A Work Project, presented as part of the requirements for the Award of a Master Degree in Finance from the NOVA – School of Business and Economics.

# PRIVATE EQUITY CHALLENGE FIELD LAB - A LEVERAGED BUYOUT OF BIOTELEMETRY INC.

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# Abstract

This Investment Committee Paper was elaborated by a group of students from the Master in Finance Program which is intended to be used for academic purposes only. It consists on a proposal for a leveraged buyout on BioTelemetry Inc., the leading US-based company focused on providing remote cardiac monitoring, centralized research services for clinical trials, remote glucose monitoring, and original equipment manufacturing. The group developed a value creation strategy and an operating business model for the proposed investment, which was based on a thorough market and company analysis, as well as on the company's valuation. Subsequently, the group suggested an optimal capital structure for the investment as well as a range of possible exit strategies.

**Keywords:** BioTelemetry, Clinical Trial Services, Glucose Monitoring, Remote Cardiac Monitoring

**Disclaimer:** This Work Project was elaborated by students from the Master in Finance Program from Nova School of Business and Economics. As a group, we hereby certify that the submitted work is wholly our own work. This Work Project's content is intended to be used for academic purposes only and we do not accept any responsibility or liability for investment, business, legal, or any other decisions taken based on this Work Project. All data used was retrieved from publicly available sources, such as companies' annual reports, earnings call transcripts, and database websites, as well as from interviews and phone calls conducted with BioTelemetry's former employees and industry experts. All sources and aids used have been indicated as such. All texts either quoted directly or paraphrased have been indicated by in-text citations or their sources have been made available in footnotes.

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BioTelemetry inc.

# Personal Reflection

# Personal Reflection – João Malheiro (26169)

## 1 Which hard/soft skills did you develop through the project?

### Hard Skills

**Data Gathering, Structuring and Analysis:** Researched and collected data from several reliable databases and websites, analyzing, and displaying data in a understandable way.

**PE industry knowledge:** Got in touch with several concepts, content, and real cases related with the PE sector which have helped me deepening my interest in this industry.

**Financial Modeling:** Excel financial modelling was key in this WP and it has helped me improve my skills in this field.

### Soft Skills

**Communication Skills:** Improved my English speaking and writing capabilities.

**Time management Skills:** Given the long period of time dedicated to this WP, these skills were essential not to lose focus on the important topics.

**Team Work Skills:** Worked in a multi-cultural team with different working methods which contributed to improve my adaptability to different working environments.

## 2 What would you change in your individual or team approach if you had to do a similar project?

### Individual Approach

Given the vast available time to complete the WP, in some cases I have postponed tasks which I could have completed earlier. This would be something to improve at in a similar project.

### Team Approach

Sometimes I felt that the team was overdoing some tasks which did not add that much value. Would have been better to prioritize other tasks.

## 3 What skills did the Masters' program gave you so you could be prepared for this kind of project?

### General

Opportunity to meet and discus the WP with well prepared advisors.

Time Management and Interpersonal Skills.

### Private Equity Course

Vast and deep knowledge on the PE industry's key concepts and investment approaches.

Opportunity to develop a similar project to the PE Challenge Field Lab WP, which was helpful given the feedback provided.

# Valuation, Capital Structure & Returns

**Valuation**
**Capital Structure**
**Returns**
**Scenario Analysis**

# The valuation of BioTel suggests an EV/EBITDA multiple of 12.7x resulting in an Enterprise Value of approximately $1,292mn considering the company's 2019 EBITDA of $102mn

BioTelemetry inc

## Valuation Summary

Min. EV **Median** Max. EV

| Method | Min. EV | Median | Max. EV | Min – Max |
|---|---|---|---|---|
| **Intrinsic Valuation** | | | | |
| DCF | 1.0bn | 11.6x | 1.4bn | 9.8x – 14.2x |
| **Extrinsic Valuation** | | | | |
| Precedent Transactions (EV/EBITDA) | 0.3bn | 12.9x | 2.4bn | 3.2x – 24.0x |
| Trading Comparables EV/EBITDA LTM | 1.1bn | 12.4x | 1.3bn | 10.8x – 13.2x |
| Trading Comparables EV/EBITDA LTM (10Y Average) | 1.6bn | 18.5x | 2.2bn | 15.6x – 21.8x |
| Trading Comparables EV/EBITDA Through The Cycle (TTC) | 0.7bn | 13.6x | 3.2bn | 6.6x –31.1x |
| Regression Analysis (EV/EBITDA vs. 5Y Revenue CAGR) | 1.1bn | 12.5x | 1.3bn | 10.9x – 13.0x |

**$102mn** 2019B EBITDA × **12.7x** Median EV/EBITDA = **$1,292mn** Enterprise Value

## Valuation Method Analysis[1]

**Valuation Summary**

- Considering implied and relative valuation methods, including precedent transactions as well as current and historical trading comparables, BioTel can be valued at an **EV/EBITDA multiple of 12.7x** (i.e. the median of all valuation methods).
- Considering BioTel's 2019B EBITDA, the company can be acquired at an **Enterprise Value of $1,292mn**.

**DCF**

- By testing the **sensitivity** of WACC and TV growth, DCF recommends an EV/EBITDA-range of **9.8x to 14.2x** and a **median EV/EBITDA multiple of 11.6x**.
- Adjusting for CAPEX, the **EV/(EBITDA-CAPEX) multiple increases to 19.2x**. Due to the conventionality of high CAPEX requirements in the industry, this effect is neglected.
- Accounting for a risk adjustment of 1.5% due to the reimbursement risk and the high growth of the company during the holding period, considered **WACC is 9.7%**.

**Precedent Transactions**

- Precedent transactions recommend an **EV/EBITDA multiple of 12.9x**.
- Transactions occurred in the **Medical Equipment and Diagnostic Services** between the years 2010 to 2013.
- Most targets were headquartered in the US, with one exception (Australia), where only the bidder is from the US.
- High-multiple acquisitions were characterized by strong revenue growth, similar to BioTel.

**Trading Comparables**

- Trading comparables recommend an **EV/EBITDA** multiple between **12.4x** and **18.5x**.
- Trading comparables analyzed are **listed US-based Medical Equipment manufacturers** and **Diagnostic Services providers**.
- Comparables' 2018 EBITDA margins range from 17-22%, while BioTel achieved 23%.
- **TTC EV/EBITDA LTM** analysis was performed using the trading comparables previously identified. The cycle term was set as **10 years**.
- Regression of EV/EBITDA over 5-Year Revenue CAGR was computed over the trading comparable sample.

Notes: [1]See Appendix 28-32. Sources: MergerMarket; Bloomberg; CapitalIQ

# The acquisition will be levered with 6.0x Total Debt, whereof 5.0x are Senior Bank Debt and 1.0x will be raised as PIK Loan

BioTelemetry inc.

## Sources of Funds

| | $mn | % | EBITDAx |
|---|---|---|---|
| **Senior Debt** | **508.8** | **37.4%** | **5.0x** |
| Term Loan A | 203.5 | 14.6% | 2.0x |
| Term Loan B | 305.3 | 21.9% | 3.0x |
| **Subordinated Debt** | **101.8** | **7.3%** | **1.0x** |
| PIK Loan | 101.8 | 7.3% | 1.0x |
| **Total Debt** | **610.5** | **43.7%** | **6.0x** |
| **FRI** | **563.4** | **40.3%** | **5.5x** |
| **Ordinary Equity** | **104.5** | **7.5%** | **1.0x** |
| Institutional Equity | 83.6 | | 0.8x |
| MEP | 20.9 | | 0.2x |
| **Total Equity** | **667.8** | **47.8%** | **6.6x** |
| Cash on Hand | 117.9 | 8.4% | 1.2x |
| **Total Sources** | **1,396.3** | **100%** | **13.7x** |

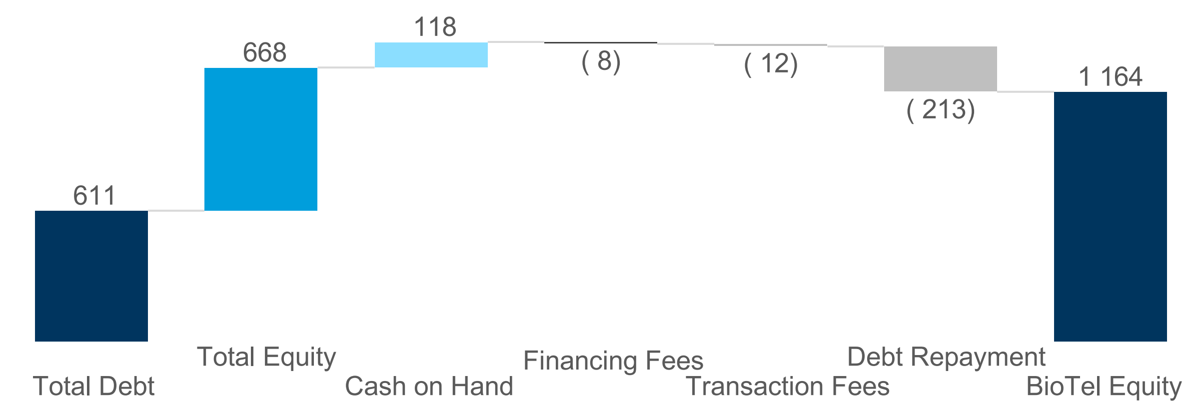
## Uses of Funds

| | $mn | % | EBITDAx |
|---|---|---|---|
| **EBITDA in 2019B** | **101.8** | | |
| **EV/EBITDA** | | | **12.7x** |
| **Total Equity** | **1,163.5** | **83.3%** | **11.4x** |
| **Debt Repayment** | **213.4** | **15.3%** | **2.1x** |
| **Equity + Debt** | **1,376.9** | **98.6%** | **13.5x** |
| Transaction Fees | 11.6 | 0.8% | 0.1x |
| Financing Fees | 7.8 | 0.6% | 0.1x |
| **Total Fees** | **19.4** | **1.4%** | **0.2x** |
| **Total Uses** | **1,396.3** | **100%** | **13.7x** |

