

# INSIGHT



**SPECIALTY & GENERIC PHARMA**

**Q2 2021 Report**

August 2021

**BOURNE PARTNERS**

# Recent News & Events

## \$26B Opioid Settlement (July 2021)

- Drug maker Johnson & Johnson and distributors AmerisourceBergen, Cardinal Health, and McKesson reached a settlement with state attorney generals resolving claims that the companies helped fuel the nationwide opioid epidemic
  - The \$26B settlement will be satisfied over the next 18 years with the funds allocated to the treatment, recovery, education, and prevention of opioid abuse in participating states
  - The deal also calls for the creation of an independent clearinghouse to aggregate data about where drugs are going and how often

## Lower Drug Costs Now Act (April 2021)

- US House of Representatives reintroduced H.R. 3 which aims to lower the cost of prescription drugs for American patients
  - Would allow the Secretary of Health and Human Resources (HHS) to negotiate drug prices in Medicare and make those same prices available to commercial health insurance plans
  - HHS Secretary would select and publish a list of drugs that are eligible for negotiation beginning with at least 25 in 2024 and add another 50 annually thereafter
  - Establish maximum fair prices with manufacturers to be published in the Federal Register

## Biogen's Aduhelm (June 2021)

- Fast-tracked, wide-label FDA approval for Aduhelm, the first approved Alzheimer's drug, sparked controversy since it gave Biogen free rein to the ~6 million patients in US despite efficacy and data quality concerns
  - Some FDA officials stated there wasn't enough data, noting that another clinical trial was necessary before approval
  - Wide-label population is inconsistent with the clinical trial population
  - As a response, the FDA decided to update the label recommendation to only patients with milder forms of Alzheimer's

## Purdue Opioid Abatement Trust (March 2021)

- Purdue Pharma filed a bankruptcy plan to resolve thousands of opioid lawsuits by restructuring the OxyContin maker into an entity that would steer profits to plaintiffs and require the Sackler family to contribute nearly \$4.3 billion to the settlement
  - Create >\$10 billion in value available for opioid abatement programs across US
  - 100% of Purdue's assets will be transferred to the new company
  - Sackler family to pay ~\$4.3 billion into bankruptcy estate and have no ongoing involvement in new entity

# Branded Specialty Pharma Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
Jul 2021	Fertin Pharma A/S	PMI Global Services	Europe	\$816.2	\$175.3	\$54.4	4.7x	15.0x
Jun 2021	Altan Pharma Limited	Ethypharm Gmbh	Europe	\$118.6	\$48.6	NA	2.4x	NA
May 2021	Strongbridge	Xeris Pharmaceuticals	United States	\$201.8	\$32.4	(\$33.6)	6.2x	NM
Apr 2021	Qbrexza	Journey Medical	United States	\$156.5	\$24.0	NA	6.5x	NA
Mar 2021	Hemmo Pharmaceuticals	Piramal Pharmaceutical	India	\$105.9	\$11.6	NA	9.1x	NA
Mar 2021	Amoun Pharma	ADQ	Middle East	\$47	\$16	NA	3.0x	NA
Feb 2021	GW Pharmaceuticals	Jazz Pharmaceuticals	Europe	\$6,784	\$527	-\$30	12.9x	NM
Feb 2021	Portfolio of 4 Takeda Products	Teijin Pharma	Asia	\$1,247	\$286	NA	4.3x	NA
Feb 2021	Portfolio of 11 Daiichi-Sankyo Products	Alfresa Pharma	Asia	\$44	\$43	NA	1.0x	NA
Jan 2021	Advanz Pharma	Nordic Capital	Europe	\$2,042	\$526	\$229	3.9x	8.9x
Dec 2020	Portfolio of 5 Takeda Products	Hasten Biopharma	Asia	\$322	\$110	NA	2.9x	NA
Dec 2020	Alexion	AstraZeneca	United States	\$41,068	\$5,862	\$3,105	7.0x	13.2x
Dec 2020	Neos Therapeutics	Aytu BioScience	United States	\$69	\$57	-\$8	1.2x	NM
Oct 2020	AMAG Pharmaceuticals	Covis Pharma	United States	\$631	\$300	-\$33	2.1x	NM
Aug 2020	Portfolio of 4 LEO Pharma Products	Chepla Pharm	Europe	\$359	\$123	NA	2.7x	NA
May 2020	Remaining Pevaryl Brand Portfolio	Karo Pharma	Europe	\$63	\$22	NA	2.9x	NA

