

SURGERY PARTNERS

40th Annual J.P. Morgan HealthCare Conference





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Surgery Partners Introduction



Surgery Partners is the Leading Independent Surgery Center Operator...



31 States

~\$2.2 billion

Q3 2021 TTM Revenues⁽¹⁾

~\$316 million

Q3 2021 TTM AEBITDA⁽²⁾



115 Ambulatory Surgery Centers



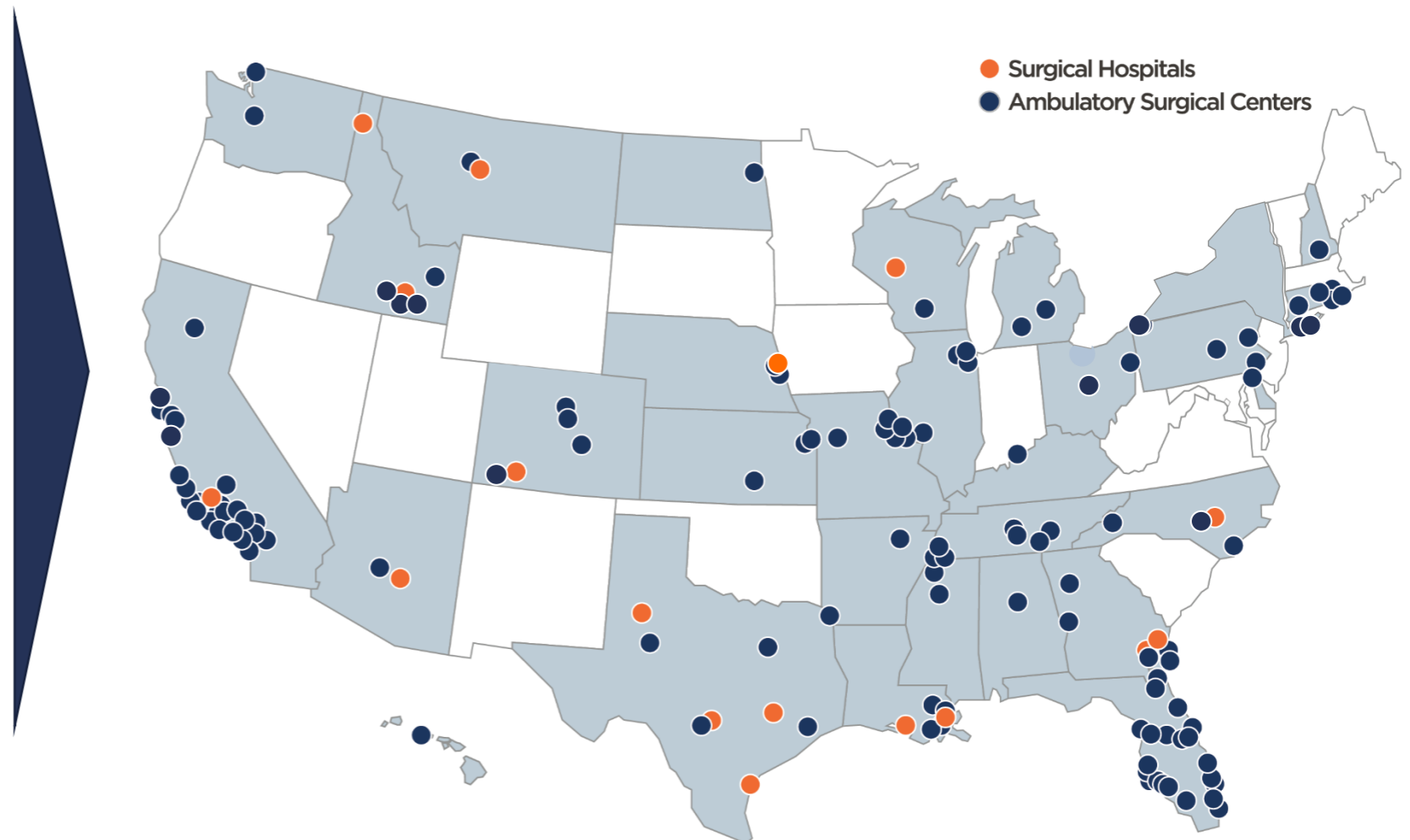
18 Short-Stay Surgical Hospitals



4,600+ Affiliated Physicians



600,000+ Annual Patients



(1) September 30, 2021 trailing 12-month net revenues of \$2,163M

(2) September 30, 2021 trailing 12 month Adjusted EBITDA. See slide 42 for reconciliation to the comparable GAAP measure
 Note: Q3 2021 SEC reported ASC count of 110 based on Tax Identification Number



...And is the Only Opportunity to Invest Directly in a Pure-Play of National Size and Scale

	Surgical Facility Revenue ⁽¹⁾		Parent Company	Number of Surgical Facilities ⁽²⁾	Specialty Focus
	Revenue	% of Total			
SURGERY PARTNERS	\$2.2B	97%	Public Only Pure-Play Surgery Center Operator	133	MSK, Cardiovascular, Ophthalmology & GI
AMSURG	\$1.3B	~15%	Private Division of Envision	250+	Gastrointestinal
SCA Surgical Care Affiliates®	\$2.5B+	~1%	Division of UHG	250+	MSK & Cardiovascular
HCA® Hospital Corporation of America®	NA	NA	Division of HCA	140+	NA
United Surgical Partners INTERNATIONAL	\$2.6B	<15%	Division of Tenet	428	MSK

(1) Surgery Partners data reflects TTM Sept 2021 net revenues of \$2,163M, Envision based on TTM 6/30/2018 data, SCA revenues based on CFO.com article 5/15/2019 and Tenet based on TTM Sept 2021 net revenue per 3Q 2021 earnings press release, which does not include the pro forma impact of the December 2021 acquisition of SurgCenter Development.

(2) Reflects latest available data from company websites; Tenet data is based on 3Q 2021 earnings press release, updated for Dec. 2021 acquisition of SCD.



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

Surgery Partners' Case Mix



Half of Net Revenue From Musculoskeletal Procedures



...And are Well-Positioned to Pursue the \$150B+ Total Addressable Market (TAM)

\$150B+ Total Addressable Market



Purpose-built, Veteran Management Team



Focused on High Growth Specialties



Superior Clinical Quality and Customer Experience



Independent, Trusted Partner of Choice



Scalable Platform



Targeting Long-Term Double-Digit Growth



Surgery Partners Investment Highlights



Surgery Partners Investment Highlights

1

Large Market Opportunity Supported by Multiple Macro Growth Drivers and Aligned with the Mega Trend: High-Quality, Low-Cost Care in Specialized Settings

2

Industry Leader Focused on Higher Growth, Higher Acuity Specialties

3

Exceptional Clinical Quality Coupled with Superior Patient & Physician Experience

4

Proven M&A Platform Results in Highly Consistent, Highly Accretive Acquisition Driven Growth

5

Uniquely Positioned to Enable Value-Based Surgical Care in a Profitable and Predictable Model

6

Multiple Drivers of Long-Term Growth and Margin Enhancement



1

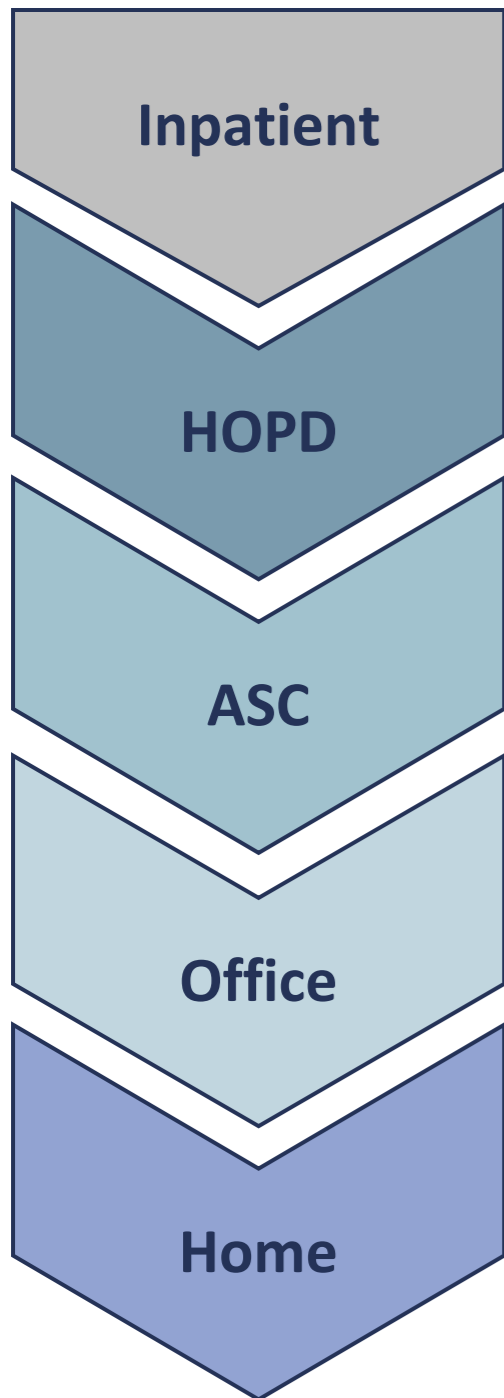
Over \$150B Total Addressable Market (TAM)



Several near and long-term catalysts to capture this opportunity



1 TAM: Over \$90B Outpatient Surgical Market and ~\$60B of Cases Migrating to Outpatient



Annual Revenue (US) **Annual Volume Growth**

\$500B+
\$230B surgery -2%

\$470B+
\$55B+ surgery 2%

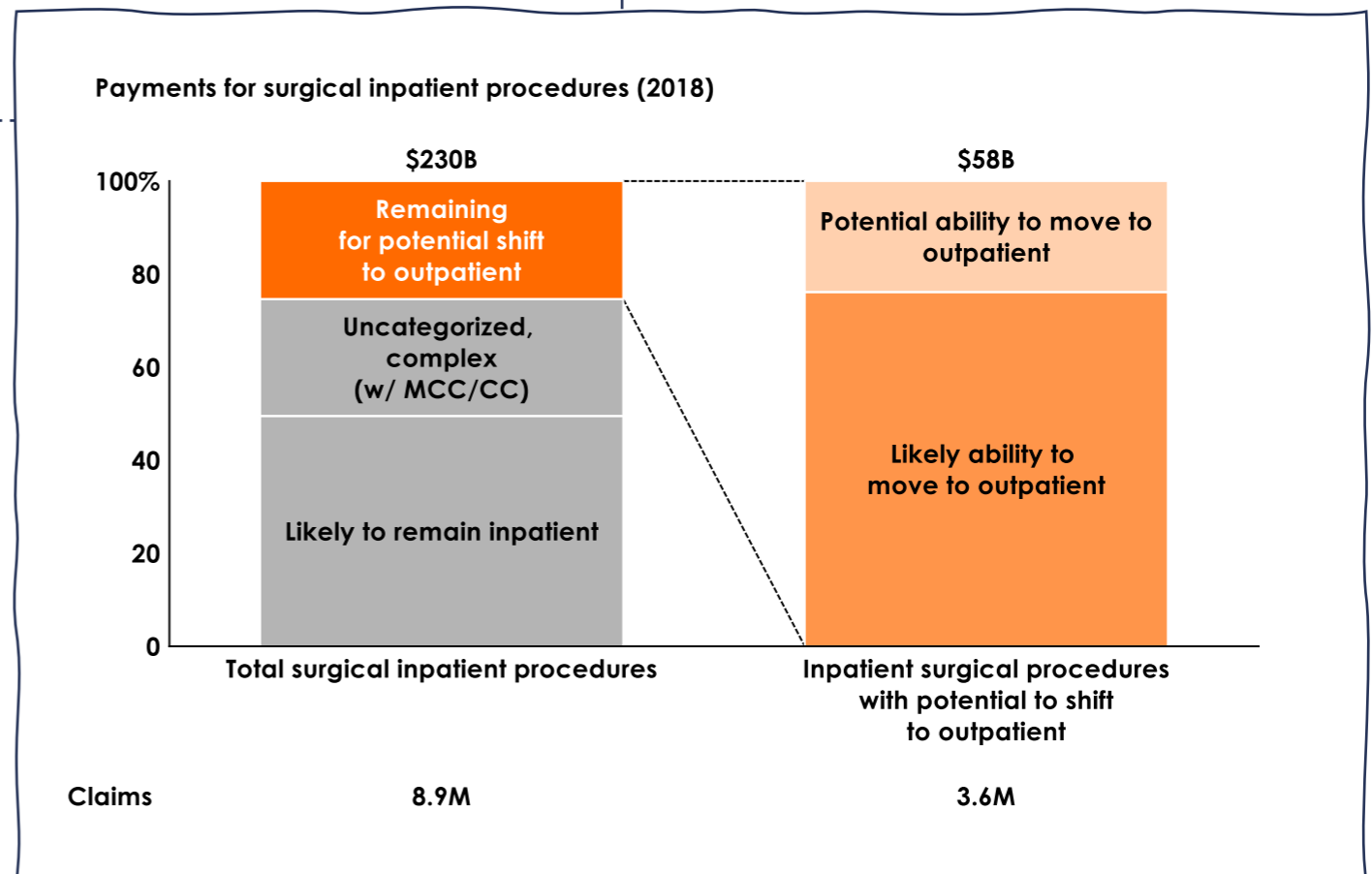
\$35B+ surgery 6%

\$550B+

\$100B+



~\$60B Incremental Shift of Inpatient Surgical Cases to the Outpatient Setting



Source: Bain & Co, McKinsey, Advisory Board, Sg2, AMA, Avanza, OECD, CMS, Management estimates

