

**3Q24**  
**Earnings Presentation**

**November 6, 2024**



# Important disclaimers

## Forward-Looking Statements

Certain statements contained in this presentation regarding future operating results or performance or business plans or prospects of Ardent Health Partners, Inc. (collectively, "Ardent", "we," "us," "our," or the "Company") and any other statements not constituting historical fact are "forward-looking statements" subject to the safe harbor created by the Private Securities Litigation Reform Act of 1995. Where possible, the words "anticipates," "expects," "intends," "plans," "predicts," "believes," "seeks," "estimates," "could," "would," "will," "may," "can," "continue," "potential," "should" or the negative of such terms, or other comparable expressions, as they relate to Ardent or its management, have been used to identify such forward-looking statements. All forward-looking statements reflect only Ardent's current beliefs and assumptions with respect to future business plans, prospects, decisions and results, and are based on information currently available to Ardent. Accordingly, the statements are subject to significant risks, uncertainties and contingencies, which could cause Ardent's actual operating results, performance or business plans or prospects to differ materially from those expressed in, or implied by, these statements.

Factors that could cause actual results to differ materially from current expectations, such as various factors that may affect Ardent's business or financial results and which, in some instances, are beyond Ardent's control, include, among others: (1) changes in government healthcare programs, including Medicare and Medicaid and supplemental payment programs and state directed payment ("SDP") arrangements; (2) reduction in the reimbursement rates paid by commercial payors, our inability to retain and negotiate favorable contracts with private third-party payors, or an increasing volume of uninsured or underinsured patients; (3) the highly competitive nature of the healthcare industry; (4) inability to recruit and retain quality physicians, as well as increasing cost to contract with hospital-based physicians; (5) increased labor costs resulting from increased competition for staffing or a continued or increased shortage of experienced nurses; (6) changes to physician utilization practices and treatment methodologies and third-party payor controls designed to reduce inpatient services or surgical procedures that impact demand for medical services; (7) continued industry trends toward value-based purchasing, third-party payor consolidation and care coordination among healthcare providers; (8) loss of key personnel, including key members of our senior management team; (9) our failure to comply with complex laws and regulations applicable to the healthcare industry or to adjust our operations in response to changing laws and regulations; (10) inability to successfully complete acquisitions or strategic joint ventures ("JVs") or inability to realize all of the anticipated benefits, including anticipated synergies, of past acquisitions and the risk that transactions may not receive necessary government clearances; (11) failure to maintain existing relationships with JV partners or enter into relationships with additional healthcare system partners; (12) the impact of known and unknown claims brought against our hospitals, physician practices, outpatient facilities or other business operations or against healthcare providers who provide services at our facilities; (13) the impact of government investigations, claims, audits, whistleblower and other litigation; (14) the impact of any security incidents affecting us or any third-party vendor upon which we rely; (15) inability or delay in our efforts to construct, acquire, sell, renovate or expand our healthcare facilities; (16) our failure to comply with federal and state laws relating to Medicare and Medicaid enrollment, permit, licensing and accreditation requirements, or the expansion of existing or the enactment of new laws or regulation relating to permit, licensing and accreditation requirements; (17) failure to obtain drugs and medical supplies at favorable prices or sufficient volumes; (18) operational, legal and financial risks associated with outsourcing functions to third parties; (19) sensitivity to regulatory, economic and competitive conditions in the states in which our operations are heavily concentrated; (20) decreased demand for our services provided due to factors beyond our control, such as seasonal fluctuations in the severity of critical illnesses, pandemic, epidemic or widespread health crisis; (21) inability to accurately estimate market opportunity and forecasts of market growth; (22) general economic and business conditions, both nationally and in the regions in which we operate; (23) the impact of seasonal or severe weather conditions and climate change; (24) inability to demonstrate meaningful use of Electronic Health Record ("EHR") technology; (25) inability to continually enhance our hospitals with the most recent technological advances in diagnostic and surgical equipment; (26) effects of current and future health reform initiatives, including the Affordable Care Act, and the potential for changes to the Affordable Care Act, its implementation or its interpretation (including through executive orders and court challenges); (27) legal and regulatory restrictions on certain of our hospitals that have physician owners; (28) risks related to the master lease agreement that we entered into with Ventas, Inc. ("Ventas") and its restrictions and limitations on our business; (29) the impact of our significant indebtedness, including our ability to comply with certain debt covenants and other significant operating and financial restrictions imposed on us by the agreements governing our indebtedness, and the effects that variable interest rates, and general economic factors could have on our operations, including our potential inability to service our indebtedness; (30) conflicts of interest with certain of our existing large stockholders; (31) effects of changes in federal tax laws; (32) increased costs as a result of operating as a public company; (33) risks related to maintaining an effective system of internal controls; (34) volatility of our share price and size of the public market for our common stock; (35) our guidance differing from actual operating and financial performance; (36) the results of our efforts to use technology, including artificial intelligence, to drive efficiencies and quality initiatives and enhance patient experience; (37) the impact of recent decisions of the U.S. Supreme Court regarding the actions of federal agencies; and (38) other risk factors described in our filings with the SEC.

# Important disclaimers

## Non-GAAP Financial Information

We have included certain financial measures in this presentation that have not been prepared in a manner that complies with U.S. generally accepted accounting principles ("GAAP"), including Adjusted EBITDA and Adjusted EBITDAR. We define these terms as follows:

**Adjusted EBITDA.** Adjusted EBITDA is defined as net income plus (i) provision for income taxes, (ii) interest expense and (iii) depreciation and amortization expense (or EBITDA), as adjusted to deduct noncontrolling interest earnings, and excludes the effects of losses on the extinguishment and modification of debt; other non-operating losses (gains); Cybersecurity Incident recoveries, net of incremental information technology and litigation costs; restructuring, exit and acquisition-related costs; expenses incurred in connection with the implementation of Epic Systems ("Epic"), our integrated health information technology system; equity-based compensation expense; and loss (income) from disposed operations.

Adjusted EBITDA is a non-GAAP performance measure used by our management and external users of our financial statements, such as investors, analysts, lenders, rating agencies and other interested parties, to evaluate companies in our industry. Adjusted EBITDA is a performance measure that is not defined under GAAP and is presented in this presentation because our management considers it an important analytical indicator that is commonly used within the healthcare industry to evaluate financial performance and allocate resources. Further, our management believes that Adjusted EBITDA is a useful financial metric to assess our operating performance from period to period by excluding certain material non-cash items and unusual or non-recurring items that we do not expect to continue in the future and certain other adjustments we believe are not reflective of our ongoing operations and our performance.

Because not all companies use identical calculations, our presentation of Adjusted EBITDA may not be comparable to other similarly titled measures of other companies. While we believe this is a useful supplemental performance measure for investors and other users of our financial information, you should not consider Adjusted EBITDA in isolation or as a substitute for net income or any other items calculated in accordance with GAAP. Adjusted EBITDA has inherent material limitations as a performance measure, because it adds back certain expenses to net income, resulting in those expenses not being taken into account in the performance measure. We have borrowed money, so interest expense is a necessary element of our costs. Because we have material capital and intangible assets, depreciation and amortization expense are necessary elements of our costs. Likewise, the payment of taxes is a necessary element of our operations. Because Adjusted EBITDA excludes these and other items, it has material limitations as a measure of our performance.

