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Private Equity Investment Committee Proposal – Medpace Capital Structure

José António Moreira Braga de Almeida Dias

Work project carried out under the supervision of:

Professor Luís Mota Duarte

Professor Fábio Santos

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Abstract

Medpace is one of the world's leading Contract Research Organizations, by revenue, and it differentiates itself by focusing on full-service clinical trials for small and mid-sized biopharma clients. Its strong positioning in a niche market, the high projected industry growth, its strong and stable FCFs, and experienced management team make it an ideal target, which would be further improved by our developed business plan that will enhance its operations, expand internationally, and capitalize on M&A trends. Our proposed transaction is expected to deliver a money multiple of 3.28x and an IRR of 26.84%, representing a strong investment opportunity.

Keywords: Contract Research Organization (CRO); Research & Development (R&D); Mergers & Acquisitions (M&A); Biopharma; Leverage Buyout; Money Multiple (MM); Internal Rate of Return (IRR)

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Group Part

Market Overview

Contract Research Organizations (CROs) provide **Research and Development (R&D) services** to companies in the **biotechnology**, **pharmaceutical** and **medical device** industries, which outsource R&D activities to access capabilities not found in-house, manage R&D costs, and improve **efficiencies**. Overall, CROs help pharma/biopharma companies manage the **drug development process**, and given CROs' **global scale** and **therapeutic expertise**, they are often able to do so more **cost effectively** and with a **shorter time-to-market,** than in-house R&D departments.

In **2021** the **Global CRO market** was **valued at $56.91 bn**. The market is estimated to reach $62.56bn in 2022 and is projected to grow at a compound annual growth rate (**CAGR) of 10.1% from 2021 to 2030,** when it would be worth **$135.26bn**.

In recent years, due to **rising cost pressures**, pharmaceutical companies have steered towards **outsourcing** much of their pharmaceutical research, development, and manufacturing activities to CROs or Contract Development and Manufacturing Organizations (CDMOs). As such, this trend, as well as the greater number of drugs in development, has contributed **to rising penetration of outsourcing partners** in the global clinical trials market. Looking forward, by 2023, **CROs are projected to penetrate almost half of the total clinical trial market at 49%,** representing a 12% increase in penetration rate over a 5-year period. Apart from cost pressures, this growth is also being **fuelled by the need for biotech's to have access to external infrastructure**, as well as the complexity of the regulatory, drug approvals and reimbursement process, together with the therapeutic expertise required on a global scale.

From the Biopharma Value Chain (see Appendix 1), **CROs** provide services across four main stages of drug development: **Research** (Lab), **Discovery**, **Preclinical** and **Clinical**. Medpace positions itself as a **Clinical CRO**, covering all four phases of this stage.

Group Part

Apart from service type, CROs are also segmented based on their **main customers** (small/mid-sized pharma for Medpace), the **therapeutic areas** offered and their **geographical reach/cover**. Each of these segments has its **own dynamics** which are important to understand, with a **focus on Medpace's positioning**.

By service type – Clinical Trials

The **clinical CRO market** is expected **to thrive over the next few years,** as pharma and biotech trial sponsors increasingly outsource stages of clinical drug development to speed up the overall process. From the entire CRO market, around **65% of revenues (\$32bn** in 2020**)** are generated by the **Clinical segment**, where Medpace is positioned and offers a full-service model, covering every phase.

By end-use – Small and mid-size pharma

As **Clinical CRO** revenues increase globally, **small/mid-sized** pharma companies are expected to generate most of this growth, due to a forecasted **superior CAGR (11%)** (see Appendix 2). This growth will be largely driven by **growing product pipelines in biopharma**, coupled with increased **venture funding for biopharma start-ups**, which has more than doubled in the past 5 years, with funding growing from **\$12.9Bn, in 2017, to \$22.5Bn, in 2021.**

Since **Medpace's client base** almost entirely consists of small/mid-sized **biopharma** companies, we believe the industry-wide 10.1% CAGR presented previously doesn't accurately reflect the market growth relevant for Medpace, as it doesn't consider this **distinction in end-market growth.** Therefore, we assumed that the **11% CAGR** would be a more **accurate and relevant estimation**, given the company's context.

By therapeutic area – Oncology

Across the multiple therapeutic areas invested in by pharma companies, **Oncology** is set to be the largest one, by spend in 2026, with a market size of **\$306Bn**, followed by **Immunology (\$178Bn), Antidiabetics (\$173Bn), Neurology (\$151Bn)** and **Cardiovascular (\$87Bn).**

The most **active and consistently growing therapeutic area for CROs is Oncology**, which represents the single largest focus in clinical development today and also, Medpace's **main source of revenues**. Over the next **5 years**, R&D spending in this segment is expected to **increase 45%** and add $106 billion in spending (see Appendix 3).

By geographical area – North America

Geographically, the **North America** CRO market is the largest one, globally, estimated to be worth **$31.97 billion** in 2021. **Medpace** is already heavily present in this region, with **97% of its revenues** being **generated in the US**.

North America is followed by Europe, while the Asia Pacific region, which currently **accounts for 19% of the market**, is growing the fastest and is **projected to account for 30% of the market** in 5 years**.**

Key Trends and Drivers

M&A activity is a major trend in the market. Over the last 2 years there has been an **increasing amount of M&As among CROs**, with buyers seeking to **integrate horizontally** across the value chain. The focus has been on **becoming a single strategic partner**, with M&A activity allowing CROs to **expand** or **improve their offering** across different therapeutic areas. M&A between CROs also allows **buyers** to achieve **cost efficiencies**, improve **productivity**, and **accelerate timelines** (in an industry where time has a strong correlation with overall economic success).

Furthermore, the emergence of **Decentralized clinical trials** (DCT) has been accelerated by the pandemic. These are designed to fit better into patients' lives, by reducing the need to travel to designated sites, **improving the patient experience and retention** (reducing costs).

Other trends in the industry are also major CRO market growth drivers, such as the **addressable market increase** (due to increasing R&D expenditure worldwide), the **market penetration**

increase (increase in outsourcing due to pharma cost pressures), and the constant **technological advancements.**

The main challenges of the industry include strict **government rules**, the lack of **skilled professionals**, **intellectual property** issues, low **customer diversity** (due to increased pharma M&A activity) and difficulties in **differentiation** among the largest players.

Competitive Landscape

While being a **top 10 CRO** in terms of revenues, **Medpace** is still classified as a **mid-tier CRO**, since it doesn't yet have the size of the biggest players in the market. Although the **bigger players** on the CRO market mostly cater to **big-pharma** companies as their customer base, they have been **increasingly aware** of the **faster-growing small/mid-biopharma** segment, meaning **they also compete directly with Medpace** (see Appendix 4)**.**

Medpace's **EBITDA margin** is **strong** within the industry, having constantly been around 20%. This margin still has some room for improvement, especially since Medpace's target customers pay for **higher margin** services than big pharma companies. The highest **EBITDA Margin** belongs to Charles River, which provides research models and outsourced preclinical services. Medpace has had **no leverage** over the past few years, which can be explained by both its **strong cash reserves** and **lack of recent M&A activity**. Competitors hold reasonable levels of debt, as it is a cheaper source of financing, but want to avoid excessive risk.

