VMS | VEIN MANAGEMENT SOLUTIONS LLC

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Vein practice market evaluation

I Vision

II Enterprise Value

III Structure

IV Proposition

V What's Next

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Vision

Vein Management System's (VMS) vision is to build a critical mass of 10 to 20 Vein Clinics across the country and grow their market share with proven marketing and operating efficiency strategies and systems. Our goal is to create an enterprise value in excess **$100MM** in 3 to 5 years.

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How Do We Create or Increase Enterprise Value?

I Increase Profits

Increase Revenues

- With proven marketing strategies
- Same strategies Mark used to grow a clinic from 0-$6MM revenues in 18months

Decrease Expenses

- Shared Overhead
- Common Systems that increase efficiencies and purchasing power
  - Marketing
  - Accounting
  - Human Resources
  - Billing
  - Purchasing
  - Corporate Compliance

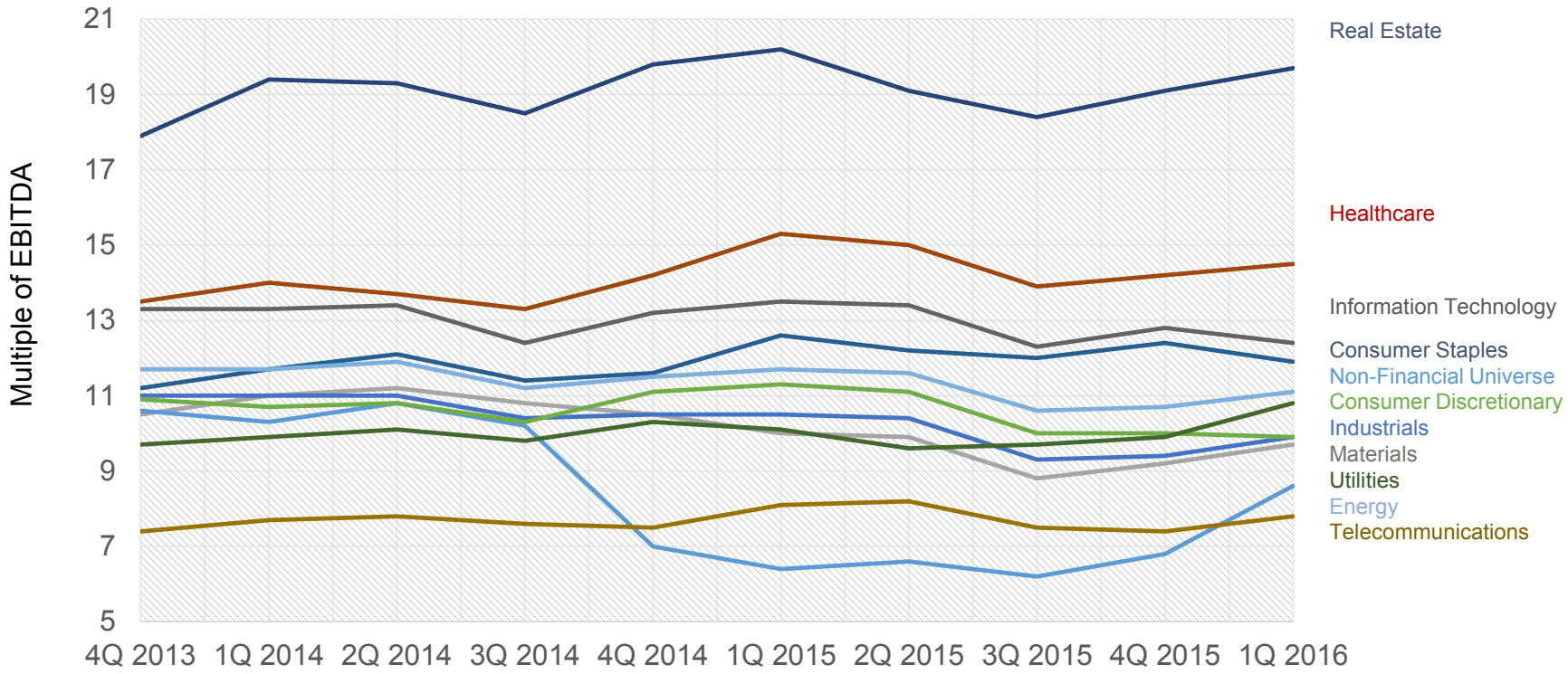
II Increase Multiples

Done by combining practices

Need > $10MM in EBITDA. Clinics grouped together can be 2x value than if presented independently

Show Examples?

