

4Q 2016 Update



SURGERY PARTNERS

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Company Overview

Surgery Partners at a Glance

Healthcare Facilities

99

ASCs

5

Surgical Hospitals

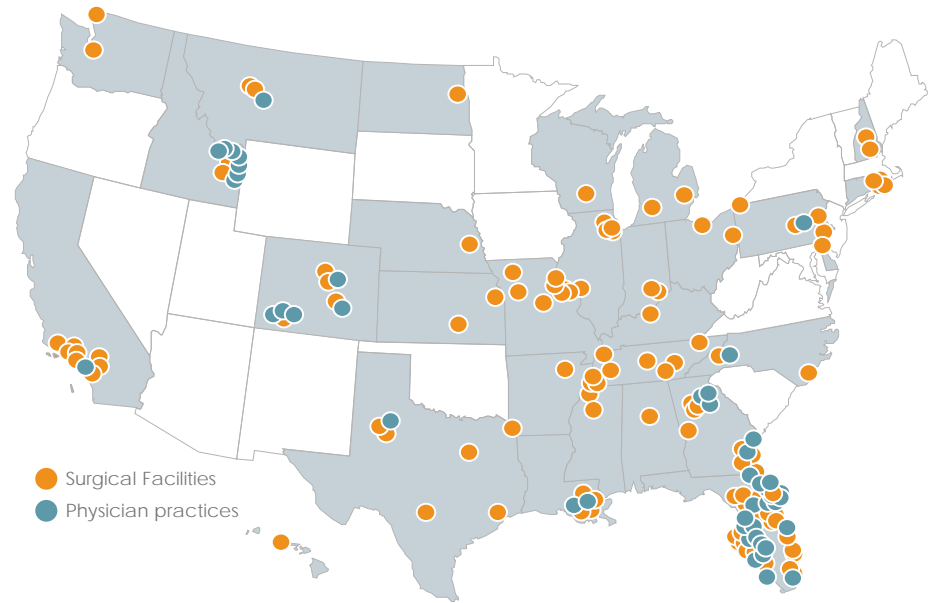
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Physician Practices

