

# Q4-2017 Pharmacy Services Update



## Market Overview

Pharmacy services experienced another active quarter from an M&A standpoint, driven by new platform private equity investments and additional inorganic expansion by national strategic players. In the specialty segment, private equity firm Frazier Healthcare Partners ("Frazier") completed an investment into Houston-based specialty pharmacy, Southside Group of Companies ("Southside"), which focuses primarily on providing hepatitis C and HIV therapies to patients nationally. Additionally, BioMatrix Specialty Pharmacy ("BioMatrix"), an organization that received private equity capital in Q4 2016, finalized its first major add-on transaction with the acquisition of Elwyn Pharmacy Group ("Elwyn"). BioMatrix is supported by private equity firms ACON Investments and Triton Pacific Capital Partners, and the Company significantly expanded its geographic density and patient base through the transaction with Elwyn. Outside of the specialty space, another platform was established in the ambulatory infusion sector, as private equity firm TA Associates invested in Healix Infusion Therapy. Ambulatory infusion is a sector that Provident expects to attract considerable attention from investors over the next few years.

## Provident Transactions



Provident Healthcare Partners served as the exclusive financial advisors to two pharmacy services organizations in the third quarter of 2017. Provident advised the shareholders of Elwyn Pharmacy Group on their acquisition by BioMatrix SpRx in addition to representing the Southside Group of Companies on its recapitalization by Frazier Healthcare Partners.

## SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
December 2017	Diplomat Pharmacy (NYSE: DPLO)	Leehar Distributors, dba LDI Integrated Pharmacy Services	Diplomat Pharmacy("Diplomat") has completed the acquisition of Leehar Distributors, doing business as LDI Integrated Pharmacy Services. Based in St. Louis, LDI Integrated Pharmacy Services is a pharmacy benefit manager that also includes a network of URAC-accredited mail-order specialty pharmacies and retail pharmacies.
December 2017	TA Associates Management	Healix Infusion Therapy	Healix Infusion Therapy, Inc. ("Healix") has secured a growth investment from private equity group TA Associates Management. Healix manages infusion centers on behalf of physicians, hospitals, and medical institutions.
December 2017	Express Scripts Holding Company (NASDAQ: ESRX)	eviCore healthcare	Express Scripts Holding Company ("Express Scripts") has completed the acquisition of eviCore healthcare ("eviCore") for \$3.6 billion. eviCore, which manages medical benefits for 100 million patients, offers a broad range of solutions across radiology, cardiology, post-acute care and medical oncology.
November 2017	BioMatrix SpRx	Elwyn Pharmacy Group*	BioMatrix SpRx ("BioMatrix"), a nationwide specialty pharmacy, has acquired Elwyn Pharmacy Group ("Elwyn"). The purchase doubles the size of BioMatrix and adds therapies for autoimmune disorders, fertility, oncology, and other chronic conditions to BioMatrix's portfolio of services.
November 2017	Frazier Healthcare Partners	Southside Group of Companies*	Frazier Healthcare Partners ("Frazier") has completed the acquisition of the Southside Group of Companies ("Southside"). As one of the largest independent specialty pharmacies in Texas, Southside serves over 35,000 patients per year. Southside also provides infusion suite management, diagnostics and home health services. As part of the transaction, Frazier has recruited an industry veteran to fill the CEO vacancy.
November 2017	Diplomat Pharmacy (NYSE: DPLO)	Pharmaceutical Technologies	Diplomat Specialty Pharmacy("Diplomat") has entered into an agreement to acquire Pharmaceutical Technologies, a full-service pharmacy benefit manager doing business as National Pharmaceutical Services (NPS). The cash and stock deal is valued at \$47 million.

\*Denotes a transaction on which Provident Healthcare Partners served as the exclusive sell-side financial advisor