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# Project Stent

SHL Telemedicine Ltd.

as of July 23, 2015

Report Date: July 24, 2015





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**Private & confidential**

Attn.: Mr. Eran Antebi  
CFO  
SHL Telemedicine Ltd.  
90 Igalon Street  
Tel Aviv, 67891  
Israel

July 24, 2015

**Independent valuation in accordance with the TOB Circular No. 2**

Dear Mr. Antebi

In accordance with the terms of reference set out in our engagement letter dated May 21, 2015, we enclose our results of the independent valuation of SHL Telemedicine Ltd.

SHL Telemedicine Ltd. ("SHL") contemplates a merger transaction among SHL and a yet to be determined purchaser. In connection with the contemplated merger SHL applies to the Swiss Takeover Board for granting of an exemption from the obligation to make a public tender. The shares of SHL are deemed not liquid within the meaning of art. 40 para. 4 SESTO-FINMA. Due to the illiquid nature of the shares KPMG has been mandated to issue a valuation report in accordance with art. 40 para. 4 SESTO-FINMA and the TOB Circular No. 2.

Our valuation analysis has been performed on a consolidated level and "stand alone" view, i.e. any synergies resulting from the envisioned transaction or related transaction and integration costs will not be considered. The valuation date has been set July 23, 2015.

The valuation of SHL has been based on the Discounted Cash Flow ("DCF") analysis as the primary method. The result of the DCF method has been verified by an analysis of comparable companies and comparable transactions.

On that basis, we conclude on an equity value of SHL as of July 23, 2015 on a controlling, marketable basis of CHF 107.3 million.

Based on the number of shares outstanding of 10,490,356, the value per share as of July 23, 2015 is as follows:

	CHF
Value per share	10.23

Sincerely,

Johannes Post  
Partner

Rolf Langenegger  
Director

<b>APAC</b>	Asia Pacific	<b>CCM</b>	Comparable Company Method
<b>BEV</b>	Business Enterprise Value	<b>CTM</b>	Comparable Transaction Method
<b>CAGR</b>	Compound annual growth rate	<b>NWC</b>	Net working capital
<b>Capex</b>	Capital expenditures	<b>Projections</b>	Business plan forecasts 2015-2017
<b>CAPM</b>	Capital asset pricing model	<b>SHL or the Company</b>	SHL Telemedicine Ltd.
<b>CHF</b>	Swiss Francs	<b>TTM</b>	Trailing Twelve Months
<b>CPI</b>	Consumer price index	<b>USD; \$</b>	United States of America Dollar
<b>DCF</b>	Discounted cash flow	<b>US</b>	United States of America
<b>EBIT</b>	Earnings before interest and taxes	<b>Valuation Date</b>	July 23, 2015
<b>EBITDA</b>	Earnings before interest, taxes, depreciation and amortization	<b>VWAP</b>	Volume weighted average price
<b>GDP</b>	Gross domestic product	<b>WACC</b>	Weighted average cost of capital
		<b>YTD</b>	Year to date

The contacts at KPMG in connection with this report are:

**Johannes Post**

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# Background & Purpose

### Purpose and the valuation date

- KPMG AG (“KPMG”) was engaged by SHL Telemedicine Ltd. (“SHL” or the “Company”) to provide an independent estimate of the price share of SHL as of recent date, selected to be July 23, 2015 (“Valuation Date”)
- SHL, publicly listed at SIX Swiss Exchange in Zurich, Switzerland, contemplates a merger transaction among SHL and a yet to be determined purchaser. In connection with the contemplated merger SHL applies to the Swiss Takeover Board for granting of an exemption from the obligation to make a public tender
- SHL has a share capital of NIS 108'795.14, divided into 10'879'514 registered shares with a nominal value of NIS 0.01 per share outstanding. The shares are deemed not liquid within the meaning of art. 40 para. 4 SESTO-FINMA. Due to the illiquid nature of the shares, KPMG prepared a valuation report in accordance with 40 para. 4 SESTO-FINMA and the TOB Circular No. 2
- The 10'879'514 registered shares contain 389'158 “dormant” shares (equivalent to treasury shares), leading to a total of 10'490'356 shares outstanding
- The purpose of our valuation is to determine the equity value of SHL as of the Valuation Date and then calculate the concluded price per share of SHL as per the Company’s capital structure as of the Valuation Date

### Valuation subject

- The valuation subject is therefore a single share of SHL’s equity. According to the “Verfügung 609/01” of the Swiss Takeover Board as at 14 July 2015, the share price shall not reflect the level of minority interest of a share price. Consequently, the value of a single share will be determined on a controlling, marketable basis.

### Scope and investigation

- In preparing this valuation conclusion, KPMG has reviewed documents and information provided by SHL management (“Management”), along with publicly available information. A list of documents and information on which we relied upon, along with the names of any individuals with whom we held discussion, is set out in Appendix “List of information received and main contacts”
- During the course of our analysis, we were provided with budgeted and forecasted financial and operational data. Without independent verification, we relied upon this data as accurately reflecting the results of the operations and financial position of the Company. We, as independent valuation experts, have not audited this data and express no opinion or other form of assurance regarding their accuracy or fairness of presentation
- Management confirmed that there was no material change in the business or the prospects of SHL between the Valuation Date and the date of this report. Management also represented that the forecasts available as at the Valuation Date represent the best and the most recent data available
- In conducting this engagement, our investigation and analyses included, but were not limited to the following:
  - Analysis of historical, budgeted and projected financial statements of SHL
  - Discussions with Management concerning the financial and operational plans including the underlying assumptions of the projections
  - Research concerning the economic conditions affecting SHL as at the Valuation Date
  - Research concerning conditions and outlook for the global and local industry as at the Valuation Date
  - Research concerning comparable companies operating within the Company’s industry as at the Valuation Date
  - Research concerning comparable transactions within the Company’s industry as at the Valuation Date

#### Projections

- One of the main sources for the valuation analysis of SHL were the projections (“Projections”) provided by Management. The Projections include, inter alia, estimated revenues and margins for the period 2015 to 2017 as well as certain assumptions regarding the net working capital (“NWC”) and capital expenditures (“Capex”) development
- Projections as well as the underlying assumptions have been discussed with Management and associated risks have been assessed taking into account, among others, the following key considerations:
  - Historical results and key ratios of the Company for the period 2009 to 2014
  - Total market growth based on market studies and macro economic indicators
  - Projected growth rates and key ratios of SHL and comparable companies

#### Other items

- KPMG is not mandated to act as the “Prüfstelle” in this transaction. We only were engaged to determine the value of SHL’s single equity share
- This report does not represent a recommendation whether to proceed or not with the anticipated transaction
- KPMG expresses no opinion on the future value of SHL’s price per share

# **Company Overview**



### Business summary

- Founded in 1987, SHL Telemedicine Ltd. is headquartered in Tel Aviv, Israel
- The Company develops and markets personal telemedicine systems in Israel, Europe and internationally
- SHL also offers medical call center services with a focus on cardiovascular and related diseases to end users, as well as to the health insurance companies, hospitals, clinics, physicians and other health care providers
- The Company has ~450 employees worldwide

#### Top Shareholders<sup>(1)</sup>

Individuals/Institutions	% of total share
Alroy Group	25.6%
G.Z Asset and Management Ltd.	8.5%
Eli Alroy	6.9%
Prime Finance Corporation	6.8%
Copper Valley Finance Ltd.	6.8%
Others (incl. treasury shares)	45.4%
<b>Total</b>	<b>100%</b>

### Deal history

- On March 20, 2015, the Company, signed a definitive agreement to acquire Gesellschaft für Patientenhilfe (GPH), a company based in Munich, providing telemedicine services to German health insurers for a cash consideration Euro 7.6 million
- On June 28, 2013, the Company signed a Share Purchase Agreement to acquire 100% of Almeda GmbH (Almeda), a company providing telehealth services to German health insurers for a nominal price

Note 1: As on 28 Feb 2015, % ownership includes treasury shares  
Source: Company website, Capital IQ, Company reports

### Key products and services include:

- Cardiac monitoring service:
  - Through product such as Smartheart, CardioSen'C and Cardio'B, the Company offers mobile 12-lead ECG devices that can perform a full hospital grade ECG without any need for professional assistance
  - The Company provides record of all the ECGs, supplementary tests, hospitalizations and medication data in an online personal health record
- COPD monitoring service:
  - The Company offers the service through an active collection of clinical data from its range of monitoring devices such as CCM, TeleBreather and TelePulse
  - The telemedicine center of the Company examines the collected data to suggest the patient if he or she needs professional medical help
- CHF monitoring service:
  - The Company collects clinical data through monitoring devices such as CCM, TeleWeight, and TelePress
  - At telemedicine center the data is analyzed and compared and appropriate medical help is extended through designated staff

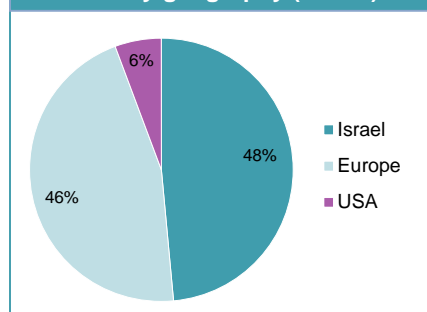
#### Management

Name	Position
Yariv Alroy	Co-CEO
Erez Alroy	Co-CEO
Eran Antebi	CFO

### Key products



### Revenue by geography (FY15e)



The following discussion provides a summary of key elements of the Company's historical financials:

### Revenues

- Revenues for 2014 increased 34.7% to \$39.9 million compared to 2013 revenues of \$29.7 million. The primary growth in revenues was from the Company's German operations which increased by more than 167% to \$16.4 million compared to 2013 revenues of \$6.1 million. This growth was the result of the Company's Almeda acquisition. Revenues from Israeli operations remained stable at \$23.7 million in 2014 compared to 2013
- In 2014, the Company's German and Israeli businesses accounted for 40.7% and 59.3% of total revenues, respectively

### Gross profit

- The Company's gross profits increased from 53.7% in 2013 of revenues to 55.7% in 2014. The improvement was driven by both the German and the Israeli businesses

### Operating expenses

- The Company's operating expenses are classified into: R&D, S&M, and G&A
- R&D costs totaled \$2.5 million in 2014 compared with \$2.2 million in 2013
- S&M expenses in 2014 increased by 29.5% to \$11.4 million compared with \$8.8 million in 2013. The increase was due to the Company's expansion strategy for the development of the US and APAC markets
- G&A expenses for 2014 totaled \$7.2 million compared to \$10.3 million in 2013, a decrease of 10.3%. Excluding one-time items, G&A expenses amounted to \$8.5 million in 2014 compared to \$8.0 million 2013, an increase of 6.2%. The increase was primarily due to Almeda business and activities in the US and APAC
- The operating expenses in 2013 and 2014 also included gain from Almeda acquisition in amounts of \$8.5 million and 0.1 million, respectively. The gain was due to the acquisition of Almeda for a minimum purchase price

### EBITDA / EBIT

- EBITDA for 2014 amounted to \$7.4 million (18.4% of revenues) compared to \$7.9 million (26.8% of revenues) in 2013
- EBIT for 2014 amounted to \$1.3 million (3.3% of revenues) compared to \$3.1 (10.4% of revenues) in 2013

### Taxes

- For 2014, taxes amounted to \$1.0 million compared to a tax benefit of \$0.7 million in 2013. Taxes included deferred taxes of \$0.8 related to Israeli business and current tax expenses related to the Israeli and German businesses
- The Israeli corporate tax rate was 26.5% in 2014 and 25.0% in 2013. The Company's subsidiaries in the US and Germany have applicable tax rates of 34.0% and 31.4%, respectively