## Debt Source

| Debt Source | Maturity and Spreads[1] | Repayment Schedule |
|---|---|---|
| **Term Loan A** (2.0x EBITDA)[2] | • **Senior** and **secured**.<br>• Tenor: **7 years**.<br>• **400bps** + 5Y Libor Swap Rate. | • Increasing mandatory **annual repayments**.<br>• Additional **leverage** in **2021** to initial **2.0x EBITDA level** for SHL acquisition and additional debt repayments. |
| **Term Loan B** (3.0x EBITDA)[2] | • **Senior** and **secured**.<br>• Tenor: **8 years**.<br>• **450bps** + 5Y Libor Swap Rate. | • **No mandatory annual** repayments.<br>• Optional repayment if **CODR[3] > 0**.<br>• **Bullet repayment** of outstanding debt in year 8. |
| **PIK Loan** (1.0x EBITDA) | • **Subordinated**.<br>• Tenor: **10 years**.<br>• **850bps** + 5Y Libor Swap Rate. | • **Non-cash interest payments** and **no-call protection covenants**.<br>• **Bullet repayment** of principal and total accrued interests in year 10. |
| **RCF** ($30mn) | • **200bps** + 5Y Libor Swap Rate.<br>• **25bps** flat commitment fee. | • The **RCF is not expected to be drawn down** during the investment period.<br>• Annual payment of **commitment fee**. |

## Uses of Funds Breakdown, In $mn




## Equity Source

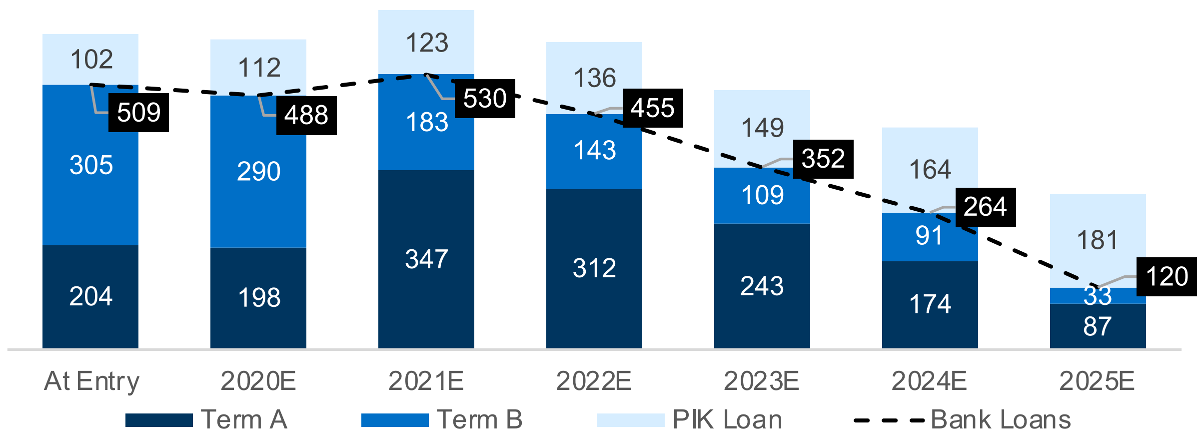
| Equity Source | Equity Description |
|---|---|
| **Fixed Return Instrument** (5.5x EBITDA) | • Tenor of **10 years** and **accrued interest rate of 10%**.<br>• **FRI** corresponds to **84.4%** of Total Equity, with only **10% tax-deductible** accrued interest portion. |
| **Institutional Ordinary Equity** (0.8x EBITDA) | • PE investment in Ordinary Equity will grant **80% of total shares**. |
| **Management Equity Program** (0.2x EBITDA) | • MEP investment in Ordinary Equity will grant the participants in the MEP the remaining **20% of total shares**.<br>• **Upper Management[4]:** Co-investors include CEO, CFO, CMO, and SVPs. Upfront investment amounts to 2x annual salary.<br>• **Sales Force:** Alignment of incentives with essential sales force. |

Notes: [1]See Appendix 33; [2]Debt sponsors provide Senior Secured Debt reflecting up to 3.0x Interest Cover based on EBITDA at acquisition. Hence, BioTel can afford ~$34mn of Cash Interest or ~518mn Senior Secured Debt considering its $102mn EBITDA and 6.5% interest; [3]Cash Available for Optional Debt Repayments = Total Cash Available for Debt Repayments – Total Mandatory Debt Repayments; [4]See Appendix 34. Sources: Invesco Call; Team Assessment

# Forecasted debt deleveraging and repayment schedule allow BioTel to respect the proposed financial covenants during the investment period

BioTelemetry inc.

## Deleveraging & Debt Ending Balances, In $mn




## Debt Repayment & Releveraging Schedule, In $mn

| In $mn | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|---|---|---|---|---|---|---|
| **Term A** | | | | | | |
| (Mandatory Repayments) / Releveraging | (5.1) | 148.7[1] | (34.7) | (69.4) | (69.4) | (86.8) |
| Interest Expense | (11.1) | (15.1) | (18.3) | (15.4) | (11.5) | (7.2) |
| **Term B** | | | | | | |
| Optional Repayments | (15.5) | (106.5) | (40.3) | (33.6) | (18.5) | (57.6) |
| Interest Expense | (18.0) | (14.3) | (9.9) | (7.6) | (6.0) | (3.8) |
| **PIK Loan** | | | | | | |
| Accrued Interests | 10.2 | 11.2 | 12.4 | 13.6 | 15.0 | 16.5 |
| **Total Debt Repayments** | **(20.6)** | **42.2** | **(75.0)** | **(103.0)** | **(87.9)** | **(144.4)** |
| **Total Cash Interest Expense** | **(29.1)** | **(29.4)** | **(28.1)** | **(23.0)** | **(17.6)** | **(10.9)** |

[1]Releveraging of Term A Loan to 2.0x 2021 EBITDA. Total effective releveraging amount is $148.7mn and it will be used to finance the acquisition of SHL in 2021 and to repay more expensive debt, such as Term B Loan.
**Notes:** The Revolver Credit Facility is not expected to be drawn upon during the investment period.

## Credit Statistics

| | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|---|---|---|---|---|---|---|
| **Leverage Cover** | **4.7x** | **3.9x** | **3.2x** | **2.8x** | **2.2x** | **1.4x** |
| Proposed (20% Headroom) | 5.6x | 4.7x | 3.8x | 3.3x | 2.5x | 1.6x |
| **CAPEX Adjusted Leverage Cover** | **9.0x** | **6.1x** | **4.6x** | **4.0x** | **3.0x** | **1.8x** |
| Proposed (20% Headroom) | 12.0x | 8.0x | 6.1x | 5.3x | 4.1x | 2.6x |
| **Interest Cover** | **4.6x** | **6.0x** | **7.0x** | **8.4x** | **12.1x** | **21.1x** |
| Proposed (20% Headroom) | 3.7x | 4.8x | 5.6x | 6.7x | 9.7x | 16.9x |
| **CAPEX Adjusted Interest Cover** | **2.3x** | **3.6x** | **4.6x** | **5.5x** | **8.1x** | **14.9x** |
| Proposed (20% Headroom) | 1.8x | 2.9x | 3.7x | 4.4x | 6.5x | 11.9x |
| **Cash Cover** | **1.5x** | **3.2x** | **1.7x** | **1.3x** | **1.2x** | **1.5x** |
| Proposed (Invariably) | 1.0x | 1.0x | 1.0x | 1.0x | 1.0x | 1.0x |

**Leverage Cover**

- **Leverage Cover** ratio is given by Net Debt over EBITDA.
- **CAPEX Adjusted Leverage Coverage** ratio is given by Net Debt over EBITDA net of CAPEX (excluding SHL Telemedicine acquisition).
- **High cash generation** business model, which allows for **optional debt repayments**, leads to a decrease in the leverage cover ratio overtime.

**Interest Cover**

- **Interest Cover** ratio is given by EBITDA over Total Cash Interest Expenses.
- **CAPEX Adjusted Leverage Coverage** ratio is given by EBITDA net of CAPEX (excluding SHL Acquisition) over Total Cash Interest Expenses.
- **Debt repayment** and **strong EBITDA growth** lead to ratio improvement.

