

Q4: Quarterly Industry Update

AS OF December 31, 2019

cogent valuation
FINANCIAL OPINIONS

Inflammation Pharmaceuticals

INDUSTRY SUMMARY

COGENT VALUATION identified **Inflammation Pharma** publicly traded companies, IPOs, and recent M&A transactions within the Inflammation Pharma 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, 2018, the median 52-week share price return of the Inflammation Pharma industry was 5.9%. Between December 31, 2017 and December 31, 2019, the median EV/EBITDA multiple increased from 11.5 to 13.1. Furthermore, the median price-to-earnings multiple increased from 29.2 to 41.0 over the same period. The median revenue growth and EBITDA margins for the industry for the quarter were 0.6% and 0.0%, respectively.

Public Company Key Statistics

Median 52-Week
Return

3.6%

Median 3-Year CAGR
Return

-1.1%

Median EV/Revenue
Multiple

4.6x

Median EV/EBITDA
Multiple

11.4x

Median Price/Earnings
Multiple

19.9x

Median EV/Gross CF
Multiple

31.6x

Comparable Public Company Market Price Returns as of December 31, 2019

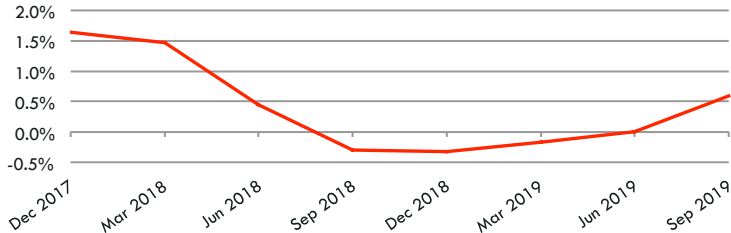
	2019	3 Month	1 Year	2 Year	3 Year	2018	2015	2014
Abbott Laboratories	5.0%	5.0%	34.9%	15.2%	8.7%	48.6%	-0.2%	17.5%
Amgen Inc.	-2.0%	-2.0%	3.9%	16.1%	9.9%	18.9%	1.9%	39.6%
Ampio Pharmaceuticals, Inc.	-16.5%	-16.5%	325.0%	-54.0%	-44.3%	352.1%	2.0%	-51.9%
Aquinox Pharmaceuticals, Inc.	19.7%	19.7%	-15.6%	0.4%	28.7%	-28.8%	66.4%	N/A
Celgene Corporation	-14.5%	-14.5%	-28.3%	16.1%	15.4%	-9.8%	7.1%	32.4%
Concert Pharmaceuticals, Inc.	-11.5%	-11.5%	34.2%	-11.4%	5.4%	151.4%	42.4%	N/A
Gilead Sciences, Inc.	5.2%	5.2%	11.0%	-9.2%	-8.7%	0.0%	7.4%	25.5%
Immunomedics, Inc.	-9.6%	-9.6%	125.8%	185.1%	55.5%	340.3%	-36.0%	4.3%
Ocular Therapeutix, Inc.	46.3%	46.3%	-29.8%	-33.7%	-25.5%	-46.8%	-60.2%	N/A
Omeros Corporation	-42.5%	-42.5%	-26.1%	40.5%	19.3%	95.9%	-36.5%	119.5%
Pfizer Inc.	-2.0%	-2.0%	3.7%	6.6%	6.5%	11.5%	3.6%	1.7%
Portola Pharmaceuticals, Inc.	-32.9%	-32.9%	-16.7%	12.6%	28.8%	116.9%	81.7%	10.0%
Median of Industry Public Companies	-5.8%	-5.8%	3.8%	9.6%	9.3%	33.8%	2.8%	17.5%

Multiple year periods are calculated as the average annual return.

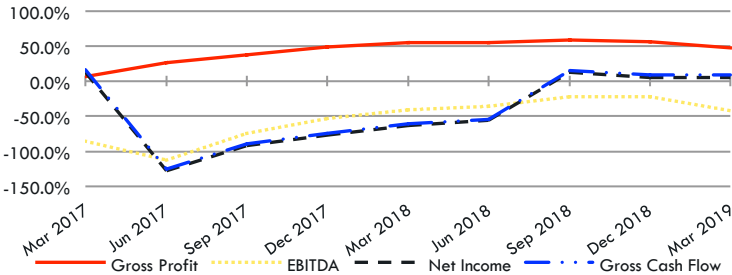
■ Highest Return
 ■ Lowest Return
 ■ Median Return

