

An Introduction to Provident Healthcare Partners: Private Equity Investment in Infusion Services

Fall 2024



Provident
Healthcare Partners

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Managing Director

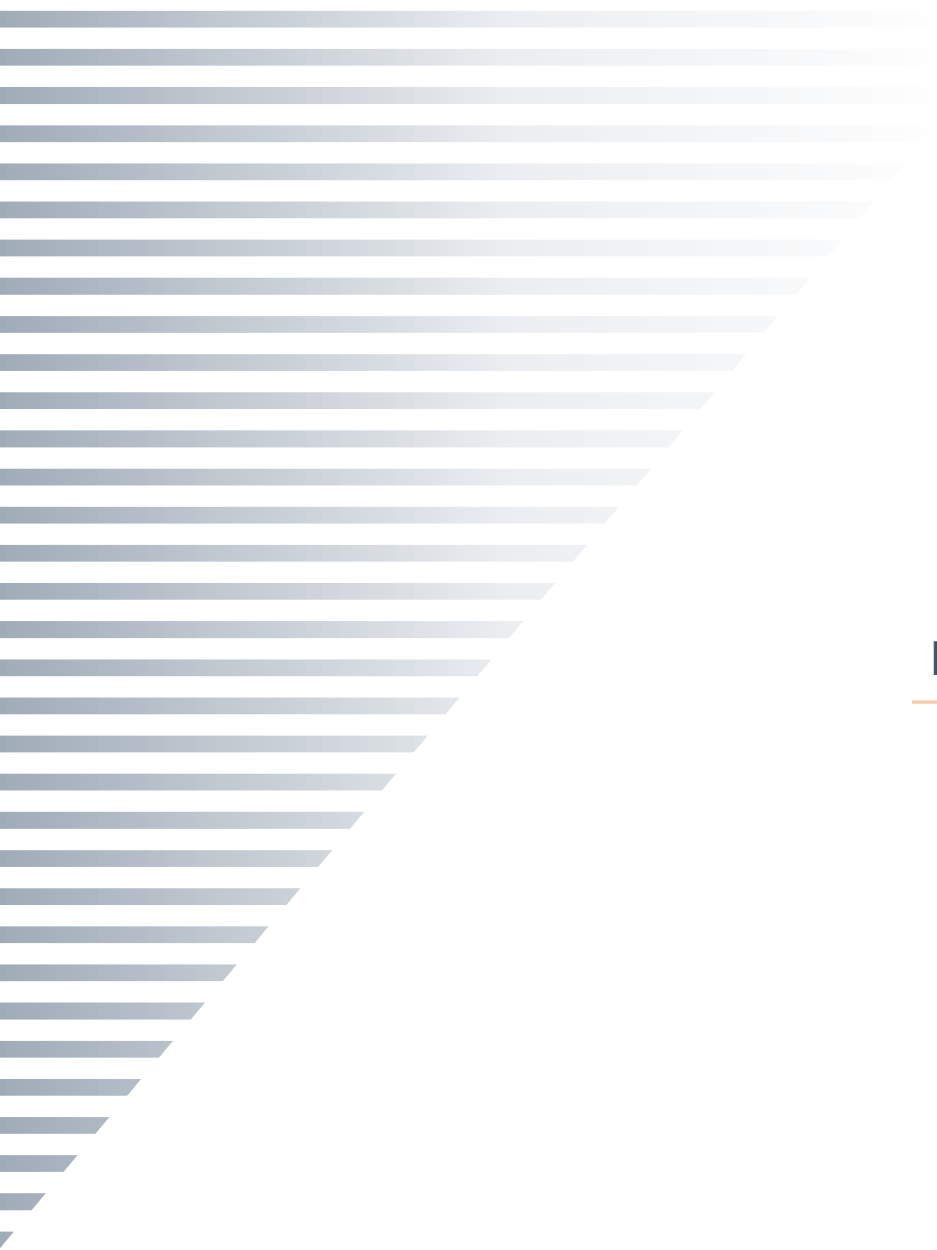
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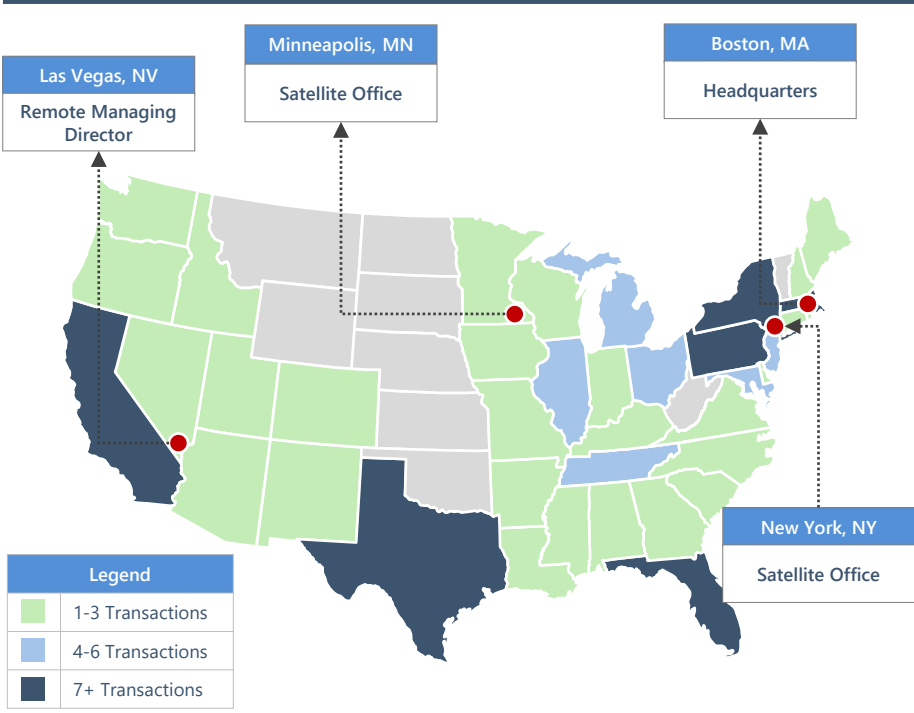
Provident Overview

