

SURGERY PARTNERS

41st Annual J.P. Morgan HealthCare Conference





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This presentation contains certain non-GAAP financial measures. A “non-GAAP financial measure” is defined as a numerical measure of a company’s financial performance that excludes or includes amounts so as to be different than the most directly comparable measure calculated and presented in accordance with GAAP in the statements of income, balance sheets or statements of cash flow of the company. We present non-GAAP financial measures when we believe that the additional information is useful and meaningful to investors. Non-GAAP financial measures do not have any standardized meaning and are therefore unlikely to be comparable to similar measures presented by other companies. The presentation of non-GAAP financial measures is not intended to be a substitute for, and should not be considered in isolation from, the financial measures reported in accordance with GAAP. Reconciliations of these non-GAAP measures are included in our filings with the SEC and on slide 34.



Table of Contents





Surgery Partners Introduction



We are a Leading Pure-Play Surgery Center Operator...

Key Metrics⁽¹⁾



32
States



126
Ambulatory
Surgery Centers



19
Short-Stay
Surgical Hospitals



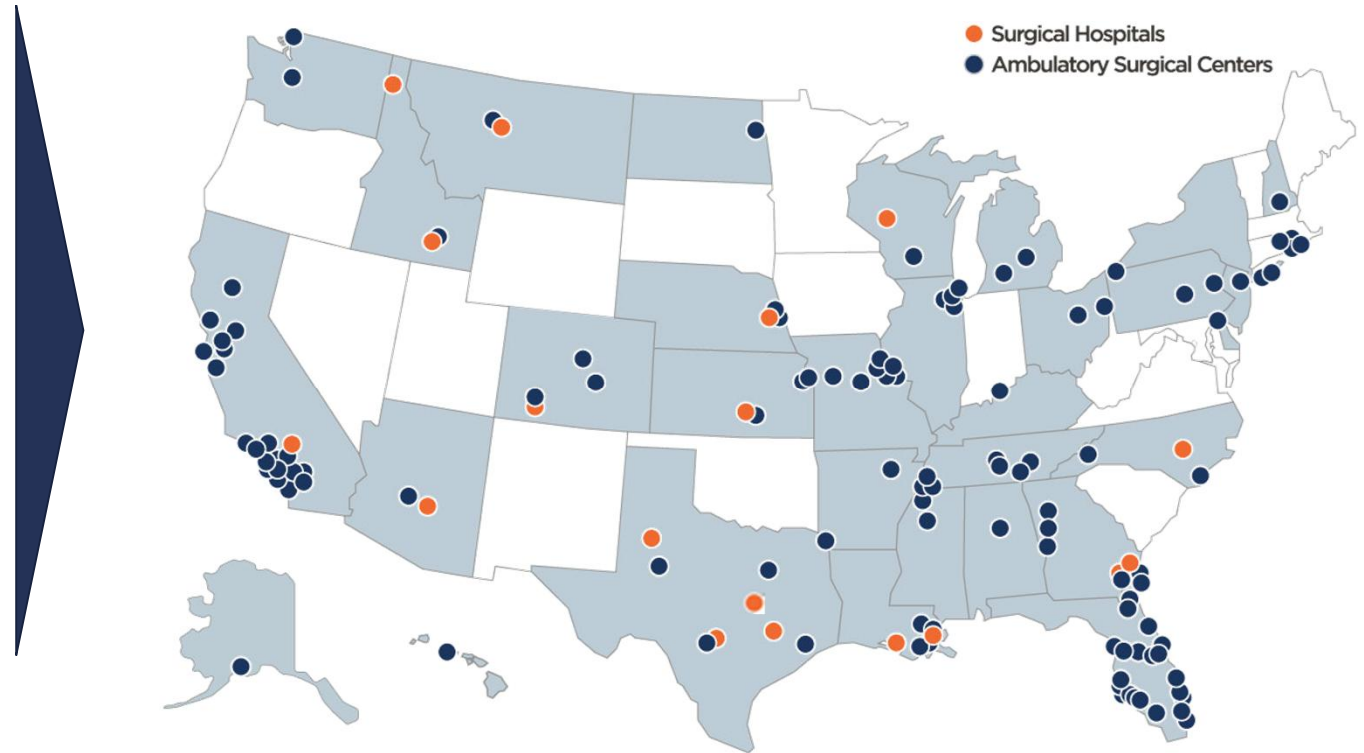
4,800+
Affiliated
Physicians



600,000+
Annual Patients

~\$2.4 billion
Q3 2022 TTM
Revenue

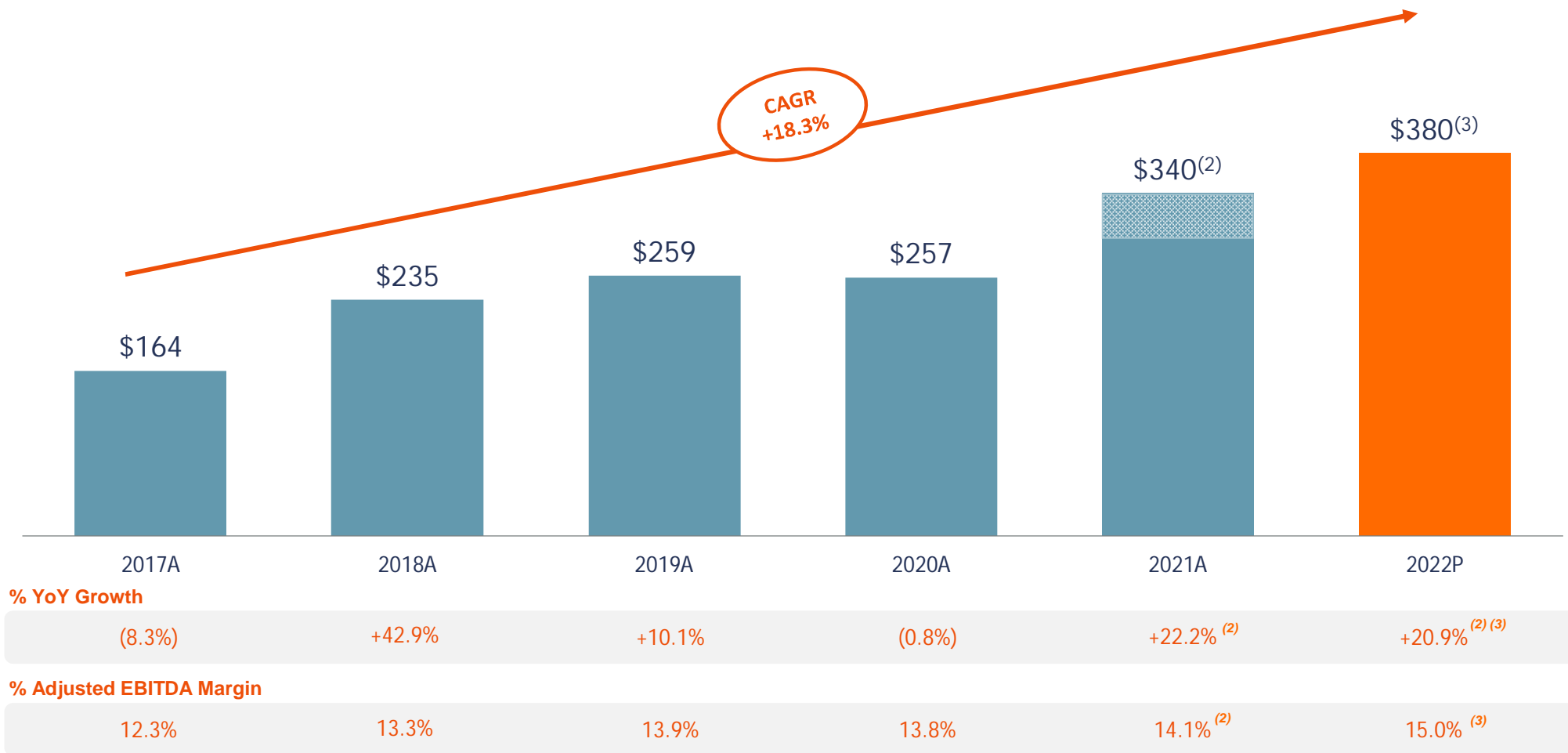
\$374 million
Q3 2022 TTM
Adjusted EBITDA⁽²⁾





...With a Strong, Consistent Execution Track Record...

Adjusted EBITDA (\$M)



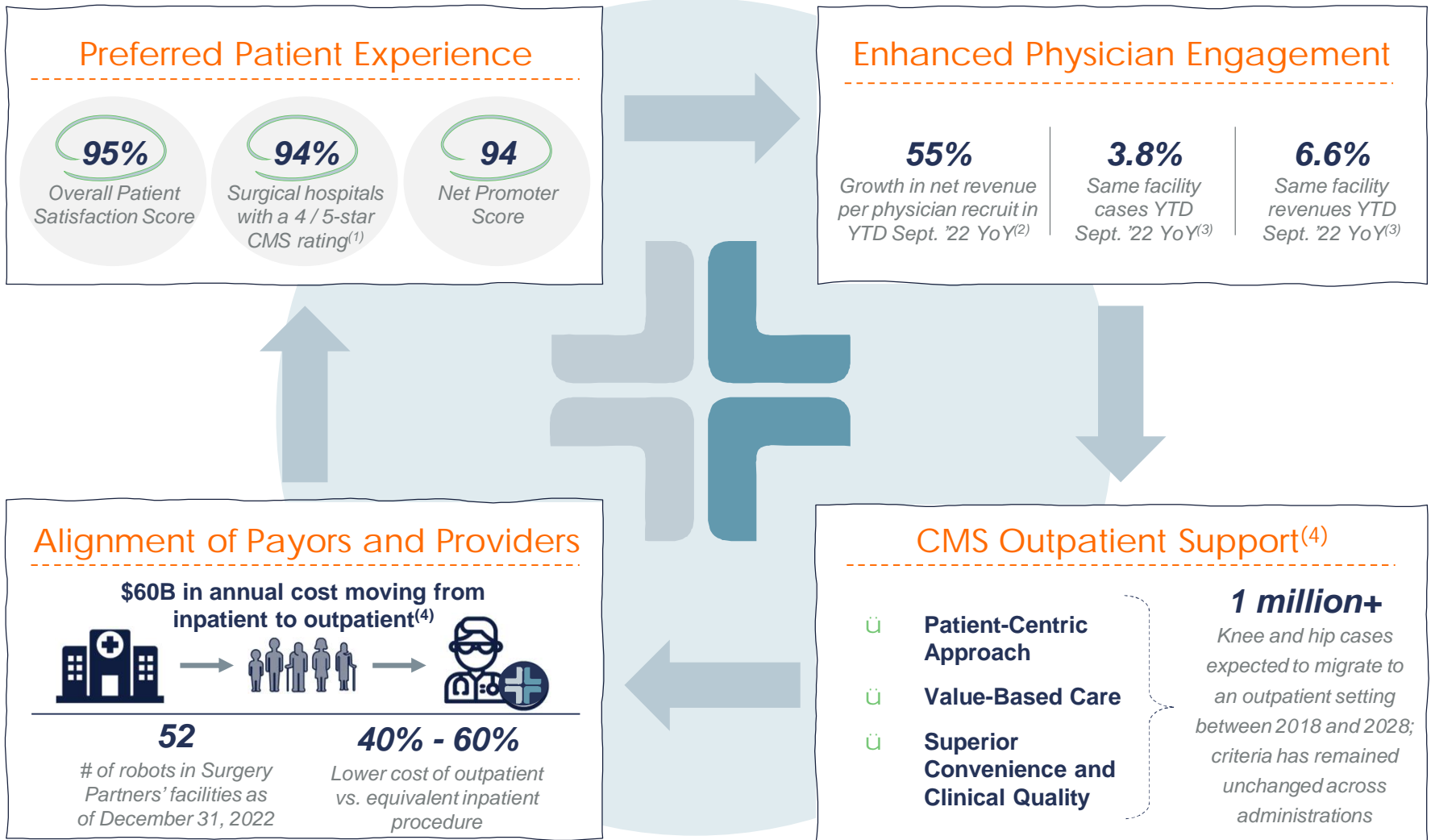
(1) Adjusted EBITDA is a non-GAAP measure. Reconciliation of Adjusted EBITDA for all periods presented can be found on slide 34.

