

# INSIGHT



## PHARMA SERVICES

### Q1 2021 Report

April 2021

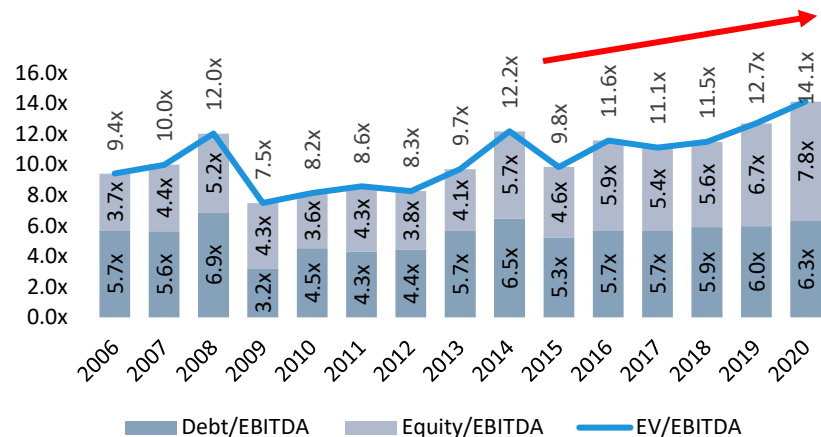
BOURNE PARTNERS

# Market Commentary – Debt Capital Markets

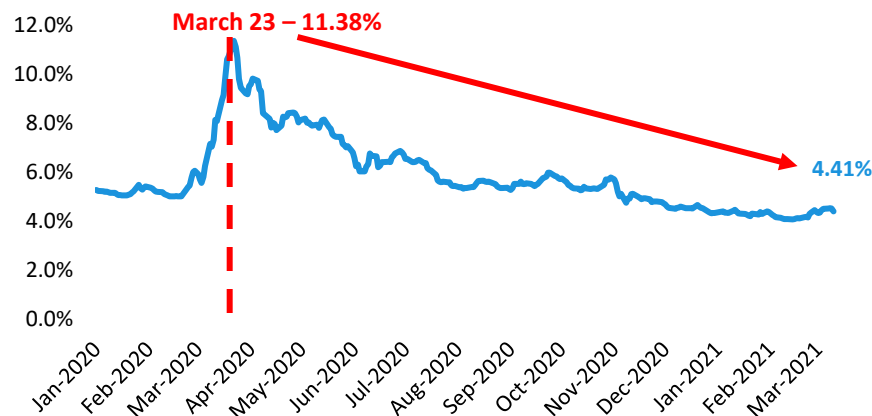
## Debt Markets

- 2020 saw increased amounts of debt used in buyouts across the board, resulting in the highest debt / EBITDA levels since 2014
  - The increased use of debt was driven by 2H20 back-end loaded lending activity (primarily 4Q20) as certainty around the U.S. election and vaccination expectations increased
- As the effects of COVID now begin to diminish, debt markets have seemingly recovered, signaling that lenders have become increasingly comfortable with macroeconomic and company-specific fundamentals
  - With increased confidence, lenders are currently looking to provide strong leverage for high-quality assets, particularly ones that have proven their stability through the recent market downturn
- The spread on U.S. high-yield debt has returned to pre-COVID levels
  - 4.41% current effective yield compared with a 11.38% effective yield on March 23, 2020 (peak of the pandemic)
- We expect increased activity by lenders in 2021 due to:
  - Pent-up demand in M&A activity driven by the impact of COVID
  - LP agreements and investor mandates continuing to drive deal activity
  - Historically high levels of Private Equity dry powder

## Median US Buyout Multiples<sup>1</sup>



## Historical US High Yield Debt Effective Yield<sup>2</sup>



<sup>1</sup> PitchBook, March 2021

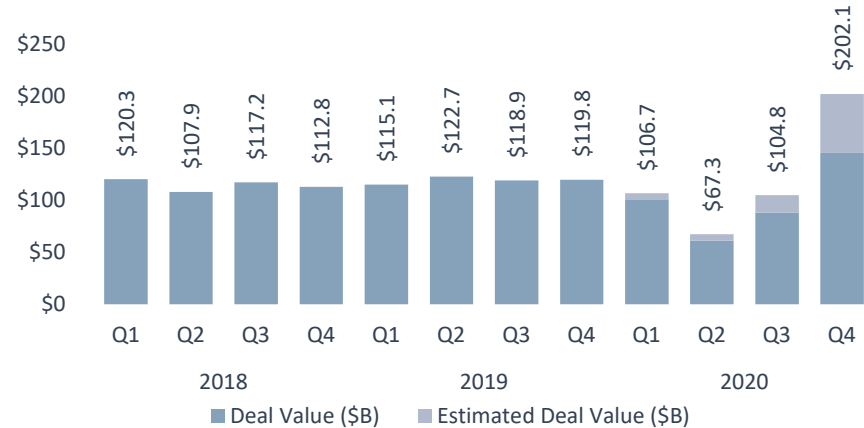
<sup>2</sup> Ice Data Indices, LLC, ICE BofA US High Yield Index Effective Yield [BAMLH0A0HYM2EY] Federal Reserve Bank of St. Louis

