



# Investor Presentation

August 2021

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. 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, but we have not independently verified the accuracy of this information. 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, Adjusted EBITDA margin, Field contribution, Field contribution margin, Adjusted corporate expense 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 or contained in Aveanna's filings with the SEC, which can be viewed on the SEC's website, [www.sec.gov](http://www.sec.gov), and on Aveanna's website, [www.aveanna.com](http://www.aveanna.com). 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



**Rod Windley**  
*Executive Chairman*



**Tony Strange**  
*Chief Executive Officer*



**David Afshar**  
*Chief Financial Officer*



**Jeff Shaner**  
*Chief Operating Officer*

## 30+

- Founded Healthfield in 1986, acquired by Gentiva Health Services in 2006 for \$454 million
- Former Vice Chairman and later Executive Chairman of Gentiva Health Services, acquired by Kindred Healthcare in 2015 for \$1.8 billion
- Executive Chairman of PSA Healthcare since 2015
- Executive Chairman of Aveanna Healthcare since 2017

## YEARS IN HOME HEALTH / HEALTHCARE

### 30+

- Former President of Healthfield, acquired by Gentiva in 2006 for \$454 million
- Former CEO and Board Member of Gentiva Health Services, acquired by Kindred Healthcare in 2015 for \$1.8 billion
- Chief Executive Officer of PSA Healthcare since 2015
- Chief Executive Officer of Aveanna Healthcare since 2017

### 15+

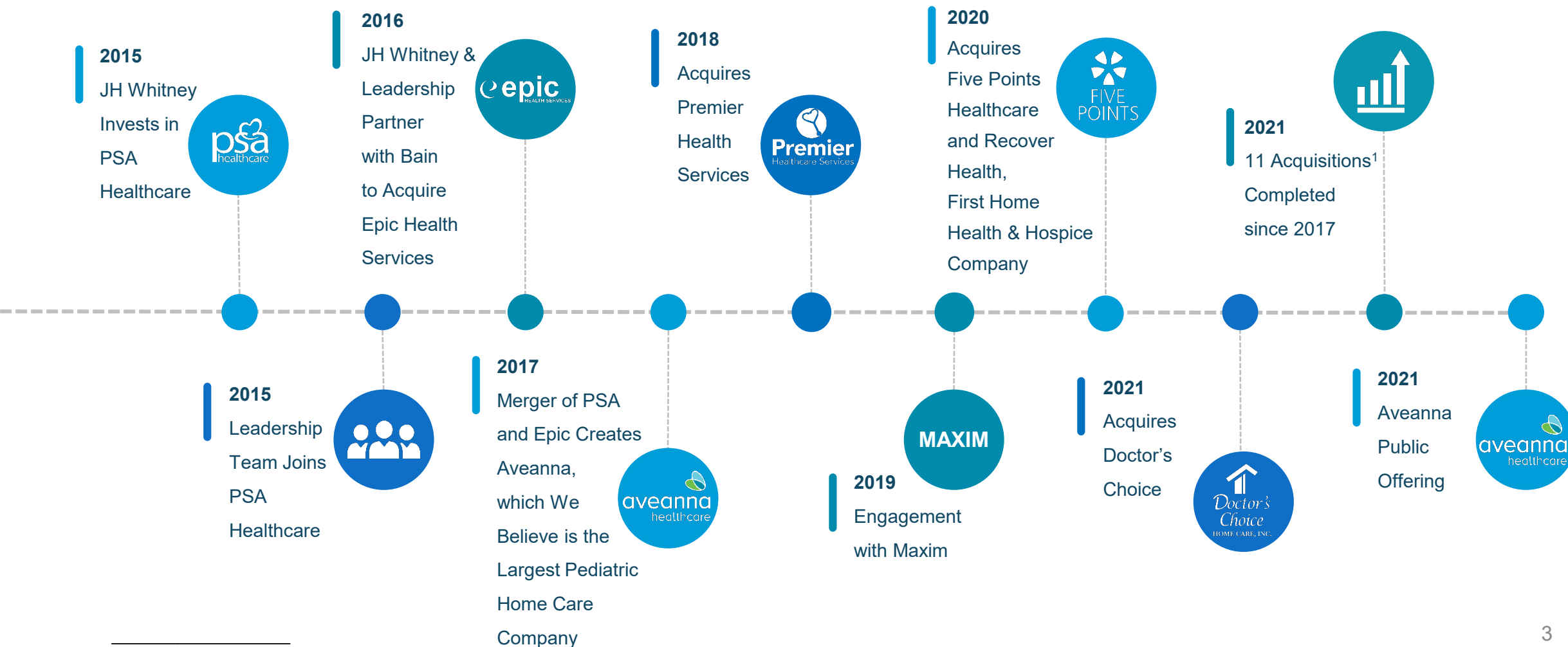
- Inspections Leader with the Public Company Accounting Oversight Board
- Former CFO of ApolloMD
- Chief Financial Officer of Aveanna Healthcare since 2018