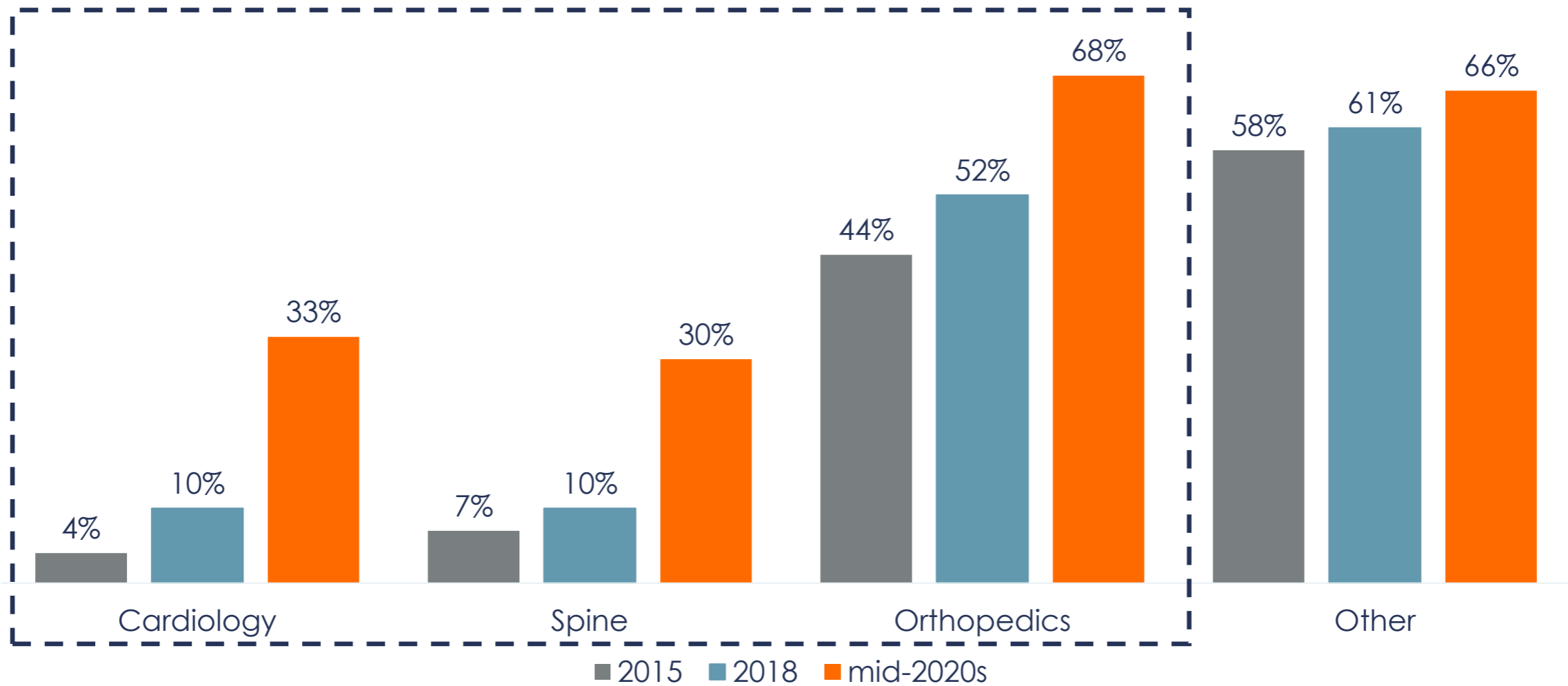
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1 Increasing Number of Procedures Projected to Migrate to Lower Cost Settings

Migration of Orthopedic, Spine and Cardio procedures will fuel rapid ASC growth

Percentage of procedures performed in ASCs



Recent CMS guidance reaffirms joint and cardio market opportunity



2

Our Leading Musculoskeletal & Cardio Platform is Well Positioned to Capture this Opportunity

Musculoskeletal

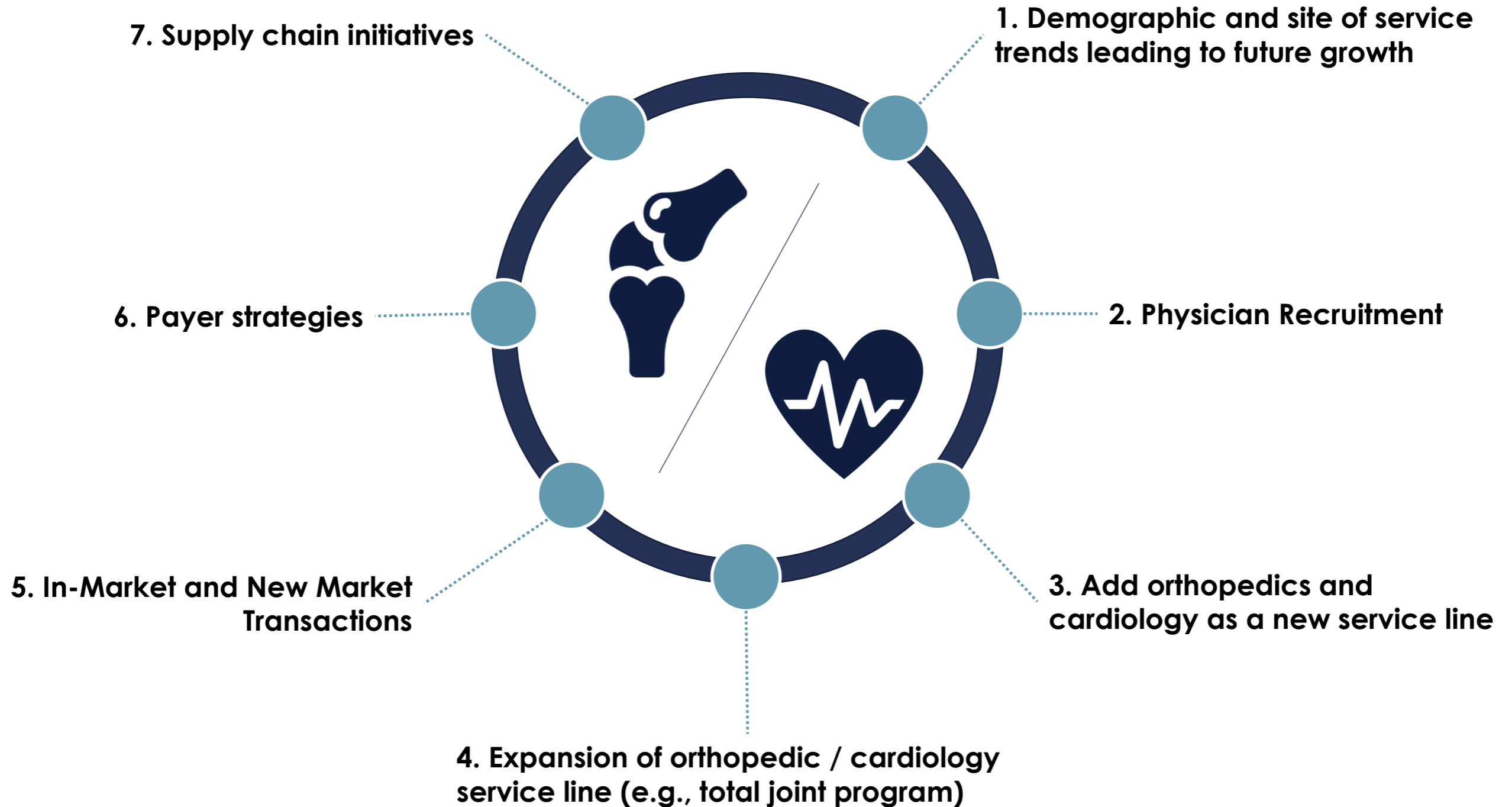
- \$3 billion** Annual savings by shifting 50% of joint cases to ASCs⁽¹⁾
- 15%** Surgery Partners' historic orthopedic case growth
- 14** Robots added in 2020 and 2021, bringing total to 34
- 80%+** Surgery Partners' facilities perform MSK procedures

Cardio

- 17** Cardiac catheterization procedures approved in 2019
- 6** PCI procedures approved in 2020
- 15%+** Surgery Partners' historic cardio case growth
- 60%+** Surgery Partners' facilities with potential for Cardio



2 Differentiated and Highly Capital Efficient Approach to Growing and Enhancing Orthopedics & Cardiology...

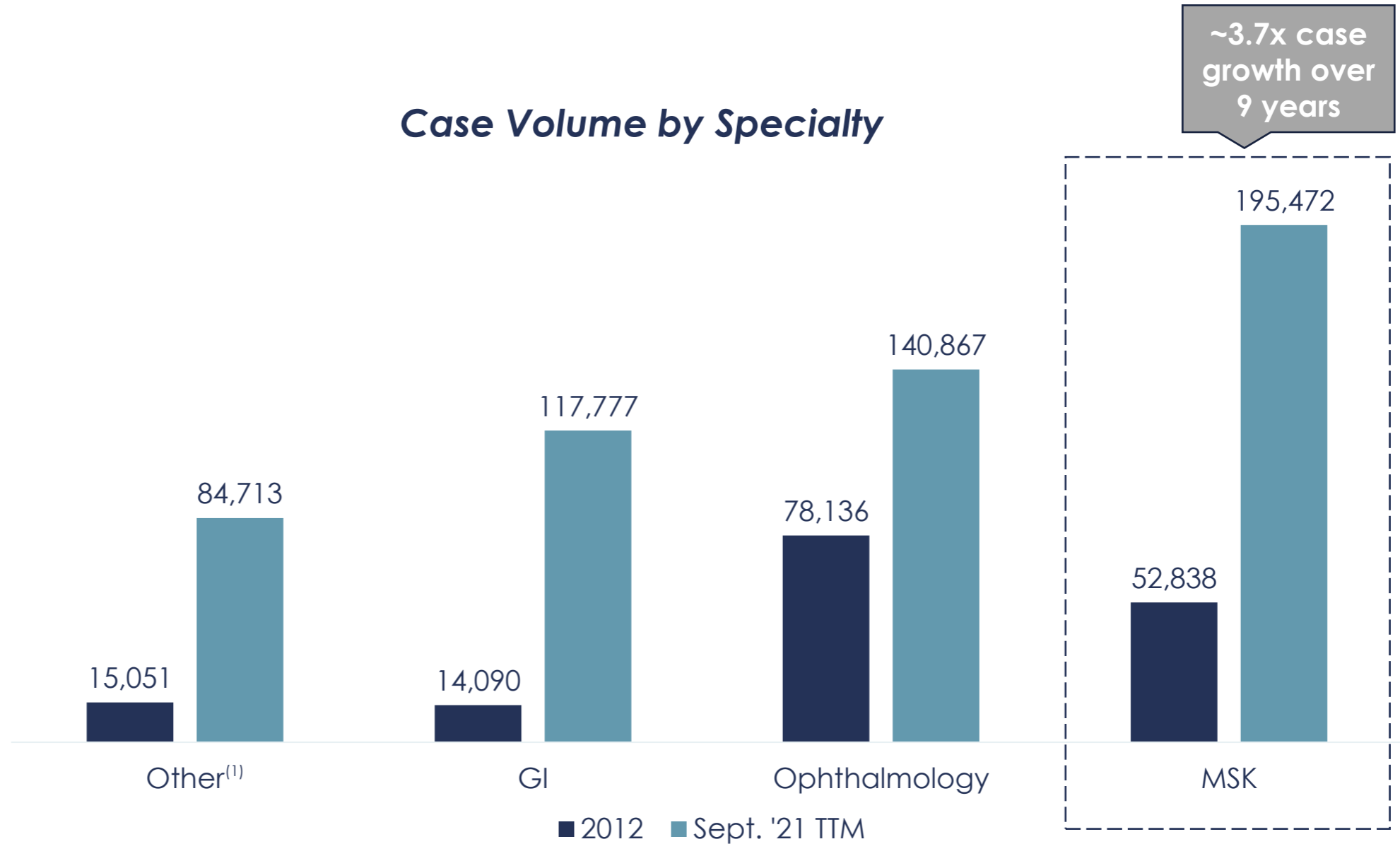




2 ...Driving Strong Case and Revenue Growth...