# Market Commentary – Private Equity

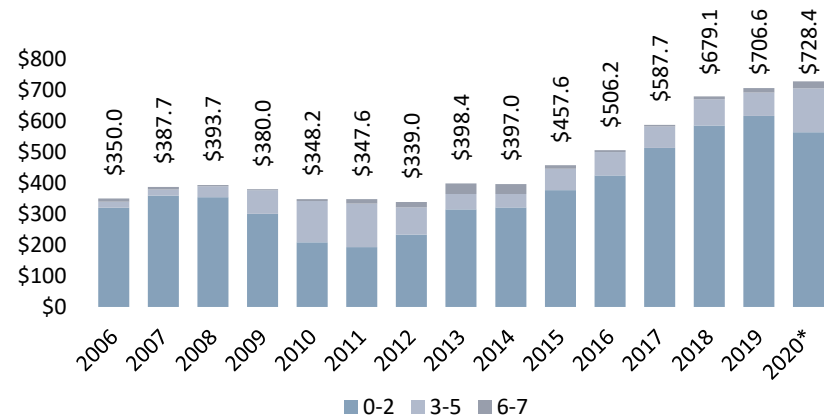
## Private Equity

- Portfolios have stabilized with sufficient liquidity, and in most cases, performance has been steadily improving since the onset of COVID
- Majority of firms have indicated that they are actively looking for deals and are willing to perform significant diligence remotely to minimize travel/meetings with management
  - Some groups have mentioned the ability to close and fund deals performing 100% virtual diligence, if LP agreements permit
  - Third-party diligence providers are willing to perform the majority of diligence remotely
- Private equity firms remain willing to pay pre-COVID multiples for outstanding assets – record levels of dry powder and significant pent-up demand in the market for high-quality assets
  - As of March 31<sup>st</sup>, 2020 US private equity had a record level of capital overhang, exceeding \$725B
  - Dry powder falling in the age range of 3-5 years was nearly double that of 2019 (\$75B) in 2020 (\$141B)
  - Due to turbulent market conditions and the fallout related to COVID-19, we expect the levels of capital overhang to diminish substantially in 2021 as Private Equity groups continue to deploy significant capital

### US Private Equity Middle Market Deal Value<sup>1</sup>



### US Private Equity Dry Powder by Maturity (\$B)<sup>1</sup>



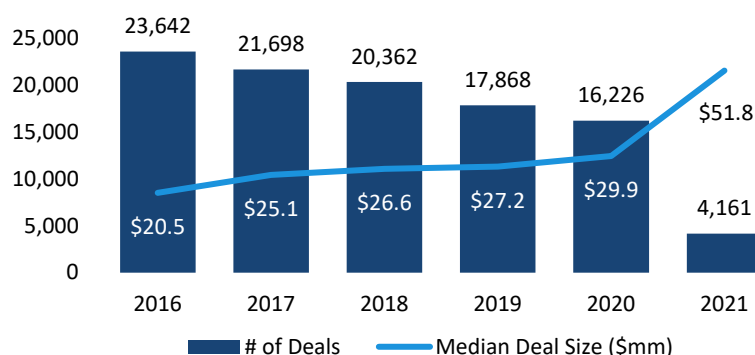
\*Returns data through 3/31/2020

# Market Commentary – M&A

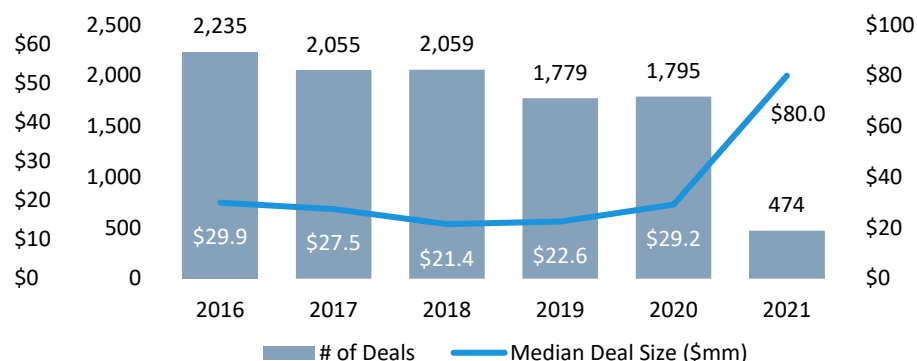
## M&A

- As deal volume has steadily decreased for the past five years in both the overall market and the healthcare sector, we have continued to see median deal size grow and expand into what could be a strong 2021
  - With public equity markets reaching all time highs continually, private markets are following suit as investors/companies are looking to deploy capital and are willing to pay a premium for strong companies
- Many transactions were either pushed out or halted during the COVID-19 pandemic, leaving buyers with a solid appetite to transact in order to meet company objectives
- As the world begins to re-open and resume normal life (albeit at a slow pace), resurgences in key areas such as elective surgeries and medical testing will help drive strong(er) company fundamentals and expected healthcare deal activity in 2021

Last 5 Years – All M&A Transactions<sup>1</sup>



Last 5 Years – Healthcare M&A Transactions<sup>1</sup>



1) PitchBook, March 2021

# COVID-19 – M&A Process Considerations

- The impact of COVID-19 has had lasting effects on the way Bourne runs and executes its M&A processes
  - We are mindful of buyer health concerns and can proactively prepare to address them to ensure that we enable strong participation in our processes to maximize competition
- We have experience closing transaction processes during COVID, which has allowed us to refine and develop our approach to how we currently manage processes
- We leverage technology as much as possible to support a nearly “virtual” process
  - Bourne’s diligence and preparation can be completed remotely
  - Buyer outreach through indications of interest can take the traditional form of pre-COVID processes
  - Roadshows and management presentations can be hosted virtually (with some adjustments to content)
  - Require refresh bids after management presentations to down-select and limit in-person meetings to a reduced group of highly motivated parties
  - Prepare to support all business and third-party diligence remotely with a fully “buttoned up” virtual data room, and utilize technology to perform as much diligence as possible
  - Consider proactively commissioning diligence materials to take the place of traditional standard in person third party diligence such as facility tours and operational reviews
  - Bourne tightly manages processes and sets firm milestones for diligence phases to ensure buyers do their work on a strict timeline and do not use inability to travel/meet in-person as an excuse to elongate processes

## Representative Bourne Transactions During COVID

2021  
up to **\$210,000,000**



Bourne Partners served as the exclusive M&A advisor to ANI Pharmaceuticals in its acquisition of Novitium Pharma

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2021  
**Undisclosed**



Bourne Partners served as the exclusive advisor to ContiPI in its commercialization partnership with Indegene

**BOURNE PARTNERS**

2020  
**Undisclosed**



Bourne Partners served as the exclusive financial advisor to Apollo Pharmaceuticals USA in its sale to Provepharm Life Solutions

**BOURNE PARTNERS**

2020  
**\$10,000,000**



Bourne Partners served as the exclusive financial advisor to American Injectables in securing its Series A Financing from New Rhein Healthcare Investors

