



Seale & Associates

CLINICAL LABORATORIES
Q3 2023
VALUATION UPDATE

Introduction

We are pleased to share our Clinical Laboratories Industry Multiples Valuation Update for Q3 2023.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our client's strategic objectives in a range of transactions, including **Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures**, among other corporate finance and strategy consulting services.

Over the course of 25+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our Clinical Laboratories Industry clients who are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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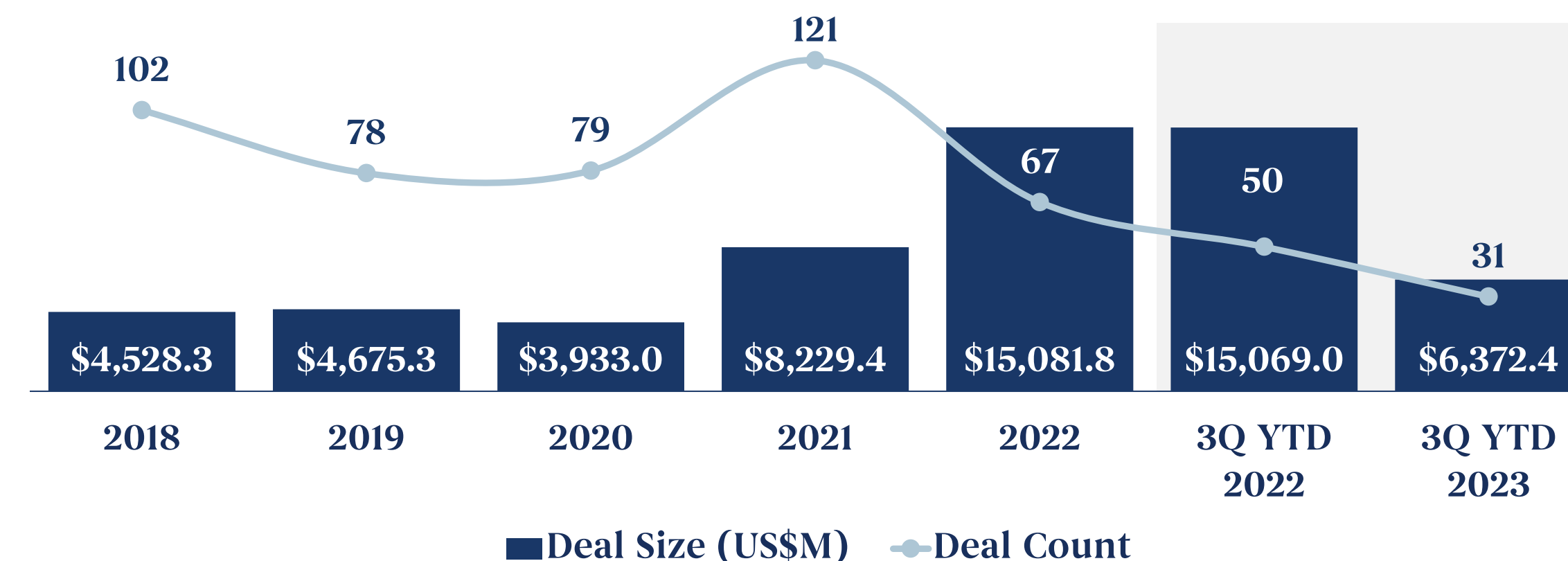
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Clinical Labs Industry Overview, M&A Trends, and Market Intelligence

