

1Q 2017 Update



SURGERY PARTNERS

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Company Overview

Surgery Partners Today

Healthcare Facilities

99

ASCs

5

Surgical Hospitals

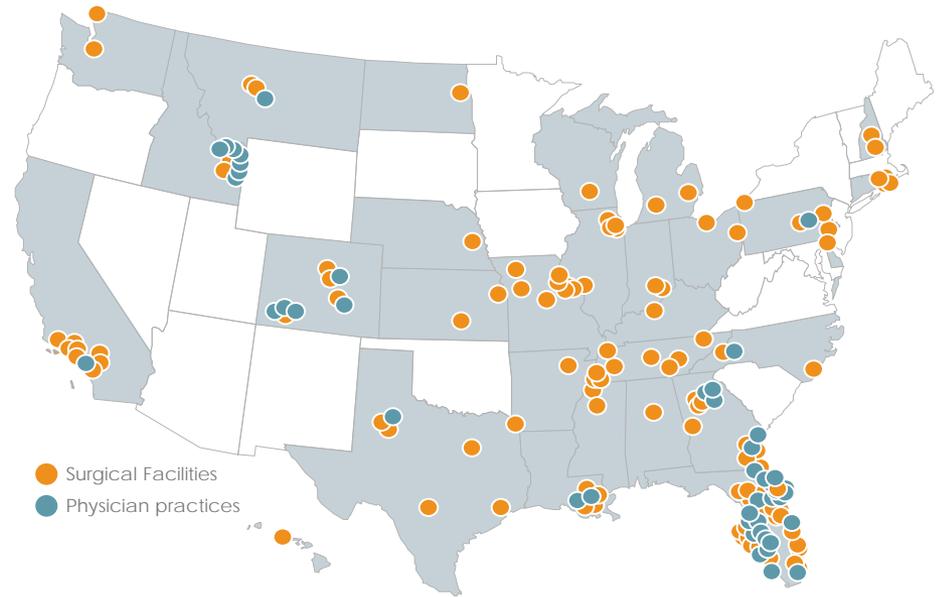
56

Physician Practices

7

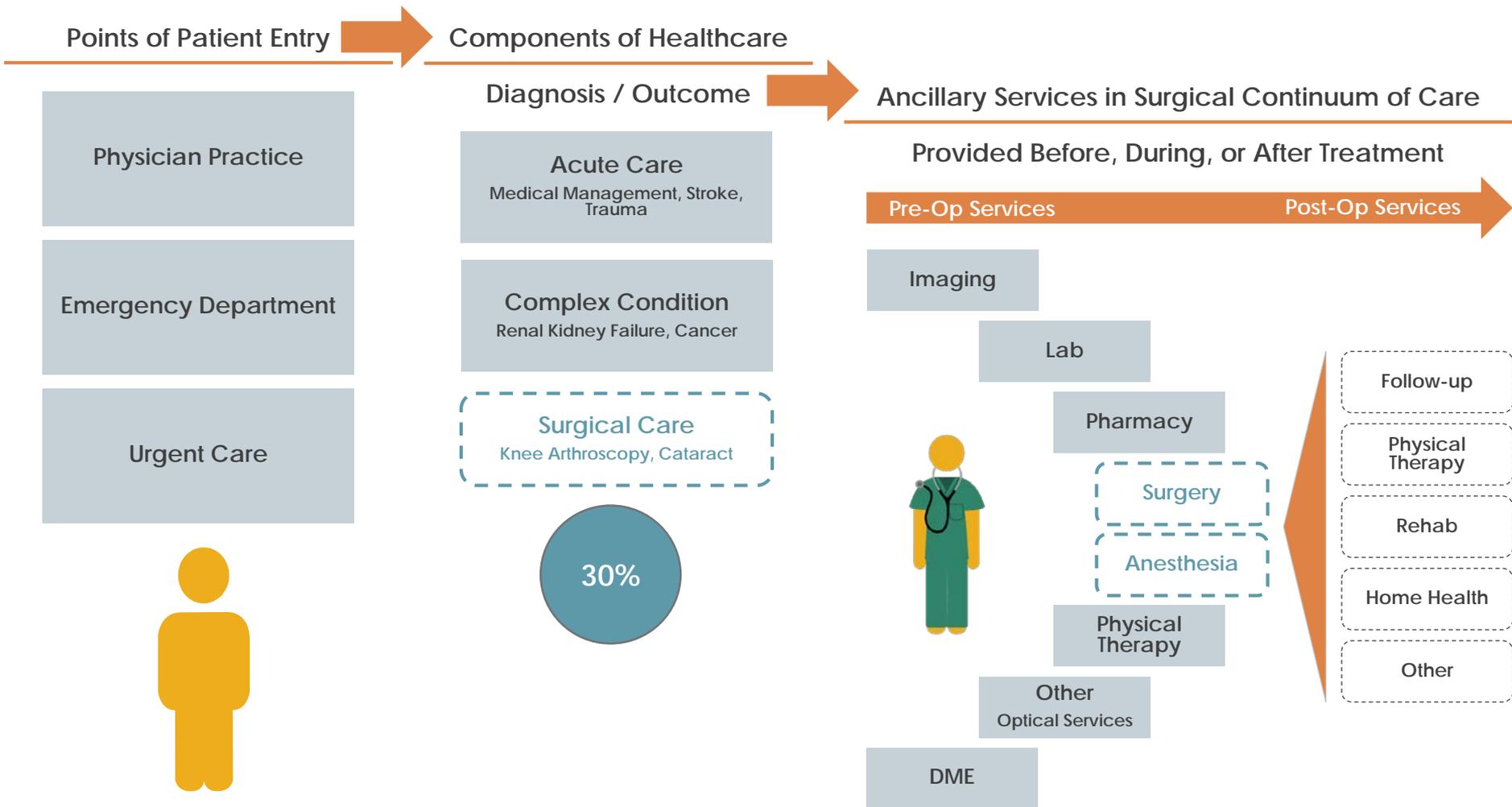
Urgent Care Facilities

National Network



Our Delivery Model

Solving for cost containment in the surgical continuum of care



We Operate Differently

Our Innovative Approach Differentiates Us

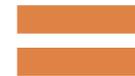
Traditional Growth

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

