

Life Sciences Technology

Price:	\$14.36
Fair Value Estimate:	\$25.00
52-Week Range:	\$13.40 - \$24.50
Market Cap (MM):	\$291
Shr.O/S-Diluted (mm):	20.3
Average Daily Volume:	99,765
Book Value:	\$2.17
Yield:	0.0%
FCF Yield:	(24.7)%

FYE: Dec	2015E	2016E	2017E
EPS:	\$(2.30)E	\$(2.00)E	\$(0.55)E
Prior EPS:	\$(2.23)	NC	\$(0.56)
Consensus	-2.27	-2.17	-1.40
P/E Ratio:	NA	NA	NA

Quarterly EPS:

Q1	\$(0.53)A	NA	NA
Q2	\$(0.54)A	NA	NA
Q3	\$(0.61)E	NA	NA
Q4	\$(0.61)E	NA	NA

Quarterly Revenue (M):

Q1	\$0A	NA	NA
Q2	\$1A	NA	NA
Q3	\$1E	NA	NA
Q4	\$2E	NA	NA
Year:	\$4E	\$34E	\$123E



August 5, 2015

T2 Biosystems, Inc.

(TTOO) - BUY

Dramatic Diagnostic Progress Continues in 2Q

PORTFOLIO MANAGER BRIEF

Continuing on its momentum, T2 signed contracts for eight new sites in 2Q15. With a thirteen member salesforce and contact with 40% of the top-450 hospitals, T2 is well positioned to reach 30 hospital placement contracts in 2015. Driving customer adoption is the IMS Health release and the sensitivity demonstrated in the clinical trial. Furthermore, management sounded upbeat about internal progress made on HemoStat & Bacteria. We reiterate our fair value of \$25 per share and BUY rating.

ANALYST NOTES

- On-track to meet 2015 placements, T2 Biosystems announced eight additional contracts in 2Q15. Four of these contracts came from one hospital system. We view the decision to sign a contract for each location, rather than start with a single location, as validation of T2's clinical data and compelling ROI attributes. Each instrument is potentially worth \$1m, however, management believes it will take 6-12 month to reach full utilization.
- Management hired four salespeople in July and guided to at least fifteen by year-end. We believe this estimate is conservative and additional sales reps may increase traction in untapped markets or indicate stronger demand in certain regions.
- T2 spoke with increased conviction about Bacteria and Hemostasis. Both projects are on track to for clinical trials in 1H16; however, Bacteria will follow the Candida playbook and faces an easier development path (13 months). Hemostasis, with an initial market of 10m patients, the ability to house a myriad of tests under one instrument, reduce turnaround times from hours to minutes, and the reduced sample volume; has the potential to significantly expand T2's customer base.
- Management has garnered strong partnership interest in Hemostasis and believes its applications could expand beyond the initial patient population. Still in the early innings, drug development and biomarker analysis represent two possible opportunities for the Hemostasis platform. Conversations have focused around four buckets: development, commercialization, international, and T2's capacity to uniquely analyze drug reactions.
- T2 reported a 2Q15 loss of \$11.0m versus our \$11.9m estimate; EPS of \$(0.54) relative to our \$(0.59); and Revenue of \$0.6m relative to our \$0.5m.
- Our fair value of \$25 per share is based on a 24% discount rate on a 5x revenue multiple on FY18. The 5x revenue multiple is based on peer group valuations and historical diagnostic acquisitions.

T2 Biosystems (TT00)
Annual Income Statement

Paul Knight
Janney Capital Markets
212.888.2696

(\$ in millions, except per share data)

