



 **adapt**health

Investor Presentation

December 1, 2020

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Transaction Summary

Purchase Consideration

- AdaptHealth to acquire AeroCare for approximately \$2.0 billion
 - \$1.1 billion in cash
 - 31 million common shares valued at \$926 million as of November 30, 2020⁽¹⁾

Leadership & Governance

- Co-CEOs: Luke McGee (CEO of AdaptHealth) and Steve Griggs (CEO of AeroCare)
- President: Josh Parnes (President of AdaptHealth)
- CFO: Jason Clemens (CFO of AdaptHealth)
- Steve Griggs and shareholder designee Ted Lundberg of Peloton Equity to join the Board, representing 2 out of 11 seats

Financial Highlights

- Expected to be significantly accretive to growth, profitability and EPS in 2021
- Purchase price represents a multiple of 2021E EBITDA of 8.8x and 2021E EBITDA less Patient CapEx of 17.6x (7.2x and 12.3x respectively, including synergies)⁽²⁾
- Pro Forma 9/30/20 Net Debt / LTM PF Adj. EBITDA of 3.6x⁽³⁾
- Expected run-rate annual cost synergies of approximately \$50 million⁽⁴⁾

Timing

- Transaction unanimously approved by both AdaptHealth and AeroCare Boards
- Transaction expected to close in 1Q 2021 subject to regulatory approval and other customary closing conditions
- AdaptHealth to seek shareholder approval post-closing for conversion of preferred equity into Class A common shares

(1) Initially structured as issuance of common shares up to 19.9% of Class A outstanding shares and the remainder in non-voting convertible preferred shares, which convert to Class A common stock once AdaptHealth shareholders approve the issuance of the share consideration under NASDAQ rules.

(2) Purchase price multiples based on \$230 million of 2021E EBITDA (pre synergy), \$115 million of 2021E EBITDA less Patient CapEx (pre synergy) and \$50 million of synergies.

(3) 9/30/20 PF Adj. EBITDA includes full year contribution of closed acquisitions plus \$50 million of run-rate synergies.

(4) Approximately \$25 million of synergies expected to be achieved in 2021.

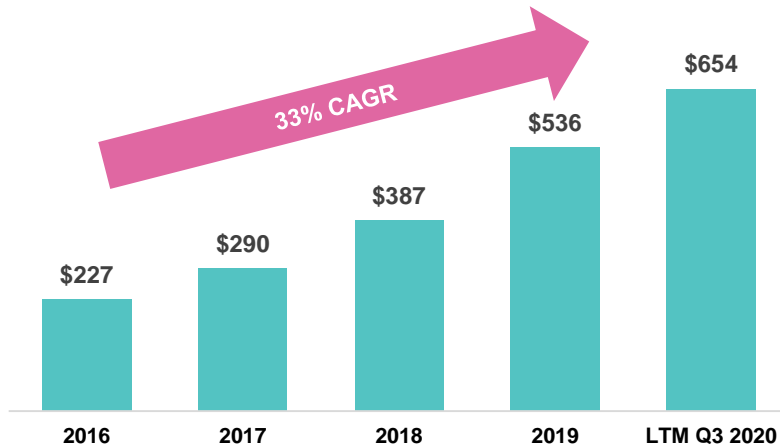
AeroCare Overview

Company Snapshot

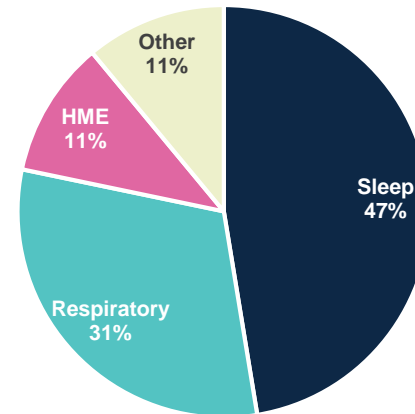
Leading, high growth technology-enabled respiratory therapy distribution platform

- **995,000+** active patients
- **3,500+** employees
- **200+** sales professionals
- **155** completed acquisitions
- Founded in **2000**; HQ in Orlando, FL