(2) Given significant impact of CARES Act grants recognized, the Company calculated a new baseline for 2021 of \$314M. All growth rates and margins reported were calculated on this basis.

(3) 2022P Adjusted EBITDA, % YoY Growth and % Adjusted EBITDA Margin calculated at mid-point of guidance provided on November 8, 2022 for Adjusted EBITDA and Revenue.



...And a Foundation Which Drives High Visibility into Long-Term Sustainable Growth



(1) Represents those surgical hospitals which report patient survey rating
 (2) Reflects YTD Sept. '22 cohort over YTD Sept. '21 cohort
 (3) Represents days adjusted same facility statistics
 (4) Source: "Evolution of Total Joint Replacements: From Hospital to Surgery Center", Sg2, 2019



Surgery Partners Investment Highlights



Surgery Partners Investment Highlights

1

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

2

An Industry Leader Focused on Higher Growth, Higher Acuity Specialties

3

Exceptional Clinical Quality Coupled with Superior Patient & Physician Experience

4

Proven M&A Platform for Acquisitions that Drive Cost Savings, Efficient and Effective Care Delivery and Highly Consistent, Highly Accretive Growth

5

Purpose-Built, Veteran Management Team

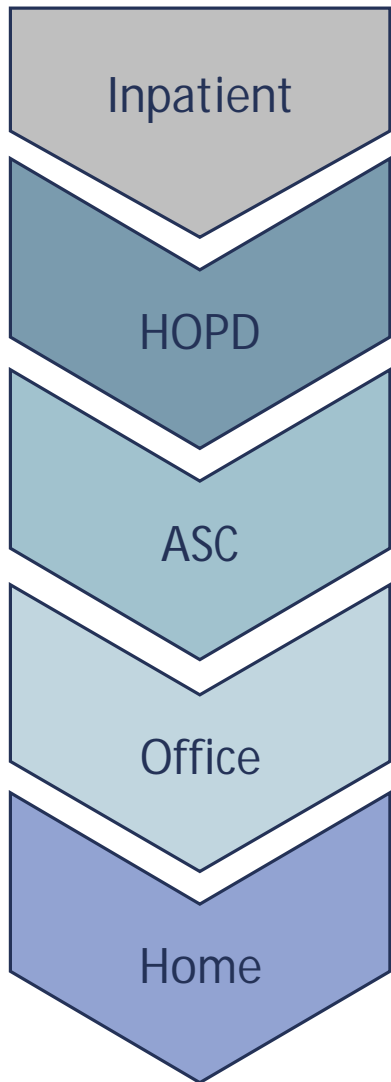
6

Capital Structure Strengthened to Support Growth and Meaningfully De-lever



1

Significant Market Opportunity: >\$90B Outpatient Surgical Market and ~\$60B of Cases Migrating to Outpatient...



Annual Revenue (US) ⁽¹⁾	Annual Volume Growth ⁽¹⁾
\$500B+ \$230B surgery	-2%
\$470B+ \$55B+ surgery	2%
\$35B+ surgery	6%

~\$60B incremental shift of inpatient surgical cases to the outpatient setting



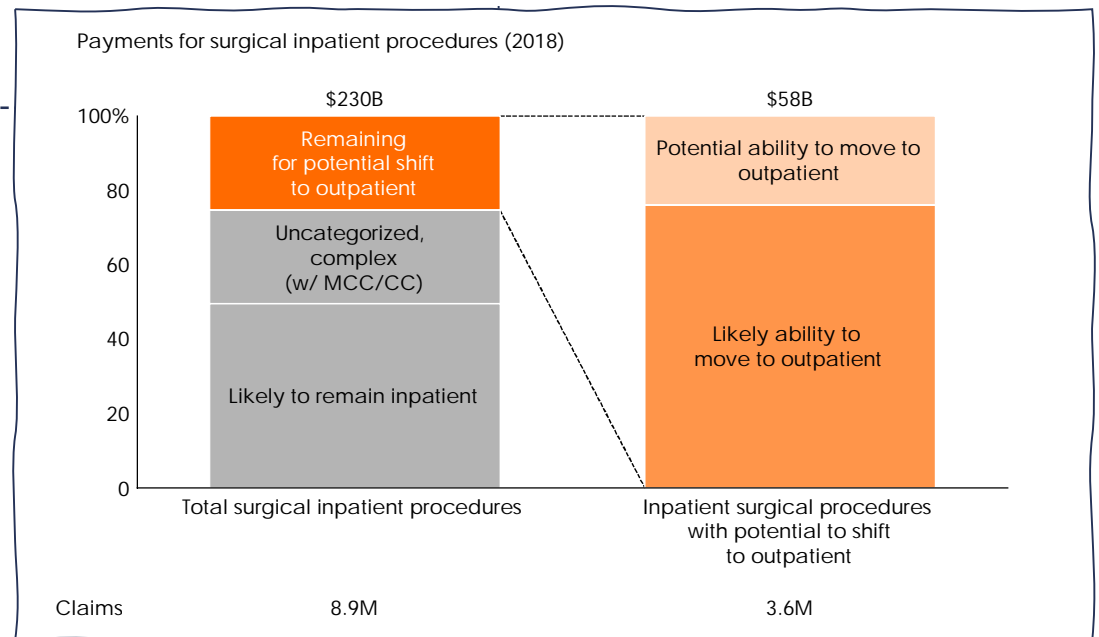
~60% of cases shifting in specialties core to Surgery Partners

\$550B+

Office

\$100B+

Home





1 ...With Surgery Partners Well-Positioned to Capitalize On Key Industry Trends

Right Specialties

- ### Key Trends
- MSK remains highest growth, most financially attractive specialty
 - Cardiology in very early innings of move to ASCs
 - Ophthalmology and GI stable 2-3% annual growth

- ### Our Positioning
- 114% 3-year CAGR in total joints in ASCs
 - ~80% facilities perform MSK procedures and 60% of facilities with potential for Cardio
 - Gaining share in Ophthalmology and GI

Right Markets

- 5 largest MA states are CA, NY, TX, PA and FL
- Favorable demographic dynamics in Sunbelt and Mountain West
- Market attractiveness can vary widely

- 40%+ of facilities located in 5 largest MA states
- Sunbelt remains area with significant upside and represents key opportunity for further investment
- Highly selective and intentional in pursuit of faster growth geographies

Right Partnerships

- Alignment with providers critical to success
- Rigorous quality metrics necessary to drive performance consistency
- Health system relationships remain central

- ~95% physician partner retention
- All providers measured first on quality and patient satisfaction before growth characteristics
- Depth and breadth of quality relationships

Right Facilities

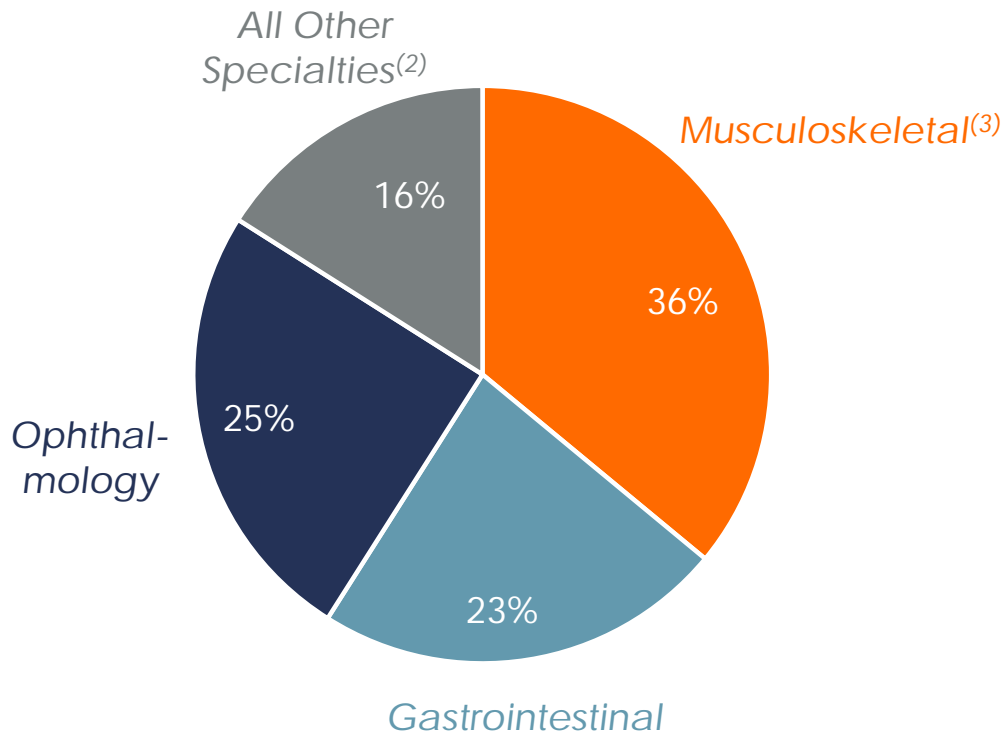
- Multi-specialty centers likely to experience highest growth
- Increasing need for larger rooms
- Latest technology essential to winning share

