



ALTARIS

Investors in the  
Healthcare Industry

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All "\$" references herein are to United States Dollars.

# Altaris Capital Partners

Industry specialization enables strategy and drives results

## Healthcare-focused private equity firm

- Founded in 2003
- Based in New York
- Healthcare is large, growing, fragmented and complex

## Disciplined, middle-market investment strategy

- Targeting companies that deliver value and efficiency to the healthcare system
- Leveraging industry knowledge and network
- Growth-oriented buyouts
- Active approach to influencing the investment outcome

## Strong and consistent track record<sup>1</sup>

- 30 investments to date; 24 realized/substantially realized

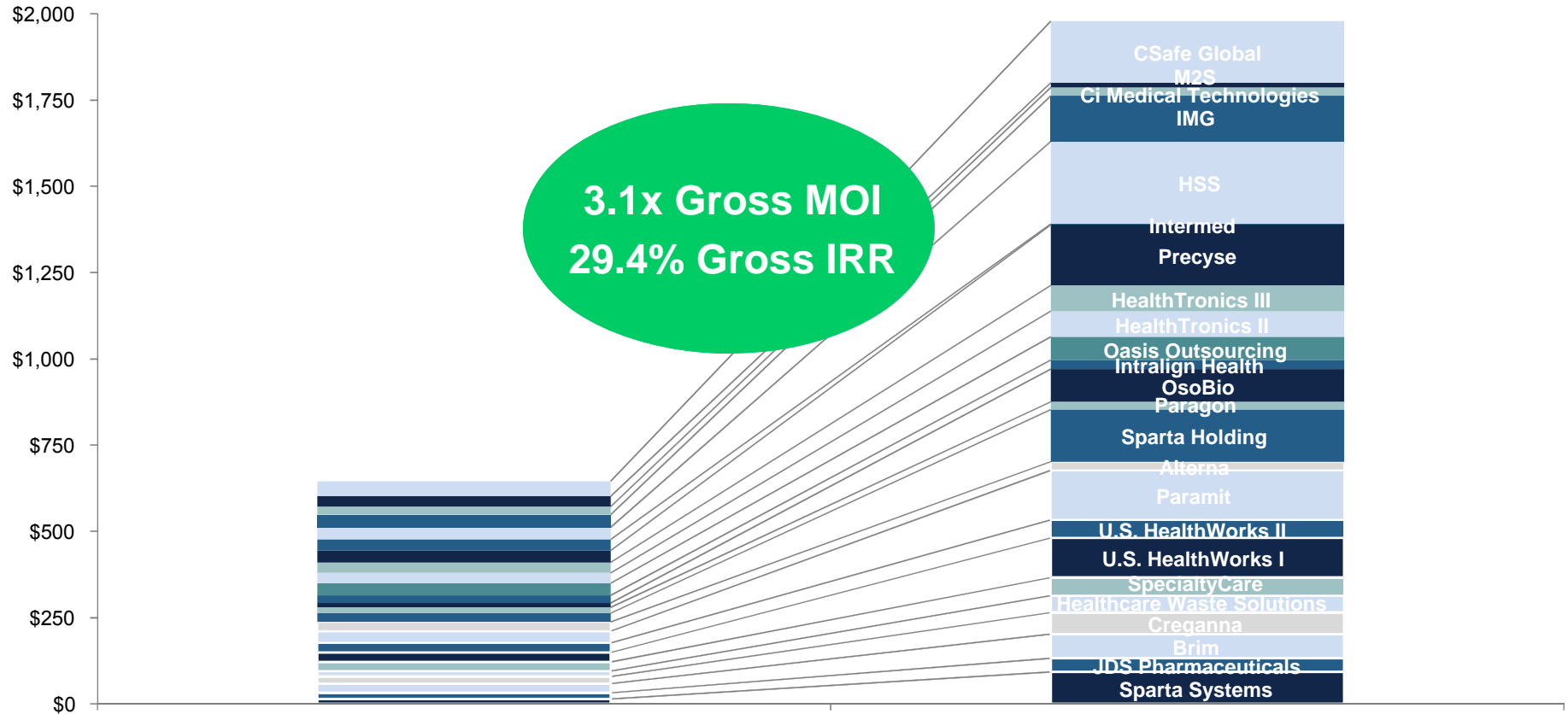
Fund	Vintage	Gross IRR	Net IRR
AHP III	2013	68.5%	46.3%
AHP II	2008	39.0%	27.6%
AHP I	2004	22.8%	13.2%

(1) As of December 31, 2016.

