

OUTSOURCED PHARMACEUTICAL SERVICES SECTOR CASE STUDY

Syneos to be Acquired by a Private Investment Consortium

M&A Advisory | Growth Capital | Recapitalizations | Board Advisory | Strategic Evaluations



May 2023

SYNEOS TO BE ACQUIRED BY A PRIVATE INVESTMENT CONSORTIUM

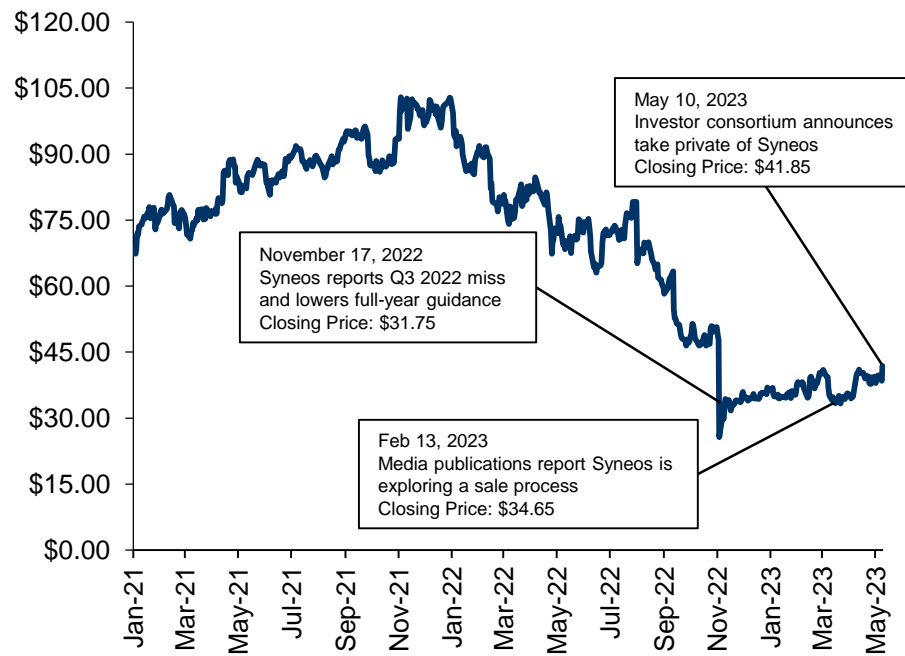
Transaction Overview



On May 10, 2023, Syneos Health, Inc. (“Syneos” or the “Company”) announced that it has entered into a definitive agreement to be acquired by a consortium of private investment firms comprised of Elliott Management, Patient Square Capital, and Veritas Capital

- Enterprise Value: \$7.1 billion at announcement
 - All-cash transaction; shareholders will receive \$43.00 per share
 - 10.1x 2023E Adj. EBITDA of ~\$700.0 million ⁽¹⁾
 - 24.0% premium ⁽²⁾
- Upon announcement of the transaction on 5/10/2023, Syneos’ share price increased 8.8% from \$38.45 to \$41.85
- Syneos’ Board of Directors unanimously approved the transaction
- The transaction is expected to close in the second half of 2023 subject to the satisfaction of regulatory approvals

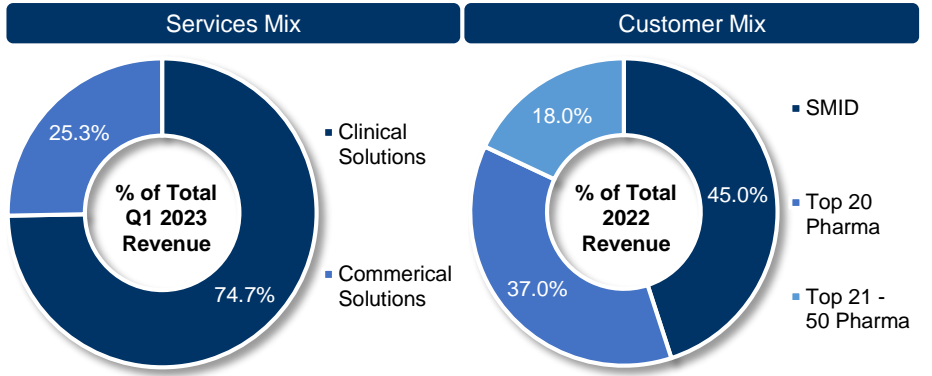
(NASDAQ:SYNH) Historical Stock Price Performance



