



# HEALTHCARE

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Spotlight

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## Industry News

### **Global CRO Market Projected to Reach \$54.7 Billion by 2027**

PR Newswire [Full Article](#)

The global market for healthcare contract research organizations (CRO) was estimated at \$38.4 billion in 2020 by ResearchAndMarkets, and the sector is projected to grow at a CAGR of 5.2% to reach \$54.7 billion by the year 2027, factoring in the business implications of the pandemic.

The US healthcare contract research organization market was estimated to be \$11.3 billion in 2020. The CRO market in China, the world's second largest economy, is expected to reach a size of \$9.6 billion by 2027, with a CAGR of 4.8% from 2020 to 2027. Other fast-growing geographic healthcare contract research organization markets include Japan, Canada, and Germany.

### **CRO Consolidation Continues With ICON Buying PRA Health Sciences For \$12 Billion**

Business Wire [Full Article](#)

The contract research organization (CRO), ICON, has acquired its rival PRA Health Sciences in a \$12 billion combined cash and stock deal. The merged entity will retain its name, ICON, and makes the company the second largest amongst clinical trial service providers. PRA Health Sciences offers clinical development services such as clinical trial management, statistical analysis, data management, medical writing and regulatory and drug development consulting.

ICON's CEO Steve Cutler explains that this deal was driven by technological trends that have been accelerated by the pandemic. He states, "the pandemic has accelerated the transformation of the clinical trial landscape and opened up significant opportunities to decentralize trials."

### **Pharmaceutical Outsourcing Market Continues to Grow**

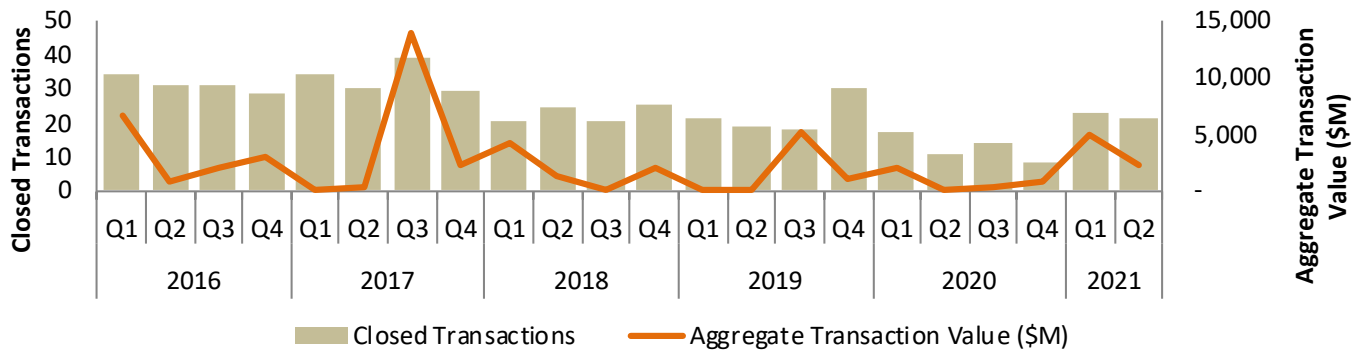
The Manomet Current [Full Article](#)

The key factors driving the growth of the pharmaceutical outsourcing market are the rising costs of drug development, high rates of failure in clinical development and increasing competition amongst healthcare pharmaceutical companies.

These factors coupled with the lack of in-house capabilities, the low-cost service offerings of contract research organizations (CROs) and access to their industry experience are expected to continue to drive the pharmaceutical outsourcing market.

