

A photograph of a medical MRI machine in a clinical setting. The machine is white with a large circular opening. A patient bed is partially visible, covered with a white sheet. The room has a white ceiling with fluorescent lights. In the background, there is a control room with computer monitors.

DUFF & PHELPS
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DIAGNOSTIC IMAGING EQUIPMENT SERVICES UPDATE

Summer 2021

Q MARKET EVOLUTION

The diagnostic imaging equipment services market is experiencing ongoing changes in the competitive landscape and customer base, as the shift toward value-based service offerings has increased providers' budgetary constraints and placed an increasing emphasis on outsourcing.

The industry is split between original equipment manufacturers (OEMs) and independent service organizations (ISOs), which differentiate from one another through service offerings and imaging modalities serviced. Historically, the competitive landscape for the diagnostic imaging equipment service market was dominated by major OEMs, as the majority of imaging was conducted in a hospital setting. Hospitals often chose OEMs because their access to proprietary parts and advanced software was viewed as the safest way to maximize equipment uptime. As consumers began to search for alternatives to high-cost inpatient imaging, free standing imaging centers emerged as a cost-efficient alternative. Imaging centers' pursuit of improved, flexible service and lower costs served as a catalyst for the entrance of ISOs into the market to compete directly with OEMs.

In the U.S., there are now more than 6,000 free standing imaging centers that operate independently of hospitals. While approximately 60% of diagnostic imaging services still occur in hospital settings, continued growth among independent imaging centers is expected. The proliferation of free standing imaging centers will serve as a key growth driver for the overall industry as their low-cost, high-quality model enables them to compete with inpatient imaging because of their lower overhead cost structure.

Recently, some insurers have elected to no longer cover MRIs and CT scans performed at hospitals and instead are requiring patients to have the tests performed at outpatient imaging facilities in an effort to cut costs and lower premiums. Other insurers have programs set up to steer patients toward lower-cost imaging centers. The increase in imaging procedure volume will generate demand for differentiated service and drive growth.

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INDUSTRY SNAPSHOT – BY THE NUMBERS



U.S. healthcare spending is expected to rise 5.1% in 2021, with the Centers for Medicare and Medicaid Services (CMS) projecting spending to increase by an average of 5.6% annually from 2020 to 2028.



CMS proposed changes that would encourage site-neutral payment between sites of services and make healthcare prices more transparent for patients.



The U.S. imaging market's estimated value is over \$100 billion with over almost 700 million diagnostic imaging procedures expected in 2021.

INSIGHTS AND OBSERVATIONS

Transformation through Mergers & Acquisitions

With greater availability of advanced imaging technology, hospitals and diagnostic imaging facilities are opting to purchase state-of-the-art technology in order to increase patient volume and drive incremental revenue from other departments. The increase in expenditures is driving the demand for downstream providers of equipment removal and relocation, repair and maintenance, technical training, and software upgrade services.

In an era of heightened competition, service organizations are opting to differentiate themselves from the competition by acquiring complementary businesses that enhance their service capabilities and develop entrenched relationships with customers. The transformation from a single-service, single-modality model to a multi-modality, multi-manufacturer model across the imaging spectrum has led to an uptick in acquisition activity, as buyers look for quality assets to expand their service offerings and enter new geographies.



"Over the past five years, Probo Medical has become a leader in the global ultrasound market. As we look forward, our strategic plan involves expansion into adjacent imaging modalities where we can leverage our supply chain and sales channels," Michael Asmer, CEO of Probo Medical



"We serve more than 7,000 healthcare providers nationwide with an end-to-end solution called 'Equipment Value Management' that helps customers address important clinical, operational and financial objectives. The Company is well positioned in the market with strong momentum for continued value creation," Tom Leonard, CEO of Agiliti



"We are focused on strategic consolidation in a fragmented industry. EMS [Equipment Maintenance Solutions] is the perfect addition to our team in terms of their culture and commitment to quality products and services," Steve Inacker, President of Avante Health Solutions

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Source: Company press releases

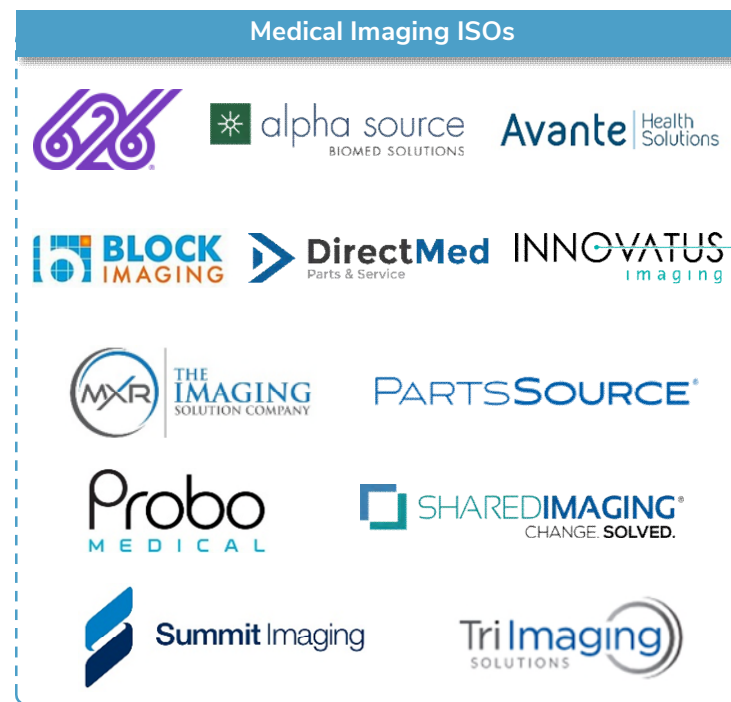
INSIGHTS AND OBSERVATIONS

OEMs Vs. ISOs

In an era of healthcare reform and cost-containment pressure from providers, increased competition between OEMs and ISOs is driving changes in the industry resulting in lower prices and superior service, both of which directly benefit patients.

OEMs continue to dominate the equipment repair and maintenance market because of their ability to access original parts, whereas ISOs must source generic parts or reverse-engineer parts to complete service requests. Higher contract prices and hourly service rates due to OEMs' deep resource pools add to the overall cost of maintaining and maximizing uptime.