**Adjusted EBITDAR.** Adjusted EBITDAR is defined as Adjusted EBITDA further adjusted to add back rent expense payable to real estate investment trusts ("REITs"), which consists of rent expense pursuant to the master lease agreement (the "Ventas Master Lease") with Ventas Inc. ("Ventas"), lease agreements associated with the MOB Transactions (defined below) and a lease arrangement with Medical Properties Trust ("MPT") for Hackensack Meridian Mountainside Medical Center.

Adjusted EBITDAR is a commonly used non-GAAP valuation measure used by our management, research analysts, investors and other interested parties to evaluate and compare the enterprise value of different companies in our industry. Adjusted EBITDAR excludes: (1) certain material noncash items and unusual or non-recurring items that we do not expect to continue in the future; (2) certain other adjustments that do not impact our enterprise value; and (3) rent expense payable to our REITs. We operate 30 acute care hospitals, 12 of which we lease from two REITs, Ventas and MPT, pursuant to long-term lease agreements. Additionally, during 2022 we completed the sale of 18 medical office buildings to Ventas in exchange for \$204.0 million and concurrently entered into agreements to lease the real estate back from Ventas over a 12-year initial term with eight options to renew for additional five-year terms (the "MOB Transactions"). Our management views both the two long-term lease agreements with Ventas and MPT, as well as the MOB Transactions, as more like financing arrangements than true operating leases, with rent payable to such REITs being similar to interest expense. As a result, our capital structure is different than many of our competitors, especially those whose real estate portfolio is predominately owned and not leased. Excluding the rent payable to such REITs allows investors to compare our enterprise value to those of other healthcare companies without regard to differences in capital structures, leasing arrangements and geographic markets, which can vary significantly among companies. Our management also uses Adjusted EBITDAR as one measure in determining the value of prospective acquisitions or divestitures. Finally, financial covenants in certain of our lease agreements, including the Ventas Master Lease, use Adjusted EBITDAR as a measure of compliance. Adjusted EBITDAR does not reflect our cash requirements for leasing commitments. As such, our presentation of Adjusted EBITDAR should not be construed as a performance or liquidity measure.

Because not all companies use identical calculations, our presentation of Adjusted EBITDAR may not be comparable to other similarly titled measures of other companies. While we believe this is a useful supplemental valuation measure for investors and other users of our financial information, you should not consider Adjusted EBITDAR in isolation or as a substitute for net income or any other items calculated in accordance with GAAP. Adjusted EBITDAR has inherent material limitations as a valuation measure, because it adds back certain expenses to net income, resulting in those expenses not being taken into account in the valuation measure. The payment of taxes and rent is a necessary element of our valuation. Because Adjusted EBITDAR excludes these and other items, it has material limitations as a measure of our valuation.

# 3Q24 KEY HIGHLIGHTS

Solid topline growth and margin expansion, driven by successful strategic execution

## Third Quarter Financial & Operating Performance

- Total revenue of **\$1.45 billion** increased **5.2%**, driven by **3.8%** y/y increase in adjusted admissions and **0.9%** y/y increase in net patient service revenue/adj admission.
- Adjusted EBITDA of **\$98 million**, an increase of **15%** y/y driven by solid revenue growth and strategic execution on key margin improvement initiatives, including service line optimization and supply expense management. Adjusted EBITDA margin expanded **50 bps** to **6.7%**.
- Adjusted EBITDAR margin of **10.9%**, compared to **10.3%** in 3Q23
- EPS of **\$0.19** per basic and diluted share, an increase of **11.8%** y/y
- Operating cash flow of **\$90 million**, an increase of **\$1 million** y/y
- Total available liquidity of **\$851 million**. Lease adjusted net leverage of **3.5x**, which ARDT expects to approach its **3.0x** target by the end of 2024.

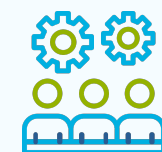
See appendix for reconciliation of Non-GAAP financial metrics, including Adjusted EBITDA and Adjusted EBITDAR margin

## Strategic Update



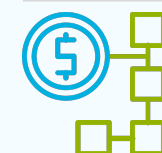
### Targeted market share growth

- Through the first half of 2024, expanded ambulatory asset network through addition of eight urgent care centers. Continuing to actively evaluate additional near-term ambulatory expansion opportunities
- Focused on improving patient access and retention by growing network of providers, which has increased by 3.3% y/y in 3Q24



### Operational excellence

- Continued to execute a variety of supply cost reduction initiatives focusing on improved inventory management, standardized surgical supply procurement and strategic sourcing
- Improvements in our supply chain performance resulted in a 70bps y/y improvement in supplies expense as a percentage of total revenue in 3Q24

