



**Quarterly  
Review of the  
Medical  
Technology  
Industry  
(MedTech)**

**Q3 2013**



Mergers & Acquisitions

Custom Capital Solutions

Corporate Finance Advisory

Member: FINRA/SIPC



## About Navidar

Navidar is an **investment banking firm** providing companies and investors in dynamic industries with **strategic M&A advice, capital raising solutions**, vital insights and breakthrough opportunities.

- Big Firm Experience Combined with Senior Banker Attention
- Global Relationships With Top Tier Investors and World-Leading Companies
- Greater Creativity & Customized Solutions
- Focused on Middle Corridor of the United States

### Navidar's Differentiation

December 2012



Has been acquired by



Sellside Advisor

- *“Navidar consistently provided sound, unbiased advice and we felt that they always put Techniks’ interests ahead of their own.”*  
John Stagge, Co-President of Techniks

October 2011



Has been acquired by



Sellside Advisor

- *“Senior banker attention led to a creative deal structure which resulted in a better outcome for our shareholders.”*  
Joel Haspel, Founder and CEO of Sentient Health

October 2012



Has been acquired by



Sellside Advisor

- *“Navidar’s global reach, understanding of current technology trends and ability to navigate complex deal issues really sets them apart from the competition.”*  
Eric Tobias, CEO of iGoDigital

July 2011



Has been acquired by



Sellside Advisor

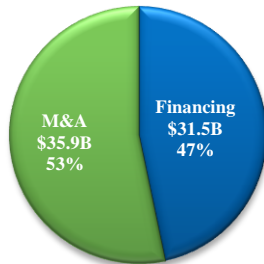
- *“Navidar’s ability to quickly understand our business and its drivers, deal-savvy banking team and global reach set them apart.”*  
Chris Welsh, General Manager of MWM Acoustics



## Navidar at a Glance

### Experienced Strategic Advisors

*Executed Over 300 Deals,  
Nearly \$70B of Transaction Volume*

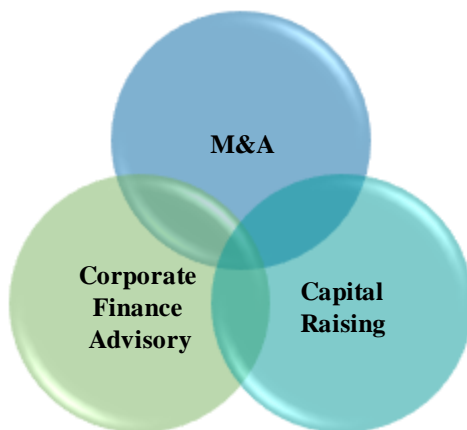


### Advising Dynamic Companies



### Creative Insights & Customized Solutions

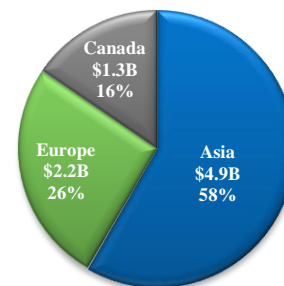
Private Companies



Public Companies

### International Expertise

*\$8.4B of Transaction Volume*



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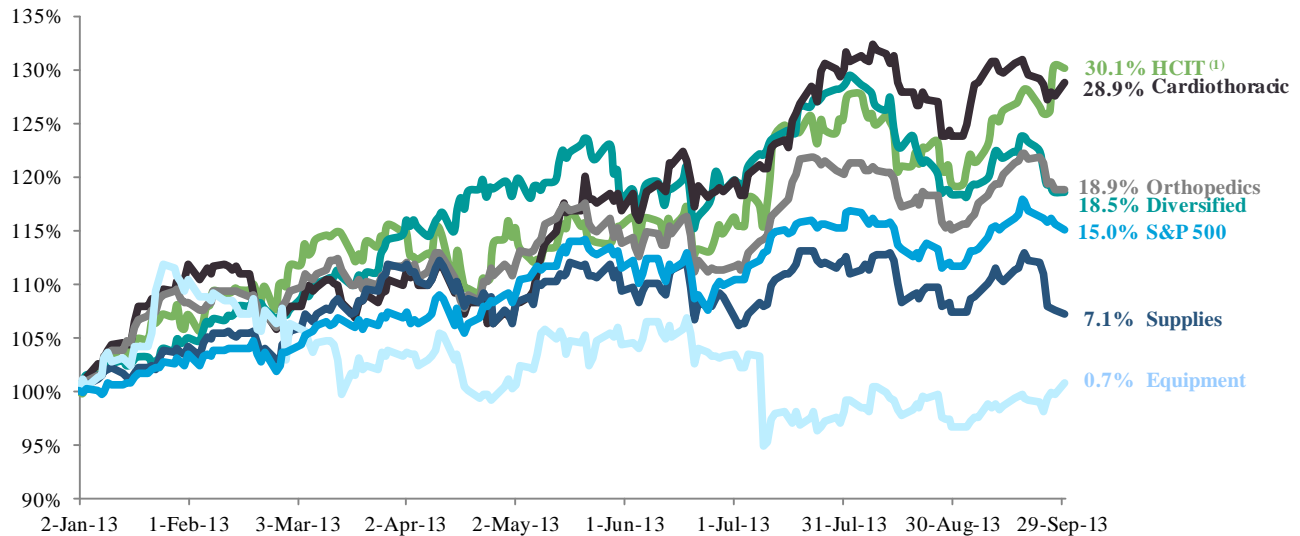
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*Managing Director*



## Q3 2013 Medical Technology Sector Review

### Relative Share Price Performance - YTD



### MedTech Sector Share Price Performance

Sub-Sector	Q3 Return	YTD Return
HCIT <sup>(1)</sup>	12.0%	30.1%
Cardiothoracic	7.5%	28.9%
Orthopedics	6.5%	18.9%
S&P 500	4.1%	15.0%
Supplies	0.2%	7.1%
Diversified	(0.9%)	18.5%
Equipment	(2.6%)	0.7%

- Most healthcare segments have traded in-line with broader markets, while HCIT and Cardiothoracic have significantly outperformed the market benefitting from growing demand in Q3'13. HCIT and Cardiothoracic posted 12.0% and 7.5% returns in Q3'13, led by Greenway Medical Technology's 70.1% increase (HCIT), and Boston Scientific's 25.3% increase (Cardiothoracic)
- MedTech M&A volume recovered from the multi-year lows of Q2'13, however, it remains well below long-term averages
- Deal volume in the MedTech sector in Q3'13 experienced an uptick from Q2'13, with the number of deals increasing from 99 to 108, however, deal value declined by \$4.7 billion to total \$7.8 billion in Q3'13
- Strategic acquirers accounted for 86% of deal volume, or 93 out of 108 transactions, in Q3'13
- There were three large deals (EV>\$500M) in Q3'13, unchanged as compared to the previous two quarters
- As the demand and consumption of healthcare in the U.S. surges (partly driven by the Affordable Care Act), providers across the healthcare supply-chain will have greater opportunities to significantly drive revenues. These dynamics will continue to drive M&A activity and strategic alternatives for healthcare-related businesses

### Top 5 Global M&A Deals in Q3 By Size

Date	Buyer	Target	Deal Value (\$M)
7/29/2013	Essilor	(51% Transitions Optical/ 100% Intercast Europe)	1,855
9/25/2013	Stryker	MAKO SURGICAL CORP	1,548
9/23/2013	Vitera HEALTHCARE SOLUTIONS	GREENWAY	644
7/30/2013	KCI	Systagenix	485
9/3/2013	BIOMÉRIEUX	BIO FIRE	450

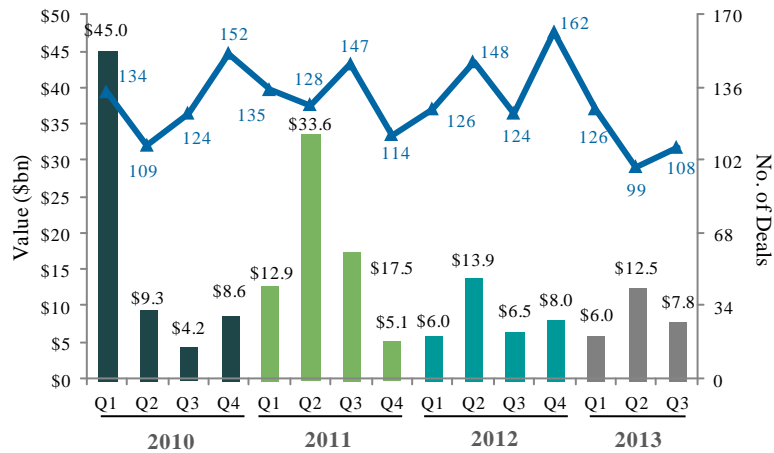
Source: CapitalIQ, Industry Research, Online Publications, and Navidar Research.

(1) HCIT = Healthcare Information Technology.



# Medical Technology Sector M&A Review

## Global MedTech M&A Deals — Since 2010

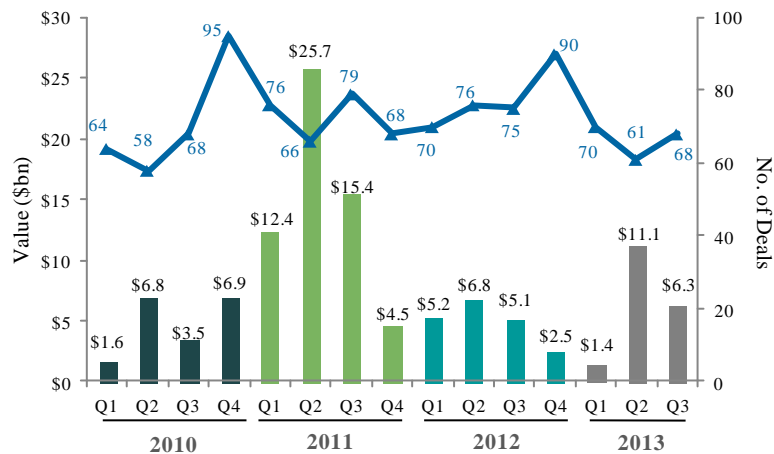


## Commentary

After a drop in global M&A deal volume for two consecutive quarters, Q3'13 experienced a slight quarter-over-quarter rebound in deal volume, however, deal volume remains sharply down from historical levels.

