

INSIGHT



PHARMA SERVICES

SECTOR SNAPSHOT

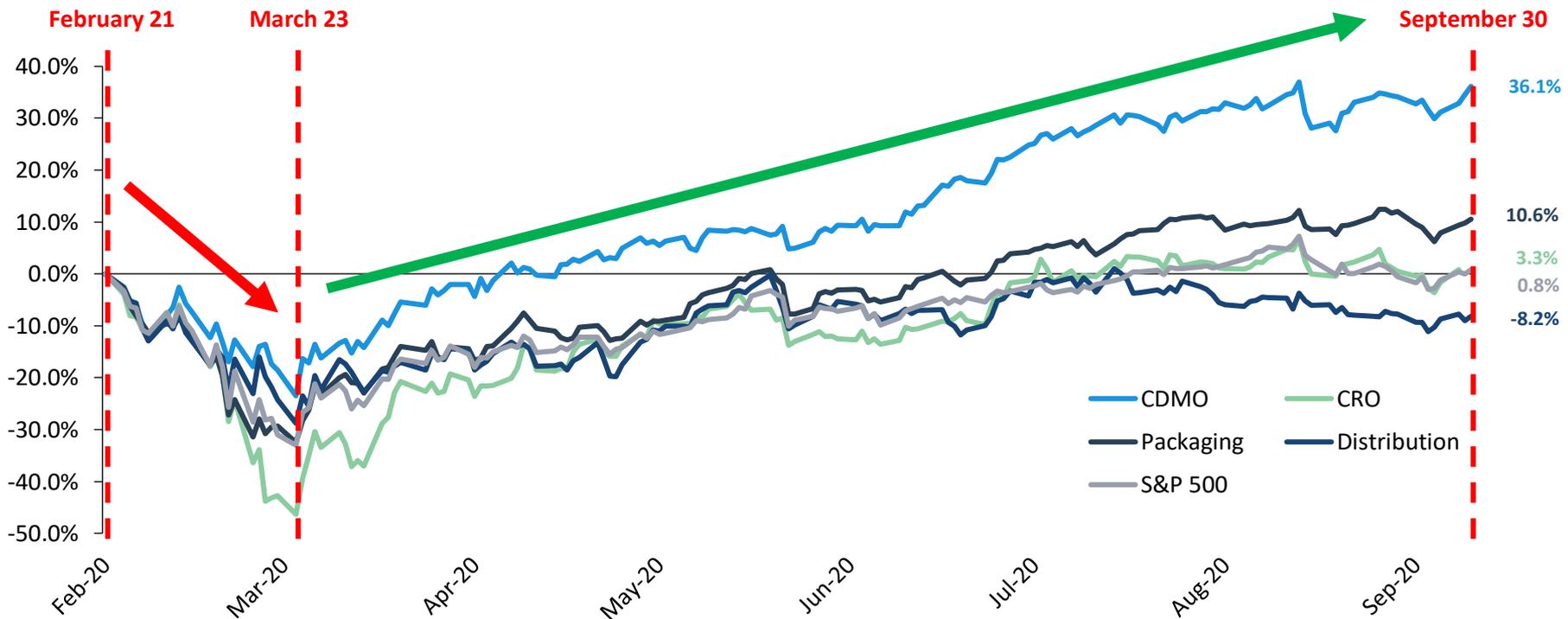
Q3 2020

BOURNE PARTNERS

Pharma Services – Q3 2020 “Rebound For The Ages” Accelerates

- The rebound by the Pharma Services sector during the second quarter of 2020 truly was one for the ages, and was only accelerated during the third quarter
- Since the onset of the pandemic and through the trough in March, trading values and multiples for the respective sectors covered in this report are already re-approaching record highs or are at or above historical averages
 - Although the market suffered a substantial loss in the ~4 weeks from February 21 to the lows on March 23, the indices are tracking positive, showing significant growth from March 23 through today⁽¹⁾
 - CDMO and CRO indices have jumped **78%** and **93%**, respectively, and continue to significantly outperform the S&P 500
 - The Packaging and Distribution indices have bounced **64%**, and **29%**, respectively, and trade at strong multiples and premiums to historical averages
- The COVID-19 pandemic has caused the majority of sector M&A activity in the last 150 to 180 days to either be tabled or postponed, as shown in the M&A transaction comps sets that follow
 - However, M&A activity picked up significantly in Q3 relative to March and Q2
 - From our discussions, we believe there will be a healthy supply of attractive M&A opportunities coming to market by year end and into 2021
- While the negative impacts from the COVID-19 pandemic cannot be overstated, we believe pharmaceutical industry valuations will remain relatively healthy, excluding a few exposed sub segments

Pharma Services Sectors Near All Time Highs (2/21 – 9/30/20)



Start of Bull Market to Start of COVID-19 / Sector Peaks

March 5, 2009 to February 21, 2020

- 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

- 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 Sept. 30, 2020

- CDMO: ↑ 78%
- CRO: ↑ 93%
- Specialty Packaging: ↑ 64%
- Distribution: ↑ 29%
- S&P 500: ↑ 50%

1) As of September 30, 2020

Pharma Services Sectors Near All Time Highs (cont.)

