

# INSIGHT



## PHARMA SERVICES

### Sector Snapshot

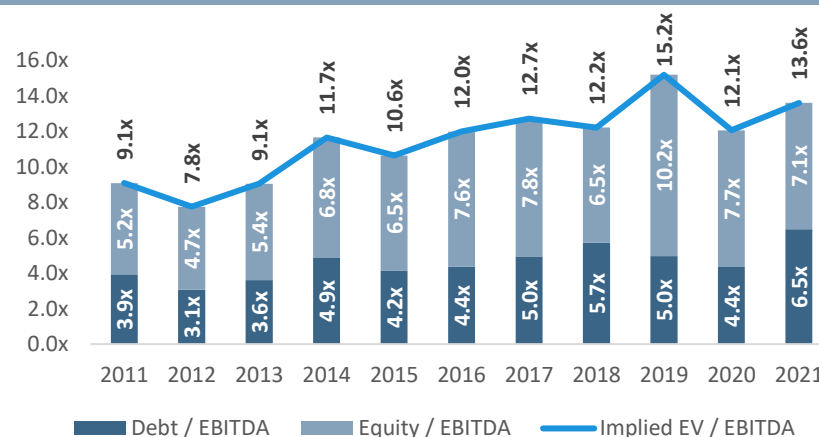
Q3 2021

BOURNE PARTNERS

# M&A Market Commentary

- While COVID-19 still plays a part in our travel and social plans, and everyday lives, the market has largely come out of the pandemic with M&A volumes and valuations at record highs
- Lending activity has completely recovered, and creditors continue to benefit from historically low interest rates
- US buyout multiples through 9 months of 2021 are at their second highest level in the last decade and Debt / EBITDA multiples are at their highest level over the same period at 6.5x
- The frenzy of deal activity is largely driven by a handful of key factors:
  - Record number of deals in the market as owners are racing against pending tax legislation changes
  - Strong lending activity with historically low interest rates
  - Frothy public markets valuations have investors chasing yield through private equity vehicles, leaving record levels of dry powder that must be deployed
- As we move into Q4 2021, Bourne Partners expects to see an even higher number of announced M&A transactions as groups race against the tax legislation clock to close transactions by the end of the year
  - Due to backlogs at the FTC, deals that require antitrust approval may be held up beyond the normal approval period

