

Q1-2017 Laboratory Services Update



Market Overview

Variability in reimbursement has been the story of the laboratory services space throughout much of the last year. This reimbursement unpredictability has pushed the majority of private equity investors to the sidelines as they cautiously await more clarity on the future of the industry. While there has been a decrease in PE investment, strategic acquirers and industry consolidators continue to reinvest heavily into the space. LabCorp has remained acquisitive as it looks to grow its market share, completing the acquisition of Pathology Associates in February. Provident expects to see continued consolidation activity in the laboratory space throughout 2017, especially as the future of reimbursement becomes more clear.

SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
February 2017	Pharmaron	Shin Nippon Biomedical Laboratories Clinical Pharmacology Center	Pharmaron, an R&D service provider for the life sciences industry, acquired Shin Nippon Biomedical Laboratories Clinical Pharmacology Center (SNBL CPC). SNBL CPC is a clinical pharmacology facility located in the University of Maryland BioPark in Baltimore, Maryland. The financial terms of the deal were not disclosed.
February 2017	Laboratory Corporation of America	Pathology Associates Medical Laboratories	Laboratory Corporation of America acquired all of the ownership interest in Pathology Associates Medical Laboratories (PAML), a medical reference laboratory and a healthcare solutions company jointly owned by Providence and CHI. Headquartered in Spokane, Washington, PAML and its joint ventures provide services in California, Colorado, Idaho, Kentucky, Montana, Oregon, Utah and Washington. The financial terms of the deal were not disclosed.
February 2017	MiRagen Therapeutics	Signal Genetics	MiRagen Therapeutics, a clinical-stage biopharmaceutical company focused on the discovery and development of microRNA-targeted therapies, acquired Signal Genetics for \$60 million. Signal Genetics, a commercial stage molecular genetic diagnostic company, focuses on providing diagnostic services that assist physicians in decision making for the care of patients suffering from cancer. Signal Genetics was founded in 2010 and is headquartered in Carlsbad, California.
January 2017	Werfen Instrumentation Laboratory	Accriva Diagnostics	Werfen Instrumentation Laboratory acquired Accriva Diagnostics, helping to grow their point-of-care testing portfolio. Accriva is a diagnostic company focused on creating products that provide more timely and precise information, which leads to improved treatment outcomes. The financial terms of the deal were not disclosed.
January 2017	Merck	BioControl Systems	Merck, a life science and technology company, acquired BioControl Systems. BioControl System develops industrial microbiology testing solutions. Its product categories include pathogen testing, cleaning validation, quality indicators, quality assurance, chemical residues, and system solutions. The company offers microbiology tests for food safety, quality control, and HACCP monitoring applications worldwide. BioControl Systems was founded in 1985 and is based in Bellevue, Washington with over 100 employees worldwide. The financial terms of the deal were not disclosed.