



OBJECTIVE

Investment Banking & Valuation

Industry Report

Business Services

Diagnostics & Testing

Key Takeaways

M&A Transaction Volumes Increase as EBITDA Multiples Stay High, Suggesting a Potential Sustained Valuation Decoupling From the Market

- In April 2023 we saw 8 transaction close in the medical diagnostics and testing sector (“Diagnostics & Testing”), an increase of 14% compared to the previous month (see Chart I) but a decline of 20% compared to April 2022
- The rolling three-month total transaction volume is 6% above the previous three-month total transaction volume, suggesting that we are seeing an improved and sustained M&A market as we move through 2023
- EBITDA multiples for the Diagnostics & Testing sector have traded up since the start of 2023 (see Chart II) with the current average EBITDA multiple standing at 15.9x (see Table I), a 27% increase year over year as well as a 5% increase over the past two months
- This improved valuation for the sector seems to have a new floor of 15x EBITDA which sustained the recent pullback from the high in April 2023 adding to the thesis of new sustained valuations for the sector

Chart I | Total M&A Volume⁽¹⁾

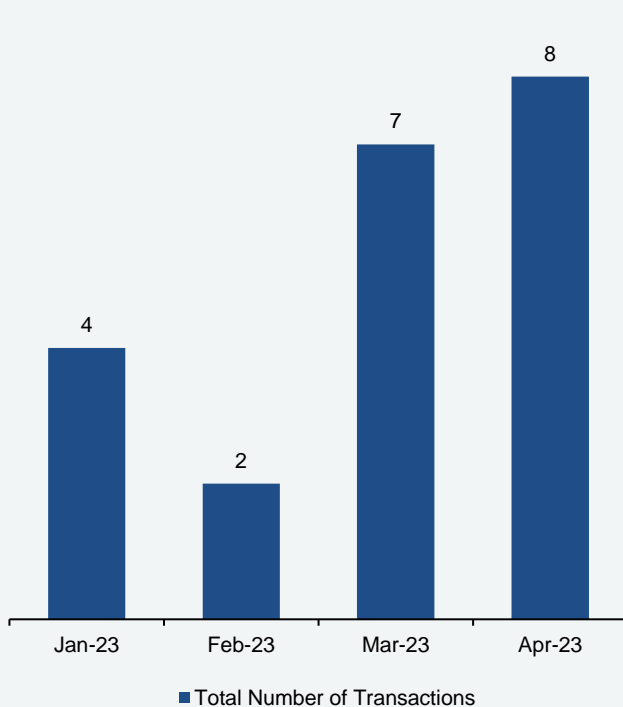
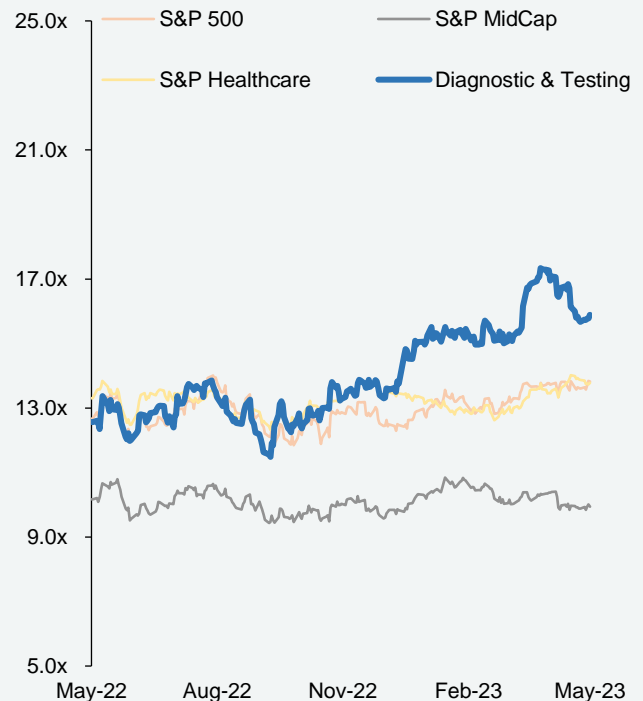


Chart II | TEV / EBITDA⁽²⁾



Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the Diagnostics & Testing sector

(2) Table I for Diagnostics & Testing comparables

USA & Canada Listed Companies (>\$20M Market Cap.)

