



# Investor Presentation

May 22, 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*



**David Afshar**  
*Chief Financial Officer*

## Y E A R S I N H E A L T H C A R E

**20+**

**20+**

- CEO of Aveanna since January of 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

- Chief Financial Officer of Aveanna Healthcare since 2018
- Former CFO of ApolloMD, a large multispecialty physician practice
- Former Chief Accounting Officer and Interim CFO with Regency Hospital Company, a long-term acute care provider
- Former Inspections Leader with the Public Company Accounting Oversight Board
- Former Senior Manager with Ernst & Young

# 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 PPHC,  
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>

**\$1,840m**

Revenue

**31%**

Gross Margin<sup>(2)</sup>

**\$130m**

Adjusted EBITDA

### Key Operating Statistics

**327**

Locations

**33**

States

**26,000**

Caregivers

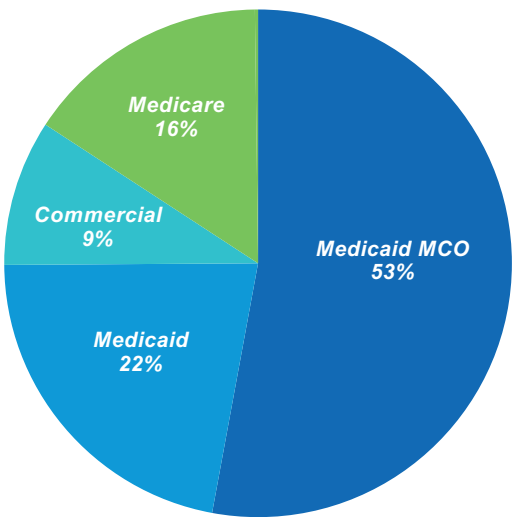
**39m**

Homecare Hours<sup>(3)</sup>

**1,500+**

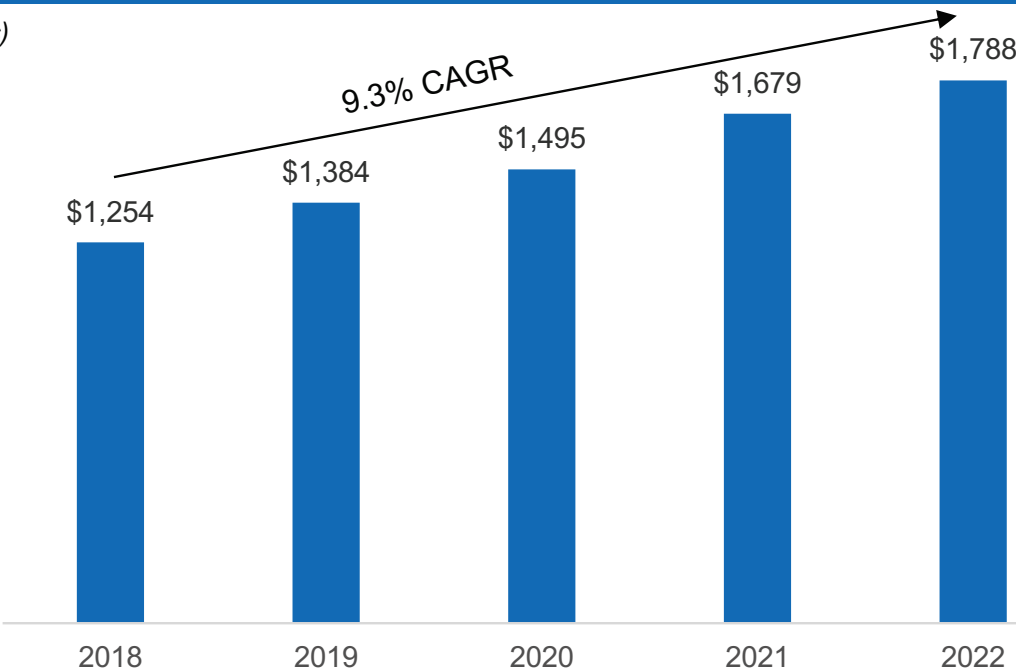
Distinct Payors

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

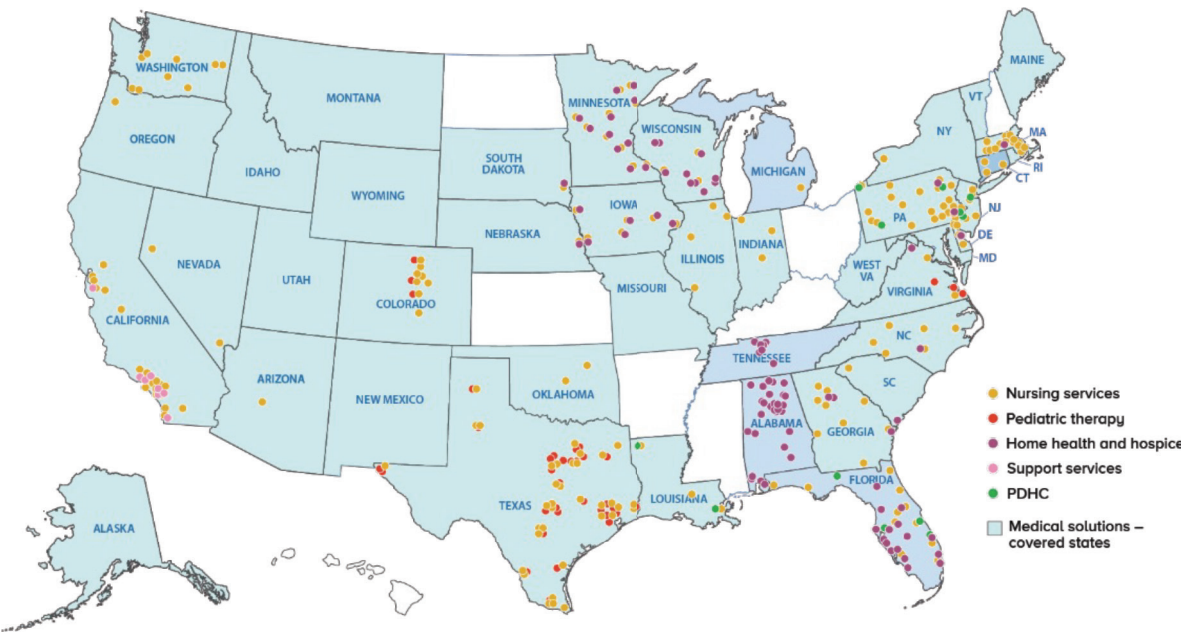


## 2018 – 2022 Revenue Growth

(\$ 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. Q1'2023 Gross Margin 3. Q1'2023 PDS Hours annualized 4. Payor mix for FY 2022

