



VALUEX 2022

Bireme Capital

Exploiting investor biases to find high-conviction investments in undervalued US equities.



What's the worst possible investment?

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- Capital intensive
- Highly regulated
- Entrenched competitors
- Cheap valuations

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Intro to HCA Healthcare

HCA Healthcare	
Ticker: HCA	

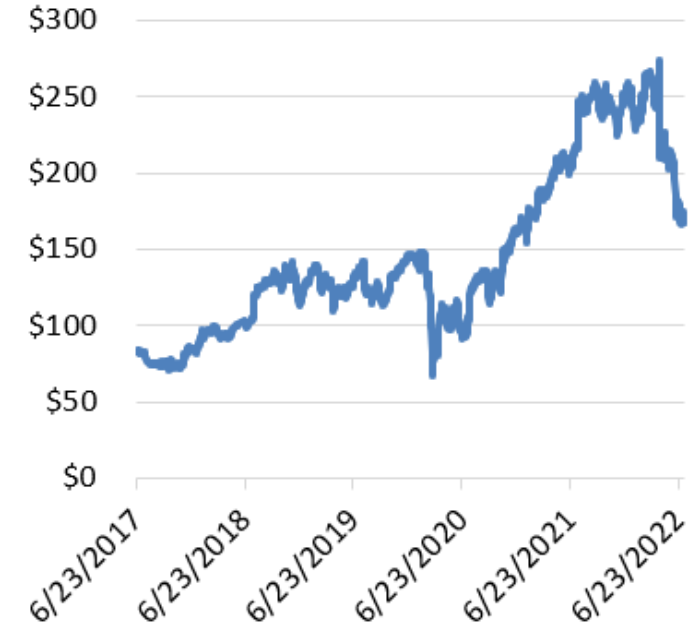
Price 7/15/22	\$171.61
Shares (mm)	290
Market Cap	\$49,767
Debt	\$34,861
EV	\$84,628
PE ratio	9.56x
EV/EBITDA	6.70x

COMPS
THC
UHS
CYH

	2016	2017	2018	2019	2020	2021
Revenue	\$41,490	\$43,614	\$46,677	\$51,336	\$51,533	\$58,752
<i>% growth</i>		5.1%	7.0%	10.0%	0.4%	14.0%
EBITDA	\$8,152	\$8,233	\$8,949	\$9,850	\$9,161	\$12,630
<i>% margin</i>	19.65%	18.88%	19.17%	19.19%	17.78%	21.50%
- depreciation	\$1,966	\$2,131	\$2,278	\$2,596	\$2,721	\$2,853
EBIT	\$6,186	\$6,102	\$6,671	\$7,254	\$6,440	\$9,777
EPS	\$7.53	\$6.51	\$9.76	\$10.70	\$10.00	\$17.95
Invested capital	\$27,588	\$30,017	\$31,276	\$35,182	\$36,461	\$38,753
<i>EBIT ROIC</i>	22.4%	20.3%	21.3%	20.6%	17.7%	25.2%

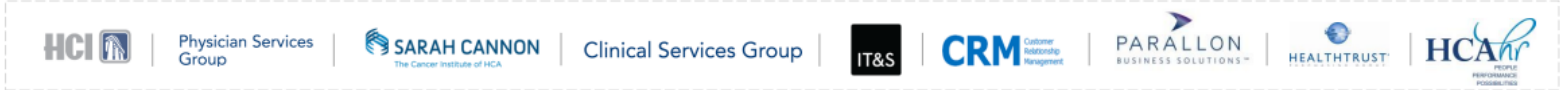
	KPIs					
Bed occupancy	58.0%	57.0%	67.0%	68.0%	66.0%	70.0%
SS volume growth	1.9%	1.5%	2.5%	3.5%	-9.3%	7.6%