Provident Overview

Areas of Expertise and Coverage

1 Mergers & Acquisitions		2 Recapitalizations & Growth Capital		3 Debt Raises		4 Strategic & Shareholder Advisory			
Pharmacy		Pharma Services		Provider Services		Post-Acute Care		Behavioral Health	
<ul style="list-style-type: none">• <i>Infusion Therapy</i>• <i>Specialty & LTC Pharmacy</i>• 503B Pharmacy		<ul style="list-style-type: none">• CROs• Commercialization• Research Sites & SMOs		<ul style="list-style-type: none">• ASC & Surgical Facilities• Multi-Specialty• Primary Care• Single Specialty		<ul style="list-style-type: none">• Home Health• Hospice & Palliative Care• Physical Therapy• Senior Living		<ul style="list-style-type: none">• Autism Services• I/DD Services & Support• Substance Use Disorder• Mental Health	

National Presence



Key Statistics

25+ <i>Years of Experience</i>	210+ <i>Healthcare Deals Closed</i>	12-15 <i>Landmark Deals Per Year</i>	30 <i>Healthcare IB Professionals</i>	\$7.0B+ <i>Enterprise Value Created</i>
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Infusion Therapy Sector Leads

The infusion therapy core sector team comprises three bankers with 40+ years of healthcare M&A experience.



Scott Davis
Managing Director



Michael Patton
Managing Director



Ash Vytheswaran
Analyst

Provident Senior Leadership



Robert Ciardi
Managing Partner

- 26+ years of investment banking experience
- Lead banker on hundreds of M&A transactions aggregating billions of dollars in enterprise value



Rebecca Leiba
Senior Managing Director

- 23+ years of investment banking experience
- Responsible for due diligence, coordinating communication between attorneys, CPAs, and consultants throughout the transaction process



Scott Davis
Managing Director

- 10+ years of investment banking experience
- Leads transactions across healthcare verticals, with a focus on dermatology, orthopedics, women's health, and oral surgery



Eric Major
Managing Director

- 11+ years of investment banking experience
- Leads the firm's cardiology, physical therapy, and vision care services coverage



Kevin Palamara
Managing Director

- 20+ years of investment banking experience
- Oversees several sectors of the firm's PPM and post-acute care transaction advisory services



Michael Patton
Managing Director

- 21+ years of investment banking experience
- Leads the firm's specialty pharmacy and infusion transaction advisory services



Craig Sager
Managing Director

- 10+ years of investment banking experience
- Leverages recent buy-side and sell-side M&A experience on a wide range of healthcare industry transactions



AJ Shekar
Director

- 11+ years of investment banking experience
- Coverage includes dermatology, dental, anesthesia, and women's health



Dustin Thompson, CPA
Director

- 10+ years of investment banking experience
- Leads transactions across healthcare verticals, with a focus on multispecialty, primary care, and staffing

Provident's Relevant Experience

Provident is in daily contact with a broad list of financial and strategic healthcare investors given the firm's diverse mix of deal flow. This supports PHP's comprehensive, real-time understanding of the pharmacy services and infusion therapy markets and builds relationships with logical buyers.

Select Infusion Therapy, Specialty Pharmacy, and Pharma Services Transactions

Active Deal Processes

Project Ripple

A leading clinical research site in the Southwest focused on central nervous system and mental health trials

Project Nubian

Multi-site ambulatory infusion center platform providing care for an array of chronic and acute conditions



Has partnered with



a portfolio company of



Has been recapitalized by



Has made a strategic growth investment in



to support the company's acquisition of



Has partnered with



WINDROSE



Has been acquired by



a portfolio company of



Has been acquired by



a portfolio company of



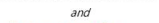
Has been acquired by



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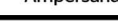
Has received a strategic investment from



Has been acquired by



in partnership with



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Select Drug-Based PPM Transactions



