

# 2021 Bank of America Leveraged Finance Conference

December 2021



**MEDNAX**  
National Medical Group

**PEDIATRIX**  
Medical Group

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# Company Overview

# We Are the Leaders in Women's & Children's Healthcare

**40+** Consecutive years and history of growth with strong position for future long-term scale

**#1** Platform in the industry and 10x the next largest integrated national provider group

**\$1.7B** National business with local market footprints  
2020 Revenue

**39** States + Puerto Rico

**2K+** Peds and Women's specialists and subspecialists

**17** PDX & OBX Clinical service offerings

*We take care of more babies than anyone in the world (over 1.6 million)...*

**25%** Serving nearly a quarter of NICUs in U.S. & Puerto Rico

**25%** Of newborn hearing screens in the U.S.

**580** PICU and Pediatric floor patients/day

**400+** Attended baby deliveries / day

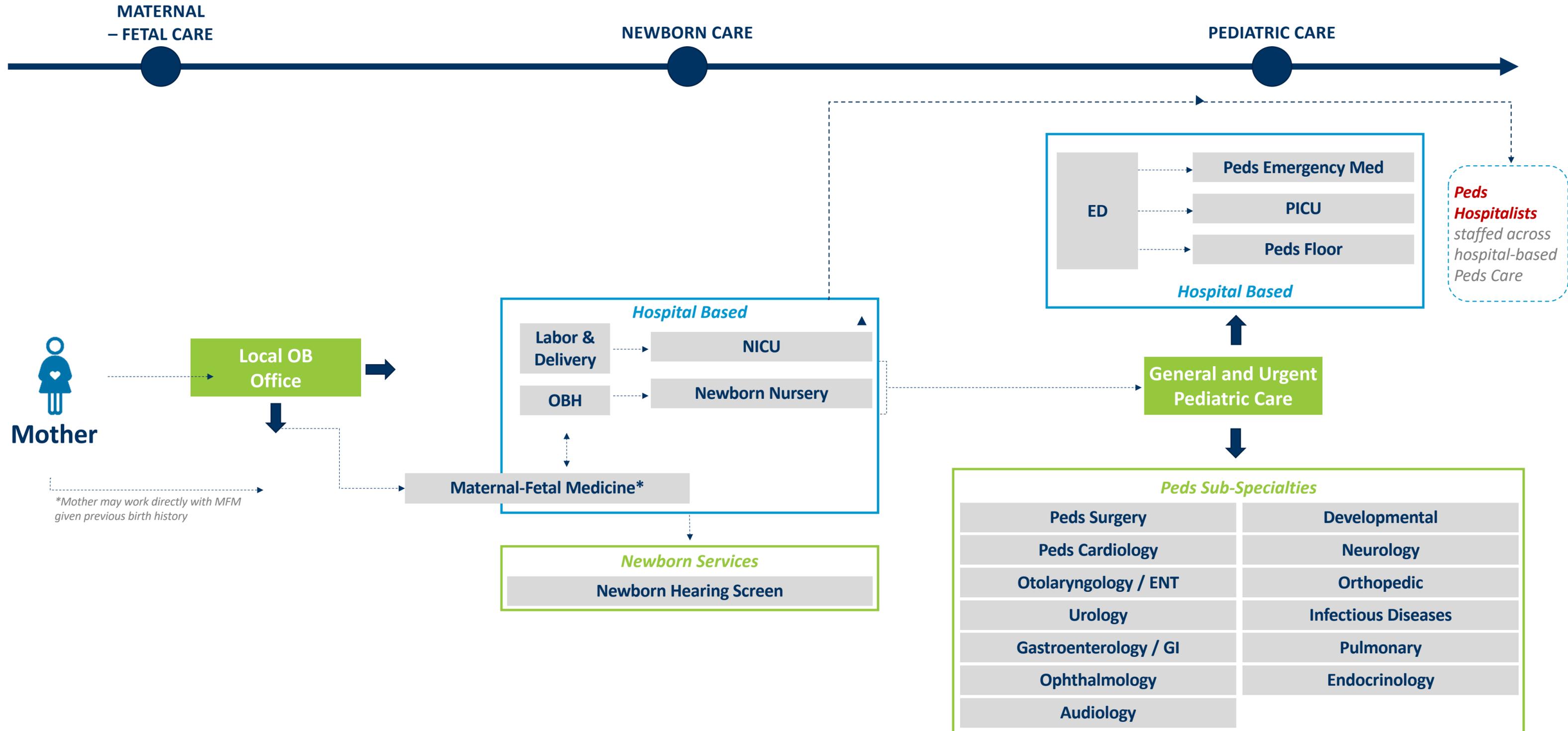
**1,900** Maternal-Fetal Medicine (MFM) visits / day

