

Q3-2021 Laboratory & Diagnostic Services Update

Market Update

The laboratory services and diagnostics sectors have seen aggressive M&A activity in the past year. Both major and mid-sized market players have continued to consolidate at a high level. Following a strong first half of the year Q3 saw 32 Diagnostic and Laboratory Services deals including Igenomix's \$1.4 billion acquisition of Vitrolife.

With COVID-19 revolutionizing the diagnostics industry, point of care solutions have become a leading trend in the space. The ability to rapidly test for infection diseases at an individual's home and store results in a secure digitalized environment for convenient access improves both efficiency and efficacy. Recent deals in this space support this trend as CA Healthcare Acquisition Corp, a healthcare focused SPAC, engaged in a reverse merger with Lumira Dx which provides point of care diagnostic services. Thus, Provident anticipates consolidation in the industry will center around simplifying the diagnostics process through various leading-edge technologies. Additionally, with healthcare SPACs raising over \$15 billion in 2021, the firm anticipates a frenzy of SPAC acquisitions over the course of the next two years in the diagnostics services space.

Lab and Dx Services Public Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$31B	\$16.4B	\$5.0B	1.89x	6.15x
Quest Diagnostics	DGX	\$22B	\$11.1B	\$3.3B	1.95x	6.55x
Eurofins	ERFSF	\$26B	\$7.6B	\$2.6B	3.46x	10.08x
Hologic	HOLX	\$20B	\$5.7B	\$3.1B	3.60x	6.50x
Exact Sciences	EXAS	\$17B	\$1.7B	-\$158.0M	9..85x	n/a

* All metrics are TTM on the basis of June 30, 2021

Select Transactions

Month	Acquirer	Target	Size	Deal Description
July	Igenomix	Vitrolife	\$1.4 billion	Vitrolife has announced that they have entered into a definitive agreement to acquire 100% of the shares of Igenomix from EQT and other shareholders. Igenomix, founded in 2011 is a global leader in women's health and reproductive genetic testing services for IVF clinics and operates 26 labs globally.
July	Quest Diagnostics (NYS: DGX)	Nationwide Laboratory Services	n/a	Quest Diagnostics, the nation's leading provider of diagnostic information services announced that it has acquired a set of core assets of Nationwide Laboratory Services (NLS). NLS, located in Boca Raton Florida, has over 25 years of patient centric services experience within the clinical diagnostics space. The acquisition expand Quest's current presence in Florida where it currently has major laboratory facilities and more than 50 patient sites.
August	Veracyte (NAS: VCYT)	HalioDx	\$317 million	Veracyte, a global genomic diagnostics company improving patient care announced they have acquired HalioDx, solidifying its reach into the global markets while expanding its diagnostic scope into 8 of the 10 top cancers defined by U.S. incidence. HalioDx is a developer of immunological scoring tests utilized to investigate the immunal response to tumor environments.
September	CA Healthcare Acquisition Corp	LumiraDx	\$3.0 billion	CA Healthcare Acquisition Corp, a publicly traded special purpose acquisition company and LumiraDx Limited have entered a definitive agreement to engage in a reverse merge, which would list LumiraDx on the Nasdaq under the ticker "LMDX". LumiraDx is a next-generation point of care diagnostic testing company that is transforming community-based healthcare.
September	Heska (NAS: HSKA)	Biotech Laboratories USA	n/a	Heska Corporation, a leading provider of advanced veterinary diagnostic and specialty products has announced they have acquired majority ownership of Biotech Laboratories USA. Established in 2016, Biotech Laboratories USA develops a full line of rapid point-of-care tests to detect antibodies associated with infectious and parasitic diseases stemming from animals.

Provident Industry Coverage Team

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

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

Dx Services Whitepaper

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www.providenthp.com