

Laboratory & Diagnostics

Q3 2024

Market Update

The Laboratory & Diagnostics sector in Q3 2024 continued to navigate the regulatory uncertainty surrounding Laboratory Developed Tests (LDTs), with the ACLA's lawsuit against the FDA remaining unresolved. This ongoing legal battle prompted major players to increase investment in compliance and regulatory affairs departments. M&A activity in the sector showed signs of recovery, with a modest increase in deal flow compared to Q2. National laboratories, such as Quest Diagnostics and LabCorp, maintained their strategy of acquiring small hospital laboratory assets to expand their geographic footprint. Additionally, the sector experienced growing interest in genetic testing and direct-to-consumer testing markets, driven by advancements in precision oncology and increasing demand for early diagnostic tests.

Overall, while challenges remain, the outlook for M&A in the Laboratory & Diagnostics sector appears cautiously optimistic for Q4 2024 and beyond, with expectations of increased deal flow and strategic consolidation by large players in the space.

Lab and Dx Public Comparable Multiples

Company	Ticker	EV	Revenue	EBITDA	EV/REV	EV/EBITDA
LabCorp	LH	\$23.6B	\$12.5B	\$2.1B	1.9x	11.0x
Quest Diagnostics	DGX	\$21.5B	\$9.6B	\$1.8B	2.3x	11.7x
Eurofins	ERF	\$14.8B	\$7.3B	\$1.5B	2.0x	9.6x
Hologic	HOLX	\$18.7B	\$4B	\$1.2B	4.7x	15.9x

Select Transactions

Month	Investor	Target	Deal Description
Sept.			Quest Diagnostics, has completed its acquisition of select laboratory assets from Allina Health. This strategic move aims to enhance access to high-quality and affordable laboratory services for healthcare providers and patients in Minnesota and western Wisconsin.
Aug.			Quest Diagnostics has acquired LifeLabs from OMERS. The transaction, valued at approximately, \$1BN USD, marks a significant expansion of Quest's reach in the Canadian market. This strategic move not only strengthens Quest Diagnostics' position in the North American diagnostic services space, but also promises to bring advanced diagnostic capabilities and innovation to Canadian patients.
Aug.			Versant Diagnostics, a leading provider of pathology services, has announced a strategic partnership with Cutaneous Pathology, a renowned dermatopathology practice. This partnership marks a significant expansion of Versant's dermatopathology capabilities and geographical reach in the Southeast.

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