**Cash Cover**

- **Cash Cover** ratio is given by Unlevered FCF over Total Debt Service (Total Interest Expenses and Total Mandatory Repayments).
- Cash Cover ratio forecast shows that BioTel has a **strong cash generation** to meet its financial obligations during the investment period.
- Increase in 2021's ratio is due to the **re-leveraging of Term Loan A**.

Sources: Invesco Call; Team Assessment

# After an exit in 2025, the PE is expected to return MOIC 3.5x and IRR 23.5%, while the investors in the MEP are looking at returns of MOIC 15.5x and IRR 57.9%

BioTelemetry Inc.

## Returns to PE and MEP, In $mn

| | 2020E | 2021E | 2022E | 2023E | 2024E | 2025E |
|---|---|---|---|---|---|---|
| Initial PE Investment | 647.0 | 647.0 | 647.0 | 647.0 | 647.0 | 647.0 |
| Proceeds to PE | 991.8 | 1,374.5 | 1,650.2 | 1,703.8 | 1,979.6 | 2,292.8 |
| **MOIC** | **1.5x** | **2.1x** | **2.6x** | **2.6x** | **3.1x** | **3.5x** |
| **IRR** | **53.3%** | **45.8%** | **36.6%** | **27.4%** | **25.1%** | **23.5%** |
| Initial MEP Investment | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 | 20.9 |
| Proceeds to MEP Investors | 93.0 | 173.2 | 225.1 | 219.7 | 268.1 | 323.7 |
| **MOIC** | **4.5x** | **8.3x** | **10.8x** | **10.5x** | **12.8x** | **15.5x** |
| **IRR** | **345.3%** | **187.9%** | **120.9%** | **80.1%** | **66.6%** | **57.9%** |

- After an exit in 2025, the Institutional Investors, i.e. the PE fund, are expected to return $2,292.8mn representing a **money multiple of 3.5x and an IRR of 23.5%**.
- Investors in the MEP, i.e. the management as well as the sales force, are expected to return $323.7mn representing a **money multiple of 15.5x and an IRR of 57.9%**.
- These high returns are justified by **higher volatility** and provide an **incentive** for the investors to work towards the same targets.

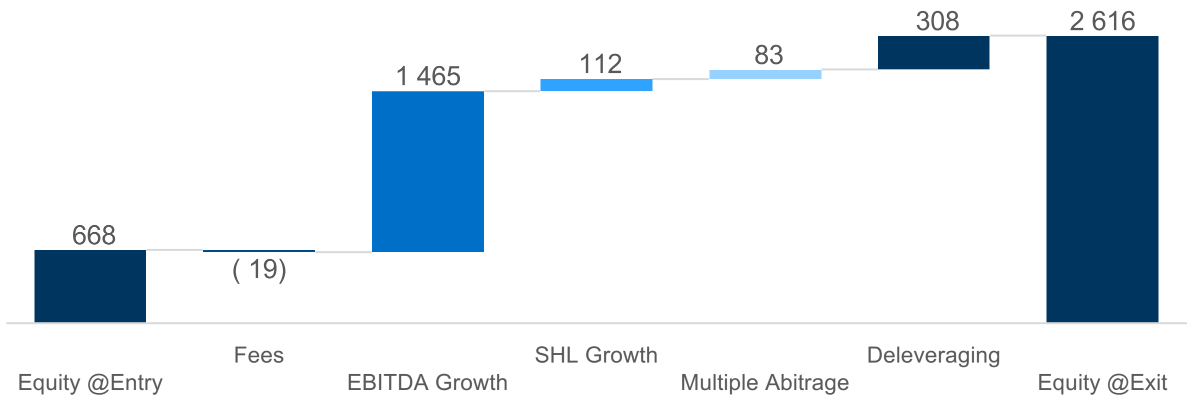
## Sensitivity Analysis

| Entry/ Exit Multiple – IRR | 2024E | 2025E | 2026E |
|---|---|---|---|
| **11.7x** | 26.7% | 24.9% | 23.3% |
| **12.2x** | 25.8% | 24.2% | 22.6% |
| **12.7x** | 25.1% | **23.5%** | 22.0% |
| **13.2x** | 24.4% | 22.9% | 21.4% |
| **13.7x** | 23.8% | 22.4% | 20.9% |

| Entry/ Exit Multiple – MOIC | 2024E | 2025E | 2026E |
|---|---|---|---|
| **11.7x** | 3.3x | 3.8x | 4.3x |
| **12.2x** | 3.2x | 3.7x | 4.2x |
| **12.7x** | 3.1x | **3.5x** | 4.0x |
| **13.2x** | 3.0x | 3.4x | 3.9x |
| **13.7x** | 2.9x | 3.4x | 3.8x |

Sources: Team Assessment

## Equity Bridge at Exit in 2025E, In $mn

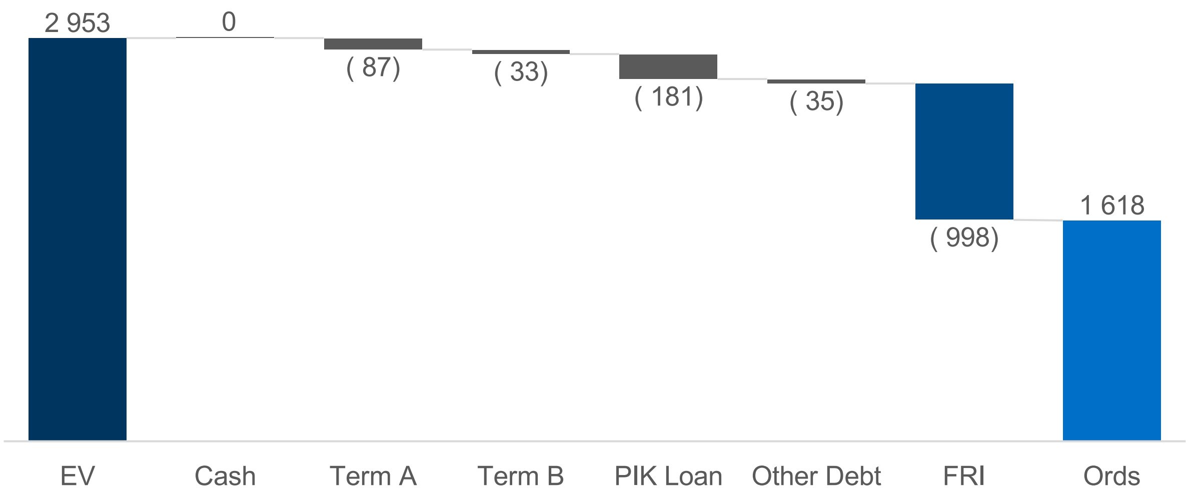



- Over the projected 6-year investment period, the equity value is expected to **increase by 3.9x, from $668mn in 2020 to $2,616mn in 2025**; the equity value creation throughout the investment period arises from EBITDA growth – both from BioTel and the acquired SHL Telemedicine –, multiple arbitrage and deleveraging.
- **EBITDA growth for BioTel**, which is **the major contributor to the strong equity value with an impact of $1,465mn**, is driven by the significant growth in revenue as well as an improvement of the company's EBITDA margin.
- **EBITDA growth for SHL Telemedicine had an impact of $112mn**, which equals its EBITDA in 2025 considering that the company was acquired during the investment period, and hence did not contribute in the beginning.
- **Multiple arbitrage had an impact of $83mn**, due to the difference of the SHL Telemedicine acquisition multiple of 7.3x to the consolidation multiple of 12.7x.
- In total, the **acquisition of SHL Telemedicine had an impact of $195mn**.
- **Deleveraging during the investment period had an impact of $308mn**.

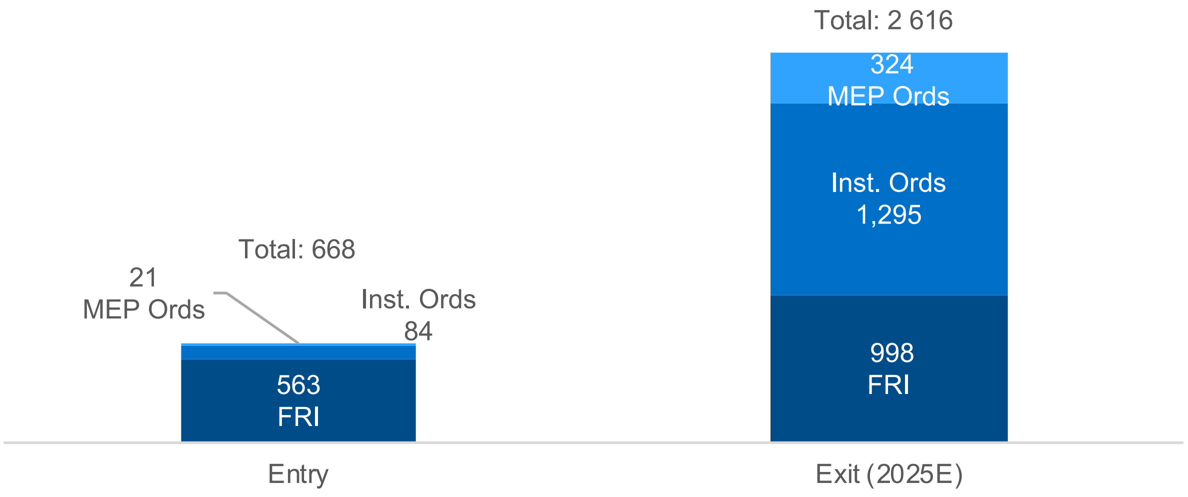
# Vast deleveraging during the investment period leaves much of the generated EV on the table for institutional investors and MEP participants

BioTelemetry inc.

