



# Investor Presentation

November 14, 2023

T H E F U T U R E O F H O M E C A R E



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## Industry and Market Data

Unless otherwise indicated, information contained in this presentation concerning our industry, competitive position and the markets in which we operate is based on information from independent industry and research organizations, other third-party sources and management estimates. Aveanna has not independently verified the information and data obtained from third party sources and cannot assure you of such data's accuracy or completeness. Management estimates are derived from publicly available information released by third-party sources, as well as data from our internal research, and are based on assumptions made by us upon reviewing such data, and our experience in, and knowledge of, such industry and markets, which we believe to be reasonable. Any industry forecasts are based on data (including third-party data), models and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. In addition, projections, assumptions and estimates of the future performance of the industry in which we operate and our future performance are necessarily subject to uncertainty and risk due to a variety of factors, including those described in "Cautionary Note Regarding Forward-Looking Statements." These and other factors could cause results to differ materially from those expressed in the estimates made by the independent parties and by us.

## Non-GAAP Financial Measures

This presentation includes various performance indicators and non-GAAP financial measures that we use to help us evaluate our business, identify trends affecting our business, formulate business plans, and make strategic decisions. EBITDA, Adjusted EBITDA, Free Cash Flow, and pro forma presentations of the foregoing are financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America ("GAAP"). Reconciliations of such non-GAAP measures to their nearest comparable GAAP measures can be found in the Appendix to this presentation. Any non-GAAP financial measures used in this presentation are in addition to, and not meant to be considered superior to, or a substitute for, the Company's financial statements prepared in accordance with GAAP.

Additional information with respect to Aveanna is contained in its filings with the SEC and is available at the SEC's website, [www.sec.gov](http://www.sec.gov), and on Aveanna's website, [www.aveanna.com](http://www.aveanna.com)

# Today's Presenters



**Jeff Shaner**  
*Chief Executive Officer*



**Matt Buckhalter**  
*Interim Chief Financial Officer*

## YEARS IN HEALTHCARE

**20+**

**12+**

- Chief Executive Officer of Aveanna Healthcare since 2023
- Instrumental in formation of Aveanna Healthcare
- Chief Operating Officer of Aveanna Healthcare since 2017
- Chief Operating Officer of PSA Healthcare since 2015
- Former SVP, President of Operations of Gentiva Health Services
- Former President of Gentiva Health Services' Hospice Division
- Former VP of Operations of Healthfield, acquired by Gentiva Health Services in 2006

- Interim Chief Financial Officer of Aveanna Healthcare since 2023
- Integral to Aveanna's finance team since inception
- Senior Vice President of Finance for Aveanna Healthcare since 2016
- Leads the company's Investor Relations Group
- Former Vice President of Finance for RT Capital
- Former Senior Financial Analyst for Gentiva Health Services





aveanna  
healthcare

# The History of Aveanna

**2017**

Bain co-investment  
with JH Whitney to  
form Aveanna



**2018**

Acquired Premier  
Healthcare Services;  
added CA as a key state



**2020**

Acquired Five Points Healthcare  
and Recover Health, expanding into  
Home Health & Hospice



