

# INSIGHT



**SPECIALTY/GENERIC PHARMA**

**SECTOR SNAPSHOT**

April 2019

BOURNE PARTNERS

# Branded Specialty Pharma – Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Nov-18	Avenue Therapeutics	Specialty pharmaceutical company focused in hospital products	InvaGen Pharmaceuticals	USA	\$210.2	NA	NA	NA	NA
Oct-18	Corium International	Specialty pharmaceutical company focused in transdermal and transmucosal products	Gurnet Point Capital	USA	\$492.5	\$36.5	(\$44.0)	13.5x	NM
Sep-18	NextWave Pharmaceuticals	Specialty pharmaceutical company focused in pediatric CNS products	Tris Pharma	USA	NA	NA	NA	NA	NA
Aug-18	Adapt Pharma	Specialty pharmaceutical company focused in opioid abuse products	Emergent BioSolutions	Ireland	\$719.8	NA	NA	NA	NA
Jul-18	Sylvant from Johnson & Johnson	Branded product for the treatment of Casteleman's disease	EUSA Pharma	Ireland	\$115.0	NA	NA	NA	NA
May-18	Femring in US from Allergan	Branded women's health products	Millicent Pharma	USA	\$75.0	\$23.0	\$17.0	3.3x	4.4x
May-18	Pancreaze from Johnson & Johnson	Branded pancreatic enzyme replacement therapy product	VIVUS	USA	\$135.0	\$35.2	--	3.8x	--
May-18	Willow Biopharma	Specialty pharmaceutical company with focus across various therapeutic areas	VIVUS	Canada	NA	NA	NA	NA	NA
Apr-18	Shire	Large pharmaceutical company with products across a range of therapeutic areas and geographies	Takeda Pharmaceutical	Ireland	\$80,535.0	\$15,354.0	\$6,449.9	5.2x	12.5x
Feb-18	Altius Healthcare	Specialty pharmaceutical company focused on commercializing products in the canadian market	Devonian Health Group	Canada	\$4.5	NA	NA	NA	NA

Notes:

NA - Not Available

NM - Not Meaningful

<b>Median</b>	\$172.6	\$35.8	\$17.0	4.5x	8.4x
<b>Mean</b>	\$10,285.9	\$3,862.2	\$2,141.0	6.5x	8.4x
<b>Min</b>	\$4.5	\$23.0	(\$44.0)	3.3x	4.4x
<b>Max</b>	\$10,285.9	\$3,862.2	\$2,141.0	13.5x	12.5x

# Generic Pharma – Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mar-19	EQL Pharma	Generic pharmaceutical company focused in Scandinavian markets	Fårö Capital	Sweden	\$35.0	\$4.7	\$0.2	7.5x	NM
Nov-18	Navamedic ASA	Generic pharmaceutical company focused in Northern Europe	Ingerø Reiten Investment Company	Norway	NA	\$20.8	(\$0.3)	NA	NA
Sep-18	Sandoz Product Basket	Generic dermatology and oral solids assets from Sandoz	Aurobindo Pharma	USA	\$1,000.0	\$1,200.0	NA	0.8x	NA
Jun-18	Zentiva Group	European generics business of Sanofi	Advent International	Czech Republic	\$2,201.9	NA	NA	NA	NA
Jul-18	Generic Efudex	Generic oncology product	Mayne Pharma Group	USA	\$30.0	NA	NA	NA	NA
Jul-18	Apotex Europe	Generic operations of Apotex in Europe, focused in Netherlands, Belgium, Spain, and Czech Republic	Agile Pharma	Netherlands	\$86.4	\$154.7	NA	0.6x	NA
Mar-18	Elmed Eisai Co.	Generic pharmaceutical division of Eisai; the transaction was part of a larger deal with Nichi-Iko	Nichi-Iko Pharmaceutical	Japan	\$160.1	\$263.9	NA	0.6x	NA
Mar-18	Leo Pharma Product Basket	Ten Products Portfolio of LEO Pharma focused in dermatology	Karo Pharma	Denmark	\$317.0	\$84.5	NA	3.8x	NA
Jan-18	Sandoz Product Basket	ANDA Portfolio of Sandoz with development and commercial products	CASI Pharmaceuticals	USA	\$18.0	NA	NA	NA	NA

Notes:

NA - Not Available

NM - Not Meaningful

<b>Median</b>	\$123.2	\$119.6	(\$0.1)	0.8x	NM
<b>Mean</b>	\$481.0	\$288.1	(\$0.1)	2.6x	NM
<b>Min</b>	\$18.0	\$4.7	(\$0.3)	0.6x	NM
<b>Max</b>	\$2,201.9	\$1,200.0	\$0.2	7.5x	NM

# Specialty Branded Pharma – Trading Comps

USD in millions

Company	Ticker	Enterprise Value	LTM		Margin Analysis		Enterprise Value/		Debt/		
			Sales	EBITDA	Gross Profit	EBITDA	Sales	EBITDA	Enterprise Value	Equity Value	EBITDA
ADVANZ PHARMA Corp.	TSX:ADVZ	\$1,983.8	\$537.0	\$247.8	67.2%	46.1%	3.7x	8.0x	68.0%	157.0%	5.4x
Allergan plc	NYSE:AGN	69,755.5	15,787.4	7,128.9	85.6%	45.2%	4.4x	9.8x	34.1%	49.7%	3.3x
Almirall, S.A.	BME:ALM	3,367.2	868.5	157.6	74.7%	18.1%	3.9x	21.4x	19.1%	22.8%	4.1x
Assertio Therapeutics, Inc.	NasdaqGS:ASRT	768.2	311.8	167.5	94.1%	53.7%	2.5x	4.6x	73.7%	180.8%	3.4x
Bausch Health Companies Inc.	NYSE:BHC	32,278.5	8,380.0	3,318.0	71.9%	39.6%	3.9x	9.7x	75.3%	279.5%	7.3x
H. Lundbeck A/S	CPSE:LUN	7,625.6	2,778.7	990.8	80.9%	35.7%	2.7x	7.7x	0.1%	0.1%	0.0x
Horizon Pharma plc	NasdaqGS:HZNP	5,742.8	1,207.6	33.3	66.5%	2.8%	4.8x	172.2x	33.0%	39.5%	56.9x
Indivior PLC	LSE:INDV	(345.8)	1,005.0	301.0	87.3%	30.0%	NM	NM	-69.7%	71.5%	0.8x
Ipsen S.A.	ENXTPA:IPN	11,773.1	2,688.8	765.1	80.7%	28.5%	4.4x	15.4x	5.7%	5.8%	0.9x
Jazz Pharmaceuticals plc	NasdaqGS:JAZZ	8,593.3	1,890.9	932.7	93.6%	49.3%	4.5x	9.2x	18.6%	20.4%	1.7x
Recordati Industria Chimica e Farmaceutica S.p.A.	BIT:REC	9,067.1	1,548.2	575.2	70.7%	37.1%	5.9x	15.8x	10.1%	10.9%	1.6x
Takeda Pharmaceutical Company Limited	TSE:4502	80,008.8	16,232.7	3,885.6	73.7%	23.9%	4.9x	20.6x	29.0%	39.0%	6.0x
UCB SA	ENXTBR:UCB	16,353.0	5,303.4	1,602.9	74.1%	30.2%	3.1x	10.2x	10.5%	10.7%	1.1x

Commentary

Median	74.7%	35.7%	4.1x	10.0x	19.1%	39.0%	3.3x
Mean	78.5%	33.9%	4.0x	25.4x	23.7%	68.3%	7.1x
Min	66.5%	2.8%	2.5x	4.6x	-69.7%	0.1%	0.0x
Max	94.1%	53.7%	5.9x	172.2x	75.3%	279.5%	56.9x