### Balance sheet items

- The Company's balance sheet as of December 31, 2014 had a cash and cash equivalents balance of \$17.7 million (19.2 % of total asset) compared to a total debt of \$23.2 million (25.2% of revenues). We noted that during 2014, USD appreciated significantly against the NIS and Euro (by approximately 12%). Given that the presentation currency is USD, the appreciation resulted in lower amounts for the assets and liabilities than in 2013. The resulting translation differences were accounted for in equity as translation reserves
- Based on unaudited financial as of March 31, 2015, the Company had total cash and cash equivalents including marketable securities of \$9.1 million (10.0% of total assets) with total debt of \$21.6 million (23.6% of total assets)
- As of June 30, 2015 cash and cash equivalents are \$12.7 million and total debt \$22.2 million
- Current assets as of March 31, 2015 were \$33.5 million (36.6% of total assets) compared with \$40.1 million (43.6% of total assets) as of December 31, 2014
- Property and equipment as of March 31, 2015 was \$13.9 million (15.2% of total assets) compared with \$12.7 million (13.7% of total assets) as of December 31, 2014

- Goodwill and intangibles were primarily due to the Company's acquisitions of Almeda and GPH and amounted to \$33.8 million as of March 31, 2015 (37.0% of total assets)
- Total book value of equity as of March 31, 2015 was \$59.3 million (64.8% of total assets) compared with \$68.9 million (66.6% of total assets) as of December 31, 2014 and \$68.9 million (6.39% of total assets) as of December 31, 2013. The decrease in equity is primarily due to the translation reserves due to the strengthening of the USD as previously mentioned

#### Capital expenditures

- In 2014, capital expenditures amounted to \$4.3 million (10.7% of revenues) compared with \$4.2 million (14.2% of revenues in 2013)

Historical key financials						
USD '000s	2010A	2011A	2012A	2013A	2014A	3/31/2015
Revenues	50,252	42,374	26,938	29,674	39,976	
Growth	n/a	-15.7%	-36.4%	10.2%	34.7%	
EBITDA	11,383	8,900	-1,478	7,960	7,362	
EBITDA Margin	22.7%	21.0%	-5.5%	26.8%	18.4%	
EBIT	5,984	4,172	-5,749	3,098	1,286	
EBIT Margin	11.9%	9.8%	-21.3%	10.4%	3.2%	
Net asset value	75,755	66,563	60,986	68,910	61,396	63,458

Source: SHL financial reports

The following discussion provides a summary of key elements of the Company's projected financials:

## Strategy

- The Company's mission is to be a leader in the field of telemedicine. Given that the Company's current sales are primarily in Germany and Israel, the Company is seeking to expand globally by first gaining stronger foothold in the US and APAC markets by leveraging on its know-how
- In this regards, the Company is seeking to broaden its current business lines (personal and institutional) with a new business line focused on professionals that are seeking the ability to conduct and read hospital – grade ECGs. The key markets for the professional service lines are in North America and APAC

## Revenue

- The Company's revenues are projected to increase from \$39.9 million in 2014 to \$50.9 million in 2015, a growth of 27.3%. The growth in revenue is attributed to strengthening of the Company's personal and institutional business lines and the launch of the professional line. Given the growth potential from the business lines, revenues are expected to grow to \$96.3 million in 2017, a CAGR of 34.0% over 2014-2017 period

## Gross profit

- The Company's gross profit in 2014 was 55.7% of revenues. Due to significant sales growth and resulting economies of scale, the gross profit is expected to be 61.0% in 2015 and increasing to 66.8% in 2017

## Operating expenses

- The Company's operating expenses in 2014 were 52.8% of revenues. The operating expenses, as % of revenues are anticipated to relatively remain stable at 51.1% by 2017

## EBITDA / EBIT

- EBITDA for 2015 is expected to be \$9.5 million (18.6% of revenues) and increase to \$22.7 million (23.7% of revenues) by 2017
- EBIT for 2015 is expected to be \$3.6 million (7.2% of revenues) and increase to \$15.2 million (15.8% of revenues) by 2017

## Taxes

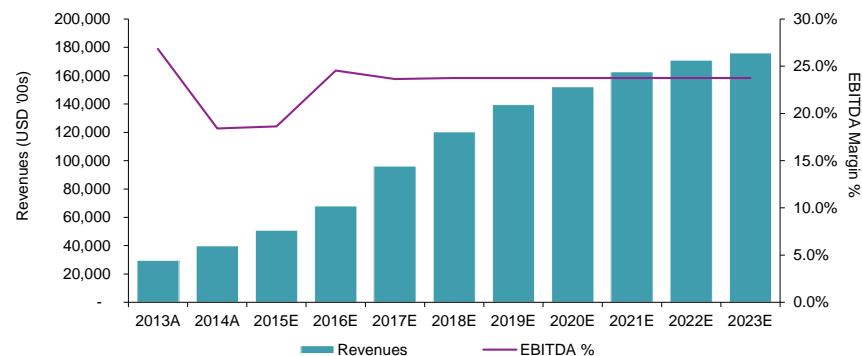
- Management provided estimated taxes for 2015-17 which included impacts of financial income and expenses. We estimated the tax rate which excluded the impact of financial income and expenses by dividing total taxes by EBIT

## Capital expenditures

- Capital expenditures are expected to be in the range of approximately 10.0% of revenues

## Net working capital

- debt-free cash-free net working capital estimates for 2015-17 were based on Management and were estimated to be 20.4% of revenues in 2015 before normalizing to 18.7% of revenues in 2017



Source: 2015-17 Business Plan. 2018-2013 per discussions with SHL management.

## KPMG comments on SHL Projections

- Although our analysis was primarily driven by the Business Plan and discussions held with Management, we did consider the Company's Projections in the context of market expectations
- In this regard, we considered the analyst report prepared by Vontobel dated April 30, 2015. The comparison of the key elements of the analyst report and the Business Plan is as follows:

	2015A	2016A	2017A
Revenue growth			
SHL	34.7%	34.7%	34.7%
Analyst	21.0%	28.3%	16.7%
EBITDA (as % of revenues)			
SHL	18.6%	18.6%	18.6%
Analyst	16.1%	18.4%	18.1%
Capital Expenditures (as % of revenues)			
SHL	10.8%	10.8%	10.8%
Analyst	8.3%	6.4%	5.5%

Source: 2015-17 Business Plan and Vontobel analyst report

- The Company estimates a higher growth rate for revenues than the analyst. Based on our discussions with Management, the higher growth is primarily driven by expansion into new markets and the launch of the Company's professional business line – items not considered in the analyst report. This assertion makes sense, given that Management's higher growth rates are supported by higher capital expenditures. In addition, as detailed in the Market Overview section of this report, the Company's growth is conservative given the overall market potential
- The Company's profitability is in line with that anticipated in the analyst report and appears reasonable in the context of market expectations

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# **Market and Economic Overviews**

### Industry analysis

- The telemedicine defines diagnostics and therapy measures that make use of telecommunications to bridge the distance and time intervals between doctors and their patients, or between consulting doctors
- The global telemedicine market size is expected to reach \$4.5bn in 2018 from the current level of \$0.7bn, growing at approx. 60% CAGR
- The global telemedicine patients are expected to reach 7.1m in 2018 from the 2014 figure of 0.7m, growing at approx. 70% CAGR
- Key players in the market include GE Healthcare, Philips Healthcare Informatics, Siemens Healthcare, Aerotel Medical Systems, Agfa-Gevaert, AMD Telemedicine, Bosch Healthcare, Cardio Net and Honeywell HomMed
- The services offered by industry players include Teleradiology, Teledermatology, Telestroke services and Telemonitoring for diabetes, and heart related complications etc.

### Growth drivers and opportunities

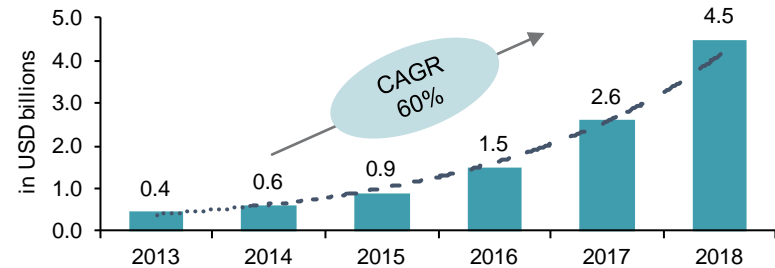
- Institute for Prospective technological Studies reveals that only 8% of hospitals in Europe offer telemonitoring services to discharged patients
- Rising prevalence of chronic diseases among the ageing population. Age related chronic disease care accounts for 70% of total healthcare cost in Europe<sup>(1)</sup>
- High penetration of wearable and mobile technology, the growing health related mobile app eco-system
- Limited workforce of healthcare professionals will lead to alternate method of care.

### Challenges

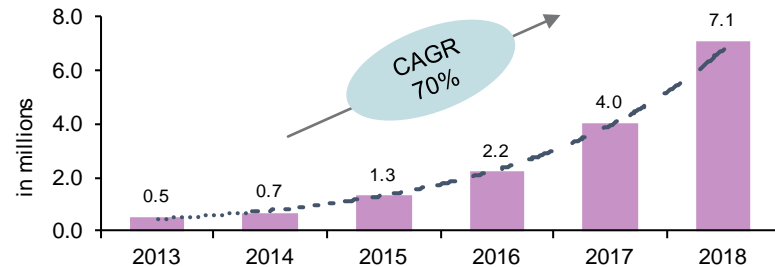
- Risk of data security breaches
- High initial costs and resistance from traditional healthcare providers

Note 1: Europe telemedicine market; market shares, forecasts & trends 2014 - 2019

### Global Telehealth market revenue forecast



### Global Telehealth market patients forecast



Source: Economist Intelligence Unit, IHS Report, Mordors Intelligence, eHealth Stakeholder Group report, Company reports

### Macroeconomic outlook

- After expanding by 2.3% in 2014, the Economist Intelligence Unit (“EIU”) forecasts real GDP growth to increase to 2.7% in 2015. Thereafter, the economy is projected to grow by 2.8% on an average in the years 2016 to 2019
- In the developed markets, the US economic outlook is strong with forecast of real GDP growth of 3.2% in 2015. This growth is attributed to US jobs creation at an exceptional rate and rise in both real disposable income and consumer confidence. However, this impact is anticipated to be partially offset by bad weather that has depressed retail spending and some industrial activity in the first quarter of 2015. Nevertheless, EIU predicts that many purchases would simply be deferred to the second quarter this year
- Euro zone is expected to grow by 1.4% in 2015, followed by marginal increase of 1.6% in the years 2016 to 2019. Although growth is still far below potential, this positive outlook is owing largely to the plunge in the global oil price and the actions of the European Central Bank
- In the developing markets, China’s government growth target is at around 7% in 2015 dependent on relaxation of fiscal policy and some initiatives to reduce high real interest rates. Also, India’s improving economic outlook of 7.1% growth a year in 2015-19 is backed by lower oil prices, which have eased structural problems with high inflation and enabled looser monetary policy
- Global consumer price inflation is expected to come down to 2.3% in 2015 from 3.0% in 2014. The long-term inflation worldwide is expected to be around 3.3%. Many central banks have cut interest rates in 2015, as falling oil prices and lower inflation allowed them to focus on stimulating growth

