Cantel Medical Acquires Byrne Medical, Inc., Substantially Increasing Its Presence in GI Endoscopy

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LITTLE FALLS, N.J., Aug. 2, 2011 /PRNewswire/ -- CANTEL MEDICAL CORP. (NYSE: CMN [1]), through its Minntech subsidiary, has acquired the business and substantially all of the assets of Byrne Medical, Inc. Byrne Medical, privately-owned and based outside Houston, TX, designs, manufactures and sells an innovative array of disposable infection control products intended to replace the necessity of sterilizing and reusing numerous components used in gastrointestinal (GI) endoscopy procedures.

For the twelve months ended June 30, 2011, Byrne Medical generated revenues of approximately $38.6 million and pre-tax income of $8.6 million. After adjusting for the shareholders' compensation and other non-recurring expenses, the pre-tax income would be approximately $11.5 million for the twelve-month period. Capitalizing on Byrne Medical's 20%+ historic growth profile, Cantel expects an increase in overall corporate gross margins and anticipates the acquisition to be accretive in Cantel's first fiscal year ending July 31, 2012 (inclusive of the expenses resulting from purchase accounting, financing, and deal-related costs).

The purchase price was $100.0 million, comprised of $90.0 million in cash and 401,123 shares of restricted Cantel stock (valued at $10.0 million) that is subject to a multi-year lock-up and three-year price floor. In addition, there is a contingent earnout of up to $10 million payable over two years based on gross profit growth targets of the acquired business. Cantel will also be purchasing certain land and buildings utilized by the Byrne Medical business for $5.9 million so as to further develop a world-class, disposables manufacturing operation in Houston. The founder and principal owner, Don Byrne, has entered into a three-year employment agreement and separate non-compete agreement.

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