Over the past month, the Diagnostics & Testing sector has traded down 9% in price but only down 5% over the past twelve months, while the more broader healthcare market has declined 2.1% and 2.4% in price, respectively (S&P 500 Healthcare index) (see Chart III)

Chart III | 1-Year Price Performance⁽¹⁾

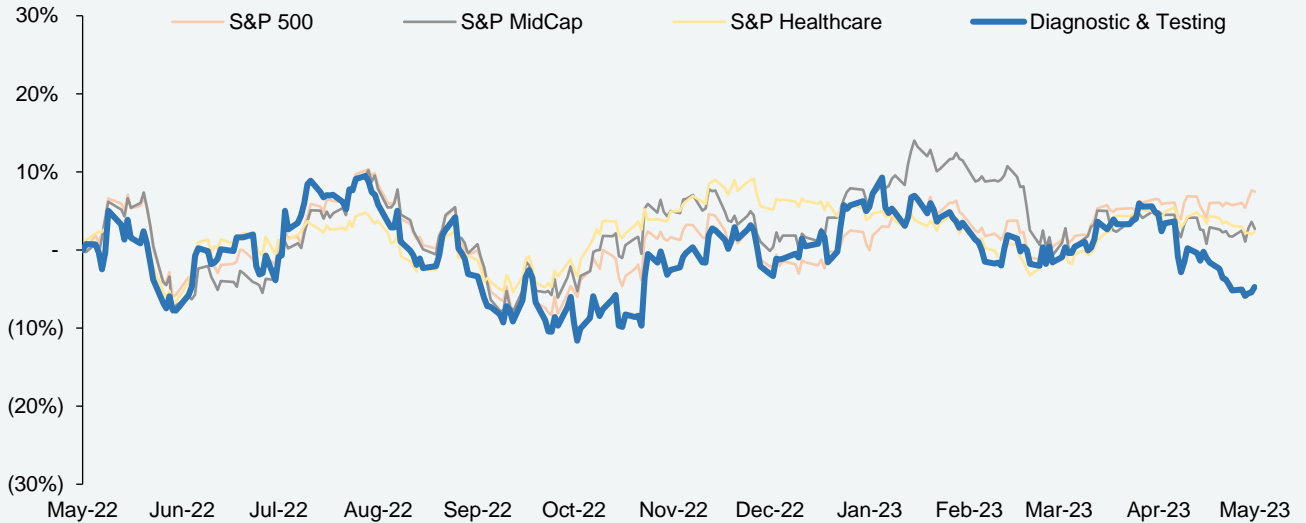
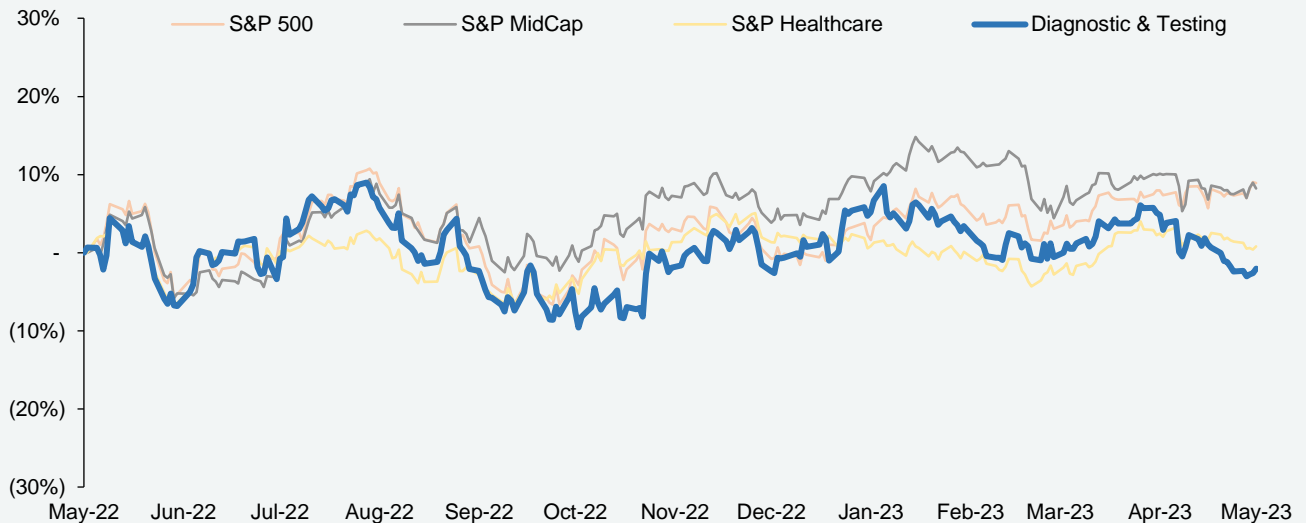


