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Our ref JDN/SG/SM

Committee of independent directors
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9 August 2017

Dear committee of independent directors

Report of the Independent Expert

In accordance with our engagement letter dated 8 August 2016, please find hereby our report as independent expert assisting PCB SA's committee of independent directors in the context of a voluntary application of a procedure substantially similar to the procedure set out in Article 524 of the Belgian Companies Code related to the proposed contribution in kind of McKesson Belgium Holdings SPRL in PCB SA by OCP S.A.S.

This report sets out the conclusions of KPMG Deal Advisory, a division of KPMG Advisory civil CVBA as to our evaluation, from a financial point of view, of the valuation proposed by PCB SA and Celesio AG in respect of the proposed contribution. We understand this report will be attached to the report by the committee of independent directors. We refer to Sections 1 and 2 of our report for details on our scope and limitations.

Should you wish to discuss the contents of this draft report, or if we can be of any further assistance, please do not hesitate to contact us.

Yours faithfully

KPMG Deal Advisory

Report of the independent expert in the context of a voluntary application of a procedure substantially similar to the procedure set out in Article 524 of the Belgian Companies Code related to the contribution in kind of McKesson Belgium Holdings SPRL in PCB SA

1 Introduction

On 15 December 2015, Celesio Holdings Deutschland GmbH & Co. KGaA entered into a share purchase agreement with the French Cooperative Welcoop, with the purpose of acquiring all of the shares in Belmedis SA, Alphar Partners SA, Cophana SA, Espafarmed SLU and a stake of 54.26% in Sofiadis CVBA. Concurrently, Celesio Holdings Deutschland GmbH & Co. KGaA also entered into an asset purchase agreement for the European export business of Sofarex BVBA (together “Medibel”).

For the purpose of acquiring Medibel, a new company was incorporated by Celesio Holdings Deutschland GmbH & Co. KGaA, i.e. McKesson Belgium Holdings SPRL (hereafter “McKBH”), a Belgian private limited liability company. Following the incorporation, all shares except one were transferred to OCP SAS. The remaining share was transferred to Admenta Deutschland GmbH.

After fulfilment of the conditions precedent, including the approval of the competition authorities, the acquisition was closed on 2 May 2017.

KPMG Deal Advisory, a division of KPMG Advisory Civil CVBA, (hereafter “KPMG Deal Advisory” or “KMPG” or “we/our”) was engaged by the committee of independent directors of PCB SA, made up by Jetma SPRL, represented by its permanent representative Jean-Marie Limpens, Lumeur SCS, represented by its permanent representative Luc Meurrens and Delvero SPRL, represented by its permanent representative Véronique Delens as the independent directors (hereafter “the Independent Directors”) of PCB SA (hereafter “PCB” or “the Company”) to assist in the context of the proposed contribution in kind by OCP SAS, the majority shareholder of the Company, of McKBH[1] into the Company (hereafter “the Proposed Contribution”).

Although not legally required, the Board of the Company decided to voluntarily apply a procedure substantially similar to the procedure set out in Article 524 of the Belgian Companies Code. Accordingly, the Board requested a committee of three independent directors to review the Proposed Transaction in accordance with principles substantially similar to the requirements of Article 524 of the Companies Code.

[1] We understand that prior to the contribution in kind, McKesson Belgium Holdings will divest Alphar Partners to another Celesio Group entity. We note that the proceeds of the sale of Alphar Partners will remain in McKesson Belgium Holdings and will be part of the contribution.

The Independent Directors appointed KPMG Deal Advisory as independent expert to assist them in their review of the Proposed Contribution, more specifically to assist the Independent Directors in evaluating, from a financial point of view, the valuation proposed by the Company in respect of the Proposed Contribution.

In this respect, KPMG Deal Advisory has prepared this report (hereafter "the Report"), which is merely a summary of a detailed supporting analysis KPMG Deal Advisory has made in order to come to its conclusions, containing the below elements:

- A description of the scope and tasks performed;
- A statement of independence;
- An analysis of the valuation performed and proposed by the Company and the contributing shareholder;
- A valuation analysis regarding the company and McKBH, including an overview of the valuation methodologies applied;
- A description of the main factual information used and assumptions applied;
- The sources of information;
- Our conclusions

A glossary is attached as Appendix II.

2 Scope, scope limitations and independence

Scope and scope limitations

KPMG Deal Advisory's role has been to assist the Independent Directors in evaluating, from a financial point of view, the relative valuation proposed by the Company for the Proposed Contribution. This relative valuation will form the basis for determining the number of new shares in the Company to be issued and the subscription price per new share in the Company.

This Report summarises the conclusions of our analysis, undertaken in the period between 8 August 2016 and 4 July 2017 by KPMG Deal Advisory. Our analysis, established in good faith and on the basis of market practices, has been prepared for the exclusive benefit of the Independent Directors.

Our analysis is based on information made available to us until 4 July 2017. We will not automatically update our Report for any events or circumstances which may occur after this date.

Our opinion on the stand-alone value of PCB and Medibel is based on prevailing market, economic and other conditions as at 30 April 2017. Conditions can change over relatively short periods of time. Any subsequent changes in these conditions could impact upon the value, either positively or negatively. In addition, the forecasts and projections as supplied to us are based upon assumptions about events and circumstances which have not yet transpired. We do not make any statement in this Report as to whether any forecasts or projections included in this Report will be achieved, or whether the assumptions and data underlying any prospective financial information are accurate, complete or reasonable. We do not warrant or guarantee the achievement of any such forecasts or projections.

We have prepared our Report on the basis of information provided to us by management of Celesio AG and of the Company. We have relied upon the truth, accuracy and completeness of any information provided or made available to us in connection with our services without independently verifying it. We do not accept responsibility for such information which remains the responsibility of management. Details of our principal sources of information are set out in Appendix I.

KPMG Deal Advisory has not performed an independent verification of these information elements and can therefore not be held responsible for errors or inaccuracies which might result therefrom.

We note that KPMG Deal Advisory did not have any direct interaction with the management of Medibel and that the information regarding Medibel has been mainly based on the draft due diligence report dated 6 November 2015 by Deloitte and on further, more recent financial information, provided by the Company's and Celesio AG's management. We understand that for any of our questions that could not be answered by management of Celesio or PCB, the Financial Director of the Medibel entities was consulted by Celesio's M&A team.

Management of Celesio and PCB have been responsible for ensuring that information provided by it or its representatives is accurate, fair in its portrayal and complete and forms a reliable basis for our report. Notwithstanding the aforementioned, at the moment of preparation of this report there was missing information, including, but not limited to, the consolidated statements of McKBH (please refer to sections 6.2.1. and 6.2.2).

KPMG Deal Advisory has not provided, obtained or reviewed any specialist advice, including but not limited to, legal, accounting, actuarial, environmental, information technology or tax advice.

The services provided under our engagement letter have not been undertaken in accordance with any auditing, review or assurance standards. Any reference to 'audit' and 'review', throughout this Report, is not intended to convey that the services have been conducted in accordance with any auditing, review or assurance standards. As our scope of work does not constitute an audit or review in accordance with any auditing, review or assurance standards, our work will not necessarily disclose all significant matters about PCB or Medibel or reveal errors and irregularities, if any, in the underlying information.

This Report should not be regarded as suitable for use by any parties or persons other than the Independent Directors. It is being provided solely for the benefit of the Independent Directors in connection with, and for the purposes of, their review of the proposed contribution in kind in accordance with principles substantially similar to the requirements of Article 524 of the Companies Code. It may not be used or relied upon for any purpose by any person other than the Independent Directors.

A party, other than the Independent Directors, may only rely on our Report if it has executed a formal letter of reliance with KPMG Advisory civil cvba (of which KPMG Deal Advisory is a division) ("KPMG Deal Advisory"). If you have not executed a formal letter of reliance with KPMG Deal Advisory, KPMG Deal Advisory:

— owes you no duty (whether in contract or in tort or under statute or otherwise) with respect to or in connection with the Report or any part thereof;

— will have no liability to you for any loss or damage suffered or costs incurred by you or any other person arising out of or in connection with the provision to you of the Report or any part thereof, however the loss or damage is caused, including, but not limited to, as a result of negligence.

If you have not executed a formal letter of reliance with KPMG Deal Advisory and you wish to rely upon this Report or any part thereof you will do so entirely at your own risk.

We note that this Report is issued in the English language. If any translations of this Report are delivered, the English version shall prevail in case of divergence between the language versions.

Independence

In the context of this engagement, KPMG Deal Advisory has acted independently from the Company and McKBH. In particular, as at the date of this Report:

— no audit mandate is being exercised or has been exercised over the last two years for the Company, McKBH or Celesio AG by KPMG Deal Advisory, KPMG Advisory or a member firm of the KPMG network;

— neither KPMG Deal Advisory, nor KPMG Advisory, nor a member firm of the KPMG network is remunerated by the Company, McKBH or Celesio AG in the context of the envisaged Contribution except for the assignment described in this Report;

— neither KPMG Deal Advisory, nor KPMG Advisory, nor a member firm of the KPMG network has a pecuniary interest, other than the remuneration for KPMG Deal Advisory in the context of the Report, in the (success of the) envisaged Contribution. No success fee is being paid related to the execution of the envisaged Contribution;

— neither KPMG Deal Advisory, nor KPMG Advisory, nor a member firm of the KPMG network is remunerated by the Company, McKBH or Celesio AG in the context of the acquisition of Medibel by McKBH;

— KPMG Deal Advisory has not executed any assignments for the Company or Celesio AG over the last two years preceding the date of our Report. Over the course of the last two years preceding the date of our Report KPMG Advisory civil CVBA has performed some assignments, i.e. related to internal audit, management consulting or IT advisory for Celesio AG or the company; however none of these could be considered material and having an impact on the independence of KPMG Deal Advisory in the context of this Report.

