



Capital Markets Day
May 5, 2015



This presentation contains forward-looking statements within the meaning of the federal securities laws. These forward-looking statements are intended to be covered by the safe harbor provisions for such statements contained in these slides. All statements that do not concern historical facts are forward-looking statements and include, among other things, statements about our expectations, beliefs, intentions and/or strategies for the future.

These forward-looking statements could include but are not limited to statements regarding our future operations, financial condition and prospects, expectations for treatment growth rates, revenue per treatment, expense growth, levels of the provision for uncollectible accounts receivable, operating income, cash flow, operating cash flow, estimated tax rates, capital expenditures, the development of new dialysis centers and dialysis center acquisitions, government and commercial payment rates, revenue estimating risk and the impact of our level of indebtedness on our financial performance, including earnings per share, and incorporation of HCP's operating results into the Company's consolidated operating results.

Factors that could impact future results include the uncertainties associated with the risk factors set forth in our SEC filings, including our annual report on Form 10-K for the year ended December 31, 2014, our subsequent quarterly reports filed or to be filed on Form 10-Q, and our subsequent current reports on Form 8-K. The forward-looking statements should be considered in light of these risks and uncertainties.

We base our forward-looking statements on information currently available to us, and we undertake no obligation to update or revise any forward-looking statements, whether as a result of changes in underlying factors, new information, future events or otherwise. All references to "DaVita" as used throughout this presentation refer to DaVita HealthCare Partners Inc. and/or its subsidiaries. All references to "Kidney Care" as used throughout this presentation refer to DaVita's Kidney Care division and its related entities. All references to "HealthCare Partners" and "HCP" as used throughout this presentation refer to DaVita's HealthCare Partners division and its related entities.



Q1
Overview

DaVita HealthCare
Partners at a
Glance

Compliance

HealthCare
Partners

US Kidney Care

International

Enterprise
Summary

GAAP and Non-GAAP Operating Income

Q1 2015

	GAAP	Non-GAAP
Kidney Care	\$(124)M	\$371M ¹
HealthCare Partners	60M	60M
Enterprise	\$(64)M	\$431M¹

1. Excludes the accrual of an estimated loss contingency, or any potential settlement payout related to the Vainer Private Civil Suit

2015 guidance

	Prior	Updated ¹	Change
Kidney Care	\$1.525B to \$1.625B	\$1.575B to \$1.650B	
HealthCare Partners	\$225M to \$275M	\$225M to \$275M	
Enterprise	\$1.750B to \$1.900B	\$1.800B to \$1.925B	
Operating Cash Flow	\$1.500B to \$1.700B	\$1.500B to \$1.700B	

1. Excludes the accrual of an estimated loss contingency, or any potential settlement payout related to the Vainer Private Civil Suit

Kidney Care key metrics

	Q1 2014	Q4 2014	Q1 2015
Centers	2,173	2,270	2,290
Normalized NAG	5.0%	4.6%	4.5%
US Dialysis & Lab RPT	\$340.81	\$346.95	\$345.88
US Dialysis & Lab Patient Care Cost / Tx	\$221.31	\$218.81	\$222.99
US Dialysis & Lab G&A / Tx	\$26.00	\$29.75	\$29.25
Kidney Care Adjusted OI ¹	\$387M	\$419M	\$371M

1. Non-GAAP. Excludes one-time items.

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HealthCare Partners key metrics

	Q1 2014	Q4 2014	Q1 2015
Capitated Patients	790,200	837,300	830,400
Operating Income	\$54M	\$33M	\$60M

Enterprise key metrics

	Q1 2014	Q4 2014	Q1 2015
Debt Expense	\$106M	\$98M	\$97M
Non-controlling Interests	\$28M	\$42M	\$34M
Effective Tax Rate ¹	40.5%	33.3%	37.5%
LTM Operating Cash Flow	\$1,813M	\$1,459M	\$1,450M

1. Effective income tax rate attributable to DaVita HealthCare Partners. Non-GAAP. Excludes one-time items.
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TO BE THE PROVIDER, PARTNER AND EMPLOYER OF CHOICE



Our Core Values

Service
Excellence
Integrity
Team
Continuous
Improvement
Accountability
Fulfillment
Fun

DaVita. |  HealthCare Partners.

DaVita HealthCare Partners at a glance

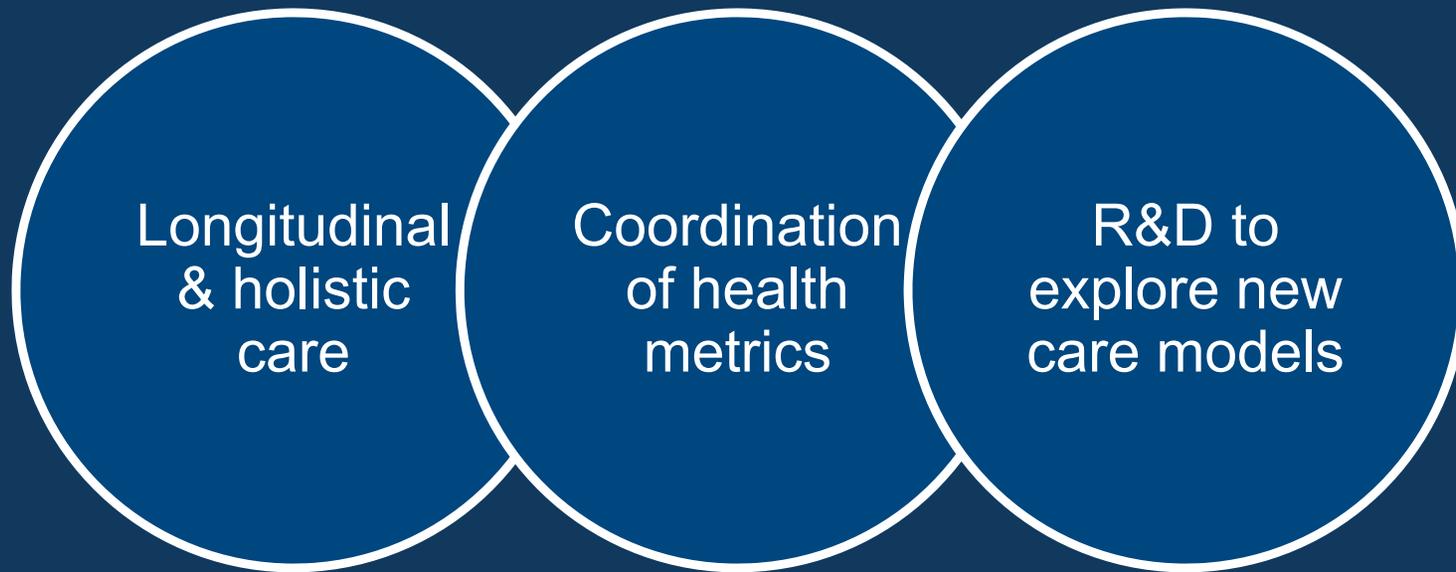
Updated Q1 2015

- LTM Revenue \$13.0B
- LTM Adjusted OI¹ \$1.8B
- 2015 OI Guidance² \$1.800 to 1.925B
- 2015 OCF Guidance² \$1.500 to 1.700B

1. Non-GAAP measure, excludes certain one-time items

2. Excludes the accrual of an estimated loss contingency or any potential settlement payment related to the Vainer Private Civil Suit

★ Distinctive platforms to deliver population health management



Platform for future growth

DaVita: Population health management

Kidney Care

- 181,000 patients
- 46 states, 10 countries
- VillageHealth
- DaVita Rx
- Lifeline Vascular Access

DaVita: Population health management

Kidney Care

- 181,000 patients
- 46 states, 10 countries
- VillageHealth
- DaVita Rx
- Lifeline Vascular Access

HealthCare Partners

- 1,300 team physicians & extenders
- 2,800 PCP affiliates (IPA)
- 9,500 network specialists
- 830,000 capitated lives
- 226 clinics
- 227 affiliated hospitals

Talent

- Recruiting
- Development
- Opportunity



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Vainer (2003-2010)

- Humbled
- Disappointed
- We made mistakes
- Not representative
- Must earn government's trust

Future

- Board of Directors
- Resources
- Management process
- Communication with government

JSA subpoena

- Scope
- Cooperating
- Escrow



Q1
Overview

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Summary

- Bad start
- Formidable foundation
- OI growth slower than hoped
- Strong cash flow
- Investment thesis stands

Quick recap

Bad stuff

- \$200M rate cuts
- Two bad deals
- Organizational stress

Quick recap

Bad stuff

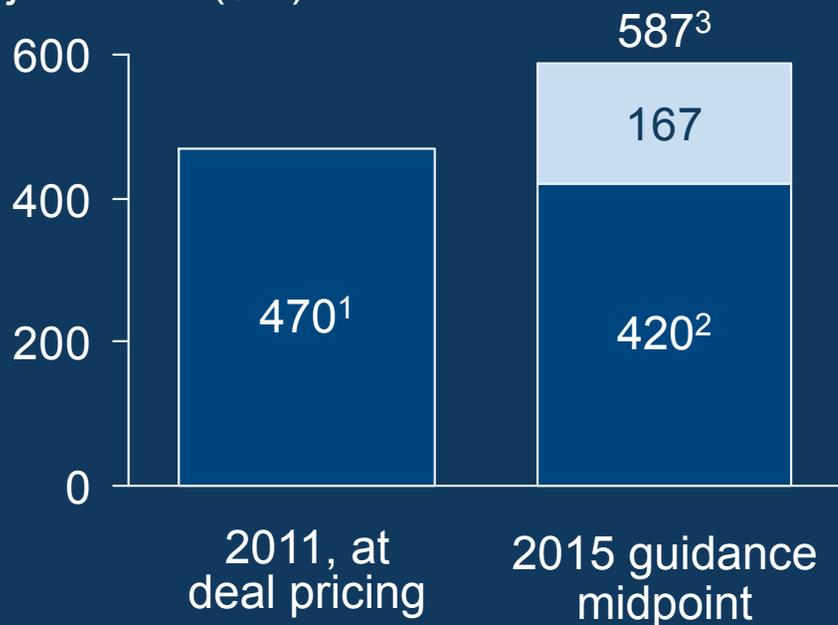
- \$200M rate cuts
- Two bad deals
- Organizational stress

Good stuff

- Legacy markets
- Turnaround of bad deals
- Building capabilities
- CO Springs med group acquisition
- New business model R&D

Economic fundamentals

Adj EBITDA (\$M)



**Despite headwinds,
7.6% cash-on-cash
return in 2015**

Note: Adjusted EBITDA excludes adjustments for certain items contained in definition of EBITDA per the credit agreement 1. Estimate of 2011 EBITDA at time of deal pricing 2. \$250M OI plus assumed \$170M D&A 3. Add pre-tax equivalent (\$167M) of approx. \$100M annual cash tax benefit from amortization of tax step-up

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Challenges and opportunities

Challenges

Internal

- Export
- New capabilities

Challenges and opportunities

Challenges

Internal

- Export
- New capabilities

External

- Many pursuing same risk pools
- MA reimbursement risk

Challenges and opportunities

Challenges

Opportunities

Internal

- Export
- New capabilities

- Growth potential in legacy markets
- Demonstrated ability to scale
- Desirable partner

External

- Many pursuing same risk pools
- MA reimbursement risk

Challenges and opportunities

Challenges

Opportunities

Internal

- Export
- New capabilities

- Growth potential in legacy markets
- Demonstrated ability to scale
- Desirable partner

External

- Many pursuing same risk pools
- MA reimbursement risk

- Commercial HMO potential
- Continued MA growth

Reminder: HCP at a glance

- \$3.6B Revenue
- \$4.7B care dollars under management¹
- \$222M OI
- 1,300 team physicians & extenders
- 2,800 IPA primary care physicians, 9,500 network specialists
- 830,000 capitated lives
- 226 clinics, 227 affiliated hospitals

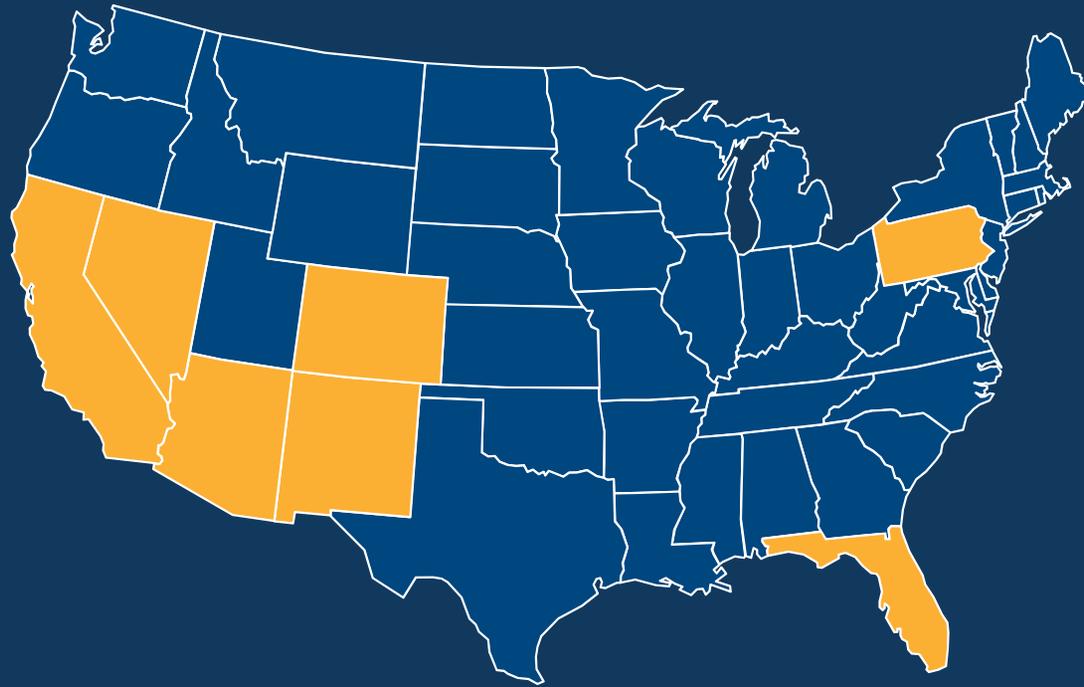
\$ figures LTM, others
as of March 2015



HealthCare Partners

- Business Overview
- Building Blocks
- Vision & Strategy

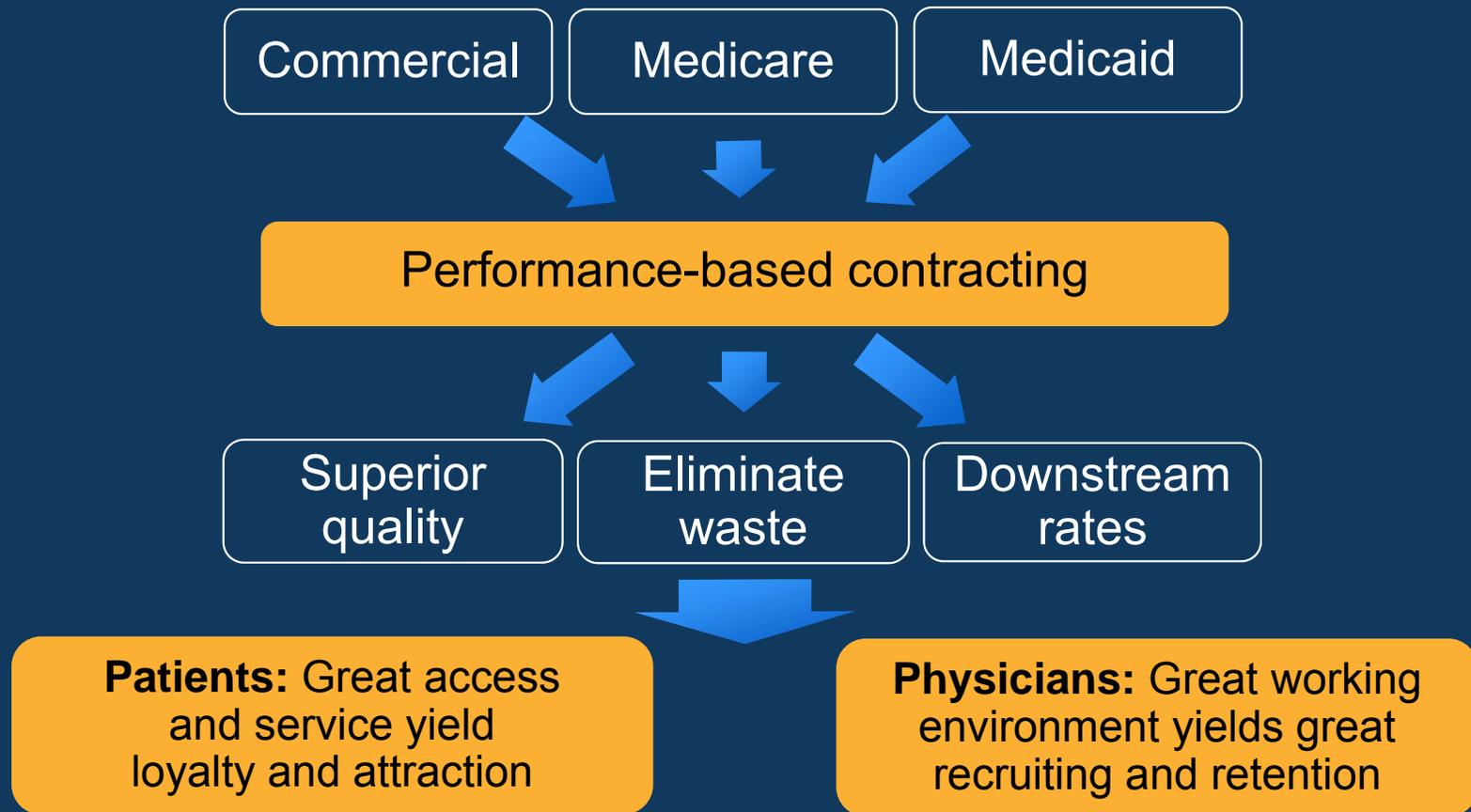
HealthCare Partners at a glance





LEADING INDEPENDENT MEDICAL GROUP

Business model



★ Do we have differentiated capabilities?

- Proven team-based clinical programs
- Extensive informatics database



- Partner of choice for physicians
- Clear value for health systems and payors

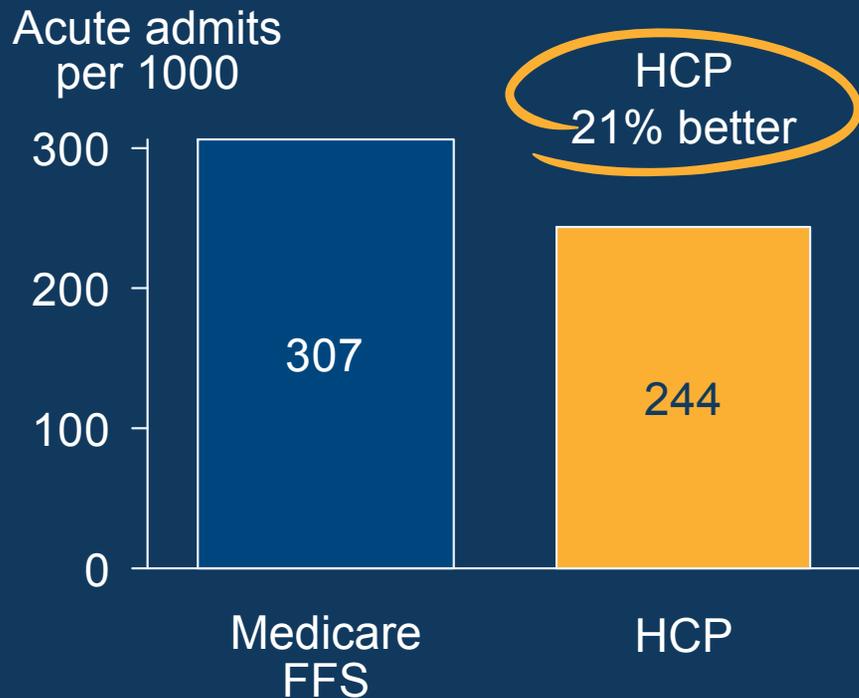
Are we impacting quality outcomes?

HEDIS Metric	CA	FL	NV	NM	AZ ¹	US MA avg
Adult BMI Assessment	3	5	5	5	5	4
Colorectal Cancer Screening	5	5	5	5	5	4
Diabetes: Cholesterol Controlled (<100)	5	5	4	5	4	4
Diabetes: Cholesterol Screening	5	5	5	5	5	4
Diabetes: Blood Sugar Controlled (<9%)	4	5	4	5	4	3
Diabetes: Nephropathy Screening	5	5	5	4	4	4
Diabetes: Eye Exam	4	4	4	4	4	4
Cholesterol: LDL Screening, Pts w/Heart Disease	5	5	5	5	5	4
Osteoporosis Management	3	3	4	N/A	3	2

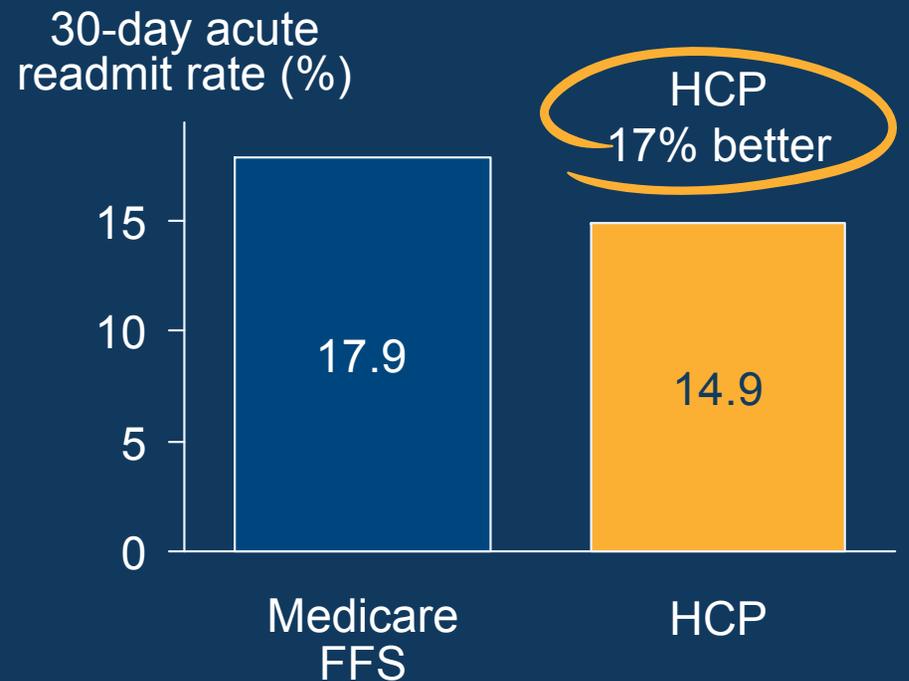
1. AZ AIP Note: Data released Oct 2014, impacting 2015 plan ratings, based on 2013 dates of service
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Utilization...

