

**BUY : MCK**

**Price : \$363**

**PT : \$412**

**Upside : 14%**

# McKesson Corporation [NYSE: MCK]

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**Binghamton Investment Fund | Healthcare Sector**



# Company Overview

## McKesson Fast Facts

99.9% pharmaceutical order accuracy in North America

50%+ U.S. physicians served with medical-surgical products each year

40M+ Prescription deliveries per year

**Recent M&A:**  
\$875 million  
Acquisition of RSXX



**#1 distributor**  
in community  
oncology

750,000+ suppliers and  
50,000+ pharmacies

650+ biopharma brands served

## Management



**Brian Tyler**

Chief Executive Officer of  
McKesson Corporation



**Nancy Avila**

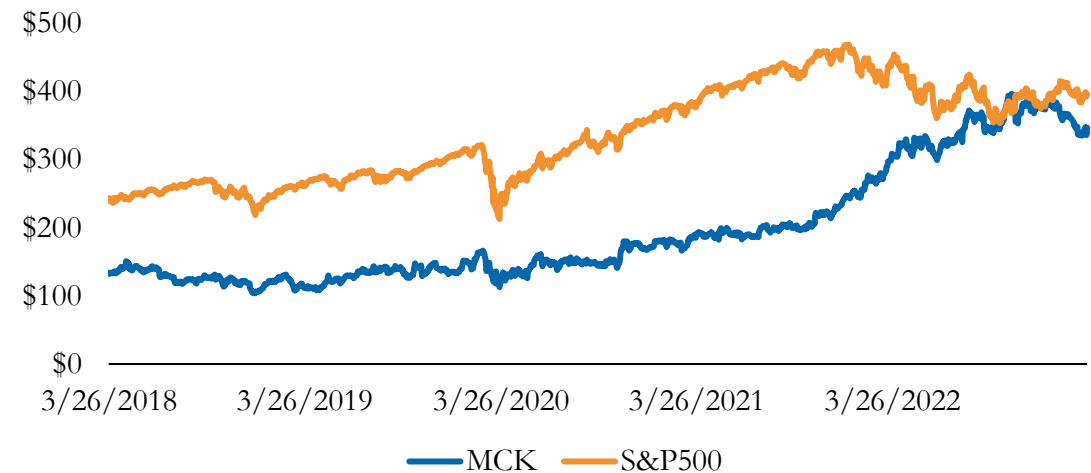
Executive Vice President,  
CIO & CTO



**Kirk Kaminsky**

President, U.S.  
Pharmaceutical

## Price Performance



# Areas of Operation

## Segment Distribution

Largest drug distributor in the US, responsible for 1/3 of all pharmaceuticals used each day in North America

### Pharmaceutical Distribution

Utilizes integrated delivery networks to deliver prepackaged goods and services

### Medical-Surgical

Provides medical-surgical supplies and equipment to areas of care and medical locations

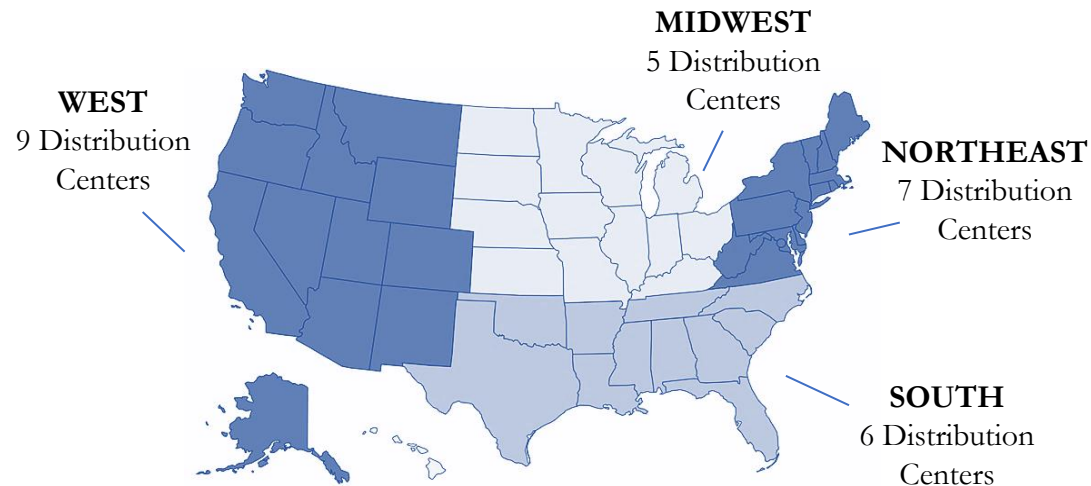
### Prescription Technology

CoverMyMeds connects customers to a network with improved medication access

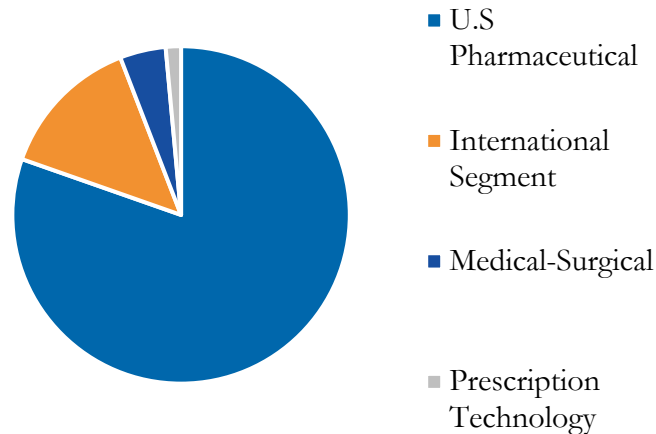
## Financial Metrics

	EV/ EBITDA	EV/ Revenue
	0.20x	17.4x
	0.15x	9.60x
	0.91x	9.68x
	0.46x	7.02x

## Geographic Presence



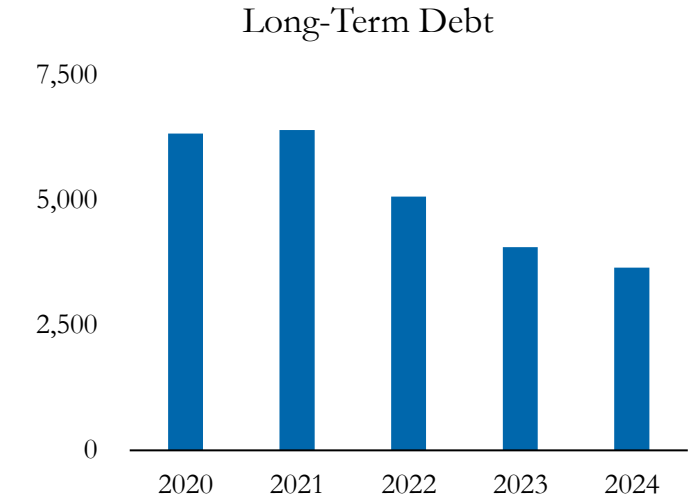
## Diversified Revenue



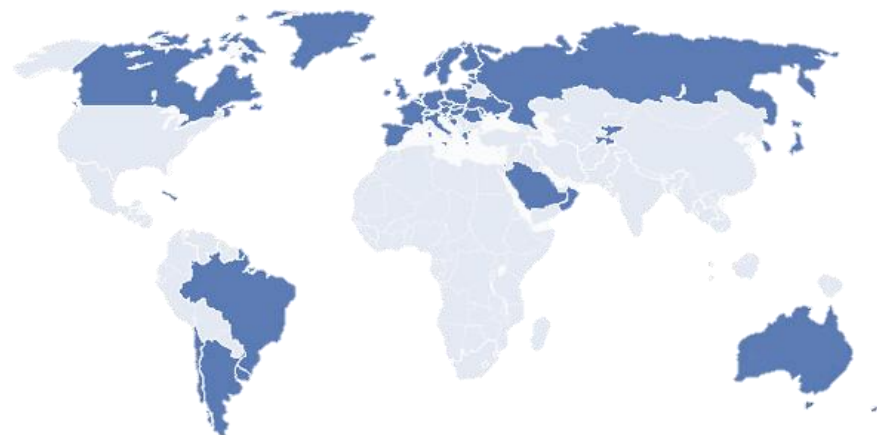
## Liquidity Strength

	2020	2024E
<b>Current</b>	0.97x	1.13x
<b>Quick</b>	0.58x	0.75x
<b>Cash</b>	0.09x	0.11x