Has affiliated with



a portfolio company of



Has partnered with



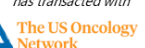
a practice partner of



A portfolio company of



has transacted with



Has partnered with



Has partnered with



a portfolio company of



Has been acquired by



a portfolio company of



Leaders in Gastrointestinal & Liver Disease



a portfolio company of

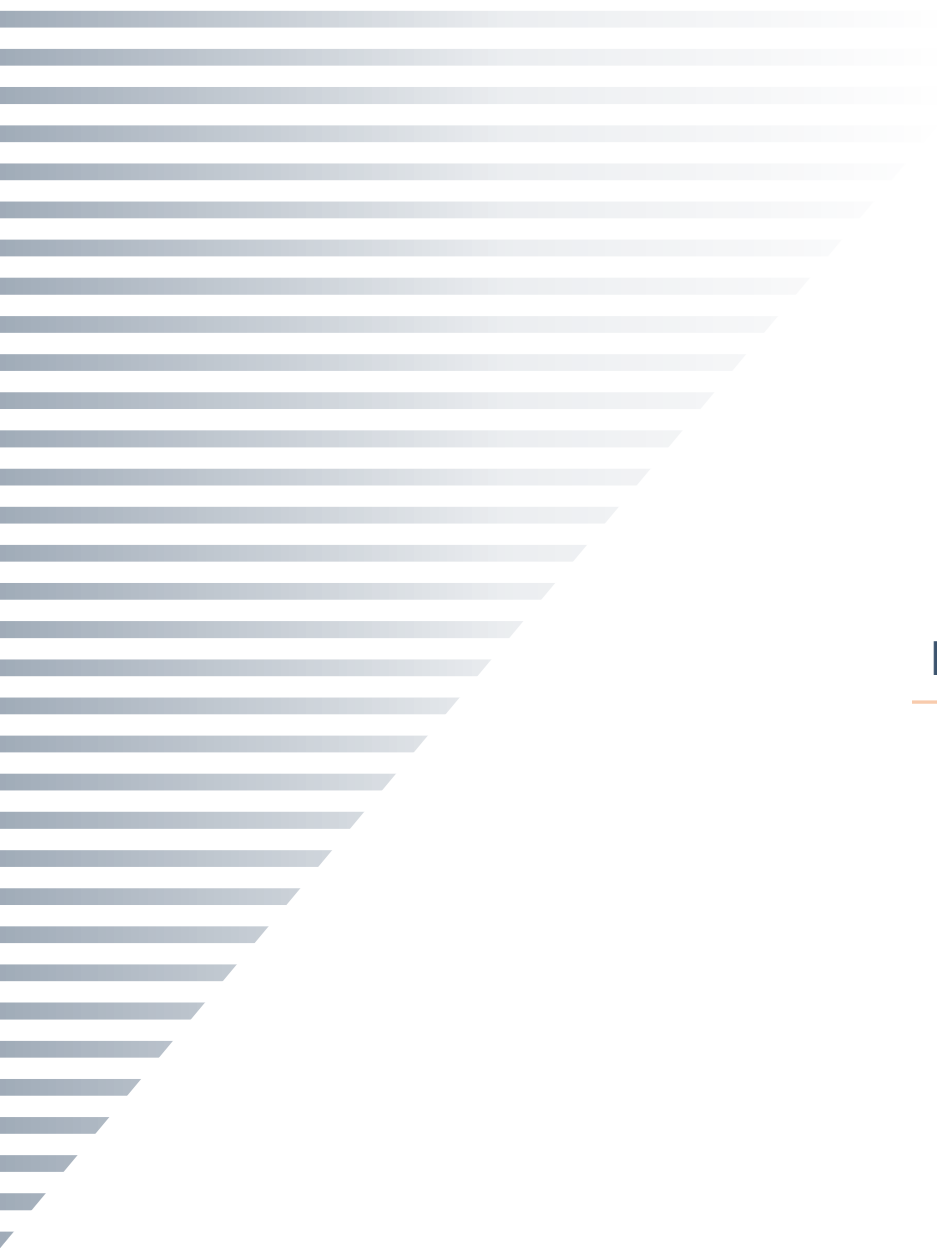


Has partnered with



a portfolio company of





Infusion Therapy Market Overview




Infusion Therapy Industry at a Glance

Infusion therapy stands as a crucial alternative to oral treatments, primarily used for serious or chronic infections unresponsive to oral medications. The diverse applications present lucrative growth opportunities for companies, propelling the overall market.

Industry Overview

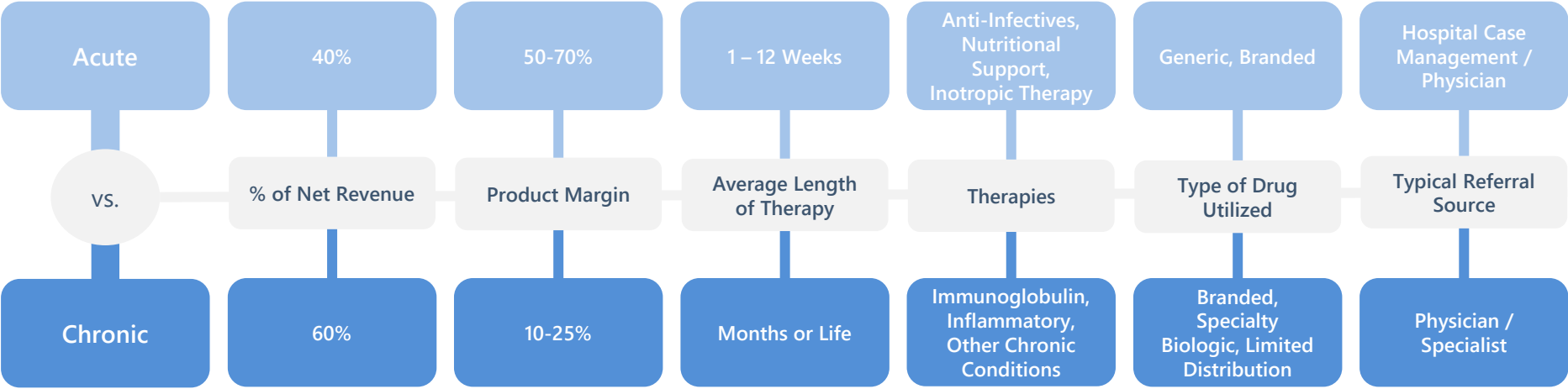
- Infusion therapy finds applications in treating wide range of medical conditions, from cancer to gastrointestinal disorders, chronic pain, and immune system deficiencies
- The diverse applications present lucrative growth opportunities for companies, propelling the overall infusion therapy market
- Industry tailwinds include the increasing prevalence of chronic pain, cancer, and diabetes, along with government investments to modernize healthcare

Attractive Market \$120B+ <i>Infusion Therapy Market</i>	Strong Projected Outlook 6-7% CAGR <i>Go Forward Estimate</i>	Active M&A Market 10 Platforms <i>Developed since 2021</i>
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Care Settings	 Home	 Hospital	 OIC	 AIC
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Aging Population 23% of Population <i>Over the age of 65 by 2060</i>	Increase in Chronic Disease 171M Americans <i>With chronic diseases by 2030</i>	Treatment Diversity 60% of Therapies <i>Awaiting FDA approval are infusible</i>
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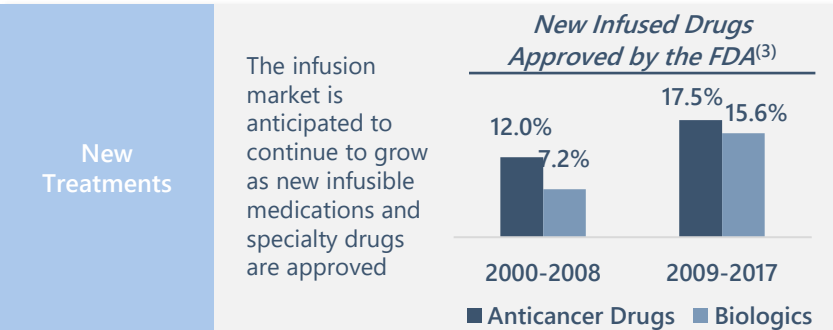
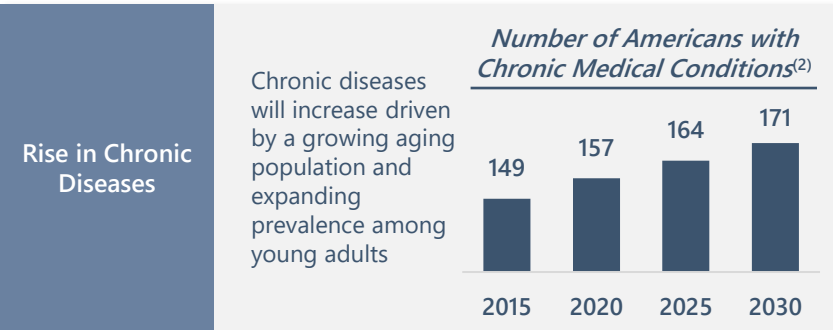
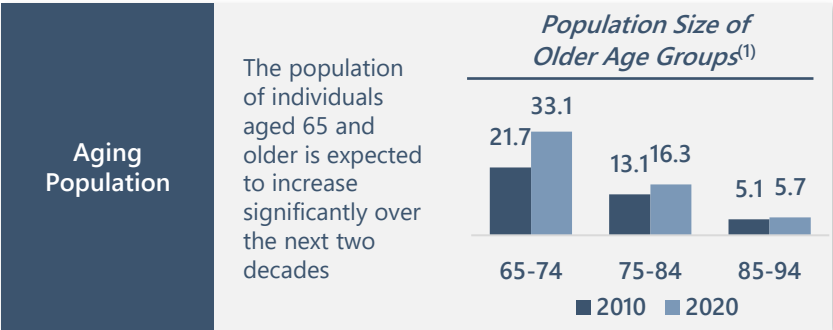
Acute vs. Chronic Therapies



Infusion Therapy Market Observations

The infusion therapy market is currently undergoing significant expansion pushed by various drivers and a notable transition towards outpatient settings. These factors make the space highly favorable, positioning it as an attractive investment opportunity.

