

## How National Companies Examine Acquisitions: Buying a Surgery Center

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## Why Consider a Corporate Partner?

- Single focus on surgery center operations
- Participate in surgery center network
- Access benefits of scale
- Realize some of the value created



## Typical ASC Buyers

- Public Companies
- Private Companies
- Hospitals / Healthcare systems



## ASC Owners

- What You Should Look For
  - People you want as partners
  - Experienced with proven track record
  - Understand physician practice environment
  - Financial stability
  - Long term view



## ASC Companies

- What Specifically Are They Looking For?
  - Cohesive Group of Physician Partners
  - Clear Opportunities to Expand the Business
  - Market Position
  - Physical Plant
  - Long term: Return on Investment

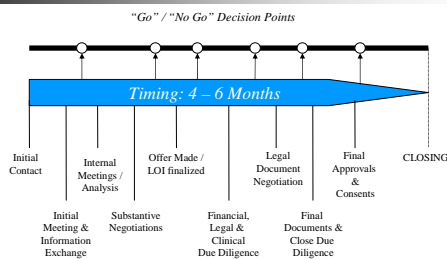


## ASC Companies

- What They Don't Want to See
  - Recent changes that may not be sustainable
  - Overly complex ownership arrangements
  - Weak non-compete agreements
  - Significant out-of-network insurance reimbursement



## The Acquisition Process



## The Acquisition Process

- Transition Committee
- Information package
- Talk to several companies
- Proposals: Highest bidder may not be best partner
- Discuss 'bad news' early



## Critical Deal Points

- Majority vs. minority ownership
- Major decisions
- % ownership retained by key physician partners
- Management fees
- Non-compete
- Consideration



## Valuation

- Review of Center History, Performance and Potential
- Valuation is Based on Expectations of Future Performance
- Current Convention is EBITDA
- Range is 5-6x Historical
- Includes Management Fee



## Summary

- There are a number of companies interested in buying surgery center interests
- There is a wide array of models and approaches and the market should be viewed as flexible in this regard



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