

SURGERY PARTNERS

42nd Annual J.P. Morgan Healthcare Conference





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Finance & Liquidity Highlights



Surgery Partners Introduction



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

Key Metrics



32
States



139
Ambulatory
Surgery Centers



18
Short-Stay
Surgical Hospitals



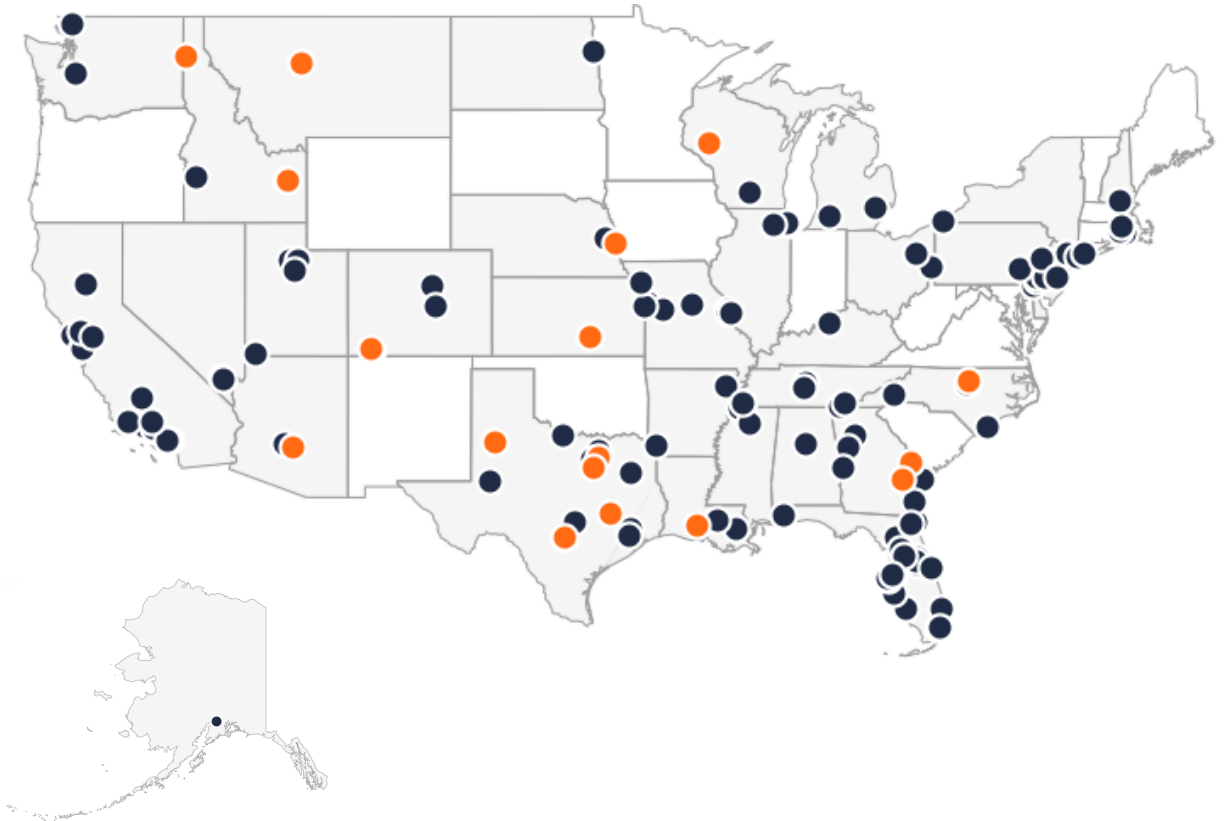
~5,000
Affiliated
Physicians



650,000+
Annual Patients

~\$2.7 billion
Q3 2023 TTM
Revenue

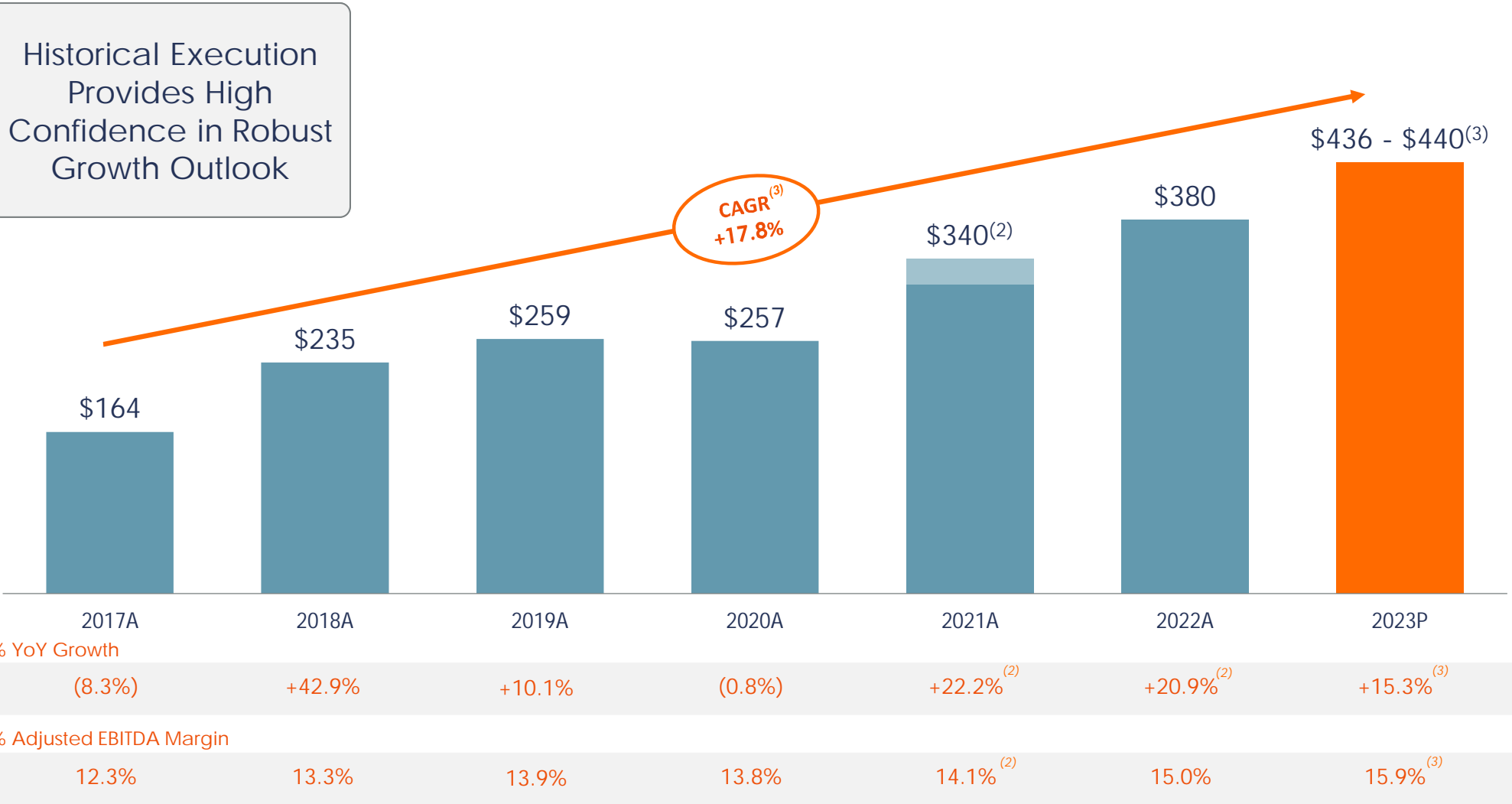
~\$417 million
Q3 2023 TTM
Adjusted EBITDA⁽¹⁾





...Anchored by Strong, Consistent Execution...

Adjusted EBITDA⁽¹⁾ (\$M)



(1) Adjusted EBITDA is a non-GAAP measure. Reconciliation of Adjusted EBITDA for all periods presented can be found on slide 35

(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) 2023P Adjusted EBITDA, % YoY Growth and % Adjusted EBITDA Margin and CAGR calculated based on midpoint of guidance provided on November 7, 2023 for Adjusted EBITDA and Revenue



