

CASE STUDY

PRIVIA HEALTH PUBLIC TO PRIVATE LBO

Exploring the dynamics of physician enablement and value-based care under private ownership



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SCALING VALUE-BASED CARE NATIONWIDE

TRANSFORMING CARE, EMPOWERING PROVIDERS

Privia Health is redefining healthcare by building one of the nation’s largest physician-led, primary care-centric networks. Its scalable, tech-enabled platform equips providers with the tools, analytics, and support to improve outcomes, lower costs, and succeed across all reimbursement models—including value-based care.

THE COMPANY’S PURPOSE

Enabling better care at scale: Privia Health partners with physicians to improve patient outcomes, reduce administrative burden, and transition providers to value-based care across the U.S.

BUSINESS MODEL

Scalable, tech-enabled platform:

- Integrates independent providers into single-tax-ID medical groups supported by proprietary technology and Medical Service Organization (MSO) services.
- Combines Fee-For-Service (FFS) and Value-Based Care (VBC) models to balance stability and long-term margin expansion.
- Diverse revenue streams include capitated payments, care management fees, and shared savings.

MARKET OPPORTUNITY

Shifting industry landscape:

- U.S. healthcare is rapidly moving toward risk-bearing models, rewarding providers for quality and efficiency.
- Privia’s strong Medicare Shared Savings Program (MSSP) performance (85.7% quality score) and expansion across 14 states position it as a leader in this transition.
- Low provider churn (<3%) and high institutional investor confidence underscore platform strength.

CLIENT BASE

National reach, local impact:

- ~4,800 affiliated providers delivering care to 5.2M patients across 1,200+ locations.
- Serves a wide range of specialties and patient populations under both commercial and government payers.
- Supported by top-tier shareholders: BlackRock, FMR, Vanguard, Durable Capital, Rubicon.

GROWTH STRATEGY

- **National expansion:** Scaling across 14 states and DC, with rapid entry into new geographies through local partnerships.
- **Hybrid model:** Balancing stability from FFS with margin expansion from accelerating VBC adoption.
- **Technology backbone:** Cloud-based platform driving efficiency in revenue cycle, population health, and patient engagement.

OPERATIONAL STRENGTH

- **Scalable provider base:** ~4,800 affiliated providers, serving 5.2M patients across 1,200+ sites of care.
- **Low churn:** Annual provider attrition below 3%, underscoring strong physician alignment and governance.
- **Performance in VBC:** Over 1.26M attributed lives and >100 at-risk contracts with top-quality outcomes.

INVESTMENT MERITS

- **Structural tailwinds:** U.S. healthcare spend rising from 17.6% to 20.3% of GDP by 2033, fueling demand for value-driven care.
- **Capital-light model:** Scalable operations with low provider churn and high retention.
- **Defensible growth:** Physician-led governance, diversified revenue streams, and national brand positioning.