Tasks performed

In connection with this engagement, we have, amongst others:

- Confirmed our understanding of the Proposed Transaction;
- Reviewed the following historical business and financial information, relating to the Company and to McKBH and their subsidiaries:
    - audited consolidated financial statements of the Company for the years ending 31 December 2015 and 31 March 2016; unaudited consolidated financial statements for the years ending 31 March 2015 (comparative financials following year-end change) and 31 March 2017 (draft financials);
    - unaudited, unconsolidated balance sheet (US GAAP) for McKBH as at 31 May 2017, including the projected impact of the transfer of the shares in Alphar Partners to another Celesio entity;
    - draft unaudited closing accounts for Medibel entities (excluding Sofarex assets) as at 30 April 2017;
    - aggregated balance sheet for the years ending 31 December 2015 and 31 December 2016 for Medibel entities (excl. Sofarex). We note the aggregated balance sheet is unaudited, however we understand that the 31 December 2015 statutory financial statements of each of the entities have been audited;
    - draft financial due diligence report on Medibel as prepared by Deloitte, dated 6 November 2015.
- Reviewed the share purchase agreement and overview of the purchase consideration related to the acquisition by McKBH of all the shares in Belmedis SA, Alphar Partners SA, Cophana SA, Espafarmed SLU and a stake of 54.26% in Sofiadis CVBA;
- Reviewed the financial terms and conditions set forth in the draft Contribution and Subscription Agreement dated 16 June 2017;
- Sought to understand the current market environment and competitive landscape in the sector of the wholesale distribution of pharmaceuticals;
- Reviewed the DCF valuations by the Company and Celesio of the Company and of Medibel and other information provided (see Appendix I for an overview);
- Held discussions with members of the senior management of the Company and of Celesio with respect to the businesses and financial information (historical as well as prospective) of the Company and of Medibel in order to assess the assumptions taken in the business plan, and to understand the basis for their valuation in general (including but not limited to selected approach, adopted assumptions and the resulting proposed values). We note we have relied on management's confirmation that any related party transactions are included in the business plans at arm's length rates;
- Reviewed historical prices and trading volumes of the shares in the Company;
- Reviewed peer group and transaction multiples involving broadly comparable companies;

- Performed our own analysis with regard to the stand-alone market value of the Company and of McKBH, by selecting appropriate valuation methodologies, applying the selected methodologies and considering the valuation results;
- Conducted other financial analyses as we deemed appropriate;
- Formed a conclusion on the reasonableness of the relative valuation proposed to be used in the Proposed Contribution, by comparing it to our resulting valuation ranges and relative valuations.

The findings from our analysis have been summarised in the following sections.

3 Our understanding of the proposed contribution perimeter

PCB is a Belgian listed company, headquartered in Brussels and active as a pharmaceutical wholesale distributor serving retail clients (pharmacies) in Belgium, through its operational subsidiary Pharma Belgium SA.

It is proposed that all the shares (1,240,371) in McKBH will be contributed into PCB. McKBH is a holding company specifically set up for the acquisition of Medibel. As at the date of this Report, McKBH does not have any activities on its own and is almost entirely equity financed.

We understand that prior to the contribution in kind, McKB will divest Alphar Partners SA to another Celesio Group entity. We note that the proceeds of the sale of Alphar Partners will remain in McKB and will be part of the Proposed Contribution. The subsidiaries of McKBH at the date of the Proposed Contribution will be the following:

- Belmedis (100%): wholesale distributor of pharmaceutical products to pharmacies, laboratories and hospitals in Belgium. Belmedis is the second largest wholesale distributor in Belgium, after Febelco. The company owns six warehouses of which 5 are fully automated. It also holds a financial interest in one pharmacy;
- Sofiadis (54.26%): a buying cooperation of Belgian pharmacists (ca. 430 independent pharmacists which hold a 45.74% stake). Sofiadis sources the products for its members and sells them to Medibel with a 5.0% margin. Medibel then organises delivery and logistical services. Occasionally Sofiadis sources from Belmedis.
- Cophana (100%): a logistics company (pre-wholesaler) offering services in warehousing, preparation of orders, delivery to pharmacists and distributors and invoicing and debt collection for laboratories. Cophana leases a 6,000m² temperature controlled warehouse;
- Espafarmed (100%): Spanish agent sourcing Spanish products;
- Sofarmex (100%): an entity established with the specific purpose of acquiring selected Sofarex assets related to the European Economic Area activities of Sofarex (mainly exporting Spanish products to the EU).

OCP SAS, McKBH, PCB form part of a group of companies controlled by Celesio AG and ultimately controlled by US based company McKesson Corporation.

4 Basis of valuation and generally accepted valuation methodologies

4.1.1 Basis of valuation

Our analysis, and as we understand also the analysis by PCB and Celesio, has been prepared on the basis of "Market Value" and value a 100% equity stake in PCB and a 100% equity stake in McKesson Belgium Holdings as at 30 April 2017. The generally accepted definition of "Market Value" is the value as applied between a hypothetical willing vendor and a hypothetical willing prudent buyer in an open market and with access to all relevant information.

Market value excludes the premium over and above market value that a specific buyer, who can achieve synergistic or other benefits from the acquisition, may be prepared to pay. As such, we have considered the value on a stand-alone basis and have not taken into account potential synergies which could potentially be realized through a merger of the two companies.

4.1.2 Valuation methodologies for mature companies

When valuing mature companies, "Market Value" is commonly derived by applying one or more of the following valuation approaches:

— An income approach, generally a discounted cash flow ("DCF").

  Under a DCF approach, forecasted cash flows are discounted back to the present date, generating a net present value for the cash flow stream of the business. A terminal value at the end of the explicit forecast period is then determined and that value is also discounted back to the valuation date to give an overall value for the business.

  The rate at which the future cash flows are discounted ("the discount rate") should reflect not only the time value of money, but also the risk associated with the business' future operations. This means that in order for a DCF to produce a sensible valuation figure, the importance of the quality of the underlying cash flow forecasts is fundamental. The discount rate most generally employed is the Weighted Average Cost of Capital ("WACC"), reflecting an optimal as opposed to actual financing structure, which is applied to unleveraged cash flows and results in an value for the business ("Enterprise Value" or "EV", see 4.1.3).

— A market approach, typically capitalised earnings, with reference to comparable companies ("CoCo") or comparable transactions ("CoTrans").

  An earnings based approach estimates a sustainable level of future earnings for a business ("maintainable earnings") and applies an appropriate multiple to those earnings, capitalising them into a value for the business. The earnings bases to which a multiple is commonly applied include Revenues, EBITDA, EBIT and Profit After Tax. While the first three earnings bases lead to an EV, the latter would lead directly to an equity value.

  A second type of market approach can be adopted if the company is listed. In that case, one should also consider whether the share price is a reasonable proxy for market value. This is generally done via a volume weighted average price ("VWAP") analysis.

— A cost approach, generally (corrected) net assets. Under a net assets approach, total value is based on the sum of net asset value plus, if appropriate, a premium to reflect the value of intangible assets not recorded on the balance sheet. A net asset value is equivalent for an equity value.

  Net asset value is determined by marking every asset and liability on (and off) the company's balance sheet to current market values. A net asset methodology is most applicable for businesses where the value lies in the underlying assets and not the ongoing operations of the business (e.g. real estate holding companies), or where the rate of return on the assets is considered low.

4.1.3 Enterprise or equity value

Depending on the valuation methodology selected, and the treatment of the business' existing debt position, the valuation range calculated will result in either an enterprise value (EV) or an equity value.

An EV reflects the value of the whole of the business (i.e. the total assets of the business including fixed assets, working capital and goodwill/intangibles) which accrues to the providers of both debt and equity.

An equity value reflects the value that accrues to the equity holders.

To compare an EV to an equity value, the level of net debt must be deducted from the enterprise value.

5 Valuation proposed by the Company and Celesio

5.1 Selected valuation methods

5.1.1 McKBH

PCB and Celesio have adopted a (corrected) net assets approach to determine the equity value of McKBH, whereby the value of the shareholding in Medibel is included based on two methodologies:

— Based on the cost of the recent transaction;

— Using a DCF approach.

As a cross-check for the value of the activities (EV) of McKBH, PCB and Celesio have also performed a capitalised earnings analysis, based on CoCos and CoTrans.

5.1.2 PCB

In determining the equity value of PCB, PCB and Celesio have selected the DCF approach as the primary valuation method.

In addition, the following methods have been applied as a cross-check:

— Net assets approach

— Share price based analysis

We understand that the capitalised earnings method (CoTrans/CoCos) has not been retained as a cross-check due to the current low profitability of PCB.

5.2 Application of the selected valuation methods

5.2.1 McKBH

5.2.1.1 Corrected net assets based on purchase consideration

PCB and Celesio have argued that, since Medibel has recently been acquired by Celesio and the transaction consideration was the result of negotiations between two unrelated parties, the book value of the financial assets (i.e. the equity investment in the Medibel entities) on McKBH's balance sheet are a reasonable proxy for their market value.

Further, it is argued that the market values of the other assets on McKBH's balance sheet are equal to their book value. These assets mainly comprise of intercompany receivables on the Medibel entities (replacing the intercompany receivables/payables that were in place with Welcoop entities pre transaction).

In addition, PCB and Celesio have assumed that:

— Alphar Partners will be sold at book value to another Celesio entity (cash in exchange for shares and an intercompany receivable);

— A capital increase will be done prior to the Proposed Contribution in order to finance the payment of the final part of the purchase consideration, estimated at €6.4m.

Based on the (unaudited) balance sheet as at 31 May 2017 and the draft closing accounts as at 30 April 2017, the book value of net assets is €60.2m. Adding to this the future capital increase of €6.4m, the equity value of McKBH is estimated at €66.6m using the net assets approach.

5.2.1.2 Corrected net assets based on DCF valuation of Medibel

This approach is largely the same as the one described in the previous section, however in this case the book value of the shareholdings in the Medibel entities is replaced by the DCF based equity value.