## Enterprise Value to Equity Bridge in 2025E, In $mn




## Equity Return Breakdown, In $mn




- Based on forecasted financials and returns, the exit is projected to occur in 2025. This results in an investment period of 6 years.
- Based on the forecasted EBITDA of $232mn and an EBITDA multiple of 12.7x, which equals the entry multiple, an expected **Enterprise Value of $2,953mn** can be generated in the sale of the target company.
- Due to the full use of available cash for optional repayment of debt during the investment period, there is **no expected cash at hand**.
- The debt of $87mn for Term A, $33mn for Term B, $181mn for the PIK Loan and $35mn for Other Debt-like Items amounts to **$336mn of total outstanding debt that will be repaid at exit**.
- After the repayment of **$998mn for the Fixed-Return Instrument**, the remaining part of **$1,618mn will fall to the shareholders of the company**.

- BioTel's shareholder, i.e. institutional investors as well as the company's management and sales force through the Management Equity Program, will generate significant returns at exit.
- Post-acquisition **in 2019, total equity amounts to $668mn, whereas at the projected exit, in 2025, total equity is expected to grow to $2,616mn**.
- The Fixed-Return Instrument, senior to the shareholder's ordinary shares, was initially installed at acquisition with $563mn; **at exit, the FRI is expected to amount to $998mn**.
- **Institutional Ords** are expected to grow from **$84mn** (i.e. their value considering their share of financing and transaction fees) **to $1,295mn at exit**, hence accounting for the largest part of the company's equity.
- **MEP Ords** are expected to grow **from $21mn** (i.e. their value considering their share of financing and transaction fees) **to $324mn at exit**.

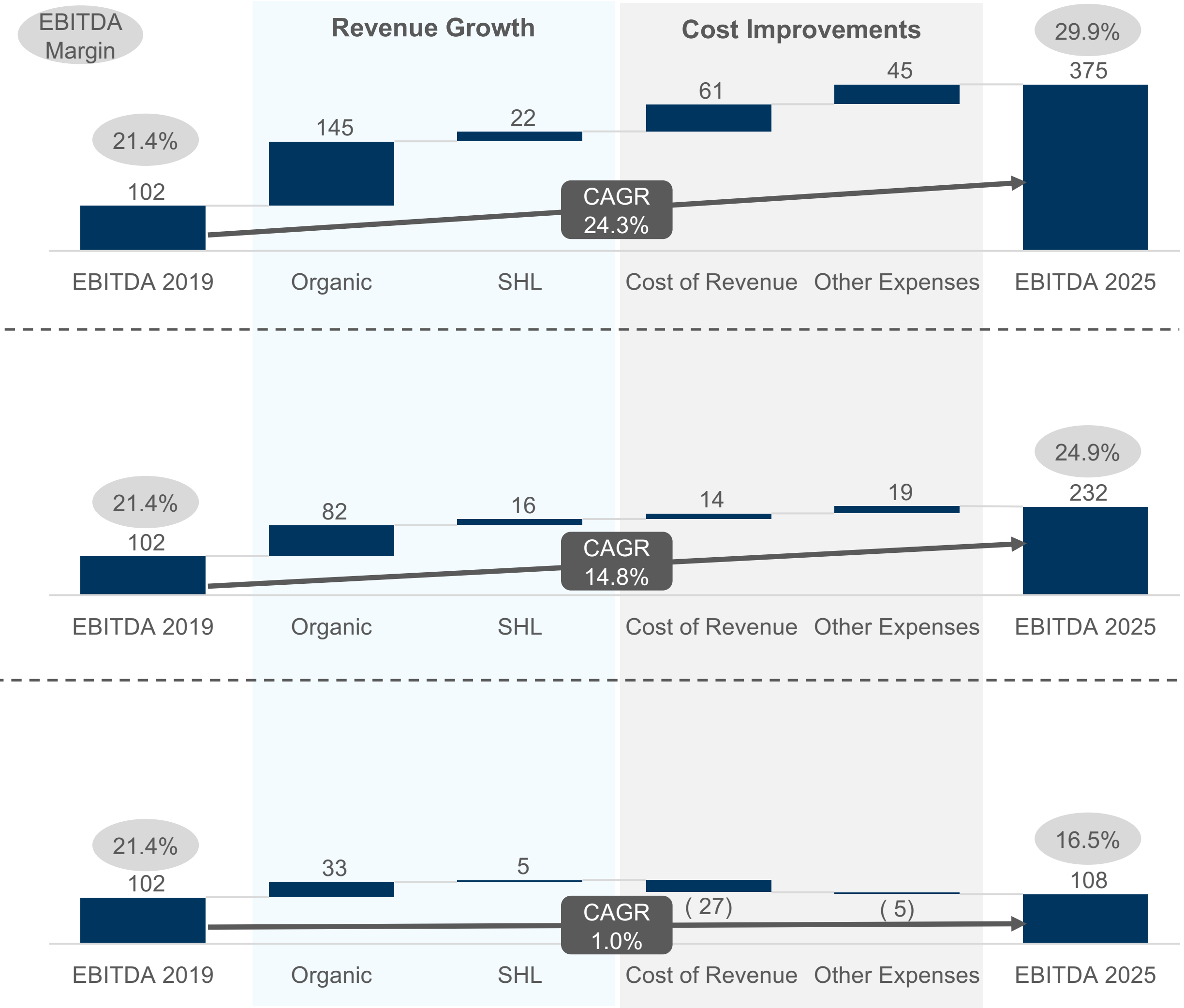
Sources: Team Assessment

# BioTel's scenarios assume EBITDA growth driven by a strong market, organic revenue growth measures as well as improvements in cost of revenue and other expenses

BioTelemetry inc

| Scenario | Scenario Description | Absolute Growth |
|---|---|---|
| **Upside Case** | • The Upside Case anticipates a **very strong organic growth**, driven by strong growth in **BioTel Heart** and the successful market placement of the **glucose monitor**. Furthermore, it is assumed, that reimbursement rates do not decrease for all products, besides Extended Holter.<br>• Furthermore, cost savings from **higher scaling effects** are reflected in cost of revenue and other expenses.<br>• Overall, the **EBITDA grows at a CAGR of 24.3%** to **$375m** or **29.9%** of revenue. | Revenue +164%<br>Gross Profit +185%<br>EBITDA +269% |
| **Base Case** | • **Strong growth in revenue**, as well as cost saving measures, result in a combined **CAGR of 14.8%**.<br>• Over 85% of revenue driven EBITDA growth results from organic measures, such as the **increasing sales force** and the related **increase in patients**.<br>• Due to **scaling effects** and cost-saving measures, significant improvements in the cost of revenue and other expenses can be realized.<br>• **In 2025, EBITDA** is expected to improve to **24.9%** of revenue. | Revenue +97%<br>Gross Profit +101%<br>EBITDA +128% |
| **Downside Case** | • In the Downside Case an **increase in sales** is still assumed, driven by the **promising market expectations** and BioTel's historical performance.<br>• Due to **non-successful cost measures**, the cost of revenue is assumed to increase significantly, resulting in a decrease in **EBITDA margin to 16.5% in 2025**.<br>• Overall, EBITDA is assumed to increase at a modest **CAGR of 1.0%**. | Revenue +38%<br>Gross Profit +29%<br>EBITDA +6% |

## EBITDA Bridge, In $mn




Sources: Team Assessment

# Exit & Due Diligence

**Equity Story**
**Exit Strategies & Recommendation**
**Due Diligence**

# BioTel is an attractive, diversified business, which is well positioned to create value under new ownership and beyond

BioTelemetry Inc.

## BioTel – The #1 Telemedical Company

**BioTel** is an attractive, diversified business with three pillars: **Remote Cardiac Monitoring, Clinical Trial Services and Health Population Management.** Across all its activities, BioTel has developed into the leading telemedical company, leveraging software and technology for the remote diagnosis and treatment of patients with cardiovascular health issues as well as chronic diseases, such as diabetes, hypertension and sleep apnea.

