

**ERGOMED** plc

Analyst Meeting  
14 December 2020

Acquisition of MS  
Clinical Services, LLC



**MEDSOURCE**

*Taking Relationships as Seriously as Science*



# Presenters

**Dr Miroslav Reljanović**

Executive Chairman

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**Richard Barfield**

Chief Financial Officer

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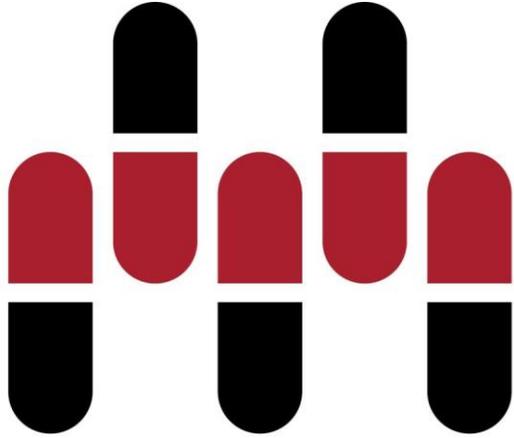
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# MEDSOURCE

An **ERGOMED** Company

# OUR VISION

**Global specialized leadership**  
in Orphan Drug Development  
and Pharmacovigilance

# Market overview

US market is key

Global CRO market

**\$26.9bn**

6% p.a. growth (2018 - 2022)

**ERGOMED**

target markets in  
**high growth areas**

Biotech / specialty pharma

**\$14.0bn market**

↑ outsourcing 66% to 77% (2018 - 2022)

Oncology

**\$9.9bn**

↑ 9% p.a. growth (2018 - 2022)

Orphan drug / rare diseases

**\$7.2bn**

↑ 11% p.a. growth (2018 - 2022)

Pharmacovigilance

**\$2.4bn**

↑ 16% p.a. growth (2018 - 2022)

USA focus

**>50%**

clinical trials need US presence

Sources: GrandView Aspects, clinicaltrials.gov, AT Kearney, William Blair & Company

# US Market a major growth driver

- Importance of US market
  - Largest pharmaceutical development market globally
  - 50% of all clinical trials require US presence
- Ergomed's presence in the USA is increasing
  - Conducting trials in US for > 10 years but limited by scale
  - Ashfield Pharmacovigilance acquired January 2020 (now PrimeVigilance USA)
  - Ergomed grew 79% in USA in H1 2020
  - MedSource acquired December 2020
- MedSource will immediately boost US CRO footprint and order book and create opportunity to:
  - Increase win success for international trials in existing business
  - More fully exploit cross-selling opportunities from PV USA
  - Leverage investment in US sales strength

# MedSource

## A key strategic acquisition

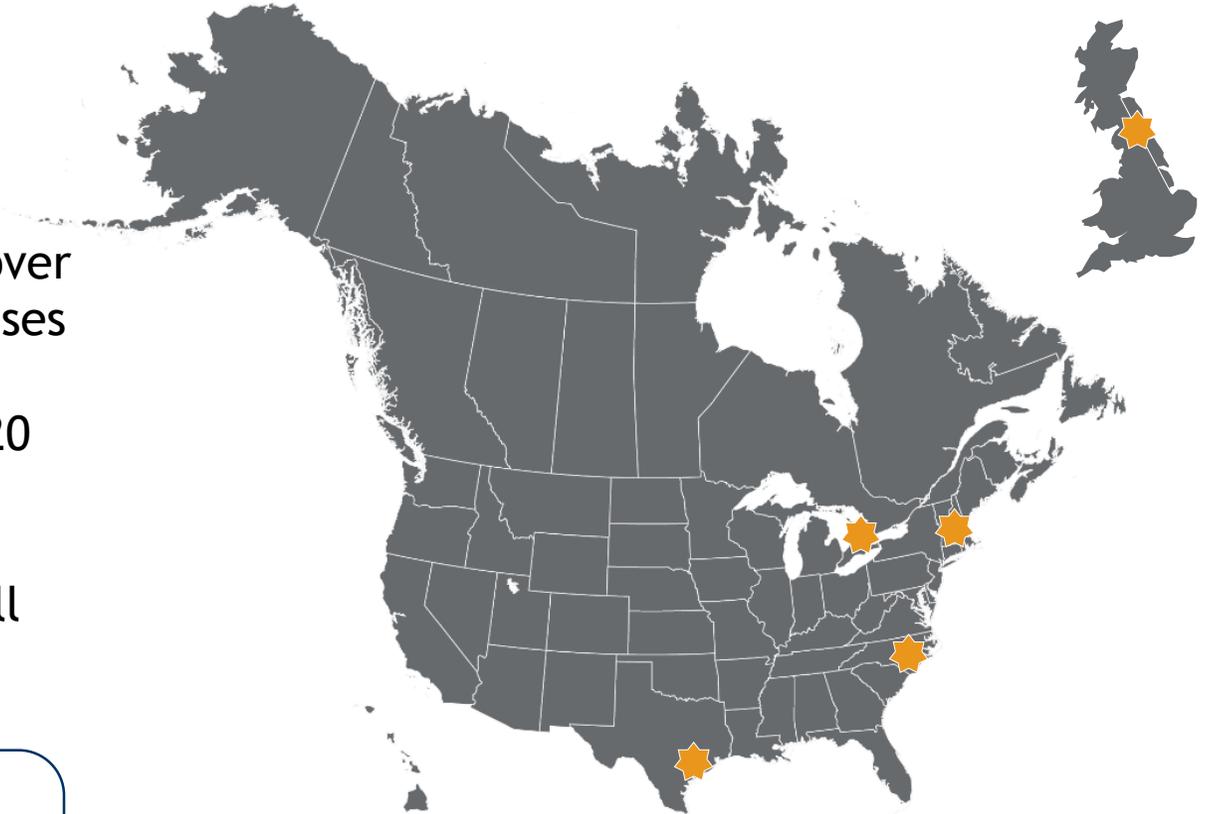
- Complementary specialism in oncology and rare disease
- Expanded US presence in the CRO sector
- Significantly increases Ergomed's customer base and order book
- Strong combined presence for Ergomed in North America, following the acquisition of Ashfield Pharmacovigilance (now PrimeVigilance USA)
- Grows Ergomed's CRO business by 70%

