

VALUE FOCUS

MedTech Industry

Mid-Year 2016

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Three Reasons to Consider a Valuation of Your MedTech Company

by Jay D. Wilson, Jr., CFA, ASA, CBA

"Nowadays people know the price of everything and the value of nothing."

– Oscar Wilde, *The Picture of Dorian Gray*

The above quote seems especially apt in the MedTech industry because the implied values of high-profile, private MedTech companies are often mistakenly reported by the media based on the share price paid by investors in a recently completed funding round. The problem with applying the pricing of the most recent raise to all shares is that the media rarely knows about investor preferences attributable to each funding. As a result, the value of the company is most likely overstated. Capital structures and shareholder preferences matter. *Pari passu* is not a given although it is often implicitly implied in media reports.

Consider the following example. Investors in a late-stage funding invest \$100 million in return for 100,000 convertible preferred shares that represent 10% of the company's post-raise fully diluted shares. The investors also get certain economic, control rights and other preferences with their preferred shares that earlier investors did not obtain. The headline notes that a new MedTech Unicorn has arrived because the implied value is \$1 billion based upon the \$100 million investment for the 10% interest; however, this simple calculation typically will overstate the Company's value because the majority of the shares do not have the same rights and preferences as those purchased in the most recent financing round.

Valuing companies with limited if any operating history that involves a new technology is inherently difficult. The challenge increases when the subject has a complex capital

structure. Nevertheless, valuations—whether reasonable or unreasonable—have very real economic consequences for investors, employees and other stakeholders, especially when new capital is injected into the equation. We are biased, but we believe private MedTech companies will be well served over the long-run to obtain periodic valuations from independent third parties. Reasons to do so include the following.

1. To Measure Value Creation Over Time

One of the best performance scorecard metrics to measure is value creation over extended time periods. For public companies, it is a simple process. Measure a company's total return (percentage change in share price plus the return from reinvested dividends) and compare it to other benchmark measures such as the broader market, industry, and/or peers. For example, a publicly traded pharmaceutical company whose shareholders have achieved a one-year total return of 10.0% can note on their scorecard that their performance has outpaced the returns from the S&P 500 and the S&P Life Sciences Index, which rose 4.0% and 5.6%, respectively, in the twelve months ended June 30, 2016.

For private companies, annual or more frequent valuations have to be obtained to create a realistic scorecard. Rules-of-thumb exist in every industry, but they are at best approximations and often haphazard guesses that do not take into account the key value drivers of earning power (or cash flow generation), growth, and risk. Some privately held companies like banks and financial service firms may be able to proxy value creation without annual valuations by tracking growth in book value, ROE, and dividend payments. It is much more difficult for private MedTech companies to

track their progress and value creation over time since near-term earnings are often sacrificed for top-line growth and dividends are often delayed to fund future growth. MedTech companies with little homogeneity among business models are poorly suited to measure value based upon rules-of-thumbs that are applied to revenues or even EBITDA. Every company is unique, and markets in which companies are valued are not static.

Additionally, MedTech balance sheets can have little connection to earnings capabilities as intangible assets, such as customer databases, intellectual property, patents, and the like are not recorded unless there has been an acquisition. While understandable, ignoring these items can be a mistake because intangible assets will often impact value.

It is advisable for private MedTech companies to measure value creation by having annual or more frequent valuations performed by an outside third-party. For example, consider Table 1 for Private MedTech Company that tracks returns to shareholders based upon changes in the appraised value of the shares and dividends paid over a three-year period. While the hypothetical 45% total return outwardly appears attractive, there is no context. Comparisons with publicly traded MedTech companies, broad industry indexes and realized returns following an acquisition for public and private companies will provide further relevance to the scorecard (Chart 1).

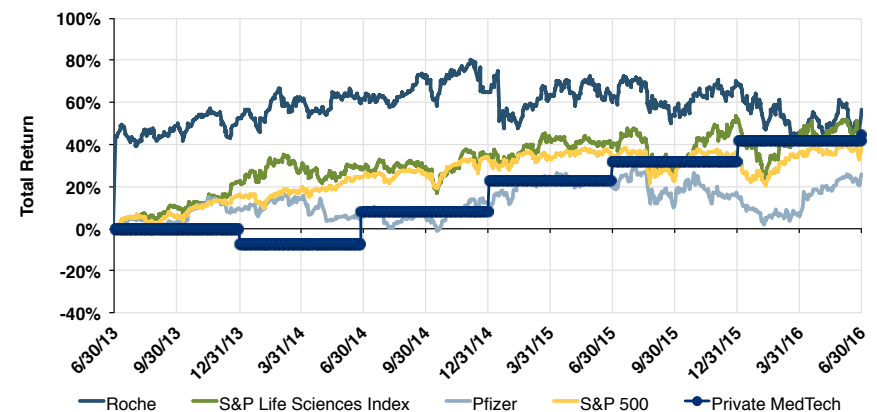
2. For Planning Purposes

Projections for an early-stage MedTech company are a given. In theory so too are rising valuations, as important milestones such as targeted market penetration, users, revenues, and EBITDA, are met. Unless the company does not require significant capital and/or internal capital generation is sufficient, the projections should incorporate additional capital raises and expected dilution based upon implicit valuations. On a go forward basis periodic valuations can be overlaid with the initial and any refreshed forecasts to measure how the company is progressing in terms of value creation relative to plan and to alternatives (e.g., a strategy pivot to a collaborative partnership from disruptor). The key is to measure and compare in order to have a contextual perspective to facilitate decision making.

Table 1: Private MedTech Company

Valuation Date	Value Per Share	Div. Per Share	Total Return (Chg. In Share Price + Div. Yield)	Cumulative Divs.
6/30/16	\$12.90	\$0.30	45.0%	\$1.60
12/31/15	\$12.90	\$0.30	42.0%	\$1.30
6/30/15	\$12.20	\$0.25	32.0%	\$1.00
12/31/14	\$11.55	\$0.25	23.0%	\$0.75
6/30/14	\$10.30	\$0.25	8.0%	\$0.50
12/31/13	\$9.00	\$0.25	-7.5%	\$0.25
6/28/13	\$10.00	na	0.0%	

Chart 1: Total Returns (%) Since 6/30/13



Source: Capital IQ

What We're Reading

Knockoffs of Biotech Drugs Bring Paltry Savings

The Wall Street Journal: Jonathan D. Rockoff

(subscription required)

Landmark Effort to Speed Drug Approvals Nears Critical Phase in Congress

Stat: David Nather

Drugmakers' Pricing Power Remains Strong

The Wall Street Journal: Joseph Walker

(subscription required)

Health Insurers Struggle to Offset New Costs

The Wall Street Journal: Louise Radnofsky & Anna Wilde Mathews

(subscription required)

The Feds Banned Elizabeth Holmes. But Will That Actually Change Anything At Theranos?

Forbes: Matthew Herper

How Telemedicine Is Transforming Health Care

The Wall Street Journal: Melinda Beck

(subscription required)

3. For Employee Ownership Plans

MedTech companies usually attract talent by offering stock ownership so that employees share in the upside should the company's valuation improve over time. Plus, stock-based compensation lessens a company's cash needs all else equal. Complex capital structures with private equity investors that have preferences vis-a-vis employees create another potential valuation wrinkle. Returns to the two groups usually will differ. Well documented, periodic valuations are critical. There have been **examples** where employees have lost money by paying taxes based upon valuations higher than the company realized in a sale. While downside exposure to a company's faltering performance and/or market conditions is the risk that comes with the potential upside of equity ownership, it is important to have a formalized valuation process to demonstrate compliance with tax and financial reporting regulations. Certainly, scrutiny from auditors, the SEC, and/or the IRS are likely at some point, but very real tax issues also can result from poorly structured or administered equity compensation plans for employees.

