

INSIGHT



SPECIALTY & GENERIC PHARMA

Q3 2021 Report

November 2021

BOURNE PARTNERS

Recent News & Events

J&J Joins the Spin Out Trend

- In a continuation of recent big pharma trends, Johnson & Johnson announced it will form a new publicly-traded company to handle its consumer health business while it focuses on its core medical device and pharmaceuticals segments
 - The move comes with little surprise as it mirrors similar initiatives taken by other big pharma companies – such as Merck, Sanofi, Pfizer, and GSK – which have also separated their consumer health products to focus on the highly profitable pharmaceutical business
 - J&J will remain a healthcare powerhouse as it expects its pharma and medical device units to make ~\$77B in 2021

\$26B Opioid Settlement

- 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

Biogen's Aduhelm Approval

- 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

Additional Aduhelm Data

- In response to recent controversy amid the FDA's fast-tracked approval of Aduhelm, Biogen has turned in additional data showing 'correlation' between the drug and a slowing of disease progression
 - At the FDA-approved dose, the new data show Aduhelm significantly lowered blood levels of phosphorylated tau (p-tau), which is believed to cause cognitive declines as it accumulates in the brain
 - However, critics of the drug remain skeptical as the drug's ability to improve Alzheimer's symptoms is less clear and the statistical significance of the study's correlation data may still be open to dispute

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-21	Vectura Group	PMI Global Services	UK	\$1,298.0	\$264.3	\$78.1	4.9x	16.6x
Jul-21	AS Olainfarm	AS "AB CITY"	Latvia	\$141.1	\$143.9	\$22.3	1.0x	6.3x
Jul-21	Fertin Pharma	PMI Global Services	Denmark	\$816.2	\$175.3	\$54.4	4.7x	15.0x
Jun-21	Altan Pharma	Ethypharm Gmbh	Ireland	\$118.6	\$48.6	NA	2.4x	NA
May-21	Strongbridge Biopharma	Xeris Biopharma	USA	\$201.8	\$32.4	(\$33.6)	6.2x	NM
Mar-21	Qbrexza	Journey Medical	USA	\$156.5	\$24.0	NA	6.5x	NA
Mar-21	Amoun Pharmaceutical	Abu Dhabi Developmental	Egypt	\$740.0	\$247.0	NA	3.0x	NA
Mar-21	Hemmo Pharmaceuticals	Piramal Pharmaceutical	India	\$105.9	\$11.6	NA	9.1x	NA
Feb-21	GW Pharmaceuticals	Jazz Pharmaceuticals	UK	\$6,784.3	\$527.2	(\$30.1)	12.9x	NM
Dec-20	Alexion Pharmaceuticals	AstraZeneca	USA	\$41,067.8	\$5,862.4	\$3,104.5	7.0x	13.2x
Jul-20	Coland Holdings	Oceanic World	China	\$99.8	\$67.6	\$4.0	1.5x	25.0x
Mar-20	Correvio Pharma Corp.	Mercury Pharma Group	Canada	\$56.8	\$32.6	(\$22.4)	1.7x	NM
Jan-20	Dermira	Eli Lilly	USA	\$952.6	\$82.9	(\$198.5)	11.5x	NM
Jun-19	Orchid Pharma	Dhanuka Laboratories	India	\$581.1	\$86.7	\$6.9	6.7x	84.3x
Jun-19	Allergan	AbbVie	Ireland	\$84,439.3	\$15,712.4	\$7,177.8	5.4x	11.8x

