

VALUE FOCUS

Medical Technology



Year-End 2014

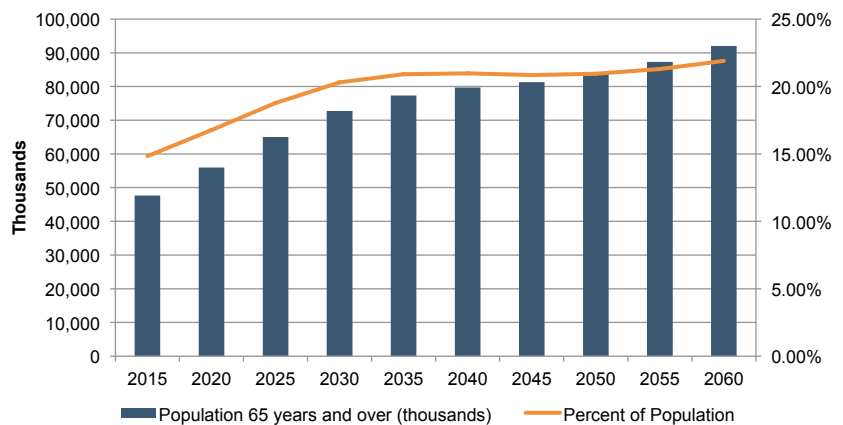
Macro Trends	1
Public Market Trends and Outlook	2
M&A Trends	5
Appendix: Publicly Traded Medical Technology Companies	6
About Mercer Capital	13

Macro Trends

Medical technology industry performance is heavily tied to the overall health care sector as it provides many of the inputs that go into the management, optimization, technology, and other tools used by physicians and health care practitioners. From a macro perspective, there are a few key trends that will affect medical technology companies.

Aging of the Population

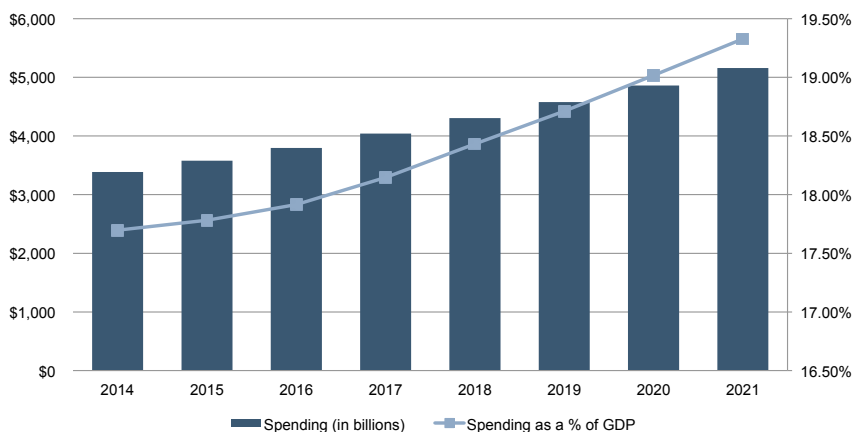
First, demographic trends will impact health care. As shown in the table, more Americans will be moving into retirement age as the percentage of Americans that are 65 & older will constitute a larger portion of the overall population. Additionally, with the impacts of the Affordable Care Act coming into effect, individuals who were previously uninsured will enter the market. About 19% of new Medicaid enrollees were older than 54, six percentage points above the Urban Institute's expectations, according to Molina Healthcare. This adds as many as 1.3 million patients who may get elective procedures that were put off while uninsured.



Source: US Bureau of the Census

Rising Healthcare Spending

The US Centers for Disease Control and Prevention has projected national health care expenditures to exceed \$3 trillion at year-end 2014 and to exceed \$5 trillion by 2021. Current spending accounts for approximately 17.5% of GDP and is projected to approach 19.5% by 2021.