The DCF valuation has been based on financial projections for Belmedis, Cophana, Sofiadis and Espafarmed. We understand that the basis for and the main assumptions in this business plan, which covers the period FY18 (31 March 2018) to FY32 are as follows:

— The business plan is on a stand-alone basis (i.e. no potential synergies are taken into account). In 2015, a business plan for Medibel was made by Celesio in the context of the acquisition and more specifically to support pricing. The plan was updated in May 2017 based on pre-closing 30 April 2017 financials, which were in line with the projections included in the earlier plan.

— The business plan has been established on gross margin level, with the financials for the year ending 31 December 2016 serving as a basis. Celesio management expects Medibel's turnover to grow at a yearly rate of 1.5%

between FY19 and FY26 reaching its long term growth rate of 1.0% as of FY27.

- Gross profit as % of turnover is expected to remain constant over the business plan forecast period at 5.9%, which is in line with historical performance. Medibel's EBITDA margin is expected to slowly increase during the first couple of years of the forecast period from 1.1% to 1.3% (FY18-FY25) as a result of turnover growth and slightly lower operating expenses (as % of turnover). The other operating expenses, which are expected to grow at a 1.0% rate, mainly include salary costs.
- Working capital takes into account a one-off investment in working capital at the start of the projection period, due to a shortfall of working capital at closing date, and for subsequent years working capital is estimated at 6.0% of turnover.
- Yearly capex ranges between €0.5m and €0.8m.
- For the terminal value (after FY32), a yearly sales growth of 1%, a gross margin of 5.9% and an EBITDA margin of 1.3% has been adopted.

The EV of the abovementioned entities has been calculated by discounting the Free Cash Flows to the Firm ("FCFF") at a Weighted Average Cost of Capital ("WACC") of 7.0%. The cost of equity component of the WACC has been estimated based on the generally accepted Capital Asset Pricing Model ("CAPM"). This has resulted in a base case DCF value of €71.8m.

PCB and Celesio have also performed a sensitivity analysis, using a WACC ranging from 6.5% to 7.5% with the terminal growth rate of 1%. The resulting range is €66.1m to €78.6m.

In order to arrive at an equity value for Medibel, PCB and Celesio have taken the following steps:

- Deducted the value attributable to the minority shareholders of Sofiadis;
- Deducted the net debt of Belmedis, Cophana, Sofiadis and Espafarmed;
- Added the book value of the investment in Janus SA since its cash flows are not included in the business plan;
- Added the equity value of Sofarmex.

In McKBH's balance sheet, the book value of the shares in the Medibel entities is then is then replaced by the calculated market value of the shares, amounting to €49.3m in the base case, resulting in a corrected net assets value of €76.4m.

5.2.1.3 Cross-check using multiples

In line with general market practice, PCB and Celesio have performed a cross-check of the EV resulting from the DCF approach. Based on the financial information available for a selection of comparable listed companies and of comparable transactions, an EV range has been calculated based on EBITDA multiples. PCB and Celesio have concluded that:

- the base case DCF value of €76.4m falls within the EV range based on the CoTrans but is higher than the high end of the EV range based on CoCos;

— the value based on the net assets approach (cost of the acquisition) falls within both these ranges.

5.2.2 PCB

5.2.2.1 DCF valuation

PCB's DCF valuation with valuation date 30 April 2017 has been based on the business plan as developed by management of PCB, together with Celesio. The financials for the year ending 31 March 2017 have been used as a basis for this stand-alone plan, which is built on the key assumption that PCB will be able to gain back market share and restore profitability to levels comparable to Medibel, after which a similar growth pattern is followed.

We understand that the basis for and the main assumptions in PCB's business plan covering the period FY18 (31 March 2018) to FY32 are as follows:

— Turnover growth is expected to top 3.7% in FY18 and gradually decline to 1.0% as of FY23. Management believes this growth is achievable as it aims to win back some of the market share lost following the fire in Evere in 2012.

— Gross margin is expected to remain stable around 5.7% over the business plan forecast period.

— Staff costs are forecasted to decrease by 0.5% in FY18 resulting from efficiencies achieved through the move to the new Eppegem warehouse. Between FY19 and FY22, an annual increase of 0.5% is estimated (compared to the forecast inflation of 1.5%). Management believes that additional operational efficiencies can be achieved through a gradual reduction in the frequency of daily deliveries towards two deliveries a day (compared to the current three deliveries). A similar trend is observed in the market.

— The business plan includes an operating lease expense of €0.6m related to the renting of Laboratoria Flandria NV's "fonds de commerce", which includes Flandria's customers and its brand name. The rental agreement was started on 1 April 2010 and amended in 2013 when it was agreed that the annual lease cost would not be below €0.6m or above €0.8m and would further be reviewed annually and revised based on PCB's evolution of EBIT generated through Flandria's client base (including realised synergies). In the business plan it is assumed that PCB will pay a yearly lease of €600k to Flandria's owner Pharma Partners NV (no increases foreseen). In FY21 it is assumed that PCB will acquire the brand name and client portfolio of Laboratoria Flandria for a consideration of €4.2m.

— The EBITDA margin is expected to increase from 0.5% in FY18 to its long term EBITDA margin of 1.2% in FY22. The margin improvement is due to the sales growth forecasted between FY18 and FY22 (turnaround phase) and expected operational efficiencies resulting in an increase of the EBITDA margin.

— The business plan of PCB as forecasted by PCB/Celesio assumes an annual net working capital level of approximately 6.85% of sales. This percentage is in line with historical net working capital levels (i.e. 6.86% for FY17).

— FY18 and FY19 capex include additional investment expenses related to the implementation of an ERP system. The estimated costs amount to €1.2m and €0.3m for FY18 and FY19 respectively. Furthermore, management believes an annual capex investment of €0.6m to be a sustainable level for PCB.

— For the terminal value (after FY32), a yearly sales growth of 1%, a gross margin of 5.7% and an EBITDA margin of 1.2% has been adopted.

The EV of PCB has been calculated by discounting the FCFF at a WACC of 7.0%. The cost of equity component of the WACC has been estimated based on the generally accepted Capital Asset Pricing Model ("CAPM"). This has resulted in a base case DCF value of €48.7m.

PCB and Celesio have also performed a sensitivity analysis, using a WACC ranging from 6.5% to 7.5% with the terminal growth rate of 1%. The resulting range is €44.2m to €54.1m.

In order to arrive at an equity value for PCB, PCB and Celesio have deducted net debt amounting to €24.6m, resulting in an equity value for PCB of €24.1m or €4.31 per share.

5.2.2.2 Net assets

PCB and Celesio has also considered the book value of net assets to be a reasonable proxy for the market value of equity. The book value of the net assets of PCB amounts to €21.9m or €3.91 per share. This is based on the draft unaudited balance sheet as at 31 March 2017.

5.2.2.3 Share price analysis

PCB and Celesio have also considered the market capitalisation of PCB, which is equal to the number of shares (5,596,520) times the share price. The valuation range that has been put forward by PCB and Celesio is the following:

— Low end of €26.6m, based on the closing price on the day prior to the announcement of the transaction (i.e. 24 May 2016);

— High end of €29.4m, based on the average market capitalisation of the Company during 24 months up to 31 March 2017.

5.3 Proposed values and relative valuation

The following equity values have been retained and proposed by Celesio and PCB:

— McKBH: €66.6m, which is the value resulting from the net assets approach, i.e. taking into account Medibel at the cost of acquisition. This value is lower than the low end of PCB's and Celesio's equity value range for McKBH based on the DCF approach.

— PCB: €24.1m (€4.31 per share), based on the base case of the DCF valuation. The valuation of the net assets approach has not been retained as it is generally seen as a floor to the value of a company and does not take into account the company's future growth potential. Further, the results of the share price analysis have not been retained as

Management believes that the share price is not a reasonable indicator for the equity value of the Company for the following reasons:

- The limited number of publicly available shares of the Company and the low level of trading activity strongly suggest that the market for the shares of the Company is illiquid. The price is therefore determined based on small volumes and infrequent trades;
- In addition to the above, the price has not been driven by a broad investor base since three shareholders have acquired a major part of the shares.

Based on a contribution value of McKBH €66.6m and a market value per share of PCB of €4.31, approximately 15.46m of new shares in PCB would be issued.

As part of our evaluation of the relative valuation that has been proposed, we have performed our own valuation analysis of PCB and McKBH. This is discussed in the following section.

6 Valuation analysis by KPMG

6.1 Selected methodologies

6.1.1 McKBH

As mentioned above, Celesio proposes to contribute in kind McKBH (excluding Alphar Partners) into PCB. As McKBH was specifically set up for the acquisition of Medibel, has no activities of its own and, besides the shares in the Medibel related companies has only limited balance sheet items, currently all the operational value resides in Medibel. On this basis, we have valued the equity of McKBH as the sum of the EV of Medibel (value of activities) minus the pro forma consolidated net financial debt position.

In determining the appropriate valuation methodology to be adopted in the valuation of Medibel, we have considered the following:

- Medibel has recently been acquired by Celesio. The transaction consideration was the result of negotiations between two unrelated parties. Hence this transaction would meet the definition of market value (cf. infra).
- Celesio management has argued that the purchase consideration does not include the value of any potential synergies that could be realised through a merger with PCB.
- Between the announcement of the acquisition on 15 December 2015 and the closing of the transaction on 2 May 2017, Medibel has performed in line with expectations and in line with the assumptions used by Celesio during the negotiations of the consideration to be paid.

Based on the above, we have considered the purchase consideration to be an appropriate point of reference. We believe it is also appropriate to adopt a DCF approach so as to confirm that the purchase consideration is a reasonable proxy for the market value of Medibel on a stand-alone basis.

We have also performed a cross-check by comparing the implied multiples resulting from these two primary valuation methods to CoCos and CoTrans multiples.

The equity value of McKBH is derived by deducting the pro forma consolidated net financial debt position from the estimated EV of Medibel. We note that, by lack of a consolidated balance sheet for McKBH, the pro forma consolidated net financial debt position has been based on the unconsolidated balance sheet of McKBH as at 31 May 2017 and the draft closing accounts for the Medibel entities (as at 30 April 2017).

