

# LeMaitre Vascular

## Master of the vascular surgery niche

By focusing on niche markets and offering high-quality and differentiated devices used by vascular surgeons, LeMaitre Vascular has been able to deliver sustained revenue growth outperformance. It has achieved sales growth averaging 8-10% a year, against a broader market that has grown at 1-2% a year over the past 15 years. With planned sales force increases, selected geographic expansion and acquisitions of complementary products, the company should maintain this growth trajectory and deliver a low-risk but steady return of investment to investors.

Year end	Revenue (\$m)	EBITDA (\$m)	EPS* (\$)	DPS (\$)	P/E (x)	Yield (%)
12/11	57.7	8.3	0.13	0.08	51.9	0.1
12/12	56.7	7.4	0.16	0.10	42.2	1.5
12/13e	61.7	8.4	0.20	0.12	33.8	1.8
12/14e	66.5	10.0	0.25	0.13	27.0	1.9

Note: EPS figures are per GAAP.

### Focused customers

LeMaitre's strategy is to focus on just one type of customer: vascular surgeons. It provides these physicians with a suite of devices that are used in open and endovascular procedures. Such a focused strategy means it enjoys a strong relationship with its customers and can increase sales through the addition of complementary products.

### Staying in niches to avoid competition

LeMaitre's 13 main product lines all address market segments with sizes ranging from \$5m to \$175m, generally in areas the larger device players are either de-emphasising or from which they are retreating. The total size of these markets combined is c \$750m, which should provide sufficient room for growth on the current revenue base of \$62m/year. As either a major and sometimes the dominant player in these niche markets, LeMaitre is able to gain shares from other smaller players and obtain premium pricing on products when there is clear differentiation.

### Three-prong growth strategy

LeMaitre is able to beat the secular trend of a slow growing market by focusing on niche markets, increasing reach through sales rep growth and geographic reach, and offering multiple complementary lines of products through acquisitions and R&D. It has delivered revenue CAGR of 13% in the last 10 years (ex-stent grafts from 2003 to 2011), despite underlying market growth in the low single digits.

### Valuation: Undervalued relative to peers

We value the company using a peer comparison (based on the group's average EV/sales and EV/EBITDA multiple) and a DCF approach. We arrive at an average firm value of \$165m, or \$10.55 per share based on total shares of 15.64m.

Initiation of coverage

Healthcare equipment & services

25 June 2013

**Price** **\$6.75**  
**Market cap** **\$117m**

Net cash (\$m) as at end-Dec 2012	16.4
Shares in issue	15.2m
Free float	9.3m
Code	LMAT
Primary exchange	NASDAQ
Secondary exchange	N/A

### Share price performance



%	1m	3m	12m
Abs	8.7	11.6	23.1
Rel (local)	14.0	10.4	4.5
52-week high/low	\$6.75	\$5.61	

### Business description

LeMaitre Vascular develops, manufactures and markets disposable and implantable vascular devices globally for use in both open vascular surgery and minimally invasive endovascular procedures performed in arteries and veins outside the heart. It is headquartered in Burlington, MA, US.

### Next events

Q2 report	30 July 2013
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### Analysts

Jason Zhang PhD	+1 646 653 7027
Robin Davison	+44 (0)20 3077 5737

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

[Edison profile page](#)

## Investment summary

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### Company description: Device provider to vascular surgeons

LeMaitre Vascular is a global provider of medical devices and implants for the treatment of peripheral vascular disease (PVD). It develops, manufactures and markets devices to address the needs of vascular surgeons. It has a highly diversified portfolio of peripheral vascular devices consisting of brand name products, but focuses on niche markets and basic and essential devices. These include the Expandable LeMaitre Valvulotome, the Pruitt F3 Carotid Shunt, VascuTape Radiopaque Tape and the XenoSure biologic patch. LeMaitre was founded in 1983 by George LeMaitre, MD, a vascular surgeon who designed and developed the original valvulotome and Over-The-Wire valvulotome. It has grown by acquisition and has completed 12 deals in the past 15 years. The company completed its IPO in 2006.

### Sensitivities: Slow growing underlying markets

With more than 80% of current sales made up of devices used by vascular surgeons in open surgeries, LeMaitre's business is most sensitive to the changing dynamics of open vs endovascular surgery. Another challenge is the broad healthcare expense control measures implemented by various governmental and private healthcare payers. Organic revenue growth in the last few years has been driven in part by price increases, particularly in the US, which are likely to be limited in future. Another challenge is the ability to offer more products, generated either through acquisition or internal new product development. Acquisition is an integral part of LeMaitre's growth strategy. However, M&A is risky and LeMaitre has had some disappointments, such as in stent grafts. Thus, the company's ability to identify acquisition targets and execute deals on favourable financial terms is crucial to the investment thesis. The founder and his family control c 35% of the equity, which may have implications for the long-term direction of the company. The trading volume of LeMaitre shares has been low, with institutional ownership representing only 38% of the share capital.

### Valuation: Undervalued relative to peers

We value LeMaitre using a peer comparison (based on EV/sales and EV/EBITDA multiples) and a DCF approach. Our peer group comprises US-listed medical device companies with market caps smaller than \$1bn, whose main business is in vascular diseases. Based on an average EV-to-2013 revenue multiple adjusted for 2010-13 sales growth, we obtained an EV of \$175m. Similarly, we calculate LeMaitre's EV at \$144m based on an EV/EBITDA multiple of 19.3x. Our average EV based on a peer comparison approach is \$159m. We have also applied a discounted cash flow approach to our valuation, in which we forecast sales of current product lines and cash flow up to 2018. Using a terminal growth rate of 4% and a discount rate of 12.5%, we arrive at a total PV of \$136m. We view this as the base case scenario, in which no new acquisitions are added. Adding cash of \$17.7m at the end of 2013 to the average EV of \$148m of the three approaches, we get a total firm value of \$165m, or \$10.55 per share.

### Financials: 8% revenue CAGR

LeMaitre reported sales of \$15.4m (+10%) and operating income of \$1.1m in Q113. Operating expenses were \$10.1m in Q113 (vs \$9.0m), a 12% increase driven by higher selling costs, expenses associated with new subsidiaries, and the Affordable Care Act tax and increased R&D expenses. We expect operating expenses to remain at c 60-65% of total sales. LeMaitre guides 2013 full-year sales of \$61.7m and operating income of \$5.0m. Assuming it achieves revenue of \$61.7m in 2013, LeMaitre's revenue growth would be 9%, and its four-year CAGR 7.8% (excluding the now-discontinued stent graft business, but not adjusted for changes in foreign exchange rates). The company ended Q1 with cash of \$15.6m and is expected to end 2013 with net cash of \$17.7m.

## Outlook: Steady as she goes

With a three-pronged growth strategy, including competing in niche markets, expanding its worldwide direct sales, and acquiring and developing complementary devices, LeMaitre has achieved steady revenue growth of 8-9% (10-year CAGR of 13% from 2003 to 2011) against an overall market growing at 2-5%.<sup>1</sup> New bolt-on acquisitions could boost overall growth into the low teens. In the longer term, the company needs to continue its successful acquisition strategy and expand its market to new geographic territories, such as the emerging markets of Brazil and China, to maintain its growth momentum.

### Focused on one customer, the vascular surgeon

LeMaitre's customers are vascular surgeons who treat PVD and perform vascular procedures associated with other diseases, such as end-stage renal disease. Vascular surgeons perform conventional open vascular surgeries, but also carry out endovascular procedures using minimally invasive, catheter-based tools guided by real-time imaging. There are 2,000 board-certified vascular surgeons in the US and more than 3,000 in Europe and Japan.

