

Market Update

Pharma Services

2Q 2024

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Bourne's Pharma Services Expertise

Pharma Services Sector Expertise



Clinical & Drug Discovery Services

- Full-Service & Specialty CROs
- Site Networks / SMOs
- Patient Recruitment
- Patient Engagement & Retention
- Patient Logistics & Payments
- Clinical Data Services
- Lab Services



Commercialization Services

- Medical Communications
- Healthcare Marketing / Advertising
- Commercial Patient Engagement
- Market Access / Consulting



Supply Chain Services

- CMO / CDMO
- Biostorage
- Packaging / Distribution / Logistics



Pharma
Services



Pharmacy
Services



Consumer
Healthcare

Recent Pharma Services Transaction Activity

Clincierge

has been acquired by
 greenphire*

a portfolio company of
 THOMABRAVO

Sell-Side M&A

SUMMIT
BIOSCIENCES INC.

has been acquired by
 Kindeva
DRUG DELIVERY

a portfolio company of
 ALTARIS

Sell-Side M&A

MEDIVANT
HEALTHCARE

has received
growth financing
from
 1315
CAPITAL
HEALTHCARE FOR LIFE

Capital Raise

spencer
health solutions

has raised Series D
financing from
 RCT

Aphelion Capital

Capital Raise

American
Injectables

has received
growth
financing from
 BOURNE
STRATEGIC
CAPITAL

NEW RHEIN
HEALTHCARE INVESTORS

Capital Raise

Aflon Scientific

has sold a majority
stake to
 A C P

Sell-Side M&A



Section One

Pharma Services Update

i. Pharma Services Market Update & Outlook

ii. Macro Environment

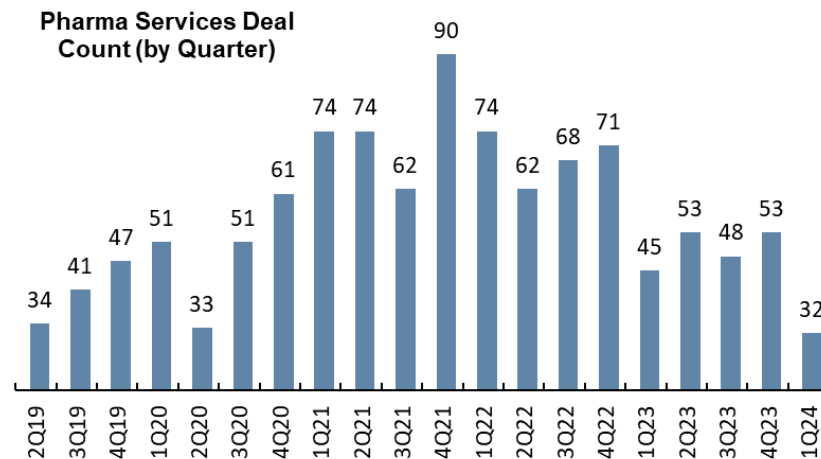
iii. Sub-Sector Spotlights

Pharma Services Market Update

Our Outlook

The biopharma funding environment has markedly improved (vs the first half of 2023) with services and tech vendors broadly reporting high single digit growth in RFP activity. After a period of heavy focus by biopharma sponsors on re-prioritizing R&D pipelines in 2022 and 2023, we see the life sciences industry as (more) stabilized and positioned to move forward with projects.

Separately, we see U.S. based pharma services companies benefiting from increasingly aggressive foreign policy actions taken by the Biden administration towards countries like China and Russia. We are particularly watchful for ongoing updates to the pending legislation such as the BIOSECURE Act, which has put a premium on U.S.-based biopharma manufacturing and storage capacity -- as well as on domestic services and tech providers.



