

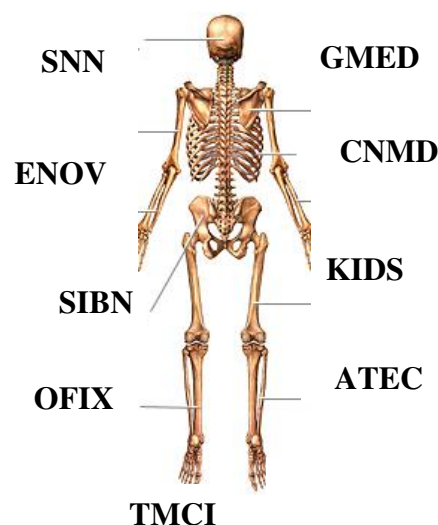
# Orthopedics

**stryker®**

 **ZIMMER BIOMET**

**Johnson & Johnson**

**Medtronic**



Companies	Ticker	Price	Exchange
Stryker Corp.	SYK	\$346.50	NYSE
Zimmer Biomet Holdings, Inc.	ZBH	97.92	"
Smith & Nephew plc	SNN	25.93	"
Globus Medical, Inc.	GMED	71.01	"
Enovis Corp.	ENOV	31.96	NASDAQ
Conmed Corp.	CNMD	48.59	"
Alphatec Holdings, Inc.	ATEC	10.56	"
Paragon 28, Inc.	FNA	13.09	NYSE
Treace Medical Concepts, Inc.	TMCI	6.45	NASDAQ
OrthoPediatrics Corp.	KIDS	21.00	"
Orthofix Medical, Inc.	OFIX	13.03	"
Si-Bone, Inc.	SIBN	13.85	"



## Global Orthopedic Market - Industry Overview in Brief

The worldwide orthopedic market was approximately \$59 billion in 2024 with orthopedic implants accounting for \$50 billion and instruments and equipment representing the remaining \$9.0 billion. In 2024, the orthopedic implants market increased 6% to approximately \$50 billion as many of the large companies generated above average sales growth due to healthy patient demand, improvements in hospitals' staffing levels and growth in ASC procedures. Looking forward, we project growth of 4% annually over the next several years, absent any unforeseen catastrophic events, as mid-single digit growth in procedures with minimal price impacts.

In this whitepaper, we include 2024 revenue from the major manufacturers versus 2023.

We list the largest manufacturers in the global orthopedic market below:

**Table 1**

(\$ in billions)

Implant Segment	2024 Market Size	2024-2029 CAGR	Top Manufacturers							
			Stryker	JNJ DePuy	Zimmer Biomet	Smith & Nephew	Medtronic	Arthrex	Globus Medical	Others
Knees & Hips	\$17.4	4.5 %	\$4.7	\$3.2	\$5.2	\$1.7	-	-	-	\$2.6
Spine	11.0	3.0	1.2	1.2	-	-	3.6	-	2.5	2.5
Trauma	6.4	3.0	1.6	3.1	0.8	0.5	-	-	-	0.5
Sports Medicine	6.3	5.0	0.9	0.7	0.2	1.5	-	2.1	-	0.9
Biologics	3.3	2.0	-	0.1	0.5	-	-	-	-	2.7
Extremities	6.0	8.0	2.1	0.3	0.4	0.1	-	0.6	-	2.5
Total	\$50.4	4.3 %	\$10.5	\$8.5	\$7.1	\$3.8	\$3.6	\$2.7	\$2.5	\$11.8

Source: Public data, Gabelli Funds' estimates.

Note: On April 1, 2025, Stryker sold its core spine business with \$700 million of annual sales to VB Brothers, LLC.

**Table 2**

(\$ in billions)

Implant Segment	2023 Market Size	2023-2028 CAGR	Top Manufacturers							
			Stryker	JNJ DePuy	Zimmer Biomet	Smith & Nephew	Medtronic	Arthrex	Globus Medical	Others
Knees & Hips	\$16.5	4.5 %	\$4.3	\$3.0	\$5.0	\$1.7	-	-	-	\$2.5
Spine	10.5	3.0	1.2	1.2	-	-	3.4	-	2.4	2.3
Trauma	6.2	3.0	1.5	3.0	0.8	0.5	-	-	-	0.5
Sports Medicine	6.0	5.0	0.7	0.7	0.2	1.5	-	1.9	-	0.9
Biologics	3.3	2.0	-	0.1	0.5	-	-	-	-	2.7
Extremities	5.5	8.0	1.6	0.3	0.4	0.1	-	0.6	-	2.6
Total	\$47.9	4.3 %	\$9.4	\$8.3	\$6.8	\$3.7	\$3.4	\$2.5	\$2.4	\$11.5

Source: Public data, Gabelli Funds' estimates.

## Notable 2024 Event

In 2024, both Stryker and Zimmer Biomet received FDA approvals for shoulder reconstruction applications on its robotic systems, the MAKO and ROSA, respectively. This is the first time that robotic systems were approved for use in shoulder surgery and is expected to help surgeons with this challenging procedure. During 2025, both Stryker and Zimmer Biomet will be launching its shoulder application on its robotic systems on a limited basis to gain clinical experience and ensure success. Over the medium term, robotic assisted shoulder reconstructive surgery could expand the shoulder arthroplasty market by improving the accuracy and reproducibility of this procedure.

## 2024: Notable Events and Trends

2024 was another robust year for the medical device sector due to above average patient volumes and fewer challenges. We highlight some events and trends specific to the orthopedic sector:

- The orthopedic market experienced above average procedures volumes as patients' demand was healthy (aging demographics, physical activity levels, younger patients getting procedures). International markets also experienced healthy volumes and grew relatively in-line with US markets. Foreign currency exchanges rates had minimal impact of 1% or less on revenue in 2024.
- Robotic systems for joint replacement surgeries experienced solid demand throughout 2024. Robotic system adoption for orthopedics continues at a steady pace with approximately 25% of operating rooms having access to a robot. Companies continue to invest in R&D in robotics to launch different applications for robotic systems with Zimmer receiving FDA approval for its shoulder application in February 2024 and Stryker received FDA approval for MAKO spine in July 2024 and Mako shoulder in November 2024. Both Stryker and Zimmer Biomet will be launching its robotic shoulder application on its robotic systems on a limited basis in 2025.
- The trends toward procedures to the Ambulatory Surgical Centers (ASCs) setting from hospital settings continue with good momentum. ASC procedure volume is growing every year as most orthopedic procedures can be done in this setting. Orthopedic companies are offering more products and services to accommodate the ASC setting as every hospital system is constructing ASCs. Even with higher interest rates, hospitals are still constructing new ASCs. Moreover, pricing for products is very consistent across different channels whether hospital or ASC. Management of various companies believe that ASC volume could reach 40-60% of knee and hip procedures over the medium term.
- Orthopedic companies are investing in technology, software, robotics, and data informatics to provide surgeons with data and information to achieve better and more predictable surgical outcomes for their patients.
- Within orthopedics, there have been several M&A transactions in 2024 and early 2025. Many companies are acquiring smaller tuck-ins to increase scale with their sales organizations, fill gaps in their product portfolios, and realize cross-selling opportunities, cost savings and economies of scale.
  - January 2025: On January 28, 2025, Zimmer Biomet entered into a definitive agreement to acquire Paragon 28, a manufacturer and distributor of foot and ankle surgical products, for \$13.00 per share in cash or \$1.1 billion equity value and \$1.2 billion enterprise value. The transaction will strengthen Zimmer Biomet's foot and ankle portfolio, strengthen its US commercial presence and create cross-selling opportunities in the ASC channel. There is also a CVR earnout up to \$1.00 if certain future revenue milestones are achieved.
  - April 2025: On April 1, 2025, Stryker sold its US spinal implants business to Viscogliosi Brothers, LLC for an undisclosed amount. The sale of its spinal business in international markets is anticipated pending regulatory approvals. This portfolio of spinal implants generated approximately \$700 million of revenue in 2024. Stryker is keeping its interventional spine portfolio, its Q guidance system and Copilot spine software and other technologies.
  - April 2025: On April 3, 2025, Globus Medical acquired Nevro for approximately \$250 million equity value in cash. Nevro is manufacturer and distributor of spinal cord stimulators for chronic pain of the back, leg and lower limb with its Senza system. Nevro generated \$406 million of revenue in 2024 and an estimated \$20 million of EBITDA loss. With Nevro, Globus is expanding its continuum of care with technology that complements its spinal solutions offerings.
- Market share has not materially changed since 2020 as most large orthopedic companies experienced similar revenue percentage changes, absent acquisitions, in each specific orthopedic segment. Some companies with robotic offerings in specific segments have gained market share by 1-2% over the past five years due to higher implant pull-through. In general, market share shifts move gradually in the orthopedic market, hence, many companies turn to M&A to scale up via consolidation.
- The US hospital capital environment remains healthy. The hospital capital spending environment in international markets is mixed with some hospitals having financial constraints due to ongoing government budget pressures in some countries.

We lay out specific segments within the orthopedic market and market share positions as follows:

### Knee and Hip Market

The 2024 worldwide knee and hip market generated \$17.4 billion in sales, which is an increase of 5.5% from 2023 levels. The knee and hip implant markets were \$9.5 billion and \$7.9 billion, respectively, with both knee and hips implants up 5-6% each. Worldwide knee procedures are growing slightly faster as a greater number of these procedures are done on robotic systems. Stryker noted that 2/3 of its US knees are done on its MAKO surgical robots vs. 1/3 of its US hips at year-end 2024. We expect both the knee and hips market to perform well in 2025 due to healthy patient volumes, growing ASC capacity and hospitals managing capacity well. In 2024, price declined by 1% within the range of historical levels.

