

Value Focus

Medical Device Industry

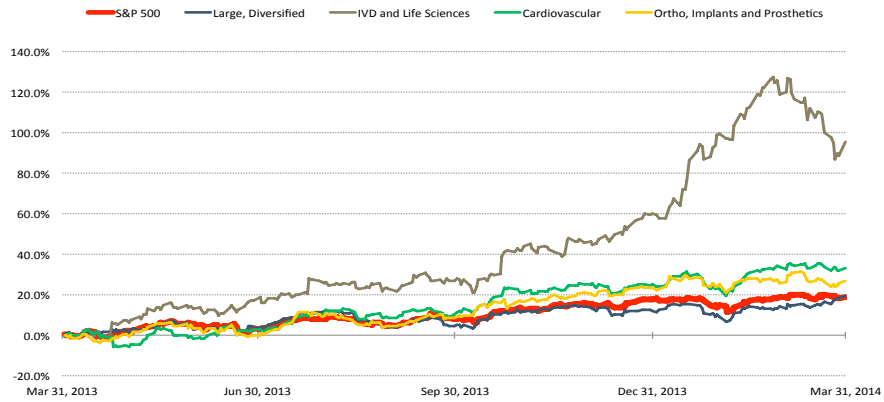
Second Quarter 2014

Stock Market Performance

Stock price performances of major medical device sectors were in line with or better than the broader market during the year prior to the first quarter of 2014. Valuation multiples expanded across all groups compared to the same quarter of the prior year. After achieving significant intra-quarter gain, the in-vitro diagnostics and life sciences group exhibited a degree of valuation and multiples pullback at the end of the quarter.

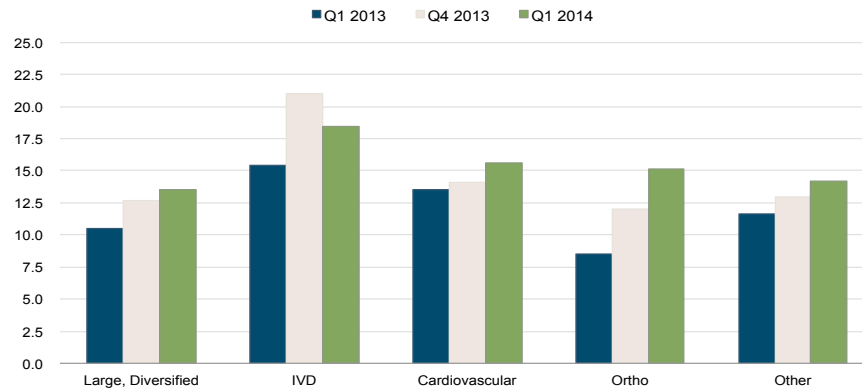
- » Headlining the performance of companies in the IVD and Life Sciences group, Illumina registered a stock price increase of 175% during the period. Illumina manufactures integrated systems for the analysis of genetic variation using sequencing and array-based techniques. Principal markets for the company include genomic sequencing for life sciences research, and genetic screening and diagnosis with reproductive health and oncology applications. Excluding Illumina, the performance of the IVD companies was largely mixed with the group gaining 7% over the prior year.
- » Cardiovascular companies gained a collective 33% during the year to Q1 2014. Significant gainers in this groups included Spectranetics (64%), St. Jude Medical (62%), and Greatbatch (54%). These companies expect to achieve earnings growth over the foreseeable future through top-line growth by introducing new products that have achieved regulatory approval and increasing market penetration of existing devices, and through margin expansion by realizing operating leverage.
- » Orthopedic, implants and prosthetics companies gained 27% in the year ended Q1 2014. Notable gainers included Globus Medical (81%), NuVasive (80%), and Wright Medical (31%). Broad-based pricing gains for established procedures and applications in the sector are expected to be difficult to achieve. However, the companies with significant stock price gains expected to grow revenues and profitability, in part, by selling internationally. While comprising a relatively small portion of overall revenue, Globus, NuVasive and Wright reported stronger than expected growth in the sales of biologics products.
- » The larger diversified companies were collectively up 20% over the year prior to Q1 2014.

Recent Stock Prices



Represents market capitalization weighted index for each group. Data Source: Bloomberg

Industry Multiples



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

Venture Capital Funding & Exit

Venture capital investments in the medical devices industry increased 4.6% during Q1 2014 compared to the same quarter in 2013.¹

- » The modest increase compares to two consecutive declines in first quarter VC funding between 2011 and 2013.
- » Total VC funding for the year ended Q1 2014 was \$2.1 billion, down 11.0% from the prior year.
- » Quarterly venture capital investments peaked at \$1.1 billion in Q1 2007.
- » Medical device industry share of total venture capital investments also peaked in Q1 2007 at 15.0% and has generally declined in subsequent periods. During Q1 2014, medical device deals accounted for approximately 6.2% of total venture investments.
- » There were 61 venture capital deals for medical device firms in Q1 2014 compared to 72 in the same quarter in 2013.
- » The impact of the longer-term decline in the venture capital investment share of medical device companies is tempered somewhat by investment interest from larger, more established companies seeking engagement earlier in the development cycle. During the first nine months of 2013, corporate investments represented 10.7% of all venture capital investments in medical device companies.²