FY-ending Dec 31,	2012	2013	2014					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Diagnostics	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.3	\$ 1.1	\$ 1.4	\$ 29.9	\$ 116.1	\$ 231.0
Candida	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	1.1	1.4	29.9	116.1	231.0
Bacteria	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
HemoStat	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
Instruments	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.4	3.1	6.0	8.1
T2Dx	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.3	0.4	3.1	6.0	8.1
T2Stat	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
Other	0.0	0.3	0.0	0.0	0.0	0.1	0.1	0.2	0.6	0.5	0.6	1.8	0.9	0.4	0.4
Total Revenues	\$ 0.0	\$ 0.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.6	\$ 0.9	\$ 1.9	\$ 3.5	\$ 33.9	\$ 122.6	\$ 239.5
Consensus Estimate 08-04-15							\$ 0.1	\$ 0.2	\$ 0.5	\$ 0.8	\$ 1.4	\$ 2.8	\$ 21.4	\$ 87.5	\$ 160.2
Diagnostics COGS	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.2	\$ 0.8	\$ 1.0	\$ 12.0	\$ 40.7	\$ 57.8
Instruments COGS	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3	1.7	3.0	3.6
T2Dx	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.1	0.2	0.3	1.7	3.0	3.6
T2Stat	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
Total cost of sales	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.3	1.0	1.4	13.6	43.7	61.4
Gross Profit	\$ 0.0	\$ 0.3	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.6	\$ 0.5	\$ 0.9	\$ 2.2	\$ 20.2	\$ 78.9	\$ 178.1
Gross Profit Margin	100.0%	100.0%	-	-	-	100%	100.0%	98.4%	100.0%	62.8%	45.8%	61.5%	59.7%	64.4%	74.4%
Diagnostics GM										25.0%	25.0%	25.0%	60.0%	65.0%	75.0%
Instrument GM										20.0%	20.0%	20.0%	45.0%	50.0%	55.0%
Ramping manufacturing utilization (16-17: Full)															
R & D Expenses	11.7	14.9	5.1	4.7	4.8	5.2	19.8	5.9	6.7	7.0	7.2	26.7	30.5	39.0	48.0
S G & A Expenses	2.9	5.0	1.8	2.4	3.0	3.7	11.0	4.5	4.4	5.5	5.7	20.1	30.0	51.0	83.3
Non-Cash Expenses (Amort/SBC)	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
Operating Income	\$ (14.7)	\$ (19.7)	\$ (6.9)	\$ (7.1)	\$ (7.8)	\$ (8.8)	\$ (30.7)	\$ (10.2)	\$ (10.5)	\$ (12.0)	\$ (12.0)	\$ (44.6)	\$ (40.3)	\$ (11.1)	\$ 46.8
Operating Margin	-77121%	-7403%	-	-	-	-7427%	-25782%	-5399%	-1866%	-1367%	-628%	-1261%	-118.9%	-9.1%	19.5%
Interest Income	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
Interest Expense	(0.2)	(0.4)	(0.1)	(0.1)	(0.3)	(0.3)	(0.7)	(0.5)	(0.5)	(0.5)	(0.6)	(2.0)	(1.8)	(1.1)	(0.8)
Other Income (expense)	0.4	(0.5)	0.1	(0.1)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Pretax Income	\$ (14.5)	\$ (20.6)	\$ (6.9)	\$ (7.3)	\$ (8.1)	\$ (9.1)	\$ (31.4)	\$ (10.6)	\$ (11.0)	\$ (12.5)	\$ (12.6)	\$ (46.6)	\$ (42.0)	\$ (12.1)	\$ 46.0
Income Taxes / (Benefit)	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	16.1
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%	35.0%
Net Income Operating	\$ (14.5)	\$ (20.6)	\$ (6.9)	\$ (7.3)	\$ (8.1)	\$ (9.1)	\$ (31.4)	\$ (10.6)	\$ (11.0)	\$ (12.5)	\$ (12.6)	\$ (46.6)	\$ (42.0)	\$ (12.1)	\$ 29.9
Extraordinaries (After Tax)	(4.4)	(6.9)	(1.9)	(1.9)	(0.8)	0.0	(4.6)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income GAAP	\$ (18.9)	\$ (27.5)	\$ (8.8)	\$ (9.2)	\$ (8.9)	\$ (9.1)	\$ (36.0)	\$ (10.6)	\$ (11.0)	\$ (12.5)	\$ (12.6)	\$ (46.6)	\$ (42.0)	\$ (12.1)	\$ 29.9
													Released number		
													\$ (2.23)	\$ (2.00)	\$ (0.56)
Diluted Operating EPS	\$ (6.24)	\$ (8.69)	\$ (4.90)	\$ (5.03)	\$ (0.65)	\$ (0.45)	\$ (3.62)	\$ (0.53)	\$ (0.54)	\$ (0.61)	\$ (0.61)	\$ (2.30)	\$ (2.00)	\$ (0.55)	\$ 1.30
Diluted GAAP EPS	(8.15)	(11.60)	(6.25)	(6.35)	(0.71)	(0.49)	(4.15)	(0.53)	(0.54)	(0.61)	(0.61)	(2.30)	(2.00)	(0.55)	1.30
Consensus Estimate 08-04-15							\$ (4.15)	\$ (0.53)	\$ (0.57)	\$ (0.58)	\$ (0.59)	\$ (2.27)	\$ (2.11)	\$ (0.92)	\$ (0.23)
Diluted Shares Outstanding	2.3	2.4	1.4	1.5	12.4	20.0	8.7	20.1	20.3	20.4	20.5	20.3	21.0	22.0	23.0
														21.8	22.4