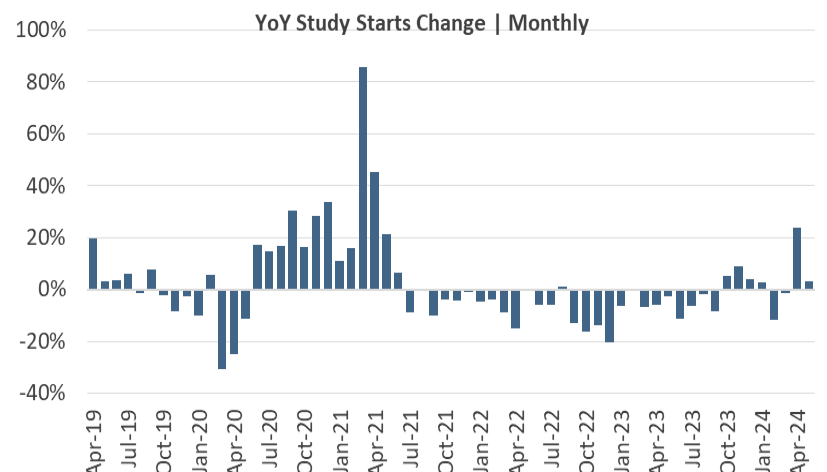
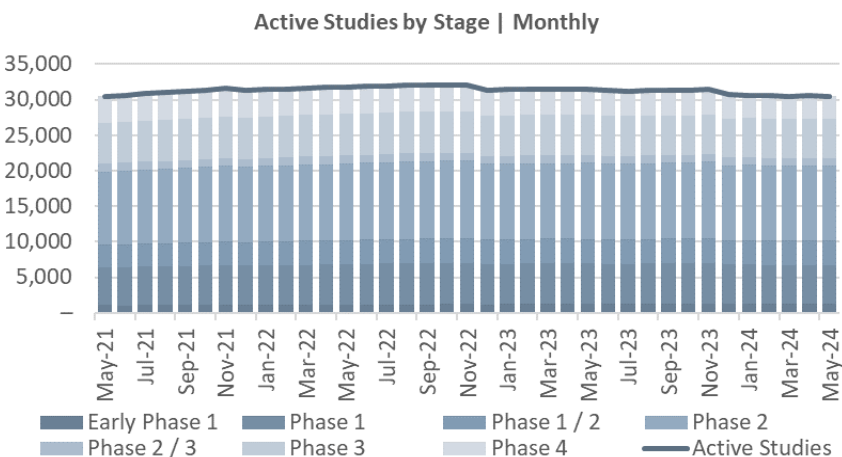
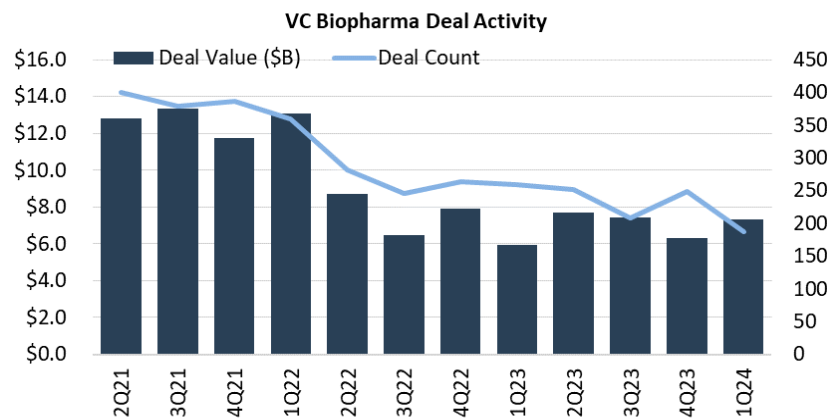
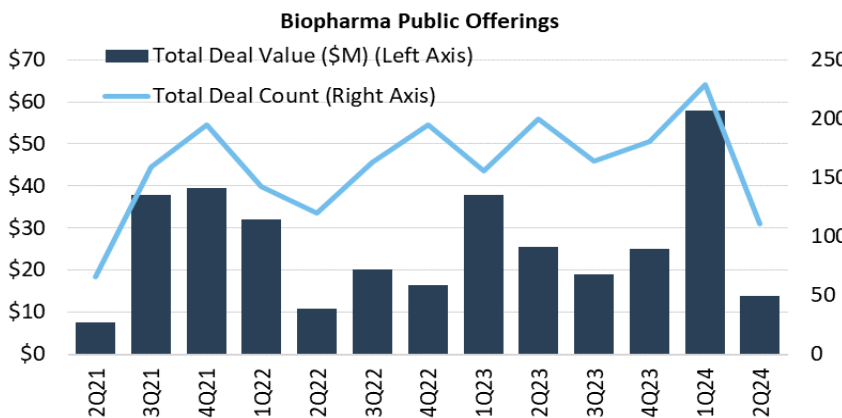
SOURCE: Pitchbook (July 16, 2024)

Megatrends in Pharma Services

- 1. Greater Focus on Patient-Centricity in Clinical Trials.** There has been a significant increase in focus on patient-centric approaches to clinical trials, ensuring better access to treatments and improved patient experiences, as the industry continues to be challenged by patient enrollment and retention.
- 2. Artificial Intelligence and Data Capabilities.** Advances in artificial intelligence and data science are impacting the entire pharma value chain in areas such as drug discovery, clinical trial design, supply chains, and commercialization. We see access to data assets and the ability to integrate data-driven insights into traditional workflows as key competitive differentiators in the coming years.
- 3. Manufacturing Capacity and Quality.** Capacity and quality are paramount. The past year has seen crippling drug shortages and quality issues. There is a glut of capacity in some areas, like CGT and OSD, while injectable fill/finish capacity remains scarce.
- 4. Consolidation and Integration, or Specialization?** Pharma services providers face an ongoing need to balance integrating services (such as CROs, CDMOs, and logistics providers) and specializing. Finding the right mix of expansion and specialization is essential for efficient operations and successful outcomes as outsourced service providers adapt to meet the needs of drug sponsors.