- Prior to COVID-19, valuation multiples across most Pharma Services sectors were at or near historic 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, Spec. Packaging, Distribution, and S&P 500 indices
 - The enormous increases across most of the indices above during the 11-year bull market, as well as the record rebound through Q3, only further underscore the swift and dramatic loss in market value over the 7-week period from February 21 to April 17, 2020 due to the COVID-19 outbreak
- In terms of M&A/consolidation activity and valuations we foresee:
 - An increase in supply of quality acquisition opportunities coming to market; near-term market volatility may dictate slightly more reasonable multiples for the remainder of the year and into 2021
 - Near term opportunity for select value purchases in some subsectors (e.g. clinical research services), which were hit hardest
 - Over the medium-term, we see Pharma Services valuations bouncing back close to all-time highs over next 6 – 12 months as the economy gets back to normal; however, the longer term impact on the overall economy will have some lingering drag even in the healthcare sector
- Despite the pandemic, in terms of EV/EBITDA multiples, the proceeding M&A transaction comps sets illustrate that each of the Pharma Services sectors continue to trade at healthy multiples, re-approaching their all-time highs or are at or above historical averages

Pharma Services EV / EBITDA (LTM) Multiples					
	S&P 500	CDMO	CRO	Distribution	Specialty Packaging
10-Year Peak	16.4x	25.7x	20.0x	14.9x	12.0x
10-Year Average	10.7x	15.4x	14.2x	10.1x	9.4x
End Q2 2020	14.1x	22.8x	17.0x	9.2x	9.6x
Today ⁽¹⁾	15.4x	25.5x	19.5x	9.4x	10.3x

1) As of September 30, 2020

CDMO – M&A Transaction Comps

CDMO – M&A Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM	EV / LTM
								Revenue	EBITDA
Aug-20	Beijing JOINN Biologics	Beijing JOINN Biologics operates as a biopharmaceutical CDMO	Joinn Biologics	China	\$287.9	\$1.4	NA	209.4x	NA
Aug-20	PCI Pharma Services	PCI provides integrated pharmaceutical development and manufacturing services globally	Kohlberg; Mubadala Investment Company	USA	NA	NA	NA	NA	NA
Aug-20	Berkshire Sterile Manufacturing	Berkshire Sterile Manufacturing operates as a contract manufacturer of sterile drugs	Sharp Corporation	USA	\$150.0	NA	NA	NA	NA
Jun-20	Piramal Pharma ¹	Piramal Pharma, a Piramal Enterprises subsidiary, manufactures and sells bulk drugs and formulations	The Carlyle Group	India	2,775.0	NA	NA	NA	NA
May-20	Two Production Sites of Pierre Fabre	Engages in the research, development, manufacture, and distribution of pharmaceuticals	Fareva	France	NA	NA	NA	NA	NA
Feb-20	Dalton Chemical Laboratories	Provides GMP services including integrated chemistry, drug development, and dosage form manufacturing	Seikagaku Corporation	Canada	30.6	NA	NA	NA	NA
Feb-20	Alliance Contract Pharma	Provides contract manufacturing of liquid and powder filled capsules	Altaris Capital Partners	USA	NA	NA	NA	NA	NA
Feb-20	MaSTherCell	Offers contract manufacturing services focusing on cellular therapy products and technologies	Catalent	Belgium	NA	NA	NA	NA	NA
Jan-20	Accupac	Provides OTC and prescription liquid contract manufacturing	Palladium Equity Partners	USA	NA	NA	NA	NA	NA
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	Recipharm	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	149.6	4.4x	17.0x
Apr-19	Paragon Bioservices ²	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

Notes:

NA - Not Available

1) \$2,775mm is an approximate Implied Enterprise Value from the Carlyle press release: "Carlyle and Piramal Pharma Sign Agreement on a 20% Strategic Growth Investment"

2) "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

Source: S&P Capital IQ as of September 30, 2020

Median	\$725.0	\$380.0	\$59.7	4.4x	17.0x
Mean	1,065.5	289.8	88.4	46.1x	17.9x
Min	30.6	1.4	56.0	1.7x	13.6x
Max	2,775.0	574.1	149.6	209.4x	23.0x

CRO – M&A Transaction Comps

CRO – M&A 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
Sep-20	Prolytic	Prolytic is a CRO providing bioanalytics and pharmacokinetics to clients in the pharmaceutical sector	Kyros Pharma Services	Germany	NA	NA	NA	NA	NA
Sep-20	XenoGesis	XenoGesis is a laboratory-based CRO	Sygnature Discovery Limited	United Kingdom	NA	NA	NA	NA	NA
Sep-20	North American Science Associates	The company provides regulatory consulting, laboratory testing, clinical research, and compliance services	ArchiMed	USA	NA	NA	NA	NA	NA
Aug-20	Ce3	Ce3 is a CRO providing early phase oncology clinical development services to the biotechnology industry	Catalyst Clinical Research	USA	NA	NA	NA	NA	NA
Apr-20	Biotranex	Biotranex offers drug metabolism, transport, pharmacokinetic, and analytical services	Frontage Laboratories	USA	NA	NA	NA	NA	NA
Feb-20	MedPass	MedPass is a medical device CRO	ICON	France	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
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	1.2	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
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	2.4	14.6