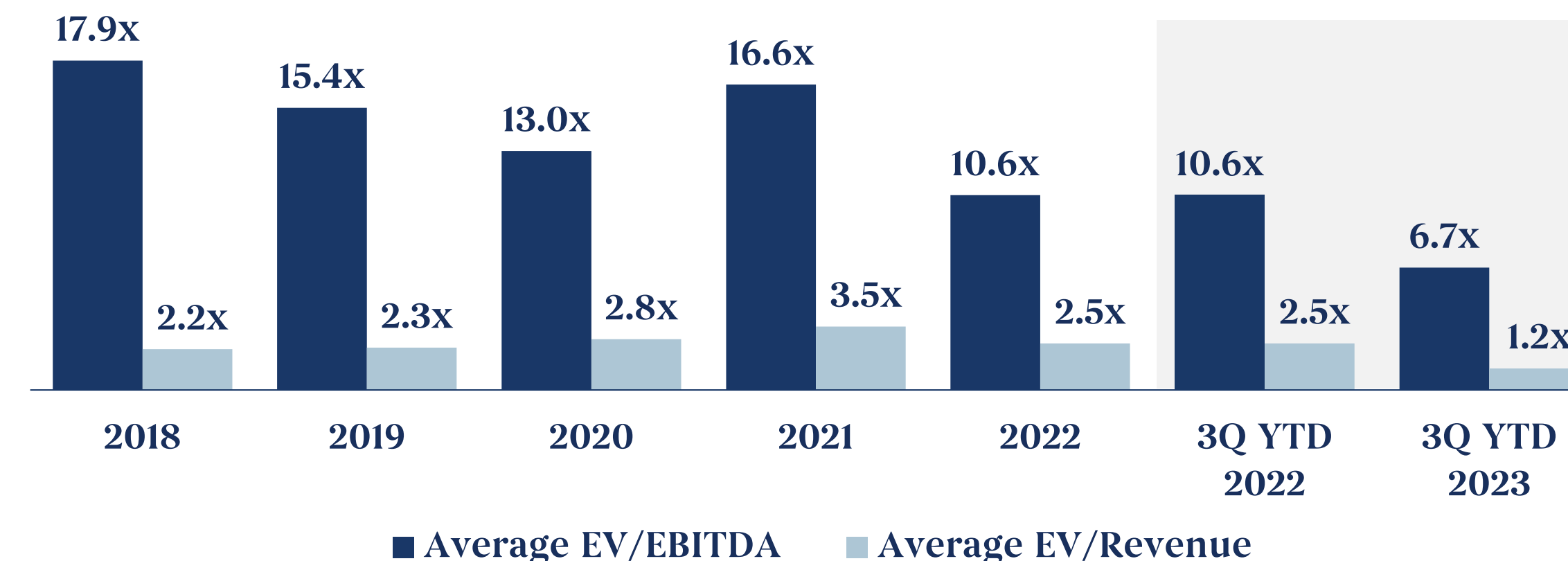
Key Trends Shaping the Clinical Laboratories Industry

- The global clinical laboratory market size recorded US\$217.5B in 2022 and is **projected to grow at a CAGR of 5.3%** to reach US\$352.0B by 2032. This growth is **driven** by **factors** such as the increasing burden of **chronic diseases** and the growing demand for **early diagnostic tests**.
- By **test type**, **clinical chemistry dominated** the clinical laboratory market with a share of 54.1% in 2022. and by the **service provider**, the **hospital-based laboratories** segment accounted for the dominant market share in 2022.
- The clinical laboratory tests market is also witnessing **growth due** to factors such as the **rising prevalence** of **target diseases** and the **introduction** of **innovative solutions** to meet the market's growing demand for clinical laboratory tests.
- In the M&A world, the **life sciences sector**, which includes clinical laboratories, has seen **steady M&A activity** for the **fifth consecutive quarter** despite **concerns** over **inflation**, **recession**, and **high interest rates**. However, there was a sharp **decrease** in M&A activity **in 2023**, mainly **attributed** to the general **economic downturn** and **companies** exercising more **caution**. Despite this, the expectation is that M&A activity in the life sciences industry will increase in 2024.
- In the context of clinical laboratories, mergers and acquisitions can have significant impacts. For instance, **integrated delivery network (IDN) healthcare systems** continue to **acquire other hospitals**, and these deals often result in changes to the clinical labs under their management.