...with Highly Visible Near and Long-Term Growth Drivers

Top-line Growth



Volume /
Rate



Recruiting / Service
Line Expansion



Managed Care

Margin Expansion



Procurement



Revenue Cycle



Org / Workflow
Efficiencies

Capital Investment



Acquisitions



Health System/
Health Plan
Partnerships

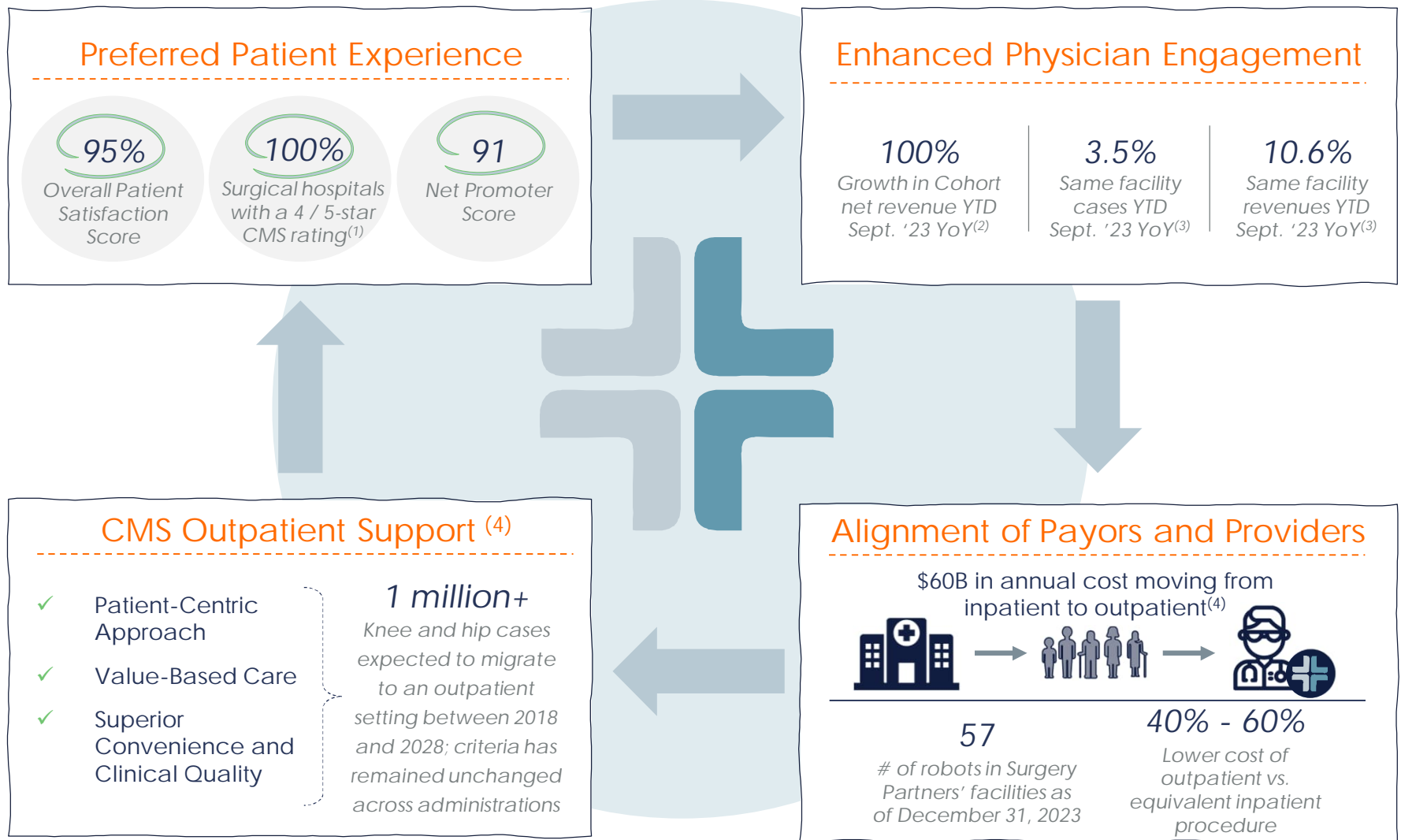


De Novos

Mid-Teens Adjusted EBITDA growth target with Capital Deployment



Our Company was Built to Capture Macro Tailwinds Through Industry Leading Patient and Physician Engagement...



(1) Represents surgical hospitals which report star rating

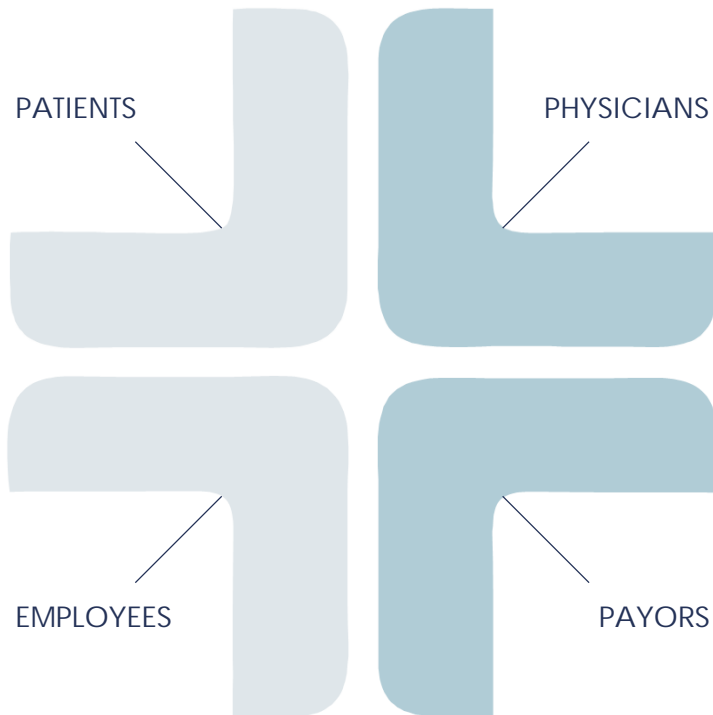
(2) Reflects 2022 cohort contributions

(3) Represents days adjusted same facility statistics

(4) Source: "Evolution of Total Joint Replacements: From Hospital to Surgery Center", Sg2, 2019



...And is Anchored in our Culture, which is the Foundation of How we Operate



Enhancing patient quality of life through partnership

Our core values are foundational to who we are

- ✓ Act with **integrity and transparency**
- ✓ Be **accountable**
- ✓ Drive **clinical and service excellence**
- ✓ Promote a culture of **diversity and inclusion**
- ✓ Demonstrate **compassion and kindness**
- ✓ Set and **exceed expectations**



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

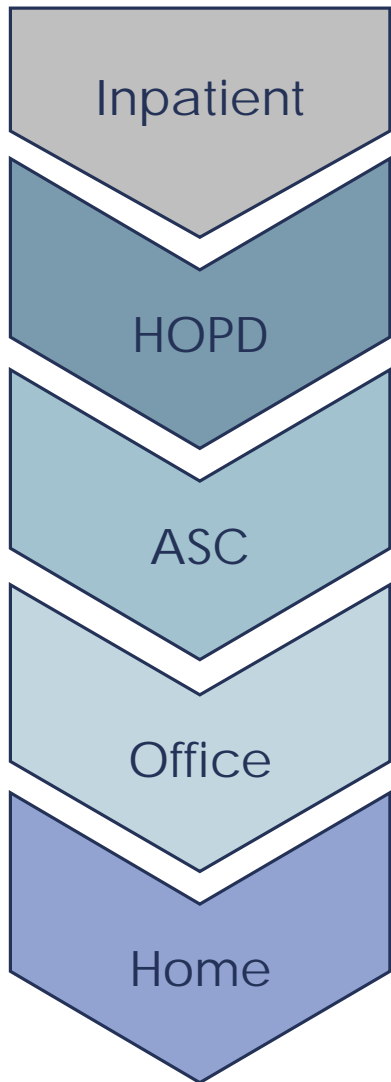
6

Distinguished Track Record of Delivering Results



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



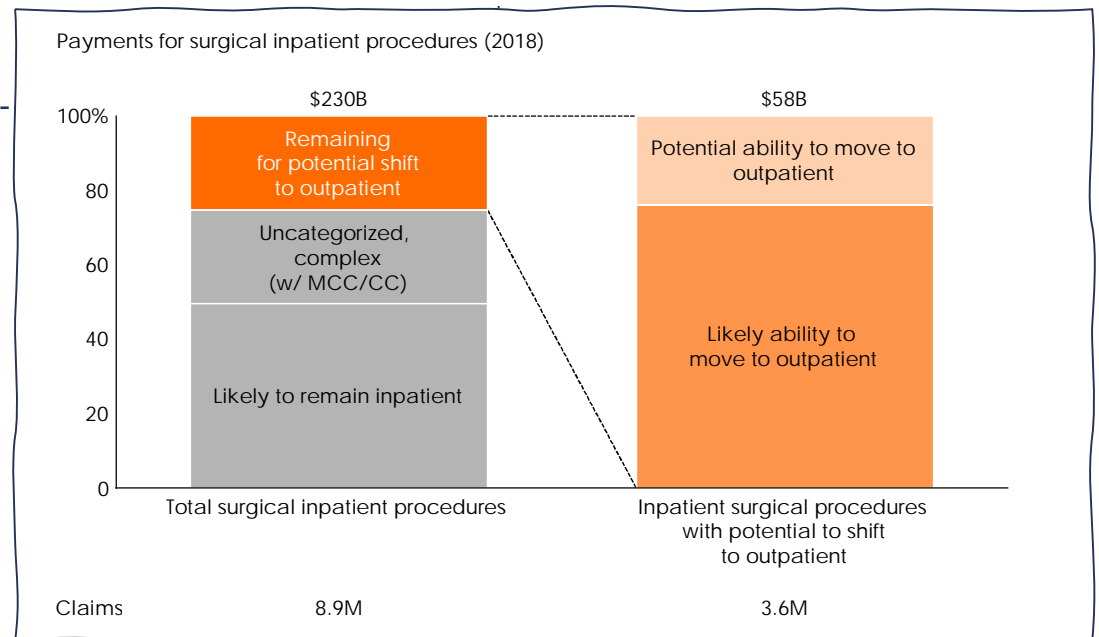
~60% of cases shifting in specialties core to Surgery Partners

\$550B+

Office

\$100B+

Home





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

Right Specialties

- 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

- 95% CAGR⁽¹⁾ in total joints in ASCs
- ~80% facilities perform MSK procedures and ~70% of facilities with potential for Cardio
- Gaining share in Ophthalmology and GI

Right Markets

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

- 40%+ of ASCs are 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⁽²⁾
- 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