Source: S&P Capital IQ Pro

Syneos Snapshot

- Syneos is a fully-integrated CRO providing clinical, medical affairs communications, and other commercialization services to biotechnology and pharmaceutical companies
- Syneos serves a diverse range of clients, with approximately 45.0% of its customer base comprising small and mid-cap biopharma companies (“SMID”), 37.0% consisting of top 20 pharma companies, and 18.0% representing top 21-50 pharma companies
- The Company operates in six continents and is headquartered in Morrisville, NC with approximately 28,000 employees

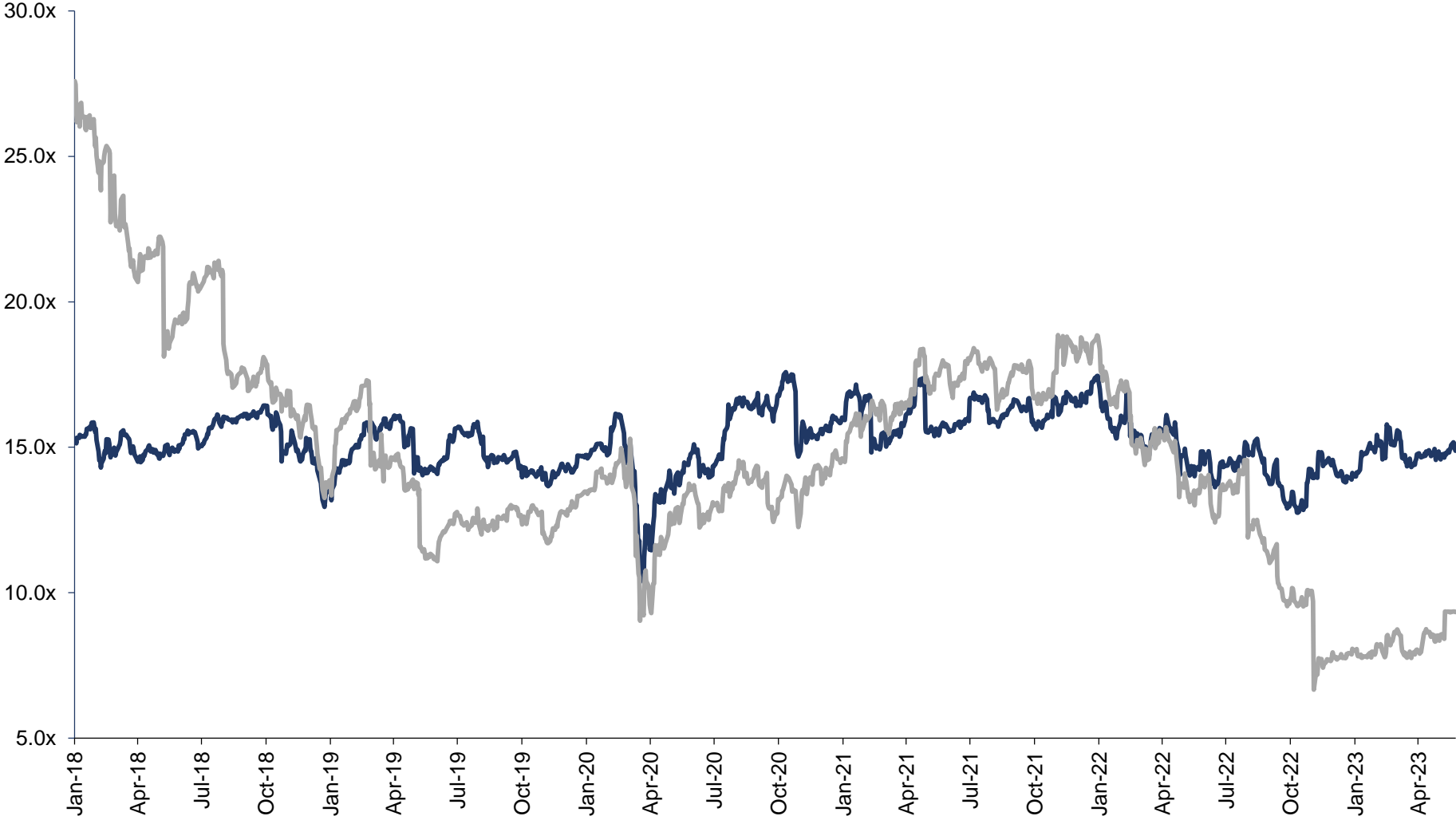


(1) Midpoint of management’s 2023E estimate as provided in Syneos’ investor presentation, “Q4 and Full Year 2022 Financial Results”, 2/16/2023
 (2) Premium to Syneos Health’s unaffected closing stock price on February 13, 2023, the last trading day prior to media speculation regarding the potential transaction

- Syneos was formed in 2017 when INC Research acquired inVentive Health for an enterprise value of \$4.6 billion. With a combined enterprise value of approximately \$7.4 billion, the Company was positioned as a Top 3 CRO offering a comprehensive suite of clinical and commercial services to the biopharma industry
 - From 2018 to 2019, Syneos faced challenges within its commercial solutions business, including cancellations and lower bookings that led to reduced growth and visibility. These headwinds contributed to the Company's stock underperformance relative to peers
 - During this time, the Company maintained its leading position in the SMID segment
- During 2020 and 2021, Syneos largely benefited from the push to develop COVID-19 vaccines and medicines as biotech companies enjoyed a favorable funding environment which led to an increase in project funding and Request-for-proposal ("RFP") flow
