

LABCORP (LH) – Long PT: \$327.91



Today's Price: \$263.17
 Dividend Yield: 0%
 Market Cap: \$24.58B
 Industry: Diagnostics & Medical Labs
 Headquarters: Burlington, NC



Business Overview

Labcorp is the largest independent provider of clinical laboratory services in the U.S. Offering routine and specialty testing, Labcorp processes over 470,000 specimens daily and serves patients with a network of 50 primary labs and 1,800+ patient service centers.
Revenue Segmentation: Labcorp Diagnostics (Dx) and Labcorp Drug Development (DD). **2020 Total revenue:** \$14b

Thesis Points

1. Growing Diagnostics Market and Need

With a large shift in Healthcare from curative care to detection and prevention, Labcorp has a huge advantage being the leader in the industry. The projected growth CAGR for the industry (2.7%) does not align with our optimism, as the market is missing the large growing need for testing, and Labcorp's position

2. Forward Looking Partnerships

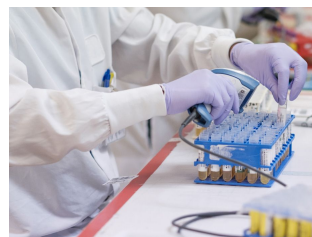
After a brief halt in M&A activity, Labcorp is continuing their acquisition and partnership spree. LH new partnership with Prisma Health, the largest healthcare system in SC, will grow Labcorp's geographical presence and boost revenues. A recent acquisition of PGD will further grow their cancer genomics business segment.

3. Toxicology Market

Due to an increasing demand for toxicology post COVID, Labcorp is in a strong position to be capitalize their OMICS technology. Labcorp's OMICS technology offers personalized toxicology data and will lead to deeper understanding of toxicity of metals, carbon, and oxide nanoparticles. With the Prisma partnership, Labcorp can leverage their technologies to grow alongside the rejuvenated segment of toxicology.

Industry Overview

Labcorp is a healthcare technology company, specifically operating within Diagnostic and Medical Laboratories. Operators in this industry provide analytic services to identify or determine the nature and cause of a disease or injury through the evaluation of a patient's history, examination and data. They also have a branch devoted drug development, operating within the Clinical Trial Support Services industry. Industry operators provide preclinical trial preparation work, track and record results, and prepare data for regulatory submission and data storage. COVID-19 has drastically shifted the industry's outlook, having created extremely high demand for new services. As healthcare is becoming more of a priority for individuals, and more personalized, demand for healthcare services are expected to rise.



Additional Commentary – Valuation/Risks/News

Valuation: Projections are primarily based on historical data, factoring in some analyst estimates for the near future and current events

Risks:

1. Volatile growth during the COVID-19 pandemic
2. Changes in insurance & government regulations
3. Operates in an increasingly competitive market

News: Recently entered a strategic partnership with Medidata to improve their clinical trial portfolio, modernize their offerings, co-develop digital biomarkers, and expand the use and functionality of decentralized trials

