



HEALTHCARE MONTHLY

JANUARY 2023

2023 J.P. MORGAN HEALTHCARE CONFERENCE OBSERVATIONS

TM Capital's healthcare team enjoyed the opportunity to reconnect with clients, healthcare-focused investors and key strategic acquirers at the recent J.P. Morgan healthcare conference in a very rainy San Francisco. Over the course of our many meetings several key themes emerged, including:

- **Long-Term Market Sentiment** – attendees remain optimistic about the healthcare sector's long-term resilience and steady demand drivers, notwithstanding current macro conditions. Attractive healthcare companies continue to command premium valuations, although buyers are increasingly focused on "fundamentals," have bolstered their diligence activity, and are constrained by current lending market limitations.
- **Continued Deal Demand, with Caveats** - with significant amounts of dry powder, healthcare sponsors continue to seek attractive targets to deploy capital. In addition to new platform investments, many investors are focused on add-on acquisitions to expand geographic reach, build new service capabilities, and diversify revenue profiles within their existing portfolio. Strategic buyers have a near-term advantage given financing market conditions.
- **Evolving Healthcare Landscape** – buyers have a heightened focus on high-quality companies with durable demand profiles. After years evaluating more tech-forward and digital health opportunities, many acquirers we spoke with are actively seeking investments in medical device outsourcing, non-discretionary product and outsourced service models, and pharma or lab services/supplies companies with strong recurring revenue profiles.

Based on our recent discussions and our strong backlog, we remain optimistic about the healthcare M&A landscape for 2023.

Our healthcare team architects market-defining outcomes for some of the most innovative medical device, life science and diagnostics, healthcare services and pharmaceutical companies in the world.









BioTech / Pharma

Healthcare Services

Life Sciences / Diagnostics

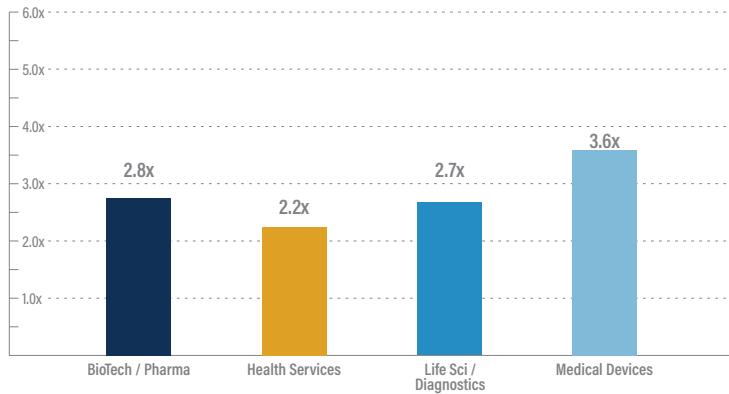
Medical Devices

HEADLINE TRANSACTIONS

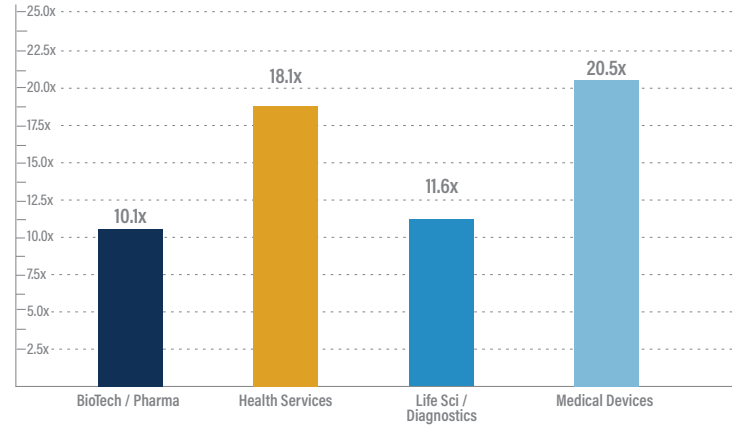
	TARGET	ACQUIROR	ACQUISITION SYNOPSISIS
BioTech / Pharma			<ul style="list-style-type: none"> Amgen, Inc. (NASDAQ:AMGN) has reached an agreement to acquire Horizon Therapeutics Plc (NASDAQ:HZNP) Horizon Therapeutics is a commercial-stage biopharmaceutical company that develops medicines to treat rare autoimmune and severe inflammatory diseases Amgen discovers, develops, manufactures and delivers innovative human therapeutics based on advances in cellular and molecular biology Total Consideration: \$27.8 billion in cash Per share price represents a premium of ~50%
	 Nimbus Lakshmi		<ul style="list-style-type: none"> Takeda Pharmaceutical Company Ltd. (TKS:4502) has reached an agreement to acquire Nimbus Lakshmi, Inc. and its tyrosine kinase 2 (TYK2) inhibitor NDI-034858 from Nimbus Therapeutics, LLC Nimbus Lakshmi develops novel small molecule medicines designed to act against difficult-to-drug targets for the treatment of multiple autoimmune diseases Takeda Pharmaceutical, based in Japan, is an R&D-driven biopharmaceutical company focused on oncology, rare diseases, neuroscience, gastroenterology and plasma-derived therapies Total Consideration: \$6.0 billion, consisting of \$4.0 billion in cash and \$2.0 billion in earnout
Medical Devices			<ul style="list-style-type: none"> Advent International Corp. has reached an agreement to acquire a 50.1% stake in Suven Pharmaceuticals Ltd. (BSE:543064) Suven Pharmaceuticals, based in India, develops and manufactures intermediates, active pharmaceutical ingredients, specialty chemicals and formulated drugs for global pharmaceutical biotechnology and chemical companies Advent International is a private equity firm with \$89 billion AUM Total Consideration: \$762 million Per share price represents a premium of ~4%
			<ul style="list-style-type: none"> Boston Scientific Corp. (NYSE:BSX) has reached a definitive agreement to acquire a 65% stake in Acotec Scientific Holdings Ltd. (HKG:6669) Acotec Scientific, based in China, develops medical devices including drug-coated balloons and percutaneous transluminal angioplasty balloon catheters, which are primarily used for vascular interventional treatment Boston Scientific manufactures less invasive technologies and medical devices to diagnose and treat a wide range of medical conditions Total Consideration: \$523 million in cash Per share price represents a premium of ~12%