Please see endnotes and complete track record information for important related disclosures and definitions. Past performance is not necessarily indicative, or a guarantee, of future results.

# Consistent Track Record

## 24 Realizations since inception



\$ in millions as of December 31, 2016.

References in this chart are to aggregate returns which reflect cash flows and performance across multiple funds in respect of investments that were made during different economic cycles. The stated performance reflects neither a specific Predecessor Fund nor a group of investments managed as a single portfolio. The actual return realized by any investor in the Predecessor Funds may vary based on the timing of capital contributions and distributions and may differ materially from those reflected or contemplated in the data presented. Past performance is not necessarily indicative, or a guarantee, of future results. Please see endnotes and complete track record of each Predecessor Fund for important related disclosures and definitions.

# Altaris Team

Culture: Teamwork, Honesty, Rigor, Discipline

Investment Professionals

**GEORGE AITKEN-DAVIES**  
Co-Founder  
Managing Director  
Merrill Lynch  
University of Oxford  
MBOIC Biochemistry

**DANIEL TULLY**  
Co-Founder  
Managing Director  
Merrill Lynch  
University of Pennsylvania  
BS Economics

**DAVID ELLISON**  
Managing Director  
Lehman Brothers  
Washington & Lee University  
BA Mathematics & Economics

**ROBERT WATSON, PhD**  
Managing Director  
HgCapital, Sofinnova Partners  
University of Oxford  
PhD, MBOIC Biochemistry

**JAMES O'BRIEN**  
Principal

Merrill Lynch  
Princeton University  
BA History

**HARRISON HUNTER**  
Vice President

Stone Point Capital, Citi  
University of Pennsylvania  
BS Economics

**GARIKAI NYARUWATA**  
Senior Associate

McKinsey & Company  
Univ. of Cape Town;  
Univ. of Oxford  
BS Economics, MSci. Economics

**FEI CHEN**  
Associate

Jefferies  
Duke University  
BA Public Policy/Markets  
Management

**DOMENICO NICOLIA**  
Associate

Jefferies  
Boston College  
BS Management

Operations

**CHARLES MULLENS, CPA**  
Chief Financial Officer

JC Flowers, Deloitte & Touche  
University of Scranton  
BS Accounting

**IRINA LYSOCHENKO**  
Controller

Pomona Capital, PwC  
Pace University  
BA Computer Science, MS  
Accounting

**JENNIFER GRACI**  
Office Manager

Merrill Lynch

**MARIANA SKARA**  
Administrative Support

21st Century Fox  
Manhattanville College  
BA Communications

As of April 1, 2017.

# Altaris Team

## Biographies

Investment Professionals

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**GEORGE AITKEN-DAVIES**

Co-Founder  
Managing Director

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Mr. Aitken-Davies co-founded Altaris. Prior to the formation of Altaris, he held various positions in Merrill Lynch's private equity and healthcare investment banking groups. Mr. Aitken-Davies received a Masters in Biochemistry from the University of Oxford and investigated the metabolism of bovine prion protein for his research dissertation at the Università di Padova, Italy.

Mr. Aitken-Davies currently serves on the Board of Overseers of the Children's Hospital of Philadelphia and as a trustee of the Senator Foundation.

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**DANIEL TULLY**

Co-Founder  
Managing Director

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Mr. Tully co-founded Altaris. Prior to the formation of Altaris, he held various positions with Merrill Lynch, including serving as the firm's global head of healthcare equity capital markets, and as a member of Merrill Lynch's private equity and investment banking groups. Mr. Tully received a B.S. in Economics from the University of Pennsylvania, Wharton Undergraduate Program.

Mr. Tully previously served as the vice chairman of the board of the Hospital for Special Surgery in New York.

