

Q1-2019 Laboratory Services Update



Market Update

Continued uncertainty about future fee schedule cuts has slowed overall spend in the acquisition market of laboratory services. Industry leaders such as Quest Diagnostics continue to put dollars to work in strategic areas, demonstrated by their acquisition of Oxford Immunotec. Although slightly suppressed deal volume is anticipated to continue, Provident expects to see a steady flow of strategic transactions announced throughout the rest of the year as opportunistic providers will look to capitalize on market uncertainty.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$21.3B	\$11.2B	\$1.9B	1.9x	11.2x
Quest Diagnostics	DGX	\$16.3B	\$7.4B	\$1.5B	2.2x	10.6x
Eurofins	ERFSF	\$7.1B	\$3.8B	\$719.8M	1.9x	9.9x
Publicly Traded Avg.		\$14.9B	\$7.5B	\$1.4B	2.0x	10.6x

Select Transactions:

Month	Acquirer	Target	Deal Description
March	ProPharma Group	Southwood Research	ProPharma Group, a portfolio company of Linden Capital Partners, has acquired UK-based Southwood Research, a provider of regulatory science services to the pharmaceutical and biotech industries. Financial terms of the deal were not disclosed.
January	Quest Diagnostics	Oxford Immunotec	Quest Diagnostics, one of the worlds largest diagnostic laboratory companies, acquired Oxford Immunotec, the T-Spot TB Tuberculosis and the Accutix tick-borne disease testing service. Financial terms of the deal were not disclosed.
January	Beckman Coulter	Labcyte	Beckman Coulter has acquired Labcyte, a company focused on liquid handling and using sound to transfer liquids without contact, eliminating the use of pipettes. Financial terms of the deal were not disclosed.
January	Histo-Scientific Research Laboratories	Vet Path Services	Histo-Scientific Research Laboratories, completed it partnership with Vet Path Services to create the leading provider of research and pre-clinical histology, pathology, and archiving services for the biopharmaceutical, medical device and contract research industries. Financial terms of the deal were not disclosed.

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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