**2022**

Shift to Preferred  
payor and value-based  
strategy



**2017**

Merger of PSA and Epic created  
Aveanna, a leading pediatric  
homecare company



**2020**

Acquired PPHHC,  
becoming a leading  
national Enteral provider



**2021**

Aveanna Initial  
Public Offering



**2023**

Jeff Shaner  
appointed CEO



# Aveanna at a Glance

## By The Numbers

### 2023 Guidance<sup>(1)</sup>

**\$1,870m - \$1,880m**  
Revenue

**32%**  
Gross Margin<sup>(2)</sup>

**\$134m - \$137m**  
Adjusted EBITDA

### Key Operating Statistics

**327**  
Locations

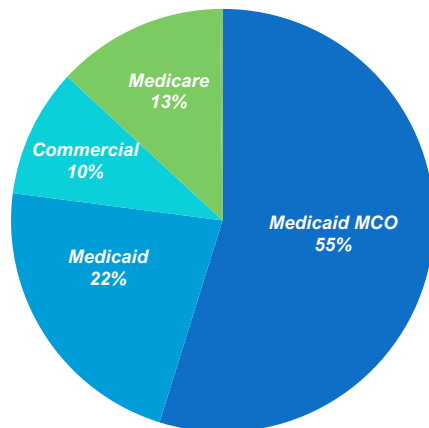
**33**  
States

**26,000**  
Caregivers

**40m**  
Homecare Hours<sup>(3)</sup>

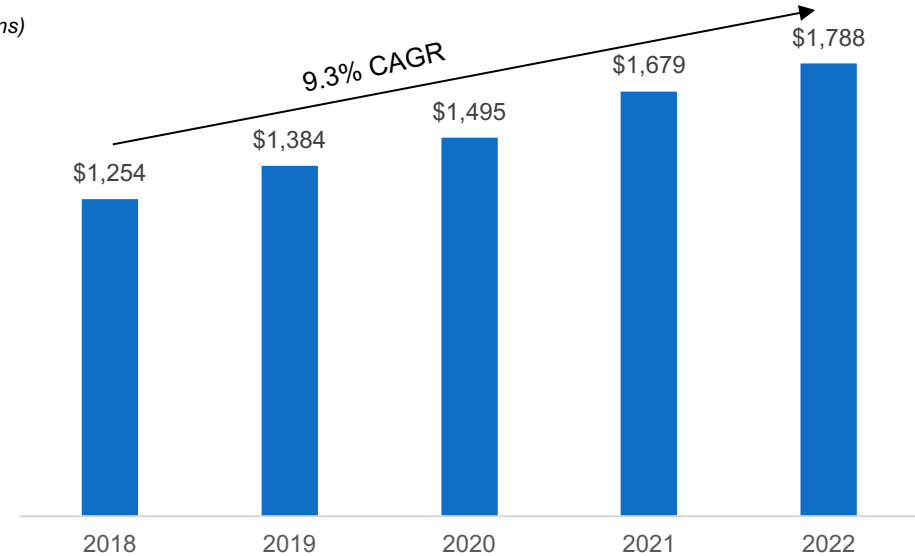
**1,500+**  
Distinct Payors

## Payor Mix<sup>4</sup>

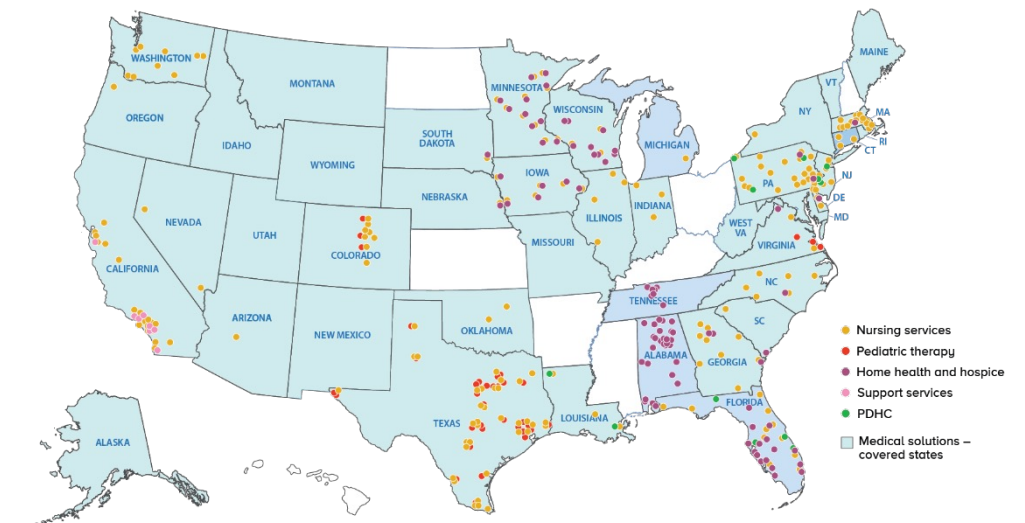


## 2018 – 2022 Revenue Growth

(\$ in millions)



## National Footprint



1. Consistent with prior practice, we are not providing guidance on net income, or a reconciliation of Adjusted EBITDA thereto, at this time due to the volatility of certain required inputs that are not available without unreasonable efforts, including future fair value adjustments associated with our interest rate derivatives. 2. Q3 YTD 2023 Gross Margin 3. Q3 YTD 2023 PDS Hours annualized 4. Q3 YTD 2023 Payor mix

# Who We Serve: Pediatrics, Adults, and Geriatrics

*Brylee and Mom  
Marisa*



*"Having our Aveanna care team means less hospital visits, more consistent care and a partnership between me and her Aveanna nurses. Together, we keep Brylee home and in her best health."*

