

July 9, 2015

# Financial Technology Partners

## FT Partners Research – IPO Profile



*completes its IPO raising \$209 million*

**NYSE: EVH**

*Courtesy of:*

FINANCIAL  
TECHNOLOGY  
PARTNERS

***The Only Investment Bank  
Focused Exclusively on Financial Technology***

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# Evolent Health Completes its IPO

## Transaction Overview

### Key IPO Statistics

Headquarters:	Arlington, VA
Founded:	2011
Employees:	836 <sup>(1)</sup>
Initial Filing Date:	May 5, 2015
Trading Date:	June 5, 2015
Ticker:	NYSE: EVH
Initial Filing Range:	\$14.00 - \$16.00
Offer Price:	\$17.00
First Day Open:	\$18.00
First Day Close:	\$18.86
Current Price <sup>(2)</sup> :	\$18.97
Shares Offered <sup>(3)</sup> :	13,225,000
Net Proceeds:	\$209,000,000

**Description:** Evolent Health, Inc. provides a technology enabled platform (Identifi<sup>®</sup>) and services that enable health providers to switch from fee-for-service reimbursement to value-based payment models that actually reward high-quality and cost effective care

### UNITED STATES SECURITIES AND EXCHANGE COMMISSION

#### Form S-1

Evolent Health, Inc.



NYSE: EVH

Frank Williams

Chief Executive Officer

800 N. Glebe Road, Suite 500

Arlington, VA 22203

#### Joint Bookrunners



#### Co-Managers



William Blair



SUNTRUST  
ROBINSON HUMPHREY

LEERINK

# Evolent Health Completes its IPO

## Company Overview

### Company Overview

*Evolent Health provides an end-to-end technology-enabled services platform helping healthcare providers transition to value based payment models*

**Step 1** Blueprint → **Step 2** Value-Based Operations & Identifi®

- Founded in 2011, the Company was developed by UPMC & The Advisory Board**
  - UPMC operates the nation's largest provider-owned health plan behind Kaiser Permanente
  - The Advisory Board provides best practice research and technology solutions to over 3,900 hospitals and providers
- Focused on large long-term customer contracts with health care providers and health systems**
  - To date, Evolent Health has secured ten long-term contracts worth \$700 mm in future total contract value
  - Expects to continue to grow as the Companies' partners increase membership in existing value-based programs, through expanding product offering and acquiring new partners
- Every long-term partnership begins with a system transformation process called "Blueprint"**
  - Evolent Health works with the healthcare provider's Board of Directors and senior management
  - A significant portion of providers that go through the Blueprint process continue to partner with the Company for its proprietary processes and services known as Value-Based Operations
- Value-Based models include Direct to Employer, Payer Contracts & Provider Owned Health Plans**

### Founders



### Part Owners



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### Product Overview: Value-Based Operations