Finally, Medpace has the **biggest EV/EBITDA multiple** from the selected competitors, probably due to a combination of factors already highlighted (faster growing customer base, low risk/debt, strong performance, etc.).

Company Overview

Medpace provides a **Full-Service Outsourcing**, offering a suite of sixteen main services, **from *Phase I* to *Phase IV* drug development,** that guide customers through both the approval and post-approval process, meaning they support their customers to **plan and conduct clinical trials** and take over **R&D tasks**. The company leverages its **strong reputation** within its target segment to drive growth and focuses on a more **custom-made** and **close approach** to each client to **gain an edge** over bigger CROs. **It has a worldwide presence** for trials, which is essential to allow their customers to sell drugs across different markets, although **97%** of the company's **revenue** is generated by **US-based** pharma.

Competitive Positioning

Medpace's **track record at serving small to midsized biopharmaceutical companies** distinguishes it from its competitors, whose core markets tend to be larger pharmaceutical companies. This is further supplemented by its **full-service outsourcing model, which is preferred by pharmaceutical companies outside the top 20 pharma**, as these **companies lack the expertise and infrastructure** in-house. It is in serving these customers that **Medpace is a leading player** with a market share of 7% in 2020, providing a **more catered service** than bigger CROs and **superior scale** and **reputation** over smaller CROs, positioning itself as an ideal solution for the target client base. Also, this target base allows the company to have very **little customer concentration**, reducing the risk of being overly dependent on a specific client, as the **top 10** only represent **25%** of revenues.

Furthermore, **Medpace has demonstrated success across all major therapeutic areas.** This was driven by its **therapeutic expertise** in some of the largest, most complex, and fastest growing pharmaceutical developments**.** The company's personalized approach teamed with its **broad track record of guiding customers in key therapeutic areas and,** more importantly,

the regulatory challenges faced, gives it the reputation that fuels its growth, and **attracts customers.**

Finally, with its global **coverage across six continents,** Medpace can provide medical, operational and regulatory expertise **allowing customers to scale their approval process,** not only to other developed markets outside of the US, like **Europe, but also to *Pharmemerging* markets like China, India and Brazil,** making it **one of the few tiers two** players offering this opportunity.

Management Team

The highly skilled and qualified management team enhances Medpace's offering. They have a **proven track record** of success, achieving above-market historical growth while implementing a **lower cost-base**, a **strong training program** and a **premium product**.

Historic Financials

When analysing Medpace's Income Statement since 2018, one can notice that its total **revenues** have **increased by 62.1%**, at a CAGR of 17.5%. This value is also quite **distorted** by the year of **2020**, where the Covid-19 pandemic temporarily harmed revenues, resulting in a **below-par growth** of just 7.5% from 2019. The therapeutic area that generates the **most revenues** for Medpace is **Oncology**, which can be justified by it being the **biggest market and target of R&D spending** for pharma companies. Nevertheless, despite its already leading share of revenues, Oncology has also managed to record the most **consistent** and **sustainable growth** over the last 4 years, growing by 92% in this period. The **Central Nervous System** area was the one that had the biggest percentage growth **(125.5%),** but much like the other areas, this growth has been quite **volatile**, as it is dependent on project timings, despite Medpace's diverse and extensive customer base to fight this risk.

Medpace's **COGS** has increased in line with the growth of revenues, but it also reflects the company's **continuous investment in highly qualified personnel** to differentiate itself from the market, while also including other costs like rent, utilities and lab supplies to address the growing demand. These costs yield relatively **low Gross Margins between 28% and 31%,** which are likely to be difficult to considerably improve while remaining competitive in the market. Margins also **slightly fluctuate** due to the constantly changing project requirements and different project timings faced by the company, in the form of reimbursable expenses to clients, for instance.

Similarly, to Gross Profit, Medpace's **EBITDA** has also been growing relatively in line with revenues, increasing by **56.3%** since 2018, at a **CAGR of 16%.** The current value of Medpace's EBITDA margin (19.2% in 2021) is much more **positive** compared to the gross margin, since the company's **Operating Expenses** aren't significant.

The **EBIT margin** has been **improving** and is now quite **similar** to the EBITDA margin, given that this is an **asset-light business** with relatively **little depreciation.**

Due to all of this, Medpace's **Net Income** has been growing at an **extremely positive** pace, with a 4-year growth of **146%** (see Appendix 5a).

Moving to the Balance Sheet and Cash Flow Statement analysis, Medpace's **large amount of cash reserves** are noteworthy, which is maintained to be ready for any potential M&A opportunities that the company may find. Medpace has had **no recorded debt** from 2019 to 2021, after repaying the $79.7 million it had in 2018. Hence, the combination of the company's cash reserves with its lack of debt results in **negative Net Debt**. Inversely, **Shareholders Equity** increased significantly over the past 4 years, by **61.6%,** meaning that the company has prioritised this form of financing over Debt, which shows a very **conservative financial structure**.

Group Part

After excluding cash, the company's Net Working Capital has always been **negative**, reflecting the **asset-light** nature of this industry and the considerable amount of **advanced billings** (due to project timings). This results in constant **negative changes in NWC**, caused by revenue growth (hence more advanced billings), which contribute **positively** for FCF generation.

The **Net CapEx has grown** over the past 4 years from $17 million to $31.4 million in 2021, to facilitate revenue growth, but overall has very reduced historical values, once again highlighting the **asset-light business** model.

Finally, Medpace has generated a **stable** and **consistently growing** level of Free Cash Flows, with a 4-year increase of **65.4%,** as a result of its very strong cash conversion cycle combined with the double-digit revenue growth **(see Appendix 5b).**

Investment Thesis

Deal Rationale

Strong Positioning in Niche Market - Full-service model for small/mid-pharma and biotech, tailoring their offering specifically to this segment; coverage of every major therapeutic area and global scale; strong reputation of quality and close relationships with clients (which bigger CRO players don't provide); highly diversified customer base.

Projected High Growth in Industry Markets - All core markets have been constantly growing and are expected to keep this trend; near/above double-digit growth projections for the biotech and small/mid-size pharma, over a 5-year horizon.

Favourable Financials - Strong and stable FCF, which is promising for a potential leveraged acquisition; one of the highest EBITDA margins within the industry; low maintenance CAPEX requirements, given the asset-light nature of the business with only minor assets positions.

Highly Skilled & Qualified Management Team - Experienced CEO with extensive knowledge in the business – strong recruitment and training processes allowed lower cost-base

and lower-cost labour, comparing to its competitors, leading to a premium product; proven leadership & extensive industry knowledge.

