

Q2: Quarterly Industry Update

AS OF June 30, 2019



Oncology Pharmaceutical

INDUSTRY SUMMARY

COGENT VALUATION identified **Oncology Pharmaceutical** publicly traded companies, IPOs, and recent M&A transactions within the Oncology Pharmaceutical 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 June 30, 2018, the median 52-week share price return of the Oncology Pharmaceutical industry was 18.1%. Between June 30, 2017 and June 30, 2019, the median EV/EBITDA multiple decreased from 13.5 to 12.0. Furthermore, the median price-to-earnings multiple decreased from 17.0 to 14.1 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 4.3% and -31.2%, respectively.

Public Company Key Statistics

Median 52-Week
Return

18.1%

Median 3-Year CAGR
Return

-6.3%

Median EV/Revenue
Multiple

5.5x

Median EV/EBITDA
Multiple

12x

Median Price/Earnings
Multiple

14.1x

Median EV/Gross CF
Multiple

14.6x

Comparable Public Company Market Price Returns as of June 30, 2019

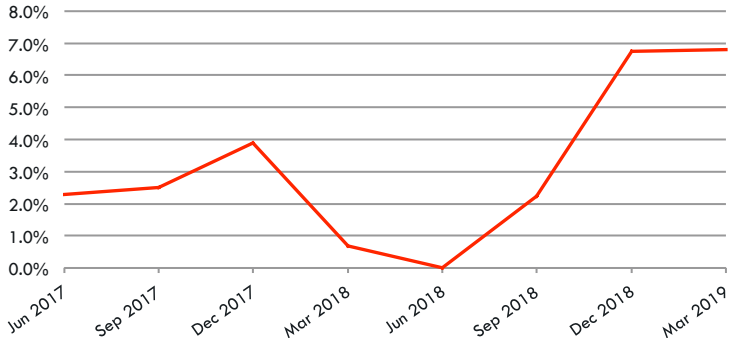
	2019	3 Month	1 Year	2 Year	2018	2017	2016	2015
Affimed N.V.	42.3%	42.3%	-17.3%	-61.0%	-27.8%	-74.7%	14.8%	N/A
Bellicum Pharmaceuticals, Inc.	-22.0%	-22.0%	-9.9%	-25.9%	-38.3%	-32.8%	-12.0%	N/A
Calithera Biosciences, Inc.	-24.6%	-24.6%	300.3%	44.2%	156.9%	-57.6%	-62.1%	N/A
Globelimmune, Inc.	65.5%	65.5%	-73.7%	-55.8%	19.8%	-92.5%	-49.0%	N/A
Incyte Corporation	-12.0%	-12.0%	57.4%	9.9%	-5.5%	-7.5%	48.3%	44.4%
Loxo Oncology, Inc.	37.1%	37.1%	107.3%	30.4%	162.1%	12.9%	6.8%	N/A
Luye Pharma Group Ltd.	21.2%	21.2%	245.9%	110.9%	33.1%	-43.1%	142.1%	N/A
Merrimack Pharmaceuticals, Inc.	-21.5%	-21.5%	-10.5%	-28.4%	-74.9%	-48.4%	-19.1%	N/A
Nektar Therapeutics	77.9%	77.9%	-77.0%	-68.3%	386.7%	-27.2%	-30.1%	112.0%
Seattle Genetics, Inc.	-2.2%	-2.2%	37.4%	25.0%	1.4%	17.6%	8.7%	36.6%
Vertex Pharmaceuticals Incorporated	-15.1%	8.8%	28.0%	3.4%	327.8%	-26.5%	39.7%	-19.5%
Median of Industry Public Companies	8.8%	3.3%	13.4%	3.4%	103.4%	-41.5%	5.9%	48.2%

Multiple year periods are calculated as the average annual return.