## US Buyout Multiples On The Rise<sup>1</sup>



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



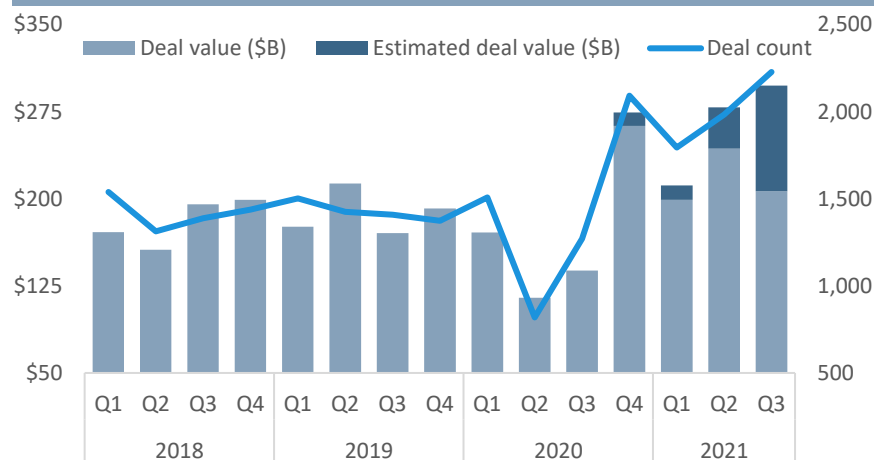
1) PitchBook, October 2021

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

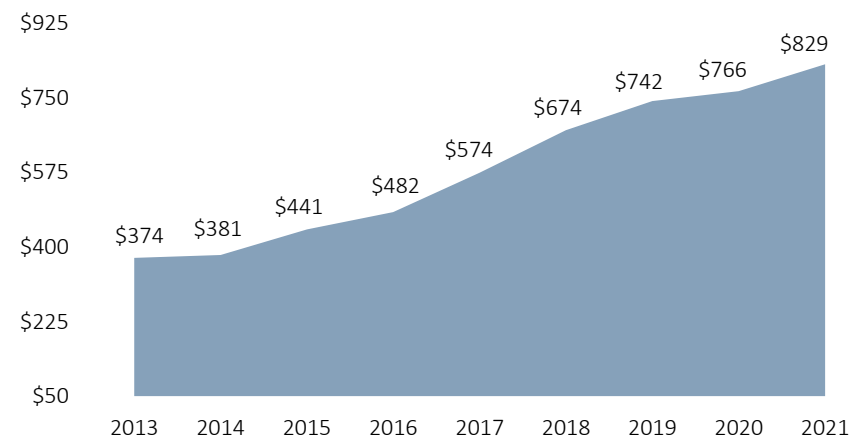
# Private Equity Market Commentary

- Q3 2021 saw Private Equity deal volume reach its highest level ever recorded, reaching nearly \$300B in total deal value (actual and estimated)
- While Q4 2020 saw a flurry of deals close that were delayed as a result of pandemic disruption, Q3 2021 enjoyed another spurt in activity as sellers sought to capitalize on attractive valuations and preempt potential adverse tax legislation changes
- Bourne Partners expects to see continued growth in deal volume and numbers as exuberance in the market continues to drive valuations higher
- Another major tailwind for continued growth in Private Equity backed deals is the sheer volume of dry power that remains in Private Equity coffers
  - As of September 30th, 2021 US Private Equity had a record level of capital overhang, exceeding \$825B
  - Private Equity groups continued to deploy record amounts of capital, with deployments more than offset by the amount of new capital raised
  - In the first three quarters of 2021 Private Equity firms raised a staggering \$237B led by the largest PE funds (>\$5B) which raised ~47% of all new capital raised in the space

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

















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



\*Returns data through 9/30/2021

# Private Equity – Pharma Services Buyouts

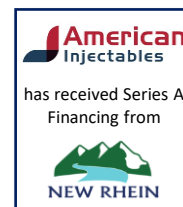
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<b>July 2021</b> <b>Transaction Value:</b> \$1.9bn <b>EV / Rev:</b> 7.0x <b>EV / EBITDA:</b> 27.2x	<b>May 2021</b> <b>Transaction Value:</b> \$3.9bn <b>EV / Rev:</b> 3.2x <b>EV / EBITDA:</b> 18.2x	<b>Dec 2020</b> <b>Transaction Value:</b> \$4.1bn <b>EV / Rev:</b> 3.1x <b>EV / EBITDA:</b> 17.0x	<b>Aug 2020</b> <b>Transaction Value:</b> NA <b>EV / Rev:</b> NA <b>EV / EBITDA:</b> 20.0x	<b>Aug 2019</b> <b>Transaction Value:</b> \$2.5bn <b>EV / Rev:</b> 4.4x <b>EV / EBITDA:</b> 16.7x	<b>Jun 2018</b> <b>Transaction Value:</b> NA <b>EV / Rev:</b> NA <b>EV / EBITDA:</b> NA	<b>Jun 2017</b> <b>Transaction Value:</b> \$1.6bn <b>EV / Rev:</b> 2.5x <b>EV / EBITDA:</b> 22.2x

- Over the last several years, the buyout market within Pharma Services, and more specifically CDMO, has been an incredibly active and exciting space
- Contrary to the adage of Strategic buyers being able to outbid Financial buyers, Private Equity investors have shown their willingness to pay up for quality assets of scale within the CDMO space
- Above is a select set of Private Equity transactions within the CDMO space, illustrating Private Equity paying up for Tier A assets within the space
- These trends are driven by historically high levels of dry powder, accelerated deal activity within pharma services, continued industry tailwinds for contract services providers within the sector

# 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, where needed
  - 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, if necessary
  - Require refreshed 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



# Pharma Services Sectors Remain at Historical Highs

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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 **142%** and **199%**, respectively, and continue to significantly outperform the S&P 500, which is up **100%**
    - The Packaging and Distribution indices have bounced **104%** 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 and into 2022
    - 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 subsegments

1) As of October 15, 2021

# Pharma Services Sectors Near All Time Highs (cont.)



## 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<sup>(1)</sup>

From March 23, 2020 to October 15, 2021

- CDMO: ↑ 142%
- CRO: ↑ 199%
- Specialty Packaging: ↑ 104%
- Distribution: ↑ 60%
- S&P 500: ↑ 100%

