

Q4-2019 Laboratory Services Update

Market Update

Traditional lab services are being augmented with a multitude of new capabilities including genomics, biomarkers, and diagnostics, primarily via strategic mergers and acquisitions.

By combining legacy lab services with early-stage testing at the clinical trial level, companies are positioning themselves to better serve the needs of emerging drug therapies and their patient populations by offering value at both the early and latter stage of therapy development.

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

Select Transactions:

Month	Acquirer	Target	Deal Description
December	Tempus	AKESOgen	AKESOgen is a provider of research and data services for clinical and basic genetics research. The company was acquired by Tempus in December and bolsters Tempus' expansion into disease areas outside of cancer and provides strategic capabilities within genomics.
December	Canopy Biosciences	Core Diagnostics	Core diagnostics is an operator of a clinical laboratory designed to develop diagnostics for disease stratification and therapy selection. The company's laboratory offers digital pathology for enabling concurrent global review of test results while conducting screenings of clinical samples.
November	Zoetis	ZNLabs	ZNLabs is an operator of a veterinary diagnostic lab. The company's lab offers services which includes veterinary clinical diagnostics of animals, hematology, clinical chemistry, urology, endocrinology, serology, cytology, histopathology, clinical pathology, and clinical laboratory management.
October	Quest Diagnostics	True Health Diagnosis	True Health Diagnosis is a provider of comprehensive diagnostic testing, health management and clinical integration services. The company specializes in earlier-stage prevention and diagnosis of chronic disease as well as genetic disorders.

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