- ~30 robots added since 2019 to enhance higher acuity MSK and cardio capabilities
- 70%+ of facilities are multi-specialty
- 24 facilities renovated or expanded since 2018



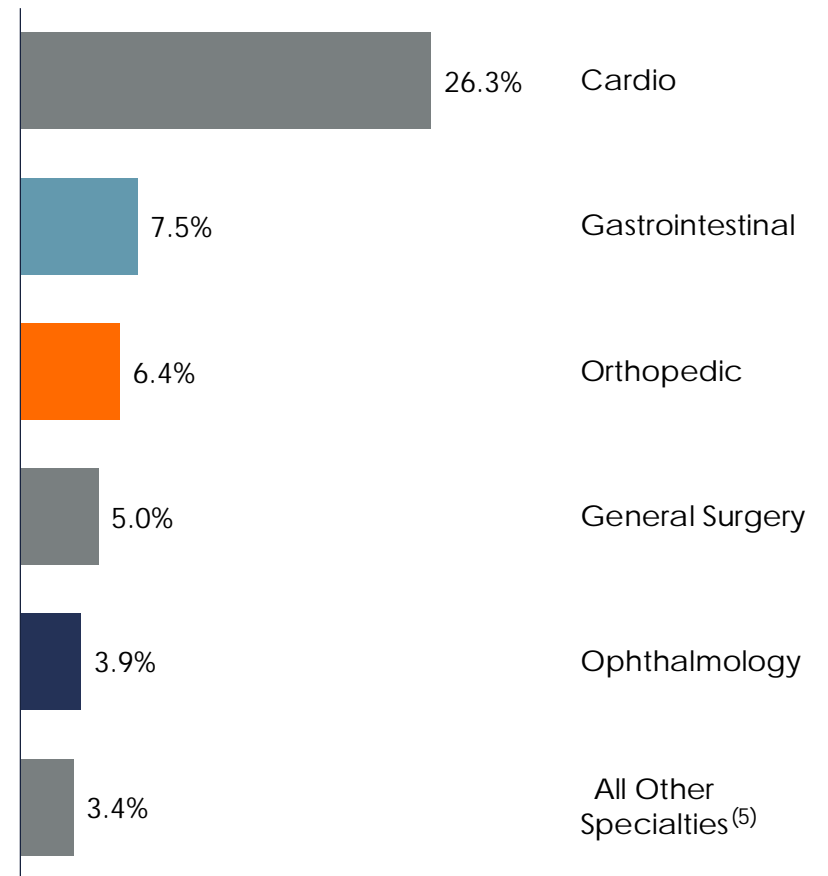
2 Diversified Case Mix, Focused on High Value-Areas...

Case Mix⁽¹⁾



Musculoskeletal Procedures Represent
>50% of Net Revenue

2019 – YTD Sept 2022 CAGR by Specialty Case⁽⁴⁾



(1) Case mix as of YTD September 30, 2022

(2) Includes cardiology, ENT, general surgery, plastic surgery, and other

(3) Musculoskeletal (or "MSK") references orthopedic, spine and pain management specialties

(4) Case growth rates exclude pain management specialties

(5) Includes ENT, plastic surgery and other



2 ...With Targeted Investments To Win in Highest-Growth, Most Attractive Areas...