Vascular surgeons typically operate from large hospitals and special treatment centres. They use multiple lines of products per surgery, expect a high degree of interaction with device providers and tend to be loyal to products once they have become comfortable using them. All these are favourable customer traits that can be exploited by LeMaitre. Because they operate from central locations, vascular surgeons can be targeted by a relatively small sales force and since they typically use a number of devices in each procedure, companies can generate incremental revenue (and better profit margins) if they offer multiple complementary products.

Furthermore, surgeons are often involved in designing many of the devices and can become advocates for new products. LeMaitre has built a good reputation among vascular surgeons, and in our opinion is uniquely positioned to serve this customer group well.

### Peripheral vascular disease

PVD, sometimes referred to as peripheral arterial disease (PAD) refers to any disease or disorder of the circulatory system outside the brain and heart. It encompasses conditions such as deep vein thrombosis (DVT), varicose veins, atherosclerosis, aneurysms, dissections and venous insufficiency. PAD occurs mostly in people older than 50, and it is a leading cause of disability among this group and in those with diabetes. About 10 million people in the US and 20 million in other developed countries have PAD, which translates to about 5% of the over-50s.<sup>2</sup> The most severe form of PAD is "end-stage" disease, or critical limb ischemia (CLI), with incidences of about 10-20%, or 1-2m of all PAD.<sup>3</sup> Left untreated, CLI can lead to amputations, which is estimated to occur in 150,000 patients in the US.<sup>4</sup>

Treatment of PAD ranges from drugs that prevent clotting, including antiplatelets, anti-coagulants and thrombolytics, to interventional procedure, including angioplasty and stenting, to open vascular surgery. In angioplasty, a balloon catheter is inserted into the affected artery through a needle under local anaesthesia. Once the catheter, guided by real-time imaging technology, reaches the point of occlusion, it is inflated, pushing aside the plaque and widening the artery so that it no longer restricts blood flow. For arteries that are very severely blocked or begin to close up again after angioplasty, a stent is permanently placed inside the blocked artery to hold it open. New

<sup>1</sup> LeMaitre estimate.

<sup>2</sup> Centres for Disease Control and Prevention (CDC).

<sup>3</sup> Goodney PP, et al. *Circ Cardiovasc Qual Outcomes*. 2012;5(1):94-102 and The SAGE Group Oct. 20, 2008.

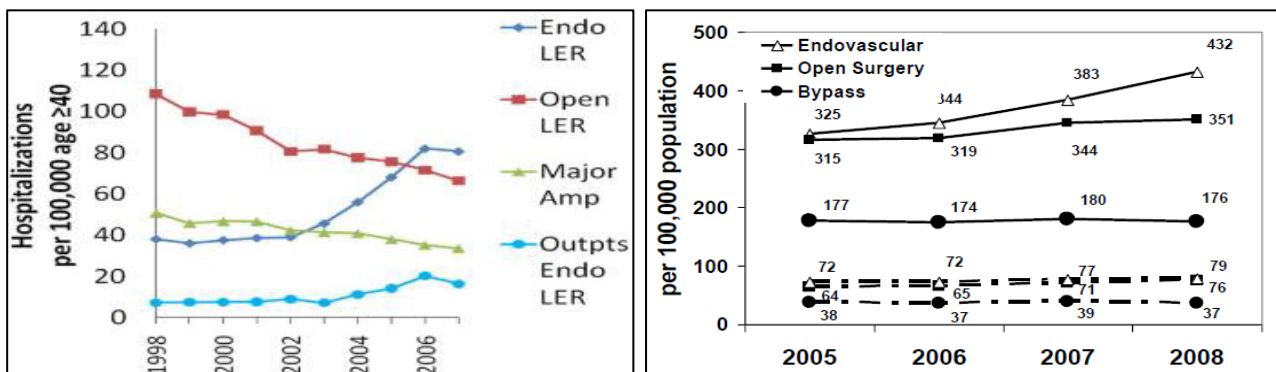
<sup>4</sup> Amputee Coalition of America.

generations of drug-eluting stents have replaced bare metal stents because the drug can prevent development of scar tissue around the stent, a process called restenosis.

While angioplasty and stenting are effective in treating PAD with localised lesions that involve a small portion of the vessel, surgery is the best alternative when the obstructive lesions are long and involve most of the vessel, or when endovascular treatment becomes ineffective. The most widely used operation for a blocked or damaged artery is a bypass, which connects a segment of vein, harvested from another part of the patient's body, or a piece of synthetic artery, at two points outside the blocked artery, restoring blood flow to the downstream or distal portion of the artery.

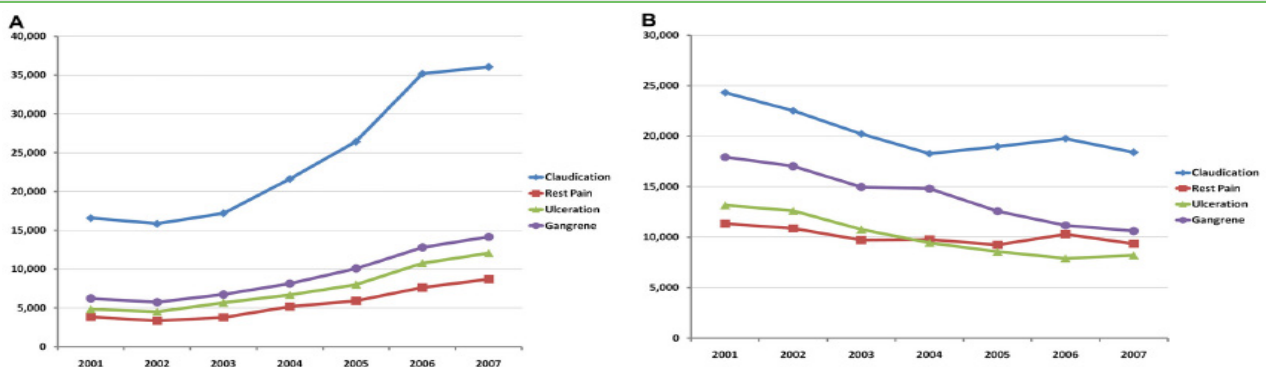
The past decade has witnessed significant changes in procedures intended to treat PADs, including the dramatic increase (particularly in the US) of endovascular procedures (angioplasty, atherectomy and stenting), with a sharp decline and then gradual levelling off of open surgeries. This was accompanied with a gradual decline of major amputation (minor amputation is relatively stable), a result that could be partly linked to better outcomes of both endovascular procedures and open surgeries. With regard to open surgeries, a segment that is most important to LeMaitre because c 80% of the company's sales are from devices used in open surgeries, the decrease was dramatic from 2001 to 2007 (estimated to be 20%), but it is evident that the decline has moderated at the end of the period when data is available (Exhibit 1).

**Exhibit 1: Trends of open and endovascular surgeries in the US (left) and Germany (right)**



Source: Egorova et al, J Vasc Surg, 2010 and Kroger K. IUA-Prague 2012. Note: LER: lower extremity re-vascularisation.

**Exhibit 2: Trends in revascularization procedures**



Source: Hong et al. Ann. Vasc. Surg. 2011: 23:44-54. Note: A: Endovascular procedures by diseases; B: Open by-pass procedures by diseases.

However, this dramatic decline (estimated to be c 79%, mainly fuelled by the dramatic increase of endovascular procedures during the same period) was mainly a US phenomenon, as the US payment system encourages procedures involving new technologies that are separately reimbursed. An analysis of the situation in Germany (Exhibit 1), where payment is usually based on diagnosis-related groups (DRGs) and therefore typically discourages expensive devices, found that increases of endovascular procedures were less dramatic and open surgeries stayed relatively flat

during the period of analysis. Even in the US, changes in various procedures are disease stage dependent. While the greatest increase in endovascular procedures (conversely for open surgery) are for minor PAD such as claudication, open surgeries for most severe diseases such as ulceration and rest pain did not drop as dramatically as that for claudication (Exhibit 2).

