



# Investor Update

NOVEMBER 2018



*The Preferred Physician Partner™*

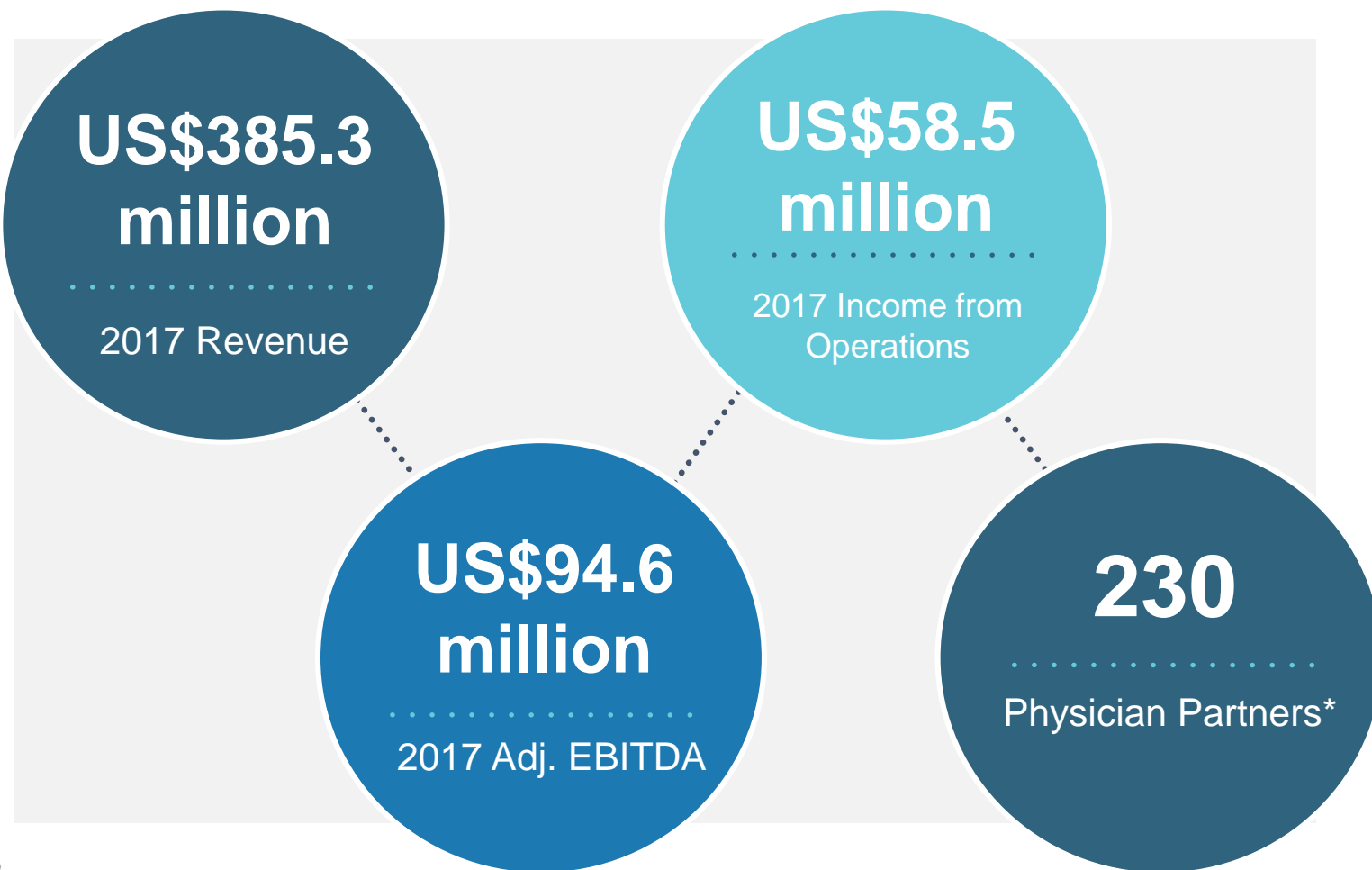
**TSX: DR**

# Forward-Looking Statements

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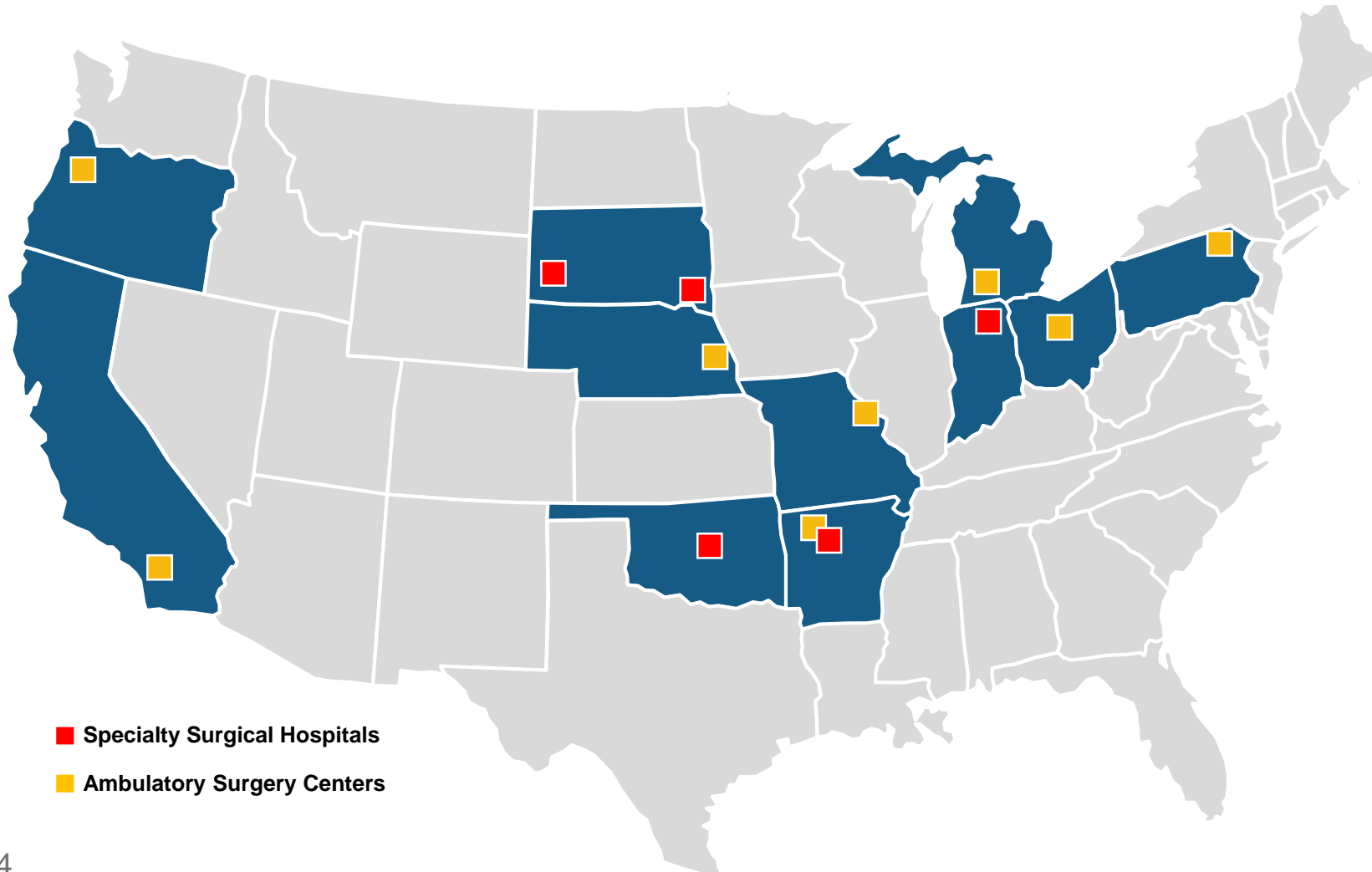
This presentation may contain forward-looking statements within the meaning of certain securities laws, including the “safe harbour” provisions of the Securities Act (Ontario) and other provincial securities law in Canada. These forward-looking statements include, among others, statements with respect 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](http://www.sedar.com).