Value Creation

In order to capitalize on market trends and expected industry growth, the strategy to create value will include three main dimensions:

Strategic Internationalization - Establish **Sales Force** in the **Chinese** market since it is growing at a considerable pace. Medpace is **well-positioned** to generate demand, since the company already has a **clinical presence** there, and their **global reach** is ideal for Chinese companies who seek to sell their drugs on a global scale.

Current mega trends in the APAC offer significant **growth opportunities** for Medpace, so the company may take advantage of the under-served APAC market and increase its revenues.

The goal is to **diversify operations** to benefit from countries with **superior growth prospects** in end markets, by improving sales presence in China, leveraging global presence and strong reputation with small and mid-pharma, winning relevant contracts and continuing to build strong customer relationships.

Buy & Build - Capitalize on **strong M&A trend** in the industry, which has been a significant **growth driver** for current **market leaders**. Select target that can **improve the company's offering** and potentially **generate synergies**, besides inorganically growing revenues.

Medpace is one of the few listed mid-tiers CRO providers globally and is **well positioned to consolidate in a fragmented industry.** Its potential to grow by M&A allows the firm to **fill unserved market gaps** and enjoy **favourable trends in the market**.

The **goal** is to accelerate growth, improve competitive position and market share, and meet the market consolidation trends, by focusing on sustaining high margins through mid-sized, well-

established players, and working for a fast integration process to quickly benefit from any cost synergies which may be achieved by consolidation of functions and facilities.

Operational Enhancement - Grow and improve operations by investing in **Human Capital** and **Technological Innovation**, as two **key growth drivers** and essential **sources of differentiation** in the industry.

The **goal** is to generate further growth, improve competitive positioning, and to increase quality of services provided, by progressively invest in specialized human capital, increasing sales force proportionally, aligning investment in APAC with Human Capital Growth, and focusing investment in specific therapeutic areas. Relatively to the Technological Innovations, the **goal** is for Medpace to further integrate itself in Decentralized Clinical Trials, by taking a partnership with a pioneer of DCT services for CROs, achieving operational cost savings while also increasing trial quality, being better positioned for the future.

Business Plan

Base Revenues were forecasted by segment, in line with pharma industry expenditure expectations, while also considering the last four years CAGR (2022 values taken from company's Q3 full-year projection range). A conservative approach was taken for every segment, with growth rates inferior to historical values, except for AVAI. Overall, the **Base Revenues** (excluding any M&A or international expansion activity) were forecasted to grow at a **15.8% CAGR**. This value was estimated conservatively to be **considerably inferior** to the past four years CAGR (**19.6%**) but is still **above the relevant CRO market** estimated CAGR of **11%** (until 2030) (see Appendix 6a).

The overperformance of Medpace relative to the market can be explained by several factors. Firstly, Medpace is **well-positioned** to capture a considerable share of the growth in this segment, since they are the **biggest player addressing this market** as a main focus. The

company differentiates itself from the **smaller players** due to its **global reach** and **reputation** which is difficult to replicate. Furthermore, while other **bigger players** are also **increasingly turning** to the small/mid biopharma segment, Medpace still has a **natural advantage** over these, as smaller clients **prefer the closer approach** the company is able to provide and feel more ”important”, compared to using the services of a massive CRO with big pharma clients. Finally, Medpace’s **full-service model** is a much **better fit** for this customer base, instead of the functional approach of most competitors.

This set of sustained competitive advantages translates into a **premium product** for Medpace and positions it favorably to **capture superior growth over the market.** All-in-all, and also considering the historic performance of Medpace, a **15.8% CAGR seems reasonable**.

On top of this, to diversify the geographical sources of revenue, the company would generate further growth by **expanding into the fast-growing Chinese market**, capitalizing on the market trends and the infrastructure the company already has in place (in terms of central labs in the country and globally) that would allow it to make the **process simpler and reduce risk**. By establishing a Sales Force in China, it is assumed that demand would take a year to be generated, to capture the first clients and focus on regulations specific to the region, and would then grow progressively, adding **5%** to the “base revenues” by 2027. Furthermore, the **acquisition of Ergomed** would generate a new source of inorganic growth, while retaining the strong margins that Medpace already has. This company is projected to grow at a slightly slower pace (14% CAGR), but it allows Medpace to gain exposure to the European market, further diversifying its geographical sales mix.

Most of the growth is still generated by the base activity and evolution of the company, driven by an increase in addressable market and market penetration, and supported by investment in Human Capital. However, the proposed M&A activity and internationalisation of the company would help accelerate this growth even further, increasing the CAGR from **15.8% to 19.2%**.

In terms of **base COGS**, these are expected to **increase** (as % of sales) in the first year, specifically through direct services costs, to reflect the **stronger investment in specialized personnel** which may not generate revenues with the same efficiency, initially. However, until 2027, these costs are expected to **stabilize and even improve** when compared to 2022, yielding a **gross margin of 32,5%**, as added revenues from the human capital investment are realized and more efficiencies are achieved in operations, arising from the further integrations of **Decentralized Clinical Trials**. SG&A costs, including Sales personnel, also slightly increase in the first year, reflecting the **strong initial investment to generate demand** for new specialized personnel. This yields a decrease in base EBITDA margin for 2023 (19%), but as investments start to yield results and more efficiency is achieved, margins are forecasted to **increase to 22,5%** by 2027. Overall, **margin improvements were conservative** to reflect the difficulty in combining these with strong revenue growth simultaneously.

The acquisition of Ergomed would provide an inorganic source of added EBITDA for Medpace, which would drive accelerated growth, while still improving the company's overall margins, since Ergomed has outstanding efficiency for its size. The China Expansion would require reduced initial costs (mostly marketing and Sales Team compensation) due to already existing lab infrastructure. Overall, Medpace's EBITDA was forecasted to increase at a **20,9% CAGR**, supported by favourable technological advancement industry trends and the strong focus by the company on these (investing in DCT, for instance).

Finally, **Unlevered Free Cash Flows** are constantly growing, with the exception of the entry year due to the Ergomed acquisition (which will be addressed through a Capex Facility), yielding a **CAGR of 19.2%**. Free Cash Flow conversion levels are consistently around 100%, highlighting strong cash generation, which should allow the company to remain comfortable in terms of liquidity throughout the holding period (see Appendix 6b).

Valuation, Capital Structure and Returns

To estimate an **entry multiple**, several methods were used to increase confidence in the valuation. **Trading Comparable** methods provide a closer estimation given Medpace's context, therefore considered with a higher weight - up to 75%. To capture **market/firm specific information** that trading comparables may not be able to include, two types of DCF valuations were conducted: DCF EMM was attributed with 20% and only 5% to DCF GGM, as we consider the resulted multiple an outlier. This yielded an entry EV/EBITDA multiple of **16.40x**, and an **Enterprise Value of $4 951M**.

