

# Quarterly Industry Update

As of December 31, 2015

Industry: Healthcare Equipment



## Industry Summary

Cogent Valuation identified Healthcare Equipment publicly traded companies, IPOs, and recent M&A transactions within the Healthcare Equipment 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. Over the last year since December 31, 2014, the median 52-week share price return of the Healthcare Equipment industry was 19.4%. Between December 31, 2013 and December 31, 2015, the median EV/EBITDA multiple increased from 16.3 to 19.2. However, the median price-to-earnings multiple decreased from 42.5 to 36.6 over the same period.

## Comparable Public Company Key Statistics

Median 52-Week Return	19.4%	Median EV/Revenue Multiple	3.7x	Median Price/Earnings Multiple	36.6x
Median 3-Year CAGR Return	16.8%	Median EV/EBITDA Multiple	19.2x	Median EV/Gross CF Multiple	1.9x

## Comparable Public Company Market Price Returns As of December 31, 2015

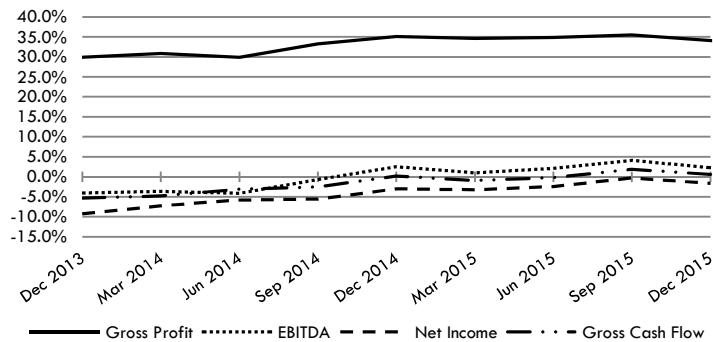
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Bruker Corporation	23.7%	47.7%	23.7%	10.8%	16.8%	7.9%	23.7%	-0.8%	29.7%	22.7%	-25.2%
Illumina Inc.	4.0%	9.2%	4.0%	31.7%	51.1%	24.8%	4.0%	66.9%	98.9%	82.4%	-51.9%
Luminex Corporation	14.0%	26.5%	14.0%	5.0%	8.4%	3.2%	14.0%	-3.3%	15.5%	-20.9%	16.1%
PerkinElmer Inc.	22.5%	16.6%	22.5%	14.0%	19.1%	15.7%	22.5%	6.1%	29.9%	58.7%	-22.5%
Qiagen NV	17.9%	7.2%	17.9%	7.8%	15.1%	7.2%	17.9%	-1.5%	31.2%	31.4%	-29.4%
Tecan Group Ltd.	43.0%	15.8%	43.0%	17.2%	24.9%	14.3%	43.0%	-4.0%	41.8%	23.0%	-18.6%
Waters Corporation	19.4%	13.8%	19.4%	16.0%	15.6%	11.6%	19.4%	12.7%	14.8%	17.7%	-4.7%
<b>Median of Industry Public Companies</b>	<b>19.4%</b>	<b>15.8%</b>	<b>19.4%</b>	<b>14.0%</b>	<b>16.8%</b>	<b>11.6%</b>	<b>19.4%</b>	<b>-0.8%</b>	<b>29.9%</b>	<b>23.0%</b>	<b>-22.5%</b>

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

## Median Quarterly Revenue Growth of All Healthcare Equipment Companies



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



## Median Public Company Multiples of the Healthcare Equipment Industry

Date:	12/31/2013	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015
EV/Revenues Multiple	3.4x	3.2x	2.8x	3.3x	2.9x	3.3x	3.0x	3.1x	3.7x
EV/EBITDA Multiple	16.3x	15.7x	16.2x	14.4x	14.9x	16.8x	17.2x	17.2x	19.2x
Price/Earnings Multiple	42.5x	30.4x	31.3x	32.6x	36.6x	36.5x	36.4x	32.1x	36.6x
EV/Gross Cash Flows Multiple	44.3x	29.7x	28.9x	25.6x	9.7x	30.8x	34.5x	27.5x	1.9x

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 additional information or questions in connection with this research report. Copyright © 2016 Cogent Valuation. All Rights Reserved.

# Quarterly Industry Update

As of December 31, 2015

Industry: Healthcare Equipment



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

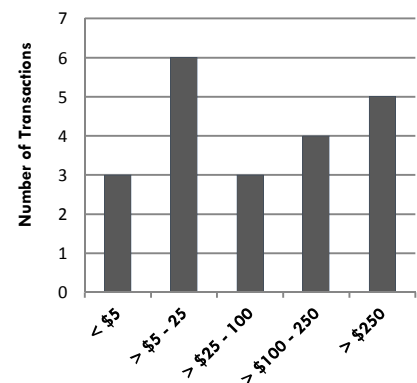
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
6/11/2015	Invuity, Inc.	\$12.00	4.0	\$48.0	\$46.2	\$14.4	\$15.4	(\$22.8)	(\$25.0)	(\$22.1)
6/25/2013	NanoString Technologies, Inc.	\$10.00	5.4	\$54.0	\$29.6	\$12.8	\$24.1	(\$17.5)	(\$21.4)	(\$15.5)
5/8/2013	Quintiles Transnational Holdings Inc.	\$40.00	23.7	\$947.4	\$2,499.2	\$2,456.0	\$3,692.3	\$486.2	\$177.5	\$538.1
1/24/2013	LipoScience, Inc.	\$9.00	4.6	\$45.0	\$33.5	\$7.7	\$53.7	\$2.8	\$1.1	\$3.9
11/7/2012	Atossa Genetics, Inc.	\$5.00	0.8	\$4.0	\$0.8	\$0.3	N/A	N/A	N/A	N/A
10/8/2012	Novacyt Société Anonyme	\$10.51	0.3	\$3.3	\$3.2	\$1.6	\$1.2	(\$0.8)	(\$1.0)	(\$0.7)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$46.5</b>	<b>\$31.6</b>	<b>\$10.3</b>	<b>\$24.1</b>	<b>(\$0.8)</b>	<b>(\$1.0)</b>	<b>(\$0.7)</b>

