



**MEDICAL
FACILITIES**
CORPORATION

Annual General Meeting

May 14, 2020



**Jeffrey
Lozon**

**Chair, Board
of Directors**



Meeting agenda

- Introduction
- Report on quorum and scrutineer's report
- Annual general meeting of shareholders
 - Election of directors
 - Appointment of auditors
- Other business
- Management presentation
- Q&A



**Robert
Horrar**

**President and
Chief Executive
Officer**

Forward-looking statements

This presentation may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the Securities Act (Ontario) and other provincial securities law in Canada. These forward-looking statements include, among others, statements with respect to our objectives, goals and strategies to achieve those objectives and goals, as well as statements with respect to our beliefs, plans, objectives, expectations, anticipations, estimates and intentions. The words “may”, “will”, “could”, “should”, “would”, “suspect”, “outlook”, “believe”, “plan”, “anticipate”, “estimate”, “expect”, “intend”, “forecast”, “objective” and “continue” (or the negative thereof), and words and expressions of similar import, are intended to identify forward-looking statements. Any such statements are subject to risks and uncertainties that could cause actual results to differ materially from those projected in these forward-looking statements. For more information on the risk factors related to these forward-looking statements, please refer to the management’s discussion and analysis, annual information form and ongoing quarterly filings of Medical Facilities Corporation available on SEDAR at www.sedar.com.

2019 highlights

Challenging year:

- Issues primarily at Unity Medical and Surgical Hospital
- Changes to our dividend

