

# INSIGHT

## PHARMA SERVICES SECTOR SNAPSHOT

JUNE 2017

BOURNE PARTNERS

# CMO - Transaction Comps

## CMO Transaction Comps

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
May-17	Patheon	Provides outsourced pharmaceutical development and manufacturing services	Thermo Fisher	USA	\$7,110.9	\$1,918.2	\$358.1	3.7x	19.9x
Dec-16	CMC Biologics	Provides contract process development and biopharmaceuticals manufacturing services	Asahi Glass Co.	Denmark	514.3	NA	NA	NA	NA
Dec-16	Capsugel	Develops dosage forms and solutions for the healthcare industry around the world	Catalent	USA	5,500.0	1,000.0	344.0	5.5x	16.0x
Nov-16	Accucaps Industries	Engages in the contract manufacturing of pharmaceutical and nutritional products, primarily utilizing its soft gel technology	Cambrex	Canada	75.0	NA	NA	NA	NA
Sep-16	PharmaCore	Specializes in developing, manufacturing, and scaling up APIs for clinical phase projects	Piramal	USA	25.0	17.0	45.4	2.7x	12.9x
Aug-16	Ash Stevens	Develops and manufactures drug substances and APIs	Fosun Pharma	USA	53.0	18.3	NA	2.9x	NA
Jul-16	Gland Pharma	Manufactures small volume parenterals including vials, ampoules, pre-filled syringes, and lyophilized vials	Thermo Fisher Scientific	India	1,551.0	188.2	NA	8.2x	NA
May-16	Euticals	Manufactures and sells APIs, customs synthesis, and fine chemical products	Thermo Fisher Scientific	Italy	353.1	243.1	26.8	1.5x	13.2x
Jan-15	Coldstream Laboratories	Provides integrated analytical, formulation development, and pharmaceutical manufacturing services	Piramal	USA	28.9	13.1	NA	2.2x	NA
Sep-14	Shasun Pharmaceuticals	Manufactures and sells APIs, intermediates, and formulations to the pharmaceutical industry, primarily in India	Strides Arcolab Ltd.	India	295.1	213.0	26.3	1.4x	11.2x
Sep-14	Sigma-Aldrich	Develops, manufactures, purchases, distributes various chemicals, biochemicals, and equipment products worldwide	Merck	USA	16,495.2	2,738.0	834.0	6.0x	19.8x
Mar-14	Cedarburg Hauser Pharmaceuticals	Specializes in the development and manufacture of technically complex small molecule APIs	Albany Molecular Research, Inc.	USA	41.0	16.2	5.5	2.5x	7.5x

Notes:

NM - Not Meaningful

NA - Not Available

Source: CapitalIQ June, 2017

\*Transaction not yet closed

Median	\$433.7	\$215.7	\$194.7	3.3x	14.6x
Mean	1,897.8	564.1	193.6	4.1x	15.5x
High	7,110.9	1,918.2	358.1	8.2x	19.9x
Low	25.0	17.0	26.8	1.5x	12.9x

# CRO - Transaction Comps

## CRO Transaction Comps

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Jan-17	*J-STAR Research	Custom synthesis/contract research organization	Porton USA	USA	\$26.0	NA	NA	NA	NA
Sep-16	Agilix Laboratories	Services supporting discovery, pre-clinical, and clinical services; provides a range of drug metabolism and pharmacokinetic Services	Charles River Laboratories International	USA	64.0	NA	NA	NA	NA
Jun-16	Adesis	Specializes in organic synthesis, custom synthesis, and full time equivalents services	Universal Display Corporation	USA	36.0	10.0	NA	3.6x	NA
Jan-16	WIL Research Laboratories	Provides safety assessment, and contract development and manufacturing services	Charles River Laboratories International	USA	NA	218.2	45.4	2.7x	12.9x
Jun-15	Hangzhou Neptunus Bioengineering Co.	Researches, develops, and supplies oral solutions, tablets, capsules, and soft capsules	Shenzhen Neptunus Group Co.	China	32.9	8.4	NA	3.9x	NA
Jul-14	Penn Pharmaceutical Services	Offers pharmaceutical drug development, clinical trial supply, and pharmaceutical manufacturing services	Packaging Coordinators	United Kingdom	215.7	51.0	NA	4.2x	NA
Mar-14	BioFocus DPI	Develops gene-to-candidate drug discovery products and provides services	Charles River Laboratories	United Kingdom	186.5	87.7	15.5	2.1x	12.0x
Jan-14	CeeTox	Focuses on in vitro toxicity screening of new drug candidates, chemicals, cosmetics, and consumer products	Apredica, LLC (nka:Cyprotex US, LLC)	USA	6.1	3.8	NA	1.6x	NA

