



**SKYWAY**  
CAPITAL MARKETS

Sector Update:

## **Specialty & Compounding Pharmacies**

March 2025

## M&A Update

### M&A Drivers

Several factors and key trends are contributing to the growing M&A activity and consolidation.

The **increased prevalence of chronic diseases** such as cancer, autoimmune disorders, and **rare genetic conditions** has driven **strong demand for specialty pharmaceuticals** that require specialized handling and distribution.

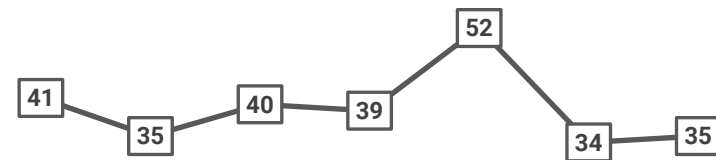
- **Specialty drugs**, including **biologics** and **gene therapies** have become some of the fastest-growing segments in the pharmaceutical industry and attract investors looking to capitalize on the opportunity for growth.

The **high operational costs** and **reimbursement challenges** in the specialty pharmacy industry have pushed many independent pharmacies to seek M&A opportunities with larger players. These acquisitions allow them to achieve economies of scale through vertical integration and facilitate more efficient **Risk Evaluation and Mitigation Strategies (REMS)** and **Prior Authorization (PA)** processes.

The explosive demand for GLP-1 drugs like Ozempic, Wegovy, and Mounjaro has fueled **major growth in the weight loss and metabolic disease sectors**, leading to increased M&A interest in compounding pharmacies.

- **Compounding pharmacies have played a major role in filling gaps in GLP-1 supply** due to previous shortages, but recent FDA decisions declaring an end to shortages may disrupt their business models.

### M&A Deal Count



2018	2019	2020	2021	2022	2023	2024
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### Commentary

*"We leverage technology automation traditionally seen in big pharma to produce customized medications at scale. Our scalable infrastructure allows us to keep up with the exponential demand for our services, fueled further by the consumerization of healthcare since the COVID-19 pandemic. Over the next two years we will focus on expanding product offerings in the functional medicine space; enhancing manufacturing capabilities and increasing distribution reach; leveraging technology to optimize its supply chain; and ensuring high-quality medicines."*

- Shaun Noorian, CEO @ Empower Pharmacy

## Industry Overview – Specialty Pharmacies

### Market Snapshot

The global specialty pharmaceutical market is expected to grow from **\$68 billion in 2023** to approximately **\$1,124 billion by 2033**, with a projected **compound annual growth rate of 36.5%**.

- The **oncology segment** was the largest contributor to the specialty pharmaceutical market, accounting for over 42% of total market share. This dominance is driven by the increasing **prevalence of cancer**, **advancements in targeted therapies**, and the **growing use of immuno-oncology drugs**, such as checkpoint inhibitors and CAR-T cell therapies.

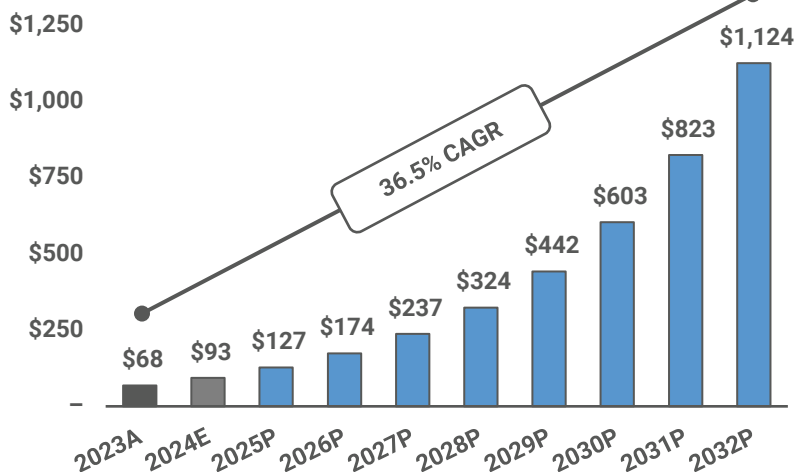
### Market Drivers

Several factors are driving continued growth in the demand for specialty pharmacies, including:

- **U.S. healthcare spending** is expected to reach **\$485 billion in 2025**, with specialty drug costs growing by **13.3% annually**.
- The **growth in specialty drug spending** and the **shift from pharmacy to medical benefit coverage** highlight the evolving strategies in drug cost management. The projected increase in medical benefit share suggests that insurers and healthcare providers may be favoring alternative cost-containment approaches to manage the rising cost of specialty drugs.

### Market Size & Growth

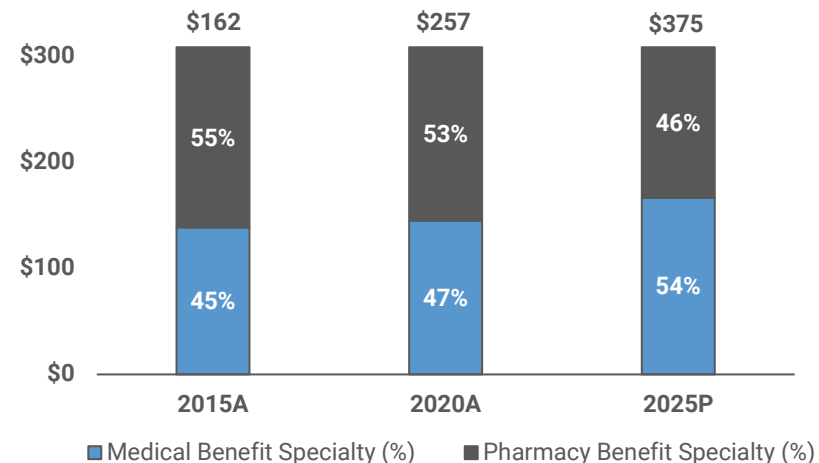
(\$ in billions)



### Specialty Drug Spending

\$400

(\$ in billions)



## Industry Overview – Specialty Pharmacies (Cont.)

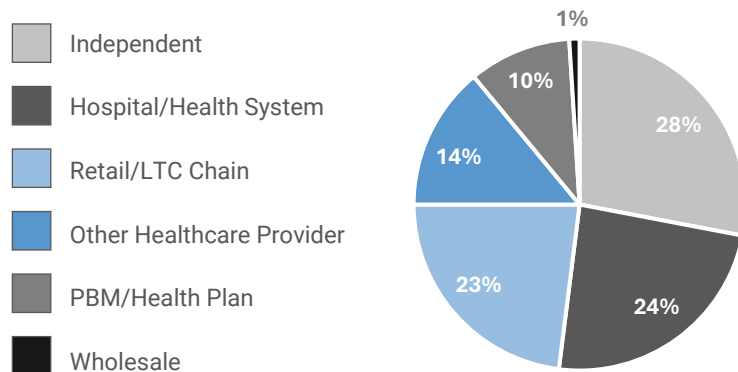
### Market Share Concentration

The specialty pharmacy market remains highly concentrated, with **the three largest PBM-owned specialty pharmacies—CVS Health, Cigna, and UnitedHealth Group—accounting for two-thirds of all specialty drug dispensing revenues in 2024**, while representing only 10% of ownership fragmentation.

The number of accredited specialty pharmacies have grown modestly in the last couple years, with hospitals and health systems emerging as the fastest-growing participants, leveraging the **340B Drug Pricing Program** for profitability.

- Independent specialty pharmacies, though smaller in revenue share, continue to play a role, often backed by private equity.