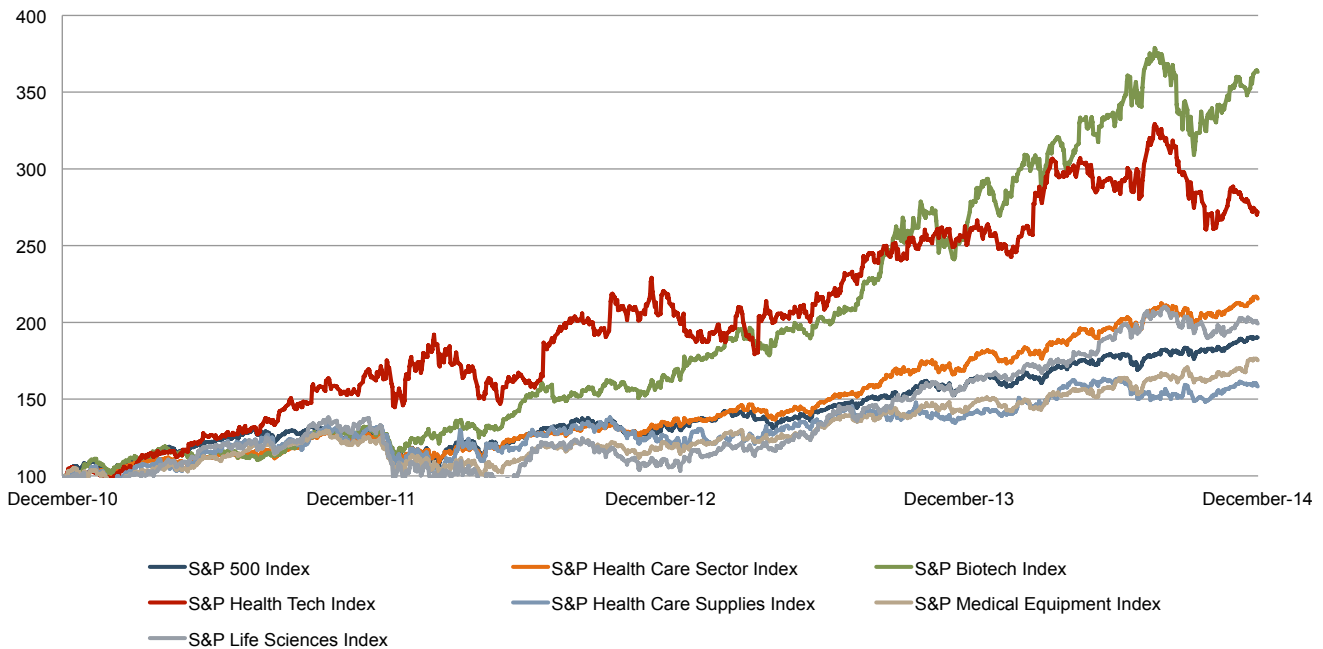


Source: US Center for Disease Control

Public Market Trends and Outlook

The medical technology industry consists of a diverse group of companies working in several different segments. For the purpose of this report, we have categorized the industry into five key segments consisting of Biotechnology, Health Care Technology, Health Care Supplies, Medical Equipment, and Life Science Tools and Services companies.

The S&P 500 Health Care Sector Index consists of top companies within the sector, including companies within the medical technology industry, and the sector has outperformed the overall equity market, since mid-year 2011. Like the health care sector, the medical technology industry has also produced higher returns than the overall market, as highlighted by the performance shown below. Excluding the health supplies and equipment segments, all of the other medical technology segment indices produced higher returns than the S&P 500, with the biotechnology and health care technology segments significantly outperforming the overall market.



Source: S&P Capital IQ

¹ *Biotechnology* includes companies primarily engaged in the research, development, manufacturing and/or marketing of products based on genetic analysis and genetic engineering.

Healthcare Technology includes companies providing information technology services primarily to healthcare providers. The healthcare technology segment includes companies providing application, systems and/or data processing software, internet-based tools, and IT consulting services to doctors; hospitals or businesses operating primarily in the healthcare sector.

Healthcare Supplies consists of manufacturers of healthcare supplies and medical products not classified elsewhere. The healthcare supplies segment includes eye care products, hospital supplies, and safety needle and syringe devices.

Medical Equipment includes manufacturers of healthcare equipment and devices.

Life Science Tools and Services includes companies enabling the drug discovery, development, and production continuum by providing analytical tools, instruments, consumables and supplies, clinical trial services, and contract research services.

Public Market Trends and Outlook (cont.)

Medtech Industry Multiples

Overall industry multiples highlight favorable trends and outlook for the sector. Forward price-to-earnings multiples exceeded 22x across all industry segments, which is above the overall market with the median S&P 500 trading at approximately 19x forward earnings at year-end 2014. Additionally median revenue growth in the last twelve month period was approximately 7.3%. While median EV/Revenue and EV/EBITDA for the Medtech industry was 3.5x and 15.0x, respectively, at year-end 2014, certain higher growth sectors such as biotechnology and health care technology exhibited higher pricing multiples. Further industry performance is outlined by segment in the appendix.

