

Q3-2018 Pharmacy Services Update



Market Update:

Two multi-billion dollar pharmacy services deals in the third quarter are signaling a heightened interest in pharmacy services from both strategic consolidators and private equity investors. Private equity firm Silver Lake partnered with GoodRx in a deal worth \$2.8 billion while OptumRx acquired the operations of Genoa Healthcare for \$2.5 billion. In particular, recent tailwinds in the behavioral health sector have driven consolidation in the form of both the Genoa deal as well as Clearview Capital's majority recapitalization of Apothecare.

Public Comparable Companies:

Select Public Pharmacy Trading Multiples					
Company	Share Price (\$)	Revenue (\$)	EBITDA (\$)	EV/REV	EV/EBITDA
CVS Health Corporation	78.67	186.97B	8.29B	0.5x	7.4x
Amerisource-Bergen Corp.	90.58	163.76B	1.55B	0.1x	16.5x
Diplomat Pharmacy	18.54	5.04B	105.4M	0.5x	26.3x

As of 10/5/2018

Select Transactions:

Month	Acquirer	Target	Pharmacy Sub-Sector	Deal Significance
September	OptumRx	Genoa Healthcare	Behavioral Pharmacy	OptumRx has announced its merger with Genoa Healthcare for \$2.5 billion. The deal signifies commitment from Optum, a subsidiary of UnitedHealth, to treating the 40 million U.S. patient population living with mental illness.
August	Silver Lake	GoodRx	Pharmacy Technology	Silver Lake, a technology focused private equity firm, has completed a minority recapitalization of GoodRx for \$2.8 billion. The investment makes Silver Lake the largest shareholder of GoodRx as the company seeks to expand its customer network of PBMs and pharmacy distributors.
July	Clearview Capital & Starboard Capital	Apothecare	Specialty Pharmacy	Clearview Capital and Starboard Capital have partnered with the management of Apothecare via a majority recapitalization. Apothecare is an institutional-based pharmacy provider focused on the behavioral health sector.
July	Galen Partners	SMP Pharmacy Solutions	Specialty Pharmacy	Galen Partners has completed a majority recapitalization of SMP Pharmacy solutions, a specialty, compounding, and fertility focused pharmacy. SMP Pharmacy Solutions has filled 3 million prescriptions over the last 15 years and boasts a 95%+ medication adherence rate.
July	Cold Bore Capital & Capitala Group	Optio RX	Specialty Pharmacy	Cold Bore Capital and Capitala Group have partnered to acquire Optio RX, a specialty pharmacy provider focused on allergy and veterinary medications. Cold Bore Capital leverages former military leadership to enhance management of founder-owned companies.

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