



 **adapthealth**

Investor Presentation 2020

January 2020

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The 3rd Largest Provider of HME in the United States

- + Comprehensive portfolio of HME products for sale and rental
- + Addressing a growing \$12 - \$15bn segment within the broader \$56bn HME industry
- + Serve 1.3mm+ patients and perform 10,000+ deliveries per day ⁽⁴⁾
- + Successful track record of growth, accretive capital deployment, and market-leading profitability
- + Best-in-class technology platform
- + Long-standing and diverse referral relationships and attractive payor mix
- + Proven, seasoned management team and Board of Directors
- + Projecting significant growth in net revenues and Adjusted EBITDA through 2020

Ticker	AHCO
Headquarters	Plymouth Meeting, PA
Outstanding Shares	72.4mm ⁽³⁾
Market Cap (1/3/20)	\$793mm
2019E Net Revenue ⁽¹⁾	\$518.8mm
2019E Adjusted EBITDA ^(1,2)	\$123.3mm
2019E Adjusted EBITDA Less Patient Cap-Ex ^(1,2)	\$75mm

2020 FY Financial Targets (excluding acquisitions)

Net Revenue	\$582.7mm
Adjusted EBITDA ⁽²⁾	\$142mm
Adjusted EBITDA Less Patient Cap-Ex ⁽²⁾	\$88.1 mm

(1) Projections are presented w/o giving effect to November 8, 2019 Business Combination

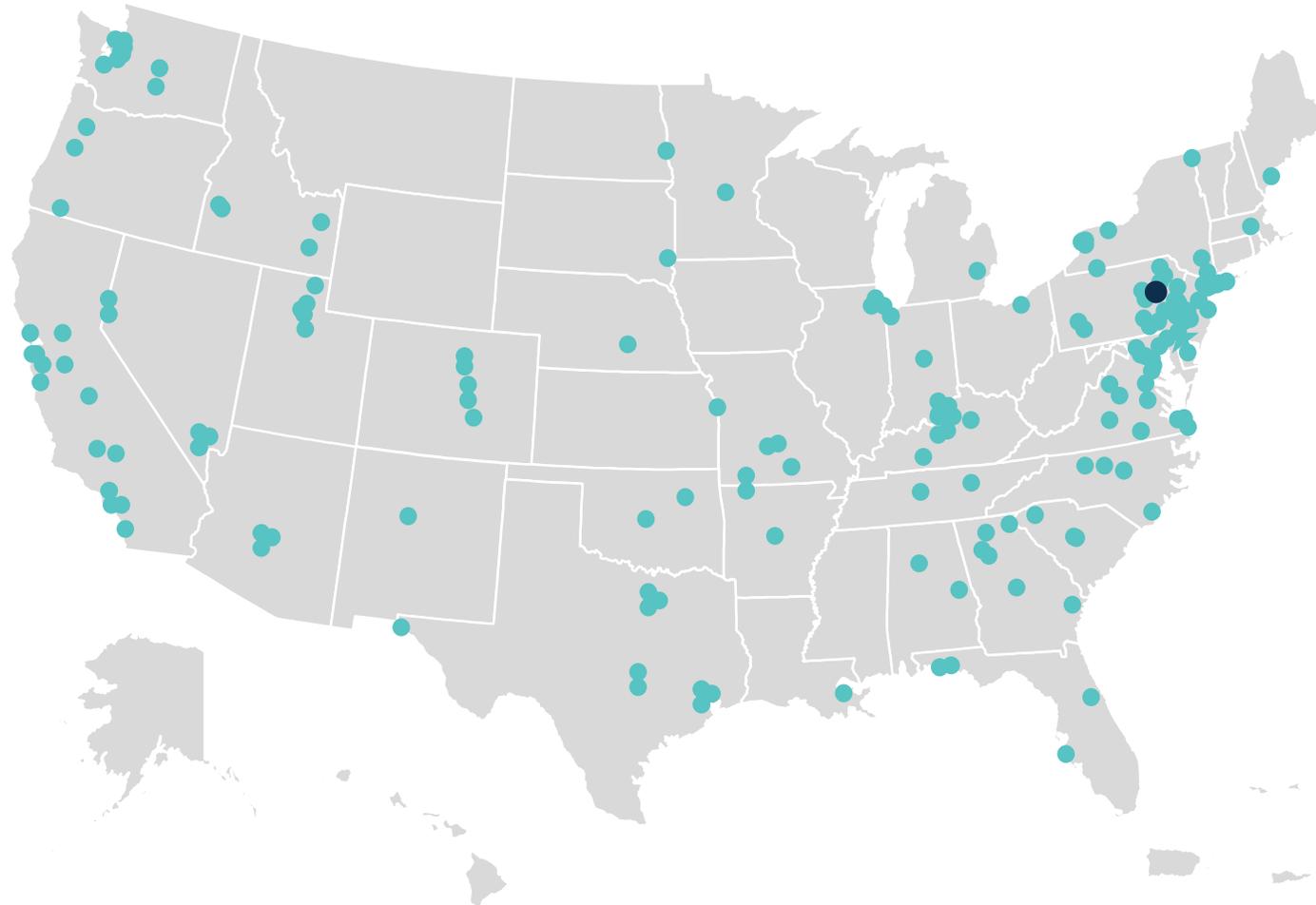
(2) Adj. EBITDA and Adj. EBITDA Less Patient Cap-Ex are Non-GAAP measures, please see reconciliation tables later in this presentation

(3) Excludes warrants exercisable for 12.7mm shares with a strike price of \$11.50

(4) Includes McKesson PCS acquisition closed effective 1/1/20

AdaptHealth's Nationwide Footprint

160+ Locations servicing 50 States



● Corporate HQ

Proven & Experienced Leadership

AdaptHealth Leadership Team

Luke McGee

Chief Executive Officer

- + Chairman and CEO of AdaptHealth since 2012; built business from \$7mm of revenue in first acquisition
- + Led the Company's proven acquisition track record and developing a scalable platform with robust integration systems that can accommodate future growth
- + Prior to AdaptHealth, worked in the investment banking groups at Deutsche Bank and Merrill Lynch