But a strong fourth quarter

**US\$398.1
million**

.....
Revenue*

**US\$44.5
million**

.....
Income from
operations*

**US\$96.2
million**

.....
Adj. EBITDA*

2.1%

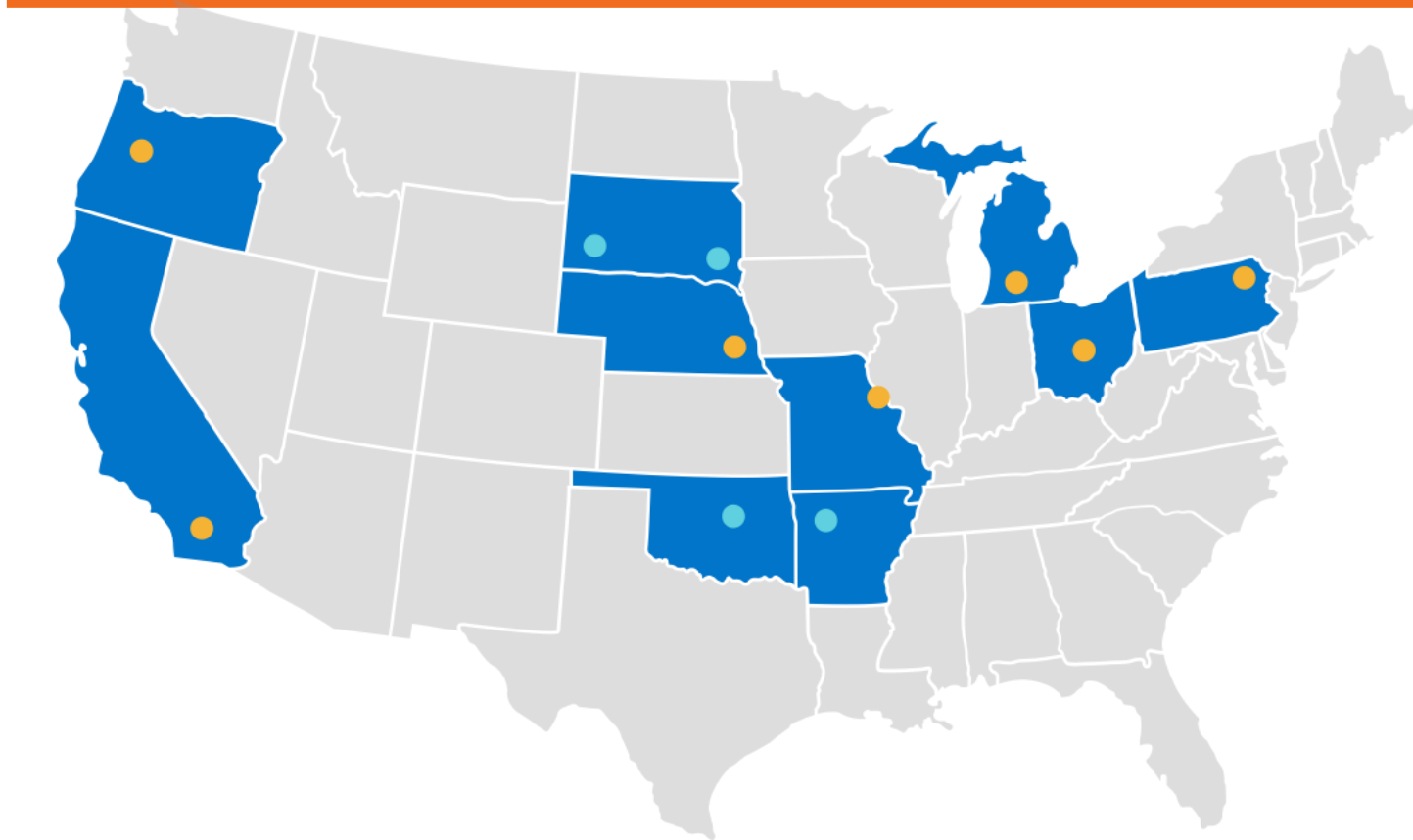
.....
Increase in surgical
cases

* Figures have been modified to reflect continuing operations only, which is defined as consolidated operations excluding Unity Medical and Surgical Hospital and RRI Mishawaka Hospital, LP. These entities are treated as discontinued operations in the financial results for the fourth quarter and year ended December 31, 2019.

Changes to our portfolio

- December 2019: Sold interest in Central Arkansas Surgical Center
 - Relatively small market size and limited growth opportunities
- February 2020: Sold majority of interest in Unity Medical and Surgical Hospital ("UMASH")
 - New partners and capital should significantly improve facility utilization and financial performance of UMASH
 - MFC's ownership interest decreased to 31.7% from 87.6% --- UMASH will no longer be consolidated into MFC's consolidated financial results

Diverse high quality portfolio



- Specialty Surgical Hospitals
- Ambulatory Surgery Centers

- 11 facilities in 10 states
- 62 operating rooms
- 127 overnight beds
- 11 procedure rooms
- 6 urgent care clinics

Improved financial flexibility

- November 2019: Reduced our dividend payout and changed the frequency from monthly to quarterly
- End of 2019: Retired 5.9% convertible debentures

Increased flexibility and provided the ability to pursue the best available long-term value maximizing opportunities

Focused on our strengths

Number of patients who would recommend their hospital to others

72%
U.S. avg.

89%
MFC avg.

Hospital Consumer Assessment of Healthcare Providers and Systems (HCAHPS), a survey conducted by the U.S. Department of Health and Human Services, of patients' perspectives of hospital experiences, based on ten important hospital quality topics. Ratings presented above are as of January 2020.

