

# Investor Presentation

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 Universal Health Services, Inc.

ADMITTING

COMPANY  
OVERVIEW

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Honoring Our Past • Investing In Our Future

## OUR MISSION

To provide superior quality healthcare services that:

- Patients** recommend to family and friends,
- Physicians** prefer for their patients,
- Purchasers** select for their clients,
- Employees** are proud of, and
- Investors** seek for long-term returns

## INDUSTRY ACCOLADES



WORLD'S MOST  
ADMIRED  
COMPANIES 11  
YEARS IN A ROW

- Fortune Magazine



ALAN B MILLER  
NAMED AMERICA'S 2<sup>nd</sup>  
LONGEST TENURED  
FORTUNE 500 CEO

- Fox Business



RANKED AMONG  
FORTUNE 500 FOR  
17<sup>TH</sup> YEAR

- Fortune Magazine  
(Ranked #281)



WORLD'S LARGEST  
PUBLIC  
COMPANIES 2020

- Forbes (Ranked #330  
in the U.S.)

# UHS At A Glance



## ACUTE CARE

**26** inpatient hospitals  
**17** free-standing emergency departments and **7** surgery/outpatient centers  
 ~**6,525** licensed beds

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**318,000** inpatients  
 ~**62%** occupancy rates (2020/2019)



## BEHAVIORAL HEALTH

**333** inpatient facilities across the U.S., U.K and Puerto Rico  
**21** outpatient U.S. facilities across the U.S., and the U.K  
 ~**23,900** licensed beds

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**488,000** inpatients  
**256,000** outpatients  
 ~**72%** / ~**75%** occupancy rates (2020/2019)



## CLINICIANS

**1,200+** physicians  
**22,000** nurses

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**1,000** veterans hired  
**90,000** employees



## PATIENTS

**3.5 million** patients served  
**7.6 million** patient days

# Investment Highlights

- One of the nation's largest and highest quality providers across acute and behavioral care, with a leading position in the vast majority of markets it serves
- Meaningfully scaled geographic presence with approximately 400 facilities across the U.S., Puerto Rico and the U.K.
- Highly diversified revenue base across core service lines and payers
- Disciplined balance sheet management with a track record of maintaining conservative leverage profile
- Consistent top-line growth coupled with strong cash flow profile
- Experienced management team with successful track record

# Strong Position Across Markets Served

## LAS VEGAS



We have a leading market position in Las Vegas where we have 6 acute care hospitals with approximately 1,950 licensed beds and 2 behavioral health hospitals with 140 beds

Centennial Hills Hospital Medical Center in Las Vegas recently completed a new \$95 million five-story patient tower increasing total beds to 336 and providing additional shelled space for future expansion with anticipated capacity of more than 400 beds. Construction is also underway on a new patient bed tower at Henderson Hospital. The project will add 93 beds to the facility and is expected to open in late 2021.

In addition to obtaining verification for Leadership in Energy and Environmental Design (LEED) in five of our six Las Vegas area hospitals, we have applied for certification under the science-based Green Globes rating system

## SOUTHERN CALIFORNIA



A growing footprint in the region includes five hospitals (with approximately 800 beds), three of which have plans underway to expand their services and footprint to meet the growing demand

Palmdale Regional Medical Center opened a 33,000 sq. foot Maternity and Labor unit in Fall 2020 and working on plans for expansion of its ICU and ER and building a 36-bed unit for joint, spine, and bariatric care

Southwest Healthcare - Rancho Springs is undergoing a multi-phase plan focused on expanding its women's and children's services, the Emergency Department and other key clinical offerings. Southwest – Inland Valley campus announced significant expansion and renovation plans including a new seven-story patient tower.

# Meaningfully Scaled Presence

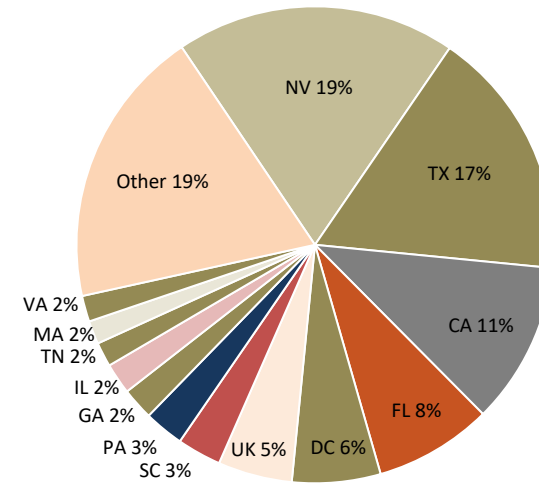
**~401**  
FACILITIES

**26** Acute Care Hospitals  
**333** Behavioral Health Facilities<sup>1</sup>  
**42** Outpatient facilities

U.S., PUERTO RICO AND THE UNITED KINGDOM



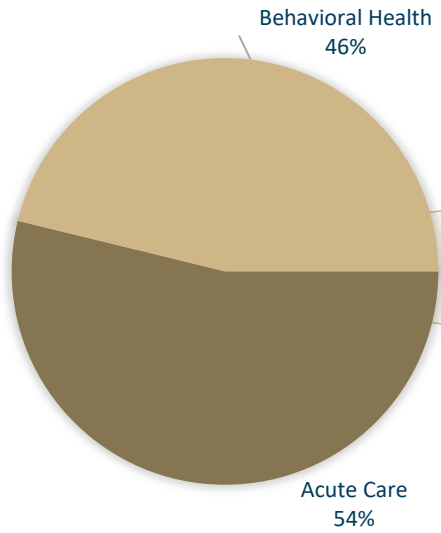
## NET REVENUES BY STATE



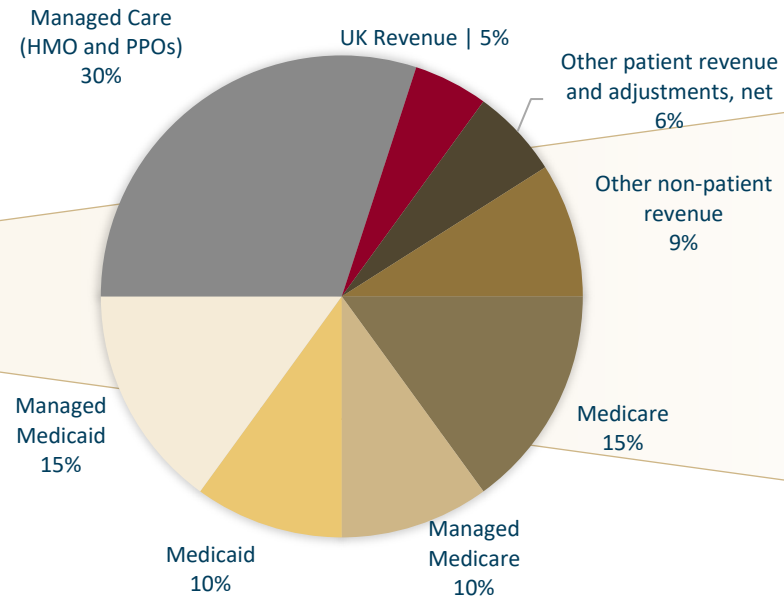
\*Other includes 26 states and Puerto Rico, each less than 2%