Key Macro Environment Trends

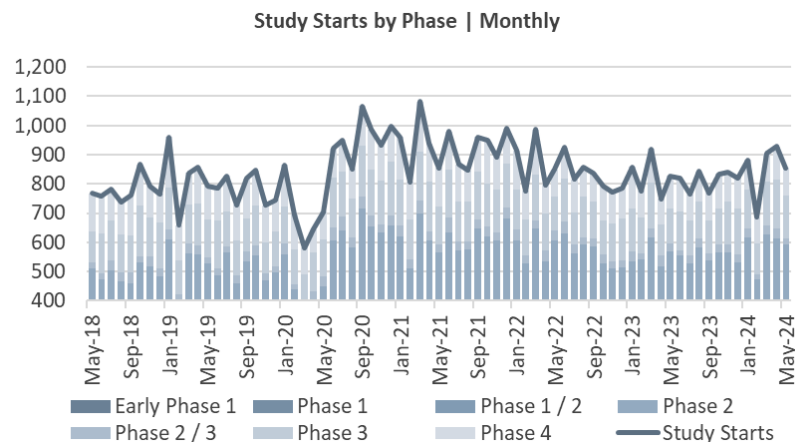


Outsourced Research Software and Services

We see CROs and related providers of outsourced software and services benefiting from strong biopharma R&D activity -- as well as ongoing advances in molecular biology. Total biopharma industry R&D spending is projected to grow at a healthy clip of almost 4% annually, reaching \$270B+ in 2026. Over time, we see demand for outsourced research software and services growing in the mid/high single digits driven by underlying biopharma R&D spending and an increasing outsourcing penetration rate. However, growth in 2024 may be sub-trend due to the lagged effect of soft biopharma funding activity from mid-2022 to early 2023 and the ongoing roll-off of COVID-19 related projects.

Key Trends

- ICON.** Mega-CRO ICON hosted an Investor Day at which it signaled a greater focus on acquisitions and technology enablement. Specifically, we model ICON exiting 2024 with a net debt ratio of only ~1.2x coupled with \$1.3B+ of free cash flow in 2025. This positions ICON with significant “dry powder” to pursue acquisitions in clinical trial technologies, investigator sites, laboratories, and late phase research, among other areas. Management appeared particularly keen on acquisitions to build out its “Accellacare” dedicated clinical trial site network.
- Site Access.** Access to clinical trial sites continues to be a “pain point” for biopharma researchers. Investigator sites continue to struggle to absorb a growing volume of clinical trials with increasingly complex protocols involving novel therapeutic platforms and approaches. Capacity has been further strained by a wave of large-scale obesity studies. Also, investigator sites continue to report to us having challenges interacting with different technology platforms across a range of different CROs (and sponsors). As such, we see site network consolidation remaining a significant focus for the industry.
- Decentralized Clinical Trials (DCTs).** DCTs continue to be an area of experimentation -- with the goal of making it easier for individuals to participate in studies. Today, almost all trials have some “decentralization,” including risk-based monitoring, electronic clinical outcome assessments, and wearables.



Market Players



MEDPACE



parexel

ERGOMED



charles river



WORLDWIDE
CLINICAL TRIALS





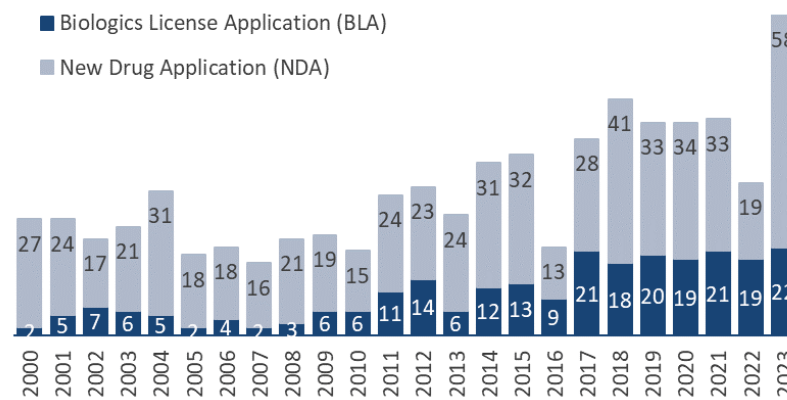
Outsourced Supply Chain and Storage Services

CDMOs have gained significance in the broader U.S. healthcare ecosystem due to recent drug supply shortages -- as well as a potential trade war with China. The U.S. government has, in fact, pledged upwards of \$1.4T of funding over the next seven years for capital projects related to supply chains in multiple critical industries. In pharma, onshoring has become more widespread as a matter of national security. We see U.S. CDMOs as positioned to benefit from this trend, and we expect high-quality U.S. CDMOs to command premium valuations among investors.

Key Trends

- Supply / Demand Environment.** The supply-demand environment for CDMOs remains dynamic, favoring CDMOs with diverse production capabilities and geographic footprints. On the one hand, we see manufacturing capacity shortages in areas such as sterile fill-finish and highly potent API. On the other hand, we see surpluses in small molecule / generic API, oral drug, and cell/gene therapies. Generally, therapeutics are becoming more specialized, making advanced delivery capabilities more desirable -- e.g., intranasal, transdermal, and inhalation.
- The Obesity Goldrush.** Weight loss (GLP-1) drugs dominated investor discussions during the 2Q24 biopharma reporting season with respect to 2024 revenues and ongoing product development. At the same time, we continue to hear anecdotes of leading drugmakers in the weight loss space struggling to meet production needs internally, suggesting greater outsourcing to CDMOs in 2024 and 2025. Today, the market for GLP-1 medications is sub-\$10B, but many expect this market to reach \$50B+ by 2030, growing significantly thereafter.
- Looming Patent Cliff.** There are almost 190 branded drugs that are scheduled to lose patent exclusivity by 2030, many of which are biologics/large molecule drugs. This should result in a proliferation of generics and biosimilars as well as a need for sterile, injectable, lyophilized, and other advanced manufacturing capabilities.