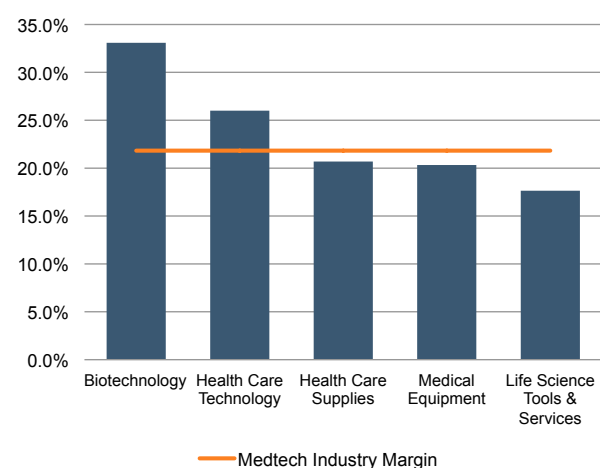
Segment	EV/ Revenue	EV/ EBITDA	EBITDA Margin	LTM P/E	Forward P/E	Revenue Growth (from LTM)	EBITDA Growth (from LTM)	Forward Price to Earnings / Growth*
Biotechnology	9.1	21.3	33.1%	51.3	25.2	19.9%	14.8%	0.9
Health Care Technology	4.1	20.4	26.0%	47.4	26.7	15.8%	18.9%	0.6
Health Care Supplies	3.4	14.2	20.7%	30.9	22.1	3.9%	9.5%	1.9
Medical Equipment	3.2	14.0	20.3%	30.9	22.0	5.6%	10.7%	3.2
Life Science Tools & Services	2.5	13.4	17.6%	36.9	24.9	5.9%	5.5%	0.8
Medtech Industry	3.4	15.0	21.8%	36.1	23.9	7.3%	11.2%	2.0

Pricing as of December 31, 2014

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

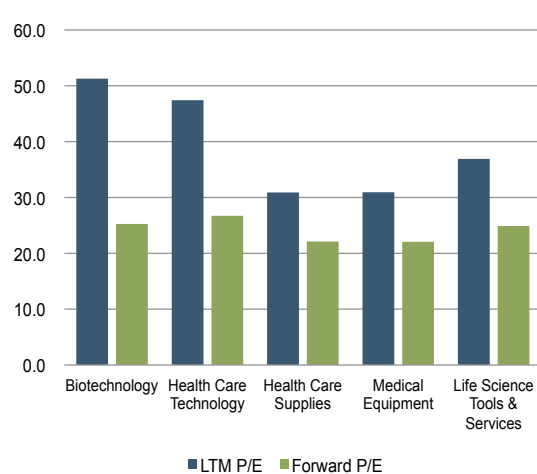
Source: S&P Capital IQ

EBITDA Margin



Source: S&P Capital IQ

Segment P/E Ratios



Source: S&P Capital IQ

Public Market Trends and Outlook (cont.)

Segment Outlooks

Significant events and key developments from the six-month period ending December 31, 2014, are presented below.

- **Biotechnology.** The performance of the biotech segment in the next few years may be underpinned by the strong fundamentals of mature and profitable growth within biotech peer groups, which account for approximately half of the NASDAQ Index weighting. Segment projections call for a near doubling of revenue for these groups with aggregate sales topping \$100 billion by 2018. Net income is forecast to grow 127% by 2018 to \$47 billion, with \$41 billion coming from the mature biotechs alone. Clinical and regulatory events and policies largely drive biotech share prices. The regulatory success experienced in 2014 could turn in 2015. While some clinical failure is expected, a significant number in conjunction with political pressure could weaken bullish performance projections.

- **Healthcare Technology.** This segment has seen a boost between the more recent emphasis on data and analytics availability and increased cyber security concerns. The breach of Community Health's network, which compromised nonmedical information from 4.5 million patients in the early part of the year, may have exposed the need for hospitals to increase spending on data security. Providers and payers may spend \$11.5 billion a year on electronic health records by 2018, according to IDC. This effort heightens the need to secure data networks given that sensitive patient records will be shared electronically across all health-care services.

Along with patient records, there has been a significant increase in personal health awareness and fitness technologies. From the release of mobile health apps to wearable sleep and fitness trackers, the sustainability of everyday health data and technology will be tested in the coming year. Both Fitbit and Jawbone, makers of popular fitness trackers announced the launch of their new fitness trackers for early 2015, which utilize LED technology to measure heart rate activity. The success of these products along with smart-watches will be key indicators as to the markets' reception to more detailed daily health data.

- **Healthcare Supplies.** Demand for health care supply companies is heavily tied to the number of patients in the hospital system. As more of the population ages into more health care intensive age brackets, supplies companies will benefit from the projected increase in demand. However, within the year, health care supply companies have had to adjust to changes in customer purchasing power. Many physicians now work

for hospitals or group practices that are aligned with larger medical centers, leaving individual physicians or small private practices with less and less influence. In turn, hospitals acting as "economic buyers" use their purchasing influence to drive down costs, thus impacting suppliers' margins.