Exit activity for venture-backed medical devices and healthcare companies was relatively robust.³

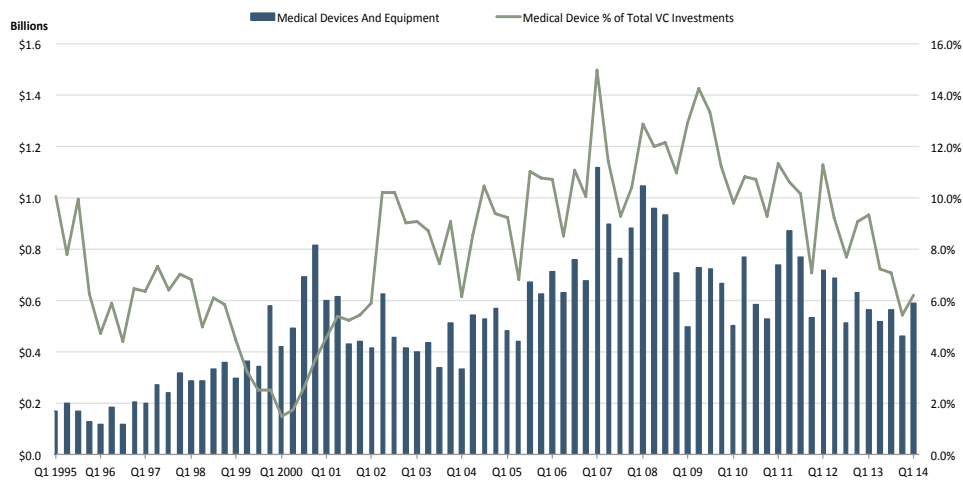
- » During Q1 2014, five IPOs of venture-backed medical device and healthcare companies raised \$223 million.
- » Six venture-backed medical device and healthcare companies entered into strategic M&A transactions during Q1 2014. Aggregate transaction value for the two deals with disclosed values totaled \$200 million.

¹ Data compiled in the MoneyTree™ report, as available at <https://www.pwcmoneytree.com/MTPublic/ns/index.jsp>.

² Ibid and "Corporate VC Stats Thru Q3 2014" at http://www.nvca.org/index.php?option=com_docman&task=cat_view&gid=99&Itemid=317.

³ VC Exits at http://www.nvca.org/index.php?option=com_docman&task=cat_view&gid=58&Itemid=317.

Venture Capital Investments in Medical Devices



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

Select Venture Funding Deals

Company	Recent Financing		Founded	Notes
	Amount (\$M)	Round		
AqueSys Inc	\$44	Expansion	2006	Implantable devices to treat glaucoma.
Earlens Corp	\$36	Early Stage	2005	Hearing device currently under investigational use.
Seno Medical Instruments	\$35	Later Stage	na	Opto-acoustic imaging device to screen for cancer.
NinePoint Medical Inc	\$35	Expansion	2009	Devices that enable high-resolution in-vivo imaging.
Vaptherm Inc	\$24	Later Stage	1998	Respiratory care devices.
Powervision Inc	\$24	Later Stage	2002	Accommodating intraocular lens.
Transcend Medical Inc	\$23	Later Stage	2005	Devices for the treatment of glaucoma.
Invuity Inc	\$22	Later Stage	2004	Illumination and visualization products for minimally invasive surgical applications.
Tendyne Holdings Inc	\$21	Early Stage	2010	Transcatheter aortic valve implantation system.
Sequent Medical Inc	\$20	Expansion	2007	Catheter-based technology to treat neurovascular diseases.
Quanttus	\$19	Early Stage	2012	Wearable devices to measure vital signs.
NeoTract	\$18	Later Stage	2004	Surgical devices for urological and gynecological disorders.
Oculeve	\$17	Early Stage	2011	Novel treatments for dry eye.
scPharmaceuticals LLC	\$16	Startup/Seed	2007	Subcutaneous drug delivery system suitable for patient self-administration.
Neos Therapeutics, Inc.	\$16	Later Stage	2008	Controlled time-release oral drug delivery technologies.
Qspex Technologies Inc	\$15	Expansion	2007	Custom spectacle lenses.
Ivantis Inc	\$14	Early Stage	2007	Treatment for glaucoma.
Cheetah Medical Inc	\$14	Later Stage	2001	Non-invasive cardiac output and hemodynamic monitoring devices.
Novian Health Inc	\$13	Later Stage	1991	Proprietary interstitial laser therapy to treat breast tumors.
Axonics Modulation Tech	\$13	Early Stage	2013	Implantable neuromodulation technology to treat, among others, chronic pain and overactive bladder.
Element Science Inc	\$13	Startup/Seed	na	na
Shockwave Medical Inc	\$13	Early Stage	na	Balloon dilation catheters to treat highly calcified vascular and valvular diseases.
Pulmonx	\$10	Later Stage	na	Minimally-invasive devices to diagnose and treat pulmonary disorders.
Cerephex Corp	\$10	Early Stage	2012	Treatment applications involving non-invasive brain stimulation.

