

Q2
24

Healthcare Industry

Mirus

**Contract Research
Organization (CRO)**

REPORT

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Contract Research Organization (CRO)

CRO Market Size projected to grow by \$63.35 billion by 2028

Technavio [Full Article](#)

The CRO market is estimated to grow by \$63.35 billion at a CAGR of 12.61% between 2023-2028, according to Technavio. Increased demand for outsourced CRO services is primarily driven by the need for cost effective drug development, expertise, and resources, as well as preferred regulatory environments. Growth in the industry is also being propelled by large CRO companies expanding their service coverage through strategic acquisitions.

While North America continues to have a dominant position in the CRO market, the Asia Pacific market is projected to grow the fastest due to a surge in R&D activity and the advantage of low-cost resources. Per the World Health Organization (WHO), the number of clinical trials registered in Southeast Asia reached 11,030, experiencing a growth of 48.5% from 2019.

Quest Diagnostics acquires PathAI Diagnostics from PathAI

Quest Diagnostics [Full Article](#)

Quest Diagnostics, a leading provider of diagnostic testing services for various medical conditions and infections, has acquired PathAI diagnostics, accelerating its digital diagnostic capabilities for diseases such as cancer. Using AI-based models and digital imaging, the company provides precise pathology solutions that can improve confidence in the accuracy of diagnosis and expedite drug development.

PathAI will remain an independent company and leverage the partnership to expand its position in the software and algorithm business. Quest will license PathAI's digital pathology management system to support Quest's laboratories in the United States. The acquisition allows both companies to collaborate on creating AI algorithms for other research and clinical applications.

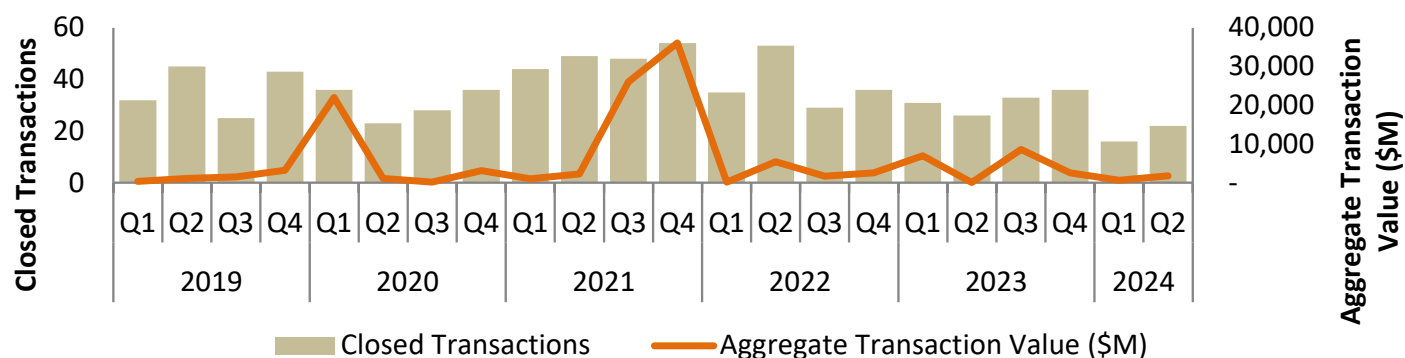
IQVIA announces the release of integration software for clinical data management

Fierce Biotech [Full Article](#)

On June 12th, clinical research services provider IQVIA announced the release of One Home for Sites, a product that integrates all the different applications a site's studies require into one platform, regardless of the vendor. Clinical studies can require various software types to function, ranging from trial management software to electronic data capture systems, potentially causing site capacity and logistical problems. The company developed the technology to facilitate collaboration between software products and mitigate potential issues. IQVIA is collaborating with clinical tech companies like Medidata to optimize the platform and is testing the technology at its own clinical trial centers.

The product effectively centralizes clinical data, allowing it to be accessed with a single sign-on. Apart from convenience, the centralization of clinical data is associated with improved data integrity and compliance, reduced administrative expenses, and cost savings.

