

Q4-2015 Laboratory Services Update



Market Overview

The laboratory services space continues to see significant consolidation and M&A activity. Clinical laboratories continue to view acquisition strategies as the most favorable means of expanding service lines. Industry leaders LabCorp and Quest Diagnostics continued their aggressive acquisition strategy, both making strategic bolt-on acquisitions to expand services offered and geographic regions served. Private equity continues to view platform-caliber companies with strong management teams and steep growth trajectories as favorable investments. With both payors and providers placing greater emphasis on preventative care and early detection, we expect to see continued growth in the laboratory services industry through 2016.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
December 2015	Sopris Capital Associates	HealPros, LLC	HealPros, LLC, a mobile telemedicine triage service company that provides mobile diabetic retinopathy eye examinations on behalf of healthcare payers across the country, announced it has been acquired by New York-based Sopris Capital Associates. HealPros will leverage the new round of funding to expand its mobile diabetic retinopathy program into at least twenty five states in 2016. Terms of the transaction were not disclosed.
December 2015	NRL Investment Group	The National Reference Laboratory for Breast Health	Seattle-based pharmaceuticals developer Atossa Genetics sold The National Reference Laboratory for Breast Health, (NRLBH) to NRL Investment Group. NRLBH provides laboratory testing services that focus on breast health. The deal was worth \$50,000 plus up to \$10M in earnouts based on payouts of 6 percent of the gross revenue of NRLBH. Atossa said the sale will allow it to more fully focus on the development of its pharmaceuticals. Atossa is focused on treating early stage breast cancer.
December 2015	Laboratory Corp. of America	Pathology, Inc.	Laboratory Corporation of America announced it's buying Torrance, Calif.-based laboratory firm Pathology Inc. is a leading full-service independent women's health laboratory, providing expertise in reproductive FDA donor testing as well as anatomic, molecular and digital pathology services. Terms of the transaction have not yet been disclosed.
November 2015	Quest Diagnostics	Clinical Laboratory Partners, Outreach Laboratory Service Business	Quest Diagnostics announced it has entered into a definitive agreement to acquire the outreach laboratory service business of Clinical Laboratory Partners (CLP), a wholly-owned subsidiary of Hartford HealthCare (HHC). The acquisition will expand LabCorp's presence in Connecticut. Terms of the transaction have not yet been disclosed.
October 2015	Neogenomics, Inc.	Clariant, Inc.	NeoGenomics, Inc., a provider of cancer-focused genetic testing services, announced it has reached an agreement to acquire Clariant, Inc., and its wholly-owned subsidiary Clariant Diagnostic Services, Inc., a provider of comprehensive cancer diagnostic testing to hospitals, physicians and the pharmaceutical industry. Clariant had 2014 revenue of \$127 million and Adjusted EBITDA of approximately \$13 million. The transaction purchase price includes \$80 million in cash, \$110 million in Preferred Stock, and 15 million shares of NeoGenomics Common Stock.
October 2015	DNA Diagnostics Center	GHO Capital Partners	GHO Capital Partners, a London-based investor in health-care assets, announced its acquisition of testing company DNA Diagnostics Center for \$118 million. DDC, based in Fairfield, Ohio, makes DNA tests for paternity, immigration, veterinary and forensic cases, among others. GHO Capital plans to help the company, which employs 245 people, mostly based in the U.S., expand into Europe. No further details of the deal were disclosed.