**Population Health Performance**



**Delivery Network Alignment**

Clinical Programs

Patient Engagement

Specialized Care Team

Quality and Risk Coding

High Performance Network

Value Compensation Models

Integrated Specialty Partnerships



**Financial and Administrative Management**

Leadership & Management

Health Plans

Payer Risk

Pharmacy Benefits Management

Analytics & Reporting



**Identifi® Technology Solution**

Data & Integration Services

Clinical & Business Content

EMR Optimization

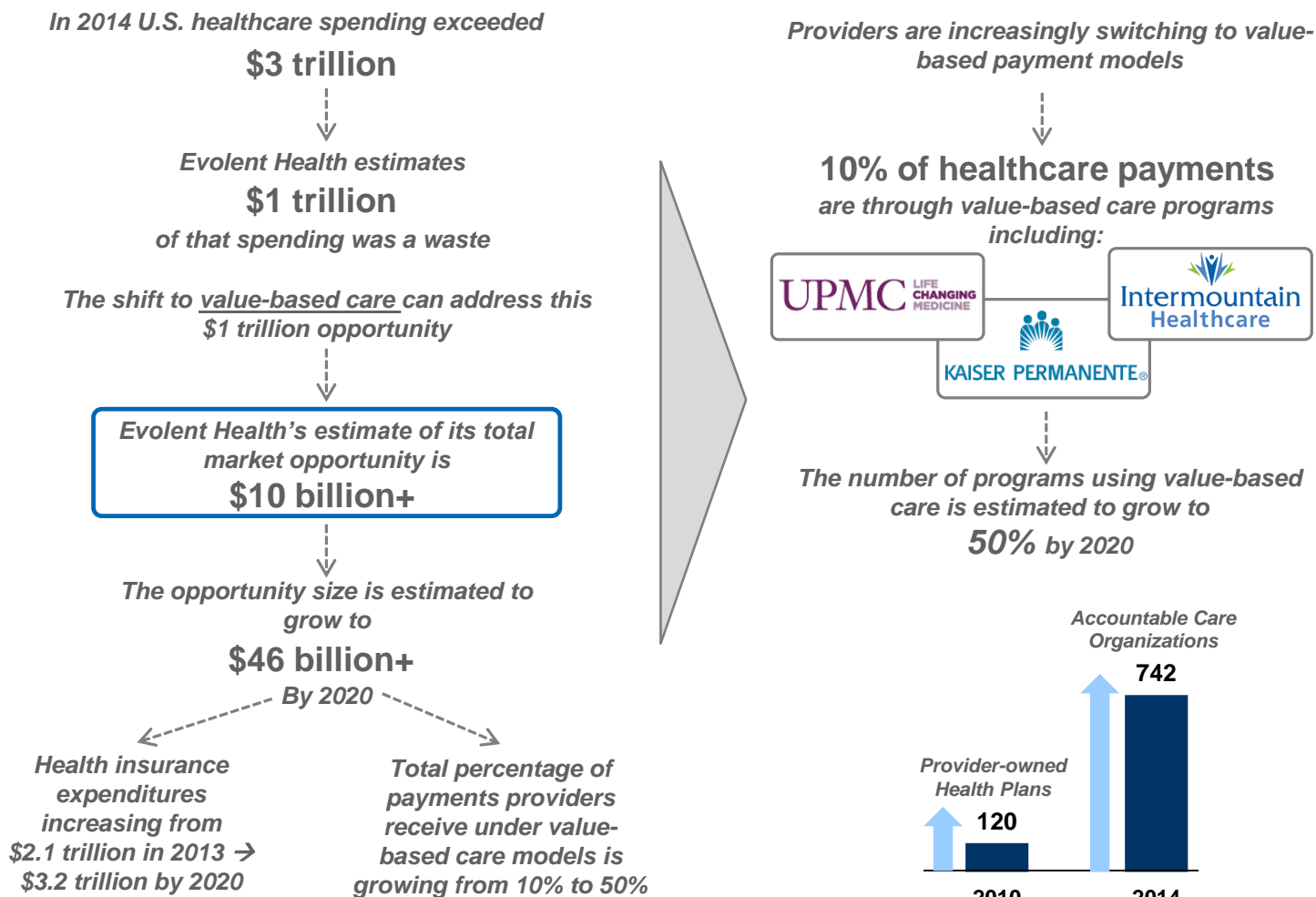
Applications

Source: Company website, SEC filings.

# Evolent Health Completes its IPO

## Industry Overview

### Market Opportunity



Sources: Company website, SEC filings, Capital IQ.

# Evolent Health Completes its IPO

## Competitive Strengths

*Evolent is well-positioned to benefit from the transformation occurring in healthcare delivery*

### Early Innovator with Proven Leadership

- Evolent is an innovator in the delivery of a comprehensive value-based care solution for providers
- The senior leadership team has an average of 15 years experience in the healthcare industry and a track record of delivering measurable clinical, financial and operational improvements

### Comprehensive Technology Platform

- Proprietary platform allows the company to deliver a connected delivery ecosystem, implement replicable clinical processes, scale Value-Based Operations and capitalize on multiple types of value-based payment relationships

### Provider-Centric Brand Identity

- Provider-centric brand identity and origins differentiate the company from competitors
- Solutions resonate with potential partners seeking solutions from providers, rather than payers or non-healthcare businesses