- **Medical Equipment.** Medical equipment earnings are centered on procedure volumes and new product launches. In the third quarter, Boston Scientific announced the launch of its trial appendage closure device, which could hit markets as early as the first half of 2015 depending on FDA approval. The device, which helps to prevent strokes in atrial fibrillation patients, could open a \$500 million dollar market and help further differentiate the company from competitors such as St. Jude Medical Inc.

Orthopedic demand may rise given the aging population and expansion of covered patients by the Affordable Care Act and may be a significant driver heading into 2015. This along with the development of smaller, less-invasive heart valves may expand the treatable population and have significant market impacts for manufacturers like Edwards Lifesciences and Medtronic.

- **Life Science Tools and Services.** With greater emphasis on data analytics in pharmaceutical development, more information technology companies are investing to expand operations in the life science segment. One example of this trend is Exostar, an IT company offering cloud-based solutions that enable secure, cost-effective business-to-business collaboration. Exostar reported a \$5 million investment to enable them to accelerate the growth and expansion of their healthcare and life science business. Richard Addi, Exostar's CEO comments: "Our solution is an ideal fit for the healthcare and life science community that needs to set up connections with partners and their applications quickly and securely."

The more life science companies continue to merge operating and analytical technologies into R&D processes, development will continue to be streamlined. Laboratories, in particular, are always looking for improved cost and performance in equipment. As lab instruments improve and provide larger and more complex data sets, appropriate informatics and analytic technologies will be critical verticals.

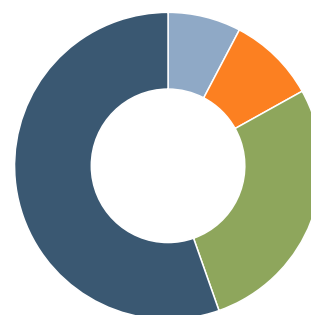
M&A Trends

Medical equipment M&A is expected to increase as the number of new products being introduced expands the treatable patient populations, thus allowing companies to evaluate new synergistic opportunities. Also, potential internal rates of returns on transaction analyses are benefitting from lower financing costs as interest rates remain relatively low. Further, large medical-device manufacturers that have engaged in significant or multiple deals, such as Medical Depot and 3D Systems Corporation, may lose market share in 2015 as they focus on integrating large businesses, as opposed to sales and product marketing, to take advantage of synergistic opportunities. Looking forward, deal volume may increase further as companies continue to expand pipelines and segment offerings.

The biotech segment represents a core drug discovery engine for the pharma industry, enticing competitive licensing deals and M&A. Large companies are particularly keen to bring in new assets, using deals as a way to bolster pipelines. Generous premiums often trigger reassessment of drug asset values across the entire area, as exemplified by Roche's August 2014 acquisition of InterMune, an early-stage biotech with innovative platforms. Heightened growth expectations for the sector could continue to drive demand in small company acquisitions, heading into 2015.

Medtech M&A deal values slowed as total value came to \$27 billion in the second half of 2014, compared to the \$38 billion in the first half of the year. Despite the decline, the number of overall deals only decreased marginally (by 1%), implying a decrease in average deal value in the latter part of the year. The biotech segment was particularly active as six of the ten largest deals and nearly half (48.2%) of all M&A deal value in the second half of 2014 occurred within that segment. However, the ongoing Medtronic-Covidien merger will dwarf these earlier acquisitions. The merger, which was expected to be completed in the latter part of 2014, is expected to close in early 2015. Worth over \$42.9 billion as of December 2014, this deal could change the face of the medtech industry.

During the second half of 2014, there were 65 disclosed deals. As shown by the chart to the right, the majority of deals had a total deal value less than \$100 million with the average deal value being approximately \$414 million. Emdeon Inc. was one of the most active investors in 2014, with 3 acquisitions. In the second half of 2014, Roche Holding AG led all transaction sizes with the InterMune acquisition, a deal valued at approximately \$8.3 billion



■ Greater than \$1 billion ■ \$500 - \$999.9mm
■ \$100 - \$499.9mm ■ Less than \$100mm

