

LABORATORY INDUSTRY REPORT®

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LABORATORY OUTREACH 2009 CONFERENCE
 June 8-10, 2009
 Hyatt Mission Bay, San Diego, CA
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G-2 Predicts Mol Dx Testing to Grow 12% in 2009 to \$5.6 Billion in Favorable Pricing Environment

Washington G-2 Reports is predicting that the molecular diagnostic testing market will grow by approximately 12 percent this year to \$5.6 billion, which is down slightly from the 18 percent to 19 percent growth rate in recent years. Furthermore, an estimated 70 million molecular diagnostic tests will be conducted in the United States this year, announced G-2 editor Stephanie Murg at the recent Molecular Diagnostics 2009 conference, held February 2 to 4 in Fort Lauderdale, Fla.

This growth is sure to be buoyed by the current pricing environment. Thanks to the recent 4.5 percent clinical lab fee schedule increase, labs and pathology practices performing molecular diagnostic tests can also expect to be paid an additional \$2 to \$5 more for many of these tests, explained Bryan Moore, Ph.D., marketing manager at Roche Diagnostics at the conference. However, like the rest of U.S. industries, the molecular diagnostic testing industry is having to confront the impact of the recession, which has dried up capital funding, say industry insiders. For more analysis on the current state of the molecular diagnostic testing market, read *Inside the Lab Industry*, pp. 5-7. 🏠

Esoteric Business Drives LabCorp's FY2008 Revenue Up 10% to \$4.5 Billion, Q408 Revenue Up 11.3% to \$1.1 Billion

LabCorp's (Burlington, N.C.) esoteric testing business continues to fuel double-digit growth for the lab leader. Full-year 2008 revenues climbed 10.7 percent to \$4.5 billion, while testing volumes increased 9.8 percent. This full-year growth rate surpasses the U.S.'s top testing provider, Quest Diagnostics (Madison, N.J.), whose revenue grew 8.1

percent to \$7.1 billion for 2008.

For the fourth quarter of 2008,

LabCorp's revenues grew 11.3 percent to \$1.1 billion,

U.S. Lab Leaders	Revenue Growth	Revenue	Volume Growth	DSO
LabCorp.....	10.7%.....	\$4.5 Billion	9.8%	51 days
Quest.....	8.1%.....	\$7.2 Billion	n/a	44 days

Cont., p. 2



■ **ESOTERIC BUSINESS**, from page 1

primarily due to the 13.5 percent volume growth in the company's higher value esoteric testing operations (compared to 9 percent esoteric volume growth in the third quarter). Given that the core testing volume growth was essentially flat, several analysts noted that this esoteric growth is especially positive because this testing is more immune to economic cycles. In addition, esoteric testing is a higher revenue and higher margin testing segment (see figure).

Overall volume growth for the quarter was 3 percent, excluding the impact of consolidation of the company's Ontario, Canada, joint venture. In comparison, Quest's fourth-quarter volume growth was 1 percent. Organic revenue growth for the quarter for LabCorp—also excluding the impact of this joint venture—was 6 percent.

Recession-Related Impacts

Despite this growth, the current economic environment continues to impact LabCorp's drugs-of-abuse employee testing business, which has taken a hit as