- ✓ Net Revenue CAGR of **~27%** from 2012 to TTM 3Q 2021
- ✓ Case mix aligned with **higher acuity**

Case Volume by Specialty





2 ...And 15% Orthopedic Service Line Volume Growth



96 Locations ⁽¹⁾



90k+ Orthopedic Procedures Annually



670+ Orthopedic Physicians



108%+ Joint Case Growth at ASCs ⁽²⁾

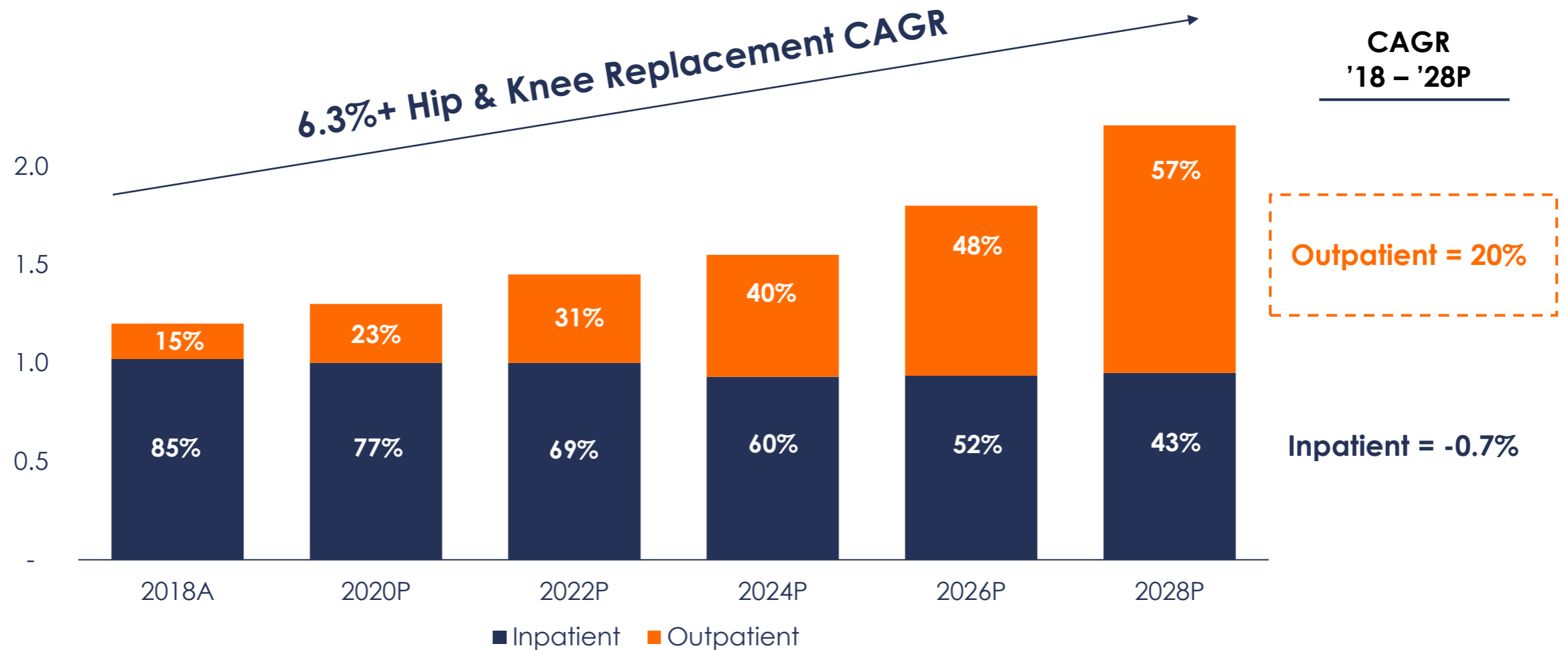




2 Considerable Growth Ahead for Joint Replacements

Inpatient and Outpatient Hip & Knee Replacement Forecast

Volume (millions)



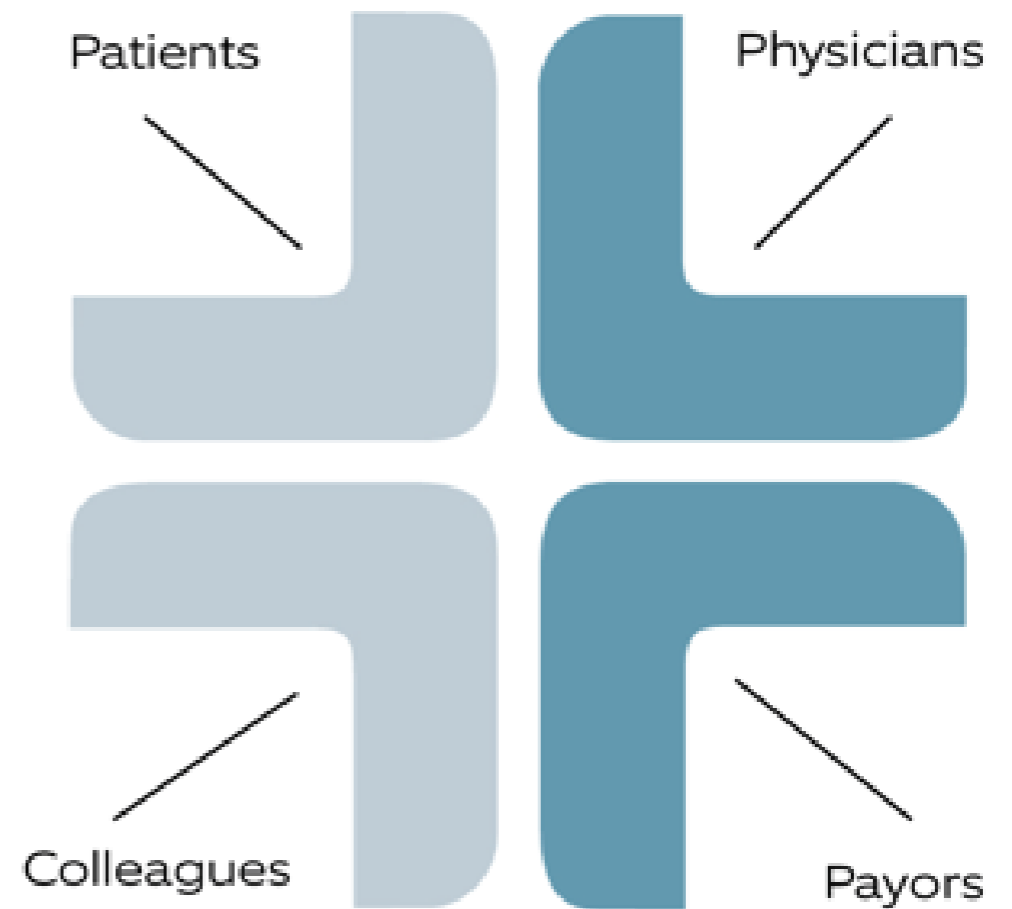
Outpatient volume expected to increase over 1 million cases and to comprise over 50% of total knee & hip volume



