

Laboratory & Diagnostics

Q4 2023

Market Update

The laboratory and diagnostics space rounded out the year with its quietest quarter of 2023, with only three deal closing announcements. Primary drivers for the sluggish deal flow have been continued recruiting difficulty for lab technicians and increased reimbursement pressure from commercial and government payors, compressing margins.

As traditional laboratory deal flow slows down, outsourced lab service providers continue to garner significant interest from investors as an alternative to direct investment into the lab space. Outsourced lab services providers are insulated from the micro-level factors that have been bogging down the industry's growth. An example of this is Sonic's acquisition of PathWatch, marking the emergence of laboratory and pathology companies venturing into the digital pathology space. Industry experts expect the sector to continue its adoption of innovative and cost-effective alternatives to traditional testing modalities.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$25B	\$15.1B	\$2.6B	1.9x	11.1x
Quest Diagnostics	DGX	\$21B	\$9.3B	\$1.8B	2.2x	11.6x
Eurofins	ERFSF	\$15B	\$6.8B	\$1.3B	2.2x	11.7x
Hologic	HOLX	\$18B	\$4B	\$1.3B	4.4x	13.6x

Select Transactions

Month	Acquirer	Target	Deal Description
December			Roche announced it has agreed to buy LumiraDx's Point of Care diagnostics platform business for \$295 million. The transaction is expected to close by mid-2024. The deal marks Roche's continued aggressive M&A growth strategy and continued interest in bolstering their POC service line.
December			Lighthouse Lab Services, a nationwide provider of clinical laboratory consulting and management offerings, announced the acquisition of Alternative Biomedical Solutions a lab services company based in Carrollton, TX, with a focus on instrument procurement and servicing. The acquisition deepens Lighthouse's solutions for more complex laboratories and services.
November			Salt Lake City-based Pathology Watch has announced it has been acquired by Sonic Healthcare, headquartered in Sydney, Australia, for \$150 million. Sonic will fund the acquisition from existing cash reserves and debt. The acquisition marks a strategic move for Sonic to deepen their offering in the digital pathology space.

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Publications

Whitepaper

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