

Q1: Quarterly Industry Update

AS OF March 31, 2020



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, 2019, the median 52-week share price return of the Neurological Equipment industry was 28.0%. Between March 31, 2019 and March 31, 2020, 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 March 31, 2020

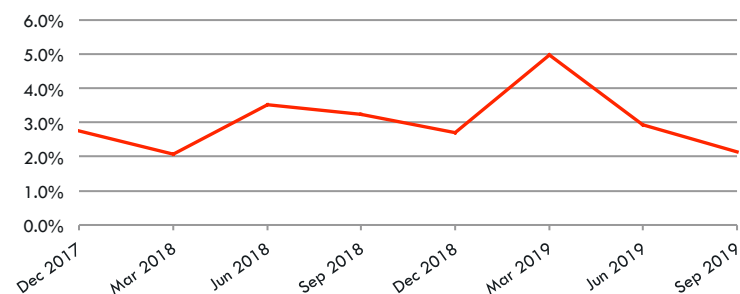
	2020	3 Month	1 Year	2 Year	3 Year	2019	2018	2017
Globus Medical, Inc.	21.2%	21.2%	52.2%	44.8%	65.7%	-10.8%	17.0%	17.8%
Integra LifeSciences Holdings	15.6%	15.6%	18.2%	28.2%	11.6%	26.6%	25.0%	13.7%
Natus Medical Incorporated	-11.9%	-11.9%	-7.5%	-6.4%	9.8%	-27.6%	33.3%	60.2%
NeuroMetrix, Inc.	-18.4%	-18.4%	-51.3%	-69.0%	-70.7%	-62.7%	-74.6%	-33.2%
NuVasive, Inc.	-10.7%	-10.7%	-32.2%	3.6%	-13.2%	24.5%	14.7%	45.9%
Median of Industry Public Companies	-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.

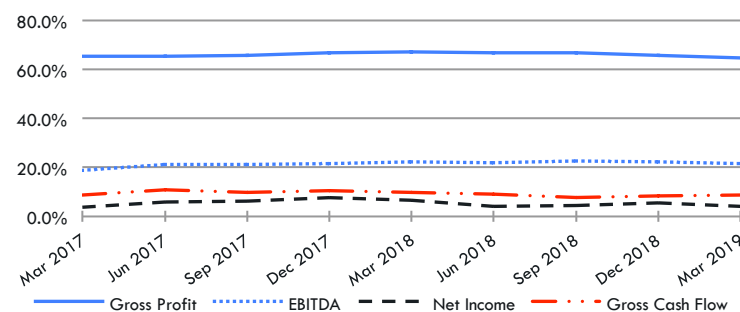
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	3/31/20	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18
EV/Revenues Multiple	4.5x	4.5x	4.4x	3.8x	3.9x	3.3x	3.3x	3.5x
EV/EBITDA Multiple	18.8x	17.5x	17.8x	17.8x	19.6x	17.4x	17.5x	18.6x
Price/Earnings Multiple	40.7x	34.9x	35.5x	30.8x	33.7x	33.4x	33.6x	26.2x
EV/Gross Cash Flows Multiple	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
2/3/20	Neurotech International Limited	\$0.15	35.0	\$5.4	\$2.2	\$0.7	\$0.1	(\$2.3)	(\$3.3)	(\$2.6)
1/2/20	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)
Median of all IPOs		nm	nm	\$53.0	\$37.0	\$6.4	\$10.3	(\$6.5)	(\$8.3)	(\$6.1)

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
2/21/20	Topera, Inc.	Abbott Laboratories	\$550.0	100%
12/1/19	Triangle BioSystems, Inc.	Harvard Bioscience Inc.	\$2.1	100%
11/20/19	NuPathe, Inc.	Teva Pharmaceutical Industries Limited	\$280.6	100%
4/26/18	Victhom Human Bionics	Ergoresearch Ltd.	\$3.0	100%
1/28/17	NeuroLogica Corp.	Samsung Electronics	\$153.7	100%
11/1/16	Surpass Medical Ltd.	Stryker Corporation	\$135.0	100%
9/21/16	NeuroDyne Medical, Corp.	Zynex NeuroDiagnostic	\$0.8	100%
11/10/15	NeuroNexus Technologies	QiG Group, LLC	\$13.5	100%
6/4/15	Synovis Life Technologies Inc.	Baxter International Inc.	\$312.7	100%
1/30/15	PEAK Surgical, Inc.	Medtronic, Inc.	\$96.0	81%

 USA
  International

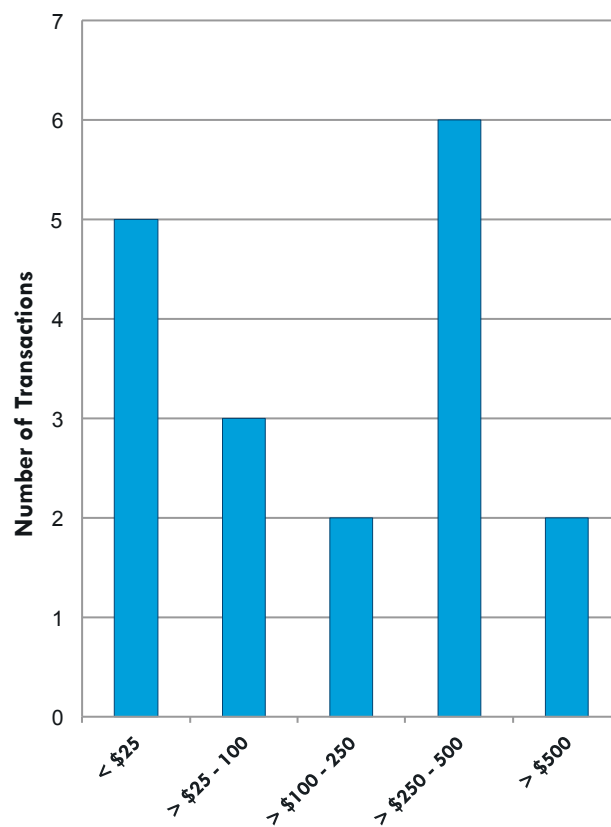
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Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of March 31, 2020



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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