The top-four companies dominate these two segments with approximately 80%+ share. In the knee market, Zimmer Biomet, Stryker and JNJ DePuy are the top-three market leaders with a 33%, 29% and 16% share, respectively, followed by Smith & Nephew with 11% share. In the hip market, Zimmer Biomet, Stryker and JNJ DePuy are the top-three market leaders with a 25%, 24% and 21% share, respectively, followed by Smith & Nephew with 9% share.

**Table 3**

Worldwide Knee Market						Worldwide Hip Market					
(\$ in millions)		2024 Revenue		2023 Revenue		(\$ in millions)		2024 Revenue		2023 Revenue	
		Sales	% of Total	Sales	% of Total			Sales	% of Total	Sales	% of Total
Zimmer Biomet		3,175	33 %	3,040	34 %	Zimmer Biomet		2,000	25 %	1,970	26 %
Stryker		2,775	29	2,580	29	Stryker		1,925	24	1,745	23
JNJ DePuy		1,545	16	1,455	16	JNJ DePuy		1,640	21	1,560	21
Smith & Nephew		1,025	11	1,005	11	Smith & Nephew		675	9	645	9
Others		980	10	919	10	Others		1,660	21	1,580	21
Total		9,500	100 %	9,000	100 %	Total		7,900	100 %	7,500	100 %

Source: Public data, Gabelli Funds estimates.

Source: Public data, Gabelli Funds estimates.

### Knees and Hips – Robotic Systems

One of the biggest trends in the reconstructive knee and hip implant market in the past ten years is the rollout and adoption of robotic assisted surgery systems by all the major manufacturers. In the US market, robotic assisted knee procedures are becoming the standard of care.

- In late 2013, Stryker had the first mover advantage when it acquired MAKO Surgical and has more than 2,000 systems installed worldwide at year-end 2024. Stryker's MAKO system is approved for total knee, partial knee and total hip applications. For Stryker, MAKO robotic surgery is becoming the standard of care in the US with approximately 2/3 of knees surgeries and 1/3 of hip surgeries performed with Mako at year-end 2024. Moreover, more than 45% of global knee implants procedures and 20% of global hip implant procedures were performed using MAKO robotic systems at year-end 2024. In mid-2024, Stryker crossed over 1 million total knee procedures on its MAKO system performed to date. In 2024, Stryker received FDA approvals for both its spine and shoulder application on its MAKO system and will roll them out on a limited launch in 2025.
- In 2019, Zimmer Biomet launched its ROSA knee system for robotic-assisted knee replacement surgeries. We estimate there are more than 1,200 systems placed at the end of 2024. In 2021, Zimmer rolled out its partial knee and total hip applications for its ROSA system. In 2024, Zimmer received FDA approval for its shoulder application and expects a limited launch throughout 2025.
- In 2020, Smith & Nephew launched its CORI surgical system, a handheld robotic solution, for its knee implants and for total hip implants in early 2022. As of year-end 2024, there more than 1,000 CORI systems installed globally. In the third quarter of 2023, the company added a robotic revision knee application with its CORI system, which was the first revision knee robotic application on the market. In late 2024, Smith & Nephew noted that approximately 1/3 of its US knee procedures were implanted with its CORI robotic system.
- In early 2021, JNJ DePuy Synthes received FDA approval for its VELYS robotic system for total knee and partial knee in 2024. In August 2024, it received FDA approval for the spine application and expects market launch in the first half of 2025.

With the four large manufacturers having robotic assisted-surgery system offerings, the adoption of robotic for joint replacement surgeries will continue for the foreseeable future given that approximately 25% of operating rooms have access to a robotic system. Additionally, there are smaller companies that are also offering robotic systems with either knee and/or hip applications.

## Spine

The 2024 worldwide spine market generated \$11 billion in sales, an increase of 5% from 2023. The top four spine companies currently control close to 80% of the market due to the merger of Globus Medical and NuVasive in September 2023. This segment is dominated by Medtronic with 32% market share, followed by Globus Medical with an approximate 23% share. Beyond Medtronic and Globus Medical, the spine market is relatively fragmented with many companies having 11% market share or less. We provided details on the spine transactions in 2024 and early 2025.

- April 2024: ZimVie sold its spine segment to investment firm H.I.G. Capital for \$375 million. This segment generated \$409 million of revenue in 2023. Since this is the only spine asset for ZimVie and its new owner, H.I.G. Capital, this transaction does not have impact on the global spine market's share positions.
- April 2025: Stryker sold its US spinal implants business to Viscogliosi Brothers, LLC for an undisclosed amount. The sale of its spinal business in international markets is anticipated pending regulatory approvals. This portfolio of spinal implants generated approximately \$700 million of revenue in 2024. Stryker is keeping its interventional spine portfolio, its Q guidance system and Copilot spine software and other technologies.

**Table 4**

(\$ in millions)	Worldwide Spine Market			
	2024 Revenue		2023 Revenue	
	Sales	% of Total	Sales	% of Total
Medtronic	\$3,570	32 %	\$3,400	32 %
Globus Medical	2,510	23	2,400	23
JNJ DePuy	1,230	11	1,230	12
Stryker	1,200	11	1,190	11
Orthofix	675	6	630	6
Alphatec	610	6	480	5
Others	1,205	11	1,170	11
Total	\$11,000	100	\$10,500	100

Source: Public data, Gabelli Funds estimates.

We expect the spine market to grow at a 3% CAGR over the next few years. In the US, mid-single digit growth in procedures has been offset by low-single digit price declines.

## Spine Market - Robotics

The robotic trend is experiencing increased adoption in the spine market with Medtronic's Mazor system and Globus Medical's Excelsius system. Both Stryker and JNJ are launching their robotic spine applications to the US market in 2025 and thereafter. We estimate that Globus Medical has approximately 500 Excelsius robotic systems installed globally at year-end 2024. We believe that the US robotic spine market will continue to be dominated by Medtronic and Globus Medical in the near term.

## Trauma/Fixation

The 2024 worldwide trauma market generated \$6.4 billion of sales, up 3% from 2023. This segment is driven by traffic accidents, violence, falls and other accidents. Unlike other orthopedic segments, the trauma market is not necessarily associated with aging demographics and its procedures are not necessarily elective and often require immediate care.

This segment is dominated by JNJ DePuy which acquired Synthes in June 2012 for \$19.7 billion. As a result of this acquisition, JNJ has a 45%+ market share of the worldwide trauma market. Stryker has emerged as a solid number 2 company in the trauma market over the past few years via small tuck-in acquisitions and new product introductions.

The trauma market is growing low-single digit on an annual basis. Volume and mix are the main drivers of growth offset by pricing pressure. We expect the trauma market to grow at a 3% CAGR over the next several years.

**Table 5**

(\$ in millions)	<b>Worldwide Trauma/Fixation Market</b>			
	<b>2024 Revenue</b>		<b>2023 Revenue</b>	
	Sales	% of Total	Sales	% of Total
JNJ DePuy	\$3,050	47 %	\$2,980	48 %
Stryker	1,595	25	1,520	24
Zimmer Biomet	750	12	750	12
Smith & Nephew	520	8	485	8
Others	515	8	495	8
<b>Total</b>	<b>\$6,430</b>	<b>100 %</b>	<b>\$6,230</b>	<b>100 %</b>

Source: Public data, Gabelli Funds estimates.

## Sports Medicine

The 2024 worldwide sports medicine market generated approximately \$6.3 billion of sales, up 6% from 2023. This segment is driven by injuries related to sports and exercise. Given that many sports injury procedures are done in surgery centers (ASCs) and away from the hospital setting, these procedures are growing at a healthy pace.

The market share leader is privately-held Arthrex with an estimated 33% share, followed by Smith & Nephew at 26%. Stryker and JNJ DePuy have the #3 and #4 market share positions with 13% and 10% share, respectively.

**Table 6**

(\$ in millions)	<b>Worldwide Sports Medicine Market</b>			
	<b>2024 Revenue</b>		<b>2023 Revenue</b>	
	Sales	% of Total	Sales	% of Total
Arthrex	\$2,070	33 %	\$1,910	32 %
Smith & Nephew	1,615	26	1,535	26
Stryker	800	13	735	12
JNJ DePuy	655	10	655	11
Conmed	325	5	310	5
Others	835	13	805	14
<b>Total</b>	<b>\$6,300</b>	<b>100 %</b>	<b>\$5,950</b>	<b>100 %</b>

Source: Public data, Gabelli Funds estimates.

We expect the sports medicine market to grow at a mid-single-digit annual growth rate over the next several years.



## Extremities

The 2024 worldwide extremities market generated \$6 billion of sales, an increase of 9% from 2023. This segment is experiencing the fastest growth due to new product innovations that are allowing surgeons to treat conditions that were previously often untreatable. This market is typically segmented into upper extremity (shoulder, elbow, hand) and lower extremity (foot and ankle) as orthopedic surgeons treat the former and podiatrists and orthopedic surgeons treat the latter. Both large and small orthopedic companies compete effectively in this segment, whose growth is largely driven by innovation.

In November 2020, Stryker completed its acquisition of Wright Medical, becoming the #1 market share leader with 30%+ share. With its pending acquisition of Paragon 28, Zimmer Biomet will increase its market share in the global extremity market to an estimated 10% share position exiting 2025. The remainder of this segment is relatively fragmented since innovation drives adoption and an innovative product line can drive sales growth for a new entrant.

We expect the global extremities market to grow high-single digits CAGR over the next few years. This market will be driven by new product innovation, which expands the market opportunity as more patients are able to be treated. Additionally, the introduction of robotic assisted system for shoulder applications by both Zimmer Biomet and Stryker will expand the market over the medium term.

