

OUTSOURCED PHARMACEUTICAL SERVICES SECTOR CASE STUDY

EQT Private Equity and Goldman Sachs Asset Management Announced Acquisition of Parexel

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



November 2021

EQT PRIVATE EQUITY AND GOLDMAN SACHS ASSET MANAGEMENT ANNOUNCED ACQUISITION OF PAREXEL

Transaction Overview

- Announcement Date: July 2, 2021
- Acquirer: EQT Private Equity and Goldman Sachs Asset Management
- Enterprise Value: \$8.5 billion
- Status: Pending
- Seller: Pamplona Capital Management (“Pamplona”)

Situation Overview

- Parexel (the “Company”) is a global clinical research organization (“CRO”) that provides clinical research services and regulatory, market access, and strategy consulting services
- The Company is co-headquartered in Durham, NC and Newton, MA with offices in 38 countries and over 17,000 employees
- The Company was founded by Josef von Rickenback in 1982, who served as CEO of Parexel through 2018. He led the company through its IPO in late 1995 and more than 40 mergers and acquisitions
- Parexel was first taken private by Pamplona Capital Management in 2017 in a \$5.0 billion (14.6x LTM EBITDA) public to private transaction
- Prior to Pamplona’s acquisition, Parexel was trading at approximately 10.5x LTM EBITDA, a discount to the industry median of approximately 12.0x
- Furthermore, the Company’s profitability lagged many of its peers (LTM EBITDA margin of 17.0% vs peer group average of 23.0%)
- At that time, Parexel faced pressure from activist investor Starboard Value LP to explore a sale
- During Pamplona’s ownership, Parexel expanded its clinical technology capabilities as evidenced by its acquisitions of Model Answers (February 2020) and Roam Analytics (September 2020) as well as its partnership with Veeva Systems in April 2021
- In 2018, Josef von Rickenback announced his retirement and appointed Jamie Macdonald as the new CEO. Macdonald was previously a senior advisor to EQT private equity and CEO of INC Research (now Syneos Health). Josef von Rickenback currently serves as the Chairman of the Board for Parexel
- Jamie Macdonald led INC Research as CEO from 2013 to 2016 which included a successful IPO in 2014. INC Research’s revenue and EBITDA significantly improved from 2014 to 2016, with 27.2% growth and 68.4% growth, respectively
- In an interview with Fierce Biotech, Jamie Macdonald noted his primary focus as CEO is to increase the use of technology and data to select the right drug candidate, develop protocols, and curate the proper strategies for all countries and investigators

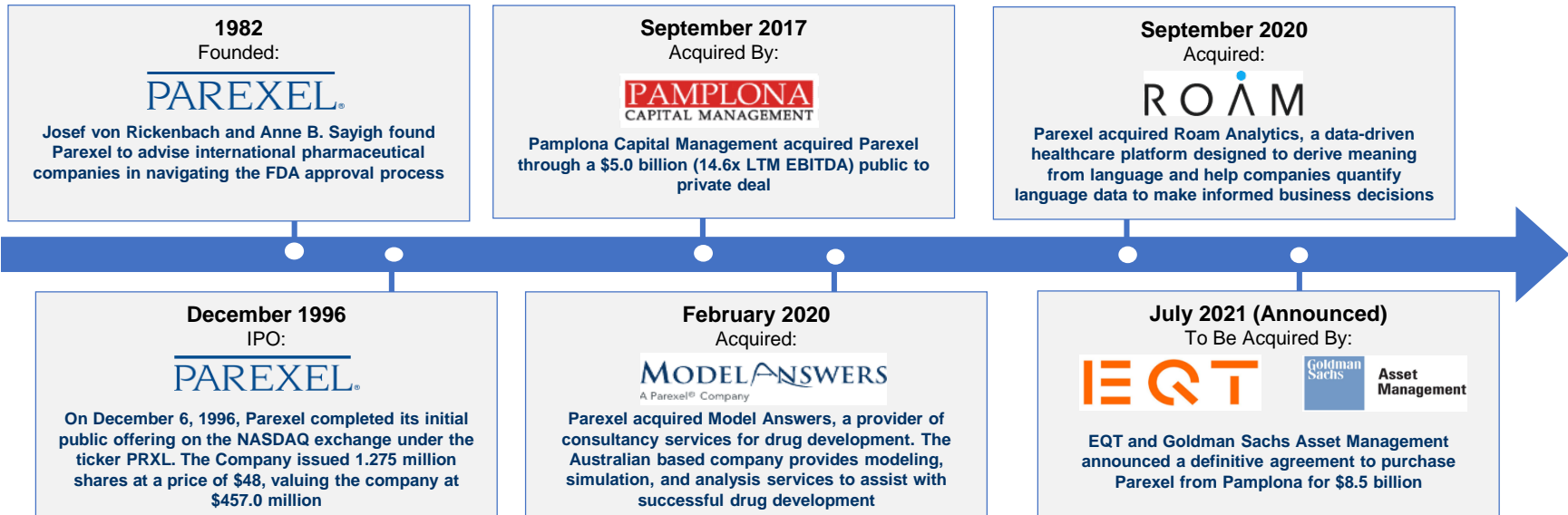
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Deal Rationale

