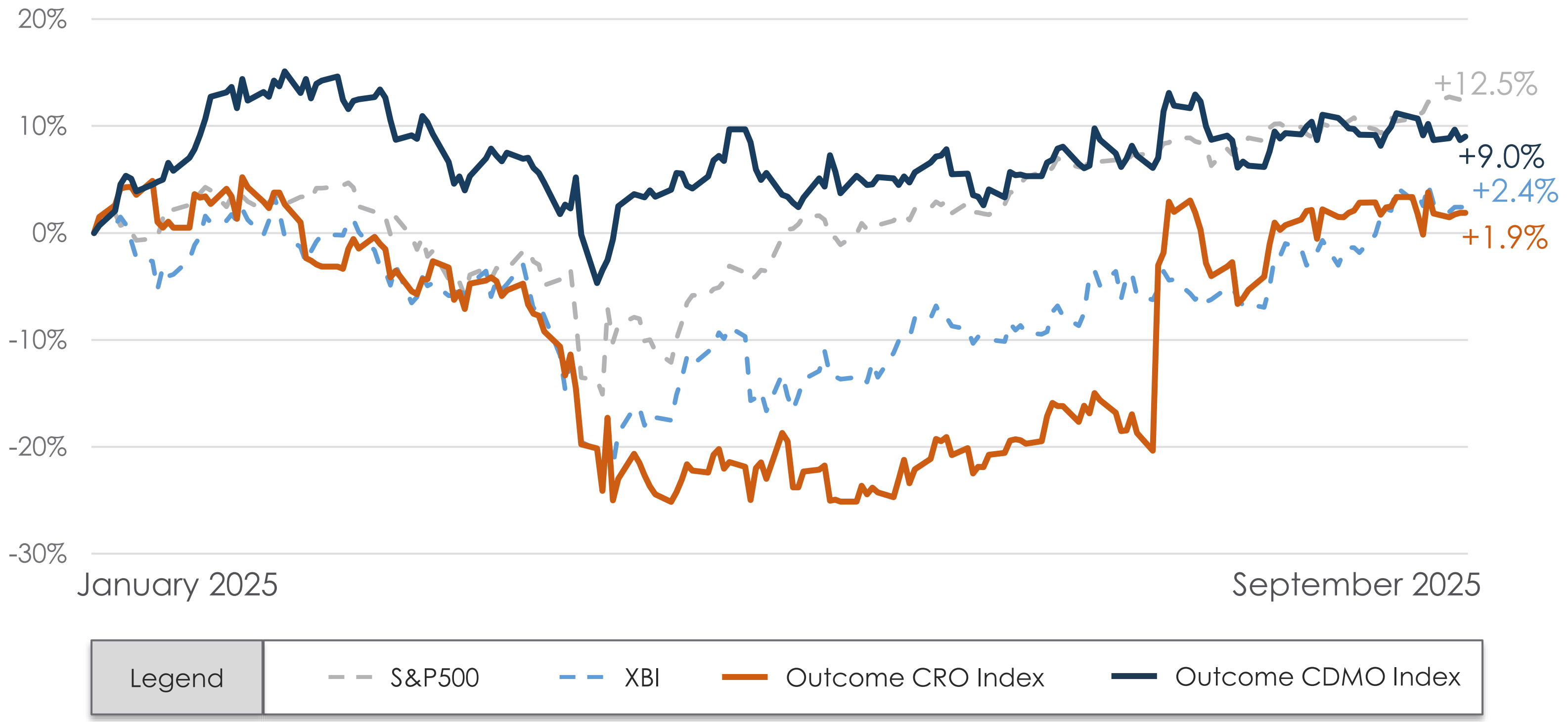
2025 Outsourced Life Sciences Services Insight

Highlights, Trends, & Opportunities

Reach the *Right Outcome*

Outcome Capital | Life Sciences Services Market Indices

Outcome Capital Life Sciences Services Index Tracker YTD



Outcome Insights

- Pharma supply chains experiencing tectonic shifts resulting from global policy initiatives
- Service providers see tightening capacity as a natural outcome of rising demand and a competitive edge
- Limited capacity creating a seller's market, boosting pricing power and strategic value