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Source: CapitalIQ June, 2017

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<b>Median</b>	\$36.0	\$30.5	\$30.5	3.2x	12.5x
<b>Mean</b>	81.0	63.2	30.5	3.0x	12.5x
<b>High</b>	215.7	218.2	45.4	4.2x	12.9x
<b>Low</b>	6.1	3.8	15.5	1.6x	12.0x

# Distribution - Transaction Comps

## Pharma Distribution Transaction Comps

Announced Date	Target	Target Description	Buyer	Geographic Location	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Mar-17	Pelion S.A.	Engages in the trade of pharmaceuticals, cosmetics, and parapharmaceuticals operating through wholesale, retail, services, and other segments in Poland	Korporacja Inwestycyjna Polskiej Farmacji Sp. z o.o.	Poland	\$323.4	\$2,399.5	\$31.5	0.1x	10.3x
Oct-16	Cyprotex plc	Provides in vitro and in silico absorption, distribution, metabolism, excretion, and toxicity/ pharmacokinetic (ADMET and PK) information services	Evotec AG	United Kingdom	54.9	21.3	5.4	2.6x	10.2x
Aug-16	Anda, Inc.	Distributes generic, branded, specialty, and over-the-counter pharmaceutical products	Teva Pharmaceutical Industries Limited	USA	500.0	NA	NA	NA	NA
Jul-16	Pharmapar Inc.	Distributes generics drugs for privately insured individuals offering a range of medication types	AlliancePharma Inc. (nka:KDA Group Inc.)	Canada	11.1	17.3	NA	0.6x	NA
May-16	Symmetry Surgical Inc.	Manufactures and distributes medical devices worldwide offering	RoundTable Healthcare Partners IV, L.P	USA	142.2	84.1	9.1	1.7x	15.6x
Mar-16	Rexall Pharma Plus Ltd.	Operates a network of retail pharmacy stores in Canada offering prescription centers that focus primarily on prescription and over-the-counter products	McKesson Canada Corporation	Canada	2,154.3	2,000.0	200.0	1.1x	11.1x
Apr-15	Idis Group Holdings Ltd	Provides access to unlicensed pharmaceutical products internationally	Clinigen Group Plc	United Kingdom	341.4	274.5	19.0	1.2x	18.0x
Feb-15	BioRx, LLC	Distributes specialty pharmaceuticals and medical supplies, and provides infusion services in the United States	Diplomat Pharmacy, Inc.	USA	347.8	227.0	23.0	1.5x	15.1x
Jan-15	Norchem Ltd.	Distributes and markets pharmaceuticals	Lexon (UK) Limited	United Kingdom	34.9	37.9	NA	0.9x	NA
Mar-14	Central Healthcare Pty Ltd	Distributes pharmaceutical products serving hospitals and retail pharmacies in Victoria	Sigma Pharmaceuticals Limited (nka:Sigma Healthcare Limited)	Australia	42.5	184.5	NA	0.2x	NA
Feb-14	Celesio AG	Provides logistics and services to the pharmaceutical and healthcare sectors worldwide	Celesio Holdings Deutschland GmbH & Co. KGaA	Germany	6,272.5	25,505.1	571.9	0.2x	11.0x

**Notes:**

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Source: CapitalIQ June, 2017

