Capital Markets
Investor Presentation

September 10, 2019
Context, Non-GAAP Measures and Forward-Looking Statements

Context. DaVita is a Fortune 500® health care company focused on transforming care delivery to improve quality of life for patients. We are committed to patient-centric care and achieving strong clinical outcomes for our patients. This is a presentation for our stockholders and potential investors and thus will focus on the financial aspects of the business.

Non-GAAP Measures. During this presentation we will discuss certain non-GAAP financial measures. A reconciliation of historical non-GAAP measures to the most comparable GAAP financial measures can be found elsewhere in this presentation. We do not provide a reconciliation of the forward-looking non-GAAP financial measures to the most directly comparable GAAP financial measures on a forward-looking basis because we are unable to predict certain items contained in the GAAP measures without unreasonable efforts. These non-GAAP financial measures do not include certain items that are included in our GAAP results, including items such as impairment charges, (gain) loss on ownership changes, restructuring charges, debt prepayment charges and gains and charges associated with settlements, any of which may be significant.

Forward-Looking Statements. In addition, DaVita Inc. and its representatives may from time to time make written and oral forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 (PSLRA), including statements in this presentation, filings with the Securities and Exchange Commission (“SEC”), reports to stockholders and in meetings with investors and analysts. All such statements in this presentation, other than statements of historical fact, are forward-looking statements and as such are intended to be covered by the safe harbor for “forward-looking statements” provided by the PSLRA. Without limiting the foregoing statements, including the words “expect,” “intend,” “will,” “plan,” “anticipate,” “believe,” “forecast,” “guidance,” “outlook,” “goals,” and similar expressions are intended to identify forward-looking statements.

These forward-looking statements include but are not limited to statements regarding our future operations, financial condition and prospects, such as our financial guidance for future periods, our target leverage ratio, our anticipated growth of the patient base and reimbursement rates, such as accountable care organizations, independent practice associations and integrate delivery systems; our ability to complete acquisitions, mergers or dispositions that we might announce or be considering; our patient base and reimbursement rates, such as accountable care organizations, independent practice associations and integrated delivery systems; our ability to complete acquisitions, mergers or dispositions that we might announce or be considering; our patient base and reimbursement rates, such as accountable care organizations, independent practice associations and integrated delivery systems; our ability to complete acquisitions, mergers or dispositions that we might announce or be considering; our ability to complete the redemption of our 5.75% Senior Notes due 2022 on the terms currently contemplated or at all; noncompliance by us or our business associates with any privacy or security laws or any security breach by us or a third party involving the misappropriation, loss, or other unauthorized use or disclosure of confidential information; the variability of our cash flows; the risk that we may not be able to generate sufficient cash in the future to service our indebtedness or to fund our other liquidity needs; and the risk that we may not be able to refinance our indebtedness as it becomes due, on terms favorable to us or at all; factors that may impact our ability to repurchase stock under our stock repurchase program and the timing of any such stock repurchases; risks arising from the use of accounting estimates, judgments and interpretations in our financial statements; impairment of our goodwill, investments or other assets; uncertainties related to our use of the proceeds from the DMG sale transaction and other available funds, including external financing and cash flow from operations, which may be used in ways that we cannot assure will improve our results of operations or enhance the value of our common stock; our ability to achieve the benefits contemplated by our recently-completed tender offer; and uncertainties associated with the other risk factors set forth in our most recent quarterly report on Form 10-Q, and the other risks and uncertainties discussed in any subsequent reports that we file or furnish to the SEC from time to time.

The forward-looking statements should be considered in light of these risks and uncertainties. All forward-looking statements in this presentation are based solely on information available to us as of the date of this presentation. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of changed circumstances, new information, future events or otherwise.

Industry and Market Data. Market data and certain industry data and forecasts used throughout this presentation were obtained from sources we believe to be reliable, including market research databases, publicly available information, reports of governmental agencies and industry publications and surveys, but we have not independently verified any third-party sources. Forecasts are particularly likely to be inaccurate over long periods of time. These and other factors could cause actual results and other events to differ materially from those expressed in the estimates made by third parties and by us.
Overview

Our Platform

FAQs

Key Financial Drivers / Outlook

Closing
Our mission: Provider, partner, and employer of choice

Better quality of care for patients  
Stronger partner for physicians  
Differentiated workplace

Leading the industry toward comprehensive kidney care
2022 guidance

- Revenue: $11.5B to $12.5B
- Adjusted EPS\(^1\): $6.25 to $7.25
- Free cash flow (new definition): $750M to $1,000M

1) Adjusted EPS is a non-GAAP measure, defined as adjusted earnings per share from continuing operations attributable to DaVita Inc. (EPS) Excludes impact of any ballot initiatives.

2) Free cash flow (new definition) is a non-GAAP measure and is defined as operating cash flow from continuing operations less distributions to noncontrolling interests and capital expenditures (both routine maintenance and development), plus proceeds from sale leaseback transactions and contributions from noncontrolling interests. Excludes impact of any ballot initiatives.
Content

Overview

Our Platform

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Key Financial Drivers / Outlook

Closing
A leading platform

7,600+ nephrologist relationships

900+ hospital partners

2,900+ clinics

1,700+ Home programs

$1.7B medical cost under management

500+ payor relationships

1.4M+ longitudinal patient data to date

1) Includes nephrologists with medical director agreements, JVs, and attending physicians

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Significant reduction in mortality rate

DaVita’s gross mortality rate

-26%

2001  19%

2018  14%
Improvement in hospitalization rate

Since 2017, 5% improvement in hospitalization rate\(^1\)

100K more days at home for our patients

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1) Between H1'17 and H1'19

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Patient journey

ESRD treatment modalities

- In-center dialysis
- Home dialysis
- Hospital dialysis
- Transplant
Patient journey