**Table 7**

(\$ in millions)	2024 Revenue		2023 Revenue	
	Sales	% of Total	Sales	% of Total
Stryker	\$1,910	32 %	\$1,630	30 %
Arthrex	520	9	520	10
Enovis	450	8	420	8
Zimmer Biomet	370	6	335	6
JNJ DePuy	300	5	300	6
Others	2,450	41	2,245	41
Total	\$6,000	100 %	\$5,450	100 %

Source: Public data, Gabelli Funds estimates.

## Shoulder Market - Robotics

In late 2024, Stryker and Zimmer Biomet rolled out its shoulder applications on its robotic systems for the first time. As shoulder reconstructive surgery can be a difficult procedure, the goal of these robotic systems is to make this procedure easier with bone preparation. Both Stryker and Zimmer are planning a limited launch of its shoulder application during 2025 as they are focused on training protocols and expect broader market launches in 2026.

## Tariff Impact

Most orthopedic companies manufacture their implants and other products in the US and/or outsource to third-party suppliers based in the US. There are a few companies with facilities in Mexico and Canada, whose products are expected to be majority exempt from tariffs under the US-Mexico-Canada (USMCA) trade agreement.

Larger orthopedic companies such as Stryker, Zimmer Biomet and Smith & Nephew have international sales ranging from 25% to 46% and their US manufactured products may face export tariffs from certain countries. Several orthopedic companies have certain facilities in Europe that manufacture specific product categories that may face import tariffs if these products are sold in the US.

Smith & Nephew is the only company with a significant manufacturing facility in China related to its wound care business. Smith & Nephew also has the most exposure to China at 3.6% of net sales in 2024. All other companies have minimal sales or manufacturing exposure to China.

## Consolidation in the Orthopedic Market

There is ongoing consolidation in the orthopedic market as scale and breadth of product portfolio are critical for success. Additionally, there has been ongoing consolidation among hospitals due to economic pressure, thus resulting in aggregating purchasing decisions, which in turn limits suppliers and lowers price. As hospitals work with a limited number of orthopedic manufacturers, they prefer manufacturers with broad product portfolios and diversified product lines. In 2024 and early 2025, there were various small transactions, but no transaction greater than \$2.0 billion.

We list the major orthopedic transactions since 2012 below. There are numerous other transactions of smaller, tuck-in product lines of small, private companies that are not listed. In general, the median revenue multiple paid was 4.0x. For companies generating earnings, the median EBITDA multiple paid is approximately 12x. Products that are highly differentiated and/or growing at above market growth rates tend to command higher multiples.

**Table 8 Orthopedic Transactions**

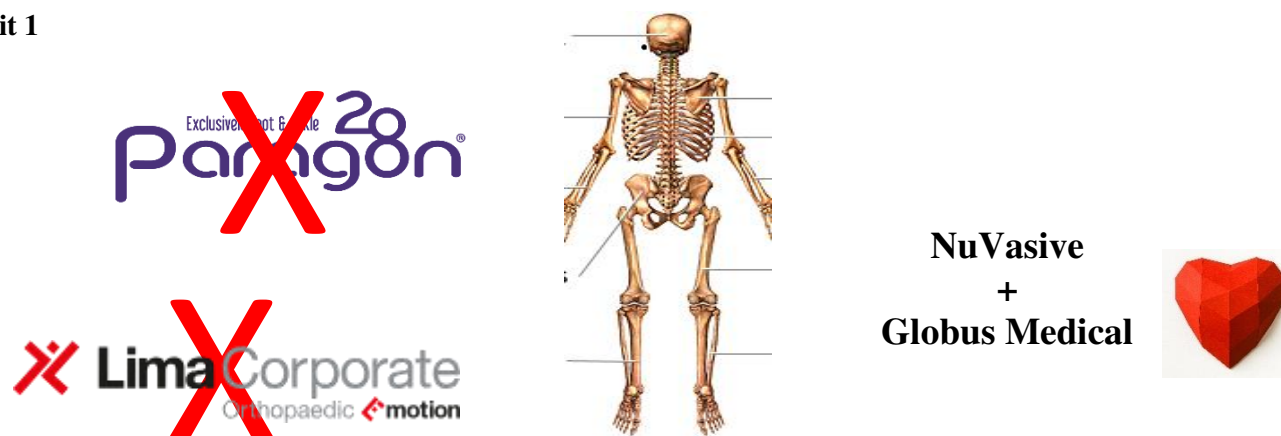
Date	Target	Buyer	Focus	Price (\$ Millions)	Revenues (\$LTM)	EBITDA (\$ Millions)	Revenues Multiple	EBITDA Multiple
Apr-25	Paragon28	Zimmer Biomet	Foot & Ankle	1,200	256	(18)	4.7x	NA
Apr-25	Stryker's core spine implants	Viscoglossi Brothers	Spine	NA	700	NA	NA	NA
Apr-24	ZimVie's spine segment	H.I.G. Capital	Spine	375	409	64	0.9x	5.9
Jan-24	LimaCorporate	Enovis	Knees, Hips & Extremities	800	270	65	3.0	12.3
Sep-23	NuVasive (Merger)	Globus Medical	Spine	2,120	1,226	267	1.7	7.9
Jan-23	Seaspine (Merger)	Orthofix	Spine	311	238	(20)	1.3	NA
Nov-20	Wright Medical	Stryker	Extremities	5,400	930	170	5.8	31.8
Nov-18	K2M	Stryker	Spine	1,400	280	(7)	5.0	NA
Feb-18	Exactech	TPG Capital	Extremities & Joints	737	268	50	2.8	14.9
Jul-16	LDR	Zimmer Biomet	Spine	1,000	189	(5)	5.3	NA
Feb-16	Ellipse Technologies	NuVasive	Spine	380	60	-	6.3	NA
Oct-15	Tornier	Wright Medical	Extremities	1,220	345	37	3.5	NA
Mar-15	Biomet	Zimmer	Orthopedics	13,350	3,200	1,100	4.2	12.1
May-14	ArthroCare	Smith & Nephew	Sports medicine	1,500	378	84	4.0	17.9
Jun-13	Wright's OrthoRecon	Microport Scientific	Knees & Hips	290	269	NA	1.1	NA
Jun-12	Synthes	Johnson & Johnson	Trauma & spine	19,700	3,974	1,831	5.0	10.8

Source: Public data, Gabelli Funds' estimates.

Average	3.6x	14.2x
Median	4.0	12.2

Although we believe further consolidation will occur within orthopedics over the next few years, we also expect orthopedic companies to acquire companies to expand digital and technology offerings that complement their current product portfolio. Orthopedic companies are offering more data-driven solutions and service offerings to customers to enable improved solutions and outcomes.

## Exhibit 1



We highlight orthopedic companies that could participate in ongoing consolidation, either as acquirers or targets, on the following pages.