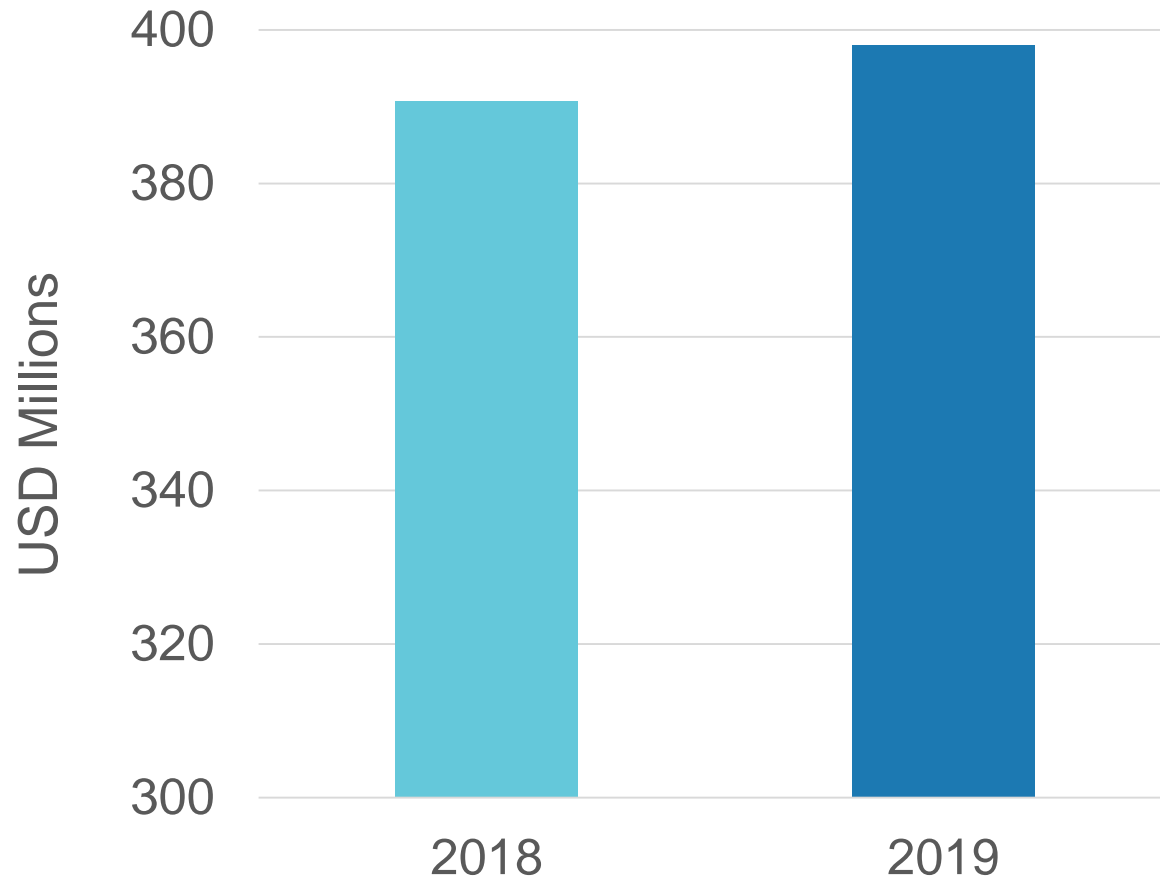


A person wearing a blue protective suit, including a hood and a clear face shield, is working in a laboratory. They are leaning over a table covered with a blue cloth, possibly handling equipment or samples. The background is a plain, light-colored wall.