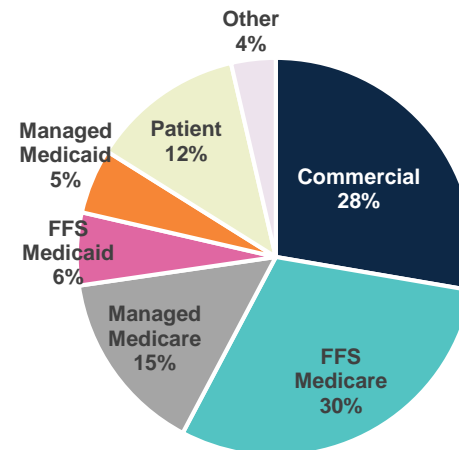
Historical Revenue Growth (\$mm)



Product Mix (LTM 9/30/20)



Payor Mix (LTM 9/30/20)



Strategic Rationale



Leading Independent HME Provider with Significantly Enhanced Scale and Geographic Reach



Combination of Two Industry Leading Technology Platforms



Financially Compelling – Highly Accretive Transaction



Multiple Pathways for Future Growth, Including Additional Acquisitions in a Highly Fragmented Market



Identifiable and Achievable Cost Synergies with Meaningful Additional Upside



Best-in-Class Senior Leadership Team with Strong Cultural Alignment

Highly Accretive Transaction

2021 guidance; \$ millions

