



KPMG Corporate Finance LLC

Healthcare Life Sciences
M&A Quarterly

Q2 2018



Global Life Sciences Sector Coverage⁽¹⁾

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KPMG Corporate Finance⁽¹⁾

KPMG Corporate Finance provides a broad range of investment banking and strategic advisory services to domestic and international clients and is a leading global middle market investment banking platform

- Average 350 transactions annually for the last five years
- Over 2,500 investment banking professionals worldwide
- Offices in 84 countries with extensive cross-border abilities



Notes:

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.



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KPMG Corporate Finance LLC

Selected Recent Transactions⁽¹⁾

  Divestiture of BeBionic assets to ottobock. KPMG CF advised Steeper on the divestiture of BeBionic assets to Ottobock Closed	 OLYMPUS Acquisition of  KPMG CF advised Olympus on the acquisition of Image Stream Medical Closed	 OLYMPUS Acquisition of lithotripsy systems business from  KPMG CF advised Olympus on the acquisition of Cybersonics Lithotripsy Systems Closed	  Sale to  KPMG CF advised Sividon Diagnostics on the sale to Myriad Genetics Closed	  Sale to  KPMG CF advised Biocomposites on the sale to TA Associates Closed
  Sale to  KPMG CF advised Synergy Health on the sale to Vernacare Closed	  Sale to  KPMG CF advised EPL Archives on the sale to VWR Corporation Closed	  Sale to  KPMG CF advised Seastar Chemicals on the sale to VWR Corporation Closed	 ERGOMED Acquisition of  KPMG CF advised Ergomed on the acquisition of Pharminvent Closed	 Baxter Divestiture of FFS infusion business in India to  KPMG CF advised Baxter on the sale of its form-fill-seal (FFS) infusion business in India to Eurolife Closed
  Sale to  KPMG CF advised Sygnature Discovery on the sale to Phoenix Equity Partners Closed	  Investment in  KPMG CF advised AnGes MG in Japan on the investment in Vical Incorporated Closed	  Acquisition of  KPMG CF advised Laboratorios Cinfa on the acquisition of Orliman Group Closed	 HITACHI Acquisition of  KPMG CF advised Hitachi Chemical Co. on the acquisition of Kyowa Medex Closed	  Acquisition of  KPMG CF advised Shilpa Medicare on the acquisition of Navya Biologicals Closed

2013-2017 Advisor Rankings ⁽²⁾		# of Deals	2017 Advisor Rankings ⁽²⁾		# of Deals	August YTD 2018 ⁽²⁾		# of Deals
1.	KPMG ⁽¹⁾	3,854	1.	KPMG ⁽¹⁾	402	1.	KPMG ⁽¹⁾	166
2.	PwC	3,672	2.	Rothschild	313	2.	Rothschild	151
3.	Ernst & Young	2,449	3.	PwC	311	3.	Houlihan Lokey	124
4.	Deloitte	2,365	4.	Houlihan Lokey	223	4.	PwC	117
5.	Rothschild	2,307	5.	BDO	223	5.	Ernst & Young	102
6.	Lazard	1,782	6.	Ernst & Young	222	6.	Sumitomo Mitsui Finl Grp	100
7.	Houlihan Lokey	1,768	7.	Deloitte	207	7.	Lazard	100
8.	Goldman Sachs	1,760	8.	Lazard	189	8.	Deloitte	95
9.	Morgan Stanley	1,736	9.	Ind. & Comm Bank of China	184	9.	IMAP	92
10.	BDO	1,662	10.	IMAP	178	10.	Mizuho Financial Group	86

Notes:

(1) Represents the global Corporate Finance practices of KPMG International's network of independent member firms.

(2) League tables include completed deals which have value between \$0 to \$500mm and also where deal value is not disclosed.

Source: Thomson Reuters SDC.



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Life Sciences M&A Newsletter - Q2 2018

Global life sciences deal value rose substantially in H1:2018 compared to the same period the previous year. The value of the top 10 announced life sciences deals in H1:18 exceeded the \$100 billion mark, mainly driven by the blockbuster acquisition of Shire plc by Takeda.