Chronic kidney disease (CKD) patient

Hospital start

ESRD treatment modalities

Outpatient start

Nephrologists

In-center dialysis

Home dialysis

Hospital dialysis

Transplant
Effective CKD care management

Our assets:

- Large scale data sets to enable predictive analytics
- Patient education at scale
- Network of engaged nephrologists
- CKD-ESRD care continuum
- Value-based contracting

Keys to success:

- Identifying patients
- Managing CKD and co-morbidities
- Enabling smooth transition to dialysis (if appropriate)
Two ways patients progress to dialysis

- Hospital start → Unexpected changes
- Outpatient start → Smoother transition
Focus on identifying and risk-stratifying CKD patients:

- Highest risk of transition to ESRD
- Hospitalization risk
- CKD patient identification

10% transition to ESRD

~1.2M CKD Stages 4-5 patients

1) 2018 USRDS annual report
Empowering our patients for optimal starts

CKD management

~95% Patients have a nephrologist

~70% Improvement in outpatient starts

Education programs

6x Home starts

38% Fewer hospitalizations

1) During transition month versus 20% during first month on program
2) 72% of patients in our program have outpatient starts versus ~60% based on 2016 CMS 5% sample data
3) Outcomes comparing DaVita patients educated through Kidney Smart® versus patients not educated through Kidney Smart®
ESRD care

Chronic kidney disease (CKD) patient

ESRD treatment modalities

- In-center dialysis
- Home dialysis
- Hospital dialysis
- Transplant

Hospital start

Outpatient start

Nephrologists
Typical DaVita chronic dialysis center

17+ Teammates

1 Medical director

80+ Patients, 4-hour treatments, 3x weekly

2 Home training rooms

18 Machines and chairs

Dietary and social support

Serving 178,000+ ICHD patients in the U.S.¹

¹) As of 6/30/2019
Leading Home platform

Chronic kidney disease (CKD) patient

Hospital start

Outpatient start

ESRD treatment modalities

In-center dialysis

Home dialysis

Hospital dialysis

Transplant

Nephrologists
Types of Home modality options

**Peritoneal Dialysis (PD)**
- Uses abdominal wall to dialyze
- **Needle free treatment** → less invasive

**Home Hemodialysis (HHD)**
- Smaller version of machine used in-center
- **Needles required** for treatments → most patients have care partner assistance

Patients are educated to perform dialysis themselves
Typical DaVita Home Program

4+ Teammates
1 Medical director
15+ Patients
2-6 Weeks of Home training programs
In-center dialysis support nearby
Remote monitoring

Largest U.S. provider of Home dialysis, growing Home at 4x ICHD¹

¹ Based on comparative growth rates for twelve month periods ended June 2019 and June 2018, respectively
Significant interdependence between Home and in-center dialysis

~50% of our PD patients converted from ICHD

~60% of our PD patients transfer to ICHD

Largest Home census by provider\(^1\)

- DaVita: 26.1K
  - HHD: 2.9K
  - PD: 1.9K
- FMC: 24.6K
  - HHD: 1.7K
  - PD: 1.6K
- US Renal: 2.9K
- DCI: 1.9K
- ARA: 1.7K
- Satellite: 1.6K

\(^1\) 2019 NN&I Provider Survey
How does the U.S. PD penetration rate compare to others?

PD penetration rate for countries with comparable GDP per capita to the U.S.¹

- Sweden: 22%
- Denmark: 21%
- Canada: 20%
- Australia: 19%
- Netherlands: 14%
- United Kingdom: 13%
- Italy: 11%
- United States: 10%
- France: 7%
- Germany²: 6%
- Japan: 3%

¹ 2018 USRDS annual report. 2018 IMF - Adjusted for purchasing power parity. US GDP per capita is $62,606 and range of GDP per capita for other countries is $39,637 – 62,606
² Multidimensional analysis of factors responsible for the low prevalence of ambulatory peritoneal dialysis in Germany (MAU-PD): a cross-sectional Mixed-Methods Study Protocol
# Challenges to achieving higher PD penetration

## Patient
- ~2 years average time on therapy\(^1\)
- ~60% of patients are hospital starts\(^2\)

## Physician
- 44% of surveyed nephrologists do not feel well-trained on PD\(^3\)
- 87% of surveyed program directors for nephrology fellowship programs believe that PD training in the U.S. is inadequate\(^4\)

## Industry
- Supply constraints

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1. Internal analysis of all patients who terminated therapy in 2017. Average time on therapy figure excludes patients who terminated dialysis in first 6 months.
2. 2016 CMS 5% sample data
DaVita’s annual Home growth

- **Beginning of 2018**: 24K
- **Losses from therapy**: 11K (~48% loss rate)
- **Home new starts**: 6K (~11% new starts)
- **ICHD to Home conversions**: 7K (~3% ICHD conversion to Home)
- **End of 2018**: 26K
Home technology and innovation

- **Home Remote Monitoring** captures and wirelessly transmits patients’ biometrics to the care team for proactive intervention.

- **Care Connect App** enhances patient engagement through features such as secure messaging, care reminders and access to educational resources.

- **Telehealth visits** enabled through multi-way video conferencing capability.

- **Health Management Navigator** provides advanced training to DaVita nurses so they can more effectively manage patients with comorbidities.