# Highly Diversified Revenue And Payor Mix

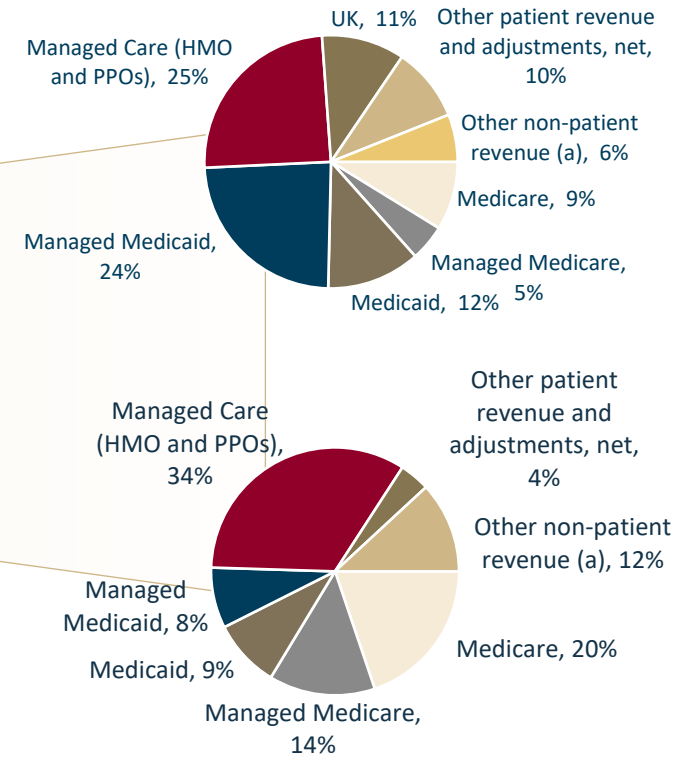
Revenue mix by segment



Revenue mix by payor



Revenue mix by segment & payor

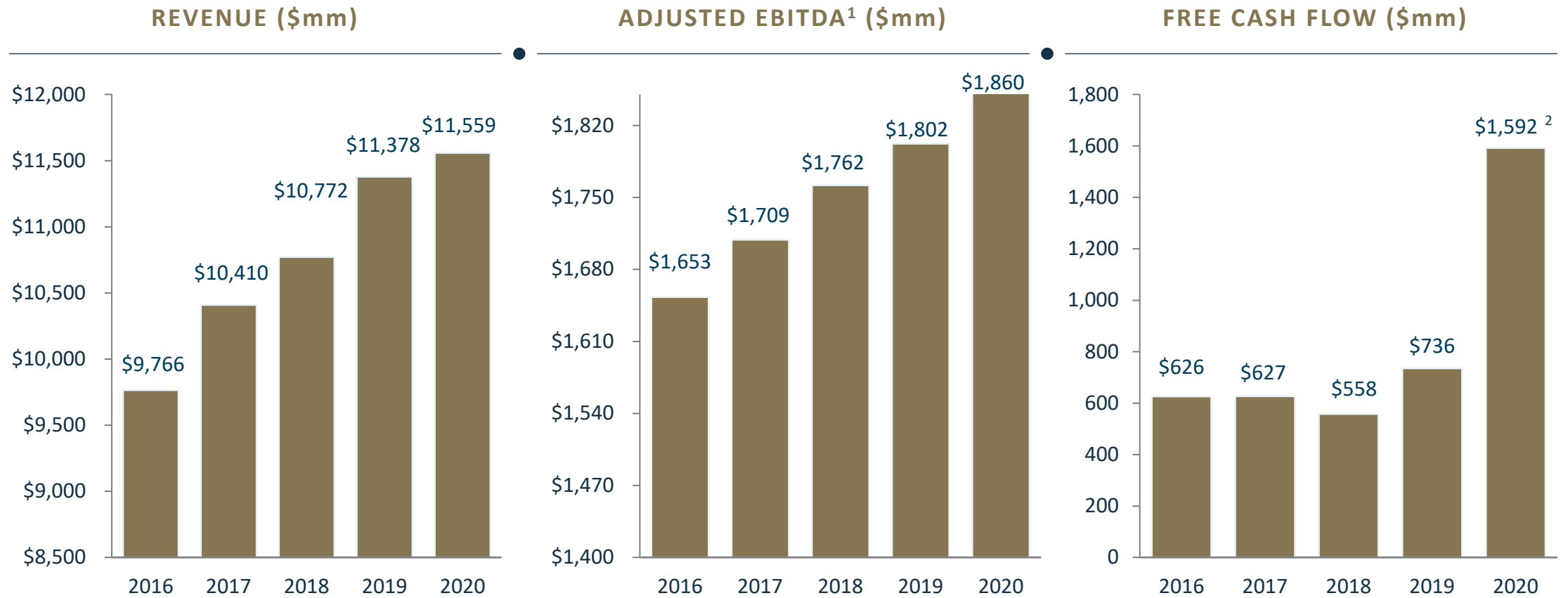


Behavioral Health

Acute Care



# Consistent Growth And Strong Free Cash Flow Profile

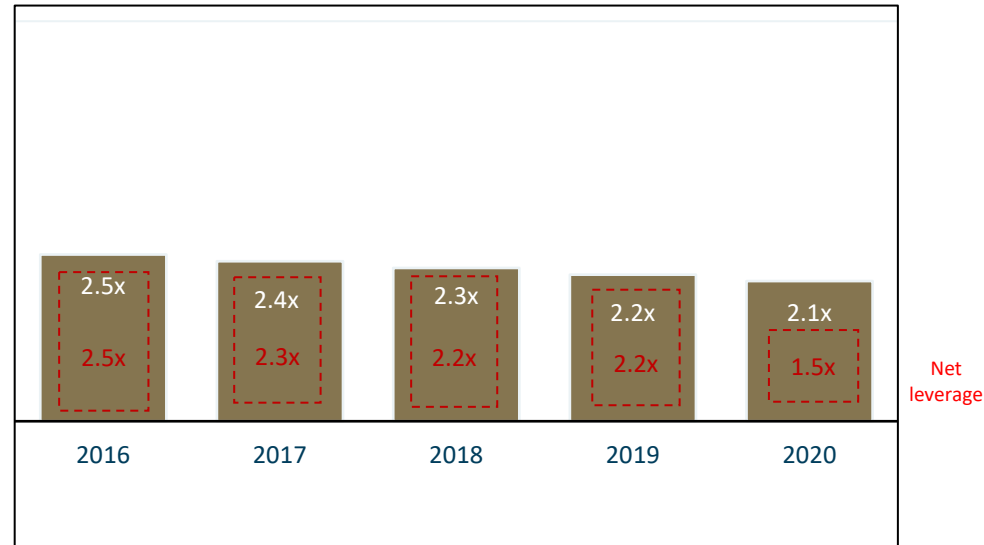


Free Cash Flow defined as Cash flow from operations less capital expenditures, dividends and distributions to non-controlling interests <sup>1</sup> Net of NCI <sup>2</sup> includes \$698.8M in Medicare Accelerated payments and deferred government stimulus grants

# Disciplined Balance Sheet Management

- One of the nation's largest and highest quality providers across acute and behavioral care, with a leading position in the vast majority of markets it serves
- Prudent balance sheet management, strong free cash flow and access to multiple capital markets
