

Q1-2018 CRO Update



Market Update

Improving productivity and efficiency in clinical development processes will continue to be the main industry growth driver for 2018. As sponsors look to find ways to improve cycle time and reduce costs, contract research organizations that are able to provide risk based monitoring, adaptive trial designs, and flexible delivery models will see increased interest. Groups with niche therapeutic knowledge and deep site relationships to help with smarter trial designs and patient recruitment will be in high demand. Industry consolidation continues to be centered around finding niche providers to expand industry coverage and increase offerings to sponsors. Provident expects to see a robust M&A marketplace in 2018 as providers turn to acquisition to cut costs and fuel future growth.

CRO Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
Charles River Laboratories	CRL	\$6.02B	\$1.86B	\$446.67M	3.24x	13.48x
ICON	ICLR	\$6.6B	\$1.76B	\$404.89M	3.75x	16.30x
PRA Health Sciences	PRAH	\$6.62B	\$1.95B	\$339.12M	3.39x	19.51x
Publicly Traded Avg.		\$6.41B	\$1.86B	\$396.89M	3.46x	16.43x

Select Transactions:

Month	Acquirer	Target	Significance
March	Linical Company	Accelovance	Linical Company (TKS: 2183), a contract research service provider based in Japan, entered a definitive agreement to acquire Accelovance. Accelovance is a clinical development service company based in Rockville, MD. Financial terms of the deal were not disclosed.
January	Caltius Structured Capital	Musculoskeletal Clinical Regulatory Advisers	Caltius Structured Capital, a private equity firm based in California, acquired a stake in Musculoskeletal Clinical Regulatory Advisers (MCRA). MCRA is a clinical research organization focused on medical devices and biologics for application in the neuro-musculoskeletal industry. Financial terms of the deal were not disclosed.
January	EVIO Labs	C3 Labs	EVIO Labs, a national provider of cannabis testing with nine laboratories in five states, acquired C3 Labs. C3 Labs is a cannabis-focused contract research organization based in Berkeley, CA. The transaction was valued at \$600,000.

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Upcoming CRO Conferences

The Association of Clinical Research Professionals 2018
 April 27th to September 30th National Harbor, Maryland

7th International Conference of Clinical Trials
 September 24th to September 26th Chicago, Illinois