CRO M&A Environment

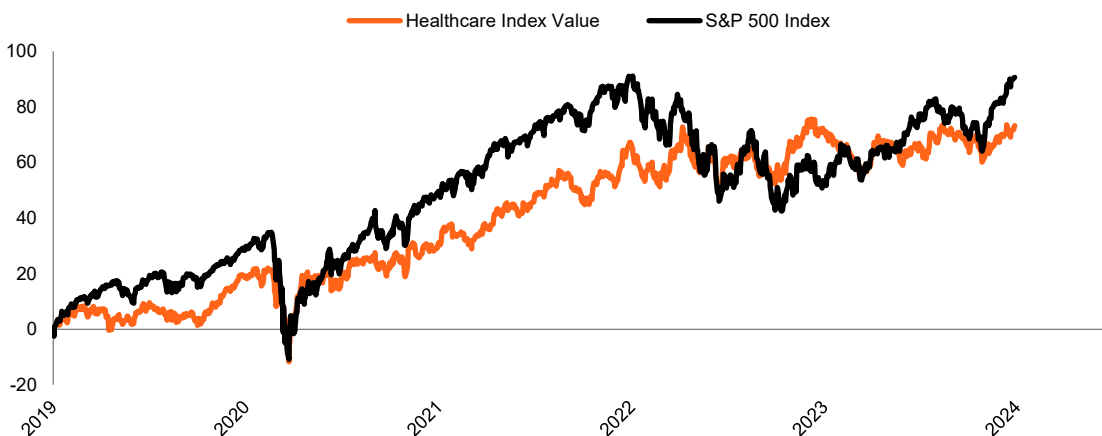


Selected Q2 2024 CRO M&A Transactions

Date Closed	Target	Buyers/Investors	Enterprise Value (\$M)
6/25/2024	Clintrex Research Corporation	ToxStrategies, Inc.	-
6/24/2024	Reach Separations Ltd	CatSci Ltd.	-
6/20/2024	Pharma-Data S.A.	Rosemont Pharmaceuticals Limited	-
6/18/2024	SeqLL Inc.	Atlantic International Corp. (OTCPK:ATLN)	184.9
6/3/2024	Fortrea Patient Access Inc./Endpoint Clinical, Inc.	Arsenal Capital Partners	345.0
6/3/2024	SynChem, Inc.	Formosa Laboratories, Inc. (TWSE:4746)	-
5/31/2024	Sofie Biosciences	Trilantic Capital Management L.P	476.2
5/27/2024	OCT Global SA	Palleos Healthcare GmbH	-
5/23/2024	Groupe ProductLife S.A.S.	21 Invest France; Oakley Capital Investments Limited (LSE:OCI)	543.0
5/6/2024	Substantially all assets of NanoString Technologies, Inc.	Bruker Corporation (NasdaqGS:BRKR)	392.6
5/1/2024	TPM Laboratories, Inc.	Cormica Ltd.	-
4/20/2024	Assets of Abond CRO Inc.	Bioforum CDMC Ltd.	-
4/9/2024	IsoTherapeutics Group, LLC	Telix Pharmaceuticals Limited (ASX:TLX)	13.6
4/8/2024	Societal CDMO, Inc.	CoreRx, Inc.	165.7
4/2/2024	Neuropharmacology division of QPS Austria GmbH	Scantox, Biologisk Laboratorium A/S	-

Sector Update: Healthcare

Through the second quarter of 2024, the healthcare sector has seen steady gains. Telehealth and virtual health have seen robust growth as more healthcare companies continue to develop patient care technologies. This demand shows the increasing importance of asynchronous care services which improve access to healthcare and greatly reduce administrative work for non-emergency conditions.



