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Interview Transcript

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Ian King

Well we've probably never talked about or valued clinical trials as much as we have during the last year that of course because of the pandemic trials offer the route to developing and improving vaccines that could give us a way out of the crisis. Well the Irish firm ICON provided the clinical trials for the Pfizer BioNTech vaccine, the world's first COVID vaccine that was approved, and deployed in the UK.

Well now, it's buying US rival PRA Health Sciences in a \$12 billion deal, that is the largest in Irish business history.

Joining me now is ICON's chief executive, Dr. Steve Cutler.

Steve, welcome to you. Thanks very much for joining me so early in the morning your time. What's the rationale behind this deal?

Steve Cutler

Thank you. Nice to be with you. The rationale for us is a couple of things. First of all, in clinical trials scale is important. It's important to be able to do work right across the world, but the depth and breadth of resources geographically therapeutically and functionally so the acquisition of PRA actually doubles our size as we close it and you know we're looking forward to be able to deploy that.

The other part is technology, your previous guest was talking about data we have access to more data, we have access to technology to bring forward more decentralised clinical trials which are really, as we come out of the pandemic, something that we see more likely to happen and more able to access the patients into clinical trials so that's an important component of and then finally, from a shareholder point of view, the deal will be accretive in the first full year and we think our shareholders are going to get some long term value.

Ian King

You mentioned there of course, this does make you the world's largest contract Research Organisation there aren't any antitrust or competition issues to concern you?

Steve Cutler

We have to work through the regulators and that certainly is a process that will happen over the next three or four months, but we do anticipate that the deal will close in quarter three. We don't anticipate any issues on that front.

Ian King

Is there much overlap in the customer bases of the two businesses or does this take you more into new markets?

Steve Cutler

One of the features of the deal, as well as the strong cultural fit with PRA, is the complementarity around our customers particularly our larger customers obviously the larger top 20 pharmaceutical companies are a key targets for us and key partners for us. We go from being a partner with about a third of them as ICON, to two thirds of them as a combined entity so we see terrific complementarity on the large customer front. And we're also very focused in the biotech space as you know, that's been a very well-funded area over the last several years now. A lot of the innovations coming out of the biotech companies, and we're very focused in that space as well so we feel we have the market very well covered with the new union.

Ian King

Absolutely. You mentioned the biotech sector obviously you worked on the Pfizer BioNTech vaccine what were the particular challenges there?

Steve Cutler

There are a number of challenges. This was a very large study we're continuing to work on that study with almost 50,000 patients enrolled in that and that's across the world and you know when you're doing a vaccine study like that, you need to do it where the virus is most prevalent of course, where the outbreaks are happening. And so you have to be very flexible with your resources we had over 1,000 people working on that trial and I should emphasise that this was very much a partnership with our sponsor Pfizer and of course with the sites and the subjects that were part of the patients who are part of this, of this trial, we were able to move our resources around to make sure that, importantly, the safety standards and the data standards that we, we obviously focused on with all of our clinical trials, in particular this one, were upheld and we're in compliance with all that sort of the data we collected was of great integrity, and the efficacy and safety information was absolutely complete for the regulators to review.

Ian King

Steve, are you involved in any trials at the moment with vaccines for the new variants?

Steve Cutler

We are involved in a number of further clinical trials both on the prophylactic vaccine side as well as the treatment side, we have over 100 projects continuing in the in the COVID area it's a very active space for us and one that we feel we're excelling in at the moment.

Ian King

Do you think the pandemic is going to change the way that big pharma looks at outsourcing clinical trials?

Steve Cutler

I think there's certainly a case for that yes. I think we see further outsourcing happening and that growth in our market in the mid-single digits and we think we can grow faster than that. Perhaps even more importantly is the is the new approaches for doing clinical trials and one of the reasons for joining with PRA as I mentioned is the technology, the ability to deploy remote monitoring and decentralised clinical trial platforms so that we don't need to put the onus on patients to come to sites we can go directly to patients and involve them appropriately in clinical trials. That sort of technology, that sort of data is more ubiquitous now and coming out of the pandemic our sponsors and companies in general, are very open minded to that sort of approach now.

Ian King

And Steve briefly if you would please. You mentioned this will double the size of the business. Mergers in the sector have not always gone smoothly in the past, what are the execution risks as you see them?

Steve Cutler

We need to focus very much on doing the work that we're doing, our customers expect us to deliver on the current work and we're very focused on that. We need to wait until we close. We're not going to close until the third quarter so that continued focus is very important.

We also need obviously for our employees to make sure that we give them the scope and the career development that they expect and when we were certainly spending plenty of time communicating with them letting them understand the benefits and the opportunity of working for the largest and the best of the CROs, going forward.

It's not to say that there are not risks, there are, but we're very focused on making sure that those risks are mitigated. We feel we're focused in the clinical space, so we feel there's an advantage there. And so we're confident that we can execute this we have both companies that have a very strong track record of growth and are working very hard to focus and to execute our clinical trials very well so we feel with two good companies going into an expanding market that's continuing to grow, and the opportunities are going to be almost limitless for us going forward.

Ian King

All right, Steve, good to talk to you this morning, come back and see us again in future.

Steve Cutler

Thank you Ian.

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