Real GDP and inflation growth										
	Historical				Outlook					
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>Real GDP</b>										
<b>World</b>	3.9%	2.6%	2.1%	2.2%	2.3%	2.7%	2.8%	2.8%	2.9%	2.5%
<b>Euro area</b>	2.0%	1.7%	-0.8%	-0.4%	0.9%	1.4%	1.5%	1.5%	1.6%	1.6%
<b>US</b>	2.5%	1.6%	2.3%	2.2%	2.4%	3.2%	2.5%	2.4%	2.6%	1.4%
<b>China</b>	10.4%	9.3%	7.7%	7.7%	7.4%	7.0%	6.8%	6.4%	6.0%	5.6%
<b>Consumer price inflation</b>										
<b>World</b>	3.1%	4.3%	3.5%	3.2%	3.0%	2.3%	3.1%	3.3%	3.5%	3.4%
<b>Euro area</b>	1.6%	2.7%	2.5%	1.4%	0.4%	-0.2%	0.9%	1.4%	1.5%	1.6%
<b>US</b>	1.6%	3.1%	2.1%	1.5%	1.6%	0.5%	2.2%	2.3%	2.5%	2.0%
<b>China</b>	3.2%	5.5%	2.6%	2.6%	2.1%	1.2%	2.2%	2.9%	3.2%	3.0%

Source: Economic Intelligence Unit as on 1<sup>st</sup> May 2015

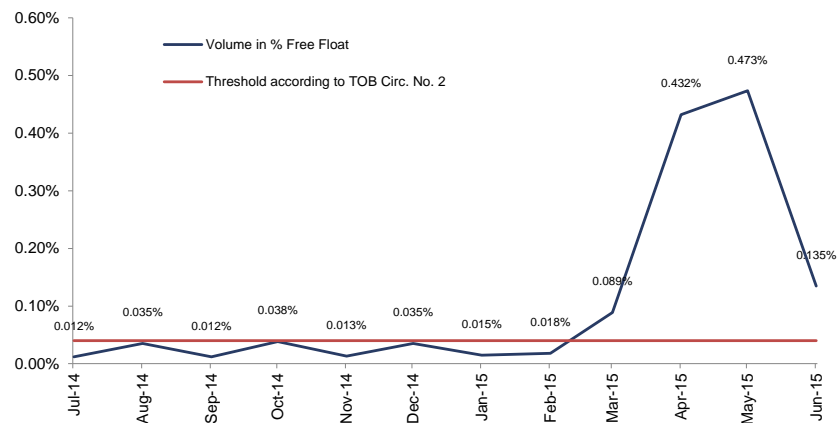


# Share Price and Trading Volume Analysis

- The development of the share price and the trading volume of the last 12 months is shown in the following graph



- The share price of SHL amounted to CHF 9.35 as at July 23, 2015. At the same date the volume weighted average price ("VWAP") based on the last 60 trading days amounted to CHF 10.40
- According to TOB Circular No. 2 a security included in the SLI Swiss Leader Index of the SIX Swiss Exchange ("SLI") shall be deemed liquid within the meaning of Art. 40 (4) SESTO-FINMA
- The equity of SHL is not included in the SLI. A security not included in the SLI shall be deemed liquid within the meaning of Art. 40 (4) SESTO-FINMA if the monthly median of the daily volume of on-exchange transactions is equal to or greater than 0.04% of the tradable portion of the relevant security ("Free Float") in at least 10 of the 12 full months preceding the publication of the offer or the pre-announcement
- The free float of the SHL equity is 41.5%. The analysis of the trading volume of the SHL equity over the last 12 months is as follows:



- The above analysis shows that the trading volume of the SHL equity in 8 months over the last 12 months was below 0.04% of the Free Float. The SHL equity is therefore deemed being illiquid

Source: Bloomberg, SIX Swiss Exchange as of July 23, 2015

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# Overview of Valuation Approaches

Generally KPMG considered all three valuation approaches to conclude on the value of SHL: income approach, market approach and cost approach

	Description	Application	Rationale
<b>Income Approach</b>	<p><b>Discounted Cash Flow Analysis</b></p> <p>Discounted cash flows analysis is a form of income approach where the BEV is equal to the sum of projected free cash flows and the Terminal Value, discounted at the cost of capital</p>	<p>In our analysis, we considered the following methodology to determine the Terminal Value:</p> <ul style="list-style-type: none"> <li>■ Gordon Growth: We applied a range of long-term growth rates to the normalized 2023 cash flows to arrive at the Terminal Value</li> <li>■ Exit Multiple: We applied a range of revenue based exit multiples to the 2017 projected revenues to arrive at the Terminal Value</li> </ul>	<p>The DCF (Gordon Growth) method was selected as the primary approach to conclude on the value of SHL as it best reflects the growth and associated risks regarding the Company's Projections</p>
<b>Market Approach</b>	<p><b>Comparable Company Method</b></p> <p>Under this method, the BEV is based on analyzing relevant pricing multiples for the selected companies comparable to SHL</p>	<p>In our analysis, we identified companies that are:</p> <ul style="list-style-type: none"> <li>■ Engaged in developing and providing telemedicine products and services</li> <li>■ Providers of medical monitoring equipment and related services</li> <li>■ Operating in local and/or international markets</li> </ul>	<p>The CCM was primarily considered as a means to assess the reasonableness of the value indications per the Income Approach</p>
	<p><b>Comparable Transaction Method</b></p> <p>Under this method, the BEV is based on analyzing relevant pricing multiples for the selected merger and acquisition (M&amp;A) transactions involving companies comparable to SHL</p>	<p>In our analysis, we identified transactions:</p> <ul style="list-style-type: none"> <li>■ That closed since 2009; and</li> <li>■ Involved targets that are engaged in developing telemedicine and monitoring products and providing associated services</li> </ul>	<p>The CTM was primarily considered as a means to assess the reasonableness of the value indications per the Income Approach</p>
<b>Cost Approach</b>	<p><b>Net Asset Value</b></p> <p>Under this method, the value of equity is based on the excess of all assets over all liabilities</p>	<p>The cost approach was not applied</p>	<p>The NAV approach was not applied given that the Company's value is primarily driven by the future growth and profitability</p>

# Discounted Cash Flow Analysis

<p><b>Summary</b></p>	<p><b>Value Indication</b></p> <p>Based on the DCF analysis using the Gordon Growth model to calculate the terminal value, the equity value of SHL ranged between \$103.264 million and \$122.076 million, with a mid-point of \$111.831 million, on a controlling, marketable interest basis</p>						
<p><b>Detail</b></p>	<p><b>Methodology</b></p> <p>Under this analysis, cash flows over the projected period and the Terminal Value were discounted to arrived at indications of business enterprise value.</p> <ul style="list-style-type: none"> <li>■ Projected cash flows: Revenues, cost of sales, and operating expenses were based on Management’s projections for the years 2015 through 2017. We then extended the forecast through 2023 by trending down the growth rate to the normalized level (please refer to the “Company Overview” section of this report for more details regarding the provided Projections). Capital expenditures were assumed to be equal to depreciation and amortization. Net working capital levels of SHL were based on analysis of the comparable companies’ levels and based on Management guidance. The tax rate for the period 2015-17 was based on rates provided by Management. For 2018 and beyond, the tax rate was assumed to 30.0% which reflects the anticipated blended tax rate in future</li> <li>■ Discount rate: The discounted rate was based on the weighted average cost of capital, using the CAPM to determine the cost of equity</li> <li>■ Terminal value: The terminal value was estimated by using the Gordon growth model by a using a range of long-term growth rates</li> </ul>						
<p><b>Analysis</b></p>	<p><b>Selected Inputs</b></p> <table border="1" data-bbox="755 933 1375 1085"> <thead> <tr> <th></th> <th>Range</th> </tr> </thead> <tbody> <tr> <td>Discount Rates</td> <td>12.7% to 13.7%</td> </tr> <tr> <td>Long-Term Growth Rates</td> <td>2.0% to 3.0%</td> </tr> </tbody> </table>		Range	Discount Rates	12.7% to 13.7%	Long-Term Growth Rates	2.0% to 3.0%
	Range						
Discount Rates	12.7% to 13.7%						
Long-Term Growth Rates	2.0% to 3.0%						

### Sensitivity analysis

- The business enterprise value as at the Valuation Date with the Gordon Growth method was:

**\$121.246 million**

- We performed a sensitivity analysis of the equity value varying the WACC (+/- 0.5%) and the terminal growth rate (+/- 0.5%) as shown in the table
- The business enterprise value was then adjusted as follows to arrive at the equity value:
  - Add cash and cash equivalents including marketable securities as of June 30, 2015 of \$12.736 million
  - Subtract total debt as of June 30, 2015 of \$22.151 million
- The balances noted above were based on unaudited financial statements as of June 30, 2015
- The resulting **equity value** was **\$111.831 million** on a controlling, marketable basis as of the Valuation Date

Sensitivity table - business enterprise value				
USD '000s				
		Terminal Year Growth Rate		
		2.0%	2.5%	3.0%
Discount rate	12.7%	124,886	128,026	131,491
	13.2%	118,495	121,246	124,266
	13.7%	112,679	115,099	117,745

Source: KPMG Analysis

<b>Summary</b>	<b>Value Indication</b> <p>Based on the DCF analysis using a revenue exit multiple to calculate the terminal value, equity value of SHL ranged between \$94.788 million and \$132.791 million, with a mid-point of \$113.589 million, on a controlling, marketable interest basis</p>						
<b>Detail</b>	<b>Methodology</b> <p>Under this analysis, cash flows over the projected period and the terminal value were discounted to arrived at indications of Business Enterprise Value.</p> <ul style="list-style-type: none"> <li>■ Projected cash flows: Revenues, cost of sales, and operating expenses were based on Management’s projections for the years 2015 through 2017. Capital expenditures were assumed to be equal to depreciation and amortization. Net working capital levels of were based on analysis of the comparable companies’ levels and based on Management guidance. The tax rate for the period 2015 to 2017 was based on rates provided by Management</li> <li>■ Discount Rate: The discounted rate was based on the weighted average cost of capital, using the CAPM to determine the cost of equity</li> <li>■ The terminal value was estimated by multiplying 2017 revenues by a range of exit multiples</li> </ul>						
<b>Analysis</b>	<b>Selected Inputs</b> <table border="1" style="margin-left: auto; margin-right: auto;"> <thead> <tr> <th></th> <th style="background-color: #007080; color: white;">Range</th> </tr> </thead> <tbody> <tr> <td>Discount Rates</td> <td>12.7% to 13.7%</td> </tr> <tr> <td>2017 Revenue Exit Multiples</td> <td>1.25 x to 1.75 x</td> </tr> </tbody> </table>		Range	Discount Rates	12.7% to 13.7%	2017 Revenue Exit Multiples	1.25 x to 1.75 x
	Range						
Discount Rates	12.7% to 13.7%						
2017 Revenue Exit Multiples	1.25 x to 1.75 x						



### Sensitivity analysis

- The business enterprise value as at the Valuation Date with the Exit Multiple method was:

**\$123.004 million**

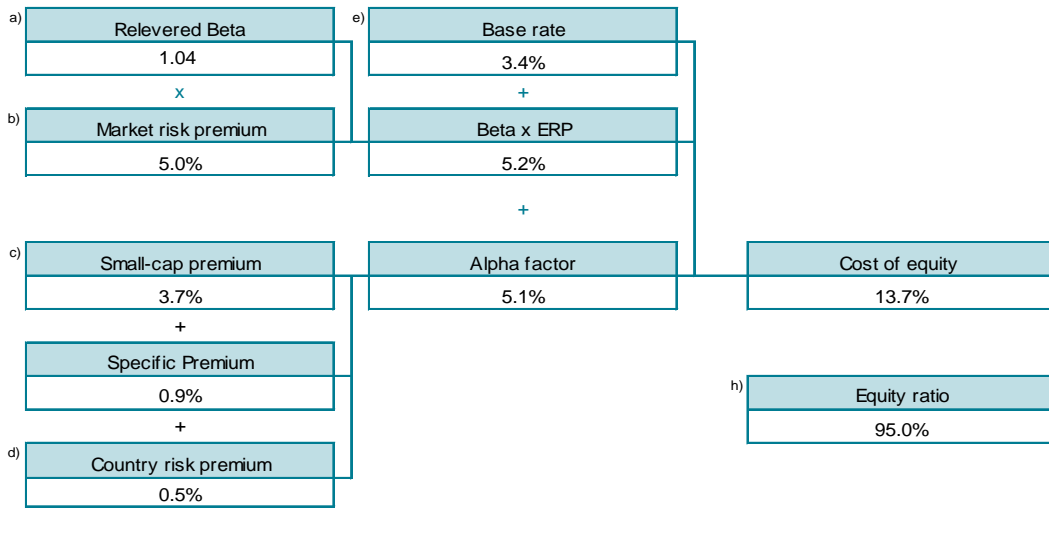
- We performed a sensitivity analysis of the equity value varying the WACC (+/- 0.5%) and the terminal growth rate (+/- 0.5%) as shown in the table
- The business enterprise value was then adjusted likewise to the Gordon Growth method with regards to cash and debt to arrive at the equity value
- The resulting **equity value was \$113.589 million** on a controlling, marketable basis as of the Valuation Date

Sensitivity table - business enterprise value				
USD '000s				
		Terminal Year Revenue Multiple		
		1.25 x	1.50 x	1.75 x
Discount rate	12.7%	106,246	124,226	142,206
	13.2%	105,217	123,004	140,791
	13.7%	104,203	121,800	139,397

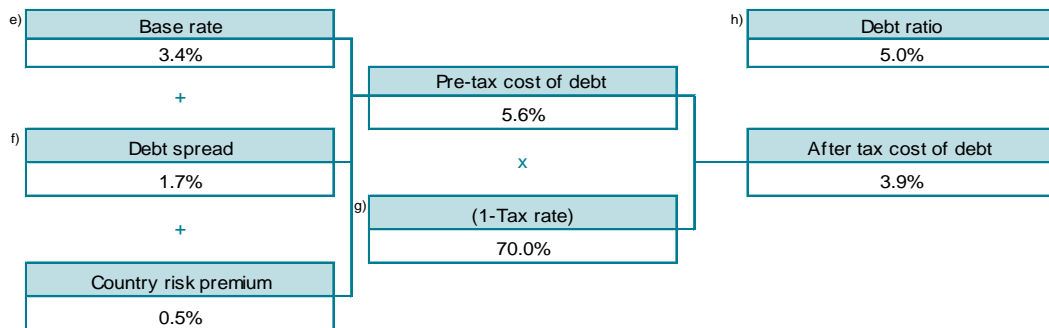
Source: KPMG Analysis

**Summary** Weighted average cost of capital was developed by weighting the cost of equity and the cost of debt. The cost of equity was developed under the CAPM

### Cost of equity



### Cost of debt



WACC 13.2%
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**Notes:**

- a) Beta is based on analysis of 2-year weekly betas (source: Capital IQ) for the peer group companies. Selected beta takes into account differences in leverage between SHL and the peer group companies (Harris-Pringle formula as well as debt beta applied)
- b) The market risk premium was selected based on KPMG's review of recently published articles, academic studies and surveys that attempt to quantify the expected equity risk premium for common stocks
- c) The small-cap premium reflects the historical incremental return on small-cap stocks as published by Morningstar in Ibbotson Market Results for Stocks, Bonds, Bills & Inflation (Valuation Edition) 2015 Yearbook
- d) A revenue weighted country risk premium (using 2017 revenue levels) has been added according to KPMG Country Risk Study as at 31 June 2015
- e) Determination of a present value-equivalent uniform interest rate based on the yield curve of the FED
- f) The debt spread is based on median (rounded) of the peer group
- g) Tax rate as provided by Management
- h) The capital structure is based on the median peer group capital structure

# Comparable Company Method

<p><b>Summary</b></p>	<p><b>Value Indication</b></p> <p>Based on our analysis under the Comparable Company Method (CCM), the equity value of SHL ranged between \$97.636 million and \$130.267 million, with a mid-point of \$113.951 million, on a controlling, marketable interest basis</p>																										
<p><b>Detail</b></p>	<p><b>Methodology</b></p> <p>In selecting the comparable companies for SHL, we searched for companies involved in the developing of telemedicine devices and equipment and providing associated services. Based on our search, we selected the following groups of comparable companies:</p> <ul style="list-style-type: none"> <li>■ Telemedicine equipment and services: We selected a total of 9 companies that represent companies primarily engaged in the development telemedicine equipment and devices and providing associated services</li> <li>■ Diversified monitoring and healthcare equipment manufacturers: We selected a total of 10 companies that represent companies primarily engaged in the development monitoring equipment and devices and providing associated services</li> </ul> <p>We then derived the BEV/Revenue and BEV/EBITDA multiples for each of the aforementioned groups for 2014 through 2017. In addition, we also derived the historical revenue growth rates; EBITDA margins; and levels of depreciation &amp; amortization, capital expenditures, and net working capital requirements</p> <p>In order to identify comparable companies within the electrical components and equipment, we reviewed information from Capital IQ. In selecting multiples for SHL, we considered the size, financial and operating metrics, and performance of SHL relative to the comparable companies. The potential comparable companies were then reviewed and those with dissimilar operations were excluded as they are deemed to be of limited comparability</p> <p>The application of the selected revenue and EBITDA multiples resulted in preliminary indication of BEV</p>																										
<p><b>Analysis</b></p>	<p><b>Selected Multiples and control premium</b></p> <p>The selected control premium of 10% was deemed appropriate based on observed premiums paid for Swiss-based targets across industries.</p> <table border="1" data-bbox="653 1108 1396 1268"> <thead> <tr> <th rowspan="3"></th> <th colspan="4">BEV /</th> <th rowspan="3">Control Premium</th> </tr> <tr> <th colspan="2">Revenue</th> <th colspan="2">EBITDA</th> </tr> <tr> <th>2014</th> <th>2015</th> <th>2014</th> <th>2015</th> </tr> </thead> <tbody> <tr> <td>Low</td> <td>2.25 x</td> <td>2.00 x</td> <td>12.50 x</td> <td>11.50 x</td> <td>10.0%</td> </tr> <tr> <td>High</td> <td>3.00 x</td> <td>2.75 x</td> <td>15.50 x</td> <td>14.50 x</td> <td>10.0%</td> </tr> </tbody> </table>		BEV /				Control Premium	Revenue		EBITDA		2014	2015	2014	2015	Low	2.25 x	2.00 x	12.50 x	11.50 x	10.0%	High	3.00 x	2.75 x	15.50 x	14.50 x	10.0%
	BEV /				Control Premium																						
	Revenue		EBITDA																								
	2014	2015	2014	2015																							
Low	2.25 x	2.00 x	12.50 x	11.50 x	10.0%																						
High	3.00 x	2.75 x	15.50 x	14.50 x	10.0%																						



# Market Approach

## Comparable Company Method: Detail

(USD '000s)

Business Enterprise Value / Revenue				Business Enterprise Value / EBITDA			
2014	2015	2016	2017	2014	2015	2016	2017

### Tier 1

All: Trimmean	3.77 x	2.64 x	2.36 x	2.54 x	29.5 x	13.3 x	11.7 x	14.9 x
Minimum	1.78 x	1.27 x	0.79 x	1.2 x	15.2 x	10.1 x	7.1 x	7.5 x
25th Percentile	1.93 x	1.76 x	1.56 x	1.34 x	17.7 x	10.4 x	8.1 x	12.2 x
50th Percentile	2.47 x	2.35 x	1.58 x	2.54 x	25.1 x	13.3 x	11.7 x	14.9 x
75th Percentile	6.07 x	3.83 x	3.94 x	3.9 x	43.6 x	17.2 x	15.7 x	16.7 x

### Tier 2

All: Trimmean	5.43 x	5.29 x	4.76 x	4.33 x	15.2 x	14.5 x	13.8 x	16.1 x
Minimum	0.91 x	1.87 x	1.74 x	1.6 x	6.9 x	10.3 x	9.7 x	10.2 x
25th Percentile	3.76 x	3.85 x	3.62 x	3.47 x	11.7 x	14.3 x	12.7 x	11.6 x
50th Percentile	4.60 x	4.40 x	4.20 x	3.98 x	15.1 x	14.4 x	13.3 x	12.4 x
75th Percentile	5.98 x	5.13 x	4.63 x	4.1 x	18.9 x	14.7 x	15.4 x	22.5 x

<b>SHL Telemedicine Ltd. Financials</b>	<b>39,976</b>	<b>50,881</b>	<b>67,993</b>	<b>96,269</b>	<b>7,362</b>	<b>9,476</b>	<b>16,685</b>	<b>22,771</b>
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Selected Multiples: Low	2.25 x	2.00 x			12.50 x	11.50 x		
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Selected Multiples: High	3.00 x	2.75 x			15.50 x	14.50 x		
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Business Enterprise Value: Low	89,946	101,760			92,025	108,969		
Business Enterprise Value: High	119,928	139,923			114,111	137,395		

*Minority interest:*

*Controlling interest:*

**Average**

98,175
127,839

**Control Premium**

10.0%

Mid-Point

Equity Value: Low						88,760		97,636	
Equity Value: High						118,424		130,267	113,951

**Selected Comparable Companies**

The table below shows the final group of selected comparable companies.