### Partnership-Driven Business Model

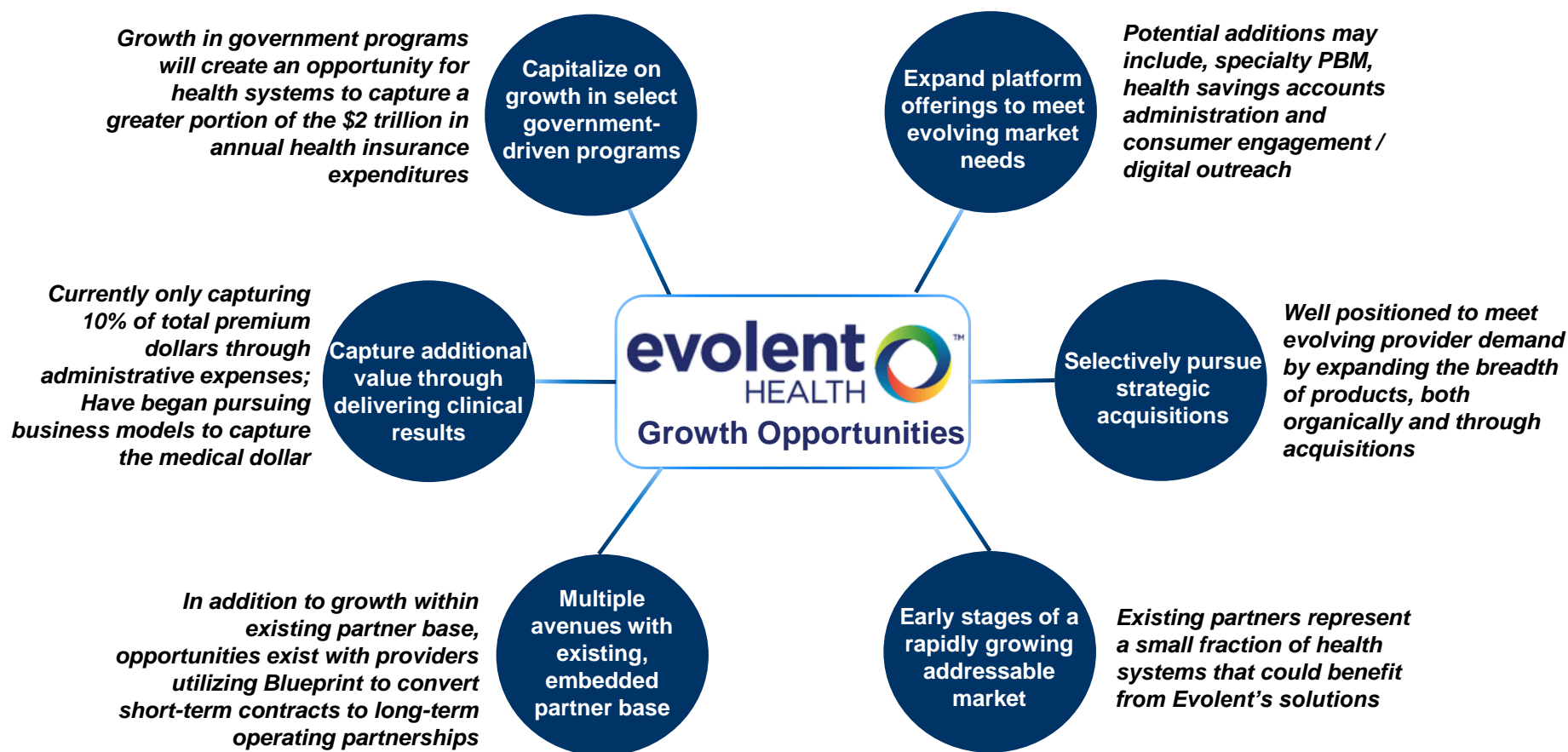
- Evolent's business model is predicated on long-term strategic partnerships with leading providers that are attempting to evolve their care delivery and compensation
- This model enables cultural alignment, integration into the provider work flow, long-term relationships and a cycle of clinical and cost improvement with shared financial benefit

### Channel Development

- Blueprint creates a connection between Evolent and the provider's senior leadership; as a result, revenues are derived from providers who proceed to partner and transition to value-based contracting
- The combined connections of UPMC and The Advisory board, whose reach extends to thousands of providers, have fostered the development of a significant channel into leading health systems for Evolent

# Evolent Health Completes its IPO

## Growth Opportunities



# Evolent Health Completes its IPO

## Management Team

### Frank Williams

*CEO, Co-Founder  
& Director*



- ❖ Mr. Williams also serves as Vice Chairman of The Advisory Board Committee, a global research, technology & consulting firm serving over 4,100 health care and higher education organizations
- ❖ During his tenure as both its Chairman and CEO, The Advisory Board completed an IPO and grew to \$450 mm+ in annual revenues with over 2,500 employees and \$2.0 bn+ in market capitalization

### Seth Blackley

*President &  
Co-Founder*



- ❖ Mr. Blackley oversees company strategy, product design, sales, marketing, and business development
- ❖ Prior to Evolent, Mr. Blackley served as the Executive Director of Corporate Development and Strategic Planning at The Advisory Board Committee

