

May 6, 2015

T2 Biosystems Inc

First Commercial Wins De-Risk the Uptake Curve

Industry View
In-Line

Stock Rating
Equal-weight

Price Target
\$20.00

The material updates in 1Q were in line if not positive and should support near term upside for the stock. Maintain PT \$20.

First concrete signal of commercial traction. T2OO had two contracts signed in 1Q, in line with our forecast, including an unanticipated commercial lab in Europe. T2OO maintained expectations for 30 contracts in '15, the key metric for the year, and a ramp through the year as the funnel continues to build. The company has entered into discussions with 30% of target customers, up from 25% in February, and 25 prospective customers have completed analyses of a T2Dx instrument ROI. While it is still early, signals are that pricing above \$200 per test is holding; continuation of this trend would present an upside risk to our forecasts. Significant revenues remain unlikely before '16 given the material timelines for system installation and validation, in line with February commentary, but we remain more focused on contract completion and funnel construction.

A clear positive for the stock. Discussions with investors intraquarter found a high degree of concern that T2OO would prove unable to complete contracts in 1Q, and the results for the quarter both validate that there are signals of early traction and that the sales force is engaging in meaningful discussions with the lion's share of the target customer group for '15 after only ~6 months of commercialization. The T2 Bacterium panel pathway is also de-risked, as the FDA has indicated clinical trials will be structured similarly to those for T2 Candida and keep an early '17 launch timeline intact.

Current cash position implies lower equity raise feasible in '16. \$65mn cash balance is in-line with our original est of \$65mn, although \$5.3mn PP&E is +\$3mn above our forecasts due to accounting for rented T2Dx systems, which implies better cash management than anticipated, including opex ~\$1mn below our forecasts. Current cash balance implies \$10mn in debt drawdown in 2Q15 and \$10mn equity raise in '16 (vs. \$20mn previously). Expectations for 16% qr/qr operating expense growth in-line with our forecasts and imply the cash burn for '15E is \$45mn (excluding additional debt).

Updated revenue estimates, PT\$20 unchanged. Revenue estimates have been lowered by -1%/-6% in '15/'18 to reflect a slower ramp in international revenues and a more conservative approach to grant & partnership revenues, however, valuation remains unchanged at PT\$20, an implied 3.9x EV/'18 revenues.

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T2 Biosystems Inc (T2OO.O, T2OO US)

Life Science Tools & Diagnostics / United States of America

Stock Rating**Equal-weight****Industry View****In-Line****Price target****\$20.00**

Shr price, close (May 5, 2015)

\$14.92

Mkt cap, curr (mm)

\$299

52-Week Range

\$24.50-13.40

Fiscal Year Ending	12/14	12/15e	12/16e	12/17e
Co.-rpt'd rev (\$mm)*	-	-	-	-
ModelWare EPS (\$)	(4.15)	(2.28)	(1.41)	(0.24)
P/E	NM	NM	NM	NM
Div yld (%)	0.0	0.0	0.0	0.0

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework

* = GAAP or approximated based on GAAP

e = Morgan Stanley Research estimates

QUARTERLY MODELWARE EPS (\$)

Quarter	2014	2015e Prior	2015e Current	2016e Prior	2016e Current
Q1	(0.63)	-	(0.53)a	(0.57)	(0.30)
Q2	(0.66)	(0.58)	(0.59)	(0.53)	(0.37)
Q3	(0.71)	(0.56)	(0.56)	(0.47)	(0.38)
Q4	(0.45)	(0.59)	(0.59)	(0.40)	(0.36)