Annual Drug Approvals



Source: U.S. Food and Drug Administration (FDA)

Market Players



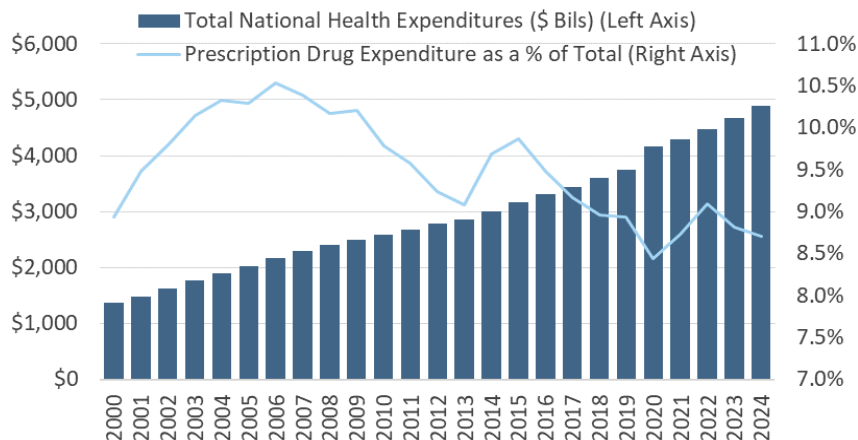


Outsourced Commercial Software and Services

We expect demand for software and services associated with medical communications, market access, and drug commercialization to recover strongly towards the end of 2024 following the recent wave of FDA drug approvals. The FDA approved 55 new molecular entities in 2023 (up 50% YOY), the highest level since 2018, and spending for new drug launches is expected to be \$190B over the next five years (up 25% vs the prior five years). Typically, ~50% of the commercialization spending for a new drug occurs in the first two years following a launch.

Key Trends

- Veeva CRM Re-Platforming.** Veeva Systems remains on track with respect to its re-platforming of its market-leading life sciences CRM software (80%+ market share) from salesforce.com to Veeva Vault. Existing Veeva CRM customers will be asked to begin transitioning in 2025. In response, IQVIA announced a partnership with salesforce.com to create an alternative CRM built on the salesforce Life Sciences Cloud.
- Pharma Digital Marketing.** Pharma digital marketing to healthcare professionals is expected to grow 5%-7% annually in 2024 and 2025. Digital marketing significantly accelerated during the COVID pandemic; however, it has since slowed as patients and providers have returned to face-to-face interactions. We see growth in digital marketing possibly reaccelerating as it remains underutilized by pharma at only sub-40% of total marketing spend (vs 70%-75% across the Fortune 500) and as pharma continues to struggle with access to healthcare professionals.
- Underutilized Social Media Marketing.** Pharma companies may not be taking full advantage of captive audiences on social media platforms, according to a survey data from Medfluencers. Most (~85%) of doctors surveyed said they have had patients mention social media posts during appointments. This suggests patients may be getting a significant portion of their health information from online content. This is important since upwards of 50% of doctors prefer not to have drop-in visits from pharma sales reps.



