

Q3: Quarterly Industry Update

AS OF September 30, 2019



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, 2018, the median 52-week share price return of the Pharmaceuticals - Generics industry was 2.7%. Between September 30, 2017 and September 30, 2019, the median EV/EBITDA multiple decreased from 12.4 to 11.6. Furthermore, the median price-to-earnings multiple decreased from 29.2 to 26.3 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were -0.4% and 22.0%, respectively.

Public Company Key Statistics

Median 52-Week
Return

2.7%

Median 3-Year CAGR
Return

-11.1%

Median EV/Revenue
Multiple

3.3x

Median EV/EBITDA
Multiple

11.6x

Median Price/Earnings
Multiple

26.3x

Median EV/Gross CF
Multiple

26.7x

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

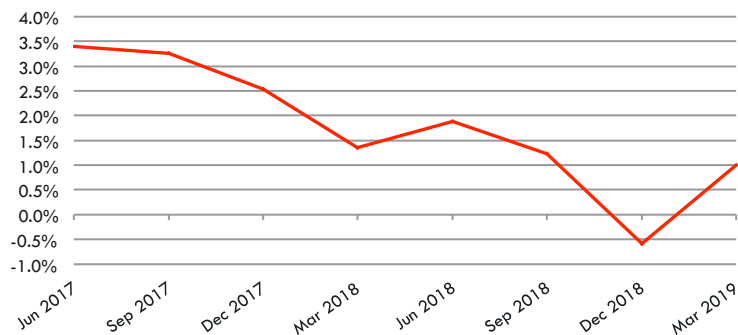
	2019	3 month	1 Year	2 Year	3 Year	2018	2017	2016
Abbott Laboratories	5.0%	5.0%	34.9%	-0.5%	5.9%	48.6%	-14.5%	17.5%
Akorn, Inc.	-41.9%	-41.9%	-22.3%	-12.4%	0.3%	47.6%	-41.5%	47.0%
Allergan plc	2.9%	2.9%	-29.6%	-10.5%	2.9%	-22.1%	-32.8%	53.2%
Amphastar Pharmaceuticals, Inc.	-2.5%	-2.5%	29.3%	0.8%	21.3%	4.5%	29.4%	N/A
ANI Pharmaceuticals, Inc.	-9.7%	-9.7%	17.6%	-13.2%	10.8%	6.3%	34.3%	58.5%
Cambrex Corporation	9.0%	9.0%	-5.0%	16.6%	42.4%	-11.0%	14.6%	21.3%
Cardinal Health, Inc.	2.3%	2.3%	-23.1%	-3.5%	4.4%	-14.9%	-19.4%	20.8%
Concordia International Corp.	-25.3%	-25.3%	-69.9%	-85.3%	-63.5%	-69.2%	-94.8%	436%
Dr. Reddy's Laboratories Limited	-15.4%	-15.4%	-21.2%	-13.7%	-1.6%	-16.0%	-3.9%	25.3%
IntelliPharmaCeutics International	-29.3%	-29.3%	-77.6%	-40.8%	-18.7%	-72.0%	39.8%	26.0%
Lannett Company, Inc.	-30.8%	-30.8%	-28.2%	-15.4%	-18.1%	5.2%	-45.0%	-39.5%
Momenta Pharmaceuticals, Inc.	30.1%	30.1%	36.0%	-41.4%	-25.6%	-7.3%	1.4%	29.5%
Mylan N.V.	-2.7%	-2.7%	5.6%	13.9%	11.8%	10.9%	-29.4%	-31.9%
Perrigo Company plc	-4.4%	-4.4%	25.5%	-24.4%	-9.0%	4.7%	-42.5%	29.9%
Teligent, Inc.	-2.0%	-2.0%	-57.0%	0.1%	4.2%	-45.1%	-25.7%	1.7%
Teva Pharmaceutical Industries	-7.4%	-7.4%	-46.7%	-25.0%	-14.1%	-33.7%	-44.8%	43.5%
Median of Industry Public Companies	-4.4%	-4.4%	-21.8%	-13.2%	2.9%	-9.2%	-22.6%	27.8%

Multiple year periods are calculated as the average annual return.

