



# HEALTHCARE MONTHLY

JANUARY 2024

## 2024 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 San Francisco. Over the course of our meetings, several key themes emerged:*

- **Increasing market optimism** – attendees were optimistic about the prospects for healthcare M&A in 2024, bolstered by strong underlying demand drivers and the sector's resilience during a challenging 2023. Investors expect more private equity portfolio companies in healthcare to trade hands, particularly if interest rates normalize and valuation gaps narrow. While many acquirers focused on add-ons last year, we expect the pace of new platform acquisitions to accelerate as founder owners of healthcare companies seek to access a more receptive market.
- **Focus rotates to new sectors** – investors continue to focus on companies with durable demand and limited reimbursement or regulatory risk, while demand in prior "hot spots" such as physician practice management has moderated. Our discussions often referenced non-discretionary medical devices, pharma services, clinical trial enablement, single-use healthcare products and distribution. Many parties are interested in home services, including home health, hospice, durable medical equipment, infusion therapy and community-based behavioral health.
- **Advanced technology appetite** – with the rapid rise of artificial intelligence, investors are picking and choosing their spots in more tech-forward and digitally-focused companies with recurring revenue and the potential to drive efficiencies, cost savings, or expanded market opportunities. Key advanced technology focus areas include diagnostics and consumer health & wellness.

*Please reach out directly to the TM Capital healthcare team with any questions or to discuss the current market environment in more detail.*



*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

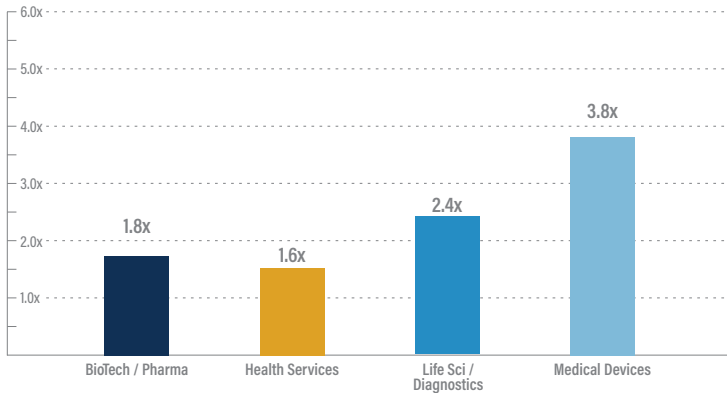
Medical Devices

## HEADLINE TRANSACTIONS

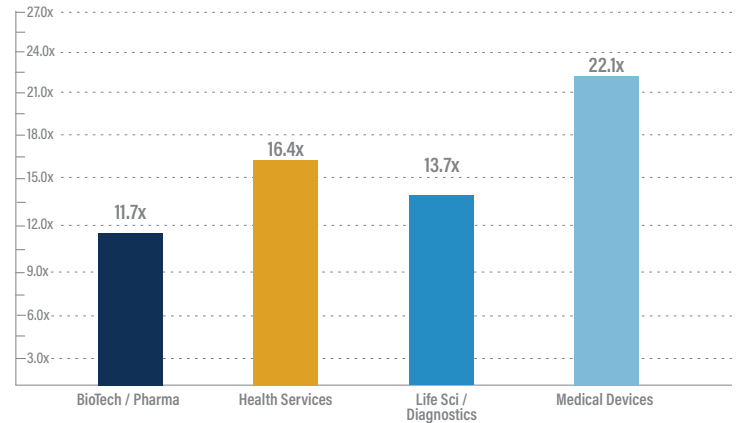
|                  | TARGET  | ACQUIROR  | ACQUISITION SYNOPSIS  |
|------------------|---|---|---|
| BioTech / Pharma |   |   | <ul style="list-style-type: none"> <li>Bristol Myers Squibb Company (NYSE:BMJ) has entered a definitive agreement to acquire Karuna Therapeutics, Inc. (NASDAQ:KRTX)</li> <li>Karuna is a clinical-stage pharmaceutical company developing therapeutics for psychiatric &amp; neurological conditions; its lead candidate, KarXT, is in Phase III clinical trials and, if approved, would be the first new class of schizophrenia drug in over 50 years</li> <li>Bristol Myers Squibb is a global biopharmaceutical company discovering, developing, manufacturing, distributing and selling products targeting numerous disease areas including hematology, oncology, cardiovascular, immunology, fibrotic and neuroscience</li> <li>Total Consideration: \$12.7 billion cash</li> <li>Per Share Price Premium: 53.4%</li> </ul> |
|                  |  |  | <ul style="list-style-type: none"> <li>Bristol Myers Squibb Company (NYSE: BMJ) has entered a definitive agreement to acquire RayzeBio, Inc. (NASDAQ:RYZB)</li> <li>RayzeBio is a clinical-stage biotechnology company developing radiopharmaceutical therapeutics to target cancer</li> <li>Bristol Myers Squibb is a global biopharmaceutical company discovering, developing, manufacturing, distributing and selling products targeting numerous disease areas including hematology, oncology, cardiovascular, immunology, fibrotic and neuroscience</li> <li>Total Consideration: \$3.6 billion cash</li> <li>Per Share Price Premium: 104.5%</li> </ul>   |
|                  |  |  | <ul style="list-style-type: none"> <li>Roche Holding AG (SWX:ROG) has entered a definitive agreement to acquire Carmot Therapeutics, Inc. from a consortium of venture capital investors</li> <li>Carmot is a clinical-stage biotechnology company developing therapeutics targeting metabolic diseases</li> <li>Roche is a Swiss pharmaceutical company offering therapeutics targeting various disease areas including oncology and neuroscience</li> <li>Total Consideration: \$2.7 billion cash; \$400 million earnout</li> </ul>   |
| Medical Devices  |  |  | <ul style="list-style-type: none"> <li>Carl Zeiss Meditec AG (XTRA:AFX) has entered a definitive agreement to acquire Dutch Ophthalmic Research Center B.V. ("DORC") from Eurazeo SE (ENXTPA:RF)</li> <li>DORC develops, manufactures, sells and exports equipment, consumables and instruments used in ophthalmic surgery</li> <li>Zeiss is a German medical technology company offering products and solutions for ophthalmology and microsurgery in Europe, North America and Asia</li> <li>Total Consideration: ~\$1.1 billion</li> </ul>   |

