

VALUE FOCUS

Medical Device Industry



Third Quarter 2017

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Stock Market Performance

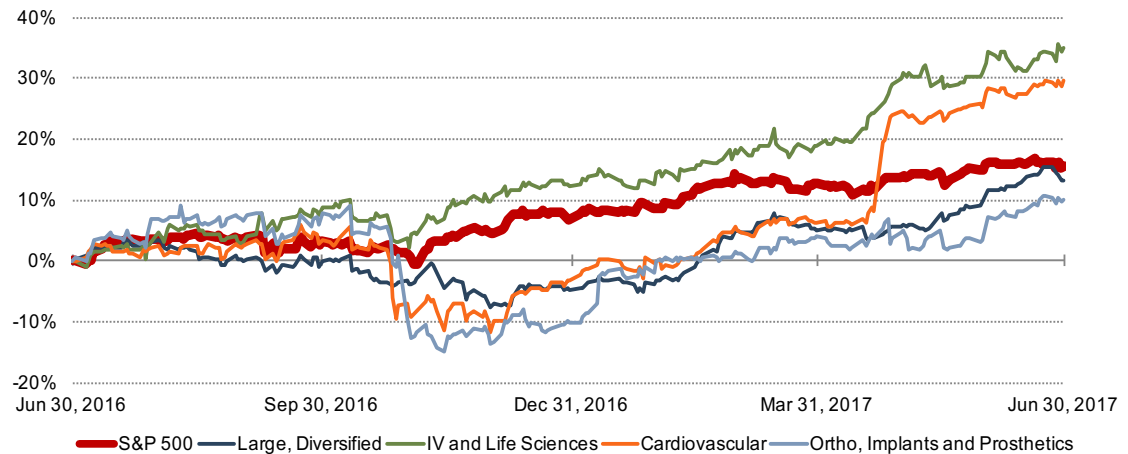
The medical device sector registered a mixed performance relative to the broader markets over the twelve month period to June 2017. In aggregate, device stocks increased 15.8% compared to a 15.5% gain for the S&P 500. The device space had a strong first half of 2017, outperforming the S&P 500 by 13.3% (appreciation of 21.5% for the device sector compared to an 8.2% increase for the S&P 500). The Cardiovascular subsector gained the most during the first half of 2017, with stock price appreciation north of 30%. Orthopedic, IVD, and large, diversified company's gains ranged from 19% to 22% over the same period. Revenue and EBITDA multiples in 2Q17 expanded across each medtech sector relative to the prior quarter and 2Q16.

- » IVD companies exhibited the strongest subsector price appreciation over the year, rising 34.8% from the end of 2Q16 to 2Q17 (compared to 15.5% for the S&P 500). The sector increased 20.1% in the first half of 2017, driven by a number of large movers through mid-2017. OraSure Technologies increased nearly 100% in the first half of 2017 and over 200% YOY, coinciding with a new partnership with the Bill & Melinda Gates Foundation to support the affordable sales of the OraQuick HIV Self-Test in 50 developing countries. Other large movers over the first half of 2017 included Enzo Biochem (59.1%) and Bio-Rad Labs (24.2%).
- » Cardiovascular stocks increased a collective 29.6% over the year to 2Q17, with returns especially robust in the first half of 2017 (33.8%). C.R. Bard's price appreciated significantly in 2Q17 following Becton Dickinson's announcement to acquire the company. The transaction is expected to close in the fourth quarter of 2017. Spectranetics also moved strongly on news of its acquisition by Phillips, which was announced in late 2Q17.
- » The orthopedic, implants and prosthetics sector gained a collective 22.4% over the first half of 2017 following stock declines in the second half of 2016. Wright Medical's stock appreciated 19.6% in the first half of 2017 and 58.3% YOY despite weakness in 2Q17 (11.7% decline). RTI Surgical's stock was up 80% in the first half of 2017, driven by stronger than expected revenues and recent regulatory approvals. Additionally, RTI has become part of a U.S. public-private manufacturing

initiative, the Advanced Regenerative Manufacturing Institute (ARMI). ARMI will work under the umbrella of Manufacturing USA, a public-private network that invests in the development of advanced manufacturing technologies. Other large orthopedic movers over the first half of 2017 included Orthofix (28.5%) and Integra Life Sciences (27.1%).

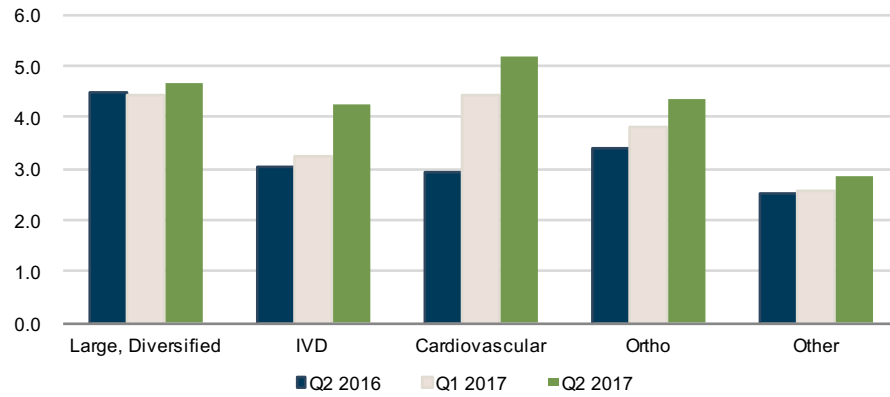
- » The group of large, diversified companies gained 13.1% in the year prior to 2Q17, slightly trailing the S&P 500 over the same period. The group outperformed broader markets in the first half of 2017 (18.9% compared to 8.2%). Large movers in the first half included Abbott (28.2%) and Baxter International (37.3%).