Musculoskeletal



\$3 billion

Annual savings by shifting 50% of joint cases to ASCs⁽¹⁾



12%+

Sept 2022 YTD orthopedic case growth



8

Robots added in 2022, bringing total to 52



~80%

Facilities perform MSK procedures



Cardio



5

New Cardiac Programs added in 2022



60%+

Facilities with potential for Cardio



26%

3-year CAGR in cardiac cases



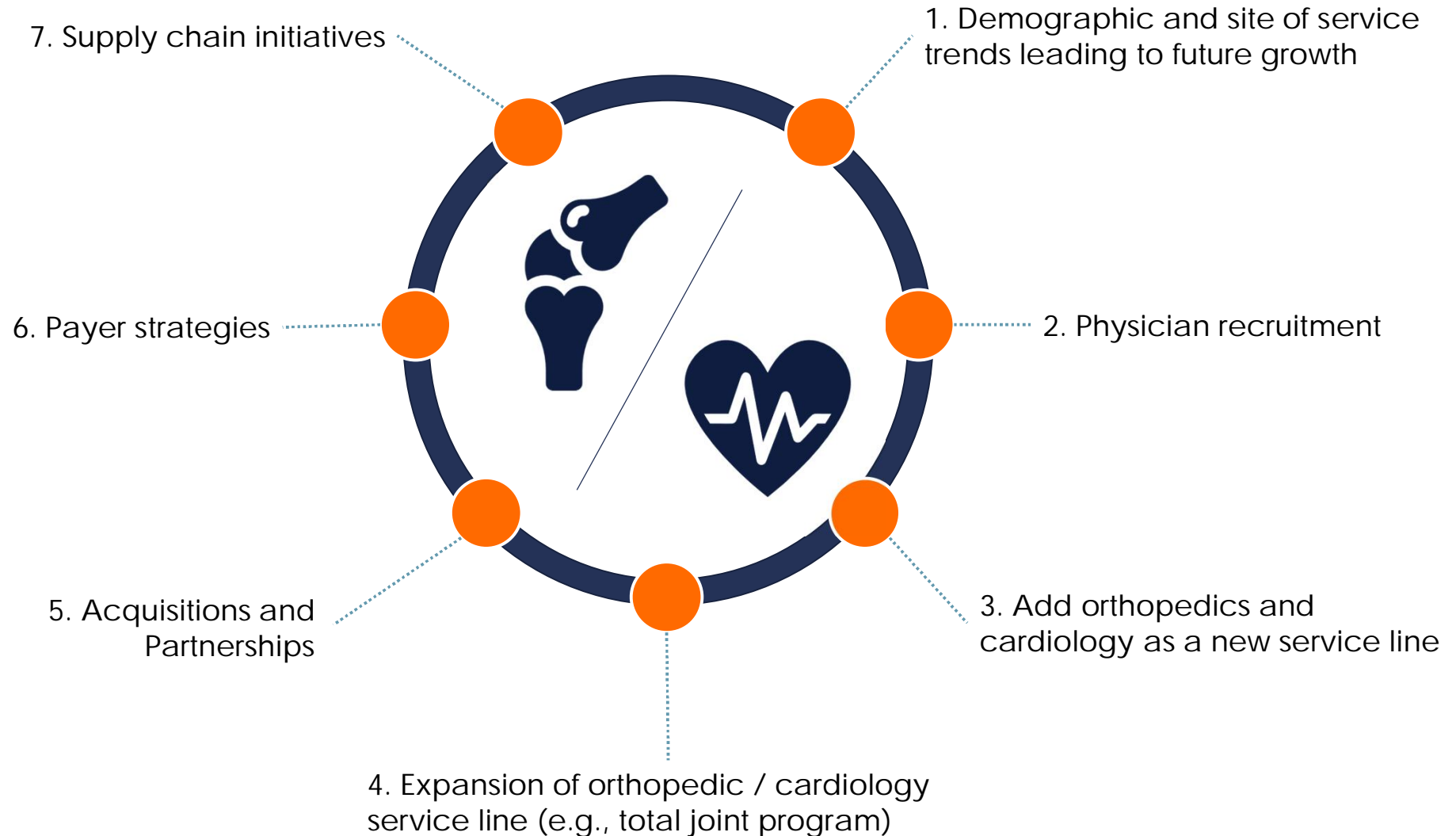
2023 - 2025+

Increasing momentum shift to outpatient setting





2 ...While Leveraging Our Capital Efficient Flywheel

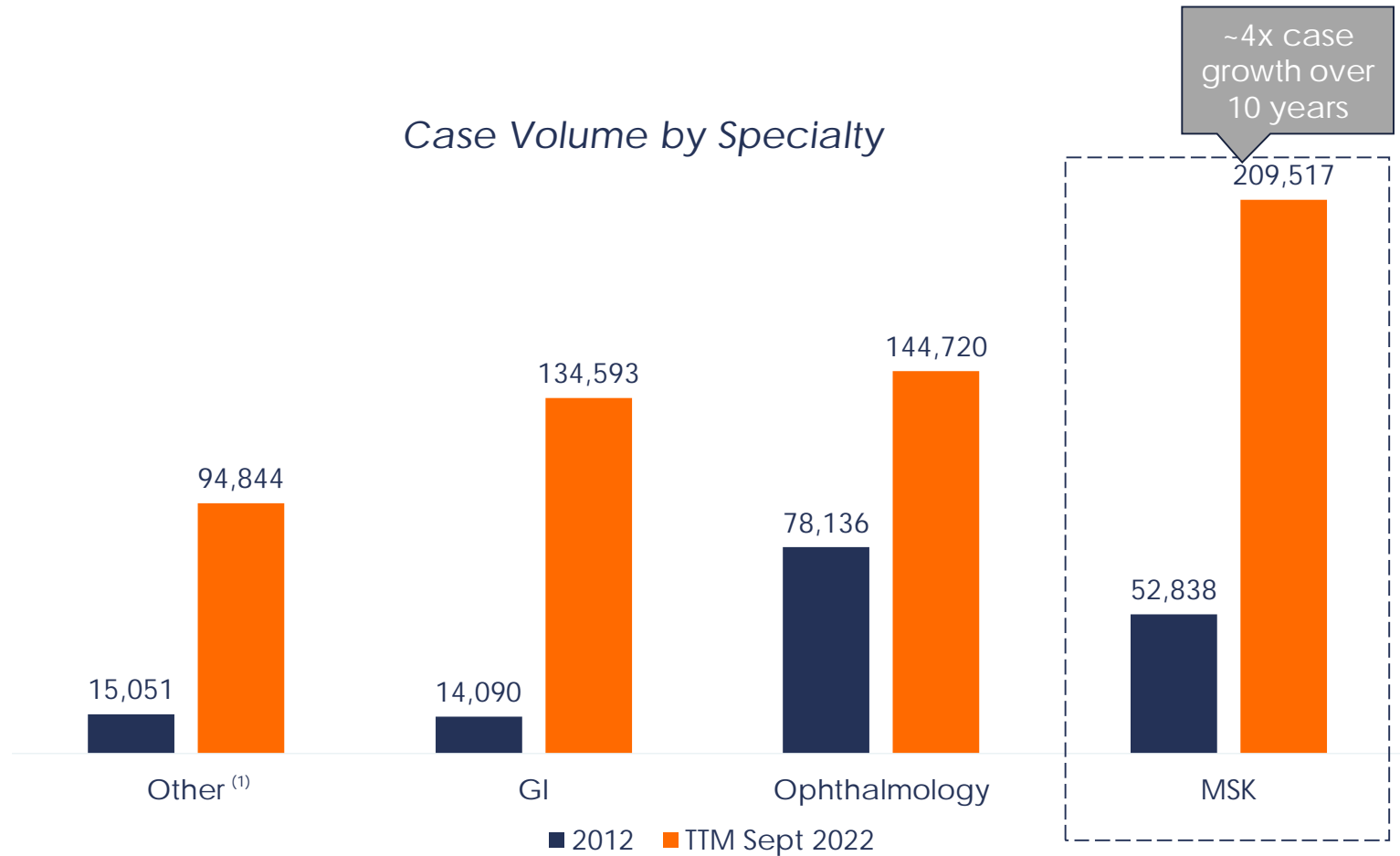




2 Strong Case Volume and Revenue Growth...

- Net Revenue CAGR of ~26% from 2012 to TTM Sept 2022
- Case mix aligned with higher acuity

Case Volume by Specialty



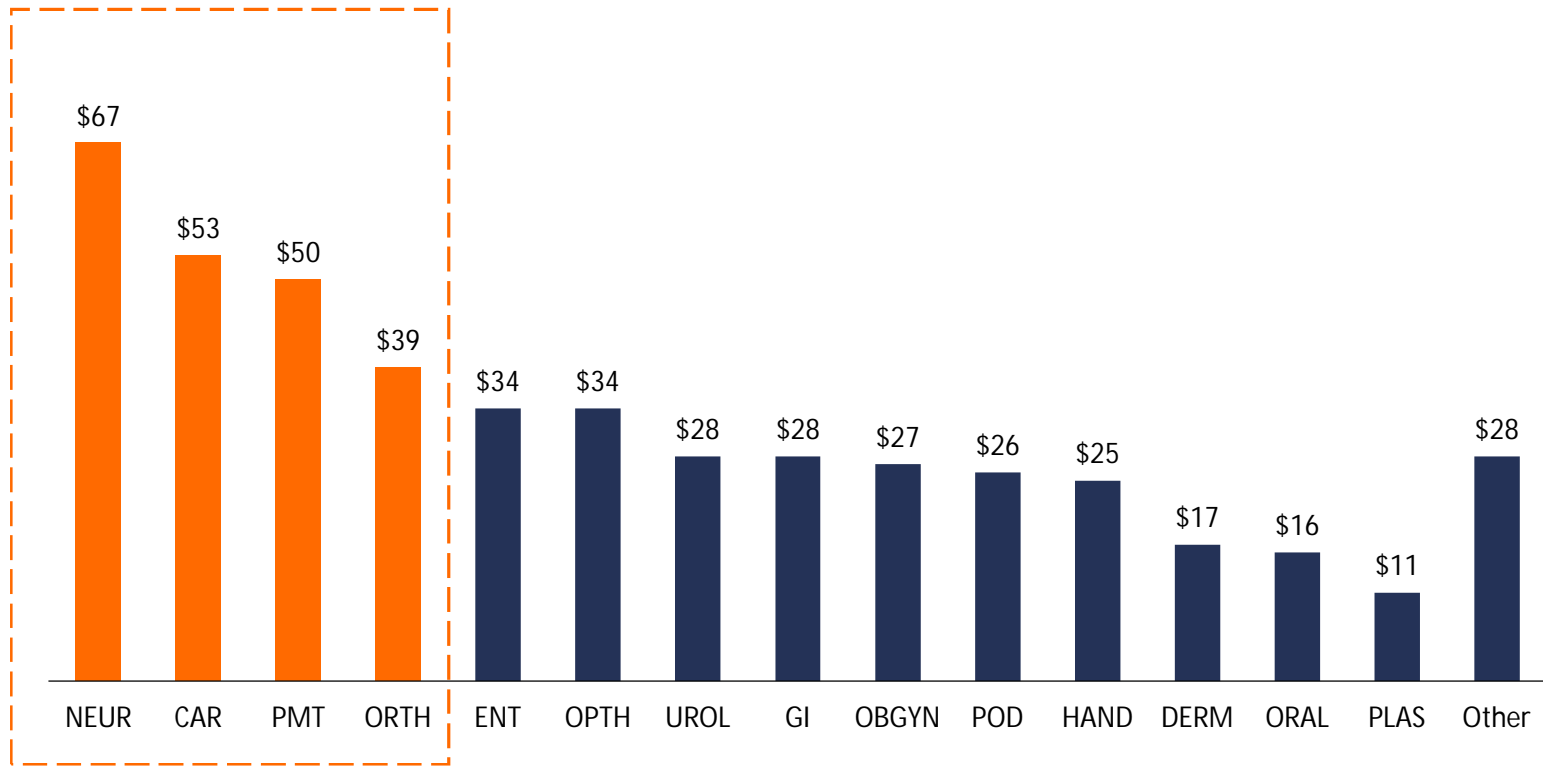
Surgery Partners surgical case volume has a 3-year CAGR of 4%+ since pre-COVID-19 levels ⁽²⁾



2 ...With the Highest Contribution Margin

MSK and Cardiology are most profitable cases on a per minute basis

ASC Direct Contribution \$ Margin Per Minute of Operating Room Time⁽¹⁾



Direct CM% ⁽²⁾	71%	32%	68%	77%	83%	64%	56%	94%	75%	79%	78%	96%	95%	77%	84%
Payment per procedure (\$)	6,119	7,623	1,442	3,528	1,907	1,448	2,080	754	1,632	2,276	1,616	443	1,425	1,761	1,451