### Specialty Pharmacies Ownership Fragmentation<sup>1</sup>



### Revenues from Specialty Pharmaceuticals<sup>1</sup>

Parent/Sponsor	Pharmacy Name	2025E Revenue
<b>CVS</b>	<b>CVS/specialty</b>	\$82.1
<b>Cigna</b>	<i>accredo</i> <b>FREEDOM FERTILITY PHARMACY</b>	\$66.6
<b>UnitedHealth Group</b>	<b>Optum</b>	\$36.2
<i>Walgreens</i>	<i>Walgreens</i> Specialty Pharmacy	\$9.4
<b>Humana</b>	<b>CenterWell</b> Specialty Pharmacy	\$6.9
<b>BRIGHTSPRING</b> HEALTH SERVICES	<b>Onco360</b> ONCOLOGY PHARMACY <b>CareMed</b> SPECIALTY PHARMACY	\$5.2
<b>NAUTIC</b> <b>VISTRIA</b>	<b>PANTHER RAREX</b>	\$4.0
<b>Walmart</b>	<b>Walmart</b> Specialty Pharmacy	\$3.8
<b>Elevance</b> Health	<b>carelon</b> Rx	\$3.6
<b>CENTENE</b> Corporation	<b>AcariaHealth</b> Specialty Pharmacy	\$3.2

1 – The projected 2025 revenues, derived from the Pharmacy division, are also measured in billions

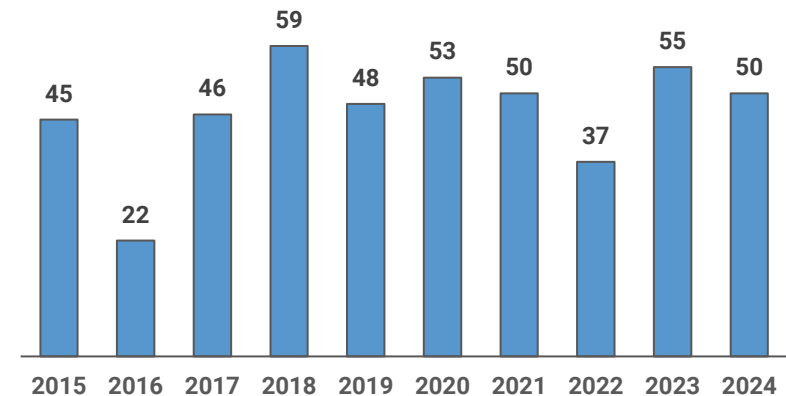
## Industry Overview – Specialty Pharmacies (Cont.)