To fund this transaction, **Total Debt** (excluding Acquisition Capex Facility) is expected to be **4.5x EBITDA** (2x for an amortizing tranche A and 2.5x for non-amortizing tranches B/C, with interest rates between 8 and 9%, and 0x for Mezzanine Debt due to its excessive cost and risk, with an 8% spread in cash plus a 4% PIK element). This debt level requires strong Fund investment upon entry, with a Shareholder Loan of 11.4x EBITDA (yielding 16% PIK) plus ordinary shares (1.2x). The Management team is also substantially invested, to strongly align interests, by contributing with 5% of their initial sale proceeds ($47.1M) towards the institutional strip, while also receiving 7.5% Sweet Equity on top (with a value equivalent to their 2-year compensation), which rewards them with strong returns (see Appendix 7). Additionally, an **Acquisition Credit Facility** will be used to partially finance the projected M&A acquisition, with drawdown values based on bank case leverage covenants.

At these leverage levels, given the company's strong cash generation, **covenants are not expected to be a problem**, with Cash cover and Interest cover metrics having minimum values of 1.72x and 2.51x, respectively (both in the first year). A more **conservative case** was also developed, mainly with Base Revenue growth estimated more in line with market projections, at a 11.9% CAGR, while no margin improvements were assumed. Even in this case, the

investment would still yield reasonable returns, at a 2.47x fund money multiple, and be able to **meet all covenants** comfortably (see Appendix 8).

Given the proposed business plan and capital structure, by exiting after **5 years** (2027), **Fund Returns** are expected to be at a **Money Multiple of 3.28x** and a **26.8% IRR** (for Management, 7.71x MM and 50.4% IRR). In terms of **Equity value generation** until 2027, no multiple arbitrage was assumed, whereas **Cash generation** was responsible for 16% of value. The biggest driver was **EBITDA growth**, mainly due to base revenue growth (59%), while the added EBITDA by M&A activity and the International Expansion generated 13% and 6% of the added equity value. In terms of **sensitivities**, returns are **strong enough** to leave room to face **reduced base market growth**, while also removing from the business plan some activities such as M&A or the China Expansion, for instance. (see Appendix 9)

Exit and Due Diligence

Strategic sale and secondary buyout comprise two attractive exit strategies for Medpace. Firstly, the rationale behind a strategic sale is that Medpace is positioned in an **attractive industry with high growth prospects**, with the biggest players growing through consolidation, leading to an i**ncreasing competition**. Furthermore, a competitor potential buyer can **further leverage margins and market share** by incorporating Medpace to achieve potential synergies, and be willing to pay a **premium price**, resulting in a **higher exit valuation.** On the other hand, considering that markets are becoming more competitive and mature, with high growth forecasts, **strategic buyers might try to enter sooner.**

Focusing on the secondary buyout, this exit has the potential to create **new buyout strategies** after the holding period, as Medpace still has room for added growth strategies. In addition, Medpace is a **strategically good target** for Private Equity funds, which will have the potential to explore company's expansion and strong cash generation. Therefore, this strategy brings

advantages, namely to financial buyers, who might be able to make profits by achieving **additional operational improvements** and generating cash from asset sales, so the deal may include **high premiums.** Notwithstanding, **the success of the investment thesis & cash generation** are essential for attractiveness for a secondary buyout.

All things considered, the most desirable scenario would be an **exit via strategic sale** to a major CRO competitor, which may **enhance the company's value** since they have greater opportunity for operating synergies and achieve a **premium valuation**. **ICON** is a safe option, as buying Medpace would be very much aligned with the firm's strategy and operating goals.

Alternatively, a **secondary sale could also lead to a high valuation.** In this case, KKR, Bain Capital or EQT are attractive PE funds, since they all invest in **small to mid-sized companies in the healthcare, biotech and medical sector**.

Looking deeper into the **potential buyers** in a strategic sale, both ICON, Labcorp and IQVIA are large and diversified players, offering multiple solutions with great potential to achieve synergies. Icon and Labcorp present a strong successful M&A record within the industry: the first one, in 2021, acquired PRA, Medpace's closest competitor; while the second one, in 2017, acquired Chiltern, which was a former direct competitor of Medpace. On the other side, IQVIA has high overlap of end markets, making Medpace an attractive add-on, while presenting extended expertise and capabilities in key high growth areas.

Lastly, a **profound due diligence of the key risk areas is imperative for success of investment.** The main points to be analysed would be the current macro-economic framework, the validity and accuracy of the CRO market growth expectations, its subsequent markets and how these may be affected by reduced R&D funding, and the competitive landscape and relevant market dynamics. Other necessary points would include financial reporting, valuation, regulatory overview, intellectual property, among others.

José António Almeida Dias

CAPITAL STRUCTURE

For this proposed leveraged acquisition to take place, the structure of funding plays a significant role. Maximizing debt obtained increases returns for fund investors, but predicting to take on excessive or unrealistic amounts of leverage could provide wrong return expectations or cause financial distress throughout the holding period. Finding the right balance is key. Furthermore, aligning interests through Equity is essential, to incentivize management to perform by putting skin in the game but offering strong return prospects.

Debt Conditions Projected

To be able to provide a more accurate overview of potential debt conditions that can be expected upon entry for the acquisition, an analysis of the company profile was made to study the impact that each factor may have on interest rates and total leverage obtained.

The first driver that may play a role is the **size of the firm**. Despite its still considerable growth levels, both historical and projected, Medpace can be considered an established company, with a thirty-year history, and an offering that is expected to remain relevant for years to come. The company has a considerable size already, being valued at $4 951M upon entry. This should help mitigate risk for financial institutions, as it decreases volatility expected (which may be the case with smaller companies, with a lack of experience and less guarantees of success). Therefore, the company's size should help drive interest rates **down.**

The **Governance** of Medpace is also a relevant factor, as the management team has years of experience in the industry, being able to establish a premium product, a strong training program and a low cost base, for instance. They have achieved strong performance and exponential

growth, especially in recent years, having a proven track record of success, which should help convince lenders of the positive future prospects of the firm. Management also has skin in the game upon entry of this deal, meaning that they have every incentive to perform. With this in mind, the company's governance is expected to help drive interest rates **down.**

Another extremely relevant factor is **Medpace's growth**, both in terms of historical and projected values. As previously stated, the company has exhibited very strong double-digit growth over the past few years, at a CAGR of 19.6% from 2018 to 2022, which includes an outlier year (2020) where activities were considerably impacted due to Covid-19. The company managed to perform considerably above the rest of the industry due to its strong positioning and offering. Furthermore, favorable industry trends (such as the increase in pharma R&D spend, the CRO market penetration increase and the development in Decentralized Clinical Trials) yield strong prospects on an industry-wide level, at an estimated 10.1% CAGR from 2021 to 2030. In Medpace's specific case, the company is well positioned to capture even more of this expanded industry demand, at a base revenue growth level projected of 15.8%, due to its faster growing customer base and adjusted offering for these, backed by its unique combination of competitive advantages previously described.

All-in-all, the proposed growth levels of Medpace should increase trust by lenders, greatly mitigating risk for their side, being further supported by the historical performance of the company. This factor should **increase** the **amount of leverage** conceded, while **reducing interest rates**.

