



DealReader Diagnostics & Research Tools (D&RT)

June 2017

Overview/Updates

D&RT is afforded attractive valuations and is a compelling, dynamic M&A market

Mark your calendar: Lincoln's AACC Dinner Event featuring speaker David King, CEO of LabCorp: August 1st, 2017 in San Diego

Highly active Lincoln Healthcare Group with 47 transactions since 2015

Inside this Issue

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Recent Lincoln Deals



Virotech: researcher and manufacturer of diagnostic products used for antibody detection of infectious diseases



Diatron: manufacturer of hematology and clinical chemistry analyzers and related consumables to the human and veterinary medicine markets



SP: designer and manufacturer of scientific equipment precision lab ware serving healthcare and research customers



Wheaton: supplier of premium laboratory glassware and consumables used for life science research and development, in vitro diagnostics and medical packaging

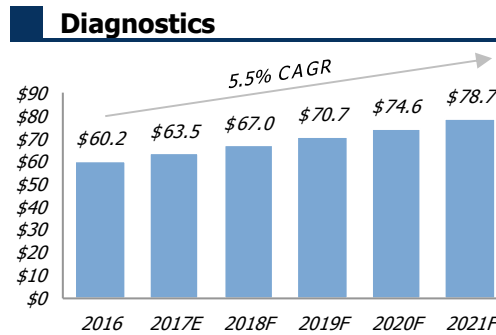
Market Size and Growth

Diagnostics and Research Tools (“D&RT”) companies sell equipment, instruments, kits, consumables, products and software into laboratories (clinical, hospital based, physician office), pharmaceutical / biotechnology research and academic settings as well as into industrial and applied markets. The D&RT sectors combined represent a ~\$110+ billion market opportunity. The Diagnostics market is a ~\$60 billion segment growing at 5.5% driven by molecular diagnostics and personalized medicine. Research Tools is a ~\$50 billion market growing at 3.8% driven by

bioprocessing and pharmaceutical R&D spending.

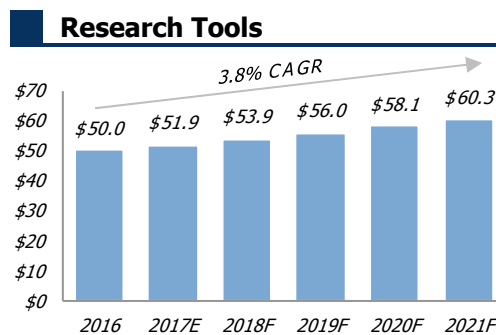
As we predicted in our Q2 2015 Deal Reader, the blockbuster model of big pharma will, in due course, give way to changes driven by the introduction of personalized medicine initiatives. The diagnostics, research tools and device markets are all leading the move in that direction, forcing big pharma to abandon its blockbuster drug model as a driver of strategy. The D&RT markets are driven by several common and distinct trends.

D&RT Industry Market Size, Growth and Drivers



Source: Markets and Markets, Research and Markets

- Shift toward personalized, patient specific medicine
- Continued growth and innovation in molecular/genetic testing market
- Emergence of the “healthcare consumer” driving near-patient and direct-to-consumer testing and screening initiatives
- Development in international growth economies
- Uncertain reimbursement and regulatory environment in the U.S.
- Importance of digitization and data
- Impact of cost containment initiatives within hospitals and physician offices



Source: Markets and Markets, Research and Markets

- Uncertainty around government (NIH) and academic funding and budgets
- Changes in pharma and biotech R&D spending
- Shift in pharma and biotech pipelines toward large molecule drugs
- Continued growth in bioprocessing markets
- Data and analytics capabilities, especially around DNA sequencing
- Demand from industrial / applied end markets
- International market expansion and growth opportunities

Market Definition

While select sectors of D&RT are highly fragmented with numerous private companies, the larger public companies can be generally defined into four categories:

- Conglomerates: Large, global organizations with diverse industrial, technology, pharmaceutical businesses with some small Diagnostics or Research Tools businesses;
- Diversified: Large global healthcare focused companies with significant operations in Diagnostics and Research Tools, often both;
- Diagnostics: Companies primarily operating in the manufacturing and distribution of instruments, tests, kits or consumables for clinical human or animal testing; and
- Research Tools: Companies focused on selling lab equipment, instruments, substances, consumables and lab ware for pharma/academic research or applied markets

