

INSIGHT



SPECIALTY & GENERIC PHARMA

Q1 2021 Report

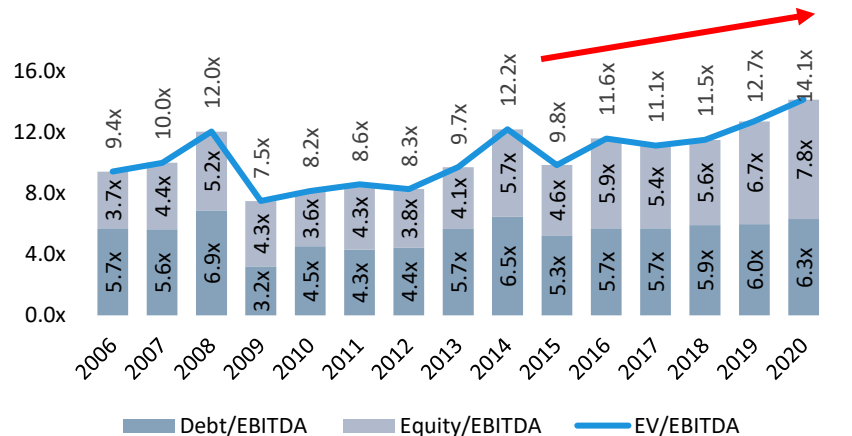
BOURNE PARTNERS

Market Commentary – Debt Capital Markets

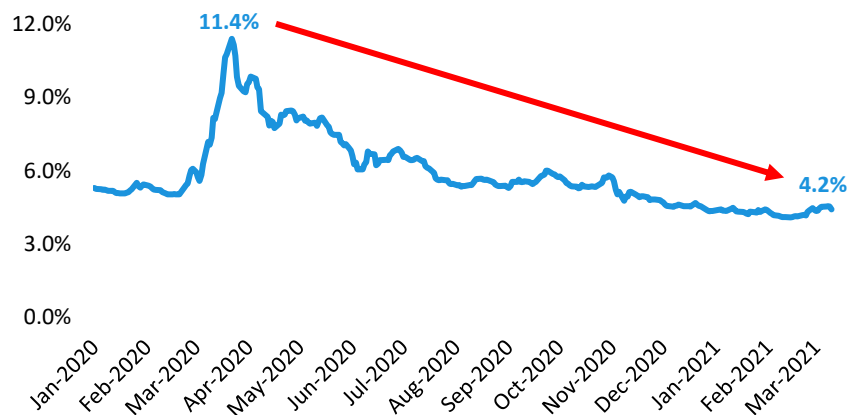
Debt Markets

- 2020 saw increased amounts of debt used in buyouts across the board, resulting in the highest debt / EBITDA levels since 2014
 - The increased use of debt was driven by 2H20 back-end loaded lending activity (primarily 4Q20) as certainty around the U.S. election and vaccination expectations increased
- As the effects of COVID now begin to diminish, debt markets have seemingly recovered, signaling that lenders have become increasingly comfortable with macroeconomic and company-specific fundamentals
 - With increased confidence, lenders are currently looking to provide strong leverage for high-quality assets, particularly ones that have proven their stability through the recent market downturn
- The spread on U.S. high-yield debt has returned to pre-COVID levels
 - 4.22% current effective yield compared with a 11.38% effective yield on March 23, 2020 (peak of the pandemic)
- We expect increased activity by lenders in 2021 due to:
 - Pent-up demand in M&A activity driven by the impact of COVID
 - Limited Partner agreements and investor mandates continuing to drive deal activity
 - Historically high levels of private equity dry powder, which brings us to the next slide...