**BOURNE PARTNERS**

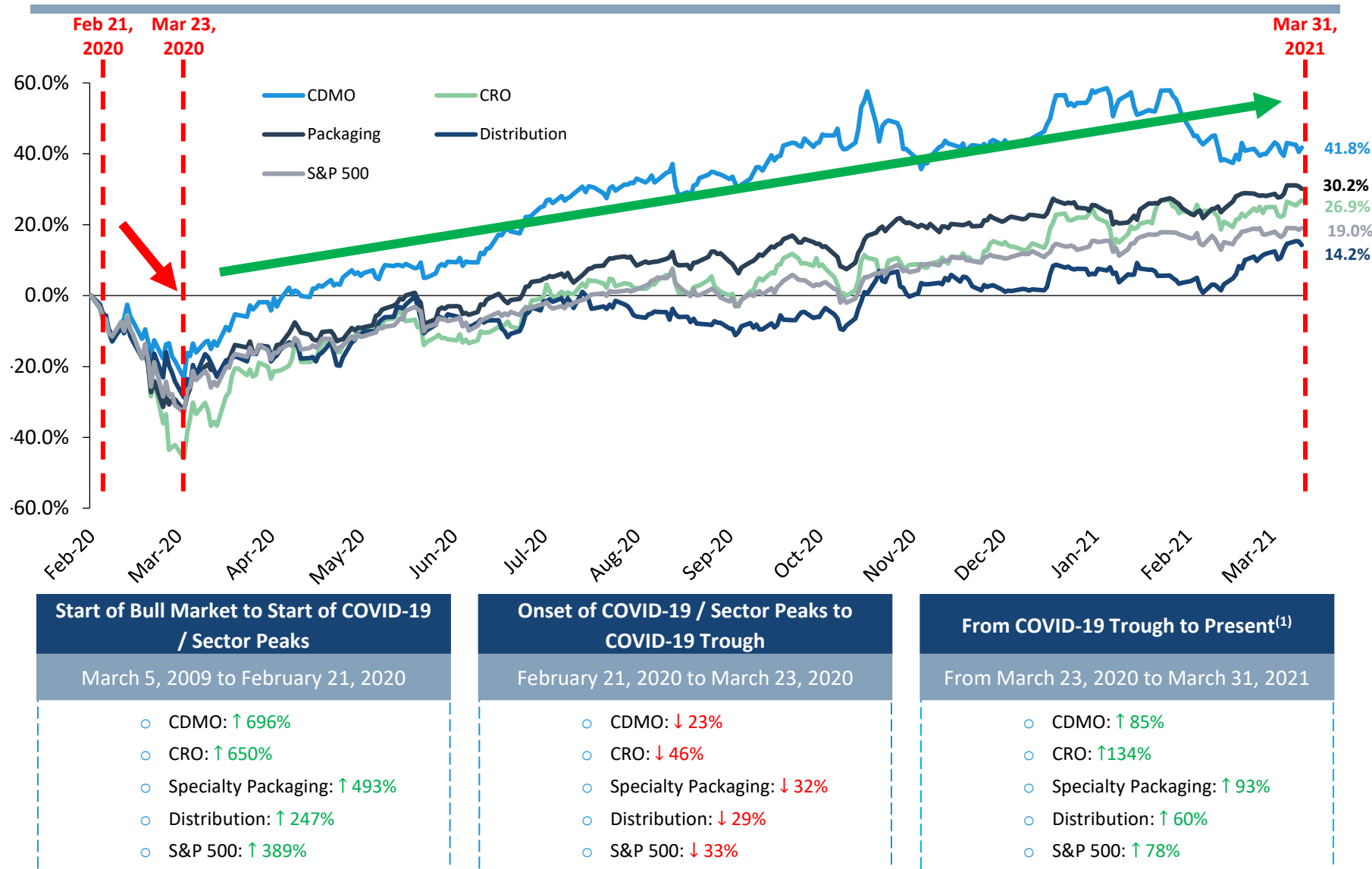
# Pharma Services Sectors Remain at Historical Highs (cont.)

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- The effects of the COVID-19 driven market rollercoaster cannot be overstated
  - Most notably, in Bourne’s coverage, we witnessed the “Rebound For The Ages” as pharma services sectors bounced back to levels at or above all time highs
- Since the onset of the pandemic and through the trough in March 2020, 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, 2020 to the lows on March 23, 2020, the indices are tracking positive, showing significant growth from March 23, 2020 through today<sup>1)</sup>
    - CDMO and CRO indices have jumped **85%** and **134%**, respectively, and continue to significantly outperform the S&P 500
    - The Packaging and Distribution indices have bounced **93%** and **60%**, respectively, and trade at strong multiples and premiums to historical averages
- The COVID-19 pandemic caused the majority of sector M&A activity in the latter half of 2020 to be either tabled or postponed, as shown in the M&A transaction comps sets that follow
  - However, M&A activity picked up significantly towards the end of the year relative to the March trough
  - From our discussions, we believe there will be a healthy supply of attractive M&A opportunities continuing to come to market in 2021
    - High levels of pent-up supply due to ownership forgoing sales during peak COVID-19 uncertainty
    - Expected capital gains tax increases in 2022 as a result of the new presidential administration
    - Conditions within both the debt and equity capital markets have returned to highly favorable pre-COVID-19 levels
- 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