The **diversification** of Medpace's revenue sources should also play a role in financing conditions obtained. The fact that Medpace has extremely **low geographical variety** in terms of customers should be a slight concern, as 97% of revenues are currently from the US. This is

expected to be addressed to an extent throughout the holding period (with the expansion into China and the proposed M&A activity of acquiring Ergomed with a European presence), but upon entry is a **source of risk** for lenders, as the company is more exposed to a specific market (despite it being an established one).

This may be offset to an extent by Medpace's **high end-market diversification**, in terms of services covering every step of the clinical drug development process, across Phases I-IV, and including every major therapeutic area. Furthermore, the company has a highly **diversified customer base**, not being overly reliant on single clients, as highlighted by the fact that the top 10 clients only represent 25% of revenues. This strong diversification reduces operational risk, and helps mitigate the low geographical diversification, which should result in an **overall neutral** effect for this driver.

Another factor which should be very relevant is the Medpace's **cash generation**. As previously mentioned, the company's favorable cash conversion cycle contributes to an increasingly negative net working capital, which helps generate very strong free cash flow levels, that are expected to ensure Medpace meet covenants comfortably and greatly reduce risk of default. Combining this with the projected growth for the company, lenders may safely expect interest and principal repayments to be paid, which should result in a **reduction of interest rates.**

Finally, the company's **asset base** is the last major driver for predicted debt conditions. Given the asset-light nature of this business, with not much in terms of PP&E in Medpace's balance sheet, it could be difficult to provide lenders with significant collateral, which increases risk for their side. This lack of collateral may be a problem in financing upon entry, as it should reduce the maximum amount of leverage provided, while also **increasing interest rates** faced.

All-in-all, the company's profile seems to be positive as a whole, which should allow it to capture relatively good financing conditions upon entry, as a sizeable company with strong growth prospects and cash generation, supported by historical values.

Nevertheless, this company analysis doesn't reflect the current state of capital markets, which are very constrained due to the uncertainty caused by the ongoing war in Ukraine and all the economic impacts this brought. This is reflected in increasing risk-free rates, making debt pricing quite high, and the total amount of leverage should be expected to be moderately conservative, especially in such a sizeable transaction.

An **industry expert** (Nuno Caetano, Invesco) provided a **projected debt rating** based on a model, given the company's inputs, which yielded a Ba3 Moody's rating, just above the speculative grade.

In terms of debt conditions, this translates into an expected maximum senior leverage of 4.5x EBITDA, as well as a maximum total debt of 6x EBITDA. The pricing should be a spread between 4.5% and 5% for Senior Debt, while Junior Debt is expected to have an 8% spread in cash and a 4% PIK element. Maturity for these instruments can range from 6 to 9 years.

Sources and Uses

Sources		$M	xEBITDA	%
Debt	**Senior Debt**			
	Term Loan A	604	2.0x	12%
	Term Loan B	453	1.5x	9%
	Term Loan C	302	1.0x	6%
	Subordinated Debt			
	Mezzanine	0	0.0x	0%
	Total Debt	**1359**	**4.5x**	**26%**
Equity	**Shareholder Loan (FRI)**	**3447**	**11.4x**	**67%**
	Fund	3404	11.3x	99%
	Management	43	0.1x	1%
	Ordinary Equity	**368**	**1.2x**	**7%**
	Institutional	340	1.1x	93%
	Fund	336	1.1x	99%
	Management	4	0.0x	1%
	Sweet Equity	28	0.1x	7.5%
	Total Equity	**3815**	**12.6x**	**74%**
	Total Sources	**5174**	**17.1x**	**100%**

Uses		$M	%
Acquisition	EBITDA 2022	302	
	Entry EV/EBITDA	16.40x	
	Enterprise Value	**4951**	**95.5%**
	Acquisition Fees (4.5%)	**223**	**4.5%**
	Total Uses	**5174**	**100%**

Nuno Caetano (Invesco) validation

After gathering the expected debt conditions, the sources and uses of funds for the transaction were developed accordingly.

In the **uses** side, as already mentioned, the entry enterprise value is projected to be $4 951M, based on the EBITDA 2022 value of $302M and an entry multiple of 16.4x. Additionally, fees for the transaction were estimated to be around 4.5% of the transaction value, with around 2% being attributable to Due Diligence fees, and the remaining 2.5% being spread across other fees expected to arise. This yields a total use of funds amounting to $5 174M upon entry.

From the **sources** side, Debt was projected to be around 4.5x in total (leaving some room for the acquisition capex facility required). Senior Debt was set to the maximum level expected to be possible, to maximize returns for the institutional investors. This **Senior Debt** is composed of three different tranches, with varying rates, payment types and maturities. The first tranche, **tranche A**, at 2.0x EBITDA (a value of $604M), is an amortizing instrument, with 5 years of

maturity. The interest rate was set to 8.4%, based on a 4.5% spread over the risk-free rate (using the 5-year US treasury bond at 3.9%). The amortization schedule was set to a yearly 2.5% repayment (starting from year 2), reaching a closing balance upon exit (in 2027) of $544M. The other two senior debt tranches are non-amortizing, consisting of a single bullet payment at maturity. **Tranche B** was set at 1.5x EBITDA (a value of $453M), with an interest rate of 8.65% (based on a spread of 4.75%) and a 7-year maturity. Similarly, **tranche C** was set at 1.0x EBITDA (a value of $302M), with an interest rate of 8.90% (based on a spread of 5%) and an 8-year maturity.

Junior Debt for the acquisition was entirely removed for the proposed returns of the project, due to the fact that it was the most expensive source of leverage funding and would add unnecessary risk. This debt instrument also has a non-amortizing format, with a single bullet payment at maturity. As previously mentioned in the expected debt conditions, its pricing is two-fold, having a yearly PIK element of 4%, on top of an 11.9% cash interest expense (based on an 8% spread), while having a 9-year maturity. Nevertheless, a scenario was still made to include 1.0x EBITDA ($302M), which would yield a fund money multiple of 3.40x.

An additional debt instrument in the form of an **acquisition Capex facility** is also used. Given the acquisition of Ergomed is projected to be made in the entry year of 2023 as well, another source of funding would be required, since no cash would have been generated at that point. This was projected to represent 75% of the total acquisition amount, taking into consideration the (more conservative) bank case covenant levels, having a value of $371M and making total Net Debt levels reach 4.67x EBITDA in the first year. The terms of this additional debt instrument are projected to include a similar pricing to the Senior debt tranche A, at 8.4% interest rate, plus a commitment fee of 1.8%. A 3-year drawdown period was set (with the only

drawdown being made on year 1), as well as a 3-year repayment period immediately following, allowing some room for cash flows to grow before being subject to meet these obligations.

The remaining funding needed for the proposed acquisition of Medpace has to come from the **Equity side**. Having set Total Debt (excluding the Capex Facility) at 4.5x EBITDA, an added 12.6x EBITDA is still needed to fund the assumed Enterprise Value plus the entry fees. This represents a strong investment from the fund side, but returns are still considerable and justify such exposure.