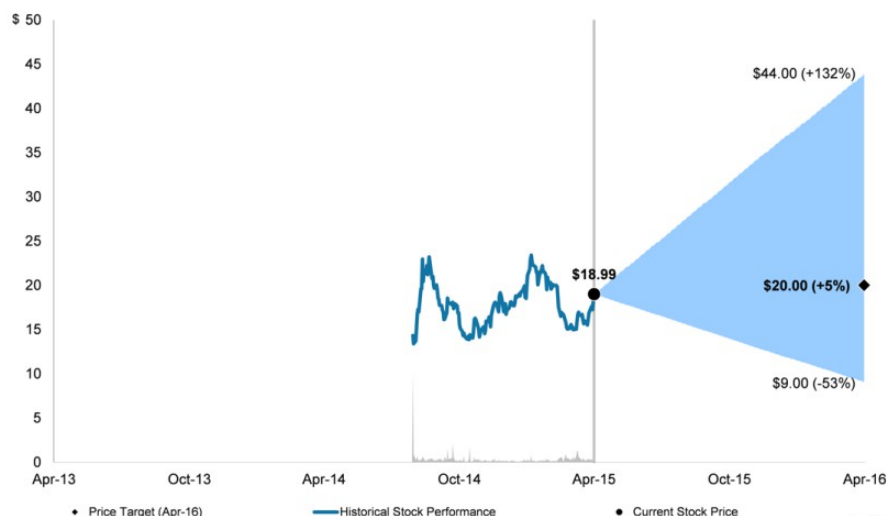
e = Morgan Stanley Research estimates, a = Actual Company reported data

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Risk Reward

Early Phases of a Revolution in Rapid Sepsis Diagnostics



Source: Thomson Reuters, Morgan Stanley Research estimates

Price Target \$20.00

Value base case 2018 revenues of \$223mn using a 3.9x EV/Sales multiple, below fast-growing diagnostic peers with demonstrated commercial traction. Assuming a fully loaded share base and 30% discount rate, we arrive at a 12-month target price.

Bull \$44 5.0x Bull Case 2020E Rev

Forecasted 2020E revenues capturing significant upside from the launches of T2Bacteria panel and hemostasis panels in 2017 leading to site expansion although gradual test price declines to ~\$135 by 2020 to capture smaller-scale hospitals. Discount rate of 15% applied for upside case.

Base \$20 3.9x Base Case 2018E Rev

Forecast penetration of top 200 hospitals by end of 2016 expanding to 259 sites (out of top 450 hospitals) by end of 2018 driven by availability of both T2Candida and T2Bacteria test panels, with pricing of ~\$170 per test.

Bear \$9 2.5x Bear Case 2018E Rev

Forecast only 90% of penetration from base case, or +100 sites with T2Candida panel and assumes T2Bacteria and hemostasis panels do not launch commercially before 2017.

Investment Thesis

- T2 Biosystem's T2Dx system is serving a critical unmet need through its rapid diagnosis of sepsis in as little as three hours, faster by 24 hours or more than the current standard of care to curb unnecessary drug treatments for the uninfected and accelerate appropriate therapies for infected patients
- We believe T2 has at least two years of runway in the US before competition could emerge with a technology that yields a diagnosis in less than 24 hours

Key Value Drivers

- Speed, providing results from a whole blood sample in three hours — beating competing sepsis diagnosis technologies by at least 24 hours and curbing unnecessary drug treatment for uninfected patients
- Ease of use, eliminating manual prep steps that can introduce risks of cross-contamination
- Clinical validation, with clinical data that demonstrates +80% sensitivity and +90% specificity
- International expansion in 2017
- FDA approval of Lyme disease diagnostic test for collaboration with Canon

Potential Catalysts

- Successful commercial launch of T2Dx and T2Candida in 2015
- Initiation of clinical trials for T2Bacteria in the second half of 2015 with a commercial launch targeted for later 2016, adding an additional 2.0MM patients to its addressable market
- Clinical trial initiation for T2Stat and T2HemoStat

Risks to Achieving Price Target

- Slower-than-expected commercial uptake for the new diagnostic modality for sepsis testing since it requires lab directors to add a new system to their lineup
- The launch of a competing product with a similarly distinguishable clinical profile and process timeline within the next two years
- International penetration fails to materialize