# Generic Pharma – Trading Comps

USD in millions

Company	Ticker	Enterprise Value	LTM		Margin Analysis		Enterprise Value/		Debt/		
			Sales	EBITDA	Gross Profit	EBITDA	Sales	EBITDA	Enterprise Value	Equity Value	EBITDA
Akorn, Inc.	NasdaqGS:AKRX	\$976	\$694	(\$45)	35.4%	NM	1.4x	NM	84.1%	215.6%	(18.0x)
Amphastar Pharmaceuticals, Inc.	NasdaqGS:AMPH	\$931	\$295	\$8	36.3%	2.7%	3.2x	117.9x	5.4%	5.2%	6.4x
Hikma Pharmaceuticals PLC	LSE:HIK	\$5,915	\$2,070	\$520	51.5%	25.1%	2.9x	11.4x	10.8%	11.4%	1.2x
Lannett Company, Inc.	NYSE:LCI	\$966	\$694	\$215	42.6%	31.0%	1.4x	4.5x	84.2%	257.2%	3.8x
Lupin Limited	BSE:500257	\$6,198	\$2,344	\$413	62.3%	17.6%	2.6x	15.0x	19.7%	22.5%	3.0x
Mylan N.V.	NasdaqGS:MYL	\$27,284	\$11,434	\$3,596	40.0%	31.5%	2.4x	7.6x	50.6%	99.3%	3.8x
Nichi-Iko Pharmaceutical Co., Ltd.	TSE:4541	\$1,635	\$1,353	\$218	12.7%	16.1%	1.2x	7.5x	68.0%	147.5%	5.1x
Perrigo Company plc	NYSE:PRGO	\$9,526	\$4,732	\$893	38.7%	18.9%	2.0x	10.7x	34.0%	47.4%	3.6x
Sun Pharmaceutical Industries Limited	NSEI:SUNPHARMA	\$15,501	\$4,139	\$989	71.7%	23.9%	3.7x	15.7x	9.9%	9.6%	1.6x