## 20+

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



# The History of Aveanna



# Aveanna at a Glance

## “By The Numbers”

### 2021 Forecast (F)

**\$1,745mm<sup>1</sup>**  
F Revenue

**\$185mm<sup>1</sup>**  
F Adj. EBITDA

**11.6%**  
Revenue '18A-'21F CAGR

**16.3%**  
Adj. EBITDA '18A-'21F CAGR

### Key Operating Statistics

**263**  
Locations

**30**  
States

**42,000**  
Caregivers

**39mm**  
Homecare Hours<sup>4</sup>

**1,500+**  
Distinct Payers

## Service Lines

### Private Duty Services



**Skilled  
Private Duty  
Nursing**



**Unskilled  
Personal  
Care**



**Therapy**



**Medical  
Solutions**



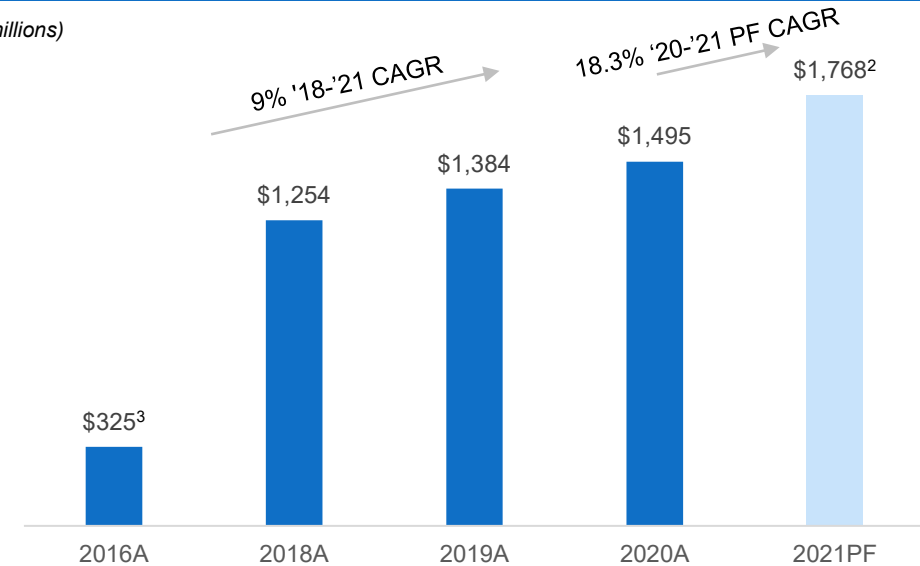
**Adult Home  
Health &  
Hospice**

### MS

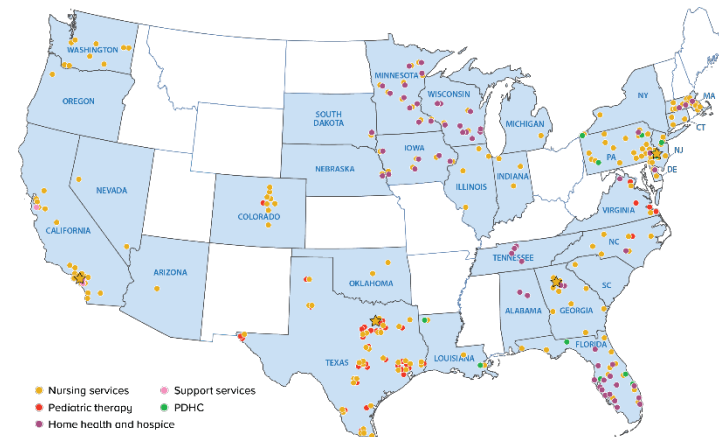
### HHH

## Revenue Growth

(\$ in millions)



## National Footprint



1. 2021 forecast based on previously provided earning guidance posted in our August 11, 2021 earnings release. 2. 2021 proforma revenue based on 2021 revenue guidance plus \$22.9 million revenue for Doctor's Choice generated during the period in 2021 prior to acquisition. 3. Represents 2016A revenue of the predecessor, PSA. 4. Pro Forma for acquisition completed in 2020.



# OUR CULTURE

## OUR MISSION

To **revolutionize**  
the way homecare  
is **delivered**, one  
**patient** at a time.



## TOUCHSTONE



## CORE VALUES

Compassion  
Team Integrity  
Inclusion  
Trust  
Innovation  
Compliance  
Fun

W H O   W E   A R E



## OPERATING PRINCIPLES

The Five “C”s  
Census Growth  
Clinical Outcomes  
Customer Satisfaction  
Cost Control  
Cash Collection

W H A T   W E   D O



# Our Referral and Payer Partners

- Hospitals / Health Systems
- Physician Practices
- Facility-Based (SNF / ALF)
- Community-Based
- Payer Case Managers



**Physicians**

**Payers**

**Our  
caregivers**

**Our patients**

**Our care**

**Referral  
Sources**





# Who We Serve

*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

**\$1,399mm**

Run Rate Revenue<sup>1</sup>

**29% – 30%**

Gross Margin<sup>2</sup>

**4% - 5%**

Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**185**

Locations

**22**

States

**29,000**

Patients on Service

**<10**

Avg. Patient Age

**3-5 Years**

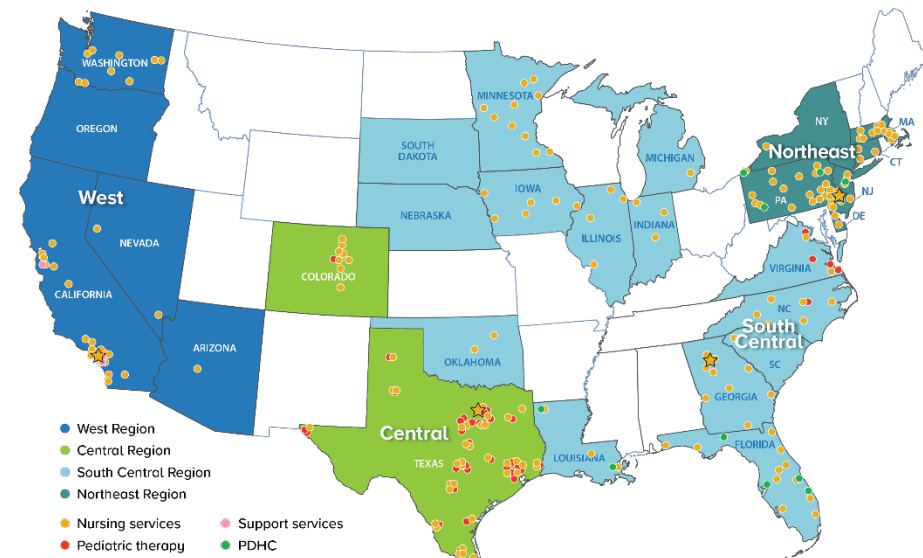
Avg. Case Length

## 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, hourly reimbursement based on physician plan of care and authorizations



- One nurse – One Patient
- Fee for Service – Billed by the hour
- Full Time & Per Diem Caregivers paid by the hour
- Longer Length of Stay
- Demand exceeds Supply