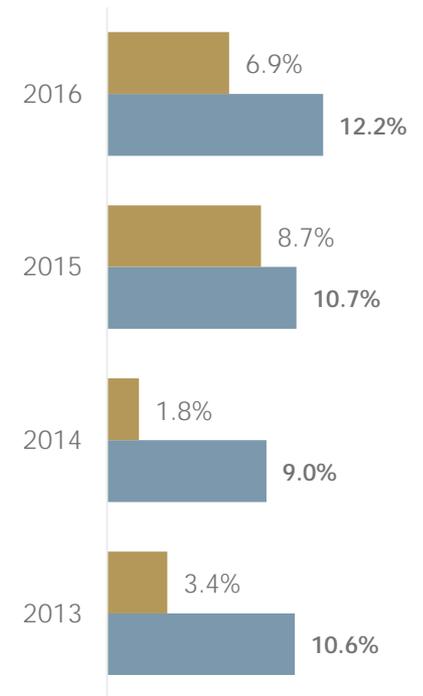


Unique Attributes

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



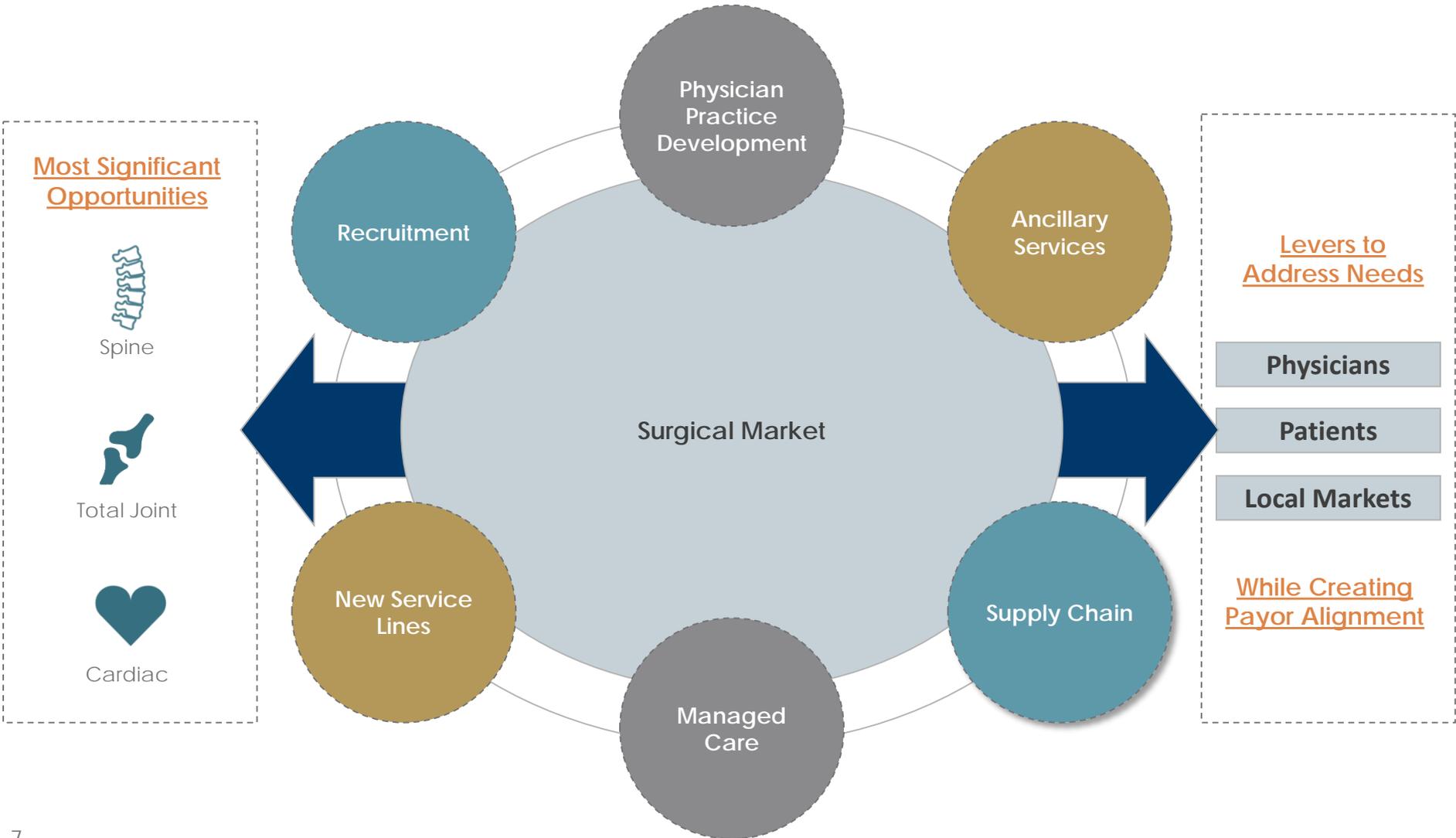
Same Facility Growth



Peer Average⁽¹⁾ Surgery Partners

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

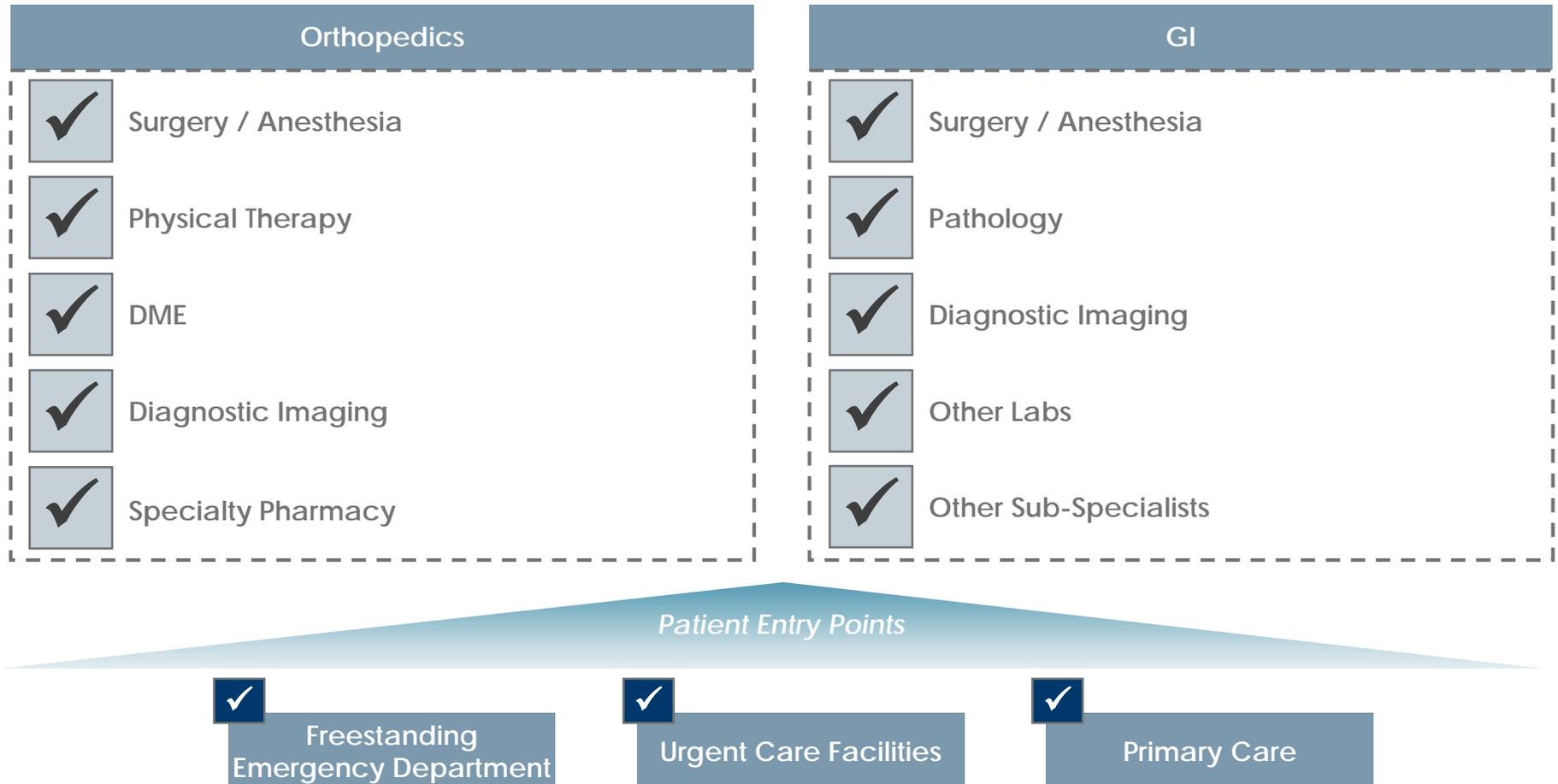
Growth Opportunities in Action



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

NSH Acquisition

Natural Combination Expands on Outpatient Capabilities in Healthcare Delivery



Surgery Partners has agreed to acquire National Surgical Healthcare in a transaction valued at \$760M

- ✓ Largest standalone, independent surgical services company in the United States
- ✓ Expanded musculoskeletal capabilities in complex procedures as well as continuum of care breadth
- ✓ Payor-focused engagement strategy to address industry needs for cost of higher acuity cases
- ✓ Expected to be immediately accretive to Adjusted Cash EPS in 2018
- ✓ Shared “patient first” mentality among companies

125 surgical facilities across 32 states

~\$1.7 billion combined LTM revenue

>\$250 million combined LTM EBITDA

~\$20 million of identified synergies

About National Surgical Healthcare

Highly Complementary and Strategic Asset



21 Surgical Facilities in 15 Markets



75% Musculoskeletal Procedure Mix



>1,200 Affiliated Physicians



Highly Contracted with Limited (~3%) Out of Network Exposure



Formerly Largest Privately Held Surgical Facility Platform in U.S.



Recognized Leader in Quality and Patient Satisfaction

New Long-Term World Class Shareholder



Bain Capital has agreed to acquire all outstanding Common Stock held by H.I.G. Capital and partner with Surgery Partners as the Company's largest shareholder