Josh Parnes

President

- + Joined AdaptHealth in 2013 with the acquisition of Ocean Home Health
- + Built Ocean Home Health from a startup into a successful HME provider
- + 15 years of operating experience in HME

Gregg Holst

Chief Financial Officer

- + Joined AdaptHealth in 2014
- + Previously served as CFO for various publicly traded and private equity-backed companies in the healthcare and consumer products sectors
- + Spent eight years at GE Capital in several senior finance roles

Shaw Rietkerk

Chief Revenue Officer

- + Joined AdaptHealth in 2018
- + Most recently served as Executive Vice President of Revenue Cycle Management at Brightree
- + Prior operational and support services experience at various companies including M*Modal

Chris Joyce

General Counsel

- + Joined AdaptHealth in 2018
- + Over 20 years of experience as Chief Legal Officer for provider-based and managed care companies
- + Most recently served as General Counsel of InnovaCare, Inc., a \$2.0 billion managed care insurance company with 450,000 Medicare and Medicaid beneficiaries

Wendy Russalesi

Chief Compliance Officer

- + Joined AdaptHealth in 2013
- + 25 years experience in HME and regulatory compliance
- + Certified in Healthcare Compliance (CHC)

Richard Barasch

Chairman

- + Over 30 years of experience in healthcare services, health insurance and related industries
- + Former Chairman and CEO of Universal American, a NYSE health insurance and healthcare services company, from 1995 until its sale to WellCare Health Plans in April 2017

Source: Management

HME Is Critical To Serving Patients At Home

Industry provides a strategic entry point to patients in the home

What is HME?

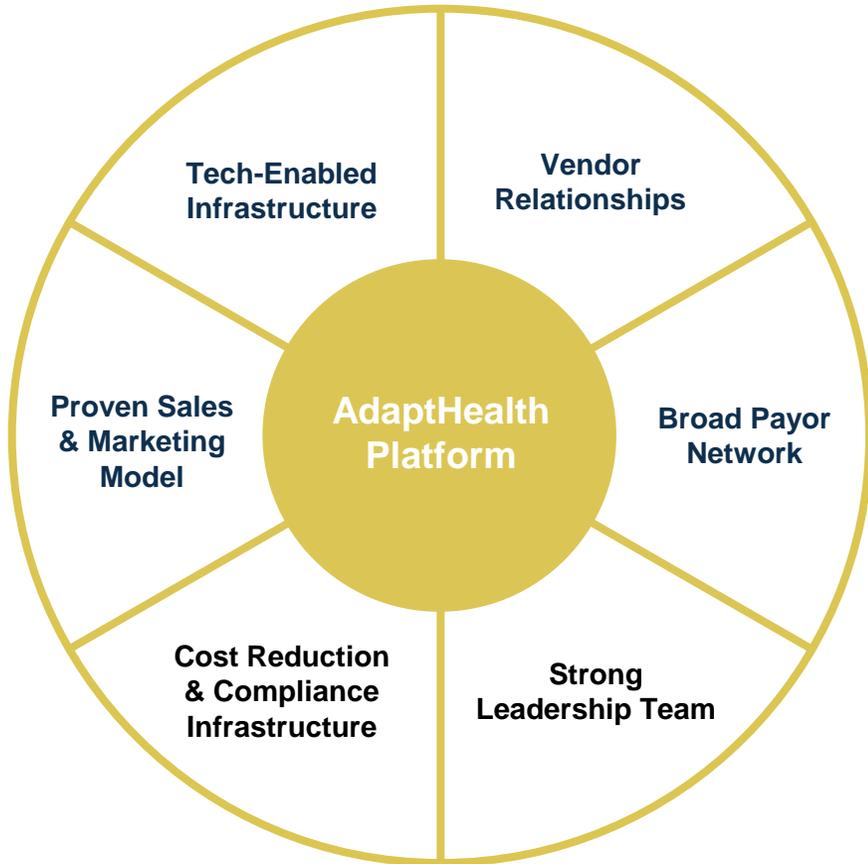
- + HME service providers deliver critical medical equipment into a patient's home
- + Primarily serve patients with need for respiratory and/or mobility equipment
- + Includes products such as oxygen equipment, CPAP, wheelchairs, hospital beds, bathroom aids, and rehabilitation equipment
- + Strategically valuable channel to chronically ill homecare patients



Why is HME critical to home care?

- + Enables patients with complex conditions to transition to their preferred home setting
- + Provides for greater patient independence and better outcomes
- + Addresses large, growing medical issues
- + High-touch model creates trusted patient relationships
- + Complete solution for high-frequency home care