In response to the OEMs' leading position, ISOs have differentiated themselves in the market through pricing, engineering experience and personalized service. By offering service contracts across modalities at a rate much lower than the OEMs, ISOs are able to provide significant value through increased supply chain visibility and overall savings.



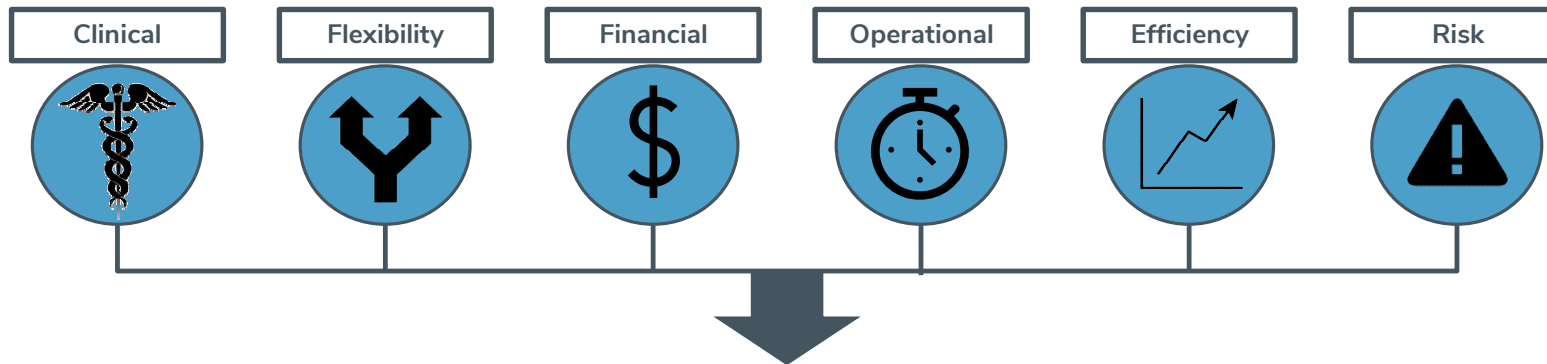
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INSIGHTS AND OBSERVATIONS

Emergence of Provider Asset Managers

Current Challenges Facing Healthcare Providers

Medical Technology Costs Represent Three to Five Percent of a Healthcare Provider's Operational Spending with more than 70 Percent of Patients Requiring Use of Medical Technology¹



Asset Managers Provide Execution Support to Help Healthcare Providers Focus on Patient Care and Deliver Optimized Outcomes at Lower Costs



¹Source: Siemens Healthineers; Asset Management Services

INSIGHTS AND OBSERVATIONS

Emergence of Provider Asset Managers (Cont.)

The heightened awareness among healthcare providers of the need for better asset management has resulted in a surge of activity in the sector, prompting M&A activity as industry participants seek to evolve from ISOs into asset managers in order to diversify revenue and gain wallet share with blue-chip customers.

The mounting pressure to better manage providers' existing equipment has compelled healthcare organizations across the globe to adopt effective asset management solutions and technologies. Most healthcare organizations spend a large portion of their budget on tracking hospital equipment.² Wasted time searching for lost assets and poor asset management practices add to the growing cost of care. A proper asset management system can provide better control over inventory and capital equipment. According to a Fierce Health IT study from 2012, 10%-15% of hospitals use real-time tracking of their equipment, which has resulted in an 11% reduction in time spent searching for devices. As more medical facilities adopt some type of indoor tracking system, time spent searching for equipment and even staff will drop significantly, freeing up time to focus on providing the best possible care to patients.³



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²Source: Markets and markets – Healthcare Asset Management

³Source: Mobile Health Times – "Finding People, Places & Things in Healthcare Facilities"

INSIGHTS AND OBSERVATIONS

Continued Private Equity Interest

PE investors continue to look for diagnostic imaging equipment businesses as platform investments because of the fragmented nature of the industry and the availability of add-on acquisitions to increase value-added capabilities and wallet share among major health systems and outpatient facilities.

As consolidation continues within the industry, more PE investors will enter the space as economies of scale are reached. In addition, diagnostic imaging equipment businesses serve as an entry for non-healthcare-specific or generalist funds to get comfortable investing in healthcare without possessing deep industry knowledge due to the large service component of the industry participants.

Private Equity Sponsor	Platform Investment	Add-On Acquisitions	Rationale ⁴
			The core competencies of Horizon and Sigma Imaging Technologies align with InterMed's focus on delivering best-in-class medical equipment servicing and program management
			Doubled the size of Alpha Source and created one of the largest independent full-service, imaging services and equipment repair solutions companies in the U.S. The acquisition enables Alpha Source to service a broader continuum of healthcare providers
		Closed six transactions since Varsity Healthcare Partners Investment	Following Varsity Healthcare Partners growth investment, Probo Medical has consummated six transactions in efforts to be a true one-stop-shop parts and service provider serving customers around the globe
			Aramark expands TriMedX's proprietary technology-driven solutions to a broader set of healthcare provider customers, whereas Centurion will enhance TriMedX's clinical asset management and informatics solutions
		 Repair Services Business	Acquisition of Bayer's non-core multi-vendor service business unit enables Innovatus to expand their current service strategy and continue new product development to support key customers

