



HEALTHCARE

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Spotlight

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CRO

Industry News

Impact of COVID-19 on the CRO Market

The Pharma Letter [Full Article](#)

In 2020, the global contract research outsourcing market was valued at roughly \$48B and was projected to grow consistently with a CAGR of 6.8% through 2025. However, with the introduction of a global pandemic, some of that expected growth is subject to change. The fallout from COVID-19 has introduced a variety of problems including “impaired access to the healthcare system, travel restrictions, new guidance from regulatory agencies, and a shift in healthcare resources to fighting the pandemic.”

For a majority of companies ranging across all sizes, the only near-term option available to them has been to pause or delay some of their trials putting a strain on the CRO market.

The End of the Pandemic Likely to Boost CRO

GlobeNewswire [Full Article](#)

The current pandemic has forced many large pharmaceutical companies into a period of respite for those that perform in-house research. When the brunt of the pandemic comes to an end, these large players will attempt to speed up their productivity to fulfill the growing demand.

To streamline and speed up the process to recover losses suffered during the crisis, many pharmaceutical companies are expected to appoint contract development and manufacturing organizations. Government bodies are creating innovative plans to help fuel the growth of contract development so that the CRO companies can support these larger organizations.

As Needs Change, the CRO Industry Adapts

Healthcare IT News [Full Article](#)

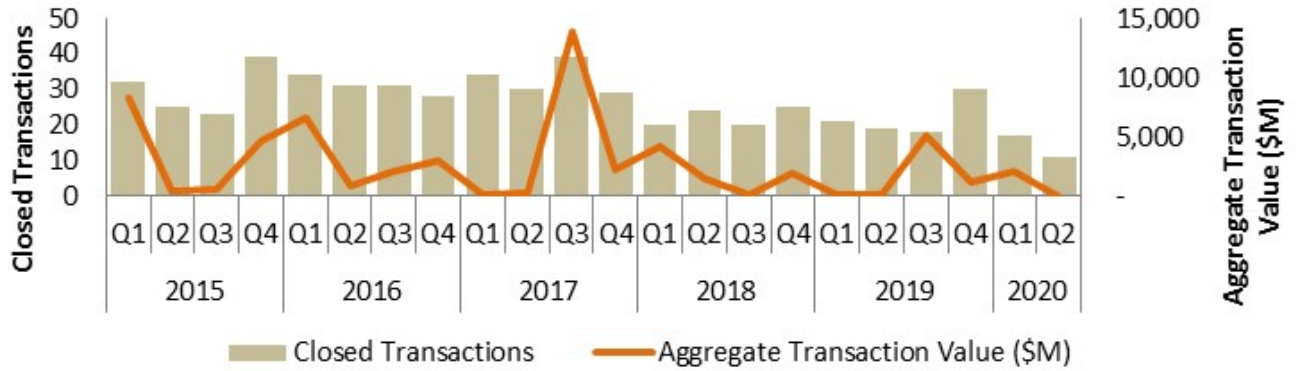
Over the past several year, the number of small virtual biotech companies is rising. In order to boost growth and become a larger player in the industry, they are increasingly outsourcing work earlier and in an integrated fashion. The rise in customers for many CRO's is due to the early need of wanting to use a single source for discovery and safety assessment.

According to James Anthony, global head, Paraxel Biotech “it is critical that in the earliest stages, companies consider their long-term development strategy, including clinical, regulatory, and reimbursement strategies. Marketing approval is no longer the only hurdle, and companies need to select a partner with expertise in areas that are critical to their success so they can get it right the first time and mitigate any unnecessary risk of delays or failure.”

CRO's are increasingly becoming a more crucial aspect of the pipeline and is the key to driving future growth within the industry.