# 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>

**28% – 30%**  
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

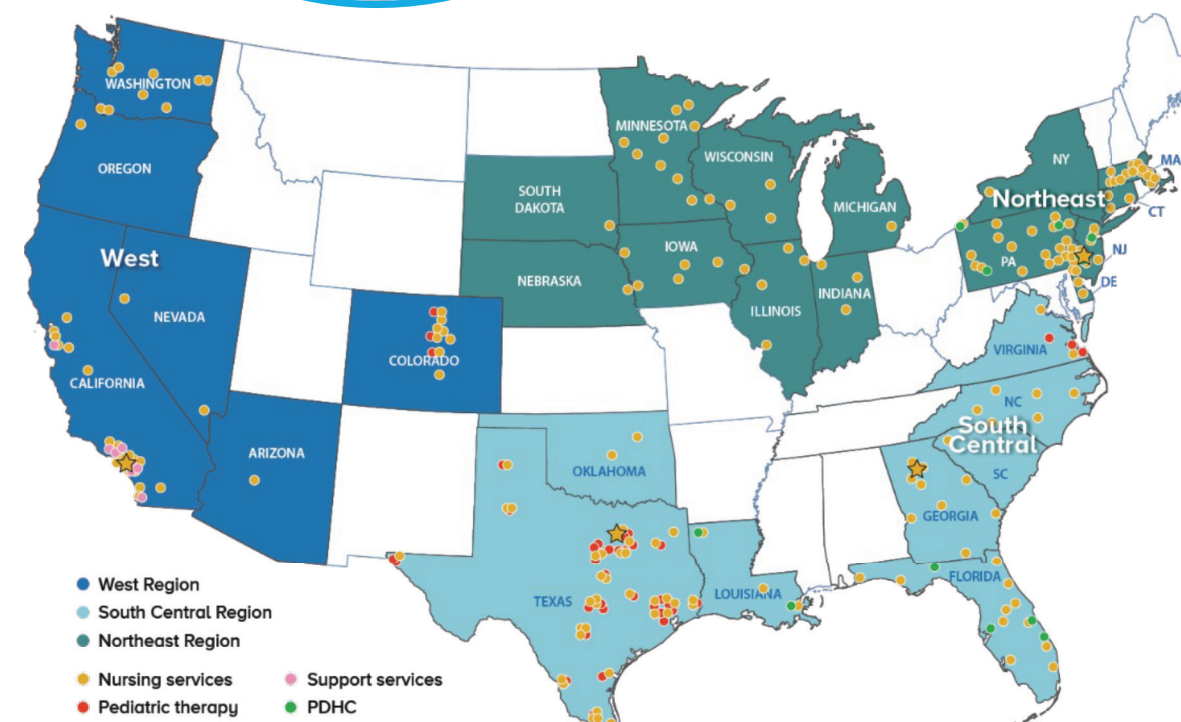
**3-5 Years**  
Avg. Case Length

## 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 Q1 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

**31,000**

Patients on  
Service

**Mixed**

Avg. Patient Age

**2-3 Years**

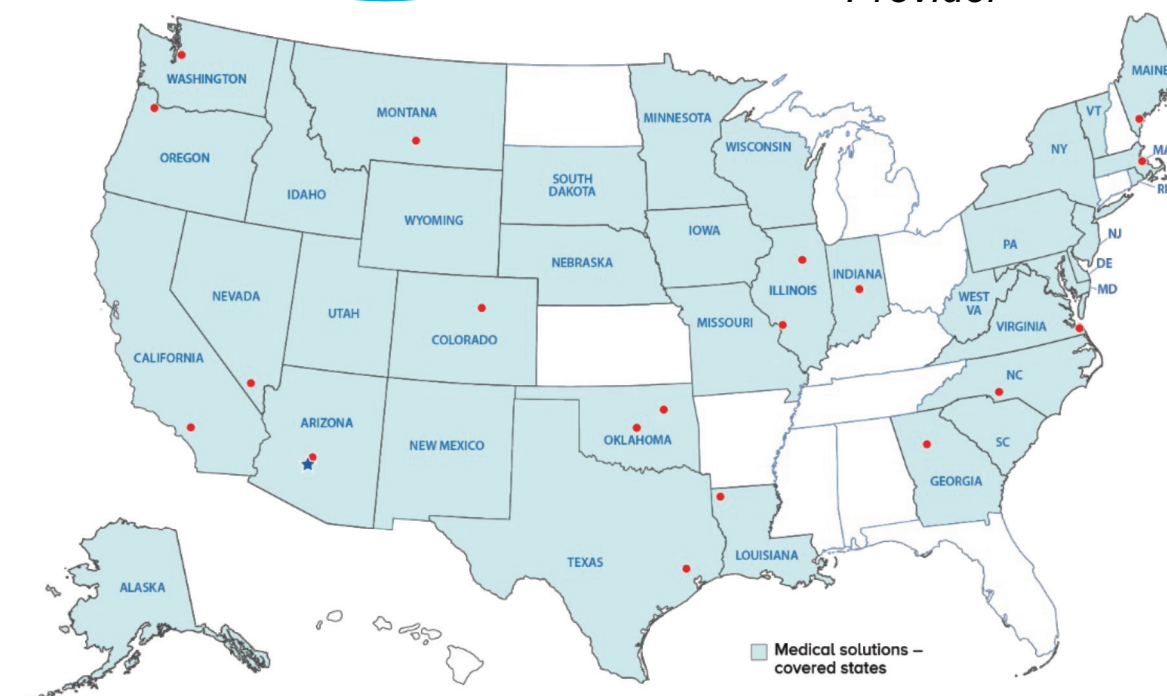
Avg. Case Length

## 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 Q1 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% – 47%**