Data Source: MoneyTree Report, PwC/NVCA, Thomson Reuters; and, CrunchBase [<http://www.crunchbase.com/>] at TechCrunch.com. Medical Devices and Equipment funding rounds over \$10 million during Q1 2014.

Transactions

According to Health Care M&A News (May 2014 issue), transaction activity involving medical device, particularly orthopedic, companies during the first four months of 2014 showed marked improvement over the same period in the prior year.

- » Zimmer announced the acquisition of Biomet in a deal valued at \$13.4 billion (\$10.4 billion in cash and \$3.0 billion in Zimmer stock) in April. A private equity consortium including Blackstone Group, KKR & Co., TPG and Goldman Sachs Group had acquired Biomet for approximately \$11.3 billion in 2007.⁴
- » Smith & Nephew announced a deal for ArthroCare Corp for a total consideration of approximately \$1.7 billion (total equity) in February.⁵
- » Wright Medical acquired Solana Surgical, LLC for \$90 million (\$47.6 million in cash and \$42.4 million in stock) and OrthoPro, LLC for \$32.5 million and a maximum of \$3.5 million in potential contingent consideration in January.⁶
- » Stryker announced a deal for Pivot Medical (price undisclosed) and Berchtold Holding, AG (\$172 million) in February.^{7,8}
- » 32 deals involving medical device companies were announced in the first four months of 2014, compared to 33 during the same period in the prior year. Total value of all announced deals in the first four months of 2014 totaled \$16.8 billion, compared to \$2.7 billion in the prior year.

⁴ <http://online.wsj.com/news/articles/SB10001424052702303834304579521273613231670>.

⁵ <http://www.smith-nephew.com/news-and-media/news/smith--nephew-strengthens-global-sports-medicine-business-through-agreement-to-acquire-arthrocare-for-17-billion/>.

⁶ http://www.healthpointcapital.com/research/2014/02/03/wright_medical_acquires_solana_surgical_and_ortho_pro_for_126m/.

⁷ <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-newsArticle&ID=1901513&highlight=>.

⁸ <http://phx.corporate-ir.net/phoenix.zhtml?c=118965&p=irol-newsArticle&ID=1900659&highlight=>.

Medical Devices Select Transactions Summary

(\$Millions)

Acquirer	Target	Date	Deal Size (EV)	Sales	EBITDA	EV / Sales	EV / EBITDA	Segment
LCA-Vision Inc	PhotoMedex Inc	2/13/14	\$76.2	\$89.4	(\$2.0)	0.85	nm	Medical Laser Systems
ArthroCare Corp	Smith & Nephew PLC	2/3/14	\$1,181.8	\$381.7	\$80.7	3.10	14.6	Medical Instruments
HealthTronics Inc	Altaris Capital Partners LLC	1/9/14	\$85.0	\$190.1	\$72.5	0.45	1.2	Medical Products

Only deals with available information on valuation multiples shown. | Data Source: Bloomberg

Select Operating Metrics

Public Medical Device Companies

Segment	Gross Margin		EBITDA Margin		Operating Margin		R&D / Revenue	
	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013
Large, Diversified	62.8%	63.1%	22.5%	22.5%	16.0%	16.3%	7.6%	7.4%
IVD & Life Sciences	55.2%	56.0%	9.2%	11.3%	5.0%	4.5%	10.0%	10.4%
Cardiovascular	67.3%	67.4%	13.9%	14.1%	8.3%	8.5%	13.5%	13.2%
Ortho, Implants & Prosthetics	70.5%	69.7%	10.0%	11.2%	3.1%	4.8%	6.7%	6.6%
Other	49.6%	48.8%	4.7%	4.3%	2.6%	0.5%	7.8%	7.7%
All Companies	57.6%	58.2%	10.7%	11.6%	5.6%	6.1%	8.2%	8.0%

Segment	Historical Rev Growth		LT Fwd Op Earn Growth		Debt / EV		Debt / EBITDA	
	Quarterly	Annual	Q1 2014	Q4 2013	Q1 2014	Q4 2013	Q1 2014	Q4 2013
Large, Diversified	0.8%	4.9%	9.7%	9.3%	15.0%	16.0%	2.1	1.9
IVD & Life Sciences	0.5%	7.9%	15.0%	15.3%	1.4%	3.4%	1.0	1.4
Cardiovascular	2.2%	11.0%	15.0%	18.3%	2.3%	0.5%	0.4	0.0
Ortho, Implants & Prosthetics	1.7%	2.6%	14.0%	14.5%	18.9%	21.7%	3.7	3.7
Other	1.4%	3.4%	14.3%	15.0%	2.4%	2.7%	0.0	0.0
All Companies	1.4%	6.1%	13.6%	15.0%	6.5%	7.3%	0.7	0.8

