

# FOUNDERS ADVISORS

Pharma Services  
Market Update

Q2 2025



**I. Trends & Insights** | *Macro Trends, Subsector Insights, & Voices from the Field*

**II. Public Market Benchmarks** | *Stock Performance, Valuation, & KPIs*

**III. Market & Buyer Landscape** | *Profiling Active Market Participants*

**IV. M&A Activity** | *Notable Recent Transactions*

**V. About Us** | *Founders Advisors Overview*

# I. Trends & Insights: Macro Trends

## Key Trend

## Commentary

1

### Strong Outsourcing Fundamentals

- The growing complexity, timeline, and costs of the drug development process are leading pharmaceutical companies to increasingly outsource key stages of their research, development, and manufacturing processes
- Pharma companies recognize the need to efficiently move through the development process in order to quickly monetize their products

2

### Robust Investor Interest in Companies with a Range of Value-Added Capabilities

- Partners that are able to provide a “one stop shop” present the most value to pharma companies; within the research bucket, for example, those with capabilities across trial phases, therapeutic areas, and geographies present significant value to the pharma industry
- There is increased complexity in managing multiple outsourced vendors, so pharma companies are often preferring the most streamlined process to outsource critical parts of the research, development, and commercialization phases

3

### Increasing Technology, Data Analytics, and AI Adoption

- Along similar lines to the strong outsourcing fundamentals, given the need to shorten research and development timelines, cut costs, and reduce failure rates, pharma companies are often turning to technology solutions, including AI adoption, to more efficiently and cost-effectively move through the research and development process

4

### Positive Market Sentiment Evidenced by M&A Momentum

- Pharma tech and services companies continue to appeal to investors and fetch premium valuations in the market due to many of the trends referenced above and overall market tailwinds, including rising drug development costs and pharma companies’ strong appetite to outsource
- Traditionally provider-focused PE firms, wary of headline and regulatory risk, are turning towards pharma services investments and creating strong competition in the market for high quality assets

# I. Trends & Insights: Trends by Subsector

## Pharma Tech



Technology that aids in the research, development, and delivery of pharmaceutical products and services

### Select Market Participants



### Key Trends

- With the increase in remote work, many stakeholders throughout the research, development, and delivery process now utilize digital engagements, reporting, and monitoring
- The rise in value-based contracts with payors requires pharma companies to track outcomes through data capabilities, leading to an increase demand in technology solutions
- With the rise in R&D costs, pharma companies are turning to tech solutions to decrease costs and increase profitability

## CROs



Outsourced research services to pharmaceutical companies during the drug discovery, pre-clinical, and clinical trial stages

### Select Market Participants



### Key Trends

- Pharma customers tend to have a sticky relationship with their CRO partners, with the largest pharma manufacturers often using only a limited number of CRO partners
- Capabilities across trial phases and geographies is a large differentiator
- Pharma companies of all sizes often find outsourcing beneficial due to the complexity, timeline, and costs of the research process

## CDMOs



Outsourced development and manufacturing services to pharmaceutical companies during the clinical and commercial stages

### Select Market Participants



### Key Trends

- Similar to CRO outsourcing, large and small cap pharma companies utilize outsourcing, due to the high fixed costs of manufacturing and development and need to enter the market efficiently
- Those with end-to-end capabilities, such as discovery and commercialization, in addition to development and manufacturing, often attract large cap pharma companies, while those with higher touch services and offerings typically cater to smaller pharma customers

## Commercialization



Solutions that involve commercializing products during the late clinical and post-approval phase

### Select Market Participants



### Key Trends

- Brand managers are increasingly turning towards outsourced commercialization, in order to efficiently move drugs out of the clinical trial phase and into the monetization phase
- Firms that have the data required to demonstrate return on investment are better able to differentiate themselves and retain and attract clients
- Demand for commercialization services continues to grow, as manufacturers are turning to specialized therapeutics with smaller patient populations

# I. Trends & Insights: Voices from the Field

## Company

## Earnings Call Excerpts

The logo for Cencora, featuring the word "cencora" in a lowercase, purple, sans-serif font.