1. Run Rate Revenue based upon Q2 2021 Annualized. 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

**\$145mm**

Run Rate Revenue<sup>1</sup>

**43% – 45%**

Gross Margin<sup>2</sup>

**9% - 11%**

Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**15**

Locations

**19**

States

**26,000**

Patients on Service

**Mixed**

Avg. Patient Age

**2-3 Years**

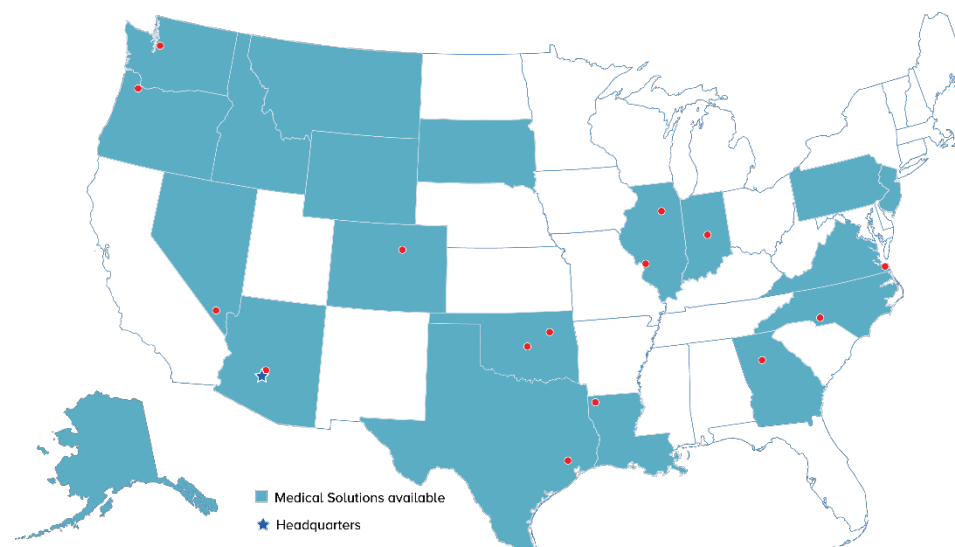
Avg. Case Length

## 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 per unique patient served
- **Reimbursement Profile** – Commercial and Medicaid reimbursement based on caloric intake proscribed by physicians



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





# Home Health & Hospice Segment

## "By The Numbers"

### Financial Highlights

**\$200mm**

Run Rate Revenue<sup>1</sup>

**47% – 49%**

Gross Margin<sup>2</sup>

**7% - 9%**

Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**65**

Locations

**15**

States

**7,200**

Patients on Service

**78**

Avg. Patient Age

**100 Days**

Avg. Case Length

## Key Items

- **Growth Drivers** - superior clinical outcomes and star ratings, 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 payers based on fee for service and episodic payment structure

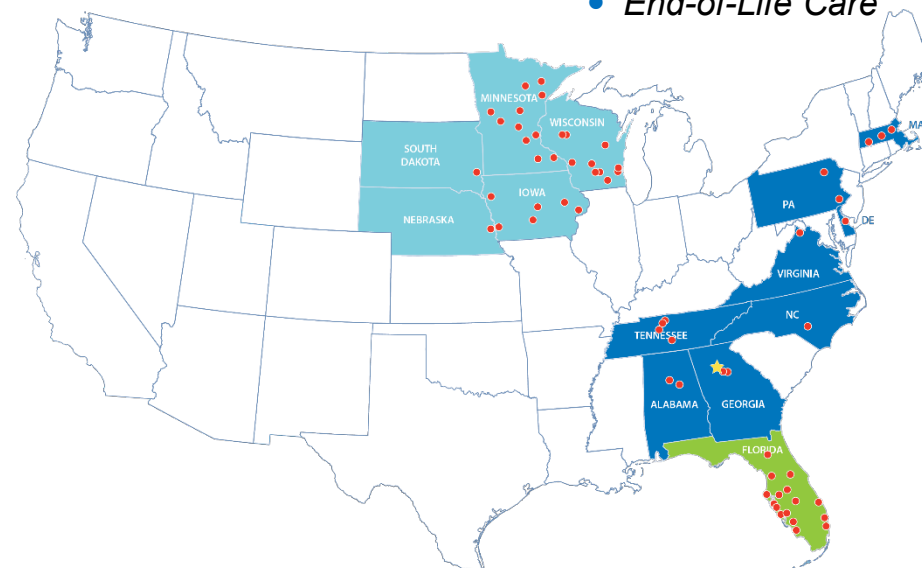


## Home Health

- Geriatric Patient Population
- Short-term Intermittent Services
- Episodic Reimbursement
- Shorter Length of Stay

## Hospice

- Primarily Geriatric Patient Population
- Shorter Length of Stay
- End-of-Life Care