Chart IV | 1-Year TEV Performance⁽¹⁾



Source: S&P Capital IQ

(1) Table I for Diagnostics & Testing comparables

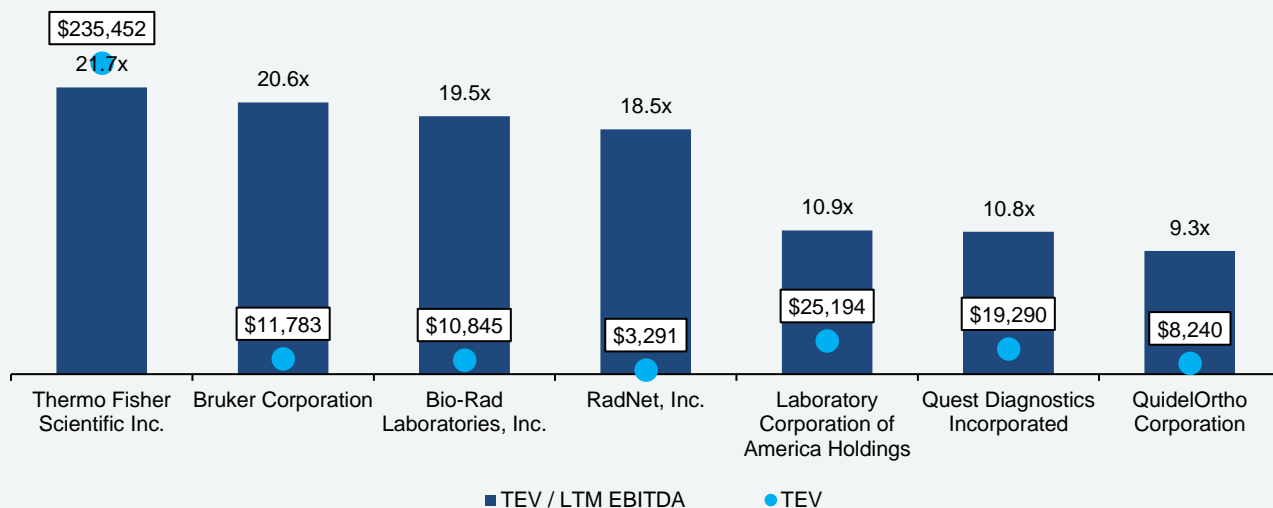
USA & Canada Listed Companies (>\$20M Market Cap.)

Thermo Fisher Scientific trades at the higher end of the group along with Bruker and Bio-Rad Laboratories, all which have a greater than 20% EBITDA margin, showcasing that investors are currently favoring healthier and more profitable companies as we move through this uncertain economic time (see Chart IV)

