

INSIGHT



PHARMA SERVICES

SECTOR SNAPSHOT

Q1 2020

BOURNE PARTNERS

COVID-19 Implications on Healthcare/Life Sciences

- Since the onset of the COVID-19 pandemic, Bourne Partners continues to have discussions and share perspectives with our strategic and financial partners and leading providers across our network - advisory, operating, Board, etc.
- While the negative impacts from the COVID-19 pandemic cannot be overstated, we believe the Healthcare and Life Sciences industries remain well positioned, and that there will be significant positive long term impacts, especially across the Pharma/Pharma Services value chain:
 - Flipping the Scripts on Pharma and Pharma Services
 - At long last, the Pharma industry is being viewed in a positive light – the lead solution to a global health and economic crisis
 - Pharma and related sectors are well positioned to outperform many industries and benefit from the positive exposure throughout the crisis
 - The global pandemic has provided visibility and significantly underscored the value propositions of outsourced solutions providers (once the “the unsung heroes”) across the Pharma value and supply chain
 - Contract service providers are expected to enjoy continued penetration and be deemed more essential partners to Pharma than ever before
 - Flight to North American and European Supply
 - The pandemic has highlighted the dangers of the US’s extreme dependence on foreign supply of pharmaceutical ingredients, including excipients, intermediates, specialty APIs, and finished dosages
 - The US imports approximately 72% of its APIs used in domestic pharmaceutical production from foreign countries, including China
 - Overreliance on API imports and the threat of export lockdowns in Asia and India present national security, supply chain, and public health risks
 - The trend toward in-shoring supply was once driven primarily by concerns over quality; however, the pandemic’s threat to the supply chain has exacerbated the need to ensure security of supply and ready access to critical medicines and therapeutics domestically
 - COVID-19’s disruption of the global supply chain has been acute enough to garner the attention of the Federal government, which is already taking significant measures (economic, tax, etc.) to increase in-country development, formulation, and manufacturing of pharmaceuticals
 - As a result, Pharma and related service providers in North America and Europe will be especially well positioned to command premium pricing

COVID-19 Implications on Healthcare/Life Sciences (cont.)

- Long-term impacts (cont.):

- The Pharma value chain has been deemed “essential” in spite of nationwide government mandated shutdowns
 - From our discussions with numerous players across the value chain, there have been no major disruptions in operations
 - Most Pharma developers/manufacturers, packagers and logistics providers are deemed essential and critical in addressing the needs of patients (COVID-19 and non-COVID-19 alike)
- The COVID-19 pandemic’s disruption to traditional on-premise clinical R&D will serve as a catalyst for the industry and related sectors’ accelerated adoption of alternative methods and capabilities:
 - Tech-enabled/digital solutions and decentralized and virtual trial capabilities that will address the inherent challenges with patient recruitment/retention, site management, clinical monitoring, and data collection
- The FDA, in conjunction with HHS and the CDC, has stepped up in major ways in response to COVID-19 and has swiftly emerged as a collaborative partner to Pharma and Pharma Services providers:
 - The number of new Emergency Use Authorizations (EUAs) far surpasses those levels associated during the H1N1 pandemic in beginning of 2009
 - The FDA established a new program, the Coronavirus Treatment Acceleration Program (CTAP), and has accelerated the acceptance of innovative products into its Emerging Technology Program (ETP)
 - FDA recently issued guidance for conducting clinical trials through alternative methods, and is reallocating resources to limit interruptions to ongoing trials to protect those patients currently receiving treatments and the collection of related data
- Script and OTC product purchase volumes have increased across the board since the pandemic onset
 - Driven largely by increased awareness and sensitivity by drug sponsors, patients, wholesalers and pharmacies over scarcity and security of supply
 - Pharmacies are dispensing 90-day supplies in response; stock piling and binge purchasing has become common
 - Many Pharma and contract service providers that we have spoken with are projecting solid or an uptick in revenues for Q2 2020, but also are forecasting a drop off during H2 2020 in response to the pandemic-related purchasing behavior referenced above

COVID-19 Implications across Pharma Services

- With a global crisis of this magnitude, the CDMO, CRO, Specialty Packaging, Distribution and other related Pharma Services sectors have not been immune to challenges and disruptions to workforce/staff, production, demand, supply chain, regulatory and logistics, etc.
- As outlined below and in the trading comps and valuation analysis that follows, clinical research-related service providers have been impacted far more severely than downstream manufacturing, packaging, and logistical services providers:

CROs, Clinical Sites, Labs and Other Trial and Patient-centric Sectors

- Many components across the entire patient/clinical trial system have been disrupted, and required dramatic reallocation, particularly given the inherent human capital intensity and patient-centricity of clinical research
 - Patient access has been impacted severely – recruitment/retention, site access, study initiation, travel restrictions, monitoring and data collection
- Clinical trial demand – drug sponsors are scrambling to prioritize clinical programs and as such, a large portion of non-essential and non-COVID-19 related studies have been delayed or postponed indefinitely
- With the uncertainty related to non-COVID programs, many small to mid-sized clinical CROs and Sites have already made layoffs and hope to re-hire once trial volume returns, or are looking at reallocating a portion of their workforce to ongoing and alternative projects
- However, over 85% of the respondents (25 global Biopharma R&D managers) to JPMorgan's April 2020 survey anticipate COVID-19 clinical trials delays will last less than 9 months
 - The survey cites the resiliency of Biopharma industry spend and confidence in the CRO sector's ability to recapture this deferred business and recover quickly once the demands of COVID-19 and related programs return to more normalized levels

CDMOs, Analytical Labs, Packagers and Distributors

- Workforce/staff – Bourne has learned that most facilities remain operational and on plan by implementing creative and flexible arrangements with staff working on site and/or successfully transitioning to a remote work environment where applicable
- Commercial Scale Demand – many have seen stable demand and in some cases a pick-up in demand through March and into April
- Development and Clinical Scale Demand has been adversely affected as many non-COVID-19 programs are being delayed or postponed
- Supply Chain and Distribution
 - While we expect to see a strong move to domestically sourced APIs going forward, no major supply-chain disruptions reported
 - Demand for RFPs remains robust, while decision making and the conversion to orders has slowed into April
 - No significant China and/or India-related supply chain delays or shortages from export lockdowns, and no major problems with logistic couriers
- In the near-term, the overall drop in healthcare utilization (from deferred procedures and trials, less dependence on non-essential medicines, reduced lab testing, etc.) is expected to more than offset COVID-19 demand gains and other demand drivers

