

# Thermo Fisher to Acquire PPD

April 15, 2021

 The world leader in serving science



# Forward looking statements / Use of non-GAAP financial measures

## Forward-looking Statements

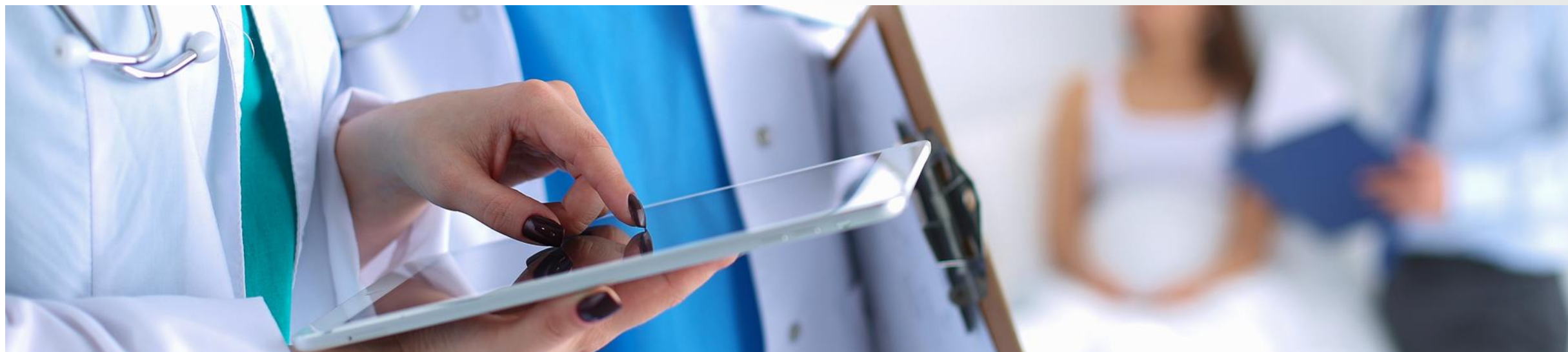
Various remarks that we may make in the following presentation about the company's future expectations, plans and prospects constitute forward-looking statements for purposes of the safe harbor provisions under The Private Securities Litigation Reform Act of 1995. Forward-looking statements involve a number of risks and uncertainties. Words such as "believes," "anticipates," "plans," "expects," "seeks," "estimates," and similar expressions are intended to identify forward-looking statements, but other statements that are not historical facts may also be deemed to be forward-looking statements. Important factors that could cause actual results to differ materially from those indicated by forward-looking statements include risks and uncertainties relating to: the duration and severity of the COVID-19 pandemic; the need to develop new products and adapt to significant technological change; implementation of strategies for improving growth; general economic conditions and related uncertainties; dependence on customers' capital spending policies and government funding policies; the effect of economic and political conditions and exchange rate fluctuations on international operations; use and protection of intellectual property; the effect of changes in governmental regulations; and the effect of laws and regulations governing government contracts, as well as the possibility that expected benefits related to recent or pending acquisitions, including the proposed acquisition, may not materialize as expected; the proposed acquisition not being timely completed, if completed at all; regulatory approvals required for the transaction not being timely obtained, if obtained at all, or being obtained subject to conditions; prior to the completion of the transaction, PPD's business experiencing disruptions due to transaction-related uncertainty or other factors making it more difficult to maintain relationships with employees, customers, other business partners or governmental entities; difficulty retaining key employees; the outcome of any legal proceedings related to the proposed acquisition; and the parties being unable to successfully implement integration strategies or to achieve expected synergies and operating efficiencies within the expected time-frames or at all. Additional important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2020, which is on file with the U.S. Securities and Exchange Commission ("SEC") and available in the "Investors" section of the Company's website, [ir.thermofisher.com](http://ir.thermofisher.com), under the heading "SEC Filings," and in any subsequent Quarterly Reports on Form 10-Q and other documents the Company files with the SEC, and in PPD's Annual Report on Form 10-K for the year ended December 31, 2020, available in the "Investors" section of PPD's website, [investors.ppd.com](http://investors.ppd.com), under the heading "SEC Filings," and in any subsequent Quarterly Reports on Form 10-Q and other documents PPD files with the SEC. While the Company or PPD may elect to update forward-looking statements at some point in the future, the Company and PPD specifically disclaim any obligation to do so, even if estimates change and, therefore, you should not rely on these forward-looking statements as representing either the Company's or PPD's views as of any date subsequent to today.