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AeroCare⁽¹⁾

Revenue

\$1,300 to \$1,400

\$2,050 to \$2,200

Organic Revenue Growth

7% to 10%

8% to 10%

Adj. EBITDA

\$260 to \$280

\$480 to \$515

Adj. EBITDA Margin

20%

23%

Adj. EBITDA – PC

\$180 to \$200

\$300 to \$330

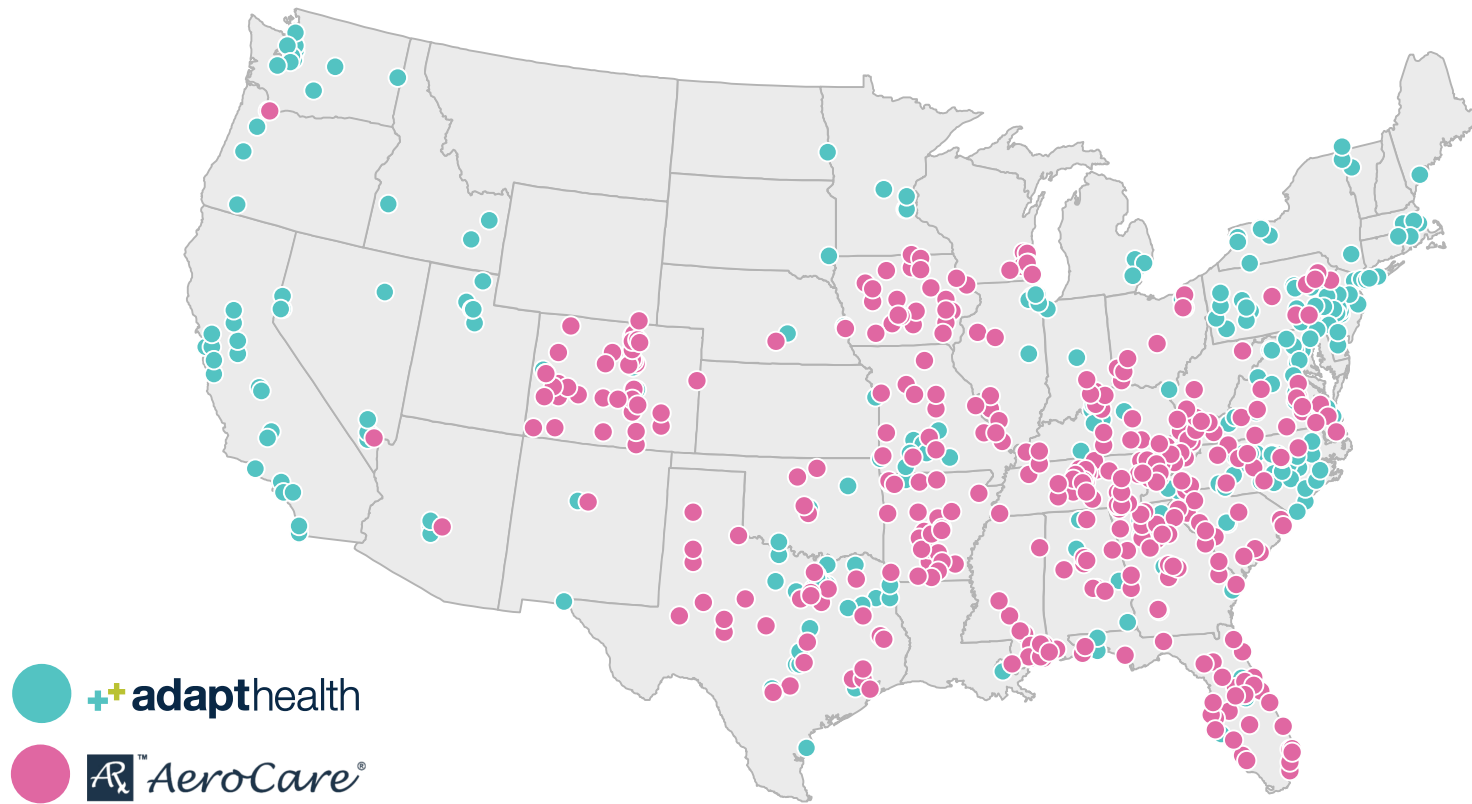
Adj. EBITDA – PC Margin

14%

15%

AdaptHealth's acquisition of AeroCare will create shareholder value through significant and immediate accretion to growth, earnings and cash flows

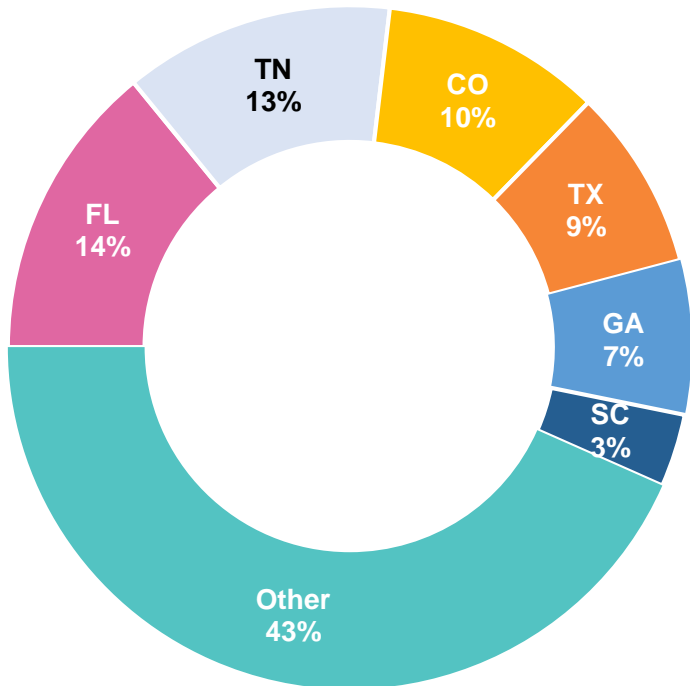
Leading Independent HME Provider with Significantly Enhanced Scale and Geographic Reach



Highly complementary footprint with expansion into fast-growing Southeastern geographies