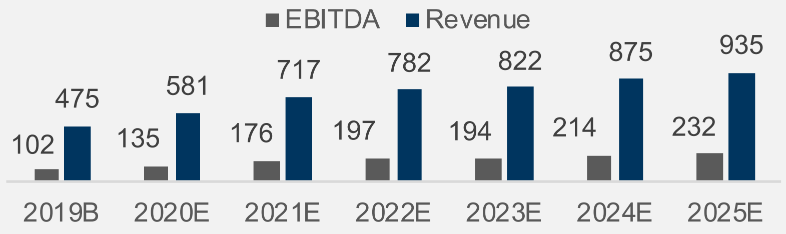
The company's clear value proposition lies within its offer of **making health care accessible to anyone, anywhere** while improving the quality, but reducing the cost for all – patients, physicians, and public or private health care systems.

**Key Reasons For the Deal | Rationale | Validation**

### Financial Success

**BioTel's revenue and EBITDA growth are skyrocketing**

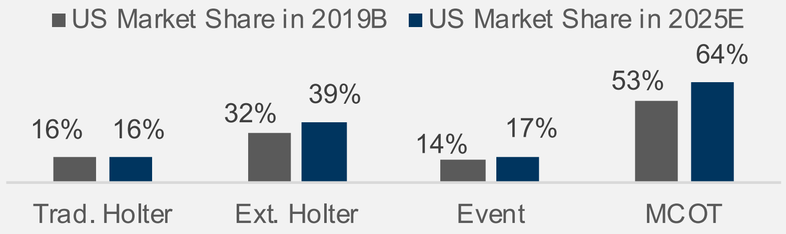
- BioTel, while of considerable size, has experienced enormous growth over the investment period with an **attractive revenue CAGR of 11.9%**, hereby outgrowing its major market for Remote Cardiac Monitoring services.
- High EBITDA margins, paired with steady overhead, efficient use of NWC and CAPEX, also provide for BioTel's **stable Cash Flow, making the company highly leverageable**.




### Market Leadership

**BioTel is #1 in RCM, with all set to stay at the top**

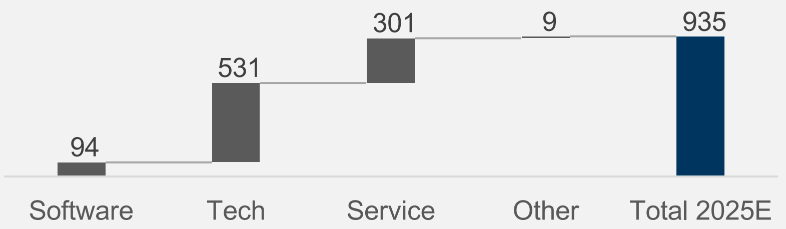
- RCM services are the major contributor to the vast revenue growth driven by **BioTel's market-leading position**; an increased sales push over the investment period has led to an expansion of BioTel's market share in the US.
- This **strong market position in the US favors the geographical expansion to EMEA**, which has already started with the acquisitions of ADEA Medical and SHL Telemedicine.




### Value Creation Potential

**BioTel is on the way to become the next MedTech Star**

- **More than 2/3 of the revenue** generated in 2025 **stem from the provision of software or high-tech solutions**, which is the result of the company's strategic development towards the leading provider of remote health care services, leveraging software and technology, across different therapeutic areas[1].
- This focus on **high-value adding services in fast-growing markets** ensures a vast potential for further value creation.




Notes: [1]Software includes the Geneva Software Platform, Tech includes the MCOT and Extended Holter Solutions as well as BioTel Care, Service includes Event and Traditional Holter Solutions, as well as ADEA Medical, SHL and BioTel Research.
Sources: Team Assessment

# BioTel is well positioned for sale to strategic buyers or to go public in an IPO, particularly driven by its strong value proposition

## Exit Decision Factors & Recommendation

**Exit Decision Factors**

- **Transaction Deal Size** (Expected EV of ~$2,952mn).
- **Business Model, Synergies and Future Value Creation.**

**Recommendation**

- At this stage, the recommendation is to assess **a strategic sale or an IPO**.
- This is particularly driven by the large transaction deal size and the strong value proposition of BioTel, which positions the company well towards strategic buyers looking for self-sustaining businesses as well as towards the market.

## Secondary Buyout

Secondary buyouts were the **most common exit strategy in Healthcare and MedTech deals in 2018**, accounting for approximately 47% and 40%, respectively[1].

- **Advantages:** This strategy enables the PE firm to perform a fast and complete exit; additionally, unlike in an IPO process, the PE firm has full control over the timing of the process.
- **Disadvantages:** Selling to financial buyers typically generates a lower premium than other exit strategies.

BioTel is considered to be an attractive target for secondary buyout due to its **enormous potential for future value creation, strong market-leading position and stable free cash flow generation**.

Given the large size of BioTel, large PE firms, such as the Blackstone Group and KKR are considered to be potential acquirers due to their **ability to raise the required funds for this transaction expected to be valued at $2,952mn**.

| | |
|---|---|
| Platinum Equity | Fund Size: $6,500mn |
| Lifescan | Deal Size: $2,100mn |
| KKR | Fund Size: $14,000mn |
| PharMerica | Deal Size: $1,300mn |

## Strategic Sale

Sales to strategic corporate buyers were the **2nd most common exit strategy in Healthcare deals in 2018**, accounting for roughly 40% of all exits[1].

- **Advantages:** The advantages of a strategic sale are similar to a secondary buyout, with the exception that realized synergies increase the willingness to pay a higher acquisition premium.
- **Disadvantages:** Due to anti-trust regulation, the completion of the deal is sometimes withdrawn or even cancelled[2].

Potential strategic buyers include all healthcare conglomerates, such as the Boston Scientific Corporation, Abbott Laboratories or Medtronic, **considering the vast potential for synergies and the technologically advanced product offering of BioTel**.

Out of all healthcare conglomerates, two have been identified as high-potential acquirers: Medtronic and Boston Scientific; both are operating in the cardiac health space and **showed interest in growing their operations with large recent acquisitions**.

| | | |
|---|---|---|
| Medtronic | Cardinal Health | **Acquisition of Cardinal Health** Deal size: $5,700mn, 2016 |
| Boston Scientific | BTG | **Acquisition of BTG plc** Deal size: $3,968mn, 2019 |

## IPO

IPOs were the least common exit strategy in 2018, mainly because their **value fell 34% globally** as market uncertainty and higher volatility curtailed activity[1].

- **Advantages:** At favorable market conditions, the advantage of an IPO is the potential premium that can be realized.
- **Disadvantages:** IPOs are characterized by higher uncertainty, greater regulatory burden, transaction costs as well as the cash-out restriction.

Given that all large US healthcare conglomerates, including United Health Group, Medtronic and Abbott Laboratories, are listed at the New York Stock Exchange, **an IPO at the NYSE should position the company to the right investors**.

However, looking at recent IPOs of healthcare companies in the US, there are two that are comparable: Castlight and Livongo Corp; while the first one was carried out on the NYSE, **the larger valuation was achieved on NASDAQ**.

| | | |
|---|---|---|
| Castlight | NYSE | Valuation: $1,400mn |
| Livongo | NASDAQ | Valuation: $4,400mn |

Sources: [1]Bain, Global Healthcare Private Equity and Corporate M&A Report (2019); [2]Private Equity Exit Strategies – IPOs, Trade Sales and Secondary Buyouts (2018)

# Key DD areas that require further analysis are the evolution of reimbursement rates and technological risks arising from the expiration of intellectual property

BioTelemetry inc.

| | Area | Key Points | Red Flags | Importance |
|---|---|---|---|---|
| Commercial | **Reimbursement** | • Further analysis on the **reimbursement rates evolution** in the RCM market.<br>• Evaluate the **political risk** on the Medicare services' coverage and reimbursement.<br>• In-depth analysis of **premium** paid by commercial insurances over Medicare rates. | • No clear reimbursement rates **forecast**.<br>• Uncertainty when the transfer of the Extended Holter temporary **CPT code** to a permanent one will occur. | |
| Commercial | **Competition** | • Evaluate the **risk of substitution** arising from possible better and more precise cardiac monitoring devices and technology.<br>• In-depth analysis of **entry barriers** for large healthcare conglomerates. | • Different **emerging startups** identified with promising technology.<br>• Unclear market players due to high fragmentation. | |
| Commercial | **Market Size** | • Evaluate assumptions for the **number of accounts** and the **number of patients per account**.<br>• Further analysis of the different Cardiac Monitoring market segments' growth rates. | • **No clear data** on the total number of accounts in the Remote Cardiac Monitoring market.<br>• Unclear market growth rates per market segment. | |
| Operational & Financial | **Performance** | • In-depth analysis of the current performance of the different monitoring devices.<br>• Analysis of recent BioTel's **asset write-downs and increase in DSO ratio**.<br>• Further analysis on BioTel's **organic vs. inorganic growth drivers**. | • No clear **breakdowns of revenue contribution** per device nor market shares for each device.<br>• Unclear asset write-down of **$12mn in 2018**. | |
| Operational & Financial | **SHL Telemedicine Acquisition** | • In-depth analysis of **SHL's assets and liabilities consolidation**.<br>• Further evaluate **cost-saving opportunities** and **operational improvements**.<br>• Evaluate impacts on SHL's **customer relationships** arising from the acquisition. | • Uncertainty on monitoring centers consolidation due to **language barriers and different cultures**.<br>• Possible negative impact on SHL's brand value. | |
| Operational & Financial | **Valuation** | • Further evaluate the different valuation approaches' **assumptions**.<br>• Analysis of possible **multiple arbitrage opportunities**, mainly related to SHL acquisition and exit strategy. | • **No direct trading comparable** companies identified.<br>• Risk of having a **misleading company valuation**.<br>• Multiple arbitrage in acquisition of SHL was assumed. | |
| Legal | **Intellectual Property** | • In-depth analysis of **risks and threats arising from patents expiration**, mainly in revenue generation and market share.<br>• Evaluate current BioTel's **legal settlements related to patents violations**. | • Risk of competitors copying BioTel's key technology.<br>• Risk of further **high legal costs** and negative impact on BioTel's **brand value**. | |
| Legal | **European Regulation** | • In-depth analysis of **European regulation** related issues with SHL acquisition.<br>• Further analyze the possibility of using BioTel's cardiac devices in the European market. | • Risk of **long-lasting regulation settlements** that make the European expansion impossible. | |

