

Laboratory & Diagnostics

Q2 2024

Market Update

The most notable development in the lab and diagnostics space coming out of Q2-24 is the FDA's final ruling on oversight of Laboratory Developed Tests ("LDTs"). In late May, the American Clinical Laboratory Association (ACLA) filed a lawsuit against the FDA, claiming that the FDA never received permission to regulate LDTs as medical devices, as opposed to medical services. With the additional overturning of the Chevron deference, limiting the power of federal agencies to interpret vague descriptions of law, companies await the outcome of the lawsuit as it is expected to have serious implications on how lab business is conducted moving forward.

Previous enthusiasm for technological advancements continued into second quarter activity, with notable activity in digital pathology and lab devices fueled by favorable regulatory conditions. Labcorp, global leader of advanced laboratory services, had the most activity by purchasing substantial assets of bankrupt medical genetics company Invitae and BioReference Health.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$23.1B	\$12.3B	\$2.1B	1.9x	11.0x
Quest Diagnostics	DGX	\$20.6B	\$9.3B	\$1.8B	2.2x	11.4x
Eurofins	ERF	\$12.9B	\$7B	\$1.4B	1.8x	9.2x
Hologic	HOLX	\$17.7B	\$4B	\$1.1B	4.4x	16.1x

Select Transactions

Month	Investor	Target	Deal Description
June		 	Quest Diagnostics, a leader in diagnostic information services, completed the acquisition of PathAI Diagnostics from PathAI. PathAI Diagnostics boasts a unique digitized laboratory in Memphis, providing AI and digital R&D solutions. With the acquisition, Quest Diagnostics seeks to expand its portfolio of deployed AI solutions to its internal pathology offerings.
April		 	Labcorp has become the selected bidder in the bankruptcy sale of medical genetics company, Invitae. Labcorp paid \$239 million to acquire Invitae's assets. This transaction bolsters Labcorp's new specialty testing offerings in areas including oncology and rare diseases.
April			StatLab has acquired Chicago-based Scientific Device Laboratory, which manufactures printed diagnostic slides and a variety of consumables and kits for anatomic pathology and microbiology markets. The SDL acquisition creates access to new customer channels for StatLab, while simultaneously reducing internal costs for the broader organization.

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