. Alternatively, it may indicate that older products remain in warehouses, unsold. The inventory turnover ratio (cost of goods sold divided by average inventory) measures the speed at which inventories are sold.



Watch Out! Inventory represents one of the most substantial assets on the balance sheets of Health Care Equipment and Supply companies and can be a leading indicator of financial condition. A company's choices with respect to inventory accounting can have a significant impact on a company's results.

Equity Valuation

The process of assigning values to the stocks of health care equipment & supplies companies is similar to that applied to stocks in other industries. Many analysts utilize comparative price-to-forward-earnings (P/E) ratios. Investors may compare P/E ratios for a company relative to peers or to a broader group, such as the S&P Composite 1500 Health Care Equipment Index or even the S&P 500. Analysts may also consider how the difference between P/E ratios change over time. Another comparative technique involves using the ratio of enterprise value (market capitalization, or the number of shares times the share price, plus debt, minority interest, and preferred shares, minus total cash and cash equivalents) to the company's EBITDA. The difficulty in making valuation comparisons of health care equipment & supplies companies is that most of them have idiosyncratic growth drivers. Health care equipment & supplies companies specialize in different therapeutic areas and devices of varying complexity.

As a result, analysts often use a valuation method called the Discounted Cash Flow (DCF) model, which determines a stock price by calculating the net present value of all future cash flows. This method typically produces a value that is more tied to a specific company's financials, but it requires more effort and inputs.

GLOSSARY

Angioplasty—A surgical procedure that employs a balloon catheter threaded into a constricted blood vessel to widen it and improve blood flow.

Cardiac pacemaker—A device that supplies electrical impulses to the heart to keep it beating at a regular rate. It consists of a small electronic device and a power source connected to the heart by electrical wire.

Clinical trials—Studies that must be performed before a new medical device or drug can be approved by the U.S. Food and Drug Administration (FDA). The new product is administered to humans in a controlled setting to determine its safety and efficacy.

Continuous Glucose Monitoring (CGM)—A method to track glucose levels throughout the day and night. CGM systems take glucose measurements at regular intervals, 24 hours a day, and translate the readings into dynamic data, generating glucose direction and rate of change reports.

Extracorporeal membrane oxygenation—An extracorporeal technique of providing prolonged cardiac and respiratory support to persons whose heart and lungs are unable to provide an adequate amount of gas exchange or perfusion to sustain life.

Investigational Device Exemption (IDE)—An exemption that grants manufacturers the permission to use their devices in clinical trials that will support a PMA filing.

In vitro diagnostics (IVD)—Tests performed on samples taken from the body (blood, urine, tissue, saliva, or other substances) to identify abnormalities that indicate disease. (In vitro translates literally as “in glass”.)

Medicaid—A joint U.S. federal/state program that pays for medical treatment for low-income patients, as well as nursing home services for the indigent elderly. Overseen by the Centers for Medicare & Medicaid Services (CMS).

Medicare—A federally funded U.S. national health insurance program for persons aged 65 and older, as well as for all disabled persons. Overseen by the CMS, Medicare is the single largest health insurer in the U.S.

Premarket approval (PMA)—The formal filing submitted to the FDA by device makers seeking approval to market an innovative (Class III) product—one that is not like anything already on the market. The document must contain clinical evidence of the device's safety and efficacy. After a PMA is submitted, the FDA scientific advisory panel evaluates the product through a public meeting and will recommend whether the product should be approved or not. Although the FDA is not bound to follow the panel's recommendations, the recommendation tends to have considerable weight with the FDA. All told, the PMA process often takes 18 months to two years.

Premarket notification/510(k) filing—A submission made to the FDA by a manufacturer of a new product that is substantially equivalent to products already on the market. In a 510(k) filing, applicants must compare the safety and efficacy of their devices to similar products already on the market, and back their claims with evidence. The FDA has established criteria for the nature of the supportive data required, depending on the degree of risk associated with the device. The FDA reviews 510(k) submissions and gives marketing clearance (rather than formal approvals) to those that it accepts in a process that typically last three to six months.

Renal Replacement Therapy—A therapy that replaces the normal blood-filtering function of the kidneys. It is used when the kidneys are not working well, which is called kidney failure and includes acute kidney injury and chronic kidney disease.

Transcatheter Aortic Valve Replacement (TAVR, also known as TAVI)—This minimally invasive surgical procedure repairs the valve without removing the old, damaged valve. Rather, it wedges a collapsible replacement valve into the aortic valve's place through a catheter.

Transcatheter Mitral Valve (TMV)—This is a minimally invasive technique for treatment of selected patients with symptomatic chronic moderate-severe or severe mitral regurgitation.

INDUSTRY REFERENCES

PERIODICALS

APACMed

apacmed.org

An association that represents manufacturers and suppliers of medical equipment, devices and in-vitro diagnostics within the medical technology industry in Asia Pacific.

Global Data

globaldata.com

A data analytics company that provides unique data, expert analysis, and innovative solutions to companies in the world's largest industries.

The British Medical Journal

bmj.com

A weekly peer-reviewed medical trade journal, published by the trade union, the British Medical Association.

Visual Capitalist

visualcapitalist.com

One of the fastest growing online publishers globally, focused on topics including markets, technology, energy, and the global economy.

RESEARCH FIRMS

Evaluate Ltd.

evaluategroup.com

A provider of commercial intelligence such as product sales and consensus forecasts for commercial teams and their advisors within the global life science industry.

Fortune Business Insights

fortunebusinessinsights.com

A leading publisher that delivers market research reports and custom services for multiple industries.

TRADE ASSOCIATIONS

American Diabetes Association

diabetes.org

A nonprofit organization that seeks to educate the public about diabetes.

International Diabetes Federation

idf.org

An umbrella organization leading the global diabetes community in more than 160 countries and territories.

The Commonwealth Fund

commonwealthfund.org

A private U.S. foundation whose stated purpose is to promote a high performing health care system for the society.

GOVERNMENT AGENCIES

Centers for Medicare & Medicaid Services (CMS)

cms.gov

The CMS supervises the Medicare program, the federal portion of Medicaid, and several related programs; formerly called the Health Care Financing Administration (HCFA).

India Brand Equity Foundation (IBEF)

ibef.org

A trust established by India's Department of Commerce, Ministry of Commerce and Industry.

International Trade Administration

trade.gov

An agency in the U.S. Department of Commerce that promotes U.S. exports of nonagricultural, U.S. services and goods.

National Center for Health Statistics (NCHS)

cdc.gov/nchs

The federal government's principal agency that collects vital and health statistics; it is a division of the Centers for Disease Control and Prevention (which is under the umbrella of the Department of Health and Human Services, or HHS).

National Institutes of Health (NIH)

nih.gov

A government-funded medical research agency that undertakes basic and clinical research on medical conditions and funds external research at academic medical centers.

United Nations (UN)

un.org

An intergovernmental organization that aims to maintain international peace and security, achieve international cooperation, and be a center for harmonizing the actions of nations.

U.S. Food and Drug Administration's (FDA) Center for Devices and Radiological Health (CDRH)

fda.gov/aboutfda/centersoffices/officeofmedicalproductstobacco/cdrh

The FDA, a division of the Department of Health and Human Services (HHS), is the chief U.S. government agency in charge of supervising the food and pharmaceutical industries. Its CDRH unit regulates medical device manufacturers.