Additional Lincoln Deal Experience

SEKISUI
has agreed to acquire
EIDIA

CORNING
has acquired the glass tubing business of
GERRESHEIMER

BECKEN PETTY O'KEEFE & COMPANY
has sold
Reichert
to
AMETEK

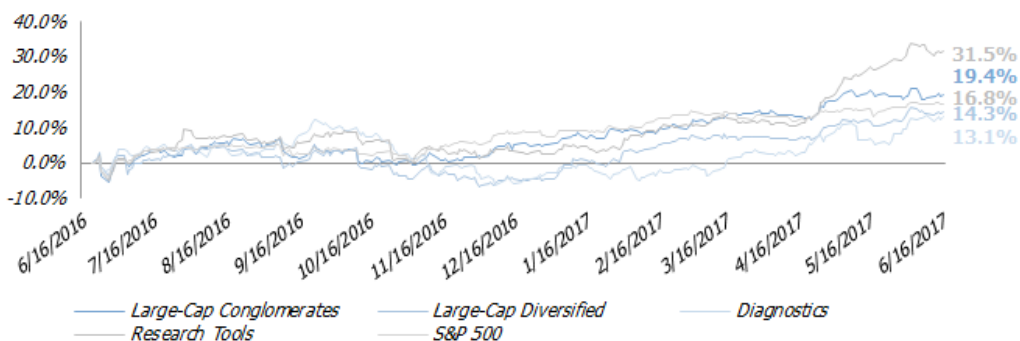
Qualium INVESTISSEMENT
has sold
GOSSELIN
to
CORNING

SEKISUI
has acquired
genzyme Diagnostics
from
genzyme

Lincoln's D&RT Index Performance

Lincoln International D&RT-Based Healthcare Indices

LTM Relative Stock Price Performance

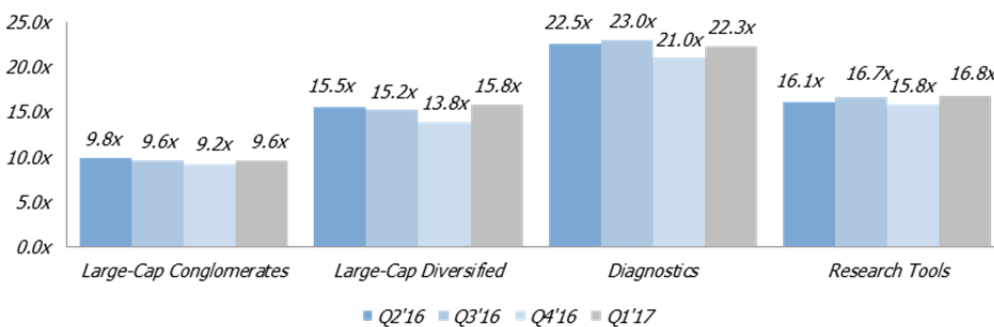


Large-Cap Diversified: ABT, A, BDX, BIO, TECH, DHR, SZSE:300206, BME:GRF, HOLX, ILMN, DB:MRK, TSE:4544, SWX:TECN, TMO
Large-Cap Conglomerates: DB:BAYN, GLW, TSE:4901, GE, TSE:6501, IEX, ENXTAM:PHIA, DB:MRK, TSE:4188, SWX:ROG, KOSE:A005930, TSE:4204, DB:SIE
In-Vitro Diagnostics: ABAX, AXDX, ENXTPA:BIM, OM:BOUL, SZSE: 002030, BIT:DIA, GNMK, AIM:IDH, VIVO, NEOG, OSUR, QDEL, KOSDAQ: 096530, DB:SBS, TSE:6869, TTOO, TRIB
Research Lab Products: AIM:ABC, OM:BIOT, TECH, BRKR, ENZ, HBIO, LMNX, MLAB, MTD, PKI, QGEN, DB:SRT, TSE:7701, SGX:T43, VWR, WAT

Over the last twelve months, all sectors of the D&RT Index are trending upward with the broader market. After a pullback in late Q3 2016 and Q4 2016, since the beginning of 2017 all sectors have rallied to positive territory. The Large-Cap Conglomerates have significantly outperformed all sectors and the broader stock market at 15.7%. The Large-Cap Conglomerates were led by Samsung Electronics, which increased 65.4% driven by strong earnings despite the Samsung Galaxy Note 7 recall. The majority of Samsung's 2017 earnings are expected to result from display and semiconductor unit sales, markets in which Samsung leads the competition, not by Samsung's healthcare businesses Samsung Medison and Samsung Biologics. The Research Tools index performed well with Biotage AB increasing 43.5% and Mesa Laboratories, Inc. increasing 29.0% during the last twelve months.