Median measures for each group. | Data Source: Bloomberg

Public Medical Device Companies

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Sales	EV / EBITDA	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual	Q1 2014	Q1 2014	Q1 2014	FY 2014	FY 2015	Q1 2014	Q1 2014	2014	2015
Large, Diversified														
Abbott Laboratories	\$38.51	\$38.41	\$35.32	0.3%	9.0%	\$60,240.6	\$21,714.2	\$4,162.0	\$5,585.7	\$6,122.6	2.77	14.5	10.8	9.8
Baxter	\$73.58	\$69.25	\$72.64	6.3%	1.3%	\$46,469.1	\$15,762.0	\$3,557.0	\$4,550.3	\$4,770.0	2.95	13.1	10.2	9.7
Becton, Dickinson and Company	\$117.08	\$110.60	\$95.61	5.9%	22.5%	\$23,938.9	\$8,240.7	\$1,793.1	\$2,274.1	\$2,431.7	2.90	13.4	10.5	9.8
Boston Scientific Corporation	\$13.52	\$12.02	\$7.81	12.5%	73.1%	\$21,951.3	\$7,156.0	\$1,611.0	\$1,813.7	\$1,963.8	3.07	13.6	12.1	11.2
Covidien PLC	\$73.66	\$67.91	\$61.71	8.5%	19.4%	\$37,105.0	\$10,375.0	\$2,717.0	\$2,916.4	\$3,099.0	3.58	13.7	12.7	12.0
Medtronic, Inc.	\$61.54	\$57.37	\$46.96	7.3%	31.0%	\$59,277.1	\$17,006.0	\$5,849.0	\$6,398.5	\$6,620.9	3.49	10.1	9.3	9.0
Johnson & Johnson	\$98.23	\$92.30	\$81.53	6.4%	20.5%	\$265,726.3	\$71,922.0	\$23,740.0	\$24,950.2	\$26,585.8	3.69	11.2	10.7	10.0
Stryker Corporation	\$81.47	\$75.02	\$65.24	8.6%	24.9%	\$29,829.0	\$9,136.0	\$1,368.0	\$2,718.3	\$2,895.8	3.26	21.8	11.0	10.3
IVD & Life Sciences														
Affymetrix, Inc.	\$7.13	\$8.59	\$4.72	-17.0%	51.1%	\$569.3	\$335.4	\$30.9	\$42.0	\$48.4	1.70	18.4	13.5	11.8
Bio-Rad Laboratories, Inc.	\$128.12	\$124.50	\$126.00	2.9%	1.7%	\$3,471.5	\$2,142.4	\$303.9	\$327.5	\$346.0	1.62	11.4	10.6	10.0
Bruker Corporation	\$22.79	\$19.86	\$19.10	14.8%	19.3%	\$3,726.4	\$1,869.7	\$217.9	\$282.3	\$322.1	1.99	17.1	13.2	11.6
Enzo Biochem, Inc.	\$4.16	\$2.89	\$2.52	43.9%	65.1%	\$115.7	\$92.2	(\$14.1)	(\$11.5)	(\$5.0)	1.25	nm	nm	nm
GenMark Diagnostics, Inc.	\$9.94	\$13.21	\$12.92	-24.8%	-23.1%	\$302.2	\$24.2	(\$32.4)	(\$44.3)	(\$39.3)	12.48	nm	nm	nm
Haemonetics Corporation	\$32.59	\$42.54	\$41.66	-23.4%	-21.8%	\$1,936.3	\$938.5	\$129.1	\$217.5	\$247.0	2.06	15.0	8.9	7.8
Hologic, Inc.	\$21.50	\$22.32	\$22.60	-3.7%	-4.9%	\$9,688.3	\$2,485.7	\$868.8	\$866.5	\$910.0	3.90	11.2	11.2	10.6
Illumina, Inc.	\$148.66	\$110.20	\$53.98	34.9%	175.4%	\$18,814.4	\$1,511.0	\$363.2	\$522.9	\$646.1	12.45	51.8	36.0	29.1
Luminex Corporation	\$18.11	\$19.25	\$16.52	-5.9%	9.6%	\$678.1	\$216.8	\$23.1	\$50.5	\$56.2	3.13	29.3	13.4	12.1
MGC Diagnostics Corporation	\$11.39	\$12.66	\$6.99	-10.0%	62.9%	\$36.8	\$30.9	\$2.0	na	na	1.19	18.6	nm	nm
OraSure Technology	\$7.97	\$6.05	\$5.40	31.7%	47.6%	\$360.8	\$101.3	(\$9.0)	(\$6.8)	\$0.9	3.56	nm	nm	416.1
Quidel Corporation	\$27.30	\$28.62	\$23.75	-4.6%	14.9%	\$910.9	\$160.1	\$11.2	\$35.5	\$59.2	5.69	81.2	25.7	15.4
TECHNE Corporation	\$85.37	\$94.30	\$67.85	-9.5%	25.8%	\$2,930.1	\$344.7	\$177.6	\$188.0	\$200.3	8.50	16.5	15.6	14.6
Trinity Biotech	\$24.23	\$24.68	\$16.88	-1.8%	43.5%	\$529.4	\$95.9	\$4.1	\$27.4	\$35.7	5.52	129.1	19.3	14.8
Vermillion, Inc.	\$2.95	\$2.36	\$1.20	25.3%	145.8%	\$79.1	\$2.5	(\$8.8)	na	na	31.10	nm	nm	nm

