

38th Annual

J.P. Morgan Healthcare Conference

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Jim Skogsbergh, Chief Executive Officer
Dominic J. Nakis, Chief Financial Officer and Treasurer



The following material and presentation contains information which is forward-looking within the meaning of federal securities law. These forward looking statements are based on the current plans and expectations of Advocate Aurora Health Inc. (“AAH”) that, although believed to be reasonable, are subject to a number of known and unknown uncertainties and risks inherent in the operation of health care facilities, many of which are beyond AAH’s control, that could significantly affect current plans and expectations and AAH’s future financial position and results of operations. All opinions, estimates, projections, forecasts and valuations are preliminary, indicative and are subject to change without notice. These forward-looking statements speak only as of the date made. Investors are cautioned not to unduly rely on such forward-looking statements. Please note that full year 2016-2018 are pro forma figures for those years. This presentation should be reviewed in conjunction with AAH’s September 30, 2019 continuing disclosure report which can be found at emma.msrb.org.

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OUR PURPOSE

We help people
live well.

Our Values

EXCELLENCE

We are a top performer
in all that we do.

COMPASSION

We unselfishly care for others.

RESPECT

We value the unique needs
and preferences of all
people.

BY THE NUMBERS



Over
\$12B
TOTAL
REVENUE

9.8%
OPERATING CASH
FLOW MARGIN¹



Approximately
74,000
TEAM MEMBERS

Over
\$18B
TOTAL ASSETS

263
DAYS CASH ON HAND

16.8%
EBIDA %²



Approximately
3,700
EMPLOYED PHYSICIANS



26
HOSPITALS



500+
SITES OF CARE



Over **2M**
UNIQUE PATIENTS

Financial information as of or for the nine months ended September 30, 2019; total revenue annualized based upon nine months ended September 30, 2019.

¹ Calculated as (Operating Income (excluding nonrecurring expenses) + Interest + Depreciation and Amortization) / Total Revenue

² Calculated as (Revenue in excess of expenses + Interest + Depreciation and Amortization) / Total Revenue

Our evolving world

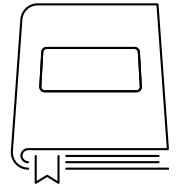
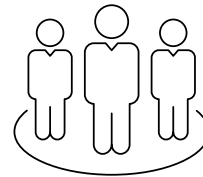
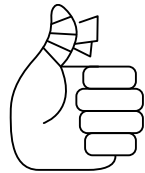
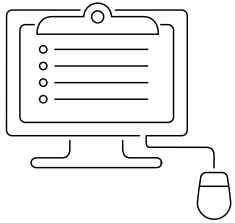
Science &
Technology