Clinical Laboratories Industry M&A Deal Size and Volume



Clinical Laboratories Industry M&A Average EV/EBITDA and EV/Revenue



Industry Global Comparable Public Companies









Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023	
						2021	2022	EV/EBITDA	EV/Revenue
Akumin Inc.	USA	\$13	\$1,639	\$738	25.1%	10.2x	14.9x	8.8x	2.2x
BML, Inc.	JPN	\$729	\$221	\$977	17.9%	4.0x	1.1x	1.3x	0.2x
Capitol Health Limited	AUS	\$144	\$219	\$135	19.0%	11.6x	11.2x	8.5x	1.6x
Alliança Saúde e Participações S.A.	BRA	\$231	\$474	\$231	7.7%	15.6x	19.5x	26.7x	2.1x
FALCO HOLDINGS Co., Ltd.	JPN	\$144	\$82	\$295	8.4%	3.4x	2.2x	3.3x	0.3x
Fleury S.A.	BRA	\$1,659	\$2,323	\$1,178	20.3%	10.3x	7.3x	9.7x	2.0x
H.U. Group Holdings, Inc.	JPN	\$970	\$1,195	\$1,629	13.2%	5.9x	3.1x	5.6x	0.7x
Healius Limited	AUS	\$846	\$1,911	\$1,101	21.1%	10.0x	5.4x	8.2x	1.7x
Integral Diagnostics Limited	AUS	\$432	\$646	\$284	18.8%	15.1x	13.5x	12.1x	2.3x
Med Life S.A.	ROM	\$509	\$790	\$450	12.3%	10.3x	12.1x	14.2x	1.8x

■ Excluded from mean and median










Mean 8.2x 7.0x 8.0x 1.5x
Median 10.3x 9.3x 8.7x 1.7x

Source: Capital IQ

Industry Global Comparable Public Companies

Company	Country	Market Cap. US\$M	Enterprise Value US\$M	Revenue US\$M	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2023		
						2021	2022	EV/EBITDA	EV/Revenue	
Dian Diagnostics Group Co.,Ltd.	 CHN	\$2,013	\$2,611	\$2,048	16.1%	10.8x	7.0x	7.9x	1.3x	
Eurofins Scientific SE	 LUX	\$10,883	\$13,694	\$6,890	20.1%	13.7x	9.7x	9.9x	2.0x	
Laboratory Corporation of America Holdings	 USA	\$17,833	\$22,211	\$15,071	16.6%	7.0x	7.0x	8.9x	1.5x	
Medicover AB (publ)	 SWE	\$1,973	\$2,999	\$1,780	12.9%	19.5x	12.8x	13.1x	1.7x	
Quest Diagnostics Incorporated	 USA	\$13,677	\$18,625	\$9,297	22.9%	6.6x	6.6x	8.7x	2.0x	
RadNet, Inc.	 USA	\$1,911	\$3,274	\$1,580	20.1%	9.6x	8.1x	10.3x	2.1x	
Sonic Healthcare Limited	 AUS	\$9,120	\$10,726	\$5,271	20.2%	10.4x	7.0x	10.1x	2.0x	
SYNLAB AG	 DEU	\$2,346	\$4,110	\$2,848	12.2%	6.5x	4.7x	11.9x	1.4x	
■ Excluded from mean and median						Mean	9.2x	7.1x	9.3x	1.7x
						Median	10.0x	7.0x	10.0x	1.8x

Industry – Global Transactions

Date	Target	Country	Description	Buyer	Seller	% Acquired	Size US\$M	EV/ EBITDA	EV/ Revenue
Aug-23	 HUMAIN DIAGNOSTICS We care for you	IND	Provides AI-enabled diagnostic and pathology services		PV Potluri Ventures Private Limited	100.0%	\$2.7	-	-
Aug-23	 THE ADVANCED IVF INSTITUTE THE ADVANCED GYNECOLOGIC SURGERY INSTITUTE THE ADVANCED FERTILITY PRESERVATION INSTITUTE CHARLES E. MILLER, MD & ASSOCIATES	USA	Provides infertility treatment		-	100.0%	-	-	-
Jul-23	 INDIRA IVF FERTILITY & IVF CENTRE	IND	Operates fertility clinics			ND	-	-	-
Jul-23	 QDxPathology	USA	Operates a clinical and anatomical pathology laboratory		-	100.0%	\$60.2	-	1.2x

