

**Laboratory & Testing Services
Q1, 2018**



Healthcare

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Laboratory & Testing Services

Industry News

PAMA Looms Large and Clinical Labs Drive M&A Activity in 2017

360Dx [Full Article](#)

With an anticipated buyers' market resulting from the Protecting Access to Medicare Act, Quest Laboratories went on a spending spree in 2017, announcing or completing 12 acquisitions during the year, or 21 percent of all M&A deals in the diagnostics space, making it the most acquisitive firm in the sector, according to an analysis by 360Dx.

Abbott Completes Acquisition of Alere

Abbott [Full Article](#)

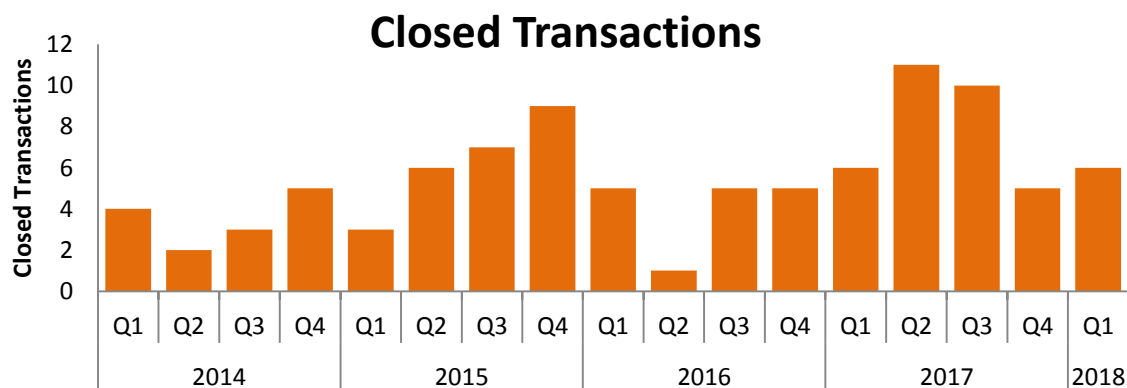
Abbott completed its acquisition of Alere in October 2017 for approximately \$8.2 billion, which was 3.2x revenue and 20.7x EBITDA. The transaction establishes Abbott as the global leader in point of care testing – the fastest-growing segment of the \$50 billion in vitro diagnostics market – and further strengthens the company's diagnostics presence. The addition of this business aligns with Abbott's long-standing strategy of shaping the company for growth and complements the leadership positions it has built across its other businesses, which include medical devices, nutritionals and established pharmaceuticals.

LabCorp, Quest Face a More Difficult 2018 After Continued M&A Expansion

BioSpace [Full Article](#)

Over the years, the two largest commercial clinical diagnostic laboratory companies in the U.S. have been LabCorp and Quest Diagnostics. For years, Quest was the largest, but LabCorp took over that spot a few years ago. Both companies are noted for growth through acquisition, and 2017 has been a very big year for LabCorp.

