

# Quarterly Industry Update

As of December 31, 2014

Industry: Medical Device



## Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Medical Device industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Since December 31, 2013, the median 52-week share price return of the Medical Device industry has increased by 6.3%. In the last quarter, the median price-to-earnings multiple increased from 21.2x to 34.7x.

## Comparable Public Company Key Statistics

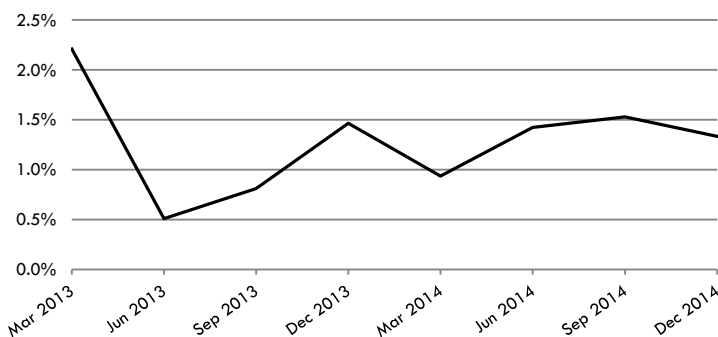
Median 52-Week Return	6.3%	Median EV/Revenue Multiple	3.8x	Median Price/Earnings Multiple	34.7x
Median 3-Year CAGR Return	23.7%	Median EV/EBITDA Multiple	12.7x	Median EV/Gross CF Multiple	25.2x

## Comparable Public Company Market Price Returns (As of December 31, 2014)

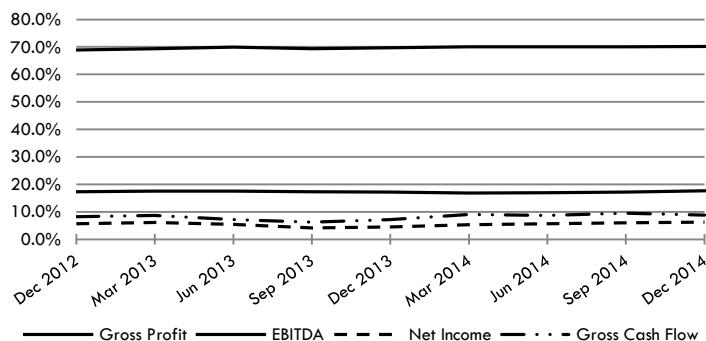
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
Medtronic plc	25.8%	16.5%	25.8%	32.7%	23.6%	10.4%	25.8%	39.9%	7.2%	3.1%	-15.7%
Boston Scientific Corporation	10.2%	12.2%	10.2%	52.1%	35.4%	8.0%	10.2%	109.8%	7.3%	-29.5%	-15.9%
St. Jude Medical Inc.	5.0%	8.1%	5.0%	34.1%	23.8%	12.1%	5.0%	71.4%	5.4%	-19.8%	16.2%
CR Bard Inc.	24.4%	16.8%	24.4%	30.6%	24.9%	16.4%	24.4%	37.0%	14.3%	-6.8%	17.8%
Edwards Lifesciences Corp.	93.7%	24.7%	93.7%	18.9%	21.7%	24.0%	93.7%	-27.1%	27.5%	-12.5%	86.2%
CONMED Corporation	5.8%	22.0%	5.8%	26.8%	20.5%	14.5%	5.8%	52.1%	8.9%	-2.9%	15.9%
Greatbatch, Inc.	11.4%	15.7%	11.4%	45.6%	30.7%	20.7%	11.4%	90.4%	5.2%	-8.5%	25.6%
Thoratec Corp.	-11.3%	21.4%	-11.3%	-7.0%	-1.1%	3.8%	-11.3%	-2.5%	11.8%	18.5%	5.2%
CryoLife Inc.	2.2%	14.8%	2.2%	34.9%	33.1%	12.0%	2.2%	78.0%	29.8%	-11.4%	-15.6%
ABIOMED, Inc.	42.3%	53.3%	42.3%	68.3%	27.3%	34.2%	42.3%	99.0%	-27.2%	92.2%	10.1%
Cardiovascular Systems Inc.	-12.3%	27.3%	-12.3%	54.8%	45.1%	45.6%	-12.3%	173.2%	27.4%	-15.5%	154.0%
Heartware International Inc.	-21.8%	-5.4%	-21.8%	-6.5%	2.1%	15.7%	-21.8%	11.9%	21.7%	-21.2%	146.9%
AtriCure, Inc.	6.9%	35.6%	6.9%	70.1%	21.6%	27.0%	6.9%	170.7%	-37.8%	8.1%	70.0%
Stereotaxis Inc.	-59.1%	-36.2%	-59.1%	-23.8%	-43.6%	-48.1%	-59.1%	42.0%	-69.0%	-78.5%	-2.5%
<b>Median of Industry Public Companies</b>	<b>6.3%</b>	<b>16.6%</b>	<b>6.3%</b>	<b>33.4%</b>	<b>23.7%</b>	<b>15.1%</b>	<b>6.3%</b>	<b>61.7%</b>	<b>8.1%</b>	<b>-10.0%</b>	<b>16.1%</b>

(Multiple year periods are calculated as the average annual return.)