Expands Footprint into Attractive Fast-Growing Geographies

AeroCare TTM August 2020 Total Revenue by State



AeroCare TTM August 2020 Same Store Growth by State⁽¹⁾

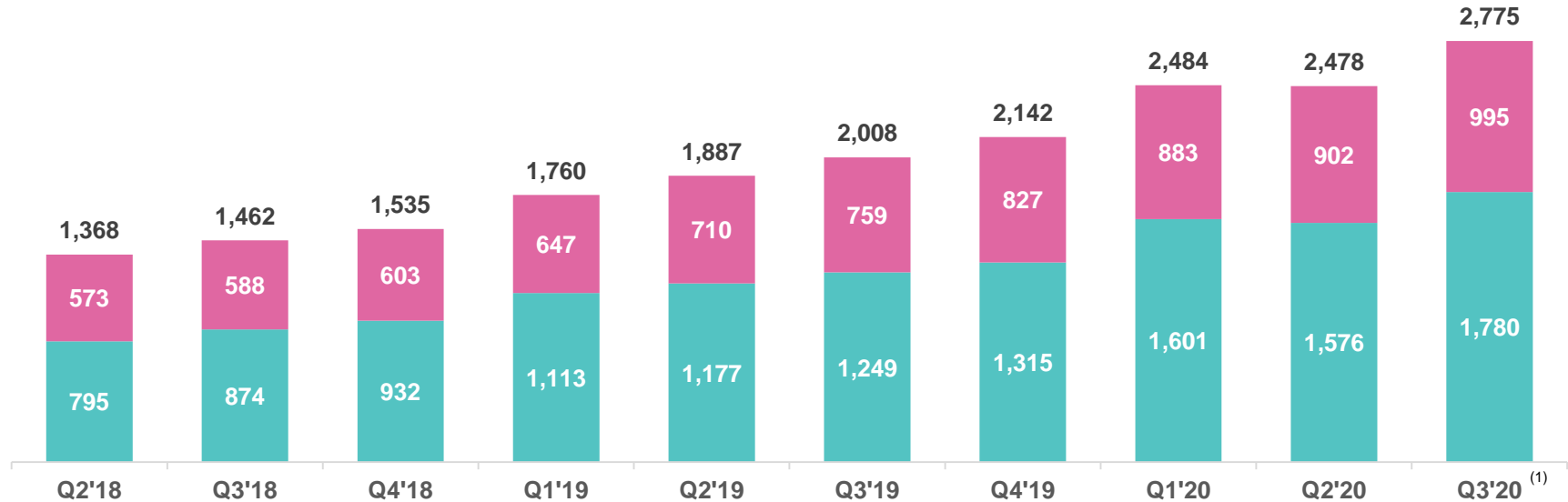
State	Growth ⁽²⁾
Florida	12%
Tennessee	14%
Colorado	4%
Texas	16%
Georgia	19%
South Carolina	18%
Other	9%
All States	12%

(1) Same store represents locations opened prior to January 2018.

(2) Growth presented reflects TTM August 2020 vs. FY 2019.

Pro Forma Unique Patients Serviced

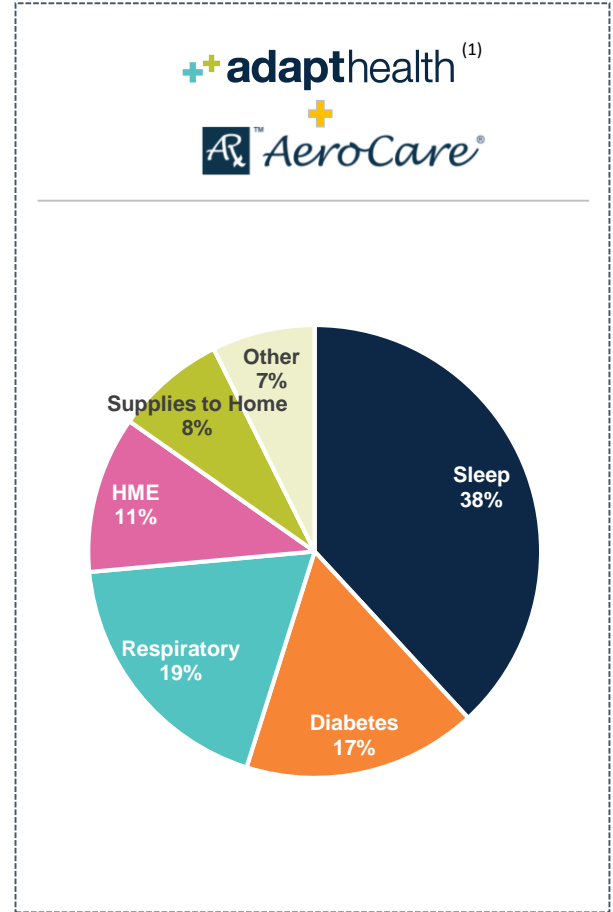
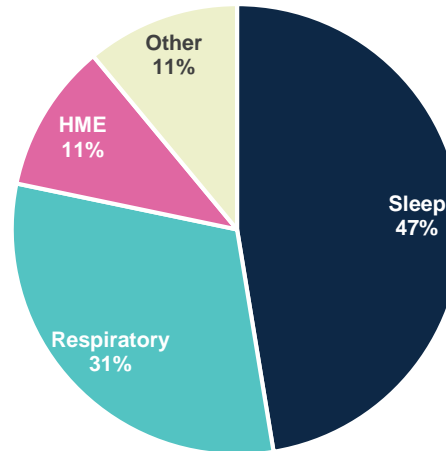
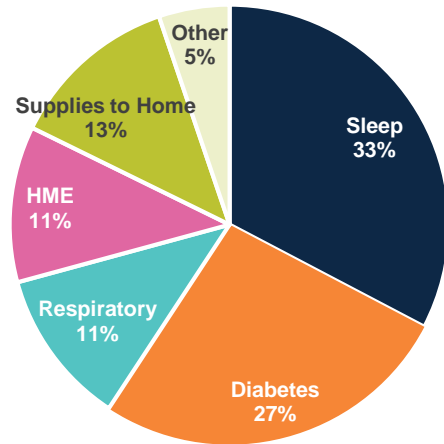
Patients in thousands on a rolling TTM basis



