

Q2: Quarterly Industry Update

AS OF June 30, 2020



Cardiovascular Equipment

INDUSTRY SUMMARY

COGENT VALUATION identified **Cardiovascular Equipment** publicly traded companies, IPOs, and recent M&A transactions within the Cardiovascular 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 June 30, 2019, the median 52-week share price return of the Cardiovascular Equipment industry was 39.0%. Between June 30, 2019 and June 30, 2020, the median EV/EBITDA multiple increased from 17.2 to 23.0. Furthermore, the median price-to-earnings multiple increased from 32.9 to 46.6 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 3.0% and 26.9%, respectively.

Public Company Key Statistics

Median 52-Week
Return

39%

Median 3-Year CAGR
Return

34.8%

Median EV/Revenue
Multiple

6x

Median EV/EBITDA
Multiple

23x

Median Price/Earnings
Multiple

46.6x

Median EV/Gross CF
Multiple

55.2x

Comparable Public Company Market Price Returns as of June 30, 2020

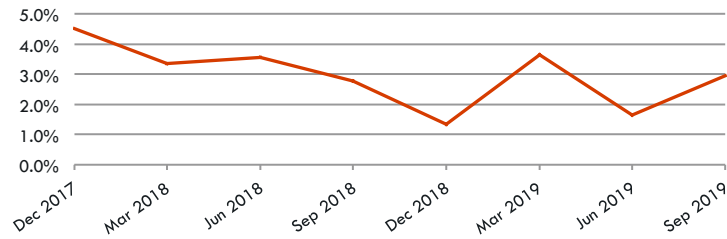
| | 2020 | 3 Month | 1 Year | 2 Year | 3 Year | 2018 | 2017 | 2016 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| ABIOMED, Inc. | 140.0% | 140.0% | 66.3% | 75.2% | 78.6% | 66.3% | 137.2% | 42.3% |
| BioTelemetry, Inc. | 115.6% | 115.6% | 33.8% | 63.0% | 67.1% | 358% | 16.5% | 26.3% |
| Boston Scientific Corporation | 55.3% | 55.3% | 14.6% | 20.5% | 29.5% | 46.6% | 39.2% | 10.2% |
| Cardiovascular Systems, Inc. | 65.2% | 65.2% | -2.0% | 45.4% | 1.1% | -2.1% | -49.7% | -12.3% |
| CryoLife, Inc. | 83.8% | 83.8% | 20.3% | 25.8% | 30.6% | 0.0% | -4.9% | 2.2% |
| Edwards Lifesciences Corporation | 54.5% | 54.5% | 13.4% | 3.4% | 40.2% | 10.3% | 24.0% | 93.7% |
| Medtronic plc | 21.8% | 21.8% | 32.4% | 7.4% | 11.7% | 13.4% | 6.5% | 25.8% |
| St. James's Place plc | -9.9% | -9.9% | 66.3% | 27.4% | 5.6% | 32.4% | 17.1% | 5.3% |
| Teleflex Incorporated | 6.9% | 6.9% | 105.2% | 27.4% | 18.8% | 54.4% | -56.4% | 38.3% |
| Median of Industry Public Companies | 55.3% | 55.3% | 34.4% | 75.2% | 29.5% | 20.3% | 14.5% | 24.4% |

Multiple year periods are calculated as the average annual return.

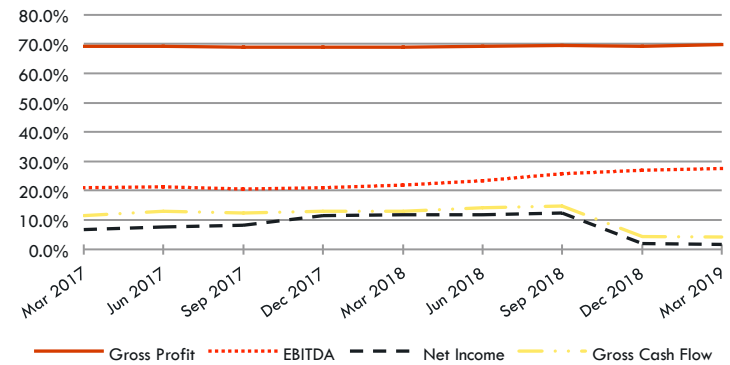
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of Cardiovascular Equipment Companies



