

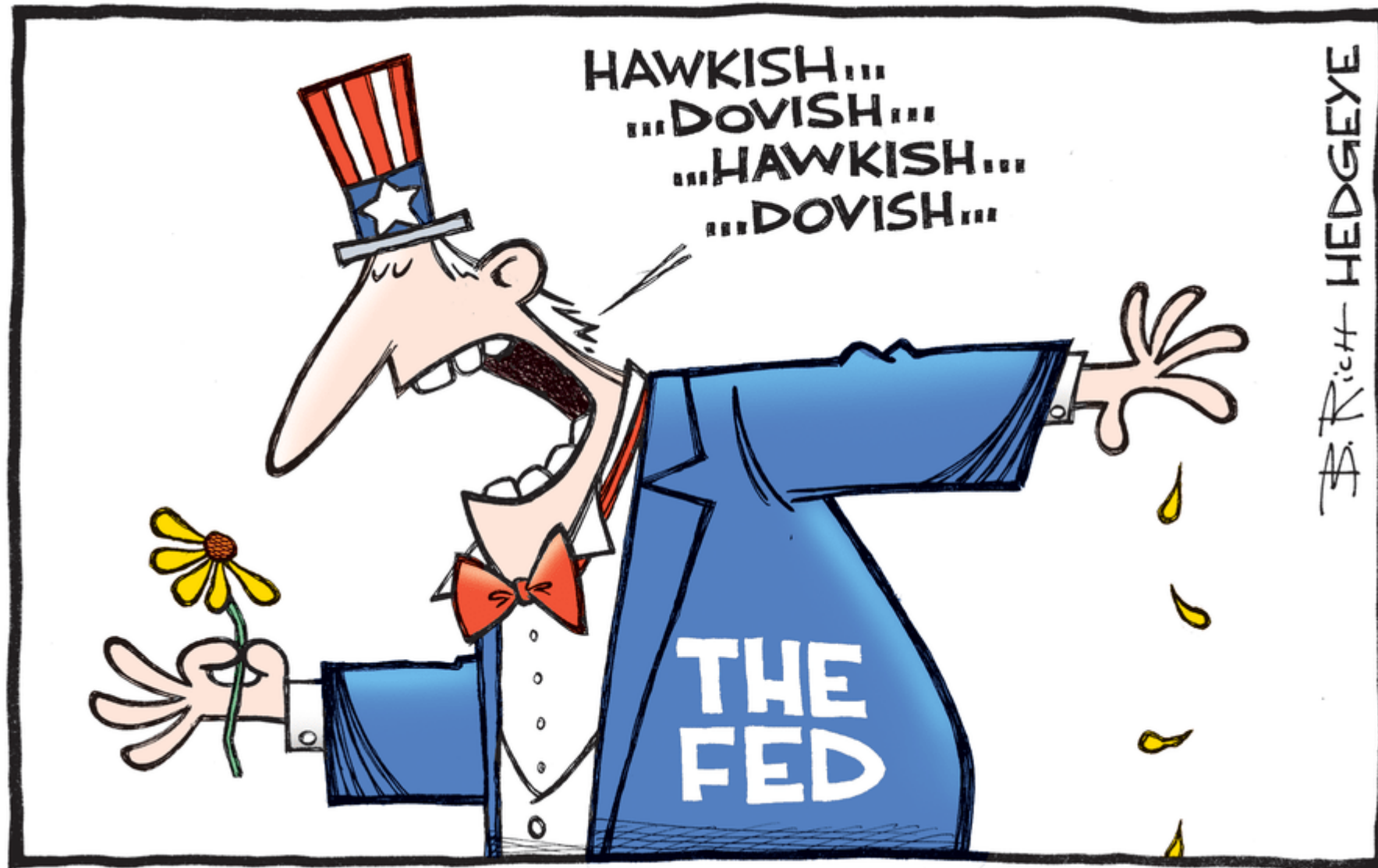
# Equity and M&A Market Overview

July 2019

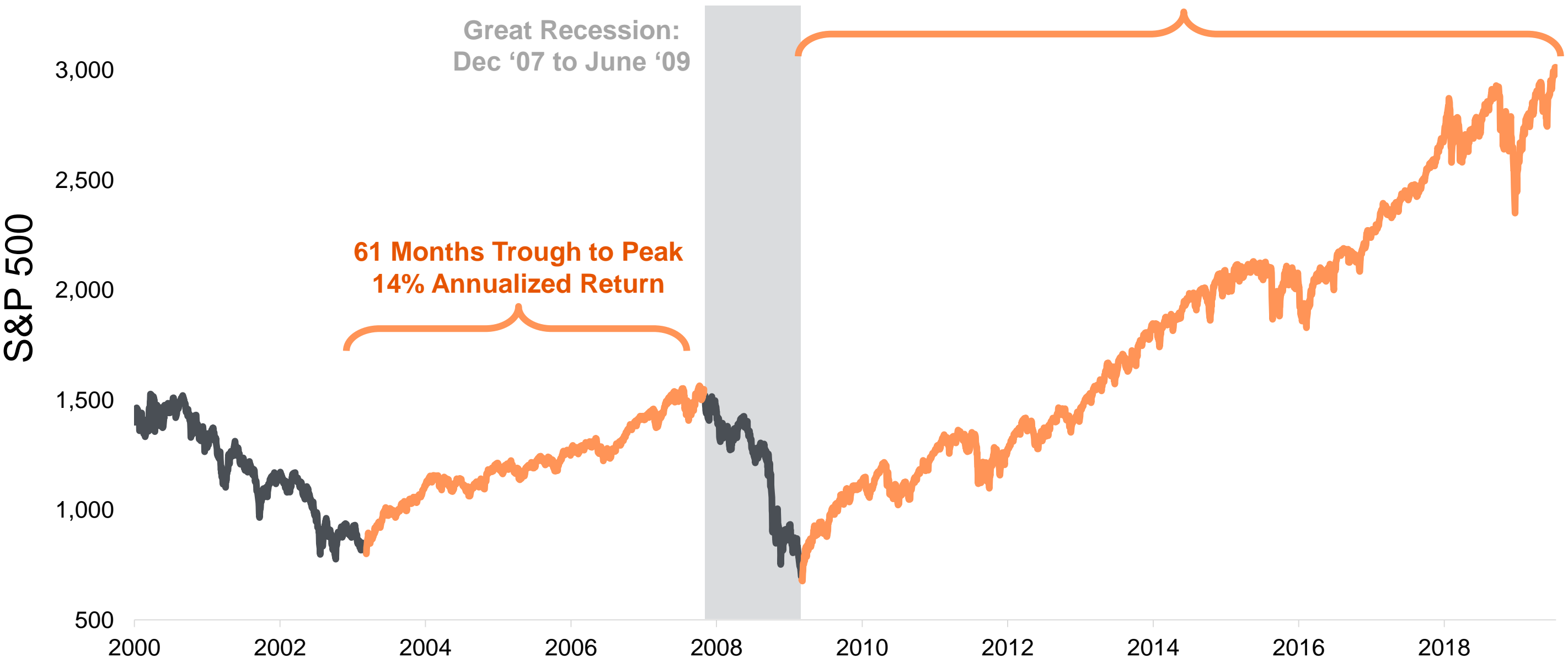
*Mihir Mantri*  
*Managing Director*  
*Life Sciences*