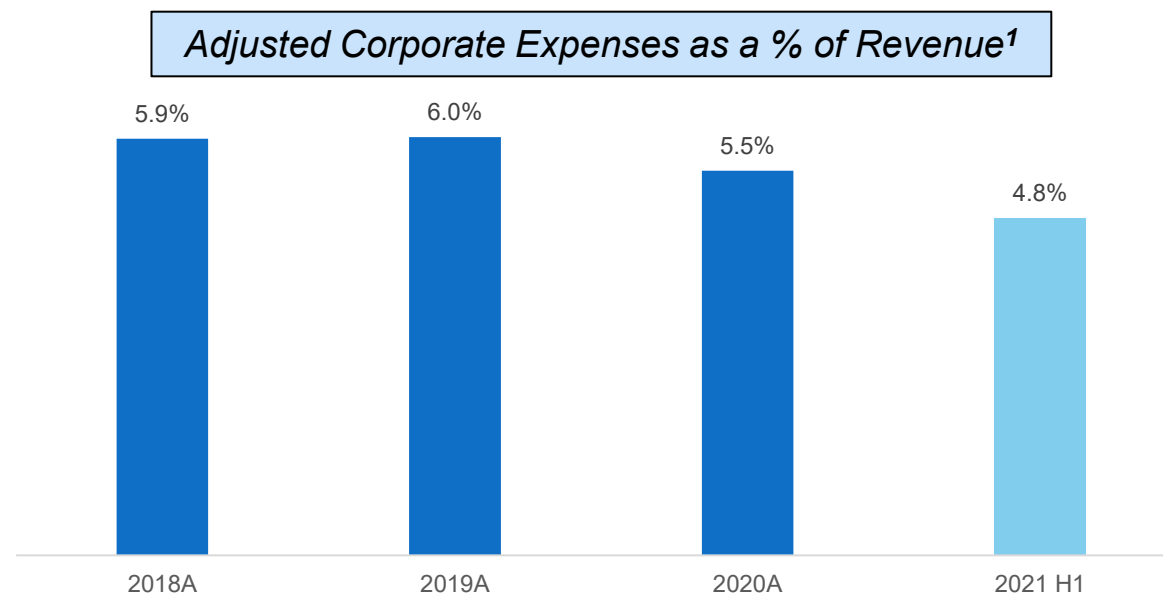


# Leverageable Corporate Infrastructure

Aveanna Executives
Compliance
Clinical
Accounting / Finance
Information Technology
RCM
Marketing
Payer Relations
DE&I
Legal
Recruiting / Retention
Business Intelligence
People Services

## Continued Leveraging of Corporate OH

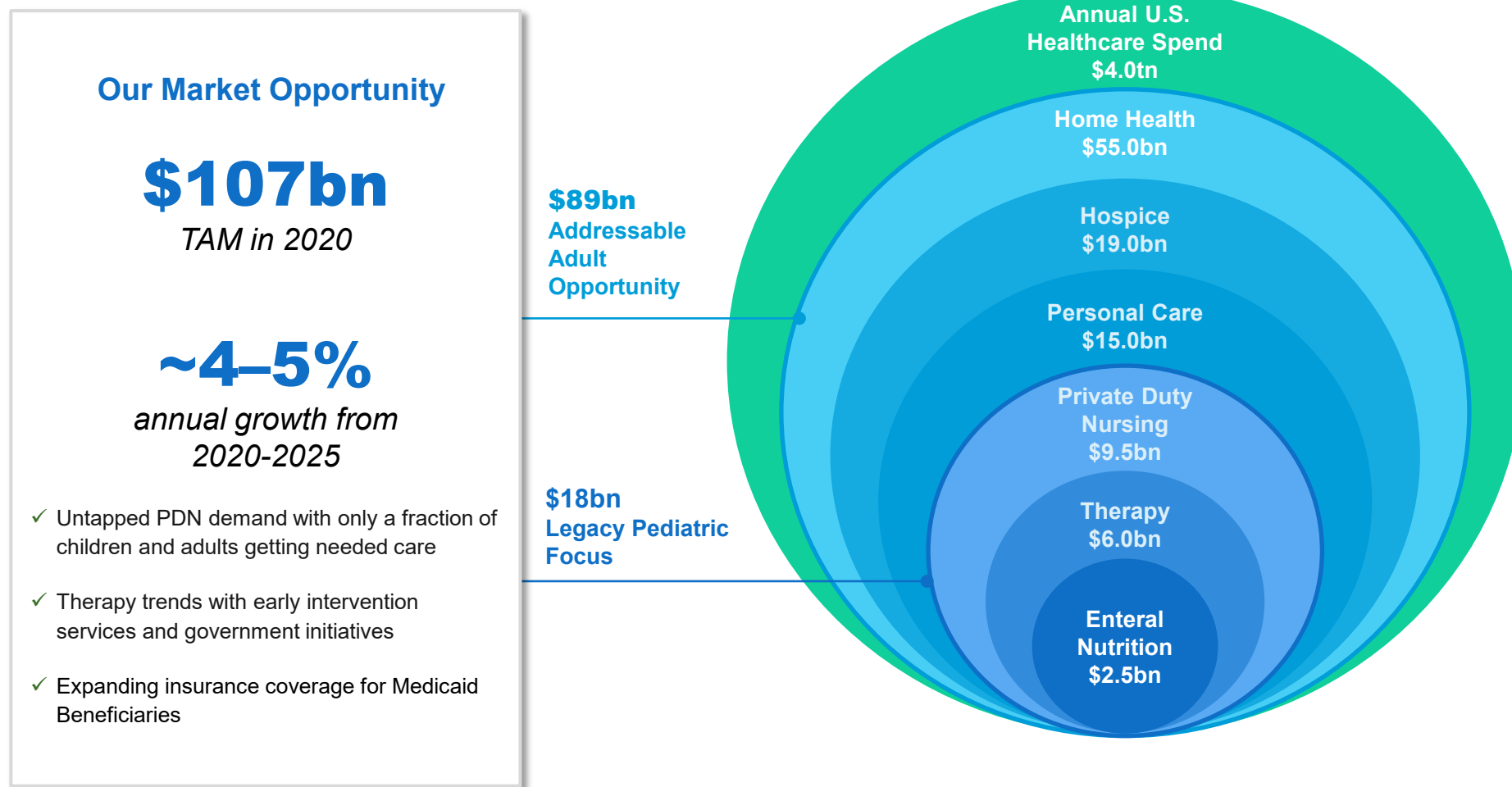
- ☒ Leverage core competencies in nurse recruiting, training and retention
- ☒ IT infrastructure including recruiting, business intelligence, scheduling and RCM applications and patient facing devices
- ☒ Overlapping RCM needs utilizing Aveanna's RCM capabilities
- ☒ Continued leverage of corporate overhead through M&A and organic growth



1. See definition of adjusted corporate expenses provided in our August 11, 2021 earnings release. Reconciliation found in the appendix.