COMPARATIVE COMPANY ANALYSIS

		Operating Revenues																	
Ticker	Company	Yr. End	Million \$								CAGR(%)			Index Basis (2011=100)					
			2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016	
Healthcare Equipment																			
ABT	ABBOTT LABORATORIES	DEC	43,075.0	34,608.0	31,904.0	30,578.0	27,390.0	20,853.0	20,405.0	7.2	15.6	24.5	211	170	156	150	134	102	
ABMD	ABIOMED, INC.	# MAR	0.0	847.5	840.9	769.4	593.7	445.3	329.5	23.7	20.8	0.8	0	257	255	233	180	135	
ANGO	ANGIODYNAMICS, INC.	# MAY	0.0	291.0	264.2	270.6	261.7	269.8	351.5	3.0	(3.7)	10.2	0	83	75	77	74	77	
BAX	BAXTER INTERNATIONAL INC.	DEC	12,784.0	11,673.0	11,362.0	11,099.0	10,584.0	10,163.0	9,968.0	(0.8)	4.7	9.5	128	117	114	111	106	102	
BDX	BECTON, DICKINSON AND COMPANY	SEP	20,248.0	17,117.0	17,290.0	15,983.0	12,093.0	12,483.0	10,282.0	10.3	10.2	18.3	197	166	168	155	118	121	
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	11,888.0	9,913.0	10,735.0	9,823.0	9,048.0	8,386.0	7,477.0	4.5	7.2	19.9	159	133	144	131	121	112	
CMD	PROSHARES TRUST II - PROSHARES ULTF #	JAN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	259.0	236.5	248.0	217.0	204.9	176.9	178.8	12.6	7.9	9.5	145	132	139	121	115	99	
CNMD	CONMED CORPORATION	DEC	1,010.6	862.5	955.1	859.6	796.4	763.5	719.2	3.4	5.8	17.2	141	120	133	120	111	106	
CUTR	CUTERA, INC.	DEC	231.3	147.7	181.7	162.7	151.5	118.1	94.8	14.4	14.4	56.6	244	156	192	172	160	125	
DHR	DANAHER CORPORATION	DEC	29,453.0	22,284.0	17,911.0	17,049.0	15,518.8	16,882.4	14,433.7	6.2	11.8	32.2	204	154	124	118	108	117	
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	5,232.5	4,386.3	4,348.0	3,722.8	3,435.3	2,963.7	2,493.7	12.0	12.0	19.3	210	176	174	149	138	119	
GKOS	GLAUKOS CORPORATION	DEC	294.0	225.0	237.0	181.3	159.3	114.4	71.7	NA	20.8	30.7	410	314	331	253	222	160	
GMED	GLOBUS MEDICAL, INC.	DEC	958.1	789.0	785.4	713.0	636.0	564.0	536.7	11.2	11.2	21.4	179	147	146	133	119	105	
HKSA	HESKA CORPORATION	DEC	253.7	197.3	122.7	127.4	129.3	130.1	104.6	13.7	14.3	28.6	243	189	117	122	124	124	
HOLX	HOLOGIC, INC.	SEP	5,632.3	3,776.4	3,367.3	3,217.9	3,058.8	2,832.7	2,705.0	12.1	14.7	49.1	208	140	124	119	113	105	
IDXX	IDEXX LABORATORIES, INC.	DEC	3,215.4	2,706.7	2,406.9	2,213.2	1,969.1	1,775.4	1,601.9	10.2	12.6	18.8	201	169	150	138	123	111	
INGN	INOGEN, INC.	DEC	358.0	308.5	361.9	358.1	249.4	202.8	159.0	27.9	12.0	16.1	225	194	228	225	157	128	
ITGR	INTEGER HOLDINGS CORPORATION	DEC	1,221.1	1,073.4	1,258.1	1,215.0	1,136.1	1,075.5	1,075.5	7.9	2.6	13.8	114	100	117	113	106	100	
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	1,542.4	1,371.9	1,517.6	1,472.4	1,188.2	992.1	882.7	7.1	9.2	12.4	175	155	172	167	135	112	
ISRG	INTUITIVE SURGICAL, INC.	DEC	5,710.1	4,358.4	4,478.5	3,724.2	3,138.2	2,706.5	2,367.4	12.5	16.1	31.0	241	184	189	157	133	114	
IVC	INVACARE CORPORATION	DEC	872.5	850.7	928.0	972.3	966.5	1,047.5	1,142.3	(5.2)	(3.6)	2.6	76	74	81	85	85	92	
LMAT	LEMAITRE VASCULAR, INC.	DEC	154.4	129.4	117.2	105.6	100.9	89.2	77.6	10.3	11.6	19.4	199	167	151	136	130	115	
LIVN	LIVANOVA PLC	DEC	1,035.4	934.2	1,084.2	1,107.0	1,012.3	964.9	544.9	18.4	1.4	10.8	190	171	199	203	186	177	
MASI	MASIMO CORPORATION	# JAN	0.0	1,239.2	937.8	858.3	790.2	712.9	712.9	10.9	11.7	8.3	0	174	132	120	111	100	
MDT	MEDTRONIC PLC	# APR	0.0	30,117.0	28,913.0	30,557.0	29,953.0	29,710.0	28,833.0	6.9	0.9	4.2	0	104	100	106	104	103	
MLAB	MESA LABORATORIES, INC.	# MAR	0.0	133.9	117.7	103.1	96.2	93.7	84.7	14.6	9.6	13.8	0	158	139	122	114	111	
NTUS	NATUS MEDICAL INCORPORATED	DEC	473.4	415.7	495.2	530.9	501.0	381.9	375.9	7.4	4.4	13.9	126	111	132	141	133	102	
NUVA	NUVASIVE, INC.	DEC	1,139.0	1,050.6	1,168.1	1,101.7	1,026.7	962.1	811.1	7.7	3.4	8.4	140	130	144	136	127	119	
OFIX	ORTHOFIX MEDICAL INC.	DEC	464.5	406.6	460.0	453.0	433.8	409.8	396.5	0.6	2.5	14.2	117	103	116	114	109	103	
PEN	PENUMBRA, INC.	DEC	747.6	560.4	547.4	444.9	333.8	263.3	186.1	NA	23.2	33.4	402	301	294	239	179	141	
RMD	RESMED INC.	JUN	3,196.8	2,957.0	2,606.6	2,340.2	2,066.7	1,838.7	1,678.9	9.9	11.7	8.1	190	176	155	139	123	110	
STE	STERIS PLC	# MAR	0.0	3,107.5	3,030.9	2,782.2	2,620.0	2,612.8	2,233.0	9.9	6.8	2.5	0	139	136	125	117	117	
SYK	STRYKER CORPORATION	DEC	17,108.0	14,351.0	14,884.0	13,601.0	12,444.0	11,325.0	9,946.0	7.5	8.6	19.2	172	144	150	137	125	114	
SRDX	SURMODICS, INC.	SEP	105.1	94.9	100.1	81.3	73.1	71.4	61.9	7.1	8.1	10.8	170	153	162	131	118	115	
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	208.1	187.1	189.5	143.8	109.3	84.5	62.9	NA	19.7	11.2	331	298	301	229	174	134	
TFX	TELEFLEX INCORPORATED	DEC	2,809.6	2,537.2	2,595.4	2,448.4	2,146.3	1,868.0	1,799.5	6.5	8.5	10.7	156	141	144	136	119	104	
VREX	VAREX IMAGING CORPORATION	OCT	818.1	738.3	780.6	773.4	698.1	620.1	632.3	NA	5.7	10.8	129	117	123	122	110	98	
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	7,836.2	7,024.5	7,982.2	7,932.9	7,803.3	7,668.4	5,997.8	5.8	0.4	11.6	131	117	133	132	130	128	

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.

Source: S&P Capital IQ.

Operating Revenues (Cont.)

Ticker	Company		Million \$							CAGR(%)			Index Basis (2011=100)						
Healthcare Supplies			Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
ALGN	▯ ALIGN TECHNOLOGY, INC.		DEC	3,952.6	2,471.9	2,406.8	1,966.5	1,473.4	1,079.9	845.5	23.5	29.6	59.9	467	292	285	233	174	128
AVNS	§ AVANOS MEDICAL, INC.		DEC	744.6	714.8	697.6	652.3	611.6	566.2	509.0	(7.7)	5.6	4.2	146	140	137	128	120	111
XRAY	▯ DENTSPLY SIRONA INC.		DEC	4,251.0	3,342.0	4,029.0	3,986.0	3,993.4	3,745.3	2,674.3	5.3	2.6	27.2	159	125	151	149	149	140
HAE	† HAEMONETICS CORPORATION	#	APR	0.0	870.5	988.5	967.6	903.9	886.1	908.8	2.6	(0.9)	(11.9)	0	96	109	106	99	98
ICUI	† ICU MEDICAL, INC.		DEC	1,316.3	1,271.0	1,266.2	1,400.0	1,292.6	379.4	339.7	15.9	28.3	3.6	388	374	373	412	381	112
LNTH	§ LANTHEUS HOLDINGS, INC.		DEC	425.2	339.4	347.3	343.4	331.4	301.9	293.5	1.8	7.1	25.3	145	116	118	117	113	103
VIVO	§ MERIDIAN BIOSCIENCE, INC.		SEP	317.9	253.7	201.0	213.6	200.8	196.1	192.9	7.2	10.1	25.3	165	131	104	111	104	102
MMSI	§ MERIT MEDICAL SYSTEMS, INC.		DEC	1,074.8	963.9	994.9	882.8	727.9	603.8	542.1	11.6	12.2	11.5	198	178	184	163	134	111
NEOG	† NEOGEN CORPORATION	#	MAY	0.0	468.5	418.2	414.2	397.9	358.3	321.3	10.5	7.8	12.0	0	146	130	129	124	112
OSUR	§ ORASURE TECHNOLOGIES, INC.		DEC	233.7	171.7	154.6	181.7	166.4	122.8	119.7	11.1	13.7	36.1	195	143	129	152	139	103
COO	▯ THE COOPER COMPANIES, INC.		OCT	2,922.5	2,430.9	2,653.4	2,532.8	2,139.0	1,966.8	1,797.1	8.2	8.2	20.2	163	135	148	141	119	109
WST	▯ WEST PHARMACEUTICAL SERVICES, INC		DEC	2,831.6	2,146.9	1,839.9	1,717.4	1,599.1	1,509.1	1,399.8	9.0	13.4	31.9	202	153	131	123	114	108

Note: Data as originally reported. CAGR-Compound annual growth rate. □Company included in the S&P 500. †Company included in the S&P MidCap 400. \$Company included in the S&P Small Cap 600. #Of the following calendar year.
Source: S&P Capital IQ.