CDMO – Transaction Comps

CDMO - Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Dec-19	Majority of Drug Delivery Business of 3M	Comprises development and manufacturing operations for pharma products using inhalation, microneedle, and conventional drug delivery technologies	Altaris Capital Partners	USA	\$650.0	\$380.0	NA	1.7x	NA
Dec-19	Consort Medical	One-stop developer and manufacturer of drugs and premium delivery devices internationally	Reciphaem	United Kingdom	800.0	392.7	59.7	2.1x	13.6x
Aug-19	Cambrex Corporation	Operates as a CDMO for the development and commercialization of new and generic therapeutics worldwide	Permira Advisers	USA	2,545.2	574.1	\$146.6	4.4x	17.4x
Apr-19	Paragon Bioservices ¹	Operates as a CDMO that focuses on the development and manufacturing of biopharmaceuticals	Catalent Pharma Solutions	USA	1,285.7	101.0	56.0	12.7x	23.0x
Mar-19	Biogen (Denmark) Manufacturing Facility	Biopharmaceutical CDMO facility with 90,000L biologic production capacity	Fujifilm Diosynth Biotechnologies	Denmark	890.0	NA	NA	NA	NA
Mar-19	Brammer Bio	CDMO developing and manufacturing cell and gene therapies	Thermo Fisher	USA	1,700.0	NA	NA	NA	NA
Nov-18	Avista Pharma Solutions ²	CDMO offering services including analytical testing, API and drug product development, early stage discovery, and microbiology testing support	Cambrex Corporation	USA	252.0	65.0	NA	3.9x	NA
Jul-18	AMPAC Fine Chemicals ³	Operates as a custom manufacturer of APIs and registered intermediates for the pharmaceutical industry	SK Holdings	USA	455.0	200.0	NA	2.3x	NA
Jul-18	Halo Pharma	Provides contract development and manufacturing services in various dosage forms and drug delivery platforms	Cambrex Corporation	USA	425.0	105.0	27.0	4.0x	15.7x
Sep-17	Cook Pharmica	Provides contract development and manufacturing services to pharmaceutical and biopharmaceutical companies	Catalent Pharma Solutions	USA	950.0	177.8	NA	5.3x	NA
Jul-17	Aptuit	Provides drug discovery and development services, as well as API development and manufacturing services	Evotec	USA	300.0	92.9	11.6	3.2x	25.8x
Jun-17	PCAS SA	Provides chemical and analytical development and custom manufacturing services	Novacap	France	335.9	243.7	19.7	1.4x	17.0x
Jun-17	Albany Molecular Research	Contract research and manufacturing company that provides integrated drug discovery, development, and manufacturing	The Carlyle Group	USA	1,593.5	628.7	71.8	2.5x	22.2x
May-17	Patheon	Provides outsourced pharmaceutical development and manufacturing services	Thermo Fisher	USA	7,205.3	1,933.0	351.2	3.7x	20.5x

Notes:

NA - Not Available

1) "Biopharma Dive": 2018 Revenue Estimate; "Catalent : Paragon Gene Therapy Acquisition Fuels Further High-Growth High-Margin Biologics Mix Shift, As LT Targets Are Increased - ALERT": 2018 EBITDA Estimate

2) \$65.0 is approximate revenue from the Cambrex press release "Cambrex Completes Acquisition of Avista Pharma Solutions"

3) AMPAC Fine Chemicals transaction EV is according to Korean Herald
Source: S&P Capital IQ as of year-end 2019

Median	\$845.0	\$221.9	\$57.9	3.5x	18.9x
Mean	1,384.8	407.8	93.0	3.9x	19.4x
Min	252.0	65.0	11.6	1.4x	13.6x
Max	7,205.3	1,933.0	351.2	12.7x	25.8x

CRO – Transaction Comps

CRO - Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Feb-20	MedPass	MedPass is a medical device CRO	ICON	France	\$39.2	NA	NA	NA	NA
Feb-20	Alliance Contract Pharma	Alliance provides laboratory services, clinical trial services, and manufacturing of liquid and powder filled capsules	Altasciences	USA	NA	NA	NA	NA	NA
Nov-19	Inamed	Inamed is a global CRO that engages in the research of respiratory and inhalation medicines	Nuvisan	Germany	NA	NA	NA	NA	NA
Oct-19	Symphony Clinical Research	Symphony Clinical Research provides in-home and alternative-site clinical trial services	ICON	USA	37.5	NA	NA	NA	NA
Oct-19	Amarex	Amarex provides clinical regulatory strategy and product development services.	NSF International	USA	NA	NA	NA	NA	NA
Oct-19	Clinical Trial Centers Alliance (The Alliance)	CNS Network and the Hassman Research Institute merged to form Apex Innovation Sciences, which then acquired The Alliance	Apex Innovation Sciences	USA	NA	NA	NA	NA	NA
Sep-19	Site Business of BioClinica	AES acquired the clinical sites business from Bioclinica	Accelerated Enrollment Solutions (AES)	USA	50.4	NA	NA	NA	NA
Feb-19	Citoxlab	Contract research laboratory that provides a range of preclinical services to the pharma industry	Charles River Laboratories International	France	510.0	NA	\$36.7	NA	13.8x
Mar-18	Accelovance	Full-service, clinical CRO that focuses on oncology, vaccines, and general medicine	Linical USA	USA	32.9	\$26.8	NA	1.2x	NA
Feb-18	MPI Research	Provides preclinical and early clinical contract research services	Charles River Laboratories International	USA	800.0	240.0	\$68.4	3.3x	11.7x
Sep-17	Optimal Research	SMO providing solutions to CROs and pharmaceutical, biotechnology, and medical device companies	Synexus	USA	NA	NA	NA	NA	NA
Jul-17	MAPI Development	Non-clinical CRO that provides mission-critical research services and products	ICON	France	139.5	NA	NA	NA	NA
Jul-17	Chiltern International	CRO that provides clinical development, scientific services, and collaborative technologies	Covance	UK	1,200.0	NA	NA	NA	NA
Jun-17	PAREXEL International	Outsourcing services company that provides clinical research, consulting, and commercialization	Pamplona Capital Management	USA	5,007.4	2,097.0	342.8	2.4x	14.6x
May-17	inVentiv Health	Provides clinical trial, bioanalytical, and commercial services	INC Research Holdings	USA	4,513.7	2,177.4	292.7	2.1x	15.4x
Sep-16	ExecuPharm	Offers CRO support services including clinical trial management, monitoring, and site management	PAREXEL International	USA	155.0	NA	NA	NA	NA
May-16	IMS Health Holdings	Provides information and technology services to the healthcare industry worldwide	Quintiles Transnational Holdings	USA	13,266.8	3,063.0	743.0	4.3x	17.9x
May-16	Synexus	Engages in the identification, recruitment, and retention of patients for clinical trials on behalf of sponsors	Pharmaceutical Product Development	UK	257.8	68.8	15.9	3.7x	16.2x