**2,250** Newborns in the nursery / day



# Our Continuum of Care

Uniquely positioned to enable integrated clinical care delivery, enhancing the relationship with the patient



# Our Geographic Footprint

Deep local market hospital-based footprint provides platform for expansion into ambulatory settings and other Women's & Children's adjacencies

## Hospital-Based Footprint | ~75% of Total Revenue



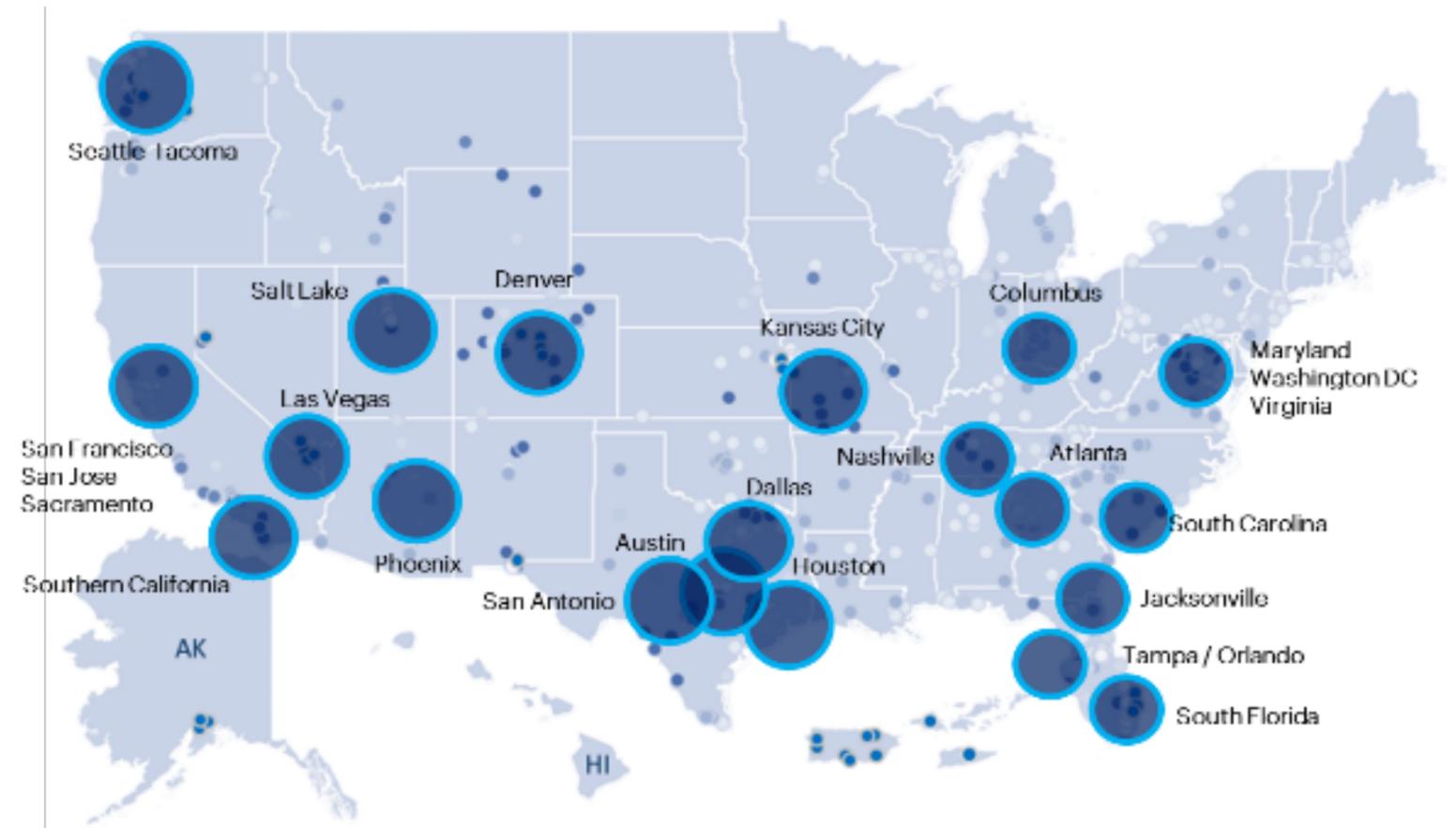
Operating across 39 states + Puerto Rico