6.1.2 PCB

In determining the appropriate valuation methodology to be adopted in the valuation of PCB, we have considered the following:

- PCB is currently in a situation whereby, after a number of years of low (or even negative) profitability, the company seems to be gaining back market share while at the same time improving its margins.
- Although current profitability is still below historical levels, management expects this to improve in the coming years.

On this basis, we have considered a DCF approach to be the most appropriate method to value PCB on a stand-alone basis, as it enables one to take into account market circumstances as at the valuation date, the future cash generating potential and expected increase in profitability, risk, and the time value of money.

We do not consider a capitalised earnings approach to be appropriate, given PCB's earnings are currently below what is believed to be an achievable sustainable level.

Therefore, as a cross-check to the DCF approach and given PCB's lower profitability in recent years, we have also selected a net assets approach.

In addition, given that PCB is a publicly listed company, we have also considered the relevance of PCB's share price in the context of our valuation.

6.2 McKesson Belgium Holdings SPRL

6.2.1 Consideration paid

Our first valuation method for McKBH is in essence the same as the net assets approach adopted by PCB and Celesio (see 5.2.1.1). In calculating the equity value based on the consideration paid for the Medibel entities, we arrive at the same value, i.e. €66.6m.

We consider this to be one of the primary valuation methods to estimate the value of the equity in McKBH, on the basis that the value for Medibel is based on a transaction between two unrelated parties and hence is assumed to reflect market value.

We have calculated the implied EV for Medibel (excluding Alphar Partners) to be approximately €62.6m, by deducting the pro-forma consolidated net financial debt (€4.0m) and the pro-forma consolidated cash-like and debt-like items

(€0.1m)[2]. With FY17 EBITDA at €6.2m, the implied LTM multiple for this transaction is then approximately 10.1x.

We note that at the time of issuing this Report we have not been provided with consolidated financial statements of McKBH and as such the valuation analysis for McKBH is based on unconsolidated statements. However, based on further interactions with management, including discussions on the pro forma unconsolidated statements providing additional comfort, we have no indication that receiving the (pro forma) consolidated financials would have a material impact on our analysis.

6.2.2 Discounted cash flow method

Our DCF valuation, with valuation date 30 April 2017 has been based on the business plan received from PCB and Celesio. As discussed above, the discounting at a WACC of the free operational cash flows from the business plan results in an EV for the activities of the abovementioned companies.

Based on an analysis of the information received from Celesio and our professional judgement, we have made a number of adjustments to these cash flows, driven by accounting, tax or other considerations.

Based on the information received from management, our understanding of company specific factors (e.g. size, forecast risk) and our professional judgement, we have adopted a weighted average cost of capital ("WACC") of 7.4%, whereby the cost of equity has been developed using the Capital Asset Pricing Model.

The resulting EV (base case) amounts to €65.6m, which corresponds to the value of the activities of Belmedis, Sofiadis, Cophana and Espafarmed, and to be compared to the base case value of €71.8m resulting from the DCF analysis by PCB and Celesio.

With a WACC varying between 7.2% and 7.6% and a terminal growth rate varying between 0.75% and 1.25%, the adjusted EV[3] for Medibel ranges between €62.0m and €68.2m. With a pro forma consolidated net financial debt being positive at approximately €4.0m (i.e. net cash), the equity value for McKBH, based on our DCF analysis, would range between €65.9m and €72.1m.

McKBH Adjusted EV sensitivity				
€'000		**7,20%**	**7,40%**	**7,60%**
Terminal	**0,75%**	65 572	63 723	61 951
growth	**1,00%**	66 816	**64 866**	63 002
rate	**1,25%**	68 164	66 102	64 136

McKBH Equity value sensitivity				
€'000		**7,20%**	**7,40%**	**7,60%**
Terminal	**0,75%**	69 510	67 661	65 889
growth	**1,00%**	70 754	**68 804**	66 940
rate	**1,25%**	72 102	70 041	68 074

We refer to the last paragraph of the previous section (6.2.1) regarding the consolidated financial statements.

2 May not add up due to roundings
3 Adjusted for minority interest in Sofiadis, EV of Sofarex and equity value of Janus (the latter two being subsidiaries for which cash flows have not been included in the financial projections)

6.2.3 Capitalised earnings multiples

A capitalisation of earnings approach is commonly applied to the following earnings bases: Sales, EBITDA, EBIT and Earnings (i.e. Net Income). Of these bases, we consider EBITDA to be the most appropriate earnings line given that EBITDA is less sensitive to differences in funding structures, depreciation policies and tax treatments.

In regards to the other earnings bases:

— Sales: Sales multiples (EV/Sales) often display a positive correlation with companies' profitability (e.g. EBITDA margin). Therefore, for the companies in the peer group, we have performed a regression analysis of the EBITDA margin vs. EV/Sales multiple and have applied the resulting regression formula to Medibel's data.

— EBIT: We consider that applying an EBIT multiple to Medibel's current EBIT levels is not appropriate, given that the current depreciation amount does not seem to be on a recurring level. The business plan foresees a significant decrease in depreciation levels in the coming years, from €2.5m in FY17 and to €1.7m in FY22 and further down to €0.6m in the last forecast year.

— Earnings (Net Income): of all the above mentioned measures, this measure is impacted the most by different funding structures, depreciation policies, tax treatments and exceptional items.

On this basis, our most important metric for the earnings base is EBITDA.

Based on an analysis of EV/EBITDA multiples of comparable companies (last twelve months and next twelve months) Medibel's adjusted EV ranges from €52.1m (8.5 times NTM EBITDA) to € 65.4m (10.7 times LTM EBITDA).

CocCos - Medibel enterprise value based on EBITDA multiple	LTM 25% quartile	LTM Median	LTM 75% Quartile	NTM 25% Quartile	NTM Median	NTM 75% Quartile
EBITDA	6,182	6,182	6,182	6,188	6,188	6,188
EBITDA multiple	8.8x	9.9x	10.7x	8.5x	9.1x	9.7x
Enterprise value	54,616	61,145	66,096	52,812	56,094	60,181
Adjusted enterprise value	53,922	60,451	65,401	52,117	55,400	59,487

Source: Capital IQ; KPMG analysis

After taking into account the net financial debt, the equity value for McKBH ranges between €56.1m and €69.3m.

In addition to the comparable companies analysis, we have also identified a number of transactions involving broadly comparable companies during the period September 2012 and November 2016. Based on the CoTrans analysis, Medibel's adjusted EV ranges from €52.3m to € 66.8m (8.6 to 10.9 times LTM EBITDA). After taking into account the net financial debt, the equity value for McKBH ranges between €56.2m and €70.7m.

CoTrans - Medibel enterprise value based on EBITDA multiple			
	LTM 25% quartile	**LTM Median**	**LTM 75% Quartile**
EBITDA	6 182	6 182	6 182
EBITDA multiple	8,6x	9,6x	10,9x
Enterprise value	52 982	59 435	67 461
Adjusted enterprise value	52 288	58 740	66 767

Source: S&P Capital IQ;Mergermarket; KPMG analysis

We have also performed a regression analysis of the peer group companies' sales multiple vs. their respective EBITDA margin[4]. The explanatory factor (R^2) is 0.7. Applying the regression equation to Medibel's FY17 EBITDA margin, which amounts to 1.1%, results in an implied sales multiple of 0.12x. Applying the implied sales multiple to Medibel's FY17 sales figure results in an adjusted EV of €67.4m and an equity value of €71.3m.

A more detailed overview of the capitalised earnings analysis is provided in Appendix III.

6.2.4 Conclusion on McKBH

In Figure 1 below, the results of our valuation analysis for McKBH are summarised. We have adopted two primary valuation methods and have cross-checked the outcomes of these methods using the capitalised earnings method (from three different angles).

The adjusted EV:

— includes the equity value of companies for which the cash flows are not included in Medibel's financials, being Sofarmex and Janus

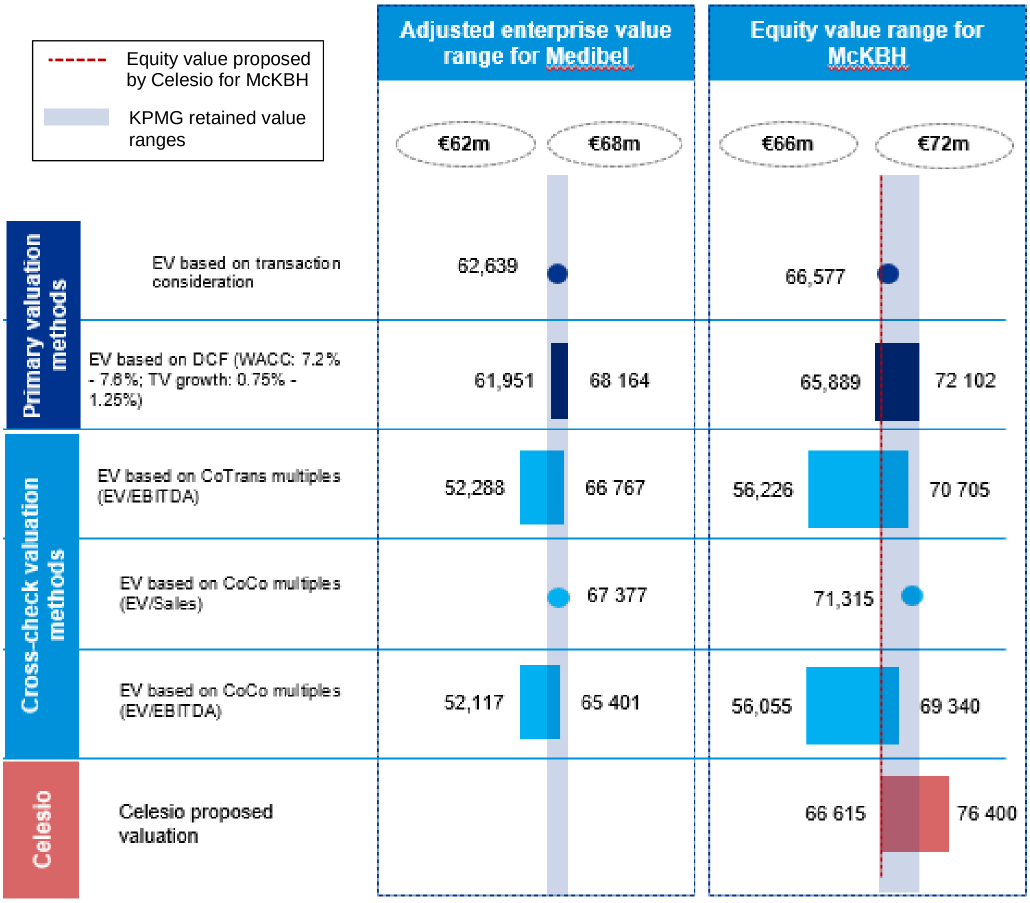
— excludes the third party ownership in Sofiadis.