The first half of 2018 recorded 592 transactions, a 1.2% increase in deal volume over the same period last year. On an aggregate basis, disclosed deal value rose substantially to \$172.1 billion, resulting in 37.3% growth over H1:17 on the back of mega deals such as Shire's \$81.5 billion acquisition by Takeda and Bioverativ's \$11.5 billion acquisition by Sanofi. Deal multiples reached new highs and large deals continued to dominate with 20 deals breaking the \$1 billion threshold in H1:18. US and China dominated the life sciences M&A landscape, and Canada followed in third place as legalization of cannabis boosted M&A activity.

LIFE SCIENCES M&A UPDATE

H1:18

Deal Volume
592 transactions
in H1:18

Deal Value
\$172.1 billion
in H1:18

Volume Up
1.2%
from H1:17

Value Up
37.3%
from H1:17



Mega Deal:

\$81.5 billion



On May 8, 2018, Takeda Pharmaceutical entered into a definitive agreement to acquire Shire plc for \$81.5 billion. Shire offers market opportunities in the US and complements Takeda with its leading global rare disease franchise. Takeda anticipates combined annual recurring pre-tax synergies of at least \$1.4 billion by the end of the third fiscal year following the closing of the transaction.

Deal Multiples

Life sciences deal valuations reached new highs in H1:18 with an average EV/EBITDA multiple of 13.8x, compared to 13.4x in H1:17.



Sponsor Backed M&A Activity

Of the 592 life sciences deals announced in H1:18, 46 involved one or more financial sponsors. On an aggregate basis, private equity contributed \$6.6 billion in disclosed deal spending in H1:18. Sponsor-backed M&A investments were most prevalent in medical equipment/supplies targets, followed by life sciences tools and services.



Domestic M&A and Cross-Border Deals



US and China dominated the life sciences M&A landscape, constituting more than 50% of total deal volume as acquirer and target nation in life sciences M&A. Canada followed in third place as cannabis related deals boosted M&A activity. Cross-border deals represented 35% of total deal volume in H1:18, up from 33% in H1:17.

Sub-Sectors in Focus

Pharmaceuticals / biotechnology continued to be the most active life sciences sub-sector, accounting for ~53% of total deals and ~85% of total deal spending in H1:18. Deal activity was largely concentrated in the therapeutic areas of rare disease, hematology and oncology. Advancements in gene and cell-based therapies continued to drive deal making.

A shift to specialty biologics, as well as a growing number of clinical trials and associated R&D expenses continued to drive deal making in outsourced pharmaceutical services.

Demand for molecular diagnostics/reagents assets was spurred by growth in personalized medicine, as well as advancements in biomarker identification and molecular techniques.

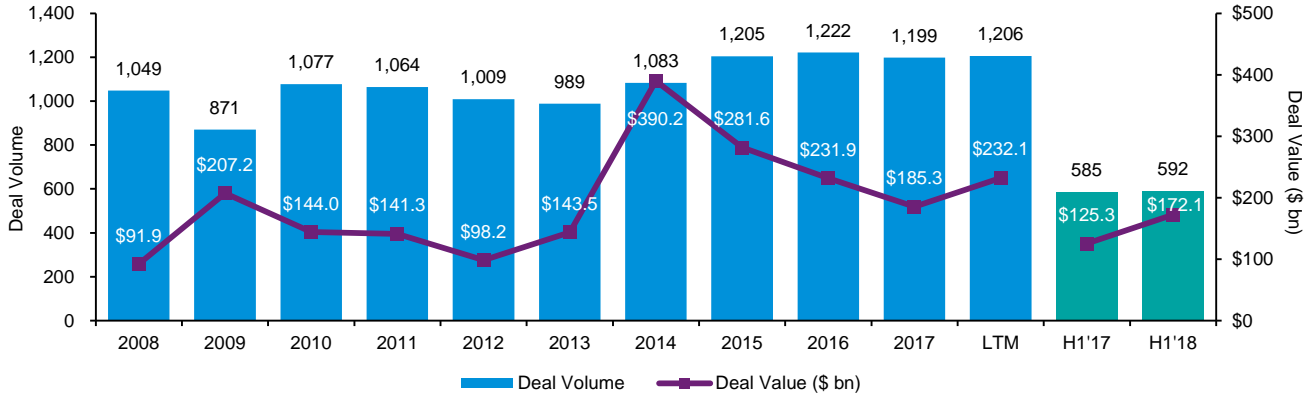
Sources: Capital IQ and company reports.