1) As of October 15, 2021; Returns weighted by index constituents market cap



# Pharma Services Sectors Near All Time Highs (cont.)

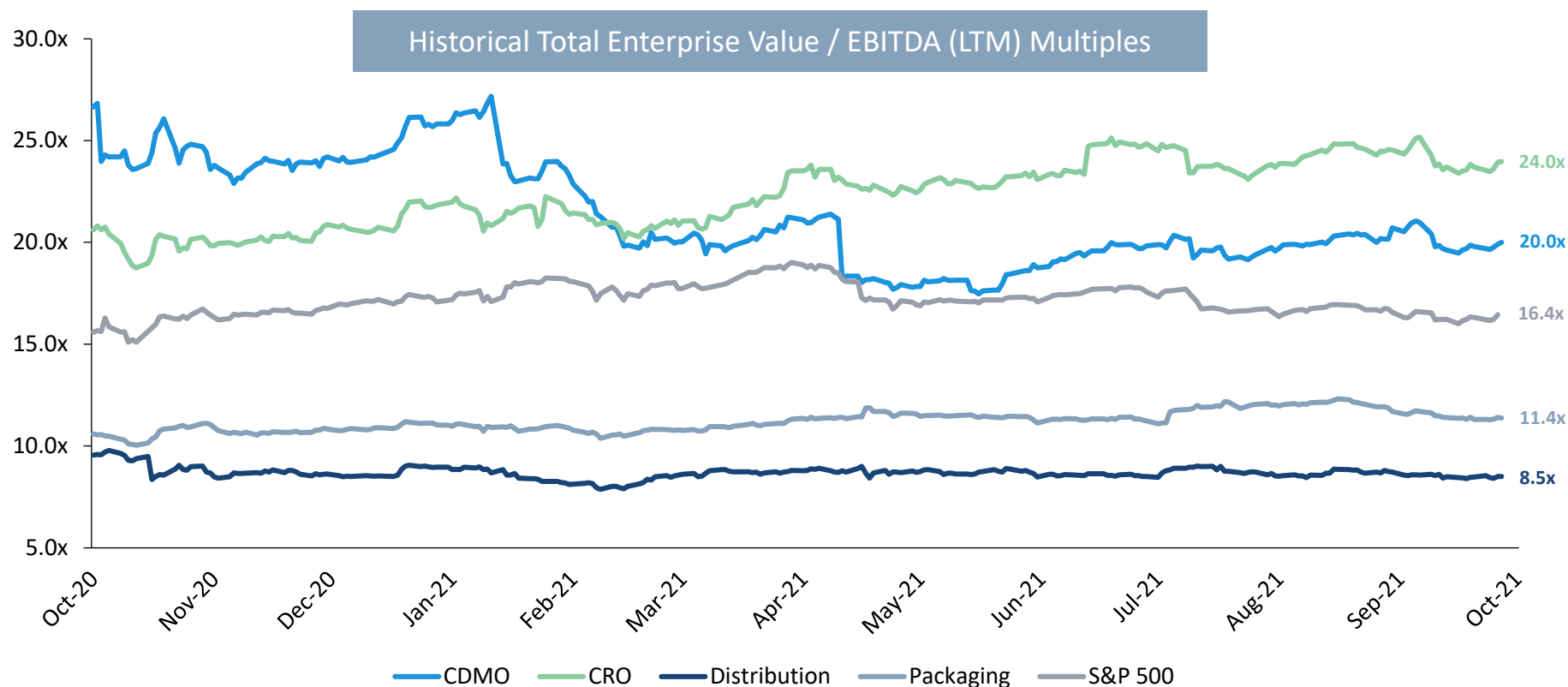
- Prior to COVID-19, valuation multiples across most Pharma Services sectors were at or near historic highs
- Contract Service providers continue to enjoy numerous tailwinds and drivers of organic growth
- Of note, since the onset of the pandemic in late February through today<sup>(1)</sup>:
  - The enormous increases across most of the indices above during the 11-year bull market, as well as the record rebound over 2H 2020 and beyond, 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, due in large part to healthy valuation multiples across the Pharma Services sub sectors and pending tax legislation that could impact realized gain for a seller
  - Buyers will continue to see increased competition and multiples to win quality assets in sell side auctions as the investing world becomes more comfortable with these heightened multiples
- 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	19.0x (Apr 2021)	27.0x (Jan 2021)	25.0x (Sep 2021)	14.9x (Apr 2015)	12.3x (Sep 2021)
10-Year Average	11.6x	16.5x	15.5x	10.1x	9.7x
End Q3 2021	16.2x	19.7x	23.6x	8.4x	11.4x
Today <sup>(1)</sup>	16.4x	20.0x	24.0x	8.5x	11.4x

1) As of October 15, 2021



# Valuation Trends – LTM



- The CDMO and CRO sector EV/EBITDA (LTM) multiples are trading at significant premiums to the S&P 500 (~21.6% and ~45.7%, 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)