- Global transaction volume grew 9%, from 99 deals in Q2'13 to 108 in Q3'13, however, transaction volume decreased 13% year-over-year. Deal value increased 20%, from \$6.5 billion in Q3'12 to \$7.8 billion in Q3'13, however, deal value fell 38% quarter-over quarter.

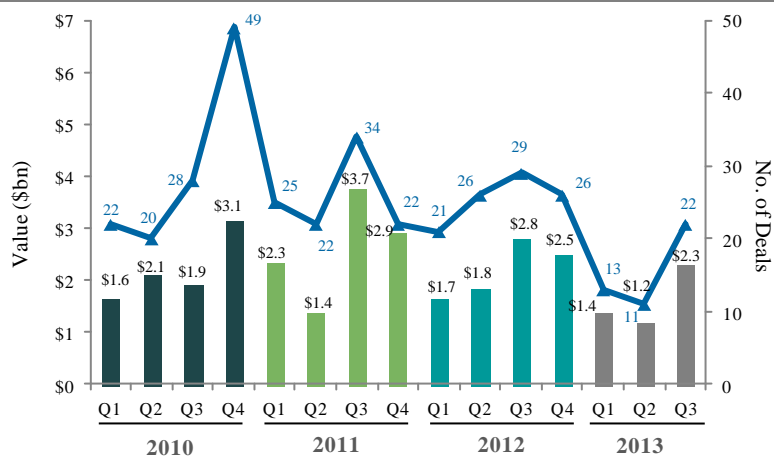
## U.S. MedTech M&A Deals — Since 2010



Nearly 80% of total Global M&A deal value was from the acquisition of U.S. based companies.

- U.S. transaction volume decreased 9% in Q3'13, as compared to Q3'12, from 75 to 68 acquisitions. Deal value grew by 24% over the same period, from \$5.1 billion to \$6.3 billion. The increase in U.S. deal value was largely attributable to:
  - \$1.86 billion acquisition of Transitions Optical, and Interact by Essilor
  - \$1.55 billion acquisition of MAKO Surgical by Stryker

## U.S. MedTech Middle Market M&A Deals — Since 2010<sup>(1)</sup>



U.S. Middle Market transaction activity gained momentum in Q3'13.

- Transaction volume doubled in Q3'13, compared to Q2'13, from 11 to 22 acquisitions, but decreased 24% from 29 acquisitions in Q3'12.
- Deal value increased 48%, from \$1.2 billion in Q2'13 to \$2.4 billion in Q3'13, but fell 18%, from \$2.8 billion in Q3'12.

Source: CapitalIQ, Navidar Research and Industry Research.  
 (1) Less than \$500M of transaction value.



## Medical Technology Sector M&A Review (Cont.)

### Top 10 MedTech M&A Transactions in Q3 2013

Announced Date	Buyer	Target	Trn. Value (\$USDmm)	LTM EV/Rev. (x)	LTM EV/EBITDA (x)
9/25/2013	Stryker Corporation (US)	MAKO Surgical Corp. (US)	1,548.4	13.2x	NA
9/23/2013	Vitera Healthcare Solutions (US)	Greenway Medical Technologies (US)	643.6	4.7x	NA
9/12/2013	Deutsche Sec., Investment Arm (Japan)	M3, Inc (Japan)	381.0	13.2x	35.4x
9/3/2013	bioMérieux SA (France)	BioFire Diagnostics (US)	450.0	NA	NA
8/19/2013	St. Jude Medical (US)	Endosense (Switzerland)	334.1	NA	NA
8/19/2013	Davol (US)	Medafor (US)	280.0	NA	NA
7/30/2013	Kinetic Concepts (US)	Systagenix Wound Management (UK)	485.0	2.5x	NA
7/29/2013	Essilor International (France)	51% Transitions Optical/ 100% Intercast Europe	1,855.0	NA	NA
7/15/2013	Abbott Laboratories (US)	IDEV Technologies (US)	310.0	NA	NA
7/15/2013	Abbott Laboratories (US)	OptiMedica (US)	400.0	NA	NA

### U.S. MedTech M&A Deal Volume by Size

\$ in millions except #	Q3 2013		Q3 2012		Q2 2013	
	Number of deals	Total deal value	Number of deals	Total deal value	Number of deals	Total deal value
< \$50M	13	\$220	17	\$200	3	\$26
\$50M to \$100M	3	166	4	294	3	255
\$100M to \$250M	1	200	4	761	3	344
\$250M to \$500M	5	1,705	4	1,531	2	565
\$500M to \$1000M	1	644	1	891	-	-
>\$1B	2	3,403	1	1,390	2	9,940
Undisclosed	43	-	44	-	48	-
<b>Grand Total</b>	<b>68</b>	<b>\$6,337</b>	<b>75</b>	<b>\$6,757</b>	<b>61</b>	<b>\$11,130</b>

Source: CapitalIQ and Industry Research.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



## Medical Technology Sector M&A Review (Cont.)

### *Selected HCIT M&A Transactions in Q3 2013*

#### **Essilor Acquired 51% of Transitions Optical and 100% of Intercast Europe for \$1.85B EV.**

- **The Transitions Optical acquisition provides Essilor with a platform to transition into the photochromic (variable-tint) lens segment, which is growing twice as fast as the traditional optical industry, particularly in the Latin America and Asian markets.**
- **Intercast aims to increase Essilor's profitability by expanding Essilor into the high margin sunglass lens industry.**

Transitions Optical, based in Pinellas Park, Florida, is the inventor of variable-tint plastic lenses. It offers its products through independent eye care professionals and retail locations. Through innovative capabilities in photochromics, Transitions Optical designs and produces a wide range of variable-tint lenses that are sold through the networks of its customers, ophthalmic lens manufacturers. The majority of its products are distributed under the Transitions® brand, one of the best-known global optical brands.

Intercast Europe, based in Italy, engages in the manufacture, marketing and distribution of optical sun lenses and optical clear-sheet products from fashion and performance eyewear to sunglasses. It operates three divisions: Optical, Industrial and Scientific. Prior to the acquisition, Intercast Europe operated as a subsidiary of PPG Industries, a provider of coatings and glass products.

#### **Stryker Acquired Mako Surgical for \$1.55B EV, which implied 10.6x NTM revenue.**

- **Deal provides Stryker with a market-proven solution for less-invasive surgeries, and a leadership position in the underpenetrated robot-assisted surgery market, which currently addresses only 2% of eligible surgeries.**

MAKO Surgical, based in Fort Lauderdale, Florida, is a medical device company that markets its RIO® Robotic-Arm Interactive Orthopedic system, joint specific applications for the knee and hip and proprietary RESTORIS® implants for orthopedic procedures called MAKOplasty®. The RIO is a surgeon-interactive tactile surgical platform that incorporates a robotic arm and patient-specific visualization technology, which enables precise, consistently reproducible bone resections for the accurate insertion and alignment of MAKO's RESTORIS implants.

#### **Vitera Healthcare Solutions acquired Greenway Medical Technologies for \$644M EV, which implied 4.3x NTM revenue and 40.8x NTM EBITDA.**

- **The acquisition will create a leader in healthcare information technology and services, offering a comprehensive suite of solutions to improve clinical and financial outcomes for healthcare enterprises, ambulatory practices, public health, retail and other clinics nationwide.**
- **The combination of Vitera and Greenway will improve existing product platforms to ensure customers have tools needed to address payment reform models and meet regulatory requirements such as Meaningful Use State 2, a measure focused on more rigorous health information exchanges.**

Greenway Medical Technologies, based in Carrollton, Georgia, develops, markets and sells integrated information technology solutions and managed business services to ambulatory healthcare providers in the United States.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.  
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)  
and NTM = Next Twelve Months.*



## Medical Technology Sector M&A Review (Cont.)

### *Selected HCIT M&A Transactions in Q3 2013*

#### **Kinetic Concepts (KCI) acquired Systagenix Wound Management for \$485M EV.**

- **Acquisition of Systagenix provides product diversification within KCI's advanced wound care treatments segment, while creating additional cross-sale opportunities within its well-established customer footprint.**
- **Systagenix's collagen dressings create unique sales synergies with KCI's complementary negative-pressure wound-therapy products.**

Systagenix, based in the United Kingdom, has a broad portfolio of innovative advanced wound care products that focus on moist wound-healing dressings, including PROMOGRAN PRISMA®, the collagen dressing market leader, TIELLE (foam) and ADAPTIC (non-adherent contact layers). Systagenix' manufacturing, marketing and sales teams supply and distribute over 20 million advanced wound care dressings each month to more than 100 countries. The company, formerly part of Johnson & Johnson, has approximately 800 employees worldwide.

#### **bioMérieux acquired BioFire Diagnostics for \$450M EV.**

- **BioFire's FilmArray technology for a syndromic approach to infectious diseases enhances bioMérieux's offering in high-value medical tests, while creating a major player in infectious disease diagnostics.**
- **BioFire expands bioMérieux' limited presence in the United States, and provides access to a strong relationship with the U.S. Department of Defense, a current BioFire customer.**

BioFire, based in Salt Lake City, Utah, markets the FilmArray molecular diagnostics system and associated syndromic infectious disease assay panels. It develops, manufactures and distributes molecular diagnostic systems to hospital-based clinical laboratories. It offers high resolution melting instruments, high multiplex PCR instruments, real-time PCR instruments, respiratory panels, freeze-dried reagents, food security reagents, reagent pouches, DNA and RNA sample purification kits, and master mixes. BioFire received \$45 million of funding in September 2012 from Athyrium Capital Management.