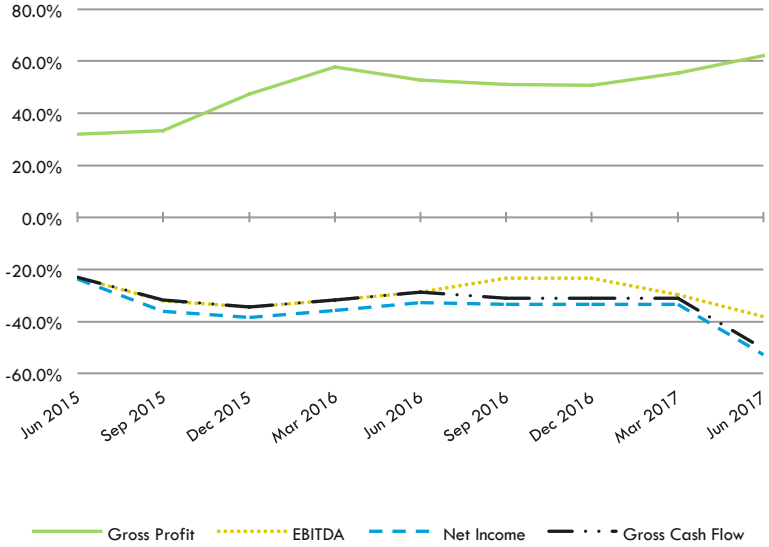
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Oncology Pharma Companies



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



Public Company Median Multiples by Quarter

	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18	12/31/17	9/30/17
EV/Revenues Multiple	5.5x	8.2x	10.2x	7.6x	7.7x	7.1x	4.5x	5.4x
EV/EBITDA Multiple	12.0x	16.8x	8.7x	11.9x	13.8x	9.4x	8.9x	15.1x
Price/Earnings Multiple	14.1x	18.0x	16.9x	13.7x	14.3x	15.7x	15.3x	17.2x
EV/Gross Cash Flows Multiple	14.6x	11.9x	9.1x	7.5x	13.3x	9.0x	8.4x	16.6x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Oncology Pharmaceutical (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
6/5/19	BioXcel Therapeutics, Inc.	\$11.00	7.0	\$60.0	\$2.2	\$0.7	\$0.0	(\$4.5)	(\$15.1)	(\$15.2)
1/5/19	ARMO BioSciences, Inc.	\$17.00	6.3	\$128.0	\$354.8	\$0.0	\$0.0	(\$42.5)	(\$7.0)	(\$10.2)
12/7/18	Cue Biopharma, Inc.	\$7.50	4.1	\$66.2	\$93.0	\$0.0	\$0.0	(\$15.3)	(\$68.5)	(\$37.5)
11/16/18	Telix Pharmaceuticals Limited	\$0.50	7.2	\$38.4	\$53.7	\$29.5	N/A	N/A	N/A	N/A
10/11/17	Beta Drugs Limited	\$1.30	5.5	\$3.0	\$7.2	\$0.0	\$6.4	\$1.1	\$86.4	\$177.9
4/6/17	BerGenBio ASA	\$2.90	7.5	\$46.4	\$787.6	\$133.8	\$0.0	(\$20.6)	\$86.4	\$176.7
2/14/17	Inventiva S.A.	\$8.99	8.8	\$50.8	\$786.5	\$9.1	\$15.1	(\$11.8)	\$87.5	\$175.2
	Median IPO	nm	nm	\$50.8	\$584.9	\$71.3	\$0.0	(\$13.5)	\$39.7	\$82.5

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/16/19	Cascadian Therapeutics, Inc.	Seattle Genetics, Inc.	\$623.1	100%	N/A	N/A
1/13/19	Sucampo Pharmaceuticals	Mallinckrodt Public Limited	\$1,220.6	100%	\$250.5	0.9x
8/31/18	Advanced Accelerator Apps.	Novartis Groupe France	\$3,917.1	100%	\$167.3	27.6x
6/21/18	ARMO BioSciences, Inc.	Eli Lilly and Company	\$1,627.9	100%	\$18.6	N/A
5/31/18	Crown Bioscience International	JSR Corporation	\$364.9	100%	N/A	N/A
4/3/18	MPI Research Inc.	Sanofi	\$4,768.7	100%	N/A	N/A
3/9/18	Cascadian Therapeutics, Inc.	Seattle Genetics, Inc.	\$623.1	74%	\$2.3	N/A
2/13/18	Sucampo Pharmaceuticals	Mallinckrodt Public Limited	\$1,220.6	100%	\$186.2	13.6x
1/31/18	Advanced Accelerator Apps.	Novartis Groupe France	\$3,917.1	100%	\$114.6	3.2x
11/13/17	Laboratorio DOSA S.A.	Grupo Farmaceutico	\$29.9	100%	N/A	N/A
9/1/17	Merck Kommanditgesellschaft	Fresenius Kabi AG	\$778.6	100%	N/A	N/A

