

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 March 31, 2017, the median 52-week share price return of the Pharmaceuticals - Generics industry was -21.8%. Between March 31, 2016 and March 31, 2018, the median EV/EBITDA multiple increased from 10.7 to 10.8. However, the median price-to-earnings multiple decreased from 25.1 to 16.1 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 1.0% and 23.1%, respectively.

Public Company Key Statistics

Median 52-Week
Return

-21.2%

Median 3-Year CAGR
Return

-16.9%

Median EV/Revenue
Multiple

3.6x

Median EV/EBITDA
Multiple

10.8x

Median Price/Earnings
Multiple

16.1x

Median EV/Gross CF
Multiple

20.6x

Comparable Public Company Market Price Returns as of March 31, 2018

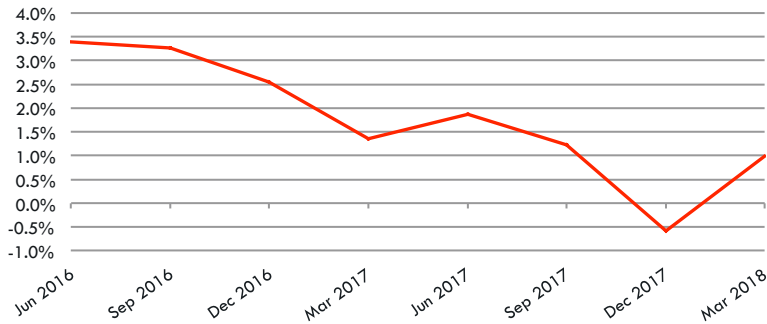
	YTD	3 Month	1 Year	2 Year	3 Year	2016	2015	2014
Abbott Laboratories	5.0%	5.0%	34.9%	-0.5%	5.9%	-14.5%	-0.2%	17.5%
Akorn, Inc.	-41.9%	-41.9%	-22.3%	-12.4%	0.3%	-41.5%	3.1%	47.0%
Allergan plc	2.9%	2.9%	-29.6%	-10.5%	2.9%	-32.8%	21.4%	53.2%
Amphastar Pharmaceuticals, Inc.	-2.5%	-2.5%	29.3%	0.8%	21.3%	29.4%	22.6%	N/A
ANI Pharmaceuticals, Inc.	-9.7%	-9.7%	17.6%	-13.2%	10.8%	34.3%	-20.0%	58.5%
Cambrex Corporation	9.0%	9.0%	-5.0%	16.6%	42.4%	14.6%	431%	21.3%
Cardinal Health, Inc.	2.3%	2.3%	-23.1%	-3.5%	4.4%	-19.4%	10.6%	20.8%
Concordia International Corp.	-25.3%	-25.3%	-69.9%	-85.3%	-63.5%	-94.8%	0.9%	436%
Dr. Reddy's Laboratories Limited	-15.4%	-15.4%	-21.2%	-13.7%	-1.6%	-3.9%	-8.7%	25.3%
IntelliPharmaCeutics International Inc.	-29.3%	-29.3%	-77.6%	-40.8%	-18.7%	-69.0%	35.0%	26.0%
Lannett Company, Inc.	-30.8%	-30.8%	-28.2%	-15.4%	-18.1%	39.8%	-10.5%	-39.5%
Momenta Pharmaceuticals, Inc.	30.1%	30.1%	36.0%	-41.4%	-25.6%	-45.0%	-6.4%	29.5%
Mylan N.V.	-2.7%	-2.7%	5.6%	-13.9%	11.8%	1.4%	23.3%	-31.9%
Perrigo Company plc	-4.4%	-4.4%	25.5%	-24.4%	-9.0%	-29.4%	-4.1%	29.9%
Teligent, Inc.	-2.0%	-7.4%	-57.0%	0.1%	4.2%	0.6%	3.6%	1.7%
Teva Pharmaceutical Industries	-7.4%	-9.8%	-46.7%	-25.0%	-14.1%	-44.8%	14.1%	43.5%
Median of Industry Public Companies	4.4%	-5.9%	-21.8%	-13.2%	2.9%	0.6%	3.1%	27.8%

Multiple year periods are calculated as the average annual return.

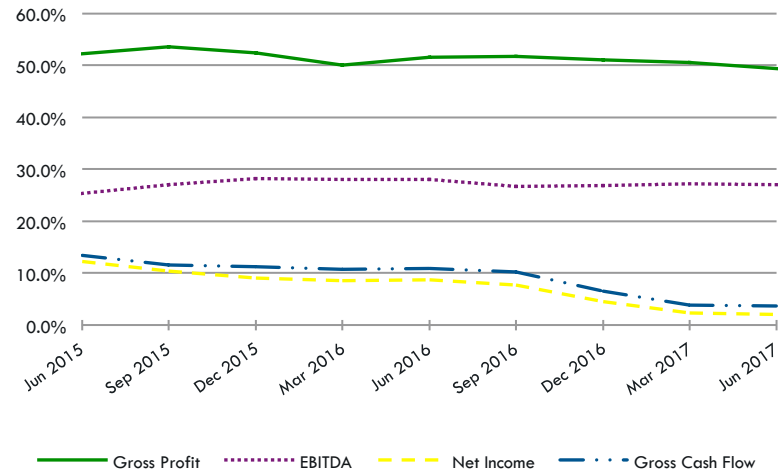
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	3/31/18	12/31/17	9/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16
EV/Revenues Multiple	3.6x	4.3x	4.2x	3.3x	3.4x	3.6x	3.7x	3.3x
EV/EBITDA Multiple	10.8x	11.4x	12.0x	10.5x	11.2x	11.5x	11.5x	10.6x
Price/Earnings Multiple	16.1x	16.7x	25.5x	32.5x	27.3x	29.2x	27.3x	25.5x
EV/Gross Cash Flows Multiple	30.6x	24.0x	25.8x	26.6x	26.3x	26.9x	27.2x	24.0x