7

Urgent Care Facilities

National Network



Surgery Partners at a Glance

Ancillary Services



Anesthesia Services



Diagnostics



Specialty Pharmacy



Optical Services

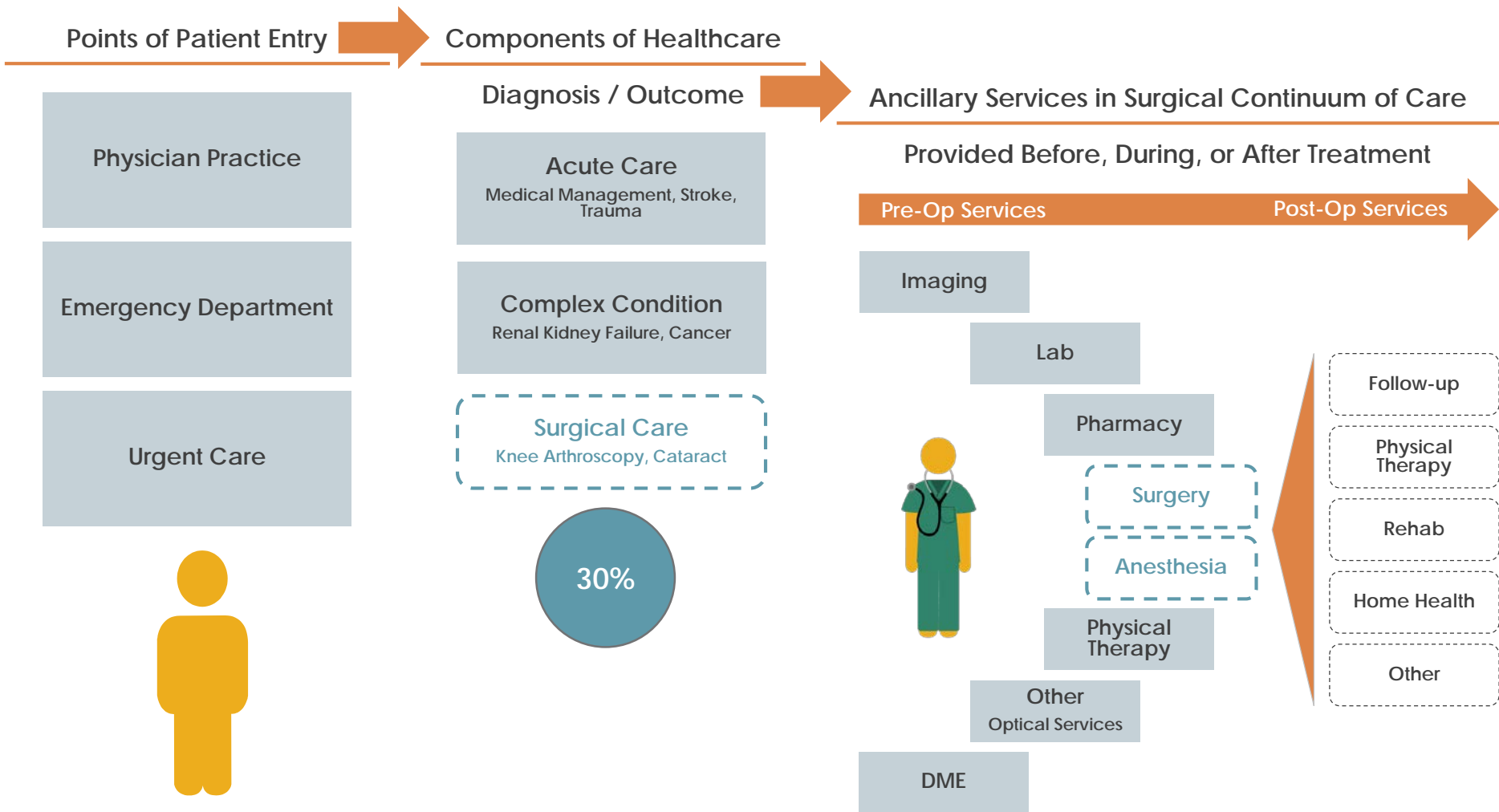
Company Highlights

A network of outpatient care focused services

- ✓ over 600,000 annual patients
- ✓ 4,000 affiliated physicians
- ✓ 6,000 talented employees
- ✓ Facilities in 29 states
- ✓ Patient preferred locations

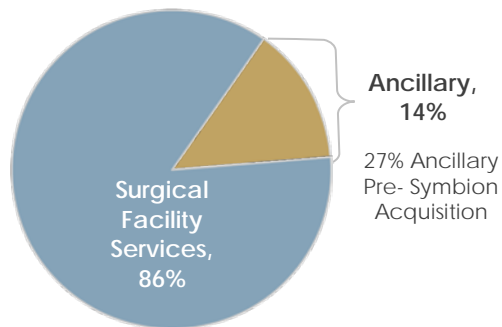
Our Delivery Model

Solving for cost containment in the surgical continuum of care

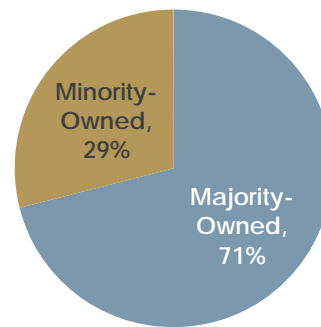


Operating Philosophy

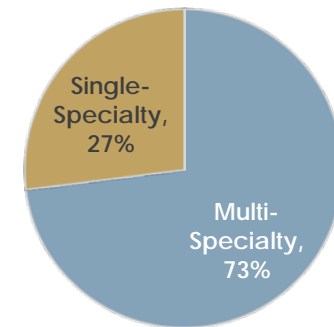
Business Mix



Ownership Structure



Facility Model



- Creates multiple levers to grow volume and increase profitability
- Ancillary earnings entirely retained by us
- Services otherwise outsourced to unaffiliated third parties

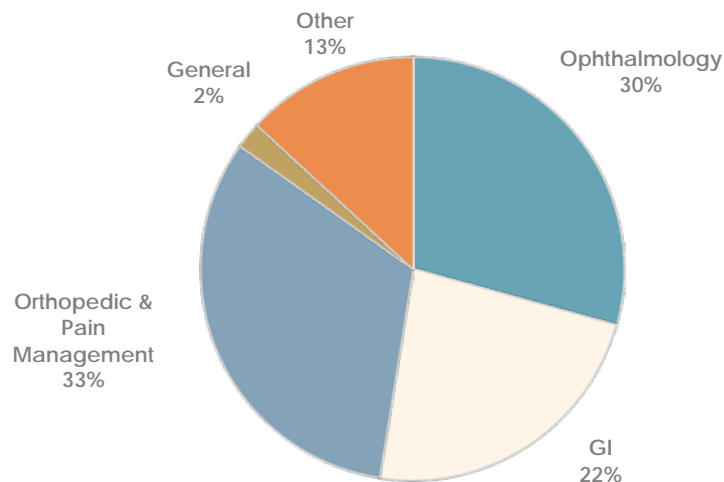
- Own and operate 104 surgical facilities
- Enhanced ability to meet the needs of the local market and its patients