Patients will gain greater managed care access and broader product availability. The patient experience will be enhanced through best-in-class customer service platform and patient satisfaction procedures

Pro Forma Product Mix

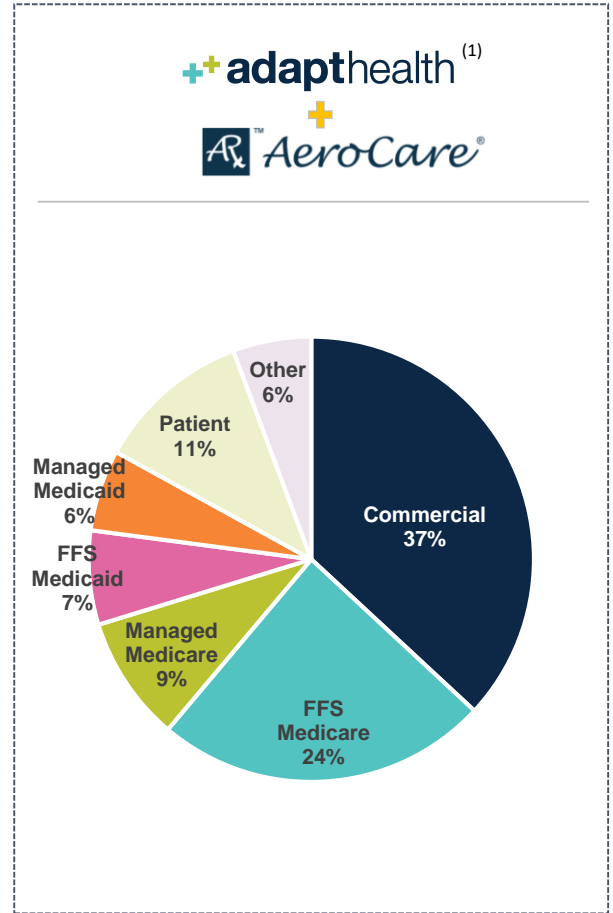
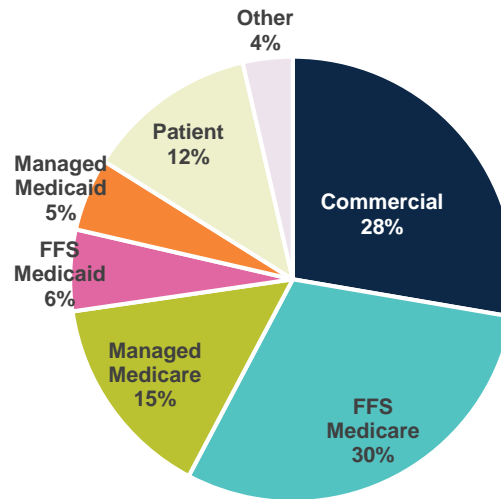
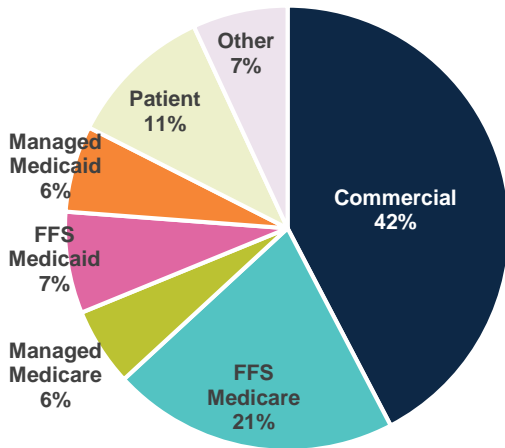
Based on LTM September 2020A