			Net Income															
Ticker	Company	Yr. End	Million \$							CAGR(%)			Index Basis (2011=100)					
			2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
Healthcare Equipment																		
ABT	ABBOTT LABORATORIES	DEC	7,071.0	4,495.0	3,687.0	2,368.0	477.0	1,400.0	4,423.0	4.1	38.3	57.3	160	102	83	54	11	32
ABMD	ABIOMED, INC.	# MAR	0.0	225.5	203.0	259.0	112.2	52.1	38.1	NA	42.7	11.1	0	591	532	679	294	137
ANGO	ANGIODYNAMICS, INC.	# MAY	0.0	(31.5)	(166.8)	61.3	16.3	5.0	(43.6)	NA	(6.3)	(81.1)	0	72	383	(141)	(37)	(11)
BAX	BAXTER INTERNATIONAL INC.	DEC	1,284.0	1,102.0	1,001.0	1,546.0	602.0	4,965.0	968.0	(5.3)	(23.7)	16.5	133	114	103	160	62	513
BDX	BECTON, DICKINSON AND COMPANY	SEP	2,092.0	874.0	1,233.0	311.0	1,100.0	976.0	695.0	5.1	16.5	139.4	301	126	177	45	158	140
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	1,041.0	(82.0)	4,700.0	1,671.0	104.0	347.0	(239.0)	9.0	24.6	NM	(436)	34	NM	(699)	(44)	(145)
CMD	PROSHARES TRUST II - PROSHARES ULTF#	JAN	0.0	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	(13.4)	(27.2)	(0.3)	1.7	(1.8)	(56.0)	(32.8)	1.9	(24.9)	(50.7)	41	83	1	(5)	5	171
CNMD	CONMED CORPORATION	DEC	62.5	9.5	28.6	40.9	55.5	14.7	30.5	55.6	33.7	557.2	205	31	94	134	182	48
CUTR	CUTERA, INC.	DEC	2.1	(23.9)	(12.3)	(30.8)	30.0	2.6	(4.4)	NA	(4.4)	NM	(46)	538	278	693	(676)	(58)
DHR	DANAHER CORPORATION	DEC	6,433.0	3,646.0	3,008.0	2,651.0	2,492.1	2,553.7	3,357.4	11.5	20.3	76.4	192	109	90	79	74	76
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	1,503.1	823.4	1,046.9	722.2	583.6	569.5	494.9	20.3	21.4	82.5	304	166	212	146	118	115
GKOS	GLAUKOS CORPORATION	DEC	(49.6)	(120.3)	15.4	(13.0)	(0.1)	4.5	(37.2)	NA	NM	(58.8)	133	323	(41)	35	0	(12)
GMED	GLOBUS MEDICAL, INC.	DEC	149.2	102.3	155.2	156.5	107.3	104.3	112.8	9.4	7.4	45.9	132	91	138	139	95	93
HKSA	HESKA CORPORATION	DEC	(1.1)	(14.4)	(1.5)	5.9	10.0	10.5	5.2	NA	NM	(92.0)	(22)	(275)	(28)	112	190	201
HOLX	HOLOGIC, INC.	SEP	1,871.5	1,115.2	(203.6)	(111.3)	755.5	330.8	131.6	28.1	41.4	67.8	1,422	847	(155)	(85)	574	251
IDXX	IDEXX LABORATORIES, INC.	DEC	744.8	581.8	427.7	377.0	263.1	222.0	192.1	16.5	27.4	28.0	388	303	223	196	137	116
INGN	INOGEN, INC.	DEC	(6.3)	(5.8)	21.0	51.8	21.0	20.5	11.6	12.2	NM	8.6	(55)	(50)	181	448	181	177
ITGR	INTEGER HOLDINGS CORPORATION	DEC	96.8	77.3	96.3	168.0	66.7	6.0	6.0	11.3	74.6	25.3	1,624	1,296	1,616	2,818	1,119	100
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	169.1	133.9	50.2	60.8	64.7	74.6	(3.5)	19.7	17.8	26.3	NM	NM	NM	NM	NM	NM
ISRG	INTUITIVE SURGICAL, INC.	DEC	1,704.6	1,060.6	1,379.3	1,127.9	670.9	738.3	588.8	13.2	18.2	60.7	290	180	234	192	114	125
IVC	INVACARE CORPORATION	DEC	(45.6)	(28.3)	(53.3)	(43.9)	(76.5)	(42.9)	(26.2)	27.2	1.2	61.1	174	108	204	168	292	164
LMAT	LEMAITRE VASCULAR, INC.	DEC	26.9	21.2	17.9	22.9	17.2	10.6	7.8	28.8	20.5	26.8	347	274	231	296	221	137
LIVN	LIVANOVA PLC	DEC	(135.8)	(348.8)	(157.6)	(189.4)	(25.1)	(62.8)	(44.4)	NA	16.7	(61.1)	306	785	355	426	56	141
MASI	MASIMO CORPORATION	# JAN	0.0	229.6	196.2	193.5	124.8	311.1	311.1	13.7	(5.9)	(4.4)	0	74	63	62	40	100
MDT	MEDTRONIC PLC	# APR	0.0	3,606.0	4,789.0	4,631.0	3,104.0	4,028.0	3,538.0	1.5	0.4	(24.7)	0	102	135	131	88	114
MLAB	MESA LABORATORIES, INC.	# MAR	0.0	3.3	1.8	7.5	(3.0)	11.2	11.2	(6.2)	(21.8)	84.1	0	29	16	67	(27)	100
NTUS	NATUS MEDICAL INCORPORATED	DEC	13.2	(16.6)	(15.7)	(22.9)	(20.3)	42.6	37.9	NA	(20.9)	NM	35	(44)	(41)	(60)	(54)	112
NUVA	NUVASIVE, INC.	DEC	(64.1)	(37.2)	65.2	12.5	81.6	37.2	66.3	(0.9)	NM	72.5	(97)	(56)	98	19	123	56
OFIX	ORTHOFIX MEDICAL INC.	DEC	(38.4)	2.5	(28.5)	13.8	6.2	3.1	(2.8)	8.0	NM	NM	1,366	(90)	1,013	(492)	(222)	(109)
PEN	PENUMBRA, INC.	DEC	5.3	(15.7)	48.5	6.6	4.7	14.8	2.4	NA	(18.6)	NM	223	(664)	2,049	279	197	626
RMD	RESMED INC.	JUN	474.5	621.7	404.6	315.6	342.3	352.4	352.9	7.7	6.1	(23.7)	134	176	115	89	97	100
STE	STERIS PLC	# MAR	0.0	397.4	407.7	303.7	290.9	110.0	110.8	22.7	29.1	(2.5)	0	359	368	274	263	99
SYK	STRYKER CORPORATION	DEC	1,994.0	1,599.0	2,083.0	3,553.0	1,020.0	1,647.0	1,439.0	4.0	3.9	24.7	139	111	145	247	71	114
SRDX	SURMODICS, INC.	SEP	4.2	1.1	7.6	(4.5)	3.9	10.0	11.9	NA	(15.8)	277.3	35	9	64	(37)	33	84
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	(11.8)	(0.6)	11.0	6.6	5.9	2.9	1.4	NA	NM	1805.0	(848)	(45)	788	475	420	207
TFX	TELEFLEX INCORPORATED	DEC	485.4	335.3	461.5	200.8	152.5	237.4	244.9	4.1	15.4	44.7	198	137	188	82	62	97
VREX	VAREX IMAGING CORPORATION	OCT	17.4	(57.9)	15.5	27.5	51.6	68.5	80.0	NA	(24.0)	NM	22	(72)	19	34	65	86
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	401.6	(138.9)	1,131.6	(379.2)	1,813.8	305.9	147.0	(6.2)	5.6	NM	273	(94)	770	(258)	1,234	208

Note: Data as originally reported. CAGR=Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.

Source: S&P Capital IQ.

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.
Source: S&P Capital IQ.

Net Income (Cont.)

Ticker	Company		Million \$							CAGR(%)			Index Basis (2011=100)						
Healthcare Supplies			Yr. End	2021	2020	2019	2018	2017	2016	2015	10-Yr.	5-Yr.	1-Yr.	2021	2020	2019	2018	2017	2016
ALGN	▮ ALIGN TECHNOLOGY, INC.		DEC	772.0	1,775.9	442.8	400.2	231.4	189.7	144.0	27.7	32.4	(56.5)	536	1,233	307	278	161	132
AVNS	§ AVANOS MEDICAL, INC.		DEC	5.2	(27.2)	(45.9)	57.5	79.3	39.8	(426.3)	(28.2)	(33.4)	NM	(1)	6	11	(13)	(19)	(9)
XRAY	▮ DENTSPLY SIRONA INC.		DEC	421.0	(83.0)	263.0	(1,011.0)	(1,550.0)	429.9	251.2	5.6	(0.4)	NM	168	(33)	105	(402)	(617)	171
HAE	† HAEMONETICS CORPORATION	#	APR	0.0	79.5	76.5	55.0	45.6	(26.3)	(55.6)	(0.1)	NM	3.8	0	(143)	(138)	(99)	(82)	47
ICUI	† ICU MEDICAL, INC.		DEC	103.1	86.9	101.0	28.8	68.6	63.1	45.0	8.7	10.3	18.7	229	193	225	64	153	140
LNTH	§ LANTHEUS HOLDINGS, INC.		DEC	(71.3)	(13.5)	31.7	40.5	123.4	26.8	(14.7)	(6.3)	NM	429.1	483	91	(215)	(275)	(837)	(181)
VIVO	§ MERIDIAN BIOSCIENCE, INC.		SEP	71.4	46.2	24.4	23.8	21.6	32.2	35.5	10.3	17.2	54.6	201	130	69	67	61	91
MMSI	§ MERIT MEDICAL SYSTEMS, INC.		DEC	48.5	(9.8)	5.5	42.0	27.5	20.1	23.8	7.7	19.2	NM	204	(41)	23	177	116	85
NEOG	† NEOGEN CORPORATION	#	MAY	0.0	60.9	59.5	60.2	63.1	43.8	36.6	10.3	10.7	2.4	0	167	163	165	173	120
OSUR	§ ORASURE TECHNOLOGIES, INC.		DEC	(23.0)	(14.9)	16.7	20.4	30.9	19.7	8.2	10.0	NM	54.1	(282)	(183)	204	250	379	241
COO	▮ THE COOPER COMPANIES, INC.		OCT	2,944.7	238.4	466.7	139.9	372.9	273.9	203.5	32.6	60.8	1135.2	1,447	117	229	69	183	135
WST	▮ WEST PHARMACEUTICAL SERVICES, INC		DEC	661.8	346.2	241.7	206.9	150.7	143.6	95.6	24.2	35.7	91.2	692	362	253	216	158	150

Note: Data as originally reported. CAGR-Compound annual growth rate. ▯Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.

Source: S&P Capital IQ.