The total numbers of revascularisation procedures for PVD, including endovascular and open surgery, are c 3 million (coronary bypass surgery: 500,000) in the US and 6 million in G20 countries. We forecast growth in endovascular procedures to be in the 6-7% range annually, with open surgery procedures growing at 2-3%, mainly due to the increase in the elderly population. People over 65 years old account for 13%, or 40 million, of the US population, a proportion expected to rise to 20%, or 72 million by 2030, an 80% increase in number. In other developed countries such as Germany and Japan, people older than 65 years old already represent more than 20% of the total population, and the proportion is expected to continue to increase. As PVD/PAD is generally a disease of the elderly, this demographic trend suggests that re-vascularisation procedures for PAD will grow above the population growth rate.

## Major product lines

### Valvulotomes

LeMaitre's eponymous founder invented the original valvulotome and the company has since developed five further generations, including the Expandable LeMaitre Valvulotome and the Over-The-Wire LeMaitre Valvulotome, which are the best-selling lines in the portfolio. Many surgeons consider the Expandable LeMaitre Valvulotome to be the "gold standard" for cutting valves in saphenous veins and it is priced at a premium compared to peer products.




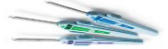






Occlusive disease of the lower extremities is present in 8-12 million people in the US and is an important cause of disability. In about 60-70% of patients (also called type 3 disease), the occlusion affects the aorta and the iliac, femoral, popliteal and tibial arteries. Open revascularization (bypass surgery) is the "gold standard" for occlusive disease of the lower extremities in terms of durability, relief of symptoms and limb salvage,<sup>5</sup> particularly in "fit" patients, and is performed on c 40,000 and 80,000 patients in the US and major developed countries, respectively. Traditionally, autologous veins are harvested through long, open incisions of the leg. The veins are then reversed (valves in the veins normally allow blood flows from the foot upwards but stop downward blood flow) and grafted to blocked arteries. "In situ" bypass surgeries are less invasive than "reverse vein" surgeries because veins are grafted to arteries inside the leg without the need for "harvesting and reversing veins". To enable blood flow from top to bottom in the grafted vein, a valvulotome is employed to cut the valves inside. For bypass surgeries above the knee, surgeons sometimes use synthetic grafts. Among the c 40,000 by-pass surgeries in the US, about 13,000 were done "in situ", 12,000 done with reverse veins and 12,000 with synthetic grafts. In about 1,500 cases, a procedure called remote endarterectomy is carried out to cut and remove the blockage directly from the arteries.

LeMaitre sells about 15,000 valvulotomes a year in the main territories, representing a market share of 57%. Compared to other products in the market (Exhibit 3), LeMaitre valvulotomes are expandable and self-sizing, which enable them to fit various sizes of veins without causing too much wound necrosis. The newly launched 1.5mm valvulotome is further refined to minimise injuries inside the veins. Edison estimates sales of LeMaitre valvulotomes to be c \$14m in 2013 in a \$25m total market. With the underlying market growing at 0-2% and a dominant market share, the growth potential of LeMaitre's signature line is limited. On the other hand, because of LeMaitre's leadership position in this market, this line of products should serve as a steady cash cow.

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5 Haimovici's Vascular Surgery, Sixth edition, 2012, p 755.

**Exhibit 3: LeMaitre's main product lines**

Products	Description	Est. total mkt units	Est. total mkt size (\$m)	Est. LeMaitre 2012 sales (\$m)	Est. LeMaitre mkt share (2012)	Est. mkt growth	Est. LeMaitre 2015 sales (\$m)	Main competitors
Valvulotome	 Device used to cut valves in the saphenous vein, for use as a bypass vessel to carry blood past diseased arteries to the lower leg or the foot.	30,000	\$25	\$13.50	55%	0-2%	\$15.4	Teleflex Medical (Mills) and UreSil (Eze-Sit)
Embolectomy, occlusion and perfusion catheters	 Single-lumen latex and latex-free and dual-lumen latex embolectomy catheters. The dual-lumen catheter allows clot removal and simultaneous irrigation or guide-wire tractability. The Pruitt line of occlusion and perfusion catheters reduces vessel trauma by using internal balloon fixation rather than traditional external clamp fixation.	1,500,000	\$50	\$12.5	25%	1-6%	\$15.4	Medtronic, J&J, Edward Lifesciences, Applied Medical
Carotid shunts	 Devices used to temporarily divert, or shunt, blood to the brain while the plaque from the carotid artery is removed.	160,000	\$40	\$9.00	25%	2-3%	\$10.1	Covidien (Argyle), Integra LifeSciences (Sundt) and CR Bard (Javid)
Anastoclclip	 Anstomotic clips are alternatives to sutures to close vessels.	N/A	\$100	\$3.50	4%	2-4%	\$4.4	Medtronic (U-clip)
Radiopaque tape	 A unique product that allows interventionists a simple way to cross-reference between the inside and the outside of a patient's body.	175,000	\$7	\$5.30	75%	6-8%	\$6.8	Cardiovascular Systems (ViperTrack)
XenoSure	 Used in conjunction with endarterectomy and vascular reconstructions.	350,000	\$40	\$5.1	13%	2-5%	\$12.1	Baxter (Synovis)
Remote Endarterectomy	 Used to remove severe atherosclerotic blockages from the major arteries of the leg in a minimally invasive procedure requiring a single incision in the groin.	1,500	\$3	\$2.70	100%	2-5%	\$3.2	N/A
AlboGraft	 Used for peripheral vascular reconstructions and AV Access.	445,000	\$175	\$2.0	1%	-0.5-0%	\$2.1	Various
LifeSpan Graft	 Used for peripheral vascular reconstructions.	175,000	\$175	\$1.5	1%	0-3%	\$1.6	Various
Modelling catheter	 UnBalloon catheter is used to model (dilate) aortic stent graft so that it fits well to the vessel wall and eliminates blood leakage.	N/A	\$30	N/A	N/A	5-8%	\$1	N/A

Source: Company reports, Edison Investment Research. Note: Individual product units and sales are Edison estimates.



### Balloon catheters

Balloon catheters are used in many open and endovascular procedures. In embolectomy, a catheter with an inflatable balloon attached to its tip is inserted into an artery, passing the catheter tip beyond the clot, inflating the balloon and removing the clot by withdrawing the catheter. This type of catheter is a variation of Fogarty catheter. Occlusion catheters temporarily occlude blood flow to allow the vascular surgeon time and space to complete a given procedure. Perfusion catheters temporarily perfuse blood and other liquids into the vasculature.

While the entire catheter market is larger than \$1bn, the subcategories where LeMaitre is present are about \$50m in total. Currently LeMaitre sells about \$12.5m of catheters, representing a 25% market share. It is estimated that the underlying market is growing at 1-6%. We estimate LeMaitre's catheter business to achieve growth of 3.5% y-o-y, with about 2% from unit growth and 1.5% from price increases.

### Carotid shunts

LeMaitre's Pruitt F3, Pruitt-Inahara and Flexcel carotid shunts are used to temporarily divert, or shunt, blood to the brain while the surgeon removes plaque from the carotid artery in a carotid endarterectomy. In this procedure, the surgeon opens the artery and removes the plaque, and the internal, common and external carotid arteries have to be clamped to prevent blood loss. To provide blood flow to the brain during the surgery, a temporary shunt is used to connect the artery outside the two points of clamping. LeMaitre shunts feature internal balloon fixation that eliminates the need for clamps, thereby reducing vessel trauma. An alternative to carotid endarterectomy is carotid stenting and several large clinical trials (SAPPHIRE and CREST)<sup>6</sup> demonstrated inconclusive results on which procedure is superior. It is generally accepted in the field that carotid stenting should be considered an option for high-risk patients that require carotid revascularisation to prevent stroke.

