

Laboratory & Diagnostics

Q1 2024

Market Update

The Lab and diagnostics space continues to evolve amidst dynamic market forces and government scrutiny. After the COVID-19 pandemic there was a surge in the use of molecular testing and point-of-care solutions, underscoring a greater emphasis on accuracy and ease of use in testing methodologies. This ultimately led to significant utilization and earnings opportunity for these companies. Staffing shortages, notably for roles such as phlebotomists and lab technicians, posed operational challenges for laboratories, while inflationary pressures and regulatory burdens, such as rate depression, added to the complexity of maintaining healthy margins.

In recent quarters technological advancements fueled optimism, with a focus on early detection and individualized care driving investments in innovative testing solutions. Consolidation still seems beneficial as a means to enhance market positioning, access talent and technology, and capitalize on emerging opportunities.

Lab and Dx Public Comparable Multiples

| Company | Ticker | EV | Revenue | EBITDA | EV/REV | EV/EBITDA |
|-------------------|--------|-------|---------|--------|--------|-----------|
| LabCorp | LH | \$23B | \$12.2B | \$2.1B | 1.9x | 10.9x |
| Quest Diagnostics | DGX | \$20B | \$9.3B | \$1.8B | 2.1x | 10.8x |
| Eurofins | ERFSF | \$16B | \$7.1B | \$1.4B | 2.3x | 11.1x |
| Hologic | HOLX | \$19B | \$4B | \$1.2B | 4.7x | 16.2x |

Select Transactions

| Month | Investor | Target | Deal Description |
|----------|---|---|---|
| March |  |  BioReference[®] Select Assets | Labcorp, a multinational diagnostic testing company, has acquired select assets from BioReference Labs, a subsidiary of OPKO Health and a leader in clinical testing. The deal includes BioReference's clinical laboratory and reproductive testing business units. The deal carves out all operations in New York and New Jersey and the urologic and oncologic testing service lines. |
| March |  |  WH WHITEHOUSE LABORATORIES | Pace Life Sciences, a prominent player in the contract development and manufacturing sector, has acquired Whitehouse Laboratories from Curia, a global CDMO company. This acquisition enhances Pace's ability to support emerging partners in their drug commercialization efforts. Pace is positioned to leverage the specialized capabilities of Whitehouse for deeper cooperation with pharmaceutical and biopharmaceutical clients. |
| February |  |  REALTIME LABORATORIES INC. | US BioTek Laboratories, a leading provider of clinical laboratory solutions, has completed the acquisition of RealTime Laboratories, based in Dallas, TX. This strategic move expands both companies' services and geographical reach, offering customers more testing options and fostering innovation in diagnostic tests. |

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