

2013 Medtech Investor Overview

Presented by: Debbie Paul, CEO Americas

EvaluatePharma USA, Inc.

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Head Office: Evaluate Ltd., 11-29 Fashion St. London E1 6PX United Kingdom Tel: +44 (0) 20 7377 0800

North American Office: EvaluatePharma USA, Inc., 15 Broad Street, Suite 401, Boston, MA 02109, USA Tel: 1-617-573-9450

visit us at: www.evaluategroup.com

Evaluate Ltd. Registered in England & Wales

Registered office: 20-22 Bedford Row, LONDON WC1R 4JS, United Kingdom, Company Registration no. 5876322

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EvaluateMedTech World Preview 2013, Outlook to 2018: The Future of MedTech

Key Highlights of the Report

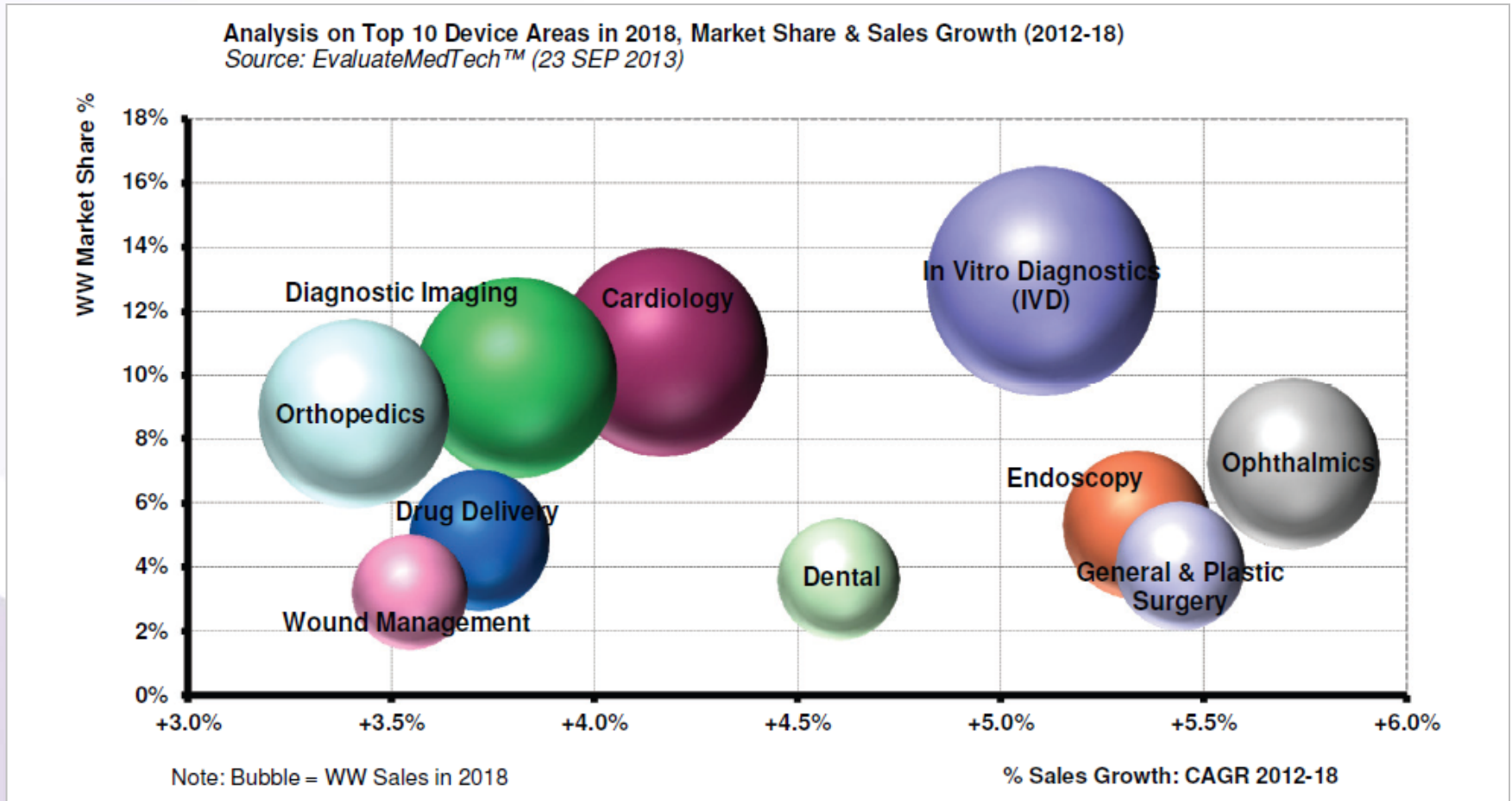
Available online:

www.evaluategroup.com/MedTechWP2013



Top 10 Segments in 2018 by Market Share & Growth Rate

In Vitro Diagnostics Largest Segment in 2018



Worldwide MedTech Sales: Top 15 Segments in 2018

WW Medtech Sales by EvaluateMedTech™ Device Area (2012/18): Top 15 Categories & Total Market