Gross Margin<sup>2</sup>

**7% - 9%**

Organic Growth Rate<sup>3</sup>

### Key Operating Statistics

**85**

Locations

**15**

States

**13,000**

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

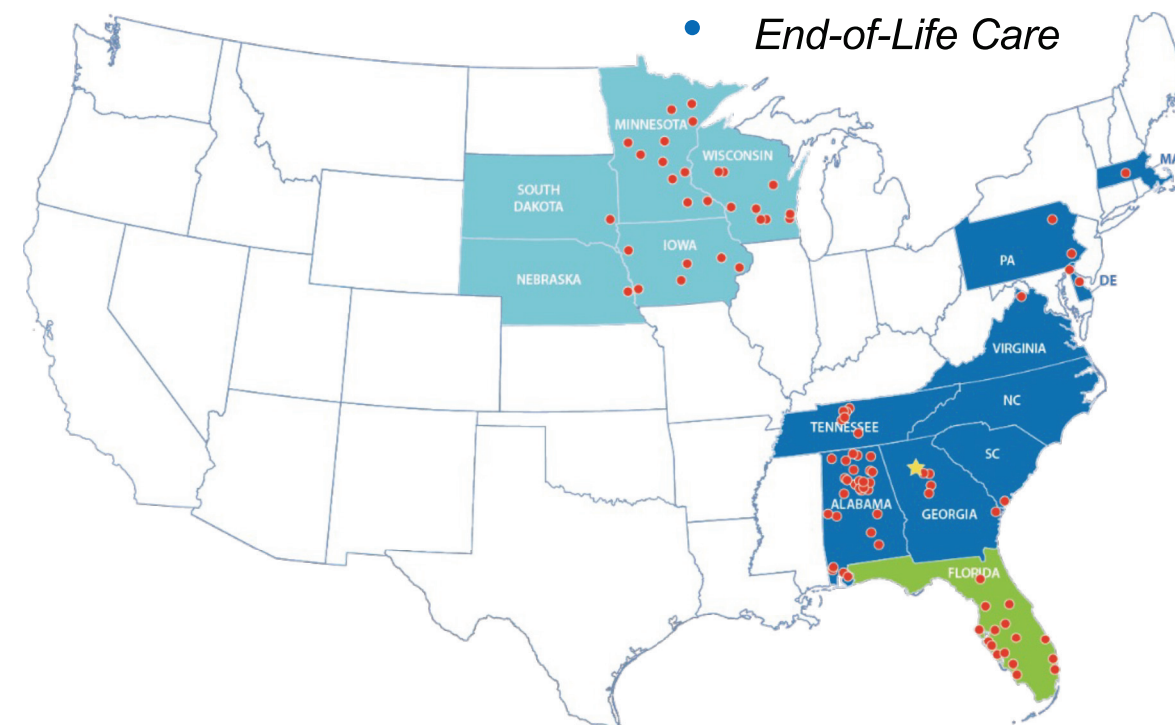


## Home Health

- 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 Q1 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 **16% of revenue** in 2022
- Diversified across **33 states**
- Preferred payors make up >10% of current PDS volume
- In past year, **24 states** had positive PDS rate increases

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



Patients viewed as “**protected population**”