## Use of Non-GAAP Financial Measures

In addition to the financial measures prepared in accordance with generally accepted accounting principles (GAAP), Thermo Fisher uses certain non-GAAP financial measures, including adjusted EPS, adjusted operating income and adjusted operating margin, which exclude certain acquisition-related costs, including charges for the sale of inventories revalued at the date of acquisition and significant transaction costs; restructuring and other costs/income; and amortization of acquisition-related intangible assets. Adjusted EPS also excludes certain other gains and losses that are either isolated or cannot be expected to occur again with any regularity or predictability, tax provisions/benefits related to the previous items, benefits from tax credit carryforwards, the impact of significant tax audits or events and the results of discontinued operations. Thermo Fisher excludes the above items because they are outside of the company's normal operations and/or, in certain cases, are difficult to forecast accurately for future periods. Thermo Fisher believes that the use of non-GAAP measures helps investors to gain a better understanding of the company's core operating results and future prospects, consistent with how management measures and forecasts the company's performance, especially when comparing such results to previous periods or forecasts.

# Acquisition of PPD - creating customer and shareholder value

- PPD – a leading Clinical Research Organization
- Natural extension of our value proposition and capabilities for our pharma and biotech customers
- Cash purchase price of \$17.4B plus the assumption of approximately \$3.5B of net debt
- Financially compelling and expected to be immediately and significantly accretive to adjusted EPS in first twelve months after close
- Expected to close by the end of 2021



# Strategic rationale for acquisition of PPD

- Establishes Thermo Fisher as a global leader in the attractive high growth clinical research services industry
- Natural extension of our capabilities to meet the needs of pharma and biotech, our largest and fastest growing end market
- Creates meaningful benefit for our customers
- The acquisition further enables us to partner with our customers as they move from a scientific idea to an approved medicine
- Compelling combination creates the opportunity to meaningfully reduce both the time and cost to bring innovative therapies to market
- Generates substantial synergies and delivers attractive financial benefits to create shareholder value



# Role of clinical research organizations

Clinical research organizations **manage the clinical trial process** by providing drug development services and expertise to pharma and biotech companies to help them bring safe and effective medicines to the patients that need them.

Clinical (Phase 1 – Phase 3)

Post-clinical / Other

Process Management Through the Phases of Drug Approval

## Study design, management, and logistics

- Ensure medicine is safe and effective
- Plan, execute, and supervise the clinical trial process
- Recruit study participants and train investigators
- Clinical lab services



## Consulting and other services

- Support understanding of the effects of an approved medicine over time
- Post-approval studies to ensure safety and efficacy
- Clinical lab services
- Regulatory support



Reducing the time and cost of the drug development process

# Clinical research services - a large and growing industry

## **\$50B global industry growing mid-single digits**

- Strong tailwinds driven from scientific advancements and robust funding for drug discovery
- Pharma customers are looking to consolidate their work to fewer, more trusted partners to drive efficiencies
- Increased percentage of trials generated from biotech customers – which rely on clinical research organizations to an even larger extent than pharma
- Clinical trials are increasing in complexity, requiring more specialized capabilities

**Long-term macro tailwinds drive strong market growth**

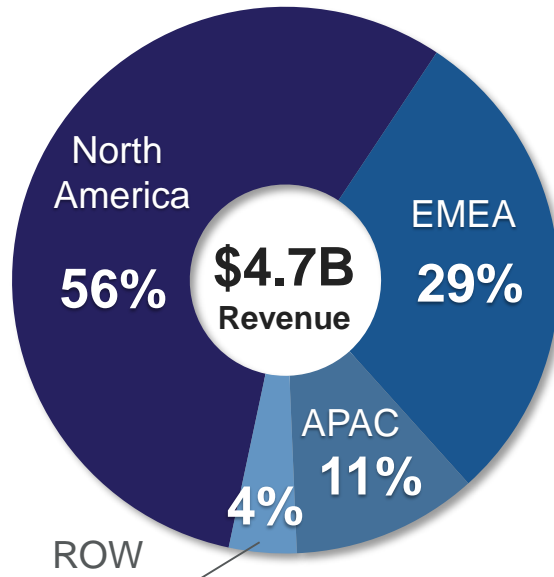
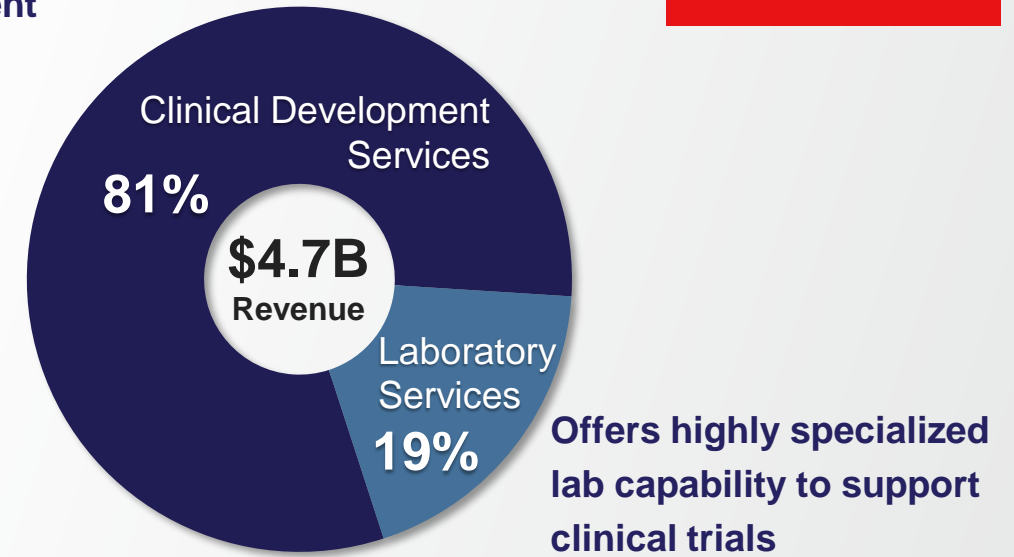
# PPD overview