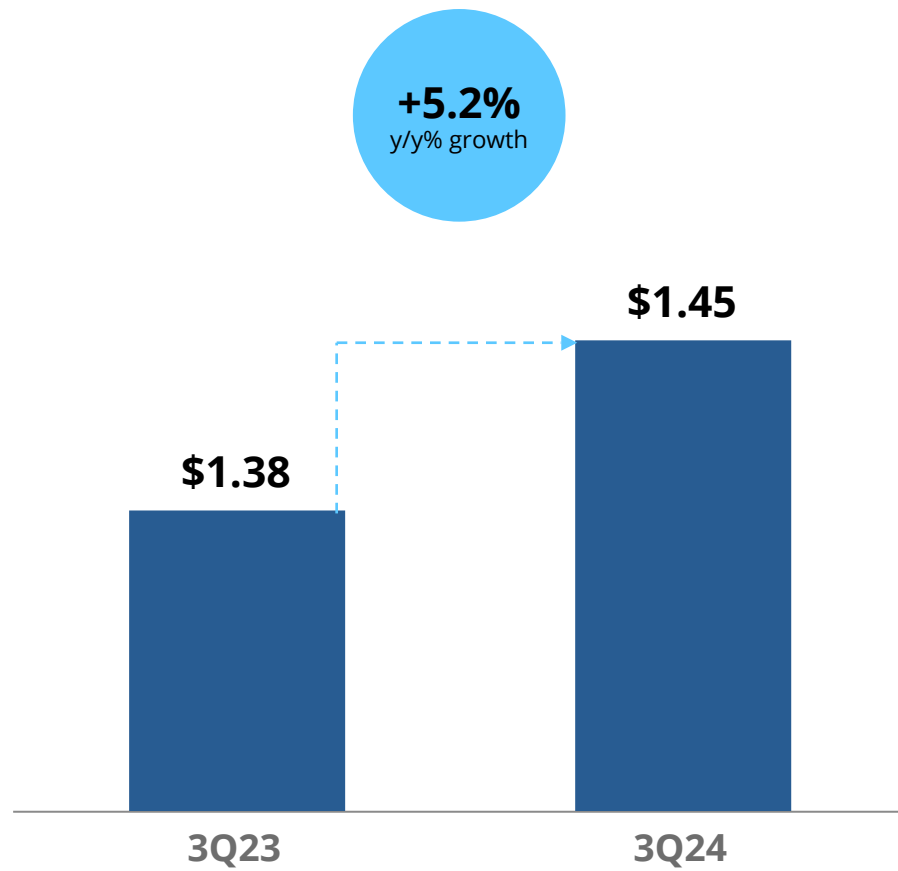


### Disciplined capital allocation

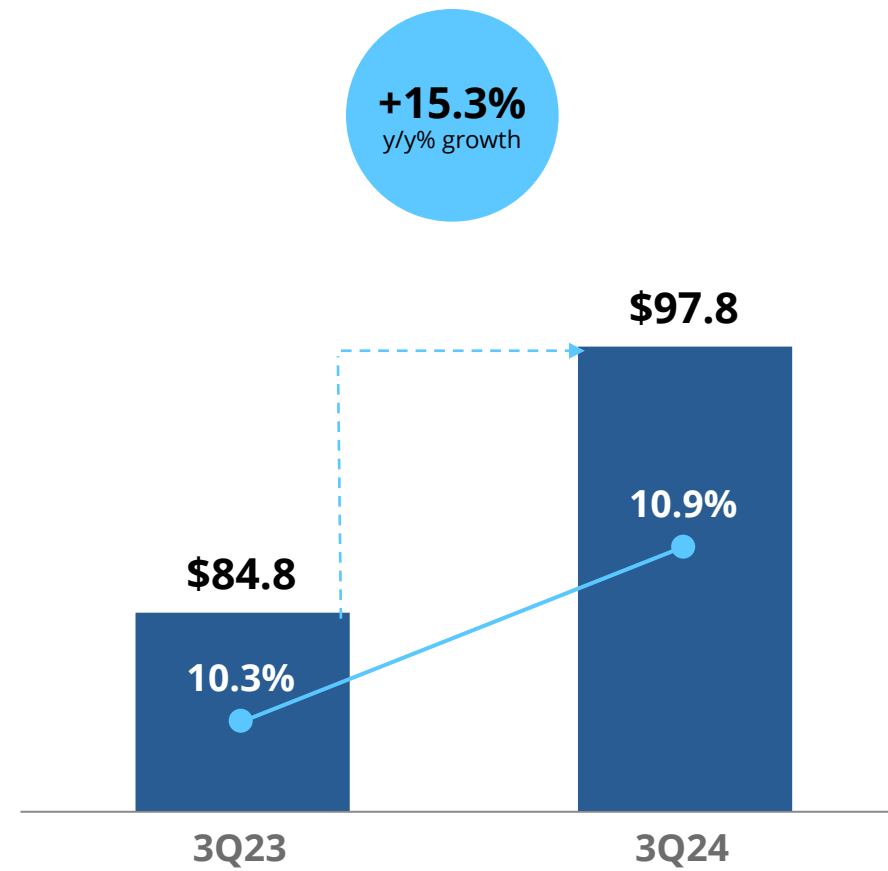
- In September 2024, amended its term loan credit agreement with lenders to reprice its term loans. The pricing is expected to generate ~\$5mm in annual interest savings and provide flexibility to pursue capital investment priorities

# 3Q24 FINANCIAL PERFORMANCE

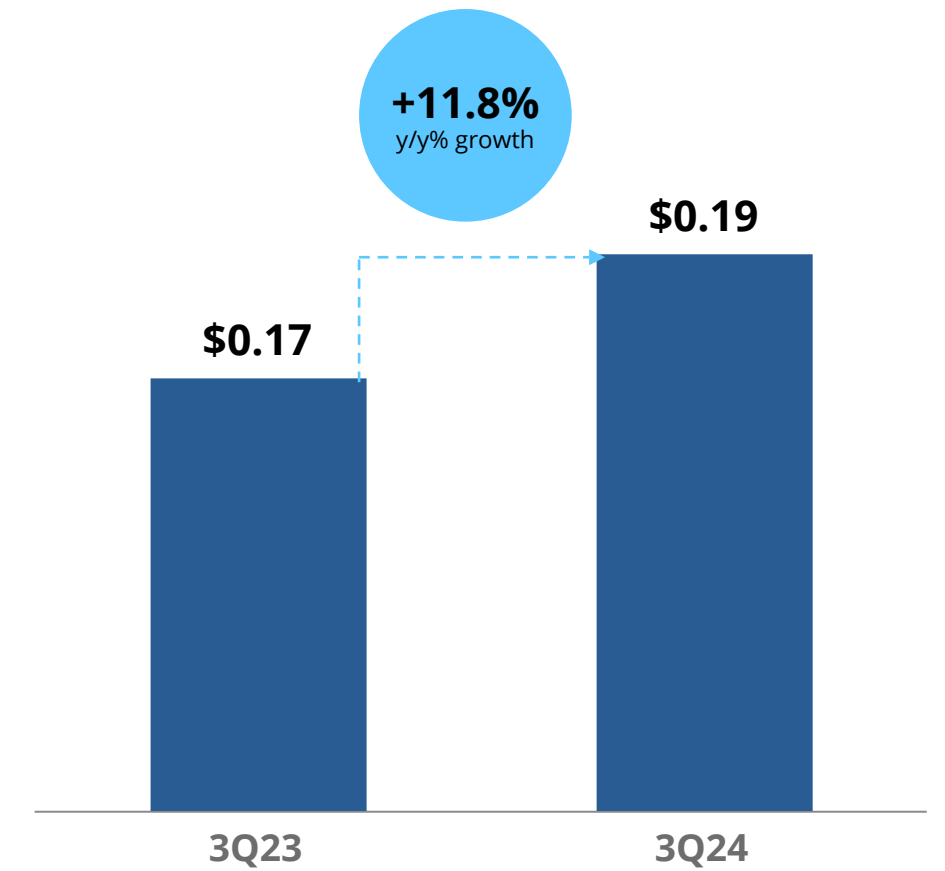
## Total Revenue (\$B)