Ticker	Company	Yr. End	Return on Revenues (%)						Return on Assets (%)						Return on Equity(%)					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
Healthcare Equipment																				
ABT	ABBOTT LABORATORIES	DEC	16.4	13.0	11.6	7.7	1.7	6.7	9.4	6.2	5.4	3.5	0.6	2.7	20.5	13.9	11.9	7.6	1.4	5.1
ABMD	ABIOMED, INC.	# MAR	0.0	26.6	24.1	33.7	18.9	11.7	NA	15.1	16.7	24.6	14.3	9.5	0.0	18.8	20.3	31.9	19.7	12.7
ANGO	ANGIODYNAMICS, INC.	# MAY	0.0	NM	NM	22.7	6.2	1.9	NA	NM	NM	7.3	2.3	0.7	0.0	NM	NM	NM	NM	NM
BAX	BAXTER INTERNATIONAL INC.	DEC	10.0	9.4	8.8	13.9	5.7	48.9	3.8	5.5	5.5	9.8	3.5	31.9	14.5	13.3	12.8	18.3	7.0	57.9
BDX	BECTON, DICKINSON AND COMPANY	SEP	10.3	5.1	7.1	1.9	9.1	7.8	3.9	1.6	2.4	0.6	2.9	3.8	8.8	3.9	5.9	1.8	10.7	13.2
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	8.8	NM	43.8	17.0	1.1	4.1	3.2	NM	15.4	8.0	0.5	1.9	6.5	NM	41.6	21.2	1.5	5.3
CMD	PROSHARES TRUST II - PROSHARES ULTF#	JAN	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	0.0	0.0	0.0	0.0	0.0	0.0
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	NM	NM	NM	0.8	NM	NM	NM	NM	NM	0.8	NM	NM	NM	NM	NM	1.4	NM	NM
CNMD	CONMED CORPORATION	DEC	6.2	1.1	3.0	4.8	7.0	1.9	3.5	0.5	1.6	3.0	4.1	1.1	8.4	1.3	4.2	6.3	9.2	2.5
CUTR	CUTERA, INC.	DEC	0.9	NM	NM	NM	19.8	2.2	0.7	NM	NM	NM	27.0	2.8	3.6	NM	NM	NM	47.6	4.6
DHR	DANAHER CORPORATION	DEC	21.8	16.4	16.8	15.5	16.1	15.1	7.7	4.8	4.8	5.5	5.3	5.6	14.9	10.4	8.3	8.8	8.8	9.2
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	28.7	18.8	24.1	19.4	17.0	19.2	17.7	11.4	16.1	13.6	10.3	12.6	28.9	18.9	28.7	23.7	20.9	22.2
GKOS	GLAUKOS CORPORATION	DEC	NM	NM	6.5	NM	NM	4.0	NM	NM	1.9	NM	NM	3.4	NM	NM	3.6	NM	NM	4.3
GMED	GLOBUS MEDICAL, INC.	DEC	15.6	13.0	19.8	21.9	16.9	18.5	7.6	6.1	10.1	12.0	10.0	11.2	9.2	7.0	12.0	14.5	11.9	13.5
HKSA	HESKA CORPORATION	DEC	NM	NM	NM	4.6	7.7	8.1	NM	NM	NM	3.7	7.3	8.0	NM	NM	NM	5.3	10.1	14.6
HOLX	HOLOGIC, INC.	SEP	33.2	29.5	NM	NM	24.7	11.7	21.0	15.5	NM	NM	9.5	4.5	54.0	46.1	NM	NM	30.7	15.7
IDXX	IDEXX LABORATORIES, INC.	DEC	23.2	21.5	17.8	17.0	13.4	12.5	30.6	25.4	23.3	24.5	15.4	14.5	112.6	143.6	507.5	NM	NM	NM
INGN	INOGEN, INC.	DEC	NM	NM	5.8	14.5	8.4	10.1	NM	NM	4.7	13.8	7.6	9.6	NM	NM	6.4	19.3	10.3	13.0
ITGR	INTEGER HOLDINGS CORPORATION	DEC	7.9	7.2	7.7	13.8	5.9	0.6	3.7	3.3	4.1	7.2	2.3	0.2	7.1	6.4	8.2	4.8	10.8	3.2
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	11.0	9.8	3.3	4.1	5.4	7.5	4.5	3.7	1.5	2.0	2.0	4.1	10.6	9.1	3.6	5.2	7.2	9.4
ISRG	INTUITIVE SURGICAL, INC.	DEC	29.9	24.3	30.8	30.3	21.4	27.3	12.6	9.5	14.2	14.4	11.6	11.4	15.9	11.8	18.5	19.6	12.7	14.6
IVC	INVACARE CORPORATION	DEC	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
LMAT	LEMAITRE VASCULAR, INC.	DEC	17.4	16.4	15.3	21.7	17.0	11.9	9.2	8.4	9.5	15.0	13.6	10.4	12.6	13.2	12.9	19.1	17.4	12.8
LIVN	LIVANOVA PLC	DEC	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	3.1	0.1
MASI	MASIMO CORPORATION	# JAN	0.0	18.5	21.0	20.9	22.5	15.8	NA	12.2	14.0	14.1	16.8	13.8	0.0	15.5	18.7	18.4	22.9	19.4
MDT	MEDTRONIC PLC	# APR	0.0	12.0	16.6	15.2	10.4	13.6	NA	3.9	5.3	5.2	3.4	4.0	0.0	7.1	9.5	9.2	6.1	7.9
MLAB	MESA LABORATORIES, INC.	# MAR	0.0	2.4	1.5	7.3	NM	11.9	NA	0.5	0.4	4.8	NM	6.5	0.0	1.0	1.1	7.1	NM	12.3
NTUS	NATUS MEDICAL INCORPORATED	DEC	2.8	NM	NM	NM	NM	11.2	2.3	NM	NM	NM	NM	6.6	3.2	NM	NM	NM	NM	10.5
NUVA	NUVASIVE, INC.	DEC	NM	NM	5.6	1.1	7.9	3.9	NM	NM	3.5	0.7	5.0	2.4	NM	NM	7.5	1.5	10.6	5.0
OFIX	ORTHOFIX MEDICAL INC.	DEC	NM	0.6	NM	3.0	1.4	0.7	NM	0.5	NM	3.0	1.5	0.8	NM	0.7	NM	4.4	2.6	1.3
PEN	PENUMBRA, INC.	DEC	0.7	NM	8.9	1.5	1.4	5.6	0.4	NM	7.3	1.3	1.0	4.8	0.3	NM	10.4	0.7	1.4	5.9
RMD	RESMED INC.	JUN	14.8	21.0	15.5	13.5	16.6	19.2	10.0	13.6	9.8	10.3	9.9	10.8	17.6	27.2	19.6	15.7	18.7	21.5
STE	STERIS PLC	# MAR	0.0	12.8	13.5	10.9	11.1	4.2	NA	6.0	7.5	6.0	5.6	2.2	0.0	10.9	12.4	9.5	9.7	3.8
SYK	STRYKER CORPORATION	DEC	11.7	11.1	14.0	26.1	8.2	14.5	5.8	4.7	6.9	13.0	4.6	8.1	14.3	12.4	17.0	32.7	10.4	18.2
SRDX	SURMODICS, INC.	SEP	4.0	1.2	7.6	NM	5.4	14.0	2.2	0.7	4.7	NM	2.9	7.5	3.1	0.9	6.6	NM	3.6	10.1
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	NM	NM	5.8	4.6	5.4	3.4	NM	NM	7.2	6.2	6.6	3.9	NM	NM	10.9	8.2	8.8	6.6
TFX	TELEFLEX INCORPORATED	DEC	17.3	13.2	17.8	8.2	7.1	12.7	7.1	4.7	7.3	3.2	2.5	6.1	13.7	10.6	16.7	7.9	6.8	11.5
VREX	VAREX IMAGING CORPORATION	OCT	2.1	NM	2.0	3.6	7.4	11.0	1.5	NM	1.5	2.8	5.0	11.0	3.7	NM	3.5	6.8	11.2	13.4
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	5.1	NM	14.2	NM	23.2	4.0	1.7	NM	4.6	NM	7.0	1.1	3.2	NM	9.6	NM	16.9	3.1

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar Source: S&P Capital IQ.

Ticker	Company	Yr. End	Return on Revenues (%) (Cont.)						Return on Assets (%) (Cont.)						Return on Equity(%) (Cont.)					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
Healthcare Supplies																				
ALGN	□ ALIGN TECHNOLOGY, INC.	DEC	19.5	71.8	18.4	20.4	15.7	17.6	13.0	36.8	17.7	19.5	13.0	13.6	22.5	77.5	34.1	33.3	21.5	20.6
AVNS	§ AVANOS MEDICAL, INC.	DEC	0.7	NM	NM	8.8	13.0	7.0	0.3	NM	NM	3.1	3.6	1.9	0.4	NM	NM	NM	NM	NM
XRAY	□ DENTSPLY SIRONA INC.	DEC	9.9	NM	6.5	NM	NM	11.5	4.6	NM	3.1	NM	NM	3.7	8.4	NM	5.1	NM	NM	8.2
HAE	† HAEMONETICS CORPORATION	# APR	0.0	9.1	7.7	5.7	5.0	NM	NA	4.4	6.0	4.3	3.7	NM	0.0	12.1	12.2	7.7	6.1	NM
ICUI	† ICU MEDICAL, INC.	DEC	7.8	6.8	8.0	2.1	5.3	16.6	5.5	4.9	6.0	1.8	4.6	9.0	6.6	6.0	7.7	2.3	7.4	10.2
LNTH	§ LANTHEUS HOLDINGS, INC.	DEC	NM	NM	9.1	11.8	37.2	8.9	NM	NM	7.8	9.2	32.1	10.5	NM	NM	34.1	85.9	NM	NM
VIVO	§ MERIDIAN BIOSCIENCE, INC.	SEP	22.5	18.2	12.1	11.2	10.7	16.4	15.9	11.4	7.5	9.5	8.6	12.8	24.8	21.1	13.3	13.8	12.8	19.4
MMSI	§ MERIT MEDICAL SYSTEMS, INC.	DEC	4.5	NM	0.5	4.8	3.8	3.3	2.9	NM	0.3	2.6	2.5	2.1	4.8	NM	0.6	5.2	4.7	4.2
NEOG	† NEOGEN CORPORATION	# MAY	0.0	13.0	14.2	14.5	15.9	12.2	NA	6.6	7.5	8.6	10.2	8.3	0.0	7.8	8.7	10.0	12.3	10.0
OSUR	§ ORASURE TECHNOLOGIES, INC.	DEC	NM	NM	10.8	11.2	18.6	16.1	NM	NM	4.8	6.5	10.4	9.5	NM	NM	5.6	7.5	13.9	11.4
COO	□ THE COOPER COMPANIES, INC.	OCT	100.8	9.8	17.6	5.5	17.4	13.9	30.7	3.5	7.4	2.3	7.7	6.1	54.7	6.4	13.5	4.3	12.7	10.2
WST	□ WEST PHARMACEUTICAL SERVICES, INC	DEC	23.4	16.1	13.1	12.0	9.4	9.5	20.0	12.4	10.3	10.5	8.1	8.4	31.6	20.2	16.3	15.5	12.6	13.4