\*Transaction not yet closed

<b>Median</b>	\$323.4	\$179.3	\$19.0	1.2x	11.1x
<b>Mean</b>	503.9	799.5	53.0	1.2x	13.0x
<b>High</b>	2,154.3	2,399.5	200.0	2.6x	18.0x
<b>Low</b>	11.1	17.3	5.4	0.1x	10.2x

# Trading Comps - By Sector

BOURNE PARTNERS

## CMO Trading Comps

USD in millions, except for per-share amounts

Company	Ticker	Share Price	Equity Value	Net Debt (Cash)	Enterprise Value	LTM		NTM Forecast		NTM YoY Growth		Margin Analysis		Enterprise Value/			Debt/		
						Sales	EBITDA	Sales	EBITDA	Sales	EBITDA	Gross Profit	EBITDA	Sales	EBITDA	NTM Sales	NTM EBITDA	EBITDA	
Albany Molecular Research, Inc.	NASDAQ:AMRI	\$18.60	\$775.2	\$606.3	\$1,381.4	\$628.7	\$71.8	\$735.7	\$140.2	17.0%	95.3%	23.5%	11.4%	2.2 x	19.2 x	1.9 x	9.9 x	8.9 x	
Bachem Holding AG	SWX:BANB	121.71	1,649.1	35.7	1,684.8	232.8	63.7	273.4	78.8	17.5%	23.7%	32.7%	27.4%	7.2 x	26.4 x	6.2 x	21.4 x	0.9 x	
Balchem Corporation	NasdaqGS:BCPC	79.35	2,528.6	231.9	2,760.5	555.8	137.2	573.8	150.4	3.2%	9.6%	32.4%	24.7%	5.0 x	20.1 x	4.8 x	18.4 x	2.0 x	
Cambrex Corporation	NYSE:CBM	53.50	1,742.5	(99.2)	1,643.3	500.6	161.8	550.6	172.3	10.0%	6.5%	42.3%	32.3%	3.3 x	10.2 x	3.0 x	9.5 x	0.0 x	
Catalent, Inc.	NYSE:CTLT	35.83	4,476.9	1,780.2	6,257.1	1,990.7	395.3	2,095.4	466.9	5.3%	18.1%	31.5%	19.9%	3.1 x	15.8 x	3.0 x	13.4 x	5.2 x	
Jubilant Life Sciences Limited	BSE:530019	11.00	1,752.2	504.7	2,256.9	904.6	207.1	1,050.8	252.6	16.2%	21.9%	60.2%	22.9%	2.5 x	10.9 x	2.1 x	8.9 x	2.8 x	
Koninklijke DSM N.V.	ENXTAM:DSM	73.93	12,831.3	2,033.8	14,865.1	8,731.8	1,208.3	9,551.6	1,550.1	9.4%	28.3%	35.6%	13.8%	1.7 x	12.3 x	1.6 x	9.6 x	3.0 x	
Lonza Group Ltd	SWX:LONN	207.41	15,418.9	1,605.7	17,024.6	4,067.8	853.5	5,227.4	1,293.2	28.5%	51.5%	34.5%	21.0%	4.2 x	19.9 x	3.3 x	13.2 x	2.2 x	
Patheon N.V.	NYSE:PTHN	34.60	5,021.7	2,017.2	7,038.9	1,918.2	359.6	2,056.7	459.2	7.2%	27.7%	30.2%	18.7%	3.7 x	19.6 x	3.4 x	15.3 x	5.9 x	
Siegfried Holding AG	SWX:SFZN	288.32	1,131.4	58.8	1,190.2	706.6	88.4	794.7	123.2	12.5%	39.3%	15.2%	12.5%	1.7 x	13.5 x	1.5 x	9.7 x	1.0 x	
												Median	0.3%	20.4%	3.2 x	17.5 x	3.0 x	11.5 x	2.5 x
												Mean	0.3%	20.5%	3.5 x	16.8 x	3.1 x	12.9 x	3.2 x
												Min	0.2%	11.4%	1.7 x	10.2 x	1.5 x	8.9 x	0.0 x
												Max	0.6%	32.3%	7.2 x	26.4 x	6.2 x	21.4 x	8.9 x

