

# Quarterly Industry Update

As of March 31, 2016

Industry: Neurological Equipment



## Industry Summary

Cogent Valuation identified Neurological Equipment publicly traded companies, IPOs, and recent M&A transactions within the Neurological 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 March 31, 2015, the median 52-week share price return of the Neurological Equipment industry was -4.3%. Between March 31, 2014 and March 31, 2016, the median EV/EBITDA multiple decreased from 15.1 to 6.7. Furthermore, the median price-to-earnings multiple decreased from 35.5 to 33.1 over the same period.

## Comparable Public Company Key Statistics

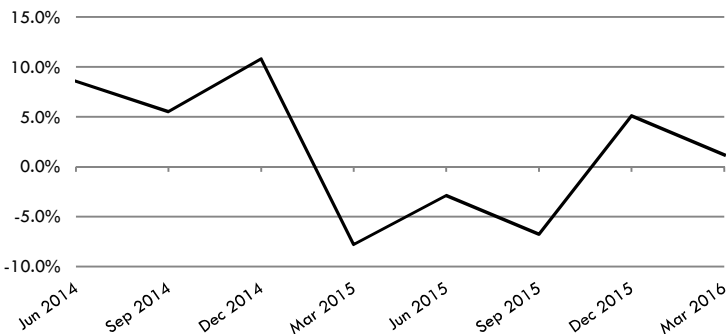
Median 52-Week Return	-4.3%	Median EV/Revenue Multiple	3.1x	Median Price/Earnings Multiple	33.1x
Median 3-Year CAGR Return	18.7%	Median EV/EBITDA Multiple	6.7x	Median EV/Gross CF Multiple	22.2x

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

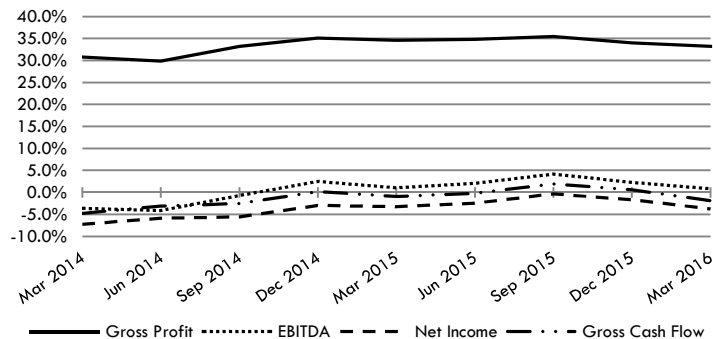
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
EnteroMedics Inc.	-50.4%	-50.4%	-93.0%	-81.2%	-59.9%	-52.8%	-90.8%	-30.4%	-27.1%	64.7%	-44.8%
Globus Medical, Inc.	-14.6%	-14.6%	-5.9%	-5.5%	17.4%	N/A	17.0%	17.8%	92.4%	N/A	N/A
Integra LifeSciences Holdings Corporation	-0.6%	-0.6%	9.3%	21.0%	20.0%	7.3%	25.0%	13.7%	22.4%	26.4%	-34.8%
Natus Medical Inc.	-20.0%	-20.0%	-2.6%	22.0%	41.9%	18.0%	33.3%	60.2%	101.5%	18.4%	-33.5%
NeuroMetrix Inc.	-7.6%	-7.6%	-72.8%	-55.8%	-43.0%	-52.4%	-74.6%	-33.2%	12.5%	-65.4%	-69.4%
NuVasive, Inc.	-10.1%	-10.1%	5.8%	12.5%	31.7%	14.0%	14.7%	45.9%	109.1%	22.8%	-50.9%
<b>Median of Industry Public Companies</b>	<b>-12.4%</b>	<b>-12.4%</b>	<b>-4.3%</b>	<b>3.5%</b>	<b>18.7%</b>	<b>7.3%</b>	<b>15.9%</b>	<b>15.7%</b>	<b>57.4%</b>	<b>22.8%</b>	<b>-44.8%</b>

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

## Median Quarterly Revenue Growth of All Neurological Equipment Companies



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



## Median Public Company Multiples of the Neurological Equipment 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	2.3x	2.4x	2.5x	3.0x	2.9x	3.0x	3.2x	4.0x	3.1x
EV/EBITDA Multiple	15.1x	13.3x	13.7x	14.6x	15.6x	15.6x	14.2x	15.8x	6.7x
Price/Earnings Multiple	35.5x	31.3x	26.9x	36.8x	39.0x	47.5x	41.8x	39.1x	33.1x
EV/Gross Cash Flows Multiple	28.1x	41.8x	39.3x	9.7x	36.6x	32.8x	28.5x	1.9x	22.2x