Enterprise Value: Comprehensive Industry Multiples



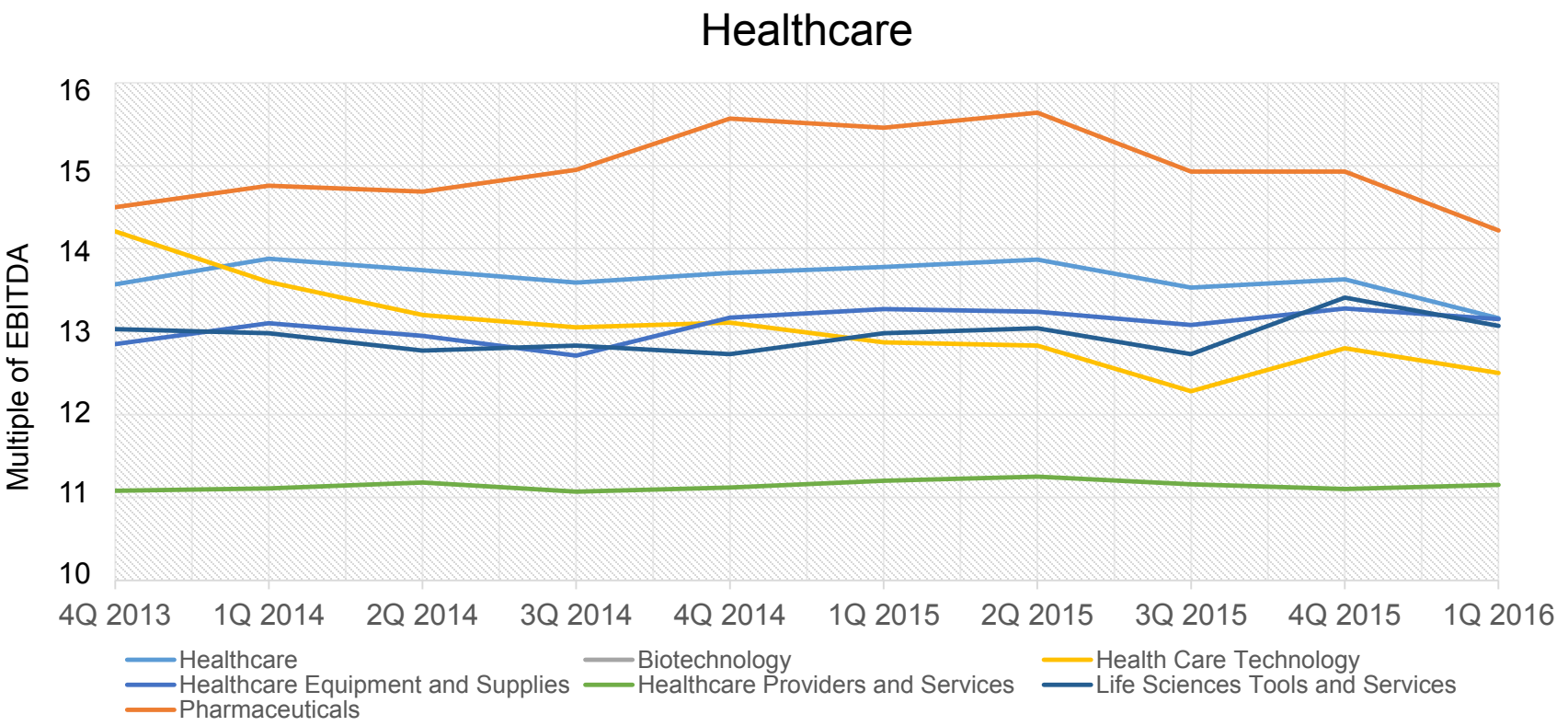
Healthcare is considered a lower risk investment: Therefore investors are willing to pay a higher multiple

