

38th Annual J.P. Morgan Healthcare Conference

January 13, 2020





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Agenda

1 Who We Are

2 What Makes Us Unique

3 How We Drive Shareholder Value



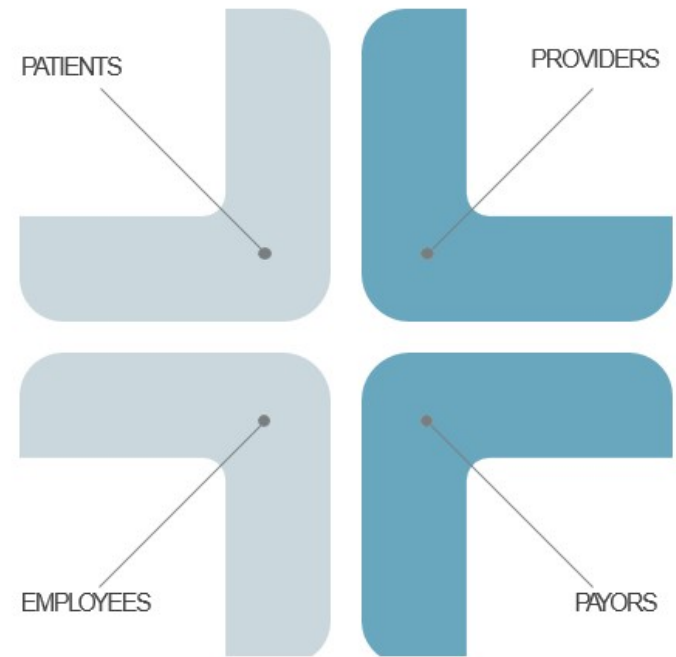
Who We Are

Section 1



Our Core Values are Foundational to Who We Are

- ✓ Act with **integrity and transparency**
- ✓ Be **accountable**
- ✓ Drive **clinical and service excellence**
- ✓ Demonstrate **compassion and kindness**
- ✓ Set and **exceed expectations**

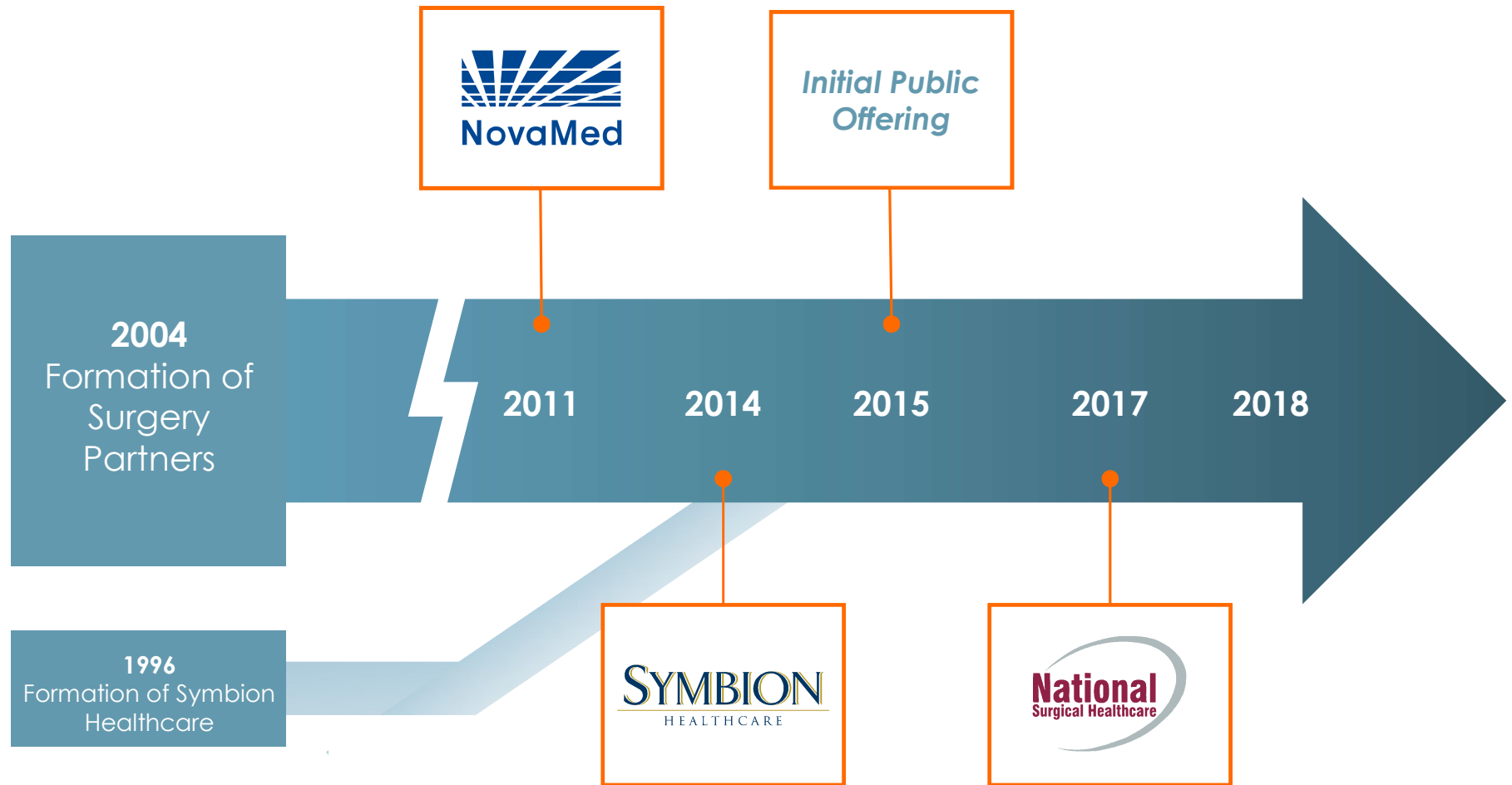


Each quadrant represents a Surgery Partners stakeholder

Enhancing patient quality of life through partnership



We are a Business Built Over the Course of 20+ Years...





