

Q3-2019 Laboratory Services Update



Market Update

Acquisitions continue to be the primary source for growth in the laboratory services sector. Despite risks to future spend, stakeholders are seeking opportunities to increase horizontal scale, develop new competencies in niche specialties, and integrate complementary service lines.

Additionally, the entrance of CROs such as Charles River into the transaction market has the potential to boost competition and valuations for companies seeking strategic partnerships.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$24B	\$11.3B	\$2B	2.12x	11.87x
Quest Diagnostics	DGX	\$18.55B	\$7.57B	\$1.41B	2.45x	13.16x
Eurofins	ERFSF	\$11.55B	\$4.3B	\$743M	2.68x	15.54x
Publicly Traded Avg.		\$18B	\$7.72B	\$1.4B	2.42x	13.52x

Notable Transactions:

Month	Acquirer	Target	Deal Description
September	PathGroup	Southern Pathology Associates	PathGroup, one of the largest private providers of pathology, clinical and molecular laboratory services in the United States, acquired Southeastern Pathology Associates. This acquisition expands PathGroup's pathology department by 35%. This acquisition brings PathGroup's team to more than 2,000 employees with more than 175 pathologists.
August	Salveo Diagnostics	ImmunArray	Salveo Diagnostics, a laboratory services firm that aims at reversing the epidemic of chronic diseases, has acquired ImmunArray. ImmunArray is a molecular diagnostic company that has developed blood based tests using their technology. This acquisition expands Salveo Diagnostics' testing capabilities and provides new methods for diagnosing diseases.
July	Interpace Diagnostics	Cancer Genetics' Biopharma Services	Interpace Diagnostics has acquired the Biopharma Service Business of Cancer Genetics. Interpace Diagnostics provides molecular diagnostic tests, bioinformatics, and pathology services for evaluating risk of cancer. The acquisition is expected to result in the creation of an oncology testing and service company in the clinical diagnostics and Biopharma markets.
July	Versiti	Cenetron Central Laboratories	Versiti, one of the nation's leaders in blood health innovation has acquired Cenetron Central Laboratories and its subsidiary Salus IRB. Cenetron Central Laboratories is a provider of molecular and general laboratory services, and will provide Versiti with a range of clinical trial solutions for Versiti's diagnostic laboratories.

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