Supplementary Exhibits and Valuation

Exhibit 1: Changes to forecasts

	F2014	F2015E	F2016E	F2017E	F2018E
Total Revenues (\$000s)					
<i>Current</i>	\$119	\$2,846	\$13,161	\$88,707	\$223,133
<i>y/y growth</i>	-55.3%	2291.2%	362.5%	574.0%	151.5%
<i>Prior</i>	\$119	\$2,874	\$17,161	\$94,707	\$236,133
<i>y/y growth</i>	-55.3%	2314.8%	497.2%	451.9%	149.3%
Gross Profit (\$000s)					
<i>Current</i>	\$119	\$717	\$7,567	\$60,321	\$160,656
<i>% of sales</i>	100.0%	25.2%	57.5%	68.0%	72.0%
<i>Prior</i>	\$119	\$575	\$9,867	\$64,401	\$170,016
<i>% of sales</i>	100.0%	20.0%	57.5%	68.0%	72.0%
SG&A (\$000s)					
<i>Current</i>	\$11,019	\$25,182	\$20,826	\$37,048	\$70,608
<i>% of sales</i>	9260%	885%	158%	42%	32%
<i>Prior</i>	\$11,019	\$26,100	\$29,276	\$39,838	\$74,768
<i>% of sales</i>	9260%	908%	171%	42%	32%
R&D (\$000s)					
<i>Current</i>	\$19,781	\$19,826	\$13,725	\$26,736	\$31,239
<i>% of sales</i>	16623%	697%	104%	30%	14%
<i>Prior</i>	\$19,781	\$19,748	\$19,275	\$28,626	\$33,059
<i>% of sales</i>	16623%	687%	112%	30%	14%
Operating Income (\$000s)					
<i>Current</i>	(\$30,681)	(\$44,291)	(\$26,984)	(\$3,463)	\$58,809
<i>Prior</i>	(\$30,681)	(\$45,273)	(\$38,684)	(\$4,063)	\$62,189
Net Income (\$000s)					
<i>Current</i>	(\$35,960)	(\$45,790)	(\$28,722)	(\$5,026)	\$58,557
<i>Prior</i>	(\$35,960)	(\$46,180)	(\$40,183)	(\$5,379)	\$62,203
EPS, diluted					
<i>Current</i>	(\$4.15)	(\$2.28)	(\$1.41)	(\$0.24)	\$2.81
<i>Prior</i>	(\$4.15)	(\$2.30)	(\$1.96)	(\$0.25)	\$2.91
Diluted Shares Outstanding					
<i>Current</i>	8,675	20,092	20,359	20,758	20,844
<i>Prior</i>	8,675	20,085	20,546	21,258	21,344

Source: Morgan Stanley Research Estimates, Company data

Exhibit 2: Results variance

<i>Dollars in 000s, except per share</i>	1Q15E	1Q15A	A vs E (%)	Cons Est.	1Q14A	Y/Y % Chg
Total Revenues	\$236	\$188	(20.3%)	\$217.0	\$0	N/A
Foreign Exchange	\$0	\$0				
COGS	\$189	\$3	(98.4%)	\$98	\$0	N/A
Gross Profit	\$47	\$185	291.9%	\$119	\$0	N/A
Op. Exps:						
SG&A	\$5,546	\$4,468	(19.4%)		\$1,842	142.6%
R&D	\$5,900	\$5,868	(0.5%)		\$5,065	15.9%
Total Op. Exps	\$11,446	\$10,336	(9.7%)		\$6,907	49.6%
Op. Inc. (Loss)	(\$11,399)	(\$10,151)	N/A	(\$11,472)	(\$6,907)	N/A
Total Non-op. Expense	(\$85)	(\$468)	N/A		(\$13)	N/A
Inc. Taxes	\$0	\$0	N/A		\$0	N/A
Net Inc. (Loss)	(\$11,484)	(\$10,619)	N/A	(\$11,717)	(\$8,826)	N/A
Diluted Shares Out	\$20,052	20,081	0.1%		14,022	43.2%
EPS, Diluted	(\$0.57)	(\$0.53)	N/A	(\$0.57)	(\$0.63)	N/A