**Private Duty Services**

*Melia and Mom  
Heather*



*"Melia's progress has been amazing since coming home with Aveanna's enteral nutrition and nursing services. You can see in her eyes what it means to her to be with family. Playing and laughing with her sisters is what Melia wakes up for every day."*

**Medical Solutions**

*Valerie*



*"I loved meeting the nurses and therapists who came to my home. They were caring, encouraging and so helpful with my recovery. Now I am independent again and feeling great after my hip replacement surgery."*

**Home Health & Hospice**



# Private Duty Services Segment

## By The Numbers

### Financial Highlights

**80%**  
of Consolidated Revenue Run Rate<sup>1</sup>

**27% – 29%**  
Gross Margin<sup>2</sup>

**3% - 5%**  
Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**224**  
Locations

**28**  
States

**37,000**  
Patients on Service

**<10**  
Avg. Patient Age

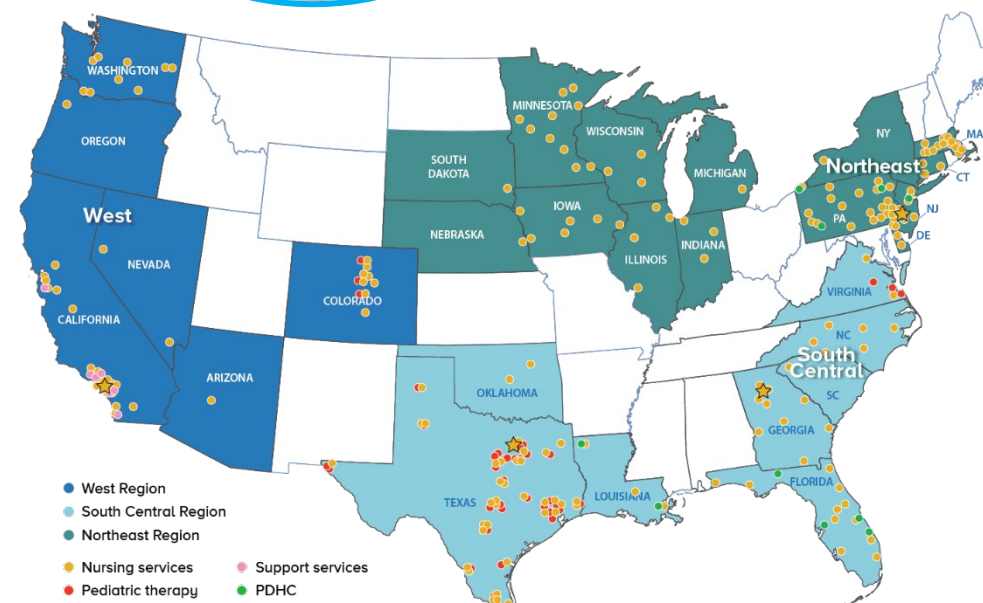
**3-5 Years**  
Avg. Case Length

## Key Items

- **Growth Drivers** - Advanced clinical recruiting, experienced sales force, density in key geographies, leading clinical care and a strong technology platform
- **Public Metrics** – Hours, revenue rate, cost of revenue rate and spread
- **Reimbursement Profile** – Heavily weighted Medicaid and Medicaid MCO payors



- One nurse – One Patient
- Full Time & Per Diem Caregivers paid by the hour
- Longer Length of Stay
- Demand exceeds Supply
- Preferred Payors and Government Partners



1. Based upon Q3 YTD 2023 actual results. 2. Management's expectation of gross margin percentages over time. 3. Management's expectation of total organic revenue growth rate over time.