### Tom Peterson

*COO & Co-  
Founder*



- ❖ Previously, Mr. Peterson served as the Vice President of Managed Care and Payer Relationships for HealthSouth Corporation in the Southeast

### Nicky McGrane

*CFO*



- ❖ Mr. McGrane possesses a strong background in finance, with over twenty-five years of experience in banking, private equity, and operations
- ❖ Prior to joining Evolent, Mr. McGrane worked at MidOcean Partners and served as interim CEO of portfolio company Sbarro, where he led a financial and operational restructuring

### Steve Wigginton

*Chief  
Development  
Officer*



- ❖ Mr. Wigginton is responsible for strategy, marketing and health system partnership development for Evolent Health
- ❖ Previously served as founding CEO of Medley Health and president of Health Integrated

### Chad Pomeroy

*Chief Technology  
Officer*



- ❖ Mr. Pomeroy leads Evolent's information technology group
- ❖ Previous positions include CMO of Access Mediquip, VP of Strategy at Wellpoint and CTO of Lumenos

### Berk Smith

*President,  
Strategic Alliance*



- ❖ Mr. Smith leads efforts to open new markets and structure Evolent Health's anchor partner relationships
- ❖ A founding member of Perot Systems Healthcare, acquired by Dell in 2011, Mr. Smith played a key role in building a \$3 bn global leader in healthcare services

### Seth Frazier

*Chief  
Transformation  
Officer*









- ❖ Mr. Frazier leads Evolent's transformation practice, contributing to the clinical innovation strategy
- ❖ Most recently, Mr. Frazier served as the Chief Transformation Officer for the Geisinger Health System prior to joining Evolent



# Evolent Health Completes its IPO

## Board of Directors

Board of Directors		
Name	Title	Background
<b>David Farner</b> 	<i>Director / Executive Vice President, Chief Strategic and Transformation Officer, UPMC</i>	<ul style="list-style-type: none"> <li>Executive vice president and chief of staff in the Office of the President at UPMC</li> <li>Works on UPMC strategic opportunities and initiatives, playing an active role in the executive direction of UPMC</li> </ul>
<b>Matt Hobart</b> 	<i>Director / Partner, TPG</i>	<ul style="list-style-type: none"> <li>Partner with TPG, global private investment firm with \$55.3 bn of assets under management</li> <li>Previous board service includes the Vincraft Group, Schiff Nutrition International, Wil Research and Agraquest</li> </ul>
<b>Diane Holder</b> 	<i>Director / President, UPMC Insurance Service Division; President and Chief Executive</i>	<ul style="list-style-type: none"> <li>President of the University of Pittsburgh Medical Center, the UPMC Insurance Services Division and the UPMC Health Plan</li> <li>UPMC provides health coverage and benefit management for over one million men, women and children in Pennsylvania</li> </ul>
<b>Michael Kirshbaum</b> 	<i>Director / Chief Financial Officer, The Advisory Board Committee</i>	<ul style="list-style-type: none"> <li>Joined The Advisory Board Company in 1998 and became the Chief Financial Officer in February 2006 and treasurer in March 2007</li> </ul>
<b>Robert Musslewhite</b> 	<i>Director / Chief Executive Officer and Chairman, The Advisory Board Committee</i>	<ul style="list-style-type: none"> <li>Joined The Advisory Board in 2003 and became Chief Executive Officer in 2008</li> <li>Prior to joining The Advisory Board, Mr. Musslewhite was an associate principal at McKinsey &amp; Co</li> <li>Named a 2013 “Tech Titan” by Washingtonian Magazine</li> </ul>
<b>Norman Payson, MD</b> 	<i>Director</i>	<ul style="list-style-type: none"> <li>Co-founder and CEO of 3 million member health plan (Healthsource, 1985-1997)</li> <li>Chairman of the nation’s largest occupational health care company (Concentra, 2005-2008)</li> </ul>

Source: Company website, SEC filings.