# Large, Fragmented Home Care Markets Support Sustainable Growth



# National Providers vs. Local Competitors

## Public Peers



- *Multibillion-dollar companies*
- *Comprised of mostly Home Health and Hospice*
- *Makes up ~8% of TAM*

## Local / Regional Competitors

- *\$25M – \$150M companies*
- *Local and regional presence*
- *Long history of establishing themselves in the market*
- *Traditionally grown organically over time*
- ***Makes up ~85% of TAM***

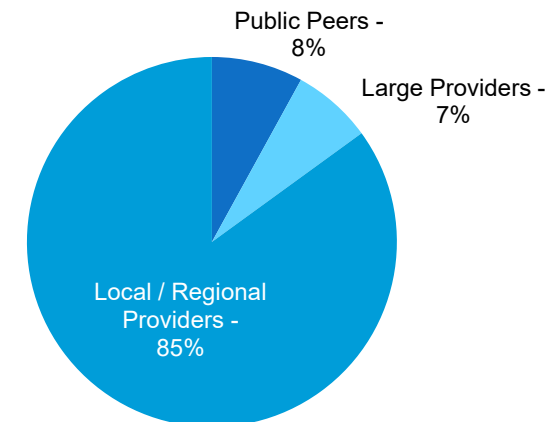
Source: Third party consulting report, management estimates.

## Large Private Peers



- *\$500M – Multibillion-dollar companies*
- *Mix of traditional Homecare, PDN, and Therapy*
- *Makes up ~7% of TAM*

## TAM Breakout





# Industry Trends

## Current and Future Trends

### Value-Based Care

- Establish risk-bearing arrangements that reward Aveanna's scale and capabilities
- Well-positioned to benefit from shift to value-based care due to our scale, technology infrastructure, clinical training and compliance programs

### Senior Population Growth

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

### Medical Technology Advancements

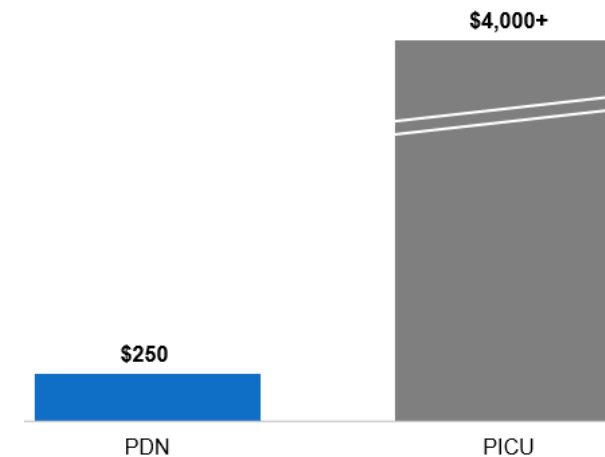
- Continued advancements are allowing medically fragile children to increase their life expectancy

### Positive Rate Environment

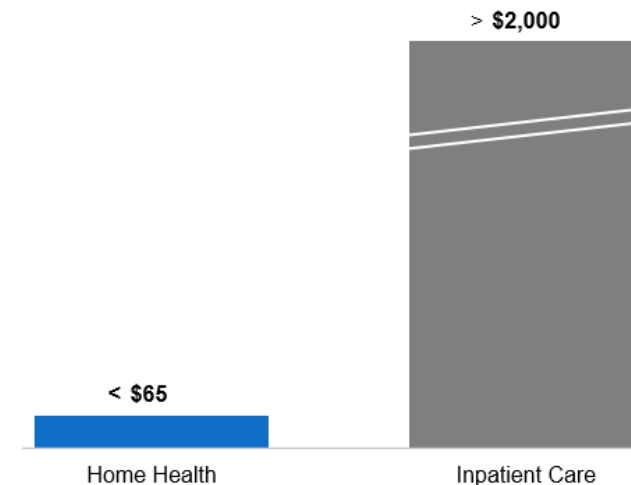
- National and State reimbursement rate increases continue
- Investments increasing in Home Care to treat highest cost, most complex cases, from newborns to elderly
- Shift to preferred home setting continues

## Cost Savings

### Daily Cost of PDN



### Daily Cost of Adult Home Health



# Reimbursement Environment is Structurally Positive

Diverse group of payers includes managed care organizations (“MCO’s”), state-based Medicaid programs, Medicare, MA plans, commercial insurance and other government payers across 30 states

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

- **Over 1,500** distinct payers
- No single payer accounted for more than **11% of revenue** in 2021
- Diversified across **30 states**
- In PDN, reimbursement rates have increased **1.5% per year** on average from 2015 - 2021
- In past three years, **20 states** had positive PDN rate increases while only **one state** reduced rates by more than **1%**

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



Patients viewed as “**protected population**”