Notes:

NA - Not Available

Median	\$139.5	\$240.0	\$68.4	2.4x	13.8x
Mean	939.7	787.9	149.3	2.3x	13.4x
Min	32.9	26.8	36.7	1.2x	11.7x
Max	5,007.4	2,097.0	342.8	3.3x	14.6x

Specialty Packaging – M&A Transaction Comps

Specialty Packaging – M&A 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	Inno4Life	Inno4Life manufactures pharmaceutical packaging equipment and provides pharmaceutical services	Dietrich Engineering Consultants	Netherlands	NA	NA	NA	NA	NA
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 Flexible Packaging Plants in the United Kingdom and Ireland of Amcor plc	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

Notes:

NA - Not Available

Median	\$615.0	\$445.5	\$174.0	1.8x	10.3x
Mean	1,800.8	1,266.2	259.6	1.9x	10.1x
Min	42.2	25.0	30.0	0.9x	7.9x
Max	6,777.9	4,855.0	730.2	3.8x	13.0x

Distribution – M&A Transaction Comps

Distribution – M&A 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	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 comprises courier services business to the clinical trials industry; HETO Transport und Logistik GmbH and DER KURIER KFT comprise clinical trial shipment activities	Marken Limited	Italy	NA	NA	NA	NA	NA
Aug-18	Aquilant	Aquilant Limited distributes and sells IV therapy, regional anesthesia and pain management products, and other devices for the medical and scientific sectors	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

Site Network/SMO – M&A Transaction Comps

Site Network/SMO – M&A Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Geographic Location
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
Sep-19	Site Business of Bioclinica	AES acquired the clinical sites business from Bioclinica	Accelerated Enrollment Services (AES)	USA
Feb-19	Clinical Research Institute of Southern Oregon/New Horizons Clinical Research	CRI Southern Oregon and New Horizons combined operations under the sale to VCR Holdings	VCR Holdings	USA
Feb-19	Protenium Clinical Research	Protenium conducts pharmaceutical studies and is headquartered in Hurst, Texas	Elligo Health Research	USA
Dec-18	MD Clinical	MD Clinical operates as a private clinical drug trials facility	VCR Holdings	USA
Aug-18	SNBL USA	SNBL conducts studies specializing in safety assessment of biologics, reproductive toxicology, cardiovascular, respiratory and CNS pharmacology, among others	Altasciences Company	USA
Aug-18	Jean Brown Associates	Jean Brown Associates conducts research in the areas of H1N1 Swine Flu, wisdom teeth removal/extraction, pediatric meningitis, and women's issues	Webster Capital	USA
May-18	Evolution Research Group	Evolution Research Group provides medical and scientific clinical research site services in the neurosciences area	Linden Capital Partners	USA
Apr-18	Meridien Research	Meridien Research offers medical research services in Florida	Avego Healthcare Capital	USA
Feb-18	Wake Research Holdings	Wake Research Holdings operates a clinical trial support business in the United States	M3	USA
Sep-17	Optimal Research	Optimal Research was Accelovance's site network business that was carved out in the transaction to Synexus	Synexus	USA
Sep-17	Upstate Pharmaceutical Research	Upstate Pharmaceutical Research provides phase II – IV clinical trials services for respiratory therapeutics	VitaLink Research	USA
Jun-17	Altasciences Company	Altasciences operates as an early phase CRO which provides early phase clinical research and development services to biopharmaceutical and generic companies	Audax Group	Canada
Mar-17	Radiant Research	Radiant Research was comprised of over 75 research sites across the US	Synexus/PPD	USA
Sep-16	VitaLink Research	VitaLink Research operates a network of clinical research centers in the United States. VitaLink Research was formerly known as Alliance Biomedical Research	Great Point Partners	USA