While D&RT companies' stock price performance has vacillated, revenue and EBITDA multiples have either maintained or expanded over the last twelve months. Across the D&RT sector, companies have generally traded in the 2.0x to 5.0x LTM revenue multiple range and mid-teens to low twenties multiples of LTM EBITDA. The Diagnostics sector is afforded the highest multiples, due to growth rates and market opportunity for their product offerings. The Diagnostics Index trades at nearly 5.0x LTM revenue and above 20.0x LTM EBITDA. Large-Cap Diversified companies, which have meaningful businesses focused on D&RT have attractive LTM revenue (3.5x-4.0x) and LTM EBITDA (14.0x-15.0x) multiples. Exposure to the fastest growing end markets heightens investor expectations, especially for diagnostics companies, where companies are expected to accelerate revenue growth in expanding markets to grow into current valuations.

Historical Median Enterprise Value / EBITDA Performance



Lincoln's D&RT Team



Tony Crisman
Managing Director



Shahab Fathezam
Managing Director and Vice Chairman of Global Healthcare

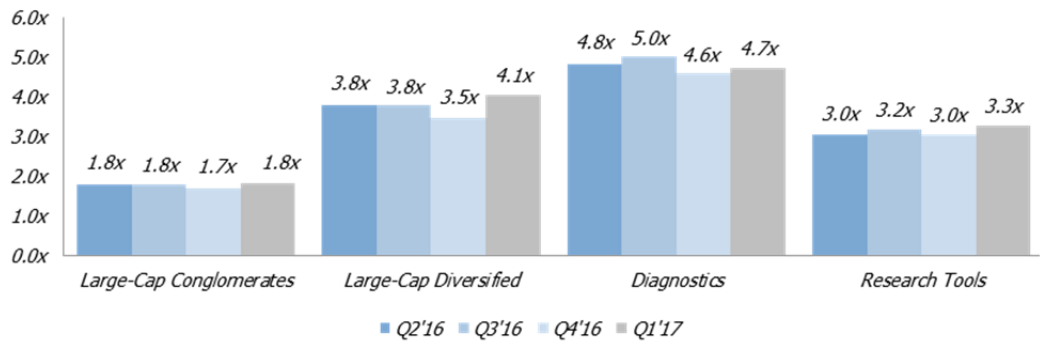


Kai Ingo Seidel
Managing Director (Germany)



Cynthia Goulet
Director

Historical Median Enterprise Value / LTM Revenue Performance

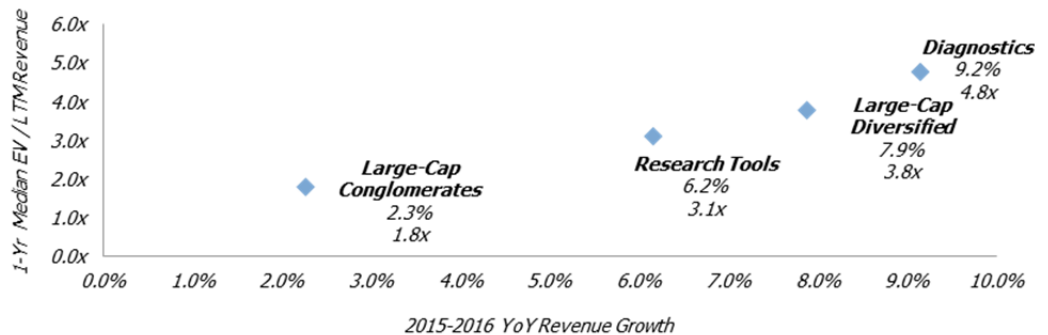


Note: See previous page for comparable public companies listing by category

Given the correlation of growth / corporate leadership and valuation, there is a strong focus on revenue expansion and growth, especially through synergistic acquisitions, as a key driver. D&RT companies aggressively seek new revenue opportunities in adjacent markets, new geographies and innovative, market disrupting technologies. Given the typically attractive gross margins resulting from recurring revenue models (razor / razor blade

or disposable), with proper distribution channel access and operational efficiencies, D&RT executives know that revenue scale will produce attractive operating margins. While organic growth initiatives and internal research and development are a focus, they are often not enough to support investor expectations. The need for D&RT companies to augment organic growth through acquisitions has created an aggressive and vibrant M&A market.

