

Quarterly Industry Update

As of September 30, 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 September 30, 2013, the median 52-week share price return of the Medical Device industry has increased by 17.1%. In the last quarter, the median price-to-earnings multiple decreased from 21.8x to 21.2x.

Comparable Public Company Key Statistics

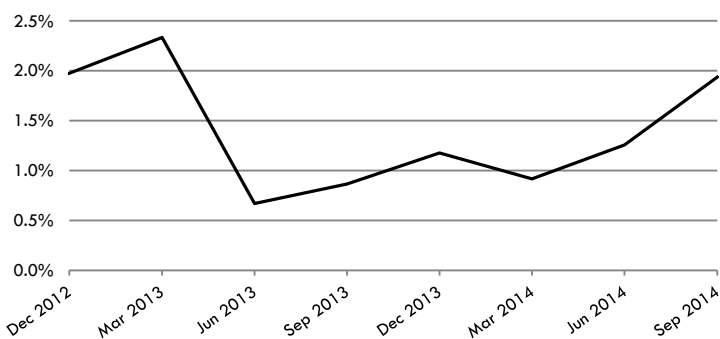
Median 52-Week Return	17.1%	Median EV/Revenue Multiple	3.4x	Median Price/Earnings Multiple	21.2x
Median 3-Year CAGR Return	18.1%	Median EV/EBITDA Multiple	12.2x	Median EV/Gross CF Multiple	17.6x

Comparable Public Company Market Price Returns (As of September 30, 2014)

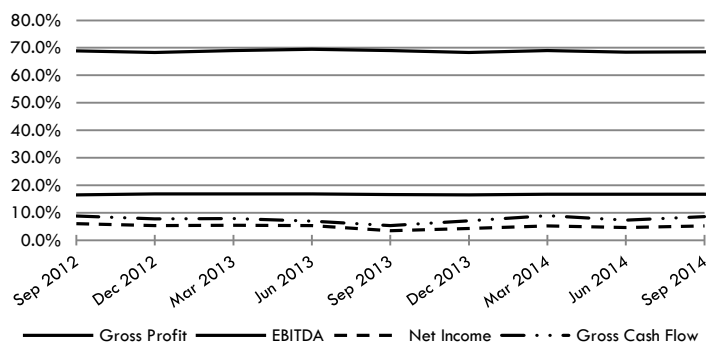
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2013	2012	2011	2010	2009
Medtronic plc	7.9%	-2.8%	16.3%	19.9%	23.1%	11.0%	39.9%	7.2%	3.1%	-15.7%	40.0%
Boston Scientific Corporation	-1.7%	-7.5%	0.6%	43.4%	26.0%	2.2%	109.8%	7.3%	-29.5%	-15.9%	16.3%
St. Jude Medical Inc.	-2.9%	-13.2%	12.1%	19.5%	18.4%	9.0%	71.4%	5.4%	-19.8%	16.2%	11.6%
CR Bard Inc.	6.5%	-0.2%	23.9%	16.8%	17.7%	12.7%	37.0%	14.3%	-6.8%	17.8%	-7.5%
Edwards Lifesciences Corp.	55.3%	19.0%	46.7%	-2.5%	12.7%	23.9%	-27.1%	27.5%	-12.5%	86.2%	58.1%
CONMED Corporation	-13.3%	-16.6%	8.5%	13.7%	17.0%	14.0%	52.1%	8.9%	-2.9%	15.9%	-4.8%
Greatbatch, Inc.	-3.7%	-13.1%	25.2%	32.3%	28.7%	13.7%	90.4%	5.2%	-8.5%	25.6%	-27.3%
Thoratec Corp.	-27.0%	-23.3%	-28.3%	-12.1%	-6.4%	-2.5%	-2.5%	11.8%	18.5%	5.2%	-17.1%
CryoLife Inc.	-11.0%	10.3%	41.0%	21.2%	30.0%	4.4%	78.0%	29.8%	-11.4%	-15.6%	-33.9%
ABIOMED, Inc.	-7.1%	-1.2%	30.3%	8.8%	31.1%	20.7%	99.0%	-27.2%	92.2%	10.1%	-46.8%
Cardiovascular Systems Inc.	-31.1%	-24.2%	17.9%	43.0%	27.5%	26.6%	173.2%	27.4%	-15.5%	154.0%	N/A
Heartware International Inc.	-17.3%	-12.3%	6.1%	-9.4%	6.4%	21.0%	11.9%	21.7%	-21.2%	146.9%	N/A
AtriCure, Inc.	-21.2%	-19.9%	34.1%	40.7%	14.8%	25.5%	170.7%	-37.8%	8.1%	70.0%	172.1%
Stereotaxis Inc.	-35.9%	-34.6%	-30.3%	27.4%	-40.7%	-44.6%	42.0%	-69.0%	-78.5%	-2.5%	-10.7%
Median of Industry Public Companies	-9.1%	-12.7%	17.1%	19.7%	18.1%	13.2%	61.7%	8.1%	-10.0%	16.1%	-6.2%

