



**PROGRAMME: Doble master's degree MII and MBA**

**Project title**  
**Valuation of a medical device company  
from a private equity perspective**

**Author: Claudia Alsina Hernandez  
Supervisor: Luis García Jiménez**

**Master final project**

**Madrid  
Date 12/12/2024**

## Contents

<b>1. Definition of the consulting problem .....</b>	<b>3</b>
<b>2. Context/Justification of the problem/goal of the project .....</b>	<b>3</b>
<b>3. Definition of specific goals .....</b>	<b>3</b>
<b>4. Present the methodology to be used .....</b>	<b>4</b>
<b>5. Identify major bibliographic references and data sources .....</b>	<b>4</b>
<b>6. Suggest a provisional title of the project .....</b>	<b>4</b>
<b>7. Suggest a provisional table of contents .....</b>	<b>4</b>
<b>8. Suggest a working schedule .....</b>	<b>5</b>

### **1. Definition of the consulting problem**

For my final thesis, I propose to carry out a valuation of a company within the medical device sector from the point of view of a private equity investment. This approach will allow me to explore the financial and strategic aspects of investing in this dynamic and growing industry.

The consulting problem focuses on identifying the opportunities and challenges facing the company in question and possible growth and value creation opportunities. This includes analyzing its position in the market, its capacity for innovation, the efficiency of its operations and its growth potential, be it product or geographic. In addition, the feasibility of the investment will be evaluated from a private equity perspective, considering factors such as value creation, M&A, return on investment, associated risk and exit strategies.

To address this issue, a comprehensive analysis of the company will be conducted, including market research, financial analysis and an assessment of its current strategy. It will also consider industry trends and opportunities that can be taken advantage of, such as the integration of new technologies and expansion into new markets. The ultimate goal is to provide practical, data-driven recommendations that can guide the company toward sustainable and profitable growth.

### **2. Context/Justification of the problem/goal of the project**

The medical device sector has experienced significant growth in recent years, driven by technological innovation and the increasing demand for accessible and efficient healthcare solutions. In addition, the integration of artificial intelligence and the development of wearable devices are transforming the industry's impact on disease prevention and diagnosis. This makes the sector particularly interesting and attractive, with strong long-term growth potential.

Thus, this project arises from the need to understand how companies within this sector can leverage these trends to improve their competitiveness and expand their market presence. Evaluating a company from the perspective of a private equity investment provides insight into its strengths and weaknesses, as well as the opportunities and threats it faces.

The goal of the project is to develop a growth plan and sales strategy that not only addresses the company's current challenges, but also prepares it for the future. This includes identifying new market opportunities, optimizing existing operations, and exploring ways to innovate in products and services. In doing so, it is expected that the company will be able to improve its market position, increase its profitability and attract additional investment.

In summary, this project seeks to provide a clear and detailed roadmap for the sustainable growth of the company, taking advantage of emerging opportunities in the medical device sector and mitigating the risks associated with private equity investment.

### **3. Definition of specific goals**

Here are some specific goals for the project which I'll need to complete:

- Market analysis: Make a deep analysis of the medical device market, including trends, growth drivers, and competitive landscape.
- Company selection: Identify and select a promising company within the sector for evaluation.
- Financial assessment: Perform a detailed financial analysis of the selected company, including revenue, profitability, and cash flow projections.
- Growth plan development: Create a comprehensive growth plan that outlines strategies for market expansion, product development, and operational improvements.
- Risk analysis: Identify potential risks and develop mitigation strategies.
- Valuation: determine the company's valuation using appropriate financial models and methodologies.
- Financial model: leverage buy out (LBO)
- Exit strategy: Develop a strategic plan to sell the company, including potential buyers and IPO strategy.
- Implementation roadmap: Outline a step-by-step roadmap for implementing the growth plan and achieving the investment objectives.

#### **4. Present the methodology to be used**

To evaluate a company in the medical device sector from a private equity investment perspective, a structured and detailed methodology involving several interconnected steps will be followed. First, a comprehensive market analysis will be conducted to understand industry trends and competitive dynamics, including the demand for medical devices and technological innovations present in the industry. In addition, a financial analysis of the selected company will be conducted, evaluating its historical performance and long-term projections using valuation methodologies such as discounted cash flow (DCF) analysis and multiples analysis. Likewise, a strategic growth plan will be developed focused on market expansion, product innovation and value proposition, identifying opportunities to increase market share and improve competitiveness, thus ensuring the company's success. Furthermore, a risk assessment will be conducted to identify potential challenges and develop mitigation strategies, ensuring the viability and sustainability of investment in the long term. Finally, an exit strategy will be formulated that will include the identification of potential buyers and the valuation of an initial public offering (IPO), ensuring a clear plan to recover the investment and above all to obtain profits.

In addition, the Leveraged Buyout (LBO) technique will be used when identifying a company with a stable and predictable cash flow, allowing investors to maximize return on investment through financial leverage, evaluating the optimal capital structure and designing a plan for acquisition and debt management. This structured methodology ensures a thorough and informed assessment, providing a basis for investment decisions.