# MFC Overview



- **HIGHER PATIENT SATISFACTION** ratings resulting from **HIGHER QUALITY OF CARE RECEIVED**
- **DIRECT PHYSICIAN INVOLVEMENT** in facility management, resulting in **SUPERIOR PROCESSES AND EFFICIENCIES**

# Diverse High Quality Portfolio



- 13 facilities in 11 states
- 67 operating rooms
- 155 overnight beds
- 15 procedure rooms
- 5 urgent care clinics

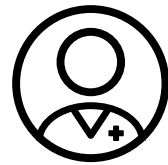
# 2018 Strategic Guiding Principles

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MFC delivers value from a strong foundation of high-quality facilities providing exceptional patient care while exercising prudent financial management that has resulted in a long track record of solid returns.



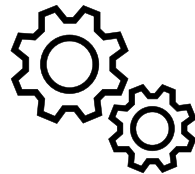
**Industry leading quality and service**



**Strong physician-centric management model**



**Organic and acquisition growth strategies**



**Maximized operating efficiencies**

# Strict Acquisition Criteria

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- Accretion, with growth available from a local strong provider base, attractive demographics, and opportunities for operating enhancements
- High quality and optimum clinical outcomes
- Continued strong earnings and opportunity for growth



Arkansas



Michigan



Missouri



Nebraska



Ohio



Oregon



Pennsylvania

# Executing on our Growth Strategy

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- Acquired majority interest in 7 ambulatory surgery centers
- Formed a partnership with NueHealth in January 2018
  - National surgery center operator
  - Has developed, managed or owned >150 facilities
  - Provides day-to-day management and operations support
- Establishes a platform for growth that facilitates further acquisitions