2 Orthopedic Playbook Provides Line of Sight to Success in Future Specialties



100k+ Orthopedic Procedures Annually



950+ Orthopedic Physicians

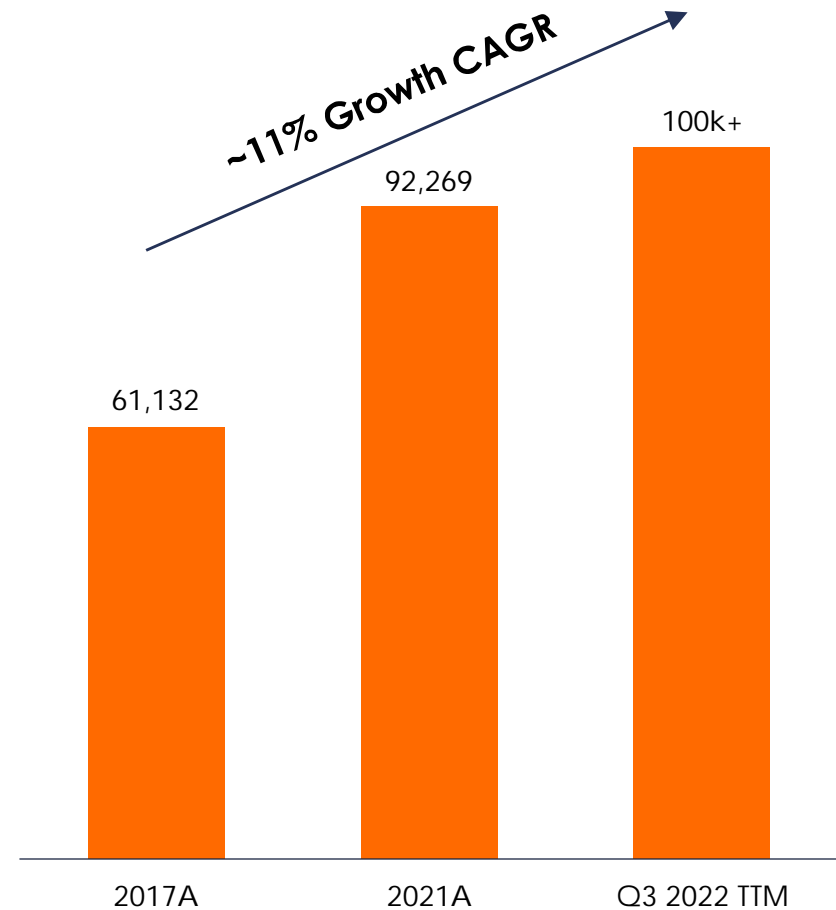


114% ASC Total Joint 3-Year CAGR



~70 New ASC orthopedic physician recruits
YTD September 2022

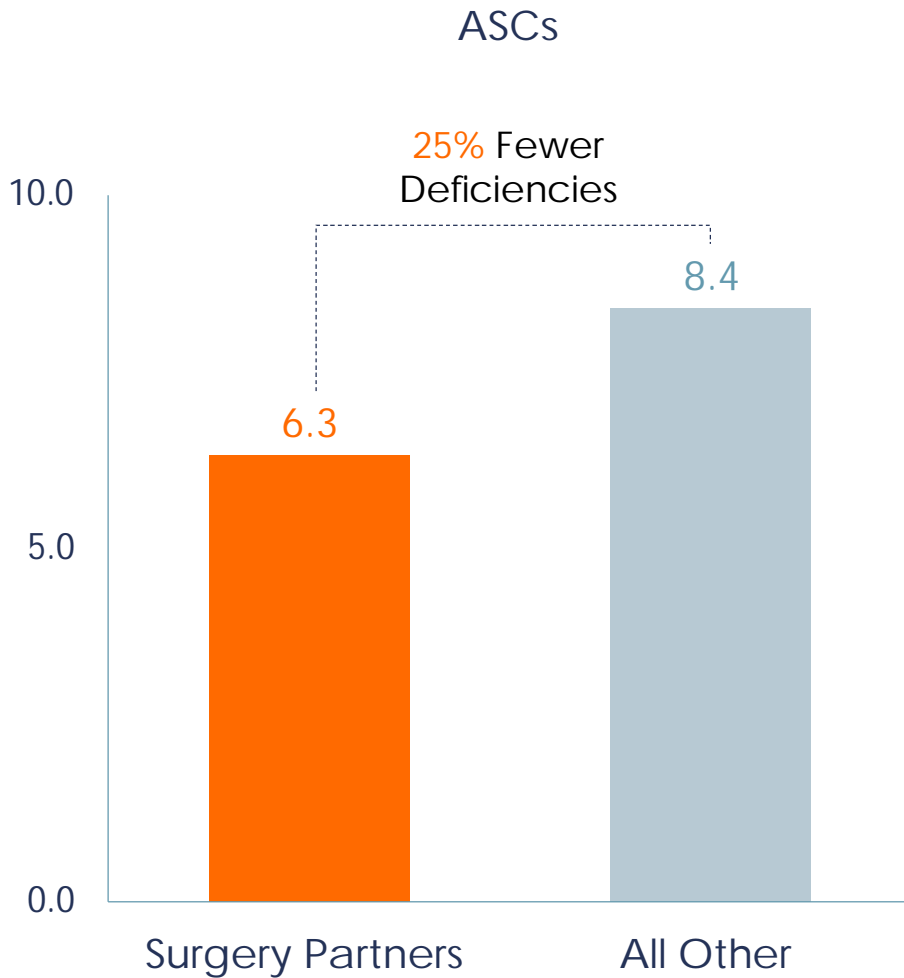
Orthopedic Case Volume



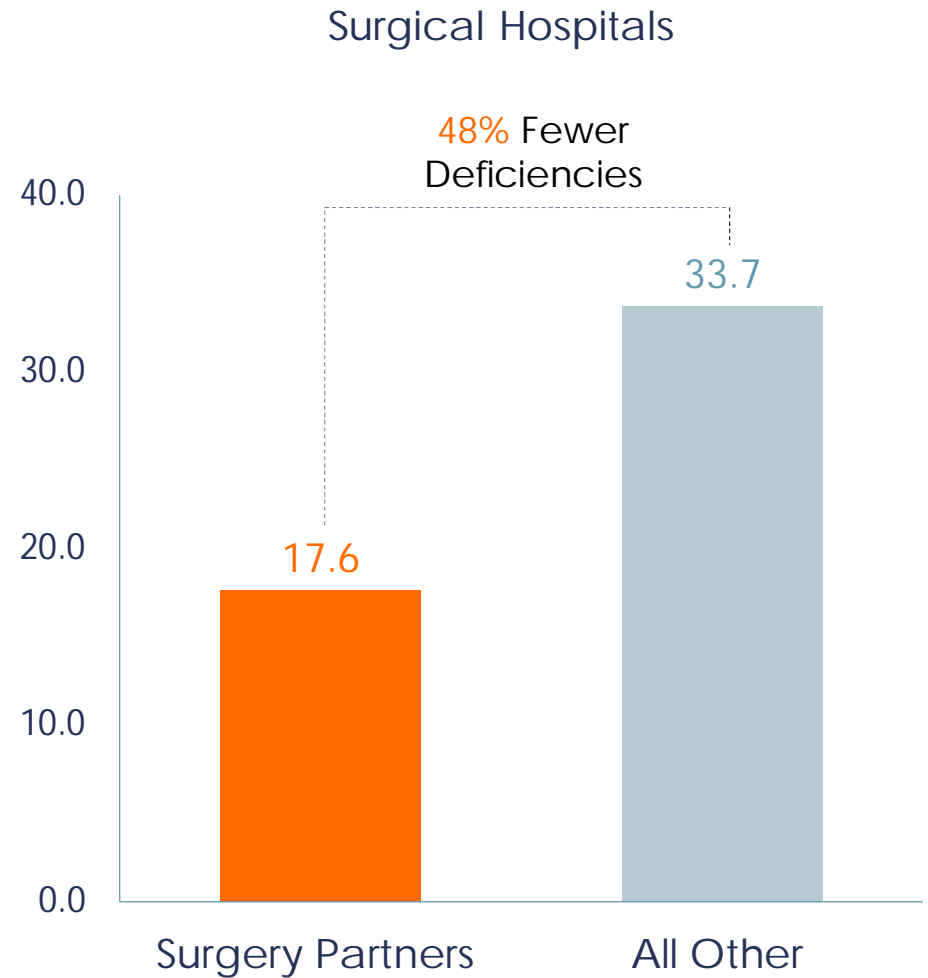


3 We Hold Ourselves to the Highest Standards...

Average Deficiencies per Survey⁽¹⁾

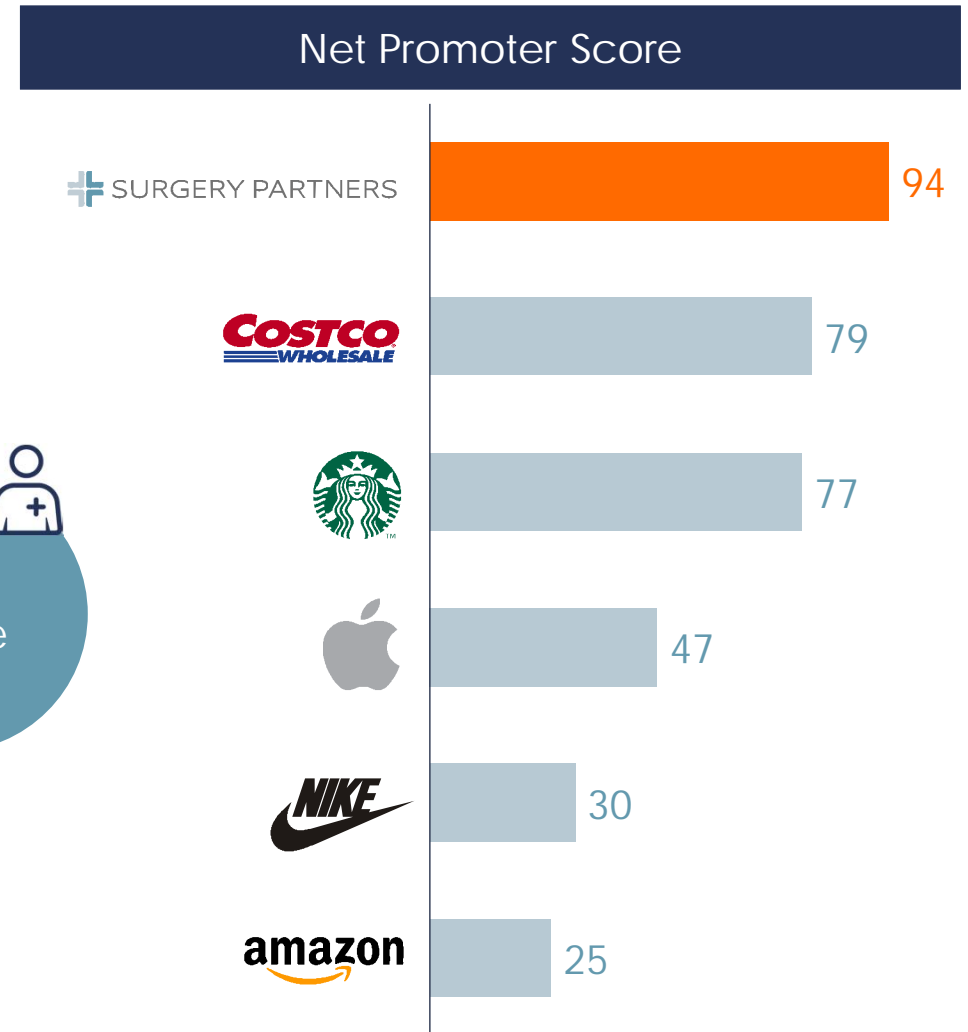


Average Deficiencies per Survey⁽²⁾



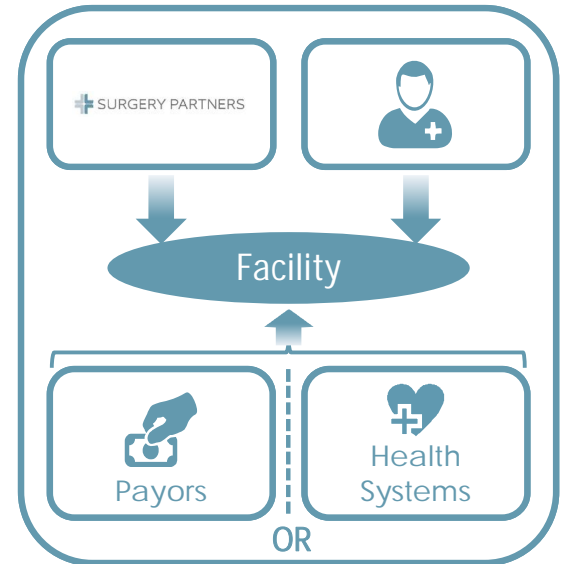
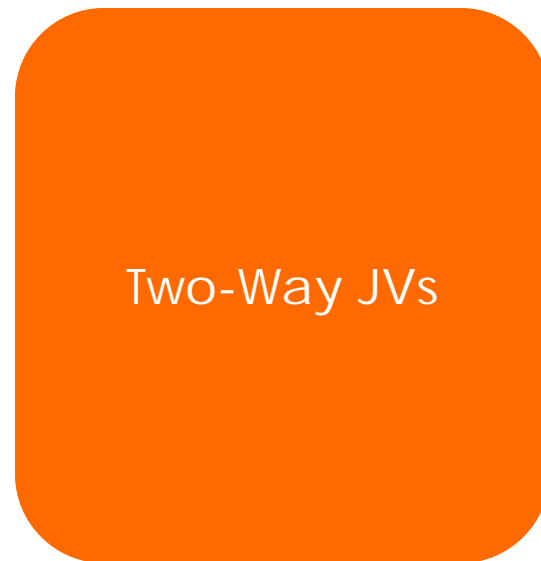
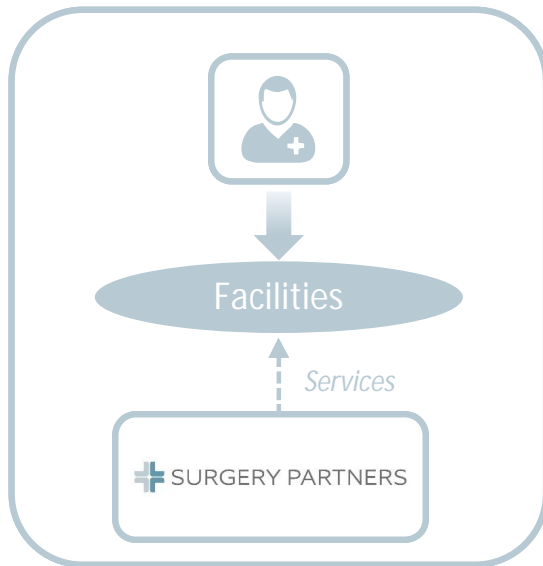
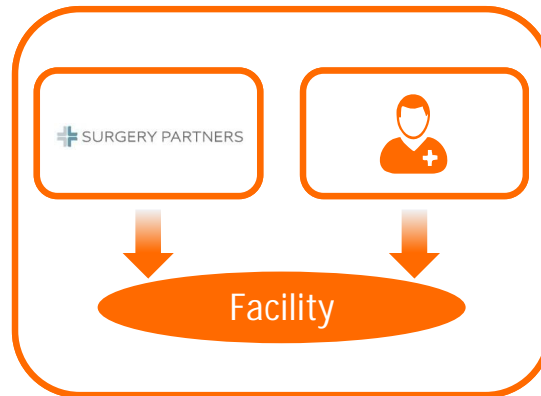