Hospitalizations



Readmissions



Note: Hospitalizations: 2012 dates of service, Readmissions: 2013 dates of service – most recent Medicare benchmarks available
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Source: CMS

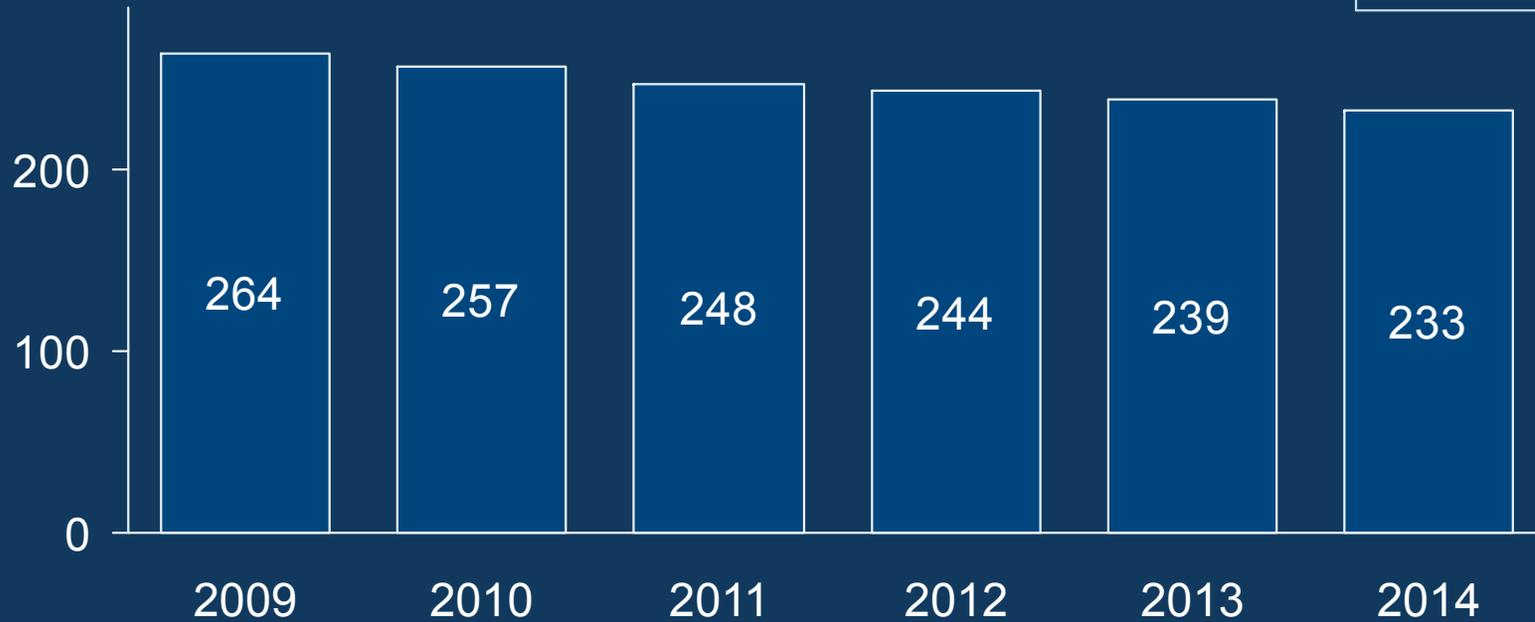


HealthCare Partners.

...Continues to improve

Acute admits
per 1000

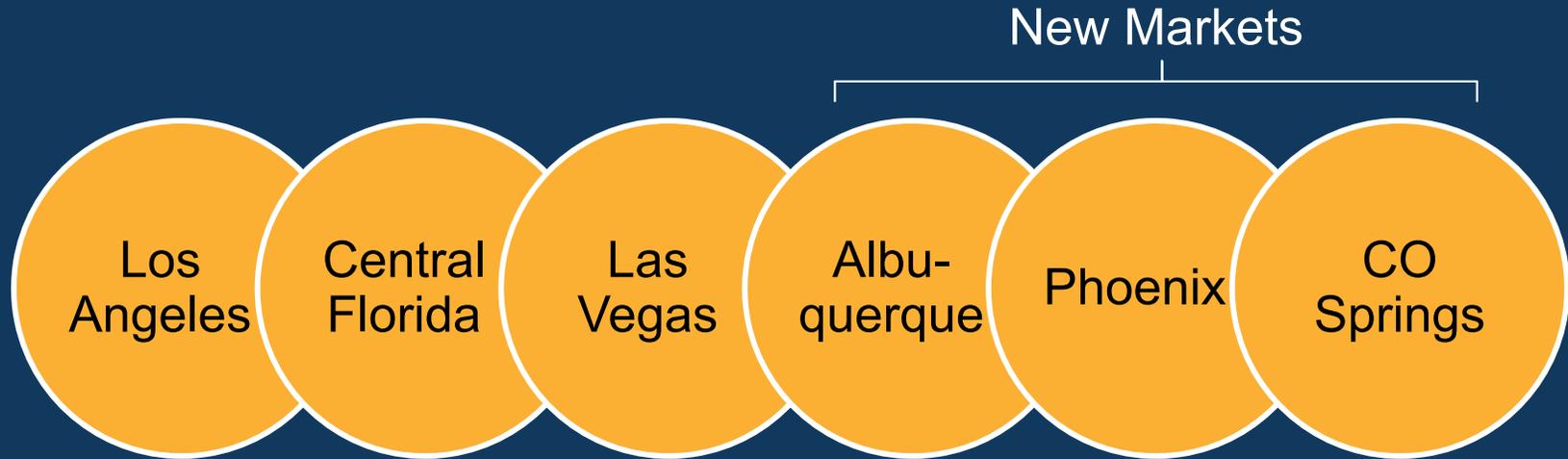
For continuity, only
legacy markets shown



★ Clinical, top employer recognition



HCP strengths



Leading independent network

Team Physicians & Extenders

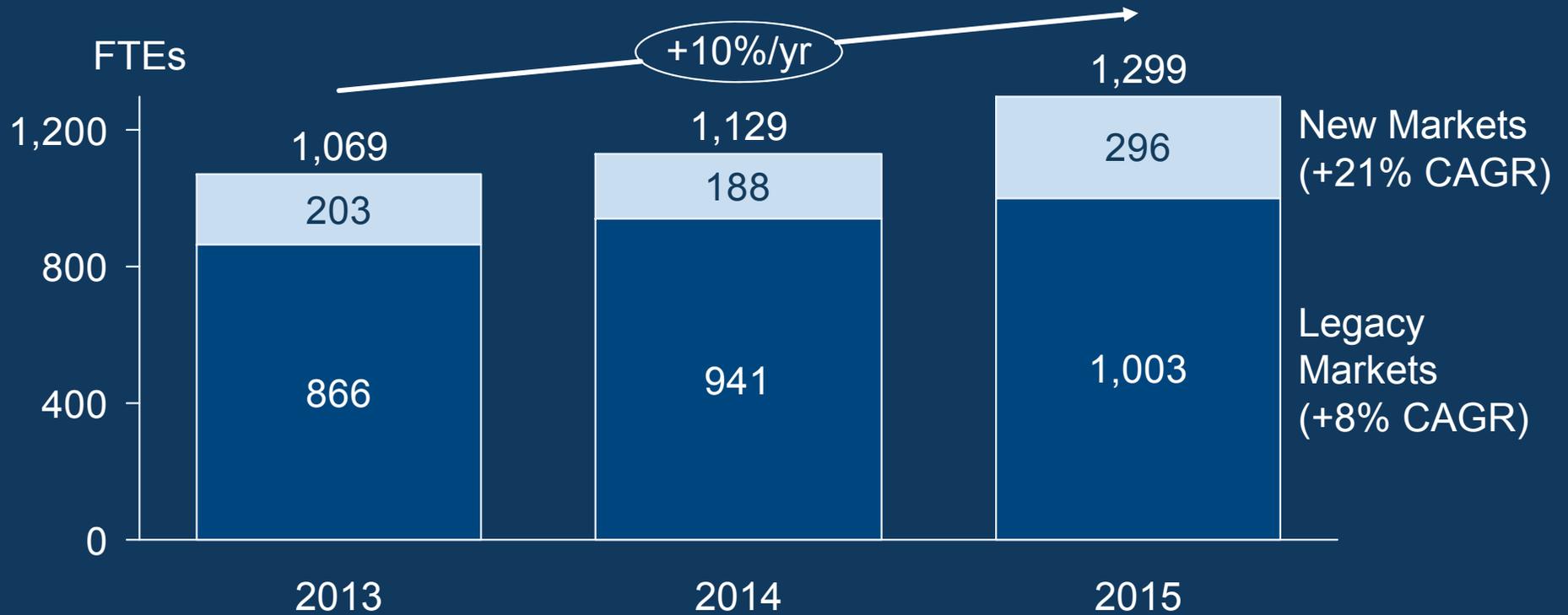
IPA Physicians

	Los Angeles	Central Florida	Las Vegas	Albuquerque	Phoenix	CO Springs
Leading independent network	Yes	Yes	Yes	Yes	No	Yes
Team Physicians & Extenders	641	160	202	163	1	132
IPA Physicians	1,834	320	135	-	540	-

As of Mar 2015. Team Physicians & Extenders includes employed PCPs, specialists, hospitalists, and physician extenders. IPA physicians includes PCPs only

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★ Team physicians & extenders



Note: As of Mar 31 of each year. Includes employed PCPs, specialists, hospitalists, and physician extenders
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Balanced team: Corporate

	<u>Role</u>	<u>Years with</u>	<u>Legacy org.</u>
• Tyler Jung, MD	Chief Medical Officer	18	HCP
• Chan Chuang, MD	Chief Clinical Officer	13	HCP
• Dennis Kogod	President	15	DaVita
• Joe Mello	COO	15	DaVita/Friendly Hills
• Ted Halkias	CFO	20	HCP
• Zan Calhoun	CIO	11	HCP
• Vijay Kotte	SVP	1	Meridian/Wellcare
• Doug Allen, MD	SVP/Medical Director	2	UHC/Optum
• Misha Palecek	President, Integration	10	DaVita
• Jim Rehtin	SVP	1	Bain

Balanced team: Markets

	<u>Role</u>	<u>Years with</u>	<u>Legacy org.</u>
• Prati Patel, MD	President, CA	21	HCP
• Lorie Glisson	President, FL	19	HCP
• Anthony Coletta, MD	President, Tandigm	3	Indep. Blue Cross
• Aric Coffman, MD	President, NM	7	ABQ Health Partners
• Bard Coats, MD	EVP, NV	4	HCP
• Debbie Chandler	President, CO Springs	7	CSHP
• Dennis Schneider, MD	CMO, CO Springs	19	CSHP
• Chrissie Cooper	COO, CA	1	Wellcare
• Guy Seay	CFO, CA	18	DaVita
• Oraida Roman	COO, FL	1	Humana
• Jim Wilder	CIO, FL	1	Sheridan
• Scott Ropp	VP Finance, CA	1	Humana



HealthCare Partners

- Business Overview
- Building Blocks
- Vision & Strategy



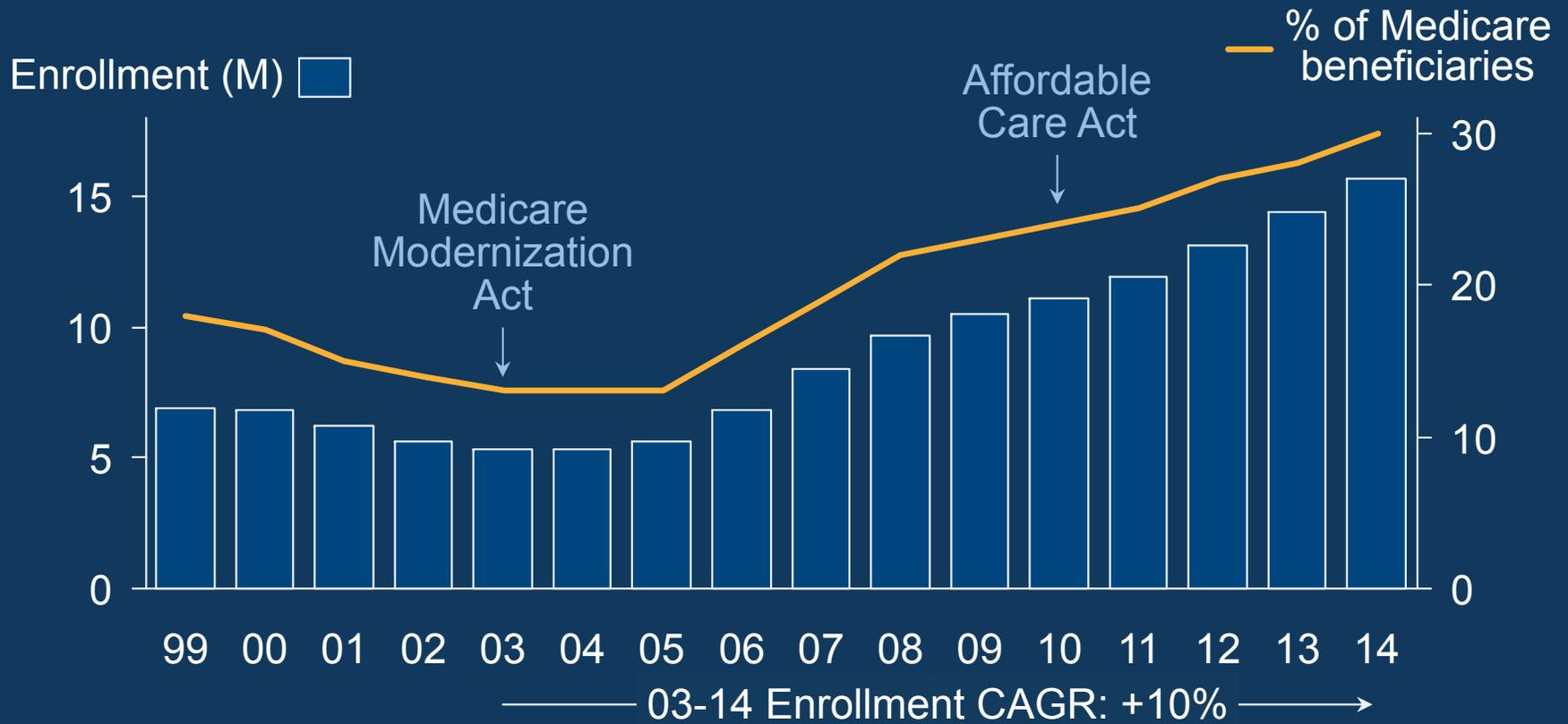
Membership

Margin

New
Markets

Future
Markets

★ Medicare Advantage large and growing



Note: March enrollment shown, except 2006, which is April. Source: Kaiser Family Foundation analysis of CMS data

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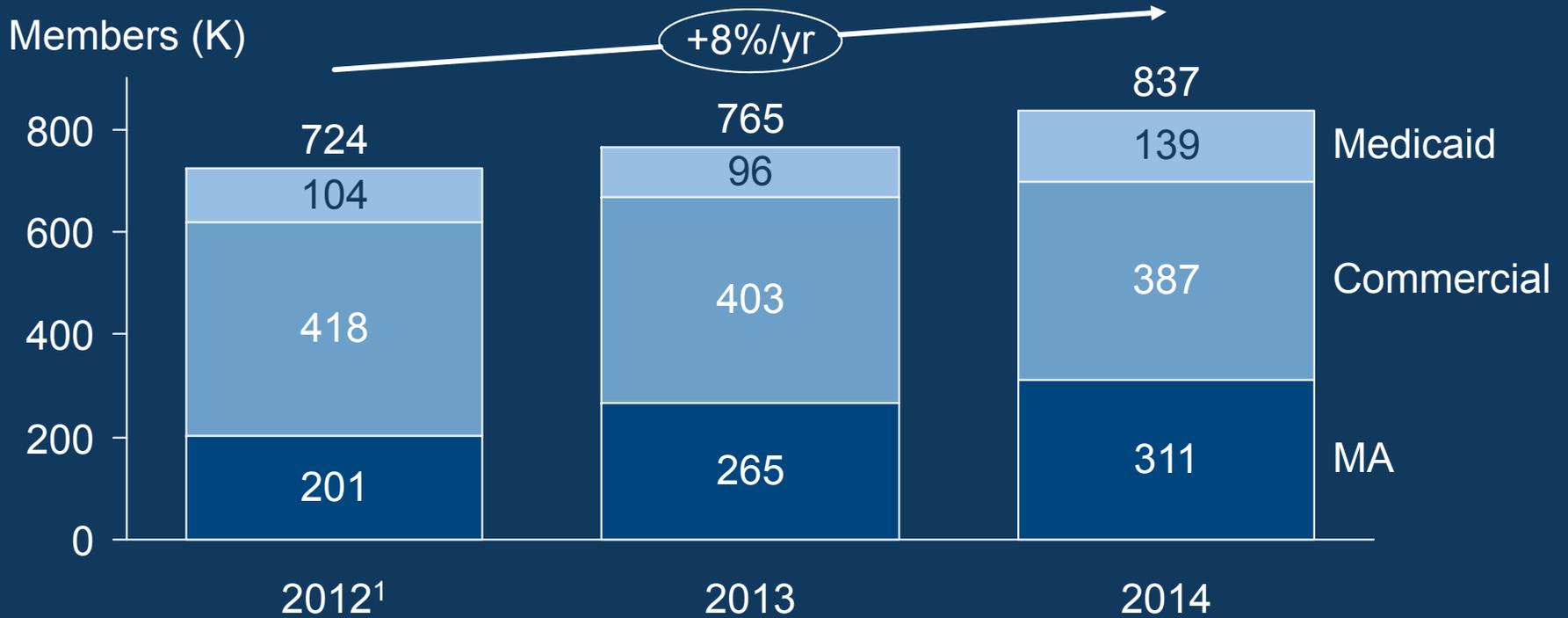


Growing MA in legacy markets

State	All Medicare Advantage		HCP
	Penetration	2012-14 CAGR	2012-14 CAGR
California	40%	8%	9%
Florida	40%	9%	23%
Nevada	33%	8%	18%
Legacy Markets	40%	9%	16%

Note: Based on December enrollments. Source of market data: CMS
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HMO membership



1. ~24,500 members previously reported as Commercial reclassified as Medicaid
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Note: December enrollment shown



Outlook

Membership

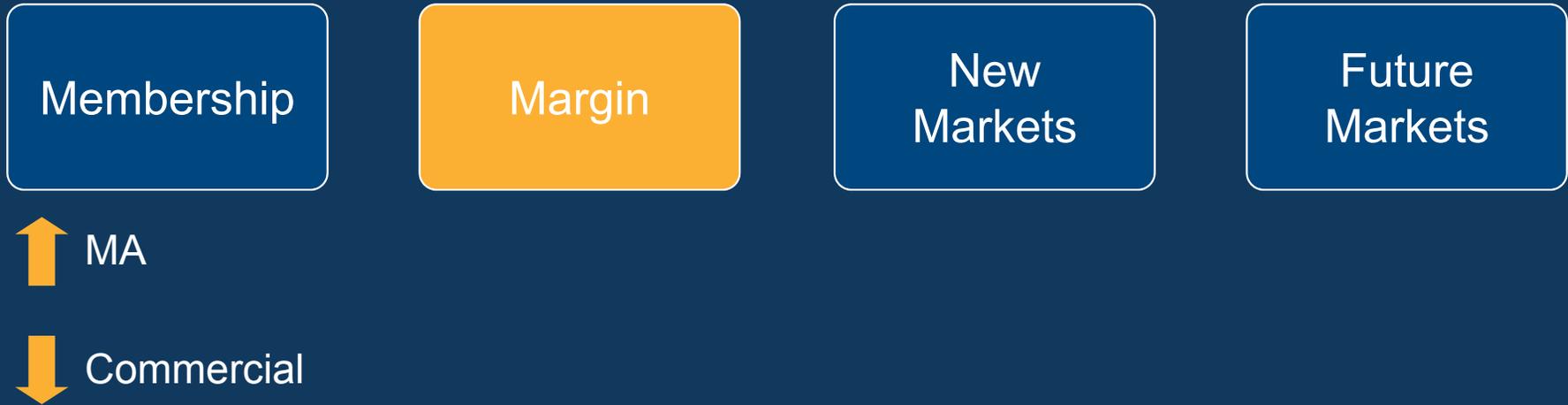
Margin

New
Markets

Future
Markets

↑ MA

↓ Commercial



Medicare Advantage rate dynamics

Base rate (cost trend)

- Final 2016 rule better than expected

Risk model

- Full phase-in by 2016

ACA transition MA to FFS levels

- Ends in 2015 for most HCP counties

Others

- Coding adjustment
- Premium tax

Impact of star ratings

- High star rating = higher funding. In 2015:
 - Plans 4 stars or greater: 5% bonus
 - Plans less than 4 stars: 0% bonus
- 84% of our MA patients in 4+ star plans for 2015