Median US Buyout Multiples



Historical US High Yield Debt Effective Yield

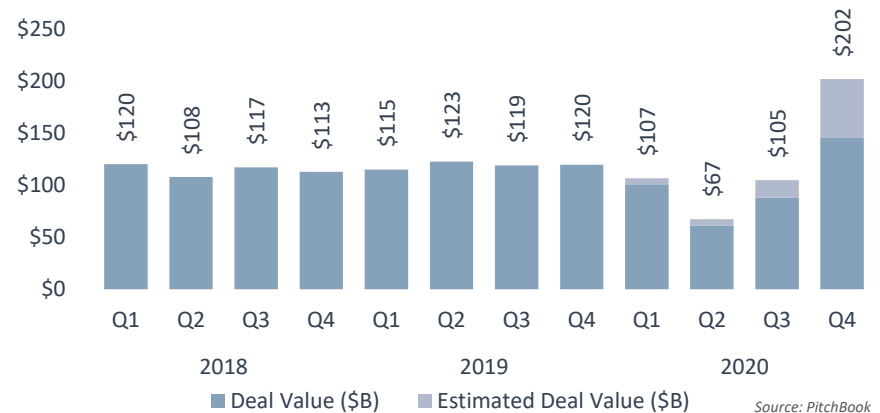


Market Commentary – Private Equity

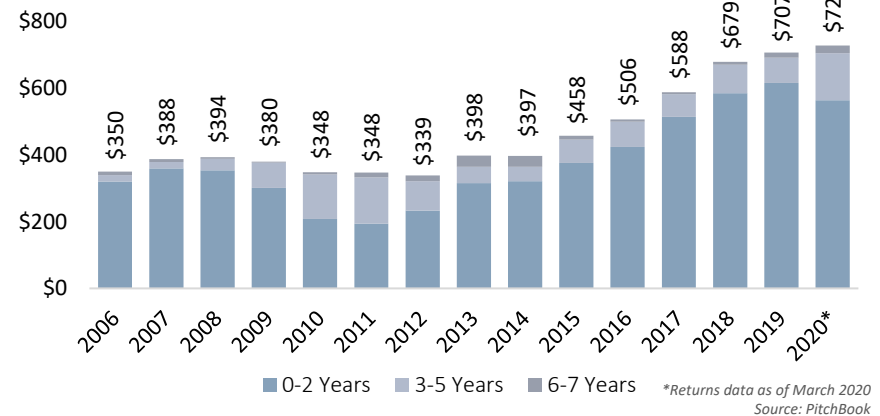
Private Equity

- Portfolios have stabilized with sufficient liquidity, and in most cases, performance has been steadily improving since the onset of COVID
- Majority of firms have indicated that they are actively looking for deals and are willing to perform significant diligence remotely to minimize travel/meetings with management
 - Some groups have mentioned the ability to close and fund deals performing 100% virtual diligence, if LP agreements permit
 - Third-party diligence providers are willing to perform the majority of diligence remotely
- Private equity firms remain willing to pay pre-COVID multiples for outstanding assets – record levels of dry powder and significant pent-up demand in the market for high-quality assets
 - As of March 31st, 2020, US private equity had a record level of capital overhang, exceeding \$725B
 - Dry powder falling in the age range of 3-5 years was nearly double that of 2019 (\$75B) in 2020 (\$141B)
 - Due to turbulent market conditions and the fallout related to COVID-19, we expect the levels of capital overhang to diminish substantially in 2021 as private equity groups continue to deploy significant capital

US Private Equity Middle Market Deal Value



US Private Equity Dry Powder by Maturity (\$B)

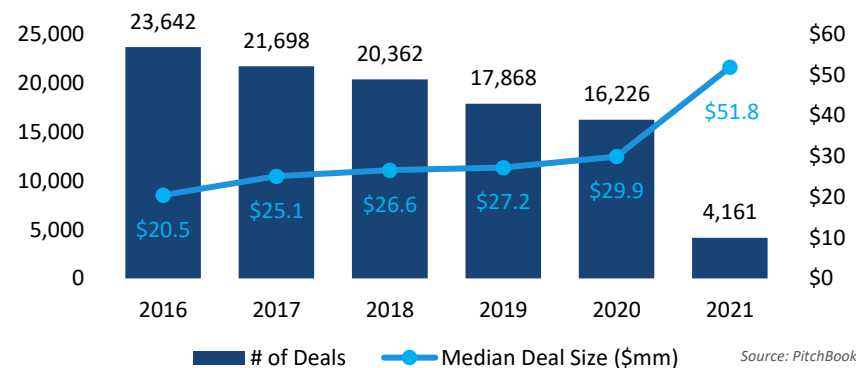


Market Commentary – Mergers & Acquisitions

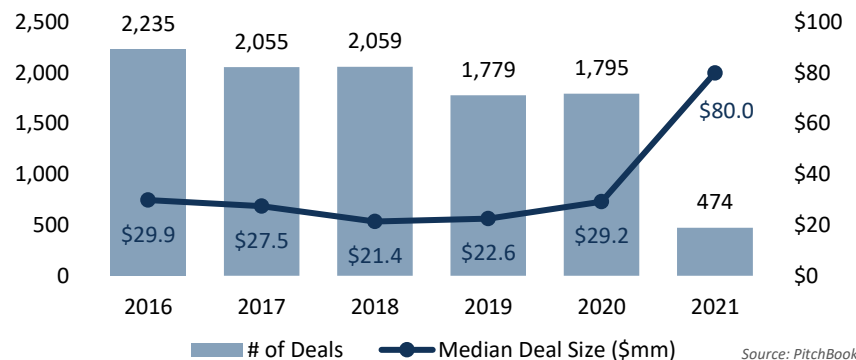
Mergers & Acquisitions

- As deal volume has steadily decreased for the past five years in both the overall market and the healthcare sector, we have continued to see median deal size grow and expand into what could be a strong 2021
 - With public equity markets reaching all time highs continually, private markets are following suit as investors / companies are looking to deploy capital and are willing to pay a premium for strong companies
- Many transactions were either pushed out or halted during the COVID-19 pandemic, leaving buyers with a solid appetite to transact in order to meet company objectives
- As the world begins to re-open and resume normal life (albeit at a slow pace), resurgences in key areas such as elective surgeries and medical testing will help drive strong(er) company fundamentals and expected healthcare deal activity in 2021