Stock Price Movement



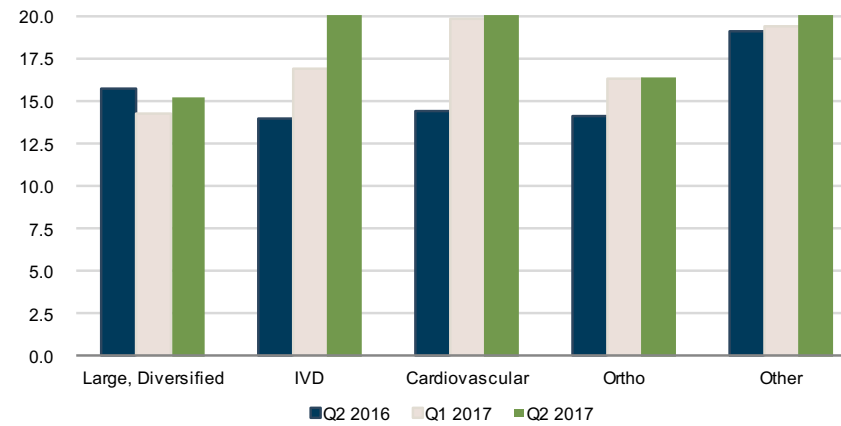
Represents market capitalization weighted index for each group. Source: Bloomberg, Mercer Capital analysis

Revenue Multiples



Median Revenue multiples from each MCM group. Data source: Bloomberg

EBITDA Multiples



Median EBITDA multiples from each MCM group. Data source: Bloomberg

Venture Capital Funding & Exit Activity

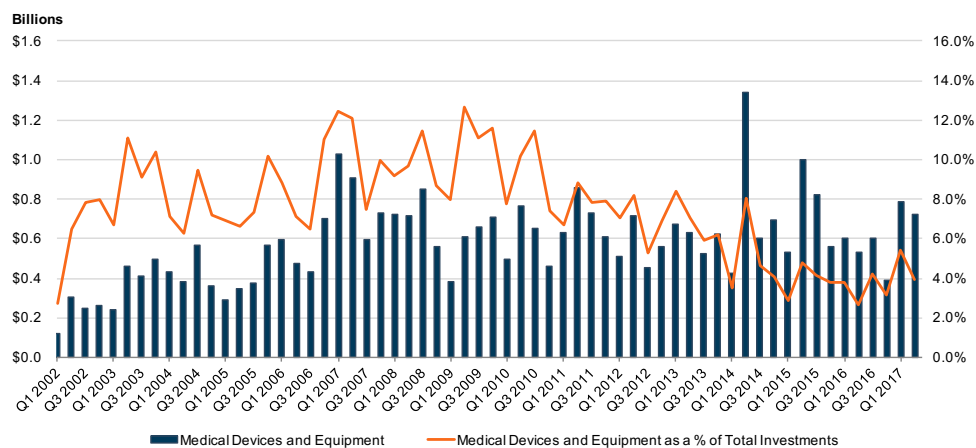
Venture Capital funding in the medical device industry **was lower in 2Q17** compared to the prior quarter, falling 8.2% to \$723 million. Funding during the quarter was still above the recent two year average (\$668.7 million). Overall healthcare VC funding remains robust at \$3.0 billion in the quarter and \$7.0 billion through the first half of 2017, the highest half-year funding amount since the PwC MoneyTree publication began. Medical device deal volume declined slightly to 53 in 2Q17 compared to 66 in the prior quarter, though volume was slightly above the sector's trailing two year average (52).

- » Total VC funding in all sectors jumped nearly \$4.0 billion to \$18.4 billion in 2Q17, the highest level of VC funding since 2Q16. Healthcare investment funding fell slightly to \$3.0 billion in 2Q17 following record financing rounds in 1Q17. First half 2017 financing included Grail and Verily Life Sciences raising \$900 million and \$800 million in the 1Q17, while Guardant Health took in \$360 million in 2Q17.
- » VC investments in medical device companies accounted for 3.9% of all VC investments during 2Q17 compared to 5.5% in the prior quarter. This decline represented both a small decline in medical device funding and large jump in VC funding directed towards other sectors.
- » Despite a decline in deal volume and total funding, average deal size for medical device deals was \$13.6 million in 2Q17, up from \$11.9 million in the previous quarter.

Venture Capital Funding & Exit Activity (continued)

VC exit activity continues to **gradually decline** from heightened levels seen over the last few years. Exit value totaled \$10.5 billion in 2Q17 through 156 transactions, compared to \$14.6 billion on 192 exits in 1Q17 and \$17.2 billion on 211 exits in 2Q16. During **2Q17** there were 36 exits in the medical device sector: 30 merger and acquisition deals and six IPOs.