CRO

CRO M&A Environment

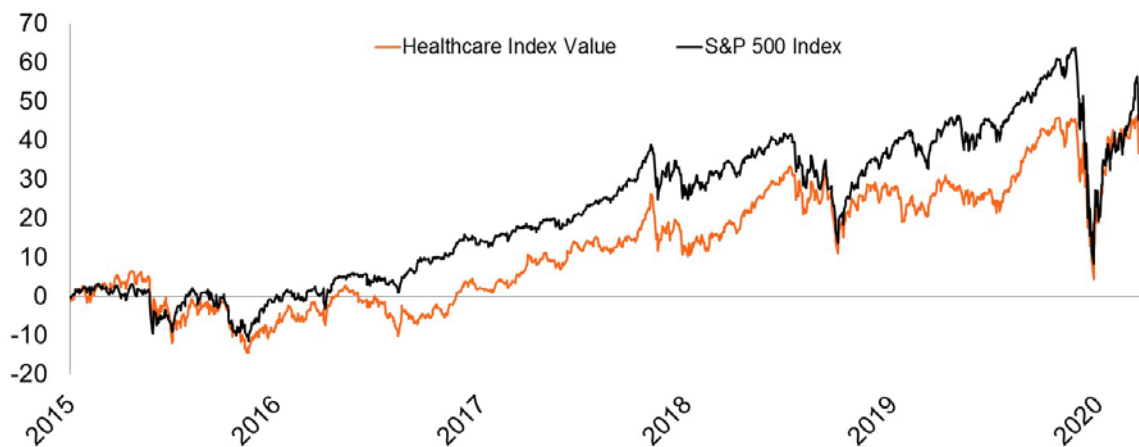


Selected Q2 2020 M&A

Date Close	Target	Buyers/Investors	Enterprise Value (\$M)	EV / LTM	
				Revenue	EBITDA
6/11/2020	Solvias AG	JLL Partners; Water Street Healthcare Partners, LLC	-	-	-
6/2/2020	Extherid Biosciences LLC	Perfectus Biomed Limited	-	-	-
5/22/2020	Ophthy-DS, Inc. Cytapex Bioinformatics	Experimentica Ltd.	-	-	-
5/20/2020	Inc.	Insightful Science, LLC	-	-	-
5/9/2020	CMIC Pharmaceutical Technology Co.	Shanghai Fosun Pharmaceutical Industrial Development	\$ 1.45	-	-
4/20/2020	ArmaGen, Inc.	JCR Pharmaceuticals Co., Ltd.	-	-	-
4/1/2020	Losan Pharma GmbH	HWI pharma services GmbH	-	-	-
4/1/2020	Curetis AG	OpGen, Inc.	\$ 13.22	-	-

Healthcare

Throughout the second quarter of 2020, the healthcare sector has largely mirrored the drastic fluctuations of the overall market. The sector is projected to demonstrate recovery in late 2020 as lockdowns continue to be lifted. The industry continues to integrate new technologies, moves further toward new patient centric models, and is pushed forward by medical advancement and research in areas such as genetics and cell manufacturing.



