Investor Presentation

Tuesday, March 20, 2018

Giving people the freedom to remain at home

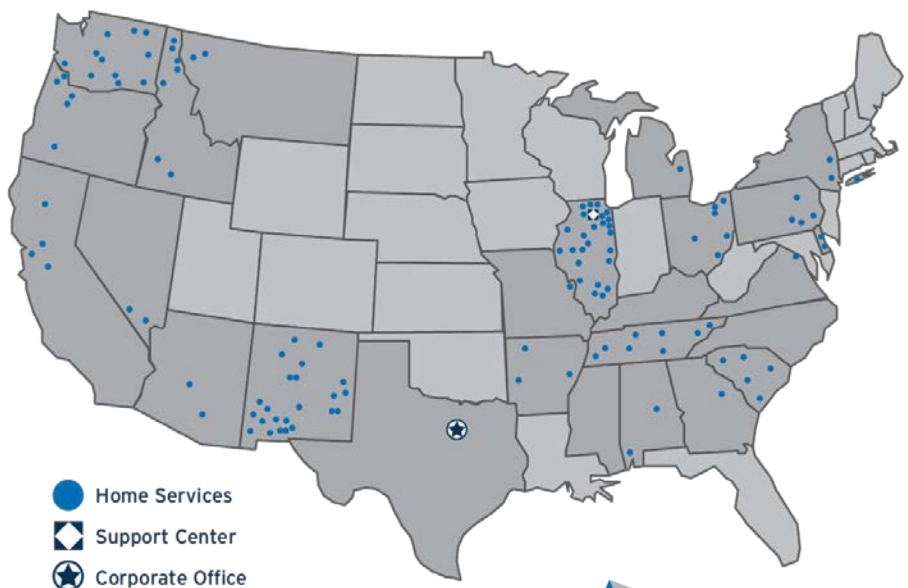
ADDUS HOMECARE

Forward-Looking Statements

The following information contains, or may be deemed to contain, forward-looking statements. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The future results of Addus may vary from the results expressed in, or implied by, the following forward-looking statements, possibly to a material degree, and historical results may not be an indication of future performance. For a discussion of some of the important factors that could cause Addus' results to differ from those expressed in, or implied by, the following forward-looking statements, please refer to Addus' most recent Annual Report on Form 10-K, and its Quarterly Reports on Form 10-Q, each of which is available at www.SEC.gov, particularly the Sections entitled "Risk Factors." Addus undertakes no obligation to update or revise any forward-looking statements, except as may be required by law.

Addus Profile

- A comprehensive provider of home care services, primarily focused on personal care services, including essential activities of daily living, such as assistance with bathing, oral and skin care, dressing, medication, housekeeping, transportation and meal planning, preparation and feeding
- Serves over 34,000 consumers - typically elderly, chronically ill or disabled and at risk of hospitalization or institutionalization
- Without this care, consumers typically progress to nursing homes at more than 3x the cost
- Operates 116 offices in 24 states with over 26,000 employees
- LTM revenues: $425.7 million
- LTM adjusted EBITDA: $36.8 million



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Compelling Investment Considerations

- The leading provider in a large and highly fragmented personal care industry undergoing transformational change
- Strong demographic trends support long-term growth
- Attractive position in continuum of pre- and post-acute care in value-based care environment
- Multiple avenues for Addus growth
  - Continuing organic growth with traditional payors (states) in existing and new markets
  - Market-leading position for ongoing industry shift to MCO payors
  - Accretive acquisition opportunities in core personal care business
  - Entry into adjacent business of hospice services provided in the home
- Minimal capital expenditures; significant free cash flow; low leverage
- Experienced healthcare management team

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A Leader in a Large, Highly Fragmented Industry

- One of the largest, and only, public home care providers primarily focused on personal care services
- Approximately 18,000 licensed home and community service agencies nationwide
- Personal care represents a $56 billion market
- Growing consolidation pressure due to increasing cost and complexity of operations
- Regulatory drive to coordinate care between Medicare and Medicaid programs for 9 million dual eligibles by shifting management to MCOs, favoring scaled home care providers