3 ...Resulting in Best-in-Class Patient Satisfaction Scores





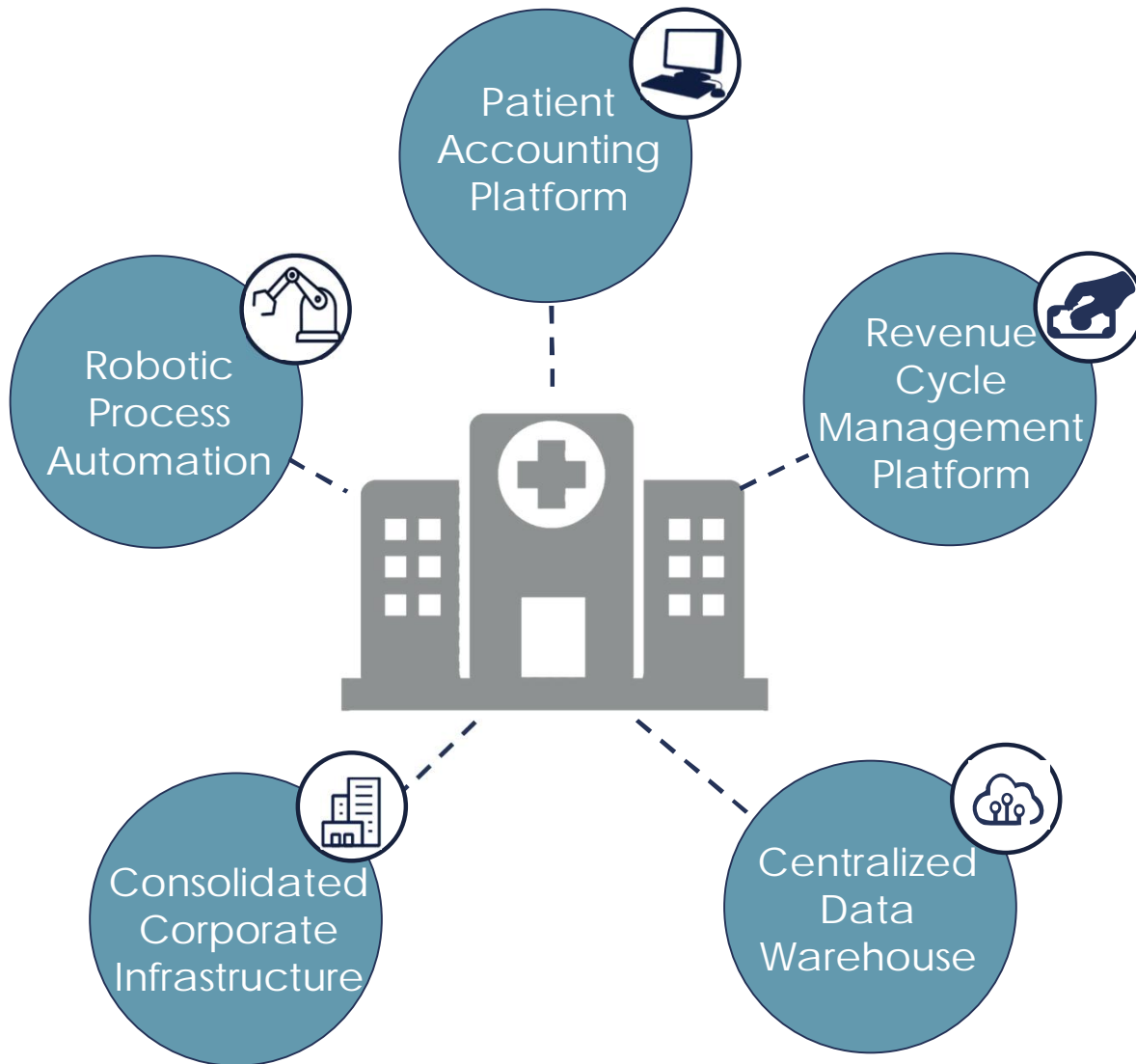
3 We Align Ourselves with our Physician Partners...



~95% Physician Partner Retention



3 ...Using a Uniquely Integrated, Highly Scalable Platform...



94% of surgical facilities/ clinical practices migrated to end-state platforms, representing **94%** of revenue



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



95% of surgical facilities integrated into centralized data warehouse, representing **97%** of revenue



90% of surgical facilities integrated into one HRIS system



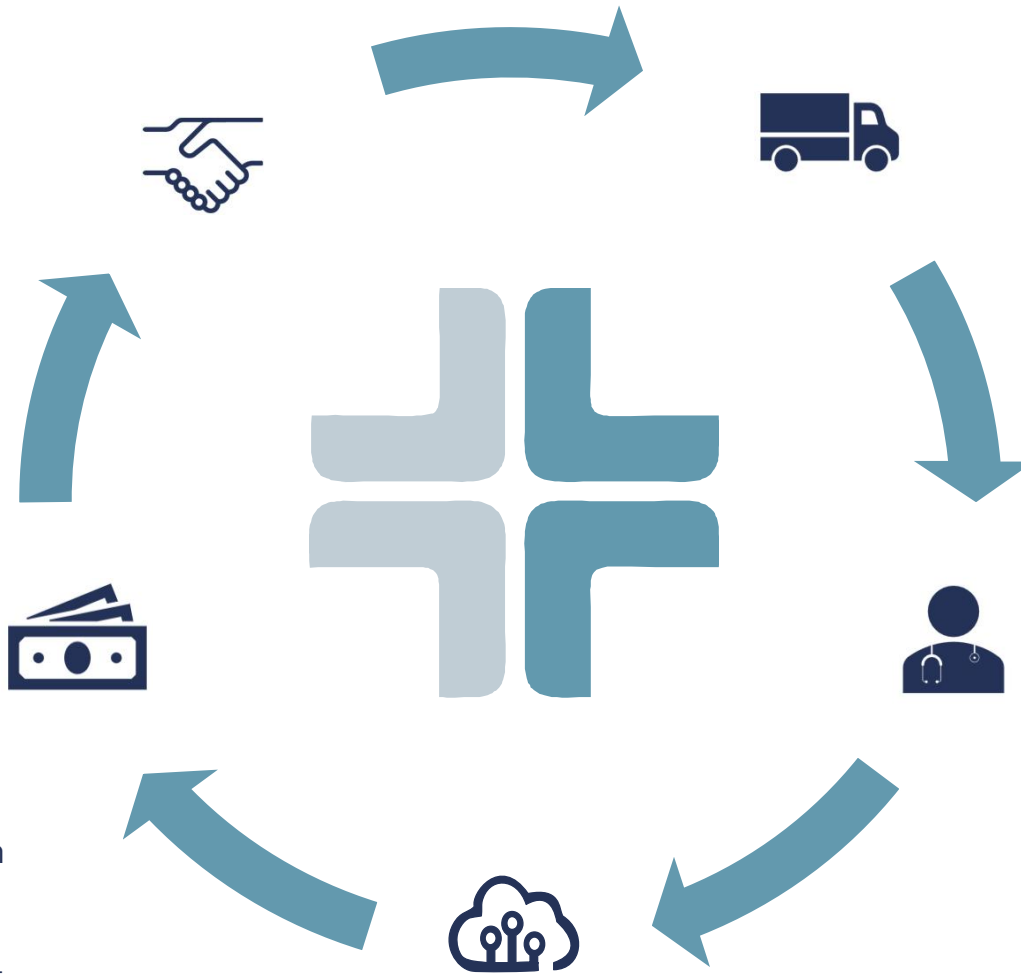
>20 automated processes across Accounting and Supply Chain



3 ...And a Turnkey Technology Stack With Proven Track Record of Delivering Organic Synergies

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
- Developing centers of excellence programs and selective bundled payment programs



Supply Chain

- Enhanced centralized team with seasoned executives
- Migrated to one company-wide GPO
- Focusing implant vendor selection 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)

Revenue Cycle

- Enhanced centralized team with seasoned executives
- Investing in denials management and contract management technologies
- Implementing additional front-end pre-service opportunities

