

Q3-2015 Pharmacy Services Update



M&A Overview

The third quarter was incredibly active on the M&A front for the pharmacy services sector, building on the momentum of the second quarter, which was one of the most active in recent history. CVS Health, UnitedHealth, and Cardinal Health all completed previously announced acquisitions ahead of earlier timeline guidance, and other strategic and financial partners announced and/or completed deals across a variety of pharmacy sectors and geographies. Given the robust year we are experiencing, Provident does not anticipate that deal activity will decrease significantly during the fourth quarter of 2015.

Noteworthy Transactions

Month	Acquirer	Target Company	Details
September 2015	McKesson	UDG Healthcare's Pharmaceutical Distribution Business	McKesson announced an agreement to acquire the pharmaceutical distribution division of UDG Healthcare, based in Ireland, for €480 million in cash. As part of the transaction, McKesson will purchase: United Drug and United Drug Sangers, leading wholesale operations across the Republic of Ireland and Northern Ireland; TCP, a leading home healthcare provider in the Republic of Ireland; and MASTA, UDG's travel healthcare business based in the United Kingdom. The transaction is expected to close in the first half of 2016.
September 2015	BiologicTx®	Sunshine Infusion Services	BiologicTx®, a national specialty pharmacy, has acquired Sunshine Infusion Services. The acquisition will better position BiologicTx® to provide specialty pharmacy services in the greater Chicago area. This location will provide infusion therapy services as well as compounding and dispensing of specialty drugs. Terms of the transaction have not been disclosed.
August 2015	Ascendant Solutions	Springtown Drug	The Dougherty's Holdings subsidiary of Ascendant Solutions has acquired Springtown Drug, located in Springtown, TX. This is the fifth acquisition by the Dougherty's Holdings subsidiary, and will add approximately \$1.3 million in revenue to Ascendant's 2015 results (and \$4 million on an annual basis). Combined with the four other recent acquisitions, Dougherty's Holdings will increase 2015 revenue by approximately 50% to over \$43 million. Deal terms have not been disclosed.
August 2015	CVS Health	Omnicare	CVS Health completed its acquisition of Omnicare, the leading provider of pharmacy services to long term care facilities for a total enterprise value of \$12.9 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.
August 2015	BelHealth Investment Partners	Apothecary by Design	Private equity firm BelHealth Investment Partners has acquired Apothecary by Design, a specialty pharmacy based in Portland, ME that is focused on women's health, hepatitis C, and autoimmune disorders. BelHealth has prior specialty pharmacy experience through its investments in Aureus and Linden Care, and will help drive organic growth and aggressively pursue add-on acquisitions. The terms of the transaction have not been disclosed.
July 2015	UnitedHealth Group	Catamaran	UnitedHealth Group has completed its acquisition of Catamaran for approximately \$12.8 billion, in order to improve its pharmacy benefits operations (OptumRx). Combined, OptumRx and Catamaran will serve over 65 million people and fulfill more than one billion prescriptions in 2015. The combined company will operate as OptumRx.
July 2015	New Spring Health Capital & Syndicates	ContinuumRx	New Spring Health Capital has made a \$5.5 million investment in ContinuumRx, a Birmingham, AL based provider of home infusion through JVs with health systems. Also participating in this investment round was Health Enterprise Partners and other existing investors. Proceeds will be used to enter new markets and execute current growth initiatives.
July 2015	Cardinal Health	The Harvard Drug Group	Cardinal Health has completed its previously announced acquisition of 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 in cash. In 2014, The Harvard Drug Group has revenue of approximately \$450 million.
July 2015	Gauge Capital & Leavitt Equity Partners	Veridicus Health	Gauge Capital and Leavitt Equity Partners have completed a recapitalization of Veridicus Health, a Salt Lake City, UT provider of PBM, medication therapy management, clinical care management, and Medicare PDP services to self-funded employers and plan sponsors. Deal terms were not disclosed.