Consumer

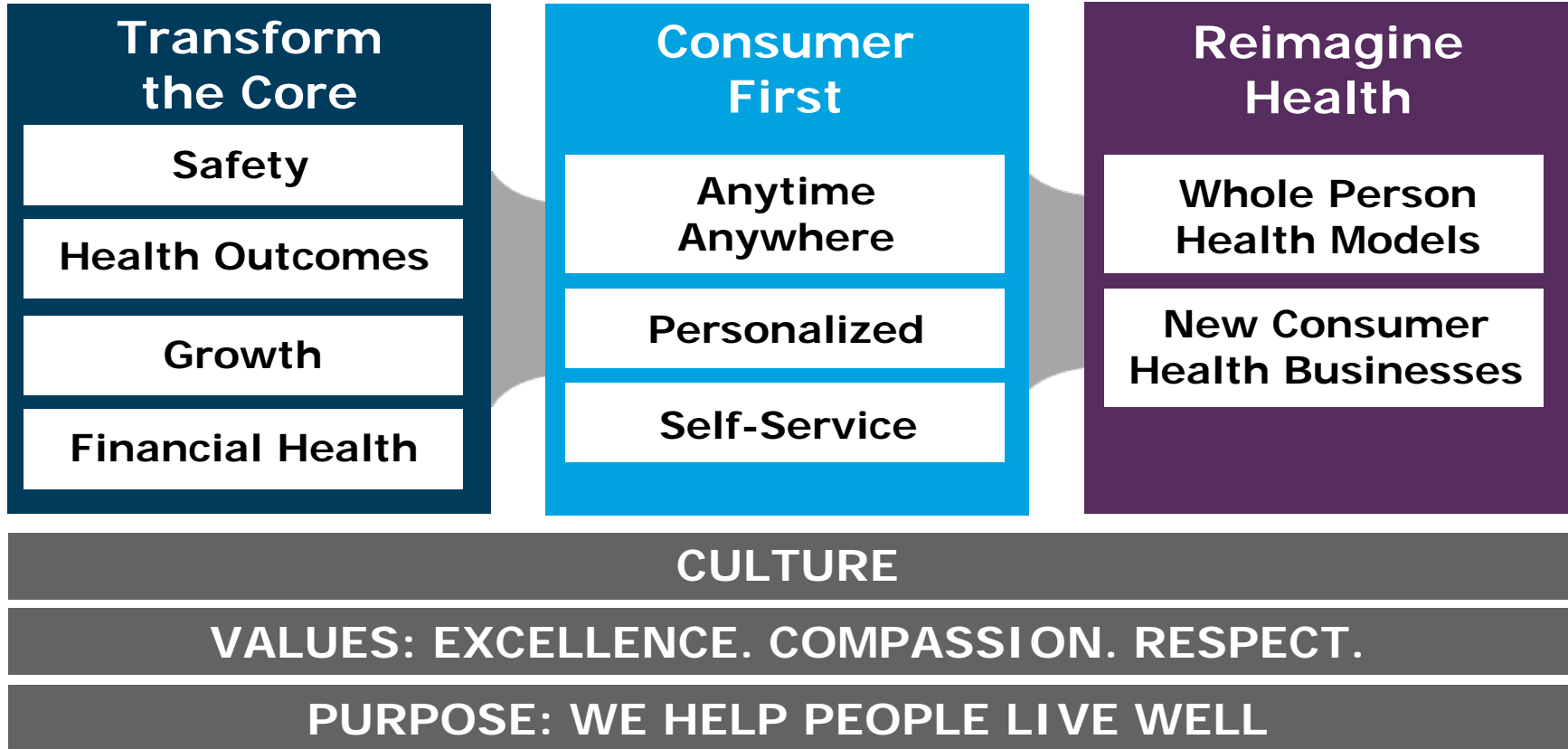
Care Models

Competition

Economics



Transformation 2025



Transforming the core

SAFETY + **HEALTH OUTCOMES** + **GROWTH** + **FINANCIAL HEALTH**

Zero
safety
events

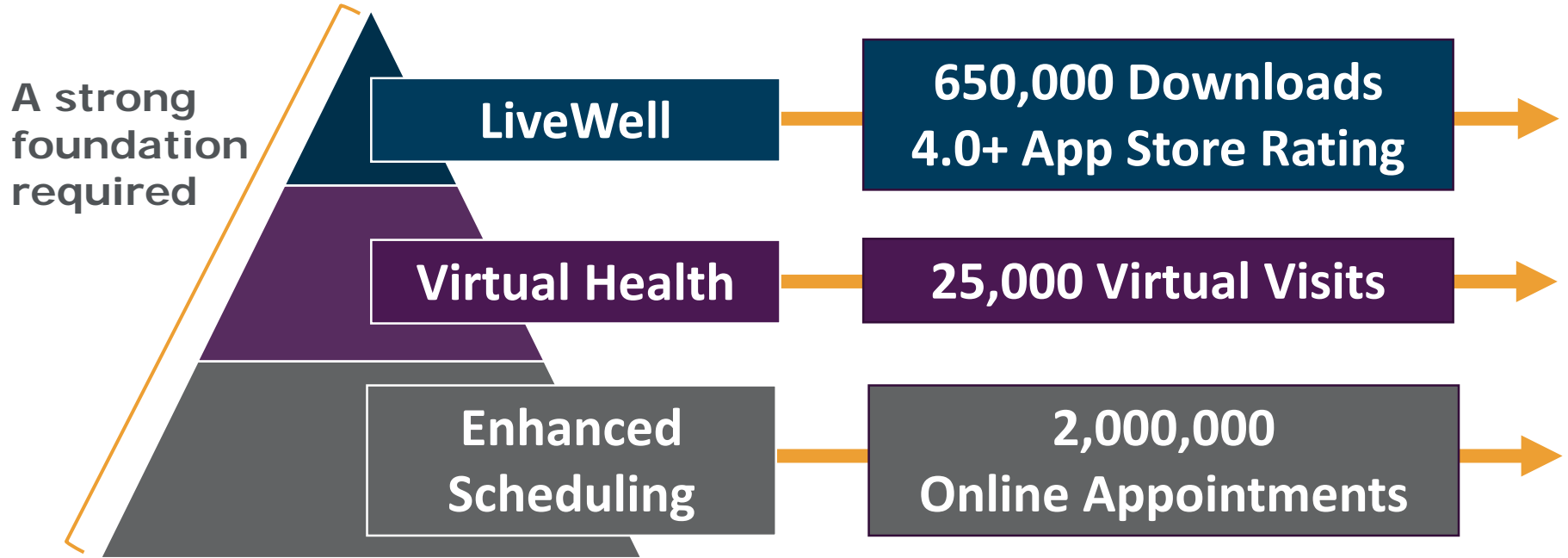
Achieve
top decile
health
outcomes

Serve
10M
patients

Achieve
operating
margin
goals

Putting the Consumer First

FOCUS fosters results



Creating Destination Health



**NEW CONSUMER
HEALTH BUSINESS**

Create/acquire
new health
and wellness
businesses



**WHOLE PERSON
HEALTH MODELS**

Test and scale
innovative whole
person health
models



COMMERCIALIZATION

Generate new
revenue

2025 Report Card

Category	Strategy	Goal	2025 Aspiration
Transform the Core	Safety & Health Outcomes	<ul style="list-style-type: none"> Serious Safety Events Health Outcomes Score 	<ul style="list-style-type: none"> 0 100
	Growth	<ul style="list-style-type: none"> Revenue Number of People Served 	<ul style="list-style-type: none"> \$27B 10M
	Affordability	<ul style="list-style-type: none"> Operating Margin Cost Reduction 	<ul style="list-style-type: none"> 4.7% \$1.1B
Consumer First	Consumer Experience	<ul style="list-style-type: none"> Consumer Experience Score 	<ul style="list-style-type: none"> 100
	Consumer Businesses	<ul style="list-style-type: none"> % of Revenue from New Businesses 	<ul style="list-style-type: none"> 10%