## Adjusted EBITDA (\$mm) & Adjusted EBITDAR Margin (% of Revenue)



## Diluted Earnings Per Share

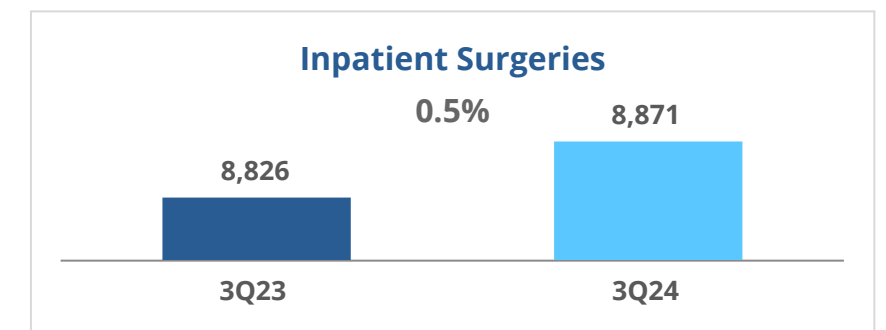
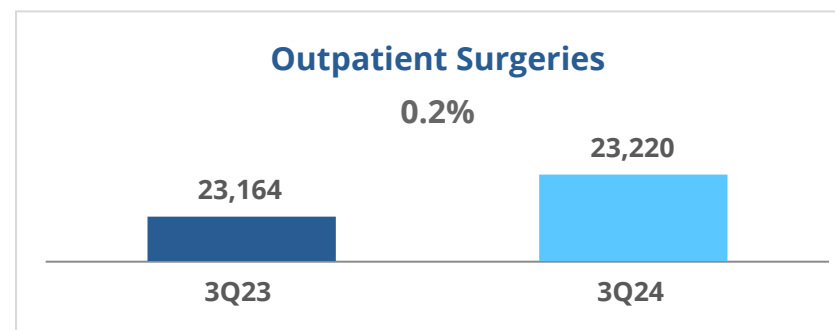
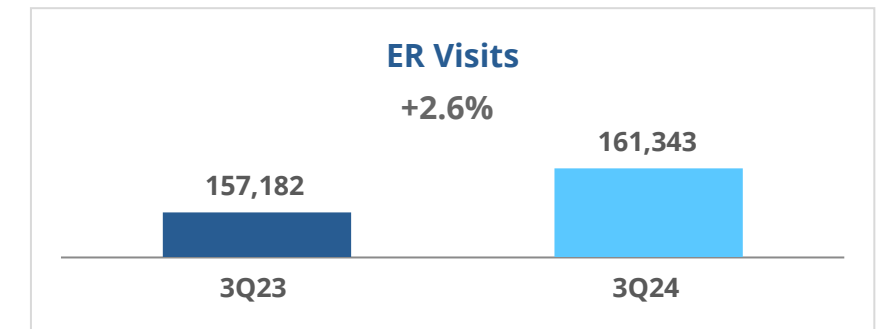
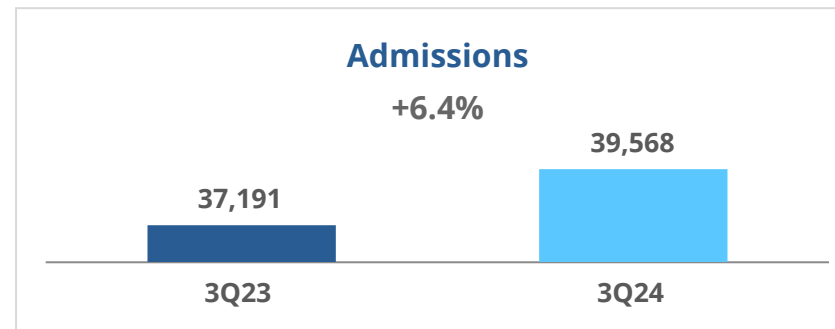
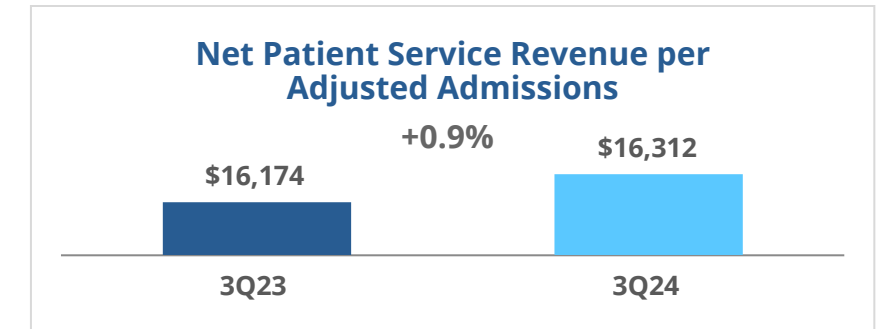
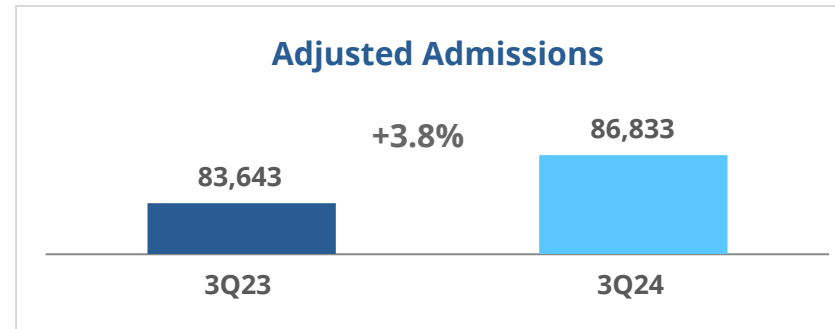


See appendix for reconciliation of Non-GAAP financial metrics, including Adjusted EBITDA and Adjusted EBITDAR margin.

# 3Q24 OPERATING HIGHLIGHTS

Broad-based volume demand drove revenue growth during 3Q24

- ✓ Net patient service revenue per adjusted admission growth y/y would have been over 3.0%, excluding \$25 million in discrete non-recurring revenue associated with Medicaid supplemental programs recognized in 3Q23 and a \$10 million decrease in revenue related to the oncology and infusion service transfer
- ✓ Admissions increased 6.4% y/y driven by growth in general medicine, including strong growth in pulmonology, GI and impact of two-midnight rule
- ✓ Total surgery increased 0.3% y/y due to a 0.5% y/y increase in inpatient surgeries and a 0.2% increase in outpatient surgeries, which is an improvement from a decline of 1.9% during the first half of 2024 compared to the same prior year period
- ✓ ER Visits increased 2.6% y/y, partly due to expansion of EMS services in certain markets