NA - Not Available

NM - Not Meaningful

Median

3.5x

13.2x

Mean

4.6x

12.4x

Source: S&P Capital IQ  
USD in millions

# Generic Pharma Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
Apr 2021	Portfolio of Sandoz NDAs and ANDA	ANI Pharmaceuticals	United States	\$21	\$13	\$229	1.6x	NA
Mar 2021	Perrigo Generic Business	Altaris Capital	United States	\$1,550	\$975	\$255 <sup>(1)</sup>	1.6x	6.1x
Feb 2021	Kashiv Specialty Pharma	Amneal	United States	\$109	NA	\$15 <sup>(2)</sup>	NA	7.3x
Jan 2021	Advanz Pharma <sup>(3)</sup>	Nordic Capital	Europe	\$2,042	\$526	\$229	3.9x	8.9x
Aug 2020	Strides Pharma Science <sup>(4)</sup>	Pronomz Ventures	India	\$831	\$377	\$61	2.2x	13.6x
Aug 2020	STADA <sup>(4)</sup>	Nidda Healthcare	Europe	\$9,770	\$2,978	\$690	3.2x	13.8x
Jul 2020	Coland	Oceanic World	Asia	\$100	\$67	\$4	1.5x	NM
Jan 2020	AvKARE	Amneal Pharmaceuticals	United States	\$340	NA	\$63	NA	5.4x

NA - Not Available

NM - Not Meaningful

<b>Median</b>	<b>1.9x</b>	<b>8.1x</b>
<b>Mean</b>	<b>2.3x</b>	<b>9.2x</b>

(1) LTM EBIT

(2) Chirag Patel, Co-Chief Executive Officer: "Transaction will be financially accretive by approximately \$15 million of adjusted EBITDA on an annualized basis"

(3) Transaction in both Branded Specialty and Generic comps given composition of portfolio

(4) Acquisition of equity stake

# Branded Specialty Pharma Trading Comps

Company	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	Gross Profit	EBITDA Margin	Ent. Value / Revenue	Ent. Value / EBITDA
Almirall	BME:ALM	\$3,462	\$960	\$248	77.2%	25.8%	3.6x	14.0x
Bausch	NYSE:BHC	\$33,305	\$8,478	\$3,255	71.4%	38.4%	3.9x	10.2x
H. Lundbeck	CPSE:LUN	\$6,974	\$2,706	\$597	76.2%	22.1%	2.6x	11.7x
Horizon Therapeutics	NasdaqGS:HZNP	\$22,920	\$2,557	\$582	76.3%	22.8%	9.0x	39.4x
Indivior	LSE:INDV	\$859	\$725	\$189	83.7%	26.1%	1.2x	4.5x
Ipsen	ENXTPA:IPN	\$8,995	\$3,313	\$1,148	82.1%	34.7%	2.7x	7.8x
Jazz Pharmaceuticals	NasdaqGS:JAZZ	\$16,873	\$2,626	\$1,075	92.9%	41.0%	6.4x	15.7x
Recordati	BIT:REC	\$12,778	\$1,731	\$644	72.5%	37.2%	7.4x	19.8x
Takeda	TSE:4502	\$85,979	\$30,147	\$9,291	70.1%	30.8%	2.9x	9.3x
UCB	ENXTBR:UCB	\$21,235	\$6,541	\$1,751	75.2%	26.8%	3.2x	12.1x