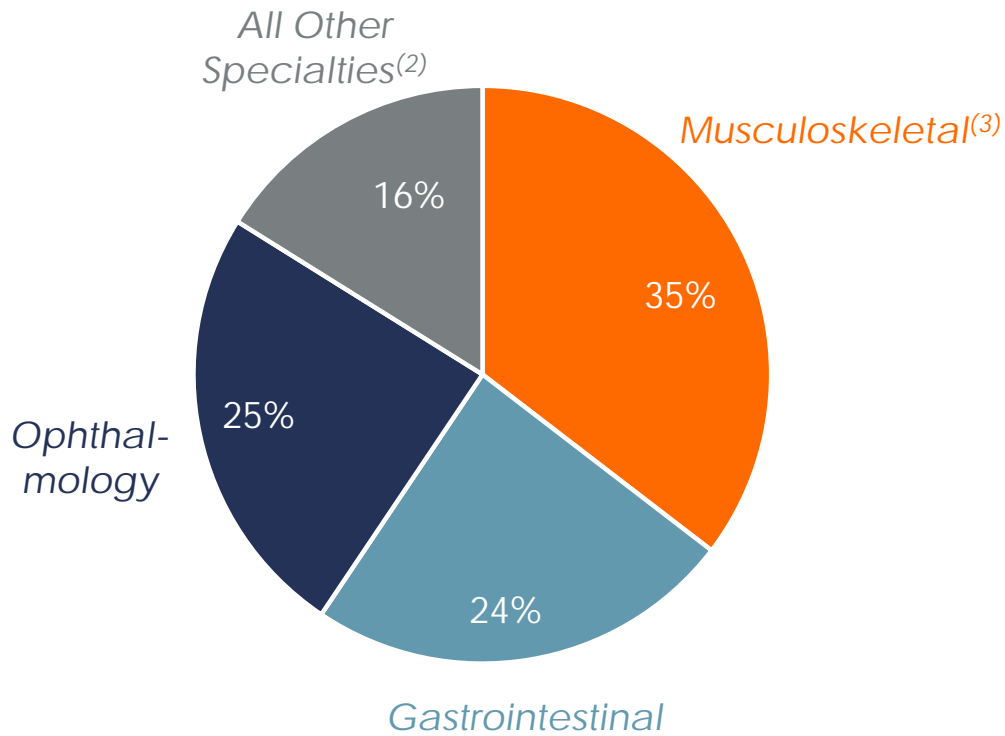
- 37 robots added since 2019 to enhance higher acuity MSK and cardio capabilities
- 70%+ of facilities are multi-specialty
- 26 facilities renovated or expanded since 2018



2

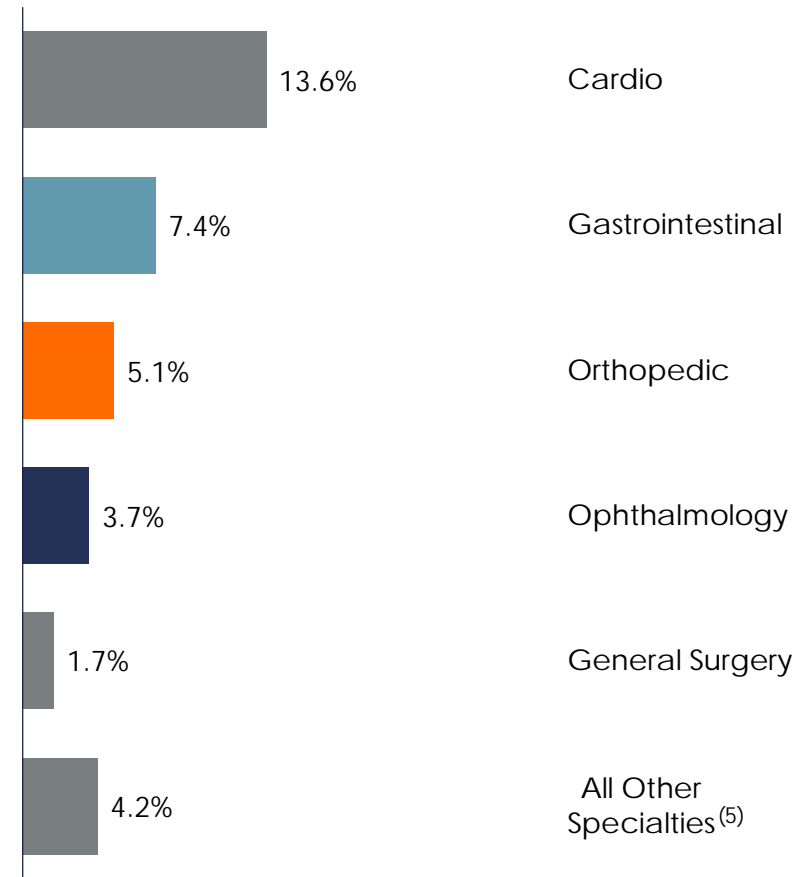
Diversified Case Mix, Focused on Core Specialties...

Case Mix⁽¹⁾



Musculoskeletal Procedures Represent
>50% of Net Revenue

2019 – YTD Sept. 2023 CAGR by Specialty Case⁽⁴⁾



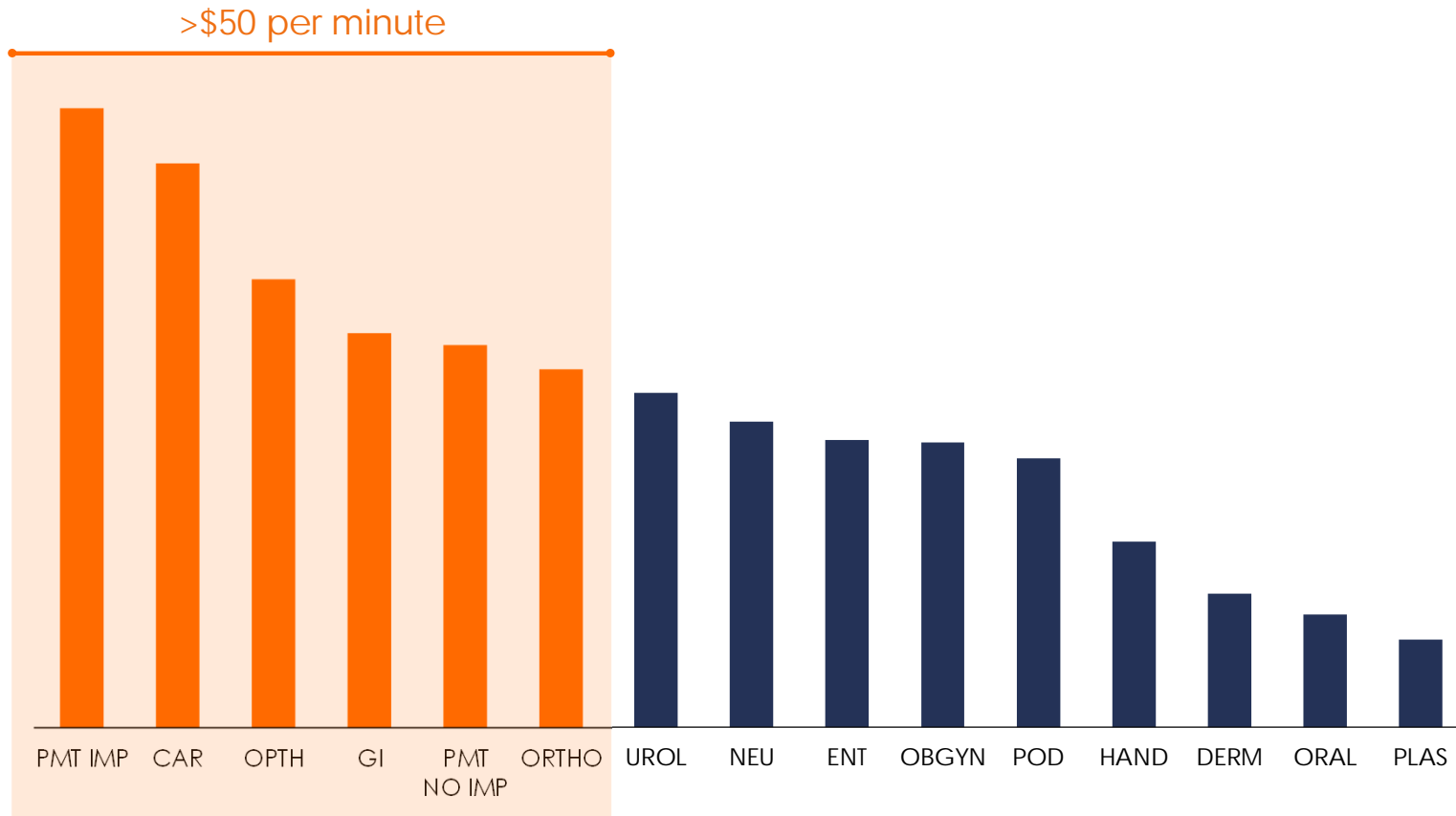
(1) Case mix reflects Sept. year-to-date 2023
 (2) Includes cardiology, ENT, general surgery, plastic surgery, and other
 (3) Musculoskeletal (or "MSK") references orthopedic, spine, neurology and pain management specialties
 (4) Case growth rates exclude pain management specialties
 (5) Includes ENT, plastic surgery and other



2 ...With the Highest Contribution Margin

MSK and Cardiology specialties offer the largest growth opportunity among the most profitable cases per minute