- The subsequent market downturn in 2022 led to a drop in the valuations of many SMIDs which limited their ability to raise capital. The tightening financial conditions forced SMIDs to reduce spending on projects and delay timelines with CROs such as Syneos
- As a result, Syneos repeatedly missed Wall Street estimates in 2022 amid a shrinking backlog, adding pressure on the Company's stock price. Analysts also noted the Company's lack of therapeutic depth outside of oncology and greater exposure to SMIDs relative to competitors as contributors to the Company's underperformance
- On January 9, 2023, Syneos announced that its CFO would step down on March 31, 2023, and they would begin searching for a replacement. The change in management created further uncertainty around the Company's operations. On May 2, 2023, the Company announced Michael Bonello will become the new CFO on July 1, 2023
- Historically, Syneos has traded at a discount to its peers (see page 3). As of January 10, 2023, the Company traded at 7.9x EV / LTM EBITDA, which represented a 44.1% discount relative to the median 14.1x EV / LTM EBITDA for the pharma services index
- In January of 2023, several industry analysts acknowledged the discount in valuation made Syneos an attractive acquisition target for private equity
- On February 13, 2023, initial reports surfaced among several media publications rumoring Syneos was potentially running a sale process. It was thought that the auction included a broad group of buyers including strategic and private equity sponsors

Syneos Health (Nasdaq:SYNH) vs. DSP Outsourced Pharma Services Index Companies (EV / EBITDA) ⁽¹⁾ ⁽²⁾

