

## Exact buys, but profitability questions remain



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Shares in Exact Sciences have rocketed over the past two years but the company is not, it appears, satisfied. Its decision today to buy the fellow cancer diagnostics group Genomic Health for \$2.8bn will make the company the seventh-largest *in vitro* diagnostics concern by test revenues, according to *EvaluateMedTech's* consensus of sellside forecasts, with sales of \$3.6bn in 2024. The deal will allow Exact to diversify, adding tests for breast and prostate cancers to its colon cancer screen, Cologuard. Genomic Health's own colon cancer diagnostic, sales of which are forecast to fall, will presumably be sidelined if not discontinued. Though the deal will put Exact's revenues within touching distance of those of Becton Dickinson and Thermo Fisher Scientific, it is not clear whether it will bring the company any closer to profitability. In its second-quarter results today Exact admitted that its net loss had widened from \$36.4m to \$38.4m; Genomic Health is profitable, but only to the tune of \$16m in the second quarter. Neither will the deal help Exact head off the looming competitive threat from liquid biopsy developers; Genomic Health's tests run on tissue samples.

### Exact meets Genomic Health

Company	Segment	Annual sales (\$m)						CAGR
		2019e	2020e	2021e	2022e	2023e	2024e	
Exact Sciences	Cologuard	748	1,101	1,595	2,021	2,465	2,908	+31%
Genomic Health	Breast	389	422	459	496	533	570	+8%
	Colon	16	14	14	14	14	13	-3%
	Prostate	36	46	54	62	70	78	+17%
	AR-V7 Prostate Cancer	4	4	5	6	6	7	+15%
	<b>Combined total revenues</b>	<b>1,192</b>	<b>1,588</b>	<b>2,126</b>	<b>2,598</b>	<b>3,087</b>	<b>3,576</b>	<b>+25%</b>

Source: *EvaluateMedTech*.

### Top 10 IVD companies by 2024 sales (\$bn)

Company	2019e	2024e	CAGR
Roche	11.4	14.5	+5%
Abbott Laboratories	7.8	10.0	+5%
Danaher	6.4	8.2	+5%
Siemens Healthineers	4.7	6.0	+5%
Thermo Fisher Scientific	3.4	4.0	+3%
Becton Dickinson	3.1	3.9	+5%
<b>Exact Health</b>	<b>1.2</b>	<b>3.6</b>	<b>+25%</b>
Sysmex	2.6	3.4	+6%
Biomérieux	2.4	3.2	+6%
Ortho-Clinical Diagnostics	1.9	2.1	+2%

Source: EvaluateMedTech.