- Provides the ability to expand our surgical specialty offerings based on market demand
- Enables the stability and predictability of our revenue

Diversified Business Mix

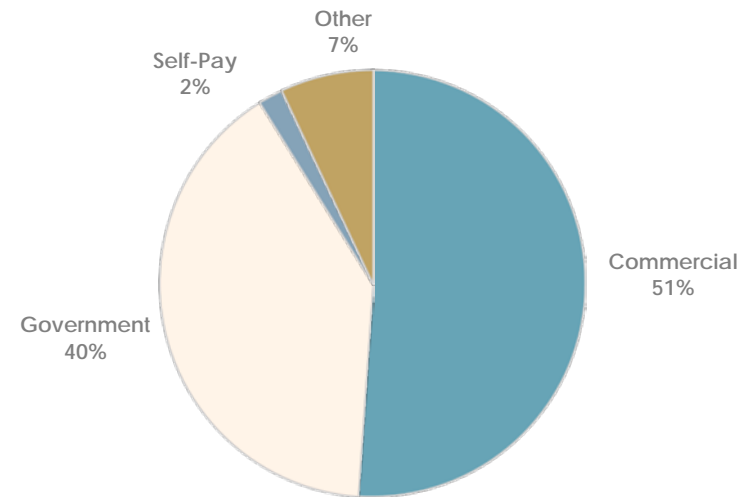
Delivers Stability, Growth and Strong Margins

Specialty Mix



- Drives stable and predictable revenue
- Provides multiple levers to grow volume
- Broadens the pool of surgical specialists to recruit

Payor Mix



- Limited exposure to bad debt
- Limited out-of-network exposure
- Diversified payor base resulting from local contracting

Physician Engagement Strategy

Flexible approach to
physician engagement



Physician-centric culture
focused on customer service

Drives success in recruiting and retaining high quality physicians

Over 100 Employed Physicians

~1,000 Partnered Physicians

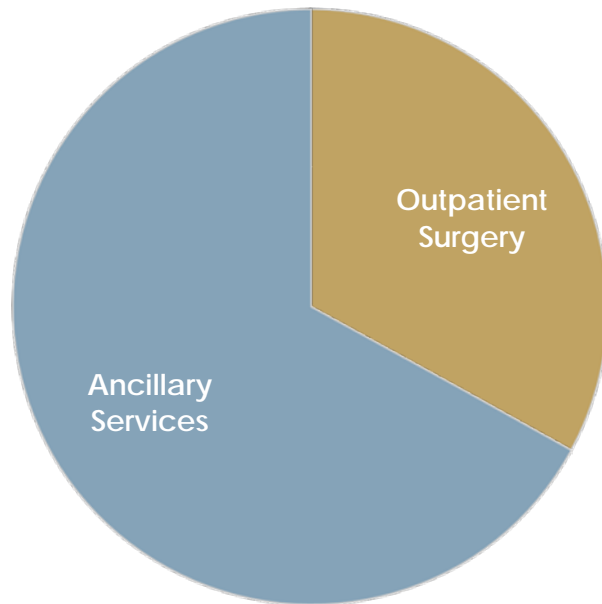
~3,000 Affiliated Physicians

Differentiated engagement approach: instrumental to growth

Beyond the Traditional Model

Our physician practice operations drive meaningful value

Ramp Up of a Typical In-Market Physician Practice



Pro forma Adjusted EBITDA Contribution



Outpatient Surgery



Practice Operations



Diagnostic Services



Pharmacy Services



Anesthesia Services

Defined Spectrum of Opportunities

Our Integrated Approach to Advancing Markets Allows for Flexibility to Provide Care on an Individualized, Local Market Basis