## Healthy Leverage



## Internal Cost Saving Measures

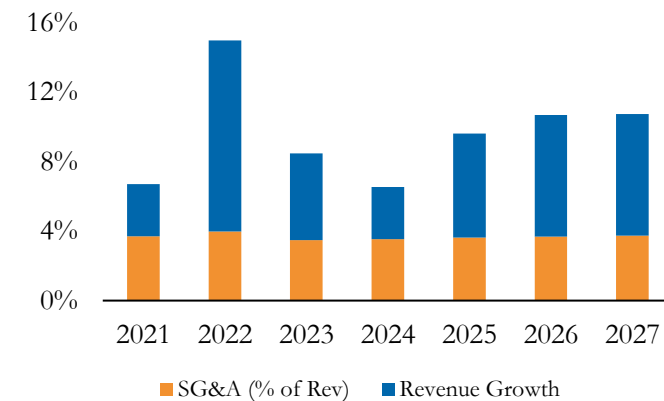


\*Countries with dark tones have universal healthcare

Low margins in Europe\* comparative to US due to universal healthcare coverage which hinders revenue

SG&A cut 12% in 2023 due to divestiture with lower projected growth, allowing greater bottom-line strength

## SG&A Growth Relative to Revenue Growth



## Growth of Oncology Industry

The booming of the **oncology** (cancer) industry will support McKesson's operating segment and margins as more **blockbuster products** are hitting the market in 2023

## Focus on Core Development in US

The **divestiture** in Europe will permit reallocation of cash to **strengthen** the **balance sheet** and reinvest in **core growth** segments: oncology and biopharma services, and core pharmaceutical and medical distribution

## Sustainability Within Industry

McKesson stands largely alone in the medical distribution industry and its **ability to withstand** high operating expenses while at a **discounted stock price** makes it an attractive investment



# Oncology/Pharmaceutical Services

## What is Oncology?

Oncology is the branch of medicine that specializes in the diagnosis and treatment of cancer

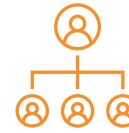
Radiation Oncology

Medical Oncology

Surgical Oncology

## Addressable Market

**\$55B+ Market**



Research

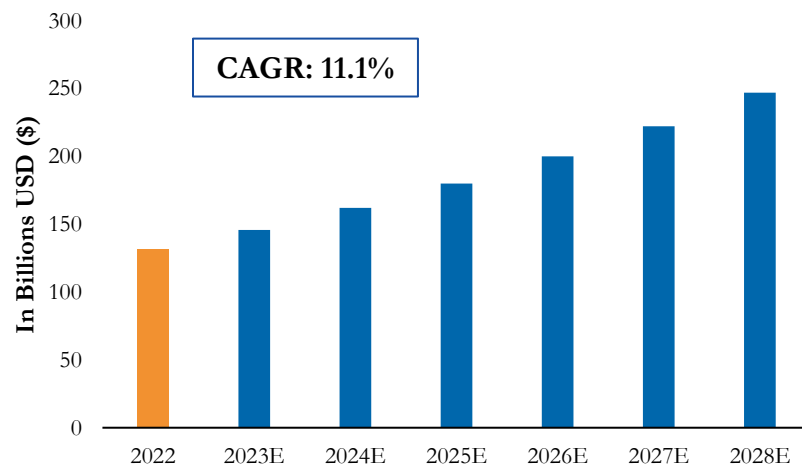


Data Technology



Distribution

## North American Oncology Drug Market



**\$30B+**  
Market Opportunity as the #1 Distributor of Community Oncology

## \$25B+ Opportunity



**Practices**  
**2,000+**  
Care Providers

**Goal:**  
Address 15% of new cancer patients



**Clinical**  
**250+**  
Trial Locations

**Goal:**  
Accruing more patients for clinical trials



**Technology**  
**10M+**  
Patient Visits

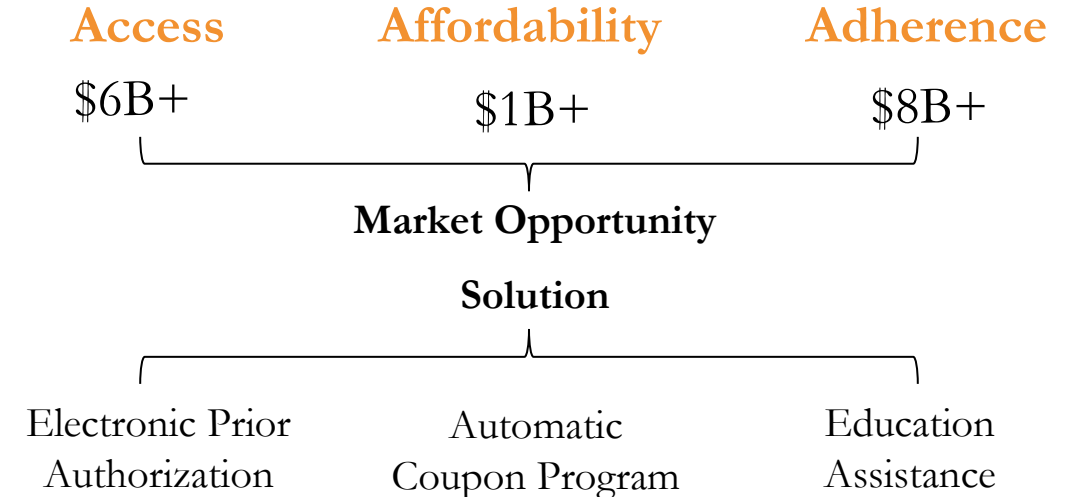
**Goal:**  
Improving data & provider technology

## Pharmaceutical Industry

Innovate to address \$15B+ Market Opportunity

Companies	Product	Industry
	Leqembi	Alz. Dis.
	Donanemab	Alz. Dis.
	Epcoritamab	Lymphoma
	Mirikizumab	Crohns Dis.
	Rituximab	Lymphoma

## The Three A's



## Innovating Biopharma Services

**RxCrossroads**  
By McKesson

Programs with a **network of 50,000+ pharmacies & 750,000+ providers for drug coverage**

**rxSS**<sup>TM</sup>  
Rx Savings Solutions

Offering **industry leading prescription price transparency and patient benefit insights**

