

Winning in Healthcare:

5 Tips to Landing Deals and Increasing Operating Profits

Americans spend \$10,000 per citizen (nearly 20% of GDP) on healthcare. Yet, systems within healthcare organizations resemble rural manufacturing—in the 1970s. The complexity of these systems keep large portions of capital on the sidelines, but do healthcare providers know something you don't?



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Winning in Healthcare: 5 Tips to Landing Deals and Increasing Operating Profits

#1 Culture to win

#2 Exits not on the map

#3 Know when the \$ is made

#4 Know what to count

#5 Low Hanging Fruit

**What do leaders within
physician-owned organizations
value most?**

Audience Poll

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EBITDA vs. CAP RATE

bigger?

	Scenario 1	Scenario 2	Scenario 3
Rent	\$275,000	\$275,000	\$400,000
EBITDA	\$2,000,000	\$2,000,000	\$1,875,000
Practice Multiple	6x	6x	6x
CAP RATE	6.75%	6.75%	6.75%
Practice Value	\$12,000,000	\$12,000,000	\$11,250,000
Building Value	\$0	\$4,074,074	\$5,925,926
Total Enterprise Value	\$12,000,000	\$16,074,074	\$17,175,926
% Added Value		8.33%	18.1%

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Case Studies

#1 Share price increase 177%

#2 \$280M Healthcare Acquisition

#3 Imaging Center Acquisition

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Case Study One

Make Money – Integration & Operations

52 Operating Companies

- 177% Share Price Increase (4 yrs)
- 63% Earnings Increase
- 64% Dividend Increase

Key Strategies to Make Money

- Integrate vs Subsidiary
- Combine operating companies (Add-on style)

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Case Study Two

Make Money or Lose Money in Integration

2 Healthcare companies divested from SAME group

	<u>OC #1</u>	<u>OC #2</u>
Integration Team Size (avg)	12	95
Integration Time (months)	8.5	24+
Integration Cost	\$8.5M	\$190M (est)

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Case Study Three

Make Money by Getting Bigger

- Purchase 60+ Imaging Centers
- No “Average Down” Strategy
- Keep Key Resources
- Top Line Growth

Patient Access

1.5T and 3.0T equipment → more referrals → more \$

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Retailization of Healthcare

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If you bought a healthcare organization, where is the lowest hanging fruit?

Audience Poll

Question Us

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