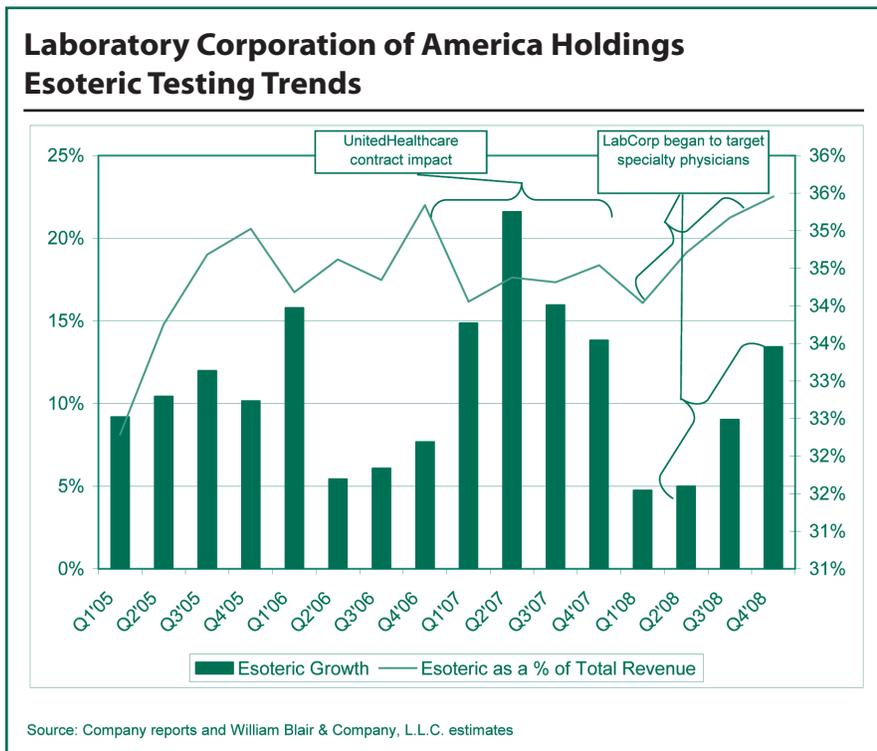
unemployment rates increase in the United States. For the fourth quarter 2008, volumes associated with this testing were down almost 16 percent, with a significant deterioration in the months of November and December, explained company CEO David King in the recent earnings call. "This decline reduced total U.S. volume growth by 140 basis points," he added.

But LabCorp is improving in two other benchmarks that are vulnerable in this recession: days sales outstanding (DSO) and bad debt expense rate. King announced that at the end of December, the

company's DSO was 51, an improvement of two days over the previous quarter, and the bad debt rate remained stable at 5.3 percent. Officials attribute these improvements to better collection efforts at patient service centers.

Looking ahead to 2009, the company is holding firm on its revised outlook for 2 percent to 4 percent revenue growth.

"We expect that 2009 could be a challenging year for volume growth, given the economic environment," said King. "On the other hand, our pricing outlook is positive. We are pleased to have price increases from both Medicare and several





large managed care payers in 2009.” During this recent earnings call, company officials also announced the renewal of the contract with WellPoint through the middle of 2013. While LabCorp is considered one of WellPoint’s “strategic partners,” the testing provider does have to negotiate each individual affiliated health plan contract. However, there are some states where LabCorp is the sole national provider for WellPoint patients, and this contract will extend that relationship.

For the most part, Wall Street analysts share this confidence in terms of the current pricing environment, although analyst Amanda Murphy with William Blair & Company (Chicago) noted that increasing unemployment rates will be a factor to monitor throughout 2009. “The key variable in the upcoming year, in our view, is how unemployment will affect the national labs’ ability to grow volumes (an issue we will watch closely over the coming months),” Murphy wrote in a research note on LabCorp’s recent results. “Our analysis suggests the United States would have to experience a fairly significant uptick in unemployment rates for the labs to have no earnings growth next year (i.e., in the 12 percent range).” ▲

Sonic’s Acquisition Strategy Drives Revenue Up 28% to \$938M for First Half FY2009; U.S. Organic Revenue Up 6%

Continuing synergies of offshore acquisitions drove Sydney, Australia-based Sonic Healthcare’s revenue up 28.5 percent to US\$938M (AU\$1.4 billion) for the first half of 2009. Organic revenue growth—excluding acquisitions—was healthy at 6 percent in the United States. However, this falls short of organic revenue growth in other countries where Sonic has acquired labs; growth in Australia was 8 percent, Germany was 7 percent, and the United Kingdom was 16 percent. Sonic’s preincome tax profit was up almost 11 percent to \$110 million (AU\$168 million).

