

OBJECTIVE

Investment Banking & Valuation

Industry Report

Business Services

Contract Research Organization

Key Takeaways

EBITDA Valuations Continue Their Upward Trajectory As M&A Volume In Q2 2023 Shows Resilience Despite Economic Uncertainty

- EBITDA multiples for the Contract Research Organization (“CRO”) sector have continued to traded up since the lows of March (see Chart II) with the current average EBITDA multiple standing at 16.6x (see Table I), a 1% increase year over year but a 12% increase over the past month and a 10% increase over the past 6 months
- In Q2 2023 we saw 11 transaction close in the CRO sector, an increase of 10% compared to the previous quarter but a decline of 27% compared to Q4 and Q3 2022 (see Chart I)
- Despite the macro economic headwinds facing the sector including rising interest rates, lagging supply chain issues, and increasing onshoring costs, when compared on a yearly basis to 2019 and 2020, the CRO sector maintains to have an active M&A market
- These economic headwinds are predicted to ease in the H2 2023 and into 2024, supporting the higher valuations attributed to the CRO sector and setting up a potential premium M&A market

Chart I | Total M&A Volume⁽¹⁾

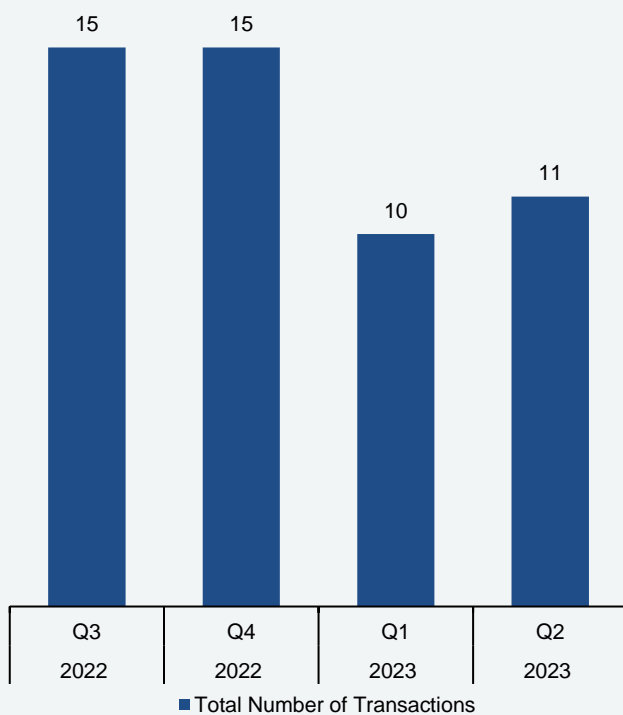
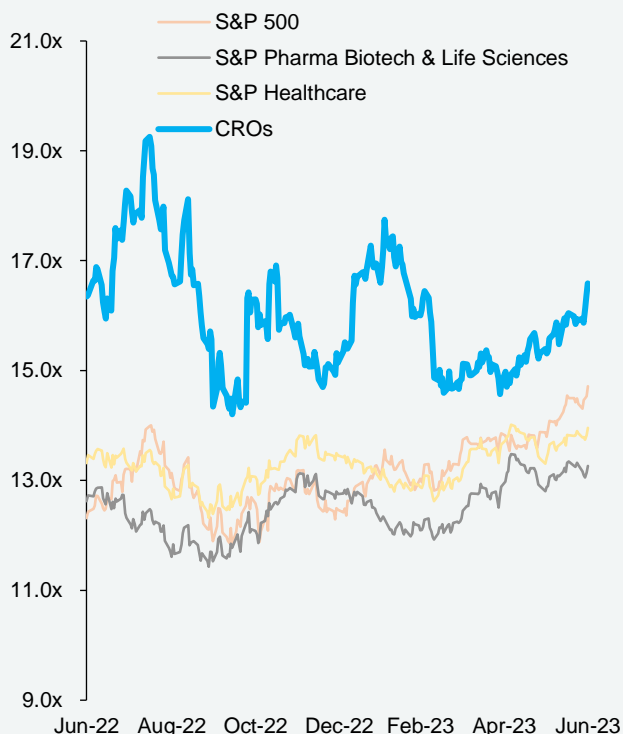


Chart II | TEV / EBITDA⁽²⁾



Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the CRO sector

(2) Table I for CRO comparables

USA & Canada Listed Companies (>\$20M Market Cap.)