HCA Stock Price



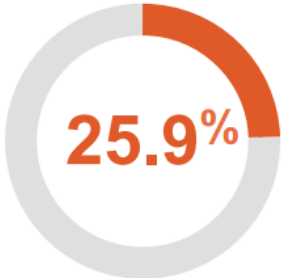
Intro to HCA Healthcare

Diversified Mix of Facilities, Services, and Settings

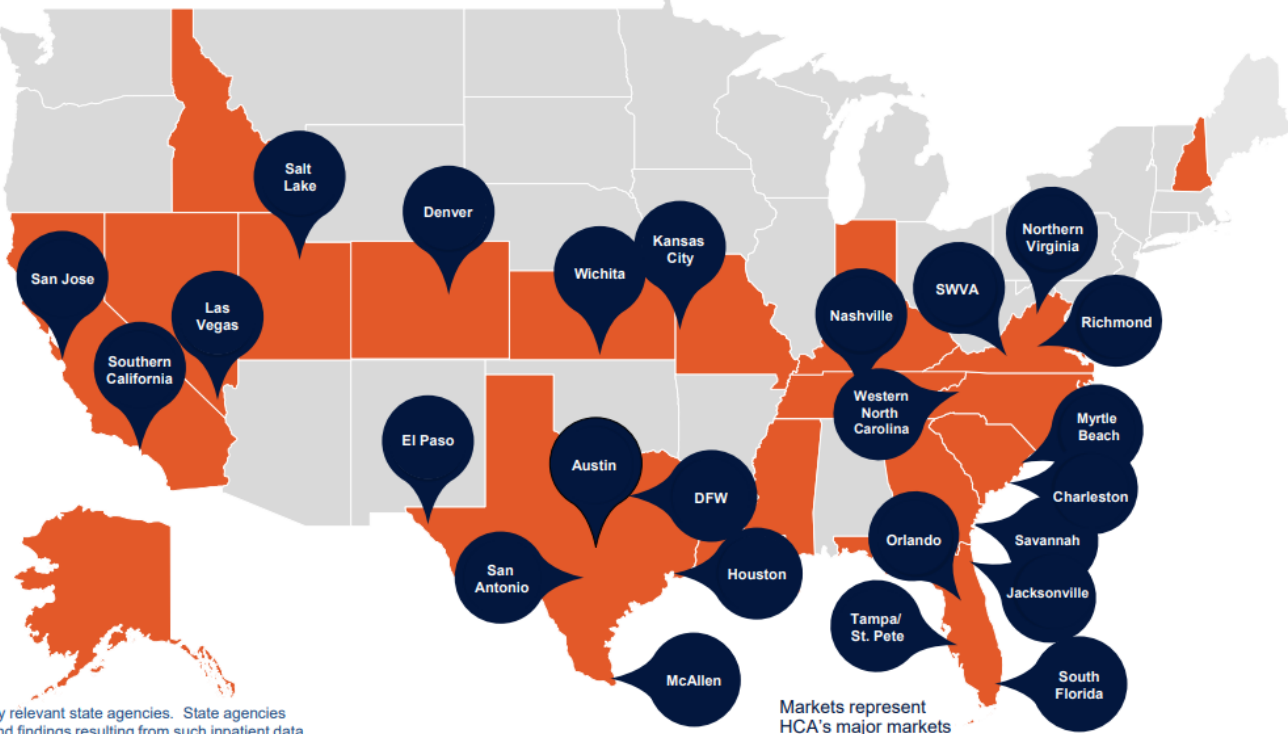


Intro to HCA Healthcare

Strong Market Presence

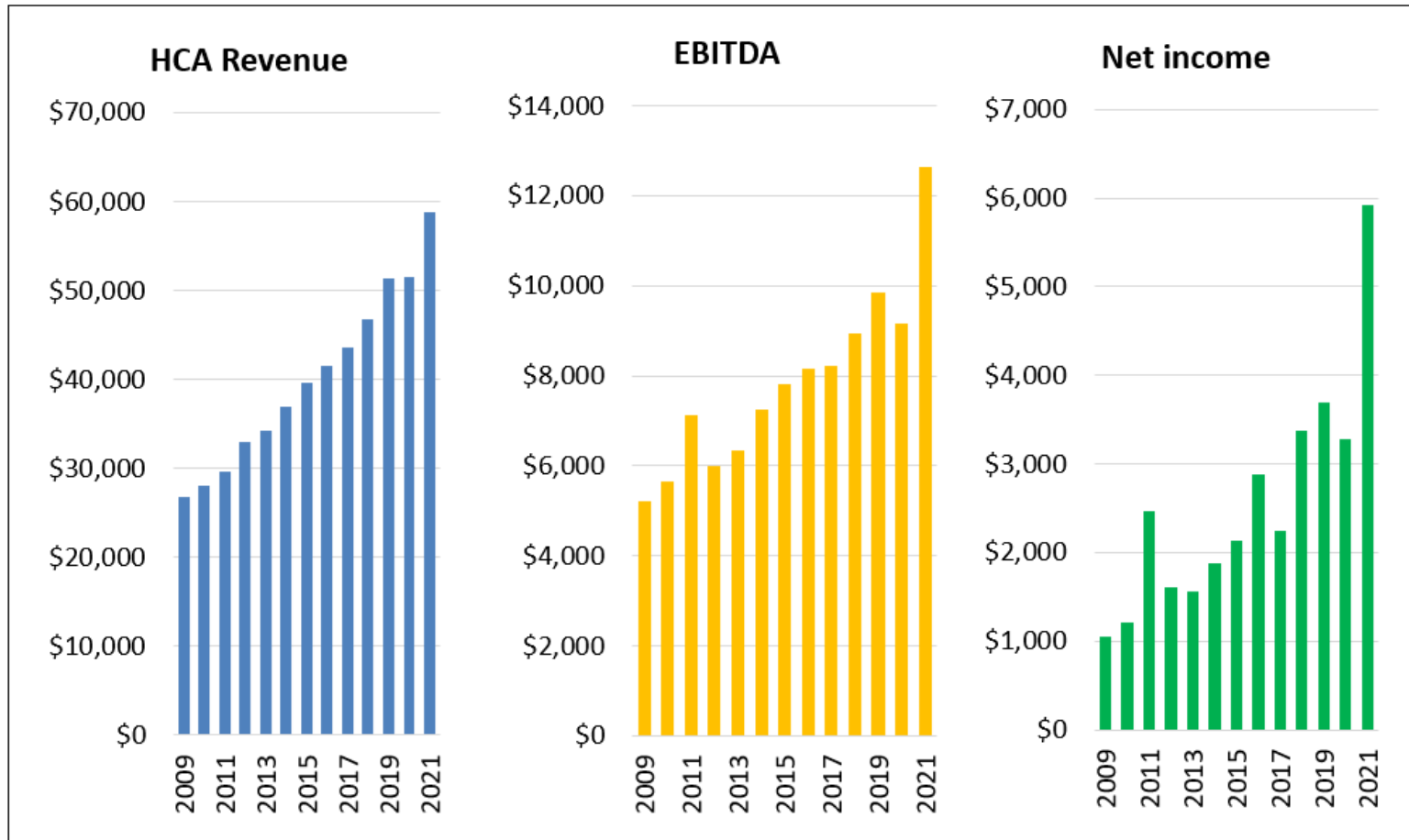


HCA Healthcare market share ranks 1st or 2nd in 27 of 37 studied markets
HCA Healthcare's Enterprise Market Share: 25.9%

