



Q4-2011 DIALYSIS INDUSTRY UPDATE

M&A Update

The fourth quarter saw a continued trend in a number of areas throughout the dialysis sector. We saw a large regional player in Renal CarePartners become acquisition bait, while also witnessing the continued international expansion of DVA and FMS, both of which have made this a top priority for the coming years. Looking forward, we expect more small, regionally-focused deals to dominate the landscape while also seeing the international consolidation trends that have become commonplace over the last couple of years.

Top Strategic Players

- **Ambulatory Services of America** (Private)
- **American Renal Associates** (Private)
- **DaVita, Inc.** (NYSE: DVA)
- **Fresenius Medical Care** (NYSE: FMS)
- **Reliant Renal Care** (Private)
- **Renal Ventures Management** (Private)
- **U.S. Renal Care** (Private)

Public Snapshot DaVita vs. Fresenius



| Ticker | Price | 52wk High | EV/Rev | EV/EBITDA |
|------------|-------|-----------|--------|-----------|
| DVA | 76.08 | 89.76 | 1.7x | 8.7x |
| FMS | 52.50 | 55.73 | 2.2x | 10.6x |

NOTEWORTHY TRANSACTIONS

| Month | Acquirer | Target Company | Details |
|---------------|--|--|--|
| December 2011 | Fresenius Medical Care | Nefrocontrol S.A. | Fresenius Medical Care has announced the acquisition of Nefrocontrol S.A., an eight dialysis clinic operation located in Ecuador. The transaction continues Fresenius' aggressive international acquisition spree which now totals over six deals in the last two years. Financial terms of the transaction were not disclosed and it is expected to close in Q1 2012. |
| December 2011 | Ambulatory Services of America | Renal CarePartners | Ambulatory Services of America announced its acquisition of Renal CarePartners, a provider of 17 clinics that services over 1,100 patients. The acquisition was made through ASA's affiliate, Innovative Dialysis, and comes shortly after the company's private equity backer, Lindsay Goldberg, had made a separate investment in RCP. Financial terms of the transaction were not disclosed. |
| November 2011 | DaVita | ExtraCorp, AG | DaVita has completed the acquisition of ExtraCorp AG, a German company operating four centers, through DaVita's subsidiary DV Care GmbH. The acquisition follows along with DaVita's international expansion efforts and it is expected that they will continue to pursue the European and Asian markets, already boasting a presence in areas such as Singapore, India, and Malaysia. No financial terms of the transaction were announced. |
| November 2011 | Fresenius Medical Care | American Access Care | Fresenius Medical Care has completed its acquisition of American Access Care, a leading management company of vascular access centers and interventional radiology centers. The deal was originally announced alongside of Fresenius' announcement of the acquisition of Liberty Dialysis. American Access Care brings approximately \$175 million in annual revenues to Fresenius, and also provide an aggressive push into a line of business outside of their traditional dialysis services. The transaction is valued at \$390 million. No further details of the transaction were disclosed.. |
| October 2011 | DSI, portfolio of Frazier Healthcare and New Enterprise Associates | DaVita, 30 facilities from DSI Renal acquisition | DaVita has agreed to divest 30 of the locations it was acquiring through its purchase of DSI Renal. A new entity, formed by Frazier Healthcare and New Enterprise Associates and led by former executives of Odyssey Healthcare, will pay \$91 million for the clinics that produce an annual revenue stream of approximately \$82.7 million. Following this transaction, Newco will likely continue expanding through acquisitions as a new private equity backed company enters the dialysis mix. |