

Q2-2021 Laboratory & Diagnostic Services Update

Market Update

The laboratory services and diagnostics sectors have seen aggressive M&A activity over the past 3 years. Both are anticipated to grow at a greater rate for this quarter and for the remainder of the year than in years prior. Roche and Hologic, two of the largest consolidators in the industry, completed the two largest deals of the quarter and have remained particularly active over the past several years as they look to further their breadth of testing capabilities.

The pandemic originally slowed the pace of industry consolidation as diagnostic providers focused internally on existing operations to keep up with demand. However, as the pandemic wains, diagnostic players have shown an increased appetite for inorganic growth through vertical and horizontal integration as groups look to expand their testing capabilities to keep up with competition. At-home testing and tech enabled diagnostic analytics have been areas of increased interest as COVID has brought to light the need for convenient and affordable testing. These Dx capabilities will be crucial to the widespread adoption of digital health and personalized medicine.

Select Transactions:

Month	Acquirer	Target	Size	Deal Description
April	Bio-Techne	Asuragen	\$215 million	Bio-Techne has announced the completion of its acquisition, Asuragen, a molecular diagnostics and research firm. Bio-Techne expects the acquisition to compliment operations through the addition of genetic screening and oncology testing kits, and Asuragen's CLIA-certified laboratory.
April	Roche	GenMark	\$1.8 billion	Roche, a leading biopharmaceutical and diagnostics company, has completed its acquisition of GenMark, representing one of the largest deals in the space year-to-date. GenMark, with operations based in DNA and RNA genetics testing, will be leveraged by Roche to expand its syndromic testing expertise. GenMark's ePlex platform will be valuable in increasing the number of pathogens detectable per test.
May	Investor Syndicate*	Caris Life Sciences	\$830 million (Growth Equity)	Caris Life Sciences, a leading developer in molecular science, artificial intelligence (AI), and precision diagnostics, announced an \$830 million growth equity round at a \$7.83 billion valuation. This financing represents one of the largest capital raises in precision medicine to date. The funding round was led by a number of investors including, Silver Lake, T. Rowe Price, and Fidelity.
June	Hologic	Mobidiag	\$795 million	Hologic, a proprietary manufacturer of women's healthcare products and producer of commercial diagnostics, has completed its acquisition of Mobidiag, further signaling the company's plan to continue its expansion into the diagnostics space. Mobidiag is expected to add to Hologic's product offerings through its core operations in producing GI diagnostics products.
June/July (Tentative)*	Neo Genomics	Inviata Ltd.	\$390 million	Following a minority investment of \$25 million and the success of Inviata's lung cancer liquid biopsy test, NeoGenomics has exercised its option to acquire the remainder of the company and will be completing the transaction in Q3 of 2021. NeoGenomics is planning to commercialize Inviata's testing kits and fully retain the company as a division.

*Cap. raise led by T. Rowe Price Associates, Inc., Silver Lake, Fidelity Management & Research Company LLC, and Coatue among others

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Lab and Dx Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$30B	\$15.3B	\$3.9B	2.17x	8.22x
Quest Diagnostics	DGX	\$20B	\$10.3B	\$2.8B	2.22x	8.45x
Eurofins	ERFSF	\$19B	\$6.2B	\$1.8B	3.65x	18.93x
Hologic	HOLX	\$21B	\$5.3B	\$3.0B	4.65x	9.16x
Exact Sciences	EXAS	\$22B	\$1.6B	-\$92.2M	14.87x	n/a

* All metrics are TTM on the basis of Mar 31, 2021

Dx Services Whitepaper

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 Investment & Consolidation in the
 Clinical Diagnostics Industry](#)

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