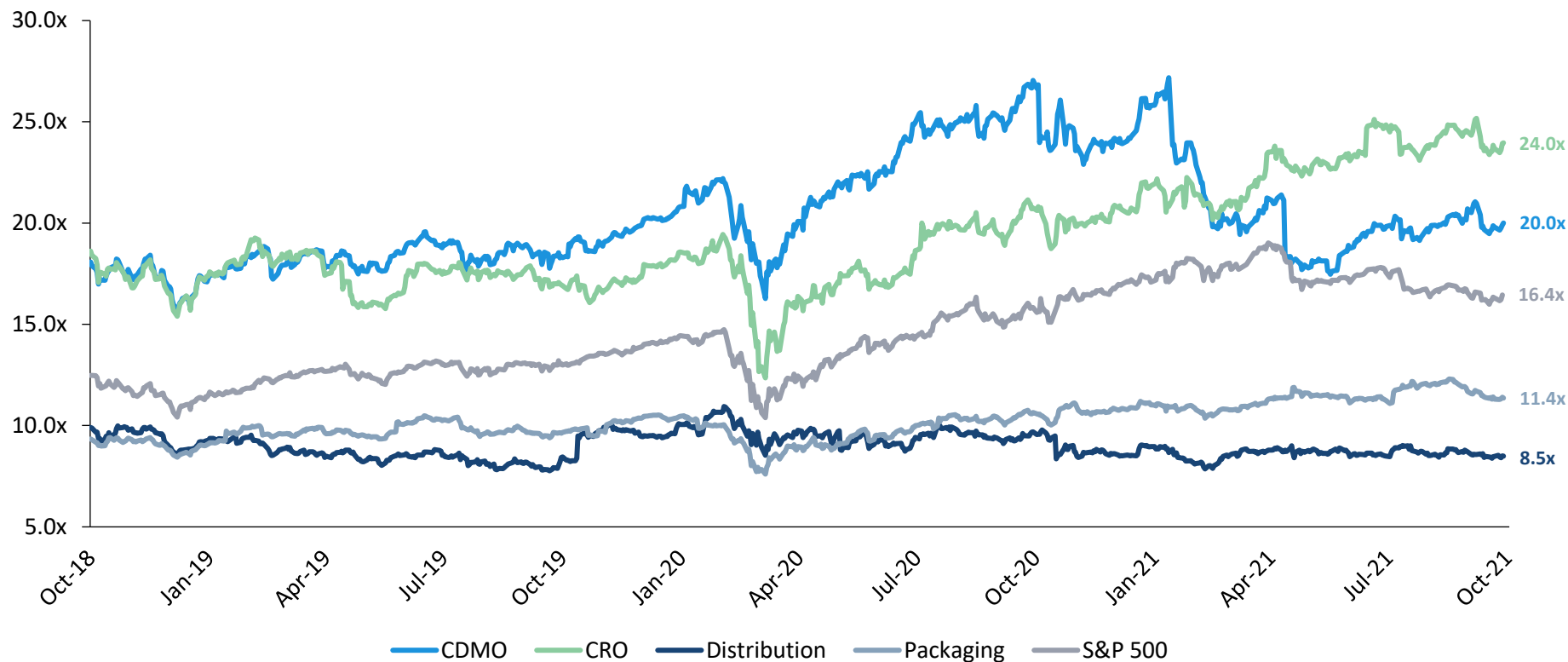
**CRO basket consists of:** Charles River Laboratories International (NYSE:CRL), ICON (NasdaqGS:ICLR), IQVIA (NYSE:IQV), Medpace (NasdaqGS:MEDP), PPD, Inc. (NasdaqGS:PPD), and Syneos Health, Inc. (NasdaqGS:SYNH)

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

**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), 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), PPD, Inc. (NasdaqGS:PPD), and Syneos Health, Inc. (NasdaqGS:SYNH)

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

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- Below are the current EV / EBITDA (LTM) multiples for each sector:
  - CDMO: 20.0x (21.6% above current S&P multiples)
  - CRO: 24.0x (45.7% above current S&P multiples)
  - Specialty Packaging: 11.4x (30.9% below current S&P multiples)
  - Distribution: 8.5x (48.3% below current S&P multiples)
  - S&P 500: 16.4x
- Below are the average EV / EBITDA (LTM) multiples for each sector over the last 3 years:
  - CDMO: 20.4x (41.7% above average S&P multiples)
  - CRO: 19.2x (33.3% above average S&P multiples)
  - Specialty Packaging: 10.2x (29.2% below average S&P multiples)
  - Distribution: 9.0x (37.5% below average S&P multiples)
  - S&P 500: 14.4x
- Below are the % change in EV / EBITDA (LTM) multiples for each sector over the last 3 years (and LTM):
  - CDMO: +10.6% (down 25.0% in the last 12 months)
  - CRO: +28.7% (up 16.2% in the last 12 months)
  - Specialty Packaging: +21.7% (up 7.4% in the last 12 months)
  - Distribution: -14.3% (down 11.0% in the last 12 months)
  - S&P 500: +31.8% (up 5.5% 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**  
Chief of Staff



**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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BOURNE PARTNERS