\$2,837M

Privia Market Cap - 4 Sep 2025

\$1,900M

LTM Total Revenues - June 2025

\$94.5M

Expected Adj. EBITDA in 2025

25.9x

Implied 25 Adj. EBITDA multiple

\$6M

Total outstanding debt

\$390M

Cash - June 2025

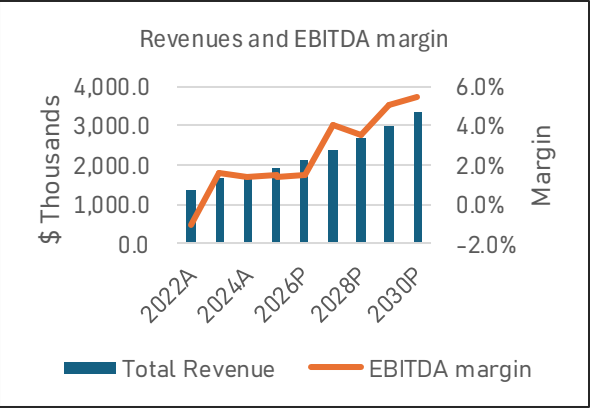
FINANCIAL HISTORICAL PERFORMANCE AND BASE CASE OUTLOOK

HISTORICAL INCOME STATEMENT

- Rapid top-line expansion:** Revenues grew from \$817M in 2020 to \$1.74B in 2024, representing an 18.4% CAGR.
- Volatile profitability during scale-up:** EBIT was negative in 2021–2022 due to heavy stock-based compensation and expansion investments, before turning positive in 2023 and 2024.
- Adjusted EBITDA resilience:** Despite GAAP losses, Adjusted EBITDA increased steadily from \$29.5M in 2020 to \$90.5M in 2024, highlighting the scalability of the platform.
- Net income recovery:** After a large net loss in 2021 (-\$187.9M), profitability returned with \$23.2M in 2023 and \$14.4M in 2024, marking a transition to sustainable earnings.
- top-quality outcomes.

BASE CASE INCOME STATEMENT

- Steady revenue growth:** Total revenue is projected to increase from \$1.74B in 2024 to \$2.92B by 2029, reflecting a ~9% CAGR, about half the historical growth rate of 18%.
- Margin expansion:** Gross profit margin improves modestly as COGS declines from ~90% to 88%, driving Adjusted EBITDA growth from \$90.5M in 2024 to \$225.9M in 2029.
- Return to sustained profitability:** Net income turns consistently positive post-2024, reaching \$58.4M in 2030, supported by operating leverage, stable stock-based compensation, and disciplined expense management.



BALANCE SHEET

- Strong liquidity:** Cash position increased to ~\$491M by year-end 2024, providing significant flexibility for growth and shareholder returns.
- Debt-free profile:** Privia maintained a conservative balance sheet with no outstanding long-term debt through 2024.
- Growing asset base:** Total assets expanded steadily alongside revenue growth, reflecting investment in technology and provider enablement.

CASH FLOWS

- Robust operating cash generation:** Net cash from operations rose from \$80.8M in 2023 to \$109.3M in 2024 (+35%).
- Capital-light model:** With minimal capex requirements, free cash flow consistently tracked above 100% of Adjusted EBITDA.
- Structural working capital support:** Negative net working capital provided recurring funding, supporting growth without reliance on leverage.

INCOME STATEMENT

Fiscal year	2020A	2021A	2022A	2023A	2024A	2025P	2026P	2027P	2028P	2029P	2030P
Total Revenue	817.1	966.2	1,356.7	1,657.7	1,736.4	1,900.1	2,071.1	2,257.5	2,460.7	2,682.1	2,923.5
Gross Profit	82.6	63.7	134.8	161.5	176.9	189.4	207.1	248.3	270.7	321.9	350.8
Operating income (EBIT)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
Net income	31.3	(187.9)	(8.5)	23.2	14.4	15.0	(15.8)	12.2	12.5	42.4	58.4
EBITDA reconciliation											
EBIT (GAAP)	25.4	(217.1)	(19.0)	20.7	17.1	19.8	22.2	56.8	73.2	119.2	143.9
EBITDA	27.3	(214.7)	(14.4)	27.3	24.3	27.9	31.2	67.8	86.2	134.2	160.9
Stock based compensation	0.5	253.5	67.4	37.1	56.7	67.0	65.0	65.0	65.0	65.0	65.0
Adjusted EBITDA	29.5	41.4	60.9	72.3	90.5	94.9	96.2	132.8	151.2	199.2	225.9

TRANSACTION OVERVIEW - RISKS & RETURNS

KEY RISKS

- **Revenue mix:** ~70% of revenues remain tied to FFS, making margin expansion dependent on accelerating VBC adoption.
- **Leverage:** Adding debt increases reliance on consistent cash flow generation to meet service obligations in a capital-light business.
- **Regulatory risk:** Profitability is sensitive to CMS reimbursement frameworks and Medicare Advantage risk-adjustment policies.
- **Expansion complexity:** Operating across 14 states + DC exposes Privia to diverse regulatory regimes and payer dynamics, requiring careful compliance and execution.
- **Cost pressures:** Rising labor expenses and technology investments may compress margins if not offset by reimbursement gains.
- **Competition:** Physician enablement is fragmented and competitive, with payers and health systems investing heavily in VBC solutions.