- EQT Private Equity (“EQT”) and Goldman Sachs announced its acquisition of Parexel making it the third large CRO to announce a sale in the span of five months in 2021 ⁽¹⁾
- In public press releases, EQT noted, “We have followed Parexel closely during the past few years and have been impressed by the Company’s development and trajectory”. This includes recent investments in technology (including the acquisitions Model Answers and Roam Analytics) which allowed Parexel to meet its client’s demands for clinical research / studies during the Covid-19 pandemic with decentralized clinical trials
- With investment from EQT Private Equity and Goldman Sachs Wealth Management, Parexel will be able to expand upon the technology enablement of their service offerings to better perform on delivery and quality. EQT highlights that the investments will accelerate Parexel’s global footprint and expansive healthcare network
- EQT noted they are looking forward to working with Jamie, a long-time senior advisor to EQT, and expanding upon their life sciences practice
- EQT has been an active investor in life sciences and healthcare with other representative investments including Aldveron, Recipharm, and MHC Asia

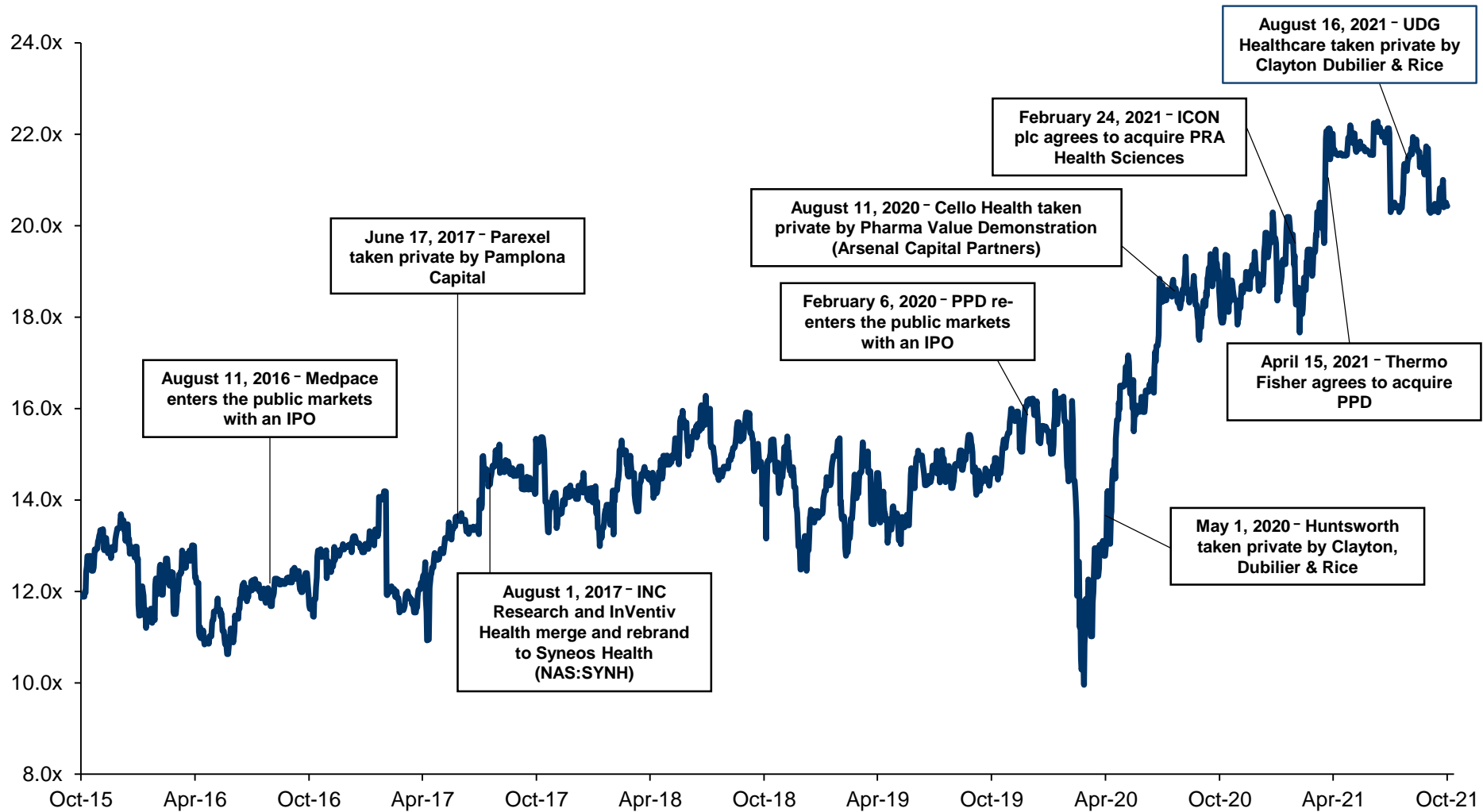
Select Company History

PAREXEL®



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DSP Outsourced Pharma Services Index Companies (Median EV / LTM EBITDA) ⁽¹⁾ ⁽²⁾



(1) Source: PitchBook

(2) The EV / EBITDA multiples above include: ICON, IQVIA, Charles River Laboratories, Medpace, Syneos, Laboratory Corporate Holdings of America, and Pharmaceutical Product Development (PPD). The multiples above also include companies taken private (Parexel, UDG Healthcare, Cello Health, and Huntsworth) or merged into the entities above (Quintiles, IMS Health, INC Research, and PRA Health Sciences) while they were public.

EQT PRIVATE EQUITY AND GOLDMAN SACHS ASSET MANAGEMENT ANNOUNCED ACQUISITION OF PAREXEL

Transaction

Executive Commentary



PAREXEL®

acquired by

"We have enjoyed our partnership with Pamplona, and thank them for their leadership and support in helping to transform Parexel under their ownership. Over the past months, our ability to pivot and adapt have fostered new ways of working while developing a strong track record of quality and delivery for customers around the world. As we continue in this new era of clinical development and focus aggressively on meeting our customers' needs for innovation in such areas as real world evidence, decentralized clinical trials, biostatistics and data management — and in key regions such as Asia/Pacific where we're among the largest and longest-tenured CROs — we're excited to be partnering with EQT and Goldman Sachs. We look forward to benefitting from their strong industry experience and to further accelerating Parexel as one of the world's leading and fastest-growing CROs."