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





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

Orthopedic



\$3 billion

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



Total Shoulder and Ankle Replacements on ASC List Effective January 1, 2024



57

Robots in use across Facilities



~80%

Facilities perform MSK procedures



Cardio



4

New Cardiac Programs added in 2023



~70%

Facilities with potential for Cardio



13.6%

4-year CAGR⁽²⁾ in cardiac cases



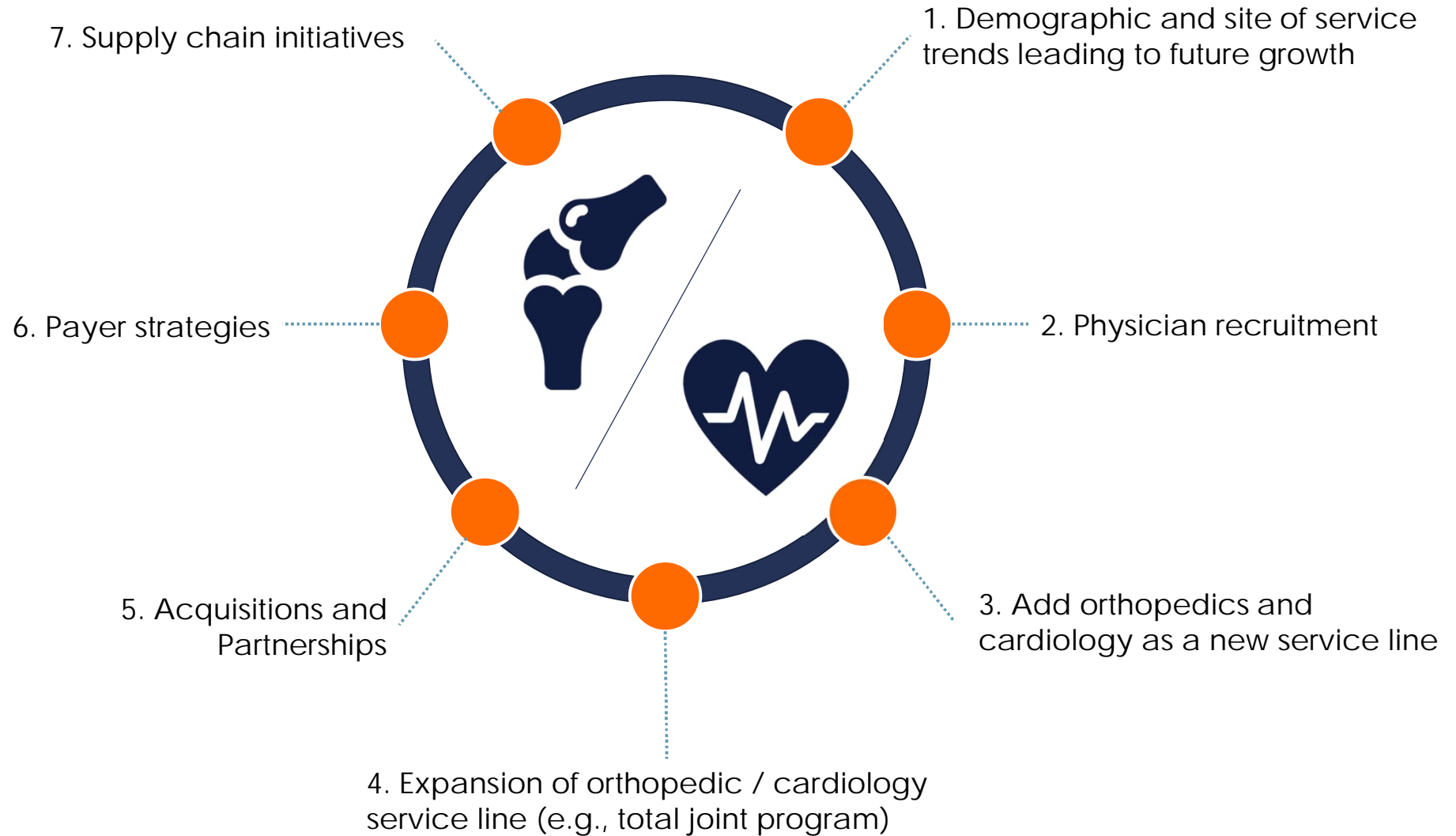
2023 - 2025+

Increasing momentum shift to outpatient setting





2 ...While Leveraging Our Capital Efficient Flywheel





2 Our Flywheel in Action: Orthopedic Playbook Provides Line of Sight to Success in Future Specialties



100k+ Orthopedic Procedures Annually



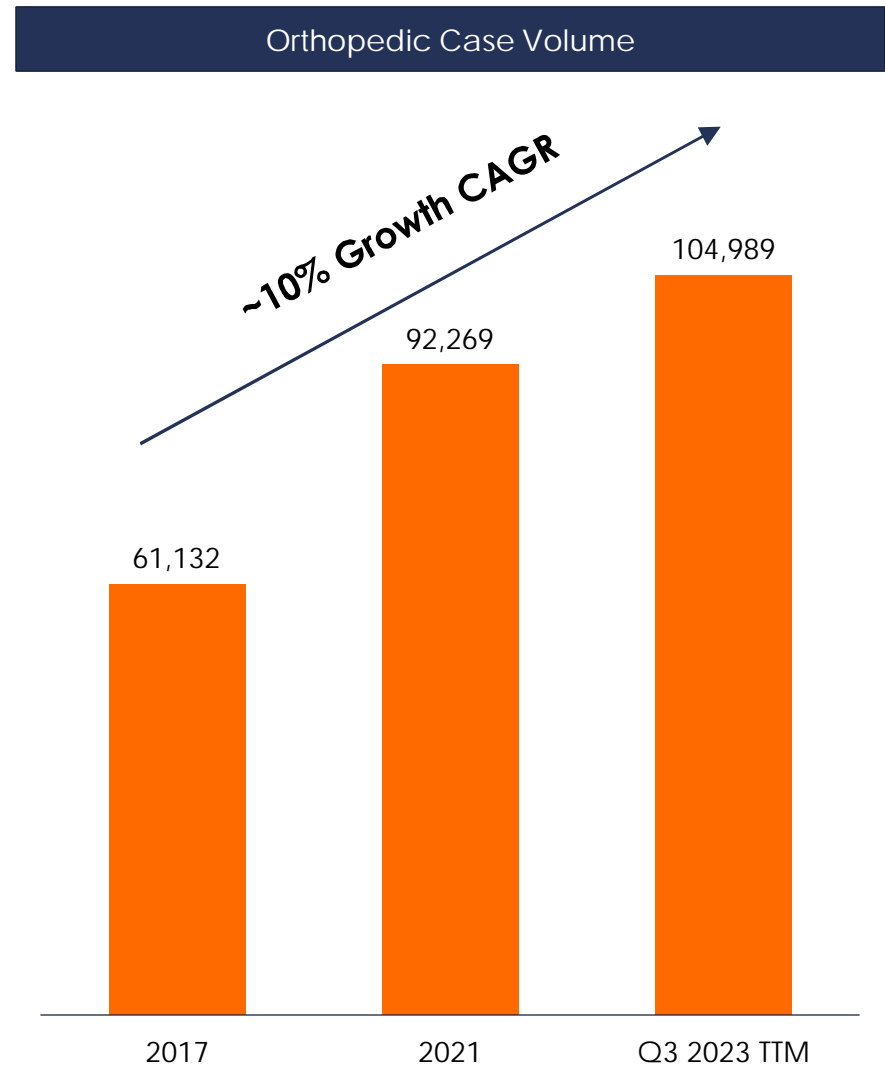
1,000+ Orthopedic Physicians



95% ASC Total Joint CAGR⁽¹⁾



100+ New ASC Orthopedic physician recruits YTD September 2023





2 Cardiovascular Ambulatory Shift is Early; Deliberate & Balanced Strategy in Flight

Industry Trends

Regulatory⁽¹⁾

Changes to Medicare / Medicaid ASC-CPL list

Providers⁽¹⁾

>70% of cardiology groups employed by health systems



Population⁽²⁾⁽³⁾

20% of the population will be 65+ years by 2030

Technology⁽⁴⁾

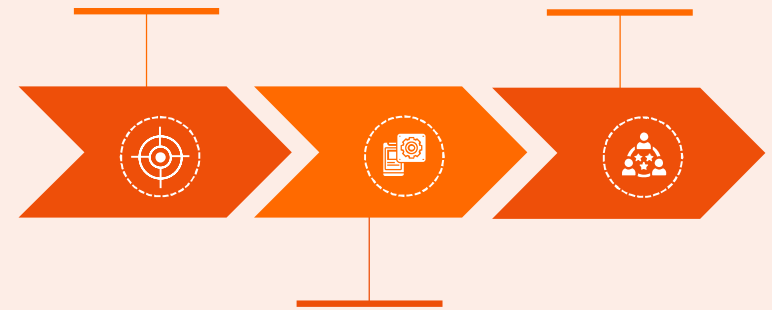
Innovation in technique, devices and pharmacology

OP Shift

Our Strategy

Proactively monitor market opportunities based on key factors

Strategic partnership with health systems and cardiology practices



Optimize our operating system to apply synergies in staffing, capital allocation, supply chain and revenue cycle

(1) The Advisory Board, 2023 Cardiovascular Market Trends (September 2023)
 (2) The Chartis Group, Independent Report, Specialty & Service Line VBC Investment Primers (May 2022)
 (3) US Census Bureau, *The Graying of America: More Older Adults Than Kids by 2035* (2018)
 (4) The Advisory Board, 2023 Cardiovascular Market Trends (September 2023)



3 We Hold Ourselves to the Highest Standards...

Outperforming Clinical Quality National Benchmarks

ASCs Outperform in **10 of 10** quality measures reported through the ASC Quality Collaborative⁽¹⁾

Surgical Hospitals Outperform in **surgical-focused** quality measures reported through CMS, AHRO & Patient Safety Network⁽²⁾

Achieving Industry-Leading Excellence

Nationally...



13

ASCs recognized among America's Best Surgery Centers for 2024



100%

Surgical Hospitals Rated 4 or 5 Stars



13

Surgical Hospitals recognized among U.S.'s High Performing Hospitals across numerous specialties

