



Healthcare Committee

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(NYSE: DVA)



- ▶ DaVita Inc. is a leading provider of kidney care services, most notably dialysis, to patients suffering from Chronic Kidney Disease (CKD) and End State Renal Disease (ESRD)
- ▶ Recommendation: **BUY** with **PT of \$104.92**, representing upside of **31.29%** from 11/3 close at a **5% weight**

Market Cap	\$7.25B
Previous Close	\$79.45
52 Week Range	\$65.28 - \$116.97
Enterprise Value	\$18.39B
NTM EV/EBIT	12.3x
Net Debt/EBITDA	4.1x

Investment Thesis Introduction

- ▶ DVA's stock is down over 30% due to the release of multiple trial results that we believe **overestimate the impact** that GLP-1 drugs will have on DVA's business
- ▶ DVA benefits from **low competition and regulatory resistance** due to its oligopoly that it shares with Fresenius Medical Care
- ▶ DVA's Integrated Kidney Care business will drive meaningful topline growth and **turn profitable** in 2025/2026

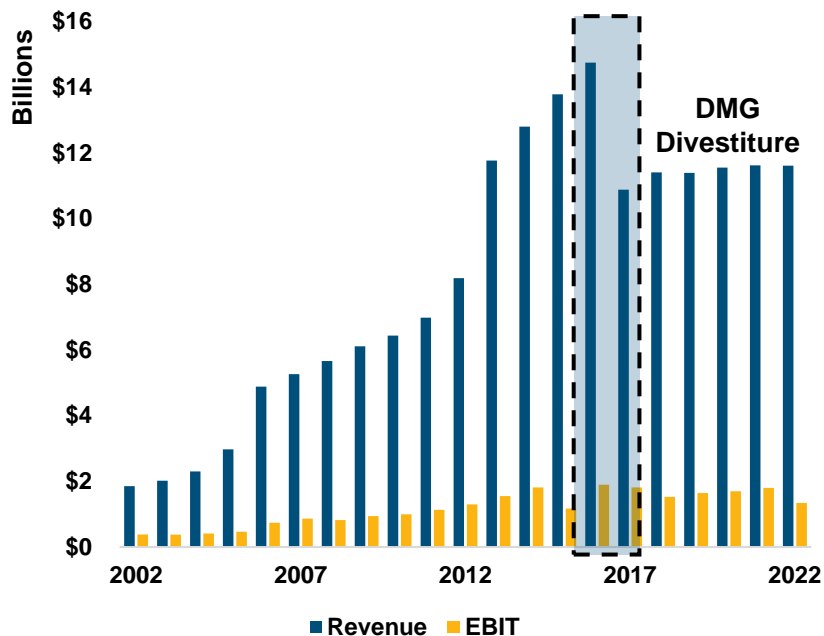




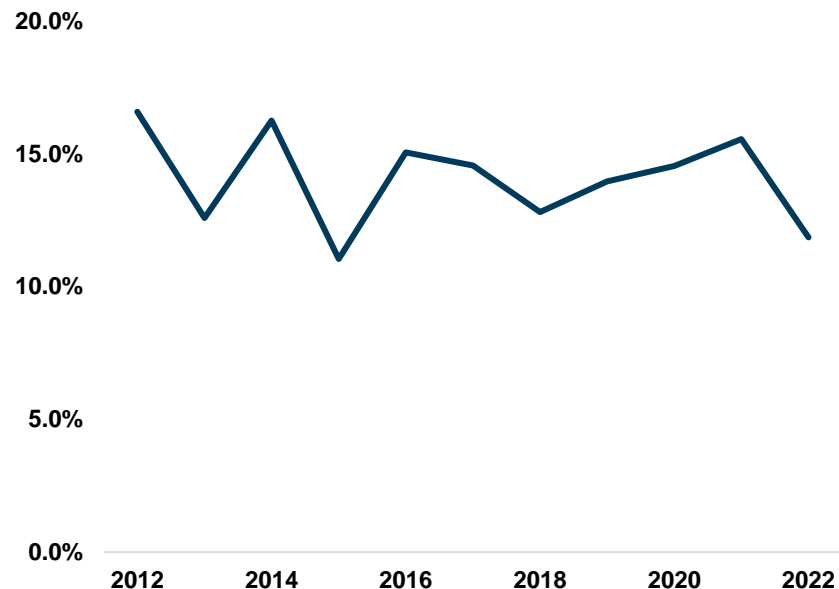
Financial Tearsheet

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenue	\$ 7,083	\$ 7,752	\$ 8,198	\$ 8,628	\$ 9,138	\$ 9,360	\$ 10,336	\$ 10,563	\$ 10,660	\$ 10,667	\$ 10,600
<i>YoY % Growth</i>	15%	9%	5%	5%	6%	2%	9%	2%	1%	0%	-1%
EBIT	\$ 1,277	\$ 1,077	\$ 1,509	\$ 1,097	\$ 1,601	\$ 1,584	\$ 1,461	\$ 1,591	\$ 1,680	\$ 1,808	\$ 1,377
<i>% of Revenue</i>	17%	13%	16%	11%	15%	15%	13%	14%	15%	16%	12%
Taxes	\$ 360	\$ 381	\$ 446	\$ 296	\$ 456	\$ 324	\$ 258	\$ 280	\$ 314	\$ 307	\$ 198
NOPAT	\$ 917	\$ 696	\$ 1,063	\$ 801	\$ 1,145	\$ 1,260	\$ 1,202	\$ 1,311	\$ 1,366	\$ 1,501	\$ 1,179
<i>Margin %</i>	12%	8%	11%	8%	11%	12%	11%	12%	12%	13%	10%
UFCF	\$ 895.1	\$ 669.3	\$ 1,059.4	\$ 813.5	\$ 1,093.6	\$ 945.9	\$ 830.4	\$ 1,160.0	\$ 1,322.0	\$ 1,540.4	\$ 1,308.1
<i>Margin %</i>	12%	8%	11%	8%	10%	9%	7%	10%	11%	13%	11%

Revenue vs. Operating Income



Operating Margin



(1) Company Filings

Company & Industry Overview

Healthcare Committee – DaVita Pitch



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Dialysis: Treating End Stage Renal Disease

Kidney Function & Renal Disease



Kidney's cleanse the body's blood ~300x per day



Filter toxins, salt, water, and other excess waste fluids from the body's bloodstream



Limited kidney function results in high blood pressure, imbalanced PH levels, compromised oxygen delivery and transport, & a buildup of toxins and waste in the body

Kidney/Renal failure can be caused by:

Type I & II diabetes, hypertension, polycystic kidney disease, autoimmune diseases, & prolonged urinary tract obstruction/ infection

Treatment options:

Dialysis or kidney transplant

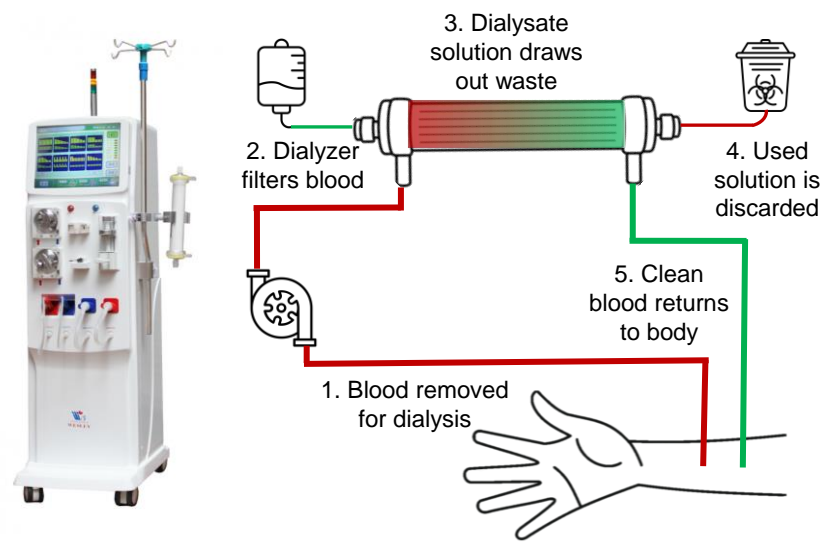
The Reality of Kidney Disease¹

- Over 35M people in the U.S. currently live with some form of CKD (chronic kidney disease), **800K suffer from ESRD (end stage renal disease)**, and ~550K are dialysis patients
- Between 35-40% of CKD/ESRD patients **crash into dialysis**
- Typical **lifespan of dialysis patient is 5-10 years**; however, patients can live 40+ years
- Currently a **25% annual patient turnover rate** due to mortality & transplant selection