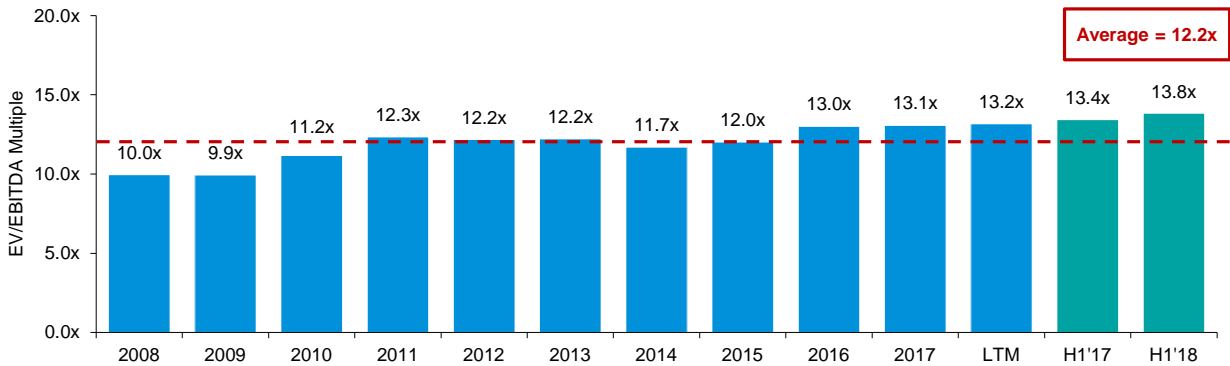
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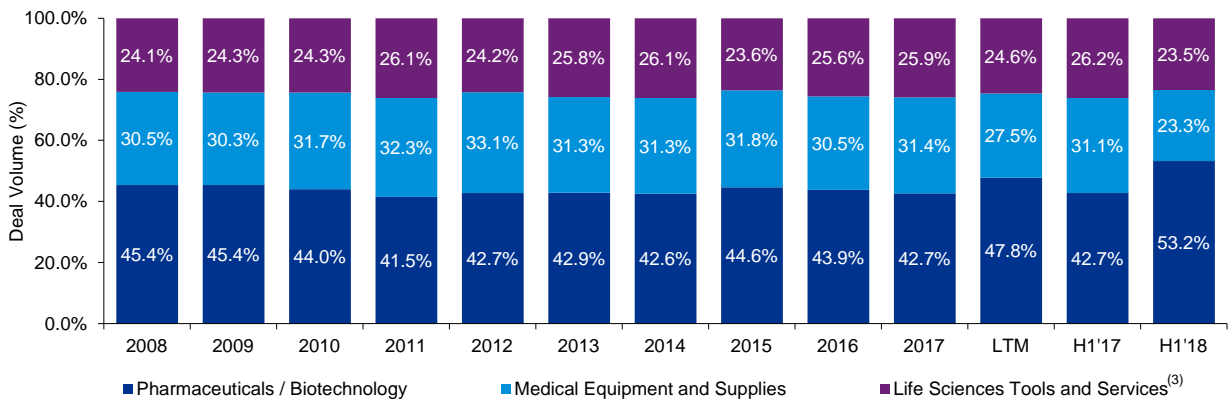
Global Life Sciences M&A Activity⁽¹⁾



Global Life Sciences Average EV/EBITDA Deal Multiples⁽²⁾



Global Life Sciences Deal Volume by Sub-Sector



Notes:

M&A analysis is based on deals (majority stake) announced and/or closed during the corresponding time periods.

(1) Deal value represents aggregate deal value for disclosed transactions.

(2) EV/EBITDA multiples greater than 25.0x were excluded from the analysis.

(3) Life Sciences Tools and Services sub-sector includes Outsourced Pharmaceutical Services, Medical Distributors and Medical Laboratory Services.

Sources: Capital IQ and company reports.



