

# Quarterly Industry Update

As of March 31, 2015

Industry: Medical Devices



## Industry Summary

Cogent Valuation identified publicly traded companies, IPOs, and recent M&A transactions within the Medical Devices 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 March 31, 2014, the median 52-week share price return of the Medical Devices industry has increased by 16.6%. In the last quarter, the median price-to-earnings multiple decreased from 34.7x to 26.2x.

## Comparable Public Company Key Statistics

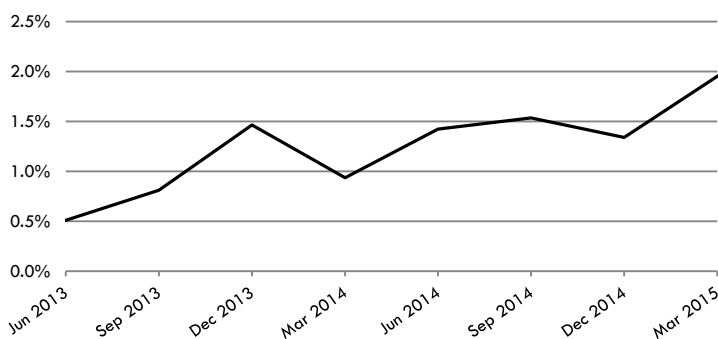
Median 52-Week Return	16.6%	Median EV/Revenue Multiple	4.1x	Median Price/Earnings Multiple	26.2x
Median 3-Year CAGR Return	25.2%	Median EV/EBITDA Multiple	13.1x	Median EV/Gross CF Multiple	24.2x

## Comparable Public Company Market Price Returns (As of March 31, 2015)

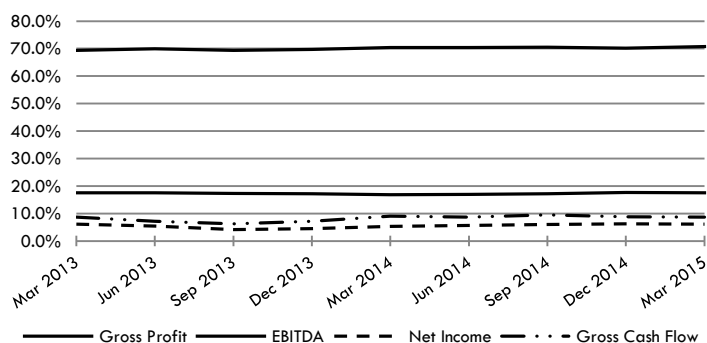
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
Medtronic plc	8.0%	8.0%	26.7%	28.9%	25.8%	11.6%	25.8%	39.9%	7.2%	3.1%	-15.7%
Boston Scientific Corporation	34.0%	34.0%	31.3%	50.8%	43.7%	19.7%	10.2%	109.8%	7.3%	-29.5%	-15.9%
St. Jude Medical Inc.	0.6%	0.6%	0.0%	27.2%	13.9%	9.8%	5.0%	71.4%	5.4%	-19.8%	16.2%
CR Bard Inc.	0.4%	0.4%	13.1%	28.9%	19.2%	14.1%	24.4%	37.0%	14.3%	-6.8%	17.8%
Edwards Lifesciences Corp.	11.8%	11.8%	92.1%	31.7%	25.1%	23.6%	93.7%	-27.1%	27.5%	-12.5%	86.2%
CONMED Corporation	12.3%	12.3%	16.2%	21.8%	19.1%	16.2%	5.8%	52.1%	8.9%	-2.9%	15.9%
Greatbatch, Inc.	17.3%	17.3%	26.0%	39.2%	33.1%	22.2%	11.4%	90.4%	5.2%	-8.5%	25.6%
Thoratec Corp.	29.1%	29.1%	17.0%	5.7%	7.5%	4.6%	-11.3%	-2.5%	11.8%	18.5%	5.2%
CryoLife Inc.	-8.5%	-8.5%	4.1%	31.4%	25.3%	9.9%	2.2%	78.0%	29.8%	-11.4%	-15.6%
ABIOMED, Inc.	88.1%	88.1%	174.9%	95.8%	47.8%	47.3%	42.3%	99.0%	-27.2%	92.2%	10.1%
Cardiovascular Systems Inc.	29.8%	29.8%	22.8%	38.1%	61.6%	49.0%	-12.3%	173.2%	27.4%	-15.5%	154.0%
Heartware International Inc.	19.5%	19.5%	-6.4%	-0.4%	10.1%	14.6%	-21.8%	11.9%	21.7%	-21.2%	146.9%
AtriCure, Inc.	2.7%	2.7%	8.9%	60.8%	27.2%	28.3%	6.9%	170.7%	-37.8%	8.1%	70.0%
<b>Median of Industry Public Companies</b>	<b>14.8%</b>	<b>14.8%</b>	<b>16.6%</b>	<b>30.1%</b>	<b>25.2%</b>	<b>15.4%</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 Devices Companies