- **Predictive Modeling** helps identify Home dialysis patients most at risk for adverse events so that early intervention can take place.
Dialysis patients are often in and out of hospitals

Chronic kidney disease (CKD) patient

Hospital start

Outpatient start

ESRD treatment modalities

- In-center dialysis
- Home dialysis
- Hospital dialysis
- Transplant

Nephrologists

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Importance of maintaining continuity of care with hospitals

1-2 Admits per ESRD patient per year on average\(^1\)

35% Readmitted to the hospital\(^1\)

~28% Home therapy loss associated with hospital admission\(^2\)

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\(^1\) 2018 USRDS annual report
\(^2\) Internal DaVita data
Our platform includes hospitals

**Inpatient dialysis services**

- 900+ hospital services partners
- 57 hospital system joint ventures
- First provider to receive Joint Commission accreditation

**Discharge planning program**

*Patient Pathways*

*Provider-neutral discharge planning and placement program*
Transplant is the best modality for patients

Chronic kidney disease (CKD) patient

- Hospital start
- Outpatient start

ESRD treatment modalities
- In-center dialysis
- Home dialysis
- Hospital dialysis
- Transplant

Nephrologists
Supply constraints remain a challenge to more transplants

Increasing transplants in recent years\(^1\)... ...but time on the waitlist is still long

- Relaxing donor criteria
- Opioid crisis

\(~4\text{ years}\) average wait time to transplant\(^1\)

\(~95K\) patients on transplant waitlist\(^2\)

1) 2010 - 2018 USRDS and annual OPTN reports
2) UNOS kidney waitlist as of 7/29/19
Our role is to help ensure patients are transplant ready

1. Patient referred
2. Patient evaluated
3. Patient gets on and stays active on waitlist
4. Kidney sourced
5. Kidney matched
6. Patient decision
7. Transplant

~1 year ~4 years ~24 hours

- Patient education
- Waitlist support
Transplant advocate for our patients

Comparable transplant rate to industry¹

6,600+
DaVita patients received transplants in 2018

Continue to help ensure our patients are transplant ready

~34%
Of patients on the waitlist are DaVita patients²

Helping to optimize our patients’ chances for transplant

~95%
Patients educated and supported by DaVita’s social workers

¹ 2014 - 2018 USRDS, internal DaVita data, and annual OPTN reports. Excludes pre-emptive transplants for industry
² United Network for Organ Sharing (UNOS) kidney waitlist as of 7/29/19
Interplay between modalities

ESRD treatment modalities

- In-center dialysis (ICHD)
  - Patient turnover → Conversion to Home
- Home dialysis
  - Transition to ICHD/Home → Hospital admits
- Hospital dialysis

Transplant

Back to dialysis if transplant fails
Nephrologists form the foundation of delivering care

Chronic kidney disease (CKD) patient

Hospital start

Outpatient start

ESRD treatment modalities

In-center dialysis

Home dialysis

Hospital dialysis

Transplant
Extensive partnerships with nephrologists

7,600+ Nephrologist relationships\(^1\), representing ~70% of practicing nephrologists\(^2\)

700+ Joint venture centers

400+ Physicians on CKD Electronic Health Record

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1) Includes nephrologists with medical director agreements, JVs, and attending physicians
2) 2016 ASN Nephrology Workforce Report
Partner of choice across all areas of nephrologists’ practices

Office
- Epic
  - CKD EHR
- Predictive analytics
- CKD Care Management
- Kidney Smart
  - Community Education

Hospital
- Transitional Care
- Mobile Suite
- HIE Integration
- Patient Pathways
  - Discharge planning

Dialysis Clinic
- IT Platform
- Modality Management
- Integrated Care
- Telehealth
Comprehensive kidney care is more than just dialysis
Why? ESRD patients experience highly fragmented care

Dietary restrictions

Specialist visits

1-2 hospital admits/year

4+ comorbidities (i.e. diabetes, hypertension)

Social determinants
Financial stability, surroundings

12-15 hrs/week at dialysis

19+ pills a day

Insurance changes
Medicare eligibility
Established platform for integrated care

- Routine touchpoints with same care team
- Customized clinical pathways & protocols
- Predictive analytics & risk stratification
- Care management technology platform
### DaVita’s integrated care programs

<table>
<thead>
<tr>
<th>Chronic Special Needs Plans (C-SNPs)</th>
<th>ESRD Seamless Care Organizations (ESCOs)</th>
<th>Commercial/MA value-based contracts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total DaVita risk lives¹</td>
<td>~4,000</td>
<td>~7,000</td>
</tr>
<tr>
<td></td>
<td>~6,000²</td>
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</table>

¹ Excludes ~10,000 patients under disease management programs not part of value-based contracts
² CMS attribution through June 2019

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Example partnerships

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Potential future integrated care programs

1) Center for Medicare & Medicaid Innovation (CMMI)
Proven impact of DaVita’s integrated care

Enhanced Patient Experience

Top 5 In patient satisfaction among all California C-SNP plans

Improved Clinical Outcomes

Hospitalization Rate: 22%
Catheter Rate: 67%
Better than national ESRD average

Reduced Cost

15% lower non-dialysis costs than Medicare fee-for-service

~$8,000 savings per patient per year

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1) 2014 - 2018 Medicare’s CAHPS survey
2) 2018 USRDS annual report.
3) DaVita Integrated Kidney Care vs. Medicare FFS analysis performed by an independent actuarial firm
What would integrated care economics look like at scale?