While Sonic does not disclose revenue totals for each of its global markets, an estimate from Australian investment banking firm Linwar Securities (Sydney) has the revenue for the United States operations came in around US\$240 million (AU\$368.9 million), with the EBITDA margins estimated between 15 percent and

16 percent. Companywide revenue growth driven by acquisitions came in line with forecasts, according to Linwar analyst John Hester. However, he is keeping an eye on the EBITDA margins, which at 18.2 percent, were slightly off the forecast of 20.4 percent. This was driven by larger-than-expected dilution from offshore businesses. *Cont., p. 10*

Sonic Healthcare First Half 2009 Market Snapshot (in US\$)

Item (\$M)	Actual 1H08	Actual 1H09	% Chg	Forecast 1H09	% Chg
Revenue	\$730.4	\$938.0	28.4%	\$921.3	1.8%
U.S. Revenue*	n/a	239.7	n/a	n/a	n/a
EBITDA.....	143.1	178.4	24.7	187.5	-5.1
Profit Before Income					
Tax Expense	98.8	109.5	10.8	n/a	n/a
EBITDA Margin.....	19.6%	19.1%	n/a	20.4%	n/a

Source: Linwar Securities estimates, company reports

*Linwar estimate



Bio-Reference Courier System Improvements Boosts Efficiency, Sees Seven Month ROI

A \$100,000 investment in courier system upgrades at the New York metro-based Bio-Reference Laboratories resulted in a seven-month return on investment in the form of improved specimen tracking and more efficient specimen processing, as well as a 61 percent reduction in missed specimen pick-up rate over the past 18 months.

These are all vital to maintaining a competitive edge in one of the most cut-throat testing markets in the United States, according to Warren Erdmann, Bio-Reference's senior vice president and director of operations. "Because of specimen integrity and the importance of time in getting routine work done and reported back to the doctor, it's very important to know that all of our couriers follow our route and do their jobs," he explained. "Waiting to find out, when the doctor calls the next day and says that the specimens are still in the box, is not acceptable if you want to compete in this industry."

Improved Specimen Tracking, Route Analysis

In spring 2007, company officials began working with Sprint Nextel, provider of hand-held radio technology for the testing provider's 210 couriers, and mobile tracking software system provider AirClic (Trevose, Pa.) to integrate GPS technology and tracking systems with the courier network.

Since implementing these upgrades, Ron Rayot, Bio-Reference's director of logistics, said that specimen tracking and route analysis are two key areas where he's seen service improvement. Something as simple as looking up details on specimen pick ups by clients used to take 10 to 15 minutes and now takes only two to three minutes because this information is on a Web-based system accessible to all dispatchers and supervisors.

Specimen processing has also become more efficient and streamlined. "We know our flow of samples, we know how many we have in any vehicle at any given time of the day," said Rayot. "There used to be a bottleneck at the end of the night when drivers brought in thousands of samples. But because we know how many specimens we have at any given time, we can schedule what we call 'M-drivers.'" These M-drivers can meet other couriers on their route, pick up samples, and then return to the lab so processing can begin.

However, Rayot believes that it's really the improved tracking capabilities that have made the most significant impact on efficiency and allowed for the quick return on investment.

"Because of this improved tracking system, we can now re-route drivers as needed; provide customers with exact information on pickups and deliveries; and maintain accurate workflows and operating statistics, as well as better cost controls through the more efficient use of our fleet of drivers," he explained. "The overall efficiency and control that the system provides has given us a speedy return on our investment. 🏠"

Mol Dx Labs and Manufacturers Confront Tight Capital Market

With a projected growth rate of 12 percent to \$5.6 billion this year, the molecular diagnostic market in the United States remains robust, but the current recession and tight capital market pose significant challenges for both labs and diagnostic test manufacturers, said industry experts at the Washington G-2 Reports' Molecular Diagnostic 2009, held February 2 to 4, in Fort Lauderdale, Fla.

"It's pretty bad right now," said Doug Brown, the managing director for the health care investment banking division at Wachovia Securities, who spoke at a conference panel on the future of molecular diagnostics. He added that the current economic situation has serious implications for molecular diagnostic companies seeking capital, especially from the public markets. "Last year, there were three health care IPOs [initial public offerings] the entire year, and there are typically between 40 and 50," he explained. "It's a challenging time for companies that don't have cash flow to raise capital."

In today's financial environment, it's important for labs to become "leaner and meaner" in all aspects of operations, said another panelist, Mark Lieberman, general counsel of Medical Diagnostic Laboratories (MDL; Hamilton, N.J.), a specialty lab focused on infectious disease testing. "People have deluded themselves if they think that the health care industry, and in particular one that is on the cutting edge like molecular diagnostics, is immune from today's economic forces," he said.