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# Quarterly Industry Update

As of March 31, 2016

Industry: Neurological Equipment



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

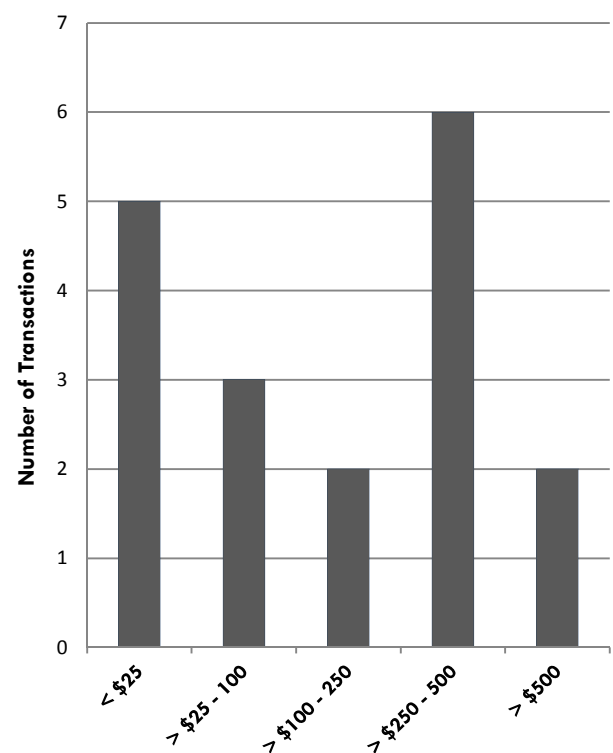
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
8/2/2012	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$354.8	\$0.0	\$347.9	\$121.4	\$63.9	\$138.8
6/27/2012	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$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)
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)
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)
3/24/2010	CorMedix, Inc.	\$6.50	1.9	\$12.5	\$2.2	\$13.8	\$0.0	(\$6.0)	(\$8.1)	(\$6.0)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$53.0</b>	<b>\$37.0</b>	<b>\$11.4</b>	<b>\$9.8</b>	<b>(\$7.4)</b>	<b>(\$9.2)</b>	<b>(\$7.3)</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
12/22/2014	Topera, Inc.	Abbott Laboratories	\$550.0	100%
10/1/2014	Triangle BioSystems, Inc.	Harvard Bioscience Inc.	\$2.1	100%
2/20/2014	NuPathe, Inc.	Teva Pharmaceutical Industries	\$280.6	100%
4/26/2013	Vichrom Human Bionics	Ergoresearch Ltd.	\$3.0	100%
1/28/2013	NeuroLogica Corp.	Samsung Electronics	\$153.7	100%
11/1/2012	Surpass Medical Ltd.	Stryker Corporation	\$135.0	100%
3/9/2012	NeuroDyne Medical, Corp.	Zynex NeuroDiagnostic	\$0.8	100%
2/16/2012	NeuroNexus Technologies	QiG Group, LLC	\$13.5	100%
2/14/2012	Synovis Life Technologies Inc.	Baxter International Inc.	\$312.7	100%
8/31/2011	PEAK Surgical, Inc.	Medtronic, Inc.	\$96.0	81%
8/31/2011	Salient Surgical Technologies	Medtronic, Inc.	\$452.0	91%
6/30/2011	ArthroCare, Parallax	NeuroTherm, Inc.	\$5.5	100%
5/23/2011	SeaSpine, Inc.	Integra LifeSciences	\$88.7	100%
5/20/2011	IS Pharma plc	Sinclair Pharma	\$79.1	100%
11/17/2010	AGA Medical Holdings, Inc.	St. Jude Medical Inc.	\$1,310.9	100%
9/27/2010	Micrus Endovascular Corp.	Codman & Shurtleff, Inc.	\$432.5	100%
8/12/2010	ATS Medical, Inc.	Medtronic, Inc.	\$358.8	100%
3/12/2010	ApaTech Ltd.	Baxter International Inc.	\$330.0	100%
<b>Median of the 18 M&amp;A Transaction Targets</b>			<b>\$144.4</b>	<b>100%</b>