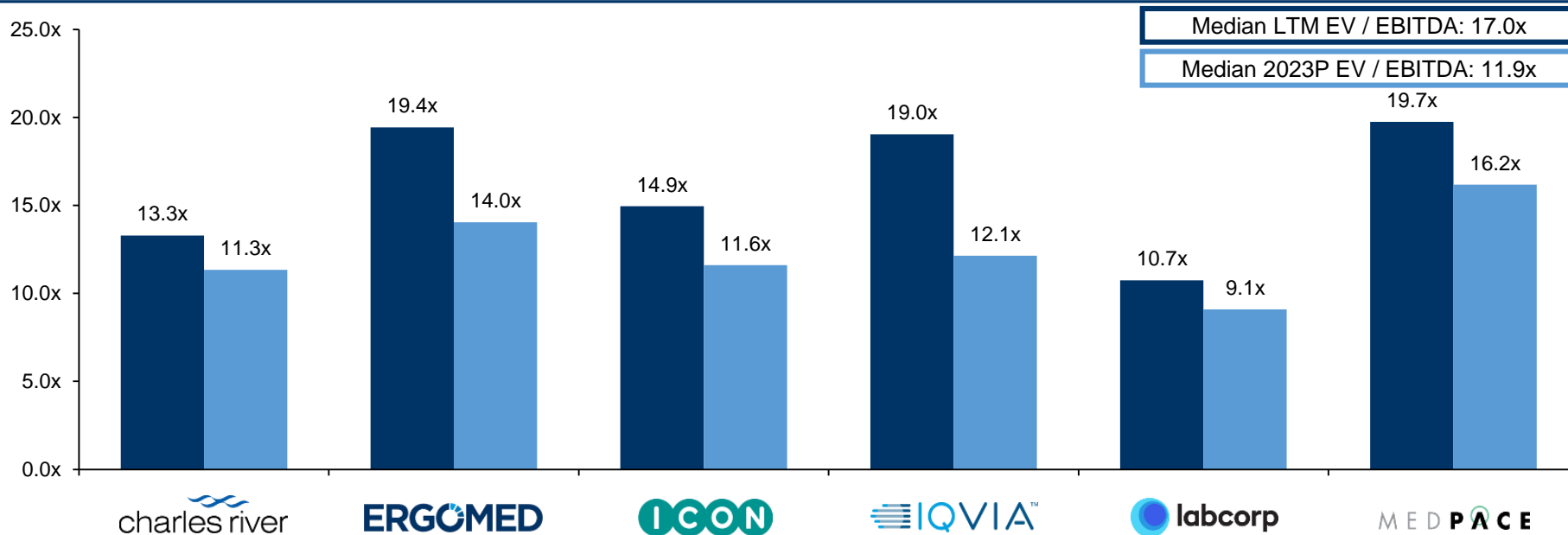
— DSP Outsourced Pharma Services Index — Syneos Health (Nasdaq:SYNH)



