

# Q2-2016 Laboratory Services Update



## Market Overview

Consolidation in the laboratory services sector has long been pressured by the commoditization of inexpensive testing. The largest industry providers have the ability to offer the same test at a fraction of the price. The big have only gotten bigger through acquisition, leaving smaller providers to either consolidate or be acquired. With an increased attention to comprehensive, preventative care, both payors and health systems are seeing the benefit of having clinical laboratory services in-house. Providers, through acquisition, are developing extensive infrastructure to manage information and data analytics. Providers are increasingly observing the positive effect in-house laboratory services have on operations, efficiencies, favorable outcomes, and total cost of care. Advanced Dermatology & Cosmetic Surgery's acquisition of Skin Pathology Associates shows providers' focus on building out laboratory platforms. Increased focus on personalized medicine will continue to drive in-house labs ability to deliver revenue and provide value. We expect the rest of 2016 and beyond will show health systems making substantial investments into their clinical laboratory platforms. This, coupled with the continued acquisitions made by national providers, will fuel a healthy laboratory services M&A marketplace.

## SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
June 2016	Schryver Medical Sales And Marketing	Professional Clinical Laboratory	Schryver Medical Sales and Marketing, a portfolio company of Revelstoke Capital Partners, a Denver-based private equity firm, completed the acquisition of Professional Clinical Laboratory. The acquisition bolsters Schryver's presence in the Texas market, where it began offering services last December following the acquisition of Community Portable X-Ray and MetroStat Clinical Laboratory / MetroStat Diagnostic Services. Financial terms of the transaction were not disclosed.
June 2016	Ningbo Medicalsystem Biotechnology	Atherotech	Ningbo MedicalSystem Biotechnology, a Chinese-based diagnostic products company has acquired Atherotech. Atherotech operates a clinical reference laboratory that specializes in cardiometabolic testing and disease management solutions. The value of the acquisition was roughly \$19.6 million.
June 2016	Oxford Immunotec Global	Imugen	Oxford Immunotec Global, a diagnostics company focused on developing and commercializing proprietary tests for the management of immune-regulated conditions, announced it has entered into a definitive agreement to acquire substantially all of the assets of Imugen, a Massachusetts-based clinical laboratory focused on developing and performing specialized testing for tick-borne diseases, for \$22.2 million.
May 2016	CooperSurgical	Recombine	CooperSurgical, part of The Cooper Companies, a global medical device company, announced it will acquire Recombine, a clinical genetic testing company specializing in carrier screening. The transaction is valued at approximately \$85 million.
April 2016	Advanced Dermatology & Cosmetic Surgery	Skin Pathology Associates	Advanced Dermatology & Cosmetic Surgery (portfolio company of Harvest Partners) announced it has completed the acquisition of Skin Pathology Associates. Skin Pathology Associates is a dermatopathology laboratory providing diagnostic services to referring dermatologists, plastic surgeons, primary care physicians, ophthalmologists and pediatricians across the United States. Financial terms of the transaction were not disclosed.
April 2016	Aurora Diagnostics	Pathology Associates of Sebring	Aurora Diagnostics (portfolio company of KRG Partners) has acquired Pathology Associates of Sebring, a hospital-based practice that provides pathology services to Highlands Regional Medical Center. The acquisition expands the footprint of Aurora Diagnostics, based in Palm Beach Gardens, into Central Florida. Financial terms of the transaction were not disclosed.