

ArdentHealth

4Q24 Earnings Presentation

February 26, 2025

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, risks, and uncertainties that could cause actual outcomes and results to be materially different from those contemplated include, among others: (1) changes in government healthcare programs, including Medicare and Medicaid could have an adverse effect on our revenues and business; (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) security threats, catastrophic events and other disruptions affecting our, our service providers' or our JV partners' information technology and related systems, which have adversely affected, and could in the future adversely affect, our relationships with patients and business partners and subject us to legal claims and liabilities, reputational harm and business disruption and adversely affect our financial condition; (4) the highly competitive nature of the healthcare industry and continued industry trends towards clinical transparency and value-based purchasing may impact our competitive position; (5) inability to recruit and retain quality physicians, as well as increasing cost to contract with hospital-based physicians; (6) changes to physician utilization practices and treatment methodologies and other factors outside our control that impact demand for medical services and may reduce our revenues and ability to grow profitability; (7) continued industry trends toward value-based purchasing, third party payor consolidation and care coordination among healthcare providers; (8) inability to successfully complete acquisitions or strategic JVs or inability to realize all of the anticipated benefits; (9) liabilities because of professional liability and other claims brought against our hospitals, physician practices, outpatient facilities or other business operations; (10) exposure to certain risks and uncertainties by the JVs through which we conduct a significant portion of our operations, including anticipated synergies, of past acquisitions and the risk that transactions may not receive necessary government clearances; (11) failure to obtain drugs and medical supplies at favorable prices or sufficient volumes; (12) operational, legal and financial risks associated with outsourcing functions to third parties; (13) our facilities are heavily concentrated in Texas and Oklahoma, which makes us sensitive to regulatory, economic and competitive conditions and changes in those states; (14) negative impact of severe weather, climate change, and other factors beyond our control, which could restrict patient access to care or cause one or more facilities to close temporarily or permanently; (15) risks related to the Ventas Master Lease and its restrictions and limitations on our business; (16) the impact of our significant indebtedness; (17) the impact of a deterioration of public health conditions associated with a future pandemic, epidemic or outbreak of infectious disease; (18) 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; (19) the impact of governmental claims or governmental investigations, payor audits and litigation brought against our hospitals, physician practices, outpatient facilities or other business operations; (20) actual or perceived failures to comply with applicable data protection, privacy and security laws, regulations, standards and other requirements; (21) inability to or delay in building, acquiring, selling, renovating or expanding our healthcare facilities; (22) failure to comply with federal and state laws relating to Medicare and Medicaid enrollment, permit, licensing and accreditation requirements; (23) effects of current and future health reform initiatives, including any that may be undertaken by a new administration, and legal and regulatory restrictions on our hospitals that have physician owners; (24) inability to continually enhance our hospitals with the most recent technological advances in diagnostic and surgical equipment; (25) our status as a controlled company; (26) conflicts of interest between our controlling stockholder and other holders of our common stock; and (27) 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, net 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.

4Q24 Results Summary

Strong finish to 2024 highlighted by 4Q24 revenue growth of 19% and Adjusted EBITDA growth of 200%+. Expanded Adjusted EBITDAR Margin by 240bps to 12.5% for FY24.