Types of Dialysis

In-Center Hemodialysis	At-Home Hemodialysis	Peritoneal Dialysis
Attend 4-hour treatments 3x week	Can do more frequent treatment for less time	Uses the abdominal lining & catheter
Center is fully-staffed with care team	Better flexibility, user-friendly machine	DVA is the largest provider of PD in the U.S.
Nocturnal Dialysis: 7-hour treatments 3x per week	Both require 3-5 weeks of patient training	

Visualizing the Hemodialysis Process²

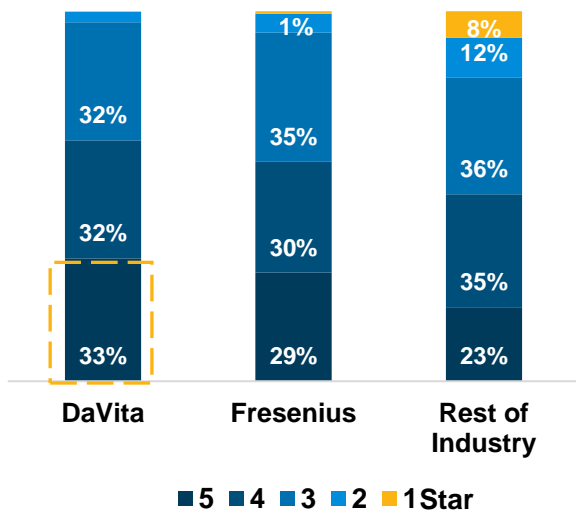


(1) NIDDK (2) Centers for Disease Control and Prevention



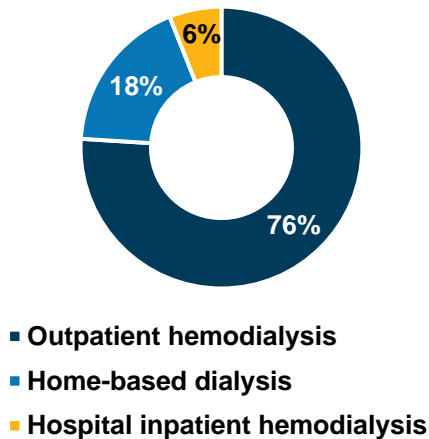
DaVita is a Leading Provider of Dialysis

2023 Distribution of Clinic Ratings¹

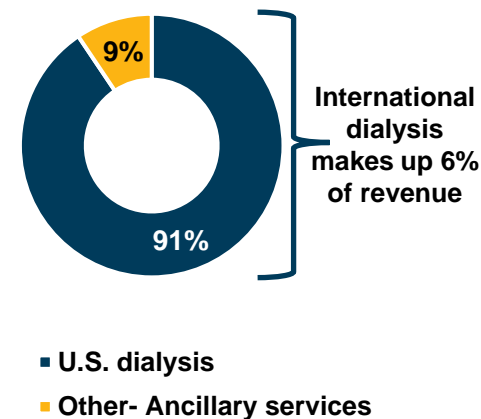


FY22 Revenue Breakdown²

By Treatment

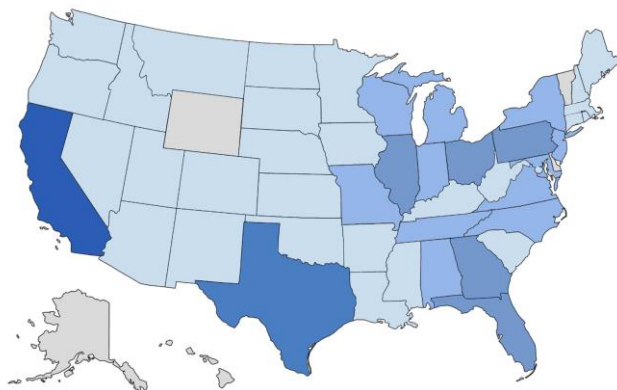
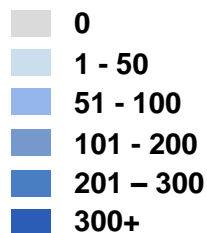


By Segment



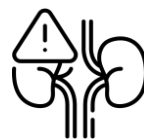
DVA Dialysis Center Locations²

of Centers



+ 350 centers located in 11 countries outside of the U.S.

Key Information



DVA operates **2,724 clinics** throughout the U.S. serving **~200,000 ESRD patients²**



For **8 consecutive years**, DVA maintained its leading position in the CMS¹ Quality Incentive Program, **and 7 years** as the top-ranking status under CMS 5-star Quality Rating system²



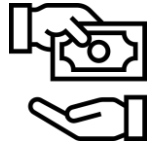
DVA has an extensive relationship with nephrologists (kidney doctors) with **over 5,400 of the existing 11,000 nephrologists** referring patients to DVA centers²

(1) Centers for Medicare & Medicaid Services ESRD Quality Incentive Program (2) Company Filings



How Does DaVita Get Paid?

Overview of Payment Structure



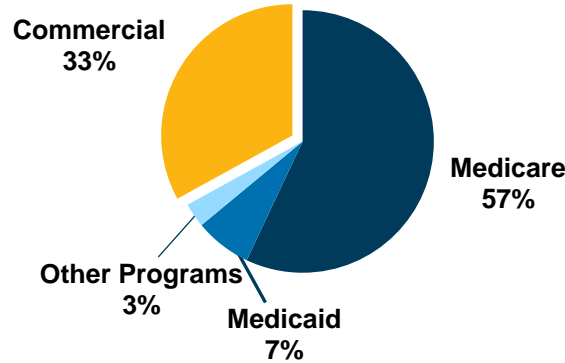
DVA receives pre-arranged payments for services provided, regardless of treatment costs



Typically, the patient's treatment is paid for by their insurance provider or government-sponsored programs

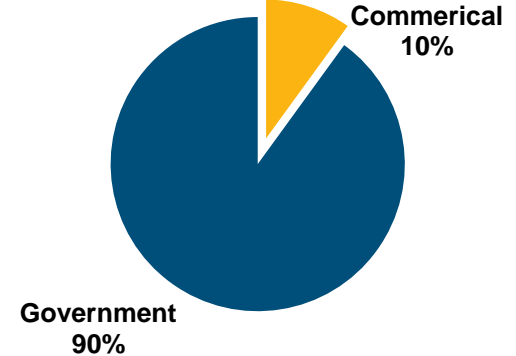
Comparison of Payor Mix by Revenue vs. Volume¹

Revenue Breakdown



Medicare and Medicaid rates often pay below the final cost of services

Volume Breakdown



Commercial: 33% of revenue and nearly 100% of operating income

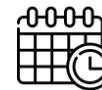
Dynamics of Payors¹

	Contracts	Pricing
Government 	DVA secures 3-5 year contracts with commercial insurers at a 4.5x premium compared to government payments	Medicare base rates are annually altered by CMS, factoring in provider cost inflation
Commercial 	DVA's excellent treatment reputation attracts patients from health plans with multiple contracting options	Commercial payments grow closer to cost inflation due to DVA's pricing power