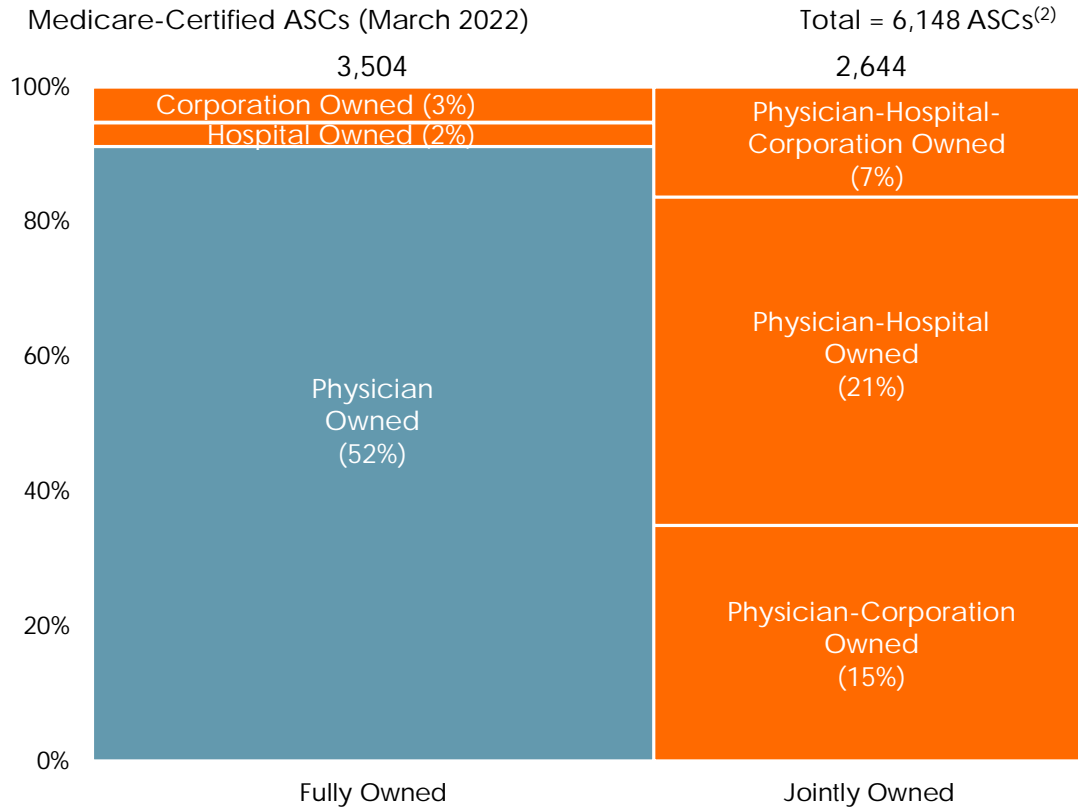
Data / Analytics

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

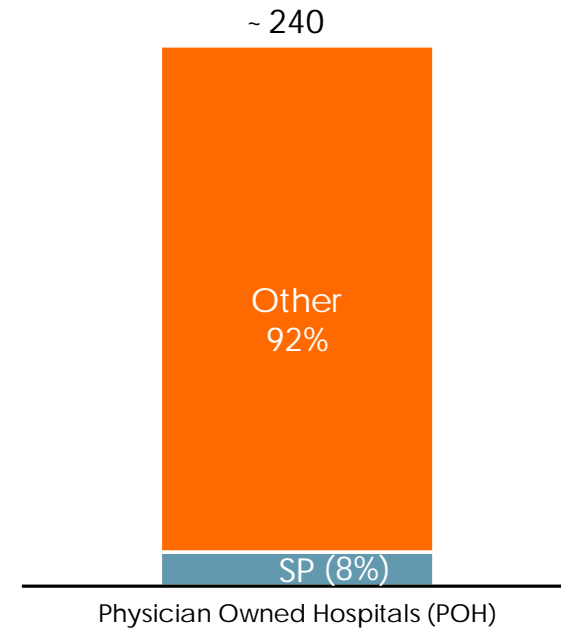


4 We Operate in a Highly Fragmented Market...

Number of ASCs in the U.S.⁽¹⁾



Number of POHs in U.S.⁽¹⁾



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



4

...And are Focused on Short-Stay Surgical Facilities Where We 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 11 Transactions

2019: ~\$35M in 7 Transactions

2020: ~\$160M in 10 Transactions

2021: ~\$325M in 12 Transactions

Transaction Highlights

- Refocused portfolio on growth-oriented short-stay surgical assets
- ~\$625M capital deployed in 40 transactions, with an average multiple paid of ~7.7x in the period 2018 to 2021
- Expanding presence in California, Texas and New York
- Selectively optimizing portfolio to unlock capital for redeployment with high growth short-stay surgical assets

Surgery Partners has increased capital deployment with Adjusted EBITDA multiples averaging <8x, providing meaningful and accretive assets to its portfolio



4 ...With Accelerating M&A Momentum through 2022



\$246M
Capital Deployed
Avg. multiple <8.0x



Acquired interest in
7 De Novos
for \$34M⁽¹⁾



Entered innovative partnership ⁽¹⁾ with
ValueHealth

Strong Execution in 2022 ...

	<u>Purchase Price</u>	<u>Type</u>
Transaction 1	\$31.5M	ASC/Practice, MSK Focus
Transaction 2	\$3.6M	ASC, Multi-Specialty
Transaction 3	\$3.0M	ASC/Practice, Ophthalmology
Transaction 4	\$38.5M	ASC, Vascular Focus
Transaction 5	\$107.5M	Short-stay Surgical Hospital, Musculoskeletal
Transaction 6	\$0.6M	Endoscopy
Transaction 7	\$61.1M	Min. Interest Stake Multi-Specialty ⁽¹⁾
Total	~\$245.8M	<8.0x

...With Highly Visible Near-Term Pipeline

	<u>Purchase Price</u>	<u>Type</u>
Target Acquisitions Under LOI	\$10.5M	Multi-Specialty
Buy-Up Opportunities	\$59.8M	Multi-Specialty
Offers Submitted	\$122.1M	Multi-Specialty
Potential De Novo Opportunities	TBD	TBD



5 We Have a Purpose-Built, Veteran Management Team



Wayne DeVeydt
Executive Chairman of the Board
28 Years Healthcare Experience
5 Years with Surgery Partners



Eric Evans
Chief Executive Officer
18 Years Healthcare Experience
4 Years with Surgery Partners



Dave Doherty
EVP & Chief Financial Officer
21 Years Healthcare Experience
4 Years with Surgery Partners



Jennifer Baldock
EVP & Chief Administrative Officer
26 Years Healthcare Experience
12 Years with Surgery Partners



Brad Owens
National Group President
28 Years Healthcare Experience
3 Years with Surgery Partners



Harrison Bane
American Group President
14 Years Healthcare Experience
1 Year with Surgery Partners



Marissa Brittenham
EVP & Chief Strategy Officer
14 Years Healthcare Experience
1 Year with Surgery Partners



Patricia Hannon
National Group Chief Clinical Officer
40 Years Healthcare Experience
2 Years with Surgery Partners



Tony Taparo
Chief Growth Officer
35 Years Healthcare Experience
26 Years with Surgery Partners



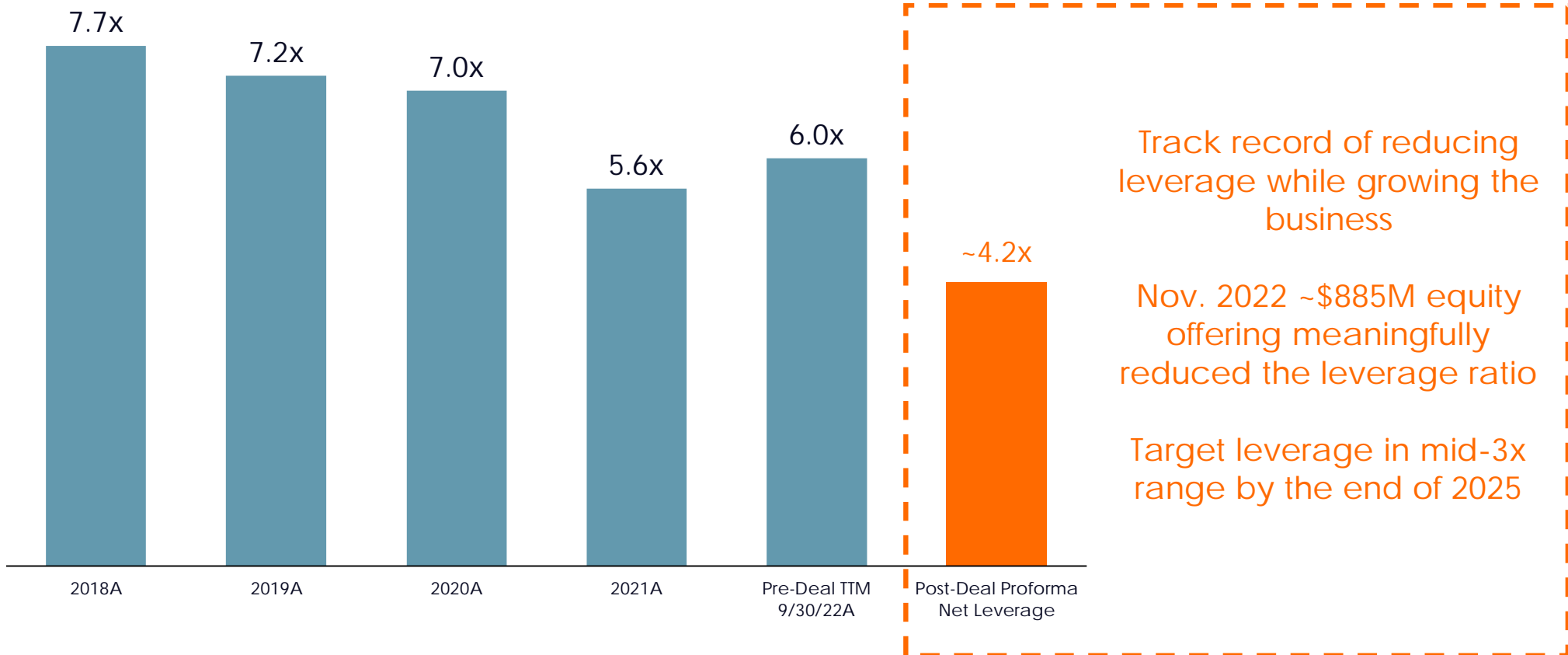
Sarah Martin
American Group Chief Clinical Officer
42 Years Healthcare Experience
2 Years with Surgery Partners