– *Jamie Macdonald, Chief Executive Officer, Parexel*



EQT

and

"We have followed Parexel closely during the past few years and have been impressed by the company's development and trajectory. Our investment in Parexel reflects EQT's thematic focus on the life sciences industry, as well as our commitment to partner with businesses that have a positive impact on society. We are excited to partner with Goldman Sachs for the next stage of Parexel's journey, and to back Jamie, who prior to his role at Parexel had been a long-time senior advisor to EQT, as well as the rest of the Parexel team."

– *Eric Liu, Partner and Global Co-Head of Healthcare, EQT*



Goldman Sachs
Asset Management

"We are thrilled to partner with Jamie Macdonald, the entire Parexel management team and EQT to support Parexel, which has a distinguished track record of delivering clinical excellence to their large pharma and biotech customers globally. We believe this investment will accelerate Parexel's growth as it builds on the company's global footprint, strong operational capabilities and expansive healthcare network."

– *Jo Natauri, Global Head of Private Healthcare Investing, Goldman Sachs*

DELANCEY STREET PARTNERS RECENT HEALTHCARE TRANSACTION EXPERIENCE

Outsourced Pharmaceutical Services

 <p>has acquired</p>  <p>Advisor to Buyer</p>	 <p>has received an investment from</p>  <p>Advisor to Deerfield</p>	 <p>has completed a senior debt financing with</p>  <p>Advisor to KPS Life</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>Advisor to Seller</p>	 <p>has merged with</p>  <p>a portfolio company of</p>  <p>Advisor to Pyxa</p>	 <p>has completed a majority recapitalization with</p>  <p>Advisor to Emmes</p>	 <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>Advisor to Seller</p>
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Healthcare Services

Life Science Tools

 <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>a portfolio company of</p>  <p>Advisor to Seller</p>	 <p>The GEO Group, Inc. (NYSE: GEO)</p> <p>has divested</p>  <p>in a Management Buyout</p> <p>Advisor to Independent Committee Fairness Opinion</p>	 <p>a portfolio company of</p>  <p>has been acquired by</p>  <p>Advisor to Seller</p>	 <p>has been acquired by</p>  <p>Advisor to Seller</p>
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