...Resulting in the Leading Independent Surgical Facility Operator

2019 Guidance Reaffirmed



31 States



112 Ambulatory Surgery Centers



15 Short-Stay Surgical Hospitals



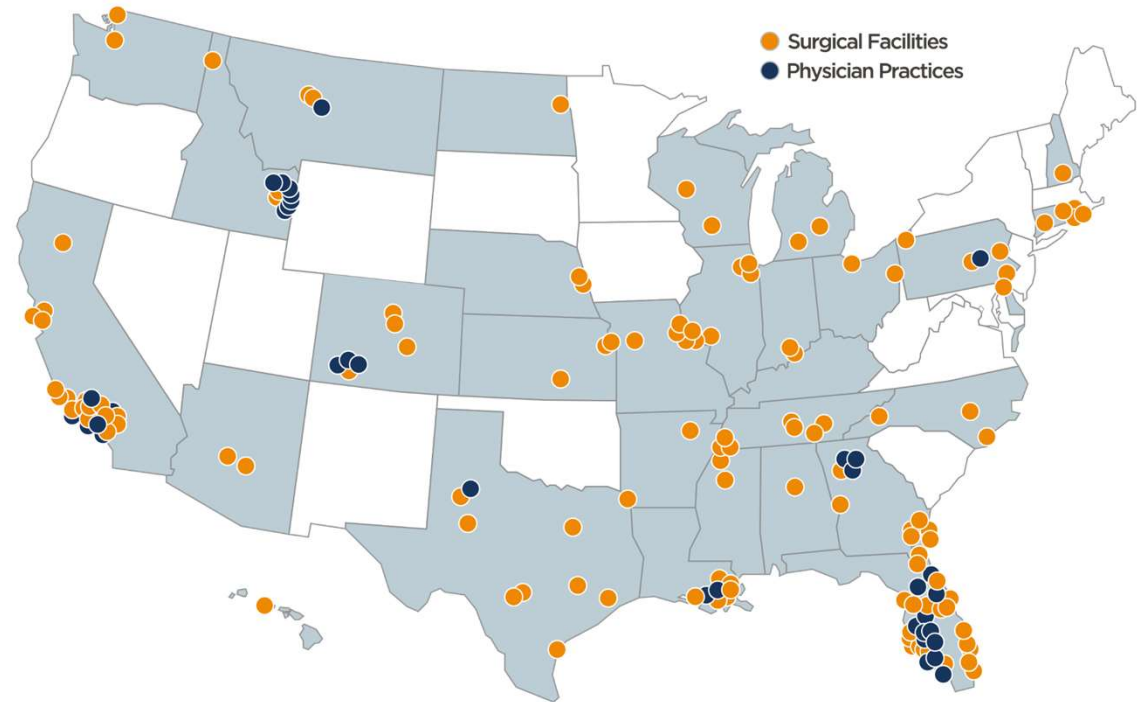
4,000 Affiliated Physicians & ~1,500 Physician Owners



600,000+ Annual Patients

Low single-digit revenue growth

Double-digit Adjusted EBITDA growth



Note: 2019 Guidance reaffirmed as of January 13, 2020.



We Have a Diversified Mix, Focused on High Value-Add Specialties, Supported by an Aging Population

Surgery Partners Case Mix





And a Strong, Vertically Integrated Management Team



Wayne DeVeydt
Chief Executive Officer

26 Years Healthcare Experience
2 Years with Surgery Partners



Eric Evans
EVP & Chief Operating Officer

15 Years Healthcare Experience
1 Year with Surgery Partners



Tom Cowhey
EVP & Chief Financial Officer

18 Years Healthcare Experience
2 Years with Surgery Partners



Jennifer Baldock
EVP & Chief Legal Officer

23 Years Healthcare Experience
10 Years with Surgery Partners



Donna Giles
SVP & Chief Clinical Officer

31 Years Healthcare Experience
6 Years with Surgery Partners



Laura Brocklehurst
SVP & Chief Human Resources Officer

20 Years Experience
1 Year with Surgery Partners



George Goodwin
American Group President

32 Years Healthcare Experience
21 Years with Surgery Partners



Tony Taparo
Eastern Group President & Chief Growth Officer

31 Years Healthcare Experience
23 Years with Surgery Partners



Brad Owens
National Group President

25 Years Healthcare Experience
1 Year with Surgery Partners

Veteran management team, averaging over 20 years of experience



What Makes Us Unique

Section 2



What Makes Us Unique



Uniquely positioned as a result of our focus on **high growth specialties**



Supported by our **superior clinical quality, customer satisfaction and physician engagement** outcomes



Only **independent** surgical facility operator of national size and scale



Focused on consolidating an under-valued and fragmented industry with our **distinctive scalable** platform **driving a more efficient and effective operation**



