

GENESIS HEALTHCARE SYSTEM

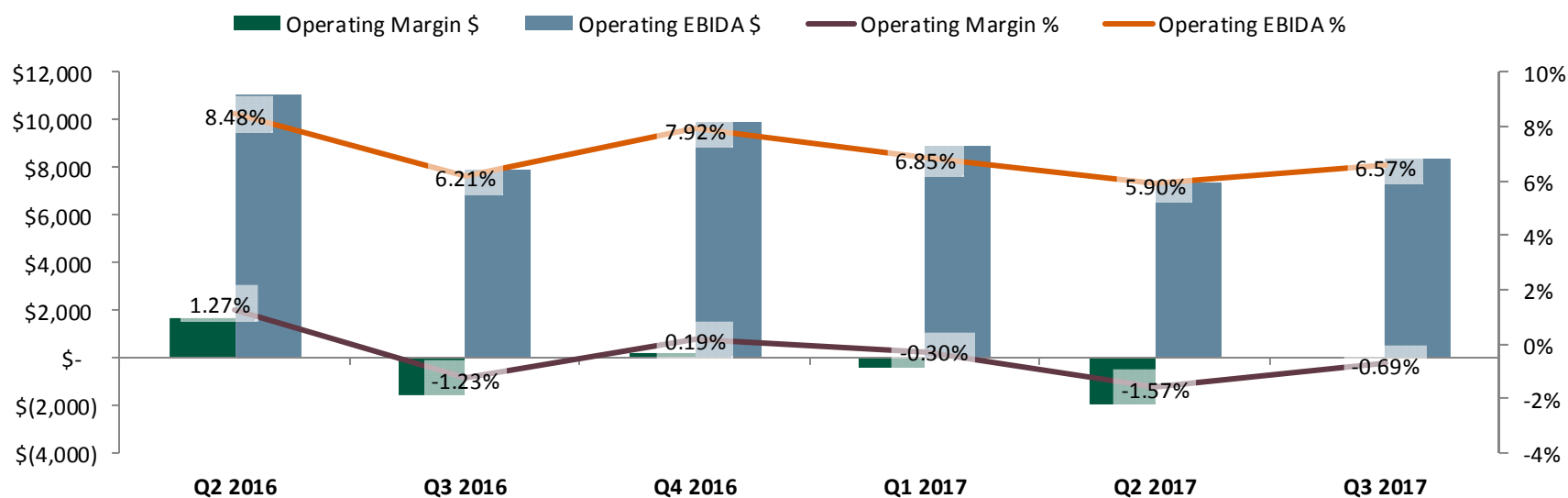
Investor Presentation | Third Quarter 2017



Quarterly Financial Performance – Consolidated (Unaudited)

Operating Margin & Operating EBIDA by Quarter
(\$ in thousands)