Device Area	WW Sales (\$bn)		CAGR % Growth	WW Market Share		Chg. (+/-)	Rank Chg. (+/-)
	2012	2018		2012	2018		
1 In Vitro Diagnostics (IVD)	43.6	58.8	+5.1%	12.5%	12.9%	+0.4pp	-
2 Cardiology	38.1	48.7	+4.2%	10.9%	10.7%	-0.2pp	-
3 Diagnostic Imaging	36.1	45.1	+3.8%	10.3%	9.9%	-0.4pp	-
4 Orthopedics	32.7	40.0	+3.4%	9.4%	8.8%	-0.6pp	-
5 Ophthalmics	23.6	32.9	+5.7%	6.8%	7.2%	+0.5pp	-
6 Endoscopy	17.7	24.2	+5.3%	5.1%	5.3%	+0.2pp	-
7 Drug Delivery	17.7	22.0	+3.7%	5.1%	4.8%	-0.2pp	-
8 General & Plastic Surgery	13.4	18.4	+5.4%	3.8%	4.0%	+0.2pp	-
9 Dental	12.6	16.5	+4.6%	3.6%	3.6%	+0.0pp	-
10 Wound Management	11.9	14.7	+3.5%	3.4%	3.2%	-0.2pp	-
11 Diabetic Care	11.8	14.4	+3.4%	3.4%	3.2%	-0.2pp	-
12 Nephrology	10.9	13.9	+4.1%	3.1%	3.0%	-0.1pp	-
13 Ear, Nose & Throat (ENT)	6.6	9.5	+6.2%	1.9%	2.1%	+0.2pp	-
14 Anesthesia & Respiratory	6.1	8.5	+5.6%	1.7%	1.9%	+0.1pp	+1
15 Neurology	5.3	8.0	+6.9%	1.5%	1.8%	+0.2pp	+2
Top 15	288.2	375.6	+4.5%	82.6%	82.6%	+0.0pp	
Other	60.8	79.1	+4.5%	17.4%	17.4%	-0.0pp	
Total WW MedTech Sales	349.0	454.6	+4.5%	100.0%	100.0%		

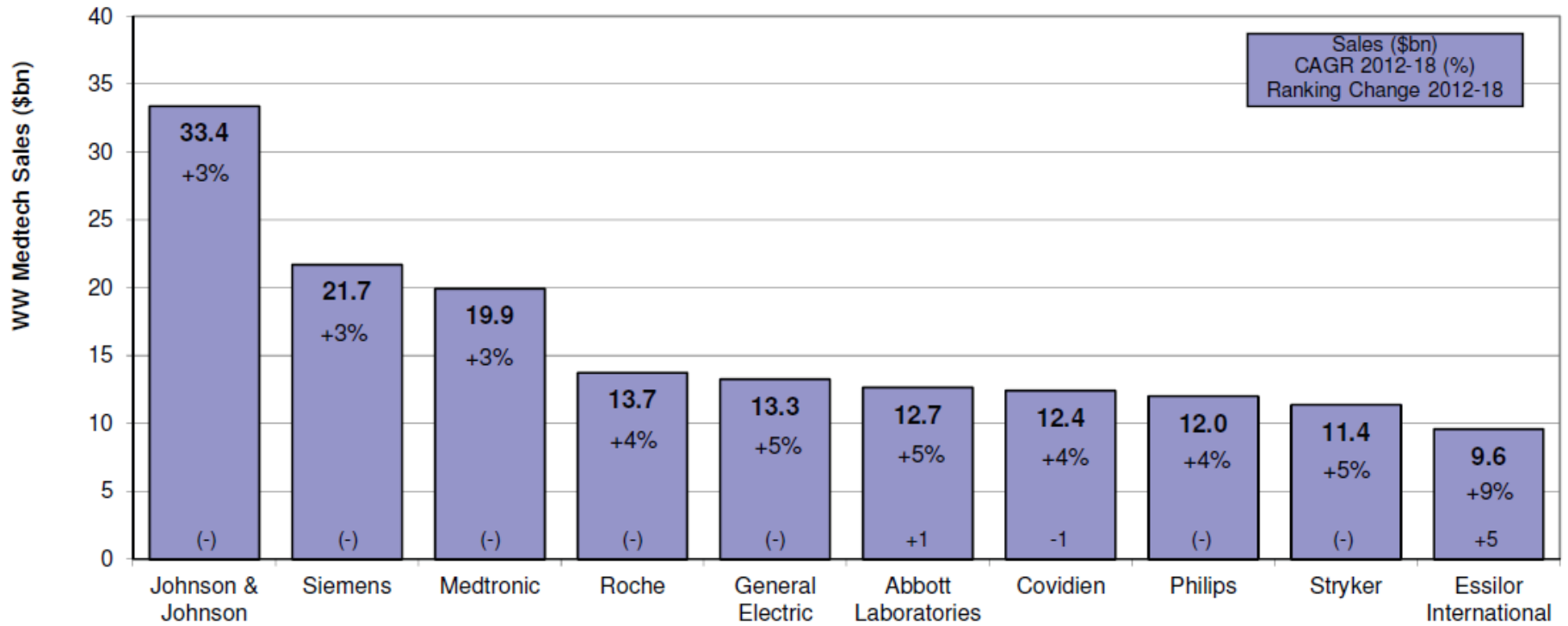
Source: EvaluateMedTech™ (23 SEP 2013)

Note: Analysis is based on the top 180 medtech companies. Sales in 2012 based on company reported data. Sales forecasts to 2018 based on a consensus of leading equity analysts' estimates for segmental sales.