~$17B

Incremental revenue potential for industry

Likely low single digit operating income (OI) margin

Capital efficient

Industry hard at work in DC, strong bipartisan support

1) 2018 USRDS annual report: assumes 300K Medicare FFS patients for industry, ~$90K of total costs per patient per year, 65% of non-dialysis costs
2) Subject to uncertainties such as impact of associated start-up costs and ultimate program design features, potential fees, guaranteed savings requirements, and sequestration, among other things
A leading platform for comprehensive kidney care

- 7,600+ nephrologist relationships\(^1\)
- 900+ hospital partners
- 2,900+ clinics
- 1,700+ Home programs
- $1.7B medical cost under management
- 500+ payor relationships

1.4M+ longitudinal patient data to date

\(^1\) Includes nephrologists with medical director agreements, JVs, and attending physicians
FAQs

Volume Growth
Revenue Dynamics
Team and Culture
Executive Order
International
Increasing incidence rate  
Declining mortality rate  
Flat transplant volume  

Steady incidence rate  
Flat mortality rate  
More transplants  

Outlook  
• 1.5-2.0% industry prevalence growth  
• 1.5-2.5% DaVita non-acquired growth

1) 2018 USRDS annual report; represents YoY growth in prevalence count, excluding living transplants  
2) 2017 and 2018 are from latest quarterly USRDS data, which includes living transplants. 2017 is Q4’16 to Q4’17 growth. 2018 is Q3’17 to Q3’18 growth
FAQs

Volume Growth
Revenue Dynamics
Team and Culture
Executive Order
International
Industry structure

- Government coverage: ~90%
- Commercial coverage: ~10%

1) Internal DaVita data
Industry structure

Two-way subsidy

- Near-universal Medicare eligibility
- Government underfunding, commercial rate premium

1) Internal DaVita data
Revenue per treatment (RPT) summary

Improving dynamics

1. Medicare rates return to statutory increases
2. Outlier segment reduced
3. Affordable Care Act (ACA) impact stabilizing

Similar dynamics

4. Contracting environment
5. Commercial mix headwinds
6. Continue to expect positive impact from shift to Medicare Advantage (MA)
Medicare rates: Return to statutory increases

Annual Medicare ESRD rate update

- 2012 - '13: 2.1-2.3%
- 2014 - '18: Rebasing, 0 - 0.5%
- 2019: Updates resumed, 1.2%
- 2020 proposed: 1.7%

Anticipate 1.5%-2% in future years
2 Commercial rates: Normal dynamics

- ~30% of total revenue
- 500+ payor relationships
- 94%+ commercial revenue contracted
Outlier segment reduced

60% reduction over past decade: out-of-network, narrowing the band

Remaining portfolio fragmented

Expect continuing, slowing reduction
Commercial mix: Ongoing headwinds

Headwinds

Aging of baby boomers

Likelihood of commercial insurance significantly lower among new patients over 65

How are we responding?

Operational and educational improvements:

• Efficiency of admissions process
• Clinical benefits of working
• Right modality for each patient
5 ACA: Net negative over last five years, now stabilizing

- **States’ decisions**
  - Medicaid expansion

- **Product designs**
  - Metal tiers, subsidies

- **Payors’ choices**
  - Level of participation

- **Patients’ options**
  - Prevalence of secondary insurance

**Minimal volume impact but complex mix and rate effects**
6 MA Choice: Positive, but gradual adoption

What it is

• Starting 2021
• Congressionally mandated
• Reinforces principle of “Freedom of Choice”

MA penetration

25%
of total Medicare patients

Expect to approximate broader MA market

~30-35%

1) Internal DaVita data as of 6/30/2019
2) Modern Healthcare and Kaiser Family Foundation
Revenue per treatment summary and outlook

1. Complex dynamics
2. Some improvement in drivers
3. Outlook: Net growth up slightly from recent levels

0% to 1% RPT increase in 2020, excluding calcimimetics
Charitable premium assistance (CPA)

A program created 20 years ago with patients in mind...

Ensures low-income dialysis and transplant patients can afford health insurance

- American Kidney Foundation

Enhances patient freedom of choice in health care providers

- Office of Inspector General Advisory Opinion 97-1

60% of our patients who receive CPA have Medicare as their primary insurance
Charitable premium assistance developments

Policy developments

- Federal rule
- AB290 – CPA bill in California

Exchange plans

- Stable enrollment
- Improved payors’ profitability
- Normal ESRD prevalence
FAQs

Volume Growth

Revenue Dynamics

Team and Culture

Executive Order

International
Creating a Special Place
Distinctive work environment in a challenging labor market

DaVita’s field teammate retention above healthcare benchmark

- Of teammates are engaged\(^3\)
- Approaching 75\(^{th}\) percentile of U.S. healthcare benchmark for engagement\(^4\)

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1) Field teammates only; Retention calculated as a 12-month rolling average; Jun’19 Retention from Jul’19 Retention Tool
3) Q2 ’2019 Engagement Survey for all DaVita teammates
FAQs

Volume Growth
Revenue Dynamics
Team and Culture
Executive Order
International
3 major goals of new CMMI initiative

- **80%** of new ESRD patients in 2025 either receive dialysis at home or receive a transplant
- **25%** reduction in number of Americans developing ESRD by 2030
- **2x** kidneys available for transplant by 2030

DaVita is aligned and well-positioned
Proposed mandatory model

Impacts 50% of the country

Emphasis on Home and transplant

Estimates ~$20-25M reduction to industry’s dialysis reimbursement annually
Our comments to CMS regarding the mandatory model

- Supportive of spirit and goals
- Patient choice and physician judgment
- Waivers for initiatives to effectuate change
- Involve all relevant transplant stakeholders
- Changes to scope and payment methodology
Our international footprint

26,000+ patients in 10 countries
Achieving clinical outcomes abroad

Since 2018...