# HEALTHCARE GROWTH & VALUATION TRENDS

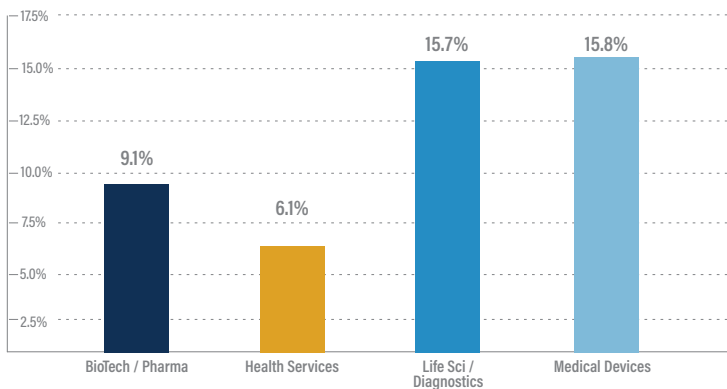
Enterprise Value / LTM Revenue



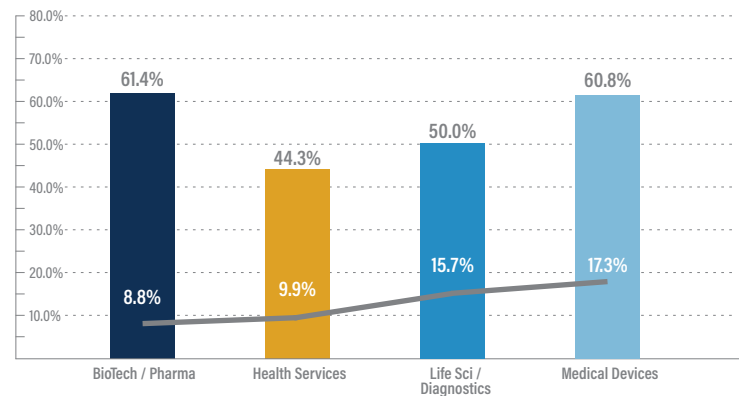
Enterprise Value / LTM EBITDA



LTM Revenue Growth

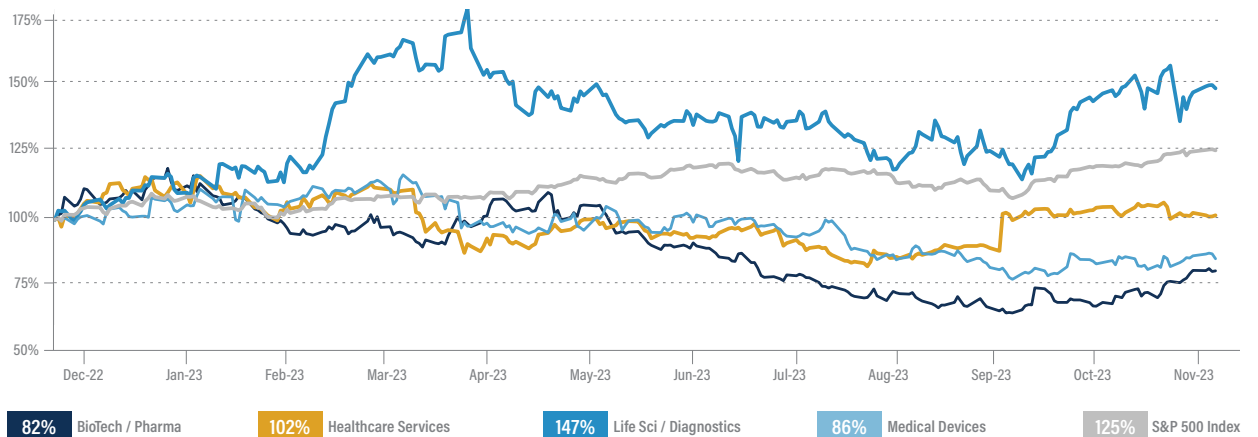


LTM Gross and EBITDA Margins\*



\*EBITDA Margins shown as the gray line.