Top 10 Companies by Worldwide Medtech Sales in 2018

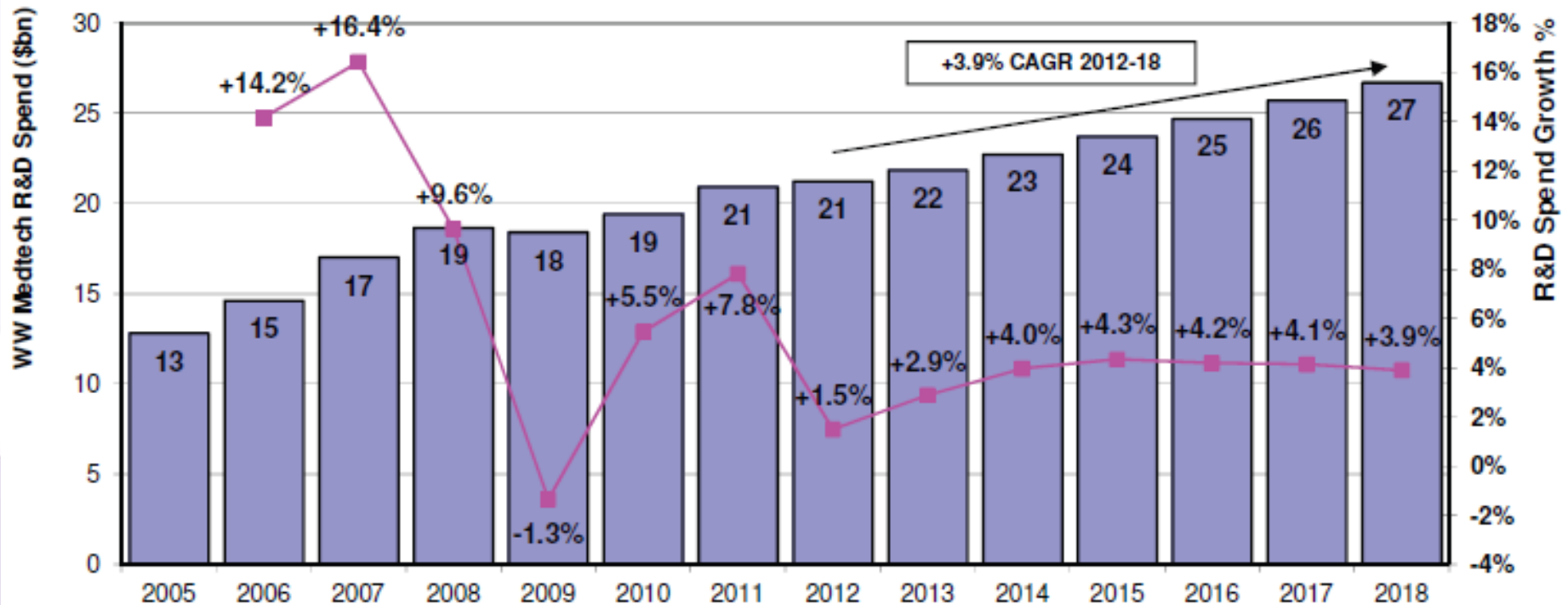
JNJ in Top Spot

WW Medtech in 2018: Top 10 Companies
 Source: EvaluateMedTech™ (23 SEP 2013)



Worldwide Medtech R&D Spend Will Grow at Healthy Rate of 3.9% between 2012 - 2018

Worldwide Total Medtech R&D Spend in 2005-18
 Source: EvaluateMedTech™ (23 SEP 2013)



R&D Spend as a % of Sales Remains Steady to 2018

WW Medtech R&D Spend by Medtech Companies (2005-2018)

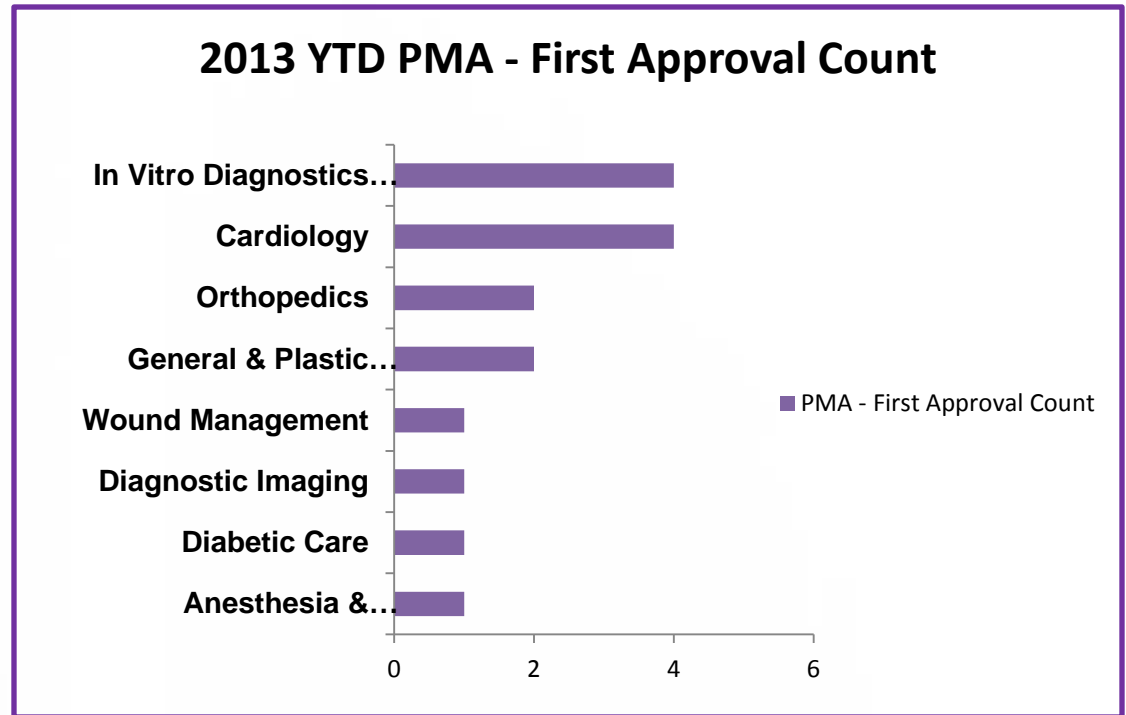
WW Medtech R&D & Medtech Sales (\$bn)															
Year	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	
Medtech R&D Spend	12.8	14.6	17.0	18.7	18.4	19.4	20.9	21.3	21.9	22.7	23.7	24.7	25.7	26.7	
Growth per Year		+14.2%	+16.4%	+9.6%	-1.3%	+5.5%	+7.8%	+1.5%	+2.9%	+4.0%	+4.3%	+4.2%	+4.1%	+3.9%	
WW Medtech Sales	219	241	267	295	299	316	340	349	357	374	394	414	434	455	
R&D as % of Medtech Sales	5.8%	6.1%	6.4%	6.3%	6.2%	6.2%	6.1%	6.1%	6.1%	6.1%	6.0%	6.0%	5.9%	5.9%	
R&D as % of Medtech Sales (Top 20 in 2018)								8.0%						7.6%	