It is estimated that 140,000 carotid endarterectomies were performed in the US in 2009,<sup>7</sup> mainly in patients with transient ischemic attack (TIA) or minor stroke. While the number may have declined since the introduction of carotid stenting, the total number of procedures in the major developed countries is about 300,000 annually. A shunt is used in 160,000 of the cases of carotid endarterectomy. LeMaitre currently sells an estimated c 27,000 units with revenue of \$9.5m, in a total shunt market size estimated to be c \$40m, a market share of 25%.

### Anastomotic clips

Anastomotic clips are alternatives to sutures to close vessels. LeMaitre's AnastoClip VCS and AnastoClip GC Vessel Closure Systems allow surgeons to attach vessels to one another by deploying titanium clips in place of suturing. These vessel closure systems create an interrupted anastomosis (connection of two structures), or a vessel attachment that expands and contracts as the vessel pulses, which is believed to improve the durability of the anastomosis. The majority of anastomotic clips are used in dialysis procedures, in which veins are connected to arteries to ensure faster collection of blood. The company released the next-generation AnastoClip GC Vessel Closure System, with a new clip design intended to provide additional security and ease of use.

The total vessel attachment market is estimated to be \$100m, comprised mainly of sutures, and LeMaitre achieves sales of c \$4m. Without sutures, the clip market is about \$15m, so LeMaitre's market share is about 30%. Because the main competitor, Medtronic's U-clip, has not been heavily promoted, we see meaningful room for growth for this product, at a y-o-y rate of 4%, against the underlying market growing rate of 2-4%.

<sup>6</sup> N. Engl. J. Med. 2004. 351 (15): 1493–1501; N Engl J Med 2010; 363:11–23.

<sup>7</sup> National Hospital Discharge Survey.

### **Vascular patches**

LeMaitre sells two vascular patches, the XenoSure Biologic Vascular Patch (made from bovine pericardium) and AlboSure Vascular Patch (polyester). It obtained exclusive rights to distribute XenoSure in the US in 2009 and exercised its option to acquire this product in 2012, for \$4.6m.

The XenoSure acquisition is one of the best acquisitions the company has made. Sales were less than \$600,000 when the distribution agreement was signed in 2009. Because of the strategic fit with the company's other products, particularly carotid shunts, sales quickly increased to \$5.1m in 2012, a fourfold increase in four years. XenoSure is used to patch vessels after part of the vessels are cut off to prevent narrowing of the vessels that would normally occur with direct closing. With 300,000 carotid endarterectomies and 25% of other endarterectomy procedures, the market for biological patches could be enormous. However, LeMaitre estimates that the total biological patch market is \$40m and its market share is only c 13%. This product, in our opinion, represents the greatest near-term growth potential. We forecast the revenue to increase to \$12.1m in 2015 from c \$7.1m in 2013.

### **Radiopaque tape**

LeMaitre's VascaTape Radiopaque Tape allows interventionists to cross-reference between the inside and the outside of the body, allowing them to locate tributaries or lesions beneath the skin. The tape has measurement markings visible to the naked eye and to an x-ray machine or fluoroscope so that physicians can precisely locate or size lesions and place stents or catheters, while minimising the use of angiographic dye. LeMaitre currently sells c \$5.3m of radiopaque tape in an estimated total market of \$7m (the only other product is CSII's ViperTrack). We estimate the product's sales are growing c 8% y-o-y, matching the product's historical growth and the underlying market growth of 6-8%.

### **Remote endarterectomy devices**

LeMaitre's line of remote endarterectomy devices are the only products of this type in the market used to remove severe atherosclerotic blockages from the major arteries of the leg in a minimally invasive procedure requiring a single incision in the groin. The devices, consisting of a ring at the tip of the wire, can dissect the plaque from the vessel, resect (cut) the far end of plaque to free it for removal, and then withdraw the blockage from the vessel. The newly launched MultiTASC Dissection/Transection Device combines the two tools into one, which requires only one pass, therefore reducing the procedure time and potential for complications. LeMaitre has a near monopoly of this market with \$2.7m sales. The underlying market is growing at about 6-8%.

### **Modelling catheters**

LeMaitre's UnBalloon catheter is a new product that was launched in late-2011. It is used to model (dilate) an aortic stent graft so that it fits well to the vessel wall and eliminates blood leakage. The UnBalloon catheter is a nitinol mesh cage that can expand the edge of aortic stent graft to snug the graft against the vessel wall. The key difference between LeMaitre's UnBalloon catheter and other balloon catheters is that the mesh balloon allows blood to flow through it while the modelling is performed, vs a traditional balloon catheter, which would stop the blood flow when inflated. However, when a traditional catheter is deflated, the sudden flow of blood and its high pressure could cause the stent graft to migrate, which can result in misplacement. While the revenue of this new product is currently less than \$1m, surgeons believe it could replace all latex balloons for all endovascular aortic intervention. We estimate the total market to be \$30m, therefore representing a major growth driver for the company. We forecast the revenue to increase to \$4m in 2018 from \$0.6m in 2013.


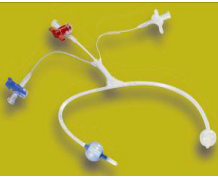



## Key drivers to outperform the market

One of the key strategies of LeMaitre's business model is to stay in niche markets from which major device players are staying away or retreating. Most often, the products the company sells to vascular surgeons are basic tools needed for a specific aspect of the procedure, and as such, they are hard to replace or eliminate. By offering high-quality products or introducing new versions of products with improved functionality, LeMaitre is able to gain market share in these niche markets. A business that mainly provides essential products in niche markets could better withstand budget cuts in an increasingly cost-conscious healthcare system. As more hospitals, under pressure from insurers and government payers, move to control costs, products and devices with large volumes and higher costs are likely to be victims of rationing or price reduction. Products offered by LeMaitre, mostly very specialised and used in small volumes, are less likely to become targets of cuts. Likewise, newer unproven technologies driven by fee-for-service incentives may give way to time-tested open procedures if healthcare spending compresses. On the contrary, the company was able to steadily increase units sold and price, which in turn improved its gross margin.

This is best illustrated in three product lines, valvulotomes, carotid shunts and radiotape, where the company has gained and maintained significant market share and was able to increase price at about 6-8% annually (Exhibit 4).

**Exhibit 4: Niche market benefits**

			
<b>Device</b>	Valvulotome	Shunt	VascuTape
<b>Market share</b>	55%	3-5%	75%
<b>Price increases (US)</b>	5-6%	3-5%	4-6%
<b>Competitors</b>	Leather, Mills, UreSil	Argyle, Sundt, Javid	ViperTrack
Source: LeMaitre Vascular			

## Acquisition to fuel growth

Acquisition is an integral part of the company's growth strategy, as illustrated in the 12 acquisitions it has completed in the last 15 years and the portion of its revenue derived from acquired products (Exhibit 5). Not only has the company continuously brought in new products, sales of these products, as a percentage of total revenue, has also increased, to >70% in 2013 (Exhibit 6). LeMaitre's acquisitions typically have the following characteristics: 1) devices used by vascular surgeons in open vascular or endovascular procedures; 2) disposable and implantable; 3) present in niche markets with \$5-10m revenue; 4) approved in major markets; 5) easy to drop into sales representative's bags; and 6) reasonable valuation. In the early years, the company acquired products mainly to increase its revenue base. As the company has built up a sales force well connected to vascular surgeons, the acquisition of complementary products not only increases revenue, but also improves gross margin. The best example is the acquisition of XenoSure path from Neovasc. Sales were less than \$600,000 when the distribution agreement was signed in 2008. Because of the "fit" with the company's other products, particularly carotid shunts, sales of XenoSure are expected to reach \$7.1m in 2013, a more than sevenfold increase in seven years.

