TH HEALTHCARE & LIFE SCIENCES

Specialist Investment Banking for Healthcare and Life Sciences

Global Life Sciences Outsourcing: Targeting the USD 425 Billion CRO and CDMO Opportunity

An Analysis of Key Trends and M&A Deal Activity

May 2024

Introduction

In an era marked by rapid advancements and increasing complexities in drug development, the Life Sciences Outsourcing sector, comprising Contract Development and Manufacturing Organizations (CDMOs) and Contract Research Organizations (CROs), stands at the forefront of enabling pharmaceutical and biotech companies to accelerate their journey from discovery to delivery.

This research report delves into the pivotal trends shaping the market, provides a comprehensive analysis of the services landscape, and evaluates the financial performance of the sector in comparison with broader market indices.

Key Sections:

- **Major Market Trends:** Insight into the latest developments driving growth and innovation in the CDMO and CRO sectors
- **CDMO and CRO Services Overview:** A detailed exploration of the spectrum of services offered, highlighting the critical role these organizations play in the drug development lifecycle
- **Financial Analysis:** An examination of the EV/EBITDA ratios for selected listed CDMO and CRO companies versus the S&P 500, providing a lens to assess the sector's financial health and investment appeal
- **M&A Drivers:** Our research report distills key M&A drivers in life sciences, profiling acquirers from pharma to Private Equity companies and their goals, while pinpointing global M&A hotspots and regional trends

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About Technology Holdings

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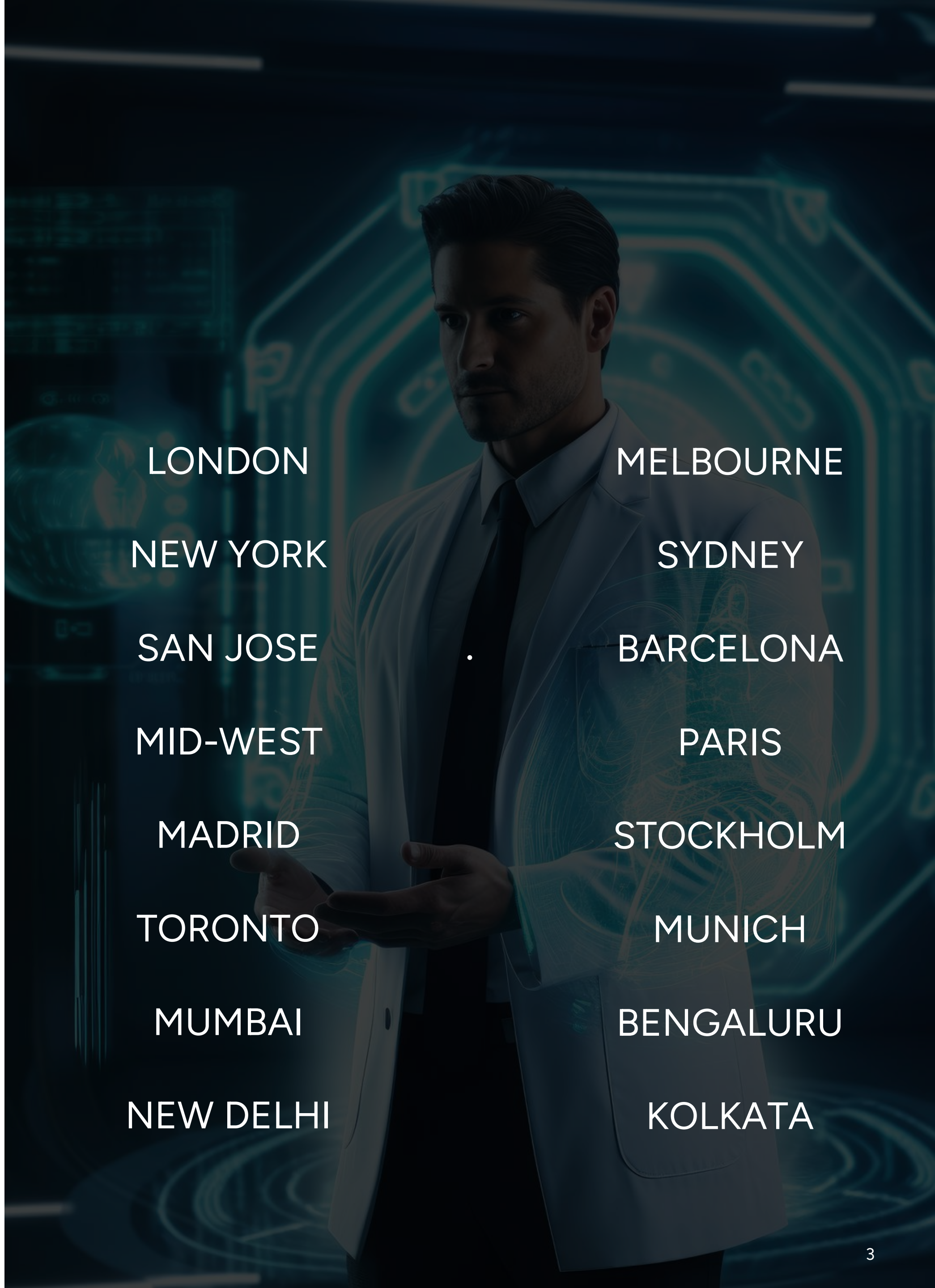
Our focus, with a 23-year track record...

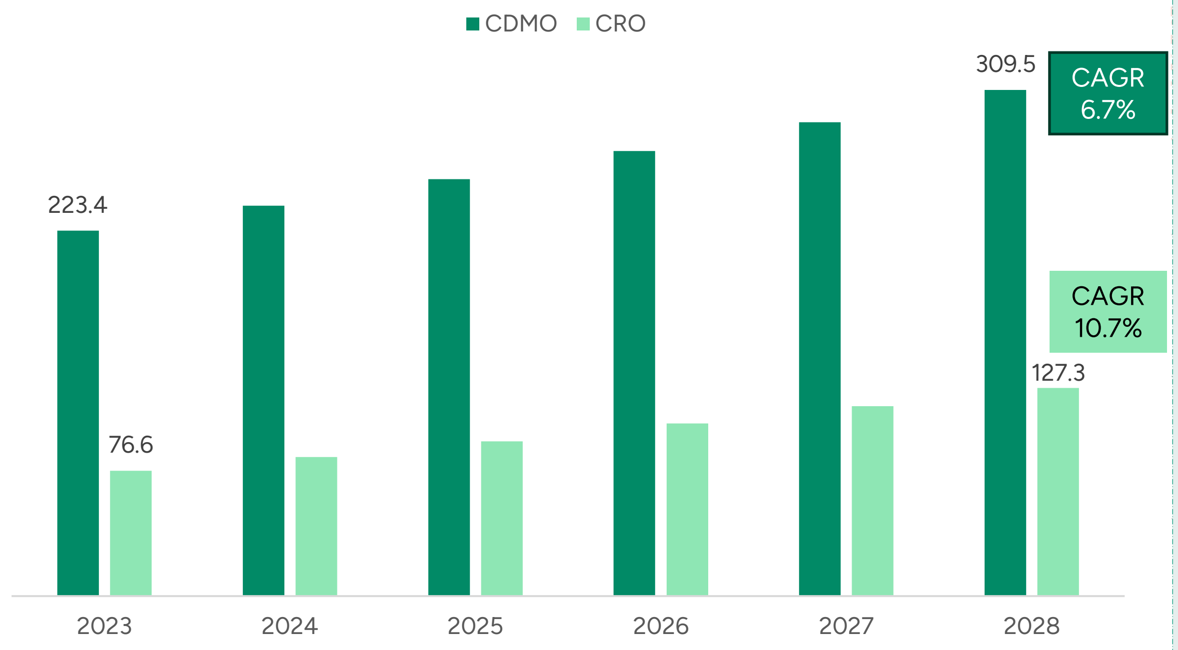
Commercialization & Healthcare Communications	Healthcare & Life Sciences Consulting	CDMO's & Laboratories	MedTech
CRO's & Regulatory Affairs	Digital Healthcare & HealthTech	Healthcare AI, Analytics & Insights	Healthcare BPO