Venture Capital Investments in Medical Devices



Data Source: MoneyTree Report; PwC/NVCA, Thomson Reuters, Mercer Capital analysis

Medical Devices Select Transactions Summary

(\$Millions)

| Acquirer | Target | Announce Date | Closed Date | Implied EV | Implied Enterprise Value | | | Sector |
|--|--|---------------|-------------|------------|--------------------------|--------|---------|----------------------------------|
| | | | | | EBIT | EBITDA | Revenue | |
| Becton, Dickinson and Company | C. R. Bard, Inc. | 4/23/17 | NA | 24,894.5 | 25.8x | 21.4x | 6.59x | Healthcare Equipment |
| Thermo Fisher (CN) Luxembourg S.à r.l. | Patheon N.V. | 5/15/17 | 9/13/17 | 7,205.3 | 31.4x | 20.5x | 3.73x | Life Sciences Tools and Services |
| Avantor Performance Materials, Inc. | VWR Corporation | 5/4/17 | NA | 6,476.9 | 18.7x | 13.5x | 1.42x | Life Sciences Tools and Services |
| Pamplona Capital Management LLP | PAREXEL International Corporation | 6/19/17 | 9/29/17 | 5,007.4 | 21.0x | 14.6x | 2.39x | Life Sciences Tools and Services |
| INC Research Holdings, Inc. | inVentiv Health, Inc. | 5/9/17 | 8/1/17 | 4,195.8 | 19.6x | 13.7x | 1.95x | Life Sciences Tools and Services |
| Philips Holding USA Inc. | The Spectranetics Corporation | 6/27/17 | 8/9/17 | 2,073.4 | NM | NM | 7.47x | Healthcare Supplies |
| GTCR, LLC; The Carlyle Group L.P.; Carlyle Partners VI, L.P.; GTCR Fund XI/A LP; Gtcr Fund Xi/c Lp; Gtcr Co-Invest XI LP | Albany Molecular Research, Inc. | 6/5/17 | 8/31/17 | 1,593.5 | 113.7x | 22.2x | 2.53x | Life Sciences Tools and Services |
| PerkinElmer, Inc. | EUROIMMUN Medizinische Labordiagnostika AG | 6/16/17 | NA | 1,339.9 | NA | NA | NA | Healthcare Supplies |
| Astellas Pharma Inc. | Ogeda SA | 4/2/17 | 5/17/17 | 855.4 | NA | NA | NA | Life Sciences Tools and Services |
| Bioerativ Inc. | True North Therapeutics, Inc. | 5/22/17 | 6/28/17 | 825.0 | NA | NA | NA | Biotechnology |
| Stryker Corporation | Novadaq Technologies Inc. | 6/16/17 | 9/1/17 | 644.5 | NM | NM | 7.73x | Healthcare Equipment |
| CSL Behring Asia Pacific Ltd | Wuhan Zhongyuan Ruide Biological Product Co., Ltd. | 6/12/17 | 8/3/17 | 439.8 | NA | NA | NA | Biotechnology |
| Apax Partners (Israel) Ltd | Syneron Medical Ltd. | 4/2/17 | 7/17/17 | 344.2 | 73.9x | 25.7x | 1.16x | Healthcare Equipment |

Only deals with available deal size information shown. | Data Source: Bloomberg and Capital IQ

Medical Devices Select Transactions Summary *(continued)*

(\$Millions)

| Acquirer | Target | Announce Date | Closed Date | Implied EV | Implied Enterprise Value | | | Sector |
|---|--|---------------|-------------|------------|--------------------------|--------|---------|----------------------------------|
| | | | | | EBIT | EBITDA | Revenue | |
| Boai NKY Pharmaceuticals Ltd. | BioVision, Inc. | 6/7/17 | NA | 290.0 | NA | NA | NA | Life Sciences Tools and Services |
| NantCell, Inc. | Altor BioScience Corporation | 6/27/17 | NA | 290.0 | NA | NA | NA | Biotechnology |
| BioTelemetry, Inc. | LifeWatch AG | 4/9/17 | 6/28/17 | 259.7 | NM | 23.0x | 2.28x | Healthcare Equipment |
| Yantai Dongcheng Biochemicals Co., Ltd. | JYAMS PET Research & Development Limited | 6/23/17 | NA | 236.0 | 20.2x | NA | 8.68x | Biotechnology |
| Gurnet Point Capital Limited | Innocoll Holdings plc | 4/4/17 | 7/24/17 | 232.1 | NM | NM | 57.76x | Healthcare Equipment |
| Shanghai Runda Medical Technology Co., Ltd. | ReLIA Biotechnologies (Shenzhen), Inc. | 5/8/17 | NA | 173.3 | 29.3x | NA | 8.50x | Healthcare Equipment |
| Horizon Pharma Public Limited Company | River Vision Development Corp. | 5/7/17 | 5/8/17 | 145.6 | NA | NA | NA | Biotechnology |
| Novanta Europe GmbH | WOM World of Medicine AG | 6/6/17 | 7/3/17 | 132.2 | NA | 10.0x | 1.50x | Healthcare Equipment |
| Eurazeo SA (nka:Eurazeo SE) | InTech Medical S.A.S. | 6/7/17 | NA | 109.7 | NA | NA | 1.77x | Healthcare Equipment |
| Church & Dwight Co., Inc. | Agro BioSciences, Inc. | 5/1/17 | 5/1/17 | 100.0 | NA | NA | 9.09x | Biotechnology |
| Sulzer Ltd | SIMCRO LIMITED | 5/17/17 | NA | 91.4 | NA | NA | NA | Healthcare Supplies |
| Zoetis Inc. | Nexvet Biopharma Public Limited Company | 4/13/17 | 7/31/17 | 81.4 | NM | NM | NA | Biotechnology |
| Savaria Corporation | Span-America Medical Systems, Inc. | 5/1/17 | 6/16/17 | 73.7 | 12.0x | 10.1x | 1.19x | Healthcare Supplies |
| Beijing Strong Biotechnologies, Inc. | Beijing MDC New Spring Medical Devices Co., Ltd. | 5/2/17 | NA | 48.2 | NA | NA | 6.61x | Healthcare Equipment |

Only deals with available deal size information shown. | Data Source: Bloomberg and Capital IQ