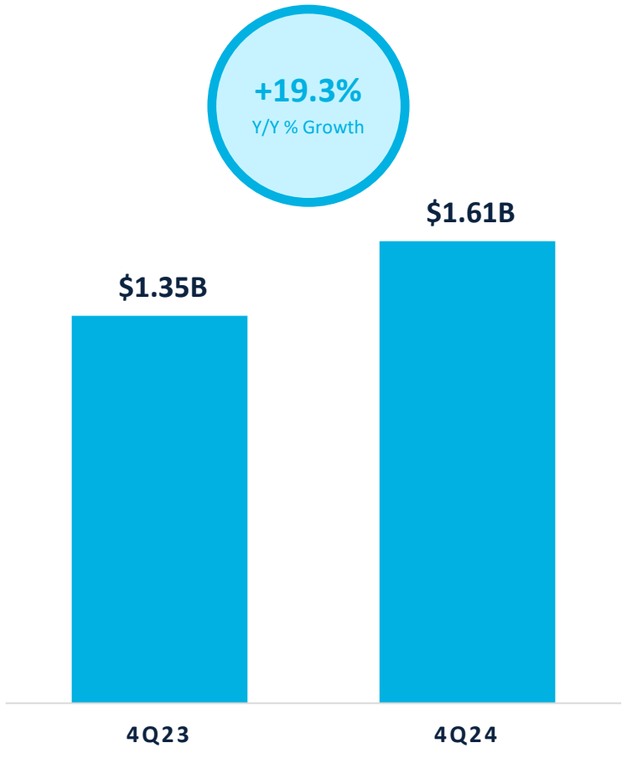
	4Q24		FY2024	
	Amount	YoY % Growth	Amount	YoY % Growth
Total Revenue (in millions)	$1,606	19.3%	$5,966	10.3%
Adjusted EBITDA (in millions)	$183	212.9%	$498	58.4%
Adjusted Admissions	86,872	9.0%	341,781	4.8%
Net Patient Service Revenue per Adjusted Admission	$18,200	9.5%	$17,144	5.1%
	Margin	**Margin Δ**	**Margin**	**Margin Δ**
Adjusted EBITDA Margin	11.4%	710bps	8.4%	260bps
Adjusted EBITDAR Margin	15.6%	720bps	12.5%	240bps

2024			
	Actual	Actual, Excl. NM DPP	Guidance
Total Revenue (in millions)	$5,966	$5,872	$5,800 — $5,875
Adjusted EBITDA (in millions)	$498	$434	$425 — $440
Adjusted Admissions Growth	4.8%	4.8%	4.5% — 5.0%
Net Patient Service Revenue per Adjusted Admission Growth	5.1%	3.4%	2.6% — 3.3%

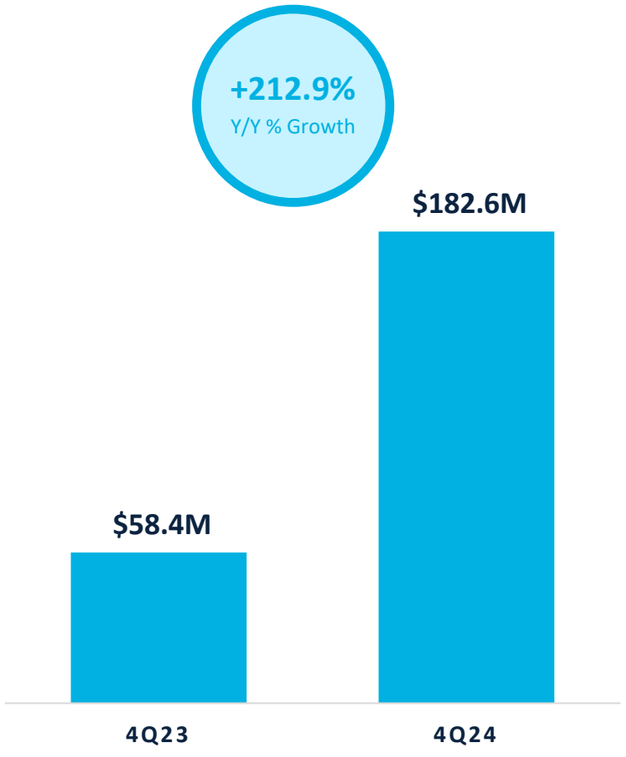
See appendix for reconciliation of Non-GAAP financial metrics, including Adjusted EBITDA, Adjusted EBITDAR and Adjusted EBITDAR Margin. Adjusted EBITDAR Margin is calculated as Adjusted EBITDAR (pre-NCI) / Total Revenue.

