



HealthCare Appraisers
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**Healthcare Valuations – Current Trends and Perspectives
in Majority Interest Valuations**

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Presentation Outline

- Overview of 2009 ASC Valuation Survey (6th Year)
- Valuation Trends – Majority (*i.e.*, controlling) and *minority interests*
- Other Notable Observations
- Q&A

Overview of 2009 Survey

- 18 companies responding – 1 public and 17 private (list at end of presentation)
- ASCs under ownership
- Diligence Summary
- Acquisition Summary
- Planned '09 Acquisition Summary
- 1-4 bidders typically involved in bidding process

Overview of 2009 Survey

ASCs Under Ownership

ASCs Under Ownership	% Respondents
10 or fewer	50%
11 to 20	17%
21 to 30	11%
31 to 40	5%
41 to 50	0%
51+	17%

Diligence Summary

Potential Acquisition Candidates	% Respondents
None	11%
1 to 5	28%
6 to 10	22%
11 to 15	6%
15+	33%

Overview of 2009 Survey

Acquisition Summary

Number of ASCs Purchased	% Respondents
None	33%
1 to 5	44%
6 to 10	17%
11 to 15	6%
16+	0%

Planned Acquisition Summary

Number of ASCs Planned to Purchase	% Respondents
None	17%
1 to 5	67%
6 to 10	11%
11 to 15	5%
16+	0%

Overview of 2009 Survey

Preferred Equity Ownership Position

% Ownership	% Respondents
<10%	6%
10% to 29%	36%
30% to 50%	29%
51% to 75%	29%
>75%	0%

Most “Corporate” Buyers
are opportunistic as
opposed to planned

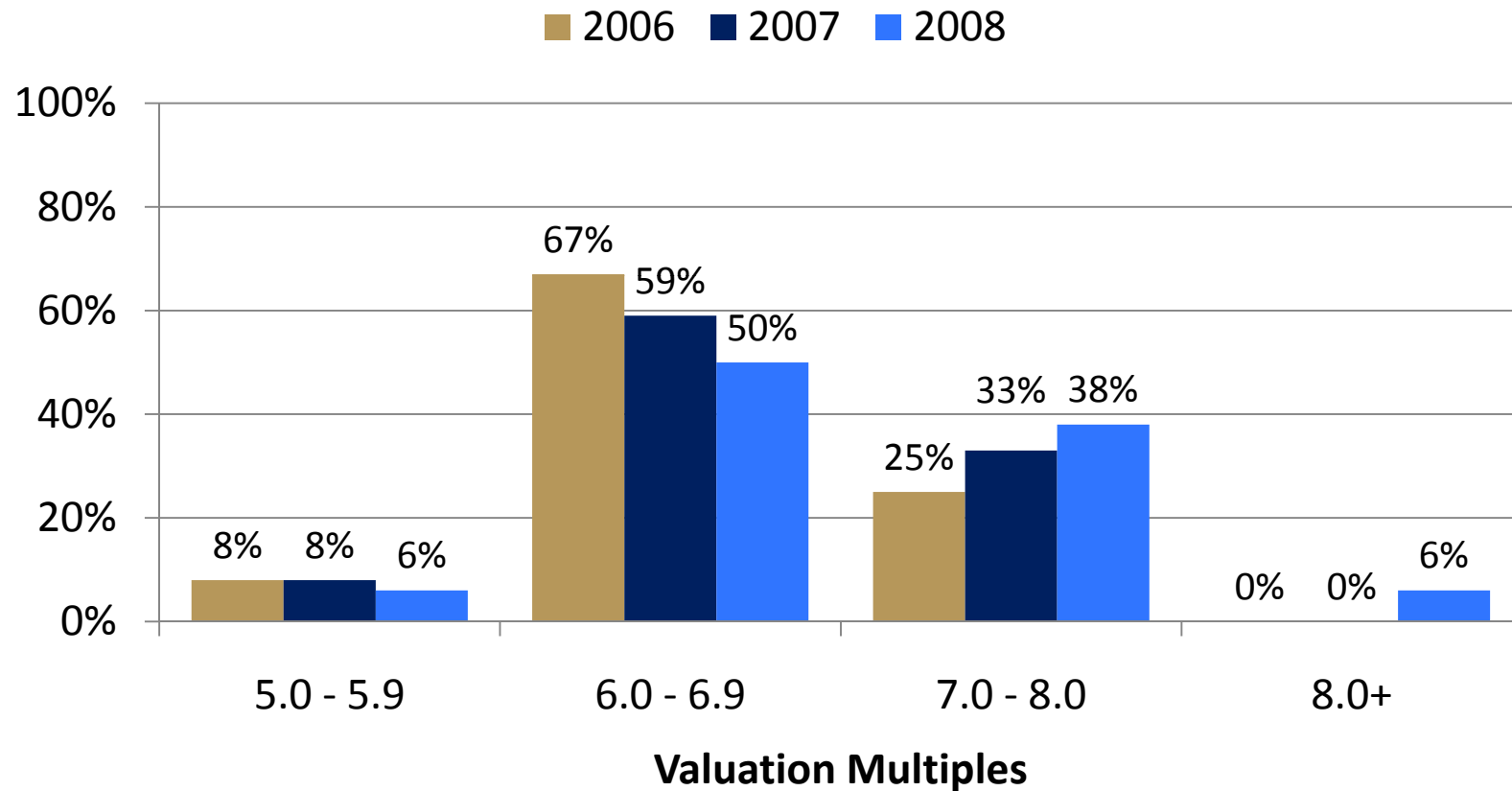
Acquisition Strategy (multiple responses allowed)