New Market Entry



Surgical Facilities



Ancillary Services



Joint Ventures

Existing Market Advancement



Base Business

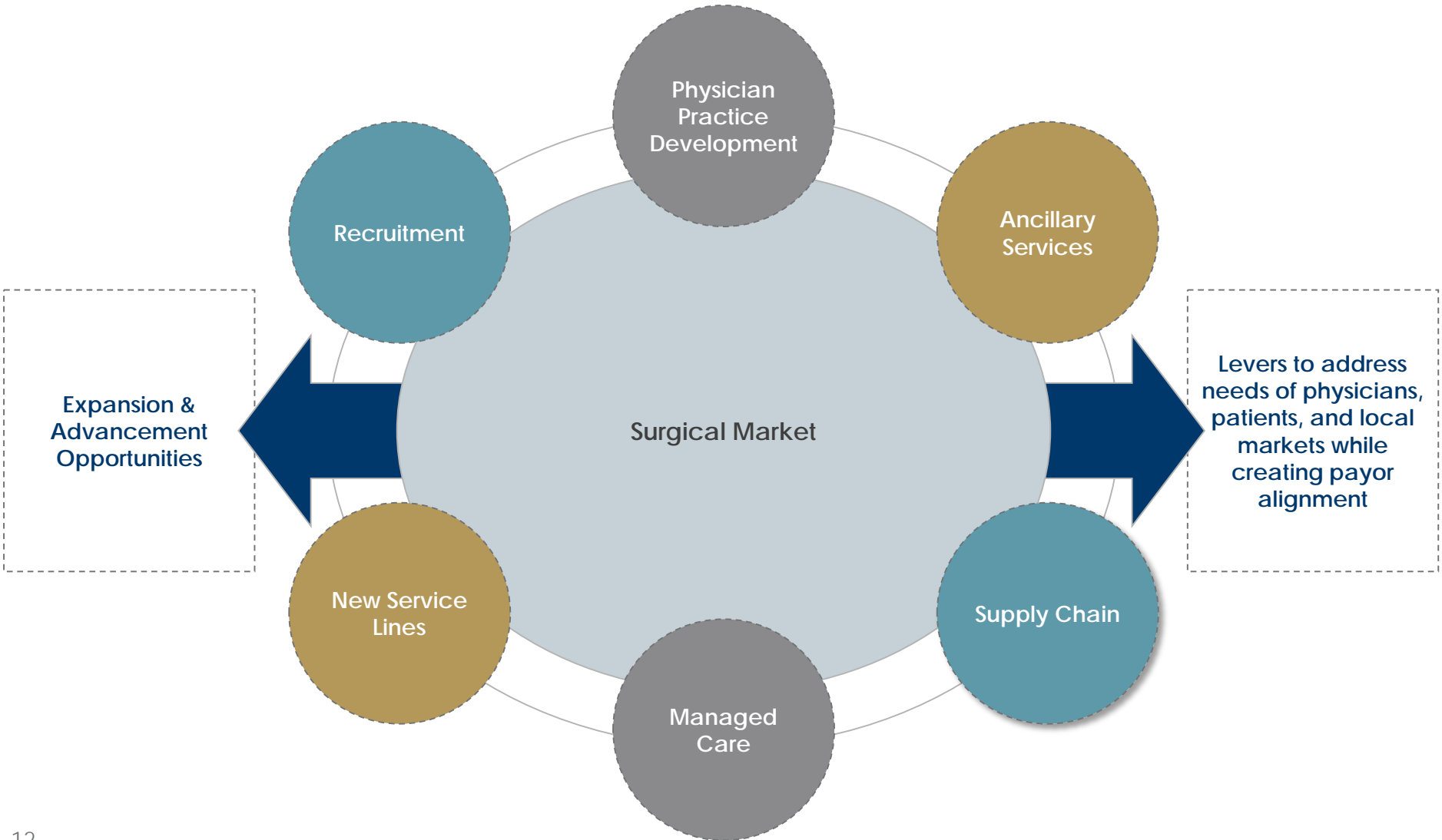


In-Market Development



New Service Lines

Growth Opportunities in Action



Core Growth Strategy

Enhancing market presence through traditional growth paths

Recruitment

- Focused national recruiting team with market-specific approach
- Employment offers additional value driver for meaningful growth

New Service Lines

- Market and payor-specific strategies
- Capture higher acuity procedures suitable in outpatient setting