- A recognized leader with over 35 years of experience
- Strong reputation for quality and innovation
- Revenue: \$4.7B
- Adjusted operating margin: 15%
- 26,000 colleagues worldwide
- Well positioned in attractive industry

Offers full-service clinical trial management

**ThermoFisher**  
SCIENTIFIC



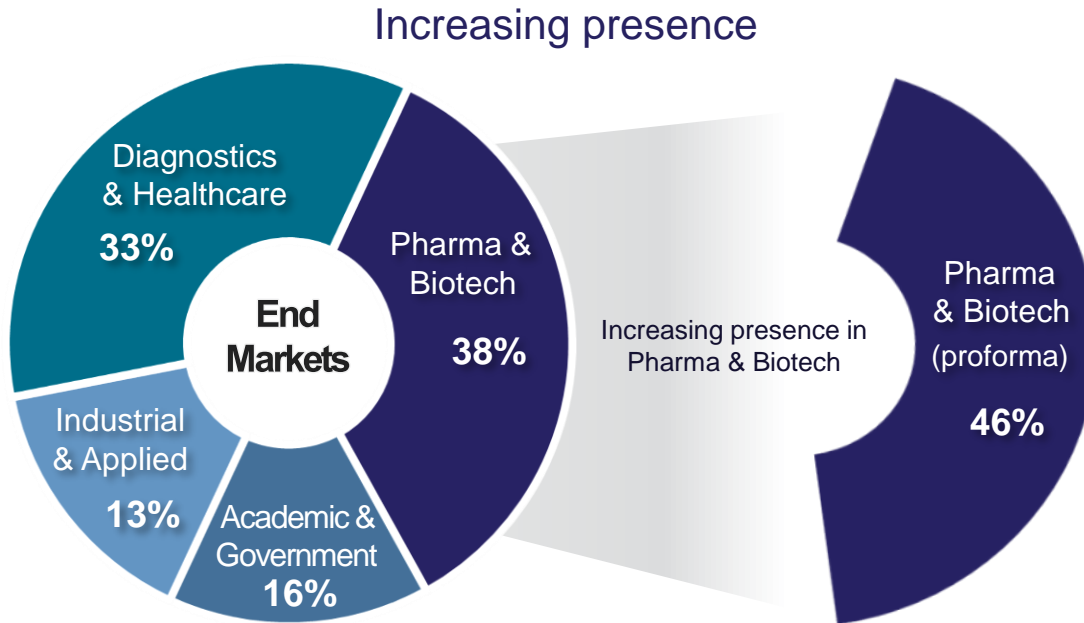
## Significant Global Scale

- Diversified revenue base
- Global network of 165 facilities
- Locations in almost 50 countries
- Clinical trials conducted in over 100 countries
- Worked with all the top 50 pharma and 300+ biotech companies
- Supported over 400 drug approvals in last 5 years

