

Q1-2016 Laboratory Services Update



Market Overview

As of 2016, the top five laboratories in the U.S. market account for almost 50% of industry revenue. The desire of industry consolidators to expand existing service offerings to meet the growing needs of clients is creating an attractive mergers and acquisition marketplace. Past industry consolidation has limited the number of investable platforms, in turn, investors are rewarding scalable companies with aggressive multiples and valuations. Middle market players such as Bako Integrated Physician Solutions (invested in by Ampersand Capital in 2011, sold to Consonance Capital in 2016) have benefitted from this increase in demand for groups with strong growth trajectories, deep management teams, and a sophisticated breadth of service offerings.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
March 2016	DNA Diagnostics Center	All About Truth DNA Services	DNA Diagnostics Center, based in Fairfield, Ohio, provides DNA testing services for paternity, family relationships, genetic traits of animals, forensics, cell line authentication, and ancestry. DNA Diagnostics Center acquired All About Truth DNA Services (AATDS). AATDS, is a regional provider of DNA testing services operating in South Florida. AATDS provides DNA testing for immigration, family relationship, prenatal, and forensic purposes. No financial terms were disclosed.
March 2016	BroadOak Capital Partners	LabConnect	BroadOak Capital Partners, a life sciences focused merchant bank, has recapitalized LabConnect, a global provider of central laboratory and support services for biopharmaceutical, medical device and contract research organizations. The investment of \$4 million will allow LabConnect to continue its growth efforts in the area of medical device and CROs.
February 2016	Quest Diagnostics	Clinical Laboratory Partners	Quest Diagnostics, a provider of diagnostic information services, acquired the outreach laboratory service business of Clinical Laboratory Partners, a wholly-owned subsidiary of Hartford HealthCare. This acquisition will create a broader network of patient service centers and add rapid-response clinical laboratories in Connecticut. No financial terms were disclosed.
January 2016	NSF International	AuthenTechnologies	NSF International acquired AuthenTechnologies, which is headquartered in California and operates both in the U.S. and also internationally. NSF International based in Ann Arbor, Michigan, provides standards development, product certification, auditing, consulting, education, and risk management services. AuthenTechnologies specializes in DNA-based species identity testing and genetic fingerprinting aspects. This deal helps NFS International address consumer and regulatory concerns regarding the safety and authenticity of food and other health products. No financial terms were disclosed.
January 2016	VWR Corporation	Therapak	VWR, an independent provider of laboratory products, services, and solutions, has acquired Therapak Corporation and Therapak Pharma Services Limited, suppliers of pre-packaged convenience kits and procedure packs for the clinical trial, pharmaceutical, diagnostic, and clinical laboratory industries. No financial terms were disclosed.
January 2016	Consonance Capital Partners	Bako Integrated Physician Solutions	Consonance Capital Partners, a healthcare-focused private equity fund, completed an acquisition of Bako Integrated Physician Solutions, a specialty laboratory testing services company providing a comprehensive suite of anatomic pathology, proprietary molecular biology, and neurology tests. Following the recapitalization, the Company will look to expand its reach within the podiatry market and build on its service offerings and differentiated testing capabilities. No financial terms were disclosed.