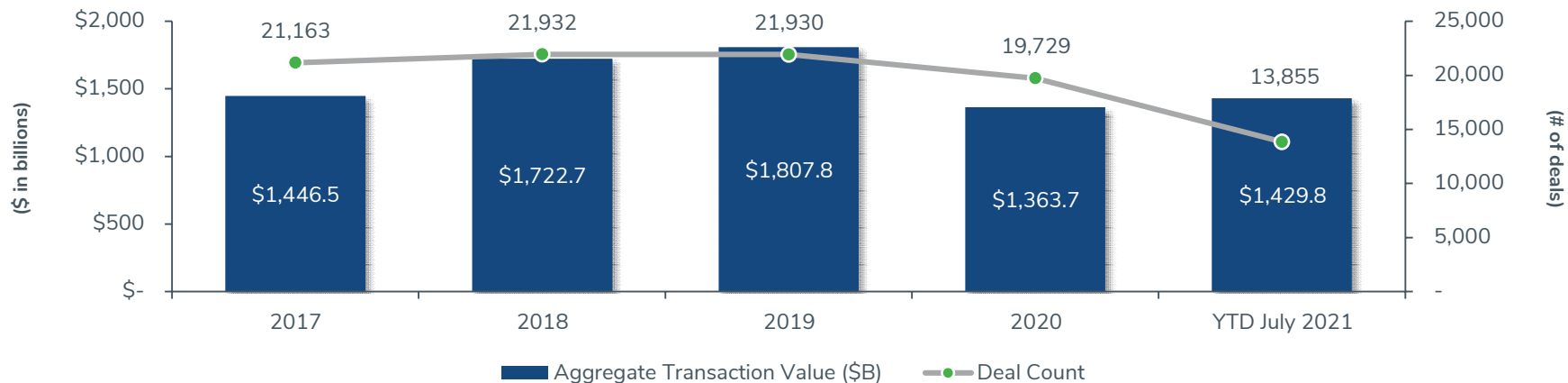
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⁴Source: Company press releases

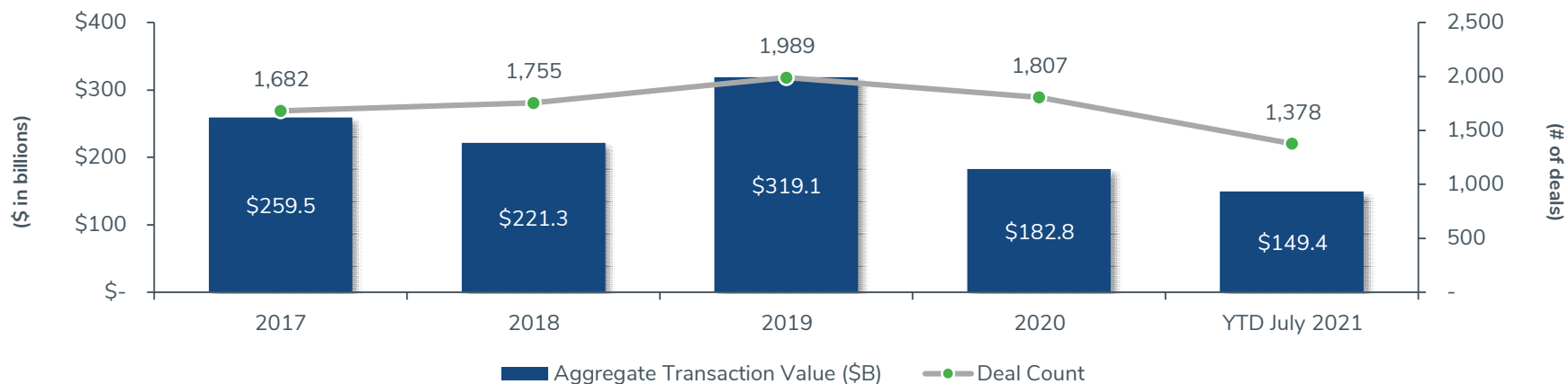
UNDERLYING MARKET DYNAMICS

M&A Activity Remains Robust

North American M&A Deal Volume and Value



North American Healthcare M&A Deal Volume



Source: Capital IQ

UNDERLYING MARKET DYNAMICS

Trends Driving Growth

Prevalence of Outpatient Imaging

- Clinical innovation, patient preference, and financial incentives are swinging the balance in favor of outpatient settings for most hospital services. Aggregate hospital revenue from outpatient services grew from 28% in 1994 to 48% in 2018.⁵
- Technological advancements, coupled with changing consumer preferences, continue to drive outpatient services revenue over inpatient. Because of the large cost structure associated with inpatient facilities that stem from the larger employee base and resource-intensive technologies, outpatient facilities are able to mitigate these financial burdens and lower the total cost of care.
- The number of Medicare-certified ambulatory surgery centers has nearly doubled in the last 20 years, increasing from 3,028 in 2000, to more than 5,600 as of 2017.⁶
- COVID-19 is expected to further accelerate this trend owing to patient concerns over receiving care in an inpatient setting unless absolute necessary.

Aging Population Drives Demand

- From 2018 to 2023, the number of adults aged 65 and older is anticipated to increase at an annualized rate of 3.2%. As the baby-boomer generation ages, they will consume healthcare services at an outsized rate compared to the other demographics, leading to price increases and rising levels of demand.⁷
- CMS projects national health expenditure growth to average 5.4% annually for the 10-year period ending in 2028, pushing health spending's share of gross domestic product from 17.7% in 2018 to 19.7% by 2028.⁸

Increased Adoption of Refurbished Medical Imaging Equipment

- The rise in prevalence of refurbished imaging equipment is attributed to cost-containment strategies employed by providers to lower operation costs. By utilizing refurbished equipment, imaging facilities are able to reduce their capital expenditures and leverage outsourced services to eliminate the need for additional staff required to operate and maintain the equipment.

⁵Source: Deloitte – Hospital Revenue Trends

⁶Source: Avanza – Outpatient Statistical Snapshot

⁷Source: An Aging Nation: The Older Population in the United States – U.S. Census Bureau

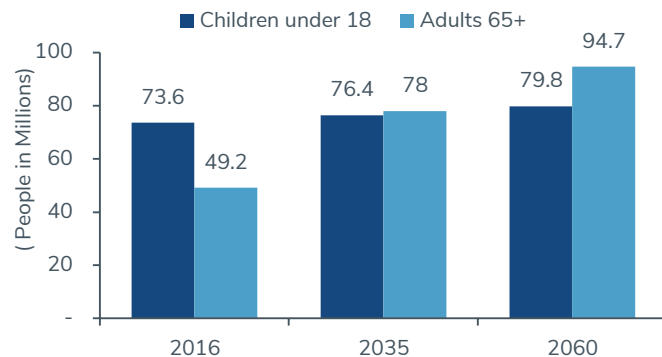
⁸Source: Centers for Medicare and Medicaid Services