Destination Health		<ul style="list-style-type: none"> Living Well Score 	<ul style="list-style-type: none"> 100
Culture & Enabling Capabilities		<ul style="list-style-type: none"> Team Member Engagement Diversity & Inclusion Score 	<ul style="list-style-type: none"> 80th 100

Strategy building blocks

1

**Focused Care
Delivery
Operator**

Standardization,
Cost Control,
and Portfolio
Management

2

**Multimarket
Consolidator**

M&A and
Post-Deal
Performance
Improvement

3

**Consolidator
with Health
Plan**

M&A and
Health
Plan
Operations

4

**Consumer
Facing
Health
Businesses**

New Consumer
Facing
Products/
Services

5

**Whole Person
Health
Company**

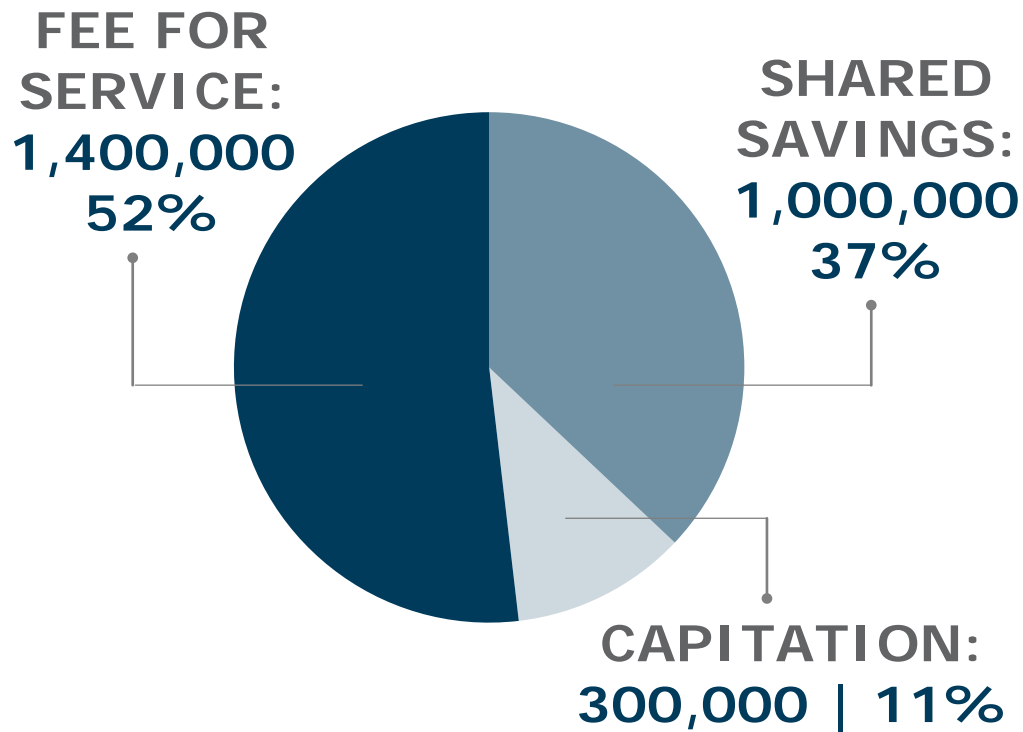
Integration
of Financing,
Highly
Personalized
Care
and Broader
Health Focus

Impact on Health

We believe in scale

- Improves health outcomes/safety
- Supports clinical programs/accelerates innovation
- Attracts & retains talent/magnet for future growth
- Creates opportunities for new & creative partnerships
- Enhances advocacy stature
- Enhances access to capital
- Diversifies revenue/assume risk
- Accelerates synergies/reduce costs

Risk management success



Strong financial performance ACA exchange, Commercial and Medicare risk



\$60 - \$80 million annual surplus/share savings



Advocate Aurora Health to invest \$50 million in underserved communities in Illinois, Wisconsin