A large graphic on the right side of the slide, featuring a white circle with the PiperJaffray logo inside. The circle is surrounded by several concentric, semi-circular bands in shades of blue and grey, creating a partial ring effect.

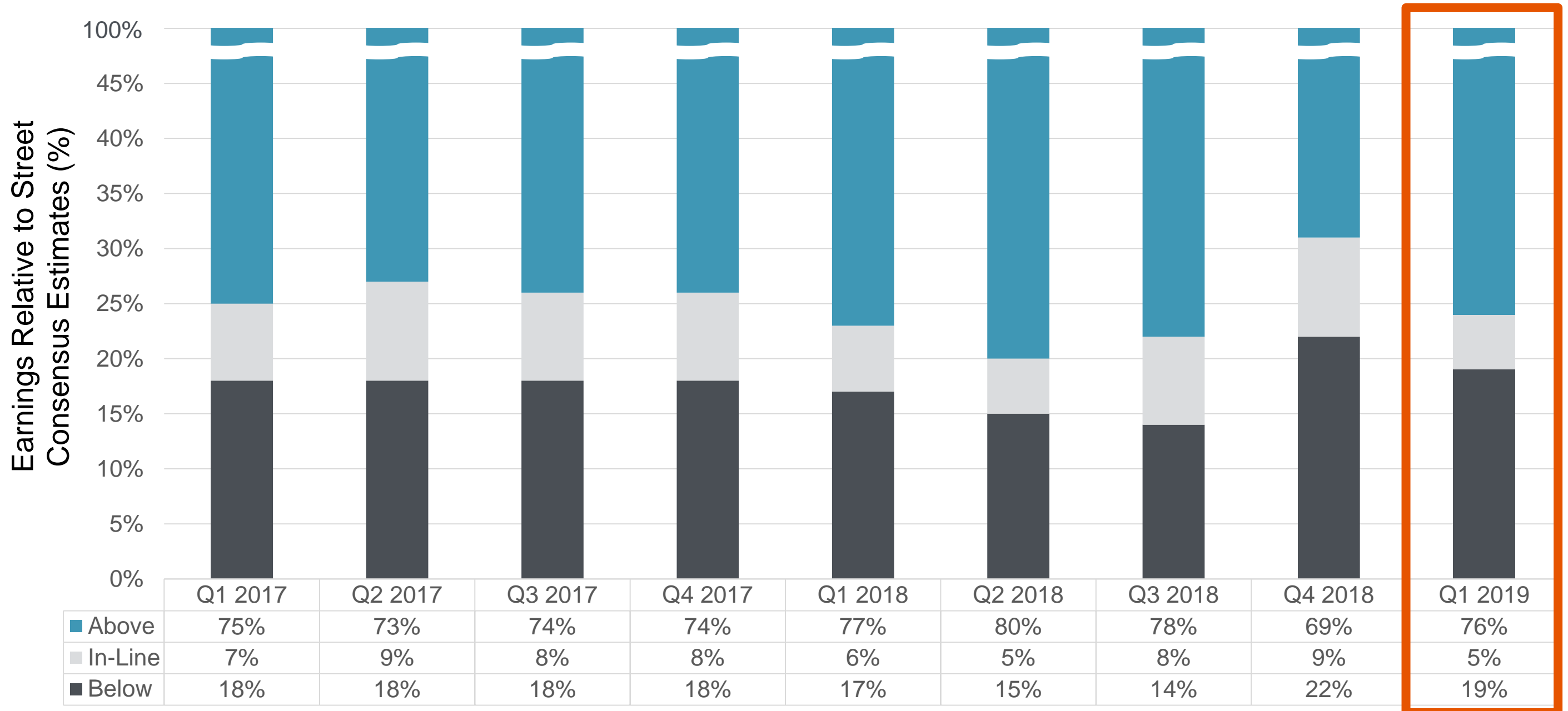
PiperJaffray®