Managed Care

- Procedure-specific focus
- Strategic focus on program implementation

Most Significant Opportunities



Spine



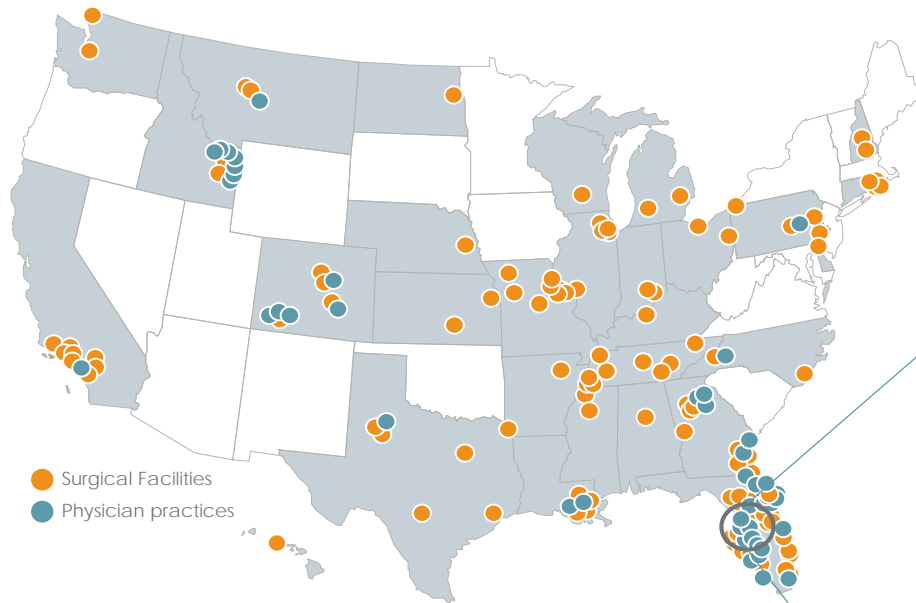
Total Joint



Cardiac

Case Study — Market Maturation

Significant Opportunity to Execute Throughout Current National Portfolio and Across Whitespace in U.S.



Case Study: Tampa Bay, Florida

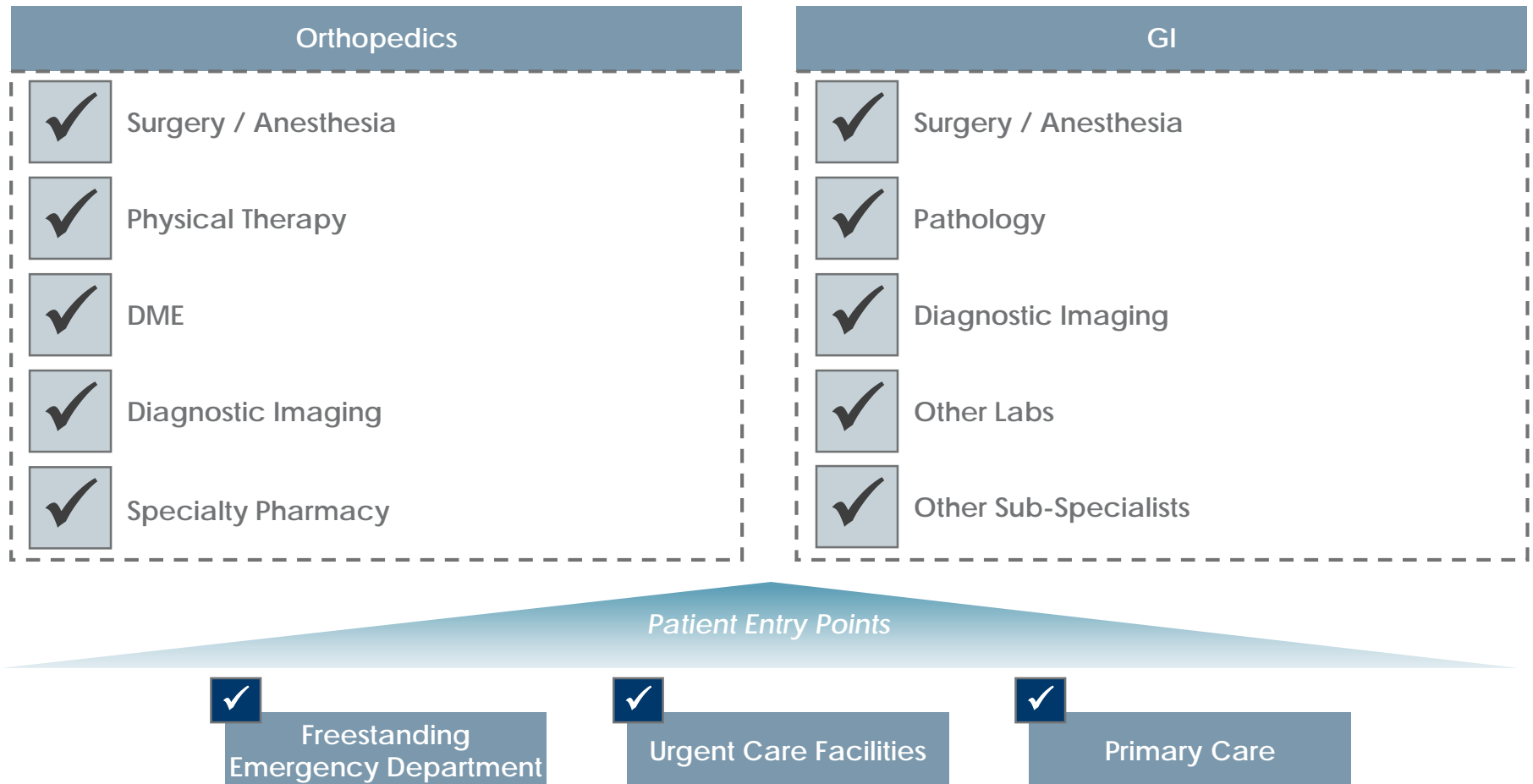
- Integration of all current ancillary service lines (lab, anesthesia, MRI, EMG, specialty pharmacy, DME)
- Continued growth and staffing consistency across employed provider base
- Future market opportunities:
 - Add new specialties and related ancillaries (e.g., PT coming in Q1 2017)
 - Existing practice expansion
 - Roll out workers compensation program
 - Specialty specific bundling