# Medical Solutions Segment

## By The Numbers

### Financial Highlights

**8%**  
of Consolidated Revenue Run Rate<sup>1</sup>

**41% – 44%**  
Gross Margin<sup>2</sup>

**7% – 9%**  
Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**18**  
Locations

**37**  
States We  
Deliver to

**30,000**  
Patients on  
Service

**Mixed**  
Avg. Patient Age

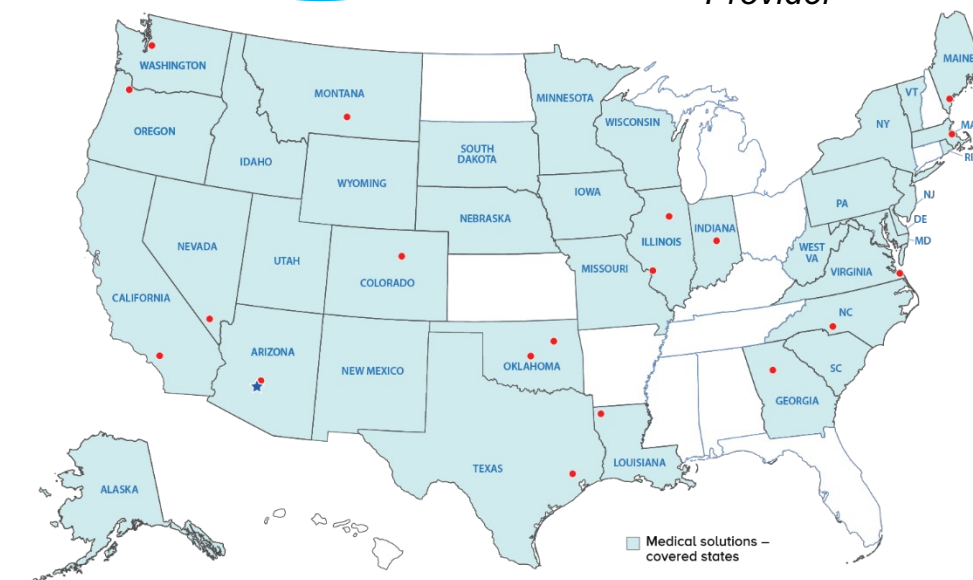
**2-3 Years**  
Avg. Case Length

## Key Items

- **Growth Drivers** - Clinically-specialized sales force, scaled infrastructure, new market expansion strategy, cross-sell between PDS and HHH
- **Public Metrics** - Unique patients served, reimbursement rate and cost of revenue
- **Reimbursement Profile** – Commercial, Medicare and Medicaid Payors



- *Nutritional Support – Enteral Product, Equipment and Supplies*
- *Provided to Pediatrics, Adults, and Seniors*
- *Monthly Distribution Services*
- *Longer Length of Stay*
- *Leading National Enteral Provider*



1. Based upon Q3 YTD 2023 actual results. 2. Management's expectation of gross margin percentages over time. 3. Management's expectation of total organic revenue growth rate over time.



# Home Health & Hospice Segment

## By The Numbers

### Financial Highlights

**12%**  
of Consolidated Revenue Run Rate<sup>1</sup>

**45% – 48%**  
Gross Margin<sup>2</sup>

**7% - 9%**  
Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**85**  
Locations

**15**  
States

**12,000**  
Patients on Service

**78**  
Avg. Patient Age

**100 Days**  
Avg. Case Length

## Key Items

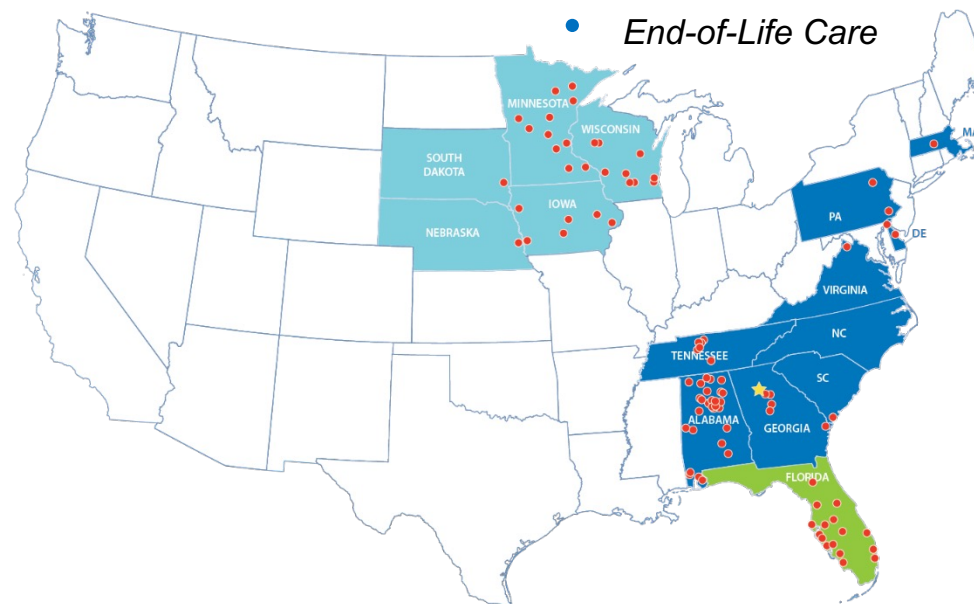
- **Growth Drivers** - Clinical outcomes and quality measures, experienced sales force, specialty programs targeting high-cost patient populations, meaningful investments in scalable infrastructure
- **Public Metrics** – Total admissions, episodic admissions, total episodes and revenue per episode
- **Reimbursement Profile** – Medicare and commercial payors based on fee for service and episodic payment structure

