



HEALTHCARE

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Spotlight

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Medical Device

Industry News

Healthcare Executives Forecast Big Growth in 2019 and Not Just from M&A

Healthcare Finance [Full Article](#)

A new poll of nearly 300 senior healthcare executives by Capital One is forecasting big growth in 2019, with results showing 97 percent of respondents expecting to at least match 2018's performance this year and 73 percent saying they expect better performance.

The survey was conducted between November 15 and December 3, 2018 and asked professionals to provide their industry and company outlook. Respondents included 291 senior executives from healthcare companies, including pharmaceutical, healthcare IT and medical technology companies, hospitals, healthcare service providers and health systems, as well as other industry players.

CTGT Acquired by Health Network Laboratories

Mirus Capital Advisors [Full Article](#)

Health Network Laboratories (HNL), a leader in high quality, innovative laboratory medicine services, has announced that they have acquired Connective Tissue Gene Tests, LLC (CTGT), an internationally recognized provider of molecular diagnostic testing services for inherited genetic disorders that delivers clinically actionable diagnostic information to its worldwide customer base.

"CTGT is an important and exciting addition to HNL's diagnostic service portfolio, allowing us to continue building on our heritage of innovation that provides best in class diagnostic services for the physicians and patients we serve," said Dr. Peter Fisher, President and CEO of HNL.

Stryker Announces Definitive Agreement to Acquire K2M

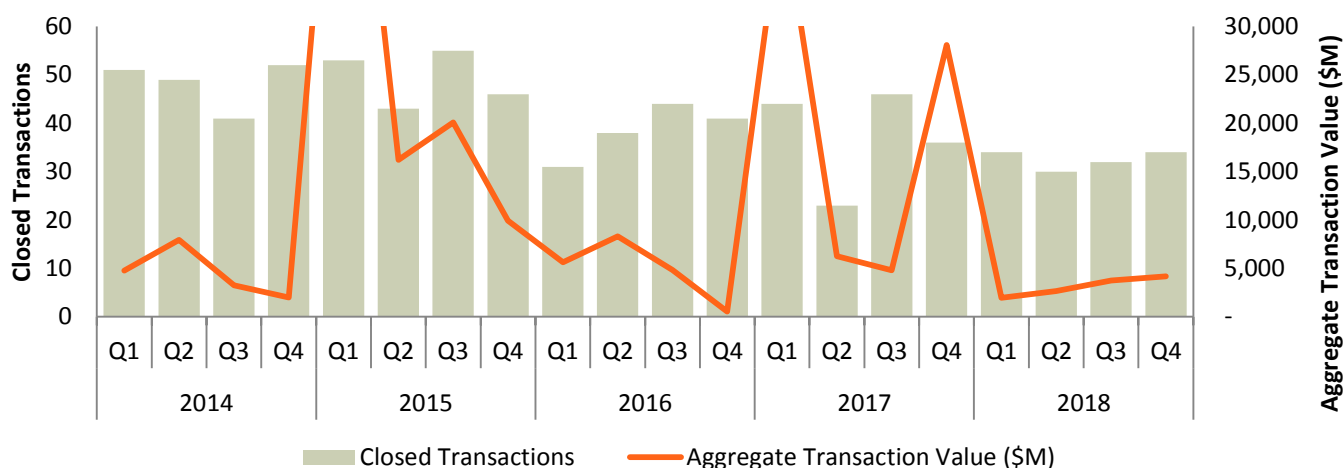
Stryker [Full Article](#)

Stryker (NYSE: SYK) has announced a definitive merger agreement to acquire all of the issued and outstanding shares of common stock of K2M Group Holdings, Inc. (NASDAQ: KTWO) for \$27.50 per share, or a total equity value of approximately \$1.4 billion. K2M, which was founded in 2004, has emerged as a key player in the roughly \$10 billion spinal market.

"This acquisition underscores our commitment to the spinal market, which is the largest segment of Orthopaedics with significant unmet needs," stated Kevin A. Lobo, Chairman and Chief Executive Officer, Stryker. "We believe K2M will significantly enhance our presence with surgeons, patients and employees in both the spine and related neurotechnology markets."