ND: Not Disclosed

Selected Transaction Commentary



"I would like to thank the Dresner team for their expertise, professionalism and competitive process, which led us to achieve a great outcome with CCRM Fertility. The Advanced IVF Institute and CCRM Fertility share a strong commitment to delivering first-class reproductive services to patients and I'm excited about the long-term potential of our new partnership."

Dr. Charles E. Miller, President and Founder of The Advanced IVF Institute



"Fertility services and reproductive health is a large and fast-growing opportunity in India and Indira IVF is a pioneer in this space. We are truly impressed by its scalable and repeatable model with best-in-class medical infrastructure and technology systems that have the ability to help realize the dreams of couples who want to become parents. We see strong potential in further expanding Indira IVF's presence across India and entering adjacent markets, while continuing to invest in its R&D capabilities and technology, drawing on EQT's in-house expertise within healthcare and digitalization."










Ashish Agrawal, Partner of BPEA EQT



"It is an honor to start a North American business with QDx, the leader of the Clinical laboratory service market in the United States. We intend to enter the U.S. diagnostic market at an innovative and reasonable price through the technology and know-how of NGS-based molecular diagnosis provided by LabGenomics."

Junghee Cho, CEO of LabGenomics USA

Private Equity Transactions

INDUSTRY CLASIFICATION	PERIOD	AVERAGE ENTERPRISE VALUE (IN USD)	REVENUE (IN USD)	TTM REVENUE GROWTH	ENTERPRISE VALUE / REVENUE	EBITDA MARGIN	ENTERPRISE VALUE /EBITDA	NUMBER OF TRANSACTIONS
 Medical and Diagnostic Laboratories <i>NAICS 6215 – Medical and Diagnostic Laboratories</i>	 2018-2023	 \$41.2M	 \$25.0M	 4.5%	 1.7x	 29.6%	 6.0x	 6
Medical Laboratories <i>NAICS 621511 – Medical Laboratories</i>	2017-2018	\$33.1M	\$14.5M	37.8%	2.1x	34.4%	6.3x	10

Notes:

- Data obtained via GF Data, a subscription-based information platform, offering detailed information and metrics about the transactions of Private Equity funds in the U.S.
- The data is provided under a blind confidential format. Users of the data are unable to identify the exact company and transaction corresponding to the transaction details. Given this blind approach, the data submitted is less likely to be biased or manipulated.

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Mandatos Representativos

 <p>INMAGUSA Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold its</p> <p>Sanitaryware business units</p> <p>ST. THOMAS CREATIONS <small>SAFARIROOMS THAT WORK BEAUTIFULLY</small></p> <p>and</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	  <p>acquired</p> <p>The Zinc Recycling Business</p> <p>of</p> 
 <p>acquired</p>  <p>Automotive dealerships from</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has sold</p> <p>Kidde de Mexico, S.A. de C.V.</p> <p>Fire Safety Solutions Business</p> <p>to an affiliate of</p> 	 <p>has sold its concrete pumping business</p> <p>to</p> 	<p>CORPORACION</p>  <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 
 <p>has been acquired by</p> 	<p>intelectiva®</p> <p>has acquired</p>  <p>KFC Costa Rica from</p> 	 <p>Multiple acquisitions</p>    	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has been acquired by</p> 	 <p>has merged its Beverage Division with</p> 	 <p>has merged its Beverage Division with</p> 

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Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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For over 25 years, Seale & Associates has served leading public and private companies from around the world and operating in a broad range of industries with a high level of quality, integrity and independence while presenting innovative ideas and trusted solutions to address their most complex dealings.

25

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