## Office-Based Footprint | ~25% of Total Revenue



Operating across 21 states and territories

## Top 20 Markets



# 2019 – 2021 Transformation and Business Update

# Significant Steps Taken to Refocus the Company Since Late 2019

## Divestitures of Non-Core Services



October 2019  
\$250M Cash Proceeds



May 2020  
\$160M Cash Proceeds<sup>(1)</sup>



December 2020  
\$885M Cash Proceeds

*Refocused company on core **Pediatrics** and **Obstetrics** Medical Groups*

## Organizational Redesign and Brand Positioning

New company branding emphasizes focus on Core Women's and Children's Services



Leadership Transition with Appointments of Marc Ordan and Marc Richards



Election of 5 New Directors to Board Following Agreement with Starboard Value in July 2020

## Operational and Cost Initiatives

### Cost Structure Rationalization

- Corporate office consolidation
- Outsourced RCM operations to R1 to improve efficiency and real-time analytics
  - Guaranteed savings in Year 1
  - Performance-based revenue enhancements in Years 2-5
- Data center consolidation and modernization to improve stability and security

### IT and Data Analytics Enhancements

- Oracle ERP implementation
- Centralized enterprise analytics and practice-specific live dashboards
- Patient access initiative: standardized operations and scheduling support across office-based practices

## Focus on Profitable Growth

### Re-Engineered Growth Team

- Sales and marketing infrastructure accelerates growth
- Accelerating pipeline win rate over past two years

### Targeted Organic and M&A Pipeline

- Robust pipeline with opportunity to accelerate growth from historical levels
- Increased focus on pediatric sub-specialties

### Launched Primary / Urgent Care Strategy

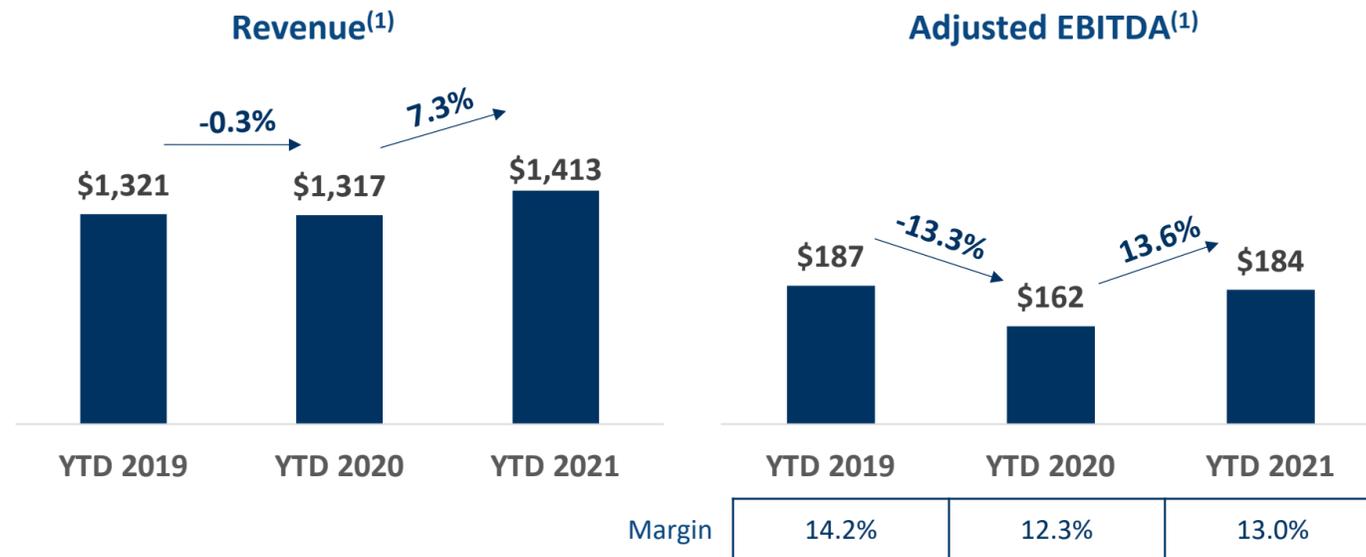
- Initial investments in pediatrics primary and urgent care in core markets
- Underpenetrated market ripe for organic growth through opening new de novos