20% reduction in mortality rate\(^1\)

22% reduction in hospitalization rate\(^2\)

1) Portugal, Brazil, KSA, Colombia, Taiwan, Malaysia
2) Portugal, KSA, Colombia, Taiwan, Malaysia

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Evolution of international

2012-2017

Plant seeds
- 11 countries
- Mixed results as expected

2018-2019

Refine the portfolio
- New team
- Consolidated above-country G&A
- Shift to profitability (adjusted OI)

Expectations through 2022

Disciplined growth
- Accretion to U.S. operating income growth
- Focused capital investment on limited countries

Anticipated long term source of earnings growth
Guidance philosophy

- Earnings per share replaces operating income
- Operating income margin replaces per treatment metrics
- New definition of free cash flow
- Does not incorporate potential ballot initiative costs
Capital efficient growth outlook

1. Growing patient demand

2. Strong operators and cost management

3. Declining capital expenditure

4. Disciplined capital allocation

- Organic revenue growth
- Improving margin trajectory
- Increasing cash flow
- Earnings per share growth
Revenue outlook of $11.5B - $12.5B in 2022

$ in millions

2018 | Less one-time adjustments\(^1\) | U.S. Dialysis & Lab | International | 2022F
---|---|---|---|---
$11,405 | ($922) | $900 - $1,700 | $100 - $300 | $12,500

\(^1\) Includes $354M of DaVita Rx, $23M of DaVita Health Solutions, $36M of Medicare Bad Debt adjustment, and $509M of calcimimetics revenue
Adjusted OI margin trends

Adjusted actual OI margin

Adjusted margin guidance

1) Adjusted OI Margin is a non-GAAP measure that is calculated by dividing adjusted OI by revenue. See appendix for a definition of adjusted OI and a reconciliation of this non-GAAP measure to the most comparable GAAP measure.
2) Excludes impact of any ballot initiatives
Estimated impact of flat Medicare fee-for-service rates

Rebasing
~8%
2014 to 2018

Adjusted OI impact
~$330M
In 2018

Margin impact
250 bps
In 2018
## Disciplined cost management

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<tbody>
<tr>
<td>Wage rate</td>
<td>Outpace inflation</td>
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<tr>
<td>Anemia management</td>
<td>Costs down</td>
<td></td>
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<tr>
<td>G&amp;A</td>
<td>Disciplined cost management</td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>Outpace revenue growth</td>
<td>In line with revenue growth</td>
</tr>
</tbody>
</table>

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International performance

2013 to 2018
- Opportunistic growth
- Multiple administrative centers
- Subscale

2019 to 2022
- Disciplined growth
- G&A leverage
- Economies of scale
Capital efficient growth

CapEx\(^1\), $ in millions

- **2018**: $902
- **2020F**: $750
- **2022F**: $700

CapEx coming down as a result of fewer in-center *de novos*

1) CapEx from continuing operations
New definition better reflects discretionary cash

2018 Free Cash Flow (FCF), $ in millions

<table>
<thead>
<tr>
<th></th>
<th>FCF (old definition)(^1)</th>
<th>Development CapEx</th>
<th>Sale leaseback proceeds</th>
<th>Contributions from noncontrolling interests</th>
<th>FCF (new definition)(^2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$869(^1)</td>
<td>$487</td>
<td>$45</td>
<td>$52</td>
<td>$480(^2)</td>
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</tbody>
</table>

1) Free cash flow (old definition) is a non-GAAP measure. Free cash flow (old definition) is defined as operating cash flow from continuing operations less distributions to noncontrolling interest and capital expenditures for routine maintenance. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure.

2) Free cash flow (new definition) is a non-GAAP measure. Free cash flow (new definition) is defined as operating cash flow from continuing operations less distributions to noncontrolling interest and capital expenditures (both routine maintenance and development), plus proceeds from sale leaseback and contributions from noncontrolling interests. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure.
Drivers of higher free cash flow

**Free Cash Flow (new definition), $ in millions**

- **2018 FCF**
  - $480

- **Earnings**
  - $150 - $250

- **CapEx**
  - $200 - $300
  - ($80) - ($30)

- **Other**
  - $750

- **2022 Guidance**
  - $1,000

1) Free cash flow (new definition) is a non-GAAP measure. Free cash flow (new definition) is defined as operating cash flow from continuing operations less distributions to noncontrolling interest and capital expenditures (both routine maintenance and development), plus proceeds from sale leaseback and contributions from noncontrolling interests. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure.

2) Excludes impact of any ballot initiatives.
Disciplined capital allocation

Capital Efficient Growth

- Dialysis Acquisitions
- Adjacent Verticals

Optimize Capital Structure

- 3.0 to 3.5x target leverage, flexible to be above or below
- Capital return to shareholders
Track record of consistent long-term leverage ratio

Note: Leverage Ratio as defined in Credit Agreement, which is a non-GAAP measure. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure

1) HCP acquisition – November 2012
2) Pending DMG transaction
3) As adjusted for the new credit agreement and the anticipated redemption of the company's 5.75% Senior Notes due 2022
New financing enhances financial flexibility

Credit Agreement and Bond Debt outstanding post refinancing and call of 5.75% Sr. Notes, $ in millions

- **Term Loan A**
- **Term Loan B**
- **5.125% Sr. Notes**
- **5.000% Sr. Notes**

6/30/19 LTM Consolidated EBITDA\(^1\)

- $2,224
- $18
- $82
- $115
- $126
- $170
- $1,356
- $1,750
- $1,528
- $3,134
- $2,571

New financing lowered bank debt cost by ~50 bps

Note: Excludes other debt and deferred financing cost
1) Consolidated EBITDA as defined per Credit Agreement, which is a non-GAAP measure. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure
2) $1,000 revolver expires in 2024
How we have historically allocated capital

2014 to 2018

Capital Generated

- Change in debt: $1.7B
- Free cash flow\(^1\) (new definition): $2.9B
- Other: $0.2B

Capital Deployed

- Acquisitions: $1.2B
- Share repurchases: $3.6B

\(^1\) Free cash flow (new definition) is a non-GAAP measure. See appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure. Free cash flow (new definition) is defined as operating cash flow from continuing operations less distributions to noncontrolling interest and capital expenditures (both routine maintenance and development), plus proceeds from sale leaseback and contributions from noncontrolling interests.
Adjusted earnings per share outlook

