

Quarterly Industry Update

As of March 31, 2016

Industry: Inflammation Pharma

Industry Summary

Cogent Valuation identified Inflammation Pharma publicly traded companies, IPOs, and recent M&A transactions within the Inflammation Pharma 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 March 31, 2015, the median 52-week share price return of the Inflammation Pharma industry was -14.0%. Between March 31, 2014 and March 31, 2016, the median EV/EBITDA multiple decreased from 14.4 to 6.7. Furthermore, the median price-to-earnings multiple decreased from 23.1 to 15.1 over the same period.

Comparable Public Company Key Statistics

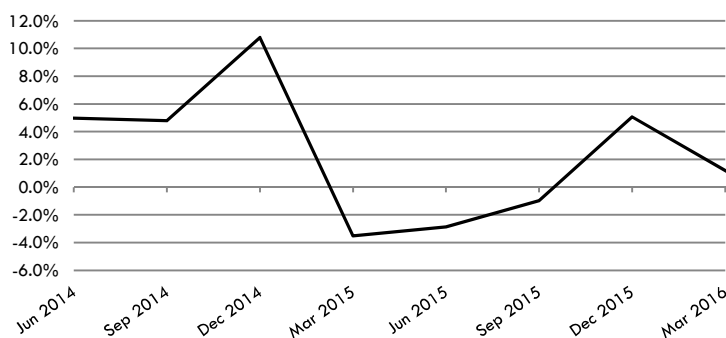
Median 52-Week Return	-14.0%	Median EV/Revenue Multiple	4.7x	Median Price/Earnings Multiple	15.1x
Median 3-Year CAGR Return	9.7%	Median EV/EBITDA Multiple	6.7x	Median EV/Gross CF Multiple	13.6x

Comparable Public Company Market Price Returns As of March 31, 2016

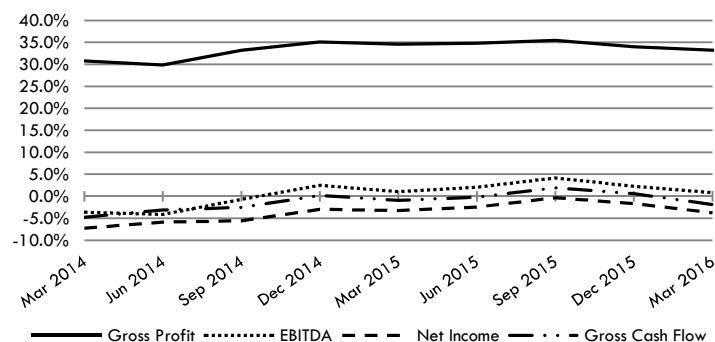
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Abbott Laboratories	-6.9%	-6.9%	-9.7%	4.2%	5.8%	-3.1%	-0.2%	17.5%	-41.5%	16.5%	17.4%
Amgen Inc.	-7.6%	-7.6%	-6.2%	10.3%	13.5%	22.9%	1.9%	39.6%	32.3%	34.2%	17.0%
Ampio Pharmaceuticals, Inc.	-35.7%	-35.7%	-70.1%	-40.5%	-21.0%	-4.6%	2.0%	-51.9%	98.6%	-15.9%	77.9%
Aquinox Pharmaceuticals Inc.	-29.3%	-29.3%	7.3%	-16.8%	N/A	N/A	66.4%	N/A	N/A	N/A	N/A
Celgene Corporation	-16.4%	-16.4%	-13.2%	19.7%	20.0%	28.3%	7.1%	32.4%	115.3%	16.1%	14.3%
Concert Pharmaceuticals, Inc.	-28.0%	-28.0%	-9.8%	0.8%	N/A	N/A	42.4%	N/A	N/A	N/A	N/A
Gilead Sciences Inc.	-9.2%	-9.2%	-6.4%	13.9%	23.4%	34.0%	7.4%	25.5%	104.5%	79.5%	12.9%
Immunomedics Inc.	-18.6%	-18.6%	-34.7%	-22.9%	1.2%	-8.1%	-36.0%	4.3%	57.5%	-12.3%	-7.0%
Ocular Therapeutix, Inc.	3.1%	3.1%	-77.0%	N/A	N/A	N/A	-60.2%	N/A	N/A	N/A	N/A
Omeros Corporation	-2.5%	-2.5%	-30.4%	12.7%	55.0%	13.9%	-36.5%	119.5%	117.5%	31.4%	-52.1%
Pfizer Inc.	-8.2%	-8.2%	-14.8%	-3.9%	0.9%	7.9%	3.6%	1.7%	22.1%	15.9%	23.6%
Portola Pharmaceuticals, Inc.	-60.3%	-60.3%	-46.3%	-11.3%	N/A	N/A	81.7%	10.0%	N/A	N/A	N/A
Median of Industry Public Companies	-12.8%	-12.8%	-14.0%	0.8%	9.7%	10.9%	2.8%	17.5%	78.1%	16.3%	15.6%