# Historic Bull Market Continues



# Q1 2019 Earnings Generally Stronger than Q4 2018



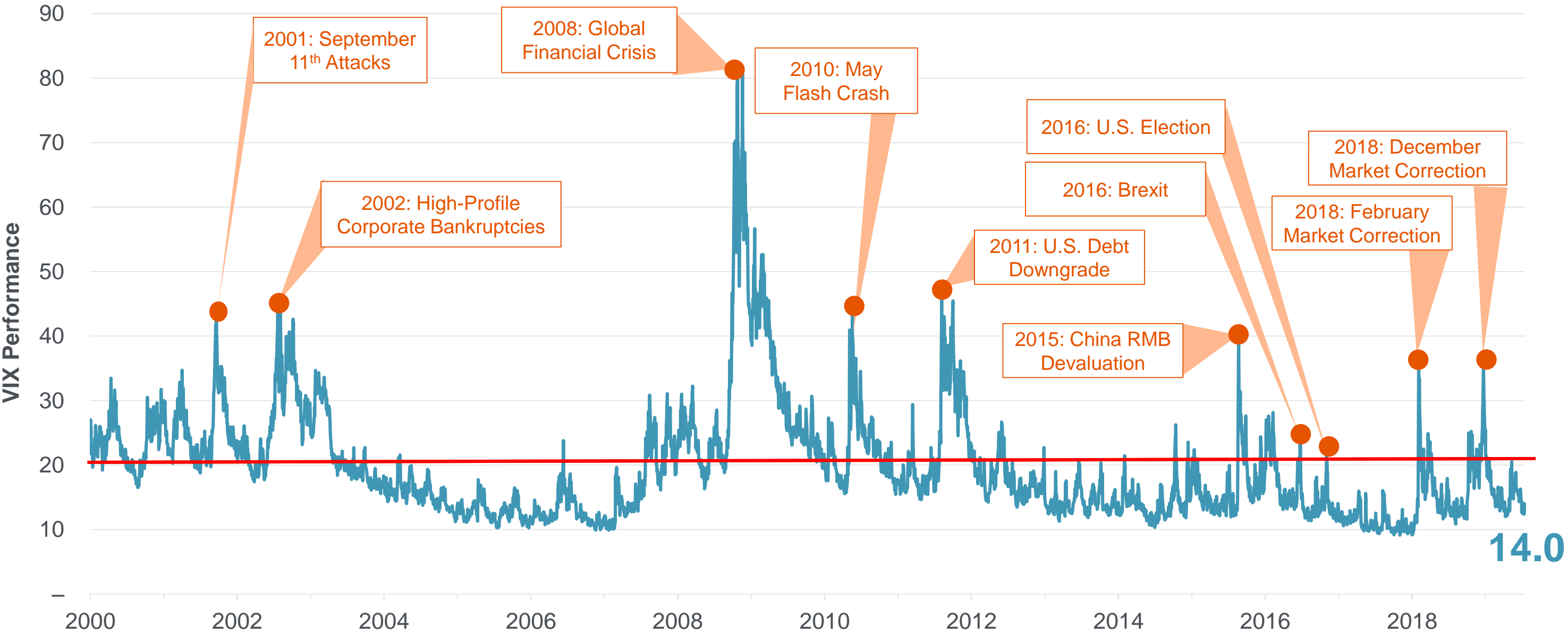
# What's Driving Performance?

Accommodative Fed Policy Increased Equity Market Appeal

Fed Shift to Accommodative Policy January 2019



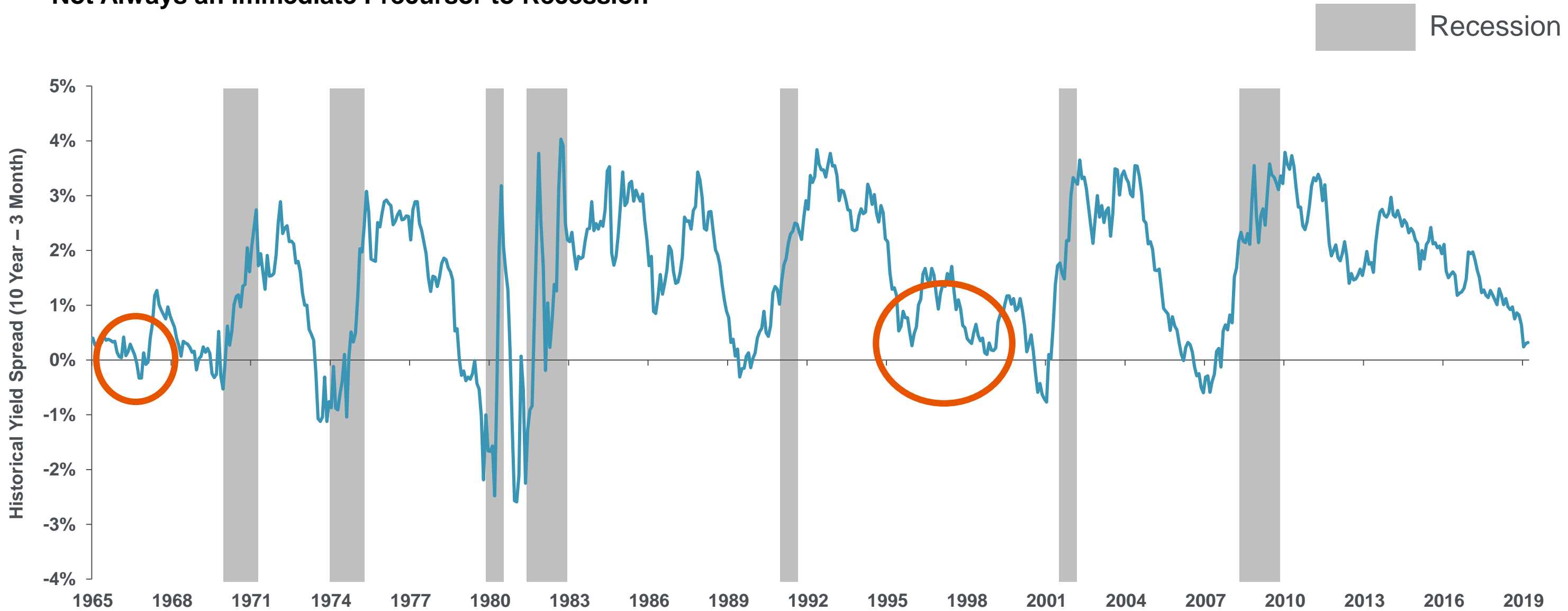
# Investors Cautiously Monitoring Volatility...