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



## Median Public Company Multiples of the Medical Devices Industry

Date:	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
EV/Revenues Multiple	2.7x	3.0x	3.2x	3.5x	3.6x	3.6x	3.4x	3.8x	4.1x
EV/EBITDA Multiple	9.2x	9.3x	10.3x	12.5x	13.4x	12.7x	12.0x	12.7x	13.1x
Price/Earnings Multiple	20.6x	22.0x	23.6x	21.9x	25.6x	21.8x	21.2x	34.7x	26.2x
EV/Gross Cash Flows Multiple	19.2x	19.5x	20.5x	21.3x	21.6x	20.0x	17.6x	25.2x	24.2x

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# Quarterly Industry Update

As of March 31, 2015

Industry: Medical Devices

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

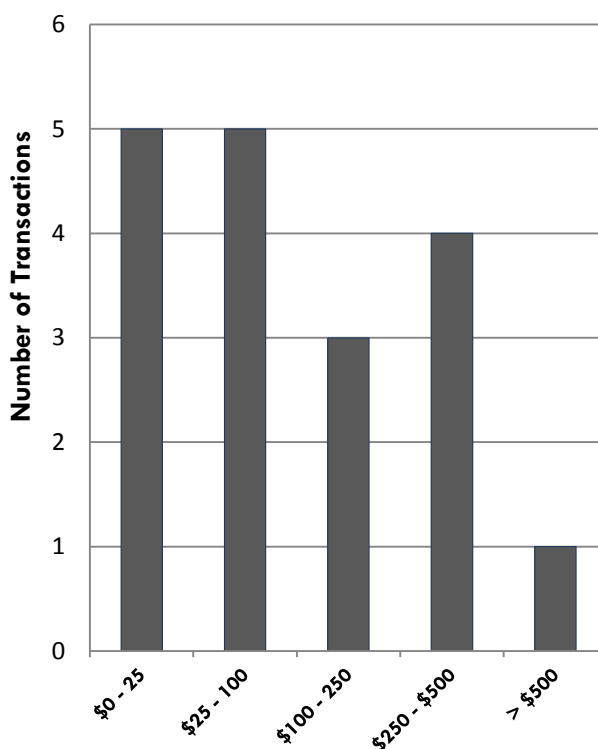
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
11/17/2011	Sphere Medical Holding PLC	\$1.46	15.1	\$22.1	\$19.4	\$0.0	\$0.0	(\$7.0)	(\$8.1)	(\$6.7)
4/18/2011	InspireMD, Inc.	\$1.50	7.0	\$10.4	\$12.7	\$1.5	\$4.5	(\$3.3)	(\$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)
6/14/2006	Volcano Corporation	\$8.00	6.8	\$54.4	\$62.0	\$31.1	\$95.3	(\$4.2)	(\$17.8)	\$0.6
12/12/2005	Lombard Medical Technologies Limited	\$2.82	14.4	\$47.0	\$11.8	\$7.4	\$0.1	\$0.0	(\$13.0)	\$1.3
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)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$27.4</b>	<b>\$12.7</b>	<b>\$1.5</b>	<b>\$4.4</b>	<b>(\$5.8)</b>	<b>(\$10.9)</b>	<b>(\$4.7)</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%
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%
<b>Median of All Transaction Targets</b>			<b>\$58.6</b>	<b>100%</b>

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



# Quarterly Industry Update

As of March 31, 2015

Medical Device Industry Aggregates

## Comparable Public Company Key Statistics

Median 52-Week Return	6.5%	Median EV/Revenue Multiple	3.7x	Median Price/Earnings Multiple	31.6x
Median Year-to-Date Return	6.2%	Median EV/EBITDA Multiple	14.5x	Median EV/Gross CF Multiple	25.9x