The **Institutional Strip** is composed of the Shareholder Loan and the Institutional ordinary shares. These are the fund's equity instruments, but the management team would also rollover some of their equity ownership here, investing 5% of their proceeds from the initial sale. To estimate their proceeds, we took the management team's current equity ownership, at 20.6% and computed the equity value upon entry, by removing Net Debt (simply adding cash, in this case, due to the lack of debt) from the Enterprise Value of $4 951M. After taxing their proceeds at the 20% US tax rate on capital gains, we estimated their profits would be $943M. From this value, they would invest $47.1M (5%). This investment would be split in the exact same proportion as the fund across the Shareholder Loan (91%) and the Institutional Ords (9%).

The **Shareholder Loan** is clearly the main source of funds for the acquisition. This instrument is an unsecured debt-like item, junior to all the debt claims, yet senior to the ordinary shares. It represents a significant 11.4x EBITDA value, at $3 447M, with a single bullet repayment on its 10-year maturity. The Shareholder Loan is a fixed return instrument, with a 16% PIK element (set at the same level of total return as the mezzanine debt), which is assumed to be

non-deductible for tax purposes. The Management rollover part of the loan represents around 1% ($43M), with the fund contributing with the rest.

In terms of **Ordinary Equity**, the **institutional ords** represent 92.5%, at a value of 1.1x EBITDA ($340M), with an equivalent split once again between the fund and the management team (99/1 split). On top of this rollover equity investment, the management team was assumed to have to commit the equivalent to two years of their yearly compensation for **Sweet Equity**, representing the remaining 7.5% of ordinary shares.
This form of equity is unsecured, being junior to every other debt claim above, having increased risk but much stronger return, and it totals 1.2x EBITDA.

While the rollover equity would capture returns equivalent to the fund's, at 3.28x, the Sweet Equity instrument would catapult these values (providing by itself a 15.26x MM) to the final 7.71x exit money multiple. This capital structure yields an Envy ratio of 4.74x (the fund has to invest nearly five times more than the management team for their ordinary share ownership), which seems like a reasonable incentive, while still providing substantial returns for all parties involved.

The totality of this **management package** is expected to provide the team with a healthy balance between risk, with skin in the game, and rewards, with strong returns, which should maximize their performance levels and ensure they achieve the desired operational results.

Covenants / Bank Case

Given the proposed leverage levels, especially upon removing mezzanine debt, **covenants are not expected to be a problem** throughout the holding period. **Cash cover** covenants are expected to be around 1.2x and 1.3x, and the expected value for this metric is 1.72x in the first year. From there on, it grows exponentially, driven by the considerable EBITDA growth and FCF conversion levels. Similarly, **Interest cover** covenants are expected to be met easily due to this strong cash generation, with the value for this metric in the first year being 2.51x. Finally, **Net Debt / EBITDA** is extremely conservative, as the already low debt levels are progressively offset by the growing cash reserves and EBITDA levels, going from 4.67x in the first year to negative values in 2027 (-0.11x), which leaves room for any additional funding during the holding period if needed.

A more **conservative case** was also developed, to provide more comfort that covenants would be met even with a much more negative outlook. For this purpose, several changes were made across the board in the model.

The most significant one was a **strong reduction** in **Base Revenue growth**. This constitutes the main driver of growth for the project, and despite our confidence in the chosen number (originally 15.8%), for the purpose of this analysis it was estimated much more in line with market projections, at a 11.9% CAGR.

To complement this, **no margin improvements** were assumed, recognising the difficulty in improving these when achieving double-digit growth, despite the DCT trend that should undeniably help in this section. The **initial margin worsening** due to strong human capital investment to generate this revenue growth was maintained. Finally, **FCF conversion levels**

were brought down to around the 90% mark, while the **growth of Ergomed** was forecasted at a reduced level as well (13.6%).

Even in this bank case constructed, **every covenant is expected to be met**, with a cash cover minimum of **1.29x** in the first year, which immediately reaches values of at least 2x from thereon, and interest cover minimum of 2.2x.

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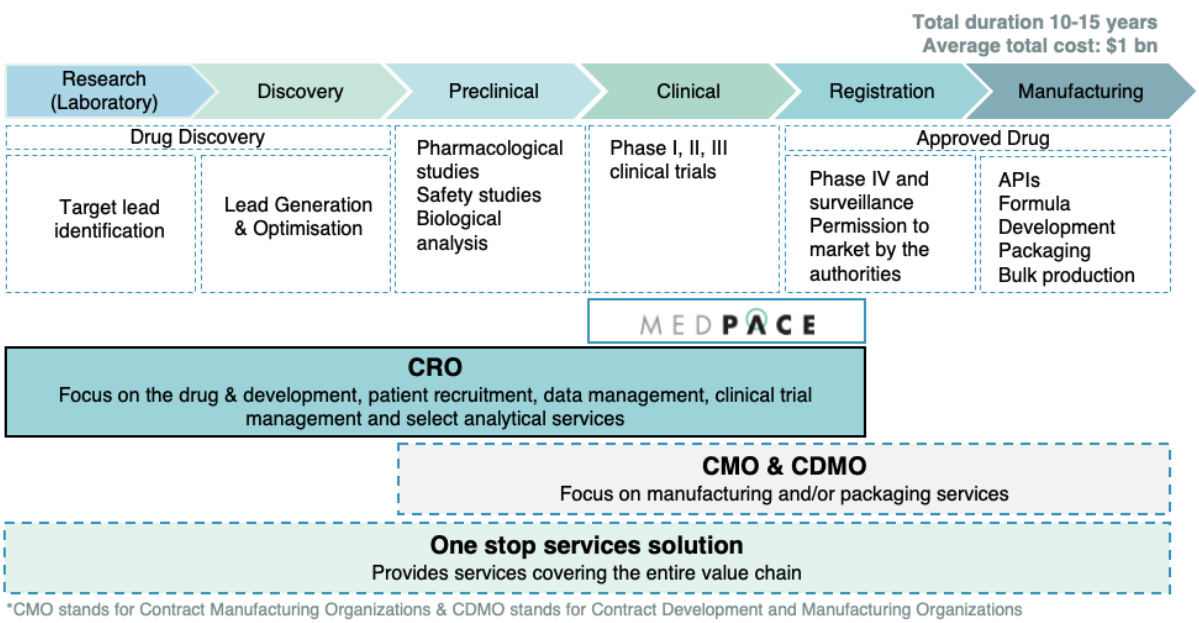
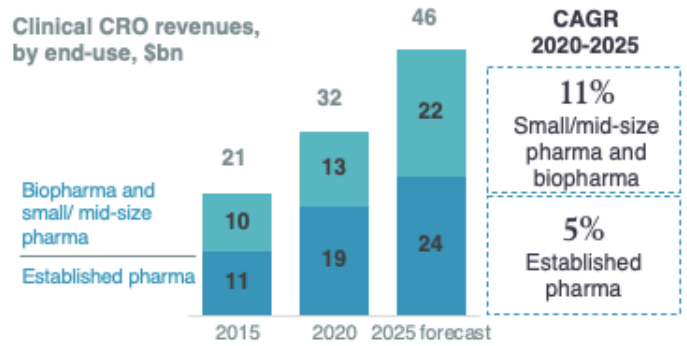
Appendix