### Orphan & Novel Drug Approval Update

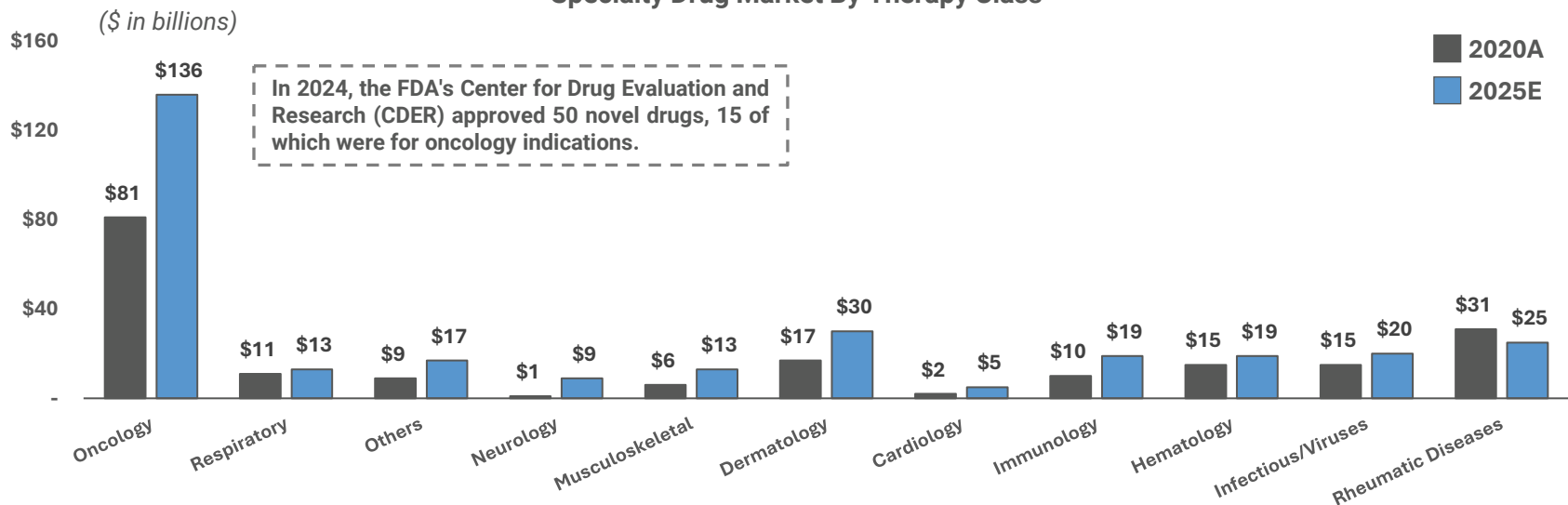
In 2024, 26 of CDER's 50 novel drug approvals (52%) were approved to treat rare or "orphan" diseases (diseases that affect fewer than 200,000 people in the U.S.).

- Novel drugs approved in 2024 with the orphan drug designation were: Alhemo, Alyfrek, Aqueursa, Attruby, Bizengri, Creneesity, Duvyzat, Hympavzi, Imdelltra, Iqirvo, Livdelzi, Miplyffa, Niktimvo, Ojemda, Piasky, Revuforj, Rytelo, Tevimbra, Tryngolza, Voranigo, Voydeya, Vyloy, Winrevair, Xolremdi, Yorvipath, Zilihera

### CDER's Novel Drug Approval



### Specialty Drug Market By Therapy Class



## Industry Overview – Compounding Pharmacies

### Market Snapshot

The **U.S. compounding pharmacies market is valued at \$6 billion in 2023** and is projected to be valued at **\$9.4 billion by 2030**, growing at a **CAGR of 6.8% from 2023 to 2030**.

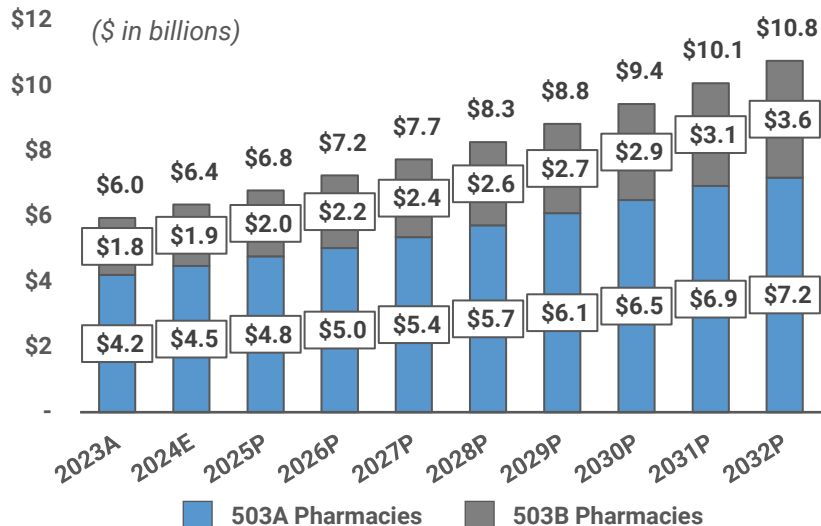
- This growth can be attributed to **persistent shortages of commercially available drugs**—including life-saving medications, antimicrobials, oncology drugs, and cardiovascular treatments—which have led to a **greater reliance on compounding pharmacies**.
- With over **323 drug shortages reported in 2024** and **98 new shortages tracked in 2025**, compounded medications provide critical alternatives when commercial formulations are unavailable.