1) As of March 31, 2021

# Pharma Services Sectors Remain at All Time Highs

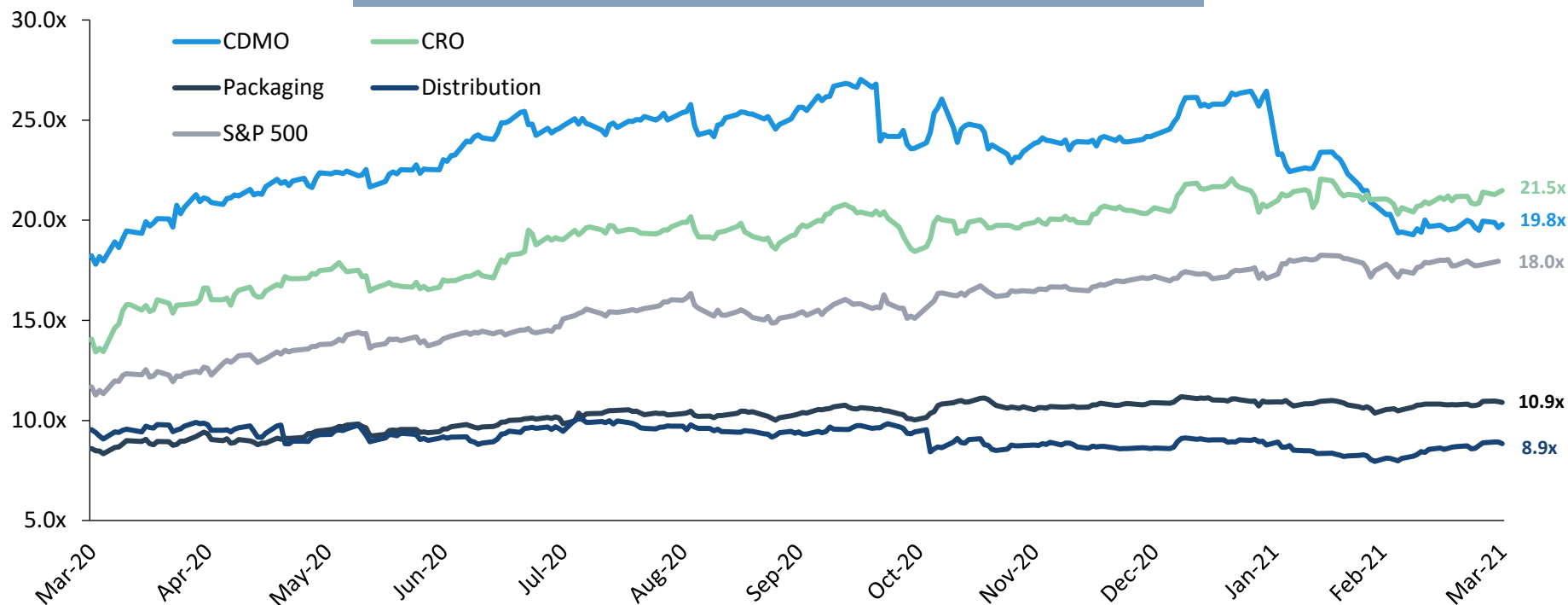


1) As of March 31, 2021; Returns weighted by index constituents market cap



# Valuation Trends – LTM

Historical Total Enterprise Value / EBITDA (LTM) Multiples



- The CDMO and CRO sector EV/EBITDA (LTM) multiples are trading at significant premiums to the S&P 500 (~10% and ~19%, 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), 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), Linical Co., Ltd. (TSE:2183), and Syneos Health, Inc. (NasdaqGS:SYNH)

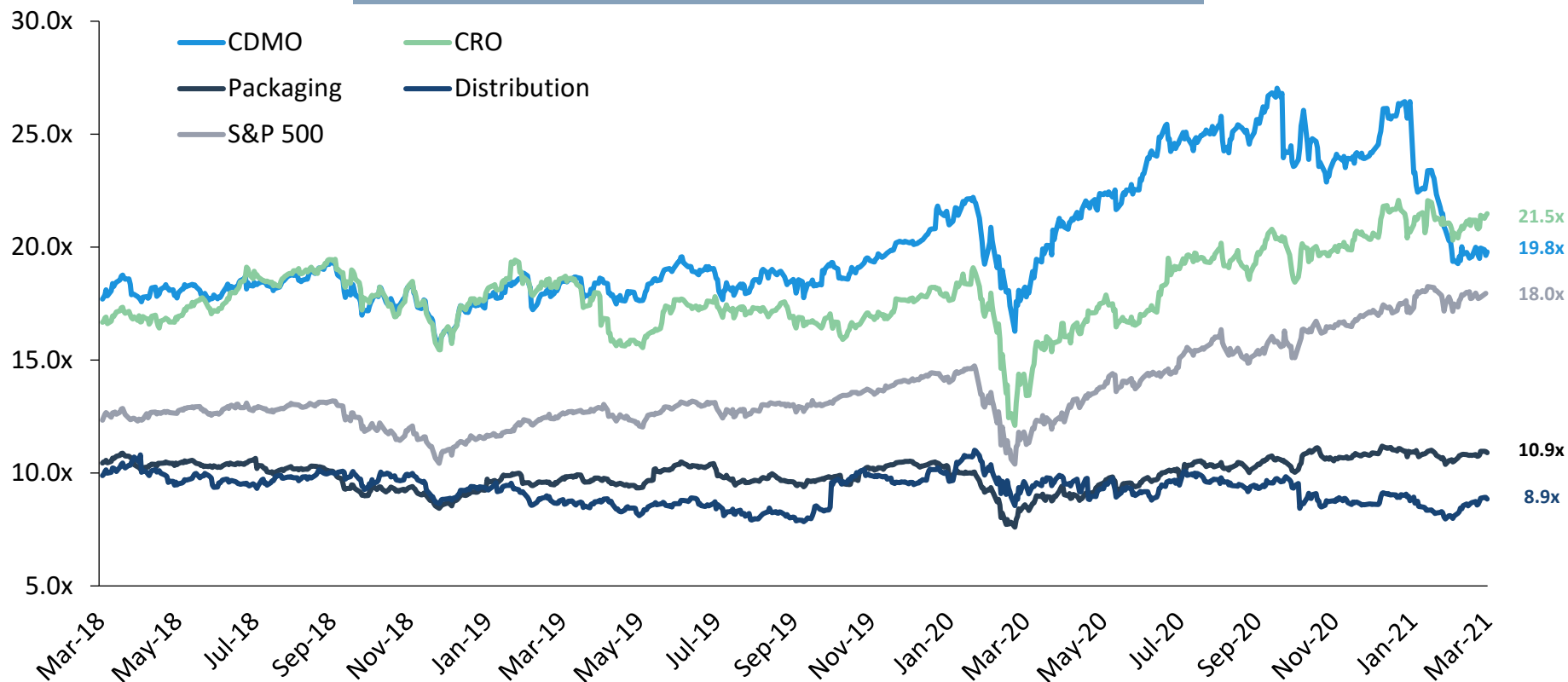
**Distribution basket consists of:** AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health (NYSE:CAH), Henry Schein (NasdaqGS:HSIC), McKesson Europe (HMSE:CLS1), McKesson (NYSE:MCK), Owens & Minor (NYSE:OMI), Patterson Companies (NasdaqGS:PDCO), and UDG Healthcare (LSE:UDG)

**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:GX1), 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 – Last 3 Years

Historical Total Enterprise Value / EBITDA (LTM) 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), 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), Linical Co., Ltd. (TSE:2183), and Syneos Health, Inc. (NasdaqGS:SYNH)