# Evolent Health Completes its IPO

## Risks Relating to Business and Industry

1

### The market for healthcare in the U.S. is in the early stages of structural change and is rapidly evolving

- ❖ Increasing difficulty to forecast annual performance
- ❖ Reduces ability to accurately evaluate long – term outlook and demand for products and services

2

### Consolidation in the healthcare industry

- ❖ As consolidation accelerates partners may experience sizable growth and determine that it no longer need to rely on the Company and may reduce its demands
- ❖ May result in partners acquisition or future development in competing products and services

3

### Significant portion of revenues derived from largest partners

- ❖ Five largest partners comprised approximately 78% in aggregate of revenue for the three months ended March 31, 2015
- ❖ Because of this, Evolent Health depends on the creditworthiness of these partners
- ❖ Requires consistent innovation and advanced in industry standards, technology, and partners' needs

4

### Success of partners are difficult to predict and are subject to external factors

- ❖ Five largest partners comprised approximately 78% in aggregate of revenue for the three months ended March 31, 2015
- ❖ Because of this, Evolent Health depends on the creditworthiness of these partners
- ❖ Requires consistent innovation and advanced industry standards, technology, and partners' needs

5

### Incur significant upfront costs

- ❖ Inability to develop or grow partner relationships over time will result in an unlikely recover of costs and unsolicited operating results

6

### Healthcare regulatory and political framework

- ❖ Healthcare laws and regulations are evolving and may change significantly in the future, which may adversely affect the Company's financial condition and results of operation
- ❖ If the Company were to become subject to litigation or liabilities under certain laws, its business could be adversely affected

7

### Trademarks and trade names are not adequately protected

- ❖ May result in not being able to build name recognition in markets of industry
- ❖ Inability to compete effectively and commercialize technologies or products in certain relevant countries

8

### Loss of intellectual property rights to certain licensed technologies

- ❖ Evolent Health relies on licenses to use various proprietary technologies that are material to its day-to-day business
- ❖ Depends upon licenses from third parties for some of the technology and data used in the Company's applications and technology platforms

9

### Data loss or corruption due to failures or errors in the system or service

- ❖ May adversely affect reputation and relationships with existing partners, which could have a negative impact on business, financial condition and results of operations
- ❖ Evolent Health collects and manages large amounts of data creating the possibility of hardware failures or errors in the system that could result in data loss or corruption or contain inaccuracies within the data that partners regard as significant

10

### Intense competition

- ❖ Limit ability to maintain or expand market share within industry
- ❖ Competitors are constantly developing products and services that may become more efficient or appealing to existing and potential partners
- ❖ If two are more competitors were to merge or partner, the change in the competitive landscape could also adversely affect the Company's ability to compete

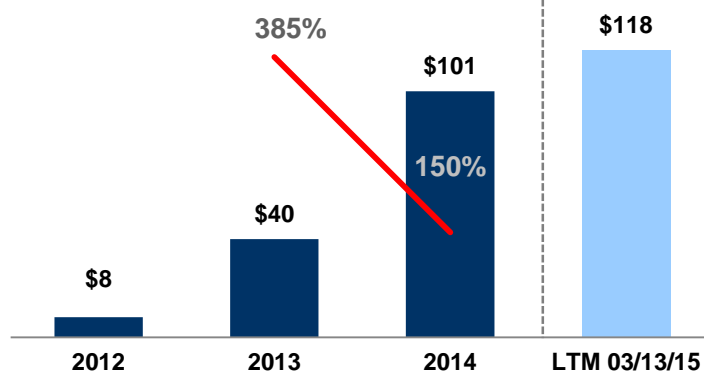
# Evolent Health Completes its IPO

## Financial Overview

*Majority of Evolent Health's revenues come from several multi-year contracts – Evolent Health's business model benefits from scale as the Company leverages its platform and grows its partnerships*

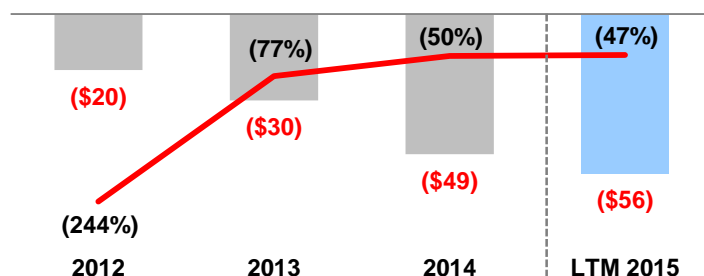
### Total Revenue / % Growth

(\$ in mm)



### EBITDA <sup>(1)</sup> / % Margin

(\$ in mm)