#### **Abbott acquired OptiMedica for \$400M EV.**

- **OptiMedica enables Abbott to expand its vision care business into the femtosecond laser-assisted cataract surgery market, replacing previous manual solutions for surgery.**
- **OptiMedica's technology combined with Abbott's global market scale offers the potential to provide improved cataract treatment options to more patients around the world.**

OptiMedica, based in Sunnyvale, California, operates as an ophthalmic device company that develops technologies for the treatment of ocular diseases. It offers a comprehensive portfolio of cataract, refractive and eye care products. Several high-profile venture capitalists owned a stake in OptiMedica, including Kleiner Perkins Caulfield & Byers and BlackRock. In its first two rounds of financing, led by Kleiner and Alloy Ventures back in 2006, OptiMedica raised \$13.8 million, which was followed by a \$30.2 million round closed in October 2009 and a \$35 million round closed in late 2012.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research and Navidar Research.*

*Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)  
and NTM = Next Twelve Months.*





## Medical Technology Sector M&A Review (Cont.)

### *Selected HCIT M&A Transactions in Q3 2013*

#### **St. Jude Medical Acquires Endosense for \$334M EV.**

- Acquisition adds a robust platform for future product development in St. Jude's market-leading electrophysiology portfolio.
- Endosense strengthens St. Jude's treatments for patients with cardiac arrhythmias, and provides an opportunity to accelerate its market share in the \$900 million global cardiac ablation catheter market.

Headquartered in Geneva, Switzerland, Endosense is a medical technology company focused on improving the efficacy, safety and accessibility of catheter ablation for the treatment of cardiac arrhythmias. The company pioneered the use of Contact Force measurement in catheter ablation with the development of the TactiCath, the industry's first force-sensing ablation catheter. Endosense is backed by Edmond de Rothschild Investment Partners, NeoMed Management, Gimv, VI Partners, Sectoral Asset Management, Ysios Capital Partners, Initiative Capital Romandie and NGN Capital.

#### **CR Bard Announces Agreement to Acquire Rochester Medical for \$265M EV, which implies 3.2x NTM revenue and 13.2x NTM EBITDA.**

- The addition of Rochester Medical's urology technology, alongside their distribution and customer access programs, helps bolster CR Bard's position in the rapidly-growing intermittent self-catheter segment in a bid to expand into faster growing markets.

Rochester Medical Corporation, based in Stewartville, Minnesota, engages in the development, manufacture and marketing of PVC-free and latex-free urinary continence and urine drainage care products for the home and acute care markets. Rochester Medical Corporation generated revenue of about \$62 million in 2012 and has 350 employees.

#### **Medtronic acquired Cardiocom for \$200M EV.**

- Acquisition represents a product diversification for Medtronic away from its core offering of implantable medical devices, as it shifts towards technological diagnostic solutions including home health monitors that will help reduce hospital readmissions.

Cardiocom, based in Chanhassen, Minnesota, develops, manufactures and markets telemonitoring products and services for heart failure, chronic obstructive pulmonary disease, asthma, diabetes mellitus, obesity, end stage renal disease, hypertension, asthma and other complex conditions. Cardiocom was contracted to provide telehealth technology to the U.S. Department of Veteran Affairs in 2011, and now supplies the VA with its telehealth products and services portfolio including the Commander Home Telehealth Monitoring System, Interactive Voice Response System and Omnivisor Patient Management Software.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.  
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)  
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## Medical Technology Sector M&A Review (Cont.)

### *Selected HCIT M&A Transactions in Q3 2013*

#### **Quality Systems acquired Mirth Corporation for \$59M EV.**

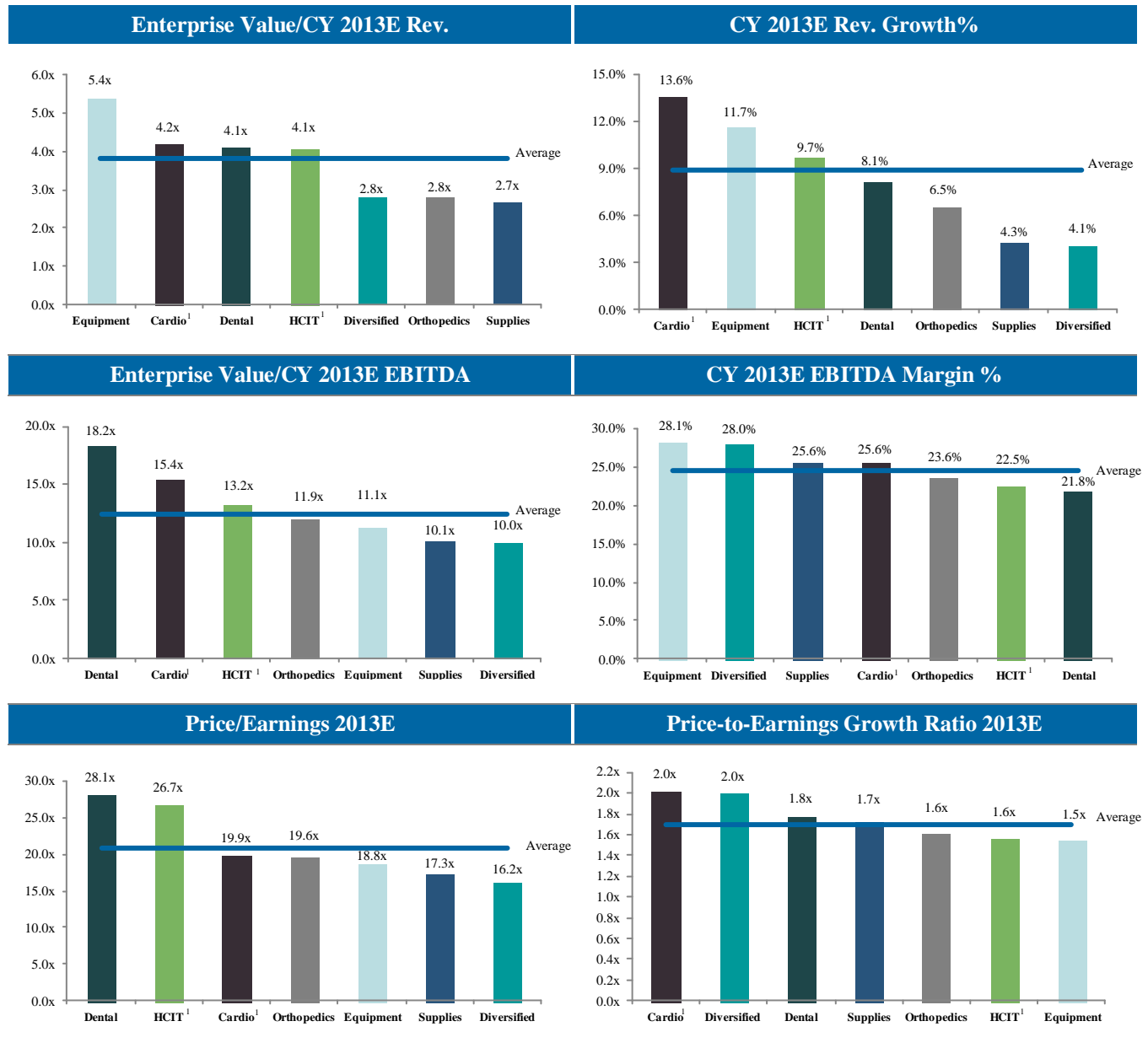
- **The Mirth acquisition will enhance Quality Systems' current enterprise initiatives in a bid to boost the interoperability of its next-generation electronic health record solution.**
- **Mirth also broadens Quality Systems' accountable and collaborative care, population health, disease management and clinical data exchange offerings.**

Headquartered in Costa Mesa, California, Mirth Corporation provides health information technology that helps clients achieve interoperability across silo-structured data systems. Mirth's solutions are used daily by thousands of health professionals and institutions worldwide to streamline care management processes and to securely exchange health information across enterprises, communities and broad geographies.

*Source: CapitalIQ, Press Releases, Equity Research, Online Publications, Industry Research, and Navidar Research.  
Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents)  
and NTM = Next Twelve Months.*



## Comparable Public Company Operating Metrics – Medical Technology Sector



Source: CapitalIQ.

Note: Market Data as of Q3 2013 Quarter End.

Note: Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

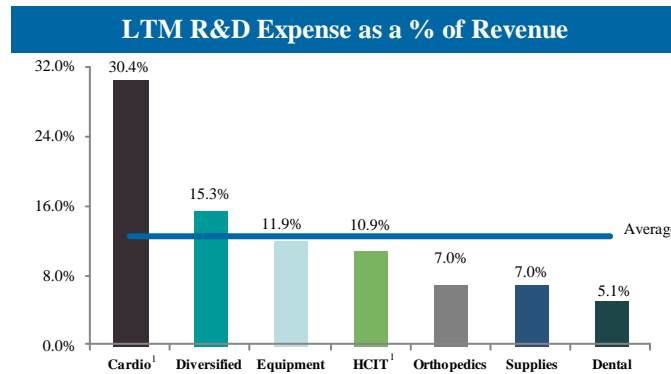
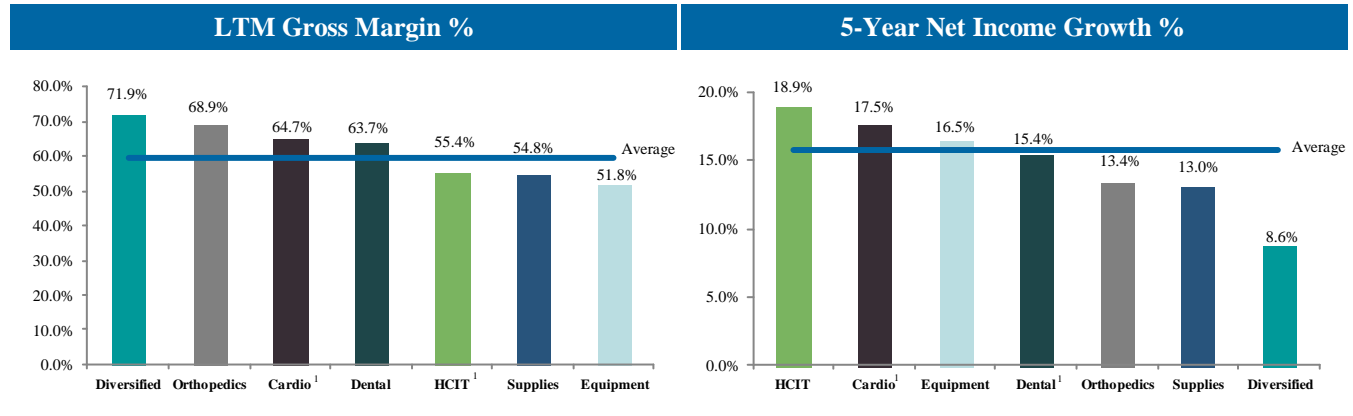
Note: CY=Calendar Year, LTM=Last Twelve Months, and NTM = Next Twelve Months.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) Cardio = Cardiothoracic and HCIT = Healthcare Information Technology.