eClinical/Ancillary Clinical Trial Services – M&A Transaction Comps

eClinical/Ancillary Clinical Trial Services – M&A Transaction Comps

USD in millions

Announced Date	Target	Target Description	Buyer	Enterprise Value	Geographic Location
Sep-20	TriNetX	TriNetX provides clinical research and enables discoveries by creating real-world evidence	The Carlyle Group	NA	USA
Apr-20	IRBco	IRBco is an AAHRPP-accredited central IRB that has conducted research reviews in the US since 1981	Advarra	NA	USA
Sep-19	Symphony Clinical Research	Symphony Clinical Research is a provider of in-home and alternative-site clinical services. Symphony makes participating in research convenient by bringing study visits to patients in all phases and therapeutic areas of trials	ICON	\$37.5	USA
Sep-19	Forte Research Systems	Forte Research Systems develops and markets clinical trial management, clinical data management, and research management software for cancer centers, academic medical centers, and health systems	Advarra	NA	USA
Aug-19	THREAD	THREAD operates as a virtual research platform for capturing clinical study data during and instead of clinic visits	JLL Partners; Water Street Healthcare Partners	NA	USA
Jun-19	Medidata Solutions	Medidata provides cloud-based solutions for life science companies worldwide. It offers the Medidata Clinical Cloud, analytics, and clinical technology for drug development	Dassault Systemes Americas	5822.3	USA
Feb-19	Linguamatics	Linguamatics develops text mining solutions for the pharmaceutical industry. The platform creates analytics, advanced research, and improved patient outcomes	IQVIA Holdings	NA	United Kingdom
Jan-19	Velos	Velos develops clinical research management software solutions to organizations across the world	WIRB-Copernicus Group	NA	USA
Aug-18	SNBL USA	SNBL conducts preclinical drug development studies in the United States. Its specialized capabilities include safety assessment of biologics, toxicology, pharmacology, immunotoxicology, and carcinogenicity	Altasciences Company	NA	USA
Dec-18	Advanced Health Media	Advanced Health Media provides software and services to manage healthcare professional engagements. The company offers six different software platforms	IQVIA Holdings	NA	USA
Nov-18	159 Solutions	159 Solutions provides analytical solutions to life sciences clients	IQVIA Holdings	NA	USA
Oct-18	goBalto	goBalto offers a data-driven approach to the identification of sites and target populations for studies; The company also provides updates across studies and insights to streamline operational processes	Oracle	NA	USA
Aug-18	Kinapse	Kinapse offers services in the areas of quality and compliance, medical affairs, development operations, clinical operations, pharmacovigilance, medical writing, among others	Syneos Health	\$121.0	United Kingdom
Jul-18	CRF Health	CRF Health develops electronic clinical outcome assessment (eCOA) solutions for home and site-based phase I-IV clinical trials for various therapeutic areas and patient populations	Bracket Global	NA	USA
Jun-18	Sciformix Corporation	Sciformix provides knowledge-based consultancy and services to life science companies. It offers services in the areas of biometrics, scientific writing, safety and risk management, and regulatory affairs	Covance	NA	USA
Mar-18	Applied Clinical Intelligence	Applied Clinical Intelligence provides specialty services to mitigate risk and ensure patient safety in clinical trials through decision support tools to the clinical research industry	WIRB-Copernicus Group	NA	USA

CDMO – Public Company Trading Comps

CDMO – Public Company 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	\$6,075.2	\$376.3	\$106.7	\$82.6	30.9%	28.4%	21.9%	16.1x	57.0x	73.6x	2.0%	2.0%	1.1x
Balchem Corporation	NasdaqGS:BCPC	3,306.2	672.9	155.0	105.9	32.6%	23.0%	15.7%	4.9x	21.3x	31.2x	6.8%	7.1%	1.4x
Catalent, Inc.	NYSE:CTLT	16,263.2	3,094.3	663.5	409.8	31.8%	21.4%	13.2%	5.3x	24.5x	39.7x	19.2%	22.2%	4.7x
Eurofins Scientific SE	ENXTPA:ERF	18,016.7	5,310.0	986.4	577.8	21.4%	18.6%	10.9%	3.4x	18.3x	31.2x	20.0%	23.8%	3.7x
Johnson Matthey Plc	LSE:JMAT	7,272.4	18,148.4	859.1	671.1	6.9%	4.7%	3.7%	0.4x	8.5x	10.8x	24.5%	30.4%	2.1x
Lonza Group Ltd	SWX:LONN	49,489.5	6,354.4	1,759.1	1,260.7	39.3%	27.7%	19.8%	7.8x	28.1x	39.3x	8.1%	8.8%	2.3x
Recipharm AB (publ)	OM:RECI B	2,767.0	1,016.9	152.3	64.8	66.8%	15.0%	6.4%	2.7x	18.2x	42.7x	41.7%	65.8%	7.6x
Siegfried Holding AG	SWX:SFZN	2,811.4	873.9	105.5	49.2	18.4%	12.1%	5.6%	3.2x	26.6x	57.1x	0.0%	0.0%	–
Thermo Fisher Scientific Inc.	NYSE:TMO	190,188.6	26,248.0	6,961.0	4,662.0	45.4%	26.5%	17.8%	7.2x	27.3x	40.8x	11.2%	12.2%	3.1x
West Pharmaceutical Services, Inc.	NYSE:WST	20,182.0	1,945.4	441.0	337.2	34.1%	22.7%	17.3%	10.4x	45.8x	59.9x	1.6%	1.6%	0.7x

Median	32.2%	22.1%	14.5%	5.1x	25.6x	40.2x	9.7%	10.5%	2.2x
Mean	32.8%	20.0%	13.2%	6.1x	27.6x	42.6x	13.5%	17.4%	2.7x
Min	6.9%	4.7%	3.7%	0.4x	8.5x	10.8x	0.0%	0.0%	–
Max	66.8%	28.4%	21.9%	16.1x	57.0x	73.6x	41.7%	65.8%	7.6x

- The median EV multiples for CDMOs at the end of Q3 were **5.1x** and **25.6x** for LTM Sales and EBITDA, respectively

