

# Q1-2018 Laboratory Services Update



## Market Update

Uncertainty in the greater healthcare industry continues to trickle down to the laboratory services sector. Questions around the Medicare market-based national fee schedule and the expectation of major payment cuts for laboratory tests looms on the horizon. This reimbursement uncertainty has continued to fuel a robust consolidation market, with many small to mid-sized providers turning to consolidation to fend off industry headwinds. The first quarter of 2018 saw a number of strategic acquisitions as the industry prepares for looming cuts. Provident expects to see this heightened activity remain as small providers look to find a home for the future and larger industry competitors look to leverage size and scale to combat downward industry pressures.

## Select Transactions:

| Month    | Acquirer              | Target                             | Significance  |
|----------|-----------------------|------------------------------------|---|
| March    | Aegis Sciences        | Ameritox                           | Aegis Sciences, a laboratory services provider backed by ABRY Partners, acquired Ameritox. Ameritox is a provider of urine drug testing and pain medication monitoring based in Baltimore, MD. Financial terms of the deal were not disclosed.  |
| March    | Genoptix              | CynoGen                            | Genoptix, a provider of diagnostic laboratory services backed by 1315 Capital and Ampersand Capital Partners, acquired CynoGen. CynoGen is a provider of molecular diagnostics and laboratory testing services. The transaction was completed via a leveraged buyout valued at \$1mm.                       |
| February | De Novo Diagnostics   | Solis Medical Laboratory           | De Novo Diagnostics, a diagnostics services provider, acquired Solis Medical Laboratory. Solis Medical is a provider of clinical laboratory testing services. Financial terms of the deal were not disclosed.   |
| January  | Tentamus              | Adamson Analytical Labs            | Tentamus, a provider of test laboratory services backed by Auctus Capital Partners, acquired Adamson Analytical Labs. Adamson Analytical Labs is a provider of laboratory testing services designed for the chemical sciences and microbiological industry. Financial terms of the deal were not disclosed. |
| January  | Quest Diagnostics     | Mobile Medical Examination Service | Quest Diagnostics (NYSE: DGX), a diagnostic information services company, reached a definitive agreement to acquire Mobile Medical Examination Service (MMES). MMES is a provider of comprehensive health risk assessments based in California. Financial terms of the deal were not disclosed.             |
| January  | ACM Global Laboratory | DrugScan                           | ACM Global Laboratory, a provider of diagnostic and clinical trial testing services, acquired DrugScan. DrugScan is a provider of toxicology laboratory testing services based in Pennsylvania. Financial terms of the deal were not disclosed.   |
| January  | Centre Lane Partners  | Alternative Biomedical Solutions   | Centre Lane Partners, a New York City-based private equity firm, acquired Alternative Biomedical Solutions (ABS). ABS is a lab management company based in Carrollton, TX. Financial terms of the deal were not disclosed.  |

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## Upcoming Laboratory Services Conferences

*FIME Medlab Americas*  
July 17<sup>th</sup> – July 19<sup>th</sup> Orlando, Florida

*70<sup>th</sup> Annual Scientific Meeting and Clinical Lab Expo*  
July 29<sup>th</sup> – August 2<sup>nd</sup> Chicago, Illinois