Historical Median Enterprise Value / EBITDA Performance



Sources for above graph: Capital IQ, Lincoln International Healthcare Group

M&A Market Dynamics

The D&RT sector remains an M&A market standout with LTM EBITDA multiples in the mid to high-teens range, depending on the target company focus and performance. The historical consolidation of mid-size and small companies has resulted in sector being “dominated” by large, aggressive and highly competitive consolidators with significant channel access. However, the market remains highly fragmented with numerous, attractive, highly-profitable family and entrepreneur owned businesses. Given strong historical consolidation, there tend to be fewer sizeable, desirable acquisition targets left in many of the D&RT sectors. The targets with desirable attributes are coveted and receive premium valuations from aggressive consolidators that have sophisticated and proactive business development efforts. D&RT has also seen the emergence of “non-healthcare” company acquirers such as industrial and chemical companies as well as electronics manufacturers. International buyers, especially in Asia, continue to play a larger role in the D&RT M&A landscape.

Among the strategic consolidators, specific diversification strategies have emerged, including:

- garner or expand distribution channel access;
- diversify geographically;
- expand product portfolio, fill “gaps” in current offering or enter new markets;
- own manufacturing and integrate consumables or instrumentation associated with current offering;
- access next-generation technologies that will replace current offering or installed base;
- add unique offerings (software, services, etc.) to drive into existing customer base;
- acquire revenue to scale and leverage current infrastructure; and leverage information and/or communications technologies.

Selected M&A Transactions

Date	Target Company	Target Location	Target Description	Acquiring Company	Enterprise Value	EV / LTM	
						Revenue	EBITDA
Announ.	Alere Inc.	United States	Alere Inc. provides professional diagnostic products and services for infectious and cardiometabolic disease and toxicology	Abbott Laboratories	\$7,449	3.1x	20.9x
Announ.	SSI Diagnostica A/S	Denmark	SSI Diagnostica A/S develops, produces, and sells in vitro diagnostic products	Adelis Equity Partners AB; Adelis Equity Partners Fund I AB	\$38	1.7x	n/a
Jun-17	StatLab Medical Products	United States	StatLab Medical Products manufactures consumables, kits and equipment for the anatomic pathology laboratory	Cressey & Company, LP	n/a	n/a	n/a
May-17	VWR Corporation	United States	VWR Corporation provides laboratory products, services, and solutions to the life science, general research and applied markets	Avantor Performance Materials	\$6,618	1.5x	13.5x
Mar-17	Cole-Parmer Instrument Company, LLC	United States	Cole-Parmer Instrument Company, LLC supplies laboratory and industrial fluid handling products, instrumentation, equipment and supplies	Golden Gate Capital	\$955	n/a	n/a
Mar-17	DuPont Qualicon, Inc.	United States	DuPont Qualicon, Inc. provides science-based microbial diagnostics products	Hygiena, LLC	n/a	n/a	n/a
Feb-17	WaferGen Bio-systems, Inc.	United States	WaferGen Bio-systems, Inc. develops, manufactures, and sells systems for single-cell analysis and clinical research	Takara Bio USA Holdings, Inc.	\$18*	2.0x	n/a
Feb-17	RainDance Technologies, Inc.	United States	RainDance Technologies, Inc. develops genomic tools for non-invasive liquid biopsy applications	Bio-Rad Laboratories, Inc.	\$87	n/a	n/a
Feb-17	GenWay Biotech, Inc.	United States	GenWay Biotech, Inc. provides protein and antibody solutions	Aviva Systems Biology LLC	n/a	n/a	n/a
Feb-17	Finesse Solutions, Inc.	United States	Finesse Solutions, Inc. manufactures measurement and control solutions	Thermo Fisher Scientific Inc.	n/a	n/a	n/a
Jan-17	Hysitron Incorporated	United States	Hysitron Incorporated develops nanomechanical test instruments	Bruker Corporation	n/a	n/a	n/a
Jan-17	Accriva Diagnostics Holdings, Inc.	United States	Accriva Diagnostics Holdings, Inc. develops healthcare diagnostic products	Instrumentation Laboratory Company	\$380	4.0x	nd
Jan-17	BioControl Systems, Inc.	United States	BioControl Systems, Inc. develops industrial microbiology testing solutions	MilliporeSigma	n/a	n/a	n/a
Dec-16	Phenomenex Inc.	United States	Phenomenex Inc. develops novel analytical chemistry solutions	Danaher Corporation	\$700	3.5x	n/a
Dec-16	TangenX Technology Corporation	United States	TangenX Technology Corporation manufactures both single use and reusable tangential flow filtration cassettes	Repligen Corporation	\$37	5.8x	13.9x
Nov-16	Cepheid	United States	Cepheid, a molecular diagnostics company, develops, manufactures and markets integrated systems for testing	Danaher Corporation	\$4,079	7.2x	57.5x
Oct-16	Kimble Chase Life Science and Research Products	United States	Kimble Chase Life Science and Research Products manufactures reusable, disposable and specialty laboratory glassware	DURAN Group GmbH	\$131	1.2x	nd
Oct-16	Advanced Instruments, Inc.	United States	Advanced Instruments, Inc., along with its subsidiaries, manufactures and distributes instrumentation	Windjammer Capital	nd	nd	nd