The company has its share of unproductive acquisitions, such as that of Endomed, which brought it into the highly competitive stent graft market. However, it quickly discovered that it would have had to invest heavily in R&D to compete with larger players. The company decided in 2011 to divest the stent graft business and has since returned to a favourable growth path.

We expect the company to continue its acquisition strategy, acknowledging that it is difficult to forecast the timing and revenue impact of any such deal. However, as illustrated in Exhibit 3,

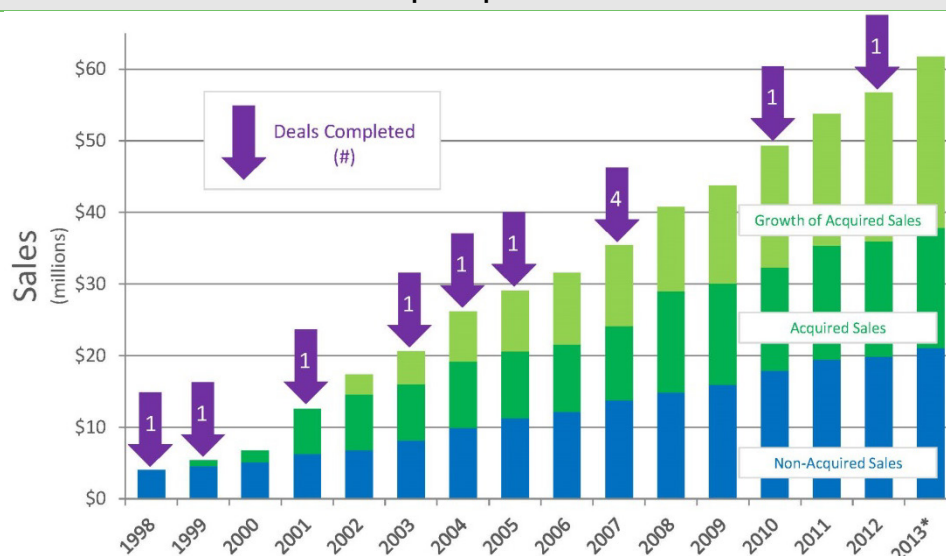
LeMaitre's track record has been good, in our opinion, as most of the acquired products enjoyed above market annual growth. In addition, the company has shown financial discipline when acquiring products, paying 1.6 to 2.0x (except for the Endomed acquisition) price to sales multiples, much below the average 2.5-4x multiple of peers' comparable transactions.<sup>8</sup> We also believe the company is in a better position to close deals than in the early years because of its increased and established sales infrastructure and better financial condition.

**Exhibit 5: LeMaitre Vascular's acquisition history**

Year	Company	Product/technology	Est. annual sales at acquisition	Pay-out/sales multiple	CAGR since acquisition	Estimated '13 Rev (\$m)
1998	Whittaker Screen Printing	VascuTape	\$0.6m	N/A	15%	\$5
1999	Vermed SRL	Embolectomy Catheters	\$2.1m	N/A	12%	\$10
2001	Horizon Medical Products	Carotid shunts, balloon catheters, laparoscopic cholecystectomy devices	\$5.6m	N/A	8%	\$14
2003	Credent	Quick Stick Dialysis Graft	N/A	\$1.9m	N/A	Closed
2004	VCS/Tyco	AnastoClip	\$1.6m	\$1m, 0.63x	11%	\$4
2005	Endomed, Inc.	Thoracic and abdominal stent grafts	\$1.8m	\$4.1m, 2.3x	N/A	Divested
2007	Vascular innovations	Contrast injector	N/A	\$0.4m	3%	\$0.30
2007	Vascular Architects	Remote endarterectomy devices	1.8m	\$2.8m, 1.6x	9%	\$3.01
2007	AHIT/UnBalloon	Modelling catheters	N/A	N/A	N/A	<\$1m
2007	Biomateriali, Srl	Polyester grafts (AlboGraft) and patches	€ 2.10	\$3.4m, 1.7-2.0x*	-0.20%	\$1.80
2010	Angiotech	LifeSpan Vascular Graft, cPTFE grafts	\$1.6m	\$2.8m, 1.8x	-1%	\$1.40
2012	Neovasc, Inc.	XenoSure	\$4.5m	\$4.6m, 1.02x	53%	\$7.00
Total						\$47
2013 total est. revenue						\$62

Source: LeMaitre Vascular, Edison Investment Research. Note: \*The range represents contingent liabilities in the deal. From 1998 to 2005, the company paid \$14.9m in aggregate for six total acquisitions.

**Exhibit 6: Revenue from internal vs acquired products**



Source: LeMaitre Vascular

### Increase of reach: Sales rep increase and geographic expansion

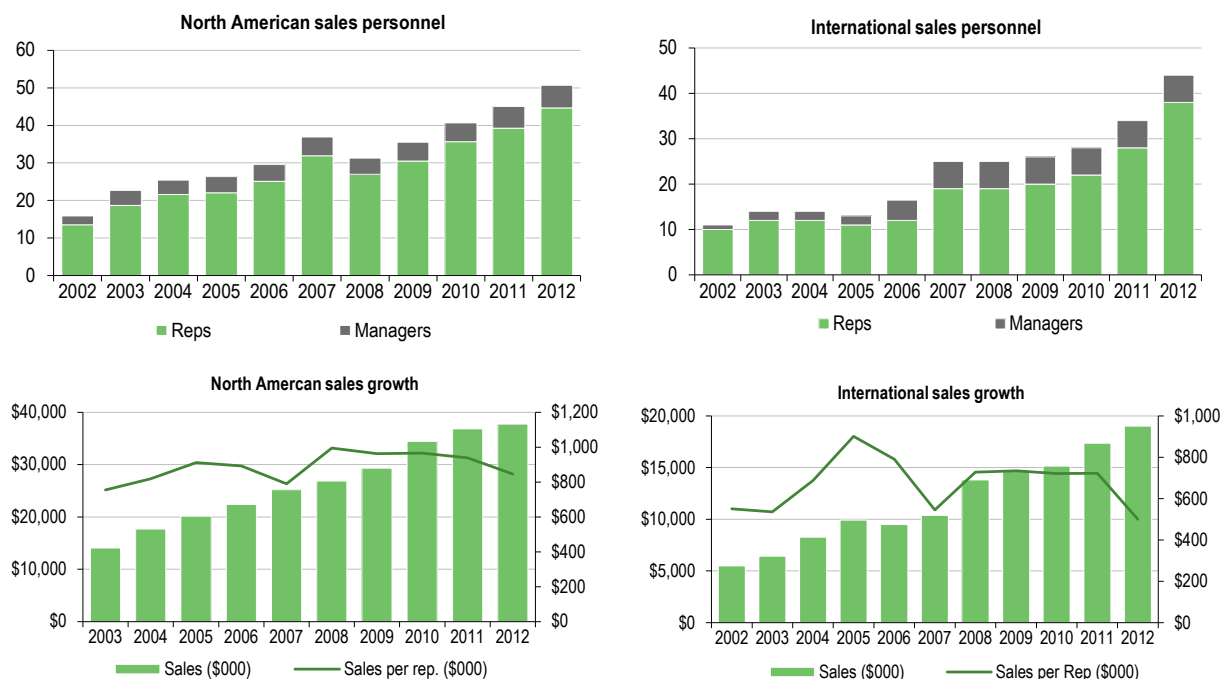
The third strategy that has brought growth to revenue is increasing the sales force. Vascular surgeons are relatively receptive to company representatives because the products typically involve training and practice to use. Once a sales representative establishes a relationship with a vascular surgeon, s/he can easily add complementary products. Therefore, the larger the sales force, the better the leverage. It is typical for a medical device company to reach breakeven on sales of c \$90m in the US. Nevertheless, LeMaitre has been able to break even on c \$60m of sales. Financial discipline has allowed it to add more sales representatives in the last few years, to the

<sup>8</sup> LeMaitre Vascular estimate.

point where it is well positioned in the vascular surgery market with a strong brand name and multiple product line offerings.