# 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
Oct-21	Cobra Biologics Matfors	Charles River Laboratories' DNA and protein manufacturing subsidiary	Flerie Invest AB	Sweden	\$77.0	\$10.0	NA	7.7x	NA
Oct-21	Lyophilization Services of New England	CDMO specializing in sterile lyophilization and fill & finish of drugs and devices	PCI Pharma Services	USA	1,500.0	NA	\$38.0	NA	39.5x
Sep-21	Formulated Solutions	Provides CDMO services for companies in the OTC, Rx, medical device, personal care, cosmetics, and veterinary medicine sectors	Linden	USA	NA	NA	NA	NA	NA
Sep-21	List Biological Laboratories	CDMO specializing in native toxins, recombinant proteins, bacterial fermentation, assay development, biotherapeutics, and contract mfg.	Genome & Company	USA	44.7	7.8	NA	5.7x	NA
Jul-21	Pharmathen	CDMO specialized in advanced drug delivery technologies for complex generic pharma products; also has a portfolio of products	Partners Group	USA	1,900.0	271.4 <sup>(1)</sup>	69.6 <sup>(1)</sup>	7.0x	27.2x
Jul-21	Integrity Bio	IntegrityBio is a CDMO focused on the formulation and GMP filling of biologics	Curia (formerly AMRI)	USA	NA	NA	NA	NA	NA
Jun-21	Vetio	Manufactures drug product formulations and pharmaceutical products for animal health	Swedencare AB	USA	181.1	32.3	6.5	5.6x	27.9x
Feb-21	Cognate Bioservices	Cognate Bioservices operates as a cell and gene therapy CDMO	Charles River Laboratories	USA	875.0	125.0	NA	7.0x <sup>(2)</sup>	NA
Dec-20	Recipharma	Provides contract development and manufacturing solutions to the pharmaceutical industry internationally	EQT Partners	Sweden	4,066.5	1,354.5	230.4	3.0x	17.6x
Aug-20	PCI Pharma Services	PCI provides integrated pharmaceutical development and manufacturing services globally	Kohlberg; Mubadala Investment Company	USA	NA	NA	NA	NA	20.0x
Jun-20	Piramal Pharma	Piramal Pharma, a Piramal Enterprises subsidiary, manufactures and sells bulk drugs and formulations	The Carlyle Group	India	2,775.0 <sup>(3)</sup>	738.7	NA	3.8x	NA
Dec-19	Majority of Drug Delivery Business of 3M	Development and manufacturing of pharmaceuticals 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	Recipharma	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	152.5	4.4x	16.7x
Apr-19	Paragon Bioservices <sup>(4)</sup>	Operates as a CDMO that focuses on the development and manufacturing of biopharmaceuticals	Catalent Pharma Solutions	USA	1,180.8	101.0	56.0	11.7x	21.1x

Notes:

NA - Not Available

1) EW Healthcare Partners

2) Derived from Business Today article covering the transaction

3) Approximate Implied EV from Carlyle Press Release

4) "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 October 18, 2021

Median	\$1,027.9	\$271.4	\$59.7	5.6x	20.5x
Mean	1,382.9	362.5	87.5	5.4x	22.9x
Min	44.7	7.8	6.5	1.7x	13.6x
Max	4,066.5	1,354.5	230.4	11.7x	39.5x

# 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-21	Custopharm	Provides CMC and regulatory support to pharma companies. Custopharm provides product dev. services	Hikma	USA	\$425.0	NA	NA	NA	NA
Aug-21	MicroConstants	Clinical and preclinical contract research organization, providing services for method development, validation, and sample analysis	BioAgilytix Labs	USA	NA	NA	NA	NA	NA
Aug-21	bioskin	CRO, providing dermatology and aesthetics services, which plans and conducts clinical trials	Eurofins Scientific	Germany	NA	NA	NA	NA	NA
Jul-21	Nuvisan	Provides product development and support services to the pharma, biotech, and medical device industries	ALS Limited	Germany	349.4	NA	NA	NA	NA
Jul-21	Pyxant Labs	Pyxant is a bioanalytical CRO, providing analytical research, development, and validation services	ArchiMed SAS	USA	NA	NA	NA	NA	NA
May-21	KGK Science	CRO which engages in the clinical trials within the dietary supplement, functional food, and natural product industries	Myconic Capital	Canada	12.7	\$3.6	NA	3.5x	NA
Feb-21	PRA Health Sciences	CRO providing outsourced clinical development and data solution services to biotech and pharma companies	ICON Public Limited Company	USA	12,277.4	3,183.4	\$469.0	3.9x	26.2x
Feb-21	Altasciences Company	Early phase CRO providing early phase clinical research and development services to biopharma and generic companies	Novo Holdings A/S	Canada	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
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
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	\$10.0	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
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	2.4x	14.6x

Notes:

NA - Not Available

Median	\$387.2	\$240.0	\$205.6	3.3x	14.2x
Mean	1,960.5	1,110.2	229.2	2.9x	16.6x
Min	12.7	3.6	36.7	1.2x	11.7x
Max	12,277.4	3,183.4	469.0	3.9x	26.2x



# 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
Aug-21	Safecor	Provides outsourced unit-dose and bar coded medication repackaging services	Vesey Street Capital Partners	USA	NA	NA	NA	NA	NA
Jul-21	MedLit Graphics	Provides packaging and labeling solutions to the healthcare and pharmaceutical industries	TCG Legacy	USA	NA	NA	NA	NA	NA
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 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

