

Q2-2022 Pharmaceutical Services Update

Market Update

Q2 2022 saw a slight slowdown in deal activity within the pharma services as a result of tighter regulation from the FTC as well as rising rates for borrowed capital. CRO's and CDMOs remain key areas for strategic and financial acquirers as they continue to focus on acquisitive growth. The patent cliff in 2025 is a large tailwind for continued M&A activity as many large pharmaceutical services companies (e.g., AbbVie, GSK, Novartis) will see loss of exclusivity on their prominent drugs such as Humira, Gilenya, and Benlysta. Under increased scrutiny from D.C. and the FTC, Provident expects the bulk of M&A activity to occur in the lower-middle-market with slight hold on larger consolidation in the near-term.

Select Transactions:

Month	Acquirer	Target	Target Focus	Target Geography
July	QHP Capital	Lexitas Pharma	CRO	North Carolina
July	AstraZeneca	TeneoTwo	Drug Discovery	Delaware
July	Cardinal Health	Bendcare	Consulting	Florida
June	CenExel Clinical Research	Hassman Research Institute	CRO	New Jersey
June	Asahi Kasei Bioprocess America, Inc.	Bionova Scientific	CDMO	California
June	New Mountain Capital	The Emmes Company	CRO	Maryland
June	Bristol Meyer Squibb	Turning Point Therapeutics	Drug Discovery	California
June	Revelation Pharma	Wedgewood Pharmacy	Drug Discovery	New Jersey
May	Novotech CRO	NCGS	CRO	South Carolina
May	Prime Therapeutics	Magellan Rx	Drug Delivery	Arizona
April	Pfizer	Zentalis Pharmaceuticals	Clinical Research	New York

Provident Industry Coverage Team

Michael Patton
Managing Director
 mpatton@providenthp.com
 (617) 226-4205

Kevin McDermott
Senior Associate
 kmcdermott@providenthp.com
 (310) 919-4011

Daniel O'Brien
Senior Analyst
 dobrien@providenthp.com
 (617) 226-4292