The increase of sales reps in the US and in international markets correlated well with revenue growth from 2002 to 2012. Sales per rep was also very stable, except in years where many sales reps were added or new territories entered. The company expects to have total North American sales reps of 70-80 and international sales reps of 50-60 in the next few years. If the historical sales-per-rep ratio is maintained, LeMaitre is expected to reach total sales of \$70-80m in North America and \$37.5-45m internationally, bringing its revenue to \$105 to \$125m by 2018/19.

#### Exhibit 7: US vs international sales rep growth metrics

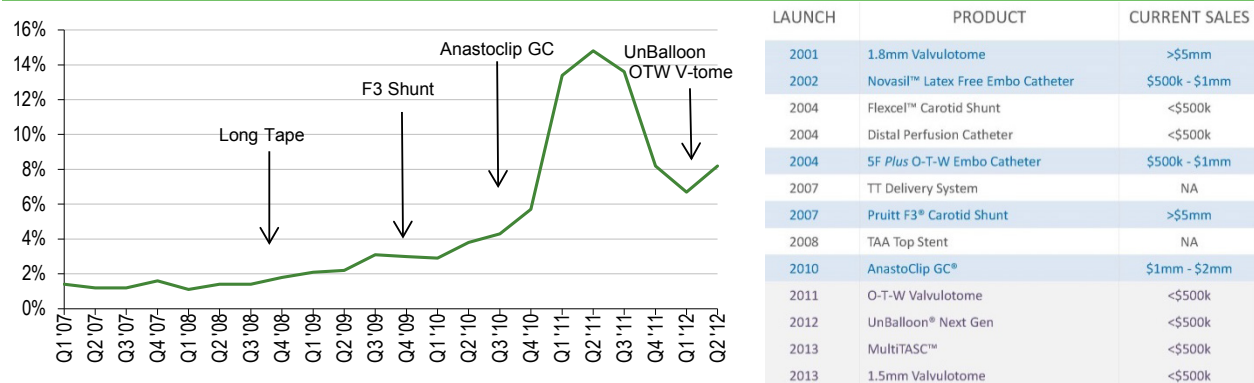


Source: LeMaitre Vascular

Geographic expansion is included in the sale rep increase strategy. LeMaitre currently sells its products directly by its own sales reps in 13 countries outside the US. It also sells through distributors in more than 20 other countries. Historically, once the company switched from distributors to direct sales, it experienced significant growth (eg 32% CAGR in Germany, 26% CAGR in the UK and France, 19% CAGR in Italy). As such, LeMaitre has started direct selling in Switzerland (€2-3m market potential) and planned to do so in Brazil (\$10m+ market potential). It also plans to increase sales reps in Canada from two to six (\$5-10m market potential). It is expected that its SG&A as a percentage of sales will increase in the next few quarters, but return to a historical rate of about 35%.

#### Disciplined R&D to improve existing products and introduce new products

LeMaitre invests about 5-10% of its sales in R&D, which is carried out by c 14 product development engineers, with a focus on improving existing product lines and developing new but complementary products. Since Q210, the company has obtained regulatory approvals of 2-5 per quarter in major territories, including the US, Canada, the EU and major Central and South American countries. Sales of newly launched products (excluding acquired products) account for 6% to 14% of total worldwide sales from Q410, a significant increase from the range of 2-4% from 2007 to early-2010. Recently launched new products from its R&D efforts include the AnastoClip GC (2010), the UnBalloon catheter (2011), the Over-The-Wire valvulotome (2011), the MultiTASC Remote endarterectomy device (2013) and the 1.5 mm valvulotome (2013).

**Exhibit 8: R&D products as % of total sales (left) and launched R&D products (right)**


Source: LeMaitre Vascular

## Sensitivities

### Low growth of vascular surgery procedures

With more than 80% of current and a higher portion of future sales of its devices used by vascular surgeons in open surgeries, LeMaitre's business is most sensitive to the changing dynamic of open vascular vs endovascular surgeries. As discussed in previous sections, the dramatic increase of endovascular procedures in the US has coincided with a significant drop of open vascular procedures, although the latter has levelled off during recent years. LeMaitre's strategy to counter this unfavourable trend is to stay in niche markets and offer high-quality but essential devices in open surgeries. At the same time, it continues to offer differentiated devices used in endovascular procedures. We believe such a multi-faceted approach should enable it to grow the business in a rather slow-growing market.

### Price constraints

Another challenge, which is not exclusive to LeMaitre, are the broad healthcare expense control measures implemented by various governmental and private healthcare payers. Lemaitre's revenue growth over the last few years has been partly driven by price increases, particularly in the US. Under the new healthcare law, hospitals in the US are likely to implement more price control of medical products, resulting in less room for product price increases. Again, LeMaitre is relatively well positioned in this regard because of its focus on niche markets and basic and essential devices. Nonetheless, we recognise the challenge and the importance of the company's ability to offer more products, either through acquisition or new product development.

### Uncertainty of future acquisitions

Acquisition has been an integral part of LeMaitre's growth strategy, as illustrated by the fact it has completed 12 deals in the last 14 years, which contribute more than 60% of sales. The acquisitions have been generally positive and accretive and some have been significant successes, such as the XenoSure patch. However, others such as the acquisition of stent grafts have not been successful. The company's ability to continue to identify acquisition targets and close the deal with favourable financial terms is crucial to our investment thesis.

## Valuation

We value LeMaitre based on a blend of three different valuation methodologies. The first is a comparison with financial ratios of peer companies (Exhibit 9), all US-listed medical device

companies with market caps smaller than \$1bn, whose main business is in vascular diseases. With an average revenue CAGR (2010 to 2013) of 12.7%, the group is trading at an average EV-to-2013 revenue multiple of 3.0x, or 2.6x adjusted for the 2010-13 sales growth rate. Since LeMaitre's 2010-13 revenue CAGR (2010 and 2011 revenue excluding stent graft sales) is 7.8%, its expected EV-to-2013 revenue multiple should be 2.8x. The market currently values LeMaitre at a significant discount because the EV-to-2013 revenue multiple is only 1.4x. Applying the expected EV-to-2013 revenue multiple of 2.8x to the company's 2013 revenue of \$61.7m, we obtained an EV of \$174.8m.

We have also considered the EV/EBITDA multiple of this group. With average revenue CAGR (2010-13) of 12.7%, the group is trading at an average EV/EBITDA multiple of 20.2x, or 17.8x adjusted for revenue growth. Similarly, we calculate LeMaitre's expected EV/EBITDA multiple to be 19.1x after adjusting for the growth rate. Applying that to 2012 EBITDA of 7.4m, we obtained an EV of \$143.7m. Our average EV based on two peer comparison approaches is \$159.2m.

Finally, we examined a discounted cash flow approach (Exhibit 10), based on forecast sales of current product lines and cash flow to 2018. We then use a terminal growth rate of 4%, a discount rate of 12.5% and arrive at a total PV of \$135.7m. We view this as the base case scenario, in which no new acquisitions are added to the company's portfolio. Adding cash of \$17.7m at the end of 2013 to the average EV of \$147.5m of the three approaches, we get a total firm value of \$165.1m, or \$10.55 per share.