UNDERLYING MARKET DYNAMICS

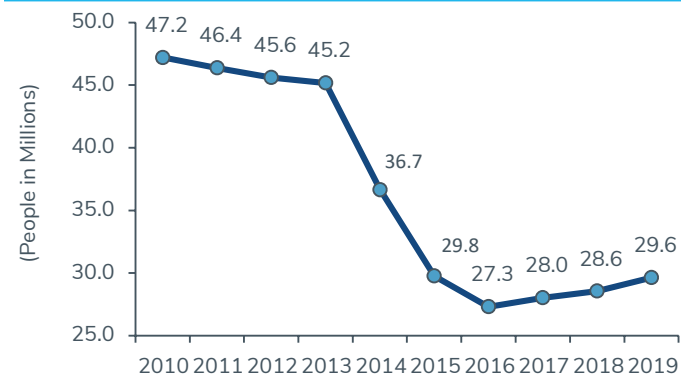
Macro Healthcare Landscape

Favorable Industry Dynamics

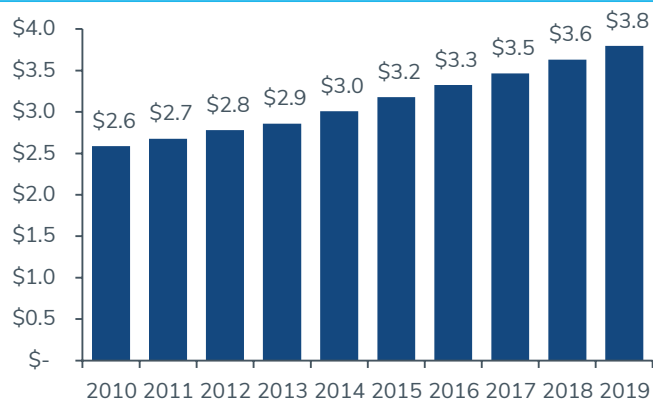
U.S. Population Aged 65 and Older⁹



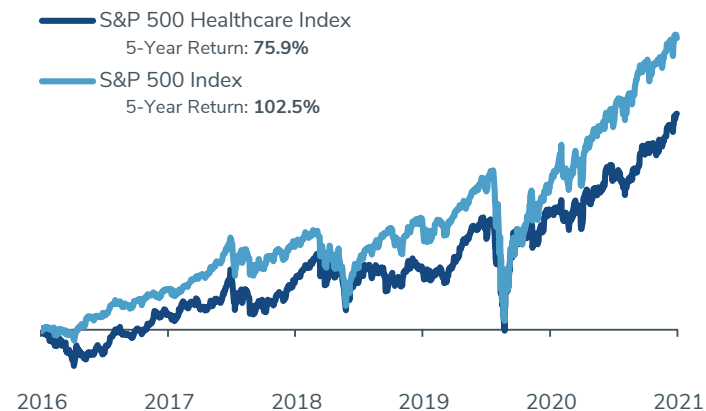
U.S. Population without Health Insurance⁹



U.S. Healthcare Expenditures¹⁰



Strong Capital Markets¹¹



⁹Source: U.S. Census Bureau

¹⁰Source: Centers for Medicare and Medicaid Services

¹¹Source: CapitalIQ as of July 31, 2021

STRONG UNDERLYING MARKET DYNAMICS

Demand for Diagnostic Imaging

“See-and-Treat” Model Generates Need for Greater Access to Diagnostic Imaging

82

Number of MRI exams per 1,000 U.S. citizens in 2020¹⁷

Greater emphasis on increasing awareness among patients

2x

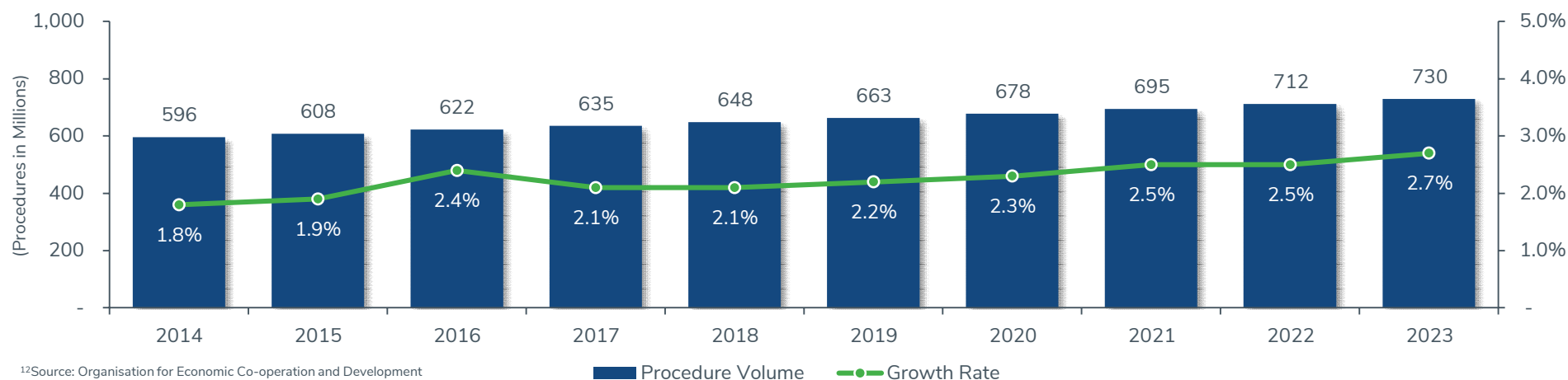
Patients aged 65 and older undergo diagnostic imaging procedures twice as often as the rest of the U.S. population

\$680

Average network rate for an abdominal MRI scan at an outpatient diagnostic imaging center, which is approximately 61% less than the \$1,751 average rate for an inpatient imaging procedure, according to Amino

- With an estimated 6,000+ locations across the U.S., the diagnostic imaging market is primarily comprised of local and regional businesses with few providers of scale.¹²
- The rise in popularity of outpatient imaging centers is attributed to consumers' preference for convenience and payors' guidance toward lower cost providers, allowing imaging centers to expand cost-effectively and compete against inpatient providers.
- Outpatient imaging center operators have responded by growing their geographic footprint and continuing to offer service comparable with inpatient settings but with added benefits, such as better parking and accessibility, an easier scheduling process, and a network of conveniently located centers.

