

Q1-2021 Laboratory & Diagnostic Services Update

Market Update

The laboratory services space and diagnostics sectors have seen rampant M&A activity over the past 3 years and followed on a similar trajectory this quarter. The market saw significant players announce acquisitions such as Thermo Fisher Scientific and Quest Diagnostics.

The onset of the global pandemic has accelerated the need for strategic initiatives that address industry transformation and alignment. Revenues stemming from infectious disease testing have drastically increased, placing these previously under-valued businesses in a strong position to engage the market moving forward.

Laboratory Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$25.9B	\$13.98B	\$3.7B	2.09x	9.56x
Quest Diagnostics	DGX	\$19.7B	\$9.4B	\$2.5B	2.18x	8.55x
Eurofins	ERFSF	\$19.1B	\$6.2B	\$1.8B	3.45x	13.28x

EV, Revenue & EBITDA: TTM as of December 31, 2020
EV/REV & EV/EBITDA: TTM as of March 23, 2021

Select Transactions:

Month	Acquirer	Target	Deal Description
March	Quest Diagnostics	Mercy Health System's Outreach Lab Services Business*	Quest Diagnostic, the leading provider of diagnostic information services, and Mercy, one of the nation's most highly integrated, multi-state health care systems, announced a definitive agreement for Quest to acquire the outreach laboratory services business of Mercy in an all-cash asset transaction. The aim of the transaction is to broaden access to innovative, quality and cost-effective laboratory services to deliver affordable patient care throughout the Midwest.
January	Thermo Fisher Scientific, Inc.	Mesa Biotech Inc	Thermo Fisher Scientific, based in Waltham, Massachusetts, is acquiring Mesa Biotech for about \$450 million in cash. There is also an additional \$100 million in cash after certain milestones are hit. Mesa Biotech, based in San Diego, California, is a privately held molecular diagnostic company. It has developed and markets a PCR-based rapid point-of-care testing platform for infectious diseases, including SARS-CoV-2 (COVID-19), flu A and B, respiratory syncytial virus (RSV) and Strep A. Mesa has about 500 employees and in 2020 reported revenue of about \$45 million.
January	Caprion-HistoGeneX	Mosaic Laboratories LLC	Caprion-HistoGeneX, a leading global contract research laboratory services provider backed by Arsenal Capital Partners, announced the acquisition of Mosaic Laboratories LLC, a California-based company offering histology and immunohistochemistry services to global pharmaceutical clients. The addition of Mosaic further strengthens the North American base for Caprion-HistoGeneX's histopathology assay development and deployment, expands the volume of pathology services and consolidates the company's position as a world-leading service provider of histopathology biomarker analysis for global clinical trials.
January	Amperand Capital Partners	Genezen Laboratories	Genezen Laboratories Inc. a cell and gene therapy contract development and manufacturing organization focused on early-phase process development, vector production, and analytical testing services, has received a majority investment from Amperand Capital Partners a private equity firm specializing in growth equity investments in the healthcare sector.
January	Infinity Laboratories	MicroWorks, Inc.	Infinity Laboratories is proud to announce the acquisition of MicroWorks, Inc. in Crown Point, IN. Founded in 1996, MicroWorks operated as a privately owned company, offering a wide variety of microbiological testing services to support the needs of the pharmaceutical, medical device, biotech and nutraceutical industries by providing accurate, reliable laboratory testing and consulting services.

* The outreach laboratory services business

Provident Industry Coverage Team

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

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

Daniel O'Brien
Analyst
dobrien@providenthp.com
(617) 226-4292

Dx Services Whitepaper

[Provident Perspectives: Investment & Consolidation in the Clinical Diagnostics Industry](#)

www.providenthp.com