High Low

# Appendix

# Sample for precedent transactions consists of four target companies with a median EBITDA margin of 18.1% and an effective EV/EBITA multiple of 12.9x

| Target | Target Description | Acquirer | Closing Date | EV, In $mn | Revenue, In $mn | EBITDA, In $mn | EBITDA Margin | EV/Revenue | EV/EBITDA |
|---|---|---|---|---|---|---|---|---|---|
| **BioClinica, Inc.** | US-based provider of scientific-enabled Medical Imaging, eHealth, and patient-centric solutions supporting clinical research | JLL Partners | 13/03/2013 | 105 | 98 | 12 | 12.0% | 1.1x | **8.9x** |
| **Axis-Shield plc** | UK based Anglo-Norwegian developer, manufacturer, marketer and seller of diagnostic tests for diagnostic and monitoring of human disease | Alere, Inc. | 21/10/2011 | 401 | 159 | 23 | 14.2% | 2.4x | **16.9x** |
| **Somanetics Corp.** | US-based medical device manufacturer | Covidien plc | 28/07/2010 | 264 | 50 | 11 | 22.0% | 5.3x | **24.0x** |
| **HealthTronics, Inc.** | US-based manufacturer of medical devices and provides repair services, with additional interest in clinical laboratory services | Endo International plc | 15/07/2010 | 261 | 185 | 82 | 44.4% | 1.4x | **3.2x** |
| **Mean** | | | | | | | **23.1%** | **2.5x** | **13.3x** |
| **Median** | | | | | | | **18.1%** | **1.9x** | **12.9x** |
| **High** | | | | | | | **44.4%** | **5.3x** | **24.0x** |
| **Low** | | | | | | | **12.0%** | **1.1x** | **3.2x** |

Sources: Merger Market

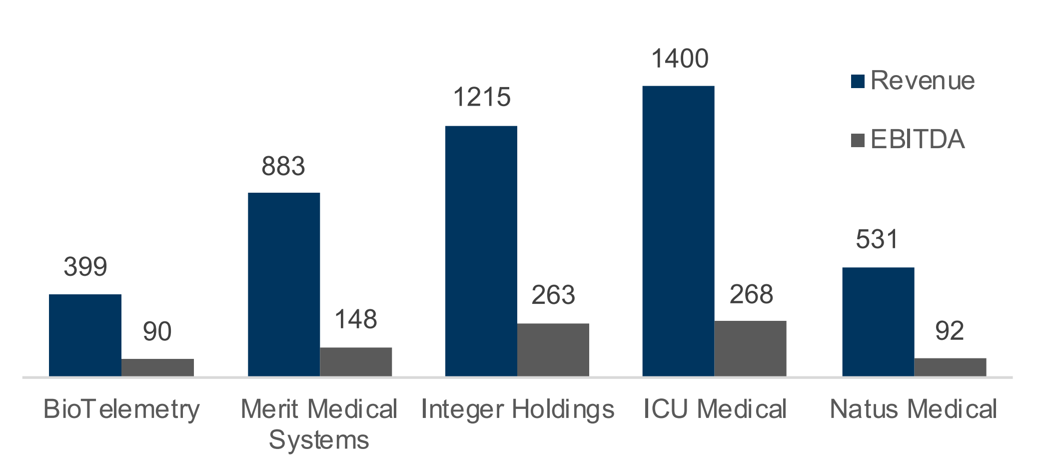
# Direct trading comparables identified are Medical Equipment manufacturers and Diagnostic Services providers with similarities to BioTel's business model and financials

BioTelemetry Inc.

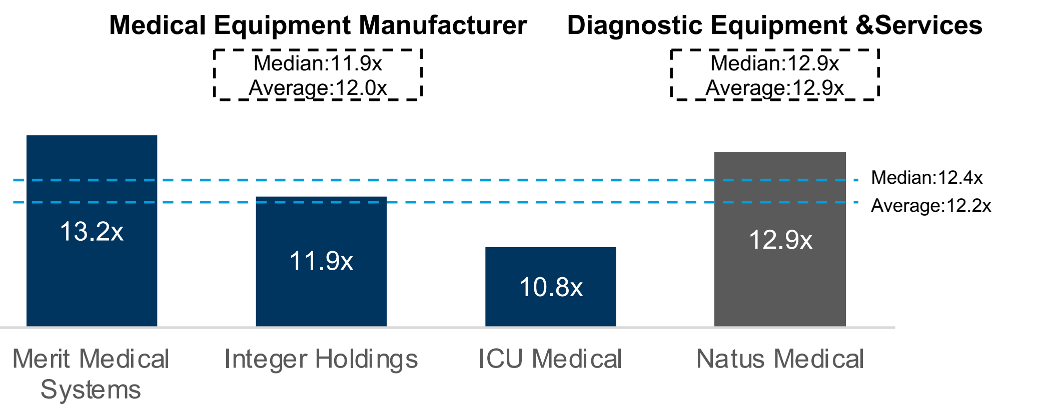
| Trading Comparable | Sector | Business Model Overview |
|---|---|---|
| Merit Medical System | Medical Equipment Manufacturer | • Leading manufacturer and marketer of disposable medical devices used in interventional, diagnostic and therapeutic procedures, particularly in cardiology, radiology, oncology, critical care, and endoscopy.<br>• Sells to hospitals and other healthcare providers that receive reimbursement for the services provided to patients from third-party payers, such as Government programs. |
| Integer Holdings | Medical Equipment Manufacturer | • Integer Holdings is one of the largest medical device outsource manufacturers in the world serving the cardiac, neuromodulation, vascular and portable medical markets.<br>• Medical customers include large multi-national medical device OEMs and their subsidiaries. |
| ICU Medical | Medical Equipment Manufacturer | • ICU Medical develops, manufactures and sells innovative medical products used in infusion therapy and critical care applications.<br>• Primary customers are acute care hospitals, wholesalers, ambulatory clinics and alternate site facilities<br>• The ability of customers to obtain appropriate reimbursement for healthcare services and products from third-party payors is critical. |
| Natus Medical | Diagnostic Equipment & Services | • Leading provider of neurology, newborn care, and hearing and balance assessment healthcare products and services used for the screening, diagnosis, detection, treatment, monitoring and tracking of common medical ailments in newborn care, hearing impairment, neurological dysfunction and neurosurgical treatments, epilepsy, sleep disorders, neuromuscular diseases, and balance and mobility disorders. |

## Revenue, EBITDA & EV/EBITDA Multiples

### Revenue & EBITDA 2018, In $mn




### EV/EBITDA LTM

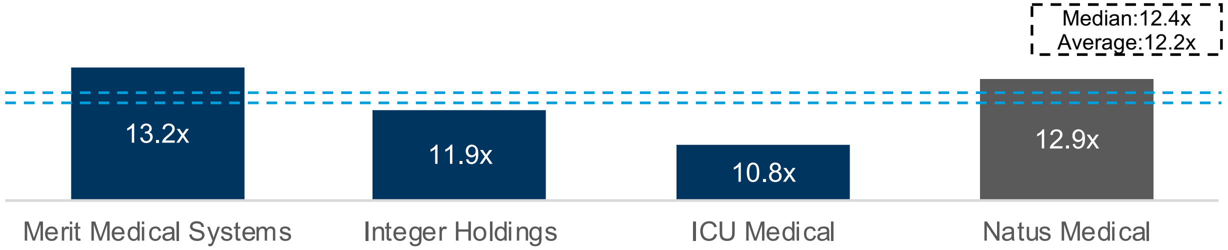



Sources: Bloomberg; Trading Comparable Companies Annual Reports

# Comparable trading companies operate in the Medical Equipment and Diagnostic Services sectors and TTC analysis indicates a median EV/EBITDA multiple of 13.6x