1. *Source: www.kff.org/medicaid/state-indicator/spending-on-long-term-care/*

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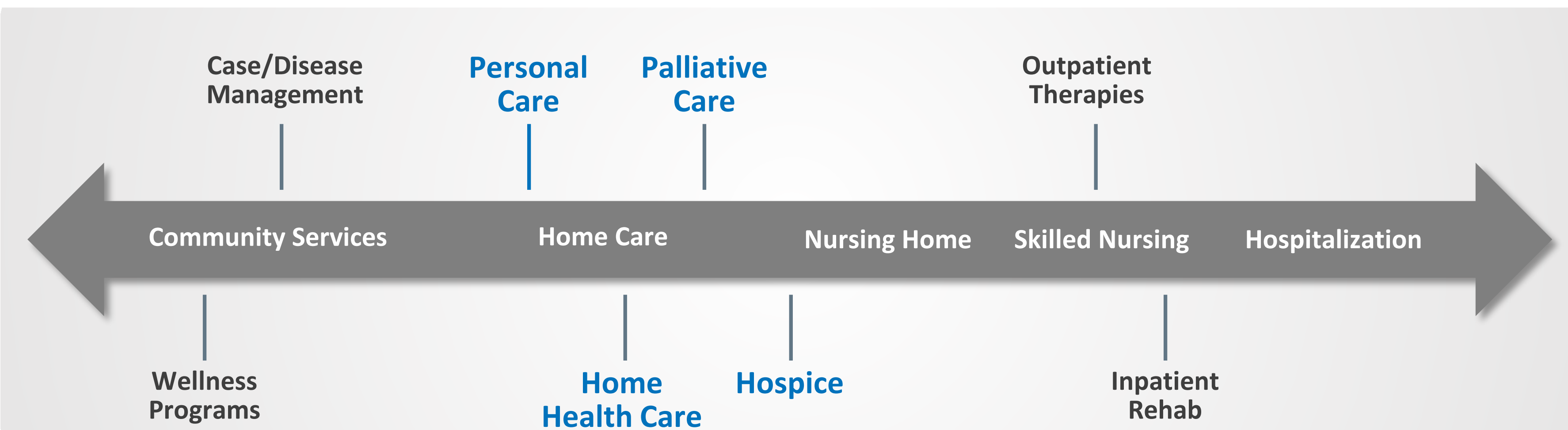
Attractive Position on Continuum of Care

We provide personal care services to high cost healthcare consumers in their homes at the lowest cost for care

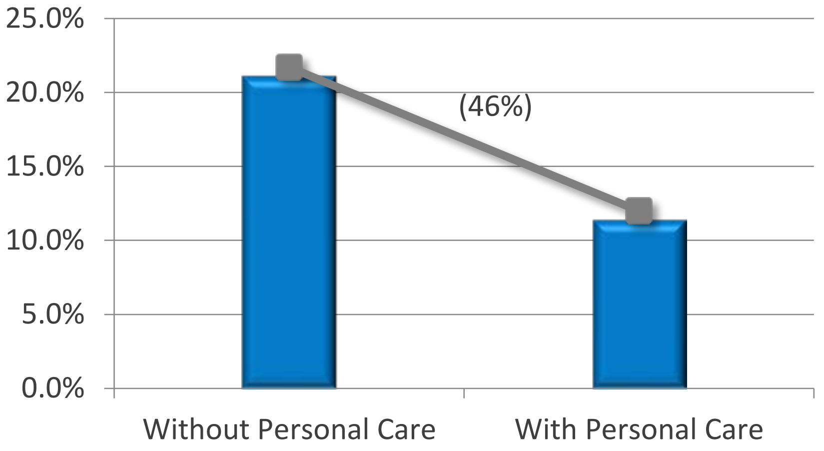
- Average duration of services is approximately 26 months per consumer
- Average 4Q17 monthly billable hours/consumer is 59.0 hours
- Average 4Q17 revenue per billable hour is $18.21
- Scalable platform that will achieve incremental economies of scale as we grow



Attractive Position on Continuum of Care

Personal care helps keep people out of nursing homes.

The American Journal Of Managed Care
February 2015
Use of a personal care assistance service reduced the likelihood of nursing home placement by 46%.



The home is the lowest cost setting in which to provide care and is preferred by consumers and their families.

Source: Predicting Nursing Home Placement Among Home- and Community-Based Services Program Participants
THE AMERICAN JOURNAL OF MANAGED CARE VOL. 20, NO. 12
February 2015

Multiple Avenues for Addus Growth

Continuing Personal Care Organic Growth with Traditional Payors

- Drive growth in existing locations through initiatives to build sales capabilities
  - Enhance business intelligence to maximize current services
  - Increase interaction with referral sources
- Selected de novo expansion in existing markets
- Targeted range of 3% to 5% organic growth, consistent with market

Multiple Avenues for Addus Growth

Well-Positioned for Industry Shift to MCO Payors

Expectations for Personal Care Providers are Changing and Will Lead to Narrower Provider Networks

Traditional Payors

Industry Structure:

- Few large providers
- 18,000 + small individual providers
- Limited geographic distribution
- No outcomes requirements / reporting

Economic model:

- Paper driven
- Payments based on hours worked
- Wide disparity of utilization

Managed Care Plans

Industry Structure:

- Prefer larger and experienced providers
- Sophisticated technology and access to data
- Electronic visit record
- Outcomes driven

Economic model:

- Data driven
- Value based contracting
- Risk and gain sharing potential

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Multiple Avenues for Addus Growth

Acquisition Profile

- Focused on growing markets with favorable demographics, in states that are fiscally well managed and have a reasonable minimum wage environment
- Must have the potential to become a leading provider in the state, in support of our managed care strategy
- Active discussions underway with companies producing $5 million to $50 million in revenue
- Focused on producing accretive acquisitions
- Will consider acquisitions that include personal care, hospice and other businesses that center on the home and that are strategically complementary

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Multiple Avenues for Addus Growth

Acquisition Opportunities

- Rising consolidation pressure due to increased regulatory, operating, and technology requirements, compounded by transition to MCOs
- Addus operational and management changes have enhanced transaction and integration capabilities
- Active pipeline and strong financial position support annual acquisition goal of annualized net service revenue of approximately 6% of prior-year net service revenue
- Acquisition goal of annualized net service revenue of approximately $24 million for 2017
  - August 1, 2017, completion of acquisition of Options Home Care, a $20+ million annual revenue provider in New Mexico
  - October 1, 2017, completion of private-pay home care provider serving Sun City, Arizona, with $3+ million in annual revenue

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Multiple Avenues for Addus Growth

2018 Acquisitions

- Already exceeded acquisition goal of approximately $26 million of annualized net service revenue for 2018
- January 1, 2018, completed acquisition of Lifestyle Options
  - Private-pay provider of home care services
  - Founded in Chicago in 1989
  - Serves Cook County and 9 additional counties in Illinois
  - $6 million in 2017 revenue
- February 28, 2018, announced agreement to acquire Ambercare Corporation
  - Provides home care services to approximately 2,600 consumers through 15 locations in New Mexico
  - $57 million in 2017 revenue
  - Upon expected completion in the 2nd quarter, Addus will be the leading provider of personal care and hospice services in New Mexico
- Expect to announce additional accretive transactions in 2018