See Appendix for business descriptions

Selected comparable companies: Tier 1		
USDm		
Company name	Country	Market cap
Sonova Holding AG	Switzerland	9,312
Straumann Holding AG	Switzerland	4,571
Patient Home Monitoring Corp.	United States	240
BioTelemetry, Inc.	United States	303
IVF Hartmann Holding AG	Switzerland	358
LifeWatch AG	Switzerland	221
CAS Medical Systems Inc.	United States	33
Toumaz Limited	United Kingdom	94
Medicalgorithmics S.A.	Poland	198

Source: Capital IQ

Note: Market cap as at Valuation Date

Selected comparable companies: Tier 2		
USDm		
Company name	Country	Market cap
DexCom, Inc.	United States	6,773
Medtronic plc	Ireland	108,804
St. Jude Medical Inc.	United States	21,477
Boston Scientific Corporation	United States	24,159
Heartware International Inc.	United States	1,522
Masimo Corporation	United States	2,218
ABIOMED, Inc.	United States	3,162
Mindray Medical International Limited	China	3,180
STAAR Surgical Company	United States	362
Microlife Corporation	Taiwan	259

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# Comparable Transaction Method



<p><b>Summary</b></p>	<p><b>Value Indication</b></p> <p>Based on our analysis under the Comparable Transaction Method (CTM), the equity value of SHL ranged between \$105.764 million and \$126.801 million, with a mid-point of \$116.283 million, on a controlling, marketable interest basis</p>												
<p><b>Detail</b></p>	<p><b>Methodology</b></p> <p>In selecting the M&amp;A transactions for SHL, we searched for companies involved in the manufacturing and sale of electrical components and equipment and heavy electrical equipment. Based on our search, we identified:</p> <ul style="list-style-type: none"> <li>■ A total of 12 transactions that closed between 2013 and 2015</li> <li>■ A total of 19 transactions that closed between 2011 and 2012</li> <li>■ A total of 14 transactions that closed between 2009 and 2010</li> </ul> <p>We then derived the BEV/Revenue and BEV/EBITDA multiples for each of the aforementioned groups for trailing twelve months (“TTM”)</p> <p>In selecting multiples for SHL, we considered the size, financial and operating metrics, and performance of the Company relative to the comparable companies. The application of the selected revenue and EBITDA multiples resulted in indications of BEV</p>												
<p><b>Analysis</b></p>	<p><b>Selected Multiples</b></p> <table border="1" data-bbox="904 806 1479 886"> <thead> <tr> <th></th> <th>Revenue</th> <th>EBITDA</th> </tr> <tr> <th></th> <th>2014</th> <th>2014</th> </tr> </thead> <tbody> <tr> <td>Selected Multiples: Low</td> <td>3.00 x</td> <td>15.00 x</td> </tr> <tr> <td>Selected Multiples: High</td> <td>3.50 x</td> <td>18.00 x</td> </tr> </tbody> </table>		Revenue	EBITDA		2014	2014	Selected Multiples: Low	3.00 x	15.00 x	Selected Multiples: High	3.50 x	18.00 x
	Revenue	EBITDA											
	2014	2014											
Selected Multiples: Low	3.00 x	15.00 x											
Selected Multiples: High	3.50 x	18.00 x											



# Market Approach

## Comparable Transaction Method: Detail

(USD '000s)

Year	No. of Transactions	BEV / TTM Revenue				BEV / TTM EBITDA				TTM EBITDA Margin			
		Max	Mean	Median	Min	Max	Mean	Median	Min	Max	Mean	Median	Min
2013 - 2015	12	4.54 x	2.76 x	2.86 x	0.50 x	75.7 x	29.9 x	16.8 x	11.1 x	34.2%	21.6%	27.0%	4.0%
2011 - 2012	19	6.71 x	2.28 x	2.25 x	0.41 x	32.5 x	18.0 x	16.5 x	7.9 x	40.6%	15.2%	13.8%	5.2%
2009 - 2010	14	5.39 x	1.94 x	1.64 x	0.40 x	25.4 x	14.7 x	14.3 x	4.7 x	21.3%	7.7%	8.4%	-9.4%
<b>Total</b>	<b>45</b>	<b>6.71 x</b>	<b>2.30 x</b>	<b>2.00 x</b>	<b>0.40 x</b>	<b>75.7 x</b>	<b>19.7 x</b>	<b>16.5 x</b>	<b>4.7 x</b>	<b>40.6%</b>	<b>13.9%</b>	<b>13.2%</b>	<b>-9.4%</b>

	Revenue 2014	EBITDA 2014	Average	Mid-Point
SHL Telemedicine Ltd.	39,976	7,362		
Selected Multiples: Low	3.00 x	15.0 x		
Selected Multiples: High	3.50 x	18.0 x		
				<i>Controlling interest</i>
Business Enterprise Value: Low	119,928	110,430	115,179	125,698
Business Enterprise Value: High	139,916	132,516	136,216	
Equity Value: Low			105,764	116,283
Equity Value: High			126,801	

**Conclusion**



## Conclusion (1/2) Equity Value [minority, marketable]

The concluded **business enterprise value\*** of **\$121.246 million**, represents the value indication as per the DCF method (Gordon growth) on a controlling, marketable interest basis

The resulting business enterprise value was then adjusted for cash, marketable securities and debt to arrive at the **equity value of \$111.831 million**

The concluded **Price / Share** was **\$10.66 / CHF 10.23** as of 23 July 2015

### Concluded Business Enterprise Value

\$121,246

*Balances as of June 30, 2015*

Add: Cash and Cash Equivalents + Marketable Securities

12,736

Less: Total Debt

22,151

### Equity Value [control, marketable]

**\$111,831**

*Shares Outstanding*

10,490,356

**Concluded Price / Share** (Concluded Equity Value / Shares Outstanding) as of 23 July 2015

USD

CHF

10.66

10.23

Notes:

- Shares outstanding per Management.

- Concluded Price / Share in USD converted at an exchange rate of USD to CHF of 0.9594, as the mid-point of average of bid-ask as of the Valuation Date.

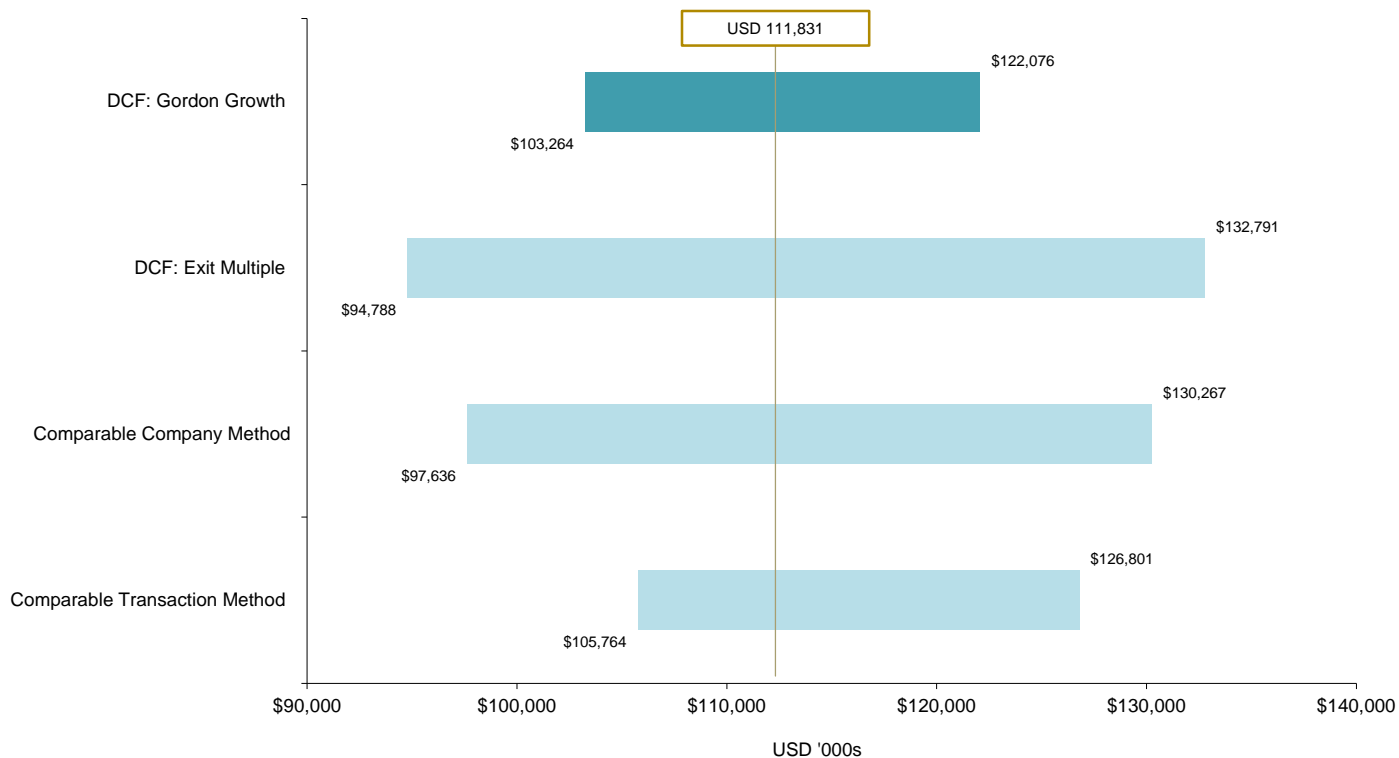
\* BEV = Equity + debt – cash & cash equivalents

## Equity Value [controlling, marketable]

In arriving at the equity value, we also considered DCF method using and exit multiple under the income approach; and the CCM and the CTM under the market approach

The chart on the right shows the equity value indications (controlling, marketable interest basis) under various approaches

Equity Value [controlling, marketable]: SHL Telemedicine Ltd.



# Appendix

- List of Information Received and Main Contacts
- Discount Rate and Terminal Growth Rate
- Business Description Peers
- Comparable Transactions

# List of Information Received and Main Contacts

### General

- Analyst reports
- Draft merger agreement
- Other documents regarding application to the Swiss Takeover Board

### Historical financials, impairment analyses etc.

- 2014 annual report
- Draft financials for March 31, 2015
- Cash and debt balances as of June 30, 2015
- Prior impairment and purchase price allocation analyses
- Option schedule

### Business Plan / Projected Financials

- Business plan and relevant presentations

### Main contacts

- Mr. Eran Antebi, CFO, SHL Telemedicine Ltd.



# Discount Rate and Terminal Growth Rate

### General

- The discount rate converts future cash flows to their present value. The discount rate reflects the return on an alternative investment compared to an investment in the Company, provided that the investments are equivalent in terms of the earnings as far as maturity, risk and taxation are concerned
- Risk includes financial risk, business risk, and market risk. Financial risk refers to the capital structure of a business and the percentage of debt-to-total-capital (debt plus equity). Business risk refers to lack of market acceptability, inferior service, overpricing, inefficient operations, etc. Market risk is reflected by overall economic conditions, such as inflation, interest rates, etc. All three risk components must be considered in developing the components of the discount rate
- The appropriate discount rate used in valuing the Company on a total invested capital basis is the WACC
- This rate is the weighted average of expected returns on equity capital and long-term (permanent) debt capital. The weights are determined by the projected long-term leverage position (i.e. average amount of debt-to-total-capital raised). The cost of debt is reduced by a tax shield which reflects the deductibility of interest expenses with respect to the Company's tax payments
- The WACC is calculated using the following formula:

Where:

- $K^L$  levered cost of equity
- $i$  cost of debt
- $E$  market value of equity
- $D$  market value of debt
- $V$  entity value
- $S$  corporate tax rate

$$WACC = k^L \cdot \frac{E}{V} + i \cdot \frac{D}{V} \cdot (1 - s)$$

### Cost of equity ( $k^L$ )

- The cost of equity expresses the risk-equivalent rate of return of the equity investors. The cost of equity is determined with the Capital Asset Pricing Model ("CAPM")

Where:

- $r$  risk-free rate
- $\beta$  levered beta
- $MRP$  market risk premium
- $R_{small}$  small cap premium
- $R_{specific}$  specific risk premium

$$k^L = r + \beta \cdot MRP + R_{small} + R_{specific}$$

### Risk-free rate ( $r$ )

- The risk-free rate or the base rate represents an investment for an equivalent period of time, as an alternative investment in a company
- The risk-free rate is free of risks except for those risks embedded in the underlying currency and those risks related to investments in the particular country including general political, legal, regulatory and tax risks, as well as the risk of a moratorium. Typically the risk-free rate is derived from the yield of long-term government bonds
- The selected risk-free rate of 3.4% was based on determination of a present value-equivalent uniform interest rate based on the yield curve of the FED. We considered 4.3% a floor value as the long-term risk-free rate

## Discount Rate (2/2)

### Beta ( $\beta$ )

- The Company and industry-specific risk is expressed with the beta factor in the CAPM. The beta is a measurement of a company's stock price volatility relative to overall market price movements
- KPMG examined the betas of Comparable Companies based upon a comparison of weekly returns over the trailing two-year period. This resulted in a median / average of 1.0 for the unlevered beta

