

Revelstoke Overview

Revelstoke Capital Partners (“Revelstoke”), is a healthcare-focused private equity firm building industry-leading companies in the healthcare services, healthcare technology and health and wellness sectors.

With several decades of combined experience in healthcare, the Revelstoke team invests at the intersection of healthcare, technology, and consumer. We bring strategic capital and a systematic approach to value creation as we seek to achieve superior, risk-adjusted returns.

Revelstoke is based in Denver, Colorado, and has approximately \$4.8 billion of assets under management. Since the firm’s inception in 2013, Revelstoke has completed 195 acquisitions, which includes 30 platform companies and 165 add-on acquisitions.

Investment Strategy

Revelstoke is committed to building scaled healthcare enterprises that provide enhanced access to care and improved outcomes while reducing overall healthcare costs through quality, scale, and innovation. To execute this mission, we seek to be the partner of choice for companies that are passionate about delivering high-quality care to their patients.

Revelstoke works collaboratively with management teams to help their businesses grow, generating sustainable, long-term value. Our Investment Team and the dedicated in-house operating resources of our Portfolio Transformation Group work together to use strategic capital and a systematic value-creation approach to transform businesses. Our goal is to achieve superior, risk-adjusted returns through a combination of organic growth initiatives including sales development, de-novo clinic openings, product line extensions, ancillary service offerings, geographic expansion, development of strategic industry partnerships, and strategic add-on acquisitions. Revelstoke’s 30 platform companies have completed 165 add on acquisitions.

Competitive Landscape

Revelstoke believes there is a significant market opportunity and increasing demand from investors for healthcare specialist managers. Although healthcare buyouts represent 15% of global buyout deal volume¹, only 3.6% of all private equity capital raised has been for healthcare specialists², creating an imbalance that Revelstoke is well positioned to capture.

¹ Bain & Company, “Global Healthcare Private Equity Report 2024”. Published 2024.

² PitchBook. Healthcare Funds Report H1 2024. Geography: North America and Europe.

Revelstoke's 50-person team, which includes 19 investment professionals and 17 operating professionals in the Portfolio Transformation Group, is larger and more established than most other healthcare specialists. This allows us to bring the infrastructure and operating resources of a large-cap sponsor to investment opportunities in the middle market, allowing for differentiated value creation relative to our competitors.

Trends and Insights

Revelstoke invests at the intersection of healthcare, technology, and consumer – a convergence that is increasingly seen as the healthcare “sweet spot.” We have developed a repeatable investment strategy that emphasizes a research-driven, thematic approach, a proactive and focused sourcing strategy, and a high-urgency value-creation playbook.

Supporting our thesis are several compelling trends dominating healthcare in the U.S. and creating tailwinds for our investment strategy:

- **U.S. healthcare industry represents one of the largest and fastest growing sectors of the U.S. economy** – Healthcare spending reached \$4.5 trillion in 2022, equivalent to 17% of GDP, and is expected to grow at 5.6% annually over 2022-2032 to reach \$7.7 trillion by 2032³
- **Ageing population demographics are driving increasing demand for services** – the 65-and-older population in the U.S., is expected to grow by 50% to 85.7 million people in 2050⁴ and ~90% of the senior population has one or more chronic conditions⁵ leading to higher spend and driving industry growth for the foreseeable future
- **The healthcare services market remains highly fragmented creating an opportunity to build industry leaders** – our core focus segments are ~\$40-\$60 billion in size⁶ with top players typically representing <15% of the market or less⁷ creating a target-rich environment for attractive platform investment opportunities
- **Healthcare is a recession-resilient sector that demonstrates strong growth throughout cycles** – Healthcare was the fastest growing non-discretionary

³ Centers for Medicare and Medicaid Services, “NHE Projections 2013-2032 – Tables” accessed 10/10/24.

⁴ United States Census Bureau, “U.S. Older Population Grew From 2010 to 2020 at Fastest Rate Since 1880 to 1890”. Published May 25, 2023. United States Census Bureau, “Demographic Turning Points for the United States: Population Projections for 2020 to 2060”. Published February 2020. Accessed October 10, 2024.

⁵ CDC (9/8/22), IBISWorld (3/14/24), U.S. Census Bureau (May 2023), Wall Street research.

⁶ Represents the average of \$15 billion to \$250 billion across 10 subsectors.

⁷ IBISWorld. (2022). Industry Statistics. Retrieved September 2022; McKinsey & Company PPM market overview.

segments of the U.S. Consumer Economy during the last cycle and healthcare consumer spending grew ~10% between 2007 and 2009⁸

- **Healthcare services industry is structurally protectionist and largely immune to potential tariff impacts** – we are operating local businesses that provide local delivery of care within a few miles of where patients live with cost structures that are mostly reliant on labor, not supply chain inputs

As delivery of care continues to evolve across the U.S. healthcare system, we believe that there will be a general shift from fee-for-service to value-based payment models to incentivize providers to focus on delivering a higher quality of care versus a higher quantity of care. We also believe there will be a site of care shift driving a growing need for platforms enabling care at home, such as outpatient, virtual, and home-based care services, and a shrinking desire to treat patients in an expensive hospital setting. Revelstoke also expects potential downstream benefits from continued medical advancement and breakthrough therapeutics (GLP-1s) to increase life expectancy, drive volumes to lower acuity settings, and create more demand for primary care and physical therapy as patients live longer, more active lives.

We also see a significant opportunity across healthcare technology with a growing need for solutions driving productivity and for technological (AI) developments that achieve administrative efficiencies, faster data processing and predictive analysis, reduction in medical errors and to help enhance the quality of the patient experience. However, with the adoption of technology and continued emphasis on digitization and data aggregation, we also see a growing need for technology solutions to improve privacy and security protections for patient data.

Future Outlook

We believe today's business imperatives – as well as future legislation – will focus on cost containment, access to care, and increased adoption of automation, resulting in greater adoption of value-based care programs and a shift towards lower cost-of-care settings. Revelstoke will continue to apply our research-driven, thematic approach to identify the most compelling opportunities within the U.S. healthcare landscape to capitalize on these trends.

⁸ Bureau of Economic Analysis; Personal Consumption Expenditures by Function as of 9/30/22. Indexed to 2007.