	2012E	2016E
Market Revenue	\$35 Million	\$62 Million
Ancillary EBITDA as % of Total EBITDA	42%	47%

Specialty Ancillary Specific Opportunities

Physician Practice Development — Opportunity Roadmap

Significant Runway to Replicate Success and Further Build Out Ancillary Offerings



Creating a Win-Win-Win Value Proposition

A Physician-Centric Value Proposition Designed to Drive High Quality Patient Care in a Low Cost Setting

Patients

- Convenient, comfortable and cost-efficient settings
- Superior clinical outcomes and increasing patient satisfaction while reducing costs

Physicians

- Flexible approach to physician engagement: employment, partnership, affiliation
- Convenient and efficient surgical facilities
- Differentiated care delivery model enhancing care coordination, quality, outcomes

Payors

- Outpatient care at significantly lower cost than general acute care hospitals
- OIG estimates \$12bn Medicare savings shifting outpatient surgery to an ASC setting

We Operate Differently

Our Innovative Approach Differentiates Us

Traditional Growth

- ✓ Focused Recruitment Team
- ✓ Dedicated M&A Department
- ✓ Centralized Managed Care Contracting
- ✓ Comprehensive Supply Chain Strategy
- ✓ Facility Optimization Resources

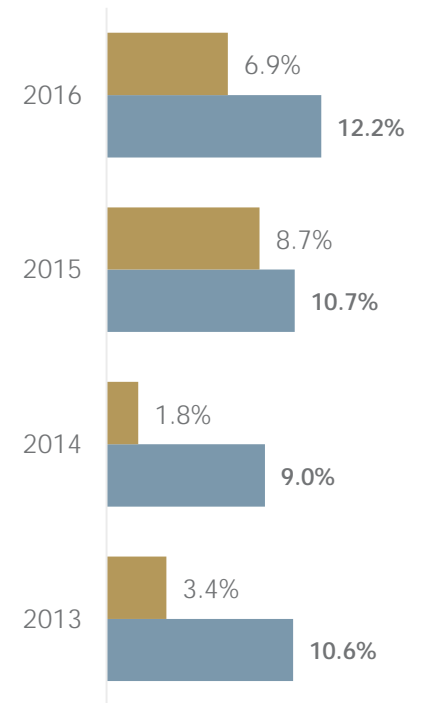


Unique Attributes

- ✓ Multi-Specialty
- ✓ Majority-Owned
- ✓ Ancillary Services Infrastructure
- ✓ Physician Employment Capabilities
- ✓ Diversification by Design



Same Facility Growth



Peer Average⁽¹⁾ Surgery Partners

(1) Peer average includes USPI, AmSurg, and SCAI.