Industry Revenue Growth and Profit Margins for the Past Two Years

Median Quarterly Revenue Growth of All Inflammation Pharma Companies



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



Public Company Median Multiples by Quarter

	12/31/19	9/30/19	6/30/19	3/31/19	12/31/18	9/30/18	6/30/18	3/31/18
EV/Revenues Multiple	5.2x	4.6x	4.8x	4.4x	4.4x	4.4x	5.4x	4.8x
EV/EBITDA Multiple	13.1x	10.4x	11.1x	11.8x	11.7x	11.2x	11.5x	11.6x
Price/Earnings Multiple	11.0x	19.9x	22.9x	27.5x	28.8x	27.3x	29.2x	25.4x
EV/Gross Cash Flows Multiple	46.9x	31.6x	27.3x	26.2x	26.6x	25.4x	26.9x	20.1x

■ Highest Multiple
 ■ Lowest Multiple
 ■ Median Multiple

Industry Initial Public Offerings—Inflammation Pharmaceuticals

(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
12/29/19	Calliditas Therapeutics AB (publ)	\$5.02	4.3	\$75.0	\$62.2	\$13.8	\$0.0	(\$16.2)	(\$4.3)	(\$2.6)
12/8/19	InflaRx N.V.	\$15.00	6.0	\$60.5	\$64.6	\$0.0	\$0.0	(\$28.1)	(\$3.1)	\$1.4
11/26/19	Sienna Biopharmaceuticals, Inc.	\$15.00	5.0	\$84.0	\$39.8	\$15.5	\$0.0	(\$36.9)	(\$6.1)	(\$1.7)
7/19/19	Kala Pharmaceuticals, Inc.	\$15.00	5.5	\$122.1	\$134.0	\$0.0	\$0.0	(\$2.8)	\$6.4	\$9.2
11/25/18	AnaptysBio, Inc.	\$15.00	6.0	\$6.2	\$3.2	\$4.3	\$16.7	(\$2.8)	(\$13.7)	(\$11.6)
9/25/16	Reata Pharmaceuticals, Inc.	\$11.00	4.3	\$68.2	\$6.9	\$14.0	\$49.7	(\$0.1)	(\$21.9)	(\$20.9)
6/29/17	Median of all IPOs	nm	6.0	\$71.6	\$51.0	\$9.1	\$8.3	(\$9.6)	(\$5.2)	(\$2.1)

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
12/1/19	Cleveland HeartLab, Inc.	Quest Diagnostics Inc.	\$94.0	98%	\$60.7	33.5x
11/3/19	Confluence Life Sciences, Inc.	Aclaris Life Sciences, Inc.	\$109.4	100%	\$2,322	4.3x
10/29/19	Meda AB	Mylan N.V.	\$10,071.1	100%	\$135.3	4.1x
6/10/19	Skyepharma PLC	Vectura Group plc	\$615.4	100%	\$16.7	15.3x
7/1/18	Icagen, Inc.	N/A	\$11.0	100%	\$10.1	4.8x
5/1/15	Cellular Dynamics	Fujifilm Medical	\$289.1	100%	\$41.5	0.8x
4/13/15	Innocutis Medical, LLC	Cipher Pharmaceuticals	\$48.5	100%	\$160.3	3.0x
11/18/13	Cisbio Bioassays	Argos Soditic	\$34.0	100%	\$29.7	1.8x
6/5/12	ISTA Pharmaceuticals, Inc.	Bausch & Lomb	\$551.5	100%	\$89.1	1.3x
8/31/09	Idaman Pharma	Pharmaniaga Bhd	\$53.4	98%	\$60.7	33.5x
4/29/09	Cleveland HeartLab, Inc.	Medivir AB	\$28.6	100%	\$12.0	2.4x
12/15/08	Amgen Inc.	Biovitrum AB	\$150.3	100%	\$70.0	2.1x

■ 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
8/3/17	Confluence Life Sciences, Inc.	Shire Limited	\$396.0	84%	\$14.2	31.3x
7/29/16	Meda AB	MBK Partners	\$239.1	77%	\$75.9	3.7x
6/10/16	Skyepharma PLC	Genstar Capital, LLC	\$700.8	87%	\$381.9	2.0x
7/1/15	Icagen, Inc.	Genentech, Inc.	\$921.7	100%	\$60.9	12.4x
5/1/15	Cellular Dynamics	Bioprogess plc	\$456.5	100%	\$18.9	24.2x
4/13/15	Innocutis Medical, LLC	Actavis Group ehf.	\$30.8	51%	\$19.1	3.2x
11/18/13	Cisbio Bioassays	Abbott Laboratories	\$4,190.9	100%	\$849.3	4.3x
11/24/06	ISTA Pharmaceuticals, Inc.	Recordati SpA	\$57.4	100%	\$49.7	1.2x
	Median of the 20 M&A Transaction Targets		\$264.1	100%	\$46.4	3.7x

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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