Established Cash Flowing Centers	44%
Turnarounds	44%
Start-ups	61%

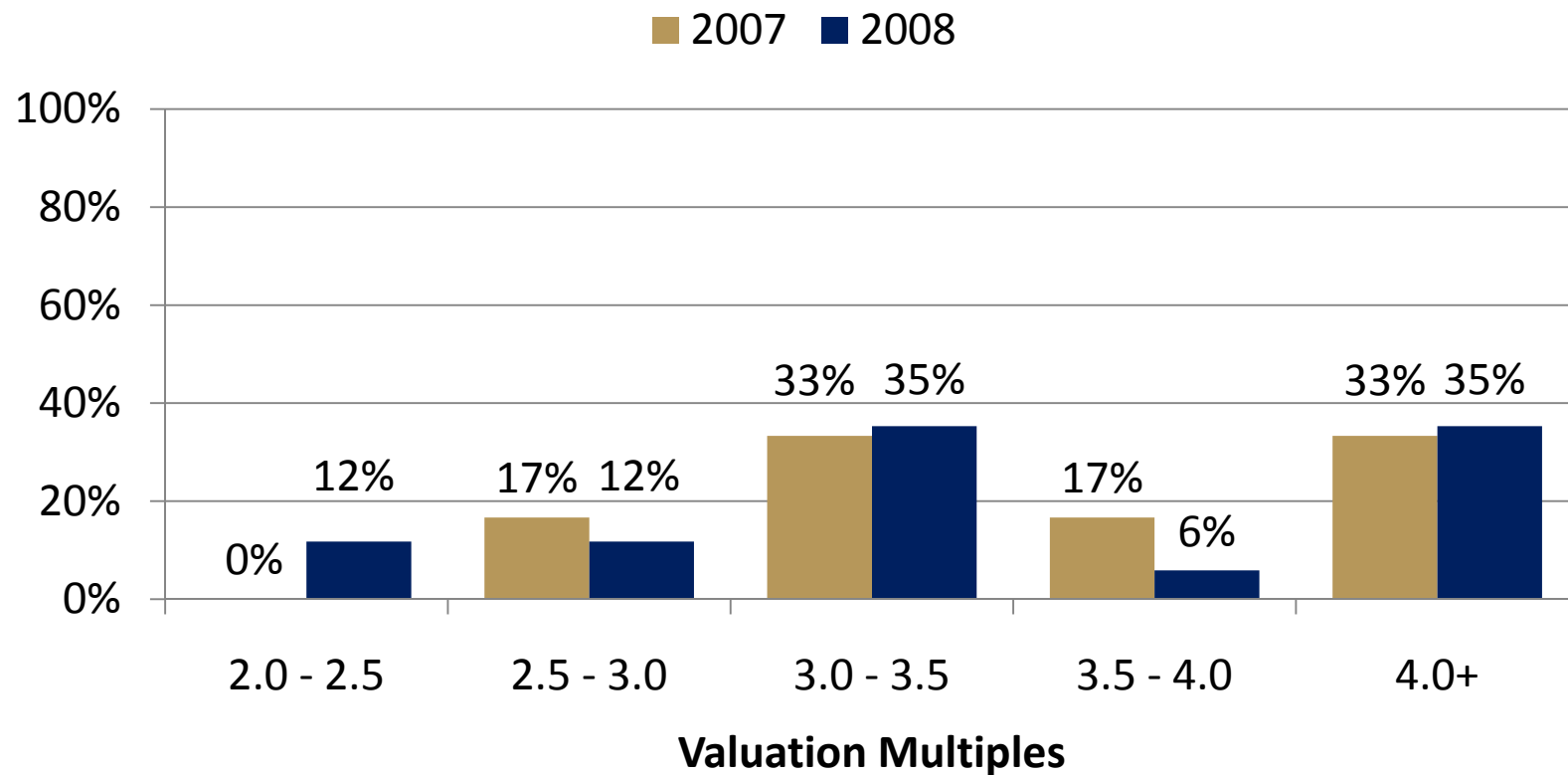
Valuation Trends

- **Controlling vs. Non-Controlling / Minority Interest Valuation:
Why the Difference? Bulk of transactions are Minority.**