As of 6/30/2020

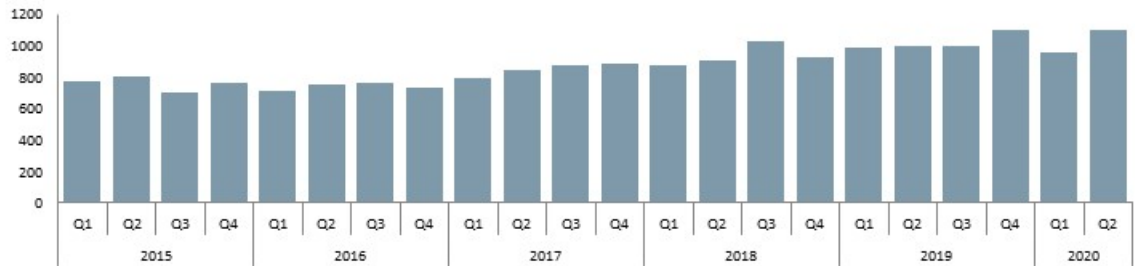
Company Name	Ticker	LTM Financials			Valuation Metrics		LTM Margins	
		Enterprise Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$176,539	\$32,095	\$8,026	5.5x	22.0x	58.5%	25.0%
AbbVie Inc.	NYSE:ABBV	\$198,975	\$34,057	\$16,038	5.8x	12.4x	77.4%	47.1%
Agilent Technologies, Inc.	NYSE:A	\$28,640	\$5,236	\$1,294	5.5x	22.1x	53.6%	24.7%
AmerisourceBergen Corporation	NYSE:ABC	\$21,591	\$186,159	\$2,273	0.1x	9.5x	2.7%	1.2%
Amgen Inc.	NasdaqGS:AMGN	\$162,580	\$23,966	\$12,041	6.8x	13.5x	79.9%	50.2%
Anthem, Inc.	NYSE:ANTM	\$84,062	\$109,167	\$7,429	0.8x	11.3x	23.1%	6.8%
Baxter International Inc.	NYSE:BAX	\$46,976	\$11,526	\$2,831	4.1x	16.6x	16.6%	24.6%
Becton, Dickinson and Company	NYSE:BDX	\$90,038	\$17,414	\$5,174	5.2x	17.4x	48.0%	29.7%
Biogen Inc.	NasdaqGS:BIIB	\$46,156	\$14,422	\$7,999	3.2x	5.8x	87.5%	55.5%
Boston Scientific Corporation	NYSE:BSX	\$60,262	\$10,785	\$2,673	5.6x	22.5x	70.6%	24.8%
Bristol-Myers Squibb Company	NYSE:BMJ	\$162,320	\$31,006	\$11,580	5.2x	14.0x	75.4%	37.3%
Cardinal Health, Inc.	NYSE:CAH	\$20,665	\$153,586	\$2,751	0.1x	7.5x	4.5%	1.8%
Centene Corporation	NYSE:CNC	\$45,910	\$78,100	\$3,168	0.6x	14.5x	16.3%	4.1%
Cerner Corporation	NasdaqGS:CERN	\$21,983	\$5,714	\$1,169	3.8x	18.8x	81.2%	20.5%
Cigna Corporation	NYSE:CI	\$101,926	\$154,168	\$11,366	0.7x	9.0x	16.1%	7.4%
Community Health Systems, Inc.	NYSE:CYH	\$14,874	\$12,859	\$1,306	1.2x	11.4x	38.5%	10.2%
Danaher Corporation	NYSE:DHJ	\$149,097	\$18,034	\$4,459	8.3x	33.4x	55.8%	24.7%
DaVita Inc.	NYSE:DVA	\$21,341	\$11,487	\$2,446	1.9x	8.7x	31.0%	21.3%
Eli Lilly and Company	NYSE:LLY	\$164,777	\$23,087	\$7,635	7.1x	21.6x	79.2%	33.1%
Genesis Healthcare, Inc.	NYSE:GEN	\$4,016	\$4,496	\$161	0.9x	25.0x	46.1%	3.6%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$99,696	\$22,716	\$6,646	4.4x	15.0x	79.4%	29.3%
HCA Healthcare, Inc.	NYSE:HCA	\$70,607	\$51,680	\$9,477	1.4x	7.5x	36.9%	18.3%
Henry Schein, Inc.	NasdaqGS:HSIC	\$10,205	\$10,054	\$928	1.0x	11.0x	30.7%	9.2%
Humana Inc.	NYSE:HUM	\$53,333	\$67,716	\$3,707	0.8x	14.4x	17.3%	5.5%
IQVIA Holdings Inc.	NYSE:IQV	\$39,047	\$11,158	\$1,887	3.5x	20.7x	33.9%	16.9%
Johnson & Johnson	NYSE:JNJ	\$380,062	\$82,729	\$28,551	4.6x	13.3x	66.3%	34.5%
Laboratory Corporation of America Holdings	NYSE:LH	\$22,946	\$11,587	\$1,881	2.0x	12.2x	27.5%	16.2%
Magellan Health, Inc.	NasdaqGS:MGLN	\$2,328	\$7,214	\$213	0.3x	10.9x	3.6%	3.0%
McKesson Corporation	NYSE:MCK	\$31,896	\$231,051	\$3,763	0.1x	8.5x	5.2%	1.6%
Merck & Co., Inc.	NYSE:MRK	\$215,839	\$48,081	\$19,058	4.5x	11.3x	72.2%	39.6%
Molina Healthcare, Inc.	NYSE:MOH	\$10,022	\$16,692	\$1,095	0.6x	9.2x	14.6%	6.6%
Owens & Minor, Inc.	NYSE:OMI	\$2,066	\$8,983	\$181	0.2x	11.4x	12.5%	2.0%
Patterson Companies, Inc.	NasdaqGS:PDCO	\$2,689	\$5,490	\$268	0.5x	10.0x	21.8%	4.9%
Pfizer Inc.	NYSE:PFE	\$223,895	\$50,660	\$20,530	4.4x	10.9x	80.4%	40.5%
Quest Diagnostics Incorporated	NYSE:DGX	\$19,610	\$7,657	\$1,478	2.6x	13.3x	34.3%	19.3%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$60,046	\$8,319	\$2,681	7.2x	22.4x	52.4%	32.2%
Stryker Corporation	NYSE:SYK	\$74,493	\$14,956	\$4,159	5.0x	17.9x	65.7%	27.8%
Tenet Healthcare Corporation	NYSE:THC	\$18,917	\$18,454	\$2,812	1.0x	6.7x	35.8%	15.2%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$160,125	\$25,647	\$6,561	6.2x	24.4x	44.3%	25.6%
UnitedHealth Group Incorporated	NYSE:UNH	\$314,390	\$246,268	\$21,932	1.3x	14.3x	24.1%	8.9%
Universal Health Services, Inc.	NYSE:UHS	\$12,058	\$11,404	\$1,705	1.1x	7.1x	39.3%	14.9%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$31,913	\$7,791	\$2,311	4.1x	13.8x	71.9%	29.7%
Zoetis Inc.	NYSE:ZTS	\$69,817	\$6,339	\$2,635	11.0x	26.5x	70.0%	41.6%