Trusted partner of choice

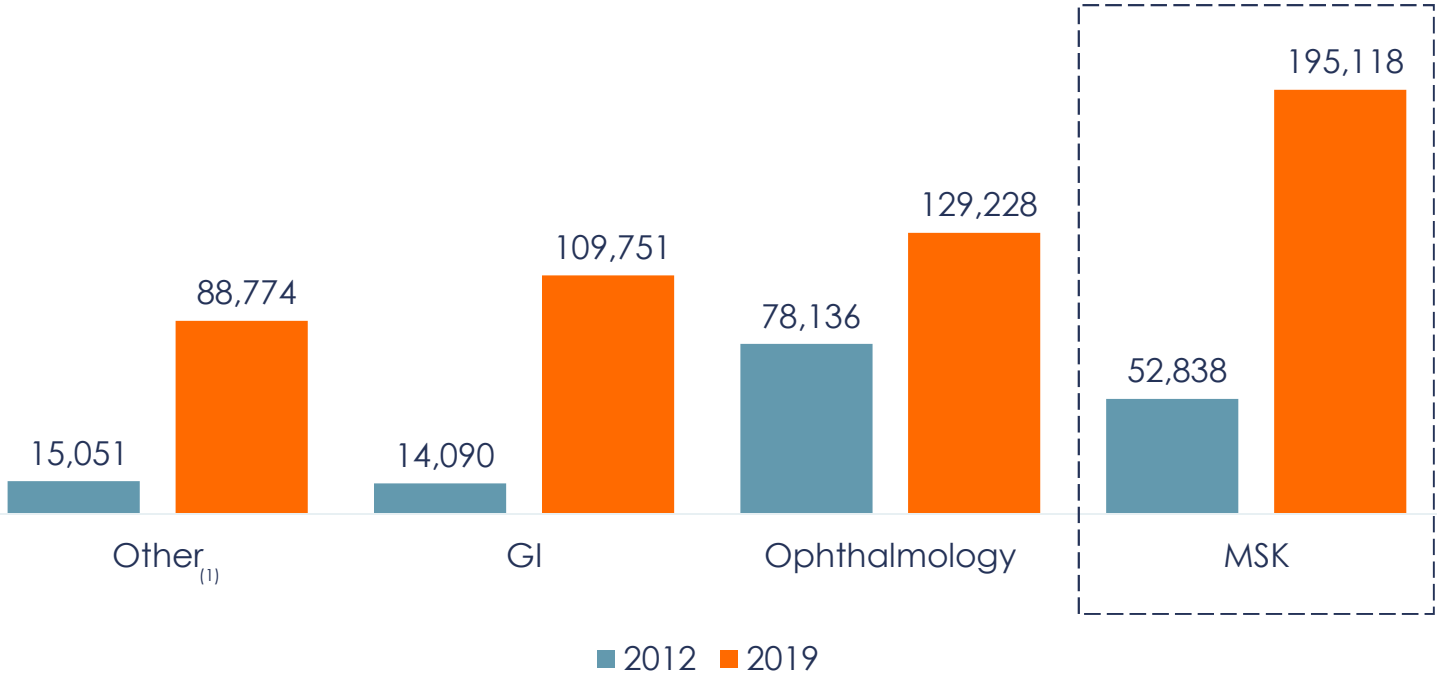


We Have an Increasing Opportunity With the Highest Acutities...

Case Volume by Specialty⁽²⁾

~4x case growth over 7 years

- ✓ Net Revenue CAGR of **+31%** since 2012
- ✓ Case mix aligned with **higher acuity**