3 We Focus on What Matters Most: Clinical Quality and Patient Experience

OUR MISSION

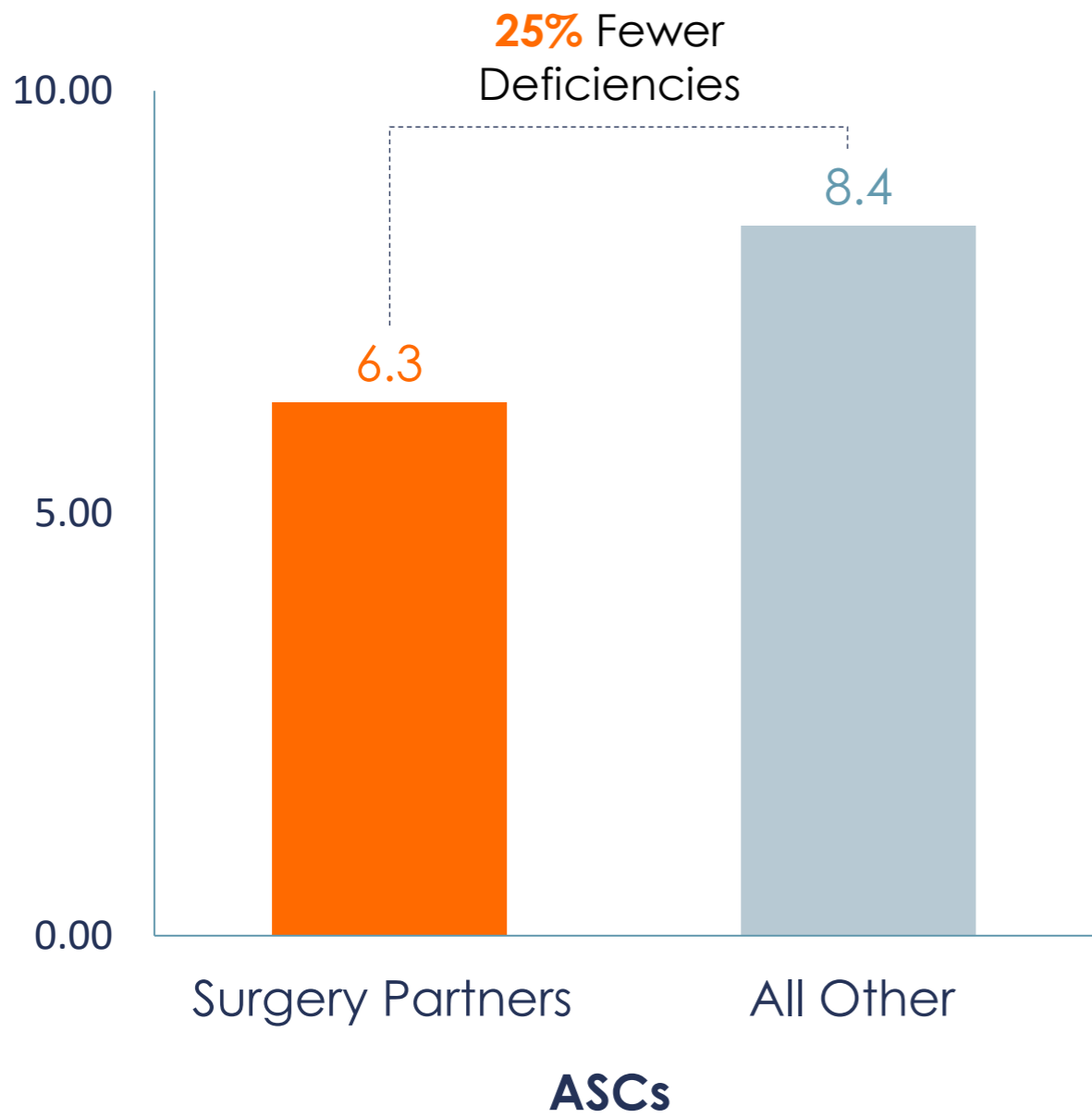
ENHANCING PATIENT
QUALITY OF LIFE
THROUGH PARTNERSHIP



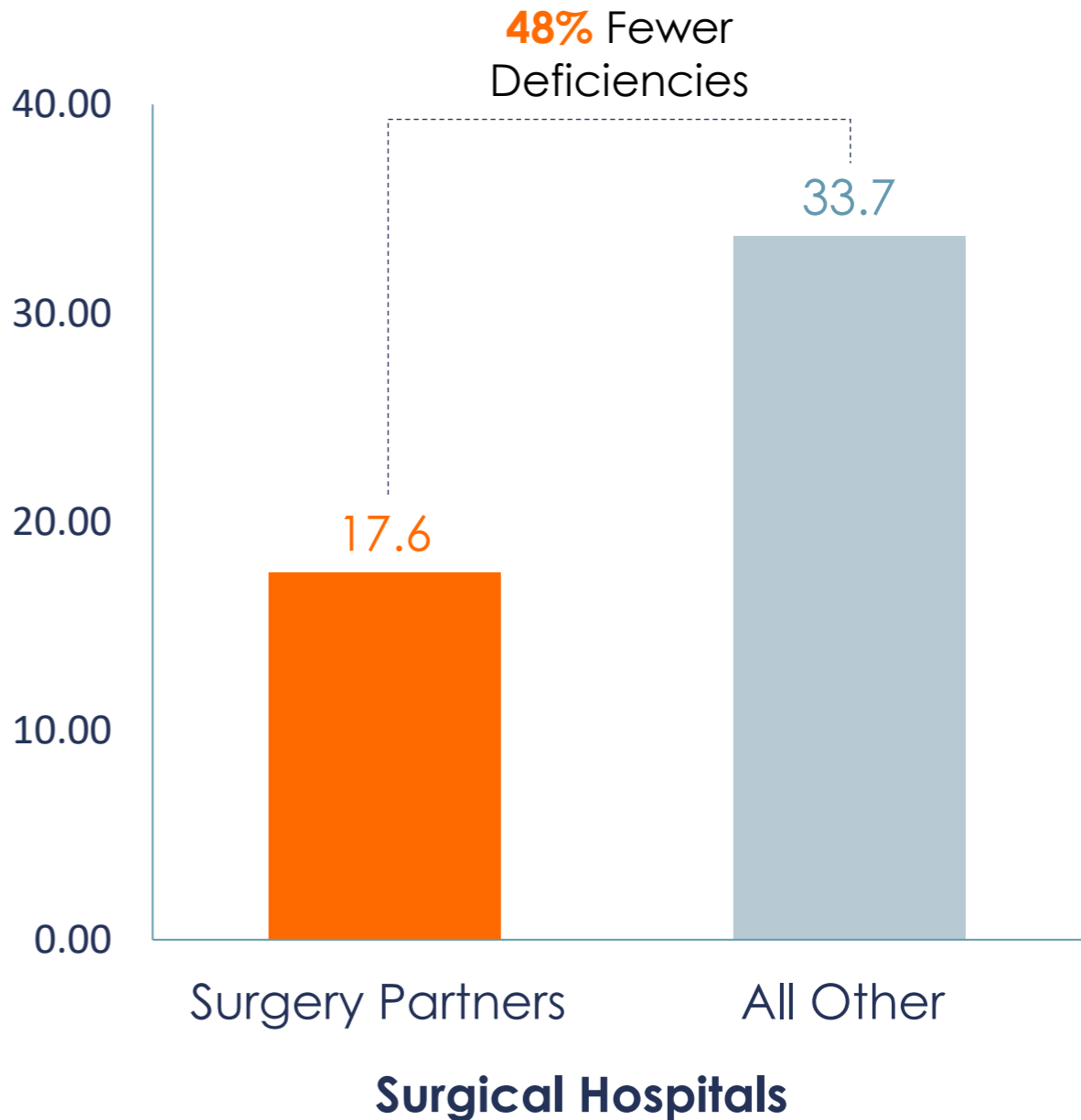


3 We Hold Ourselves to the Highest Standards...

Average Deficiencies per Survey⁽¹⁾



Average Deficiencies per Survey⁽²⁾



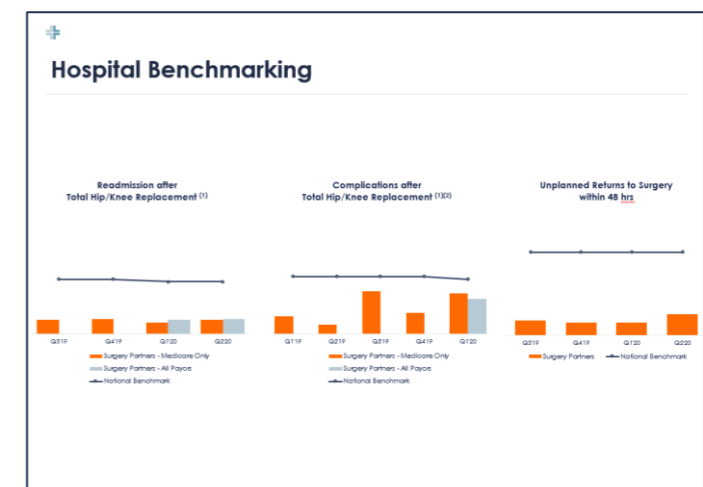
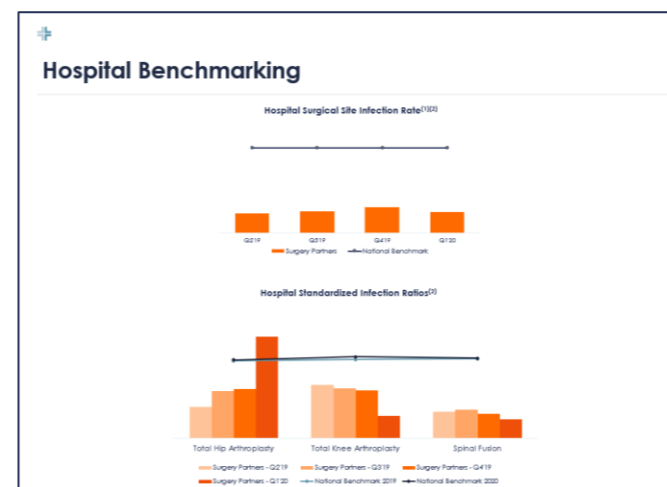
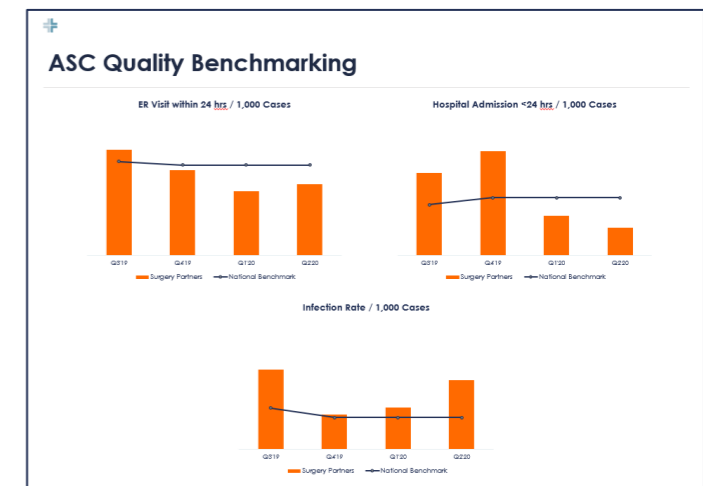
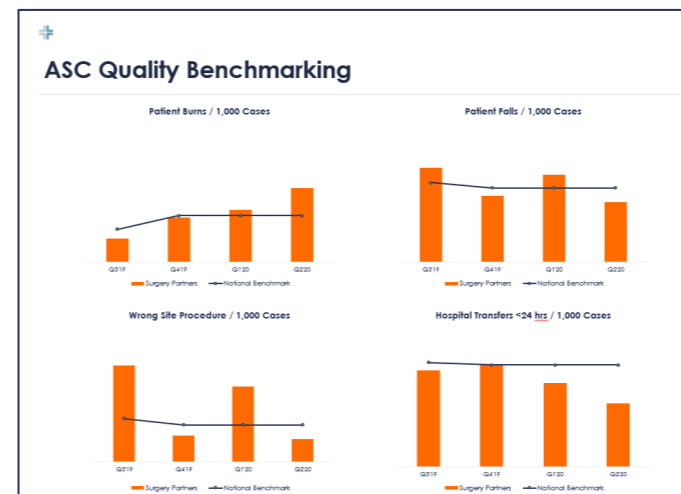


3 ...And Regularly Report and Benchmark Our Performance to Emphasize our Culture of Safety...

Sample Metrics

- ✓ Patient burns
- ✓ Patient falls
- ✓ Wrong site procedures
- ✓ Hospital transfers
- ✓ Surgical site infections rate
- ✓ ER visits within 24 hours of discharge
- ✓ Hospital admissions within 24 hours of discharge
- ✓ Normothermia rate upon arrival to the PACU
- ✓ Unplanned anterior vitrectomy rate
- ✓ Toxic anterior segment syndrome (TASS) rate

Sample Reporting





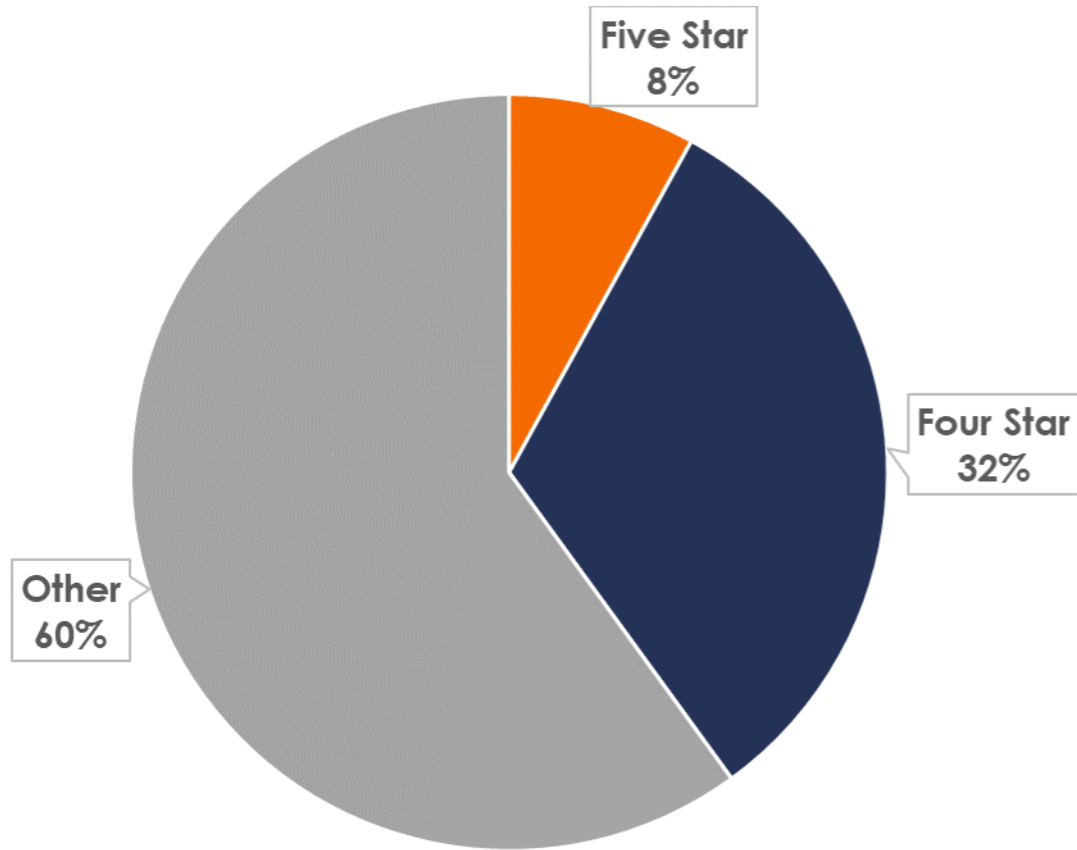
3 ...With A Proven Record of Exceptional Clinical Care...