 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
Median of all IPOs		nm	nm	\$75.0	\$92.6	\$41.5	\$35.3	(\$3.6)	(\$5.4)	(\$3.2)

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
2/6/18	Perrigo API Ltd	Bora Pharmaceuticals	\$18.5	100%	N/A	N/A
11/21/17	Decahedron Ltd.	SK Capital Partners	\$110.0	100%	\$319.0	0.0x
2/10/17	Actavis Ireland Limited	Cosmos Holdings Inc.	\$1.0	72%	N/A	N/A
1/9/17	SCILEX Pharmaceuticals	Accord Healthcare Ltd.	\$769.3	100%	N/A	N/A
11/8/16	KLUS Pharma, Inc.	Scintilla Pharmaceuticals	\$47.6	100%	\$11.1	3.7x
10/28/16	Apex Laboratories	Sichuan KELUN PHARMA	\$12.8	100%	N/A	N/A
10/3/16	Anda, Inc.	Dechra Pharmaceuticals	\$41.2	100%	N/A	N/A
8/31/16	Invent Farma ehf	Teva Pharmaceutical	\$500.0	51%	\$27.6	0.8x
8/17/16	Generic Partners Pty Ltd	Apax Partners LLP	\$222.9	100%	\$150.0	4.2x
11/21/17	Perrigo API Ltd	Mylan N.V.	\$10.6	100%	\$370.0	2.7x
6/1/16	(Generics Portfolio)	Concordia Healthcare	\$40.2	100%	N/A	N/A
5/25/16	Epic Pharma, L.L.C	PuraCap Pharmaceutical	\$529.0	100%	N/A	N/A
2/29/16	Roxane Laboratories, Inc.	Eurohealth (U.S.A.), Inc.	\$1,927.3	100%	\$676.0	2.9x
2/18/16	InvaGen Pharmaceuticals, Inc.	Cipla (EU) Limited	\$500.0	100%	\$190.0	2.6x
1/22/16	Matawan Pharmaceuticals	Perrigo Company plc	\$415.0	100%	\$287.0	1.4x

■ USA
 ■ International
 ■ Highest
 ■ Lowest
 ■ Median

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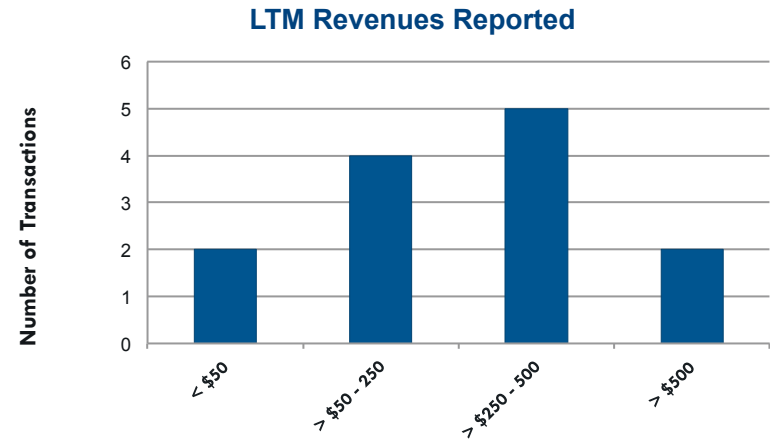
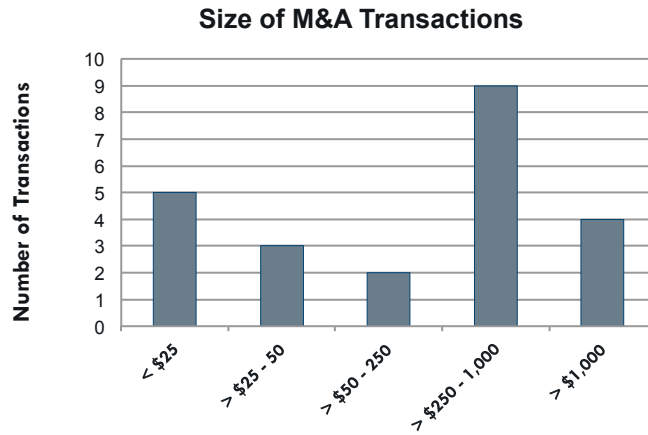
Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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

USA
 International
 Highest
 Lowest
 Median

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of March 31, 2018



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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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