...and locally



Idaho
Texas

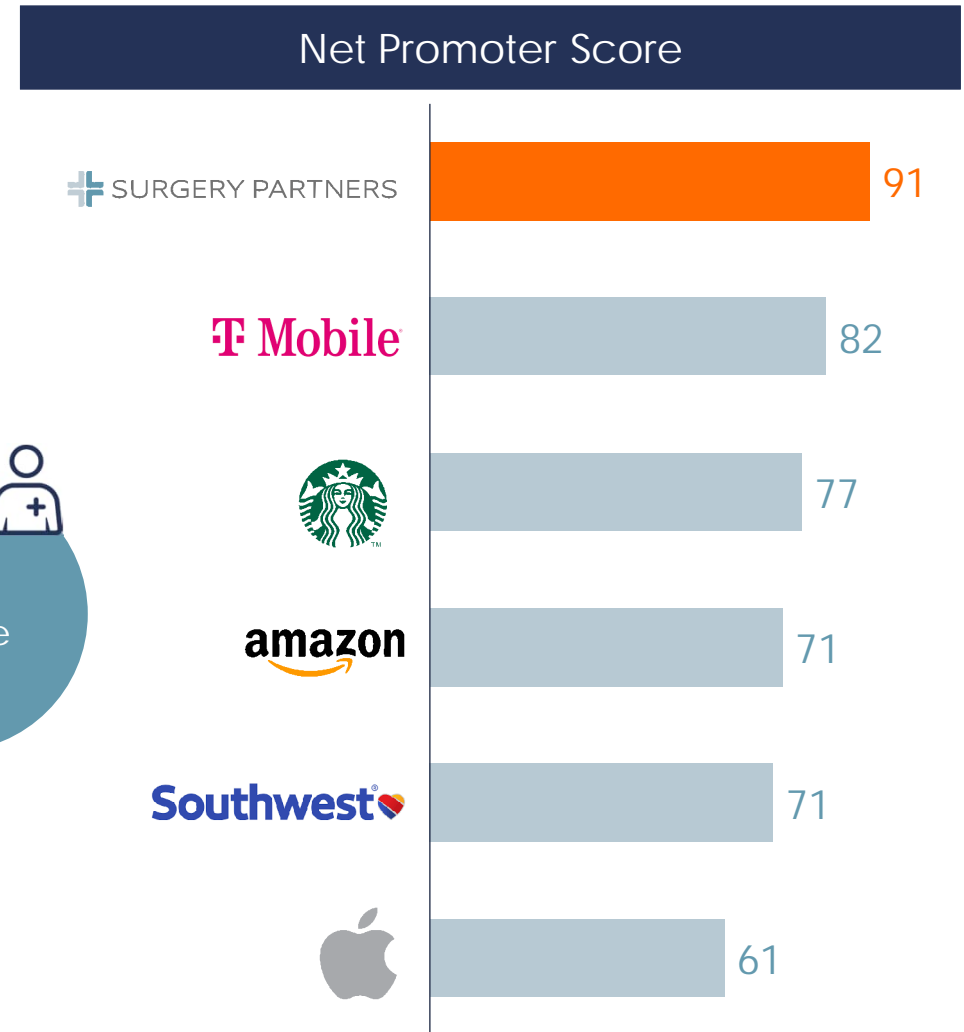


California Ambulatory Surgery Association Excellence Award 2023

(1) ASC national benchmarks per ASC Quality Collaborative for Q3 2023.
(2) Surgical Hospital national benchmarks per CMS, AHRO and Patient Safety Network for YTD Q3 2023

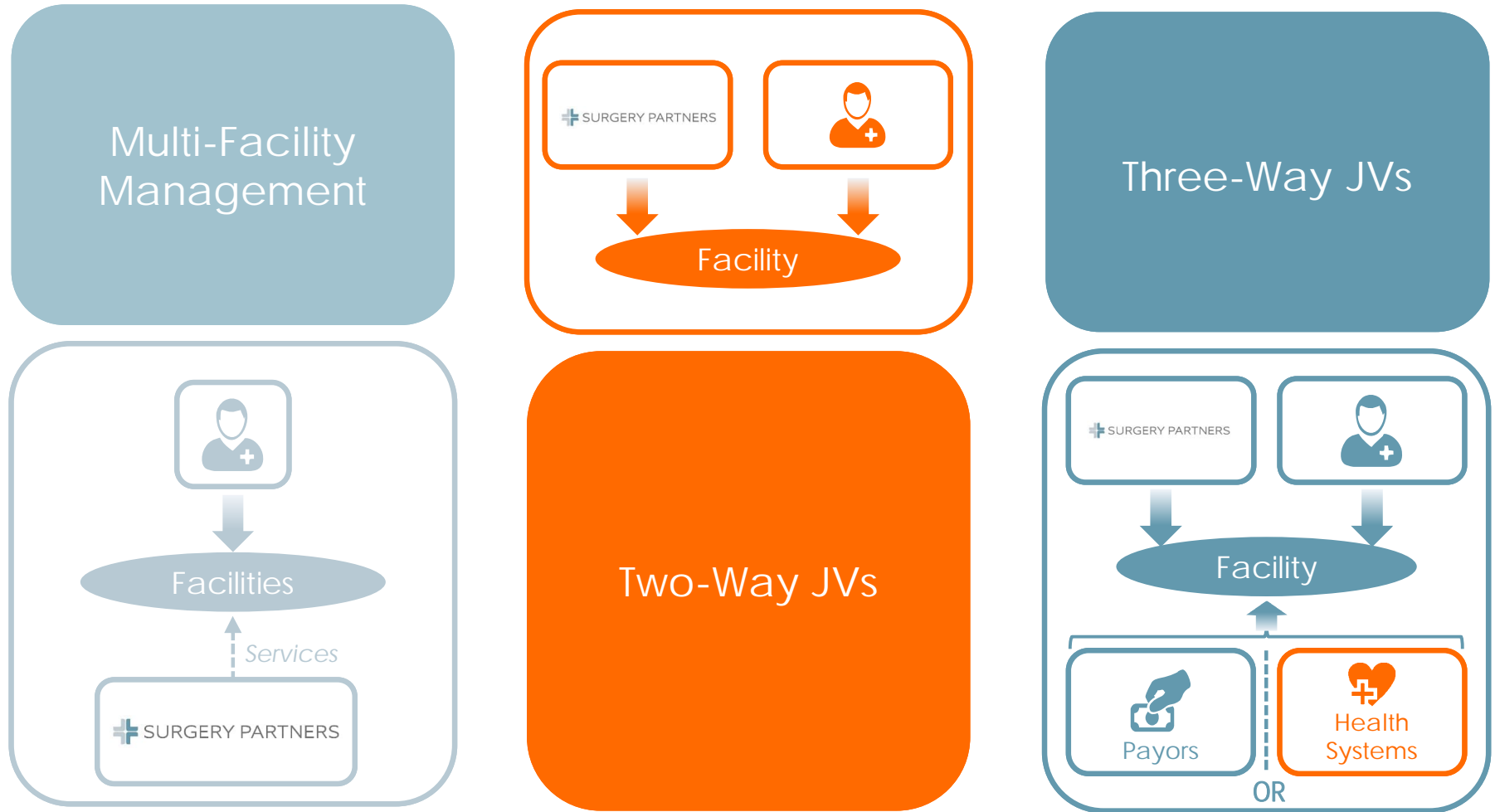


3 ...Resulting in Best-in-Class Patient Satisfaction Scores





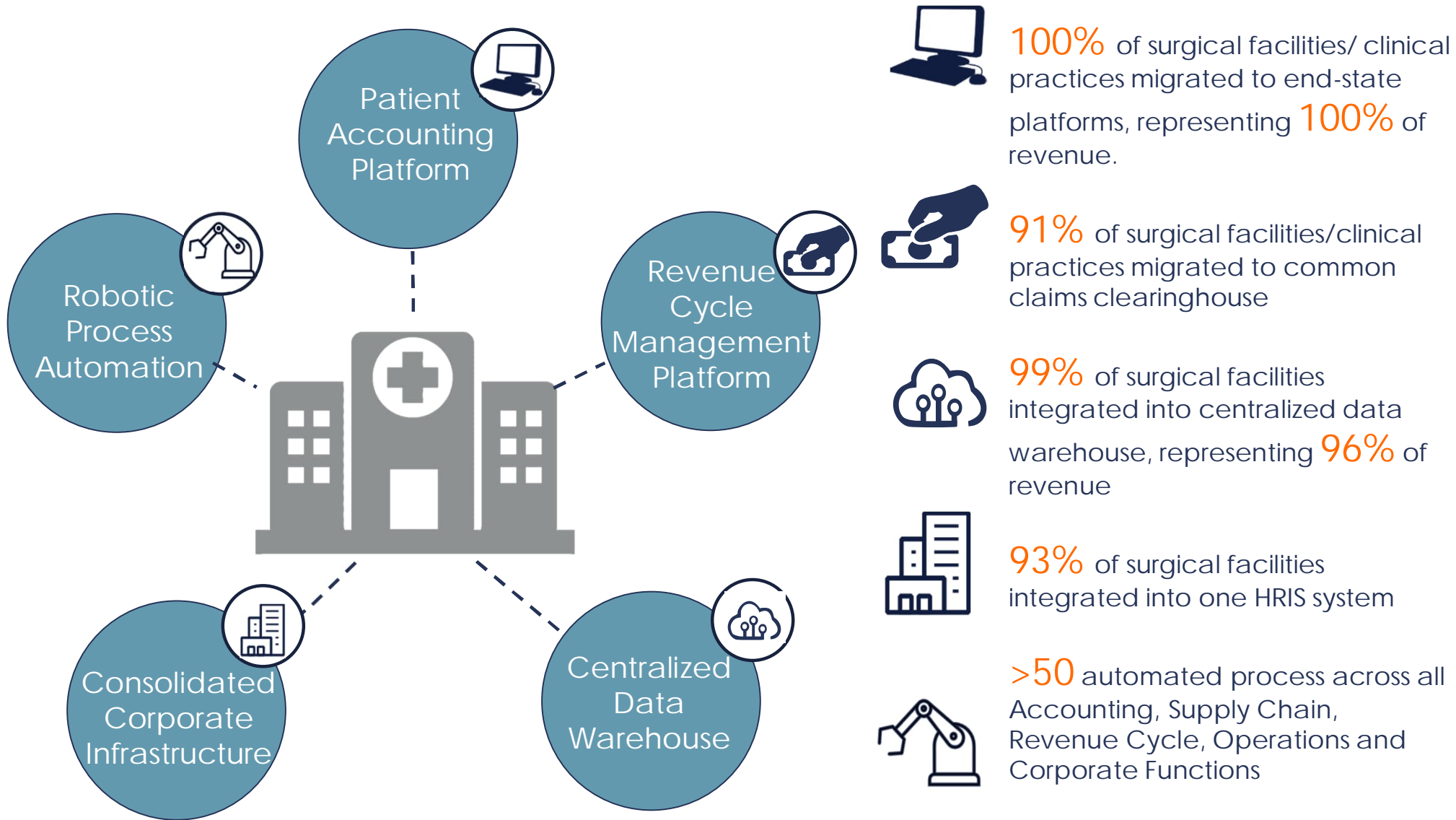
3 We Align Ourselves with our Physician Partners...