Note: Data as originally reported. CAGR-Compound annual growth rate. □Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Current Ratio							Debt/Capital Ratio(%)						Debt as a % of Net Working Capital					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	
Healthcare Equipment																					
ABT	ABBOTT LABORATORIES	DEC	1.8	1.7	1.4	1.6	2.3	4.0	32.4	36.4	35.2	39.1	47.0	52.1	155.3	219.6	351.0	348.0	244.0	107.1	
ABMD	ABIOMED, INC.	# MAR	0.0	6.1	4.8	6.4	5.8	4.7	NA	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	
ANGO	ANGIODYNAMICS, INC.	# MAY	0.0	2.4	3.0	4.3	2.9	2.2	NA	4.4	8.1	16.8	13.8	15.1	NA	24.0	39.4	51.4	78.2	110.8	
BAX	BAXTER INTERNATIONAL INC.	DEC	2.1	2.5	2.3	2.1	2.6	2.4	66.3	39.6	39.6	30.2	27.8	25.1	374.9	112.7	117.8	108.4	79.0	72.6	
BDX	BECTON, DICKINSON AND COMPANY	SEP	1.3	1.5	1.2	1.0	5.6	1.4	41.9	42.0	46.2	49.1	59.0	59.1	773.5	549.8	1792.0	10053.3	122.1	547.1	
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	1.5	1.8	1.0	0.8	0.7	0.9	34.6	37.3	41.3	42.9	35.2	44.6	430.6	302.8	NM	NM	NM	NM	
CMD	PROSHARES TRUST II - PROSHARES ULTF#	JAN	0.0	0.0	0.0	0.0	0.0	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	5.2	6.5	4.3	4.5	3.9	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
CNMD	CONMED CORPORATION	DEC	2.3	2.2	2.1	2.3	2.4	2.9	46.1	50.9	51.5	39.8	42.8	45.7	255.1	324.5	360.6	205.5	228.1	225.5	
CUTR	CUTERA, INC.	DEC	3.4	2.0	1.6	1.8	2.0	3.1	70.4	5.9	0.0	0.0	0.0	0.0	76.4	6.8	0.0	0.0	0.0	0.0	
DHR	DANAHER CORPORATION	DEC	1.4	1.9	5.2	1.5	1.4	1.0	32.9	34.8	41.5	25.6	28.1	29.5	631.9	331.1	104.1	430.2	501.9	NM	
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	3.1	3.5	3.3	2.6	1.8	4.2	9.3	11.5	12.5	15.9	30.5	23.9	27.7	27.1	28.6	42.1	91.8	48.2	
GKOS	GLAUKOS CORPORATION	DEC	7.7	9.4	4.6	5.8	5.6	7.1	32.3	22.1	0.0	0.0	0.0	0.0	66.2	45.1	0.0	0.0	0.0	0.0	
GMED	GLOBUS MEDICAL, INC.	DEC	6.2	6.8	6.2	6.6	6.7	6.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
HKSA	HESKA CORPORATION	DEC	7.3	4.1	4.3	3.1	3.2	1.7	18.7	14.6	23.1	4.7	5.6	0.8	36.3	37.9	43.2	14.3	13.8	3.1	
HOLX	HOLOGIC, INC.	SEP	2.4	1.8	1.7	1.2	0.8	1.5	39.2	50.3	56.8	52.7	43.8	58.7	147.7	278.4	385.0	843.6	NM	718.0	
IDXX	IDEXX LABORATORIES, INC.	DEC	1.3	1.8	0.9	0.8	1.0	0.9	57.9	57.6	79.7	101.6	109.7	122.3	441.9	178.9	NM	NM	NM	NM	
INGN	INOGEN, INC.	DEC	5.4	5.4	5.8	6.8	6.7	7.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
ITGR	INTEGER HOLDINGS CORPORATION	DEC	2.8	2.6	2.3	2.5	2.5	2.8	37.6	35.5	40.4	45.6	63.9	70.1	278.1	272.9	330.1	352.8	488.9	511.6	
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	3.4	3.1	2.6	3.0	2.4	4.0	47.6	49.4	48.6	49.4	64.9	44.2	188.2	177.0	254.6	261.7	376.7	179.0	
ISRG	INTUITIVE SURGICAL, INC.	DEC	5.1	6.9	4.5	5.3	4.2	5.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
IVC	INVACARE CORPORATION	DEC	1.6	1.6	1.6	2.0	2.1	1.9	58.3	41.8	41.6	38.6	36.3	25.7	220.8	166.2	159.9	113.3	101.1	77.6	
LMAT	LEMAITRE VASCULAR, INC.	DEC	6.4	3.7	4.4	4.8	6.1	5.6	0.0	17.1	0.0	0.0	0.0	0.0	0.0	51.4	0.0	0.0	0.0	0.0	
LIVN	LIVANOVA PLC	DEC	1.0	2.3	1.1	1.1	2.1	2.3	1.0	37.0	16.1	8.8	6.4	5.8	(70.7)	162.2	717.3	397.7	26.1	22.2	
MASI	MASIMO CORPORATION	# JAN	0.0	4.6	4.7	5.8	5.4	4.3	NA	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0	0.0	
MDT	MEDTRONIC PLC	# APR	0.0	2.6	2.1	3.4	3.0	2.1	NA	33.8	30.6	33.2	33.3	35.7	NA	187.5	191.2	145.1	149.0	195.8	
MLAB	MESA LABORATORIES, INC.	# MAR	0.0	9.3	4.7	1.4	1.9	2.2	NA	26.4	38.9	15.6	31.0	35.4	NA	53.7	144.9	206.9	303.7	279.3	
NTUS	NATUS MEDICAL INCORPORATED	DEC	2.4	1.9	1.9	2.1	3.3	5.1	0.0	1.4	4.5	14.8	26.8	25.1	0.0	4.6	15.5	45.6	72.3	43.0	
NUVA	NUVASIVE, INC.	DEC	4.0	1.9	3.7	3.4	3.5	2.4	52.7	45.5	40.5	41.9	42.2	44.6	147.1	105.6	111.8	137.3	146.2	169.5	
OFIX	ORTHOFIX MEDICAL INC.	DEC	2.5	2.6	3.1	2.8	3.2	2.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
PEN	PENUMBRA, INC.	DEC	5.5	5.8	5.1	6.2	7.4	7.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
RMD	RESMED INC.	JUN	1.7	2.5	2.1	2.1	4.6	2.2	18.2	31.8	37.8	11.6	35.5	45.7	97.0	126.4	213.6	48.7	84.0	150.0	
STE	STERIS PLC	# MAR	0.0	2.1	2.4	2.3	2.5	2.7	NA	29.8	25.2	27.1	29.0	34.5	NA	260.4	159.7	201.0	222.6	232.4	
SYK	STRYKER CORPORATION	DEC	2.2	1.9	2.5	2.0	2.3	2.5	45.6	50.3	44.4	42.0	39.8	42.4	228.1	283.5	153.7	172.3	146.2	146.1	
SRDX	SURMODICS, INC.	SEP	2.4	4.6	4.0	2.3	6.2	5.8	7.1	0.0	0.0	0.0	0.0	0.0	24.7	0.0	0.0	0.0	0.0	0.0	
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	3.3	4.6	5.1	5.3	5.3	4.7	30.4	0.0	0.0	0.0	0.0	0.0	69.2	0.0	0.0	0.0	0.0	0.0	
TFMX	TELEFLEX INCORPORATED	DEC	2.1	2.6	2.3	2.1	2.3	2.8	31.7	42.0	38.4	45.0	47.1	28.5	232.3	273.3	250.1	318.2	335.4	112.5	
VREX	VAREX IMAGING CORPORATION	OCT	3.3	3.3	2.5	3.0	3.3	4.6	46.5	49.3	44.3	45.4	54.3	0.0	111.4	125.3	138.6	119.2	135.1	0.0	
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	1.4	2.0	1.4	1.8	1.5	2.0	30.2	38.6	35.2	42.7	43.2	52.4	386.5	303.0	524.1	419.5	596.4	467.4	
Note: Data as originally reported. CAGR=Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following Source: S&P Capital IQ.																					

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following Source: S&P Capital IQ.

Ticker	Company	Yr. End	Current Ratio (Cont.)						Debt/Capital Ratio(%) (Cont.)						Debt as a % of Net Working Capital (Cont.)					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
Healthcare Supplies																				
ALGN	⌋ ALIGN TECHNOLOGY, INC.	DEC	1.3	1.4	1.7	1.9	2.3	2.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
AVNS	§ AVANOS MEDICAL, INC.	DEC	3.0	2.8	2.5	2.7	3.0	1.8	9.3	12.5	16.4	16.0	30.8	34.4	46.5	59.8	76.1	55.1	70.2	215.2
XRAY	⌋ DENTSPLY SIRONA INC.	DEC	1.5	1.4	2.0	1.9	2.1	2.3	30.2	28.5	22.1	24.6	19.8	15.8	322.9	417.7	143.8	188.3	155.8	155.9
HAE	† HAEMONETICS CORPORATION	#	APR	0.0	2.7	2.2	2.4	1.4	2.4	NA	48.7	34.9	32.6	7.3	25.5	NA	157.9	95.8	94.7	43.5
ICUI	† ICU MEDICAL, INC.	DEC	5.1	4.7	3.6	3.7	4.1	14.0	0.1	0.0	0.0	0.0	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
LNTH	§ LANTHEUS HOLDINGS, INC.	DEC	2.6	2.3	2.6	3.7	3.2	2.5	25.9	27.7	61.6	78.8	91.9	163.4	112.0	190.4	172.0	184.9	262.5	409.8
VIVO	§ MERIDIAN BIOSCIENCE, INC.	SEP	4.1	3.1	6.9	5.8	5.8	5.6	15.5	21.9	28.4	20.4	22.8	24.9	41.3	63.4	61.2	39.1	45.2	53.1
MMSI	§ MERIT MEDICAL SYSTEMS, INC.	DEC	2.0	2.3	2.5	2.5	2.7	2.8	18.5	26.6	31.3	28.6	27.7	38.7	95.9	141.9	158.4	146.6	129.2	202.7
NEOG	† NEOGEN CORPORATION	#	MAY	0.0	11.0	11.1	11.8	9.7	8.1	NA	0.0	0.0	0.0	0.0	0.0	NA	0.0	0.0	0.0	0.0
OSUR	§ ORASURE TECHNOLOGIES, INC.	DEC	4.2	6.2	6.9	7.8	6.9	9.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
COO	⌋ THE COOPER COMPANIES, INC.	OCT	2.0	1.3	1.0	2.0	2.4	1.7	17.7	27.9	27.1	38.2	27.1	29.6	201.7	541.1	2511.9	364.9	210.5	285.5
WST	⌋ WEST PHARMACEUTICAL SERVICES, INC	DEC	2.9	2.7	3.1	3.2	2.7	2.7	8.2	12.2	14.0	12.3	13.3	16.8	18.2	29.7	35.8	32.1	42.5	56.4
Note: Data as originally reported. CAGR=Compound annual growth rate. ⌋Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following																				
Source: S&P Capital IQ.																				