Medical Devices Select Transactions Summary *(continued)*

(\$Millions)

| Acquirer | Target | Announce Date | Closed Date | Implied EV | Implied Enterprise Value | | | Sector |
|---|--|---------------|-------------|------------|--------------------------|--------|---------|----------------------------------|
| | | | | | EBIT | EBITDA | Revenue | |
| HLB Life Science Co.,Ltd. | LifeLiver Co, Ltd | 3/31/17 | NA | 46.2 | NA | NA | NA | Healthcare Equipment |
| Philips Holding USA Inc. | Electrical Geodesics, Inc. | 6/21/17 | 7/21/17 | 37.4 | NM | NM | 2.30x | Healthcare Equipment |
| Sientra, Inc. | Miramar Labs, Inc. | 6/11/17 | 7/25/17 | 34.0 | NM | NM | 1.70x | Healthcare Equipment |
| Kush Bottles, Inc. | CMP Wellness, LLC | 5/1/17 | 5/1/17 | 33.3 | NA | NA | 10.74x | Healthcare Supplies |
| Aytu BioScience, Inc. | Nuelle, Inc. | 5/3/17 | 5/5/17 | 32.6 | NA | NA | NA | Healthcare Equipment |
| WJR Biotech, Inc.; Fantasy Art Limited; Shenzhen ReLIA Biotechnologies Enterprise (Limited Partnership) | ReLIA Biotechnologies (Shenzhen), Inc. | 4/17/17 | NA | 32.0 | 5.5x | NA | 1.60x | Healthcare Equipment |
| EnteroMedics Inc. | BarioSurg, Inc. | 5/22/17 | 5/22/17 | 31.3 | NA | NA | NA | Healthcare Equipment |
| Sugentech Incorporate | K-MAC BIO CENTER Corp. | 6/15/17 | NA | 14.8 | NA | NA | NA | Healthcare Equipment |
| Sygnis AG | Innova Biosciences Ltd. | 5/8/17 | 6/21/17 | 14.6 | NA | NA | NA | Life Sciences Tools and Services |
| Medidata Solutions, Inc. | Mytrus, Inc. | 4/17/17 | 4/18/17 | 14.0 | NA | NA | NA | Life Sciences Tools and Services |
| Zhejiang Xianju Pharmaceutical Co.,Ltd. | Occulo Holdings, LLC | 5/23/17 | NA | 12.0 | NA | NA | NA | Biotechnology |

Only deals with available deal size information shown. | Data Source: Bloomberg and Capital IQ

Select Operating Metrics

| Segment | Gross Margin | | EBITDA Margin | | Operating Margin | | R&D / Revenue | |
|-------------------------------|--------------|--------------|---------------|--------------|------------------|-------------|---------------|-------------|
| | Q2 2017 | Q1 2017 | Q2 2017 | Q1 2017 | Q2 2017 | Q1 2017 | Q2 2017 | Q1 2017 |
| Large, Diversified | 66.2% | 65.9% | 29.1% | 28.0% | 12.4% | 15.2% | 7.4% | 7.1% |
| IVD & Life Sciences | 54.6% | 57.3% | 16.8% | 17.7% | 10.2% | 10.9% | 9.5% | 9.3% |
| Cardiovascular | 69.0% | 68.5% | 19.4% | 19.5% | 9.6% | 9.3% | 8.4% | 8.0% |
| Ortho, Implants & Prosthetics | 72.6% | 71.0% | 17.1% | 17.3% | 4.8% | 5.2% | 5.8% | 7.0% |
| Other | 52.7% | 52.7% | 6.1% | 5.3% | 0.1% | 0.0% | 8.1% | 8.2% |
| All Companies | 56.7% | 57.6% | 17.5% | 18.1% | 8.7% | 9.3% | 7.5% | 7.7% |

| Segment | Historical Rev Growth | | LT Fwd Op Earn Grwth | | Debt / EV | | Debt / EBITDA | |
|-------------------------------|-----------------------|-------------|----------------------|--------------|-------------|-------------|---------------|------------|
| | Quarterly | Annual | Q2 2017 | Q1 2017 | Q2 2017 | Q1 2017 | Q2 2017 | Q1 2017 |
| Large, Diversified | 1.2% | 2.1% | 9.9% | 9.5% | 13.4% | 14.0% | 2.6 | 2.4 |
| IVD & Life Sciences | 1.4% | 4.8% | 11.0% | 11.5% | 6.7% | 7.7% | 1.7 | 1.6 |
| Cardiovascular | 2.6% | 13.1% | 15.0% | 16.3% | 5.6% | 6.8% | 1.0 | 1.5 |
| Ortho, Implants & Prosthetics | 1.0% | 4.4% | 13.0% | 13.0% | 17.3% | 21.4% | 3.2 | 3.6 |
| Other | 0.7% | 6.4% | 15.0% | 12.2% | 2.0% | 1.4% | 0.0 | 0.0 |
| All Companies | 1.3% | 6.9% | 12.5% | 12.0% | 7.0% | 8.6% | 1.3 | 1.4 |

Median measures for each group. | Data Source: Bloomberg, Mercer Capital Analysis