We help plans improve their star rating –
better reimbursement for plan, better growth

Commercial rates

Rate Structure

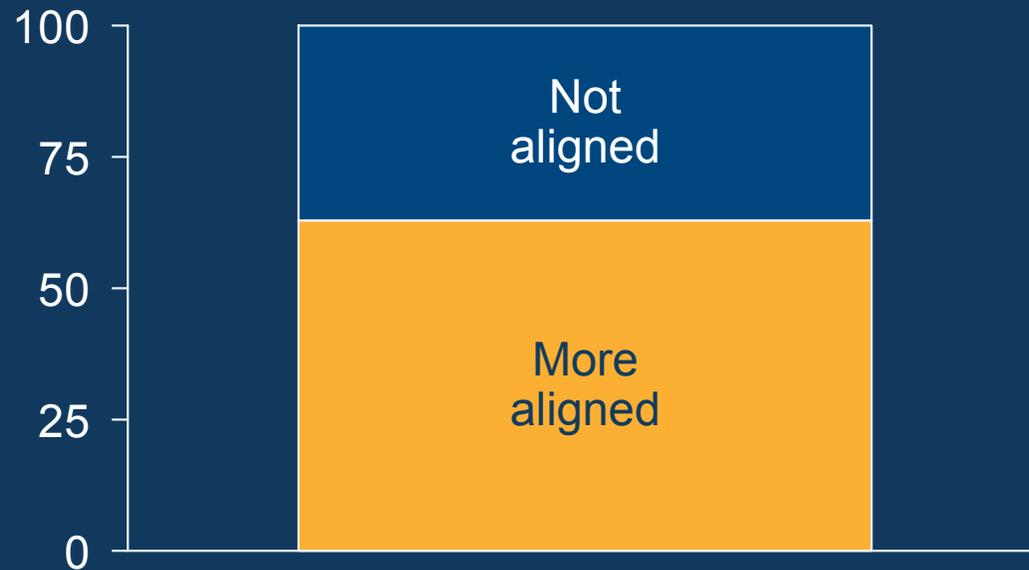
- Sustainable increases in legacy products
- Match cost inflation and premium growth

Channel / Product Mix

- Emergence of lower cost products / channels
- Primarily driven by provider discounts – sustainable?
- We have rarely participated
- Need to pivot to UM & benefit design

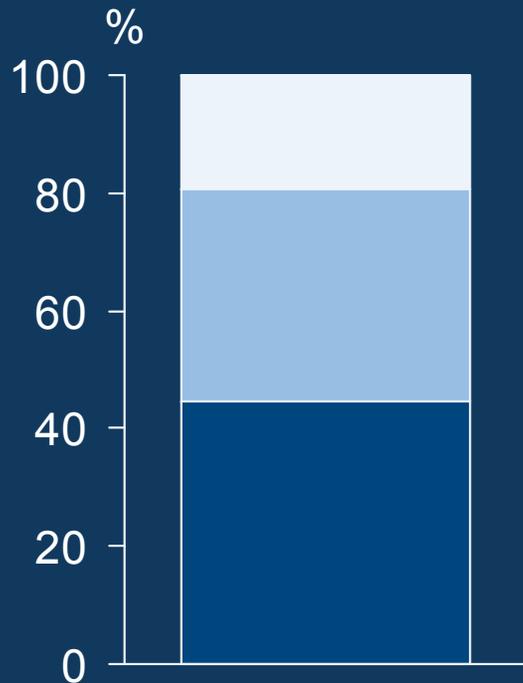
Contract alignment

% of covered lives



Historical cost of care

Component



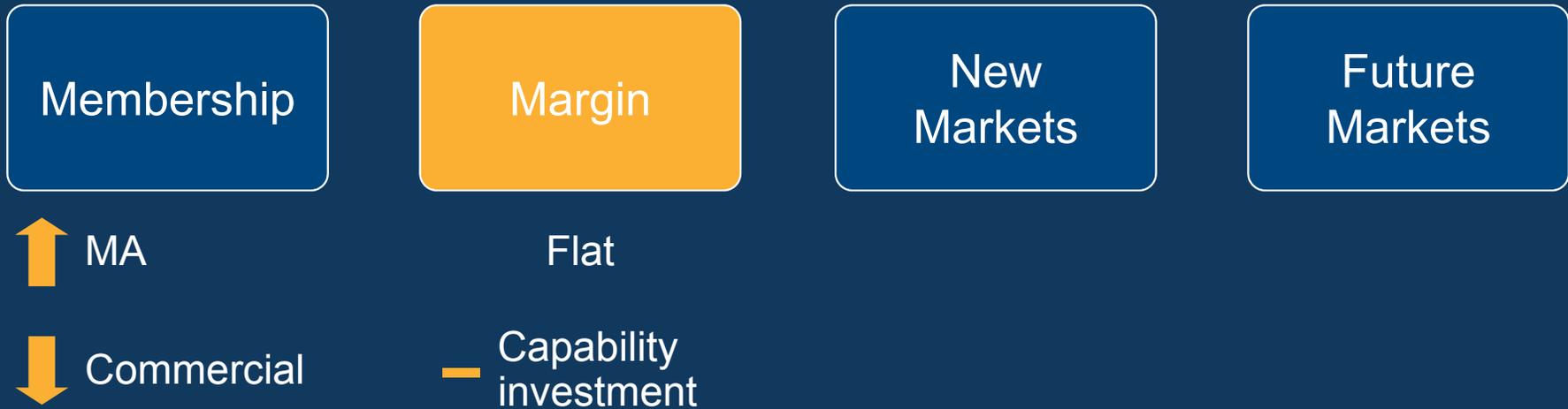
- Group clinics
- Professional and ancillary network
- Institutional expenses

**Historical growth:
+2-3% PMPM**

Reinvesting to drive growth, profitability

- New market support
- Business development
- IT / clinical analytics
- Legal / compliance

Outlook





Outlook





Business models

Traditional, tried-and-true

- Acquire medical groups
- Grow through affiliates (IPA)

New models, R&D

- Health system partnerships
- Payor partnerships

Outlook

Membership

↑ MA

↓ Commercial

Margin

Flat

— Capability investment

New Markets

? 2016

↑ 2017-18

Future Markets

↑ Med group acquisitions

? Health system / payor partnerships

Outlook

Membership

Margin

New
Markets

Future
Markets



0-3% baseline growth
+/- legacy market competitive performance
+/- new & future market growth

Cash flow

<u>\$M</u>	<u>Kidney Care</u>	<u>HCP</u>
Adjusted Operating Income	\$1,617 88%	\$215 <u>12%</u>
Adjusted EBITDA ¹	\$2,092 84%	\$387 16%
Distributions to JV Partners ²	(149)	-
Working Capital Use ³	(90)	-
Taxes (Recurring) ⁴	(647)	(42)
Normal Capital Expenditures	(373)	(28)
Normal Growth Cash Flow	\$833 72%	\$317 <u>28%</u>

1. Excludes adjustments for certain items that are contained in the definition per the credit agreement. 2. Assumes all enterprise distributions to joint venture partners is from Kidney Care 3. Assumes working capital is AR plus Inventories less AP, and that HCP neither generates nor uses cash from working capital 4. Assumes 40% of Kidney Care Adjusted Operating Income and 40% of HCP Adjusted Operating Income before amortization, less the \$100M benefit from tax step-up



HealthCare Partners

- Business Overview
- Building Blocks
- Vision & Strategy

Platform

- Managing MA plans / health systems / medical groups
- Practice management for health systems
- Direct to employer
- Extensive ambulatory care
- Performance based FFS

What do we want to be known for?

Clinical
Outcomes

Patient
Experience

Physician
Experience

Great Place
to Work

★ Enhance value proposition

Differentiated clinical outcomes

- ★ • 4+ star across the board
-  • Transition of care
-  • Flu vaccinations
-  • Hypertension

Physician leadership





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US Kidney Care

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- Investment Highlights
- Building Blocks
- Population Health Management Vision
- Outlook

Kidney Care at a glance

As of Q1 2015

• LTM Revenue	\$9.5B
• LTM Adjusted OI ¹	\$1.6B
• US Facilities	2,197
• US Patients	174,000 (35%)
• LTM Treatments (US)	25.3M

1. Non-GAAP measure, excludes certain one time items
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★ Typical dialysis center

- \$4M revenue
 - 90% government
 - 10% private
- 75 patients
 - 5 nurses
 - 8 techs
 - 4 other
- 17 teammates
- 18 machines and chairs





US Kidney Care

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Investment highlights

Industry

- Stable demand growth
- Steady cash flows
- Significant government engagement
- High transparency on clinical outcomes and cost structure

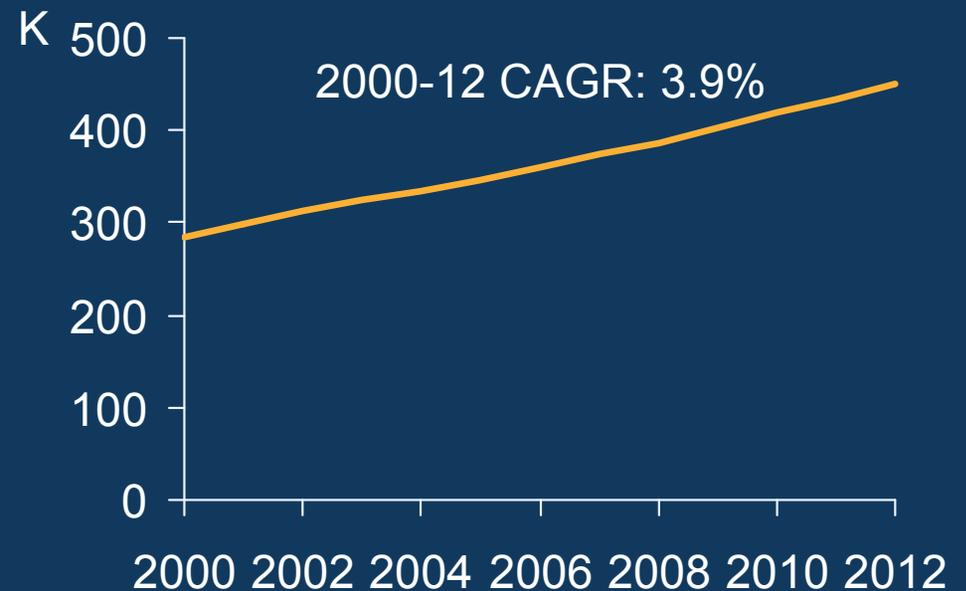
DaVita

- Leading clinical outcomes
- Scale provider
- Consistent operating track record
- Experienced management team
- Positioning for future growth & care model innovation

★ Favorable industry: Stable demand growth

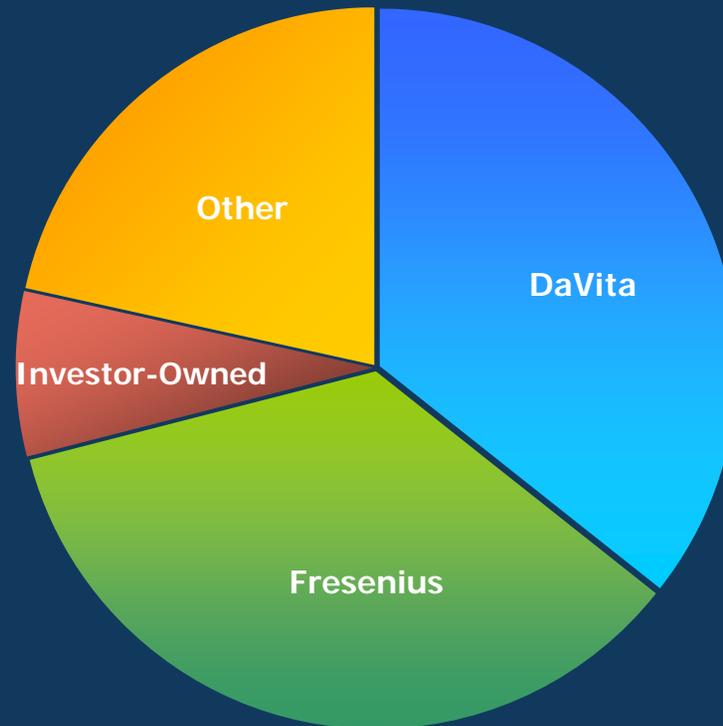
- Steady industry demand
 - Not cyclical or seasonal
 - Limited therapeutic alternatives
 - Strong center loyalty
- No clinical controversy

US dialysis patients



★ Leading provider with scale

Serving over one-third of US dialysis patients



Note: 2014 ownership using clinics' 2013 census

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★ Strong clinical outcomes

Q1 2015

- Kt/V > 1.2 98%
- % Fistulas Placed 73%
- Ca ≤ 10.2 98%
- Phos ≤ 5.5 73%
- CVC use (Day 90+) 13%

A Quality Leader



Strong clinical quality

What Matters Most

Health-related
QOL

Measures of Effectiveness

Mortality Hospitalization / Rehospitalization Patient experience of care

Complex Programs



The Fundamentals

Iron

Immunizations

Dialysis access

Calcium

Phosphorus

Hemoglobin

Kt/V

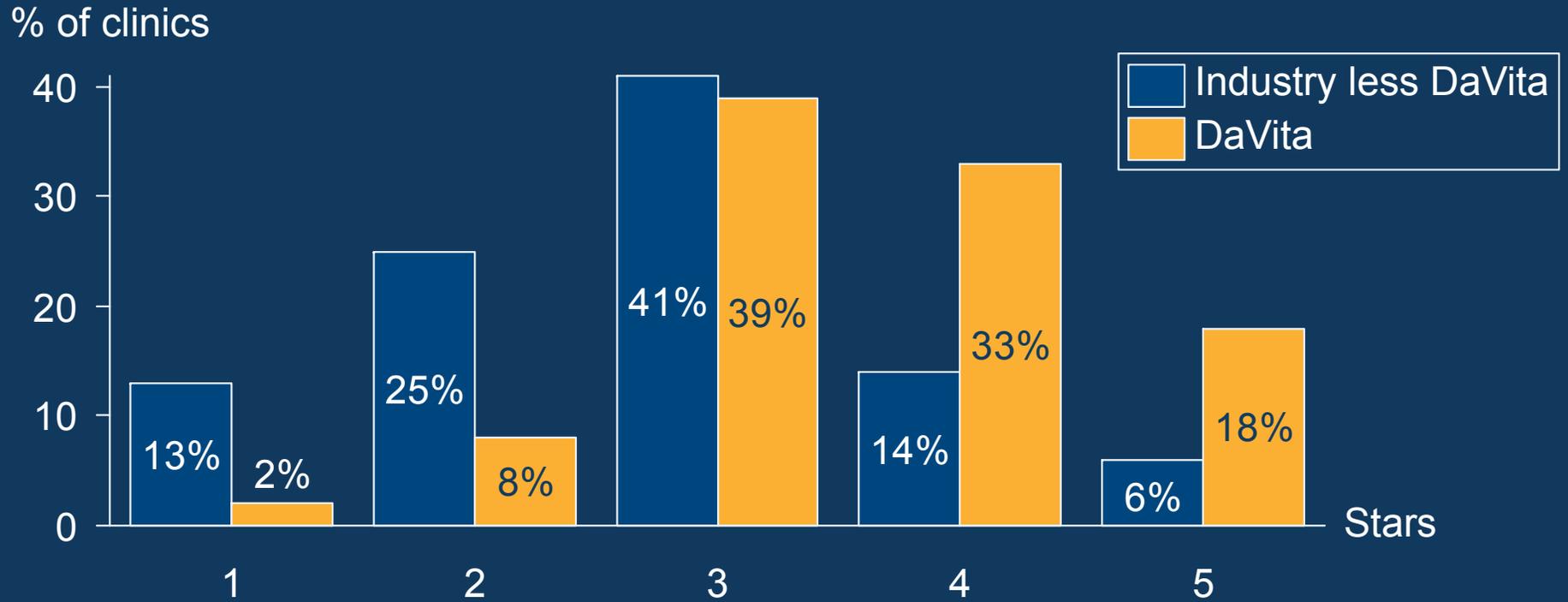
Albumin

Access

PTH

Target weight

★ 2015 CMS 5-star ranking



Note: Excludes unrated facilities

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★ 2015 payment year QIP performance

2013 performance
2015 payment year

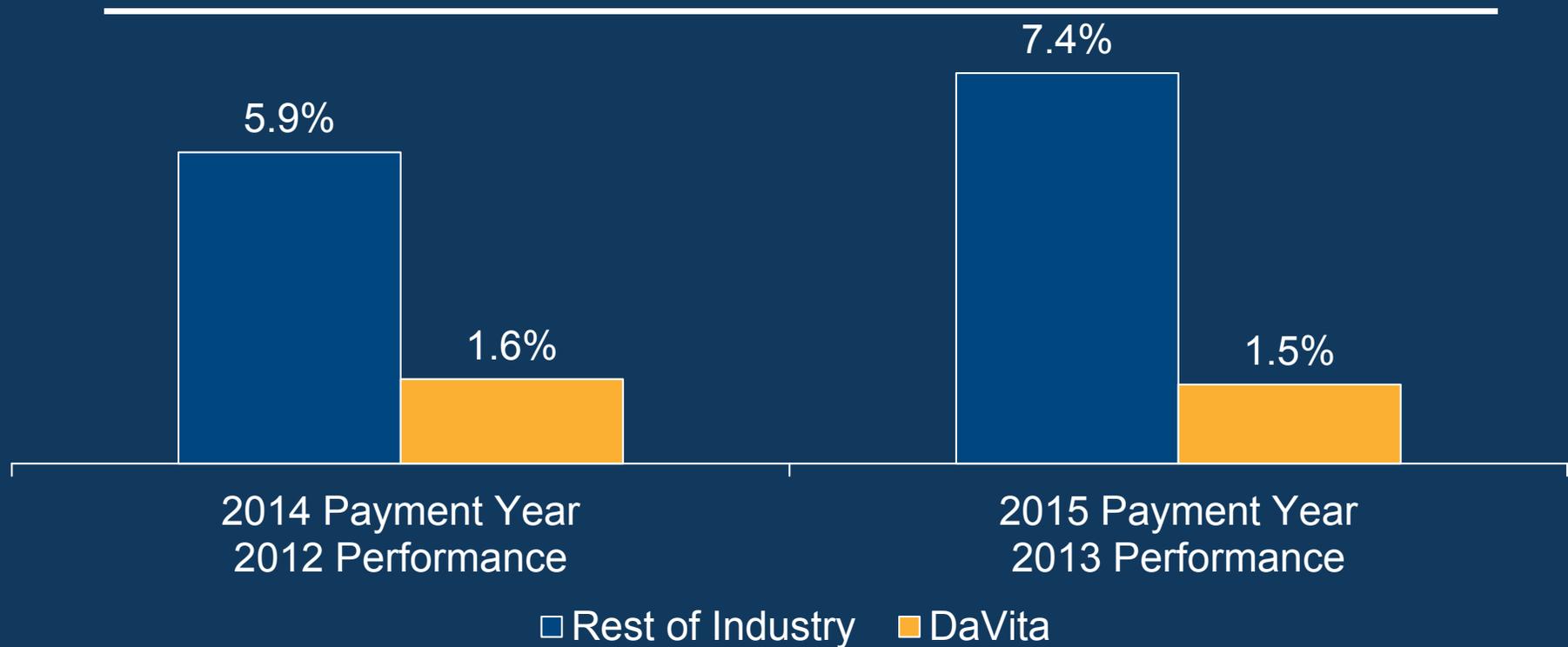
% of clinics with a 2015 QIP Penalty

--- Industry Average: 5.6%



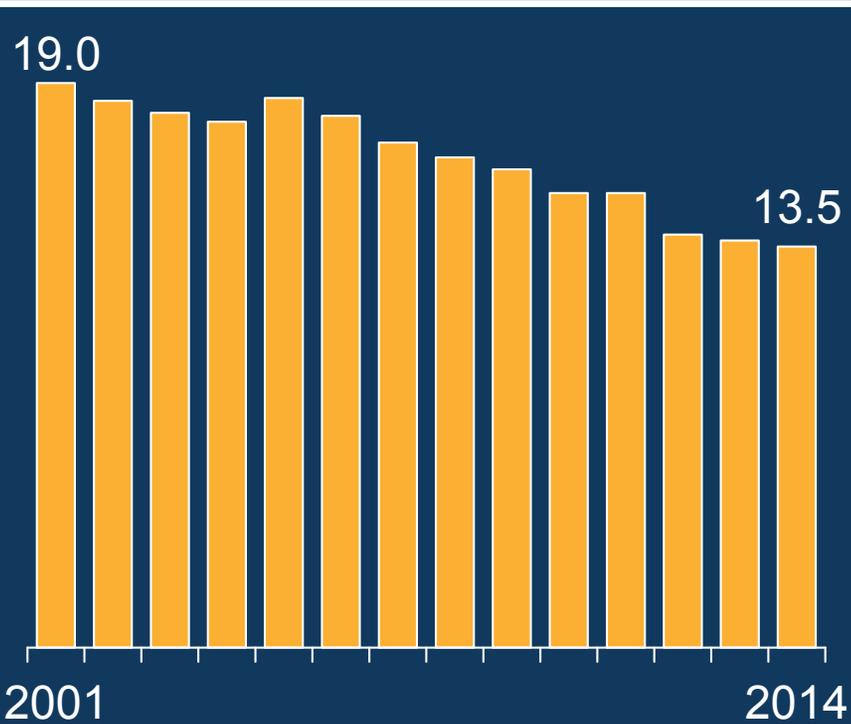
★ 2014-15 payment year QIP performance

% of clinics with QIP penalty

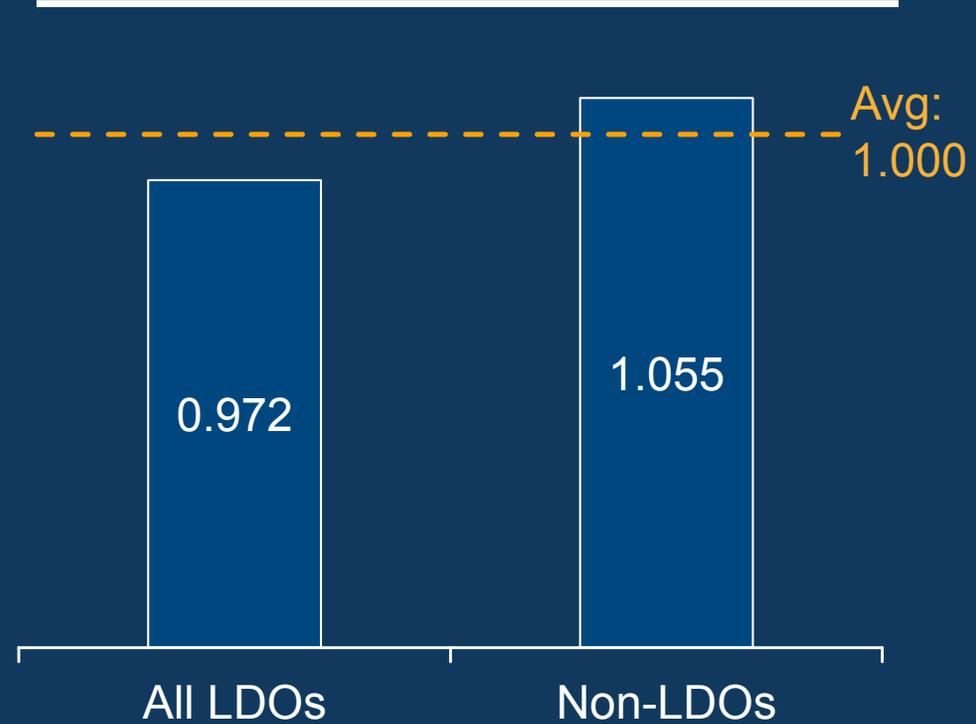


Improved mortality

DaVita gross mortality (%)



2011 Standardized mortality rate



Strong operating track record

<u>OI</u>	<u>Guidance Provided</u> ¹	<u>Results Realized</u> ^{2,3,6}	<u>In or Above Range</u>
2003	\$292-312M	\$355M	✓
2004	\$356-380M	\$402M	✓
2005	\$410-435M ⁴	\$462M	✓
2006	\$575-645M ⁵	\$701M	✓
2007	\$680-750M	\$800M	✓
2008	\$790-850M	\$822M	✓
2009	\$870-930M ⁶	\$940M	✓
2010	\$950-1,020M	\$997M	✓
2011	\$1,040-1,100M	\$1,155M	✓
2012 ⁷	\$1,100-1,200M	\$1,347M	✓
2013	\$1,750-1,900M	\$1,898M	✓
2014	\$1,675-1,850M	\$1,832M	✓

1. First guidance

2. Non-GAAP measure; excludes one-time charges and reported prior period recoveries.

3. 2010 and prior represents the original amounts as reported; OI has not been adjusted for the required divestitures that occurred in connection with the Gambro and DSI acquisitions. In addition, 2010 and prior amounts presented have not been adjusted for the divestiture of HomeChoice Partners.