Data Source: Bloomberg

Public Medical Device Companies (continued)

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Sales	EV / EBITDA	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual				Q1 2014	Q1 2014			Q1 2014	FY 2014
Cardiovascular														
ABIOMED, Inc.	\$26.04	\$27.46	\$18.67	-5.2%	39.5%	\$918.5	\$183.6	\$10.9	\$14.4	\$31.0	5.00	84.5	64.0	29.7
CR Bard Inc.	\$147.98	\$133.64	\$100.78	10.7%	46.8%	\$11,945.2	\$3,108.5	\$812.0	\$969.9	\$1,036.2	3.84	14.7	12.3	11.5
CardioNet Inc.	\$10.09	\$7.60	\$2.43	32.8%	315.2%	\$262.5	\$134.2	\$13.3	\$17.2	\$21.6	1.96	19.8	15.2	12.2
Cardiovascular Systems, Inc.	\$31.79	\$33.10	\$20.48	-4.0%	55.2%	\$811.4	\$125.9	(\$25.3)	(\$21.3)	(\$12.4)	6.45	nm	nm	nm
CryoLife, Inc.	\$9.96	\$10.94	\$6.01	-9.0%	65.7%	\$245.1	\$141.0	\$18.1	na	na	1.74	13.6	nm	nm
Cyberonics, Inc.	\$65.26	\$65.46	\$46.80	-0.3%	39.4%	\$1,622.8	\$282.0	\$93.1	\$110.3	\$122.0	5.75	17.4	14.7	13.3
Edwards Lifesciences Corporation	\$74.17	\$65.68	\$82.16	12.9%	-9.7%	\$7,685.5	\$2,071.2	\$508.1	\$517.5	\$570.7	3.71	15.1	14.9	13.5
Greatbatch, Inc.	\$45.92	\$43.98	\$29.87	4.4%	53.7%	\$1,288.6	\$690.0	\$106.0	\$130.0	\$147.0	1.87	12.2	9.9	8.8
HeartWare International, Inc.	\$93.78	\$92.70	\$88.41	1.2%	6.1%	\$1,519.0	\$225.2	(\$45.0)	(\$34.0)	(\$15.8)	6.75	nm	nm	nm
LeMaitre Vascular, Inc.	\$8.07	\$8.01	\$6.20	0.7%	30.2%	\$113.2	\$65.9	\$7.0	\$11.0	\$13.7	1.72	16.1	10.3	8.3
Merit Medical Systems, Inc.	\$14.30	\$15.61	\$12.26	-8.4%	16.6%	\$854.8	\$464.3	\$69.9	\$75.9	\$84.6	1.84	12.2	11.3	10.1
St. Jude Medical, Inc.	\$65.39	\$61.94	\$40.44	5.6%	61.7%	\$21,191.4	\$5,526.0	\$1,669.0	\$1,767.1	\$1,902.9	3.83	12.7	12.0	11.1
The Spectranetics Corporation	\$30.31	\$24.99	\$18.53	21.3%	63.6%	\$1,131.8	\$160.8	\$7.9	\$3.4	\$17.4	7.04	143.9	331.9	65.0
Thoratec Corp	\$35.81	\$36.47	\$37.50	-1.8%	-4.5%	\$1,738.0	\$510.8	\$122.5	\$147.8	\$168.1	3.40	14.2	11.8	10.3
Vascular Solutions, Inc.	\$26.19	\$23.04	\$16.22	13.7%	61.5%	\$415.8	\$114.3	\$23.5	\$23.1	\$29.1	3.64	17.7	18.0	14.3
Volcano Corporation	\$19.71	\$21.83	\$22.26	-9.7%	-11.5%	\$1,084.4	\$395.0	\$15.6	\$23.8	\$43.6	2.75	69.7	45.6	24.8

Data Source: Bloomberg

Public Medical Device Companies (continued)