Conclusion

If you are interested in discussing the valuation needs for your MedTech company, please contact us. Mercer Capital has experience providing valuation and transaction advisory services to a number of large and small MedTech companies.



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Public Market Indicators

Strong LTM P/E multiples in the industry with a median of 38.9x.

Lower forward P/E multiples across the industry

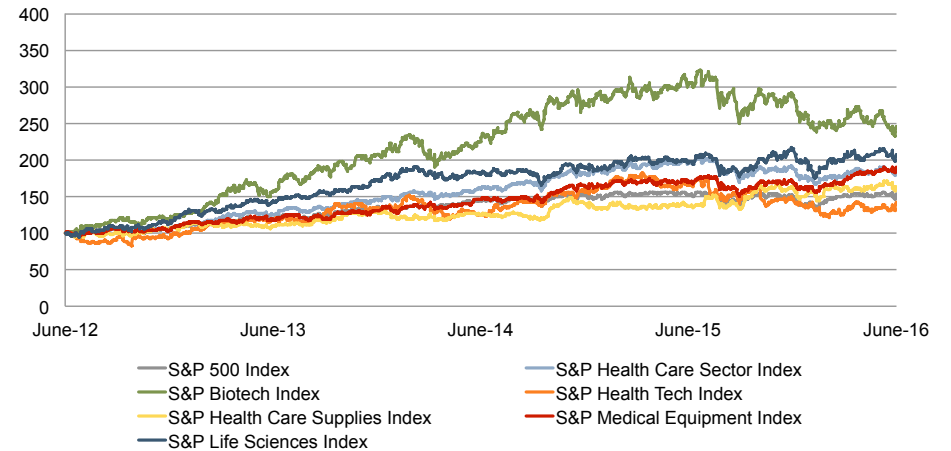
- The industry median of 22.0x was slightly below the S&P 500 forward P/E of 16.4x (per FactSet).

Segment forward P/E multiples varied widely at the end of the second quarter.

- Higher expectations for Healthcare Supplies (29.8x) vs. Biotechnology (19.7x) and Life Science Tools and Services (19.2x)

Source: NASDAQ

Medical Technology Industry Total Returns



Source: S&P Capital IQ

MedTech industry consists of Biotechnology, Healthcare Technology, Healthcare Supplies, Medical Equipment, and Life Science Tools and Services

MedTech Industry Multiples

as of June 30, 2016

Segment	EV/ Revenue	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Biotechnology	4.0	12.9	33.4%	24.2	19.7	17.9%	17.3%	1.0
Health Care Technology	4.3	18.5	14.9%	75.1	24.1	15.2%	12.4%	(0.6)
Health Care Supplies	5.2	17.1	23.9%	38.9	29.8	3.9%	0.3%	4.0
Medical Equipment	4.1	16.5	21.4%	41.3	22.7	6.9%	12.0%	3.3
Life Science Tools and Services	3.0	14.0	22.5%	28.7	19.2	2.9%	7.2%	0.7
MedTech Industry	4.1	16.3	23.2%	38.9	22.0	7.9%	10.4%	2.0

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Source: S&P Capital IQ

Market Trends & Outlook

Biotechnology

Some of the controversy over inflated drug pricing has settled down

- Generic pharmaceuticals accounted for 85% of all Rx's dispensed in 1Q16 but represented only 25-30% of the overall value of drugs dispensed.
- Consideration of a "value-based" approach for Medicare Part B drug pricing
- Possible restructuring of current reimbursement plan

Companies focus on rapid development of genomics to stay on top of the newest technology trends

Source: Bloomberg Intelligence

Healthcare Technology

Development of health imaging technology on the rise, led by IBM's Watson Health program

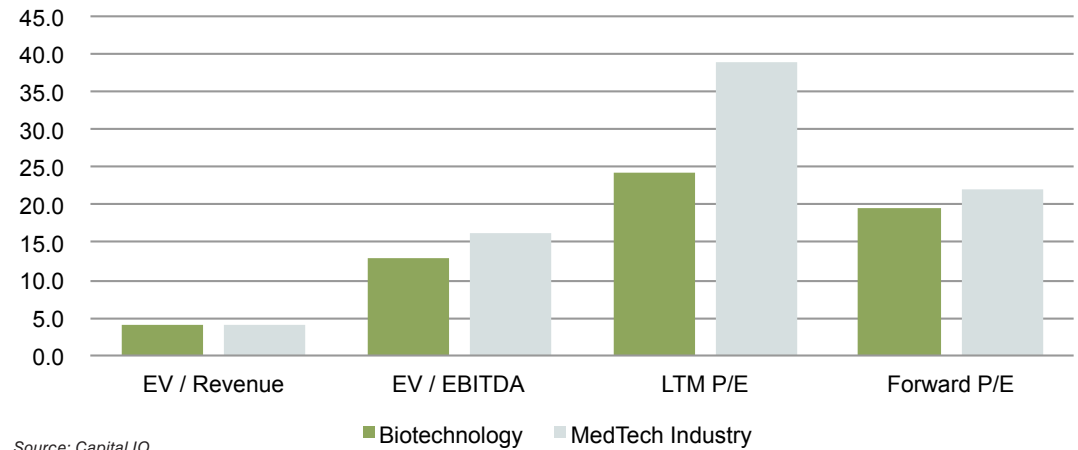
- Total addressable market for medical imaging components estimated to be \$2.3B

Rise in telemedicine and incorporation of smartphones in medical practices

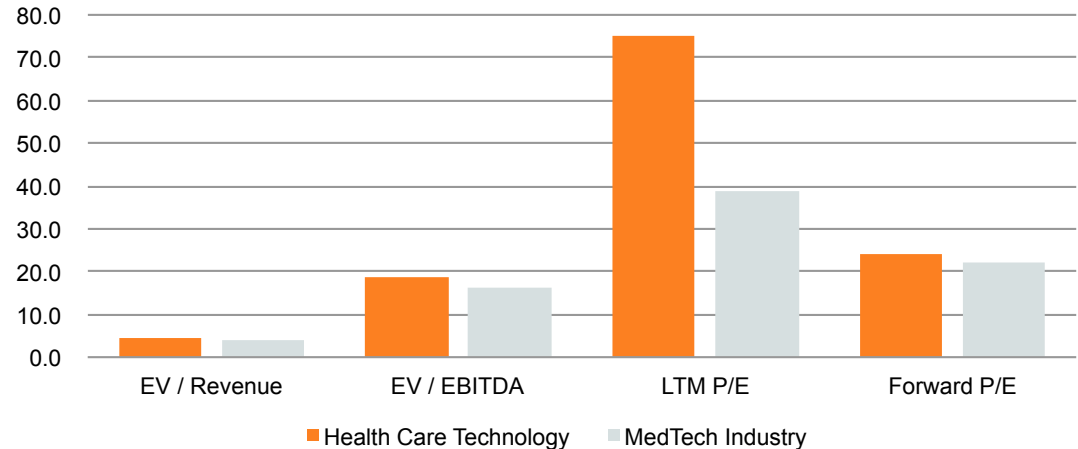
- Focus on healthcare accessibility and personalization of medical needs

Sources: Bloomberg Intelligence and CB Insights

Median Biotechnology Multiples // as of June 30, 2016



Median Healthcare Technology Multiples // as of June 30, 2016



Market Trends & Outlook

Healthcare Supplies

Supply chain index fell 6% from 4Q15 to 1Q16 and continued to fall throughout the first quarter 2016.

Acquisitions of physician practices and outpatient centers is strengthening hospital purchasing power.

Drug shortages push hospitals to source directly from manufacturers rather than distributors.

Sources: *Bloomberg Intelligence, Modern Healthcare*

Medical Equipment

While the repeal of medical device excise tax not likely to be enacted, policy makers are shifting focus to an extension of the moratorium.