Over the past month, the CRO sector has traded up in price with a 12% increase, beating out the more broader healthcare market's 5% increase (S&P 500 Healthcare index), and the specialty pharmaceutical and life sciences market's 4% increase (S&P Pharma Biotech & Life Sciences index) (see Chart III)

Chart III | 1-Year Price Performance⁽¹⁾

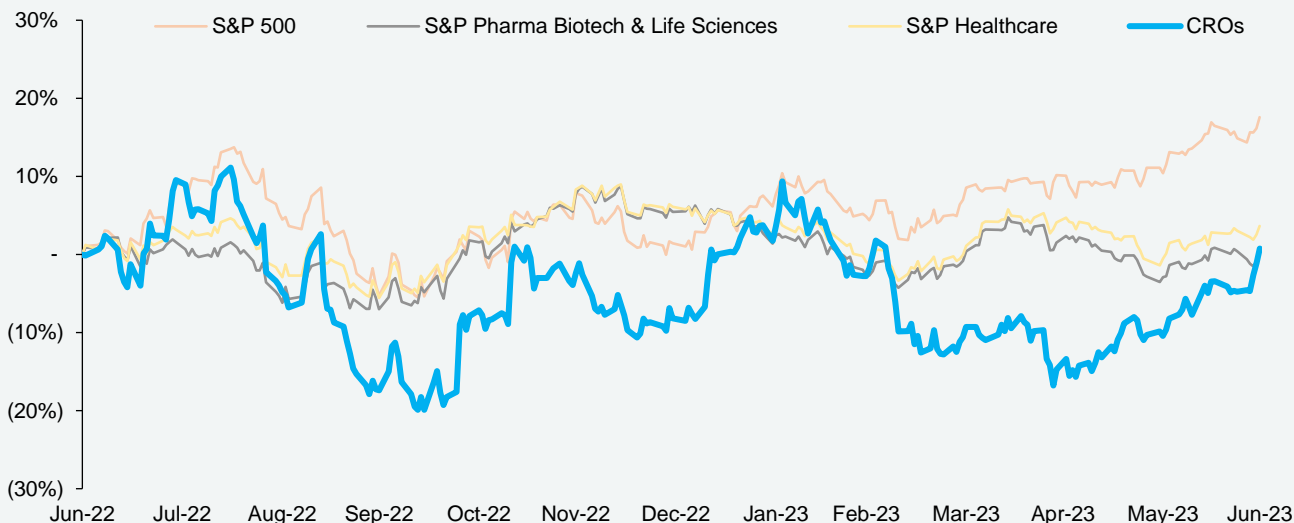
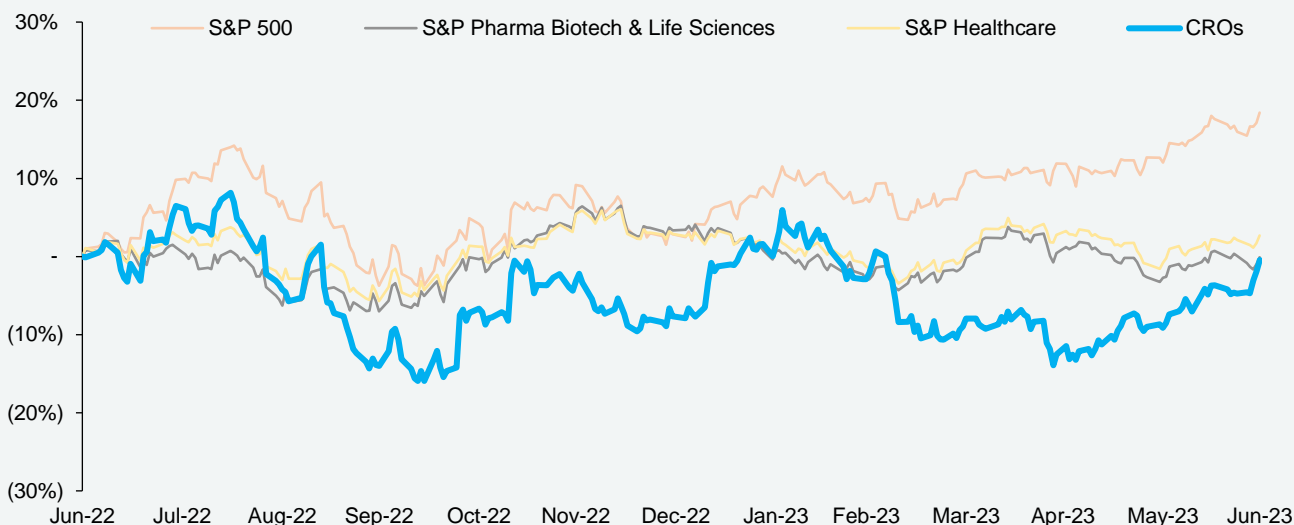