CRO – Public Company Trading Comps

CRO – Public Company 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	\$13,279.4	\$2,748.7	\$610.8	\$392.8	36.4%	22.2%	14.3%	4.8x	21.7x	33.8x	18.3%	21.6%	4.0x
ICON Public Limited Company	NasdaqGS:ICLR	9,900.0	2,771.2	469.7	406.7	30.4%	17.0%	14.7%	3.6x	21.1x	24.3x	4.4%	4.3%	0.9x
IQVIA Holdings Inc.	NYSE:IQV	41,813.0	10,939.0	1,768.0	727.0	33.4%	16.2%	6.6%	3.8x	23.6x	57.5x	30.7%	42.6%	7.3x
Linical Co., Ltd.	TSE:2183	180.7	99.1	11.0	6.7	30.5%	11.1%	6.8%	1.8x	16.4x	26.9x	28.0%	27.9%	4.6x
Medpace Holdings, Inc.	NasdaqGS:MEDP	3,902.5	882.0	151.2	131.7	61.2%	17.1%	14.9%	4.4x	25.8x	29.6x	3.3%	3.3%	0.9x
PRA Health Sciences, Inc.	NasdaqGS:PRAH	7,816.0	3,094.5	430.5	307.0	49.1%	13.9%	9.9%	2.5x	18.2x	25.5x	19.1%	23.1%	3.5x
PPD, Inc.	NasdaqGS:PPD	16,800.2	4,154.1	702.8	433.9	63.1%	16.9%	10.4%	4.0x	23.9x	38.7x	27.4%	35.7%	6.5x
Syneos Health, Inc.	Nasdaq:SYNH	8,252.8	4,566.7	550.0	317.4	21.8%	12.0%	6.9%	1.8x	15.0x	26.0x	37.2%	55.5%	5.6x

Median	34.9%	16.5%	10.2%	3.7x	21.4x	28.2x	23.3%	25.5%	4.3x
Mean	40.8%	15.8%	10.6%	3.4x	20.7x	32.8x	21.1%	26.8%	4.2x
Min	21.8%	11.1%	6.6%	1.8x	15.0x	24.3x	3.3%	3.3%	0.9x
Max	63.1%	22.2%	14.9%	4.8x	25.8x	57.5x	37.2%	55.5%	7.3x

- The median EV multiples for CROs were **3.7x** and **21.4x** for LTM Sales and EBITDA, respectively

Specialty Packaging – Public Company Trading Comps

Specialty Packaging – Public Company 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
Amcorg plc	ASX:AMC	\$23,141.4	\$12,467.5	\$1,820.9	\$1,190.8	20.3%	14.6%	9.6%	1.9x	12.7x	19.4x	29.3%	39.7%	3.7x
AptarGroup, Inc.	NYSE:ATR	8,402.6	2,793.5	554.8	348.3	36.6%	19.9%	12.5%	3.0x	15.1x	24.1x	16.1%	18.5%	2.4x
Berry Global Group, Inc.	NYSE:BERY	17,221.2	11,720.0	1,976.0	1,122.0	19.1%	16.9%	9.6%	1.5x	8.7x	15.3x	68.1%	182.9%	5.9x
CCL Industries Inc.	TSX:CCL.B	8,265.2	3,788.5	733.8	515.2	27.9%	19.4%	13.6%	2.2x	11.3x	16.0x	22.2%	26.6%	2.5x
Gerresheimer AG	DB:GXI	1,200.7	1,655.2	341.5	168.4	29.4%	20.6%	10.2%	0.7x	3.5x	7.1x	111.3%	NM	3.9x
Mondi plc	LSE:MNDI	12,582.5	7,820.2	1,602.5	1,114.1	45.2%	20.5%	14.2%	1.6x	7.9x	11.3x	24.3%	29.8%	1.9x
Sonoco Products Company	NYSE:SON	6,837.0	5,211.6	755.1	509.5	19.7%	14.5%	9.8%	1.3x	9.1x	13.4x	37.6%	50.1%	3.4x
West Pharmaceutical Services, Inc.	NYSE:WST	20,182.0	1,945.4	441.0	337.2	34.1%	22.7%	17.3%	10.4x	45.8x	59.9x	1.6%	1.6%	0.7x
WestRock Company	NYSE:WRK	19,486.2	17,758.9	2,807.7	1,364.0	18.8%	15.8%	7.7%	1.1x	6.9x	14.3x	55.2%	119.3%	3.8x
Winpak Ltd.	TSX:WPK	1,776.1	860.0	193.9	148.6	30.9%	22.6%	17.3%	2.1x	9.2x	12.0x	0.8%	0.7%	0.1x

Median	28.6%	19.6%	11.3%	1.7x	9.1x	14.8x	26.8%	29.8%	3.0x
Mean	28.2%	18.7%	12.2%	2.6x	13.0x	19.3x	36.6%	52.1%	2.8x
Min	18.8%	14.5%	7.7%	0.7x	3.5x	7.1x	0.8%	0.7%	0.1x
Max	45.2%	22.7%	17.3%	10.4x	45.8x	59.9x	111.3%	182.9%	5.9x

- The median EV multiples for Specialty Packaging were **1.7x** and **9.1x** for LTM Sales and EBITDA, respectively