**Distribution basket consists of:** AmerisourceBergen Corporation (NYSE:ABC), Cardinal Health (NYSE:CAH), Henry Schein (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:GX1), Mondi plc (LSE:MNDI), Sonoco Products Company (NYSE:SON), West Pharmaceutical Services, Inc. (NYSE:WST), WestRock Company (NYSE:WRK), and Winpak Ltd. (TSX:WPK)

# Pharma Services Sectors Remain at 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<sup>(1)</sup>:
  - 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 over 2H 2020, only further underscore the swift and dramatic loss in market value in March 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 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 continuing to accelerate close to all-time highs 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	18.3x (Feb 2021)	27.0x (Oct 2020)	22.1x (Feb 2021)	14.9x (Apr 2015)	12.0x (Jul 2017)
10-Year Average	11.1x	16.1x	14.8x	10.1x	9.5x
End Q3 2020	15.4x	25.5x	19.5x	9.4x	10.3x
Today <sup>(1)</sup>	18.0x	19.8x	21.5x	8.9x	10.9x

1) As of March 31, 2021; Multiples weighted by index constituents market cap

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

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- Below are the current EV / EBITDA (LTM) multiples for each sector:
  - CDMO: 19.8x (10.0% above current S&P multiples)
  - CRO: 21.5x (19.4% above current S&P multiples)
  - Specialty Packaging: 10.9x (39.4% below current S&P multiples)
  - Distribution: 8.9x (50.6% below current S&P multiples)
  - S&P 500: 18.0x
- Below are the average EV / EBITDA (LTM) multiples for each sector over the last 3 years:
  - CDMO: 20.1x (47.8% above average S&P multiples)
  - CRO: 18.0x (32.4% above average S&P multiples)
  - Specialty Packaging: 10.0x (26.5% below average S&P multiples)
  - Distribution: 9.3x (31.6% below average S&P multiples)
  - S&P 500: 13.6x
- Below are the % change in EV / EBITDA (LTM) multiples for each sector over the last 3 years (and LTM):
  - CDMO: +11.8% (up 8.6% in the last 12 months)
  - CRO: +28.9% (up 52.7% in the last 12 months)
  - Specialty Packaging: +4.4% (up 26.8% in the last 12 months)
  - Distribution: -10.5% (down 7.3% in the last 12 months)
  - S&P 500: +45.6% (up 52.0% in the last 12 months)

# Contact Us

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



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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

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\* Investment Banking services are offered by Bourne Partners Securities, LLC, a registered broker dealer,  
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## Appendix

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# 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 Revenue	EV / LTM EBITDA
Feb-21	Cognate BioServices	Cognate is a biopharmaceutical and biotechnology CDMO with a focus on cell-based products	Charles River Laboratories International	USA	875.0	NA	NA	NA	NA
Feb-21	Avomeen	Avomeen operates as a contract research, and contract development and manufacturing organization	Element Materials Technology Group	USA	NA	NA	NA	NA	NA
Feb-21	Genopis	Genopis is a contract manufacturing organization (CMO) that develops and manufactures gene therapy products	Wacker Chemie AG	USA	42.1	NA	NA	NA	NA
Jan-21	Japan Tissue Engineering Co.	Japan Tissue Engineering offers regenerative medical products CDMO, and CRO services	Teijin Limited	Japan	261.6	20.5	(1.5)	12.8x	NM
Jan-21	CoreRx	CoreRx provides services for the development, manufacturing, and testing of solid, liquid and semi-solid drug dosages	NovaQuest Capital Management	USA	NA	NA	NA	NA	NA
Jan-21	Henogen SA	Henogen SA develops and manufactures biopharmaceuticals	Thermo Fisher Scientific	Belgium	876.6	NA	NA	NA	NA
Dec-20	Recipharm AB	Recipharm AB provides contract development and manufacturing solutions to the pharmaceutical industry	EQT Partners AB; EQT IX	Sweden	4,066.4	1,336.1	227.3	3.1x	17.0x
Sep-20	Adare Pharmaceuticals	Adare develops, manufactures, and markets pharmaceutical technologies for customers worldwide	Frazier Healthcare Partners; Thomas H. Lee Partners	USA	NA	NA	NA	NA	NA
Aug-20	Beijing JOINN Biologics Co.	Beijing JOINN Biologics operates as a biopharmaceutical CDMO	Joynn Biologics	China	287.9	1.4	NA	209.4x	NA
Aug-20	Collagen Solutions	Collagen Solutions provides product development and contract manufacturing services for collagen-based products	Rosen's Diversified	United Kingdom	37.4	5.3	(2.6)	7.1x	NM
Aug-20	PCI Pharma Services	PCI provides integrated pharmaceutical development and manufacturing services globally	Kohlberg & Company; Mubadala Investment Company PJSC	USA	NA	NA	NA	NA	NA
Jun-20	Piramal Pharma	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	Zhejiang Langhua Pharmaceutical Co.	Zhejiang Langhua Pharmaceutical Co. manufactures APIs and provides CDMO services	Viva Biotech	China	440.9	177.4	NA	2.5x	NA
May-20	AS Olainfarm	AS Olainfarm manufactures and distributes chemical and pharmaceutical products in Latvia	SIA Pharma Invest	Latvia	101.9	145.7	38.5	0.7x	2.6x

Notes:

NA - Not Available

NM - Not Material

Median	\$287.9	\$83.1	\$18.5	5.1x	9.8x
Mean	987.8	281.1	65.4	39.2x	9.8x
Min	37.4	1.4	-2.6	0.7x	2.6x
Max	4,066.4	1,336.1	227.3	209.4x	17.0x