Fully Integrated, Centralized Platform

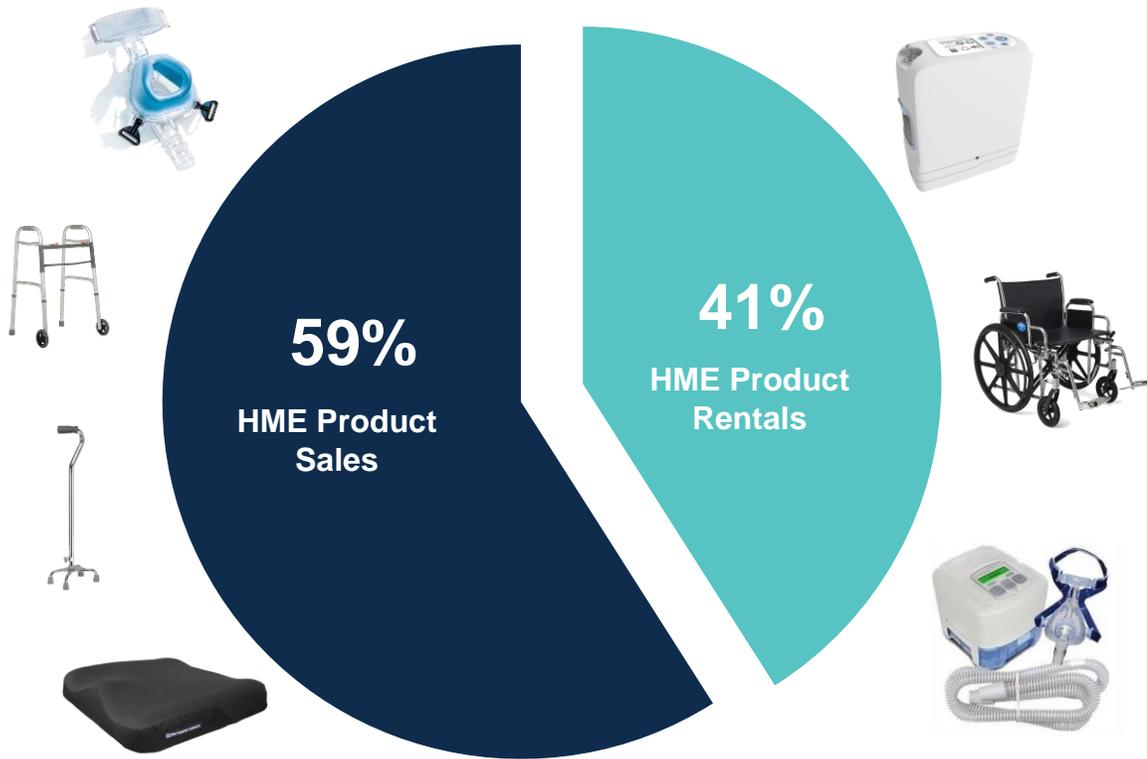


Tech-Enabled Infrastructure:

- ✓ Electronic portal / interface
- ✓ Proprietary workflow technology
- ✓ Improved efficiency from time of order to delivery
- ✓ Easy for physicians to use
- ✓ Automated, integrated workflow for patients' care plans
- ✓ Improved compliance

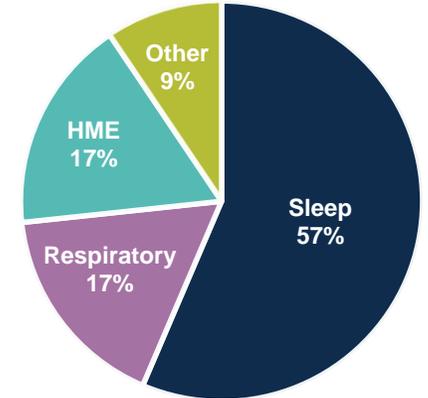
Diverse Product Offering & Payor Mix

Revenue Breakdown at 9/30/19
 Net Revenue = \$380.1mm *

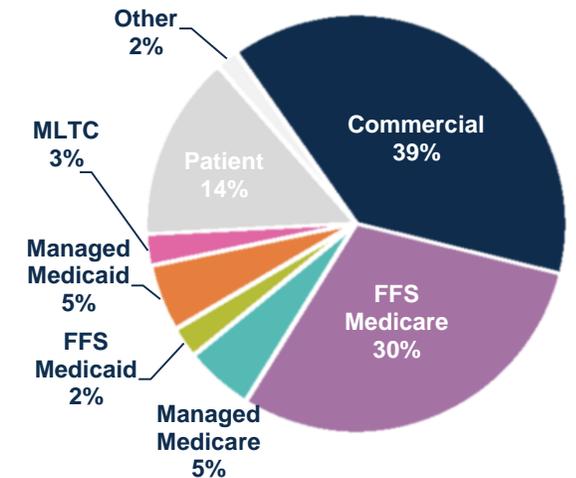


*Less Provision for Doubtful Accounts

Product Mix



Payor Mix

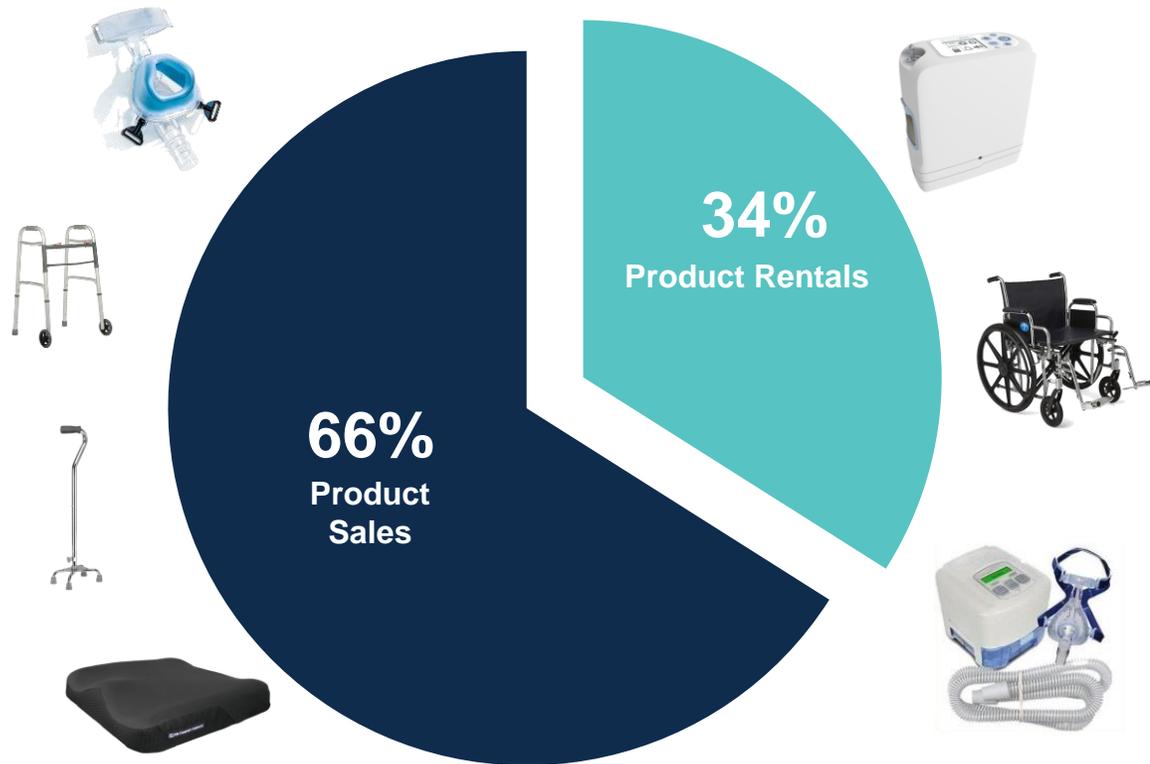


Source: Management Notes: 1. YTD September 30, 2019 2. Payor Mix based on revenue before provision for doubtful accounts 3. Product mix based on revenue less provision for doubtful accounts

