



# Business Valuation Services

As the health care industry undergoes rapid consolidation, it is imperative that organizations make informed and sound financial decisions in order to grow and expand strategically.

SullivanCotter's business valuation services support health system executives, legal counsel and business development professionals in making informed decisions on mergers, acquisitions, divestitures and joint ventures. Our unique insight provides organizations with an in-depth understanding of the market forces, regulatory environment and operational infrastructure that drive successful transactions.

## Services to Fit Your Needs

### 1 Target Identification and Introduction

- Market strategy planning
- Communication intermediary

### 3 Due Diligence

- Financial and operational assessments
- wRVU production analysis

### 5 Transaction Options

- Organizational structure
- Compensation modeling

### 7 Post-close Integration

- Integration execution
- Risk mitigation

### 2 Pre-Due Diligence

- Feasibility studies
- Target and stakeholder interviews

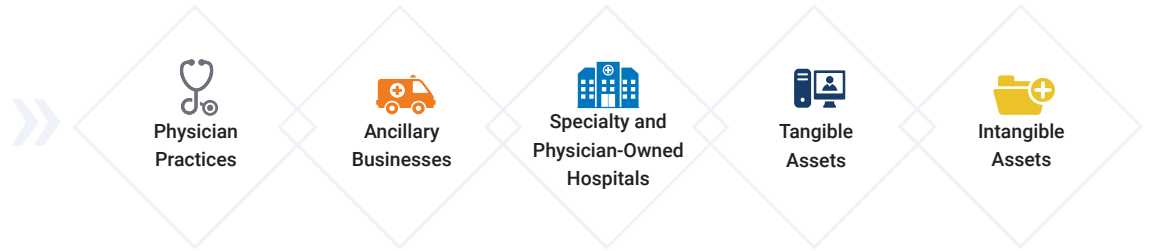
### 4 Pro-forma Development and Value Identification

- Scenario analysis
- Strategic growth planning

### 6 Fair Market Value Analysis

- Business Enterprise FMV Report
- Provider Compensation FMV Report (as needed)

## Valuation for a Variety of Entities



## Valuation Approaches

As health care organizations focus on financial sustainability in an increasingly competitive marketplace, there is a need to think strategically about mergers, acquisitions, divestitures and joint ventures. SullivanCotter's approach integrates business valuation and physician compensation expertise, proprietary market intelligence and data as well as a fluent knowledge of the evolving regulatory environment.

Income Approach	Market Approach	Asset (Cost Approach)
<p>Based on the <b>present value of all expected future benefits</b> from the business, discounted or capitalized at a rate that represents the risk of the business.</p> <ul style="list-style-type: none"><li>• Projection of future revenue and expenses</li><li>• Projection of future capital expenditures and working capital requirements</li><li>• Captures both the tangible and intangible value</li></ul>	<p>Based on comparing the <b>value of similar assets</b> traded in a free and open market.</p> <ul style="list-style-type: none"><li>• Derive valuation multiples from market sources<ul style="list-style-type: none"><li>» Price to revenue</li><li>» Price to earnings before interest, taxes, depreciation and amortization ([EBITDA] preferred method)</li></ul></li><li>• Apply multiples to subject company</li><li>• Captures both the tangible and intangible value of a business</li></ul>	<p>Based on the <b>principle of substitution</b>, which assumes that a prudent buyer would pay no more for a business than it would cost to assemble all of the <b>individual assets and liabilities</b> that comprise the business.</p> <ul style="list-style-type: none"><li>• Value the tangible assets</li><li>• Value the intangible assets</li><li>• Most common approach for physician practice acquisitions</li></ul>

## Additional Advisory Services

Leveraging unique, data-driven insights and nearly 30 years of experience, SullivanCotter partners with organizations to help them achieve their strategic objectives faster through a comprehensive array of additional supporting advisory services tailored to the unique needs of each client.

- ✓ Leadership Structures and Performance Management
- ✓ Physician/Hospital Affiliation Assessment
- ✓ Professional Services (FMV/CR) Valuations
- ✓ Physician Compensation Strategy, Design and Implementation
- ✓ Physician/Hospital Model Development
- ✓ Clinical Workforce Optimization
- ✓ Physician Needs Assessment
- ✓ Value-Based and Population Health Readiness
- ✓ Data and Technology Products



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