Note: Data as originally reported. CAGR-Compound annual growth rate. □Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Price/Earnings Ratio (High-Low)						Dividend Payout Ratio(%)						Dividend Yield(High-Low, %)					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016
Healthcare Equipment																				
ABT	ABBOTT LABORATORIES	DEC	36 - 27	45 - 25	43 - 32	55 - 42	214 - 142	49 - 39	45	57	62	83	388	110	1.6 - 1.3	1.7 - 1.3	2.3 - 1.3	2.0 - 1.4	2.0 - 1.5	2.8 - 1.9
ABMD	ABIOMED, INC.	# MAR	71 - 28	64 - 29	78 - 48	116 - 48	109 - 75	118 - 66	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ANGO	ANGIODYNAMICS, INC.	# MAY	NM - NM	NM - NM	15 - 12	47 - 34	130 - 88	NM - NM	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
BAX	BAXTER INTERNATIONAL INC.	DEC	34 - 29	43 - 33	46 - 33	27 - 21	60 - 40	5 - 4	41	43	42	24	52	5	1.5 - 1.3	1.5 - 1.1	1.3 - 0.9	1.2 - 0.9	1.2 - 0.9	1.2 - 0.9
BDX	BECTON, DICKINSON AND COMPANY	SEP	38 - 33	104 - 73	66 - 52	426 - 315	44 - 35	40 - 28	50	117	80	298	62	58	1.5 - 1.3	1.5 - 1.3	1.6 - 1.1	1.5 - 1.1	1.5 - 1.1	1.8 - 1.4
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	66 - 50	NM - NM	13 - 10	32 - 20	393 - 285	96 - 63	5	NM	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
CMD	PROSHARES TRUST II - PROSHARES ULTF#	JAN							0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	NM - NM	NM - NM	NM - NM	649 - 412	NM - NM	NM - NM	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
CNMD	CONMED CORPORATION	DEC	73 - 52	339 - 120	115 - 60	56 - 35	27 - 20	95 - 69	37	240	79	55	40	151	0.7 - 0.5	0.8 - 0.5	2.0 - 0.7	1.4 - 0.7	1.6 - 1.0	2.0 - 1.5
CUTR	CUTERA, INC.	DEC	469 - 191	NM - NM	NM - NM	NM - NM	22 - 8	88 - 51	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
DHR	DANAHER CORPORATION	DEC	38 - 24	49 - 24	37 - 24	29 - 24	26 - 22	28 - 21	12	17	18	16	15	16	0.4 - 0.3	0.4 - 0.3	0.6 - 0.3	0.7 - 0.5	0.7 - 0.5	0.8 - 0.5
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	54 - 33	67 - 40	49 - 29	50 - 32	43 - 32	45 - 28	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
GKOS	GLAUKOS CORPORATION	DEC	NM - NM	NM - NM	203 - 123	NM - NM	NM - NM	286 - 108	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
GMED	GLOBUS MEDICAL, INC.	DEC	57 - 41	63 - 34	38 - 24	36 - 26	37 - 22	26 - 19	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
HKSA	HESKA CORPORATION	DEC	NM - NM	NM - NM	NM - NM	140 - 72	78 - 51	47 - 17	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
HOLX	HOLOGIC, INC.	SEP	11 - 8	17 - 7	NM - NM	NM - NM	17 - 13	35 - 27	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
IDXX	IDEXX LABORATORIES, INC.	DEC	81 - 53	73 - 27	58 - 36	59 - 36	57 - 39	49 - 26	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
INGN	INOGEN, INC.	DEC	NM - NM	NM - NM	159 - 44	116 - 46	127 - 62	66 - 29	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ITGR	INTEGER HOLDINGS CORPORATION	DEC	34 - 25	42 - 20	31 - 23	17 - 8	26 - 14	281 - 94	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	38 - 31	42 - 23	110 - 73	92 - 58	66 - 49	44 - 28	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ISRG	INTUITIVE SURGICAL, INC.	DEC	76 - 48	90 - 41	50 - 38	58 - 37	67 - 35	38 - 26	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
IVC	INVACARE CORPORATION	DEC	NM - NM	NM - NM	NM - NM	NM - NM	NM - NM	NM - NM	0	NM	NM	NM	NM	NM	0.0 - 0.0	0.0 - 0.0	0.0 - 1.1	0.0 - 1.6	0.4 - 0.9	0.3 - 0.5
LMAT	LEMAITRE VASCULAR, INC.	DEC	50 - 31	39 - 20	40 - 25	35 - 19	43 - 24	43 - 22	35	36	38	24	24	31	1.2 - 0.8	1.1 - 0.7	1.8 - 0.9	1.4 - 0.9	1.1 - 0.6	1.0 - 0.6
LVN	LIVANOVA PLC	DEC	NM - NM	NM - NM	NM - NM	NM - NM	NM - NM	NM - NM	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
MASI	MASIMO CORPORATION	# JAN	68 - 36	40 - 28	34 - 22	28 - 19	30 - 14	7 - 4	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
MDT	MEDTRONIC PLC	# APR	49 - 33	34 - 20	29 - 23	39 - 33	30 - 24	32 - 26	0	87	60	58	80	59	2.5 - 1.8	2.6 - 1.9	3.0 - 1.8	2.4 - 2.0	2.4 - 1.9	2.4 - 1.8
MLAB	MESA LABORATORIES, INC.	# MAR	451 - 313	638 - 438	123 - 70	NM - NM	45 - 31	39 - 22	0	97	153	33	NM	21	0.3 - 0.2	0.3 - 0.2	0.3 - 0.2	0.5 - 0.3	0.5 - 0.4	0.8 - 0.5
NTUS	NATUS MEDICAL INCORPORATED	DEC	75 - 50	NM - NM	NM - NM	NM - NM	NM - NM	38 - 23	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
NUVA	NUVASIVE, INC.	DEC	NM - NM	NM - NM	62 - 35	294 - 190	51 - 32	92 - 52	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
OFIX	ORTHOFIX MEDICAL INC.	DEC	NM - NM	364 - 174	NM - NM	84 - 65	161 - 100	282 - 205	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
PEN	PENUMBRA, INC.	DEC	2162 - 1218	NM - NM	132 - 83	858 - 438	820 - 449	163 - 86	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
RMD	RESMED INC.	JUN	75 - 51	43 - 27	44 - 32	49 - 33	33 - 24	26 - 20	48	36	52	63	54	48	0.8 - 0.6	1.0 - 0.7	1.4 - 0.9	1.6 - 1.3	1.9 - 1.4	2.3 - 1.7
STE	STERIS PLC	# MAR	43 - 28	35 - 22	35 - 25	28 - 20	57 - 49	50 - 40	0	34	30	37	35	85	0.9 - 0.7	1.4 - 0.8	1.1 - 0.9	1.4 - 1.1	1.6 - 1.3	1.7 - 1.4
SYK	STRYKER CORPORATION	DEC	53 - 42	56 - 30	40 - 27	19 - 15	59 - 43	28 - 20	48	54	37	20	62	34	1.1 - 1.0	1.1 - 0.9	1.8 - 1.0	1.4 - 0.9	1.3 - 1.0	1.4 - 1.1
SRDX	SURMODICS, INC.	SEP	196 - 114	588 - 271	132 - 67	NM - NM	104 - 75	39 - 23	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	NM - NM	NM - NM	132 - 71	196 - 77	109 - 44	110 - 61	0	0	0	0	0	285	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
TFX	TELEFLEX INCORPORATED	DEC	43 - 28	57 - 31	37 - 25	65 - 52	80 - 47	34 - 23	13	19	14	31	40	25	0.5 - 0.4	0.5 - 0.3	0.6 - 0.3	0.6 - 0.4	0.6 - 0.5	0.9 - 0.5
VREX	VAREX IMAGING CORPORATION	OCT	67 - 29	NM - NM	85 - 54	60 - 34	26 - 20	NA - NA	0	0	0	0	440	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	93 - 62	NM - NM	27 - 18	NM - NM	15 - 11	87 - 60	50	NM	17	NM	11	62	0.9 - 0.7	0.8 - 0.5	1.2 - 0.6	1.0 - 0.7	0.9 - 0.7	1.0 - 0.7
Note: Data as originally reported. CAGR-Compound annual growth rate. [I]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year. Source: S&P Capital IQ.																				

