## Comp./Spec. Pharmacy – Transaction Comps

<table>
<thead>
<tr>
<th>Announced Date</th>
<th>Target</th>
<th>Target Description</th>
<th>Buyer</th>
<th>Geographic Location</th>
<th>Enterprise Value</th>
<th>LTM Revenue</th>
<th>LTM EBITDA</th>
<th>EV / LTM Revenue</th>
<th>EV / LTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct-19</td>
<td>KnippeRx Inc.</td>
<td>Operates as an independent specialty pharmacy chain, offering rare, orphan, and ultra orphan drug categories</td>
<td>Court Square Capital Partners</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>May-19</td>
<td>Belmar Pharmacy</td>
<td>Compounding pharmacy located in Golden, CO. Provides patient-specific preparations of various pharmaceutical products</td>
<td>MedEquity Capital, LLC; Webster Equity Partners</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>May-19</td>
<td>Specialty Pharmacy Business Assets of Premier, Inc.</td>
<td>Comprises the specialty pharmacy business/operations and related assets of Premier, Inc.</td>
<td>Procare Pharmacy, L.L.C.</td>
<td>USA</td>
<td>$42.3</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Mar-19</td>
<td>BioScrip, Inc.</td>
<td>Provides infusion and home care management solutions in the United States</td>
<td>Option Care Health, Inc.</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Oct-18</td>
<td>Avella Specialty Pharmacy</td>
<td>Operates a chain of retail pharmacies that provide specialty medications to patients across the US</td>
<td>OptumRx / UnitedHealth Group</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Nov-17</td>
<td>Salus Pharmacare Inc.</td>
<td>Specialty pharmacy offering medication management services to assisted living and LTC facilities</td>
<td>Centric Health Corporation</td>
<td>Canada</td>
<td>3.2</td>
<td>NA</td>
<td>50.5</td>
<td>NA</td>
<td>6.8x</td>
</tr>
<tr>
<td>Aug-17</td>
<td>Quantum Pharma Plc</td>
<td>Develops, manufactures, and supplies niche pharmaceutical products to the retail pharmacy, pharmaceutical wholesaler, hospital, and homecare markets</td>
<td>Clinigen Group Plc</td>
<td>United Kingdom</td>
<td>199.9</td>
<td>$119.5</td>
<td>8.2</td>
<td>1.7x</td>
<td>24.4x</td>
</tr>
<tr>
<td>Apr-16</td>
<td>Diplomat Specialty Pharmacy of Los Angeles County, Inc.</td>
<td>Stocks, dispenses, and distributes prescriptions for various biotechnology and specialty pharmaceutical manufacturers</td>
<td>Diplomat Pharmacy, Inc.</td>
<td>USA</td>
<td>75.7</td>
<td>400.0</td>
<td>9.0</td>
<td>NM</td>
<td>8.4x</td>
</tr>
<tr>
<td>Apr-16</td>
<td>Integrity Compounding Pharmacy, LLC</td>
<td>Develops and provides compounded pharmaceutical products</td>
<td>True Nature Holding, Inc.</td>
<td>USA</td>
<td>1.0</td>
<td>0.9</td>
<td>NA</td>
<td>1.1x</td>
<td>NA</td>
</tr>
<tr>
<td>Oct-15</td>
<td>PharMEDium Healthcare Holdings, Inc.</td>
<td>Provides outsourced compounded sterile preparations to acute care hospitals</td>
<td>AmerisourceBergen Drug Corporation</td>
<td>USA</td>
<td>3,060.8</td>
<td>405.7</td>
<td>96.0</td>
<td>7.5x</td>
<td>31.9x</td>
</tr>
<tr>
<td>May-15</td>
<td>AnazaoHealth Corporation</td>
<td>Specialty pharmacy that compounds patient-specific preparations for the nuclear medicine and pain management markets, as well as for drugs used in clinical trials</td>
<td>Fagron NV</td>
<td>USA</td>
<td>97.8</td>
<td>NA</td>
<td>16.3</td>
<td>NA</td>
<td>6.0x</td>
</tr>
</tbody>
</table>

### Notes:
- **Median**:
  - $75.7
  - $259.8
  - $9.0
  - 1.7x
  - 8.4x
- **Mean**:
  - 497.2
  - 231.5
  - 26.0
  - 3.4x
  - 15.5x
- **Min**:
  - 1.0
  - 0.9
  - 0.5
  - 1.1x
  - 6.0x
- **Max**:
  - 3,060.8
  - 405.7
  - 96.0
  - 7.5x
  - 31.9x

1) Source: S&P Capital IQ, October 10, 2019
# PBM/Managed Care – Transaction Comps