"The second-half of the year, we will see revenue growth impacted by a couple factors, including beginning to lap tougher GLP-1 growth comparisons in the second-half, when the market saw product supply constraints subside in the prior year and declining sales of high-priced mail-order products, which now have biosimilar competition and PBM formularies. These dynamics contribute to the lower revenue growth expected in the second-half of the year, but are positive for our profit margins."

—James Cleary, CFO (05/07/2025)

The logo for Owens & Minor, featuring a stylized "OM" in red and black, followed by the text "Owens & Minor" in a black, sans-serif font.

"The vast preponderance of potential tariff exposure resides in proxy healthcare services, and the margin profile of that business obviously makes any tariff absorption impossible. While we believe we will be well-positioned to protect the business from a tariff impact, the possibility exists of at least an adverse timing impact on working capital as tariffs are paid ahead of AR collections."

—Jonathan Leon, CFO (05/08/2025)

The logo for OptimizeRx, featuring the word "Optimize" in a black, sans-serif font, followed by "Rx" in a green, sans-serif font.

"In addition, despite media coverage in the market related to initiatives being implemented by the new administration, we are not seeing significant headwinds directly impacting our business at this time. And we are closely monitoring pharma leading indicators by continuously engaging with our clients."

—Steve Silvestro, CEO (05/12/2025)

The logo for Schrödinger, featuring a stylized blue cube icon followed by the word "Schrödinger" in a blue, sans-serif font.

"We are aware of the risks of new tariffs being applied to the pharmaceutical industry and the impact they could have on industry profitability. At this stage, we are not encountering resistance or reluctance to purchase in our customer conversations. But of course, we are watching carefully for new policies or regulations that might affect the industry's outlook and R&D investments."

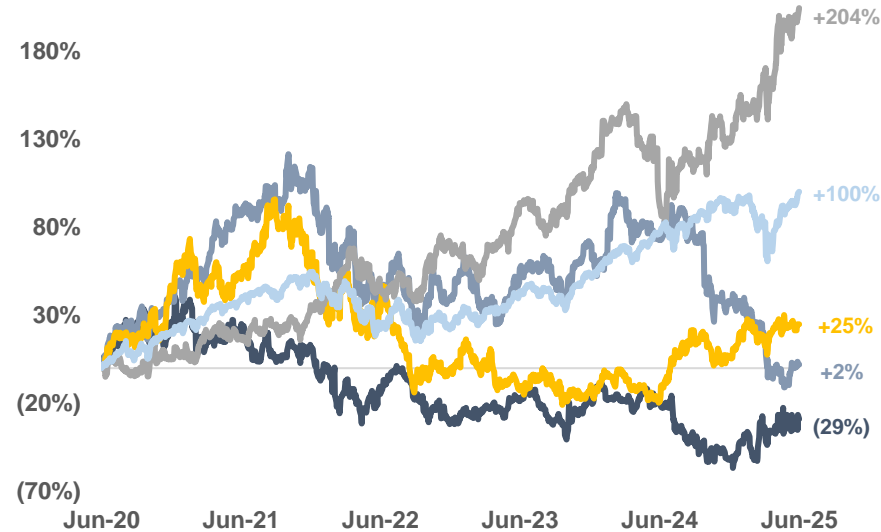
—Geoff Porges, CFO (05/07/2025)

# II. Public Market Benchmarks: Stock Performance

Public Company Stock Performance (LTM)

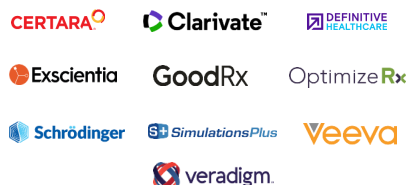


Public Company Stock Performance (5 Years)