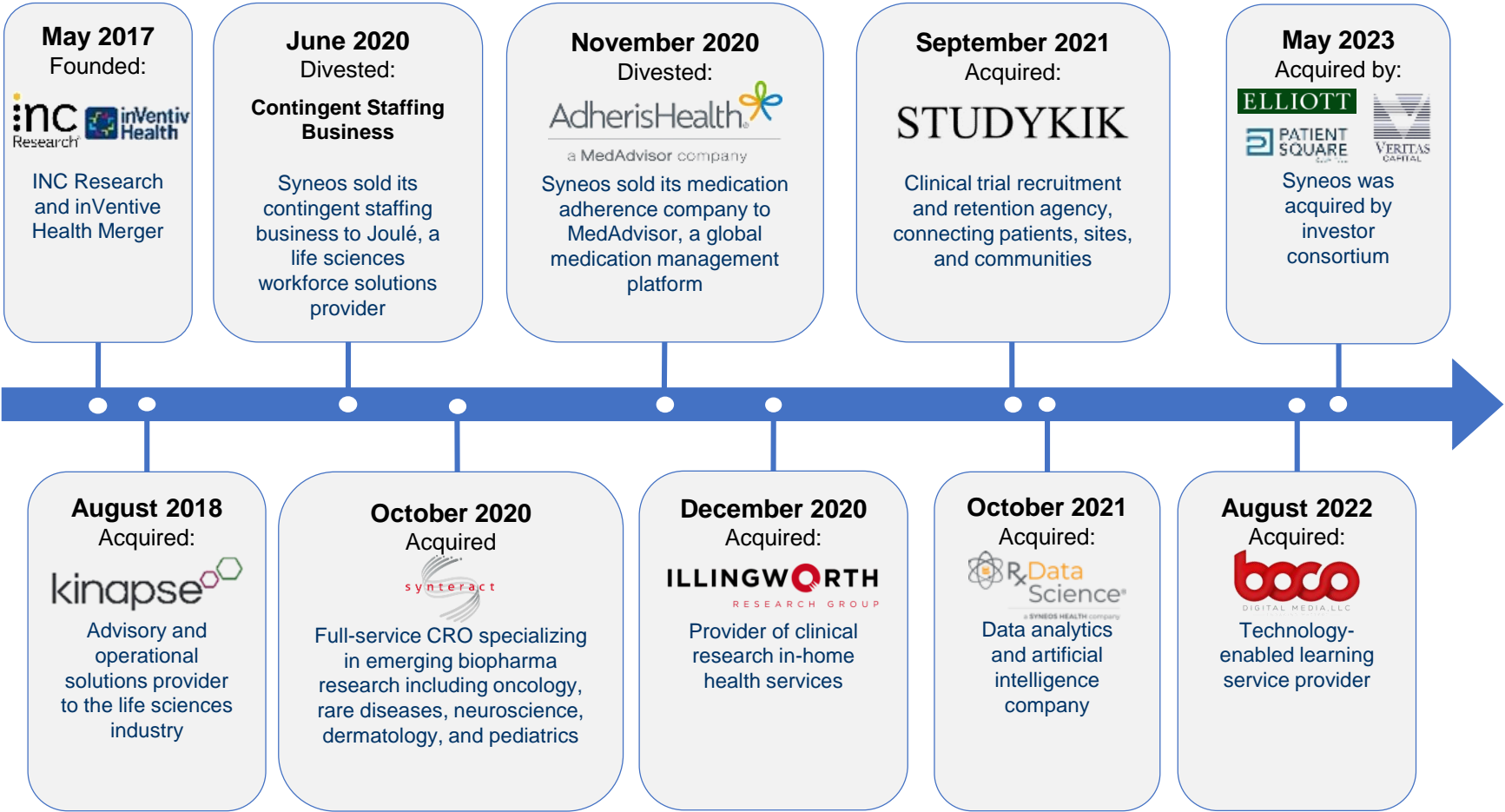
(1) Source: S&P Capital IQ

(2) DSP Outsourced Pharma Services Index includes: Charles River Laboratories, Ergomed, ICON, IQVIA, LabCorp, and Medpace. The multiples also include public outsourced pharma companies that have been acquired / taken private (Parexel, PPD, UDG Healthcare) or merged into the entities above (PRA Health Sciences, Qunitiles, IMS Health, INC Research)

EV / EBITDA



COMPANY	STOCK PERFORMANCE AND COMPANY DATA					MARGINS		VALUATION DATA					
	Price 5/25/2023	30 Day % Change	YTD % Change	Market Value (\$mm)	Enterprise Value (\$mm)	Gross Profit % Margin	LTM EBITDA % Margin	EV / Rev		EV / EBITDA		P / E	
Company								LTM	2023P	LTM	2023P	2022	2023P
Charles River Laboratories (NYSE:CRL)	\$194.89	3.9%	(10.6%)	\$9,975.0	\$12,990.5	37.2%	24.6%	3.2x	2.9x	13.3x	11.3x	18.8x	16.1x
Ergomed (AIM:ERGO)	12.70	0.5%	(17.2%)	644.7	624.7	41.3%	20.0%	3.5x	2.8x	19.4x	14.0x	22.5x	20.0x
ICON (LSE:ICON)	202.99	(0.1%)	4.5%	16,630.7	21,014.2	28.6%	20.5%	2.7x	2.4x	14.9x	11.6x	16.1x	13.9x
IQVIA (NYSE:IQV)	197.47	3.0%	(3.6%)	36,640.4	48,630.4	34.9%	23.8%	3.4x	2.9x	19.0x	12.1x	18.9x	16.6x
LabCorp (NYSE:LH)	213.37	(3.6%)	(9.4%)	18,904.6	24,888.6	29.9%	16.7%	1.7x	1.6x	10.7x	9.1x	12.6x	11.3x
Medpace (NASDAQ:MEDP)	202.16	(2.9%)	(4.8%)	6,165.7	6,395.7	29.6%	19.6%	4.1x	3.2x	19.7x	16.2x	24.5x	20.8x
Overall Group Mean		0.1%	(6.8%)	14,826.8	19,090.7	33.6%	20.9%	3.1x	2.6x	16.2x	12.4x	18.9x	16.4x
Overall Group Median		0.2%	(7.1%)	13,302.8	17,002.4	32.4%	20.3%	3.3x	2.9x	17.0x	11.9x	18.9x	16.3x
Overall Group Max		3.9%	4.5%	36,640.4	48,630.4	41.3%	24.6%	4.1x	3.2x	19.7x	16.2x	24.5x	20.8x
Overall Group Min		(3.6%)	(17.2%)	644.7	624.7	28.6%	16.7%	1.7x	1.6x	10.7x	9.1x	12.6x	11.3x