Taro Pharmaceutical Industries Ltd.	NYSE:TARO	\$3,047	\$665	\$310	66.9%	46.6%	4.6x	9.8x	0.0%	0.0%	–
Teva Pharmaceutical Industries Limited	NYSE:TEVA	\$42,801	\$18,854	\$4,802	44.0%	25.5%	2.3x	8.9x	67.6%	184.5%	6.0x

<b>Median</b>	42.6%	24.5%	2.4x	10.3x	34.0%	47.4%	3.6x
<b>Mean</b>	45.7%	23.9%	2.5x	20.9x	39.5%	90.9%	1.5x
<b>Min</b>	12.7%	2.7%	1.2x	4.5x	0.0%	0.0%	(18.0x)
<b>Max</b>	71.7%	46.6%	4.6x	117.9x	84.2%	257.2%	6.4x

# Valuation Trends – Last 5 Years

Historical Total Enterprise Value / EBITDA Multiples



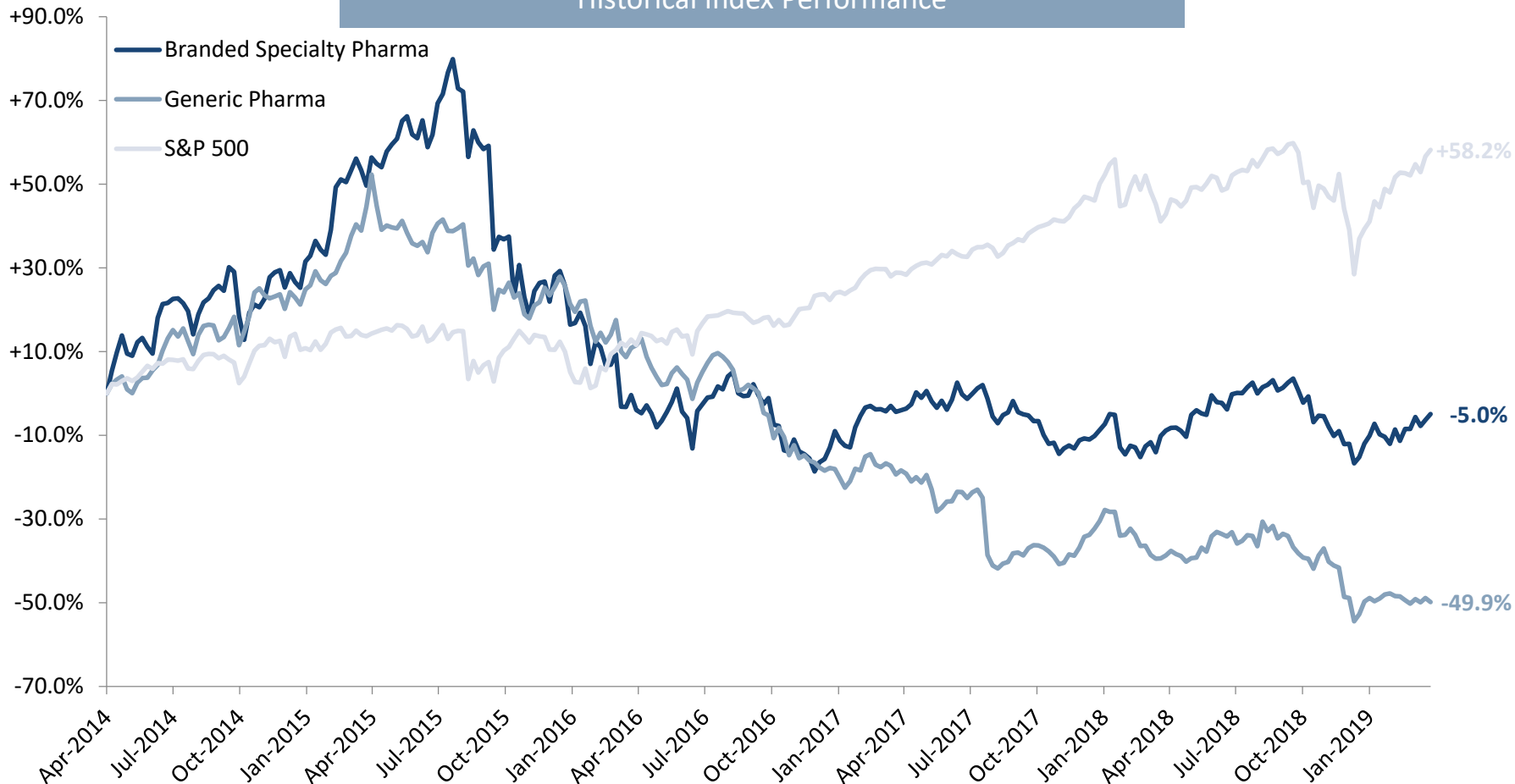
**Specialty Branded Pharma basket consists of:** Allergan plc (NYSE:AGN), UCB SA (ENXTBR:UCB), Ipsen S.A. (ENXTPA:IPN), Bausch Health Companies Inc. (NYSE:BHC), H. Lundbeck A/S (CPSE:LUN), Recordati Industria Chimica e Farmaceutica S.p.A. (BIT:REC), Jazz Pharmaceuticals plc (NasdaqGS:JAZZ), Horizon Pharma plc (NasdaqGS:HZNP), Almirall, S.A. (BME:ALM), ADVANZ PHARMA Corp. (TSX:ADVZ), Indivior PLC (LSE:INDV), Asserzio Therapeutics, Inc. (NasdaqGS:ASRT)