Market Snapshot : Drivers of CDMO & CRO Growth

- The COVID-19 pandemic accelerated digital transformation across the CDMO and CRO sectors, increasing demand for agile, **technology-driven clinical development services**
- CDMO market forecasted to reach **US $309.5 Billion by 2028**, with new manufacturing technologies and a surge in **small & medium-sized pharma driving growth**
- CRO market growth to **US$127.3 Billion by 2028**, fueled by **increasing clinical trials,** especially in **oncology**, and a focus on **novel trial designs**
- Demand for outsourced services in Asia, particularly **India** and **China**, is growing due to **cost advantages** and expanding **R&D capabilities**
- **Data management** in CROs is witnessing the highest growth rate, highlighting the critical role of quality data in **drug development** and **regulatory compliance**
- The integration of **AI/ML** and **blockchain** technologies is set to revolutionize data management, enhancing efficiency and **security** in **clinical trials**
- **Continuous manufacturing** and **advanced bioprocessing** innovations are becoming central to CDMOs, aiming for cost reduction and improved drug quality

Figure 1: CDMO and CRO Market Size and Growth in USD Billion



Personalized Medicine & Biomarkers

Virtual Reality and Augmented Reality

Blockchain in Trials

Gene Editing Technologies

Nanotechnology

Key Technology Enablers

- AI/ML
- Automation & Robots
- Data Analytics and Informatics
- Advanced Analytical Techniques
- Continuous Manufacturing
- Bioprocessing Innovations

Market expected to grow to US $309.5B for CDMOs and US$127.3B for CROs by 2028

Source Global Contract Research Organization Service Market, Research & Markets, Mar 2024

Source CDMO Market Size & Share Analysis (2023-2028), Reportlinker, Mar 2024

CDMO and CRO Services Landscape

	CRO Services	CRO Services / CDMO Services	CDMO Services	CDMO Services	CDMO Services
Type of Service	**Research**	**Drug Product Development**	**API Manufacturing**	**Drug Product Manufacturing**	**Packaging**
Service Examples	▪ Medical Writing ▪ Biostatistics ▪ Patient and Site Recruitment	▪ Sourcing ▪ Specimen Manufacture ▪ Process Transfer	▪ Extraction ▪ Synthesis ▪ Fermentation	▪ Formulation ▪ Commercial Production	▪ Primary, Secondary and Tertiary Packaging ▪ Labelling
Dosage Form	Early Development	Solids (E.g., Tablets, Capsules) Sterile Liquids (E.g., Ampules, Vials) Semisolids and Non-Sterile Liquids (E.g., Creams. Gels)			
Phase	Drug Discovery and Preclinical	Clinical Phases I-III	Commercial		
Consulting Services	**Data Management/RWE I Medical Communications I Biostatistics I Regulatory Affairs I Pharmacovigilance I HEOR/Pricing Market Access**				
Players	ICON parexel IQVIA Syneos Health	Lonza charles river SAMSUNG BIOLOGICS 药明康德 WuXi AppTec	Siegfried Catalent	Mylan eurofins Boehringer Ingelheim patheon Cambrex Recipharm	alcami Piramal Pharma Solutions VETTER

Source :Current Trends and Strategic options in the pharma CDMO market report, PWC, 2023

Revenue-Based Segmentation in CRO & CDMO Services Landscape

>1 Billion Industry Titans

- Lonza
- ThermoFisher Scientific
- charles river
- Catalent
- Recipharm
- WuXi Biologics
- abbvie
- NIPRO
- IQVIA
- Samsung Biologics
- parexel
- Siegfried
- patheon
- Evonik
- Fareva
- curia
- Almac
- ICON
- Baxter
- Syneos Health
- labcorp

500 Million – 1 Billion Sector Heavyweights

- Strides
- Cambrex
- aenova
- INTAS
- Vetter
- Divi's
- CEPiA Sanofi
- Bushu Pharma
- Worldwide Clinical Trials
- Boehringer Ingelheim
- Novacap
- Pfizer CentreOne
- Delpharm
- evotec
- PSI

250-500 Million Market Influencers

- Hovione
- Aurobindo
- Kern Pharma
- AGC Biologics
- Hermes Arzneimittel
- Piramal Pharma Limited
- KBI Biopharma
- Ashland
- SK biotek
- Xellia Pharmaceuticals
- Theorem Clinical Research
- dishman
- Medpace
- Daito
- Fabbrica Italiana Sintetici
- Apeloa 普洛
- Lifecore Biomedical
- Consort Medical
- Famar
- Hisun 海正药业
- alcami

100-250 Million Emerging Challengers

- cenexi
- novasep
- Mylan
- Doppel
- Bachem
- Ampac
- Synerlab
- fidia
- Unither Pharmaceuticals
- Clinipace Clinical Research
- pci Pharma Services
- Lifecore Biomedical
- Johnson Matthey
- olon
- IDT
- Hermes Arzneimittel
- Porton
- Reig Jofre
- Kendle
- dottikon
- NextPharma
- Minakem
- Dipharma
- BrightGene
- Granules
- Flamma Group
- SuanFarma

Consolidation beckons as vendors seek to span the full value chain

Key Trends Shaping the CDMO Landscape

Customer-Driven Manufacturing Transformation

- The shift towards becoming **customer-driven** manufacturing organizations (CDMOs) emphasizes **customer-centricity** in all operations. This approach, focusing on **transparency**, **collaboration**, and continuous improvement, aims to deepen partnerships and drive innovation tailored to client needs