Source: Company reports, Janney Capital Markets estimates, Capital IQ

08/04/15

T2 Biosystems (TTOO)
Annual Revenue Breakout and Margins

Paul Knight
Janney Capital Markets
212.888.2696

% of Revenues

FY-ending Dec 31,	2012	2013	2,014.0					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Revenues:															
Diagnostics	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	32.0%	56.2%	38.3%	88.2%	94.8%	96.5%
Instruments	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	16.5%	15.0%	12.2%	9.1%	4.9%	3.4%
Other	100.0%	100.0%				100.0%	100.0%	100.0%	100.0%	51.5%	28.7%	49.5%	2.7%	0.3%	0.2%
Total Revenues	100.0%	100.0%				100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Diagnostics COGS	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	24.0%	42.2%	28.7%	35.3%	33.2%	24.1%
Instruments COGS	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	13.2%	12.0%	9.8%	5.0%	2.5%	1.5%
Gross Margin	100.0%	100.0%				100.0%	100.0%	98.4%	100.0%	62.8%	45.8%	61.5%	59.7%	64.4%	74.4%
Diagnostics GM	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	25.0%	25.0%	25.0%	60.0%	65.0%	75.0%
Instrument GM	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	20.0%	20.0%	20.0%	45.0%	50.0%	55.0%
R&D Expenses	61721.1%	5615.0%				4378.2%	16622.7%	3121.3%	1179.3%	800.9%	376.1%	754.7%	90.1%	31.8%	20.0%
S G & A Expenses	15500.0%	1888.0%				3148.7%	9259.7%	2376.6%	786.7%	629.3%	297.8%	567.9%	88.6%	41.6%	34.8%
Op Margin	-77121%	-7403%				-7426.9%	-25782.4%	-5399.5%	-1866.0%	-1367.4%	-628.1%	-1261.1%	-118.9%	-9.1%	19.5%
Pretax Margin	-76079%	-7748%				-7626.9%	-26378.2%	-5648.4%	-1949.5%	-1424.6%	-656.8%	-1317.3%	-124.1%	-9.9%	19.2%
Tax Rate	0.0%	0.0%				0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	35.0%
Net Margin	-76079%	-7748%				-7626.9%	-26378.2%	-5648.4%	-1949.5%	-1424.6%	-656.8%	-1317.3%	-124.1%	-9.9%	12.5%

YoY % Change

FY-ending Dec 31,	2012	2013	2,014.0					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Revenues:															
Diagnostics													2103.6%	288.6%	98.9%
Instruments													613.0%	95.1%	34.2%
Other													-48.6%	-55.6%	0.0%
Total Revenues													856.6%	261.9%	95.4%
Diagnostics COGS													1075.3%	240.1%	42.1%
Instruments COGS													390.2%	77.3%	20.8%
Cost of Revenues													901.5%	219.9%	40.6%
Gross Profit													828.5%	290.3%	125.7%
R&D Expenses								15.9%	41.4%	45.7%	38.2%	35.1%	14.2%	27.9%	23.1%
S G & A Expenses								142.6%	81.4%	84.3%	52.1%	82.5%	49.2%	70.0%	63.3%
Operating Income															
Pretax Income													90.1%	28.9%	-379.0%
Net Income Operating															
Diluted Operating EPS															
Shares Outstanding															

