

# Quarterly Industry Update

As of December 31, 2015

Industry: Wearable Devices



## Industry Summary

Cogent Valuation identified Wearable Devices publicly traded companies, IPOs, and recent M&A transactions within the Wearable 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. Over the last year since December 31, 2014, the median 52-week share price return of the Wearable Devices industry was 2.5%. Between December 31, 2013 and December 31, 2015, the median EV/EBITDA multiple increased from 12.6 to 14.3. However, the median price-to-earnings multiple decreased from 22.8 to 18.8 over the same period.

## Comparable Public Company Key Statistics

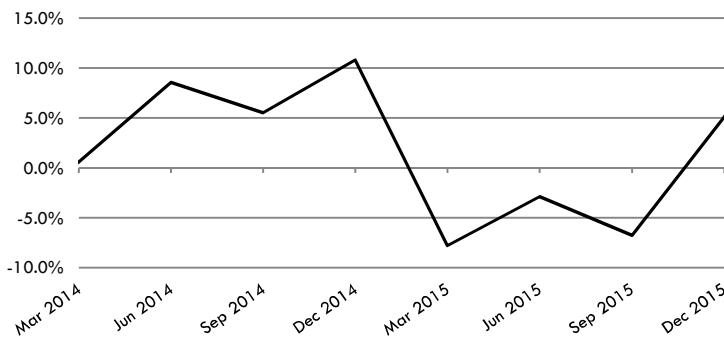
Median 52-Week Return	2.5%	Median EV/Revenue Multiple	2.6x	Median Price/Earnings Multiple	18.8x
Median 3-Year CAGR Return	16.7%	Median EV/EBITDA Multiple	14.3x	Median EV/Gross CF Multiple	1.9x

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

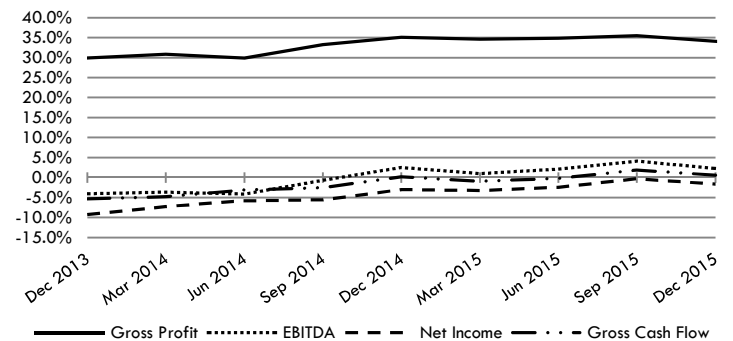
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
CONMED Corporation	-2.0%	-7.7%	-2.0%	1.8%	16.4%	10.8%	-2.0%	5.8%	52.1%	8.9%	-2.9%
CR Bard Inc.	13.7%	1.7%	13.7%	18.9%	24.7%	15.6%	13.7%	24.4%	37.0%	14.3%	-6.8%
Exactech Inc.	-23.0%	4.1%	-23.0%	-12.6%	2.3%	-0.7%	-23.0%	-0.8%	40.2%	2.9%	-12.5%
Integra LifeSciences Holdings Corporation	25.0%	13.8%	25.0%	19.2%	20.3%	7.5%	25.0%	13.7%	22.4%	26.4%	-34.8%
Orthofix International N.V.	30.4%	16.2%	30.4%	31.1%	-0.1%	6.2%	30.4%	31.7%	-42.0%	11.6%	21.5%
ResMed Inc.	-4.2%	5.4%	-4.2%	6.8%	8.9%	9.2%	-4.2%	19.1%	13.3%	63.7%	-26.7%
ZELTIQ Aesthetics, Inc.	2.2%	-10.9%	2.2%	22.8%	83.3%	N/A	2.2%	47.6%	308.4%	-59.2%	N/A
Zemach Hammerman Ltd.	2.7%	-12.6%	2.7%	-3.2%	17.0%	5.6%	2.7%	-8.8%	71.2%	-4.8%	-13.8%
<b>Median of Industry Public Companies</b>	<b>2.5%</b>	<b>2.9%</b>	<b>2.5%</b>	<b>12.9%</b>	<b>16.7%</b>	<b>7.5%</b>	<b>2.5%</b>	<b>16.4%</b>	<b>38.6%</b>	<b>10.3%</b>	<b>-12.5%</b>

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

## Median Quarterly Revenue Growth of All Wearable Devices Companies



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



## Median Public Company Multiples of the Wearable Devices 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	2.0x	2.0x	2.4x	2.4x	2.2x	2.5x	2.7x	2.4x	2.6x
EV/EBITDA Multiple	12.6x	12.1x	13.2x	12.8x	13.2x	13.6x	14.1x	12.9x	14.3x
Price/Earnings Multiple	22.8x	19.9x	21.9x	20.0x	26.4x	35.6x	33.4x	29.9x	18.8x
EV/Gross Cash Flows Multiple	17.0x	15.9x	21.6x	18.9x	9.7x	30.1x	27.2x	32.6x	1.9x