4. Gambro acquisition completed October 2005.

5. Includes stock compensation expense; Original guidance excluded stock compensation.

6. Effective January 1, 2009, we were required to change the presentation of minority interests (noncontrolling interests) in our consolidated statement of income, which changed the presentation of operating income as well. All prior amounts have not been adjusted to reflect the application of this requirement.

7. Kidney Care only, since first guidance was provided prior to announcement of HealthCare Partners acquisition.

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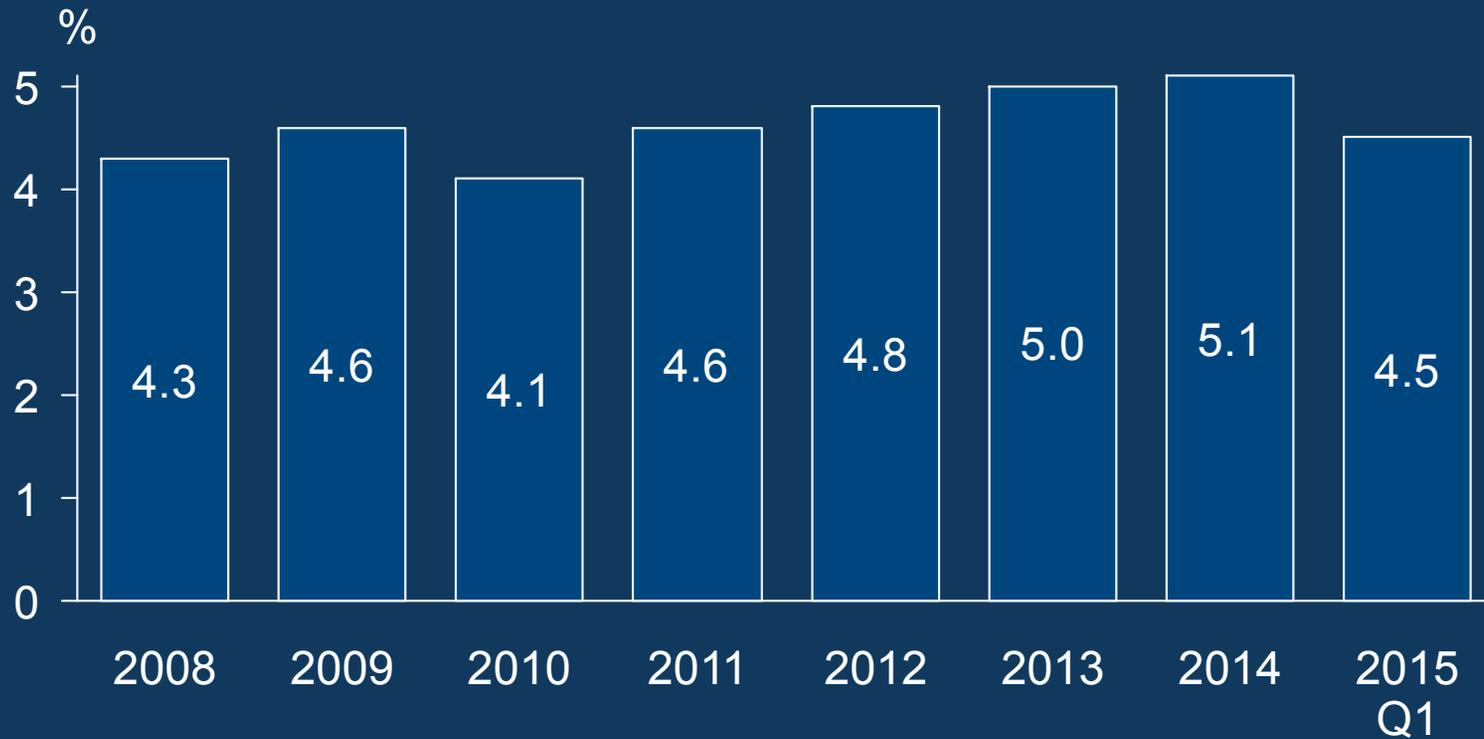
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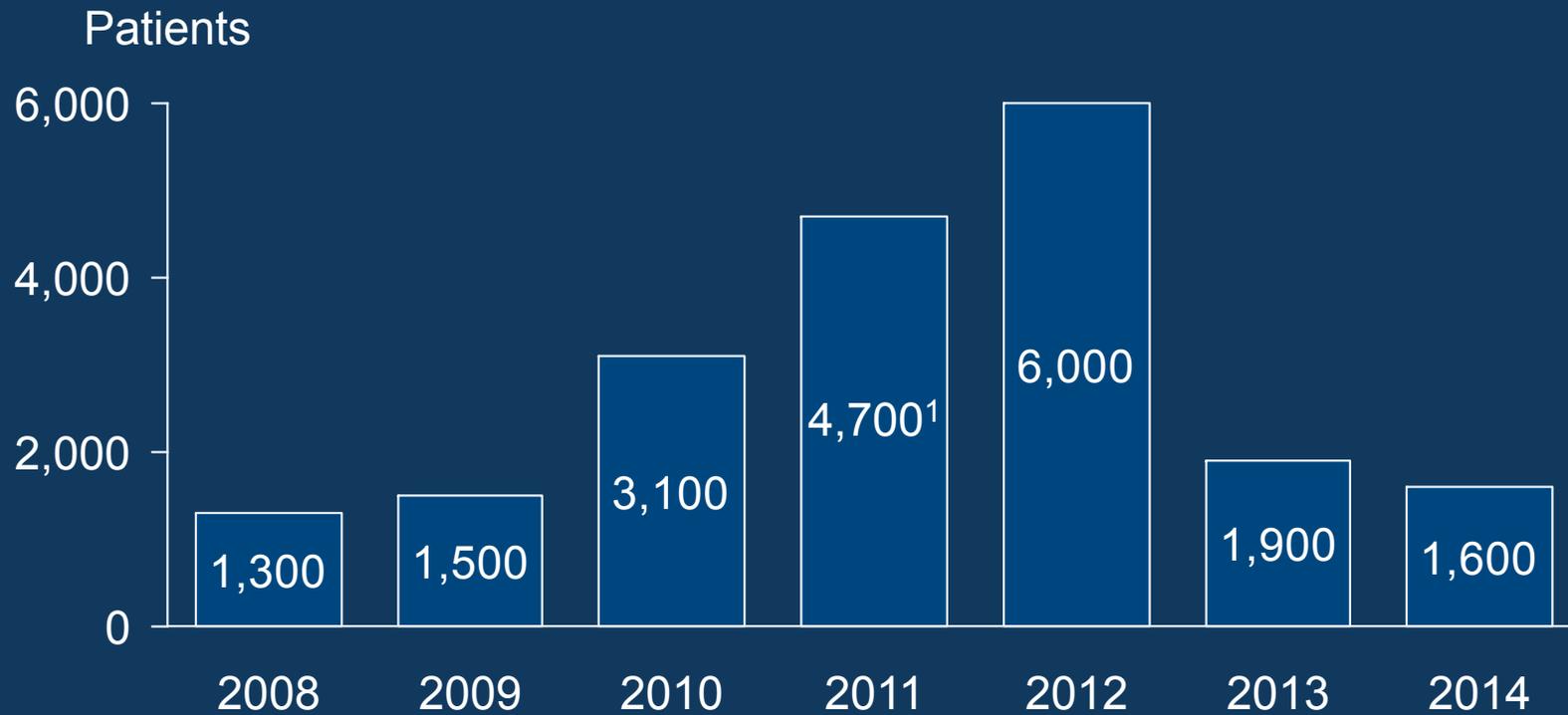


$$\text{\# of Treatments} \times \left[\text{Revenue / Tx} - \text{Expense / Tx} \right]$$

Normalized non-acquired growth (NAG)

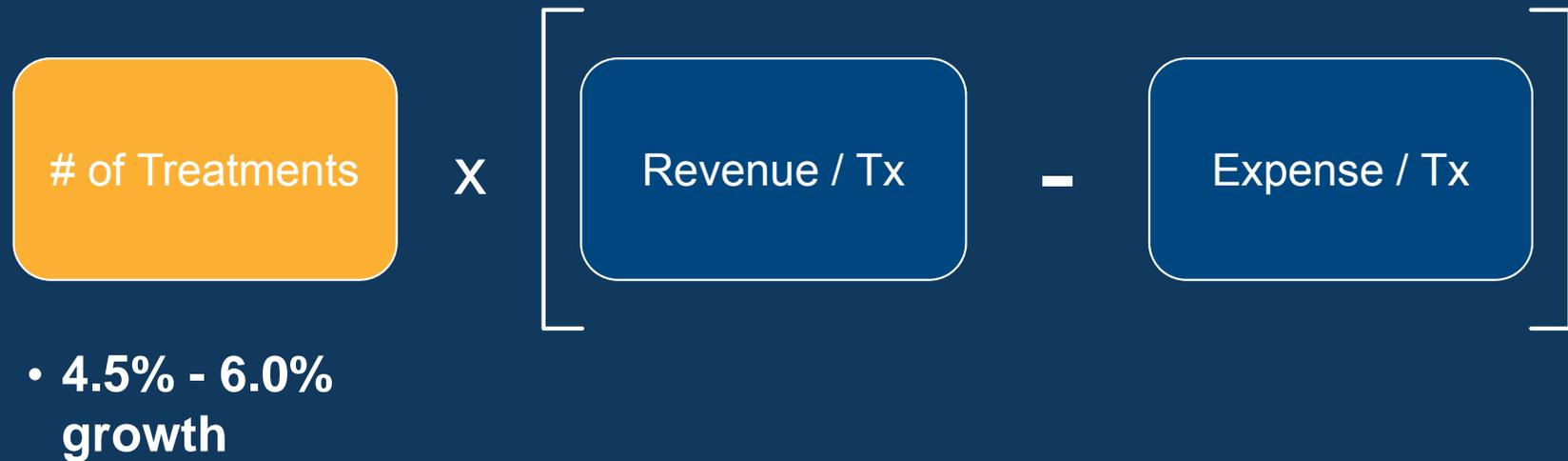


Census of acquired centers



1. Excludes ~8,000 patients related to the DSI acquisition
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Outlook

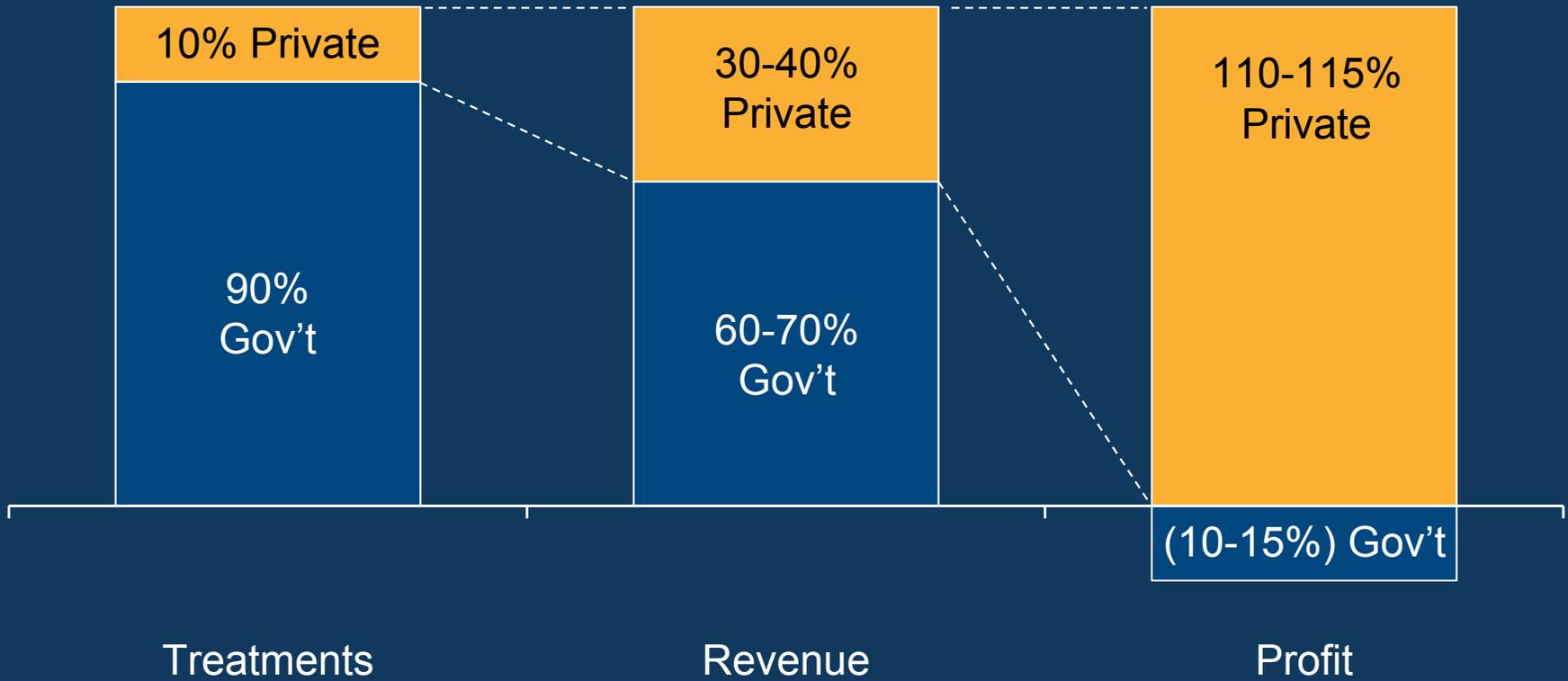




$$\text{\# of Treatments} \times \left[\text{Revenue / Tx} - \text{Expense / Tx} \right]$$

- 4.5% - 6.0% growth

Profit concentration



ESRD rebasing

- 2014 & 2015: Flat despite increasing costs
- 2016: Market basket minus 1.25%
- 2017: Market basket minus 1.25%
- 2018: Market basket minus 1.00%

Center closures

- Commercial revenue needed to subsidize government losses
- 2014
 - 17 DaVita closures → most in 4 years
 - ~50 industry closures
- ~50 on watch list for potential closure
- ~200 operating at loss
- Work to ensure continuity of patient care

Shared financial reality

- 10% of patients (private) must subsidize the other 90% (government)
- Vast majority of dialysis owners understand this reality
- Patients move to Medicare after 30 months

Commercial rates / mix

- Changes in how patients get insurance
- Marketplace changes: exchanges, narrow networks, etc.

What has not changed?

- Quality patient care → lower total costs
- Lifetime & life-saving therapy – delicate
- Many referrals are network-independent
- Tight physician – patient – center bond
- Network adequacy needs
- Few patients per payor per geography

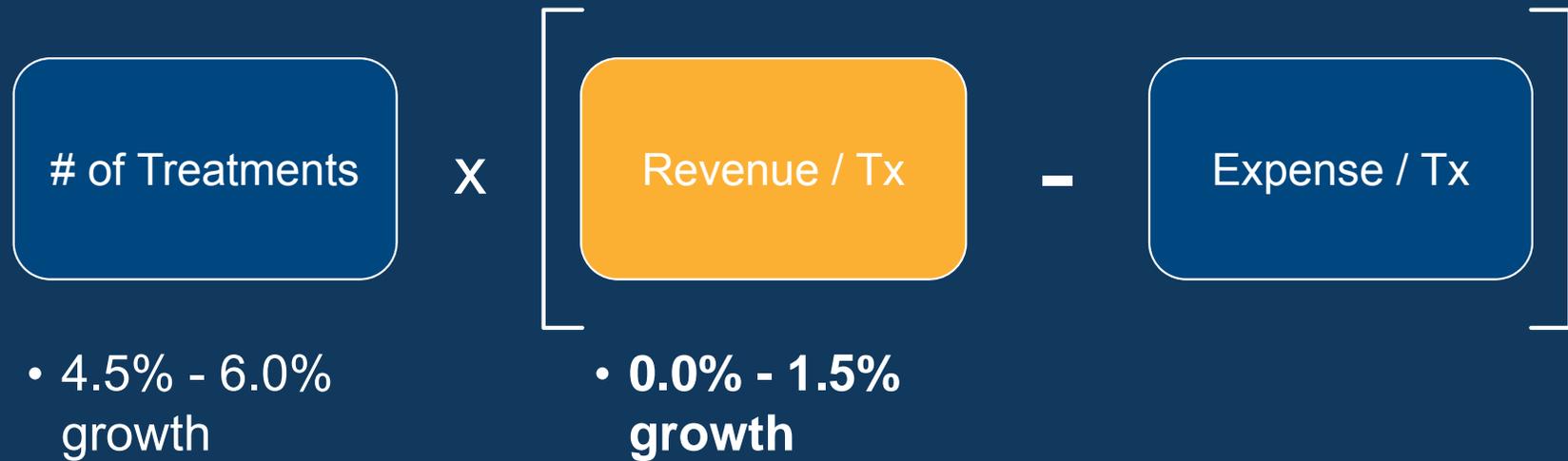
Commercial contracting reality

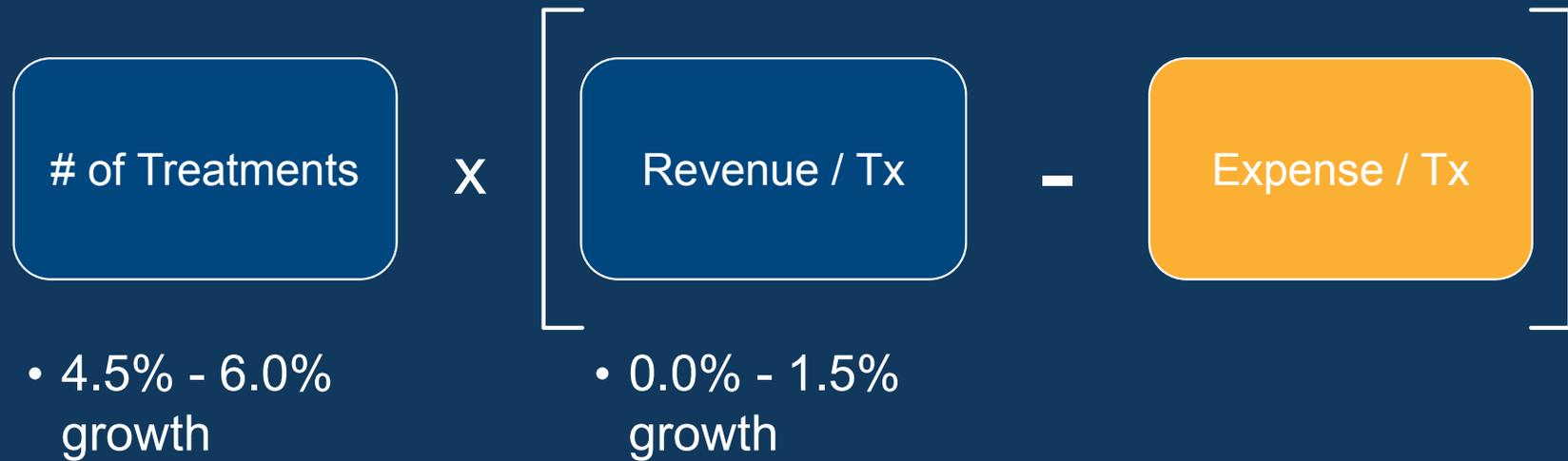
- Low fixed costs
- High variable costs
- Significant stickiness
- 30 months or less