Laboratory & Testing Services M&A Environment

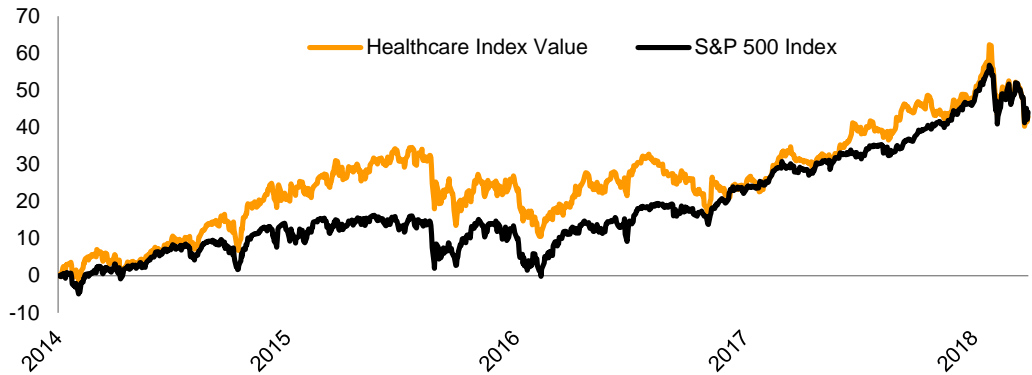


Selected Recent Laboratory & Testing Services Transactions

Date Closed	Target	Buyers/Investors	Enterprise Value (\$M)	EV / LTM	
				Revenue	EBITDA
3/2/2018	CynoGen, Inc.	Genoptix, Inc.	1	-	-
2/16/2018	HealthFair USA, Inc.	Community Care Health Network, Inc.	160	3.6x	-
2/10/2018	Solis Medical Laboratories (SML), Inc.	De Novo Diagnostics, LLC	-	-	-
2/6/2018	Revitum S.A. (WSE:REV)	Erne Ventures S.A. (WSE:ERN)	-	-	-
2/5/2018	CVBA Labo Van Poucke	Eurofins Scientific SE (ENXTPA:ERF)	-	-	-
1/31/2018	Banmédica S.A. (SNSE:BANMEDICA)	UnitedHealth Group Incorporated (NYSE:UNH)	3,444	1.4x	13.3x
12/7/2017	Shiel Medical Laboratory, Inc.	Quest Diagnostics Incorporated (NYSE:DGX)	-	-	-
12/4/2017	iCardiac Technologies, Inc.	eResearchTechnology, Inc.	-	-	-
12/1/2017	Cleveland HeartLab, Inc.	Quest Diagnostics Incorporated (NYSE:DGX)	94	-	-
11/14/2017	CombiMatrix Corporation	Invitae Corporation (NYSE:NVTA)	29	1.9x	-
10/19/2017	Ambry Genetics Corp.	Innovation Network Corporation of Japan	1,000	-	-

Healthcare

While largely mirroring the S&P 500, the Healthcare market has been steady from an M&A and valuation perspective. Despite the February 2018 market correction, industry valuations remain near all time highs. Although M&A is off to a slower start in 2018 than in recent years, a robust deal pipeline buoyed by recent tax reforms suggests that 2018 will be another strong year for M&A.