## Comparable Public Company Operating Metrics – Medical Technology Sector (Cont.)



Source: CapitalIQ.

Note: Market Data as of Q3 2013 Quarter End.

Note: Estimates Based on Consensus of Equity Research Analyst Estimates.

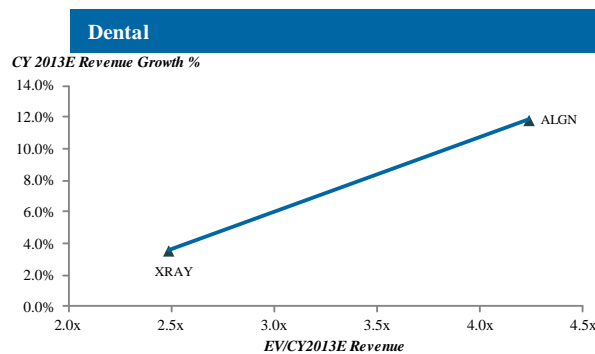
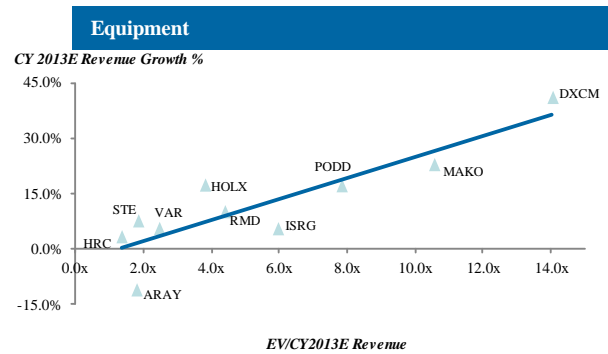
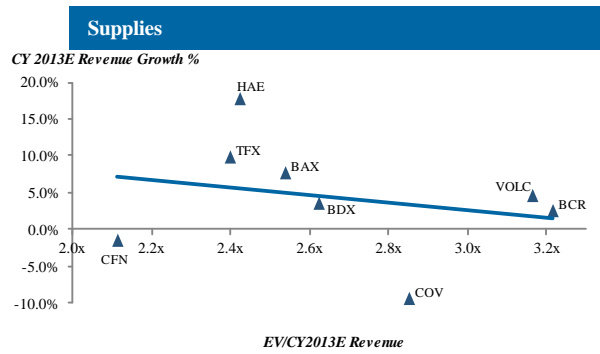
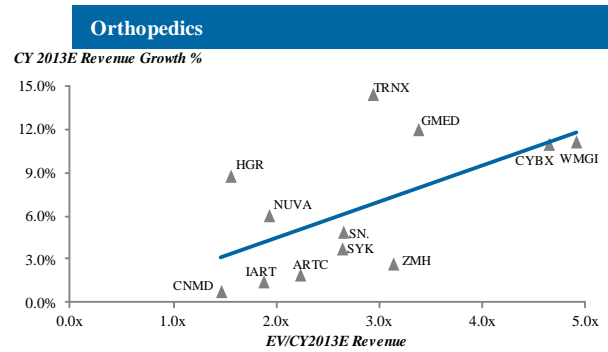
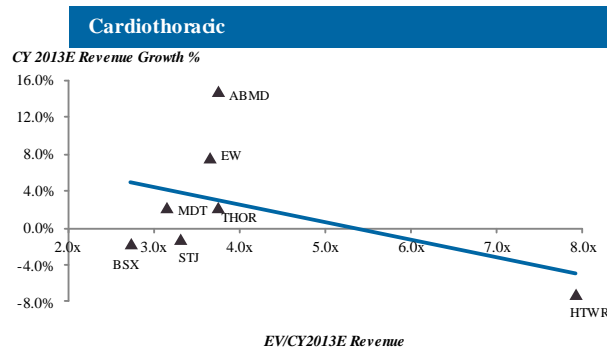
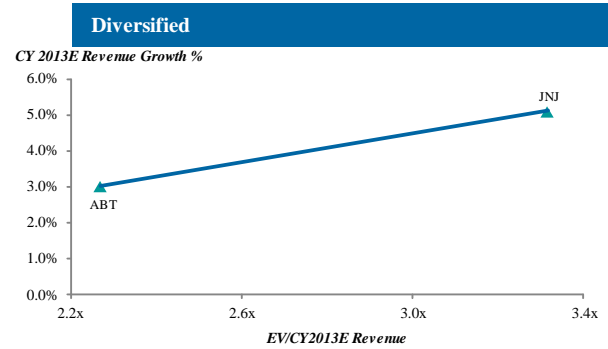
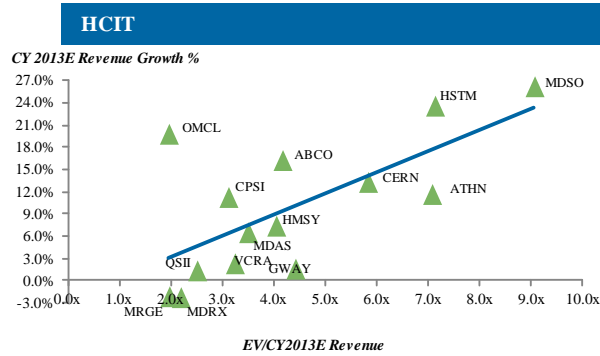
Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: CY=Calendar Year and LTM=Last Twelve Months.

(1) Cardio = Cardiothoracic and HCIT = Healthcare Information Technology.



# Valuation & Revenue Growth Correlation – Public Medical Technology Companies



Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.  
 Note: Market Data as of Q3 2013 Quarter End.  
 Note: CY=Calendar Year.  
 Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



# Appendix



## Appendix– Comparable Public Company Analysis

### Healthcare Technology (HCIT) – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>HCIT</b>														
Cerner	\$52.55	95%	1.55x	\$18,030.3	(\$787.6)	\$17,242.7	5.84x	5.2x	17.6x	15.2x	37.3x	31.8x	2.08x	1.78x
Athenahealth <sup>(1)</sup>	\$108.58	92%	1.93x	\$4,001.1	\$212.7	\$4,213.8	7.08x	5.5x	NM	27.6x	NM	NM	NM	NM
Allscripts Healthcare Solutions	\$14.87	91%	1.68x	\$2,625.1	\$473.1	\$3,098.2	2.19x	2.1x	15.5x	12.0x	43.7x	26.1x	NM	2.51x
Medidata Solutions	\$98.93	96%	3.16x	\$2,639.2	(\$140.3)	\$2,498.9	9.07x	7.6x	NM	31.0x	NM	NM	NM	NM
HMS Holdings Corp.	\$21.49	64%	1.16x	\$1,887.0	\$171.3	\$2,058.3	4.05x	3.5x	12.6x	10.4x	25.0x	20.5x	1.33x	1.09x
The Advisory Board Co.	\$59.48	98%	1.39x	\$2,132.0	(\$40.2)	\$2,091.8	4.17x	3.6x	23.5x	19.5x	NM	41.6x	NM	2.19x
Quality Systems	\$21.73	92%	1.36x	\$1,294.9	(\$130.0)	\$1,164.8	2.51x	2.3x	10.2x	8.8x	22.4x	20.1x	1.91x	1.71x
MedAssets	\$25.42	99%	1.65x	\$1,555.6	\$830.7	\$2,386.2	3.50x	3.3x	10.7x	9.8x	19.4x	17.3x	1.46x	1.30x
Accretive Health	\$9.12	67%	1.07x	\$887.1	(\$196.4)	\$690.7	0.64x	0.6x	7.8x	6.0x	19.2x	15.0x	0.86x	0.67x
Omnicell	\$23.68	94%	1.88x	\$825.0	(\$87.3)	\$737.7	1.96x	1.8x	11.1x	9.0x	22.6x	19.9x	1.27x	1.12x
Healthstream	\$37.88	99%	1.94x	\$1,015.9	(\$101.4)	\$914.5	7.14x	6.0x	NM	29.6x	NM	NM	NM	NM
Computer Programs & Systems	\$58.50	98%	1.27x	\$648.2	(\$12.3)	\$635.9	3.12x	2.9x	12.2x	11.5x	20.4x	19.4x	1.53x	1.46x
Greenway Medical Technologies	\$20.65	100%	2.00x	\$615.9	(\$11.2)	\$604.7	4.42x	3.7x	NM	29.1x	NM	NM	NM	NM
Vocera Communications	\$18.60	60%	1.55x	\$459.8	(\$124.9)	\$334.9	3.25x	2.8x	NM	NM	NM	NM	NM	NM
Merge Healthcare Incorporated	\$2.61	55%	1.15x	\$244.5	\$234.9	\$479.7	1.97x	1.9x	10.5x	8.9x	30.7x	11.3x	2.05x	0.76x
<b>Average</b>							<b>4.1x</b>	<b>3.5x</b>	<b>13.2x</b>	<b>16.3x</b>	<b>26.7x</b>	<b>22.3x</b>	<b>1.56x</b>	<b>1.46x</b>
<b>Median</b>							<b>3.5x</b>	<b>3.3x</b>	<b>11.6x</b>	<b>11.7x</b>	<b>22.6x</b>	<b>20.0x</b>	<b>1.49x</b>	<b>1.38x</b>