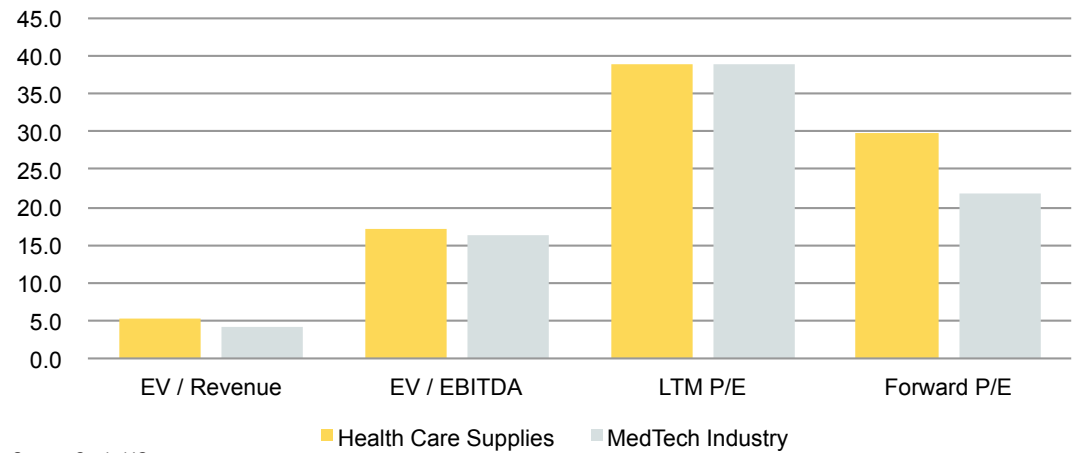
21st Century Cures Act could accelerate medical device approval time.

FDA, FTC warn of potential for medical device security breaches.

- New guidelines issued in March 2016 for post-market device security.

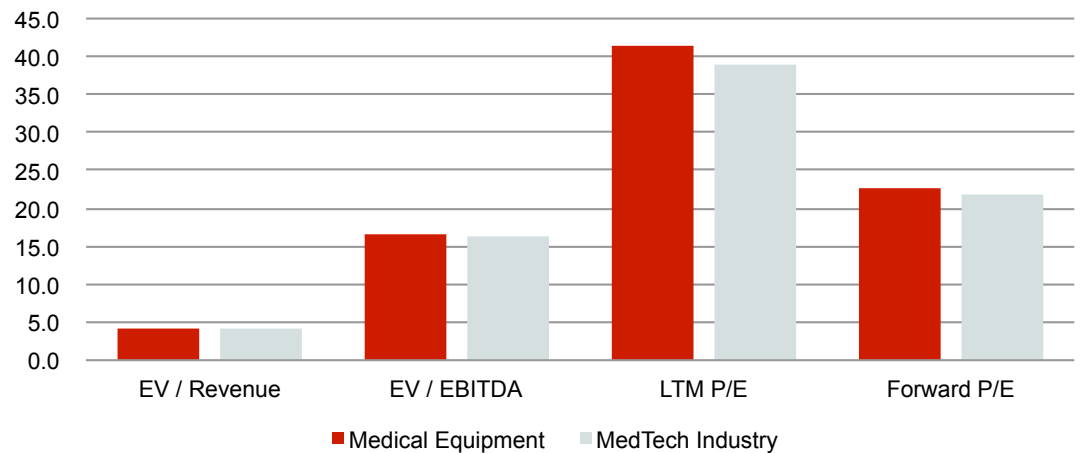
Sources: *Bloomberg Intelligence, Med Device Online, and FDA*

Median Healthcare Supplies Multiples // as of June 30, 2016



Source: *Capital IQ*

Median Medical Equipment Multiples // as of June 30, 2016



Source: *Capital IQ*

Market Trends & Outlook

Life Science Tools & Services

Steady underlying fundamentals

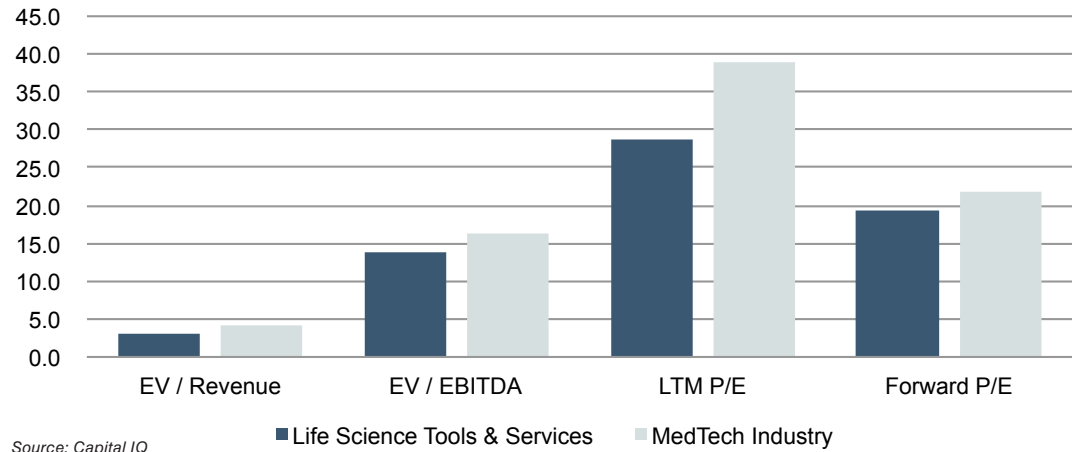
R&D tax credit changes could benefit start-up companies and small companies.

Approximately \$32.3B in annual spending on medical research budgeted for 2016 by the National Institutes of Health

- Top funded categories include genetics, prevention, and cancer research

Sources: Bloomberg Intelligence, NIH

Median Life Science Multiples // as of June 30, 2016



MedTech M&A Trends & Outlook

1H16 vs. 2H15

While the number of M&A transactions grew modestly in 1H16, total and average deal values increased more than 100% over 2H15.

- 252 transactions (compared to 219 in 2H15)
- Average deal value rose 133% to \$950M (from \$392M in 2H15)
- Top ten transactions in 1H16 totaled \$66.8B (200% increase over \$22.3B in 2H15)

Stryker Corporation was the most active buyer with 4 deals

Largest deal was **Shire Plc's** \$36.2B acquisition of **Baxalta** biopharmaceutical company

Niche M&A Highlights

Healthcare technology continues to be the most active sector for M&A with 90 deals in 1H16.

Large companies acquiring startups to break into new markets, gain data, and access established customers.

MedTech Deal Activity

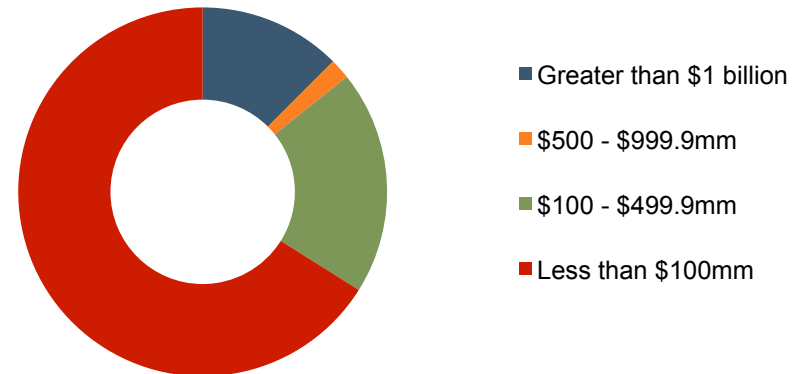
1H16 vs. 2H15

	1H16	2H15	% Change
# of Deals	252	219	15%
Total Reported Deal Value (\$M)	\$75,064	\$32,148	133%
Average Reported Deal Value (\$M)	\$950	\$392	142%

Source: Capital IQ

MedTech Deal Sizes

1H16



Source: Capital IQ

MedTech M&A Trends & Outlook

Important Deals

Shire Plc acquisition of **Baxalta** \$36.2B (June 3, 2016)