NA - Not Available

NM - Not Meaningful

Median

5.6x

15.8x

Mean

5.7x

26.7x

Generic Pharma Transaction Comps

Date	Target	Buyer	Location	Implied Ent. Value	LTM Revenue	LTM EBITDA	Ent. Value / LTM Revenue	Ent. Value / LTM EBITDA
Sep-21	Custopharm	Hikma Pharmaceuticals	United States	\$375	\$80	NA	4.7x	NA
Jul-21	Cisen Pharmaceutical	Sichuan Kelun	China	\$580	\$593	\$80	1.0x	7.2x
Jul-21	Northeast Pharmaceutical	Jiangxi Fangda	China	\$1,129	\$1,187	\$103	1.0x	10.9x
Jul-21	OPV Pharmaceuticals	Navis	Vietnam	\$25	\$10	NA	2.5x	NA
Apr-21	Portfolio of Sandoz NDAs and ANDA	ANI Pharmaceuticals	United States	\$21	\$13	\$229	1.6x	NA
Mar-21	Perrigo Generic Business	Altaris Capital	United States	\$1,550	\$975	\$255 ⁽¹⁾	1.6x	6.1x
Feb-21	Kashiv Specialty Pharma	Amneal	United States	\$109	NA	\$15 ⁽²⁾	NA	7.3x
Jan-21	Advanz Pharma ⁽³⁾	Nordic Capital	Europe	\$2,042	\$526	\$229	3.9x	8.9x
Aug-20	Strides Pharma Science ⁽⁴⁾	Pronomz Ventures	India	\$831	\$377	\$61	2.2x	13.6x
Aug-20	STADA ⁽⁴⁾	Nidda Healthcare	Europe	\$9,770	\$2,978	\$690	3.2x	13.8x
Jul-20	Coland	Oceanic World	Asia	\$100	\$67	\$4	1.5x	NM
Jan-20	AvKARE	Amneal Pharmaceuticals	United States	\$340	NA	\$63	NA	5.4x

NA - Not Available

NM - Not Meaningful

Median

1.9x

8.1x

Mean

2.3x

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 Trading Comps

Company	Ticker	Enterprise Value	LTM Revenue	LTM EBITDA	Gross Profit	EBITDA Margin	Ent. Value / Revenue	Ent. Value / EBITDA
Almirall	BME:ALM	\$3,185	\$960	\$248	77.2%	25.8%	3.3x	12.9x
Bausch	NYSE:BHC	\$31,661	\$8,451	\$3,278	71.4%	38.8%	3.7x	9.7x
H. Lundbeck	CPSE:LUN	\$5,880	\$2,574	\$533	77.4%	20.7%	2.3x	11.0x
Horizon Therapeutics	NasdaqGS:HZNP	\$26,348	\$2,957	\$673	76.4%	22.7%	8.9x	39.2x
Indivior	LSE:INDV	\$1,392	\$753	\$216	84.7%	28.7%	1.8x	6.4x
Ipsen	ENXTPA:IPN	\$8,269	\$3,313	\$1,148	82.1%	34.7%	2.5x	7.2x
Jazz Pharmaceuticals	NasdaqGS:JAZZ	\$13,702	\$2,863	\$1,130	92.8%	39.5%	4.8x	12.1x
Recordati	BIT:REC	\$12,813	\$1,752	\$649	72.8%	37.1%	7.3x	19.7x
Takeda	TSE:4502	\$84,403	\$30,495	\$9,550	69.8%	31.3%	2.8x	8.8x
UCB	ENXTBR:UCB	\$22,978	\$6,541	\$1,739	75.2%	26.6%	3.5x	13.2x

NA - Not Available

NM - Not Meaningful

Median

3.4x

11.6x

Mean

4.1x

14.0x

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	\$905	\$413	\$77	43.7%	18.6%	2.2x	11.8x
Dr. Reddy's Laboratories	BSE:500124	\$11,002	\$2,742	\$603	53.3%	22.0%	4.0x	18.3x
Hikma	LSE:HIK	\$8,242	\$2,425	\$726	51.6%	29.9%	3.4x	11.4x
Lannett	NYSE:LCI	\$627	\$454	\$14	19.1%	3.1%	1.4x	44.1x
Lupin	BSE:500257	\$6,165	\$2,179	\$388	61.5%	17.8%	2.8x	15.9x
Viartis	NasdaqGS:VTRS	\$39,286	\$17,168	\$6,665	42.2%	38.8%	2.3x	5.9x
Nichi-Iko	TSE:4541	\$1,779	\$1,654	(\$110)	3.5%	NM	1.1x	NM
Perrigo	NYSE:PRGO	\$9,743	\$5,022	\$783	35.7%	15.6%	1.9x	12.4x
Sun Pharmaceutical	NSEI:SUNPHARMA	\$25,287	\$4,949	\$1,310	72.0%	26.5%	5.1x	19.3x
Taro	NYSE:TARO	\$877	\$568	\$166	51.1%	29.3%	1.5x	5.3x
Teva	NYSE:TEVA	\$32,868	\$16,231	\$4,296	46.8%	26.5%	2.0x	7.7x