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**DAVID ELLISON**

Managing Director

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Mr. Ellison is a managing director at Altaris. Prior to joining Altaris, Mr. Ellison was a member of the global healthcare investment banking group at Lehman Brothers where he assisted clients in the execution of a number of mergers, acquisitions and corporate finance transactions across various healthcare sectors. Mr. Ellison graduated from Washington and Lee University with a degree in Mathematics and Economics.

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**ROBERT WATSON, PhD**

Managing Director

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Dr. Watson is a managing director at Altaris. Prior to joining Altaris, Dr. Watson was a member of the healthcare team at Hg Capital and Ares Life Sciences, where he executed a number of buyout and growth capital investments in various healthcare sectors. Dr. Watson previously worked at Sofinnova Partners in Paris. Dr. Watson has a Masters in Molecular and Cellular Biochemistry and a Doctorate of Philosophy in Neurology, both from the University of Oxford. His research covered the mechanisms of neurodegenerative disease and has been published in the journal Neurology.

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**JAMES O'BRIEN**

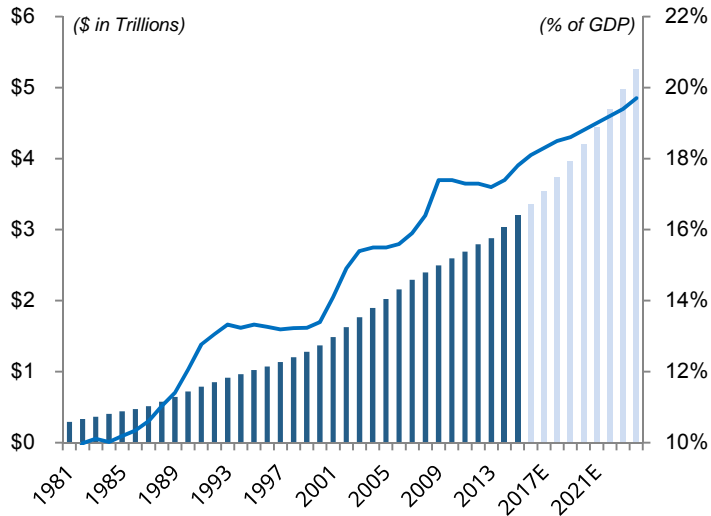
Principal

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Mr. O'Brien is a principal at Altaris. Prior to joining Altaris, Mr. O'Brien was a member of the investment banking and equity capital markets groups at Merrill Lynch where he assisted clients in the execution of a number of mergers, acquisitions and corporate finance transactions across various industries. Mr. O'Brien received a B.A. in History from Princeton University.

