

Q4-2016 Laboratory Services Update



Market Overview

A national increase in chronic and debilitating health conditions such as cancer and diabetes continues to fuel demand for clinical laboratory services from patients. The increase in chronic ailments is most prevalent among geriatric patients, a demographic that is expected to expand 20% over the next decade. Personalized medicine and early detection of life threatening ailments continues to be a driving force in the industry. DNA Diagnostic Center's acquisition of Identigene represents the industry's ongoing focus on early detection solutions. A handful of major players continue to command over 50% of the market collectively, a percentage that grows each year as groups invest increasing amounts of capital into acquisitions. Eurofins further expanded its market presence in North America with its acquisition of Exova's Environmental Testing Business. Provident expects to see increased consolidation throughout 2017 as more healthcare dollars flow into clinical laboratory services.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
December 2016	DNA Diagnostics Centers	Identigene	DNA Diagnostics Center, one of the world's largest private DNA testing companies, announced the acquisition of Identigene, a wholly-owned subsidiary of Sorenson Genomics. Identigene was established in 2007 as the first in-home DNA paternity test collection kit sold through retail outlets nationwide. Financial terms of the transaction were not disclosed.
December 2016	Eurofins Scitentic	Exova's Environment Testing Business	Eurofins Scientific, a world leader in bioanalytical testing, announced that it has acquired Exova's environment testing business in Eastern Canada for about CAD 13m. The acquired business includes five laboratories in Quebec and Ontario, employing about 160 staff, and generated around CAD 19m of revenues in 2015. The transaction reinforces Eurofins' nascent footprint in Canada, which started with the acquisition in May 2015 of Experchem, a laboratory focused on nutraceuticals testing.
November 2016	P4 Diagnostix	Metamark Laboratories	P4 Diagnostix acquired Metamark Laboratories from Metamark Genetics. Metamark Laboratories, specializing in urology testing, will help expand the geographic reach and insurance base for P4 Diagnostix. The financial terms of the transaction were not disclosed.
November 2016	Cellnetix Pathology & Laboratories	Puget Sound Institute of Pathology	CellNetix Pathology & Laboratories, a Washington-based provider of comprehensive subspecialty clinical and anatomic pathology services and operator of anatomic pathology laboratories, announced its agreement to merge with the Puget Sound Institute of Pathology, a provider of specialty diagnostic pathology services in Washington. Financial terms of the deal were not disclosed.
October 2016	Transgenomic	Precipio Diagnostics	Publicly traded Transgenomic and privately-held Precipio Diagnostics announced entry into a merger agreement, pursuant to which Precipio will become a wholly owned subsidiary of Transgenomic, and Transgenomic will be renamed Precipio, Inc. Transgenomic is a global biotechnology company specializing in personalized medicine aimed at improving medical diagnoses and patient outcomes in oncology and inherited diseases. Precipio specializes in finding more accurate diagnostic testing technologies. The financial terms of the transaction were not disclosed.