

Q4-2020 Laboratory & Diagnostic Services Update

Market Update

With expeditious laboratory services playing a prominent role in the COVID response, M&A activity within the laboratory services sector has remained strong.

Smaller laboratories that offer unique diagnostic and testing platforms are being bought by larger providers seeking to improve and expand upon existing services. The combined entities are leveraging the acceleration of the diagnostics process to strengthen their position and market share in the growing medical testing market.

Select Transactions:

Month	Acquirer	Target	Deal Description
October	Invitae	ArcherDx	Invitae, a prominent genetic testing platform has acquired ArcherDx, a leading genomics analysis company. The integration of Archer into Invitae's existing platform creates a comprehensive offering that provides testing services for disease risk, therapy optimization and personalized cancer monitoring to enable precision approaches to cancer treatment.
November	ProPhase Labs, Inc.	Confucius Plaza Medical Laboratory Corp.	ProPhase Labs, Inc., a diversified medical science and technology company, has acquired New Jersey-based Confucius Labs. ProPhase Labs seeks to significantly increase Confucius Labs' 4,000 square foot facility's capabilities and capacity with installations of state-of-the-art equipment.
December	Clinical Reference Laboratory, Inc.	Confirm BioSciences	Clinical Reference Laboratory, Inc. (CRL), one of the largest privately held clinical testing laboratories in the U.S., has acquired leading provider of comprehensive screening tools and solutions, Confirm BioSciences. CRL will leverage Confirm's massive customer base in drug testing, large consumer-based retail contracts, and current pipeline of COVID-19 testing products.
December	Innova Medical Group Inc.	Biological Laboratory Inc.	Pasadena-based maker of rapid antigen test kits, Innova Medical Group Inc., has acquired Pomona-based Biological Laboratory Inc. (BIOLAB). BIOLAB is a clinical laboratory that focuses on endocrinology, cytology, toxicology, and molecular studies. During COVID, the lab has deployed coronavirus molecular and antibody testing services.
December	Philips	Biotelemetry	Philips has announced their acquisition U.S. cardiac diagnostics and monitoring firm Biotelemetry in a \$2.8 billion deal that will strengthen its offering of remote care products. It will become part of Philips' connected care business. Biotelemetry is expected to deliver double-digit growth.
December	Alphabet/ Silver Lake/ Temasek	Verily Life Sciences	Alphabet Inc's life sciences division, Verily Life Sciences LLC, has announced the closure of \$700 million in a funding round from its investors including Alphabet, Silver Lake and Temasek. The funding received is to expand its commercial businesses, Baseline and Verily Health Platforms.
December	Series D Investors	Everlywell	Everlywell, a leading digital health company, today announced an oversubscribed Series D financing of \$175 million. This investment brings the total capital raised by the company to over \$250 million to date, which includes a Series C round led by Highland Capital Partners earlier this year.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$26.8B	\$12.4B	\$2.55B	2.16x	12.83x
Quest Diagnostics	DGX	\$20.1B	\$8.36B	\$1.9B	2.56x	10.22x
Eurofins*	ERFSF	\$19.4B	\$6.49B	\$957M	4.11x	20.56x

As of 1/11/2021 * Estimates

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