Source: S&P Capital IQ

Selected Medical Technology Mergers and Acquisitions

Second Half of 2014

Buyer	Target	Industry Segment	Date Closed	Total Trans. Value (USD mm)	Implied EV/ EBITDA
WEX Inc.	Evolution1, Inc.	Health Care Technology	7/16/14	532.5	20.0
Merz North America, Inc.	Ulthera, Inc.	Healthcare Equipment and Supplies	7/29/14	600.0	44.2
Bio-Techne Corp.	ProteinSimple	Life Sciences Tools and Services	7/31/14	308.0	43.6
Intrexon Corporation	Trans Ova Genetics LC	Biotechnology	8/8/14	110.0	13.7
Simulations Plus, Inc.	Cognigen Corporation	Life Sciences Tools and Services	9/2/14	6.8	11.3
Owens & Minor Inc.	Medical Action Industries Inc.	Healthcare Equipment and Supplies	10/1/14	287.5	19.0
Charles River Laboratories International, Inc.	ChanTest Corporation	Life Sciences Tools and Services	10/29/14	54.0	7.6
Tecomet, Inc.	Symmetry Medical, Inc.	Healthcare Equipment and Supplies	12/5/14	456.7	8.7
Average				294.4	21.0
Median				297.7	16.3

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Biotechnology

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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	\$40.87	\$1,714	1.32	3.3	20.9	15.7%	74.4	42.2	11.8%	54.1%	nm
Alexion Pharmaceuticals, Inc.	ALXN	185.03	36,689	0.72	16.9	39.9	42.4%	77.0	33.8	33.8%	46.9%	2.3
Amgen Inc.	AMGN	159.29	121,167	0.52	6.4	14.9	42.8%	25.1	18.0	5.7%	14.8%	2.2
Anacor Pharmaceuticals, Inc.	ANAC	32.25	1,383	1.68	65.1	(15.6)	-418.3%	25.8	nm	13.4%	65.1%	nm
Biogen Idec Inc.	BIIB	339.45	80,163	1.10	8.7	19.3	45.3%	32.1	21.4	30.2%	35.6%	0.7
Celgene Corporation	CELG	111.86	89,343	1.09	12.2	33.0	36.8%	58.6	25.2	13.0%	14.9%	1.1
Emergent BioSolutions, Inc.	EBS	27.23	1,023	1.06	2.6	12.8	20.1%	47.6	21.9	28.0%	11.6%	nm
Gilead Sciences Inc.	GILD	94.26	142,207	0.73	7.0	11.2	62.7%	16.8	9.5	84.8%	166.7%	0.2
INSYS Therapeutics, Inc.	INSY	42.16	1,455	1.90	7.1	21.6	32.9%	29.7	23.6	97.2%	87.7%	nm
Ligand Pharmaceuticals Incorporated	LGND	53.21	1,065	1.39	19.0	54.1	35.2%	161.3	52.2	14.9%	6.1%	nm
Medivation, Inc.	MDVN	99.61	7,732	0.69	14.4	50.3	28.6%	69.0	31.6	95.0%	-909.3%	nm
Myriad Genetics Inc.	MYGN	34.06	2,486	0.97	3.1	9.4	33.2%	19.2	16.2	1.0%	-17.6%	29.8
PDL BioPharma, Inc.	PDLI	7.71	1,239	0.58	3.1	3.3	95.2%	3.9	3.6	5.1%	7.4%	0.3
Pharmacyclics Inc.	PCYC	122.26	9,235	0.72	15.1	71.6	21.1%	110.2	53.9	116.4%	18.6%	nm
Regeneron Pharmaceuticals, Inc.	REGN	410.25	41,471	0.84	15.6	48.1	32.5%	140.3	38.0	24.8%	6.5%	nm
Repligen Corporation	RGEN	19.80	648	1.34	9.5	33.3	28.5%	55.0	63.9	-8.3%	-31.6%	nm
United Therapeutics Corporation	UTHR	129.49	6,152	1.32	4.6	15.6	29.5%	36.5	14.0	10.2%	12.1%	0.2
Average		\$111.21	\$33,689	1.04	13.1	26.8	9.7%	59.1	30.3	35.4%	-26.4%	4.6
Median		\$73.74	\$5,109	1.02	9.1	21.3	33.1%	51.3	25.2	19.9%	14.8%	0.9