1

Digitalization and Technological Integration

- Embracing digital technologies for improved **data management**, **process automation**, and enhanced **collaboration** is becoming a cornerstone of CDMO operations. This **digital shift** is crucial for **optimizing processes**, ensuring **quality**, and maintaining **competitiveness** in a fast-evolving landscape

2

Agile Manufacturing Adoption

- The CDMO sector is increasingly adopting **agile manufacturing practices**, including multi-use platforms and flexible facility designs. This trend allows for rapid response to market changes and **regulatory demands**, enhancing **operational efficiency** and reducing **time-to-market** for new therapies

3

Emphasis on Advanced Manufacturing and Data Analytics

- The industry is focusing on **advanced manufacturing** technologies, such as continuous manufacturing and bioprocessing innovations, coupled with data analytics and automation. These technologies are critical for increasing **production efficiency**, ensuring **product quality**, and enabling the development of **complex biologics** and **personalized medicines**

4

Market Drivers

- Increasing pharmaceutical R&D investments
- Increasing outsourcing services by pharmaceutical companies
- Rising investments in R&D
- Growing consumption of biopharmaceuticals
- Increasing demand for one-stop-shop CDMOs

Embracing innovation and customer centricity paving the way for CDMO growth

Key Trends Shaping the CRO Industry

Data Management and Analytics Surge

- The increasing need for high-quality **data generation** and **analysis** for **clinical trials** underpins the market's growth. Enhanced **data management services,** leveraging **big data** and **analytics**, are crucial for informed decision-making and **optimizing clinical trial** processes

1

Hybrid Models and FSP Engagements

- There's a significant shift towards **hybrid models** that combine **functional service provider** (FSP) engagements with traditional **full-service outsourcing** (FSO). This approach allows biopharmaceutical companies to maintain control over their data while benefiting from the expertise and efficiency of CROs

2

Advanced Therapies on the Rise

- The focus on c**ell and gene therapies** (CGT) **and RNA therapies** reflects the industry's move towards more **complex clinical trials**. These therapies require specialized expertise, innovative **patient recruitment strategies**, and a deep understanding of **regulatory landscapes**, driving demand for CRO services equipped to handle such complexities

3

Digital Engagement and Virtual Trials

- The pivot towards **digital engagement strategies** and **virtual clinical trials** has been accelerated by the pandemic. This trend includes the use of digital tools for patient recruitment, remote monitoring, and data collection, aiming to improve efficiency and patient experience in clinical trials

4

Key Challenges

- Integrating Advanced Technologies with Clinical Trials
- Navigating Macroeconomic Pressures
- Overcoming the acute scarcity of skilled professionals in critical research
- Adapting clinical trials to prove drug value in a cost-conscious healthcare system

How Data Analytics, Hybrid Models, and Advanced Therapies are Redefining Clinical Research Outsourcing

Synergizing Spheres: The Rise of CRDMO Models

- **CRDMO Emergence**: Convergence of CRO and CDMO services meets diverse biopharmaceutical needs efficiently
- **One-Stop-Shop Trend**: CDMOs are expanding to offer comprehensive services from pre-formulation to commercial launch
- **Small Biotech Focus**: Shift towards smaller biotechs necessitates CDMOs to integrate early in drug development
- **Bridging Service Demand**: Increasing need for services that connect preclinical studies to clinical trial management
- **Expertise Across Value Chain**: CDMOs now provide end-to-end expertise, crucial for biotechs without manufacturing experience

CRDMOs

Pureplay CROs → **From Molecule to Market: The CRDMO Advantage** ← **Pureplay CDMOs**

Drug Discovery & Drug Development Services

- Biopharmaceutical Development
- Biologic assay Development
- Commercialization
- Preclinical Research
- Clinical Trial Management
- Pharmacovigilance

Bridging Services

- Pre-formulation, formulation development
- DMPK Studies
- Safety Studies
- Biological Analysis
- Preclinical & Phase Clinical Trial Management
- Stability Testing and Scale-up

Manufacturing and Development Services

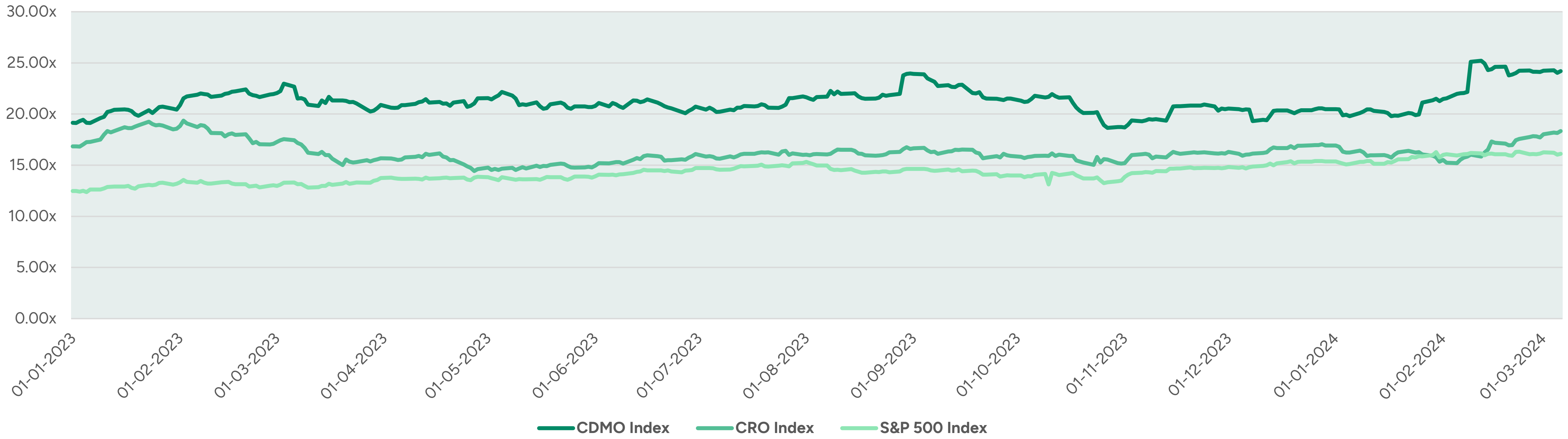
- Commercial Production
- Formulation Services
- Stability Studies
- Process Development
- Late-Stage Clinical Trial Materials
- Scale-Up
- Registration Batches

CRDMOs: Bridging gaps, creating unified drug development pathways

EV/EBITDA: S&P 500 vs CDMO and CRO Services Index

Valuation Dynamics: CDMO and CRO Sector Performance

Figure 2: EBITDA Multiples Comparison for Select CDMO Index vs CRO Index



- CDMO index outperformed S&P 500, EBITDA multiples growing **from 19.4x to 24.2x** (Jan 2023-Mar 2024), reflecting high investor confidence and demand.
- CRO index showed resilience with a slight dip, recovering from **15x to 18x,** underscoring sustained demand despite short-term fluctuations