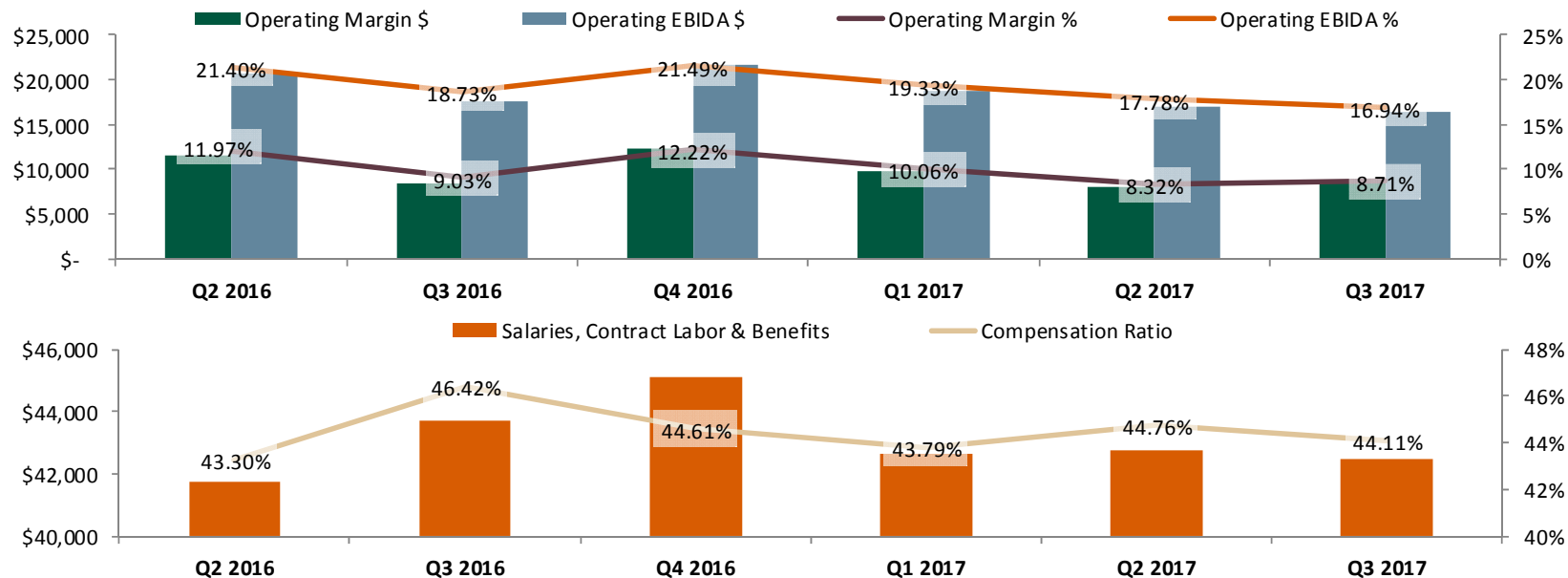
	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Net Revenue	130,920	127,156	125,314	130,619	125,315	127,273
Operating Expenses	129,258	128,725	125,070	131,011	127,283	128,151
Operating Margin \$	\$ 1,662	\$ (1,569)	\$ 244	\$ (392)	\$ (1,968)	\$ (878)
Operating Margin %	1.27%	-1.23%	0.19%	-0.30%	-1.57%	-0.69%
Depreciation Expense	5,750	5,797	5,803	5,704	5,663	5,514
Interest Expense	3,695	3,670	3,879	3,634	3,700	3,726
Operating EBIDA \$	\$ 11,107	\$ 7,898	\$ 9,926	\$ 8,946	\$ 7,395	\$ 8,362
Operating EBIDA %	8.48%	6.21%	7.92%	6.85%	5.90%	6.57%



Quarterly Financial Performance – Hospital (Unaudited)

Operating Margin & Operating EBIDA by Quarter (\$ in thousands)

	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017
Net Revenue	96,402	94,152	101,135	97,386	95,516	96,300
Salaries, Contract Labor & Benefits	41,741	43,708	45,116	42,649	42,755	42,474
All Other Operating Expenses	43,124	41,944	43,664	44,938	44,811	45,434
Operating Margin \$	\$ 11,537	\$ 8,500	\$ 12,356	\$ 9,799	\$ 7,950	\$ 8,392
Operating Margin %	11.97%	9.03%	12.22%	10.06%	8.32%	8.71%
Depreciation Expense	5,401	5,465	5,496	5,390	5,330	5,199
Interest Expense	3,693	3,670	3,877	3,634	3,698	2,726
Operating EBIDA \$	\$ 20,631	\$ 17,634	\$ 21,729	\$ 18,823	\$ 16,978	\$ 16,317
Operating EBIDA %	21.40%	18.73%	21.49%	19.33%	17.78%	16.94%
Compensation Ratio	43.30%	46.42%	44.61%	43.79%	44.76%	44.11%