Select Healthcare Public Companies

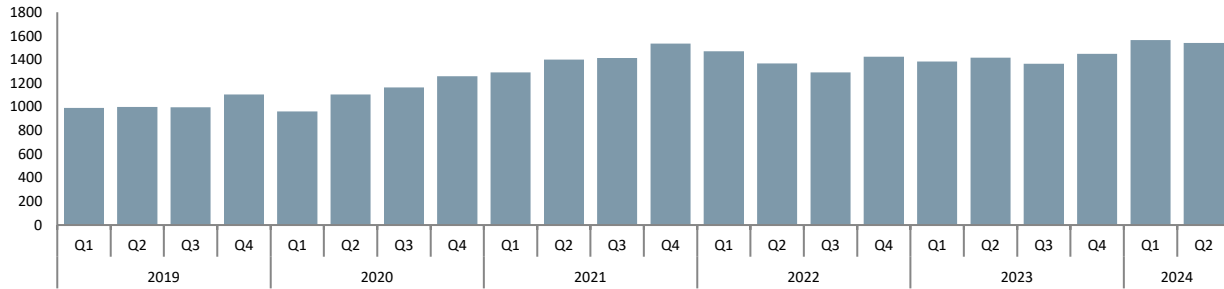
As of 6/30/2024		LTM Financials (\$M)			Valuation Metrics		LTM Margins	
Company Name	Ticker	Enterprise Value (\$M)	Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$189,052	\$40,326	\$10,368	4.7x	18.2x	55.3%	25.7%
AbbVie Inc.	NYSE:ABBV	\$359,212	\$54,403	\$26,116	6.6x	13.8x	69.2%	48.0%
Agilent Technologies, Inc.	NYSE:A	\$38,876	\$6,591	\$1,612	5.9x	24.1x	50.6%	24.5%
Amgen Inc.	NasdaqGS:AMGN	\$221,921	\$29,532	\$11,658	7.5x	19.0x	66.5%	39.5%
Baxter International Inc.	NYSE:BAX	\$28,251	\$14,892	\$2,872	1.9x	9.8x	38.6%	19.3%
Becton, Dickinson and Company	NYSE:BDX	\$82,380	\$19,716	\$5,070	4.2x	16.2x	44.6%	25.7%
Biogen Inc.	NasdaqGS:BIIB	\$39,624	\$9,663	\$2,520	4.1x	15.7x	75.5%	26.1%
Boston Scientific Corporation	NYSE:BSX	\$122,133	\$14,707	\$3,742	8.3x	32.6x	69.0%	25.4%
Bristol-Myers Squibb Company	NYSE:BMJ	\$131,663	\$45,534	\$18,172	2.9x	7.2x	76.0%	39.9%
Cardinal Health, Inc.	NYSE:CAH	\$26,087	\$220,572	\$2,783	0.1x	9.4x	3.3%	1.3%
Cencora	NYSE:COR	\$49,114	\$276,537	\$3,939	0.2x	12.5x	3.4%	1.4%
Centene Corporation	NYSE:CNC	\$35,902	\$142,800	\$6,133	0.3x	5.9x	15.7%	4.3%
Cigna Corporation	NYSE:CI	\$119,126	\$204,145	\$9,216	0.6x	12.9x	11.6%	4.5%
Community Health Systems, Inc.	NYSE:CYH	\$13,175	\$12,522	\$1,338	1.1x	9.8x	41.0%	10.7%
Danaher Corporation	NYSE:DHR	\$197,298	\$23,737	\$7,417	8.3x	26.6x	58.9%	31.2%
DaVita Inc.	NYSE:DVA	\$25,349	\$12,338	\$2,493	2.1x	10.2x	32.4%	20.2%
Eli Lilly and Company	NYSE:LLY	\$838,288	\$35,932	\$13,374	23.3x	62.7x	80.2%	37.2%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$105,064	\$27,450	\$12,665	3.8x	8.3x	77.5%	46.1%
HCA Healthcare, Inc.	NYSE:HCA	\$127,757	\$66,716	\$12,869	1.9x	9.9x	39.7%	19.3%
Henry Schein, Inc.	NasdaqGS:HSIC	\$12,202	\$12,451	\$934	1.0x	13.1x	31.4%	7.5%
Humana Inc.	NYSE:HUM	\$52,716	\$109,243	\$4,472	0.5x	11.8x	16.1%	4.1%
IQVIA Holdings Inc.	NYSE:IQV	\$50,843	\$15,069	\$2,765	3.4x	18.4x	35.0%	18.3%
Johnson & Johnson	NYSE:JNJ	\$359,174	\$85,648	\$30,613	4.2x	11.7x	69.3%	35.7%
Laboratory Corporation of America Holdings	NYSE:LH	\$23,118	\$12,300	\$1,622	1.9x	14.2x	27.7%	13.2%
McKesson Corporation	NYSE:MCK	\$78,971	\$308,951	\$5,107	0.3x	15.5x	4.1%	1.7%
Merck & Co., Inc.	NYSE:MRK	\$342,221	\$61,403	\$21,211	5.6x	16.1x	74.9%	34.5%
Molina Healthcare, Inc.	NYSE:MOH	\$15,291	\$34,660	\$1,704	0.4x	9.0x	12.8%	4.9%
Owens & Minor, Inc.	NYSE:OMI	\$3,218	\$10,424	\$601	0.3x	5.4x	21.6%	5.8%
Patterson Companies, Inc.	NasdaqGS:PDGO	\$2,774	\$6,568	\$355	0.4x	7.8x	21.0%	5.4%
Pfizer Inc.	NYSE:PFE	\$216,800	\$54,889	\$9,621	3.9x	22.5x	59.4%	17.5%
Quest Diagnostics Incorporated	NYSE:DGX	\$20,198	\$9,287	\$1,775	2.2x	11.4x	33.1%	19.1%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$98,596	\$13,100	\$4,425	7.5x	22.3x	51.3%	33.8%
Stryker Corporation	NYSE:SYK	\$140,611	\$20,963	\$5,438	6.7x	25.9x	64.0%	25.9%
Tenet Healthcare Corporation	NYSE:THC	\$27,611	\$20,892	\$3,821	1.3x	7.2x	38.5%	18.3%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$239,610	\$42,492	\$10,778	5.6x	22.2x	40.4%	25.4%
UnitedHealth Group Incorporated	NYSE:UNH	\$524,168	\$379,487	\$35,002	1.4x	15.0x	24.1%	9.2%
Universal Health Services, Inc.	NYSE:UHS	\$17,626	\$14,658	\$1,853	1.2x	9.5x	40.3%	12.6%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$27,947	\$7,452	\$2,473	3.8x	11.3x	71.9%	33.2%
Zoetis Inc.	NYSE:ZTS	\$83,922	\$8,734	\$3,567	9.6x	23.5x	70.1%	40.8%