Global CDMO Index: Balchem (Nasdaq: BCPC),, Thermo Fisher Scientific (NYSE: TMO), Catalent Inc (NYSE CTLT), Eurofins (ENXTPA: ERF), Lonza (SWX: LONN), Siegfried Holdings (SWX:SFZN), West Pharmaceutical Services (NYSE;WST), Samsung Biologics(KOSE:A207940)

Global CRO Index: ICON (NasdaqGS: ICLR), IQVIA (NYSE: IQV), LabCorp (NYSE:LH), Medspace (Nasdaq : MEDP), Charles River (NYSE:CRL), Syneos (Nasdaq:GS:SY), Ergomed (NasdaqGS: SY), Wuxi Apptec (SHSE:603259)

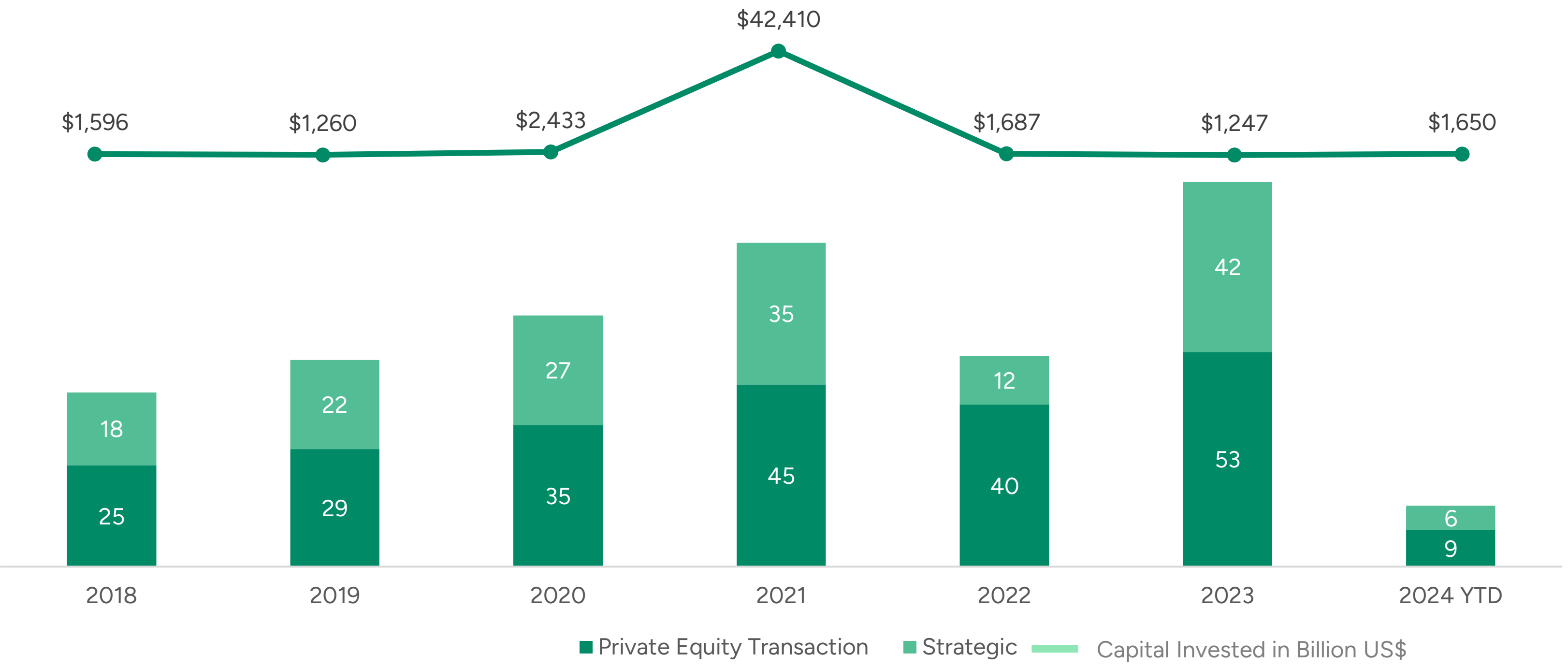
Premium valuation to the market despite headwinds in these past 18 months

Source :S&P CapIQ

M&A Activity Trends: Consolidation for driving efficiencies and being full-service providers

- PE interest in CRO/CDMOs climbed from 2018's **25 M&A deals to 53** in 2023, showcasing strong sector allure
- Strategic M&A peaked in 2021 with major consolidations amid post COVID environment , highlighted by the US **$42.4 Billion** capital raised
- Despite a 2022 dip, 2023's M&A rebound, including Catalent's **US $16.5 Billion** acquisition, indicates a vigorous market
- Early 2024 maintains this trend, with robust financing, suggesting **resilience and investor confidence** in the sector
- The acquisition spree reflects pharmaceuticals' deft navigation of inflation and high rates, unlike other sectors

Figure 3: Number of M&A Transactions : 2018-2024



Year-Wise M&A Transactions

398	52	95
2018-YTD 24	2022	2023

2024 is set for further deal activity led by financial sponsors

Source: Technology Holdings, M&A Tracker 2024

M&A Activity Analysis: (Jan 2023 – Apr 2024) (1/4)

Deal Date	Companies	Specialization	Investors	Country
Growth Funding				
Apr-2024	Contract Pharma	CDMO	Aterian Investment Partners	Canada
Apr-2024	Curida	CDMO	Signet Healthcare Partners	Norway
Apr-2024	list labs	CDMO	Hana Ventures	USA
Mar 2024	CF Pharma	CDMO	Vistin Pharma	Hungary
Feb 2024	ABJ Alive	CDMO	Nord Holding	Germany
Feb 2024	Catalent	CDMO	novo holdings	USA
Jan 2024	Afton Scientific	CDMO	ACP	USA
Jan 2024	oncodesign services	CRO - Drug Discovery	Eurazeo	France
Jan 2024	Synergy Health Utrecht	CRO - Drug Discovery	astorg	Netherlands
Jan 2024	Creapharm Group	CDMO	IDI Group	France
Dec 2023	Worldwide Clinical Trials	CRO - Pre-Clinical	Kohlberg & Company	USA
Dec 2023	Clinres Farmacija	CRO - Clinical	Churchill from nuveen	Croatia
Dec 2023	Worldwide Clinical Trials	CRO - Full Service	Blue Owl Capital Corporation	USA
Nov 2023	Viva	CDMO	HLC 弘晖资本 Highlight Capital	China
Nov 2023	Symbio Proinnovera	CRO - Clinical	Archimed	Germany