## Home Health

- Geriatric Patient Population
- Short-term Intermittent Services
- Episodic Reimbursement
- Shorter Length of Stay
- Value Based Care Component

## Hospice

- Geriatric Patient Population
- Per Diem Reimbursement
- End-of-Life Care



1. Based upon Q3 YTD 2023 actual results. 2. Management's expectation of gross margin percentages over time. 3. Management's expectation of total organic revenue growth rate over time.

# Reimbursement Environment is Structurally Positive

Diverse group of payors includes managed care organizations (“MCOs”), state-based Medicaid programs, Medicare, MA plans, commercial insurance and other government payers across 33 states

## Key Stats<sup>1</sup>

- **Over 1,500** distinct payors
- No single payor accounted for more than **13% of revenue** Q3 YTD 2023
- Diversified across **33 states**
- Preferred payors make up 17% of current PDS volume
- Legislative CY 2023, resulted in **19 states** PDS rate increases
- Home Health episodic admissions greater than 70%

## Stability of PDS Rates<sup>1</sup>



Patients viewed as “**protected population**”



Services are **essential, life-sustaining care**

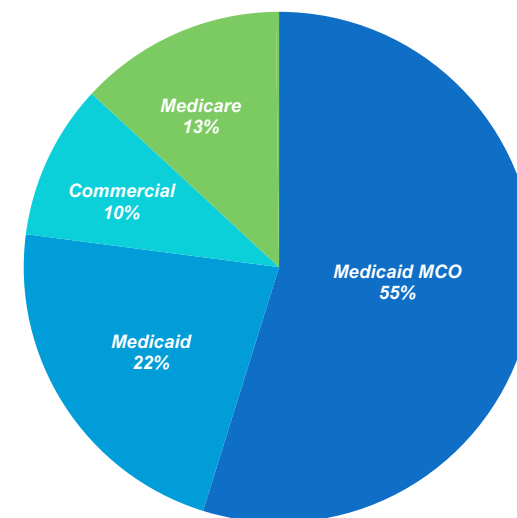


Represents **<2%** of total Medicaid expenditures



**Demand exceeds supply**, supporting payor partnerships

## Payor Mix<sup>2</sup>



# Industry Trends

## Current and Future Trends

### Value-Based Care

- Shift to preferred payor and value-based care strategy
- Increasing recognition of Aveanna's value proposition
- Leveraging success of early value-based models with emerging preferred payor opportunities
- Believe Aveanna is well-positioned to benefit from shift to value-based care due to our scaled platform, clinical competency, and compliance programs

### Senior Population Growth

- Every day in the U.S., 10,000 people turn 65
- Continued increase in life expectancy

### Labor Environment

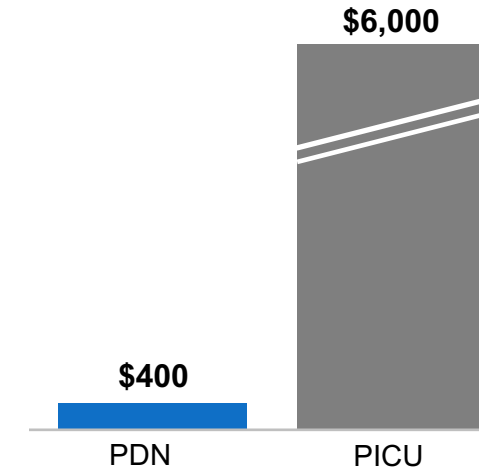
- Post-Covid, inflationary labor market continues to drive nursing shortage
- Preferred payor arrangements and other payor reimbursement rate increases allow for incremental caregiver wages, recruitment, and retention

