

Pharmacy Valuation Overview



The pharmacy industry runs the gamut from specialty pharmacies with unique capabilities to small retail locations with a more general focus. Retail pharmacies tend to have low profit margins due to the high cost of drugs, while specialty pharmacies tend to have higher margins. Both can generate solid returns on capital for investors.

MARKET DATA FROM SPECIALTY PHARMACY TRANSACTIONS

	Size Characteristics			Benchmarks		
	Price (EV)	Revenue	EBITDA	EBITDA Margins	Revenue Multiple	EBITDA Multiple
10th Percentile	\$ 28,244,600	\$ 50,460,000	\$ 3,622,200	2.6%	0.2	5.9
25th Percentile	\$ 66,634,250	\$ 174,563,250	\$ 5,790,000	4.0%	0.4	7.0
Median	\$ 92,397,000	\$ 326,500,000	\$ 12,000,000	6.0%	0.6	8.7
75th Percentile	\$ 259,750,000	\$ 402,500,000	\$ 20,750,000	9.7%	0.7	13.8
90th Percentile	\$ 352,629,900	\$ 413,744,000	\$ 31,313,200	11.0%	1.6	16.6

Source: Scope Research.

MARKET DATA FROM RETAIL PHARMACY TRANSACTIONS

	Size Characteristics			Benchmarks		
	Price (EV)	Revenue	Seller's Discretionary Earnings	SDE Margin	Revenue Multiple	SDE Multiple
10th Percentile	\$ 121,500	\$ 449,424	\$ 74,637	6.5%	0.2	1.0
25th Percentile	\$ 238,750	\$ 945,510	\$ 101,632	9.4%	0.2	1.8
Median	\$ 500,000	\$ 1,615,957	\$ 162,262	12.2%	0.3	2.3
75th Percentile	\$ 753,000	\$ 2,433,343	\$ 262,066	19.8%	0.4	3.0
90th Percentile	\$ 1,010,000	\$ 3,210,045	\$ 572,386	27.4%	0.5	5.1

Source: DealStats and BizBuySell.

Contact Will Hamilton, Partner, at whamilton@buckheadfmv.com for more details related to pharmacy market data, answers to questions regarding valuation issues, or a proposal. BuckheadFMV is committed to providing fast, affordable and pain-free valuation services to healthcare organizations and their representatives. Visit buckheadfmv.com for more segment summaries.