

# Quarterly Industry Update

As of September 30, 2013

Industry: Biotechnology



## Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Biotechnology 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 September 30, 2012, the median 52-week share price return of the Biotechnology industry has increased by 23.9%. In the last quarter, the median price-to-earnings multiple increased from 15.7x to 18.0x.

## Comparable Public Company Key Statistics

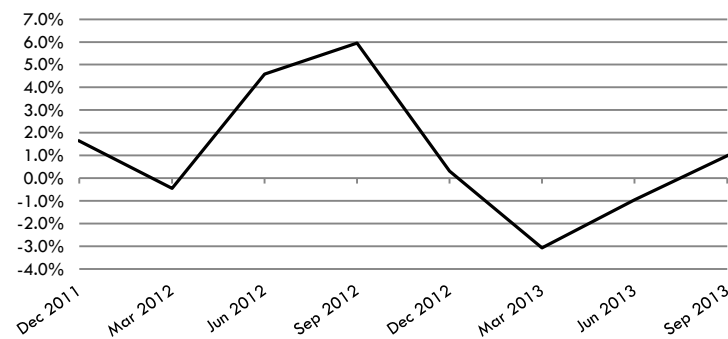
Median 52-Week Return	23.9%	Median EV/Revenue Multiple	4.6x	Median Price/Earnings Multiple	18.0x
Median 3-Year CAGR Return	2.1%	Median EV/EBITDA Multiple	10.2x	Median EV/Gross CF Multiple	14.4x

## Comparable Public Company Market Price Returns (As of September 30, 2013)

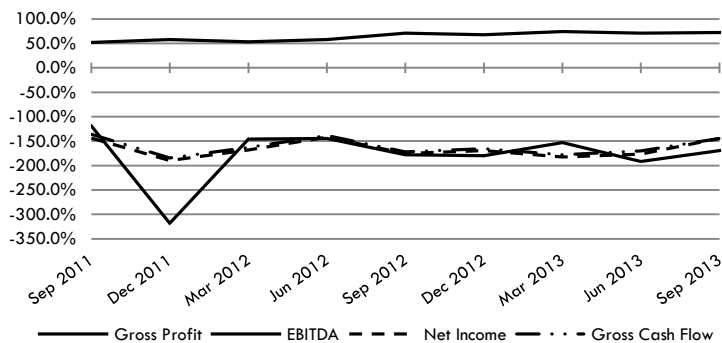
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Asim Textile Mills Limited	26.6%	-12.4%	817.5%	191.0%	61.1%	44.4%	561.0%	-50.5%	23.1%	87.0%	-37.5%
Athersys, Inc.	54.7%	-1.2%	18.0%	-3.5%	-18.7%	-1.2%	-38.7%	-30.0%	-40.2%	817.6%	-90.8%
AxoGen, Inc.	64.4%	2.3%	64.4%	N/A	N/A	N/A	0.0%	N/A	N/A	N/A	N/A
BioTime, Inc.	21.0%	-4.0%	-9.5%	-7.2%	-7.2%	26.4%	-46.0%	-30.3%	96.9%	139.0%	331.7%
Cytori Therapeutics, Inc.	-16.8%	1.3%	-47.2%	-11.1%	-21.9%	-15.1%	27.3%	-57.6%	-14.9%	69.0%	-40.3%
Harvard Bioscience Inc.	20.1%	11.9%	24.3%	11.6%	11.4%	2.5%	13.2%	-5.1%	14.3%	34.7%	-42.1%
Neostem, Inc.	43.6%	54.1%	23.9%	14.7%	-25.0%	-3.1%	17.5%	-64.0%	-9.0%	229.8%	-64.9%
Osiris Therapeutics, Inc.	85.3%	65.2%	50.6%	80.3%	31.7%	-2.9%	67.9%	-31.3%	9.1%	-62.7%	59.4%
Pluristem Therapeutics, Inc.	6.0%	10.5%	-14.2%	24.8%	31.4%	32.7%	28.1%	74.1%	23.3%	182.9%	-88.5%
Shire plc	30.8%	26.6%	37.2%	13.0%	21.2%	20.6%	-12.2%	44.9%	23.3%	32.6%	-35.4%
<b>Median of Industry Public Companies</b>	<b>26.6%</b>	<b>2.3%</b>	<b>23.9%</b>	<b>12.3%</b>	<b>2.1%</b>	<b>0.7%</b>	<b>17.5%</b>	<b>-30.8%</b>	<b>11.7%</b>	<b>78.0%</b>	<b>-38.9%</b>

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

## Median Quarterly Revenue Growth of All Biotechnology Companies



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



## Median Public Company Multiples of the Biotechnology Industry

Date:	9/30/2011	12/31/2011	3/31/2012	6/30/2012	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013
EV/Revenues Multiple	3.4x	3.8x	3.7x	5.4x	3.6x	3.7x	6.3x	5.4x	4.6x
EV/EBITDA Multiple	9.5x	10.8x	11.3x	11.1x	10.4x	9.4x	10.0x	9.6x	10.2x
Price/Earnings Multiple	17.0x	22.2x	17.6x	17.3x	17.0x	12.2x	15.4x	15.7x	18.0x
EV/Gross Cash Flows Multiple	14.4x	19.4x	15.1x	23.6x	15.0x	21.4x	22.3x	22.3x	14.4x

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 at 415-392-0888 for additional information or questions in connection with this research report.

