

ExonHit To Acquire RedPath Integrated Pathology For Up To \$32M

BY [BRIAN GORMLEY](#)

RedPath Integrated Pathology Inc., whose services help oncologists resolve difficult diagnostic questions, has agreed to merge with ExonHit Therapeutics S.A. for up to \$32 million in cash, stock and sales-based payments.

The Pittsburgh company raised about \$13 million to \$14 million in venture capital, according to its chairman, NewSpring Capital Partner Brian G. Murphy. Publicly traded ExonHit is paying \$12.5 million cash and \$10 million in stock up front. Starting in 2012, it will pay up to \$9.5 million if certain sales targets are achieved.

NewSpring will make about 2.5 times its invested capital, assuming the earnout is achieved, Murphy said. The company was considering raising additional capital when Paris-based ExonHit expressed interest, he said. Instead of continuing to try to build RedPath on their own, venture investors elected to take the exit opportunity that this offer presented.

"We thought this was a solid option," Murphy said. The deal is expected to close before mid-July.

RedPath, formed in 2004, offers a diagnostic service through its laboratories that helps doctors diagnose, manage and treat patients when traditional testing methods result in indeterminate or indefinite results. Its first product is a molecular diagnostic service for pancreatic cancer. Another service, being launched now, helps distinguish between new, primary cancer from metastatic cancer.

Other service lines include two programs in late-stage development and several earlier-stage programs in oncology. Murphy declined to comment on RedPath's revenue, but said the company had record sales in the first quarter of this year.

RedPath deferred questions to ExonHit, which declined to comment ahead of a presentation on the deal it's planning to make on Tuesday, April 27.

Other RedPath investors included CID Capital, HMA Capital Partners, Inflexion Partners, Innovation Works, Pennsylvania Life Science Greenhouse and Seneca Health Partners, according to VentureWire records.

ExonHit, a diagnostics and therapeutics company, is using this purchase to establish a diagnostic presence in the U.S.

"For ExonHit, they get a great beachhead here in the U.S., a revenue-producing company," said Peter Kleinhenz, managing director of CID Capital. "We thought it was a good opportunity, and a good return for us as shareholders."

<http://www.redpathip.com>