* earnout based

Selected M&A Transactions

Date	Target Company	Target Location	Target Description	Acquiring Company	Enterprise Value	EV / LTM	
						Revenue	EBITDA
Oct-16	TriLink BioTechnologies, Inc. and Cygnus Technologies Inc.	United States	TriLink BioTechnologies, Inc. manufactures nucleic acids and Cygnus Technologies Inc. provides bioprocess contaminant testing products	Maravai Life Sciences Inc.	n/a	n/a	n/a
Oct-16	Immunitics, Inc.	United States	Immunitics, Inc. develops and markets immunoassay and molecular probe technology	Oxford Immunotec Global PLC	\$12	n/a	n/a
Sep-16	SPEware Corporation	United States	SPEware Corporation develops and manufactures laboratory workflow solutions	Tecan Group Ltd.	\$60	n/a	n/a
Sep-16	TECHLAB, Inc.	United States	TECHLAB, Inc. engages in the research, development, manufacture and distribution of non-invasive intestinal diagnostics	Pharos Capital Group, LLC; Pharos Capital Partners III, L.P.	nd	nd	nd
Sep-16	Sequenom Inc.	United States	Sequenom, Inc., a life sciences company, develops and commercializes molecular diagnostics testing services	Laboratory Corporation of America Holdings	\$365	3.2x	n/a
Aug-16	Hygiena, LLC	United States	Hygiena, LLC manufactures and supplies hygiene monitoring systems, environmental collection systems and rapid dilution devices	Warburg Pincus LLC	nd	nd	nd
Aug-16	LGC Limited	United Kingdom	LGC Limited, a life sciences measurement and testing company, provides reference materials, proficiency testing, and genomic and analytical products and services	KKR & Co. L.P.; KKR European Fund IV L.P.	n/a	n/a	n/a
Aug-16	CD Diagnostics, Inc.	United States	CD Diagnostics, Inc. is an integrated diagnostics company with an expertise in immunoassay development, manufacturing and commercialization	Zimmer Biomet Holdings, Inc.	nd	nd	nd
Aug-16	Scandinavian Micro Biodevices ApS	Denmark	Scandinavian Micro Biodevices ApS designs, develops and manufactures diagnostic cartridges	Zoetis Inc.	\$80	n/a	n/a
Aug-16	Advanced Cell Diagnostics, Inc.	United States	Advanced Cell Diagnostics, Inc. develops and commercializes cell and tissue based diagnostic tests	Bio-Techne Corporation	\$325	13.0x	n/a
Jul-16	CHEK Diagnostics	United States	CHEK Diagnostics designs, manufactures and markets point-of-care diagnostics products	Sinocare Inc.	\$200	n/a	n/a
Jul-16	ViroCyt, LLC	United States	ViroCyt, LLC provides virus quantification solutions	Sartorius Aktiengesellschaft	\$16	n/a	n/a
Jul-16	Biosafe SA	Switzerland	Biosafe SA develops, manufactures and supplies products for cell processing in the areas of adult stem cell banking and regenerative medicine	GE Healthcare Limited	n/a	n/a	n/a
Jul-16	IMUGEN, Inc.	United States	IMUGEN, Inc., a clinical laboratory, engages in the development of specialized testing of clinical specimens for tick borne diseases	Oxford Immunotec Global PLC	\$22	2.0x	n/a
Jul-16	Sony DADC BioSciences GmbH (nka:STRATEC Consumables GmbH)	Austria	STRATEC Consumables GmbH is an OEM supplier of smart polymer-based consumables	STRATEC Biomedical AG	\$34	2.0x	n/a
Jun-16	Riken Genesis Co., Ltd.	Japan	Riken Genesis Co., Ltd. offers a genotyping technology	Sysmex Corporation	n/a	n/a	n/a
Jun-16	Nanosphere, Inc.	United States	Nanosphere, Inc. develops, manufactures and markets molecular diagnostic tests for infectious diseases and associated drug resistance markers	Luminex Corporation	\$101	4.4x	n/a
Jun-16	IntelliCyt Corporation	United States	IntelliCyt Corporation develops cell- and bead-based screening solutions	Sartorius Aktiengesellschaft	\$90	6.7x	n/a
Jun-16	Exiqon A/S	Denmark	Exiqon A/S provides life science research products	QIAGEN N.V.	\$104	4.3x	n/a
Jun-16	Cisbio Bioassays SAS	France	Cisbio Bioassays SAS, a life sciences company, develops and sells assays and reagents	Abénex Capital SA	n/a	n/a	n/a
May-16	Hyglos GmbH	Germany	Hyglos GmbH, a biotech company, develops highly specific bacteriophage-derived proteins	bioMérieux S.A.	\$27	n/a	n/a
May-16	Focus Diagnostics, Inc.	United States	Focus Diagnostics, Inc. manufactures and distributes molecular and immunology products	DiaSorin S.p.A.	\$300	3.8x	12.5x
Apr-16	Vector Laboratories, Inc.	United States	Vector Laboratories, Inc. engages in the research, development and manufacture of labeling and detection solutions	GTCR, LLC; GTCR Fund XI LP	nd	nd	nd
Apr-16	Douglas Scientific LLC	United States	Douglas Scientific LLC designs and manufactures laboratory instruments	LGC Limited	n/a	n/a	n/a
Mar-16	Diatron MI PLC	Hungary	Diatron MI PLC develops, manufactures and markets hematology analyzers, clinical chemistry analyzers and associated reagents	STRATEC Biomedical AG	nd	nd	nd
Mar-16	Affymetrix Inc.	United States	Affymetrix, Inc. provides life science products and molecular diagnostic products	Thermo Fisher Scientific Inc.	\$1,328	3.7x	25.0x