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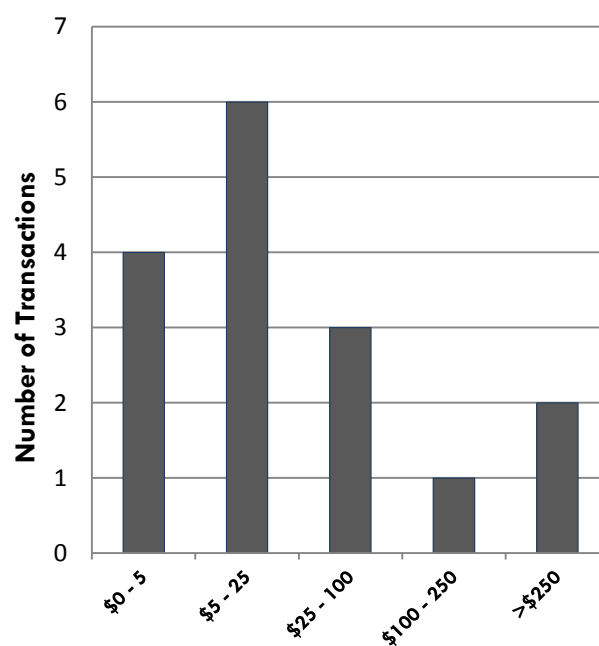
## Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
9/30/2013	Fate Therapeutics, Inc.	\$6.00	6.7	\$40.0	\$23.0	\$25.7	\$1.6	(\$16.2)	\$0.0	(\$15.6)
7/24/2013	Cellular Dynamics International	\$12.00	3.8	\$46.2	\$52.6	\$11.8	\$9.4	(\$20.6)	(\$24.1)	N/A
7/17/2013	OncoMed Pharmaceuticals	\$17.00	4.8	\$81.6	\$66.2	\$0.0	\$20.5	(\$24.7)	(\$26.2)	(\$23.3)
1/28/2013	Stemline Therapeutics	\$10.00	3.3	\$33.2	\$5.0	\$2.0	\$0.0	\$0.0	(\$14.2)	\$0.0
1/26/2012	Verastem	\$10.00	5.5	\$55.0	\$59.0	\$0.0	\$0.0	(\$13.6)	(\$32.0)	(\$13.5)
8/3/2006	Osiris Therapeutics	\$11.00	3.5	\$38.5	\$37.2	\$50.0	\$5.6	(\$23.9)	\$14.9	(\$22.4)
7/20/2006	Cleveland BioLabs	\$6.00	1.7	\$10.2	\$2.4	\$0.3	\$2.1	(\$4.1)	(\$4.1)	(\$4.1)
1/20/2005	ViaCell	\$7.00	7.5	\$52.5	\$61.1	\$18.7	\$38.3	(\$14.4)	(\$19.5)	(\$14.4)
2/23/2004	Centaur Guernsey	\$30.00	18.0	\$540.0	\$667.3	\$685.8	\$763.8	\$196.9	\$96.5	\$196.9
9/20/2002	Pluristem Therapeutics, Inc.	\$0.10	1.0	\$0.1	\$0.0	\$0.1	\$0.0	\$0.0	\$0.0	\$0.0
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$43.1</b>	<b>\$44.9</b>	<b>\$6.2</b>	<b>\$3.9</b>	<b>(\$13.3)</b>	<b>(\$6.0)</b>	<b>(\$11.9)</b>

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
8/5/2013	ProFibrix	The Medicines Company	\$240.0	100%
4/9/2013	Trillium Therapeutics	Stem Cell Therapeutics	\$16.7	100%
1/28/2013	Ninxia Zhonglianda Biotech	AVIC Investment Holdings	\$10.8	51%
9/14/2012	Eclipse Therapeutics	Bionomics	\$6.4	100%
8/29/2012	Stemtech International	N/A	\$0.3	100%
7/20/2012	I.R.B. Istituto	Croda International	\$9.2	100%
6/25/2012	eBioscience	Affymetrix	\$362.5	100%
6/18/2012	Kensley Nash	Koninklijke DSM	\$393.3	100%
5/10/2012	Angel Biomedical	N/A	\$0.3	100%
3/22/2012	Heze Biotechnology	Zhongyuan Union Stem	\$7.4	51%
2/8/2012	Aldagen	Cytomedix	\$42.6	100%
1/3/2012	Transtem	Mediware Information	\$0.7	100%
11/4/2011	Cellartis	Collectis	\$37.8	100%
11/4/2011	Celgenics	Actinogen	\$37.8	100%
10/17/2011	Amorcyte	Neostem	\$1.0	100%
<b>Median of All Transaction Targets</b>			<b>\$10.8</b>	<b>100%</b>

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



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