Medicare and ESRD Program



The 1972 ESRD Program lifted Medicare age requirements for ESRD patients



Patients not under Medicare when starting dialysis face a 30-month wait, during which their **commercial insurance is responsible for payments**



DVA derives a significant portion of income from patients within this 30-month window

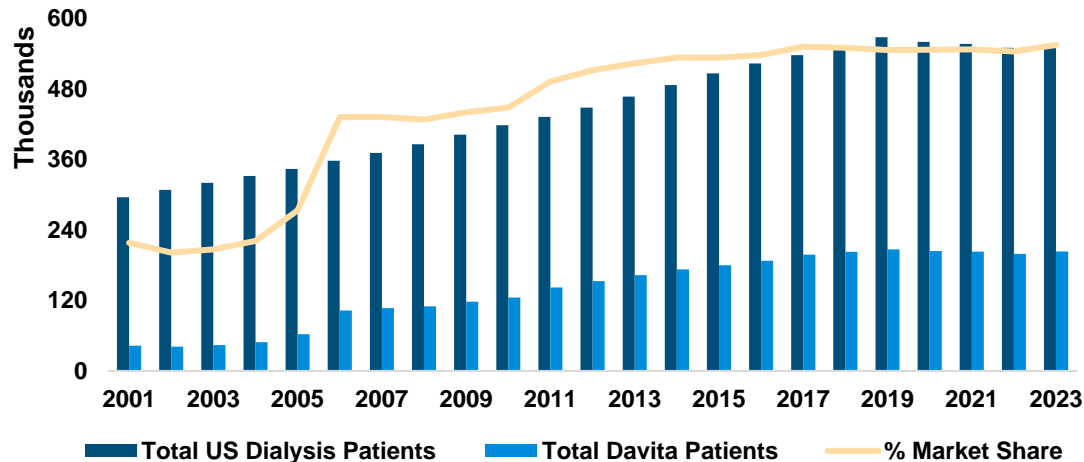
(1) Company Filings

Industry Overview



DaVita Benefits From Industry Consolidation

Dialysis Patient Growth & Market Share



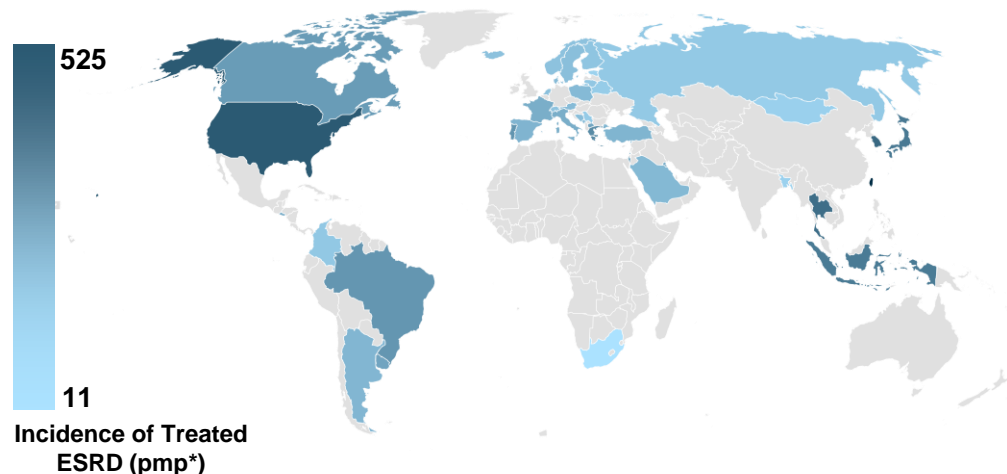
And Now Operates In A Oligopoly



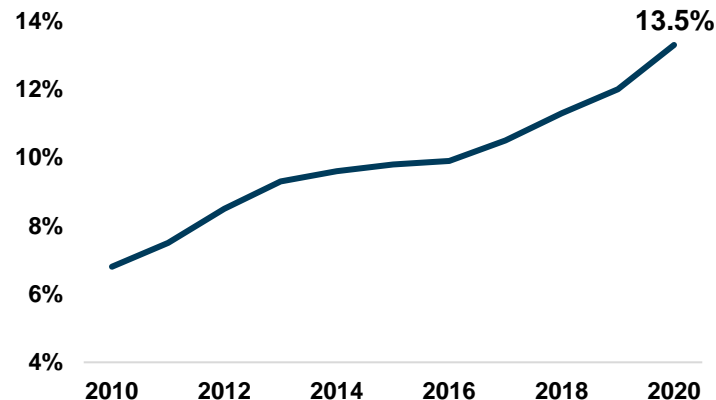
Other Players:



U.S. Has Second Highest Incidence of Treated ESRD



Increased Home Dialysis Prevalence²



DVA is targeting 25% home dialysis penetration by 2025

40% Terminal Goal

* Per million people (1) Company Filings (2) NIDDK
Culverhouse Investment Management Group – Healthcare Committee

Investment Thesis

Healthcare Committee – DaVita Pitch

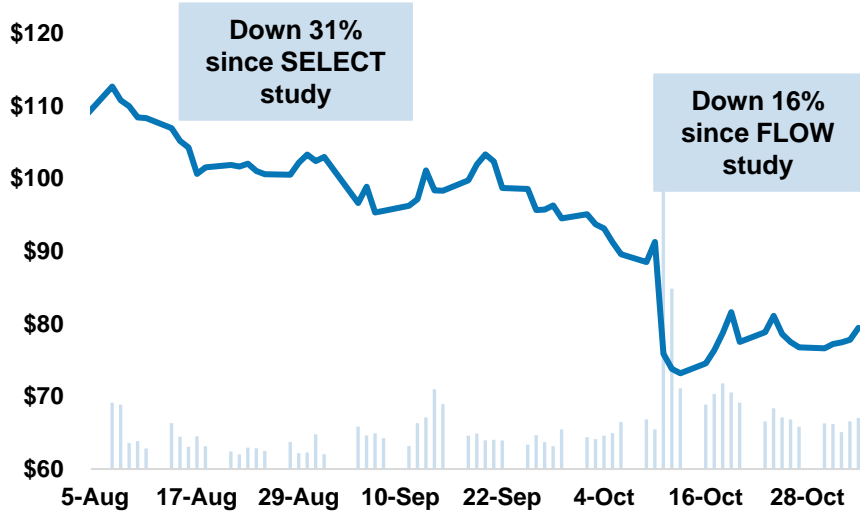


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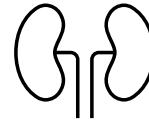


The Market is Severely Overreacting to GLP-1 Concerns

Two Studies Sent DaVita Stock Falling



FLOW Trial Was Designed To Be Too Inclusive¹...

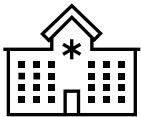


FLOW trial was designed by Novo Nordisk to determine **kidney outcomes after patients underwent once-weekly semaglutide injections**. To qualify, people had to have type II diabetes, CKD, and proteinuria.

