

Quarterly Industry Update

As of December 31, 2015

Industry: Medical Device



Industry Summary

Cogent Valuation identified Medical Device 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. Over the last year since December 31, 2014, the median 52-week share price return of the Medical Device industry was 6.5%. Between December 31, 2013 and December 31, 2015, the median EV/EBITDA multiple increased from 13.6 to 17.4. Furthermore, the median price-to-earnings multiple increased from 31.1 to 33.6 over the same period.

Comparable Public Company Key Statistics

Median 52-Week Return	-5.0%	Median EV/Revenue Multiple	2.5x	Median Price/Earnings Multiple	33.6x
Median Year-to-Date Return	-5.0%	Median EV/EBITDA Multiple	17.4x	Median EV/Gross CF Multiple	38.9x

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
ABIOMED, Inc.	137.2%	-2.7%	137.2%	83.7%	88.7%	56.5%	137.2%	42.3%	99.0%	-27.2%	92.2%
AngioDynamics Inc.	-36.1%	-8.0%	-36.1%	-15.9%	3.4%	-4.6%	-36.1%	10.8%	56.1%	-25.8%	-3.6%
Atossa Genetics, Inc.	-77.6%	-58.4%	-77.6%	-62.9%	-56.5%	N/A	-77.6%	-38.4%	-40.5%	N/A	N/A
AtriCure, Inc.	12.4%	2.4%	12.4%	9.6%	48.2%	16.9%	12.4%	6.9%	170.7%	-37.8%	8.1%
Becton, Dickinson and Company	10.7%	16.2%	10.7%	18.1%	25.4%	12.8%	10.7%	25.9%	41.3%	4.6%	-11.6%
BIOLASE, Inc.	-68.0%	-6.5%	-68.0%	-45.3%	-22.5%	-12.2%	-68.0%	-6.6%	56.1%	-26.6%	52.8%
Boston Scientific Corporation	39.2%	12.4%	39.2%	23.9%	47.6%	19.5%	39.2%	10.2%	109.8%	7.3%	-29.5%
Cardiovascular Systems Inc.	-49.7%	-4.5%	-49.7%	-33.6%	6.4%	5.3%	-49.7%	-12.3%	173.2%	27.4%	-15.5%
CAS Medical Systems Inc.	7.3%	41.6%	7.3%	2.0%	-6.3%	-11.2%	7.3%	-2.9%	-20.9%	23.0%	-45.4%
CryoLife Inc.	-4.9%	10.8%	-4.9%	-1.4%	20.1%	14.7%	-4.9%	2.2%	78.0%	29.8%	-11.4%
Cutera, Inc.	19.8%	-2.2%	19.8%	12.1%	12.4%	9.1%	19.8%	4.9%	13.1%	20.8%	-10.1%
Cytosorbents Corporation	-44.0%	-11.7%	-44.0%	33.5%	19.7%	9.7%	-44.0%	218.4%	-3.8%	-18.8%	14.4%
Daxor Corp.	8.9%	-12.1%	8.9%	5.5%	0.0%	-3.9%	8.9%	2.2%	-10.1%	-16.5%	-1.6%
Delcath Systems, Inc.	-58.7%	11.1%	-58.7%	-65.0%	-70.6%	-68.3%	-58.7%	-70.3%	-79.3%	-59.7%	-68.9%
DexCom, Inc.	48.8%	-4.6%	48.8%	52.1%	82.0%	43.1%	48.8%	55.5%	160.6%	46.0%	-31.8%
Endologix Inc.	-35.3%	-19.2%	-35.3%	-24.7%	-11.4%	6.7%	-35.3%	-12.3%	22.5%	24.0%	60.6%