Enterprise Value: Comprehensive Industry Multiples

	1Q2013	2Q2013	3Q2013	4Q2013	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA	EBITDA
Real Estate	19.8	18.8	17.9	17.9	19.4	19.3	18.5	19.8	20.2	19.1	18.4	19.1	19.7
Healthcare	11.5	11.8	12.6	13.5	14	13.7	13.3	14.2	15.3	15	13.9	14.2	14.5
Information Technology	10.8	11.3	12.5	13.3	13.3	13.4	12.4	13.2	13.5	13.4	12.3	12.8	12.4
Consumer Staples	10.1	10.5	10.8	11.2	11.7	12.1	11.4	11.6	12.6	12.2	12	12.4	11.9
Non-Financial Universe	9.9	10.3	11.1	11.7	11.7	11.9	11.2	11.5	11.7	11.6	10.6	10.7	11.1
Consumer Discretionary	8.6	9.5	10.2	10.9	10.7	10.8	10.3	11.1	11.3	11.1	10	10	9.9
Industrials	9.3	9.4	10.3	11	11	11	10.4	10.5	10.5	10.4	9.3	9.4	9.9
Materials	9.1	9.4	10	10.5	11	11.2	10.8	10.5	10	9.9	8.8	9.2	9.7
Utilities	9.7	9.3	9.3	9.7	9.9	10.1	9.8	10.3	10.1	9.6	9.7	9.9	10.8
Energy	9.7	10.2	11.1	10.6	10.3	10.8	10.2	7	6.4	6.6	6.2	6.8	8.6
Telecommunications	5.6	6.3	6.5	7.4	7.7	7.8	7.6	7.5	8.1	8.2	7.5	7.4	7.8

Healthcare is considered a lower risk investment: Therefore investors are willing to pay a higher multiple