- Leaders in rare diseases and specialized conditions
- Implied EV/EBITDA: 16.7x

Pfizer acquisition of **Anacor** \$4.6B (June 23, 2016)

- Acquisition for inflammation and immunology portfolio and Crisaborole pharmaceutical
- Implied EV/LTM Revenue: 52.9x

Dentsply merger with **Sirona Dental Systems** \$5.5B (February 29, 2016)

- Combination of dental consumables and dental technology & products
- Implied EV/EBITDA: 16.6x

MedTech Deal Activity

1H16

Buyer	Target	Industry Segment	Date Closed	Total Trans. Value (\$M)	Implied EV/ EBITDA
Baxalta Incorporated	Shire Plc	Biotechnology	6/3/16	\$36,219.87	16.7
Dyax Corp.	Shire Pharmaceuticals International	Biotechnology	1/22/16	\$5,886.28	NA
Sirona Dental Systems Inc.	Dentsply Sirona Inc.	Healthcare Equipment and Supplies	2/29/16	\$5,520.47	16.6
Anacor Pharmaceuticals, Inc.	Pfizer Inc.	Biotechnology	6/23/16	\$4,615.43	NA
Truven Holding Corp.	IBM Watson Health	Health Care Technology	4/7/16	\$3,580.97	34.9
MedAssets, Inc.	Pamplona Capital Management LLP	Health Care Technology	1/27/16	\$2,775.22	12.7
Sage Products LLC	Stryker Corporation	Healthcare Equipment and Supplies	4/1/16	\$2,775.00	NA
eResearchTechnology, Inc.	Nordic Capital; Novo A/S	Life Sciences Tools and Services	5/3/16	\$1,800.00	NA
Physio-Control International, Inc.	Stryker Corporation	Healthcare Equipment and Supplies	4/5/16	\$1,344.00	NA
Affymetrix Inc.	Thermo Fisher Scientific, Inc.	Life Sciences Tools and Services	3/31/16	\$1,250.96	25.0
Average				\$6,576.82	21.2
Median				\$3,178.10	16.7

Source: S&P Capital IQ

MedTech IPOs

17 IPOs in the first half of 2016 vs. 9 in the second half of 2015

Total gross proceeds of \$989.5M (median \$52.8M) in 1H16 vs. \$884.3M in 2H15

Two companies went public with a market cap greater than \$1B

- NantHealth (\$1.5B) and Cotiviti Holdings (\$1.9B)

Median return since IPO of 7.0% in 1H16 vs. 8.1% in 2H15

Source: Capital IQ

1H16 MedTech IPOs

Ticker	Name	IPO Price	IPO Date	Gross Proceeds (\$M)	% Return Since IPO	6/30/16 Price	6/30/16 Mkt Cap (\$M)	6/30/16 Ent Val (\$M)	Rev. (\$M)	LTM		MedTech Niche	Description
										EBITDA (\$M)	Net Income (\$M)		
SYRS	Syros Pharmaceuticals, Inc.	\$12.50	6/29/16	\$50.00	11.6%	\$18.15	413.10	473.09	\$0.32	(\$35.05)	(\$35.84)	Pharmaceuticals, Biotechnology and Life Sciences	Syros Pharmaceuticals, Inc., a biopharmaceutical company, focuses on developing medicines that control genes to transform the lives of patients with cancer, immune-mediated diseases, and other diseases.
SELB	Selecta Biosciences, Inc.	\$14.00	6/21/16	\$70.00	7.1%	\$13.99	\$236.32	\$362.02	\$7.07	(\$25.41)	(\$26.92)	Pharmaceuticals, Biotechnology and Life Sciences	Selecta Biosciences, Inc., a clinical-stage biotechnology company, develops targeted therapies that use immunomodulators encapsulated in nanoparticles to induce antigen-specific immune responses to prevent and treat disease.
NH	Nant Health, LLC	\$14.00	6/1/16	\$66.30	6.4%	\$12.50	\$1,509.31	\$1,637.35	\$66.01	(\$81.86)	(\$91.19)	Healthcare Equipment and Services	NantHealth, Inc., a transformation healthcare cloud-based IT company, provides platform solutions that converge science and technology through integrated clinical platform to provide actionable health information at the point of care for critical illness.
COTV	Cotiviti Holdings, Inc.	\$19.00	5/25/16	\$237.50	5.9%	\$21.13	\$1,905.30	\$2,918.33	\$564.42	\$207.84	\$17.75	Healthcare Equipment and Services	Cotiviti Holdings, Inc. develops and sells analytics-driven payment accuracy solutions primarily for the healthcare sector.
PZRX	PhaseRx, Inc.	\$5.00	5/17/16	\$9.40	16.7%	\$4.18	\$48.42	\$96.30	\$0.00	(\$6.47)	(\$8.19)	Pharmaceuticals, Biotechnology and Life Sciences	PhaseRx, Inc., a preclinical biopharmaceutical company, develops RNA therapeutics for the treatment of orphan liver disease.

Source: Capital IQ

1H16 MedTech IPOs (cont.)

Ticker	Name	IPO Price	IPO Date	Gross Proceeds (\$M)	% Return Since IPO	6/30/16 Price	6/30/16 Mkt Cap (\$M)	6/30/16 Ent Val (\$M)	Rev. (\$M)	LTM		MedTech Niche	Description
										EBITDA (\$M)	Net Income (\$M)		
NTLA	Intellia Therapeutics Inc.	\$18.00	5/5/16	\$108.00	6.6%	\$21.35	\$768.52	\$792.95	\$6.54	(\$18.43)	(\$17.99)	Pharmaceuticals, Biotechnology and Life Sciences	Intellia Therapeutics Inc., a gene editing company, focuses on the development of therapeutics utilizing a biological tool known as the CRISPR/Cas9 system.
MXCT	MaxCyte, Inc.	\$1.00	3/28/16	\$0.00	108.2%	\$1.08	\$46.85	\$90.12	\$9.29	(\$0.67)	(\$1.45)	Pharmaceuticals, Biotechnology and Life Sciences	MaxCyte, Inc. develops and supplies cell engineering technology to biotechnology and pharmaceutical firms engaged in cell therapy, drug discovery and development, biomanufacturing, gene editing, and immuno-oncology.
SRTSU	Sensus Healthcare, Inc.	\$0.00	6/3/16	\$0.00	nm	\$0.00	\$0.00	\$0.00	\$11.38	\$0.71	\$0.25	Healthcare Equipment and Services	Sensus Healthcare, Inc., a medical device company, manufactures and markets superficial radiation therapy devices to healthcare providers worldwide.
MBRX	Moleculin Biotech, Inc.	\$6.00	6/1/16	\$9.24	18.4%	\$6.63	\$74.44	\$74.80	\$0.00	\$0.00	(\$1.80)	Pharmaceuticals, Biotechnology and Life Sciences	Moleculin Biotech, Inc., a preclinical and clinical-stage pharmaceutical company, focuses on the development of anti-cancer drug candidates.
PAVMU	PAVmed Inc.	\$5.00	4/28/16	\$5.30	0.0%	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	(\$2.33)	Healthcare Equipment and Services	PAVmed Inc. operates as a medical device company in the United States.
ONS	Oncobiologics, Inc.	\$6.00	5/12/16	\$35.00	9.4%	\$3.40	\$77.53	\$89.37	\$3.78	(\$45.21)	(\$48.91)	Pharmaceuticals, Biotechnology and Life Sciences	Oncobiologics, Inc., a clinical-stage biopharmaceutical company, focuses on identifying, developing, manufacturing, and commercializing complex biosimilar therapeutics in the disease areas of immunology and oncology.
AVXS	AveXis, Inc.	\$20.00	2/10/16	\$95.00	9.5%	\$38.02	\$874.99	\$726.75	\$0.00	(\$53.45)	(\$53.86)	Pharmaceuticals, Biotechnology and Life Sciences	AveXis, Inc., a clinical-stage gene therapy company, engages in developing and commercializing novel treatments for patients suffering from rare and life-threatening neurological genetic diseases.