Distribution – Public Company Trading Comps

Distribution – Public Company Trading Comps

USD in millions

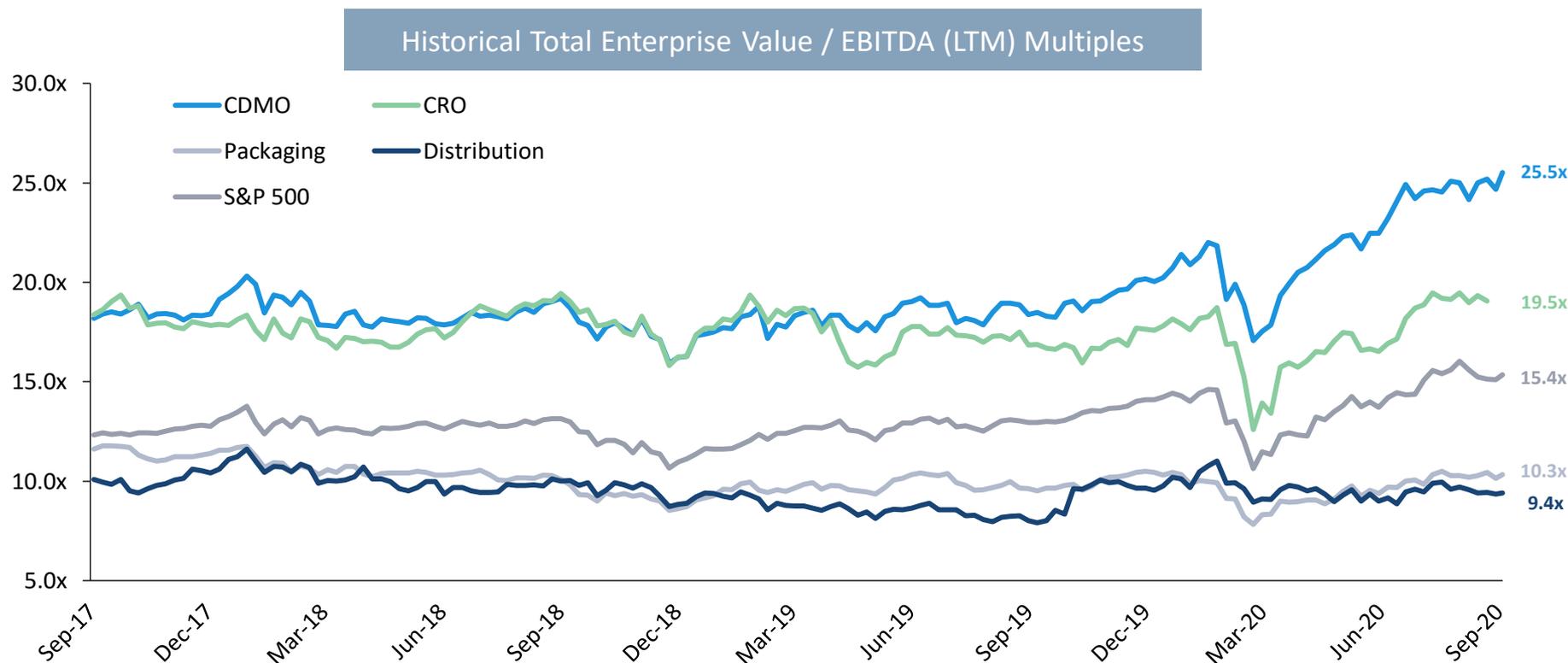
Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
AmerisourceBergen Corporation	NYSE:ABC	\$21,027.0	\$186,287.0	\$2,253.7	\$1,840.9	2.7%	1.2%	NM	0.1x	9.3x	11.4x	22.2%	23.6%	2.1x
Cardinal Health, Inc.	NYSE:CAH	18,239.8	152,922.0	2,692.0	1,779.0	4.5%	1.8%	1.2%	0.1x	6.8x	10.3x	39.7%	52.5%	2.7x
Henry Schein, Inc.	NasdaqGS:HSIC	9,449.4	9,291.0	760.5	568.8	29.8%	8.2%	6.1%	1.0x	12.4x	16.6x	14.3%	16.1%	1.8x
McKesson Europe AG	HMSE:CLS1	6,407.7	23,767.5	208.4	93.3	9.6%	NM	NM	0.3x	NM	NM	17.3%	17.8%	5.3x
McKesson Corporation	NYSE:MCK	31,000.9	231,002.0	3,714.0	2,804.0	5.2%	1.6%	1.2%	0.1x	8.3x	11.1x	30.5%	39.2%	2.5x
Owens & Minor, Inc.	NYSE:OMI	3,049.7	8,413.8	193.5	105.3	13.1%	2.3%	1.3%	0.4x	15.8x	29.0x	50.8%	96.7%	8.0x
Patterson Companies, Inc.	NasdaqGS:PDCO	2,996.1	5,407.2	307.4	226.0	21.5%	5.7%	4.2%	0.6x	9.7x	13.3x	27.4%	35.8%	2.7x
UDG Healthcare plc	LSE:UDG	2,686.7	1,335.5	188.4	135.7	30.2%	14.1%	10.2%	2.0x	14.3x	19.8x	12.6%	13.5%	1.8x

NM - Not Meaningful

Median	11.4%	2.3%	2.7%	0.3x	9.7x	13.3x	24.8%	29.7%	2.6x
Mean	14.6%	5.0%	4.0%	0.6x	11.0x	15.9x	26.8%	36.9%	3.4x
Min	2.7%	1.2%	1.2%	0.1x	6.8x	10.3x	12.6%	13.5%	1.8x
Max	30.2%	14.1%	10.2%	2.0x	15.8x	29.0x	50.8%	96.7%	8.0x