## Size of the 18 M&A Transactions (dollars in millions)



### 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 March 31, 2016

Medical Device Industry Aggregates

## Comparable Public Company Key Statistics

Median 52-Week Return	-15.9%	Median EV/Revenue Multiple	2.3x	Median Price/Earnings Multiple	34.0x
Median Year-to-Date Return	-10.1%	Median EV/EBITDA Multiple	14.9x	Median EV/Gross CF Multiple	26.8x

## 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
ABIOMED, Inc.	5.0%	5.0%	32.5%	90.8%	71.9%	45.5%	137.2%	42.3%	99.0%	-27.2%	92.2%
AngioDynamics Inc.	1.2%	1.2%	-30.9%	-11.7%	2.4%	-4.1%	-36.1%	10.8%	56.1%	-25.8%	-3.6%
Atossa Genetics, Inc.	7.5%	7.5%	-80.9%	-54.9%	-66.0%	N/A	-77.6%	-38.4%	-40.5%	N/A	N/A
AtriCure, Inc.	-25.0%	-25.0%	-17.9%	-5.4%	28.6%	8.1%	12.4%	6.9%	170.7%	-37.8%	8.1%
Becton, Dickinson and Company	-1.5%	-1.5%	5.7%	13.9%	16.7%	13.8%	10.7%	25.9%	41.3%	4.6%	-11.6%
BIOLASE, Inc.	55.7%	55.7%	-35.1%	-26.3%	-30.5%	-21.9%	-68.0%	-6.6%	56.1%	-26.6%	52.8%
Boston Scientific Corporation	2.0%	2.0%	6.0%	18.0%	34.0%	21.2%	39.2%	10.2%	109.8%	7.3%	-29.5%
Cardiovascular Systems Inc.	-31.4%	-31.4%	-73.4%	-42.9%	-20.3%	-0.9%	-49.7%	-12.3%	173.2%	27.4%	-15.5%
CAS Medical Systems Inc.	-19.8%	-19.8%	6.4%	-19.1%	-9.3%	-14.8%	7.3%	-2.9%	-20.9%	23.0%	-45.4%
CryoLife Inc.	-0.3%	-0.3%	3.7%	3.9%	21.4%	12.0%	-4.9%	2.2%	78.0%	29.8%	-11.4%
Cutera, Inc.	-12.0%	-12.0%	-12.9%	0.3%	-4.7%	5.6%	19.8%	4.9%	13.1%	20.8%	-10.1%
Cytosorbents Corporation	-29.6%	-29.6%	-70.3%	-17.4%	10.1%	-16.6%	-44.0%	218.4%	-3.8%	-18.8%	14.4%
Daxor Corp.	5.6%	5.6%	41.0%	-1.4%	3.4%	-4.8%	8.9%	2.2%	-10.1%	-16.5%	-1.6%
Delcath Systems, Inc.	-42.5%	-42.5%	-70.1%	-74.7%	-78.5%	-70.0%	-58.7%	-70.3%	-79.3%	-59.7%	-68.9%
DexCom, Inc.	-17.1%	-17.1%	8.9%	28.1%	59.6%	34.3%	48.8%	55.5%	160.6%	46.0%	-31.8%
Endologix Inc.	-15.6%	-15.6%	-51.0%	-19.4%	-19.7%	4.3%	-35.3%	-12.3%	22.5%	24.0%	60.6%
EnteroMedics Inc.	-50.4%	-50.4%	-93.0%	-81.2%	-59.9%	-52.8%	-90.8%	-30.4%	-27.1%	64.7%	-44.8%
Escalon Medical Corp.	-24.7%	-24.7%	-40.8%	-27.8%	-9.3%	-8.1%	-34.2%	-18.3%	107.3%	-5.0%	-33.3%
Globus Medical, Inc.	-14.6%	-14.6%	-5.9%	-5.5%	17.4%	N/A	17.0%	17.8%	92.4%	N/A	N/A
Greatbatch, Inc.	-32.1%	-32.1%	-38.4%	-11.9%	6.1%	6.1%	6.5%	11.4%	90.4%	5.2%	-8.5%
Heartware International Inc.	-37.7%	-37.7%	-64.2%	-42.1%	-29.2%	-18.1%	-31.4%	-21.8%	11.9%	21.7%	-21.2%
InspireMD, Inc.	-42.6%	-42.6%	-84.2%	-87.1%	-72.8%	N/A	-88.7%	-68.4%	-36.9%	-55.3%	N/A
LDR Holding Corporation	1.5%	1.5%	-30.4%	-13.8%	N/A	N/A	-23.4%	38.9%	N/A	N/A	N/A