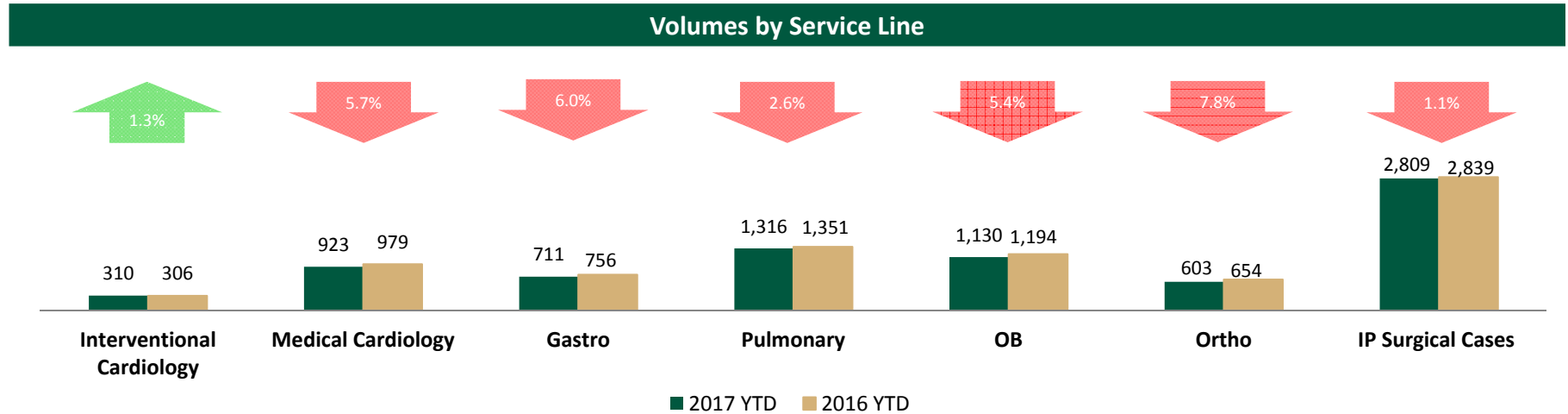
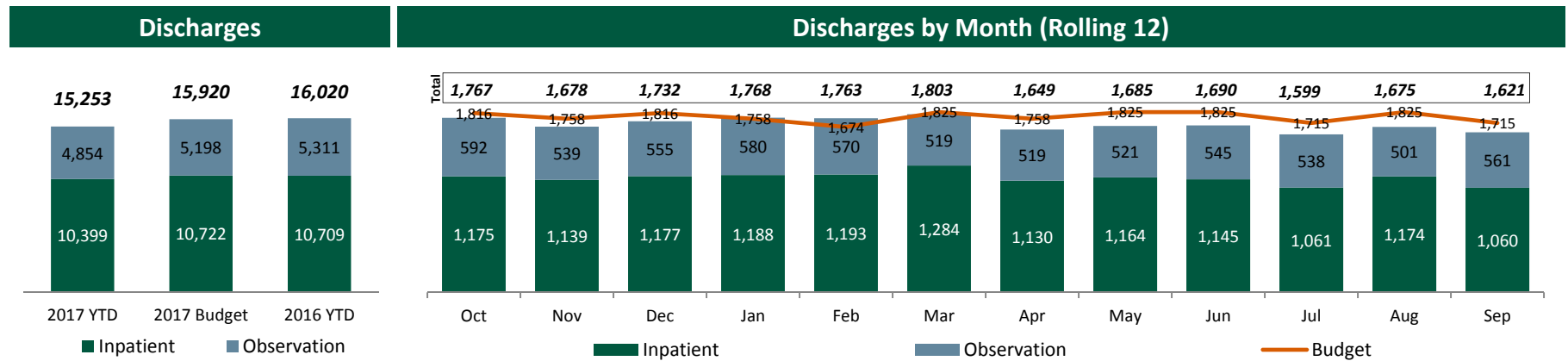


Financial Performance | Q3 2017

	<u>Hospital</u>			<u>Consolidated</u>			<u>Obligated</u>		
	<u>Nine-months ended September 30,</u>			<u>Nine-months ended September 30,</u>			<u>Nine-months ended September 30,</u>		
	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2017</u>	<u>2016</u>
Revenue									
Net patient service revenue	\$ 282,880	\$ 293,461	\$ 286,763	\$ 325,580	\$ 337,767	327,786	\$ 328,986	\$ 343,263	\$ 333,059
Less provision for bad debt	(8,007)	(13,897)	(12,294)	(11,201)	(16,673)	(15,068)	(11,029)	(16,417)	(14,814)
Net patient service revenue less provision for bad debts	274,873	279,564	274,469	314,379	321,094	312,718	317,957	326,846	318,245
Pharmacy sales and other	14,329	10,388	13,646	68,828	75,177	74,279	60,350	60,967	60,322
Total unrestricted revenue, gains, and other support	289,202	289,952	288,115	383,207	396,271	386,997	378,307	387,813	378,567
Expenses									
Salaries and Wages	90,139	88,868	88,703	153,744	154,440	151,078	151,763	151,913	148,598
Employee benefit and payroll taxes	31,356	33,175	33,246	38,956	41,577	41,111	38,174	40,639	40,188
Operating supplies and expenses	52,599	50,478	53,006	54,587	53,373	54,896	54,348	53,047	54,574
Purchased services	26,806	23,547	24,505	33,118	30,438	30,277	33,326	29,898	29,802
Other	35,184	35,342	30,066	78,099	83,574	79,995	76,365	80,169	76,606
Depreciation	15,919	15,724	16,221	16,881	16,844	17,271	16,605	16,479	16,908
Interest expenses	11,058	10,905	11,044	11,060	10,911	11,049	11,060	10,911	11,049
Total Expenses	263,061	258,039	256,791	386,445	391,157	385,677	381,641	383,056	377,725
Operating Income	26,141	31,913	31,324	(3,238)	5,114	1,320	(3,334)	4,757	842
Other Income (Loss)									
Investment income	3,838	4,405	4,693	5,114	4,295	5,172	5,108	4,405	5,258
Reserve for CCMH	1	-	-	1	-	-	1	-	-
Unrealized gain/(losses)	7,381	-	1,364	9,912	-	2,331	9,840	-	2,324
Total other income	11,220	4,405	6,057	15,027	4,295	7,503	14,949	4,405	7,582
Excess of Revenue Over Expenses	\$ 37,361	\$ 36,318	\$ 37,381	\$ 11,789	\$ 9,409	8,823	\$ 11,615	\$ 9,162	\$ 8,424