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

Median Quarterly Revenue Growth of All Inflammation Pharma Companies



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



Median Public Company Multiples of the Inflammation Pharma Industry

Date:	3/31/2014	6/30/2014	9/30/2014	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016
EV/Revenues Multiple	5.1x	4.7x	5.8x	6.4x	6.0x	5.8x	5.1x	4.9x	4.7x
EV/EBITDA Multiple	14.4x	14.3x	14.0x	14.9x	14.1x	12.5x	11.0x	11.9x	6.7x
Price/Earnings Multiple	23.1x	25.5x	21.8x	24.8x	24.0x	20.5x	19.9x	21.4x	15.1x
EV/Gross Cash Flows Multiple	18.5x	19.0x	20.1x	9.7x	21.5x	18.9x	16.4x	1.9x	13.6x

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

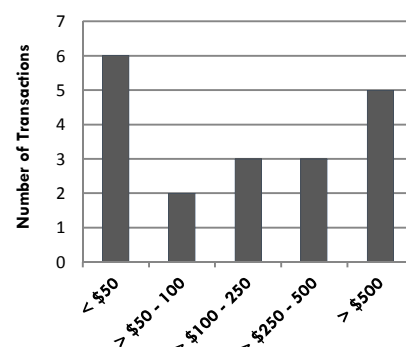
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
2/12/2014	Concert Pharmaceuticals, Inc.	\$14.00	6.0	\$84.0	\$49.0	\$17.4	\$24.2	(\$4.7)	(\$7.9)	(\$3.4)
5/21/2013	Portola Pharmaceuticals, Inc.	\$14.50	8.4	\$122.1	\$134.0	\$0.0	\$72.7	\$8.6	\$6.4	\$9.9
2/8/2010	Invin Limited	\$0.87	7.1	\$6.2	\$0.6	\$2.6	\$0.9	(\$9.9)	(\$10.3)	(\$9.9)
10/7/2009	Omeros Corporation	\$10.00	6.8	\$68.2	\$12.7	\$15.2	\$1.3	(\$23.8)	(\$25.4)	(\$23.3)
9/25/2008	Skyepharma PLC	\$2.76	5.1	\$14.1	\$202.9	\$260.6	\$100.0	(\$2.4)	(\$28.2)	\$6.6
1/16/2007	Oscotec Inc.	\$9.60	1.5	\$14.4	\$9.2	\$1.5	\$3.4	\$1.5	\$0.1	\$1.7
Median of All IPOs		nm	nm	\$41.3	\$30.8	\$8.9	\$13.8	(\$3.6)	(\$9.1)	(\$0.8)

nm: not meaningful, N/A: not applicable

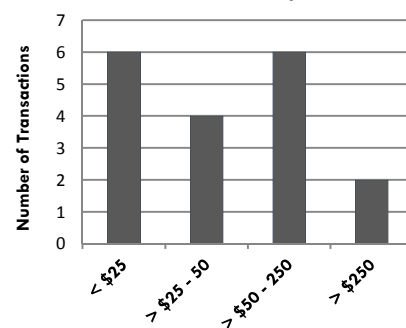
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
7/1/2015	Icagen, Inc.	N/A	\$11.0	100%	N/A	N/A
5/1/2015	Cellular Dynamics	Fujifilm Medical	\$289.1	100%	\$16.7	15.3x
4/13/2015	Innocus Medical, LLC	Cipher Pharmaceuticals	\$48.5	100%	\$10.1	4.8x
11/18/2013	Cisbio Bioassays	Argos Seditic	\$34.0	100%	\$41.5	0.8x
6/5/2012	ISTA Pharmaceuticals, Inc.	Bausch & Lomb	\$551.5	100%	\$160.3	3.0x
12/29/2011	Idaman Pharma	Pharmaniaga Bhd	\$53.4	100%	\$29.7	1.8x
6/16/2011	Biophausia AB	Medivir AB	\$117.4	100%	\$89.1	1.3x
8/31/2009	Medarex, Inc.	Bristol-Myers Squibb	\$2,325.2	98%	\$60.7	33.5x
4/29/2009	EMO-FARM Sp. z o.o.	ICN Polfa Rzeszów S.A.	\$28.6	100%	\$12.0	2.4x
12/15/2008	Amgen Inc.	Biovitrum AB	\$150.3	100%	\$70.0	2.1x
9/30/2008	Jerini AG	Shire Limited	\$396.0	84%	\$14.2	31.3x
5/22/2008	AsiaPharm Group	MBK Partners	\$239.1	77%	\$75.9	3.7x
12/13/2007	PRA International, Inc.	Genstar Capital, LLC	\$700.8	87%	\$381.9	2.0x
8/2/2007	Tanox Inc.	Genentech, Inc.	\$921.7	100%	\$60.9	12.4x
6/28/2007	Melbrosin International	Bioprogess plc	\$456.5	100%	\$18.9	24.2x
1/31/2007	ZAO ZiO-Zdorovie	Actavis Group ehf.	\$30.8	51%	\$19.1	3.2x
12/12/2006	Kos Pharmaceuticals, Inc.	Abbott Laboratories	\$4,190.9	100%	\$849.3	4.3x
11/24/2006	Jaba Recordati S.A.	Recordati SpA	\$57.4	100%	\$49.7	1.2x
7/7/2006	Scirex Corporation	Premier Research	\$37.0	100%	\$48.0	0.8x
Median of the 19 M&A Transaction Targets			\$150.3	100%	\$48.9	3.1x

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.

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