## European Divestiture

**2021**  
Divested France, Italy, Ireland, Portugal, Belgium and Slovenia

**2023**  
11/12 divested- Norway only country with active operations



## Paying Down Debt

Debt / EBITDA

**2020**  
**1.81x**

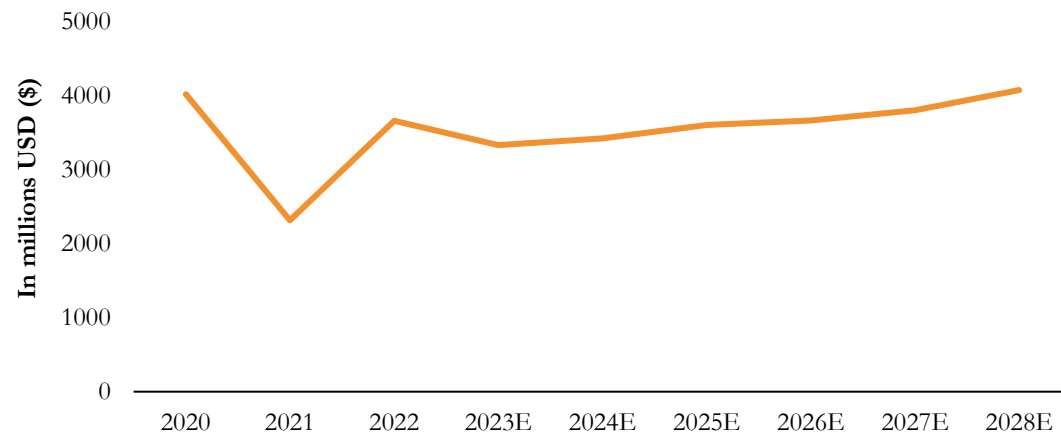
**2024E**  
**0.77x**

MCK has been reducing LT debt for past 3 years despite having a lower multiple than competitors (Cardinal Health 49x 2022)

Paying down debt from divestiture can grow margins and reallocate cash

## Healthier Bottom Line

Projected Free Cash Flow to MCK



## Long-Term Opportunity

### 2023 Outlook

U.S. Pharmaceutical	3-5% Growth
Prescription Technology Solutions	14-20% Growth
Medical-Surgical Solutions	8-14% Growth

MCK to enhance value proposition by bringing acquired businesses together to support distribution network and oncology growth

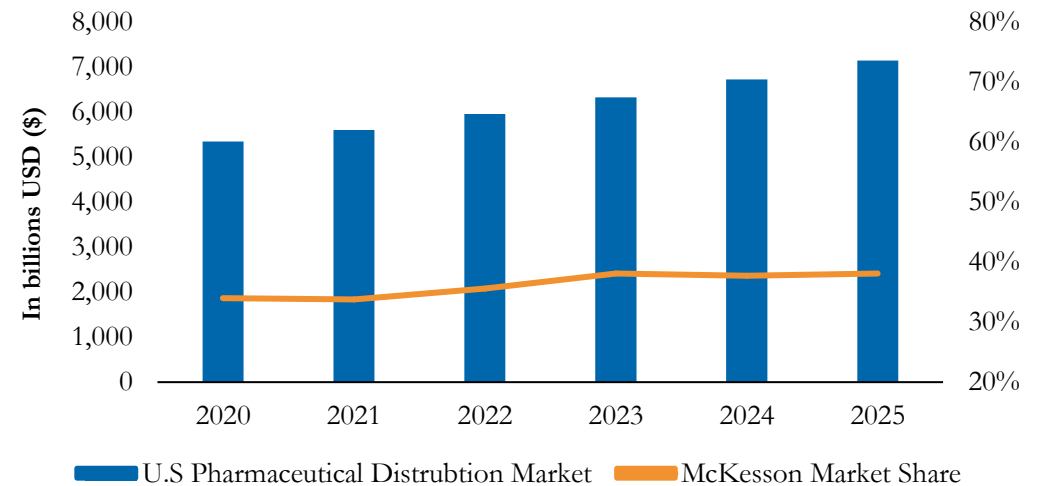


# Dominant Market Share & Proven Stability

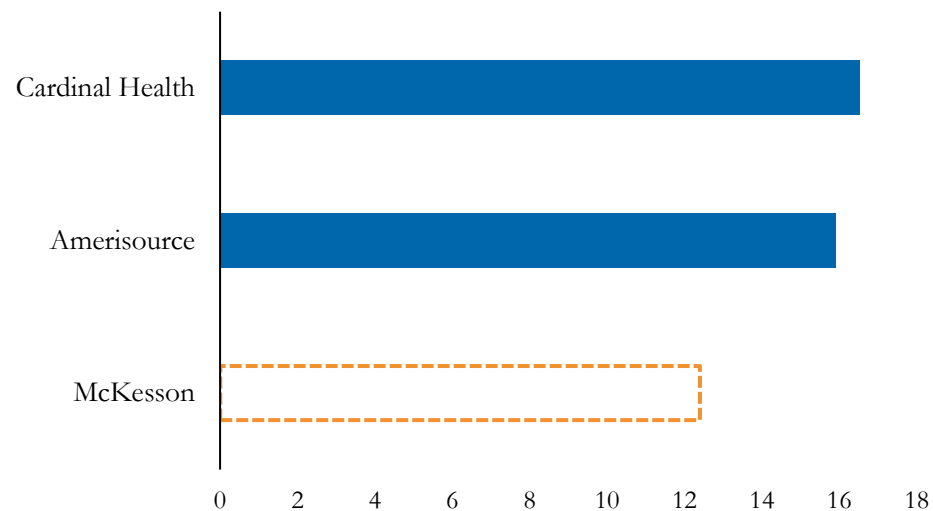
## Strong Government Relationship

- Given government contract by the CDC to **distribute COVID-19 vaccines** and supply kits
- Successfully distributed **over 200 million** Moderna and Johnson & Johnson vaccines
- Contracted with the Department of Veteran Affairs to **supply the agency's 700 healthcare facilities**
- Is the **centralized distributor** for the CDC's Vaccines for Children program for over 14 years

## Dominant Pharmaceutical Market Share



## Price to Free Cash Flow



## Ties to Major Retail Pharmaceuticals



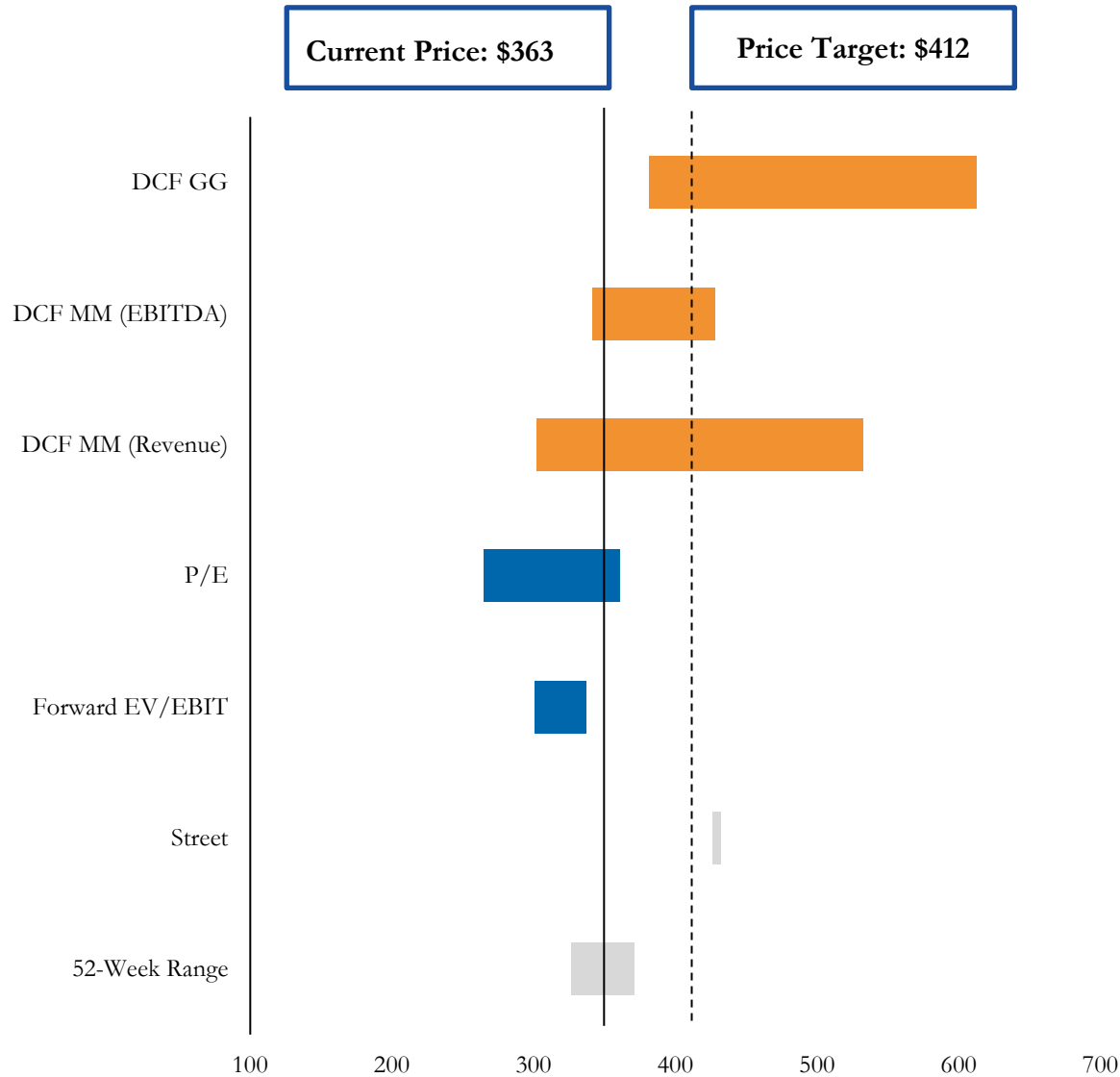
Accounted for 21% of total revenue  
Extended contract until 2027



