

Quarterly Industry Update

As of December 31, 2016

Industry: Pharmaceuticals - Generics

Industry Summary

Cogent Valuation identified Pharmaceuticals - Generics publicly traded companies, IPOs, and recent M&A transactions within the Pharmaceuticals - Generics industry, which provides a basis for market and transaction pricing that can be used by your firm in estimating market sentiment and its impact on your firm's value. Over the last year since December 31, 2015, the median 52-week share price return of the Pharmaceuticals - Generics industry was -19.4%. Between December 31, 2014 and December 31, 2016, the median EV/EBITDA multiple decreased from 15.4 to 11.5. However, the median price-to-earnings multiple increased from 23.6 to 31.9 over the same period.

Comparable Public Company Key Statistics

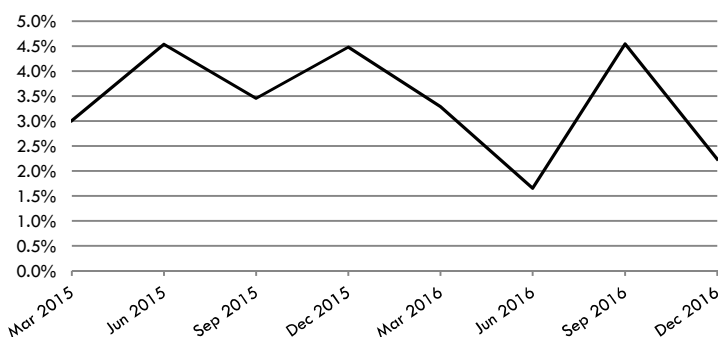
Median 52-Week Return	-22.6%	Median EV/Revenue Multiple	3.5x	Median Price/Earnings Multiple	31.9x
Median 3-Year CAGR Return	-3.3%	Median EV/EBITDA Multiple	11.5x	Median EV/Gross CF Multiple	28.2x

Comparable Public Company Market Price Returns As of December 31, 2016

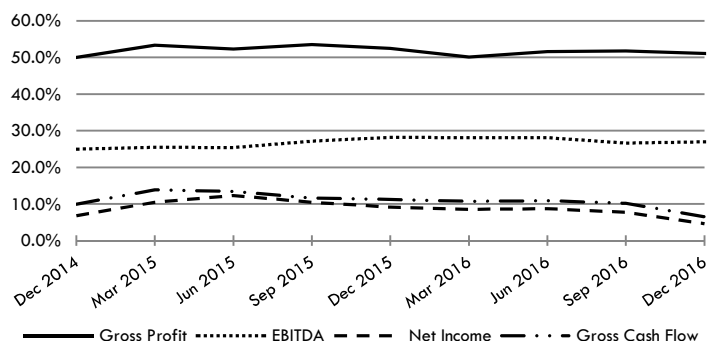
	YTD	3 Month	1 Year	2 Year	3 Year	5 Year	2015	2014	2013	2012	2011
Abbott Laboratories	-14.5%	-9.2%	-14.5%	-7.6%	0.1%	-7.3%	-0.2%	17.5%	-41.5%	16.5%	17.4%
Akorn, Inc.	-41.5%	-19.9%	-41.5%	-22.3%	-3.9%	14.4%	3.1%	47.0%	84.3%	20.1%	83.2%
Allergan plc	-32.8%	-8.8%	-32.8%	-9.7%	7.7%	28.3%	21.4%	53.2%	95.3%	42.5%	16.8%
Amphastar Pharmaceuticals, Inc.	29.4%	-2.9%	29.4%	26.0%	N/A	N/A	22.6%	N/A	N/A	N/A	N/A
ANI Pharmaceuticals, Inc.	34.3%	-8.6%	34.3%	3.7%	44.5%	N/A	-20.0%	180.8%	N/A	N/A	N/A
Cambrex Corporation	14.6%	21.3%	14.6%	58.0%	44.6%	49.7%	117.8%	21.3%	56.7%	58.5%	38.9%
Cardinal Health, Inc.	-19.4%	-7.4%	-19.4%	-5.6%	2.5%	12.1%	10.6%	20.8%	62.2%	1.4%	6.0%
Concordia International Corp.	-94.8%	-52.6%	-94.8%	-77.1%	-34.4%	N/A	0.9%	436.1%	N/A	N/A	N/A
Dr. Reddy's Laboratories Ltd.	-3.9%	-3.5%	-3.9%	-6.3%	3.2%	8.7%	-8.7%	25.3%	23.0%	12.1%	-20.2%
Impax Laboratories, Inc.	-69.0%	-44.1%	-69.0%	-35.3%	-19.2%	-8.1%	35.0%	26.0%	22.7%	1.6%	0.3%
IntelliPharmaCeutics International Inc.	39.8%	34.7%	39.8%	11.9%	-8.9%	-0.2%	-10.5%	-39.5%	52.3%	-14.2%	5.1%
Lannett Company, Inc.	-45.0%	-17.0%	-45.0%	-28.3%	-12.7%	37.9%	-6.4%	29.5%	567.3%	12.2%	-20.9%
Momenta Pharmaceuticals Inc.	1.4%	28.7%	1.4%	11.8%	-5.2%	-2.8%	23.3%	-31.9%	50.0%	-32.2%	16.2%
Mylan N.V.	-29.4%	0.1%	-29.4%	-17.7%	-4.2%	12.2%	-4.1%	29.9%	58.1%	27.9%	1.6%
Pfizer Inc.	-42.5%	-4.1%	0.6%	2.1%	2.0%	8.5%	3.6%	1.7%	22.1%	15.9%	23.6%
Teligent, Inc.	0.6%	-13.0%	-25.7%	-13.3%	29.4%	41.9%	1.1%	188.5%	193.3%	-9.6%	-31.5%
Teva Pharmaceutical Industries Limited	-25.7%	-21.2%	-44.8%	-20.6%	-3.3%	-2.1%	14.1%	43.5%	7.3%	-7.5%	-22.6%
Median of Industry Public Companies	-22.6%	-8.6%	-19.4%	-7.6%	-1.6%	10.4%	3.1%	27.8%	54.5%	12.1%	5.5%