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



Public Company Median Multiples by Quarter

| | 6/30/20 | 3/31/20 | 12/31/19 | 9/30/19 | 6/30/19 | 3/31/19 | 12/31/18 | 9/30/18 |
|-------------------------------------|---------|---------|----------|---------|---------|---------|----------|---------|
| EV/Revenues Multiple | 6.0x | 5.4x | 4.5x | 4.5x | 5.2x | 4.9x | 4.5x | 4.1x |
| EV/EBITDA Multiple | 23.0x | 20.0x | 19.9x | 20.3x | 22.3x | 22.3x | 19.0x | 15.7x |
| Price/Earnings Multiple | 46.6x | 46.4x | 45.6x | 44.1x | 44.3x | 44.7x | 36.0x | 34.8x |
| EV/Gross Cash Flows Multiple | 55.2x | 64.1x | 45.8x | 54.7x | 40.7x | 39.2x | 31.9x | 30.6x |

■ Highest Multiple

■ Lowest Multiple

■ Median Multiple

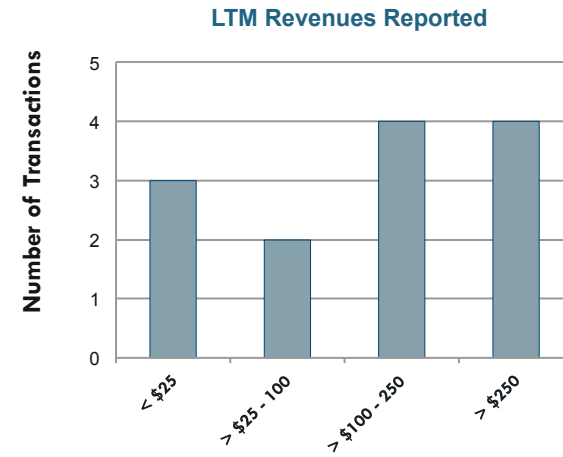
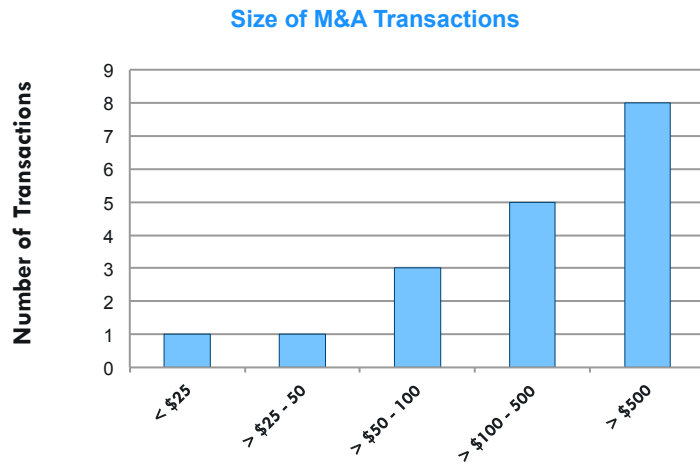
Industry Initial Public Offerings—Cardiovascular (dollars in millions, except share prices)