Source: Capital IQ

1H16 MedTech IPOs (cont.)

Ticker	Name	IPO Price	IPO Date	Gross Proceeds (\$M)	% Return Since IPO	6/30/16 Price	6/30/16 Mkt Cap (\$M)	6/30/16 Ent Val (\$M)	Rev. (\$M)	LTM		MedTech Niche	Description
										EBITDA (\$M)	Net Income (\$M)		
SBPH	Spring Bank Pharmaceuticals, Inc.	\$12.00	5/5/16	\$11.04	6.6%	\$9.45	\$73.31	\$66.53	\$0.98	(\$16.07)	(\$16.12)	Pharmaceuticals, Biotechnology and Life Sciences	Spring Bank Pharmaceuticals, Inc., a clinical-stage biopharmaceutical company, engages in the discovery and development of a class of therapeutics using its proprietary small molecule nucleic acid hybrid (SMNH) chemistry platform.
BOLD	Audentes Therapeutics, Inc.	\$15.00	7/20/16	\$75.00	0.0%	\$0.00	\$0.00	\$0.00	\$0.00	(\$32.11)	(\$32.87)	Pharmaceuticals, Biotechnology and Life Sciences	Audentes Therapeutics, Inc., a biotechnology company, focuses on developing and commercializing gene therapy products for patients suffering from diseases caused by single gene defects in the United States.
EDIT	Editas Medicine Inc.	\$16.00	2/2/16	\$94.40	9.5%	\$24.40	\$859.00	\$641.44	\$2.43	(\$47.42)	(\$85.35)	Pharmaceuticals, Biotechnology and Life Sciences	Editas Medicine, Inc. operates as a genome editing company.
SNDX	Syndax Pharmaceuticals, Inc.	\$12.00	3/2/16	\$52.80	6.8%	\$9.85	\$175.15	\$40.83	\$0.93	(\$19.15)	(\$29.54)	Pharmaceuticals, Biotechnology and Life Sciences	Syndax Pharmaceuticals, Inc., a late-stage biopharmaceutical company, focuses on the development and commercialization of therapeutics in oncology.
CRVS	Corvus Pharmaceuticals, Inc.	\$15.00	3/22/16	\$70.50	6.3%	\$14.26	\$291.00	\$138.70	\$0.00	(\$17.73)	(\$35.77)	Pharmaceuticals, Biotechnology and Life Sciences	Corvus Pharmaceuticals, Inc., a clinical stage biopharmaceutical company, focuses on the development and commercialization of immuno-oncology therapies that are designed to harness the immune system to attack cancer cells.
Median				\$52.80	7.0%		\$175.15	\$96.30	\$0.98	(\$18.43)	(\$26.92)		

Source: Capital IQ

MedTech Venture Capital Activity Overview

MedTech venture capital funding was concentrated in a few, large deals in 1H16.

- \$220 M Series B for **Human Longevity**, which develops genomic and cell therapy to extend the high performance human lifespan

Drop in number of financing rounds to 83 (from 184 in 2H15).

Biotechnology remained the most active segment.

Increased investment in companies focused on cancer care and treatment

- Investors are moving away from early stage and investing large rounds in more established start-ups.

Sources: *Advanced Medical Technologies Blog, TechCrunch*

Company	Amount (\$M)	Company Description
Human Longevity	220	Genomics and cell therapy company focused on extending the healthy, high performance human lifespan
Flatiron Health	175	Cloud-based technology platform dedicated to improving cancer care
Guardant Health	100	Non-invasive cancer diagnostics and comprehensive genomic liquid biopsy
Ginkgo BioWorks	100	Designs custom microbes for customer across multiple markets
Acutus Medical	75	Medical technologies to treat complex cardiac arrhythmias
Exosome Diagnostics	60	Blood-based cancer molecular diagnostics for patient stratification and disease monitoring
US HealthVest	59	A behavioral healthcare firm that helps the development of psychiatric hospitals
Earlens Corp	54	Medical device company specialized in manufacturing hearing aids
TransMedics	51	Design and production of devices for living organ transplant

A summary of selected MedTech venture capital financing activity in the first half of 2016. Covers selected financing rounds larger than \$15 million.

Source: PWC MoneyTree

MedTech Venture Capital Activity Overview (cont.)

Company	Amount (\$M)	Company Description
Singulex	50	Molecular detection technology, cardiovascular monitoring, and disease management
Proteus Digital Health	50	Digital products that collect and aggregate behavioral, physiological, and therapeutic metrics
Second Genome	50	A pipeline of microbiome modulators that impact infection, immunity, and metabolic diseases
Alcresta	49	Develops enzyme-based nutritional products for infant and adults with acute and chronic diseases
Livongo Health	49	A consumer digital health company that empowers people with chronic conditions to live a better life
CVRx	47	Medical device company developing implantable technology for treatment of high blood pressure
Quanterix	46	Platform for single molecule analysis that supports clinical diagnostics, drug development, and life sciences research
RefleXion Medical	46	Medical device company developing the first biologically-guided radiation therapy system for cancer
Mitralign	40	Developing catheter-based technology for the percutaneous treatments of functional mitral regurgitation

A summary of selected MedTech venture capital financing activity in the first half of 2016. Covers selected financing rounds larger than \$15 million.

Source: PWC MoneyTree

MedTech Venture Capital Activity Overview (cont.)

Company	Amount (\$M)	Company Description
Quartet Health	40	A technology company improving behavioral health delivery
Lumos Pharma	34	Biotechnology company created to develop and commercialize a treatment for Creatine Transporter Deficiency
Sonendo	33	Developing innovative and disruptive technologies to transform endodontic therapy
Endostim	25	Medical device company developing therapeutics for gastrointestinal and urological neuro-muscular disorders
Brighter Inc	21	An online marketplace that allows members to compare dentists by price and reputation
Applied StemCell	19	Biotechnology company providing animal and cell line models as tools for drug discovery and diagnostics
Obalon Therapeutics	16	Gastric balloon technology that assists weight loss by inducing a feeling of fullness

A summary of selected MedTech venture capital financing activity in the first half of 2016. Covers selected financing rounds larger than \$15 million.

Source: PWC MoneyTree

VC Case Study

April 2016

\$220M Series B round places company valuation at \$1B



“We are learning that we are a DNA-software driven species, and that your software determines everything about your life, including how long you are going to live.”

– J. Venter
CEO of Human Longevity

“A revolution is in front of us in terms of how we manage human health.”

– Jay Flatley
CEO of Illumina

“Our ability to sequence genes has gotten ahead of our ability to know what it means.”

– Eric P. Winer
Dana-Farber Cancer Institute

VC Case Study

Human Longevity is a genomics-based, technology-driven company creating the world's largest and most comprehensive database of whole genome, phenotype, and clinical data. HLI is developing and applying large scale computing and machine learning to make novel discoveries to revolutionize the practice of medicine.

HLI's business also includes the HLI Health Nucleus, a genomic powered clinical research program which uses whole genome sequence analysis, advanced clinical imaging, and innovative machine learning, along with curated personal health information, to deliver the most complete picture of individual health.

Source: Human Longevity, Inc.

Timeline

Year	Significant Corporate Events
2013	Company founded by Peter Diamandis, Robert Hariri, and J. Venter
March 2014	Raised \$70M Series A Funding
April 2015	Received CLIA clinical laboratory license
November 2015	Acquired Cypher Genomics, a genomics informatics company
January 2016	Announced purchase of Lifebank USA, stem cell banking company
April 2016	Raised \$220M Series B round for \$1.2B valuation 10 year deal with AstraZeneca for sequencing and analysis of clinical trial samples

Source: Human Longevity, Inc.