NA - Not Available

NM - Not Meaningful

**Median**

**3.4x**

**11.9x**

**Mean**

**4.3x**

**14.5x**

# Generic Pharma Trading Comps

Company	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	Gross Profit	EBITDA Margin	Ent. Value / Revenue	Ent. Value / EBITDA
Amphastar	NasdaqGS:AMPH	\$909	\$384	\$56	43.1%	14.5%	2.4x	16.3x
Dr. Reddy's Laboratories	BSE:500124	\$12,155	\$2,620	\$581	53.4%	22.2%	4.6x	20.9x
Hikma	LSE:HIK	\$8,404	\$2,425	\$726	51.6%	29.9%	3.5x	11.6x
Lannett	NYSE:LCI	\$730	\$511	\$56	23.9%	10.9%	1.4x	13.1x
Lupin	BSE:500257	\$7,144	\$2,140	\$390	62.4%	18.2%	3.3x	18.3x
Viatrix	NasdaqGS:VTRS	\$41,174	\$15,604	\$5,725	41.4%	36.7%	2.6x	7.2x
Nichi-Iko	TSE:4541	\$1,714	\$1,675	(\$19)	9.0%	NM	1.0x	NM
Perrigo	NYSE:PRGO	\$9,366	\$4,990	\$825	35.9%	16.5%	1.9x	11.4x
Sun Pharmaceutical	NSEI:SUNPHARMA	\$20,846	\$4,794	\$1,275	73.7%	26.6%	4.3x	16.3x
Taro	NYSE:TARO	\$1,122	\$578	\$181	53.5%	31.2%	1.9x	6.2x
Teva	NYSE:TEVA	\$33,998	\$16,324	\$4,416	46.9%	27.1%	2.1x	7.7x