- **Controlling interest valuation multiples**
- **Minority Interest Redemptions**
- **Minority Interest Buy-Ins**

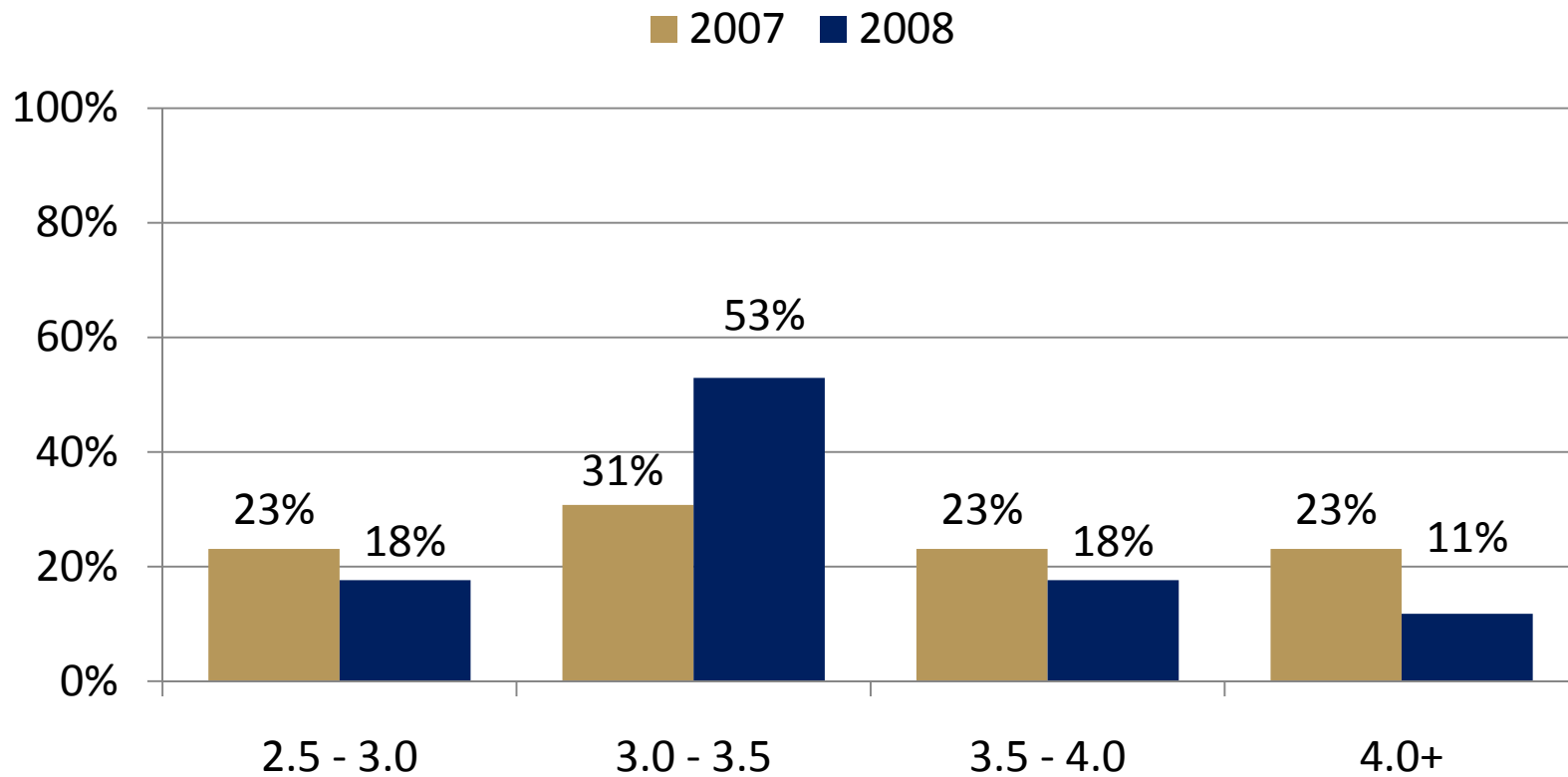
Controlling Interest Valuation Multiples



