

Dialysis Center Valuation Overview



Dialysis centers are an important component of the healthcare industry, as ESRD patients account for less than 1% of the Medicare population, but roughly 7% of the budget. As a result, their care is crucial to population health strategies. Dialysis centers also tend to have solid margins and generate strong returns on capital for their investors.

KEY FACTORS THAT INFLUENCE DIALYSIS VALUATIONS

- Control-level of subject interest
- Age and composition of referring physicians
- Size of the facility or company
- Case mix (hemodialysis vs. peritoneal)
- Growth opportunities
- Payer mix (mostly Medicare, but commercial payers pay much higher rates and account for most industry profit)
- Local competition and barriers to entry
- Age and condition of facility & equipment

MARKET DATA FROM CONTROLLING INTEREST TRANSACTIONS

	Size Characteristics			Benchmarks		
	Price (EV)	Revenue	EBITDA	EBITDA Margins	Revenue Multiple	EBITDA Multiple
10th Percentile	\$ 1,117,084	\$ 2,967,840	\$ 193,486	7.3%	0.6	5.9
25th Percentile	\$ 5,720,575	\$ 4,354,042	\$ 782,227	15.4%	1.1	6.6
Median	\$ 14,809,378	\$ 9,668,484	\$ 2,267,614	20.5%	1.7	7.1
75th Percentile	\$ 43,739,500	\$ 180,942,000	\$ 6,146,496	29.1%	2.0	8.0
90th Percentile	\$ 619,921,300	\$ 342,400,000	\$ 63,213,700	42.6%	3.2	10.5

Source: Scope Research