# MedSource Corporate Overview

- Founded in 1997 as an oncology-focused CRO
- An expert specialist full-service provider with over 200 trials completed in oncology and rare diseases
- Over 700 clinical trials executed globally over 20 years across all trial phases (I to IV)
- Over 20 biotech and specialty pharma clients all new to Ergomed



In 2020 awarded for a third time  
a CRO Leadership Award  
by Life Science Leader magazine



**Office Locations:** Houston (HQ), Raleigh, Cambridge, Toronto, Canada and Newcastle, UK

# 130 staff with deep operational expertise



## Project Management

- Trial Execution & Project Oversight
- Project Team Management
- Finance & Metric Tracking
- Vendor Management
- Site Contracts



## Clinical Monitoring

- On Site & Remote Monitoring
- Site Management & Communication



## Study Start-up & Clinical Records

- Site Feasibility
- Essential Document Preparation & Collection
- Trial Master File



## Biometrics

- Data Management
- EDC Programming
- Biostatistics



## Medical Affairs & Scientific Development

- Medical Monitoring
- Consulting
- Clinical Development Plans
- Indication Prioritization
- Protocol Development
- Medical Writing (CSR, etc.)

# Integration planning

- Eric Lund, founder of MedSource, will remain in post as President of MedSource
- Integration plans to maximise immediate impact and smooth integration into Ergomed
- MedSource to continue as standalone business, as an Ergomed Company and part of the CRO business
- Existing MedSource leadership team remains in place
- US clinical operations activity will be delivered through MedSource
- Business Development will be fully integrated
- MedSource and Ergomed are already making joint bids and proposals

# Financial Highlights

## 2019\*

### Revenue

### GM

\$m      £m

Service Fee

19.3      14.5

47%

Revenue up 17% / GM up 7 pts over 2018

Pass Through

12.0      9.0

Order book up 33% over 2018

## 2020\*

### Revenue

### GM

\$m      £m

Service Fee (f'cast)

17.0      12.8

41%

Covid-19 related delays

Pass Through (f'cast)

12.0      9.0

Order book \$41m

## 2021\*

- Return to revenue and GM% at 2019 levels
- Unwind of Covid-19 related delays
- Impact of combined BD and cross-selling

\* Year to 31 December

# Transaction Structure and Metrics

## Initial consideration

|        | \$m         | £m          |     |
|--------|-------------|-------------|-----|
| Cash   | 16.2        | 12.2        | 90% |
| Shares | 1.8         | 1.4         | 10% |
|        | <u>18.0</u> | <u>13.5</u> |     |

- Initial net cash outflow will be lower (approx. £7m) due to advance cash in MedSource
- Initial consideration represents approx. 10.0x target 2021 EBITDA

## Earn-out consideration

- For one year based on 2021 results only
- Range \$0m to \$7m cap, split 90% cash / 10% shares
- Designed to maintain metric of 10.0x target EBITDA

# MedSource Website Link



<https://medsource.com/>

# Experience. Focus. TRUST. Respect.

If these aren't words you typically associate with a CRO, perhaps it's time to consider MedSource. At MedSource, we take relationships as seriously as science.



Oncology



Neurology



Rare Disease

**ERGOMED**