LTM Stock Price Index



# SELECTED HEALTHCARE TRANSACTIONS








| Target                                      | Acquiror                   | BioTech / Pharma Transactions  |
|---|----------------------------|--|
| Gracell Biotechnologies, Inc. (NASDAQ:GRCL) | AstraZeneca plc (LSE:AZN)  | Gracell is a Chinese clinical-stage biopharmaceutical company developing therapeutics targeting cancer & autoimmune diseases; its lead candidate is a T-cell therapy targeting multiple myeloma & lupus<br>Total Consideration: ~\$1.0 billion cash; ~\$200 million earnout<br>Per Share Price Premium: ~62% |
| Icosavax, Inc. (NASDAQ:ICVX)                | AstraZeneca plc (LSE:AZN)  | Icosavax is a biopharmaceutical company developing vaccines against infectious diseases such as respiratory syncytial virus, human metapneumovirus and coronavirus<br>Total Consideration: \$765 million cash<br>Per Share Price Premium: ~43%   |
| Evoform Biosciences, Inc.                   | Aditxt, Inc. (NASDAQ:ADTX) | Evoform is a commercial-stage women's-health company; its flagship product is Phexxi®, an FDA-approved, hormone-free contraceptive gel<br>Total Consideration: \$100 million stock   |

| Target   | Acquiror                          | Life Sci / Diagnostics Transactions  |
|--|-----------------------------------|--|
| Avidity Science, LLC (ShoreView Industries, LLC) | ATS Corporation (TSX:ATS)         | Avidity designs, manufactures and supports animal watering, monitoring and access control solutions for the life science and biomedical research end markets |
| Bio X Cell, Inc.                                 | Windjammer Capital Investors, LLC | Bio X Cell produces monoclonal antibodies for use in in-vivo and in-vitro pre-clinical research and applications   |
| ELITech Group SAS (PAI Partners SAS)             | Bruker Corporation (NASDAQ:BRKR)  | ELITech develops and manufactures in-vitro diagnostic instruments and reagents for use in clinical chemistry, microbiology and molecular biology             |

| Target  | Acquiror   | Health Services Transactions  |
|---|--|---|
| Acclara Solutions, LLC (Providence Health & Services)   | R1 RCM, Inc. (NASDAQ:RCM)  | Acclara Solutions provides billing, practice management, EMR and IT solutions to the healthcare industry<br>Total Consideration: \$680 million cash and warrants  |
| Hospice Source, LLC (Transition Capital Partners, Ltd.) | National HME, Inc  | Hospice Source is a distributor of medical equipment to patients and hospice providers based in Carrollton, Texas   |
| Advanced Dermatology, LLC                               | Forefront Management Holdings, LLC (Partners Group, AG (SWX:PGHN)) | Advanced Derm has partnered with Forefront Dermatology; Advanced Derm provides medical, surgical & cosmetic dermatology and clinical research capabilities to the greater Chicago area; Forefront operates a chain of dermatology practice centers across the United States |

| Target   | Acquiror  | Medical Device Transactions   |
|--|---|---|
| Spine Business of ZimVie, Inc. (NASDAQ:ZIMV)         | H.I.G. Capital, LLC                                     | The Spine Business of ZimVie develops and sells spinal surgery products including cervical, biologic & thoracolumbar solutions<br>Total Consideration: \$315 million cash, \$60 million promissory note |
| Acclarent, Inc. (Johnson & Johnson, Inc. (NYSE:JNJ)) | Integra LifeSciences Holdings Corporation (NASDAQ:IART) | Acclarent develops and sells products and technologies for ear, nose and throat related illnesses<br>Total Consideration: \$275 million cash; \$5 million earnout                                       |
| Isometric Intermediate, LLC                          | Nissha Medical Technologies (Nissha Co., Ltd.)          | Isometric manufactures micro molding products and micro automated assembly solutions for applications in medical devices and drug delivery  |

## Selected TM Capital Healthcare Experience

|  |   |   |
|--|---|---|
| <br>HAS BEEN ACQUIRED BY<br> | <br>A PORTFOLIO COMPANY OF<br><br>HAS BEEN ACQUIRED BY<br> | <br>A PORTFOLIO COMPANY OF<br><br>HAS BEEN ACQUIRED BY<br> |
|--|---|---|

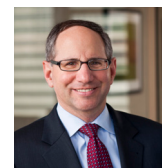
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