Deal Date	Companies	Specialization	Investors	Country
Nov 2023	Augustresearch	CRO - Full Service	ACP	USA
Nov 2023	天勤生物 Topgene Biotechnology	CRO - Pre-Clinical	GZ ventures	China
Nov 2023	Certania	CRO - Full Service	Summit Partners	Germany
Oct 2023	Banook Group	CRO - Clinical	Motion Equity Partners	France
Oct 2023	On	CRO - Clinical	Ampersand	South Africa
Oct 2023	NewChem Technologies Limited	CRO - Full Service	AlpInvest	UK
Oct 2023	Applied StemCell	CDMO	QHP Capital	USA
Oct 2023	Eximia Clinical Research	CRO - Clinical	Lapa Capital	USA
Sep 2023	ICCR Roßdorf	CRO - Pre-Clinical	Ardian	Germany
Sep 2023	和泽医药 Heze Pharmaceutical	CRO - Full Service		China
Sep 2023	Ergomed	CRO - Clinical	Permira	UK
Sep 2023		CDMO	Synokem Pharmaceuticals Ltd.	India
Sep 2023	SocraTec R&D	CRO - Full Service	Certania	Germany
Aug 2023	mithra Women's Health	CDMO	Armistice	Belgium
Aug 2023	JCCT Clinical Research	CRO - Clinical	FFL Partners	USA

M&A Activity Analysis: (Jan 2023 – Apr 2024) (2/4)

Deal Date	Companies	Specialization	Investors	Country
Aug 2023	中国生物 CNBG	CRO - Pre-Clinical	CORNING	
Jul 2023	QUASAR	CDMO	BOYU	
Jul 2023	Aus Trials	CRO - Clinical	GENESIS CAPITAL	
Jun 2023	VIVA	CDMO	TEMASEK	
Jun 2023	宝济药业 BAO PHARMA	CRO - Full Service	Addentax ATXG	
Jun 2023	COMAC MEDICAL	CRO - Clinical	EDGE CAPITAL GROUP	
Jun 2023	4PHARMA	CRO - Clinical	BC Platforms	
May 2023	TRACON PHARMA	CRO - Clinical	LPC LINCOLN PARK CAPITAL	
May 2023	Cilatus MANUFACTURING SERVICES	CRO - Consulting	21 Invest	
May 2023	ALLIANCE Clinical Network	CRO - Clinical	AMULET CAPITAL PARTNERS LP	
May 2023	biose INDUSTRIE	CDMO	bpifrance	
May 2023	Syneos Health	CRO - Clinical	ELLIOTT	
May 2023	P95	CRO - Clinical	Ampersand	
May 2023	CORIPHARMA	CDMO	columbia	
Apr 2023	CORIPHARMA	CDMO	KVIKA	

Deal Date	Companies	Specialization	Investors	Country
Apr 2023	CONCEPT LIFE SCIENCES	CRO - Drug Discovery	LIMERSTON CAPITAL	
Apr 2023	CENTRAL RESEARCH ASSOCIATES	CRO - Drug Discovery	FLOURISH RESEARCH	
Mar 2023	TRACON PHARMA	CDMO	opaleye	
Mar 2023	Alpha Omega Partnership	CDMO	ALTO PARTNERS	
Feb 2023	PORSOLT SCIENTIST TO SCIENTIST	CRO - Pre-Clinical	Apax	
Feb 2023	PORSOLT SCIENTIST TO SCIENTIST	CRO - Pre-Clinical	seven2	
Feb 2023	STEMEXCEL	CRO - Clinical	CICC 中金公司	
Feb 2023	Sabai Global	CRO - Clinical	THOMPSON STREET CAPITAL PARTNERS	
Feb 2023	BociMed 博志研新	CRO - Drug Discovery	国鑫投资 GUOXIN INVESTMENT	
Jan 2023	sb drug discovery	CRO - Drug Discovery	Five Arrows Principal Investments	
Jan 2023	PROTEROS REACH RIGHT FASTER	CRO - Pre-Clinical	inflexion	
Jan 2023	Lifecore BIOMEDICAL	CDMO	325 CAPITAL	
Jan 2023	EAST HORN	CRO - Clinical	GIC	
Jan 2023	S-CUBED	CRO - Full Service	charterhouse	
Jan 2023	alcami	CDMO	Ampersand	

M&A Activity Analysis: (Jan 2023 – Apr 2024) (3/4)

Deal Date	Companies	Specialization	Investors	Country
Portfolio Extension				
Mar 2024	heads	CRO	veeda clinical research	Ireland
Nov 2023	QPS	CRO - Full Service	scantox	Austria
Nov 2023	Solural Pharma	CDMO	scantox	Denmark
Aug 2023	Q&Q labs ab	CRO - Pre-Clinical	scantox	Sweden
Aug 2023	Kottmann	CRO – Clinical	RQM+	Germany
Aug 2023	PELAGO BIOSCIENCE	CRO - Pre-Clinical	scantox	Sweden
Aug 2023	NDA	CRO – Consulting	SSI Strategy	UK
Jul 2023	dsg	Clinical Trial IT & Software	SIGNANT HEALTH	USA
Jun 2023	Immunetrics	Clinical Trial IT & Software	SimulationsPlus	USA
Jun 2023	SOFTGENETICS	Clinical Trial IT & Software	Dotmatics	USA
Jun 2023	Cyclenium	CRO - Pre-Clinical	SpiroChem	Canada
Jun 2023	4Pharma	CRO – Clinical	BC Platforms	Finland

Deal Date	Companies	Specialization	Investors	Country
May 2023	Certania	CRO – Clinical	ÖHMI	Germany
May 2023	LIBRAMEDICAL	CRO - Clinical	RQM+	USA
Apr 2023	BISC Global	Clinical Trial IT & Software	excelra	Belgium
Apr 2023	accelmed	CRO - Clinical	The IMA Group	USA
Mar 2023	indivumed	CRO - Drug Discovery	Crown Bioscience	Germany
Mar 2023	Lomapharm	CDMO	Bionorica	Germany
Mar 2023	essex	CRO – Clinical	Emmes	USA
Mar 2023	VAULT	Clinical Trial IT & Software	Science 37	USA
Mar 2023	ONIX	CRO – Consulting	framework solutions	UK
Jan 2023	saldi	CRO - Pre-Clinical	charles river	USA
Jan 2023	Sylics	CRO - Pre-Clinical	InnoSer	Netherlands
Jan 2023	S-CUBED	CRO – Clinical	phastar	UK