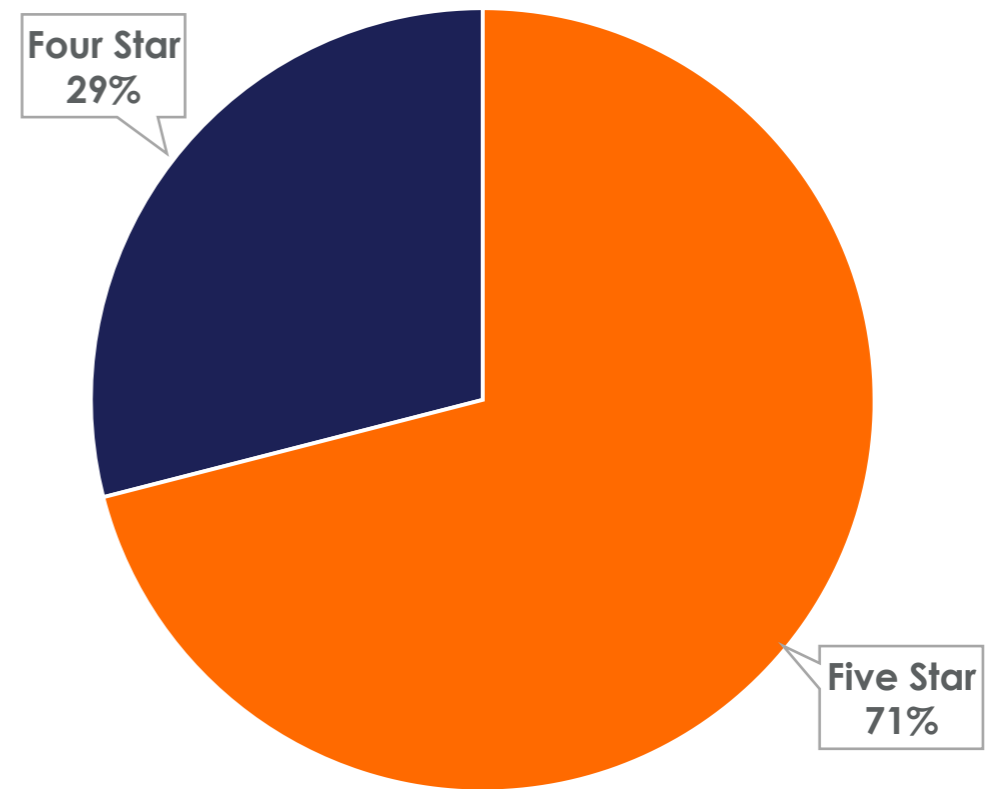


3 ...And Clinical Efficacy that Results in a Better Patient Experience

Nationwide Hospitals



Surgery Partners⁽¹⁾



Best-in-Class Patient Experience



3 We Focus on Patient Experience...



Cleanliness and comfort



Communication on insurance and financial responsibility



Exceptional administrative and clinical staff



Kept informed and procedure explanations

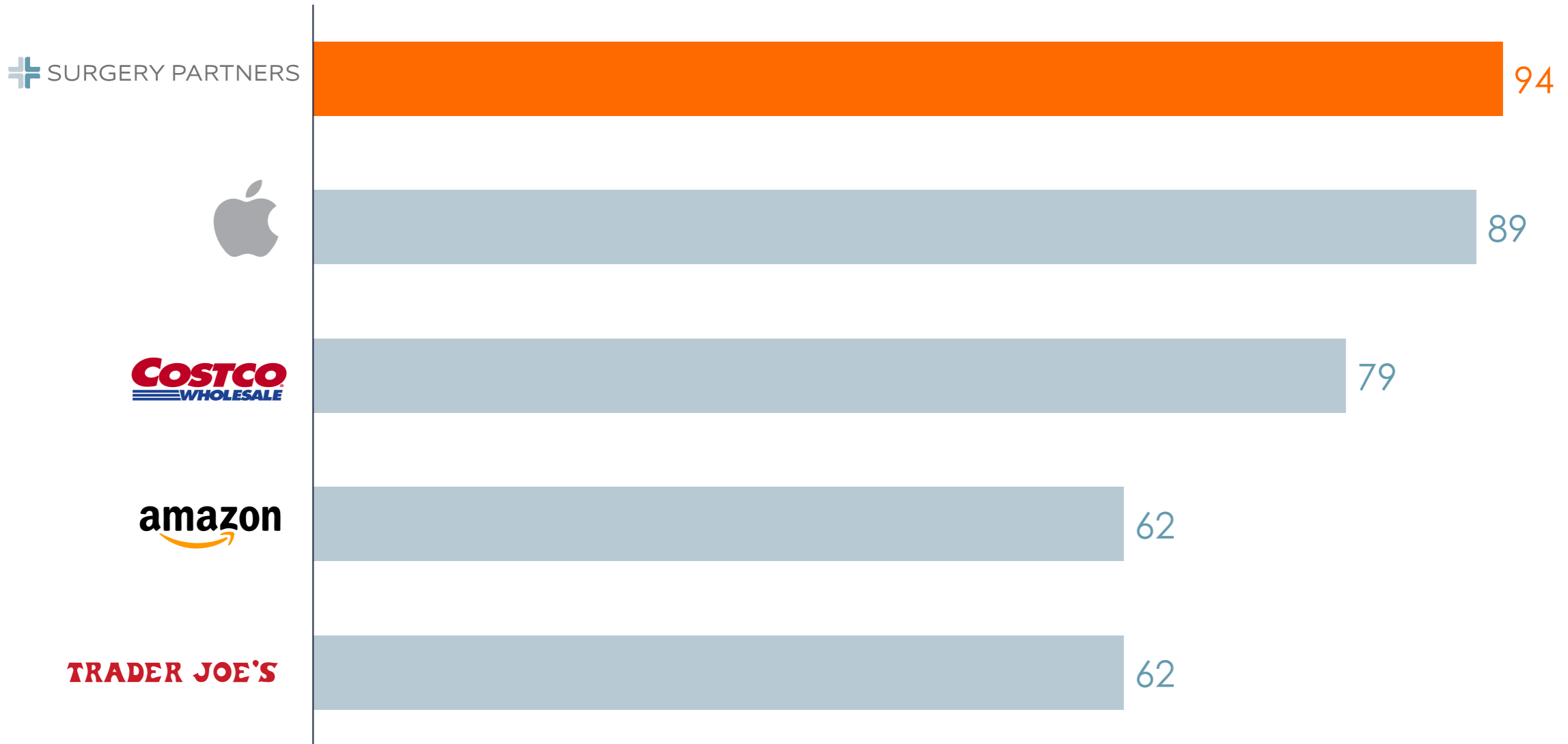


Patient experience and registration workflow



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

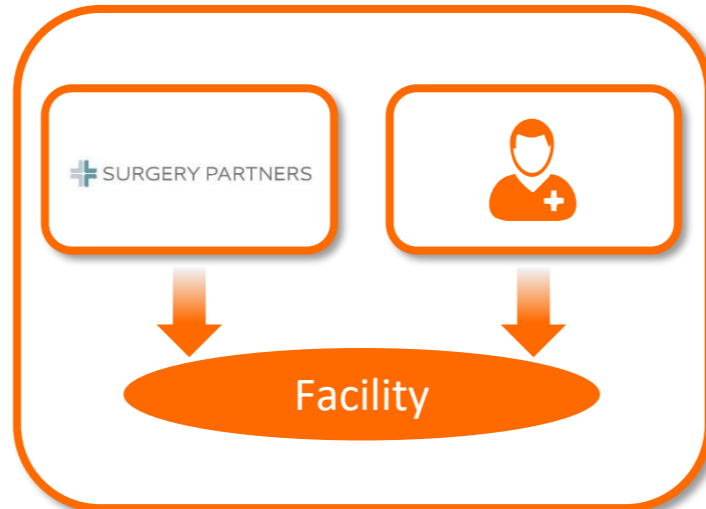
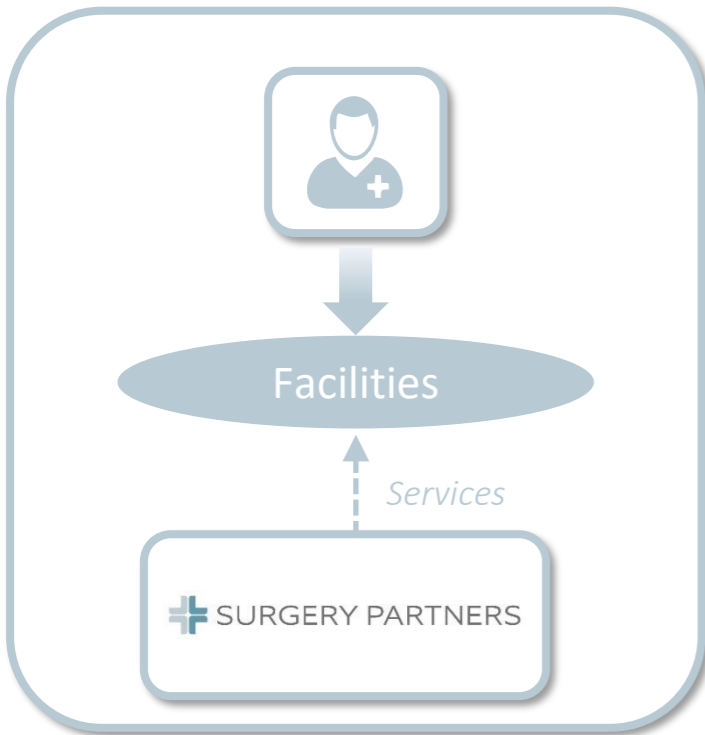
Patient Net Promoter Score





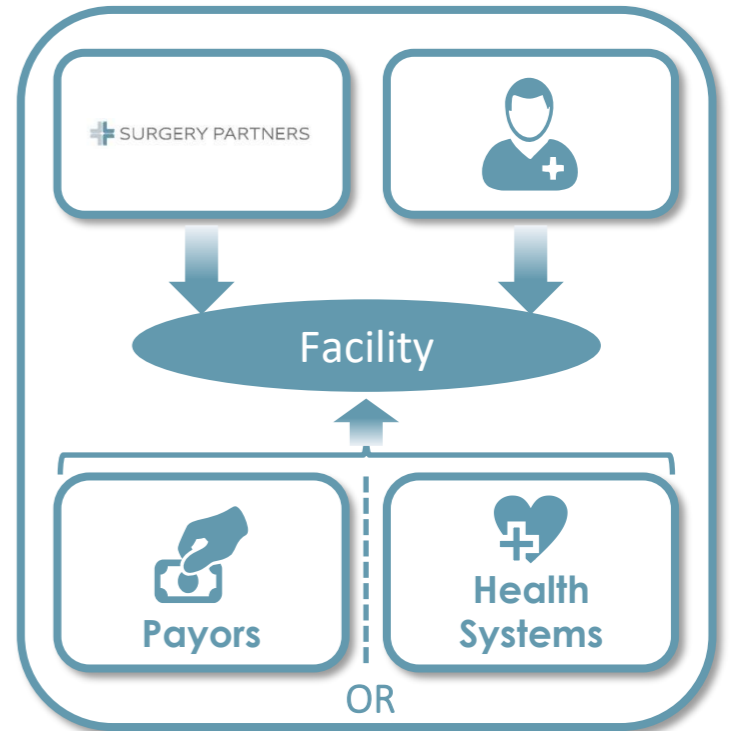
3 We Align Ourselves with our Physician Partners...

Multi-Site Management



Two-Way JVs

Three-Way JVs

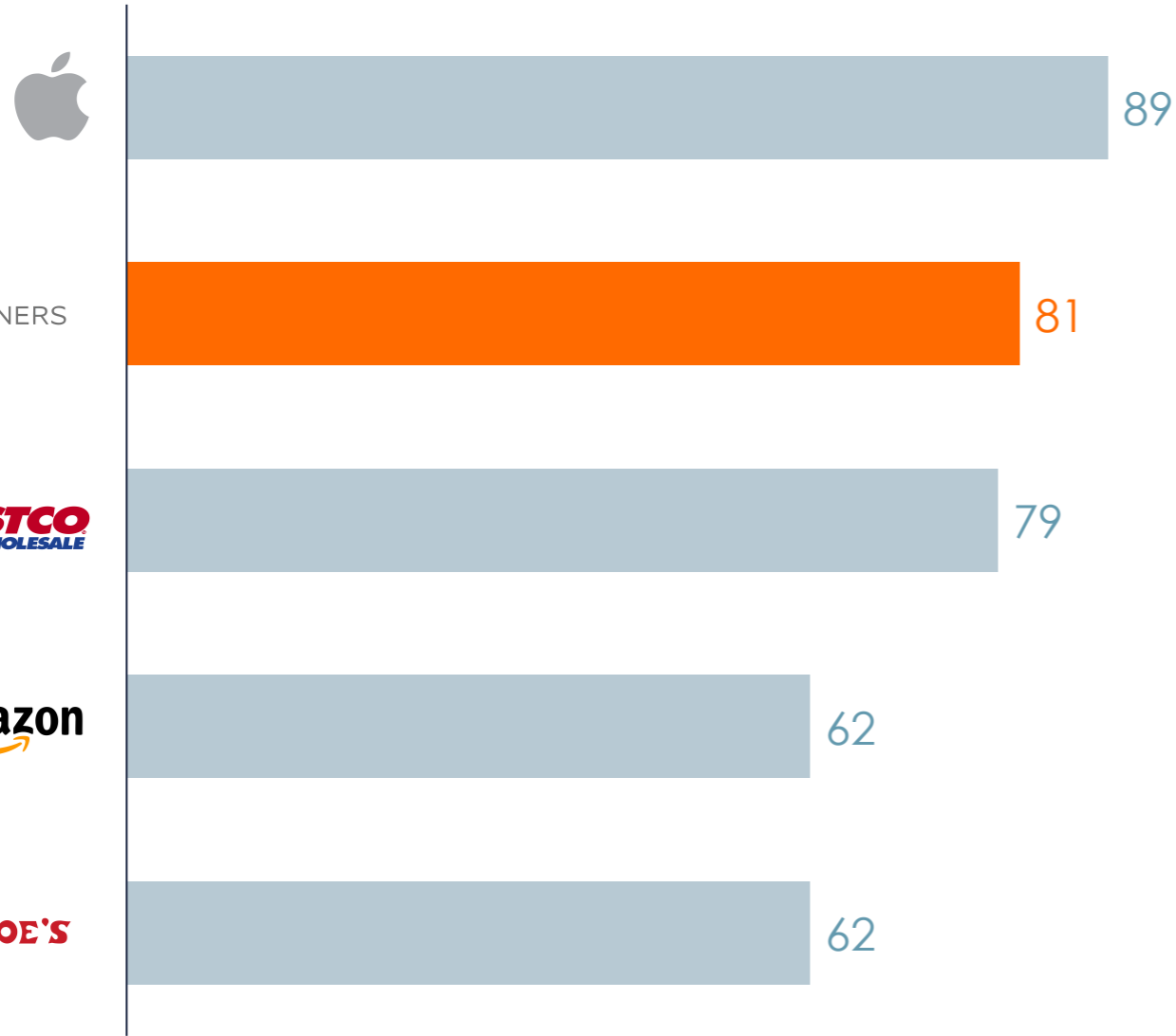


We have a tailored approach to partnership and physician engagement



3 ...Which Results in Highly Satisfied Physicians...

Physician Net Promoter Score



Exceptional Provider Experience

Aligned equity ownership model

High NPS



3

...And Strong Physician Engagement and Retention

BETTER PARTNERS. BETTER CARE.

We are focused on physicians. Through decades of experience, we have observed that an outstanding patient experience begins with an outstanding physician relationship. Everyone wins when physicians have what they need to do their best work and can exercise autonomy within their place of work.



Equity partnership model with physicians aligns interest and enables long-term commitment to deliver high-quality, low-cost surgical care.

We proudly boast **95%+ partner retention⁽¹⁾**, and the findings from our most recent Net Promoter Score, the national ranking system used to measure satisfaction, nearly max out the upper end of the NPS scale.