Source: EvaluateMedTech™ (23 SEP 2013) CAGR 12-18 on Medtech R&D Spend +3.9%
 Cumulative 5 year R&D Spend (2008-12) \$99bn
 CAGR 08-12 on Medtech R&D Spend +3.3%

2013 with Low Number of 1st PMA Approvals

Most 1st PMA Approval in 2 Largest Segments

Decision Date	Filing Count
PMA - First Approval	
2013	16
2012	41
2011	38
2010	21
2009	17
2008	26
2007	28
2006	42
2005	32
2004	48
2003	35
2002	34
2001	59
2000	49
Total (PMA - First	486



2013 Deals Analysis: How Has the Year Shaped Up?

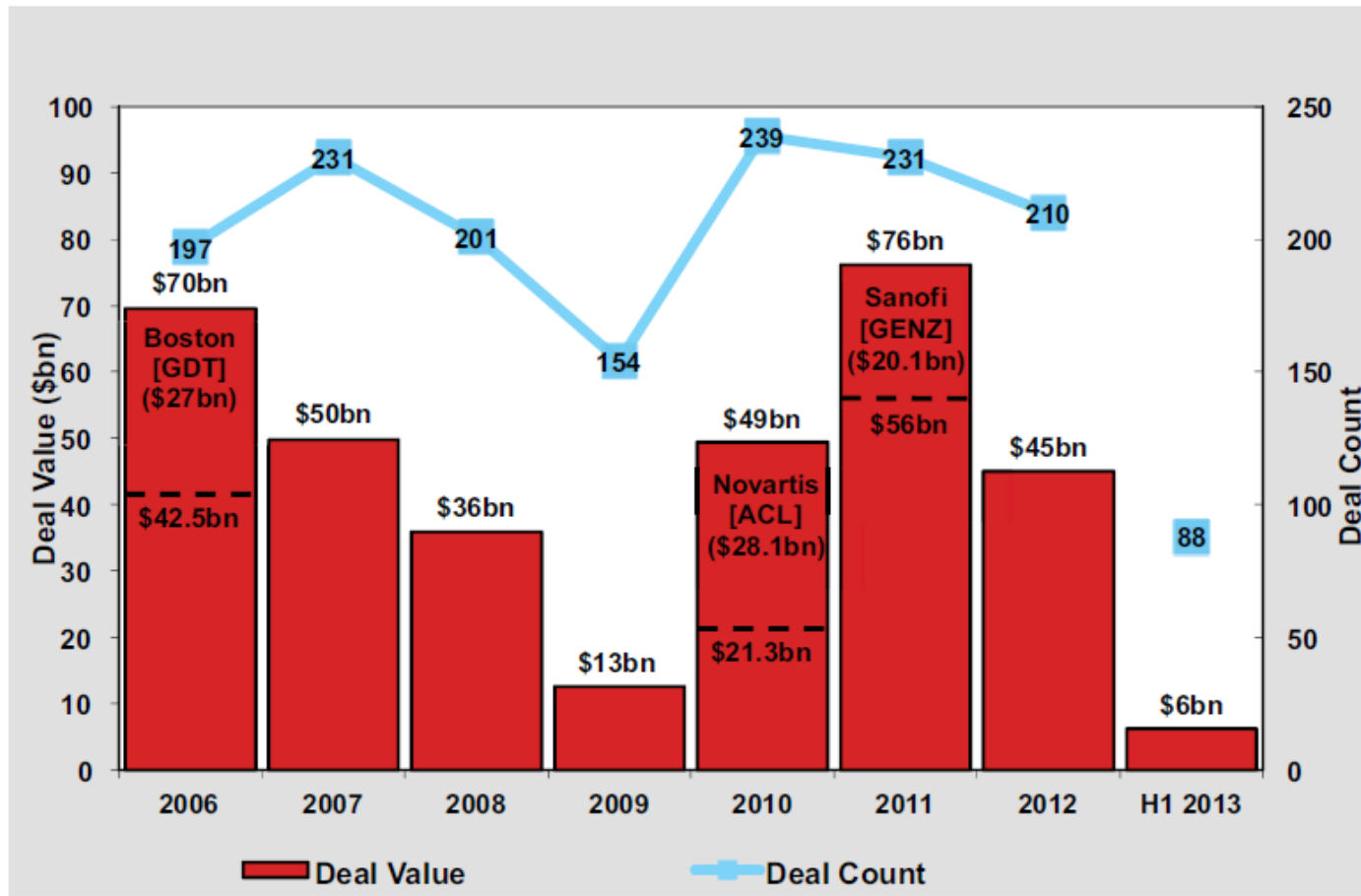


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2013 M&A Activity Has Slow Start in First 6 Months