### Market risk premium (MRP)

- The market risk premium is defined as the difference between the expected return on the market and the base rate
- Our consideration of historical realized returns over the short term and the long-term, forward-looking premium estimates, published views and academic studies led us to the conclusion that 5.0 % represents a consensus of reasonable viewpoints of a market risk premium

### Small cap premium ( $R_{small}$ )

- The small cap premium represents an additional risk premium based on the size of the respective company. Ibbotson Associates data indicates that historical returns on equities of smaller publicly traded securities tend to be higher than returns on large publicly traded securities. The size premium for a company of the size of SHL was 3.7% according to Ibbotson Associates 2015

### Specific risk premium ( $R_{specific}$ )

- A specific risk premium of 0.9% was added to the cost of equity to account for the country risk premium (based on 2017 revenue levels) as per the KPMG Country Risk Study

### Cost of debt (i)

- A pre-tax cost of debt of 5.6% was estimated
- The after-tax cost of debt have been estimated using long-term blended tax rate of 30.0% as per Management

### Capital Structure (E/V and D/V)

- We weighted the cost of equity and after-tax cost of debt based on the average capital structure of the industry, i.e. 5.0% net debt over total capital. The industry average capital structure was based on an analysis of the Comparable Companies

### WACC and specific adjustments

- Based on the above a WACC of 13.2% was estimated for the Company

### Terminal growth rate

- The FCF in the terminal year was calculated by applying a long-term growth rate of 2.5% to total revenue in the final year of the explicit forecast period, while maintaining the normalized EBITDA margin, the normalized NWC levels (in % sales), and Capex levels (in % sales) from the final year of the explicit forecast period
- The underlying assumptions which were considered for estimating the terminal growth rate are described herein:
  - Long term inflation expectation
  - Historical growth rates of the Company and business outlook
  - Management estimation

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# **Business Description Peers**

## Tier 1: Peer Companies

### Business Description of Peers (1/4)

#### Tier 1: Peer Companies

USDm				
Company	Country	Business description	Sales	EBITDA
Sonova Holding AG	Switzerland	Sonova Holding AG engages in the design, development, manufacture, distribution, and servicing of hearing systems for adults and children with hearing impairment. It provides hearing instruments, hearing implants, cochlear implants and accessories, and related products, as well as wireless communication systems for audiology applications; and professional services for people with hearing loss. The company offers hearing instruments under the Phonak and Unitron brand names; cochlear implants under the Advanced Bionics brand name; and professional audiological services under the Connect Hearing brand name. Sonova Holding AG distributes its products and services in approximately 90 countries through its distribution network, as well as through independent distributors. The company was formerly known as Phonak Holding AG and changed its name to Sonova Holding AG in August 2007. Sonova Holding AG was founded in 1947 and is headquartered in Stäfa, Switzerland.	2,027.9	493.1
Straumann Holding AG	Switzerland	Straumann Holding AG provides tooth replacement solutions. It researches, develops, and manufactures dental implants, instruments, prosthetics, and tissue regeneration products for use in tooth replacement and restoration solutions or to prevent tooth loss. The company offers replacement solutions, including soft tissue level and bone level implants; SLActive bone formation surface; and Roxolid implants used to replace individual teeth, carry multi-unit bridges, and attach fixed or removable full dentures. It also provides prosthetic components and tools, as well as precision instruments, guided surgery tools, and handling components. In addition, the company offers digital solutions, including guided surgery, intra-oral scanning, and CAD/CAM; and oral tissue regeneration solutions comprising Emdogain, bone substitutes, membranes, soft tissue grafts, and fleeces. Further, it provides training and education services to its customers. The company offers its products to dental professionals and dental laboratories in approximately 70 countries through a network of distribution subsidiaries and partners. Straumann Holding AG was founded in 1954 and is headquartered in Basel, Switzerland.	715.0	172.6
Patient Home Monitoring Corp.	United States	Patient Home Monitoring Corp. provides and rents in-home monitoring equipment, supplies, and services for patients in the United States. It offers diabetic testing supplies and other medications, power mobility equipment, home durable medical equipment, and respiratory services. The company is headquartered in Sherman Oaks, California.	25.0	3.7

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 1: Peer Companies

### Business Description of Peers (2/4)

#### Tier 1: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
BioTelemetry, Inc.	United States	BioTelemetry, Inc. provides cardiac monitoring, cardiac monitoring device manufacturing, and centralized cardiac core laboratory services. It operates in three segments: Patient Services, Product, and Research Services. The Patient Services segment focuses on the diagnosis and monitoring of cardiac arrhythmias or heart rhythm disorders. This segment offers Mobile Cardiac Outpatient Telemetry service, which incorporates a lightweight patient-worn sensor attached to electrodes that capture two-channel electrocardiography (ECG) data, measuring electrical activity of the heart, on a compact wireless handheld monitor; event monitoring services to prescribe wireless event monitors, digital loop event monitors, memory loop event monitors, and non-loop event monitors; and a Holter monitor to cardiologists and electrophysiologists. The Product segment focuses on the manufacture, engineering, and development of noninvasive cardiac monitors for healthcare companies, clinics, and hospitals worldwide. This segment offers various devices, including cardiac event monitors, digital Holter monitors, and mobile cardiac telemetry monitors; and contract engineering and manufacturing services. The Research Services segment provides cardiac monitoring, scientific consulting, and data management services for drug and medical device trials to pharmaceutical companies, medical device companies, and contract research and academic research organizations. Its centralized services include ECG, Holter monitoring, ambulatory blood pressure monitoring, echocardiography, multigated acquisition scan, protocol development, imaging services, and expert reporting and statistical analysis. This segment also offers support services, such as project coordination, setup and management, equipment rental, data transfer, processing, and analysis, as well as 24/7 customer support and site training. The company is headquartered in Malvern, Pennsylvania.	157.2	14.7
IVF Hartmann Holding AG	Switzerland	IVF Hartmann Holding AG provides various medical supplies in Switzerland. The company offers incontinence hygiene, wound treatment, surgical, hygiene, patient care, medical skin care, first aid, compression and support therapy, diagnostic, cotton, feminine hygiene, baby hygiene, and home economic products, as well as active substance plasters. It serves doctors, hospitals, nursing homes, medical stores, and food retail industry. The company is headquartered in Neuhausen, Switzerland. IVF Hartmann Holding AG operates as a subsidiary of Paul Hartmann AG.	133.8	21.7

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 1: Peer Companies

### Business Description of Peers (3/4)

#### Tier 1: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
LifeWatch AG	Switzerland	LifeWatch AG develops, manufactures, and sells wireless healthcare and wellness related technologies and systems in the United States, Canada, Europe, Asia, and internationally. It operates through Sales of Systems, Mobile Health, and Services segments. The company offers atrial fibrillation patient care service for remote monitoring of patients post-ablation; LifeStar ambulatory cardiac telemetry (ACT) for use in electrocardiogram (ECG) monitoring; stroke patient care management service, which helps in the monitoring of stroke in patients; and the NiteWatch home sleep testing service that is used for the sleep monitoring of patients with suspected Obstructive Sleep Apnea disease. It also provides event and Holter monitors including, LifeStar AF express auto-detect looping monitor that records the heart rhythm and saves the pre-event portion of the ECG; Explorer looping monitor, which records a patient's ECG; and Micro ER non-looping event monitors that records and stores 32 seconds of real-time ECG. In addition, the company offers LifeStar ACT Ex Holter, an in-depth arrhythmia diagnosis and management solution; and the Digitrack Plus digital Holter, which provides diagnostic 3-channel ECG recording for 48 hours. Further, it offers telehealth products, such as CG-2100 personal 1-lead trans-telephonic ECG transmitter that records ECG waveforms; SelfCheck ECG, a personal 1- and 12-lead ECG event monitor; CG-7000DX BT, a diagnostic ECG recorder; CG-7000DX, a portable 12-lead ambulatory electrocardiograph; CG-6106 personal 1-lead ECG monitor, which updates the ECG waveform of the previous minutes in its memory buffer; CG-900P that measures fetal heart rate and uterine contractions, as well as allows data entry of maternal parameters; and CG-7100 personal 12-lead ECG recorder. The company was formerly known as Card Guard AG and changed its name to LifeWatch AG in May 2009. LifeWatch AG was incorporated in 2001 and is headquartered in Neuhausen am Rheinfall, Switzerland.	98.5	5.5
CAS Medical Systems Inc.	United States	CAS Medical Systems, Inc., a medical technology company, develops, manufactures, and markets medical devices for non-invasive patient monitoring in the United States and internationally. The company provides FORE-SIGHT series of absolute tissue oximeters and sensors, including the FORE-SIGHT ELITE oximeter; and traditional monitoring products, such as blood pressure measurement technologies, bedside monitoring products, and neonatal intensive care supplies. It also offers vital signs monitors and accessories incorporating various combinations of measurement parameters for human and veterinary use, such as MAXNIBP and MAXIQ non-invasive blood pressure, pulse oximetry, electro-cardiography, temperature, and capnography; and supplies and services, including neonatal intensive care vital signs supplies, such as electrodes and skin temperature probes, as well as various repair services. The company markets its products through its own sales force, manufacturers' representatives, and original equipment manufacturers, as well as through hospital, surgery center and outpatient facility, homecare, veterinary, and emergency medical distribution channels. CAS Medical Systems, Inc. was founded in 1984 and is headquartered in Branford, Connecticut.	22.6	(5.2)

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates



## Tier 1: Peer Companies

### Business Description of Peers (4/4)

#### Tier 1: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
Toumaz Limited	United Kingdom	Toumaz Limited, through its subsidiaries, engages in the commercial exploitation of ultra-low power wireless semiconductor and software technologies in Asia, North America, and Europe. It operates through, Sensium Healthcare and Digital Audio segments. The Sensium Healthcare segment provides wireless healthcare technology for hospital and in-home use markets. This segment develops SensiumVitals, an ultra-low power wireless system that monitors the vital signs of general care patients; and radio chip, which enables the wireless connection of medical devices in compliance to the medical body area network standard. The Digital Audio segment designs, develops, and sells wireless semiconductor chips and embedded solutions; and digital radio and Internet radio technologies. This segment is also involved in the development, manufacture, and sale of chips, modules, and software for digital radios. Toumaz Limited is headquartered in London, the United Kingdom.	40.9	(16.5)
Medicalgorithmics S.A.	Poland	Medicalgorithmics Spolka Akcyjna operates as a cardiac monitoring company. It offers PocketECG, a non-invasive mobile ECG and arrhythmia diagnostic technology for the simultaneous monitoring of various patients. The company's PocketECG is used in healthcare institutions in the United States, the European Union, Asia, and the Middle East. Medicalgorithmics Spolka Akcyjna was founded in 2005 and is based in Warsaw, Poland.	8.4	4.0