<table>
<thead>
<tr>
<th>Announced Date</th>
<th>Target</th>
<th>Target Description</th>
<th>Buyer</th>
<th>Geographic Location</th>
<th>Enterprise Value (USD in millions)</th>
<th>LTM Revenue (USD in millions)</th>
<th>LTM EBITDA (USD in millions)</th>
<th>EV / LTM Revenue</th>
<th>EV / LTM EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mar-19</td>
<td>WellCare Health Plans, Inc.</td>
<td>Provides government-sponsored managed care services</td>
<td>Centene Corporation</td>
<td>USA</td>
<td>$17,300.0</td>
<td>$20,414.1</td>
<td>$915.2</td>
<td>0.8x</td>
<td>18.9x</td>
</tr>
<tr>
<td>Sep-18</td>
<td>Genoa Healthcare, LLC</td>
<td>Genoa Healthcare is the largest provider of pharmacy, outpatient telepsychiatry and medication management services</td>
<td>OptumRx, Inc.</td>
<td>USA</td>
<td>2,500.0</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Aug-18</td>
<td>Excel Managed Care &amp; Disability Services Inc.</td>
<td>Provides occupational and non-occupational medical case management, utilization review, and return-to-work services</td>
<td>Genex Services, LLC</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Mar-18</td>
<td>RxAdvance Corporation</td>
<td>RxAdvance is a national full-service PBM that helps to manage standard formulary, specialty pharmaceutical, and biologics usage</td>
<td>Centene Corporation</td>
<td>USA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
<td>NA</td>
</tr>
<tr>
<td>Feb-15</td>
<td>Healthcare Solutions, Inc.</td>
<td>Operates as a health services company delivering integrated solutions to the property and casualty markets</td>
<td>Catamaran Corporation</td>
<td>USA</td>
<td>405.0</td>
<td>NA</td>
<td>35.0</td>
<td>NA</td>
<td>11.6x</td>
</tr>
</tbody>
</table>

Notes:
- **Median**: 2,500.0, 21,581.9, 880.4, 0.8x, 18.9x
- **Mean**: 19,349.7, 40,525.5, 2,436.5, 1.0x, 12.8x
- **Min**: 47.0, 32.0, 5.4, 0.6x, 8.7x
- **Max**: 69,643.0, 100,064.6, 7,132.5, 1.5x, 18.9x

1) Source: S&P Capital IQ, September 30, 2019
## Comp./Spec. Pharmacy – Trading Comps

### Compounding/Specialty Pharmacy – Trading Comps

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Enterprise Value</th>
<th>LTM Sales</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Gross Margin</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Profit Margin</th>
<th>Sales</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Enterprise Value</th>
<th>Equity Value</th>
<th>Debt/Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diplomat Pharmacy, Inc.</td>
<td>NYSE:DPLO</td>
<td>972.4</td>
<td>5,278.4</td>
<td>83.2</td>
<td>15.2</td>
<td>6.5%</td>
<td>1.6%</td>
<td>NM</td>
<td>0.2x</td>
<td>11.7x</td>
<td>64.1x</td>
<td>62.5%</td>
<td>164.0%</td>
<td>7.3x</td>
<td></td>
</tr>
<tr>
<td>Fagron NV</td>
<td>ENXTBR:FAGR</td>
<td>1,587.1</td>
<td>564.6</td>
<td>101.9</td>
<td>90.2</td>
<td>44.9%</td>
<td>18.1%</td>
<td>16.0%</td>
<td>2.8x</td>
<td>15.6x</td>
<td>17.6x</td>
<td>26.7%</td>
<td>33.3%</td>
<td>4.2x</td>
<td></td>
</tr>
<tr>
<td>Harrow Health, Inc.</td>
<td>NasdaqCM:HROW</td>
<td>130.3</td>
<td>47.9</td>
<td>(1.5)</td>
<td>(3.5)</td>
<td>63.7%</td>
<td>NM</td>
<td>NM</td>
<td>2.7x</td>
<td>NM</td>
<td>NM</td>
<td>15.8%</td>
<td>14.6%</td>
<td>NM</td>
<td></td>
</tr>
</tbody>
</table>

**Median**
- Gross Margin: 44.9%
- EBITDA: 9.8%
- EBIT: 16.0%
- Sales: 2.7x
- EBITDA: 13.6x
- EBIT: 40.9x
- Enterprise Value: 26.7%
- Equity Value: 33.3%
- Debt/Equity Ratio: 5.7x