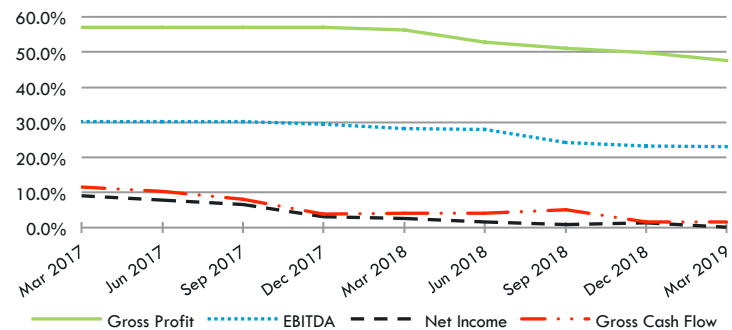
■ Highest Return
 ■ Lowest Return
 ■ Median Return

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

	9/30/19	6/30/19	3/31/19	12/31/18	6/30/18	3/31/18	12/31/17	9/30/17
EV/Revenues Multiple	3.5x	3.7x	4.3x	4.2x	4.2x	3.4x	3.4x	3.7x
EV/EBITDA Multiple	11.6x	11.1x	11.4x	12.0x	11.8x	11.3x	11.4x	12.0x
Price/Earnings Multiple	26.3x	16.2x	16.7x	25.5x	29.5x	32.5x	27.3x	29.2x
EV/Gross Cash Flows Multiple	26.7x	20.7x	24.0x	25.8x	29.1x	26.6x	26.3x	26.9x

■ 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
9/20/19	Jacobson Pharma Corporation Limited	\$0.19	437.5	\$84.6	\$2,479.8	\$644.6	\$143.4	\$33.8	\$143.6	\$280.7
7/26/19	Kadmon Holdings, Inc.	\$12.00	6.3	\$75.0	\$45.9	\$229.3	\$35.3	(\$74.3)	(\$186.8)	(\$72.8)
2/2/19	Xbrane Biopharma AB (publ)	\$46.31	2.4	\$11.7	\$75.3	\$4.1	\$0.1	(\$1.2)	(\$11.8)	(\$10.1)
6/29/18	Mithra Pharmaceuticals S.A.	\$13.43	6.0	\$80.9	\$92.6	\$30.6	\$20.1	(\$3.9)	(\$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	(\$1.2)	(\$5.4)	(\$3.2)

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

Transaction Date	Target	Acquirer	Transaction Size	% Bought	LTM Revenues	EV/ Revenues
6/18/19	Impax Laboratories	Bora Pharmaceuticals	\$18.5	100%	N/A	N/A
4/7/19	Perrigo API Ltd	SK Capital Partners	\$110.0	100%	\$319.0	0.0x
11/10/18	Decahedron Ltd.	Cosmos Holdings Inc.	\$1.0	72%	N/A	N/A
2/10/17	Actavis Ireland Limited	Accord Healthcare Ltd.	\$769.3	100%	N/A	N/A
1/9/17	SCILEX Pharmaceuticals	Scintilla Pharmaceuticals	\$47.6	100%	\$11.1	3.7x
11/8/16	Apex Laboratories	Sichuan KELUN PHARMA	\$12.8	100%	N/A	N/A
10/28/16	Anda, Inc.	SBIOS PHARMA	\$41.2	100%	N/A	N/A
10/14/16	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

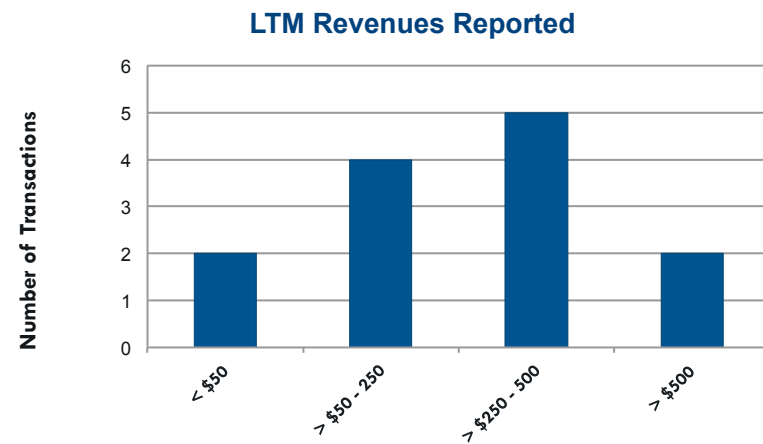
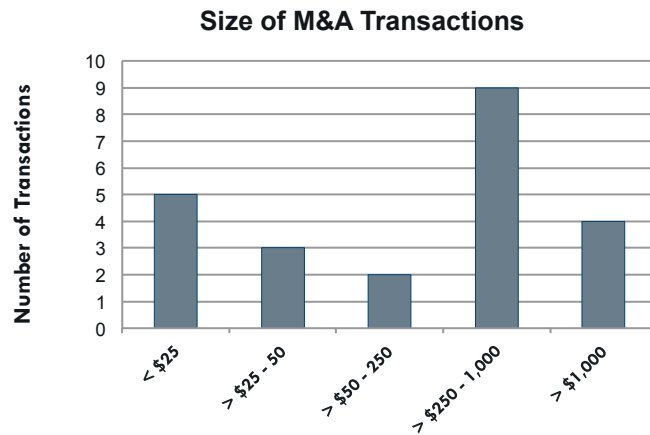
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Size of Recent Merger and Acquisition Transactions for a Majority Stake (dollars in millions)

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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

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



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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