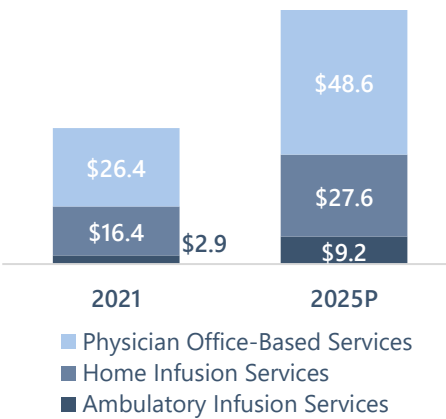
Industry Growth Drivers



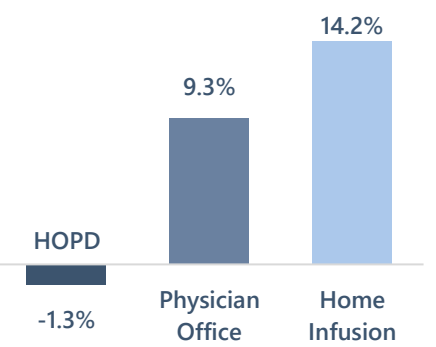
Shift to Outpatient Settings

- The infusion therapy market is shifting away from hospital and non-acute settings as outpatient settings are more convenient, cost-effective, and provide higher quality of care
- AICs and OICs are strategically positioned to draw volume from specialties where most patients are diagnosed by a physician and then require infusion therapy over time

Growth in Non-Acute Care Settings⁽⁴⁾



Growth in National Claim Volumes⁽⁴⁾



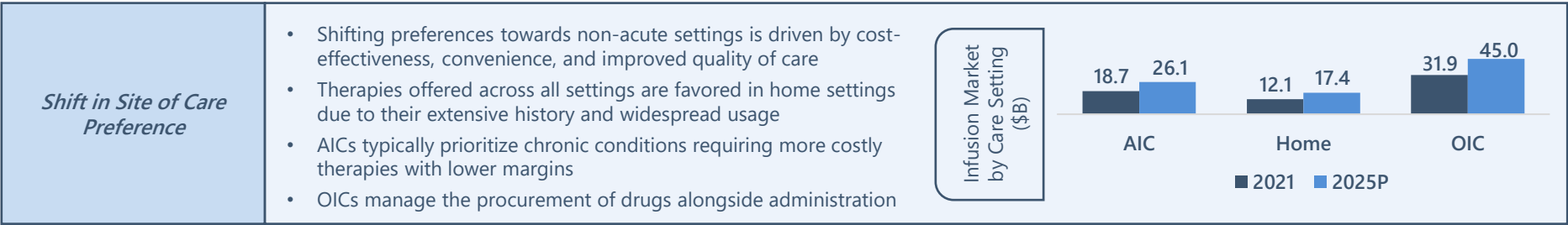
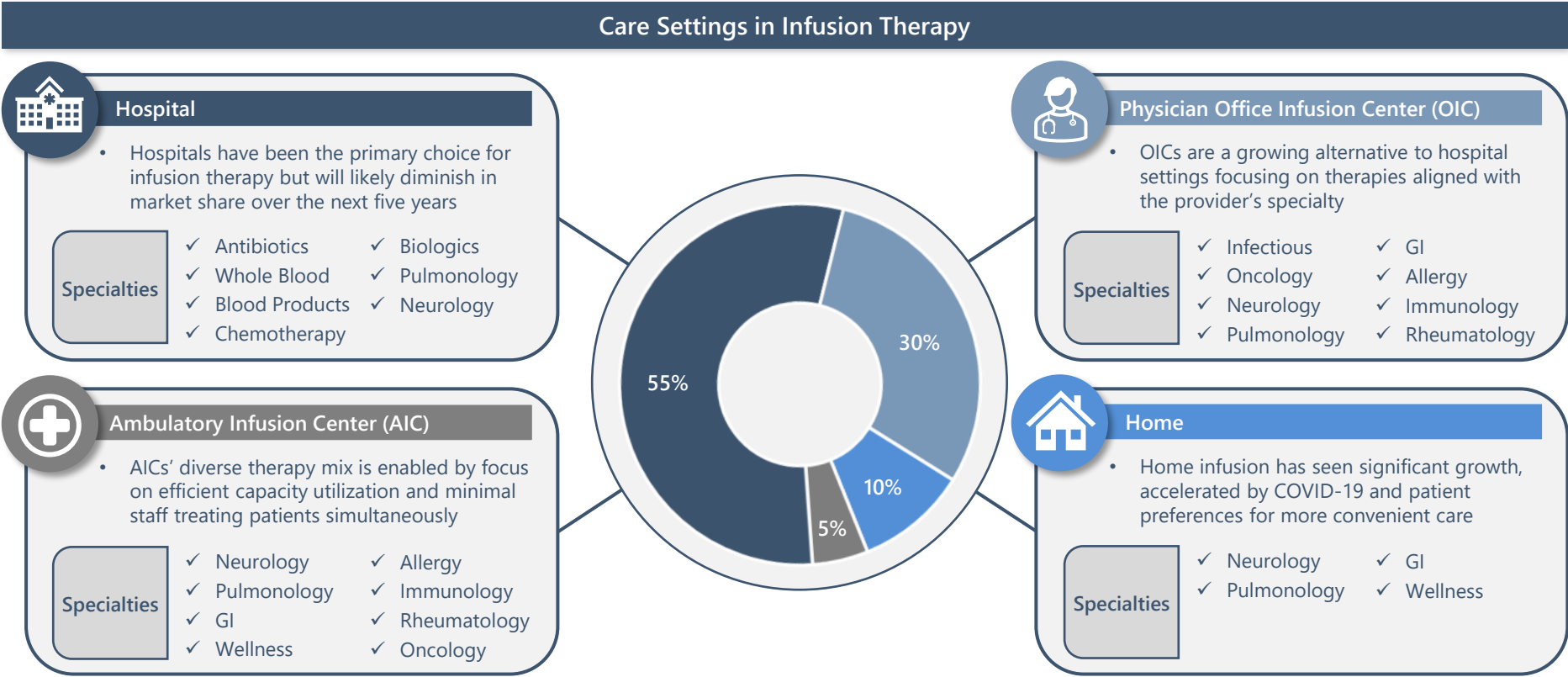
M&A Outlook