Pharma Tech CROs CDMOs Distributors S&P 500

## Pharma Tech



## CROs



## CDMOs

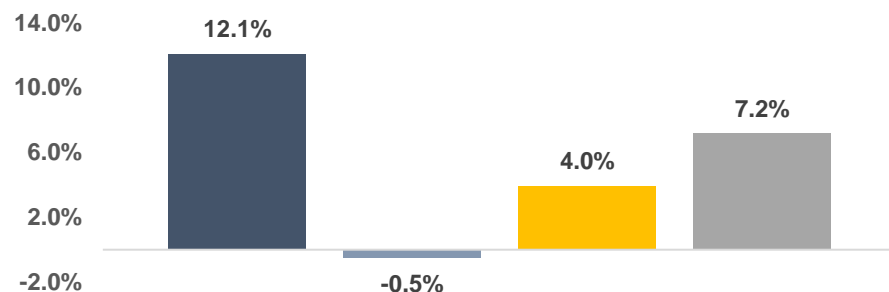


## Distributors

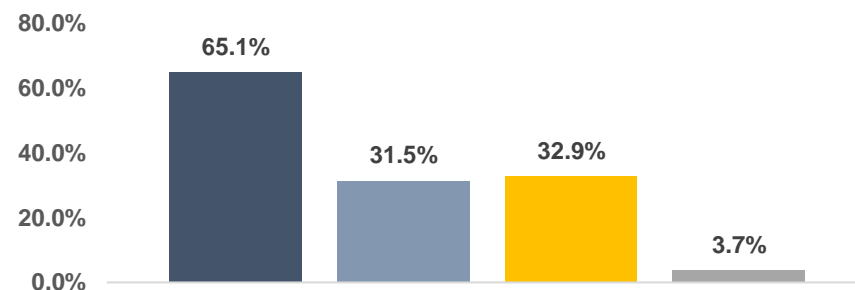


# II. Public Market Benchmarks: Valuation & KPIs

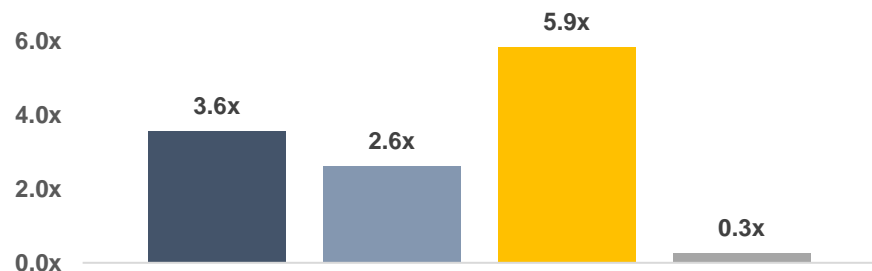
Median LTM Revenue Growth



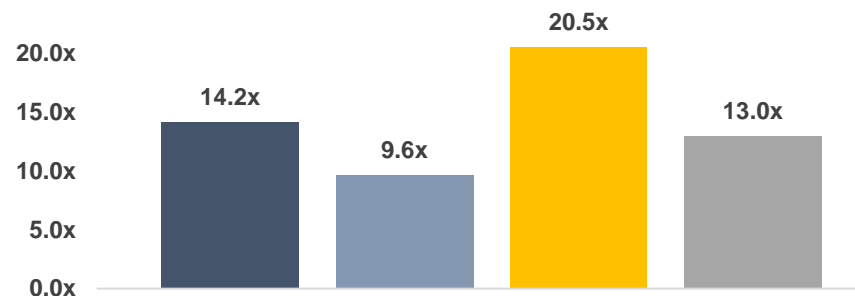
Median LTM EBITDA Margin



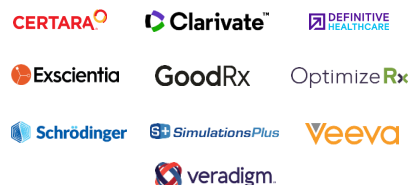
Median EV / LTM Revenue



Median EV / LTM EBITDA



## Pharma Tech



## CROs



## CDMOs



## Distributors





# III. Market & Buyer Landscape: Market Map

## Pharma Tech



## Clinical Trials / CROs



## CDMOs



## Commercialization Services

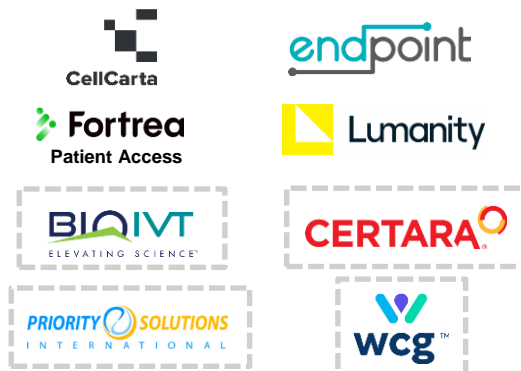




# III. Market & Buyer Landscape: Notable PE Investors

## Arsenal Capital Partners

### Portfolio Companies



## FRAZIER HEALTHCARE PARTNERS

### Portfolio Companies



## LINDEN<sup>7</sup>

### Portfolio Companies



## novo holdings

### Portfolio Companies



## WATER STREET

### Portfolio Companies



## WINDROSE HEALTH INVESTORS

### Portfolio Companies



## IV. M&A Activity: Notable Recent Transactions

### Select Pharma Services Transactions

Date	Target	Investor	Commentary
23-Jun-25	 agilera	 PharmaLogic Take The Lead	Agilera Pharma, a subsidiary of IFE, was acquired by PharmaLogic, a CDMO specializing in radiopharmaceuticals.
09-Jun-25	 ithgroup	 H. I. G. CAPITAL	ITH Group, a UK-based provider of aseptic pharmaceutical compounding services, was acquired by HIG Capital.
05-Jun-25	 Penn Quarter Partners	 Webster Equity Partners	Penn Quarter Partners, a specialized consulting platform for life sciences companies navigating complex regulatory, policy, and market challenges, was acquired by Webster Equity Partners.