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Sales	EV / EBITDA	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual				Q1 2014	Q1 2014			Q1 2014	FY 2014
Ortho, Implants and Prosthetics														
Alphatech Holdings	\$1.50	\$2.09	\$2.11	-28.2%	-28.9%	\$214.5	\$203.5	\$4.5	\$31.2	\$34.7	1.05	47.5	6.9	6.2
Baxano Surgical, Inc.	\$1.08	\$1.05	\$2.24	2.9%	-51.8%	\$56.4	\$19.9	(\$28.2)	(\$23.0)	(\$21.9)	2.83	nm	nm	nm
Bacterin International Holdings Inc	\$0.84	\$0.50	\$0.83	68.0%	1.8%	\$38.8	\$33.4	(\$8.2)	(\$6.2)	na	1.16	nm	nm	nm
Exactech, Inc.	\$22.55	\$24.38	\$20.69	-7.5%	9.0%	\$321.7	\$241.0	\$42.2	\$45.5	\$49.1	1.33	7.6	7.1	6.6
Globus Medical, Inc.	\$26.59	\$19.84	\$14.68	34.0%	81.1%	\$2,179.7	\$433.4	\$143.9	\$163.8	\$187.5	5.03	15.1	13.3	11.6
Intergra LifeSciences Holdings	\$45.99	\$47.65	\$39.01	-3.5%	17.9%	\$1,990.6	\$830.5	\$83.5	\$190.0	\$211.0	2.40	23.9	10.5	9.4
NuVasive, Inc.	\$38.41	\$32.33	\$21.31	18.8%	80.2%	\$1,805.9	\$671.9	\$82.4	\$145.8	\$172.0	2.69	21.9	12.4	10.5
Orthofix International N.V.	\$30.15	\$22.90	\$35.87	31.7%	-15.9%	\$541.6	\$395.7	\$55.4	\$57.1	\$65.9	1.37	9.8	9.5	8.2
RTI Surgical Inc.	\$4.08	\$3.39	\$3.93	20.4%	3.8%	\$339.5	\$198.2	(\$0.8)	\$22.8	\$30.7	1.71	nm	14.9	11.1
Symmetry Medical Inc.	\$10.06	\$10.32	\$11.45	-2.5%	-12.1%	\$540.8	\$400.1	\$46.2	\$58.8	\$64.9	1.35	11.7	9.2	8.3
Tornier NV	\$21.22	\$18.27	\$18.85	16.1%	12.6%	\$1,049.2	\$316.6	\$18.6	\$25.8	\$33.7	3.31	56.5	40.7	31.1
Wright Medical Group, Inc.	\$31.07	\$30.49	\$23.81	1.9%	30.5%	\$1,469.8	\$245.6	(\$36.2)	(\$17.7)	\$10.2	5.99	nm	nm	144.3
Zimmer Holdings, Inc.	\$94.58	\$93.20	\$75.22	1.5%	25.7%	\$16,036.6	\$4,544.2	\$1,636.5	\$1,835.9	\$2,104.4	3.53	9.8	8.7	7.6

Data Source: Bloomberg

Public Medical Device Companies (continued)

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV Q1 2014	TTM Rev Q1 2014	TTM EBITDA Q1 2014	FWD EBITDA		EV / Sales Q1 2014	EV / EBITDA Q1 2014	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual				FY 2014	FY 2015			2014	2015
Cosmetics														
Cutera, Inc.	\$11.19	\$10.08	\$13.00	11.0%	-13.9%	\$73.3	\$68.5	(\$7.3)	(\$2.5)	\$2.0	1.07	nm	nm	36.6
Cynosure, Inc.	\$29.30	\$26.43	\$26.17	10.9%	12.0%	\$536.9	\$213.5	(\$1.9)	\$48.8	\$60.8	2.51	nm	11.0	8.8
PhotoMedex, Inc.	\$15.83	\$12.77	\$16.09	24.0%	-1.6%	\$285.7	\$211.2	\$23.7	\$27.8	\$39.9	1.35	12.1	10.3	7.2
Dental														
Align Technology, Inc.	\$51.79	\$57.05	\$33.51	-9.2%	54.6%	\$3,714.5	\$662.6	\$167.5	\$202.2	\$236.5	5.61	22.2	18.4	15.7
DENTSPLY International	\$46.04	\$48.47	\$42.44	-5.0%	8.5%	\$7,943.4	\$2,927.2	\$563.4	\$625.1	\$668.6	2.71	14.1	12.7	11.9
Sirona Dental Systems, Inc.	\$74.67	\$70.59	\$73.73	5.8%	1.3%	\$3,954.6	\$1,111.8	\$280.7	\$321.2	\$356.4	3.56	14.1	12.3	11.1
Obesity Treatment														
EnteroMedics Inc.	\$1.82	\$2.04	\$1.00	-10.8%	82.0%	\$110.5	\$0.0	(\$24.9)	(\$24.4)	(\$18.9)	nm	nm	nm	nm
ZELTIQ Aesthetics, Inc.	\$19.61	\$19.04	\$3.82	3.0%	413.4%	\$696.7	\$106.8	(\$19.3)	(\$8.4)	\$4.6	6.53	nm	nm	150.6
Pediatric Medical Devices														
Natus Medical Incorporated	\$25.80	\$22.02	\$13.44	17.2%	92.0%	\$796.5	\$339.1	\$41.7	\$63.2	\$71.4	2.35	19.1	12.6	11.2
Surgery and Life Support Devices														
AtriCure	\$18.81	\$18.62	\$7.92	1.0%	137.5%	\$433.7	\$84.9	(\$11.3)	(\$13.6)	(\$9.0)	5.11	nm	nm	nm
Intuitive Surgical, Inc.	\$437.99	\$383.07	\$491.19	14.3%	-10.8%	\$15,231.1	\$2,153.6	\$766.7	\$665.3	\$820.8	7.07	19.9	22.9	18.6
Misonix, Inc.	\$6.38	\$5.60	\$5.86	13.9%	8.9%	\$40.8	\$14.1	(\$5.3)	na	na	2.88	nm	nm	nm
NxStage Medical, Inc.	\$12.74	\$9.97	\$11.28	27.8%	12.9%	\$704.8	\$266.2	\$7.0	\$7.3	\$20.2	2.65	100.5	96.3	34.9
Stereotaxis, Inc.	\$4.25	\$3.84	\$1.88	10.7%	126.4%	\$82.6	\$37.3	(\$7.6)	na	na	2.21	nm	nm	nm
SurModics Inc.	\$22.60	\$24.52	\$27.25	-7.8%	-17.1%	\$271.7	\$55.9	\$20.7	\$20.1	\$22.8	4.86	13.1	13.5	11.9
Synergetics USA, Inc.	\$3.05	\$3.59	\$3.47	-15.0%	-12.1%	\$77.3	\$64.7	\$5.2	\$6.2	na	1.19	14.8	12.4	nm
Teleflex, Inc.	\$107.24	\$94.06	\$84.51	14.0%	26.9%	\$5,295.4	\$1,684.3	\$370.6	\$412.0	\$461.0	3.14	14.3	12.9	11.5

