

DEAL PROFILE

CENTENE | WELLCARE

VALUES

\$17.3bn

0.8x

18.8x

TRANSACTION VALUE

LTM REVENUE MULTIPLE

LTM EBITDA MULTIPLE



CENTENE CORPORATION (NYSE:CNC)

Centene Corporation (“Centene”) is a diversified and multi-national healthcare enterprise that provides programs and services to uninsured individuals in the US. Centene helps its members access high-quality healthcare services across a wide range of health solutions. The company was founded in 1984 and is headquartered in St. Louis, MO.

TEV: \$24.2bn

LTM EBITDA: \$2.6bn

LTM Revenue: \$56.7bn



WELLCARE HEALTH PLANS, INC. (NYSE:WCG)

WellCare Health Plans, Inc. (“WellCare”) provides government-sponsored managed care services. It operates in three segments: Medicaid Health Plans, Medicare Health Plans, and Medicare Prescription Drug Plans (PDPs), the first of which makes up the lion’s share of revenue and membership. WellCare also provides plans/services to individuals in the Health Insurance Marketplace. The company serves ~5.5mm members nationwide. WellCare was founded in 1985 and is headquartered in Tampa, FL.

TEV: \$10.0bn

LTM EBITDA: \$920.7mm

LTM Revenue: \$20.4bn

BOURNE PARTNERS MARKET RESEARCH

Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

OVERVIEW

On March 27, Centene announced that it had agreed to buy WellCare, a smaller publicly held insurer based in Florida, for ~\$15.3bn, which also includes an assumption of ~\$2.0bn in debt. Under the terms of the transaction, each WellCare shareholder will receive 3.38 shares of Centene and \$120 in cash, amounting to \$305.39 per share. This price is an approximately 32% premium to WellCare’s closing price on March 26, 2019. Centene shareholders will own 71% of the combined entity, with WellCare shareholders owning 29%.

HIGHLIGHTS

When asked about the transaction, Michael Neidorff, CEO of Centene, stated his excitement for the new enterprise and its ability to offer access to higher-quality healthcare through a wider range of affordable solutions. Increased scale, diversified services, expanded national footprint, cost synergies, and shareholder value were cited as rationale for the acquisition. The combined company will have approximately 22 million members across all 50 states and is expecting pro forma Revenue and EBITDA of \$97bn and \$5bn, respectively in 2019. The transaction is expected to be accretive to EPS by mid-single digits in the second year following the closing of the transaction.