

Laboratory Valuation Overview



Clinical and specialty laboratories provide a critical diagnostic role in the healthcare industry. The industry runs the gamut from specialty labs with cutting edge technology to small pathologist run clinical laboratories. Despite recent reimbursement cuts, labs tend to generate solid margins and returns on capital.

KEY FACTORS THAT INFLUENCE LABORATORY VALUATIONS

- Diversification and sustainability of referral sources
- Reliance on out-of-network payments
- Size of the facility or company
- Test mix
- Payer mix
- Growth opportunities
- Age and condition of facility & equipment
- Control-level of subject interest

MARKET DATA FROM CONTROLLING INTEREST TRANSACTIONS

| | Size Characteristics | | | Benchmarks | | |
|-----------------|----------------------|----------------|---------------|----------------|------------------|-----------------|
| | Price (EV) | Revenue | EBITDA | EBITDA Margins | Revenue Multiple | EBITDA Multiple |
| 10th Percentile | \$ 10,701,500 | \$ 9,500,000 | \$ 1,450,000 | 11.0% | 1.2 | 4.8 |
| 25th Percentile | \$ 20,863,250 | \$ 17,800,000 | \$ 3,200,000 | 15.3% | 1.5 | 7.8 |
| Median | \$ 244,537,000 | \$ 99,300,000 | \$ 16,000,000 | 19.3% | 2.0 | 10.5 |
| 75th Percentile | \$ 610,250,000 | \$ 242,725,000 | \$ 49,200,000 | 30.1% | 2.5 | 12.3 |
| 90th Percentile | \$ 1,000,000,000 | \$ 347,960,000 | \$ 88,062,500 | 31.6% | 3.4 | 16.1 |

Source: Scope Research.