The adjusted EV based on the transaction consideration is in line with our base case DCF valuation outcome.

We have also performed a cross-check using several multiple valuation approaches. The valuation range resulting from the primary approaches falls within the range based on EV/EBITDA or EV/Sales multiples, albeit rather at the higher end. We note that a capitalisation of earnings analysis is inherently less accurate than the two primary approaches. McKBH's equity value is estimated based on a pro forma consolidated net cash level of €4.0m and a net pro forma consolidated debt-like position of €0.1m. Based on our analysis, we consider a range of €66.0m to €72.0m to be reasonable for McKBH.

[4] Sales multiples (EV/Sales) often display a positive correlation with companies' profitability (e.g. EBITDA margin). Applying a sales multiple without verifying the underlying profitability is often not appropriate. The purpose of the regression analysis is to estimate the EV/sales multiple as a (linear) function of a company's profitability.

Figure 1: Overview of valuation results of McKBH



The equity value of McKBH as proposed by Celesio and PCB is at the low end of this range.

6.3 PCB

6.3.1 Discounted cash flow method

Our DCF valuation, with valuation date 30 April 2017 has been based on the business plan received from PCB and Celesio

Based on discussions with management of PCB and an analysis of the information received from PCB and Celesio, we have made a number of adjustments to these cash flows, driven by accounting, tax or other considerations. The impact of these adjustments is insignificant.

Based on the information received from management, our understanding of company specific factors (e.g. size, forecast risk) and our professional judgement, we consider a WACC of 7.4% also to be reasonable for PCB. Discounting the free cash flows to the firm at this WACC, results in a DCF base case enterprise value of €47.3m.

With a WACC varying between 7.2% and 7.6% and a terminal growth rate varying between 0.75% and 1.25%, the EV for PCB based on our DCF ranges between €44.7 and €50.3m. With a net financial debt position of €24.7m, the equity value ranges between €20.0m and €25.6m.

PCB EV sensitivity				
		WACC		
€000		7,20%	7,40%	7,60%
Terminal	0,75%	48 054	46 335	44 690
growth	1,00%	49 139	**47 332**	45 606
rate	1,25%	50 315	48 409	46 593

Implied FY17 EV/EBITDA multiple				
		WACC		
		7,20%	7,40%	7,60%
Terminal	0,75%	27,8x	26,8x	25,9x
growth	1,00%	28,5x	**27,4x**	26,4x
rate	1,25%	29,2x	28,1x	27,0x

PCB Equity value sensitivity				
		WACC		
€000		7,20%	7,40%	7,60%
Terminal	0,75%	23 353	21 634	19 989
growth	1,00%	24 438	**22 631**	20 904
rate	1,25%	25 614	23 708	21 892

PCB Equity value per share sensitivity				
		WACC		
€		7,20%	7,40%	7,60%
Terminal	0,75%	4,17	3,87	3,57
growth	1,00%	4,37	**4,04**	3,74
rate	1,25%	4,58	4,24	3,91

With 5,596,520 of PCB shares outstanding, the estimated equity value per share ranges between €3.57 and €4.58 by combining the WACC and terminal growth rate ranges described above.

6.3.2 Net assets

We have adopted the net asset approach (on a going concern basis) as a cross-check to the conclusions reached under the DCF approach. Under a net assets approach, the value of equity is calculated as the sum (net) of the market values of all assets and liabilities.

We understand from management that no major value corrections should be performed on the balance sheet items. Hence, the book value of the equity of €21.9m as at 31 March 2017, could be considered as an indication of PCB's market value of equity, albeit probably an indication of the lower end of a range.

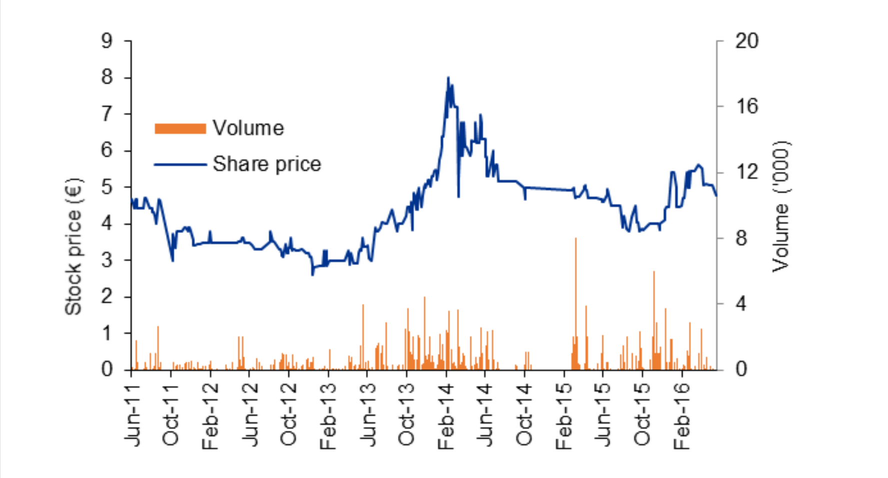
6.3.3 Volume weighted average price analysis

6.3.3.1 PCB share price evolution

PCB shares have traded on Euronext Brussels since the early '90s. Due to low liquidity, shares in PCB are traded under the "double call auction", i.e. a price is generated once or twice a day (if accumulated orders allow to set a price).

The graph below shows the evolution of the PCB share price (and volumes traded) in the 5 years preceding the announcement date of the proposed contribution in kind, being 25 May 2016.

Figure 2: PCB share price evolution (June 2011 - June 2016)



Some of the dates and evolutions worth highlighting are the following:

1. 29 August 2012: the Board of Pharma Belgium approved the acquisition of Sambria and Oostende Pharma. Pharma Belgium had entered into a business lease agreement with both entities in September 2002. The acquisition of Sambria and Oostende Pharma puts an end to the rental agreement.

2. 13 December 2012: Pharma Belgium's management revised the 2012 sales estimate downwards following the fire that occurred at Evere warehouse on the 30th of November 2012. In addition, a rent agreement was contracted on the 12th of December for a temporary replacement warehouse in Zaventem.

3. Between the beginning of 2013 and February 2014, the PCB share price increased from approximately €3.0 to €8.0, with higher volumes especially in October and November 2013. At first sight, there seems to be no immediate explanation for this increase. The announcement by McKesson Corporation on 24 October 2013 of its intention to acquire the majority of the shares in Celesio AG might be relevant in this regard.

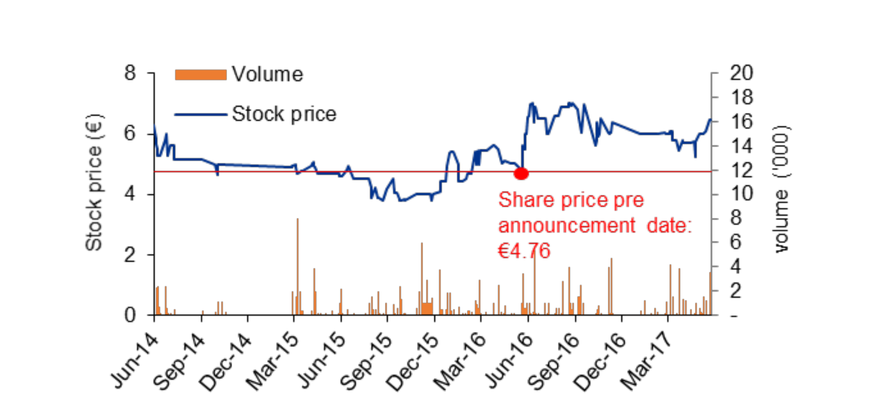
4. 27 February 2014: PCB released a (provisional) statement indicating the relatively poor 2013 results compared to 2012 (sales decrease of 6.0%) mainly caused by a strong market competitiveness and the fire at the Evere warehouse. PCB share price dropped by 6.3%.

5. 17 March 2015: PCB published its provisional 2014 results. The decreases in sales (by 3.95%) and gross margin (by 6.54%) compared to 2013 are primarily due to the government saving initiatives and the loss in market share caused by the fire at the Evere warehouse. In light of these results, PCB decided not to distribute a dividend for 2014.

6. 15 December 2015: An agreement has been reached on the acquisition of Belmedis by Celesio.

The following graph provides more detail on the evolution of the share price during the past two years (last pricing date: 9 June 2017).

Figure 3: PCB share price evolution (June 2014 - June 2017)



Source: Yahoo Finance

As indicated above, PCB's warehouse located in Evere was hit by a fire in November 2012 leading to a loss of market share and increased costs. The resulting decrease in sales and profitability combined with the government savings measures resulted in the company not being able to distribute a dividend over FY14

On 25 May 2016, PCB's share price increased by approximately 10% and continued gaining momentum over the following weeks. Trading volumes however remained relatively low.