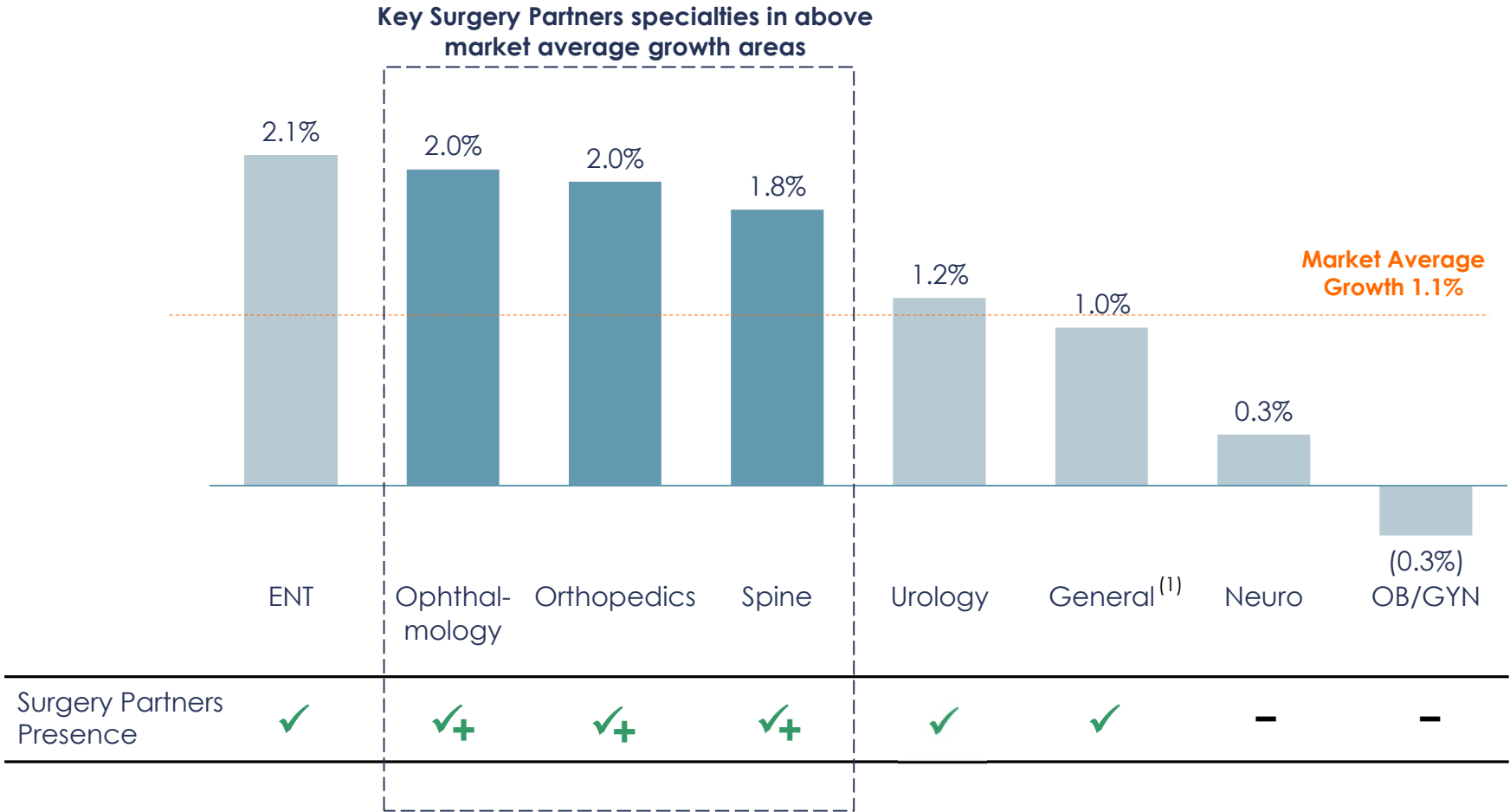
2012 Net Revenue: \$260M

2019E Net Revenue: \$1,800M+




... Resulting in a Portfolio Focused on Specialties Projected to Grow at a Disproportionately Higher Rate

Total Market Surgical Cases by Specialty ('17-'25 CAGR)





Leading Musculoskeletal Platform is Key to Future Growth



2x
Increase in hip revision procedures projected by 2026



\$7 billion
Annual Medicare spend on total joint procedures⁽¹⁾



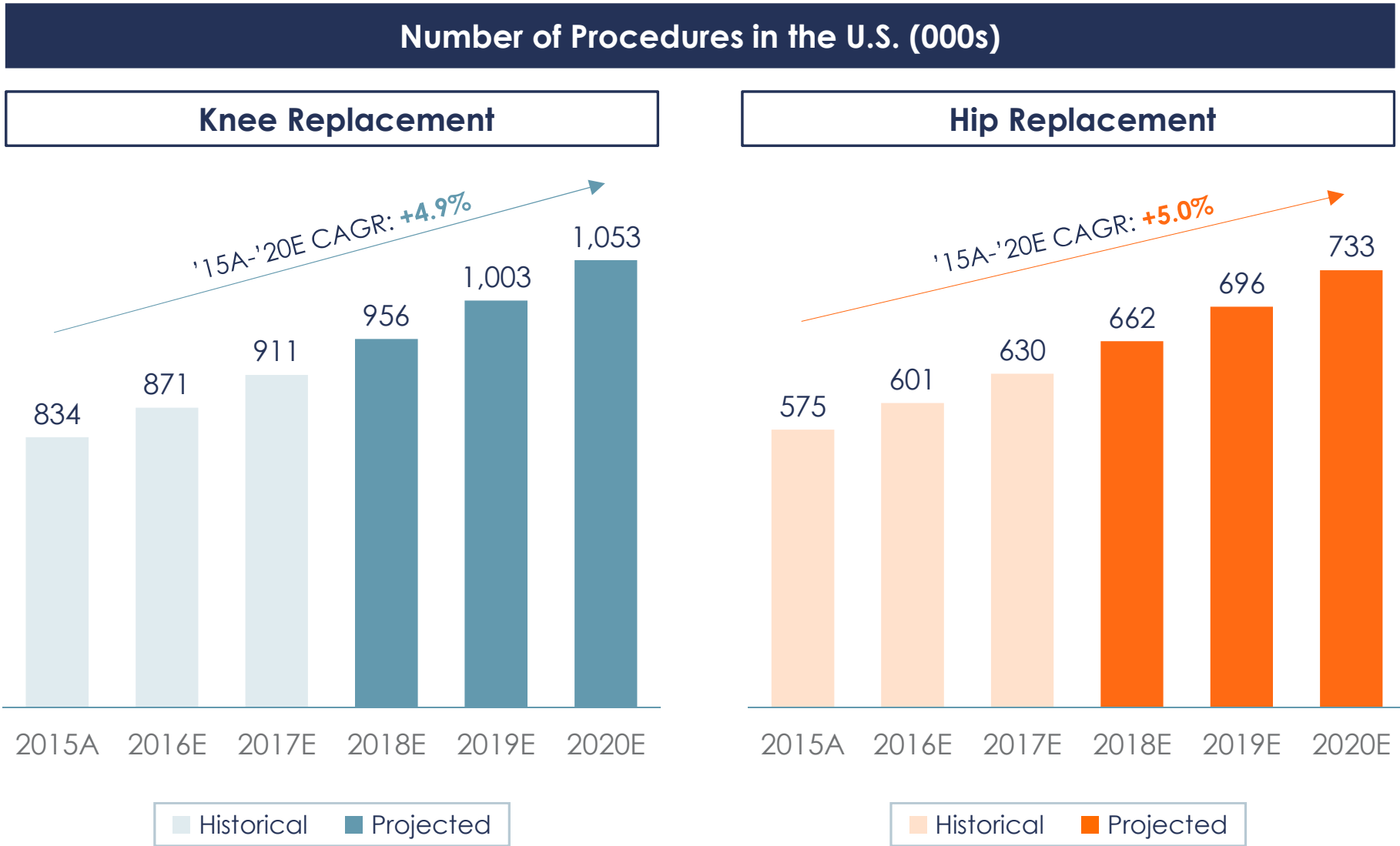
100 million
Adults in the U.S. with chronic pain⁽²⁾

- ✓ Leading national musculoskeletal surgical facilities operator
- ✓ Reduced Costs for payors and patients over acute care settings
- ✓ Expanded network of total joint, orthopedic and spine capabilities
- ✓ Front-end of industry trend toward moving high acuity cases to lower cost settings





As an Example, for Musculoskeletal, Attractive Growth in Joint Replacement Procedures





Sizing the Medicare Opportunity with Joint Replacement

November 2019: CMS released final 2020 Medicare Hospital Outpatient Prospective Payment System and ASC Payment System Final Rule

Final Rule Takeaways

- 2.6%** aggregate rate increase (50 bps higher than 2019 increase)
- Total Knee Arthroplasty (TKA)** and six additional coronary procedures added to ASC-covered procedures
- Total Hip Arthroplasty (THA)** and six spinal procedures removed from Medicare inpatient-only list

Total Knee Opportunity

- 1.9 million** hip and knee procedures projected by 2026¹
- 48%** total knee cases without major complications², which could be candidates for less acute settings
- Over **25%** of Surgery Partners ASCs have done a total joint procedure in the last 12 months

Medicare joint replacement is a large, new market growth opportunity for Surgery Partners' ASCs



We Differentiate Ourselves by Focusing on What Matters Most...