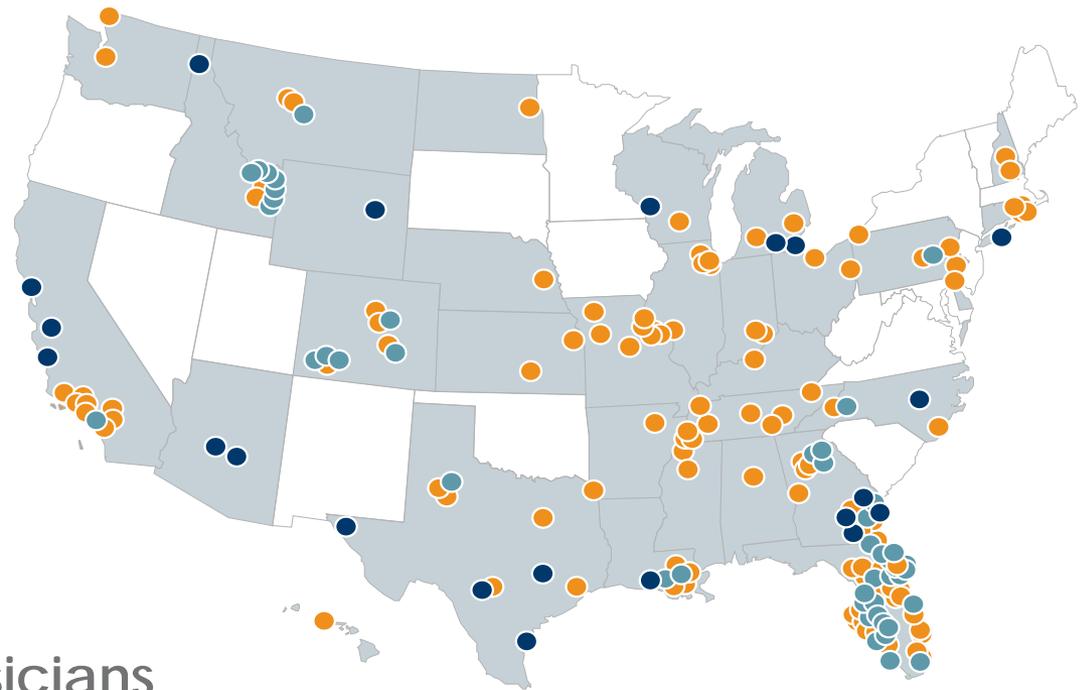
- ✓ Partnering with one of the world's leading multi-asset investment firms with approximately \$75 billion AUM
- ✓ One of the leading investors in the Healthcare sector
- ✓ Extensive experience across the healthcare value chain
- ✓ Strategic investment validating secular trends and dynamics in healthcare favoring low-cost providers



Introducing The New Surgery Partners

National Network of Healthcare Facilities

- 107 ASCs
- 18 Surgical Hospitals
- 56 Physician Practices
- ✓ Facilities in 32 States
- ✓ >5,000 Affiliated Physicians
- ✓ Ancillary Services Infrastructure



● Existing Surgical Facilities
● NSH Facilities
● Physician Practices

Creating the Premier National Musculoskeletal Platform in the U.S.

2x

increase in hip revision procedures projected by 2026

\$7BN

annual Medicare spend on total joint procedures

100 million

Adults in the U.S. with chronic pain

~40%

Savings over HOPD setting

-
- ✓ First branded national musculoskeletal practice management company
 - ✓ Well positioned for opportunity to capture total-joint replacement procedures
 - ✓ Expanded network of total joint, orthopedic and spine capabilities
 - ✓ Front-end of industry trend toward moving high complexity cases to short stay settings
-

