



KPMG Corporate Finance LLC

Radiology physician
practice M&A

June 2020

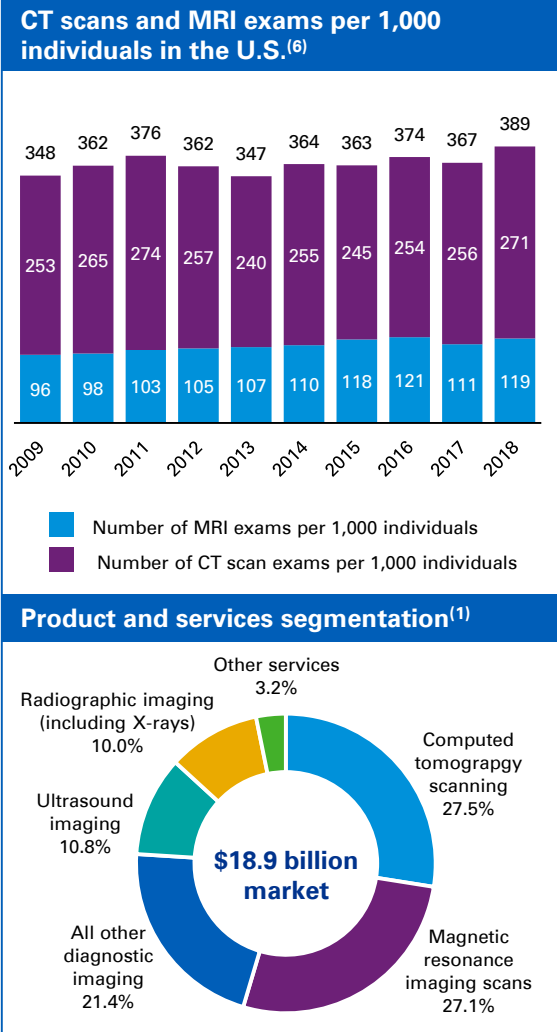
corporatefinance.kpmg.us



U.S. radiology market at a glance

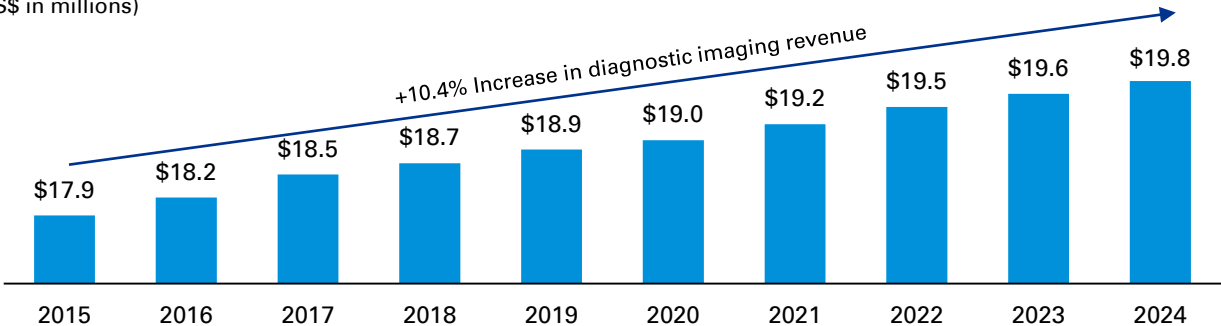
Supported by favorable healthcare reforms and growing geriatric population, the radiology services market in the U.S. is expected to witness significant growth

- The radiology services market in the U.S. generates approximately \$19 billion, with independent private groups accounting for majority of the revenue.⁽¹⁾
 - The industry is 95 percent unconsolidated and is distributed amongst health systems and independent radiology groups of various sizes.⁽²⁾
- There are an estimated 28,348 radiologists in the U.S., with 20,970 of them actively aligned to patient care.⁽³⁾
 - Over 53 percent of total physicians in the country are above the age of 55, potentially leading to a shortage of physicians within the next decade.⁽³⁾
- A growing elderly population, an increase in the rate of cancer, technological advancements and greater patient flows as a result of the Affordable Care Act are the primary factors fueling the growth of the radiology sector.
 - 37 percent of diagnostic tests and procedures (including radiologic procedures) are completed for people over the age of 65.⁽³⁾
 - The number of people over the age of 65 is projected to increase from approximately 48 million to over 80 million by 2050.⁽⁴⁾
- In 2018, the U.S. performed the second highest number of imaging exams in the world and had the second highest MRI and CT technology utilization rate.⁽⁵⁾