PCB's share price has increased by approximately 40.3% between the announcement of the potential contribution in kind and 4 July 2017. At a share price as at that date of €6.68, the market capitalisation of PCB is approximately €37.4m. We consider this price might reflect some of the value expected to be generated through the proposed combination of PCB and Medibel and hence might not be a reasonable indicator for the stand-alone market value of PCB.

6.3.3.2 VWAP and liquidity of PCB shares

The table below provides an overview of the following:

— VWAP analysis for the period up to 12 months prior to the announcement of the potential contribution in kind;

— Cumulative volume of PCB shares traded in a given period;

— Number of days during which any trades in the PCB share took place.

PCB share - VWAP analysis								
Period	**Price low (€)**	**Price high (€)**	**VWAP (€)**	**Cumul. Value (€k)**	**Cumul. Vol.**	**% of issued capital**	**Days on which PCB share was traded**	**% of PCB trade days vs total trading days**
1 day	4.76	4.76	*4.76*	4.76	1.00	0.02%	1	*100%*
1 week	4.76	4.76	*4.76*	4.76	1.00	0.02%	1	*20%*
1 month	4.76	5.04	*4.82*	6.17	1.28	0.02%	3	*14%*
3 months	4.76	5.60	*5.21*	59.70	11.46	0.20%	17	*27%*
6 months	3.81	5.60	*4.80*	146.79	30.60	0.55%	42	*32%*
12 months	3.80	5.60	*4.37*	288.14	66.01	1.18%	84	*32%*

Note: The percentage of non-trading days is estimated based on the number of days on which trades have taken place and the number of weekdays in the period
Source: S&P Capital IQ

The PCB share price as at 24 May 2016 was €4.76. According to the information available on S&P Capital IQ, 1,000 shares were traded that day.

The VWAP for the period of 1 month preceding the announcement date amounts to €4.82 and for the three months prior, VWAP is €5.21. The VWAP based on the prices and volumes 12 months preceding the announcement is €4.37.

Looking at the period prior to the announcement of the potential contribution in kind, approximately 66,000 PCB shares were traded in the 12 months preceding 25 May 2016, representing only 1.18% of the total outstanding shares (5,596,520 shares outstanding). This trading level is very low compared to the peer group over the same period (average of 81.7% and median of 32.0%).

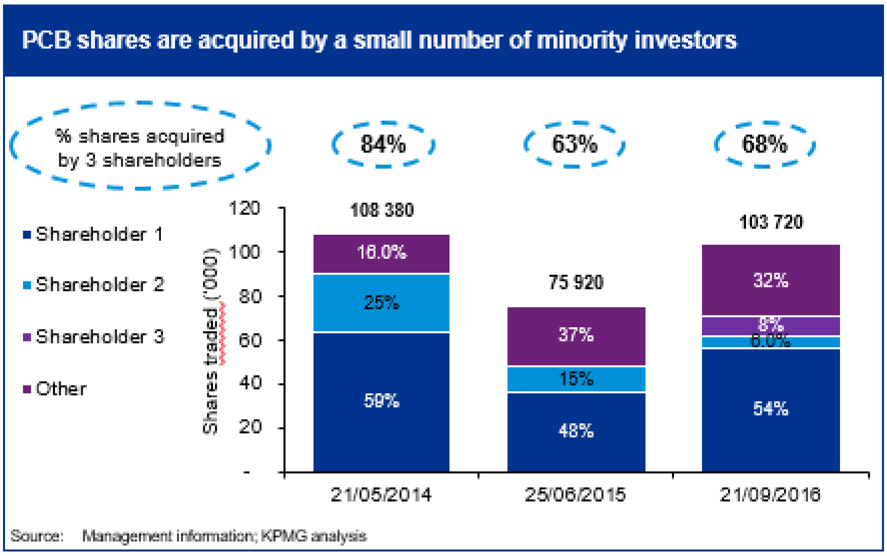
The number of days during which PCB shares were traded during the 12 months prior to the announcement of the Medibel transaction on 25 May 2016 was also limited. Trades were taking place in only 1 out of 3 trading days during the year prior to the announcement date, meaning that the double call auction mechanism often cannot generate a price.

The limited number of PCB shares held by the public and the low level of trading activity observed indicate that the market for PCB shares is rather illiquid.

6.3.3.3 PCB investors

The table below provides an estimate of the publicly traded shares acquired by three specific minority shareholders, each time in the period between the dates of the Annual General Meetings (AGMs).

Figure 4: Analysis of shares acquired between AGMs



The percentages have been calculated as the increase in the shareholding net position of each minority shareholder (1, 2 and 3) divided by the total number of shares traded between the dates.

We note that these percentages are indicative only as the number of shares held has to be communicated to the Company a certain time before the annual general meeting taking place, however we consider these numbers to be a reasonable proxy.

Over the three periods reported, the number of PCB shares acquired by the three main shareholders exceeded 60% of total traded shares reaching 84% during the period May 2013 to May 2014. In 2016, out of the 103,720 shares traded, it seems that 70,646 shares were acquired by the same three shareholders.

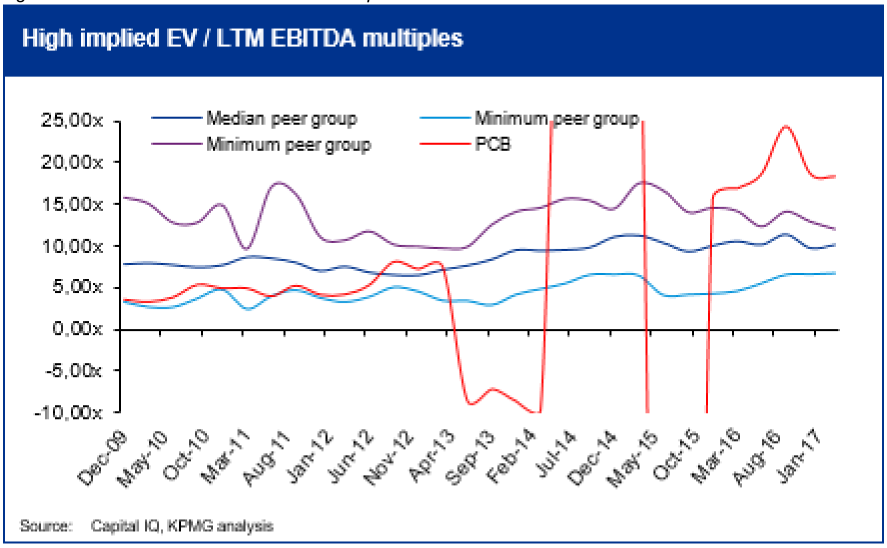
Based on the above, it seems that in the recent past, the market in PCB shares has been driven mainly by three minority shareholders increasing their position.

Based on the limited information that we have available, this seems to have happened at prices that do not seem to have attracted a broader range of investors.

6.3.3.4 Implied EV / LTM EBITDA multiples evolution

The graph below shows the evolution of the low, high and median EV/LTM EBITDA multiples of the peer group companies for each quarter since December 2009. The information has been sourced from the S&P Capital IQ database. We note we have excluded Salus as an outlier at the low end for the entire period. Further we have also excluded the implied multiple for Oriola in Q3 2011 and for Amerisource Bergen from Q2 2012 to Q1 2013 as outliers at the high end.

Figure 5: Evolution of EV/LTM EBITDA multiples



Historically PCB's implied LTM EBITDA multiple was trading slightly above the low observed for the peer group. The loss of market share and decrease in sales caused by the fire in November 2012 combined with the impact of continued government savings measures resulted in a high volatility of multiples for PCB.

Since end 2015, the implied LTM multiples have traded (well) above the maximum range observed for the peers. This could be – among others – indicative for the market's anticipation of future improvements in profitability (on a stand-alone basis) and, since May 2016, of potential synergies from a transaction with Medibel.

6.3.3.5 Conclusion on share price analysis

Based on the above analysis, we do not consider PCB's market capto be representative of its stand-alone market value, given the following:

— Low liquidity of PCB shares and (very) limited free float. The share price is thus determined based on infrequent trades of small parcels of shares.

— Majority of shares traded have been acquired by three shareholders. Therefore the demand for shares and pricing does not seem to be driven by a broad investor base.

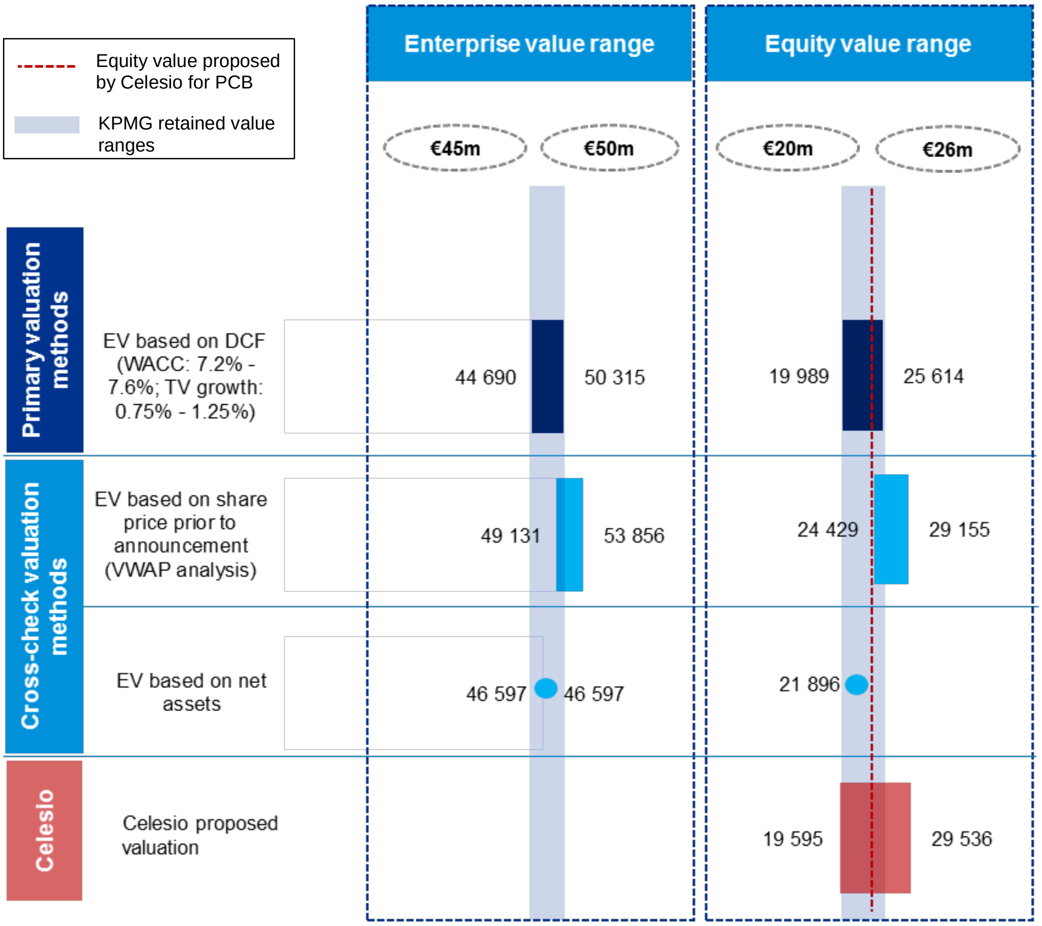
— Immediately following the announcement of a potential merger with Medibel, the share price increased by 10%. Hence the current share price might already reflect the expectation of future potential synergies.