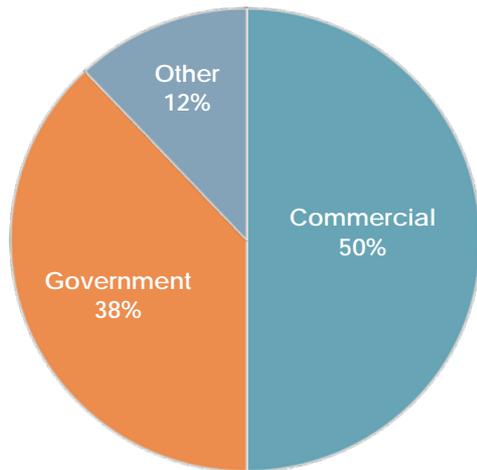


Diversified Pro Forma Business Mix

Delivers Stability, Growth, and Strong Margins

Payor Mix

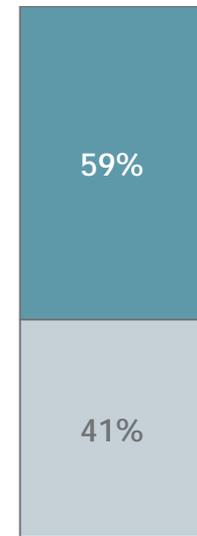
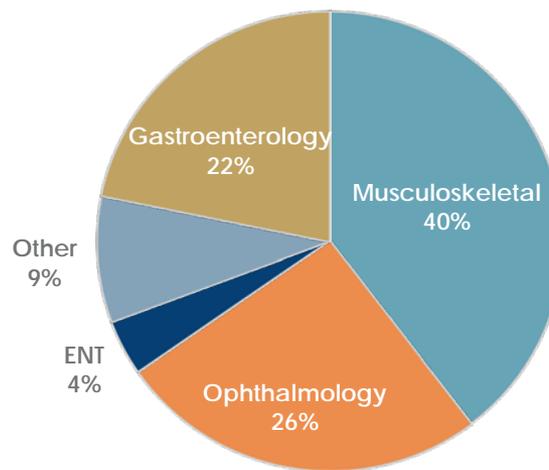
Net Revenue by Payor



Specialty Mix

Volume

Net Revenue



■ Other ■ Musculoskeletal

Highly Experienced Management Team with Operational and Integration Track Record

Precedent Strategic M&A

 SURGERY PARTNERS




National
Surgical Healthcare


SYMBION
HEALTHCARE


NovaMed

Experienced Management Team



Track Record of Successful Integration of Transformational M&A



Differentiated Organic Growth Strategy



Operational Expertise Across Surgical Specialties and Related Services



Long History of Delivering Financial Results and Driving Shareholder Value

NSH Transaction Structure

Transaction Structure and Financing

Key Highlights

- ✓ New debt used to finance the acquisition of NSH and pay transaction fees
- ✓ Leverage neutral transaction: ~6.5x Total Net Leverage
- ✓ Pro forma capital structure allows de-levering through growth
- ✓ Facilitates continued M&A activities while maintaining manageable leverage
- ✓ Jefferies providing committed financing

Financing and Structure

NSH Acquisition

- Secured Debt
 - New \$75 million Revolver
 - New 7-year \$1,290 million First Lien Term Loan (2024 maturity)
- Fixed Rate Debt
 - Existing \$400 million Senior Unsecured Notes remain in place (2021 maturity)
 - New 8-year \$335 million Senior Unsecured Notes (2025 maturity)
- Convertible Preferred Equity
 - New 5-year ~\$300 million Preferred Equity provided by Bain Capital
- **HIG Take-Out**
 - Bain will acquire outstanding stock of Surgery Partners held by HIG for cash

Track Record of Growth and Integration

 SURGERY PARTNERS



 SURGERY PARTNERS



 SURGERY PARTNERS



Year:	2011	2014	2016PF
Facilities:	49 ⁽²⁾	102 ⁽²⁾	125
Revenue:	\$260mm ⁽²⁾	\$871mm ⁽²⁾	~\$1.7bn

- Establishment of strong business foundation and services platform
- NovaMed added 37 surgical facilities and ancillary optical services to the platform
- Diversified geography and specialty mix
- Initial expansion into vertical integration

- Business diversification and services expansion focused on multi-specialty
- Launched diagnostic lab services (Logan Labs) in 2012
- Symbion added 55 surgical facilities and significantly increasing ancillary expansion targets
- IPO – October 2015

- Complementary expansion of multi-specialty capabilities
- Diversifies footprint and expands services to broaden breath of key service line offerings
- Provides significant opportunity to further adapt to changing dynamics in healthcare by further solving for cost and quality

Financial Update

Q1 2017 Performance Review

Financial Performance and Same-Facility Trends

- Q1 2017 Revenue of \$286.2 million and Adjusted EBITDA of \$40.1 million
 - 108,829 cases; \$2,630 revenue per case
- Achieved 7.8% same-facility revenue growth, driven by:
 - 2.1% same-facility case growth
 - 5.6% same-facility net revenue per case growth