Medtech M&A Activity



Source: EvaluateMedTech © 2013

Top Five MedTech M&A Deals in H1 2013

Considerably Smaller vs. 2012

Top 5 M&A Deals in H1 2013

Rank	Acquiring Company	Target Company or Business Unit	M&A Deal Type	Deal Value (\$m)
1	Bayer	Conceptus	Company acquisition	1,100
2	Stryker	Trauson	Company acquisition	764
3	Bausch + Lomb	Technolas Perfect Vision	Company acquisition	645
4	Illumina	Verinata Health	Company acquisition	450
5	Wright Medical Group	BioMimetic Therapeutics	Company acquisition	380

Top 5 M&A Deals in 2012

Rank	Acquiring Company	Target Company or Business Unit	M&A Deal Type	Deal Value (\$m)
1	Johnson & Johnson	Synthes	Company acquisition	19,700
2	Hologic	Gen-Probe	Company acquisition	3,700
3	Valeant Pharmaceuticals International	Medicis Pharmaceutical	Company acquisition	2,600
4	Asahi Kasei	ZOLL Medical	Company acquisition	2,210
5	Agilent Technologies	Dako	Company acquisition	2,200

Medtech M&A Deals Closed to Date is \$24.2b

Deal Volume & Size Improving

Country	Deal Count	Deal Value (\$m)
USA	91	14,371
Canada	8	896
Germany	8	2,626
United Kingdom	7	636
Israel	6	50
China	4	849
Spain	3	49
Sweden	3	4,256
Australia	2	-
Brazil	2	-
France	2	77
India	2	21
Italy	2	-
Belgium	1	1
Denmark	1	1
New Zealand	1	1
Singapore	1	-
Switzerland	1	331
The Netherlands	1	-
Grand Total	146	\$ 24,163

2013 Top 10 Medtech M&A Deals to Date

Deal Completion Date	Acquiring Company	Target Company or Business Unit	Target Company Segment	Deal Value (\$m)
Aug 2013	Valeant Pharmaceuticals International	Bausch + Lomb	Ophthalmics	8,700
Sep 2013	Baxter International	Gambro	Nephrology	3,900
Jun 2013	Bayer	Conceptus	Women's Health OB/GYN	1,100
Mar 2013	Stryker	Trauson	Orthopedics	764
Jan 2013	Bausch + Lomb	Technolas Perfect Vision	Ophthalmics	645
Feb 2013	Illumina	Verinata Health	In Vitro Diagnostics	450
Aug 2013	Abbott Laboratories	OptiMedica	Ophthalmics	400
Mar 2013	Wright Medical Group	BioMimetic Therapeutics	Orthopedics	380
Apr 2013	Argon Medical Devices	Interventional Products Business of Angiotech Pharmaceuticals	Surgical products	363
Aug 2013	St. Jude Medical	Endosense	Cardiology	331

2013 Top 10 Massachusetts Medtech Buyers to Date

Deal Completion Date	Acquiring Company	Target Company or Business Unit	Target Company Segment	Deal Value (\$m)	Target Company Location
Jun 2013	Cynosure	Palomar Medical Technologies	General & Plastic Surgery	287	Massachusetts
Mar 2013	Analogic	Ultrasonix	Diagnostic Imaging	83	British Columbia
Jan 2013	GSI Group	NDS Surgical Imaging	Diagnostic Imaging	83	California
May 2013	Haemonetics	Hemerus Medical	Blood Products	41	Minnesota
Sep 2013	Analogic	PocketSonics	Diagnostic Imaging	14	Virginia
Aug 2013	LeMaitre Vascular	InaVein	Cardiology	3	Massachusetts
Jul 2013	LeMaitre Vascular	Clinical Instruments International	Cardiology	1	Massachusetts
Sep 2013	Nuclea Biotechnologies	Oncogene Science	In Vitro Diagnostics	Undisclosed	Munich, Germany
Aug 2013	SeraCare Life Sciences	Kirkegaard & Perry Laboratories	In Vitro Diagnostics	Undisclosed	Maryland
Jan 2013	Covidien	CV Ingenuity	Cardiology	Undisclosed	California

2013 Top Massachusetts Medtech M&A Targets to Date

Deal Completion Date	Acquiring Company	Target Company or Business Unit	Target Company Segment	Deal Value (\$m)	Acquirer location
Jun 2013	Cynosure	Palomar Medical Technologies	General & Plastic Surgery	287	Massachusetts
Jul 2013	Roche	Constitution Medical	Blood	220	Basel-Stadt, Switzerland
Jul 2013	TECHNE	Bionostics	In Vitro Diagnostics	104	Minnesota
Mar 2013	Immucor	Lifecodes business of Hologic	Blood	95	Georgia
May 2013	Quidel	BioHelix	In Vitro Diagnostics	10	California
Aug 2013	LeMaitre Vascular	InaVein	Cardiology	3	Massachusetts
Jul 2013	LeMaitre Vascular	Clinical Instruments International	Cardiology	1	Massachusetts
Jun 2013	Baxter International	Ocular Therapeutix	Ophthalmics	Undisclosed	Illinois