Enterprise Value: Comprehensive Industry Multiples



Provider practice multiples have remained relatively stable

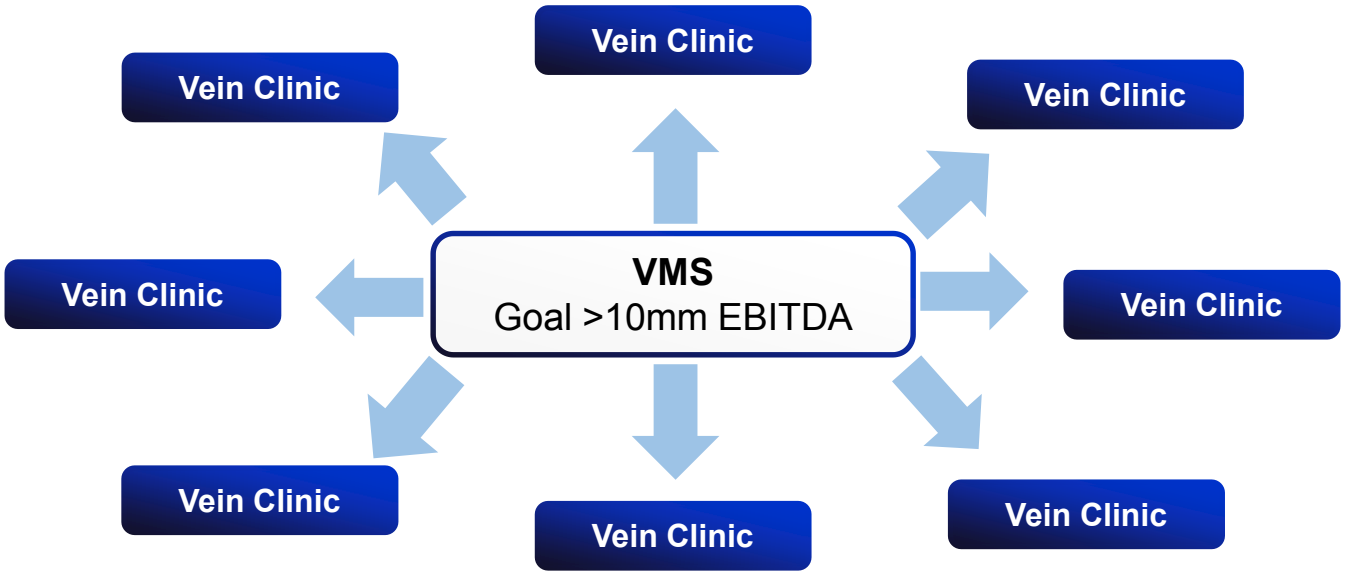
Enterprise Value: Healthcare Multiples

	1Q2013	2Q2013	3Q2013	4Q2013	1Q2014	2Q2014	3Q2014	4Q2014	1Q2015	2Q2015	3Q2015	4Q2015	1Q2016
Pharmaceuticals	10.6	14.1	12.5	11.3	16.3	14.8	14.1	17.3	19.4	20.2	17.3	15.4	14.5
Healthcare	**11.5**	**11.8**	**12.6**	**13.5**	**14**	**13.7**	**13.3**	**14.2**	**15.3**	**15**	**13.9**	**14.2**	**14.5**
Healthcare Equipment and Supplies	12.5	12.3	13.2	13.8	14	13.3	13.1	14	14.9	15.4	14.7	16	16.2
Life Sciences Tools and Services	13.2	13.6	14.5	14.8	15.1	14.6	14.3	13.8	16	15.6	14.5	17.5	15.7
Health Care Technology	15.8	21.7	22.7	27.2	26.5	22.3	22.2	22.3	19.5	18	17.8	16.3	20
Healthcare Providers and Services	9	8.9	9.6	9.9	10.7	10.8	10.5	11.4	12.1	12.1	10.9	11.1	10.8

Provider practice multiples have remained relatively stable

Structure: VMS Goal

$10MM in EBITDA = Approx. $100MM in EV



Combining multiple clinics automatically increases Enterprise Value

Structure: What will our company look like?

Multiple Vein Clinics

Physician Practices - Separate Entities

- A separate physician practice for each current owner
- Physician practices maintain current identity

VMS-Management Services Organization (MSO)

One MSO that serves the entire group

- This entity that investors will fund with $ and/or clinic contributions
- The entity with enterprise value

Structure: Each Vein Clinic

Duties

Provide Medical Services

Employs

Only employees with medical decision making authority - Providers

- Physicians
- Mid-Levels (PA or NP)

Revenues

Medical Receipts

Expenses

- Provider employees
- MSO Mgmt. Fees

Advantages of separate medical clinics

- Physician Autonomy
- Physician controls the delivery of medicine

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Structure: Management Service Organization (MSO)

Owns

All Assets of the practices: Furniture and Fixtures, goodwill, leases, contracts

Employs

All employees except those in the Physician Practice

Revenues

Management fees from medical practices

Expenses

- Employees
- Marketing
- Medical Supplies
- Everything except vein clinic expenses

Legal

Medical practice service agreement governs the relationship

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Structure: Vein Management Solutions LLC (VMS)

Duties

- Operations Management
- Marketing Management
  - Patient Education
  - Referring Physician Education
- Financial Management
  - Accounting
  - Human Resources
  - Billing
  - Purchasing
- Corporate Compliance
- IT Management
- Growth Planning and Implementation

Focus

- Physician Centered
- Physicians represent at least half of the advisory board
- Physician led quality reviews

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Structure: Your Current Vein Clinic

Vein Clinic

Revenue	$ 700k
Overhead	$ 350k
Provider Expenses	$ 300k
Profit (EBITDA)	$ 50k

Overhead (Everything Except Providers):

- Salaries (Except Providers)
- Marketing
- Medical Supplies
- Billing Services
- Professional Fees
- Rent
- Equipment Leases
- Office Supplies
- Management (Accounts, Tax prof. Fees)

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Structure: Your Clinics Relationship to VMS

Vein Clinic

Revenues	$ 700k
Mgmt. Fees	$ 400k
Provider Expenses	$ 300k
Profit	$ 0k

VMS*

Revenue	$ 400k
Overhead	$ 350k
Profit (EBITDA)	$ 50k

* Ownership by $ Investors, Vein Clinic Investors and Bower & Associates

Relationship Governed by Management Services Agreement

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Proposition

What are we looking for?