Clinical Quality



Patient Experience



Physician Engagement

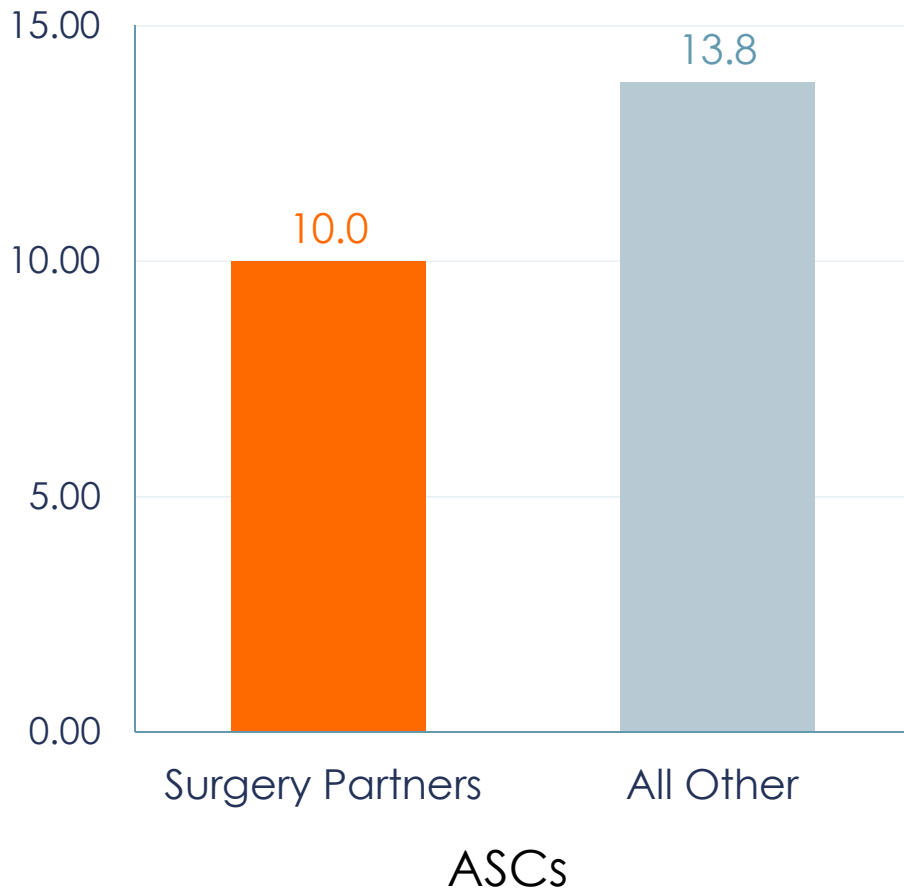


Trusted Partner

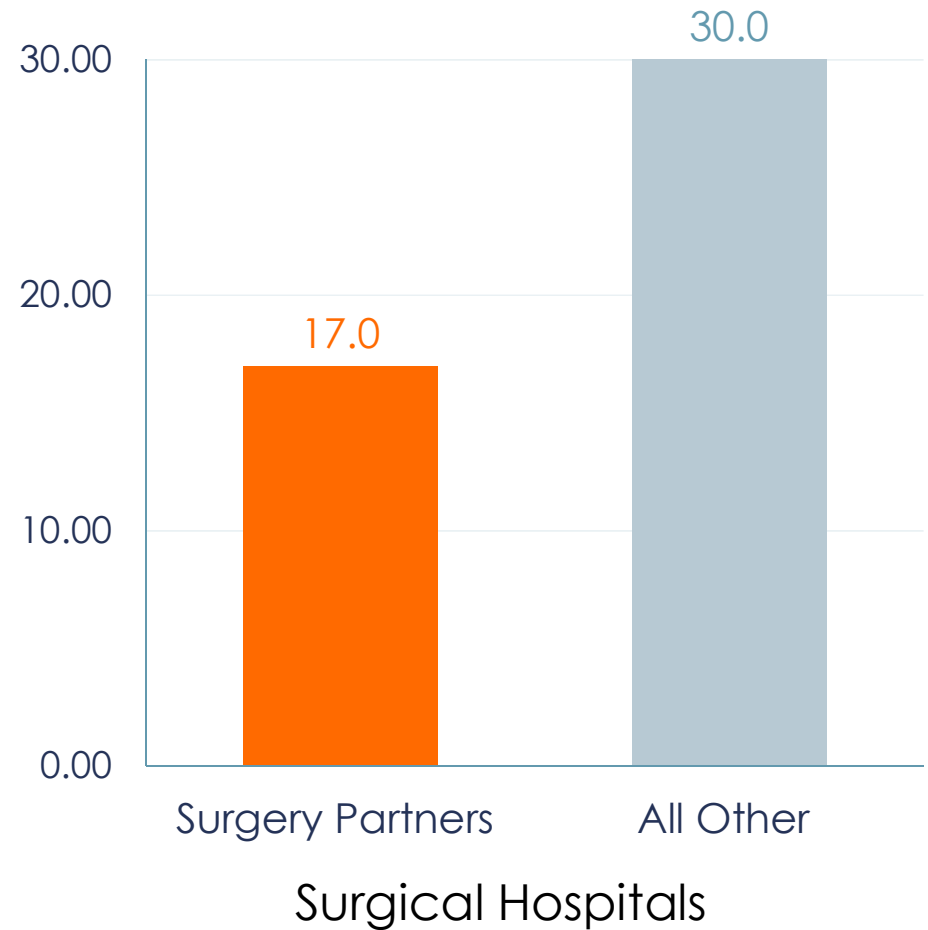


We Hold Ourselves to the Highest Standards...