Diagnostic Imaging Procedure Volume¹³



¹²Source: Organisation for Economic Co-operation and Development

¹³Source: RadNet Investor Presentation, June 2021

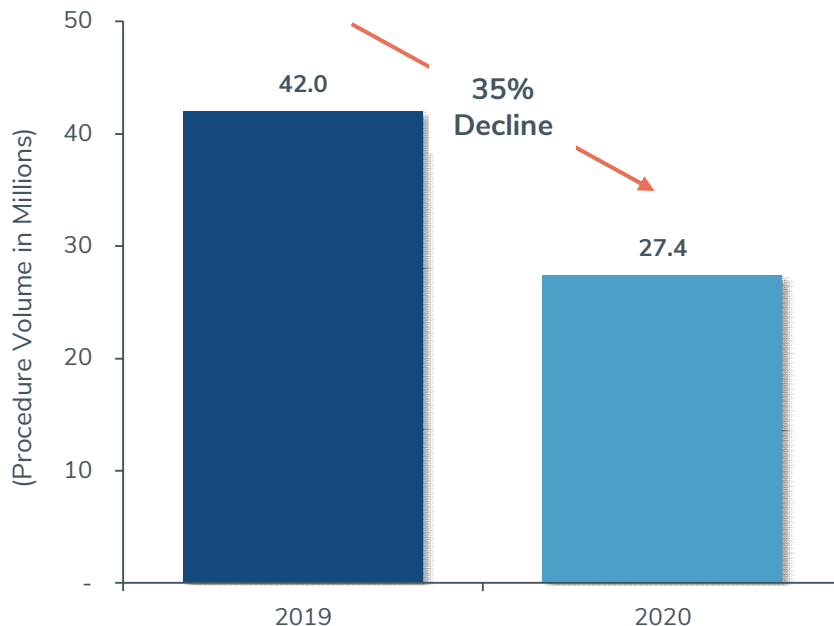
COVID-19 IMPACT ON DIAGNOSTIC IMAGING

Economic Impact on Radiology Practices

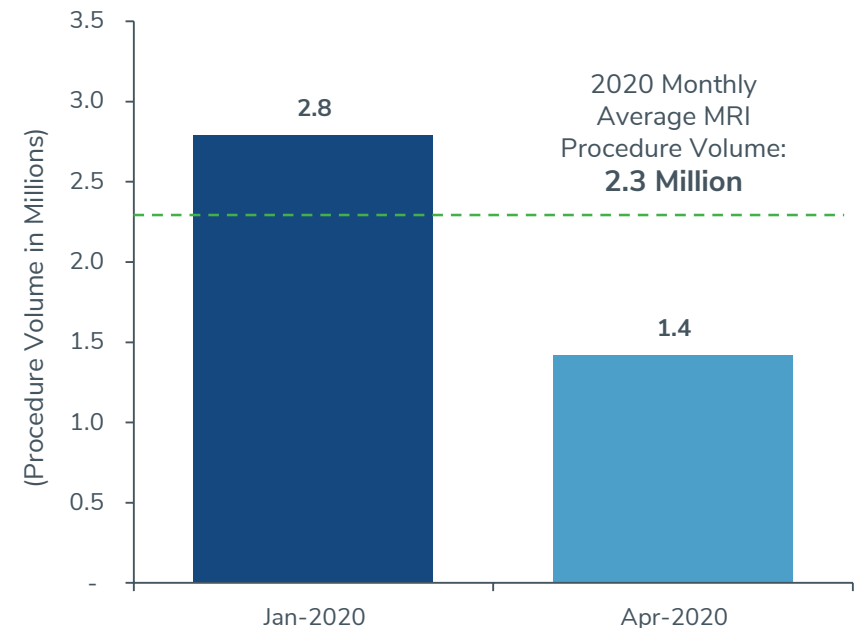
Impact of the COVID-19 Pandemic on Radiology¹⁴

- The global economic recession initiated by the COVID-19 pandemic negatively impacted radiology groups, and the challenges were compounded by the need to restrict the number of elective and diagnostic imaging procedures to comply with public policies.
- During the imposed mandatory lockdowns, radiology groups were stressed by the loss of procedure volume and associated revenue, driving the need for short-term changes to survive the initial period of uncertainty, which will likely have long-term effects.
- Through the public policy and practice-level responses, it is estimated that radiology practices saw a decline in imaging volumes ranging from 50%–70%, with practices that were centered around outpatient imaging hit the hardest.

Annual U.S. MRI Procedure Volume¹⁵



Monthly U.S. MRI Volume Declined During Lockdown¹⁵



¹⁴Source: RSNA – The Economic Impact of the COVID-19 Pandemic

¹⁵Source: IMV's 2020 MR Market Outlook

PUBLIC COMPANY DATA

Diagnostic Imaging Equipment Services

Company	Enterprise Value (\$M)	Market Capitalization (\$M)	Enterprise Value/EBITDA		Enterprise Value/Revenue	
Imaging Equipment Manufacturers			LTM	2021E	LTM	2021E
Agfa-Gevaert NV	277.4	820.7	8.2x	2.0x	0.1x	0.1x
Canon Inc.	25,126.4	23,786.4	5.8x	5.9x	0.8x	0.8x
Drägerwerk AG & Co. KGaA	1,589.1	1,697.0	2.2x	3.0x	0.4x	0.4x
FUJIFILM Holdings Corporation	30,436.8	28,525.7	11.7x	10.5x	1.5x	1.4x
General Electric Company	162,634.9	113,717.9	24.0x	20.0x	2.1x	2.1x
Koninklijke Philips N.V.	50,247.0	42,107.0	19.0x	12.3x	2.1x	2.4x
Olympus Corporation	27,474.4	26,302.1	18.9x	16.7x	4.2x	3.8x
Siemens Healthineers AG	152,934.0	124,720.5	16.8x	13.4x	2.2x	2.1x
Imaging Services						
Akumin Inc.	726.7	225.9	16.0x	8.9x	3.0x	2.0x
CHC Healthcare Group	293.2	195.5	8.5x	NA	3.2x	3.0x
RadNet, Inc.	3,221.8	1,936.2	20.5x	16.4x	2.8x	2.5x
Provider Asset Managers						
ABM Industries Incorporated	3,490.6	3,120.9	7.7x	8.9x	0.6x	0.6x
Agiliti, Inc.	3,965.9	2,552.2	17.0x	14.1x	4.8x	4.1x
Aramark	16,228.5	8,956.1	NM	16.5x	1.6x	1.2x
Cintas Corporation	42,872.1	40,587.6	25.6x	23.6x	6.0x	5.8x
Compass Group PLC	41,601.3	37,731.2	NM	19.9x	1.9x	1.7x
Hill-Rom Holdings, Inc.	10,587.0	9,113.0	18.3x	15.5x	3.6x	3.6x
Sodexo S.A.	17,332.6	12,446.5	31.3x	12.9x	0.9x	0.8x

DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

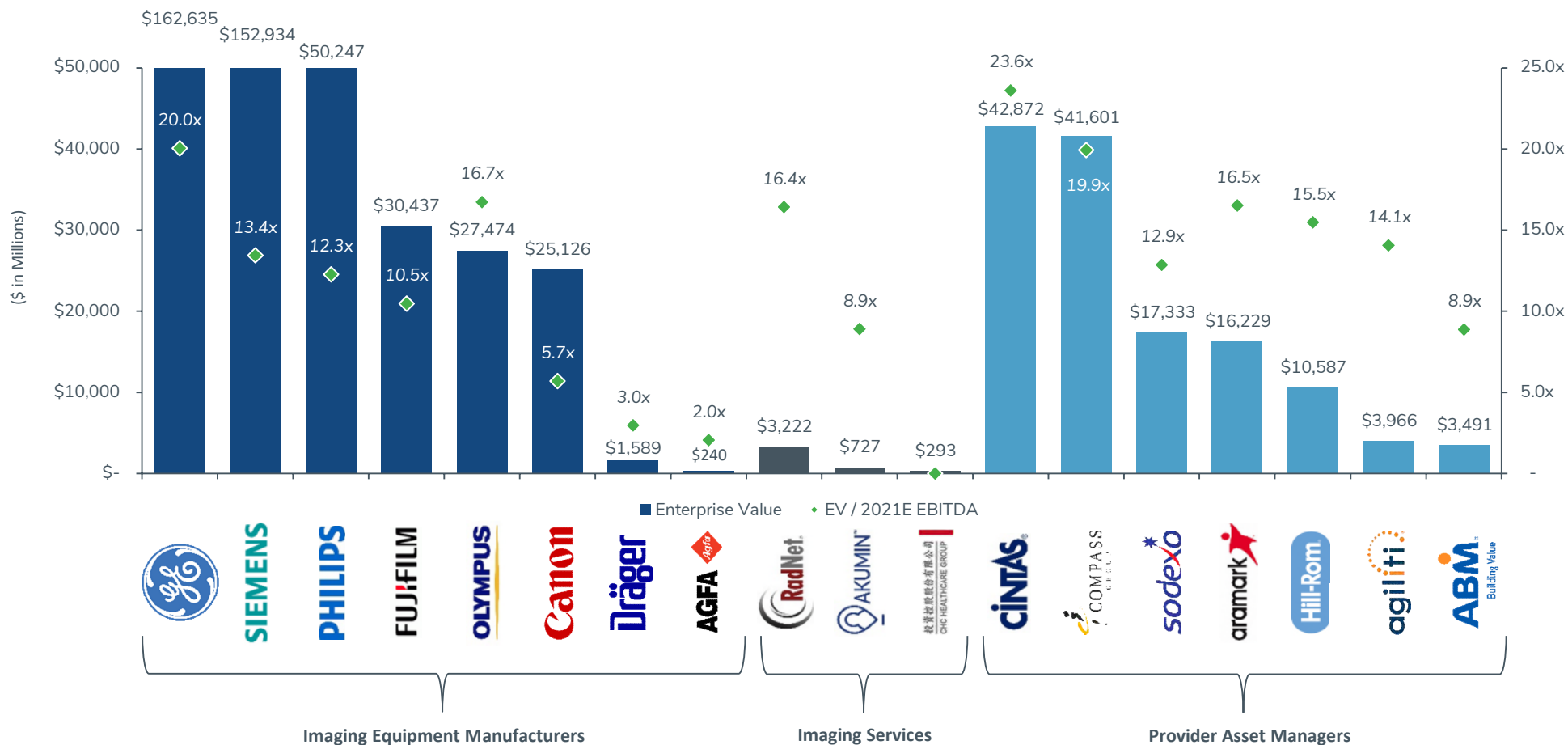
Enterprise Value (EV): market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

LTM: publicly announced last 12 months

Source: Capital IQ as of July 31, 2021

PUBLIC COMPANY DATA

Market Valuation



DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

Enterprise Value (EV): market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

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Source: Capital IQ as of July 31, 2021

PUBLIC COMPANY DATA

Average Historical Trading Multiples



DEFINITIONS

EBITDA: earnings before interest, taxes, depreciation and amortization

Enterprise Value (EV): market capitalization + total debt + preferred equity + minority interest – cash and short-term investments

Trading Multiple: enterprise value divided by LTM EBITDA

Source: Capital IQ as of July 31, 2021

CASE STUDY: AGILITI

Initial Public Offering Summary



Headquarters: Minneapolis, MN

Founded: 1939

Business Description: Agility, Inc. (“Agility”) is a nationwide provider of medical equipment management and service solutions to the U.S. healthcare industry. Agility owns or manages approximately a million pieces of medical equipment for national, regional, and local acute care facilities, health system integrated delivery networks, and alternate site providers

3,000+
Equipment
Management Experts
Employed

\$2.5B
Market Cap as of July
31, 2021

\$829M
TTM Revenue

7,000+
Acute Care Hospitals
& Alternate Site
Providers Served

17.0x
Enterprise Value /
TTM EBITDA Multiple

\$233M
TTM EBITDA

90+
Service Centers in the
United States

5.6x
Debt / TTM EBITDA
Multiple

28.2%
TTM EBITDA Margin

Agility (NYSE:AGTI) Share Pricing






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Source: Capital IQ

NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	PARTSOURCE [®]		
			