Source: Centers for Medicare & Medicaid Services

Market Players



Section Two

Transactions & Public Comps

i. Relevant Transactions

ii. Bourne Public Comps

iii. Bourne Pharma Services Indices

Select Pharma Services Transactions

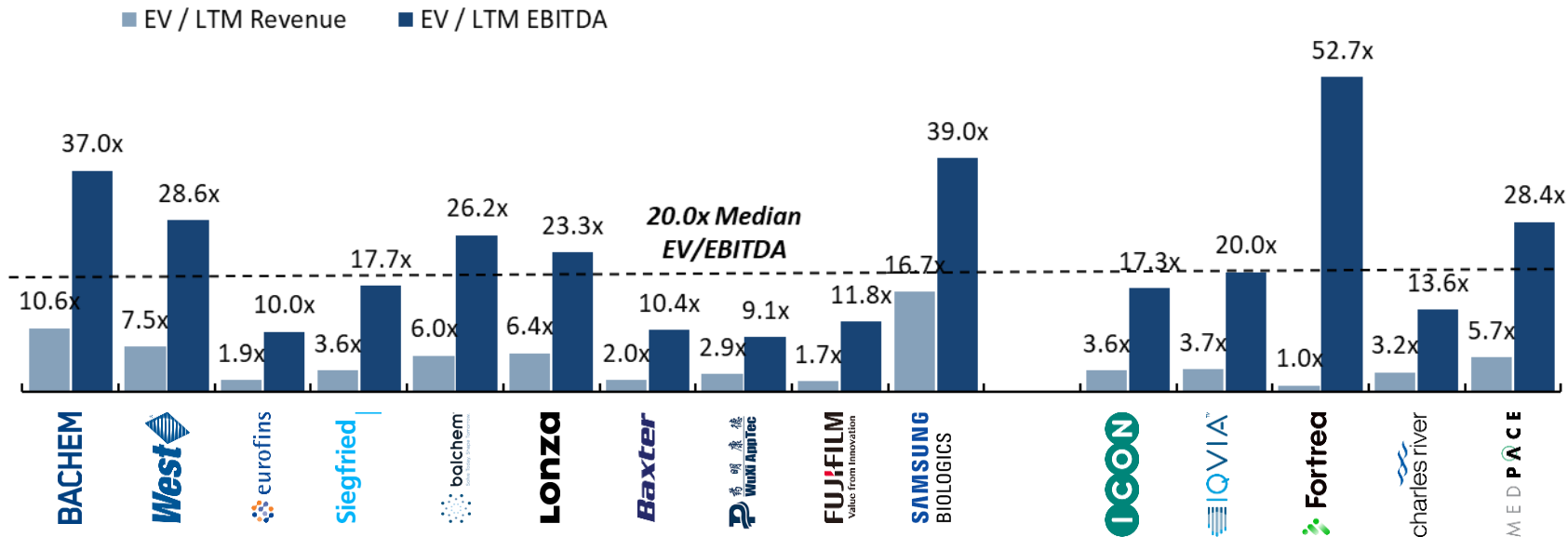


*Denotes Bourne Transaction

Date	Target	Acquirer	Commentary	Tags	Deal Values
May-2024			Palleos Healthcare and OCT-Clinical merge under the Palleos brand to form a leading European full-service CRO	CRO	Not Disclosed
Apr-2024			Operator of a research facility and medical care clinic providing clinical trials in support of biopharmaceutical sponsors	CRO	Not Disclosed
Apr-2024			Operator of a CRO providing clinical research services, offering a range of models for rare diseases	CRO	Not Disclosed
Mar-2024			Full-service CRO dedicated to the conduct of clinical studies, with expertise in haemato-oncology studies Phase I to IV	CRO	Not Disclosed
Mar-2024			Provider of randomization and trial supply management services Provider of HUB services and patient access market services	Access Engagement	\$345.0M
Feb-2024			Pre-Investigational new drug development and commercial manufacturing and packaging for therapeutic dosage forms	CDMO	\$186.3M
Jan-2024			Singapore-based CRO focusing on Southeast Asia and Oceania	Data Management	Not Disclosed
Jan-2024			Sterile injectable drug CDMO	CDMO	Not Disclosed
Jan-2024			Drug device CDMO	CDMO	Not Disclosed
Jan-2024			Provider of concierge travel and logistics support for patients participating in clinical trials	Engagement	Not Disclosed