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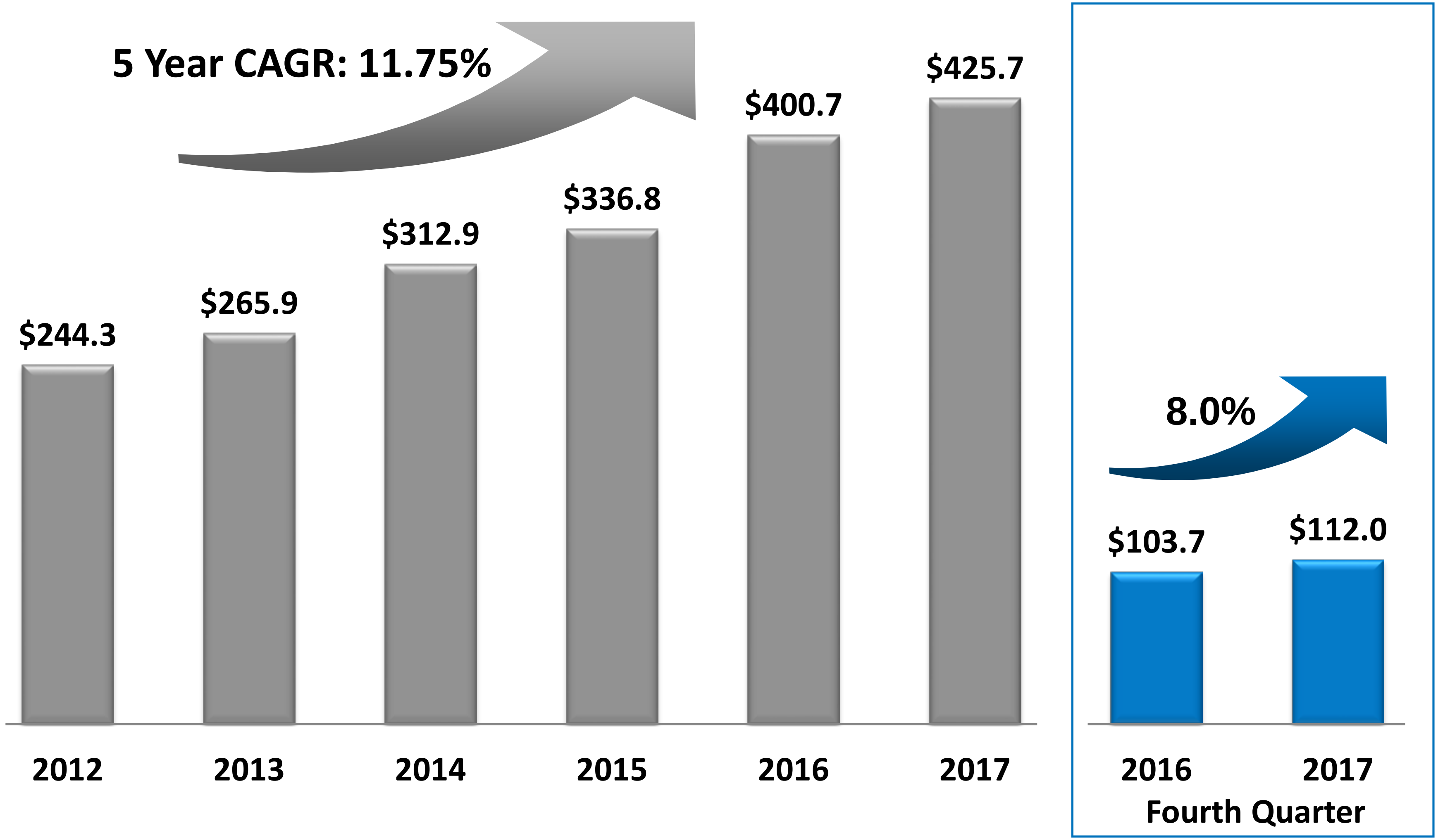