- The median EV multiples for Distribution were **0.3x** and **9.7x** for LTM Sales and EBITDA, respectively

Valuation Trends – Last 3 Years



- The CDMO and CRO sector EV/EBITDA (LTM) multiples are trading at significant premiums to the S&P 500 (**66%** and **27%**, respectively), while the Packaging and Distribution sectors continue to trade at healthy multiples

CDMO basket consists of: Bachem (SWX:BANB), Balchem (NasdaqGS:BCPC), 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 Laboratories International (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 Corporation (NYSE:ABC), Cardinal Health (NYSE:CAH), Henry Schein (NasdaqGS:HSIC), McKesson Europe (HMS: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), Aptar Group, Inc. (NYSE:ATR), Berry Global Group, Inc. (NYSE:BERY), CCL Industries Inc. (TSX:CCL.B), Gerresheimer AG (DB:GXI), Mondi plc (LSE:MNDI), Sonoco Products Company (NYSE:SON), West Pharmaceutical Services, Inc. (NYSE:WST), WestRock Company (NYSE:WRK), and Winpak Ltd. (TSX:WPK)

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

- Below are the current EV / EBITDA (LTM) multiples for each sector:
 - CDMO: 25.5x (66.2% above current S&P multiples)
 - CRO: 19.5x (26.8% above current S&P multiples)
 - Specialty Packaging: 10.3x (32.8% below current S&P multiples)
 - Distribution: 9.4x (38.8% below current S&P multiples)
 - S&P 500: 15.4x
- Below are the average EV / EBITDA (LTM) multiples for each sector over the last 3 years:
 - CDMO: 19.3x (48.7% above average S&P multiples)
 - CRO: 17.6x (35.5% above average S&P multiples)
 - Specialty Packaging: 10.0x (22.7% below average S&P multiples)
 - Distribution: 9.5x (26.7% below average S&P multiples)
 - S&P 500: 13.0x
- Below are the % change in EV / EBITDA (LTM) multiples for each sector over the last 3 years (and LTM):
 - CDMO: +40.5% (up 38.9% in the last 12 months)
 - CRO: +6.0% (up 15.7% in the last 12 months)
 - Specialty Packaging: -11.2% (up 7.4% in the last 12 months)
 - Distribution: -6.9% (up 17.3% in the last 12 months)
 - S&P 500: +24.6% (up 18.5% in the last 12 months)

Contact Us

Bourne Partners is Comprised of Experienced Investment Professionals, Healthcare Executives, and Operating Partners



Banks Bourne
Chief Executive Officer



Minor Hinson
Chief Investment Officer



Jeremy Johnson
Managing Director



Xan Smith
Managing Director



Calli Lewis
Director of Corp. Affairs



Todd Bokus
Vice President



Chris Inklebarger
Chief Operating Officer



Robert Stanley
Vice President

- Over 70 years of combined pharmaceutical, biotechnology, medical device, healthcare and pharma services, and consumer health/OTC experience
- Over 100 years of combined investment banking and private equity transaction experience
- Transactions completed in more than 35 countries
 - Mergers & Acquisitions*
 - Licensing Agreements
 - Product Divestitures*
 - Distribution Agreements
 - Corporate Spin-offs*
 - Capital Raising*
 - Strategy Consulting
 - Fund Management
 - Direct Investing

Office Information

550 South Caldwell Street, Suite 900
Charlotte, North Carolina 28202
www.bourne-partners.com
Tel: 704-552-8407
Fax: 704-714-8363