## Comparable Public Company Market Price Returns (As of March 31, 2015)

	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2014	2013	2012	2011	2010
ABIOMED, Inc.	88.1%	88.1%	174.9%	95.8%	47.8%	47.3%	42.3%	99.0%	-27.2%	92.2%	10.1%
AngioDynamics Inc.	-6.4%	-6.4%	13.0%	24.8%	13.2%	2.6%	10.8%	56.1%	-25.8%	-3.6%	-4.2%
Atossa Genetics, Inc.	25.9%	25.9%	6.5%	-54.6%	N/A	N/A	-38.4%	-40.5%	N/A	N/A	N/A
AtriCure, Inc.	2.7%	2.7%	8.9%	60.8%	27.2%	28.3%	6.9%	170.7%	-37.8%	8.1%	70.0%
Becton, Dickinson and Company	3.2%	3.2%	22.6%	22.5%	22.7%	12.8%	25.9%	41.3%	4.6%	-11.6%	7.2%
BIOLASE, Inc.	-23.2%	-23.2%	-16.2%	-28.0%	-8.1%	2.4%	-6.6%	56.1%	-26.6%	52.8%	-8.4%
Boston Scientific Corporation	34.0%	34.0%	31.3%	50.8%	43.7%	19.7%	10.2%	109.8%	7.3%	-29.5%	-15.9%
Cardiovascular Systems Inc.	29.8%	29.8%	22.8%	38.1%	61.6%	49.0%	-12.3%	173.2%	27.4%	-15.5%	154.0%
CAS Medical Systems Inc.	-19.1%	-19.1%	-38.5%	-16.2%	-15.2%	-5.8%	-2.9%	-20.9%	23.0%	-45.4%	50.9%
CryoLife Inc.	-8.5%	-8.5%	4.1%	31.4%	25.3%	9.9%	2.2%	78.0%	29.8%	-11.4%	-15.6%
Cutera, Inc.	21.0%	21.0%	15.5%	-0.3%	14.8%	4.5%	4.9%	13.1%	20.8%	-10.1%	-2.6%
Cyberonics Inc.	16.6%	16.6%	-0.5%	17.8%	19.4%	27.6%	-14.9%	24.5%	56.8%	8.0%	51.8%
Cytosorbents Corporation	32.6%	32.6%	129.4%	111.9%	54.5%	24.8%	218.4%	-3.8%	-18.8%	14.4%	-26.3%
Daxor Corp.	-18.5%	-18.5%	-31.1%	-11.4%	-14.3%	-12.8%	2.2%	-10.1%	-16.5%	-1.6%	-23.2%
Delcath Systems, Inc.	-20.7%	-20.7%	-78.6%	-81.7%	-73.3%	-62.5%	-70.3%	-79.3%	-59.7%	-68.9%	91.8%
DexCom, Inc.	13.2%	13.2%	50.7%	93.1%	81.5%	45.0%	55.5%	160.6%	46.0%	-31.8%	69.1%
Endologix Inc.	11.6%	11.6%	32.6%	2.8%	5.2%	33.4%	-12.3%	22.5%	24.0%	60.6%	35.4%
EnteroMedics Inc.	-35.6%	-35.6%	-49.7%	-4.3%	-26.0%	-21.5%	-30.4%	-27.1%	64.7%	-44.8%	-8.3%
Escalon Medical Corp.	-16.1%	-16.1%	-11.8%	12.3%	10.2%	-2.4%	-18.3%	107.3%	-5.0%	-33.3%	-4.5%
Globus Medical, Inc.	6.2%	6.2%	-5.1%	31.1%	N/A	N/A	17.8%	92.4%	N/A	N/A	N/A
Greatbatch, Inc.	17.3%	17.3%	26.0%	39.2%	33.1%	22.2%	11.4%	90.4%	5.2%	-8.5%	25.6%