VC Case Study



Genomics Industry

DNA Sequencing is projected to exceed \$20 billion in industry revenue by 2020

Need for development of complex computational machines for large amounts of data gathered

Difficulty of storage and distribution of data

Potential for use in pharmaceuticals, insurance, government, research, and patient care

Large companies funding or acquiring start-ups to break into market

Source: Forbes, Tech Times

Funding Financials

Series B round valued the company at over \$1B

Investors in the round include GE Ventures and large industry players

- Illumina develops systems for genetic variation (\$21B market cap)
- Celgene creates biopharmaceuticals for cancer and immune inflammatory diseases (\$86B market cap)

Sources: Forbes, CrunchBase

Subsequent Events

Human Longevity announced a 10 Year deal with AstraZeneca shortly following the Series B funding round

AstraZeneca will supply up to 500,000 samples of DNA from own clinical trials

HLI Knowledgebase containing 1 million health records that include genome, molecular, and clinical data will be shared with AstraZeneca

Sector Focus

Biotech

This section originally appeared in Mercer Capital's **Value Focus: Venture Capital** newsletter. To read more in the Mid-Year VC Newsletter, follow the link below.

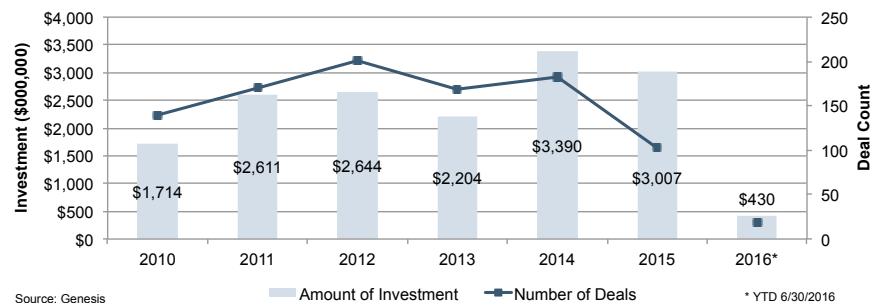
[Read VC Newsletter](#)

The biotech industry has closely tracked the greater venture industry since 2014, with strong growth followed by unbridled excess in 2014 and early 2015, only to be dragged back to earth by a swift correction in the second half of 2015 and early 2016. By the second quarter of 2016, biotech investing hit a 15-year low as a share of venture capital at only 11%.

The biotech industry, however, has been anything but ordinary by venture capital standards. Even as biotech has declined as a percentage of venture capital activity, **biotech exit returns topped \$79 billion** over the 2012 to 2015 period, more than doubling the \$36 billion in capital deployed during the period. In addition, biotech has grown as a percentage of IPOs over the recent period, bolstered by funds from nontraditional investors such as hedge funds and public market “crossover” investors. Biotech accounted for nine of the twelve IPOs completed in the second quarter of 2016, **raising almost \$900 million** in total. So, what gives?

For one, the biotech industry is somewhat esoteric. As anyone outside of the medical industry can attest to, understanding the burn rate and displacement of a tech app is much easier than understanding the clinical and regulatory environment behind the development of a biomedical device. As such, investing in technology has historically outpaced biotech investments, and may be indicative of **inefficiencies in the deployment of capital**. In addition, funding within the biotech industry is highly concentrated, with a **majority of funds going towards the largest 10%** of the financings. The same can be said for the public market, with a small minority of firms bolstering returns for entire funds, which has led to concerns over the sustainability of current share prices and the IPO environment for venture biotech companies. In this risk-off venture capital environment, the remainder of 2016 may be a tough sell for the biotech industry from both an investor and IPO standpoint.

Yearly Biotech Investments



Publicly Traded Companies

Biotechnology

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Acorda Therapeutics, Inc.	ACOR	\$25.51	\$1,175	1.50	2.0	19.0	10.7%	84.4	37.6	16.3%	-8.6%	6.1
Alexion Pharmaceuticals, Inc.	ALXN	116.76	26,157	0.90	10.6	29.2	36.2%	176.8	21.3	13.1%	7.6%	5.6
AMAG Pharmaceuticals, Inc.	AMAG	23.92	827	0.60	3.1	6.7	45.4%	80.1	9.5	50.0%	31.7%	nm
Amgen Inc.	AMGN	152.15	114,298	0.82	5.1	10.4	49.6%	16.1	13.8	6.7%	12.9%	1.0
Biogen Inc.	BIIB	241.82	52,971	0.89	5.0	9.1	54.7%	14.9	12.7	9.1%	17.3%	0.4
Celgene Corporation	CELG	98.63	76,399	1.22	8.8	26.2	33.4%	48.0	16.6	15.0%	1.0%	1.0
Emergent BioSolutions, Inc.	EBS	28.12	1,126	1.27	1.8	6.2	29.3%	15.0	25.8	19.9%	44.9%	1.5
Five Prime Therapeutics, Inc.	FPRX	41.35	1,166	4.48	1.8	2.4	73.1%	4.6	nm	1693.1%	-796.2%	nm
Gilead Sciences Inc.	GILD	83.42	111,101	1.10	3.8	5.5	69.7%	7.1	6.9	12.5%	12.8%	0.1
Horizon Pharma plc	HZNP	16.47	2,641	1.88	4.0	12.9	30.9%	214.4	6.6	82.5%	190.4%	nm
INSYS Therapeutics, Inc.	INSY	12.94	926	2.01	2.4	8.4	28.0%	18.7	23.9	17.9%	22.1%	nm
Ligand Pharmaceuticals Incorporated	LGND	119.27	2,483	1.02	29.6	57.6	51.4%	9.8	50.5	22.5%	81.0%	nm
Medivation, Inc.	MDVN	60.30	9,950	0.88	9.7	21.4	45.3%	40.5	37.5	27.8%	50.1%	nm
MiMedx Group, Inc.	MDXG	7.98	874	0.73	4.3	32.1	13.4%	34.6	23.6	25.3%	29.5%	nm
Myriad Genetics, Inc.	MYGN	30.60	2,151	0.59	2.6	9.2	27.7%	20.7	18.1	4.7%	19.9%	10.0
Opko Health, Inc.	OPK	9.34	5,113	1.41	6.8	293.0	2.3%	63.8	200.0	538.8%	-118.3%	nm
PDL BioPharma, Inc.	PDLI	3.14	520	0.68	1.0	1.0	92.0%	1.7	9.0	-4.2%	-2.1%	0.4
Regeneron Pharmaceuticals, Inc.	REGN	3.14	520	0.68	1.0	1.0	92.0%	1.7	9.0	-4.2%	-2.1%	0.4
Repligen Corporation	RGEN	349.23	36,509	1.06	8.1	26.1	31.1%	55.4	29.2	30.6%	26.3%	nm
SciClone Pharmaceuticals, Inc.	SCLN	27.36	920	1.35	9.7	36.7	26.4%	113.9	65.4	18.8%	15.6%	nm
United Therapeutics Corporation	UTHR	13.06	652	1.80	3.4	12.9	26.0%	24.2	0.0	8.8%	48.4%	0.0
Average		\$69.74	\$21,356	1.28	5.9	29.9	41.4%	49.8	30.8	124.0%	-15.0%	2.4
Median		\$28.12	\$2,151	1.06	4.0	12.9	33.4%	24.2	19.7	17.9%	17.3%	1.0