■ USA
 ■ International

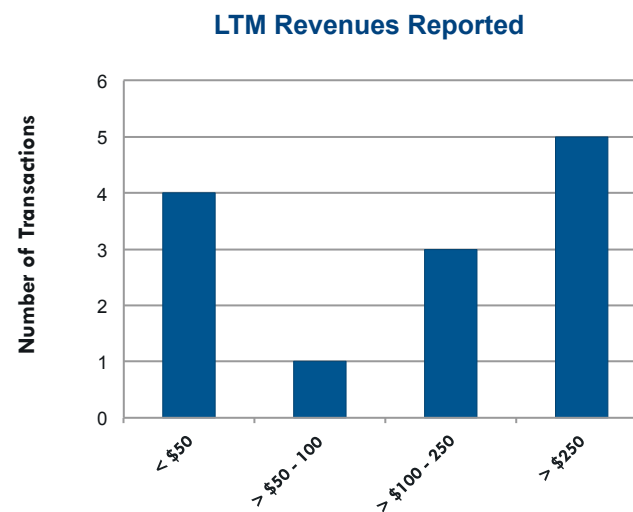
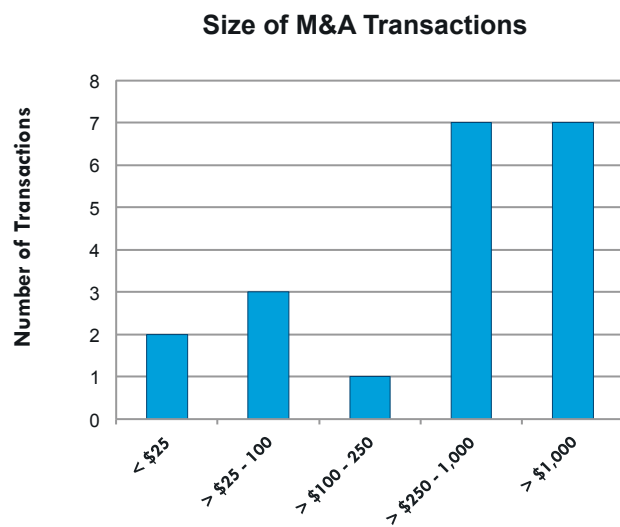
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Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/3/17	Baxalta Incorporated	Shire plc	\$36,219.9	100%	\$6,148	5.7x
12/4/15	DARA BioSciences, Inc.	Midatech Pharma Plc	\$30.7	100%	\$2.4	8.8x
10/7/15	AstraZeneca PLC, Caprelsa	Genzyme Corporation	\$300.0	100%	\$48.0	6.3x
7/23/15	Sigma-Tau Pharma	Baxter International Inc.	\$900.0	100%	\$100.0	9.0x
5/26/15	Pharmacyclics, Inc.	AbbVie Inc.	\$21,053.4	100%	\$816.1	24.7x
3/20/15	EUSA Pharma, Inc.	Essex Woodlands Health	\$34.0	100%	\$27.0	1.3x
2/28/14	Paladin Labs Inc.	Endo International plc	\$1,777.9	100%	\$263.0	5.8x
12/4/15	Agila Specialties Private	Mylan, Inc.	\$1,850.0	100%	\$255.0	7.3x
6/3/16	Baxalta Incorporated	Shire plc	\$36,219.9	100%	\$186.2	7.3x
Median of the 19 M&A Transaction Targets			\$30.7	100%	\$182.2	5.7x

Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions) as of June 30, 2019



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): 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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