Source: S&P Capital IQ, Fidelity Quarterly

# ... And Monitoring the Yield Curve

Not Always an Immediate Precursor to Recession

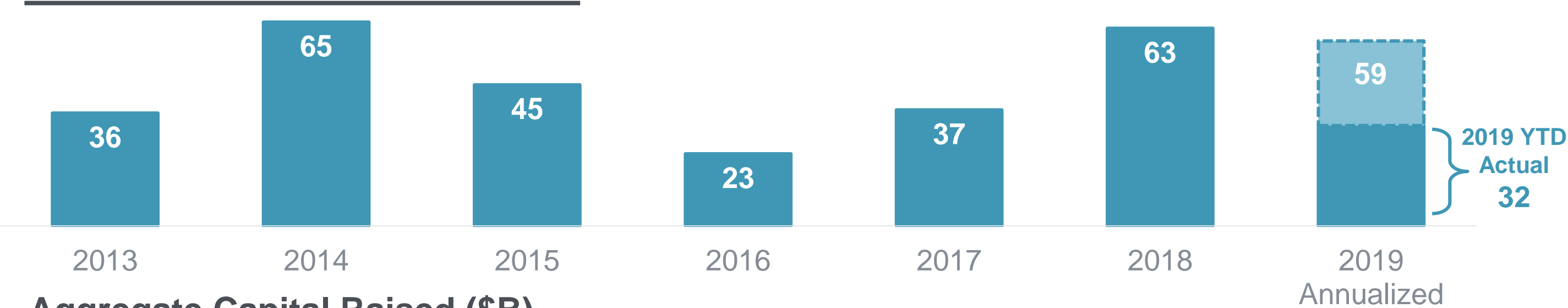


Source: S&P Capital IQ, Fidelity Quarterly

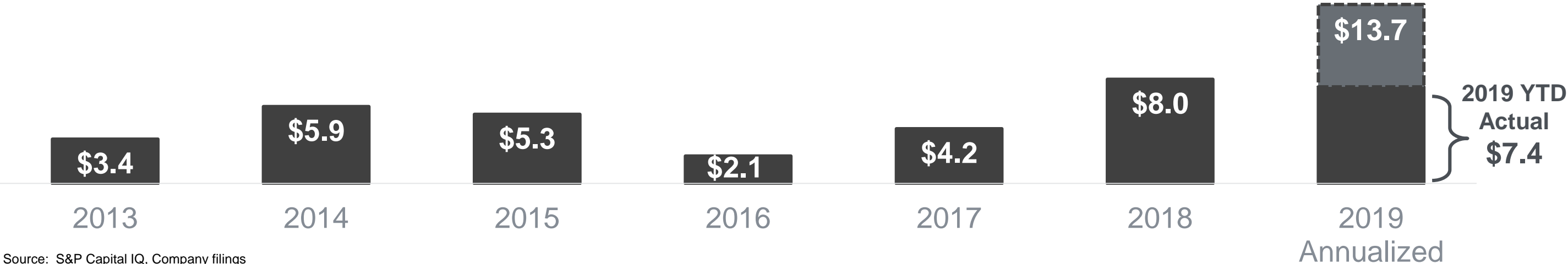
# 2019 IPO Activity Remains Strong

Life Sciences IPOs > \$50M

## Number of IPOs



## Aggregate Capital Raised (\$B)



Source: S&P Capital IQ, Company filings