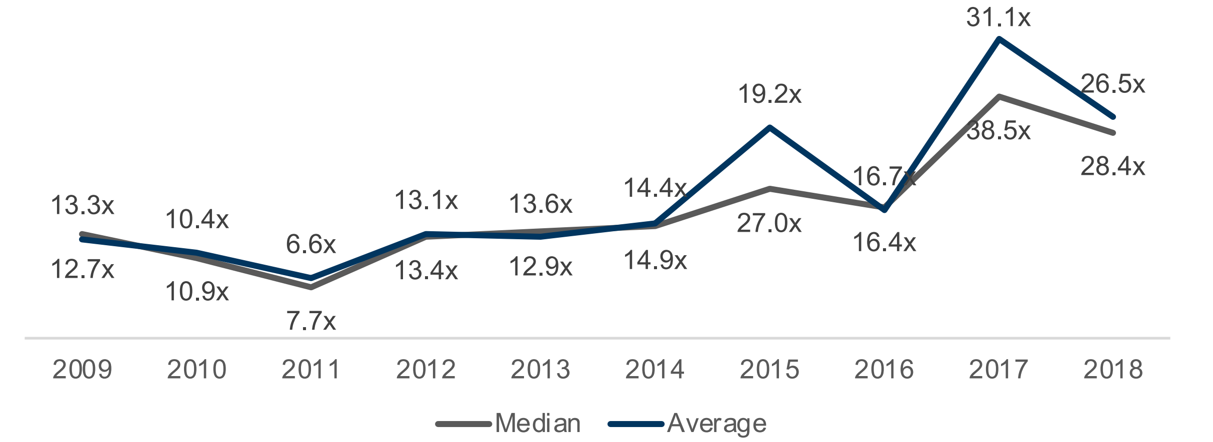
BioTelemetry inc.

## EV/EBITDA LTM



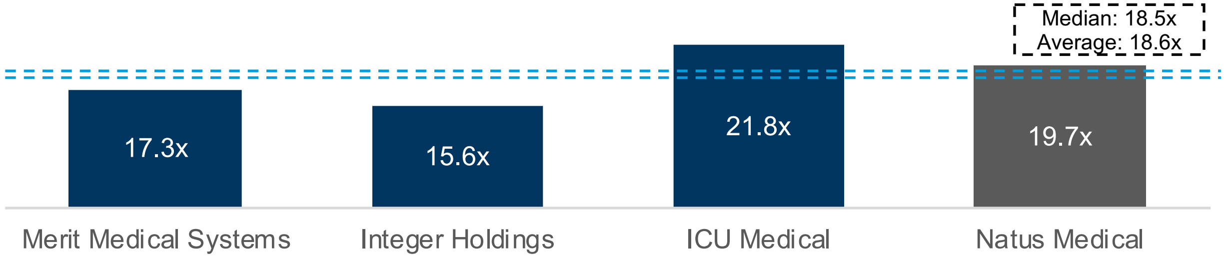

- The most similar trading companies are US-based firms, which operate in the Medical Equipment and Diagnostic Services sectors. However, comparable companies are very limited.
- EV/EBITDA LTM multiples were retrieved for these companies and median and average multiples were computed.
- This valuation approach implies an EV/EBITDA multiple range of **10.8x-13.2x**, with a median multiple of **12.4x**, which leads to an EV range of **$1.1-$1.3bn**.

## Through the Cycle EV/EBITDA LTM




| Trading Comparable | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---|---|---|---|---|---|---|---|---|---|---|
| Merit Medical Systems | 12.1x | 16.6x | 11.1x | 15.7x | 15.2x | 12.8x | 13.7x | 18.9x | 27.9x | 26.5x |
| Integer Holdings Corp | 14.4x | 6.6x | 6.6x | 10.4x | 12.7x | 11.8x | 56.0x | 13.0x | 13.2x | 13.8x |
| ICU Medical | 7.7x | 6.2x | 5.6x | 8.2x | 9.3x | 15.9x | 16.6x | 19.2x | 78.7x | 44.9x |
| Natus Medical | 16.7x | 14.1x | n.a. | 19.4x | 14.5x | 19.3x | 21.8x | 14.4x | 34.3x | n.a. |
| **Median** | **13.3x** | **10.4x** | **6.6x** | **13.1x** | **13.6x** | **14.4x** | **19.2x** | **16.7x** | **31.1x** | **26.5x** |
| **Average** | **12.7x** | **10.9x** | **7.7x** | **13.4x** | **12.9x** | **14.9x** | **27.0x** | **16.4x** | **38.5x** | **28.4x** |

## 10-Year Average EV/EBITDA LTM




- The average EV/EBITDA LTM multiples for the period 2010-2019E were computed for all the trading companies previously identified.
- Median and average values for the respective average multiples were determined.
- This valuation approach implies an EV/EBITDA multiple range of **15.6x-21.8x**, with a median multiple of **18.5x**, which leads to an EV range of **$1.6-$2.2bn**, considering BioTel's 2019 EBITDA of $102mn.

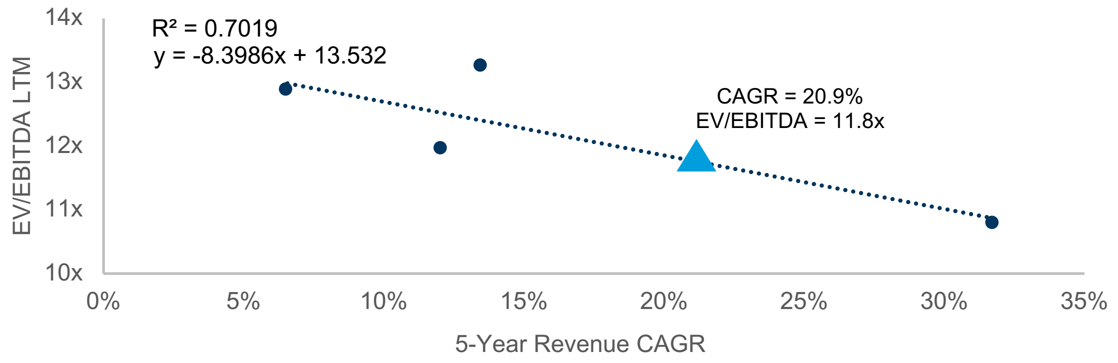
- EV/EBITDA LTM Through the Cycle analysis was performed using the trading companies previously identified.
- EV/EBITDA LTM multiples for the period 2015-2019E were used and their median and average values were computed.
- This valuation approach implies an EV/EBITDA multiple range of **6.6x-31.1x**, with a median multiple of **13.6x**, which leads to an EV range of **$0.7-$3.2bn**.

Sources: Bloomberg

# Precedents transactions valuation include a sample with transactions in the period 2010 to 2013 and recommend a median EV/EBITDA multiple of 16.9x

BioTelemetry Inc

## EV/EBITDA LTM vs. 5-Year Revenue CAGR Regression

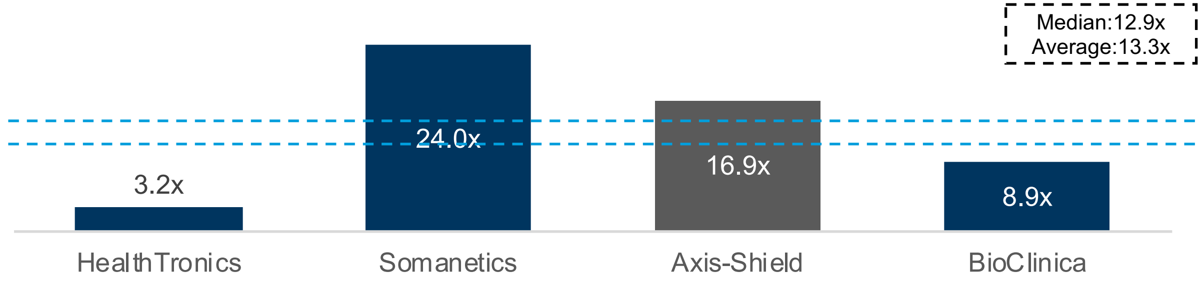



| Trading Comparable | 5-Year Revenue CAGR | EV/EBITDA LTM |
|---|---|---|
| Merit Medical Systems, Inc. | 13.5% | 13.2x |
| Integer Holdings Corporation | 12.1% | 11.9x |
| ICU Medical, Inc. | 31.8% | 10.8x |
| Natus Medical, Inc. | 6.6% | 12.9x |
| **Min** | **6.6%** | **10.8x** |
| **Max** | **31.8%** | **13.2x** |
| **Median** | **12.8%** | **12.4x** |
| **Average** | **16.0%** | **12.2x** |
| **BioTelemetry, Inc.** | **20.9%** | **11.8x** |

- Regression analysis was done having the revenue CAGR for the past 5 years (2015-2019) as the independent variable and EV/EBITDA LTM multiple as the dependent variable.
- The sample used was the trading comparable companies previously identified.
- Revenue CAGR for the past 5 years were retrieved and the regression line was computed.
- This valuation approach implies an EV/EBITDA multiple range of **10.8x-13.2x**, with a median multiple of **12.5x**, which leads to an EV range of **$1.1-$1.3bn**.

## Precedent Transactions

- Precedent transactions identified occurred between 2010-2013 in the Medical Equipment and Diagnostic Services sectors, mostly in the US. Further detail on precedent transactions is available in the next Page.
- This valuation approach implies an EV/EBITDA multiple range of **3.2x-24.0x**, with a median multiple of **12.9x**, which leads to an EV range of **$0.3-$2.4bn**.