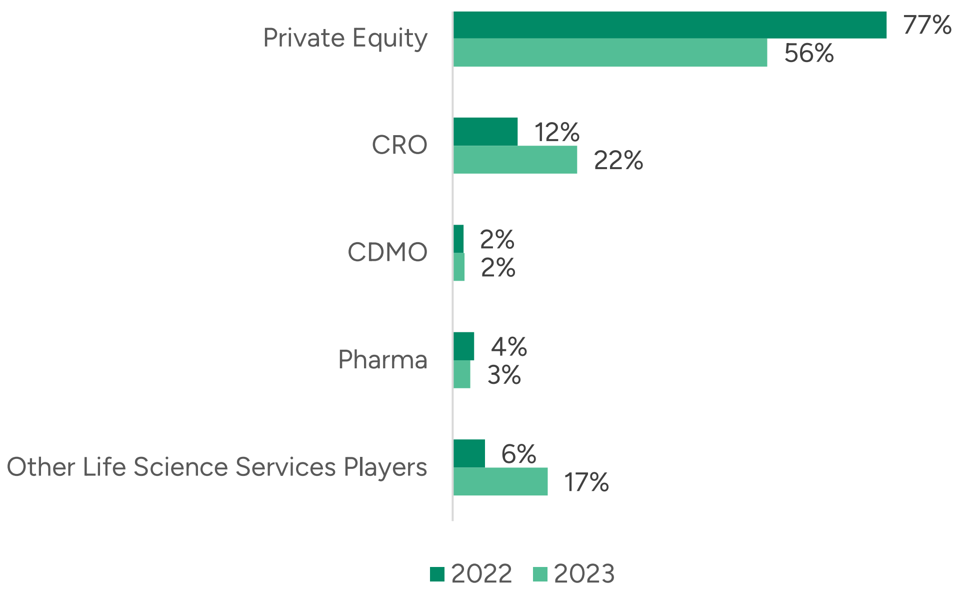
M&A Activity Analysis: (Jan 2023 – Feb 2024) (4/4)

Deal Date	Companies	Specialization	Investors	Country
Market Expansion				
Mar 2024*	Vistin Pharma	CRO - Clinical	cfpharma	
Jan 2024	CSI Medical Research	CRO – Clinical	ClinChoice	
Jan 2024	CMIC	Both	Hokuto Management	
Aug 2024	NUCHEM SCIENCES	CRO - Drug Discovery	SYGNATURE DISCOVERY	
Jul 2023	CRI	CRO – Clinical	NAMSA	
Jun 2023		CDMO	GeneCradle 锦篮基因	
Jan 2023	martifarm	CRO - Pre-Clinical	Tigermed	
Jan 2023	sb DRUG DISCOVERY	CRO - Pre-Clinical	SYGNATURE DISCOVERY	
Jan 2023	Oncolines	CRO - Pre-Clinical	Symeres	
Jan 2023	OncoBay CLINICAL	CRO - Full Service	MOFFITT CANCER CENTER	

Deal Date	Companies	Specialization	Investors	Country
Capacity Expansion				
Mar 2024	DNA Sense	CRO - Pre-Clinical	clinical microbiomics	
Aug 2023	NUCRO TECHNICS	CRO – Clinical	FRONTAGE	
Jul 2023	PrecisionMed	CRO - Pre-Clinical	BIOIVT	
May 2023	Corden Pharma	CDMO	Kavis Pharma	
Apr 2023	reachbio	CRO - Drug Discovery	DISCOVERY LIFE SCIENCES	
Apr 2023	CLINERION	CRO – Clinical	TriNetX	
Jan 2023	ASPEN RESEARCH	CRO - Pre-Clinical	H.B. Fuller	
Vertical Integration				
Jun 2023	KGK Science	CRO – Clinical	Cardinal Group MANAGEMENT	
May 2023	nutrasource	CRO – Consulting	SGS	
May 2023	JSS	CRO – Clinical	GD GENESIS	
Mar 2023	CROM SOURCE	CRO – Clinical	ClinChoice	
Feb 2023	maxis	CRO - Pre-Clinical	AVANIA	

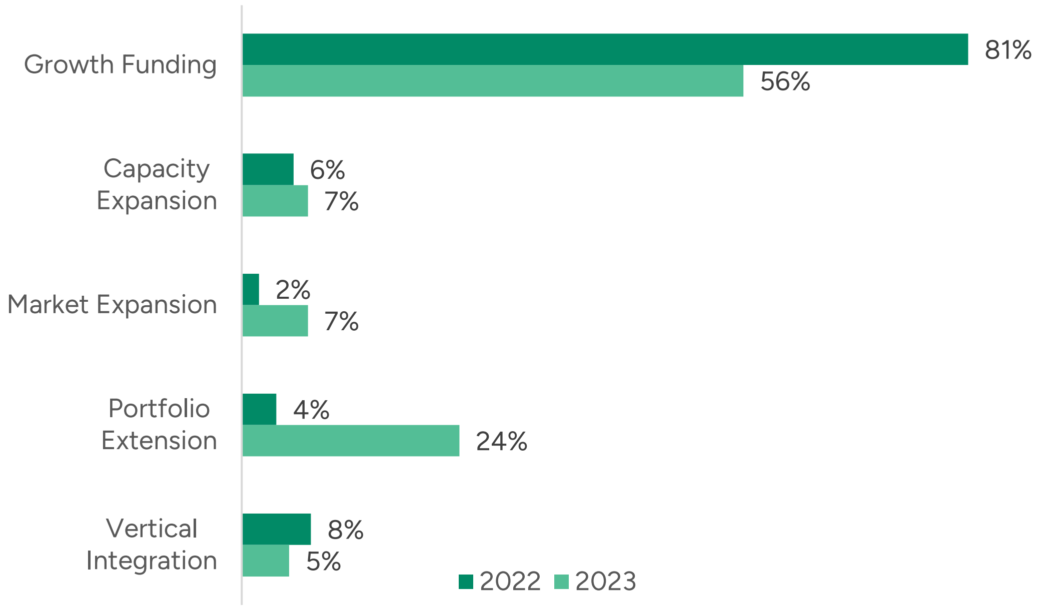
M&A Activity : Buyer Types and M&A Rationale in Life Sciences Outsourcing

Figure 4: M&A's (%) by Buyers - CY 2022 vs CY 2023



- The buyer landscape evolved, with PE deals decreasing to **56% in 2023** from **77% in 2022,** while acquisitions by large CROs notably increased, highlighting a diversification in the types of entities investing in the sector
- CDMO participation in acquisitions held steady at **2%,** indicating a consistent, albeit niche, role in sector consolidation efforts

Figure 5: M&A's (%) by Rationale - CY 2022 vs CY 2023



- Growth funding M&A deals declined to **56%,** while deals for service diversification like **RQM+'s** acquisitions rose to **24% in 2023**
- RQM+'s strategic buys, **Kottmann** and **Libra Medical**, extend their medtech services from **FIH studies** to commercial trials and beyond