**Table 9**
**Orthopedics Grid**

(in millions, except per share data)	Stryker (NYSE: SYK)		Zimmer Biomet (NYSE: ZBH)		Smith & Nephew (NYSE: SNN)		Globus Medical (NYSE: GMED)		Enovis (NASDAQ: ENOV)		Conmed (NASDAQ: CNMD)		Alphatec (NASDAQ: ATEC)		Treace Medical (NASDAQ: TMCI)		OrthoPediatrics (NASDAQ: KIDS)		Orthofix (NASDAQ: OFIX)		Si-Bone (NASDAQ: SIBN)		
(numbers are pro forma if appropriate)																							
12-Month High/Low	\$ 406.19	\$314.93	\$ 123.96	\$ 96.58	\$ 31.72	\$23.69	\$ 94.93	\$49.33	\$ 57.08	\$29.32	\$ 78.58	\$ 47.25	\$ 13.79	\$ 4.88	\$ 11.76	\$ 3.92	\$ 35.99	\$20.37	\$ 20.73	\$12.08	\$ 19.16	\$11.70	
Capitalization	FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		FYE 12/31		
Balance Sheet as of:	12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		12/31/2024		
Shares Outstanding	381.3		199.1		437.0		136.7		56.0		30.8		141.7		62.6		24.3		39.0		42.5		
Options/Warrants/ Converts	4.8		4.8		5.0		3.0		0.0		0.3		9.7		1.4		0.0		0.0		0.2		
Fully Diluted Shares Outstanding	386.1		203.9		442.0		139.7		56.0		31.1		151.4		64.0		24.3		39.0		42.7		
Price as of 04/17/25	\$346.50		\$97.92		\$25.93		\$71.01		\$31.96		\$48.59		\$10.56		\$6.45		\$21.00		\$13.03		\$13.85		
Equity Market Capitalization	\$133,783.7		\$19,965.9		\$11,461.1		\$ 9,920.1		\$ 1,789.8		\$ 1,511.1		\$ 1,598.3		\$ 413.1		\$ 510.3		\$ 508.2		\$ 591.1		
+ Total Debt and Liabilities	13,600.0		6,204.6		3,321.0		443.4		1,488.6		905.8		615.0		53.3		71.9		157.0		35.5		
+ Minority Interest	-		-		-		-		-		-		-		-		-		-		-		
- Cash and Equivalents	4,402.0		525.5		619.0		959.1		48.2		24.5		138.8		75.7		70.7		85.7		150.0		
- Hidden Assets	-		-		-		-		-		-		-		-		-		-		-		
Total Enterprise Value (TEV)	\$142,981.7		\$25,645.0		\$14,163.1		\$ 9,404.3		\$ 3,230.2		\$ 2,392.5		\$ 2,074.5		\$ 390.7		\$ 511.5		\$ 579.5		\$ 476.6		
Consolidated:																							
Net Revenues	2026P	\$26,114.0	7.0%	\$8,491.4	6.1%	\$6,405.5	5.0%	\$3,276.8	14.0%	\$2,312.6	5.0%	\$1,434.0	5.5%	\$865.9	18.3%	\$250.4	10.0%	\$280.2	17.0%	\$875.4	6.5%	\$225.8	16.4%
Growth	2025E	24,405.6	8.0%	8,001.4	4.2%	6,100.5	5.0%	2,875.6	14.1%	2,202.4	4.5%	1,359.3	4.0%	732.0	19.7%	227.6	8.7%	239.5	17.0%	822.0	2.8%	194.0	16.0%
	2024	22,595.0	10.2%	7,678.6	3.8%	5,810.0	4.7%	2,519.4	60.6%	2,107.6	23.5%	1,307.0	5.0%	611.5	26.8%	209.4	11.9%	204.7	37.7%	799.5	7.1%	167.2	20.4%
	2023	20,498.0	11.1%	7,394.2	6.5%	5,549.0	6.4%	1,568.5	53.3%	1,707.2	9.2%	1,244.7	19.1%	482.3	37.5%	187.1	31.9%	148.7	21.6%	746.6	62.1%	138.9	30.5%
EBITDA - Adjusted	2026P	7,319.3	28.0%	2,788.5	32.8%	1,683.8	26.3%	934.0	28.5%	451.7	19.5%	292.9	20.4%	103.3	11.9%	5.1	2.0%	19.2	6.9%	108.3	12.4%	12.6	5.6%
Margin	2025E	6,770.8	27.7%	2,648.5	33.1%	1,598.9	26.2%	792.6	27.6%	412.2	18.7%	275.8	20.3%	75.2	10.3%	0.4	0.2%	14.0	5.9%	82.6	10.1%	3.6	1.8%
	2024	6,142.0	27.2%	2,599.8	33.9%	1,461.0	25.1%	735.3	29.2%	376.8	17.9%	265.7	20.3%	30.3	5.0%	(11.2)	-5.3%	3.2	1.5%	68.0	8.5%	(5.0)	-3.0%
	2023	5,348.0	26.1%	2,499.7	33.8%	1,345.0	24.2%	444.6	28.3%	269.3	15.8%	216.8	17.4%	4.3	0.9%	(24.7)	-13.2%	5.0	3.4%	52.2	7.0%	(17.4)	-12.5%
EPS - Cont. Ops	2026P	\$14.54	9.1%	\$8.53	6.2%	\$2.18	9.2%	\$4.01	23.9%	\$3.65	13.1%	\$4.89	13.3%	-\$0.43	NA	-\$0.58	NA	-\$0.78	NA	\$0.16	NA	-\$0.54	NA
Growth	2025E	\$13.33	9.4%	\$8.04	0.5%	\$2.00	18.7%	\$3.23	6.4%	\$3.23	13.2%	\$4.32	8.6%	-\$0.58	NA	-\$0.64	NA	-\$0.94	NA	-\$0.44	NA	-\$0.66	NA
	2024	\$12.19	15.1%	\$8.00	5.9%	\$1.68	1.8%	\$3.04	31.2%	\$2.85	18.9%	\$3.98	15.2%	-\$0.90	NA	-\$0.81	NA	-\$0.82	NA	-\$0.82	NA	-\$0.96	NA
	2023	\$10.59	13.2%	\$7.55	9.4%	\$1.65	1.3%	\$2.32	12.5%	\$2.40	5.5%	\$3.45	30.3%	-\$0.98	NA	-\$0.75	NA	-\$1.00	NA	-\$0.89	NA	-\$1.13	NA
TEV to Revenues	2026P	5.5 x		3.0 x		2.2 x		2.9 x		1.4 x		1.7 x		2.4 x		1.6 x		1.8 x		0.7 x		2.1 x	
	2025E	5.9		3.2		2.3		3.3 x		1.5		1.8		2.8		1.7		2.1		0.7		2.5	
	2024	6.3		3.3		2.4		3.7		1.5		1.8		3.4		1.9		2.5		0.7		2.9	
	2023	7.0		3.5		2.6		6.0		1.9		1.9		4.3		2.1		3.4		0.8		3.4	
TEV/EBITDA	2026P	19.5 x		9.2 x		8.4 x		10.1 x		7.2 x		8.2 x		20.1 x		NA x		26.6 x		5.4 x		37.8 x	
	2025E	21.1		9.7		8.9		11.9		7.8		8.7		27.6		NA		36.5		7.0		133.0	
	2024	23.3		9.9		9.7		12.8		8.6		9.0		68.5		NA		162.4		8.5		NA	
	2023	26.7		10.3		10.5		21.2		12.0		11.0		NA		NA		102.5		11.1		NA	
Adjusted P/E	2026P	23.8 x		11.5 x		11.9 x		17.7 x		8.8 x		9.9 x		NA x		NA x		NA x		NA x		NA x	
	2025E	26.0		12.2		13.0		22.0		9.9		11.3		NA		NA		NA		NA		NA	
	2024	28.4		12.2		15.4		23.4		11.2		12.2		NA		NA		NA		NA		NA	
	2023	32.7		13.0		15.7		30.6		13.3		14.1		NA		NA		NA		NA		NA	
Total Debt/EBITDA		2.5 x		2.5 x		2.5 x		1.0 x		5.5 x		4.2 x		141.7 x		NA		14.4 x		3.0 x		NA	
EBITDA/Interest		31.3 x		11.9 x		12.1 x		NA x		6.6 x		5.1 x		1.2		NA		3.2 x		3.1 x		NA	
Net Debt/TEV		6.4 %		22.1 %		19.1 %		(5.5) %		44.6 %		36.8 %		23.0 %		(5.7) %		0.2 %		12.3 %		(24.0) %	
Margins (Trailing)																							
Gross Margin		64.5%		71.7%		70.3%		67.4%		59.3%		56.3%		69.4%		80.4%		72.6%		71.0%		79.0%	
Operating Margin		25.3%		28.6%		18.1%		22.0%		12.3%		12.9%		-17.2%		-24.0%		-14.4%		0.0%		-21.1%	
EBITDA Margin		27.2%		33.1%		25.1%		29.2%		17.9%		20.3%		5.0%		-5.3%		1.5%		8.5%		-3.0%	

Source: Public data, Consensus estimates.



## Stryker Corp. (SYK - \$346.50 - NYSE)

## Strategic Acquirer

Year	EPS	P/E	Dividend: \$3.36	Current Return: 1.0%
2027P	\$16.10	21.5x	Shares O/S: 381.6 million	
2026P	14.55	23.8	52-Week Range: \$406.19 - \$314.93	
2025E	13.35	26.0		
2024A	12.19	--		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in Kalamazoo, MI, Stryker is one of the world's leading medical technology companies with \$22.6 billion of revenues in 2024. Approximately 40% of its revenues are from products in the orthopedic market where Stryker sells knee, hip, trauma, and extremity implants and related products, where it has leading market positions. Approximately 45% of revenues are in the MedSurg segment where Stryker sells instruments, endoscopes and medical beds/stretchers to hospitals. The remaining 15% of its revenues are from its neurotechnology segment. Approximately 75% of its revenues are derived from the US and 25% outside the US. In the first quarter of 2025, Stryker acquired Inari Medical for \$4.9 billion and sold its spine implant business for an undisclosed amount.

As M&A is a key component of its strategy to increase shareholder value, Stryker will continue to make strategic acquisitions (mostly tuck-ins). We highlight some key business and financial aspects:

- In 2024, Stryker's revenue grew 10.2% organically to \$22.6 billion. Its sales growth was broad based as its orthopedic and spine segments grew 8.7% while MedSurg and Neurotech segments grew 11.2%.
- In 2024, its ten business segments grew revenue between 8-14% in constant currency except its spine whose revenue was relatively flat.
- In 2024, Stryker benefited from healthy patient demand with favorable demographics and active lifestyles, hospitals operating surgeries operating near full capacity, and growing ASC capacity.
- In 2025, Stryker expects to grow its organic sales at 8.0-9.0% based on strong procedure volumes and a stabilizing macro-economic environment.
- With regards to its MedSurg segments, capital demand from its hospital customers remain healthy and Stryker exited 2024 with a higher backlog for capital equipment, which bodes well for its MedSurg segments.
- In 2024, Stryker launched a variety of new products in its various segments, including its shoulder application on its MAKO robotic assisted system, and it expects 2025 to be another year of big product launches.
- At year-end 2024, Stryker's net debt to EBITDA was 1.5x, providing the company the financial flexibility for strategic M&A.
- Recent announced acquisitions/ divestitures include:
  - February 19, 2025 – Stryker closed on its \$4.9 billion acquisition of Inari and expects \$590 million sales contribution for the remainder of 2025. Inari will be Stryker's entry into the \$15 billion venous thromboembolism (VTE) market opportunity with < 20% addressed with mechanical thrombectomy. Inari's product portfolio will be complimentary to Stryker's neurovascular business.
  - April 1, 2025 - Stryker closed on its sale of its spinal implant portfolio with \$700 million of annual sales to Viscogliosi Brothers, LLC for an undisclosed amount. Its spine portfolio has underperformed all its other segments for the past ten years. Stryker is keeping its interventional spine business, which becomes part of neurocranial and its MAKO spine and other enabling technologies. This divestiture eliminates a low growth asset, allowing Stryker to focus on resources on its higher growth business segments.
- Similar to other orthopedic companies, Stryker is still experiencing pricing headwinds in its orthopedic segments with price declines of 1% annually despite some cost inflation. Stryker is experiencing some price power in its MedSurg segments given its steady cadence of new product introductions.
- Tariff Impact – Stryker has a facility in Mexico and a plant in Canada out of 45 facilities globally; Stryker has already been impacted by previous tariffs on China, and management is monitoring the ongoing tariff situation.