## Median Quarterly Revenue Growth of All Medical Device Companies



## Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



## Median Public Company Multiples of the Medical Device Industry

Date:	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014
EV/Revenues Multiple	2.5x	2.7x	3.0x	3.2x	3.5x	3.6x	3.6x	3.4x	3.8x
EV/EBITDA Multiple	8.9x	9.2x	9.3x	10.3x	12.5x	13.4x	12.8x	12.0x	12.7x
Price/Earnings Multiple	20.6x	20.6x	22.0x	23.6x	21.9x	25.6x	21.8x	21.2x	34.7x
EV/Gross Cash Flows Multiple	15.8x	19.2x	19.5x	20.5x	21.3x	21.5x	19.8x	17.5x	25.2x

This industry research is provided at no charge to Cogent Valuation's clients. Research or detailed information not covered in this report can be obtained for a fee. Contact [Steven Kam](mailto:Steven.Kam@CogentValuation.com) at 415-392-0888 for additional information or questions in connection with this research report.

# Quarterly Industry Update

As of December 31, 2014

Industry: Medical Device

## Industry Initial Public Offerings (dollars in millions, except share prices)

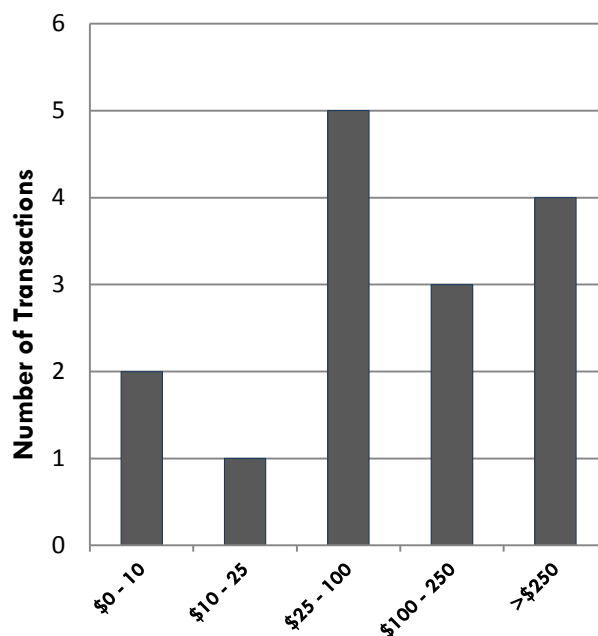
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/17/2011	Sphere Medical Holding PLC	\$1.46	15.1	\$22.1	\$19.4	\$0.0	\$0.0	(\$7.0)	(\$8.1)	(\$6.7)
4/18/2011	InspireMD, Inc.	\$1.50	7.0	\$10.4	\$12.7	\$1.5	\$4.5	(\$3.3)	(\$4.6)	(\$2.7)
10/22/2010	STENTYS Société anonyme	\$16.70	1.9	\$31.6	\$34.7	\$1.7	\$0.3	(\$9.4)	(\$9.8)	(\$9.2)
7/7/2010	Carmat Société Anonyme	\$23.67	0.8	\$19.6	\$8.7	\$0.0	\$4.4	\$0.0	(\$4.3)	\$0.5
2/10/2011	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$6.2	\$0.0	\$0.2	(\$8.6)	(\$10.9)	N/A
6/14/2006	Volcano Corporation	\$8.00	6.8	\$54.4	nvalid Identifier	nvalid Identifier	nvalid Identifier	nvalid Identifier	(Invalid Identifier)	N/A
12/12/2005	Lombard Medical Technologies Limited	\$2.82	14.4	\$47.0	\$11.8	\$7.4	\$0.1	(\$9.0)	(\$13.0)	(\$8.8)
8/5/2005	AtriCure, Inc.	\$12.00	4.0	\$48.0	\$12.5	\$0.0	\$25.5	(\$5.8)	(\$10.9)	N/A
1/27/2005	Heartware International Inc.	\$0.39	60.0	\$23.3	N/A	N/A	N/A	N/A	N/A	N/A
8/11/2004	Stereotaxis Inc.	\$8.00	5.0	\$44.0	\$41.1	\$6.0	\$9.9	(\$29.8)	(\$30.5)	N/A
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$27.4</b>	<b>\$12.6</b>	<b>\$0.7</b>	<b>\$2.3</b>	<b>(\$7.8)</b>	<b>(\$10.3)</b>	<b>(\$6.7)</b>

nm: not meaningful

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought
2/17/2015	Volcano Corporation	Philips Holding USA Inc.	\$1,363.5	100%
8/8/2014	Avalon Laboratories, LLC	Nordson Medical	\$180.0	100%
7/1/2014	ECP Entwick.	ABIOMED Europe GmbH	\$34.3	100%
1/8/2014	Grikin Advanced Materials	GRINM Semiconductor	\$33.9	96%
12/31/2013	Endoscopic Technologies, Inc.	AtriCure, Inc.	\$60.7	100%
6/30/2013	Terumo Heart, Inc.	Thoratec Corp.	\$56.5	100%
12/19/2012	Thomas Medical Products	Merit Medical Systems, Inc.	\$167.0	100%
11/30/2012	Defibtech, LLC	Resuscitation Solution, Inc.	\$49.0	100%
11/19/2012	Vessix Vascular, Inc.	Boston Scientific Corporation	\$425.0	100%
10/29/2012	Neovasc Medical Ltd., XenoSure	LeMaitre Vascular, Inc.	\$4.6	100%
10/9/2012	Rhythmia Medical, Inc.	Boston Scientific Corporation	\$265.0	100%
10/4/2012	BridgePoint Medical, Inc.	Boston Scientific Corporation	\$110.0	100%
8/16/2012	St. Jude Medical, Inc.	Vascular Solutions Inc.	\$3.0	100%
6/18/2012	Kensey Nash Corporation	Koninklijke DSM N.V.	\$393.3	100%
5/16/2012	Hemosphere, Inc.	CryoLife Inc.	\$21.7	100%
<b>Median of All Transaction Targets</b>			<b>\$60.7</b>	<b>100%</b>

## Size of Merger and Acquisition Transactions (dollars in millions)



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