

# Quarterly Industry Update

As of March 31, 2017

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 March 31, 2016, the median 52-week share price return of the Healthcare Equipment industry was 5.3%. Between March 31, 2015 and March 31, 2017, the median EV/EBITDA multiple increased from 16.7 to 17.4. However, the median price-to-earnings multiple decreased from 36.5 to 34.4 over the same period.

## Comparable Public Company Key Statistics

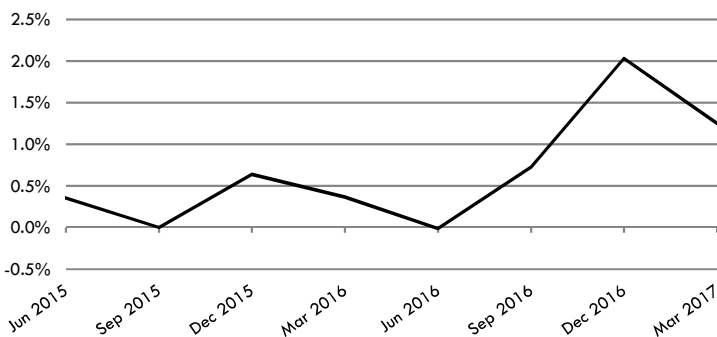
Median 52-Week Return	5.3%	Median EV/Revenue Multiple	3.3x	Median Price/Earnings Multiple	34.4x
Median 3-Year CAGR Return	8.8%	Median EV/EBITDA Multiple	17.4x	Median EV/Gross CF Multiple	26.8x

## Comparable Public Company Market Price Returns As of March 31, 2017

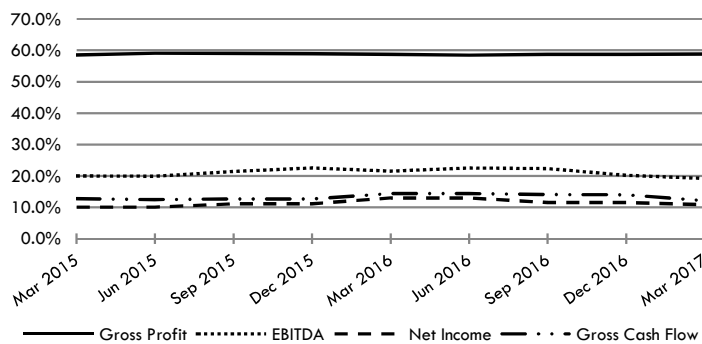
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2016	2015	2014	2013	2012
Bruker Corporation	10.2%	10.2%	-16.7%	12.4%	0.8%	8.8%	-12.7%	23.7%	-0.8%	29.7%	22.7%
Illumina, Inc.	33.3%	33.3%	5.3%	-4.1%	4.7%	26.5%	-33.3%	4.0%	66.9%	98.9%	82.4%
Luminex Corporation	-9.2%	-9.2%	-5.3%	7.2%	0.5%	-4.7%	-5.4%	14.0%	-3.3%	15.5%	-20.9%
PerkinElmer, Inc.	11.3%	11.3%	17.4%	6.6%	8.8%	16.0%	-2.7%	22.5%	6.1%	29.9%	58.7%
QIAGEN N.V.	-0.4%	-0.4%	24.9%	5.2%	9.8%	12.4%	1.3%	17.9%	-1.5%	31.2%	31.4%
Tecan Group Ltd.	2.3%	2.3%	5.0%	10.4%	10.1%	16.8%	-3.9%	43.0%	-4.0%	41.8%	23.0%
Waters Corporation	16.3%	16.3%	18.5%	12.1%	13.0%	11.0%	-0.1%	19.4%	12.7%	14.8%	17.7%
<b>Median of Industry Public Companies</b>	<b>10.2%</b>	<b>10.2%</b>	<b>5.3%</b>	<b>7.2%</b>	<b>8.8%</b>	<b>12.4%</b>	<b>-3.9%</b>	<b>19.4%</b>	<b>-0.8%</b>	<b>29.9%</b>	<b>23.0%</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:	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016	3/31/2017
EV/Revenues Multiple	3.3x	3.0x	3.1x	3.7x	3.5x	3.6x	3.7x	3.2x	3.3x
EV/EBITDA Multiple	16.7x	17.1x	17.2x	19.2x	15.9x	16.0x	17.4x	14.9x	17.4x
Price/Earnings Multiple	36.5x	36.4x	32.1x	36.6x	30.6x	31.1x	32.8x	24.0x	34.4x
EV/Gross Cash Flows Multiple	30.8x	34.5x	27.5x	32.7x	25.7x	25.1x	26.1x	24.2x	26.8x

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

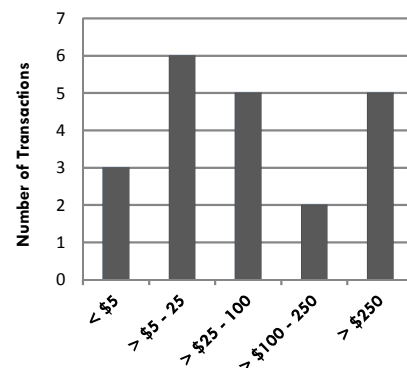
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
7/12/2016	Vincent Medical Holdings Limited	\$0.13	89.3	\$16.4	\$41.3	\$0.6	\$57.8	\$10.5	\$7.5	\$12.2
2/28/2016	Invent Medic Sweden AB	\$0.35	3.0	\$1.1	\$0.5	\$0.1	\$0.1	\$0.0	(\$0.1)	\$0.0
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 IMS 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
<b>Median of All IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$45.0</b>	<b>\$33.5</b>	<b>\$7.7</b>	<b>\$38.9</b>	<b>\$1.4</b>	<b>\$0.5</b>	<b>\$1.9</b>

nm: not meaningful, N/A: not applicable

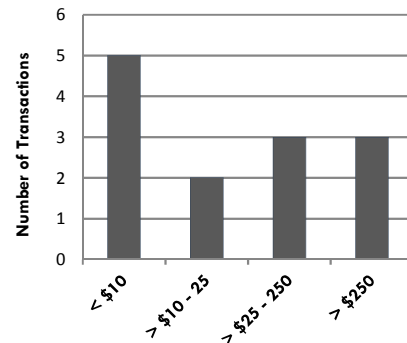
## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
9/13/2016	Source BioScience Plc	Harwood Capital LLP	\$74.9	69%	\$38.2	2.5x
6/1/2016	OCTAX Microscience GmbH	Vitrolife AB (publ)	\$15.3	100%	\$9.5	1.6x
2/11/2016	Ellipse Technologies, Inc.	NuVasive, Inc.	\$410.0	100%	\$40.2	0.0x
1/29/2016	Inova Labs, Inc.	ResMed Inc.	\$110.0	100%	N/A	N/A
1/25/2016	Cardiac Science Corp.	CFS 915 LLC	\$82.7	100%	N/A	N/A
1/5/2016	Ascensia Diabetes Care	Panasonic Healthcare	\$1,156.8	100%	\$1,028.9	1.1x
11/26/2015	Delta Med Spa	DB Private Equity GmbH;	\$20.9	100%	\$17.8	1.2x
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	IQum, 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 Seditic	\$34.0	100%	\$41.5	0.8x
9/10/2013	Flowsense Medical	Baxter International	\$4.5	100%	\$0.1	73.8x
<b>Median of the 21 M&amp;A Transaction Targets</b>			<b>\$38.8</b>	<b>100%</b>	<b>\$21.4</b>	<b>1.2x</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.

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