	July 20, 2021		
Deal Value	Not Disclosed		
	<ul style="list-style-type: none"> Global private equity firm, Bain Capital, acquired PartsSource, a leading online B2B marketplace for medical equipment maintenance parts and services with a network of 6,000+ OEMs. Bain Capital Managing Director, Devin O'Reilly, said, "We believe PartsSource has clear runway for organic growth and a significant opportunity to broaden the platform and strengthen its offering to customers through strategic acquisitions, product innovation, and international expansion." Financial details of the transaction were not disclosed. 		
	Transaction Highlights		
Date	DirectMed Parts & Service		
			
	July 7, 2021		
Deal Value	Not Disclosed		
	<ul style="list-style-type: none"> New York-based private investment firm NMS Capital acquired DirectMed Parts & Service, the largest independent diagnostic imaging parts supplier specializing in MRI and CT machines. "Working with NMS to analyze and finance acquisitions and to assess opportunities for expansion into new diagnostic imaging modalities will accelerate our progress," said DirectMed CEO Brad de Koning. The investment from NMS Capital will enhance DirectMed's data-driven sales approach and expand the breadth of its parts and service offering to further its customer-centric business model. Financial details of the transaction were not disclosed. 		
	Transaction Highlights		
Date	TENVISION ULTRASOUND		
			
	June 7, 2021		
Deal Value	Not Disclosed		
	<ul style="list-style-type: none"> Probo Medical, a leading provider of medical imaging equipment, parts, repair and service, acquired Tenvision, a provider of ultrasound sales, repair, maintenance, and training services to healthcare facilities. "Tenvision is known as a leader in the ultrasound market, particularly with respect to their sales, service and training offering to customers in the mid-south region. More recently, Tenvision has built out an impressive capability set for virtual product demonstrations, trainings and service that will be highly complementary to our commercial efforts," said Michael Asmer, CEO of Probo Medical. Financial details of the transaction were not disclosed. 		
	Transaction Highlights		







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Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., New York Times DealBook, The Deal, The Wall Street Journal)

NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	 	 	 
Deal Value	April 19, 2021	March 31, 2021	March 19, 2021
Transaction Highlights	Not Disclosed	Not Disclosed	\$475 Million
	<ul style="list-style-type: none"> Probo Medical, a leading provider of medical imaging equipment, parts, repair and service, acquired SonoDepot, a third-party repair and maintenance service organization specializing in ultrasound equipment. SonoDepot President, Floyd McAuliffe, said, "Partnering with Probo provides SonoDepot with a proven platform and management team that will allow the business to continue to thrive into the future. With Probo's vast inventory of ultrasound parts, probes and systems, we are excited for the positive impacts this will have on our ability to exceed our customers' expectations." Financial details of the transaction were not disclosed. 	<ul style="list-style-type: none"> Middle-market private equity firm Gauge Capital acquired EMSAR, a leading ISO that provides equipment maintenance and repair services to manufacturers and end users. "We're excited about the opportunity to partner with EMSAR, who has established themselves as the leading player in the biomedical equipment repair market and to work with management to execute on a myriad of organic and M&A opportunities over the coming years," said David Friedman, Principal at Gauge Capital. Financial details of the transaction were not disclosed. 	<ul style="list-style-type: none"> Agiliti, a nationwide provider of medical equipment management and service solutions, acquired Northfield Medical, an ISO and certified provider of durable medical equipment repair and maintenance services. According to SEC filings, the acquisition of Northfield will enable Agiliti to expand service capabilities, extend its customer base and geographic footprint, and increase the breadth of offerings within the operating room and procedural care space. The stock purchase transaction was valued at \$475 million, consisting of \$461 million of cash at closing, \$11.3 million of stock and a \$2.7 million net working capital adjustment.







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NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	 	 	 
Deal Value	February 24, 2021	January 25, 2021	January 13, 2021
Transaction Highlights	<ul style="list-style-type: none"> Probo Medical, a leading provider of medical imaging equipment, parts, repair and service, acquired IMAX Medical, a France-based company specializing in purchasing, selling, and logistics of preowned ultrasound, CT, and MRI medical equipment. “This is a significant announcement for Probo as we continue to grow our business on a global scale,” said Michael Asmer, CEO of Probo Medical. “France is an important market in the diagnostic medical imaging equipment vertical and we looked hard for a partner that shared our vision for the future. IMAX was clearly that partner.” Financial details of the transaction were not disclosed. 	<ul style="list-style-type: none"> Probo Medical, a leading global provider of medical imaging equipment, parts, repair and service, acquired Mount International United Services, a provider of third-party service, repairs and maintenance for medical imaging equipment. “Looking forward into a post-COVID world, we see a significant opportunity to bring forward a comprehensive set of diagnostic imaging equipment solutions to the European market,” said Michael Asmer, CEO of Probo Medical. Financial details of the transaction were not disclosed. 	<ul style="list-style-type: none"> Block Imaging, a premier refurbished medical imaging parts and diagnostic imaging service provider, acquired Platinum X-Ray Solutions, an imaging field service provider. Jason Crawford, President of Block Imaging, said, “The Platinum X-Ray team will further expand our Field Service team, helping to provide outstanding imaging equipment service across the country. Our growing team is passionate about extending the life of imaging equipment, so healthcare providers can extend the lives of patients.” Financial details of the transaction were not disclosed.







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Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., New York Times DealBook, The Deal, The Wall Street Journal)

NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	 	 	 
Deal Value	December 11, 2020	December 2, 2020	August 17, 2020
Transaction Highlights	<p>Not Disclosed</p> <ul style="list-style-type: none"> ▪ Middle-market private equity firm Freeman Spogli acquired US Med-Equip., a value-added distributor and rental provider of movable medical equipment for hospitals. ▪ “We are thrilled to partner with Freeman Spogli as [US Med-Equip] enters this next chapter of growth for our company,” said Gurmit Bhatia, co-founder and CEO of US Med-Equip. “Our new partnership will allow us to accelerate our ongoing national expansion and to support more healthcare providers throughout the U.S.” ▪ Financial details of the transaction were not disclosed. 	<p>Not Disclosed</p> <ul style="list-style-type: none"> ▪ TriMedx, an independent technology-enabled clinical asset manager acquired Centurion Service Group, a premier medical equipment life cycle management company. ▪ Henry Hummel, CEO of TriMedx, said, “With the addition of Centurion, TriMedx clients can maximize the value they receive for excess medical equipment through worldwide auctions—freeing up space for immediate-need equipment—while Centurion clients will benefit from access to increased inventories of high-quality equipment.” ▪ Financial details of the transaction were not disclosed. 	<p>Not Disclosed</p> <ul style="list-style-type: none"> ▪ 626 Holdings, a leading provider of healthcare technology management services, acquired PhiGEM Parts, a diagnostic imaging parts supplier. ▪ “Due to the Covid-19 pandemic, there is perhaps no other time in our country’s history where the expediency and quality of radiology imaging service delivery is at such a critical level,” said Michael Fischer, President of 626. “With the acquisition of PhiGEM, 626 will be even more efficient with our operations, allowing us to streamline our process for image system repairs.” ▪ Financial details of the transaction were not disclosed.