Source: Company reports, Janney Capital Markets estimates, Capital IQ

08/04/15

T2 Biosystems (TT00)

Annual Cash Flow Statement

Paul Knight

Janney Capital Markets

212.888.2696

(\$ in millions, except per share data)

FY-ending Dec 31,	2012	2013	2014					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Operating Activities															
Net Income	\$ (14.5)	\$ (20.6)	\$ (6.9)	\$ (7.3)	\$ (8.1)	\$ (9.1)	\$ (31.4)	\$ (10.6)	\$ (11.0)	\$ (12.5)	\$ (12.6)	\$ (46.6)	\$ (42.0)	\$ (12.1)	\$ 29.9
Depreciaton & Amortization	0.6	0.6	0.1	0.2	0.2	0.2	0.7	0.3	0.5	0.7	0.8	2.3	4.3	6.3	8.0
Stock-based Compensation	0.4	0.6	0.2	0.3	0.6	0.6	1.7	1.0	0.7	1.0	0.7	3.4	3.0	4.0	5.0
Working Capital	0.2	0.8	0.8	0.4	(0.2)	(0.2)	0.7	1.9	(2.0)	(2.0)	(2.0)	(4.1)	(10.0)	(15.0)	(10.0)
Other	0.0	0.6	(0.1)	0.1	0.1	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net from Operations	\$ (13.3)	\$ (18.1)	\$ (5.8)	\$ (6.4)	\$ (7.5)	\$ (8.5)	\$ (28.2)	\$ (7.4)	\$ (11.8)	\$ (12.8)	\$ (13.1)	\$ (45.1)	\$ (44.8)	\$ (16.9)	\$ 32.9
Investing Activities															
Acquisitions	\$ 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
Capital Expenditures	(0.3)	(0.5)	(0.3)	(0.2)	(0.5)	(1.0)	(2.1)	(1.1)	(0.6)	(0.8)	(0.9)	(3.3)	(4.5)	(7.0)	(20.0)
Other	0.0	0.1	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
Net from Investing	\$ (0.3)	\$ (0.4)	\$ (0.3)	\$ (0.2)	\$ (0.5)	\$ (1.0)	\$ (2.1)	\$ (1.1)	\$ (0.6)	\$ (0.8)	\$ (0.9)	\$ (3.3)	\$ (4.5)	\$ (7.0)	\$ (20.0)
Financing Activities															
Debt (repurchase)	\$ 4.6	\$ 38.9	\$ (0.4)	\$ (0.4)	\$ 6.7	\$ 9.8	\$ 15.7	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 0.0	\$ 20.0	\$ 0.0	\$ 0.0
Sale/Repurchase of Common Stock	0.0	0.1	0.0	0.1	60.0	(2.1)	58.1	0.0	0.0	0.0	0.0	0.0	50.0	0.0	0.0
Dividend	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
Other	0.0	0.0	0.0	(0.8)	1.0	0.0	0.2	0.0	0.4	0.0	0.0	0.4	0.0	0.0	0.0
Net from Financing	\$ 4.6	\$ 39.0	\$ (0.4)	\$ (1.2)	\$ 67.8	\$ 7.8	\$ 73.9	\$ 0.0	\$ 0.4	\$ 0.0	\$ 0.0	\$ 0.4	\$ 70.0	\$ 0.0	\$ 0.0
Exchange Rate Effect	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
Net Change in Cash	\$ (9.0)	\$ 20.5	\$ (6.5)	\$ (7.8)	\$ 59.7	\$ (1.7)	\$ 43.7	\$ (8.6)	\$ (12.0)	\$ (13.5)	\$ (14.0)	\$ (48.0)	\$ 20.7	\$ (23.9)	\$ 12.9
Cash Flow	\$ (13.9)	\$ (20.0)	\$ (6.8)	\$ (7.1)	\$ (7.9)	\$ (8.8)	\$ (30.7)	\$ (10.3)	\$ (10.5)	\$ (11.8)	\$ (11.8)	\$ (44.3)	\$ (37.8)	\$ (5.9)	\$ 37.9
Cash Flow Per Share	(\$6.00)	(\$8.44)	(4.80)	(4.93)	(0.64)	(0.44)	(\$3.54)	(0.51)	(0.52)	(0.58)	(0.57)	(\$2.18)	(\$1.80)	(\$0.27)	\$1.65
EBITDA	\$ (14.1)	\$ (19.1)	\$ (6.8)	\$ (7.0)	\$ (7.6)	\$ (8.6)	\$ (30.0)	\$ (9.9)	\$ (10.0)	\$ (11.3)	\$ (11.2)	\$ (42.3)	\$ (36.0)	\$ (4.8)	\$ 54.8
EBITDA per Share	(\$6.08)	(\$8.05)	(4.79)	(4.82)	(0.62)	(0.43)	(\$3.46)	(0.49)	(0.49)	(0.55)	(0.55)	(\$2.09)	(\$1.72)	(\$0.22)	\$2.38
Free Cash Flow	\$ (13.6)	\$ (18.6)	\$ (6.1)	\$ (6.6)	\$ (8.0)	\$ (9.5)	\$ (30.3)	\$ (8.6)	\$ (12.4)	\$ (13.5)	\$ (14.0)	\$ (48.4)	\$ (49.3)	\$ (23.9)	\$ 12.9
Free Cash Per Share	(\$5.87)	(\$7.83)	(4.29)	(4.58)	(0.65)	(0.48)	(\$3.49)	(0.43)	(0.61)	(0.66)	(0.68)	(\$2.39)	(\$2.35)	(\$1.09)	\$0.56