28-May-25	 TruTechnologies	 LLR Partners	TruTechnologies, a provider of real-time clinical trial oversight, was acquired by LLR Partners.
27-May-25	 CBCC GLOBAL RESEARCH	 Edgewater CAPITAL PARTNERS	CBCC Global Research, a multi-national contract research organization, was acquired by Edgewater Capital Partners.
15-Apr-25	 SANA RESEARCH	 CONQUEST RESEARCH	Sana Research, a clinical trial site focused on neurologic, cardiovascular, and metabolic diseases, was acquired by Conquest Research, a portfolio company of Reynolda Equity Partners.
14-Apr-25	 CenExel	 BAYPINE	CenExel, a clinical trial site network focused on complex therapeutic areas, was acquired by BayPine.

# V. About Us: Founders Healthcare Team

## Healthcare Senior Leaders



### Michael White | Managing Director, Head of Healthcare

Michael White is a Managing Director and the Head of Founders' Healthcare Practice. He has over 20 years of experience advising healthcare clients on a range of strategic alternatives, including IPOs, public and private equity and debt capital raises, joint ventures, licensings, and buy-side and sell-side mergers and acquisitions. Michael also served as CFO of Carbalyn Therapeutics, a specialty pharmaceutical company. Michael holds an MBA from the University of Chicago Booth School of Business and a Bachelor of Science in International Finance from the University of Alabama.



### Thomas Dixon | Managing Director

Thomas Dixon is a Managing Director on the Healthcare team. Thomas joined Founders in 2024, bringing his diverse experience to the Firm, which includes serving as a development officer at four distinct, PE-backed healthcare platforms and as a Principal at one of the nation's largest healthcare consultancies. Thomas holds an MBA from the University of Minnesota and a B.B.A. in Marketing from the University of Oklahoma.