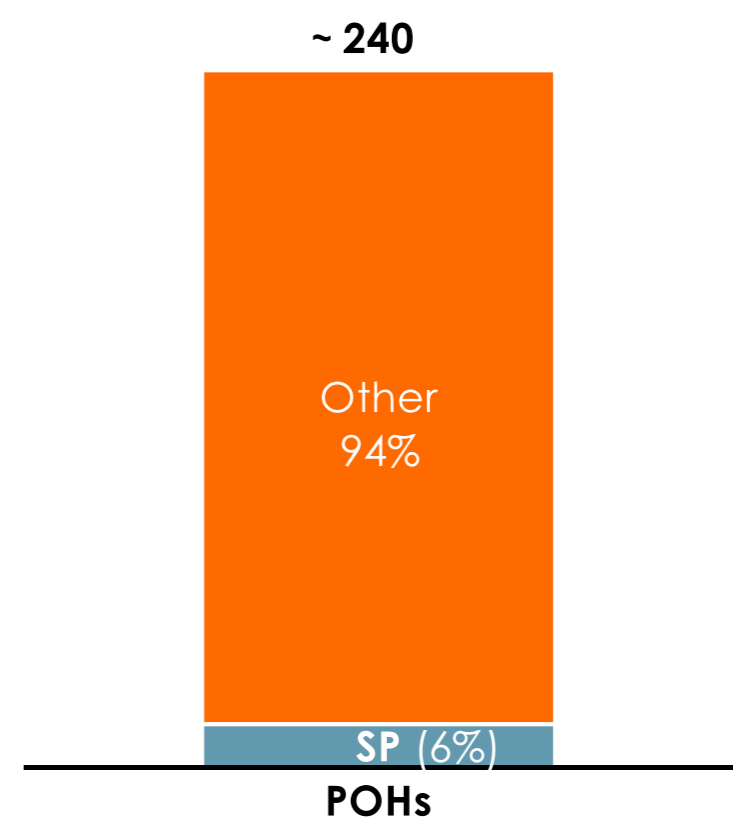
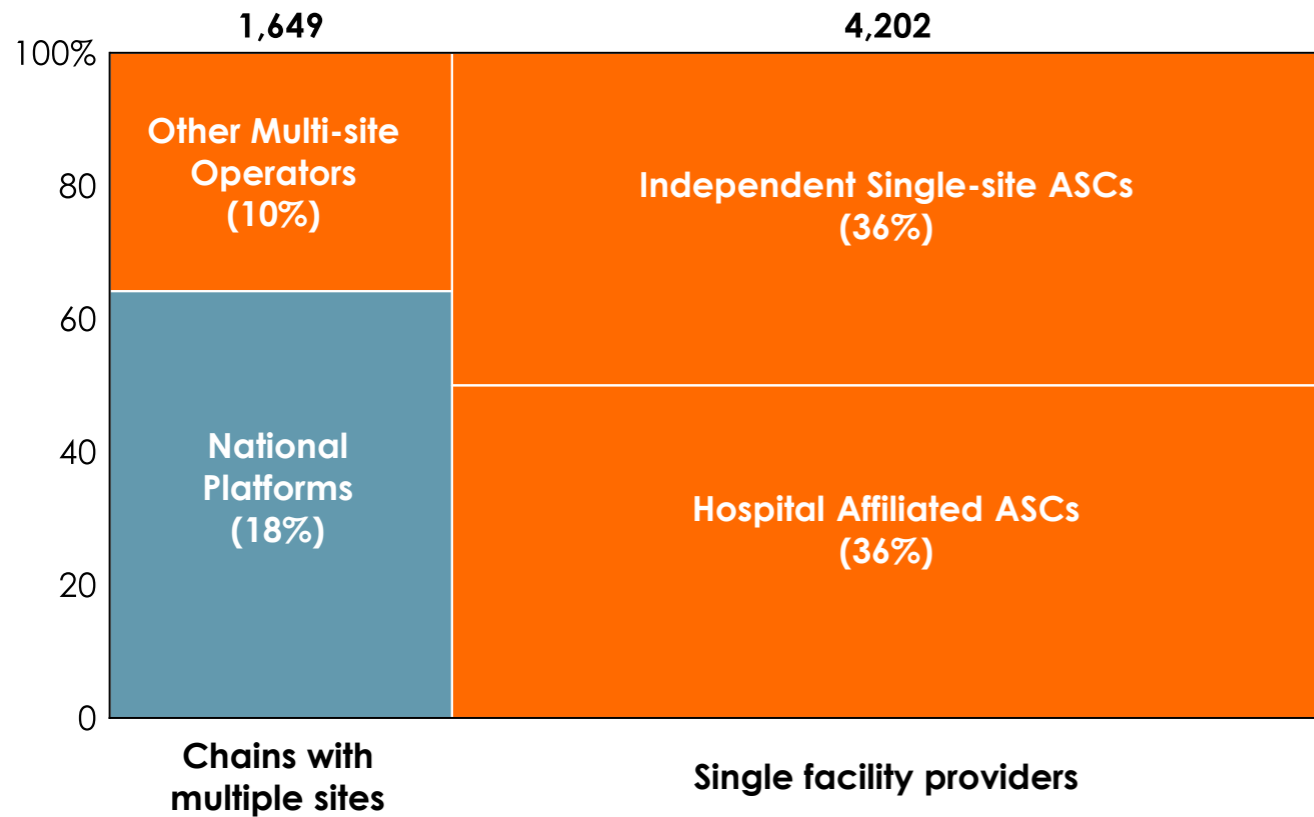


4 We Operate in a Highly Fragmented Market...

Number of ASCs in the U.S.

Number of POHs in U.S.

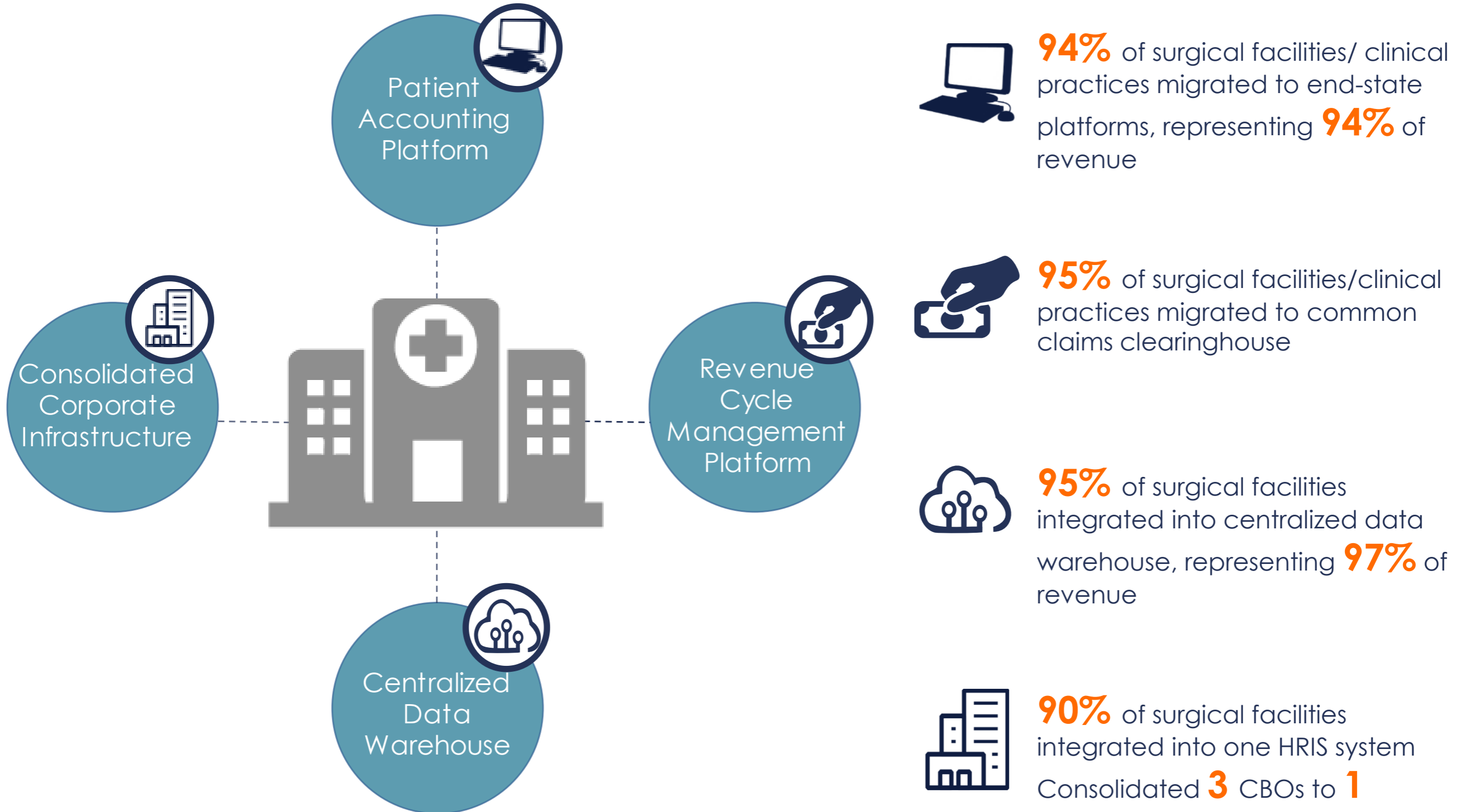
US Ambulatory Surgery Centers (2020) Total = 5,851 ASCs



Total Addressable Market: ~\$90B+ Current and ~\$60B+ Incremental To Come



4 ...That Can Uniquely Benefit From an Integrated Pure-Play Platform...





4 ...With a Proven Track Record of Delivering Organic Synergies While Enhancing Patient Experience

Managed Care

- Enhanced centralized team with seasoned executives
- Continuing to enhance our health plan value proposition through higher acuity service line expansions and growing regional presence/depth
- Piloting enterprise-wide contract management system

Revenue Cycle

- Enhanced centralized team with seasoned executives
- Restructured shared service center
- Investing in denials management and coding technologies



Supply Chain

- Enhanced centralized team with seasoned executives
- Migrated to one company-wide GPO
- Rationalizing implant vendors to secure best deals
- Investing in tools and processes to enhance compliance

Recruiting

- Enhanced centralized team with seasoned executives
- Invested in data to better understand key physicians in target markets
- Launched innovative marketing programs
- Selected investments to enhance attractiveness of facilities (e.g., robotics)

Data / Analytics

- Invested in centralized data warehouse
- Migrating disparate systems to end-state platforms



4 We Focused on Short-Stay Surgical and are Re-Accelerating the Pace of Capital Deployment...

Closed or Sold

2018: Divested over ~\$100M in annualized revenues

2020: Closed Lab (3Q), sold selected Anesthesia assets (3Q) and Optical GPO (4Q)

Acquisitions

2018: ~\$105M in 10 Transactions

2019: ~\$35M in 7 Transactions

2020: ~\$160M in 10 Transactions

2021: ~\$325M in 12 Transactions

Transaction Highlights

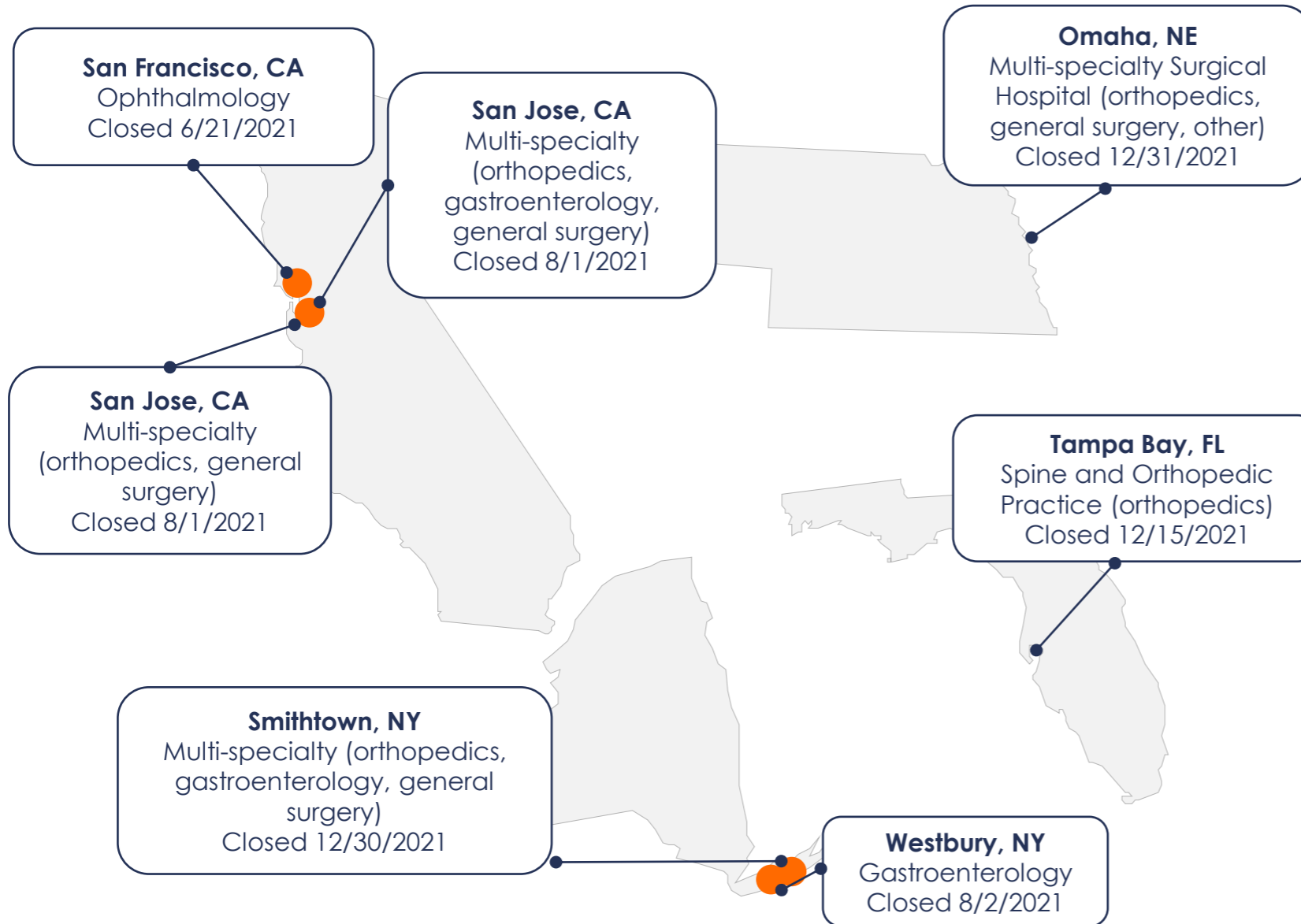
- Refocused portfolio on growing short-stay surgical assets
- 7 transactions to enhance presence and footprint in Idaho
- 8 transactions to enhance presence in California market, including Bakersfield Heart Hospital (Oct 2020)
- Orthopedic surgical hospital in Omaha, NE (Dec 2021)
- Average multiple paid of ~7.5x since 2018
- Continue to selectively optimize the portfolio to unlock capital for redeployment