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 2: Peer Companies

### Business Description of Peers (1/5)

#### Tier 2: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
DexCom, Inc.	United States	DexCom, Inc., a medical device company, focuses on the design, development, and commercialization of continuous glucose monitoring systems. The company offers its systems for ambulatory use by people with diabetes; and for use by healthcare providers in the hospital for the treatment of patients with and without diabetes. Its ambulatory product line includes DexCom G4 system, a continuous glucose monitoring system; DexCom G4 PLATINUM system for continuous use by adults with diabetes; and DexCom SHARE, a remote monitoring system, which provides secondary notification and does not replace real time continuous glucose monitoring or standard home blood glucose monitoring. Its in-hospital product line comprises GlucoClear, a blood-based in-vivo automated glucose monitoring system for use by healthcare providers in the hospital. The company also offers SweetSpot, a software platform that enables patients to aggregate and analyze data from diabetes devices and to share it with their healthcare providers. DexCom, Inc. markets its products directly to endocrinologists, physicians, and diabetes educators primarily in the United States. The company was founded in 1999 and is headquartered in San Diego, California.	259.2	(13.1)
Medtronic plc	Ireland	Medtronic plc manufactures and sells device-based medical therapies worldwide. The company's Cardiac and Vascular Group segment offers pacemakers, implantable cardioverter defibrillators, implantable cardiac resynchronization therapy devices, AF products, diagnostics and monitoring devices, and remote monitoring and patient-centered software; and heart valves, percutaneous coronary intervention stent products, surgical valve replacement and repair products, endovascular stent grafts, and peripheral vascular intervention products. Its Minimally Invasive Therapies Group segment provides gastrointestinal diagnostics, ablation, and interventional lung solutions; stapling, vessel sealing, and other surgical instruments; sutures; electrosurgery products; hernia mechanical devices; mesh implants; products for patient monitoring and recovery, such as ventilators, capnography, and other airway products; sensors; monitors; compression and dialysis products; enteral feeding; wound care; and medical surgical products comprising operating room supply products, electrodes, needles, syringes, and sharps disposals. The company's Restorative Therapies Group segment offers products for various areas of the spine; bone graft substitutes; biologic products; trauma, implantable neurostimulation therapies, and drug delivery systems for the treatment of chronic pain, movement disorders, obsessive-compulsive disorder, overactive bladder, urinary retention, fecal incontinence, and gastroparesis; products to treat conditions of the ear, nose, and throat; systems that incorporate advanced energy surgical instruments; and image-guided surgery and intra-operative imaging systems. Its Diabetes Group segment provides insulin pumps; continuous glucose monitoring systems; insulin pump consumables; and Web-based therapy management software solutions. It serves hospitals, physicians, clinicians, and patients. Medtronic plc was founded in 1949 and is headquartered in Dublin, Ireland.	17,410	5,704.0

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 2: Peer Companies

### Business Description of Peers (2/5)

#### Tier 2: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
St. Jude Medical Inc.	United States	St. Jude Medical, Inc., together with its subsidiaries, develops, manufactures and distributes cardiovascular medical devices for cardiac rhythm management, cardiovascular, and atrial fibrillation therapy areas worldwide. It operates in two divisions, Implantable Electronic Systems, and Cardiovascular and Ablation Technologies. The company offers tachycardia implantable cardioverter defibrillator systems and cardiac resynchronization therapy defibrillator devices to treat patients suffering from lethal heart conditions, such as sudden cardiac arrest or heart failure. It also provides pacemakers, which deliver low-voltage electrical impulses to stimulate a heartbeat for patients whose hearts beat too slowly; and atrial fibrillation products comprising electrophysiology, introducers and catheters, advanced cardiac mapping, navigation and recording systems, and ablation systems. In addition, the company offers vascular closure devices, compression assist devices, pressure measurement guidewires, diagnostic coronary imaging technology, percutaneous catheter introducers, diagnostic guidewires, renal denervation technology and vascular plugs, optical coherence tomography imaging products, and other vascular accessories, as well as CardioMEMS, a heart failure monitoring device. Further, it provides structural heart products, including transcatheter aortic heart valves, various surgical heart valve repair and replacement products, and transcatheter structural heart defect devices; and neuromodulation products, such as spinal cord stimulation and radiofrequency ablation to treat chronic pain, as well as deep brain stimulation to treat movement disorders. The company sells its products through direct sales force and independent distributors. St. Jude Medical, Inc. was founded in 1976 and is headquartered in St. Paul, Minnesota.	5,622.0	1,760.0
Boston Scientific Corporation	United States	Boston Scientific Corporation develops, manufactures, and markets medical devices for use in various interventional medical specialties worldwide. The company operates in three segments: Cardiovascular, Rhythm Management, and MedSurg. It offers interventional cardiology products, including coronary stent systems used in the treatment of coronary artery disease; coronary technology products to treat atherosclerosis; intraluminal catheter-directed ultrasound imaging catheters and systems for use in coronary arteries and heart chambers, as well as peripheral vessels; and structural heart therapy systems. The company also provides stents, balloon catheters, wires, peripheral embolization devices, and vena cava filters to diagnose and treat peripheral disease; and biliary stents, drainage catheters, and micro-puncture sets to treat, diagnose, and ease benign and malignant tumors. In addition, it offers cardiac rhythm management devices, such as implantable cardioverter defibrillator systems to detect and treat abnormally fast heart rhythms; implantable cardiac resynchronization therapy pacemaker systems to treat heart failure; and medical technologies to diagnose and treat rate and rhythm disorders of the heart comprising radio frequency (RF) generators, steerable RF ablation catheters, intracardiac ultrasound catheters, diagnostic catheters, delivery sheaths, and other accessories. Further, the company provides products to treat diseases of the digestive and pulmonary systems; stone management products to treat urinary stone disease and benign prostatic hyperplasia; mid-urethral sling products, sling and graft materials, pelvic floor reconstruction kits, and suturing devices to treat urological and gynecological disorders; spinal cord stimulator systems; and devices to diagnose, treat, and ease pulmonary disease systems within the airway and lungs. Boston Scientific Corporation was founded in 1979 and is headquartered in Marlborough, Massachusetts.	7,308.0	1,675.0

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 2: Peer Companies

### Business Description of Peers (3/5)

#### Tier 2: Peer Companies

USDm

Company	Country	Business description	Sales	EBITDA
Heartware International Inc.	United States	HeartWare International, Inc., a medical device company, designs, develops, manufactures, and markets miniaturized implantable heart pumps or ventricular assist devices (VAD) for the treatment of advanced heart failure in the United States, Germany, and internationally. It offers HeartWare Ventricular Assist System, which comprises a VAD or blood pump, patient accessories, and surgical tools designed to provide circulatory support for patients in the advanced stage of heart failure. The company is also developing the MVAD, a miniaturized blood pump intended for chronic heart failure patients; and SYNERGY Circulatory Support System, a partial support system designed to treat less sick, ambulatory, chronic heart failure patients who are not yet inotrope-dependent. The company markets its products directly to clinicians and medical facilities, as well as through medical device distributors. HeartWare International, Inc. is headquartered in Framingham, Massachusetts.	278.4	(8.3)
Masimo Corporation	United States	Masimo Corporation, a medical technology company, develops, manufactures, and markets noninvasive monitoring technologies worldwide. It offers Masimo Signal Extraction Technology (SET) with measure-through-motion and low-perfusion pulse oximetry monitoring to address the primary limitations of conventional pulse oximetry. The company also provides Masimo rainbow SET Platform, which includes rainbow SET Pulse CO-Oximetry products that noninvasively monitor multiple blood-based measurements, including oxygen saturation, pulse rate, perfusion index, pleth variability index, and respiration rate from pleth; noninvasively monitor hemoglobin, carboxyhemoglobin, and methemoglobin; monitor arterial oxygen saturation; and calculates oxygen content and oxygen reserve index. In addition, it offers SedLine brain function monitoring technology that measures the brain's electrical activity by detecting EEG signals; capnography and gas monitoring products, such as external plug-in-and-measure capnography and gas analyzers, integrated modules, and handheld capnograph and capnometer devices; O3 regional oximetry for tissue oxygen saturation measurement; SafetyNet, a patient surveillance, remote monitoring, and clinician notification solution; and Halo Index, an indicator that facilitates trending and assessment of physiological measurements. Further, the company offers remote alarm/monitoring solutions, software, and connectivity solutions. The company's patient monitoring technologies incorporate a monitor or circuit board and sensors, including proprietary single-patient use, reusable and rainbow ReSposable sensors, and patient cables. Masimo Corporation provides its products directly, as well as through distributors and original equipment manufacturers partners to hospitals, emergency medical service providers, physician offices, veterinarians, long term care facilities, and consumers. The company was founded in 1989 and is headquartered in Irvine, California.	580.0	105.8

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 2: Peer Companies

### Business Description of Peers (4/5)

#### Tier 2: Peer Companies

USDm				
Company	Country	Business description	Sales	EBITDA
ABIOMED, Inc.	United States	ABIOMED, Inc. researches, develops, and sells medical devices in circulatory support and continuum of care in heart recovery to acute heart failure patients. The company offers Impella 2.5 catheter, a percutaneous micro heart pump with integrated motor and sensors for use in interventional cardiology; Impella CP that provides partial circulatory support using an extracorporeal bypass control unit; Impella 5.0 catheter and Impella LD, which are percutaneous micro heart pumps with integrated motors and sensors for use primarily in the heart surgery suite; and Impella RP, a percutaneous catheter-based axial flow pump. It also manufactures and sells AB5000 circulatory support system for temporary support of acute heart failure patients in profound shock, including patients suffering from cardiogenic shock after a heart attack, post-cardiotomy cardiogenic shock, or myocarditis. In addition, the company provides Symphony, a synchronized minimally invasive implantable cardiac assist device designed to treat chronic patients with moderate heart failure by improving patient hemodynamics. Further, it engages in the research, development, prototyping, and production of a percutaneous expandable catheter pump, which enhances blood circulation from the heart with an external drive shaft. The company sells its products through direct sales and clinical support personnel in the United States, Germany, France, Canada, Japan, and the United Kingdom. ABIOMED, Inc. was founded in 1981 and is headquartered in Danvers, Massachusetts.	213.2	23.9
Mindray Medical International Limited	China	Mindray Medical International Limited develops, manufactures, and markets medical devices worldwide. The company operates in three segments: Patient Monitoring and Life Support Products, In-Vitro Diagnostic Products, and Medical Imaging Systems. The Patient Monitoring and Life Support Products segment offers monitoring devices that track the physiological parameters of patients, such as heart rate, blood pressure, respiration, and temperature. Its products include single and multiple-parameter monitors; mobile and portable multifunction monitors; central stations that can collect and display multiple patient data on a single screen; electrocardiogram monitoring devices; and veterinary monitoring devices. This segment also provides anesthesia machines; defibrillators; surgical equipment, including surgical beds, and surgical lights ceiling pendants; syringes and infusion pumps; and ventilators. The In-Vitro Diagnostic Products segment provides data and analysis on blood, urine, and other bodily fluid samples for clinical diagnosis and treatment; and in-vitro diagnostic products for laboratories, clinics, and hospitals to perform analysis to detect and quantify substances in patient samples. Its product portfolio consists of hematology analysis, biochemistry analysis, immunoassay analysis, flow cytometric analysis, coagulation analysis, urine sediment analysis and microbiology analysis; and reagents used in in-vitro diagnostic products. The Medical Imaging Systems segment offers ultrasound systems used in medical fields, such as urology, gynecology, obstetrics, and cardiology; digital radiography systems; and magnetic resonance imaging systems. The company also provides orthopedic products, endoscope devices, and healthcare IT solutions. It markets and sells its products through distributors, as well as directly to hospitals and government agencies. The company was founded in 1991 and is headquartered in Shenzhen, the People's Republic of China.	1,320.8	243.0