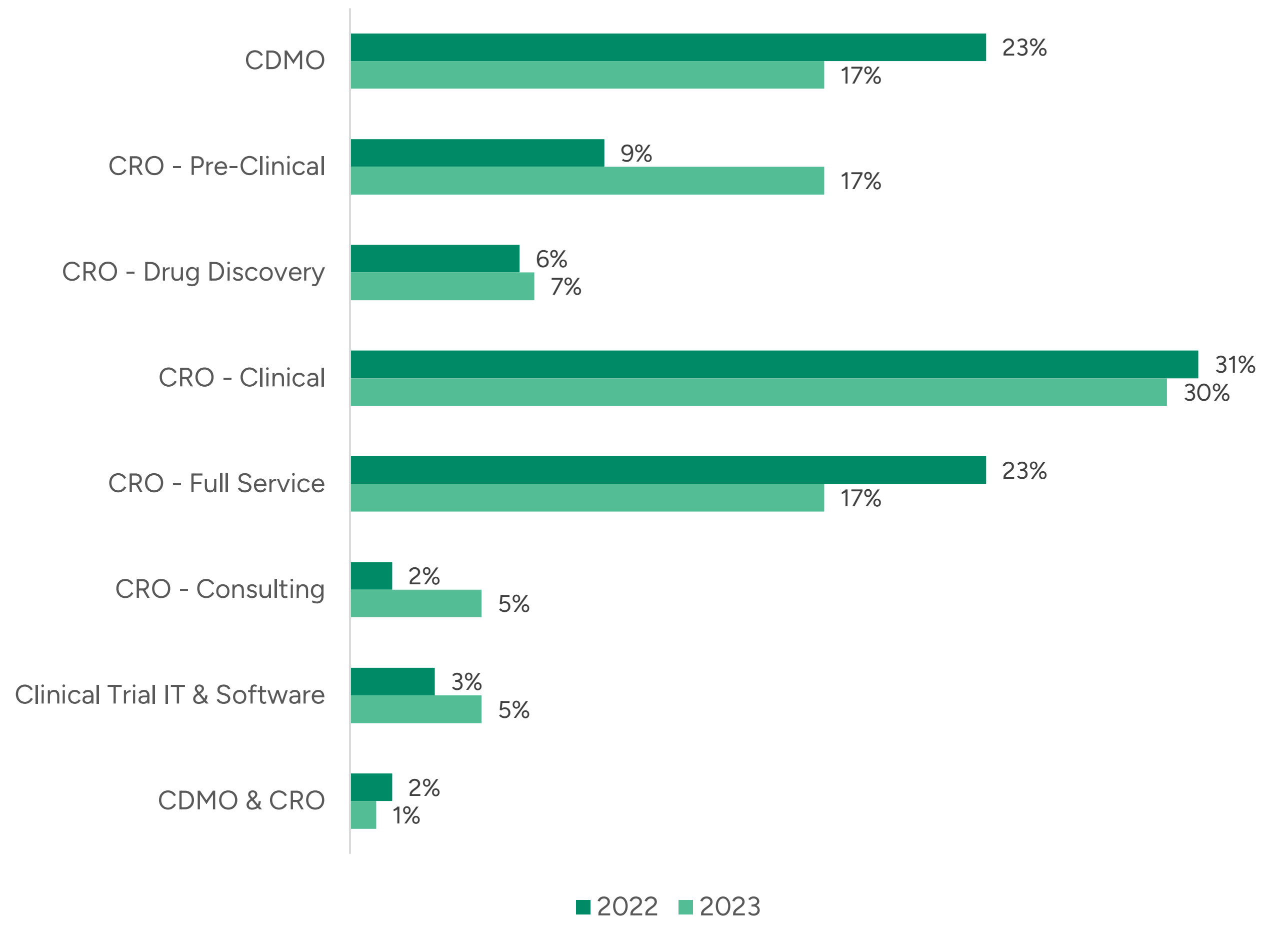
Specialization and geographic reach made targets attractive

Source: [1] Technology Holdings, M&A Tracker 2024

2023 M&A Landscape Across Specialization in the CRO/CDMO Market

- CDMO deal activity decreased to **17% in 2023**, reflecting a strategic pivot toward more integrated service models
- Preclinical service deals doubled in 2023 to **17%,** indicating a growing focus on **early-stage drug development**
- **Drug discovery** capabilities saw a slight uptick to **7%** in 2023, suggesting steady investment in innovation
- **Clinical trial CROs** maintained a dominant **30%** of M&A, highlighting continued demand for late-stage development expertise
- **Full-service CROs'** deals dropped to **17% in 2023**, potentially due to a shift towards specialized service providers
- Consulting services and Clinical Trial IT deals each grew to **5%,** revealing a trend towards digital transformation and strategic guidance
- In 2023, **Frontage Laboratories**, **OHMI,** and **GIC Singapore** acquired some of the largest CROs specializing in clinical services, including Nucro-Technics, Certania, and Easthorn Clinical Service

Figure 6: M&A (%) by Capabilities in CY 2023 vs CY 2022



We see an increased appetite for consulting and data analytics services specialists

Source: [1] Technology Holdings, M&A Tracker 2024

Geographical Insights: M&A Activity in the CDMO & CRO Landscape

- North America's share of deals decreased from **50% to 39%** from 2022 to 2023, possibly due to **market maturity** and **saturation**
- Asia's M&A activity rose to **13% in 2023,** reflecting **growing R&D capabilities** and strategic investments in local **biotech expertise**
- Europe saw an increase in deals to **48% in 2023**, potentially driven by its **robust infrastructure** and **innovation-friendly environment**
- The decline in North American deals could be offset by a strategic move to tap into Asia's burgeoning markets and **cost-effective clinical trial environment**
- Europe's rise may be attributed to its **advanced analytical** and **project management capabilities**, which are key for handling complex drugs
- The increased activity in **Asia**, **particularly in India,** aligns with government initiatives to bolster the CRO potential and cost advantages over Western counterparts
- In 2023, the USA led North American M&A with **29 deals**, while Germany dominated Europe's activity with **10** acquisitions**;** Asia saw China at the forefront with **9 transactions**, reflecting each region's strategic industry positioning