Notes:

NA - Not Available

Median	\$257.8	\$1,168.5	\$180.5	2.9x	15.0x
Mean	2,000.8	1,278.8	249.9	2.9x	14.9x
Min	32.9	26.8	15.9	1.2x	11.7x
Max	13,266.8	3,063.0	743.0	4.3x	17.9x

Specialty Packaging – Transaction Comps

Specialty Packaging - Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Feb-20	Bellwyck Pharma Services	Bellwyck provides packaging and labeling for the clinical trial and commercial drug markets	PCI Pharma Services	Canada	NA	NA	NA	NA	NA
Oct-19	Winpak Control Group	Offers printed packaging solutions	Winpak	USA	\$42.2	\$25.0	NA	1.7x	NA
Jun-19	Pregis Corporation	Pregis Corporation markets and supplies protective and specialty packaging solutions	Warburg Pincus	USA	1,300.0	NA	NA	NA	NA
Jun-19	Three packaging facilities in the UK and Ireland of Amcor	Nelipak acquired Three Flexible Packaging Plants in the United Kingdom and Ireland	Nelipak Corporation	United Kingdom	394.0	170.0	NA	2.3x	NA
Apr-19	Three manufacturing facilities of Amcor	Provides packaging for med devices; 3 facilities in EU previously owned by Bemis	Tekni-Plex	USA	215.0	100.0	NA	2.2x	NA
Jan-19	RPC Group	Designs plastic packaging for end markets, including the food, beverage, personal care, and healthcare markets	Apollo Management	United Kingdom	5,786.7	4,855.0	\$730.2	1.2x	7.9x
Dec-18	Caraustar Industries	Manufactures and supplies recycled paperboard and converted paperboard products	Greif Packaging	USA	1,800.0	1,376.0	174.0	1.3x	10.3x
Aug-18	Bemis Company	Manufactures and sells packaging products in medical and pharmaceutical markets globally	Amcor	USA	6,777.9	4,099.4	573.0	1.7x	11.8x
Jul-18	CSP Technologies	Manufactures and distributes custom polymeric products	AptarGroup	USA	529.4	140.0	40.7	3.8x	13.0x
Jul-18	Expera Specialty Solutions	Specialty paper and packaging company in North America that offers food packaging papers	Ahlstrom-Munksjo AB	USA	615.0	721.0	66.0	0.9x	9.3x
Jun-18	Papeles y Cartones de Europa	Manufactures and sells paper and corrugated cardboard packaging products in Europe	DS Smith	Spain	2,100.6	1,049.5	203.6	2.0x	10.3x
Jan-18	Foam Fabricators	Designs and manufactures molded and fabricated foam and packaging products	Compass Diversified Holdings	USA	247.5	126.0	30.0	2.0x	8.3x
Nov-17	PAC SERVICE	Manufactures customized packaging paperboards	Reno De Medici	Italy	17.7	24.1	2.2	0.7x	7.9x
Jan-17	Multi Packaging Solutions	Prints, manufactures, and sells paperboard, paper, and plastic packaging products globally	WestRock Company	USA	2,256.5	1,567.0	214.5	1.4x	10.5x

Notes:

NA - Not Available

Median	\$615.0	\$445.5	\$174.0	1.7x	10.3x
Mean	1,698.7	1,187.7	226.0	1.8x	9.9x
Min	17.7	24.1	2.2	0.7x	7.9x
Max	6,777.9	4,855.0	730.2	3.8x	13.0x

Distribution – Transaction Comps

Distribution - Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Apr-20	Hygis SA	Hygis distributes pharmaceuticals and is based in Morges, Switzerland	Karo Pharma	Switzerland	NA	NA	NA	NA	NA
Feb-20	Covis	Covis distributes pharmaceutical products for patients with life-threatening conditions and chronic illnesses	Apollo Global Management	Netherlands	NA	NA	NA	NA	NA
Aug-19	PCX International	PCX operates as a courier service agency in clinical trial industry	Marken Limited	Japan	NA	NA	NA	NA	NA
Jul-19	HRTL Logistic SRL / HETO Transport und Logistik GmbH / DER KURIER KFT	HRTL Logistic SRL offers courier services to the clinical trials industry. HETO Transport und Logistik GmbH and DER KURIER KFT. Offers clinical trial shipment	Marken Limited	Italy	NA	NA	NA	NA	NA
Aug-18	Aquilant	Distributes and sells IV therapy, regional anesthesia and pain management products	H2 Equity Partners	United Kingdom	\$26.7	\$94.5	NA	0.3x	NA
Nov-17	H. D. Smith	Distributes and supplies healthcare products and business solutions to manufacturers and healthcare providers	AmerisourceBergen	USA	815.0	NA	NA	NA	NA
Nov-17	Cardinal Health (L)	Distributes pharmaceutical products, medical devices, and specialty pharmaceuticals to pharmacies and hospitals	Shanghai Pharma Century Global	Malaysia	557.0	3,845.7	\$83.3	0.1x	6.7x
Mar-17	Pelion	Engages in the trade of pharmaceuticals, cosmetics, and parapharmaceuticals, operating through wholesale, retail, services, and other segments	Korporacja Inwestycyjna Polskiej Farmacji	Poland	323.4	2,399.5	31.5	0.1x	10.3x
Aug-16	Anda	Distributes generic, branded, specialty, and over-the-counter pharmaceutical products	Teva Pharmaceutical Industries	USA	500.0	NA	NA	NA	NA
Jul-16	Pharmapar	Distributes generic drugs for privately insured individuals, offering a range of medication types	Alliance Pharma	Canada	11.1	\$17.3	NA	0.6x	NA
May-16	Symmetry Surgical	Manufactures and distributes medical devices worldwide	RoundTable Healthcare Partners	USA	129.5	84.1	\$9.1	1.5x	14.2x
Mar-16	Rexall Pharma Plus	Operates a network of retail pharmacy stores in Canada, offering prescription centers that focus primarily on prescription and OTC products	McKesson Canada Corporation	Canada	2,154.3	2,000.0	200.0	1.1x	11.1x