Data Source: Bloomberg

Public Medical Device Companies (continued)

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Sales	EV / EBITDA	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual				Q1 2014	Q1 2014			Q1 2014	FY 2014
General Hospital Devices and Supplies														
BSD Medical Corporation	\$1.29	\$1.18	\$1.47	9.3%	-12.2%	\$36.8	\$4.7	(\$7.4)	na	na	7.83	nm	nm	nm
CONMED Corporation	\$43.45	\$42.48	\$34.06	2.3%	27.6%	\$1,368.4	\$741.2	\$104.0	\$136.0	\$141.0	1.85	13.2	10.1	9.7
Digirad Corporation	\$3.43	\$3.65	\$2.52	-6.0%	36.1%	\$44.0	\$49.8	(\$0.8)	na	na	0.88	nm	nm	nm
Dynatronics Corporation	\$2.94	\$4.18	\$2.69	-29.7%	9.3%	\$12.6	\$27.6	\$0.2	na	na	0.46	78.4	nm	nm
FONAR Corporation	\$17.58	\$17.69	\$6.92	-0.6%	154.0%	\$135.2	\$73.5	\$17.0	na	na	1.84	8.0	nm	nm
Intuitive Surgical, Inc.	\$437.99	\$383.07	\$491.19	14.3%	-10.8%	\$15,231.1	\$2,153.6	\$766.7	\$665.3	\$820.8	7.07	19.9	22.9	18.6
Masimo Corporation	\$27.31	\$29.33	\$19.62	-6.9%	39.2%	\$1,431.1	\$544.6	\$100.7	\$111.0	\$112.5	2.63	14.2	12.9	12.7
Medical Action Industries Inc.	\$6.97	\$8.45	\$6.00	-17.5%	16.2%	\$169.1	\$433.4	\$20.4	na	na	0.39	8.3	nm	nm
Opko Health, Inc.	\$9.32	\$8.47	\$7.63	10.0%	22.1%	\$4,639.9	\$98.1	(\$57.5)	(\$123.0)	(\$107.0)	47.28	nm	nm	nm
STERIS Corporation	\$47.75	\$48.01	\$41.61	-0.5%	14.8%	\$3,157.1	\$1,644.9	\$304.0	\$369.7	\$390.0	1.92	10.4	8.5	8.1
Varian Medical Systems, Inc.	\$83.99	\$77.43	\$72.00	8.5%	16.7%	\$8,147.7	\$3,043.0	\$684.6	\$691.4	\$751.0	2.68	11.9	11.8	10.8
Vision-Sciences, Inc.	\$1.20	\$0.99	\$1.07	21.2%	12.1%	\$78.3	\$16.8	(\$7.3)	na	na	4.66	nm	nm	nm
Home Health and Consumer Devices														
Invacare Corporation	\$19.07	\$22.97	\$13.05	-17.0%	46.1%	\$638.2	\$1,333.5	\$4.6	\$14.5	\$79.6	0.48	139.5	44.0	8.0
Mine Safety Appliances Company	\$57.00	\$50.79	\$49.62	12.2%	14.9%	\$2,309.4	\$1,127.7	\$161.4	\$176.3	\$211.3	2.05	14.3	13.1	10.9
ResMed Inc.	\$44.69	\$47.21	\$46.36	-5.3%	-3.6%	\$5,784.9	\$1,553.6	\$459.2	\$492.8	\$538.1	3.72	12.6	11.7	10.8
Span-America Medical Systems, Inc.	\$22.92	\$19.96	\$20.64	14.8%	11.0%	\$60.1	\$66.9	\$7.5	na	na	0.90	8.0	nm	nm
Syneron Medical Ltd.	\$12.45	\$12.26	\$10.22	1.5%	21.8%	\$347.2	\$259.5	\$0.8	\$26.2	\$37.4	1.34	414.4	13.3	9.3

Data Source: Bloomberg

Public Medical Device Companies (continued)