Veteran management team, averaging over 25 years of Healthcare experience



6 Capital Structure Strengthened to Support Growth

Credit Agreement Leverage Ratio



Run-rate free cash flow exceeding \$200M by 2025



Surgery Partners Financial Highlights

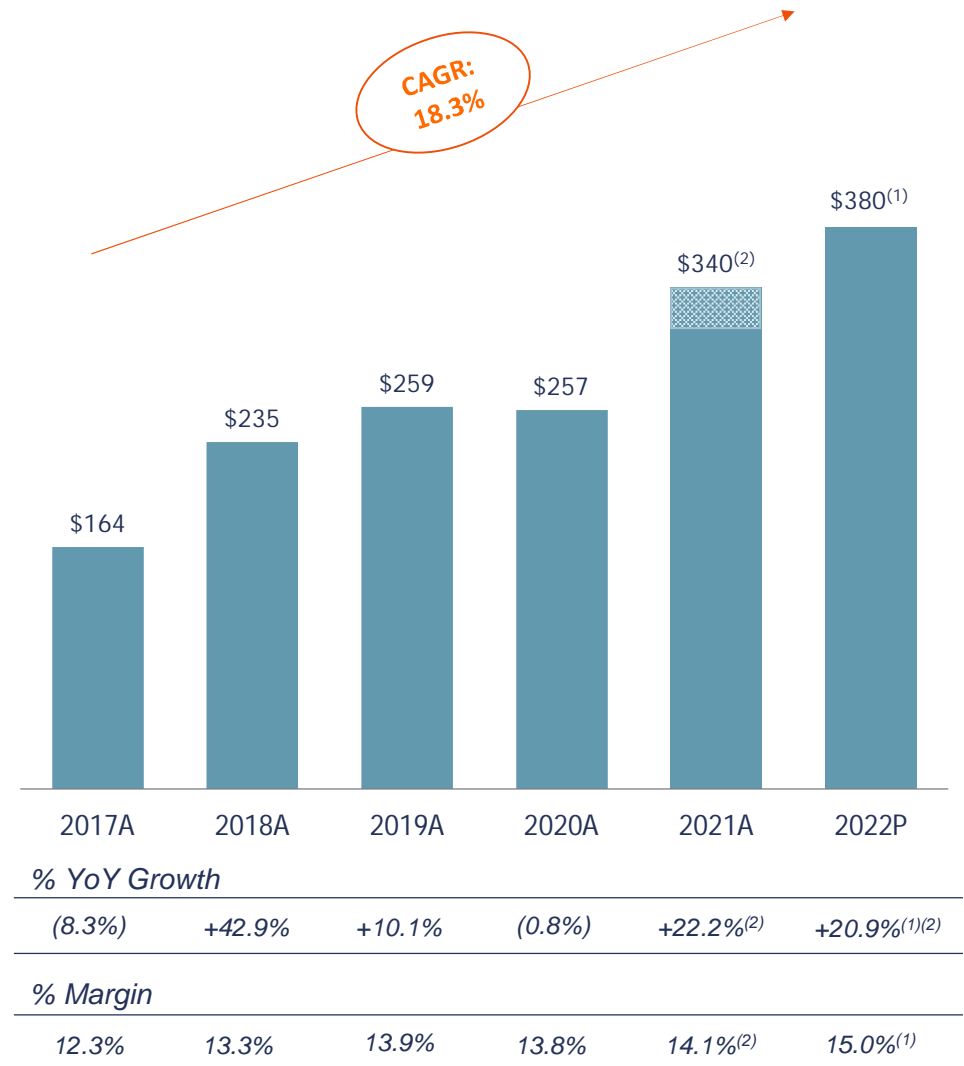


Strong, Consistent History of Robust Growth

Net Revenue (\$M)



Adjusted EBITDA (\$M)



(1) 2022P Revenue, Adjusted EBITDA, % YoY Growth and % Adjusted EBITDA Margin calculated at mid-point of guidance provided on November 8, 2022 for Adjusted EBITDA and Revenue.
 (2) Given significant impact of CARES Act grants recognized, the Company calculated a new baseline for 2021 of \$314M. All growth rates and margins reported were calculated on this basis



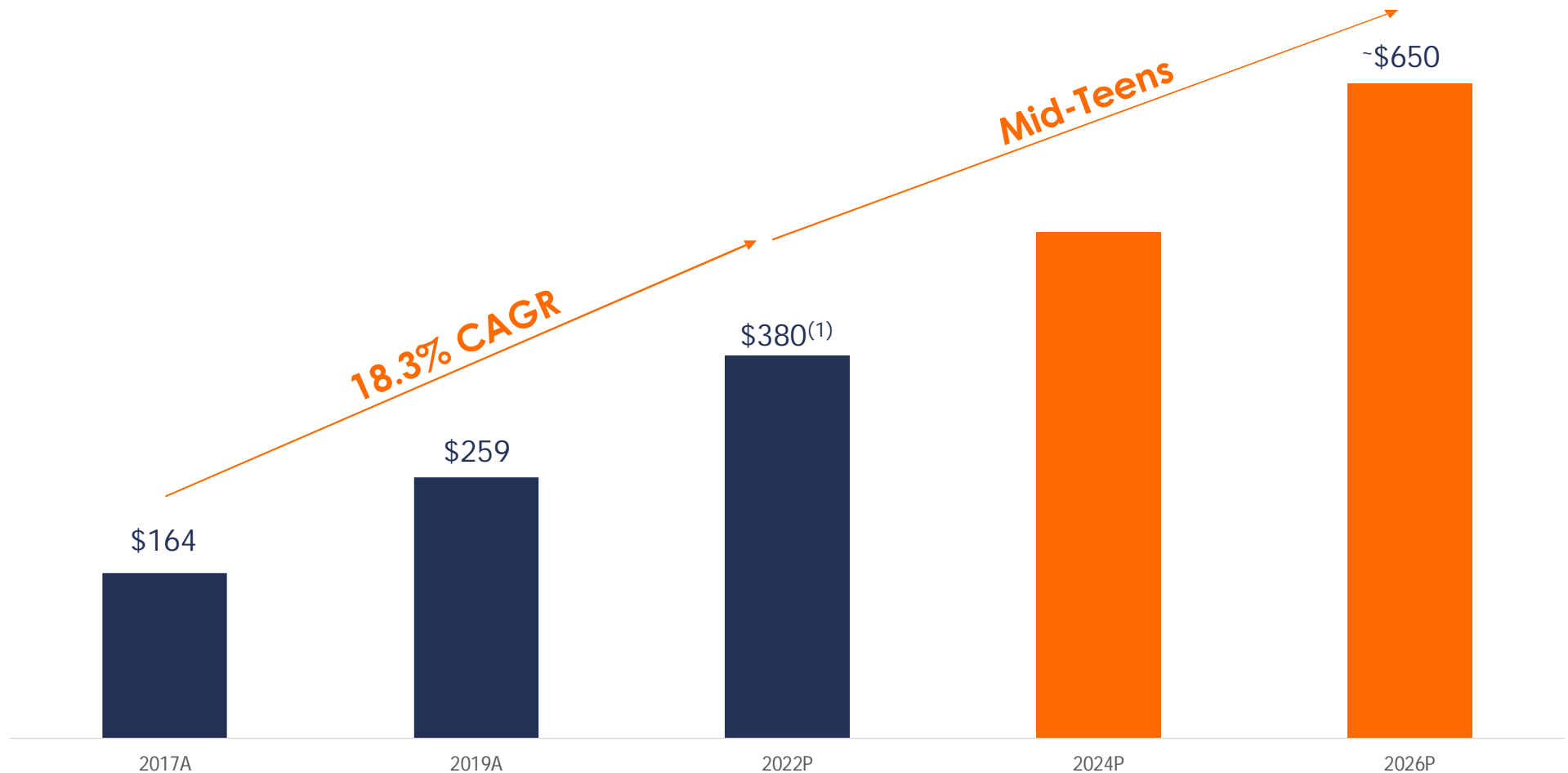
Highly Visible Near and Long-Term Growth Drivers



Mid-teens long-term Adjusted EBITDA growth target, including M&A



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



Management is committed to driving double digit growth in 2023 and beyond through execution of organic strategic initiative and continued capital deployment

(1) 2022P Adjusted EBITDA calculated at mid-point of guidance provided on November 8, 2022



Surgery Partners Investment Highlights

1

\$150B+ Total Addressable Market

\$60B of Inpatient Cases Migrating to Outpatient



2

6.5%+ Industry-leading Same Facility Growth

80% Facilities Performing of MSK



3

Superior Clinical Quality and Customer Experience

94% of Surgical Hospitals Rated **4 / 5** Stars by CMS



4

Proven Scalable M&A Platform

\$246M Deployed YTD on M&A With a Robust Pipeline



5

Purpose-built, Veteran Management Team

Disciplined & Data-Driven



6

Capital Structure to Support Growth

Target Leverage of **mid-3x** by 2025



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



Appendix



Reconciliation to Adjusted EBITDA

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

	TTM	Year Ended December 31,				
	9/30/2022	2021	2020	2019	2018	2017 ⁽¹⁾
Consolidated Statement of Operations Data						
(Loss) income before income taxes	\$131.8	\$81.2	(\$18.8)	\$54.6	(\$69.2)	\$82.3
<i>Plus (Minus):</i>						
Net income attributable to non-controlling interests	(137.9)	(141.6)	(117.4)	(119.9)	(110.1)	(81.7)
Depreciation and amortization	107.9	98.8	94.8	76.5	67.4	51.9
Interest expense, net	234.0	221.0	201.8	178.9	147.0	117.7
Equity-based compensation expense	17.0	17.4	13.2	10.2	9.3	5.6
Transaction, integration and acquisition costs	43.5	46.1	38.2	36.1	34.0	17.0
Loss (gain) on disposals and deconsolidations, net	3.4	2.2	5.7	(4.4)	31.8	1.7
Loss on litigation settlements and other litigation costs	(26.3)	5.6	6.4	4.6	46.0	(12.5)
Loss on debt extinguishment	--	9.1	--	11.7	--	18.2
Tax receivable agreement expense	--	--	--	2.4	--	(25.3)
Impairment charges	--	--	33.5	7.9	74.4	--
Reserve adjustments	--	--	--	--	2.7	--
Contingent acquisition compensation expense	--	--	--	--	1.5	7.0
Gain on acquisition escrow release	--	--	--	--	--	(1.2)
Gain on amendment to tax receivable agreement	--	--	--	--	--	(16.4)
Gain on escrow release	--	--	(0.8)	--	--	--
Hurricane-related impacts	0.9	(0.2)	--	--	--	--
Total Adjustments	242.5	258.4	275.4	204.0	304.0	82.0
Adjusted EBITDA	\$374.3	\$339.6	\$256.6	\$258.6	\$234.8	\$164.3

(1) In connection with the change of control effective August 31, 2017, the Company elected to apply "pushdown" accounting. Periods prior to August 31, 2017 (the date of the change of control) are identified as "Predecessor" and periods after the date of the change of control are identified as "Successor." For purposes of this presentation, we have presented the information for the year ended December 31, 2017, on a Predecessor period and Successor period combined basis.