Capital Markets Profile as at November 8, 2018

# Delivering Shareholder Value

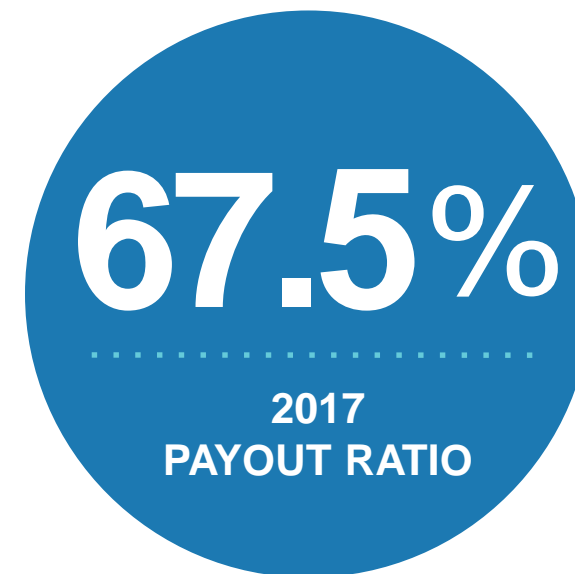
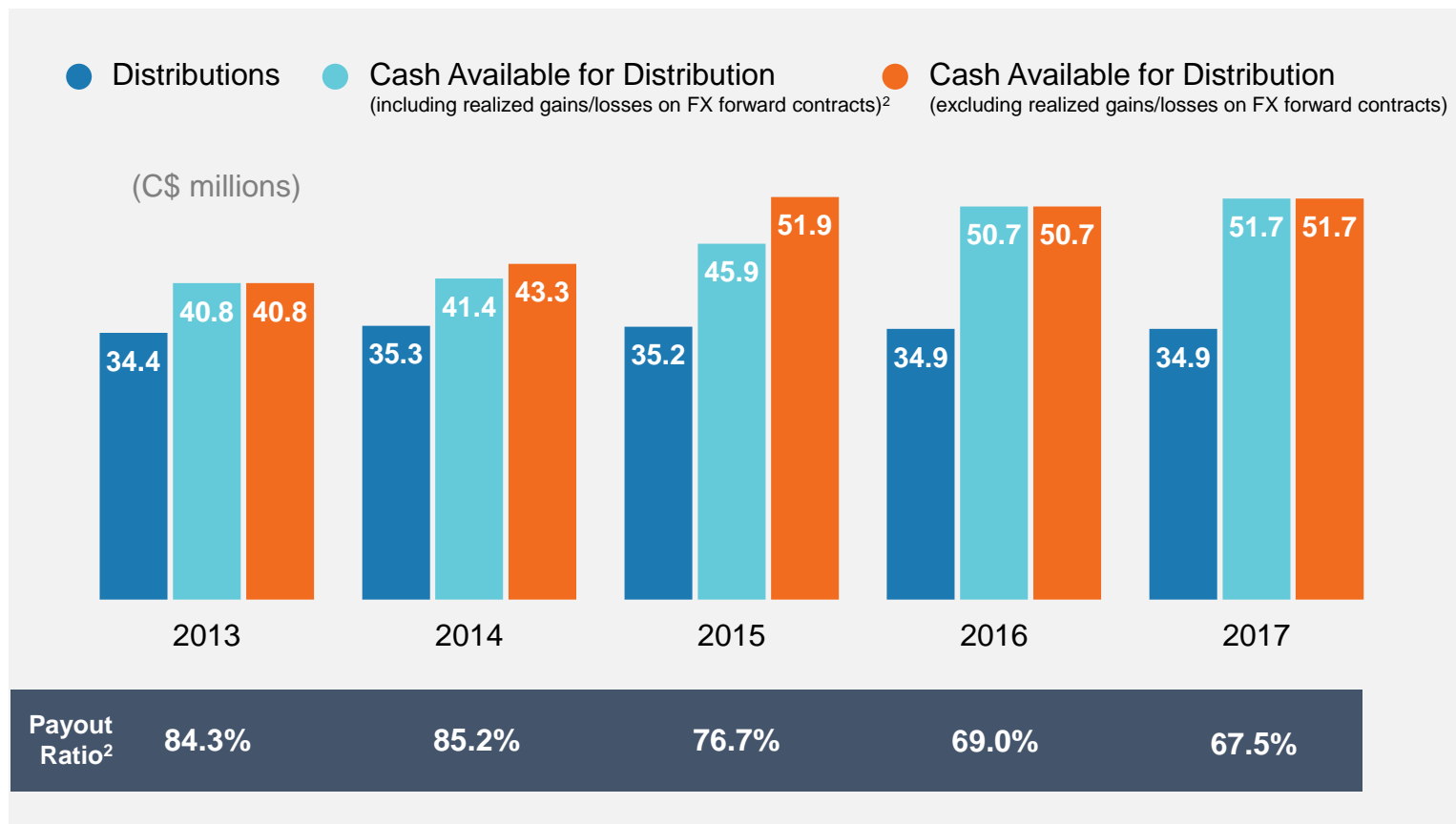
<b>Stock Symbol:</b>	<b>TSX: DR</b>
<b>Shares Outstanding:</b>	<b>31.0 million</b>
<b>Price:</b>	<b>\$14.84</b>
<b>52-Week Low / High:</b>	<b>\$12.30/\$16.24</b>
<b>Market Capitalization:</b>	<b>\$467.4 million</b>
<b>Annualized Distribution (per share):</b>	<b>\$1.125</b>
<b>Current Yield:</b>	<b>7.6%</b>
<b>Payout Ratio (TTM):**</b>	<b>67.5%</b>

\*All figures in Canadian dollars

\*\*As at December 31, 2017



# Strong Cash Flow<sup>1</sup>



1. Distributions, cash available for distribution 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 respective periods.
2. Including realized gains/losses of FX forward contracts for years 2013-2015.