Public Medical Device Companies

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|--------------------------------|----------|----------|----------|---------------|--------|-------------|------------|------------|------------|------------|------------|-------------|-----------------|-------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | Q2 2017 | Q2 2017 | Q2 2017 | FY 2017 | FY 2018 | Q2 2017 | Q2 2017 | 2017 | 2018 |
| Large, Diversified | | | | | | | | | | | | | | |
| Abbott Laboratories | \$48.34 | \$44.04 | \$37.41 | 9.8% | 29.2% | \$98,733.6 | \$23,607.0 | \$7,078.0 | \$7,258.4 | \$7,812.6 | 4.18 | 13.9 | 13.6 | 12.6 |
| Baxter International Inc | \$60.54 | \$52.11 | \$44.33 | 16.2% | 36.6% | \$32,625.1 | \$10,283.0 | \$2,184.0 | \$2,370.9 | \$2,631.3 | 3.17 | 14.9 | 13.8 | 12.4 |
| Becton Dickinson and Co | \$195.11 | \$183.01 | \$165.51 | 6.6% | 17.9% | \$53,681.3 | \$12,157.0 | \$3,539.0 | \$3,562.4 | \$3,938.6 | 4.42 | 15.2 | 15.1 | 13.6 |
| Boston Scientific Corp | \$27.72 | \$24.45 | \$23.03 | 13.4% | 20.4% | \$43,599.8 | \$8,713.0 | \$2,265.0 | \$2,524.3 | \$2,788.2 | 5.00 | 19.2 | 17.3 | 15.6 |
| Medtronic PLC | \$88.29 | \$80.57 | \$83.22 | 9.6% | 6.1% | \$140,468.6 | \$29,710.0 | \$9,250.0 | \$10,057.0 | \$10,940.2 | 4.73 | 15.2 | 14.0 | 12.8 |
| Johnson & Johnson | \$132.29 | \$123.84 | \$116.18 | 6.8% | 13.9% | \$350,337.0 | \$72,531.0 | \$25,334.0 | \$26,614.3 | \$29,315.2 | 4.83 | 13.8 | 13.2 | 12.0 |
| Stryker Corp | \$138.78 | \$131.55 | \$117.27 | 5.5% | 18.3% | \$55,490.1 | \$11,957.0 | \$3,361.7 | \$3,442.4 | \$3,711.2 | 4.64 | 16.5 | 16.1 | 15.0 |
| IVD & Life Sciences | | | | | | | | | | | | | | |
| Bio-Rad Laboratories Inc | \$226.31 | \$199.25 | \$139.18 | 13.6% | 62.6% | \$6,454.0 | \$2,097.0 | \$256.0 | \$291.0 | \$353.7 | 3.08 | 25.2 | 22.2 | 18.2 |
| Bruker Corp | \$28.84 | \$22.92 | \$22.17 | 25.8% | 30.1% | \$4,539.8 | \$1,620.8 | \$272.1 | \$320.5 | \$337.5 | 2.80 | 16.7 | 14.2 | 13.5 |
| Enzo Biochem Inc | \$11.04 | \$8.19 | \$5.82 | 34.8% | 89.7% | \$449.7 | \$106.2 | (\$0.2) | \$0.3 | \$2.1 | 4.23 | nm | 1,583.5 | 212.1 |
| GenMark Diagnostics Inc | \$11.83 | \$12.79 | \$8.67 | -7.5% | 36.4% | \$560.2 | \$50.6 | (\$49.9) | (\$48.4) | (\$35.0) | 11.07 | nm | nm | nm |
| Haemonetics Corp | \$39.49 | \$40.64 | \$28.80 | -2.8% | 37.1% | \$2,248.4 | \$886.1 | \$178.4 | \$196.3 | \$214.0 | 2.54 | 12.6 | 11.5 | 10.5 |
| Hologic Inc | \$45.38 | \$42.71 | \$34.06 | 6.3% | 33.2% | \$15,364.2 | \$2,982.7 | \$1,035.7 | \$1,037.6 | \$1,099.0 | 5.15 | 14.8 | 14.8 | 14.0 |
| Illumina Inc | \$173.52 | \$173.16 | \$137.58 | 0.2% | 26.1% | \$24,694.9 | \$2,486.5 | \$231.0 | \$771.6 | \$956.9 | 9.93 | 106.9 | 32.0 | 25.8 |
| Luminex Corp | \$21.12 | \$18.17 | \$19.77 | 16.3% | 6.8% | \$841.3 | \$285.4 | \$50.9 | \$67.1 | \$68.1 | 2.95 | 16.5 | 12.5 | 12.4 |
| OraSure Technologies Inc | \$17.26 | \$12.70 | \$7.08 | 35.9% | 143.8% | \$890.9 | \$140.5 | \$26.7 | \$26.0 | \$30.3 | 6.34 | 33.4 | 34.3 | 29.4 |
| Quidel Corp | \$27.14 | \$22.61 | \$17.64 | 20.0% | 53.9% | \$877.3 | \$214.1 | \$41.1 | \$56.9 | \$68.9 | 4.10 | 21.4 | 15.4 | 12.7 |
| Bio-Techne Corp | \$117.50 | \$100.75 | \$107.66 | 16.6% | 9.1% | \$4,631.3 | \$541.2 | \$188.1 | \$212.4 | \$233.6 | 8.56 | 24.6 | 21.8 | 19.8 |
| Trinity Biotech PLC | \$6.00 | \$5.97 | \$11.24 | 0.5% | -46.6% | \$327.9 | \$100.9 | \$0.0 | \$14.2 | \$17.0 | 3.25 | nm | 23.1 | 19.3 |
| Vermillion Inc | \$1.84 | \$2.11 | \$1.04 | -12.8% | 76.9% | \$97.1 | \$2.9 | (\$11.9) | na | na | 33.91 | nm | nm | nm |