EnteroMedics Inc.	-90.8%	-50.0%	-90.8%	-74.7%	-64.0%	-46.9%	-90.8%	-30.4%	-27.1%	64.7%	-44.8%
Escalon Medical Corp.	-34.2%	-8.6%	-34.2%	-26.6%	3.7%	-6.7%	-34.2%	-18.3%	107.3%	-5.0%	-33.3%
Globus Medical, Inc.	17.0%	34.7%	17.0%	17.4%	38.4%	N/A	17.0%	17.8%	92.4%	N/A	N/A
Greatbatch, Inc.	6.5%	-6.9%	6.5%	8.9%	31.2%	16.8%	6.5%	11.4%	90.4%	5.2%	-8.5%
Heartware International Inc.	-31.4%	-3.7%	-31.4%	-26.7%	-15.6%	-10.5%	-31.4%	-21.8%	11.9%	21.7%	-21.2%
InspireMD, Inc.	-88.7%	-46.7%	-88.7%	-81.1%	-71.7%	N/A	-88.7%	-68.4%	-36.9%	-55.3%	N/A
LDR Holding Corporation	-23.4%	-27.3%	-23.4%	3.1%	N/A	N/A	-23.4%	38.9%	N/A	N/A	N/A
LeMaitre Vascular, Inc.	125.5%	41.5%	125.5%	46.8%	44.3%	20.6%	125.5%	-4.5%	39.5%	-3.0%	-12.6%
Merit Medical Systems, Inc.	7.3%	-22.3%	7.3%	8.7%	10.2%	8.0%	7.3%	10.1%	13.2%	3.9%	5.7%
MGC Diagnostics Corporation	3.1%	0.0%	3.1%	-27.8%	3.8%	4.9%	3.1%	-49.4%	114.6%	13.0%	0.4%
NeuroMetrix Inc.	-74.6%	-43.9%	-74.6%	-58.8%	-42.4%	-54.2%	-74.6%	-33.2%	12.5%	-65.4%	-69.4%
NuVasive, Inc.	14.7%	12.2%	14.7%	29.4%	51.8%	16.1%	14.7%	45.9%	109.1%	22.8%	-50.9%
Nxstage Medical, Inc.	22.2%	38.9%	22.2%	48.0%	24.9%	-2.5%	22.2%	79.3%	-11.1%	-36.7%	-28.5%
St. Jude Medical Inc.	-5.0%	-2.1%	-5.0%	-0.1%	19.6%	7.6%	-5.0%	5.0%	71.4%	5.4%	-19.8%
Strata Skin Sciences, Inc.	-7.5%	-2.6%	-7.5%	-58.4%	-60.4%	-49.4%	-7.5%	-81.3%	-64.2%	-51.5%	10.1%
Stryker Corporation	-1.5%	-1.2%	-1.5%	11.2%	19.2%	11.6%	-1.5%	25.5%	37.1%	10.3%	-7.4%
Sunshine Heart Inc.	-68.2%	-38.6%	-68.2%	-62.7%	-39.5%	N/A	-68.2%	-56.3%	59.4%	N/A	N/A
Tandem Diabetes Care, Inc.	-7.0%	34.1%	-7.0%	-32.3%	N/A	N/A	-7.0%	-50.7%	N/A	N/A	N/A
The Cooper Companies Inc.	-17.2%	-9.8%	-17.2%	4.1%	13.2%	19.0%	-17.2%	30.9%	33.9%	31.1%	25.2%
TransEnterix, Inc.	-14.8%	9.7%	-14.8%	-45.2%	31.1%	-21.8%	-14.8%	-64.7%	650.0%	-63.3%	-64.7%
Utah Medical Products Inc.	-2.5%	8.7%	-2.5%	1.2%	17.5%	16.8%	-2.5%	5.1%	58.6%	33.5%	0.4%
Varian Medical Systems, Inc.	-6.6%	9.5%	-6.6%	2.0%	4.8%	3.1%	-6.6%	11.4%	10.6%	4.6%	-3.1%
Vascular Solutions Inc.	26.6%	6.1%	26.6%	21.9%	29.6%	24.0%	26.6%	17.3%	46.5%	42.0%	-5.0%
Median of Industry Public Companies	-5.0%	-2.6%	-5.0%	2.0%	12.4%	7.6%	-5.0%	4.9%	41.3%	4.9%	-10.1%

