

PRA Health Sciences (PRAH)

Jefferies 2015 Global Healthcare Conference

Key Takeaways

Key Takeaway

Company representatives: Colin Shannon, CEO; Mike Bonello, Chief Accounting Officer

Acquisition Has Validated Global Presence. PRA's acquisition of RPS (now Strategic Solutions division) added 4500, a portfolio of large pharma customers, and about \$400M in revenue. This pushed PRA over \$1B in revenue, establishing its global critical mass and depth of resources. The company has succeeded in capturing a new strategic client since the transaction, and expects to repeat that success down the road.

Therapeutic Areas of Expertise Match High Activity. While PRA would call itself capable across most therapeutic areas, its expertise lies in oncology, central nervous system (CNS), infectious disease, and respiratory. We note that oncology and CNS comprise about 40-45% of PRA's revenue, not that different than the 55% that INCR derives from those two. Thus, PRA is well matched against the fast growing areas.

Four Principles in its Approach to Delivery. 1) People - globally diverse, but singularly/consistently focused; 2) Transparency - provide clients with robust and readily accessible data, allowing the client to easily oversee projects with small vendor management resources; 3) Innovation - PRA submits two bids to each RFP, one to specs and one with alternative approaches. Other top CROs talk about bringing insights and suggestions to clients, but we haven't heard of others delivering two distinct alternatives; 4) Technology - PRA has invested to convert its IT platform to the cloud. This gives management granular and real-time views of project level performance. It contributes to transparency for clients. Like other CROs, PRA is gathering data from multiple sources to augment its internal views, and using data integration in the cloud to improve decision-making.

Transactions. Management also commented, as it has in the past, that it is pleased to be an early investment in KKR's fund. The implication here is that KKR does not have to be in a hurry to monetize its investment. We have no particular insight into this other than the pattern set by other CRO IPOs (albeit in more mature PE funds) and the 89% appreciation in PRAH since the IPO, vs. the Russell 2000 at 6.28%.

BUY

Price target \$38.00

Price \$33.97

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Company Description

PRA Health Sciences is a leading global contract research organization. The company provides outsourced clinical development services to the biotechnology and pharmaceutical industries. PRA's global clinical development platform spans 80 countries and employs more than 10,000 individuals worldwide. Since 2000, the company has performed approximately 2,300 clinical trials worldwide and has worked on more than 100 marketed drugs across several therapeutic areas.

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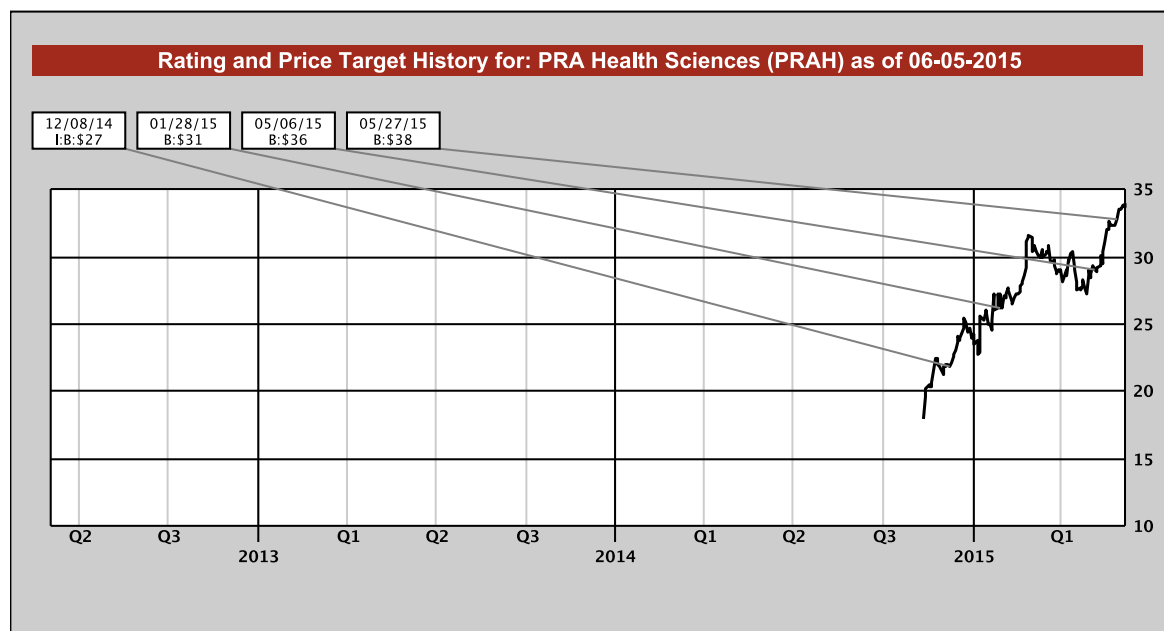
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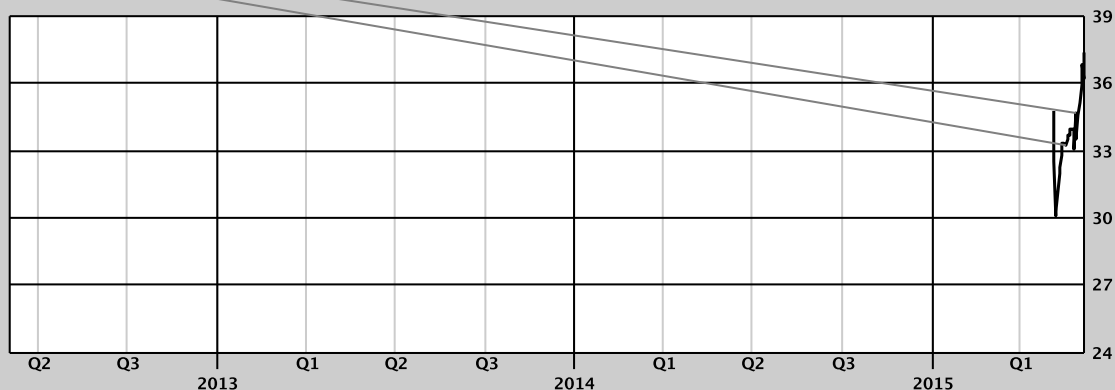
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Other Companies Mentioned in This Report

- INC Research Holdings, Inc. (INCR: \$37.38, HOLD)



Rating and Price Target History for: INC Research Holdings, Inc. (INCR) as of 06-05-2015

05/18/15
L:H:\$3505/27/15
H:\$37

Distribution of Ratings

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	1072	51.59%	295	27.52%
HOLD	839	40.38%	161	19.19%
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