### Healthcare Technology (HCIT) – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>HCIT</b>															
Cerner	\$52.55	95%	1.55x	\$18,030.3	(\$787.6)	\$17,242.7	13.2%	13.0%	33.2%	33.9%	17.9%	81.8%	39.9%	11.8%	6.8%
Athenahealth <sup>(1)</sup>	\$108.58	92%	1.93x	\$4,001.1	\$212.7	\$4,213.8	11.6%	28.6%	NA	19.9%	27.6%	59.6%	23.8%	8.3%	15.0%
Allscripts Healthcare Solutions	\$14.87	91%	1.68x	\$2,625.1	\$473.1	\$3,098.2	(2.4%)	5.3%	14.1%	17.4%	10.4%	40.8%	NM	13.6%	NM
Medidata Solutions	\$98.93	96%	3.16x	\$2,639.2	(\$140.3)	\$2,498.9	26.1%	19.9%	NA	24.4%	21.8%	73.0%	22.7%	18.6%	18.6%
HMS Holdings Corp.	\$21.49	64%	1.16x	\$1,887.0	\$171.3	\$2,058.3	7.3%	14.7%	32.2%	34.1%	18.8%	37.3%	NM	NM	NM
The Advisory Board Co.	\$59.48	98%	1.39x	\$2,132.0	(\$40.2)	\$2,091.8	16.2%	16.4%	17.7%	18.4%	19.0%	47.7%	18.8%	NM	14.1%
Quality Systems	\$21.73	92%	1.36x	\$1,294.9	(\$130.0)	\$1,164.8	1.2%	8.0%	24.5%	26.6%	11.8%	58.1%	1.4%	6.2%	NM
MedAssets	\$25.42	99%	1.65x	\$1,555.6	\$830.7	\$2,386.2	6.4%	6.4%	32.8%	33.5%	13.3%	78.5%	9.1%	4.7%	33.2%
Accretive Health	\$9.12	67%	1.07x	\$887.1	(\$196.4)	\$690.7	NA	13.2%	8.3%	9.5%	22.3%	20.7%	NM	NM	9.9%
Omnicell	\$23.68	94%	1.88x	\$825.0	(\$87.3)	\$737.7	19.7%	10.8%	17.7%	19.7%	17.8%	53.6%	0.1%	7.0%	NM
Healthstream	\$37.88	99%	1.94x	\$1,015.9	(\$101.4)	\$914.5	23.5%	19.6%	NA	20.1%	20.0%	59.1%	17.6%	8.6%	11.8%
Computer Programs & Systems	\$58.50	98%	1.27x	\$648.2	(\$12.3)	\$635.9	11.2%	6.1%	25.7%	13.3%	45.4%	7.5%	NM	14.6%	
Greenway Medical Technologies	\$20.65	100%	2.00x	\$615.9	(\$11.2)	\$604.7	1.5%	18.1%	NA	12.9%	27.0%	52.2%	1.8%	14.1%	NM
Vocera Communications	\$18.60	60%	1.55x	\$459.8	(\$124.9)	\$334.9	2.2%	16.6%	NA	NA	28.0%	63.7%	38.6%	13.4%	14.5%
Merge Healthcare Incorporated	\$2.61	55%	1.15x	\$244.5	\$234.9	\$479.7	(2.2%)	4.4%	18.9%	21.2%	15.0%	59.2%	17.4%	13.6%	17.2%
<b>Average</b>							<b>9.7%</b>	<b>13.4%</b>	<b>22.5%</b>	<b>22.7%</b>	<b>18.9%</b>	<b>55.4%</b>	<b>16.6%</b>	<b>10.9%</b>	<b>15.6%</b>
<b>Median</b>							<b>9.2%</b>	<b>13.2%</b>	<b>21.7%</b>	<b>20.7%</b>	<b>18.8%</b>	<b>58.1%</b>	<b>17.5%</b>	<b>11.8%</b>	<b>14.5%</b>

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q3 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) CY Revenue Growth and EV/CY Revenue Multiple Adjusted for Acquisitions.



## Appendix– Comparable Public Company Analysis (Cont.)

### Diversified – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Diversified</b>														
Johnson & Johnson	\$86.69	92%	1.28x	\$244,298.8	(\$10,147.0)	\$234,151.8	3.3x	3.2x	10.1x	9.5x	15.9x	14.9x	2.44x	2.29x
Abbott Laboratories <sup>(1)</sup>	\$33.19	46%	1.05x	\$51,581.4	(\$1,459.1)	\$50,213.9	2.3x	2.2x	9.8x	8.9x	16.6x	14.9x	1.54x	1.39x
<b>Average</b>							<b>2.8x</b>	<b>2.7x</b>	<b>10.0x</b>	<b>9.2x</b>	<b>16.2x</b>	<b>14.9x</b>	<b>1.99x</b>	<b>1.84x</b>
<b>Median</b>							<b>2.8x</b>	<b>2.7x</b>	<b>10.0x</b>	<b>9.2x</b>	<b>16.2x</b>	<b>14.9x</b>	<b>1.99x</b>	<b>1.84x</b>

### Diversified – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Diversified</b>															
Johnson & Johnson	\$86.69	92%	1.28x	\$244,298.8	(\$10,147.0)	\$234,151.8	5.1%	4.1%	32.8%	33.5%	6.5%	68.8%	3.3%	11.4%	NM
Abbott Laboratories <sup>(1)</sup>	\$33.19	46%	1.05x	\$51,581.4	(\$1,459.1)	\$50,213.9	3.0%	5.2%	23.2%	24.3%	10.8%	75.0%	NM	19.2%	NM
<b>Average</b>							<b>4.1%</b>	<b>4.7%</b>	<b>28.0%</b>	<b>28.9%</b>	<b>8.6%</b>	<b>71.9%</b>	<b>3.3%</b>	<b>15.3%</b>	<b>NA</b>
<b>Median</b>							<b>4.1%</b>	<b>4.7%</b>	<b>28.0%</b>	<b>28.9%</b>	<b>8.6%</b>	<b>71.9%</b>	<b>3.3%</b>	<b>15.3%</b>	<b>NA</b>

### Cardiothoracic – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Cardiothoracic</b>														
Medtronic	\$53.25	95%	1.32x	\$53,115.2	(\$209.0)	\$52,906.2	3.1x	3.0x	8.9x	8.5x	14.2x	13.2x	2.13x	1.98x
St. Jude Medical	\$53.64	99%	1.77x	\$15,405.0	\$2,356.0	\$18,001.0	3.3x	3.2x	10.6x	10.1x	14.4x	13.5x	1.55x	1.45x
Boston Scientific	\$11.74	97%	2.33x	\$15,765.3	\$3,722.0	\$19,487.3	2.7x	2.7x	12.1x	11.0x	26.7x	23.0x	2.64x	2.27x
Edwards Lifesciences	\$69.63	63%	1.12x	\$7,817.6	(\$347.7)	\$7,469.9	3.7x	3.3x	14.3x	12.3x	22.7x	18.9x	1.46x	1.21x
Thoratec Corp.	\$37.29	94%	1.25x	\$2,145.2	(\$260.7)	\$1,884.5	3.7x	3.5x	13.8x	11.8x	21.3x	19.4x	2.29x	2.09x
Heartware International	\$73.19	73%	1.00x	\$1,204.0	(\$117.6)	\$1,086.4	5.1x	4.1x	NM	NM	NM	NM	NM	NM
ABIOMED	\$19.06	75%	1.62x	\$721.3	(\$67.5)	\$653.9	3.7x	3.2x	32.6x	33.6x	NM	31.2x	NM	1.00x
Hansen Medical	\$1.79	65%	1.57x	\$121.3	\$8.5	\$129.8	7.9x	5.3x	NM	NM	NM	NM	NM	NM
<b>Average</b>							<b>4.2x</b>	<b>3.5x</b>	<b>15.4x</b>	<b>14.5x</b>	<b>19.9x</b>	<b>19.9x</b>	<b>2.01x</b>	<b>1.67x</b>
<b>Median</b>							<b>3.7x</b>	<b>3.3x</b>	<b>12.9x</b>	<b>11.4x</b>	<b>21.3x</b>	<b>19.2x</b>	<b>2.13x</b>	<b>1.71x</b>

### Cardiothoracic – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Cardiothoracic</b>															
Medtronic	\$53.25	95%	1.32x	\$53,115.2	(\$209.0)	\$52,906.2	2.3%	3.3%	35.2%	35.8%	6.7%	75.0%	NM	9.2%	NM
St. Jude Medical	\$53.64	99%	1.77x	\$15,405.0	\$2,356.0	\$18,001.0	(1.2%)	3.1%	31.1%	31.7%	9.3%	73.2%	NM	12.2%	NM
Boston Scientific	\$11.74	97%	2.33x	\$15,765.3	\$3,722.0	\$19,487.3	(1.6%)	3.1%	22.7%	24.0%	10.1%	66.5%	NM	12.4%	NM
Edwards Lifesciences	\$69.63	63%	1.12x	\$7,817.6	(\$347.7)	\$7,469.9	7.7%	10.8%	25.6%	26.9%	15.6%	75.4%	NM	15.7%	NM
Thoratec Corp.	\$37.29	94%	1.25x	\$2,145.2	(\$260.7)	\$1,884.5	2.3%	7.5%	27.2%	29.6%	9.3%	69.4%	1.2%	19.1%	NM
Heartware International	\$73.19	73%	1.00x	\$1,204.0	(\$117.6)	\$1,086.4	91.3%	23.5%	NA	NA	40.5%	58.1%	NM	57.8%	NM
ABIOMED	\$19.06	75%	1.62x	\$721.3	(\$67.5)	\$653.9	14.9%	17.2%	11.5%	9.5%	31.3%	79.7%	NM	16.2%	NM
Hansen Medical	\$1.79	65%	1.57x	\$121.3	\$8.5	\$129.8	(7.1%)	49.1%	NA	NA	NM	20.1%	NM	100.7%	NM
<b>Average</b>							<b>13.6%</b>	<b>14.7%</b>	<b>25.6%</b>	<b>26.3%</b>	<b>17.5%</b>	<b>64.7%</b>	<b>1.2%</b>	<b>30.4%</b>	<b>NA</b>
<b>Median</b>							<b>2.3%</b>	<b>9.1%</b>	<b>26.4%</b>	<b>28.2%</b>	<b>10.1%</b>	<b>71.3%</b>	<b>1.2%</b>	<b>15.9%</b>	<b>NA</b>

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q3 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) CY Revenue Growth and EV/CY Revenue Multiple Adjusted for Acquisitions.