| Offer Date | Company Name | Offer Price | Shares Offered | Amount Raised | Total Assets | Debt | LTM Revenues | LTM EBITDA | LTM Net Income | LTM Cash Flows |
|------------|---|-------------|----------------|---------------|---------------|--------------|--------------|----------------|----------------|----------------|
| 6/30/20 | Hancock Jaffe Laboratories, Inc. | \$5.00 | 15.1 | \$22.1 | \$1.5 | \$3.8 | \$0.0 | (\$6.3) | (\$7.0) | (\$6.3) |
| 2/17/20 | Sphere Medical Holding PLC | \$1.46 | 7.0 | \$10.4 | \$4.4 | \$1.5 | \$4.5 | (\$7.0) | (\$3.4) | (\$3.0) |
| 9/18/19 | Kips Bay Medical, Inc. | \$1.50 | 2.1 | \$16.5 | \$7.2 | \$0.0 | \$0.2 | (\$3.3) | (\$10.2) | (\$8.6) |
| 8/10/18 | BioTelemetry, Inc. | \$8.00 | 4.5 | \$81.0 | \$103.0 | \$2.8 | \$64.9 | (\$8.6) | (\$0.4) | \$8.9 |
| 3/18/17 | Volcano Corporation | \$18.00 | 6.8 | \$54.4 | \$62.0 | \$31.1 | \$95.3 | \$4.8 | (\$17.8) | \$0.5 |
| 6/14/06 | Lombard Medical Technologies Limited | \$8.00 | 14.4 | \$47.0 | \$11.8 | \$7.4 | \$0.1 | (\$4.2) | (\$13.0) | (\$8.2) |
| 12/12/05 | AtriCure, Inc. | \$2.82 | 4.0 | \$48.0 | \$12.4 | \$0.0 | \$25.5 | (\$9.5) | (\$9.7) | (\$3.7) |
| 8/5/05 | Stereotaxis, Inc. | \$12.00 | 5.5 | \$44.0 | \$41.1 | \$6.0 | \$9.9 | (\$5.8) | (\$30.5) | (\$29.2) |
| | Median of all IPOs | nm | nm | \$45.5 | \$12.1 | \$3.3 | \$7.2 | (\$6.1) | (\$9.9) | (\$5.0) |

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

| Transaction Date | Target | Acquirer | Transaction Size | % Bought | LTM Revenues | EV/ Revenues |
|---|-------------------------------|---|------------------|-------------|----------------|--------------|
| 6/29/20 | C. R. Bard, Inc. | Becton, Dickinson | \$25,785.2 | 100% | \$3,779.3 | 6.6x |
| 12/1/19 | JOTEC GmbH | CryoLife, Inc. | \$253.6 | 100% | \$51.0 | 5.0x |
| 8/9/19 | The Spectranetics Corporation | Philips Holding USA Inc. | \$2,117.3 | 100% | \$277.6 | 7.5x |
| 2/17/18 | Vascular Solutions, Inc. | Teleflex Incorporated | \$1,007.2 | 100% | \$160.0 | 6.1x |
| 1/29/18 | St. Jude Medical, Inc. | Abbott Laboratories | \$30,336.5 | 100% | \$5,644.0 | 5.3x |
| 1/3/17 | Selexys Pharmaceuticals | Novartis AG | \$665.0 | 100% | N/A | N/A |
| 1/3/17 | Creganna-Tactx Medical | Tyco Electronics UK Holdings Ltd. | \$895.0 | 100% | \$249.0 | 3.6x |
| 11/18/16 | Thoratec Corp. | St. Jude Medical, Inc.; SJM International, Inc. | \$3,683.3 | 100% | \$483.8 | 7.0x |
| 4/4/16 | Lazarus Effect, Inc. | Medtronic plc | \$100.0 | 100% | N/A | N/A |
| 10/8/15 | C. R. Bard, Inc. | Lombard Medical, Inc. | \$49.0 | 81% | N/A | N/A |
| 9/28/15 | CardioInsight Technologies | Medtronic plc | \$123.0 | 100% | N/A | N/A |
| 7/30/15 | CardioMEMS, Inc. | St. Jude Medical Inc. | \$375.0 | 100% | N/A | N/A |
| 6/18/15 | Oscor Inc., Lead Business | Sorin SpA | \$20.0 | 100% | N/A | N/A |
| 5/30/14 | CircuLite, Inc. | Heartware International | \$401.8 | 100% | \$1.3 | N/A |
| 2/20/14 | Cardiacom | Medtronic | \$200.0 | 100% | \$50.0 | 4.0x |
| 12/1/13 | eResearchTechnology | Genstar Capital | \$423.5 | 100% | \$193.7 | 1.9x |
| 8/11/13 | SunTech Medical Group | Halma | \$57.0 | 81% | \$23.0 | 2.3x |
| 7/3/12 | ZOLL Medical | Asahi Kasei | \$2,216.2 | 100% | \$544.3 | 3.9x |
| Median of the 18 M&A Transaction Targets | | | \$452.0 | 100% | \$160.0 | 5.0x |

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 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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