Source: Company Data, Morgan Stanley Research

Valuation methodology/risk section

Our price target for T2 Biosystems is \$20, or 3.9x CY18E revenues. Given the T2Bacteria panel will not launch until 2H2016, we believe 2018 revenue estimates are a more appropriate reflection of the company's revenue generation capacity. We apply a 3.9x multiple to T2 forecasted revenues, which is below fast-growing diagnostic peers with demonstrated commercial traction and assuming a fully loaded share base and a 30% discount rate, to reflect the greater commercial uncertainty of a fast-growing diagnostic company, and we arrive at a 12-month target price.

Key risks to our price target include slower-than-expected commercial uptake for the new diagnostic modality for sepsis testing, the launch of a competing product with a similarly distinguishable clinical profile, and failure to achieve international penetration.

Exhibit 3: T2 Income Statement

Dollars in 000s, except per share data

Fiscal year ends Dec 31

	2012A	2013A	2014A	2015E					2016E					2017E	2018E
	2012A	2013A	2014A	Mar-15	Jun-15	Sep-15	Dec-15	2015E	Mar-16	Jun-16	Sep-16	Dec-16	2016E	2017E	2018E
Revenue, net	\$19	\$266	\$119	\$188	\$715	\$826	\$1,117	\$2,846	\$1,069	\$2,109	\$3,711	\$6,272	\$13,161	\$88,707	\$223,133
Cost of Goods Sold	\$0	\$0	\$0	\$3	\$572	\$661	\$893	\$2,129	\$454	\$896	\$1,577	\$2,666	\$5,593	\$28,386	\$62,477
Gross Profit	\$19	\$266	\$119	\$185	\$143	\$165	\$223	\$717	\$615	\$1,213	\$2,134	\$3,606	\$7,567	\$60,321	\$160,656
R&D	\$11,727	\$14,936	\$19,781	\$5,868	\$5,360	\$4,132	\$4,466	\$19,826	\$2,565	\$3,058	\$3,711	\$4,390	\$13,725	\$26,736	\$31,239
SG&A	\$2,945	\$5,022	\$11,019	\$4,468	\$6,432	\$7,024	\$7,258	\$25,182	\$3,741	\$5,062	\$5,752	\$6,272	\$20,826	\$37,048	\$70,608
Total Operating Expenses	\$14,672	\$19,958	\$30,800	\$10,336	\$11,792	\$11,156	\$11,724	\$45,008	\$6,306	\$8,121	\$9,463	\$10,662	\$34,551	\$63,784	\$101,847
EBITDA	(\$14,082)	(\$19,108)	(\$29,990)	(\$9,922)	(\$11,315)	(\$10,645)	(\$11,146)	(\$43,029)	(\$5,353)	(\$6,566)	(\$6,980)	(\$6,694)	(\$25,593)	(\$3,463)	\$58,809
Operating Income	(\$14,653)	(\$19,692)	(\$30,681)	(\$10,151)	(\$11,649)	(\$10,991)	(\$11,500)	(\$44,291)	(\$5,691)	(\$6,908)	(\$7,329)	(\$7,056)	(\$26,984)	(\$3,463)	\$58,809
Total Non-op. Expense	\$198	(\$918)	(\$709)	(\$468)	(\$277)	(\$361)	(\$392)	(\$1,498)	(\$437)	(\$458)	(\$451)	(\$392)	(\$1,738)	(\$1,563)	(\$251)
Pre-Tax Income	(\$14,455)	(\$20,610)	(\$31,390)	(\$10,619)	(\$11,926)	(\$11,352)	(\$11,892)	(\$45,790)	(\$6,128)	(\$7,366)	(\$7,780)	(\$7,447)	(\$28,722)	(\$5,026)	\$58,557
Tax Rate	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Income Taxes	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
NOL (Add) / Use	(\$14,455)	(\$20,610)	(\$31,390)					(\$45,790)					(\$28,722)	(\$5,026)	\$20,495
NOL Balance	(\$14,455)	(\$35,065)	(\$66,455)					(\$112,245)					(\$140,967)	(\$145,992)	(\$125,497)
Accretion of Conv Pref.	\$4,412	\$6,908	\$4,570	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Income	(\$18,867)	(\$27,518)	(\$35,960)	(\$10,619)	(\$11,926)	(\$11,352)	(\$11,892)	(\$45,790)	(\$6,128)	(\$7,366)	(\$7,780)	(\$7,447)	(\$28,722)	(\$5,026)	\$58,557
Fully Diluted Shares	8,348	13,112	8,675	20,081	20,074	20,095	20,117	20,092	20,139	20,160	20,432	20,704	20,359	20,758	20,844
Period End Basic Shares	9,870	14,015	20,042	20,063	20,085	20,106	20,128	20,128	20,149	20,171	20,693	20,714	20,714	20,801	20,887
Diluted EPS	(\$2.26)	(\$2.10)	(\$4.15)	(\$0.53)	(\$0.59)	(\$0.56)	(\$0.59)	(\$2.28)	(\$0.30)	(\$0.37)	(\$0.38)	(\$0.36)	(\$1.41)	(\$0.24)	\$2.81
Gross Margin	100%	100%	100%	98%	20%	20%	20%	25%	57.5%	57.5%	57.5%	57.5%	57.5%	68.0%	72.0%
SG&A	15500%	1888%	9260%	2377%	900%	850%	650%	885%	350.0%	240.0%	155.0%	100.0%	158.2%	41.8%	31.6%
R&D	61721%	5615%	16623%	3121%	750%	500%	400%	697%	240.0%	145.0%	100.0%	70.0%	104.3%	30.1%	14.0%
Operating Income	-77121%	-7403%	-25782%	-5399%	-1630%	-1330%	-1030%	-1556%	-532.5%	-327.5%	-197.5%	-112.5%	-205.0%	-3.9%	26.4%
Pre-Tax Income	-76079%	-7748%	-26378%	-5648%	-1669%	-1374%	-1065%	-1609%	-573.4%	-349.2%	-209.7%	-118.7%	-218.2%	-5.7%	26.2%
Net Income	-99300%	-10345%	-30218%	-5648%	-1669%	-1374%	-1065%	-1609%	-573.4%	-349.2%	-209.7%	-118.7%	-218.2%	-5.7%	26.2%
Growth Rates															
Sales		1300%	-55%	NM	NM	NM	838%	2291%	468%	195%	349%	462%	362%	574%	152%
Gross Profit		1300%	-55%	NM	NM	NM	88%	502%	232%	749%	1191%	1515%	956%	697%	166%
SG&A		71%	119%	143%	163%	135%	94%	129%	-16%	-21%	-18%	-14%	-17%	78%	91%
R&D		27%	32%	16%	14%	-14%	-14%	0%	-56%	-43%	-10%	-2%	-31%	95%	17%
Operating Income		34%	56%	47%	63%	41%	30%	44%	-44%	-41%	-33%	-39%	-39%	-87%	-1798%
EPS		-7%	98%	-16%	-9%	-21%	31%	-45%	-42%	-39%	-33%	-39%	-38%	-83%	-1260%

