

**OBJECTIVE**

Investment Banking & Valuation

# Industry Report

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**Business Services**

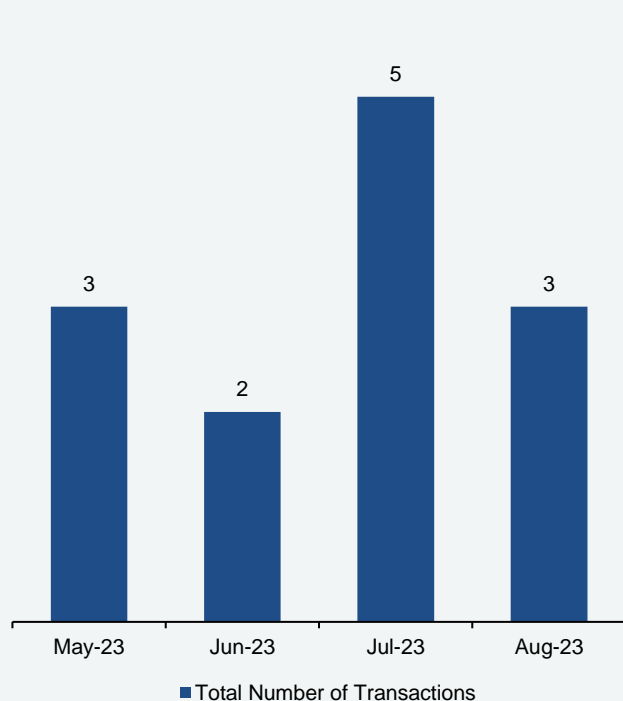
Contract Research Organization

## Key Takeaways

### CRO Companies Continue To Maintain Higher Valuations When Compared To The Broader Healthcare Market Despite Recent Market Upticks

- EBITDA multiples for the Contract Research Organization (“CRO”) sector have traded relatively flat over the past month (see Chart II) with the current average EBITDA multiple standing at 17.0x (see Table I), with no change month over month but a 1% increase over the past 12 months and a 6% increase over the past 6 months
- The broader healthcare market has had a 5% EBITDA multiple increase (S&P 500 Healthcare index) while the specialty pharmaceutical and life sciences market has had a 14% increase (S&P Pharma Biotech & Life Sciences index) (see Chart II)
- We expect this increase in valuation for the broader market to be a positive for the CRO space as more investors will start to take note of the increase and invest in the sector, continuing to improve valuations
- In addition, in July we saw 5 transactions close in the CRO sector, an increase of 150% compared to the previous month, not seen since April 2023 (see Chart I)