NA - Not Available

NM - Not Meaningful

Median

2.2x

12.1x

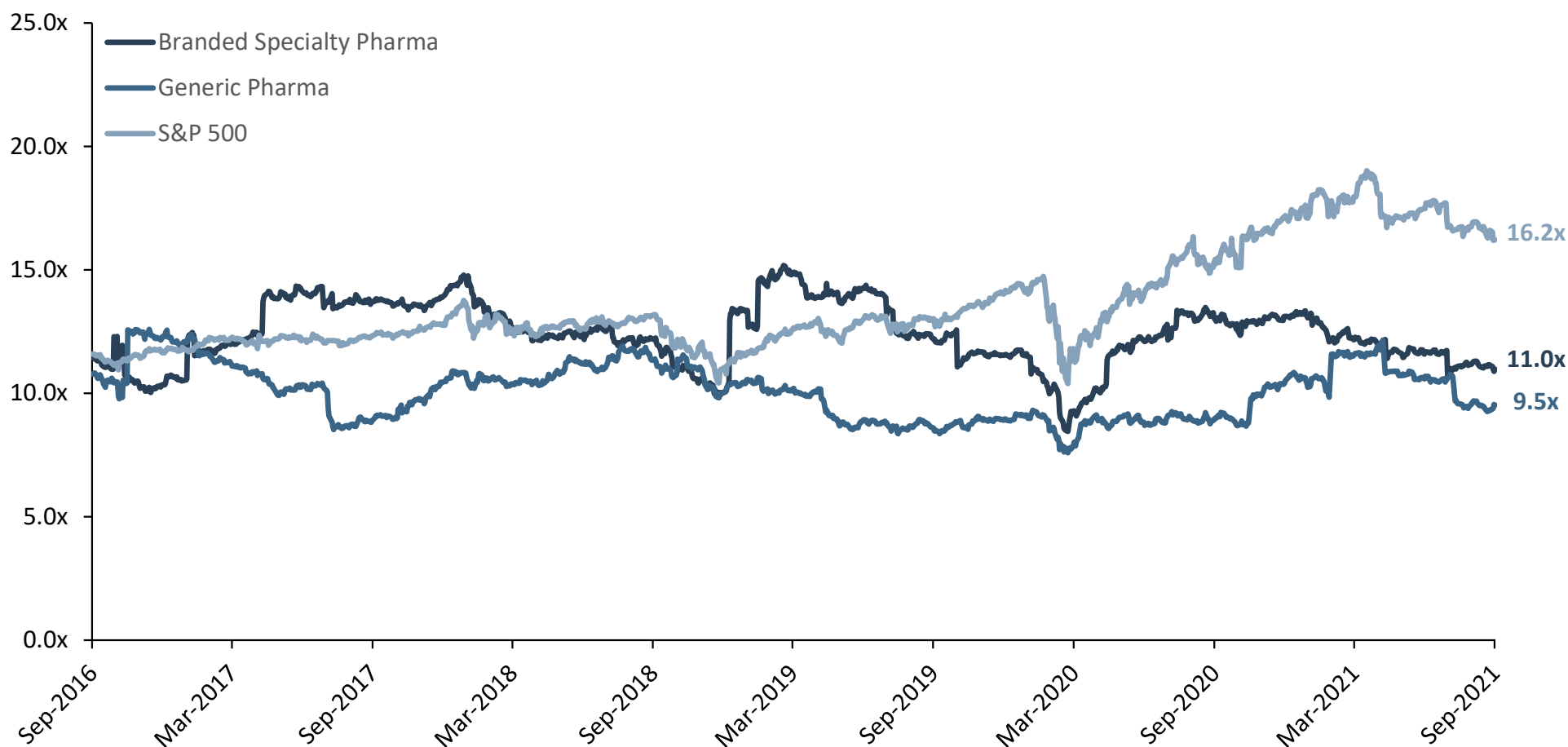
Mean

2.5x

15.2x

Valuation Trends – Last 5 Years

Historical Total Enterprise Value / EBITDA Multiples

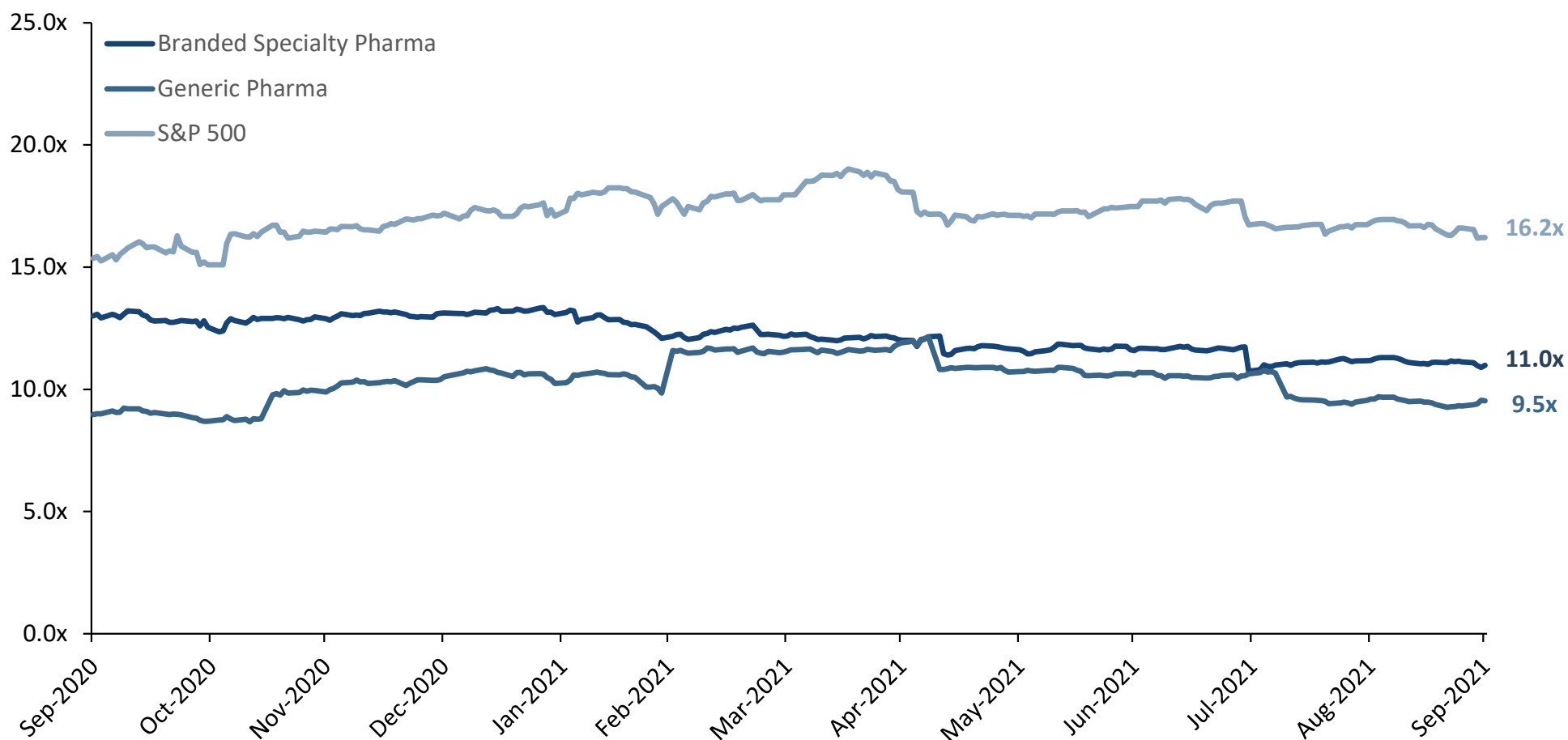


Branded Specialty Pharma basket consists of: UCB SA (ENXTBR:UCB), Ipsen S.A. (ENXTPA:IPN), Bausch Health Companies Inc. (NYSE:BHC), H. Lundbeck A/S (CPSE:LUN), Recordati Industria Chimica e Farmaceutica S.p.A. (BIT:REC), Jazz Pharmaceuticals plc (NasdaqGS:JAZZ), Horizon Pharma plc (NasdaqGS:HZNP), Almirall,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