2013 Pending Medtech M&A Deals Total \$20b

Largest is from Massachusetts Acquirer at \$13.6b

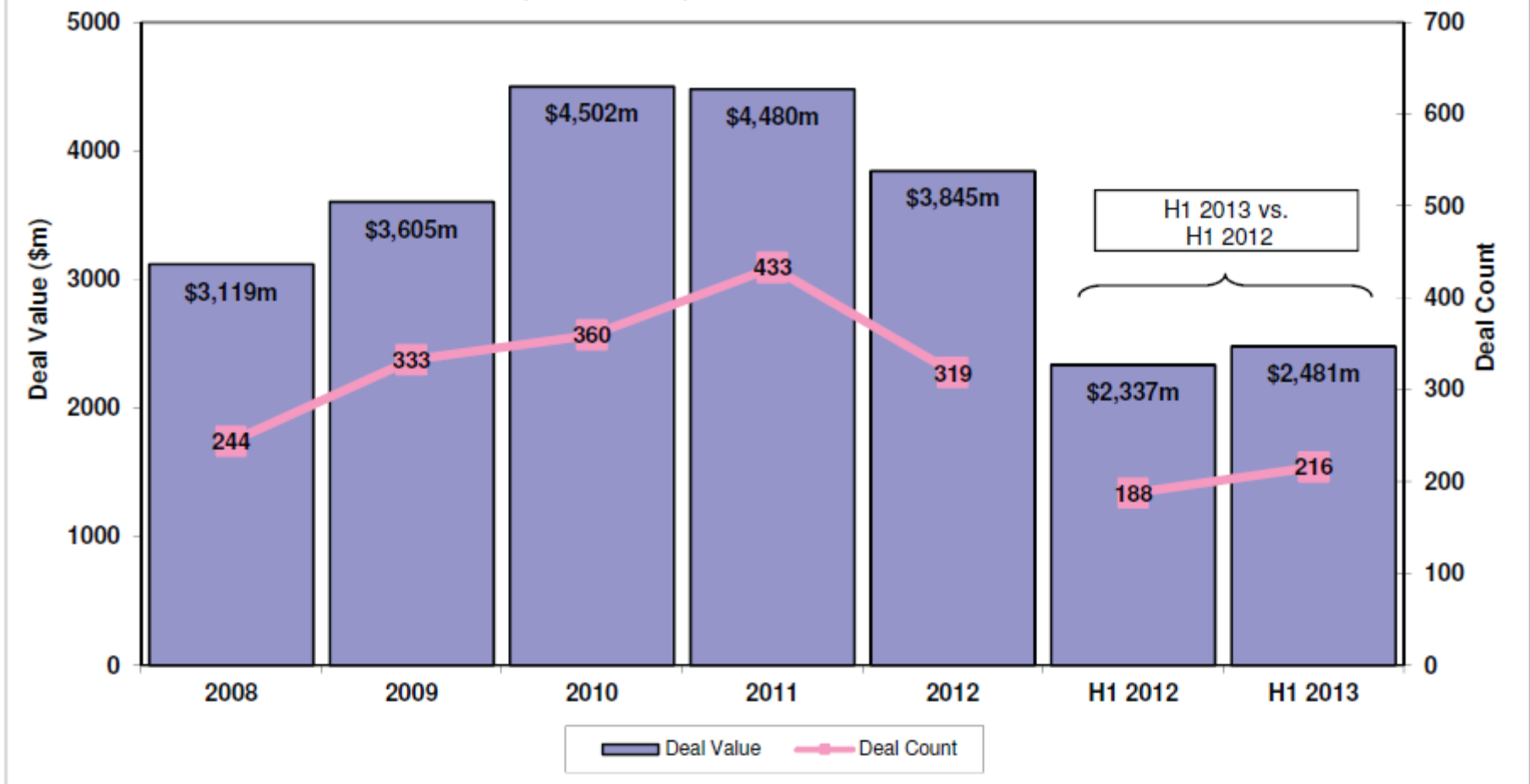
Countries	Deal Count	Deal Value (\$m)
USA	20	19,248
France	3	115
Belgium	1	-
Brazil	1	-
Canada	1	200
China	1	-
India	1	-
Israel	1	-
Italy	1	-
Japan	1	-
Korea	1	-
Spain	1	-
United Kingdom	1	485
Grand Total	34	\$ 20,048

Acquiring Company	Target Company or Business Unit	Country	Deal Value (\$m)
Thermo Fisher Scientific	Life Technologies	USA	\$ 13,600
Essilor International	Transitions Optical	USA	\$ 1,855
Stryker	MAKO Surgical	USA	\$ 1,650
Kinetic Concepts	Systagenix	United Kingdom	\$ 485
bioMérieux	BioFire Diagnostics	USA	\$ 450