Last 5 Years – All M&A Transactions



Last 5 Years – Healthcare M&A Transactions



COVID-19 – M&A Process Considerations

- The impact of COVID-19 has had lasting effects on the way Bourne runs and executes its M&A processes
 - We are mindful of buyer health concerns and can proactively prepare to address them to ensure that we enable strong participation in our processes to maximize competition
- We have experience closing transaction processes during COVID, which has allowed us to refine and develop our approach to how we currently manage processes
- We leverage technology as much as possible to support a nearly “virtual” process
 - Bourne’s diligence and preparation can be completed remotely
 - Buyer outreach through indications of interest can take the traditional form of pre-COVID processes
 - Roadshows and management presentations can be hosted virtually (with some adjustments to content)
 - Require refresh bids after management presentations to down-select and limit in-person meetings to a reduced group of highly motivated parties
 - Prepare to support all business and third-party diligence remotely with a fully “buttoned up” virtual data room, and utilize technology to perform as much diligence as possible
 - Consider proactively commissioning diligence materials to take the place of traditional standard in person third party diligence such as facility tours and operational reviews
 - Bourne tightly manages processes and sets firm milestones for diligence phases to ensure buyers do their work on a strict timeline and do not use inability to travel/meet in-person as an excuse to elongate processes

Representative Bourne Transactions During COVID

2021
up to \$210,000,000



Bourne Partners served as the exclusive M&A advisor to ANI Pharmaceuticals in its acquisition of Novitium Pharma

BOURNE PARTNERS

2021
Undisclosed



Bourne Partners served as the exclusive advisor to ConTIPI in its commercialization partnership with Indegene

BOURNE PARTNERS


2021
up to \$36,000,000



Bourne Partners served as the exclusive M&A advisor to Nuvera Life Science in its sale to UDG Healthcare

BOURNE PARTNERS

2020
Undisclosed



Bourne Partners served as the exclusive M&A advisor to Apollo Pharmaceuticals USA in its sale to Provepharm Life Solutions

BOURNE PARTNERS

2020
\$10,000,000



Bourne Partners served as the exclusive advisor to American Injectables in securing its Series A Financing from New Rhein Healthcare

BOURNE PARTNERS

Branded Specialty Pharma – Corporate Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
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
Jan 2021	Advanz Pharma ⁽¹⁾	Nordic Capital	Europe	\$2,042	\$526	\$229	3.9x	8.9x
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
Mar 2020	Zyla Life Sciences	Assertio Therapeutics	United States	\$116	\$81	-\$21	1.4x	NM

NA - Not Available

NM - Not Meaningful

Median	3.0x	11.1x
Mean	4.5x	11.1x

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

Source: S&P Capital IQ
USD in millions

Branded Specialty Pharma – Asset Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
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
Dec 2020	Portfolio of 5 Takeda Products	Hasten Biopharma	Asia	\$322	\$110	NA	2.9x	NA
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
Mar 2020	Portfolio of 4 UCB Products	Advanz Pharma	Europe	\$85	\$33	NA	2.5x	NA
Mar 2020	Portfolio of 12 Hypera Products	Eurofarma	Latin America	\$161	\$38	NA	4.2x	NA

NA - Not Available

NM - Not Meaningful

Median

2.9x

NA

Mean

2.9x

NA

Generic Pharma – Corporate Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
Mar 2021	Perrigo Generic Business	Altaris Capital	United States	\$1,550	\$975	\$255 ⁽¹⁾	1.6x	6.1x
Feb 2021	Kashiv Specialty Pharma	Amneal	United States	\$109	NA	\$15 ⁽²⁾	NA	7.3x
Jan 2021	Advanz Pharma ⁽³⁾	Nordic Capital	Europe	\$2,042	\$526	\$229	3.9x	8.9x
Aug 2020	Strides Pharma Science ⁽⁴⁾	Pronomz Ventures	India	\$831	\$377	\$61	2.2x	13.6x
Aug 2020	STADA ⁽⁴⁾	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	5.4