4Q Financial Performance

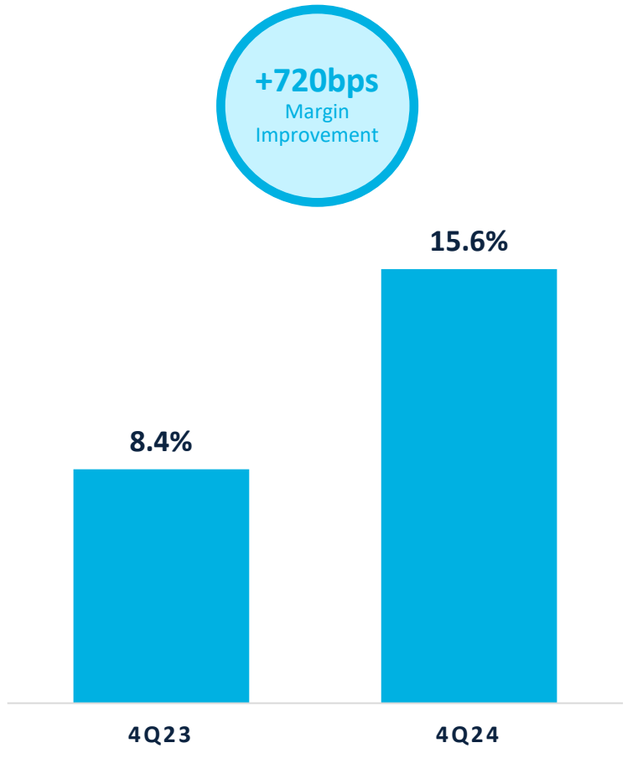
Total Revenue



Adjusted EBITDA



Adjusted EBITDAR (Pre-NCI) Margin

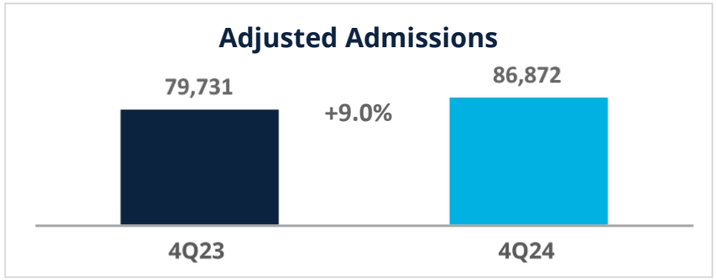


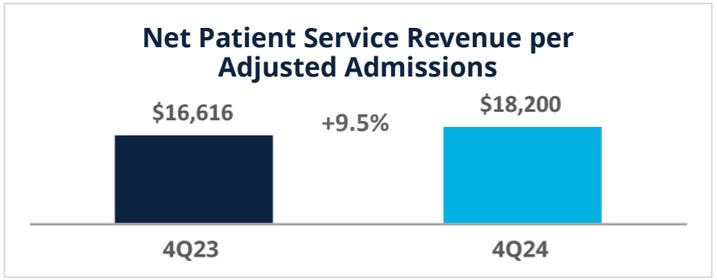
See appendix for reconciliation of Non-GAAP financial metrics, including Adjusted EBITDA and Adjusted EBITDAR Margin.