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Healthcare Technology

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Allscripts Healthcare Solutions, Inc.	MDRX	\$12.70	\$2,376	1.00	2.1	23.1	8.9%	239.8	21.2	1.8%	55.4%	nm
athenahealth, Inc.	ATHN	138.01	5,419	0.96	5.6	65.7	8.4%	251.0	75.3	21.2%	22.0%	(5.6)
Cerner Corporation	CERN	58.60	19,812	0.60	4.4	15.9	27.9%	35.5	24.1	27.4%	24.0%	1.4
Computer Programs & Systems Inc.	CPSI	39.92	540	(0.05)	3.3	18.6	17.6%	42.6	11.0	6.6%	-16.8%	(0.8)
Cotiviti Holdings, Inc.	COTV	21.13	1,905	0.00	5.2	14.0	36.8%	91.9	17.6	27.9%	22.3%	nm
Evolent Health, Inc.	EVH	19.20	1,154	0.00	8.6	(28.9)	-29.7%	5.1	nm	1305.1%	376.6%	nm
HealthStream, Inc.	HSTM	26.52	841	1.21	3.2	28.9	11.1%	113.9	79.6	14.1%	-22.8%	38.5
HMS Holdings Corp.	HMSY	17.61	1,482	0.70	3.2	17.0	18.7%	60.5	26.4	6.7%	14.7%	(2.7)
IMS Health Holdings, Inc.	IMS	25.36	8,366	0.68	4.1	16.9	24.3%	52.1	15.8	13.1%	-5.6%	nm
Inovalon Holdings, Inc.	INOV	18.01	2,745	0.00	5.1	18.3	28.0%	49.4	30.5	15.3%	-9.9%	nm
Medidata Solutions, Inc.	MDSO	46.87	2,682	1.38	6.2	51.0	12.2%	143.8	46.8	15.1%	37.0%	(5.0)
Omniceil, Inc.	OMCL	34.23	1,229	0.65	2.6	21.7	12.0%	51.5	22.3	16.5%	-4.6%	0.6
Quality Systems Inc.	QSII	11.91	726	0.54	1.6	13.9	11.6%	132.3	14.7	-0.4%	10.2%	(0.4)
Veeva Systems Inc.	VEEV	34.12	4,598	1.53	9.4	47.4	19.9%	89.8	58.0	30.5%	6.7%	nm
Average		\$36.01	\$3,848	0.66	4.6	23.1	14.8%	97.1	34.1	107.2%	36.4%	3.2
Median		\$25.94	\$2,141	0.66	4.3	18.5	14.9%	75.1	24.1	15.2%	12.4%	(0.6)

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Medical Supplies

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Align Technology Inc.	ALGN	\$80.55	\$6,459	2.00	6.7	27.9	23.9%	44.0	35.2	11.4%	-0.1%	2.5
Anika Therapeutics Inc.	ANIK	53.65	769	1.58	6.5	11.3	58.0%	24.1	31.6	19.1%	30.1%	0.6
ATRION Corp.	ATRI	427.86	779	0.64	5.2	14.9	35.1%	28.1	0.0	-1.2%	-1.7%	0.0
DENTSPLY SIRONA Inc.	XRAY	62.04	14,532	1.38	5.5	26.5	20.8%	30.2	22.4	0.3%	0.3%	13.2
ICU Medical, Inc.	ICUI	112.75	1,813	0.52	4.1	13.5	30.4%	36.5	29.8	8.5%	28.1%	6.1
Meridian Bioscience, Inc.	VIVO	19.50	820	1.19	4.3	13.2	32.7%	23.2	22.1	0.3%	4.0%	3.3
Merit Medical Systems, Inc.	MMSI	19.83	879	0.82	2.0	14.6	13.8%	38.9	19.8	3.9%	-13.6%	4.0
Neogen Corp.	NEOG	56.25	2,111	1.42	6.2	29.1	21.2%	58.6	52.2	13.5%	6.9%	6.1
The Cooper Companies Inc.	COO	171.57	8,312	0.23	5.3	17.1	30.7%	40.6	19.2	3.9%	7.5%	4.5
Vascular Solutions Inc.	VASC	41.66	724	0.61	4.6	28.8	16.0%	91.3	32.6	10.7%	-11.8%	(1.9)
West Pharmaceutical Services, Inc.	WST	75.88	5,545	0.91	3.9	24.6	16.0%	65.9	32.6	1.8%	-14.2%	8.0
Average		\$101.96	\$3,886	1.03	4.9	20.1	27.2%	43.8	27.0	6.6%	3.2%	4.2
Median		\$62.04	\$1,813	0.91	5.2	17.1	23.9%	38.9	29.8	3.9%	0.3%	4.0

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Medical Equipment

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Abaxis, Inc.	ABAX	\$47.23	\$1,063	0.98	4.2	17.5	23.9%	34.7	33.6	5.6%	21.8%	6.0
Abbott Laboratories	ABT	39.31	57,752	0.68	3.0	14.0	21.7%	27.8	17.2	0.3%	-3.1%	65.2
ABIOMED, Inc.	ABMD	109.29	4,699	1.09	13.6	64.6	21.1%	128.6	95.6	29.3%	39.4%	3.3
Analogic Corporation	ALOG	79.44	983	0.95	1.6	14.6	11.1%	69.7	16.7	-0.5%	-7.6%	(34.5)
Baxter International Inc.	BAX	45.22	24,973	0.57	2.5	15.7	15.9%	6.8	26.6	10.3%	61.0%	2.6
Becton, Dickinson and Company	BDX	169.59	35,987	0.96	3.8	14.7	26.0%	45.3	19.1	30.0%	31.4%	0.6
Cantel Medical Corp.	CMN	68.73	2,866	1.67	4.7	23.8	19.8%	50.3	41.2	16.3%	20.9%	2.5
CONMED Corporation	CNMD	47.73	1,325	0.99	2.5	15.4	16.4%	61.1	25.0	-0.1%	-3.0%	(198.0)
CR Bard Inc.	BCR	235.16	17,242	0.65	5.3	17.4	30.2%	159.0	22.6	2.4%	-0.4%	9.6
Cynosure, Inc.	CYNO	48.65	1,144	1.60	2.8	20.9	13.7%	60.1	44.3	13.5%	13.4%	3.3
Danaher Corp.	DHR	101.00	69,558	1.15	3.8	16.6	23.1%	25.4	20.3	10.8%	12.6%	1.9
Edwards Lifesciences Corp.	EW	99.73	21,119	0.57	8.0	27.8	28.7%	42.5	34.8	6.9%	12.6%	5.0
Globus Medical, Inc.	GMED	23.83	2,276	0.66	3.6	10.3	35.1%	19.9	19.4	7.5%	8.8%	2.6
Hill-Rom Holdings, Inc.	HRC	50.45	3,299	1.26	2.3	13.1	17.3%	85.6	14.1	23.7%	47.5%	0.6
Hologic Inc.	HOLX	34.60	9,648	1.07	4.6	12.7	36.3%	48.8	17.5	4.4%	3.8%	4.0
IDEXX Laboratories, Inc.	IDXX	92.86	8,314	0.58	5.6	24.1	23.2%	44.8	41.0	6.9%	11.5%	5.9

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Medical Equipment (cont.)