$3.57

2018¹

$5.00

2020²

$5.50

$7.25

2022²

$6.25

¹ Adjusted earnings per share is a non-GAAP measure. See the appendix for reconciliation of this non-GAAP measure to the most comparable GAAP measure.
² Adjusted earnings per share is a non-GAAP measure. Excludes impact of any ballot initiatives.
Content

Overview

Our Platform

FAQs

Key Financial Drivers / Outlook

Closing
Summary

- Differentiated platform
- Capital efficiency
- Earnings per share growth
Non-GAAP Financial Measures

As used in this presentation, the term "adjusted" refers to non-GAAP measures as follows, each as reconciled to its most comparable GAAP measure as presented in the non-GAAP reconciliations in this appendix. For income measures, the term "adjusted" refers to operating performance measures that exclude certain items such as impairment charges, (gain) loss on ownership changes, restructuring charges, debt prepayment charges and gains and charges associated with settlements.

These non-GAAP or "adjusted" measures are presented because management believes these measures are useful adjuncts to GAAP results. However, these non-GAAP measures should not be considered alternatives to the corresponding measures determined under GAAP.

Specifically, we use adjusted operating income, adjusted operating income margin, and adjusted diluted net income from continuing operations per share attributable to DaVita Inc. (also known as adjusted earnings per share or adjusted EPS) to compare and evaluate our performance period over period and relative to competitors, to analyze the underlying trends in our business, to establish operational budgets and forecasts and for incentive compensation purposes. We believe these non-GAAP measures are useful to management, investors and analysts in evaluating our performance over time and relative to competitors, as well as in analyzing the underlying trends in our business. We also believe these presentations enhance a user's understanding of our normal consolidated operating income by excluding certain items which we do not believe are indicative of our ordinary results of operations. As a result, adjusting for these amounts allows for comparison to our normalized prior period results.

In addition, free cash flow (old definition) represents net cash provided by operating activities from continuing operations less distributions to noncontrolling interests and capital expenditures for routine maintenance and information technology from continuing operations. We believe this non-GAAP measure has been useful to management, investors and analysts as an adjunct to cash flows provided from operating activities from continuing operations and other measures under GAAP, since free cash flow from continuing operations is meaningful for assessing our ability to fund acquisitions and development activities and meet our debt service obligations.

Free cash flow (new definition) represents net cash provided by operating activities from continuing operations less distributions to noncontrolling interests and all capital expenditures from continuing operations (including development capital expenditures, routine maintenance and information technology); plus contributions from noncontrolling interests and proceeds from sale-leaseback transactions. We believe this non-GAAP measure is useful to management, investors and analysts as an adjunct to cash flows provided by operating activities from continuing operations and other measures under GAAP, since free cash flow from continuing operations is meaningful for assessing our ability to fund acquisition and meet our debt service obligations.

It is important to bear in mind that these non-GAAP "adjusted" measures are not measures of financial performance or liquidity under GAAP and should not be considered in isolation from, nor as substitutes for, their most comparable GAAP measures.
# Free cash flow (new definition)

<table>
<thead>
<tr>
<th>(in millions)</th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities from continuing operations</td>
<td>$1,135</td>
<td>$1,192</td>
<td>$1,685</td>
<td>$1,556</td>
<td>$1,481</td>
</tr>
<tr>
<td>Less: Distributions to noncontrolling interests from continuing operations</td>
<td>(149)</td>
<td>(175)</td>
<td>(192)</td>
<td>(211)</td>
<td>(196)</td>
</tr>
<tr>
<td>Plus: Contributions from noncontrolling interests from continuing operations</td>
<td>65</td>
<td>55</td>
<td>48</td>
<td>75</td>
<td>52</td>
</tr>
<tr>
<td>Less: Expenditures for routine maintenance and information technology from continuing operations</td>
<td>(238)</td>
<td>(262)</td>
<td>(294)</td>
<td>(303)</td>
<td>(415)</td>
</tr>
<tr>
<td>Less: Expenditures for development from continuing operations</td>
<td>(376)</td>
<td>(379)</td>
<td>(451)</td>
<td>(507)</td>
<td>(487)</td>
</tr>
<tr>
<td>Plus: Sale Leaseback proceeds</td>
<td>5</td>
<td>3</td>
<td>33</td>
<td>58</td>
<td>45</td>
</tr>
<tr>
<td>Free cash flow (new definition)</td>
<td>$442</td>
<td>$434</td>
<td>$829</td>
<td>$668</td>
<td>$480</td>
</tr>
</tbody>
</table>

Cumulative 2014 to 2018 (new definition) $2,852
Free cash flow (old definition)

<table>
<thead>
<tr>
<th>Item</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash provided by operating activities from continuing operations</td>
<td>$1,481</td>
</tr>
<tr>
<td>Less: Distributions to noncontrolling interests from continuing operations</td>
<td>(196)</td>
</tr>
<tr>
<td>Cash provided by operating activities from continuing operations attributable to DaVita Inc.</td>
<td>$1,285</td>
</tr>
<tr>
<td>Less: Expenditures for routine maintenance and information technology from continuing operations</td>
<td>(415)</td>
</tr>
<tr>
<td>Free cash flow (old definition)</td>
<td>$869</td>
</tr>
</tbody>
</table>
## Adjusted operating income

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income from continuing operations</td>
<td>$867</td>
<td>$935</td>
<td>$994</td>
<td>$1,155</td>
<td>$1,261</td>
<td>$1,116</td>
</tr>
<tr>
<td>Accruals for legal matters</td>
<td></td>
<td></td>
<td></td>
<td>86</td>
<td></td>
<td>397</td>
</tr>
<tr>
<td>Noncontrolling interest expense</td>
<td>(47)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating income from continuing operations</td>
<td>$820</td>
<td>$935</td>
<td>$994</td>
<td>$1,155</td>
<td>$1,347</td>
<td>$1,513</td>
</tr>
</tbody>
</table>
### Adjusted operating income (continued)