HEALTHCARE GROWTH & VALUATION TRENDS

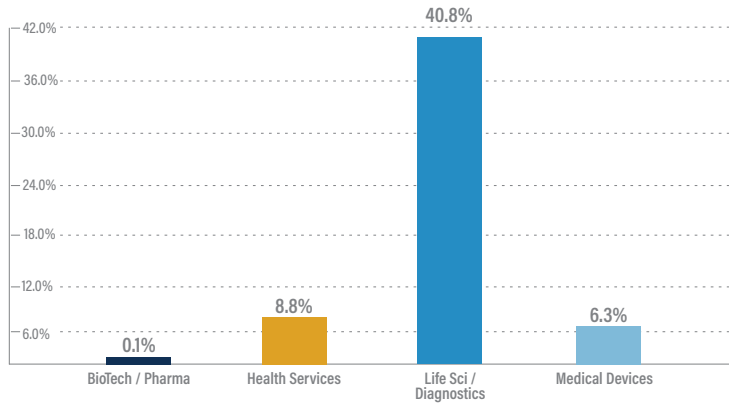
Enterprise Value / LTM Revenue



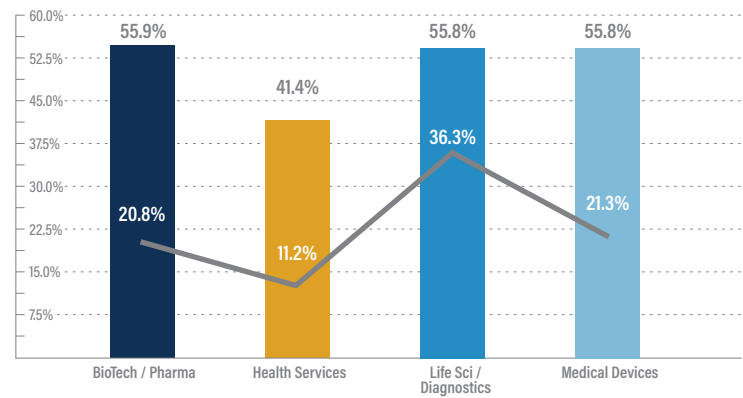
Enterprise Value / LTM EBITDA



LTM Revenue Growth

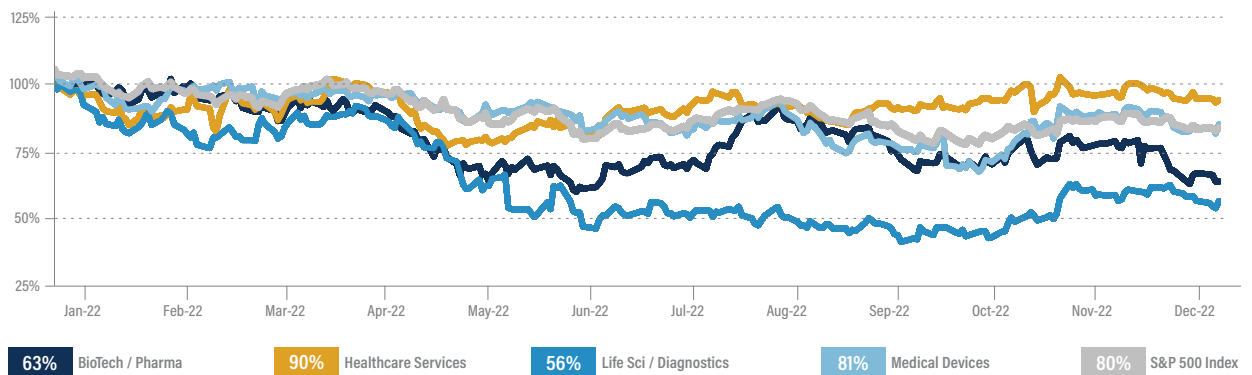


LTM Gross and EBITDA Margins*



*EBITDA Margins shown as the gray line.