Average Deficiencies per Survey⁽¹⁾



Average Deficiencies per Survey⁽²⁾





... While Focusing on Patient Satisfaction...



Cleanliness and comfort



Communication on insurance and financial responsibility



Administrative and clinical staff



Kept informed and procedure explanations



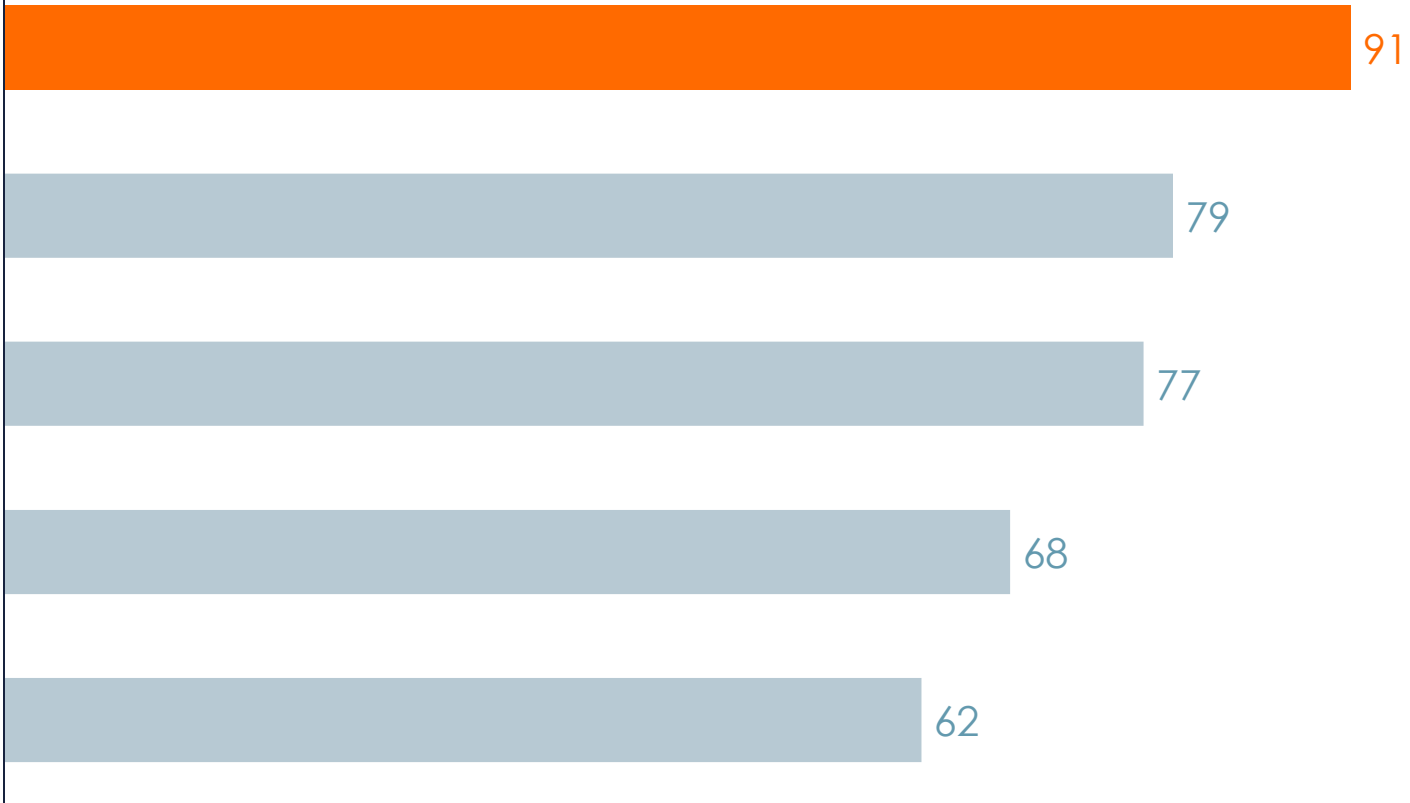
Patient experience and registration workflow



...Which has Resulted in a Best-in-Class Patient Net Promoter Score

Patient Net Promoter Score

 SURGERY PARTNERS





We Engage with Our Physicians and Hold Ourselves Accountable for Industry-Leading Performance

Physician Net Promoter Score

 SURGERY PARTNERS

















How We Drive Shareholder Value

Section 3



Recognizing the Benefits of Our Transformational Journey

2018



Foundation of Our Transformational Journey

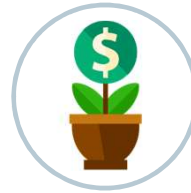
Pruned Asset Base

Recharged Organic Growth

Rebuilt M&A Pipeline

Leveraged Scale

2019



Executing on Our Strategy

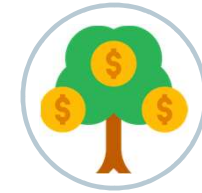
Invested in Our Surgical Facilities

Accelerated Organic Growth

Bolstered In-Market Pipeline

Leveraged Scale

2020 – 2024



Reaping the Benefits

Top-Line Growth

Margin Expansion

Capital Investment Returns

TRANSFORMATION



EXECUTION



LONG-TERM DOUBLE-DIGIT AEBITDA GROWTH

Foundation of our Transformational Journey: 2018 Key Accomplishments

Pruned Asset Base

\$100M+ Pruned Annualized Net Revenue

- 2** Surgical Hospitals
- 5** ASCs
- 16** Physician Practices
- 2** Optical Businesses