# CRO

## CRO M&A Environment

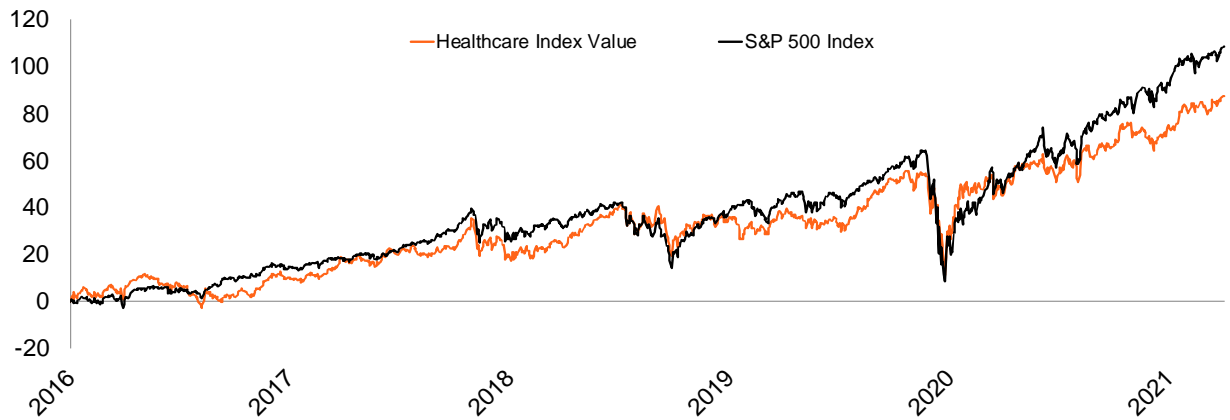


## Selected Q2 2021 M&A

Date Close	Target	Buyers/Investors	Enterprise Value (\$M)	EV / LTM	
				Revenue	EBITDA
6/16/2021	Quartesian, LLC	Summit Partners, L.P.	-	-	-
6/8/2021	CROS NT SRL	Alira Health Boston LLC	-	-	-
6/3/2021	EuTech Scientific Services, Inc	Tentamus Group GmbH	-	-	-
5/26/2021	Nuventra, Inc.	Cato Research Ltd.	-	-	-
5/11/2021	WCG Avoca	WIRB-Copernicus Group, Inc.	-	-	-
5/11/2021	ERC Incorporated	Brightstar Capital Partners, L.P.	-	-	-
5/5/2021	Calvert Laboratories, Inc.	Altasciences Company, Inc.	-	-	-
5/5/2021	Cmed Group Limited	Aixial Group	-	-	-
4/30/2021	Bolder BioPATH, Inc.	Inotiv, Inc.	\$ 53.19	4.1x	20.6x
4/15/2021	Chronix Biomedical, Inc.	OncoCyte Corporation	\$ 25.63	-	-
4/12/2021	Ology Bioservices, Inc.	National Resilience, Inc.	-	-	-

# Healthcare

Through the second quarter of 2021, the healthcare sector has rebounded as the US economy has begun to recover to pre-pandemic levels. The Healthcare Index trails somewhat behind the S&P 500 Index. The industry will continue to be affected by government regulation, the personalization of medicine and digital transformation. In light of the COVID-19 pandemic, telehealth and virtual medicine have and will continue to meet consumer demand for healthcare.