### Market Drivers

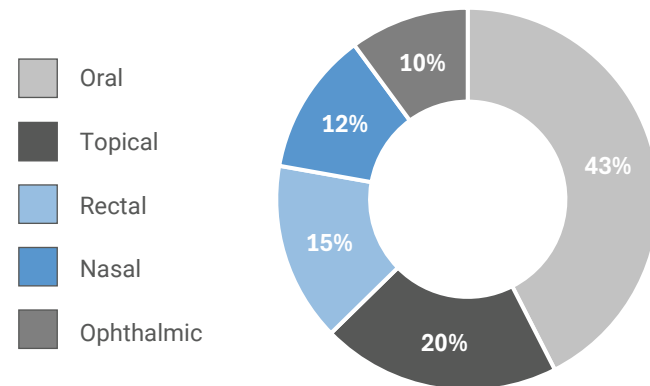
Several factors are driving continued growth in the demand for compounding pharmacies market, including:

- The oral medications segment dominated the market in 2024, holding the largest share at 36.47%, driven by increasing demand for customized dosage forms.
- **503A compounding pharmacies** accounted for more than 73.28% of revenue in 2024, reflecting strong reliance on patient-specific formulations prepared by traditional compounding pharmacies.
- The pediatric segment is expected to experience the fastest CAGR from 2024 to 2033, indicating rising demand for **tailored pediatric formulations**.

### Market Size & Growth



### Compound Pharmacies Market by Product Type



## Industry Overview – Compounding Pharmacies (Cont.)

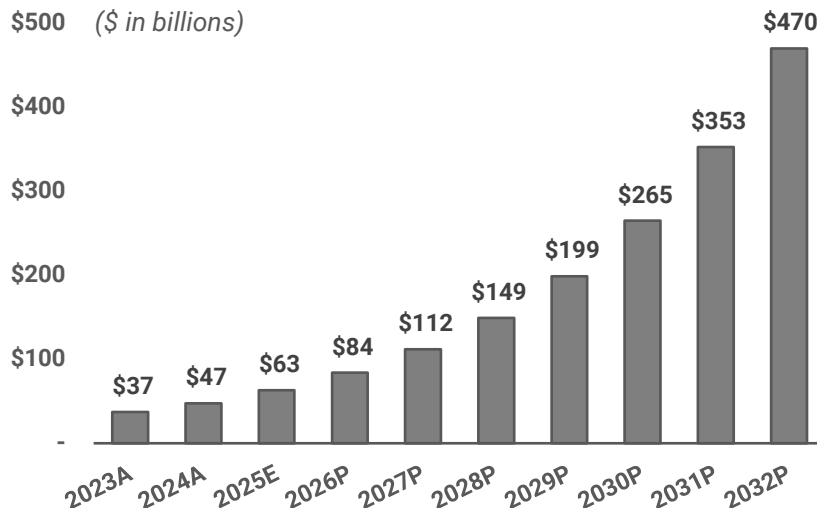
### GLP-1 Drugs No Longer In Shortage

On February 21, 2025, the FDA officially removed GLP-1 drugs from its shortages list, stating that manufacturers Eli Lilly and Novo Nordisk can now meet both current and projected demand. As a result, **compounded versions of GLP-1 drugs will no longer be legally available**, with **compounding pharmacies being given 60-90 days to phase out sales** before FDA enforcement begins.