Chart I | Total M&A Volume<sup>(1)</sup>

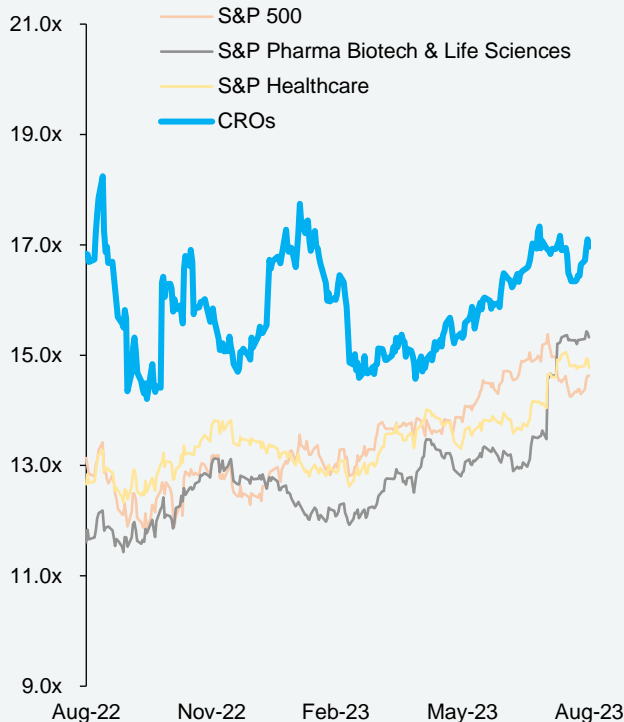


Source: S&P Capital IQ

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

(2) Table I for CRO comparables

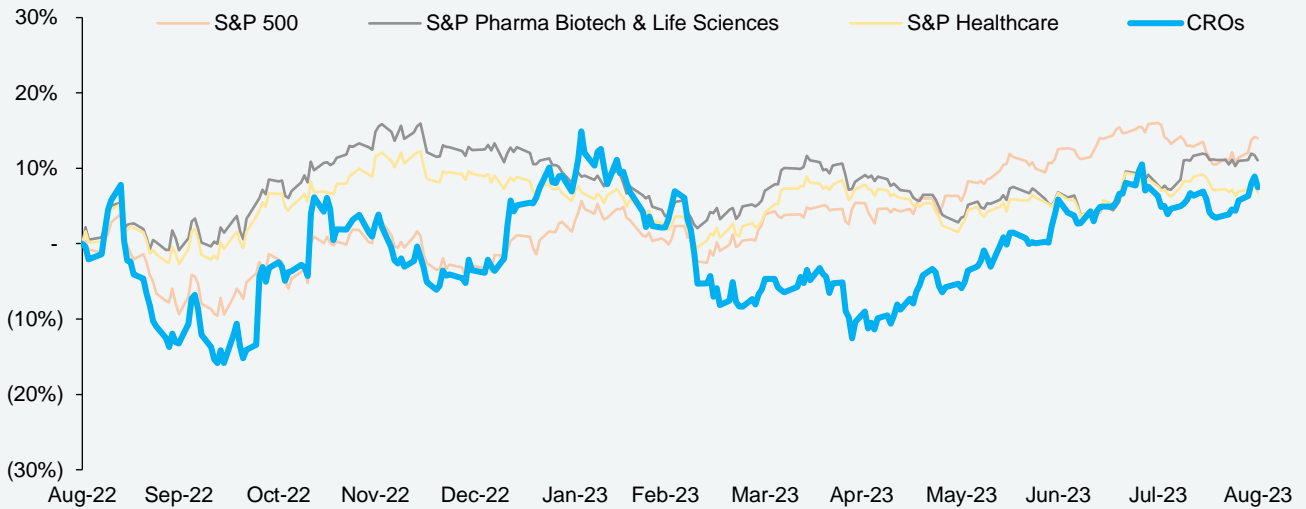
Chart II | TEV / EBITDA<sup>(2)</sup>



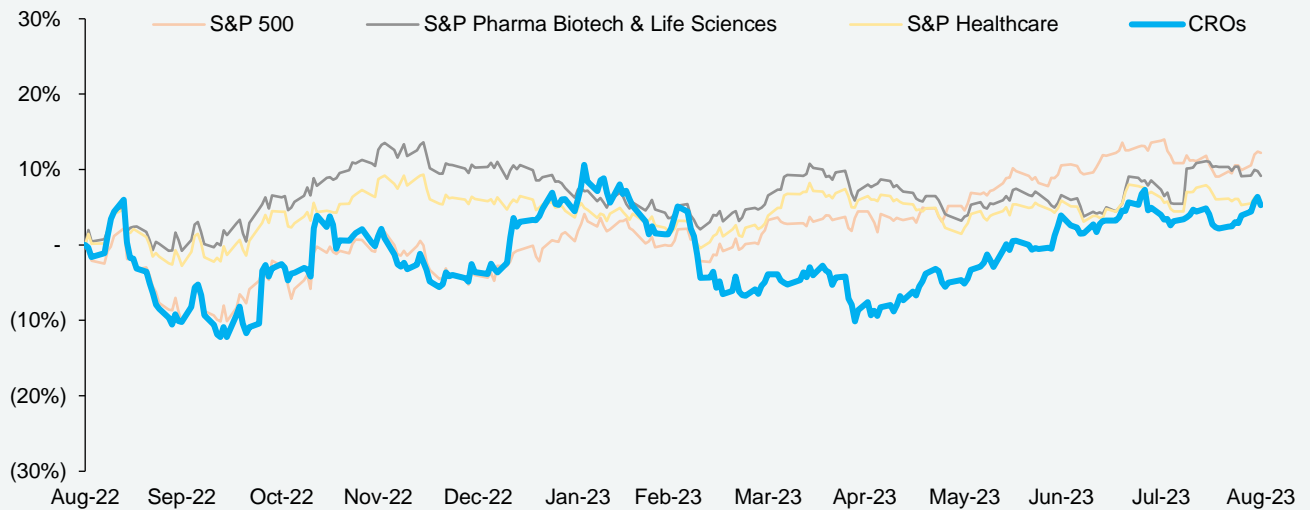
## USA & Canada Listed Companies (>\$20M Market Cap.)

