
Hologic to Acquire Cynosure, in All-Cash Tender Offer that Combines Two Complementary Businesses



**-Expands Hologic's Scientific and Commercial Expertise into Large, Adjacent Medical Device Segment Growing at Double-Digit Rate -Accelerates Hologic's Top- and Bottom-Line Growth Rates and is Immediately Accretive to Non-GAAP Earnings per Share **

Hologic, Inc., a leader in women's health, and Cynosure, Inc. (Nasdaq: CYNO), a leader in medical aesthetics systems and technologies, announced today they have signed a definitive agreement for Hologic to acquire all outstanding Cynosure shares for \$66.00 per share in cash, which corresponds to an equity value of approximately \$1.65 billion and an enterprise value of \$1.44 billion net of cash.

The transaction, which has been approved unanimously by the boards of directors of both companies, would extend Hologic's scientific and commercial capabilities into one of the fastest-growing segments in medical technology, while expanding Cynosure's customer reach and addressable market.

"Acquiring Cynosure will accelerate our transformation into a higher-growth company by leveraging our core women's health expertise and OB/GYN channel leadership into an adjacent, cash-pay segment that is expanding at a low double-digit rate," said Steve MacMillan, Hologic's Chairman, President and Chief Executive Officer (CEO). "We had identified medical aesthetics as an attractive and complementary growth opportunity through our strategic planning process, and are pleased to have agreed to acquire Cynosure, the best-in-class company in the space. Together, we can strengthen our shared focus on innovation, market-leading products with demonstrated clinical benefits, and strong customer relationships."

Cynosure has a broad portfolio of more than 20 products across major categories including non-invasive body contouring, hair removal, skin revitalization and women's health. Cynosure sells its products through a combination of direct sales and distributors in over 130 countries. The company has a history of organic innovation, most recently with the introduction of SculpSure®, the world's first FDA-cleared laser treatment for non-invasive body contouring. Cynosure also markets MonaLisa Touch®, a novel CO2 laser for women's health. Cynosure, which reported revenues of \$433.5 million in 2016, has posted 28 consecutive quarters of year-over-year top-line growth.

"We are thrilled at the prospect of becoming part of Hologic through a transaction that provides excellent value for all of our stakeholders," said Michael Davin, Cynosure's Chairman, President and CEO. "Strategically, this deal enables Cynosure to further capitalize on growth opportunities in the core and non-core aesthetic market, rapidly strengthens our position in women's health – where Hologic has a leading commercial presence – and accelerates our R&D initiatives."

Benefits of the Transaction

- **Provides Hologic entry into large, fast-growing medical aesthetics segment.** The medical aesthetics segment exceeds \$2 billion globally and is expected to grow at a low-double-digit rate over the next several years, making it one of the fastest-growing segments in the medical technology industry. Growth is being driven by physicians' desire to increase their cash-based procedures, and by increasing interest in aesthetics and lifestyle health from an aging population.
- **Leading medical aesthetics platform complements Hologic's strong position in the OB/GYN and women's health channels.** Cynosure has a broad product portfolio built from a legacy of innovation, and has begun to capitalize on the fast-growing areas of non-invasive fat body contouring and women's health. Approximately 60 percent of Cynosure's business is derived from physicians outside the traditional areas of plastic surgery and dermatology, with a significant focus on the OB/GYN channel. Cynosure's products provide a strong complement to Hologic's leadership positions and existing products in this channel, and together the companies can further capitalize on the trend toward minimally and non-invasive surgical procedures.
- **Accelerates top- and bottom-line growth rates.** This transaction, coupled with the recently completed blood screening divestiture, continues Hologic's transformation into a higher growth company. Hologic estimates that together, the transactions will enable the Company to accelerate pro-forma revenue growth by roughly 150 basis points, and increase non-GAAP earnings per share (EPS) at a solid double-digit rate, over the next several years.
- **Delivers attractive financial benefits.** The transaction is expected to be fully funded with cash on hand, including proceeds from the recently completed blood screening divestiture. Hologic estimates the deal will provide a high-single-digit return on invested capital

(ROIC) by year five, exceeding the Company's cost of capital. The transaction is expected to be dilutive to GAAP earnings per share. On a non-GAAP basis, however, Hologic forecasts the deal will be immediately accretive, adding approximately \$0.03 to \$0.05 to the Company's non-GAAP EPS in the balance of fiscal 2017, adding approximately \$0.13 to \$0.15 in non-GAAP EPS in fiscal 2018, and becoming increasingly accretive in fiscal 2019 and beyond. Hologic expects to realize annualized cost synergies of approximately \$25 million by the third year after the close.

Transaction Details and Advisers

Under the terms of the agreement, a subsidiary of Hologic will commence a tender offer to purchase any and all of the outstanding shares of Cynosure common stock for \$66.00 per share in cash. The completion of the tender offer is subject to customary terms and closing conditions, including Cynosure stockholders tendering a majority of Cynosure's outstanding shares, and receipt of specified regulatory approvals. Following the successful completion of the tender offer, the agreement provides that Cynosure will merge with a subsidiary of Hologic and become a wholly-owned subsidiary of Hologic, and all remaining outstanding shares of Cynosure will receive the same consideration paid to other stockholders in the tender offer. Following the completion of the transaction, Cynosure shares will be delisted from NASDAQ. The tender offer is expected to be completed in late March or April of 2017, subject to the satisfaction or waiver of the offer conditions.

Morgan Stanley & Co. LLC is serving as financial adviser to Hologic, and Wachtell, Lipton, Rosen & Katz is serving as legal adviser.

Leerink Partners LLC is serving as financial adviser to Cynosure, and Wilmer Cutler Pickering Hale and Dorr LLP is serving as legal adviser.

Conference Call and Webcast

Hologic's management will host a conference call at 8:30 a.m. ET today to discuss this transaction. Approximately 10 minutes before the call, dial 877-591-4951 (U.S. and Canada) or 719-325-4796 (international) and enter access code 473536. A replay will be available starting two hours after the call ends through March 9, 2017 at 888-203-1112 (U.S. and Canada) or 719-457-0820 (international), access code 473536, pin 9876. The Company will also provide a live webcast of the call at <http://investors.hologic.com>.

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