Median	2.9x	13.1x	40.4%	19.3%
Mean	3.8x	15.9x	44.0%	21.0%

Sector Update: Healthcare

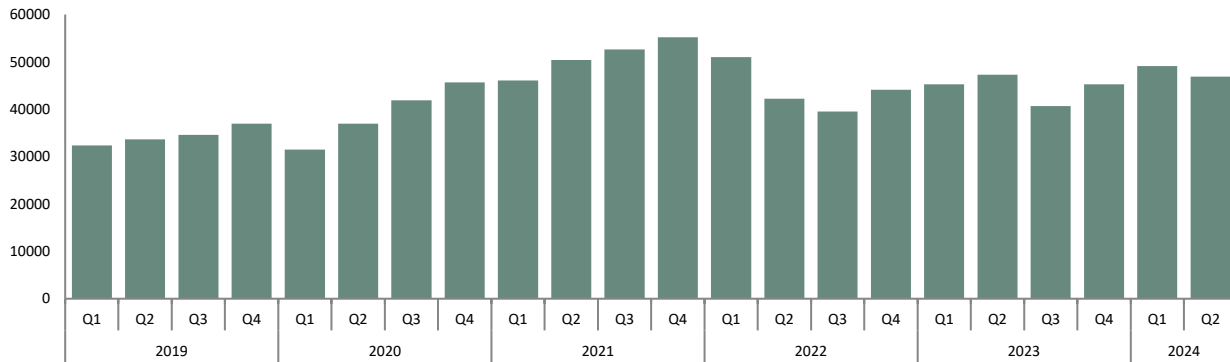
State of the Industry

Dow Jones US Healthcare Index



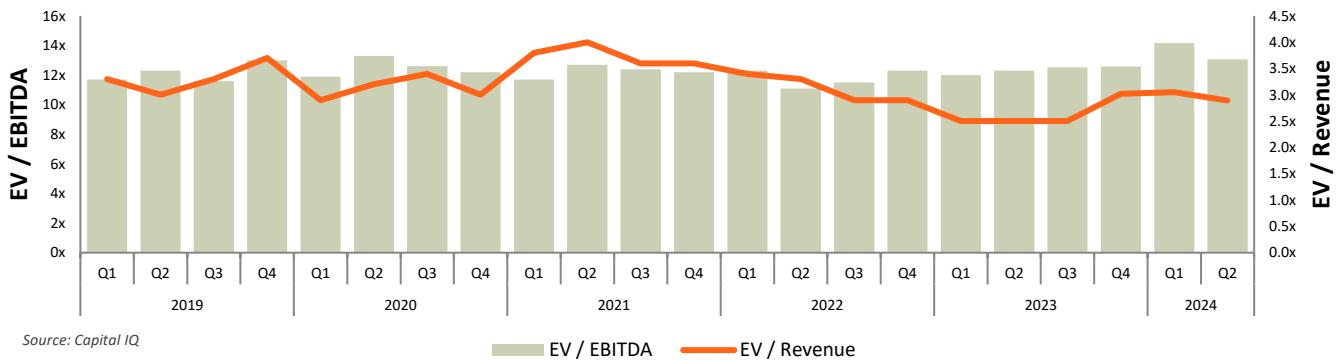
Source: Capital IQ

Dow Jones US Select Medical Equipment Index



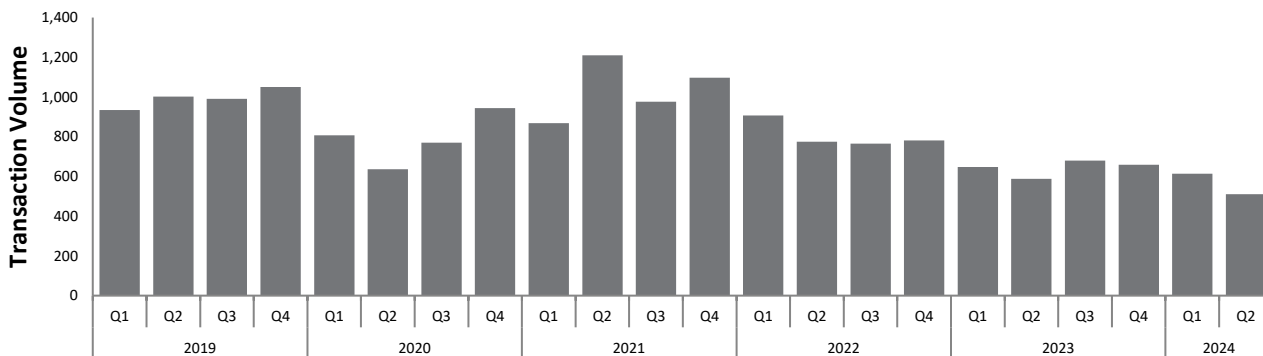
Source: Capital IQ

Industry Valuations



Source: Capital IQ

Healthcare Transaction Volume



Source: Capital IQ



35 Years. 350 Deals.

The Value of Accomplishment

About Mirus

The Mirus team works with the owners of closely-held companies in multiple segments of the \$4.5 trillion U.S. 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.

35 Years. 350 Deals.

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.
- 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.



Partner Spotlight



Brendan Kiernan

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 healthcare, business services, and technology sectors.

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Patrick West

Patrick West is an accomplished executive, entrepreneur, advisor and director with extensive executive management and M&A experience in the healthcare technology and oil and gas / manufacturing sectors. Patrick brings the valuable perspective of having sat on both sides of the negotiating table, allowing him unique insight and an informed ability to navigate the deal process. Patrick also holds a range of non-executive board positions and provides angel investment and strategic direction to a portfolio of companies.

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Trusted advisors to businesses just like yours

Notable recent Mirus healthcare transactions



applied biomath[®]
REVOLUTIONIZING DRUG INVENTION

has been acquired by



CERTARA[®]
(NASDAQ: CERT)