As of 3/31/2018

Company Name	Ticker	Enterprise Value	LTM Financials		Valuation Metrics		LTM Margins	
			Revenue	EBITDA	EV / Revenue	EV / EBITDA	Gross Margin	EBITDA Margin
Abbott Laboratories	NYSE:ABT	\$123,155	\$28,445	\$6,560	4.3x	18.8x	58.6%	23.1%
AbbVie Inc.	NYSE:ABBV	\$177,759	\$29,612	\$12,898	6.0x	13.8x	76.4%	43.6%
Aetna Inc.	NYSE:AET	\$60,593	\$60,705	\$6,266	1.0x	9.7x	27.3%	10.3%
Agilent Technologies, Inc.	NYSE:A	\$20,836	\$4,616	\$1,124	4.5x	18.5x	54.3%	24.4%
AmerisourceBergen Corporation	NYSE:ABC	\$20,537	\$159,327	\$2,376	0.1x	8.6x	2.9%	1.5%
Amgen Inc.	NasdaqGS:AMGN	\$116,505	\$22,939	\$12,446	5.1x	9.4x	83.1%	54.3%
Anthem, Inc.	NYSE:ANTM	\$72,959	\$90,063	\$5,736	0.8x	12.7x	20.3%	6.4%
Baxter International Inc.	NYSE:BAX	\$35,089	\$10,763	\$2,281	3.3x	15.4x	43.1%	21.2%
Becton, Dickinson and Company	NYSE:BDX	\$79,287	\$13,503	\$3,862	5.9x	20.5x	49.1%	28.6%
Biogen Inc.	NasdaqGS:BIIB	\$60,165	\$12,594	\$6,924	4.8x	8.7x	86.6%	55.0%
Boston Scientific Corporation	NYSE:BSX	\$43,116	\$9,267	\$2,547	4.7x	16.9x	71.6%	27.5%
Bristol-Myers Squibb Company	NYSE:BMJ	\$104,671	\$21,040	\$5,684	5.0x	18.4x	70.4%	27.0%
Cardinal Health, Inc.	NYSE:CAH	\$28,269	\$134,426	\$3,137	0.2x	9.0x	5.3%	2.3%
Celgene Corporation	NasdaqGS:CELG	\$70,895	\$13,579	\$5,058	5.2x	14.0x	88.6%	37.2%
Centene Corporation	NYSE:CNC	\$19,428	\$47,198	\$2,117	0.4x	9.2x	18.3%	4.5%
Cerner Corporation	NasdaqGS:CERN	\$19,012	\$5,073	\$1,327	3.7x	14.3x	84.5%	26.2%
Cigna Corporation	NYSE:CI	\$43,317	\$42,522	\$4,994	1.0x	8.7x	33.5%	11.7%
Community Health Systems, Inc.	NYSE:CYH	\$14,413	\$14,556	\$824	1.0x	17.5x	34.7%	5.7%
Danaher Corporation	NYSE:DHR	\$78,286	\$18,819	\$4,560	4.2x	17.2x	56.0%	24.2%
DaVita Inc.	NYSE:DVA	\$21,942	\$11,110	\$2,391	2.0x	9.2x	29.6%	21.5%
Eli Lilly and Company	NYSE:LLY	\$86,380	\$23,343	\$6,932	3.7x	12.5x	73.0%	29.7%
Envision Healthcare Corporation	NYSE:EVHC	\$11,429	\$8,018	\$1,044	1.4x	10.9x	24.8%	13.0%
Express Scripts Holding Company	NasdaqGS:ESRX	\$52,501	\$100,179	\$7,110	0.5x	7.4x	8.8%	7.1%
Genesis Healthcare, Inc.	NYSE:GEN	\$4,534	\$5,189	\$345	0.9x	13.1x	43.2%	6.7%
Gilead Sciences, Inc.	NasdaqGS:GILD	\$105,753	\$24,690	\$14,139	4.3x	7.5x	82.1%	57.3%
HCA Healthcare, Inc.	NYSE:HCA	\$68,248	\$44,414	\$8,300	1.5x	8.2x	37.2%	18.7%
Henry Schein, Inc.	NasdaqGS:HSIC	\$12,666	\$12,759	\$1,081	1.0x	11.7x	27.2%	8.5%
Humana Inc.	NYSE:HUM	\$38,141	\$54,284	\$3,662	0.7x	10.4x	19.2%	6.7%
IQVIA Holdings Inc.	NYSE:IQV	\$29,902	\$8,263	\$1,737	3.6x	17.2x	42.5%	21.0%
Johnson & Johnson	NYSE:JNJ	\$360,074	\$76,450	\$25,352	4.7x	14.2x	67.6%	33.2%
Kindred Healthcare, Inc.	NYSE:KND	\$4,180	\$6,008	\$430	0.7x	9.7x	39.7%	7.2%
Laboratory Corporation of America Holdings	NYSE:LH	\$22,949	\$10,641	\$2,042	2.2x	11.2x	33.4%	19.2%
LifePoint Health, Inc.	NasdaqGS:LPNT	\$4,788	\$6,264	\$668	0.8x	7.2x	31.9%	10.7%
Magellan Health, Inc.	NasdaqGS:MGLN	\$3,198	\$6,338	\$226	0.5x	14.1x	4.4%	3.6%
McKesson Corporation	NYSE:MCK	\$37,078	\$205,442	\$3,766	0.2x	9.8x	5.3%	1.8%
Merck & Co., Inc.	NYSE:MRK	\$163,061	\$40,725	\$11,632	4.0x	14.0x	68.6%	28.6%
Molina Healthcare, Inc.	NYSE:MOH	\$3,850	\$19,194	\$375	0.2x	10.3x	13.1%	2.0%
Owens & Minor, Inc.	NYSE:OMI	\$1,758	\$9,362	\$199	0.2x	8.9x	13.0%	2.1%
Patterson Companies, Inc.	NasdaqGS:PDCO	\$3,123	\$5,510	\$358	0.6x	8.7x	22.6%	6.5%
Pfizer Inc.	NYSE:PFE	\$235,057	\$52,546	\$21,272	4.5x	11.1x	79.8%	40.5%
Quest Diagnostics Incorporated	NYSE:DGX	\$17,540	\$7,776	\$1,573	2.3x	11.2x	39.2%	20.2%
Regeneron Pharmaceuticals, Inc.	NasdaqGS:REGN	\$36,345	\$6,065	\$2,360	6.0x	15.4x	58.9%	38.9%
Stryker Corporation	NYSE:SYK	\$64,440	\$12,730	\$3,476	5.1x	18.5x	66.2%	27.3%
Tenet Healthcare Corporation	NYSE:THC	\$19,330	\$19,065	\$2,416	1.0x	8.0x	35.9%	12.7%
Thermo Fisher Scientific Inc.	NYSE:TMO	\$102,749	\$22,006	\$5,509	4.7x	18.7x	45.0%	25.0%
UnitedHealth Group Incorporated	NYSE:UNH	\$231,037	\$207,624	\$17,593	1.1x	13.1x	23.7%	8.5%
Universal Health Services, Inc.	NYSE:UHS	\$15,197	\$10,485	\$1,710	1.4x	8.9x	41.2%	16.3%
WellCare Health Plans, Inc.	NYSE:WCG	\$5,606	\$17,699	\$710	0.3x	7.9x	14.0%	4.0%
Zimmer Biomet Holdings, Inc.	NYSE:ZBH	\$31,769	\$7,869	\$2,775	4.0x	11.4x	72.3%	35.3%
Zoetis Inc.	NYSE:ZTS	\$43,929	\$5,442	\$2,066	8.1x	21.3x	67.4%	38.0%