(Multiple year periods are calculated as the average annual return.)

Median Quarterly Revenue Growth of All Pharmaceuticals - Generics Companies



Median Gross Profit, EBITDA, Net Income and Gross Cash Flow Margins



Median Public Company Multiples of the Pharmaceuticals - Generics Industry

Date:	12/31/2014	3/31/2015	6/30/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
EV/Revenues Multiple	4.0x	4.7x	5.1x	4.4x	4.5x	3.4x	3.6x	3.3x	3.5x
EV/EBITDA Multiple	15.4x	17.2x	18.3x	12.2x	13.1x	11.6x	11.6x	9.8x	11.5x
Price/Earnings Multiple	23.6x	25.9x	23.7x	20.0x	22.1x	26.3x	25.9x	27.3x	31.9x
EV/Gross Cash Flows Multiple	22.8x	22.5x	21.0x	18.7x	21.2x	25.4x	23.9x	26.0x	28.2x

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Quarterly Industry Update

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Industry: Pharmaceuticals - Generics

Industry Initial Public Offerings (dollars in millions, except share prices)

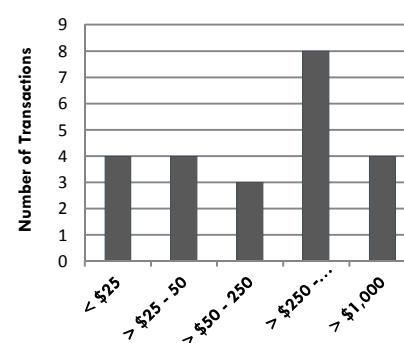
Offer Date	Company Name	Offer Price	Shares Offered	Amount Raised	Total Assets	Debt	LTM Revenues	LTM EBITDA	LTM Net Income	LTM Cash Flows
9/20/2016	Jacobson Pharma Corporation Limited	\$0.19	437.5	\$84.6	\$234.9	\$61.5	\$139.7	\$33.9	\$18.8	\$41.1
7/26/2016	Kadmon Holdings, LLC	\$12.00	6.3	\$75.0	\$62.0	\$221.6	\$37.7	(\$72.7)	(\$151.9)	(\$71.1)
2/2/2016	Xbrane Biopharma AB (publ)	\$46.31	2.4	\$11.7	\$9.1	\$0.0	\$0.2	(\$0.9)	(\$0.9)	(\$0.9)
6/29/2015	Mithra Pharmaceuticals SA	\$13.43	6.0	\$80.9	\$19.0	\$6.3	\$23.0	(\$2.7)	(\$3.6)	(\$2.2)
6/25/2014	Amphastar Pharmaceuticals, Inc.	\$7.00	8.0	\$56.0	\$345.1	\$41.5	\$222.6	\$26.9	\$7.9	\$38.5
Median of All IPOs		nm	nm	\$75.0	\$62.0	\$41.5	\$37.7	(\$0.9)	(\$0.9)	(\$0.9)