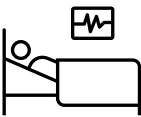


The trial was designed to demonstrate that taking GLP-1 drugs led to later onset for **any** of these events: kidney failure, initiation of CKR therapy, onset of worsening kidney function, cardiovascular death, and kidney failure death

...Causing Flawed Extrapolation Of Data To ESRD²



Extrapolating these results to ESRD is a **flawed approach due to the highly inclusive criteria** used in the study AND the **68% of study participants with extremely high levels of proteinuria**



The potential **impacts of GLP-1 drugs on dialysis are 10-30 years out** since these drugs are typically taken by pre-diabetics and early-stage CKD patients still **years out from needing dialysis**

GLP-1 Impact On Dialysis Patients Is Speculative

Base/DVA Case³
= 6% Impacted

38% on dialysis from diabetes



50% likelihood patient crashes into dialysis



33% likelihood uses GLP-1s for long-term

Bear/CIMG Case
= 13% Impacted

40% on dialysis from diabetes

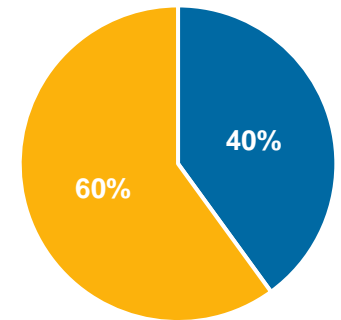


33% likelihood patient crashes into dialysis



50% likelihood uses GLP-1s for long-term

End-Stage CKD Cause Of Death³



■ Cardiovascular ■ Other






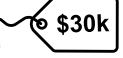
(1,2,3) UBS Equity Research, (3) DVA Study



An Oligopoly Exists in the Dialysis Market

DaVita's Scale Provides Lasting Moat in a Consolidated Industry

Opening a dialysis center requires significant up-front capital and highly specialized labor¹

		Building	Machines per center: 20+
		Hemodialysis Machine	# of Patients to Breakeven: 18-24
		Peritoneal Machine	Total Startup Cost per center: \$1-3 million

DaVita is the trusted partner for nephrologists and insurance providers alike

There are only 11,000 nephrologists nationwide, and **5,400 of those refer patients to DaVita clinics²**



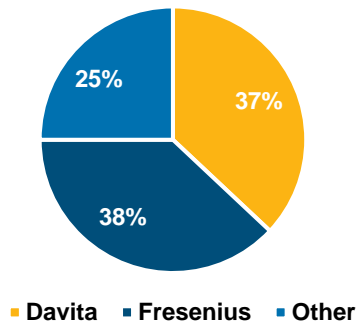
“Hardly anybody goes out and shops for dialysis. I've got kidney failure, gee, let me pick my clinic. That just doesn't happen because you've got a **doctor relationship, they kind of drive that.**”

– November 2023 Tegus Interview

DaVita and Fresenius's Symbiotic Relationship



Global Dialysis Market Share

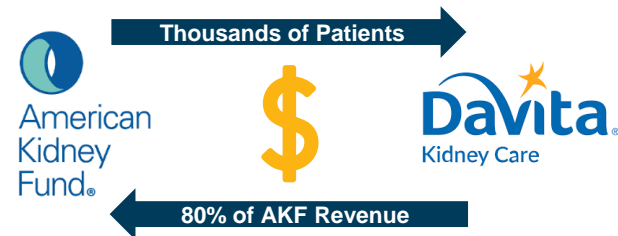


“These companies **systematically exert their market dominance** to command commercial reimbursement rates that are many times the cost associated with providing care.”

- California AB 290 Bill

The Dialysis Industry is Legal Reform Resistant

California AB 290 Bill Cause: Prevent the American Kidney Fund from providing patients cost benefits for dialysis treatment



Result: AB 290 failed to pass because it would prevent thousands of people from receiving a critical treatment

Implication: DaVita remains dominant because the dialysis market is too dependent on the current structure to change

(1) Company Filings (2) Tegus



DVA's IKC Segment Will Achieve Profitability by 2026

Introducing Integrated Kidney Care



Healthcare Analytics and Prevention



Patient Education and Dieting

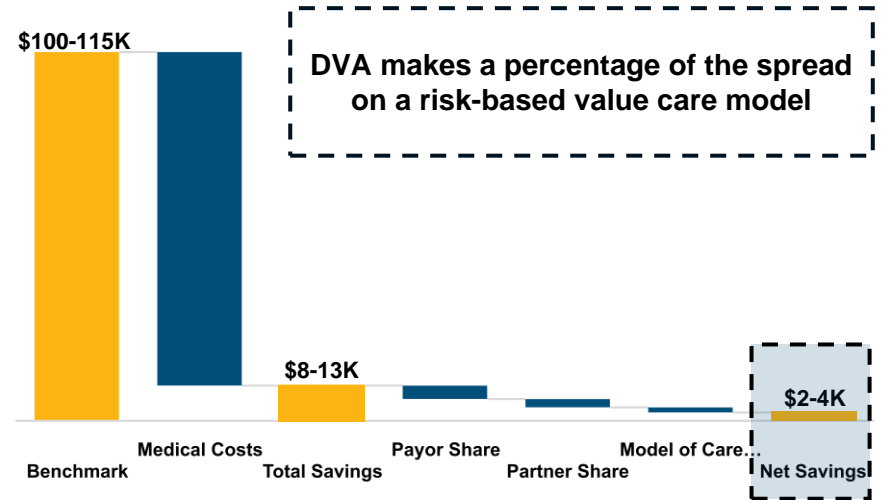


Care Coordination



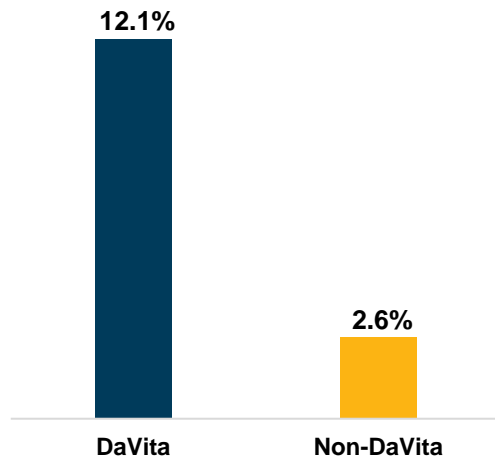
Collaborative & Holistic Care

Single ESKD Patient Economics¹

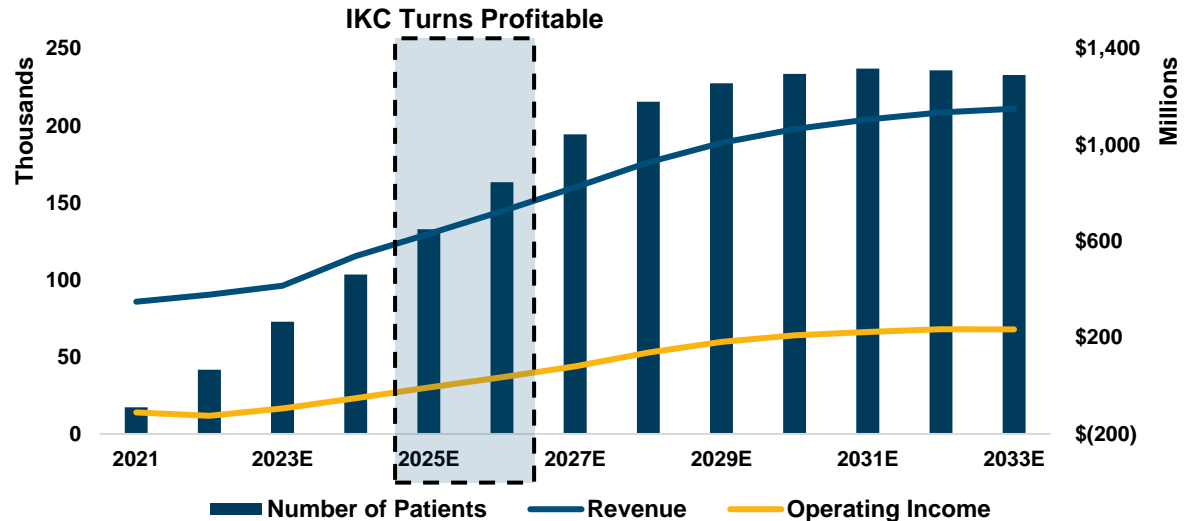


Best in Class¹

2019 ESCO* Savings Rate



Strong Topline Growth & Positive EBIT Margin²



*ESRD Seamless Care Organization (1) DVA 2021 Capital Markets Day (2) CIMG Estimates



Recent Negative Events Created Multiple Near Term Catalysts

Introducing the Marietta Plan

2018

2022

2023

- ▶ DaVita files suit against Marietta Memorial Hospital Employee Health Benefit Plan
- ▶ DaVita **accuses Marietta of denying dialysis coverage** for patients in system