**David
Watson**

**Chief Financial
Officer**

Annual revenue

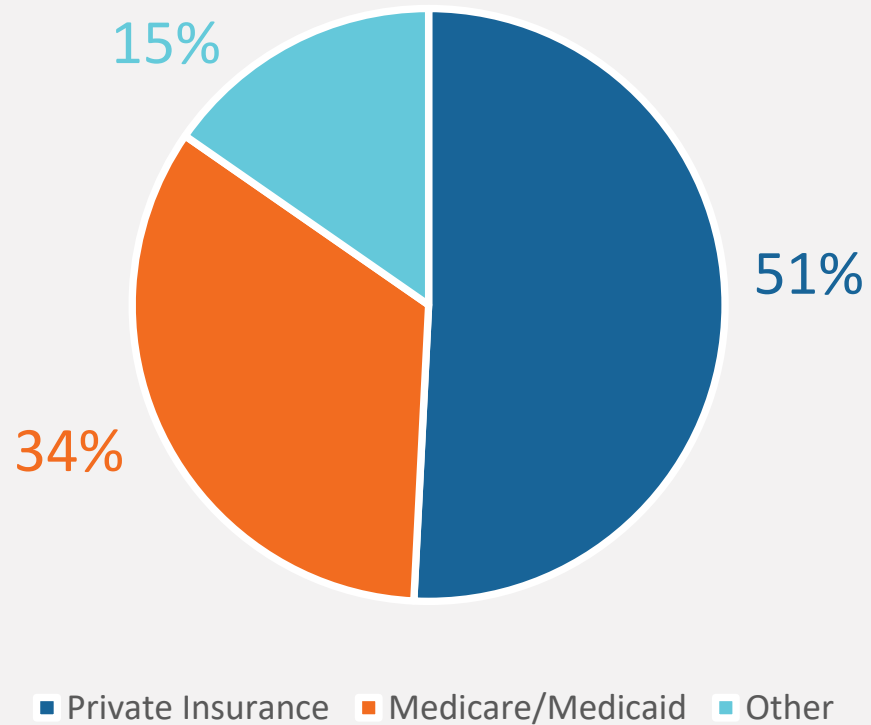


2019 revenue of \$398.1M

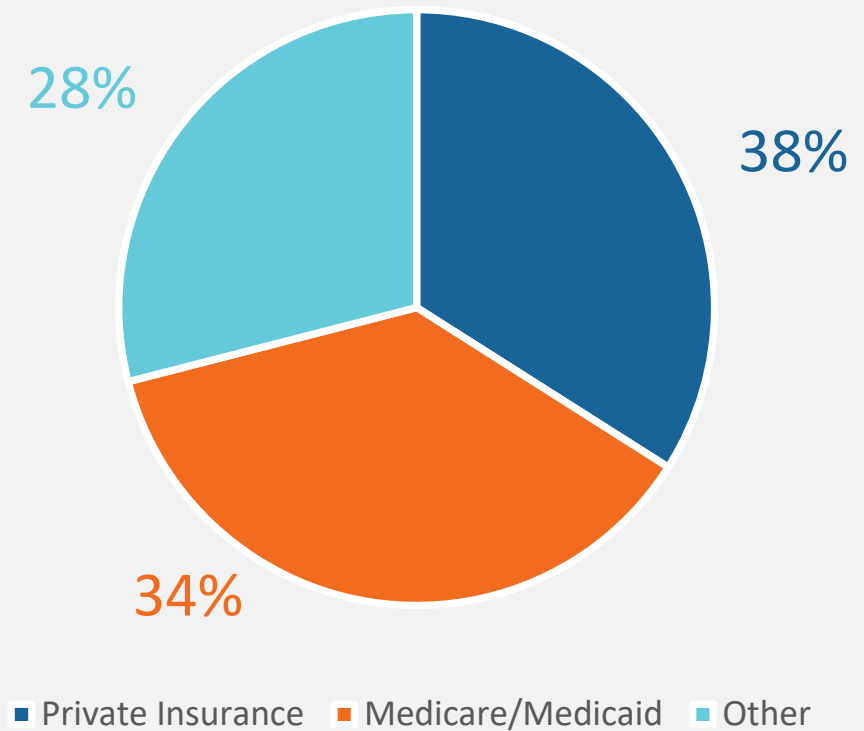
- +1.9% over 2018
 - Higher surgical case volume at most facilities
 - Growth in primary care, pain clinic, and imaging revenue
 - The addition of the Gillette urgent care clinic
 - Other factors