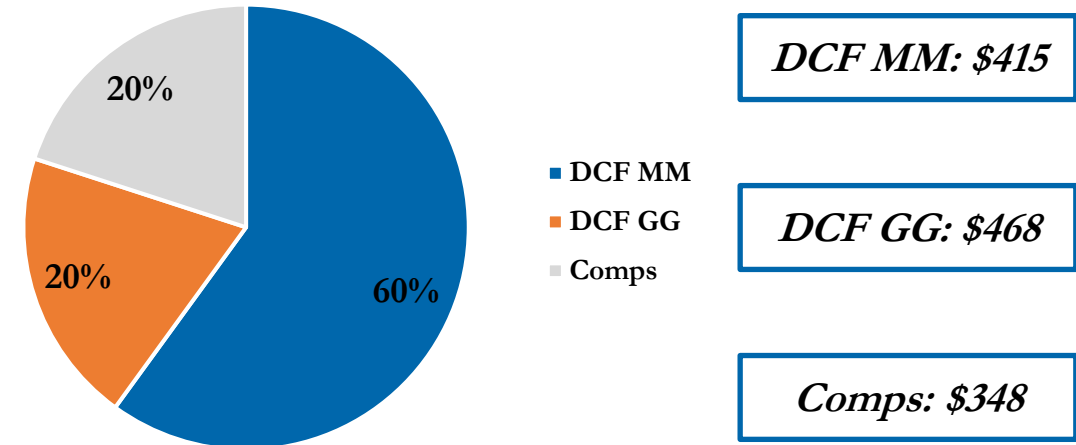
Expanded distribution agreement  
Agreed on a sourcing partnership



\$10B in annual sales  
DTS delivery of products until 2029



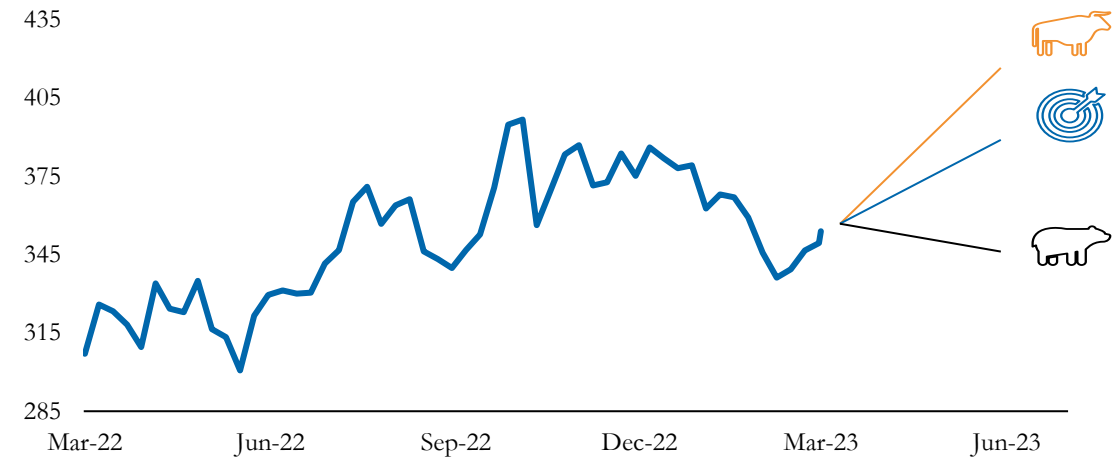
## Valuation Weight



## Analyst Ratings

Barclays	BUY	\$415 PT
Jefferies	BUY	\$450 PT
JP Morgan	BUY	\$432 PT
Morgan Stanley	BUY	\$426 PT
Deutsche Bank	BUY	\$430 PT

- 1 Mckesson has built **resilient** relationships that drive **long-term revenue and stability**
- 2 Active ventures brought on by management positions for expansive **market opportunity**
- 3 **Strong pricing power** in market **triopoly** gives recessionary resistance



## Bear Case

- Legislation furthers opioid dist. **charges**
- **MSS** segment accelerated contraction
- RX savings **synergies** are **not** fully realized

## Base Case

- Opioid settlement act & one-time **charges close**
- Global oncology market **continues** traction
- Customer **distribution channels** remain active

## Bull Case

- Generic manufacturers **win key** therapy patents
- Joint venture **expands** oncology presence
- **PTS segment** operating margin growth

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*Questions?*



# Appendix

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Appendix A: Income Statement