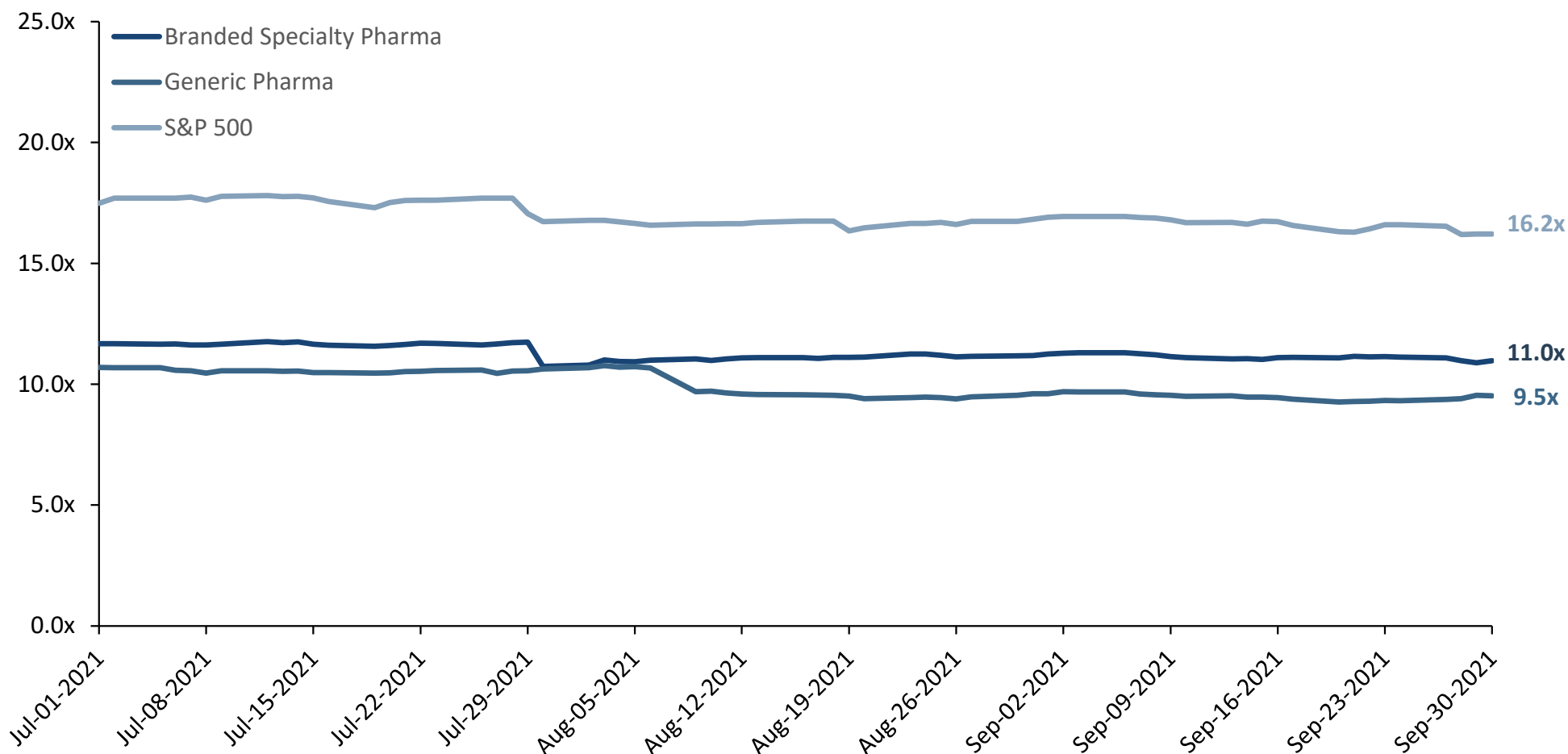


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Valuation Trends – Last 3 Months