— Implied EV / LTM EBITDA multiples have been well above the peer group maximum for approximately 18 months now.

6.3.4 Conclusion

In Figure 6 below, the results of our valuation analysis for PCB are summarised. We have adopted a DCF approach as a primary valuation method and have cross-checked the outcome of this method using a corrected net assets approach and a VWAP analysis.

Figure 6: Overview of valuation results of PCB



— The EV based on the (corrected) net assets approach seems to be in line with the midpoint estimate based on our DCF approach.

— We do not consider the share price just prior to the announcement of the proposed transaction nor the VWAP analysis covering the months preceding the announcement date to be entirely reliable indicators for the market value of PCB, mainly due to the low liquidity of PCB shares and the very limited free float, whereby the majority of shares traded have ended up in the hands of a small number (3) of investors. Nevertheless, the lower end of the range resulting from the share price analysis overlaps with the higher end of our DCF valuation range.

— Also, since immediately following the announcement of a potential merger with Medibel, the share price increased by 10% and since then has shown a further increase, we consider that the share price as at the current date might already reflect the expected realisation of future potential synergies and hence not reflect PCB's stand-alone market value.

On this basis, we consider our DCF valuation range of €20.0m to €25.6m, with a midpoint of €22.6m (€4.04 per share) slightly above the (corrected) net asset value, as our best estimate for the stand-alone market value of equity of PCB.

The equity value of PCB as proposed by Celesio and PCB (€24.1m or €4.31 per share) falls within our range, more specifically slightly above our midpoint.

7 Conclusion

The purpose of our engagement as independent expert, was to assist the Independent Directors in evaluating, from a financial point of view, the proposed relative valuation in respect of the Proposed Contribution.

To this end, we have sought to understand the basis for the valuations of PCB and McKBH as proposed by PCB and Celesio, and have performed our own valuation analysis, by estimating a range for the market value of the equity in each company on a stand-alone basis. The valuations proposed by PCB and Celesio for PCB and McKBH fall within our respective ranges, more specifically the proposed value for PCB is slightly above the midpoint value of our range while the proposed value for McKBH is at the low end of our range.

In the table below, we have calculated the relative valuation of the two companies, i.e. the value per share of McKBH divided by the value per share of PCB. We have also calculated the number of new PCB shares that would be issued in the context of the Proposed Contribution, assuming that all 1,240,371 shares in McKBH will be contributed.

We note we have calculated the relative valuation range and the resulting number of shares to be issued by combining the low end of the valuation range for PCB with the low end of the valuation range for McKBH and similarly for the respective midpoints and high ends of the valuation ranges. This results in a range between 15.75 million and 18.45 million shares to be issued. The number of shares that is proposed to be issued, based on the valuations proposed by Celesio and PCB, is approximately 15.46m. This is only slightly below the low end of this calculated range (1.9% below). We note that one could make other combinations, this could lead to a slightly different number of shares to be issued and to a different range.

Relative valuation and shares to be issued			
PCB **McKBH**	**Low** **Low**	**Midpoint** **Midpoint**	**High** **High**
Pre transaction			
PCB equity value (100%) (€)	19 988 963	22 630 615	25 614 186
McKBH equity value (100%) (€)	65 888 703	68 804 483	72 101 886
PCB - shares outstanding	5 596 520	5 596 520	5 596 520
Market value / share (€)	3,57	4,04	4,58
McKBH - shares outstanding	1 240 371	1 240 371	1 240 371
Market value / share (€)	53,12	55,47	58,13
Relative share valuation (McKBH / PCB)	14,87	13,72	12,70
Number of McKBH shares contributed	1 240 371	1 240 371	1 240 371
Number of PCB shares to be issued	**18 447 552**	**17 015 254**	**15 753 757**

Based on, and subject to the foregoing, we consider that the relative valuation is reasonable, from a financial point of view, to the Company for the Proposed Contribution.

8 Appendices

Appendix I – Sources of information:

- Overview of PCB and Medibel valuation as proposed by PCB and Celesio, contained in the document 'Project Nestor – Valuation update, dated 28 June 2017'
- Medibel historical financials as prepared by Deloitte
- Information on Medibel's bad debt allowance.
- General information on Alphar Partners
- Medibel closing financials as prepared by Deloitte
- Draft financial due diligence report on Medibel as prepared by Deloitte dated 6 November 2015
- Valuation of Medibel as proposed by Celesio (document 170628_Medibel_base_case_PP67.0_TV1%_incl.remedies_7.0%WACC.xlsx)
- Overview of the consideration paid for the acquisition of Medibel
- PCB's draft balance sheet as at 31 March 2017
- Overview of the Flandria business lease expenses
- Overview of PCB shareholder base as prepared by Linklaters
- Proces verbal de la reunion du comite des administrateurs independants du 5 Mars 2010
- PCB Proces verbal de la reunion du conseil d'administration tenue le 18 Mars 2010
- Pharma Belgium Proces verbal de la reunion de du conseil d'administration tenue le 18 Mars 2010
- Historical P&L financials of Laboratoria Flandria
- General information on Sofarex
- Sofarex consideration split
- Valuation of PCB as proposed by Celesio (document 170623_PCB_1%TV_7.0%WACC_LTPFY18_adjusted)
- Schedule of acquisition payments for Flandria
- Agreed purchase price adjustment for Flandria
- Contrat de location de fonds de commerce dated 31 March 2010
- Rapport du comité d'administrateurs independants de PCB SA assiste d'un expert independant dated 29 August 2012
- Avenant du contrat de location de fonds de commerce dated 6 December 2013

- Annual reports of PCB for the years 2014 to 2016
- Notulen van de gewone algemene vergadering dd. 21 September 2016
- Notulen van de gewone algemene vergadering na uitstel dd. 25 June 2015
- Notulen van de gewone algemene vergadering dd. 21 May 2015
- Share purchase agreement for the acquisition of Flandria
- Flandria business lease analysis and estimate of customer base purchase price
- Balance sheet McKBH as at 31 May 2017 (USGAAP)
- Description of balance sheet McKBH
- Medibel schedules (calculation method of closing net debt)
- Medibel share purchase agreement dated 15 December 2015
- Medibel acquisition structure
- Draft Capital Increase Contribution and Subscription Agreement
- Rapport de l'expert independant sur les operations projetees par la societe SA Pharma Belgium
- Presentation entitled "Rapprochement de Pharma Belgium, Sambria et Ostend Pharma"
- Annual rapport 2012 Ostend Pharma
- Annual rapport 2012 Sambria
- IMS market prognosis 2017-2021
- IMS market prognosis 2014-2018

Missing information:

- Consolidated balance sheet of McKBH

Appendix II – Glossary:

— AG	Aktiengesellschaft
— AGM	Annual general meetings
— CAPM	Capital asset pricing model
— CoCo	Comparable companies
— CoTrans	Comparable transactions
— CVBA	Coöperatieve vennootschap met beperkte aansprakelijkheid
— DCF	Discounted cash flow
— EBIT	Earnings before interest and taxes
— EBITDA	Earnings before interest, taxes, depreciation and amortization
— EV	Enterprise value
— FCFF	Free cash flows to the firm
— FY	Financial year
— LTM	Last twelve months
— m	Million
— McKBH	McKesson Belgium Holdings SPRL
— NTM	Next twelve months
— SA	Société anonyme
— SPRL	Société privée à responsabilité limitée
— US GAAP	United States generally accepted accounting principles
— VWAP	Volume weighted average price
— WACC	Weighted average cost of capital

Appendix III – Capitalised earnings analysis

Comparable companies

We have identified a number of listed companies with activities of a similar nature to those of Medibel. These are listed below. A description of their activities is provided further in this Appendix.