nm: not meaningful, N/A: not applicable

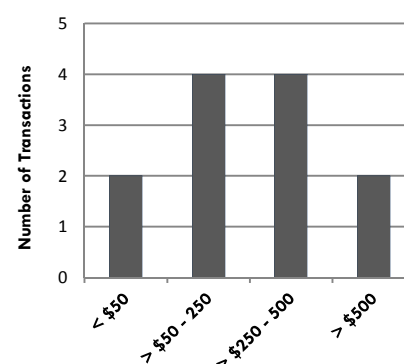
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/Revenues
11/8/2016	SCILEX Pharmaceuticals	Scintilla Pharmaceuticals	\$47.6	72%	N/A	N/A
10/28/2016	KLUS Pharma, Inc.	Sichuan KELUN PHARMA	\$12.8	100%	N/A	N/A
10/14/2016	Apex Laboratories	Dechra Pharmaceuticals	\$41.2	100%	\$11.1	3.7x
8/31/2016	Invent Farma ehf	Apax Partners LLP	\$222.9	100%	N/A	N/A
8/17/2016	Generic Partners Pty Ltd	Arrow Pharmaceuticals	\$10.6	51%	\$27.6	0.8x
8/3/2016	(Generics Portfolio)	Impax Laboratories, Inc.	\$586.0	100%	\$150.0	3.9x
6/15/2016	Renaissance Acquisition Hldg.	Mylan N.V.	\$1,000.0	100%	\$370.0	2.7x
6/1/2016	(Generics Portfolio)	Concordia Healthcare	\$40.2	100%	N/A	N/A
5/25/2016	Epic Pharma, L.L.C	PuraCap Pharmaceutical	\$529.0	100%	N/A	N/A
2/29/2016	Roxane Laboratories, Inc.	Eurohealth (U.S.A.), Inc.	\$1,927.3	100%	\$676.0	2.9x
2/18/2016	InvaGen Pharmaceuticals, Inc.	Cipla (EU) Limited	\$500.0	100%	\$190.0	2.6x
1/22/2016	Matawan Pharmaceuticals	Perrigo Company plc	\$415.0	100%	\$287.0	1.4x
12/31/2015	Pharmathen S.A.	BC Partners	\$522.6	80%	\$200.1	3.3x
11/25/2015	Kremers Urban Pharma	Lannett Company, Inc.	\$1,230.0	100%	\$413.0	3.0x
10/21/2015	Amdipharm Mercury	Concordia Healthcare	\$3,531.2	100%	\$446.0	7.9x
9/25/2015	Par Pharmaceutical Hldg.	Endo International plc	\$10,388.4	100%	\$1,378.8	7.4x
8/31/2015	Aspen Pharmacare Hldg.	Scentia Pharmaceuticals	\$299.7	100%	\$94.6	3.2x
7/10/2015	(Generics Portfolio)	ANI Pharmaceuticals, Inc.	\$25.0	100%	N/A	N/A
7/6/2015	Growth House Holding	Orifarm Generics A/S	\$66.7	100%	N/A	N/A
6/15/2015	Prosonix Ltd.	Circassia Limited	\$157.8	100%	N/A	N/A
6/1/2015	Silarx Pharmaceuticals	Lannett Company, Inc.	\$37.0	100%	N/A	N/A
5/29/2015	Auden Mckenzie Hldg.	Actavis UK Ltd	\$502.0	100%	N/A	N/A
5/1/2015	Actavis Australia Pty	Amneal Pharmaceuticals	\$5.0	100%	N/A	N/A
Median of the 23 M&A Transaction Targets			\$299.7	100%	\$243.6	3.1x

Size of M&A Transactions



LTM Revenues Reported



Definitions of Financial Terms Used in this Quarterly Industry Update:

Enterprise Value (EV): Market Value of Equity + Market Value of Debt - Cash

Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA): Profitability metric sometimes also referred to as operating profit or operating earnings.

Gross Cash Flows: Net Income + Depreciation and Amortization Expense

Latest Twelve Months (LTM): Financial information is as of the latest twelve months through the date of this Quarterly Industry Update.

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