

Q1-2020 Laboratory Services Update

Market Update

Laboratory services are expected to undergo increased transaction activity in the coming months as the healthcare industry shifts priorities and capital allocation to better manage the ongoing COVID-19 pandemic.

Public-private partnerships have become increasingly prevalent in the United States as means to combat the pandemic, with a higher concentration of investment and opportunity flowing towards large consolidators with national reach and broad patient access such as Quest Diagnostics.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$20B	\$11.6B	\$2.0B	1.7x	10.2x
Quest Diagnostics	DGX	\$15.3B	\$7.7B	\$1.5B	1.9x	9.6x
Eurofins	ERFSF	\$12.5B	\$4.6B	\$861.0M	2.7x	14.5x
Publicly Traded Avg.		\$16.0B	\$7.98B	\$1.5B	2.1x	11.4x

Select Transactions:

Month	Acquirer	Target	Deal Description
March	Invitae	GeneLex Corp	Invitae Corporation (NYSE: NVT), a leading medical genetics company, announced it has entered into a definitive agreement to acquire Genelex, a privately held pharmacogenetic testing company. Pharmacogenetic testing evaluates genetic variations that can impact how an individual responds to prescription medication.
February	Pluton Biosciences	Microbe Inotech Laboratories Inc	St. Louis startup Pluton Biosciences has acquired Microbe Inotech Laboratories (MiL), a full-service microbiological lab also headquartered in St. Louis, MO. The 29-year-old laboratory is now Pluton MiL, LLC, a division of Pluton Biosciences.
January	Neogenomics Laboratories	Human Longevity Inc	NeoGenomics, Inc. (NEO), a leading provider of cancer-focused genetic testing services, announced that it has acquired the Oncology Division assets of Human Longevity, Inc. (HLONG) for \$37 million. The transaction was funded via cash.
January	Quest Diagnostics	Memorial Hermann Diagnostic Laboratories	Quest Diagnostics (NYSE: DGX), the leading provider of diagnostic information services, and Memorial Hermann Health System, a not-for-profit health system that includes 17 hospitals and more than 300 care delivery sites in the Greater Houston region, announced a long-term collaboration intended to broaden access to innovative, high-value laboratory services for providers and patients.

Provident Industry Coverage Team

Ethan Goodson
Director
 egoodson@providenthp.com
 (310) 359-6616

AJ Shekar
Vice President
 ashekar@providenthp.com
 (617) 226-4251

Bill Bolding
Senior Analyst
 bbolding@providenthp.com
 (310) 359-6616