Stryker is already active in strategic M&A in 2025, and we expect this trend to continue as it has ample financial flexibility. Stryker's M&A strategy has been consistent over the past decade as it has focused on transactions in current or adjacent segments that can leverage Stryker's existing commercial infrastructure to drive sales growth.



## Zimmer Biomet, Inc. (ZBH - \$97.92 - NYSE)

## #1 Knees/ Hips

Year	EPS	P/E	Dividend: \$0.96	Current Return: 1.0%
2027P	\$9.15	10.7x	Shares O/S: 203.1 million	
2026P	8.55	11.5	52-Week Range: \$123.96 - \$96.58	
2025E	8.05	12.2		
2024A	8.00	--		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in Warsaw, Indiana, Zimmer Biomet Holdings is the third-largest orthopedic implant company in the world. With \$7.7 billion of revenue in 2024, Zimmer is the largest global knee and hip implant manufacturer with approximately 33% market share. Its main products are knee implants, hip implants, sports medicine products, trauma/extremities implants, and surgical products. Zimmer generated 58% of revenue from the Americas and 42% from international markets in 2024. On January 28, 2025, Zimmer Biomet announced its acquisition of Paragon 28 for \$1.2 billion total enterprise value.

As the largest company in the global knee and hip implant market, Zimmer continues to shape its product portfolio to drive growth. We highlight some key business and financial aspects:

- In 2024, Zimmer's revenue increased 4.8% organically in constant currency to \$7.7 billion due to healthy patient volumes offset by ERP implementation, which negatively impacted sales by 0.7%.
- In 2025, management expects sales to grow 3-5% in constant currency with healthy patient demand and solid procedure volume, but one less selling day.
- ROSA system: In 2019, Zimmer Biomet launched its ROSA knee system for robotic-assisted knee replacement surgeries. We estimate there are more than 1,200 systems placed at the end of 2024. In 2021, Zimmer rolled out its partial knee and total hip applications for its ROSA system. In 2024, Zimmer received FDA approval for its shoulder application and expects a limited launch throughout 2025.
- Zimmer has launched numerous new products in 2024 including its Persona® OsseoTi® cementless knee system, its Persona IQ and three large hip products, which are expected to gain traction in 2025 and thereafter. Management expects to launch 50 new products over the next three years. New products include ROSA robotic platform for shoulder, Oxford partial cementless knee, Z1 triple taper stem, HAMMR surgical impactor and additional products in the Persona IQ knee portfolio.
- Similar to other orthopedic companies, Zimmer is investing in its ambulatory surgical center (ASC) infrastructure to expand its ASC business given the expected growth over the next few years.
- Management expects operating margin improvement over the long term as it makes targeted investments to drive sales growth.
- Zimmer's net debt to EBITDA is approximately 2.6x inclusive of its pending Paragon 28 acquisition debt financing. It currently has financial flexibility to make strategic M&A to re-shape its portfolio.
- In January 2025, Zimmer announced an agreement to acquire Paragon 28 for \$1.2 billion enterprise value. Zimmer will enter the \$5 billion foot and ankle market, growing 7-8%, faster rate than the company average, and complement its sales team/ footprint and further penetrate the ASC market. This deal is expected to be 3% diluted to 2025 EPS and 1% dilutive to 2026.
- Tariff Impact – Zimmer manufactures two-thirds of products in the US and has no manufacturing in Mexico and Canada. China produces ~5% of its manufacturing volume. Zimmer generated 22% of its net sales to the EMEA region and 15.5% to the APAC region.

We expect Zimmer to be active in strategic M&A transactions, mostly tuck-ins, in the near term. The company is focused on re-shaping its portfolio to accelerate growth for its core knee, hip and SET segments.



## Smith & Nephew plc (SNN - \$25.93 - NYSE)

## #4 in Orthopedics/ Knees & Hips

Year	EPS	P/E		
2027P	\$2.40	10.8x	Dividend: \$0.75	Current Return: 2.9%
2026P	2.20	11.9	Shares O/S: 437 million	
2025E	2.00	13.0	52-Week Range: \$31.72 - \$23.69	
2024A	1.68	---		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in London, UK, Smith & Nephew is a global medical technology company, distributing products and solutions for joint reconstruction, advanced wound management, sports medicine and trauma and extremities. The company generated \$5.8 billion of revenue in 2024. It is the fourth-largest orthopedic company in the global orthopedic market. Its revenue consists of 29% from joint reconstruction, 29% advanced wound products, 28% sports medicine/arthroscopy, 10% trauma/extremities and 4% ENT.

Smith & Nephew is the fourth largest orthopedic company in the world. We highlight some key business and financial aspects:

- In 2024, revenue increased 5.3% in constant currency to \$5.8 billion with sports medicine up 6%, advanced wound management up 5% and orthopedics up 4.6%. China VBP negatively impacted revenue growth by 1.4% in 2024 affecting the sports medicine and orthopedic segments.
- Solid growth across all three business segments was driven by improved sales execution, new product launches, and improved product availability.
- In July 2022, management announced a 12-Point Plan to transform to a higher growth company with improving operating margins. This plan includes improving commercial execution with continuous new product launches, improving operational systems, overhauling supply chain and driving efficiency. Management expects margin improvement to continue through 2027.
- During 2024, the company made progress with its plan with the following: improving its commercial strategy in all three segments, fixing supply chain in its orthopedics segment, improving its cost structure, implementing portfolio pricing strategies with continued focus on R&D and innovation. For 2025, management expects revenue growth of 5% which includes a negative 1.5% impact from China VBP. Its 2025 adjusted operating margin target goal of 19-20%, up from 18.1% in 2024.
- CORI System: In 2020, Smith & Nephew launched its CORI surgical system, a handheld robotic solution, for its knee implants and in early 2022 for total hip implants. As of year-end 2024, there more than 1,000 CORI systems installed globally. In the third quarter of 2023, the company added a robotic revision knee application with its CORI system, which was the first revision knee robotic application on the market. Smith & Nephew is working on bringing a shoulder replacement application to market for its CORI robotic system.
- In any given year, the company generates approximately \$1 billion of annual operating cash flow, re-invests approximately \$400 million for capex and instrument sets, pays a dividend and makes strategic acquisitions.
- In late 2024 and early 2025, investors have been putting pressure on Smith & Nephew to consider splitting up its business if its US orthopedic business does not improve and its share price does not improve in 2025. Management is committed to improving its orthopedic business and would consider strategic options if needed.
- The company generated 54% of net revenue from the US, 29% from other established markets and 17% from emerging markets; The UK was 3.9% of net revenue in 2024; China was 3.6% of net revenue in 2024.
- Tariff Impact – For its US market, Smith & Nephew has manufacturing plants in the US serving its US businesses except for its Wound Care division, where it has a significant manufacturing in China. Management is monitoring this dynamic situation.

We believe Smith & Nephew or one of its business segments is a possible acquisition candidate for a large medical company. It has an approximate 25% share in the global sports medicine market, approximate 15% share in the advanced wound care market and an approximate 10% market share in the global knee and hip implant market.



## Globus Medical, Inc. (GMED - \$71.01 - NYSE)

#2 in Spine

<u>Year</u>	<u>EPS</u>	<u>P/E</u>		
2027P	\$4.50	15.9x	Dividend: None	Current Return: Nil
2026P	4.00	17.7	Shares O/S: 137.5 million	
2025E	3.25	21.9	52-Week Range: \$94.93 - \$49.33	
2024A	3.04	---		

Source: Company reports, ThomsonOne consensus estimates.

### COMPANY OVERVIEW

Headquartered in Audubon, PA, Globus Medical, founded in 2003, is the second-largest spine company in the \$10.0+ billion global spine market. Globus Medical has a comprehensive spine portfolio for spine surgery including pedicle screws, expandable offerings, 3D printed interbody portfolio, cervical disc, lateral systems, access retractors, limb-lengthening products, biologics, neuromonitoring solutions, and robotic systems and enabling technologies and services that address a broad array of spinal pathologies such as degenerative, deformity, tumor and trauma conditions using open or minimally invasive surgical techniques. Globus Medical acquired NuVasive on September 1, 2023, doubling its annual revenue to \$2.5 billion in 2024.

Globus Medical is currently one of two companies with a robotic system spine offering. We highlight some key business and financial aspects:

- Second-largest spine company in the world behind #1 Medtronic.
- In 2024, Globus Medical grew sales 5.5% on a pro forma basis in constant currency driven by new product launches, sales execution, and robotic implant pull-through.
- In 2024, Globus generated approximately \$154 million from its Excelsius GPST<sup>™</sup> system and other enabling technologies; Over 94,000 procedures have been done using Excelsius technology since launch.
- With the NuVasive merger, Globus Medical doubled its US spine sales team.
- In 2024, management introduced 18 new products for its business.
- With its continuous investment in spine, robotics and trauma, we expect Globus to grow above market for the foreseeable future.
- With the NuVasive acquisition, Globus Medical's adjusted 2024 EBITDA margin was 29.2% in 2024. The company is on track to generate \$170 million of cost synergies from 2024-2026, having achieved 55% of the synergies in 2024. Its EBITDA margin is expected to return to its historical 33-35% EBITDA margin by end of 2026.
- Nevro Acquisition: On April 3, 2025, Globus Medical acquired Nevro for approximately \$250 million equity value in cash. Nevro is manufacturer and distributor of spinal cord stimulators for chronic pain of the back, leg and lower limb with its Senza system. Nevro generated \$406 million of revenue in 2024 and an estimated \$20 million of EBITDA loss. With Nevro, Globus is expanding its continuum of care with technology that complements its spinal solutions offerings. While Nevro will be diluted by \$0.25 in 2025, management expects Nevro to be accretive in the second year. We believe that over the medium term, Globus can improve Nevro's EBITDA margin to 15%+.
- Globus generated free cash flow of more than \$400 million in 2024. Management expects to pay off the former NuVasive \$421 million convert debt due March 2025 with cash on its balance sheet. Its capital allocation strategy remains unchanged as it invests in new products internally along with inventory and capex and complementary M&A.
- International sales represented 20.6% of 2024 net revenue, which is expected to grow as Globus is underleveraged in certain international markets; its key international markets are Japan, the Euro zone, UK and Australia.
- Tariff Update: About 95% of its products are US based or sourced in the US.