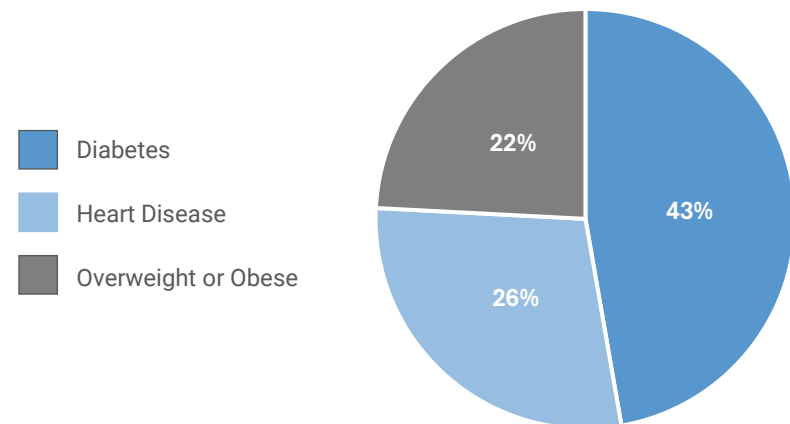
With the FDA's decision to remove GLP-1 drugs from the shortages list, millions of patients who have relied on compounded versions will need to transition to brand-name medications like **Ozempic, Wegovy, Zepbound, and Mounjaro**.

- This shift presents significant affordability and access challenges, as **compounded versions cost between \$100-\$200 per month**, whereas **FDA-approved versions often exceed \$1,000 per month**. The high cost of brand-name alternatives could also **push some patients toward counterfeit or unregulated online versions**, increasing the risk of unsafe and potentially harmful medications entering the market.

### Global GLP-1 Analogue Market Size



### GLP-1 Usage by Medical Condition



## Competitive Landscape

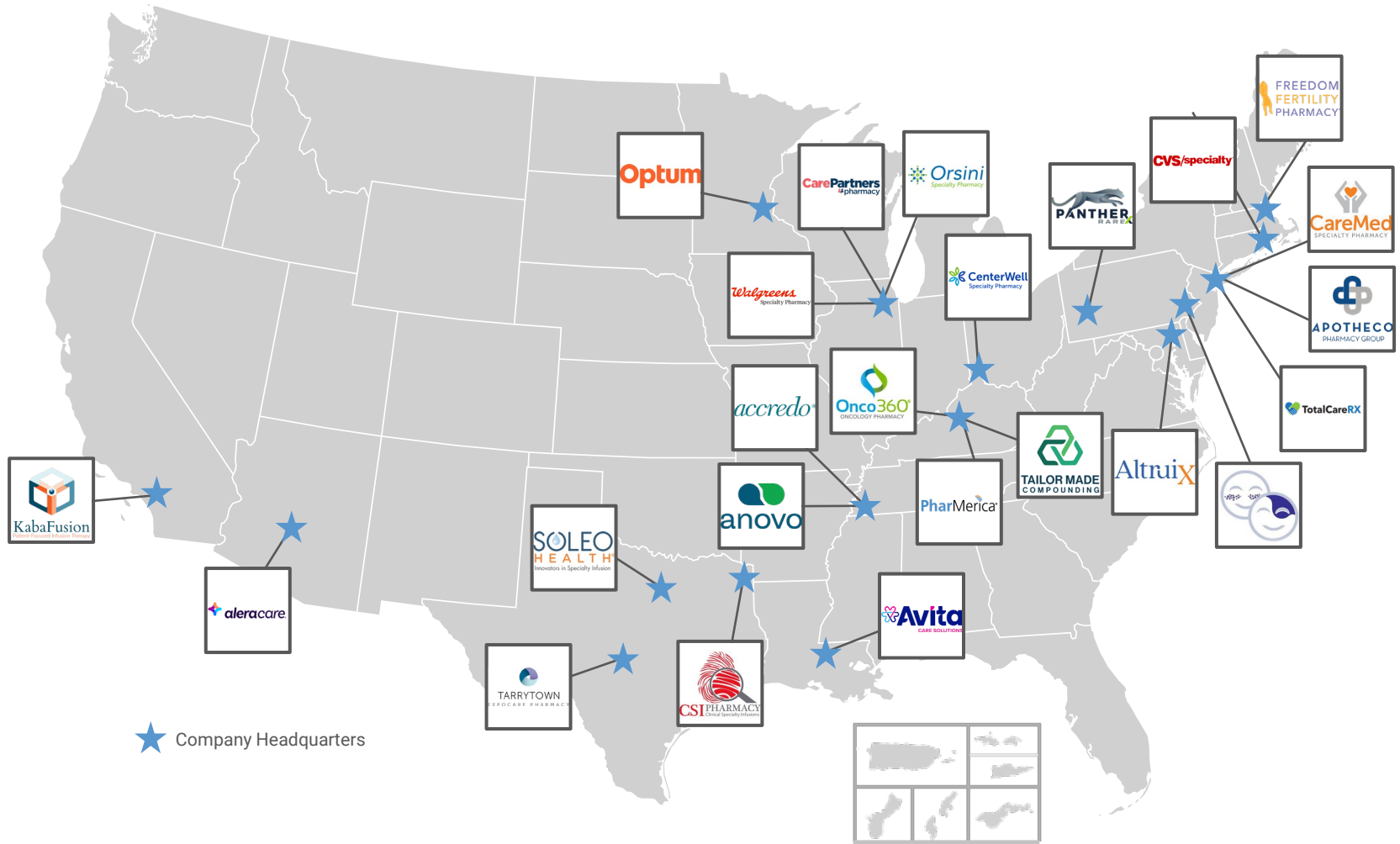
### Select Private Equity-Backed Specialty & Compound Pharmacies