Transaction activity in the infusion therapy market remains robust regardless of care setting focus, however, leading AICs have several similarities that have allowed them to take advantage of the sector's growth

	Strong Payor Contracts		Developed Infrastructure
	Established Referral Network		Manufacturer Relationships
	Diversified Therapies		RCM Capabilities

Overview of Care Settings

The infusion therapy market can be segmented into four distinct care settings: hospital, physician office infusion center (OIC), home, and ambulatory infusion center (AIC).



Changing Federal Policy Driving Industry Growth

There are several factors driving growth and expanding accessibility in the infusion therapy sector including changes in federal policy and a shift in site of care preference.

Federal Policy Changes

1

Reimbursement Outlook

340B Reimbursement

Allows participating hospitals and providers to purchase certain covered outpatient drugs from manufacturers at discounted prices

Hospital Implications

Hospitals are acquiring physician practices, enabling them to channel more patients through their facilities, boosting patient volume and maximizing 340B discounts

Payor Implications

Facing high reimbursement rates and limited bargaining power with hospitals, payors are steering patients towards alternative care settings to manage costs



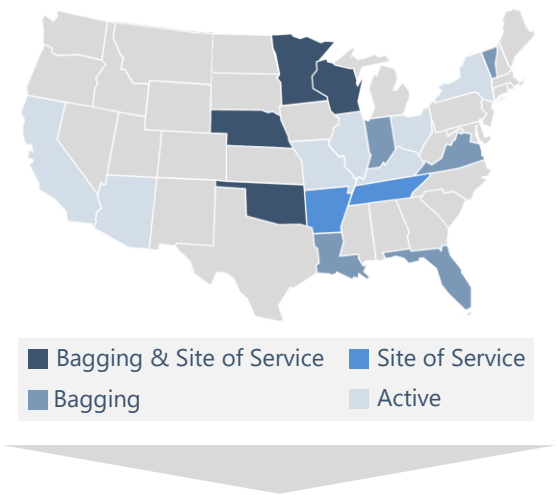
340B Outlook

The program's overexpansion into a revenue stream for hospitals will likely face scrutiny, pushing alternative care settings and a return to its original focus on providing discounted drugs to low-income patients

2

Pharmacy Distribution

Legislation by State



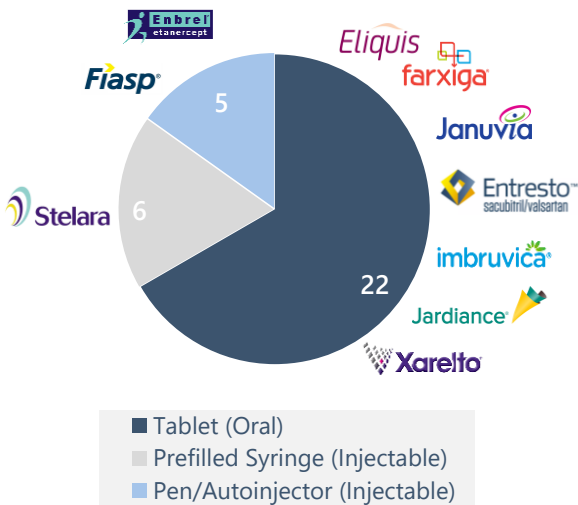
- Opposition to white bagging, brown bagging, and site of service policies has increased in recent years
- In addition to state legislation, providers and hospital associations are advocating for rulemaking changes through state boards of pharmacy and nursing
- Employer groups typically oppose legislative changes as their primary goal is to lower healthcare premiums

3

Inflation Reduction Act

- The Inflation Reduction Act of 2022 (IRA) enacted a reduction of prescription drug prices through Medicare negotiation for high-priced drugs, in its many measures to address inflation
- The initial IRA ramping begins with ten drugs annually in 2026 and increases to twenty by 2029
- The 2026 impacted drugs account for \$30B in 2022 net revenues

2022 Revenue of 2026 Impacted Drugs

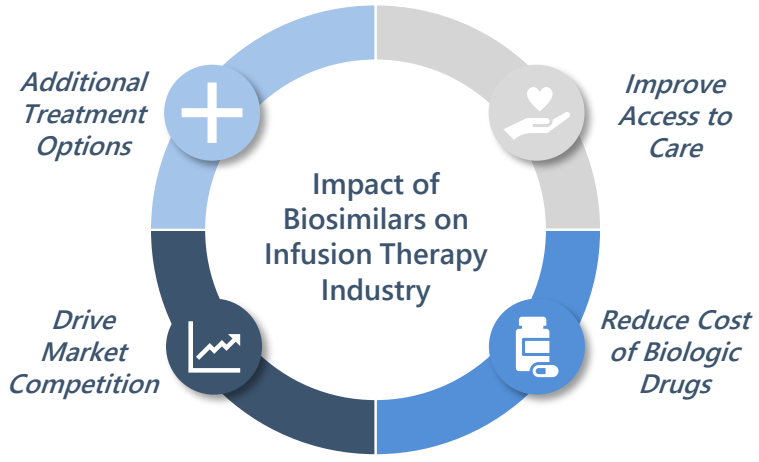
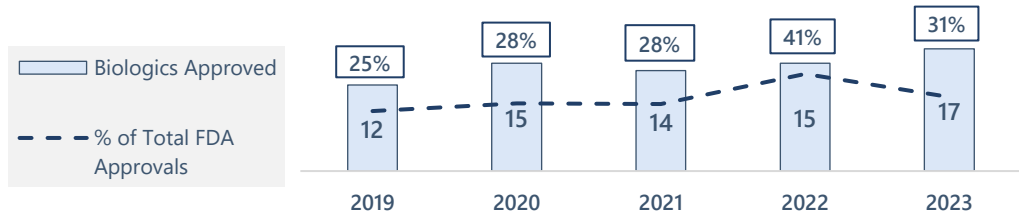


Biosimilar Landscape

The transformative landscape of biosimilars has a potential impact on infusion businesses, with challenges posed by increasing competition and pricing fluctuations.

