

Q1-2019 Pharmaceutical CDMO & CRO Update



Market Update:

The Contract Research and Contract Development & Manufacturing markets continue to demonstrate robust consolidation activity. As has been demonstrated in this most recent credit cycle, private equity firms like Ampersand Capital are pursuing investment in CROs and CDMOs as a means to benefit from a 7-8% industry CAGR, strong FDA drug pipeline, and emerging opportunities in biologics, cell, and gene therapies.

Strategic consolidators like Thermo Fisher are utilizing inorganic growth initiatives to capture new specialties, capabilities, and access to top-tier management teams. With a string of billion dollar acquisitions in the last 18 months, Thermo Fisher has repositioned itself as the most robust end-to-end services provider to the global pharmaceutical continuum. In order to compete with vertically integrated global providers like Thermo Fisher, traditional CDMOs have begun weighing partnership opportunities outside of their historical core competencies in research, consulting, and life sciences to create end-to-end solutions, with the competitive advantage to secure sticky contracts at Phase I and Pre-Clinical stages.

Select U.S. Transactions:

Month	Acquirer	Target	Target Focus	Deal Description
March	Thermo Fisher Scientific	Brammer Bio	CDMO	Leading viral vector CDMO, Brammer Bio has been acquired by Thermo Fisher Scientific, which will expand Thermo Fisher's gene and cell therapy offering.
March	Sterling Pharma Solutions	CiVentiChem (NC Facility)*	CDMO	U.K.-based Sterling Pharma acquired CiVentiChem's U.S. facility in an effort to refocus on its core competencies in North America.
February	Charles River Laboratories	Citoxlab	CRO	Citoxlab has partnered with U.S.-based Charles River in a cash transaction, expanding Charles River's non-clinical small-scale biopharma capabilities.
January	Rentschler Biopharma	Shire (MA Facility)*	CDMO	European-based Rentschler has acquired Shire's Massachusetts facility, which specializes in Hemophilia A services.
January	Factory-CRO Group	Boston Biomedical Associates	CRO	Boston Biomedical Associates has merged with European-based Factory-CRO Group to focus on clinical biologics and devices.
January	Cambrex	Avista Pharma Solutions	CDMO	Cambrex (NYSE: CBM) completed its acquisition of Avista Pharma Solutions, a portfolio company of Ampersand Capital.

* Transaction was an asset purchase.

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