Source: Company reports, Janney Capital Markets estimates, Capital IQ

08/04/15

T2 Biosystems (TTOO)
Annual Balance Sheet Statement

Paul Knight
Janney Capital Markets
212.888.2696

(\$ in millions, except per share data)

FY-ending Dec 31,	2012	2013	2014					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Assets															
Current:															
Cash + Equivalents	\$ 9.7	\$ 30.2	\$ 23.7	\$ 15.9	\$ 75.6	\$ 73.8	\$ 73.8	\$ 65.3	\$ 53.3	\$ 39.8	\$ 25.8	\$ 25.8	\$ 46.5	\$ 22.6	\$ 35.6
Short-Term Investments	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
Receivables - net	0.0	0.0	0.0	0.0	0.0	0.2	0.2	0.1	0.4	0.9	1.4	1.4	3.9	7.6	10.1
Inventories	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.3	0.6	2.1	3.6	3.6	11.1	22.3	29.8
Other	0.1	0.2	0.2	0.2	1.1	1.2	1.2	0.8	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Current Assets	\$ 9.8	\$30.4	\$ 23.9	\$ 16.1	\$ 76.7	\$ 75.3	\$ 75.3	\$ 66.4	\$ 54.9	\$ 43.4	\$ 31.4	\$ 31.4	\$ 62.1	\$ 53.2	\$ 76.2
PP & E, net	\$ 1.2	\$ 1.1	\$ 1.2	\$ 1.3	\$ 1.7	\$ 2.8	\$ 2.8	\$ 5.3	\$ 7.8	\$ 7.9	\$ 7.9	\$ 7.9	\$ 8.2	\$ 8.9	\$ 20.9
Goodwill & Intangibles	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
Available-for-sales secs. & LT cash	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
Other Assets	0.4	0.4	0.7	2.6	0.5	1.1	1.1	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Assets	\$ 11.4	\$31.9	\$ 25.8	\$ 20.1	\$ 78.9	\$ 79.1	\$ 79.1	\$ 72.8	\$ 63.7	\$ 52.3	\$ 40.3	\$ 40.3	\$ 71.3	\$ 63.2	\$ 98.1
Liabilities and Shareholders' Equity															
Current:															
Current Debt	\$ 0.8	\$ 1.8	\$ 1.8	\$ 1.8	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 0.3	\$ 20.3	\$ 20.3	\$ 20.3
Accounts Payable & Accruals	1.3	2.3	3.4	5.0	6.3	4.4	4.4	6.6	6.8	6.8	6.8	6.8	6.8	6.8	6.8
Other Liabilities	0.0	0.0	0.0	0.0	0.1	0.5	0.5	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Total Current Liabs.	\$ 2.1	\$4.0	\$ 5.2	\$ 6.7	\$ 6.7	\$ 5.2	\$ 5.2	\$ 7.5	\$ 7.7	\$ 7.7	\$ 7.7	\$ 7.7	\$ 27.7	\$ 27.7	\$ 27.7
Long-Term Debt	\$ 5.1	\$ 3.3	\$ 2.9	\$ 2.4	\$ 10.7	\$ 20.7	\$ 20.7	\$ 20.6	\$ 20.5	\$ 20.5	\$ 20.5	\$ 20.5	\$ 20.5	\$ 20.5	\$ 20.5
Other Liabilities	0.8	1.3	1.2	1.2	0.0	0.3	0.3	1.2	1.4	1.4	1.4	1.4	1.4	1.4	1.4
Stockholders Equity	3.5	23.3	16.6	9.6	61.4	53.0	53.0	43.5	34.1	22.6	10.7	10.7	21.6	13.5	48.4
Total Liabs. & Equity	\$ 11.4	\$ 31.9	\$ 25.8	\$ 20.1	\$ 78.9	\$ 79.1	\$ 79.1	\$ 72.8	\$ 63.7	\$ 52.3	\$ 40.3	\$ 40.3	\$ 71.3	\$ 63.2	\$ 98.1
Audit	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000