# CAPITAL STRUCTURE TO SUPPORT OPPORTUNISTIC GROWTH

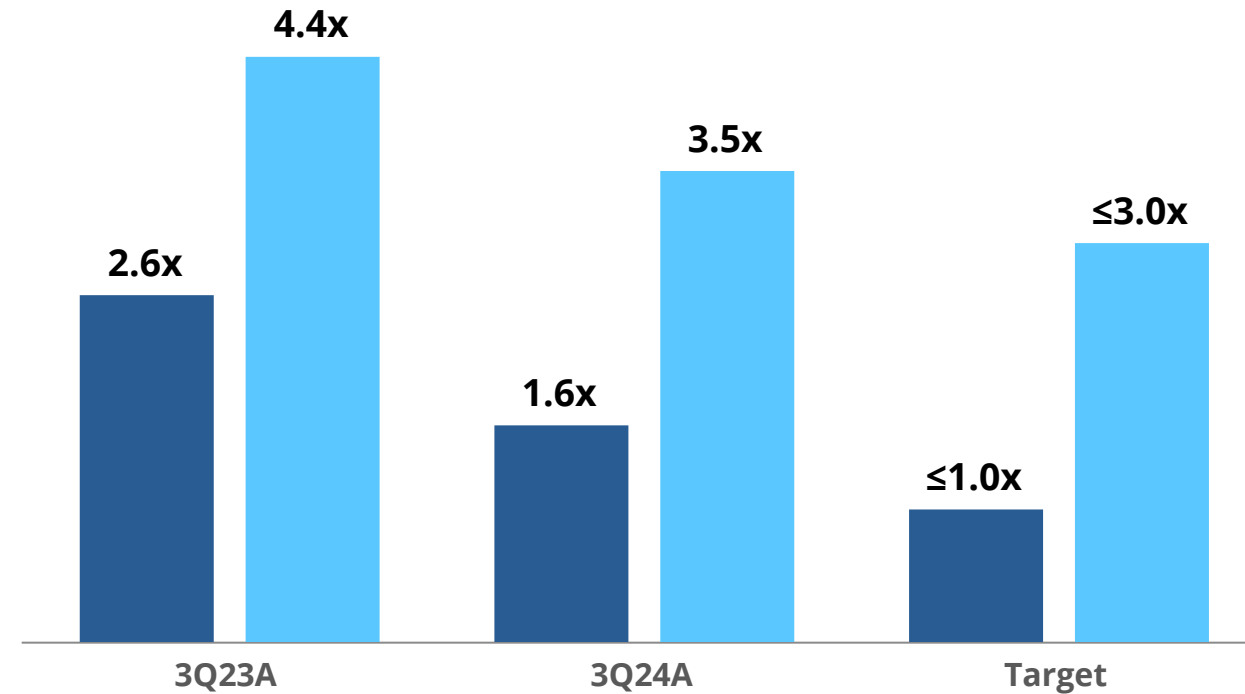
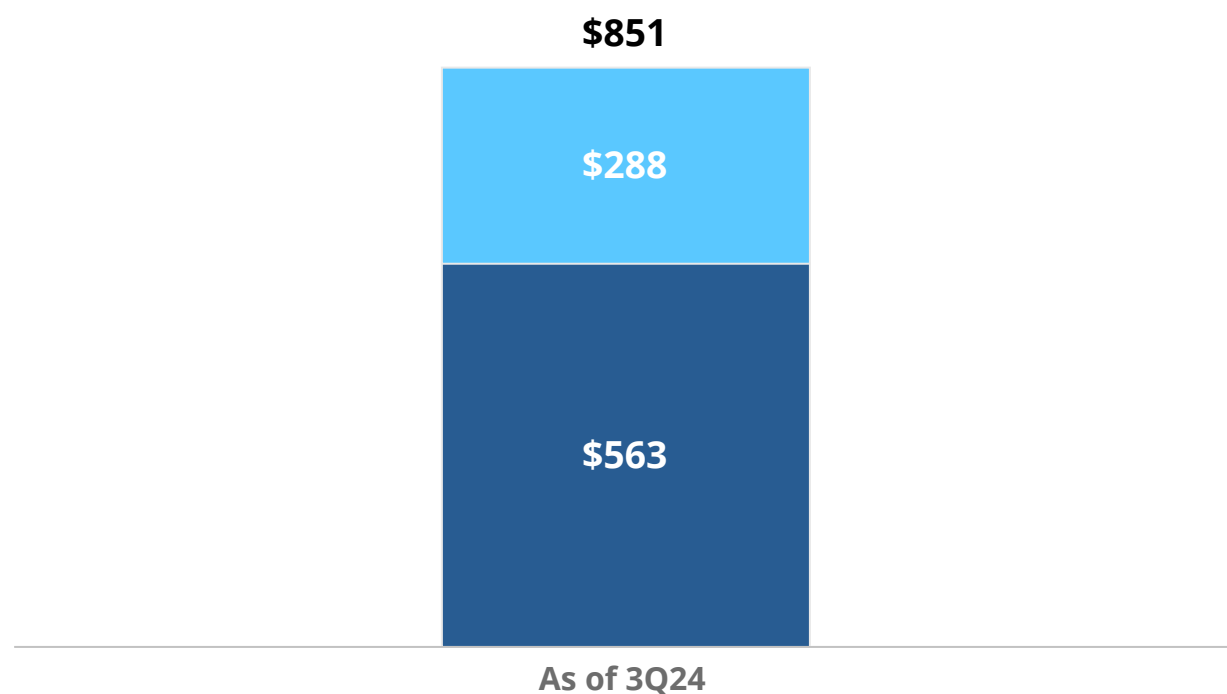
Strong balance sheet and ample liquidity to support growth strategy