Over the past month, the CRO sector has traded flat with a 1% increase, beating the broader healthcare market's 1% decrease (S&P 500 Healthcare index), but not the specialty pharmaceutical and life sciences market's 3% increase (S&P Pharma Biotech & Life Sciences index) (see Chart III)

### Chart III | 1-Year Price Performance<sup>(1)</sup>



### Chart IV | 1-Year TEV Performance<sup>(1)</sup>



Source: S&P Capital IQ

(1) Table I for CRO comparables

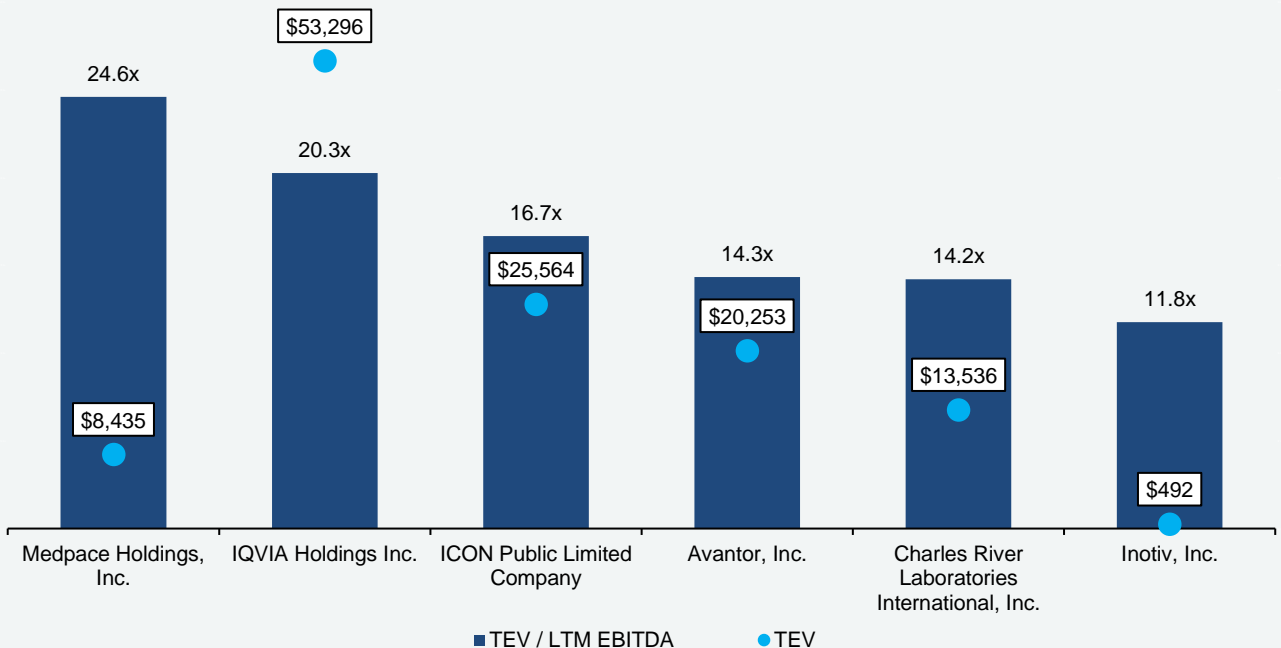
## USA & Canada Listed Companies (>\$20M Market Cap.)