Chart IV | 1-Year TEV Performance⁽¹⁾



Source: S&P Capital IQ
(1) Table I for CRO comparables

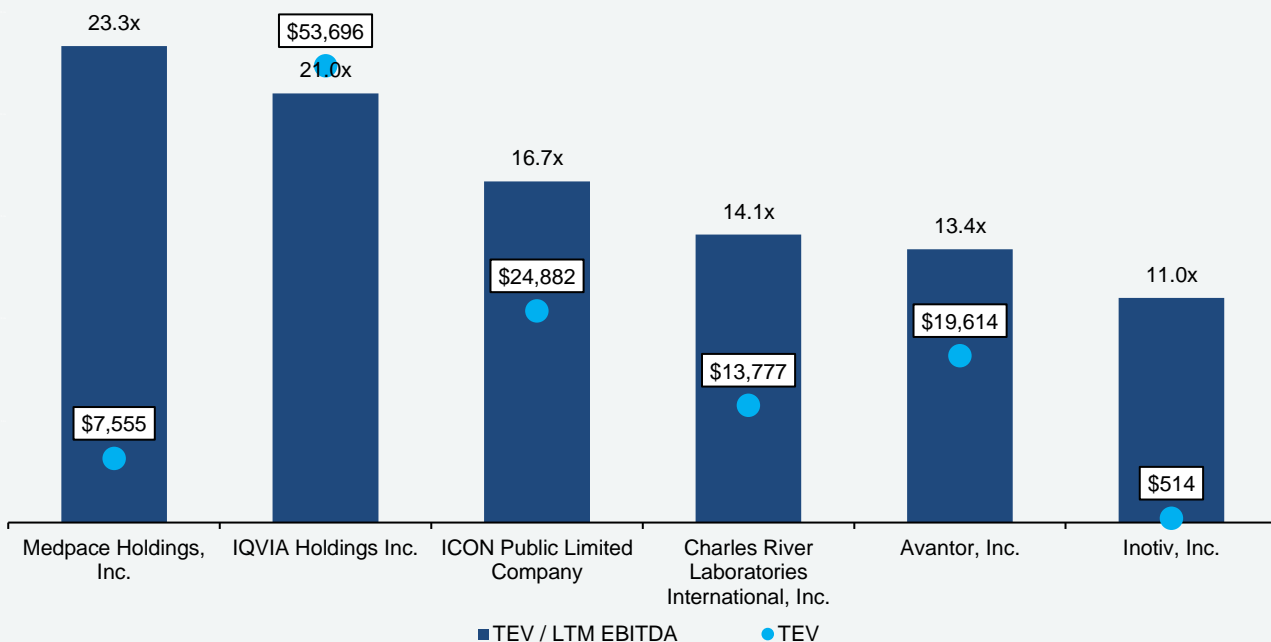
USA & Canada Listed Companies (>\$20M Market Cap.)