Product Offering & Payor Mix

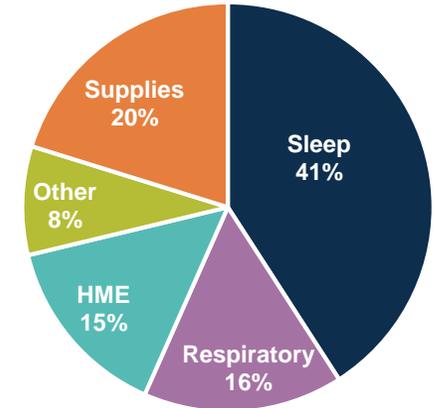
Pro Forma w/ PCS & Advanced Acquisitions

Revenue Breakdown at 9/30/19

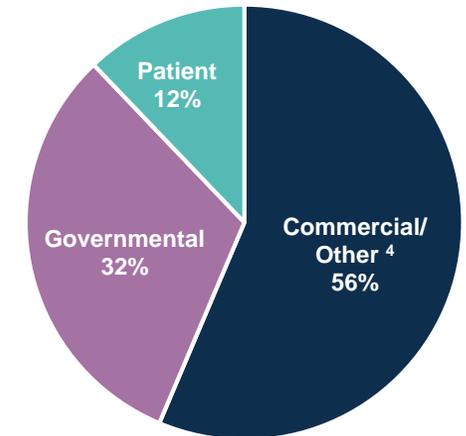


*Less Provision for Doubtful Accounts

Product Mix



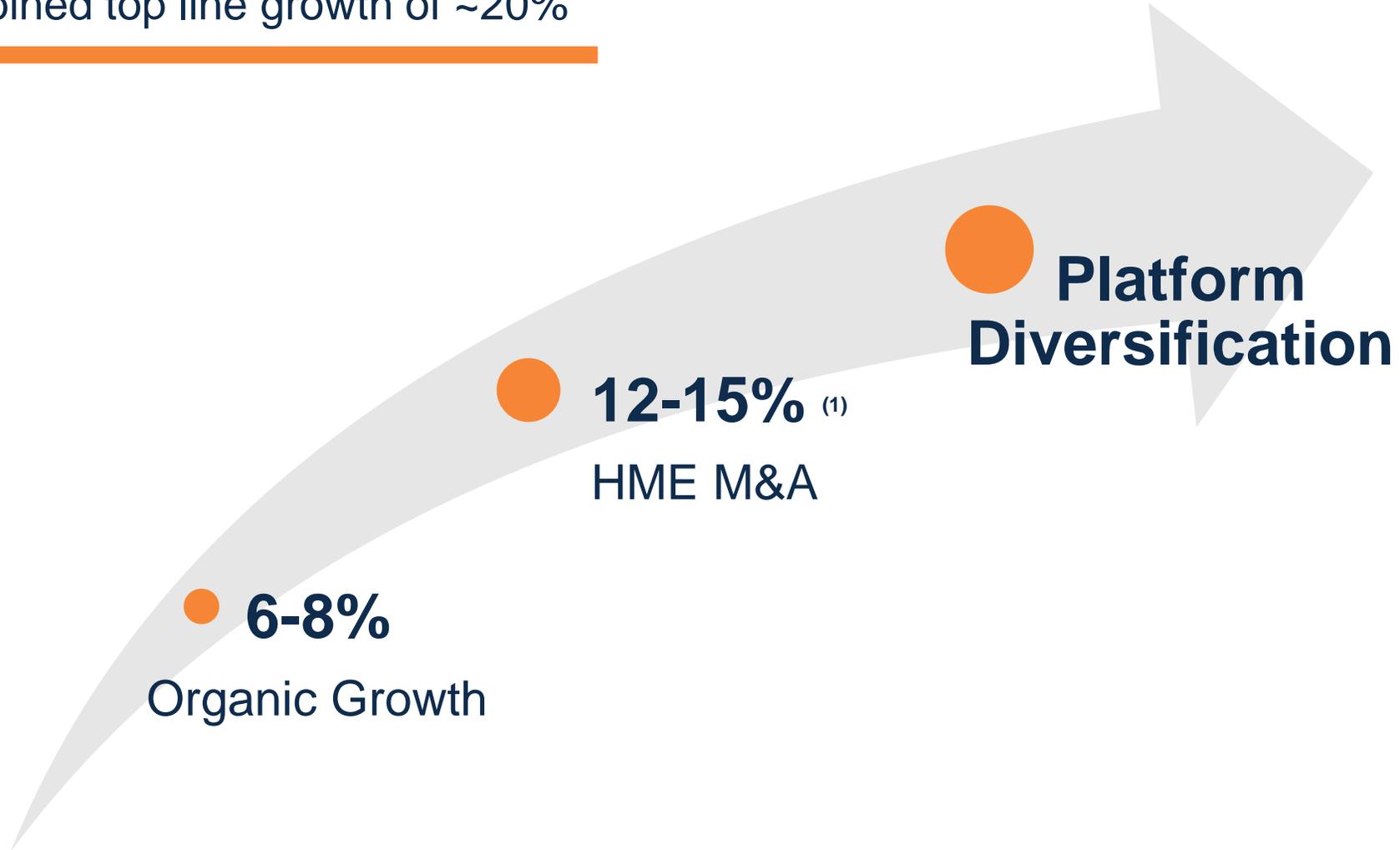
Payor Mix



Source: Management Notes: 1. YTD September 30, 2019 2. Payor Mix based on revenue before provision for doubtful accounts 3. Product mix based on revenue less provision for doubtful accounts 4. Includes Managed Medicare and Managed Medicaid