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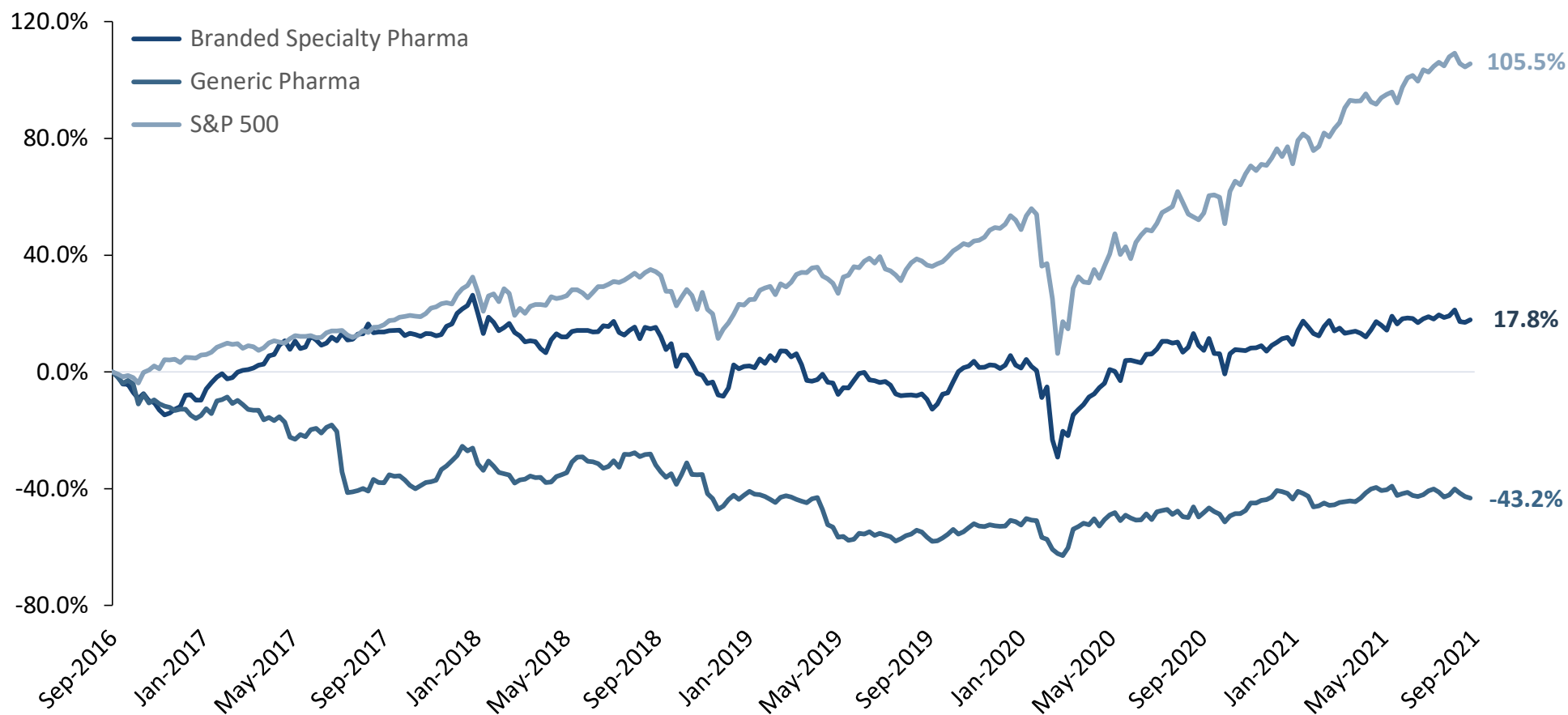


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Market Performance – Last 5 Years