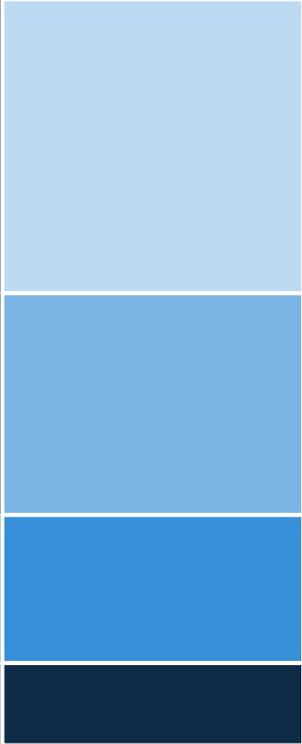
Lowering price for volume: not prudent

Outlook





Cost per treatment

	<u>Component</u>	<u>Historical</u>
	• Teammate Costs	• 1-2%/yr
	• Pharma and supplies	• Dynamic
	• Other center-level costs	• 1-2%/yr
	• G&A	• ~in line with tx

Future ESA alternatives

**Roche
(Mircera)**

- FDA approved

**Hospira
(Retacrit)**

- Q4 2015
PDUFA date

**Sandoz
(Binocrit)**

- FDA Phase III



**Experience in Europe
Economic savings needed to gain share**

Amgen agreement

- Agreement through 2018
- Anticipated new entrants
- Near-term: uncertainty
- Long-term: competition = savings

Outlook

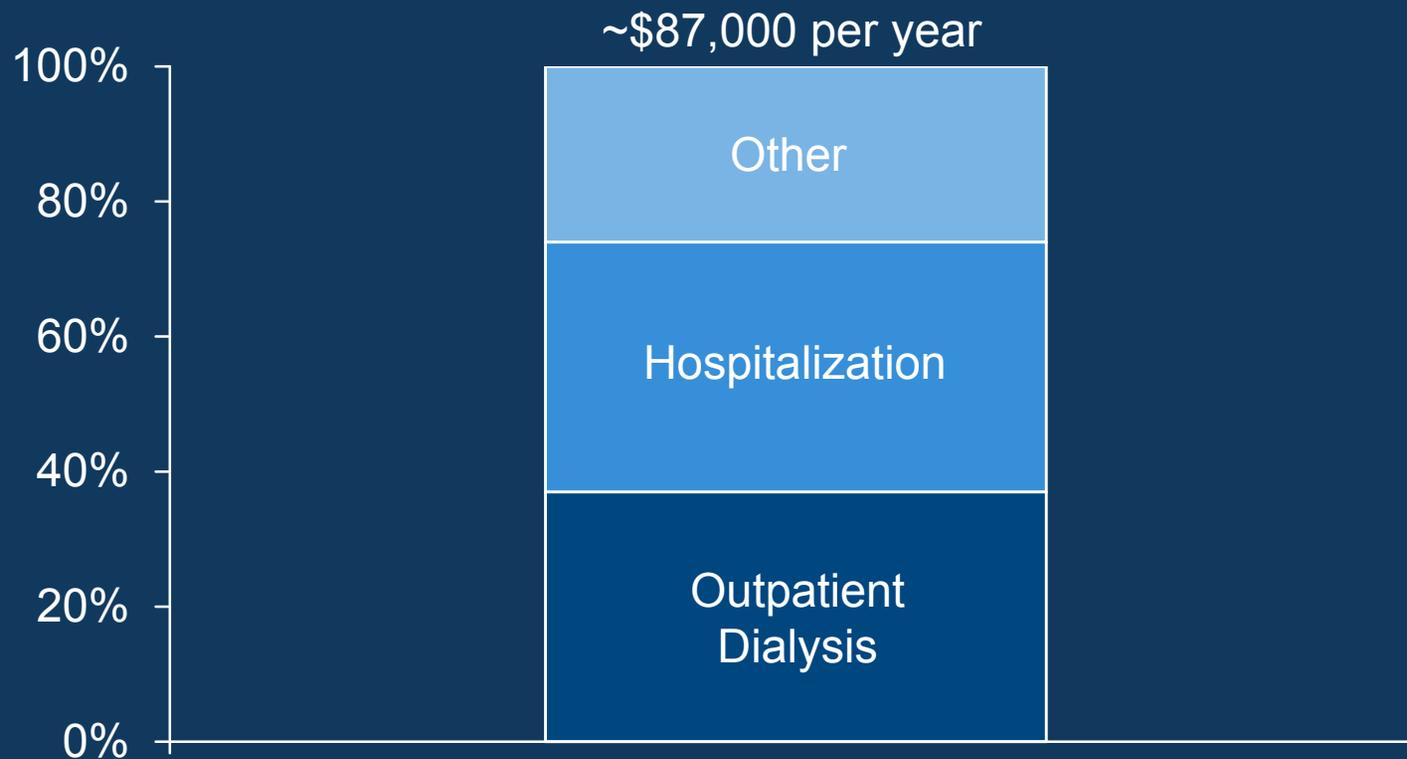




US Kidney Care

- At a Glance
- Investment Highlights
- Building Blocks
- Population Health Management Vision
- Outlook

★ Medicare cost – ESRD patient



Source: USRDS 2013 Annual Data Report

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Population health management vision

DaVita[®]
Dialysis

 **VillageHealth**[®]
Care Management



 **Lifeline**
Vascular AccessSM

 **DaVita** | **Rx**SM
Medication Management

 **Kidney Smart**SM
ESRD Awareness

★ Engaging our partners



Physicians



Patients



Demonstrated capabilities

Hospitalization rate



Readmission rate



Catheter rate

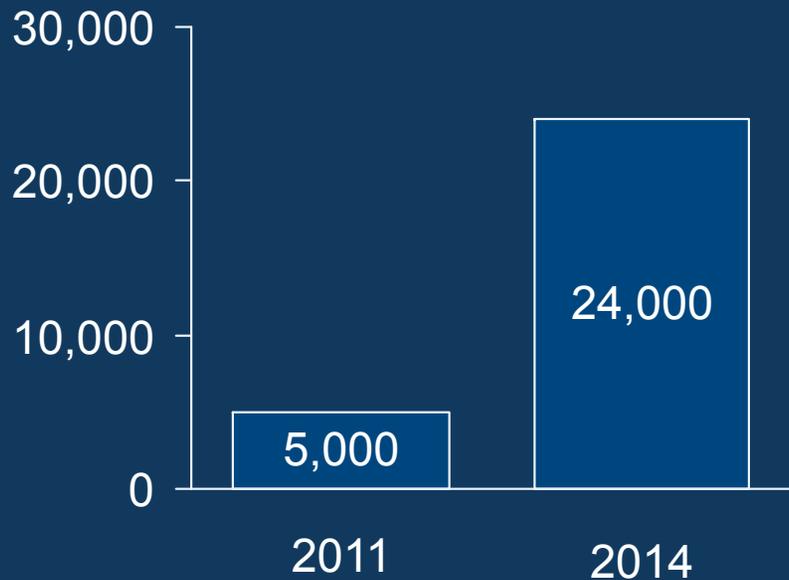


Source: United States Renal Data System 2013 Annual Data Report, Fistula First website
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Long-term view

Tremendous growth opportunity

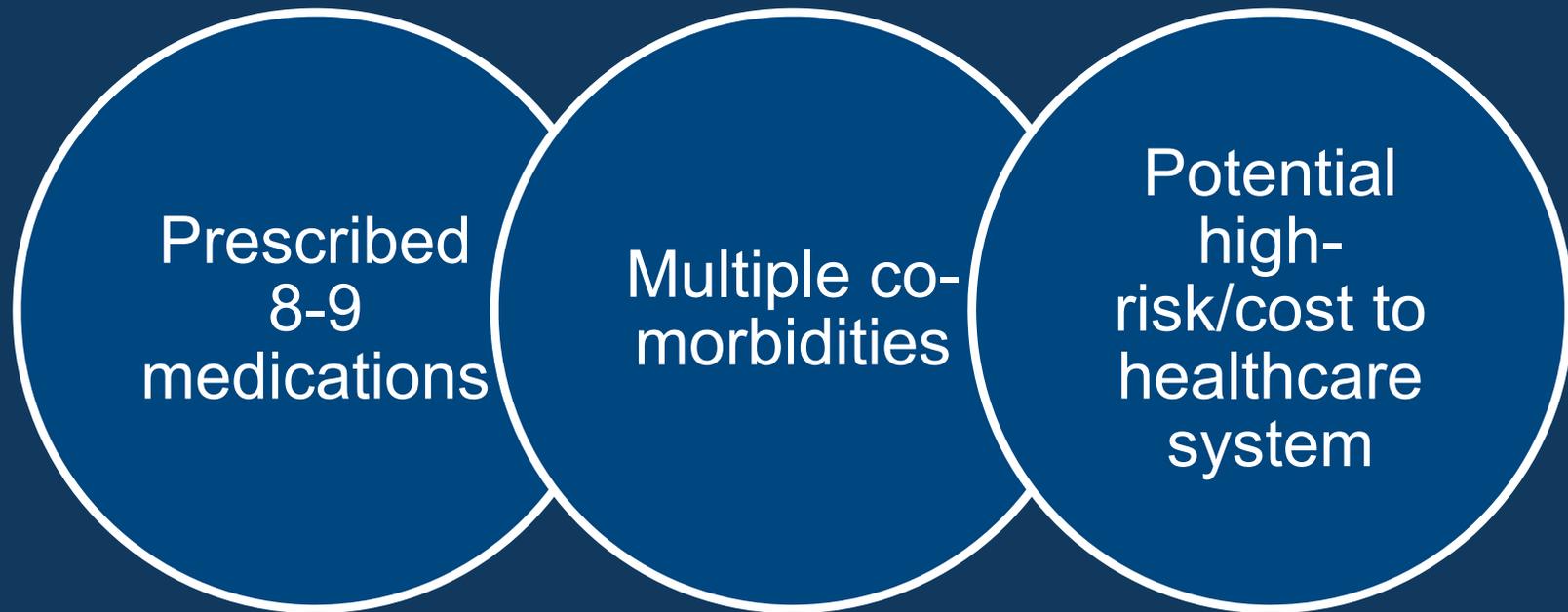
Lives touched by VillageHealth per month



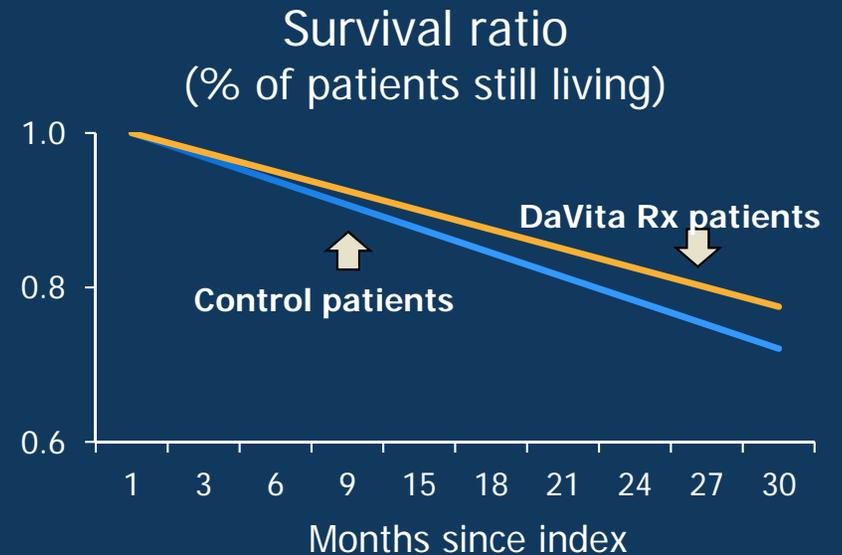
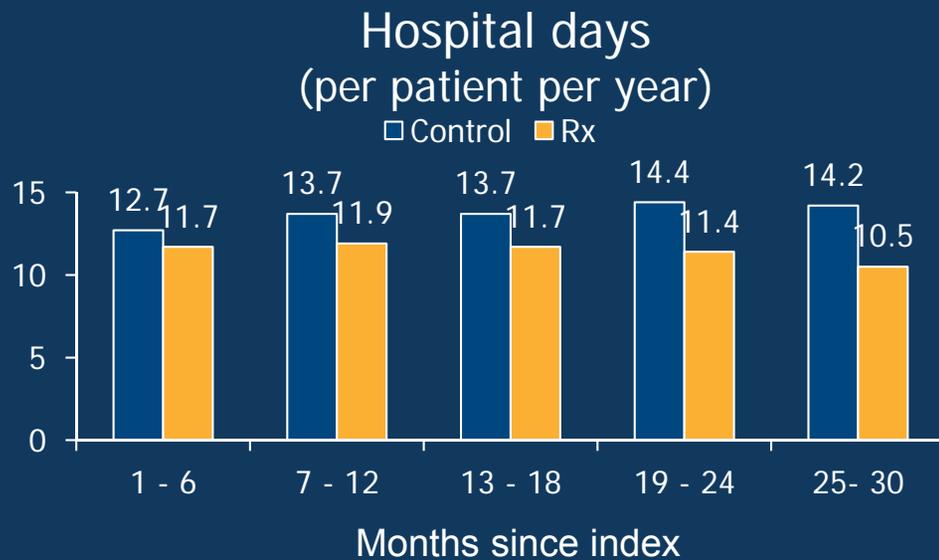
Consistent patient experience



ESRD patient population



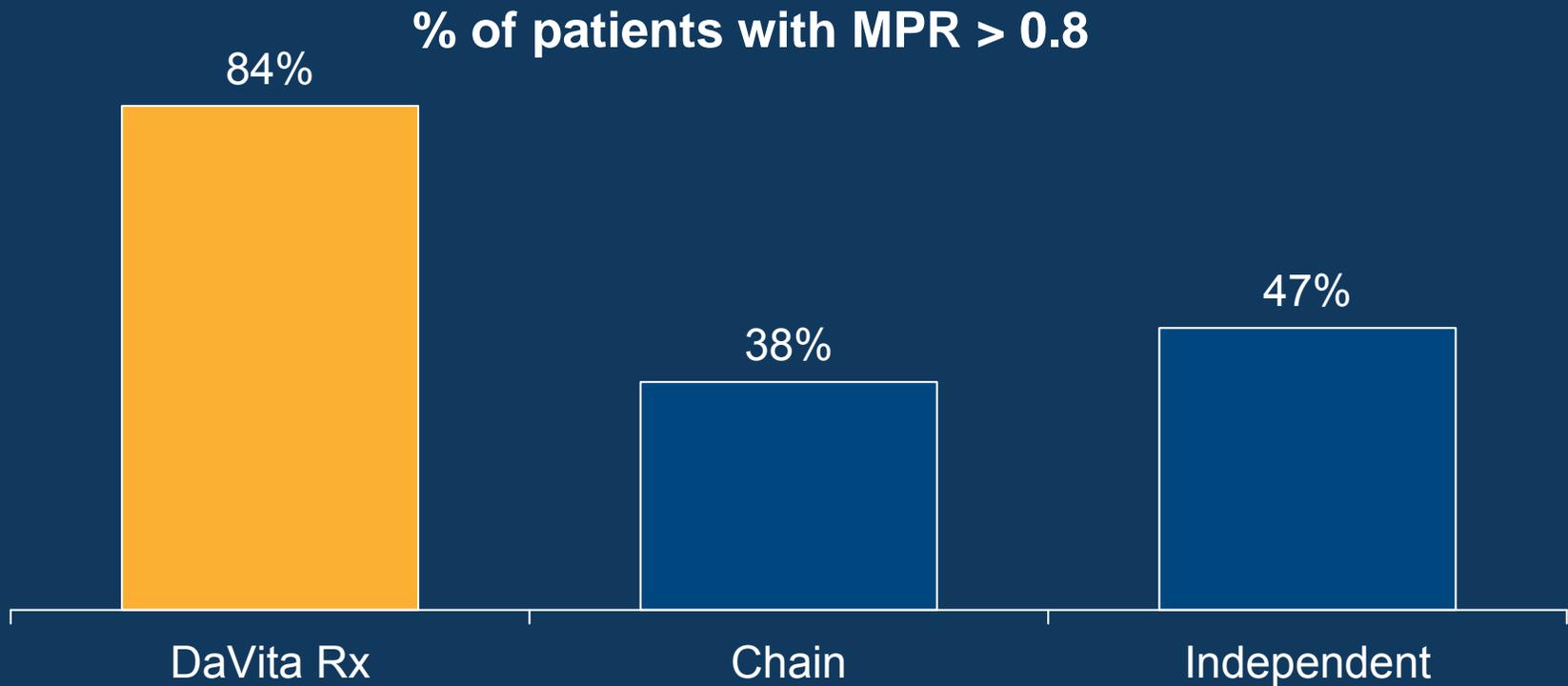
★ Clinical differentiation from Rx



14% fewer days spent in the hospital
21% improvement in survival

Source: Chronic Disease Research Group (CDRG); over 50,000 DVA patients analyzed
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Greater prescription adherence

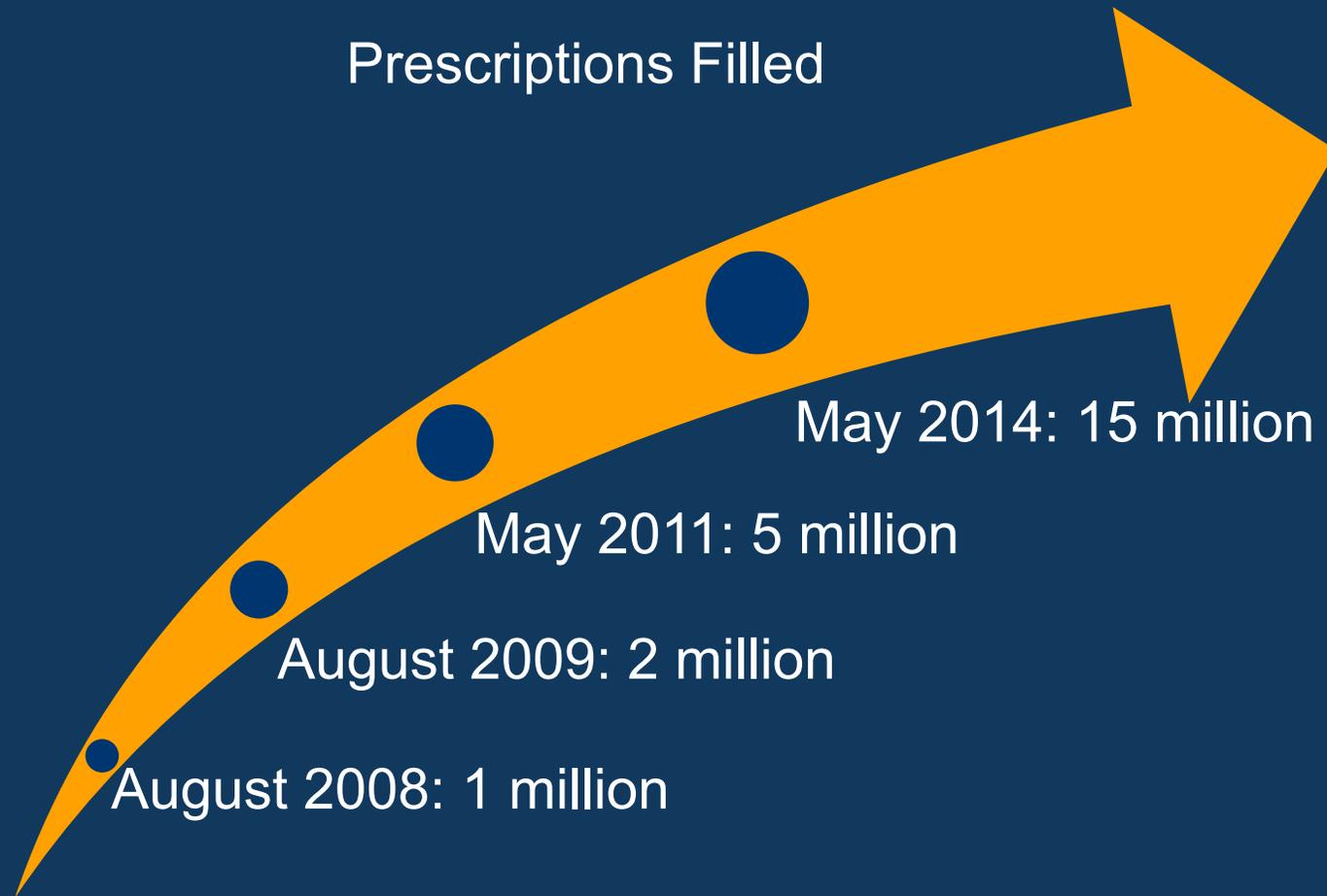


Manley, H. J., S. Wang, and A. R. Nissenson. "Hemodialysis Patients Utilizing Kidney Specialty Pharmacy Have Higher Medication Adherence, Fewer Hospitalizations and Lower Healthcare Costs." *J Am Soc Nephrol* 21 (2010)

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DaVita Rx growth

Prescriptions Filled



Population health - ROI

- Commercial plan cost savings
- Preferred partner for Medicare Advantage
- Value-added CMS partner
- Preferred partner: ACOs and physicians
- Capitated relationships

Integrated kidney care delivery

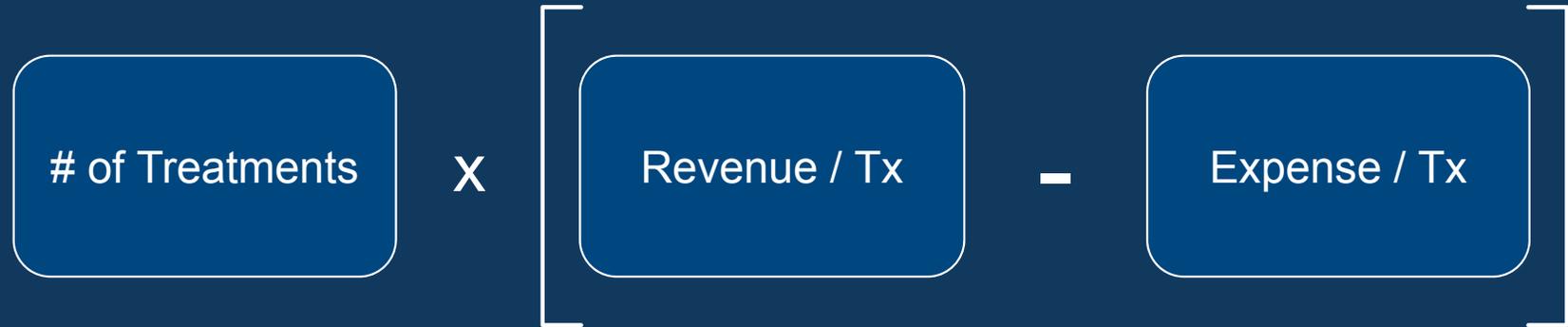
- ESCOs
- Special Needs Plans
- Capitation/shared savings with commercial/MA payors



US Kidney Care

- At a Glance
- Investment Highlights
- Building Blocks
- Population Health Management Vision
- Outlook

Outlook



- 4.5% - 6.0% growth



Steady Growth

- 0.0% - 1.5% growth



Government & Commercial Rate Risk

- 0.5% - 2.0% growth



Normal Dynamics

Outlook



3% – 8% OI growth

Kidney Care summary

What is the same?