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
Jul-21	Australian Pharmaceutical Industries Limited	Engages in the wholesale distribution of pharmaceutical, medical, healthy, beauty, and lifestyle products to pharmacies primarily in Australia	Wesfarmers Limited	Australia	\$769.3	\$3,060.5	\$89.4	0.3x	8.6x
Apr-20	Hygis	Hygis distributes pharmaceuticals and is based in Morges, Switzerland	Karo Pharma	Switzerland	1.3	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 / HETO Transport / DER KURIER	HRTL Logistic SRL offers courier services to the clinical trials industry. HETO Transport and DER KURIER offer clinical trial shipment	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	\$2,000.0	\$83.3	0.3x	10.3x
Mean	528.7	1,643.1	82.7	0.6x	10.2x
Min	1.3	17.3	9.1	0.1x	6.7x
Max	2,154.3	3,845.7	200.0	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	\$10,860.9	\$501.9	\$153.6	\$128.0	33.0%	30.6%	25.5%	21.6x	70.7x	84.8x	1.5%	1.5%	1.0x
Balchem Corporation	NasdaqGS:BCPC	4,753.1	743.9	171.3	121.1	31.1%	23.0%	16.3%	6.4x	27.7x	39.2x	2.9%	2.9%	0.8x
Catalent, Inc.	NYSE:CTLT	25,103.4	3,998.0	954.0	665.0	33.8%	23.9%	16.6%	6.3x	26.3x	37.7x	13.3%	14.7%	3.5x
Eurofins Scientific SE	ENXTPA:ERF	27,029.7	7,573.7	2,106.7	1,667.3	30.2%	27.8%	22.0%	3.6x	12.8x	16.2x	11.6%	12.8%	1.5x
Johnson Matthey Plc	LSE:JMAT	8,078.8	21,591.7	914.8	702.6	6.5%	4.2%	3.3%	0.4x	8.8x	11.5x	23.5%	27.1%	2.1x
Lonza Group Ltd	SWX:LONN	59,255.8	5,199.3	1,614.9	1,124.9	40.2%	31.1%	21.6%	11.4x	36.7x	52.7x	6.7%	7.1%	2.4x
Siegfried Holding AG	SWX:SFZN	3,954.4	999.3	169.0	95.9	21.3%	16.9%	9.6%	4.0x	23.4x	41.2x	7.1%	7.5%	1.7x
Thermo Fisher Scientific Inc.	NYSE:TMO	236,540.0	38,250.0	13,311.0	10,853.0	51.3%	34.8%	28.4%	6.2x	17.8x	21.8x	7.9%	8.4%	1.4x
West Pharmaceutical Services, Inc.	NYSE:WST	31,150.3	2,522.5	733.0	618.2	39.4%	29.1%	24.5%	12.3x	42.5x	50.4x	1.0%	1.0%	0.4x
Median						33.0%	27.8%	21.6%	6.3x	26.3x	39.2x	7.1%	7.5%	1.5x
Mean						31.9%	24.6%	18.6%	8.0x	29.6x	39.5x	8.4%	9.2%	1.6x
Min						6.5%	4.2%	3.3%	0.4x	8.8x	11.5x	1.0%	1.0%	0.4x
Max						51.3%	34.8%	28.4%	21.6x	70.7x	84.8x	23.5%	27.1%	3.5x

- The median EV multiples for CDMOs at the end of Q3 were **6.3x** and **26.3x** for LTM Sales and EBITDA, respectively

# CRO – Public Company Trading Comps

## CRO – Public Company Trading Comps

USD in millions

			LTM			Margin Analysis			Enterprise Value/			Debt/			
Company	Ticker	Enterprise Value	Sales	EBITDA	EBIT	Gross Profit	EBITDA	EBIT	Sales	EBITDA	EBIT	Enterprise Value	Equity Value	EBITDA	
Charles River Laboratories International	NYSE:CRL	\$23,574.7	\$3,273.5	\$794.5	\$544.5	37.9%	24.3%	16.6%	7.2x	29.7x	43.3x	12.7%	14.4%	3.8x	
ICON Public Limited Company	NasdaqGS:ICLR	20,242.3	3,191.3	558.3	489.6	28.4%	17.5%	15.3%	6.3x	36.3x	41.3x	2.1%	2.0%	0.8x	
IQVIA Holdings Inc.	NYSE:IQV	56,661.8	12,931.0	2,228.0	1,166.0	33.6%	17.2%	9.0%	4.4x	25.4x	48.6x	22.4%	27.6%	5.7x	
Linical Co., Ltd.	TSE:2183	156.9	95.9	10.5	6.7	28.3%	11.0%	7.0%	1.6x	14.9x	23.2x	26.0%	25.4%	3.9x	
Medpace Holdings, Inc.	NasdaqGS:MEDP	6,568.9	1,028.3	212.2	191.5	62.2%	20.6%	18.6%	6.4x	31.0x	34.3x	1.9%	1.9%	0.6x	
PPD, Inc.	NasdaqGS:PPD	19,965.7	5,551.9	919.9	622.5	66.3%	16.6%	11.2%	3.6x	21.7x	32.1x	22.4%	27.2%	4.9x	
Syneos Health, Inc.	Nasdaq:SYNH	11,967.7	4,730.4	633.7	407.9	23.8%	13.4%	8.6%	2.5x	18.9x	29.3x	26.5%	35.1%	5.0x	
						Median	33.6%	17.2%	11.2%	4.4x	25.4x	34.3x	22.4%	25.4%	3.9x
						Mean	40.1%	17.2%	12.4%	4.6x	25.4x	36.0x	16.3%	19.1%	3.5x
						Min	23.8%	11.0%	7.0%	1.6x	14.9x	23.2x	1.9%	1.9%	0.6x
						Max	66.3%	24.3%	18.6%	7.2x	36.3x	48.6x	26.5%	35.1%	5.7x