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|----------------------------|----------|----------|----------|---------------|--------|------------|-----------|------------|------------|-----------|------------|-------------|-----------------|---------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | | | | Q2 2017 | Q2 2017 | | | FY 2017 | FY 2018 |
| Cardiovascular | | | | | | | | | | | | | | |
| ABIOMED Inc | \$143.30 | \$125.00 | \$108.16 | 14.6% | 32.5% | \$6,041.5 | \$474.8 | \$109.2 | \$152.7 | \$359.3 | 12.72 | 55.3 | 39.6 | 16.8 |
| CR Bard Inc | \$315.85 | \$248.13 | \$231.18 | 27.3% | 36.6% | \$23,634.2 | \$3,827.5 | \$1,206.7 | \$1,317.9 | \$1,420.3 | 6.17 | 19.6 | 17.9 | 16.6 |
| BioTelemetry Inc | \$33.45 | \$29.05 | \$16.29 | 15.1% | 105.3% | \$958.5 | \$215.6 | \$41.2 | \$53.0 | \$66.4 | 4.45 | 23.3 | 18.1 | 14.4 |
| Cardiovascular Systems Inc | \$32.23 | \$28.98 | \$18.22 | 11.2% | 76.9% | \$945.7 | \$204.9 | \$6.3 | \$14.5 | \$23.8 | 4.62 | 150.8 | 65.2 | 39.8 |
| CryoLife Inc | \$19.95 | \$16.45 | \$11.72 | 21.3% | 70.2% | \$679.9 | \$183.2 | \$30.8 | \$26.7 | na | 3.71 | 22.1 | 25.5 | nm |
| Edwards Lifesciences Corp | \$118.24 | \$93.86 | \$96.91 | 26.0% | 22.0% | \$24,692.1 | \$3,232.4 | \$1,040.7 | \$1,115.8 | \$1,261.4 | 7.64 | 23.7 | 22.1 | 19.6 |
| Integer Holdings Corp | \$43.25 | \$40.00 | \$30.30 | 8.1% | 42.7% | \$2,972.4 | \$1,414.3 | \$277.0 | \$290.3 | \$308.0 | 2.10 | 10.7 | 10.2 | 9.7 |
| LeMaitre Vascular Inc | \$31.22 | \$24.22 | \$13.80 | 28.9% | 126.2% | \$557.1 | \$96.4 | \$20.1 | \$24.8 | \$30.1 | 5.78 | 27.7 | 22.5 | 18.5 |
| Merit Medical Systems Inc | \$38.15 | \$29.23 | \$19.48 | 30.5% | 95.8% | \$2,108.6 | \$672.3 | \$106.3 | \$123.8 | \$138.7 | 3.14 | 19.8 | 17.0 | 15.2 |
| Spectranetics Corp/The | \$38.40 | \$28.40 | \$18.32 | 35.2% | 109.6% | \$1,948.8 | \$277.6 | (\$15.4) | (\$24.5) | (\$6.4) | 7.02 | nm | nm | nm |

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|--|----------|----------|----------|---------------|--------|------------|-----------|------------|------------|-----------|------------|-------------|-----------------|---------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | | | | Q2 2017 | Q2 2017 | | | FY 2017 | FY 2018 |
| Ortho, Implants and Prosthetics | | | | | | | | | | | | | | |
| Alphatec Holdings Inc | \$1.85 | \$2.41 | \$4.14 | -23.3% | -55.3% | \$60.8 | \$125.6 | (\$0.6) | na | na | 0.48 | nm | nm | nm |
| Exactech Inc | \$29.80 | \$25.85 | \$26.17 | 15.3% | 13.9% | \$431.6 | \$263.0 | \$45.1 | \$49.7 | \$52.5 | 1.64 | 9.6 | 8.7 | 8.2 |
| Globus Medical Inc | \$33.15 | \$29.39 | \$23.83 | 12.8% | 39.1% | \$2,811.9 | \$595.4 | \$208.2 | \$220.4 | \$248.1 | 4.72 | 13.5 | 12.8 | 11.3 |
| Integra LifeSciences Holdings Corp | \$54.51 | \$42.33 | \$39.00 | 28.8% | 39.8% | \$4,847.5 | \$1,046.8 | \$247.3 | \$261.7 | \$298.1 | 4.63 | 19.6 | 18.5 | 16.3 |
| NuVasive Inc | \$76.92 | \$75.32 | \$59.27 | 2.1% | 29.8% | \$4,427.6 | \$1,021.2 | \$233.2 | \$283.1 | \$320.9 | 4.34 | 19.0 | 15.6 | 13.8 |
| Orthofix International NV | \$46.48 | \$38.34 | \$42.43 | 21.2% | 9.5% | \$797.0 | \$413.8 | \$57.8 | \$72.8 | \$78.1 | 1.93 | 13.8 | 10.9 | 10.2 |
| RTI Surgical Inc | \$5.85 | \$3.85 | \$3.58 | 51.9% | 63.4% | \$467.7 | \$275.5 | \$14.2 | \$33.3 | \$41.6 | 1.70 | 32.9 | 14.0 | 11.2 |
| Wright Medical Group NV | \$27.49 | \$31.15 | \$16.50 | -11.7% | 66.6% | \$3,469.7 | \$707.2 | \$33.2 | \$81.4 | \$124.9 | 4.91 | 104.6 | 42.6 | 27.8 |
| Zimmer Biomet Holdings Inc | \$128.40 | \$121.13 | \$118.19 | 6.0% | 8.6% | \$36,124.8 | \$7,777.6 | \$2,743.5 | \$3,024.6 | \$3,176.0 | 4.64 | 13.2 | 11.9 | 11.4 |

