



Q4-2009 CRO INDUSTRY UPDATE

M&A UPDATE

As 2009 ended, it was evident that consolidation was once again a major force in the CRO industry. With over 50 deals announced or completed over the last twelve months, the sector is again seeing strong valuations being paid for ownership interests in both stand-alone platform investments and niche-serving add-on acquisitions. Private Equity groups continue to show significant interest in the CRO space, looking to capitalize on the expected high-growth of outsourcing R&D levels from pharmaceutical and biotech companies. Groups like JLL Partners and JO Hambro have made platform investments in PharmaNet and Celsis, respectively, while groups such as Czura Thornton continue to build around their currently-held platforms. Large publicly traded CROs, while still quite active, have been joined by outside strategic companies looking to gain a presence in this lucrative industry – Phase Forward, Merge Healthcare, and BioVail are examples of those who made acquisitions in the last year.

TOP PUBLIC PLAYERS TO WATCH

- **Charles River Laboratories** (NYSE: CRL)
- **Covance, Inc.** (NYSE: CVD)
- **ICON plc.** (NasdaqGS: ICLR)
- **Kendle International** (NasdaqGS: KNDL)
- **MDS, Inc.** (NYSE: MDZ)
- **PAREXEL Intl. Corp.** (NasdaqGS: PRXL)
- **Pharmaceutical Product Development** (NasdaqGS: PPD)

TOP PRIVATE EQUITY GROUPS TO WATCH

- **JLL Partners** – Invested in PharmaNet
- **Genstar Capital** – Invested in PRA International and Harlan Sprague Dawley
- **3i Group** – Invested in Quintiles Transnational
- **KRG Capital and Summit Partners** – Co-invested in Cetero Research
- **American Capital** – Invested in WIL Research Laboratories

NOTEWORTHY TRANSACTIONS

Month	Acquirer	Company Acquired	Details
December 2009	NexMed, Inc.	BioQuant, Inc.	NexMed, Inc. (Nasdaq: NEXM), completed its previously announced acquisition of BioQuant, Inc., a San Diego-based, privately-held leading research organization for in vitro and in vivo contract drug discovery and pre-clinical development services. The deal includes the transfer of 4,000,000 shares to BioQuant shareholders along with a \$12.1 million promissory note due on 12/31/10.
November 2009	Cenetron Diagnostics, Ltd.	RCRC IRB, Division of PPD, Inc.	Cenetron Diagnostics announced that it has acquired RCRC Independent Review Board, an independent review board, from its parent company PPD, Inc. No financial terms of the transaction were disclosed.
November 2009	Emergent BioSolutions	MdBio Foundation	Emergent BioSolutions announced that it has acquired a 55,000 square foot manufacturing facility from MdBio Foundation, and the land on which the facility stands, from the City of Baltimore for a total purchase price of \$8.2 million.
November 2009	PPD, Inc.	Excel PharmaStudies	PPD, Inc. announced that it has completed its acquisition of Excel PharmaStudies, a full-service provider of clinical research, registration, biometrics, and training and consultation services. Excel is the leading CRO in China; with 22 offices worldwide, and more than 300 staff members. No financial details were disclosed.
November 2009	Lion Holdings	Life Sciences Research, Inc. (LSR)	Lion Holdings, an investment holding company established by LSR Chairman Andrew Baker, completed its privatization of LSR for \$8.50 per share, or \$177.66 million. This price represents a .73x revenue multiple and a 4.2x EBITDA multiple.
November 2009	Czura Thornton	MDS Pharma Services, Central Lab Operations	Czura Thornton completed its acquisition of central lab operations from MDS Pharma Services for \$12 million. Czura Thornton will pay an additional \$4 million if certain performance thresholds are attained by central lab operations. Czura Thornton will also acquire certain transition services of MDS. Following the acquisition, the central lab operation has been rebranded as Clearstone Central Laboratories.
October 2009	JO Hambro Capital Management	Celsis International	JO Hambro Capital Management has acquired Celsis International, a Chicago-based contract research firm for the global life sciences market. The deal was valued at approximately £55 million, or \$87 million USD, and will result in Celsis de-listing from the London Stock Exchange. The deal was valued at 1.66x revenues, or 5.6x EBITDA.
October 2009	Clinipace, Inc.	Worldwide Clinical Research, Inc.	Clinipace, Inc., a global technology-driven clinical research organization, announced that the Company closed the acquisition of Worldwide Clinical Research, Inc. (WWCR), a Midwest-based CRO specializing in the management of clinical studies. With the acquisition, Clinipace has changed its name to Clinipace Worldwide. The terms of the deal were not disclosed.