($ in millions)

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>Six months ended June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income from continuing operations</td>
<td>$1,600</td>
<td>$1,137</td>
<td>$2,030</td>
<td>$1,813</td>
<td>$1,526</td>
<td>$802</td>
</tr>
<tr>
<td>Accruals for legal matters</td>
<td>17</td>
<td>518</td>
<td>16</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on settlement, net</td>
<td></td>
<td></td>
<td>(527)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Goodwill and other asset impairment charges</td>
<td>4</td>
<td>28</td>
<td>50</td>
<td>20</td>
<td>41</td>
<td></td>
</tr>
<tr>
<td>Impairment of investment</td>
<td>15</td>
<td>280</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>2</td>
<td>11</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gain on APAC JV ownership changes</td>
<td>(374)</td>
<td>(6)</td>
<td>(61)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equity investment loss (income):</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Income related to gain on settlement</td>
<td></td>
<td></td>
<td></td>
<td>(3)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss due to impairments in APAC JV</td>
<td></td>
<td></td>
<td></td>
<td>6</td>
<td>8</td>
<td></td>
</tr>
<tr>
<td>Loss related to restructuring charges</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss due to business sale in APAC JV</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>9</td>
<td></td>
</tr>
<tr>
<td><strong>Adjusted operating income from continuing operations</strong></td>
<td>$1,617</td>
<td>$1,658</td>
<td>$1,715</td>
<td>$1,616</td>
<td>$1,513</td>
<td>$843</td>
</tr>
</tbody>
</table>
Adjusted net income from continuing operations per share attributable to DaVita Inc.

($ in millions, except for per share data)

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
<th>Per share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income from continuing operations attributable to DaVita Inc.</td>
<td>$ 624</td>
<td>$ 3.62</td>
</tr>
<tr>
<td>Goodwill and other asset impairment charges</td>
<td>20</td>
<td>0.12</td>
</tr>
<tr>
<td>Restructuring charges</td>
<td>11</td>
<td>0.07</td>
</tr>
<tr>
<td>Gain on APAC JV ownership changes</td>
<td>(61)</td>
<td>(0.35)</td>
</tr>
<tr>
<td><strong>Equity investment loss (income):</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Loss due to impairments in APAC JV</td>
<td>8</td>
<td>0.04</td>
</tr>
<tr>
<td>Loss due to business sale in APAC JV</td>
<td>9</td>
<td>0.05</td>
</tr>
<tr>
<td>Related income tax</td>
<td>4</td>
<td>0.02</td>
</tr>
<tr>
<td><strong>Adjusted net income from continuing operations attributable to DaVita Inc.</strong></td>
<td>$ 616</td>
<td>$ 3.57</td>
</tr>
</tbody>
</table>
Under the senior secured credit facilities (Credit Agreement), the leverage ratio is defined as all funded debt plus the face amount of all letters of credit issued, minus cash and cash equivalents, including short-term investments, divided by “Consolidated EBITDA”. The leverage ratio determines the interest rate margin payable by the Company for its Term Loan A and revolving line of credit under the Credit Agreement by establishing the margin over the base interest rate (LIBOR) that is applicable. The following leverage ratio was calculated using “Consolidated EBITDA” as defined in the Credit Agreement. The calculation below is based on the last twelve months of “Consolidated EBITDA”, pro forma for routine acquisitions that occurred during the period. The Company’s management believes the presentation of “Consolidated EBITDA” is useful to users to enhance their understanding of the Company’s leverage ratio under its Credit Agreement. The leverage ratio calculated by the Company is a non-GAAP measure and should not be considered a substitute for debt to net income attributable to DaVita Inc., net income attributable to DaVita Inc. or total debt as determined in accordance with United States generally accepted accounting principles (GAAP). The Company’s calculation of its leverage ratio might not be calculated in the same manner as, and thus might not be comparable to, similarly titled measures by other companies.

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2011</th>
<th>2012</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to DaVita Inc.</td>
<td>$478</td>
<td>$536</td>
<td>$633</td>
<td>$723</td>
<td>$270</td>
</tr>
<tr>
<td>Income taxes</td>
<td>316</td>
<td>360</td>
<td>381</td>
<td>446</td>
<td>296</td>
</tr>
<tr>
<td>Interest expense</td>
<td>225</td>
<td>269</td>
<td>398</td>
<td>383</td>
<td>383</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>267</td>
<td>344</td>
<td>529</td>
<td>591</td>
<td>638</td>
</tr>
<tr>
<td>Goodwill and other asset impairment charges</td>
<td>24</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>210</td>
</tr>
<tr>
<td>Noncontrolling interests and equity investment income, net</td>
<td>96</td>
<td>109</td>
<td>127</td>
<td>162</td>
<td>173</td>
</tr>
<tr>
<td>Stock-settled stock-based compensation</td>
<td>49</td>
<td>45</td>
<td>60</td>
<td>57</td>
<td>57</td>
</tr>
<tr>
<td>Loss contingency reserve</td>
<td>-</td>
<td>-</td>
<td>397</td>
<td>17</td>
<td>-</td>
</tr>
<tr>
<td>Debt refinancing and redemption charges</td>
<td>-</td>
<td>11</td>
<td>-</td>
<td>98</td>
<td>48</td>
</tr>
<tr>
<td>Settlement charge</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>495</td>
</tr>
<tr>
<td>Other</td>
<td>80</td>
<td>659</td>
<td>(13)</td>
<td>26</td>
<td>(29)</td>
</tr>
<tr>
<td>“Consolidated EBITDA”</td>
<td>$1,534</td>
<td>$2,332</td>
<td>$2,511</td>
<td>$2,502</td>
<td>$2,540</td>
</tr>
<tr>
<td>Total debt, excluding debt discount and other deferred financing costs</td>
<td>4,513</td>
<td>8,576</td>
<td>8,434</td>
<td>8,520</td>
<td>9,226</td>
</tr>
<tr>
<td>Letters of credit issued</td>
<td>48</td>
<td>116</td>
<td>71</td>
<td>96</td>
<td>94</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents including short-term investments (excluding DMG’s physician owned entities cash)</td>
<td>(394)</td>
<td>(534)</td>
<td>(826)</td>
<td>(1,190)</td>
<td>(1,817)</td>
</tr>
<tr>
<td>Consolidated net debt</td>
<td>$4,167</td>
<td>$8,158</td>
<td>$7,678</td>
<td>$7,426</td>
<td>$7,503</td>
</tr>
<tr>
<td>Last twelve months “Consolidated EBITDA”</td>
<td>$1,534</td>
<td>$2,332</td>
<td>$2,511</td>
<td>$2,502</td>
<td>$2,540</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>2.7x</td>
<td>3.5x</td>
<td>3.1x</td>
<td>3.0x</td>
<td>3.0x</td>
</tr>
</tbody>
</table>
Leverage ratio (continued)

