

## 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 September 30, 2016, the median 52-week share price return of the Pharmaceuticals - Generics industry was -13.9%. Between September 30, 2015 and September 30, 2017, the median EV/EBITDA multiple increased from 12.2 to 12.3. Furthermore, the median price-to-earnings multiple increased from 20.0 to 25.5 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.6% and 26.9%, respectively.

### Public Company Key Statistics

Median 52-Week  
Return

**-12.8%**

Median 3-Year CAGR  
Return

**-5.2%**

Median EV/Revenue  
Multiple

**4.5x**

Median EV/EBITDA  
Multiple

**12.3x**

Median Price/Earnings  
Multiple

**25.5x**

Median EV/Gross CF  
Multiple

**28.2x**

## Comparable Public Company Market Price Returns as of September 30, 2017

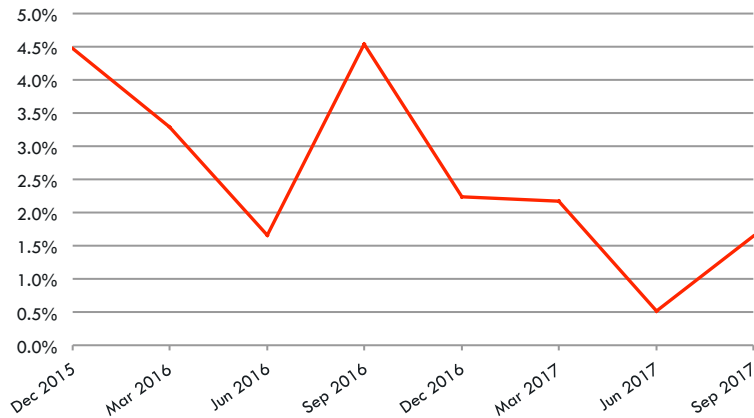
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
<b>Abbott Laboratories</b>	26.6%	9.5%	23.7%	-0.5%	5.9%	-14.5%	-0.2%	17.5%
<b>Akorn, Inc.</b>	53.6%	39.3%	17.7%	-12.4%	0.3%	-41.5%	3.1%	47.0%
<b>Allergan plc</b>	15.8%	1.7%	5.2%	-10.5%	2.9%	-32.8%	21.4%	53.2%
<b>Amphastar Pharmaceuticals, Inc.</b>	-3.0%	23.2%	10.8%	0.8%	21.3%	29.4%	22.6%	N/A
<b>ANI Pharmaceuticals, Inc.</b>	-22.8%	-5.5%	-16.2%	-13.2%	10.8%	34.3%	-20.0%	58.5%
<b>Cambrex Corporation</b>	10.8%	8.5%	15.5%	16.6%	42.4%	14.6%	431%	21.3%
<b>Cardinal Health, Inc.</b>	8.3%	-4.5%	-0.1%	-3.5%	4.4%	-19.4%	10.6%	20.8%
<b>Concordia International Corp.</b>	-26.7%	-4.1%	-92.8%	-85.3%	-63.5%	-94.8%	0.9%	436%
<b>Dr. Reddy's Laboratories Limited</b>	-7.8%	2.2%	-17.1%	-13.7%	-1.6%	-3.9%	-8.7%	25.3%
<b>Impax Laboratories, Inc.</b>	21.5%	27.3%	-44.1%	-40.8%	-18.7%	-69.0%	35.0%	26.0%
<b>IntelliPharmaCeutics International Inc.</b>	-25.8%	-16.0%	35.8%	-15.4%	-18.1%	39.8%	-10.5%	-39.5%
<b>Lannett Company, Inc.</b>	-7.5%	-8.7%	-14.2%	-41.4%	-25.6%	-45.0%	-6.4%	29.5%
<b>Momenta Pharmaceuticals, Inc.</b>	12.3%	26.6%	56.5%	-13.9%	11.8%	1.4%	23.3%	-31.9%
<b>Mylan N.V.</b>	1.8%	-0.4%	-10.2%	-24.4%	-9.0%	-29.4%	-4.1%	29.9%
<b>Pfizer Inc.</b>	-9.3%	-1.8%	-4.6%	0.1%	4.2%	0.6%	3.6%	1.7%
<b>Teligent, Inc.</b>	3.4%	17.2%	28.2%	20.5%	19.9%	-25.7%	1.1%	188.5%
<b>Teva Pharmaceutical Industries</b>	38.4%	3.5%	-33.9%	-25.0%	-14.1%	-44.8%	14.1%	43.5%
<b>Median of Industry Public Companies</b>	<b>2.6%</b>	<b>8.4%</b>	<b>-0.1%</b>	<b>-13.2%</b>	<b>2.9%</b>	<b>0.6%</b>	<b>3.1%</b>	<b>27.8%</b>

Multiple year periods are calculated as the average annual return.