Lieberman said that MDL has a partial hiring freeze currently in effect. But in addition, he said that the company is also taking a harder look at the research and development (R&D) projects to ensure that it is more in line with testing operations. We're now talking to our scientists increasingly about IP potential, and not just about patenting, but we're asking them more frequently about what they are working on and what are its implications," he explained. "We're looking at how much our reagent costs are and whether we are developing platforms so that the R&D component has more of a connection with the testing side."

Cut Off From Capital

Access to capital is also paralyzing hospital outreach labs that want to either bring molecular diagnostic testing in-house or expand their current menu offerings. Cheap capital, especially in the form of bonds, has dried up as hospital administrators refuse to implement any growth strategies due to the economy, said Bryan Moore, Ph.D., a market manager for molecular diagnostic tests at Roche Diagnostics (Indianapolis).

"The amount of capital generating throughout the bond process was nearly nonexistent last year," said Moore, noting that in September and October, 2008, there were only four health care bond issuances greater than \$25 million. Also worrying to hospital administrators—as well as other laboratory CEOs—are the rising rates of unemployment. "Since health care coverage

is linked to employment in this country, rising unemployment rates will impact the health care industry," he added.

"We have to recognize our circumstances and adapt our practices," said Moore. "Not necessarily what you are doing on a day-to-day basis to generate a result, but how do you approach your administration and articulate the needs of your laboratory. I think this is going to be even more critical in 2009 and moving forward—you must have a crisp story and truly understand the financials of your laboratory."

Positive Pricing Environment

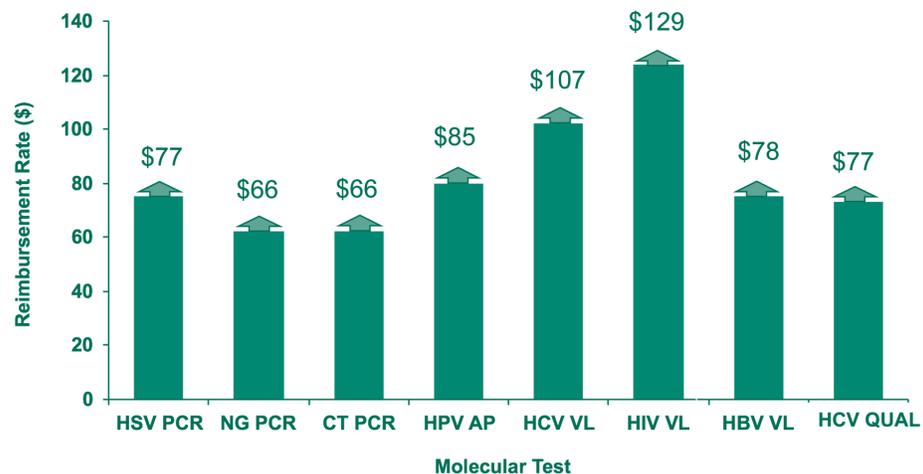
Despite these challenges, there are a number of positives for labs who are considering or currently performing molecular diagnostic testing. Right now, the high growth of this segment and pricing environment are both extremely positive, according to Moore.

"As demand increases, we know that high margins are to be had," he explained, alluding to the recent increase in the clinical lab fee schedule. "With the high reimbursement rates in molecular, we stand to benefit significantly from this 4.5 percent increase to the tune of about \$2 to \$5 per molecular test, even for those tests that have a test-specific code."

Molecular diagnostic testing, which typically comprises a significant amount of esoteric test volumes, is also a key growth strategy of the national labs, LabCorp and Quest Diagnostics. Therefore, to stay competitive, independent and outreach labs, as well as pathology practices, must also focus their own strategies in this area. "In 2000, 9 percent of Quest's \$3.4 billion in revenue was from molecular diagnostics, and in 2007, 18

U.S. Mol Dx Market: Approximate 2009 Average Reimbursement Rate

4.5% 2009 Reimbursement Increase = \$2 to \$5 increase per Molecular test



Source: US Molecular Diagnostics Market, F743-55, Frost and Sullivan

percent was from molecular, and their revenues doubled,” said Moore. “In addition, their percentage of molecular contributing to the revenues doubled, and their overall revenues doubled.” So while the challenges of molecular testing are real, so are the opportunities, especially when it comes to expanding revenue margins.