# Healthcare Industry: Key Dynamics

## U.S. Healthcare Spending



**\$3.2 trillion**

Annual U.S. healthcare expenditure

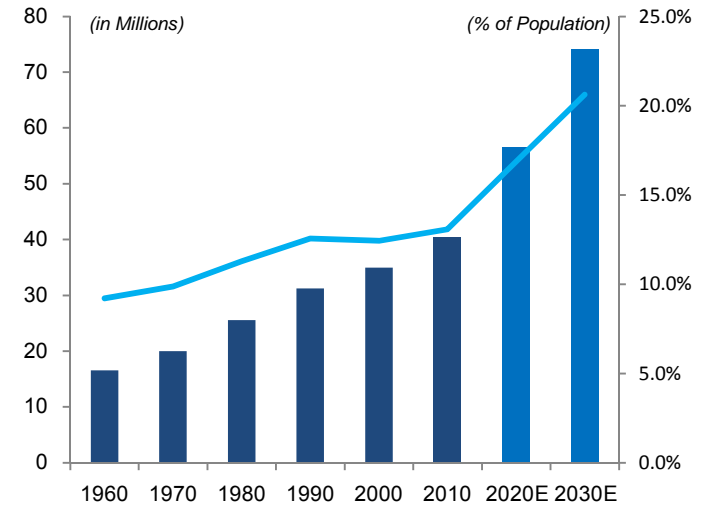
**20% of GDP**

Expected by 2025

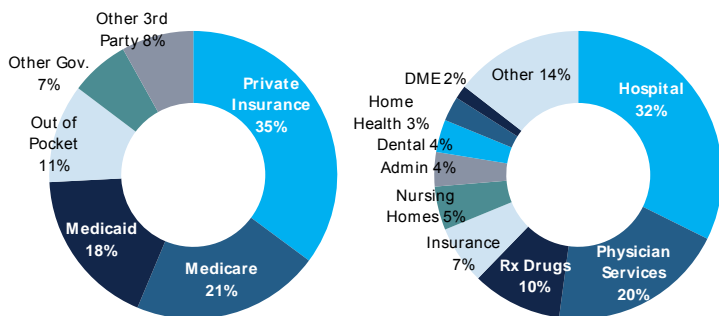
**5.6%**

Projected growth 2016-2025

## Population > 65 years of Age



## Spending Breakdown



Sources:  
 Centers for Medicare & Medicaid Services, February 2017.  
 United States Census Bureau, July 2015.  
 Agency for Healthcare Research and Quality, April 2014.  
 Pew Research, "Baby boomers retire.", 2010.  
 The Commonwealth Fund, "U.S. Health Care from a Global Perspective.", 2015.

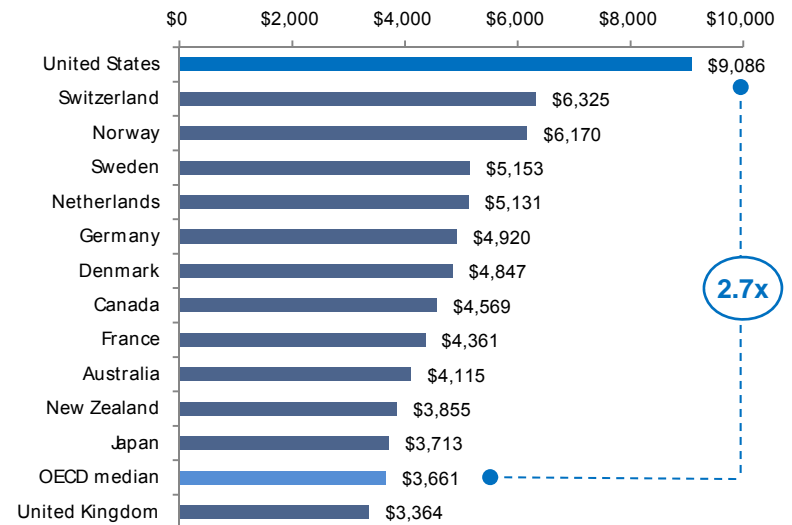
**10,000**

Americans turning 65 every day

**86%**

spent on chronic conditions

## Spend Per Capita



# Altaris Investment Strategy

Targeting Companies that Address the Needs of the Healthcare System

## Central Tenets

Improve patient outcomes

Eliminate unnecessary costs to  
the system

Increase efficiency

Align stakeholder incentives



# Altaris Investment Strategy

## Sectors of Focus

### Pharma

#### Pharma Products

- Generics
- Speciality
- OTC
- Biologics
- Vaccines
- Animal Health

#### Pharma Services

- Manufacturing
- R&D
- Regulatory & Quality
- Supply Chain / Logistics
- IT

### Devices & Diagnostics

#### Device Products

- Surgical Products
- Tools & Diagnostics
- Imaging equipment
- Biologics
- Dental

#### Device Services

- Manufacturing
- R&D
- Regulatory & Quality
- Supply Chain / Logistics
- IT
- Equipment maintenance

### Provider Services

#### Providers

- Acute Care
- Post-Acute Care
- Home Care
- Specialty Physicians
- Pharmacy
- Dental

#### Services

- Outsourced Services
- HCIT
- Practice Management
- Distribution / GPO
- Staffing
- Labs