The market leading CRO such as Medpace Holdings and IQVIA Holdings trade relatively higher than their counterparts with a 34% EBITDA multiple premium to the comparable groups average EBITDA multiple (see Chart IV)

Table I | Select CRO

Company	Share Price 6/30/23	Equity Value	TEV	TEV/			
				Revenue		EBITDA	
				LTM	2023E	LTM	2023E
IQVIA Holdings Inc.	\$224.77	\$41,706	\$53,696	3.7x	3.5x	21.0x	14.8x
ICON Public Limited Company	\$250.20	\$20,498	\$24,882	3.2x	3.1x	16.7x	14.9x
Avantor, Inc.	\$20.54	\$13,867	\$19,614	2.7x	2.7x	13.4x	13.2x
Charles River Laboratories International, Inc.	\$210.25	\$10,761	\$13,777	3.4x	3.3x	14.1x	13.5x
Medpace Holdings, Inc.	\$240.17	\$7,325	\$7,555	4.8x	4.3x	23.3x	21.6x
Inotiv, Inc.	\$4.77	\$123	\$514	0.9x	0.9x	11.0x	6.4x
Median		\$10,761	\$13,777	3.2x	3.1x	14.1x	13.5x
Mean		\$15,713	\$20,006	3.1x	3.0x	16.6x	14.0x

Chart IV | TEV / EBITDA & TEV



Source: S&P Capital IQ

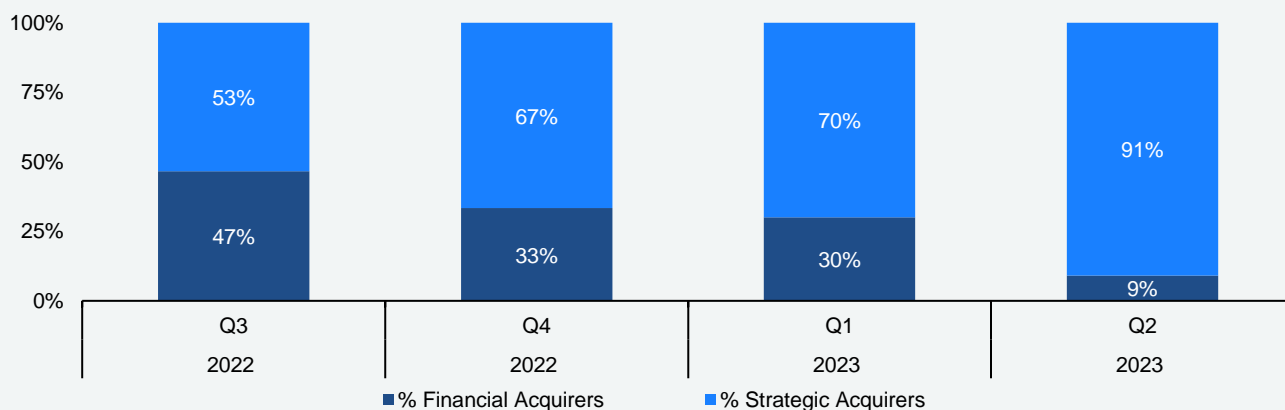
Majority Control Corporate and Asset Deals in USA & Canada

Strategic Acquirers continue to become the more dominate group of buyers in the market as interest rates continue to increase and push Financial Acquirers who rely on debt to pause on acquisitions, which is expected to reverse in the second half of 2023 as credit markets normalize (see Chart VI)