The market leading CRO such as Medpace Holdings and IQVIA Holdings trade relatively higher than their counterparts with a 32% EBITDA multiple premium to the comparable groups average EBITDA multiple (see Chart IV)

Table I | Select CRO

Company	Share Price 8/31/23	Equity Value	TEV	TEV/			
				Revenue		EBITDA	
				LTM	2023E	LTM	2023E
IQVIA Holdings Inc.	\$222.63	\$40,769	\$53,296	3.6x	3.5x	20.3x	14.7x
ICON Public Limited Company	\$259.94	\$21,354	\$25,564	3.2x	3.1x	16.7x	15.3x
Avantor, Inc.	\$21.65	\$14,634	\$20,253	2.8x	2.9x	14.3x	15.3x
Charles River Laboratories International, Inc.	\$206.82	\$10,604	\$13,536	3.2x	3.3x	14.2x	13.3x
Medpace Holdings, Inc.	\$270.27	\$8,260	\$8,435	5.0x	4.5x	24.6x	23.9x
Inotiv, Inc.	\$3.74	\$96	\$492	0.8x	0.8x	11.8x	6.4x
<b>Median</b>		<b>\$10,604</b>	<b>\$13,536</b>	<b>3.2x</b>	<b>3.1x</b>	<b>14.3x</b>	<b>14.7x</b>
<b>Mean</b>		<b>\$15,953</b>	<b>\$20,262</b>	<b>3.1x</b>	<b>3.0x</b>	<b>17.0x</b>	<b>14.8x</b>

Chart IV | TEV / EBITDA & TEV



Source: S&P Capital IQ

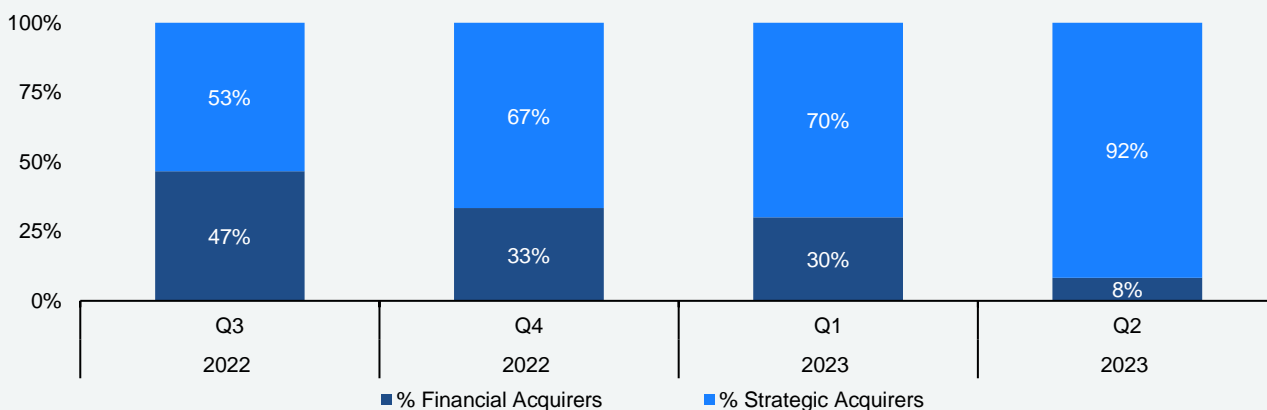
## Majority Control Corporate and Asset Deals in USA & Canada

Strategic Acquirers continue to be the dominant group of buyers in the market as interest rates continue to increase and push Financial Acquirers, who rely on debt, to pause acquisitions. These conditions are 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
<b>Median</b>			<b>\$80</b>	<b>3.5x</b>	<b>20.9x</b>
<b>Mean</b>			<b>\$3,331</b>	<b>2.7x</b>	<b>19.4x</b>

### Chart VI | Total Buyer Mix: Financial vs Strategic<sup>(1)</sup>



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



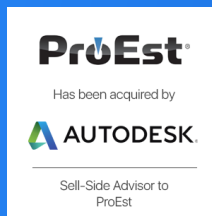
# About Objective

## 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  
Industry  
Knowledge &  
Expertise



## Thank you!

We are available to assist with your M&A or Valuation advisory needs when you need us. Feel free to call with M&A questions for your specific engagement, or to receive general market insight.



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