- Track record of maintaining consistent, conservative leverage profile

## DEBT/ADJUSTED EBITDA



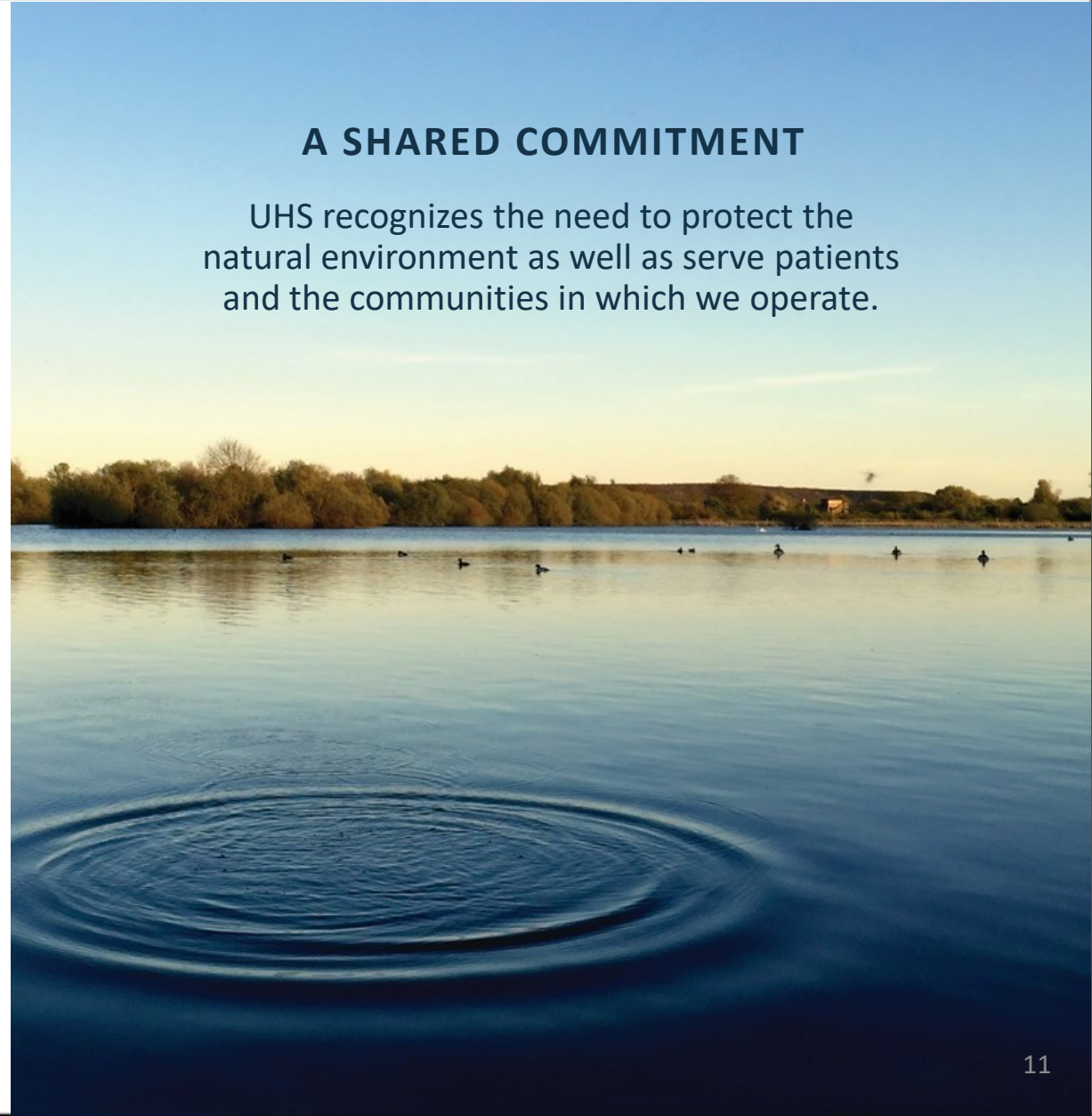
# Social Responsibility

Keeping our surroundings clean and minimizing pollution is of benefit to all. Stewardship plays an important role in our commitment to a clean environment and strong communities.

- Energy Star® Certification
- LEED/Green Globes Certification
- Culinary & Nutrition
- Environmental Services
- Responsible Pharmaceutical Waste Management
- Reprocessing & Waste Diversion
- Uncompensated Care

## A SHARED COMMITMENT

UHS recognizes the need to protect the natural environment as well as serve patients and the communities in which we operate.



# Our Principles



## **WE PROVIDE SUPERIOR QUALITY PATIENT CARE**

We strive to be the provider of choice because we are passionate about providing superior quality care for each patient we are privileged to serve.