2008 – 2012 Global Venture Financing

First 1/2 year of 2012 vs. 2013 shows gain this year

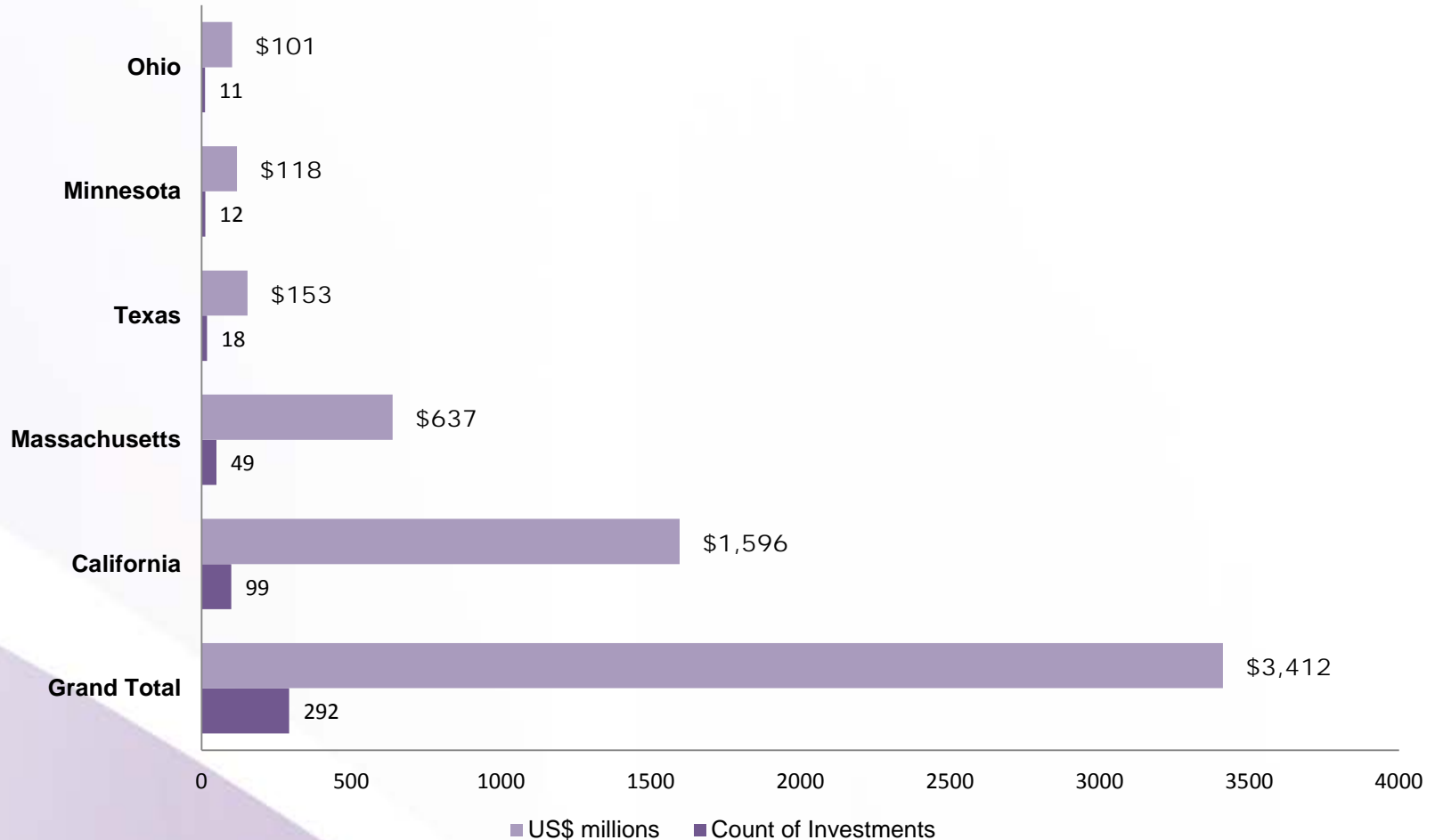
Count of Venture Financing Deals vs. Total Venture Financing Value (2008 - H1 2013)
 Source: EvaluateMedTech™ (23 SEP 2013)