<table>
<thead>
<tr>
<th>($ in millions)</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
<th>June 30, 2019</th>
<th>Adjustments</th>
<th>Adjusted June 30, 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net income attributable to DaVita Inc.</td>
<td>$ 880</td>
<td>$ 664</td>
<td>$ 159</td>
<td>$ 548</td>
<td></td>
<td>$ 548</td>
</tr>
<tr>
<td>Income taxes</td>
<td>456</td>
<td>(41)</td>
<td>358</td>
<td>236</td>
<td></td>
<td>236</td>
</tr>
<tr>
<td>Interest expense</td>
<td>385</td>
<td>395</td>
<td>451</td>
<td>477</td>
<td></td>
<td>477</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>720</td>
<td>777</td>
<td>591</td>
<td>602</td>
<td></td>
<td>602</td>
</tr>
<tr>
<td>Goodwill and other asset impairment charges</td>
<td>296</td>
<td>982</td>
<td>62</td>
<td>47</td>
<td></td>
<td>47</td>
</tr>
<tr>
<td>Noncontrolling interests and equity investment income, net</td>
<td>171</td>
<td>196</td>
<td>184</td>
<td>194</td>
<td></td>
<td>194</td>
</tr>
<tr>
<td>Stock-settled stock-based compensation</td>
<td>38</td>
<td>35</td>
<td>73</td>
<td>78</td>
<td></td>
<td>78</td>
</tr>
<tr>
<td>Debt prepayment charges</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Gain on changes in ownership interest, net</td>
<td>(404)</td>
<td>(23)</td>
<td>(86)</td>
<td>(27)</td>
<td></td>
<td>(27)</td>
</tr>
<tr>
<td>Gain on settlement, net</td>
<td>-</td>
<td>(530)</td>
<td>-</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Valuation adjustment on disposal group</td>
<td>-</td>
<td>-</td>
<td>317</td>
<td>-</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Other</td>
<td>43</td>
<td>5</td>
<td>41</td>
<td>56</td>
<td></td>
<td>56</td>
</tr>
<tr>
<td>“Consolidated EBITDA”</td>
<td>$ 2,585</td>
<td>$ 2,460</td>
<td>$ 2,151</td>
<td>$ 2,224</td>
<td></td>
<td>$ 2,224</td>
</tr>
<tr>
<td>Total debt, excluding debt discount and other deferred financing costs</td>
<td>$ 9,192</td>
<td>$ 9,438</td>
<td>$ 10,191</td>
<td>$ 9,004</td>
<td>(792)</td>
<td>1</td>
</tr>
<tr>
<td>Letters of credit issued</td>
<td>97</td>
<td>105</td>
<td>37</td>
<td>73</td>
<td></td>
<td>73</td>
</tr>
<tr>
<td>Less: Cash and cash equivalents including short-term investments (excluding DMG’s physician owned entities cash)</td>
<td>$ 9,289</td>
<td>$ 9,543</td>
<td>$ 10,228</td>
<td>$ 9,076</td>
<td></td>
<td>$ 8,285</td>
</tr>
<tr>
<td>Consolidated net debt</td>
<td>$ 8,181</td>
<td>$ 8,923</td>
<td>$ 9,726</td>
<td>$ 5,498</td>
<td></td>
<td>$ 7,535</td>
</tr>
<tr>
<td>Last twelve months “Consolidated EBITDA”</td>
<td>$ 2,585</td>
<td>$ 2,460</td>
<td>$ 2,151</td>
<td>$ 2,224</td>
<td></td>
<td>$ 2,224</td>
</tr>
<tr>
<td>Leverage ratio</td>
<td>3.2x</td>
<td>3.6x</td>
<td>4.5x</td>
<td>2.47x</td>
<td></td>
<td>3.4x</td>
</tr>
</tbody>
</table>

1) Reflects the payoff of the Company’s senior secured credit facilities based on balances as of June 30, 2019 related to Term Loan A of $64 million, Term Loan A-2 of $103 million, Term Loan B of $3,325 million and the revolving line of credit of $550 million, in addition to the payoff of the Company’s 2022 Senior Notes of $1,250 and the borrowing of the new Term Loan B of $2,750 million and new Term Loan A of $1,750.

2) Reflects reduction to cash and cash equivalents used for leverage ratio as per the new Credit Agreement the leverage ratio is limited to cash netting up to $750 million.