## **WE VALUE EACH MEMBER OF OUR TEAM AND ALL THEIR GOOD WORK**

We know that the quality of the patient experience is driven by the personal compassion, competence and commitment our team members deliver every day.



## **WE ARE COMMITTED TO BEING A HIGHLY ETHICAL HEALTHCARE PROVIDER**

We set higher ethical standards for ourselves because caring for our patients is a sacred trust.



## **WE ARE DEVOTED TO SERVING OUR LOCAL COMMUNITY**

Healthcare providers have always played a special role in the community, and we cherish that responsibility.

ADMITTING

**BUSINESS  
OVERVIEW**

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**HENDERSON  
HOSPITAL**

# Behavioral Segment Overview

## 46% OF UHS 2020 NET REVENUE

- \$5.2B in Net revenues in FY2019 and \$4.0B in FY2020
- Strong payor mix with Managed Care bringing in 25% of 2020 Net Revenues, Managed Medicaid 24%, Medicaid 12%, Medicare 9%, Managed Medicare 5% and U.K. 11%
- Expanding through de novo facilities, wholly owned and JV partnerships with not-for-profits

## MARKET OVERVIEW

- Leading and high quality Behavioral Health provider
- 349 freestanding inpatient and outpatient facilities in the US, UK and Puerto Rico
- Dependable and high quality services

## KEY DEVELOPMENTS

- #1 or #2 freestanding inpatient behavioral health provider in the vast majority of our markets
- We continue to grow our behavioral health joint venture portfolio with 5 new facilities already operational, 6 JV agreements signed and in various stages of development which are expected to open between 2021 and 2023 and over 30 opportunities in the pipeline
- We expect to open approximately 800 new beds in 2021 and 2022

## OVERVIEW OF RECENT OPERATIONS

- Specialty treatment programs include: Substance use disorders, eating disorders, Autism spectrum disorders, Trauma (incl. PTSD) and Neuro-Psychiatry
- Continued growth through acquisition and expansion; and Proven track record of assimilating and improving acquired facilities
- Evidence-based compassionate inpatient, partial and outpatient treatment services for children, adolescents, adults and older adults

# Behavioral Market Overview



Size of the Mental Health and Substance Use Disorder industry

**\$50B**



Positive impact from ACA, Mental Health Parity rules and the elimination of the IMD exclusion provides industry tail wind



**73M** people in the U.S. with diagnosable mental illnesses

**4 of the 10** leading causes of disability in the U.S. are mental illnesses



Stable pricing and increasing admissions and occupancy trends

Minimal exposure to uncompensated care

Lower capital requirements

# Leadership In Behavioral Health

Quality patient care is the cornerstone of UHS' Mission. The Behavioral Health team delivers industry-leading outcomes and patient satisfaction. The vast majority of UHS' freestanding Behavioral Health hospitals are ranked #1 or #2 in their markets



BLACK BEAR LODGE



QUAIL RUN  
BEHAVIORAL HEALTH



LAUREL RIDGE  
TREATMENT CENTER



HAMPTON BEHAVIORAL  
HEALTH CENTER



CEDAR CREEK HOSPITAL



INLAND NORTHWEST  
BEHAVIORAL HEALTH



HOLLY HILL  
CHILDREN'S HOSPITAL

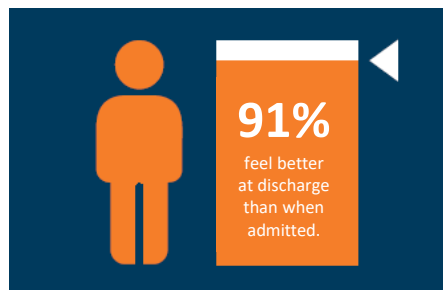
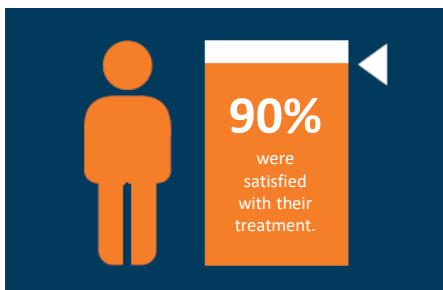
## UHS BEHAVIORAL HEALTH STRENGTHS

- Leading Behavioral Health provider ranked by total hospitals, total beds and net patient revenue
- 72% Occupancy rates and strong same store operating margins
- Disciplined and strategic approach
- Continued growth through acquisition and expansion
- Proven track record of assimilating and improving acquired facilities



# Measuring Behavioral Health Quality Outcomes

Patient satisfaction is a key indicator of the effectiveness of our treatment programs.