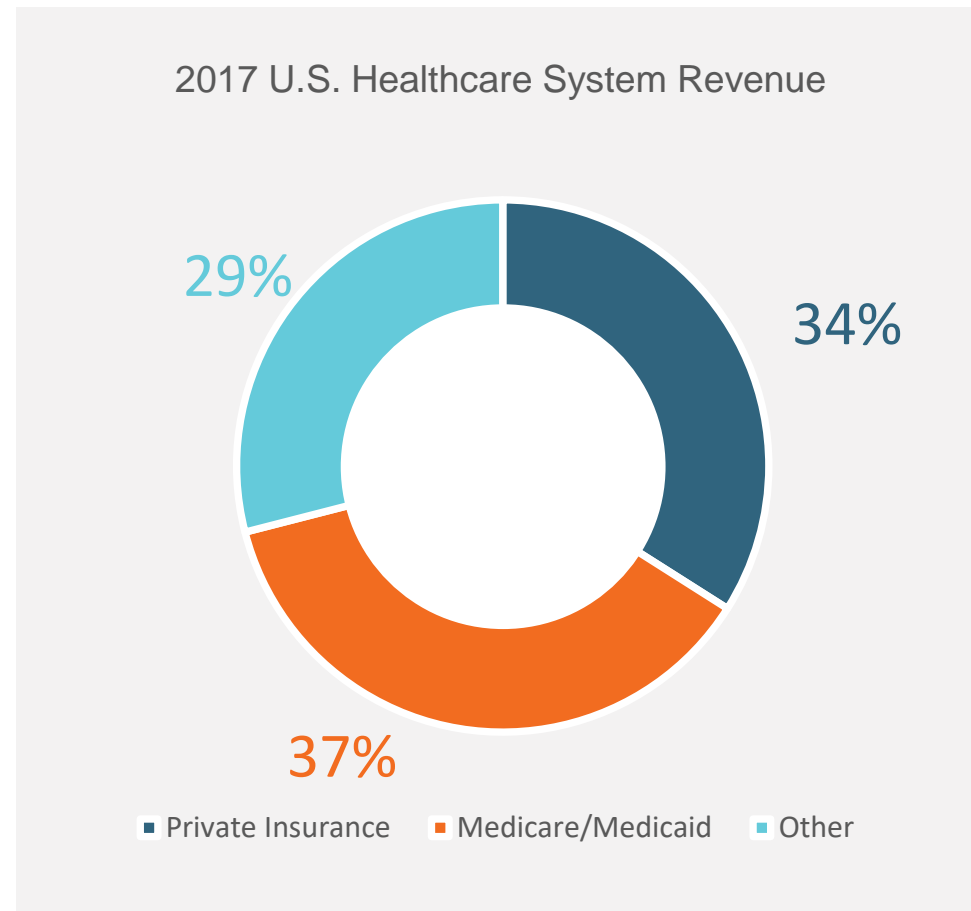
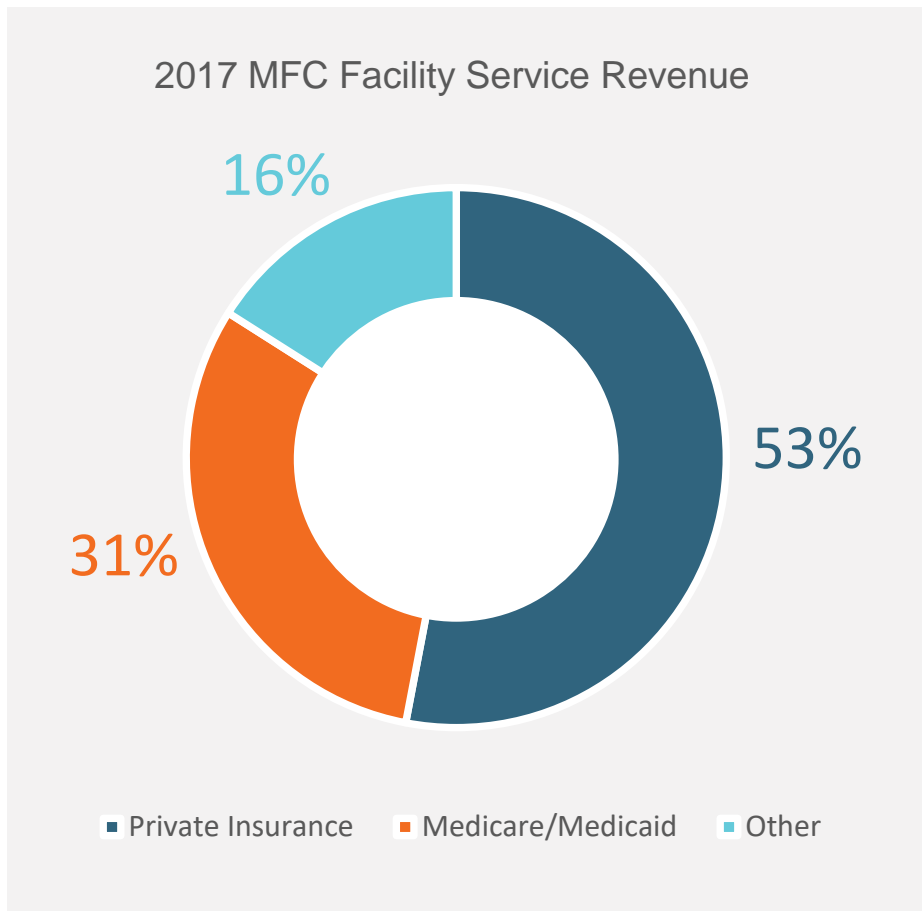
# Operating Results – Q3 2018<sup>1</sup>