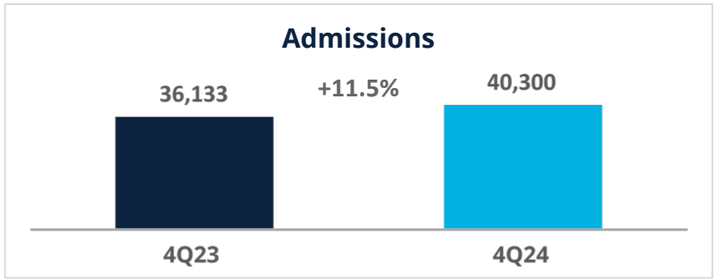
ArdentHealth

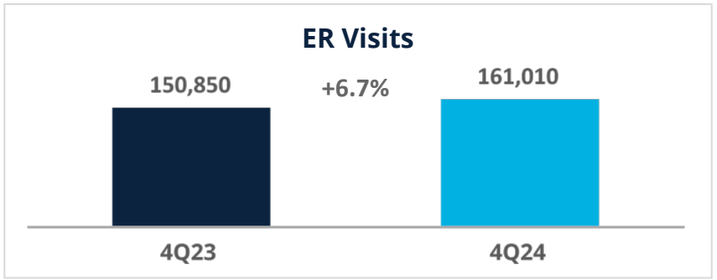
4Q Operating Highlights

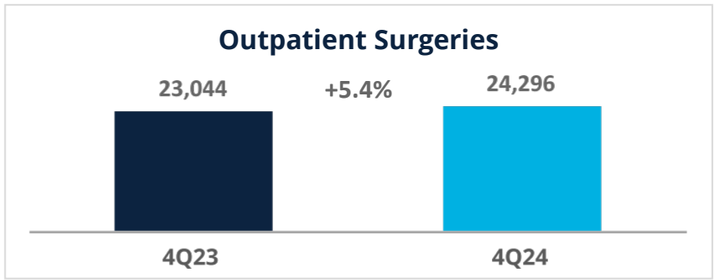
Strong 4Q24 volume trends driven by broad-based operating performance and easier comparisons due to a cybersecurity incident that occurred in 4Q23