"This all-cash transaction maximizes value for our shareholders and is in the best interest of the Company and all its stakeholders. The company has a strong operating foundation, differentiated, integrated solutions and a focus on being committed to customers. We believe this transaction will enable Syneos to continue to accelerate its growth strategy, enhance customer delivery and evolve the organization toward a tech-enabled future"

– John Dineen, Chairman of the Board of Directors, Syneos Health (5/10/2023)

Acquired by



"We have long appreciated Syneos' leadership position in servicing large pharma and biotech customers globally, across both clinical development and commercialization. We look forward to partnering with the talented team at Syneos Health to further reinforce the Company's core capabilities and help drive its next phase of growth"

– Marc Steinberg, Senior Portfolio Manager, Elliot Management (5/10/2023)



"We are huge believers in the value that contract research and commercial organizations provide to their clients by accelerating and maximizing the likelihood of clinical success and optimizing a product's potential to impact patients. We have followed the journey of Syneos Health for years and believe the Company and its world-class employees provide a strong foundation to build upon, always providing unparalleled service to clients"

– Jim Momtazee, Managing Partner, Patient Square (5/10/2023)



"Consistent with our successful history of transforming businesses in the healthcare ecosystem, and partnership with the Syneos Health team and the consortium, Veritas looks forward to driving investment in the Company to underscore Syneos Health's position as a market leader and to enhance its ability to deliver medical innovations to patients across the globe"

– Ramzi Musallam, CEO and Managing Partner, Veritas Capital (5/10/2023)

Outsourced Pharmaceutical Services

 Herspiegel Consulting has received an investment from  DFW CAPITAL PARTNERS Advisor to Herspiegel	 has acquired  pharmatech associates Advisor to Buyer	 deerfield has completed a majority recapitalization with the edgewater funds Advisor to Deerfield	 has completed a senior debt financing with  Santander Advisor to KPS Life	 has been acquired by  W ₂ O a portfolio company of  NMC NEW MOUNTAIN CAPITAL LLC Advisor to Seller	 pyxa SOLUTIONS has merged with  red nucleus a portfolio company of  R RENOVUS CAPITAL Advisor to Pyxa	 Emmes has completed a majority recapitalization with  BEHRMAN CAPITAL Advisor to Emmes	 HealthStrategiesGroup has been acquired by WATER STREET Advisor to Seller	 EXECUPHARM has agreed to be acquired by PAREXEL Advisor to Seller
--	--	---	---	--	--	---	--	--

Healthcare Services

 GLOBO has completed a growth equity financing with  VSS Advisor to GLOBO	 WORKFORCE SOLUTIONS GROUP has been acquired by  CROSS COUNTRY HEALTHCARE Advisor to Seller	 ALEGIS has been acquired by  MEDNAX Advisor to Seller	 Onsite Innovations has been acquired by  PIVOT PHYSICAL THERAPY a portfolio company of  CI CAPITAL PARTNERS Advisor to Seller	 The GEO Group, Inc. (NYSE: GEO) has divested  GEO Care in a Management Buyout Advisor to Independent Committee Fairness Opinion
---	--	--	--	--

Life Science Tools

 Biotix a portfolio company of  GATOTECH VENTURES has been acquired by  MITTLER TOLEDO Advisor to Seller	 TROEMNER has been acquired by  MITTLER TOLEDO Advisor to Seller
--	--

M&A Advisory

Growth Capital

Recapitalizations

Board Advisory

Strategic Evaluations

B. Andrew Schmucker
 Managing Partner
 484.533.6313
 aschmucker@delanceyllc.com

Patrick E. Dolan
 Managing Director
 484.533.6311
 pdolan@delanceyllc.com

William J. Filip
 Managing Director
 484.533.6312
 wfilip@delanceyllc.com

Steven D. Higgins
 Managing Director
 484.533.6308
 shiggins@delanceyllc.com

James R. McNaughton
 Managing Director
 484.533.6307
 jmcnaughton@delanceyllc.com

Shane Carroll
 Vice President
 484.533.6316
 scarroll@delanceyllc.com

Sean T. Cincotta
 Vice President
 484.533.6314
 scincotta@delanceyllc.com