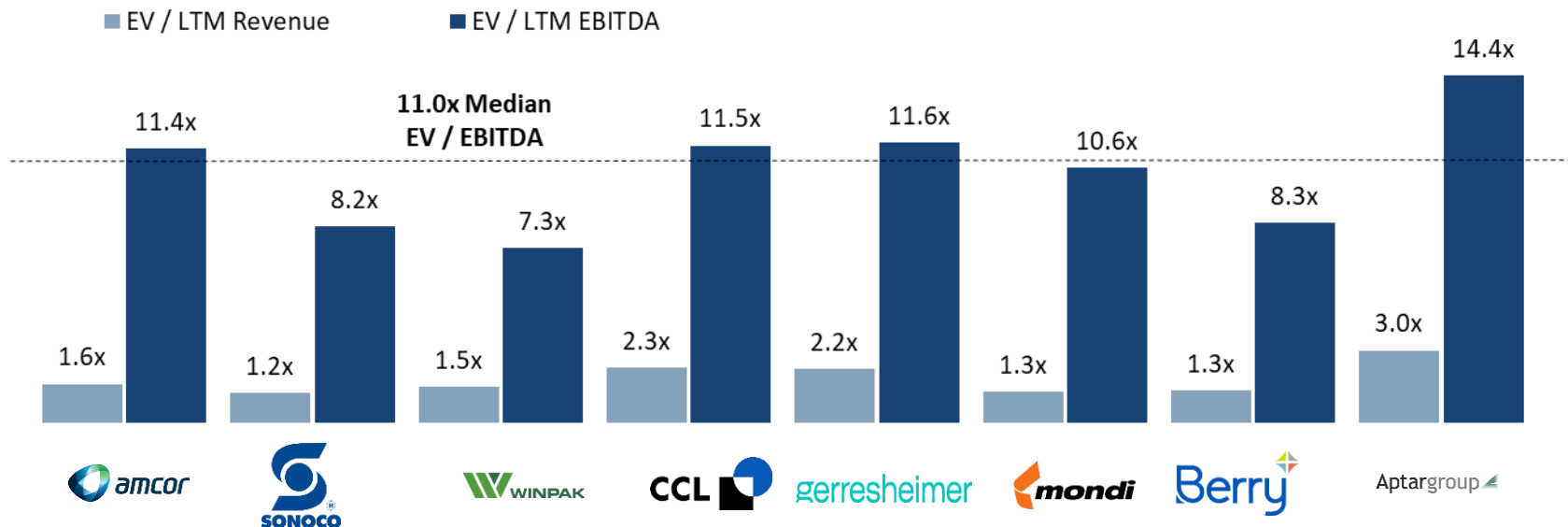
Bourne Comps - Outsourced Services



Company Name	Market Cap	Total Debt	Cash & Cash Eqv	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Bachem Holding AG	\$7,032	\$0	\$193	\$6,840	\$643	\$809	10.6x	37.0x
West Pharmaceutical Services, Inc.	21,792	314	446	21,660	2,877	2,973	7.5x	28.6x
Eurofins Scientific SE	10,917	3,797	730	13,984	7,204	8,027	1.9x	10.0x
Siegfried Holding AG	4,931	528	67	5,393	1,510	1,504	3.6x	17.7x
Balchem Corporation	5,395	286	64	5,617	932	1,001	6.0x	26.2x
Lonza Group AG	45,700	4,223	2,245	47,679	7,452	8,268	6.4x	23.3x
Baxter International Inc.	18,428	13,343	2,095	29,676	14,997	15,464	2.0x	10.4x
WuXi AppTec Co., Ltd.	16,339	986	2,023	15,302	5,327	6,017	2.9x	9.1x
FUJIFILM Holdings Corporation	29,163	4,274	1,214	32,224	18,955	21,257	1.7x	11.8x
Samsung Biologics Co.,Ltd.	48,912	1,272	1,533	48,651	2,917	3,498	16.7x	39.0x
ICON Public Limited Company	26,708	3,620	507	29,821	8,332	8,823	3.6x	17.3x
IQVIA Holdings Inc.	43,685	13,593	1,678	55,600	15,155	15,964	3.7x	20.0x
Fortrea Holdings Inc.	1,996	1,204	127	3,073	3,015	2,726	1.0x	52.7x
Charles River Laboratories International, Inc.	10,423	2,841	179	13,085	4,078	3,986	3.2x	13.6x
Medpace Holdings, Inc.	11,974	154	511	11,617	2,030	2,259	5.7x	28.4x
Mean (Equal Weighted)					\$6,362	\$6,838	5.1x	23.0x
Median (Equal Weighted)					\$4,078	\$3,986	3.6x	20.0x

Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence

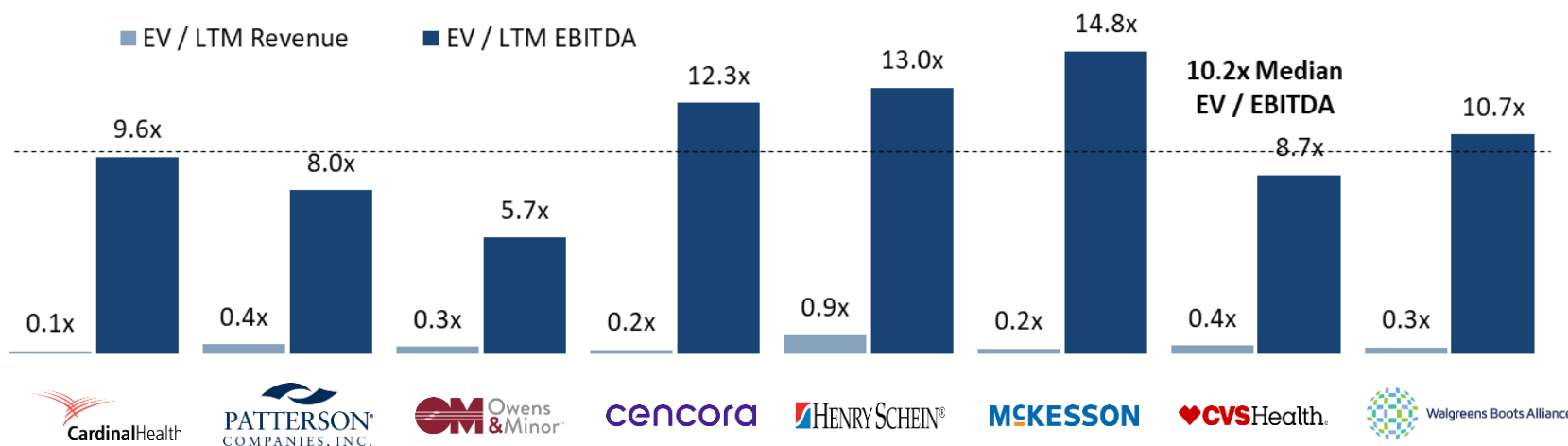
Bourne Comps - Specialty Packaging



Company Name	Market Cap	Total Debt	Cash & Cash Eqv	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Amcor plc	\$15,093	\$7,393	\$588	\$21,898	\$13,640	\$14,043	1.6x	11.4x
Sonoco Products Company	4,996	3,346	140	8,203	6,607	7,279	1.2x	8.2x
Winpak Ltd.	2,115	11	490	1,636	1,110	1,164	1.5x	7.3x
CCL Industries Inc.	10,197	1,772	487	11,483	5,068	5,369	2.3x	11.5x
Gerresheimer AG	3,665	1,295	105	4,855	2,171	2,494	2.2x	11.6x
Mondi plc	8,327	2,164	456	10,035	7,702	8,607	1.3x	10.6x
Berry Global Group, Inc.	7,435	9,435	509	16,361	12,177	12,431	1.3x	8.3x
AptarGroup, Inc.	9,741	1,145	224	10,662	3,557	3,733	3.0x	14.4x
Mean (Equal Weighted)					\$6,504	\$6,890	1.8x	10.4x
Median (Equal Weighted)					\$5,837	\$6,324	1.5x	11.0x

Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence

Bourne Comps - Distributors / Wholesalers



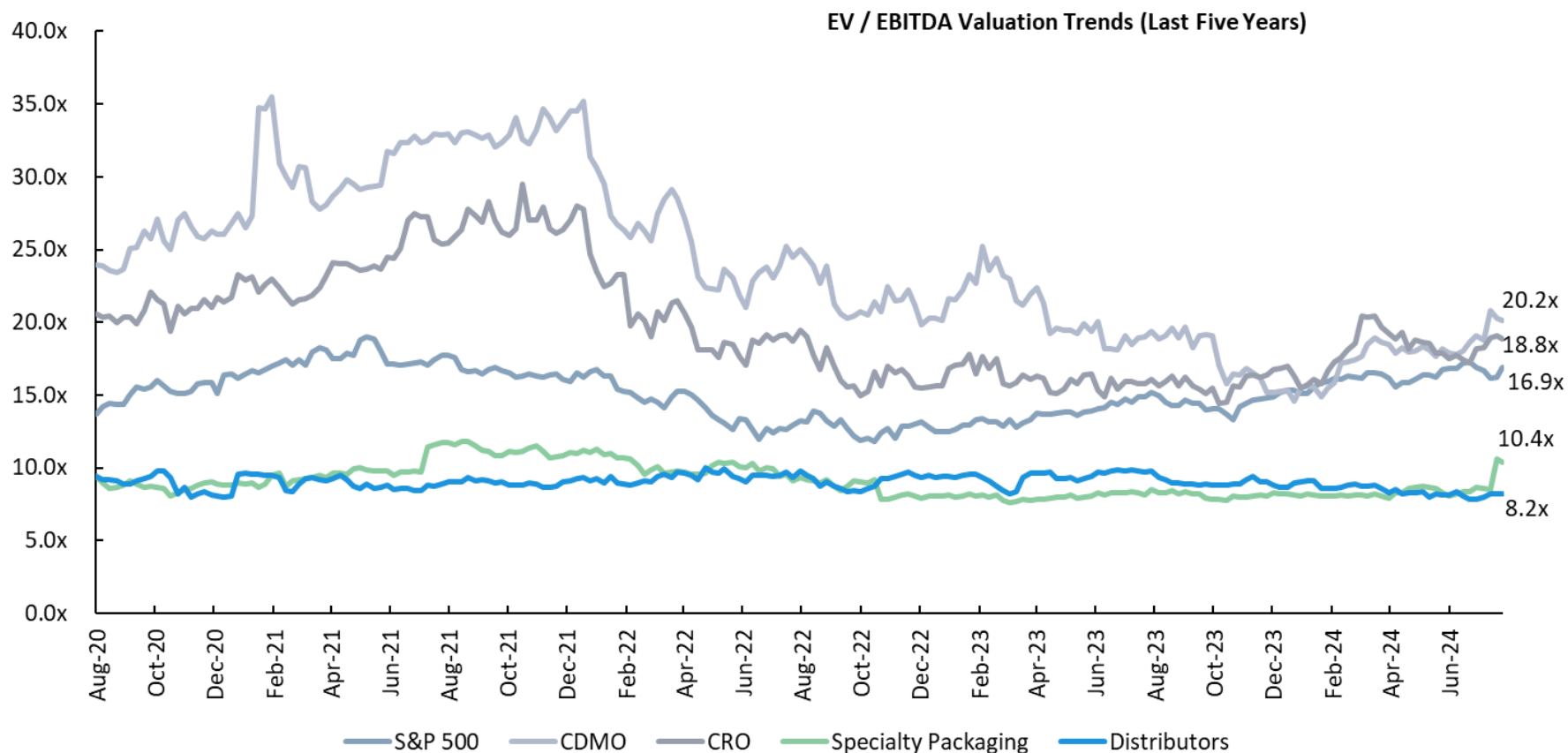
Company Name	Market Cap	Total Debt	Cash & Cash Eqv	Enterprise Value	LTM Revenue	LTM EBITDA	EV / LTM Revenue	EV / LTM EBITDA
Cardinal Health, Inc.	26,786	5,703	5,136	27,353	226,827	216,525	0.1x	9.6x
Patterson Companies, Inc.	2,183	776	120	2,839	6,568	6,729	0.4x	8.0x
Owens & Minor, Inc.	1,230	2,380	244	3,366	10,532	10,818	0.3x	5.7x
Cencora, Inc.	46,671	6,131	3,306	49,496	283,831	308,357	0.2x	12.3x
Henry Schein, Inc.	8,843	2,838	138	11,543	12,487	13,194	0.9x	13.0x
McKesson Corporation	71,025	7,436	2,302	76,159	313,751	361,484	0.2x	14.8x
CVS Health Corporation	73,403	83,822	16,262	140,963	361,855	378,195	0.4x	8.7x
Walgreens Boots Alliance, Inc.	9,427	33,664	711	42,380	145,533	147,085	0.3x	10.7x
Mean (Equal Weighted)					\$170,173	\$180,298	0.4x	10.4x
Median (Equal Weighted)					\$186,180	\$181,805	0.3x	10.2x

Note: Market values as of the close of business August 16, 2024.