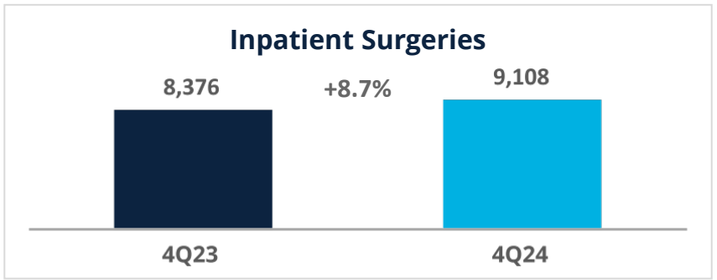










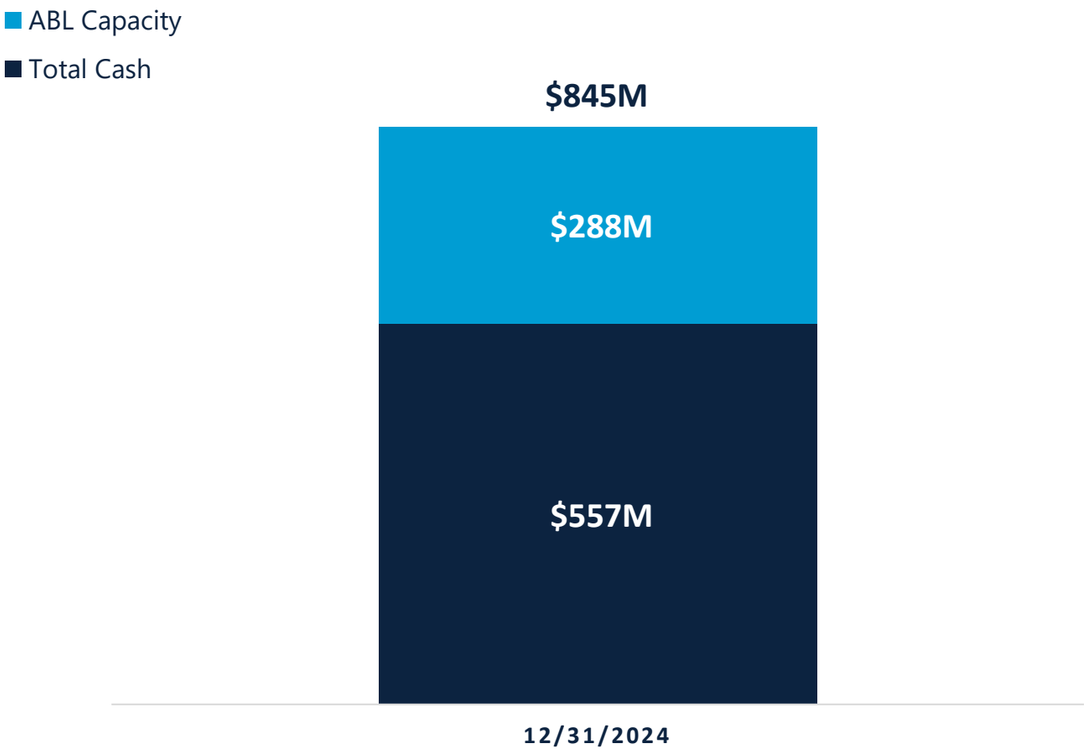


- Net patient service revenue per adjusted admission increased 9.5% year-over-year. Excluding the benefit associated with the New Mexico state directed payment program, the increase in net patient service revenue per adjusted admissions was approximately 3.4% for the year.
- Admissions increased 11.5% year-over-year driven by growth in general medicine, cardiology and neurology
- Total surgeries increased 6.3% year-over-year as a result of an 8.7% increase in inpatient surgeries and a 5.4% increase in outpatient surgeries
- ER Visits increased 6.7% year-over-year due, in part, to ongoing expansion of EMS services in certain markets

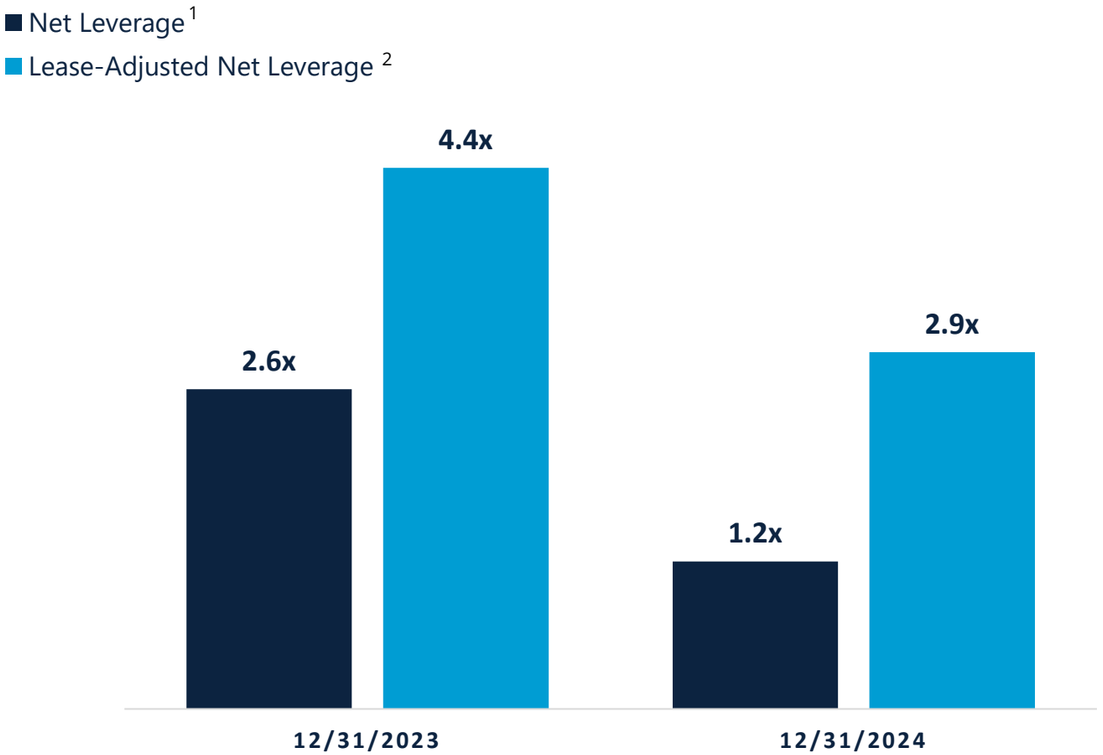
Capital Structure to Support Opportunistic Growth