- ▶ Under the Medicare Secondary Payer Act, a health plan cannot differentiate the benefits it offers ESRD patients, nor can it take in to account that a patient is eligible for Medicare
- ▶ The Supreme **Court rules that Marietta has not violated this act**
- ▶ DVA **stock falls 15%** on the day

- ▶ The Restore for Dialysis Patients Act, which would **close the loophole**, now has over 40 co-sponsors in Congress
- ▶ Passing of this act will ensure the safety of DVA's payor mix and **could move the stock up by HSD-LDD**

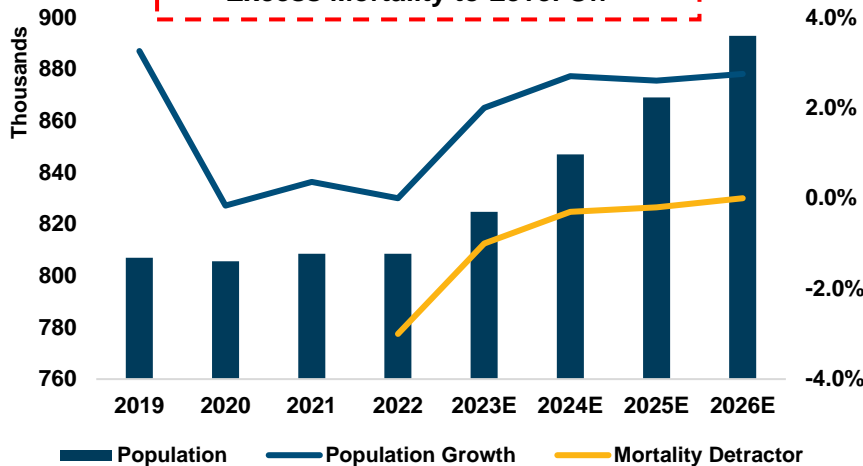


MEMORIAL HEALTH SYSTEM

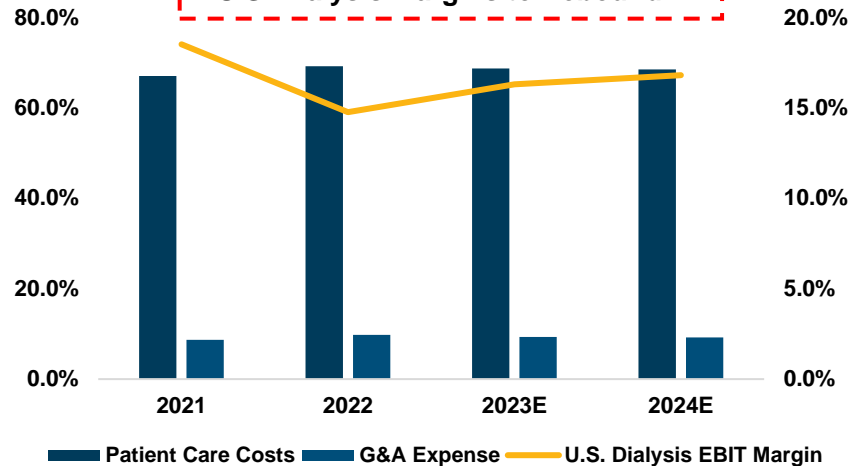


COVID / ZIRP Issues Continue to Taper Off

Excess Mortality to Level Off⁽¹⁾



U.S. Dialysis Margins to Rebound⁽¹⁾



(1) CIMG Estimates



Perception vs. Reality

	Their Take	Our Take
1 Commercial Payor Mix	<ul style="list-style-type: none"> The majority of DVA's operating income is derived from commercial payors, who only make up 10% of the payor mix 	<ul style="list-style-type: none"> DVA is able to leverage its dominant footprint on dialysis on both commercial payors and government regulators
2 GLP-1s + Other	<ul style="list-style-type: none"> Successful development and application of GLP-1 drugs could slow the growth of ESRD patients 	<ul style="list-style-type: none"> The impact of GLP-1s is still overly speculative and a bull case for GLP-1s would still not have a significant impact over the near/medium-term
3 Labor Shortages	<ul style="list-style-type: none"> Sustained wage pressure from a tight labor market and nursing shortage could continue to impact margins 	<ul style="list-style-type: none"> DVA is the best relationship manager in the industry and essentially have first pick on staff / Contract labor costs have returned to historical levels
4 Medicare Rates	<ul style="list-style-type: none"> Medicare rates, on average, tend to grow at a lower rate than cost inflation 	<ul style="list-style-type: none"> The government is dependent on DVA's services giving DVA a degree of long-term leverage
5 Organic Growth	<ul style="list-style-type: none"> DVA will have to rely more on organic growth as the industry is almost completely consolidated 	<ul style="list-style-type: none"> DVA's focus on expansion into the IKC segment will drive meaningful topline growth
6 Upstream CKD Service	<ul style="list-style-type: none"> Start-ups specializing in upstream CKD services are trying to capitalize on the risk-based model creating more competition 	<ul style="list-style-type: none"> DVA is best positioned to win this race with their existing scale and relationships

Valuation

Healthcare Committee – DaVita Pitch

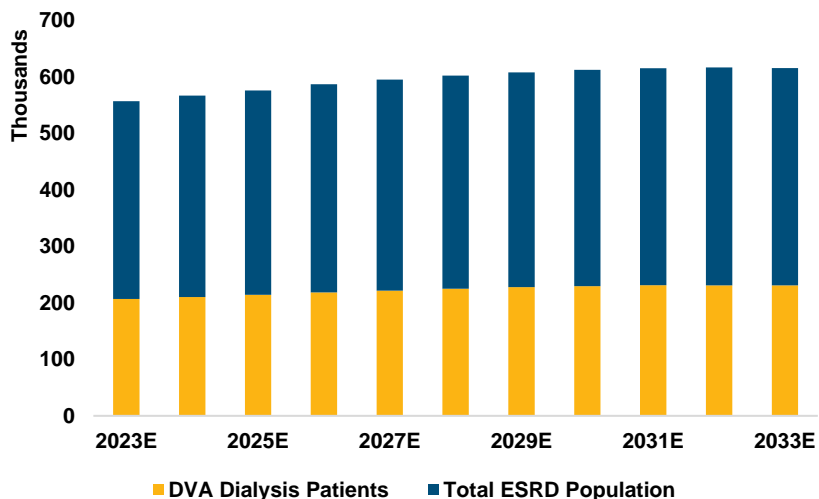


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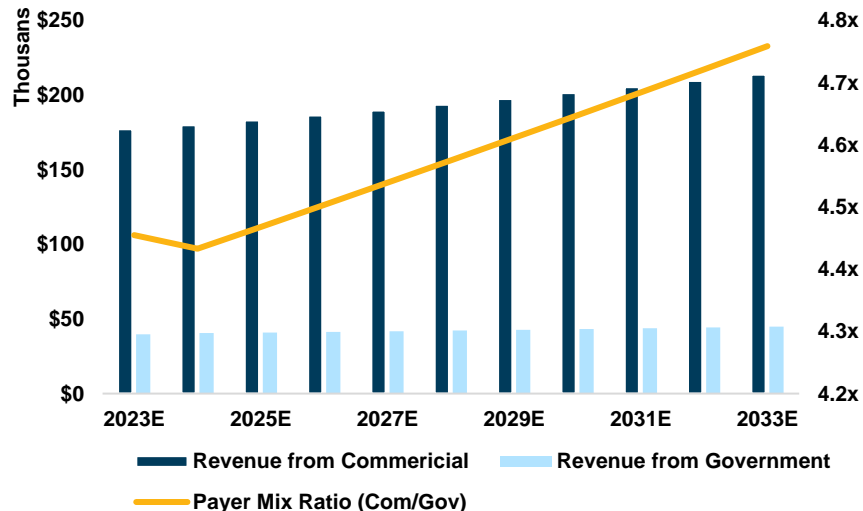
Thesis in the Model¹