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

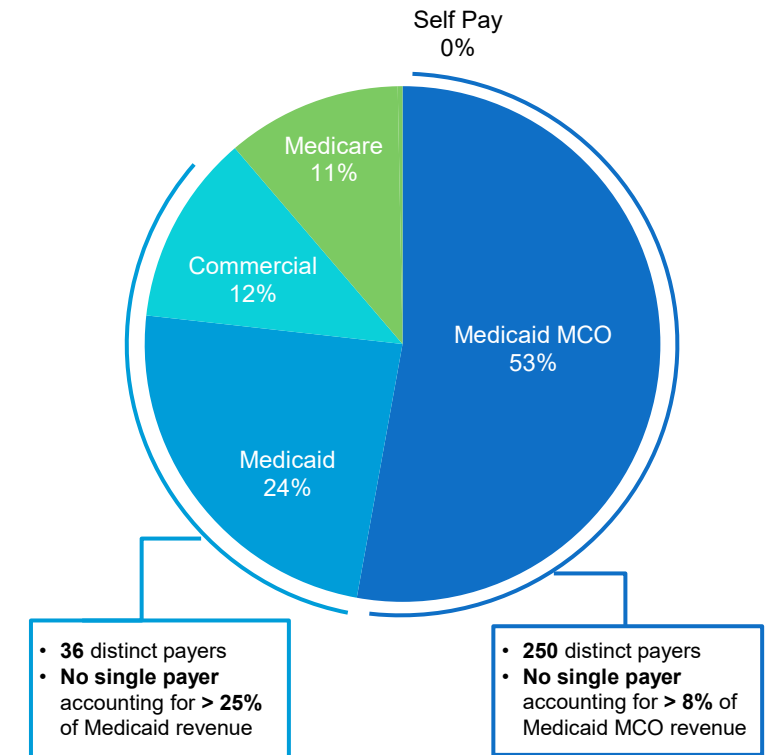


Represents **~1.6%** of total Medicaid expenditures



**Demand exceeds supply**, pressuring payers to reimburse at adequate rates

## Payer Mix<sup>2</sup>

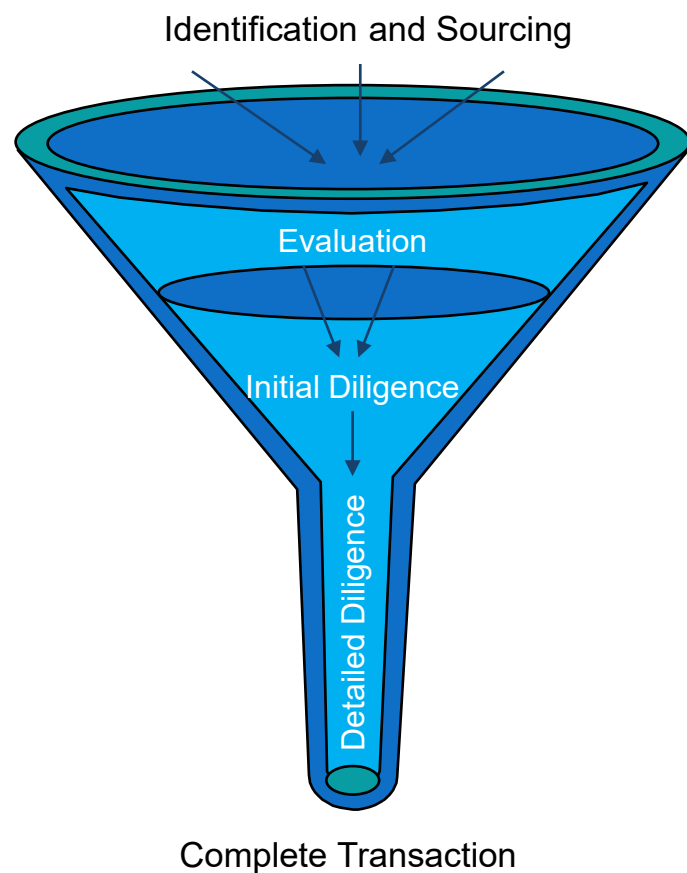


<sup>1</sup>. Management Data. <sup>1</sup>. Payer mix for Q2 2021.



# Sophisticated Platform to Source, Execute and Integrate Acquisitions

Since 2017, Aveanna has completed 11 transactions<sup>1</sup> which have all been integrated or are being integrated into the company.



## Management Team has Significant M&A Track Record

- Management team has executed more than 50 acquisitions comprising >\$6bn of transaction value over last 30 years.
- Aveanna has completed 11 transactions<sup>1</sup> since 2017.

## Aveanna Acquisitions



Aveanna has a robust pipeline of potential acquisitions targets, which we continue to actively develop and evaluate.

<sup>1</sup>. Includes the predecessors, Epic and PSA.

# Integration Management Office (IMO) Truly Differentiates

## Dedicated IMO Team



**16 people exclusively dedicated to integrating acquisitions**

- Led by Derik Reynecke, SVP of Corporate Development & Integration, with over 15 years of M&A, integration and operational experience
- More than 57 years of healthcare-related deal structuring, due diligence, integration, operations and functional experience
- Ability to integrate multiple transactions at the same time

## Detailed M&A Diligence



**The IMO team leads due diligence across all functions**

- Manages integration risks (Operational, Cultural, Legal, Technology, Billing, Clinical and Compliance)
- Verifies quality of revenue and earnings, compliance and regulatory standards, and clinical product
- Locates value creation opportunities
- Identifies key integration areas

## Integration Playbook



**A disciplined, phased integration approach built on “seek to understand” and “do no harm”**













- Clearly defined time and milestone-based integration goals
- Focused communication and change management events
- Tracking and monitoring costs and value captured
- Conduct improvement analysis for future integrations



**Combined, the IMO Team has conducted diligence on, closed, and integrated more than 38 transactions in the Home Health, Hospice, Private Duty Nursing and Medical Solutions industries.**

# Diversified, Accretive M&A Strategy

- Aveanna's M&A strategy is designed to unlock significant strategic and financial value across both PDS and HHH markets, with significant value creation and multiple arbitrage opportunities.
- Annual expectations of \$150m – \$200m in additional revenue from acquisitions

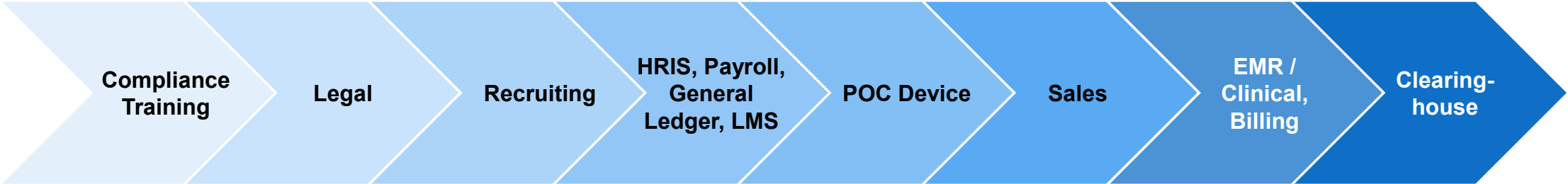
M&A Value Drivers	Private Duty Service	Adult Home Health & Hospice
Cost Synergies	 Eliminate acquired overhead	 Eliminate acquired overhead
Clinical Labor Efficiencies	 Improve recruitment	
Payer Scale & Relevance	 Enhance contracting	
Cross-Sell of Existing Services	 Drive enteral, therapy cross-sell	 Drive enteral, therapy cross-sell
Diversification/ New Market Entry	 Diversify payer mix	 Diversify payer mix
Geographic Expansion	 Enter new states with local scale	 Leverage PDN licenses to drive de novos
M&A Engine	16 person M&A integration team, with multi-functional experience across sourcing, execution, operations, technology and decades of experience	
Case Study Results: 2020 / 2021	3 Acquisitions  <b>\$78mm 2020 Revenue<sup>1</sup></b>	3 Acquisitions  <b>\$182mm 2020 Revenue<sup>2</sup></b>

1. Equals the sum of 2020A revenue for Total Care, Preferred Pediatric Home Health Care and Evergreen Home Healthcare. 2. Equals the sum of 2020A revenue for Five Points Healthcare, Recover Health and Doctor's Choice.