Strong balance sheet and ample liquidity to support growth strategy

Available Liquidity



Net Leverage Profile

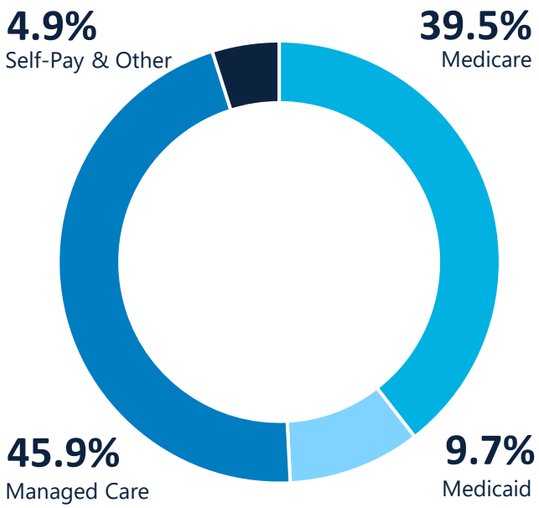


1. Net leverage is calculated as net debt / Adjusted EBITDA, with net debt calculated as total debt less cash and cash equivalents;
2. Lease-adjusted net leverage is calculated as (net debt + 8x REIT rent expense) / Adjusted EBITDAR. Leverage ratios are calculated according to our credit agreements and exclude cash held by JVs.

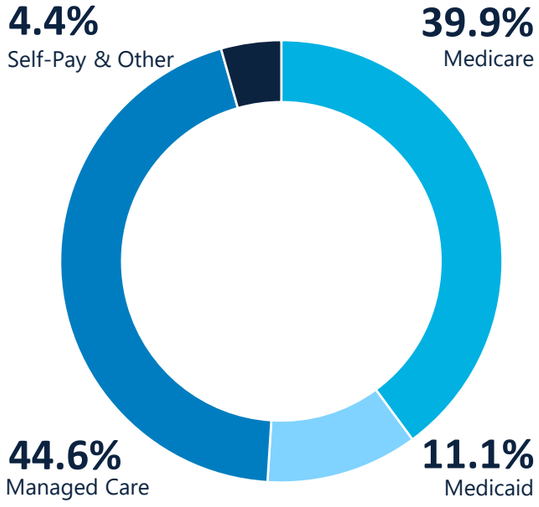
Operating Highlights: Payor Mix

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

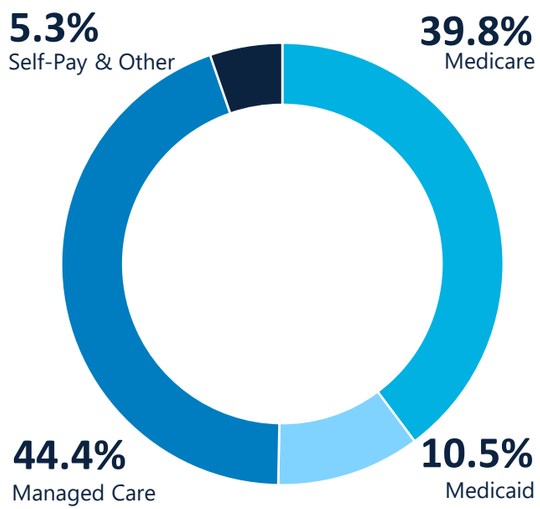
4Q24 Payor Mix
% of Net Patient Service Revenue