Notes:

NA - Not Available

Median	\$411.7	\$1,047.3	\$57.4	0.5x	10.7x
Mean	564.6	1,406.9	81.0	0.6x	10.6x
Min	11.1	17.3	9.1	0.1x	6.7x
Max	2,154.3	3,845.7	200.0	1.5x	14.2x

CDMO – Trading Comps

CDMO - Trading Comps

USD in millions

Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
Bachem Holding AG	SWX:BANB	\$2,908.4	\$323.9	\$87.3	\$64.4	29.5%	26.9%	19.9%	9.0x	33.3x	45.2x	3.8%	3.9%	1.3x
Balchem Corporation	NasdaqGS:BCPC	3,376.2	643.7	150.4	104.8	32.8%	23.4%	16.3%	5.2x	22.4x	32.2x	7.6%	8.1%	1.7x
Catalent, Inc.	NYSE:CTLT	10,900.0	2,729.3	572.9	329.3	31.7%	21.0%	12.1%	4.0x	19.0x	33.1x	27.3%	36.7%	5.2x
Eurofins Scientific SE	ENXTPA:ERF	12,519.6	5,120.4	900.9	512.2	20.4%	17.6%	10.0%	2.4x	13.9x	24.4x	31.7%	44.8%	4.4x
Johnson Matthey Plc	LSE:JMAT	6,148.7	15,492.5	874.5	676.5	8.2%	5.6%	4.4%	0.4x	7.0x	9.1x	32.3%	46.3%	2.3x
Lonza Group Ltd	SWX:LONN	34,504.4	6,112.6	1,608.7	1,118.2	38.7%	26.3%	18.3%	5.6x	21.4x	30.9x	11.6%	13.0%	2.5x
Recipharm AB (publ)	OM:RECI B	1,137.6	798.2	101.8	26.5	70.9%	12.7%	3.3%	1.4x	11.2x	42.9x	49.0%	80.4%	5.5x
Siegfried Holding AG	SWX:SFZN	1,793.4	860.6	111.3	58.9	20.7%	12.9%	6.8%	2.1x	16.1x	30.4x	7.8%	8.3%	1.3x
Thermo Fisher Scientific Inc.	NYSE:TMO	129,211.7	25,542.0	6,538.0	4,261.0	44.4%	25.6%	16.7%	5.1x	19.8x	30.3x	14.3%	16.4%	2.8x
West Pharmaceutical Services, Inc.	NYSE:WST	11,126.3	1,839.9	395.7	292.3	32.9%	21.5%	15.9%	6.0x	28.1x	38.1x	3.0%	2.9%	0.8x

Median	32.3%	21.2%	14.0%	4.5x	19.4x	31.5x	13.0%	14.7%	2.4x
Mean	33.0%	19.4%	12.4%	4.1x	19.2x	31.7x	18.9%	26.1%	2.8x
Min	8.2%	5.6%	3.3%	0.4x	7.0x	9.1x	3.0%	2.9%	0.8x
Max	70.9%	26.9%	19.9%	9.0x	33.3x	45.2x	49.0%	80.4%	5.5x

- The median EV multiples for CDMOs at the end of Q1 were 4.5x and 19.4x for Sales and EBITDA, respectively

CRO – Trading Comps

CRO - Trading Comps														
USD in millions														
Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
Charles River Laboratories International	NYSE:CRL	\$8,031.3	\$2,621.2	\$565.2	\$367.1	36.8%	21.6%	14.0%	3.1x	14.2x	21.9x	25.2%	32.4%	3.6x
ICON Public Limited Company	NasdaqGS:ICLR	7,177.2	2,805.8	495.0	433.4	30.7%	17.6%	15.4%	2.6x	14.5x	16.6x	6.3%	6.2%	0.9x
IQVIA Holdings Inc.	NYSE:IQV	32,122.2	11,088.0	1,881.0	875.0	34.2%	17.0%	7.9%	2.9x	17.1x	36.7x	38.1%	58.8%	6.5x
Linical Co., Ltd.	TSE:2183	173.6	100.7	15.8	10.0	32.5%	15.7%	9.9%	1.7x	11.0x	17.4x	26.6%	27.0%	2.9x
Medpace Holdings, Inc.	NasdaqGS:MEDP	2,572.7	861.0	150.5	127.3	62.7%	17.5%	14.8%	3.0x	17.1x	20.2x	2.2%	2.1%	0.4x
PRA Health Sciences, Inc.	NasdaqGS:PRAH	6,509.0	3,066.3	481.7	366.8	49.8%	15.7%	12.0%	2.1x	13.5x	17.7x	22.5%	27.8%	3.0x
PPD, Inc.	NasdaqGS:PPD	11,706.7	4,031.0	690.6	425.8	63.2%	17.1%	10.6%	2.9x	17.0x	27.5x	49.9%	94.1%	8.5x
Syneos Health, Inc.	Nasdaq:SYNH	6,871.7	4,675.8	583.6	341.2	22.0%	12.5%	7.3%	1.5x	11.8x	20.1x	42.6%	71.2%	5.0x
Median						35.5%	17.0%	11.3%	2.7x	14.4x	20.2x	25.9%	30.1%	3.3x
Mean						41.5%	16.8%	11.5%	2.5x	14.5x	22.3x	26.7%	40.0%	3.9x
Min						22.0%	12.5%	7.3%	1.5x	11.0x	16.6x	2.2%	2.1%	0.4x
Max						63.2%	21.6%	15.4%	3.1x	17.1x	36.7x	49.9%	94.1%	8.5x