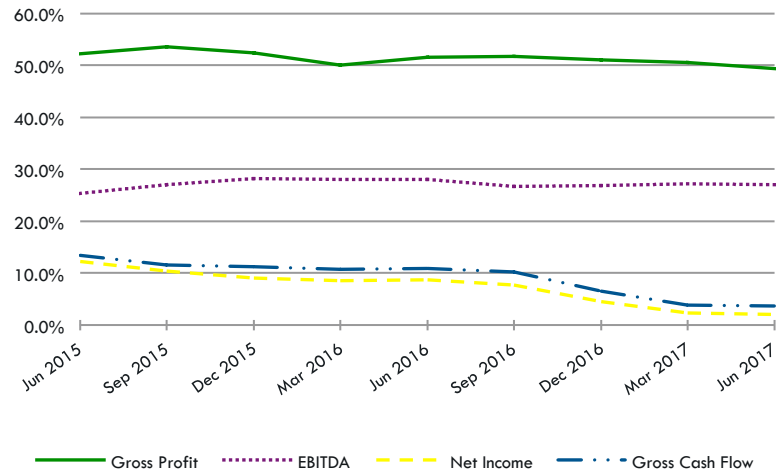
■ Highest Return
 ■ Lowest Return
 ■ Median Return

# Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Generic Pharma Companies



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



## Public Company Median Multiples by Quarter

	9/30/17	6/30/17	9/30/16	12/31/16	9/30/16	6/30/16	9/30/16	12/31/15
<b>EV/Revenues Multiple</b>	3.7x	3.3x	3.5x	3.3x	3.6x	3.4x	3.6x	3.4x
<b>EV/EBITDA Multiple</b>	11.7x	11.0x	11.5x	9.8x	11.6x	11.6x	11.6x	11.6x
<b>Price/Earnings Multiple</b>	32.2x	36.1x	31.9x	27.3x	25.9x	26.3x	25.9x	26.3x
<b>EV/Gross Cash Flows Multiple</b>	26.2x	27.4x	28.2x	26.0x	23.9x	25.4x	23.9x	25.4x

■ Highest Multiple   
 ■ Lowest Multiple   
 ■ Median Multiple

## Industry Initial Public Offerings—Industry: Pharmaceuticals – Generics (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
9/20/17	Jacobson Pharma Corporation Limited	\$0.19	437.5	\$84.6	\$2,479.8	\$644.6	\$1,112.5	\$273.5	\$143.6	\$280.7
7/26/16	Kadmon Holdings, Inc.	\$12.00	6.3	\$75.0	\$45.9	\$229.3	\$35.3	(\$74.3)	(\$186.8)	(\$72.8)
2/2/16	Xbrane Biopharma AB (publ)	\$46.31	2.4	\$11.7	\$75.3	\$4.1	\$0.4	(\$10.1)	(\$11.8)	(\$10.1)
6/29/16	Mithra Pharmaceuticals SA	\$13.43	6.0	\$80.9	\$92.6	\$30.6	\$18.7	(\$3.6)	(\$5.4)	(\$3.2)
6/25/14	Amphastar Pharmaceuticals, Inc.	\$7.00	8.0	\$56.0	\$345.1	\$41.5	\$222.6	\$26.9	\$7.9	\$38.5
<b>Median of all IPOs</b>		<b>nm</b>	<b>nm</b>	<b>\$75.0</b>	<b>\$92.6</b>	<b>\$41.5</b>	<b>\$35.3</b>	<b>(\$3.6)</b>	<b>(\$5.4)</b>	<b>(\$3.2)</b>

Multiple year periods are calculated as the average annual return.