## ~\$851mm in Available Liquidity (\$mm)

## Net Leverage Profile

■ ABL Capacity ■ Cash and Cash Equivalents

■ Net Leverage<sup>1</sup> ■ Lease Adjusted Net Leverage<sup>2</sup>

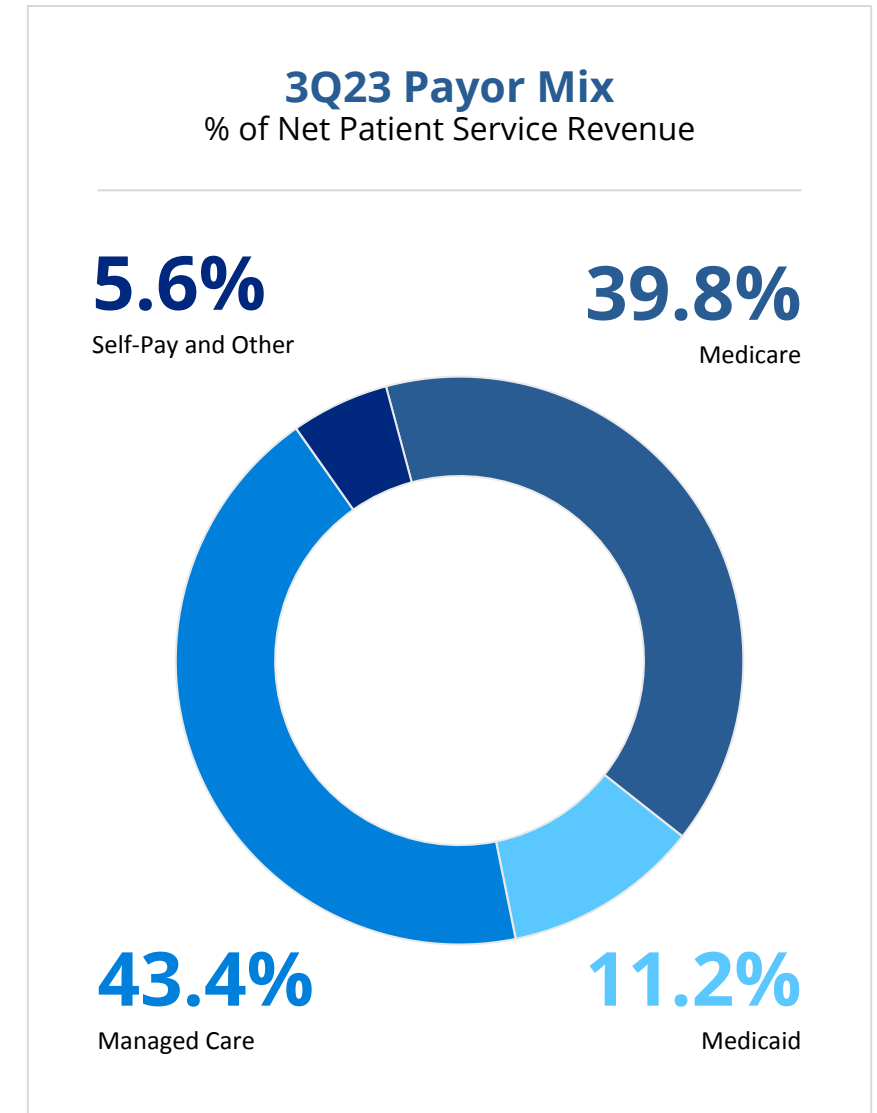
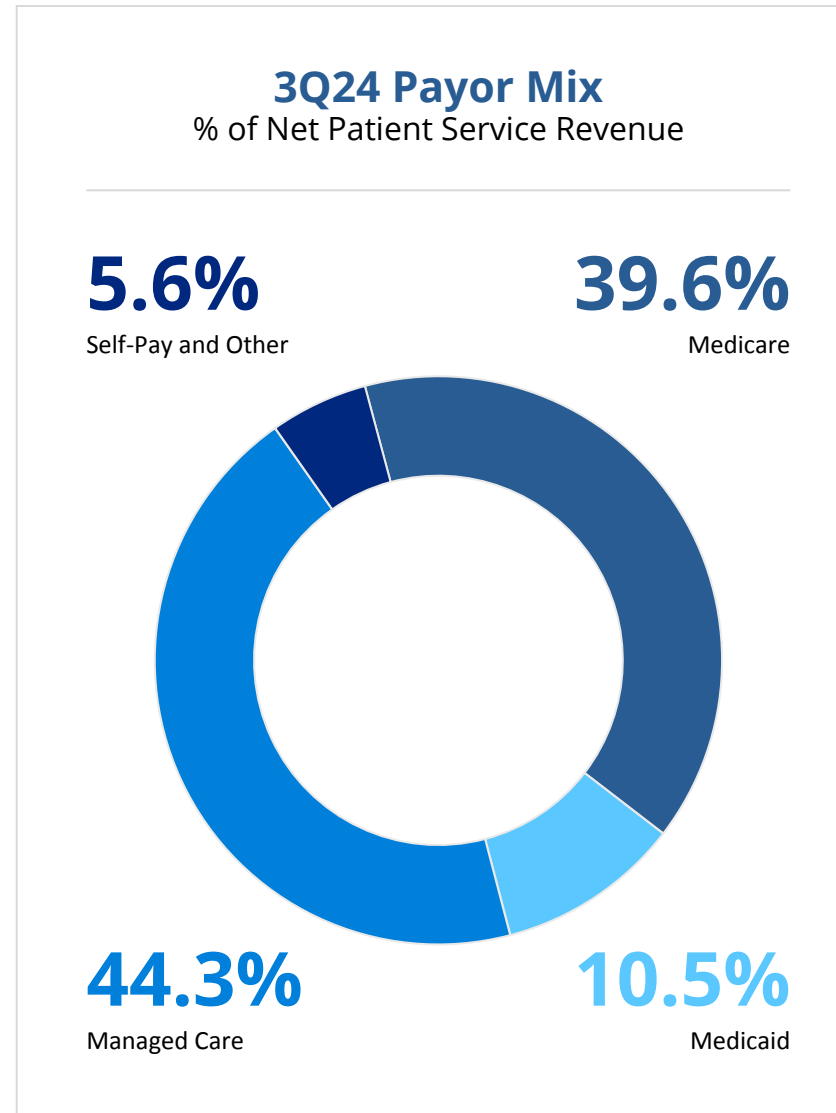


<sup>1</sup> Net leverage calculated as net debt / Adjusted EBITDA, with net debt calculated as total debt less cash and cash equivalents; <sup>2</sup> Lease adjusted net leverage calculated as (net debt + 8x REIT rent expense) / Adjusted EBITDAR. Leverage ratios are calculated according to our credit agreements and exclude cash held by JVs of \$58 million and \$46 million at September 30, 2024 and December 31, 2023, respectively.

# 3Q24 OPERATING HIGHLIGHTS – PAYOR MIX

Payor mix shifts driven by operational excellence initiatives, Medicaid supplemental program changes and Medicaid redeterminations

- ✓ Medicaid payor mix decreased by 70bps y/y, primarily due to Medicaid redeterminations and service line optimization initiatives
- ✓ Medicaid payor mix also reflects \$25 million in discrete non-recurring revenue associated with Medicaid supplemental programs
- ✓ More than two-thirds of Medicaid redeterminations have stayed within Medicaid, while approximately 20% have moved to commercial payor plans
- ✓ Net patient service revenue from healthcare exchange insurance plans was ~4.0% in 3Q24, vs. ~3.4% in 3Q23. YTD healthcare exchange revenue represented 3.6% of total revenue.



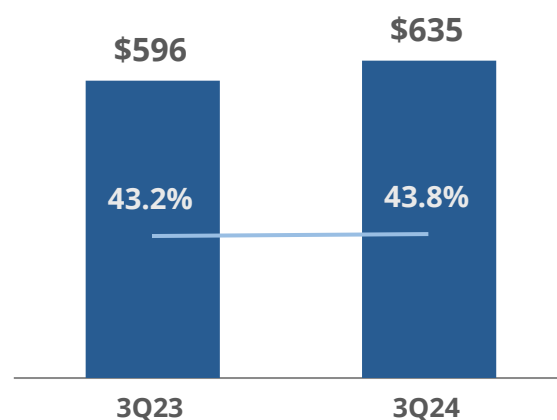


# 3Q24 OPERATING EXPENSE HIGHLIGHTS

Strong margin expansion driven by successful execution on operational execution initiatives

## Salaries & Benefits

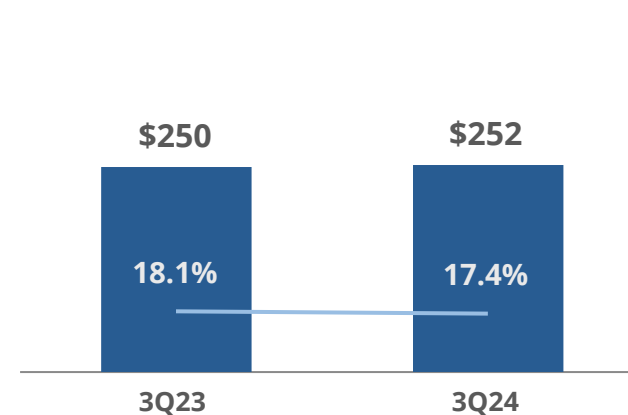
\$s in Millions & as a % of Total Revenue



- The 60bps y/y increase is attributable to an additional \$8 million of stock compensation recorded in 3Q24 results following ARDT's July 2024 IPO
- Contract labor expenses in 3Q24 were 3.9% of total salaries & benefits, compared to 4.6% in 3Q23