- The median EV multiples for CROs were **4.4x** and **25.4x** 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
Amcort plc	ASX:AMC	\$24,305.5	\$12,861.0	\$2,002.0	\$1,438.0	21.2%	15.6%	11.2%	1.9x	12.1x	16.9x	28.2%	37.4%	3.4x
AptarGroup, Inc.	NYSE:ATR	8,745.7	3,096.3	615.5	387.2	36.6%	19.9%	12.5%	2.8x	14.2x	22.6x	13.3%	14.8%	1.9x
Berry Global Group, Inc.	NYSE:BERY	18,285.1	13,189.0	2,255.0	1,409.0	19.5%	17.1%	10.7%	1.4x	8.1x	13.0x	59.3%	131.7%	4.8x
CCL Industries Inc.	TSX:CCL.B	10,345.4	4,423.0	931.7	686.6	29.2%	21.1%	15.5%	2.3x	11.1x	15.1x	15.3%	16.9%	1.7x
Gerresheimer AG	DB:GXI	1,261.8	1,728.9	339.5	173.4	30.6%	19.6%	10.0%	0.7x	3.7x	7.3x	109.2%	NM	4.1x
Mondi plc	LSE:MINDI	14,349.2	8,107.7	1,535.5	1,030.4	43.7%	18.9%	12.7%	1.8x	9.3x	13.9x	19.0%	22.7%	1.8x
Sonoco Products Company	NYSE:SON	7,476.3	5,424.7	202.2	(51.6)	19.8%	3.7%	NM	1.4x	37.0x	(145.0x)	25.2%	32.1%	9.3x
West Pharmaceutical Services, Inc.	NYSE:WST	31,150.3	2,522.5	733.0	618.2	39.4%	29.1%	24.5%	12.3x	42.5x	50.4x	1.0%	1.0%	0.4x
WestRock Company	NYSE:WRK	22,181.6	18,127.1	2,824.2	1,391.3	18.5%	15.6%	7.7%	1.2x	7.9x	15.9x	42.5%	70.8%	3.3x
Wipak Ltd.	TSX:WPK	1,605.4	891.5	188.8	143.2	29.9%	21.2%	16.1%	1.8x	8.5x	11.2x	0.8%	0.6%	0.1x

Median	29.6%	19.3%	12.5%	1.8x	10.2x	14.5x	22.1%	22.7%	2.6x
Mean	28.8%	18.2%	13.4%	2.8x	15.4x	2.1x	31.4%	36.5%	3.1x
Min	18.5%	3.7%	7.7%	0.7x	3.7x	(145.0x)	0.8%	0.6%	0.1x
Max	43.7%	29.1%	24.5%	12.3x	42.5x	50.4x	109.2%	131.7%	9.3x

- The median EV multiples for Specialty Packaging were **1.8x** and **10.2x** 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	\$30,659.0	\$204,321.2	\$3,160.2	\$2,725.1	3.0%	1.5%	1.3%	0.2x	9.7x	11.3x	27.4%	33.8%	2.7x
Cardinal Health, Inc.	NYSE:CAH	17,342.8	162,467.0	2,774.0	1,991.0	4.3%	1.7%	1.2%	0.1x	6.3x	8.7x	38.7%	47.8%	2.4x
Henry Schein, Inc.	NasdaqGS:HSIC	11,578.5	11,898.1	993.7	802.9	28.5%	8.4%	6.7%	1.0x	11.7x	14.4x	9.6%	10.4%	1.1x
McKesson Europe AG	HMSE:CLS1	6,364.8	18,810.5	202.5	90.7	10.9%	1.1%	NM	0.3x	NM	NM	26.6%	29.4%	8.4x
McKesson Corporation	NYSE:MCK	38,055.0	245,223.0	4,210.0	3,322.0	5.0%	1.7%	1.4%	0.2x	9.0x	11.5x	25.3%	31.3%	2.3x
Owens & Minor, Inc.	NYSE:OMI	3,472.8	9,365.8	533.7	453.9	16.9%	5.7%	4.8%	0.4x	6.5x	7.7x	33.3%	49.0%	2.2x
Patterson Companies, Inc.	NasdaqGS:PDCO	3,514.7	6,281.1	299.6	220.1	20.3%	4.8%	3.5%	0.6x	11.7x	16.0x	20.5%	24.6%	2.4x