NA - Not Available

NM - Not Meaningful

<b>Median</b>	<b>2.4x</b>	<b>12.3x</b>
<b>Mean</b>	<b>2.7x</b>	<b>12.9x</b>

# Valuation Trends – Last 5 Years

## Historical Total Enterprise Value / EBITDA Multiples

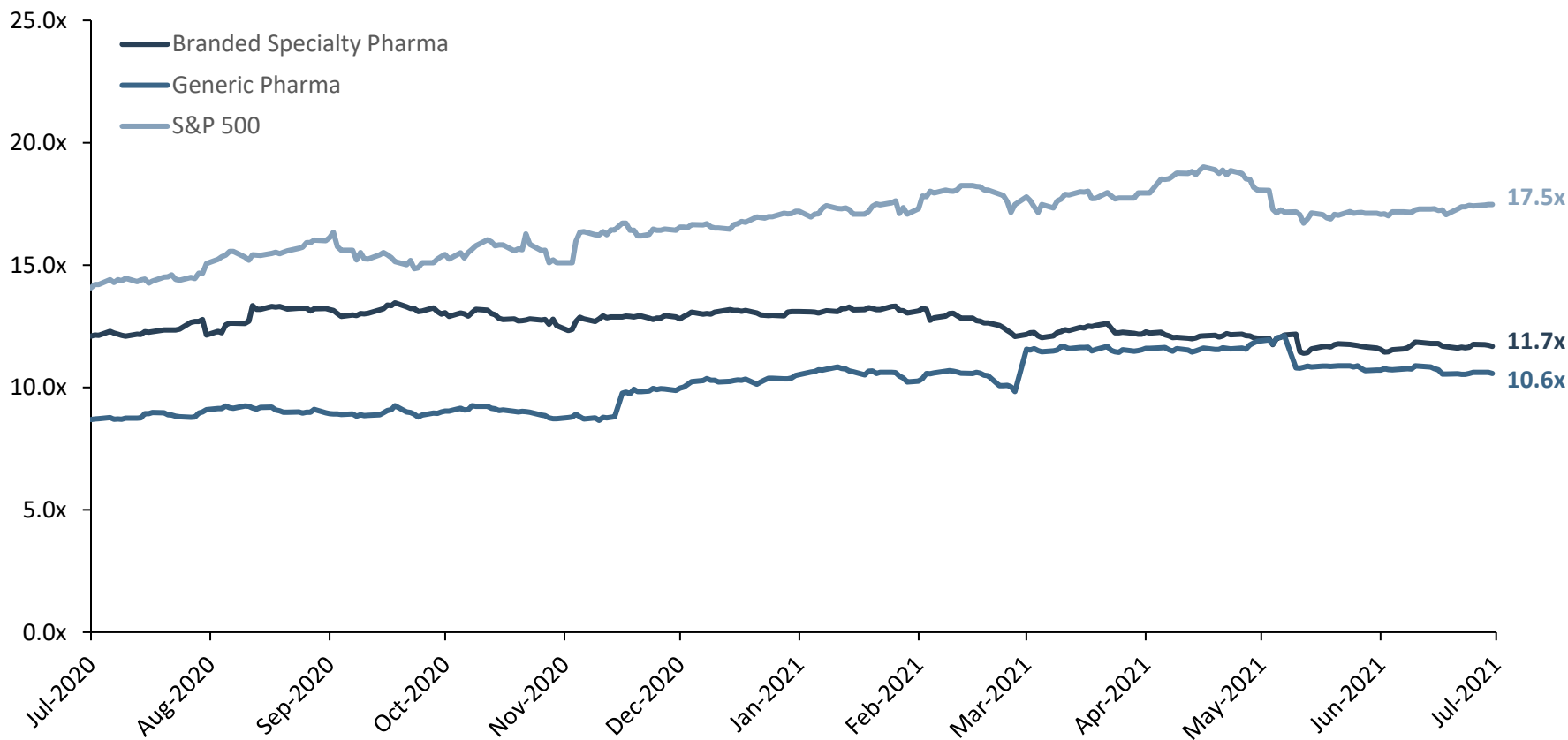


**Branded Specialty Pharma basket consists of:** UCB SA (ENXTBR:UCB), Ipsen S.A. (ENXTPA:IPN), Bausch Health Companies Inc. (NYSE:BHC), H. Lundbeck A/S (CPSE:LUN), Recordati Industria Chimica e Farmaceutica S.p.A. (BIT:REC), Jazz Pharmaceuticals plc (NasdaqGS:JAZZ), Horizon Pharma plc (NasdaqGS:HZNP), Almirall, S.A. (BME:ALM), ADVANZ PHARMA Corp. (TSX:ADVZ), Indivior PLC (LSE:INDV), Asserlio Therapeutics, Inc. (NasdaqGS:ASRT), Takeda Pharmaceutical Company Limited (TSE:4502)

**Generic Pharma basket consists of:** Amphastar Pharmaceuticals, Inc. (NasdaqGS:AMPH), Dr. Reddy's Laboratories Limited (BSE:500124), Hikma Pharmaceuticals PLC (LSE:HIK), Lannett Company, Inc. (NYSE:LCI), Lupin Limited (BSE:500257), Viatri, Inc. (NasdaqGS:VTRS), Nichi-Iko Pharmaceutical Co., Ltd. (TSE:4541), Sun Pharmaceutical Industries Limited (NSEI:SUNPHARMA), Taro Pharmaceutical Industries Ltd. (NYSE:TARO), Teva Pharmaceutical Industries Limited (NYSE:TEVA)