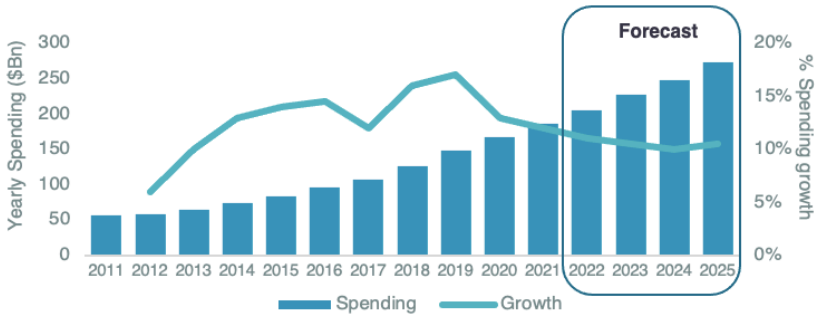
Appendix 1 - Understanding the Biopharma Value Chain



Appendix 2 - Clinical CRO revenues, by end-use, $bn



Appendix 3 – Global Oncology Spending and Growth



Appendix 4 – Competitive Landscape

Company	Revenue 2021	EBITDA Margin 2021	Net Debt/ EBITDA 2021	Current EV/EBITDA
labcorp	$16.1 billion	21.7%	1.1x	8.5x
IQVIA	$13.9 billion	20.2%	3.6x	16.9x
ICON	$5.5 billion	17.7%	4.8x	15.9x
Syneos Health	$5.2 billion	12.5%	3.8x	8.0x
charles river	$3.5 billion	25.8%	2.8x	14.9x
MEDPACE	$1.1 billion	19.2%	0.0x	18.5x

Appendix 5 – Historic Financials

Appendix 5a – Income Statement

Income Statement (mn $)		2018	2019	2020	2021	CAGR (18-21)
Oncology		189.0	256.8	297.7	362.8	24.3%
	YoY Growth	-	*35.8%*	*15.9%*	*21.9%*	
Metabolic		94.1	138.7	126.1	159.9	19.3%
	YoY Growth	-	*47.3%*	*-9.1%*	*26.8%*	
Cardiology		91.8	91.3	95.2	119.7	9.2%
	YoY Growth	-	-0.6%	4.3%	25.8%	
Anti Viral & Anti Infective		76.7	86.4	103.3	111.0	13.1%
	YoY Growth	-	*12.6%*	*19.5%*	*7.5%*	
Central Nervous System		53.9	91.7	88.4	121.5	31.1%
	YoY Growth	-	*70.2%*	*-3.7%*	*37.5%*	
Others		199.0	196.2	215.4	267.4	10.3%
	YoY Growth	-	*-1.4%*	*9.8%*	*24.2%*	
Total Revenues		**704.6**	**861.0**	**925.9**	**1 142.4**	**17.5%**
	YoY Growth		*22.2%*	*7.5%*	*23.4%*	
COGS		-489.1	-615.3	-647.2	-814.2	
Gross Profit		**215.5**	**245.7**	**278.7**	**328.2**	**15.1%**
	Gross Margin (%)	*30.6%*	*28.5%*	*30.1%*	*28.7%*	
OpEx		-75.0	-95.2	-92.2	-108.4	
Core EBITDA		**140.6**	**150.5**	**186.6**	**219.7**	**16.0%**
	EBITDA Margin (%)	*20.0%*	*17.5%*	*20.1%*	*19.2%*	
Core EBIT		101.8	127.3	167.0	198.6	
	EBIT Margin (%)	*14.4%*	*14.8%*	*18.0%*	*17.4%*	
Net Income		**73.2**	**100.4**	**145.4**	**181.8**	**35.4%**

Source: Company filings

Note: Analysis starting in 2018 due to significant change in accounting principles

Appendix 5b – Balance Sheet & CFS

Balance Sheet (in $m)	2018	2019	2020	2021
Cash & Cash Equivalents	23.3	131.9	277.8	461.3
Total Debt	79.7	0	0	0
Net Debt	56.4	-131.9	-277.8	-461.3
Shareholders Equity	589.7	726.3	805.8	952.9
NWC (excluding cash)	-102.2	-157.9	-244.2	-327.6

Cash Flow Statement (in $m)	2018	2019	2020	2021
EBITDA	**140.6**	**150.5**	**186.6**	**219.7**
Income tax expense	-20.8	-24.4	-23.1	-20.0
Other non-cash items	5.0	42.6	27.5	-6.3
Other Non Operating Income	-7.1	-2.4	1.5	3.2
Acc. Receivable	*27.0*	*21.3*	*5.5*	*25.0*
Prepaid expenses & other	*1.2*	*7.4*	*3.7*	*9.1*
Acc. Payable	*-1.3*	*-4.7*	*2.6*	*-1.9*
Accrued expenses	*-29.0*	*-21.8*	*-24.2*	*-26.1*
Advanced billings	*-35.6*	*-44.6*	*-63.4*	*-89.0*
Other Liabilities	*-1.9*	*6.9*	*9.5*	*16.2*
Change in NWC	***-39.6***	***-55.7***	***-86.3***	***-83.4***
Cash from Operations	**157.3**	**201.9**	**258.7**	**263.3**
CAPEX	*-17.0*	*-19.1*	*-32.2*	*-31.4*
Cash from Investing	*-17.0*	*-19.1*	*-32.2*	*-31.4*
Unlevered FCF	**140.3**	**182.7**	**226.5**	**232.0**

Appendix 6 – Business Plan

Appendix 6a – Revenues

In $m	2021	2022*	2023E	2024E	2025E	2026E	2027E	CAGR (18-22)	CAGR (22-27)
Oncology	363	461	544	642	751	871	1 001	24.9%	16.8%
Metabolic	160	230	258	286	315	345	376	16.6%	10.3%
Central Nervous System	122	158	198	242	290	345	407	30.7%	20.8%
Cardiology	120	173	190	209	230	252	275	16.1%	9.7%
AVAI	111	115	144	177	214	258	310	10.5%	21.9%
Other	267	302	355	414	478	550	630	16.5%	15.8%
Base Revenue	**1 142**	**1 440**	**1 688**	**1 969**	**2 278**	**2 621**	**2 999**	**19.6%**	**15.8%**
YoY growth	*23.4%*	*26.1%*	*17.3%*	*16.6%*	*15.7%*	*15.1%*	*14.4%*		