Medical Device

Medical Device M&A Environment

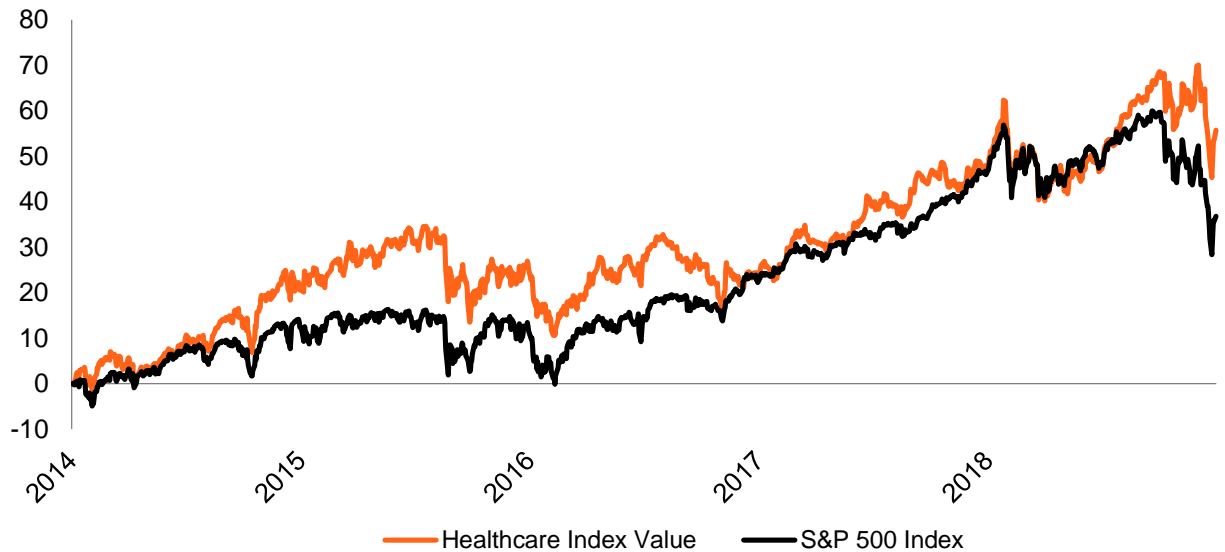


Selected Q4 2018 M&A

Date Closed	Target	Buyers/Investors	Sector	Enterprise Value (\$M)	EV / LTM	
					Revenue	EBITDA
12/31/2018	NeuroNexus Technologies, Inc.	NEL Group Inc.	Neurology	5	-	-
12/27/2018	Avalign Technologies, Inc.	Linden LLC	Orthopedics	-	-	-
12/26/2018	Keystone Heart, Ltd.	Venus MedTech (HangZhou) Inc.	Neurology	-	-	-
12/20/2018	CellaVision AB (publ) (OM:CEVI)	Finansinspektionen	Hematology	-	-	-
12/19/2018	Mazor Robotics Ltd.	Oridion Systems Ltd.	Orthopedics & Neurology	1,544	23.2x	-
12/17/2018	Repro Med Systems, Inc. (OTCPK:REPR)	Horton Freedom, L.P.	Ambulatory infusions	41	2.3x	15.6x
12/13/2018	Veryan Medical Ltd.	Otsuka Medical Devices Co., Ltd.	Cardiology	-	-	-
11/28/2018	Elbit Medical Technologies Ltd (TASE:EMTC)	Exigent Capital Group	Neurology, Oncology & Gynecology	104	-	-
11/13/2018	Numotion	AEA Investors LP	Mobility	-	-	-
11/9/2018	K2M Group Holdings, Inc.	Stryker Corporation (NYSE:SYK)	Spine	1,340	4.9x	-
11/4/2018	Aerogen Limited	Temasek Holdings (Private) Limited	Drug Delivery	-	-	-
10/31/2018	Welch Allyn Protocol, Inc.	Heraeus Medical Components LLC	Patient Monitoring	-	-	-
10/31/2018	Global Orthopaedic Technologies Pty Ltd	Corin Group plc	Orthopedics	-	-	-
10/22/2018	Invuity, Inc.	Stryker Corporation (NYSE:SYK)	Illuminated Surgical Devices	200	4.9x	-
10/18/2018	Oxford Nanopore Technologies Limited	Amgen Inc. (NasdaqGS:AMGN)	Molecular Analysis	2,179	120.8x	-
10/16/2018	Augmenix, Inc.	Boston Scientific Corporation (NYSE:BSX)	Hydrogel Technology	600	-	-
10/16/2018	Bruker-Hain Diagnostics	Bruker Corporation (NasdaqGS:BRKR)	Molecular Analysis	-	-	-
10/4/2018	Essential Medical, Inc	Teleflex Incorporated (NYSE:TFX)	Cardiology	-	-	-
10/1/2018	HyperBranch Medical Technology, Inc.	Stryker Corporation (NYSE:SYK)	Wound Care	220	-	-
10/1/2018	MED Medical Products GmbH	Vision Ophthalmology Group GmbH	Ophthalmology	-	-	-