Historical Index Performance

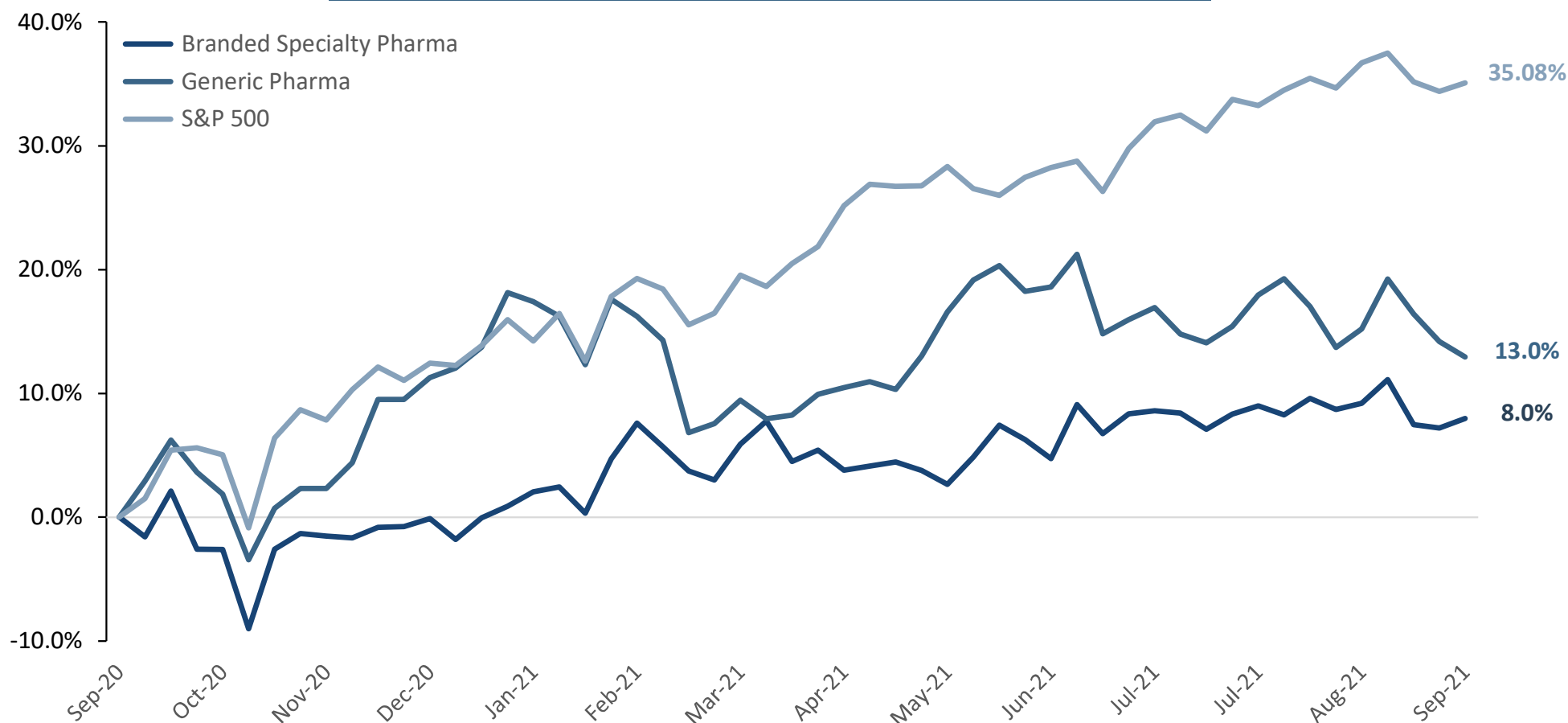


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Market Performance – Last 12 Months

