

Q3-2015 CRO Update



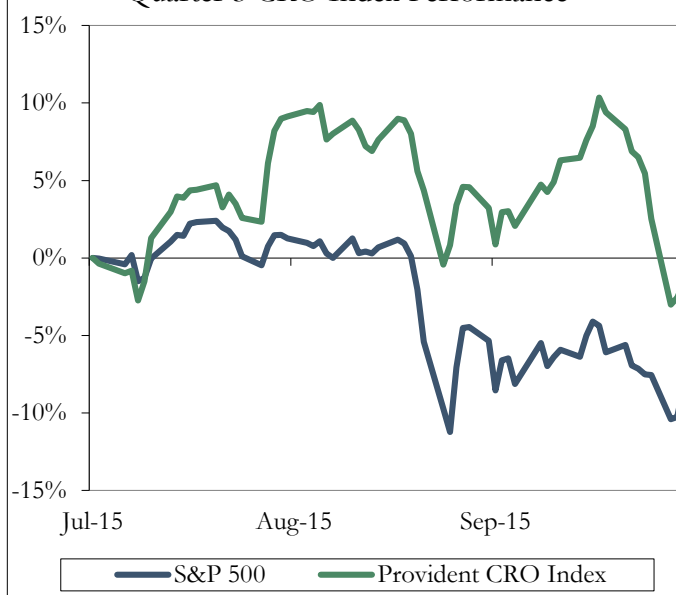
Market Overview

The CRO sector continues to experience bolstered pipelines as a result of increasing R&D budgets across the pharmaceutical industry. As drug development has become increasingly complex and expensive, pharmaceutical manufacturers have leaned more heavily on outsourced contracts. Many manufacturers have begun to form strategic partnerships with CROs to bring an array of services under one roof to decrease costs and increase synergies. As a result, industry consolidation has been fueled by small- to mid-sized CROs struggling to compete for projects against larger competitors due to size and scale. Consolidation continues to focus on strategic add-on acquisitions to help grow through globalization, service expansion, and unique synergy utilization. We have seen continued interest from private equity groups seeking scalable groups with experienced management teams. In evaluating potential targets, private equity groups have shown a great deal of interest in making platform investments, bolt on acquisitions, and niche partnerships. Looking towards the rest of 2015 and beyond, we expect the CRO sector to continue to benefit from drug manufacturers' heavy reliance on outsourced contracts to offset expanding drug development costs.

Select Public CRO Trading Multiples

Company	Ticker	Enterprise Value (Millions)	EV / Rev.	EV / EBITDA
Charles River Laboratories	CRL	\$3,580	2.72x	12.31x
ICON	ICLR	\$4,120	2.65x	13.24x
INC Research Holding	INCR	\$2,690	3.03x	14.83x
PAREXEL	PRXL	\$3,570	1.77x	12.02x
PRA Health Sciences	PRAH	\$3,220	2.45x	17.23x
Quintiles	Q	\$10,220	2.42x	13.62x
WuXi	WX	\$2,950	3.99x	22.08x

Quarter-3 CRO Index Performance



SELECT TRANSACTIONS:

*Provident CRO index includes CLIR, ICLR, INCR, PRXL, PRAH, Q, and WX

Date	Acquirer	Target	Description
August 2015	Chiltern International	Theorem Clinical Research	Chiltern, a leading global contract research organization, announced it has signed a purchase agreement to acquire Theorem Clinical Research. Chiltern will absorb Theorem into its current platform and give it more global reach — most notably in China and Japan — as well as new service offerings for medical devices and diagnostics, clinical analytics and clinical supplies. No financial terms were disclosed.
July 2015	Charles River Laboratories	Celsis International	Charles River Laboratories (CRL) announced it has acquired Celsis International for \$212 million in cash. Celsis is a leading provider of rapid bacterial detection systems for quality control testing in the biopharmaceutical and consumer products industries. The acquisition complements CRL's existing Endotoxin and Microbial Detection (EDM) services. CRL hopes the acquisition will double the market opportunity for its EDM testing products.
July 2015	BioClinica	MediciGroup, Inc.	After a history of collaboration, BioClinica, a specialty clinical trials services and technology provider, announced it has acquired MediciGroup, Inc., a global provider of clinical trial recruitment, analysis, and implementation. BioClinica hopes the acquisition will add to its patient recruitment, retention, and lost-to-follow-up capabilities. No financial terms were disclosed.