Healthcare

Largely mirroring the S&P 500, healthcare valuations experienced increased volatility in the fourth quarter of 2018. Analysts expect a strong 2019 for the U.S. healthcare markets as the industry transitions to value based model, with new patient centric technologies, increased adoption of virtual care options, and a greater focus on population health.



As of 12/31/2018

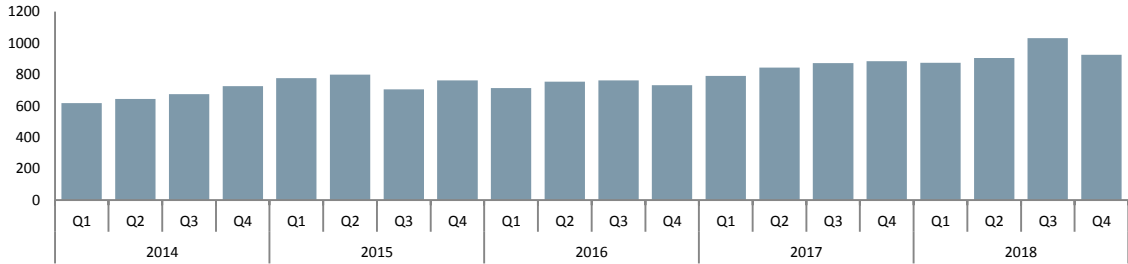
Company Name	Ticker	Enterprise Value	LTM Financials		Valuation Metrics		LTM Margins	
			Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$143,509	\$30,578	\$7,198	4.7x	19.9x	58.6%	23.5%
AbbVie Inc.	NYSE:ABBV	\$171,104	\$32,753	\$13,994	5.2x	12.2x	76.4%	42.7%
Agilent Technologies, Inc.	NYSE:A	\$21,044	\$4,914	\$1,184	4.3x	17.8x	54.7%	24.1%
AmerisourceBergen Corporation	NYSE:ABC	\$18,055	\$172,866	\$2,159	0.1x	8.4x	2.7%	1.2%
Amgen Inc.	NasdaqGS:AMGN	\$128,553	\$23,747	\$12,497	5.4x	10.3x	82.7%	52.6%
Anthem, Inc.	NYSE:ANTM	\$83,827	\$92,091	\$6,363	0.9x	13.2x	21.9%	6.9%
Baxter International Inc.	NYSE:BAX	\$35,637	\$11,127	\$2,585	3.2x	13.8x	43.4%	23.2%
Becton, Dickinson and Company	NYSE:BDX	\$81,053	\$17,063	\$5,084	4.8x	15.9x	48.2%	29.8%
Biogen Inc.	NasdaqGS:BIIB	\$62,126	\$13,453	\$7,026	4.6x	8.8x	86.5%	52.2%
Boston Scientific Corporation	NYSE:BSX	\$55,362	\$9,823	\$2,618	5.6x	21.1x	71.2%	26.7%
Bristol-Myers Squibb Company	NYSE:BMJ	\$85,429	\$22,561	\$7,115	3.8x	12.0x	71.2%	31.5%
Cardinal Health, Inc.	NYSE:CAH	\$20,244	\$141,935	\$2,870	0.1x	7.1x	5.0%	2.0%
Celgene Corporation	NasdaqGS:CELG	\$60,718	\$15,281	\$5,863	4.0x	10.4x	96.2%	38.4%
Centene Corporation	NYSE:CNC	\$23,564	\$56,688	\$2,627	0.4x	9.0x	18.8%	4.6%
Cerner Corporation	NasdaqGS:CERN	\$16,906	\$5,366	\$1,207	3.2x	14.0x	82.5%	22.5%
Cigna Corporation	NYSE:CI	\$73,365	\$48,569	\$5,540	1.5x	13.2x	33.5%	11.4%
Community Health Systems, Inc.	NYSE:CYH	\$14,123	\$14,155	\$1,452	1.0x	9.7x	38.3%	10.3%
Danaher Corporation	NYSE:DHHR	\$82,130	\$19,893	\$4,819	4.1x	17.0x	55.9%	24.2%
DaVita Inc.	NYSE:DVA	\$19,582	\$11,412	\$2,081	1.7x	9.4x	28.2%	18.2%
Eli Lilly and Company	NYSE:LLY	\$121,499	\$24,556	\$7,872	4.9x	15.4x	73.8%	32.1%