Historical Index Performance

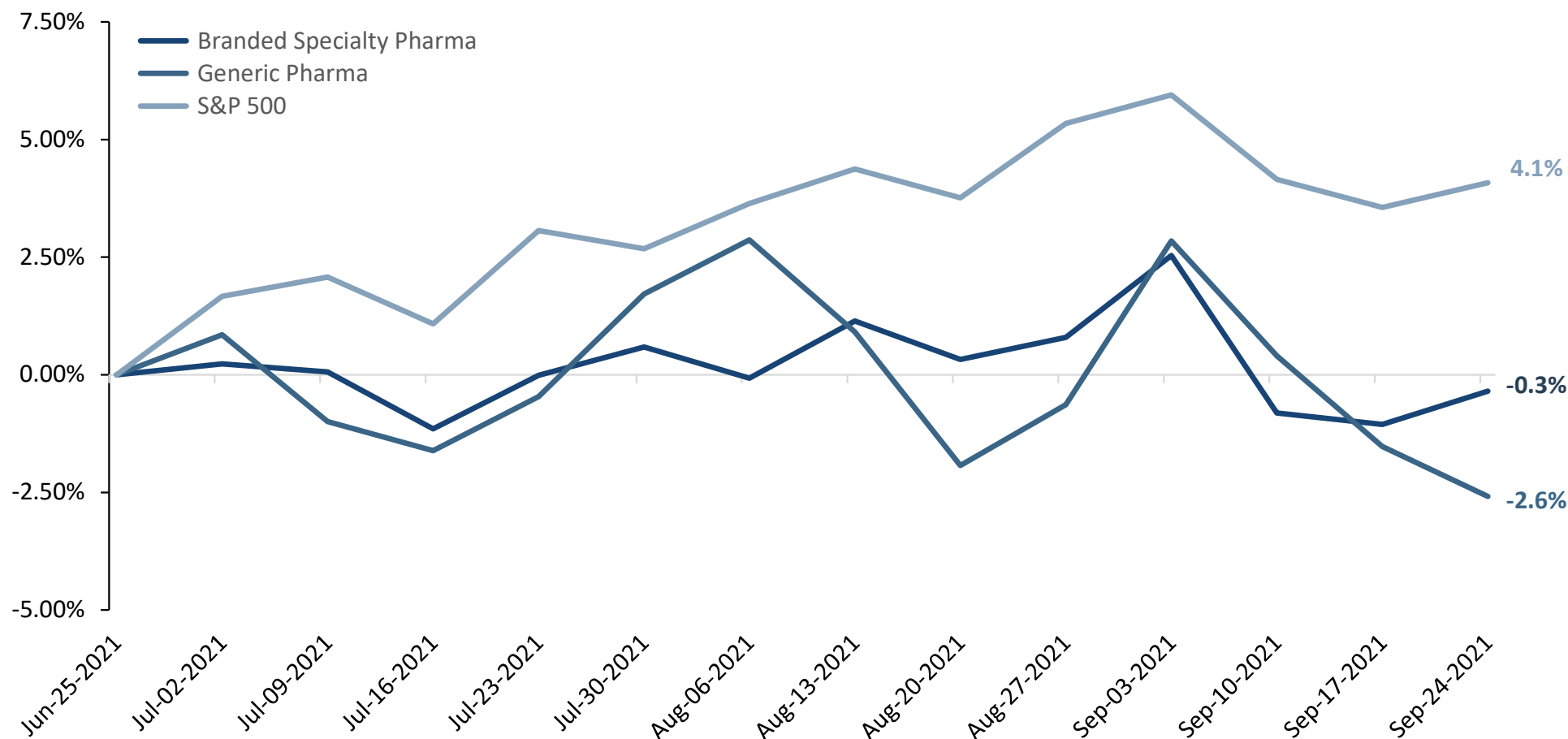


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Historical Index Performance



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Index Trends

Valuation	Branded Specialty Pharma	Generic Pharma
Current EBITDA Multiple	11.0x	9.5x
5 Year Average EBITDA Multiple	12.4x	10.1x
Current Multiple Difference	-11.5%	-5.3%
5 Year Max EBITDA Multiple	15.2x	12.6x
Current Multiple Difference	-27.7%	-24.3%
5 Year Min EBITDA Multiple	8.5x	7.6x
Current Multiple Difference	29.9%	25.5%

Returns	Branded Specialty Pharma	Generic Pharma
Last 5 Years Annualized Return	3.3%	-10.7%
Last 12 Months Annualized Return	8.0%	13.0%
Last 3 Months Annualized Return	-1.4%	-10.0%

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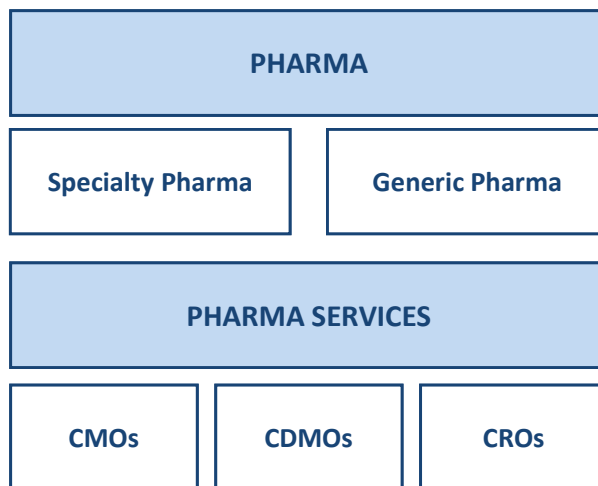
Trusted Leader in Pharma

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

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