\* All estimates from Capital IQ

Debt calculations only included for entities with debt  
NM - not meaningful

## CRO Trading Comps

USD in millions, except for per-share amounts

Company	Ticker	Share Price	Equity Value	Net Debt (Cash)	Enterprise Value	LTM		NTM Forecast		NTM YoY Growth		Margin Analysis		Enterprise Value/			Debt/		
						Sales	EBITDA	Sales	EBITDA	Sales	EBITDA	Gross Profit	EBITDA	Sales	EBITDA	NTM Sales	NTM EBITDA	EBITDA	
Charles River Laboratories International, Inc.	NYSE:CRL	\$92.67	\$4,414.7	\$1,062.0	\$5,476.7	\$1,772.3	\$424.0	\$1,861.1	\$462.0	5.0%	9.0%	39.1%	23.9%	3.1 x	12.9 x	2.9 x	11.9 x	2.8 x	
ICON Public Limited Company	NasdaqGS:ICLR	90.14	4,847.6	29.6	4,877.2	1,697.9	388.4	1,737.3	401.9	2.3%	3.5%	42.1%	22.9%	2.9 x	12.6 x	2.8 x	12.1 x	0.9 x	
INC Research Holdings, Inc.	NASDAQ:INCR	56.30	3,046.1	322.7	3,368.7	1,033.4	230.4	1,092.8	267.2	5.7%	16.0%	39.1%	22.3%	3.3 x	14.6 x	3.1 x	12.6 x	2.1 x	
Medpace Holdings, Inc.	NasdaqGS:MEDP	27.05	1,102.1	159.4	1,261.4	376.6	110.8	382.7	106.5	1.6%	(3.9%)	46.2%	29.4%	3.3 x	11.4 x	3.3 x	11.8 x	1.7 x	
PAREXEL International Corporation	NasdaqGS:PRXL	79.65	4,043.2	415.6	4,458.8	2,097.0	342.8	2,178.0	390.7	3.9%	14.0%	34.4%	16.3%	2.1 x	13.0 x	2.0 x	11.4 x	2.0 x	
PRA Health Sciences, Inc.	NasdaqGS:PRAH	72.08	4,503.0	696.9	5,199.9	1,634.8	262.6	1,884.4	364.9	15.3%	39.0%	34.1%	16.1%	3.2 x	19.8 x	2.8 x	14.2 x	3.1 x	
Quintiles IMS Holdings, Inc.	NYSE:Q	85.02	18,707.9	7,452.0	26,159.9	6,167.0	1,278.0	8,133.6	2,069.9	31.9%	62.0%	40.7%	20.7%	4.2 x	20.5 x	3.2 x	12.6 x	6.5 x	
												Median	0.4%	22.3%	3.2 x	13.0 x	2.9 x	12.1 x	2.1 x
												Mean	0.4%	21.7%	3.2 x	15.0 x	2.9 x	12.4 x	2.7 x
												Min	0.3%	16.1%	2.1 x	11.4 x	2.0 x	11.4 x	0.9 x
												Max	0.5%	29.4%	4.2 x	20.5 x	3.3 x	14.2 x	6.5 x