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

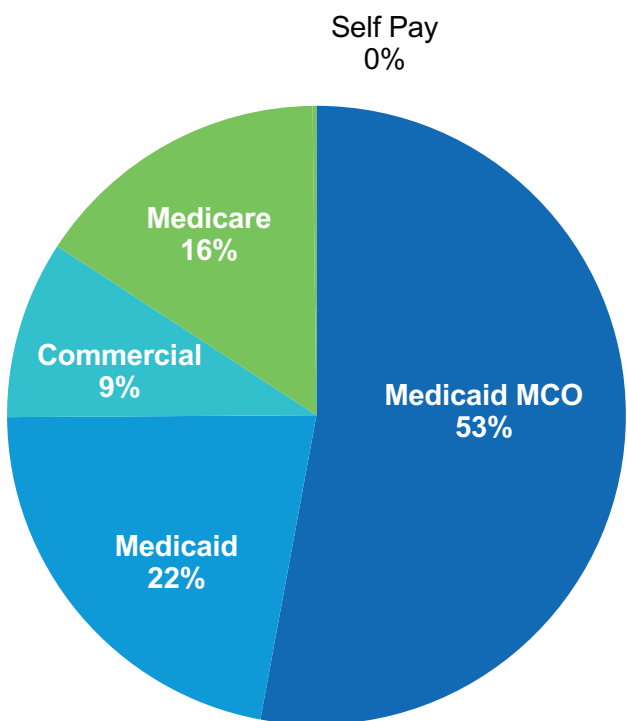


Represents **<2%** of total Medicaid expenditures



**Demand exceeds supply**, supporting payor partnerships

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



1. Management Data. 2. Payor mix for FY 2022



# 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

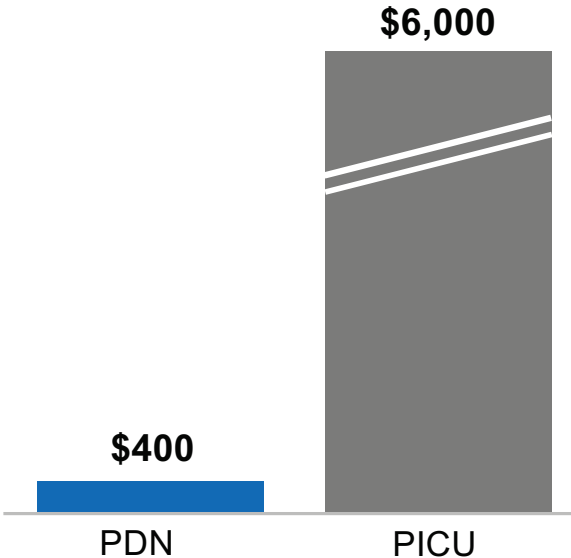
- Post-Covid, inflationary labor market continues to drive nursing shortage
- Preferred payor arrangements and other payor reimbursement rate increases allow for incremental caregiver wages, recruitment, and retention

### Continued Shift to Care in the Home

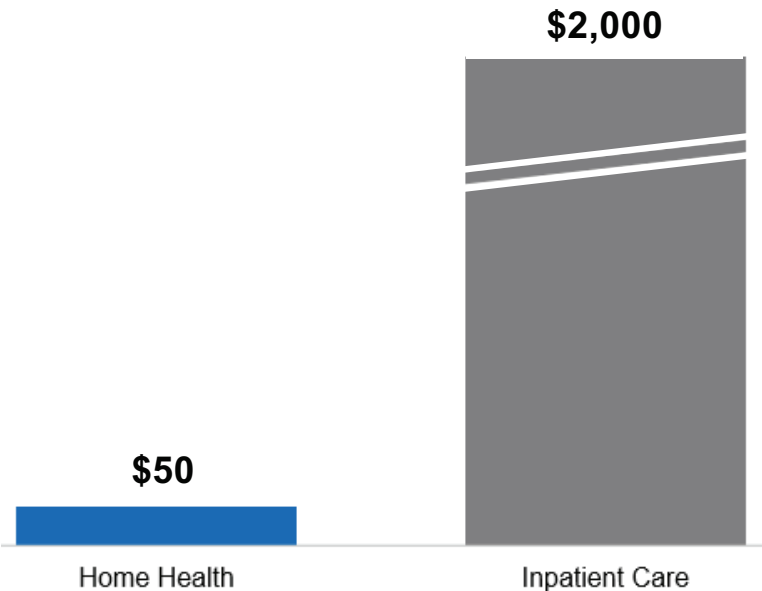
- Institutional costs of care and patient preference driving increased Federal and State awareness of the benefits of care at home
- Shift to the preferred home setting generally supported by constituents, including patients, families, payors, and referral sources