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Price/Earnings Ratio (High-Low) (Cont.)								Dividend Payout Ratio(%) (Cont.)						Dividend Yield(High-Low, %) (Cont.)					
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016		
Healthcare Supplies																						
ALGN	⌋ ALIGN TECHNOLOGY, INC.	DEC	75 - 51	24 - 6	59 - 31	79 - 39	91 - 31	43 - 25	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
AVNS	⌋ AVANOS MEDICAL, INC.	DEC	494 - 271	NM - NM	NM - NM	60 - 34	29 - 21	46 - 27	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
XRAY	⌋ DENTSPLY SIRONA INC.	DEC	36 - 25	NM - NM	50 - 31	NM - NM	NM - NM	33 - 28	22	NM	31	NM	NM	15	1.0 - 0.7	0.9 - 0.6	1.3 - 0.7	1.0 - 0.6	1.0 - 0.5	0.7 - 0.5		
HAE	† HAEMONETICS CORPORATION	# APR	89 - 43	92 - 49	109 - 72	91 - 45	NM - NM	NM - NM	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
ICUI	† ICU MEDICAL, INC.	DEC	53 - 38	56 - 39	53 - 31	219 - 151	63 - 38	39 - 22	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
LNTH	⌋ LANTHEUS HOLDINGS, INC.	DEC	NM - NM	NM - NM	36 - 18	23 - 12	7 - 2	12 - 2	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
VIVO	⌋ MERIDIAN BIOSCIENCE, INC.	SEP	18 - 10	25 - 5	34 - 16	30 - 24	39 - 24	28 - 22	0	0	44	89	113	104	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	4.0 - 0.0	3.7 - 3.0	5.0 - 3.1		
MMSI	⌋ MERIT MEDICAL SYSTEMS, INC.	DEC	85 - 61	NM - NM	633 - 209	82 - 52	81 - 44	59 - 35	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
NEOG	† NEOGEN CORPORATION	# MAY	85 - 59	70 - 48	83 - 45	61 - 38	59 - 43	62 - 45	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
OSUR	⌋ ORASURE TECHNOLOGIES, INC.	DEC	NM - NM	NM - NM	48 - 24	66 - 32	44 - 16	26 - 15	0	0	0	0	0	0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
COO	⌋ THE COOPER COMPANIES, INC.	OCT	8 - 5	74 - 50	36 - 25	98 - 76	33 - 21	34 - 21	0	1	1	2	1	1	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0	0.0 - 0.0		
WST	⌋ WEST PHARMACEUTICAL SERVICES, INC	DEC	53 - 29	64 - 28	46 - 29	44 - 30	50 - 39	44 - 28	8	14	19	20	26	25	0.2 - 0.2	0.3 - 0.1	0.5 - 0.2	0.6 - 0.4	0.7 - 0.5	0.7 - 0.5		
Note: Data as originally reported. CAGR-Compound annual growth rate. ⌋Company included in the S&P 500. †Company included in the S&P MidCap 400. ⌋Company included in the S&P Small Cap 600. #Of the following calendar year.																						
Source: S&P Capital IQ.																						

Note: Data as originally reported. CAGR-Compound annual growth rate. [Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.
Source: S&P Capital IQ.

Ticker	Company	Yr. End	Earnings per Share(\$)						Tangible Book Value per Share(\$)						Share Price (High-Low, \$)											
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016						
Healthcare Equipment																										
ABT	ABBOTT LABORATORIES	DEC	3.94	2.50	2.06	1.33	0.27	0.94	(0.10)	(3.24)	(5.18)	(6.65)	(8.37)	5.65	142.60	- 105.36	115.14	- 61.61	89.24	- 65.50	74.92	- 55.58	57.77	- 38.34	45.79	- 36.00
ABMD	ABIOMED, INC.	# MAR	0.00	4.94	4.43	5.61	2.45	1.17	0.00	26.94	22.79	19.94	14.73	9.64	387.40	- 261.27	328.83	- 119.01	364.31	- 155.02	459.75	- 188.05	200.28	- 103.53	132.95	- 67.81
ANGO	ANGIODYNAMICS, INC.	# MAY	0.00	(0.82)	(4.39)	1.63	0.44	0.14	0.00	1.79	1.50	3.24	3.87	0.22	32.00	- 14.96	17.24	- 7.48	25.48	- 13.72	24.49	- 15.16	18.85	- 14.80	10.83	- 17.64
BAX	BAXTER INTERNATIONAL INC.	DEC	2.53	2.13	1.93	2.83	1.09	9.01	(17.05)	7.53	6.68	6.69	8.59	8.50	88.32	- 73.12	95.19	- 69.10	89.93	- 64.13	78.38	- 61.05	66.18	- 44.06	50.16	- 34.06
BDX	BECTON, DICKINSON AND COMPANY	SEP	6.85	2.71	3.94	0.60	4.60	4.49	(45.73)	(47.14)	(63.88)	(71.02)	(2.24)	(28.44)	267.37	- 235.13	286.72	- 197.75	275.48	- 210.72	265.87	- 208.62	229.69	- 161.50	181.76	- 129.50
BSX	BOSTON SCIENTIFIC CORPORATION	DEC	0.69	(0.08)	3.33	1.19	0.08	0.25	(1.12)	(0.54)	(3.24)	(4.01)	(4.24)	(4.28)	46.29	- 34.58	46.13	- 24.10	46.62	- 32.73	39.44	- 24.84	29.93	- 21.66	24.79	- 15.67
CMD	PROSHARES TRUST II- PROSHARES ULT#	JAN	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	- 0.00	0.00	- 0.00	0.00	- 0.00	0.00	- 0.00	0.00	- 0.00	0.00	- 0.00
CSII	CARDIOVASCULAR SYSTEMS, INC.	JUN	(0.35)	(0.79)	(0.01)	0.05	(0.06)	(1.72)	6.36	6.36	4.09	3.87	3.45	2.92	48.28	- 18.28	55.22	- 26.00	52.54	- 25.83	40.00	- 20.58	33.11	- 23.00	27.38	- 7.50
CNMD	CONMED CORPORATION	DEC	1.94	0.32	0.97	1.41	1.97	0.52	(10.32)	(14.22)	(15.49)	(5.38)	(6.63)	(8.50)	159.11	- 106.15	114.96	- 37.66	116.81	- 60.13	83.49	- 50.02	54.77	- 39.74	50.16	- 35.51
CUTR	CUTERA, INC.	DEC	0.11	(1.43)	(0.88)	(2.23)	2.04	0.19	3.07	3.14	3.12	3.22	4.72	4.33	60.36	- 22.46	38.61	- 9.07	39.15	- 12.32	56.05	- 13.64	48.95	- 17.20	17.95	- 9.83
DHR	DANAHER CORPORATION	DEC	8.61	4.89	4.06	3.74	3.53	3.65	(30.95)	(28.42)	(5.45)	(6.63)	(15.00)	(18.26)	333.96	- 211.22	248.32	- 119.60	154.00	- 96.44	110.86	- 91.84	95.16	- 78.22	102.79	- 75.71
EW	EDWARDS LIFESCIENCES CORPORATION	DEC	2.38	1.30	1.64	1.13	0.90	0.87	6.96	4.92	4.22	2.70	2.16	2.82	131.73	- 78.44	92.08	- 51.51	82.55	- 46.95	58.33	- 36.89	40.48	- 28.85	40.58	- 24.07
GKOS	GLAUKOS CORPORATION	DEC	(1.07)	(2.70)	0.37	(0.37)	(0.00)	0.12	4.01	5.38	5.16	4.82	3.90	3.26	99.00	- 39.35	76.20	- 23.31	84.65	- 50.60	70.91	- 25.25	52.49	- 23.08	39.82	- 14.25
GMED	GLOBUS MEDICAL, INC.	DEC	1.44	1.01	1.52	1.54	1.10	1.08	14.70	12.66	11.97	9.89	7.92	6.93	84.23	- 59.37	66.65	- 33.41	60.15	- 38.01	57.83	- 41.19	42.00	- 24.58	27.64	- 19.25
HKSA	HESKA CORPORATION	DEC	(0.11)	(1.66)	(0.20)	0.74	1.30	1.43	24.30	15.07	13.54	11.20	9.83	8.25	275.94	- 143.02	151.33	- 50.00	102.09	- 62.47	114.50	- 56.59	115.00	- 70.84	74.33	- 26.26
HOLX	HOLOGIC, INC.	SEP	7.21	4.21	(0.76)	(0.40)	2.64	1.16	(2.85)	(4.89)	(7.13)	(9.27)	(11.47)	(11.93)	85.00	- 60.10	77.49	- 26.49	53.74	- 37.68	45.17	- 35.10	46.80	- 35.76	41.01	- 31.84
IDXX	IDEXX LABORATORIES, INC.	DEC	8.60	6.71	4.89	4.26	2.94	2.44	2.74	3.93	(1.41)	(3.09)	(3.42)	(3.78)	706.95	- 455.23	503.83	- 168.65	294.57	- 176.11	256.22	- 157.53	173.01	- 113.92	121.77	- 63.48
INGN	INGEN, INC.	DEC	(0.28)	(0.27)	0.94	2.30	0.96	0.97	12.19	11.19	10.63	13.98	10.49	8.92	82.35	- 29.28	68.68	- 26.57	155.75	- 41.19	287.79	- 110.51	130.05	- 62.69	69.36	- 28.81
ITGR	INTEGER HOLDINGS CORPORATION	DEC	2.91	2.33	2.91	5.15	2.08	0.19	(11.43)	(10.50)	(14.16)	(17.99)	(25.39)	(38.23)	101.61	- 73.32	99.95	- 46.01	92.62	- 67.72	90.03	- 42.50	55.20	- 29.00	52.40	- 18.10
IART	INTEGRA LIFESCIENCES HOLDINGS CORP	DEC	1.98	1.57	0.58	0.72	0.82	0.94	(5.60)	(4.83)	(6.63)	(7.40)	(14.48)	(3.11)	77.40	- 61.85	67.29	- 34.21	65.09	- 42.14	67.50	- 42.33	56.42	- 40.51	44.43	- 27.38
ISRG	INTUITIVE SURGICAL, INC.	DEC	4.66	2.94	3.85	3.16	1.92	2.09	32.11	26.39	22.54	18.55	13.51	15.88	369.69	- 227.47	275.60	- 120.17	200.53	- 148.82	193.71	- 121.70	135.02	- 69.41	80.81	- 55.78
IVC	INVACARE CORPORATION	DEC	(1.31)	(0.83)	(1.59)	(1.33)	(2.34)	(1.32)	(4.68)	(2.80)	(2.71)	(1.47)	(0.25)	1.01	10.94	- 2.18	9.67	- 3.90	11.63	- 4.13	20.00	- 3.05	17.95	- 9.90	17.25	- 8.00
LMAT	LEMAITRE VASCULAR, INC.	DEC	1.25	1.04	0.88	1.13	0.86	0.55	6.18	2.33	4.13	4.42	4.03	2.91	64.50	- 39.38	41.86	- 18.76	37.35	- 22.23	41.28	- 21.79	39.88	- 19.82	25.87	- 12.03
LIVN	LIVANOVA PLC	DEC	(2.68)	(7.18)	(3.26)	(3.91)	(0.52)	(1.29)	(0.09)	(5.15)	(2.88)	(4.64)	10.27	11.94	93.89	- 61.73	80.75	- 33.40	102.43	- 64.80	131.54	- 79.35	88.56	- 44.72	63.21	- 40.84
MASI	MASIMO CORPORATION	# JAN	0.00	3.98	4.14	3.44	3.45	2.23	0.00	24.89	22.27	20.83	17.29	13.10	305.21	- 205.10	273.33	- 143.90	160.25	- 101.87	126.89	- 80.69	104.71	- 66.79	68.88	- 33.03
MDT	MEDTRONIC PLC	# APR	0.00	2.66	3.54	3.41	2.27	2.89	0.00	(6.15)	(6.09)	(8.25)	(8.25)	(8.59)	135.89	- 98.38	122.15	- 72.13	115.94	- 81.66	100.15	- 76.41	89.72	- 69.35	89.27	- 71.03
MLAB	MESA LABORATORIES, INC.	# MAR	0.00	0.64	0.41	1.86	(0.79)	2.91	0.00	26.00	(9.44)	3.01	(2.38)	(3.25)	333.42	- 232.88	292.19	- 181.90	268.47	- 181.21	224.95	- 122.35	169.81	- 113.57	137.20	- 77.00
NTUS	NATUS MEDICAL INCORPORATED	DEC	0.39	(0.49)	(0.47)	(0.69)	(0.62)	1.29	6.21	4.98	4.58	3.32	2.33	7.01	29.70	- 19.93	34.67	- 16.38	34.89	- 22.25	39.25	- 27.69	43.60	- 31.65	47.24	- 29.54
NUVA	NUVASIVE, INC.	DEC	(1.24)	(0.72)	1.23	0.24	1.48	0.69	(1.56)	4.03	2.94	0.41	(0.43)	(1.62)	72.61	- 45.45	81.91	- 28.55	77.99	- 43.51	72.41	- 44.62	81.68	- 49.25	69.50	- 36.81
OFIX	ORTHOFIX MEDICAL INC.	DEC	(1.95)	0.13	(1.51)	0.72	0.33	0.17	10.74	10.93	10.64	11.36	12.72	11.36	48.50	- 28.65	47.91	- 22.11	74.44	- 39.75	63.57	- 48.00	56.53	- 33.51	48.25	- 32.51
PEN	PENUMBRA, INC.	DEC	0.14	(0.44)	1.34	0.18	0.13	0.44	18.46	16.96	12.84	11.16	10.94	8.57	320.00	- 171.56	277.00	- 121.80	185.70	- 115.55	167.35	- 82.55	116.35	- 63.05	79.49	- 40.23
RMD	RESMED INC.	JUN	3.24	4.27	2.80	2.19	2.40	2.49	3.88	1.09	(2.13)	5.43	4.46	2.39	301.34	- 179.37	224.24	- 108.85	157.86	- 90.64	116.64	- 84.93	87.81	- 61.22	70.90	- 50.77
STE	STERIS PLC	# MAR	0.00	4.63	4.76	3.55	3.39	1.28	0.00	(0.51)	5.70	2.96	0.53	(1.86)	245.82	- 170.36	196.80	- 105.69	156.66	- 100.91	121.67	- 82.88	93.39	- 65.27	75.10	- 61.38
SYK	STRYKER CORPORATION	DEC	5.21	4.20	5.48	9.34	2.68	4.35	(7.63)	(13.95)	(1.31)	(2.66)	(1.81)	(0.84)	281.16	- 220.90	245.34	- 124.54	223.45	- 151.63	179.84	- 144.75	160.62	- 116.50	123.55	- 86.68
SRDX	SURMODICS, INC.	SEP	0.30	0.08	0.55	(0.34)	0.29	0.76	4.13	6.63	6.08	4.77	4.87	4.37	62.27	- 41.59	49.00	- 22.06	61.08	- 38.06	82.35	- 25.00	34.15	- 21.90	30.75	- 17.45
TCMD	TACTILE SYSTEMS TECHNOLOGY, INC.	DEC	(0.60)	(0.03)	0.56	0.34	0.31	0.15	2.17	6.31	5.60	4.50	3.95	3.40	64.53	- 18.49	70.19	- 29.47	76.63	- 40.62	73.24	- 27.04	37.88	- 14.37	22.29	- 10.00
TFX	TELEFLEX INCORPORATED	DEC	10.24	7.09	9.80	4.29	3.27	4.98	(22.16)	(37.90)	(30.68)	(44.15)	(48.46)	(5.24)	449.38	- 289.00	412.99	- 221.27	376.54	- 244.77	288.78	- 226.02	271.23	- 157.80	188.79	- 125.28
VREX	VAREX IMAGING CORPORATION	OCT	0.43	(1.49)	0.40	0.72	1.36	1.82	3.56	2.33	1.77	2.86	1.22	11.51	32.65	- 16.60	31.90	- 10.37	35.00	- 22.73	43.76	- 21.57	41.99	- 25.00	0.00	- 0.00
ZBH	ZIMMER BIOMET HOLDINGS, INC.	DEC	1.91	(0.67)	5.47	(1.86)	8.90	1.51	(13.55)	(19.86)	(21.70)	(29.45)	(35.96)	(48.66)	180.36	- 116.60	165.15	- 74.37	151.67	- 98.60	134.55	- 96.99	133.49	- 102.59	133.21	- 88.27
Note: Data as originally reported. CAGR-Compound annual growth rate. [J]Company included in the S&P 500. †Company included in the S&P MidCap 400. §Company included in the S&P Small Cap 600. #Of the following calendar year.																										
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Source: S&P Capital IQ.