More M&As Ahead?

Because of the current tight credit market, Wachovia’s Brown predicts that throughout the next year or two, many molecular diagnostic companies will be looking to partner with service providers—like labs—that can distribute and sell their product and are more flush with cash. “The tide has turned so that service-oriented businesses are more interesting to the public investor and private equity, and there is a lot less interest in speculation,” said Brown. “At this point, cash is king, and that happens to be with the service providers, if they are cash flowing. Those without capital don’t have a lot of alternatives. There is no public market, and the private market follows that very closely, so there is really no private market.”

MDL’s Lieberman also sees a lot of interest in potential mergers and partnerships, but cautions that it must be a good fit based on each company’s testing menus. “Nobody wants to carry the broad spectrum of tests that pay very little, so you want to preserve some of your unique offerings and recognize the unique offerings that another lab has, operating in somewhat of a silo fashion so you can offer a variety of esoteric tests,” he explained.

Another word of caution came from another panelist, Robert Gasparini, who is president and chief scientific officer of NeoGenomics, a specialty lab focused on cancer testing based in Ft. Myers, Fla. He said that growth strategies involving M&A, as well as molecular testing menu offerings, don’t come without risks. “If you have a successful plan or business model that works, then you need to do more of that, which usually involves expanding your sales and marketing focus in that area,” he said. “But you also need to focus on your product mix, but if you are going to build the company based on just molecular alone and the volumes are not large, then you are going to have to do something else. In addition, while I think it’s no secret that M&A leads to growth, it doesn’t necessarily lead to success.” 🏠

G-2 Survey Finds Labs Planning for Continued Growth of Mol Dx Testing

Molecular testing continues to grow steadily and rapidly in the clinical laboratory, according to Washington G-2 Report’s *2008 Molecular Diagnostic Market Strategic Outlook Survey*. The diverse group of 117 laboratories that participated in the survey predicted that in the next two years molecular diagnostics would account for 19.1 percent (on average) of their total laboratory revenue.

In keeping with this steady growth, those same laboratories predicted that in five years molecular diagnostics would account for more than a quarter of total revenues, or 25.4 percent. Respondents predicted that by 2018, molecular diagnostics would account for more than a third of revenues, or 33.5 percent.

More than two-thirds (64.6 percent) of laboratories surveyed indicate they are currently offering molecular diagnostic tests of some kind. Slightly less than 9 percent indicate they are planning to offer molecular diagnostic tests. A significant factor in deciding to integrate molecular-based tests is apparent demand as assessed by send-out data, which about 67 percent of labs indicated was likely or very likely to affect their decision.



Aurora Diagnostics's Revenue Up Over 100% to \$150 Million in 2008

Two years after its launch with a \$300 million investment from Summit Partners and GSO Capital Partners, the independent pathology company Aurora Diagnostics (Palm Beach Gardens, Fla.) has completed 13 acquisitions of pathology laboratories around the country, helping to drive its 2008 revenue growth 140 percent to \$150 million in 2008. Aurora now employs 75 pathologists and 750 nonpathologist support personnel.

Aurora's pathology practice portfolio includes general anatomic pathology (AP) practices such as Cunningham Pathology (Birmingham, Ala.) and Laboratory Medicine Consultants (Las Vegas), in addition to dermatopathology specialty practices like Twin Cities Dermatopathology (Minneapolis) and Kent Pathology Laboratory (Grand Rapids, Mich.). The acquisition candidates are identified and transactions completed by Aurora Diagnostics' investment banking partner, Haverford Healthcare Advisors (Paoli, Pa.)

Post-acquisition, Aurora focuses on enhancing the acquired practices' information technology (IT) and sales and marketing capabilities, explained Chris Jahnle, a managing director at Haverford. "Most of these practices have made very little investment in IT, and there's not a lot of focus on generating new sales," he said. "Post-transaction, one of the first things that is done is an assessment of what they have and what they need and then Aurora quickly provides them with the same resources as other Aurora practices." This includes providing them with IT solutions for results reporting and client order entry, as well as integrating with a vast majority of electronic medical record systems located in physician offices.

The 30 sales reps employed by Aurora focus on landing new accounts, rather than just servicing existing ones, explained Jahnle. "For the first time, there is a sales rep out there knocking on new doors, instead of just making sure that current accounts have supplies," he said.