## Appendix – Comparable Public Company Analysis (Cont.)

### Orthopedics – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Orthopedics</b>														
Stryker Corp.	\$67.59	94%	1.31x	\$25,557.9	(\$1,881.0)	\$23,676.9	2.6x	2.5x	9.7x	9.0x	16.0x	14.6x	1.87x	1.71x
Zimmer Holdings	\$82.14	97%	1.33x	\$13,926.8	\$452.3	\$14,382.8	3.1x	3.0x	8.3x	7.9x	14.3x	13.2x	1.53x	1.41x
Smith & Nephew	\$12.48	96%	1.21x	\$11,187.9	\$282.0	\$11,488.3	2.6x	2.5x	9.3x	8.6x	16.3x	14.9x	2.15x	1.96x
Globus Medical	\$17.46	88%	1.70x	\$1,621.2	(\$161.2)	\$1,460.1	3.4x	3.0x	10.1x	8.7x	21.0x	18.6x	1.48x	1.30x
Cyberonics	\$50.74	89%	1.20x	\$1,387.2	(\$131.3)	\$1,255.9	4.6x	4.1x	13.2x	12.3x	27.3x	23.0x	1.50x	1.26x
Hanger	\$33.76	90%	1.51x	\$1,166.2	\$498.7	\$1,664.9	1.6x	1.5x	9.0x	8.2x	16.2x	13.9x	1.12x	0.96x
NuVasive	\$24.49	90%	1.98x	\$1,091.2	\$166.4	\$1,267.2	1.9x	1.8x	13.9x	12.4x	24.5x	21.5x	1.44x	1.26x
Integra LifeSciences Holdings	\$40.25	90%	1.30x	\$1,130.8	\$447.6	\$1,578.4	1.9x	1.8x	11.4x	9.0x	15.8x	12.9x	1.40x	1.15x
Wright Medical Group	\$26.08	92%	1.38x	\$1,196.8	(\$24.4)	\$1,172.4	4.9x	4.4x	NM	NM	NM	NM	NM	NM
ArthroCare	\$35.58	95%	1.21x	\$1,005.2	(\$251.0)	\$836.8	2.2x	2.1x	10.0x	8.7x	25.7x	23.4x	1.90x	1.73x
CONMED	\$33.96	97%	1.34x	\$933.6	\$196.0	\$1,129.6	1.5x	1.4x	8.7x	8.2x	18.7x	16.9x	1.74x	1.57x
Tornier N.V.	\$19.33	94%	1.33x	\$923.7	\$8.6	\$932.3	2.9x	2.7x	27.0x	21.3x	NM	NM	NM	NM
<b>Average</b>							<b>2.8x</b>	<b>2.6x</b>	<b>11.9x</b>	<b>10.4x</b>	<b>19.6x</b>	<b>17.3x</b>	<b>1.61x</b>	<b>1.43x</b>
<b>Median</b>							<b>2.6x</b>	<b>2.5x</b>	<b>10.0x</b>	<b>8.7x</b>	<b>17.5x</b>	<b>15.9x</b>	<b>1.52x</b>	<b>1.36x</b>

### Orthopedics – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		S-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Orthopedics</b>															
Stryker Corp.	\$67.59	94%	1.31x	\$25,557.9	(\$1,881.0)	\$23,676.9	3.7%	4.8%	27.2%	27.9%	8.6%	67.9%	NM	5.7%	NM
Zimmer Holdings	\$82.14	97%	1.33x	\$13,926.8	\$452.3	\$14,382.8	2.6%	3.7%	37.8%	38.4%	9.3%	74.4%	NM	4.8%	NM
Smith & Nephew	\$12.48	96%	1.21x	\$11,187.9	\$282.0	\$11,488.3	4.8%	4.4%	28.6%	29.5%	7.6%	74.2%	1.8%	4.7%	NM
Globus Medical	\$17.46	88%	1.70x	\$1,621.2	(\$161.2)	\$1,460.1	11.9%	13.0%	33.3%	34.2%	14.3%	79.0%	NM	6.9%	NM
Cyberonics	\$50.74	89%	1.20x	\$1,387.2	(\$131.3)	\$1,255.9	10.9%	12.8%	35.1%	33.5%	18.2%	91.1%	NM	16.7%	NM
Hanger	\$33.76	90%	1.51x	\$1,166.2	\$498.7	\$1,664.9	8.7%	6.2%	17.2%	17.9%	14.4%	35.7%	NM	NM	NM
NuVasive	\$24.49	90%	1.98x	\$1,091.2	\$166.4	\$1,267.2	6.0%	6.7%	13.9%	14.5%	17.0%	75.0%	NM	5.2%	NM
Integra LifeSciences Holdings	\$40.25	90%	1.30x	\$1,130.8	\$447.6	\$1,578.4	1.4%	5.6%	16.5%	19.8%	11.2%	63.1%	NM	6.1%	NM
Wright Medical Group	\$26.08	92%	1.38x	\$1,196.8	(\$24.4)	\$1,172.4	11.1%	12.2%	NA	NA	13.5%	68.7%	NM	6.0%	NM
ArthroCare	\$35.58	95%	1.21x	\$1,005.2	(\$251.0)	\$836.8	1.8%	4.2%	22.4%	24.7%	13.5%	69.9%	31.9%	9.2%	8.9%
CONMED	\$33.96	97%	1.34x	\$933.6	\$196.0	\$1,129.6	0.7%	3.6%	16.8%	17.2%	10.8%	54.6%	NM	3.4%	NM
Tornier N.V.	\$19.33	94%	1.33x	\$923.7	\$8.6	\$932.3	14.4%	9.5%	10.9%	12.6%	22.5%	73.1%	NM	7.8%	NM
<b>Average</b>							<b>6.5%</b>	<b>7.2%</b>	<b>23.6%</b>	<b>24.6%</b>	<b>13.4%</b>	<b>68.9%</b>	<b>16.9%</b>	<b>7.0%</b>	<b>8.9%</b>
<b>Median</b>							<b>5.4%</b>	<b>5.9%</b>	<b>22.4%</b>	<b>24.7%</b>	<b>13.5%</b>	<b>71.5%</b>	<b>16.9%</b>	<b>6.0%</b>	<b>8.9%</b>

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q3 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



## Appendix– Comparable Public Company Analysis (Cont.)

### Supplies– Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Supplies</b>														
Baxter International	\$65.69	88%	1.10x	\$35,655.7	\$3,046.0	\$38,734.7	2.5x	2.3x	9.2x	8.3x	14.1x	12.7x	1.69x	1.52x
Covidien	\$60.94	89%	1.14x	\$28,032.3	\$2,957.0	\$30,989.3	2.9x	2.9x	10.7x	10.4x	15.9x	15.0x	1.62x	1.52x
Becton, Dickinson and Co.	\$100.02	95%	1.35x	\$19,425.1	\$1,670.8	\$21,095.9	2.6x	2.5x	9.8x	8.9x	17.5x	15.5x	2.11x	1.86x
CR Bard	\$115.20	95%	1.23x	\$9,118.4	\$623.7	\$9,742.1	3.2x	3.1x	11.4x	9.9x	19.3x	15.1x	1.92x	1.51x
CareFusion Corp.	\$36.90	94%	1.42x	\$7,889.0	(\$352.0)	\$7,537.0	2.1x	2.0x	8.7x	8.1x	18.0x	14.3x	1.62x	1.29x
Teleflex Incorporated	\$82.28	94%	1.26x	\$3,383.8	\$694.1	\$4,080.0	2.4x	2.3x	10.6x	9.6x	17.1x	15.1x	1.70x	1.50x
Haemonetics Corp.	\$39.88	87%	1.06x	\$2,049.7	\$311.9	\$2,361.6	2.4x	2.4x	10.3x	8.8x	19.6x	15.6x	1.43x	1.14x
Volcano Corp.	\$23.95	79%	1.46x	\$1,307.4	(\$45.1)	\$1,262.3	3.2x	2.8x	NM	22.4x	NM	NM	NM	NM
<b>Average</b>							<b>2.7x</b>	<b>2.5x</b>	<b>10.1x</b>	<b>10.8x</b>	<b>17.3x</b>	<b>14.8x</b>	<b>1.73x</b>	<b>1.48x</b>
<b>Median</b>							<b>2.6x</b>	<b>2.4x</b>	<b>10.3x</b>	<b>9.2x</b>	<b>17.5x</b>	<b>15.1x</b>	<b>1.69x</b>	<b>1.51x</b>

### Supplies– Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Supplies</b>															
Baxter International	\$65.69	88%	1.10x	\$35,655.7	\$3,046.0	\$38,734.7	7.6%	10.3%	27.6%	27.8%	8.3%	52.0%	NM	6.6%	NM
Covidien	\$60.94	89%	1.14x	\$28,032.3	\$2,957.0	\$30,989.3	(9.5%)	(1.3%)	26.7%	27.8%	9.8%	57.5%	0.5%	5.1%	NM
Becton, Dickinson and Co.	\$100.02	95%	1.35x	\$19,425.1	\$1,670.8	\$21,095.9	3.4%	5.5%	26.7%	28.0%	8.3%	51.6%	NM	6.2%	NM
CR Bard	\$115.20	95%	1.23x	\$9,118.4	\$623.7	\$9,742.1	2.4%	4.2%	28.2%	31.2%	10.0%	61.5%	0.1%	7.7%	NM
CareFusion Corp.	\$36.90	94%	1.42x	\$7,889.0	(\$352.0)	\$7,537.0	(1.6%)	4.8%	24.3%	25.0%	11.1%	52.1%	NM	5.4%	NM
Teleflex Incorporated	\$82.28	94%	1.26x	\$3,383.8	\$694.1	\$4,080.0	9.7%	4.4%	22.6%	23.9%	10.1%	49.0%	NM	3.9%	NM
Haemonetics Corp.	\$39.88	87%	1.06x	\$2,049.7	\$311.9	\$2,361.6	17.6%	2.6%	23.4%	27.0%	13.7%	49.5%	0.5%	4.9%	NM
Volcano Corp.	\$23.95	79%	1.46x	\$1,307.4	(\$45.1)	\$1,262.3	4.5%	11.2%	NA	12.7%	32.9%	65.3%	NM	15.8%	NM
<b>Average</b>							<b>4.3%</b>	<b>5.2%</b>	<b>25.6%</b>	<b>25.4%</b>	<b>13.0%</b>	<b>54.8%</b>	<b>0.4%</b>	<b>7.0%</b>	<b>NA</b>
<b>Median</b>							<b>4.0%</b>	<b>4.6%</b>	<b>26.7%</b>	<b>27.4%</b>	<b>10.0%</b>	<b>52.0%</b>	<b>0.5%</b>	<b>5.8%</b>	<b>NA</b>

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q3 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).



