



Team

Gregg Blake
Managing Partner
gblake@brocair.com
917.374.4533

Daniel Fagan, Ph.D.
Managing Director
dfagan@brocair.com
314.954.6554

Christopher Foley
Managing Director
cfoley@brocair.com
404.754.3717

Brocair Partners, founded in 2004, is a financial advisor to businesses serving the healthcare, wellness, and pharmaceutical industries. We provide mergers & acquisitions, corporate finance, and strategic advisory services to companies worldwide.

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Brocair Partners LLC
Healthcare Investment Banking
317 Madison Avenue
21st Floor
New York, NY 10017
Main: 212.500.5015
Fax: 917.591.3200

Sterilization, Repair, & Refurbishment Industry Perspective

Healthcare providers are increasingly turning toward reprocessing of medical devices and equipment, in an effort to cut costs and increase sustainability.

Sterilization is the process wherein used medical equipment and devices are sterilized for future use in an effort to destroy the viability of any microbial life. Sterilization equipment represents some of the most critical equipment in a medical facility, given that the efficacy and success of patient outcomes depend on the ability to prevent cross-infections. There are a variety of methods for sterilization, which involve the use of heat, pressure, chemicals, or radiation:

Type	Common Methods	Other Methods	Applications
High Temp. or Pressure	• Steam Autoclave	• Dry Autoclave	Surgical Instruments; medical utensils
Chemical	• Ethylene Oxide (EtO) • Hydrogen Peroxide • Peracetic Acid • Ortho-phthalaldehyde	• Glutaraldehyde • Vaporized Hydrogen Peroxide • Chlorine Dioxide • Ozone	Biological materials; fiber optics; electronics; plastics
Radiation	• Gamma	• Electron beam • X-ray	Disposables; medical devices; pallet-sized loads

Source: White Paper – Medical Sterilization Applications (March 2009)

The repair and refurbishment market serves a wide range of medical devices and equipment, from single-use devices such as endoscopes and surgical tools to larger equipment such as imaging machines. The imaging, monitoring, and diagnostic devices segment is the fastest growing and represents 17% of the global market. Repair and refurbishment services range from basic cosmetic repairs to a full restoration of equipment back to its original state.

Types of Repair & Refurbishment	
Reconditioning	Cosmetic enhancements; for properly running devices
Refurbishment	Restoring device to its original specifications; includes replacement of parts and cosmetic changes as needed
Remanufacturing	Extensive replacement of all major components by original equipment manufacturer or FDA approved manufacturing provider and system testing

Source: Scrip Insights – Market Outlook for Refurbished Medical Devices to 2016 (November 2011)

The global medical sterilization, repair, and refurbishment industry is valued at roughly \$8 billion. Europe and the United States collectively account for a majority of the global market. It is estimated that 9 million devices are reprocessed every year in the U.S., with 60% of all U.S. hospitals utilizing some form of reprocessing.

Today, many healthcare providers are using sterilization, repair, and refurbishment as cost-saving measures in the face of financial challenges caused by the recent economic downturn. Healthcare reforms have further supported cost-cutting efforts. Reprocessing of medical products and equipment allows for the re-use of items that would otherwise be disposed. This reduces product costs and allows for less frequent replacement of expensive medical equipment.

In addition to encouraging cost-saving measures, recent healthcare reforms will also result in an influx of 30 million people into the healthcare system over the next several years. This will lead to an increase in demand for medical procedures, which is directly correlated with the need for sterilization, repair, and refurbishment of medical products. Growth in this sector in the immediate future, roughly 3.0-5.0% per year, is expected to be largely driven by an increased number of surgical procedures and increased reprocessing as a critical cost-saving measure. Other drivers of growth include the effort to create more sustainable healthcare organizations and reduce waste as well as greater comfort around the safety of re-using medical products.








Competitive Matrix

Below is a matrix of selected sterilization, repair, and refurbishment companies by product type.

Company	Hospital Sterilization	Production Sterilization	Equipment Servicing
ARAMARK Corporation (MasterPlan, Inc.)			
Bioquell plc			
Cantel Medical Corp.			
Ecolab, Inc.			
Getinge AB			
IMI Co. Ltd.			
ITAL TBS S.p.A.			
Johnson & Johnson, Inc. (Advanced Sterilization Products, a division of Ethicon)			
Medical Specialties Distributors, LLC			
Metall Zug AG (Belimed)			
Miele & Cie. KG			
Miraca Holdings Inc.			
MMM Group			
Nordion Inc.			
PartsSource, LLC			
Servizi Italia S.p.A.			
SteriGenics International, Inc.			
Steris Corp.			
Stryker Corporation (Ascent Healthcare)			
Synergy Health plc			
Tuttnauer Ltd.			
Universal Hospital Services, Inc.			
Vanguard AG			

Profiles of Selected Participants

Below are profiles of selected sterilization, repair, and refurbishment companies.

Company	Brief Description	LTM* (USD \$M)	
		Sales	EBITDA
 Cantel	Cantel Medical Corp. provides infection prevention and control products in the healthcare market, including water purification equipment, sterilants, disinfectants and cleaners, and specialized medical device reprocessing systems for endoscopy and renal dialysis.	392.9	69.6
 TBS	Telematic & Biomedical Services S.p.A. provides clinical engineering and e-Health services to the public and private health sector in Italy and the European Union. Its services include preventive and corrective maintenance of biomedical devices and endoscopic instruments.	258.3	24.1
 MesaLabs	Mesa Laboratories, Inc. develops process validation and monitoring instruments to assure product quality and control manufacturing processes in the healthcare, industrial, and food processing sectors. Its products include indicators to assess the effectiveness of the sterilization process.	42.9	16.5
 Servizitalia	Servizi Italia S.p.A. provides integrated services for the hire, washing, and sterilization of textiles and surgical instruments for state and private social assistance organizations, and hospitals in Italy.	263.9	74.7
 SHINVA	Shinva Medical Instrument Co., Ltd. manufactures medical instruments in China. It offers sterilizers, environmental protection equipment for medical use, sterilization testing products, pharmaceutical machinery, and various other medical equipment and supplies.	424.5	34.5
 STERIS	STERIS provides infection prevention, contamination control, microbial reduction, and surgical support products and services for healthcare, pharmaceutical, scientific, research, industrial, and governmental customers worldwide.	1,438.7	301.4
 Synergy Health	Synergy Health plc provides outsourced healthcare support and contract sterilization services. It offers decontamination and sterilization of reusable medical and surgical equipment, and related outsourced services to acute hospitals, primary care clinics, and private health providers.	529.2	143.3

*Latest twelve months