McKesson Expands Oncology Expertise With the Acquisitions of Vantage Oncology and Biologics

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- **McKesson** to acquire Vantage Oncology and Biologics in two transactions totaling $1.2 billion.
- **Vantage** is a leading national provider of radiation oncology, medical oncology and other value-based integrated cancer care.
- **Biologics** is the largest independent oncology-focused specialty pharmacy in the United States.
- These acquisitions enhance McKesson Specialty Health’s services to patients, providers, payers and manufacturers.
- **McKesson expects the combined impact of these transactions to be approximately 11 cents accreting to adjusted earnings per diluted share in Fiscal 2017.**

SAN FRANCISCO--(BUSINESS WIRE)--McKesson Corporation (NYSE:MCK), a leading international healthcare services and information technology company, announced today that it has signed definitive agreements to purchase Vantage Oncology, LLC, a leading national provider of radiation oncology, medical oncology and integrated cancer care, and Biologics, Inc., an oncology pharmacy services company.

The combined transactions, valued at $1.2 billion, will be funded by a mix of cash and incremental debt and are expected to close in the first quarter of Fiscal 2017, subject to customary closing conditions, including necessary regulatory clearances. Following the close of the transactions, both Vantage and Biologics will become part of McKesson's Specialty Health business.

McKesson expects the combined impact of these transactions to be approximately 11 cents accreting to adjusted earnings per diluted share in Fiscal 2017.

Collectively, these acquisitions will increase McKesson's specialty pharmaceutical distribution scale, oncology-focused pharmacy offerings, solutions for manufacturers and payers, and scope of community-based oncology and practice management services available to providers and patients.

"McKesson is committed to the success of our community oncology partners and customers and we believe the acquisitions of Vantage and Biologics complement our holistic approach to providing best-in-class care for oncology patients," said John Hammergren, chairman and chief executive officer, McKesson Corporation. "These investments will broaden McKesson's practice management services and solutions that allow oncologists to focus on providing excellent patient care and provide additional support solutions that enhance care delivery for patients. We will also be able to offer additional value-added services to our manufacturer partners, expand our reach and pharmaceutical distribution scale, and provide care management and care coordination for payers as the industry moves towards value-based reimbursement models," concluded Hammergren.

Vantage will broaden the company's scale in radiation oncology management services, adding more than 50 cancer centers across 13 states. Vantage operates a practice management model through joint ventures and shares profits with their partner physicians and hospitals. Vantage's model of comprehensive oncology management services, including its focus on radiation oncology and urology, will complement and strengthen the existing offerings of McKesson and The US Oncology Network, keeping the business health of community-based oncology practices strong, while allowing patients to access the care they need in the most efficient and cost effective way.

Biologics will extend McKesson's oncology expertise across the continuum of care for patients, allowing the company to engage its manufacturer partners in new ways and to enhance its value proposition to providers, patients and payers. The high-touch specialty pharmacy model provides controlled dispensing channels, including rapid and traceable pharmaceutical delivery solutions, increased analytics, and services for oncology patients, providing seamless care management.

"Vantage's breadth and expertise in radiation oncology operations will allow us to expand our capabilities for all of our integrated cancer care providers, enhancing our industry-leading position in community oncology and value-based cancer care," commented Paul Julian, executive vice president and group president, Distribution Solutions. "And Biologics positions us well as manufacturers bring new innovative oncology products to the market and need the value-added services that McKesson provides."

Together, McKesson Specialty Health, The US Oncology Network, Vantage and Biologics will provide our oncology partners a best-in-class platform and a robust suite of offerings and services that can be tailored to meet each patient's needs, allowing providers to focus on delivering the highest quality care and best outcomes at the lowest possible cost.
About McKesson Corporation

McKesson Corporation, currently ranked 11th on the FORTUNE 500, is a healthcare services and information technology company dedicated to making the business of healthcare run better. We partner with payers, hospitals, physician offices, pharmacies, pharmaceutical companies and others across the spectrum of care to build healthier organizations that deliver better care to patients in every setting. McKesson helps its customers improve their financial, operational, and clinical performance with solutions that include pharmaceutical and medical-surgical supply management, healthcare information technology, and business and clinical services. For more information, visit us at www.mckesson.com [2].

About Vantage Oncology

Founded in October 2002, Manhattan Beach, California-based Vantage Oncology, LLC is a leading national provider of radiation oncology, medical oncology and other value-based integrated cancer care services. The company’s founding principles were to address the growing need among cancer patients, hospitals and physicians for accessible and advanced cancer treatments. Vantage Oncology currently operates more than 50 treatment facilities in 13 states. For more information about Vantage Oncology, visit www.vantageoncology.com [3].

About Biologics

Biologics, Inc. is an oncology pharmacy services company that empowers healthcare providers, payors and biopharma to optimize cancer care for the best possible outcomes - clinical, financial and emotional. Unifying fragmented healthcare services, Biologics brings efficiency and humanity to oncology care management by focusing on the patient’s best interest as the surest path to managing cost and risk. Biologics is at the center of a rapidly changing oncology environment and supports patients across all treatment modalities, while providing clinical outcomes and informatics reporting that allow for informed decision making. Since it was founded in 1994, Biologics has been dedicated to improving the lives of those fighting cancer. Privately held, Biologics maintains headquarters and operations in Cary, North Carolina. Visit biologicsinc.com or follow us on Twitter (@BiologicsInc).

Risk Factors

This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended, that are subject to risks and uncertainties and other factors. All statements other than statements of historical fact are statements that could be deemed forward-looking statements, including statements regarding the ability to complete the transactions considering the various closing conditions; the expected benefits and costs of the transactions; any projections of earnings, revenues or other financial items; any statements of the plans, strategies and objectives of management for future operations; any statements regarding product or service development, extensions or integration; any statements of expectation or belief; any statements regarding economic conditions; and any statements of assumptions underlying any of the foregoing. Risks, uncertainties and assumptions include risks related to the timing or ultimate completion of the transactions, as the transactions are subject to certain closing conditions, including receipt of all necessary regulatory clearances and approval of the shareholders of Vantage Oncology, LLC and Biologics, Inc.; the possibility that expected benefits may not materialize as expected; McKesson's ability to successfully implement integration strategies; as well as the ability to ensure continued performance or market growth of the products and services of Vantage and Biologics. These risks, uncertainties and other factors, and the general risks associated with McKesson's business described in the reports and other documents filed with the Securities and Exchange Commission, could cause actual results to differ materially from those referred to in the forward-looking statements. All forward-looking statements are based on information currently available to McKesson and are qualified in their entirety by this cautionary statement. Except as required by law, McKesson assumes no obligation to update any such forward-looking statements or other statements included in this press release.

Shareholders are encouraged to review SEC filings and more information about McKesson, which are located on the company’s website.

Language:

English

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