- $ to fund aggressive marketing and cost efficiency strategies
- Existing Vein Clinics with Experienced Physician Owners
- Market opportunities to build new clinics

Investor Returns

- Investors 100% distributions/proceeds until 2X Investment
- Then distributions/proceeds split 50/50

Existing Clinics

Valued at 4.5 multiple of Profit (EBITDA)

- Ex: $100k of profit (EBITDA)
- Initial Enterprise Value is $450K
- Existing Clinic owner gets first $900K of distributions and/or proceeds; in essence a preferred 9x multiple on their contribution

Initial focus is to aggressively invest and grow market share as well as create common operating systems.

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Proposition: Clinic Impact of Marketing Investment

VMS marketing / operations investment

Expanded Clinic

Revenues	$ 2.000M
Mgmt. Fees	$ 1.500M
Provider Expenses	$ .500M
Profit	$ 0M

Through significant investment in marketing strategies and operating efficiencies

VMS

Revenues	$ 1.500M
Overhead	$ .900M
Profit	$ .600M

*millions

Anticipated enterprise value of $6MM

Current Clinic

Revenues	$ 700k
Overhead	$ 350k
Provider Expenses	$ 300k
Profit	$ 50k

Current Profit (EBITDA)	$ 50K
Enterprise Value (4.5x)	$225K
Preferred Return Value	$450K

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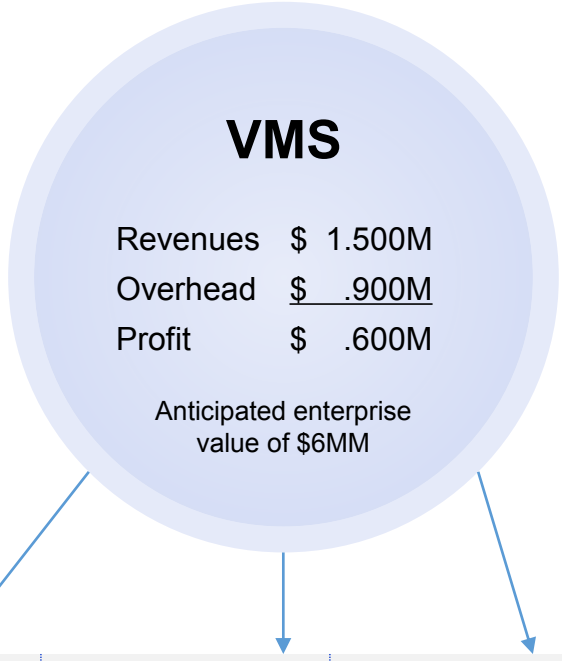
Proposition: Anticipated Enterprise Value



	Clinic Investor	$$$ Investor	Bower & Associates	Total
Initial Investment	$ 225k	$ 225k		$ 450k
Preferred Return	$ 450k	$ 450k		$ 900k
Balance	$1.255M	$1.275M	$2.550M	$5.100M
Share of Enterprise Value	$1.725M	$1.725M	$2.550M	$6.000M

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Proposition: Anticipated Timeline

Growth	Stabilization	Take to Market
Years 1 - 2	Years 1.5 - 2	Years 3 - 4
Acquire or build critical mass of vein clinics	Stabilization	Get business to investor communities
Aggressively grow market share	Maximizing Enterprise Value	Monetize investment
Implement cross-company systems & efficiencies • Billing • EMR • Human Resources • Accounting • Corporate compliance • IT Management • Growth planning and implementation	Begin cash distribution	

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What's Next?

Application Process

- ✓ Complete practice information document
- ✓ $500 refundable application fee
- ✓ VMS performs market and financial analysis
- ✓ If VMS likes the opportunity, they send an offer (Letter Of Intent - LOI)

30
DAY TIME FRAME

Diligence Phase

- Clinic owner sends approved LOI with $7,500 diligence fee
- VMS:
  - Accredited investor form review
  - Financial & operations review
  - Chart review
  - Background check

30
DAY TIME FRAME

Legal

- Management services agreement (30 day time frame)
- Assignment of leases/assets
- Non Compete agreement

30
DAY TIME FRAME

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