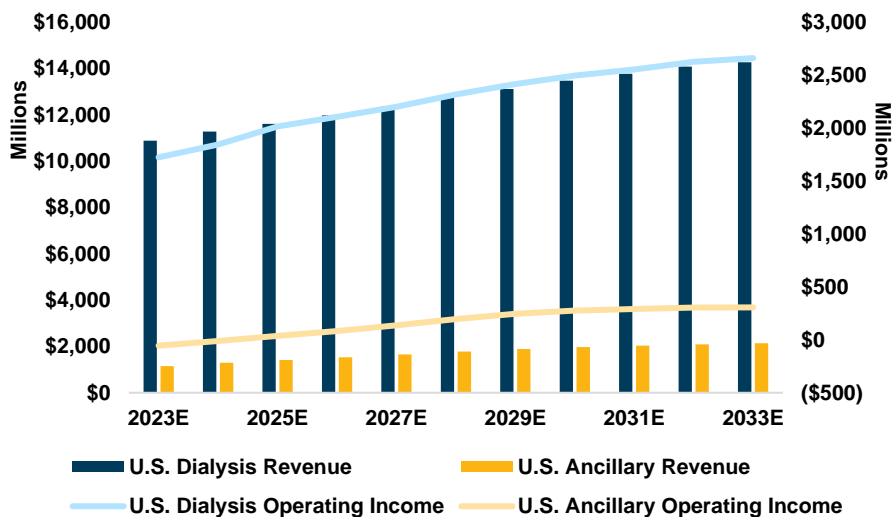
Total ESRD Patients & Total DVA Dialysis Patients



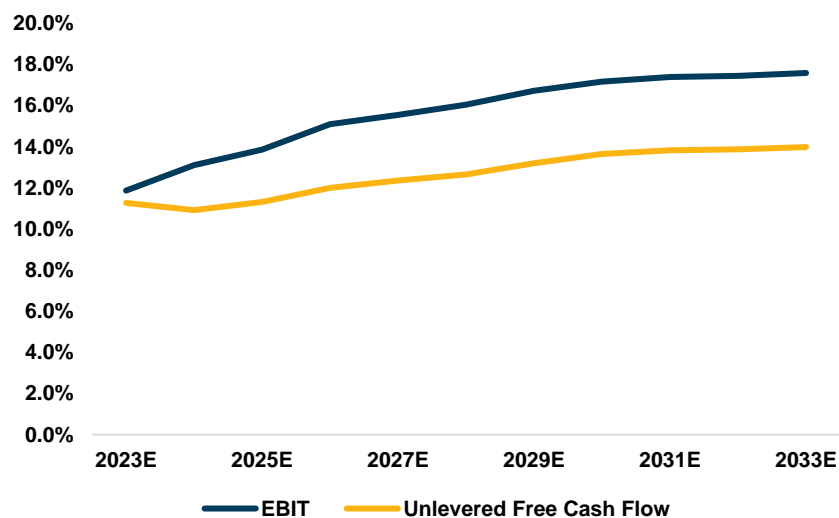
Revenue by Patient Per Year



Dialysis vs. Ancillary Outlook



EBIT vs. FCF Margin



(1) CIMG Estimates



Summary

Recommendation: Buy
Price Target: \$104.31
Upside: 31.29%
Weight: 5%

What We're Playing For

- ▶ A sustained increase in ESRD and DVA dialysis patients annually as the obesity/GLP-1 debate takes time to materialize
- ▶ DVA to continue to exert a modest level of pricing power due to scale
- ▶ Integrated Kidney Care to drive meaningful operating income and operating margin growth
- ▶ Margin expansion as DVA's operating environment improves

Short-Term Catalyst Path

- ▶ FLOW trial results are released in 2024
- ▶ Congress continues to meet about the Marietta Plan
- ▶ Improved quarterly results as Covid-induced issues roll off
- ▶ Increasing insight into success of IKC business

Valuation¹

10% Discount Rate & (1%) Long-Term Growth Rate

Long Term Growth Rate Method - 10 Yr. DCF	
Terminal Value	\$ 20,222
PV of Terminal Value	\$ 8,452
PV of Free Cash Flow	\$ 11,529
Enterprise Value	\$ 19,981
Less: Debt	\$ 8,699
Less: Preferred / Other	\$ 1,612
Plus: Cash	\$ 327
Implied Equity Value	\$ 9,997
Diluted Shares Outstanding	95.83
Implied Share Price	\$ 104.31
<i>Upside / (Downside)</i>	31.29%
<i>PV TV as a % of the Enterprise Value</i>	42.30%
Implied Terminal Multiple (EV/EBIT)	7.16x
Implied Terminal Multiple (EV/EBITDA)	5.57x

	8.00%	9.00%	10.00%	11.00%	12.00%
-3.00%	\$ 128.59	\$ 107.19	\$ 89.24	\$ 73.98	\$ 60.86
-2.00%	\$ 139.97	\$ 115.99	\$ 96.15	\$ 79.48	\$ 65.29
-1.00%	\$ 153.88	\$ 126.55	\$ 104.31	\$ 85.89	\$ 70.41
0.00%	\$ 171.26	\$ 139.45	\$ 114.11	\$ 93.48	\$ 76.37
1.00%	\$ 193.62	\$ 155.58	\$ 126.09	\$ 102.58	\$ 83.42

(1) CIMG Estimates

Appendix

Healthcare Committee – DaVita Pitch



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Management and Compensation Structure

Javier Rodriguez, CEO



Mr. Rodriguez has served as CEO of DVA since June 2019. From 2014-2019, he served as the CEO of DVA Kidney Care. Since joining DVA in 1998, Mr. Rodriguez has served in several different capacities.

2022 Total Compensation:
\$2,984,581*

Number of Shares Owned:
595,643 (<1% of common stock)

Michael Staffieri, COO



Mr. Staffieri became COO in March 2014. From July 2011 to March 2014, he served as a Senior Vice President of Kidney Care for DVA. Mr. Staffieri initially joined DVA in July 2000 as VP of Operations and New Center Development.

2022 Total Compensation:
\$6,918,683*

Number of Shares Owned:
220,479 (<1% of common stock)

Joel Ackerman, CFO



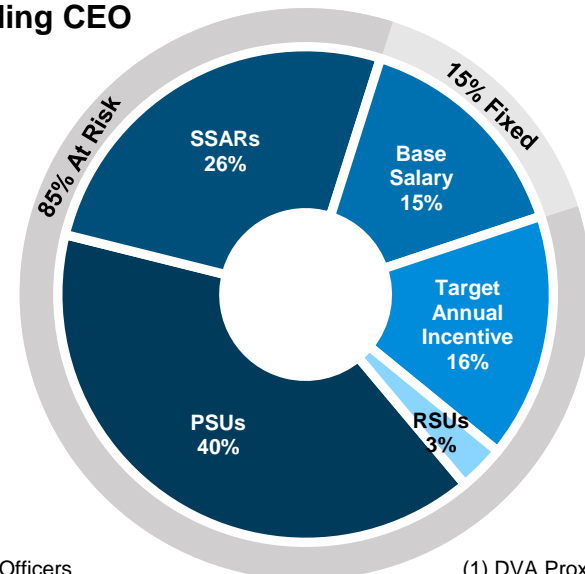
Mr. Ackerman became CFO of DVA in February 2017. In April 2019, he was also appointed to serve as Treasurer. Prior to joining DVA, Mr. Ackerman was the CEO and member of the Board of Directors of Champions Oncology, Inc.

