

DEAL PROFILE

OptumRx | Diplomat Pharmacy

VALUES

\$897.3mm

16.5x

0.2x

Implied Enterprise Value

EV / LTM EBITDA

EV / LTM Sales



OptumRx, Inc.

OptumRx, Inc. operates as a pharmacy benefit management company which manages prescription drug benefits of commercial, Medicare, and governmental health plans, as well as employers and unions, in the United States. The company was incorporated in 1990 and is based in Irvine, California. The company operates as a subsidiary of UnitedHealth Group Incorporated.

Total Assets: \$33.9bn 2018 Op. Profit: \$3.6bn 2018 Revenue: \$69.5bn



Diplomat Pharmacy, Inc. (NYSE:DPLO)

Diplomat Pharmacy, Inc. operates as an independent specialty pharmacy in the United States. The company operates through Specialty and PBM segments. The company provides specialty infusion pharmacy, patient care coordination, clinical, compliance, and persistency programs, patient financial assistance, specialty pharmacy training, retail specialty, prior authorization, and more. The company was founded in 1975 and is headquartered in Flint, Michigan.

TEV: \$875.9mm LTM EBITDA: \$54.3mm LTM Revenue: \$5.2bn

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 December 9, 2019, UnitedHealth Group’s Optum unit announced its intention to buy Diplomat Pharmacy for \$300mm. The companies reported that Diplomat will combine with the OptumRx pharmacy benefit management company. Optum is set to pay Diplomat \$4.00 per share through a cash tender offer and an assumption of outstanding debt. Financial terms include the \$300mm cash price plus the assumption of more than \$560mm in debt.

HIGHLIGHTS

This acquisition comes at a time that UnitedHealth continues to acquire more medical care providers and services through its Optum unit. Last week, UnitedHealth Group CEO, Dave Wichmann, said Optum is expected to contribute more than half of UnitedHealth’s profits in 2020. The addition of Diplomat comes as Optum executives begin to roll out what they hope will be a “city-by-city” effort to make medical care more seamless to patients. Andrew Witty, the president of UnitedHealth Group and CEO of Optum, stated that the hundreds of clinics, surgery centers, and urgent care assets the company has acquired will increasingly be “wired together” in markets across the US. The \$4.00 per share tender comes at a significant discount to Diplomat’s 5 year high of ~\$51.31 per share, likely due to industry headwinds, specifically compressed margins, and Diplomat’s debt-burdened balance sheet.