Source: S&P Global Market Intelligence



Bourne Pharma Services Indices



Note: Market values as of the close of business August 16, 2024.
Source: S&P Global Market Intelligence

Section Three

Bourne Partners

i. Thought Leadership

ii. Bourne Partners Overview

iii. Investment Bank Overview



Thought Leadership

Bourne Perspective

After 20+ years of exclusive industry and capital markets coverage, we know the space and we are committed to providing actionable insights to our clients. We provide cutting-edge thought leadership on all things Pharma, Pharma Services, and Consumer Health.

Through leveraging resources and insights of both Bourne Partners Strategic Capital and Investment Banking divisions, **we provide differentiated perspectives to our clients from our unique vantage point.** Our goal is to deliver heavy-hitting, timely reports in an easy-to-read format tailored specifically for executives within our industry coverage.

Deal Profiles

DEAL PROFILE
Amgen | Horizon Therapeutics

AMGEN
Amgen Inc. (NASDAQ: AMGN) develops, manufactures, and delivers biotech therapies worldwide. It offers products across various therapeutic classes, including oncology, hematology, cardiovascular, immunology, bone health, and neuroscience. Amgen was founded in 1950 and is headquartered in Thousand Oaks, CA.
TICV: \$12.7.0bn LTM EBITDA: \$3.5.0bn LTM Revenue: \$26.3.0bn

HORIZON
Horizon Therapeutics PLC (NASDAQ: HZNP) is a clinical-stage biotech manufacturing company. The company is focused on the discovery, development, and commercialization of medicines that address critical unmet therapeutic needs for rare, autoimmune, and chronic inflammatory diseases.
TICV: \$26.0.0bn LTM EBITDA: \$1.0.0bn LTM Revenue: \$3.7.0bn

VALUES
Enterprise Value: \$28.3bn
LTM EBITDA Multiple: ~34.9x
LTM Revenue: ~21.0x
WTD EBITDA Multiple

Market Conference Commentary

BIO BRIEFING
Xan Smith

Bourne Partners logo

Industry Update Posts

INSIGHT
Industry Update
Recent Trends & Transactions

Bar chart showing Industry Update metrics from Week 26 to Week 28.

Weekly Newsletter

Week of July 18, 2023 | Vol. 12, Issue 28

INSIGHT
Newsletter
Recent Trends & Transactions

In This Issue
Upcoming Events
Industry M&A Activity
Recent Transactions
Trading Comps
Market Reports
M&A Pipeline
Featured Headlines
Tanner Updates

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Industry Snapshot
Line chart showing Industry Snapshot metrics from Week Ending July 9 to Week Ending July 16.

Above is an overview of recent industry M&A activity. Click on the chart to view complete transaction tables broken out by industry sub-sectors. For additional information, see the Industry M&A Activity section below.

Market Reports

Biostorage Services
Market Insight
2023

Expert Interviews

MARKET INSIGHT: USING DIVESTITURES TO DELIVER EXCESS RETURNS

READ

Sector Updates

Pharmaceutical Sector Update
Bourne Market Report
1H 2023

Bourne Partners Overview

Our Service Offering

For over twenty years, Bourne Partners has focused exclusively on providing investment banking advisory services and making direct investments in the Pharmaceutical, Pharma Services, Pharmacy Services, and Consumer Health and Wellness industries. Since 2015, we have successfully executed on **over \$10B** in transactions, having worked with many leading companies and private equity investors in these core focus areas.

Investment Banking

Mergers and Acquisitions

Sell-side and buy-side assignments

Transaction Experience: \$10M - \$3.5B

Capital Sourcing

Debt / Equity / Hybrid

\$10 - \$500 million raises

Business Development Support

Development stage and approved products

Local and international

Strategic Capital

Investment Focus

Direct investments in private companies

Selective approach in vital focus areas

Other Criteria

Cash flow positive opportunities

Complex situations with creative structures

Actionable growth stage or middle market business

Flexible investment targets with established private equity relationships

Geographic Coverage



Sector Expertise

Pharmaceuticals

Pharma Services

Pharmacy Services

Consumer Healthcare



Investment Banking Overview

Bourne Partners Investment Banking provides investment banking services within the healthcare and life sciences sector for external clients as well as our portfolio companies.

Value Beyond the Deal

Total Perspective

Experience advising, investing in, building, operating, buying, and selling companies
Unmatched 360° perspective for every project

Uncompromised Service

Direct involvement of senior management throughout process
High level of attention regardless of transaction value

Global Reach

Experience working with companies around the globe
Extensive network of potential international buyers

Focus Areas



Select Recent Tombstones

 has been acquired by 	 has sold its consumer CDMO operations to 	 has been acquired by 	 has been acquired by 	 has been acquired by 	 has been recapitalized by
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Partners, Sponsors, and Lenders



Recent Clients & Counterparties





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