Strong payor mix

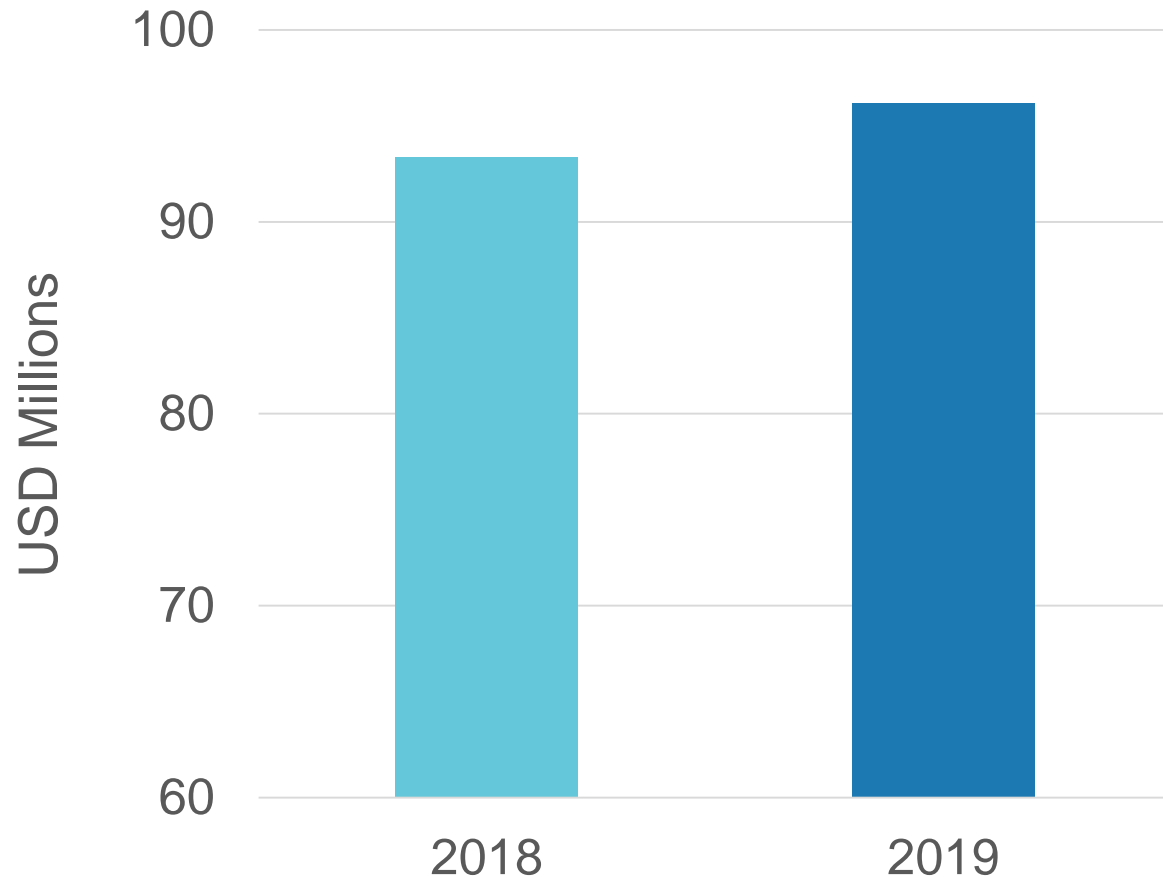
2019 MFC Facility Service Revenue



2019 U.S. Healthcare System Revenue



Annual adjusted EBITDA



2019 adj. EBITDA of \$96.2M

- +3.1% over 2018
- Adj. EBITDA margin of 24.2% in 2019 vs. 23.9% in 2018

Adjusted EBITDA is a non-IFRS financial measure. Please refer to “Non-IFRS Financial Measures” and “Reconciliation of Non-IFRS Financial Measures” sections in the Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operations for the three-month and full year periods ended December 31, 2019.