Selected M&A Transactions

Date	Target Company	Target Location	Target Description	Acquiring Company	Enterprise Value	EV / LTM	
						Revenue	EBITDA
Mar-16	Magellan Diagnostics, Inc.	United States	Magellan Diagnostics, Inc., a medical device company, develops and manufactures point-of-care systems and clinical laboratory instruments	Meridian Bioscience, Inc.	\$66	4.1x	nd
Mar-16	Zephyrus Biosciences, Inc.	United States	Zephyrus Biosciences, Inc., a life science research tools company, develops and commercializes research tools	Bio-Techne Corporation	\$15	n/a	n/a
Mar-16	Progenika Biopharma, S.A.	Spain	Progenika Biopharma, S.A. engages in the design, research, development, manufactures point-of-care systems and clinical laboratory instruments	Grifols, S.A.	\$85	n/a	n/a
Mar-16	LaserGen, Inc.	United States	LaserGen, Inc. operates as a biotechnology company that focuses on developing and markets advanced performance products	Agilent Technologies, Inc.	\$167	n/a	n/a
Jan-16	Nipro Diagnostics, Inc. (nka:Trividia Health, Inc.)	United States	Trividia Health, Inc., a consumer health and wellness company, develops, manufactures and markets advanced performance products	Sinocare Inc.	\$273	n/a	n/a
Jan-16	BioreclamationIVT	United States	BioreclamationIVT provides human and animal biological products	Arsenal Capital Partners	n/a	n/a	n/a

Upcoming Lincoln Healthcare Events

AACC Dinner Event

Lincoln International is once again hosting its annual Healthcare Dinner Series, in conjunction with the AACC Annual Meeting, on Tuesday, August 1, 2017, which will take place at The San Diego Air & Space Museum in San Diego starting at 6:00 PM. The event brings together leaders from the diagnostic and research tools sector and interested private equity firms. The

event provides the opportunity to meet with like-minded companies, investors and experts as well as the chance to speak with our healthcare team and other partners of the firm. We are excited to have as our featured speaker David King, Chairman & Chief Executive Officer of LabCorp (NYSE: LH).

Global Industry Groups

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Automotive & Truck Building & Infrastructure
Business Services
Chemicals
Consumer
Distribution
Electronics
Energy & Power
Financial Institutions
Food & Beverage
Healthcare
Industrials
Packaging
Technology & Media

Global Locations

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Beijing
Chicago
Dallas
Frankfurt
London
Los Angeles
Madrid
Milan
Moscow
Mumbai
Munich
New York
Paris
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JV & Partnering
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