Globus Medical continues to invest in many areas in addition to broadening its robotic platform and expanding its application in various orthopedic procedures. Management is focused on the NuVasive and Nevro acquisition integrations over the next 2-3 years, but Globus Medical has financial flexibility for smaller, strategic tuck-in acquisitions.





## Enovis Corp. (ENOV - \$31.96 - NYSE)

## Orthopedic Rehab & Recon

<u>Year</u>	<u>EPS</u>	<u>P/E</u>		
2027P	\$4.20	7.7x	Dividend: None	Current Return: Nil
2026P	3.65	8.8	Shares O/S: 57 million	
2025E	3.20	10.0	52-Week Range: \$57.08 - \$29.32	
2024A	2.84	---		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in Wilmington, DE, Enovis is a manufacturer and distributor of orthopedic rehab products (Prevention & Recovery – P&R segment) and reconstructive surgical products and services (Recon segment). The company was formed in April 2022 when its predecessor company, Colfax, spun-off its ESAB industrial segment into an independent public company. With the spin-off, the remaining Enovis consisted of its DJO Global business and small tuck-in reconstructive acquisitions generating \$2.1 billion of revenue in 2024 with two segments: P&R products (52% of revenue) and Recon products and services (48% of revenue). Its P&R products include rigid bracing products, orthopedic soft goods, vascular systems and compression garments, hot and cold therapy products and bone growth stimulators and electrical stimulators. Its Recon products include knee, hip, shoulder, elbow, foot, ankle, and finger implant products and surgical productivity solutions.

Enovis has transformed itself via strategic tuck-in acquisitions to compete in the global orthopedic market. We highlight some key business and financial aspects:

- In 2024, Enovis grew its revenue 5.5% organically driven by 8.2% growth in its Recon segment and 3% growth in its P&R segment. This growth was driven by new product launches and solid execution.
- With \$1.0 billion of revenue in its Recon segment in 2024, Enovis has gained scale to improve its competitive positioning in the extremity market and knee/hip markets.
- With the LimaCorporate acquisition in January 2024, Enovis became a Top 3 company in the \$6 billion global extremity market with approximately 8% market share; it has a greater presence in the shoulder market than foot/ankle.
- Enovis's three-year strategic goals are as follows: high-single digit/ low double-digit organic sales growth, ramp cost synergies to > \$40 million for its Lima acquisition, execute on new product pipeline and complete manufacturing and supply chain optimization programs.
- In 2025, Enovis expects ~6-6.5% organic sales growth in constant FX with high-single digit sales growth from its Recon segment and low-single digit sales growth from its P&R segment along with ~70bps EBITDA margin expansion.
- With its new product launches and increased global scale, Enovis expects to grow above market rate and gain market share in 2025.
- Enovis utilizes its proprietary Enovis Growth Excellence (EGX) business system to drive continuous operational productivity and pricing improvements.
- At year-end 2024, Enovis's net debt to EBITDA is 3.8x; the company is focused on integration of Lima and further deleveraging; M&A would consist of small bolt-on acquisitions in 2025.
- In April 2025, Enovis announced Damian McDonald as its new CEO effective May 12, 2025 as its former CEO Matt Trerotola wanted to retire. Its new CEO has 35-year experience in the medical sector.
- International sales represented 41% of 2024 net revenue.
- Tariff Impact: Management estimates that a 25% tariff on Mexico would cost ~\$40 million annually, but 90% would be exempt under USMCA compliance. Products manufactured at its Lima facility based in Italy that are sold in the US may be subjected to tariffs.

Enovis has scaled its reconstruction segment via strategic tuck-in acquisitions. As it integrates its acquisition, the company continues to drive operational improvements. As its market share in both the extremity market and knee/hip markets are relatively low (< 10% share), the company may continue to look for strategic acquisitions to further increase its scale over time.





## Conmed Corp. (CNMD - \$48.59 - NASDAQ)

## Sports Med & General Surgery

Year	EPS	P/E	Dividend: \$0.80	Current Return: 1.6%
2027P	\$5.55	8.8x	Shares O/S: 30.9 million	
2026P	4.90	9.9	52-Week Range: \$78.58 - \$47.25	
2025E	4.35	11.3		
2024A	4.17	---		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in Largo FL, Conmed is a manufacturer and marketer of products for orthopedic surgery and general surgery. Its general surgery products (58% of revenue) include its AirSeal insufflation management system, Buffalo filter smoke evaluation products, electrosurgical and endomechanical products, and endoscopic products. Its orthopedic surgery products (42% of revenue) include sports medicine repair products, allograft tissue, powered surgical instruments, and visualization products. In the US, Conmed sells its products using its direct sales reps for general surgery and a hybrid sales model for orthopedics. It generates 43% of its net sales from international markets. The company generated \$1.3 billion of revenue in 2024.

We highlight some key business and financial aspects:

- In 2024, Conmed's revenue grew 5.3% in constant FX to \$1.3 billion as its general surgery products grew 7.5% and orthopedic products grew 2.5%. Its AirSeal insufflation system and biliary product offerings drove its general surgery growth while its orthopedic business had some supply challenges throughout 2024.
- In 2024, approximately 85% of its revenue are single-use, recurring revenue.
- On January 1, 2025, Conmed named Patrick Beyer as its new CEO. He was previously its COO, President of International and Global Orthopedics and joined Conmed in 2014; he worked for Stryker for 21 years prior.
- In 2025, management expects sales growth of 4-6% in constant FX as it solves remaining supply challenges in its orthopedic segment and adjusted EBITDA margin to remain relatively constant at 20.3% due to currency headwinds.
- Main products include the following:
  - Sports medicine and allograft- Arthroscopes, tissue repair sets, suture anchors, metal and bioresorbable implants; Includes BioBrace®, TruShot® soft tissue fixation system, Y-Knot® all-suture anchors, and Argo™ knotless suture anchors.
  - Powered instruments- Hall surgical brand name for large and small bone procedures, trauma.
  - Surgical visualization- 2DHD and 3DHD vision technologies for general surgery and MIS surgeries.
  - AirSeal – Insufflation system for stable pneumoperitoneum, constant smoke evacuation, and valve-free access to the abdominal cavity during surgery.
  - Buffalo Filter- Surgical smoke evaluation pencils, evacuators, filters and accessories.
  - Electrosurgical offerings- Monopolar and bipolar generators, argon beam coagulation generators, handpieces, smoke management systems and other.
  - Endomechanical offerings- Full line of instruments, including the Anchor<sup>1</sup> line of tissue retrieval bags, trocars, suction irrigation devices, graspers, scissors, and dissectors.
  - Endoscopic offerings- Minimally invasive diagnostic and therapeutic products used in conjunction with gastroenterology procedures which utilize flexible endoscopy
- With its cashflow generation in 2024, Conmed was able to bring its net debt to EBITDA to 3.3x.
- Tariff Impact: Conmed estimates that a 25% tariff on Mexico and Canada would cost \$45 million annually, but some products may be exempt under USMCA compliance; A 10% tariff on China would cost \$3 million annually.

We believe Conmed is a possible acquisition candidate for any company who would like to expand its presence in sports medicine and general surgery and strengthen its international presence.



## Alphatec Holdings, Inc. (ATEC - \$10.56 - NASDAQ)

## Growth in Spine

Year	Revenue(\$Mils)	TEV to Sales	Dividend: None	Current Return: Nil
2027P	\$1,000	2.1x	Shares O/S: 144.1 million diluted	
2026P	866	2.4	52-Week Range: \$13.79 - \$4.88	
2025E	732	2.8		
2024A	612	---		

Source: Company reports, ThomsonOne consensus estimates.

### COMPANY OVERVIEW

Headquartered in Carlsbad, CA, Alphatec is a manufacturer and marketer of implants, biologics and systems for the treatment of various spine disorders. The company's spine portfolio consists of access systems, fixation systems, interbody systems, biologics, neuromonitoring and imaging systems. The company markets its products using strategic independent distributors and direct sales reps in the US. The company generated \$612 million of revenue in 2024, up from \$92 million in 2018. International revenue was 7% of revenue in 2024.