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|---|----------|----------|----------|---------------|--------|------------|-----------|------------|------------|-----------|------------|-------------|-----------------|---------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | | | | Q2 2017 | Q2 2017 | | | Q2 2017 | FY 2017 |
| Cosmetics | | | | | | | | | | | | | | |
| Cutera Inc | \$25.90 | \$20.70 | \$10.99 | 25.1% | 135.7% | \$310.5 | \$124.9 | \$5.2 | \$11.2 | \$15.4 | 2.49 | 59.9 | 276 | 20.1 |
| PhotoMedex Inc | \$1.18 | \$1.81 | \$1.30 | -34.8% | -9.2% | \$2.1 | \$30.7 | (\$1.6) | na | na | 0.07 | nm | nm | nm |
| Dental | | | | | | | | | | | | | | |
| Align Technology Inc | \$150.12 | \$113.96 | \$79.85 | 31.7% | 88.0% | \$11,382.8 | \$1,238.6 | \$284.3 | \$355.3 | \$454.1 | 9.19 | 40.0 | 32.0 | 25.1 |
| DENTSPLY SIRONA Inc | \$64.84 | \$62.56 | \$61.13 | 3.6% | 6.1% | \$16,062.2 | \$3,873.2 | \$907.1 | \$972.8 | \$1,066.1 | 4.15 | 17.7 | 16.5 | 15.1 |
| Pediatric Medical Devices | | | | | | | | | | | | | | |
| Natus Medical Inc | \$37.30 | \$38.55 | \$37.27 | -3.2% | 0.1% | \$1,263.5 | \$445.5 | \$66.7 | \$81.3 | \$93.0 | 2.84 | 18.9 | 15.5 | 13.6 |
| Surgery and Life Support Devices | | | | | | | | | | | | | | |
| AtriCure Inc | \$24.25 | \$18.86 | \$14.39 | 28.6% | 68.5% | \$827.0 | \$166.0 | (\$19.1) | (\$4.7) | \$3.2 | 4.98 | nm | nm | 259.4 |
| Intuitive Surgical Inc | \$935.37 | \$766.26 | \$657.72 | 22.1% | 42.2% | \$32,636.3 | \$2,870.2 | \$1,085.1 | \$1,167.5 | \$1,318.3 | 11.37 | 30.1 | 28.0 | 24.8 |
| Misonix Inc | \$9.55 | \$11.75 | \$5.02 | -18.7% | 90.2% | \$74.3 | \$25.8 | (\$5.1) | na | na | 2.88 | nm | nm | nm |
| NxStage Medical Inc | \$25.07 | \$26.56 | \$21.34 | -5.6% | 17.5% | \$1,611.1 | \$374.0 | \$28.4 | \$39.6 | \$49.0 | 4.31 | 56.8 | 40.7 | 32.9 |
| Stereotaxis Inc | \$0.58 | \$0.53 | \$0.99 | 9.2% | -41.4% | \$13.3 | \$30.5 | (\$5.0) | na | na | 0.44 | nm | nm | nm |
| Surmodics Inc | \$28.15 | \$24.30 | \$23.62 | 15.8% | 19.2% | \$330.0 | \$71.2 | \$15.5 | \$8.7 | \$6.9 | 4.63 | 21.3 | 38.2 | 47.8 |
| Teleflex Inc | \$207.76 | \$194.24 | \$172.36 | 7.0% | 20.5% | \$10,668.9 | \$1,986.1 | \$528.0 | \$622.0 | \$709.8 | 5.37 | 20.2 | 17.2 | 15.0 |

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|--|----------|----------|----------|---------------|--------|------------|-----------|------------|------------|-----------|------------|-------------|-----------------|---------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | | | | Q2 2017 | Q2 2017 | | | FY 2017 | FY 2018 |
| General Hospital Devices and Supplies | | | | | | | | | | | | | | |
| CONMED Corp | \$50.94 | \$43.48 | \$45.09 | 17.1% | 13.0% | \$1,876.1 | \$772.6 | \$123.3 | \$139.3 | \$148.0 | 2.43 | 15.2 | 13.5 | 12.7 |
| Digirad Corp | \$4.05 | \$5.34 | \$4.97 | -24.1% | -18.5% | \$99.1 | \$123.4 | \$13.7 | \$13.9 | \$17.9 | 0.80 | 7.2 | 7.1 | 5.5 |
| Dynatronics Corp | \$2.80 | \$2.90 | \$2.63 | -3.4% | 6.5% | \$18.1 | \$32.7 | (\$0.9) | na | na | 0.55 | nm | nm | nm |
| FONAR Corp | \$27.75 | \$17.60 | \$19.94 | 57.7% | 39.2% | \$182.3 | \$75.9 | \$21.2 | na | na | 2.40 | 8.6 | nm | nm |
| Intuitive Surgical Inc | \$935.37 | \$766.26 | \$657.72 | 22.1% | 42.2% | \$32,636.3 | \$2,870.2 | \$1,085.1 | \$1,167.5 | \$1,318.3 | 11.37 | 30.1 | 28.0 | 24.8 |
| Masimo Corp | \$91.18 | \$93.72 | \$51.56 | -2.7% | 76.8% | \$4,360.9 | \$730.1 | \$185.8 | \$203.0 | \$217.5 | 5.97 | 23.5 | 21.5 | 20.1 |
| OPKO Health Inc | \$6.58 | \$7.97 | \$9.30 | -17.4% | -29.2% | \$3,588.7 | \$1,226.7 | \$34.2 | (\$14.9) | \$84.7 | 2.93 | 104.9 | nm | 42.4 |
| STERIS PLC | \$81.50 | \$69.24 | \$66.30 | 17.7% | 22.9% | \$8,136.3 | \$2,612.8 | \$593.5 | \$624.0 | \$675.7 | 3.11 | 13.7 | 13.0 | 12.0 |
| Varian Medical Systems Inc | \$103.19 | \$91.17 | \$71.38 | 13.2% | 44.6% | \$9,195.5 | \$2,993.2 | \$626.2 | \$519.5 | \$597.5 | 3.07 | 14.7 | 17.7 | 15.4 |
| Home Health and Consumer Devices | | | | | | | | | | | | | | |
| Invacare Corp | \$13.20 | \$11.84 | \$11.95 | 11.5% | 10.5% | \$505.4 | \$1,021.6 | (\$8.3) | (\$10.8) | \$20.6 | 0.49 | nm | nm | 24.5 |
| MSA Safety Inc | \$81.17 | \$69.36 | \$49.43 | 17.0% | 64.2% | \$3,276.1 | \$1,136.0 | \$208.7 | \$233.3 | \$262.8 | 2.88 | 15.7 | 14.0 | 12.5 |
| ResMed Inc | \$77.87 | \$71.18 | \$60.80 | 9.4% | 28.1% | \$11,300.1 | \$2,066.7 | \$568.9 | \$654.8 | \$737.0 | 5.47 | 19.9 | 17.3 | 15.3 |
| Syneron Medical Ltd | \$10.95 | \$10.60 | \$7.62 | 3.3% | 43.7% | \$304.7 | \$296.3 | \$8.2 | \$28.0 | \$35.5 | 1.03 | 37.3 | 10.9 | 8.6 |