- The median EV multiples for CROs were 2.7x and 14.4x for Sales and EBITDA, respectively

Specialty Packaging – Trading Comps

Specialty Packaging - Trading Comps

USD in millions

Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
Amcort plc	ASX:AMC	\$18,824.4	\$11,096.4	\$1,487.0	\$964.3	19.1%	13.4%	8.7%	1.7x	12.7x	19.5x	36.1%	53.4%	4.6x
AptarGroup, Inc.	NYSE:ATR	7,500.3	2,859.7	590.6	396.1	36.4%	20.7%	13.9%	2.6x	12.7x	18.9x	16.9%	19.6%	2.1x
Berry Global Group, Inc.	NYSE:BERY	15,741.2	9,722.0	1,565.0	874.0	18.3%	16.1%	9.0%	1.6x	10.1x	18.0x	75.9%	267.8%	7.6x
CCL Industries Inc.	TSX:CCL.B	6,734.8	4,102.7	785.9	562.0	28.4%	19.2%	13.7%	1.6x	8.6x	12.0x	28.0%	35.0%	2.4x
Gerresheimer AG	DB:GXI	1,025.3	1,534.0	292.8	126.8	27.9%	19.1%	8.3%	0.7x	3.5x	8.1x	110.1%	NM	3.9x
Mondi plc	LSE:MNDI	10,804.1	8,156.2	1,770.8	1,284.9	45.0%	21.7%	15.8%	1.3x	6.1x	8.4x	23.6%	30.7%	1.4x
Sonoco Products Company	NYSE:SON	6,494.8	5,374.2	750.2	511.1	19.7%	14.0%	9.5%	1.2x	8.7x	12.7x	30.6%	42.8%	2.7x
West Pharmaceutical Services, Inc.	NYSE:WST	11,126.3	1,839.9	395.7	292.3	32.9%	21.5%	15.9%	6.0x	28.1x	38.1x	3.0%	2.9%	0.8x
WestRock Company	NYSE:WRK	18,114.9	18,385.3	2,933.3	1,460.4	19.2%	16.0%	7.9%	1.0x	6.2x	12.4x	60.5%	150.2%	3.7x
Wipac Ltd.	TSX:WPK	1,602.5	873.8	198.6	154.5	31.3%	22.7%	17.7%	1.8x	8.1x	10.4x	0.3%	0.2%	0.0x

Median	28.1%	19.1%	11.6%	1.6x	8.6x	12.6x	29.3%	35.0%	2.5x
Mean	27.8%	18.4%	12.0%	2.0x	10.5x	15.8x	38.5%	66.9%	2.9x
Min	18.3%	13.4%	7.9%	0.7x	3.5x	8.1x	0.3%	0.2%	0.0x
Max	45.0%	22.7%	17.7%	6.0x	28.1x	38.1x	110.1%	267.8%	7.6x

- The median EV multiples for Specialty Packaging were 1.6x and 8.6x for Sales and EBITDA, respectively