Q1 MD&A

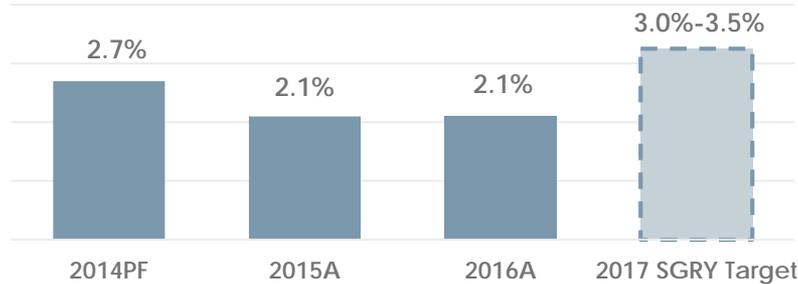
- Total company revenue increased 7.2% while Adjusted EBITDA increased 4.4%
- Surgical facility services segment continued to demonstrate strong performance with Q1 2017 revenue growth of 5.1% and Adjusted EBITDA growth of 5.7% over prior year
 - Segment demonstrated 10bps of margin expansion, with Adjusted EBITDA margin of 18.7% in Q1 2017 versus 18.6% in Q1 2016

In-Market Development

- Completed three acquisitions for an aggregate purchase price of \$7.0 million during the quarter
 - Acquired one surgical facility that was merged into an existing facility in Beverly Hills, CA
 - Acquired two physician practices in Idaho Falls, ID
- Strong pipeline in place to meet capital deployment expectations for remainder of 2017

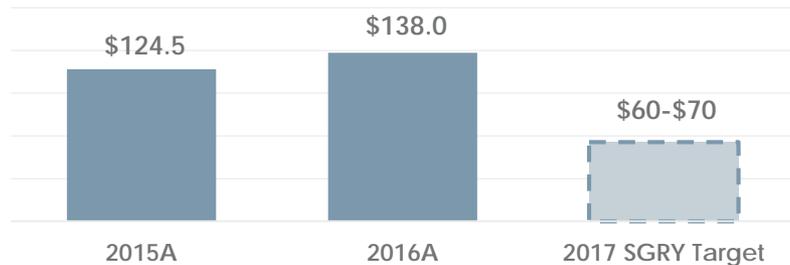
Consistent Cash Flow Attributes

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

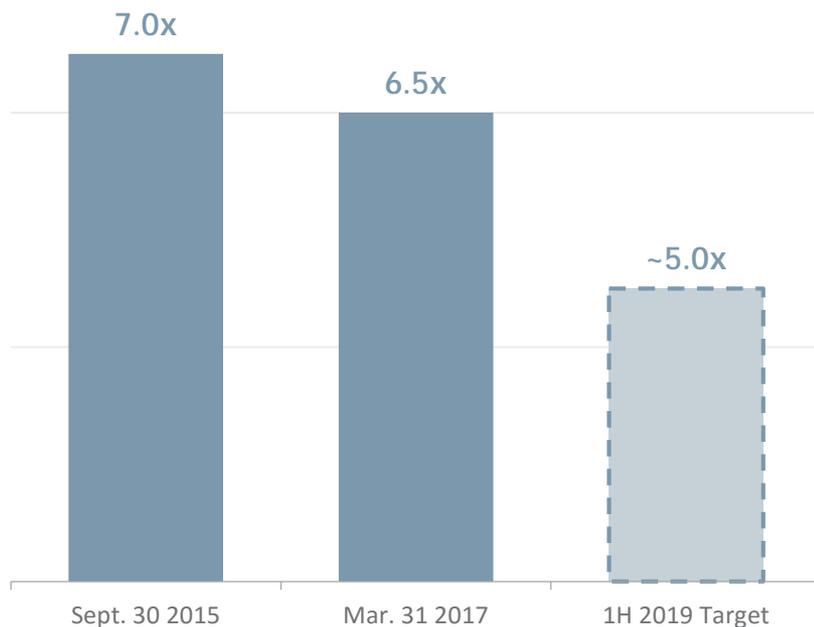
Free Cash Flow⁽³⁾ (\$mm)



- 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	\$ 56.0
Indebtedness:	
Revolving Credit Facility	69.0
1st Lien Term Loan	929.6
Total Secured Debt	\$ 998.6
Senior Unsecured Notes	400.0
Subordinated Notes A	1.0
Facility Level Debt	55.7
Total Net Debt	\$ 1,399.3

Concluding Remarks