**Mean**
- Gross Margin: 38.4%
- EBITDA: 9.8%
- EBIT: 16.0%
- Sales: 1.9%
- EBITDA: 13.6%
- EBIT: 40.9%
- Enterprise Value: 35.0%
- Equity Value: 70.6%
- Debt/Equity Ratio: 5.7x

**Min**
- Gross Margin: 6.5%
- EBITDA: 1.6%
- EBIT: 16.0%
- Sales: 0.2x
- EBITDA: 11.7x
- EBIT: 17.6x
- Enterprise Value: 15.8%
- Equity Value: 14.6%
- Debt/Equity Ratio: 4.2x

**Max**
- Gross Margin: 63.7%
- EBITDA: 18.1%
- EBIT: 16.0%
- Sales: 2.8x
- EBITDA: 15.6x
- EBIT: 64.1x
- Enterprise Value: 62.5%
- Equity Value: 164.0%
- Debt/Equity Ratio: 7.3x

- Few publicly traded Compounding/Specialty Pharmacies exist on the market today
- As these markets continue to mature and experience consolidation, we expect to see more companies looking to the public markets as a capital source
- Q3 2019 was marked by Option Care’s reverse merger with BioScrip in August
  - Under the merger agreement, BioScrip issued new shares to Option Care shareholders who now own ~80% of the combined publicly traded entity
  - Many of the recent acquisitions in the Specialty Pharmacy industry have been at steep discounts due to the compressed margin profiles of companies in the space
- Throughout Q3, Compounders continued to endure the scrutiny of the FDA and its requirements for sterile compounding
- As of the end of Q3, the median EV multiples for this sector were 2.7x and 13.6x for LTM Sales and EBITDA, respectively

**1) Source: S&P Capital IQ, September 30, 2019**
### PBM/Managed Care – Trading Comps

USD in millions

<table>
<thead>
<tr>
<th>Company</th>
<th>Ticker</th>
<th>Enterprise Value</th>
<th>Sales</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Gross Profit</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Sales</th>
<th>EBITDA</th>
<th>EBIT</th>
<th>Enterprise Value</th>
<th>Equity Value</th>
<th>EBITDA</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anthem, Inc.</td>
<td>NYSE:ANTM</td>
<td>$77,902.7</td>
<td>$96,742.0</td>
<td>$6,483.0</td>
<td>$5,908.0</td>
<td>20.6%</td>
<td>6.7%</td>
<td>6.1%</td>
<td>0.8x</td>
<td>12.0x</td>
<td>13.2x</td>
<td>26.4%</td>
<td>33.5%</td>
<td>3.2x</td>
</tr>
<tr>
<td>Centene Corporation</td>
<td>NYSE:CNC</td>
<td>18,919.6</td>
<td>65,491.0</td>
<td>3,137.0</td>
<td>2,544.0</td>
<td>17.7%</td>
<td>4.8%</td>
<td>3.9%</td>
<td>0.3x</td>
<td>6.0x</td>
<td>7.4x</td>
<td>41.8%</td>
<td>44.2%</td>
<td>2.5x</td>
</tr>
<tr>
<td>Cigna Corporation</td>
<td>NYSE:CI</td>
<td>93,577.3</td>
<td>102,510.0</td>
<td>8,893.0</td>
<td>7,002.0</td>
<td>20.3%</td>
<td>8.7%</td>
<td>6.8%</td>
<td>0.9x</td>
<td>10.5x</td>
<td>13.4x</td>
<td>42.6%</td>
<td>69.6%</td>
<td>4.5x</td>
</tr>
<tr>
<td>CVS Health Corporation</td>
<td>NYSE:CVS</td>
<td>165,420.3</td>
<td>226,053.0</td>
<td>14,830.0</td>
<td>11,220.0</td>
<td>17.1%</td>
<td>6.6%</td>
<td>5.0%</td>
<td>0.7x</td>
<td>11.2x</td>
<td>14.7x</td>
<td>55.6%</td>
<td>112.1%</td>
<td>6.2x</td>
</tr>
<tr>
<td>Humana Inc.</td>
<td>NYSE:HUM</td>
<td>36,135.3</td>
<td>60,726.0</td>
<td>3,683.0</td>
<td>3,440.0</td>
<td>18.5%</td>
<td>6.1%</td>
<td>5.7%</td>
<td>0.6x</td>
<td>9.8x</td>
<td>10.5x</td>
<td>17.6%</td>
<td>18.5%</td>
<td>1.7x</td>
</tr>
<tr>
<td>UnitedHealth Group Incorporated</td>
<td>NYSE:UNH</td>
<td>234,478.0</td>
<td>235,876.0</td>
<td>20,598.0</td>
<td>18,663.0</td>
<td>23.5%</td>
<td>8.7%</td>
<td>7.9%</td>
<td>1.0x</td>
<td>11.4x</td>
<td>12.6x</td>
<td>18.0%</td>
<td>20.5%</td>
<td>2.1x</td>
</tr>
<tr>
<td>WellCare Health Plans, Inc.</td>
<td>NYSE:WCG</td>
<td>12,391.5</td>
<td>24,901.2</td>
<td>1,055.6</td>
<td>887.9</td>
<td>13.5%</td>
<td>4.2%</td>
<td>3.6%</td>
<td>0.5x</td>
<td>11.7x</td>
<td>14.0x</td>
<td>18.9%</td>
<td>18.0%</td>
<td>2.2x</td>
</tr>
<tr>
<td>Median</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18.5%</td>
<td>6.6%</td>
<td>5.7%</td>
<td>0.7x</td>
<td>11.2x</td>
<td>13.2x</td>
<td>26.4%</td>
<td>33.5%</td>
<td>2.5x</td>
</tr>
<tr>
<td>Mean</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>18.7%</td>
<td>6.5%</td>
<td>5.6%</td>
<td>0.7x</td>
<td>11.2x</td>
<td>13.2x</td>
<td>31.6%</td>
<td>45.2%</td>
<td>3.2x</td>
</tr>
<tr>
<td>Min</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>13.5%</td>
<td>4.2%</td>
<td>3.6%</td>
<td>0.5x</td>
<td>11.4x</td>
<td>12.6x</td>
<td>17.6%</td>
<td>18.0%</td>
<td>1.7x</td>
</tr>
<tr>
<td>Max</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>23.5%</td>
<td>8.7%</td>
<td>7.9%</td>
<td>1.0x</td>
<td>12.0x</td>
<td>14.7x</td>
<td>55.6%</td>
<td>112.1%</td>
<td>6.2x</td>
</tr>
</tbody>
</table>

