

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, 2017, the median 52-week share price return of the Neurological Equipment industry was -10.9%. Between December 31, 2016 and December 31, 2018, the median EV/EBITDA multiple increased from 15.9 to 16.1. However, the median price-to-earnings multiple decreased from 39.9 to 38.8 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

-10.9%

Median 3-Year CAGR
Return

-2.9%

Median EV/Revenue
Multiple

3.2x

Median EV/EBITDA
Multiple

16.1x

Median Price/Earnings
Multiple

38.8x

Median EV/Gross CF
Multiple

34.3x

Comparable Public Company Market Price Returns as of December 31, 2018

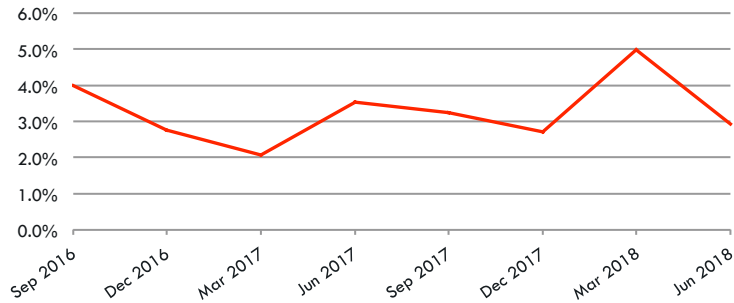
	YTD	3 Month	1 Year	2 Year	2017	2016	2015	2014
Globus Medical, Inc.	5.3%	12.5%	52.2%	44.8%	65.7%	-10.8%	17.0%	17.8%
Integra LifeSciences Holdings	-5.8%	2.3%	18.2%	28.2%	11.6%	26.6%	25.0%	13.7%
Natus Medical Incorporated	-10.9%	3.3%	-7.5%	-6.4%	9.8%	-27.6%	33.3%	60.2%
NeuroMetrix, Inc.	-56.0%	1.5%	-51.3%	-69.0%	-70.7%	-62.7%	-74.6%	-33.2%
NuVasive, Inc.	-15.3%	36.2%	-32.2%	3.6%	-13.2%	24.5%	14.7%	45.9%
Median of Industry Public Companies	10.9%	3.3%	-7.5%	3.6%	9.8%	-10.8%	17.0%	17.8%

Multiple year periods are calculated as the average annual return.

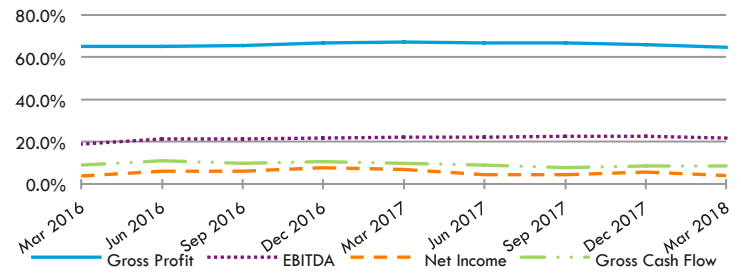
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17	3/31/17	12/31/16
EV/Revenues Multiple	3.2x	4.0x	3.1x	3.7x	4.6x	4.1x	3.8x	3.6x
EV/EBITDA Multiple	16.1x	20.8x	20.8x	16.8x	20.5x	17.9x	15.2x	16.7x
Price/Earnings Multiple	38.8x	62.6x	61.6x	43.8x	64.3x	42.0x	34.7x	40.7x
EV/Gross Cash Flows Multiple	34.3x	30.6x	30.9x	27.2x	50.0x	36.7x	28.8x	31.7x

■ 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
11/3/16	Neurotech International Limited	\$0.15	35.0	\$5.4	\$2.2	\$0.7	\$0.2	(\$2.7)	(\$3.3)	(\$2.6)
8/2/12	Globus Medical, Inc.	\$12.00	8.3	\$100.0	\$354.8	\$0.0	\$347.9	\$121.4	\$63.9	\$138.8
6/27/12	Tesaro, Inc.	\$13.50	6.0	\$81.0	\$93.0	\$0.0	\$0.0	(\$23.2)	(\$23.2)	(\$23.2)
4/30/12	Supernus Pharmaceuticals, Inc.	\$5.00	3.4	\$50.0	\$53.7	\$29.5	\$0.8	(\$36.9)	\$53.8	(\$36.2)
2/10/11	Kips Bay Medical, Inc.	\$8.00	2.1	\$16.5	\$7.2	\$0.0	\$0.1	(\$8.7)	(\$10.2)	(\$8.6)
2/2/11	Tornier N.V.	\$19.00	8.8	\$166.3	\$499.2	\$133.8	\$223.4	\$13.2	(\$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	\$14.2	\$2.3	\$1.0	\$2.6
8/2/10	Trius Therapeutics LLC	\$5.00	4.7	\$50.0	\$18.7	\$19.8	\$5.4	(\$18.8)	(\$20.4)	(\$18.1)
Median of all IPOs		nm	nm	\$53.0	\$37.0	\$6.4	\$9.8	(\$6.5)	(\$8.3)	(\$6.1)

Multiple year periods are calculated as the average annual return.

■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought
12/8/16	Topera, Inc.	Abbott Laboratories	\$550.0	100%
11/3/16	Triangle BioSystems, Inc.	Harvard Bioscience Inc.	\$2.1	100%
10/5/16	NuPathe, Inc.	Teva Pharmaceutical Industries Limited	\$280.6	100%
7/12/16	Victhom Human Bionics	Ergoresearch Ltd.	\$3.0	100%
5/17/16	NeuroLogica Corp.	Samsung Electronics	\$153.7	100%
4/28/16	Surpass Medical Ltd.	Stryker Corporation	\$135.0	100%
2/28/16	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
 ■ Highest
 ■ Lowest
 ■ Median

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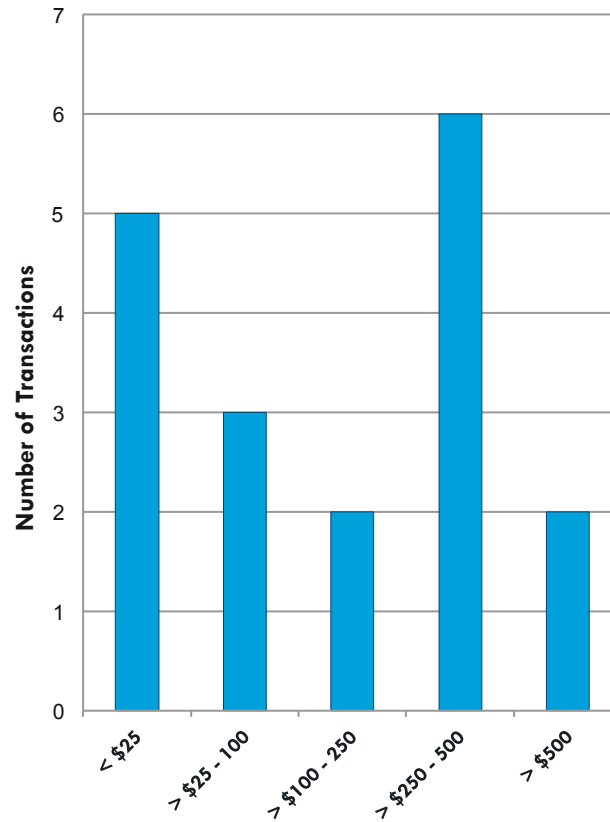
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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 18 M&A Transaction Targets			\$144.4	100%

USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of December 31, 2018



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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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