Ratio Analysis

FY-ending Dec 31,	2012	2013	2014					2015E					2016E	2017E	2018E
	2012	2013	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15E	4Q15E	2015E	2016E	2017E	2018E
Book Per Share	\$1.50	\$9.81	\$11.75	\$6.65	\$4.96	\$2.64	\$6.11	\$2.17	\$1.68	\$1.11	\$0.52	\$0.53	\$1.03	\$0.61	\$2.11
Net Cash per Share	\$1.65	\$10.60	\$13.51	\$8.06	\$5.22	\$2.64	\$6.10	\$2.21	\$1.60	\$0.93	\$0.24	\$0.25	\$0.27	(\$0.83)	(\$0.23)
Return on Assets (ROA)	(126.5%)	(64.6%)	(107.2%)	(145.7%)	(41.0%)	(45.9%)	(39.7%)	(58.4%)	(69.0%)	(95.3%)	(124.7%)	(115.6%)	(58.9%)	(19.2%)	30.5%
Return on Equity (ROE)	(415.5%)	(88.6%)	(166.9%)	(302.8%)	(52.7%)	(68.5%)	(59.2%)	(97.7%)	(129.2%)	(220.4%)	(471.0%)	(436.8%)	(194.2%)	(90.0%)	61.8%
Return on Invest Capital	(3531.2%)	NA	NA	NA	NA	(2186.6%)	(7581%)	(3183.6%)	(351.7%)	(238.3%)	(171.1%)	(635.1%)	(235.2%)	(34.6%)	55.2%
NOPAT	(14.6)	(20.0)	(6.9)	(7.2)	(7.9)	(8.9)	(30.9)	(10.3)	(10.7)	(12.1)	(12.2)	(45.3)	(40.9)	(11.5)	30.4
Invested Capital	0.4	(0.6)	(1.3)	(0.8)	(3.1)	0.4	0.4	0.3	3.0	5.1	7.1	7.1	17.4	33.1	55.1
Inventory Turnover	NA	NA	NA	NA	NA	0	0.0	0.0	0.0	0.6	1.2	0.4	1.2	2.0	2.1
Days Sales Outstanding	0.0	0.0	NA	NA	-	152.0	608.1	42.1	62.1	91.5	65.3	141.2	41.3	22.4	15.2
Current Ratio	4.6	7.5	4.6	2.4	11.5	14.6	14.6	8.9	7.1	5.6	4.1	4.1	2.2	1.9	2.8
Debt / Equity	169.0%	21.7%	27.8%	4.3%	17.9%	39.5%	39.5%	48.0%	61.2%	92.2%	195.1%	195.1%	188.6%	302.5%	84.3%
Debt / Capital	62.8%	17.9%	21.8%	30.2%	15.2%	28.3%	28.3%	32.5%	38.0%	48.0%	66.1%	66.1%	65.4%	75.2%	45.7%