Ticker	Company	Yr. End	Earnings per Share\$() (Cont.)						Tangible Book Value per Share\$() (Cont.)						Share Price (High-Low, \$) (Cont.)											
			2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016	2021	2020	2019	2018	2017	2016						
Healthcare Supplies																										
ALGN	ALIGN TECHNOLOGY, INC.	DEC	9.69	22.41	5.53	4.92	2.83	2.33	39.31	33.72	16.20	14.68	13.31	11.48	737.45	- 494.45	543.65	- 127.88	334.64	- 169.84	398.88	- 188.57	266.41	- 88.56	102.10	- 57.31
AVNS	AVANOS MEDICAL, INC.	DEC	0.11	(0.57)	(0.96)	1.22	1.69	0.85	6.74	6.21	5.89	7.30	6.45	3.69	53.61	- 28.95	50.00	- 19.46	53.45	- 31.29	72.96	- 40.63	50.99	- 35.24	39.54	- 22.76
XRAY	DENTSPLY SIRONA INC.	DEC	1.91	(0.38)	1.17	(4.51)	(6.76)	1.94	(5.76)	(6.96)	(2.17)	(3.28)	(3.19)	(3.46)	69.54	- 48.13	60.87	- 31.58	60.15	- 36.63	68.47	- 33.93	68.98	- 52.54	65.83	- 53.43
HAE	HAEMONETICS CORPORATION	# APR	0.00	1.55	1.48	1.04	0.85	(0.51)	0.00	(1.97)	4.84	6.46	7.34	6.72	142.11	- 49.26	126.74	- 63.41	140.36	- 80.24	117.56	- 60.51	58.99	- 36.44	41.41	- 25.98
ICUI	ICU MEDICAL, INC.	DEC	4.74	4.02	4.69	1.33	3.29	3.66	65.05	60.41	54.70	54.61	51.57	38.69	282.00	- 183.39	236.51	- 158.01	259.72	- 148.89	321.70	- 210.94	225.38	- 127.00	154.80	- 85.56
LNTH	LANTHEUS HOLDINGS, INC.	DEC	(1.06)	(0.25)	0.79	1.03	3.17	0.82	0.81	1.19	2.33	1.20	(0.11)	(3.74)	31.60	- 13.30	20.67	- 8.67	29.80	- 14.57	24.45	- 12.59	24.10	- 7.95	10.85	- 1.76
VIVO	MERIDIAN BIOSCIENCE, INC.	SEP	1.62	1.07	0.57	0.56	0.51	0.76	2.99	1.17	0.97	2.30	2.08	1.77	30.65	- 17.00	26.58	- 5.51	17.71	- 7.63	19.84	- 13.53	18.05	- 10.75	21.49	- 15.75
MMSI	MERIT MEDICAL SYSTEMS, INC.	DEC	0.84	(0.18)	0.10	0.78	0.55	0.45	6.34	4.08	2.74	2.45	4.20	2.32	73.85	- 52.43	58.70	- 25.18	63.64	- 19.50	66.34	- 41.55	45.90	- 24.23	26.85	- 15.47
NEOG	NEOGEN CORPORATION	# MAY	0.00	0.57	0.56	0.57	0.61	0.43	0.00	5.74	5.18	4.47	3.78	2.92	48.85	- 38.62	41.35	- 24.46	39.92	- 25.30	48.69	- 26.05	32.21	- 22.32	25.91	- 16.42
OSUR	ORASURE TECHNOLOGIES, INC.	DEC	(0.32)	(0.22)	0.27	0.33	0.51	0.35	4.52	4.74	4.15	4.24	3.79	2.80	15.94	- 8.25	19.75	- 5.23	13.25	- 6.35	22.22	- 10.27	23.01	- 8.39	9.53	- 5.09
COO	THE COOPER COMPANIES, INC.	OCT	59.16	4.81	9.33	2.81	7.52	5.59	62.81	1.80	(4.19)	(12.31)	6.48	1.84	463.59	- 353.02	371.59	- 236.68	344.32	- 241.72	283.18	- 216.47	256.39	- 174.05	190.99	- 119.28
WST	WEST PHARMACEUTICAL SERVICES, INC	DEC	8.67	4.57	3.21	2.74	1.99	1.91	29.68	23.14	19.37	17.14	15.57	13.56	475.35	- 253.86	305.00	- 124.53	152.12	- 93.08	125.09	- 82.74	103.36	- 77.97	86.50	- 53.88
Note: Data as originally reported. CAGR=Compound annual growth rate. []Company included in the S&P 500. *Company included in the S&P MidCap 400. \$Company included in the S&P Small Cap 600. #Of the following calendar year.																										
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Source: S&P Capital IQ.

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