- Clinical excellence
- Capital-efficient treatment growth
- Commercial mix/rate dynamic
- Few acquisition opportunities

What has changed?

- ESAs
- Insurance change → risk
- Regulatory compliance
- Population health → growth platform



Q1
Overview

DaVita HealthCare
Partners at a
Glance

Compliance

HealthCare
Partners

US Kidney Care

International

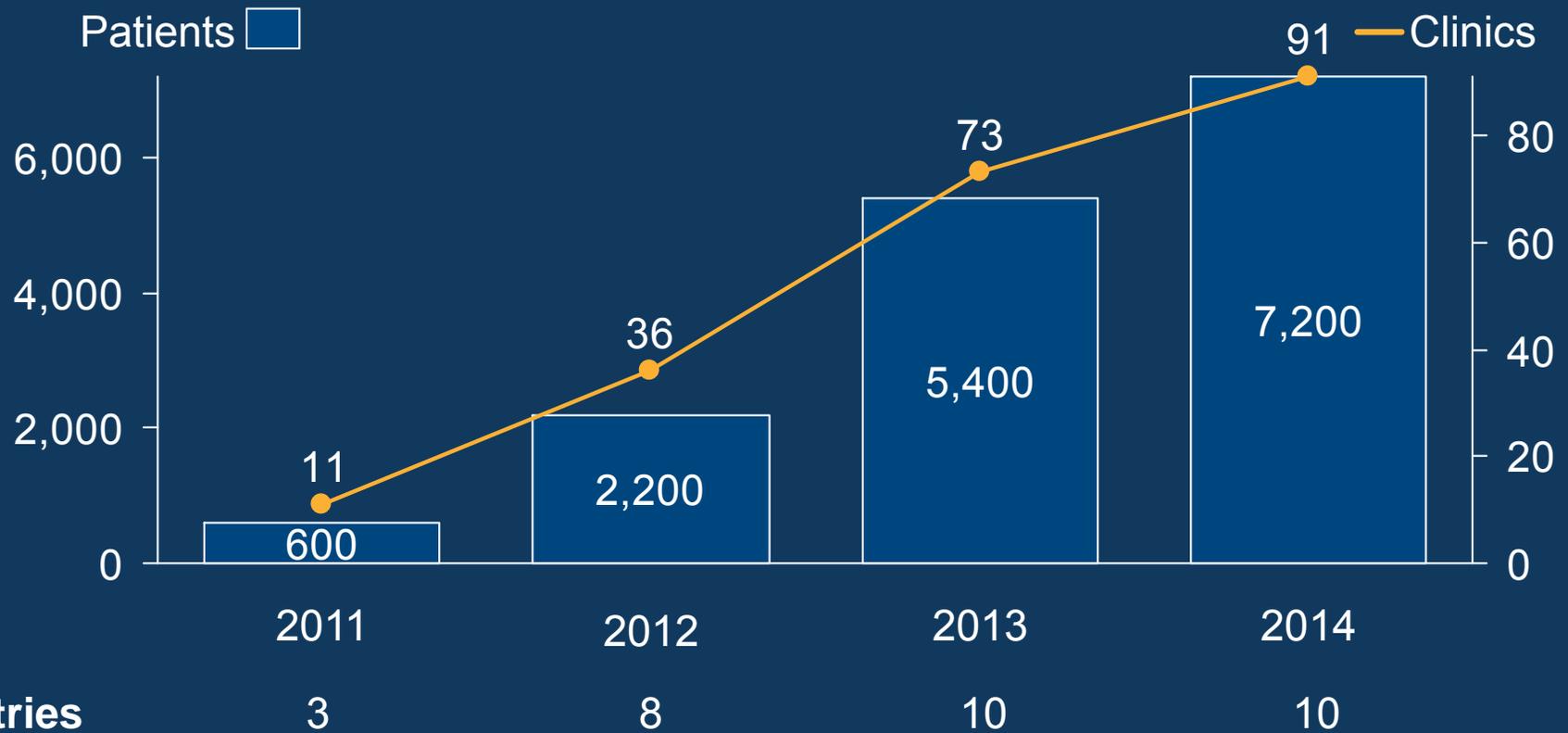
Enterprise
Summary

Global footprint



93 clinics in 10 countries outside the US
Caring for ~7,800 patients

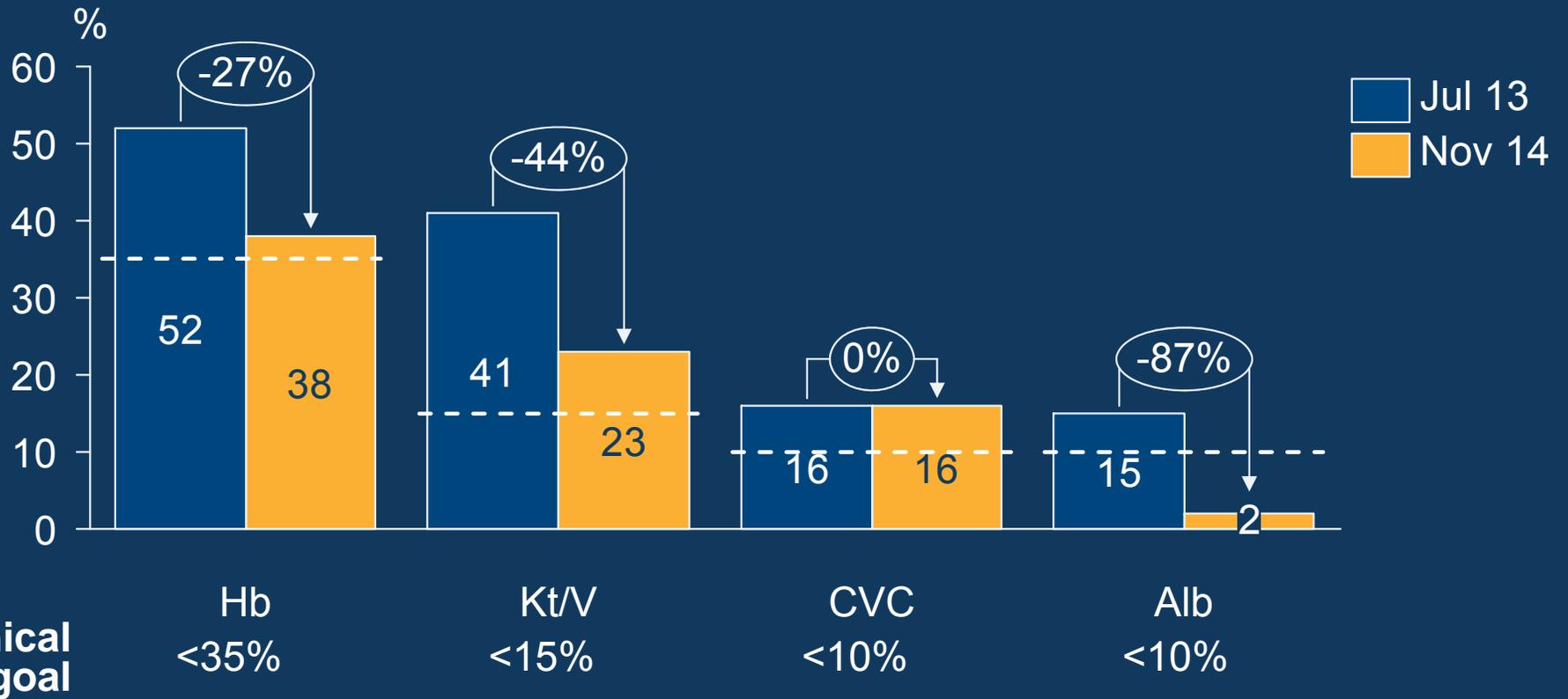
International growth



Investment thesis stands

- Controlled investment
- Attractive risk/reward ratio

★ Clinical progress in Malaysia

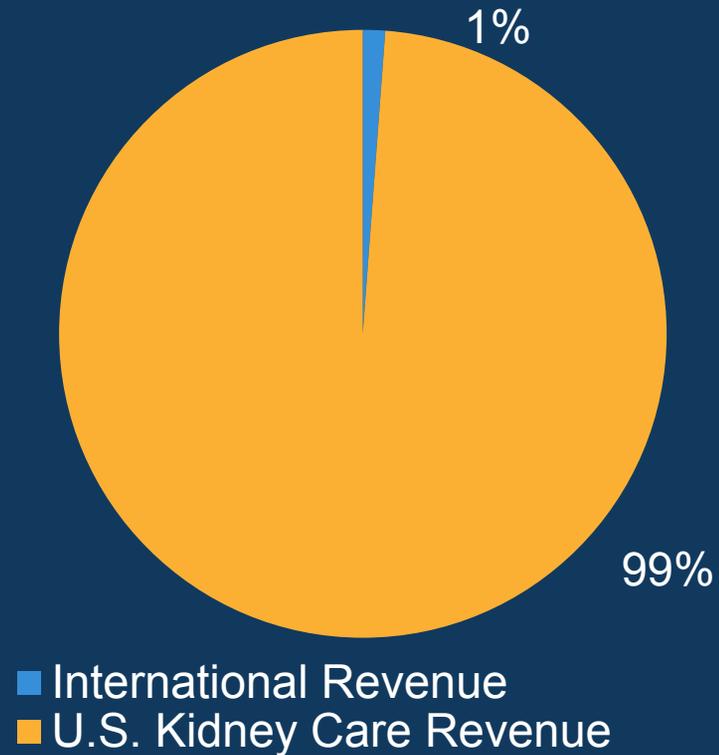


Note: Restricted to patients >90 days on dialysis; n = 24 centers

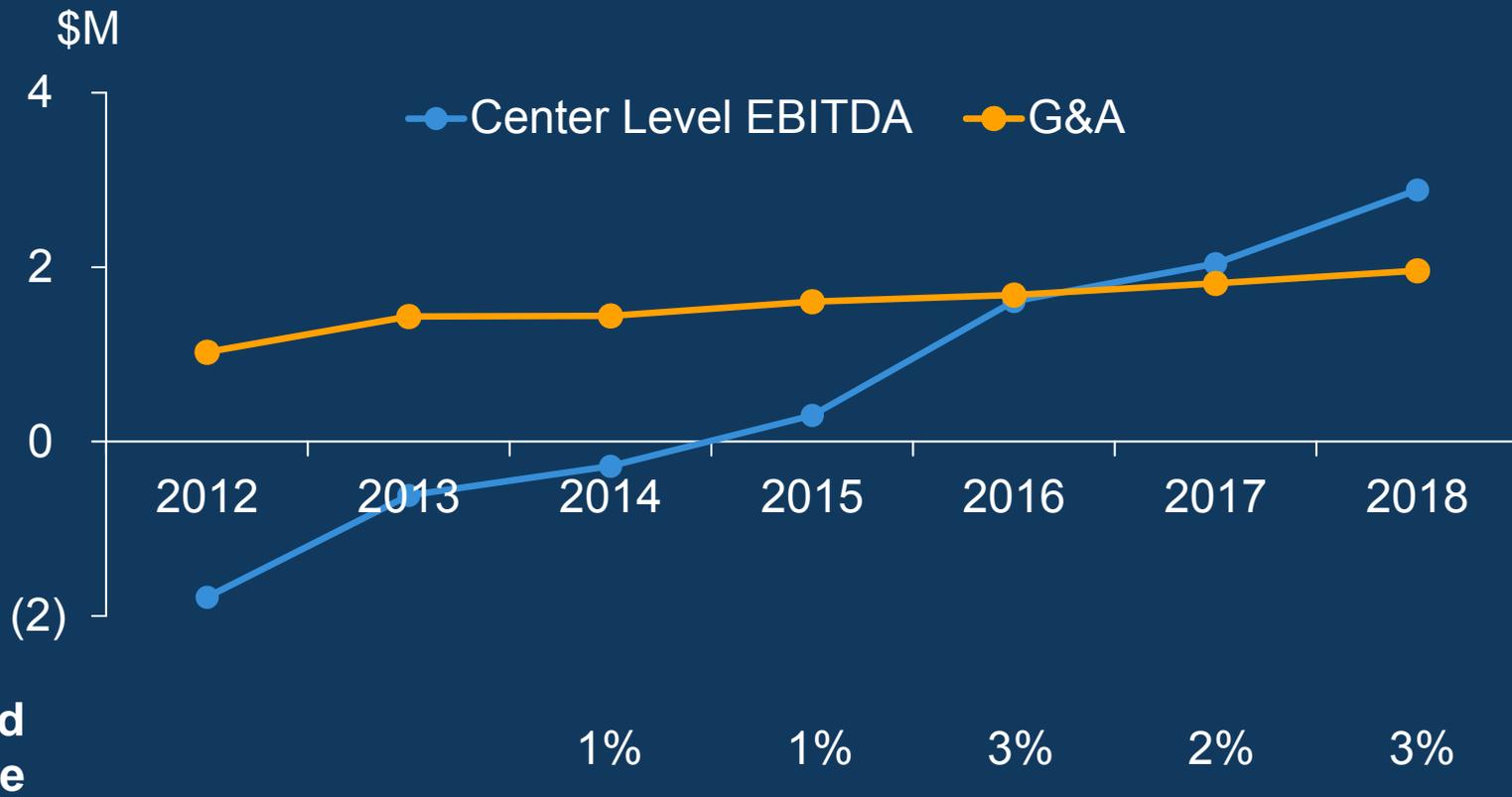
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International

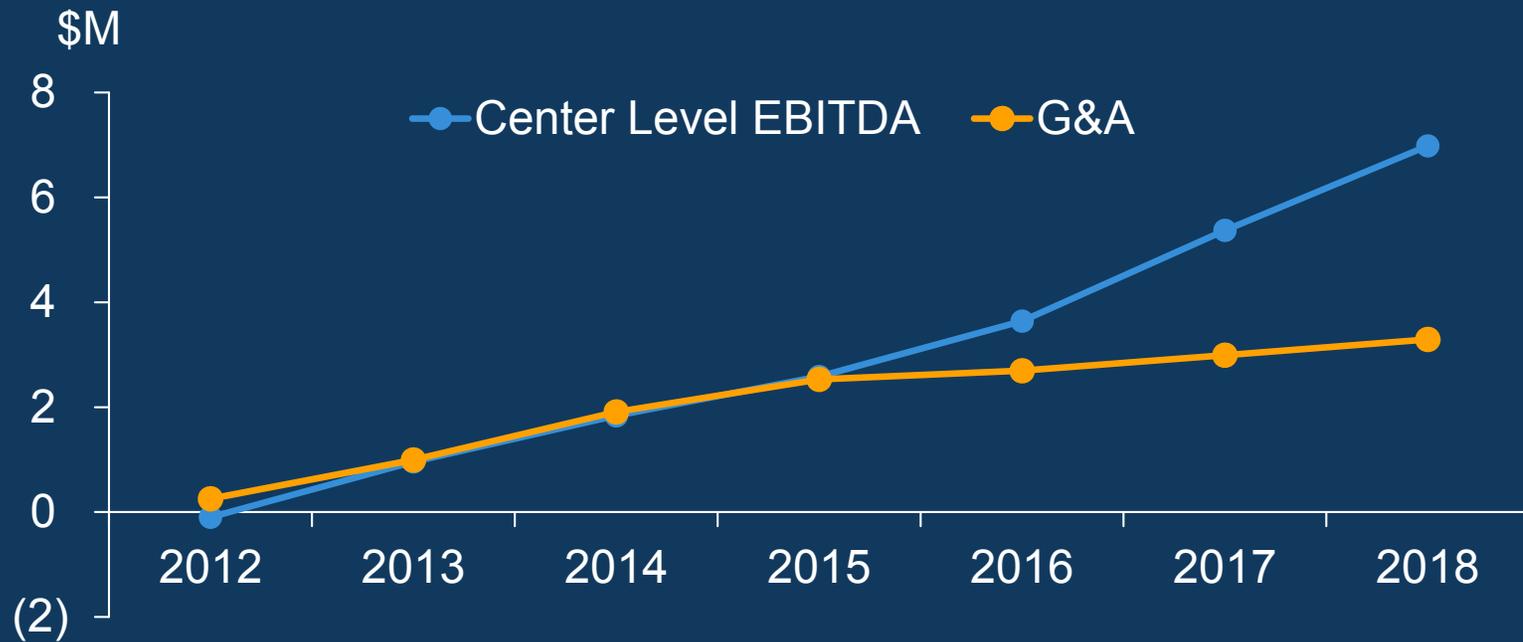
% of 2014 Kidney Care Revenue



Microeconomics



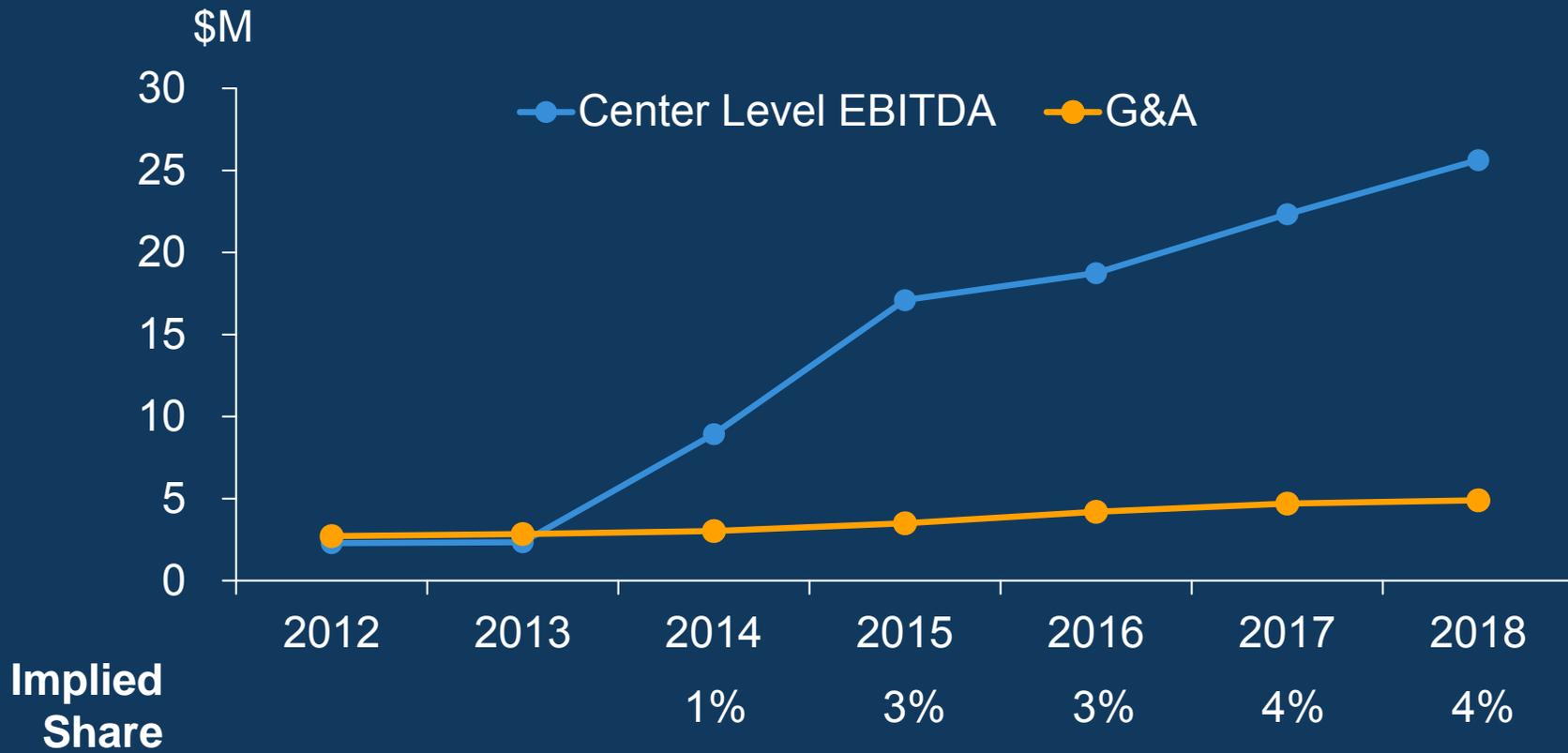
Microeconomics



Implied Share

2% 4% 6% 8% 9%

Microeconomics



International

Where are we?