2022 Total Compensation:
\$4,702,708*

Number of Shares Owned:
143,381 (<1% of common stock)

2022 Average NEO** Compensation Structure¹

*Excluding CEO



*Includes base salary, stock/option awards, non-equity incentives, and other compensation **Named Executive Officers

(1) DVA Proxy Statement



Berkshire's Position in DaVita HealthCare

DVA Common Stock Ownership as of 3/31/2023¹

	Number of shares owned	Percentage of shares owned
Berkshire Hathaway	36,095,570	39.8%
The Vanguard Group	6,166,112	6.8%
BlackRock, Inc.	4,822,086	5.3%

History of Investment

- ▶ Investment manager, Ted Weschler, owned DVA through his Peninsula Capital Advisors hedge fund between 2003 and 2011
- ▶ Weschler retained his ownership of the stock when Buffett recruited him to Berkshire, where he continued to buy more shares of DVA

Berkshire Investment Thesis for DVA

- 1 Simple Business Model:** DVA provides critical treatment for patients with ESRD caused by conditions like diabetes or high blood pressure. ESRD, an irreversible condition, necessitates either a kidney transplant or thrice-weekly dialysis sessions for patients to survive.
- 2 Pricing Power (Sustainable Moat):** DVA benefits from a strong market position due to the indispensable nature of its services, allowing the company to hold bargaining power with commercial insurers. This enables DVA to increase prices and enhance profits, given the crucial need for treatment regardless of costs.
- 3 Value:** DVA is a favorable long-term investment rather than a short-term trade, consistent with Weschler's decade-long ownership. DVA operates within an industry characterized by consistent demand, offering potential pricing leverage. DVA's long-term prospects make it an attractive addition to portfolio.

(1) DVA Proxy Statement

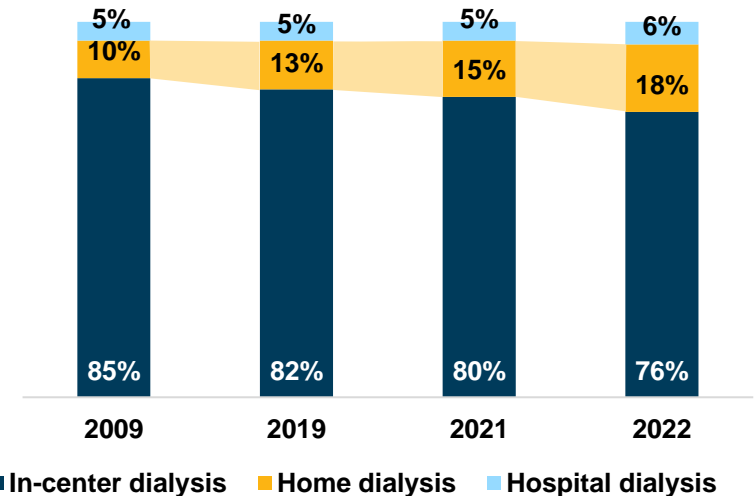


Rising Popularity of Home-Based Dialysis

Background Information¹

- ▶ Home-based dialysis services includes home **hemodialysis** and **peritoneal** dialysis
- ▶ Many DVA outpatient dialysis centers offer certain support services for dialysis patients who prefer and can participate in home dialysis
- ▶ Home-based hemodialysis support services consist of providing equipment and supplies, training, patient monitoring, on-call support services and follow-up assistance
- ▶ The 2019 Executive Order and related HHS (U.S. Department of Health and Human Services) guidance described above also included a **stated goal of increasing the relative number of new ESRD patients that receive dialysis at home**
- ▶ According to the most recent 2022 annual data report from the USRDS (United States Renal Data System), **in 2020 approximately 14% of ESRD dialysis patients in the U.S. perform home-based dialysis**

DVA Revenue Shift from Home-Based Dialysis^{1,2}



How this Provides Additional Upside to our Thesis

- ▶ DVA can enhance **operational efficiencies by transitioning to a hub-and-spoke model** in select areas, facilitated by the shift towards home dialysis
- ▶ Home dialysis requires lots of training (on average around 9 sessions over the course of 2-6 weeks) and **DVA centers can be repurposed to partially act as training centers**
- ▶ DVA's **implied revenue per** treatment from both in-center and home dialysis patients, as well as home dialysis revenue per treatment, **has shown a 25-30% increase**, despite the lower operating expenses per treatment in home dialysis

(1) Company Filings (2) DVA Investor Day Presentation



Discounted Cash Flow Analysis

FY Ending	12/31/2022	12/31/2023	12/31/2024	12/31/2025	12/31/2026	12/31/2027	12/31/2028	12/31/2029	12/31/2030	12/31/2031	12/31/2032
Discounted Cash Flow Analysis											
	2022A	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E
Revenue	11,610	11,939	12,481	12,921	13,407	13,921	14,414	14,900	15,344	15,711	16,079
<i>YoY Growth %</i>		2.8%	4.5%	3.5%	3.8%	3.8%	3.5%	3.4%	3.0%	2.4%	2.3%
EBIT	1,377	1,564	1,729	1,949	2,083	2,233	2,409	2,557	2,667	2,740	2,826
<i>YoY Growth %</i>		13.6%	10.5%	12.7%	6.9%	7.2%	7.9%	6.1%	4.3%	2.7%	3.1%
<i>Margin %</i>	11.9%	13.1%	13.9%	15.1%	15.5%	16.0%	16.7%	17.2%	17.4%	17.4%	17.6%
Taxes	198	321	354	400	427	458	494	524	547	562	579
NOPAT	1,179	1,244	1,374	1,550	1,656	1,775	1,915	2,032	2,120	2,178	2,247
D&A (+)	733	716	724	711	737	752	750	775	783	801	804
<i>% of revenue</i>	6.3%	6.0%	5.8%	5.5%	5.5%	5.4%	5.2%	5.2%	5.1%	5.1%	5.0%
Capex (-)	603	657	686	711	737	766	764	775	783	801	804
<i>% of revenue</i>	5.2%	5.5%	5.5%	5.5%	5.5%	5.5%	5.3%	5.2%	5.1%	5.1%	5.0%
FCF	1,308	1,303	1,412	1,550	1,656	1,761	1,901	2,032	2,120	2,178	2,247
<i>YoY Growth %</i>		-0.4%	8.3%	9.8%	6.9%	6.4%	7.9%	6.9%	4.3%	2.7%	3.1%
<i>Margin %</i>	11.3%	10.9%	11.3%	12.0%	12.4%	12.7%	13.2%	13.6%	13.8%	13.9%	14.0%
Period		0.15	1.15	2.15	3.15	4.15	5.15	6.15	7.15	8.15	9.15
Discount Factor		0.99	0.90	0.81	0.74	0.67	0.61	0.56	0.51	0.46	0.42
PV of FCF		1,284	1,265	1,262	1,226	1,185	1,163	1,131	1,072	1,001	939
EBITDA	2,110	2,281	2,453	2,660	2,820	2,984	3,159	3,331	3,450	3,541	3,630
<i>YoY Growth %</i>		8.1%	7.6%	8.4%	6.0%	5.8%	5.8%	5.5%	3.6%	2.7%	2.5%
<i>Margin %</i>	18.2%	19.1%	19.7%	20.6%	21.0%	21.4%	21.9%	22.4%	22.5%	22.5%	22.6%

