

# Q2-2017 Laboratory Services Update



## Market Overview

The laboratory services space continues to see significant consolidation among niche test providers. Strategic acquirers continue to outbid private equity groups for opportunities in the space. Industry leaders such as Quest Diagnostics (completing or announcing four acquisitions in the quarter) and Aurora Diagnostics (acquiring Cleveland Skin Pathology Lab and University Pathologists) have demonstrated a significant interest in utilizing merger and acquisition strategies to expand both their geographic presence and service offerings. Given the uncertainty in reimbursement for laboratory services, Provident expects to see the M&A marketplace continue to be dominated by strategic consolidators for the remainder of 2017.

## SELECT TRANSACTIONS:

Date	Acquirer	Target	Description
June 2017	Quest Diagnostics	Cape Cod Healthcare (Outreach Laboratory Business)	Quest Diagnostics is set to acquire the outreach laboratory services business of Cape Cod Healthcare (CCHC). CCHC is the leading provider of healthcare services for residents of Cape Cod. Terms of the transaction were not disclosed.
June 2017	Quest Diagnostics	Med Fusion and Clear Point	Med Fusion and Clear Point, two laboratory businesses located in Texas, were acquired by Quest Diagnostics. The two businesses provide a full range of diagnostic services to physicians and provider networks. The acquisition will establish Quest as a center of diagnostic services for the detection of cancer in the state. Terms of the transaction were not disclosed.
June 2017	Poplar Healthcare	Genetics of Memphis	Poplar Healthcare, a leading laboratory services company in Memphis, TN, announced its acquisition of Genetics of Memphis. Genetics of Memphis is a cytogenetics reference laboratory and training facility, one of just five in Tennessee. Terms of the transaction were not disclosed.
May 2017	Aurora Diagnostics	Cleveland Skin Pathology Laboratory	Cleveland Skin Pathology Laboratory is a physician-owned practice providing dermatopathology services. Aurora, a diagnostics company with a commitment to community-based pathology practices, announced its acquisition of Cleveland Skin Pathology in May. Terms of the transaction were not disclosed.
May 2017	Poplar Healthcare	Bostwick Laboratories	Poplar Healthcare, a laboratory services company headquartered in Memphis, TN, acquired Bostwick Laboratories. Bostwick is an anatomic pathology laboratory specializing in the monitoring and diagnosis of cancer. Terms of the transaction were not disclosed.
May 2017	Quest Diagnostics	PeaceHealth	Quest Diagnostics expanded its diagnostic service offerings into Oregon, Washington and Alaska with the acquisition of PeaceHealth. Quest will now manage the 11 laboratories that serve PeaceHealth's medical centers. Terms of the transaction were not disclosed.
May 2017	LabCorp	Mount Sinai Health System (Clinical Outreach Laboratories)	LabCorp has announced it will acquire several clinical laboratories that support Mount Sinai, a major health system located in New York City. The acquisition adds seven laboratories to the 120 labs that the company already operates in the metro area. Terms of the transaction were not disclosed.
April 2017	Exova Group	SL Pharma Labs	SL Pharma Labs, a laboratory services business located in Delaware, has been acquired by Scotland-based Exova Group. The company's services include formulation development, process development, analytical development, microbiological development, clinical manufacturing and stability testing. Terms of the transaction were not disclosed.
April 2017	Aurora Diagnostics	University Pathologists	Aurora Diagnostics has acquired University Pathologists, a provider of anatomic pathology services to eight hospitals in Connecticut, Massachusetts, and Rhode Island. This acquisition marks Aurora's eighth in the laboratory sector since 2013. University Pathologists will support Aurora's three existing diagnostic locations in New England. Terms of the transaction were not disclosed.