

Quarterly Industry Update

As of July 31, 2013

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 July 31, 2012, the median 52-week share price return of the Medical Device industry has increased by 23.4%. In the last three months, the median price-to-earnings multiple increased from 18.7x to 24.6x. Similarly, other public company multiples have increased this last quarter. However, revenue growth has continued to decline.

Comparable Public Company Key Statistics

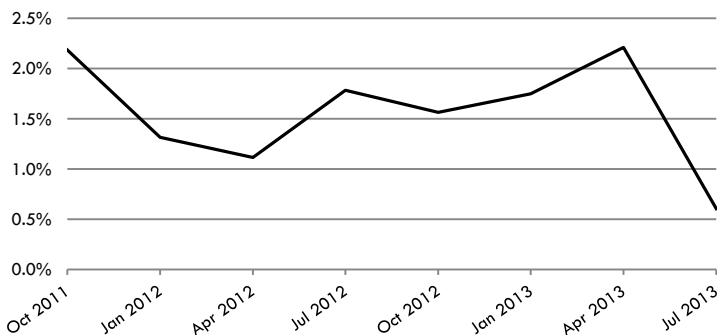
Median 52-Week Return	23.4%	Median EV/Revenue Multiple	3.2x	Median Price/Earnings Multiple	24.6x
Median 3-Year CAGR Return	13.9%	Median EV/EBITDA Multiple	10.5x	Median EV/Gross CF Multiple	21.9x

Comparable Public Company Market Price Returns (As of July 31, 2013)

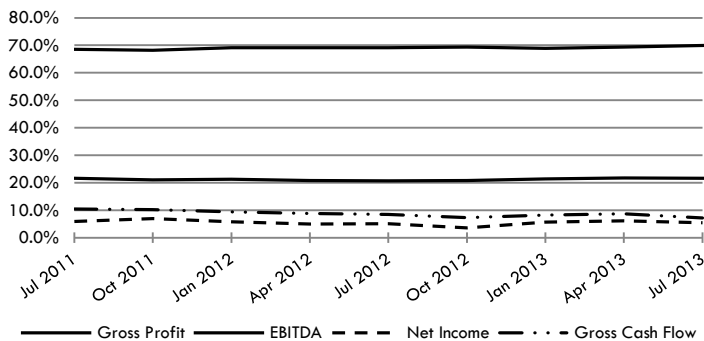
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2012	2011	2010	2009	2008
Medtronic plc	34.7%	18.3%	40.1%	23.8%	14.3%	0.9%	7.2%	3.1%	-15.7%	40.0%	-37.5%
Boston Scientific Corporation	90.6%	45.8%	111.2%	23.5%	24.9%	-1.7%	7.3%	-29.5%	-15.9%	16.3%	-33.4%
St. Jude Medical Inc.	45.0%	27.1%	40.2%	6.1%	12.5%	2.4%	5.4%	-19.8%	16.2%	11.6%	-18.9%
CR Bard Inc.	17.2%	15.3%	17.8%	7.8%	13.4%	4.3%	14.3%	-6.8%	17.8%	-7.5%	-11.1%
Edwards Lifesciences Corp.	-20.8%	11.9%	-29.5%	0.0%	7.3%	17.9%	27.5%	-12.5%	86.2%	58.1%	19.5%
CONMED Corporation	17.4%	4.7%	19.5%	12.3%	19.5%	1.5%	8.9%	-2.9%	15.9%	-4.8%	3.6%
Greatbatch, Inc.	62.7%	35.3%	65.6%	23.2%	18.7%	13.1%	5.2%	-8.5%	25.6%	-27.3%	32.4%
Thoratec Corp.	-12.6%	-9.4%	-4.4%	-1.3%	-3.8%	11.8%	11.8%	18.5%	5.2%	-17.1%	78.6%
CryoLife Inc.	13.6%	18.0%	27.3%	10.8%	9.7%	-12.2%	29.8%	-11.4%	-15.6%	-33.9%	22.1%
ABIOMED, Inc.	86.6%	35.8%	11.2%	23.3%	31.3%	7.2%	-27.2%	92.2%	10.1%	-46.8%	5.7%
Cardiovascular Systems Inc.	64.1%	20.0%	124.8%	17.4%	66.4%	N/A	27.4%	-15.5%	154.0%	N/A	N/A
Heartware International Inc.	10.1%	-4.9%	3.5%	17.9%	12.8%	N/A	21.7%	-21.2%	146.9%	N/A	N/A
AtriCure, Inc.	40.0%	15.8%	15.4%	-10.9%	15.1%	0.0%	-37.8%	8.1%	70.0%	172.1%	-83.1%
Stereotaxis Inc.	105.5%	191.1%	183.2%	-59.8%	-50.0%	-40.7%	-69.0%	-78.5%	-2.5%	-10.7%	-64.0%
Median of Industry Public Companies	37.3%	18.2%	23.4%	11.5%	13.9%	2.0%	8.1%	-10.0%	16.1%	-6.2%	-3.8%

(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:	7/31/2011	10/31/2011	1/31/2012	4/30/2012	7/31/2012	10/31/2012	1/31/2013	4/30/2013	7/31/2013
EV/Revenues Multiple	3.1x	2.6x	2.7x	2.3x	2.2x	2.5x	2.8x	2.7x	3.2x
EV/EBITDA Multiple	8.6x	8.3x	8.7x	8.2x	7.9x	8.8x	9.2x	8.6x	10.5x
Price/Earnings Multiple	22.2x	17.0x	19.9x	21.7x	21.9x	23.2x	21.4x	18.7x	24.6x
EV/Gross Cash Flows Multiple	16.4x	12.7x	17.1x	16.2x	15.7x	18.9x	16.4x	16.5x	21.9x

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 more information or questions in connection with this research report.