We highlight some key business and financial aspects:

- In 2024, revenue increased 27% to \$612 million as the company continues to gain market share by launching new products and attracting new surgeon customers, esp. in lateral procedures. For the past five years, the company has grown its revenue significantly and expanded its market share in the global spine market.
- In 2024, the company's surgical volume grew 19% and its average revenue per case grew 7%. Its EOS imaging revenue grew 13% to \$67 million or 11% of total revenue.
- In 2025, management expects 20% revenue growth and positive free cash flow, its first year ever.
- Its main products include the following:
  - Spinal technologies and systems – Includes PTP patient positioning system, Sigma PTP access systems, InVictus fixation systems, spinal implants made from allograft, PEEK and porous titanium with NanoTec surface enhancements, expandable implants and corpectomy implants.
  - Biologics – Includes allograft spacers, 3D ProFuse Bioscaffold, family of AlphaGRAFT products (DBM, CBM), and Amnioshield amniotic tissue barrier.
  - SafeOp Neural InformatiX system for neuromonitoring, which combines EMG, SSEP and MEP monitoring modalities during surgery for real-time nerve location and nerve health.
  - EOS imaging system – full body imaging with 3D model of skeletal systems for diagnostic and surgical planning capabilities; Launched in 2024, EOS Insight offers pre-op planning and post-op assessment.
- In late 2020, Alphatec launched its lateral approach to spine surgery called Prone TransPsoas (PTP) which minimizes patient repositioning, provides surgeons with optionality, and achieves spinal alignment at a higher reproducible rate. With its learnings from PTP, Alphatec developed and launched Lateral TransPsoas (LTP) and Midline ALIF approaches to enable single position spine surgery for common spine procedures. All these procedures integrates with SafeOp neuromonitoring. Management believes it is still in the early innings for its product offerings.
- The company continues to elevate and expand its sales force while increasing sales force productivity.
- Alphatec continues to invest in new product development to launch improved new products to expand its total addressable market within the spine market.
- In 2024, Alphatec generated adjusted EBITDA of \$31 million (5% margin). The company's goal is to generate \$1.0 billion of revenue and \$180 million of adjusted EBITDA in 2027.
- Tariff Update: Alphatec uses third-party manufacturers to make its surgical products, which are mostly US-based. Its EOS imaging system is sourced from its EU subsidiary will be impacted by any US tariffs on EU products.

We believe Alphatec is a possible acquisition candidate for any medical company who wants to increase its scale in the spine market or to expand its spine portfolio offering.



**This one-page summary of Paragon28 was in our 2024 Orthopedic Report. On January 28, 2025, Zimmer Biomet announced an agreement to acquire Paragon 28 for \$13.00 per share in cash to expand its extremities portfolio and increase scale.**

## Paragon 28, Inc. (FNA - \$10.25 - NYSE)

## Foot & Ankle

Year	Revenue(\$Mils) <sup>a</sup>	TEV to Sales	
2026P	\$374	2.4x	Dividend: None    Current Return: Nil
2025P	312	2.9	Shares O/S: 82.8 million diluted
2024E	260	3.4	52-Week Range: \$19.72 - \$7.95
2023A	216	---	

Source: Company reports, ThomsonOne consensus estimates. a) Expected EPS loss for the next three years.

### COMPANY OVERVIEW

Headquartered in Englewood, CO, Paragon 28 is a manufacturer and marketer of implants, biologics and systems for the treatment of a wide range of foot and ankle ailments. The company's portfolio of nearly 80 systems consists of plates, plating systems, screws, staples, nails, orthobiologics, disposables, and instrumentation. The company markets its products using independent distributors, primarily exclusive, in the US who target orthopedic, pediatric, and trauma surgeons focused on foot and ankle procedures and surgical podiatrists. The company generated \$216 million of revenue in 2023, up from \$106 million in 2019. International revenue was 15% of revenue in 2023.

## To Be Acquired by Zimmer Biomet

We highlight some key business and financial aspects:

- In 2023, revenue increased 19% to \$216 million as the company continues to gain market share by launching new products and attracting new surgeon customers. The company continues to augment its sales force, which consists of 266 US sale reps at year-end.
- In any given year, the company expects to launch 5 to 10 new products and has a full pipeline with more than 30 products and systems in development.
- Its main products include the following:
  - Gorilla plating system – comprehensive foot and ankle plating system with over 290 plating options and a wide variety of plate-specific screws.
  - Baby Gorilla plating system – comprehensive foot and ankle specific plating system that includes 26 distinct plating styles and 92 distinct plating options with unique, customizable instrumentation.
  - Silverback ankle plating system – system that offers 62 unique, low profile, anterior, lateral, and posterior plate designs, five screw diameters, and a robust offering of joint preparation instrumentation to address tibiotalar (TT), tibiotalarocalcaneal (TTC), or tibiotalarocalcaneal (TC) arthrodesis.
  - Monster, Mini Monster, and Joust Beaming screw systems – screw systems used as standalone or to complement its various plating systems.
- In 2024, Paragon 28 will be launching the first module of its Smart 28 ecosystem, which utilizes analytical tools such as AI, data analytics, patient specific algorithms, 3-D modeling and other enabling technologies, to improve surgical patient outcomes.
- The company continues to expand its sales force while increasing sales force productivity.
- Management expects to generate positive adjusted EBITDA in 2024.
- In January 2022, Paragon 28 acquired Disior, a 3D analytics pre-operative planning software company, for \$26.2 million and in May 2021, Paragon 28 acquired product lines of Additive Orthopedics consisting of its 3D Talus spacer for \$15 million.
- In October 2021, Paragon 28 completed its IPO and issued 8.984 million shares at \$16 per share for \$133.7 million of net proceeds. In Jan./Feb. 2023, the company issued 4.31 million shares at \$17 per share for \$68.5 million of net proceeds.

We believe Paragon 28 is a possible acquisition candidate for any medical company who wants to enter or expand its foot and ankle offerings.



## Treace Medical Concepts, Inc. (TMCI - \$6.45 - NASD)

## Bunion & Midfoot

Year	Revenue(\$Mils) <sup>a</sup>	TEV to Sales	Dividend: None	Current Return: Nil
2027P	\$275	1.4x	Shares O/S: 62.6 million diluted	
2026P	250	1.6	52-Week Range: \$11.76 - \$3.92	
2025E	228	1.7		
2024A	209	---		

Source: Company reports, ThomsonOne consensus estimates. a) Expected EPS loss for the next three years.

### COMPANY OVERVIEW

Headquartered in Ponte Vedra, FL, Treace Medical Concepts is a manufacturer and marketer of implants, instruments and systems for the surgical management of bunions and related midfoot deformities. The company pioneered the Lapiplasty 3D bunion system and launched other surgical systems to correct bunion deformity. The company markets its products using 329 sales reps from its direct sales force and independent sales agencies targeting surgical podiatrists and orthopedic surgeons who focus on foot and ankle procedures in the US, its only market. The company generated \$209 million of revenue in 2024, up from approximately \$40 million in 2019.

We highlight some key business and financial aspects:

- In 2024, revenue increased 12% to \$209 million with improved commercial execution and increased adoption of newer products.
- Beginning in the second-half 2024 through 2025, Treace expects to launch 10 new products, allowing the company to offer a more comprehensive bunion solutions portfolio to its surgeon customers.
- Treace Medical pioneered the Lapiplasty 3D bunion procedure using its proprietary system. Since its launch in March 2015, more than 120,000 patients have been treated with its Lapiplasty system in the US. Benefits include correcting the 3D metatarsal alignment of the bunion, stabilizing the first TMT joint and allowing for return to weight-bearing in a walking boot. The one-year recurrence rate is 0.9% vs. double-digits for traditional bunion surgical treatment approaches.
- In addition to its Lapiplasty 3D bunion system, other products include:
  - Adductoplasty system – comprehensive system for reproducible correction of metatarsus adductus deformities and osteoarthritis of the midfoot.
  - Speedplate implant fixation platform – provides stability of titanium locking plate with small insertion; used for common bone fusion procedures in the foot.
  - Hammertoe PEEK fixation system – system designed to treat hammertoe, claw toe and mallet toe deformities.
  - Nanoplasty and Percuplasty systems – newly launched systems for minimally invasive distal osteotomy surgeries.
  - IntelliGuide system – pre-op planning and patient specific surgical cut guides.
- The company has a five-point strategy consisting of 1) rapid focused innovation, 2) compelling clinical outcomes, 3) bunion-focused direct sales force, 4) comprehensive direct-to-patient education, and 5) highly effective surgeon education.
- In 2025, management expects sales growth of 7-10%, adjusted breakeven EBITDA and cash burn to decrease by 50% vs. 2024.
- In April 2021, Treace Medical completed its IPO and issued 12.94 million shares @ \$17 per share for \$107.6 million of net proceeds. In February 2023, the company issued 5.476 million shares @ \$21 per share for \$107.5 million of net proceeds.
- Tariff Update: Treace uses third-party manufacturers to make its products, which are mostly US-based.

We believe Treace Medical is a possible acquisition candidate for any medical company who wants to enter or expand its bunion and foot offerings.



## OrthoPediatrics, Corp. (KIDS - \$21.00- NASDAQ)

## Pediatric Orthopedics

Year	Revenue(\$Mils) <sup>a</sup>	TEV to Sales	Dividend: None	Current Return: Nil
2027P	\$328	1.6x	Shares O/S: 24.3 million diluted	
2026P	280	1.8	52-Week Range: \$35.99 - \$20.37	
2025E	239	2.1		
2024A	204	---		

Source: Company reports, ThomsonOne consensus estimates. a) Expected EPS loss for the next three years.

### COMPANY OVERVIEW

Headquartered in Warsaw, IN, OrthoPediatrics is a manufacturer and marketer of implants and products for pediatric patients with orthopedic conditions. The company was founded in November 2007 and went public in October 2017 at \$13.00 per share. The company's products include its trauma and deformity product line (71% of revenue), its scoliosis systems (27% of revenue) and sports medicine products (2% of revenue). The company has the broadest pediatric specific orthopedic offering with more than 75 surgical implant systems. The company markets its products in the US using its direct sale reps and more than 40 sales agencies employing 230 sales reps, exclusive to the company. The company generated \$204 million of revenue in 2024. International revenue was 21% of total revenue in 2024.