Comparable companies - Financial data				
Company name	**Country**	**Latest annual report date**	**Market cap €m**	**Enterprise value €m**
AmerisourceBergen Corporation	United States	30/09/2016	16,362	18,830
Australian Pharmaceutical Industries	Australia	31/08/2016	749	789
Cardinal Health, Inc.	United States	30/06/2016	21,016	24,425
Celesio AG	Germany	31/03/2016	5,254	6,705
McKesson Corporation	United States	31/03/2016	26,914	34,404
Medika d.d.	Croatia	31/12/2016	62	118
NEUCA SA	Poland	31/12/2016	406	429
Oriola Oyj	Finland	31/12/2016	706	807
Owens & Minor, Inc.	United States	31/12/2016	1,943	2,291
Pelion S.A.	Poland	31/12/2016	141	268
Profarma Distribuidora de Produtos Farmacêuticos	Brazil	31/12/2016	241	357
SALUS, Ljubljana, d. d.	Slovenia	31/12/2016	45	34
Sigma Healthcare Limited	Australia	31/01/2017	849	856

Source: S&P Capital IQ; KPMG Analysis; Data as at 30 April 2017

In assessing the comparable company information, it should be noted that:

- Due to the lack of truly comparable listed companies in Belgium, we have considered listed companies (globally) for which the wholesale distribution of pharmaceuticals is an important activity.
- Whilst the selected companies have similarities to Medibel in terms of their core operations and core markets, there are significant differences compared to Medibel in terms of size, operations, product diversification and growth profile.
- Trading multiples of publicly listed companies reflect the investment expectations of portfolio investors and therefore do not include any premium for control.

The table below provides an overview of the EV/EBITDA multiples of the comparable companies (LTM: last twelve months; NTM: next twelve months)

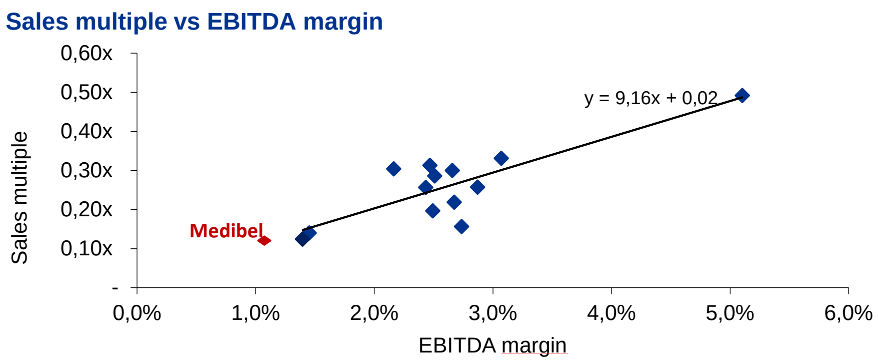
Comparable companies - Financial data

Company name	Country	EBITDA multiple LTM	EBITDA multiple NTM	EBITDA margin LTM	EBITDA margin NTM
AmerisourceBergen Corporation	United States	9.2x	9.0x	1.5%	1.4%
Australian Pharmaceutical Industries	Australia	10.4x	9.2x	2.7%	3.0%
Cardinal Health, Inc.	United States	8.4x	8.5x	2.5%	2.3%
Celesio AG	Germany	14.9x	n/a	2.1%	n/a
McKesson Corporation	United States	7.9x	9.2x	2.4%	2.0%
Medika d.d.	Croatia	10.7x	n/a	3.1%	n/a
NEUCA SA	Poland	10.5x	10.8x	2.4%	2.2%
Oriola Oyj	Finland	9.9x	8.8x	5.0%	5.4%
Owens & Minor, Inc.	United States	8.9x	9.9x	2.9%	2.6%
Pelion S.A.	Poland	8.8x	7.1x	1.4%	1.7%
Profarma Distribuidora de Produtos Farmacêuticos	Brazil	14.0x	8.1x	2.2%	3.5%
SALUS, Ljubljana, d. d.	Slovenia	5.7x	n/a	2.7%	n/a
Sigma Healthcare Limited	Australia	11.4x	10.6x	2.5%	2.6%
Low		5.7x	7.1x	1.4%	1.4%
High		14.9x	10.8x	5.0%	5.4%
Mean		10.1x	9.1x	2.6%	2.7%
Median		9.9x	9.1x	2.5%	2.5%

Source: S&P Capital IQ

In addition to the EV/EBITDA multiple analysis, we have also performed a regression analysis of the peer group companies' sales multiple vs. their respective EBITDA margin, as depicted in the graph below. The explanatory factor (R^2) is 0.7.

Applying the regression equation to Medibel's FY17 EBITDA margin, which amounts to 1.1%, results in an implied sales multiple of 0.12x. Applying the implied sales multiple on Medibel's FY17 sales figure results in an adjusted enterprise value of €67.4m.



Source: S&P Capital IQ; KPMG analysis

Peer group description

Company	Country	Short business description
AmerisourceBergen Corporation	United States	AmerisourceBergen Corporation sources and distributes pharmaceutical products in the United States and internationally. Its Pharmaceutical Distribution segment distributes brand-name and generic pharmaceuticals, over-the-counter healthcare products, etc.
Australian Pharmaceutical Industries Limited	Australia	Australian Pharmaceutical Industries Limited primarily engages in the wholesale distribution of pharmaceutical, medical, health, beauty, and lifestyle products to pharmacies. It operates in two segments, Australia and New Zealand.
Cardinal Health, Inc.	United States	Cardinal Health, Inc. operates as a healthcare services and products company worldwide. The company's Pharmaceutical segment distributes branded and generic pharmaceutical, over-the-counter healthcare, specialty pharmaceutical, and consumer products to retailers, hospitals, and other healthcare providers.
Celesio AG	Germany	Celesio AG provides logistics and services to the pharmaceutical and healthcare sectors worldwide. The company operates through two divisions, Consumer Solutions and Pharmacy Solutions. The Consumer Solutions division operates approximately 1,913 retail pharmacies and approximately 4,500 participants in its brand partnership schemes. The Pharmacy Solutions division engages in the wholesale of pharmaceutical products.
McKesson Corporation	United States	McKesson Corporation provides pharmaceuticals and medical supplies in the United States and internationally.
NEUCA SA	Poland	NEUCA SA engages in the wholesale distribution of pharmaceuticals to pharmacies and hospitals in Poland. It operates through Pharmaceutical Wholesale, Own Brands, Marketing Services, IT Services, and Outpatient Care Clinics segments.
Oriola Oyj	Finland	Oriola Oyj operates in pharmaceutical distribution and retail markets in Sweden, Finland, Estonia, Latvia, and Lithuania. The company markets health and wellbeing products, OTC and traded goods, vitamins, dietary supplements, etc.
Owens & Minor, Inc.	United States	Owens & Minor, Inc., together with its subsidiaries, operates as a healthcare services company in the United States, the United Kingdom, Ireland, France, Germany, and other European countries. The company operates through three segments: Domestic, International, and Clinical & Procedural Solutions. It offers supply chain assistance to the providers of healthcare services; and the manufacturers of healthcare products, supplies, and devices.
Profarma Distribuidora de Produtos Farmacêuticos S.A.	Brazil	Profarma Distribuidora de Produtos Farmacêuticos S.A., together with its subsidiaries, engages in the distribution and retail sale of pharmaceutical and hospital products in Brazil.
SALUS, Ljubljana, d. d.	Slovenia	SALUS, Ljubljana, d. d. engages in the wholesale of pharmaceutical, medical, and related products in Slovenia.
Sigma Healthcare Limited	Australia	Sigma Healthcare Limited, together with its subsidiaries, engages in the wholesale and distribution of pharmaceutical products to hospitals and retail pharmacies in Australia and New Zealand.
Sopharma Trading AD	Bulgaria	Sopharma Trading AD supplies pharmaceutical products in Bulgaria. The company is headquartered in Sofia, Bulgaria. Sopharma Trading AD is a subsidiary of Sopharma AD.

Source: S&P Capital IQ

Comparable transactions

In addition to the comparable companies analysis, we have also identified a number of transactions involving broadly comparable companies during the period September 2012 and November 2016, an overview of which is provided in the table below. Due to the lack of truly comparable transactions in Belgium, we have considered global transactions within the wholesale distribution of pharmaceuticals industry.

Comparable transactions

Announcement date	Target Company	Bidder Company	Seller Company	Deal Value (€m)	Enterprise Value (€m)	Revenue (€m)	Revenue Multiple	EBITDA Multiple	EBIT Multiple
21/11/2016	ABC Pharmacia LTD	Georgia Healthcare Group Plc	Enrico Beridze and Mikheil Abramidze	19	34	67	0.49x	7.70x	9.75x
18/08/2014	Alloga UK Limited (50% Stake)	Walgreens Boo Alliance, Inc.	UDG Healthcare Plc	82	164	60	2.62x	9.44x	10.5892
18/09/2015	MASTA Limited; United Drug Suppl Chain Services; Temperature Controlled Phamaceuticals Lt	McKesson Corporation	UDG Healthcare Plc	408	408	1,363	0.30x	13.58x	na
23/10/2014	Imres B.V. (70% Stake)	Imperial Holdings Limite	na	46	46	60	1.10x	9.61x	9.83x
23/01/2014	Celesio AG (75.93 Stake)	McKesson Corporation	Franz Haniel & Cie GmbH; Ellio Management Corporation	4,989	6,138	21,408	0.29x	11.52x	15.08x
24/10/2013	Celesio AG	McKesson Corporation	Franz Haniel & Cie GmbH	5,598	5,598	22,270	0.25x	10.31x	15.13x
8/08/2013	ACP Pharma S.A	Penta Investments Limited; Neuca SA	Mediq NV	103	103	386	0.27x	na	na
24/09/2012	Mediq NV	Advent International Corporation	na	1,077	1,077	2,658	0.41x	7.23x	9.70x
27/04/2011	PBG Group BV	Mediq NV	Mentha Capital B.V.	40	40	61	0.66x	na	na
Average							**0.71x**	**9.91x**	**11.68x**
Median							**0.41x**	**9.61x**	**10.21x**

Source: Mergermarket

The CoTrans EBITDA multiples range between 8.6x and 10.9x (25% and 75% quartiles). The implied multiple for Medibel falls within this range.

CoTrans - Medibel enterprise value based on EBITDA multiple

	LTM 25% quartile	LTM Median	LTM 75% Quartile
EBITDA	6,182	6,182	6,182
EBITDA multiple	8.6x	9.6x	10.9x
Enterprise value	52,982	59,435	67,461
Adjusted enterprise value	52,288	58,740	66,767

Source: S&P Capital IQ;Mergermarket; KPMG analysis