Aurora's Leadership Offers Competitive Edge

Aurora Diagnostics' growth-oriented business model is similar to that of American Pathology Partners (APP; Nashville, Tenn.), which received \$75 million last fall from New Enterprise Associates. Like APP, Aurora is led by a C-suite of heavyweights with rich backgrounds in the pathology industry, specifically at AmeriPath, which was sold to Quest Diagnostics in 2007 for \$2 billion.

Chairman and CEO: James C. New, former president, CEO, and chairman of AmeriPath from 1996-2003, oversaw 60+ acquisitions;

Chief Operating Officer: Martin J. Stefanelli, former executive vice president and COO at AmeriPath, former senior vice president, Dianon Systems; and

Chief Financial Officer: Gregory A. Marsh, former vice president and CFO, AmeriPath, 2001-2003.

Three-Pronged Acquisition Approach

Jahnle emphasized that despite the current recession, Aurora is aggressively looking for new acquisition candidates, based on a three-pronged strategy. One is to focus geographically on regions in the United States where Aurora has completed "platform acquisitions," which means prospecting within the regions where the company's current 13 acquisitions are located.

"The second prong of our strategy is to go out and identify new pedestal practices in new regions, which tend to be more sizable than the in-market, geographically compatible labs," Jahnle explained. "And our third approach is to add complementary service lines—services or tests that either Aurora might not currently offer or sends out to another lab. In general, we're looking for labs that would provide Aurora with complementary services that it could offer across all of its locations." 🏠



DTC Advertising, Sales Effort Expansion Drives Myriad's Q2 Revenues Up 58% for Q209

Salt Lake City-based Myriad Genetics's second quarter 2009 molecular diagnostic revenues climbed 58 percent to \$84 million, driven primarily by the company's strategy to penetrate the women's health diagnostic testing market. Myriad recently expanded its ob/gyn salesforce to 100, bringing the company's total salesforce to 250.

Another component of Myriad's sales strategy is their current \$8 million physician and direct-to-consumer marketing campaign in Texas and Florida, promoting its BRACAnalysis test, which assesses a woman's risk of developing breast or ovarian cancer based on detection of mutations in the BRCA1 and BRCA2 genes. This campaign follows a successful outreach effort in the northeast, and a Midwest campaign is also planned for 2010. Like the current campaign, the expected investment for each effort is \$8 million, according to Gregory Critchfield, president of the company's molecular diagnostic division, Myriad Genetic Laboratories. The company's other pharmaceutical division is currently being spun-off from the parent company. This spin-off is expected to be completed by the end of this fiscal year, in July.

Critchfield sees rich potential in this ob/gyn testing market, particularly in regards to testing patients with BRCA mutations. There are an estimated one million individuals in the United States right now with BRCA mutations, but after 12 years of testing, only 4 percent have been identified. "The majority of individuals with mutations have not presented, and that's a very large market segment," he explained. Myriad is also marketing three other tests to the ob/gyn market (see box).

In addition to these sales and marketing efforts, reimbursement is also a key aspect of Myriad's growth. Over 2,500 insurance plans currently cover the BRACAnalysis test, which is important because approximately 96 percent of the company's revenues come from third-party payers. In addition, the average out-of-pocket co-pay for the test for most insured individuals is \$50.45, so the cost is minimal to the patient. "Most people are willing to pay \$50 for a test that is potentially life saving," said Critchfield. 🏠

Myriad's Women's Health Test Menu

- ❑ BRACAnalysis: Assesses risk of developing breast or ovarian cancer based on detection of mutations in the BRCA1 and BRCA2 genes.
- ❑ Colaris: Assesses risk of developing colorectal and uterine cancer. COLARIS detects disease-causing mutations in three genes, MLH1, MSH2, and MSH6, which are responsible for the majority of hereditary nonpolyposis colorectal cancer.
- ❑ Colaris AP: Assesses risk of developing hereditary colorectal polyps and cancer, detects mutations in the APC and MYH genes.
- ❑ Melaris: Assesses risk of developing melanoma, detects inherited mutations in the p16 gene, which occur in up to 40 percent of families with hereditary melanoma.