~95% Physician Partner Retention¹



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





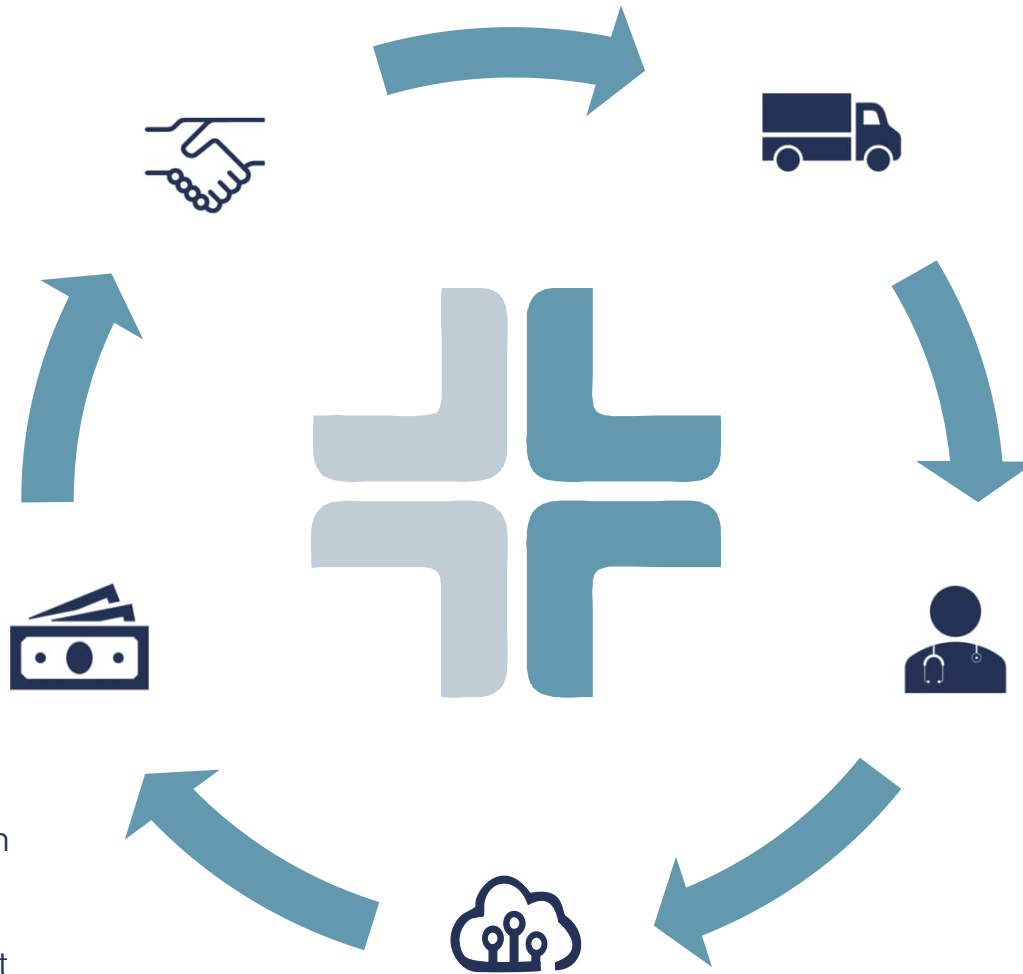
3 ...And a Turnkey Technology Stack With Proven Track Record of Delivering Organic Synergies

Managed Care

- 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 participation in selective bundled payment programs

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

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

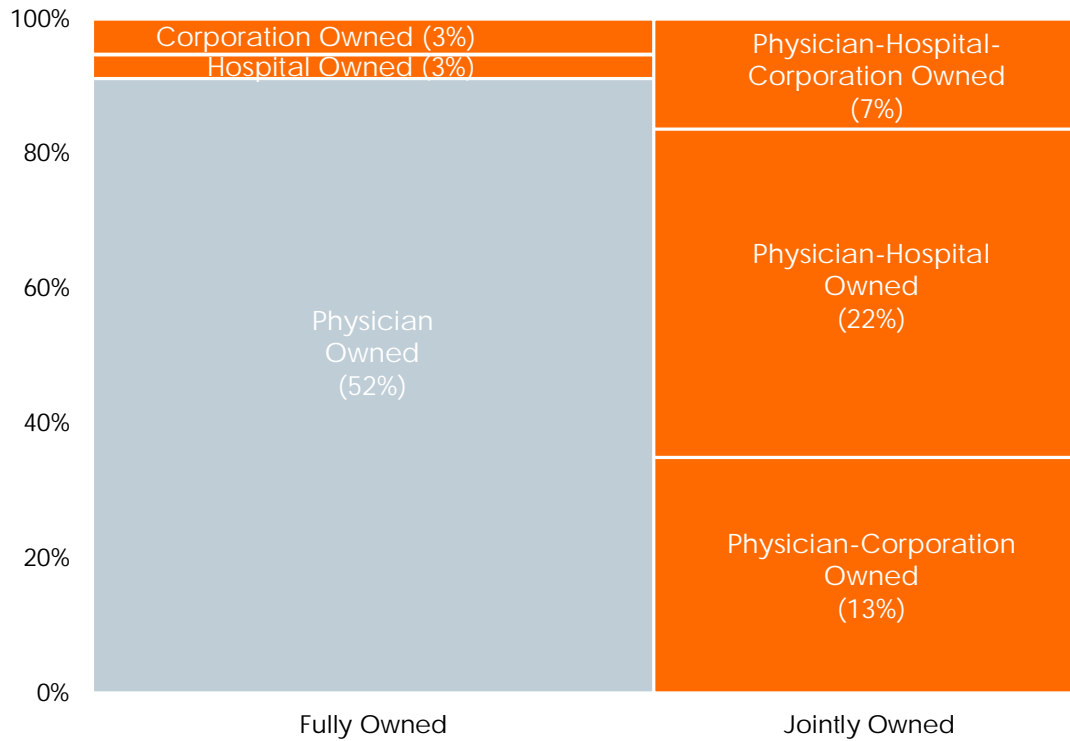
- Enhanced centralized team with seasoned executives
- Invested in data to better understand key physicians in target markets
- Launched innovative marketing programs
- Selected investments to enhance attractiveness of facilities (e.g., robotics)



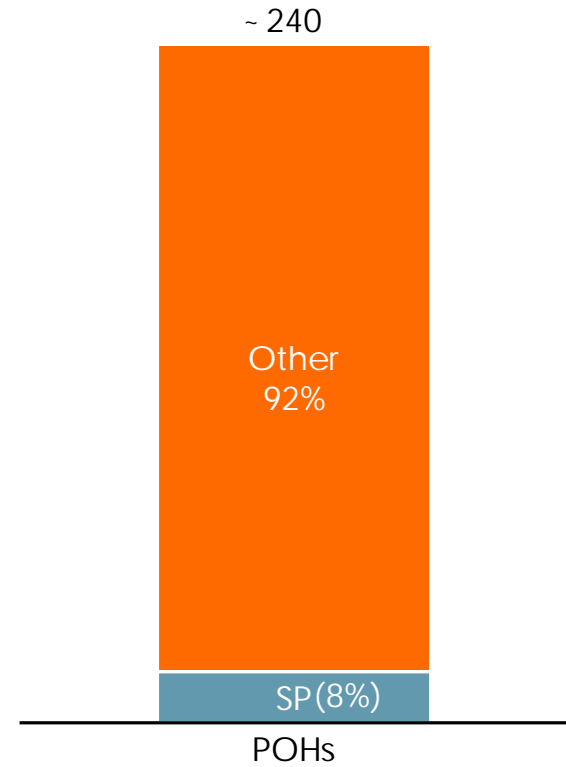
4 We Operate in a Highly Fragmented Market...

Number of ASCs in the U.S. ⁽²⁾

Medicare-Certified ASCs (2023) Total = 6,223 ASCs ⁽³⁾



Number of Physician-Owned Hospitals in U.S. ⁽¹⁾



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

(1) Becker's ASC Review, ASCA, VMG, Market participant interviews, KaufmanHall, J.P. Morgan, Bain & Co, and management estimates
(2) Ambulatory Surgical Center Association (ASCA), Salary and Benefits Survey 2023
(3) Total number of ASCs reflects only Medicare-certified ASCs. "National Operators" includes SGRY, USPI, SCA, AmSurg, and HCA



4

... And are Focused on Short-Stay Surgical Facilities with Accelerating M&A Momentum

Closed / Sold

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

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

2023: Divested over ~\$150m in annualized revenues

Acquisitions

~\$105m in 11 Transactions in 2018

~\$35m in 7 transactions in 2019

~\$160m in 10 transactions in 2020

~\$325m in 12 transactions in 2021

~\$245m in 13 transactions in 2022

~\$225m in 16 transactions through Jan. 2024

Partnerships

Executed strategic Partnerships with:



Pipeline



17 De Novos
Currently in Development



\$200m+
Target Acquisitions Under LOI



\$100m+
Offers Submitted

We have increased capital deployment, with an average pre-synergized Adjusted EBITDA multiple averaging <8x, providing meaningful and accretive assets to our portfolio



