

DEAL PROFILE

Charles River | Cognate BioServices

VALUES**\$875mm****6.25x****February 17, 2021****All Cash Offer****Forward Year 2021 Rev Multiple****Announced Date****Charles River Laboratories (NYSE: CRL)**

Charles River Laboratories is an early-stage contract research organization (CRO) that provides drug discovery, non-clinical development, and safety testing services. The company operates in three segments: Research Models and Services, Discovery and Safety Assessment, and Manufacturing Support.

TEV: \$16,520mm¹ LTM EBITDA: 677mm¹ LTM Revenue: \$2,924mm¹

**Cognate BioServices**

Cognate BioServices provides cell and cell-mediated gene therapy product development and manufacturing services to biotechnology companies and institutions in the United States. It engages in the contract manufacturing of cell-based products through a combinations of standard and customer services to companies across all points of clinical and commercial development. The Company was founded in 2002, based in Memphis, Tennessee, and has operations in North America and Europe with over 500 employees.

BOURNE PARTNERS MARKET RESEARCH

Bourne Partners provides strategic and financial advisory services to clients throughout the business evolution life cycle. In order to provide the highest level of service, we routinely analyze relevant industry trends and transactions. These materials are available to our clients and partners and provide detailed insight into the pharma, pharma services, OTC, consumer health, and biotechnology sectors.

OVERVIEW

Based on the acquisition's anticipated completion by the end of the first quarter, Cognate is expected to add approximately \$110mm to Charles River's 2021 consolidated revenue for the partial year. The \$875mm all cash transaction is expected to be neutral to non-GAAP earnings per share in 2021, and accretive thereafter. The Company is evaluating further optimizing its debt structure which could be used to finance the acquisition and for general corporate purposes.

HIGHLIGHTS

The acquisition of Cognate will expand Charles River's scientific capabilities into the emerging, high-growth cell and gene therapy CDMO sector, establishing a comprehensive solution from discovery and non-clinical development through GMP manufacturing in advanced drug modalities. Cognate has extensive experience producing various cell types and technologies used in cellular immunotherapy and immuno-oncology, regenerative medicine, and advanced cell therapy. James Foster, President and CEO of Charles River Labs, stated when explaining the strategic rationale for the purchase, "because of the synergistic fit with Charles River, the market growth potential, and the emerging role of advanced drug modalities as treatments for oncology and rare disease, we believe Cognate will meaningfully enhance our long-term revenue and earnings growth potential."

¹LTM values for all of Charles River as of 12/26/2020
Source(s): S&P CapitalIQ; Businesswire;