NA - Not Available

NM - Not Meaningful

Median	2.2x	8.1x
Mean	2.5x	9.2x

(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 – Company Comps

Company	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	Gross Profit	EBITDA Margin	Ent. Value / Revenue	Ent. Value / EBITDA
Almirall	BME:ALM	\$3,113	\$996	\$267	76.4%	26.8%	3.1x	11.6x
Bausch	NYSE:BHC	\$34,888	\$8,027	\$3,159	72.0%	39.4%	4.3x	11.0x
Lundbeck	CPSE:LUN	\$7,446	\$2,904	\$801	76.7%	27.6%	2.6x	9.3x
Horizon Therapeutics	NasdaqGS:HZNP	\$19,600	\$2,200	\$554	75.8%	25.2%	8.9x	35.3x
Indivior	LSE:INDV	\$621	\$674	\$148	84.0%	22.0%	0.9x	4.2x
Ipsen	ENXTPA:IPN	\$7,735	\$3,286	\$1,110	81.7%	33.8%	2.4x	7.0x
Jazz Pharmaceuticals	NasdaqGS:JAZZ	\$9,378	\$2,364	\$1,044	93.7%	44.2%	4.0x	9.0x
Recordati	BIT:REC	\$12,138	\$1,772	\$684	71.9%	38.6%	6.8x	17.8x
Takeda	TSE:4502	\$100,823	\$30,998	\$7,571	66.1%	24.4%	3.3x	13.3x
UCB	ENXTBR:UCB	\$19,687	\$6,541	\$1,715	74.5%	26.2%	3.0x	11.5x

NA - Not Available

NM - Not Meaningful

Median

3.2x

11.3x

Mean

3.9x

13.0x

Generic Pharma – Company Comps

Company	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	Gross Profit	EBITDA Margin	Ent. Value / Revenue	Ent. Value / EBITDA
Amphastar	NasdaqGS:AMPH	\$831	\$350	\$37	41.0%	10.7%	2.4x	22.2x
Dr. Reddy's Laboratories	BSE:500124	\$10,305	\$2,557	\$607	53.8%	23.7%	4.0x	17.0x
Hikma	LSE:HIK	\$7,811	\$2,341	\$686	51.8%	29.3%	3.3x	11.4x
Lannett	NYSE:LCI	\$807	\$543	\$70	26.1%	12.9%	1.5x	11.5x
Lupin	BSE:500257	\$6,260	\$2,085	\$318	61.9%	15.2%	3.0x	19.7x
Viatis	NasdaqGS:VTRS	\$42,042	\$11,946	\$2,983	40.0%	25.0%	3.5x	14.1x
Perrigo	NYSE:PRGO	\$8,521	\$5,063	\$861	35.9%	17.0%	1.7x	9.9x
Sun Pharmaceutical	NSEI:SUNPHARMA	\$18,911	\$4,541	\$1,083	72.2%	23.9%	4.2x	17.5x
Taro	NYSE:TARO	\$1,271	\$576	\$187	55.9%	32.5%	2.2x	6.8x
Teva	NYSE:TEVA	\$36,337	\$16,284	\$4,401	46.3%	27.0%	2.2x	8.3x