# 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
Mar-21	McDougall Scientific	McDougall Scientific operates as a pharmaceutical, med device, and biotech CRO	Alimentiv Health Trust	Canada	NA	NA	NA	NA	NA
Feb-21	PRA Health Sciences	PRA Health Sciences provides outsourced clinical development and data solution services	ICON Public Limited Company	USA	12,235.6	\$3,183.4	\$469.0	3.8x	26.1x
Feb-21	Altasciences Company	Altasciences Company operates as an early phase contract research organization	Novo Holdings A/S	Canada	NA	NA	NA	NA	NA
Feb-21	WCCT Global	WCCT Global is a pharmaceutical CRO that offers outsourced early drug development and late phase services	Altasciences Company	USA	NA	NA	NA	NA	NA
Jan-21	Clinical Logistics	Clinical Logistics operates as a CRO that provides clinical trial services to global pharmaceutical and biotech companies	CellCarta Precision Medicine	Canada	NA	NA	NA	NA	NA
Dec-20	MedSource Consulting	MedSource Consulting engages in providing clinical trials for oncology, neurology, and infectious diseases	Ergomed plc	USA	25.0	\$31.3	\$1.3	0.8x	19.2x
Dec-20	Sanos A/S	Sanos A/S provides specialized clinical trial services for the pharmaceutical and biotechnology industry	Investcorp Holdings B.S.C.	Denmark	NA	NA	NA	NA	NA
Nov-20	Fidelta d.o.o.	Fidelta d.o.o. operates as a contract research organization, which offers drug discovery services	Selvita S.A.	Croatia	NA	\$20.6	\$3.1	NA	NA
Oct-20	Synteract	Synteract operates as a global contract research organization	Syneos Health	USA	384.5	NA	NA	NA	NA
Sep-20	SYNthesis med chem Limited	SYNthesis med chem is a contract research organization for preclinical small molecule drugs	Viva Biotech	Hong Kong	84.8	NA	NA	NA	NA
Aug-20	Cancer Genetics	Cancer Genetics provides CRO services focusing on studies to guide drug discovery/development in the oncology field	Stemonix	USA	NA	\$6.8	(\$2.2)	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
Jul-20	AIT Bioscience	AIT Bioscience provides bioanalytical contract research organization (CRO) and immunoassay testing services	Nexelis	USA	NA	NA	NA	NA	NA
Sep-20	North American Science Associates	North American Science Associates operates as a medical device-focused contract research organization	ArchiMed SAS; MED Platform I	USA	NA	NA	NA	NA	NA
May-20	Sequent Scientific Limited	Sequent Scientific Limited operates as an integrated pharmaceutical company and CRO	CA Harbor Investments	India	313.5	\$162.4	\$24.8	1.9x	12.7x
Apr-20	Biotranex	Biotranex offers drug metabolism, transport, pharmacokinetic, and analytical services	Frontage Laboratories	USA	NA	NA	NA	NA	NA

Notes:

NA - Not Available

NM - Not Meaningful

Median	\$313.5	\$31.3	\$3.1	1.9x	19.2x
Mean	2,608.7	680.9	99.2	2.2x	19.3x
Min	25.0	6.8	(2.2)	0.8x	12.7x
Max	12,235.6	3,183.4	469.0	3.8x	26.1x



# 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
Mar-21	Label Graphics Manufacturing	LGM manufactures pressure sensitive labels and shrink sleeves for the pharmaceutical and other industries	Premium Label & Packaging Solutions	USA	NA	NA	NA	NA	NA
Mar-21	Rapid Labels Pty. Ltd.	Rapid Labels offers printing, labeling, and packaging services to pharmaceutical and other segments.	LM Group (Aust) Pty	Australia	NA	NA	NA	NA	NA
Sep-20	3C Packaging	3C Packaging provides pharmaceutical printing and packaging solutions	Essentra	USA	65.0	48.9	\$7.3	1.3x	8.9x
Dec-20	Paperpack A.B.E.E.	Paperpack operates in the carton packaging industry in Greece and internationally	Orlando-Equity Holding Limited	Greece	42.0	21.2	\$5.0	2.0x	8.3x
Sep-20	Chongqing Shoujian Medicine Packaging	Chongqing Shoujian Medicine Packaging Co. manufactures pharmaceutical packaging products	Shantou Dongfeng Printing Co.	China	29.3	10.6	\$1.8	2.7x	16.0x
Apr-20	Inno4Life	Inno4Life manufactures pharmaceutical packaging equipment and provides pharmaceutical services	Dietrich Engineering Consultants	Netherlands	215.0	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	NA	100.0	NA	NA	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

Notes:

NA - Not Available

Median	\$215.0	\$74.5	\$7.3	1.7x	8.9x
Mean	1,074.9	825.8	183.7	1.8x	10.3x
Min	29.3	10.6	1.8	1.2x	7.9x
Max	5,786.7	4,855.0	730.2	2.7x	16.0x

# 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
Nov-20	CRANACH PHARMA GmbH	CRANACH engages in wholesale distribution of pharmaceuticals specializing in oncology, rheumatology, neurology, hemophilia, and endocrinology		Germany	\$143.8	\$598.9	\$19.4	0.2x	7.4x
Apr-20	Hygis	Hygis distributes pharmaceuticals and is based in Morges, Switzerland	Karo Pharma	Switzerland	\$1.3	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	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

Notes:

NA - Not Available

Median	\$143.8	\$346.7	\$25.4	0.3x	8.8x
Mean	278.6	1,173.4	35.8	0.5x	9.7x
Min	1.3	17.3	9.1	0.1x	6.7x
Max	815.0	3,845.7	83.3	1.5x	14.2x

# 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	\$5,995.8	\$454.4	\$135.1	\$109.3	32.1%	29.7%	24.0%	13.2x	44.4x	54.9x	2.0%	2.1%	0.9x
Balchem Corporation	NasdaqGS:BCPC	4,154.7	703.6	164.2	113.2	31.8%	23.3%	16.1%	5.9x	25.3x	36.7x	4.3%	4.4%	1.1x
Catalent, Inc.	NYSE:CTLT	20,153.0	3,464.7	787.0	515.7	32.7%	22.7%	14.9%	5.8x	25.6x	39.1x	15.2%	17.1%	3.9x
Eurofins Scientific SE	ENXTPA:ERF	21,020.0	6,653.0	1,558.4	1,106.3	26.0%	23.4%	16.6%	3.2x	13.5x	19.0x	18.4%	21.1%	2.5x
Johnson Matthey Plc	LSE:JMAT	9,183.5	19,058.6	731.9	550.9	6.1%	3.8%	2.9%	0.5x	12.5x	16.7x	23.8%	27.4%	3.0x
Lonza Group Ltd	SWX:LONN	45,136.8	5,095.2	1,528.1	1,016.1	41.3%	30.0%	19.9%	8.9x	29.5x	44.4x	9.0%	9.7%	2.6x
Siegfried Holding AG	SWX:SFZN	3,550.7	955.1	151.3	90.1	20.9%	15.8%	9.4%	3.7x	23.5x	39.4x	4.5%	4.6%	1.0x
Thermo Fisher Scientific Inc.	NYSE:TMO	191,985.4	32,218.0	10,203.0	7,878.0	49.7%	31.7%	24.5%	6.0x	18.8x	24.4x	11.8%	12.6%	2.2x
West Pharmaceutical Services, Inc.	NYSE:WST	20,525.3	2,146.9	529.2	420.1	35.8%	24.6%	19.6%	9.6x	38.8x	48.9x	1.6%	1.6%	0.6x
Median						32.1%	23.4%	16.6%	5.9x	25.3x	39.1x	9.0%	9.7%	2.2x
Mean						30.7%	22.8%	16.4%	6.3x	25.8x	35.9x	10.1%	11.2%	2.0x
Min						6.1%	3.8%	2.9%	0.5x	12.5x	16.7x	1.6%	1.6%	0.6x
Max						49.7%	31.7%	24.5%	13.2x	44.4x	54.9x	23.8%	27.4%	3.9x

