

Q4-2018 Laboratory Services Update



Market Update

The overall laboratory services market continues to expand, seeing a growth rate of 1.5% a year over the last five years highlighted by the revenue in the space surpassing \$19 billion for the first time. The most notable take away from the end of 2018 was the absence of any acquisitions by LabCorp or Quest, who have largely driven the consolidation market for the better part of the year. Provident expects these two global leaders will divert back to their high spending habits in the new year.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$18.9B	\$11.2B	\$2.07B	1.6x	8.8x
Quest Diagnostics	DGX	\$14.9B	\$7.9B	\$1.6B	1.9x	9.4x
Eurofins	ERFSF	\$8.3B	\$3.9B	\$685.4M	2.2x	12.2x
Publicly Traded Avg.		\$14.0B	\$7.7B	\$1.5B	1.9x	10.1x

Select Transactions:

Month	Acquirer	Target	Deal Description
December	Pike Street Capital	US Biotek	Pike Street Capital, a private equity firm, has acquired US BioTek. US BioTek is a world-wide leader in specialty testing services for food-related allergies and intolerance. Financial terms of the deal were not disclosed.
November	Generex Biotechnology	Regentys Corporation	Generex Biotechnology, a diversified healthcare holding company, acquired a 51% stake in Regentys Corporation. Regentys is a development stage, regenerative medicine company focused on developing treatments for patients with gastrointestinal disorders. Financial terms of the deal were not disclosed.
November	NEOMED-LABS	Pacific Biomarkers	NEOMED-LABS, a portfolio company of Ampersand Capital Partners, acquired Pacific Biomarkers. Pacific is a biomarker testing services provider, supporting pharmaceutical, biotech and in-vitro diagnostic (IVD) manufacturing companies through clinical and Phase I-IV studies of drug and IVD development. Financial terms of the deal were not disclosed.
October	Neogenomics Laboratories	Genoptix Medical Laboratory	Neogenomics Laboratories, a cancer-focused genetic testing business, acquired Genoptix Medical Laboratory. Genoptix is a cancer testing laboratory. The transaction is valued at \$125 million in cash and 1 million NeoGenomics shares.

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Upcoming Laboratory Services Conferences

FIME Medlab Americas
June 26th – 28th Miami, Florida

71st Annual Scientific Meeting and Clinical Lab Expo
August 4th – 8th Anaheim, California