(\$Millions, except per share figures)

	Price			Δ Stock Price		EV	TTM Rev	TTM EBITDA	FWD EBITDA		EV / Sales	EV / EBITDA	EV / FWD EBITDA	
	Q1 2014	Q4 2013	Q1 2013	Qtrly	Annual				Q1 2014	Q1 2014			FY 2014	FY 2015
Other Medical Device														
Accuray Incorporated	\$9.60	\$8.66	\$4.64	10.9%	106.9%	\$746.1	\$329.2	(\$28.5)	\$10.5	\$23.3	2.27	nm	71.1	32.0
Allied Healthcare Products, Inc.	\$2.27	\$2.38	\$2.65	-4.6%	-14.3%	\$15.9	\$36.8	(\$1.6)	na	na	0.43	nm	nm	nm
Arrhythmia Research Technology, Inc.	\$5.16	\$3.70	\$2.6	39.5%	100.0%	\$19.0	\$21.1	\$2.1	na	na	0.90	9.0	nm	nm
Dehaier Medical Systems Limited	\$7.00	\$3.91	\$1.97	79.0%	255.3%	\$9.8	\$26.4	\$6.3	na	na	0.37	1.6	nm	nm
Escalon Medical Corp.	\$1.53	\$2.16	\$1.07	-29.2%	43.0%	\$9.1	\$12.6	(\$0.0)	na	na	0.72	nm	nm	nm
Hansen Medical, Inc.	\$2.60	\$1.69	\$2.01	53.8%	29.4%	\$288.2	\$15.1	(\$43.8)	(\$38.8)	(\$32.2)	19.14	nm	nm	nm
IRIDEX Corporation	\$8.93	\$9.80	\$4.45	-8.9%	100.7%	\$82.0	\$38.0	\$2.9	na	na	2.16	28.6	nm	nm
Navidea Biopharmaceuticals, Inc.	\$1.85	\$2.03	\$2.71	-8.9%	-31.7%	\$261.2	\$1.9	(\$38.0)	na	na	138.74	nm	nm	nm
ThermoGenesis Corp.	\$1.70	\$1.02	\$0.85	66.7%	100.0%	\$54.3	\$16.3	(\$7.0)	na	na	3.33	nm	nm	nm
Uroplasty, Inc.	\$3.63	\$2.64	\$2.49	37.5%	45.8%	\$65.7	\$24.6	(\$4.6)	(\$3.8)	na	2.67	nm	nm	nm
Other Diversified Cos with Med-Tech Components														
Agilent Technologies, Inc.	\$55.92	\$57.32	\$41.97	-2.4%	33.2%	\$18,390.9	\$6,780.0	\$1,328.0	\$1,508.5	\$1,698.0	2.71	13.8	12.2	10.8
Danaher Corporation	\$75.00	\$76.82	\$62.15	-2.4%	20.7%	\$52,593.8	\$19,336.0	\$4,235.8	\$4,559.6	\$4,887.1	2.72	12.4	11.5	10.8
General Electric	\$25.89	\$27.89	\$23.12	-7.2%	12.0%	\$269,773.3	\$143,813.0	\$24,465.0	\$22,558.0	\$24,399.0	1.88	11.0	12.0	11.1
PerkinElmer, Inc.	\$45.06	\$41.35	\$33.64	9.0%	33.9%	\$5,789.3	\$2,192.8	\$403.1	\$432.9	\$474.1	2.64	14.4	13.4	12.2
Thermo Fisher Scientific Inc.	\$120.24	\$110.59	\$76.49	8.7%	57.2%	\$63,487.1	\$13,802.3	\$2,686.5	\$4,065.0	\$4,514.4	4.60	23.6	15.6	14.1

Data Source: Bloomberg

Mercer Capital

Medical Device Industry Services

Mercer Capital provides medical device manufacturers, related start-up enterprises, and private equity funds with valuation services, including purchase price allocation, 409a compliance, goodwill impairment testing, and other transaction and valuation advisory services.

Mercer Capital provides a broad range of specialized valuation advisory services to the medical device industry, helping clients by providing reliable independent valuation opinions and sound guidance. Our services for companies in the medical device industry include purchase price allocation, impairment testing, equity compensation, portfolio valuation, tax compliance, litigation support, and corporate valuation services.

Mercer Capital has significant expertise providing valuation and financial advisory services to companies in the medical device industry, including:

- Biologics
- Cardiovascular
- Dental
- Diagnostics Equipment
- General Surgery
- Orthopedics
- Spinal

We have assisted medical device companies in all stages of development, including publicly traded medical device companies, start-up companies, closely held private companies, and medical device companies sponsored by private equity.

Contact a Mercer Capital professional to discuss your needs in confidence.

Contact Us

Sujan Rajbhandary, CFA
901.322.9749
sujanr@mercercapital.com

Travis W. Harms, CFA, CPA/ABV
901.322.9760
harmst@mercercapital.com

Mercer Capital
5100 Poplar Avenue, Suite 2600
Memphis, Tennessee 38137
901.685.2120 (P)

www.mercercapital.com