- The median EV multiples for CDMOs at the end of Q1 were **5.9x** and **25.3x** 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	\$16,483.0	\$2,923.9	\$675.2	\$440.3	36.9%	23.1%	15.1%	5.6x	24.4x	37.4x	13.1%	14.8%	3.2x
ICON Public Limited Company	NasdaqGS:ICLR	9,957.6	2,797.3	475.7	409.6	29.3%	17.0%	14.6%	3.6x	20.9x	24.3x	4.4%	4.2%	0.9x
IQVIA Holdings Inc.	NYSE:IQV	48,373.9	11,359.0	1,830.0	810.0	34.0%	16.1%	7.1%	4.3x	26.4x	59.7x	27.4%	35.7%	7.2x
Linical Co., Ltd.	TSE:2183	165.4	99.4	7.9	3.3	26.9%	7.9%	3.3%	1.7x	21.0x	49.9x	30.7%	31.6%	6.5x
Medpace Holdings, Inc.	NasdaqGS:MEDP	5,729.0	925.9	186.6	167.0	61.7%	20.1%	18.0%	6.2x	30.7x	34.3x	2.3%	2.2%	0.7x
PRA Health Sciences, Inc.	NasdaqGS:PRAH	10,863.8	3,183.4	415.6	283.9	48.2%	13.1%	8.9%	3.4x	26.1x	38.3x	13.6%	14.9%	3.5x
PPD, Inc.	NasdaqGS:PPD	17,065.6	4,681.5	787.9	508.8	64.1%	16.8%	10.9%	3.6x	21.7x	33.5x	26.8%	34.5%	5.8x
Syneos Health, Inc.	NasdaqGS:SYNH	10,802.4	4,415.8	575.2	352.8	23.0%	13.0%	8.0%	2.4x	18.8x	30.6x	30.0%	41.3%	5.6x

Median	35.4%	16.5%	9.9%	3.6x	23.0x	35.9%	20.2%	23.3%	4.6x
Mean	40.5%	15.9%	10.7%	3.9x	23.8x	38.5%	18.5%	22.4%	4.2x
Min	23.0%	7.9%	3.3%	1.7x	18.8x	24.3x	2.3%	2.2%	0.7x
Max	64.1%	23.1%	18.0%	6.2x	30.7x	59.7x	30.7%	41.3%	7.2x

- The median EV multiples for CROs were **3.6x** and **23.0x** 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
Amcort plc	ASX:AMC	\$24,248.8	\$12,483.5	\$1,943.9	\$1,358.8	21.4%	15.6%	10.9%	1.9x	12.5x	17.8x	28.6%	38.4%	3.6x
AptarGroup, Inc.	NYSE:ATR	10,295.5	2,929.3	590.4	370.1	37.1%	20.2%	12.6%	3.5x	17.4x	27.8x	12.1%	13.3%	2.1x
Berry Global Group, Inc.	NYSE:BERY	18,756.6	12,029.0	2,204.0	1,360.0	20.8%	18.3%	11.3%	1.6x	8.5x	13.8x	60.7%	138.3%	5.2x
CCL Industries Inc.	TSX:CCL.B	10,998.6	4,114.2	844.1	604.8	28.7%	20.5%	14.7%	2.7x	13.0x	18.2x	14.9%	16.6%	1.9x
Gerresheimer AG	DB:GXI	1,133.9	1,695.7	352.7	183.0	30.9%	20.8%	10.8%	0.7x	3.2x	6.2x	110.2%	NM	3.5x
Mondi plc	LSE:MNDI	14,554.2	8,150.5	1,614.7	1,091.1	44.8%	19.8%	13.4%	1.8x	9.0x	13.3x	18.3%	21.6%	1.6x
Sonoco Products Company	NYSE:SON	7,817.3	5,237.4	748.1	492.8	20.0%	14.3%	9.4%	1.5x	10.4x	15.9x	25.8%	31.6%	2.7x
West Pharmaceutical Services, Inc.	NYSE:WST	20,525.3	2,146.9	529.2	420.1	35.8%	24.6%	19.6%	9.6x	38.8x	48.9x	1.6%	1.6%	0.6x
WestRock Company	NYSE:WRK	23,171.0	17,556.6	2,732.0	1,294.3	18.2%	15.6%	7.4%	1.3x	8.5x	17.9x	41.9%	70.8%	3.6x
Wipak Ltd.	TSX:WPK	1,847.9	852.5	191.7	146.7	30.9%	22.5%	17.2%	2.2x	9.6x	12.6x	0.8%	0.6%	0.1x

Median	29.8%	20.0%	12.0%	1.9x	10.0x	16.9x	22.0%	21.6%	2.4x
Mean	28.9%	19.2%	12.7%	2.7x	13.1x	19.2x	31.5%	37.0%	2.5x
Min	18.2%	14.3%	7.4%	0.7x	3.2x	6.2x	0.8%	0.6%	0.1x
Max	44.8%	24.6%	19.6%	9.6x	38.8x	48.9x	110.2%	138.3%	5.2x

- The median EV multiples for Specialty Packaging were **1.9x** and **10.0x** for LTM Sales and EBITDA, respectively
  - The constituents of the Specialty Packaging comparables set are not true service providers, as they are predominantly manufacturers of packaging solutions

