

# Diagnostics investors think positive

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Diagnostics companies have had record fundraising on the public markets over the past few years. Venture capital also expanded last year, raising more than double than in previous years, with \$113 million the average quarterly amount raised over the past year compared with only

\$47 million for a quarter in previous years. Investors seem to be taking seriously expectations that innovations in molecular diagnostics and pharmacogenomics will lead to a rapidly expanding diagnostics market around 2010.

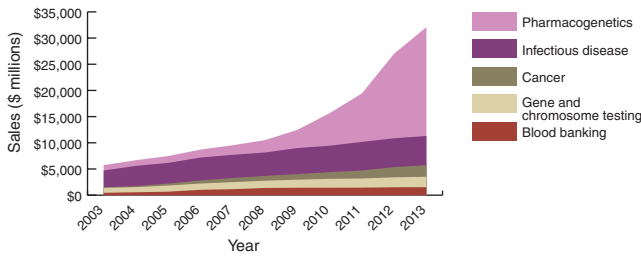
## US molecular diagnostic testing market

Pharmacogenetic tests aren't expected to see aggressive revenue growth until around 2010.

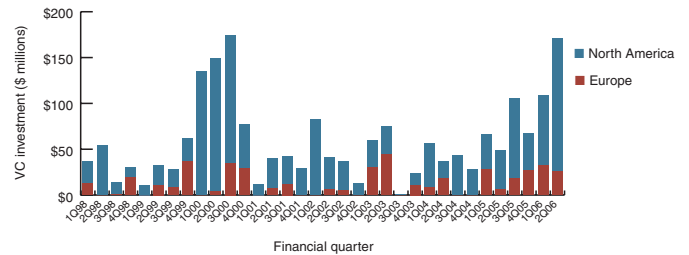
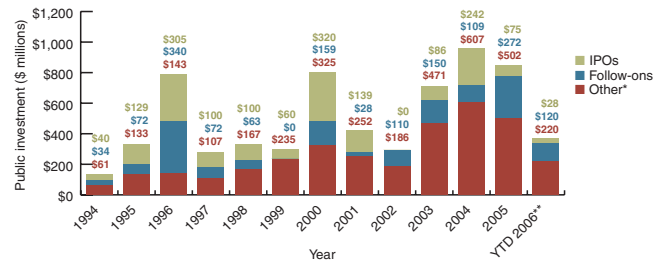
## Diagnostic company financing

2006 has seen the first decline in funding for public companies in three years, but VC investment continues to climb.

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Source: Kalorama Information



Source: BioCentury

## Projected number of pharmacogenetic tests in US by indication

Neuro-psychiatric disorders, for which there are few means of diagnosis, are expected to dominate pharmacogenetic testing.

## Top diagnostics deals of 2005-2006

### IPOs

Company name	Value (millions)	Month announced
Genomic Health	\$60	Sep-05
OncoMethylome Sciences	\$28	Jun-06
Oxonica	\$15	Jul-05

### Venture capital

Company name	Round number	Value (millions)	Month announced
Nanosphere	4	\$57	May-06
Asuragen	1	\$49	Jun-06
Molecular Insight Pharmaceuticals	3	\$28	Apr-05
XDx	5	\$27	Jan-06
GeneOhm Sciences	2	\$26	Jan-05
Nanosphere	3	\$25	Sep-05

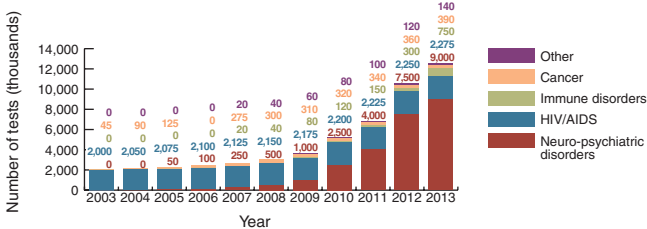
### Mergers and acquisitions

Acquirer/target	Month announced	Value (millions)
Siemens / Bayer Diagnostics	Jun-06	\$5,400
Siemens Medical Solutions / Diagnostic Products	Apr-06	\$1,860
Quest Diagnostics / LabOne	Aug-05	\$934
Becton Dickinson / GeneOhm Sciences	Jan-06	\$255
Fisher Scientific / Athena Diagnostics	Mar-06	\$238
Quest Diagnostics / Focus Diagnostics	May-06	\$185

### Research partnerships

Investor / researcher	Month announced	Value (millions)	Deal description
Wyeth / Health Ministry of Scotland	Apr-06	\$88	Collaboration
Roche / 454 Life Sciences	May-05	\$62	Discovery
Roche / Innogenetics	Oct-05	\$28	Licensing

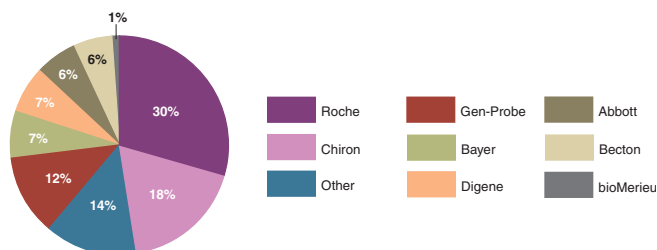
Source: BioCentury, Recombinant Capital



Source: Kalorama Information

## Molecular diagnostics US market share

Although molecular diagnostics is an emerging market, especially in the US and Europe, most of the US market is held by only a few companies.



Source: Figure based on 2004 financial reports, Burrill & Company