### Payors & Insurance

#### Insurance Carriers

- Health Insurance
- Workers Comp
- Diversified Insurance

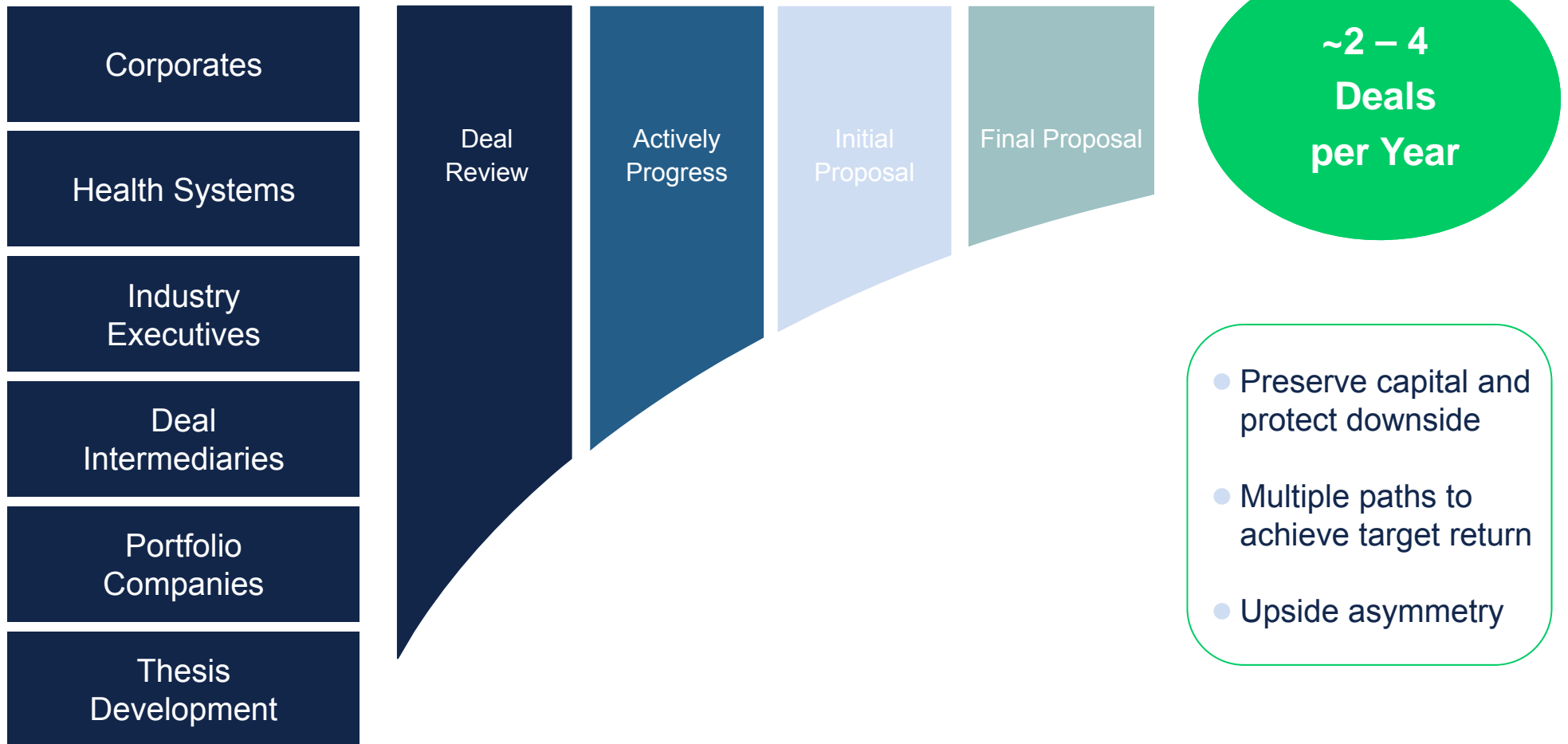
#### Insurance Services

- Employer Services
- MSO
- Insurance Services IT
- Network/PPO
- Broker/Consultant
- Care Management



# Extensive Healthcare Network Fuels Deal Engine

## High Value Opportunity Set; Rigorous Process and Execution



# Active Portfolio Engagement

## Driving Growth and Influencing the Investment Outcome

- 
- **Add-on acquisitions**
- 
- **Change / strengthen management**
- 
- **Corporate partnerships**
- 
- **Increase visibility and industry access**
- 
- **Institute best practices**
- 
- **Leverage the Altaris Operating Network**
- 
- **Optimize balance sheet**
- 
- **Global expansion**
- 
- **Exit preparation and execution**
- 