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# Quarterly Industry Update

As of December 31, 2015

Industry: Wearable Devices



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

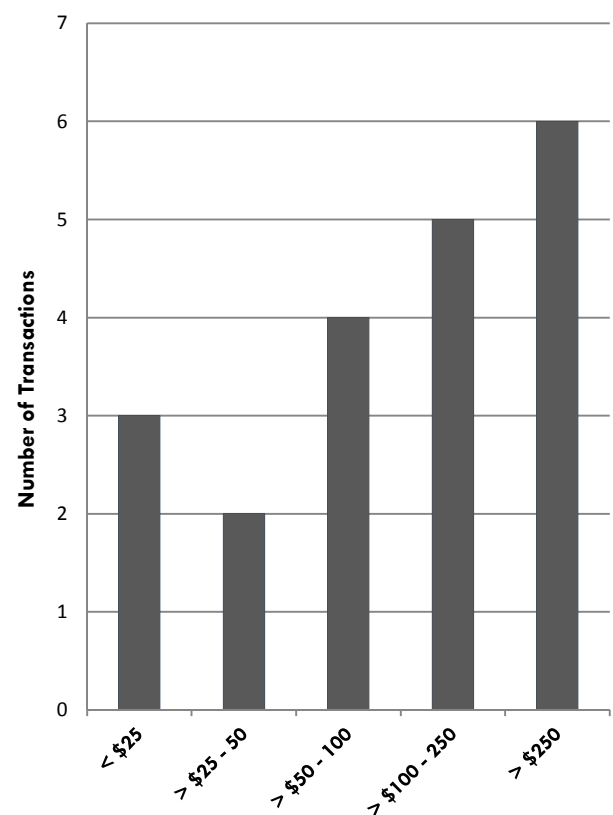
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
10/18/2011	ZELTIQ Aesthetics, Inc.	\$13.00	7.0	\$91.0	\$19.3	\$1.0	\$50.5	(\$5.1)	(\$6.4)	(\$4.4)
2/2/2011	Tornier N.V.	\$19.00	8.8	\$166.3	\$499.2	\$133.8	\$223.4	\$13.2	(\$62.1)	\$28.6
7/13/2001	Wright Medical Group N.V.	\$12.50	7.5	\$93.8	\$207.9	\$120.8	\$161.0	\$29.6	(\$30.5)	\$40.2
5/4/2006	Northstar Neuroscience, Inc.	\$15.00	7.1	\$106.5	\$21.7	\$5.8	\$0.0	(\$15.5)	(\$14.6)	(\$15.3)
2/23/2004	Acelity L.P. Inc.	\$30.00	18.0	\$540.0	\$642.3	\$682.9	\$763.8	\$196.9	\$69.6	\$240.2
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$106.5</b>	<b>\$207.9</b>	<b>\$120.8</b>	<b>\$161.0</b>	<b>\$13.2</b>	<b>(\$14.6)</b>	<b>\$28.6</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
3/26/2015	Gyrus Group plc	Olympus Corporation	\$17.0	100%
1/7/2015	PneumRx, Inc.	BTG International Inc.	\$475.0	100%
12/5/2014	Symmetry Medical, Inc.	Tecomet, Inc.	\$456.7	100%
10/15/2014	SARL ADVENCIS	bioMérieux SA	\$12.7	100%
8/26/2014	N.G.C. Medical S.p.A.	Medtronic, Inc.	\$238.0	70%
8/25/2014	Sapiens Steering Brain	Medtronic, Inc.	\$200.0	100%
8/8/2014	Avalon Laboratories, LLC	Nordson Medical	\$180.0	100%
7/29/2014	Ulthera, Inc.	Merz North America, Inc.	\$600.0	100%
7/2/2014	Apica Cardiovascular Ltd.	Thoratec Switzerland	\$75.0	100%
7/1/2014	ECP Entwicklungsgesellschaft	ABIOMED Europe GmbH	\$34.3	100%
7/1/2014	Fuji Medical Instruments	Japan Waste Corporation	\$77.0	81%
6/17/2014	AtheroMed, Inc.	Volcano Corporation	\$170.9	100%
5/30/2014	CardioMEMS, Inc.	St. Jude Medical Inc.	\$375.0	81%
5/15/2014	Bioster S.p.A.	Synergy Health plc	\$39.7	100%
5/7/2014	logyn, Inc.	Boston Scientific Corporation	\$65.0	72%
5/2/2014	Silhouette Lift SL	Sinclair Holdings Iberia S.L.	\$22.9	65%
1/23/2014	Solta Medical, Inc.	Valeant Pharmaceuticals	\$279.2	100%
7/16/2013	Pioneer Surgical Tech.	RTI Biologics, Inc.	\$130.0	100%
1/4/2013	Corin Group plc	Investimenti e Part.	\$57.6	100%
4/25/2012	ZOLL Medical Corporation	Asahi Kasei Corporation	\$2,216.2	100%
<b>Median of the 20 M&amp;A Transaction Targets</b>			<b>\$150.5</b>	<b>100%</b>

## Size of the 20 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 December 31, 2015

## Medical Device Industry Aggregates

### 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%
<b>Median of Industry Public Companies</b>	<b>-5.0%</b>	<b>-2.6%</b>	<b>-5.0%</b>	<b>2.0%</b>	<b>12.4%</b>	<b>7.6%</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 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)
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$62.5</b>	<b>\$51.2</b>	<b>\$16.8</b>	<b>\$14.4</b>	<b>(\$8.0)</b>	<b>(\$13.8)</b>	<b>(\$7.0)</b>

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