\* All estimates from Capital IQ

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NM - not meaningful

## Distribution Trading Comps

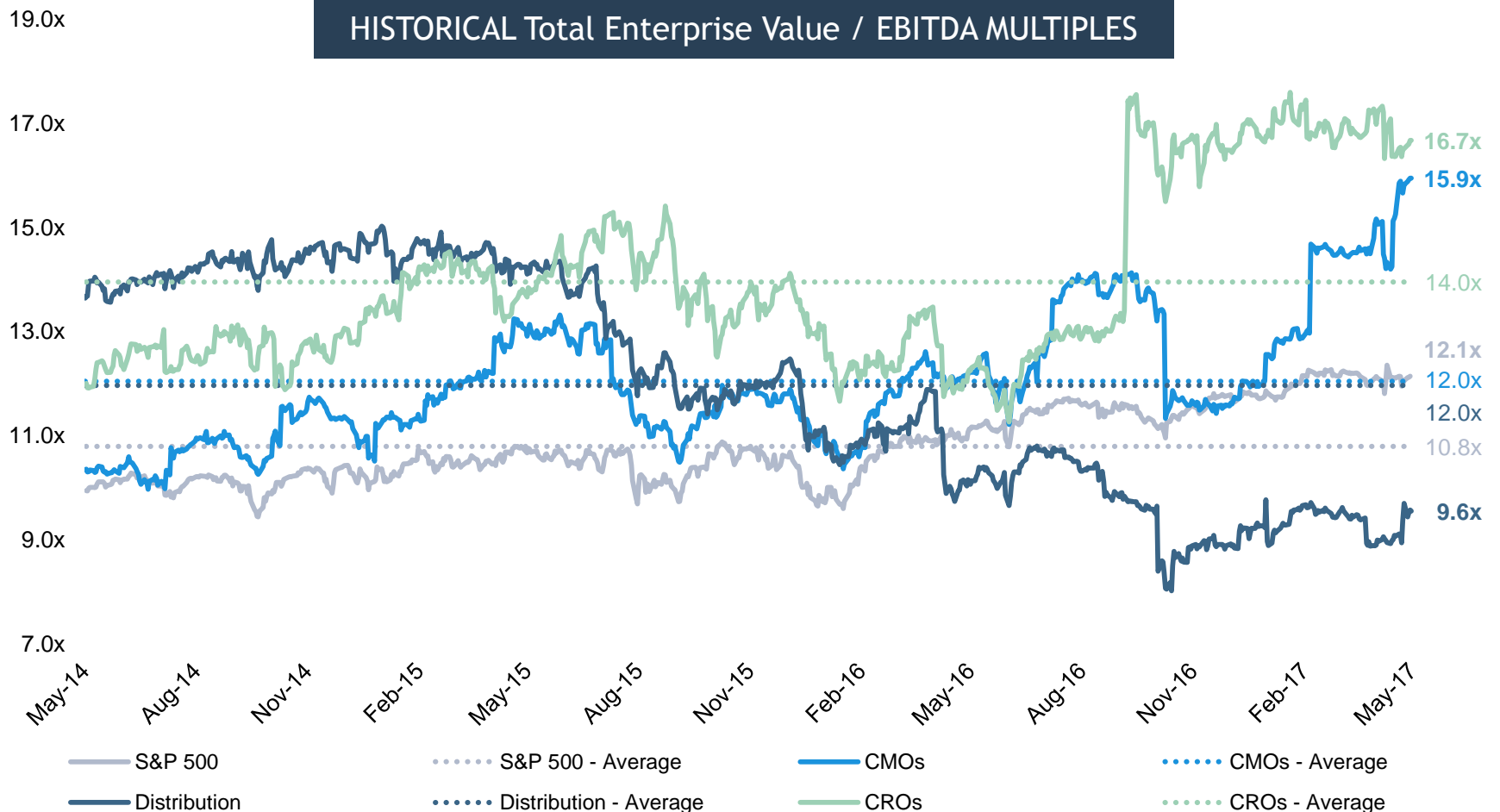
USD in millions, except for per-share amounts