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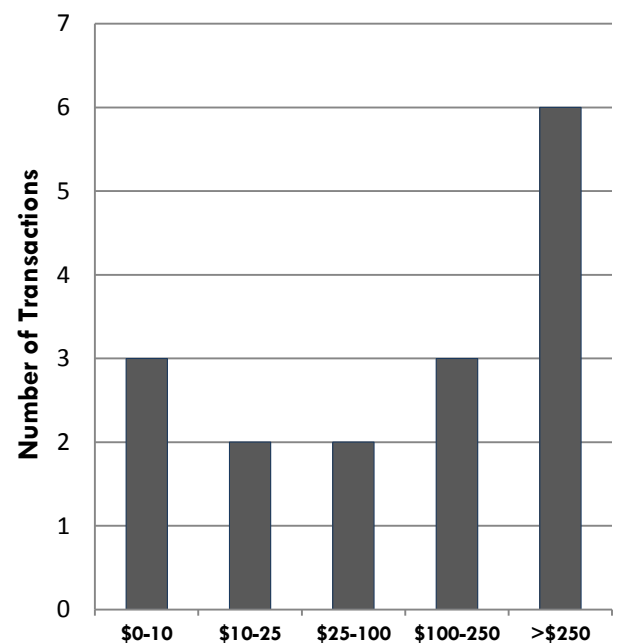
Industry Initial Public Offerings (dollars in millions, except share prices)

Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/17/2011	Sphere Medical Holding PLC	\$1.46	15.1	\$22.1	\$19.4	\$0.0	\$0.0	(\$7.0)	(\$8.1)	(\$6.3)
4/18/2011	InspireMD, Inc.	\$1.50	7.0	\$10.4	\$12.7	\$1.5	\$4.5	(\$3.3)	(\$4.6)	\$10.9
10/22/2010	STENTYS Société anonyme	\$16.70	1.9	\$31.6	\$34.7	\$1.7	\$0.3	(\$9.4)	(\$9.8)	N/A
7/7/2010	Carmat Société Anonyme	\$23.67	0.8	\$19.6	\$8.7	\$0.0	\$4.4	\$0.0	(\$4.3)	N/A
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	\$62.0	\$31.1	\$95.3	(\$4.2)	(\$17.8)	(\$4.2)
12/12/2005	Lombard Medical Technologies Limited	\$2.82	14.4	\$47.0	\$11.8	\$7.4	\$0.1	\$0.0	(\$13.0)	\$0.8
8/5/2005	AtriCure, Inc.	\$12.00	4.0	\$48.0	\$12.5	\$0.0	\$25.5	(\$5.8)	(\$10.9)	(\$5.3)
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)	(\$29.2)
Median of All IPOs		nm	nm	\$27.4	\$12.7	\$1.5	\$4.4	(\$5.8)	(\$10.9)	(\$4.8)

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
6/30/2013	Terumo Heart, Inc.,	Thoratec Corp.	\$56.5	100%
12/19/2012	Thomas Medical Products, Inc.	Merit Medical Systems, Inc.	\$167.0	100%
11/19/2012	Vessix Vascular, Inc.	Boston Scientific Corporation	\$425.0	100%
11/30/2012	Defibtech, LLC	Resuscitation Solution, Inc.	\$49.0	100%
10/9/2012	Rhythmia Medical, Inc.	Boston Scientific Corporation	\$265.0	100%
10/29/2012	Neovasc Medical Ltd., XenoSure	LeMaitre Vascular, Inc.	\$4.6	100%
10/4/2012	BridgePoint Medical, Inc.	Boston Scientific Corporation	\$110.0	100%
8/16/2012	St. Jude Medical, Inc., Venture	Vascular Solutions Inc.	\$3.0	100%
5/16/2012	Hemosphere, Inc.	CryoLife Inc.	\$21.7	100%
6/18/2012	Kensey Nash Corporation	Koninklijke DSM N.V.	\$393.3	100%
12/16/2011	Lutonix, Inc.	CR Bard Inc.	\$328.0	100%
7/18/2011	Estech, Cannulae Product Line	Sorin SpA	\$5.0	100%
5/17/2011	Cardiogenesis Corporation	CryoLife Inc.	\$21.5	100%
3/3/2011	Atritech, Inc.	Boston Scientific Corporation	\$375.0	100%
1/4/2011	Sadra Medical, Inc.	Boston Scientific Corporation	\$386.0	86%
Median of All Transaction Targets			\$110.0	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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