Projected U.S. diagnostic imaging revenue⁽¹⁾

(US\$ in millions)



Sources:

- ⁽¹⁾ IBISWorld industry report, "Diagnostic Imaging Centers in the US" (June 2019);
- ⁽²⁾ VMG Health, "Why Are Radiology Practices Hot Targets?" (March 2018);
- ⁽³⁾ Merritt Hawkins, "Radiology Recruiting Trends and Recommendations" (May 2019);
- ⁽⁴⁾ U.S. Census Bureau (April 2019);
- ⁽⁵⁾ Health Imaging, Insights in Imaging & Informatics, Melissa Rohman (March 2018);
- ⁽⁶⁾ OECD Health Statistics, "OECD Health Statistics 2019" (November 2019).

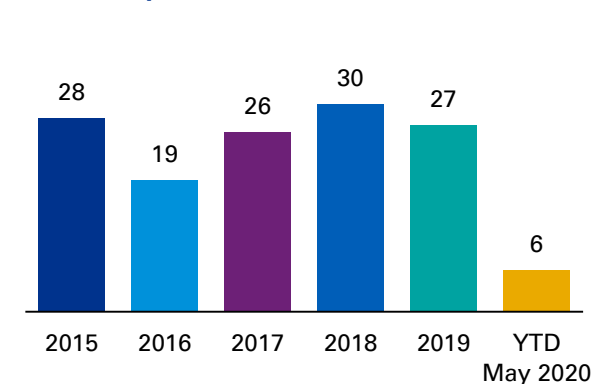
Radiology practice M&A activity overview

Several factors are contributing to the acquisition of radiology practices by both private equity funds and strategic healthcare organizations

- Over the last five years, radiology physician groups in the U.S. has witnessed large-scale consolidation. Thirty deals were completed in 2018 which surpassed the previous high of 28 deals set in 2015.
- The trend for mergers and consolidation within the specialty has picked up pace primarily due to macroeconomic and industry trends, technological innovation, emphasis on size, scale and access to resources within radiology, and the emergence of private equity-backed groups.
- Due to the growing number of government regulations in the sector and the pressure to introduce scale and scope in the fragmented industry, the momentum in deal volume is expected to continue in the coming years.
- The COVID-19 pandemic is expected to act as another factor driving increased consolidation of independent practices going forward.

Radiology physician practice M&A activity⁽¹⁾

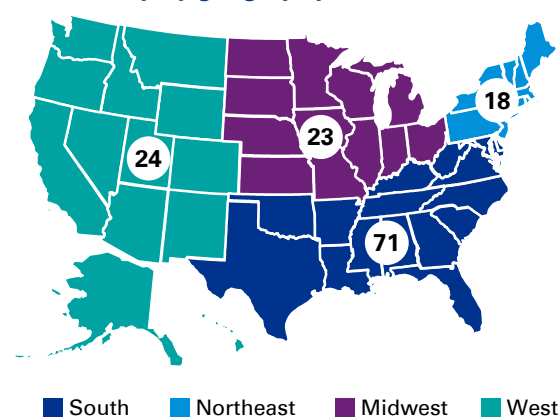
Deal activity since 2015








Sources:

⁽¹⁾ Capital IQ, Irving Levin, Company websites, and Press releases.