### Select Strategic Specialty Pharmacies

							
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## Geographic Competitive Landscape



## Recent Transaction Activity

Target (Ownership)	Acquirer (Ownership)	Close Date	Location
<b>Gateway Medical Pharmacy</b> <i>Provider of long-term care pharmacy services</i>	<b>Medicure Pharma</b>	Feb-25	Portland, OR
<b>Soleo Health</b> <i>Provider of specialty pharmacy and disease management services</i>	<b>Court Square</b>	Feb-25	Frisco, TX
<b>Cascade Specialty Pharmacy</b> <i>Provider of compounding pharmacy services</i>	<b>Revelation Pharma (Osceola Capital Management)</b>	Jan-25	Poulsbo, WA
<b>The Pet Apothecary</b> <i>Operator of a national veterinary compounding pharmacy</i>	<b>Mixlab</b>	Jan-25	Glendale, WI
<b>CareFirst Specialty Pharmacy</b> <i>Operator of a compounding pharmacy catering to patients and prescribing partners</i>	<b>Fagron [BRU: FAGR]</b>	Jan-25	Mount Laurel, NJ
<b>Greater Boston Long Term Care Pharmacy</b> <i>Operator of care pharmacy services offering personalized care</i>	<b>Tarrytown Expocare (Sheridan Capital Partners)</b>	Dec-24	Walpole, MA
<b>Druid City Vital Care</b> <i>Operator of a specialized pharmacy</i>	<b>Inlet Capital Management</b>	Oct-24	Northport, AL
<b>Apothecare</b> <i>Provider of pharmacy services</i>	<b>Pelham Community Pharmacy</b>	Aug-24	Brockton, MA
<b>Keystone Pharmacy</b> <i>Provider of pharmacy services based offering personalized medication</i>	<b>(Novastone Capital Advisors) (Petra Capital Partners)</b>	Jul-24	Madison, MS
<b>Key Compounding Pharmacy</b> <i>Manufacturer of healthcare products</i>	<b>Revelation Pharma (Osceola Capital Management)</b>	Jul-24	Federal Way, WA
<b>Taylor's Pharmacy</b> <i>Operator of a compounding pharmacy company</i>	<b>Revelation Pharma (Osceola Capital Management)</b>	Jul-24	Winter Park, FL
<b>EPSRx</b> <i>Provider of specialty pharmacy services</i>	<b>CarePartners Pharmacy (Ashlar Capital)</b>	Jun-24	Dallas, TX
<b>BioMatrix Specialty Pharmacy</b> <i>Provider of specialty pharmacy and digital health technology services</i>	<b>Frazier Healthcare Partners</b>	Jun-24	Plantation, FL
<b>The Compounding Center</b> <i>Operator of a compounding pharmacy</i>	<b>Strive Pharmacy</b>	Jun-24	Leesburg, VA
<b>Clark's Pharmacy</b> <i>Operator of a compounding pharmacy</i>	<b>Rite Aid</b>	Jun-24	Carefree, AZ
<b>Infupharma</b> <i>Provider of a specialty and retail pharmacy services</i>	<b>AvevoRx</b>	Apr-24	Hollywood, FL