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

## Tier 2: Peer Companies

### Business Description of Peers (5/5)

#### Tier 2: Peer Companies

USDm				
Company	Country	Business description	Sales	EBITDA
STAAR Surgical Company	United States	STAAR Surgical Company, together with its subsidiaries, designs, develops, manufactures, and sells implantable lenses for the eye, and delivery systems to deliver lenses into the eye. The company offers implantable collamer lenses (ICL) comprising Visian ICL to treat visual disorders, such as myopia, hyperopia, astigmatism, and presbyopia; and Hyperopic ICL, which treats far-sightedness. It also provides invasive intraocular lenses (IOL) that include aspheric IOLs that produce a clearer image than traditional spherical lenses; nanoFLEX IOL, a single piece collamer aspheric optic; Toric IOL for cataract patients to treat pre-existing astigmatism; and Preloaded Injector, a silicone or acrylic IOL preloaded into a single-use disposable injector. In addition, the company sells surgical products, and other related instruments and devices; and manufactures AquaFlow device for the treatment of glaucoma. It markets its products to health care providers, including surgical centers, hospitals, managed care providers, health maintenance organizations, group purchasing organizations, and government facilities. The company offers its products primarily under the STAAR, Visian, Collamer, CentraFLOW, AquaPORT, nanoFLEX, nanoPOINT, Epiphany, and AquaFlow names. It sells products directly through its sales representatives in the United States, Canada, Japan, and Spain, as well as through independent distributors in approximately 60 countries worldwide. STAAR Surgical Company was founded in 1982 and is headquartered in Monrovia, California.	74.9	(5.2)
Microlife Corporation	Taiwan	Microlife Corporation develops, manufactures, and sells medical diagnostic equipment for home monitoring and institutional use worldwide. The company offers blood pressure monitors, including wrist and upper arm measurement devices, and stethoscopes; digital thermometer comprising infrared ear, forehead, jumbo LCD, and standard pen-type thermometers for babies, children, and adults; and asthma monitors, such as peak flow meters, analyzer software, and nebuliser devices. It also provides flexible heating products, including heating pads and under blankets; and weight management products consisting of scales, body fat scales, and indirect calorimeters. The company is based in Taipei, Taiwan.	185.3	23.9

Source: CapitalIQ, Sales and EBITDA for the period calendar year 2014, as of July 23 2015, converted to USD with Historical exchange rates

# Comparable Transactions

# Comparable Transactions (1/2)

[1]	Date Announced / Close	Target	Acquirer	TTM Revenues	TTM EBITDA	BEV / Revenue	BEV / EBITDA	TTM EBITDA %	Target Stock Premium %		
									1 Day Prior	1 Week Prior	1 Month Prior
	05/18/2015	Virtual Radiologic Corporation	MEDNAX, Inc.	185	NA	2.70 x	NA	NA	NA	NA	NA
	02/17/2015	Volcano Corporation	Philips Holding USA Inc.	395	16	3.01 x	75.7 x	4.0%	56.7%	54.8%	62.5%
	01/26/2015	Covidien plc	Medtronic, Inc. (nka:Medtronic plc)	10,329	2,788	4.54 x	16.8 x	27.0%	29.4%	26.7%	30.2%
	09/30/2014	Vital Signs, Inc.	CareFusion Corporation	250	NA	2.00 x	NA	NA	NA	NA	NA
	06/30/2014	Ortho-Clinical Diagnostics, Inc.	The Carlyle Group LP; Carlyle Partners VI, L.P.	1,890	NA	2.20 x	NA	NA	NA	NA	NA
	04/15/2014	BERCHTOLD GmbH & Co. KG	Stryker Corporation	125	NA	1.38 x	NA	NA	NA	NA	NA
	02/27/2014	Given Imaging Ltd.	Covidien plc	189	25	4.48 x	34.0 x	13.2%	26.8%	28.2%	37.7%
	02/19/2014	PULSION Medical Systems SE	MAQUET GmbH	50	17	3.79 x	11.1 x	34.2%	14.2%	14.7%	11.3%
	12/06/2013	SunCrest Healthcare, Inc.	National Health Industries, Inc.	151	NA	0.50 x	NA	NA	NA	NA	NA
	09/30/2013	CML Healthcare Inc.	LifeLabs Inc.	333	99	3.50 x	11.8 x	29.8%	49.3%	46.5%	41.1%
	08/11/2013	Cardiocom, LLC	Medtronic, Inc. (nka:Medtronic plc)	50	NA	4.00 x	NA	NA	NA	NA	NA
	01/31/2013	Grass Technologies Corporation	Natus Medical Inc.	19	NA	1.01 x	NA	NA	NA	NA	NA
	12/14/2012	InGen BioSciences SA	Exonhit S.A. (nka:Diaxonhit)	30	2	0.77 x	12.9 x	6.0%	NA	NA	NA
	12/04/2012	Avonova Sverige AB	Stamina HOT Helse AS	59	3	0.41 x	7.9 x	5.2%	33.3%	61.9%	36.0%
	11/15/2012	Onyx EMS, LLC	Sparton Corp.	50	4	1.00 x	11.6 x	8.6%	NA	NA	NA
	11/01/2012	SPSmedical Supply Corp.	Crosstex International, Inc.	18	4	2.06 x	8.4 x	24.6%	NA	NA	NA
	10/31/2012	IRIS International Inc.	Beckman Coulter, Inc.	122	11	2.79 x	30.5 x	9.2%	45.3%	52.0%	58.2%
	08/29/2012	Cardiocore Lab, Inc.	CardioNet, Inc. (nka:BioTelemetry, Inc.)	16	1	2.29 x	25.2 x	9.1%	NA	NA	NA
	08/07/2012	Lincare Holdings Inc.	Linde Aktiengesellschaft	1,922	470	2.25 x	9.2 x	24.5%	22.0%	64.6%	84.0%
	07/02/2012	California Medical Laboratories,	Sorin SpA	8	NA	1.75 x	NA	NA	NA	NA	NA
	07/02/2012	Nicolet Neurodiagnostic and	Natus Medical Inc.	95	NA	0.61 x	NA	NA	NA	NA	NA
			Max	10,329	2,788	6.71 x	75.7 x	40.6%	118.9%	131.7%	225.0%
			Average	439	145	2.30 x	19.7 x	13.9%	45.4%	50.3%	61.2%
			Median	93	12	2.00 x	16.5 x	13.2%	36.0%	52.0%	53.6%
			Min	8	(2)	0.40 x	4.7 x	-9.4%	14.2%	14.7%	11.3%
			Trimmed Average	219	45	2.25 x	17.8 x	13.8%	43.2%	47.9%	55.3%

[1] Based on database search from Capital IQ. www.capitaliq.com  
Trimmed average is defined as the average of values excluding the high and low values.



## Comparable Transactions (2/2)

[1]	Date Announced / Close	Target	Acquirer	TTM Revenues	TTM EBITDA	BEV / Revenue	BEV / EBITDA	TTM EBITDA %	Target Stock Premium %		
									1 Day Prior	1 Week Prior	1 Month Prior
	06/26/2012	Oridion Systems Ltd.	Coviden plc	68	9	4.47 x	32.5 x	13.8%	76.4%	70.0%	76.4%
	05/31/2012	SunTech Medical Group Limited	Halma plc	23	NA	2.26 x	NA	NA	NA	NA	NA
	05/22/2012	Navlyst Medical Inc.	AngioDynamics Inc.	149	21	2.52 x	17.6 x	14.3%	NA	NA	NA
	05/01/2012	Newport Medical Instruments, Inc.	Coviden plc	40	NA	2.48 x	NA	NA	NA	NA	NA
	04/25/2012	ZOLL Medical Corporation	Asahi Kasei Corporation	544	81	3.93 x	26.3 x	14.9%	23.8%	27.0%	29.2%
	02/15/2012	FUJIFILM SonoSite, Inc.	FUJIFILM Holdings Corporation	309	37	2.77 x	23.0 x	12.0%	27.8%	26.9%	29.2%
	12/22/2011	American Medical Alert Corp.	Tunstall Group Ltd.	42	6	1.92 x	12.6 x	15.3%	42.5%	60.4%	69.3%
	09/01/2011	Smith Of Georgia, LLC	South Georgia Medical Center	52	NA	1.06 x	NA	NA	NA	NA	NA
	08/23/2011	Phadia AB	Thermo Fisher Scientific, Inc.	523	213	6.71 x	16.5 x	40.6%	NA	NA	NA
	03/31/2011	Medicomp, Inc.	NA	11	NA	1.36 x	NA	NA	NA	NA	NA
	12/27/2010	Aloka Co. Ltd. (nka:Hitachi Aloka)	Hitachi Medical Corporation	571	48	0.40 x	4.7 x	8.4%	118.9%	131.7%	95.5%
	09/01/2010	Nursefinders, Inc.	AMN Healthcare Services Inc.	303	NA	0.79 x	NA	NA	NA	NA	NA
	08/12/2010	ATS Medical, Inc. (nka:Medtronic)	Medtronic, Inc. (nka:Medtronic plc)	76	(0)	4.60 x	NM	-0.5%	54.4%	55.0%	49.2%
	07/27/2010	Somanetics Corporation	United States Surgical Corporation	54	11	5.39 x	25.4 x	21.3%	32.3%	43.1%	32.0%
	07/12/2010	Virtual Radiologic Corporation	Providence Equity Partners LLC; Providence Equity Partners VI,	123	20	1.96 x	12.1 x	16.2%	32.8%	31.2%	53.6%
	04/01/2010	Sierra Scientific Instruments, LLC	Given Imaging Ltd.	18	NA	1.94 x	NA	NA	NA	NA	NA
	03/11/2010	Home Diagnostics, Inc. (nka:Nipro Diagnostics, Inc.)	Nipro Corporation	121	12	1.65 x	16.5 x	10.0%	90.1%	86.1%	85.5%
	01/12/2010	Segovia, Inc.	Inmarsat Plc	67	NA	1.64 x	NA	NA	NA	NA	NA
	12/10/2009	Claimar Care Group Plc	Housing 21 Ltd.	93	8	0.63 x	7.8 x	8.1%	16.4%	23.8%	225.0%
	11/05/2009	Aspect Medical Systems, Inc.	Coviden plc	100	(2)	1.91 x	NM	-1.5%	56.5%	61.9%	84.6%
	09/14/2009	Alpine Biomed Corp.	Natus Medical Inc.	35	NA	1.23 x	NA	NA	NA	NA	NA
	08/14/2009	CardioDynamics International Corporation	FUJIFILM SonoSite, Inc.	23	(2)	0.47 x	NM	-9.4%	69.2%	55.2%	55.2%
	06/17/2009	VNUS Medical Technologies, Inc.	Coviden, Ltd. (nka:Coviden plc)	107	18	3.70 x	21.8 x	17.0%	36.0%	35.1%	40.6%
	02/20/2009	Guava Technologies, Inc.	Millipore Corporation (nka:EMD Millipore Corporation)	22	NA	0.86 x	NA	NA	NA	NA	NA
		Max		10,329	2,788	6.71 x	75.7 x	40.6%	118.9%	131.7%	225.0%
		Average		439	145	2.30 x	19.7 x	13.9%	45.4%	50.3%	61.2%
		Median		93	12	2.00 x	16.5 x	13.2%	36.0%	52.0%	53.6%
		Min		8	(2)	0.40 x	4.7 x	-9.4%	14.2%	14.7%	11.3%
		Trimmed Average		219	45	2.25 x	17.8 x	13.8%	43.2%	47.9%	55.3%

[1] Based on database search from Capital IQ. www.capitaliq.com

Trimmed average is defined as the average of values excluding the high and low values.



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