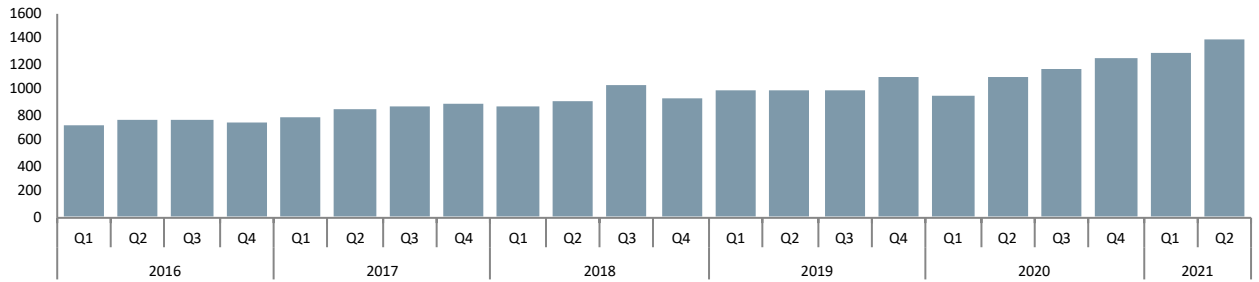
As of 6/30/2021		LTM Financials			Valuation Metrics		LTM Margins	
Company Name	Ticker	Enterprise Value	Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$216,285	\$37,338	\$10,357	5.8x	20.9x	56.8%	27.7%
AbbVie Inc.	NYSE:ABBV	\$274,740	\$50,195	\$24,527	5.5x	11.2x	67.5%	48.9%
Agilent Technologies, Inc.	NYSE:A	\$46,595	\$5,817	\$1,548	8.0x	30.1x	53.5%	26.6%
AmerisourceBergen Corporation	NYSE:ABC	\$24,362	\$196,282	\$2,754	0.1x	8.8x	2.8%	1.4%
Amgen Inc.	NasdaqGS:AMGN	\$162,167	\$25,164	\$12,486	6.4x	13.0x	75.6%	49.6%
Anthem, Inc.	NYSE:ANTM	\$108,370	\$124,632	\$9,098	0.9x	11.9x	27.6%	7.3%
Baxter International Inc.	NYSE:BAX	\$43,896	\$11,817	\$2,682	3.7x	16.4x	40.0%	22.7%
Becton, Dickinson and Company	NYSE:BDX	\$84,687	\$18,861	\$5,499	4.5x	15.4x	47.3%	29.2%
Biogen Inc.	NasdaqGS:BIIB	\$56,401	\$12,604	\$4,145	4.5x	13.6x	85.5%	32.9%
Boston Scientific Corporation	NYSE:BSX	\$68,190	\$10,122	\$2,363	6.7x	28.9x	68.3%	23.3%
Bristol-Myers Squibb Company	NYSE:BMJ	\$183,111	\$42,810	\$18,342	4.3x	10.0x	79.7%	42.8%
Cardinal Health, Inc.	NYSE:CAH	\$19,801	\$156,570	\$2,713	0.1x	7.3x	4.4%	1.7%
Centene Corporation	NYSE:CNC	\$51,394	\$108,147	\$6,072	0.5x	8.5x	17.5%	5.6%
Cerner Corporation	NasdaqGS:CERN	\$23,944	\$5,482	\$1,300	4.4x	18.4x	83.4%	23.7%
Cigna Corporation	NYSE:CI	\$107,514	\$163,141	\$10,553	0.7x	10.2x	14.8%	6.5%
Community Health Systems, Inc.	NYSE:CYH	\$13,854	\$11,777	\$1,111	1.2x	12.5x	38.3%	9.4%
Danaher Corporation	NYSE:DHR	\$209,620	\$24,799	\$8,020	8.5x	26.1x	59.6%	32.3%
DaVita Inc.	NYSE:DVA	\$25,539	\$11,529	\$2,347	2.2x	10.9x	31.0%	20.4%
Eli Lilly and Company	NYSE:LLY	\$220,426	\$25,486	\$8,494	8.6x	26.0x	75.9%	33.3%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$109,223	\$25,564	\$13,285	4.3x	8.2x	84.0%	52.0%