**4.5 out of 5**  
**OVERALL AVERAGE SCORE FOR ALL BH FACILITIES**



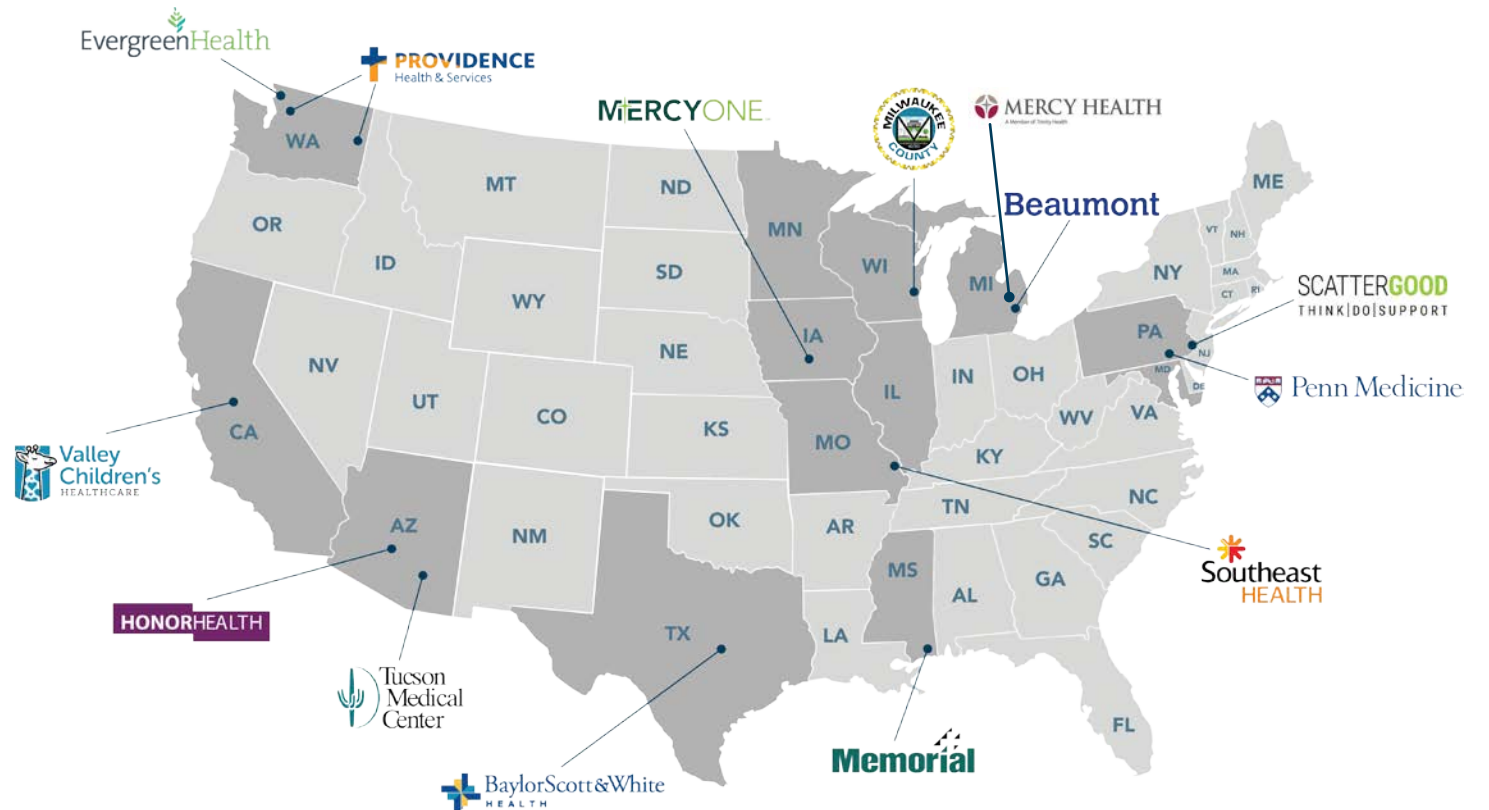
- On key CMS quality metrics, our results continue to **exceed** the national average
- UHS facilities **outperform** the industry on core measures issued by TJC
- All UHS behavioral health are **fully accredited** by TJC and/or Commission on Accreditation of Rehabilitation Facilities (CARF)

# Behavioral Health Integrations

In response to the significant rise in demand for behavioral health services, UHS is engaging in:

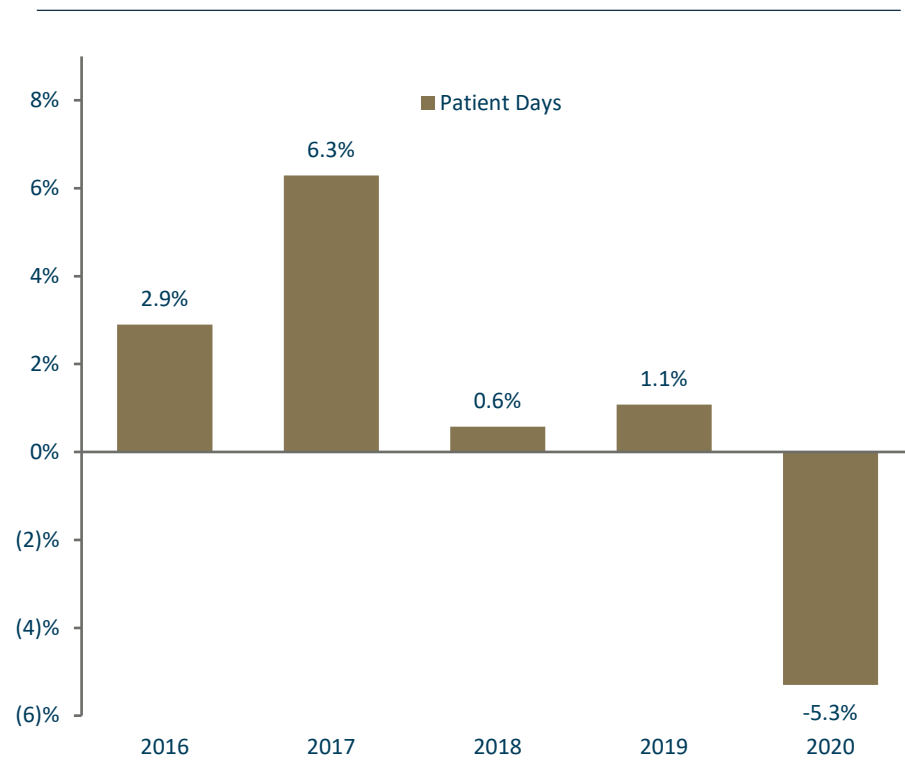
- Joint ventures
- Partnerships
- New care delivery models

Integration of behavioral health and physical health services can decrease ED visits, reduce unnecessary inpatient admissions and enhance compliance for better outcomes.