Financial Overview

Financial Overview Key Highlights

- ✓ Differentiated operating model: Unique focus on ancillary services
 - ✓ Strong financial performance: Industry leading same-facility growth
- ✓ Significant scale, diversification and value creation from transformational acquisitions
 - ✓ Significantly accelerate future growth potential
 - ✓ Result in best-in-class management team with historical track record of successful execution
- ✓ Roadmap for future growth leverages our core competencies:
 - ✓ Multi-specialty focus
 - ✓ Majority ownership
 - ✓ Ancillary services penetration
 - ✓ Ongoing in-market physician practice development
 - ✓ Opportunistic surgical facility acquisitions
- ✓ 2017 Revenue growth in the range of 9% to 11% over 2016
- ✓ 2017 EBITDA growth in the range of 10% to 15% over 2016

Q4 2016 Performance Review

Financial Performance and Same-Facility Trends

- Q4 2016 Revenue of \$306.0 million and Adjusted EBITDA of \$50.1 million
 - 112,497 cases; \$2,706 revenue per case
- Achieved 10.8% same-facility revenue growth, driven by:
 - 3.7% same-facility case growth
 - 6.7% same-facility net revenue per case growth
- Achieved this growth despite a tough prior year comp (13.5% same-facility revenue growth during Q4 2015), demonstrating continued upward trajectory in operating performance and proving strong fundamentals

Q4 MD&A

- Total company revenue increased 16.2% while Adjusted EBITDA increased 14.4%, completing the largest quarter in the company's history
- Core surgical facilities segment continued to demonstrate strong performance through Q4
 - Revenue growth of 14.8% over prior year; Adjusted EBITDA growth of 19.9% over prior year and margin expansion of 90 basis points

Development

- Acquired PSOC in Irvine, CA in Q4 2016
 - Providing new contract access and opening up opportunities in market with a strong practice footprint to expand upon

FY 2016 Performance Review

Financial Performance and Same-Facility Trends

- 2016 Revenue of \$1,145.4 million and Adjusted EBITDA of \$179.3 million
 - 427,537 cases; \$2,611 revenue per case
- Achieved 12.2% same-facility revenue growth, driven by:
 - 6.6% same-facility case growth
 - 5.2% same-facility net revenue per case growth
- Achieved this growth despite a tough prior year comp (10.7% same-facility revenue growth during 2015), demonstrating continued upward trajectory in operating performance and proving strong fundamentals

2016 MD&A

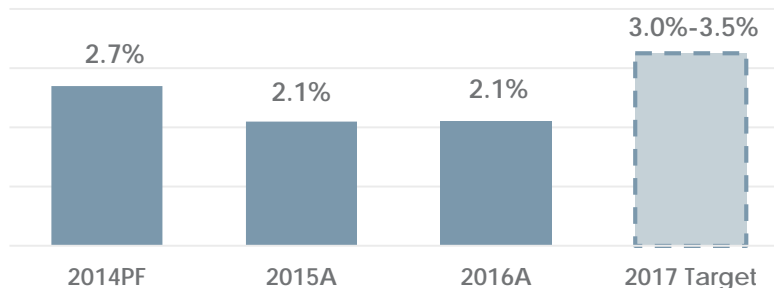
- Total company revenue increased 19.3% while Adjusted EBITDA increased 13.4%
- Core surgical facilities segment continued to demonstrate strong performance through 2016
 - Revenue growth of 17.9% over prior year; Adjusted EBITDA growth of 18.9% over prior year and margin expansion of 20 basis points

Development

- Acquired two integrated physician practices
 - Irvine, CA, adding five practice locations and two ASCs
 - Jacksonville, FL, adding nine practice locations, an ASC, and anesthesia practice and a pharmacy; supported by nine physicians and six mid-level providers
- Acquired three ASCs: Briargate (CO), Houston (TX), and Hammond (LA)
- Acquired three anesthesia practices: Houston (TX), Jonesboro (AR), and Hammond (LA)
- Acquired eight physician practices: Melbourne (FL), Sarasota (FL), five in Idaho Falls (ID), Fort Myers (FL), and an urgent care facility in Pocatello (ID)