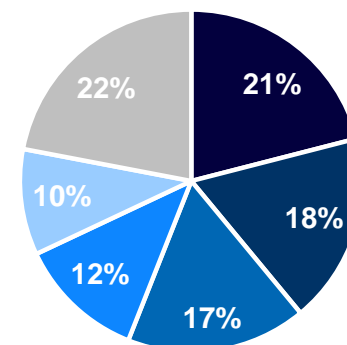


### Revenue by Largest Customers

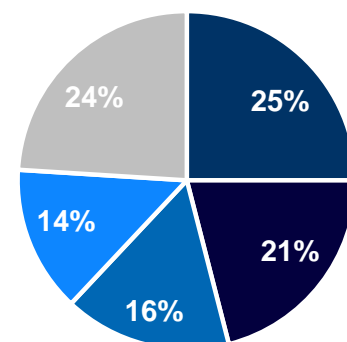
Key:



Q1 2015



2014 Fiscal Year

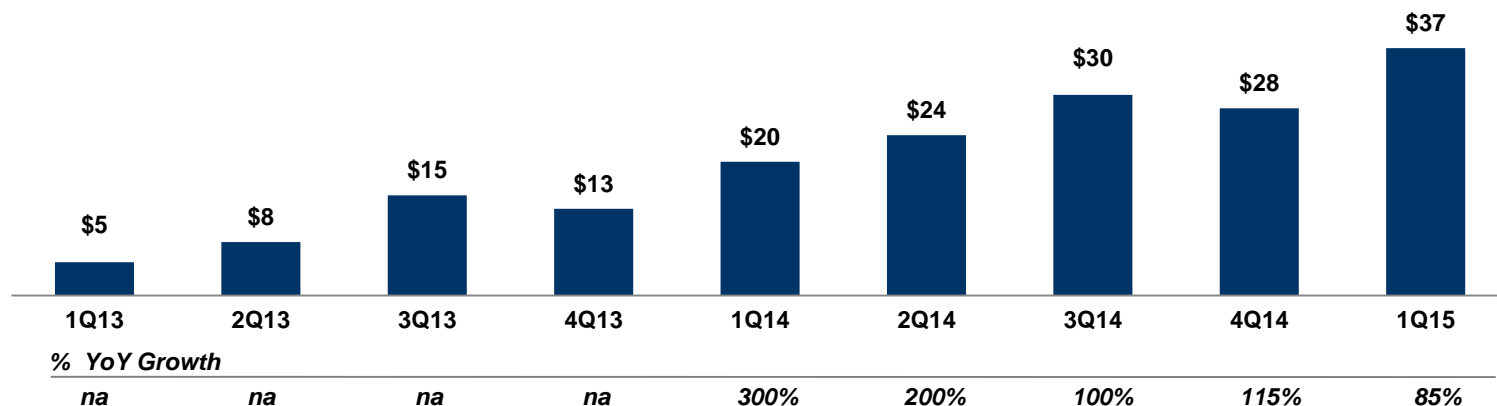


# Evolent Health Completes its IPO

## Financial Overview

(\$ in mm)

Total Revenue <sup>(1)</sup>



Founded by  
UPMC & The  
Advisory Board

2011

2012

2013

2014

2015

Signed and  
converted the first  
“blueprint” into a  
long-term contract

Launched plan to  
manage health  
systems’ employee  
population

Launched first Medicare  
Advantage Plan to enable  
providers to capture the  
entire premium dollar

Entered four  
additional markets  
through new long-  
term contracts

Created Payer Value  
Alliance – making common  
financial and clinical  
framework across payers

Developed first  
commercial health  
plan for a health  
systems partner,  
launching in 2015

Grew from 6  
employees at  
inception, to 836  
employees as of  
April 30, 2015

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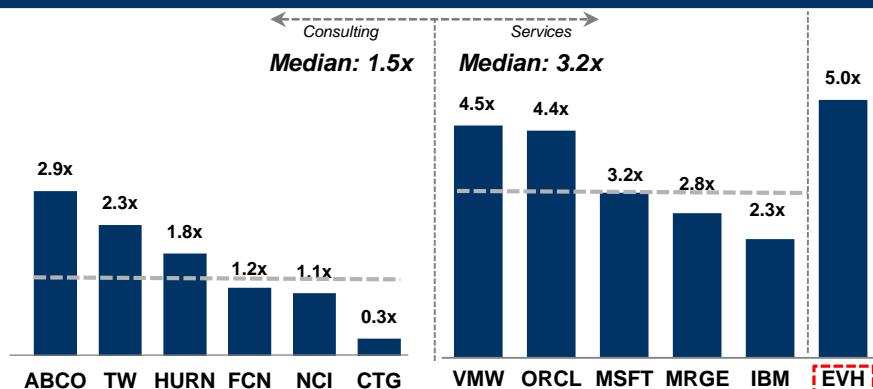
Sources: SEC filings.  
(1) Unaudited.