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Inogen, Inc.	INGN	50.11	998	0.89	5.4	29.6	18.3%	85.0	81.1	23.4%	17.3%	3.5
Intuitive Surgical, Inc.	ISRG	661.41	25,174	0.69	9.3	24.4	37.9%	40.1	30.9	12.1%	27.5%	2.6
Masimo Corporation	MASI	52.52	2,572	0.92	4.2	21.0	19.7%	31.0	29.1	7.3%	13.1%	4.0
Medtronic plc	MDT	86.77	121,021	0.89	4.8	16.0	30.3%	35.0	18.6	43.3%	39.1%	0.4
Natus Medical Inc.	BABY	37.80	1,232	1.01	3.0	16.3	18.7%	33.2	22.7	3.5%	-2.0%	6.6
NuVasive, Inc.	NUVA	59.72	2,976	1.03	4.0	20.2	19.8%	121.2	37.9	5.6%	10.0%	6.8
Orthofix International N.V.	OFIX	42.40	773	0.42	1.8	14.5	12.5%	79.2	30.3	3.4%	168.5%	8.9
ResMed Inc.	RMD	63.23	8,878	0.64	4.8	17.3	28.1%	25.9	21.5	5.6%	3.2%	3.8
St. Jude Medical Inc.	STJ	78.00	22,174	1.25	4.9	17.4	28.3%	31.3	18.8	0.7%	-6.9%	26.3
Steris Plc	STE	68.75	5,913	1.16	3.2	16.5	19.7%	44.1	17.6	19.4%	23.8%	0.9
Stryker Corporation	SYK	119.83	44,814	0.83	4.3	15.7	27.3%	28.0	20.1	6.6%	8.9%	3.0
Teleflex Incorporated	TFX	177.31	7,730	0.85	4.7	19.7	23.7%	34.6	24.0	-0.2%	5.3%	(123.3)
Varian Medical Systems, Inc.	VAR	82.23	7,829	0.80	2.5	12.7	19.4%	20.3	17.3	2.0%	-7.8%	8.7
ZELTIQ Aesthetics, Inc.	ZLTQ	27.33	1,078	0.74	3.9	(329.5)	-1.2%	32.9	NM	24.9%	-137.2%	nm
Average		\$96.67	\$17,180	0.92	4.4	7.8	22.2%	51.7	29.6	10.8%	14.5%	(5.8)
Median		\$65.98	\$6,821	0.90	4.1	16.5	21.4%	41.3	22.7	6.9%	12.0%	3.3

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Life Science Tools & Services

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Waters Corporation	WAT	\$140.65	\$11,384	0.86	5.2	16.0	32.2%	24.9	21.7	1.9%	-0.6%	nm
Thermo Fisher Scientific, Inc.	TMO	147.76	58,145	1.04	4.2	17.1	24.4%	29.7	17.7	2.9%	5.0%	nm
Quintiles Transnational Holdings Inc.	Q	65.32	7,817	0.47	2.1	11.7	18.3%	19.9	16.8	4.1%	7.2%	nm
PerkinElmer Inc.	PKI	52.42	5,715	1.01	2.9	15.5	18.8%	26.9	18.3	1.5%	22.1%	2.0
Mettler-Toledo International Inc.	MTD	364.92	9,765	1.13	4.3	19.0	22.7%	28.7	24.8	-1.8%	3.0%	2.0
Charles River Laboratories International, Inc.	CRL	82.44	3,889	1.29	3.3	14.0	23.6%	25.2	18.2	6.1%	18.0%	nm
Cambrex Corporation	CBM	51.73	1,654	1.29	3.5	11.4	30.5%	26.6	19.2	14.0%	30.0%	nm
Bio-Rad Laboratories, Inc.	BIO	143.02	4,199	0.99	1.9	13.5	14.2%	39.1	37.8	-4.3%	-10.5%	(3.5)
Agilent Technologies, Inc.	A	44.36	14,440	1.43	3.5	16.8	20.6%	31.4	21.9	1.4%	3.8%	(2.0)
VWR Corporation	VWR	28.90	3,800	0.00	1.3	12.6	10.4%	31.4	16.6	1.4%	3.1%	nm
Bio-Techne Corp.	TECH	112.77	4,197	0.67	8.9	22.7	39.2%	40.1	30.1	6.6%	1.2%	(31.1)
Qiagen NV	QGEN	21.81	5,082	0.90	4.5	16.3	27.4%	41.9	19.9	-2.6%	-3.0%	(9.2)
PAREXEL International Corporation	PRXL	62.88	3,326	0.96	1.8	10.8	16.5%	23.6	16.5	3.2%	15.3%	0.8
PRA Health Sciences, Inc.	PRAH	41.76	2,529	0.00	2.3	13.0	18.0%	54.1	16.6	7.9%	36.8%	nm
Luminex Corporation	LMNX	20.23	877	0.28	3.0	13.3	22.5%	22.7	24.9	5.0%	10.4%	0.7
INC Research Holdings, Inc.	INCR	38.13	2,067	0.00	2.6	11.4	22.9%	20.3	15.3	10.7%	19.7%	nm
Illumina Inc.	ILMN	140.38	20,664	0.88	9.1	28.8	31.5%	50.5	39.6	8.8%	-4.4%	1.5
ICON Public Limited Company	ICLR	70.01	3,855	0.92	2.5	11.3	22.0%	16.7	14.4	2.1%	12.5%	0.5
Bruker Corporation	BRKR	22.74	3,696	1.04	2.2	15.0	14.5%	32.4	21.9	-1.9%	16.2%	4.4
Average		\$86.96	\$8,795	0.80	3.6	15.3	22.6%	30.8	21.7	3.5%	9.8%	(3.1)
Median		\$62.88	\$4,197	0.92	3.0	14.0	22.5%	28.7	19.2	2.9%	7.2%	0.7

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

Publicly Traded Companies

Conglomerate Companies

Company Name	Ticker	Price at 6/30/16	Market Cap (millions) 6/30/16	5 Year Beta	EV/Rev.	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
3M	MMM	\$175.12	\$106,213	1.10	3.8	13.5	28.5%	22.5	21.1	-3.3%	0.6%	3.5
Agilent Technologies	A	44.36	14,440	1.43	3.5	16.8	20.6%	31.4	21.9	1.4%	3.8%	(2.0)
Abbott Laboratories	ABT	39.31	57,752	0.68	3.0	14.0	21.7%	27.8	17.2	0.3%	-3.1%	(1.0)
Allergan	AGN	3.53	7,258	1.18	0.3	5.8	5.5%	NM	5.0	-36.1%	10.2%	nm
Baxter International	Bax	45.22	24,973	0.57	2.5	15.7	15.9%	6.8	26.6	10.3%	61.0%	1.9
Becton Dickinson	BDX	169.59	35,987	0.96	3.8	14.7	26.0%	45.3	19.1	30.0%	31.4%	(3.3)
Boston Scientific Corporation	BSX	23.37	31,710	0.98	4.9	19.1	25.5%	NM	21.0	4.4%	11.1%	nm
Danaher	DHR	101.00	69,558	1.15	3.8	16.6	23.1%	25.4	20.3	10.8%	12.6%	2.5
Endo Health Solutions	ENDP	15.59	3,471	0.95	3.4	20.5	16.4%	NM	3.2	27.2%	-36.5%	nm
General Electric	GE	31.48	289,479	1.18	3.9	26.4	14.6%	50.6	19.6	7.4%	-1.8%	(2.3)
Corning Life Sciences	GLW	20.48	22,023	1.44	2.8	10.8	26.2%	51.8	14.3	-6.9%	-23.6%	(0.5)
Hospira	HSP	1.80	57	0.33	0.2	1.9	9.7%	7.6	25.4	-26.6%	-34.2%	(1.2)
IDEX	IDXX	92.86	8,314	0.58	5.6	24.1	23.2%	44.8	41.0	6.9%	11.5%	3.7
Johnson & Johnson	JNJ	121.30	333,653	0.58	4.5	13.8	32.5%	22.1	18.2	-1.2%	-2.0%	3.6
Kimberly-Clark	KMB	137.48	49,510	0.33	3.1	10.3	30.2%	46.0	22.3	-4.7%	28.2%	4.5
Medtronic	MDT	86.77	121,021	0.89	4.8	16.0	30.3%	35.0	18.6	43.3%	39.1%	(7.3)
Pall	PLL	63.14	31,532	0.00	0.8	5.3	14.7%	0.0	0.0	-8.4%	-12.2%	0.0
Stryker	SYK	119.83	44,814	0.83	4.3	15.7	27.3%	28.0	20.1	6.6%	8.9%	3.3
Average		\$71.79	\$69,543	0.84	3.3	14.5	21.8%	29.7	18.6	3.4%	5.8%	0.4
Median		\$54.18	\$33,849	0.92	3.6	15.2	23.2%	28.0	19.9	2.9%	6.4%	0.0

Pricing as of June 30, 2016

*Price to Earnings to Growth (PEG) multiples calculated using forward P/E ratios and forward EPS growth estimates

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