HCA Healthcare, Inc.	NYSE:HCA	\$102,295	\$52,649	\$10,761	1.9x	9.5x	38.1%	20.4%
Henry Schein, Inc.	NasdaqGS:HSIC	\$12,387	\$10,615	\$786	1.2x	15.8x	27.9%	7.4%
Humana Inc.	NYSE:HUM	\$60,849	\$78,888	\$5,423	0.8x	11.2x	19.8%	6.9%
IQVIA Holdings Inc.	NYSE:IQV	\$56,952	\$12,014	\$1,981	4.7x	28.7x	33.7%	16.5%
Johnson & Johnson	NYSE:JNJ	\$441,368	\$84,214	\$28,302	5.2x	15.6x	66.4%	33.6%
Laboratory Corporation of America Holdings	NYSE:LH	\$31,425	\$15,316	\$4,437	2.1x	7.1x	38.4%	29.0%
Magellan Health, Inc.	NasdaqGS:MGLN	\$2,140	\$4,617	\$108	0.5x	19.8x	3.1%	2.3%
McKesson Corporation	NYSE:MCK	\$34,318	\$238,228	\$4,005	0.1x	8.6x	5.0%	1.7%
Merck & Co., Inc.	NYSE:MRK	\$221,268	\$48,017	\$18,586	4.6x	11.9x	71.6%	38.7%
Molina Healthcare, Inc.	NYSE:MOH	\$12,699	\$20,377	\$1,096	0.6x	11.6x	13.7%	5.4%
Owens & Minor, Inc.	NYSE:OMI	\$4,240	\$8,684	\$458	0.5x	9.3x	16.8%	5.3%
Patterson Companies, Inc.	NasdaqGS:PDCCO	\$3,536	\$5,912	\$293	0.6x	12.1x	20.4%	5.0%
Pfizer Inc.	NYSE:PFE	\$245,478	\$46,407	\$16,817	5.3x	14.6x	76.7%	36.2%
Quest Diagnostics Incorporated	NYSE:DGX	\$20,795	\$10,335	\$2,965	2.0x	7.0x	41.2%	28.7%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$53,490	\$9,011	\$3,955	5.9x	13.5x	54.4%	43.9%
Stryker Corporation	NYSE:SYK	\$109,046	\$14,716	\$3,840	7.4x	28.4x	63.9%	26.1%
Tenet Healthcare Corporation	NYSE:THC	\$23,133	\$17,901	\$2,595	1.3x	8.9x	36.0%	14.5%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$211,342	\$35,894	\$12,390	5.9x	17.1x	51.5%	34.5%
UnitedHealth Group Incorporated	NYSE:UNH	\$408,377	\$272,099	\$23,058	1.5x	17.7x	24.3%	8.5%
Universal Health Services, Inc.	NYSE:UHS	\$15,749	\$11,742	\$1,936	1.3x	8.1x	40.4%	16.5%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$40,662	\$7,088	\$1,995	5.7x	20.4x	69.6%	28.1%
Zoetis Inc.	NYSE:ZTS	\$92,212	\$7,012	\$2,910	13.2x	31.7x	69.6%	41.5%