**Exhibit 9: Valuation based on EV/sales and EV/EBITDA multiple of peer medical device companies (\$m)**

Name	Ticker	MC	Net Cash	EV	2010 Rev.	2011 Rev.	2012 Rev.	2013 Rev.	CARG (10-13)	EV/13 Rev	EV/Rev/ Growth	2012 EBITDA	EV/12 EBITDA	EV/ EBITDA/ Growth
AngioDynamics	ANGO	\$384	(\$117)	\$500	\$216	\$216	\$222	\$339	16.2%	1.5	1.3	\$13	38.3	32.9
Cardiovascular Sys.	CSII	\$500	\$23	\$477	\$65	\$79	\$83	\$102	16.2%	4.7	4.0	(\$8)	N/A	N/A
Cryolife	CRY	\$164	\$13	\$150	\$117	\$120	\$132	\$141	6.5%	1.1	1.0	\$21	7.1	6.6
Endologix	ELGX	\$833	(\$13)	\$846	\$67	\$83	\$106	\$130	24.5%	6.5	5.2	(\$27)	N/A	N/A
Intergra Lifesciences	IART	\$1,010	(\$423)	\$1,433	\$732	\$780	\$831	\$846	4.9%	1.7	1.6	\$139	10.3	9.8
Spectranetics	SPNC	\$594	\$38	\$556	\$118	\$127	\$140	\$154	9.3%	3.6	3.3	\$16	34.9	31.9
Vascular Solutions	VASC	\$245	\$12	\$234	\$78	\$90	\$98	\$108	11.3%	2.2	1.9	\$22	10.5	9.4
<b>Average</b>				<b>\$599</b>	<b>\$199</b>	<b>\$214</b>	<b>\$230</b>	<b>\$260</b>	<b>12.7%</b>	<b>3.0</b>	<b>2.6</b>	<b>25.2</b>	<b>20.2</b>	<b>17.9</b>
LeMaitre	LMAT	\$100	\$16	\$84	\$49	\$54	\$57	\$62	7.8%	1.4	1.3	\$7.4	11.2	10.4
LMAT EV based on group EV/13 revenue:				\$174.8	(2.6*(1+7.8%)*62)									
LMAT EV based on group EV/12 EBITDA:				\$143.7	(17.9*(1+7.8%)*7.4)									
Average EV				\$159.2										

Source: Edison Investment Research. Note: LeMaitre Vascular sales in 2010 and 2011 exclude stent grafts; MC is based on closing price of 20 June 2013.

**Exhibit 10: Valuation based on discounted cash flow (excluding new acquisitions)**

(\$m except for per share value)		2013	2014	2015	2016	2017	2018
Total WW revenue		\$61.725	\$66.5	\$71.7	\$77.3	\$83.0	\$88.5
Operating profit	15%	\$9.3	\$10.0	\$10.8	\$11.6	\$12.4	\$13.3
Tax	35%	\$3.2	\$3.5	\$3.8	\$4.1	\$4.4	\$4.6
Net profit		\$6.0	\$6.5	\$7.0	\$7.5	\$8.1	\$8.6
Non-cash items		\$3.7	\$3.8	\$3.8	\$3.9	\$3.9	\$4.0
Free cash flow		\$9.8	\$10.3	\$10.8	\$11.4	\$12.0	\$12.6
Terminal value	4%						\$154.5
Discount rate	12.5%						
Discount factor		0	1	2	3	4	5
PV of free cash flow		\$9.8	\$9.1	\$8.6	\$8.0	\$7.5	\$92.7
Total PV		\$135.7					
Total firm value		\$153.4					
Total shares outstanding (m)		16.5					
Per share value		\$9.81					

Source: Edison Investment Research

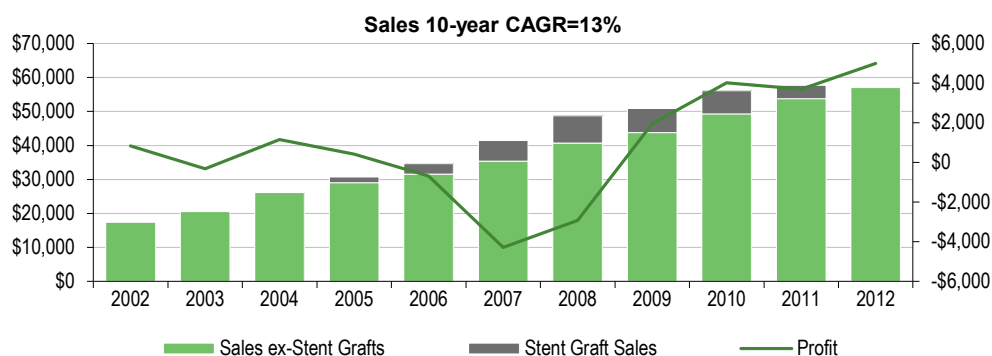
## Financials

LeMaitre reported sales of \$15.4m in Q113, an increase of 10%, and operating income of \$1.1m. The company's gross margin was 72.9%, vs 70.9% in Q112, mainly due to lower inventory write-offs and improved manufacturing efficiencies. We expect the gross margin to improve, to possibly 75%, when it starts to manufacture Xenosure in-house in 2014.

Operating expenses were \$10.1m in Q113 vs \$9.0m, a 12% increase driven by higher selling costs, expenses associated with new subsidiaries, and the Affordable Care Act tax and increased R&D expenses. We expect LeMaitre to keep operating expenses at c 60-65% of total sales, a discipline it has maintained since 2007. It increased full-year 2013 sales guidance to \$61.7m, from \$61.5m previously, and maintained operating income guidance of \$5.0m.

Presuming it achieves revenue of \$61.7m in 2013, LeMaitre's revenue growth would be 9%, and its four-year CAGR 7.8% (excluding the now-discontinued stent graft business and changes of foreign currency exchange rate, Exhibit 11). It also approved a \$0.03 per share dividend, a 20% increase over \$0.02 per share in Q112. The company ended the quarter with cash of \$15.6m and is expected to end 2013 with net cash of \$20.3m, excluding the effects of changes in foreign currency exchange rates, acquisitions and divestitures.

**Exhibit 11: LeMaitre historical sales**



Source: LeMaitre. Note: \*2013 sales based on management guidance.

**Exhibit 12: LeMaitre quarterly estimates**

(\$000s except for per share data)	Q113	Q213e	Q313e	Q413e	FY13e
Revenue	\$15,382	\$15,459	\$15,304	\$15,580	\$61,725
Gross profit	11,206	11,130	10,943	11,140	44,419
Sales and marketing	-5,768	-5,720	-5,663	-5,765	-22,915
General and administrative	-2,882	-2,892	-2,902	-2,912	-11,588
Research and development	-1,273	-1,298	-1,323	-1,348	-5,242
Depreciation	-610	-608	-608	-608	-2,434
Stock-based compensation	-277	-345	-345	-345	-1,312
EBITDA	2,170	2,174	2,008	2,068	8,420
Operating profit (GAAP)	1,123	1,221	1,055	1,115	4,674
Net interest income and expense	-53	-30	-30	-30	-143
Profit before tax (GAAP)	1,070	1,191	1,025	1,085	4,531
Provision for income taxes	-224	-417	-359	-380	-1,379
Net income (GAAP)	\$846	\$774	\$666	\$705	\$3,151
Average basic number of shares outstanding (000s)	15,219	15,200	15,200	15,200	15,205
Total diluted shares outstanding (000s)	15,648	15,640	15,640	15,640	15,642
EPS – GAAP (\$)	\$0.05	\$0.05	\$0.04	\$0.05	\$0.20
Dividend per share (\$)	\$0.03	\$0.03	\$0.03	\$0.03	\$0.12