EXIT STRATEGY



Sponsor-to-sponsor sale: Strong fit for PE platforms seeking scalable, tech-enabled healthcare businesses.



Strategic acquirer: Attractive to payers, health systems, and IDNs seeking physician alignment, care coordination, and contracting synergies.



Public re-listing: Viable option if EBITDA growth accelerates, VBC penetration deepens, and margins align with top healthcare peers.



Timing: Optimal 3–5 years horizon, enabling geographic expansion, higher VBC penetration, and operating leverage.

Current			Offer (excluding fees)		Change	Post acquisition	
	\$M	Multiple	\$M	Multiple	%	\$M	Multiple
Enterprise value	2456	25.9x	2740	29.0x	+11.6%	2740	29.0x
Cash	390	4.1x	390	4.1x	0%	100	1.1x
Debt	6	0.1x	6	0.1x	9%	500	5.3x
Equity	2,840	30.1x	3124	33.1x	+10%	2340	24.7x

TRANSACTION METRICS (CURRENT VS. OFFER VS. POST-ACQUISITION)

- **Enterprise Value:** Increases from \$2.46B (25.9x) to \$2.74B (29.0x) under the offer, representing an 11.6% premium; post-acquisition, remains at \$2.74B.
- **Equity Value:** Rises from \$2.84B (30.1x) to \$3.12B (33.1x), reflecting a +10% uplift; normalizes to \$2.34B (24.7x) post recapitalization.
- **Cash:** Maintains \$390M pre-transaction, reduced to \$100M post-acquisition following recapitalization.
- **Debt:** Minimal debt historically (\$6M), increasing to \$500M post-acquisition, introducing leverage to the capital structure, followed by \$200M in dividend recapitalization in 2028..

BASE CASE RETURNS (IRR AND MOIC SENSITIVITY)

- **IRR sensitivity:** At a 29x entry multiple, returns range from 25.1% (25x exit) to 30.1% (29x exit); base case at 27x exit delivers 28.3% IRR.
- **MOIC sensitivity:** At 29x entry, multiples expand from 1.85x (25x exit) to 2.40x (30x exit); base case at 27x exit achieves 2.07x MOIC.
- **Resilient profile:** Even under multiple contraction scenarios, IRRs remain in the mid-20s%, underscoring strong downside protection.
- **Upside optionality:** Multiple expansion to 30x exit drives ~30%+ IRRs and ~2.4–3.0x MOIC, highlighting significant upside potential.

Exit multiple						
	25x	26x	27x	28x	29x	30x
26x	29.3%	30.3%	31.2%	32.2%	33.1%	33.9%
27x	27.8%	28.8%	29.7%	30.6%	31.5%	32.4%
28x	26.4%	27.3%	28.3%	29.2%	30.1%	31.0%
29x	25.1%	27.3%	28.3%	29.2%	30.1%	29.6%
30x	23.8%	24.8%	25.7%	26.6%	27.5%	28.3%
31x	22.6%	23.6%	24.5%	25.4%	26.3%	27.1%

	Exit multiple						
	25x	26x	27x	28x	29x	30x	
	26x	2.32x	2.45x	2.58x	2.70x	2.83x	2.96x
	27x	2.15x	2.27x	2.39x	2.51x	2.63x	2.76x
	28x	1.99x	2.11x	2.22x	2.34x	2.45x	2.57x
	29x	1.85x	1.96x	2.07x	2.18x	2.29x	2.40x
	30x	1.72x	1.83x	1.93x	2.04x	2.14x	2.25x
	31x	1.61x	1.71x	1.81x	1.91x	2.01x	2.11x

FROM PHYSICIANS TO PATIENTS IN VALUE-BASED CARE



Complete case study
information
memorandum