Sources: Bloomberg; Merger Market

# Based on a risk-adjusted WACC of 9.7% the DCF valuation suggests an Enterprise Value of $1,184mn or 11.6x LTM EBITDA

BioTelemetry

| In $mn<br>12 Months Ending | Pro Forma<br>Dec-19 | E<br>Dec-20 | E<br>Dec-21 | E<br>Dec-22 | E<br>Dec-23 | E<br>Dec-24 | E<br>Dec-25 | E<br>Dec-26 | E<br>Dec-27 | E<br>Dec-28 | TV | CAGR<br>2019-2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **EBITDA** | **101.8** | **135.3** | **164.0** | **183.3** | **178.4** | **196.1** | **213.4** | **226.2** | **239.9** | **250.9** | | **13.1%** |
| (-) Statutory Tax Expense | 10.5 | 16.5 | 24.5 | 25.2 | 23.4 | 27.1 | 30.6 | 33.0 | 35.2 | 36.9 | | 19.6% |
| **Operating Cash Flow** | **91.3** | **118.8** | **139.6** | **158.1** | **155.0** | **169.0** | **182.8** | **193.2** | **204.7** | **214.0** | | **12.3%** |
| (-) Δ in Net Working Capital | 1.5 | 9.8 | (3.4) | 8.8 | (10.9) | 15.0 | (9.6) | 13.8 | (9.2) | 13.2 | | n.a. |
| (-) CAPEX | 40.0 | 68.9 | 68.6 | 64.1 | 61.8 | 65.6 | 64.2 | 78.8 | 83.6 | 86.9 | | 8.2% |
| **Investing Cash Flow** | **41.5** | **78.8** | **65.2** | **72.8** | **50.9** | **80.6** | **54.6** | **(92.6)** | **(74.5)** | **(100.1)** | | **4.7%** |
| **Unlevered Free Cash Flow** | **49.8** | **40.1** | **74.3** | **85.3** | **104.1** | **88.3** | **128.2** | **100.6** | **130.2** | **113.9** | **1,508.6** | **17.0%** |
| Discount Factor | | 0.91 | 0.83 | 0.76 | 0.69 | 0.63 | 0.57 | 0.52 | 0.48 | 0.43 | 0.43 | |
| **Present Value** | | **36.5** | **61.8** | **64.6** | **71.9** | **55.6** | **73.5** | **52.6** | **62.1** | **49.5** | **655.6** | |

| | | |
|---|---|---|
| Present Value of Cash Flows | 528.1 | 44.6% |
| Present Value of Terminal Value | 655.6 | 55.4% |
| **Enterprise Value** | **1,183.7** | **11.6x** |
| Net Debt | 128.8 | 1.3x |
| **Equity Value** | **1,054.9** | **10.4x** |

| **Weighted Average Cost of Capital** | |
|---|---|
| Risk-Free Interest Rate | 3.50% |
| Market Risk Premium | 5.50% |
| Mean Unlevered Beta | 0.90 |
| Tax Rate | 21.0% |
| E/EV | 73.2% |
| D/EV | 26.9% |
| Levered Equity Beta | 1.15 |
| **Cost of Equity** | **9.8%** |
| Cost of Debt (Pre-Tax) | 4.7% |
| **WACC** | **8.2%** |
| Risk Adjustment | 1.5% |
| **WACC adj.** | **9.7%** |
| **Terminal Value Growth** | **2.0%** |

**EV** — **Terminal Value Growth**

| WACC | 1.7% | 1.8% | 1.9% | 2.0% | 2.1% | 2.2% | 2.3% |
|---|---|---|---|---|---|---|---|
| **8.2%** | 1,442.9 | 1,457.5 | 1,472.5 | 1,488.0 | 1,504.1 | 1,520.6 | 1,537.7 |
| **8.7%** | 1,334.0 | 1,346.1 | 1,358.6 | 1,371.4 | 1,384.6 | 1,398.2 | 1,412.3 |
| **9.2%** | 1,239.7 | 1,249.9 | 1,260.3 | 1,271.0 | 1,282.0 | 1,293.3 | 1,305.0 |
| **9.7%** | 1,157.2 | 1,165.8 | 1,174.6 | **1,183.7** | 1,193.0 | 1,202.5 | 1,212.3 |
| **10.2%** | 1,084.5 | 1,091.9 | 1,099.4 | 1,107.1 | 1,114.9 | 1,123.0 | 1,131.3 |
| **10.7%** | 1,019.9 | 1,026.2 | 1,032.7 | 1,039.3 | 1,046.0 | 1,052.9 | 1,060.0 |
| **11.2%** | 962.2 | 967.6 | 973.2 | 978.9 | 984.7 | 990.7 | 996.7 |

**EV/EBITDA** — **Terminal Value Growth**

| WACC | 1.7% | 1.8% | 1.9% | 2.0% | 2.1% | 2.2% | 2.3% |
|---|---|---|---|---|---|---|---|
| **8.2%** | 14.2x | 14.3x | 14.5x | 14.6x | 14.8x | 14.9x | 15.1x |
| **8.7%** | 13.1x | 13.2x | 13.4x | 13.5x | 13.6x | 13.7x | 13.9x |
| **9.2%** | 12.2x | 12.3x | 12.4x | 12.5x | 12.6x | 12.7x | 12.8x |
| **9.7%** | 11.4x | 11.5x | 11.5x | **11.6x** | 11.7x | 11.8x | 11.9x |
| **10.2%** | 10.7x | 10.7x | 10.8x | 10.9x | 11.0x | 11.0x | 11.1x |
| **10.7%** | 10.0x | 10.1x | 10.1x | 10.2x | 10.3x | 10.3x | 10.4x |
| **11.2%** | 9.5x | 9.5x | 9.6x | 9.6x | 9.7x | 9.7x | 9.8x |

## Rationale

### DCF

- DCF is based on BioTel's stand-alone financials. Hence, SHL contribution is not included in EBITDA, Tax, changes in NWC nor CAPEX.
- PV Future Cash Flows and PV of Terminal Value account for 44.6% and 55.4% of total Enterprise Value, respectively.
- Enterprise Value is **$1.2bn**, which corresponds to a **11.6x** multiple, considering a WACC of 9.7% and terminal revenue growth of 2.0% in perpetuity.

### WACC

- Risk-free rate and MRP are based on Duff & Phelps recommendation as of 2019.
- Unlevered beta is based on trading comparable companies' and it was relevered with the industries' average financial structure.
- Considering the levered beta of 1.15, the **cost of equity is 9.8%**.
- Based on BioTel's annual report, the firm's **cost of debt is 4.7%**.
- WACC was adjusted by a **risk premium**, due to the companies' reimbursement risk and high growth of future revenue.

# Interest rates are computed as 5-Year Libor Swap Rate plus the respective Loan's spread

BioTelemetry Inc.

| Debt Instrument | Tenor (in Years) | 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 |
|---|---|---|---|---|---|---|---|---|---|
| **5-Year Libor Swap Rate** | n.a. | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% | 1.5% |
| **Spreads** | | | | | | | | | |
| Term A | 7 | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | 4.0% | n.a. |
| Term B | 8 | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% | 4.5% |
| PIK Loan | 10 | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% | 8.5% |
| RCF | n.a. | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |
| **Interest Rates** | | | | | | | | | |
| Term A | 7 | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% | 5.5% |
| Term B | 8 | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% | 6.0% |
| PIK Loan | 10 | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% | 10.0% |
| RCF | n.a. | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% | 3.5% |
| **Average Interest Rate** | **n.a.** | **6.3%** | **6.3%** | **6.3%** | **6.3%** | **6.3%** | **6.3%** | **6.3%** | **6.3%** |

Sources: Bloomberg; Invesco Call

# The Management Equity Program is split between 19.6% to management team and the remaining 80.4% to the sales force

BioTelemetry Inc

| Name | Position | # FTE | Annual Salary (in $k)[1] | Salary Ratio[2] | Investment Factor[3] | Equity Investment (in $k) | Sweet Equity Share |
|---|---|---|---|---|---|---|---|
| Jospeh H. Capper | CEO | 1 | 635 | 100% | 2 | 1,270 | 6.1% |
| Heather Getz | CFO | 1 | 394 | 100% | 2 | 788 | 3.8% |
| Manish Wadwa | CMO | 1 | 336 | 100% | 2 | 672 | 3.2% |
| Peter Ferola | SVP, Legal | 1 | 336 | 100% | 2 | 672 | 3.2% |
| Andy Broadway | SVP BioTel Heart | 1 | 345 | 100% | 2 | 689 | 3.3% |
| - | Sales Force | 120 | 70 | 100% | 2 | 16,800 | 80.4% |
| | | | **Total Equity Investment of Management and Sales Force** | | | **20 891** | **100%** |

Notes: [1]Salary ratio stands for the percentage of annual salary invested alongside the fund; [2]Investment Factor stands for the multiple of annual salary invested. A 2-Factor multiple means 2x annual salary was invested.
Sources: BioTelemetry Proxy Statement