Appendix B: Balance Sheet

Appendix C: Cash Flow Statement

Appendix D: Revenue Build

Appendix E: NWC and D&A Projections

Appendix F: WACC

Appendix G: Comparable Companies Analysis

Appendix H: Discounted Cash Flow Analysis

Appendix I: Annotated Stock Chart

Appendix J: Oncology Market Projections



# Appendix A: Income Statement

McKESSON CORPORATION										
CONSOLIDATED STATEMENTS OF OPERATIONS										
<i>Figures in Millions</i>	FY2020	FY2021	FY2022	FY2023E	FY2024E	FY2025E	FY2026E	FY2027E	FY2028E	
<b>Revenues</b>	<b>231,051</b>	<b>238,228</b>	<b>263,966</b>	<b>277,927</b>	<b>287,099</b>	<b>305,564</b>	<b>326,885</b>	<b>350,764</b>	<b>376,808</b>	
<i>% Growth</i>		3%	11%	5%	3%	6%	7%	7%	7%	
<b>Cost and Expenses:</b>										
Cost of sales	(219,028)	(226,080)	(250,836)	(264,679)	(272,713)	(290,252)	(310,505)	(333,187)	(357,926)	
<b>Gross profit</b>	<b>12,023</b>	<b>12,148</b>	<b>13,130</b>	<b>13,248</b>	<b>14,386</b>	<b>15,312</b>	<b>16,380</b>	<b>17,577</b>	<b>18,882</b>	
<i>Gross Margin</i>	5.20%	5.10%	4.97%	4.77%	5.01%	5.01%	5.01%	5.01%	5.01%	
Selling, distribution, general, and administrative expenses	(9,182)	(8,849)	(10,537)	(9,658)	(10,192)	(11,077)	(12,095)	(13,154)	(14,130)	
<i>% of revenue</i>	3.97%	3.71%	3.99%	3.48%	3.55%	3.63%	3.70%	3.75%	3.75%	
Claims and litigation charges, net	(82)	(7,936)	(274)							
Goodwill impairment charges	(2)	(69)								
Restructuring, impairment, and related charges, net	(268)	(334)	(281)	(294)	(294)	(294)	(294)	(294)	(294)	
Total operating expenses	(9,452)	(9,252)	(10,818)	(9,952)	(10,486)	(11,371)	(12,389)	(13,448)	(14,425)	
<b>Operating income (loss)</b>	<b>2,571</b>	<b>2,896</b>	<b>2,312</b>	<b>3,296</b>	<b>3,900</b>	<b>3,941</b>	<b>3,991</b>	<b>4,129</b>	<b>4,457</b>	
Other income, net	12	223	259	182	246	254	256	289	306	
Equity earnings and charges from investment in Change	0	0	0	0	0	0	0	0	0	
Healthcare Joint Venture	(1,108)	-	-							
Loss on debt extinguishment	-	-	(191)							
Interest expense	(249)	(217)	(178)	(187)	(194)	(206)	(220)	(237)	(254)	
<i>% of sales</i>	-0.11%	-0.09%	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%	-0.07%	
<b>Income (loss) from continuing operations before income taxes</b>	<b>1,226</b>	<b>2,902</b>	<b>2,202</b>	<b>3,291</b>	<b>3,953</b>	<b>3,989</b>	<b>4,026</b>	<b>4,181</b>	<b>4,509</b>	
Income tax benefit (expense)	(18)	695	(636)	(625)	(751)	(758)	(765)	(794)	(857)	
Effective tax rate	-1.47%	23.95%	-28.88%	19.00%	19.00%	19.00%	19.00%	19.00%	19.00%	
Income (loss) from continuing operations	1,208	3,597	1,566	2,666	3,202	3,231	3,261	3,387	3,652	
Loss from discontinued operations, net of tax	(6)	(1)	(5)							
<b>Net income</b>	<b>1,202</b>	<b>3,596</b>	<b>1,561</b>	<b>2,666</b>	<b>3,202</b>	<b>3,231</b>	<b>3,261</b>	<b>3,387</b>	<b>3,652</b>	
Net income attributable to noncontrolling interests	(220)	(199)	(173)	(197)	(197)	(197)	(197)	(197)	(197)	
<b>Net income (loss) attributable to McKesson Corporation</b>	<b>900</b>	<b>(4,539)</b>	<b>1,114</b>	<b>2,468</b>	<b>3,004</b>	<b>3,034</b>	<b>3,064</b>	<b>3,189</b>	<b>3,455</b>	

# Appendix B: Balance Sheet

McKESSON CORPORATION			
CONSOLIDATED BALANCE SHEETS			
<i>Figures in Millions</i>	2020	2021	2022
<b>ASSETS</b>			
Cash and cash equivalents	4,015	6,278	3,532
Receivables, net	19,246	19,181	18,583
Inventories, net	16,734	19,246	18,702
Assets held for sale	906	12	4,516
Prepaid expenses and other	617	665	898
<b>Total Current Assets</b>	<b>41,518</b>	<b>45,382</b>	<b>46,231</b>
Property, plant, and equipment, net	2,365	2,581	2,092
Operating lease right-of-use assets	1,886	2,100	1,548
Goodwill	9,360	9,493	9,451
Intangible assets, net	3,156	2,878	2,059
Other non-current assets	2,258	2,581	1,917
<b>Total Non-Current Assets</b>	<b>19,025</b>	<b>19,633</b>	<b>17,067</b>
<b>Total Assets</b>	<b>61,247</b>	<b>65,015</b>	<b>63,298</b>
<b>LIABILITIES, REDEEMABLE NONCONTROLLING INTERESTS, AND EQUITY (DEFICIT)</b>			
<b>Current liabilities</b>			
Drafts and accounts payable	37,195	38,975	38,086
Current portion of long-term debt	1,052	742	799
Current portion of operating lease liabilities	354	390	297
Liabilities held for sale	683	9	4,741
Other accrued liabilities	3,340	3,987	4,543
<b>Total current liabilities</b>	<b>42,624</b>	<b>44,103</b>	<b>48,466</b>
Long-term debt	6,335	6,406	5,080
Long-term deferred tax liabilities	2,255	1,411	1,418
Long-term operating lease liabilities	1,660	1,867	1,366
Long-term litigation liabilities	0	8,067	7,220
Other non-current liabilities	1,662	1,715	1,540
<b>Total Non Current Liabilities</b>	<b>11,912</b>	<b>19,466</b>	<b>16,624</b>
<b>Total liabilities</b>	<b>54,536</b>	<b>83,035</b>	<b>81,714</b>
<b>Total Equity</b>	<b>6,711</b>	<b>(18,020)</b>	<b>(18,416)</b>

# Appendix C: Cash Flow Statement

McKESSON CORPORATION			
CONSOLIDATED STATEMENTS OF CASH FLOWS			
<i>Figures in Millions</i>	FY2020	FY2021	FY2022
<b>OPERATING ACTIVITIES</b>			
Net income (loss)	1,120	(4,340)	1,287
Adjustments to reconcile to net cash provided by operating activities:			
Depreciation	321	321	279
Amortization	601	566	481
Goodwill and long-lived asset impairment charges	139	242	175
Equity earnings and charges from investment in Change Healthcare			
Joint Venture	1,084	-	-
Deferred taxes	(342)	(908)	34
Credits associated with last-in, first-out inventory method	(252)	(58)	(23)
Non-cash operating lease expense	366	334	241
Loss (gain) from sales of businesses and investments	33	(9)	(132)
European businesses held for sale	-	-	1,509
Other non-cash items	615	188	501
Changes in assets and liabilities, net of acquisitions:			
Receivables	(2,494)	1,145	(1,843)
Inventories	(376)	(2,276)	(1,169)
Drafts and accounts payable	3,952	1,267	2,802
Operating lease liabilities	(377)	(362)	(356)
Taxes	(8)	(166)	243
Litigation liabilities	-	8,067	199
Other	(8)	511	206
<b>Net cash provided by operating activities</b>	<b>4,374</b>	<b>4,542</b>	<b>4,434</b>
<b>INVESTING ACTIVITIES</b>			
Payments for property, plant, and equipment	(362)	(451)	(388)
Capitalized software expenditures	(144)	(190)	(147)
Acquisitions, net of cash, cash equivalents, and restricted cash acquired:			
	(133)	(35)	(8)
Proceeds from sales of businesses and investments, net	37	400	578
Other	23	(139)	(126)
<b>Net cash used in investing activities</b>	<b>(579)</b>	<b>(415)</b>	<b>(89)</b>
<b>FINANCING ACTIVITIES</b>			
Proceeds from short-term borrowings	21,437	6,323	11,192
Repayments of short-term borrowings	(21,437)	(6,323)	(11,192)
Proceeds from issuances of long-term debt	-	500	498
Repayments of long-term debt	(298)	(1,040)	(1,648)
Payments for debt extinguishments	-	-	(184)
Common stock transactions:			
Issuances	113	92	220
Share repurchases	(1,934)	(742)	(3,516)
Dividends paid	(294)	(276)	(277)
Exercise of put right by noncontrolling shareholders of McKesson:			
Europe M3	(3)	(49)	(1,031)
Other	(318)	(378)	(383)
<b>Net cash used in financing activities</b>	<b>(2,734)</b>	<b>(1,693)</b>	<b>(6,321)</b>
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(19)	(81)	55
Cash, cash equivalents, and restricted cash classified within assets held for sale			(540)
<b>Net increase (decrease) in cash, cash equivalents, and restricted cash</b>	<b>1,042</b>	<b>2,373</b>	<b>(2,461)</b>
Cash, cash equivalents, and restricted cash at beginning of year	2,981	4,023	6,396
<b>Cash, cash equivalents, and restricted cash at end of year</b>	<b>4,023</b>	<b>6,396</b>	<b>3,935</b>
Less: Restricted cash at end of year included in Prepaid expenses and other	-8	-118	-403
<b>Cash and cash equivalents at end of year</b>	<b>4,015</b>	<b>6,278</b>	<b>3,532</b>