Recharged Organic Growth

- 500+** new physicians recruited
- 4%** improvement in same-facility case growth 2H '18 vs. 1H '18
- 7%** same-facility revenue growth in Q4



+ SURGERY PARTNERS

Rebuilt M&A Pipeline

- \$105M** of M&A Capital Deployed
- \$16.7M** of Run-Rate Adjusted EBITDA
- 6.3x** Effective Multiple

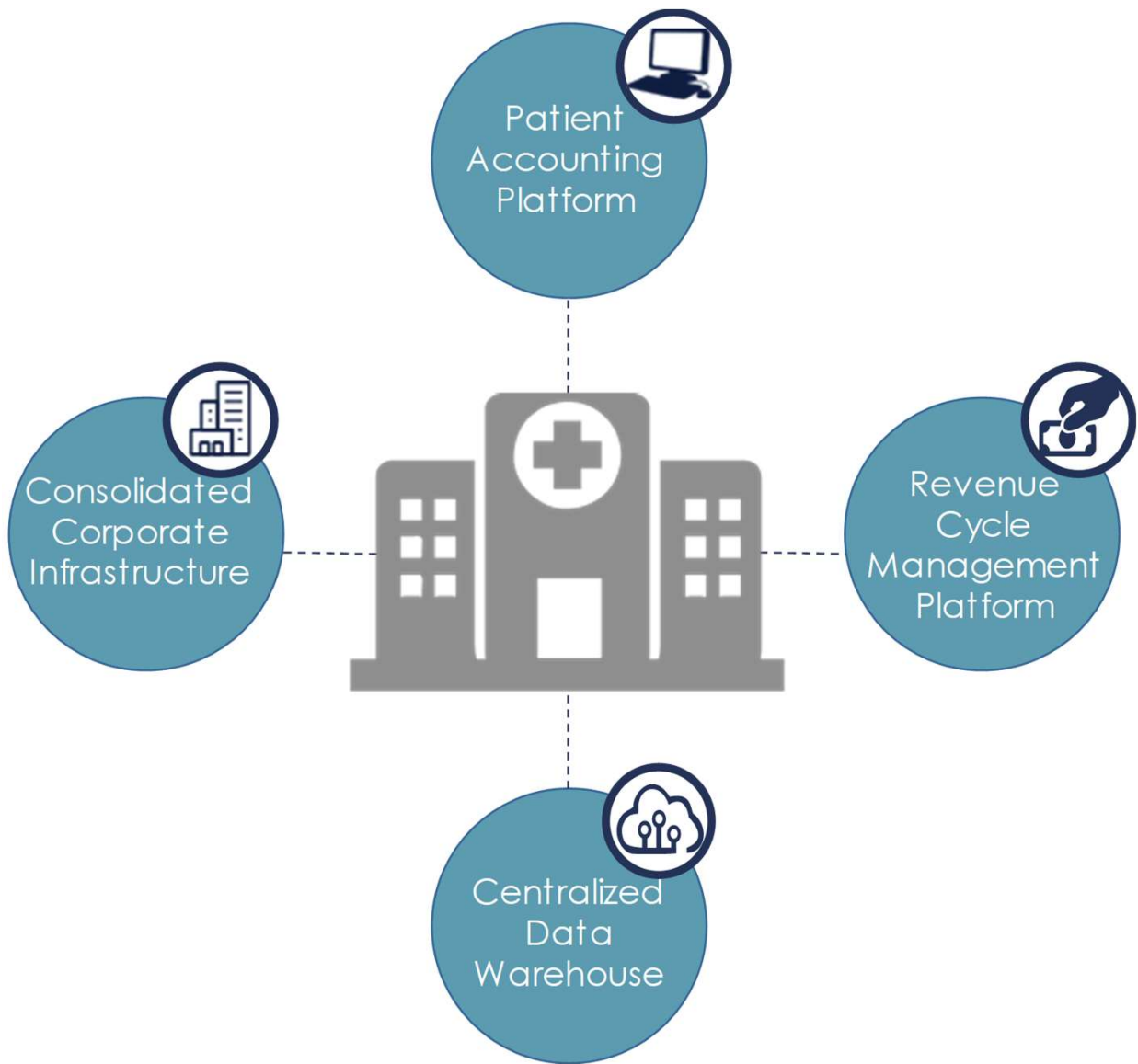


Leveraged Our Scale

- \$8M** of run-rate Supply Chain savings
- 10%+** reduction in Corporate Headcount
- \$5M** of run-rate Benefit Plan savings



Foundation of our Transformational Journey: Creating a Platform



89% of surgical facilities/ clinical practices migrated to end-state platforms



95% of surgical facilities/clinical practices migrated to common claims clearinghouse



95% of surgical facilities integrated into centralized data warehouse



Closed Chicago headquarters
Relocated Tampa corporate office
Consolidated **3** CBOs to **1**

Executing on our Strategy: YTD 2019 Key Accomplishments

Invested in Our Surgical Facilities

- 2** ASC relocations/expansions completed YTD
- 5** additional expansions by YE2019
- \$140M+** new hospital in ID Falls expected to generate **\$30M+** of Run-Rate Adjusted EBITDA



Accelerated Organic Growth

- 7%+** same store net revenue growth YTD Sep'19
- 433** new physicians recruited through September 2019
- ~2x** increase in total joint cases YTD Q3'19 vs. YTD Q3'18