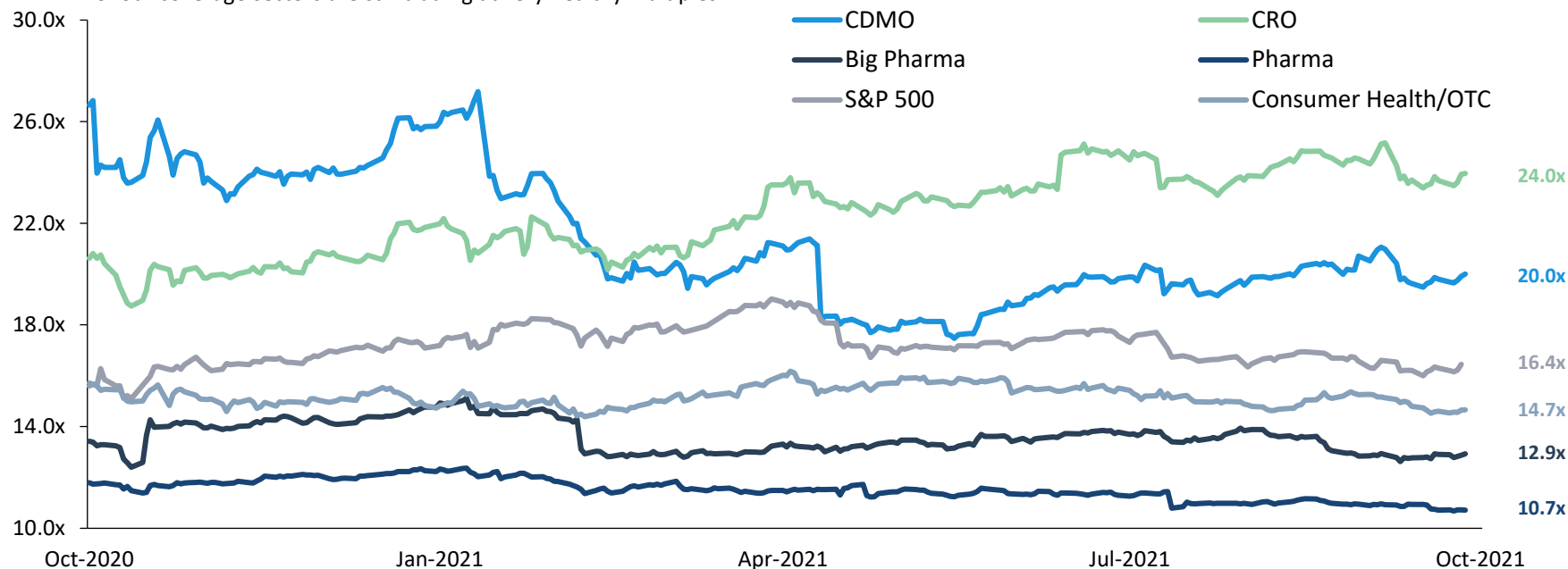
NM - Not Meaningful

Median	10.9%	1.7%	2.4%	0.3x	9.4x	11.4x	26.6%	31.3%	2.4x
Mean	12.7%	3.6%	3.2%	0.4x	9.1x	11.6x	25.9%	32.3%	3.1x
Min	3.0%	1.1%	1.2%	0.1x	6.3x	7.7x	9.6%	10.4%	1.1x
Max	28.5%	8.4%	6.7%	1.0x	11.7x	16.0x	38.7%	49.0%	8.4x

- The median EV multiples for Distribution were **0.3x** and **9.4x** for LTM Sales and EBITDA, respectively

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

- Post-COVID was a true “Rebound For The Ages” across all of Bourne’s sectors of coverage, all of which have now begun to stabilize at record figures
  - Across all of our coverage, CDMOs and CROs continue to lead the way in terms of EV/EBITDA (LTM) multiples (20.0x and 24.0x, 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), 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), PPD, Inc. (NasdaqGS:PPD), and Syneos Health, Inc. (NasdaqGS:SYNH)

**Pharma basket consists of:** Almirall (BME:ALM), Amphastar Pharmaceuticals (NasdaqGS:AMPH), Assertio Therapeutics (NasdaqGS:ASRT), Bausch Health Companies (NYSE:BHC), H. Lundbeck (CPSE:LUN), Hikma Pharmaceuticals (LSE:HIK), Horizon Therapeutics (NasdaqGS:HZNP), Indivior (LSE:INDV), Ipsen (ENXTPA:IPN), Jazz Pharmaceuticals (NasdaqGS:JAZZ), Lannett Company (NYSE:LCI), Lupin (BSE:500257), 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:RKT)

Source: S&P Capital IQ as of October 15, 2021; Multiples weighted by market cap