Combined company will be positioned as a leader in large, growing addressable markets focused on patients with chronic conditions

Pro Forma Payor Mix

Based on LTM September 2020A



Combined company remains highly diversified by payor

Combination of Two Industry Leading Technology Platforms

Both AdaptHealth and AeroCare utilize a fully integrated, centralized technology platform

- + Electronic portal / interface***
- + Proprietary workflow technology***
- + Improved efficiency***
- + Significantly enhanced ease of use for all stakeholders***
- + Improved compliance***
- + Enabling analytics-driven decision making***

HME Today

- + Still highly manual and labor intensive
 - + Faxes
 - + Telephonic interaction
 - + Printing / copying
 - + Physical mailings



AdaptHealth & AeroCare are Creating a Modern, Digitized Workflow

- + ePrescribing
- + Mobile documentation
- + Cloud-based revenue cycle
- + Digital inventory tracking
- + Social media integration

Building on Our Track Record of Successful Acquisitions



Transactions Closed
Since Inception

84

155

Transactions Closed
(2017 – YTD 2020)

64

50

Both companies have a similar philosophy of acquisitions and integration with substantial runway for future acquisitions of smaller HME companies and regional diabetes companies

Identifiable and Achievable Cost Synergies and Meaningful Additional Upside

Potential Cost Synergies

- + RCM and Branch Support
- + Direct and Indirect Spend
- + Branch Consolidation
- + Technology
- + G&A

\$50 million
estimated pre-tax
run-rate annual
synergies

Additional Revenue Synergy Opportunities

- + PAP 90-day compliance
- + PAP resupply compliance
- + Payment collections efficiency
- + Cross-selling respiratory medication and **diabetes products**

Additional revenue
synergies not
included in forecast

~\$25 million of cost synergies expected to be realized in 2021

Long-Term Targets

Organic Revenue Growth	8% to 10%
Acquired Revenue	\$100 to \$150mm annually
Business Mix	Sleep: ~40% Diabetes: ~30% All Other: ~30%
Adj. EBITDA Margin	23% to 25%
Adj. EBITDA Less Patient CapEx Margin	15% to 17%

Combination with AeroCare accelerates growth and expands margins

Pro Forma Capitalization

Overview

New debt used to finance cash consideration of the purchase price, backstop and/or refinance existing Term A and pay transaction fees:

- + Existing bond to remain in place, due 2028
- + \$1.35bn committed financing package

Pro forma capital structure strategy:

- + No near term maturities
- + Deleverage through growth and cash flow
- + Committed to conservative leverage profile
- + Flexible capital structure to facilitate continued M&A growth

Pro Forma Capitalization (\$mm)

Cash⁽¹⁾	\$97
Total Debt	\$1,865
9/30/20 Net Debt / LTM PF Adj. EBITDA⁽²⁾	3.6x

Pro Forma Share Count Information

(in thousands)

	Common Stock		Warrants
	Class A	Class B	
Number of shares outstanding at September 30, 2020	81,037⁽¹⁾	25,875	4,281
Equity issued in connection with acquisitions	1,087	-	-
Class B exchanges	2,284	(2,284)	-
Equity-based compensation activity	120	-	-
Number of shares outstanding at November 30, 2020	84,528	23,591	4,281
Equity issued in connection with AeroCare acquisition ⁽²⁾	31,000	-	-
Pro forma shares outstanding	115,528	23,591⁽³⁾	4,281