# Valuation Trends – Last 12 Months

## Historical Total Enterprise Value / EBITDA Multiples



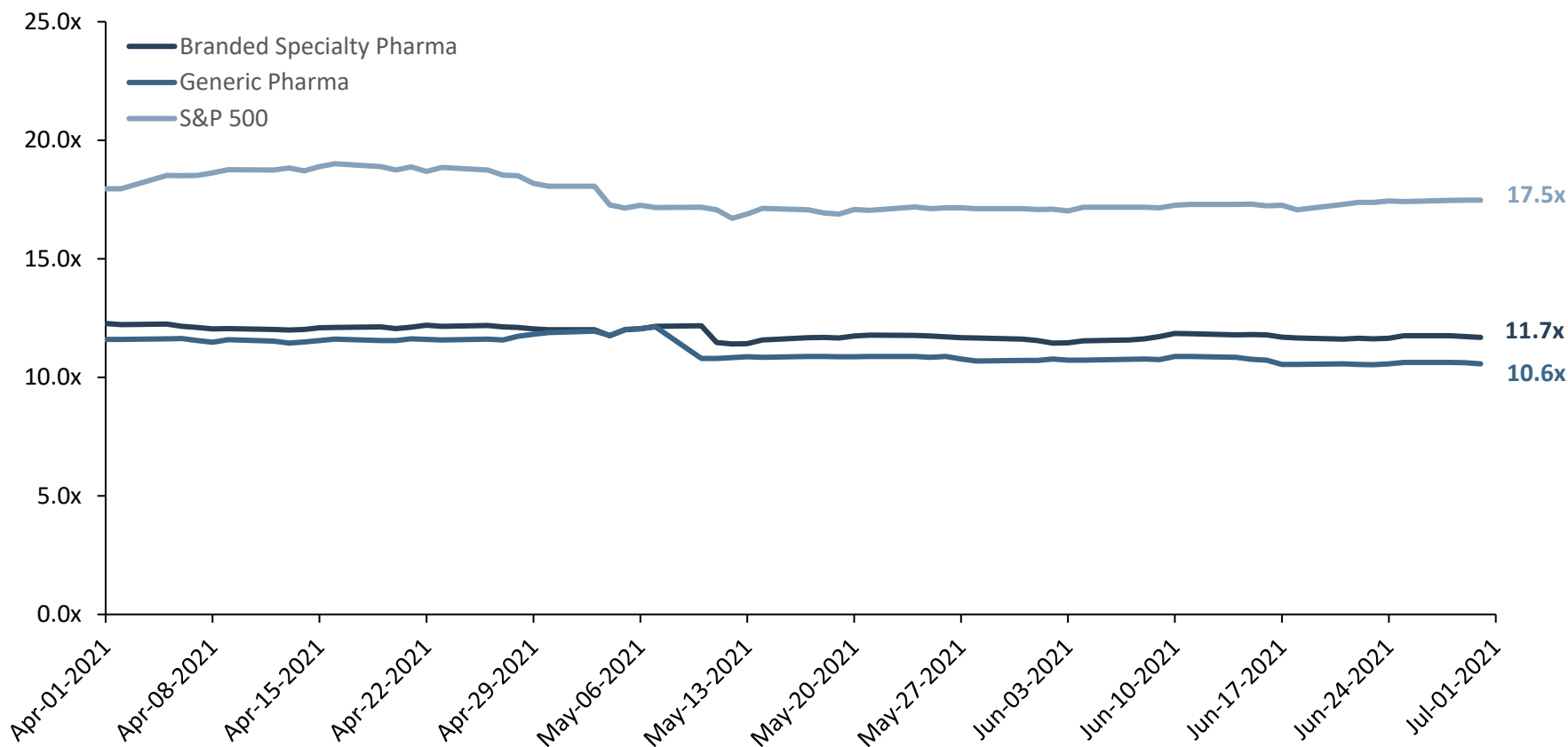
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# Valuation Trends – Last 3 Months