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Selected Life Sciences M&A Transactions - H1:18							
<i>(US\$ in millions)</i>							
Date Announced	Target	Target Country/Region	Buyer	Sub-sector	Implied Enterprise Value (TEV)	TEV / Revenue ⁽¹⁾	TEV / EBITDA ⁽¹⁾
5/8/2018	Shire plc	Ireland	Takeda Pharmaceutical Company Limited	Biotechnology	\$81,500	5.4x	17.3x
4/6/2018	AveXis, Inc.	United States	Novartis AG	Biotechnology	\$8,110	NA	NM
4/18/2018	Consumer Health Business of Merck	Germany	Procter & Gamble Overseas India B.V.	Pharmaceuticals	\$6,564	NA	NA
6/19/2018	Cotiviti Holdings, Inc.	United States	Verscend Technologies, Inc.	Health Care Technology	\$4,929	6.7x	17.1x
6/29/2018	Recordati Industria Chimica e Farmaceutica S.p.A.	Italy	CVC Capital Partners	Pharmaceuticals	\$3,500	2.3x	6.4x
6/6/2018	Advanced Sterilization Products Services Inc.	United States	Fortive Corporation	Healthcare Equipment	\$2,700	3.5x	NA
4/16/2018	Oncology Business of Shire	Ireland	LES LABORATOIRES SERVIER SAS	Pharmaceuticals	\$2,400	9.2x	NA
3/16/2018	LifeScan, Inc.	United States	Platinum Equity, LLC	Healthcare Equipment	\$2,100	1.4x	NA
5/9/2018	ARMO BioSciences, Inc.	United States	Eli Lilly and Company	Biotechnology	\$1,463	NA	NM
4/10/2018	Analogic Corporation	United States	Altaris Capital Partners, LLC	Healthcare Equipment	\$921	2.0x	20.4x
1/21/2018	Bioverativ Inc.	United States	Sanofi	Biotechnology	\$11,038	9.4x	23.2x
1/21/2018	Juno Therapeutics, Inc.	United States	Celgene Corporation	Biotechnology	\$9,556	NM	NM
1/28/2018	Abylnx NV	Belgium	Sanofi	Biotechnology	\$3,560	NM	NM
2/15/2018	Flatiron Health, Inc.	United States	Roche Holding AG	Health Care Technology	\$2,174	NA	NA
2/14/2018	Collaboration on NKTR-214	United States	Bristol-Myers Squibb Company	Pharmaceuticals	\$1,850	NA	NA
5/4/2018	Sirtex Medical Limited	Australia	China Grand Pharmaceutical and Healthcare Holdings Limited; CDH Genetech Limited	Biotechnology	\$1,807	7.8x	NM
2/19/2018	CJ HealthCare Corp.	South Korea	CKM Co., Ltd.	Pharmaceuticals	\$1,221	2.5x	NA
1/7/2018	Impact Biomedicines, Inc.	United States	Celgene Corporation	Life Sciences Tools and Services	\$1,100	NA	NA

Notes:

All figures in US\$; where applicable, converted at rates as of June 30, 2018.

(1) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x respectively are considered "NM".

Sources: Capital IQ and company reports.



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Life Sciences M&A Newsletter - Q2 2018

Selected Public Life Sciences Companies - Closing share prices as of June 30, 2018

(US\$ in millions, except per share amounts)