NA - Not Available

NM - Not Meaningful

Median

2.7x

12.8x

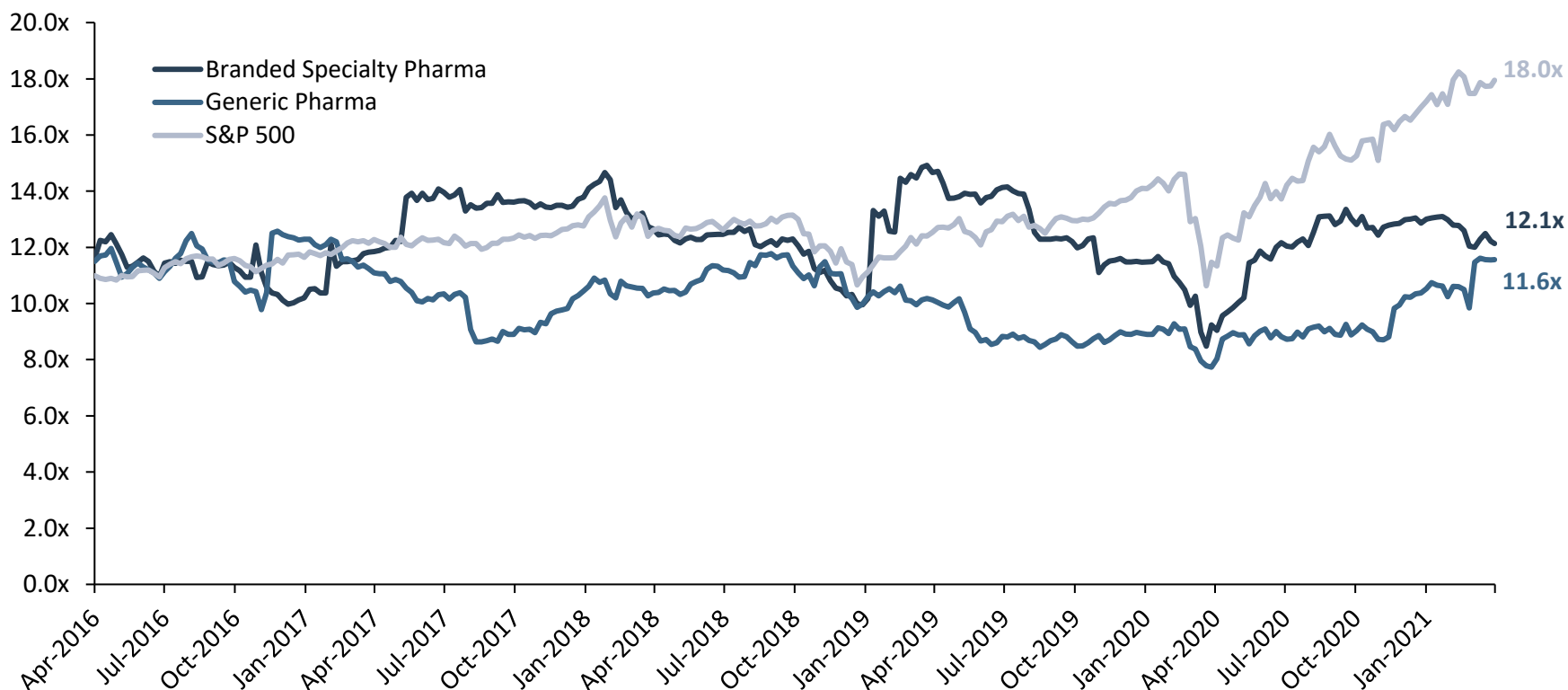
Mean

2.8x

13.8x

Valuation Trends – Last 5 Years

Historical Total Enterprise Value / EBITDA Multiples

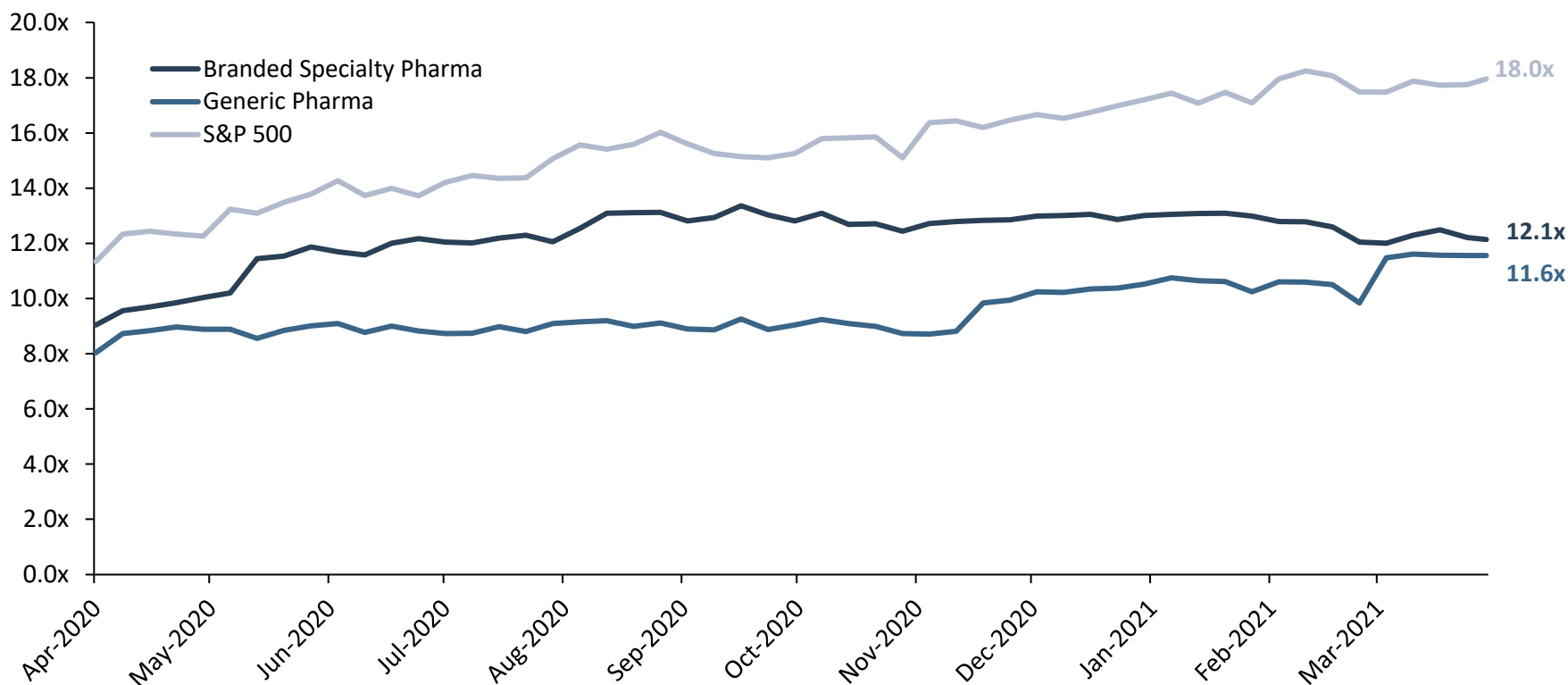


Branded Specialty Pharma basket consists of: UCB SA (ENXTBR:UCB), Ipsen S.A. (ENXTPA:IPN), Bausch Health Companies Inc. (NYSE:BHC), H. Lundbeck A/S (CPSE:LUN), Recordati Industria Chimica e Farmaceutica S.p.A. (BIT:REC), Jazz Pharmaceuticals plc (NasdaqGS:JAZZ), Horizon Pharma plc (NasdaqGS:HZNP), Almirall,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