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

Quarterly Industry Update

As of December 31, 2015

Medical Device Industry Aggregates



Median Public Company Multiples of the Medical Device Industry Aggregates

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	2.1x	2.0x	2.0x	2.3x	2.3x	2.3x	2.7x	2.3x	2.5x
EV/EBITDA Multiple	13.6x	14.2x	12.9x	11.9x	18.1x	14.0x	19.0x	10.6x	17.4x
Price/Earnings Multiple	31.1x	32.5x	29.5x	29.5x	31.8x	31.6x	33.2x	34.3x	33.6x
EV/Gross Cash Flows Multiple	23.0x	25.2x	22.4x	22.7x	21.7x	32.4x	60.6x	24.5x	38.9x

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
11/10/2015	Advanced Accelerator Applications S.A.	\$16.00	4.7	\$75.0	\$233.9	\$27.1	\$88.7	\$1.0	(\$17.3)	\$9.4
6/4/2015	EndoChoice Holdings, Inc.	\$15.00	6.4	\$95.3	\$102.7	\$39.5	\$64.3	(\$39.7)	(\$58.0)	(\$34.1)
1/30/2015	Avinger, Inc.	\$13.00	5.0	\$65.0	\$23.1	\$32.7	\$11.5	(\$23.9)	(\$32.4)	(\$22.4)
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	\$62.9	\$0.0	\$26.6	(\$26.5)	(\$26.2)	(\$26.5)
5/7/2014	K2M Group Holdings, Inc.	\$15.00	8.8	\$132.4	\$296.9	\$43.2	\$155.6	(\$8.1)	(\$37.9)	(\$1.6)
4/15/2014	TriVascular Technologies, Inc.	\$12.00	6.5	\$78.0	\$64.7	\$44.3	\$19.5	(\$42.9)	(\$50.3)	(\$41.9)
11/13/2013	Tandem Diabetes Care, Inc.	\$15.00	8.0	\$120.0	\$48.6	\$29.3	\$21.0	(\$37.1)	(\$48.1)	(\$34.2)
10/8/2013	LDR Holding Corporation	\$15.00	5.0	\$75.0	\$78.7	\$53.8	\$98.3	\$2.5	(\$10.3)	\$5.6
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$354.8	\$0.0	\$347.9	\$121.4	\$63.9	\$138.8
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	\$53.7	\$29.5	\$0.8	(\$36.9)	\$53.8	(\$36.2)
11/17/2011	Sphere Medical Holding PLC	\$1.46	15.1	\$22.1	\$1.5	\$3.8	\$0.0	(\$6.6)	(\$7.0)	(\$6.3)
4/18/2011	InspireMD, Inc.	\$1.50	7.0	\$10.4	\$4.4	\$1.5	\$4.9	(\$3.1)	(\$3.4)	(\$3.0)
2/10/2011	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$7.2	\$0.0	\$0.1	(\$8.7)	(\$10.2)	(\$8.6)
2/2/2011	Tornier N.V.	\$19.00	8.8	\$166.3	\$499.2	\$133.8	\$223.4	\$13.2	(\$62.1)	\$28.6
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	\$9.3	\$1.7	\$0.1	(\$7.9)	(\$8.1)	(\$7.6)
8/13/2010	Electromed, Inc.	\$4.00	1.7	\$6.8	\$13.4	\$3.8	\$14.2	\$2.3	\$1.0	\$2.6
8/2/2010	Trius Therapeutics, Inc.	\$5.00	4.7	\$50.0	\$18.7	\$19.8	\$5.4	(\$18.8)	(\$20.4)	(\$18.1)
7/7/2010	Carmat Société Anonyme	\$23.67	0.8	\$19.6	\$8.7	\$0.0	\$4.4	\$0.0	(\$4.3)	\$0.0
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)
Median of All IPOs		nm	nm	\$62.5	\$51.2	\$16.8	\$14.4	(\$8.0)	(\$13.8)	(\$7.0)

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.

Quarterly Industry Update

As of December 31, 2015

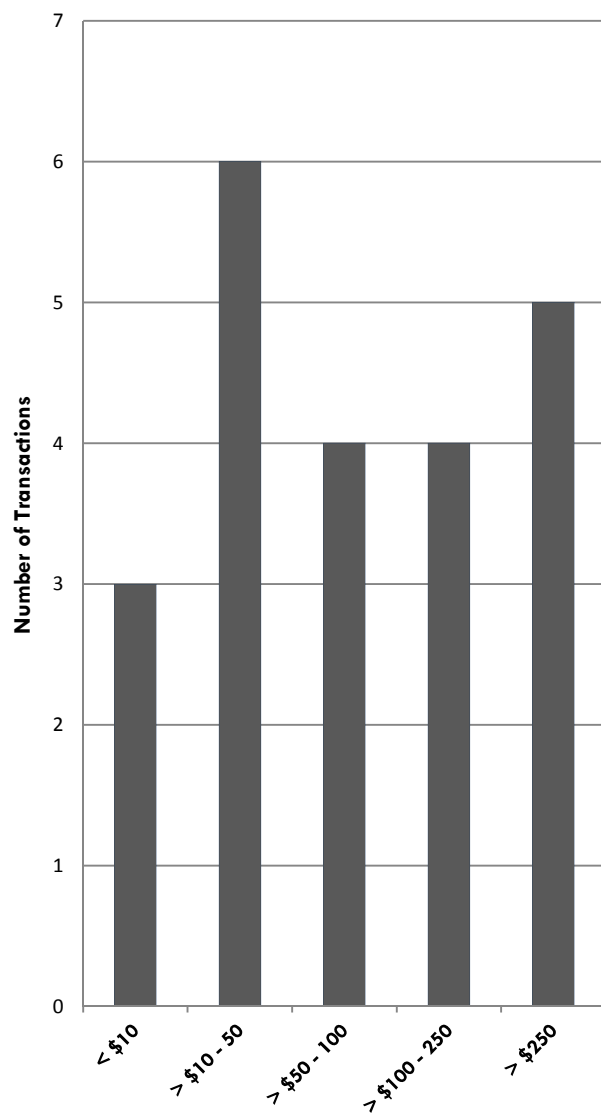
Industry: Medical Device



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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
9/28/2015	Lazarus Effect, Inc.	Medtronic plc	\$100.0	100%
9/22/2015	DreamCIS, Inc.	Hangzhou Tigermed Consulting	\$28.6	98%
9/8/2015	Rizzoli Ortopedia S.p.A.	ab medica s.p.a.	\$5.6	100%
9/2/2015	Tendyne Holdings Inc.	Abbott Laboratories	\$250.0	90%
7/30/2015	Altura Medical, Inc.	Lombard Medical, Inc.	\$49.0	100%
6/19/2015	CardioInsight Technologies Inc.	Medtronic plc	\$100.0	100%
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%
5/30/2014	CardioMEMS, Inc.	St. Jude Medical Inc.	\$375.0	81%
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%
3/3/2011	Atritech, Inc.	Boston Scientific Corporation	\$375.0	100%
1/4/2011	Sadra Medical, Inc.	Boston Scientific Corporation	\$386.0	86%
12/3/2010	Cardiac Science Corporation	Opto Circuits (India) Ltd.	\$56.3	100%
Median of the 28 M&A Transaction Targets			\$80.3	100%

Size of the 28 M&A Transactions (dollars in millions)



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