BECKER'S
Hospital CFO Report

10 health systems with strong finances



Financial Profile

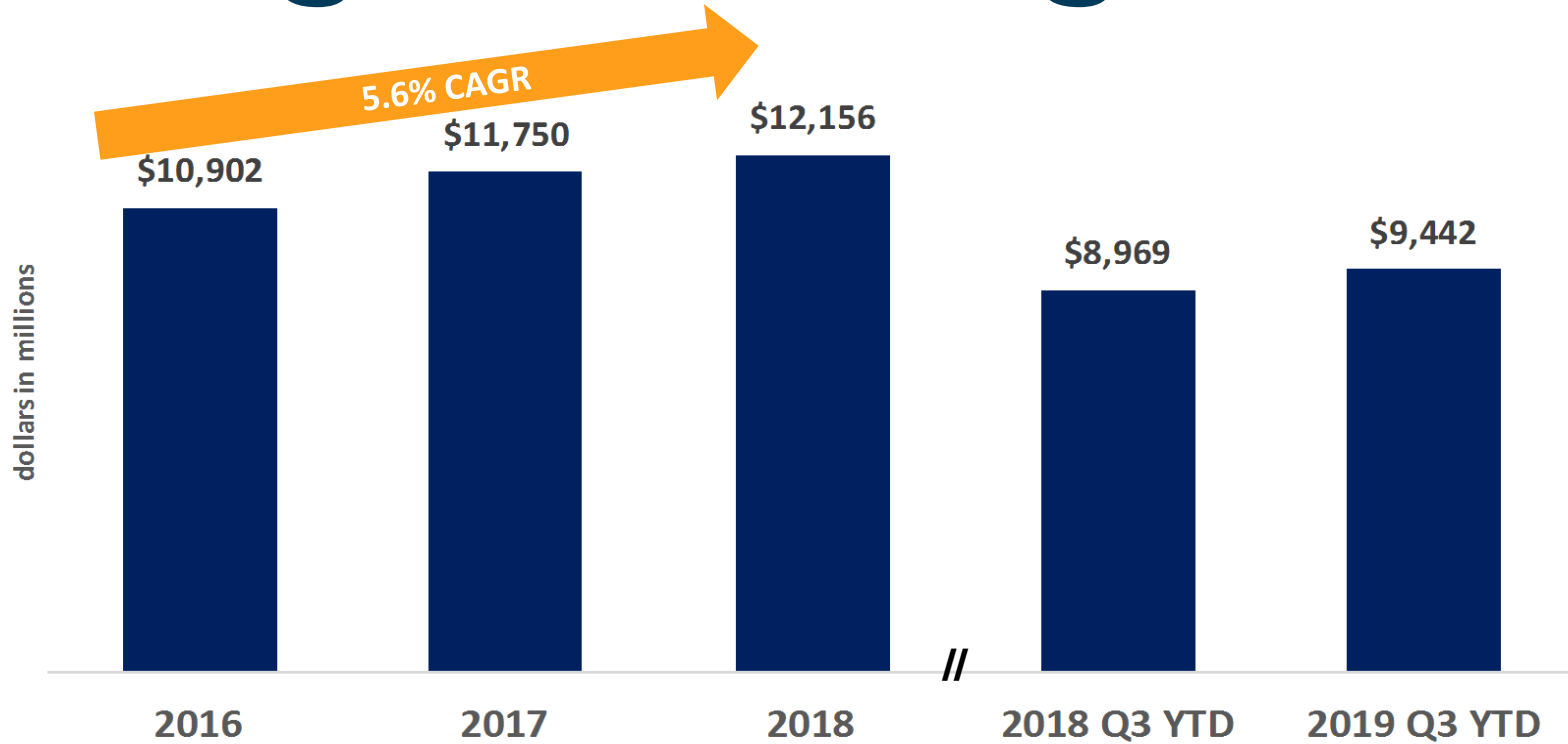
Dominic J. Nakis, Chief Financial Officer and Treasurer