Biosimilar Overview

- The infusion industry is experiencing a significant shift with the introduction of biosimilars, which are analogous to generics for biologic drugs
- The adoption of biosimilars unfolds gradually, impacting the market landscape over time
- In-home infusion comparable biologic drug prices are being driven down to remain in competition with biosimilar alternatives
- Despite restrictive coverage policies and interventions like the IRA, biosimilar launches are resulting in billions of dollars of cumulative savings for various stakeholders



Biosimilar Case Study: Herceptin

Herceptin
trastuzumab

Biologic used to treat types of breast, stomach, and gastroesophageal junction cancer

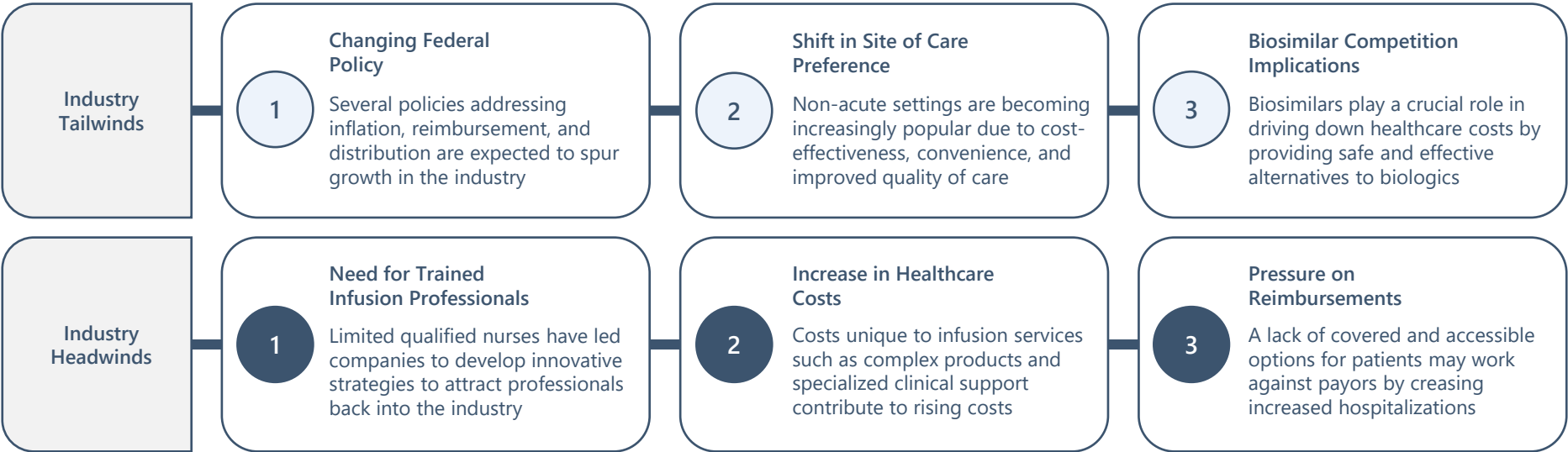
- Since 2019, five biosimilars have entered the market, driving Herceptin's average sales price (ASP) down by 19%.
- Kanjinti, the primary competitor of Herceptin, captured more market share than the original product within 18 months of launch
- Although the four subsequent entrants hold smaller market shares, they continue to exert downward pressure on prices
- The cumulative savings from the launch of Herceptin's biosimilar as of Q2 2022 amount to \$5.3 billion.

Herceptin Biosimilar	Less than Herceptin's WAC ⁽²⁾	Less than Herceptin's ASP
KANJINTI	✓ 15%	✓ 13%
Ogivri	✓ 15%	✓ 12%
Trazimera™	✓ 22%	✓ 19%
Herzuma	✓ 10%	✓ 6%
Ontruzant	✓ 15%	✓ 10%

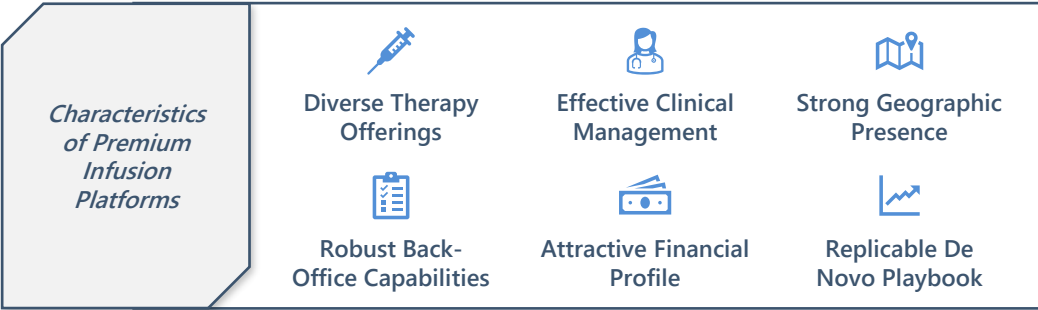
Infusion Therapy Key Takeaways

The infusion therapy market has experienced robust growth and persisted through a number of headwinds. The sector’s momentum is expected to continue, creating a favorable environment for M&A activity at elevated valuations.

Key Industry Factors



- Several tailwinds in the infusion therapy sector has led to heightened investor interest and a surge in M&A activity with several new platforms emerging in recent months
- Provident anticipates a high volume of add-on activity followed by the platform creation wave initiated by private equity groups in 2020 and beyond
- As the infusion therapy market continues to grow, organizations demonstrating diversity of therapies, effective clinical management, strong back-office capabilities, and a successful de novo and/or M&A playbook will likely command higher valuations



Provident Infusion Therapy Market Intelligence

The infusion therapy market is experiencing an increase in investment activity following the platform creation wave in 2020 and beyond. The current supply of infusion therapy assets is allowing buyers to be selective, but top-tier assets continue to demand premium multiples.