Private-Equity Firms Spot a Healthcare Value Play in Contract Manufacturing

Some firms see investments in the outsourcing of drugmaker operations as a hedge against tariff tumult

By *Maria Armental*

Aug. 25, 2025 6:00 am ET | WSJ PRO

Outcome CRO Index

IQVIA, WuXi Biologics (Global Solution Provider), inotiv (analyze. answer. advance.), charles river, evotec, ICON, Fortrea, MEDPACE, ThermoFisher Scientific

Outcome CDMO Index

Lonza, Samsung Biologics, PolyPeptide, Siegfried, Lifecore Biomedical, ThermoFisher Scientific

MARKET UPDATES & RECENT NEWS

CRO Industry Leaders

Industry Leaders	Key Q2 2025 Earnings Takeaways
charles river	One the top priorities in the coming years will be to **continue expanding the portfolio of premier New Approach Methodologies (NAM)** capabilities through a **combination of partnerships, selective M&A** and internal development
ICON	ICON continues to **invest in technology platforms, labs, and other services** to fuel growth **Actively evaluating acquisition opportunities** that enhance its service offerings, such as key technology platforms and tools, capabilities in its labs and other services
inotiv analyze. answer. advance.	Discovery services revenue increased year-over-year, driven by expanded services such as biotherapeutics, medical device services, and genetic toxicology TTM Cancellations and negative change orders, higher compared to prior year but increased bookings have offset cancellations
evotec	Strategic **focus on technology and science leadership, leveraging cutting-edge platforms** such as Molecular Patient Database (E.MPD), iPSC, PanOmics, and PanHunter to accelerate drug discovery and improve success probabilities
ThermoFisher SCIENTIFIC	**Customers leaning into investments despite macroeconomic challenges**, with strong demand for Accelerator Drug Development solution Expects **academic and government funding to remain soft** in the second half of 2025 but anticipates normalization over the next few years

OUTCOME INSIGHTS

CRO Q2 Industry Trends

Categories	Outcome Insights: Key Q2 2025 Earnings Takeaways
Demand Stabilizing	**Pharma demand broadly stabilizing**, with large pharma continuing to fund critical programs. **Biotech stabilizing**, though smaller players remain constrained by cash availability; mid-tier biotech showing healthier activity
Big Pharma as an Anchor	Large pharma partnerships remain a **source of stability and growth across CROs**. Decision-making in big pharma is continuing despite macro uncertainty, **with emphasis on late-stage (Phase III) and high-priority programs**
Government & Academic Funding Mixed	Industry split, with **some CROs reporting modest growth from government**/academic clients despite NIH budget headwinds. Broad expectation is for **funding softness in H2 2025**, but longer-term normalization.
Cancellations Still Present	**Cancellations occurring at a manageable level,** most companies reported higher cancellations than usual, but not materially out of step with historic levels
AI as a Growth Lever	Multiple CROs **emphasized tech-enabled platforms** to drive efficiency, improve success rates, and differentiate services **AI adoption a common theme** across drug discovery and clinical operations
Overarching Industry Outlook	**Signs of stabilization,** most expect **gradual recovery in H2 2025**, with continued pharma investment and incremental biotech recovery **Innovation, digital adoption, and differentiated service offerings** remain key strategic priorities to navigate headwinds Groups pursuing **M&A that compliments current services** and align with long term strategy

