



M&A UPDATE

The pressure is starting to lift from the CRO industry as paranoia of R&D cuts from the pharmaceutical, biotechnology, and medical device industries begins to subside. With the continued M&A activity throughout the sector and the involvement of some of the largest industry consolidators, the outlook on the industry is strong both in valuation standpoints and for continued consolidation. There is significant pressure to expand both service offerings as well as global capabilities, and the largest strategic acquirers are actively looking to compliment current business lines and provide accelerated growth.

Merge Healthcare Acquires etrials Worldwide

One of the increasingly attractive spaces in the CRO industry is the niche segment of software and solution providers. etrials offers electronic data capture (EDC), interactive voice and Web response (IVR/IWR) and electronic patient diaries (eDiary), as part of a flexible and integrated software-as-a-service (SaaS) platform or as individual solutions. This unique blend of services was attractive enough to merit a \$20 million price tag despite etrials reporting a negative net income of nearly \$14 million. With these niche targets being held in such high value, we expect to see continued activity in the software/solutions sector of the CRO space.

NOTEWORTHY TRANSACTIONS

Month	Acquirer	Company Acquired	Details
April 2009	PPD, Inc.	AbC.R.O., Inc.	PPD, Inc. has completed its acquisition of AbC.R.O., Inc. (AbCRO). American owned, yet operating in Central and Eastern Europe, AbCRO provides PPD with an upgraded European platform. Financial terms of the transaction were not disclosed.
April 2009	Charles River Laboratories	Piedmont Research Center, subsidiary of PPD, Inc.	Charles River Laboratories International has announced the agreement to acquire the assets of Piedmont Research Center, LLC., a wholly owned subsidiary of PPD, Inc. The acquisition is expected to close at a purchase price of \$46 million in cash at closing. The acquisition by Charles River greatly strengthens their oncology expertise, while the divestiture for PPD shows their desire to focus on later-stage trials and services.
April 2009	Chiltern International	Vigiun	Chiltern International announced the acquisition of Vigiun, a full-service clinical research organization based in Sao Paulo, Brazil. Financial terms of the transaction were not disclosed.
April 2009	ChemDiv, Inc.	Prudentas, LLC	ChemDiv, Inc. announced the acquisition of Prudentas, LLC, a provider of high quality Phase I - Phase IV studies in Eastern Europe. Financial terms of the transaction were not disclosed.
April 2009	CardioNet, Inc.	Biotel, Inc.	CardioNet, Inc., a leading wireless medical technology company has announced its intentions to enter into the cardiac clinical research services business with its acquisition of Biotel, Inc., a provider of contract research services. The acquisition is for \$4.82 per share, giving a total value of approximately \$14 million.
April 2009	PPD, Inc.	Magen Biosciences, Inc.	PPD, Inc. has agreed to acquire Magen BioSciences for \$14.5 million in cash. Magen, based in Waltham, MA, is expected to generate a \$15.2 million loss over the rest of 2009, making the acquisition dilutive for 2009, but accretive for 2010.
April 2009	ICON plc	Qualia Clinical Services, Inc.	ICON plc announced that it has acquired the assets of Qualia Clinical Services, Inc., a 33,000 sq. foot Phase I facility with 100 beds. Financial terms of the transaction were not disclosed.
May 2009	Merge Healthcare Incorporated	etrials Worldwide, Inc.	Merge Healthcare Incorporated entered into a definitive agreement to acquire etrials Worldwide, Inc. for \$20.8 million in cash and stock. Based near North Carolina's Research Triangle, etrials is a leading provider of eClinical software and services to pharmaceutical, biotech, medical device, and contract research organizations.
May 2009	Pierrel S.p.A.	Encorium Group, Inc.	Pierrel S.p.A. has submitted a Letter of Intent (LOI) to purchase the United States assets of the Encorium Group for \$1.8 million with further potential earnouts.
June 2009	BioVail Corporation International	Cambridge Laboratories	BioVail Corporation International completed its acquisition of worldwide development and commercialization rights to the entire portfolio of tetrabenazine products and the associated intellectual property rights held by Cambridge Laboratories. Purchase price is \$200 million up front with two further installments of \$30 million over the next 24 months.
June 2009	INC Research	MDS, Inc.	INC Research entered into an agreement to acquire the Phase II-IV business of MDS Pharma Services, a unit of MDS, Inc. for approximately \$50 million. The divestiture by MDS essentially removes them from later-stage trials, instead focusing on their early stage services.
June 2009	Medifacts International	SpaceLabs Medical, Inc.	Medifacts International announced the acquisition of the Clinical Trials Services division of SpaceLabs Healthcare, Inc., a wholly owned subsidiary of OSI Systems. Financial terms of the transaction were not disclosed.

Source: SEC Filings, Company Reports, Presentations, and Earnings Calls; Capital IQ; Yahoo! Finance; PE Week Wire; Provident Healthcare Partners' Estimates.

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