Median	4.0x	12.7x	40.8%	23.5%
Mean	3.6x	15.2x	45.1%	22.6%

# Healthcare

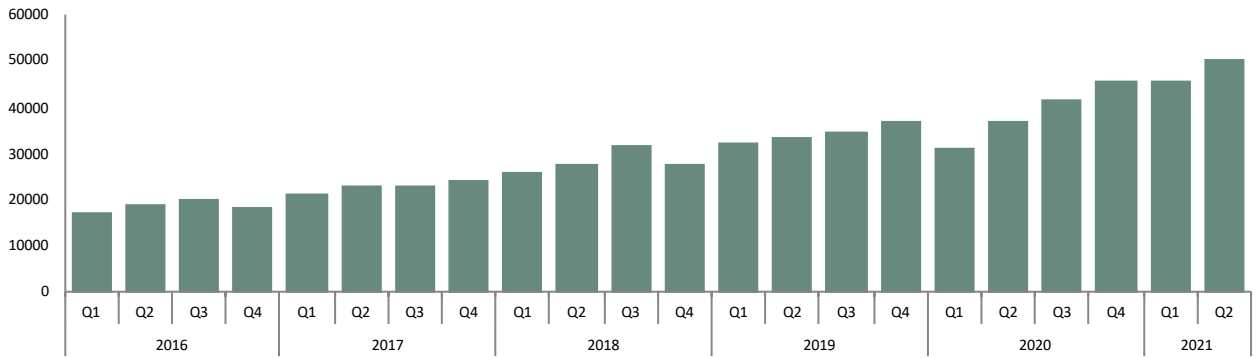
## State of the Industry

### Dow Jones US Healthcare Index



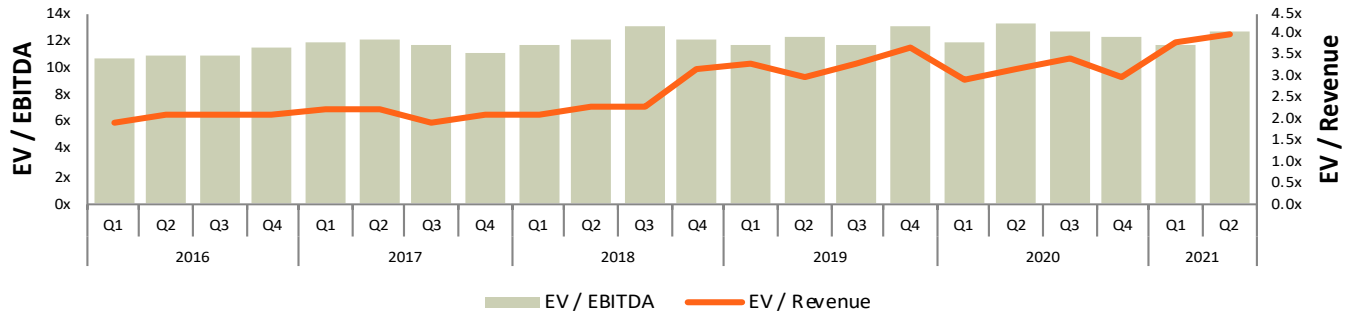
Source: Capital IQ

### Dow Jones US Select Medical Equipment Index



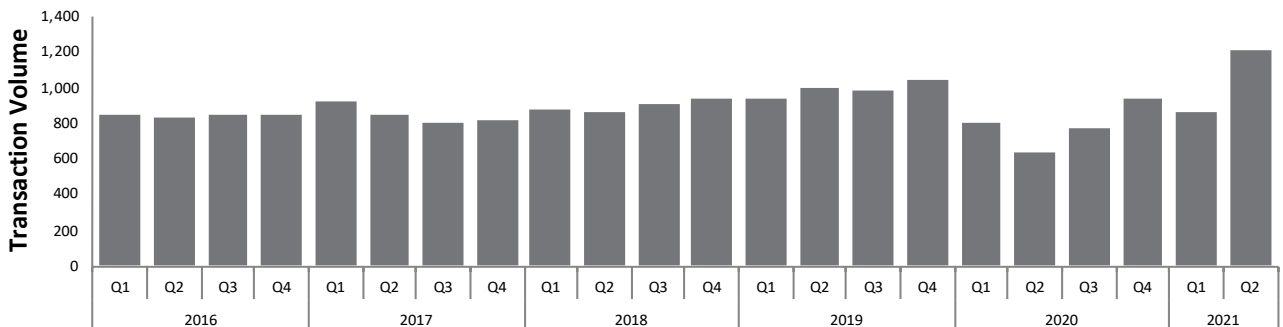
Source: Capital IQ

### 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

 **Connect America**

a portfolio company of

 **ROCKBRIDGE**  
GROWTH EQUITY

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.

 **AdvanSource**  
biomaterials

has sold substantially  
all of its assets to

 **mcpp**

A Group Company of

 **MITSUBISHI CHEMICAL**

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.

 **Belmont**  
INSTRUMENT CORPORATION

has been  
recapitalized by

 **Audax**  
Group

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.

 **LTI**

has been acquired by

 **college park**

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.