Company Name	Market Cap	Enterprise Value ⁽¹⁾	Share Price ⁽²⁾	% of 52-Wk High	Latest Twelve Months (LTM)				Enterprise Value ⁽⁴⁾	
					Revenue	Revenue Growth	EBITDA ⁽³⁾	EBITDA Margin	LTM Revenue	LTM EBITDA
Pharmaceuticals										
Allergan plc	\$56,529	\$81,057	\$166.72	64.9%	\$16,157	7.2%	\$7,408	45.9%	5.0x	10.9x
AstraZeneca PLC	\$87,796	\$102,800	\$69.31	95.1%	\$22,342	2.8%	\$4,608	20.6%	4.6x	22.3x
Eli Lilly and Company	\$87,094	\$94,113	\$85.33	95.8%	\$23,874	8.5%	\$7,377	30.9%	3.9x	12.8x
GlaxoSmithKline plc	\$99,175	\$122,520	\$20.19	93.5%	\$39,604	0.6%	\$9,565	24.2%	3.1x	12.8x
Merck & Co., Inc.	\$163,301	\$179,622	\$60.70	91.4%	\$41,259	3.1%	\$11,845	28.7%	4.4x	15.2x
Mylan N.V.	\$18,629	\$33,275	\$36.14	75.6%	\$11,719	-2.4%	\$3,550	30.3%	2.8x	9.4x
Novartis AG	\$176,606	\$203,229	\$75.77	85.3%	\$52,220	6.9%	\$15,725	30.1%	3.9x	12.9x
Pfizer Inc.	\$212,222	\$242,049	\$36.28	92.0%	\$52,673	1.7%	\$21,243	40.3%	4.6x	11.4x
Sanofi	\$99,220	\$115,792	\$80.10	79.4%	\$40,798	-3.7%	\$10,811	26.5%	2.8x	10.7x
Takeda Pharmaceutical	\$32,967	\$38,447	\$42.20	69.9%	\$15,988	1.5%	\$3,499	21.9%	2.4x	11.0x
Teva Pharmaceutical	\$24,769	\$57,850	\$24.32	71.9%	\$20,781	-11.3%	\$5,657	27.2%	2.8x	10.2x
Pharmaceuticals Mean	\$96,210	\$115,523		83.2%	\$30,674	1.4%	\$9,208	29.7%	3.7x	12.7x
Pharmaceuticals Median	\$87,796	\$102,800		85.3%	\$23,874	1.7%	\$7,408	28.7%	3.9x	11.4x
Biotechnology										
AbbVie Inc.	\$140,278	\$168,676	\$92.65	73.6%	\$30,946	15.9%	\$12,954	41.9%	5.5x	13.0x
Alexion Pharmaceuticals, Inc.	\$27,623	\$29,213	\$124.15	83.1%	\$3,745	9.7%	\$1,708	45.6%	7.8x	17.1x
Amgen Inc.	\$122,144	\$125,513	\$184.59	91.7%	\$23,188	0.6%	\$12,510	54.0%	5.4x	10.0x
Biogen Inc.	\$61,243	\$61,251	\$290.24	78.3%	\$12,872	9.9%	\$6,698	52.0%	4.8x	9.1x
Celgene Corporation	\$57,566	\$73,090	\$79.42	54.0%	\$14,122	15.8%	\$5,061	35.8%	5.2x	14.4x
Gilead Sciences, Inc.	\$92,110	\$96,483	\$70.84	79.1%	\$23,197	-18.5%	\$12,203	52.6%	4.2x	7.9x
Biotechnology Mean	\$83,494	\$92,371		76.6%	\$18,012	5.6%	\$8,522	47.0%	5.5x	11.9x
Biotechnology Median	\$76,677	\$84,787		78.7%	\$18,655	9.8%	\$9,450	48.8%	5.3x	11.5x
Medical Equipment & Supplies										
Abbott Laboratories	\$106,927	\$124,980	\$60.99	94.4%	\$29,575	25.3%	\$6,840	23.1%	4.2x	18.3x
Baxter International Inc.	\$39,540	\$40,152	\$73.84	97.6%	\$11,000	7.0%	\$2,351	21.4%	3.7x	17.1x
Becton, Dickinson and Company	\$64,011	\$85,537	\$239.56	96.4%	\$14,747	21.3%	\$4,269	28.9%	5.8x	20.0x
Boston Scientific Corporation	\$45,120	\$50,598	\$32.70	87.7%	\$9,500	9.0%	\$2,571	27.1%	5.3x	19.7x
Hologic, Inc.	\$10,852	\$13,606	\$39.75	87.2%	\$3,207	7.5%	\$1,038	32.3%	4.2x	13.1x
Koninklijke Philips N.V.	\$39,284	\$42,526	\$42.50	98.1%	\$20,628	-0.6%	\$2,648	12.8%	2.1x	16.1x
Medtronic plc	\$115,720	\$130,267	\$85.61	96.0%	\$29,953	0.0%	\$9,508	31.7%	4.3x	13.7x
Olympus Corporation	\$12,782	\$13,373	\$37.44	89.1%	\$7,174	5.8%	\$991	13.8%	1.9x	13.5x
Siemens Healthineers AG	\$41,250	\$45,810	\$41.25	94.8%	\$15,740	0.0%	\$2,935	18.6%	2.9x	15.6x
Smith & Nephew plc	\$16,102	\$17,354	\$18.45	96.9%	\$4,869	4.1%	\$1,249	25.7%	3.6x	13.9x
Stryker Corporation	\$63,105	\$68,563	\$168.86	93.9%	\$13,040	9.1%	\$3,564	27.3%	5.3x	19.2x
Zimmer Biomet Holdings, Inc.	\$22,653	\$31,999	\$111.44	83.5%	\$7,927	2.1%	\$2,704	34.1%	4.0x	11.8x
Medical Equipment & Supplies Mean	\$48,112	\$55,397		93.0%	\$13,947	7.5%	\$3,389	24.7%	3.9x	16.0x
Medical Equipment & Supplies Median	\$40,395	\$44,168		94.6%	\$12,020	6.4%	\$2,676	26.4%	4.1x	15.8x

