Partnering and Collaborating to Drive Value

17th Annual Citi Not-For-Profit Health Care Investor Conference
May 17, 2016

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Chief Administrative Officer

Gail Hanson
Chief Financial Officer
Aurora Health Care at a Glance
Wisconsin’s Leading Integrated System

- Not-for-profit integrated system
- 30 counties, 90 communities
- 15 hospitals
- 150+ clinics
- 70 pharmacies
- Largest home care organization in Wisconsin
- 31,000 employees; 1,700 employed physicians
- $4.9 billion in annual revenue (2015)
- 1.2 million unique patients
Key Differentiators

• Quality in our DNA
• Integration of core functions and capabilities
• Single employed medical group
• Financial/cost position
• Leading brand in most markets
• Multifaceted growth plan and strong market share
The Power of Integrated Care

Quality Achievement/Cost-Efficiency Matrix

- High Quality Achievements
- Low Efficiency
- prostate
- High Efficiency
- Community Average

- United Medical Center - Kenosha
- Froedtert
- Wheaton
- Aurora
- Ascension / Columbia St. Mary’s

Greater Efficiency

More Quality Achievements
Growth Strategies

- Retaining patients
- Physician-to-physician
- Business-to-business
- Business-to-consumer
- Expanding offerings & geographic territories
- Collaborations
Growth Through Collaborations
New Paradigm

- AboutHealth
- StartUp Health
- Joint Ventures
Marquette Partnership

Athletic Performance Research Center

- $40m investment in $120m State-of-the-art facility
- Focus on:
  - Athletic performance/research
  - Innovation
  - Select clinical services
- Expansion of Aurora Sinai Medical Center Sports Med Program
- Develop/drive innovations around community and population health initiatives
Anthem Joint Venture – Well Priority

- New 50/50 Joint Venture Insurance Company
  - Anthem Blue Cross Blue Shield / Aurora Health Care
- Focus on delivering lower overall cost of care, healthier consumers and higher patient satisfaction
- Board structure and key leadership positions are evenly split
- Capitalization & start up working capital costs shared 50/50
  - Initial Capitalization - $10M
- No employees – agreements between parties for services
A Plan for the Future

• **Best Brand: Capitalizing on the Consumer Revolution**
  • Mining insights and big data
  • Growing in consumer preference
  • Broadening consumer access and engaging through 1:1 marketing

• **Best Value: Non-negotiable Metric**
  • Engineering a smart transition to value
  • Maintaining growth and financial health
  • Sparking innovation

• **Best People: Sustaining Our Future**
  • Developing exceptional leadership
  • Employing diverse, engaged people
Financial Update

- **What’s new:**
  - Moody’s upgrade to “A2”
  - Fitch outlook to “Positive”

- **What continues:**
  - Strong operating margins
  - Balance sheet improvement
  - Investment in clinical and strategic initiatives
  - Headwinds
Top-line Revenue Growth

Compound Annual Growth Rate reflective of 2011 – 2015 data
Source: Audited financial statements for the year indicated, prior year balances have been restated to conform to 2015 financial statement presentation.
Aurora All Payor Net Revenue

Net patient service revenues for 2015

Source: Audited financial statements for the 12 months ended December 31, 2015.
Aurora Commercial Net Revenue

Source: Aurora Health Care for the 12 months ended December 31, 2015.
Coordinated, Patient-centered Care

70 Pharmacy locations
+0.2%

Prescriptions filled
(millions)
2014 2015
2.459 2.463

159 Clinics
+2.5%

Visits
(millions)
2014 2015
4.724 4.842

15 Hospitals
+1.7%

Inpatient Days
(thousands)
2014 2015
435 442

Labs
+2.6%

Tests Performed
(millions)
2014 2015
22.9 23.5

Home care
+12.5%

Home Visits
(thousands)
2014 2015
239 269

Source: Aurora Health Care 12 months ended December 31 for the year indicated.
### Operating Margin & EBITDA

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Margin %</th>
<th>EBITDA %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>1.9%</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>9.6%</td>
<td>3.5%</td>
</tr>
<tr>
<td>2013</td>
<td>11.8%</td>
<td>3.7%</td>
</tr>
<tr>
<td>2014</td>
<td>11.8%</td>
<td>10.7%</td>
</tr>
<tr>
<td>2015</td>
<td>17.2%</td>
<td>14.3%</td>
</tr>
</tbody>
</table>

Source: Audited financial statements for the year indicated, prior year balances have been restated to conform to 2015 financial statement presentation.
Unrestricted Cash and Investments

Unrestricted cash & investments 15.1%

Days cash on hand 11.6%

1 day of cash (2015) $11.7m

Source: Audited financial statements for the 12 months ended December 31 of the year indicated.
Capital Expenditures

Capital expenditures funded by cash flows from operations

Source: Audited financial statements for the 12 months ended December 31 of the year indicated.
Debt to Capitalization

No new long-term debt since 2010 other than refunding for cost savings and reimbursement for past expenditures

<table>
<thead>
<tr>
<th>Year</th>
<th>Debt to Capitalization</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011</td>
<td>69.7%</td>
</tr>
<tr>
<td>2012</td>
<td>65.1%</td>
</tr>
<tr>
<td>2013</td>
<td>50.2%</td>
</tr>
<tr>
<td>2014</td>
<td>48.6%</td>
</tr>
<tr>
<td>2015</td>
<td>42.1%</td>
</tr>
</tbody>
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Source: Audited financial statements for the 12 months ended December 31 of the year indicated.
Debt and Total Net Assets

Source: Audited financial statements for the 12 months ended December 31 of the year indicated.
Wrap Up

- Highly integrated organization
- Engaged, employed physician cohort
- Nationally recognized for quality
- Collaborations driving growth
- Improved financial position
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