#### **5. Identify major bibliographic references and data sources**

Financial database

- Bloomberg

Market data

- Statista
- Global data

Company internal information

- Reports

#### **6. Suggest a provisional title of the project**

“Evaluating investment opportunities in the medical device sector from a private equity perspective”

“Growth strategies and valuation of a medical device company for private equity investment”

“Strategic evaluation and growth planning for a medical device company: a private equity Investment Approach”

#### **7. Suggest a provisional table of contents**

1. Introduction
  - 1.1. Objectives
  - 1.2. Background
  - 1.3. Scope and limitations
2. Private equity
  - 2.1. Definitions
  - 2.2. Expectations
  - 2.3. Time limitation
  - 2.4. Stages
    - 2.4.1. Company selection
      - 2.4.1.1. Company description

- 2.4.1.2. News
- 2.4.1.3. Activities and project plans
- 2.4.2. Negotiation
- 2.4.3. Plan of action
- 2.4.4. Selling
- 3. Medical device industry
  - 3.1. Market analysis
  - 3.2. Company selection
- 4. Company analysis, valuation, growth and exit strategies
  - 4.1. Financial Statements analysis
    - 4.1.1. P&L
    - 4.1.2. Balance Sheet
    - 4.1.3. Ratios
    - 4.1.4. Cash flow statement
  - 4.2. Valuation of the company (with different scenarios)
    - 4.2.1. DCF
    - 4.2.2. Market multiples
    - 4.2.3. LBO
  - 4.3. Growth plan development
    - 4.3.1. Value proposition
    - 4.3.2. Product development initiatives
    - 4.3.3. Market expansions strategy
  - 4.4. Risk assessment
    - 4.4.1. Identification of risks
  - 4.5. Exit strategy
    - 4.5.1. Potential buyers
    - 4.5.2. Exit market conditions (market cup, new competitors etc)
- 5. Conclusion

## **8. Suggest a working schedule**

The provided project schedule outlines a structured timeline for a comprehensive study on private equity within the medical device industry.

The initial focus on market analysis and company selection is a beginning phase to understand the context in which the private equity fundamentals will be applied. Afterwards, an introductory study with essential concepts and stages of private equity will be presented, before diving into financial assessments. Subsequently, it will be analyzed the financial health, including financial statements, balance sheet, P&L and cash flow statements, information needed to make the valuation of the company. Meanwhile, growth strategies will be proposed for the long-term success of the company. Finally, the exit of the company will be proposed with conclusions.

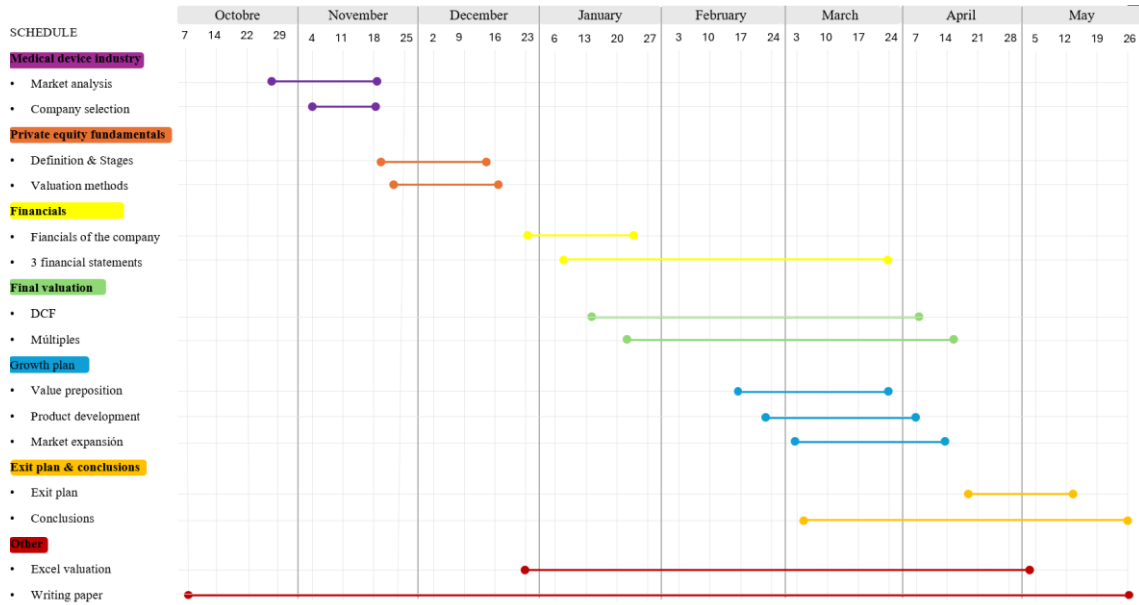


Figure 1: Schedule plan