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Valuation Trends – Last 12 Months

Historical Total Enterprise Value / EBITDA Multiples

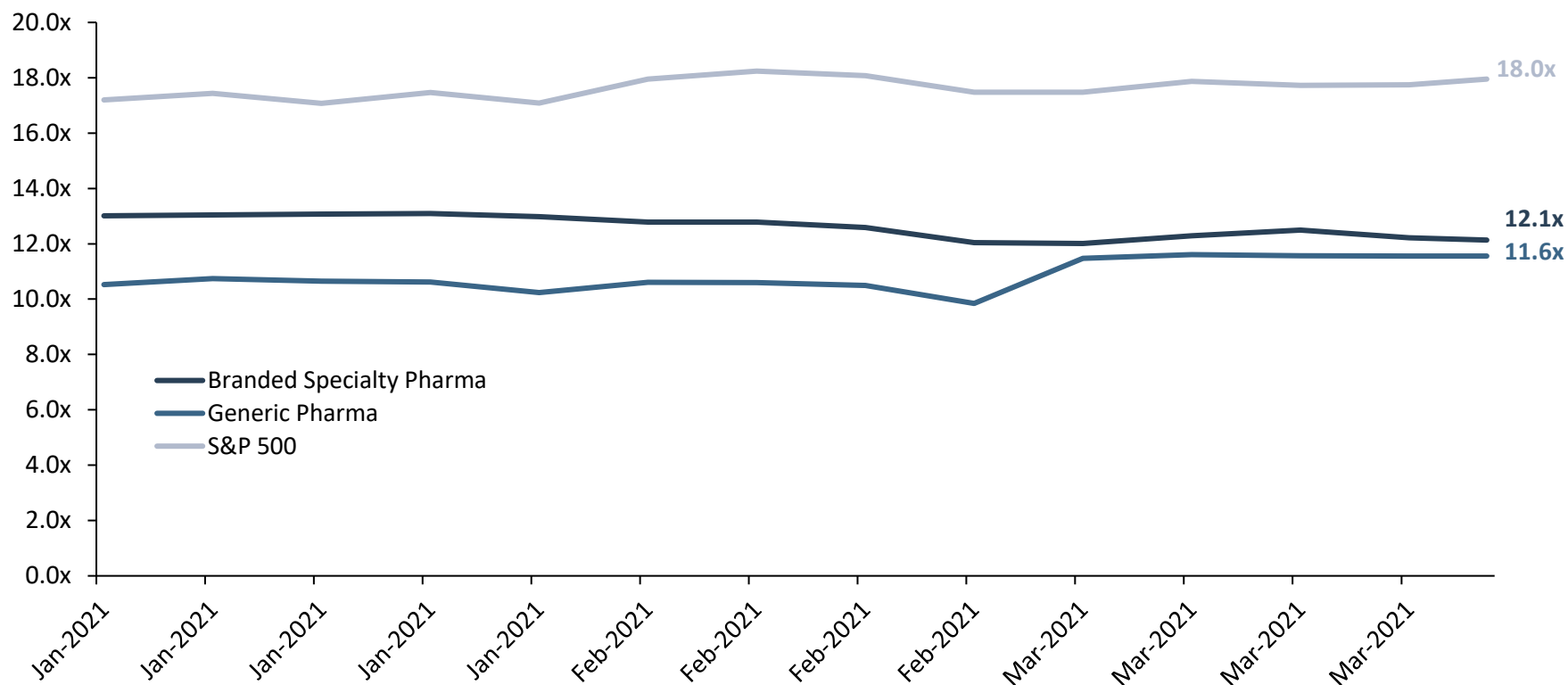


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Valuation Trends – Last 3 Months