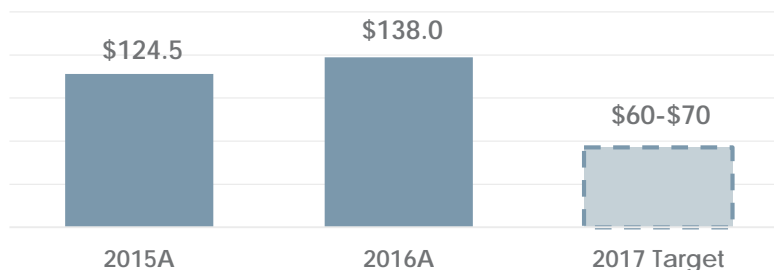
Consistent Cash Flow Attributes

Capital Expenditures⁽¹⁾ (% of Revenue)



- Low historical maintenance capex as a percentage of net revenue of ~3%
- Growth capex has been strategically deployed to fund core surgical initiatives, new practice acquisitions, and internal development of ancillary operations

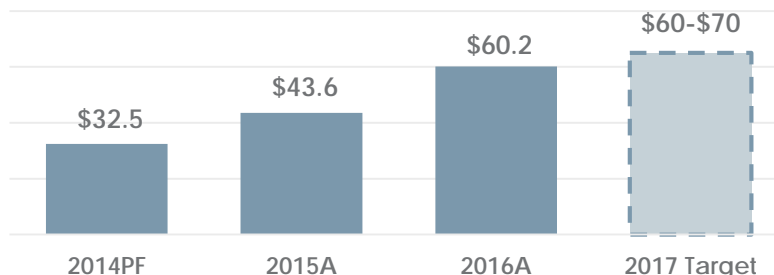
Acquisition Spend⁽²⁾ (\$mm)



- Capital efficient growth strategy
- Accretive acquisition multiples across all transaction types

Normalized Free Cash Flow

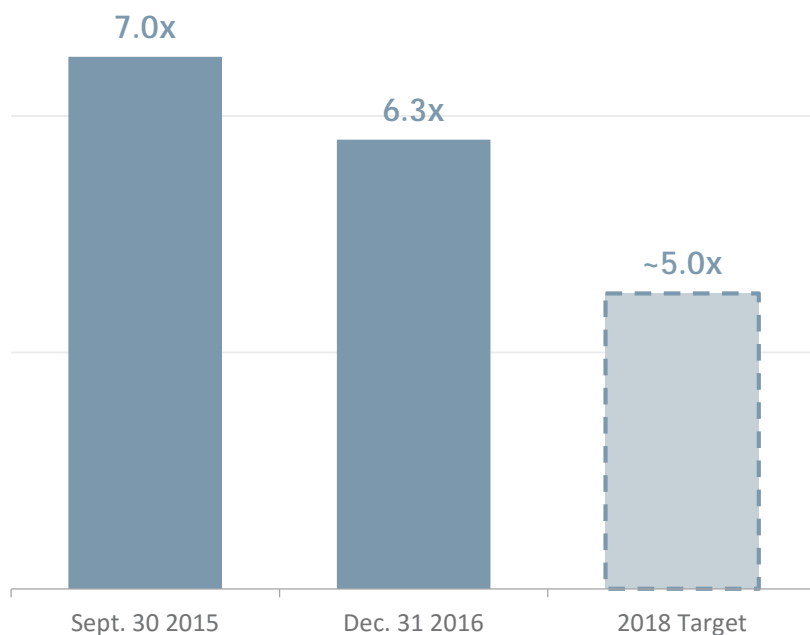
Free Cash Flow⁽³⁾ (\$mm)



- Stable cash flows diversified across specialties, business lines, and geographies
- Ancillary services benefit consolidated margins
- History of disciplined cash flow management

Capital Structure

Pre- and Post-IPO Leverage⁽¹⁾



Capitalization Table

(\$ in millions)	Actual
Cash	\$ 69.7
Indebtedness:	
Revolving Credit Facility	85.0
1st Lien Term Loan	932.0
Total Secured Debt	\$ 1,017.0
Senior Unsecured Notes	400.0
Subordinated Notes A	1.0
Facility Level Debt	56.5
Total Net Debt	\$ 1,404.8

Recent Events

- During the second half of 2016, amended First Lien Credit Agreement
 - Reduced the applicable margin by 50 basis points
 - Results in annual interest savings of approximately \$5 million

Concluding Remarks