Source: Company data, Morgan Stanley Research

Exhibit 4: T2 Revenue Build

Dollars, except per share data

	2014A	2015E					2016E					2017E	2018E
	2014A	Mar-15	Jun-15	Sep-15	Dec-15	2015E	Mar-16	Jun-16	Sep-16	Dec-16	2016E	2017E	2018E
T2 Candida Revenue													
Test Revenue													
Direct Customer Test Price		\$ 160	\$ 161	\$ 162	\$ 162	\$ 162	\$ 163	\$ 164	\$ 165	\$ 166	\$ 165	\$ 168	\$ 171
Reagent Rental Test Price		\$ 160	\$ 161	\$ 162	\$ 162	\$ 162	\$ 163	\$ 164	\$ 165	\$ 166	\$ 165	\$ 168	\$ 171
T2 Candida Tests		-	-	320	1,440	1,760	3,840	9,360	19,000	33,820	66,020	363,696	603,474
T2 Candida Revenue		-	-	51,713	233,873	285,587	626,780	1,535,416	3,132,348	5,663,457	10,898,001	61,120,005	103,285,543
Instrument Revenue													
Total Candida Sites EOP						32					130	142	195
New Sites		2	6	9	15	32	18	25	25	30	98	-	-
Instruments per site		1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5	1.5
Sites Adopting Candida & Bacteria		-	-	-	-	-	-	-	-	-	-	12	53
Instruments per site		-	-	-	-	-	-	-	-	-	-	-	-
T2 Instruments - new		3	9	14	23	49	27	38	38	45	148	-	-
Instrument Price		\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 58,500	\$ 58,500	\$ 58,500	\$ 58,500	\$ 58,500	\$ -	\$ -
T2Dx Instrument Revenue		36,000	108,000	168,000	276,000	588,000	315,900	444,600	444,600	526,500	1,731,600	-	-
Support Revenue													
HW maintenance		12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%	12%
Instrument Vintage - Direct Sales (EOP)		1	2	3	5	10	5	8	8	9	39	39	39
Under Support (EOP)		-	-	-	-	-	1	2	3	5	10	39	39
New Support Revenue		-	-	-	-	-	1,053	3,159	4,739	7,898	16,848	50,435	-
Total Support Revenue		-	-	-	-	-	1,053	4,212	8,951	16,848	31,064	164,433	269,134
Total T2 Candida Revenue		\$36,000	\$108,000	\$219,713	\$509,873	\$873,587	\$943,733	\$1,984,228	\$3,585,898	\$6,146,805	\$12,660,665	\$61,304,438	\$103,554,677
T2 Bacteria													
Test Revenue													
Direct Customer Test Price									\$ 166		\$ 169	\$ 171	
Reagent Rental Test Price									\$ 166		\$ 169	\$ 171	
T2 Bacteria Tests											96,048	568,152	
T2 Bacteria Revenue											16,197,758	97,367,215	
Instrument Revenue													
Total Sites EOP						-					-	115	259
Sites Converted from Candida						-					-	92	38
Additional Instruments per site						-					-	1.0	1.0
New Sites						-	1.0	1.0	1.0	1.0	1.0	23	106
Instruments per site						-	2.0	2.0	2.0	2.0	2.0	2.0	2.0
T2 Instruments - new						-						138	201
Instrument Price		\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 58,500	\$ 58,500	\$ 58,500	\$ 58,500	\$ 58,500	\$ 57,038	\$ 55,612
