

Q1-2018 Pharmacy Services Update



Market Update

The pharmacy services sector is in the midst of a meaningful transition as many of the largest industry participants have recently launched vertical integration strategies by acquiring companies with complementary service lines. Reimbursement pressures from DIR fees and less-profitable drugs have also placed margin pressures on smaller specialty providers, motivating them to seek strategic partners and shareholder liquidity in a strong valuation market. Buyers continue to have a strong interest in aligning with pharmacy services providers, though it would not be surprising to observe transaction activity slow marginally as major strategic consolidators focus on integrating their own large mergers.

Public Comparable Companies

Select Public Pharmacy Trading Multiples					
Company	Share Price	Revenue	EBITDA	EV/REV	EV/EBITDA
CVS Health Corporation	\$62.21	\$184,765,000	\$11,969,000	0.5x	7.4x
Walgreens Boots Alliance	\$65.47	\$124,028,000	\$7,489,000	0.7x	10.9x
Amerisource-Bergen Corp.	\$86.21	\$155,440,893	\$2,485,414	0.1x	8.0x
Express Scripts, Inc.	\$69.08	\$100,064,600	\$7,296,000	0.5x	7.2x
Diplomat Pharmacy	\$20.15	\$4,485,230	\$85,131	0.5x	25.4x

As of 3/31/2018

Select Transactions:

Month	Acquirer	Target	Pharmacy Sub-Sector	Deal Significance
March	Cigna Corporation	Express Scripts, Inc.	Pharmacy Benefits Manager	Cigna Corporation has announced that it intends to acquire Express Scripts, Inc. for \$52 billion, in a strategic move likely motivated by vertical acquisitions by the other three largest U.S. health insurers.
February	Blue Ox Healthcare Partners	Rx Savings Solutions	Pharmacy Solutions	Blue Ox Healthcare Partners ("Blue Ox"), acquired a 30% stake in Rx Savings Solutions. Rx Savings Solutions assists clients in the process of gaining access to fixed or reduced cost prescription drugs by identifying Prescription Assistance Programs.
February	Albertsons	Rite Aid Pharmacy Corporation	Retail	Albertsons, has entered into an agreement to acquire the remaining locations of Rite Aid Pharmacy Corporation that aren't being purchased by Walgreens Boots Alliance. With this acquisition, Albertsons will now have 4,900 locations, 4,350 pharmacy counters and 320 clinics.
January	McKesson Corporation	RxCrossroads	Pharmacy Solutions	McKesson Corporation has acquired RxCrossroads Specialty Solutions from CVS Health for \$735 million. RxCrossroads is Kentucky-based company that provides custom pharmacy solutions.
January	CVS Health Corporation	Apothecary by Design	Specialty	CVS Health has announced that it has acquired Apothecary By Design, a specialized pharmacy company that focuses on treatments for heart disease, hepatitis, HIV, and multiple sclerosis, from private equity firm BelHealth Investment Partners.

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Upcoming Conferences



Asembia Specialty Pharmacy Summit 2018
April 29th – May 2nd Las Vegas, Nevada