# Methodical, Systematic Approach to Acquisition Integration

Proven M&A playbook perfected from extensive experience and enabled by scaled technology platform



## Platform / Technology Solutions



## Typical Time to Integration

30 Days   30 Days   60-120 Days   60-120 Days   60-120 Days   90-120 Days   90-150 Days   120-180 Days

# Compelling Financial Profile



## Track Record of Double-Digit Revenue & Adj. EBITDA Growth

- ✓ Revenue CAGR of 11.6% and Adj. EBITDA CAGR of 16.3% between 2018A and 2021F<sup>1</sup>
- ✓ Mid single digit organic growth driven by scale advantages and de novo expansions



## Highly Diversified and Stable Revenue Mix

- ✓ Highly diversified payer mix with no single payer accounting for more than ~11% of revenue<sup>2</sup>
- ✓ Robust growth from MS and HHH segments positioned to further diversify business mix



## Stable Margin Profile

- ✓ Historically stable gross margins of ~30-33%<sup>3</sup> driven by improving reimbursement and control of labor costs
- ✓ Platform infrastructure in place to drive operating leverage and efficiencies



## Deep Pipeline of Inorganic Growth Opportunities

- ✓ Proven track record of accretive M&A, executing and integrating 11 transactions since 2017<sup>4</sup>
- ✓ Robust pipeline of potential acquisition targets that are actively developed and evaluated



## Healthy Cash Flow Generation

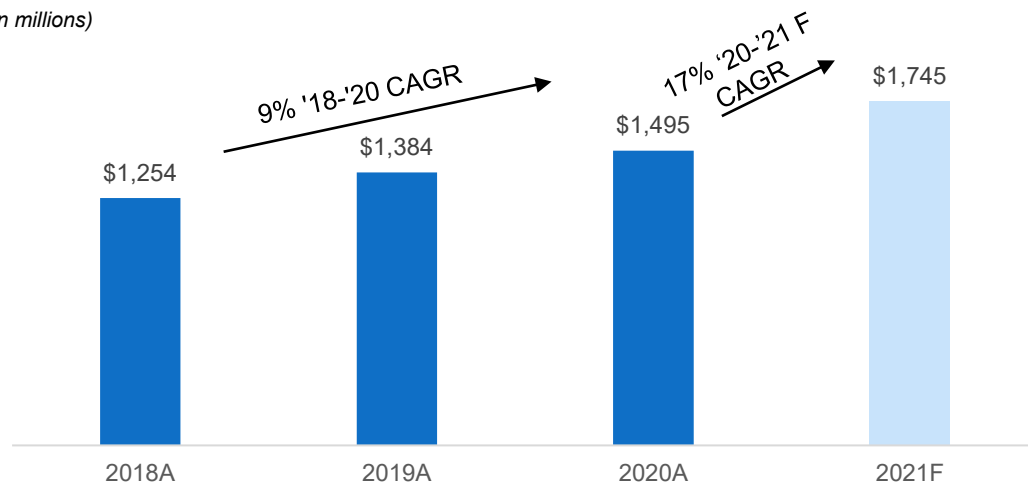
- ✓ Strong operating cash generation opportunity resulting from IPO deleveraging and credit facility restructuring
- ✓ High total cash flow generation opportunity to fund acquisitions strategy and delever over time

<sup>1</sup> 2021 forecast based on previously provided earnings guidance posted in our August 11, 2021 earnings release. <sup>2</sup> Represents metrics for 2020A. <sup>3</sup> Based on GAAP gross profit and GAAP revenue from 2018A to YTD Q2 2021A. <sup>4</sup> Includes the predecessors, Epic and PSA.

# Proven Ability to Drive Robust Growth

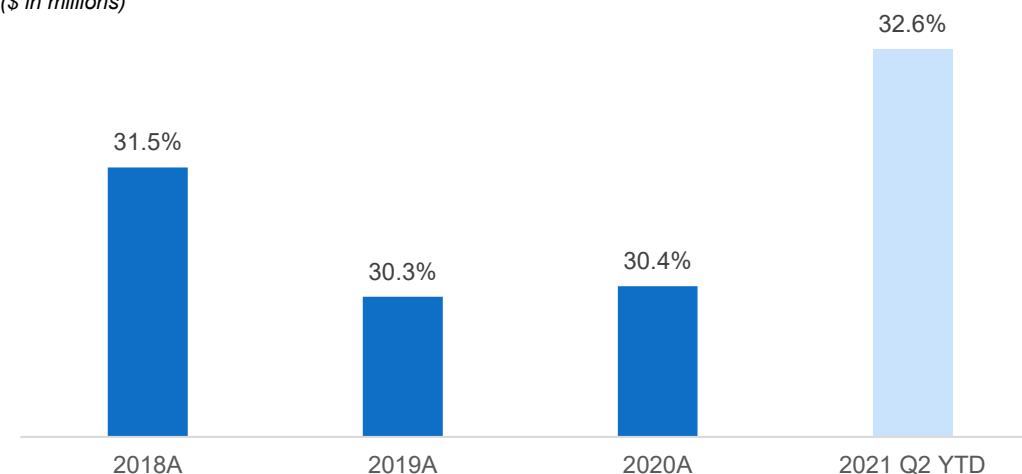
## '18A – '21F Revenue

(\$ in millions)