Deal activity by geography since 2015



Key factors driving consolidation activity in radiology sector

 High market fragmentation	 Diverse revenue sources	 Macro and industry trends	 Centralizing back office functions	 Technological innovations
Presence of a large number of small players in the sector offers an opportunity for both private equity and strategic players to execute roll-up strategies within the sector.	Most groups have agreements with hospitals, urgent care clinics, outpatient diagnostic imaging centers and physician clinics, to diversify revenue sources	Financial stress faced by smaller practices due to the pressure of declining reimbursement, ACA act, technological innovations, and increasing hospital expectations.	Larger practices can capitalize on economies of scale by combining back office functions such as IT systems, RCM, HR, and accounting, and leveraging increased bargaining power with hospitals and payors.	Larger practices can spread the cost of IT investments more broadly enabling them to invest in new technology such as AI and machine learning.

Selected precedent radiology M&A transactions (1/3)

Closed Date	Target Name	Target Location	Acquirer Name	Deal Value (\$ mm)
Apr-20	Chesapeake Medical Imaging	MD	Strategic Radiology	Undisclosed
Apr-20	Diagnostic imaging center in Florida	FL	Akumin	Undisclosed
Jan-20	Covera Health	NY	Insight Venture Management; Prism Ventures	Undisclosed
Jan-20	Upstate Carolina Radiology	SC	US Radiology Specialists	Undisclosed
Jan-20	Boca Radiology Group	FL	Radiology Associates of South Florida	Undisclosed
Jan-20	Rocky Mountain Radiologists	CO	Radiology Imaging Associates	Undisclosed
Dec-19	National Imaging Solutions	TX	Four Wire Investments	Undisclosed
Dec-19	Radiology Associates of Appleton	WI	Radiology Partners	Undisclosed
Dec-19	Advanced Diagnostic Imaging	TN	Radiology Partners	Undisclosed
Dec-19	US Imaging	TX	US Radiology Specialists	Undisclosed
Dec-19	Radiology Ltd.	AZ	US Radiology Specialists	Undisclosed
Nov-19	Madison Radiologists	WI	LucidHealth	Undisclosed
Oct-19	Memorial MRI & Diagnostic Center	TX	Panos Partners	Undisclosed
Sep-19	American Health Imaging	GA	US Radiology Specialists	Undisclosed
Aug-19	5 Diagnostic Centers of Southwest X-Ray	TX	Akumin	Undisclosed
Aug-19	Lodin Medical Imaging	MO	Diagnostic Imaging Centers	Undisclosed
Jul-19	High Field and Open MRI	KY	Outpatient Imaging Affiliates	Undisclosed
Jul-19	Center for Diagnostic Imaging	MN	Atlantic Medical Imaging	Undisclosed
Jul-19	Radiology Associates of Tallahassee	FL	Strategic Radiology	Undisclosed
Jul-19	Northside Radiology Associates	GA	Radiology Partners	Undisclosed
Jun-19	Radiology Affiliates Imaging	NJ	Radiology Partners	Undisclosed
Jun-19	Mecklenburg Radiology Associates	NC	Strategic Radiology	Undisclosed
Jun-19	ADG Acquisition Holdings	FL	Akumin	\$117.5
May-19	27 imaging centers operated under Advanced Diagnostics Group	FL	Akumin	\$214.0
May-19	Outpatient Diagnostic Imaging Centre in Deltona, Florida	FL	Akumin	\$0.6
May-19	Greensboro Radiology	NC	Radiology Partners	Undisclosed
May-19	Krueger-Gilbert Health Physics	MD	Blue Sea Capital	Undisclosed
Apr-19	Imaging Centre in Davie, Florida	FL	Akumin	\$0.5
Apr-19	Outpatient Radiology Practice of Kern Radiology Medical Group	TN	Radnet Management	Undisclosed

Sources: Capital IQ, Irving Levin, Company websites, and Press releases.