Source: Company reports, Edison Investment Research



**Exhibit 13: Financial summary**

	2009	2010	2011	2012	2013e	2014e
Year ending 30 Sept						
<b>PROFIT &amp; LOSS (\$'000)</b>						
Revenue	50,908	56,060	57,685	56,735	61,725	66,501
Cost of sales	(13,604)	(14,341)	(17,458)	(15,867)	(17,306)	(18,620)
Gross profit	37,304	41,719	40,227	40,868	44,419	47,881
SG&A	(27,562)	(29,915)	(30,603)	(31,784)	(34,503)	(36,151)
R&D	(5,910)	(5,488)	(4,425)	(5,092)	(5,242)	(5,814)
Depreciation	(1,419)	(1,376)	(2,037)	(2,234)	(2,434)	(2,634)
Goodwill and amortisation	0	0	0	0	0	0
Stock-based compensation	(985)	(967)	(1,097)	(1,213)	(1,312)	(1,412)
EBITDA	6,236	8,659	8,333	7,439	8,420	9,962
Exceptionals/special items	(1,883)	(2,301)	(1,509)	248	0	0
Net interest income and expense	266	10	62	(247)	(143)	118
Profit before tax (normalised, or non-GAAP)	4,619	6,368	6,886	7,440	8,277	10,081
Profit before tax (FRS3, or GAAP)	2,215	4,025	3,752	3,993	4,531	5,916
Provision (benefit) for income taxes	(617)	1,988	(1,609)	(1,422)	(1,379)	(2,071)
Profit after tax (normalised or non-GAAP)	4,002	8,356	5,277	6,018	6,897	8,010
Profit after tax (FRS3, or GAAP)	-2,934	-3,314	1,598	6,013	2,143	2,571
Average number of shares outstanding (m)	15.7	15.6	15.5	15.2	15.2	15.2
EPS - normalised (\$)	0.26	0.53	0.34	0.40	0.45	0.53
EPS - GAAP (\$)	0.10	0.37	0.13	0.16	0.20	0.25
Dividend per share (c)	0.00	0.00	0.08	0.10	0.12	0.13
EBITDA margin (%)	12.2%	15.4%	14.4%	13.1%	13.6%	15.0%
Operating margin (before GW and except) (%)	9.1%	11.4%	11.9%	13.1%	13.4%	15.2%
<b>BALANCE SHEET</b>						
Fixed assets	17,356	20,363	20,000	23,929	24,059	26,155
Intangible assets	14,338	15,603	14,902	18,940	18,414	18,414
Tangible assets	2,101	3,806	4,661	4,544	5,529	5,529
Investment in associates/other non core assets	917	954	437	445	116	2,212
Trade investment & others	0	0	0	0	0	0
Associated with assets held for sale	0	0	0	0	0	0
Current assets	39,550	42,911	39,687	39,131	41,932	44,943
Inventories	7,778	8,475	8,541	9,048	9,582	10,082
Accounts receivable, net	6,498	8,375	8,003	10,859	11,565	11,265
Cash	24,000	22,614	20,132	16,448	17,681	20,492
Other	1,274	3,447	3,011	2,776	3,104	3,104
Current liabilities	(6,548)	(10,389)	(6,539)	(8,394)	(7,874)	(11,049)
Accounts payable	(6,548)	(9,948)	(6,520)	7,837	(7,549)	(9,549)
Other creditors	0	0	0	0	0	0
Short-term borrowings	0	0	0	0	0	0
Provisions and other current liabilities	0	(441)	(19)	(557)	(325)	(1,500)
Associated with assets held for sale	0	0	0	0	0	0
Long-term liabilities	(2,145)	(529)	(1,060)	(1,778)	(811)	(841)
Long-term borrowings	(188)	0	0	0	0	0
Deferred income	(1,546)	(443)	(989)	(1,673)	(1,673)	(2,173)
Other long-term liabilities	(411)	(86)	(71)	(105)	(811)	(841)
Net assets	65,599	74,192	67,286	73,232	74,676	82,988
<b>CASH FLOW</b>						
Operating cash flow	5,440	7,052	3,170	4,722	4,911	8,692
Net interest	266	10	62	(247)	(143)	118
Tax	(617)	1,988	(1,609)	(1,422)	(1,379)	(2,071)
Capex	(577)	(2,471)	(2,021)	(1,209)	(826)	(826)
Purchase of intangibles	(1,048)	(87)	(64)	(116)	(8)	(8)
Acquisitions/disposals	(759)	(3,480)	263	(3,873)	(111)	0
Financing	(484)	(2,314)	(2,094)	(1,639)	(505)	(1,700)
Dividends	108	0	(1,237)	(1,518)	(1,983)	(2,181)
Other	51	(60)	(30)	(51)	(85)	0
Net cash flow	2,380	638	(3,560)	(5,353)	(129)	2,024
Opening net debt/(cash)	(21,332)	(24,188)	(22,614)	(20,132)	(16,448)	(17,681)
HP finance leases initiated	0	0	0	0	0	0
Other	476	(2,212)	1,078	1,669	1,362	787
Closing net debt/(cash)	(24,188)	(22,614)	(20,132)	(16,448)	(17,681)	(20,492)

Source: Edison Investment Research, company accounts

Contact details				Revenue by geography			
63 Second Avenue Burlington, MA 01803 US +1-718 221-2266 www.lemaitre.com				<div><div></div><div></div></div> <div><div></div><div></div></div> <div>AmericasInternational</div>			
CAGR metrics		Profitability metrics		Balance sheet metrics		Sensitivities evaluation	
EPS 2010-14e	N/A	ROCE 13e	12.4%	Gearing 13e	N/A	Litigation/regulatory	●
EPS 2012-14e	15.4%	Avg ROCE 2010-14e	13.2%	Interest cover 13e	N/A	Pensions	○
EBITDA 2010-14e	3.6%	ROE 13e	9.2%	CA/CL 13e	N/A	Currency	○
EBITDA 2012-14e	15.7%	Gross margin 13e	72.0%	Stock days 13e	57	Stock overhang	○
Sales 2010-12e	4.4%	Operating margin 13e	13.6%	Debtor days 13e	68	Interest rates	○
Sales 2012-14e	8.3%	Gr mgn / Op mgn 13e	5.3	Creditor days 13e	45	Oil/commodity prices	○
Management team							
Chairman and CEO: George W LeMaitre				President, board director: David B Roberts			
Mr LeMaitre has served as CEO and as a member of the board since 1992, and as the chairman since 2004. Previously, he was an investment banking analyst at Lehman Brothers, an associate at the leveraged buyout firm McCown De Leeuw and a credit analyst for Connecticut National Bank. He received a BA in history and an MBA from Stanford University. He is the son of the founder, George D LeMaitre, MD.				Mr Roberts has served as the president since 2007 and as a member of the board since 2001. He joined LeMaitre in 1997 as VP of business development and was promoted to CFO in 2000. He previously worked at BUCA. and Hancock Venture Partners. He received a BA in business economics and history from Brown University and an MBA from Stanford University.			
CFO: Joseph P Pellegrino, Jr				Vice President, Research & Development: Ryan H Connelly			
Mr Pellegrino has served as CFO since 2007. He joined LeMaitre as executive vice president, finance, in 2005. He previously worked at Affordable Luxuries Inc, Zoots Inc and Lehman Brothers. Mr Pellegrino received an AB. in Economics from Harvard College and an MBA from Harvard Business School.				Mr Connelly has served as the director of research and development since 2006. He joined LeMaitre in 2002 and has held the positions of R&D engineer, and co-general manager. He previously worked at Panduit Corporation. He received a BS in mechanical engineering and an MS in manufacturing engineering from Boston University.			
Principal shareholders							(%)
LeMaitre George W.							27.2
Wellington Management							8.8
Argent Capital Management							5.2
Dimensional Gund Advisors							4.8
LeMaitre Family LLC							4.0
Granahan Investment							3.7
LeMaitre George D							3.2
Companies named in this report							
Endologix (ELGX), AngioDynamics (ANGO), Cardiovascular Systems (CSII), Intergra Lifesciences (IART), Spectranetics (SPNC), Vascular Solutions (VASC), Cryolife (CRY), Medtronic (MDT), J&J (JNJ), Edwards Lifesciences (EW).							

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