<i>(US\$ millions, except where noted otherwise)</i>	Q3 2018	Q3 2017	Change %	FY2017
REVENUE	104.2	89.0	17.1	385.3
INCOME FROM OPERATIONS	16.5	12.4	32.9	58.5
EBITDA	22.6	19.3	17.1	94.6 <sup>2</sup>
EBITDA MARGIN	21.7%	21.7%	—	24.6%
CASH DISTRIBUTIONS (C\$ MILLIONS)	9.4	12.3	(23.6)	34.9
PAYOUT RATIO	92.4%	70.7%	30.2	67.5%

<sup>1</sup> EBITDA, Adj. 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.

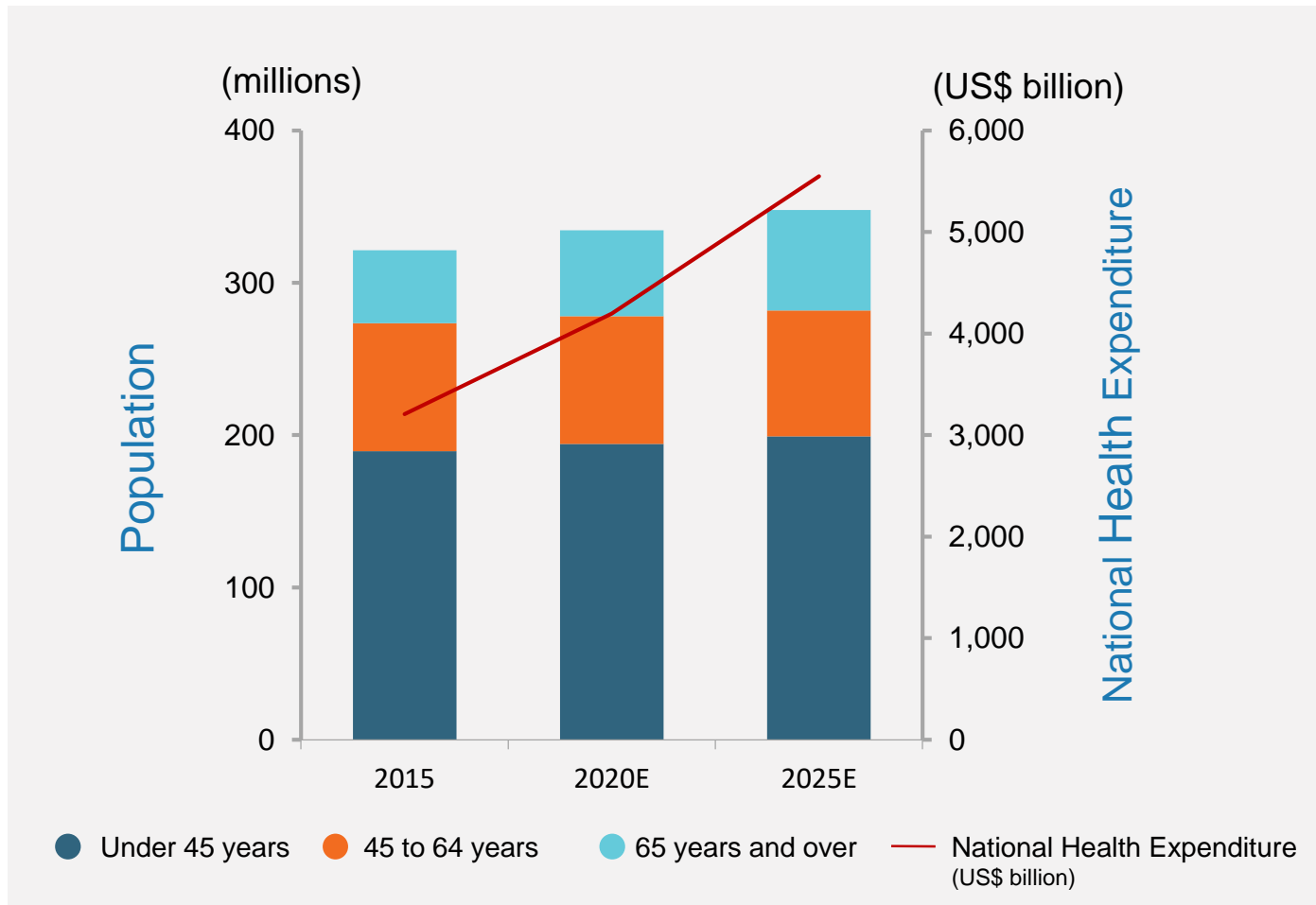
<sup>2</sup> Adjusted for goodwill impairment of \$8.4M in Q4’17.