©2020 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG Corporate Finance LLC

Selected precedent radiology M&A transactions (2/3)

Closed Date	Target Name	Target Location	Acquirer Name	Deal Value (\$ mm)
Mar-19	Center for Diagnostic Imaging	MN	Wellspring Capital Management	Undisclosed
Mar-19	MMDS Mobile X-Ray	NC	National Mobile X-Ray	Undisclosed
Feb-19	Asheville Radiology Associates	NC	Strategic Radiology	Undisclosed
Jan-19	Radiology Associates of the Fox Valley	WI	LucidHealth; Premier Imaging Holdings	Undisclosed
Dec-18	Diagnostic Imaging Center of Terrebonne	LA	Hospital Service Distnct No. 1 of Terrebonne Parish	Undisclosed
Nov-18	Bethesda Radiology Associates	FL	Radiology Associates of South Florida	Undisclosed
Nov-18	Four Freestanding, Outpatient Diagnostic Imaging Centers in Broward County	FL	Akumin	\$12.1
Nov-18	One Imaging Center in Kissimmee, Florida	FL	Akumin	\$1.2
Nov-18	Associates in Diagnostic Radiology	TN	MEDNAX	Undisclosed
Oct-18	Decatur Radiology Physician Services Corporation	IL	Envision Healthcare Corporation	Undisclosed
Oct-18	Radiology Specialists	NV	MEDNAX	Undisclosed
Oct-18	MBB Radiology	FL	Radiology Partners	Undisclosed
Oct-18	Medical Arts Radiology	NY	RadNet	\$61.6
Sep-18	Spectrum Radiology Associates	NY	WNY Imaging Systems	Undisclosed
Sep-18	Schuylkill Open MRI	PA	Undisclosed investor	\$2.3
Sep-18	Crestview Hills Imaging Operation of Mayfield Clinic	KY	ProScan Imaging	Undisclosed
Aug-18	Solis Women's Health	TX	Madison Dearborn Partners	Undisclosed
Aug-18	11 diagnostic centers	FL	Akumin	\$25.0
Aug-18	Argus Radiology Consultants	MO	Real Radiology	Undisclosed
May-18	Seven Texas Based Diagnostic Imaging Centers	TX	Preferred Medical Imaging	Undisclosed
May-18	Four Imaging Centers in Florida	FL	Akumin	\$0.1
Apr-18	Women's Radiology Associates	TX	Synergy Radiology Associates	Undisclosed
Apr-18	Southgate Radiology	MI	Regional Medical Imaging	Undisclosed
Apr-18	Five Imaging Centers In Fresno, California	CA	RadNet	Undisclosed
Apr-18	Metro Imaging	MO	Mercy Health	Undisclosed
Apr-18	Charlotte Radiology	NC	Welsh, Carson, Anderson & Stowe	Undisclosed
Apr-18	Radiology Associates of Florida	FL	Radiology Partners	Undisclosed
Mar-18	Access Radiology	LA	Radiology Partners	Undisclosed
Mar-18	Cool Springs Interventional	TN	MEDNAX	Undisclosed
Mar-18	Outpatient Imaging Affiliates	TN	ICV Partners, LLC	Undisclosed

Sources: Capital IQ, Irving Levin, Company websites, and Press releases.

Selected precedent radiology M&A transactions (3/3)