Heartware International Inc.	19.5%	19.5%	-6.4%	-0.4%	10.1%	14.6%	-21.8%	11.9%	21.7%	-21.2%	146.9%
InspireMD, Inc.	-58.8%	-58.8%	-89.5%	-64.4%	-64.6%	N/A	-68.4%	-36.9%	-55.3%	N/A	N/A
LDR Holding Corporation	11.8%	11.8%	6.7%	N/A	N/A	N/A	38.9%	N/A	N/A	N/A	N/A
LeMaitre Vascular, Inc.	9.5%	9.5%	3.8%	16.3%	12.5%	13.2%	-4.5%	39.5%	-3.0%	-12.6%	35.4%
MELA Sciences, Inc.	114.2%	114.2%	-58.7%	-52.9%	-61.4%	-49.0%	-81.3%	-64.2%	-51.5%	10.1%	-67.5%
Merit Medical Systems, Inc.	11.1%	11.1%	34.6%	25.3%	15.7%	9.6%	10.1%	13.2%	3.9%	5.7%	-17.7%
MGC Diagnostics Corporation	12.8%	12.8%	-36.6%	1.6%	7.9%	10.3%	-49.4%	114.6%	13.0%	0.4%	27.1%
NeuroMetrix Inc.	-13.8%	-13.8%	-28.2%	-17.5%	-27.7%	-52.4%	-33.2%	12.5%	-65.4%	-69.4%	-72.5%
NuVasive, Inc.	-2.5%	-2.5%	19.7%	46.9%	39.8%	0.3%	45.9%	109.1%	22.8%	-50.9%	-19.8%
Nxstage Medical, Inc.	-3.5%	-3.5%	35.8%	23.8%	-3.5%	8.6%	79.3%	-11.1%	-36.7%	-28.5%	198.0%
St. Jude Medical Inc.	0.6%	0.6%	0.0%	27.2%	13.9%	9.8%	5.0%	71.4%	5.4%	-19.8%	16.2%
Stryker Corporation	-2.2%	-2.2%	13.2%	18.9%	18.5%	10.0%	25.5%	37.1%	10.3%	-7.4%	6.6%
Sunshine Heart Inc.	0.0%	0.0%	-27.4%	-16.7%	-21.8%	N/A	-56.3%	59.4%	N/A	N/A	N/A
Tandem Diabetes Care, Inc.	-0.6%	-0.6%	-42.9%	N/A	N/A	N/A	-50.7%	N/A	N/A	N/A	N/A
The Cooper Companies Inc.	15.6%	15.6%	36.4%	31.8%	31.9%	37.0%	30.9%	33.9%	31.1%	25.2%	47.8%
Thoratec Corp.	29.1%	29.1%	17.0%	5.7%	7.5%	4.6%	-11.3%	-2.5%	11.8%	18.5%	5.2%
TransEnterix, Inc.	0.7%	0.7%	-68.7%	N/A	N/A	N/A	-64.7%	N/A	N/A	N/A	N/A
Utah Medical Products Inc.	-0.3%	-0.3%	3.5%	10.8%	24.4%	16.3%	5.1%	58.6%	33.5%	0.4%	-8.3%
Varian Medical Systems, Inc.	8.8%	8.8%	12.0%	14.3%	10.9%	11.2%	11.4%	10.6%	4.6%	-3.1%	47.9%
Vascular Solutions Inc.	11.6%	11.6%	15.8%	36.7%	41.1%	27.5%	17.3%	46.5%	42.0%	-5.0%	39.7%
<b>Median of Industry Public Companies</b>	<b>6.2%</b>	<b>6.2%</b>	<b>6.5%</b>	<b>17.0%</b>	<b>13.6%</b>	<b>10.2%</b>	<b>2.2%</b>	<b>38.3%</b>	<b>5.4%</b>	<b>-8.0%</b>	<b>8.6%</b>