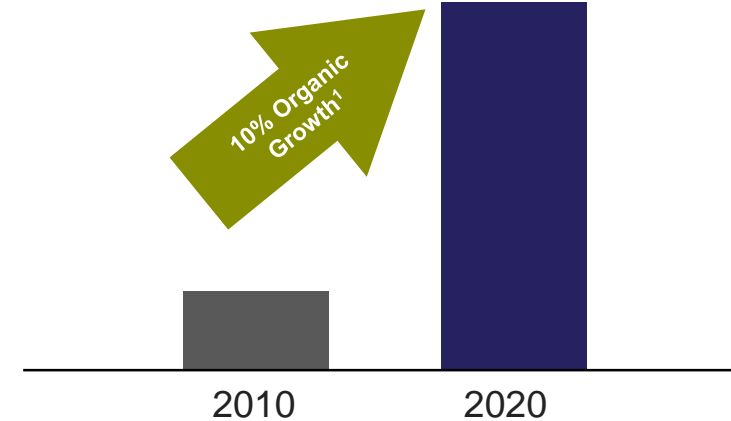


# Increasing presence in our fastest growing end market

## Pharma & Biotech End Market



Strong track record of growth over the last decade



- Thermo Fisher is valued as an industry leader and a strategic partner to pharma and biotech customers
- PPD is a recognized leader with over 35 years of experience and a strong reputation
- Combination elevates already strong supplier partnerships even further



# Creating significant customer benefits

## Supporting our customers' journey from scientific idea to medicine

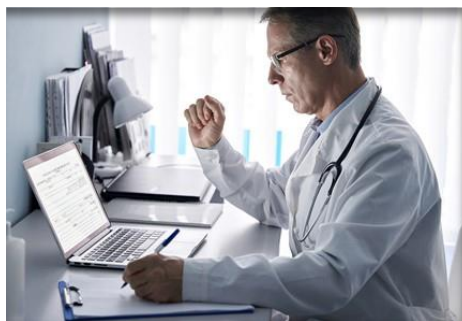
Researching new ideas to enable  
scientific discoveries

Supporting all aspects of life sciences  
research



Assessing safety, efficacy, and  
healthcare outcomes

Providing clinical trial management throughout  
the drug development process



Development and manufacturing of  
drug product

Supporting scale up and manufacturing of drugs



- Offer customers the opportunity to expand their strategic partnerships and further strengthen relationship with a trusted supplier
- Compelling combination provides the opportunity to meaningfully reduce both the time and cost to bring innovative therapies to market

**Combination enables comprehensive support of clinical drug development**

# Compelling financial profile

## Price

- \$47.50 per fully diluted share, total cash consideration of \$17.4B
  - Assumption of approximately \$3.5B of net debt<sup>1</sup>
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## Returns

- Attractive return profile and accretive to adjusted EPS
    - Expected to add \$1.40 to adjusted EPS in first twelve months following close
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## Synergies

- Estimated to generate \$125M of total synergies by third full year following the close
  - Cost Synergies: \$75M
  - Revenue Synergies: \$150M of revenue synergies delivering \$50M of adjusted operating income benefit

1. Net debt as of 3/31/2021

# Transaction overview

## Financing

- Bridge facility in place for portion of purchase price to complement cash on hand
- Acquisition expected to be funded from the issuance of new debt and available cash

## Leverage

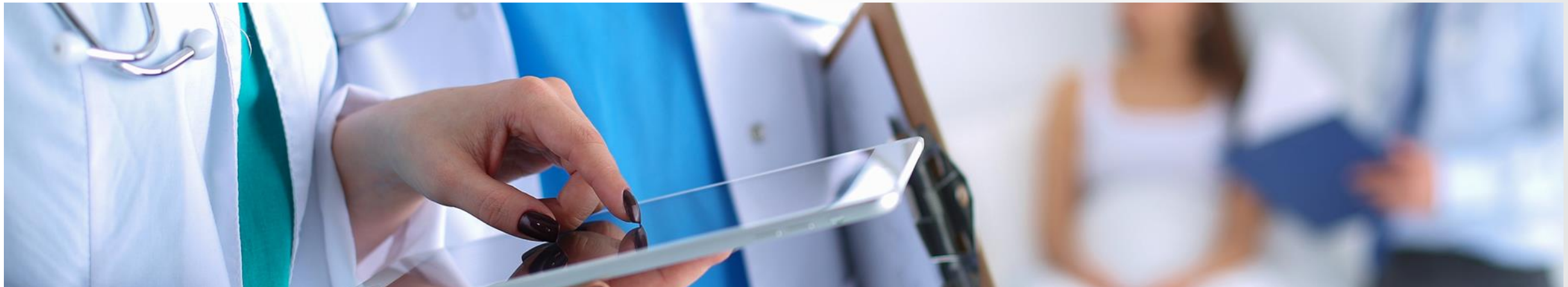
- Pro forma leverage ratio expected to be below 3x at close
- Our strong free cash flow will allow for rapid repayment of debt

## Path to Completion

- Approval of PPD stockholders has been obtained
  - Holders of approximately 60% of the shares of PPD's issued and outstanding common stock delivered approval by written consent
- Customary closing conditions, including receipt of applicable regulatory approvals
- Expected to close by the end of 2021

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**Proven M&A strategy and excellent track record of value creation**