## Skyway Capital – Firm Overview

Our team of 45+ professionals includes senior investment bankers with 25+ years, on average, of experience and expertise in mergers and acquisitions (M&A), capital markets, and private capital advisory. The firm is focused on middle-market businesses and has completed more than 200 transactions with a total transaction value exceeding \$15 billion.

### M&A Advisory

Skyway Capital is a middle-market investment bank led by a team of highly experienced professionals, providing tailored sell-side and buy-side advisory services.

### Capital Markets Advisory

Our team maintains a deep network of investor relationships and access to a wide range of capital sources to help companies obtain the necessary capital for achieving their growth, liquidity, and financing objectives.

### Private Capital Advisory

Working with a select group of best-in-class sponsors, Skyway Capital helps structure offerings that provide investors with attractive features and risk-adjusted returns.

### Nationwide Coverage



★ - Indicates select active & completed transactions

### Sector Coverage

BUSINESS  
SERVICES

HEALTHCARE

INDUSTRIALS

FINANCIAL  
SERVICES

CONSUMER

## Skyway Capital – Firm Overview (cont.)

### Senior M&A Bankers



**Jim DiCesaro, CFA**  
Senior Managing Director



**Keith Hodgdon**  
Senior Managing Director



**Jeff Hunt**  
Senior Managing Director



**Russ Hunt**  
Senior Managing Director



**Roger Overby**  
Senior Managing Director



### Recent M&A Transactions



acquired by




acquired by




acquired by




acquired by




acquired by




acquired by




acquired by




acquired by




acquired by




acquired by



## Skyway Capital – Healthcare Team

### Senior Healthcare Bankers



**Keith Hodgdon**  
Senior Managing Director



**Jim DiCesaro, CFA**  
Senior Managing Director



### Healthcare Focus

PROVIDER SERVICES

PHARMA SERVICES

HEALTH TECHNOLOGY

HEALTHCARE SERVICES

MEDICAL DEVICES

PHARMACY SERVICES

### Select Healthcare Transaction Experience

**TotalMed**

acquired by

**STELLA POINT**  
CAPITAL

**JAY CARE**  
MEDICAL CENTER

acquired by

**MBF**  
HEALTHCARE PARTNERS

**DBS**  
Physician Business Services

acquired by

**LINDSAY GOLDBERG**

**Women's Care Florida**

acquired by

**LINDSAY GOLDBERG**

**TMS**  
TMS Management Group, Inc.

acquired by

**Envision**  
HEALTH CARE  
POWERING THE DELIVERY OF CARE

**DIAGNOSTIC CLINIC**

acquired by

**Florida Blue**

**Unilens**

acquired by

**VALEANT**  
Pharmaceuticals North America LLC

**MATRIX**  
MEDICAL

acquired by

**AeroCare**

**Bestgroup**  
IPA, Inc.

acquired by

**JSA** Medical Group  
A HealthCare Partners Company

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