- Subscale across 10 countries
- Clinical culture

Challenges

- Upfront investment
- Bandwidth
- We will make mistakes



Long-term upside



Q1
Overview

DaVita HealthCare
Partners at a
Glance

Compliance

HealthCare
Partners

US Kidney Care

International

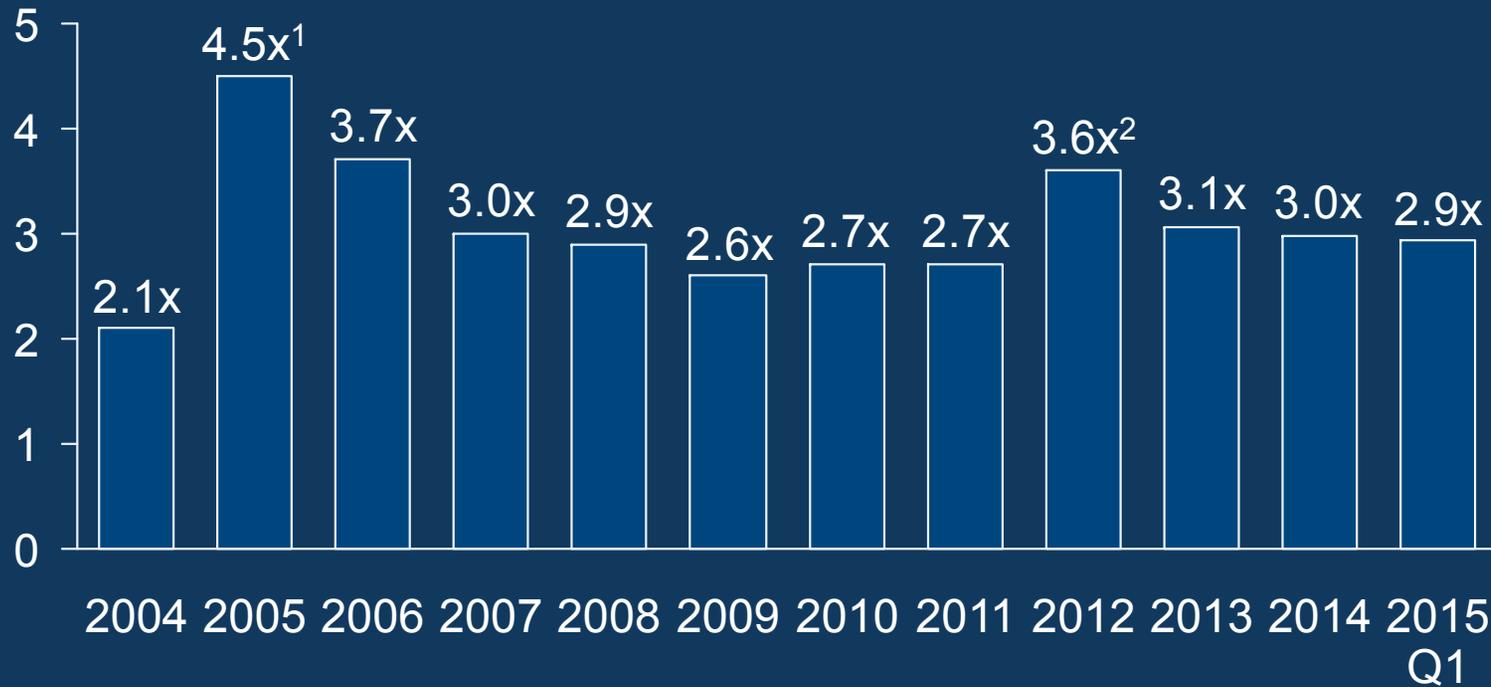
Enterprise
Summary



Enterprise Summary

- Capital Structure
- Capital Deployment
- Summary

Leverage ratio

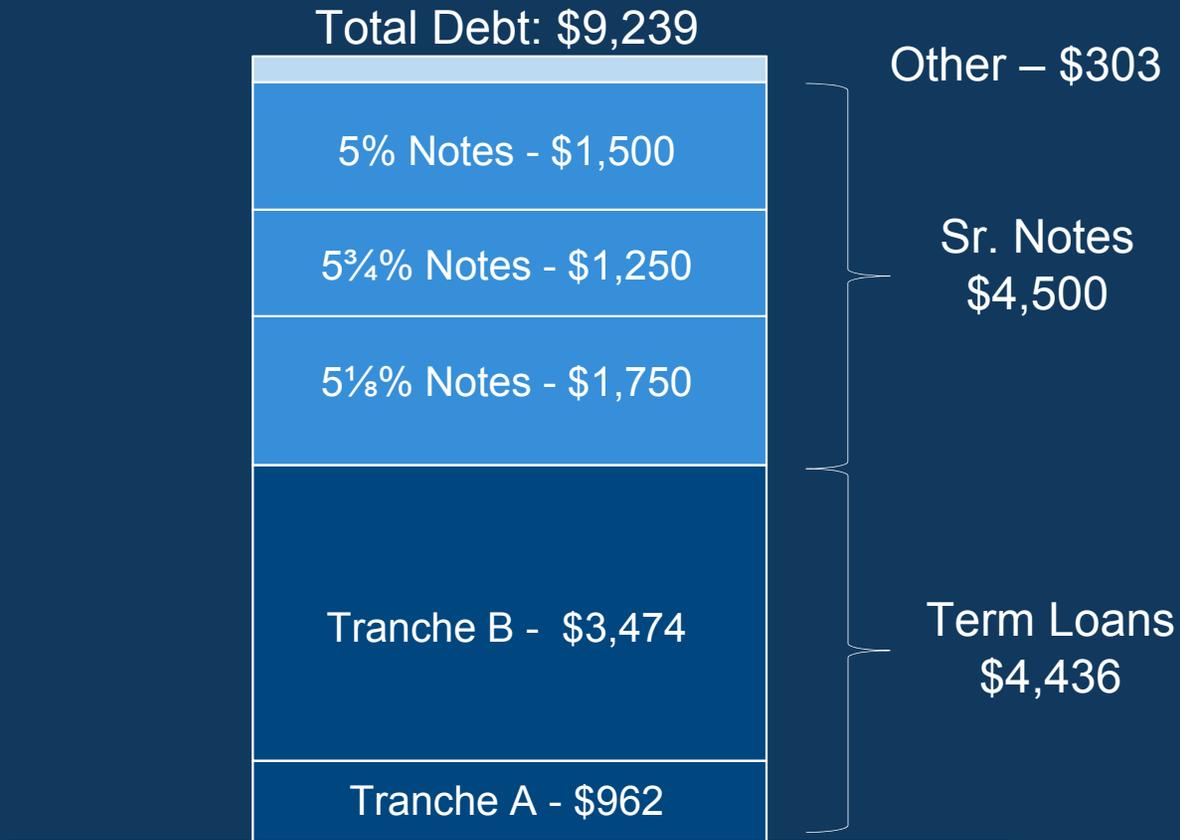


Note: Leverage ratio as defined in Credit Agreement 1. Gambro Healthcare acquisition – October 2005; 5.2x leverage pro forma for transaction and 4.5x leverage at end of year after FTC-mandated divestitures 2. HCP acquisition – November 2012

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Pro forma capital structure

\$ millions

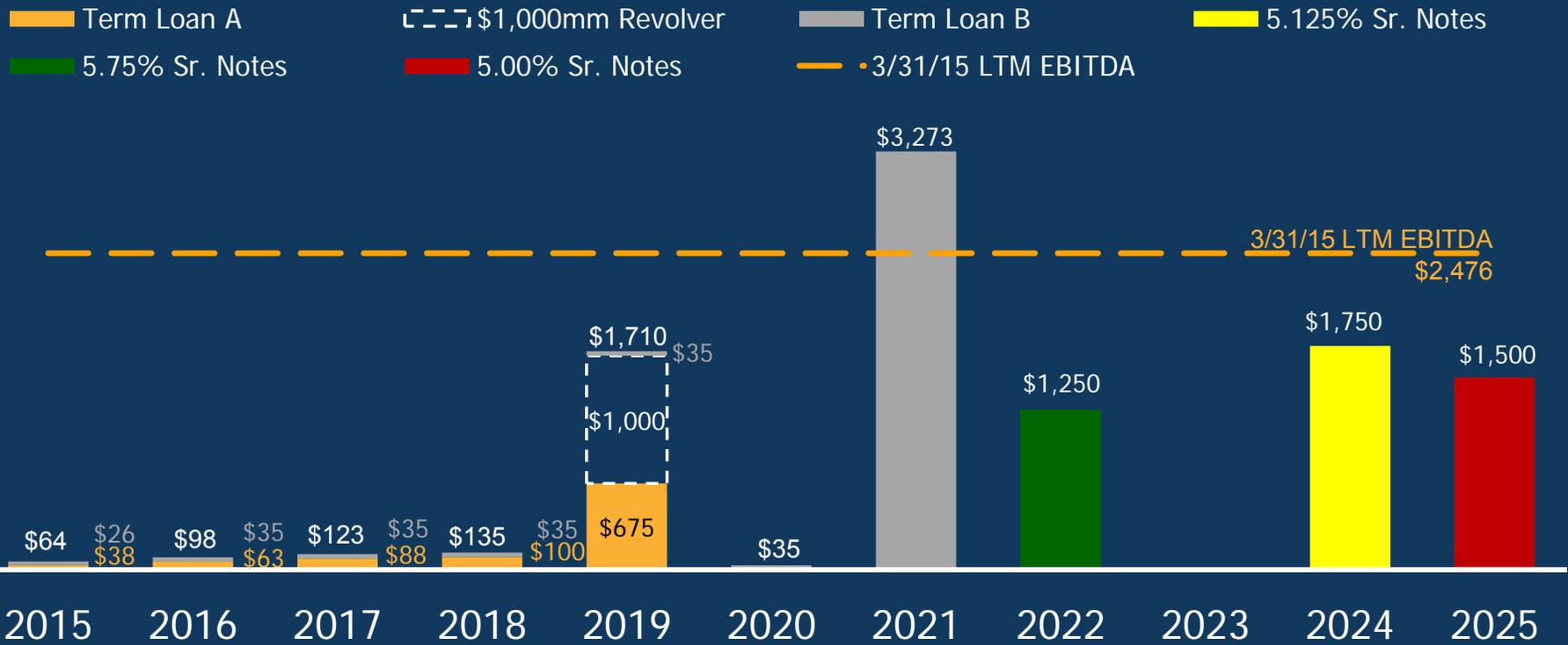


Note: Excludes the debt discount associated with the company's Term Loan B.

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Pro forma debt maturities

\$ millions



Note: Does not include maturities of other debt of \$303M

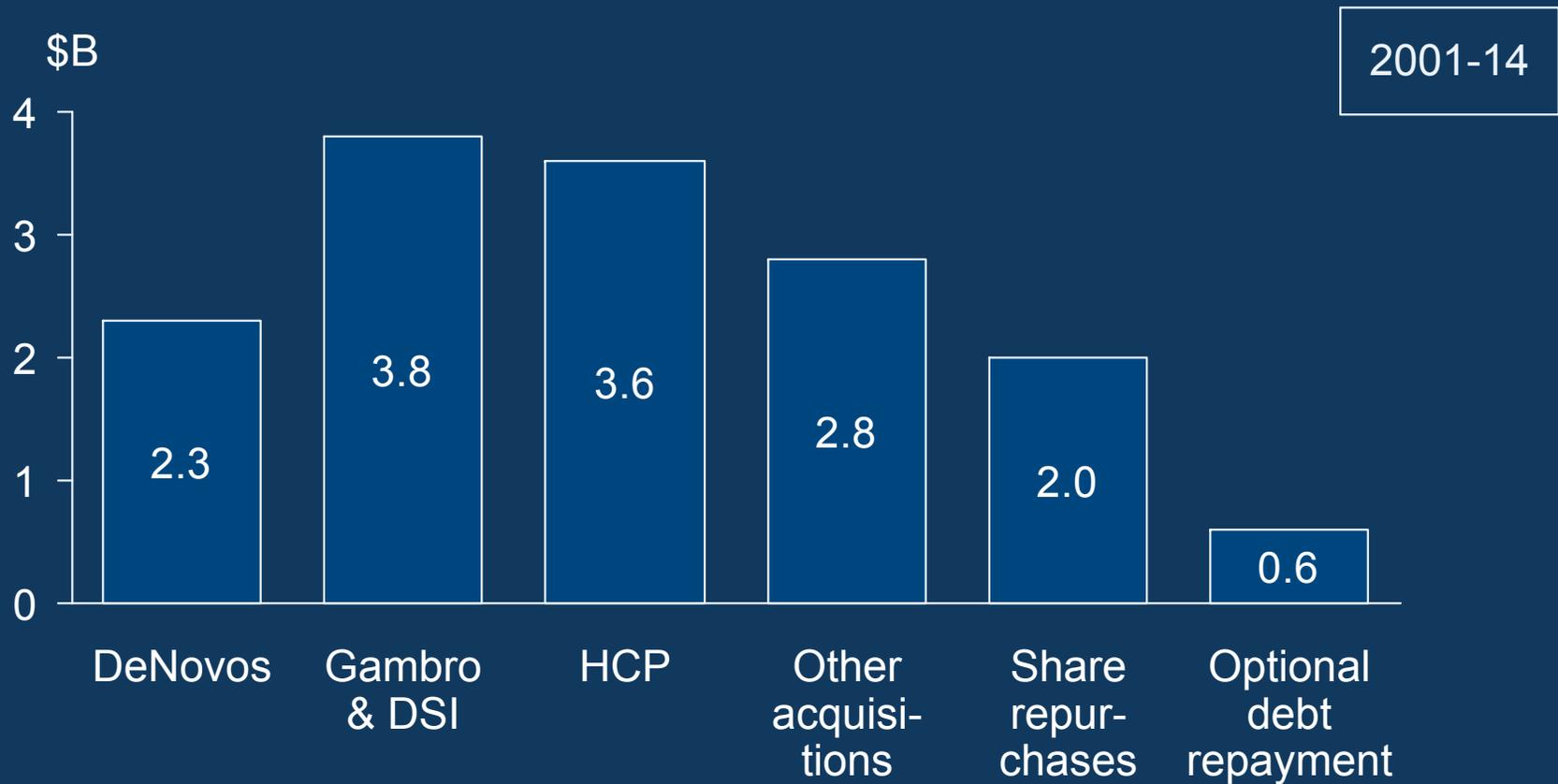
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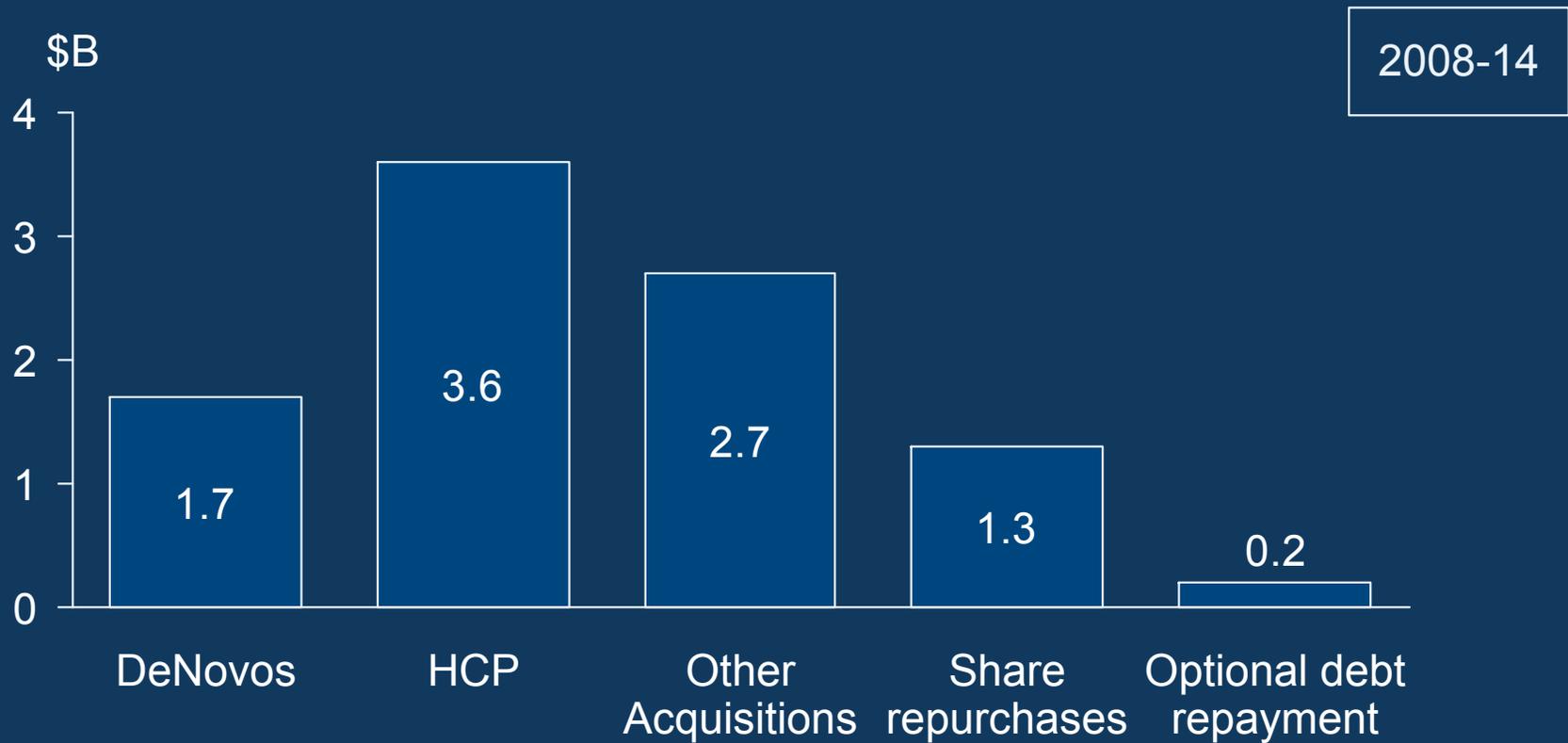
Enterprise Summary

- Capital Structure
- Capital Deployment
- Summary

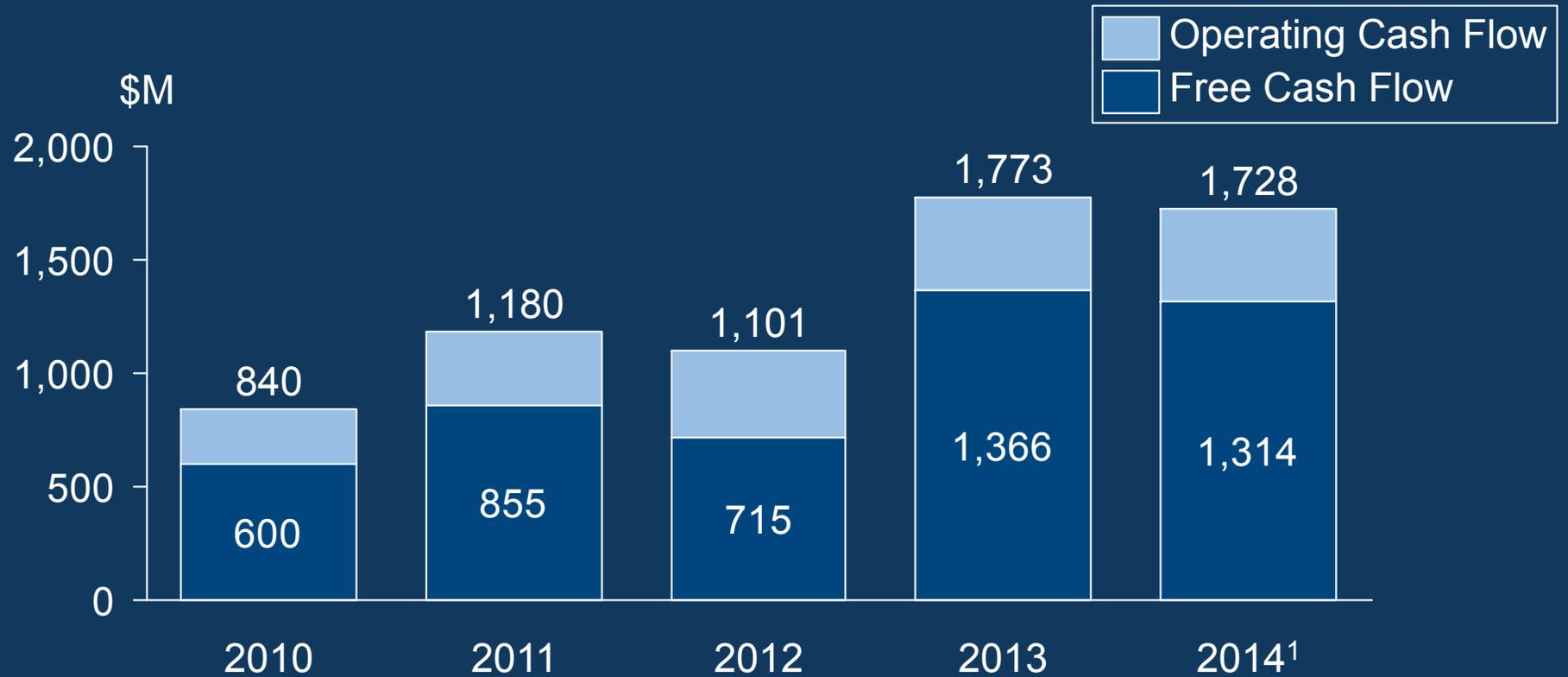
Balanced cash deployment



Balanced cash deployment



Strong cash flows

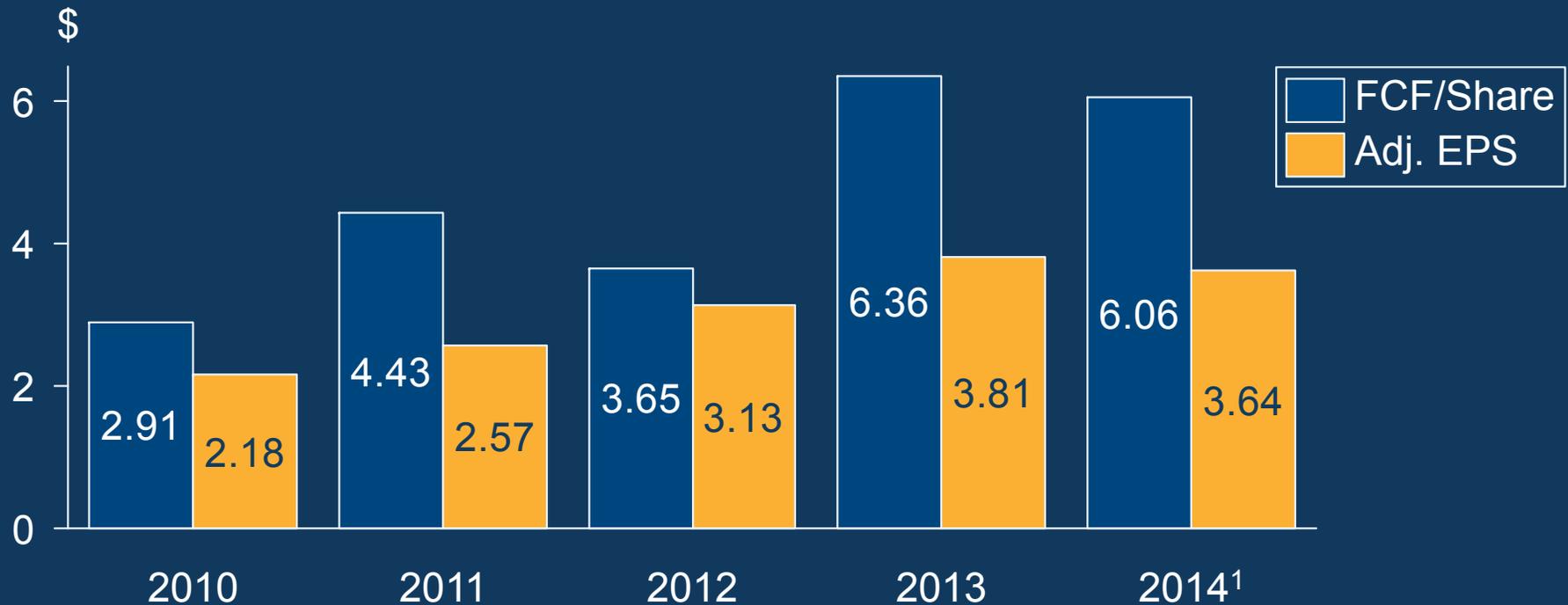


1. Excludes the ~\$269M after-tax impact of 2010 and 2011 US Attorney Physician Relationship Investigations payment

Note: Free Cash Flow is a Non-GAAP measure. Free cash flow is defined as cash flow from operations less income distributions to non-controlling interests and capital expenditures for routine maintenance and information technology