Table I | Select Diagnostics & Testing

Company	Share Price 5/19/23	Equity Value	TEV	TEV/			
				Revenue		EBITDA	
				LTM	2023E	LTM	2023E
Thermo Fisher Scientific Inc.	\$527.38	\$203,422	\$235,452	5.4x	5.2x	21.7x	19.8x
Laboratory Corporation of America Holdings	\$216.82	\$19,210	\$25,194	1.7x	1.7x	10.9x	9.9x
Quest Diagnostics Incorporated	\$131.49	\$14,728	\$19,290	2.0x	2.1x	10.8x	10.6x
Bio-Rad Laboratories, Inc.	\$382.14	\$11,315	\$10,845	3.9x	3.7x	19.5x	17.1x
Bruker Corporation	\$75.82	\$11,125	\$11,783	4.5x	4.1x	20.6x	18.9x
QuidelOrtho Corporation	\$87.44	\$5,826	\$8,240	2.6x	2.7x	9.3x	9.8x
Natera, Inc.	\$50.73	\$5,799	\$5,432	6.3x	5.3x	na	na
NeoGenomics, Inc.	\$17.89	\$2,282	\$2,475	4.7x	4.4x	na	na
Veracyte, Inc.	\$24.39	\$1,766	\$1,602	5.1x	4.8x	na	na
RadNet, Inc.	\$28.55	\$1,666	\$3,291	2.5x	2.1x	18.5x	14.7x
Median		\$5,826	\$8,240	3.9x	3.7x	14.7x	12.7x
Mean		\$27,714	\$32,360	3.9x	3.6x	15.9x	14.4x

Chart IV | TEV / EBITDA & TEV



Source: S&P Capital IQ

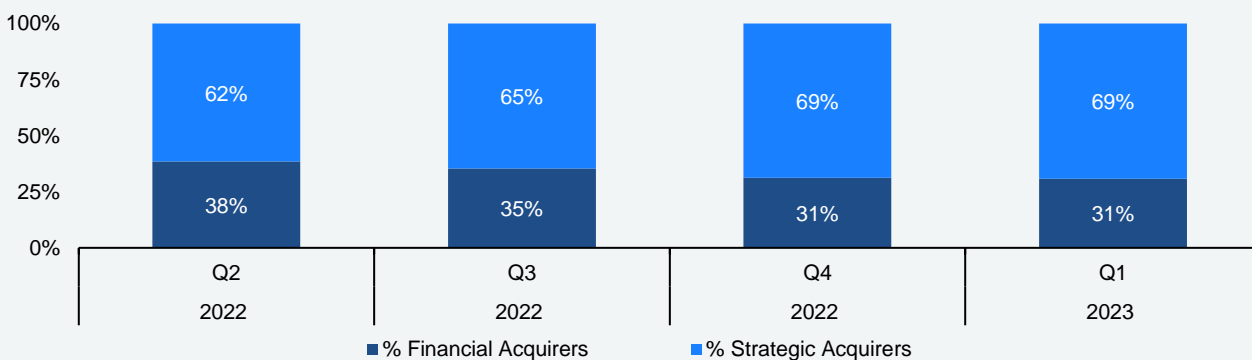
Majority Control Corporate and Asset Deals in USA & Canada

Over the past two quarters, we have seen strategic acquirors becoming more responsible for the M&A deal volume, which we would expect to continue as credit markets continue to tighten and financing options become more expensive for financial acquirors (see Chart VI)

Table II | Select M&A Transactions

(\$ in million)					
Announce Date	Target	Acquiror	TEV	TEV / LTM	
				Revenue	EBITDA
4/18/22	Inform Diagnostics, Inc.	Fulgent Therapeutics LLC	\$170	na	na
4/4/22	AltheaDx, Inc.	Castle Biosciences, Inc.	\$142	na	na
1/18/22	GeneDx, Inc.	Sema4 Holdings Corp.	\$623	5.3x	na
12/23/21	Personal Genome Diagnostics Inc.	Laboratory Corporation of America Holdings	\$580	na	na
8/9/21	CSI Laboratories, Inc.	Fulgent Genetics, Inc.	\$53	na	na
7/1/21	Intrinsic Imaging LLC	WCG Clinical, Inc.	\$92	na	na
6/7/21	MyHealth Partners Inc.	WELL Health Technologies Corp.	\$200	na	na
5/24/21	Myriad RBM, Inc.	Q2 Solutions LLC	\$198	na	na
4/15/21	Chronix Biomedical, Inc.	OncoCyte Corporation	\$26	na	na
4/11/21	Luminex Corporation	DiaSorin S.p.A.	\$1,866	4.3x	19.8x
3/2/21	Resolution Bioscience, Inc.	Agilent Technologies, Inc.	\$695	19.9x	na
1/5/21	BioTheragnostics, Inc.	Hologic, Inc.	\$223	6.8x	na
2/12/20	Paradigm Diagnostics, Inc.	Exact Sciences Corporation	\$40	na	na
1/27/20	Memorial Hermann Diagnostic	Quest Diagnostics Incorporated	\$120	na	na
Median			\$184	6.0x	19.8x
Mean			\$359	9.1x	19.8x