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Healthcare Technology

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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*
Cerner Corporation	CERN	\$64.66	\$22,080	0.61	6.6	24.8	26.5%	51.8	33.3	12.0%	13.0%	2.2
Computer Programs & Systems Inc.	CPSI	60.75	681	0.44	3.2	12.3	26.0%	18.8	18.1	1.9%	-0.8%	1.1
HealthEquity, Inc.	HQY	25.45	1,393	0.00	16.0	59.1	27.1%	133.4	93.7	73.9%	108.1%	nm
Healthstream Inc.	HSTM	29.48	815	1.12	4.1	25.6	16.0%	86.6	75.5	29.0%	19.1%	nm
MedAssets, Inc.	MDAS	19.76	1,190	1.13	2.9	9.7	29.9%	40.3	13.6	5.9%	3.6%	nm
Omnicell, Inc.	OMCL	33.12	1,179	0.88	2.4	15.5	15.7%	43.1	24.5	15.8%	31.7%	0.2
Quality Systems Inc.	QSII	15.59	940	0.79	1.7	19.0	9.0%	nm	25.5	8.2%	-39.9%	nm
Simulations Plus, Inc.	SLP	6.68	113	0.44	8.1	20.4	39.5%	37.1	26.7	23.8%	18.9%	2.0
Veeva Systems Inc.	VEEV	26.41	3,449	0.00	10.6	48.5	21.8%	160.5	68.8	54.4%	62.7%	nm
Average		\$31.32	\$3,538	0.60	6.2	26.1	23.5%	71.4	42.2	25.0%	24.0%	1.5
Median		\$26.41	\$1,179	0.61	4.1	20.4	26.0%	47.4	26.7	15.8%	18.9%	1.4

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Medical Supplies

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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	\$55.91	\$4,489	1.93	5.3	19.2	27.8%	30.9	27.9	16.6%	18.8%	nm
Anika Therapeutics Inc.	ANIK	40.74	561	1.84	4.4	7.1	62.7%	16.9	26.0	40.6%	78.5%	0.5
ATRION Corp.	ATRI	340.01	662	0.78	4.4	12.4	35.3%	24.6	22.1	6.6%	6.9%	2.0
DENTSPLY International Inc.	XRAY	53.27	7,539	1.32	3.0	15.1	20.0%	24.7	20.2	-1.0%	4.3%	4.9
Haemonetics Corporation	HAE	37.42	1,921	0.71	2.4	17.9	13.4%	65.5	18.1	-2.4%	-30.5%	nm
ICU Medical, Inc.	ICUI	81.90	1,258	0.64	3.0	14.6	20.7%	39.4	39.7	-1.5%	-12.7%	332.3
Meridian Bioscience, Inc.	VIVO	16.46	686	1.36	3.4	10.9	31.0%	19.8	19.1	1.9%	-4.1%	39.4
Merit Medical Systems, Inc.	MMSI	17.33	752	0.80	1.9	12.9	15.0%	35.7	22.1	13.5%	13.0%	nm
Neogen Corp.	NEOG	49.59	1,833	1.05	6.6	30.1	21.8%	59.7	48.9	17.8%	14.9%	3.6
Span-America Medical Systems Inc.	SPAN	17.03	50	0.35	0.8	8.9	8.8%	19.6	0.0	-16.7%	-34.7%	0.0
Synergetics USA, Inc.	SURG	4.35	110	1.07	1.4	12.4	11.1%	39.5	22.7	3.3%	46.4%	1.8
The Cooper Companies Inc.	COO	162.09	7,806	0.14	5.3	18.1	29.5%	29.4	21.5	8.2%	11.8%	1.1
Utah Medical Products Inc.	UTMD	60.05	225	0.32	5.1	10.9	47.4%	19.1	0.0	1.9%	8.2%	0.0
Vascular Solutions Inc.	VASC	27.16	467	0.01	3.4	17.1	19.9%	39.4	33.8	14.2%	13.6%	2.0
West Pharmaceutical Services, Inc.	WST	53.24	3,784	0.81	2.7	14.2	19.2%	32.4	26.6	3.9%	9.5%	2.5
Average		\$67.77	\$2,143	0.88	3.6	14.8	25.6%	33.1	23.3	7.1%	9.6%	32.5
Median		\$49.59	\$752	0.80	3.4	14.2	20.7%	30.9	22.1	3.9%	9.5%	2.0

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Medical Equipment

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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	\$56.83	\$1,281	0.96	6.4	33.8	18.9%	74.7	51.7	2.5%	11.3%	20.7
ABIOMED, Inc.	ABMD	38.06	1,540	1.78	7.3	98.9	7.4%	158.4	141.0	11.6%	29.1%	12.2
Analogic Corporation	ALOG	84.61	1,047	0.87	1.8	14.0	12.7%	25.7	21.1	-2.7%	13.2%	nm
AngioDynamics Inc.	ANGO	19.01	675	0.87	2.2	15.0	15.0%	174.0	27.2	5.2%	8.0%	5.2
Cantel Medical Corp.	CMN	43.26	1,796	1.64	3.7	19.4	19.1%	41.6	34.9	14.2%	12.6%	2.5
CareFusion Corporation	CFN	59.34	12,117	0.91	3.1	14.1	22.4%	30.0	20.1	10.6%	5.0%	1.9
CONMED Corporation	CNMD	44.96	1,238	1.43	1.9	11.4	16.7%	40.1	22.5	-1.8%	-0.7%	nm
CR Bard Inc.	BCR	166.62	12,480	0.71	4.0	14.0	28.7%	15.9	20.3	6.6%	16.8%	3.1
Cyberonics Inc.	CYBX	55.68	1,465	0.63	4.6	13.4	34.2%	23.8	22.3	6.8%	11.2%	3.3
Cynosure, Inc.	CYNO	27.42	594	1.51	1.9	7.2	25.6%	39.3	25.5	24.2%	87.5%	1.1
Edwards Lifesciences Corp.	EW	127.38	13,626	0.61	5.7	24.2	23.5%	17.8	32.9	9.6%	0.6%	3.4
Globus Medical, Inc.	GMED	23.77	2,246	-0.05	4.2	12.1	34.8%	26.4	24.2	6.1%	10.2%	4.0
Greatbatch, Inc.	GB	49.30	1,232	1.12	2.0	10.9	17.9%	25.1	19.5	7.5%	11.9%	2.6