Closed Date	Target Name	Target Location	Acquirer Name	Deal Value (\$ mm)
Feb-18	Chandler Radiology Associates	AZ	Envision Healthcare Corporation	Undisclosed
Feb-18	South County Radiologists	MO	West County Radiology Group	Undisclosed
Jan-18	Atlantic Imaging Group	NJ	Concordia Care	Undisclosed
Jan-18	Renaissance Imaging Medical Associates	CA	Radiology Partners	Undisclosed
Dec-17	Southwest Diagnostic Imaging	AZ	Radiology Partners	Undisclosed
Nov-17	Specialists in Medical Imaging	IL	Radiology Partners	Undisclosed
Nov-17	Northland Imaging	MO	Diagnostic Imaging Centers	Undisclosed
Nov-17	Medical Imaging	MS	MedQuest Associates	Undisclosed
Oct-17	Core Clinical	PA	inviCRO	Undisclosed
Oct-17	Synergy Radiology Associates	TX	MEDNAX	Undisclosed
Sep-17	Jefferson Radiology	CT	MEDNAX	Undisclosed
Sep-17	Bay Ridge Medical Imaging	NY	Collaborative Care Services	Undisclosed
Aug-17	Radiology Associates of South Florida	FL	MEDNAX	Undisclosed
Aug-17	Alliance Healthcare Services	CA	Tahoe Investment Group Co.	\$801.1
Aug-17	Preferred Imaging Partners	TX	Akumin	\$94.0
Aug-17	Diagnostic Imaging Associates	DE	RadNet	\$14.5
May-17	Central Medical Imaging	MI	Regional Medical Imaging	Undisclosed
May-17	Associates in Medical Physics	MD	L2 Capital Partners	Undisclosed
May-17	Lexington Diagnostic Center & Open MRI	KY	Undisclosed investor	Undisclosed
Apr-17	Imaging Advantage	TN	Envision Healthcare Corporation	Undisclosed
Apr-17	Radwell Leasing and Radwell	NY	Health Management Company of America	Undisclosed
Apr-17	One Imaging Centre In Florida	FL	Akumin	\$1.3
Apr-17	Six Diagnostic Imaging Centers In Florida	FL	Akumin	Undisclosed
Apr-17	RadNet, Inc., The Imaging Institute	CA	Rhode Island Medical Imaging	\$5.0
Apr-17	RadNet, Inc., Five Imaging Centers	CA	Cedars-Sinai Health System	Undisclosed
Feb-17	Sedalia Imaging Center	MO	Bothwell Regional Health Center	\$0.9
Feb-17	BioMagnetic Open MRI and The Imaging Center	MI	Premier MRI/CT	Undisclosed
Jan-17	Radiology Alliance	TN	MEDNAX	Undisclosed
Jan-17	Missoula Radiology	MT	Inland Imaging	Undisclosed
Jan-17	Sunshine Radiology	FL	Envision Healthcare Corporation	Undisclosed

Sources: Capital IQ, Irving Levin, Company websites, and Press releases.

Select recent KPMG Corporate Finance LLC transactions

 <p>Project Lion</p> <p><i>A gastroenterology physician practice</i></p> <p>Ongoing</p>	 <p>Project Wave</p> <p><i>An anesthesia physician group</i></p> <p>Ongoing</p>	  <p><i>Has been acquired by</i></p>  <p><i>A portfolio company of</i></p>  <p>Closed</p>	  <p><i>Has been acquired by</i></p>  <p>Closed</p>	 <p><i>Deer Meadows</i> <small>Retirement Community</small></p> <p><i>Has been acquired by</i></p>  <p>Closed</p>
  <p><i>Has been acquired by</i></p>  <p><i>A portfolio company of</i></p>   <p>Closed</p>	  <p><i>Has been recapitalized by</i></p>  <p>Closed</p>	  <p><i>Has been acquired by</i></p>  <p>Closed</p>	  <p><i>Has received growth investment from</i></p>  <p>Closed</p>	  <p><i>Has been acquired by</i></p>  <p>Closed</p>

Select recent KPMG LLP Deal Advisory credentials

 <p>Compassion-First Pet hospitals (Quad – C) KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on its sale to JAB</i></p> <p>Closed</p>	 <p>Heartland Dental (Ontario Teachers Pension Plan Board) KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on its sale to KKR</i></p> <p>Closed</p>	 <p>DentalCorp KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on its sale to L Catterton</i></p> <p>Closed</p>	 <p>Private equity client KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on its potential sale of women's health mammography company</i></p> <p>Closed</p>	 <p>Audax Private Equity – Advanced Dermatology KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on Advanced Dermatology's sale to Harvest Partners</i></p> <p>Closed</p>
 <p>Great Point Partners- Professional PT KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on sale of Professional PT to Thomas H. Lee Partners</i></p> <p>Closed</p>	 <p>Center for Diagnostic Imaging KPMG Deal Advisory</p> <p><i>Financial due diligence assistance on sale to Wellspring Capital</i></p> <p>Closed</p>	 <p>Forefront Dermatology (Varsity Healthcare Partners) KPMG Deal Advisory</p> <p><i>Sell-side financial due diligence assistance on its sale to Ontario Municipal Employees Retirement System(OMERS)</i></p> <p>Closed</p>	 <p>ATI Physical Therapy (KRG Capital Partners) KPMG Deal Advisory</p> <p><i>Financial pre-sale due diligence assistance on sale of ATI with over 500 clinic locations to Advent International</i></p> <p>Closed</p>	 <p>EyeCare Services Partners (Varsity Healthcare Partners) KPMG Deal Advisory</p> <p><i>Provided financial due diligence assistance on its sale to Harvest Partners</i></p> <p>Closed</p>

*Represents the global Corporate Finance practice of KPMG International's network of independent member firms.