Historical Total Enterprise Value / EBITDA Multiples

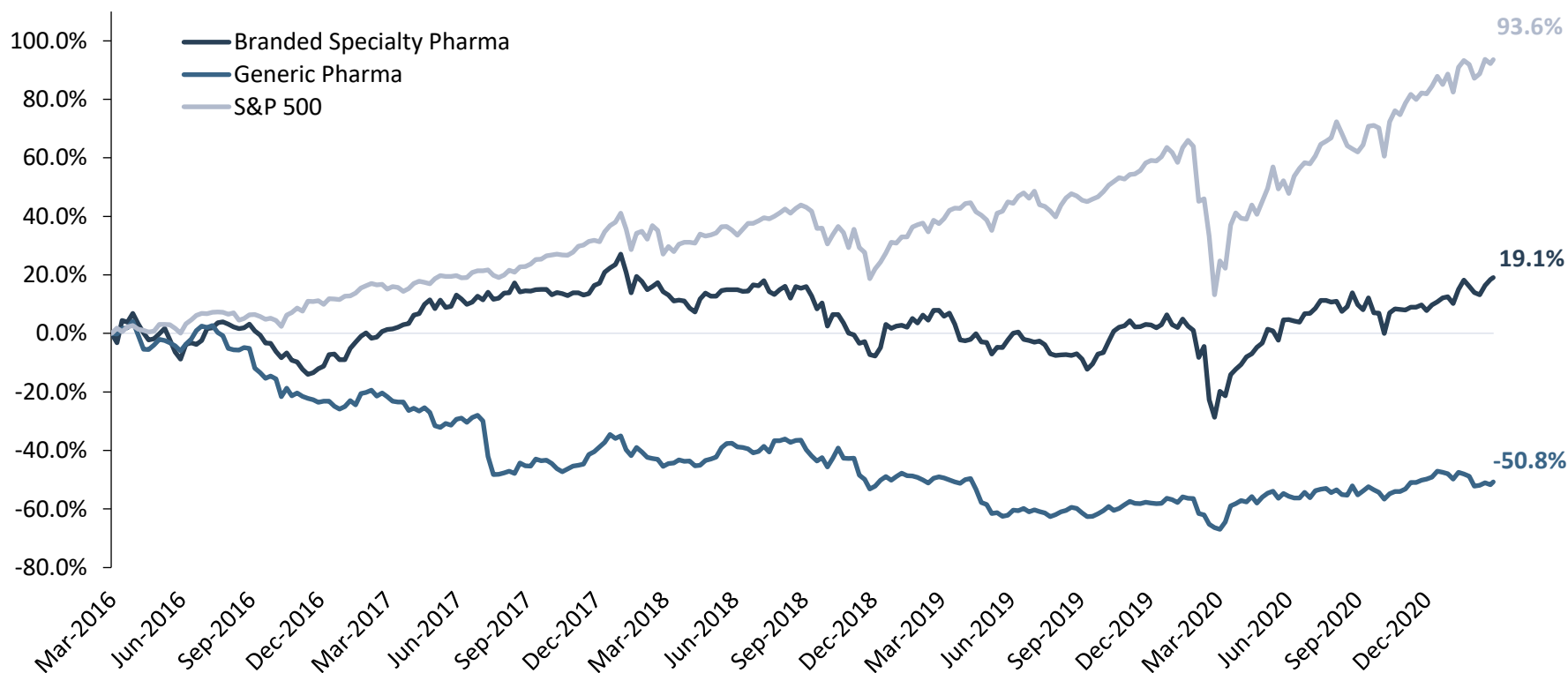


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Market Performance – Last 5 Years