Surgery Partners deployed ~\$325M of capital on M&A transactions in 2021



4 In 2021, We Closed ~\$325 Million of Acquisitions

2021 Selected Acquisitions



~ \$325M of capital deployed in 2021

Recently closed a buy-up at one of our existing surgical hospitals

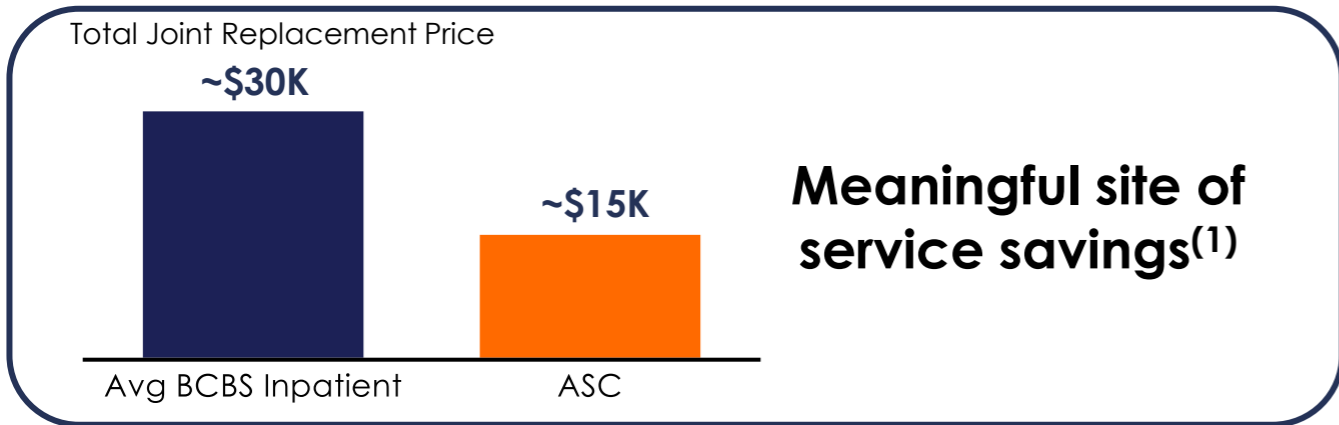
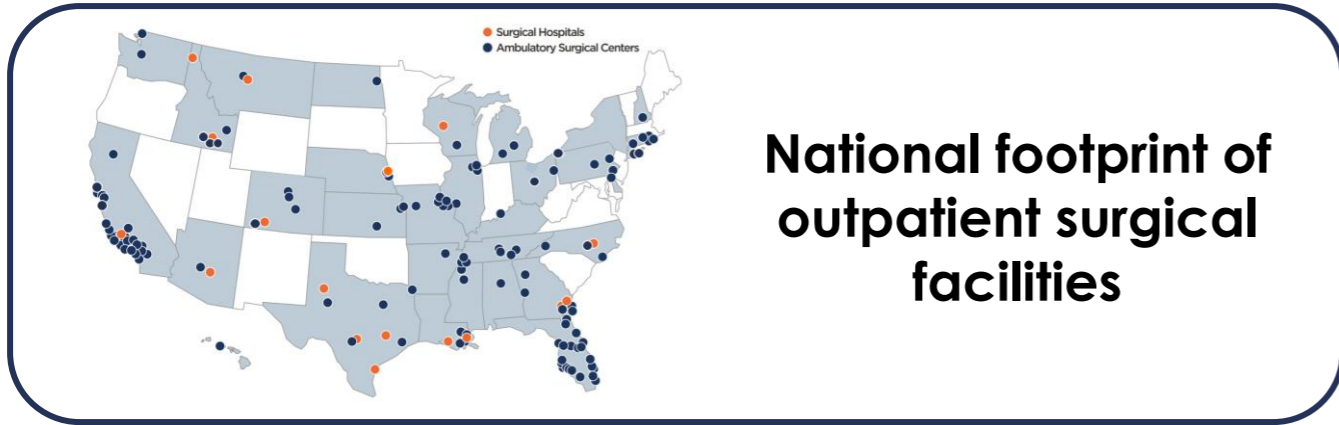
In Dec 2021, closed three deals worth ~\$185M, including an orthopedic hospital in Omaha, NE

Average year one deal multiple ~8.0x

Surgery Partners accelerated the pace of accretive add-on M&A in 2021



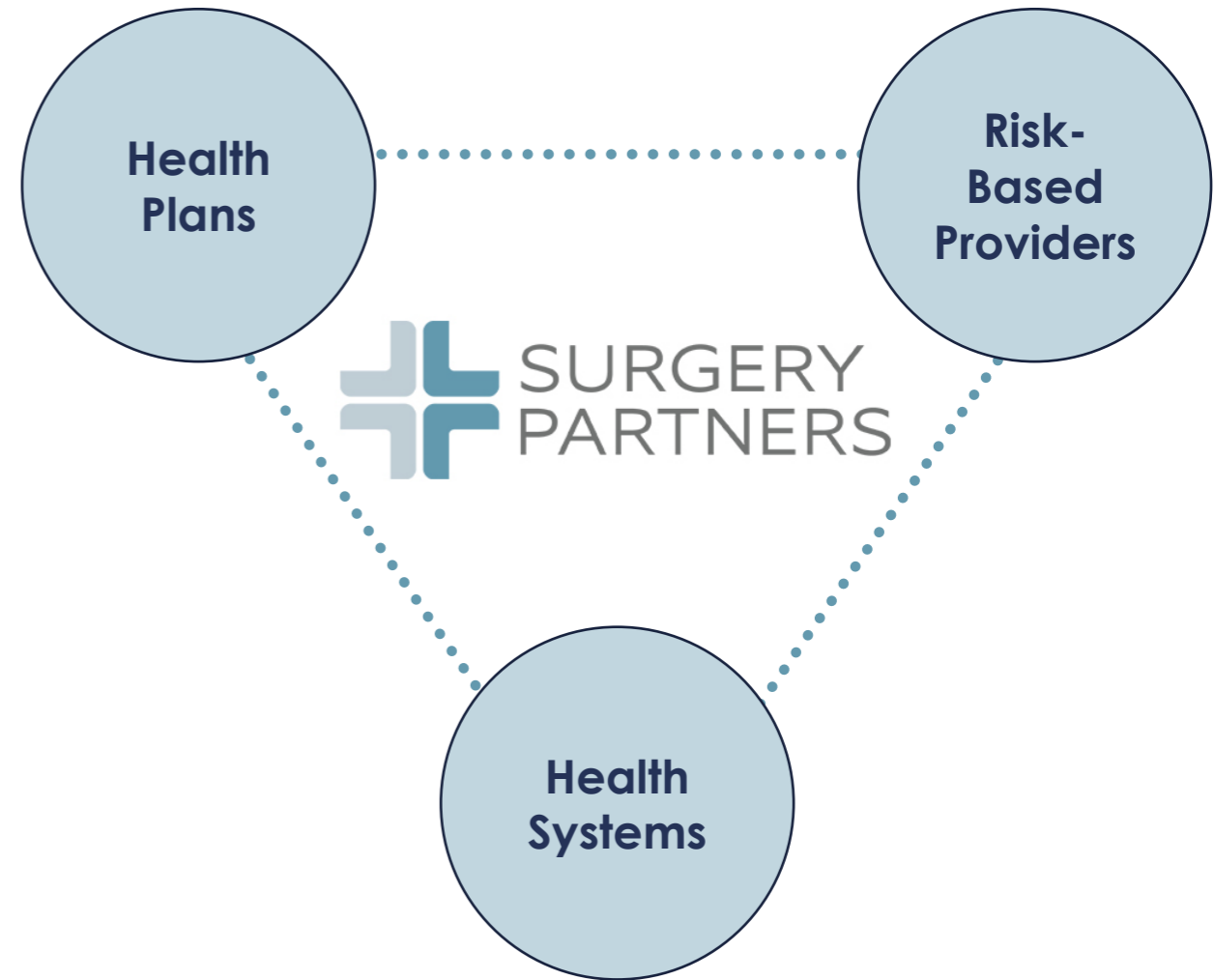
5 Uniquely Positioned to Enable Value-Based Surgical Care