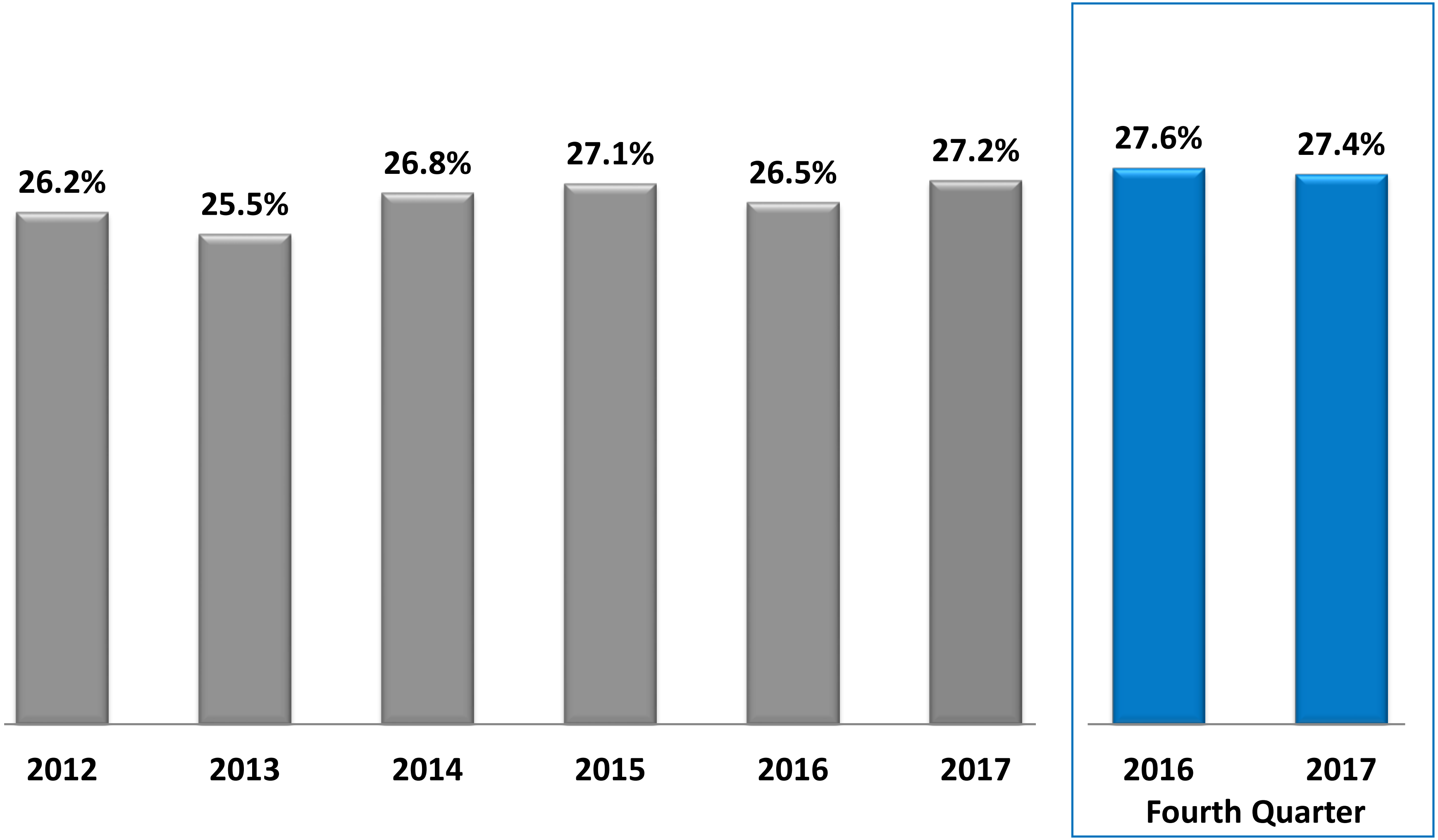
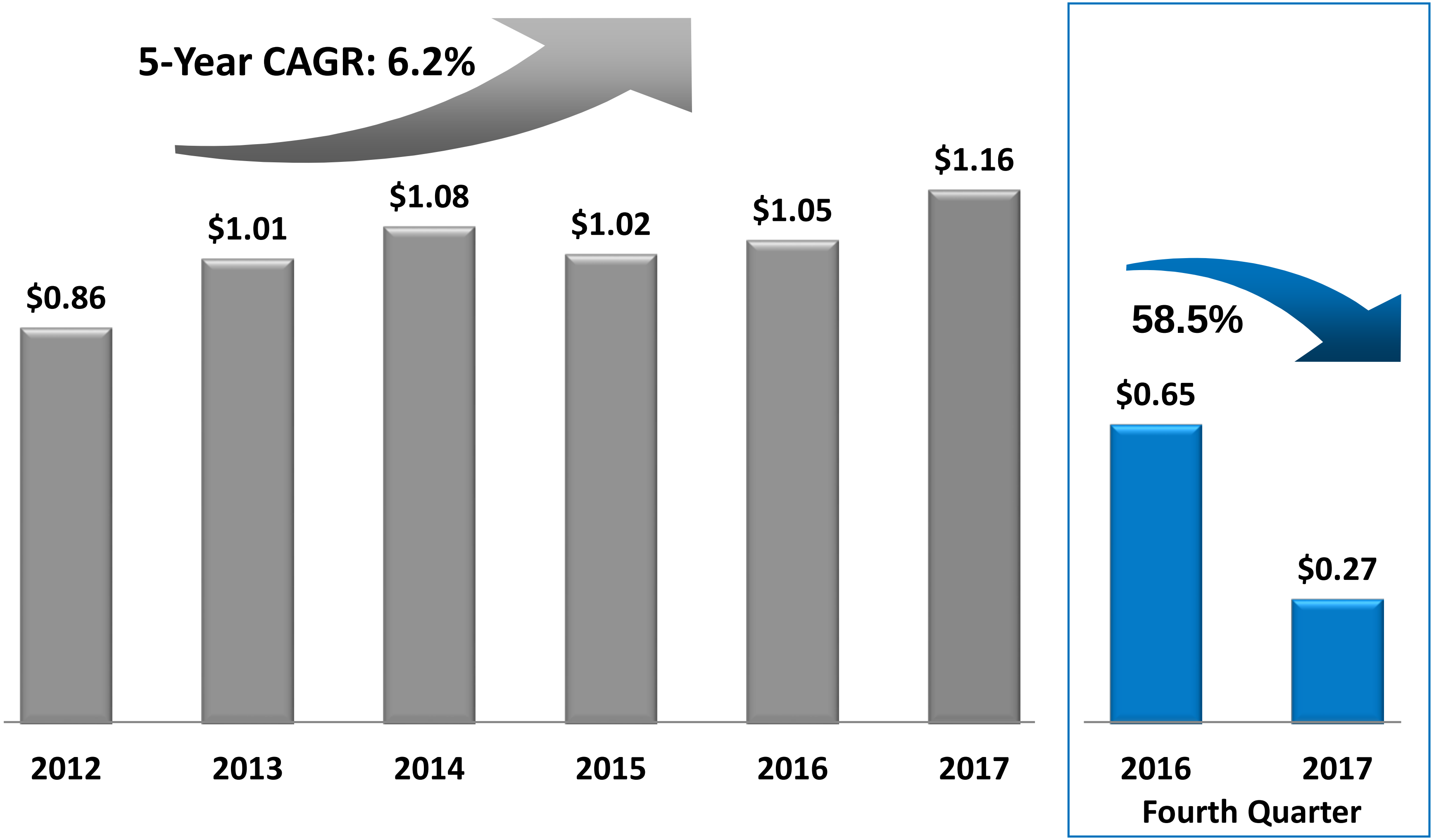
Net Service Revenues (millions)