T2Dx Instrument Revenue												1,574,237	2,235,585
Support Revenue													
HW maintenance							12%	12%	12%	12%	12%	12%	12%
Instrument Vintage - Direct Sales (EOP)												28	68
Under Support (EOP)												-	28
New Support Revenue												-	46,046
Total Support Revenue												-	106,107
Total T2 Bacteria Revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$17,771,995	\$99,708,907
Hemostasis revenue													
Test Revenue													
Level III Test Price										\$ 35	\$ 35	\$ 33	\$ 32
Level IIIIV Test Price										\$ 35	\$ 35	\$ 33	\$ 32
Level III Tests/year	-	-	-	-	-	-	-	-	-	-	-	30,303	169,571
Level IIIIV Tests/year	-	-	-	-	-	-	-	-	-	-	-	7,938	81,648
Level III Revenue	-	-	-	-	-	-	-	-	-	-	-	1,007,579	5,356,333
Level IIIIV Revenue	-	-	-	-	-	-	-	-	-	-	-	263,939	2,579,056
Hemostasis Test Rev.	-	-	-	-	-	-	-	-	-	-	-	1,271,518	7,935,389
Instrument Revenue													
Level III Sites	-	-	-	-	-	-	-	-	-	-	-	24	14
Level III Instruments per site	-	-	-	-	-	-	-	-	-	-	-	4	4
Level III Instruments - new	-	-	-	-	-	-	-	-	-	-	-	96	57
Level IIIIV Sites	-	-	-	-	-	-	-	-	-	-	-	123	228
Level IIIIV Instruments per site	-	-	-	-	-	-	-	-	-	-	-	2	2
Level IIIIV Instruments - new	-	-	-	-	-	-	-	-	-	-	-	245	455
Level III Instrument Price	-	-	-	-	-	-	-	-	-	-	-	\$ 15,000	\$ 14,250
Level IIIIV Instrument Price	-	-	-	-	-	-	-	-	-	-	-	\$ 15,000	\$ 14,250
Level III Instrument Rev.	-	-	-	-	-	-	-	-	-	-	-	1,368,000	774,345
Level IIIIV Instrument Rev.	-	-	-	-	-	-	-	-	-	-	-	3,491,250	6,159,563
Hemostasis Instrument Rev.	-	-	-	-	-	-	-	-	-	-	-	4,859,250	6,933,908
Hemostasis total revenue	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$6,130,768	\$14,869,296
Other Revenue													
Partner & Grant	119,000	178,000	606,667	606,667	606,667	2,000,000	-	-	-	-	-	-	-
International Rev							125,000	125,000	125,000	125,000	500,000	3,500,000	5,000,000
Total other revenue	\$119,000	\$178,000	\$606,667	\$606,667	\$606,667	\$2,000,000	\$125,000	\$125,000	\$125,000	\$125,000	\$500,000	\$3,500,000	\$5,000,000
T2 Biosystems													
Total Revenue	\$119,000	\$214,000	\$714,667	\$826,380	\$1,116,540	\$2,873,587	\$1,068,733	\$2,109,228	\$3,710,898	\$6,271,805	\$13,160,665	\$68,797,201	\$223,132,881
y/y growth	NM	NM	NM	NM	838.3%	2314.8%	399.4%	195.1%	349.1%	461.7%	358.0%	574.0%	151.5%
Constant Currency	NM	NM	NM	NM	838.3%	2314.8%	399.4%	195.1%	349.1%	461.7%	358.0%	574.0%	151.5%
Organic	NM	0.0%	0.0%	0.0%	838.3%	838.3%	399.4%	195.1%	349.1%	461.7%	358.1%	574.0%	151.5%
M&A/Selling	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
FX Impact	NM	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