### Continued Shift to Care in the Home

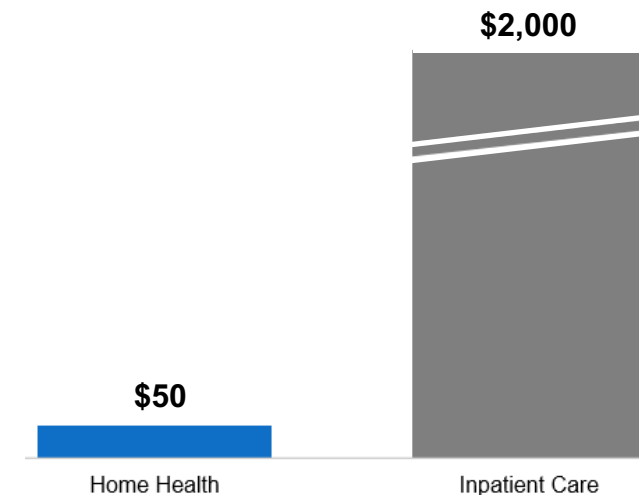
- Institutional costs of care and patient preference driving increased Federal and State awareness of the benefits of care at home
- Shift to the preferred home setting generally supported by constituents, including patients, families, payors, and referral sources

## Cost Savings

### Daily Cost of PDN



### Daily Cost of Adult Home Health



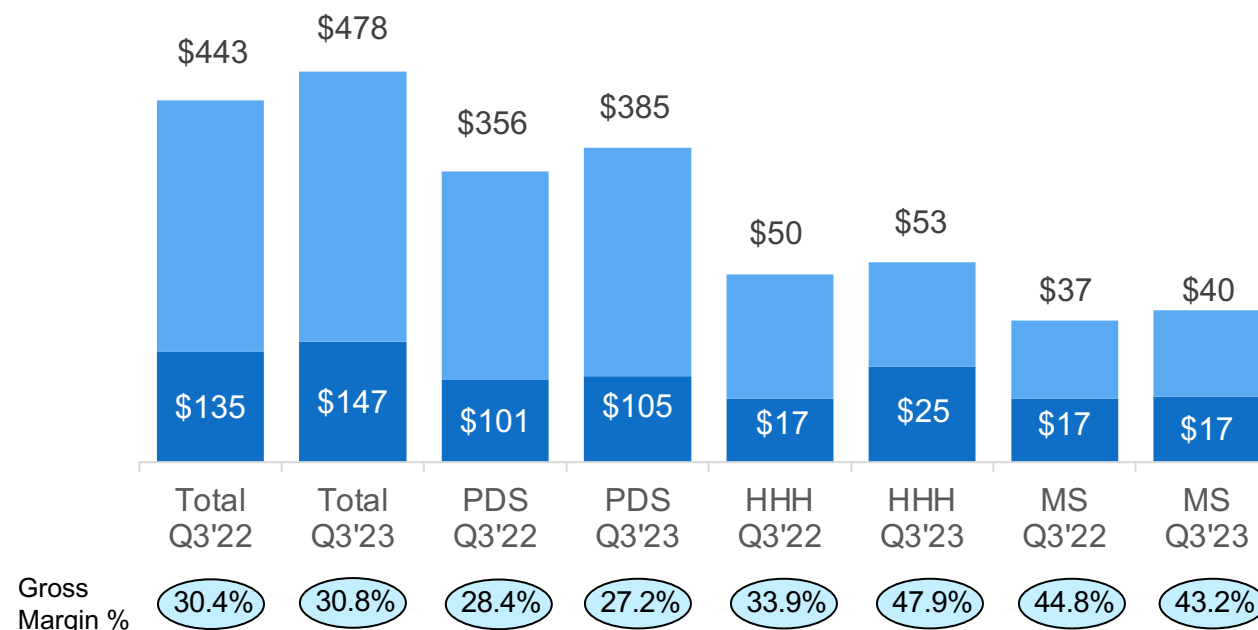


# Q3 QTD 2023 Summary Results

## Consolidated Results

\$ in millions	Q3 2022	Q3 2023	Y/Y% Change
Revenue	\$443.0	\$478.0	7.9%
Gross Margin	\$134.6	\$147.3	9.4%
Adjusted EBITDA <sup>(1)</sup>	\$24.7	\$36.2	46.2%