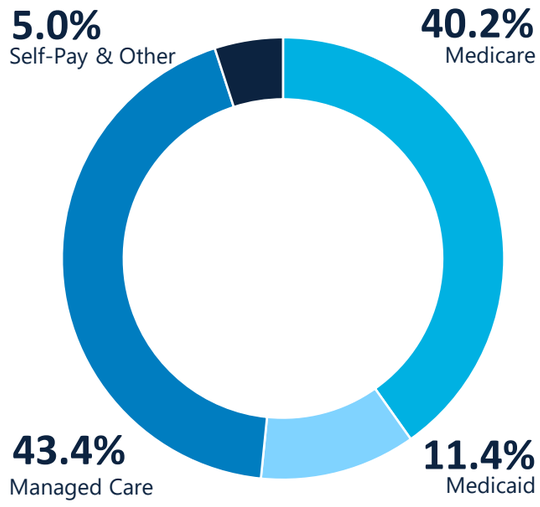
4Q23 Payor Mix
% of Net Patient Service Revenue



FY24 Payor Mix
% of Net Patient Service Revenue



FY23 Payor Mix
% of Net Patient Service Revenue



4Q24 Medicaid payor mix decreased by 150bps y/y, primarily due to Medicaid redeterminations and service line optimization initiatives

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 ~3.7% in 4Q24, vs. ~3.8% in 4Q23. 2024 healthcare exchange revenue represented 3.6% of total revenue.

Full-Year 2025 Guidance

Dollars in millions, except per share data	Full Year 2025 Guidance		
Total revenue	$6,200	–	$6,450
Net income attributable to Ardent Health Partners, Inc.	$245	–	$285
Adjusted EBITDA	$575	–	$615
Rent expense payable to REITs	$164	–	$164
Diluted earnings per share	$1.73	–	$2.01
Adjusted admissions growth	2.0%	–	3.0%
Net patient service revenue per adjusted admission growth	2.1%	–	4.4%
Capital expenditures	$215	–	$235

Guidance Assumptions

- Outlook includes expected benefit from the full-year impact of Oklahoma and New Mexico state directed payment programs
- Guidance midpoint reflects year-over-year **revenue growth of 6%** and **Adjusted EBITDA growth of 19%** with implied **Adjusted EBITDAR Margin expansion of 100bps+**

See appendix for reconciliation of Non-GAAP financial metrics, including Adjusted EBITDA and Adjusted EBITDAR Margin. Adjusted EBITDAR Margin is calculated as Adjusted EBITDAR (pre-NCI) / Total Revenue.

Long-Term Growth Algorithm after 2025

	Organic		Total (Including Capital Deployment)	
Revenue Growth	**MSDs**	• Split roughly evenly between volume and rate	**HSDs**	• Acute care hospital M&A (new and adjacent markets) • Ambulatory build-out (M&A & de novo) in existing markets, which also creates downstream in-market hospital volume benefit
Adjusted EBITDA Growth	**> MSD revenue growth**	• Targeting 100-200bps of core margin expansion over 3-4 years	**Approach 10%**	• Ambulatory assets have a higher margin profile than acute care hospitals
EBITDAR Margin	13.6% 1-2%	2025 Adjusted EBITDAR Margin Guidance + Core margin expansion over 3-4 yrs		
	Mid-teens =	**Out-year Adjusted EBITDAR Margin**		

→ **Achieving mid-teens margin in line with peer margin range of 12-20%**

Adjusted EBITDAR Margin is calculated as Adjusted EBITDAR (pre-NCI) / Total Revenue.

