Edwards Lifesciences (EW)

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Disclaimer:

- The stock we are studying tonight is used for educational purposes only. Small Talk was started in order to show members how to evaluate small/ medium sized companies since the research and evaluation is more difficult. This company is tonight's example.

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Edwards Lifesciences

Business summary:

Baxter Int'l. spin off in 2000

Designs, manufactures & markets range of medical devices & equipment for advanced stages of heart disease.

Key products: tissue heart valves, surgical clips, catheters, & monitors

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Product Lines

Surgical Heart Valve Therapy: 36%

-tissue heart valves &repair

Transcatheter Heart Valve Therapy: 41% -used SHVT to optimize this therapy

Clinical Care: 24%

-hemodynamic monitoring systems

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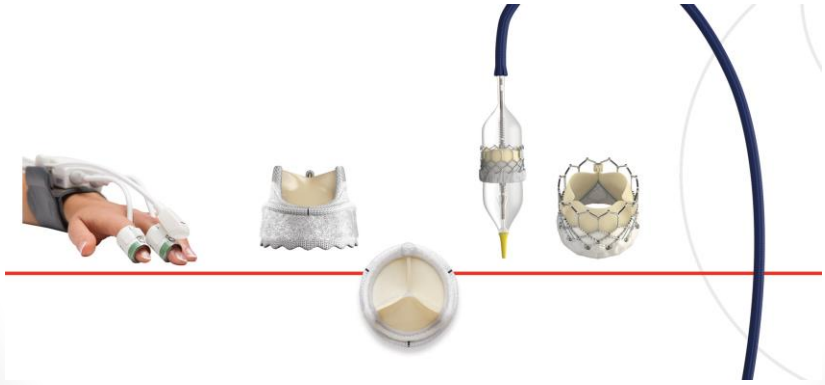
Examples of Products



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Surgical Heart Valve Therapy

Carpentier-Edwards PERIMOUNT aortic valve

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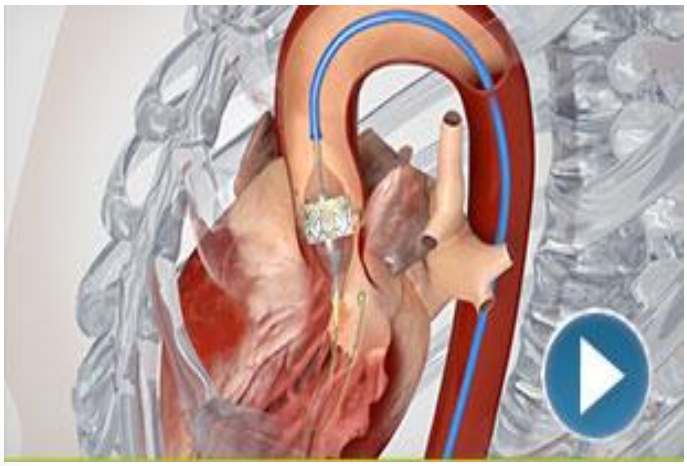
Transcatheter Aortic Valve Replacement



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Medical Supply (Invasive) Ind.

- Defined by need to surgically puncture body to provide thera-peutic relief.
- Overseas macroeconomic weakness & political instability
- Uneven recovery at home
  - Slow hospital admissions
  - High rate of deferrals

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- 2.3% ACA medical device tax
- Cardiovascular market has stabilized
- Diversification into related fields
- Cost control
- Consolidation
- Supreme Court decision set

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Strengths of EW

- Industry pioneer, #1 in heart valves, leader in hemodynamic monitoring
- High barrier to enter field
- Strong brand and relationships
  - Proctoring/training
  - Royalty/licensing arrangements
  - Website publishes MDs names

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Robust R&D pipeline

Strong fundamentals

Aging population/ deferrals

MDT settlement/royalties

3/15/15-PARTNER Trial-SAPIEN

3/15/15-PARTNER Trial-SAPIEN 3

Transcatheter mitral valve leaders

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Weaknesses of EW

High SAPIEN price>payers back off

Latest devices may not be OK'd here

Competition with competitors over minimally invasive technologies.

Little success with transcatheter mitral valves.

More competition expected

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Opportunities for EW

Efficiency &higher margin products.

Market stabilization in cardio field.

R&D by all will expand field.

Foreign and emerging market expansion.

Newer low cost plant in Singapore.

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Threats to EW

- TAVs become interchangeable as stents, = business loss.
- 2.3% ACA medical device tax.
- Difficult currency translations.
- Studies show not worthwhile.
- Competition in medical tools.
  - Small Talk, March 24, 2015

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