## Supplies

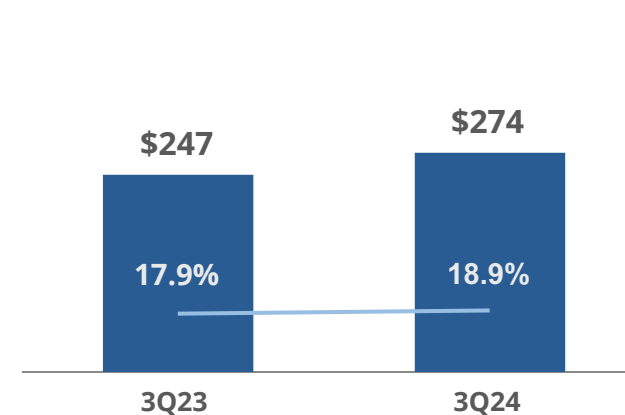
\$s in Millions & as a % of Total Revenue



- Supplies expenses as a percentage of total revenue reflects improvements in our supply chain performance from a number of supply chain initiatives

## Professional Fees

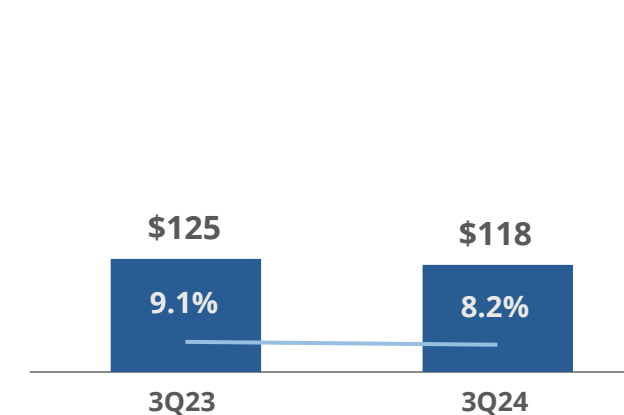
\$s in Millions & as a % of Total Revenue



- Professional fees reflect continued pressure for physician subsidy costs associated with certain specialties such as anesthesia and radiology
- Professional fees also reflect higher revenue cycle management fees driven by increased cash collections

## Other Operating Expenses

\$s in Millions & as a % of Total Revenue

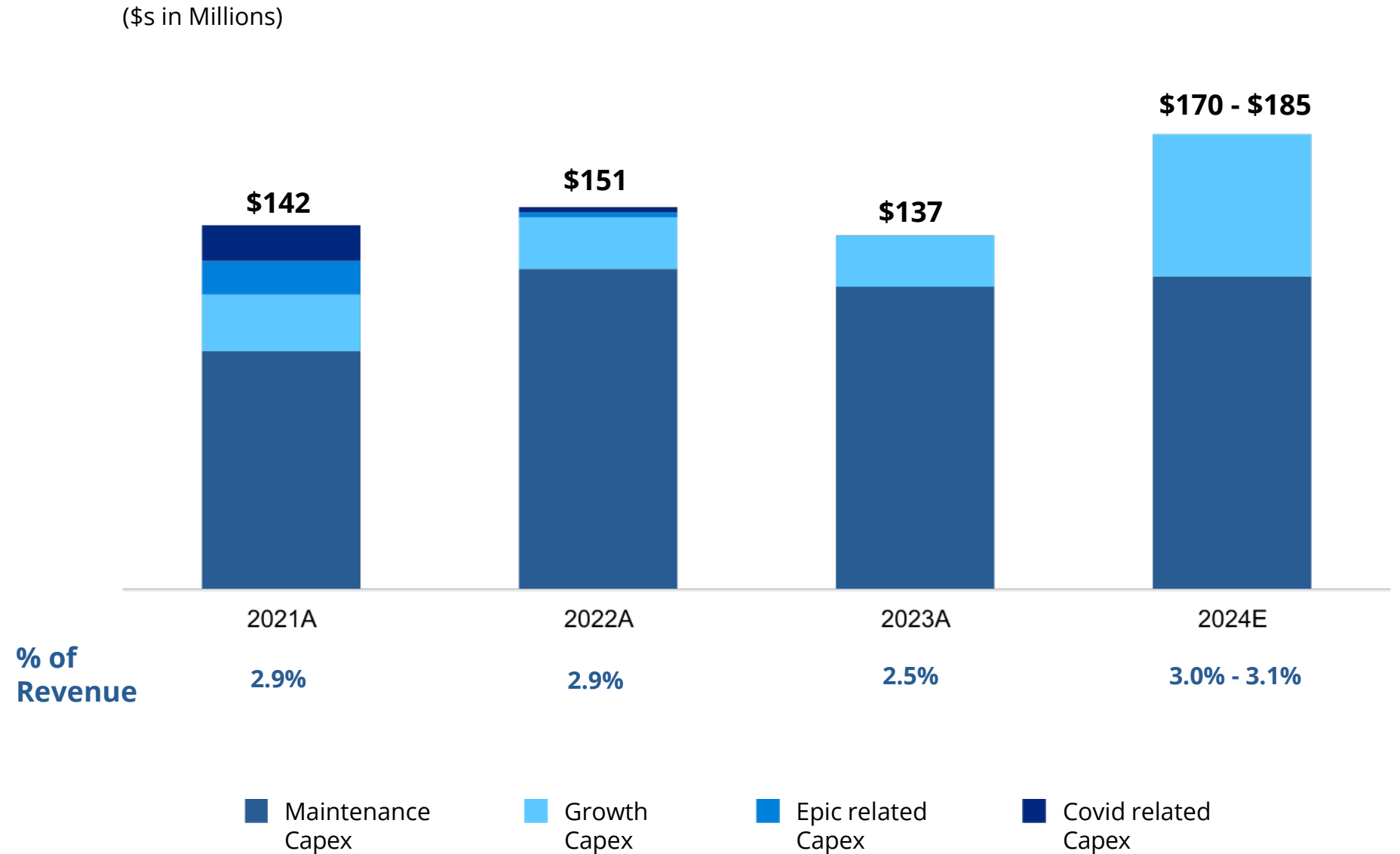


- Other operating expenses improvement was driven by lower provider assessments associated with decreased Medicaid supplemental program revenue and other operating efficiencies

# CAPITAL ALLOCATION FRAMEWORK

## Key Capital Allocation Priorities


- ✓ **Ambulatory asset investment (M&A and De Novo)**
  - Increasing outpatient access points by investing in ambulatory sites of care
- ✓ **New market M&A**
  - Expanding into new and adjacent markets by leveraging our JV model
- ✓ **Capital investment in new service lines, equipment and technology**
  - Expand service line offerings and through investment in new equipment and state-of-the-art technology




# 2024 GUIDANCE: INCREASING REVENUE & ADJUSTED EBITDA

As of November 6, 2024


## Guidance Assumptions

-  Raising 2024 revenue and Adjusted EBITDA guidance to reflect solid 3Q24 results and momentum from strategic execution

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-  Reducing net income guidance due to a delay in the expected timing of collecting business insurance proceeds related to the cybersecurity incident, partially offset by higher adjusted EBITDA.