Founded in 2013, Applied BioMath is an industry-leader in providing model-informed drug discovery and development support to help accelerate and de-risk therapeutic research and development (R&D). Certara accelerates medicines using biosimulation software, technology and services to transform traditional drug discovery and development, with clients across 70 countries. Together, Certara and Applied BioMath are the life sciences industry's largest team of experts in quantitative systems pharmacology (QSP), a method of biosimulation used across the development lifecycle to predict endpoints, biomarkers and the most effective dosing regimen.



JACO

has been acquired by



GCX[®]
Mounting Solutions

a portfolio company of



Audax Private Equity

Based in Franklin, MA, Jaco designs, manufactures, and sells a full line of branded point-of-care IT workstation solutions for the healthcare markets, including powered carts, non-powered carts, wall arms, and video-presentation carts. GCX Corp., based in Petaluma, CA, has been providing medical device and IT mounting solutions for the healthcare industry since 1971, through direct sales and working with original equipment manufacturers (OEM). The acquisition strengthens GCX's broad portfolio of medical instrument and mounting solutions with the addition of Jaco's battery-powered EVO™ Series mobile carts. The deal also adds new commercial and manufacturing competencies.



TheraCell

has been acquired by



isto[®]
BIOLOGICS

a portfolio company of



THOMPSON STREET
CAPITAL PARTNERS

Founded in 2008, TheraCell focuses on the development of advanced technologies for bone and soft tissue repair and is the inventor of the next-generation, TheraFuze DBF[®] demineralized bone fiber technology. Isto Biologics is a leading biologic and cellular therapy company in the orthopedic space. Hopkinton, MA-based Isto Biologics is focused on Helping Patients Heal Faster™ through innovative solutions for bone regeneration and cell-based therapies. The acquisition will strengthen Isto's focus on offering extraordinary solutions for surgical and clinical care procedures within spine, orthopedics and sports medicine.



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.

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