Multiple Growth Levers

Targeted combined top line growth of ~20%



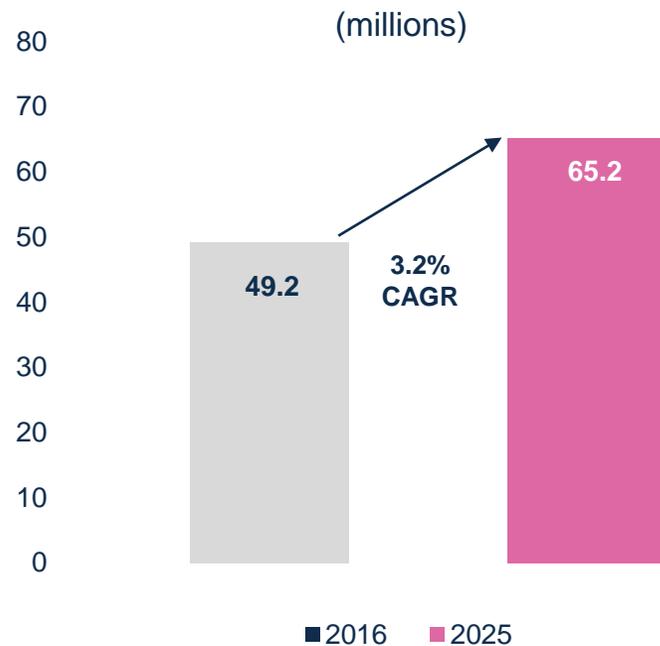
Source: Management

(1) 12-15% growth through HME M&A is based on \$100mm in revenue per year

Organic Growth: Aging Population

Population 65+ is growing 6.5x faster than overall population growth

US Population Aged 65+



Product & Services Needed by Aging Seniors



Oxygen



Wheelchairs



Beds



Walkers



Commodes



Ventilation

Organic Growth: Sleep / CPAP



26%

Adults 30-70 Years old
are estimated to have sleep apnea ⁽¹⁾



~ 80%

Undiagnosed Sleep Apnea



54mm

People in the US with AHI ≥ 5 ^(2,3)

24mm

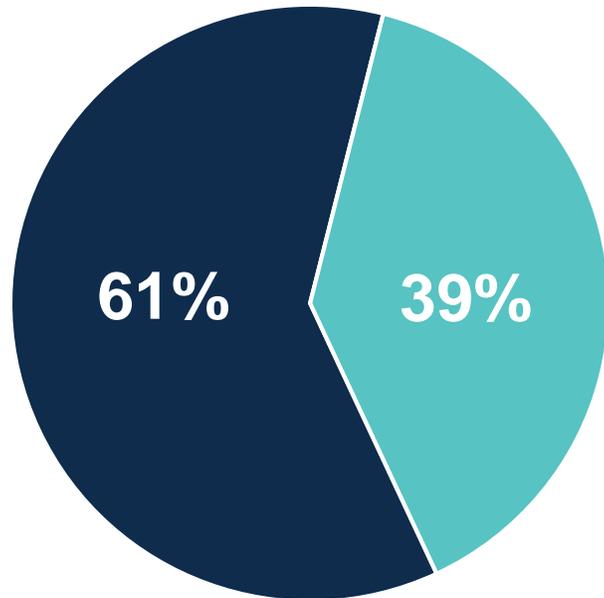
People in the US with AHI ≥ 15 ^(2,3)

(1) AASM; <https://aasm.org/rising-prevalence-of-sleep-apnea-in-u-s-threatens-public-health/> (2) ATS Journals; https://www.atsjournals.org/doi/pdf/10.1164/ajrccm-conference.2018.197.1_MeetingAbstracts.A3962 (3) Apnea Hypopnea Index

Organic Growth: Increase HME Mix

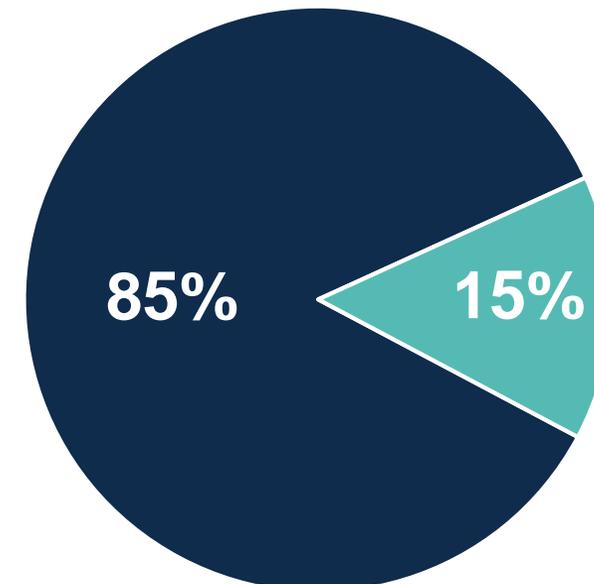
Opportunity to grow HME revenue by \$105mm annually in markets outside of NJ, PA & NY ⁽¹⁾

Revenue Mix – NJ / PA / NY



■ Respiratory/Sleep ■ HME/Other

Revenue Mix – Other Markets



■ Respiratory/Sleep ■ HME/Other

Source: Management. YTD September 30, 2019

(1) \$105mm opportunity is based on growing HME business to a mix similar to that of PA, NJ and NY while keeping Respiratory/Sleep revenue flat.