Median	3.2x	13.3x	43.4%	20.5%
Mean	3.3x	14.6x	44.9%	20.9%

Healthcare

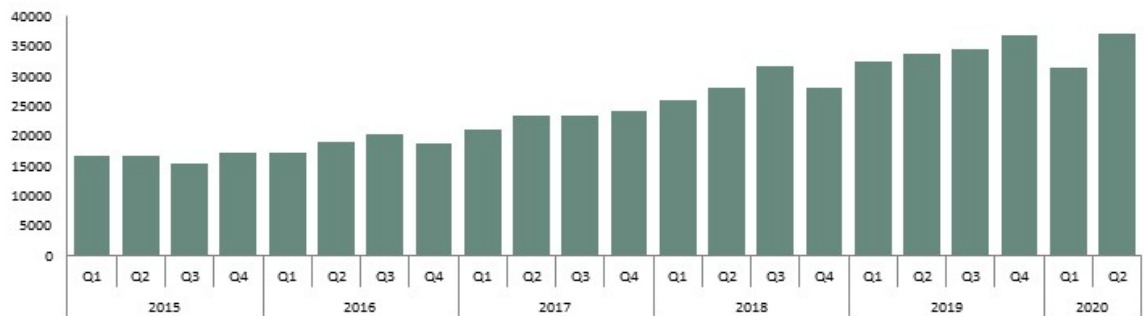
State of the Industry

Dow Jones US Healthcare Index



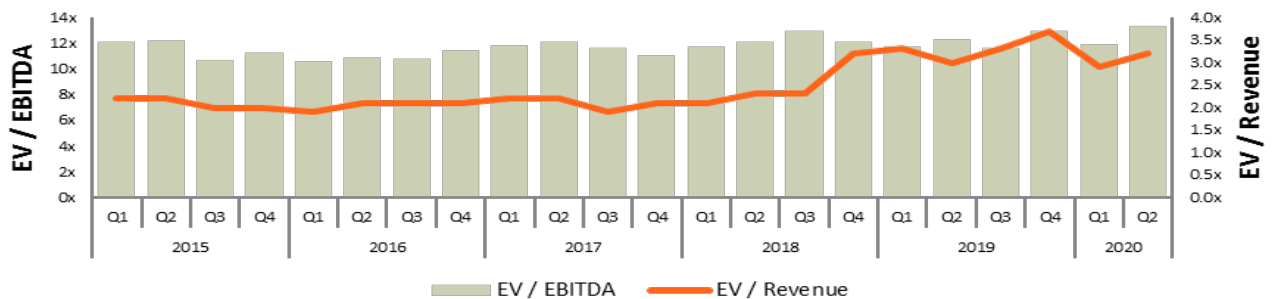
Source: Capital IQ

Dow Jones US Select Medical Equipment Index



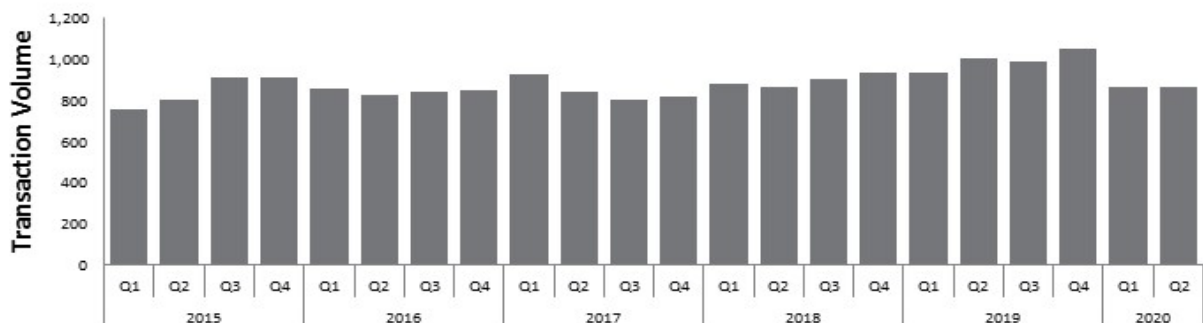
Source: Capital IQ

Industry Valuations



Source: Capital IQ

Healthcare Transaction Volume



Source: Capital IQ



The Value of Accomplishment

The highest level of expertise and hard work is what accomplishment requires. It's what you deserve and what we do.

- We sweat the small stuff.
- Take a 3:00am call.
- Say yes.
- Say no.
- Dig deeper when things get tough.
- And celebrate with you when your efforts pay off and you can reflect on it all and say, "It's really remarkable what we've accomplished here."
- Then and only then, will we know that we've accomplished something meaningful, too.

About Mirus

The Mirus team works with the owners of closely-held companies in multiple segments of the \$2.8 trillion US healthcare industry to achieve their desired outcome. While global in focus and experience, we benefit from being in one of the most dynamic healthcare ecosystems that includes some of the most active healthcare focused venture capital and private equity firms, leading research universities, large medical device companies and innovative med-tech and healthcare services firms. The Mirus healthcare team has experience executing a spectrum of engagements with some of the most innovative healthcare companies in the world. We have particular expertise in: medical devices, healthcare equipment, healthcare IT, diagnostics, contract research, healthcare staffing, and related companies.

Partner Spotlight

Patrick West is an accomplished executive, entrepreneur, advisor and director with extensive executive management and M&A experience in the healthcare technology sectors. Having been both a senior level med-tech executive and a successful entrepreneur, Patrick brings the valuable perspective of having sat on both sides of the negotiating table. Brendan Kiernan is a Partner with Mirus Capital Advisors who joined the firm in 2004. Experienced in business valuation, corporate finance advisory and deal execution, Brendan leads Mirus' Valuation practice, as well as co-leading sell-side and buy-side M&A mandates. Brendan has made significant contributions to several dozen client transactions and engagements during his tenure with the firm. His work has focused primarily on clients in the technology, business services, and industrial and distribution sectors.