Distribution – Trading Comps

Distribution - Trading Comps

USD in millions

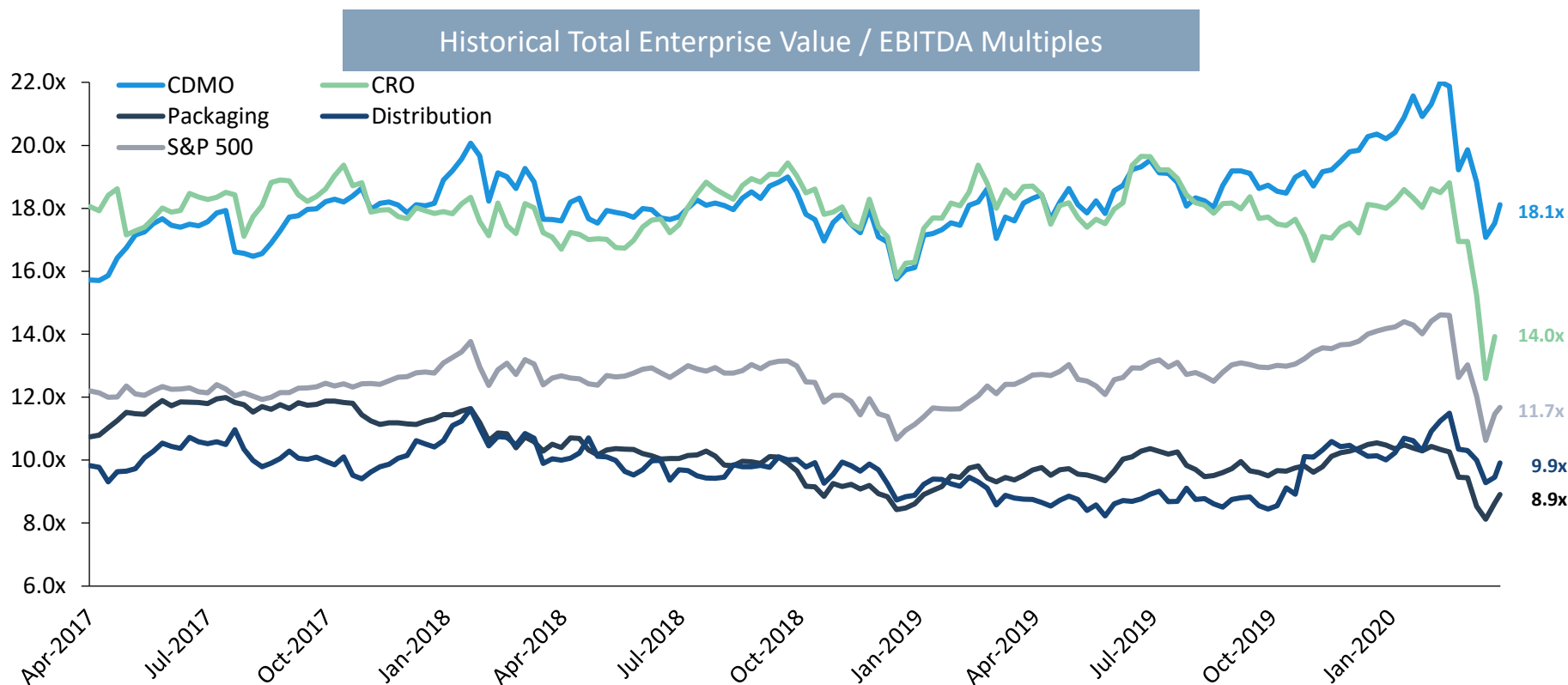
Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
AmerisourceBergen Corporation	NYSE:ABC	\$19,695.5	\$182,061.4	\$2,332.0	\$1,867.6	2.7%	1.3%	1.0%	0.1x	8.4x	10.5x	23.9%	25.8%	2.0x
Cardinal Health, Inc.	NYSE:CAH	20,689.1	149,657.0	2,728.0	1,762.0	4.6%	1.8%	1.2%	0.1x	7.6x	11.7x	40.4%	59.8%	3.1x
Henry Schein, Inc.	NasdaqGS:HSIC	8,136.3	9,985.8	917.9	733.0	31.0%	9.2%	7.3%	0.8x	8.9x	11.1x	12.3%	13.8%	1.1x
McKesson Europe AG	HMSE:CLS1	5,717.7	23,767.5	208.4	93.3	9.6%	NM	NM	0.2x	NM	NM	19.4%	20.0%	5.3x
McKesson Corporation	NYSE:MCK	33,935.0	224,945.0	3,771.0	2,845.0	5.3%	1.7%	1.3%	0.2x	9.0x	11.9x	35.5%	50.3%	3.2x
Owens & Minor, Inc.	NYSE:OMI	2,235.6	9,210.9	187.7	100.3	12.3%	2.0%	1.1%	0.2x	11.9x	22.3x	77.2%	299.1%	9.2x
Patterson Companies, Inc.	NasdaqGS:PDCO	2,112.0	5,640.3	207.1	124.9	21.6%	3.7%	2.2%	0.4x	10.2x	16.9x	36.7%	53.7%	3.7x
UDG Healthcare plc	LSE:UDG	2,065.1	1,298.5	178.3	122.8	29.1%	13.7%	9.5%	1.6x	11.6x	16.8x	11.6%	12.2%	1.3x

NM - Not Meaningful

Median	10.9%	2.0%	1.3%	0.2x	9.0x	11.9x	29.7%	38.1%	3.1x
Mean	14.5%	4.8%	3.4%	0.5x	9.7x	14.5x	32.1%	66.8%	3.6x
Min	2.7%	1.3%	1.0%	0.1x	7.6x	10.5x	11.6%	12.2%	1.1x
Max	31.0%	13.7%	9.5%	1.6x	11.9x	22.3x	77.2%	299.1%	9.2x

- The median EV multiples for Distribution were 0.2x and 9.0x for Sales and EBITDA, respectively

Valuation Trends – Last 3 Years



CDMO basket consists of: Bachem (SWX:BANB), Balchem (NasdaqGS:BCPC), Cambrex (NYSE:CBM), Catalent (NYSE:CTLT), Eurofins Scientific SE (ENXTPA:ERF), Johnson Matthey Plc (LSE:JMAT), Lonza (SWX:LONN), Recipharm AB (OM:RECI B), Siegfried (SWX:SFZN), Thermo Fisher Scientific Inc. (NYSE:TMO), and West Pharmaceutical Services, Inc. (NYSE:WST)

CRO basket consists of: Charles River (NYSE:CRL), ICON (NasdaqGS:ICLR), IQVIA (NYSE:IQV), Medpace (NasdaqGS:MEDP), PRA Health Sciences (NasdaqGS:PRAH), PPD, Inc. (NasdaqGS:PPD), and Syneos Health, Inc. (NasdaqGS:SYNH)