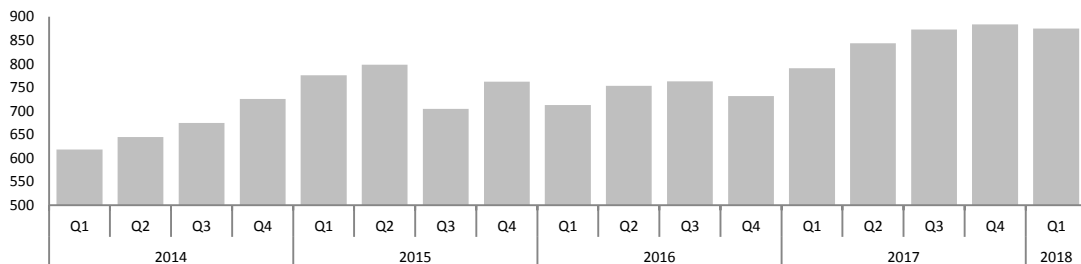
Median	2.1x	11.3x	40.5%	19.7%
Mean	2.7x	12.5x	43.9%	20.1%

Source: Capital IQ

Healthcare

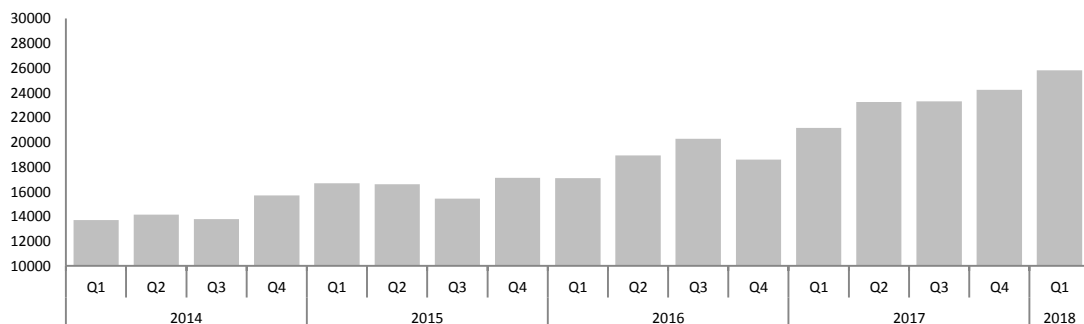
State of the Industry

Dow Jones US Healthcare Index



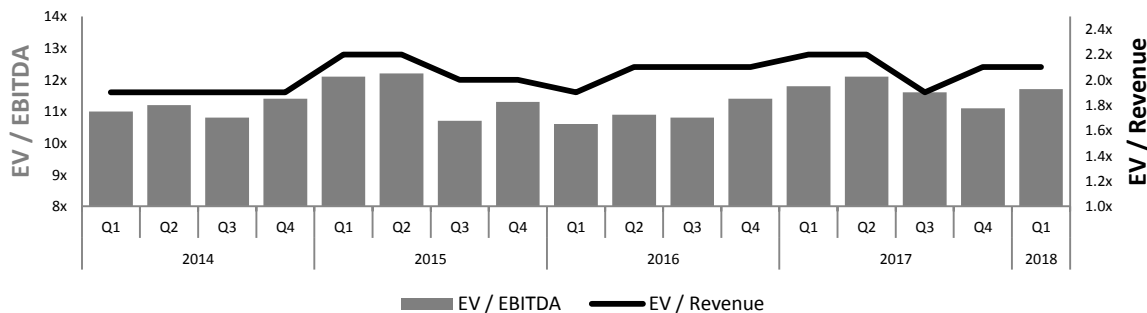
Source: Capital IQ

Dow Jones US Select Medical Equipment Index



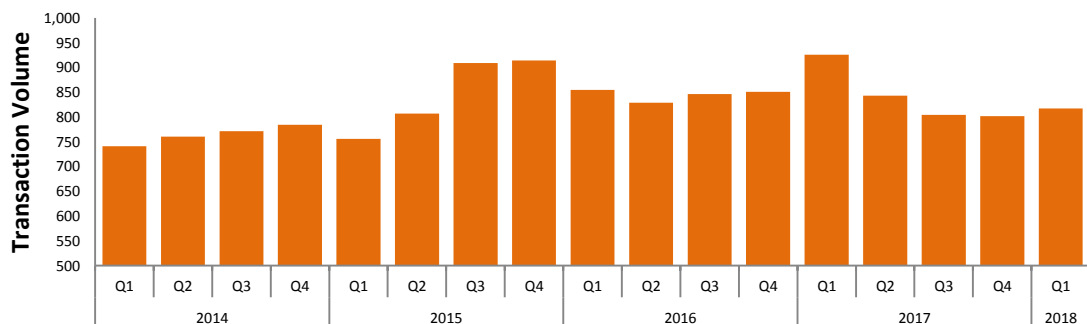
Source: Capital IQ

Industry Valuations



Source: Capital IQ

Healthcare Transaction Volume



Source: Capital IQ

About Mirus

The Mirus team works with the owners of closely-held companies in multiple segments of the \$2.8 trillion US healthcare industry to achieve their desired outcome. While global in focus and experience, we benefit from being in one of the most dynamic healthcare ecosystems that includes some of the most active healthcare focused venture capital and private equity firms, leading research universities, large medical device companies and innovative med-tech and healthcare services firms. The Mirus healthcare team has experience executing a spectrum of engagements with some of the the most innovative healthcare companies in the world. We have particular expertise in: medical devices, healthcare equipment, healthcare IT, diagnostics, contract research, healthcare staffing, and related companies.

"The Mirus team successfully guided us through every aspect of the transaction, from identifying prospective buyers through closing. They conducted a thorough process and we are delighted by the outcome."
- Bill Hanson, Founder and President of LTI

Please contact one of our partners today to answer any questions you may have to discuss the future of your business.



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Partner Spotlight

Brendan Kiernan is a Partner with Mirus Capital Advisors who joined the firm in 2004. Experienced in business valuation, corporate finance advisory and deal execution, Brendan leads Mirus' Valuation practice, as well as leading sell-side and buy-side M&A mandates. Brendan has made significant contributions to many client transactions and engagements during his tenure with the firm. His work has focused primarily on clients in the healthcare, technology, business services, and industrial and distribution sectors. Before joining Mirus, Brendan worked for Dresdner RCM Global Advisors, the asset management arm of Dresdner Bank AG, and the Industry Standard, a business magazine focused on the internet economy.