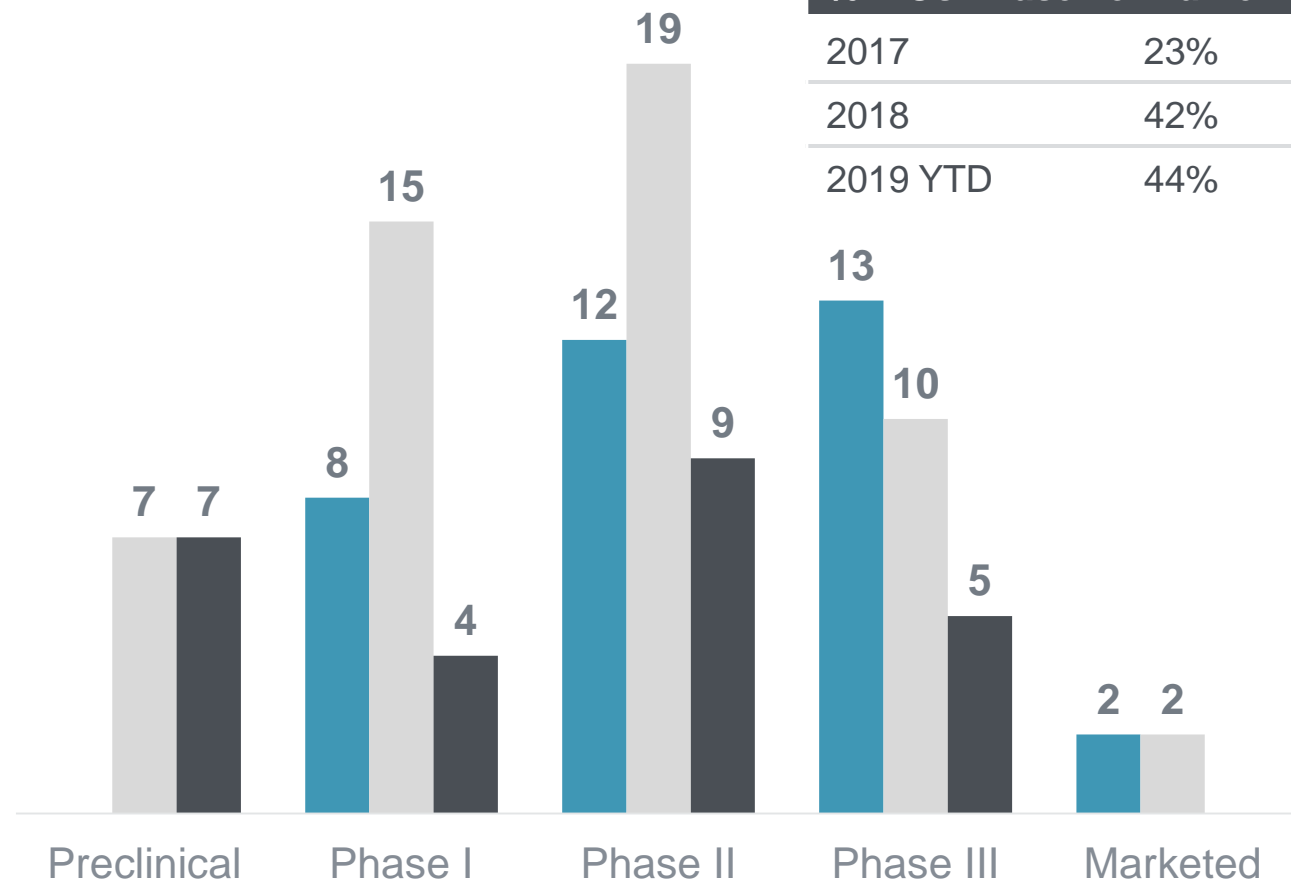


# Life Science IPO Overview

The Market is Shifting to Earlier Stage Companies

## Biotech IPO Frequency by Phase<sup>1</sup>

■ 2017 ■ 2018 ■ 2019YTD

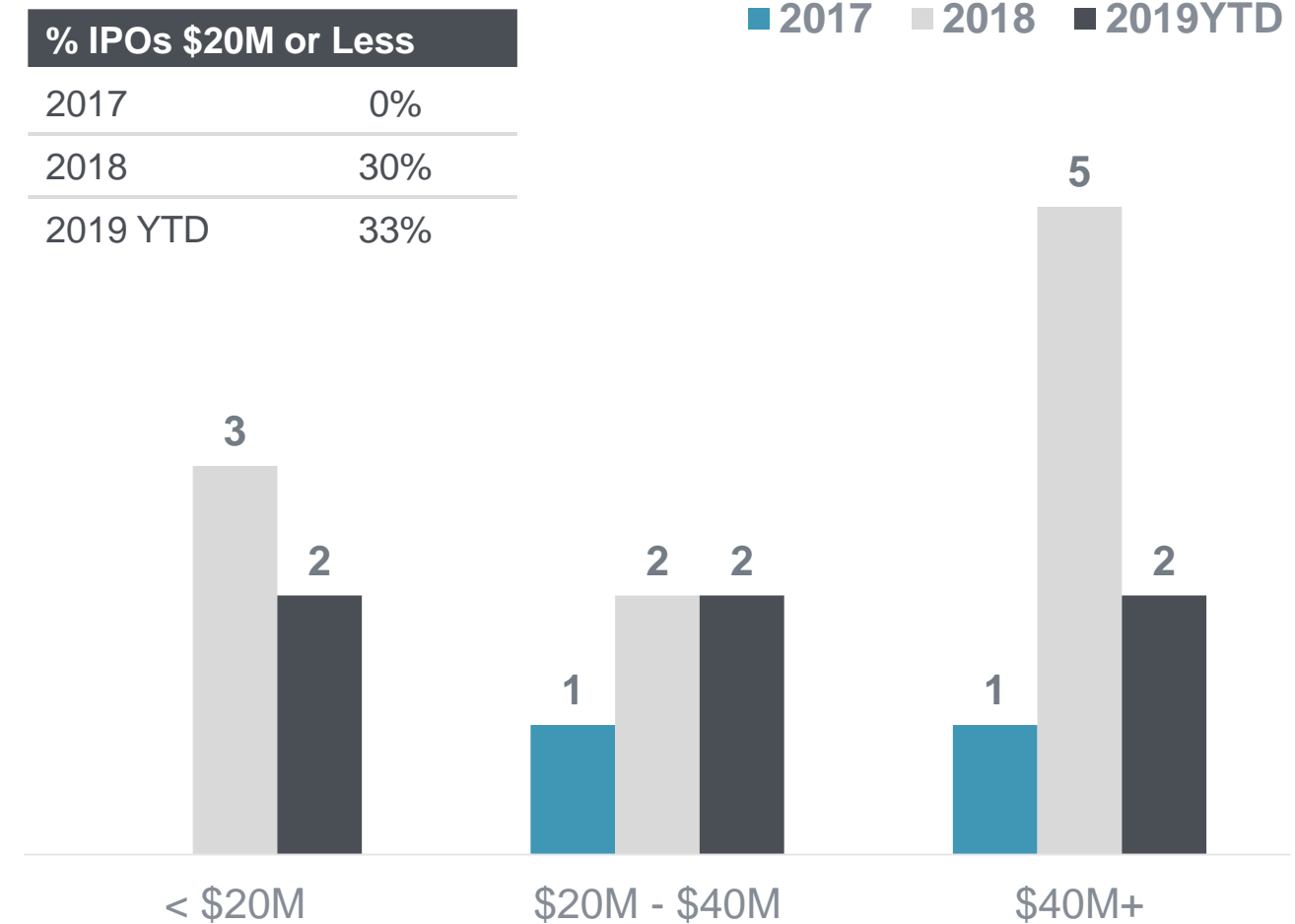


### % IPOs Phase I or Earlier

2017	23%
2018	42%
2019 YTD	44%

## Medtech IPO Frequency by Revenue (LTM)<sup>1</sup>

■ 2017 ■ 2018 ■ 2019YTD