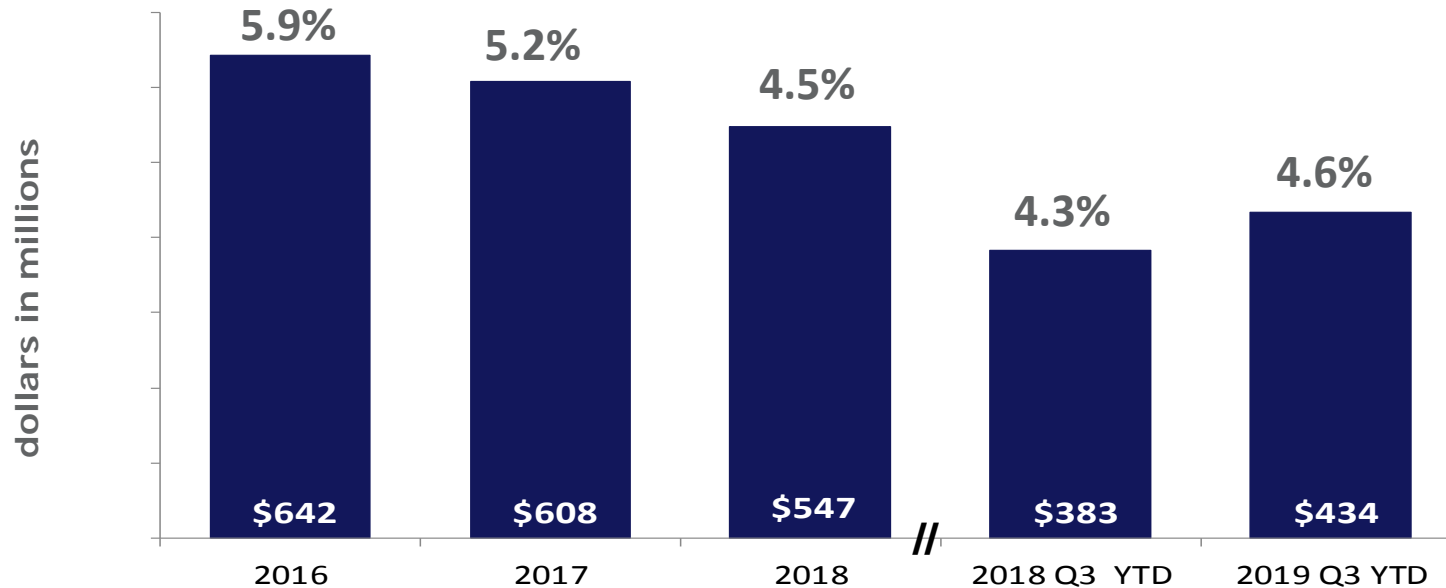
Strong Financial Profile

- 10th largest not-for-profit health care system in U.S. (by revenue)
- Over \$12 billion revenue
- Achieving synergy targets
- Strong Operating and Cash Flow Margins
- 263 Days Cash on Hand & Well Diversified Investment Portfolio
- Low Leverage with Cash-to-Debt of 2.75x
- Well Funded & Hedged Frozen Pension Plans
- S&P: AA Stable / Fitch: AA Stable / Moody's: Aa3 Positive