Contact Details

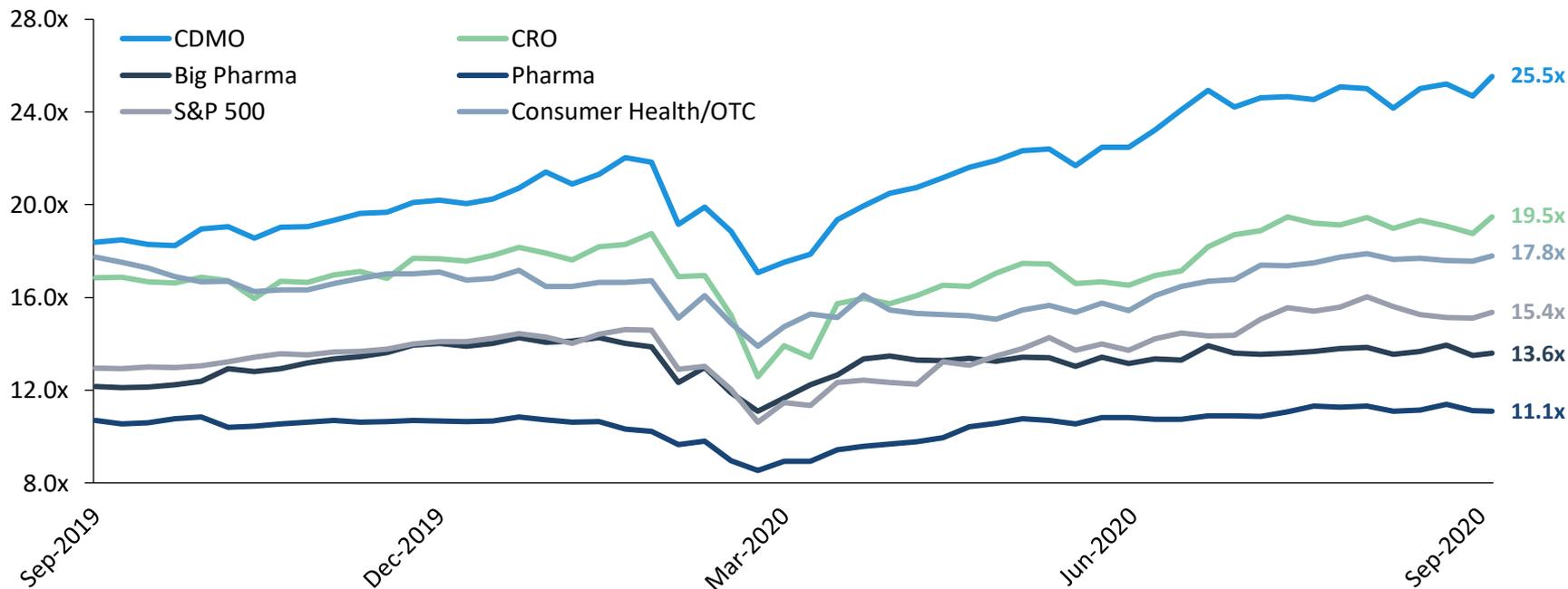
Xan Smith
Managing Director, BD
Office: 704-714-8351
Mobile: 910-585-1793
xsmith@bourne-partners.com

* Investment Banking services are offered by Bourne Partners Securities, LLC, a registered broker dealer, Member FINRA and SIPC.

Appendix

Bourne Industry Coverage vs. S&P 500 – EV/EBITDA (LTM)

- Q3 of 2020 was a continued acceleration of the “rebound for the ages” across all of Bourne’s Pharma Services sectors of coverage
 - Across all of our coverage, CDMOs and CROs continue to lead the way in terms of EV/EBITDA (LTM) multiples (25.5x and 19.5x, respectively), while each of our coverage sectors are still trading at very healthy multiples



CDMO basket consists of: Bachem (SWX:BANB), Balchem (NasdaqGS:BCPC), 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 Laboratories International (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)

Pharma basket consists of: ADVANZ Pharma (TSX:ADVZ), Akorn (NasdaqGS:AKRX), Almirall (BME:ALM), Amphastar Pharmaceuticals (NasdaqGS:AMPH), Assertio Therapeutics (NasdaqGS:ART), Bausch Health Companies (NYSE:BHC), H. Lundbeck (CPSE:LUN), Hikma Pharmaceuticals (LSE:HIK), Horizon Therapeutics (NasdaqGS:HZN), Indivior (LSE:INDV), Ipsen (ENXTPA:IPN), Jazz Pharmaceuticals (NasdaqGS:JAZZ), Lannett Company (NYSE:LCI), Lupin (BSE:500257), Mylan (NasdaqGS:MYL), Nichi-Iko Pharmaceutical Co. (TSE:4541), Perrigo Company (NYSE:PRGO), Recordati Industria Chimica e Farmaceutica (BIT:REC), Sun Pharmaceutical Industries (NSEI:SUNPHARMA), Takeda Pharmaceutical Company (TSE:4502), Taro Pharmaceutical Industries (NYSE:TARO), Teva Pharmaceutical Industries (NYSE:TEVA), and UCB (ENXTBR:UCB)

Big Pharma basket consists of: Abbott Laboratories (NYSE:ABT), AbbVie (NYSE:ABBV), AstraZeneca (LSE:AZN), Bayer Aktiengesellschaft (XTRA:BAYN), Bristol-Myers Squibb (NYSE:BMJ), Eli Lilly & Company (NYSE:LLY), GlaxoSmithKline (LSE:GSK), Johnson & Johnson (NYSE:JNJ), Merck & Co. (NYSE:MRK), Novartis AG (SWX:NOVN), Novo Nordisk (CPSE:NOVO B), Pfizer (NYSE:PFE), Roche (SWX:ROG), Sanofi (ENXTPA:SAN)

Consumer Health / OTC basket consists of: Blackmores (ASX:BKL), Boiron (ENXTPA:BOI), Church & Dwight (NYSE:CHD), Medifast (NYSE:MED), Nature’s Sunshine Products (NasdaqCM:NATR), Nu Skin Enterprises (NYSE:NUS), Prestige Consumer Healthcare (NYSE:PBH), Reckitt Benckiser (LSE:RB.)

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 receiving the attention it deserves – 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 during and post-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
 - 72% of API manufacturers supplying the US market are outside of the US, including 13% in China¹; the EFCG estimates that upward of 80% of chemicals used to make drugs sold in Europe now originate from China and India²
 - 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

1) Contract Pharma, 2020

2) Chemical & Engineering News, 2020

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)
 - The 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 2H 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; already seeing trial program resumption in mid-May

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 since March
- 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