2012 Venture Financing at \$3.4 billion in USA

Massachusetts ranked 2nd gaining 19% of funds

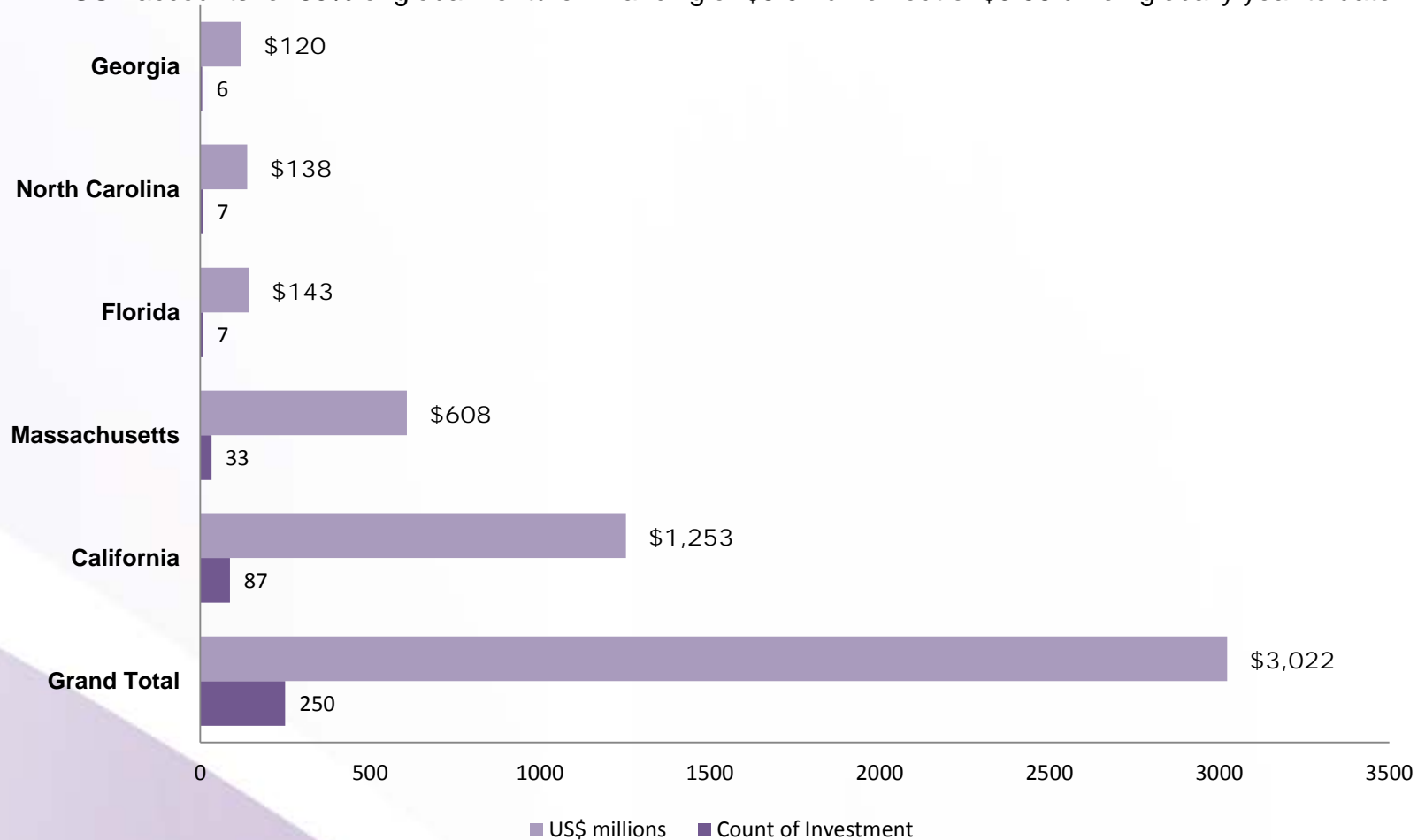
USA accounts for 89% of global Venture Financing or \$3.4 billion out of \$3.85 billion globally



2013 YTD Venture Financing at \$3 billion in USA

Massachusetts ranks 2nd gaining 20% of funds to date

USA accounts for 85% of global Venture Financing or \$3.02 billion out of \$3.56 billion globally year to date.



2013 YTD Top 10 Massachusetts Venture Financing Rounds

Financing Date	Company	Segment	Financing Round	Investment (\$m)
Aug 2013	ConforMIS	Orthopedics	Series E	78.7
Aug 2013	Dicerna Pharmaceuticals	Drug Delivery Technology	Series C	60.0
Jun 2013	Mevion Medical Systems	Radiology	Series Undisclosed	55.0
Mar 2013	Avedro	Ophthalmics	Series D	43.0
Mar 2013	T2 Biosystems	In Vitro Diagnostics	Series E	40.0
Jun 2013	Rapid Micro Biosystems	In Vitro Diagnostics	Series B	32.6
Aug 2013	SetPoint Medical	Neurology	Series C	27.0
Aug 2013	InfraReDx	Diagnostic Imaging - Cardiac	Series E	25.0
Jan 2013	Ocular Therapeutix	Ophthalmics	Series D	23.8
Apr 2013	RainDance Technologies	In Vitro Diagnostics	Series E	20.0
				<u>405.1</u>

Five of Eight 2013 MedTech IPOs are in USA this year

Largest IPO in Massachusetts

Date	Company	Amount raised	Offering price	Range	Discount/ premium	Exchange	Share price from float to September 30	Company location
1/25/2013	LipoScience	\$45m	\$9	\$13-15	-36%	Nasdaq	-44%	North Carolina
4/5/2013	Cancer Genetics	\$6.9m	\$10	\$10-12	-9%	Nasdaq	103%	New Jersey
6/25/2013	Nanostring Technologies	\$54m	\$10	\$13-15	-29%	Nasdaq	10%	Washington
7/24/2013	Cellular Dynamics International	\$46.2m	\$12	\$12-14	-8%	Nasdaq	53%	Wisconsin
9/24/2013	Foundation Medicine	\$106m	\$18	\$14-16	20%	Nasdaq	120%	Massachusetts

- LipoScience: develops personalized diagnostics based on nuclear magnetic resonance technology for LDL-P. Has 3 510Ks approved by FDA
- Cancer Genetics: offers personalized cancer diagnostic providing genomic information
- Nanostring Technologies: molecular diagnostic for Cancer – a 510K approval for a breast cancer diagnostic
- Cellular Dynamics: manufacture human cells in industrial quantities for drug discovery and screening
- Foundation Medicine: Molecular Diagnostics providing genomic information for individualized treatment of cancer

Summary: Common Themes of Funding

- Money is tighter, deals sizes are smaller, downward pricing pressures are expected, MedTech tax still present
- All companies that have received funding from VC's, M&A, IPO are differentiated from the competition and they:
 - Deliver innovation
 - Offer better health outcomes for patients
 - Provide Cost effectiveness
 - Give healthcare providers benefit of time savings, ease of use, improved accuracy of diagnosis or treatment

Thank you.

Best of Luck to the Presenting Companies!

Please contact me with any questions.

Debbie.Paul@evaluategroup.com

I am available during break times.

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