Adapt's Board has approved eliminating the Up-C corporate structure at the closing of the AeroCare acquisition⁽⁴⁾

- | Steps: | Simplified pro forma tax structure: |
|---|--|
| + Eliminate the two class share structure | + Reduces tax compliance and filing burden |
| + Exchange AdaptHealth Holdings LLC interests and Class B shares for Class A shares | + Facilitates growth strategy by reducing complexity and limitations around deal structuring |
| + Merge AdaptHealth Holdings LLC into a corporate subsidiary of AdaptHealth Corp. | + Increases tax efficiency by eliminating intercompany debt and cost allocations |

(1) Includes 18,356 as converted shares of Series B-1 Preferred Stock.

(2) Reflects the conversion of preferred shares into common stock. Shareholders are subject to a 6 month lock-up for one-third of their shares and a 12 month lock-up for two-thirds of their shares.

(3) Upon elimination of the Up-C corporate structure, the Class B common shares presented above would be exchanged for Class A common shares.

(4) The AHCO Board has elected to cash settle certain exchanged Class B shares and LLC units from management unitholders under existing exchange agreements in an amount sufficient to cover tax obligations triggered by exchanges of AdaptHealth Holdings LLC units for AdaptHealth Corp. Class A common stock.

Key Highlights in Summary



Leading Independent HME Provider with Significantly Enhanced Scale and Geographic Reach



Combination of Two Industry Leading Technology Platforms



Financially Compelling – Highly Accretive Transaction



Multiple Pathways for Future Growth, Including Additional Acquisitions in a Highly Fragmented Market



Identifiable and Achievable Cost Synergies with Meaningful Additional Upside



Best-in-Class Senior Leadership Team with Strong Cultural Alignment

Appendix



Recent Acquisition: NE Home Medical

Company Snapshot

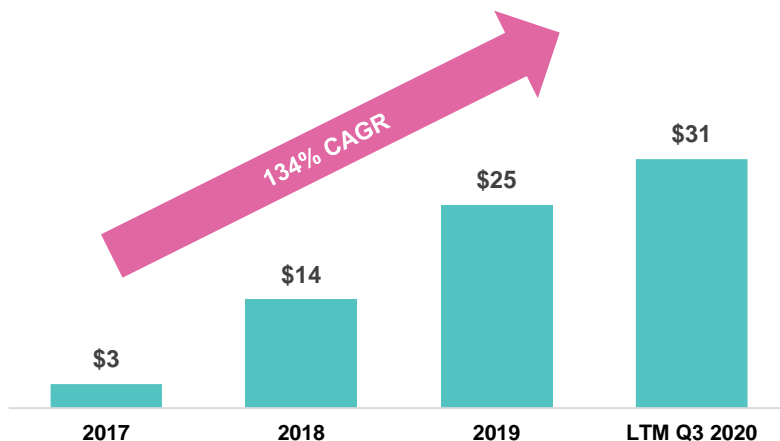
High growth direct-to-patient distributor of diabetes supplies

- **3,900+** CGM patients
- **2,000+** insulin delivery patients
- Primarily commercial insurance
- Founded in **2015**; HQ in Chelmsford, MA

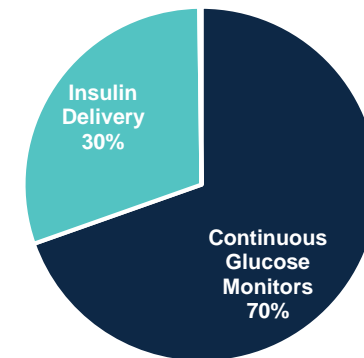
Strategic Rationale

- ✓ Significant opportunity to expand in New England and adjacent markets
- ✓ Establishes AdaptHealth with key Massachusetts payor contracts in closed markets
- ✓ Very strong health system and physician referral network
 - Augments AdaptHealth's sales force

Historical Revenue Growth (\$mm)



Product Mix



Thank You