- Following the same trend as the year prior, 2019 has already been marked by its own mega-deal – the $17.3bn proposed acquisition of WellCare Health Plans by Centene Corporation – highlighting an ever-increasing focus on consolidation within this industry segment
  - The spike in M&A over the last handful of years has driven valuations – and will likely continue to do so – within the PBM/Managed Care segment as firms look to add niche services and compile more lives
- As of the end of Q3, the median EV multiples for this segment were 0.7x and 11.2x for LTM Sales and EBITDA, respectively

1) Source: S&P Capital IQ, September 30, 2019
Valuation Trends – Last 3 Years

Historical Total Enterprise Value / EBITDA Multiples

- The PBM/Managed Care segment struggled throughout Q3, falling below the S&P 500 index
  - As of the end of Q3, the sector was sitting at 11.0x LTM EBITDA
- The Compounding/Specialty Pharmacy index saw a slight lift over the last quarter but is still short of 2018 highs
  - As of the end of Q3, the sector was sitting at 15.1x LTM EBITDA

Comp./Spec. Pharmacy basket consists of: Diplomat Pharmacy, Inc. (NYSE:DPLO), Fagron NV (ENXTBR:FAGR), and Harrow Health, Inc. (NasdaqCM:HROW)
PBM/Managed Care basket consists of: Anthem, Inc. (NYSE:ANTM), Centene Corporation (NYSE:CNC), Cigna Corporation (NYSE:CI), CVS Health Corporation (NYSE:CVS), Humana Inc. (NYSE:HUM), UnitedHealth Group Incorporated (NYSE:UNH), WellCare Health Plans, Inc. (NYSE:WCG)

1) Source: S&P Capital IQ, September, 2019
Valuation Trends (Current, 3 Year, & LTM Comparisons)

▪ Below are the current TEV / EBITDA multiples for each sector as of the end of Q3:
  — Compounding/Specialty Pharmacy: 15.1x (16.0% above current S&P multiple)
  — PBM/Managed Care: 11.0x (15.7% below current S&P multiple)
  — S&P 500: 13.0x

▪ Below are the average TEV / EBITDA multiples for each sector over the last 3 years:
  — Compounding/Specialty Pharmacy: 18.5x (49.5% above average S&P multiple)
  — PBM/Managed Care: 11.5x (7.3% below average S&P multiple)
  — S&P 500: 12.4x

▪ Below are the % change in TEV / EBITDA multiples for each sector over the last 3 years (and LTM):
  — Compounding/Specialty Pharmacy: -24.2% (down 27.6% in the last 12 months)
  — PBM/Managed Care: +3.5% (down 11.9% in the last 12 months)
  — S&P 500: +12.3% (down 0.9% in the last 12 months)