

Q1-2023 Laboratory & Diagnostic Services Update

Market Update

Public lab and diagnostic services saw an uptick in Q1 valuations, similar to other verticals within the greater healthcare services market. Despite rising interest rates, healthcare investments continue to show resiliency. The laboratory and diagnostic services sector shows persistent deal flow as consolidation within the sector endures. The appeal of broader test menus, lower costs, increasing health plan coverage, and larger patient networks continues to drive consolidation. Large players, including Quest Diagnostics and Labcorp, further expand their market share through acquisitions suggesting that the lab and diagnostics market will continue to see steady deal flow throughout the course of 2023.

Lab and Dx Services Trading Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$26B	\$14.9B	\$2.9B	1.78x	9.03x
Quest Diagnostics	DGX	\$21B	\$9.9B	\$2.0B	2.07x	10.23x
Eurofins	ERFSF	\$16B	\$7.1B	\$1.6B	2.27x	10.1x
Hologic	HOLX	\$21B	\$4.5B	\$1.7B	4.67x	12.2x
Exact Sciences	EXAS	\$14B	\$2.1B	-\$407.9M	6.58x	n/a

Select Transactions:

Laboratory Services Transactions			
Month	Acquirer	Target	Deal Description
March		 Lab Services Business	Quest Diagnostics has completed its previously announced acquisition of select assets of Northern Light Laboratory, which is the outreach laboratory services business of Northern Light Health, a large integrated healthcare system in Maine. The collaboration between the two parties enables physicians and patients to benefit from access to Quest Diagnostics' test menu, broad health plan coverage, and lower out-of-pocket costs for many services.
March		 World Glass Chemistry	Pace Analytical Services, a division of Pace, a science and technology company, today announced the acquisition of Alpha Analytical, LLC, a full-service environmental laboratory services company based in Westborough, MA.
March		 Lab Services Business	Enzo Biochem agreed to sell its clinical laboratory business to Labcorp. The price of the Labcorp transaction was \$146 million, according to a U.S. Security and Exchange Commission filing posted by Enzo.
February		 Outreach Lab Assets	Secaucus-based medical testing company Quest Diagnostics will acquire some lab services assets from NewYork-Presbyterian as part of a new strategic agreement. Quest will acquire select assets of the laboratory services business and provide testing for patients and providers in the hospital's network in the New York City area.
January		 KARRINGTON CLINICAL LABORATORY Early detection better health	Matrix Labs has acquired Karrington Clinical Labs. The transaction will provide Karrington with an established CLIA-certified and CAP-accredited laboratory for clinical diagnostic testing. Its expanded laboratory will enable it to focus on continued growth and develop new molecular diagnostic testing.

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