Source: Company data, Morgan Stanley Research

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(as of April 30, 2015)

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STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)		
	COUNT	% OF TOTAL	COUNT	% OF TOTAL	% OF RATING CATEGORY
Overweight/Buy	1166	35%	324	43%	28%
Equal-weight/Hold	1449	44%	336	45%	23%
Not-Rated/Hold	102	3%	12	2%	12%
Underweight/Sell	614	18%	78	10%	13%
TOTAL	3,331		750		

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Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Ratings/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
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INDUSTRY COVERAGE: Life Science Tools & Diagnostics

COMPANY (TICKER)	RATING (AS OF)	PRICE* (05/05/2015)
Beuchaw, Steve		
Agilent Technologies, Inc. (AN)	E (09/08/2014)	\$41.59
Illumina Inc. (ILMN.O)	E (09/08/2014)	\$187.04
Mettler-Toledo International Inc. (MTD.N)	E (04/02/2015)	\$321.23
Myriad Genetics Inc. (MYGN.O)	U (11/10/2014)	\$34.54
NanoString Technologies Inc (NSTG.O)	O (11/10/2014)	\$12.05
PerkinElmer Inc. (PKI.N)	O (09/08/2014)	\$51.21
Thermo Fisher Scientific Inc. (TMO.N)	O (09/08/2014)	\$126.65
Veracyte Inc (VCYT.O)	E (11/10/2014)	\$8.54
Waters Corp. (WAT.N)	U (09/08/2014)	\$127.69
Lewis, David R.		
T2 Biosystems Inc (TTOO.O)	E (09/02/2014)	\$14.92

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