MARKET UPDATES & RECENT NEWS

CDMO Industry Leaders

Industry Leaders	Key Q2 2025 Earnings Takeaways
Lonza	Lonza has made notable progress in **separating Capsules and Health Ingredients (CHI) from core CDMO business** CDMO business observed **23.1% growth in 1H 2025**, including growth of small-scale CDMO offerings Stronger performance among Cell & Gene Therapies (CGT) is anticipated in 2H 2025 **Opportunistic M&A** approximating IRR ~15% and ROIC ~30%, in line with internal organic CapEx thresholds
PolyPeptide	Continued expansion of **commercial metabolic business** is significantly **driving overall sales growth** 3 ongoing **capacity expansion** projects support operation of **solid-phase peptide synthesis (SPPS) production**
SAMSUNG BIOLOGICS	**Record-setting order intake** in 1H 2025 at KRW 3.4T, securing 60% of FY '24 total Announced plan to spinoff biosimilar business to **streamline operations and solely focus on core CDMO** business
ThermoFisher SCIENTIFIC	Thermo Fisher **expands production to meet growing demand** for US manufacturing capacity **while taking on Sanofi's sterile fill-finish site** and manufacturing a portfolio of Sanofi's therapies Thermo Fisher looks to leverage practical process improvement (PPI) system and incorporate AI to adjust supply chain in the tariff environment and enhance internal processes Continuing to execute **capital deployment strategy of strategic M&A** and returning capital to shareholders
Siegfried	Siegfried develops EVOLVE+ strategy to **expand service offerings** and make **targeted technology investments** to drive profitable growth and capture future opportunities Solid 1H 2025 performance despite inflationary pressures, adverse currency effects, and customer destocking after the COVID-19 pandemic **"M&A is always on"** as Siegfried pursues inorganic growth through **deals adding scale, new abilities, or geographic expansion**

OUTCOME INSIGHTS

CDMO Q2 Industry Trends

Categories	Outcome Insights: Key Q2 2025 Earnings Takeaways
Capacity Expansion	Many CDMOs are **expanding manufacturing capacity** to keep pace with growing market demands Efforts are designed to **accommodate current and future demand** as well as specialized operations, such as PolyPeptide's SPPS production
Pure Play CDMOs	CDMOs are **divesting non-core assets** to concentrate on their primary CDMO business Enhances **operational efficiency and customer satisfaction** across a sector characterized by high customer retention
Customer Loyalty	Secured baseline business across CDMOs supports strong financial performance and **predictable revenue generation**
Small-to-Large Scale	Select CDMOs, including Lonza and Thermo Fisher Scientific, offer a **wide range of capabilities from early-to-late stages of drug development** and manufacturing, contributing to strong financial performance
Overarching Industry Outlook	Overall industry **demand for specialized manufacturing services** propels CDMO sales growth and **supports projections of sustained growth** in 2H 2025 Smaller biopharma companies increasingly outsource to CDMOs for comprehensive support M&A activity **focused on acquiring assets that differentiate portfolio** of services offered

SELECT 2025 YTD SEGMENT DEAL ACTIVITY

Consolidation And Growth Of Industry Leading Platforms

Date	TARGET	BUYER	DEAL TYPE	DEAL VALUE	DEAL NOTES
8/26/2025	PHARMADIRECTIONS	Danforth Advisors	M&A	*Undisclosed*	Acquisition of PharmaDirectors enables Danforth Advisors to expand its integrated drug development capabilities from discovery through commercialization
8/14/2025	Headlands RESEARCH	THL	M&A	*$600M*	This strategic partnership with THL will fuel Headlands' expansion and enhance its ability to deliver high-quality clinical trial data for pharmaceutical and biotech sponsors
08/06/2025	NorthEast BioLab	Normec Group	M&A	*Undisclosed*	Normec enters the U.S. market through its acquisition of NorthEast BioAnalytical Laboratories, a clinical laboratory supporting the biopharmaceutical industry from drug discovery to clinical trials
7/31/2025	REGIS TECHNOLOGIES, INC.	ESTEVE Advancing health together	M&A	*Undisclosed*	Acquisition of Regis Technologies enables Esteve to expand contract development and manufacturing services for small-molecule active pharmaceutical ingredients in the U.S.
07/04/2025	pci PHARMA SERVICES	BainCapital KOHLBERG MUBADALA	Growth/ Secondaries	*Undisclosed*	PCI seeks organic and inorganic growth initiatives with future investments focusing on expansion of existing sterile fill-finish of injectables and specialized manufacturing capacity
05/01/2025	MPP GROUP LLC	MILWAUKEE CAPITAL PARTNERS	M&A	*Undisclosed*	MCP's acquisition of MPP allows for advancement of specialized analytical services and additional capital investments throughout the organization to drive significant advancements within the pharmaceutical industry
05/02/2025	AJINOMOTO BIO•PHARMA SERVICES	pci PHARMA SERVICES	Divestiture/ M&A	*Undisclosed*	Acquisition of Ajinomoto Althea provides PCI with first North American sterile fill-finish manufacturing site, expanding capabilities in prefilled syringes, cartridges, and high potent drug manufacturing