# Evolent Health Completes its IPO

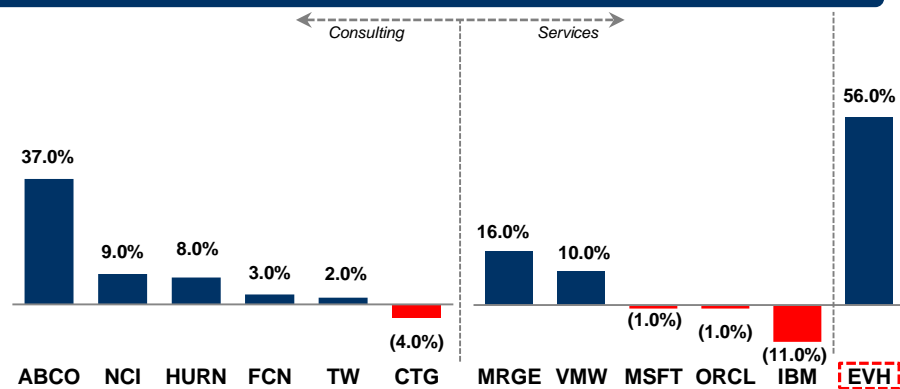
## Selected Public Company Comparables

Company Name	Price 07/06/15	% MTD Change	% LTM High	Market Value (\$ mm)	Enterprise Value (\$ mm)	Multiples									Growth Rates			Margins			P / E / G CY15E
						Price / Earnings			EV / EBITDA			EV / Revenue			Revenue		EPS	EBITDA			
						LTM	CY15E	CY16E	LTM	CY15E	CY16E	LTM	CY15E	CY16E	CY15E	CY16E	LT	CY15E	CY16E		
Healthcare Consulting																					
Towers Watson	\$ 130.52	3 %	92 %	\$ 9,087	\$ 8,547	25.4 x	21.3 x	18.9 x	12.0 x	11.2 x	10.4 x	2.4 x	2.3 x	2.2 x	2 %	8 %	13 %	21 %	21 %	1.6 x	
Advisory Board	54.38	0	96	2,333	2,246	nm	40.1	31.4	45.0	12.9	11.0	3.9	2.9	2.5	37	16	16	22	22	2.5	
FTI	41.93	(1)	96	1,710	2,196	22.0	20.0	16.2	10.3	9.5	8.2	1.2	1.2	1.1	3	7	14	13	14	1.4	
Huron Consulting	70.88	(0)	90	1,494	1,639	31.2	18.6	15.8	12.8	9.2	8.1	2.1	1.8	1.7	8	9	14	20	21	1.4	
Navigant	14.75	(0)	82	713	890	12.8	15.1	13.5	7.3	7.4	6.9	1.1	1.1	1.0	9	5	14	14	15	1.1	
CTG	8.30	6	49	157	123	14.0	21.6	17.3	7.2	11.2	7.9	0.3	0.3	0.3	(4)	4	na	3	4	na	
Median		(0)%	91 %			22.0 x	20.7 x	16.8 x	11.1 x	10.3 x	8.2 x	1.7 x	1.5 x	1.4 x	5 %	7 %	14 %	17 %	18 %	1.4 x	
Mean		1	84			21.1	22.8	18.9	15.8	10.2	8.8	1.8	1.6	1.5	9	8	14	16	16	1.6	
Healthcare Services																					
Microsoft	44.39	(0)	89	359,096	295,698	20.9	17.6	16.3	8.8	8.7	7.8	3.1	3.2	3.0	(1)	5	9	37	39	1.9	
Oracle	40.15	(0)	86	178,847	166,872	21.8	15.2	14.1	10.4	9.5	9.1	4.4	4.4	4.2	(1)	3	7	46	47	2.1	
IBM	164.73	0	84	162,334	192,500	12.7	10.4	10.1	8.2	8.3	8.2	2.1	2.3	2.3	(11)	(0)	8	28	28	1.2	
VMware	83.06	(2)	80	35,665	29,943	46.6	20.8	18.3	19.3	13.2	11.7	4.8	4.5	4.0	10	11	18	34	35	1.2	
Merge	4.62	1	75	452	707	nm	20.7	16.7	19.5	13.6	11.5	3.3	2.8	2.6	16	9	16	21	23	1.3	
Median		(0)%	84 %			15.9 x	17.6 x	16.3 x	7.8 x	9.5 x	9.1 x	0.9 x	3.2 x	3.0 x	(1)%	5 %	9 %	34 %	35 %	1.3 x	
Mean		(1)	85			15.9	16.0	14.7	7.7	9.9	9.2	1.2	3.6	3.4	(1)	5	11	36	37	1.6	
Evolent Health	19.94	2	97	792	784	nm	nm	nm	nm	nm	nm	6.7	5.0	3.7	56	35	30	nm	nm	na	