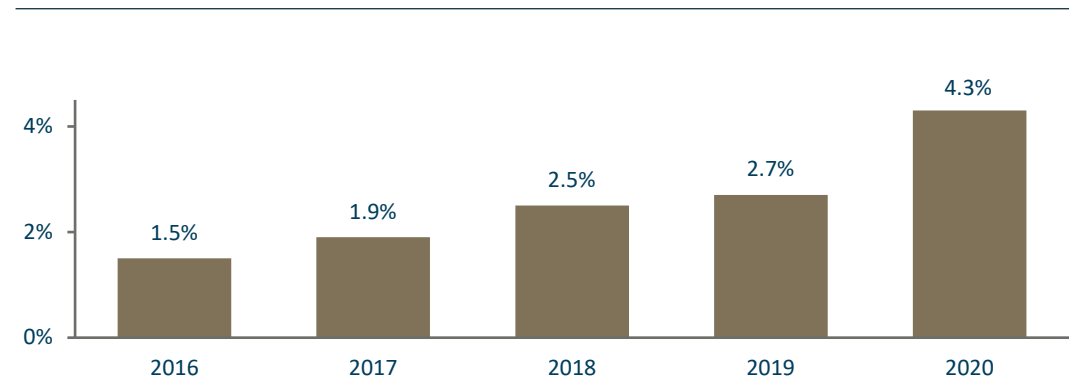


# Behavioral Health Key Operating Metrics

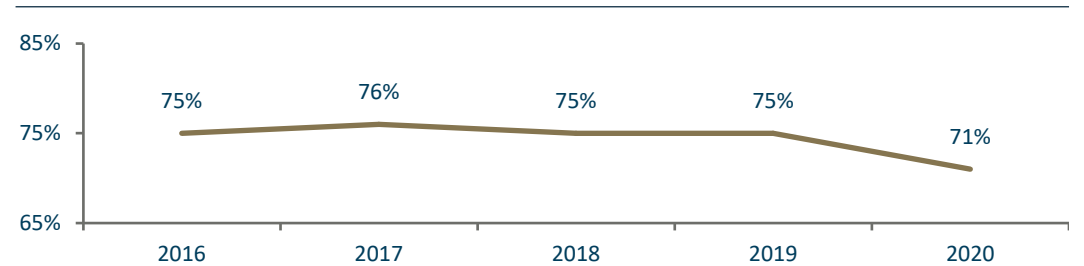
PATIENT DAYS



REVENUE PER ADJUSTED PATIENT DAY <sup>1</sup>



OCCUPANCY RATES



<sup>1</sup>Excludes CARES Act and other Grant income

# Acute Care Segment Overview

## 54% OF UHS 2020 NET REVENUE

- \$6.2B in Net revenues in FY2019 and \$6.3B in FY2020
- Strong payor mix with Managed Care bringing in 34% of 2020 Net Revenues, Managed Medicaid 8%, Medicaid 9%, Medicare 20%, Managed Medicare 14%
- Proven track record of assimilating and improving acquired and newly developed facilities

## MARKET OVERVIEW

- UHS focuses on markets growing more rapidly than the US as a whole
- UHS acute care markets expected grow twice as fast as the total US acute care market over the next five years (2019-2024)

## KEY DEVELOPMENTS

- 24 of the 26 UHS acute care hospitals are #1 or #2 in their markets
- New 200 bed acute care hospital in Reno under construction and expected to open in 2022
- Bed expansions underway or planned at many of our acute care hospitals

## OVERVIEW OF RECENT OPERATIONS

- Acquisition/employment of Primary Care Physicians
- Employment of specialists (where strategic)
- Clinical integration
- Reduced clinical variation
- ACOs

# Acute Care Market Overview



**Provides Basic Need of Society**  
**Predictable Demand Over Long Term: 65+ U.S. individuals expected to reach ~84M in 2050**



**Focus on markets growing more rapidly than the U.S. as a whole**



**Limited Local Competition**  
**Many Financially Challenged Non-Profits**  
**Limited Technology Risk**



**High Cash Flow Generation**  
**Medicare Advantage/bundled payments**

# Leadership In Acute Care

Delivered superior quality care to approximately 2.7mm patients in 2019, expanded our geographic reach and service lines, earned distinguished accolades from accrediting bodies, signed new partnerships and expanded our ACO offerings



Washington D.C.



Nevada



South Texas



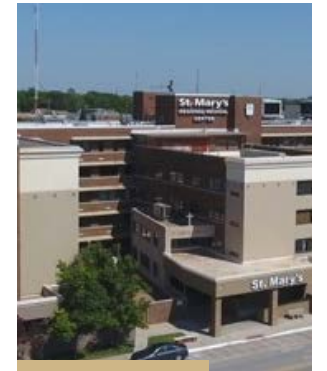
Southern California



North Texas



Florida



Oklahoma

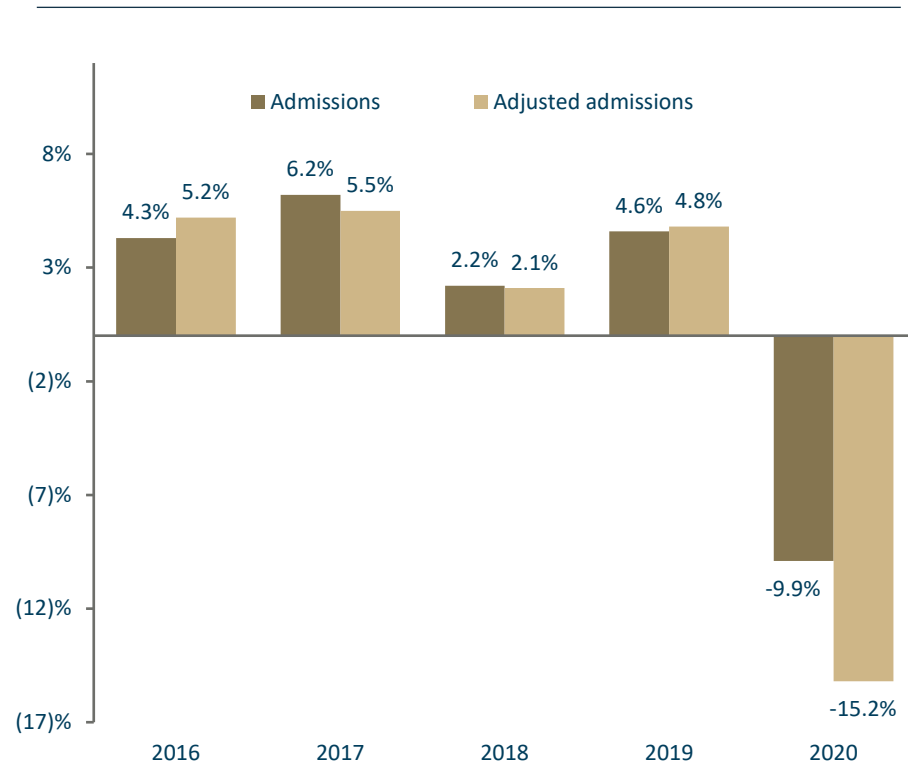
## UHS ACUTE CARE STRENGTHS

- UHS acute care hospitals average ~246 licensed beds
- High Cash Flow Generation
- Leading market positions with 4.8% same store adjusted admissions growth versus industry average of 2.5% <sup>(1)</sup>
- Proven track record of assimilating and improving acquired facilities
- Experienced and Disciplined Management Team with strong track record of success
- In 2019, adjusted admissions were up 5%, surgeries up 3% and ER visits were up 8%