Table II | Select M&A Transactions

(\$ in million)					
Announce Date	Target	Acquiror	TEV	TEV / LTM	
				Revenue	EBITDA
5/10/23	Syneos Health, Inc.	Investment Consortium	\$7,374	1.4x	9.7x
12/29/22	OncoBay Clinical, Inc.	Neuca Clinical Trials Investments Sp Z O O	\$64	na	na
1/18/22	Xtal BioStructures, Inc.	Schrödinger, Inc.	\$6	na	na
7/15/21	BioPharma Services Inc.	Think Research Corporation	\$35	na	na
6/16/21	Quartesian, LLC	Summit Partners, L.P.	\$80	na	na
5/27/21	KGK Science Inc.	Myconic Capital Corp.	\$13	3.5x	na
4/28/21	Clinipace, Inc.	dMed Company Limited	\$233	na	na
4/15/21	PPD, Inc.	Thermo Fisher Scientific Inc.	\$20,881	4.2x	22.6x
4/1/21	Q2 Solutions LLC	IQVIA Holdings Inc.	\$1,900	na	na
2/24/21	PRA Health Sciences, Inc.	ICON Public Limited Company	\$12,277	3.9x	26.2x
12/14/20	MedSource Consulting Inc.	Ergomed plc	\$25	0.8x	19.2x
10/28/20	Synteract, Inc.	Syneos Health, Inc.	\$386	na	na
7/2/20	Acme Bioscience, Inc.	Frontage Laboratories, Inc.	\$27	na	na
Median			\$80	3.5x	20.9x
Mean			\$3,331	2.7x	19.4x

Chart VI | Total Buyer Mix: Financial vs Strategic⁽¹⁾



Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the CRO sector

About Objective

Investment Banking Practice

About Us

Objective, Investment Banking & Valuation is a leading investment banking and valuation firm serving middle-market companies across five industry practice groups in an effort to maximize our clients' M&A and valuation advisory results. Our team uses a highly engineered, structured process combined with our industry expertise designed to consistently achieve maximum results.

Industries of Focus

- Business Services
- Consumer
- Healthcare & life Sciences
- Manufacturing & Distribution
- Technology

500+ M&A Transactions Completed*


Has been acquired by

Sell-Side Advisor to StudyKIK


Has been acquired by

a portfolio company of 
Sell-Side Advisor to Bell Canyon Consulting




Has sold assets to

Financial Advisor to MabVax Therapeutics Holdings, Inc.

Undisclosed Healthcare Technology Company
Has been acquired by
Undisclosed San Francisco Based Private Equity Firm
Sell-Side Advisor to the Undisclosed Healthcare Technology Company

Undisclosed Leading Drug Treatments and Diagnostics Company
Strategic Alternatives Advisor to the Undisclosed Company

Undisclosed Leading Contract Research Organization
Sell-Side Advisor to the Undisclosed Contract Research Organization


Has been acquired by

Sell-side Advisor to Supreme Optimization


Has sold its clinical research site operations to

Sell-Side Advisor to Rocky Mountain Movement Disorders Center

Award & Recognition	Forum	Year	Type
Best Investment Bank & Valuation Firm – USA	Acquisition International	2022	Winner
Technology Deal of The Year (Between \$10MM - \$50MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Industrials Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Private Equity Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Boutique Investment Banking Firm of the Year	M&A Advisor 20th Annual M&A Awards	2021	Finalist
Best Investment Banking & Valuation Firm - California	Acquisitional International	2021	Winner

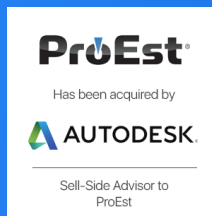
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Business Services Overview

Objective, Investment Banking & Valuation's Business Services practice is widely recognized for its exceptional capabilities in leveraging deep sector expertise and crafting compelling narratives that capture the essence of every company. Our team of highly dedicated and tenacious M&A professionals boasts extensive senior-level relationships with prominent strategic and financial buyers in the professional and technology-related services industries, as well as large public and private enterprises.

With a wealth of experience garnered over many years in both sell-side and buy-side engagements involving business services companies, we provide our clients with invaluable and transparent guidance that empowers them to realize their strategic and financial objectives.

Dedicated
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