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Medical Equipment (cont.)

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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*
Hill-Rom Holdings, Inc.	HRC	45.62	2,624	1.34	1.8	11.1	16.1%	43.9	18.5	0.3%	9.7%	63.4
Inogen, Inc.	INGN	31.37	584	0.00	5.1	25.0	20.5%	65.5	80.9	36.8%	62.7%	2.2
Integra LifeSciences Holdings Corporation	IART	54.23	1,778	0.88	2.5	12.5	20.1%	50.5	16.8	7.3%	26.8%	2.3
Intuitive Surgical, Inc.	ISRG	528.94	19,175	0.69	8.5	29.4	28.9%	46.0	31.1	-5.9%	-32.9%	nm
Masimo Corporation	MASI	26.34	1,381	0.77	2.5	14.5	17.3%	24.4	18.7	2.8%	-3.0%	6.7
Natus Medical Inc.	BABY	36.04	1,151	1.02	3.1	16.9	18.4%	37.7	26.3	2.4%	24.3%	10.9
ResMed Inc.	RMD	56.06	7,817	0.86	4.5	15.0	30.2%	23.3	21.1	4.9%	0.4%	4.3
Sirona Dental Systems Inc.	SIRO	87.37	4,838	1.21	3.9	16.8	23.0%	27.9	21.8	3.8%	-3.0%	5.7
Steris Corp.	STE	64.85	3,854	1.12	2.5	13.0	19.1%	31.5	21.0	9.7%	12.6%	2.2
Teleflex Incorporated	TFX	114.82	4,755	1.04	3.1	13.7	22.5%	30.4	19.0	7.0%	13.7%	2.7
Thoratec Corp.	THOR	32.46	1,785	0.71	3.2	16.1	20.0%	36.1	28.1	-5.0%	-24.3%	nm
Varian Medical Systems, Inc.	VAR	86.51	8,667	0.87	2.7	12.4	21.6%	22.6	20.2	2.5%	-2.8%	8.1
Zimmer Holdings, Inc.	ZMH	113.42	19,208	0.91	4.1	10.9	37.5%	24.4	18.2	1.5%	6.0%	12.4
Average		\$79.78	\$4,960	0.94	3.7	19.1	22.0%	44.5	30.9	6.5%	11.8%	8.2
Median		\$54.96	\$1,791	0.90	3.2	14.0	20.3%	30.9	22.0	5.6%	10.7%	3.7

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Life Science Tools & Services

