

Deal of the Week: Cigna to Buy Express Scripts for \$67B

Announcement Date	<ul style="list-style-type: none"> March 8, 2018 	
Acquirer	<ul style="list-style-type: none"> Cigna Corporation (NYSE: CI) 	
Acquirer Description	<ul style="list-style-type: none"> Health services organization providing insurance and related products and services in the United States and internationally Founded in 1792 and headquartered in Bloomfield, Connecticut 	
Acquirer Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$42.6 billion EV: \$44.8 billion LTM Revenue: \$41.6 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$4.7 billion LTM EV / Revenue: 1.1x LTM EV / EBITDA: 9.6x
Target Company	<ul style="list-style-type: none"> Express Scripts Holding Company (NASDAQ: ESRX) 	
Target Description	<ul style="list-style-type: none"> Largest pharmacy benefit management (PBM) organization in the US Founded in 1986 and headquartered in St. Louis, Missouri 	
Target Financial Statistics	<ul style="list-style-type: none"> Mkt Cap: \$40.7 billion EV: \$54.3 billion LTM Revenue: \$100.1 billion 	<ul style="list-style-type: none"> LTM EBITDA: \$7.1 billion LTM EV / Revenue: 0.5x LTM EV / EBITDA: 7.6x
Acquirer Advisors	<ul style="list-style-type: none"> Morgan Stanley 	
Target Advisors	<ul style="list-style-type: none"> Centerview Partners and Lazard 	
Price / Consideration	<ul style="list-style-type: none"> \$67 billion 	<ul style="list-style-type: none"> Cash and stock
Rationale	<ul style="list-style-type: none"> Cigna and Express Scripts said the acquisition would benefit consumers by allowing the two companies to bring together patients' medical and pharmacy histories to improve treatments and lower costs That comes as drugstore-and-PBM giant CVS Health is in the process of buying insurer Aetna as health players scramble for size and scope with Amazon moving into the space Health insurers, thwarted by federal regulators in their attempts to combine with one another, have been hunting for possible acquisitions; the insurance companies now say they need to integrate the delivery of care and pharmacy benefits into their own operations in order to tackle high medical costs "This step furthers our strategy to improve the affordability and value to the consumer in a more personalized way," said Cigna's chief executive, David Cordani, who will serve as chief executive for the combined company Expected to deliver first year double digit earnings per share accretion and enhance Cigna's revenue and earnings growth 	
Deal Points	<ul style="list-style-type: none"> Transaction valued at ~\$67 billion, including assumption of \$15 billion in debt Cigna will pay \$48.75 in cash and 0.2434 shares of stock of the combined company per Express Scripts share. That's equal to 96.03 as of Wednesday's close, a 31% premium for Express Scripts Upon closing of the transaction, Cigna shareholders will own ~64% of the combined company and Express Scripts shareholders will own ~36% 	
Of Note	<ul style="list-style-type: none"> The completion of the deal would mark the end of Express Scripts as the last major independent PBM, one that has focused on striking deals with drug companies to lower costs for insurers and employers. The company is responsible for the prescription plans of more than 80 million Americans 	