Gross Margin



Net Income from Continuing Operations per Diluted Share



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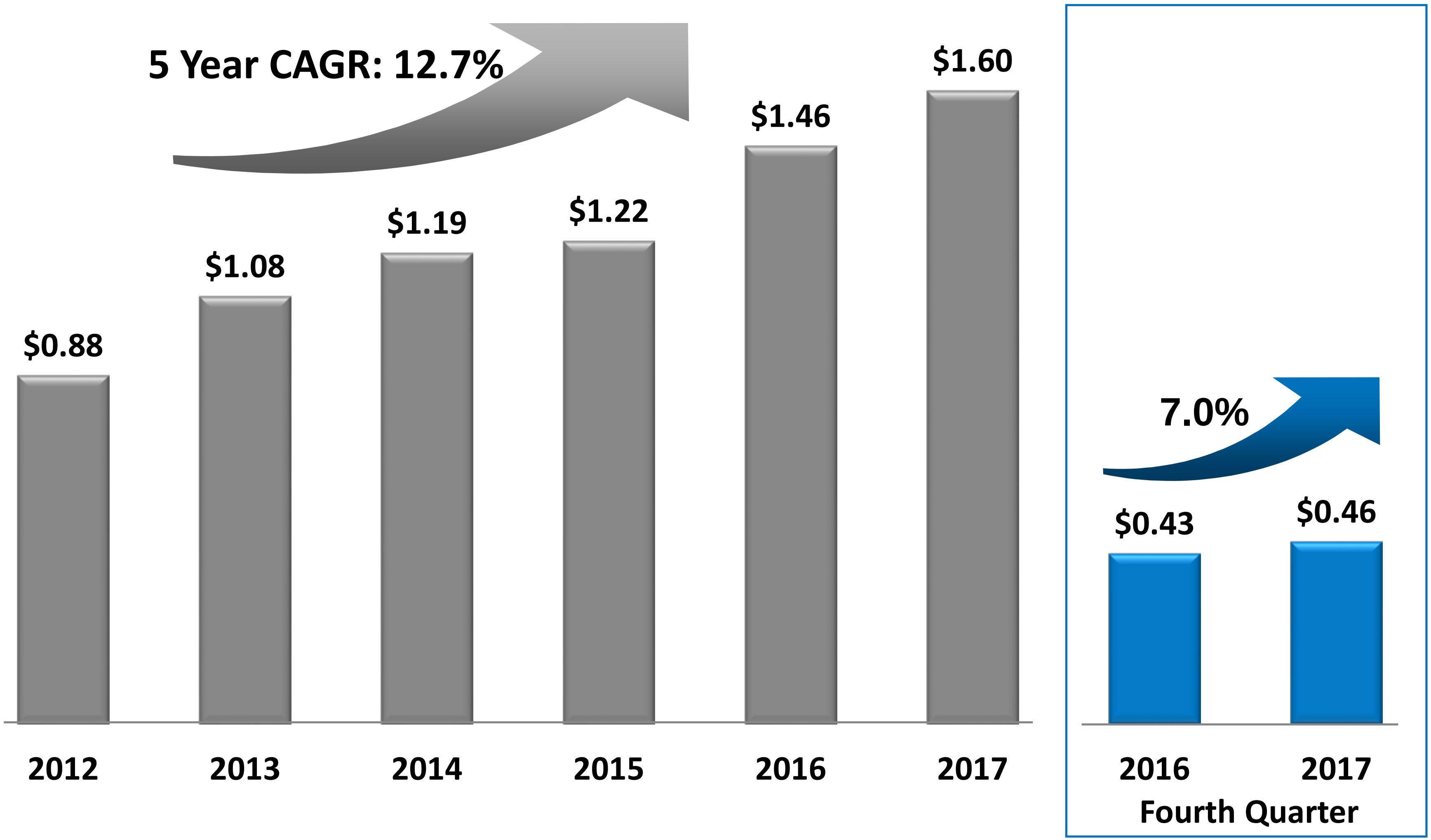
Adjusted Net Income from Continuing Operations per Diluted Share