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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*
Albany Molecular Research Inc.	AMRI	\$16.28	\$531	1.73	2.5	18.0	13.8%	145.1	17	4.3%	-24.8%	nm
Bio-Rad Laboratories, Inc.	BIO	120.56	3,491	1.20	1.5	11.1	13.4%	43.9	32	2.2%	-6.4%	nm
Bio-Techne Corp.	TECH	92.40	3,426	0.62	9.0	18.2	49.5%	31.9	25	15.1%	6.1%	11.4
Bruker Corporation	BRKR	19.62	3,306	1.23	1.7	13.5	12.9%	50.4	24	0.7%	-0.7%	nm
Cambrex Corporation.	CBM	21.62	663	0.80	2.0	9.8	20.3%	17.2	16	9.6%	4.9%	0.4
Charles River Laboratories International, Inc.	CRL	63.64	2,986	1.05	2.9	13.0	22.3%	25.4	18	7.9%	9.1%	2.0
Covance Inc.	CVD	103.84	5,876	0.93	2.2	13.0	16.6%	nm	25	4.5%	15.1%	nm
Harvard Bioscience Inc.	HBIO	5.67	184	1.14	1.7	18.1	9.4%	93.2	32	0.9%	3.4%	nm
Illumina Inc.	ILMN	184.58	26,210	0.75	15.1	50.7	29.8%	96.9	60	22.2%	37.0%	1.7
Luminex Corporation	LMNX	18.76	804	0.58	3.2	17.1	18.7%	36.9	35	5.0%	63.1%	2.1
Neogenomics Inc.	NEO	4.17	250	0.87	2.8	28.2	9.9%	224.5	75	21.0%	4.7%	nm
PAREXEL International Corporation	PRXL	55.56	3,057	0.96	1.6	10.7	14.9%	22.5	20	6.9%	21.8%	0.6
PerkinElmer Inc.	PKI	43.73	4,940	0.94	2.5	13.3	18.9%	25.3	17	2.9%	8.5%	1.0
pSivida Corp.	PSDV	4.11	121	1.46	3.8	9.0	42.1%	10.9	41	1184.5%	-190.0%	nm
Thermo Fisher Scientific, Inc.	TMO	125.29	50,119	0.95	4.0	17.6	23.0%	30.2	17	21.2%	30.7%	0.9
Waters Corporation	WAT	112.72	9,387	0.94	4.5	14.1	31.9%	22.8	20	3.5%	5.2%	2.3
Average		\$53.90	\$3,989	1.02	3.7	17.4	20.9%	63.4	31	92.0%	-3.4%	2.5
Median		\$32.68	\$3,021	0.95	2.5	13.4	17.6%	36.9	25	5.9%	5.5%	1.7

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

Appendix: Publicly Traded Medical Technology Companies

Conglomerate Companies

Company Name	Ticker	Price at 12/31/14	Market Cap (millions) 12/31/14	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	\$164.32	\$104,514	1.10	3.4	12.9	26.7%	22.6	20.4	2.6%	5.4%	1.9
Agilent Technologies	A	40.94	13,728	1.50	1.9	10.5	18.3%	27.5	23.6	2.9%	-8.1%	nm
Abbott Laboratories	ABT	45.02	67,791	0.35	3.2	14.9	21.6%	35.5	19.6	1.4%	8.0%	nm
Allergan	AGN	212.59	63,330	0.75	8.8	26.3	33.3%	49.7	26.7	11.3%	9.4%	1.3
Baxter International	Bax	73.29	39,722	0.71	2.8	11.2	24.9%	21.9	15.7	10.2%	5.2%	nm
Becton Dickinson	BDX	139.16	26,911	0.88	3.3	13.0	25.7%	23.2	20.6	3.7%	1.7%	4.8
Boston Scientific Corporation	BSX	13.25	17,576	1.05	2.9	13.2	22.3%	62.8	0.0	2.6%	2.6%	nm
Danaher	DHR	85.71	60,228	1.17	3.0	13.6	22.1%	22.5	21.2	3.4%	4.7%	1.2
Endo Health Solutions	ENDP	72.12	11,098	1.20	5.6	17.9	31.0%	NM	15.4	1.7%	-1.8%	nm
General Electric	GE	25.27	253,766	1.36	4.2	21.3	19.8%	17.0	14.6	2.0%	0.8%	1.7
Corning Life Sciences	GLW	22.93	29,393	1.71	3.2	10.2	31.1%	17.2	14.9	18.5%	17.1%	2.4
Hospira	HSP	61.25	10,364	0.54	2.6	16.4	15.9%	31.3	29.1	10.5%	137.7%	nm
IDEX	IDXX	148.27	7,070	0.85	5.0	21.8	23.1%	38.6	35.6	8.1%	7.0%	2.9
Johnson & Johnson	JNJ	104.57	292,703	0.56	3.7	11.0	33.6%	17.3	17.6	4.2%	8.4%	3.3
Kimberly-Clark	KMB	115.54	43,033	0.20	2.5	12.2	20.3%	20.4	19.7	-6.8%	-6.3%	nm
Medtronic	MDT	72.20	71,068	1.06	4.1	12.5	32.6%	25.0	17.2	3.1%	1.9%	2.0
Pall	PLL	101.21	10,782	1.46	3.8	16.7	22.9%	29.5	25.6	7.8%	14.4%	1.9
Stryker	SYK	94.33	35,687	0.96	3.7	20.0	18.4%	56.2	18.5	5.6%	1.8%	nm
Average		\$88.44	\$64,376	0.97	3.8	15.3	24.7%	30.5	19.8	5.2%	11.7%	1.9
Median		\$79.50	\$37,704	1.00	3.4	13.4	23.0%	25.0	19.7	3.6%	5.0%	2.3

Pricing as of December 31, 2014

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

Source: S&P Capital IQ

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