**Generic Pharma basket consists of:** Sun Pharmaceutical Industries Limited (NSEI:SUNPHARMA), Teva Pharmaceutical Industries Limited (NYSE:TEVA), Mylan N.V. (NasdaqGS:MYL), Perrigo Company plc (NYSE:PRGO), Hikma Pharmaceuticals PLC (LSE:HIK), Lupin Limited (BSE:500257), Taro Pharmaceutical Industries Ltd. (NYSE:TARO), Amphastar Pharmaceuticals, Inc. (NasdaqGS:AMPH), Nichi-iko Pharmaceutical Co., Ltd. (TSE:4541), Akorn, Inc. (NasdaqGS:AKRX), Lannett Company, Inc. (NYSE:LCI)

1) Source: S&P Capital IQ, April 2019

# Market Performance – Last 5 Years

Historical Index Performance

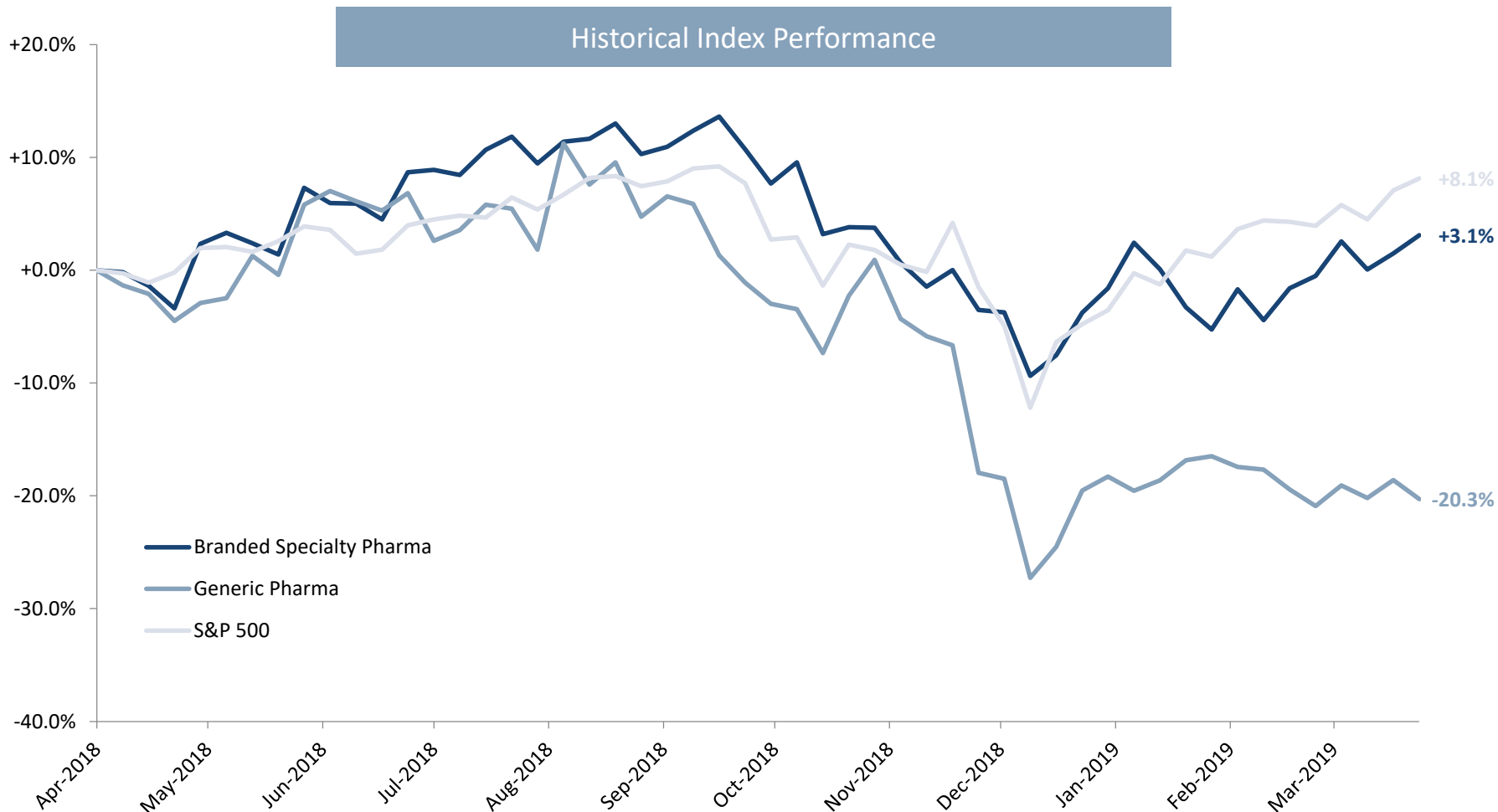


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1) Source: S&P Capital IQ, April 2019