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-  Guidance reflects no incremental impacts from potential changes in state supplemental payments beyond the State of Oklahoma

	Full Year 2024 Projected					
	Previous Guidance			New Guidance		
<i>Dollars in millions, except per share data</i>						
<b>Total revenue</b>	\$5,750	–	\$5,900	\$5,800	–	\$5,875
<b>Adjusted EBITDA</b>	\$415	–	\$435	\$425	–	\$440
<b>Rent expense payable to REITs</b>	\$161	–	\$161	\$161	–	\$161
<b>Net income attributable to Ardent Health</b>	\$163	–	\$182	\$156	–	\$176
<b>Diluted earnings per share</b>	\$1.23	–	\$1.37	\$1.18	–	\$1.32
<b>Adjusted admissions growth</b>	4.0%	–	4.5%	4.5%	–	5.0%
<b>Net patient service revenue per adjusted admission growth</b>	2.3%	–	4.4%	2.6%	–	3.3%
<b>Capital expenditures</b>	\$170	–	\$185	\$170	–	\$185

See appendix for reconciliation of non-GAAP financial metrics, including Adjusted EBITDA and Adjusted EBITDAR margin

# ARDENT'S LONG-TERM OPERATING AND LEVERAGE TARGETS

## Metrics

### Revenue Growth



**Mid-to-High Single Digit  
Organic Growth**

Steady, durable growth driven by favorable utilization trends and rate increases

Continued expansion of ambulatory footprint

### Adjusted EBITDAR Margin<sup>1</sup>



**Mid Teens  
Adj. EBITDAR Margin**

Opportunity for material margin expansion through service line optimization and expense management initiatives

Supplemental payments to drive significant near-term improvement

### Adjusted EBITDA Growth



**Low-to-Mid Double Digit  
Annual Growth**

Growth supported by steady revenue increase and significant margin expansion

Favorable tailwinds and supplemental payments to drive both near and long-term uplift

### Leverage



**~3.0x  
Lease Adj. Net Leverage<sup>2</sup>**

Prudent deployment of capital to accelerate growth

<sup>1</sup> Adjusted EBITDAR margin calculated as adjusted EBITDAR plus noncontrolling interest earnings, divided by total revenue; <sup>2</sup> Lease adjusted net leverage calculated as (net debt + 8x REIT rent expense) / Adjusted EBITDAR

# ARDENT is well positioned to continue driving **consistent, durable growth**



Leading (#1 or #2) share in mid-sized urban markets growing 3x the U.S. average<sup>1</sup>



Scaled acute, ambulatory, and physician footprint providing exceptional care for patients while driving improved health outcomes and cost savings



Differentiated JV model strategy to grow in new and existing markets while leveraging the local scale and networks of our partners



Poised to drive significant margin expansion, with incremental benefit of \$150mm from supplemental payments<sup>2</sup>



Flexible and well-capitalized balance sheet with significant liquidity to capture ~\$800bn serviceable addressable market<sup>3</sup>



Dynamic and multi-faceted strategy to drive accelerating growth, including expanding high acuity service lines and growing outpatient access

<sup>1</sup> Represents growth from 2023 to 2025. Sourced via Strata Decision Technology (2023, 2024); Esri Geoenrichment Service, US Census estimates; <sup>2</sup> Represents estimated annualized impact of OK and NM SDP programs once both are implemented. Based on internal modeled estimates. All estimates are (i) preliminary, (ii) subject to change and non-recurrence and (iii) do not include any adjustment for potential quality performance requirements; <sup>3</sup> As of 2020



# APPENDIX

# NON-GAAP RECONCILIATIONS – 3Q24 & 3Q23

	Three Months Ended September 30,	
	2024	2023
(in thousands)		
Net income	\$ 46,005	\$ 38,708
Income tax expense	11,062	7,261
Interest expense, net	14,629	19,041
Depreciation and amortization	36,771	35,488
Noncontrolling interest earnings	(19,683)	(17,870)
Loss on extinguishment and modification of debt	1,490	—
Other non-operating losses <sup>1</sup>	47	—
Cybersecurity Incident recoveries, net <sup>2</sup>	(4,976)	—
Restructuring, exit and acquisition-related costs <sup>3</sup>	3,796	1,511
Epic expenses <sup>4</sup>	485	437
Equity-based compensation	8,135	181
Loss from disposed operations	3	3
<b>Adjusted EBITDA</b>	<b>\$ 97,764</b>	<b>\$ 84,760</b>
Rent expense payable to REITs	40,056	39,134
<b>Adjusted EBITDAR</b>	<b>\$ 137,820</b>	<b>\$ 123,894</b>
Plus: noncontrolling interest earnings	\$ 19,683	\$ 17,870
Adjusted EBITDAR, including noncontrolling interest earnings	\$ 157,503	\$ 141,764
Total revenue	\$ 1,449,817	\$ 1,377,727
<b>Adjusted EBITDAR Margin</b>	<b>10.9 %</b>	<b>10.3 %</b>

1. Other non-operating losses include losses realized on certain non-recurring events or events that are non-operational in nature.

2. Cybersecurity Incident recoveries, net represents insurance recovery proceeds associated with the Cybersecurity Incident, net of incremental information technology and litigation costs.

3. Restructuring, exit and acquisition-related costs represent (i) enterprise restructuring costs, including severance costs related to work force reductions of \$3.2 million and \$1.3 million for the three months ended September 30, 2024 and 2023, respectively; (ii) penalties and costs incurred for terminating pre-existing contracts at acquired facilities of \$0.2 million and \$0.1 million for the three months ended September 30, 2024 and 2023, respectively; and (iii) third-party professional fees and expenses, salaries and benefits, and other internal expenses incurred in connection with potential and completed acquisitions of \$0.4 million and \$0.1 million for the three months ended September 30, 2024 and 2023, respectively.

4. Epic expenses consist of various costs incurred in connection with the implementation of Epic, our health information technology system. These costs included professional fees of \$0.5 million and \$0.4 million for the three months ended September 30, 2024 and 2023, respectively. Epic expenses do not include the ongoing costs of the Epic system.

# NON-GAAP RECONCILIATIONS – FY 2024 GUIDANCE

	Full Year Ending December 31, 2024	
	Low	High
<b>(in Millions)</b>		
Net income	\$241	\$263
Income tax expense	39	45
Interest expense, net	66	65
Depreciation and amortization	145	144
Noncontrolling interest earnings	(85)	(87)
Loss on extinguishment and modification of debt	3	3
Cybersecurity Incident recoveries, net <sup>1</sup>	(20)	(25)
Restructuring, exit and acquisition-related costs	13	12
Epic expenses, net	4	3
Equity-based compensation	17	17
Loss from disposed operations	2	—
<b>Adjusted EBITDA</b>	<b>\$425</b>	<b>\$440</b>

<sup>1</sup> Cybersecurity Incident insurance recoveries, net represents estimated insurance recovery proceeds net of incremental information technology and litigation costs associated with the ransomware cybersecurity incident that occurred in November 2023 (the "Cybersecurity Incident"), impacting and disrupting a number of the Company's operational and informational technology systems.