# Distribution – Public Company Trading Comps

## Distribution – Public Company Trading Comps

USD in millions

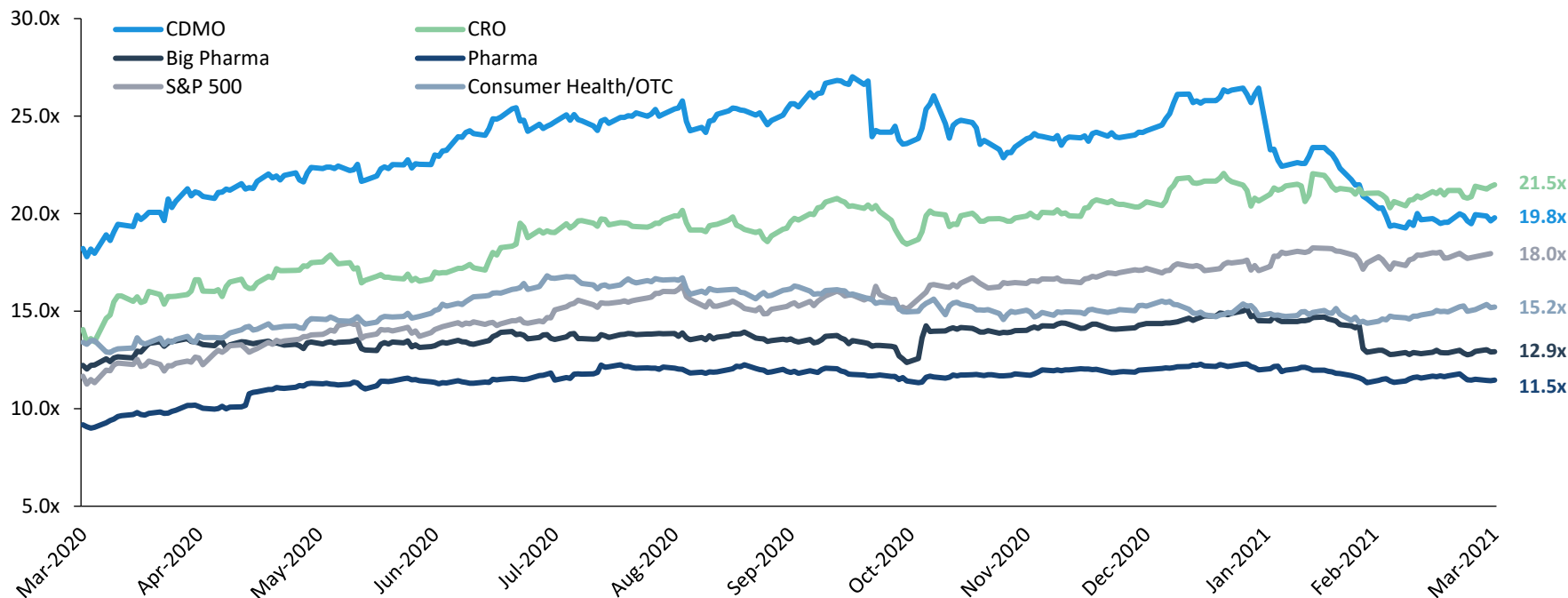
Company	Ticker	Enterprise Value	LTM			Margin Analysis			Enterprise Value/			Debt/		
			Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA
AmerisourceBergen Corporation	NYSE:ABC	\$23,867.4	\$194,545.7	\$2,650.3	\$2,253.1	2.8%	1.4%	1.2%	0.1x	9.0x	10.6x	19.2%	19.0%	1.7x
Cardinal Health, Inc.	NYSE:CAH	20,836.3	156,452.0	2,747.0	1,894.0	4.5%	1.8%	1.2%	0.1x	7.6x	11.0x	32.3%	37.7%	2.5x
Henry Schein, Inc.	NasdaqGS:HSIC	10,431.9	10,119.1	731.7	546.2	27.8%	7.2%	5.4%	1.0x	14.3x	19.1x	9.6%	10.2%	1.4x
McKesson Europe AG	HMSE:CLS1	6,843.1	18,810.5	202.5	90.7	10.9%	1.1%	NM	0.4x	NM	NM	24.7%	27.2%	8.4x
McKesson Corporation	NYSE:MCK	37,181.0	237,621.0	4,056.0	3,159.0	5.1%	1.7%	1.3%	0.2x	9.2x	11.8x	26.1%	31.3%	2.4x
Owens & Minor, Inc.	NYSE:OMI	3,877.1	8,480.2	323.9	240.8	15.1%	3.8%	2.8%	0.5x	12.0x	16.1x	30.9%	43.3%	3.7x
Patterson Companies, Inc.	NasdaqGS:PDCO	3,680.0	5,636.7	319.7	241.1	21.2%	5.7%	4.3%	0.7x	11.5x	15.3x	21.6%	26.1%	2.5x
UDG Healthcare plc	LSE:UDG	2,858.8	1,279.2	185.9	130.7	31.1%	14.5%	10.2%	2.2x	15.4x	21.9x	13.3%	14.0%	2.0x

Median	13.0%	2.8%	2.8%	0.4x	11.5x	15.3x	23.2%	26.6%	2.4x
Mean	14.8%	4.6%	3.8%	0.6x	11.3x	15.1x	22.2%	26.1%	3.1x
Min	2.8%	1.1%	1.2%	0.1x	7.6x	10.6x	9.6%	10.2%	1.4x
Max	31.1%	14.5%	10.2%	2.2x	15.4x	21.9x	32.3%	43.3%	8.4x

- The median EV multiples for Distribution were **0.4x** and **11.5x** for LTM Sales and EBITDA, respectively

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

- Across all of our coverages, CDMOs and CROs continue to lead the way in terms of EV/EBITDA (LTM) multiples (**19.8x** and **21.5x**, respectively), while each of our other coverage sectors continue to trade 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), 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), Linical Co., Ltd. (TSE:2183), and Syneos Health, Inc. (NasdaqGS:SYNH)

**Pharma basket consists of:** ADVANZ Pharma (TSX:ADVZ), Almirall (BME:ALM), Amphastar Pharmaceuticals (NasdaqGS:AMPH), 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), Nichi-ko 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:RKT)