# Market Performance – Last 12 Months



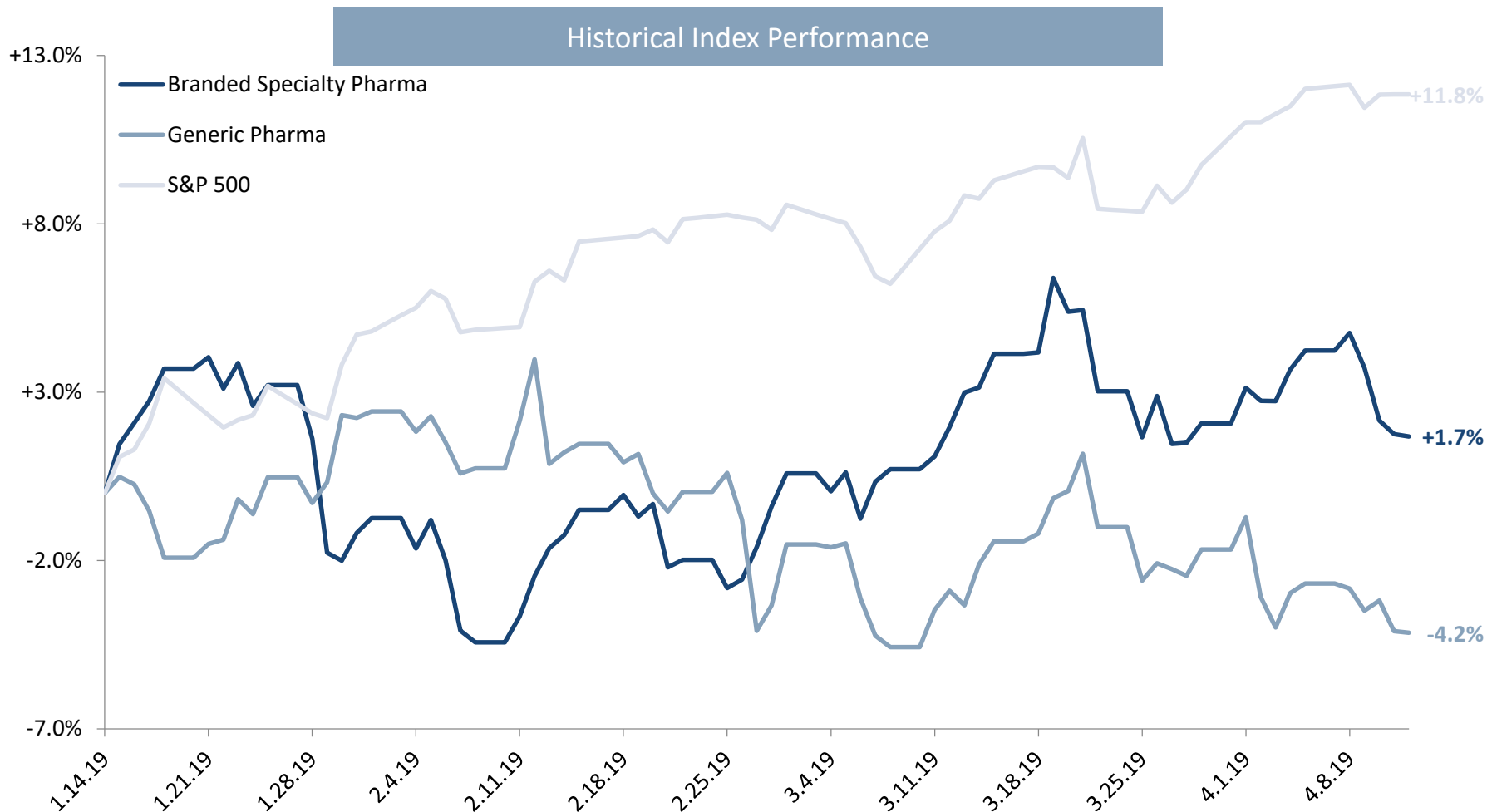
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1) Source: S&P Capital IQ, April 2019



# Market Performance – Last 3 Months



**Specialty Branded Pharma basket consists of:** Allergan plc (NYSE:AGN), UCB SA (ENXTBR:UCB), Ipsen S.A. (ENXTPA:IPN), Bausch Health Companies Inc. (NYSE:BHC), H. Lundbeck A/S (CPSE:LUN), Recordati Industria Chimica e Farmaceutica S.p.A. (BIT:REC), Jazz Pharmaceuticals plc (NasdaqGS:JAZZ), Horizon Pharma plc (NasdaqGS:HZNP), Almirall, S.A. (BME:ALM), ADVANZ PHARMA Corp. (TSX:ADVZ), Indivior PLC (LSE:INDV), Assertio Therapeutics, Inc. (NasdaqGS:ASRT)

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1) Source: S&P Capital IQ, April 2019

# Index Trends

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- Below are the averages for Specialty Branded Pharma
  - 5-Year *Average* EBITDA Multiple: 15.7x
    - Currently trading 5.1x lower than its 5-year average (or 32.7% lower)
  - 5-Year *Max* EBITDA Multiple: 28.6x
    - Currently trading 18.1x lower than its 5-year max (or 63.1% lower)
  - 5-Year *Min* EBITDA Multiple: 9.6x
    - Currently trading 1.0x higher than its 5-year min (or 10.1% higher)
  - 5-Year *Annualized* Index Performance Rate: -1.0%
  - Last 12 Months *Annualized* Index Performance Rate: +3.1%
  - Last 3 Months *Annualized* Index Performance Rate: +5.1%
  
- Below are the averages for Generic Pharma
  - 5-Year *Average* EBITDA Multiple: 12.1x
    - Currently trading 2.1 lower than its 5-year average (or 17.5% lower)
  - 5-Year *Max* EBITDA Multiple: 17.7x
    - Currently trading 7.7x lower than its 5-year max (or 43.5% lower)
  - 5-Year *Min* EBITDA Multiple: 8.8x
    - Currently trading 1.2x higher than its 5-year min (or 13.4% higher)
  - 5-Year *Annualized* Index Performance Rate: -10.0%
  - Last 12 Months *Annualized* Index Performance Rate: -20.3%
  - Last 3 Months *Annualized* Index Performance Rate: -12.5%