### % IPOs \$20M or Less

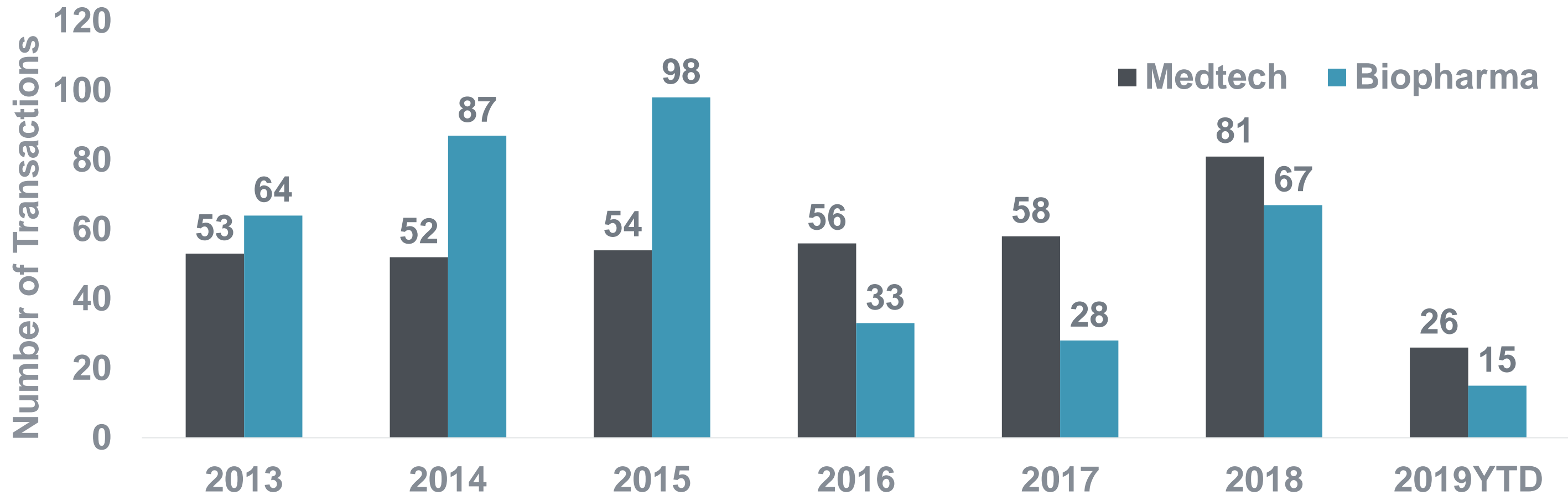
2017	0%
2018	30%
2019 YTD	33%

Source: S&P Capital IQ, Company filings

<sup>1</sup>Includes IPOs with gross proceeds greater than \$50 million

# Life Sciences M&A Remains Active

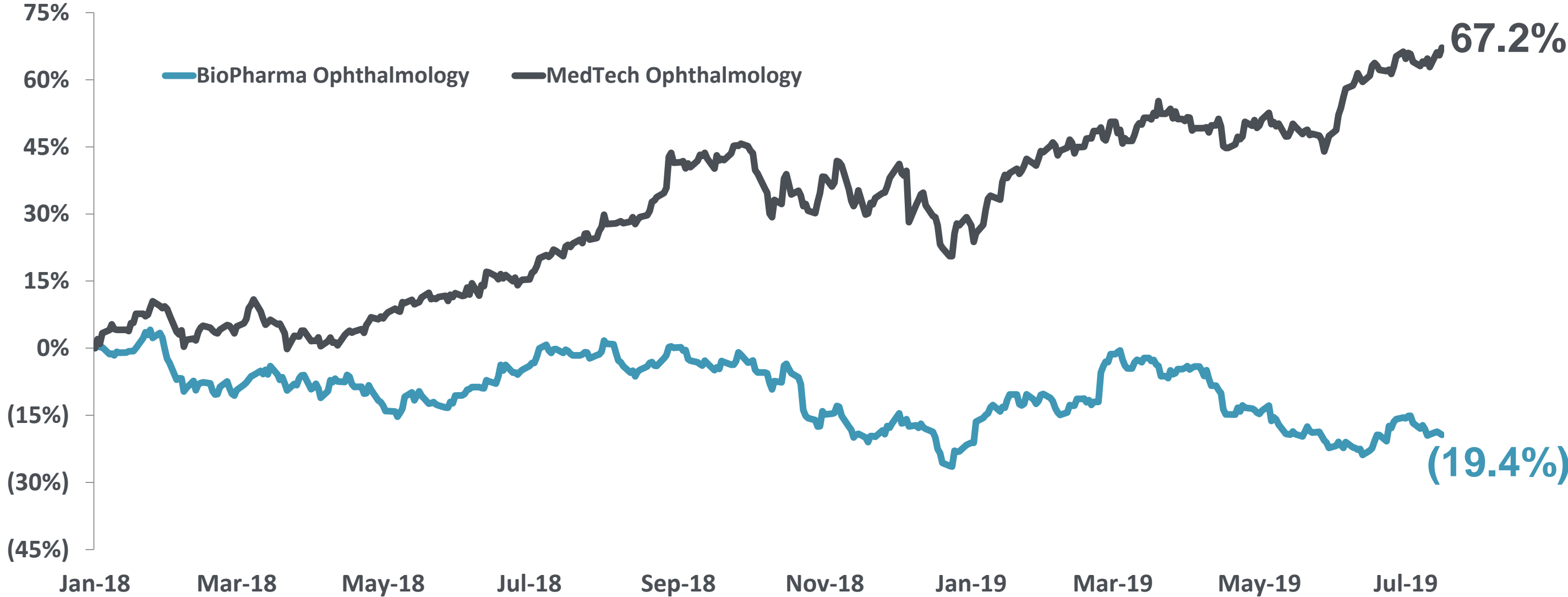
## Biopharma Deal Values Rising



Median Transaction Value (\$M):