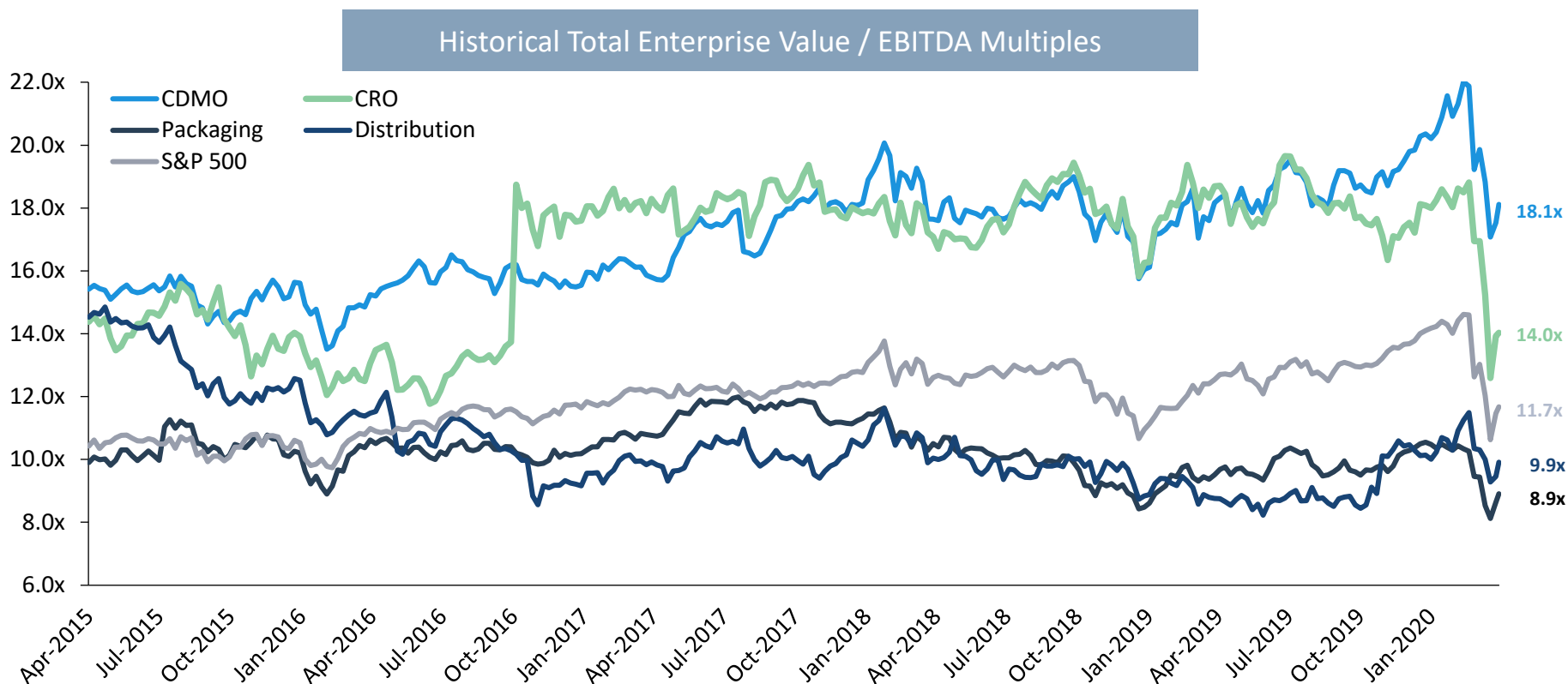
Distribution basket consists of: AmerisourceBergen (NYSE:ABC), Cardinal Health (NYSE:CAH), Henry Schlein (NasdaqGS:HSIC), McKesson Europe (HMSE:CLS1), McKesson (NYSE:MCK), Owens & Minor (NYSE:OMI), Patterson Companies (NasdaqGS:PDCO), and UDG Healthcare (LSE:UDG)

Packaging basket consists of: Amcor Limited (ASX:AMC), AptarGroup, Inc. (NYSE:ATR), Berry Global Group, Inc. (NYSE:BERY), CCL Industries Inc. (TSX:CCL.B), Gerresheimer AG (DB:GXI), Mondi plc (LSE:MNDI), RPC Group plc (LSE:RPC), Sonoco Products Company (NYSE:SON), West Pharmaceutical Services, Inc. (NYSE:WST), WestRock Company (NYSE:WRK), and Wipac Ltd. (TSX:WPK)

Valuation Trends (Current, 3 Year, & LTM Comparisons)

- Below are the current EV / EBITDA multiples for each sector:
 - CDMO: 18.1x (55.2% above current S&P multiples)
 - CRO: 14.0x (20.2% above current S&P multiples)
 - Specialty Packaging: 8.9x (23.7% below current S&P multiples)
 - Distribution: 9.9x (15.1% below current S&P multiples)
 - S&P 500: 11.7x
- Below are the average EV / EBITDA multiples for each sector over the last 3 years:
 - CDMO: 18.2x (44.3% above average S&P multiples)
 - CRO: 17.9x (41.6% above average S&P multiples)
 - Specialty Packaging: 10.3x (17.1% below average S&P multiples)
 - Distribution: 9.7x (22.9% below average S&P multiples)
 - S&P 500: 12.6x
- Below are the % change in EV / EBITDA multiples for each sector over the last 3 years (and LTM):
 - CDMO: +15.2% (down 1.1% in the last 12 months)
 - CRO: -22.3% (down 25.0% in the last 12 months)
 - Specialty Packaging: -17.1% (down 8.0% in the last 12 months)
 - Distribution: +0.9% (up 13.2% in the last 12 months)
 - S&P 500: -4.3% (down 8.1% in the last 12 months)

Valuation Trends – Last 5 Years



CDMO basket consists of: Bachem (SWX:BANB), Balchem (NasdaqGS:BCPC), Cambrex (NYSE:CBM), Catalent (NYSE:CTLT), Eurofins Scientific SE (ENXTPA:ERF), Johnson Matthey Plc (LSE:JMAT), Lonza (SWX:LONN), Recipharm AB (OM:RECI B), Siegfried (SWX:SFZN), Thermo Fisher Scientific Inc. (NYSE:TMO), and West Pharmaceutical Services, Inc. (NYSE:WST)

CRO basket consists of: Charles River (NYSE:CRL), ICON (NasdaqGS:ICLR), IQVIA (NYSE:IQV), Medpace (NasdaqGS:MEDP), PRA Health Sciences (NasdaqGS:PRAH), PPD, Inc. (NasdaqGS:PPD), and Syneos Health, Inc. (NasdaqGS:SYNH)

Distribution basket consists of: AmerisourceBergen (NYSE:ABC), Cardinal Health (NYSE:CAH), Henry Schlein (NasdaqGS:HSIC), McKesson Europe (HMSE:CLS1), McKesson (NYSE:MCK), Owens & Minor (NYSE:OMI), Patterson Companies (NasdaqGS:PDCO), and UDG Healthcare (LSE:UDG)