HME M&A: Adapt by The Numbers

65

Closed transactions since 2012
All Integrated into AdaptHealth systems

19

Transactions closed in 2019*
Generating ~\$225mm in annual revenue

Opportunity

For Future consolidation
5K+ small to mid-size HME companies remain

\$100mm+

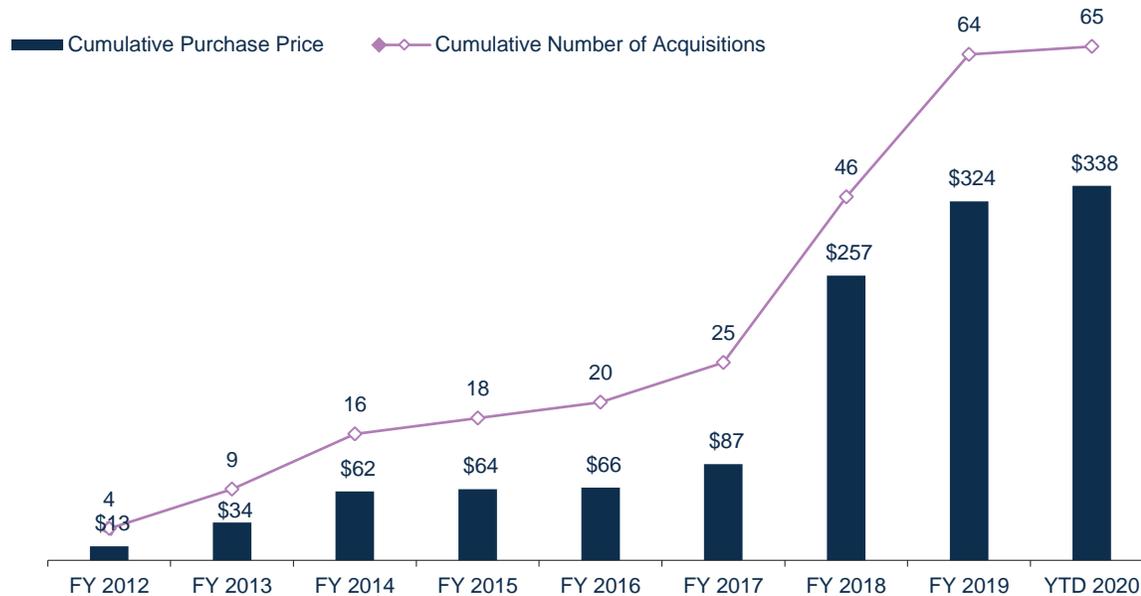
Expected to acquire in revenue per year

Source: Management * Includes McKesson PCS transaction which has an effective date of 1/1/2020

HME M&A: AH is a Proven Consolidator

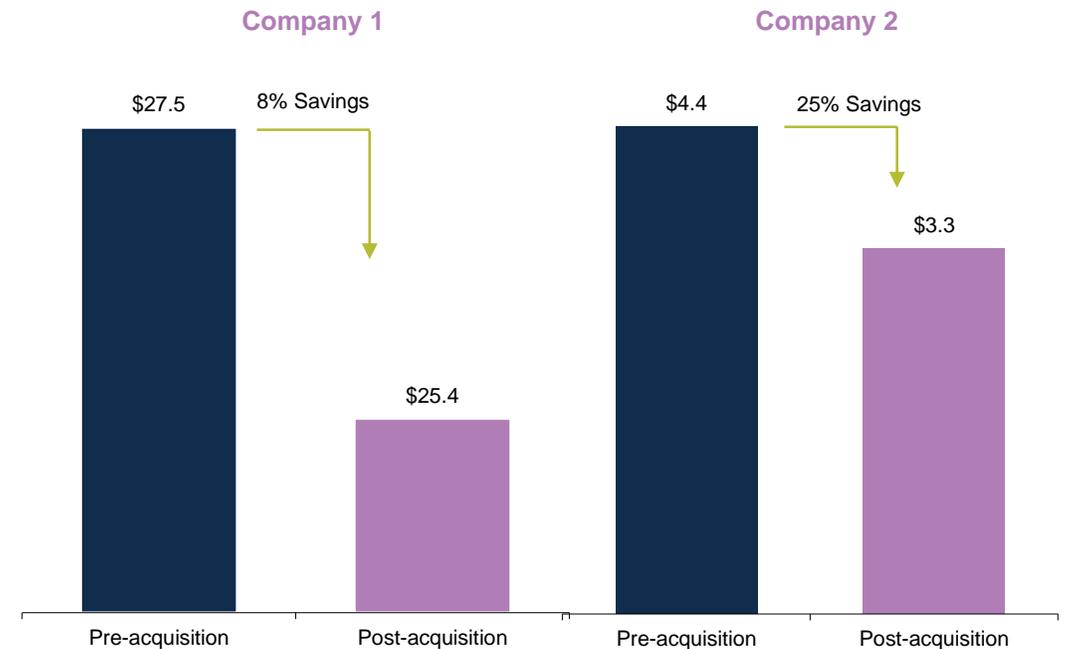
Cumulative Acquisitions & Purchase Price

(\$ in millions)



Sample Annual Vendor Cost Savings

(\$ in millions)



Source: Management

HME M&A: Competitive Landscape

Nationals	Scaled Regionals	Product-Specific	Mom & Pops
   	       	           	<p data-bbox="1972 715 2456 911">6K+</p>

Platform Diversification



Supplies
(diabetes, ostomy,
urological, wound care)



Respiratory Medications
Remote Patient Monitoring



Home Infusion
Home Dialysis

Near Term

Long Term



Acquisition Overview

+ McKesson Patient Care Solutions
+ Advanced Home Care



McKesson Patient Care Solutions

Company Overview

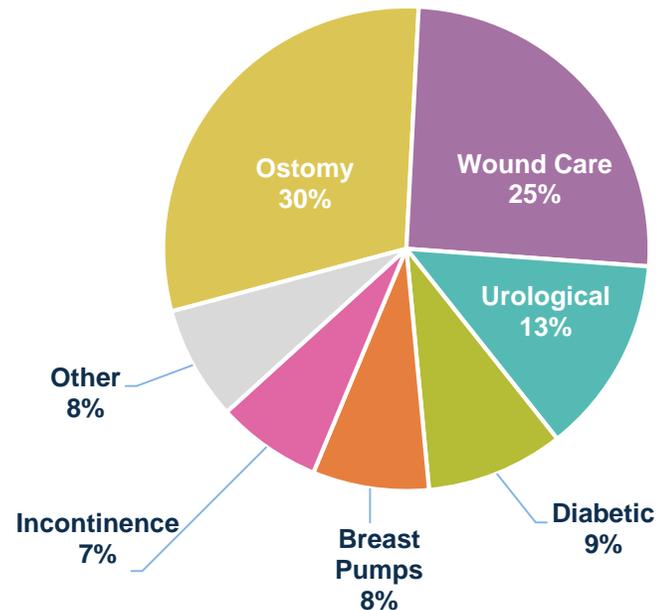
- + Patient Care Solutions (PCS) was part of McKesson
- + PCS provides patients with wound care, ostomy, urology, diabetes, incontinence, and breast pump supplies and equipment
- + Headquartered in Moon Township, PA (near Pittsburgh)
- + PCS generated net revenues of approximately \$134mm (LTM October 2019), but was not profitable
- + Hired industry veteran, Rodney Carson, to lead restructuring and integration onto AdaptHealth platform