■ SONIC'S ACQUISITION STRATEGY, from page 3

Looking ahead, Sonic maintained its forecast of a greater than 15 percent revenue growth for the full-year 2009, which would be approximately US\$1.8 billion (AU\$2.7 billion), and a greater than 10 percent earnings per share (EPS) growth. With \$344 million in available funds for acquisitions, expect to see Sonic continue to purchase labs in the United States. The company is rumored to be interested in buying the St. John's hospital system's outreach laboratory in Detroit—a new area for Sonic, as they don't currently own any outreach labs.

But Linwar's Hester said that the recession has caused Sonic to proceed cautiously with future acquisitions. "Management is biding time, waiting for other opportunities, and is acutely aware of not overpaying for assets particularly where distressed sellers are beginning to emerge," he wrote in a recent research note. "Sonic is likely to acquire further specialist testing labs in the United States in areas where it already has a large presence (Austin, New York, Orlando, and Memphis). They presently send out up to 10 percent of specimens to specialist labs." 🏠

Sonic's 2008 Acquisition Slate (US\$)

Month		Purchase Price	Target Revenue	Price/Revenue Multiple
July-08	Labor 28 Group (Berlin)	98.1M	98M-196M	1.0x-2.0x
July-08	Laboratry Prof. Krech Group (Switzerland)	n/a	n/a	n/a
June-08	GLP Medical Group (Hamburg)	42M	42M-84M	1.0x-2.0x
June-08	Clinical Laboratories of Hawaii	121 M	110 M	1.1x
Total	Avg. price/revenue multiple:	1.0x-1.7x		(compare to G-2's estimate of 2008 M&A avg multiple of 1.0x-1.5x)

Source: *Laboratory Strategic Outlook 2009*, Washington G-2 Reports

Response Genetics Consolidates Operations by Shuttering U.K. Operation

Specialty cancer testing provider Response Genetics will close its U.K.-based facility in an effort to consolidate operations in anticipation of increasing demand for its ResponseDX genetic testing services, which will be performed at the company's U.S.-based CLIA-certified lab in Los Angeles. The shuttering of its U.K. operations is expected to save the company \$2.3 million in annual expenses.

This move comes about a month after the company announced plans to expand its sales staff from three to 10 people and move beyond the California service area to major oncology markets, including Texas and New York. With 10 percent of the country's 10,000 oncologists based in California, however, the state will continue to be a focus for the company, which performs the PCR-based tests in a panel format that provides genetic analysis to help physicians with treatment decisions for patients with nonsmall cell lung and colorectal cancer. Response Genetics has also partnered with NeoGenomics Laboratories (Ft. Myers, Fla.) to develop a national sales strategy. 🏠



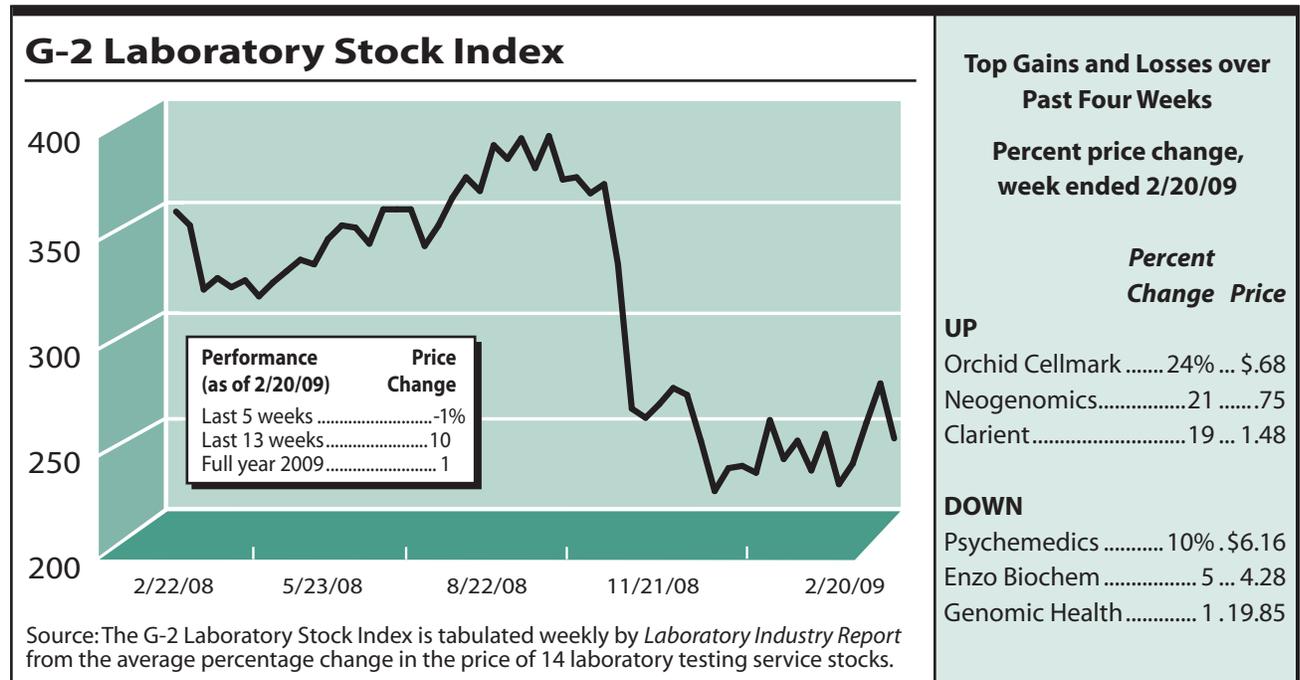
Lab Stocks Experience Uptick in February; Up 10% Over 13 Weeks