# Strong Payor Mix



Source: Centers for Medicare & Medicaid Services, National Health Expenditure Projections

# Growing Demand for Healthcare



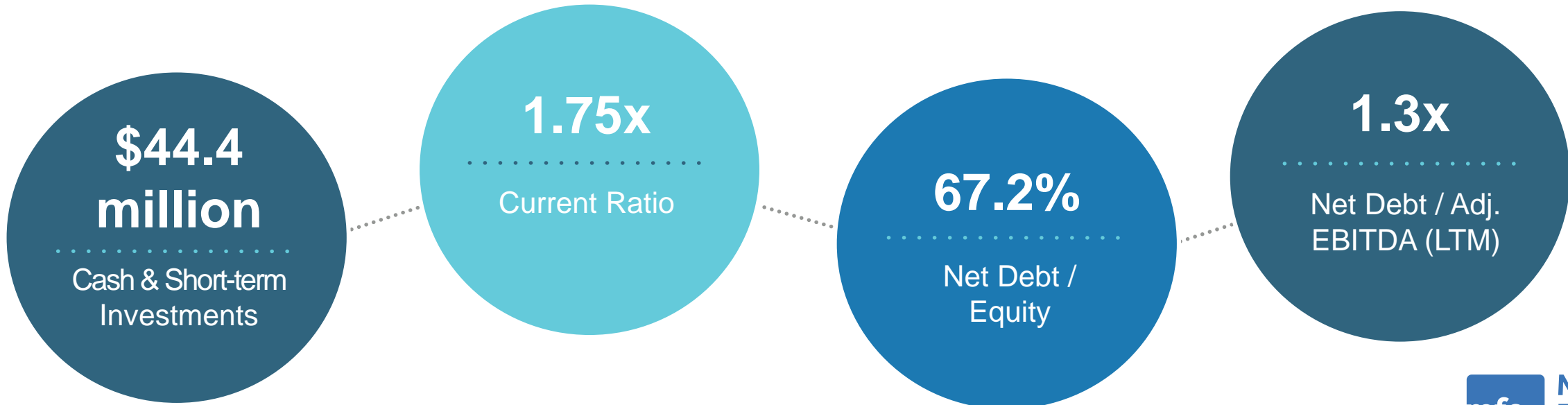
## DRIVERS:

- Overall population growth
- Aging population

# The U.S. Healthcare Landscape

Facility type	Number	Services	MFC's position
Acute Care Hospital	Approx. 5,500	General medicine and surgery, including emergency and maternity care, open 24/7	
Specialty Surgical Hospital	<300 physician-owned	Selected elective procedures (e.g. orthopedics, neurosurgery, pain management)	Owns 5 in conjunction with physician partners
Ambulatory Surgery Center	Approx. 5,500	Selective elective procedures Day surgery only	Owns 8 in conjunction with physician partners

# Well Resourced for Continued Growth



# Investment Highlights

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- Large, growing & fragmented market for outpatient services
- Diverse portfolio of highly rated, high quality facilities
- Scalable platform for growth – organically and via acquisitions
- Long-term track record of stable returns to shareholders
- Experienced, entrepreneurial management team

# Management Team

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**Robert O. Horrar**

*President and Chief Executive Officer*

Formerly: Community Health Systems, Humana

**Tyler C. Murphy**

*Chief Financial Officer*

Formerly: Tenet Healthcare, HealthSouth

**James D. Rolfe**

*Chief Development Officer*

Formerly: VMG Health, Community Health Systems

**Jimmy Porter**

*VP of Operations*

Formerly: Community Health Systems



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