Chart VI | Total Buyer Mix: Financial vs Strategic⁽¹⁾



Source: S&P Capital IQ

(1) Total USA and Canadian corporate and asset majority control transactions in the Diagnostics & Testing sector

About Objective

Investment Banking Practice

About Us

Objective, Investment Banking & Valuation is a leading investment banking and valuation firm serving middle-market companies across five industry practice groups in an effort to maximize our clients' M&A and valuation advisory results. Our team uses a highly engineered, structured process combined with our industry expertise designed to consistently achieve maximum results.

Industries of Focus

- Business Services
- Consumer
- Healthcare & life Sciences
- Manufacturing & Distribution
- Technology

500+ M&A Transactions Completed *


Has been acquired by

Sell-Side Advisor to StudyKIK


Has been acquired by

a portfolio company of 
Sell-Side Advisor to Bell Canyon Consulting




Has sold assets to

Financial Advisor to MabVax Therapeutics Holdings, Inc.

Undisclosed Healthcare Technology Company
Has been acquired by
Undisclosed San Francisco Based Private Equity Firm
Sell-Side Advisor to the Undisclosed Healthcare Technology Company

Undisclosed Leading Drug Treatments and Diagnostics Company
Strategic Alternatives Advisor to the Undisclosed Company

Undisclosed Leading Contract Research Organization
Sell-Side Advisor to the Undisclosed Contract Research Organization


Has been acquired by

Sell-side Advisor to Supreme Optimization


Has sold its clinical research site operations to

Sell-Side Advisor to Rocky Mountain Movement Disorders Center

Award & Recognition	Forum	Year	Type
Best Investment Bank & Valuation Firm – USA	Acquisition International	2022	Winner
Technology Deal of The Year (Between \$10MM - \$50MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Industrials Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Private Equity Deal of The Year (Between \$50MM - \$100MM)	M&A Advisor 21st Annual M&A Awards	2022	Finalist
Boutique Investment Banking Firm of the Year	M&A Advisor 20th Annual M&A Awards	2021	Finalist
Best Investment Banking & Valuation Firm - California	Acquisitional International	2021	Winner

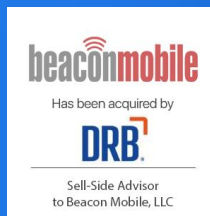
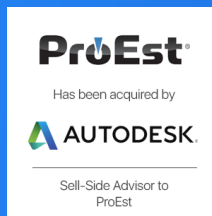
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Business Services Overview

Objective, Investment Banking & Valuation's Business Services practice is widely recognized for its exceptional capabilities in leveraging deep sector expertise and crafting compelling narratives that capture the essence of every company. Our team of highly dedicated and tenacious M&A professionals boasts extensive senior-level relationships with prominent strategic and financial buyers in the professional and technology-related services industries, as well as large public and private enterprises.

With a wealth of experience garnered over many years in both sell-side and buy-side engagements involving business services companies, we provide our clients with invaluable and transparent guidance that empowers them to realize their strategic and financial objectives.

Dedicated
Industry
Knowledge &
Expertise



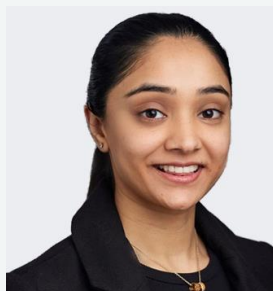
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