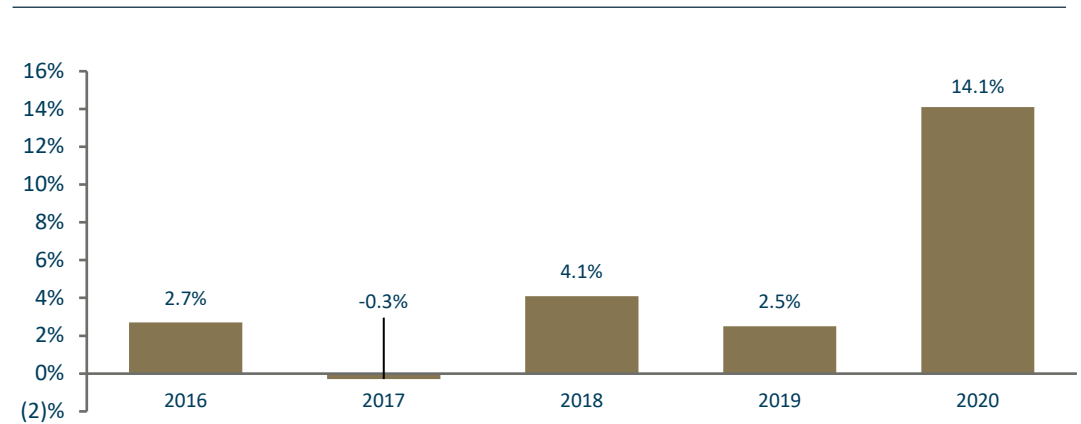
Source: UHS. <sup>(1)</sup>Industry average excluding UHS Acute, for YTD 12/31/2019

# Acute Care Key Operating Metrics

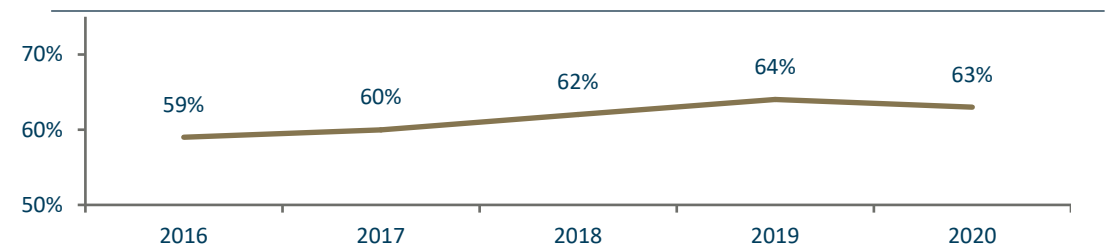
**SAME STORE ADMISSIONS & ADJUSTED ADMISSIONS GROWTH**



**REVENUE PER ADJUSTED ADMISSION <sup>1</sup>**



**OCCUPANCY RATES**



<sup>1</sup>Excludes CARES Act and other Grant income.

ADMITTING

**OPERATIONAL &  
FINANCIAL UPDATE**

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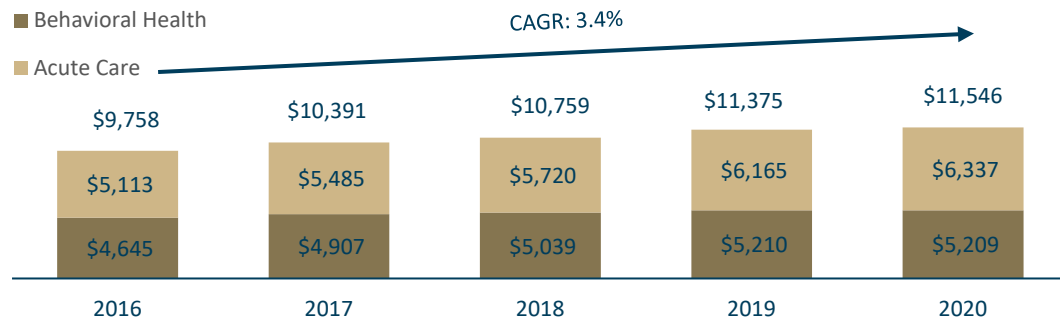


# COVID-19 Update

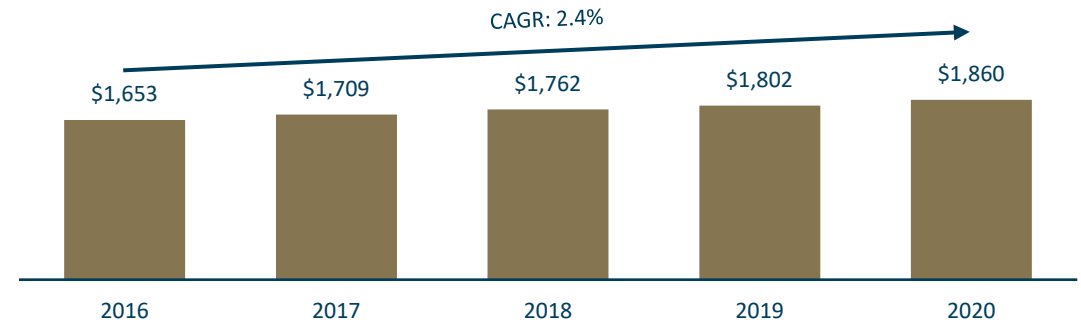
- Our patients' and physicians' safety comes first
  - Our primary focus as the effects of COVID-19 began to impact our facilities was the health and safety of our patients, employees and physicians
  - We implemented various measures to provide the safest possible environment within our facilities during this pandemic and will continue to do so
- Material unfavourable effect on our business
  - Patient volumes at our acute care and behavioral health care facilities were significantly impacted in 2020
  - Shift in payor mix
  - Continue to see waves of COVID-19 cases at times
- We implemented various initiatives to enhance financial flexibility:
  - Suspension of our stock repurchase program and of quarterly dividends payment
  - Pursuit of state and local grant funding opportunities where available.
  - Initiatives to increase labor productivity and reductions to certain other costs
  - Reduced spend rate and magnitude of certain previously planned capital projects and expenditures
- CARES Act and other Government payments
  - Received \$1.112 billion as of 12-31-2020
    - \$417 Various governmental stimulus programs
    - \$695 Medicare accelerated payments (MAAPP) all accelerated payments have been repaid as of 3-31-2021

