

DEAL PROFILE

CHARLES RIVER | CITOLAB

VALUES

\$505.8mm

13.8x

11.7x

TRANSACTION VALUE

LTM EBITDA MULTIPLE

NTM EBITDA MULTIPLE



CHARLES RIVER LABORATORIES INTERNATIONAL, INC. (NYSE:CRL)

Charles River Laboratories International, Inc. ("Charles River") is an early-stage contract research organization that provides drug discovery, non-clinical development, and safety testing services worldwide. The company serves clients across the entire life sciences spectrum. Charles River was founded in 1947 and is headquartered in Wilmington, MA.

TEV: \$8.2bn

LTM EBITDA: \$520.9mm

LTM Revenue: \$2.3bn



CITOLAB

Citoxlab provides non-clinical contract research services to the pharma, biotechnology, agro-chemical, industrial, and medical device markets. The company offers a range of drug development services such as toxicology and safety pharmacology. It also provides services such as clinical bio analysis, bio marker discovery, and biological control and potency tests. Prior to the sale, the company was backed by Ardian, a French private equity firm. Citoxlab is based in Canada with supporting operations in Hungary, Denmark, France, and the US.

TEV: NA

LTM EBITDA: \$36.7mm*

LTM Revenue: NA

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Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

OVERVIEW

On February 13, 2019, Charles River announced that it had signed a binding offer to acquire Citoxlab for €448mm (~\$506mm). The all-cash transaction will be financed through Charles River's existing credit facility and cash and is expected to be accretive to non-GAAP EPS by ~\$0.15 in 2019 and at least \$0.35 in 2020. The proposed transaction is expected to close in the second quarter of 2019.

HIGHLIGHTS

The proposed acquisition is expected to add \$115-130mm to Charles River's 2019 consolidated revenue and ~\$200mm in 2020, with Citoxlab's revenue expected to grow at a high single-digit rate. When asked about the transaction, James Foster, Chairman and CEO of Charles River, stated that Citoxlab incorporates the key attributes they look for in an acquisition: "scientific expertise, complementary capabilities, talented people, and access to growing end markets." An enhanced geographic footprint, expanded access to a growing biotechnology client base, addition of scale, and a strong financial profile were also mentioned as strategic touchpoints for the acquisition.

Source(s): Charles River Corporate Press Release, CapitalIQ, Outsourcing-Pharma, Unquote.com, JP Morgan

*Number calculated based on disclosed EBITDA multiple

NA - Not Available