OrthoPediatrics is an orthopedic implant company focused on pediatric patients. We highlight some key business and financial aspects:

- In 2024, revenue increased 37.7% to \$204 million with \$30 million from its Boston O&P acquisition, or 20%.
- Revenue was driven by increased sales of its Cannulated screws, PNP femur, PediPlate, external fixation, Pega System, RESPONSE and ApiFix system.
- The company has grown revenue at an approximate 20% organic rate since inception.
- Its main products include the following:
  - Trauma and deformity (~71% of revenue) - More than 7,000 implants, instruments, external fixation components, specialized braces, and bone graft substitutes for the femur, tibia, pelvis, and upper and lower extremities; Includes cannulated screws, locking cannulated blade, locking proximal femur, PediFlex flexible nailing system, PediNail intramedullary nail, PediPlates, PediLoc, ACL reconstruction system, and others.
  - Scoliosis (~27% of revenue) – Includes RESPONSE systems for treating spinal deformity, ApiFix system for adolescent idiopathic scoliosis, BandLoc 5.5mm/6.0mm sub-laminar banding system, FIREFLY® pedicle screw navigation guides, and 7D flash surgical navigation image guidance system.
  - Sports medicine (2% of revenue) – ACL and MPFL Reconstruction system and Telos.
- In the US, the company has more than 40 sales agencies employing 230 sales reps who are present in the operating room with the surgeon customer; these sales agencies represented 59% of total global sales in 2024.
- Outside the US, the company has 70 stocking distributors and 14 independent sales agencies in over 70 countries. It has direct sales programs in most of the European countries, Australia, New Zealand, and Canada.
- The company has a deep pipeline of new products in development including new plating platforms, nailing systems, active growing implants, scoliosis fusion system, external fixation systems and more.
- In 2024, the company invested \$21 million in instrument sets to support its growth in existing and new markets and expects to invest \$15 million in 2025.
- Management expects \$15-17 million adjusted EBITDA for 2025 and is working toward breakeven free cash flow in 2026.
- Tariff Update: About 95% of cost of supplies are sourced from the US; management is monitoring tariff impact of products sold to Europe.

We believe OrthoPediatrics is a possible acquisition candidate for any medical company who wants to expand its pediatric product offering.





## Orthofix Medical, Inc. (OFIX - \$13.03 - NASDAQ)

## Spine + Specialized Fixation

Year	Revenue(\$Mils)	TEV to Sales	Dividend: None	Current Return: Nil
2027P	\$932	0.6x	Shares O/S: 39.0 million	52-Week Range: \$20.73 - \$12.08
2026P	875	0.7		
2025E	822	0.7		
2024A	799	---		

Source: Company reports, ThomsonOne consensus estimates

### COMPANY OVERVIEW

Headquartered in Lewisville, TX, Orthofix is a global spine and orthopedics company with comprehensive offerings in spine and biologics, bone growth stimulation, and specialty trauma/ fixation. The company increased its product portfolio and scale with the merger with Seaspine in January 2023. The company's segments include spine implants and biologics (55% of sales), bone growth stimulation products (29% of sales), and specialized orthopedics/ fixations products (16% of sales). The company generated ~\$800 million of revenue in 2024. International sales represented 16% of total sales in 2024 with the majority in European markets.

We highlight some key business and financial aspects about Orthofix:

- Fifth largest spine company in the world with its combined spine implants, biologics and bone growth stimulation revenue.
- In January 2024, Orthofix named Massimo Calafiore as its new CEO and Julie Andrews as its new CFO; both have extensive experience in orthopedics and medical devices.
- In 2024, Orthofix's revenue grew 7.1% in constant currency to \$799.5 million with 9.8% growth in bone growth stimulation, 5.5% growth in spine/ biologics and 7.9% growth in global orthopedics.
- In late February 2025, Orthofix decided to discontinue its M6-C artificial cervical disc and M6-L artificial lumbar disc product lines to focus on more profitable areas; Revenue for M6 products were \$23.4 million in 2024
- The company's segments include the following products:
  - Spine/ biologics solutions - repair and regenerative products to treat a variety of spinal conditions. Key products various pedicle screw systems, portfolio of products for ALIF, PLIF, TLIF and LLIF procedures including interbody spacers and access systems, and 7D flash navigation system and products for other spinal procedures; Biologics include Trinity Elite™ tissue forms, demineralized bone fibers products such as Strand(Plus) and FiberFuse, Ballast products.
  - Bone growth stimulation therapies - Portfolio of devices for enhancing bone fusion that utilize Orthofix's patented pulsed electromagnetic (PEMF) technology; FDA-approved Class III medical devices indicated as an adjunctive treatment to enhance fusion success in cervical and lumbar spine, nonunion fractures and fresh fractures – CervicalStim, SpinalStim, PhysioStim, and AccelStim.
  - Specialized trauma/extremity fixation - Portfolio of repair and regenerative products that allow physicians to successfully treat a variety of orthopedic conditions including products used in fracture repair, deformity correction and bone reconstruction including TrueLok external fixation system, FITBONE limb lengthening system, Galaxy fixation system and pediatric portfolio.
- Management's long term financial goals from 2025 to 2027 are as follows: 6.5-7.5% annual sales growth and mid-teens adjusted EBITDA margin in 2027 (vs. 8.4% in 2024); Orthofix expects to be free cashflow positive in 2025 and improving thereafter.
- As of December 31, 2024, Orthofix had \$86 million of cash and \$157 million of debt on its balance sheet.
- Tariff Impact: Orthofix has several manufacturing facilities in the US and a manufacturing facility in Italy. Orthofix has no exposure to Mexico and generates less than \$2 million of revenue in Canada and China.

With its merger with SeaSpine, Orthofix is improving its sales execution and its product portfolio to compete more effectively in the global spine market.



**Si-Bone, Inc. (SIBN - \$13.85 - NASDAQ)****iFuse Family of Implants**

Year	Revenue(\$Mils) <sup>a</sup>	TEV to Sales	Dividend: None	Current Return: Nil
2027P	\$263	1.8x	Shares O/S: 42.5 million	
2026P	226	2.1	52-Week Range: \$19.16 - \$11.70	
2025E	194	2.5		
2024A	167	---		

Source: Company reports, ThomsonOne consensus estimates. a) Expected EPS loss for the next three years.

**COMPANY OVERVIEW**

Headquartered in Santa Clara, CA, Si-Bone is a manufacturer and marketer of the iFuse implant system for minimally invasive surgical treatment of the sacroiliac joint<sup>a</sup> (SIJ) in the lower back. The company was founded in 2008 and went public in October 2018 at \$15.00 per share. The company's products include its iFuse family of implant systems and enabling technology solutions for the surgical procedure of the sacroiliac joint. The company markets its products using more than 150 field sales reps and clinical support specialists in the US. Outside the US, the company has 9 direct sales reps and works with 31 exclusive distributors to market its products in 38 countries. The company generated \$167 million of revenue in 2024. International revenue was 5% of total sales in 2024.

We highlight some key business and financial aspects:

- In 2024, revenue increased 20% to \$167 million due to increased volume with increased productivity for its US sales organization, growing base of active surgeons and its new product launches and robust product portfolio.
- The iFuse family of implant systems includes a series of patented triangular implants, instruments and diagnostic and surgical techniques to perform the surgical treatment of the sacroiliac joint, sacropelvic fixation and pelvic fractures.
- The US market opportunity for sacroiliac joint treatment, sacropelvic fixation and pelvic fractures is approximately 470,000 patients per year or >\$3.0 billion opportunity.
- According to Si-Bone, iFuse is the market leader with over 115,000 worldwide procedures since inception.
- Benefits of the iFuse-3D implant system include: a) significant decrease in mean pain and disability improvement scores; b) 95% patient satisfaction rate (3.5% revision rate at 4 years); c) significant reduction in opioid use post surgery; d) over 300 US million lives covered by insurance; and e) long-term five year data.
- There are more than 125+ peer reviewed published papers and 6-year long-term data on the iFuse system, which is the most for any SIJ implant.
- FDA approvals: In Jan. 2024, Si-Bone received FDA approval for expanded pediatric and S1 trajectory indication for its iFuse Bedrock Granite and in Sept. 2024, Si-Bone received FDA approval for its iFuse TORQ TNT for pelvic fragility fracture fixation.
- Management is focused on increasing its sales reps and its sales coverage in the US along with medical training and education; currently has 87 field sales reps and 71 clinical support specialists in the US.
- For 2025, Si-Bone's management expects \$194.5 million of revenue, up 16.5%, with 77-78% gross margins and positive adjusted EBITDA, its first year ever.
- For 2025, management has three key growth priorities: 1) implement commercial initiatives to fuel adoption of expanded portfolio and grow physician base, 2) increase physician density and 3) lay the commercial groundwork for disruptive new products.
- The company has 60 US and 20 international issued patents covering the iFuse through May 2026 and other iFuse patents through 2040.
- Tariff Update: Si-Bone uses third-party manufacturers to make its products and substantially all of its products, including all its implants, are manufactured in the US.

We believe Si-Bone is a possible acquisition candidate with its unique iFuse family of implants.

<sup>a</sup> The sacroiliac joint connects the base of the spine to the hip joint.

Jennie Tsai  
(914) 921-8436  
jtsai@gabelli.com

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**ONE CORPORATE CENTER RYE, NY 10580      Gabelli Funds      TEL (914) 921-5000**

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800-422-3554 • 914-921-5000 • Fax 914-921-5098 • [info@gabelli.com](mailto:info@gabelli.com)