

# Q4: Quarterly Industry Update

AS OF December 31, 2019

**cogent** valuation  
FINANCIAL OPINIONS

## 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 December 31, 2018, the median 52-week share price return of the Neurological Equipment industry was 28.0%. Between December 31, 2017 and December 31, 2019, the median EV/EBITDA multiple increased from 16.7 to 21.7. Furthermore, the median price-to-earnings multiple increased from 40.7 to 54.4 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 2.1% and 21.0%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

28%

Median 3-Year CAGR  
Return

13.8%

Median EV/Revenue  
Multiple

4.3x

Median EV/EBITDA  
Multiple

13.8x

Median Price/Earnings  
Multiple

54.4x

Median EV/Gross CF  
Multiple

38.3x

## Comparable Public Company Market Price Returns as of December 31, 2019

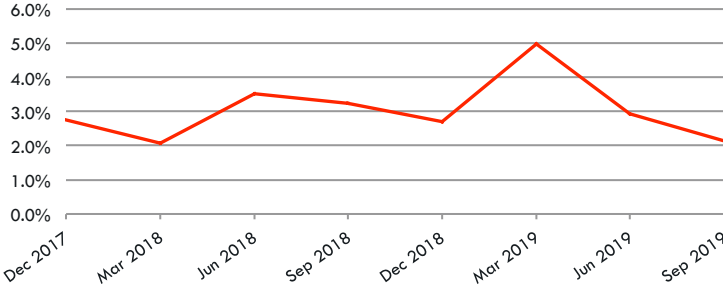
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
<b>Globus Medical, Inc.</b>	21.2%	21.2%	52.2%	44.8%	65.7%	-10.8%	17.0%	17.8%
<b>Integra LifeSciences Holdings</b>	15.6%	15.6%	18.2%	28.2%	11.6%	26.6%	25.0%	13.7%
<b>Natus Medical Incorporated</b>	-11.9%	-11.9%	-7.5%	-6.4%	9.8%	-27.6%	33.3%	60.2%
<b>NeuroMetrix, Inc.</b>	-18.4%	-18.4%	-51.3%	-69.0%	-70.7%	-62.7%	-74.6%	-33.2%
<b>NuVasive, Inc.</b>	-10.7%	-10.7%	-32.2%	3.6%	-13.2%	24.5%	14.7%	45.9%
<b>Median of Industry Public Companies</b>	-10.7%	-10.7%	-7.5%	3.6%	9.8%	-10.8%	17.0%	17.8%

Multiple year periods are calculated as the average annual return.

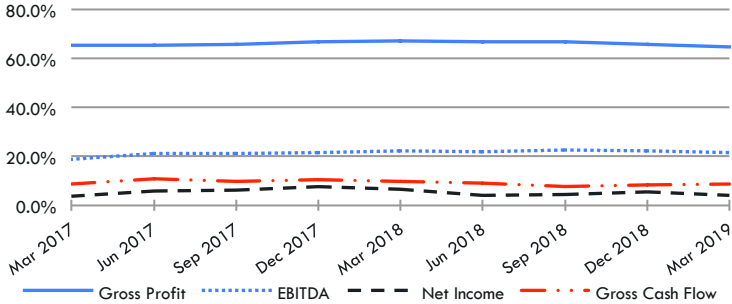
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

### Median Quarterly Revenue Growth of All Neurological Equipment Companies



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



## Public Company Median Multiples by Quarter

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
<b>EV/Revenues Multiple</b>	4.5x	4.5x	4.4x	3.8x	3.9x	3.3x	3.3x	3.5x
<b>EV/EBITDA Multiple</b>	18.8x	17.5x	17.8x	17.8x	19.6x	17.4x	17.5x	18.6x
<b>Price/Earnings Multiple</b>	40.7x	34.9x	35.5x	30.8x	33.7x	33.4x	33.6x	26.2x
<b>EV/Gross Cash Flows Multiple</b>	34.2x	35.0x	33.9x	25.4x	29.5x	26.6x	25.9x	26.8x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings—Neurological Equipment (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
12/3/19	Neurotech International Limited	\$0.15	35.0	\$5.4	\$2.2	\$0.7	\$0.1	(\$2.3)	(\$3.3)	(\$2.6)
11/2/19	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$354.8	\$0.0	\$363.0	\$127.1	\$63.9	\$138.8
9/27/19	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$23.2)	(\$23.2)
4/30/18	Supernus Pharmaceuticals, Inc.	\$5.00	3.4	\$50.0	\$53.7	\$29.5	\$1.0	(\$35.5)	\$53.8	(\$36.2)
2/10/11	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$7.2	\$0.0	\$0.2	(\$8.6)	(\$10.2)	(\$8.6)
2/2/11	Tornier N.V.	\$19.00	8.8	\$166.3	\$499.2	\$133.8	\$227.4	\$12.4	(\$62.1)	\$28.6
11/23/10	Anacor Pharmaceuticals, Inc.	\$5.00	12.0	\$60.0	\$20.4	\$9.1	\$31.1	(\$4.3)	(\$6.5)	(\$3.6)
11/22/10	Zogenix, Inc.	\$4.00	7.1	\$56.0	\$55.0	\$35.9	\$14.6	(\$55.4)	(\$77.6)	(\$54.1)
8/13/10	Electromed, Inc.	\$4.00	1.7	\$6.8	\$13.4	\$3.8	\$14.3	\$2.1	\$1.0	\$2.6
8/2/10	Trius Therapeutics LLC	\$5.00	4.7	\$50.0	\$18.7	\$19.8	\$6.3	(\$16.1)	(\$20.4)	(\$18.1)
	<b>Median of all IPOs</b>	<b>nm</b>	<b>nm</b>	<b>\$53.0</b>	<b>\$37.0</b>	<b>\$6.4</b>	<b>\$10.3</b>	<b>(\$6.5)</b>	<b>(\$8.3)</b>	<b>(\$6.1)</b>