Notes:

All figures in US\$; where applicable, converted at rates as of June 30, 2018.

(1) As shown, Enterprise Value defined as Market Capitalization plus Preferred Stock and Net Debt.

(2) Closing share prices as of June 30, 2018.

(3) EBITDA reduced to account for minority interest expense.

(4) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x respectively are considered "NM".

Sources: Capital IQ and company reports.



Life Sciences M&A Newsletter - Q2 2018

Selected Public Life Sciences Companies - Closing share prices as of June 30, 2018

(US\$ in millions, except per share amounts)

Company Name	Market Cap	Enterprise Value (1)	Share Price (2)	% of 52-Wk High	Latest Twelve Months (LTM)				Enterprise Value(4)	
					Revenue	Revenue Growth	EBITDA (3)	EBITDA Margin	LTM Revenue	LTM EBITDA
Laboratory Tools & Diagnostics										
Agilent Technologies, Inc.	\$19,786	\$18,890	\$61.84	82.5%	\$4,720	9.4%	\$1,141	24.2%	4.0x	16.6x
Bio-Rad Laboratories, Inc.	\$8,586	\$8,258	\$288.54	94.8%	\$2,283	9.5%	\$356	15.6%	3.6x	23.2x
Bio-Techne Corporation	\$5,559	\$5,775	\$147.95	88.7%	\$643	14.2%	\$202	31.4%	9.0x	NM
Brooks Automation, Inc.	\$2,301	\$2,262	\$32.62	89.5%	\$802	20.0%	\$136	16.9%	2.8x	16.7x
Bruker Corporation	\$4,533	\$4,469	\$29.04	79.5%	\$1,842	10.7%	\$312	16.9%	2.4x	14.3x
Danaher Corporation	\$68,935	\$78,399	\$98.68	94.1%	\$19,290	10.7%	\$4,782	24.8%	4.1x	16.4x
Eurofins Scientific SE	\$9,829	\$11,503	\$555.83	85.1%	\$3,871	21.7%	\$617	15.9%	3.0x	18.6x
Illumina, Inc.	\$41,056	\$39,982	\$279.29	95.3%	\$2,936	24.8%	\$968	33.0%	NM	NM
Lonza Group Ltd	\$19,690	\$23,552	\$265.22	94.6%	\$5,912	32.8%	\$1,479	25.0%	4.0x	15.9x
PerkinElmer, Inc.	\$8,102	\$9,998	\$73.23	86.7%	\$2,387	18.7%	\$462	19.3%	4.2x	21.7x
QIAGEN N.V.	\$8,213	\$9,013	\$36.16	96.1%	\$1,482	8.8%	\$512	34.5%	6.1x	17.6x
Thermo Fisher Scientific Inc.	\$83,337	\$103,485	\$207.14	91.5%	\$23,094	20.3%	\$5,781	25.0%	4.5x	17.9x
Waters Corporation	\$15,166	\$13,862	\$193.59	87.9%	\$2,380	7.6%	\$824	34.6%	5.8x	16.8x
Laboratory Tools & Diagnostics Mean	\$22,699	\$25,342		89.7%	\$5,511	16.1%	\$1,352	24.4%	4.5x	17.8x
Laboratory Tools & Diagnostics Median	\$9,829	\$11,503		89.5%	\$2,387	14.2%	\$617	24.8%	4.0x	16.8x
Outsourced Pharma Services										
Catalent, Inc.	\$5,587	\$7,962	\$41.89	87.5%	\$2,395	20.3%	\$485	20.2%	3.3x	16.4x
Charles River Laboratories International	\$5,379	\$6,321	\$112.26	94.3%	\$2,022	11.9%	\$467	23.1%	3.1x	13.5x