## Appendix– Comparable Public Company Analysis (Cont.)

### Equipment– Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Equipment</b>														
Intuitive Surgical	\$376.27	64%	1.05x	\$14,941.7	(\$1,290.2)	\$13,651.5	6.0x	5.5x	14.5x	13.6x	24.0x	21.6x	1.73x	1.55x
Varian Medical Systems	\$74.73	97%	1.31x	\$8,045.0	(\$650.7)	\$7,394.3	2.5x	2.3x	10.8x	10.1x	18.2x	16.4x	1.51x	1.36x
ResMed	\$52.82	97%	1.39x	\$7,503.3	(\$575.3)	\$6,928.0	4.4x	4.0x	14.5x	13.2x	22.1x	19.2x	1.74x	1.52x
Hologic	\$20.65	86%	1.12x	\$5,584.6	\$4,046.2	\$9,630.9	3.8x	3.7x	10.6x	10.1x	14.0x	12.4x	1.29x	1.15x
Steris Corp.	\$42.96	92%	1.33x	\$2,538.3	\$347.9	\$2,888.3	1.8x	1.7x	8.9x	8.1x	17.4x	15.5x	1.38x	1.22x
Hill-Rom Holdings	\$35.83	92%	1.36x	\$2,102.1	\$233.3	\$2,335.4	1.3x	1.3x	7.5x	7.3x	17.1x	16.0x	1.58x	1.48x
Insulet Corp.	\$36.24	95%	1.96x	\$1,972.1	(\$38.0)	\$1,934.2	7.8x	6.4x	NM	NM	NM	NM	NM	NM
DexCom	\$28.22	97%	2.35x	\$2,014.2	(\$39.4)	\$1,974.8	14.0x	10.5x	NM	NM	NM	NM	NM	NM
MAKO Surgical Corp. <sup>(1)</sup>	\$29.51	100%	2.95x	\$1,388.9	(\$59.6)	\$1,329.3	10.6x	8.8x	NM	NM	NM	NM	NM	NM
Accuray Incorporated	\$7.38	99%	1.96x	\$551.3	\$24.4	\$575.7	1.8x	1.6x	NM	NM	NM	NM	NM	NM
<b>Average</b>							<b>5.4x</b>	<b>4.6x</b>	<b>11.1x</b>	<b>10.4x</b>	<b>18.8x</b>	<b>16.8x</b>	<b>1.54x</b>	<b>1.38x</b>
<b>Median</b>							<b>4.1x</b>	<b>3.9x</b>	<b>10.7x</b>	<b>10.1x</b>	<b>17.8x</b>	<b>16.2x</b>	<b>1.55x</b>	<b>1.42x</b>

### Equipment– Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Equipment</b>															
Intuitive Surgical	\$376.27	64%	1.05x	\$14,941.7	(\$1,290.2)	\$13,651.5	5.2%	8.7%	41.0%	40.3%	13.9%	71.4%	NM	7.5%	NM
Varian Medical Systems	\$74.73	97%	1.31x	\$8,045.0	(\$650.7)	\$7,394.3	5.3%	6.3%	22.8%	22.9%	12.1%	42.5%	NM	6.7%	NM
ResMed	\$52.82	97%	1.39x	\$7,503.3	(\$575.3)	\$6,928.0	9.8%	9.7%	30.2%	30.3%	12.7%	62.1%	NM	7.9%	NM
Hologic	\$20.65	86%	1.12x	\$5,584.6	\$4,046.2	\$9,630.9	17.0%	2.6%	35.9%	36.7%	10.8%	62.5%	14.5%	8.0%	9.6%
Steris Corp.	\$42.96	92%	1.33x	\$2,538.3	\$347.9	\$2,888.3	7.3%	5.4%	20.6%	21.4%	12.7%	41.2%	0.4%	2.9%	NM
Hill-Rom Holdings	\$35.83	92%	1.36x	\$2,102.1	\$233.3	\$2,335.4	3.0%	2.3%	17.9%	18.1%	10.8%	45.7%	NM	4.1%	NM
Insulet Corp.	\$36.24	95%	1.96x	\$1,972.1	(\$38.0)	\$1,934.2	16.8%	21.6%	NA	NA	NA	44.2%	23.4%	9.6%	22.1%
DexCom	\$28.22	97%	2.35x	\$2,014.2	(\$39.4)	\$1,974.8	40.7%	34.0%	NA	NA	31.7%	52.9%	NM	32.4%	NM
MAKO Surgical Corp. <sup>(1)</sup>	\$29.51	100%	2.95x	\$1,388.9	(\$59.6)	\$1,329.3	22.6%	20.1%	NA	NA	17.5%	64.5%	2.0%	18.5%	NM
Accuray Incorporated	\$7.38	99%	1.96x	\$551.3	\$24.4	\$575.7	(11.3%)	11.0%	NA	NA	(103.1%)	30.9%	17.2%	21.0%	15.4%
<b>Average</b>							<b>11.7%</b>	<b>12.2%</b>	<b>28.1%</b>	<b>28.3%</b>	<b>2.1%</b>	<b>51.8%</b>	<b>11.5%</b>	<b>11.9%</b>	<b>15.7%</b>
<b>Median</b>							<b>8.6%</b>	<b>9.2%</b>	<b>26.5%</b>	<b>26.6%</b>	<b>12.7%</b>	<b>49.3%</b>	<b>14.5%</b>	<b>8.0%</b>	<b>15.4%</b>

### Dental – Valuation Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Valuation Metrics							
							EV/CY Revenue		EV/CY EBITDA		P/E		PEG Ratio	
							2013E	2014E	2013E	2014E	2013E	2014E	2013E	2014E
<b>Dental</b>														
DENTSPLY International	\$43.42	96%	1.21x	\$6,177.4	\$1,583.3	\$7,798.6	2.6x	2.5x	13.5x	12.6x	18.5x	16.9x	1.57x	1.43x
Align Technology	\$48.10	98%	2.05x	\$3,840.2	(\$278.4)	\$3,561.7	5.6x	5.0x	23.0x	19.0x	37.7x	31.5x	1.99x	1.66x
<b>Average</b>							<b>4.1x</b>	<b>3.8x</b>	<b>18.2x</b>	<b>15.8x</b>	<b>28.1x</b>	<b>24.2x</b>	<b>1.78x</b>	<b>1.55x</b>
<b>Median</b>							<b>4.1x</b>	<b>3.8x</b>	<b>18.2x</b>	<b>15.8x</b>	<b>28.1x</b>	<b>24.2x</b>	<b>1.78x</b>	<b>1.55x</b>

### Dental – Operating Metrics

	Stock Price	% of 52-Week High	Current Stock Price as a Multiple of 52-Wk low	Equity Value	Net Debt	Ent. Value	Operating Metrics								
							CY Rev. Growth		CY EBITDA Margin		5-Yr NI	GM	S&M Mgn	R&D Mgn	G&A Mgn
							2013E	2014E	2013E	2014E	Growth %	LTM	LTM	LTM	LTM
<b>Dental</b>															
DENTSPLY International	\$43.42	96%	1.21x	\$6,177.4	\$1,583.3	\$7,798.6	1.8%	3.9%	19.3%	20.0%	11.8%	53.0%	NM	2.9%	NM
Align Technology	\$48.10	98%	2.05x	\$3,840.2	(\$278.4)	\$3,561.7	14.3%	11.2%	24.2%	26.3%	19.0%	74.4%	27.5%	7.4%	17.9%
<b>Average</b>							<b>8.1%</b>	<b>7.5%</b>	<b>21.8%</b>	<b>23.1%</b>	<b>15.4%</b>	<b>63.7%</b>	<b>27.5%</b>	<b>5.1%</b>	<b>17.9%</b>
<b>Median</b>							<b>8.1%</b>	<b>7.5%</b>	<b>21.8%</b>	<b>23.1%</b>	<b>15.4%</b>	<b>63.7%</b>	<b>27.5%</b>	<b>5.1%</b>	<b>17.9%</b>

Source: CapitalIQ. Estimates Based on Consensus of Equity Research Analyst Estimates.

Note: Market Data as of Q3 2013 Quarter End.

Note: Multiples Excludes Outlier for EV/CY Rev. > 15x, EV/CY EBITDA > 35x, P/E > 50x, and PEG > 3x.

Note: LTM = Last Twelve Months, CY = Calendar Year, PE = Price/Earnings Ratio, PEG = Price-to-Earnings Growth Ratio.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) Excluded from averages.