nm: not meaningful, N/A: not applicable

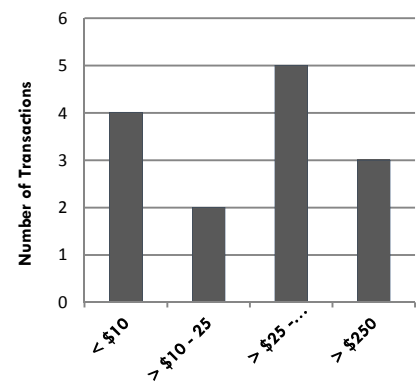
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/26/2015	Delta Med Spa	Augens Capital S.r.l.	\$20.9	100%	N/A	N/A
9/8/2015	Welch Allyn, Inc.	Hill-Rom Holdings, Inc.	\$2,051.0	100%	\$700.0	2.9x
6/30/2015	Legacy Oxygen	Patient Home Monitoring Corp.	\$2.5	100%	\$2.7	0.9x
1/26/2015	Black Bear Medical, Inc.	Patient Home Monitoring Corp.	\$6.4	100%	\$6.8	0.9x
10/3/2014	GenCell Biosystems Ltd.	Becton, Dickinson and Company	\$150.0	100%	N/A	N/A
10/1/2014	Scanmedics Pty Ltd	Paragon Care Limited	\$3.8	100%	N/A	N/A
8/1/2014	Medisoft SA	MGC Diagnostics Belgium	\$8.0	100%	\$6.5	1.2x
7/31/2014	IBL International GmbH	Tecan Group Ltd.	\$38.8	100%	\$21.4	1.8x
7/31/2014	Boulder Diagnostics Inc.	Oxford Immunotec	\$7.9	100%	N/A	N/A
7/16/2014	Gentris LLC	Cancer Genetics, Inc.	\$6.3	100%	N/A	N/A
6/30/2014	Ortho-Clinical Diagnostics	The Carlyle Group	\$4,150.0	100%	\$1,890.0	2.2x
6/16/2014	IQuum, Inc.	Roche Molecular Sys.	\$450.0	100%	N/A	N/A
1/6/2014	Alverix, Inc.	Becton, Dickinson	\$40.0	100%	N/A	N/A
11/18/2013	Cisbio Bioassays	Argos Soditic	\$34.0	100%	\$41.5	0.8x
9/10/2013	Flowsense Medical	Baxter International	\$4.6	100%	\$0.1	79.6x
9/6/2013	Gambro	Baxter International	\$4,013.8	100%	\$1,670.7	2.4x
8/11/2013	Cardiacom	Medtronic	\$200.0	100%	\$50.0	4.0x
7/22/2013	Bionostics Holdings	Research And Diagnostic	\$104.0	100%	\$29.3	3.5x
7/17/2013	ZONARE Medical Systems	Mindray Medical International	\$101.7	100%	\$64.0	1.6x
4/9/2013	HemoCue	Radiometer Medical	\$300.0	100%	\$114.0	2.6x
1/31/2013	Grass Technologies	Natus Medical	\$18.6	100%	\$18.5	1.0x
<b>Median of the 21 M&amp;A Transaction Targets</b>			<b>\$38.8</b>	<b>100%</b>	<b>\$35.4</b>	<b>2.0x</b>

Size of M&A Transactions



LTM Revenues Reported



### Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

**Disclosures and Limitations:** This research report is for informational and discussion purposes only. Information presented herein is not investment advice of any kind to any person and does not constitute a recommendation as to the purchase or sale of any interests or as to any other course of action. General, financial, and statistical information concerning the details of this report and related industry are from sources Cogent Valuation believes to be reliable. Cogent Valuation has accurately reflected such information in this research report; however, Cogent Valuation makes no representation as to the sources' accuracy or completeness and has accepted this information without further verification. Neither all nor any part of the content of this report may be conveyed to the public through advertising, public relations, news, sales, mail, direct transmittal, or other media without the prior written consent of Cogent Valuation. Cogent Valuation's research is as of the date reported herein. Cogent Valuation has no affiliation with any of the companies comprising the industry used as a basis for research in this report, nor does Cogent Valuation hold any investments in the companies listed herein. The content of this report may be used, in part, as a basis for any work that Cogent Valuation performs for you in the future at the sole discretion of Cogent Valuation. THIS REPORT IS NOT TO BE USED OR CONSIDERED UNDER ANY CIRCUMSTANCE BY ANYONE AS INVESTMENT ADVICE. 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. Copyright © 2016 Cogent Valuation. All Rights Reserved.