Notes: (1) Includes \$50M cash at close plus \$110M in retained A/R net of other working capital items

# Financial Update – Nine Months Ended 9/30/2021

Strong recovery from 2020, with attractive balance sheet and cash flow dynamics

## Revenue and Adjusted EBITDA Profitability



### Internal Expectation:

- 2021 Adjusted EBITDA of >\$250 million
- 2022 Adjusted EBITDA of >\$270 million

### Historical Adjusted EBITDA:

- \$220 million in 2020
- \$265 million in 2019



## Attractive Cash Flow Profile

- Very high conversion of adjusted EBITDA to free cash flow
  - Low routine expected capital expenditures of ~\$30 million per year

## Strong Balance Sheet



- Current net debt at 9/30: \$642 million
  - Total debt: \$1.0 billion (senior notes)
  - Cash on balance sheet at 9/30: \$358M
  - No near-term maturities
  - Net leverage of ~2.5x based on 2021 expected Adjusted EBITDA

Notes: (1) Figures in millions. Represents continuing operations.

# Growth Strategy

The core Mednax business and complementary pediatric subspecialties continue to grow in key markets, both organically and inorganically, as new initiatives focused on general and urgent pediatric care begin to take shape

## Core Business



### NICU / PICU OB / MFM

- 70% of new organic growth is associated with NEO, OBH and MFM services
- Win rate of organic growth is sitting above 30% and 70% of new business has been won in Mednax top markets
- Accelerating pipeline of new organic growth opportunities
- 5 closed acquisitions to date with active pipeline



### Pediatric Specialties

## Growth Vectors



### Primary & Urgent Pediatric Care

- Initial acquisition of NightLight pediatric urgent care group to begin build-out of pediatric “total-care” strategy
- \$20M investment in Brave Care to accelerate opportunity to open 100 Pediatrix-branded clinics across our existing geographic span
- Additional pediatric urgent care acquisitions are in the pipeline to complement de novo openings

## Pediatric Primary and Urgent Care is a Key Area for Future Growth

- **Natural expansion of pediatric physician practice footprint**
  - Logical continuum from primary, subspecialty and urgent care
  - Existing relationships with most major health systems, in most major markets
- **Infrastructure largely in place**
  - Existing corporate support overhead already in place (systems and apps)
  - Regulatory requirements already met
- **Multiple avenues for growth**
  - Underpenetrated market ripe for organic growth through opening new de novos
  - Selective tuck-in acquisition growth at reasonable multiples

## Current Pediatric Urgent Care Footprint



● Existing Brave Care locations ● Existing Pediatrix locations

Opportunity for >100 clinics over next  
several years across Pediatrix geography

# Appendix

# Current Capital Structure

	<u>Maturity</u>	<u>Rate</u>	<u>Amount</u>	<u>Leverage</u> <sup>(1)</sup>	<u>Market Value</u>			
					<u>Price</u>	<u>Yield</u>	<u>Amount</u>	<u>Leverage</u> <sup>(1)</sup>
Cash and Cash Equivalents			\$358				\$358	
\$600mm Credit Agreement	Mar-24	L+137.5	--	--	NA	NA	--	--
6.25% Senior Notes	Jan-27	6.25%	\$1,000	4.1x	104.3%	6.0%	\$1,043	4.3x
<b>Total Debt</b>			<b>\$1,000</b>	<b>4.1x</b>			<b>\$1,043</b>	<b>4.3x</b>
<b>Net Debt</b>			<b>\$642</b>	<b>2.6x</b>			<b>\$685</b>	<b>2.8x</b>

<u>Liquidity profile</u>	
Credit Agreement Capacity	\$600
Less: LCs	\$0
Less: Draw	\$0
<b>Credit Agreement Availability</b>	<b>\$600</b>
Plus: Cash & Equivalents	\$358
<b>Total Liquidity</b>	<b>\$958</b>

<u>Key LTM Q3 2021 Metrics</u>	
LTM Net Revenue	\$1,829
LTM Adjusted EBITDA	\$243
Annual Cash Interest Expense	\$63
Cash Interest Coverage	3.9x
Corporate Rating	B1 / B+



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