Genesys Healthcare, Inc.	NYSE:GEN	\$4,318	\$5,022	\$382	0.9x	11.3x	43.1%	7.6%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$78,614	\$22,127	\$10,513	3.6x	7.5x	78.1%	47.5%
HCA Healthcare, Inc.	NYSE:HCA	\$77,189	\$46,677	\$8,920	1.7x	8.7x	37.6%	19.1%
Henry Schein, Inc.	NasdaqGS:HSIC	\$14,733	\$13,202	\$1,101	1.1x	13.4x	27.2%	8.3%
Humana Inc.	NYSE:HUM	\$40,530	\$56,912	\$3,336	0.7x	12.1x	19.4%	5.9%
IQVIA Holdings Inc.	NYSE:IQV	\$32,998	\$10,412	\$1,795	3.2x	18.4x	35.2%	17.2%
Johnson & Johnson	NYSE:JNJ	\$358,004	\$81,581	\$28,336	4.4x	12.6x	66.9%	34.7%
Laboratory Corporation of America Holdings	NYSE:LH	\$18,340	\$11,333	\$2,044	1.6x	9.0x	28.3%	18.0%
Magellan Health, Inc.	NasdaqGS:MGLN	\$1,946	\$7,164	\$233	0.3x	8.4x	3.9%	3.2%
McKesson Corporation	NYSE:MCK	\$30,303	\$213,518	\$4,099	0.1x	7.4x	5.4%	1.9%
Merck & Co., Inc.	NYSE:MRK	\$212,376	\$42,294	\$14,495	5.0x	14.7x	68.1%	34.3%
Molina Healthcare, Inc.	NYSE:MOH	\$5,950	\$18,144	\$1,249	0.3x	4.8x	16.6%	6.9%
Owens & Minor, Inc.	NYSE:OMI	\$1,910	\$9,839	\$239	0.2x	8.0x	14.2%	2.4%
Patterson Companies, Inc.	NasdaqGS:PDCO	\$2,495	\$5,517	\$221	0.5x	11.3x	21.1%	4.0%
Pfizer Inc.	NYSE:PFE	\$277,056	\$53,647	\$21,703	5.2x	12.8x	79.3%	40.5%
Quest Diagnostics Incorporated	NYSE:DGX	\$15,022	\$7,531	\$1,534	2.0x	9.8x	35.5%	20.4%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$38,900	\$6,711	\$2,683	5.8x	14.5x	61.0%	40.0%
Stryker Corporation	NYSE:SYK	\$63,647	\$13,601	\$3,817	4.7x	16.7x	66.0%	28.1%
Tenet Healthcare Corporation	NYSE:THC	\$18,317	\$18,672	\$2,629	1.0x	7.0x	36.8%	14.1%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$107,949	\$24,358	\$6,124	4.4x	17.6x	46.7%	25.1%
UnitedHealth Group Incorporated	NYSE:UNH	\$267,307	\$226,247	\$19,166	1.2x	13.9x	23.8%	8.5%
Universal Health Services, Inc.	NYSE:UHS	\$14,802	\$10,661	\$1,703	1.4x	8.7x	40.6%	16.0%
WellCare Health Plans, Inc.	NYSE:WCG	\$9,621	\$20,414	\$921	0.5x	10.5x	15.4%	4.5%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$29,839	\$7,933	\$2,374	3.8x	12.6x	71.4%	29.9%
Zoetis Inc.	NYSE:ZTS	\$46,145	\$5,825	\$2,176	7.9x	21.2x	67.3%	37.4%