# Recent Performance

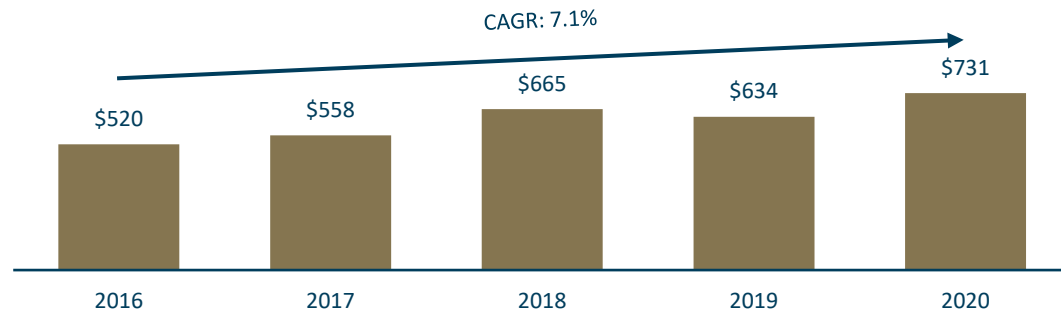
## REVENUE



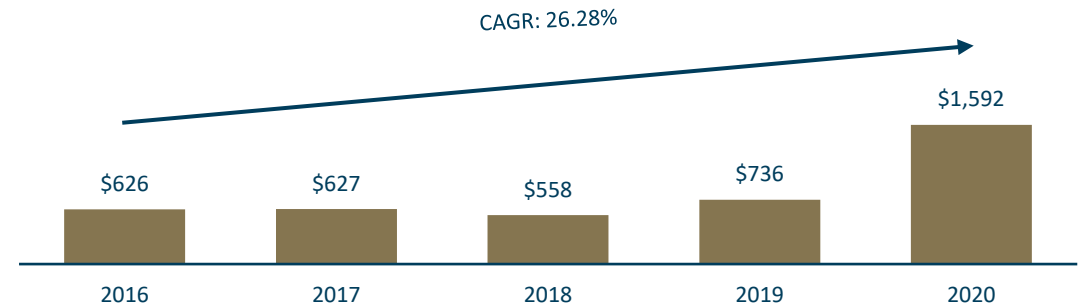
## ADJUSTED EBITDA<sup>1</sup>



## CAPITAL EXPENDITURES



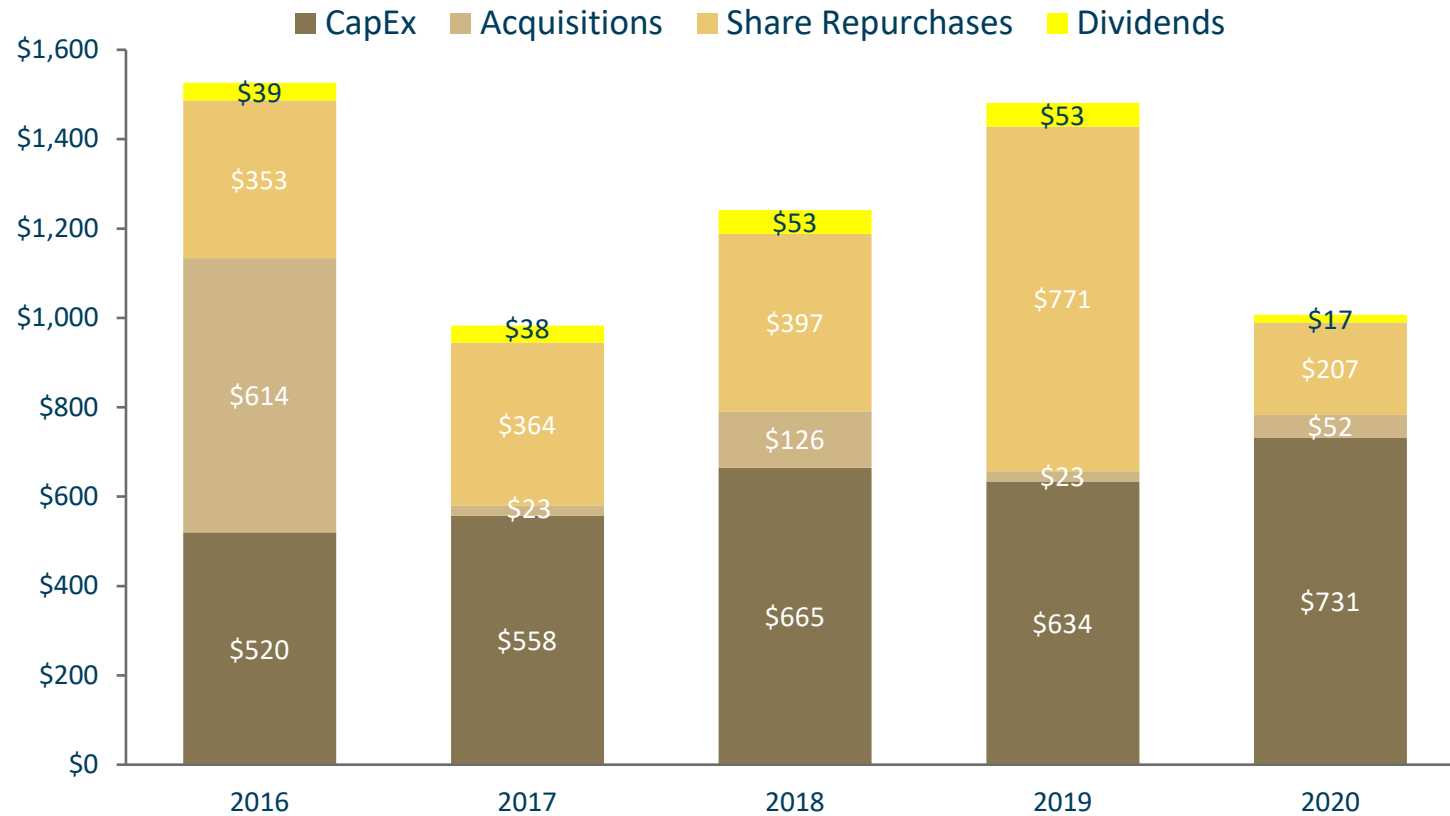
## FREE CASH FLOW(\$mm)



Adjusted EBITDA, net of NCI, is a non GAAP measure: Income from operations + D&A, <sup>1</sup> Net of NCI

# Capital Allocation Strategy Update

CAPITAL ALLOCATION BY YEAR (IN MILLIONS \$)



- Focused on enhancing our market franchises and growing our portfolio
- We have historically been an opportunistic acquirer of our stock
- Post COVID, dividend and share repurchase has been temporarily suspended

# Investment Highlights

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