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
12/21/19	<b>Topera, Inc.</b>	<b>Abbott Laboratories</b>	\$550.0	100%
10/1/19	<b>Triangle BioSystems, Inc.</b>	<b>Harvard Bioscience Inc.</b>	\$2.1	100%
2/20/19	<b>NuPathe, Inc.</b>	<b>Teva Pharmaceutical Industries Limited</b>	\$280.6	100%
4/26/17	<b>Victhom Human Bionics</b>	<b>Ergoresearch Ltd.</b>	\$3.0	100%
1/28/17	<b>NeuroLogica Corp.</b>	<b>Samsung Electronics</b>	\$153.7	100%
11/1/16	<b>Surpass Medical Ltd.</b>	<b>Stryker Corporation</b>	\$135.0	100%
9/21/16	<b>NeuroDyne Medical, Corp.</b>	<b>Zynex NeuroDiagnostic</b>	\$0.8	100%
11/10/15	<b>NeuroNexus Technologies</b>	<b>QiG Group, LLC</b>	\$13.5	100%
6/4/15	<b>Synovis Life Technologies Inc.</b>	<b>Baxter International Inc.</b>	\$312.7	100%
1/30/15	<b>PEAK Surgical, Inc.</b>	<b>Medtronic, Inc.</b>	\$96.0	81%

■ USA
 ■ International

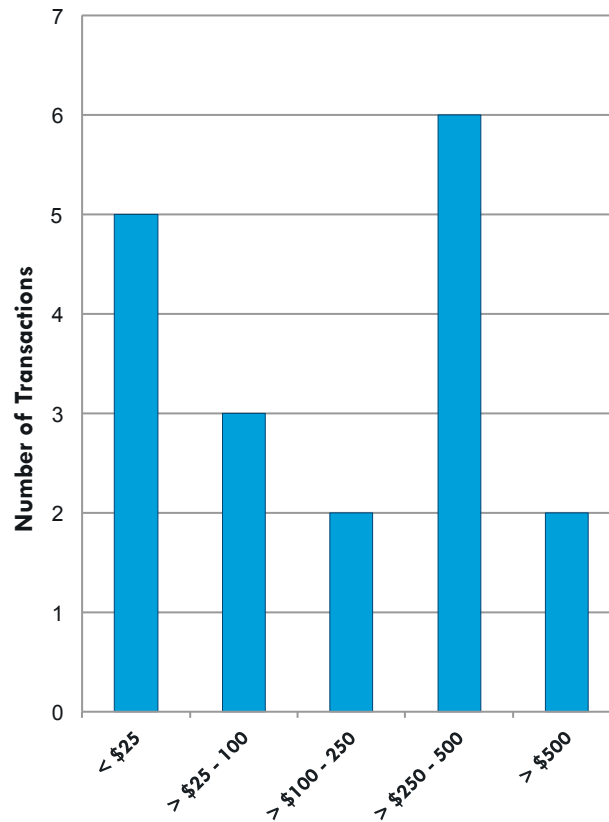
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## Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought
8/31/11	<b>Salient Surgical Technologies</b>	Medtronic, Inc.	\$452.0	91%
6/30/11	<b>ArthroCare, Parallax</b>	NeuroTherm, Inc.	\$5.5	100%
5/23/11	<b>SeaSpine, Inc.</b>	Integra LifeSciences	\$88.7	100%
5/20/11	<b>IS Pharma plc</b>	Sinclair Pharma	\$79.1	100%
11/17/10	<b>AGA Medical Holdings, Inc.</b>	St. Jude Medical Inc.	\$1,306.3	100%
9/27/10	<b>Micrus Endovascular Corp.</b>	Codman & Shurtleff, Inc.	\$432.5	100%
8/12/10	<b>ATS Medical, Inc.</b>	Medtronic, Inc.	\$358.8	100%
3/12/10	<b>ApaTech Ltd.</b>	Baxter International Inc.	\$330.0	100%
	<b>Median of the 20 M&amp;A Transaction Targets</b>		<b>\$144.4</b>	<b>100%</b>

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2019





**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):** 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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