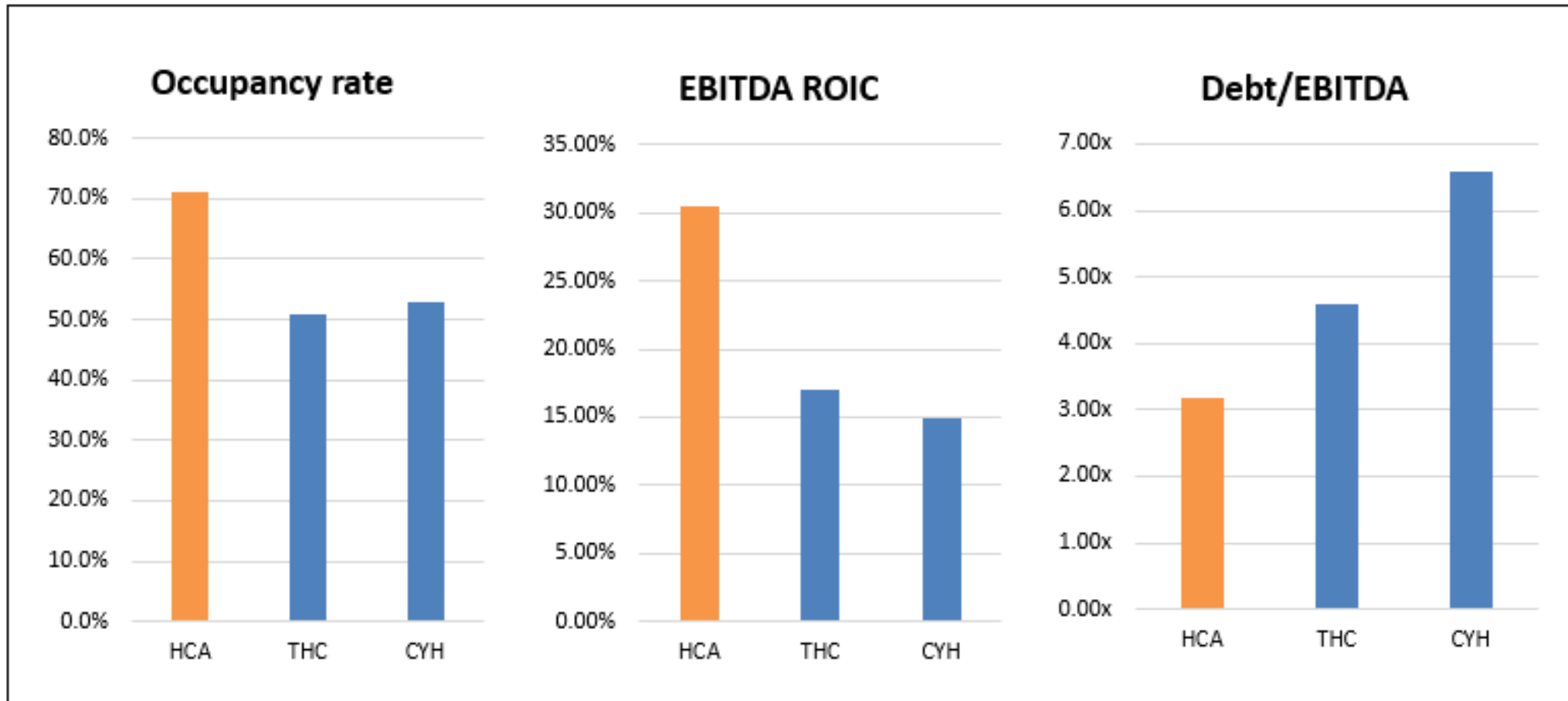


- Statistics are derived by analyzing inpatient data supplied by relevant state agencies. State agencies supplying inpatient data specifically disclaim the statistics and findings resulting from such inpatient data.
- Recently acquired markets, Western North Carolina and Savannah, are not yet included in HCA's same store enterprise market share definition and are not included in the current enterprise market share calculations.

HCA's track record



HCA's business is different

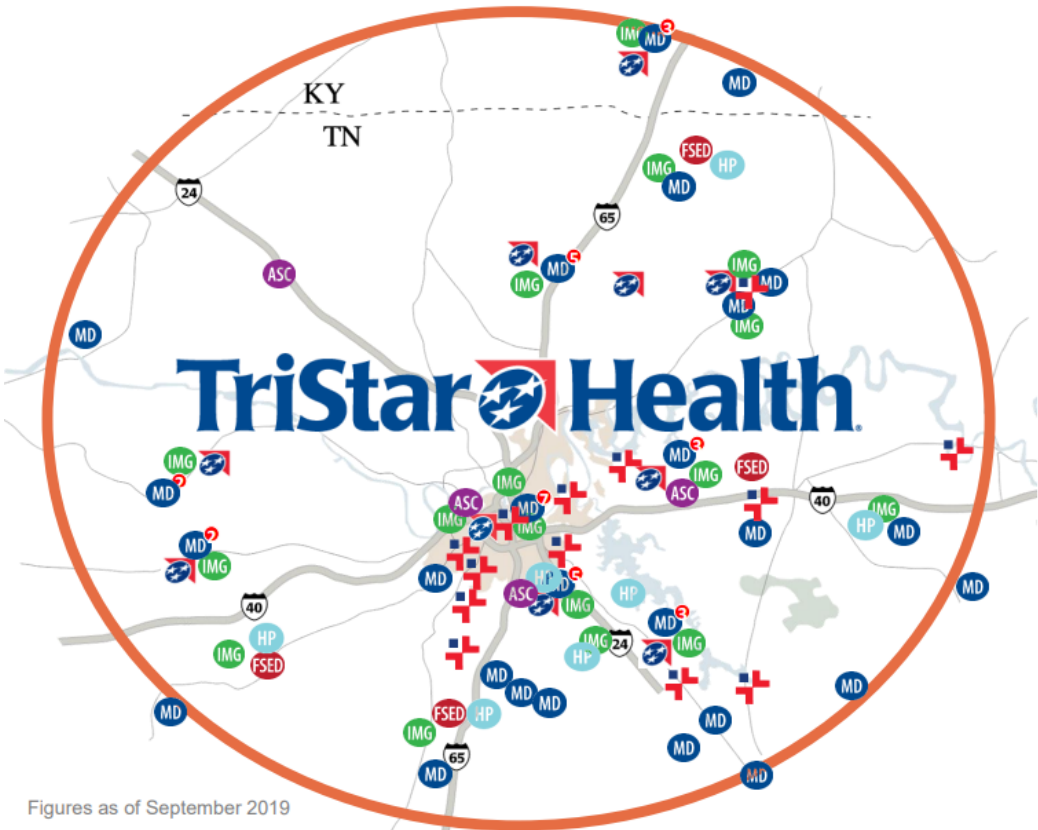


HCA's business is different

- Scale drives returns:
 - Easier to keep patients in-network
 - Lower costs per bed
 - More negotiating leverage with insurance companies
 - Better returns on capital

HCA Scale

Comprehensive Access Across the Continuum



Figures as of September 2019

Nashville, TN Market

Hospitals	10
Imaging Centers	21
Ambulatory Surgery Centers	6
Health Parks	9
TriStar Medical Group Locations	68
Freestanding ERs	4
CareNow Urgent Care Centers	15
Transfer Center	1

HCA's business is different

We had four hospitals in Houston. They were just far (enough) apart that they weren't exactly a network, but they sit beautifully within HCA's network.

So, this is an example where there was a great acquisition for HCA and it was a great sale for us. And they have tremendous synergies in folding that into their system.

-THC CEO at Wells Fargo conference in Sept 2017



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