

Laboratory & Diagnostic Services

Q2 2023

Market Update

Lab & diagnostic services experienced a rebound in transaction volume in Q2 relative to the depressed volume seen in Q1. Despite constricted lending markets, valuation multiples have remained elevated for premium assets. Large players such as Quest Diagnostics and Labcorp continue to expand their national presence and diagnostic service offerings through add-on acquisitions. Over the past four quarters, deal flow from strategic buyers in the lab & diagnostic services sector has substantially outpaced that of financial sponsors. Synergies such as test menu expansion, payor pressure to lower costs, and customer acquisition are driving increased competition for add-ons. Innovation continues to be the main catalyst for premium valuations from strategic acquirers as consolidators look to establish a differentiated diagnostic solution.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$25B	\$14.8B	\$2.6B	1.7x	9.4x
Quest Diagnostics	DGX	\$20B	\$9.6B	\$1.8B	2.1x	11.0x
Eurofins	ERFSF	\$15B	\$7.1B	\$1.6B	2.1x	9.5x
Hologic	HOLX	\$20B	\$4.1B	\$1.4B	4.8x	14.5x
Exact Sciences	EXAS	\$19B	\$2.2B	-\$258M	8.6x	n/a

Select Transactions

Month	Acquirer	Target	Deal Description
May			Charlotte-based lab services company Lighthouse Lab Services has announced its acquisition of Pathology Lab Solutions, a company that assists with the process of designing, setting up, and maintaining compliance for anatomic pathology-focused labs.
May		 Outreach Lab Assets	Secaucus-based medical testing company Quest Diagnostics has completed its previously announced acquisition of the lab services assets from New York-Presbyterian as part of a new strategic agreement.
April			Flagship Facility Services has completed its acquisition of Biotechnical Services, Inc. (BTS), a San Diego based laboratory services company specialized in lab equipment support. The addition of BTS augments Flagship's lab services footprint to a national level.
April			Quest Diagnostics has announced its agreement to acquire Haystack Oncology, a cancer diagnostics company specialized in Minimal Residual Disease (MRD) testing, which aims to detect residual or recurring cancer.
April			Innovative Lab Services, an Ohio based laboratory service company specialized in the installation, maintenance, and compliance processes for lab equipment, has received strategic growth financing from financial services company, Caliber Companies.

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Publications

Whitepaper

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