## Select Recent Transactions



## Healthcare Junior Team



### Courtney Jones | Associate

Courtney joined Founders in 2024 as an Associate. Courtney's primary responsibilities include supporting principals in client service and execution of deals through industry research, preparing financial analyses and marketing materials, and facilitating due diligence. Prior to joining Founders, Courtney worked at Harris Williams as an Investment Banking Analyst in the healthcare division. Courtney received her Bachelor of Science in Accounting from Washington and Lee University.



### Braxton Eubanks | Senior Analyst

Braxton Eubanks is an Analyst for Founders Advisors. His primary responsibilities include supporting principals in client service and execution of deals through conducting industry and company research, preparing financial analyses, and facilitating due diligence. Braxton graduated from Mississippi State University with a B.S. in Business Administration, Finance & Accountancy. After completing his undergraduate degree, he received his M.S. in Finance from Southern Methodist University.



### Wells Watts | Analyst

Wells joined Founders in 2024 as an Analyst in the Healthcare Practice. Wells's primary responsibilities include supporting principals in client service and execution of deals through conducting industry and company research, preparing financial analyses, and facilitating due diligence. Wells graduated summa cum laude from Auburn University with a Bachelor of Science in Finance.



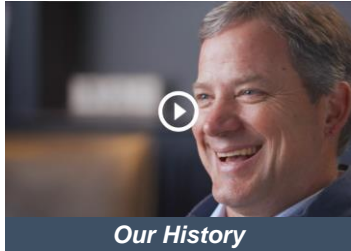
### James Nichols | Analyst

James joined Founders in 2025 as an Analyst in the Healthcare Practice where his responsibilities include supporting principals in client service and execution of deals by conducting industry and company research, preparing financial analyses, and facilitating due diligence. James graduated from the University of Georgia with a B.B.A. in Finance.

# V. About Us: Founders Advisors Overview

## FIRM OVERVIEW

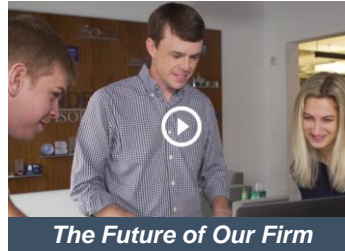
Founders is a mergers, acquisitions, and strategic advisory services firm that has served middle-market companies since 2003. With a nationwide footprint, we pride ourselves in employing a values based and highly personalized relational approach through our five industry-focused advisory teams. Today, Founders employs over 45 professionals and has offices in Birmingham, AL (headquarters), Dallas, TX, and Nashville, TN.



Our History



Our Culture



The Future of Our Firm

## OUR WHEELHOUSE

The majority of our clients are founder-owned and operated companies across five industry groups that collaborate together. We listen to our clients and take the time to truly understand each client's unique situation and desired outcomes. Founders has been a trusted advisor to hundreds of middle market business owners, supporting their growth through tailored financing structures and ownership transition transactions

## CAPABILITIES & FIRM HIGHLIGHTS



Sell-Side  
Advisory



Strategic  
Advisory



Capital  
Raises



Targeted  
Buyside



Spin-Offs /  
Divestitures

**\$55B+**

Founders Managing  
Directors' Transacted  
Enterprise Value\*

**100+**

Founders' Completed  
Engagements  
Since 2013

**21%**

Average Increase in  
Initial Bid to Closing

## Industries Covered

Business Services

Technology

Consumer

Healthcare

Industrials

## PURPOSE

*Be Servant Leaders who  
value relationships and  
results*

## FIRM VALUES

### ORDER

Maintain focus on doing the right things at the right time

### SERVICE

Go the extra mile for our clients, co-workers, & community

### GROWTH

Reflect, evaluate, and plan for improvement

### EXCELLENCE

All we do, we do well

### HEALTH

Be and stay healthy, personally, and as a team

### COMMUNITY

Be team-focused; we're better together

# FOUNDERS

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## ADVISORS

BIRMINGHAM | DALLAS | NASHVILLE

2400 Fifth Avenue South, Suite 100 · Birmingham, AL 35233 · 205.949.2043

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