Majority Sale

Scenario

- 100% Physician owned ASC

- EBITDA of 2M

- 1M in long-term debt

- Enterprise Value (EV)=

(Multiple * (EBITDA)) - LTD

Majority Sale

- Sell 65% at Majority Multiple (7-9x) to a partner

- EV   = (8*2M) – 1M   = 15M

- Physicians sell 65%, so they receive 9.75M cash

- Next 6 years of distributions= .35*2M * 6 Years = 4.2M

2 Phase Sale

Scenario

- 100% Physician owned ASC

- EBITDA of 2M

- 1M in long-term debt

- Growth to 3M EBITDA over 3 years

- Enterprise Value (EV)=

(Multiple * (EBITDA)) - LTD

- Sell a minority to build EBITDA, followed by a majority sale.

Phase 1: Minority Sale

- Sell 30% at Minority Multiple (3-5x) to a partner

- EV   = (4*2M) – 1M   = 7M

- Physicians sell 30%, so they receive 4.9 M cash

- Next 3 Years of distributions = 1.4M + 1.75 M +2.1 M

Phase 2: Majority Sale
- Sell 65% (30 % of Minority partner + 35% of Physician) at Majority Multiple (7-9x) to a partner
- EV   = (8*3M) – 1M   = 23M
- Physicians sell 35%, so they receive 8.05 M cash
- Next 3 Year distributions = 35%*3M *3 = 3.15 M

COMPARISON OF TWO MODELS

	Buy-in		Distributions						Total
	Minority	Majority	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	
Single Phase		9.75	0.7	0.7	0.7	0.7	0.7	0.7	13.95
Two Phase	4.9	8.05	1.4	1.75	2.1	1.05	1.05	1.05	21.35

- Numbers in Millions

- Graph Represents Sale and Distribution proceeds to original group of doctors that owned 100 % of the ASC over a 6-year time period.

Questions? Email jeff.peo@rmslifeline.com