Median	3.2x	12.1x	43.1%	20.4%
Mean	2.8x	12.3x	45.7%	21.2%

Healthcare

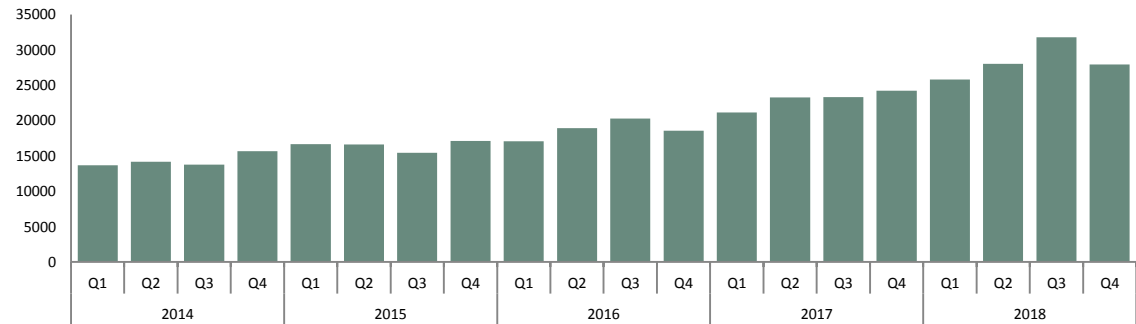
State of the Industry

Dow Jones US Healthcare Index



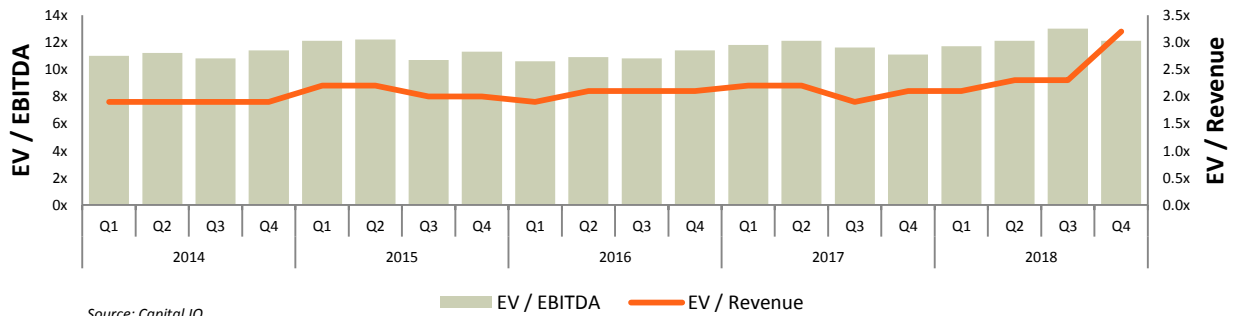
Source: Capital IQ

Dow Jones US Select Medical Equipment Index



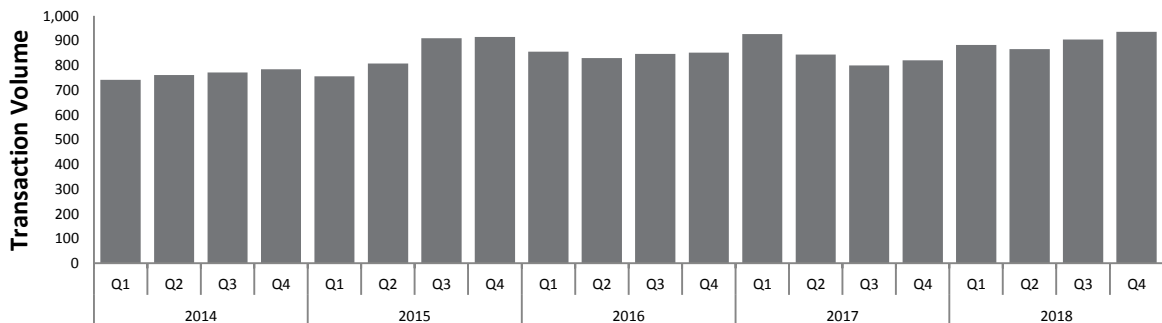
Source: Capital IQ

Industry Valuations



Source: Capital IQ

Healthcare Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- We sweat the small stuff.
- Take a 3:00am call.
- Say yes.
- Say no.
- Dig deeper when things get tough.
- And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."
- Then and only then, will we know that we've accomplished something meaningful, too.

About Mirus

The Mirus team works with the owners of closely-held companies in multiple segments of the \$2.8 trillion US healthcare industry to achieve their desired outcome. While global in focus and experience, we benefit from being in one of the most dynamic healthcare ecosystems that includes some of the most active healthcare focused venture capital and private equity firms, leading research universities, large medical device companies and innovative med-tech and healthcare services firms. The Mirus healthcare team has experience executing a spectrum of engagements with some of the most innovative healthcare companies in the world. We have particular expertise in: medical devices, healthcare equipment, healthcare IT, diagnostics, contract research, healthcare staffing, and related companies.

Partner Spotlight

Patrick West is an accomplished executive, entrepreneur, advisor and director with extensive executive management and M&A experience in the healthcare technology sectors. Having been both a senior level med-tech executive and a successful entrepreneur, Patrick brings the valuable perspective of having sat on both sides of the negotiating table. This allows him unique insight and an informed ability to navigate the deal process. In addition to his focus on helping clients maximize enterprise and ultimately exit value as a partner at Mirus, Patrick continues to hold a range of non-executive board positions and provides angel investment and strategic direction to a portfolio of companies.