Figure 7: M&A's (%) by Geography - CY 2022 vs CY 2023 vs YTD 2024

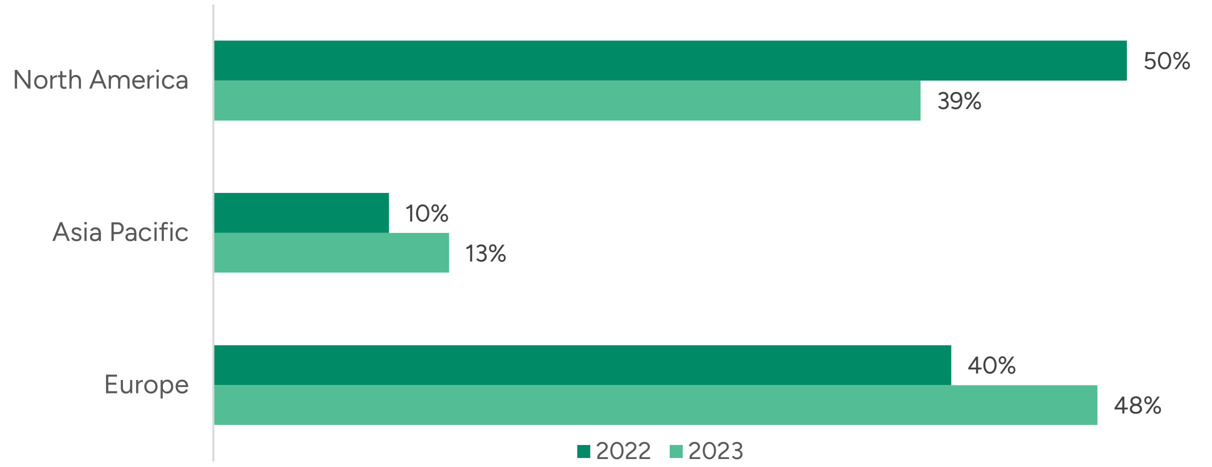
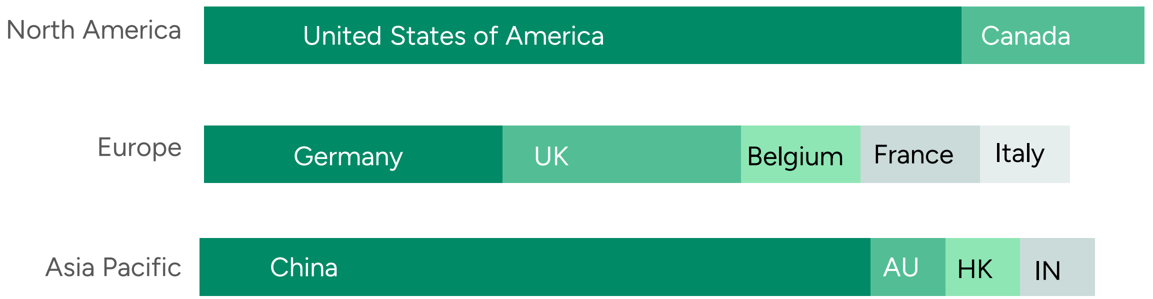


Figure 8: M&A Activity by Top Countries in the Region (2023)



Decoding Regional Dominance: Tracking the Pulse of M&A Hotspots in Life Sciences

Source: [1] Technology Holdings, M&A Tracker 2024

Key Takeaways

Drivers of Growth for CDMO and CRO Sector

- **Innovation Leadership:** CDMOs are increasingly leading innovation, not just manufacturing, enhancing income sources through advanced services
- **Outsourcing Service Trend:** Pharma's shift towards outsourcing boosts growth for CROs and CDMOs, with smaller biotech's emergence amplifying this trend
- **Niche Capabilities:** Specialization in gene/cell therapies and biologics presents new growth avenues for CRO/CDMOs
- **Acquisitions for Expansion:** CDMOs are expanding capabilities via strategic acquisitions, scaling up to offer sophisticated, technical services

Outlook for 2024 and Beyond

- **Strategic Acquisitions:** Continued acquisitions expected to bolster CDMO service offerings and innovation capacity
- **Rise of Biologics:** Increased biologics production is anticipated to create further specialization demands
- **Pharma Downsizing Impact**: Major pharma's downsizing likely to further drive outsourcing, benefiting CDMOs/CROs
- **Focus on Specialization:** CROs/CDMOs to focus more on niche capabilities to cater to emerging therapeutic areas

M&A Activity

- In 2023, there were 95 M&A deals compared to 52 in 2022
- CDMOs Leading M&A: Broadening services beyond production to full-spectrum pharmaceutical services
- Biotech Fuels M&A: Smaller biotech firm needs spurring CDMO/CRO expansion through strategic deals
- Niche Focus: Gene/cell therapy specialization becoming a significant driver for CRO/CDMO M&A activity

TH Healthcare & Life Sciences' Transaction Track Record

Technology Holdings (TH) is exclusively focused on **M&A and capital raising advisory services to Healthcare Life Sciences, technology services, business process management, consulting and technology companies**. Over the last 23 years, TH has closed transaction with the most reputed healthcare and life sciences strategic buyers and private equity funds globally in 24 countries.

2023 The M&A Advisor International M&A Award Winner — **Boutique Investment Bank of the Year Award**	2023 The M&A Advisor Award Winner — **Cross-Border Deal of the Year Award**	The M&A Atlas Awards 2023 Winner — **Boutique Investment Bank of the Year Award**	AI M&A Awards 2023 Winner! — **Global Technology M&A Advisory Firm of the Year Award**	FM M&A Awards 2023 Winner — **Investment Banking Firm of the Year Award**

Life Sciences Transactions

Date	Company		Acquirer	Sector
MAY 2024	The Kinetix Group	Has been acquired by	petaurihealth (Oak Hill Capital Portfolio Company)	Life Sciences Commercialization & Marketing
MAR 2023	Suazio	Has been acquired by	NAMSA (Archimed Portfolio Company)	Life Sciences & MedTech Consulting
JUN 2022	C-Clear Partners	Has been acquired by	valantic	Salesforce, Veeva & Microsoft Consulting
AUG 2022	Atom Ideas	Has been acquired by	valantic	Marketing Automation
DEC 2020	Worrell	Has been acquired by	Veranex (Summit Partners Portfolio Company)	MedTech Design & Innovation Consulting
DEC 2020	Across Health	Has been acquired by	Precision Medicine Group (Blackstone Portfolio Company)	Life Sciences Omnichannel Consulting & Insights IP
AUG 2019	Insight (A Design Innovation Consultancy)	Has been acquired by	Nemera	Healthcare Innovation Consulting
DEC 2018	blue latitude health	Has been acquired by	Fishawack Health	Strategic Healthcare Marketing Consultancy
JAN 2015	Data Intelligence	Has been acquired by	SCIO health analytics	Life Sciences Analytics
NOV 2014	Millennium Practice Management Associates, Inc.	Has been acquired by	MediGain (Gain Insight. Maximize Profit.)	Healthcare Revenue Cycle Management
FEB 2011	National Audit (Healthcost Precision)	Has been acquired by	SCIO health analytics	Health Claims Audit & Recovery
JUN 2008	SCIO health analytics	Has been acquired by	Solucia	Healthcare Analytics & Consulting
MAY 2008	Socrates, Inc.	Has been acquired by	SCIO health analytics	Payor Subrogation

CLICK HERE

TO VIEW ALL TRANSACTIONS

TH HEALTHCARE & LIFE SCIENCES

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