Minority Interest Redemptions



Minority Interest Buy-Ins



Valuation Trends

In past year, describe observations related to ASC acquisition activity:

	% Respondents
No Change from previous year	28%
Decreasing	55%
Increasing	17%

In past year, describe observations related to competition for acquisitions:

	% Respondents
No Change from previous year	45%
Decreasing	33%
Increasing	22%

Other Notable Observations

- Orthopedic Surgery, Ophthalmology, ENT, Pain Management, Podiatry, GI, and General Surgery continue to be highly desirable in an ASC setting; Plastic Surgery continues to be undesirable.
- For Single-specialty ASCs, 65% of buyers prefer 6-10 physician investors.
- For Multi-specialty ASCs, 78% of buyers prefer 11-20 physician investors.
- In the context of start-up ASC pricing, while there are numerous factors influencing equity value, the “typical” buy-in is priced between \$10,000 and \$15,000 per 1% interest.

Other Notable Observations

- 88% of respondents report paying a premium to acquire an ASC in a CON state; 70% report paying a premium on the EBITDA multiple ranging between 0.26x and 0.75x.
- 88% primarily rely on EBITDA multiples in pricing; 81% typically incorporate Trailing 12 months into the purchase offer.
- Management fees typically range between 5% and 6% of net revenue. And most respondents (*i.e.*, 67%) do not routinely vary the management fee % based upon center revenue levels.
- 67% report maintaining equity in all ASCs which they manage; however, 53% would consider managing without equity.

Responding Companies

- ASC Strategies, LLC
- Ascent Partners
- Ambulatory Surgical Centers of America (“ASCOA”)
- Community Care, Inc.
- Covenant Surgical Partners, Inc.
- HealthMark Partners, Inc.
- Meridian Surgical Partners
- National Surgical Care
- Nikitis Resource Group
- Titan Health Corporation
- NovaMed, Inc.
- Nueterra Healthcare
- Practice Partners in Healthcare, Inc.
- Regent Surgical Health
- Surgical Care Affiliates
- Symbion Healthcare
- The Bloom Organization, LLC
- The C/N Group, Inc.



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