## Revenue and Gross Margin % by Segment



## Key Highlights

- PDS Q3 2023 revenue growth of 8.2% from Q3 2022, driven by 10.1 million hours of care or 4.5% YOY volume increase
- MS Q3 2023 revenue growth of 7.3% from Q3 2022, driven by strong volume growth of 8.6%
- HHH Q3 2023 revenue growth of 6.3% from Q3 2022, driven by strong episodic mix
- Operating Cash Flow of positive \$25.7m and Free Cash Flow of positive \$16.9m
- Q3 YTD 2023 demonstrated continued focus on optimization across Aveanna's overhead platform and preferred payor strategy

<sup>1</sup>. Adjusted EBITDA is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measure

# Q3 2023 Balance Sheet Update

## Liquidity

- Liquidity of over \$236m, comprised of the following:
  - \$48m cash on balance sheet
  - \$168m revolver availability
  - \$20m securitization availability
- Undrawn revolver at the end of Q3
- \$32m in outstanding letters of credit at the end of Q3

## Indebtedness and Hedging

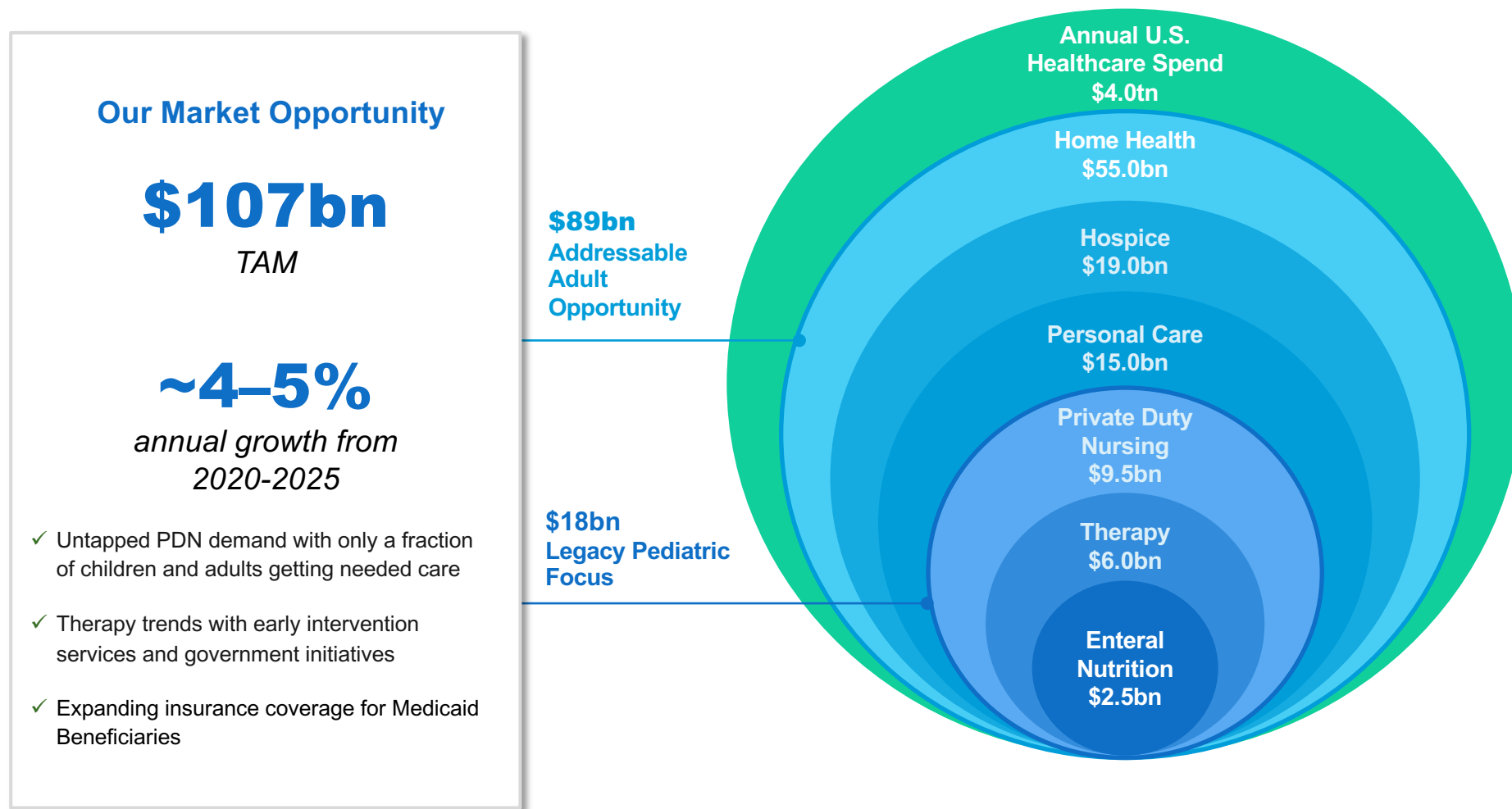
- Total variable rate debt of \$1,472m, consisting of:
  - First Lien: \$902m (S + 3.75%)
  - Second Lien: \$415m (S + 7.00%)
  - Securitization: \$155m (S + 3.50%)
- Interest rate hedges in place:
  - \$520m notional interest rate swap (expires June 2026)
  - \$880m notional, 3% interest rate cap (expires February 2027)