# Appendix D: Revenue Build

McKesson Inc (NASDAQ: MCK)									
Revenue Build (In Millions of USD)									
	FY 20	FY 21	FY 22	FY 23E	FY 24E	FY 25E	FY 26E	FY 27E	FY 28E
<b>Total Revenue</b>	<b>231,051</b>	<b>238,228</b>	<b>263,966</b>	<b>277,927</b>	<b>287,099</b>	<b>305,564</b>	<b>326,885</b>	<b>350,764</b>	<b>376,808</b>
<i>% Growth</i>		3.1%	10.8%	5.3%	3.3%	6.4%	7.0%	7.3%	7.4%
<b>Revenue by Segment</b>									
U.S. Pharmaceutical:	181,700	189,274	212,149	241,122	253,419	272,172	293,401	316,873	342,223
<i>% Growth</i>		4.2%	12.1%	13.7%	5.1%	7.4%	7.8%	8%	8%
<i>% of Total Revenue</i>	78.6%	79.5%	80.4%	86.8%	88.3%	89.1%	89.8%	90.3%	90.8%
<i>% McKesson Market Share</i>	34.0%	33.8%	35.6%	38.1%	37.7%	38.1%	38.6%	39.2%	39.8%
<b>Total U.S. Pharmaceutical Market</b>	<b>534,210</b>	<b>560,000</b>	<b>595,280</b>	<b>632,783</b>	<b>672,648</b>	<b>715,025</b>	<b>760,071</b>	<b>807,956</b>	<b>858,857</b>
International	38,341	35,965	36,345	21,061	17,017	15,537	14,263	13,150	12,190
<i>% Growth</i>		-6.2%	1.1%	-42.1%	-19.2%	-8.7%	-8.2%	-7.8%	-7.3%
<i>% of Total Revenue</i>	16.6%	15.1%	13.8%	7.6%	5.9%	5.1%	4.4%	3.7%	3.2%
<i>% Market Share</i>	5.1%	4.5%	4.2%	2.3%	1.8%	1.5%	1.3%	1.1%	1.0%
<b>Global Healthcare Distribution Market</b>	<b>758,500</b>	<b>805,527</b>	<b>855,470</b>	<b>908,509</b>	<b>964,836</b>	<b>1,024,656</b>	<b>1,088,185</b>	<b>1,155,652</b>	<b>1,227,303</b>
Medical-Surgical Solutions	8,305	10,099	11,608	11,356	11,924	12,699	13,575	14,553	15,601
<i>% Growth</i>		21.6%	14.9%	-2.2%	5.0%	6.5%	6.9%	7.2%	7.2%
<i>% of Total Revenue</i>	3.6%	4.2%	4.4%	4.1%	4.2%	4.2%	4.2%	4.1%	4.1%
<i>% Market Share</i>	0.6%	0.6%	0.7%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%
<b>Global Medical- Surgical Solutions Market</b>	<b>1,426,000</b>	<b>1,558,618</b>	<b>1,703,569</b>	<b>1,862,001</b>	<b>2,035,168</b>	<b>2,224,438</b>	<b>2,431,311</b>	<b>2,657,423</b>	<b>2,904,563</b>
Prescription Technology Solutions	2,705	2,890	3,864	4,388	4,739	5,156	5,645	6,187	6,794
<i>% Growth</i>		6.8%	33.7%	13.6%	8.0%	8.8%	9.50%	9.6%	9.8%
<i>% of Total Revenue</i>	1.2%	1.2%	1.5%	1.6%	1.7%	1.7%	1.7%	1.8%	1.8%
<i>% Market Share</i>	3.1%	3.0%	3.7%	3.8%	3.8%	3.8%	3.8%	3.8%	3.9%
<b>US Prescription Technology Market</b>	<b>88300</b>	<b>96247</b>	<b>104909</b>	<b>114351</b>	<b>124643</b>	<b>135860</b>	<b>148088</b>	<b>161416</b>	<b>175943</b>

# Appendix E: NWC

McKesson Inc (NASDAQ: MCK)									
Networking Capital (In Millions of USD)	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Accounts Receivable	19,246	19,181	18,583	21,698	22,414	23,856	25,520	27,384	29,418
Revenues	231,051	238,228	263,966	277,927	287,099	305,564	326,885	350,764	376,808
Days Sales Outstanding	29.99	28.99	25.34	28.11	28.11	28.11	28.11	28.11	28.11
Inventory	16,734	19,246	18,702	20,829	21,461	22,842	24,436	26,221	28,167
COGS	219,028	226,080	250,836	264,678.67	272,712.66	290,251.97	310,504.97	333,187.40	357,926.42
Day Sales in Inventory	27.50	30.65	26.84	28.33	28.33	28.33	28.33	28.33	28.33
Prepaid Expenses & Other Current Assets	617	665	898	821	848	903	966	1,036	1,113
Revenue	231,051	238,228	263,966	277,927	287,099	305,564	326,885	350,764	376,808
Other Current Assets as % of Revenue	0.27%	0.28%	0.34%	0.30%	0.30%	0.30%	0.30%	0.30%	0.30%
Accounts Payable	37,195	\$38,975	\$38,086	43,588	44,911	47,800	51,135	54,870	58,944
COGS	219,028	226,080	250,836	264,679	272,713	290,252	310,505	333,187	357,926
Days Payable Outstanding	61.13	62.06	54.66	59.29	59.29	59.29	59.29	59.29	59.29
Current portion of operating lease liabilities	354	390	297	399	411	438	468	503	540
COGS	219,028	226,080	250,836	264,679	272,713	290,252	310,505	333,187	357,926
Operating Lease Liabilities as a % of COGS	0.16%	0.17%	0.12%	0.15%	0.15%	0.15%	0.15%	0.15%	0.15%
Other Payable & Accruals	3,440	3,987	4,543	4,539	4,677	4,978	5,325	5,714	6,139
COGS	219,028	226,080	250,836	264,679	272,713	290,252	310,505	333,187	357,926
Other Payable & Accruals as a % of COGS	1.57%	1.76%	1.81%	1.72%	1.72%	1.72%	1.72%	1.72%	1.72%
Net Working Capital	(4,392)	(4,260)	(4,743)	(5,178)	(5,276)	(5,615)	(6,007)	(6,446)	(6,925)
<b>Change in Net Working Capital</b>		<b>132</b>	<b>(483)</b>	<b>(435)</b>	<b>(98)</b>	<b>(339)</b>	<b>(392)</b>	<b>(439)</b>	<b>(479)</b>



# Appendix E2: CapEx and D&A Projections

McKesson Inc (NASDAQ: MCK)									
<i>Cash Flow Adjustments</i>	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
Capital Expenditures	506	641	535	640	661	704	753	808	868
Revenue	231,051	238,228	263,966	277,927	287,099	305,564	\$326,885	\$350,764	\$376,808
As a % of Revenue	0.22%	0.27%	0.20%	0.23%	0.23%	0.23%	0.23%	0.23%	0.23%
Depreciation & Amortization	922	887	760	864	826	774	790	824	850
As a % of Capital Expenditures	182%	138%	142%	135%	125%	110%	105%	102%	98%