(1) CIMG Estimates

IKC Cohort Build



Total Patients														
Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
0	8,000	7,280	6,600	5,800	5,000	4,200	3,400	2,600	2,000	1,400	1,000	600	0	0
1		10,000	9,100	8,250	7,250	6,250	5,250	4,250	3,250	2,500	1,750	1,250	750	0
2			32,500	29,575	26,813	23,563	20,313	17,063	13,813	10,563	8,125	5,688	4,063	2,438
3				35,000	31,850	28,875	25,375	21,875	18,375	14,875	11,375	8,750	6,125	4,375
4					37,500	34,125	30,938	27,188	23,438	19,688	15,938	12,188	9,375	6,563
5						40,000	36,400	33,000	29,000	25,000	21,000	17,000	13,000	10,000
6							45,000	40,950	37,125	32,625	28,125	23,625	19,125	14,625
7								50,000	45,500	41,250	36,250	31,250	26,250	21,250
8									45,000	40,950	37,125	32,625	28,125	23,625
9										40,000	36,400	33,000	29,000	25,000
10											37,500	34,125	30,938	27,188
11												37,500	34,125	30,938
12													35,000	31,850
														35,000
Total	8,000	17,280	41,600	72,825	103,413	132,813	163,275	194,325	215,500	227,450	233,588	237,000	235,875	232,850
<i>ESRD Patients Treated by DVA</i>	204,200	203,100	199,400	203,378	206,999	210,312	214,275	218,505	221,706	225,024	227,864	229,578	231,349	230,950
<i>IKC Penetration (%)</i>	2.0%	4.3%	10.4%	17.9%	25.0%	31.6%	38.1%	44.5%	48.6%	50.5%	51.3%	51.6%	51.0%	50.4%

IKC Cohort Continued

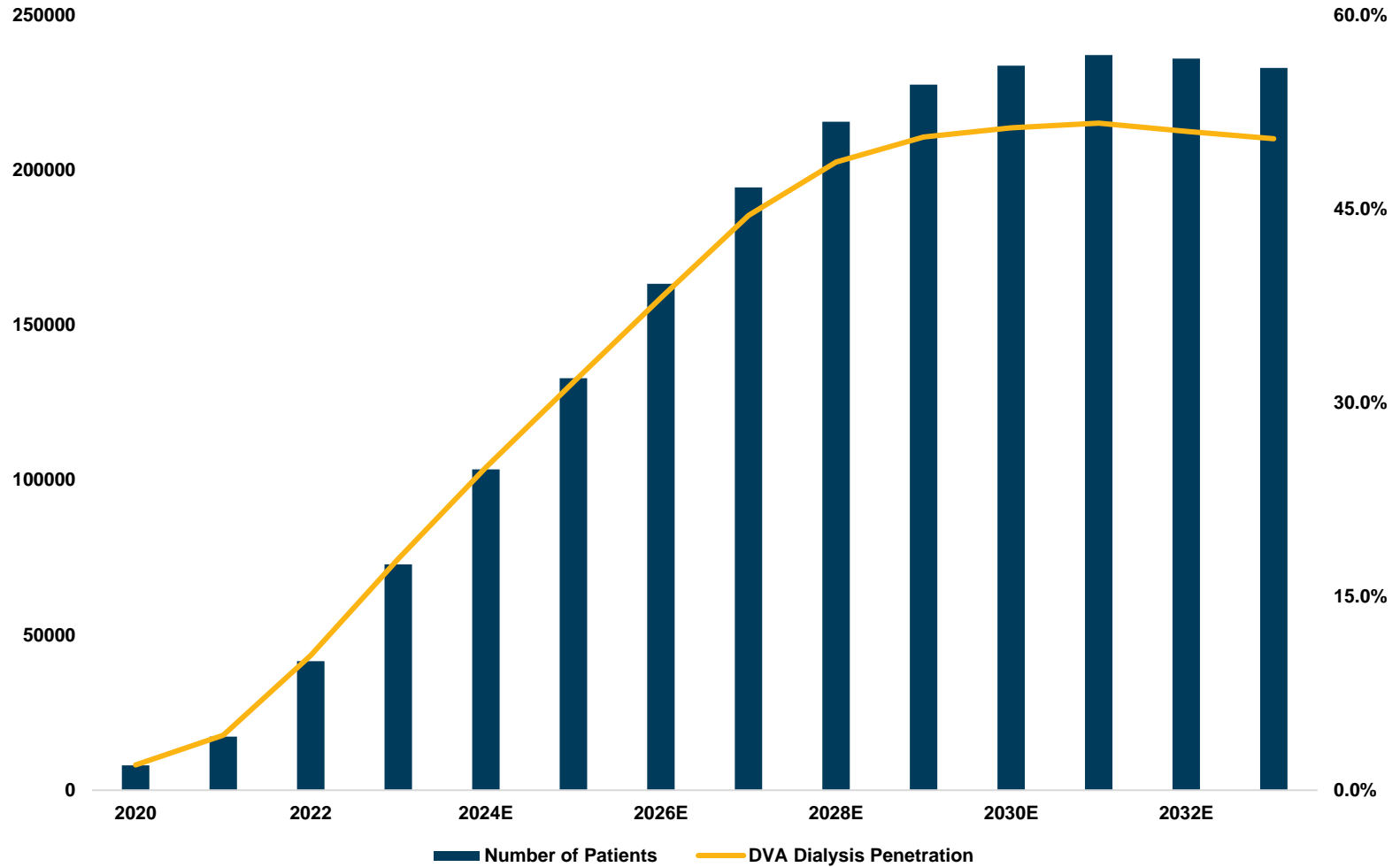


	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
<i>Cohort Year 0</i>	-50%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Cohort Year 1</i>		-50%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Cohort Year 2</i>			-50%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%	100%
<i>Cohort Year 3</i>				-50%	80%	90%	95%	100%	100%	100%	100%	100%	100%	100%
<i>Cohort Year 4</i>					-50%	80%	90%	95%	100%	100%	100%	100%	100%	100%
<i>Cohort Year 5</i>						-50%	80%	90%	95%	100%	100%	100%	100%	100%
<i>Cohort Year 6</i>							-50%	80%	90%	95%	100%	100%	100%	100%
<i>Cohort Year 7</i>								-50%	80%	90%	95%	100%	100%	100%
<i>Cohort Year 8</i>									-50%	80%	90%	95%	100%	100%
<i>Cohort Year 9</i>										-50%	80%	90%	95%	100%
<i>Cohort Year 10</i>											-50%	80%	90%	95%
<i>Cohort Year 11</i>												-50%	80%	90%
<i>Cohort Year 12</i>													-50%	80%
<i>Cohort Year 13</i>														-50%

Savings - Model of Care Costs [Toggle]

	Year	2020	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031	2032	2033
Cohort	0	-7	10	11	10	9	8	7	5	4	3	2	1	0	0
	1		-9	13	14	13	12	10	9	7	5	4	3	2	0
	2			-29	43	45	43	40	34	29	22	18	13	9	6
	3				-32	48	50	47	44	38	31	25	19	14	10
	4					-35	53	55	52	48	42	35	27	21	15
	5						-38	57	60	57	53	45	38	30	23
	6							-44	66	69	66	61	52	43	34
	7								-50	75	79	75	69	60	49
	8									-46	69	72	69	64	55
	9										-42	63	66	63	58
	10											-41	61	63	60
	11												-42	62	65
	12													-40	59
															-41

IKC Patients & DVA Patient Penetration



(1) Company Filings (2) CIMG Estimates



“If you were to map out all these dialysis centers, you’ll find there’s a few areas where there’s not a ton of overlap [between DVA and Fresenius], where you need one in certain areas. And that’s where you get really stuck because it’s very hard to just have one provider if you’re a national player”

“I think they've done well staying out of Fresenius' market from a manufacturing perspective. I mean the odd thing is DaVita is by far Fresenius' biggest customer because they use Fresenius machines. So it's kind of an odd partnership. And it's necessary to come together, like when California tried to unionize all the dialysis nurses several years, Fresenius and DaVita came together and said, listen, California. Go ahead and unionized. We're going to close probably 1/3 of our dialysis centers in the state. And you can explain to your patients because the cost of labor went up so dramatically that we had to consolidate centers, and you can explain to the patients why they're now driving 1.5 hours each way.”

(1) Tegus



- ESRD- End Stage Renal Disease
 - ESKD- End Stage Kidney Disease
 - CKD- Chronic Kidney Disease
 - IKC- Integrated Kidney Care
 - AKF- American Kidney Fund
 - Nephrologist- medical doctor who specializes in diagnosing and treating diseases and conditions related to the kidneys
- } Both terms refer to the same condition