Key Drivers of Infusion Therapy Valuations

- **1 Therapy Offerings**
Leading groups prioritize chronic patients and pursue additional revenue and growth through robust biologic pipelines
- **2 Clinical Management**
Effective clinical management emphasized by strong provider retention, logistics management, and utilization is vital for platforms to provide comprehensive care, boost patient satisfaction, and ensure positive outcomes
- **3 Geographic Presence**
Premium valuations are influenced by aspects including the scarcity of scaled platforms, geographic diversity, national presence, strong pharmacy networks, substantial clinician count, and increasing operating margins
- **4 Back-Office Capabilities**
Proficient management teams, advanced systems, and capabilities across various care sites bolster efficient growth and care coordination.
- **5 Financial Performance**
Platforms that have outsized organic growth relative to the market tend to command the highest multiples because of their robust financial performance
- **6 De Novo Playbook**
The infusion therapy industry is experiencing rapid growth with a primary focus on capturing market share organically to demonstrate clinical effectiveness and foster strong sales relationships

Based on Provident's active deal work and feedback from investors in the space, premium infusion therapy assets are attracting valuations upwards of 13.0x EBITDA

Infusion Therapy Platform Positioning

Private equity firms have shown significant interest in investing into infusion therapy due to several positive macroeconomic trends influencing value creation and consolidation.

Key Positioning Considerations that Increase Value

Heavily Fragmented Industry

There are approximately 800+ independently-owned infusion companies that comprise half of the alternate site infusion market

Shift in Care Settings

Alternative sites of care are expected to account for 70% of the total infusion services market in the next five years

Increasing Prevalence of Chronic Conditions

Approximately 60% of US adults have at least one chronic condition today, representing more than 150M Americans

Robust Infusible Biologic Pipeline

Over the past 15 years, annual FDA approvals have increased by more than 5x with biologics accounting for 50% of all new drug approvals

Regulatory Stability

A service supported by all stakeholders, with minimal impact from the Inflation Reduction Act set to phase in over an identifiable timeline

Payor Focus on Specialty Drug Spend

Payors are incentivizing services in alternate care settings where average reimbursement is 44% lower than in the hospital

Well-positioned infusion providers are poised to take advantage of these industry trends and in turn, will receive maximum valuation from financial sponsors seeking to develop platform investments

Infusion Therapy Market Map

Fully-Integrated



Ambulatory Infusion Center (AIC)