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"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."

- Bill Hanson, Founder and President of LTI

Mirus Healthcare Spotlight

Tunstall

Americas

has been acquired by



a portfolio company of



Tunstall is a market-leading provider of technology-based health and care solutions and services which improve its customers' ability to deliver new, more efficient and effective models for health and care management in the community setting. Connect America provides personal medical response system (PERS) kits for Americans who wish to continue to live an independent life at home.



has sold substantially
all of its assets to



A Group Company of



AdvanSource develops advanced polymer materials which provide critical characteristics in the design and development of medical devices. Its biomaterials are used in devices that are designed for treating a broad range of anatomical sites and disease states. Its business model leverages proprietary materials science technology and manufacturing expertise in order to expand product sales and royalty and license fee income. Mitsubishi Chemical Performance Polymers, Inc. is a specialty chemical company and direct subsidiary of Mitsubishi Chemical America, Inc., the regional headquarters in North America of Mitsubishi Chemical Corporation.



has been
recapitalized by



Belmont is a leading provider of fluid warming infusion systems sold into acute care, military, and EMS settings. Headquartered in Billerica, MA, it is a technology leader in rapid infusion systems used to treat critically injured patients experiencing material blood loss. Since its founding in 1999, Audax Private Equity has been focused on building leading middle market companies. Audax has invested \$4.5 billion in 110 platforms and 635 add-on companies. Through its disciplined Buy & Build approach, Audax seeks to help platform companies execute add-on acquisitions that fuel revenue growth, optimize operations, and significantly increase equity value.



has been acquired by



Liberating Technologies is a leading supplier of upper-limb prosthetic devices for adults and children, ranging from simple passive hands and body-powered devices to the sophisticated myoelectrically-controlled prosthetic systems. The company designs and manufactures prosthetic devices such as the Boston Digital™ Arm System, LTI Locking Shoulder Joint and the VariGrip™ prosthetic controller. College Park Industries designs and manufactures a full line of anatomically correct, custom built lower limb prosthetic solutions.