Historical Total Enterprise Value / EBITDA Multiples

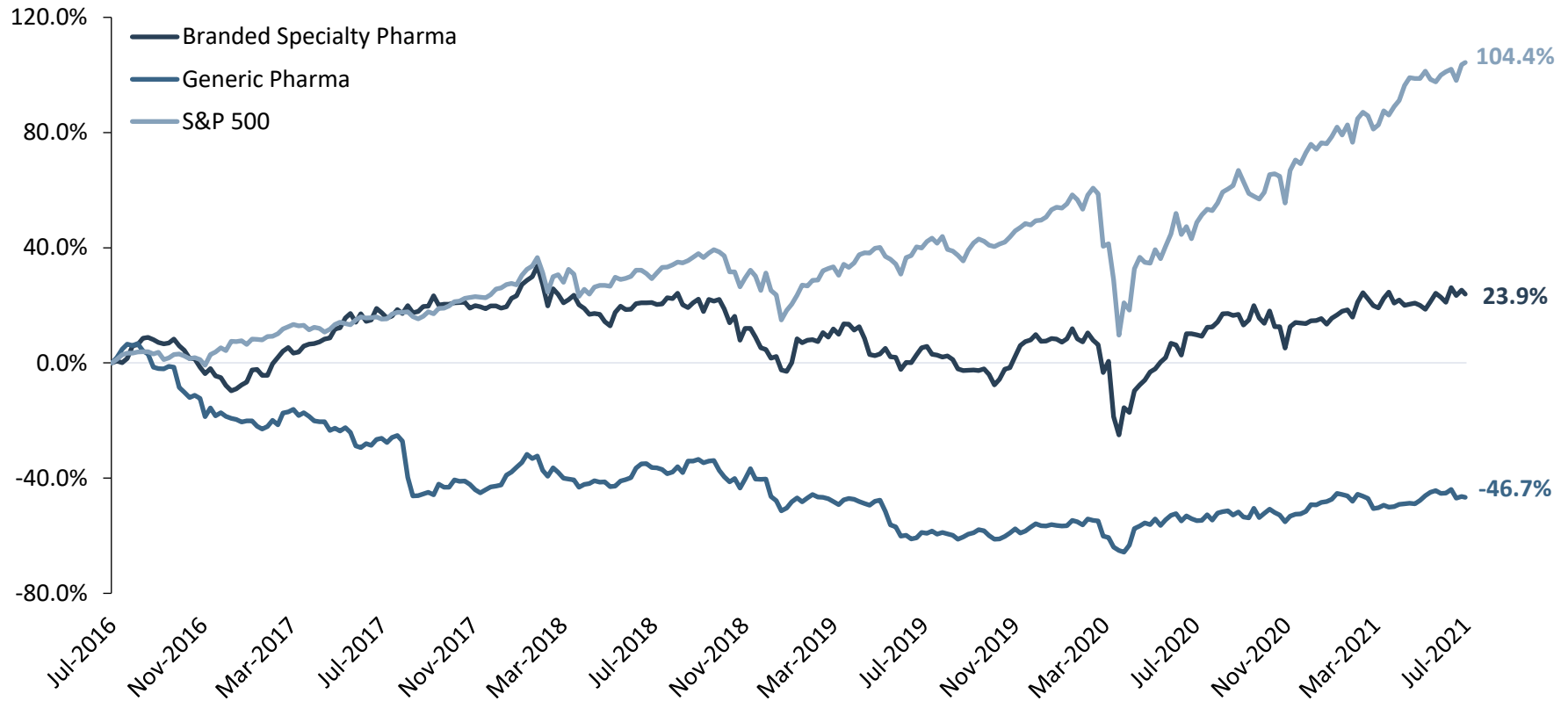


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# Market Performance – Last 5 Years