Transaction timing & rationale

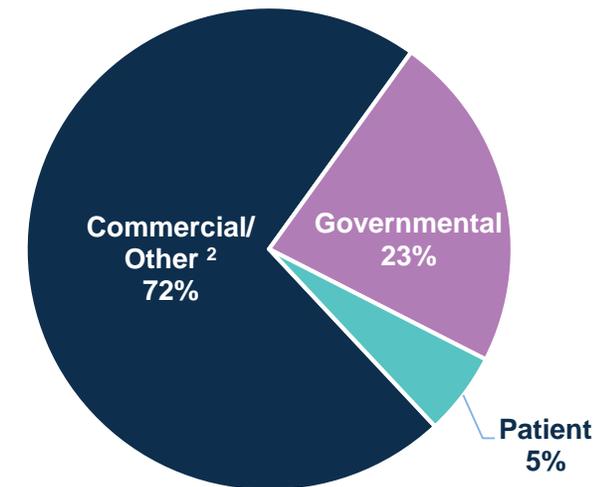
- + Closed transaction effective January 1, 2020
- + Diversifies and expands product offerings, referral sources, and payors
- + Expands number of patients with chronic conditions serviced by AdaptHealth by approximately 150,000
- + Leverages AdaptHealth's resupply platform and operating model—should drive better resupply results and follow-on orders

Source: Management

Product Mix ¹



Payor Mix ¹



¹ For the nine months ended September 30, 2019

² Includes Managed Medicare and Managed Medicaid

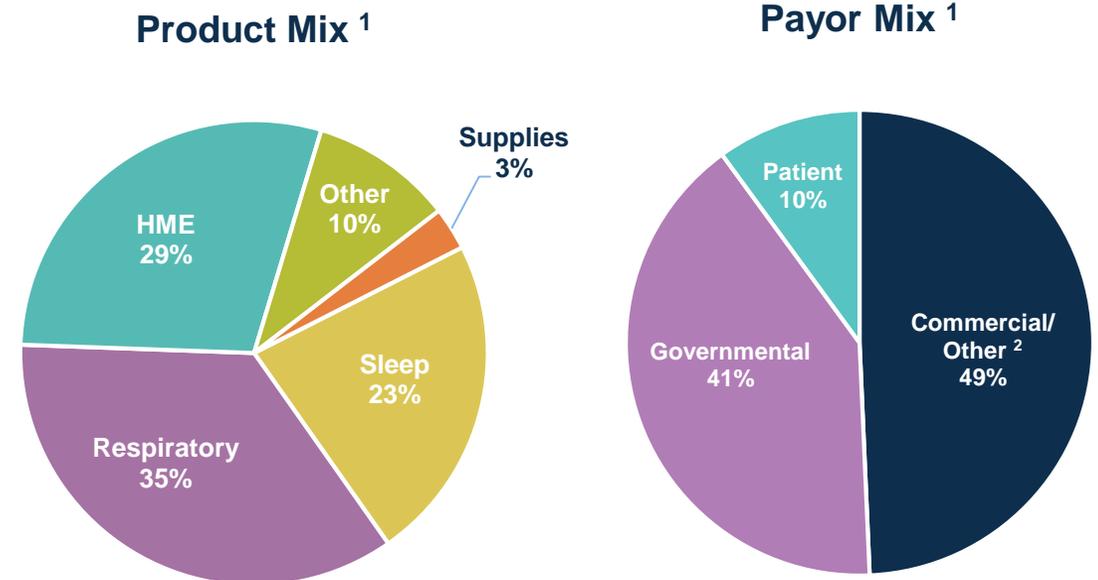
Advanced Home Care

Company Overview

- + Advanced Home Care (AHC) is currently a joint-venture of twelve regional healthcare systems—AdaptHealth is acquiring its HME business
- + AHC HME is a full-service home medical equipment provider offering Oxygen, Sleep, HME, Enteral, and Rehab products and services
- + Headquartered in High Point, NC – employs more than 600 FTE’s
- + Services patients across 5 states (GA, NC, SC, TN and VA) using its infrastructure of 23 branch locations.
- + For the trailing twelve months ended September 2019, AHC’s home medical equipment business generated net revenues of \$83mm¹

Transaction timing & rationale

- + Attractive opportunity to acquire scaled assets in AdaptHealth’s core HME market
- + Asset Purchase Agreement was signed December 5, 2019
- + Transaction expected to close in the first quarter of 2020
- + Opportunity to extend AdaptHealth’s market penetration in Southeast US
- + AHC has a large network of referrals from legacy member hospitals
- + AdaptHealth can leverage previous investments in the Southeast to drive efficiencies