In $m	2021	2022	2023E	2024E	2025E	2026E	2027E	CAGR (22-27)
Base Revenue	1 142	1 440	1 688	1 969	2 278	2 621	2 999	15.8%
YoY growth	*23.4%*	*26.1%*	*17.3%*	*16.6%*	*15.7%*	*15.1%*	*14.4%*	
Internationalisation	0	0	0	20	46	105	150	
Add-on % of Base Revenues	0%	0%	0%	1%	2%	4%	5%	
M&A (Ergomed)	0	0	186	214	246	282	323	14%
YoY growth	0%	0%	12%	15%	15%	15%	15%	
Total Revenue	1 142	1 440	1 875	2 204	2 570	3 009	3 472	19.2%
YoY growth	*23.4%*	*26.1%*	*30.2%*	*17.5%*	*16.6%*	*17.1%*	*15.4%*	

Appendix 6b – EBITDA and FCF

In $m	2021	2022	2023E	2024E	2025E	2026E	2027E	CAGR (22-27)
Direct services costs	441	523	630	716	817	926	1 045	
Reimbursed expenses	373	470	551	643	744	856	979	
Total COGS	814	994	1 182	1 359	1 561	1 783	2 024	
% of Sales	*71%*	*69%*	*70%*	*69%*	*69%*	*68%*	*68%*	
Gross Product	**328**	**446**	**507**	**611**	**718**	**839**	**975**	16.9%
Gross Margin	***28.7%***	***31.0%***	***30.0%***	***31.0%***	***31.5%***	***32.0%***	***32.5%***	
SG&A	108	-144	-186	-217	-240	-263	-301	
% of Sales	*9%*	*10%*	*11%*	*11%*	*11%*	*10%*	*10%*	
Base EBITDA	**220**	**302**	**320**	**393**	**478**	**576**	**674**	
EBITDA Margin	***19.2%***	***21.0%***	***19.0%***	***20.0%***	***21.0%***	***22.0%***	***22.5%***	**17.4%**
Add-on EBITDA (Ergomed)	**0**	**0**	**41**	**49**	**55**	**63**	**73**	
EBITDA Margin	***0%***	***0%***	***22%***	***23%***	***22%***	***22%***	***23%***	
Add-on EBITDA (Expansion)	**0**	**0**	**-12**	**-6**	**2**	**21**	**32**	
Total EBITDA	**220**	**302**	**349**	**437**	**535**	**660**	**779**	**20.9%**
EBITDA Margin	*19.2%*	*21.0%*	*18.6%*	*19.8%*	*20.8%*	*22.0%*	*22.4%*	

In $m	2021	2022	2023E	2024E	2025E	2026E	2027E
EBITDA	**220**	**302**	**349**	**437**	**535**	**660**	**779**
Income tax expense	-20	-44	-21	-32	-47	-68	-88
Other adjustments to cash	-3,1	-	-	-	-	-	-
Acc. Receivable	*25*	*49*	*41*	*46*	*50*	*56*	*62*
Prepaid expenses & other	*9*	*10*	*10*	*9*	*11*	*12*	*13*
Acc. Payable	*-2*	*-6*	*-6*	*-6*	*-6*	*-7*	*-8*
Accrued expenses	*-26*	*-35*	*-37*	*-35*	*-39*	*-43*	*-47*
Advanced billings	*-89*	*-90*	*-75*	*-85*	*-93*	*-103*	*-114*
Other Liabilities	*16*	*-6*	*-6*	*-6*	*-7*	*-8*	*-8*
Core Change NWC	**-83**	**-79**	**-74**	**-76**	**-85**	**-94**	**-103**
Add-on change NWC			*7.7*	*8.1*	*8.6*	*8.3*	*8.6*
Cash from Operations	**263**	**336**	**393**	**472**	**563**	**678**	**785**
% of revenues	*23%*	*23%*	*21%*	*21%*	*22%*	*23%*	*23%*
Maintenance Capex	-31	-32	-21	-32	-36	-39	-43
Add-on Capex			-3	-4	-5	-6	-7
Acquisition Capex			-495				
Cash from Investing	**-31**	**-32**	**-519**	**-36**	**-40**	**-45**	**-50**
Unlevered Free Cash Flow	**232**	**305**	**-125**	**436**	**523**	**633**	**734**
FCF Conversion (from EBITDA)	*106%*	*101%*	*-36%*	*100%*	*98%*	*96%*	*94%*

Appendix 7 – Sources and Uses

Sources		$M	xEBITDA	%
Debt	**Senior Debt**			
	Term Loan A	604	2.0x	12%
	Term Loan B	453	1.5x	9%
	Term Loan C	302	1.0x	6%
	Subordinated Debt			
	Mezzanine	0	0.0x	0%
	Total Debt	**1359**	**4.5x**	**26%**
Equity	**Shareholder Loan (FRI)**	**3447**	**11.4x**	**67%**
	Fund	3404	11.3x	99%
	Management	43	0.1x	1%
	Ordinary Equity	**368**	**1.2x**	**7%**
	Institutional	340	1.1x	93%
	Fund	336	1.1x	99%
	Management	4	0.0x	1%
	Sweet Equity	28	0.1x	7.5%
	Total Equity	**3815**	**12.6x**	**74%**
	Total Sources	**5174**	**17.1x**	**100%**

Uses		$M	%
Acquisition	EBITDA 2022	302	
	Entry EV/EBITDA	16.40x	
	Enterprise Value	**4951**	**95.5%**
	Acquisition Fees (4.5%)	**223**	**4.5%**
	Total Uses	**5174**	**100%**

Nuno Caetano (Invesco) validation

Appendix 8 – Credit Metrics

Appendix 8a – Investment Case

	2023	2024	2025	2026	2027
Cash	100	359	707	1053	1512
Cash Flow	100	259	348	346	459
Cash Cover	1.72x	2.53x	3.06x	3.23x	4.20x
Interest Cover	2.51x	2.82x	3.49x	4.71x	6.06x
Net Debt / EBITDA	4.67x	3.10x	1.86x	0.77x	-0.11x

Appendix 8b – Bank Case

	2023	2024	2025	2026	2027
Cash Cover	1.29x	2.08x	2.46x	2.35x	2.95x
Interest Cover	2.20x	2.42x	2.91x	3.82x	4.76x

Appendix 9 – Fund Money Multiple Sensitivities

Base Revenue CAGR

	12%	13%	14%	15%	15.8%
With Inv. Thesis	2.78x	2.90x	3.03x	3.17x	**3.28x**
No M&A	2.59x	2.72x	2.85x	2.99x	3.10x
No Expansion	2.66x	2.78x	2.91x	3.04x	3.15x
No DCT	2.60x	2.72x	2.85x	2.97x	3.08x
W/o Inv. Thesis	2.31x	2.43x	2.54x	2.67x	2.77x

Entry Multiple

Exit Multiple

	15.40x	15.90x	16.40x	16.90x	17.40x
15.40x	3.36x	3.22x	3.09x	2.98x	2.87x
15.90x	3.46x	3.32x	3.19x	3.07x	2.95x
16.40x	3.57x	3.42x	**3.28x**	3.16x	3.04x
16.90x	3.67x	3.52x	3.38x	3.25x	3.13x
17.40x	3.77x	3.62x	3.47x	3.34x	3.22x