SURGERY PARTNERS

Bolstered In-Market Pipeline

- \$37.2M** of In-Market Capital Deployed⁽¹⁾
- \$6.9M** of Run-Rate Adjusted EBITDA
- 5.4x** Effective Multiple
 - 7** ASCs⁽²⁾
 - 1** Surgical Hospital⁽²⁾
 - 2** Physician Practices and 1 Pharmacy⁽³⁾



Leveraged Our Scale

- Double-digit** commercial increase across 9 facilities through strategic rate negotiations
- \$5M** Run-Rate physician preference item savings
- 50%** cost reduction in key back-office expenses by consolidating vendors



(1) Capital deployed on in-market transactions from 1/1/19 – 10/31/19
 (2) Includes SCOI (4 ASCs), Great Falls ASC and Hospital, Tracy, and Skyline
 (3) Includes Gainesville, Great Falls Clinic and Prescription Center Pharmacy



Reaping the Benefits: Long-Term Growth Model



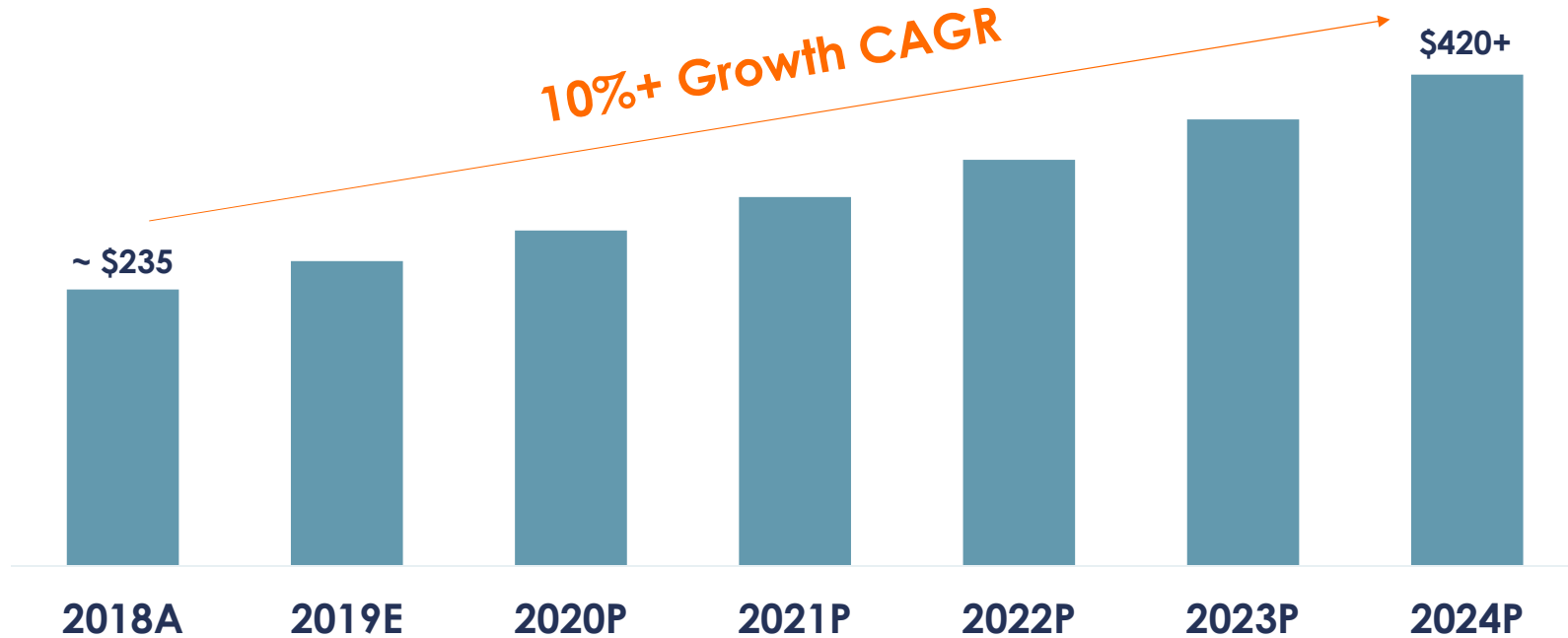
Sustainable long-term double-digit AEBITDA growth model



Reaping the Benefits:

Sustainable Long-term Double-Digit AEBITDA Growth

\$ in Millions



Near-term

- ✓ Return to growth
- ✓ Standardization
- ✓ Rationalization

Mid-term

- ✓ High-end 4-6% same-store revenues
- ✓ Managed Care, Revenue Cycle & Procurement opportunities
- ✓ IFCH achieves profitability

Long-term

- ✓ Medicare and Managed Care opportunity continues to drive strong same-store growth
- ✓ Capital deployment



Summary

We Have Built a Solid Foundation to Capture Growth

Where We Were

Where We Are

Solid, but un-pruned assets



Streamlined, surgical facility assets

Great platform, but fragmented



Holistic infrastructure

Lack of strategic clarity



Focused management and vision

FROM: A collection of great assets, but under-managed...

TO: ... A scalable platform with clear strategic direction and purpose



Appendix



Reconciliation to Adjusted EBITDA

The following table reconciles Adjusted EBITDA to Loss before income taxes, the most directly comparable GAAP financial measure (in millions and unaudited):

EBITDA Adjustments	
	2018
Loss before income taxes	\$ (69)
Plus (minus):	
Net income attributable to non-controlling interests	(110)
Interest expense, net	147
Depreciation and amortization	67
Equity-based compensation	9
Contingent acquisition compensation expense	2
Transaction, integration & acquisition costs ⁽¹⁾	34
Loss on litigation settlements	46
Loss on disposals and deconsolidations, net	32
Reserve adjustments ⁽²⁾	3
Impairment charges	74
Adjusted EBITDA	\$ 235