Company	Ticker	Share Price	Equity Value	Net Debt (Cash)	Enterprise Value	LTM		NTM Forecast		NTM YoY Growth		Margin Analysis		Enterprise Value/			Debt/		
						Sales	EBITDA	Sales	EBITDA	Sales	EBITDA	Gross Profit	EBITDA	Sales	EBITDA	NTM Sales	NTM EBITDA	EBITDA	
AmerisourceBergen Corporation	NYSE:ABC	\$91.29	\$19,934.1	\$2,051.0	\$21,985.1	\$149,759.0	\$2,340.8	\$161,754.1	\$2,343.8	8.0%	0.1%	2.9%	1.6%	0.1 x	9.4 x	0.1 x	9.4 x	1.9 x	
Cardinal Health, Inc.	NYSE:CAH	73.36	23,171.9	4,093.0	27,264.9	128,394.0	3,099.0	137,120.5	3,225.1	6.8%	4.1%	5.1%	2.4%	0.2 x	8.8 x	0.2 x	8.5 x	1.8 x	
Celesio AG	DB:CLS1	29.00	5,892.4	1,608.7	7,501.1	23,737.2	488.4	0.0	0.0	(100.0%)	(100.0%)	10.1%	2.1%	0.3 x	15.4 x	NM	NM	4.1 x	
McKesson Corporation	NYSE:MCK	162.17	34,202.1	5,762.0	39,964.1	188,533.0	4,354.0	205,584.3	4,480.0	3.6%	2.9%	5.7%	2.2%	0.2 x	9.2 x	0.2 x	8.9 x	2.0 x	
Owens & Minor, Inc.	NYSE:OMI	32.34	1,979.3	437.0	2,416.2	9,596.2	254.5	9,772.0	267.1	1.8%	4.9%	12.2%	2.7%	0.3 x	9.5 x	0.2 x	9.0 x	2.2 x	
UDG Healthcare plc	LSE:UDG	10.52	2,611.3	(71.5)	2,539.8	1,049.3	137.0	1,195.4	161.8	13.9%	18.1%	30.2%	13.1%	2.4 x	18.5 x	2.1 x	15.7 x	2.2 x	
												Median	0.1%	2.3%	0.2 x	9.4 x	0.2 x	9.0 x	2.1 x
												Mean	0.1%	4.0%	0.6 x	11.8 x	0.6 x	10.3 x	2.4 x
												Min	0.0%	1.6%	0.1 x	8.8 x	0.1 x	8.5 x	1.8 x
												Max	0.3%	13.1%	2.4 x	18.5 x	2.1 x	15.7 x	4.1 x

\* All estimates from Capital IQ

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NM - not meaningful

# Valuation Trends - Last 3 Years



CMO basket consists of the following: Albany Molecular Research, Inc. (NASDAQ:AMRI), Bachem (SWX:BANB), Balchem (NasdaqGS:BCPC), Cambrex (NYSE:CBM), Catalent (NYSE:CTLT), Jubilant (BSE:530019), DSM (ENXTAM:DSM), Lonza (SWX:LONN), Patheon (NYSE:PTHN), Siegfried (SWX:SFZN)  
 CRO basket consists of the following: Charles River (NYSE:CRL), ICON (NasdaqGS:ICLR), INC Research (NASDAQ:INCR), Medpace (NasdaqGS:MEDP), PAREXEL (NasdaqGS:PRXL), PRA Health Sciences (NasdaqGS:PRAH), Quintiles (NYSE:Q)  
 Distribution basket consists of: AmerisourceBergen (NYSE:ABC), Cardinal Health (NYSE:CAH), Celesio (DB:CLS1), McKesson (NYSE:MCK), Owens & Minor (NYSE:OMI), UDG Healthcare (LSE:UDG)

- Below are the *current* TEV / EBITDA multiples for each sector:
  - CMO: 15.9x (31% above current S&P multiples)
  - CRO: 16.7x (37% above current S&P multiples)
  - Distribution: 9.6x (21% below current S&P multiples)
  
- Below are the *average* TEV / EBITDA multiples for each sector over the last 3 years:
  - CMO: 12.0x (12% above average S&P multiples)
  - CRO: 14.0x (29% above average S&P multiples)
  - Distribution: 12.0x (11% above average S&P multiples)
  
- Below are the % change in TEV / EBITDA multiples for each sector over the last 3 years:
  - CMO: +54% (*up 31% in the last 12 months*)
  - CRO: +39% (*up 36% in the last 12 months*)
  - Distribution: -30% (*down 6% in the last 12 months*)
  - S&P valuations are up 22% over the same period (*up 9% in the last 12 months*)