Source: Company reports, Janney Capital Markets estimates, Capital IQ

08/04/15

IMPORTANT DISCLOSURES

Research Analyst Certification

I, Paul Knight, the Primarily Responsible Analyst for this research report, hereby certify that all of the views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers. No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views I expressed in this research report.

Janney Montgomery Scott LLC ("Janney") Equity Research Disclosure Legend

T2 Biosystems, Inc. currently is, or during the past 12 months was, a Janney Montgomery Scott LLC client. Janney Montgomery Scott LLC, provided investment banking related services.

Janney Montgomery Scott LLC managed or co-managed a public offering of securities for T2 Biosystems, Inc. in the past 12 months.

Janney Montgomery Scott LLC received compensation for investment banking services from T2 Biosystems, Inc. in the past 12 months.

Janney Montgomery Scott LLC intends to seek or expects to receive compensation for investment banking services from T2 Biosystems, Inc. in the next three months.

The research analyst is compensated based on, in part, Janney Montgomery Scott's profitability, which includes its investment banking revenues.

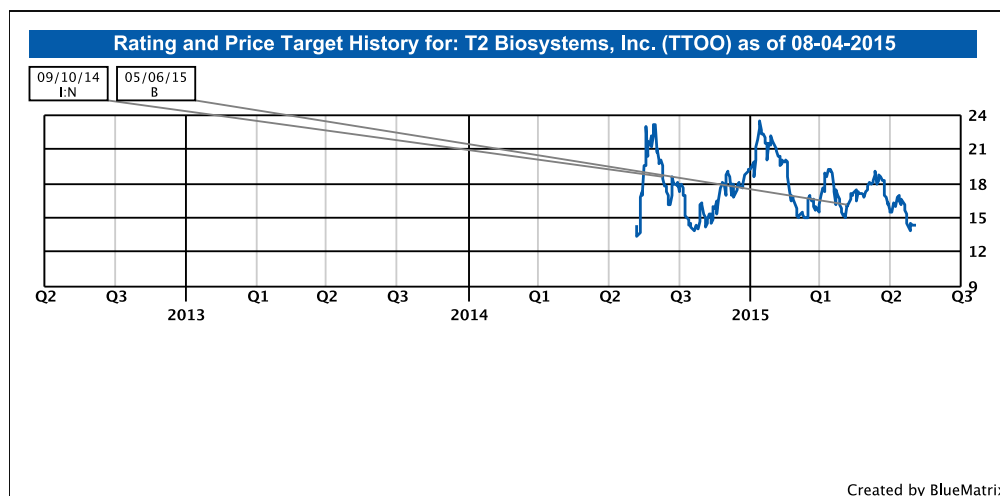
Definition of Ratings

BUY: Janney expects that the subject company will appreciate in value. Additionally, we expect that the subject company will outperform comparable companies within its sector.

NEUTRAL: Janney believes that the subject company is fairly valued and will perform in line with comparable companies within its sector. Investors may add to current positions on short-term weakness and sell on strength as the valuations or fundamentals become more or less attractive.

SELL: Janney expects that the subject company will likely decline in value and will underperform comparable companies within its sector.

Price Charts



Janney Montgomery Scott Ratings Distribution as of 6/30/15

Rating	Count	Percent	IB Serv./Past 12 Mos.*	
			Count	Percent
BUY [B]	112	54.34	31	27.68
NEUTRAL [N]	94	45.63	13	13.83
SELL [S]	0	0.00	0	0.00

*Percentages of each rating category where Janney has performed Investment Banking services over the past 12 months.

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