Even though the G-2 Reports Laboratory Stock Index was down one percent over the past five weeks for the week ended Feb. 20, 2009, there are signs of slight strength. The 14 publicly traded labs tracked by the Index were up 1 percent so far in 2009, and up 10 percent over the past 13 weeks. Of course, the Nasdaq and S&P 500 indices continue to sink. For 2009, the Nasdaq is down over 11 percent and the S&P 500 is down over 17 percent so far this year.

Over the past four weeks, all of the Index stocks were up, with the exception of three stocks. Leading this list of labs posting losses over this time period is Acton, Mass.-based drugs-of-abuse testing provider **Psychemedics**, which is down 10 percent to \$6.16 per share for a market cap of \$32 million for the week ended February 20. As an employment screening testing provider, Psychemedics continues to feel the brunt of the hiring freezes and growing unemployment rate impacting many industries. Following is New York City-based **Enzo Biochem**, which is down 5 percent to \$4.28 per share for a market cap of \$158.89 million. Rounding out this group is **Genomic Health** (Redwood City, Calif.), which was down only 1 percent to \$19.85 per share for a market cap of \$553.15 million.

Despite these losses, there were some significant gains in the first part of February. Leading the gainers is DNA testing provider **Orchid Cellmark** (Princeton, N.J.), which was up 24 percent to \$.68 per share for a market cap of \$20.38 million over the past four weeks for the week ended February 20. Following Orchid was cancer testing specialty lab **NeoGenomics** (Ft. Myers, Fla), which was up 21 percent to \$.75 per share for a market cap of \$24.09 million. Next was another cancer testing specialty provider, **Clariant** (Aliso Viejo, Calif.), which was up 19 percent to \$1.48 per share for a market cap of \$109.25 million. 🏠

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Bostwick Laboratories Launches Hematopath Division, Names Medical Director

Richmond, Virginia-based anatomic pathology testing provider Bostwick Laboratories has launched a hematopathology division, Hematocor. Guy Nichols, M.D., Ph.D., has been named medical director of Hematocor, which will focus on diagnosis and monitoring of patients with blood disorders. Nichols was previously the regional chairman, medical director, and director of hematopathology at Bon Secours Richmond Regional Laboratory System.

Last March, Bostwick Labs filed forms with the Securities and Exchange Commission (SEC), signaling plans for an initial public offering (IPO) with a price of \$100 million. Not surprisingly, the chaos on Wall Street and the resulting credit market paralysis has prevented the IPO from moving forward. In the initial forms filed with the SEC, company officials indicated that they are looking to expand its presence in both the urology and anatomic pathology market through hiring more pathologists and sales staff, expanding existing laboratories and building new facilities, as well as acquiring laboratories and upgrading the company's IT infrastructure. 🏠

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