<b>Medtech</b>	\$200	\$219	\$178	\$258	\$233	\$202	\$150
<b>Biotech</b>	\$331	\$500	\$417	\$639	\$710	\$452	\$827

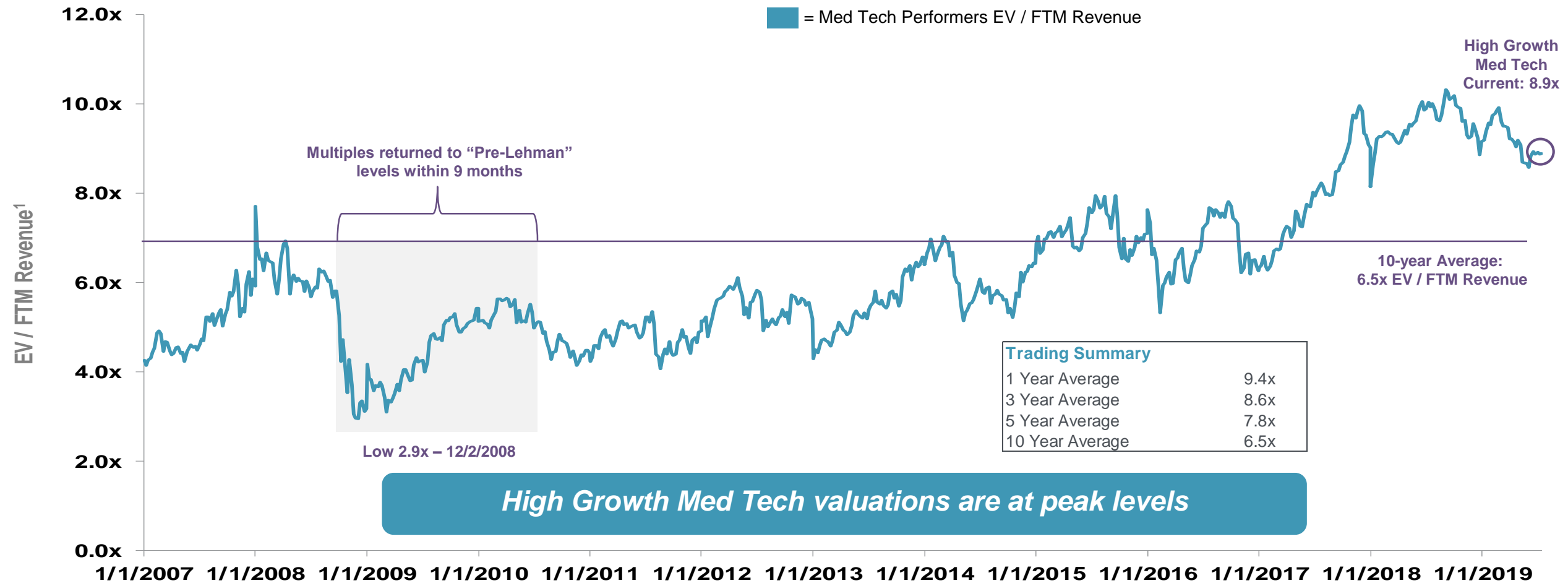
# Medtech Ophthalmology Outperforming BioPharma



Data as of 7/17/19  
 Medical Technology Ophthalmology Index: ALC, AFX, COO, GKOS, STAA  
 BioPharma Ophthalmology Index: AERI, AGN, AGTC, ALDX, ALIM, BAYN, COX, EYEG, EYEN, KALA, KOD, NITE, NOVN, OCUL, ONCE, REGN, SIGHT, VRX, TSE:4502 (Takeda Pharmaceutical)

