PerkinElmer dives into Chinese MDx market with Shanghai Haoyuan acquisition

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The deal, **PerkinElmer** said, extends its capabilities into nucleic acid blood screening and in the growing molecular clinical diagnostics market in China, "*further strengthening the company's position as a diagnostics leader in China as well as across the globe.*"

Haoyuan supplies molecular infectious disease screening technologies for blood bank and clinical laboratory settings in China. The deal adds four infectious disease assays that have been approved by China's State Food and Drug Administration to PerkinElmer's portfolio. They include a qualitative three-in-one assay for detecting hepatitis B, hepatitis C, and HIV; two clinical quantitative assays for screening HBV and HCV; and a qualitative assay for screening chlamydia trachomatis and neisseria gonorrhoeae.

The purchase comes as the demand for blood in China is growing at 15 percent and its government is mandating screening for infectious diseases in donated blood. The Chinese government is requiring all blood be tested using nucleic acid technologies by the end of 2015, PerkinElmer said.

It said that about 780,000 people in China have HIV/AIDS, and added that the World Health Organization reports chronic infection rates of 8 percent to 10 percent of the adult population with HBV. About 3 percent of the 1.4 billion people in China have HCV.

"*By combining PerkinElmer's robust disease screening capabilities with Haoyuan's proprietary reagents and equipment, the company will be able to offer highly sensitive systems and assays for quality detection of blood-borne infections for the Chinese market,*" **Robert Friel**, chairman and CEO of PerkinElmer, said in a statement. "*Integrating Haoyuan's screening products with PerkinElmer's diagnostics capabilities will help to further advance the health of the Chinese people by offering leading technology that ensures accurate diagnosis of infectious diseases at a low cost.*"

PerkinElmer said that in addition to the $38 million cash price tag, Haoyuan is eligible for potential additional payments based on revenue targets. Goldman Sachs analyst Isaac Ro said that he spoke with PerkinElmer management about the deal, and they disclosed that if certain revenue targets are hit the firm would owe an additional $30 million beyond the $38 million purchase price announced today.

The acquisition is anticipated to be immaterial to PerkinElmer's adjusted EPS for the remainder of 2012 and 2013 and to be accretive starting in 2014.

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