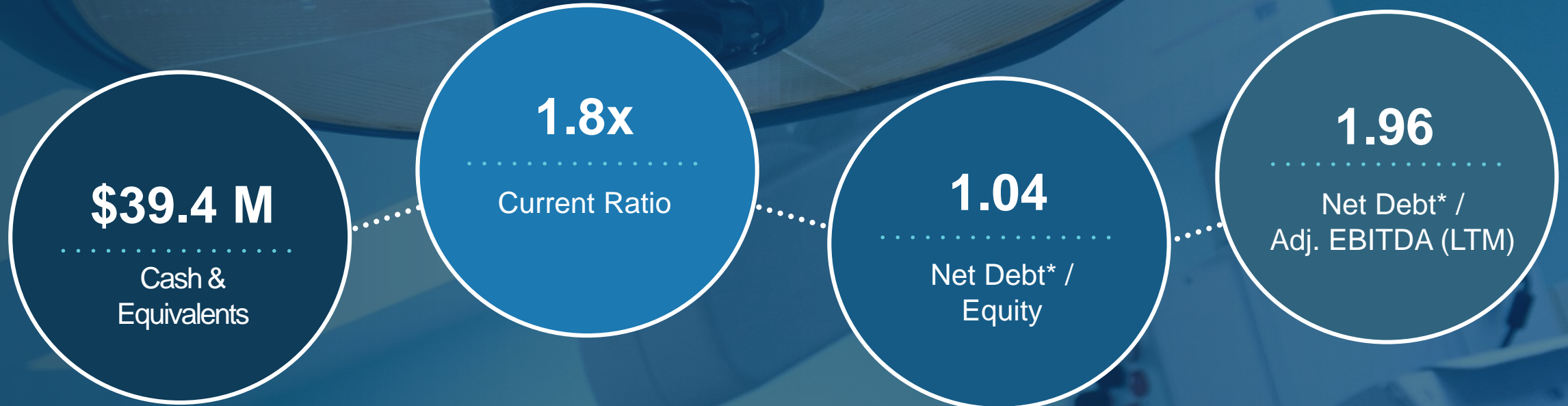
Q1 highlights

<i>(US\$ millions, except where noted otherwise)</i>	Q1 2020	Q1 2019	Change %
REVENUE	92.8	93.4	-0.7%
INCOME FROM OPERATIONS	11.0	12.8	-14.1%
ADJUSTED EBITDA	18.6	20.7	-10.4%
ADJUSTED EBITDA MARGIN	20.0%	22.2%	-9.9%
CASH AVAILABLE FOR DISTRIBUTION (C\$ MILLIONS)	8.8	5.3	+67.9%
PAYOUT RATIO	24.6%	166.3%	-85.2%

Adjusted EBITDA, cash distributions and payout ratio are non-IFRS financial measures. Please refer to “Non-IFRS Financial Measures” and “Reconciliation of Non-IFRS Financial Measures” sections in the Management’s Discussion and Analysis of Consolidated Financial Condition and Results of Operations for the three-month period ended March 31, 2020.

Q1 financial position

As at March 31, 2020



* inclusive of lease liabilities per IFRS 16



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**President and
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Outlook tempered by COVID-19

- Taking every available precaution
- Evaluating procedures on a case-by-case basis
- Volumes impacted in Q1 and into Q2
- Expect a surge in cases once the virus is under control

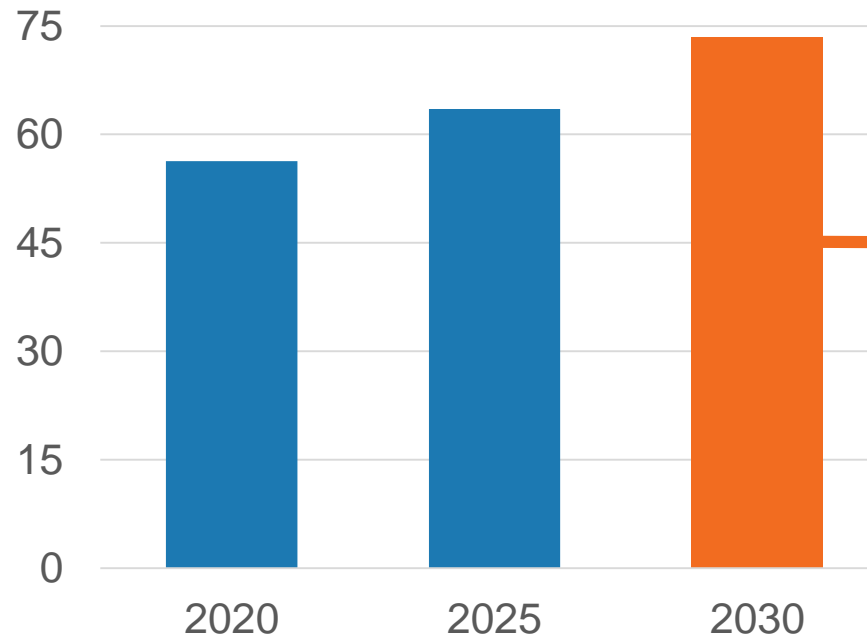


Growing demand for healthcare

Drivers:

- Overall population growth
- Aging population

U.S. population aged 65+ (millions)



30.4%
growth by
2030

Focused on growth

Expand capacity of existing facilities

- Recruit new physicians
- Enhance facilities and equipment through capital investment

Diversify our revenue base

- Add ancillary services
 - i.e. urgent care clinics

Leverage our MFC Nueterra Partnership


- De novo opportunities
- Acquisitions

St. Luke's Surgery Center of Chesterfield

- Expected to open in July 2020
- Initially to offer 5 specialties, including orthopedics, gastrointestinal, gynecology, plastic surgery and general surgery
- Will feature extended care rooms to accommodate outpatient surgeries such as total joint replacement

Disciplined approach to acquisitions





Thank you to all of our partners
and medical professionals for
their incredible efforts so far
during this pandemic.

Questions

To ask a question please type your question into the “Ask a Question” field, and click “Submit”

Any questions pertinent to the annual meeting of shareholders that cannot be answered during the meeting due to time constraints will be posted with answers on the Company’s website as soon as practical



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