(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:	9/30/2012	12/31/2012	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014
EV/Revenues Multiple	2.6x	2.5x	2.7x	3.0x	3.2x	3.5x	3.6x	3.5x	3.4x
EV/EBITDA Multiple	9.6x	8.9x	9.2x	9.3x	10.3x	12.1x	12.8x	12.6x	12.2x
Price/Earnings Multiple	23.8x	20.6x	20.6x	22.0x	23.6x	21.9x	25.6x	21.8x	21.2x
EV/Gross Cash Flows Multiple	18.2x	15.8x	19.2x	19.5x	20.5x	21.3x	21.6x	20.0x	17.6x

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)

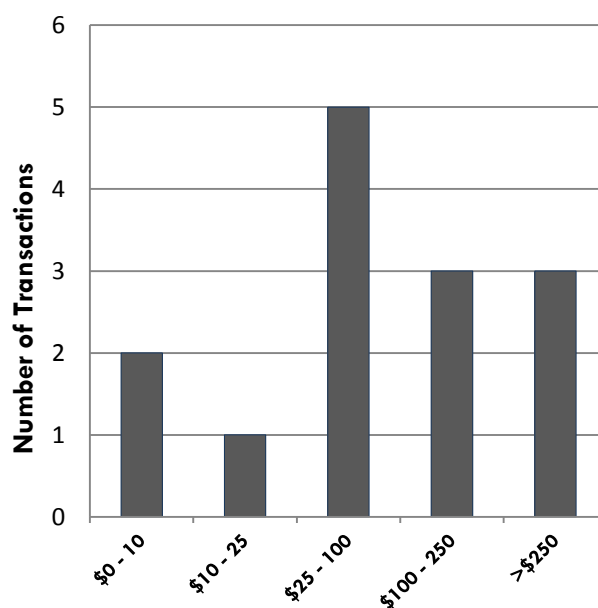
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/17/2011	Sphere Medical Holding PLC	\$1.46	15.1	\$22.1	\$19.4	\$0.0	\$0.0	(\$7.0)	(\$8.1)	(\$6.7)
4/18/2011	InspireMD, Inc.	\$1.50	7.0	\$10.4	\$12.7	\$1.5	\$4.5	(\$3.3)	(\$4.6)	(\$3.2)
10/22/2010	STENTYS Société anonyme	\$16.70	1.9	\$31.6	\$34.7	\$1.7	\$0.3	(\$9.4)	(\$9.8)	(\$9.1)
7/7/2010	Carmat Société Anonyme	\$23.67	0.8	\$19.6	\$8.7	\$0.0	\$4.4	\$0.0	(\$4.3)	\$0.3
2/10/2011	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$6.2	\$0.0	\$0.2	(\$8.6)	(\$10.9)	(\$8.6)
12/12/2005	Lombard Medical Technologies Limited	\$2.82	14.4	\$47.0	\$11.8	\$7.4	\$0.1	(\$9.0)	(\$13.0)	(\$8.6)
8/5/2005	AtriCure, Inc.	\$12.00	4.0	\$48.0	\$12.5	\$0.0	\$25.5	(\$5.8)	(\$10.9)	(\$4.7)
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	\$23.3	\$12.6	\$0.7	\$2.3	(\$7.8)	(\$10.3)	(\$7.6)

nm: not meaningful

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
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., XenaSure	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	Hemisphere, Inc.	CryoLife Inc.	\$21.7	100%
Median of All Transaction Targets			\$58.6	100%

Size of Merger and Acquisition Transactions (dollars in millions)



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