# Appendix F: WACC

McKesson Corp (NYSE: MCK)	
<i>Weighted Average Cost of Capital</i>	
Market Value of Debt	8,038
Weight of Debt	13.59%
Credit Spread	2.21%
Pre-Tax Cost of Debt	5.67%
Tax Rate	19%
<b><i>Tax Effected Cost of Debt</i></b>	<b>4.59%</b>
Market Value of Equity	51121
Weight of Equity	86.41%
Risk-free rate	3.46%
Equity Risk Premium	5.75%
Beta	0.77
<b><i>Cost of Equity</i></b>	<b>7.87%</b>
<b><i>Weighted Average Cost of Capital</i></b>	<b>7.43%</b>

# Appendix G: Comparable Companies Analysis

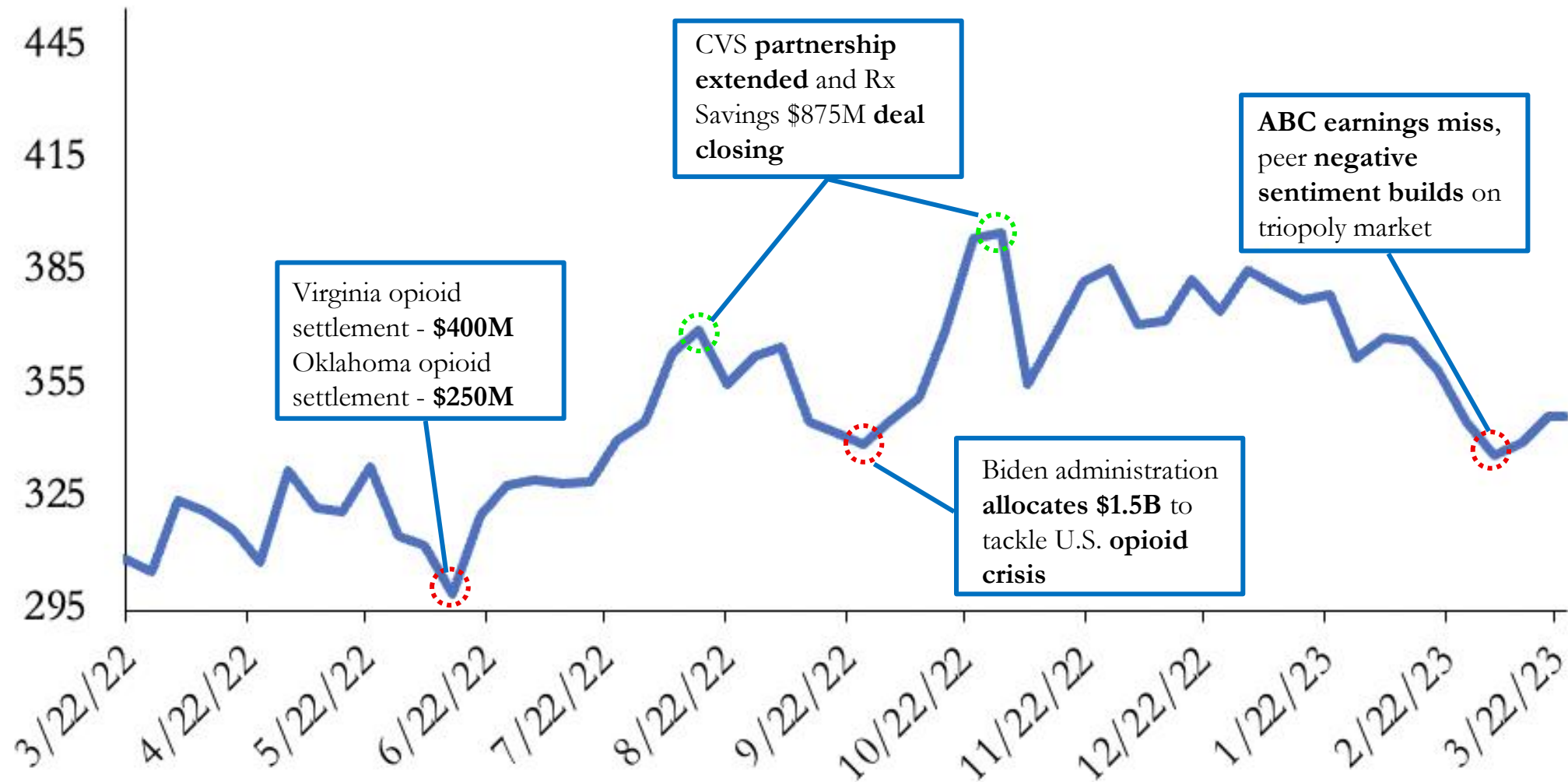
	EV	Debt	Cash	Equity	Shares	Per Share
2025						
<b>Revenue</b>	305,564					
Min	0.09x	26,328	8,038	3,532	21822	141
Q1	0.14x	42,297	8,038	3,532	37791	141
Med	0.30x	93,049	8,038	3,532	88543	141
Q3	0.79x	241,441	8,038	3,532	236935	141
Max	2.84x	869,257	8,038	3,532	864751	141
Mean	0.76x	232,995	8,038	3,532	228489	141
<b>EBITDA</b>	4,715					
Min	6.61x	31,152	8,038	3,532	26,646	141
Q1	7.85x	37,022	8,038	3,532	32,516	141
Med	8.33x	39,283	8,038	3,532	34,777	141
Q3	9.37x	44,194	8,038	3,532	39,688	141
Max	11.80x	55,627	8,038	3,532	51,121	141
Mean	8.75x	41,241	8,038	3,532	36,735	141
<b>EBIT</b>	3,941					
Min	7.83x	30,861	8,038	3,532	26,355	141
Q1	11.91x	46,943	8,038	3,532	42,437	141
Med	12.82x	50,508	8,038	3,532	46,002	141
Q3	13.82x	54,457	8,038	3,532	49,951	141
Max	17.28x	68,112	8,038	3,532	63,606	141
Mean	12.75x	50,253	8,038	3,532	45,747	141

EPS	Share Price
2022	
<b>P/E</b>	22.52
Min	6.50x
Q1	11.75x
Med	14.13x
Q3	16.28x
Max	36.20x
Mean	16.49x

# Appendix H: Discounted Cash Flow Analysis

McKESSON CORPORATION (NASDAQ: MCK)									
<i>Discounted Cash Flows (In millions of USD)</i>	FY 2020	FY 2021	FY 2022	FY 2023E	FY 2024E	FY 2025E	FY 2026E	FY 2027E	FY 2028E
<b>Revenue</b>	231051	238228	263966	277927	287099	305564	326885	350764	376808
<b>EBIT</b>	2,571	2,896	2,312	3,296	3,900	3,941	3,991	4,129	4,457
Taxes	(18)	695	(636)	(625)	(751)	(758)	(765)	(794)	(857)
Rate (%)	-1%	24%	-28%	19%	19%	19%	19%	19%	19%
<b>NOPAT</b>	2,589	2,201	2,948	2670	3159	3192	3233	3344	3610
Plus: D&A	922	887	760	864	826	774	790	824	850
Less: CapEx	506	641	535	640	661	704	753	808	868
Less: Change in NWC		132	(483)	(435)	(98)	(339)	(392)	(439)	(479)
<b>FCFF</b>	<b>4,017</b>	<b>2,315</b>	<b>3,656</b>	<b>3,329</b>	<b>3,422</b>	<b>3,602</b>	<b>3,662</b>	<b>3,799</b>	<b>4,072</b>
Discount Factor (years)				0.25	1.25	2.25	3.25	4.25	5.25
Terminal Value (growth)									76501
Present Value of Cash Flows				3270	3129	3065	2901	2802	2795