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FCF per share



1. Excludes the ~\$269M after-tax impact of PRI payment Note: Free Cash Flow per share & EPS are Non-GAAP measures. Free cash flow is defined as cash flow from operations less income distributions to non-controlling interests and capital expenditures for routine maintenance and information technology



Enterprise Summary

- Capital Structure
- Capital Deployment
- Summary

Bad news / good news

Bad news

- Rate risk
- HCP/International slow ramp
- Compliance risk

Good news

- Clinical excellence
- Stable demand & cash flow
- Market leadership
- Population health capability
- High potential platforms

EPS scenario

- Consolidated OI Growth 3% - 8%
+ Financial Leverage
- Net Income/EPS Growth 4% - 10%
+ Share Repurchase/Acq's

EPS Growth

5% - 12%



Capital Markets Day May 5, 2015

Reconciliations for Non-GAAP Measures

Consolidated: Adjusted operating income excluding a pre-tax accrual of a loss contingency

(in millions)

We believe that adjusted operating income for the rolling twelve months excluding a pre-tax loss contingency enhances a user's understanding of our normal operating income for these periods by providing a measure that is meaningful because it excludes an unusual amount that was accrued for an estimated loss contingency related to the Vainer Private Civil Suit and also excludes an accrual related to the 2010 and 2011 U.S. Attorney Physician Relationship investigations and accordingly, is comparable to prior periods and indicative of consistent operating income. This measure is not a measure of financial performance under GAAP and should not be considered as an alternative to operating income.

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Operating income(loss)	\$ 484	\$ 438	\$ 452	\$ (64)	\$ 1,310
Add:					
Accrual of an loss contingency		17		495	\$ 512
Total	<u>\$ 484</u>	<u>\$ 455</u>	<u>\$ 452</u>	<u>\$ 431</u>	<u>\$ 1,822</u>



Reconciliations for Non-GAAP Measures

Kidney Care Division: Schedule of rolling last twelve months revenue (in millions)

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Revenue	\$ 2,289	\$ 2,365	\$ 2,451	\$ 2,367	\$ 9,472

Kidney Care Division: Adjusted operating income excluding a pre-tax accrual of a loss contingency

We believe that adjusted operating income for the rolling twelve months and year ending December 31, 2014, excluding a pre-tax loss contingency enhances a user's understanding of our normal operating income for these periods by providing a measure that is meaningful because it excludes an unusual amount that was accrued for an estimated loss contingency related to the Vainer Private Civil Suit and also excludes an accrual related to the 2010 and 2011 US Attorney Physician Relationship investigations and accordingly, is comparable to prior periods and indicative of consistent operating income. This measure is not a measure of financial performance under GAAP and should not be considered as an alternative to operating income.

	Three months ended				Total	Year ended
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015		December 31, 2014
Operating income(loss)	\$ 402	\$ 391	\$ 419	\$ (124)	\$ 1,088	\$ 1,600
Add:						
Accrual of an loss contingency		17		495	\$ 512	\$ 17
Total	\$ 402	\$ 408	\$ 419	\$ 371	\$ 1,600	\$ 1,617



Reconciliations for Non-GAAP Measures

Effective and Adjusted Income Tax Rates Attributable to DaVita HealthCare Partners Inc.

We believe that reporting the effective income tax rate attributable to DaVita HealthCare Partners Inc. as well as the adjusted effective income tax rate attributable to DaVita HealthCare Partners Inc., excluding an estimated loss contingency, enhances an investor's understanding of DaVita HealthCare Partners Inc.'s effective income tax rate and DaVita HealthCare Partners Inc.'s adjusted effective income tax rate for the periods presented because it excludes noncontrolling owners' income that primarily relates to non-tax paying entities and unusual amounts that include an estimated loss contingency related to the Vainer Private Civil Suit, and, therefore, is meaningful to an investor to fully understand the related income tax effects on DaVita HealthCare Partners Inc.'s operating results. These are not measures under GAAP and should not be considered as an alternative to the effective income tax rate calculated in accordance with GAAP.

(\$ in thousands)

	Three month ended	
	December 31, 2014	March 31, 2014
Income from continuing operations before income taxes	\$354,365	\$336,588
Income tax expense	\$103,977	\$124,851
Effective income tax rate	29.3%	37.1%

	Three month ended	
	December 31, 2014	March 31, 2014
Income from continuing operations before income taxes	\$354,365	\$336,588
Less: Noncontrolling owners' income primarily attributable to non-tax paying entities	(42,495)	(28,539)
Income before income taxes attributable to DaVita HealthCare Partners Inc.	\$311,870	\$308,049
Income tax expense	103,977	124,851
Less: Income tax attributable to noncontrolling interests	(127)	(91)
Income tax expense attributable to DaVita HealthCare Partners Inc.	\$103,850	\$124,760
Effective income tax rate attributable to DaVita HealthCare Partners Inc.	33.3%	40.5%

Effective income tax rate as compared to the effective income tax rate attributable to DaVita HealthCare Partners Inc. is as follows:

	Three months ended
	March 31, 2015
Adjusted effective income tax rates attributable to DaVita HealthCare Partners Inc. excluding an estimated loss contingency:	
(Loss) income from continuing operations before income taxes	\$(162,081)
Add: Estimated loss contingency	495,000
	\$332,919
Less: Noncontrolling owners' income primarily attributable to non-tax paying entities	(34,536)
Adjusted income before income taxes attributable to DaVita HealthCare Partners Inc.	\$298,383
Income tax (benefit) expense	(85,933)
Add: Income taxes attributable to an estimated loss contingency	197,747
Less: Income tax attributable to noncontrolling interests	(67)
Adjusted income tax attributable to DaVita HealthCare Partners Inc.	\$111,747
Adjusted effective income tax rate attributable to DaVita HealthCare Partners Inc.	37.5%

Reconciliations for Non-GAAP Measures

Consolidated: Rolling last twelve months operating cash flow
(in millions)

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Operating cash flow	\$ 262	\$ 848	\$ (70)	\$ 410	\$ 1,450

	Three months ended				Total
	March 31, 2014	June 30, 2014	September 30, 2014	December 31, 2014	
Operating cash flow	\$ 419	\$ 262	\$ 848	\$ (70)	\$ 1,459

	Three months ended				Total
	June 30, 2013	September 30, 2013	December 31, 2013	March 31, 2014	
Operating cash flow	\$ 307	\$ 733	\$ 354	\$ 419	\$ 1,813

Reconciliations for Non-GAAP Measures

Consolidated: Rolling last twelve months revenue
(in millions)

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Revenue	\$ 3,172	\$ 3,252	\$ 3,328	\$ 3,288	\$ 13,040



Reconciliations for Non-GAAP Measures

Operating Income

We believe that operating income excluding Medicare lab recoveries related to prior years' services, gains from insurance settlements, the valuation gain on the Product Supply Agreement, a contingent earn-out obligation adjustment, a loss contingency reserve, legal settlement and related expenses, transaction expenses associated with the acquisition of HCP, an adjustment to reduce a tax asset associated with the HCP acquisition escrow provisions and noncontrolling interests enhances a user's understanding of our operating income for these periods by providing a measure that is more meaningful because it excludes Medicare lab recoveries related to prior years' services, insurance settlement gains related to insurance proceeds from Hurricane Katrina and from a fire that destroyed one of our centers, a non-recurring non-cash item that resulted from the termination of our purchase obligation for dialysis machines from Gambro Renal Products Inc. under the Product Supply Agreement, an adjustment for HCP's contingent earn-out obligation, a loss contingency reserve related to the 2010 and 2011 US Attorney Physician Relationship Investigations, an unusual charge for a legal settlement that was reached to settle federal program claims relating to our historical Epogen practices, an unusual amount of transaction expenses associated with the acquisition of HCP, an adjustment to reduce a tax asset associated with the HCP acquisition escrow provisions and noncontrolling interests that were originally deducted from operating income, and accordingly is more comparable to prior periods as originally reported and indicative of consistent operating income. This measure is not a measure of financial performance under GAAP and should not be considered as an alternative to operating income.

	2003 ⁽¹⁾⁽²⁾	2004 ⁽²⁾	2005 ⁽²⁾	2006 ⁽²⁾	2007 ⁽²⁾	2008 ⁽²⁾	2009 ⁽²⁾	2010	2011 ⁽²⁾	2012 ⁽³⁾	2013 ⁽²⁾	2014	Three Months Ended 31-Mar-15
Operating income	\$ 386	\$ 395	\$ 489	\$ 778	\$ 909	\$ 869	\$ 940	\$ 994	\$ 1,155	\$ 1,230	\$ 1,550	\$ 1,815	\$ (64)
Less: Medicare lab recoveries related to prior years' services	(24)	(8)	(4)										
Gains on insurance settlements					(7)								
Valuation gain on the product supply agreement				(38)	(55)								
Contingent earn-out obligation adjustment											(57)		
Add: Loss contingency reserve and other legal settlements and expenses										86	397	17	495
Transaction expenses associated with the acquisition of HCP										31			
Adjustment to reduce a tax asset associated with HCP acquisition escrow provisions											8		
	362	387	485	740	847	869	940	994	1,155	1,347	1,898	1,832	431
Noncontrolling interests	(7)	(14)	(23)	(39)	(47)	(47)							
	\$ 355	\$ 373	\$ 462	\$ 701	\$ 800	\$ 822	\$ 940	\$ 994	\$ 1,155	\$ 1,347	\$ 1,898	\$ 1,832	\$ 431

(1) 2003 operating income is as originally reported and has not been adjusted for the required divestitures related to the Gambro acquisition.

(2) Operating income for 2004 excluding the operating income impact of the required divestitures' related to the Gambro acquisition of \$29 million and Medicare lab recoveries related to prior years' services, would have been \$402 million. In addition, the amounts from 2003 through 2009 have not been adjusted for the effects of the required divestitures in connection with DSI and HomeChoice Partners.

(3) Kidney Care results only



Reconciliations for Non-GAAP Measures

Free Cash Flow and Free Cash Flow Per Share

Free cash flow represents net cash provided by operating activities less distributions to noncontrolling interests and capital expenditures for routine maintenance and information technology. We believe free cash flow and free cash flow per share is a useful adjunct to cash flow from operating activities and other measurements under GAAP, since free cash flow is a meaningful measure of our ability to fund acquisition and development activities and meet our debt service requirements. In addition, free cash flow and free cash flow per share excluding distributions to noncontrolling interests provides an investor with an understanding of free cash flows and free cash flow per share that are attributable to DaVita HealthCare Partners Inc. Free cash flow and free cash flow per share are not measures of financial performance under GAAP and should not be considered as an alternative to cash flows from operating, investing or financing activities, as an indicator of cash flows or as a measure of liquidity.

(\$ in millions, except per share)

	Year ended December 31,				
	2010	2011	2012	2013	2014
Cash provided by operating activities	\$ 840	\$ 1,180	\$ 1,101	\$ 1,773	\$ 1,459
Less: Distributions to noncontrolling interests	(84)	(101)	(114)	(139)	(149)
Cash provided by operating activities attributable to DaVita HealthCare Partners Inc.	756	1,079	987	1,634	1,310
Less: Expenditures for routine maintenance and information technology	(156)	(224)	(272)	(268)	(265)
Free cash flow	<u>\$ 600</u>	<u>\$ 855</u>	<u>\$ 715</u>	<u>\$ 1,366</u>	\$ 1,045
Adjustment for the PRI payment					269
					<u>\$ 1,314</u>
Diluted Weighted Average Shares Outstanding	206	193	196	215	217
Free Cash Flow per Share	<u>\$ 2.91</u>	<u>\$ 4.43</u>	<u>\$ 3.65</u>	<u>\$ 6.36</u>	<u>\$ 6.06</u>
Operating cash flow					\$ 1,459
Payment in connection with the settlement of the 2010 and 2011 US Attorney Physician Relationship Investigation					410
Related tax benefit					(141)
Adjusted operating cash flow					<u>\$ 1,728</u>



Reconciliations for Non-GAAP Measures

Schedule of diluted income from continuing operations per share

Diluted income from continuing operations per share attributable to DaVita HealthCare Partners Inc. excluding an accrual of an estimated loss contingency, debt refinancing charges, a contingent earn-out obligation adjustment, other legal settlement and related expenses and transaction expenses associated with the acquisition of HCP, net of related tax.

We believe that diluted income from continuing operations per share attributable to DaVita HealthCare Partners Inc. for these periods excluding a loss contingency, debt refinancing charges, a contingent earn-out obligation adjustment, other legal settlement and related expenses and transaction expenses associated with the acquisition of HCP, net of related tax, enhances a user's understanding of our normal diluted income from continuing operations per share attributable to DaVita HealthCare Partners Inc. for these periods by providing a measure that is meaningful because it excludes unusual amounts related to an accrual of an estimated loss contingency regarding the Vainer private civil suit as well as the 2010 and 2011 US Attorney Physician Relationship Investigations, the debt refinancing charges that resulted from the refinancing of our Senior Secured Credit Facilities, as well as an amendment to our Credit Agreement, a legal settlement that we reached to settle federal program claims relating to our historical EPO practices and transaction expenses associated with the acquisition of HCP, and accordingly, is comparable to prior periods and indicative of consistent diluted income from continuing operations per share attributable to DaVita HealthCare Partners Inc. These measures are not measures of financial performance under United States generally accepted accounting principles (GAAP) and should not be considered as an alternative to income from continuing operations attributable to DaVita HealthCare Partners Inc. and diluted income from continuing operations per share attributable to DaVita HealthCare Partners Inc.

	Years ended				
	2010	2011	2012	2013	2014
	\$ 1.96	\$ 2.57	\$ 2.74	\$ 2.89	\$ 3.33
Add (less):					
Accrual of an estimated loss contingency				1.18	0.05
Debt refinancing charges	0.22		0.03		0.26
Contingent earn-out obligation adjustment				(0.26)	
Other legal settlement and related expenses			0.26		
Transaction expenses associated with the acquisition of HCP			0.10		
	<u>\$ 2.18</u>	<u>\$ 2.57</u>	<u>\$ 3.13</u>	<u>\$ 3.81</u>	<u>\$ 3.64</u>

Reconciliations for Non-GAAP measures

HCP: Schedule of rolling last twelve months revenue and operating income

(in millions)

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Total net revenue	<u>\$ 887</u>	<u>\$ 892</u>	<u>\$ 882</u>	<u>\$ 928</u>	<u>\$ 3,589</u>
Operating income	<u>\$ 82</u>	<u>\$ 47</u>	<u>\$ 33</u>	<u>\$ 60</u>	<u>\$ 222</u>



Reconciliations for Non-GAAP measures

HCP Schedule of rolling last twelve months total care dollars under management (in millions)

In California, as a result of our managed care administrative services agreements with hospitals, HCP does not assume the direct financial risk for institutional (hospital) services in most cases, but is responsible for managing the care dollars associated with both the professional (physician) and institutional services being provided for the Per Member Per Month (PMPM) fee attributable to both professional and institutional services. In cases where HCP does not assume the direct financial risk, HCP recognizes the surplus of institutional revenue less institutional expense as HCP net revenue. In addition to revenues recognized for financial reporting purposes, HCP measures its total care dollars under management, which includes the PMPM fee payable to third parties for institutional (hospital) services where HCP manages the care provided to its members by the hospitals and other institutions, which are not included in GAAP revenues. HCP uses total care dollars under management as a supplement to GAAP revenues as it allows HCP to measure profit margins on a comparable basis across both the global capitation model (where HCP assumes the full financial risk for all services, including institutional services) and the risk sharing models (where HCP operates under managed care administrative services agreements where HCP does not assume the full risk). HCP believes that presenting amounts in this manner is useful because it presents its operations on a unified basis without the complication caused by models that HCP has adopted in its California market as a result of various regulations related to the assumption of institutional risk. Total care dollars under management is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for revenues calculated in accordance with GAAP. Total care dollars under management includes PMPM payments received from third parties that are recorded net of expenses in our accounting records. The following table reconciles total care dollars under management to medical revenues to the periods indicated.

	Three months ended				Total
	June 30, 2014	September 30, 2014	December 31, 2014	March 31, 2015	
Medical revenues	\$ 840	\$ 879	\$ 864	\$ 913	\$ 3,496
Less: Risk share revenue, net	(9)	(33)	(13)	(13)	\$ (68)
Add: Institutional capitation amounts	294	301	314	333	\$ 1,242
Total care dollars under management	<u>\$ 1,125</u>	<u>\$ 1,147</u>	<u>\$ 1,165</u>	<u>\$ 1,233</u>	<u>\$ 4,670</u>

Reconciliations for Non-GAAP measures

HCP: Adjusted EBITDA

HCP uses Adjusted EBITDA and similar calculations as measures to assess operating and financial performance, including compliance with the financial covenants contained in its senior secured credit agreement. Adjusted EBITDA is defined as net income attributable to HCP before income taxes, net debt expense, depreciation and amortization, stock-based compensation, and any impairment charges. Adjusted EBITDA is not a measure of financial performance computed in accordance with GAAP and should not be considered in isolation or as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as measures of profitability or liquidity. In addition, the calculation of Adjusted EBITDA is susceptible to varying interpretations and calculation, and the amounts presented may not be comparable to similarly titled measures of other companies. Adjusted EBITDA may not be indicative of historical operating results, and HCP does not mean for it to be predictive of future results of operations or cash flows. Adjusted EBITDA reconciled to net income to HCP is as follows:

(\$ in millions)

	Year ended December 31, 2014
Net income	\$2
Income tax expense	41
Debt expense	172
Depreciation and amortization	170
Stock-based compensation	2
Interest income	-
Transaction related and other unusual expenses	-
Adjusted EBITDA	<u>\$387</u>

Reconciliations for Non-GAAP measures

Kidney Care: Adjusted EBITDA

EBITDA is defined as operating income attributable to our Kidney Care Division before depreciation and amortization, equity-based compensation and further adjusted for a pre-tax estimated loss contingency accrual. We believe EBITDA provides information useful for evaluating our Kidney Care businesses and understanding our operating and financial performance in a manner similar to management. EBITDA is not a measure of operating performance computed in accordance with GAAP and should not be considered as a substitute for operating income, net income, cash flows from operations, or other statement of operations or cash flow data prepared in conformity with GAAP, or as measures of profitability or liquidity. In addition, EBITDA may not be comparable to similarly titled measures of other companies. EBITDA may not be indicative of historical operating results, and we do not mean for it to be predictive of future results of operations or cash flows.

	Year ended December 31, 2014
(\$ in millions)	
Operating Income ⁽¹⁾	\$1,600
Estimated loss contingency accrual	17
Adjusted operating income	\$1,617
Depreciation and amortization	421
Equity-based compensation expense	54
EBITDA	<u>\$2,092</u>

(1) Represents adjusted operating income for our Kidney Care Division. See additional Non-GAAP reconciliations