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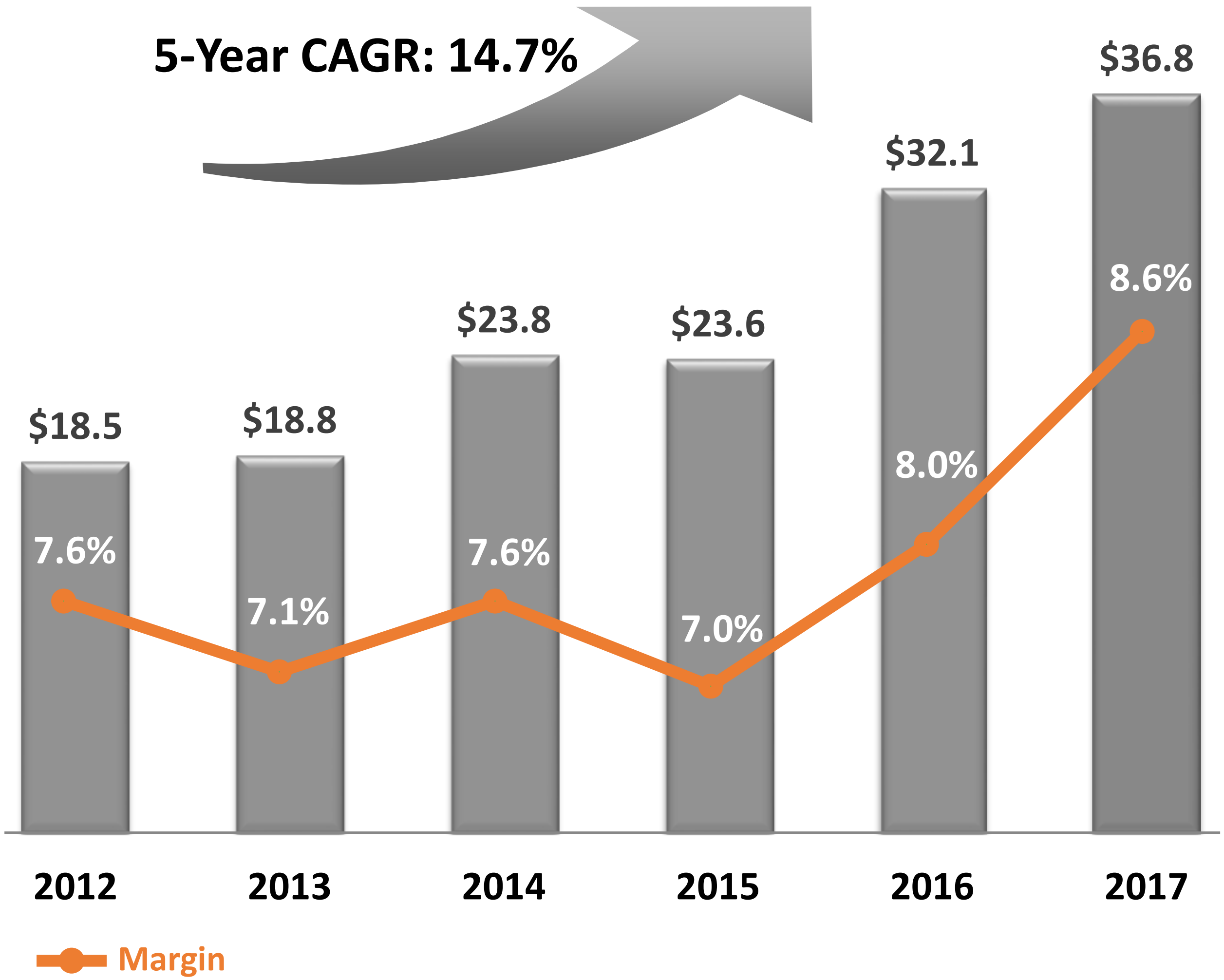
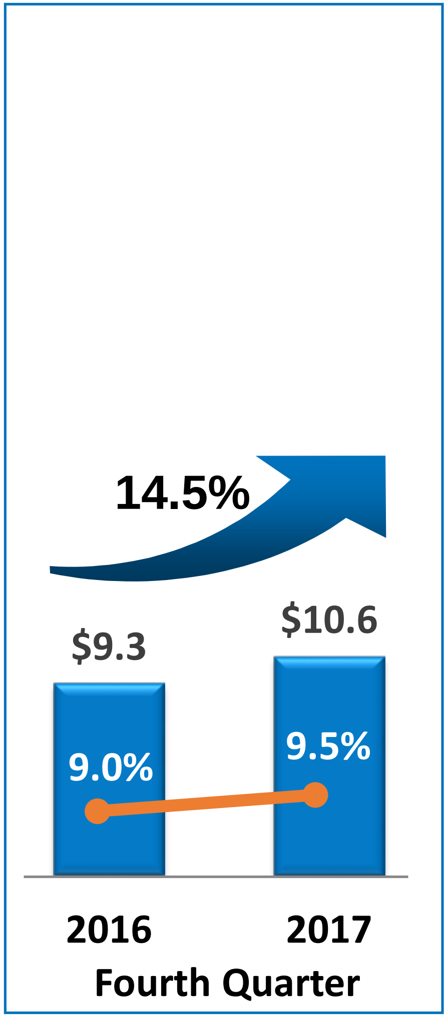
Adjusted EBITDA ($ millions)