Strong revenue growth

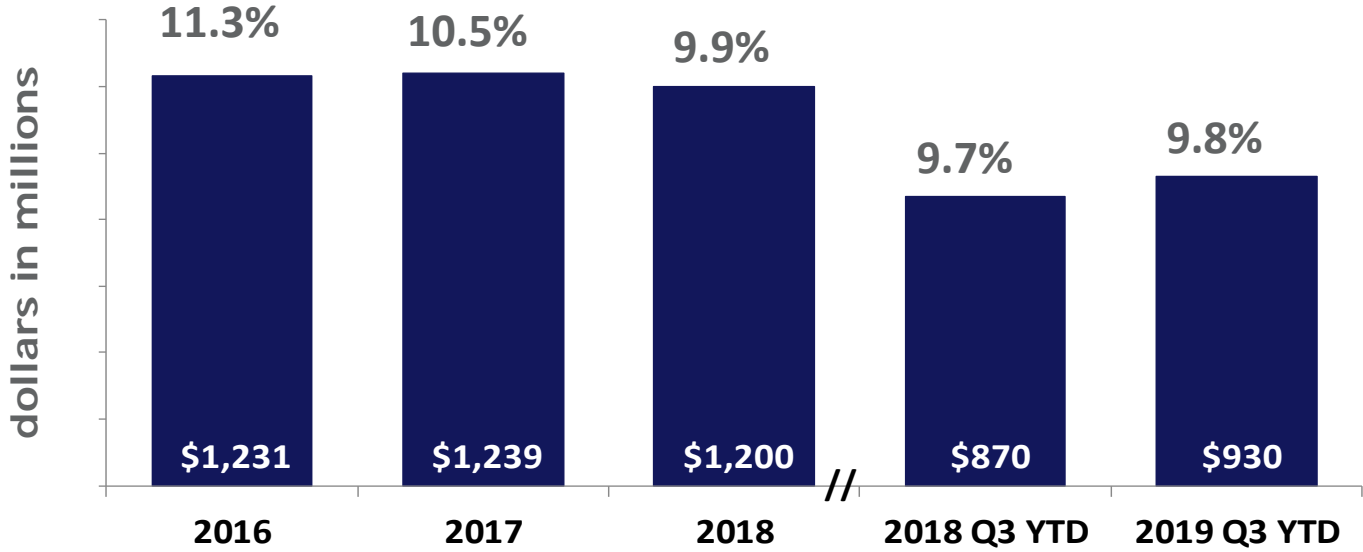


Solid operating margin



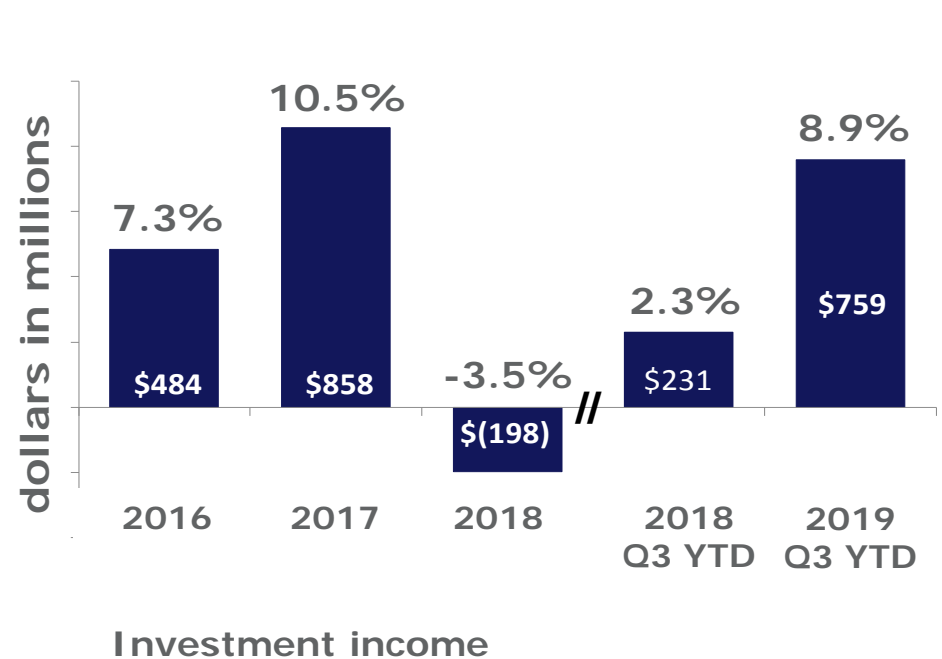
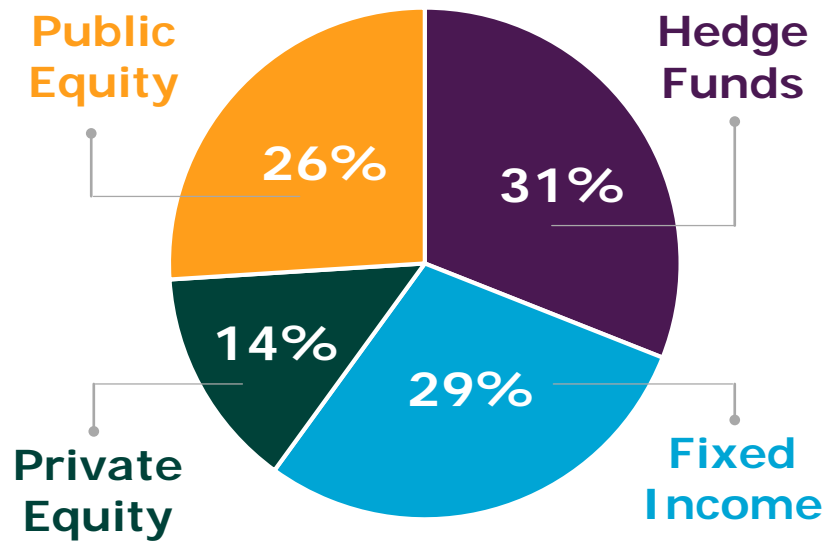
Operating income dollars and margin before nonrecurring expenses.

Robust operating cash flow

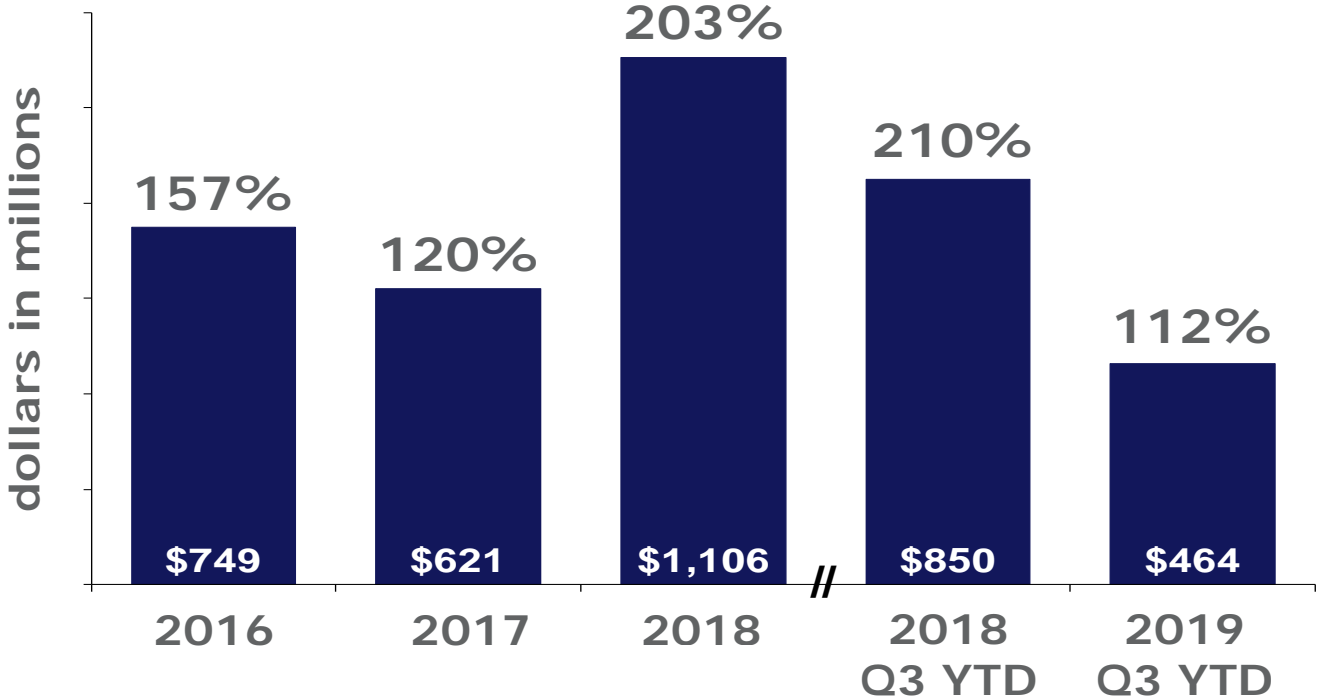


Operating cash flow dollars and margin before nonrecurring expenses.