Historical Index Performance

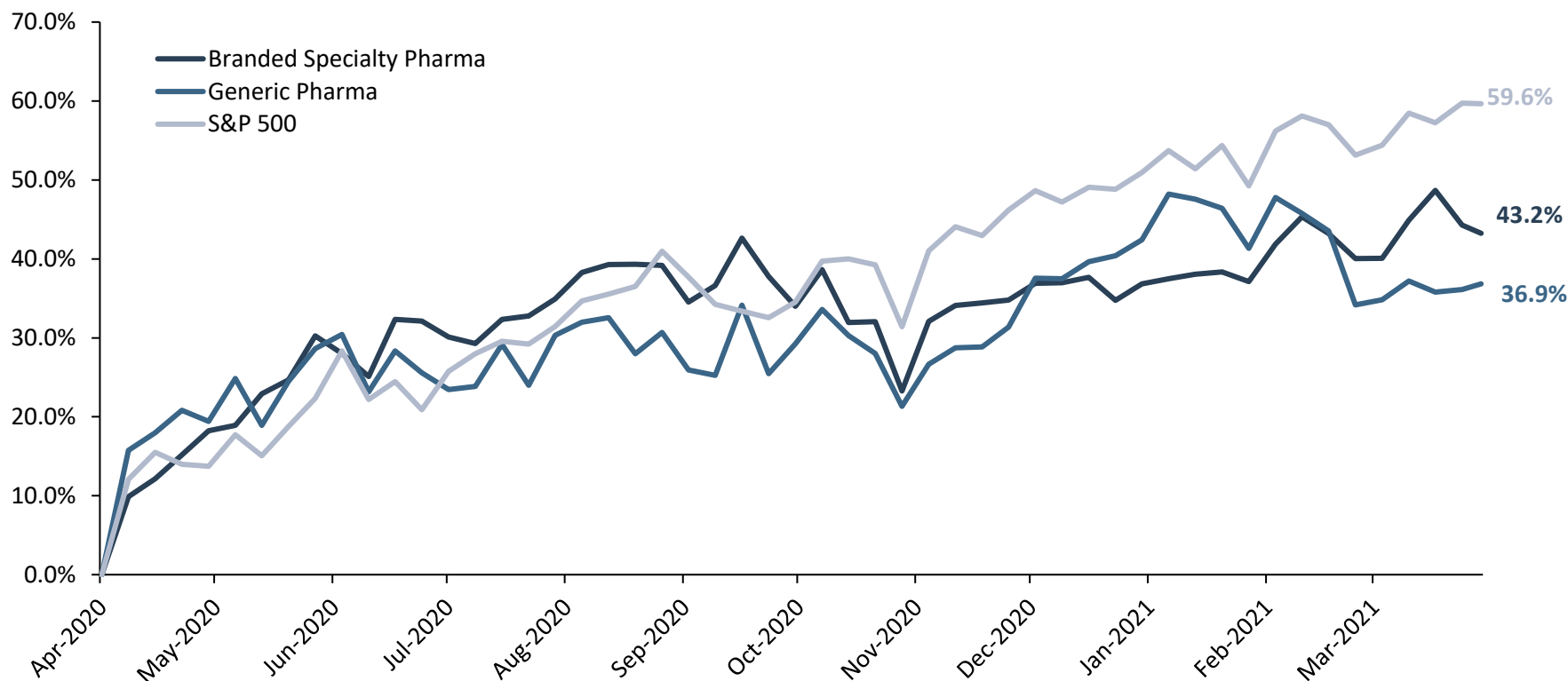


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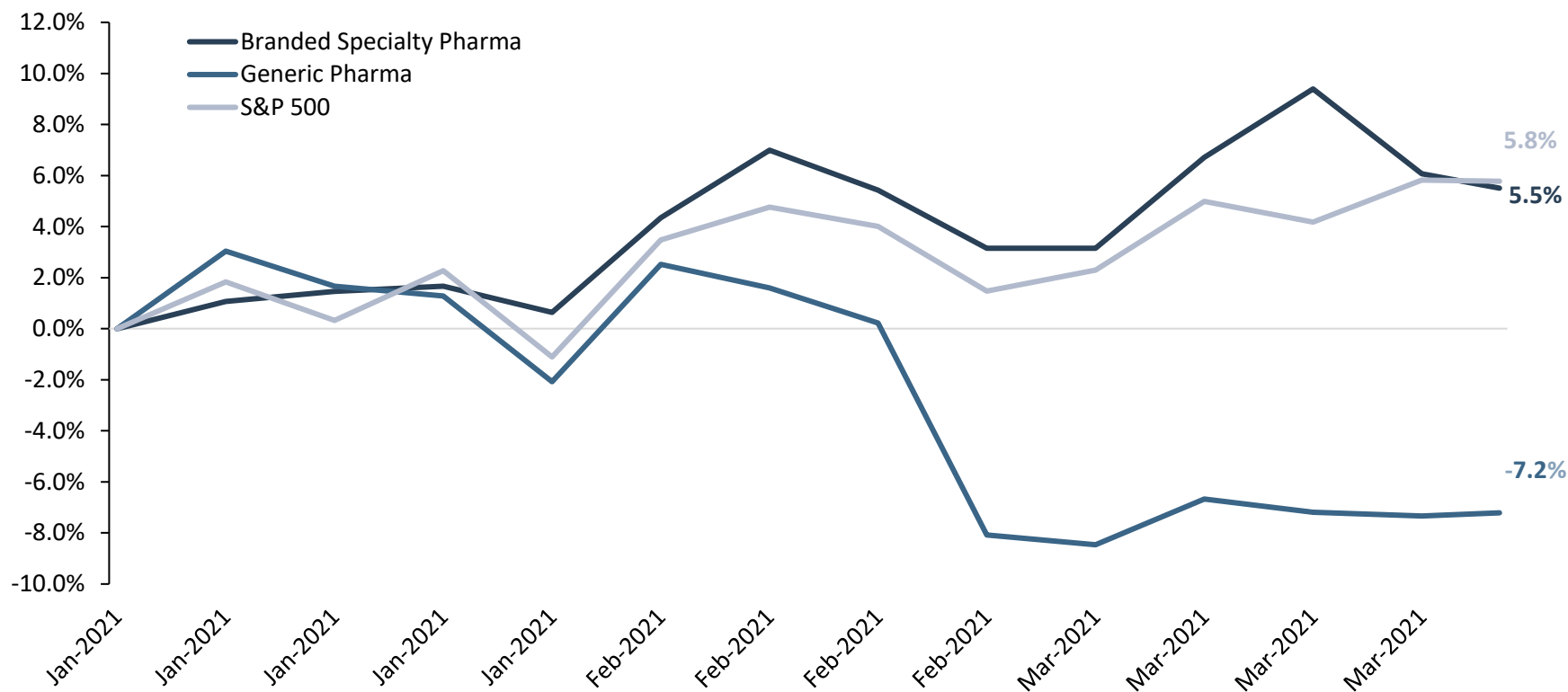


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