Strong Balance Sheet

($ in thousands)	December 31, 2017
Cash	$ 53,754
Working capital	$ 98,915
Total assets	$ 267,110
Total bank debt	$ 44,400
Total stockholders' equity	$ 175,080
Total bank debt/total capitalization	20.2%
Total bank debt/LTM adjusted EBITDA	1.2x
Availability on revolving credit facility	$ 105,100

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Reconciliation of Non-GAAP to GAAP Items

Adjusted EBITDA to net income [1]

(thousands)	Year Ended December 31,					
	2012	2013	2014	2015	2016	2017
Net income	$ 7,635	$19,145	$12,243	$11,623	$12,024	$ 13,608
Less: (Earnings) loss from discontinued operations, net of tax	1,653	(7,982)	(280)	(270)	(97)	(147)
Net income from continuing operations	9,288	11,163	11,963	11,353	11,927	13,461
Interest expense, net	1,568	486	680	739	(480)	3,083
Write off of debt issuance costs	-	-	-	-	-	1,323
Write down of deferred tax asset due to tax reform	-	-	-	-	-	1,305
Gain on sale of ADS and JV divestiture	-	-	-	-	-	(2,467)
Other non-operating income	-	-	-	-	(206)	(217)
Income tax expense from continuing operations	4,807	3,812	5,428	3,932	3,994	7,284
Depreciation and amortization	2,521	2,160	3,830	4,717	6,647	6,663
M&A expenses	-	660	1,031	1,013	1,122	2,116
Stock-based compensation expense	341	515	827	1,573	1,072	2,552
Costs associated with IRS accrual	-	-	-	300	-	-
Restructuring charges	-	-	-	-	4,787	627
Severance and other costs	-	-	-	-	3,231	1,038
Adjusted EBITDA	$18,525	$18,796	$23,759	$23,627	$32,094	$36,768

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Reconciliation of Non-GAAP to GAAP Items

Adjusted net income per diluted share to net income per diluted share [2]

	Year Ended December 31,					
	2012	2013	2014	2015	2016	2017
Net income per diluted share	$0.86	$1.01	$1.08	$1.02	$1.05	$1.16
Write down of deferred tax asset due to tax reform	-	-	-	-	-	0.12
Write off of debt issuance costs	-	-	-	-	-	0.09
Gain on sale of adult day service centers	-	-	-	-	-	(0.12)
Gain on sale of joint venture divestiture	-	-	-	-	-	(0.01)
Interest income from State of Illinois	-	-	-	-	(0.17)	-
Normalization of effective tax rate	-	-	-	-	(0.06)	-
M&A expenses	-	0.04	0.06	0.07	0.07	0.12
Restructuring charge	-	-	-	-	0.30	0.03
Severance and other costs	-	-	-	-	0.20	0.06
Stock-based compensation expense	0.02	0.03	0.05	0.10	0.07	0.15
Cost associated with IRS accrual	-	-	-	0.03	-	-
Adjusted net income	$0.88	$1.08	$1.19	$1.22	$1.46	$1.60

Reconciliation of Non-GAAP to GAAP Items

Adjusted net service revenue to net service revenue [3]

(thousands)	Year Ended December 31,	
	2016	2017
Net service revenues	$ 400,688	$ 425,715
Revenues associated with the closure of certain sites	(5,828)	(1,340)
Adjusted net service revenues	$ 394,860	$ 424,375

Footnotes:

(1) We define Adjusted EBITDA as net income before interest expense, interest income, other non-operating income, taxes, depreciation, amortization, M&A expenses, stock-based compensation expense, restructure charges, severance and other costs, after tax earnings from discontinued operations, write off of debt issuance costs, write down of deferred assets due to tax reform and gain on sale of ADS and JV divestiture. Adjusted EBITDA is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.

(2) We define Adjusted net income per diluted share as net income per diluted share, adjusted for interest income from the State of Illinois, M&A expenses, normalization of the effective tax rate, stock-based compensation expense, restructure charges, severance and other costs, write off of debt issuance costs, write down of deferred assets due to tax reform and gain on sale of ADS and JV divestiture. Adjusted net income per diluted share is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.

(3) We define Adjusted net service revenues as net service revenues adjusted for the closure of certain sites. Adjusted net service revenues is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net service revenues or any other measure of financial performance calculated in accordance with GAAP.

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NASDAQ:
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