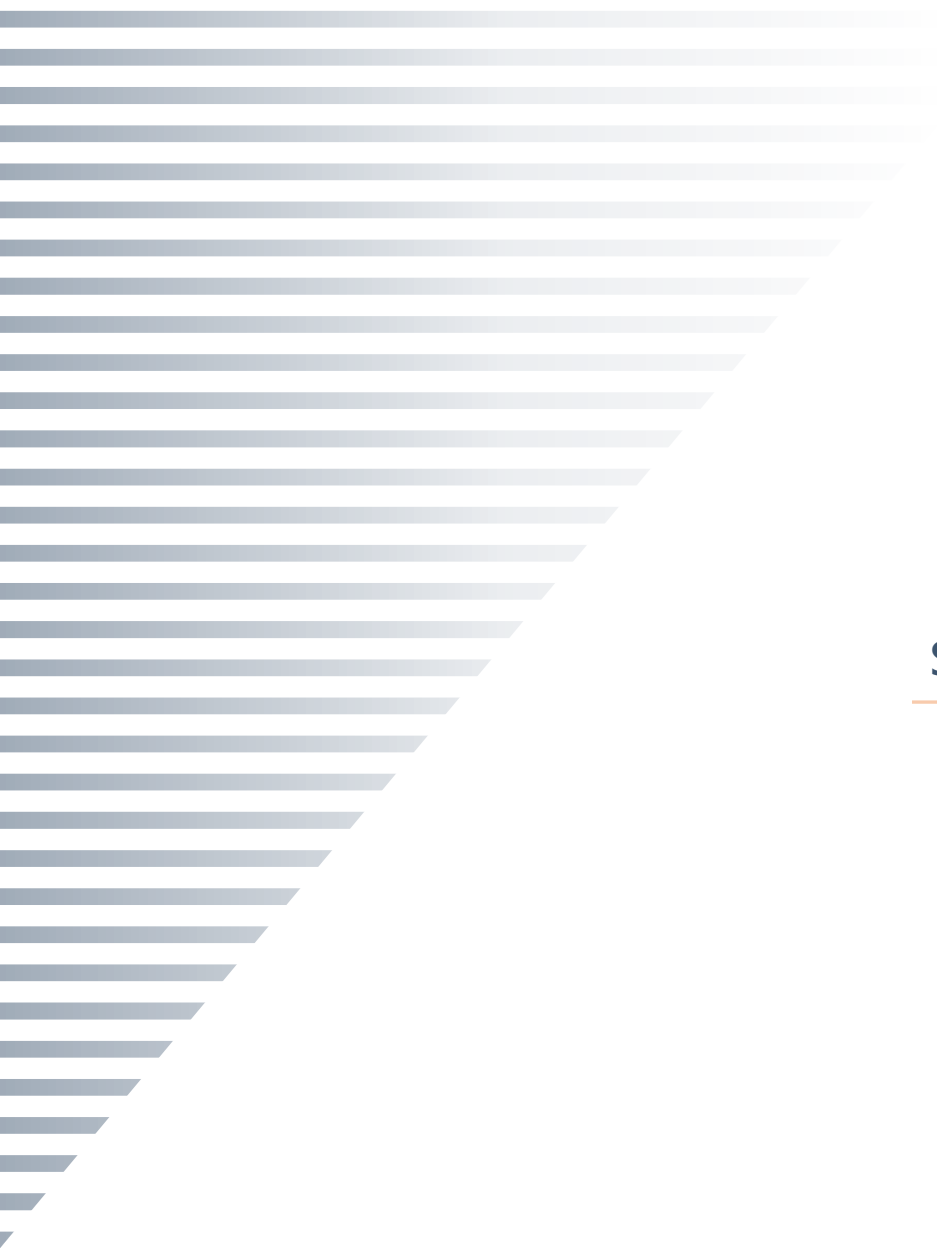


Home



OIC Management Services





Select Infusion Therapy Transactions










































Select Infusion Therapy Transactions

Date	Target	Buyer	Sponsor	Care Setting	Date	Target	Buyer	Sponsor	Care Setting
Sep-24		 DynamicAccess	 RIVERGLADE CAPITAL	Fully-Integrated	May-24		 Genefic SPECIALTY PHARMACY	n/a	Fully-Integrated
Sep-24		 DynamicAccess	 RIVERGLADE CAPITAL	Fully-Integrated	May-24		 PROVIDER NETWORK HOLDINGS	 Waud Capital	OIC
Aug-24		 Berkshire Partners LGP LEONARD GREEN & PARTNERS	n/a	AIC	Apr-24		 AveoRx Service. Speed. Simplicity.	n/a	Fully-Integrated
Jul-24		 DynamicAccess	 RIVERGLADE CAPITAL	Fully-Integrated	Apr-24		 PromptCare Companies high-tech. high-touch. Better care.	 Waud Capital	Fully-Integrated
Jul-24		 VIVO infusion	 InTandem CAPITAL PARTNERS	AIC	Apr-24		 IVX HEALTH	n/a	AIC
Jun-24		 CarePartners pharmacy	 ASHLAR CAPITAL	Fully-Integrated	Mar-24		 Elevance Health	n/a	Fully-Integrated
Jun-24		 FRAZIER HEALTHCARE PARTNERS	n/a	Home	Mar-24		 HealthVentures	n/a	Fully-Integrated
Jun-24		 Access Infusion Care	 NEW HARBOR CAPITAL	Fully-Integrated	Feb-24		 PROVIDER NETWORK HOLDINGS	 Waud Capital	OIC
Jun-24		 LINDEN	n/a	AIC	Jan-24	Undisclosed Infusion Center			AIC
May-24		 FFL PARTNERS	n/a	Home	Jan-24		 NEW HARBOR CAPITAL	n/a	Fully-Integrated

Select Infusion Therapy Transactions

Date	Target	Buyer	Sponsor	Care Setting	Date	Target	Buyer	Sponsor	Care Setting	
Jan-24	 CarePartners pharmacy	 ASHLAR CAPITAL	n/a	Fully-Integrated	Jun-23	 SPECIALTY —INFUSION CENTER—	 VIVO infusion	 InTandem CAPITAL PARTNERS	AIC	
Jan-24	 HENEIN	 Infusion ASSOCIATES	 BOIRE CAPITAL 17 YEARS	AIC	Feb-23	 PICC Lines PLUS	 PromptCare Companies high-tech, high-touch. Better care.	 Waud Capital	Fully-Integrated	
Dec-23	 Agile Infusion	 WALNUT COURT CAPITAL	n/a	AIC	Jan-23	 medix infusion	 echo HEALTH VENTURES	n/a	Fully-Integrated	
Nov-23	Local  Infusion	 blisce/	n/a	AIC	Dec-22	 ARJ Infusion SERVICES	 PromptCare Companies high-tech, high-touch. Better care.	 Waud Capital	Fully-Integrated	
Nov-23	 NIGHTINGALE SERVICES	 HONOR HEALTH NETWORK	 Webster Equity Partners	 WALNUT COURT CAPITAL	Fully-Integrated	Nov-22	 civic INFUSION A Vivo Company	 VIVO infusion	 InTandem CAPITAL PARTNERS	AIC
Oct-23	 TwelveStone HEALTH PARTNERS	 PromptCare Companies high-tech, high-touch. Better care.	 Waud Capital	Fully-Integrated	Nov-22	 Health First Infusion	 InfuCare Rx®	 One Equity Partners	Fully-Integrated	
Aug-23	 infusion ventures, inc. A DYNAMIC INFUSION COMPANY	 AlayaCare	n/a	Home	Nov-22	 OCN HOME HEALTH CARE	 AMERICARE MEDICAL	n/a	Fully-Integrated	
Jul-23	 Priority PICC Solutions, LLC	 DynamicAccess	 RIVERGLADE CAPITAL	Fully-Integrated	Nov-22	 KabaFusion Patient Focused Infusion Therapy	 novo holdings	n/a	Home	
Jul-23	 Uptiv Health	 REDESIGN HEALTH	n/a	AIC	Nov-22	 BioCURE	 FLEXCARE INFUSION CENTERS	 RCCAPITAL	AIC	
Jul-23	 ARK INTEGRATIVE MEDICINE	 Stella	n/a	AIC	Nov-22	 ENCORE INFUSION	 MIRAMAR EQUITY PARTNERS	n/a	AIC	

Select Infusion Therapy Transactions

Date	Target	Buyer	Sponsor	Care Setting	Date	Target	Buyer	Sponsor	Care Setting
Sep-22	 iCPA Infusion Center of Pennsylvania	 VIVO infusion	 InTandem CAPITAL PARTNERS	AIC	Apr-22	 LivWell INFUSIONS	 FRONTLINE HEALTHCARE PARTNERS	n/a	AIC
Sep-22	 ACCESS-TO Care	 AvevoRx Service. Speed. Simplicity.	n/a	Fully-Integrated	Mar-22	 VIVO infusion	 InTandem CAPITAL PARTNERS	n/a	AIC
Aug-22	 Coram® CVS specialty infusion services	 KabaFusion Patient-Focused Infusion Therapy	 PRITZKER PRIVATE CAPITAL	Home	Feb-22	 AOM Infusion	 Ridgemont EQUITY PARTNERS™	n/a	Fully-Integrated
Aug-22	 Rochester Home Infusion	 option care™	n/a	Fully-Integrated	Feb-22	 RxToolKit	 WeInfuse	n/a	OIC
Aug-22	 PURE INFUSION SUITES	 Frazier Group	n/a	AIC	Jan-22	 aleracare	 HILDRED™	n/a	Fully-Integrated
Jul-22	 TwelveStone HEALTH PARTNERS	 HERITAGE GROUP FOUNDED IN 1970	n/a	Fully-Integrated	Jan-22	 InfuCareRx®	 One Equity Partners	n/a	Fully-Integrated
Jun-22	 INFUSION	 KabaFusion Patient-Focused Infusion Therapy	 PRITZKER PRIVATE CAPITAL	Home	Jan-22	 InfuseAble Care	 FLEXCARE INFUSION CENTERS	 RCCAPITAL	AIC
May-22	 OIC OCEANUS INFUSION CENTER	 Infusion ASSOCIATES	 BRYRE CAPITAL 12 YEARS	AIC	Jan-22	 BHI BASIC HOME INFUSION	 BainCapital Double Impact	n/a	Home
May-22	 Orsini Specialty Pharmacy	 THE CARLYLE GROUP CONSONANCE CAPITAL	n/a	Fully-Integrated					
May-22	 SPNN	 option care™	n/a	Fully-Integrated					

Partners In Value

Provident is the leading investment bank offering mergers and acquisition advisory services for high growth, middle market companies in the healthcare industry.

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