## Historical Index Performance

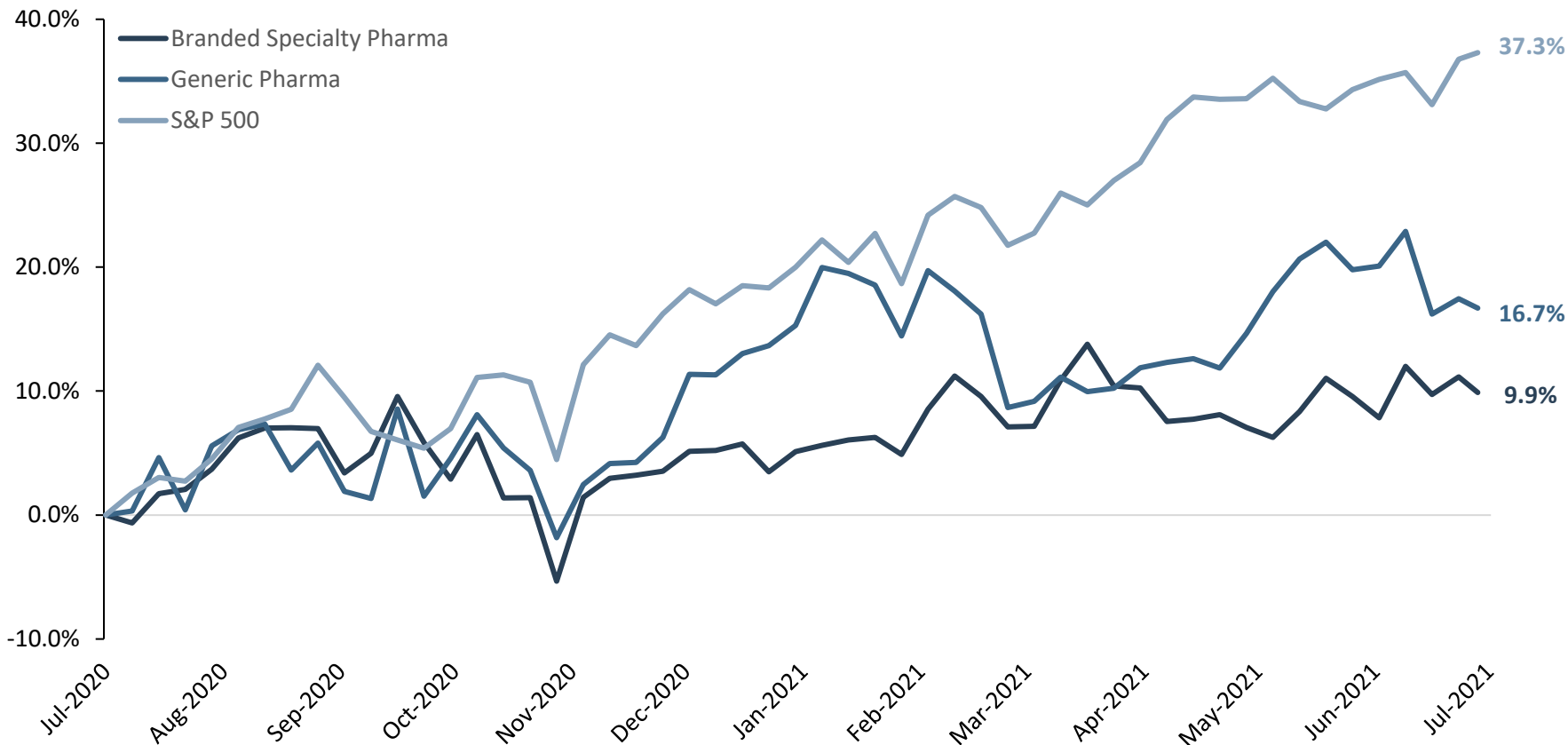


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# Market Performance – Last 12 Months