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

# Quarterly Industry Update

As of March 31, 2015

Medical Device Industry Aggregates



## Median Public Company Multiples of the Medical Device Industry Aggregates

Date:	3/31/2013	6/30/2013	9/30/2013	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015
EV/Revenues Multiple	2.5x	2.4x	2.7x	2.9x	3.2x	3.0x	3.0x	3.4x	3.7x
EV/EBITDA Multiple	11.4x	11.7x	12.3x	13.8x	14.2x	13.0x	11.9x	13.1x	14.5x
Price/Earnings Multiple	23.7x	25.1x	26.7x	31.1x	32.5x	30.1x	26.7x	32.2x	31.6x
EV/Gross Cash Flows Multiple	18.4x	17.6x	20.4x	23.0x	25.2x	22.4x	22.4x	21.5x	25.9x

## Industry Initial Public Offerings - Medical Device Industry Aggregates (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
1/30/2015	Avinger, Inc.	\$13.00	5.0	\$65.0	\$24.8	\$29.1	\$11.2	(\$23.6)	(\$32.0)	(\$22.1)
12/19/2014	Medovex Corp.	\$5.75	1.4	\$8.0	\$2.6	\$0.0	\$0.0	(\$0.7)	(\$0.7)	(\$0.7)
11/5/2014	Nevro Corp.	\$18.00	7.0	\$126.0	\$56.1	\$0.0	\$29.1	(\$27.7)	(\$29.1)	(\$27.6)
5/7/2014	K2M Group Holdings, Inc.	\$15.00	8.8	\$132.4	\$301.9	\$57.9	\$162.2	(\$9.3)	(\$41.8)	(\$1.9)
4/15/2014	TriVascular Technologies, Inc.	\$12.00	6.5	\$78.0	\$58.6	\$47.7	\$23.6	(\$46.0)	(\$53.4)	(\$45.3)
11/13/2013	Tandem Diabetes Care, Inc.	\$15.00	8.0	\$120.0	\$48.6	\$29.3	\$21.0	(\$38.2)	(\$48.1)	(\$35.0)
10/8/2013	LDR Holding Corporation	\$15.00	5.0	\$75.0	\$77.7	\$53.2	\$104.6	\$2.6	(\$15.3)	\$6.2
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$367.3	\$0.0	\$363.0	\$127.1	\$67.0	\$145.0
6/27/2012	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$23.2)	(\$23.2)
4/30/2012	Supernus Pharmaceuticals, Inc.	\$5.00	3.4	\$50.0	\$43.2	\$29.1	\$1.0	(\$35.5)	\$55.6	(\$34.9)
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)
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)
2/2/2011	Tornier N.V.	\$19.00	8.8	\$166.3	\$491.2	\$138.1	\$227.4	\$12.4	(\$39.5)	\$28.0
11/23/2010	Anacor Pharmaceuticals, Inc.	\$5.00	12.0	\$60.0	\$20.4	\$9.1	\$31.1	(\$4.3)	(\$6.5)	(\$3.6)
11/22/2010	Zogenix, Inc.	\$4.00	7.1	\$56.0	\$55.0	\$35.9	\$14.6	(\$55.4)	(\$77.6)	(\$54.1)
10/22/2010	STENTYS Société anonyme	\$16.70	1.9	\$31.6	\$34.7	\$1.7	\$0.3	(\$9.4)	(\$9.8)	(\$9.1)
8/13/2010	Electromed, Inc.	\$4.00	1.7	\$6.8	\$14.1	\$4.2	\$14.3	\$2.1	\$0.9	\$2.4
8/2/2010	Trius Therapeutics, Inc.	\$5.00	10.0	\$50.0	\$15.6	\$20.2	\$6.3	(\$16.1)	(\$17.4)	(\$15.6)
7/7/2010	Carmat Société Anonyme	\$23.67	0.8	\$19.6	\$8.7	\$0.0	\$4.4	\$0.0	(\$4.3)	\$0.3
3/24/2010	CorMedix, Inc.	\$6.50	1.9	\$12.5	\$2.2	\$13.8	\$0.0	(\$6.0)	(\$8.1)	(\$6.0)
3/11/2010	AVEO Pharmaceuticals, Inc.	\$9.00	9.0	\$81.0	\$59.8	\$19.7	\$20.7	(\$39.9)	(\$44.1)	(\$38.6)
3/1/2010	Anthera Pharmaceuticals, Inc.	\$7.00	6.0	\$42.0	\$5.9	\$13.1	\$0.0	(\$11.8)	(\$12.2)	(\$11.8)
2/2/2010	Ironwood Pharmaceuticals, Inc.	\$11.25	10.1	\$187.5	\$162.5	\$2.0	\$34.3	(\$56.1)	(\$71.2)	(\$51.3)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$58.0</b>	<b>\$38.9</b>	<b>\$11.1</b>	<b>\$12.8</b>	<b>(\$9.4)</b>	<b>(\$13.7)</b>	<b>(\$8.8)</b>

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