

# Alternative lending in action: Direct lenders support Chiltern's acquisition of Theorem Clinical Research

Chiltern is a global contract research organisation (CRO) that provides clinical trial support to the pharmaceutical and biotechnology industries in the form of outsourced research services.

The company is a key mid-sized player in an industry that is experiencing unprecedented growth, and because of this, the company's greatest opportunity was also its greatest challenge – financing growth in an environment where pharma and biotech companies are realising the benefit of outsourcing services.

Chiltern is firmly focussed on becoming the CRO of tomorrow – as Nick Thornton, Chiltern's chairman, puts it, "a high-touch service provider, with global reach and scale."

Chiltern has shown tremendous organic growth over the last 10 years; however, it has also pursued acquisitions in order to achieve this goal. Over the last two years, the company made a series of acquisitions, each designed to boost its functional, geographical or technological footprint.

Theorem Clinical Research, a contract research organisation, was of interest to Chiltern for a number of reasons. As Nick explains, "we needed more scale and representation in North America, and this, combined with Theorem's clinical analytics unit, its medical device business and its therapeutic expertise placed it top of our list."

In the Spring of 2015, Chiltern entered a highly contested M&A process to acquire Theorem. The company's success in acquiring Theorem became public news in September 2015.

Nick adds that to become the winning bidder "it was really important for us to be able to speak with certainty about our ability to fund the transaction."

Chiltern decided to take advantage of its leverage capability, rather than bringing more equity onto its balance sheet – "it made sense to use our untapped debt capacity" says Nick. Two principal financing options were available – a club deal or a syndicated deal. Nick says, "we looked at both, with an open mind, but eventually decided to go with the club deal. We liked the relationship capital that an alternative lending deal offered us – Chiltern is a family owned business and relationships are important to us in conducting our business."

The new club comprises four members – Hayfin, ICG, Highbridge and Sankaty – who, together with a super senior RCF by Lloyds, provided the largest European US dollar denominated direct lending facility raised in 2015 to date. This combination offered Chiltern significant firepower and access to US-based relationships, a region that is particularly important for the healthcare and life sciences sector.

Reflecting on the experience of using a direct lending option, Nick would encourage other businesses to actively consider it:

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*"Our experience has been positive, but it will very much depend on your individual circumstances."*



**Nick Thornton, MBA**  
Chairman, Chiltern