LTM Stock Price Index



SELECTED HEALTHCARE TRANSACTIONS

Target	Acquiror	BioTech / Pharma Transactions
Arcellx, Inc. (NASDAQ:ACLX)	Kite Pharma, Inc. (Gilead Sciences) (NASDAQ:GILD)	Arcellx is a clinical-stage biotechnology company developing immunotherapies for patients with cancer and other incurable diseases Total Consideration: \$325 million, consisting of \$225 million in cash and \$100 million in equity Per share price represents a premium of ~30%
GRI Bio, Inc.	Vallon Pharmaceuticals, Inc. (NASDAQ:VLON)	GRI Bio is a clinical-stage biotechnology company developing therapies designed to treat fibrotic, inflammatory and autoimmune diseases by targeting the regulation of NKT cells
Pherin Pharmaceuticals, Inc.	VistaGen Therapeutics, Inc.	Pherin Pharmaceuticals discovers and develops pherines – odorless substances that engage specific peripheral receptors in the nasal passages – to treat acute, intermittent and long-term neuropsychiatric and neuroendocrine conditions

Target	Acquiror	Life Sci / Diagnostics Transactions
Isoplexis Corp. (NASDAQ:ISO)	Berkley Lights, Inc. (NASDAQ:BLI)	Isoplexis develops precise detection systems to fight against cancer and other diseases Total Consideration: \$58 million Per share price represents a premium of ~103%
Two Square Science, LLC	Pion, Inc. (SFW Capital Partners)	Two Square Science designs, manufactures and sells automated test and monitoring equipment and products for the life science industry
Avellino Lab USA, Inc.	Senior Connect Acquisition Corp. I (NASDAQ:SNRH)	Avellino Lab USA discovers and develops genetic-based diagnostics, including AvellinoCoV2, a non-invasive, swab-based test used to detect the SARS-CoV-2 virus, and AvaGen, a personalized genetic eye test

Target	Acquiror	Health Services Transactions
North Atlanta Dermatology, SkinPath Solutions, Dermatology Institute for Skin Cancer and Cosmetic Surgery	Anne Arundel Dermatology Management (Ridgemont Equity Partners)	North Atlanta Dermatology offers medical and cosmetic dermatology services serving the greater Atlanta area through five locations SkinPath Solutions is a dermatopathology lab in Georgia Dermatology Institute for Skin Cancer and Cosmetic Surgery offers general dermatology, Mohs surgery and cosmetic surgery across two practices in Georgia
Synergy Plastic Surgery	Pinnacle Dermatology (BayPine)	Synergy Plastic Surgery, serving the Round Rock and Austin areas, consists of twelve providers who specialize in cosmetic plastic surgery
Texas Dermatology Center	Epiphany Dermatology (Leonard Green & Partners)	Texas Dermatology Center provides individualized dermatology care to patients in Georgetown, Texas and surrounding communities

Target	Acquiror	Medical Device Transactions
AMF Medical SA	Tandem Diabetes Care, Inc. (NASDAQ:TNDM)	AMF Medical is a Swiss-based MedTech company developing Sigi™, an ergonomic, rechargeable insulin patch pump Total Consideration: \$210 million, consisting of \$70 million in cash and \$140 million in earnout
Surgical Innovation Associates	Integra Lifesciences Holdings Corp. (NASDAQ:IART)	Surgical Innovation Associates develops, markets and sells medical devices for reconstructive and aesthetic surgery, including DuraSorb®, a fully-resorbable knitted mesh for soft tissue support Total Consideration: \$150 million
Fusion Biotech, Inc.	Veranex (Accelmed Partners, Lauxera Capital Partners, Summit Partners)	Fusion Biotech manufactures medical instruments for the diagnostics and medical device industry, specializing in custom medical devices and electro-mechanical diagnostic instruments

Selected TM Capital Healthcare Experience

 <p>A PORTFOLIO COMPANY OF</p>  <p>HAS BEEN ACQUIRED BY</p> 	 <p>A PORTFOLIO COMPANY OF</p>  <p>HAS BEEN ACQUIRED BY</p> 	 <p>HAS RECEIVED A STRATEGIC INVESTMENT FROM</p> 
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TM Capital's Healthcare Industry Contacts



James McLaren
Managing Director
jmclaren@tmcapital.com
212.809.1414



Michael Goldman
Managing Director
mgoldman@tmcapital.com
212.809.1419



Paul Smolevitz
Managing Director
psmolevitz@tmcapital.com
212.809.1416



John Dean
Principal
jdean@tmcapital.com
404.995.6234



Steve Hunter
Managing Director, Sponsor Coverage
shunter@tmcapital.com
404.995.6232