## Appendix– Q3 Selected MedTech M&A Transactions

### *Selected Global MedTech M&A Comparables (Deals > \$ 10 million)*

Date	Target	Acquirer	Transaction Value (\$USDmm)	Enterprise Value (\$USDmm)	Valuation Metrics		
					EV/LTM Revenues	EV/LTM EBITDA	
<b>Software Sector</b>							
09/25/2013	MAKO Surgical Corp.	Stryker Corporation	\$1,548	\$1,489	NM	NA	
09/23/2013	Greenway Medical Technologies	Vitera Healthcare Solutions	\$644	\$632	4.69x	NA	
09/20/2013	PocketSonic	Analogic Corporation	\$14	\$15	NA	NA	
09/13/2013	Ascribe	EMIS Group	\$89	\$89	2.33x	8.1x	
09/12/2013	M3	Deutsche Securities , Invst. Arm	\$381	\$3,805	NM	NM	
09/09/2013	Ogawa World Berhad	Comfort Enterprise	\$38	\$20	0.30x	2.7x	
09/09/2013	Mirth Corporation	Quality Systems	\$59	\$59	NA	NA	
09/06/2013	ArcherDx	Enzymatics	\$50	\$50	NA	NA	
09/04/2013	Rochester Medical Corp.	CR Bard	\$265	\$239	3.52x	25.7x	
09/03/2013	Ultra Equity Investments	M.M.G. Investments and Finance	\$2	\$6	4.32x	NA	
09/03/2013	BioFire Diagnostics	bioMérieux SA	\$450	\$450	NA	NA	
08/28/2013	InaVein	LeMaitre Vascular	\$4	\$4	1.10x	NA	
08/26/2013	Medtronic Vascular,Pioneer Plus Re-Entry Catheter Product Line	Volcano Corporation	\$15	\$15	NA	NA	
08/21/2013	Fujian Newland Life Technologies	Xilong Chemical Co.	\$20	\$26	NA	NA	
08/19/2013	Endosense SA	St. Jude Medical	\$334	\$334	NA	NA	
08/19/2013	Medafor	Davol	\$280	\$280	NA	NA	
08/11/2013	Cardiocom	Medtronic	\$200	\$200	4.00x	NA	
08/07/2013	Champion Manufacturing	Levine Leichtman Capital Partners	\$45	\$45	2.04x	8.2x	
08/06/2013	3M Innovative Properties Co., Dry Powder Inhaler Tech.	Adams Pharmaceuticals Corp.	\$10	\$10	NA	NA	
08/05/2013	Digital Healthcare	EMIS Group	\$5	\$5	0.91x	NA	
08/05/2013	Oakley, REVO Brand	Sequential Brands Group	\$20	\$20	NA	NA	
07/30/2013	Systagenix Wound Management	Kinetic Concepts	\$485	\$485	2.47x	NA	
07/30/2013	Immco Diagnostics	Trinity Biotech	\$33	\$33	2.62x	NA	
07/29/2013	51% of Transitions Optical & 100% of Intercast Europe	Essilor International	\$1,855	\$1,855	NA	NA	
07/29/2013	Essen Technology	Shanghai Kinetic Medical Co.	\$23	\$77	7.62x	NA	
07/16/2013	Intraop Newland Corp, Substantially All Assets	Firsthand Capital Management	\$15	\$15	NA	NA	
07/15/2013	IDEV Technologies	Abbott Laboratories	\$310	\$310	NA	NA	
07/15/2013	OptiMedica Corp.	Abbott Laboratories	\$400	\$400	NA	NA	
07/11/2013	Duke Medical Equipment	Anovent	\$7	\$7	1.75x	4.7x	
07/11/2013	QLine Solutions	Biosign Technologies	\$2	\$3	3.00x	7.5x	
07/09/2013	Clinical Instruments International	LeMaitre Vascular	\$1	\$1	1.70x	NA	
07/03/2013	Alliance Rubber Products	Rubberex Alliance	\$35	\$35	NA	NA	
07/02/2013	ENTrigue Surgical	ArthroCare Corp.	\$45	\$45	NA	NA	
07/01/2013	Terumo Heart, DuraHeart® II	Thoratec Corp.	\$57	\$57	NA	NA	
					<b>Average</b> <sup>(1)</sup>	<b>2.82x</b>	<b>9.5x</b>
					<b>Median</b> <sup>(1)</sup>	<b>2.47x</b>	<b>7.8x</b>

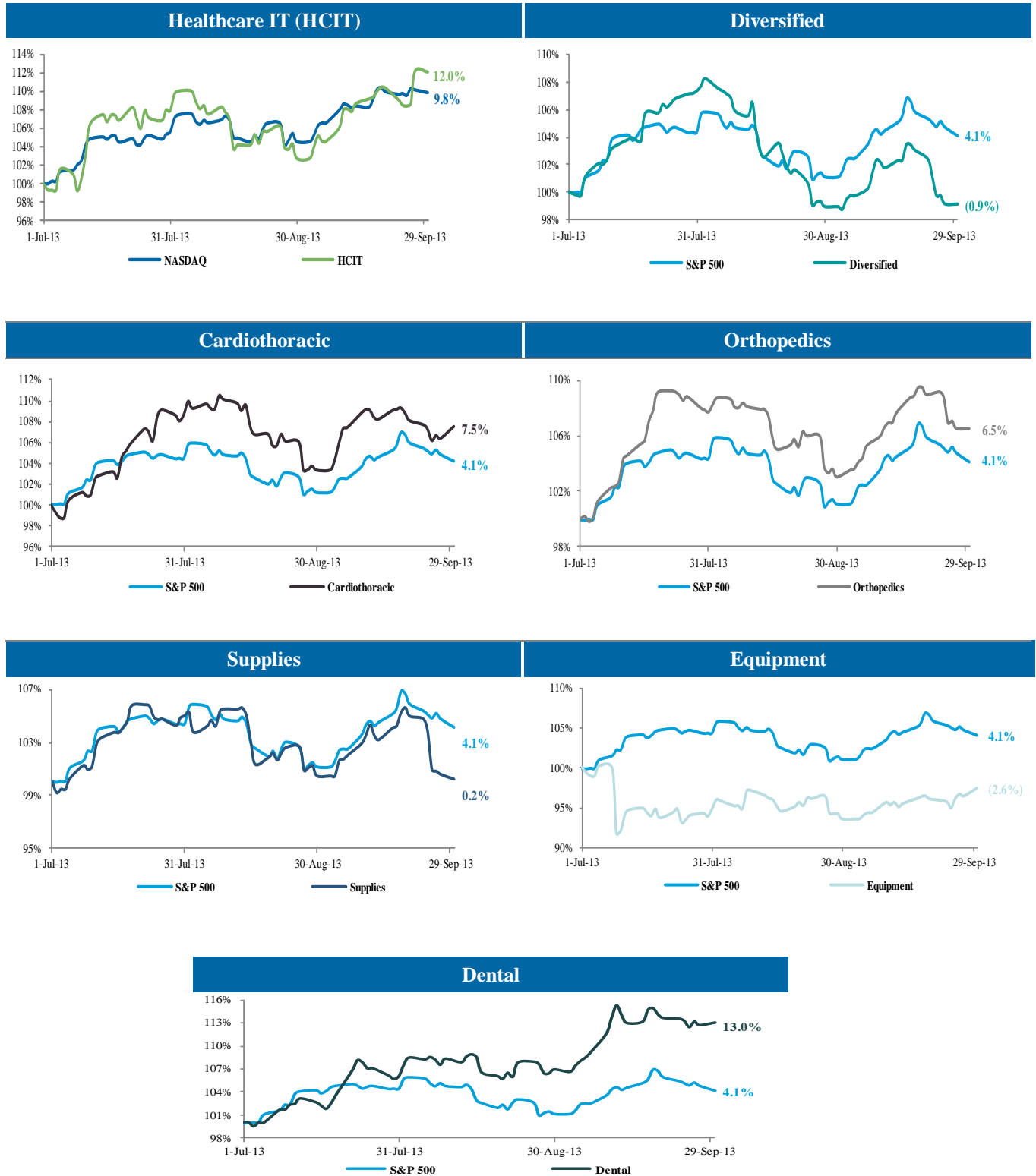
Source: CapitalIQ.

Note: EV = Enterprise Value (Equity Value + Debt + Minority Interest – Cash and Cash Equivalents).

(1) Excludes Outlier Multiples for Transactions with EV/Rev. > 10x, and EV/EBITDA > 30x.



# Medical Technology Sub-Sector – Public Company Equity Market Performance



Source: CapitalIQ.



## Appendix – Public MedTech Groupings

HCIT	
Company Name	Ticker
Cerner	CERN
Athenahealth	ATHN
Allscripts Healthcare Solutions	MDRX
Medidata Solutions	MDSO
HMS Holdings Corp.	HMSY
The Advisory Board Co.	ABCO
Quality Systems	QSII
MedAssets	MDAS
Accretive Health	AH
Omniceil	OMCL
Healthstream	HSTM
Computer Programs & Systems	CPSI
Greenway Medical Technologies	GWAY
Vocera Communications	VCRA
Merge Healthcare Incorporated	MRGE

Diversified	
Company Name	Ticker
Johnson & Johnson	JNJ
Abbott Laboratories	ABT

Cardiothoracic	
Company Name	Ticker
Medtronic	MDT
St. Jude Medical	STJ
Boston Scientific	BSX
Edwards Lifesciences	EW
Thoratec Corp.	THOR
Heartware International	HTWR
ABIOMED	ABMD
Hansen Medical	HTWR

Orthopedics	
Company Name	Ticker
Stryker Corp.	SYK
Zimmer Holdings	ZMH
Smith & Nephew	SN.
Globus Medical	GMED
Cyberonics	CYBX
Hanger	HGR
NuVasive	NUVA
Integra LifeSciences Holdings	IART
Wright Medical Group	WMGI
ArthroCare	ARTC
CONMED	CNMD
Tornier N.V.	TRNX

Supplies	
Company Name	Ticker
Baxter International	BAX
Covidien	COV
Becton, Dickinson and Co.	BDX
CR Bard	BCR
CareFusion Corp.	CFN
Teleflex Incorporated	TFX
Haemonetics Corp.	HAE
Volcano Corp.	VOLC

Equipment	
Company Name	Ticker
Intuitive Surgical	ISRG
Varian Medical Systems	VAR
ResMed	RMD
Hologic	HOLX
Steris Corp.	STE
Hill-Rom Holdings	HRC
Insulet Corp.	PODD
DexCom	DXCM
MAKO Surgical Corp.	MAKO
Accuray Incorporated	ARAY

Dental	
Company Name	Ticker
DENTSPLY International	XRAY
Align Technology	ALGN



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