¹ For the nine months ended September 30, 2019

² Includes Managed Medicare and Managed Medicaid

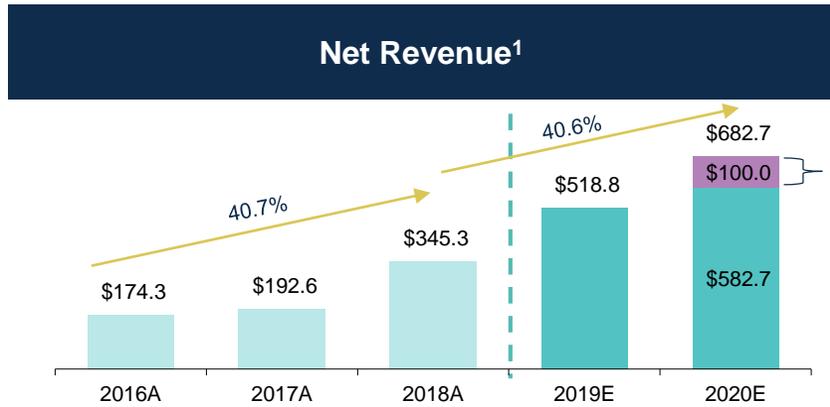


Financial Supplement

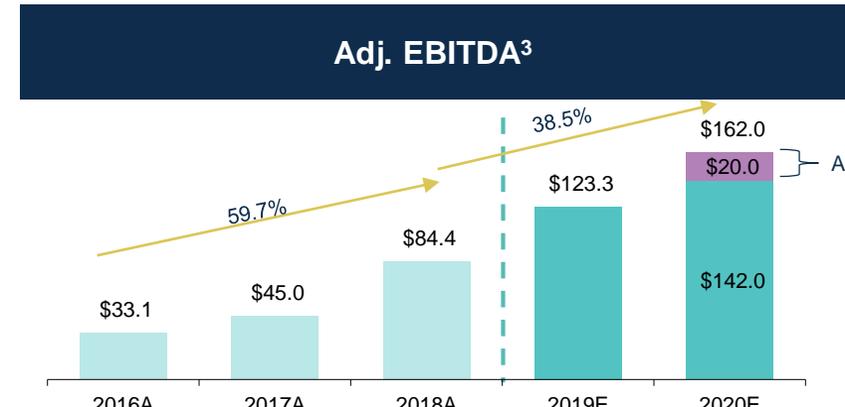


Financial Projections

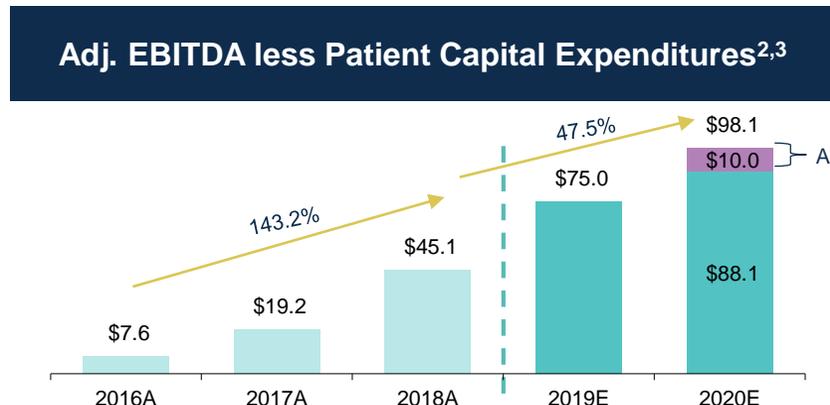
(\$ In Millions)



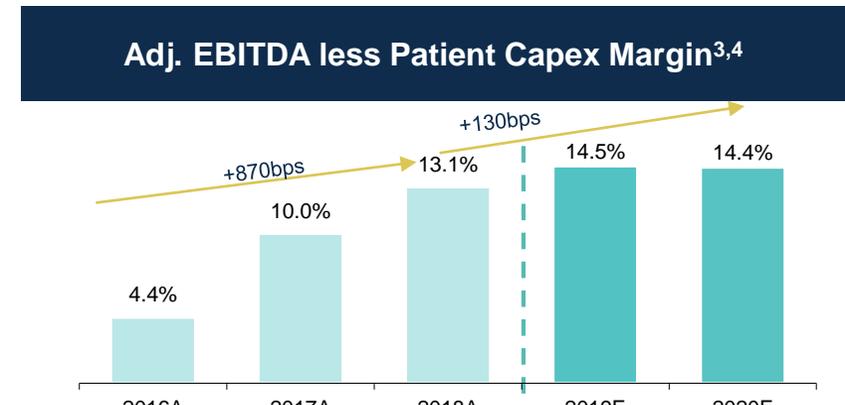
✓ Revenue growth driven by organic growth as the Company expands its national patient and referral base



✓ Primarily driven by increased net revenue, as operating margins are expected to remain relatively stable



✓ Capital expenditures are forecasted to remain flat coupled with increasing EBITDA



✓ EBITDA margins expected to continue to increase as Company gains scale and operating leverage

Source: Management

1. Net revenue includes provision for bad debt

2. Spend to procure rental product units to support rental business. Patient equipment capex comprises over 95% of total capex

3. Reflects non-GAAP financials

4. Adjusted EBITDA less Patient Capex Margin shown as a percentage of revenue

2019E to 2020E Bridge – “Base Case”

Adjusted EBITDA (1)

(\$ in millions)



Adjusted EBITDA Less Patient Equipment Capex (1)

(\$ in millions)



Note: “Base Case” excludes acquisition projection of \$100mm of revenue per year at 20% EBITDA margin and 10% EBITDA less Patient Equipment Capex margin. Charts are not to scale.
 (1) Reflects non-GAAP financials

Capital Structure

Debt

9/30/2019 PF ¹

(\$ in millions)

Term Loan	\$246.3
Preferred Note	\$143.5
Other Debt	\$1.7
Less: Cash on Hand	(\$59.6)
Net Debt	\$331.9
Leverage ²	2.69x
 <u>Undrawn Capacity</u>	
Revolver	\$75.0
Delayed Draw Term Loan	\$100.0

Equity

As of SPAC merger
transaction close ³

Class A Shares	40.3mm
Class B Shares (legacy shareholders)	32.1mm
	<hr/>
	72.4mm
 Shares held by Management *	 16.2mm

* Includes shares held in trust

Source: Management

1. Pro Forma for SPAC merger transaction and amended debt agreement
2. Leverage multiple based on 2019E Adjusted EBITDA of \$123.3 million
3. Merger transaction close 11/8/19

Pro Forma Adjusted EBITDA Bridge

AdaptHealth Pro Forma Adjusted EBITDA Bridge to Net Income

	Fiscal Year Ended December 31		
	2016A	2017A	2018A
Net Income / (Loss) attributable to AdaptHealth Holdings LLC	(\$4.2)	\$9.7	\$23.3
Plus: Income attributable to non-controlling interest	0.6	0.6	1.1
Plus: Interest expense excluding change in FV of interest rate swaps	5.8	5.0	8.0
Plus: Interest expense (income) representing change in FV of interest rate swaps	0.0	0.0	(0.5)
Plus: Income tax (benefit) expense	(0.2)	0.2	(2.1)
Plus: Depreciation	26.6	27.8	47.9
Plus: Loss from discontinued ops	0.4	0.2	0.0
EBITDA	\$28.9	\$43.6	\$77.6
Plus: Non-recurring expense adjustments	4.2	1.5	6.9
Adj. EBITDA	\$33.1	\$45.0	\$84.4

Source: Management,

1. Includes the full year effect of the Verus, PPS and HME acquisitions to be effective 1/1/18



Thank You!