# Valuation Premium for Performing High Growth Med Tech

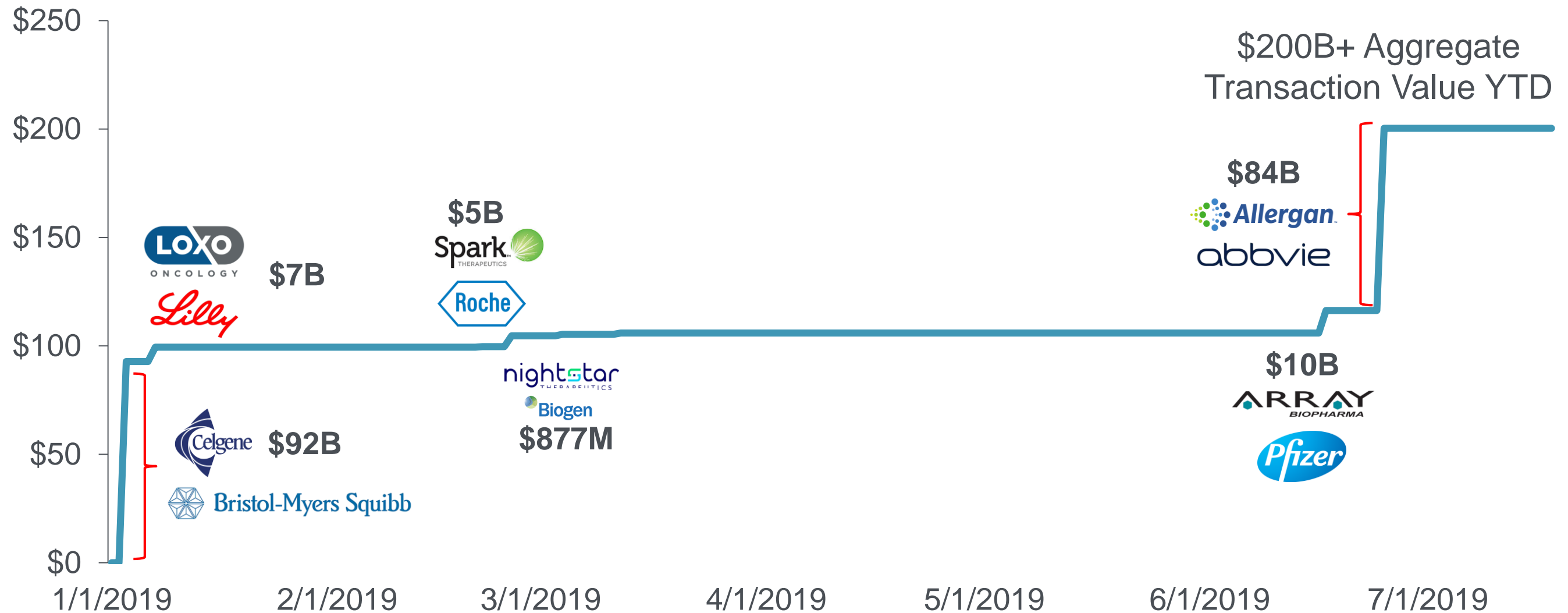
Performing High Growth Med Tech Comparables Have Traded at a 10-year Average of 6.5x EV / FTM Revenue



## Screening Criteria

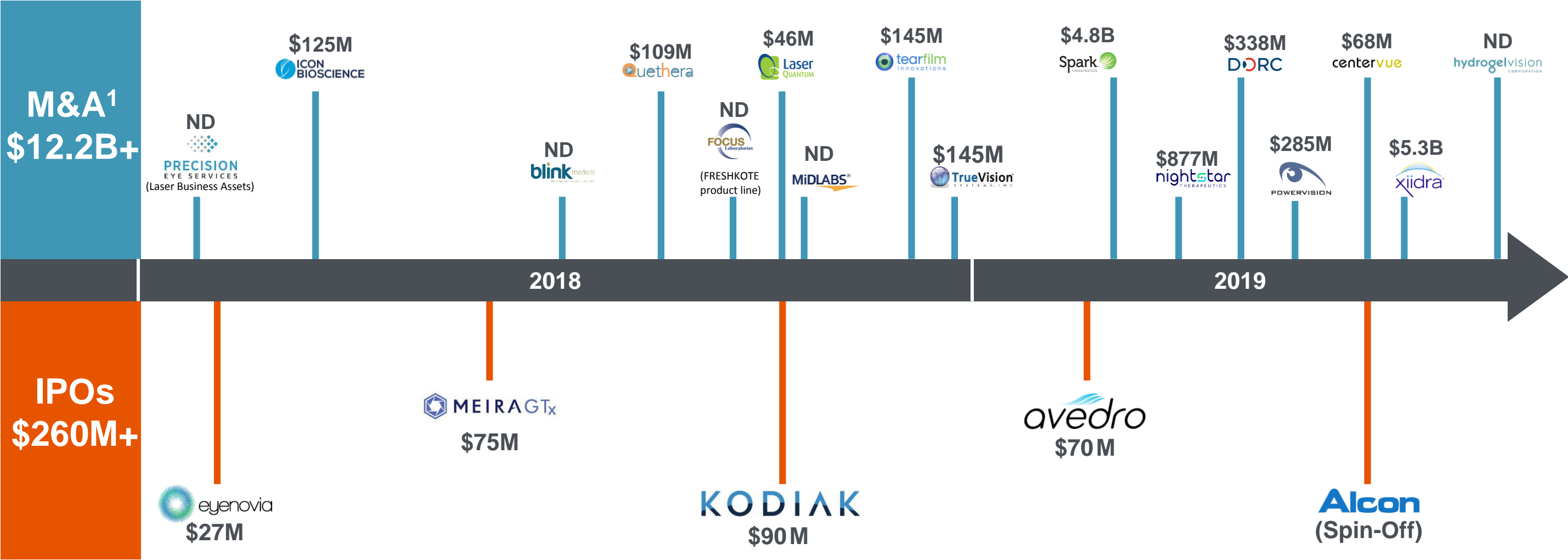
- FTM revenue greater than \$40M
- FTM revenue growth greater than 15%
- Companies based on performance relative to consensus estimates
- Seasoned Companies: excludes companies in year of IPO

# Public Biotech M&A Dominated by Multi-Billion \$ Deals



Source: Capital IQ and Piper Jaffray

# Ophthalmology M&A Accelerating...IPOs Are Steady



Source: Public Filings, Dealogic  
 1includes acquisitions with total consideration greater than \$40 million and select transactions with undisclosed consideration

# Areas to Watch in 2H 2019

## Ophthalmology Innovation

1	Novel Treatments for Dry AMD
2	The Commercial Rollouts Of Longer-Acting Anti-VEGFs
3	Commercialization of New Lenses and IOLs
4	New Rapid Onset Mechanisms For Dry Eye
5	Commercialization Of Novel Glaucoma Treatment Combinations

## Equity and M&A Markets

1	Corporate Earnings and Growth
2	Fed Monetary Policy
3	Trade Dialogue
4	Access to Capital (Debt and Equity)
5	Acceleration of M&A Activity