LeMaitre Vascular, Inc.	-10.0%	-10.0%	85.2%	38.7%	35.8%	17.9%	125.5%	-4.5%	39.5%	-3.0%	-12.6%
Merit Medical Systems, Inc.	-0.5%	-0.5%	-3.9%	13.7%	14.7%	3.3%	7.3%	10.1%	13.2%	3.9%	5.7%
MGC Diagnostics Corporation	-7.1%	-7.1%	-15.0%	-26.6%	-4.3%	4.2%	3.1%	-49.4%	114.6%	13.0%	0.4%
NeuroMetrix Inc.	-7.6%	-7.6%	-72.8%	-55.8%	-43.0%	-52.4%	-74.6%	-33.2%	12.5%	-65.4%	-69.4%
NuVasive, Inc.	-10.1%	-10.1%	5.8%	12.5%	31.7%	14.0%	14.7%	45.9%	109.1%	22.8%	-50.9%
Nxstage Medical, Inc.	-31.6%	-31.6%	-13.4%	8.5%	9.9%	-7.4%	22.2%	79.3%	-11.1%	-36.7%	-28.5%
St. Jude Medical Inc.	-11.0%	-11.0%	-15.9%	-8.3%	10.8%	1.4%	-5.0%	5.0%	71.4%	5.4%	-19.8%
Strata Skin Sciences, Inc.	-14.9%	-14.9%	-63.2%	-61.1%	-56.6%	-51.5%	-7.5%	-81.3%	-64.2%	-51.5%	10.1%
Stryker Corporation	15.4%	15.4%	16.3%	14.8%	18.0%	12.0%	-1.5%	25.5%	37.1%	10.3%	-7.4%
Sunshine Heart Inc.	-37.8%	-37.8%	-80.2%	-62.1%	-48.4%	N/A	-68.2%	-56.3%	59.4%	N/A	N/A
Tandem Diabetes Care, Inc.	-26.2%	-26.2%	-31.0%	-37.2%	N/A	N/A	-7.0%	-50.7%	N/A	N/A	N/A
The Cooper Companies Inc.	14.7%	14.7%	-17.8%	5.9%	12.6%	17.3%	-17.2%	30.9%	33.9%	31.1%	25.2%
TransEnterix, Inc.	71.4%	71.4%	45.1%	-32.6%	21.8%	-5.4%	-14.8%	-64.7%	650.0%	-63.3%	-64.7%
Utah Medical Products Inc.	6.8%	6.8%	4.5%	4.0%	8.6%	16.7%	-2.5%	5.1%	58.6%	33.5%	0.4%
Varian Medical Systems, Inc.	-1.0%	-1.0%	-15.0%	-2.4%	3.6%	3.4%	-6.6%	11.4%	10.6%	4.6%	-3.1%
Vascular Solutions Inc.	-5.4%	-5.4%	7.3%	11.4%	26.1%	24.4%	26.6%	17.3%	46.5%	42.0%	-5.0%
<b>Median of Industry Public Companies</b>	<b>-10.1%</b>	<b>-10.1%</b>	<b>-15.9%</b>	<b>-11.7%</b>	<b>6.1%</b>	<b>3.4%</b>	<b>-5.0%</b>	<b>4.9%</b>	<b>41.3%</b>	<b>4.9%</b>	<b>-10.1%</b>

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

# Quarterly Industry Update

As of March 31, 2016

Medical Device Industry Aggregates



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

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	2.0x	2.0x	2.3x	2.3x	2.3x	2.7x	2.3x	2.5x	2.3x
EV/EBITDA Multiple	14.2x	12.9x	11.9x	18.1x	14.0x	19.0x	10.6x	17.4x	14.9x
Price/Earnings Multiple	32.5x	29.5x	29.5x	31.8x	31.6x	33.2x	34.3x	33.6x	34.0x
EV/Gross Cash Flows Multiple	25.2x	22.4x	22.7x	21.7x	32.4x	60.6x	24.5x	38.9x	26.8x

## 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
2/28/2016	Invent Medic Sweden AB	\$0.35	3.0	\$1.1	\$0.5	\$0.1	\$0.1	\$0.0	(\$0.1)	\$0.0
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)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$58.0</b>	<b>\$35.8</b>	<b>\$11.4</b>	<b>\$12.9</b>	<b>(\$7.3)</b>	<b>(\$10.3)</b>	<b>(\$6.2)</b>

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