## Cost Savings

### Daily Cost of PDN



### Daily Cost of Adult Home Health

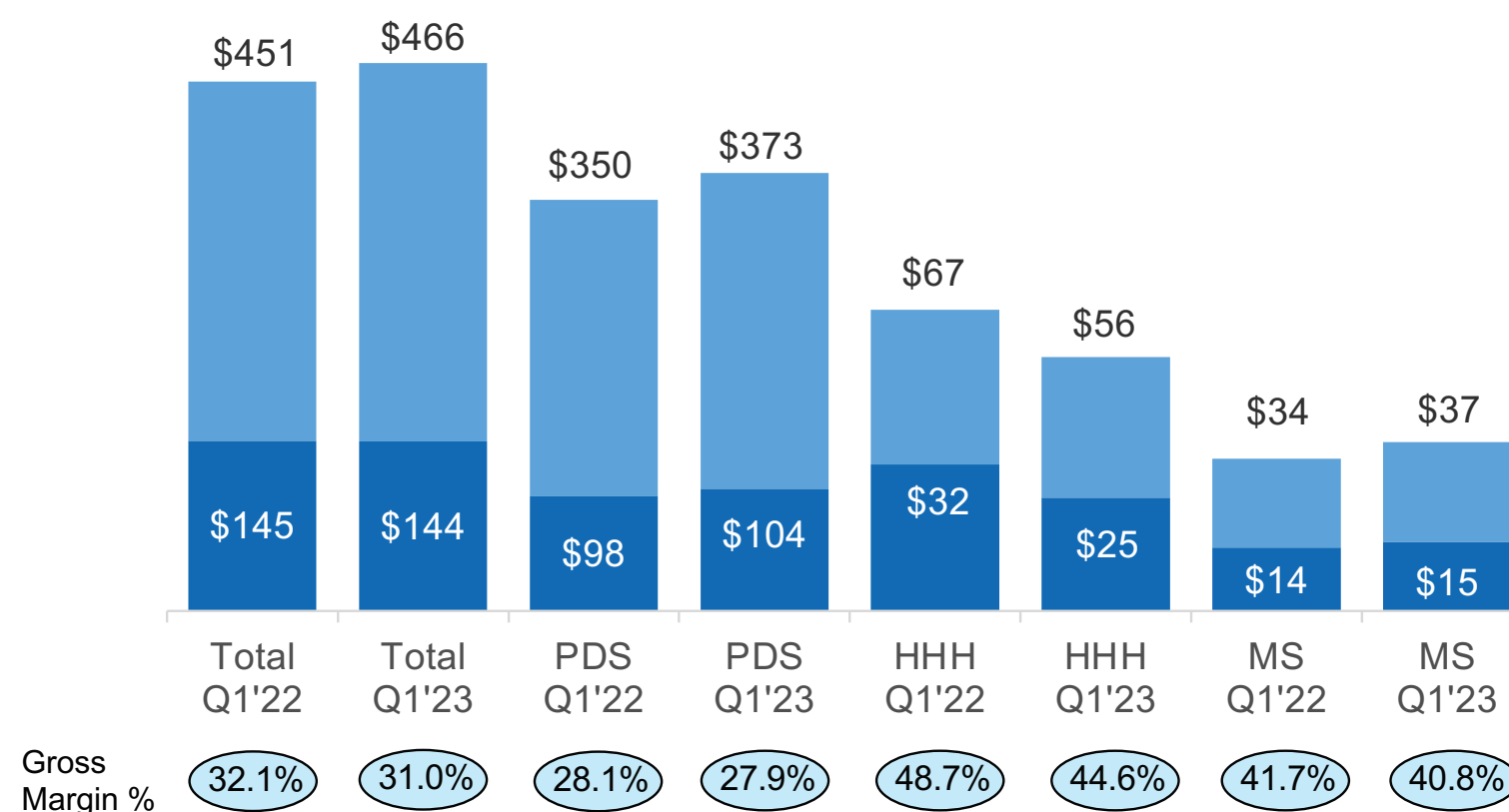


# Q1 2023 Summary Results

## Consolidated Results

\$ in millions	Q1 2022	Q1 2023	Y/Y% Change
Revenue	\$450.5	\$466.4	3.5%
Gross Margin	\$144.8	\$144.5	0.0%
Adjusted EBITDA <sup>(1)</sup>	\$38.0	\$28.5	-25.0%

