

Laboratory & Diagnostics

Q3 2023

Market Update



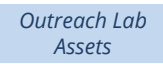


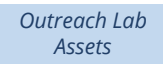




Despite the more challenging M&A environment from years prior, lab and diagnostic services transaction volume is generally keeping pace to historical levels. Competition amongst large industry competitors is driving the majority of the M&A activity. The largest players in the market continue to absorb market share via acquisition and joint-venture partnerships with hospitals and health systems. This partnership model is becoming commonplace across the lab continuum due to consistent downward pressure on reimbursement rates. For this same reason and the fact that strategic investor competition is so fierce, private equity has continued to monitor the space from a distance. Where investor interest could expand are with businesses that have bespoke testing modalities and specialized capabilities that fill a void in the market and tap into new customer segments.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$22B	\$13.4B	\$2.4B	1.7x	9.2x
Quest Diagnostics	DGX	\$19B	\$9.5B	\$1.8B	2.0x	10.0x
Eurofins	ERFSF	\$13B	\$6.8B	\$1.3B	1.9x	10.4x
Hologic	HOLX	\$17B	\$4B	\$1.3B	4.2x	13.1x

As of 9/30/2023

Select Transactions

Month	Acquirer	Target	Deal Description
September	 labcorp	 	Labcorp announced it will acquire Baystate Health's outreach laboratory business and select operating assets, including laboratory service centers operated by Baystate Health throughout Massachusetts. The acquisition will augment the pairing's existing reference lab relationship.
August	 labcorp	 	Labcorp announced an agreement with Tufts Medicine, a leading integrated academic health system in Massachusetts, for Labcorp to acquire the Tufts Medicine outreach laboratory business and select operating assets. The pairing announced this as a first step toward a larger strategic partnership.
August	 LabGenomics		LabGenomics USA has recently acquired QDx Pathology, a diagnostic service company with a 16-year history of delivering expert pathology consultations and rapid molecular testing services to physicians and their patients. QDx was backed by Hadley Capital, a leading healthcare services investor.
July	 Laboratory Services		Avalon GloboCare Corp, a developer of innovative precision diagnostics and provider of clinical laboratory services, announced their Subsidiary Laboratory Services MSO, LLC, has acquired DE Laboratory, which expands its penetration within Texas and provides significant potential growth opportunities for the combined company.

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Publications

Whitepaper

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