Diversified investment portfolio

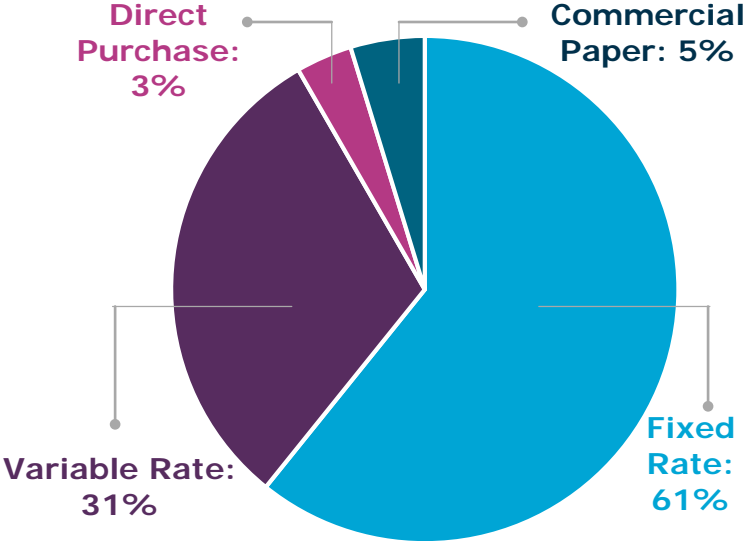


Significant capital expenditures

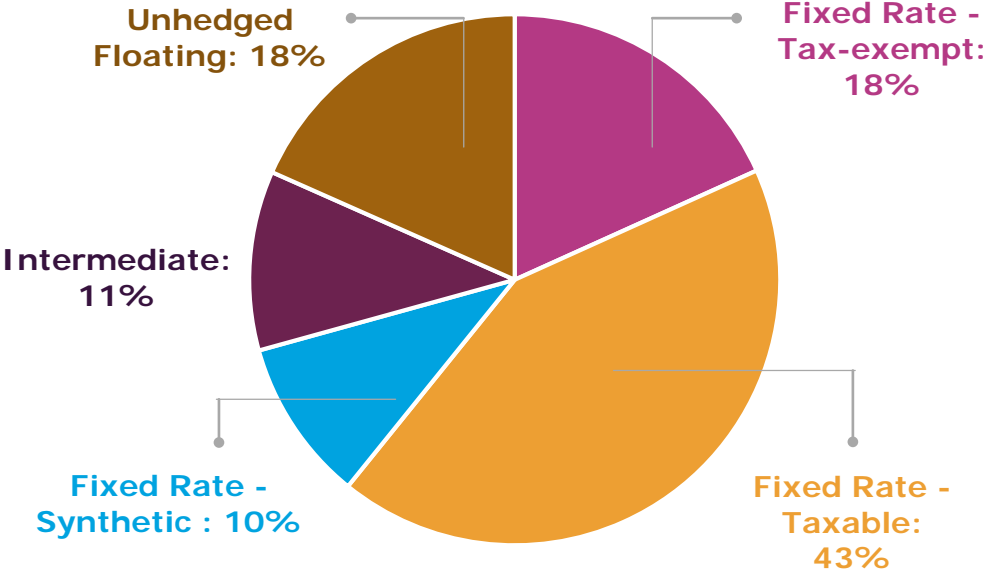


Debt profile well diversified

Underlying Debt Mix

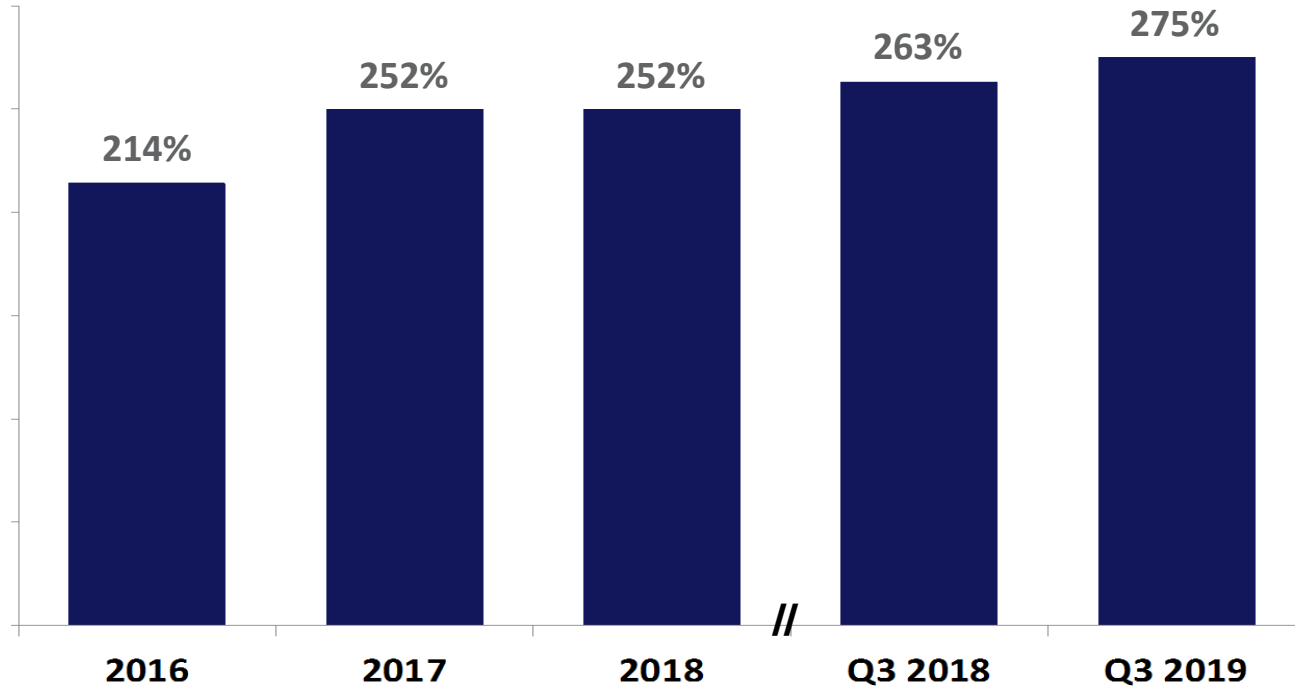


Net Interest Rate Mix

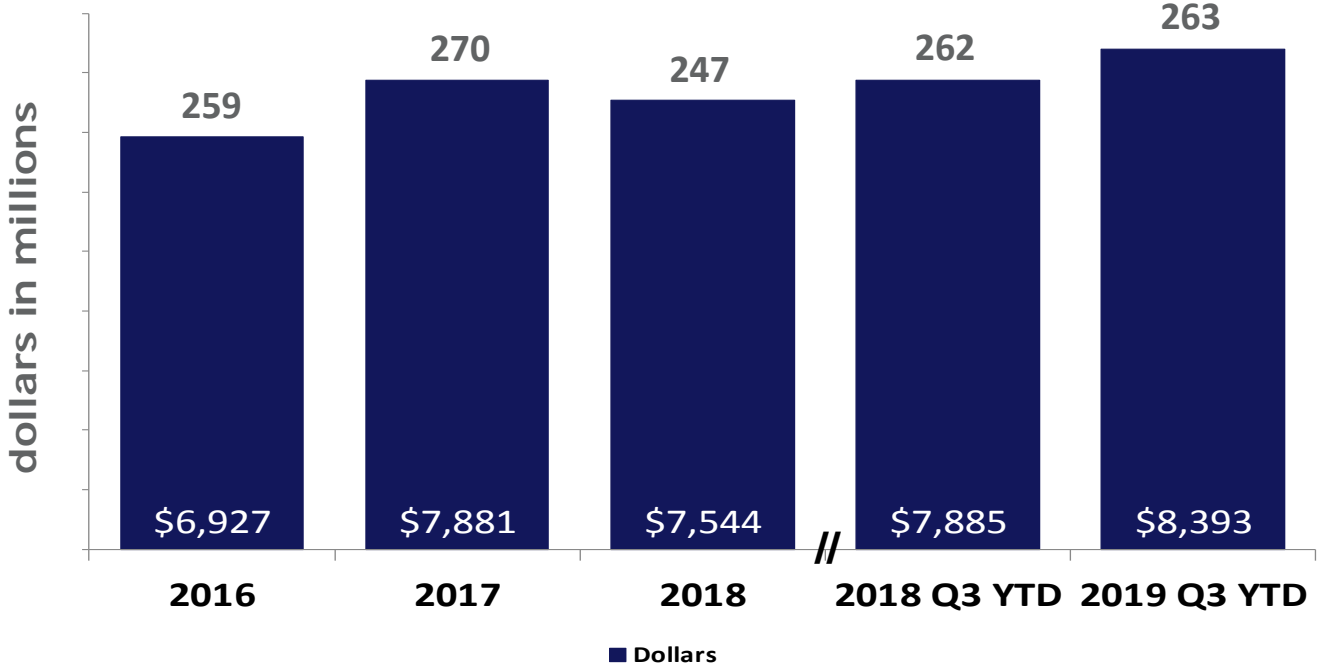


Maturities laddered to manage event risk. As of November 30, 2019

Robust cash to debt ratio



Sizable liquidity position



Well positioned for the future

- Strong governance and leadership
- Safety & quality focus
- Robust brand
- Engaged team members
- Financial strength
- AA/AA/Aa3 (SP/F/M), outlooks stable & positive (M)

