

M&A Overview

Many of the industry's leading consolidators were active on the M&A front during the third quarter, including CVS, PharMerica, and Walgreens, among others. Transactions occurred in a variety of sectors and included private equity recapitalizations, divestitures, and full strategic sales. In addition to the transactions highlighted below, it was revealed that Walgreens is exploring the sale of a majority stake in its infusion services business, which could be valued around \$1.5 billion. This transaction will be interesting to watch in the coming quarters, which show no signs of slowing down in terms of M&A activity.

Public Company Performance

Data from Capital IQ as of September 30, 2014			Valuation Statistics	
Company	Ticker	Enterprise Value (EV) – in millions	EV/ LTM Rev.	EV/ LTM EBITDA
CVS Health	CVS	\$103,985	0.79x	9.97x
Express Scripts	ESRX	\$65,926	0.66x	10.23x
Omnicare	OCR	\$8,000	1.28x	11.07x
PharMerica Corp.	PMC	\$992	0.55x	8.86x
Rite Aid Corp.	RAD	\$10,309	0.40x	8.90x
Walgreens	WAG	\$58,559	0.77x	10.63x

Noteworthy Transactions

Month	Acquirer	Target Company	Details
September 2014	PharMerica	Millennium Pharmacy Systems	PharMerica has completed the acquisition of Millennium Pharmacy Systems, based in Cranberry Township, PA. Millennium provides pharmacy services to the long-term care industry, operating seven institutional pharmacies, primarily in the mid-Atlantic region.. Terms were undisclosed, but PharMerica expects annual revenue to increase by \$120 million.
September 2014	CVS Health	Navarro Discount Pharmacy / Navarro Health Services	CVS Health has acquired Miami-based drugstore, Navarro Discount Pharmacy, as well as Navarro Health Services, a specialty pharmacy. Navarro is the largest Hispanic-owned drugstore in the U.S., with 33 retail stores and annual sales of \$340 million. CVS seeks to gain more business from the growing Hispanic market, as well as expand its specialty pharmacy operations. The Navarro stores will keep their name rather being rebranded as CVS stores. Terms of the transaction were not disclosed.
September 2014	Envision Pharmaceutical Services	MedTrak Services	Envision Pharmaceutical Services completed its acquisition of MedTrak Services, an independent privately held pharmacy benefit manager in Overland Park, KS. MedTrak will continue to be managed and operated as an independent company.
August 2014	Enclara Health	excelleRx	Enclara Health, a South Jersey hospice pharmacy and portfolio company of Consonance Capital Partners, has acquired excelleRx from Omnicare for an undisclosed sum. excelleRx is a hospice and palliative-care medication management and pharmacy distribution services company. The combined company will serve 475 hospice providers and 84,000 patients daily.
August 2014	Walgreens	Alliance Boots	Walgreens plans to pay approximately \$15.3 billion in cash and stock for the part of Alliance Boots it does not already own. On September 16, Walgreens announced the new holding company name: Walgreens Boots Alliance, Inc.
July 2014	ACON Investments	Injured Workers Pharmacy	ACON Investments acquired Injured Workers Pharmacy (IWP), a specialty home delivery pharmacy, from Audax Group and Parthenon Capital Partners. ACON partnered with two former Omnicare executives (Patrick Keefe and Tracy Finn) and Triton Pacific Capital Partners on this transaction. IWP will continue to be led by Ken Martino and other members of the existing senior management team. No financial terms of the transaction were disclosed.
July 2014	Diplomat Pharmacy	MedPro Rx	Diplomat Pharmacy has acquired Raleigh, NC-based MedPro Rx, a specialty pharmacy focused on specialty infusion therapies including hemophilia and immune globulin for an undisclosed sum. Diplomat acquired MedPro Rx to expand its specialty infusion operations and increase its presence in the mid-Atlantic and Southern regions of the U.S.
July 2014	Amerita (subsidiary of PharMerica)	Altius Healthcare	Amerita, has acquired Altius Healthcare as part of its strategy to become the nation's premier specialty infusion provider. Altius provides home infusion and specialty infusion services in Arizona and treats patients in their homes, doctor's offices, ALFs, infusion centers and other non-hospital settings.