*Please see endnotes and complete track record information for important related disclosures and definitions. Past performance is not necessarily indicative, or a guarantee, of future results.*

# Principal Terms

	<u>Altaris Health Partners IV, L.P.</u>	<u>Altaris Constellation Partners IV, L.P.</u>
• <b>Target Size</b>	\$800 million	\$200 million
• <b>Investment Period</b>	Up to 6 years	Up to 6 years
• <b>Term</b>	10 years +3	10 years +3
• <b>Preferred Return</b>	8%	8%
• <b>Management Fee</b>	2%	--
• <b>Carried Interest</b>	20%	20%
• <b>GP Commitment</b>	>7.5%	>7.5%

*Please see the applicable Fund Memorandum and related partnership agreement for important disclosures and a full set of offering terms.*

# Endnotes

Constellation means Altaris Constellation Partners, L.P.

Predecessor Funds means, collectively, Altaris Health Partners, L.P. (“AHP I”), Altaris Health Partners II, L.P. (“AHP II”) and Altaris Health Partners III, L.P. (“AHP III”).

Invested Capital includes equity and equity-linked securities. The Predecessor Funds have not made any debt investments.

Realized Value represents the sum of gross proceeds generated from dispositions and distributions and includes principal repayments, equity proceeds, interest and dividends.

Current Value represents the “fair value” of an investment that has not been realized, determined in accordance with Altaris’ valuation policy. The “fair value” of an investment is an estimate of the price that would be received upon the sale of an investment in an orderly transaction between two parties at the measurement date under current market conditions. The actual realized returns of unrealized investments will depend on, among other factors, future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale. Altaris believes that such unrealized values are reasonable and appropriate; however, there can be no assurance that proceeds will actually be realized on these investments, or that, if and when realized, the proceeds will be equal to the values used. These valuations are preliminary, unaudited figures and are subject to future adjustment.

Total Value represents the sum of the Realized Value and Current Value.

Internal rates of return (“IRR”) are aggregate, compound, annual gross internal rates of return and are based on actual cash flows unless otherwise noted. Gross IRRs do not reflect management fees, partnership expenses, carried interest, taxes, transaction costs and other expenses borne by investors, which in the aggregate are expected to be substantial. Internal rates of return for unrealized investments and substantially realized investments with remaining interest have been calculated by assuming the remaining interest has been sold off as of December 31, 2016 at the Current Value. For investments where no “Gross IRR” figure is presented, Altaris has deemed such IRR to be mathematically “not material” or unresolved because the related calculation returns a negative number.

Multiple on Investment (“MOI”) is the ratio of Total Value to Invested Capital and is reflected on a gross basis and does not necessarily reflect net proceeds distributed to investors. Gross Multiples on Investment do not reflect management fees, partnership expenses, carried interest, taxes, transaction costs and other expenses borne by investors, which in the aggregate are expected to be substantial.

Realized investments represent investments for which there has been a sale, redemption, repurchase or recapitalization of all of the investment. An investment is considered “Substantially Realized” when the aggregate proceeds received by the relevant Altaris Fund in respect of a portfolio company exceed the amount of capital invested by such Altaris Fund in such portfolio company. Unrealized investments are investments for which there has been no significant disposition related to the original investment. Unrealized investments may include investments in respect of which there have been partial minority dispositions and/or receipt of interest or other current income earned in respect the portfolio investment (for example, interest income on equity-linked securities).

Net IRR and Net MOI reflect deduction of management fees, partnership expenses, carried interest, taxes, transaction costs and other expenses borne by investors.

Members of the Altaris Operating Network discussed throughout this Presentation are not employees of Altaris, but are third-party consultants or executives retained from time to time by Altaris to provide services to (or with respect to) certain current or prospective portfolio companies in which one or more Predecessor Funds invest, and who are compensated for such services by the Predecessor Funds and/or portfolio companies with which they are directly involved. No compensation received by members of the Altaris Operating Network (from the Fund’s portfolio companies or otherwise) will result in an offset to, or reduction of, any management fees paid by the Fund.