## Revenue and Gross Margin % by Segment



## Key Highlights

- PDS Q1 2023 revenue growth of 6.5% from Q1 2022, driven by 9.8 million hours of care or 1.8% YOY volume increase
- MS Q1 2023 revenue growth of 10.7% from Q1 2022, driven by strong volume growth of 9.0%
- Sequential improvement in Q1 2023 HHH results from Q4 2022
  - HHH admission trends returning to a more normalized level
  - HHH revenue cycle operations continue to improve
- Q1 2023 demonstrated continued focus on optimization across Aveanna's overhead platform

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



# Q1 2023 Balance Sheet Update

## Liquidity

- Liquidity of over \$215m, comprised of the following:
  - \$34m cash on balance sheet
  - \$162m revolver availability
  - \$20m securitization availability
- Undrawn revolver at the end of Q1
- Borrowing capacity under revolver subject to a 7.6x maintenance leverage covenant if total revolving facility usage is greater than 30% of total facility

## Indebtedness and Hedging

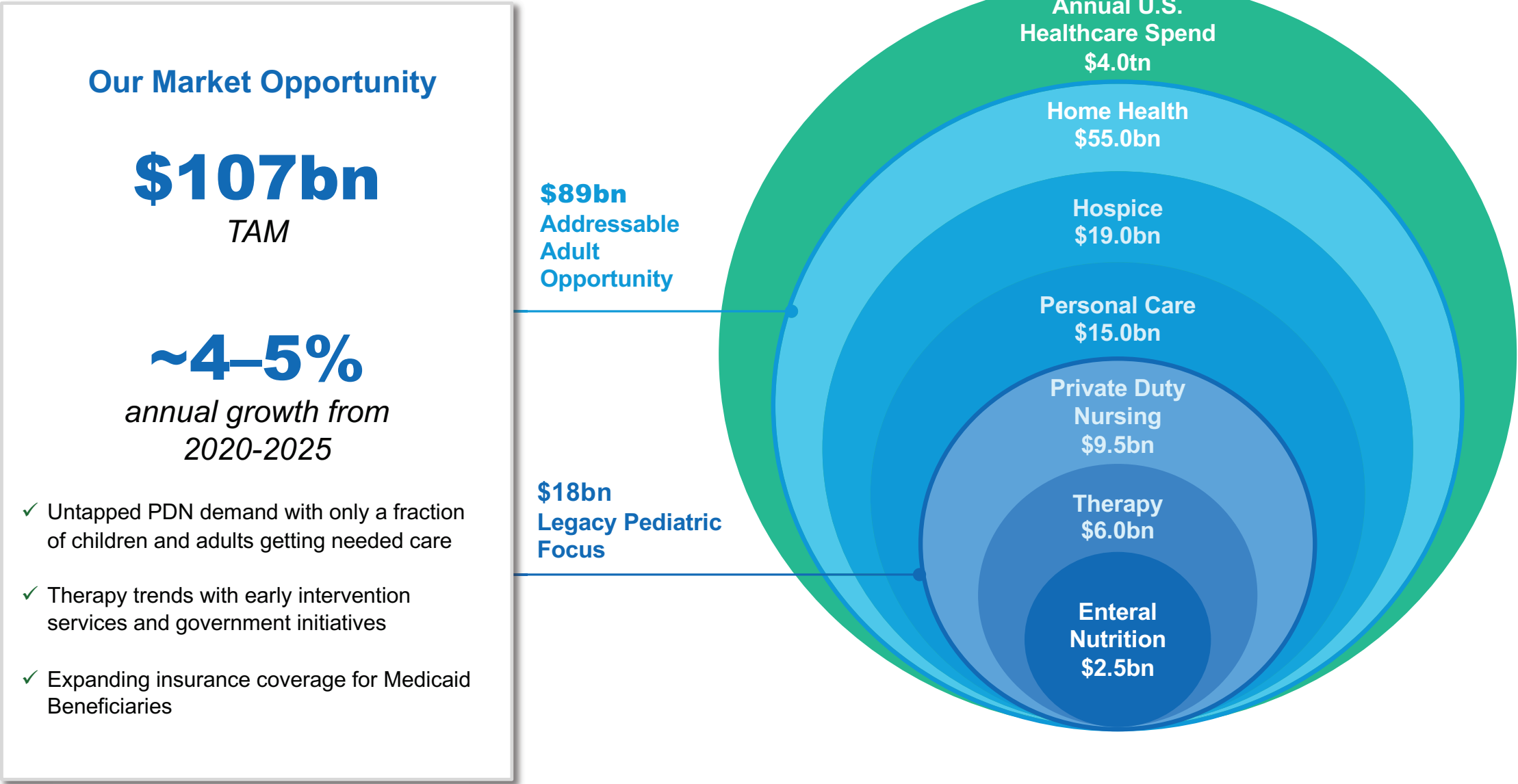
- Total variable rate debt of \$1,478m, consisting of:
  - First Lien: \$907m (L + 3.75%)
  - Second Lien: \$415m (L + 7.00%)
  - Securitization: \$155m (BSBY + 2.25%)
- Interest rate hedges in place:
  - \$520m notional interest rate swap (expires June 2026)
  - \$880m notional, 3% interest rate cap (expires February 2027)