(\$Millions, except per share figures)

Data Source: Bloomberg

Public Medical Device Companies (continued)

| | Price | | | Δ Stock Price | | EV | TTM Rev | TTM EBITDA | FWD EBITDA | | EV / Sales | EV / EBITDA | EV / FWD EBITDA | |
|---|----------|----------|----------|---------------|--------|-------------|-------------|------------|------------|------------|------------|-------------|-----------------|---------|
| | Q2 2017 | Q1 2017 | Q2 2016 | Qtrly | Annual | | | | Q2 2017 | Q2 2017 | | | Q2 2017 | FY 2017 |
| Other Medical Device | | | | | | | | | | | | | | |
| Accuray Inc | \$4.75 | \$4.70 | \$5.14 | 1.1% | -7.6% | \$480.2 | \$366.3 | \$2.9 | \$24.0 | \$34.9 | 1.31 | 165.5 | 20.0 | 13.8 |
| Allied Healthcare Products Inc | \$2.89 | \$1.97 | \$1.22 | 46.7% | 136.9% | \$10.8 | \$35.1 | (\$0.3) | na | na | 0.31 | nm | nm | nm |
| Cesca Therapeutics Inc | \$3.17 | \$3.34 | \$2.93 | -5.1% | 8.2% | \$29.1 | \$14.0 | (\$8.9) | na | na | 2.08 | nm | nm | nm |
| Cogentix Medical Inc | \$1.74 | \$1.84 | \$1.03 | -5.4% | 68.9% | \$80.4 | \$53.7 | \$3.2 | na | na | 1.50 | 25.1 | nm | nm |
| EnteroMedics Inc | \$4.98 | \$5.79 | \$19.67 | -14.0% | -74.7% | \$15.7 | \$0.8 | (\$22.2) | na | na | 20.82 | nm | nm | nm |
| Escalon Medical Corp | \$0.21 | \$0.09 | \$0.71 | 133.3% | -70.4% | \$2.0 | \$11.0 | (\$1.0) | na | na | 0.18 | nm | nm | nm |
| IRIDEX Corp | \$9.89 | \$11.98 | \$14.78 | -17.4% | -33.1% | \$90.3 | \$44.7 | (\$3.7) | na | na | 2.02 | nm | nm | nm |
| Micron Solutions Inc | \$3.90 | \$4.03 | \$4.59 | -3.2% | -15.0% | \$16.5 | \$19.9 | \$1.2 | na | na | 0.83 | 13.5 | nm | nm |
| Navidea Biopharmaceuticals Inc | \$0.51 | \$0.56 | \$0.55 | -8.7% | -7.3% | \$71.9 | \$17.8 | (\$0.8) | na | na | 4.03 | nm | nm | nm |
| Other Diversified Cos with Med-Tech Components | | | | | | | | | | | | | | |
| Agilent Technologies Inc | \$59.31 | \$53.07 | \$43.21 | 11.8% | 37.3% | \$18,715.5 | \$4,324.0 | \$1,006.0 | \$1,051.9 | \$1,162.7 | 4.33 | 18.6 | 17.8 | 16.1 |
| Danaher Corp | \$84.39 | \$85.58 | \$75.38 | -1.4% | 11.9% | \$69,447.6 | \$17,432.2 | \$3,960.3 | \$4,187.6 | \$4,539.1 | 3.98 | 17.5 | 16.6 | 15.3 |
| General Electric Co | \$27.01 | \$29.62 | \$29.60 | -8.8% | -8.7% | \$306,949.8 | \$118,260.0 | \$18,007.0 | \$19,600.9 | \$21,040.9 | 2.60 | 17.0 | 15.7 | 14.6 |
| PerkinElmer Inc | \$68.07 | \$57.78 | \$51.30 | 17.8% | 32.7% | \$8,264.6 | \$2,201.6 | \$442.5 | \$472.5 | \$512.8 | 3.75 | 18.7 | 17.5 | 16.1 |
| Thermo Fisher Scientific Inc | \$174.47 | \$153.78 | \$144.60 | 13.5% | 20.7% | \$84,441.2 | \$19,199.1 | \$4,840.1 | \$5,050.7 | \$5,427.5 | 4.40 | 17.4 | 16.7 | 15.6 |

(\$Millions, except per share figures)

Data Source: Bloomberg

Mercer Capital

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