

Q4-2022 Laboratory Services & Diagnostics Update

Market Update









The laboratory and diagnostic services sectors continued their robust growth into Q4. The mergers and acquisitions market for assets in the space has remained elevated despite ongoing economic uncertainty and tightening debt markets. Large consolidators in the clinical lab space, such as Quest and LabCorp have continued an aggressive M&A strategy as they look to pursue market share expansion and customer acquisition to build out their extensive provider networks. Large diagnostic test developers such as Beckman Coulter continue to utilize M&A as a mode to broaden their testing and services portfolio by targeting niche players in their space which provide bespoke or innovative services that may fill a void in their offering.

Select Transactions:

Lab and Dx Services Trading Multiples

| Company | Ticker | EV | Revenue | EBITDA | EV/REV | EV/EBITDA |
|-------------------|--------|-------|---------|-----------|--------|-----------|
| LabCorp | LH | \$27B | \$15.7B | \$3.3B | 1.75x | 8.07x |
| Quest Diagnostics | DGX | \$22B | \$10.3B | \$2.3B | 2.12x | 9.67x |
| Eurofins | ERFSF | \$16B | \$7.7B | \$1.7B | 2.13x | 9.53x |
| Hologic | HOLX | \$19B | \$4.86B | \$2.1B | 3.94x | 9.08x |
| Exact Sciences | EXAS | \$10B | \$2.0B | -\$532.3M | 5.16x | n/a |

Lab Services and Diagnostic Transactions

| Month | Acquirer | Target | Deal Description |
|----------|---|---|---|
| November |  |  Outreach Lab Services | Quest Diagnostics, the leading provider of clinical diagnostics in the nation, announced the acquisition of Summa Health's outreach lab services known as LabCare Plus. Quest aims to expand their portfolio for the physicians and patients in Pittsburg and Twinsburg, Ohio. |
| November |  |  | Werfen, an international developer, manufacturer and distributor of Specialized Diagnostic instruments has announced its acquisition of Immucor, Inc., a global transfusion and transplant in vitro diagnostics corporation, from TPG, a global alternative asset management firm. |
| October |  |  | Beckman Coulter Diagnostics, a global leader in clinical diagnostics, has acquired StoCastic, an AI-based hospital emergency department decision support company. StoCastic's system will become a significant component of Beckman Coulter's Clinical Decision Support portfolio. |
| October |  |  | Patients Choice Laboratories (PCL), a leading national provider of comprehensive laboratory testing has acquired Infinity Laboratories, LLC, an infectious disease lab specializing in molecular diagnostics in northern Texas. PCL aims to increase their foothold in the Texan infectious disease diagnostics market. |
| November |  |  | Biocare medical, a leading provider of automated immunohistochemistry and fluorescent hybridization instrumentation and reagents announced the acquisition of Empire Genomics, a market leader in molecular biomarkers to aid in cancer research and diagnostics. Biocare aims to accelerate cancer research and advance cancer diagnostics through the purchase of Empire's unique and specialized procedures. |

Provident Industry Coverage Team

Kevin Palamara
Managing Director
kpalamara@providenthp.com
(617) 226-4218

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