## Cash Flow

- Q1 cash provided by operating activities of \$7.5m
- Q1 free cash flow of \$2.9m<sup>(1)</sup>
- Expected 2023 cash flow benefits from cost reduction efforts
- Goal to drive positive operating cash flow in 2H '23

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 ~16% 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 more than 10% 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 cash flow improvement opportunities
- ✓ Goal to drive positive, sustainable cash flow and reduce leverage over time

1. Payor mix for FY 2022. 2. Based on gross margin percentages in fiscal year 2021 through Q1 2023



# Appendix



# Reconciliation of Net (loss) income to Adjusted EBITDA

<i>(dollars in thousands)</i>	For the three-month periods ended	
	April 1, 2023	April 2, 2022
Net (loss) income	\$ (31,998)	\$ 25,334
Interest expense, net	35,883	22,302
Income tax expense	1,566	2,597
Depreciation and amortization	4,041	5,819
EBITDA	9,492	56,052
Goodwill, intangible and other long-lived asset impairment	68	(112)
Non-cash share-based compensation	2,442	4,815
Interest rate derivatives <sup>(1)</sup>	11,922	(36,183)
Acquisition-related costs <sup>(2)</sup>	70	91
Integration costs <sup>(3)</sup>	1,133	6,747
Legal costs and settlements associated with acquisition matters <sup>(4)</sup>	304	1,039
COVID-related costs, net of reimbursement <sup>(5)</sup>	-	4,172
Restructuring <sup>(6)</sup>	2,127	-
Other system transition costs, professional fees and other <sup>(7)</sup>	923	1,329
Total adjustments <sup>(8)</sup>	\$ 18,989	\$ (18,102)
Adjusted EBITDA	\$ 28,481	\$ 37,950

1. 1-8: Please see our earnings release posted on May 11, 2023 for further description of the nature of these items

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

<i>(dollars in thousands)</i>	<b>For the three-month period ended</b>	
	<b>April 1, 2023</b>	
Net cash provided by operating activities		7,495
Purchases of property and equipment, and software		(2,122)
Principal payments of term loans		(2,300)
Principal payments of notes payable and financing lease obligations		(3,398)
Settlements with derivative counterparties		3,219
Free cash flow	\$	2,894