5 We Have a Purpose-Built, Veteran Management Team...



Wayne DeVeydt
Chairman of the Board

29 Years Healthcare Experience
6 Years with Surgery Partners



Eric Evans
Chief Executive Officer

19 Years Healthcare Experience
5 Years with Surgery Partners



Dave Doherty
EVP & Chief Financial Officer

22 Years Healthcare Experience
5 Years with Surgery Partners



Jennifer Baldock
EVP & Chief Administrative Officer

27 Years Healthcare Experience
13 Years with Surgery Partners



Brad Owens
National Group President

29 Years Healthcare Experience
4 Years with Surgery Partners



Harrison Bane
American Group President

15 Years Healthcare Experience
2 Years with Surgery Partners



Marissa Brittenham
EVP & Chief Strategy Officer

15 Years Healthcare Experience
2 Years with Surgery Partners



Tamala Norris
Chief Clinical Officer

25 Years Healthcare Experience
1 Year with Surgery Partners



Tony Taparo
Chief Growth Officer

36 Years Healthcare Experience
27 Years with Surgery Partners



Danielle Burkhalter
Chief Human Resources Officer

19 Years Healthcare Experience
5 Years with Surgery Partners

Veteran management team, averaging over 20 years of Healthcare experience

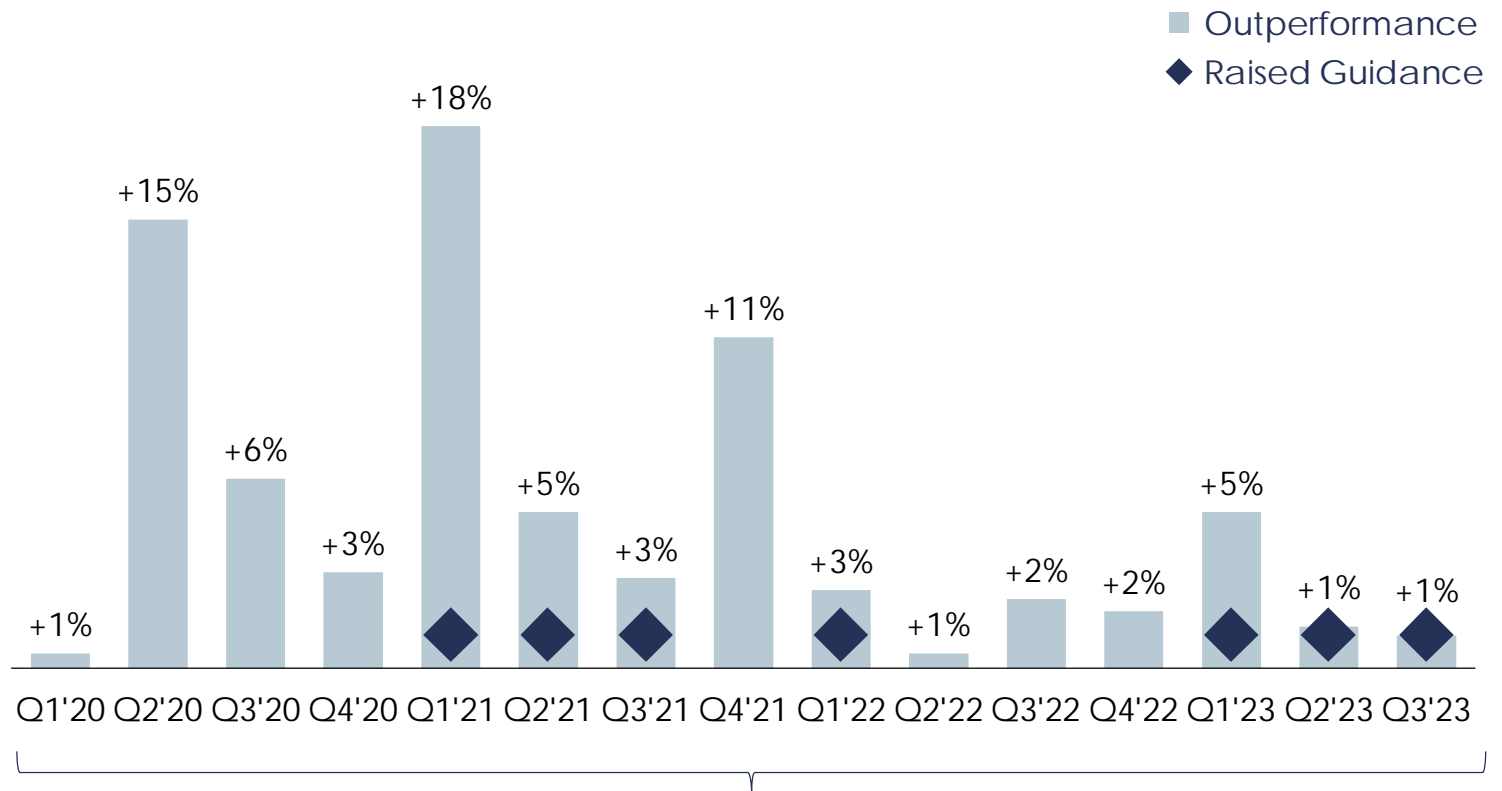


6 ...That Has a Track Record of Delivering on its Promises

Historical Adjusted EBITDA vs. Consensus Estimates

...and since outperformed consensus for 15 consecutive quarters

In 2018 and 2019 we put People, Processes and Systems in place...



Setting and Exceeding Expectations Is One of Our Core Values

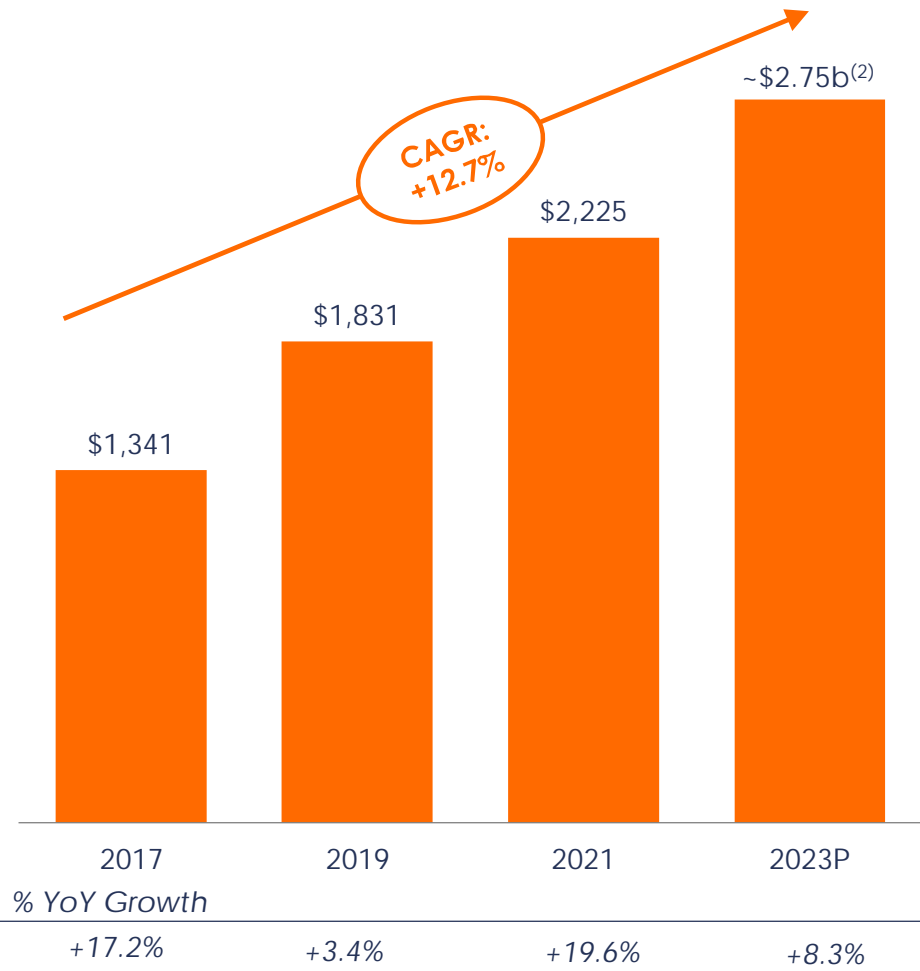


Finance & Liquidity Highlights

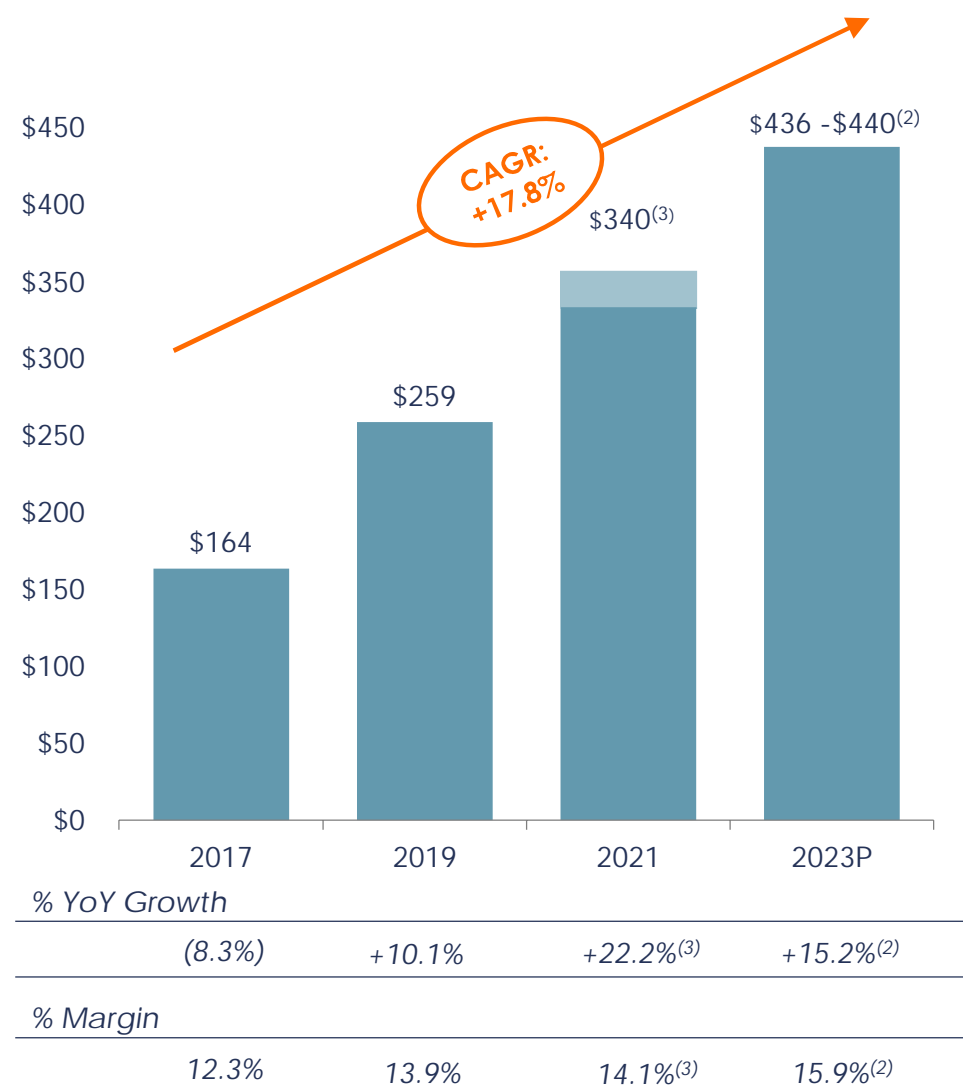


Strong, Consistent History of Robust Growth

Net Revenue (\$M)