Press Release Link

LEAD

SELECT 2025 YTD SEGMENT DEAL ACTIVITY

Consolidation And Growth Of Industry Leading Platforms

Date	TARGET	BUYER	DEAL TYPE	DEAL VALUE	DEAL NOTES
05/14/2025	Peachtree Bioresearch Solutions	Julius Clinical	M&A	Undisclosed	Peachtree and Julius Clinical merge into a comprehensive clinical CRO, offering end-to-end clinical research services and expertise in managing Phase I – III clinical studies
05/26/2025	CenExel	BayPine; Webster Equity Partners	M&A	$1.5B	The transaction provides an opportunity for BayPine to enhance CenExel's callabilities in complex therapeutic research while accelerating its digital transformation and leveraging AI-driven tools for better trial operations
03/13/2025	Clinilabs The CRO for CNS	InTandem Capital Partners	M&A	Undisclosed	InTandem partners with Clinilabs, to support growth of the full-service CRO providing central nervous system drug and device development services
03/11/2025	Aavis Pharmaceuticals	Senores Committed to Global Wellness!	Minority Investment	$1.5M	Announced planned acquisition on 8,454 equity shares from public shareholders of Havix Group Inc., operating under the name Aavis Pharmaceuticals. Completion of the acquisition was announced in September 2025.
02/03/2025	Pii Pharmaceutics International, Inc.	Jabil	M&A	$349M	The addition of Pii's capabilities across aseptic filling, lyophilization, and oral solid dose manufacturing enhance Jabil's ability to meet clinical and commercial drug manufacturing demands
01/28/2025	Focus Laboratories	Cormica	M&A	Undisclosed	Cormica continues to expand its medical device and pharmaceutical testing business through acquisition of Focus Laboratories, a microbiological testing facility operating in the U.S.
12/18/2024	Catalent	Novo Holdings	M&A	$16.5B	Novo Holdings completed its acquisition of Catalent, aiming to strengthen its position in global pharmaceutical services while enhancing Novo's injectable drug business

Press Release Link

LEAD

KEY TRANSACTION CONSIDERATIONS

Attributes Driving Transactional Milestones

Growth Profile	✓ Sustainable & visible growth ✓ Long term supply agreements	✓ Robust pipeline ✓ Ability to expand capacity
Customer Base	✓ Diversified customer profile ✓ Customer stickiness	✓ Market leading customers ✓ Limited customer concentration
Track Record	✓ Seasoned management ✓ High customer conversion ratio	✓ Strong regulatory & compliance team ✓ History of executing new service rollouts
Proprietary Edge	✓ Defensible market position ✓ Key competitive differentiator	✓ Diversified portfolio of service offerings ✓ Key competitive differentiator
Service Quality	✓ High product quality metrics ✓ ISO certified	✓ FDA & CFR compliant ✓ Implementation of GMP practices
Financial Profile	✓ NTM revenue visibility in backlog ✓ Stable free cash flow margins	✓ Highly predictable cash flows ✓ Positive EBITDA profile

Transaction Roadmap

Incentives

- ✓ Clear Growth Strategy
- ✓ Established Customer Base
- ✓ Complimentary Service Offerings
- ✓ Technological Innovation
- ✓ Healthy Financial Profile

Contemplated Structures

M&A

Financing

Partnership

REACH THE RIGHT OUTCOME

"From engagement to closing, I was continually impressed by Outcome. They exceeded my and my Board's expectations 10X. Moreover, they provided services I could never have expected or done without."