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Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., New York Times DealBook, The Deal, The Wall Street Journal)

NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	 	  	 
Deal Value	February 19, 2020	February 13, 2020	December 18, 2019
Transaction Highlights	Not Disclosed	Not Disclosed	\$1,633 Million
	<ul style="list-style-type: none"> Agility, a leading, nationwide provider of HCIT management and service solutions, acquired Mobile Instrument Service & Repair, Inc., the third largest provider of surgical equipment repair services in the U.S. “We’ve maintained a strong reputation as a highly skilled and reliable partner to our healthcare customers. Agility provides a platform that will enable us to grow within a broader, value-based solution portfolio. I see tremendous potential for us and for our customers as we combine our offerings,” said David Anbarai, CEO of Mobile Instruments. Priced at 11.0x EV/EBITDA. 	<ul style="list-style-type: none"> The Courtney Group and Centerfield Capital Partners, middle-market private equity firms, have acquired Tenacore, a distributor and provider of repair and maintenance services for medical devices and equipment. “Tenacore has an impressive and highly skilled team in place,” said Mr. Willett, Tenacore’s CEO. “As we execute our strategic growth plan, we intend to expand and complement the existing team, with the goal of providing an increased breadth of products and services to our customers.” Financial details of the transaction were not disclosed. 	<ul style="list-style-type: none"> Fujifilm (TSE:4901), a global imaging and photography company, has acquired Hitachi’s (TSE:6501) diagnostic imaging-related assets. By applying its proprietary image processing and AI technologies to Hitachi’s extensive product lineup, Fujifilm will further expand its medical systems business and create new values to contribute to improve the quality of medical care. Hitachi’s diagnostic imaging-related assets generated approximately \$1,300 million in revenue, representing an implied EV/Revenue multiple of 1.25x.








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Sources: SEC filings, S&P Global Market Intelligence, Mergermarket, company press releases and various news sources (e.g., New York Times DealBook, The Deal, The Wall Street Journal)

NOTABLE TRANSACTION ACTIVITY

Increased Demand for Differentiated Services

Notable Transactions within the Diagnostic Imaging Equipment Services Sector

Date	 	 	  
Deal Value	December 1, 2019	January 10, 2019	January 4, 2019
Transaction Highlights	<p>Not Disclosed</p> <ul style="list-style-type: none"> DirectMed, a supplier of medical imaging aftermarket parts and field services, acquired Medical System Technologies (MST), a repair service provider of subassemblies, circuit boards, and subsystems for MRI and CT equipment. Brad de Koning, CEO of DirectMed, said, "In our 10-year history of working together, we have trusted MST with our most complex electronic repair requirements. This acquisition accelerates our plan to vertically integrate and control additional key component repair capabilities." Financial details of the transaction were not disclosed. 	<p>Not Disclosed</p> <ul style="list-style-type: none"> SPBS, Inc. acquired Deccaid Services, an imaging services company that specializes in diagnostic imaging equipment sales, service, installations, de-installations, and evaluations. The acquisition will allow for SPBS to offer a larger scope of clinical equipment services to customers. Deccaid Services enables SPBS to fully enter into the high-end imaging services market, expand further into the tri-state market, and provide full asset management care solutions. Financial details of the transaction were not disclosed. 	<p>\$1,440 Million</p> <ul style="list-style-type: none"> Federal Street Acquisition Corp. (FSAC), the special purpose acquisition company (SPAC) of Thomas H. Lee Partners, acquired Universal Hospital Services (UHS), a leading provider of healthcare technology management and service solutions. The merger combined the operations of UHS and FSAC under a newly established publicly traded holding company, Agiliti, Inc. UHS's strong competitive position, broad range of capabilities and strong business model made it a highly attractive target. UHS generated approximately \$145 million of EBITDA for 2018, resulting in an implied EV/EBITDA multiple of 9.9x.

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TRANSITION ANNOUNCEMENT

Duff & Phelps Advises Alpha Imaging on its Sale of Certain Assets to Hologic, Inc.

Sell-Side Advisor



a portfolio company of



Has sold certain assets to



Duff & Phelps served as exclusive
financial advisor to Alpha Imaging

Deal Team

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On December 30, 2019, Alpha Imaging, LLC (“Alpha” or the “Company”), a leading distributor of diagnostic imaging equipment, sold certain assets to Hologic, Inc. (“Hologic” or the “Buyer”), a leading medical technology company

Client:

Based in Willoughby, Ohio, and founded in 1986, Alpha Imaging is one of the largest distributors of medical imaging equipment in the U.S. The Company sells and services a comprehensive catalog of diagnostic imaging equipment for major manufacturers including Shimadzu Medical Systems, Hologic, Canon, Konica Minolta, and others. A recognized leader in the diagnostic space, the Company provides equipment sales, service, and support

Buyer:

Based in Marlborough, Massachusetts, and founded in 1985, Hologic, Inc. (NasdaqGS:HOLX) is a leading global medical technology company that develops, manufactures, and supplies diagnostics products, medical imaging systems, surgical products, and light-based aesthetic and medical treatment systems used in the screening, detection, and treatment of diseases that primarily affect women in the U.S. and internationally

Role of Duff & Phelps:

Duff & Phelps served as exclusive financial advisor to Alpha Imaging in connection with the sale of assets to Hologic, Inc.

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About Duff & Phelps, A Kroll Business

For nearly 100 years, Duff & Phelps has helped clients make confident decisions in the areas of valuation, real estate, taxation and transfer pricing, disputes, M&A advisory and other corporate transactions. For more information, visit www.duffandphelps.com.

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