

Q4-2018 CRO Update



Market Update

The Contract Research market continues to demonstrate substantial growth, in large part due to increasing demand for services in clinical trials between Phases II and IV, which account for the majority of the industry's revenue. Private equity was the driving force behind much of the consolidation in 2018 and the fourth quarter was no different with two of the three transactions involving a private equity or PE-backed acquirer. Looking forward, Provident expects to see the same level of consolidation activity, with private equity continuing to play a large role in that consolidation.

CRO Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
Charles River Laboratories	CRL	\$6.9B	\$2.1B	\$495.0M	3.2x	14.0x
ICON	ICLR	\$6.8B	\$2.4B	\$444.5M	2.9x	15.3x
PRA Health Sciences	PRAH	\$6.8B	\$2.5B	\$410.3M	2.8x	16.7x
Publicly Traded Avg.		\$6.8B	\$2.3B	\$449.9M	3.0x	15.3x

Select Transactions:

Month	Acquirer	Target	Deal Description
December	Continuum Research Group	Lotus Clinical Research	Continuum Research Group, which was formed by DFW Capital Partners and Jeffrey Kinell, has acquired Lotus Clinical Research. Lotus is the preeminent CRO and clinical research site focused on the pain therapeutic area. Financial terms of the deal were not disclosed.
November	JLL Partners/Water Street Healthcare Partners	Cato Research	JLL Partners, along with Water Street Healthcare partners, both private equity groups, have acquired Cato Research. Cato is a global provider of regulatory and clinical research services. Financial terms of the deal were not disclosed.
November	Synteract	KinderPharm	Synteract, an innovative CRO that partners with Biotech and Pharma companies, has acquired KinderPharm. KinderPharm is a specialty pediatric CRO that is focused on advancing pediatric drug development across all phases of clinical research. Financial terms of the deal were not disclosed.

Provident Industry Coverage Team

Justin Hand
 Managing Director
jhand@providenthp.com
 (310) 359-6610

Robert Aprill
 Associate
raprill@providenthp.com
 (617) 226-4211

Upcoming CRO Conferences

Phacilitate Leaders World 2019
 January 22nd to January 25th Miami, FL

2019 Bridging Clinical Research and Clinical Healthcare Collaborative
 March 4th to March 7th Washington D.C.