©2020 KPMG Corporate Finance LLC, a Delaware limited liability company. Member FINRA/SIPC. KPMG Corporate Finance LLC is a subsidiary of KPMG LLP, a Delaware limited liability partnership and the U.S. member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. All rights reserved.

KPMG Corporate Finance LLC

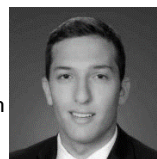
KPMG Corporate Finance LLC healthcare investment banking team



Walter J. Olshanski
**Managing Director,
Sector Lead**
T: 646-874-4878
E: wolshanski@kpmg.com



Ankit Bavishi
Vice President
T: 312-665-2026
E: ankitbavishi@kpmg.com



Michael Cordaro
Associate
T: 212-763-5408
E: mcordaro@kpmg.com



Jason Moran
Managing Director
T: 415-963-7353
E: jasonmoran@kpmg.com



Karan Jolly
Managing Director
T: 312-665-2949
E: kjolly@kpmg.com



Amanda Dydynski
Vice President
T: 415-963-8401
E: adydynski@kpmg.com

2015-2019 global advisor ranking ⁽¹⁾		# of Deals
1.	KPMG*	2,462
2.	PwC	2,200
3.	Deloitte	1,631
4.	Rothschild & Co.	1,513
5.	Ernst & Young LLP	1,403
6.	Houlihan Lokey	1,275
7.	BDO	1,029
8.	IMAP	957
9.	Lazard	935
10.	Industrial & Comm. Bank China	916

2010-2019 global advisor ranking ⁽¹⁾		# of Deals
1.	KPMG*	4,321
2.	PwC	4,135
3.	Deloitte	2,827
4.	Ernst & Young LLP	2,654
5.	Rothschild & Co.	2,552
6.	Houlihan Lokey	2,347
7.	BDO	1,883
8.	Lazard	1,859
9.	Goldman Sachs & Co	1,813
10.	Morgan Stanley	1,685

Global coverage. Industry knowledge. Middle-Market focus.

The global Corporate Finance practices of KPMG International's network of independent member firms was ranked #1 as the top M&A middle-market adviser globally by Refinitiv based on number of completed transactions, for 2010 to 2019.

KPMG Corporate Finance LLC was recently named Transaction Advisory Firm of the Year by The Global M&A Network, and previously named investment Bank of the Year by the M&A Advisor. KPMG Corporate Finance LLC provides a broad range of investment banking and advisory services to its domestic and international clients. Our professionals have the experience and depth of knowledge to advise clients on global mergers and acquisitions, sales and divestitures, buyouts, financings, debt restructurings, equity recapitalizations, infrastructure project finance, capital advisory, portfolio solutions, fairness opinions, and other advisory needs.

Note:

⁽¹⁾ League tables include completed deals which have value between \$0 million to \$500 million and also where deal value is not disclosed, as of January 2, 2020.

*Represents the global Corporate Finance practice of KPMG International's network of independent member firms.



Important notice

The information contained herein is of a general nature and is not intended to address the circumstances of any particular individual or entity. Although we endeavor to provide accurate and timely information, there can be no guarantee that such information is accurate as of the date it is received or that it will continue to be accurate in the future. No one should act upon such information without appropriate professional advice after a thorough examination of the particular situation. The information contained in this communication does not constitute a recommendation, offer, or solicitation to buy, sell or hold any security of any issuer. Past performance does not guarantee future results.

The KPMG name and logo are registered trademarks or trademarks of KPMG International.

Some or all of the services described herein may not be permissible for KPMG audit clients and their affiliates or related entities.