Adjusted EBITDA⁽¹⁾ (\$M)



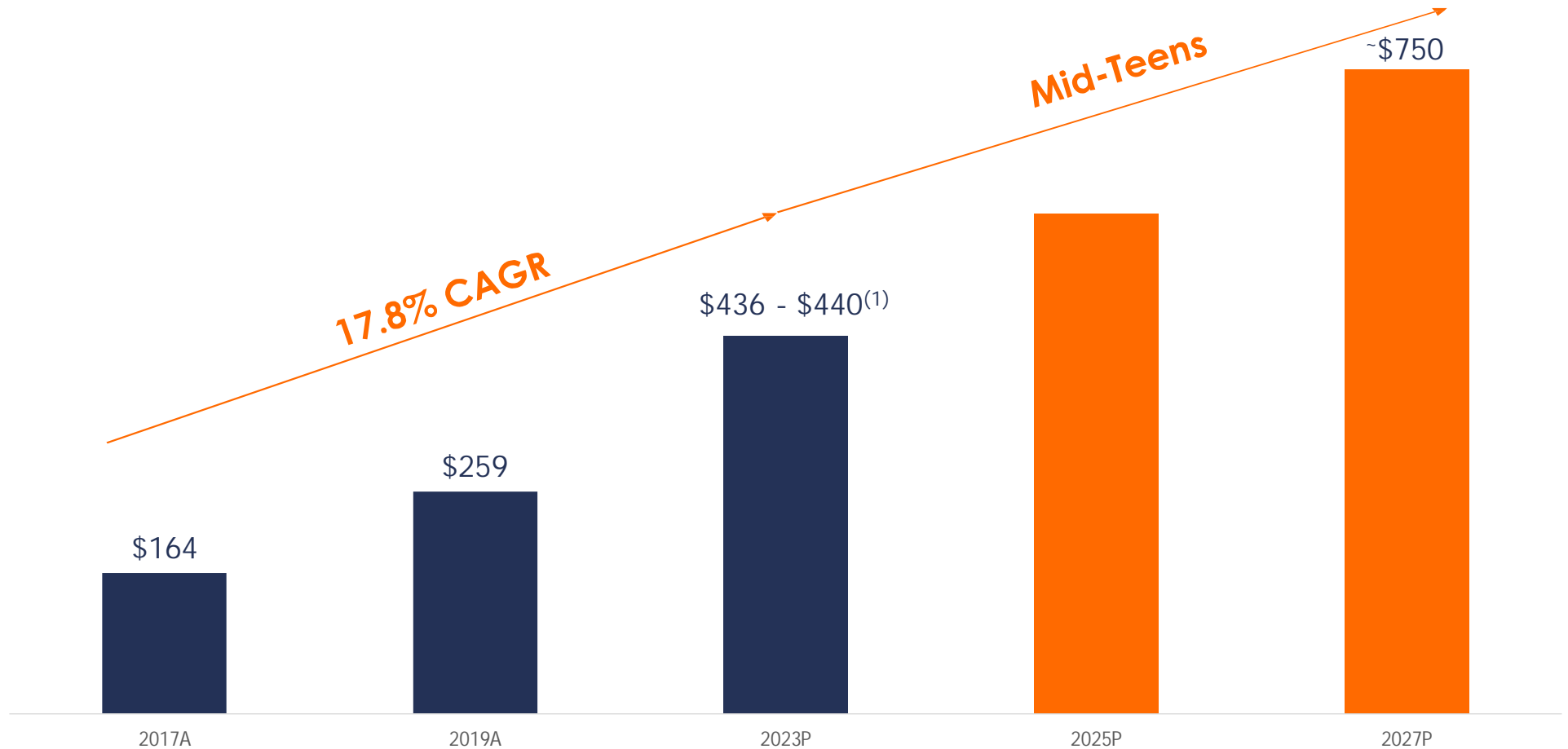
(1) Adjusted EBITDA is a non-GAAP measure. Reconciliation of Adjusted EBITDA for all periods presented can be found on slide 35

(2) 2023P Revenue, Adjusted EBITDA, % YoY Growth and % Adjusted EBITDA Margin calculated at mid-point of guidance provided on November 7, 2023 for Adjusted EBITDA and Revenue.

(3) 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



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

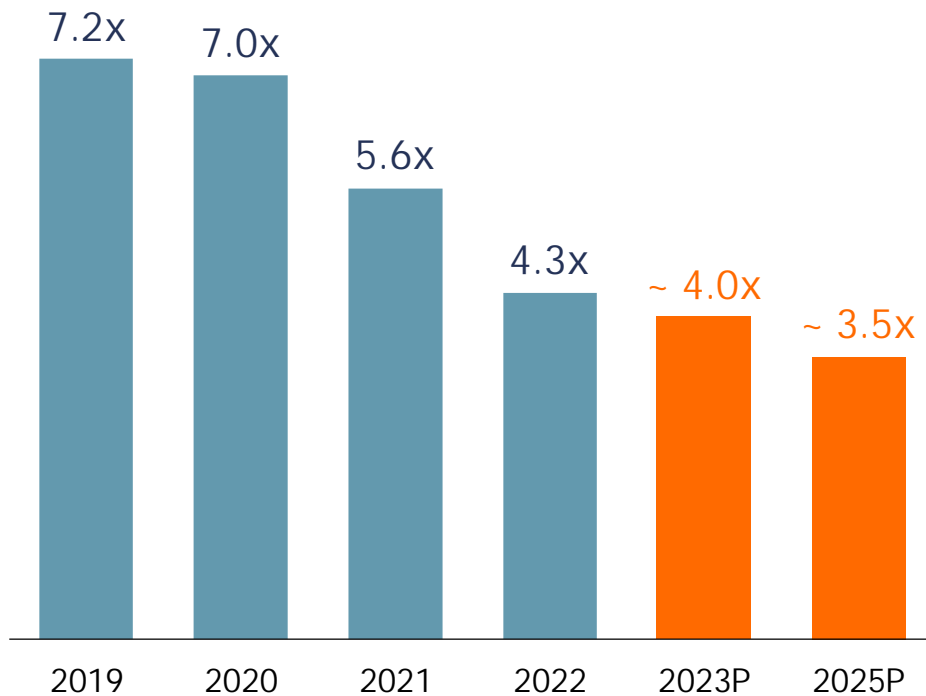


Management is committed to driving double digit growth in 2024 and beyond through execution of organic strategic initiatives and continued capital deployment



Capital Structure Strengthened to Support Growth

Credit Agreement Leverage Ratio



Capital Structure Highlights

- Credit rating upgrades by S&P and Moody's
- Extended term loan to December 2030
 - Oversubscribed by 3.1x
 - Lowered base interest rate
- Increased revolving credit facility to \$704 million and extended maturity to December 2028
- Deliberate, multi-year hedging strategy in-place
- No material maturities until 2027
- Adequate liquidity and cash flow generation to support growth initiatives

Track record of reducing leverage while growing the business

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



Surgery Partners Investment Highlights

1

\$150B+ Total Addressable Market

\$60B of Inpatient Cases Migrating to Outpatient



2

10.6% Industry-leading Same Facility Growth⁽¹⁾

~80% Facilities Performing of MSK



3

Superior Clinical Quality and Customer Experience

100% of Surgical Hospitals Rated **4 / 5** Stars by CMS



4

Proven Scalable M&A Platform
>\$1 billion Deployed since 2018
With a Robust Pipeline



5

Purpose-built, Veteran Management Team
Disciplined & Data-Driven



6

Distinguished Track Record of
Delivering Results



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):

(in millions)	TTM	Year Ended December 31,					
	Sept. 23	2022	2021	2020	2019	2018	2017 ⁽¹⁾
Income (loss) before income taxes	115.5	110.3	81.2	(18.8)	54.6	(69.2)	82.3
Plus (minus):							
Net income attributable to non-controlling interests	(146.2)	(141.6)	(141.6)	(117.4)	(119.9)	(110.1)	(81.7)
Depreciation and amortization	116.6	114.8	98.8	94.8	76.5	67.4	51.9
Interest expense, net	205.3	234.9	221.0	201.8	178.9	147.0	117.7
Equity-based compensation expense	18.6	18.4	17.4	13.2	10.2	9.3	5.6
Transaction, integration and acquisition costs	59.0	48.6	46.1	38.2	36.1	34.0	17.0
Loss (gain) on disposals and deconsolidations, net	15.4	11.1	2.2	5.7	(4.4)	31.8	1.7
Litigation settlement and other litigation costs	16.8	(24.7)	5.6	6.4	4.6	46.0	(12.5)
Loss on debt extinguishment	14.9	14.9	9.1	-	11.7	-	18.2
Undesignated derivative activity	(7.4)	(8.0)	-	-	-	-	-
Other	8.1	1.5	(0.2)	-	-	-	-
Impairment charges	-	-	-	33.5	7.9	74.4	-
Gain on escrow release	-	-	-	(0.8)	-	-	(1.2)
Tax receivable agreement expense (benefit)	-	-	-	-	2.4	-	(41.7)
Reserve adjustments	-	-	-	-	-	2.7	-
Contingent acquisition compensation expense	-	-	-	-	-	1.5	7.0
Total Adjustments	301.1	269.9	258.4	275.4	204.0	304.0	82.0
Adjusted EBITDA	416.6	380.2	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.