### EV / CY15E Revenue



### CY15E Revenue Growth Rates



# Overview of FT Partners

## FT Partners is the Leader in Financial Technology Investment Banking

**FT Partners has advised on the most prominent transactions in the Healthcare IT Space**

Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as  
Capital Markets & IPO Advisor to*

 **ACCRETIVE HEALTH**  
results providers trust

in its

**\$138,000,000**

**Initial Public Offering**

valuing the equity at approximately

**\$ 1,200,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

- Offers end-to-end Revenue Cycle Management, Quality and Care Coordination and Physician Advisory Services
- Differentiated solutions span the entire healthcare revenue cycle
- Infused management model integrates people, processes and technology

Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its exclusive role as  
Capital Markets & IPO Advisor to*

**Performant** 

in its

**\$93,000,000**

**Initial Public Offering**

valuing the equity at approximately

**\$ 453,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

- Performs outsourced healthcare Payment Integrity and Recovery Services
- Medicare Recovery Audit Contractor (“RAC”) for Region A (Northeast)
- Recovered ~\$482 mm in improper Medicare payments in 2012

Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its role as lead  
strategic and financial advisor to*

**AmWINS**  
Group, Inc.

in its growth recapitalization by

 **NMC**  
NEW MOUNTAIN CAPITAL LLC

valued at approximately

**\$ 1,300,000,000**



The Only Investment Bank  
Focused Exclusively on Financial Technology

- Second largest wholesale broker in the U.S. by premiums placed <sup>(1)</sup>
- Group Benefits division develops, distributes and administers benefits products through 7 individual operating companies
- Division services approximately 843,000 member lives among 10,000 employer groups

Financial Technology Partners LP  
FTP Securities LLC

*is pleased to announce its role as  
exclusive Strategic and Financial advisor to*

**ZYWAVE**

in its sale of

**Zywave Insurance Solutions**  
to

 **AURORA**  
CAPITAL GROUP



The Only Investment Bank  
Focused Exclusively on Financial Technology

- Provides technology-enabled content and communication, agency automation and business intelligence tools
- Serves the employee benefits and P&C insurance distribution industry
- Software and products are used by more than 2,600 agencies

(1) *Business Insurance*, September 2013.

# Overview of FT Partners

## Award-Winning Investment Banking Franchise Focused on Financial Technology

*FT Partners has been recognized as Investment Banking Firm of the Year and regularly achieves Merger and Financing Deal of the Year recognition*



M&A Advisor Awards

- 2014 ■ **Equity Financing Deal of the Year**  
■ Professional Services Deal of the Year, Above \$100mm
- 2012 ■ **Dealmaker of the Year**  
■ Professional Services Deal of the Year, Above \$100 mm
- 2011 ■ **Boutique Investment Bank of the Year**  
■ Deal of the Decade  
■ *10 Deal of the Year Nominations Across 9 Categories*
- 2010 ■ **Upper Middle Market Deal of the Year, Above \$500 mm**  
■ IT Services Deal of the Year, Below \$500mm  
■ Cross-Border Deal of the Year, Below \$500mm
- 2007 ■ **Dealmaker of the Year – Steve McLaughlin**  
■ Business to Business Services Deal of the Year  
■ Computer and Information Technology Deal of the Year, Above \$100mm  
■ Financial Services Deal of the Year, Above \$100mm

**Institutional Investor**  
Institutional Investor Annual Ranking

- 2006-2008 ■ Steve McLaughlin consecutively ranked (2006, 2007 and 2008) among the top Bankers in Financial Technology



Middle Market Financing Awards

- 2008 ■ **Equity Financing Dealmaker of the Year – Steve McLaughlin**  
■ **Information Technology Deal of the Year**  
■ **Financial Services Deal of the Year**
- 2006 ■ **Financing Professional of the Year – Steve McLaughlin**  
■ *Financing Deal of the Year - Equity*  
■ *Financing Deal of the Year - Debt*

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Note: Awards won highlighted in **bold**, italics denote categories where Financial Technology Partners was a finalist.