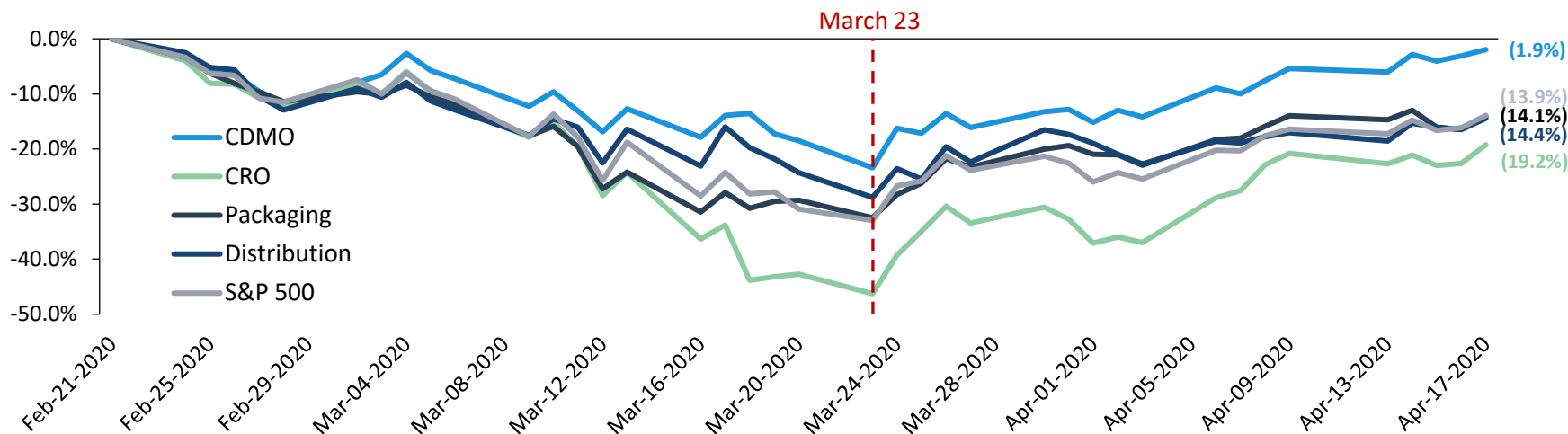
Packaging basket consists of: Amcor Limited (ASX:AMC), AptarGroup, Inc. (NYSE:ATR), Berry Global Group, Inc. (NYSE:BERY), CCL Industries Inc. (TSX:CCL.B), Gerresheimer AG (DB:GXI), Mondi plc (LSE:MNDI), RPC Group plc (LSE:RPC), Sonoco Products Company (NYSE:SON), West Pharmaceutical Services, Inc. (NYSE:WST), WestRock Company (NYSE:WRK), and Wipac Ltd. (TSX:WPK)

Valuation Trends (5 Year & LTM Comparisons)

- Below are the average EV / EBITDA multiples for each sector over the last 5 years:
 - CDMO: 17.1x (43.1% above average S&P multiples)
 - CRO: 16.6x (38.6% above average S&P multiples)
 - Specialty Packaging: 10.3x (14.0% below average S&P multiples)
 - Distribution: 10.4x (12.8% below average S&P multiples)
 - S&P 500: 12.0x
- Below are the % change in EV / EBITDA multiples for each sector over the last 5 years (and LTM):
 - CDMO: +17.5% (down 1.1% in the last 12 months)
 - CRO: -2.4% (down 25.0% in the last 12 months)
 - Specialty Packaging: -10.1% (down 8.0% in the last 12 months)
 - Distribution: -31.8% (up 13.2% in the last 12 months)
 - S&P 500: +12.0% (down 8.1% in the last 12 months)

COVID-19 Implications on Valuations & M&A Activity

- For the respective sectors covered in this report, there was a considerable amount of value created throughout the 11 year bull market
 - A substantial portion of which was lost over the ~4 weeks from February 21 to the lows on March 23, 2020. However, on the heels of government stimulus, we've seen the story begin to change, with the indices tracking positive, showing double-digit growth from March 23 through today⁽¹⁾



Start of Bull Market to Start of COVID-19 / Sector Peaks
March 5, 2009 to February 21, 2020
<ul style="list-style-type: none"> CDMO: ↑ 696% CRO: ↑ 650% Specialty Packaging: ↑ 493% Distribution: ↑ 247% S&P 500: ↑ 389%

Onset of COVID-19 / Sector Peaks to COVID-19 Trough
February 21, 2020 to March 23, 2020
<ul style="list-style-type: none"> CDMO: ↓ 23% CRO: ↓ 46% Specialty Packaging: ↓ 32% Distribution: ↓ 29% S&P 500: ↓ 33%

From COVID-19 Trough to Present ⁽¹⁾
From March 23, 2020 to April 17, 2020
<ul style="list-style-type: none"> CDMO: ↑ 28% CRO: ↑ 50% Specialty Packaging: ↑ 27% Distribution: ↑ 20% S&P 500: ↑ 28%

COVID-19 Implications on Valuations & M&A Activity (cont.)

- Prior to COVID-19, valuation multiples across most Pharma Services sector were at or near historical highs
- Contract Service providers continue to enjoy numerous tailwinds and drivers of organic growth
- Of note, since the onset of the pandemic in late February through today⁽¹⁾:
 - The CDMO index has weathered the global health and economic crisis far better than the CRO, Specialty Packaging, Distribution, and S&P 500 indices
 - The enormous increases across most of the indices above during the 11-year bull market only further underscore the swift and dramatic loss in market value over the 7-week period from February 21, 2020 to April, 17, 2020 due to the COVID-19 outbreak
- M&A/Consolidation Activity and Valuations – while there are tough weeks and months ahead, we foresee:
 - An increase in supply of quality acquisition opportunities coming to market and possibly at slightly more reasonable multiples by H2 2020
 - Short-term opportunity to “buy the dip” in some subsectors like CROs and related services which were hit harder by the pandemic
 - Over the medium-term, we see Pharma Services valuations bouncing back close to all-time highs over next 6 – 12 months as economy gets back to normal; however, the longer term impact on the overall economy will have some lingering drag even in the healthcare sector
- As highlighted below, each of the indices referenced are off of their all-times highs of February 2020, and most industry sectors will continue to feel a near term drag from the global economic crisis
- However, despite the pandemic, these Pharma Services sectors still trade at attractive levels (at or above their 10-year averages)
- Further, we believe these providers are well positioned to bounce back operationally and outperform most sectors over the long term

Pharma Services EV / EBITDA Multiples					
	S&P 500	CDMO	CRO	Distribution	Specialty Packaging
10-Year Peak	14.7x	22.1x	19.7x	14.9x	12.1x
10-Year Average	10.5x	14.7x	13.9x	10.0x	9.3x
End Q1 2020	11.7x	18.1x	14.0x	9.9x	8.9x
Today ⁽¹⁾	12.4x	20.0x	16.0x	10.2x	9.4x

1) As of April 17, 2020

Contact Us

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