

Q2-2015 Pharmacy Services Update



M&A Overview

The second quarter was one of the most active in recent history for M&A activity in the pharmacy services sector. Not only was the volume of transactions high, but also the size of the transactions being consummated. Diplomat Pharmacy, CVS Health, and Cardinal Health each announced and/or completed two acquisitions during the quarter. There were also four transactions valued at over \$1 billion, with CVS Health's announced acquisition of Omnicare for \$12.7 billion being the largest. Please contact Provident's investment banking professionals for more details on these transactions.

Noteworthy Transactions

Month	Acquirer	Target Company	Details
June 2015	Ascendant Solutions	The Medicine Shoppe Pharmacy	Ascendant Solutions has announced that its healthcare subsidiary, Dougherty's Holdings, has acquired The Medicine Shoppe Pharmacy located in McAlester, Oklahoma. The financial details of the deal were not disclosed.
June 2015	Rite Aid	Envision Pharmaceutical Services	Rite Aid has completed its previously announced acquisition of Envision Pharmaceutical Services, a national, full-service pharmacy benefit management (PBM) company, for approximately \$2 billion. This acquisition will prove valuable in Rite Aid's strategy to expand their retail healthcare platform and enhance health and wellness offerings.
June 2015	Diplomat Pharmacy	Burman's Specialty Pharmacy	Diplomat Pharmacy announced that it has acquired Burman's Specialty Pharmacy, a Philadelphia-based specialty pharmacy for \$72.8 million in cash and \$10 million in stock.
June 2015	CVS Health Corporation	Target's pharmacy and clinic businesses	CVS Health has announced its acquisition of Target's pharmacy and clinic businesses for \$1.9 billion. CVS Health will be taking over Target's 1,600 pharmacies and 80 walk-in-clinic locations in hopes of rebranding and expanding both their CVS/pharmacy and CVS MinuteClinic brand.
June 2015	Cardinal Health	The Harvard Drug Group	Cardinal Health announced that it plans to acquire The Harvard Drug Group, a distributor of generic pharmaceuticals, over-the-counter medications and related products to retail, institutional and alternate care customers, for \$1.115 billion. The transaction is expected to close in Q1 of 2016.
May 2015	CVS Health Corporation	Omnicare	CVS Health is acquiring Omnicare, the leading provider of pharmacy services to long term care facilities for \$98.00/per share in cash, for a total enterprise value of \$12.7 billion. Omnicare has approximately 13,000 employees at 160 locations in 47 states across the U.S. By acquiring Omnicare's extensive distribution channel, CVS Health will be able to provide more benefits to consumers, patients, and payors by providing highly coordinated clinical pharmacy care across a multitude of treatment settings ranging from retail to long term care.
April 2015	Cardinal Health	Metro Medical Supply	Cardinal Health announced that it has acquired Metro Medical Supply, one of the country's largest privately held specialty-pharmaceutical distribution companies. The financial details of the transaction were not disclosed.
April 2015	Lifecare Pharmacy	Reuss Pharmacies	Lifecare Pharmacy has acquired Reuss Pharmacies, a Texas-based community pharmacy and retailer of durable medical equipment. The financial details of the transaction were not disclosed.
April 2015	Fred's	Reeves-Sain Drug Store	Discount retailer, Fred's, has completed its previously announced acquisition of Reeves-Sain Drug Store, a TN-based specialty and retail pharmacy, for \$66 million. The transaction includes EntrustRx, which provides Fred's with access to expanded specialty networks and limited distribution drugs.
April 2015	Catamaran Corporation	Healthcare Solutions	Catamaran has completed its acquisition of Healthcare Solutions from Brazos Private Equity for \$405 million in cash. The transaction will improve Catamaran's medical cost management services to customers in the workers' compensation and auto liability sectors.
April 2015	Diplomat Pharmacy	BioRx	Diplomat Pharmacy announced that it has completed the acquisition of BioRx, a highly specialized pharmacy and infusion services company for \$210 million in cash and approximately 4.05 million shares of Diplomat common stock.
April 2015	Magellan Health	4D Pharmacy Management Systems	Magellan Health has acquired 4D Pharmacy Management Systems, a privately held, full-service pharmacy benefit manager (PBM), serving managed care organizations (MCOs), employers and government-sponsored benefit programs for approximately \$55 million from existing cash on hand.