ICON Public Limited Company	\$7,129	\$7,125	\$132.53	95.9%	\$2,157	25.5%	\$431	20.0%	3.3x	16.5x
IQVIA Holdings Inc.	\$20,195	\$29,648	\$99.82	90.2%	\$8,475	8.6%	\$1,762	20.8%	3.5x	16.8x
PRA Health Sciences, Inc.	\$5,982	\$7,190	\$93.36	95.9%	\$2,352	28.2%	\$382	16.3%	3.1x	18.8x
Syneos Health, Inc.	\$4,820	\$7,605	\$46.90	78.4%	\$3,472	236.2%	\$442	12.7%	2.2x	17.2x
West Pharmaceutical Services, Inc.	\$7,306	\$7,304	\$99.29	96.1%	\$1,677	8.6%	\$347	20.7%	4.4x	21.1x
Outsourced Pharma Services Mean	\$8,057	\$10,451		91.2%	\$3,221	48.5%	\$616	19.1%	3.3x	17.2x
Outsourced Pharma Services Median	\$5,982	\$7,304		94.3%	\$2,352	20.3%	\$442	20.2%	3.3x	16.8x
Medical Distributors										
AmerisourceBergen Corporation	\$18,743	\$21,542	\$85.27	80.2%	\$163,763	8.0%	\$2,388	1.5%	0.1x	9.0x
Cardinal Health, Inc.	\$15,171	\$22,575	\$48.83	61.9%	\$136,809	5.3%	\$2,905	2.1%	0.2x	7.8x
Henry Schein, Inc.	\$11,188	\$13,436	\$72.64	78.0%	\$13,026	8.8%	\$1,057	8.1%	1.0x	12.7x
McKesson Corporation	\$26,917	\$32,404	\$133.40	74.6%	\$209,913	5.0%	\$3,698	1.8%	0.2x	8.8x
Owens & Minor, Inc.	\$1,033	\$1,842	\$16.71	51.4%	\$9,555	1.9%	\$229	2.4%	0.2x	8.0x
Patterson Companies, Inc.	\$2,096	\$3,049	\$22.67	47.5%	\$5,466	-2.3%	\$304	5.6%	0.6x	10.0x
Medical Distributors Mean	\$12,524	\$15,808		65.6%	\$89,755	4.5%	\$1,763	3.6%	0.4x	9.4x
Medical Distributors Median	\$13,180	\$17,489		68.2%	\$74,918	5.1%	\$1,722	2.3%	0.2x	8.9x
Laboratory Services										
Laboratory Corporation of America Holdings	\$18,366	\$24,781	\$179.53	94.3%	\$10,979	13.2%	\$2,074	18.9%	2.3x	11.9x
Quest Diagnostics Incorporated	\$14,932	\$18,778	\$109.94	94.4%	\$7,831	5.4%	\$1,518	19.4%	2.4x	12.4x
Laboratory Services Mean	\$16,649	\$21,780		94.3%	\$9,405	9.3%	\$1,796	19.1%	2.3x	12.2x
Laboratory Services Median	\$16,649	\$21,780		94.3%	\$9,405	9.3%	\$1,796	19.1%	2.3x	12.2x

Notes:

All figures in US\$; where applicable, converted at rates as of June 30, 2018.

(1) As shown, Enterprise Value defined as Market Capitalization plus Preferred Stock and Net Debt.

(2) Closing share prices as of June 30, 2018.

(3) EBITDA reduced to account for minority interest expense.

(4) EV/Revenue and EV/EBITDA multiples greater than 10.0x and 25.0x respectively are considered "NM".

Sources: Capital IQ and company reports.





Important Notice

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. The information contained in this communication does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.