

FINANCING YOUR PHARMACY BUSINESS



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What do we offer?

Financing for:

- Acquisition and Real Estate
- Equipment financing
- Expansion & remodeling
- Business refinancing
- Start-up loans
- Working capital





Pharmacy Valuation Formulas

Multiple of cash flow

- (EBITDA) + inventory
- Market is averaging 2.5 to 4x % of annual gross sales + inventory
- Usually 15-25%

\$\$ multiple of annual Rx count + inventory

- Typically \$10-\$20 (chain method)



Valuation Example

\$4M total revenue, 65k annual RX
Normalized EBITDA

- \$145k (last year tax return earnings)
- \$60k (dep/amort)
- \$50k (owner annual bonus)
- \$15k (delivery vehicle...Lexus)
- \$45k (spouse salary for "bookkeeping")

Option 1: $\$315k \times 3 = \$945k + \text{inventory}$

Option 2: $\$4M \times 20\% = \$800k + \text{inventory}$

Option 3: $60k \times \$15/\text{script} = \$900k + \text{inventory}$ (60k vs 65k as not all scripts may be bought)



THANK YOU!

Questions?

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