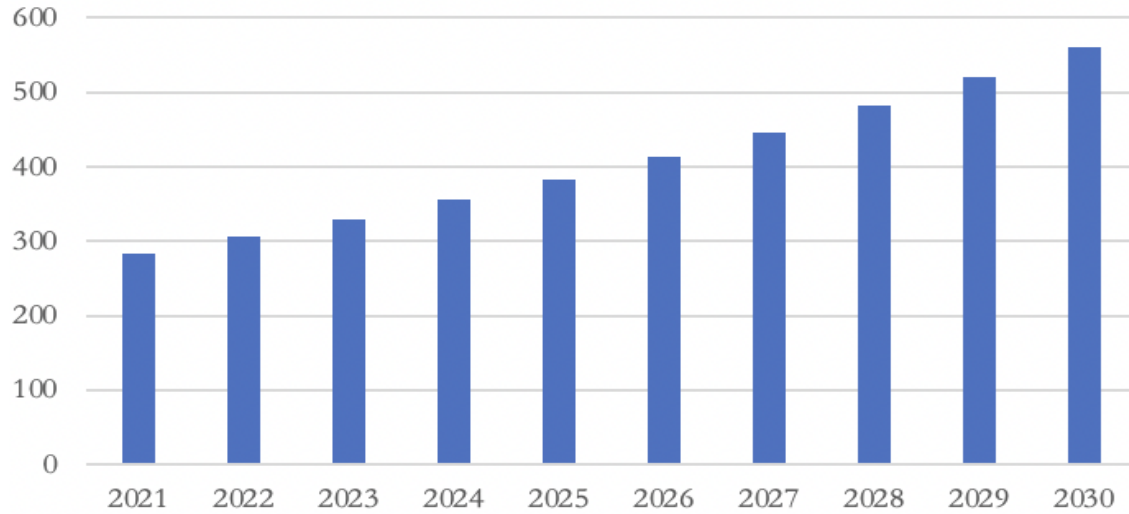
# Appendix I: Annotated Stock Chart



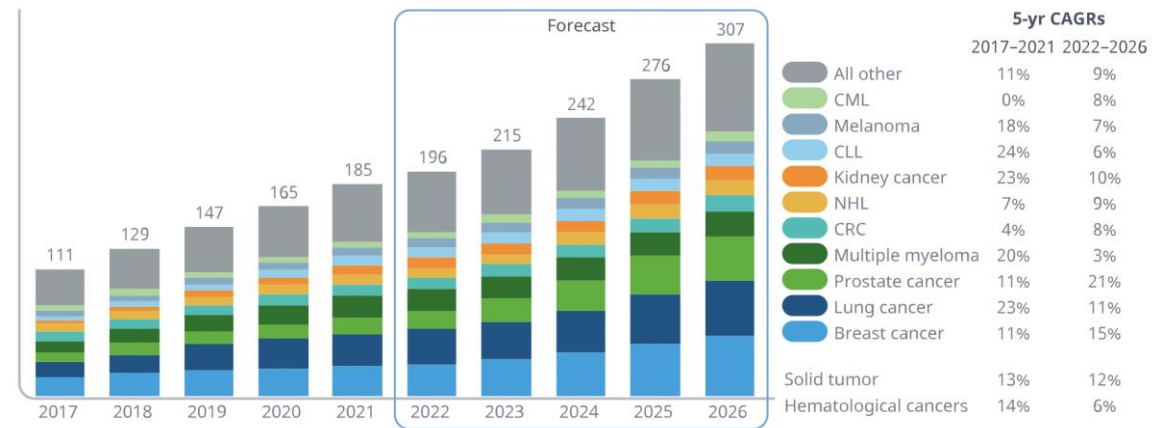
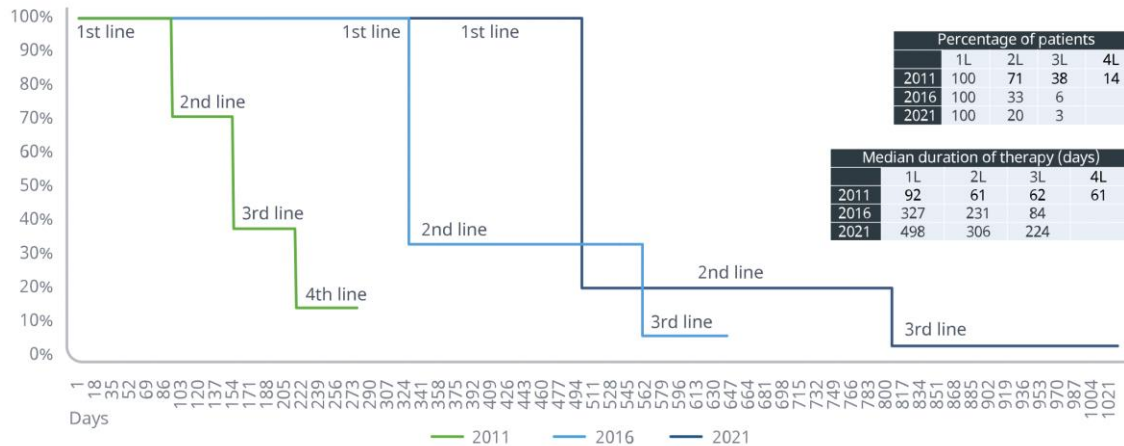
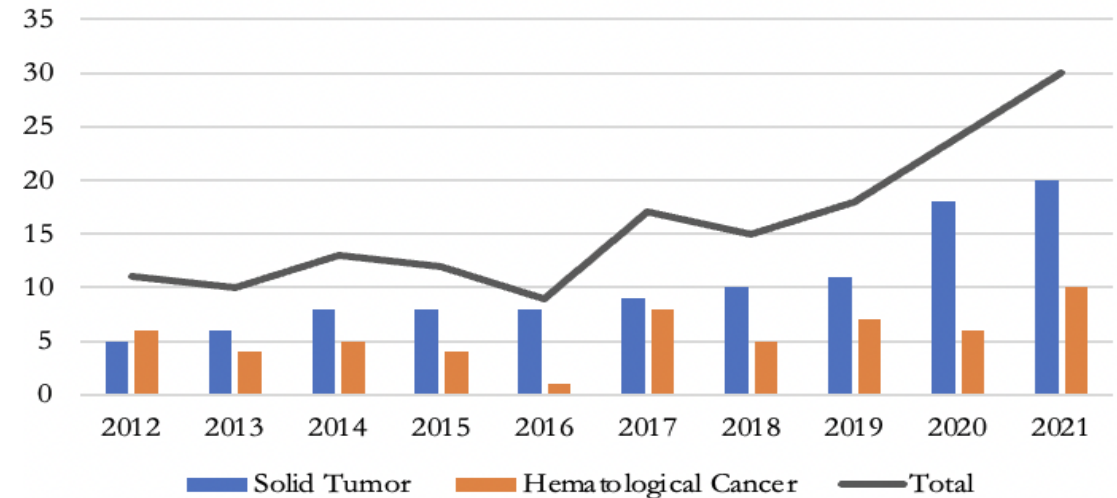


# Appendix J: Oncology Market Projections

### Global Oncology Market Size (In Billions of USD)



### Oncology Novel Active Substance (NAS) By Year



Source: IQVIA Institute, Apr 2022.

Source: IQVIA Oncology Link, Apr 2022.