94% Patient NPS

Quality outcomes and exceptional patient satisfaction

Partner to Enable Value-Based Care



Well-Positioned for Profitable and Predictable Value-Based Growth



6 A Dynamic Growth Model

Top-line Growth



Volume



Rate



Managed Care

Margin Expansion



Procurement



Revenue Cycle



Org / Workflow Efficiencies

Capital Investment



Acquisitions



Health System/
Health Plan Partnerships



De Novos

Mid-teens AEBITDA growth target with Capital Deployment

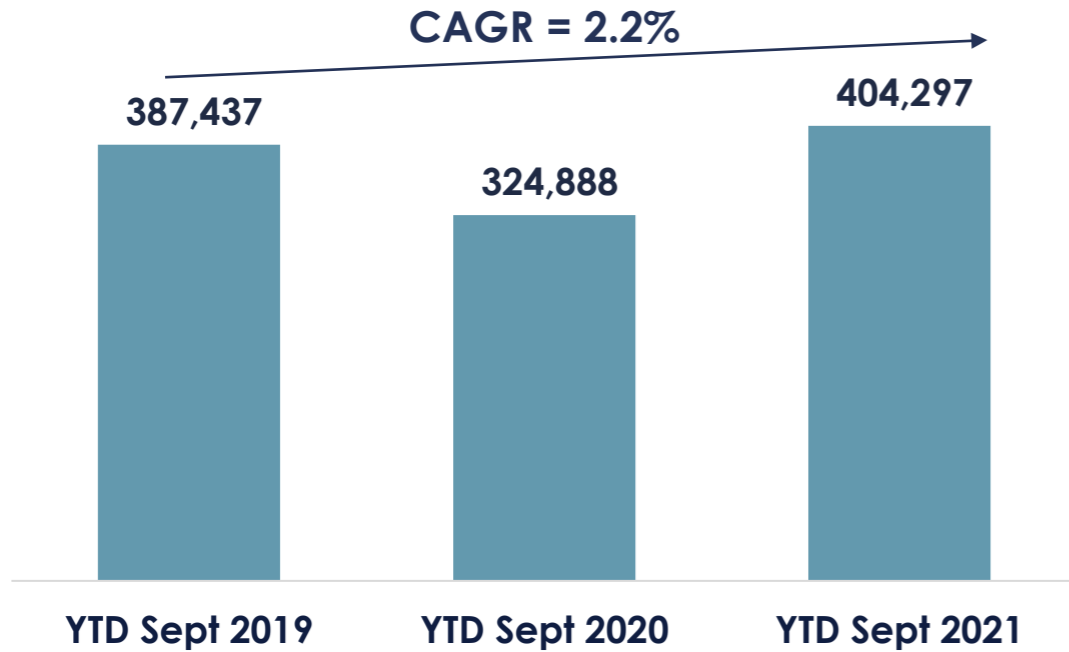


Surgery Partners Financial Overview

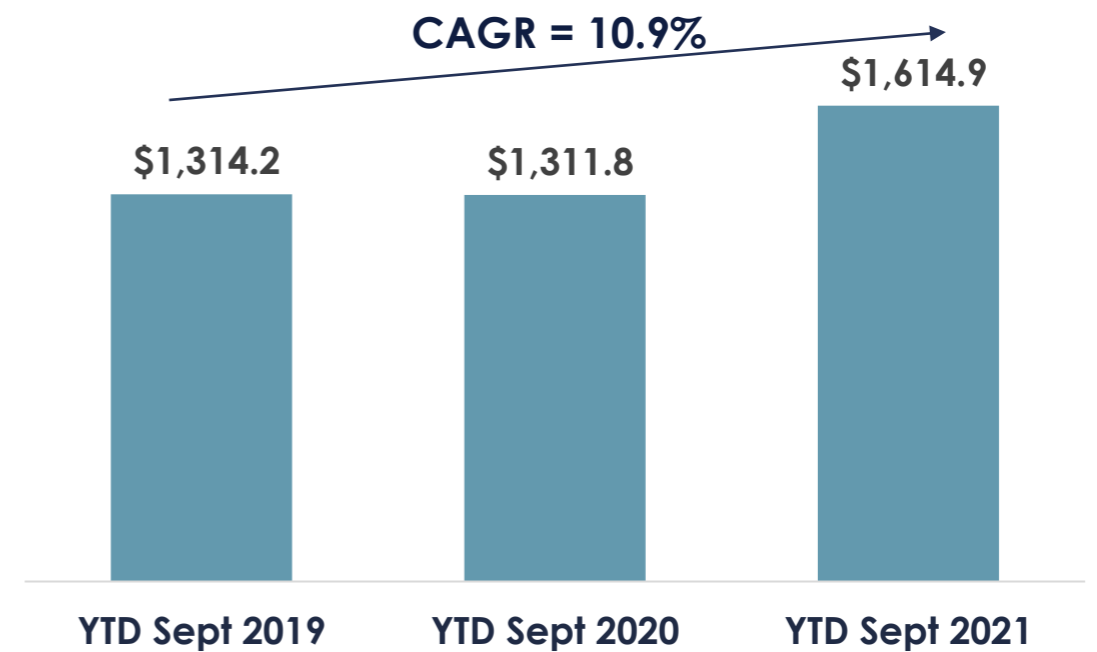


YTD Sept 2021 Financial Highlights

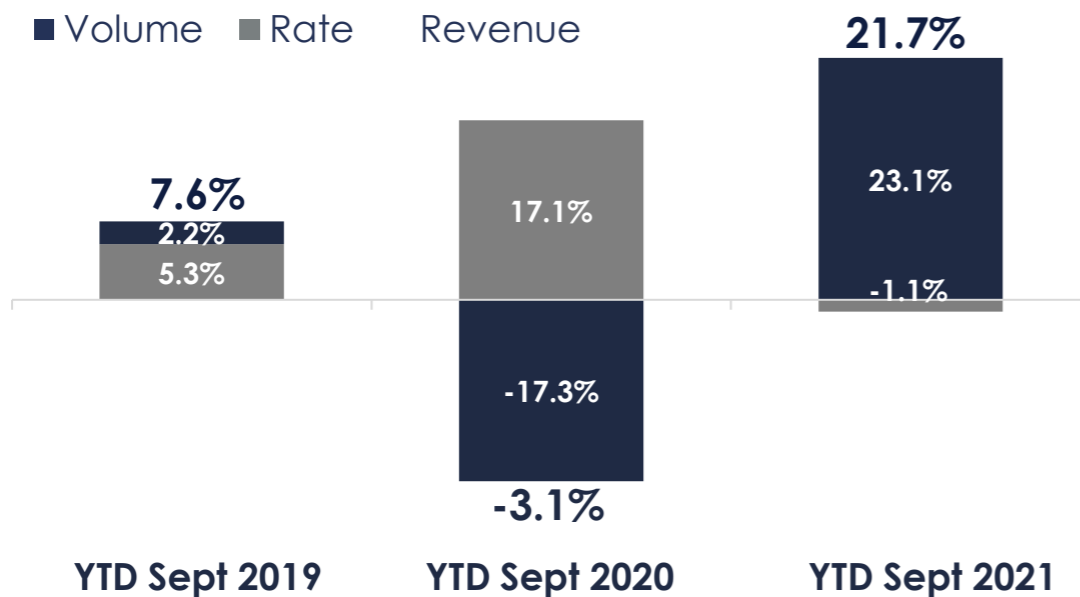
Surgical Cases



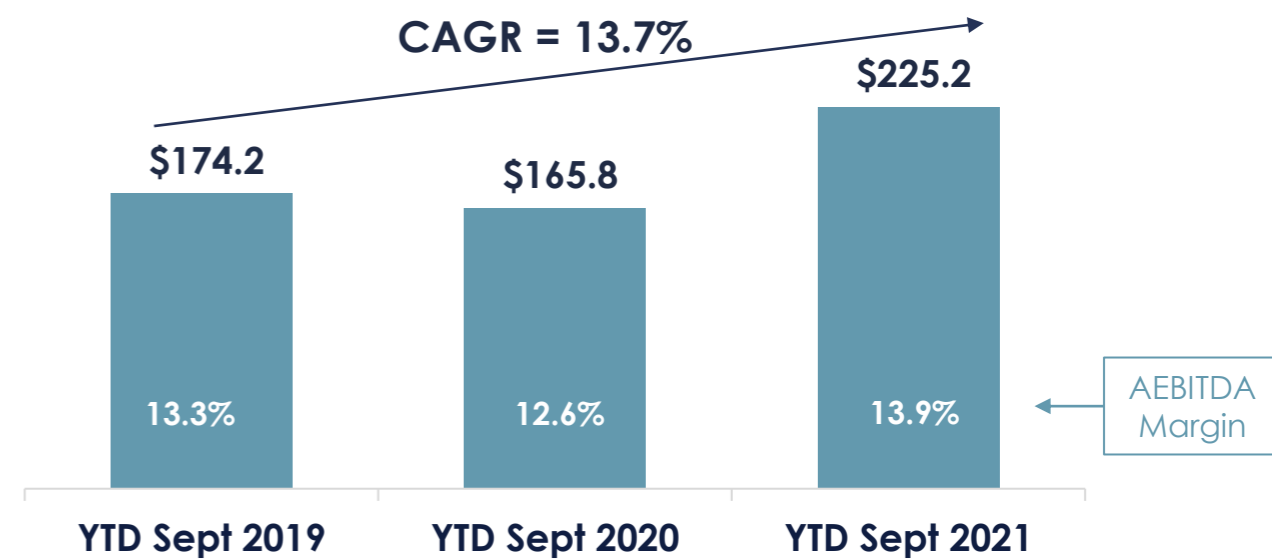
Net Revenue (\$m)



Same-Facility Growth



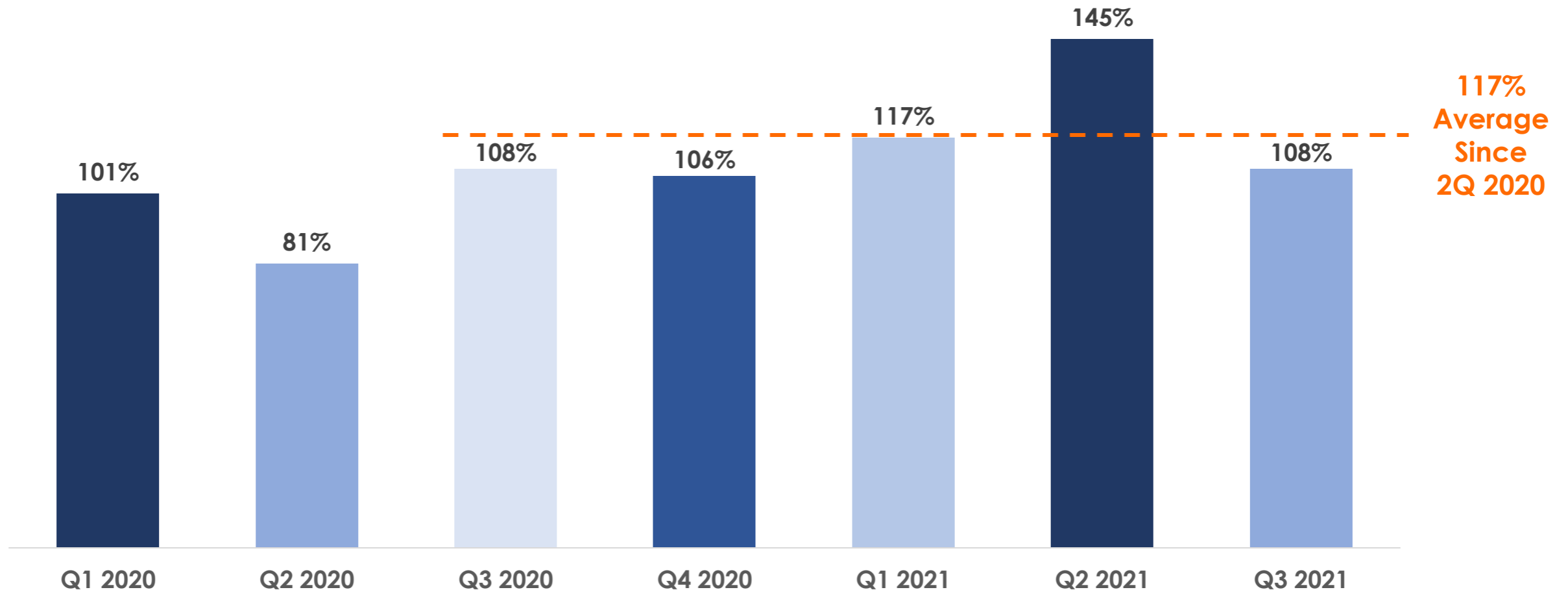
AEBITDA (\$m)⁽¹⁾





Business has Remained Resilient Through Covid Impact

Same Facility Net Revenue (% of PY)





Long-term Financial Targets

**Organic
AEBITDA
Growth
Target**

**Double
Digit**

- Same-facility revenue growth of 7.6% in 2019; 2020 pre-COVID same-facility growth of 9.4%⁽¹⁾; YTD 3Q21 same-facility revenue growth of 21.7%
- Industry tailwinds in MSK & Cardio (16%+ CAGR MSK case volume growth YTD 3Q17 – YTD 3Q21; 108% total joint growth YTD 3Q21)
- Existing de novos expected to drive \$30m+ million AEBITDA Growth

**Target
Acquisition
Spend**

**\$200mm
Annually**

- Highly fragmented industry with over 4,200 facilities as potential consolidation targets
- Over \$300 million deployed 2018-20 at an average multiple of 7x
- ~\$325 million of deals closed in 2021, with an active pipeline continuously managed

**Total Co
AEBITDA
Growth Target**

Mid-teens

- Leading independent franchise to support rapid consolidation at attractive multiples
- Platform asset allows for rapid integration and synergy realization
- Continued operating leverage on lean corporate infrastructure

**Leverage
Target**

5.0 – 6.0x

- Growth of core business expected to improve leverage over time
- Multiple opportunities to enhance cash flow through balance sheet management and capital markets



Surgery Partners Investment Highlights

- 1** Large Market Opportunity Supported by Multiple Macro Growth Drivers and Aligned with the Mega Trend: High Quality, Low Cost Care in Specialized Settings

➔

 - \$150B** Total Addressable Market
 - \$60B** of Inpatient Cases Migrating to Outpatient
- 2** Industry Leader Focused on Higher Growth, Higher Acuity Specialties

➔

 - 7.5%+** Industry-leading Same Facility Growth
 - 80%** Facilities Performing of MSK
- 3** Exceptional Clinical Quality Coupled with Superior Patient & Physician Experience

➔

 - 100%** of Surgical Hospitals Rated 4 / 5 Stars by CMS
- 4** Proven M&A Platform Results in Highly Consistent, Highly Accretive Acquisition Driven Growth

➔

 - Deployed **~\$325M** YTD on M&A
- 5** Uniquely Positioned to Enable Value-Based Surgical Care in a Profitable and Predictable Model

➔

 - ~50%** lower cost compared to cases done in hospitals
- 6** Multiple Drivers of Long-Term Growth and Margin Enhancement

➔

 - Mid-teens** Target AEBITDA Growth, Including M&A

Only Way to Invest Directly in a Pure-Play Surgery Center Operator



Reaping the Benefits: Sustainable Long-term Double-Digit AEBITDA Growth



Goal to achieve \$570M of Adjusted EBITDA by 2025



Appendix



Reconciliation to Adjusted EBITDA

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

(in millions)	TTM	Nine Months Ended September 30,		
	Sept 2021	2021	2020	2019
Income (loss) before income taxes	\$ 68.8	\$ 26.5	\$ (61.1)	\$ 27.6
Plus (minus):				
Net income attributable to non-controlling interests	(141.0)	(98.6)	(75.0)	(78.1)
Depreciation and amortization	101.6	76.1	69.3	56.3
Interest expense, net	214.9	160.9	147.8	134.1
Equity-based compensation expense	16.7	13.4	9.9	7.6
Transaction, integration and acquisition costs ⁽¹⁾	39.0	31.0	30.2	16.8
Impairment charges	-	-	33.5	-
Loss on disposals and deconsolidations, net	0.6	2.0	7.1	(7.0)
Litigation settlement and other litigation costs ⁽²⁾	5.8	4.3	4.9	2.8
Loss on debt extinguishment	9.1	9.1	-	11.7
Tax receivable agreement expense	-	-	-	2.4
Hurricane-related operating losses ⁽³⁾	0.5	0.5	-	-
Gain on escrow release ⁽⁴⁾	-	-	(0.8)	-
Total Adjustments	247.2	198.7	226.9	146.6
Adjusted EBITDA	316.0	225.2	165.8	174.2

⁽¹⁾ For the trailing twelve months ended September 30, 2021, this amount includes transaction and integration costs of \$32.1 million, and further includes start-up costs related to a de novo surgical hospital of \$6.9 million. For the nine months ended September 30, 2021, this amount includes transaction and integration costs of \$24.7 million, and further includes start-up costs related to a de novo surgical hospital of \$6.3 million. For the nine months ended September 30, 2020, this amount includes transaction and integration costs of \$15.8 million, and further includes start-up costs related to a de novo surgical hospital of \$14.4 million. For the nine months ended September 30, 2019, this amount includes transaction and integration costs of \$11.6 million, and further includes other acquisition costs and start-up costs related to a de novo surgical hospital of \$5.2 million.

⁽²⁾ For the trailing twelve months ended September 30, 2021, this amount includes other litigation costs of \$5.8 million. For the nine months ended September 30, 2021, this amount includes other litigation costs of \$4.3 million. For the nine months ended September 30, 2020, this amount includes litigation settlement costs of \$1.2 million and other litigation costs of \$3.7 million. For the nine months ended September 30, 2019, this amount includes other litigation costs of \$2.8 million.

⁽³⁾ Reflects losses incurred in the month of September 2021 at a surgical facility that was closed following Hurricane Ida.

⁽⁴⁾ Included in other income in the condensed consolidated statement of operations for the six months ended June 30, 2020.

⁽⁵⁾ Represents the impact of grant funds recognized, net of amounts attributable to non-controlling interests.