Patrick West
781-418-5930
west@merger.com

"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."

- Bill Hanson, Founder and President of LTI

Mirus Healthcare Spotlight

Tunstall

Americas

has been acquired by

 **Connect America**

a portfolio company of

**ROCKBRIDGE**
GROWTH EQUITY

Tunstall is a market-leading provider of technology-based health and care solutions and services which improve its customers' ability to deliver new, more efficient and effective models for health and care management in the community setting. Connect America provides personal medical response system (PERS) kits for Americans who wish to continue to live an independent life at home.

CTGT
CONNECTIVE TISSUE GENE TESTS

has been acquired by

 **Health Network**
LABORATORIES®

Founded in 2004 and based in Allentown, Pennsylvania, CTGT has been at the forefront of the constitutional genetic testing field for more than a decade. The Company uses its proprietary analytic methods, mutation database and technology to provide more than 3,300 unique tests covering over 1,000 genes. Operating for over 20 years, HNL is a leader in laboratory medicine that works with more than 10 hospital systems and has over 60 regional patient service centers. Each year, HNL generates more than 60 million clinical and anatomic pathology results for approximately 3 million patients and 12,000 healthcare providers.

Belmont
INSTRUMENT CORPORATION

has been
recapitalized by

**Audax**
Group®

Belmont is a leading provider of fluid warming infusion systems sold into acute care, military, and EMS settings. Headquartered in Billerica, MA, it is a technology leader in rapid infusion systems used to treat critically injured patients experiencing material blood loss. Since its founding in 1999, Audax Private Equity has been focused on building leading middle market companies. Audax has invested \$4.5 billion in 110 platforms and 635 add-on companies. Through its disciplined Buy & Build approach, Audax seeks to help platform companies execute add-on acquisitions that fuel revenue growth, optimize operations, and significantly increase equity value.