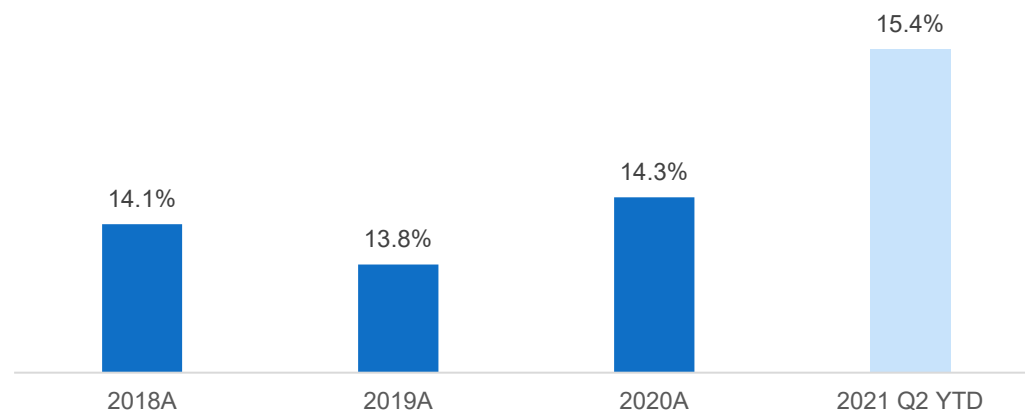
## '18A – '21F Gross Margin

(\$ in millions)



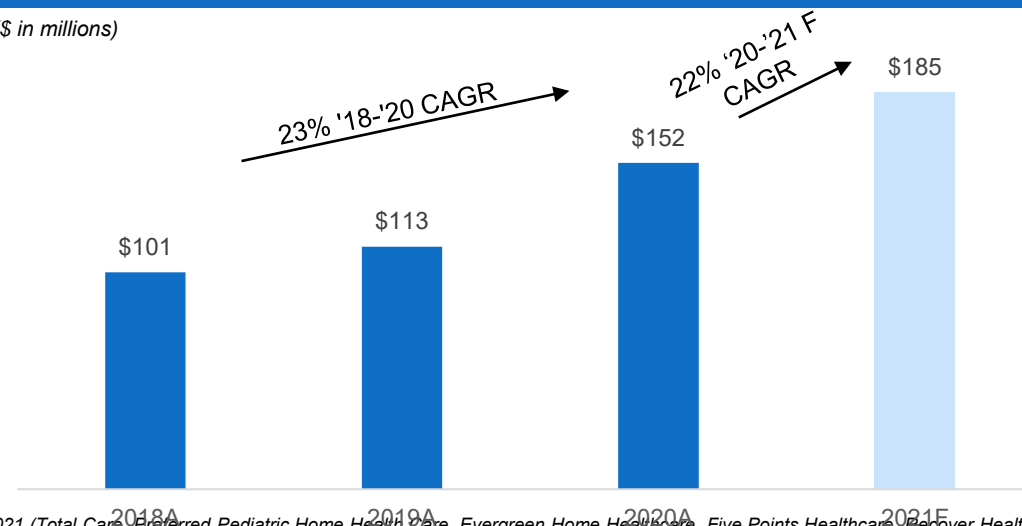
## '18A – '21F Field Contribution

(\$ in millions)



## '18A – '21F Adj. EBITDA

(\$ in millions)



See appendix for details on non-GAAP reconciliations. 1. Includes current year contribution of acquisitions completed in 2020 and 2021 (Total Care, Preferred Pediatric Home Health Care, Evergreen Home Healthcare, Five Points Healthcare, Recover Health and Doctor's Choice), excluding expected but unrealized synergies.



# Liquidity / Credit Statistics Overview

Aveanna's repayment of debt with IPO Proceeds and Credit Facility Amendment in July, 2021 significantly reduced leverage and reduced debt service going forward.

(\$ in millions)

	At Fiscal Year-End		At Quarter-End	
	2018	2019	2020	Q2 2021
Cash	8	3	137	107
Revolver Availability	53	24	55	180
Total Liquidity	61	27	192	287

Long-Term Debt	987	1,060	1,205	861
Net Long-Term Debt	979	1,057	1,068	754
Gross Leverage	9.8x	9.4x	7.9x	4.8x
Net Leverage	9.7x	9.4x	7.0x	4.2x

	Fiscal Year-Ended			LTM
	2018	2019	2020	Q2 2021
Adjusted EBITDA	101	113	152	178



  
aveanna  
healthcare<sup>®</sup>

## Appendix

# Reconciliation of Corporate Expenses to Adjusted Corporate Expenses

	<b>FY2018</b>	<b>FY2019</b>	<b>FY2020</b>	<b>1H2021</b>
Corporate expenses	104,486	113,235	113,828	59,800
Non-cash share-based compensation	(2,018)	(1,782)	(3,032)	(4,825)
Sponsor fees (1)	(3,177)	(3,230)	(3,229)	(808)
Fees related to debt modification	-	-	(4,265)	-
Interest rate derivatives (2)	(92)	-	-	-
Acquisition-related costs and other costs (3)	-	(5,821)	(2,226)	-
Integration costs (4)	(20,777)	(15,049)	(7,245)	(7,649)
Legal costs and settlements associated with acquisition matters (5)	(3,575)	(3,783)	(4,820)	(1,134)
COVID-related costs, net of reimbursement (6)	-	-	(1,832)	(221)
Other system transition costs, professional fees and other (8)	(467)	(1,164)	(5,322)	(3,726)
Total adjustments	\$ (30,106)	\$ (30,829)	\$ (31,971)	\$ (18,363)
Adjusted Corporate expenses	<u>\$ 74,380</u>	<u>\$ 82,406</u>	<u>\$ 81,857</u>	<u>\$ 41,437</u>
<i>Adjusted Corporate expenses as % of Revenue</i>	5.9%	6.0%	5.5%	4.9%

1-8: Please see our earnings release posted on August 11, 2021 for further description of the nature of these items