## Cash Flow

- Q3 cash provided by operating activities of \$25.7m
- Q3 free cash flow of \$16.9m<sup>(1)</sup>
- 2023 cash flow benefits from cost reduction efforts and topline growth
- Goal to drive positive operating cash flow FY 2023

1. Free Cash Flow is a non-GAAP financial measure. See Appendix for a reconciliation to the most comparable GAAP measure

# Large, Fragmented Home Care Markets Support Sustainable Growth





# Compelling Growth Opportunities



## Aveanna Platform Primed for Growth

- ✓ Believe increasing recognition of Aveanna's compelling value proposition to patients, payors and referral sources. Payors understand overarching thesis that homecare is value-add in the healthcare equation
- ✓ Aveanna's infrastructure is primed to support growth opportunities from unmet demand for our services



## Diversified and Stable Platform

- ✓ Aveanna's operations across 33 states provides diversified geographic and business mix
- ✓ Diversified payor mix with no single payer accounting for more than ~13% of revenue<sup>1</sup>



## Margin Profile Focus

- ✓ Historically stable gross margins of ~30-32%<sup>2</sup>; with focus on optimization opportunities
- ✓ Focus on branch, regional and corporate overhead costs to drive improved margins



## Preferred Payor Growth Opportunities

- ✓ Preferred payors account for ~17% of PDS volumes, with continued growth opportunities
- ✓ Preferred payor arrangements and reimbursement rate increases allow for incremental caregiver wages



## Cash Flow Generation Opportunities

- ✓ Revenue growth combined with cost right-sizing actions provide for continued cash flow improvement
- ✓ Goal to drive positive, sustainable cash flow and reduce leverage over time

1. Q3 YTD Payor mix for 2023. 2. Based on gross margin percentages in fiscal year 2021 through Q3 2023



## Appendix

# Reconciliation of Net (loss) income to Adjusted EBITDA

<i>(dollars in thousands)</i>	<b>For the three-month periods ended</b>	
	<b>September 30, 2023</b>	<b>October 1, 2022</b>
Net (loss) income	\$ (102,389)	\$ 24,298
Interest expense, net	39,549	28,298
Income tax expense (benefit)	631	(2,669)
Depreciation and amortization	2,962	4,917
EBITDA	(59,247)	54,844
Goodwill, intangible and other long-lived asset impairment	106,841	2,108
Non-cash share-based compensation	5,116	3,512
Interest rate derivatives <sup>(1)</sup>	(14,120)	(45,038)
Acquisition-related costs <sup>(2)</sup>	428	-
Integration costs <sup>(3)</sup>	497	3,266
Legal costs and settlements associated with acquisition matters <sup>(4)</sup>	346	876
COVID-related costs, net of reimbursement <sup>(5)</sup>	-	-
Restructuring <sup>(6)</sup>	985	2,149
Other legal matters <sup>(7)</sup>	-	-
Other system transition costs, professional fees and other <sup>(8)</sup>	(4,655)	3,030
Total adjustments	\$ 95,438	\$ (30,097)
Adjusted EBITDA	\$ 36,191	\$ 24,747

1. 1-8: Please see our earnings release posted on November 9, 2023 for further description of the nature of these items



# Reconciliation of Net cash provided by operating activities to free cash flow

	<b>For the nine-month period ended</b>
<i>(dollars in thousands)</i>	<b>September 30, 2023</b>
Net cash provided by operations	25,677
Purchases of property and equipment, and software	(4,548)
Principal payments of term loans	(6,900)
Principal payments of notes payable and financing lease obligations	(7,814)
Settlements with swap counterparties	10,442
Free cash flow	<u>\$ 16,857</u>