■ Highest Return  
 ■ Lowest Return  
 ■ Median Return

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
2/10/17	<b>Decahedron Ltd.</b>	Cosmos Holdings Inc.	\$1.0	100%	N/A	N/A
1/9/17	<b>Actavis Ireland Limited</b>	Accord Healthcare Ltd.	<b>\$769.3</b>	<b>100%</b>	<b>\$319.0</b>	<b>0.0x</b>
11/8/16	<b>SCILEX Pharmaceuticals</b>	Scintilla Pharmaceuticals	\$47.6	72%	N/A	N/A
10/28/16	<b>KLUS Pharma, Inc.</b>	Sichuan KELUN PHARMA	\$12.8	100%	N/A	N/A
10/14/16	<b>Apex Laboratories</b>	Dechra Pharmaceuticals	\$41.2	100%	\$11.1	3.7x
9/3/16	<b>Anda, Inc.</b>	Teva Pharmaceutical	\$500.0	100%	N/A	N/A
8/31/16	<b>Invent Farma ehf</b>	Apax Partners LLP	\$222.9	100%	N/A	N/A
8/17/16	<b>Generic Partners Pty Ltd</b>	Arrow Pharmaceuticals	\$10.6	51%	\$27.6	0.8x
8/3/16	<b>(Generics Portfolio)</b>	Impax Laboratories, Inc.	\$625.8	100%	\$150.0	4.2x
6/15/16	<b>Renaissance Acquisition Hldg.</b>	Mylan N.V.	\$1,000.0	100%	\$370.0	2.7x
6/1/16	<b>(Generics Portfolio)</b>	Concordia Healthcare	\$40.2	100%	N/A	N/A
5/25/16	<b>Epic Pharma, L.L.C</b>	PuraCap Pharmaceutical	\$529.0	100%	N/A	N/A
2/29/16	<b>Roxane Laboratories, Inc.</b>	Eurohealth (U.S.A.), Inc.	<b>\$1,927.3</b>	<b>100%</b>	<b>\$676.0</b>	<b>2.9x</b>
2/18/16	<b>InvaGen Pharmaceuticals, Inc.</b>	Cipla (EU) Limited	\$500.0	100%	\$190.0	2.6x
1/22/16	<b>Matawan Pharmaceuticals</b>	Perrigo Company plc	\$415.0	100%	\$287.0	1.4x

■ USA   
 ■ International   
 ■ Highest   
 ■ Lowest   
 ■ Median

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

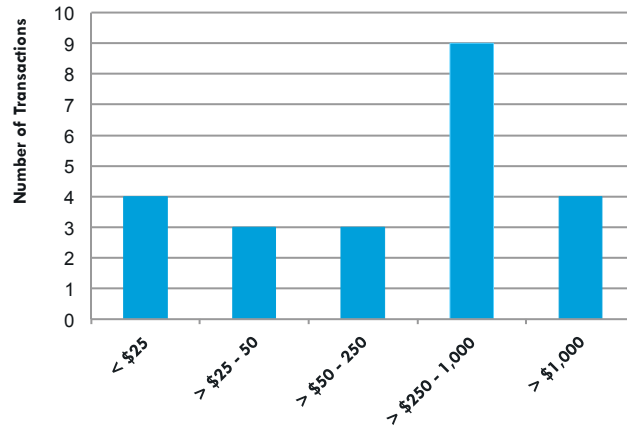
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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
2/18/16	<b>Pharmathen S.A.</b>	<b>BC Partners</b>	\$522.6	80%	\$200.1	3.3x
1/22/16	<b>Kremers Urban Pharma</b>	<b>Lannett Company, Inc.</b>	\$1,230.0	100%	\$413.0	3.0x
12/31/15	<b>Amdipharm Mercury</b>	<b>Concordia Healthcare</b>	\$3,531.2	100%	\$446.0	7.9x
11/25/15	<b>Par Pharmaceutical Hldg.</b>	<b>Endo International plc</b>	<b>\$10,388.4</b>	<b>100%</b>	<b>\$1,378.8</b>	<b>7.4x</b>
10/21/15	<b>Aspen Pharmacare Hldg.</b>	<b>Scentia Pharmaceuticals</b>	\$299.7	100%	\$94.6	3.2x
9/18/15	<b>(Generics Portfolio)</b>	<b>ANI Pharmaceuticals, Inc.</b>	\$25.0	100%	N/A	N/A
7/6/15	<b>Growth House Holding</b>	<b>Orifarm Generics A/S</b>	\$66.7	100%	N/A	N/A
6/15/15	<b>Prosonix Ltd.</b>	<b>Circassia Limited</b>	\$157.8	100%	N/A	N/A
<b>Median of the 28 M&amp;A Transaction Targets</b>			<b>\$415.0</b>	<b>100%</b>	<b>\$287.0</b>	<b>3.0x</b>

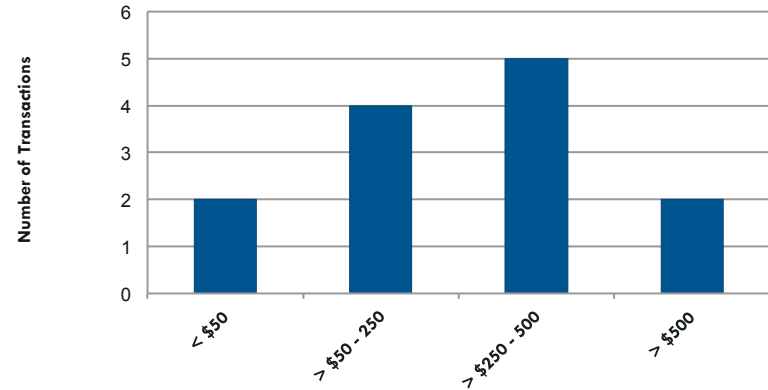
USA
  International
  Highest
  Lowest
  Median

## Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of September 30, 2017

Size of M&A Transactions



LTM Revenues Reported





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**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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