

Q4-2014/Q1-2015 CRO Update



Market Overview

Over the last two quarters, the CRO sector has seen a wide array of noteworthy deals. For the public markets, both PRA Health Sciences and INC Research underwent highly successful IPOs and are currently trading at the top of their peer group. Covance, one of the industry's players, was acquired by LabCorp in a transaction that has the potential to reshape the CRO and Laboratory Services sectors for years to come pending the integration and fallout. Along with these three major deals, we continued to see strategic add on acquisitions as well as private equity groups make platform investments in middle-market companies. Looking forward to the rest of 2015, this sector is expected to continue to be a driving force of healthcare M&A activity.

Select Public CRO Trading Multiples

Company	Ticker	Enterprise Value (Millions)	EV / Rev.	EV / EBITDA
Charles River Laboratories	CRL	\$4,355	3.4x	15.1x
ICON	ICLR	\$3,981	2.6x	15.1x
INC Research	INCR	\$2,256	2.8x	15.1x
PAREXEL	PRXL	\$3,772	1.9x	12.7x
PRA Health Sciences	PRAH	\$2,565	2.0x	16.6x
Quintiles	Q	\$9,711	2.3x	13.5x
WuXi	WX	\$2,503	3.7x	16.9x

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
February 2015	Accelovance Inc.	Altair Clinical	Maryland-based Accelovance Inc. has acquired Altair Clinical, a European CRO with operations in multiple countries. Accelovance specializes in oncology, vaccines, and general medicine but will add more business lines and a larger geographic footprint after the transaction. Altair's offices in the UK, Russia, Middle East, and North Africa will now be run by Accelovance. Financial terms of the deal were not disclosed.
February 2015	ICON	MediMedia Pharma	ICON agreed to acquire MediMedia Pharma for \$120 million. The acquisition strengthens ICON's expertise in scientific communications and creates the industry's leading integrated scientific communications and market access solution.
November 2014	Laboratory Corporation of America	Covance Inc.	Laboratory Corporation of America (LabCorp), announced it would acquire Covance Inc. The combination will create the world's leading healthcare diagnostics company, capitalizing on LabCorp's industry leadership in medical testing and Covance's leadership in contract research. The transaction valuation represented a multiple of 13.3x EBITDA over the last 12 months through September 30, 2014.
October 2014	Charles River Laboratories	ChanTest	Charles River Laboratories has acquired ChanTest, a provider of specialized laboratory testing services for drug development. With an enterprise value of \$54 million, the transaction represented a EBITDA multiple of 7.6x. ChanTest specializes in measuring interactions between drug candidates and proteins known as ion channels. ChanTest was backed by Ampersand Capital Partners.
October 2014	MTS Health Investors, LLC	Celerion Holdings Inc.	MTS Health Investors, LLC announced they have completed an investment in Celerion Holdings, Inc. MTS has partnered with management to recapitalize the business and provide capital to support future growth. Terms of the transaction were not disclosed.