Key Takeaways

Ardent is well positioned to drive consistent, durable top- and bottom-line growth of MSD-HSDs in 2026+

EXPAND → IMPROVE → INVEST

Attractive Assets/Footprint

- Strong footprint in eight **growing mid-sized urban markets** with favorable demographic and economic profiles
- **Leading (#1 or #2) share** in a majority of our markets[1]
- **Expansion opportunities** in acute inpatient service lines and ambulatory service offerings in each market

Margin Expansion Levers

- Expect **100-200bps** of core margin expansion over 3-4 years
- Initiatives are largely within Ardent's control

Capital Deployment Augments Growth

- Opportunistic **acute care M&A** in new or adjacent markets
- **Ambulatory build-out**: M&A and/or de novo in geographies where Ardent currently has an acute footprint
  - Higher margin assets (above company average)
  - Augments hospital(s) ability to attract new patients/revenue
- **Strong balance sheet** to support growth
  - $557 million of cash at 12/31/24
  - Lease-adjusted net-leverage of 2.9x at 12/31/24

[1] Based on number of hospitals.



APPENDIX

Non-GAAP Reconciliations

	Three Months Ended December 31,		Years Ended December 31,	
	2024	2023	2024	2023
(in thousands)				
Net income	$ 140,891	$ 10,781	$ 299,708	$ 128,977
Income tax expense (benefit)	26,355	(1,954)	63,352	22,637
Interest expense	13,528	18,451	65,578	74,305
Depreciation and amortization	37,854	35,982	146,288	140,842
Noncontrolling interest earnings	(26,687)	(14,934)	(89,365)	(75,073)
Loss on extinguishment and modification of debt	—	—	3,388	—
Other non-operating gains [1]	(4,702)	(1,091)	(4,910)	(1,613)
Cybersecurity Incident (recoveries) expenses, net [2]	(16,501)	8,495	(21,477)	8,495
Certain legal matters and related costs	2,000	—	2,000	—
Restructuring, exit and acquisition-related costs [3]	1,057	2,080	12,751	13,553
Epic expenses [4]	1,673	366	3,173	1,781
Equity-based compensation	9,105	181	17,978	904
Loss (income) from disposed operations	(1,980)	5	9	(60)
Adjusted EBITDA	**$ 182,593**	**$ 58,362**	**$ 498,473**	**$ 314,748**
Rent expense payable to REITs	40,618	39,730	160,444	156,801
Adjusted EBITDAR	**$ 223,211**	**$ 98,092**	**$ 658,917**	**$ 471,549**
Plus: noncontrolling interest earnings	26,687	14,934	89,365	75,073
Adjusted EBITDAR, including noncontrolling interest earnings	**$ 249,898**	**$ 113,026**	**$ 748,282**	**$ 546,622**
Total revenue	$ 1,606,289	$ 1,346,034	$ 5,966,072	$ 5,409,483
Adjusted EBITDAR Margin	**15.6 %**	**8.4 %**	**12.5 %**	**10.1 %**

1. Other non-operating gains 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 $0.3 million and $1.8 million for the three months ended December 31, 2024 and 2023, respectively, and $10.4 million and $12.4 million for the years ended December 31, 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 December 31, 2024 and 2023, respectively, and $0.8 million and $0.7 million for the years ended December 31, 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 $0.6 million and $0.2 million for the three months ended December 31, 2024 and 2023, respectively, and $1.6 million and $0.5 million for the years ended December 31, 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 $1.6 million and $0.4 million for the three months ended December 31, 2024 and 2023, respectively, and $3.1 million and $1.8 million for the years ended December 31, 2024 and 2023, respectively, and salaries and benefits of $0.1 million for the three months and year ended December 31, 2024. Epic expenses do not include the ongoing costs of the Epic system.

Non-GAAP Reconciliation: Full-Year 2025 Guidance

	Full Year Ending December 31, 2025	
	Low	High
(in Millions)		
Net income	$342	$386
Income tax expense	91	101
Interest expense, net	63	59
Depreciation and amortization	146	143
Noncontrolling interest earnings	(97)	(101)
Cybersecurity Incident recoveries, net[1]	(21)	(21)
Restructuring, exit and acquisition-related costs	7	6
Epic expenses, net	6	4
Equity-based compensation	38	38
Adjusted EBITDA	**$575**	**$615**

[1] 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.