Chris Mathia
Chief Executive Officer
Innara Health
(Acquired by Cardinal Health)

TOP 10 LIFE SCIENCE FINANCIAL SERVICES PROVIDERS 2023
AWARDED BY Life Sciences Review

OUTCOME CAPITAL
TOP LIFE SCIENCES ADVISORY & INVESTMENT BANKING Firm - 2024

Outcome Capital is a highly specialized life sciences and healthcare advisory and investment banking firm, providing innovative companies with a value-added, market-aligned approach to mergers & acquisitions, partnering and corporate finance

Life Science Services Transactions

Select Overview

Project Lexington
Leading CMO (Lyophilization) service provider
Exclusive Sell-side Advisor
In Market

ZIEN Medical Technologies
has merged with
AVERRA PACKAGING
a portfolio company of
BANNER
Financial & Strategic Advisor to Zien Medical Technologies

MaximBio
received a minority investment from
PVFO
Exclusive Strategic & Financial Advisor to MaximBio

BOSTON HEALTHCARE ASSOCIATES
has sold its business to
Veranex
a portfolio company of
SUMMIT PARTNERS
Financial & Strategic Advisor to Boston Healthcare Associates

BERYLLIUM
has sold its business to
ucb Pharma
Financial & Strategic Advisor to Beryllium

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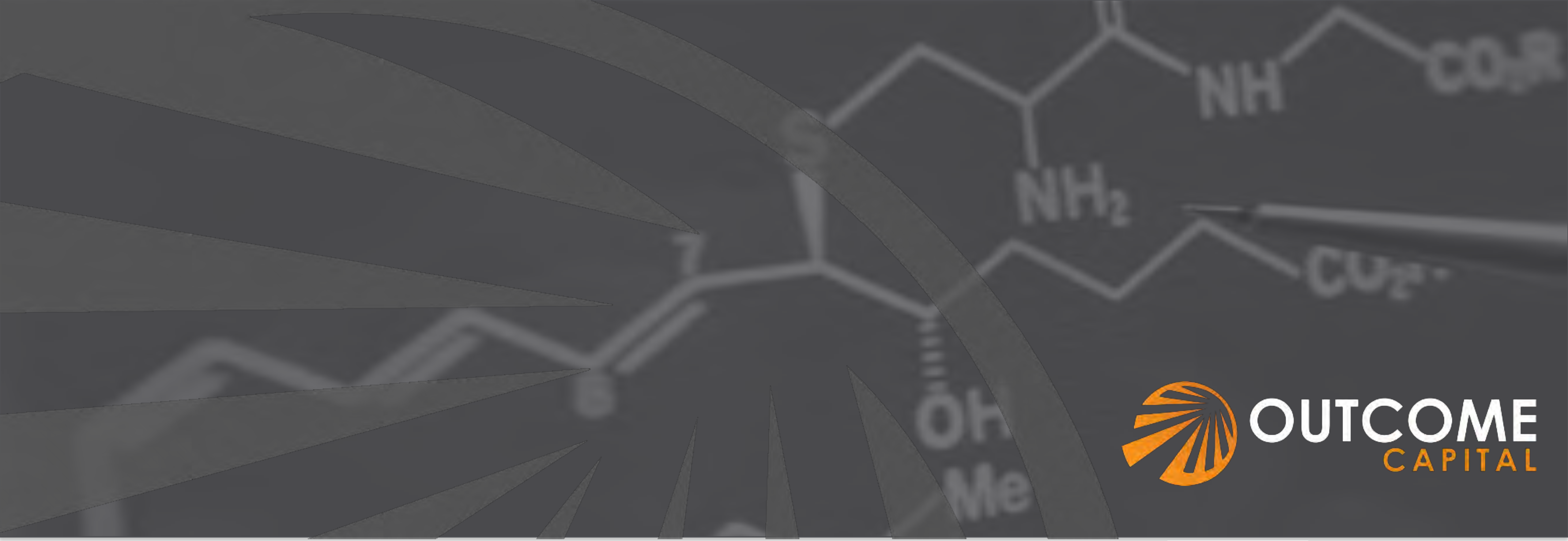

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