Mirus Healthcare Spotlight



Belmont is a leading provider of fluid warming infusion systems sold into acute care, military, and EMS settings. Headquartered in Billerica, MA, it is a technology leader in rapid infusion systems used to treat critically injured patients experiencing material blood loss. Audax partnered with Belmont's private owners in connection with the recapitalization. "The Mirus team was very professional and effective throughout," commented Andrew Jay, one of Belmont's directors. "We ran a competitive process when selecting our advisor, and the Mirus team stood out from the beginning. They brought a unique combination of committed competitiveness, deep domain expertise and a real personal touch that was essential in meeting the goals of the shareholders."



Liberating Technologies is a leading supplier of upper-limb prosthetic devices for adults and children, ranging from simple passive hands and body-powered devices to the sophisticated myoelectrically-controlled prosthetic systems. The company designs and manufactures prosthetic devices such as the Boston Digital™ Arm System, LTI Locking Shoulder Joint and the VariGrip™ prosthetic controller. College Park Industries designs and manufactures a full line of anatomically correct, custom built lower limb prosthetic solutions.



Integra Companies provides comprehensive single use connectivity solutions including tubing, hoses and gaskets for high-purity environments. Integra Companies supplies a broad selection of top tier products to customers in the biopharmaceutical, food processing, and microelectronic industries in the Northeast U.S. WR enables science in laboratory and production facilities in the pharmaceutical, biotechnology, industrial, education, government and healthcare industries. With more than 160 years of experience, VWR offers a well-established network that reaches thousands of specialized laboratories and facilities spanning the globe.