## Historical Index Performance

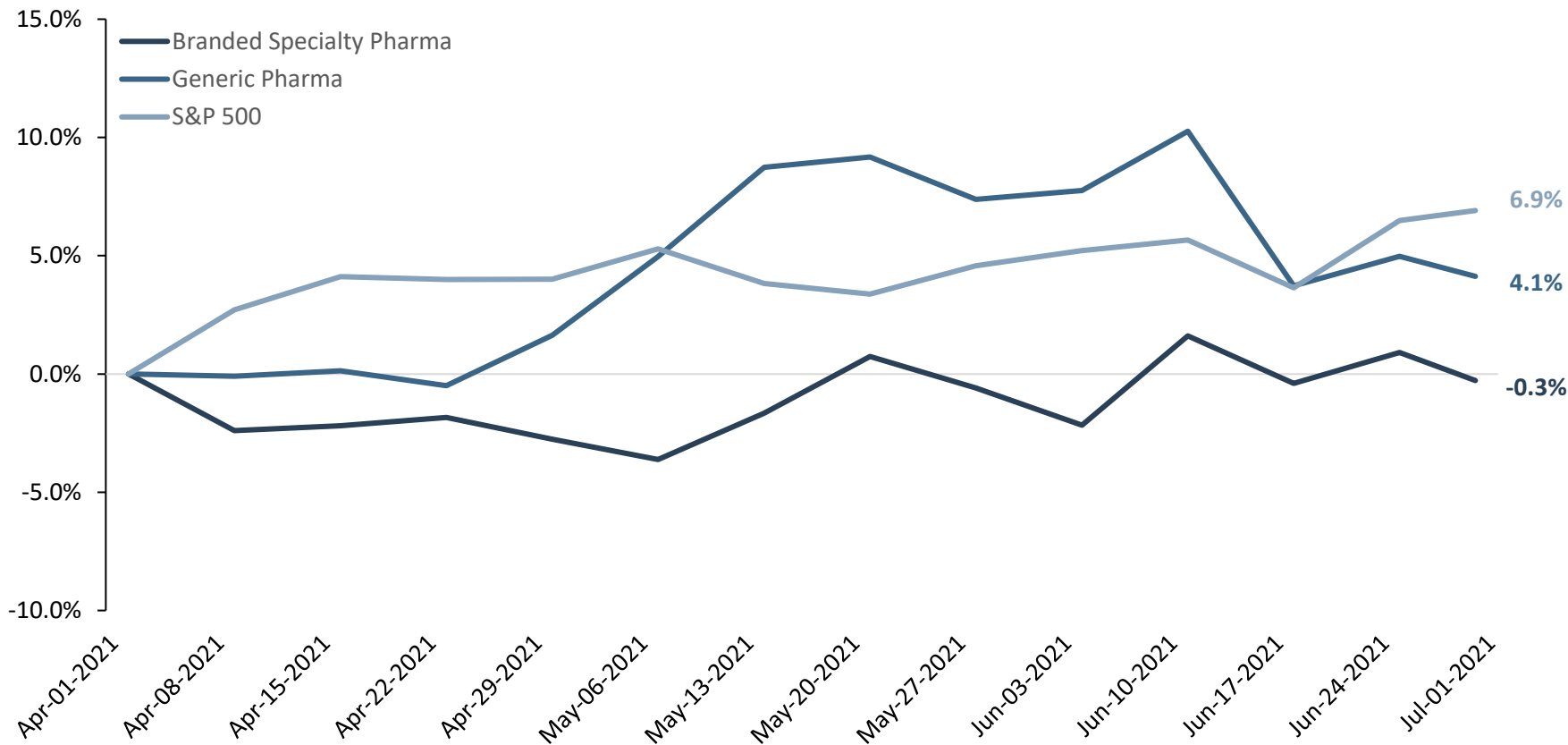


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# Market Performance – Last 3 Months

## Historical Index Performance



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# Index Trends

Valuation	Branded Specialty Pharma	Generic Pharma
<b>Current EBITDA Multiple</b>	<b>11.7x</b>	<b>10.6x</b>
5 Year Average EBITDA Multiple	12.4x	10.1x
Current Multiple Difference	-5.7%	4.5%
5 Year Max EBITDA Multiple	15.2x	12.6x
Current Multiple Difference	-22.9%	-15.8%
5 Year Min EBITDA Multiple	8.5x	7.6x
Current Multiple Difference	38.4%	39.9%

Returns	Branded Specialty Pharma	Generic Pharma
Last 5 Years Annualized Return	4.4%	-11.8%
Last 12 Months Annualized Return	9.9%	16.7%
Last 3 Months Annualized Return	-1.1%	17.6%

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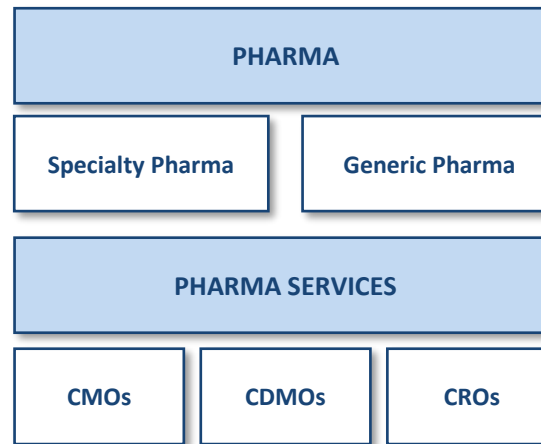
# Trusted Leader in Pharma

Bourne Partners is the go-to advisory resource for optimizing pharma transaction outcomes

## About Bourne Partners

- ▶ Founded in 2001, celebrating 20 years of successful pharma and pharma services transaction outcomes
- ▶ \$6+ billion of deals closed in the last 6 years
- ▶ \$20 million - \$1+ billion transaction size
- ▶ Range of investment banking services:
  - M&A (sell-side and buy-side)
  - Capital raising (debt, equity, and hybrid / uni-tranche structures)
  - Licensing / partnership transactions
- ▶ Deep experience in the US, Europe, and Latin America

## Our Focus Areas



## Pharma Contact



**Robert Stanley**  
Director &  
Head of Pharma Coverage

- ▶ 13+ years of investment banking experience
- ▶ Pharma M&A and capital raising advisory
- ▶ Execution support across the firm's Pharma M&A assignments and private equity investments
- ▶ BS, Wake Forest University
- ▶ FINRA S7, S63, and S79 licenses

We welcome the opportunity to discuss the market and any ways we can be helpful to your company:

Email: [rstanley@bourne-partners.com](mailto:rstanley@bourne-partners.com)  
Direct: 704-714-8354

## Representative Pharma and Pharma Services Transactions

 has been acquired by 	 has announced acquisition by 	 has formed a Partnership with 	 has been acquired by 	 has received financing from 	 Generic Rx Portfolio has been acquired by 	 has been acquired by 	 has been advised by  on strategic initiatives	 has sold several ANDAs to 	 has been acquired by 
 has been acquired by 	 has been acquired by 	 has received financing from 	 has been advised by  on multiple acquisitions	 has been advised by  on multiple transactions	 Huntsville Facility has been sold to   	 has been advised by  on Strategic Initiatives	 has been acquired by 	 Sterile Injectables has been acquired by 	 has been acquired by 