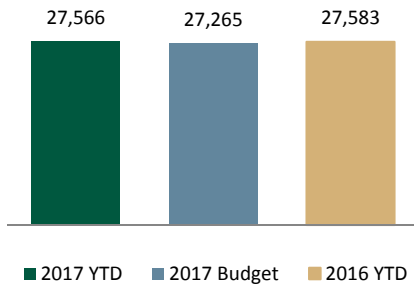


Inpatient Volumes | Q3 2017

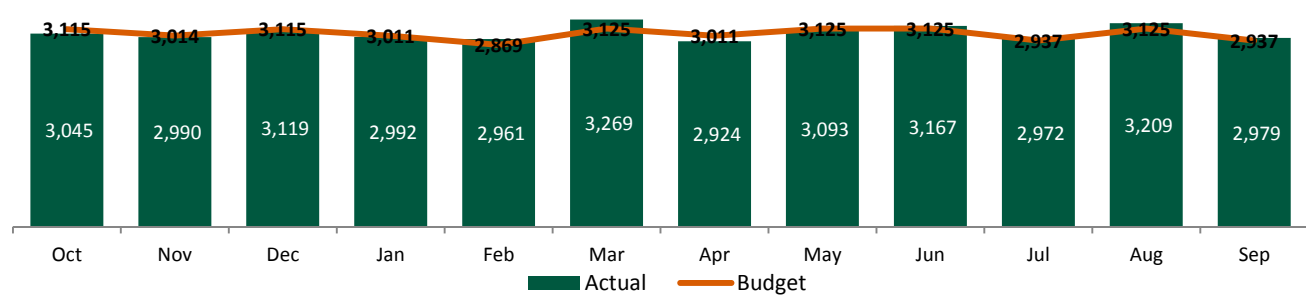


Outpatient Volumes | Q3 2017

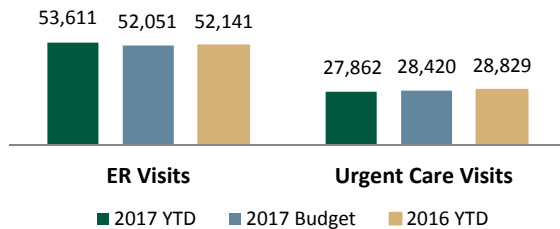
Adjusted Discharges



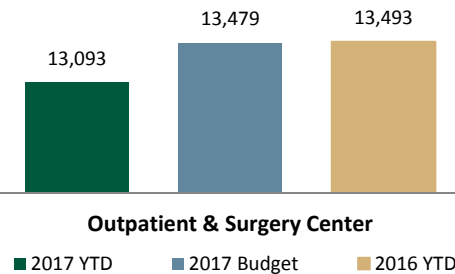
Adjusted Discharges by Month (Rolling 12)



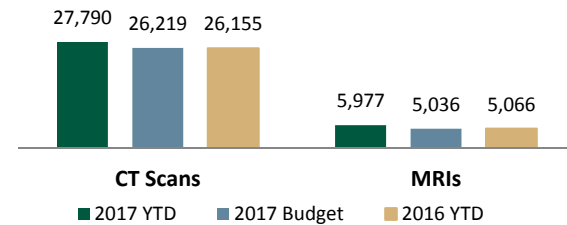
Emergency and First Care



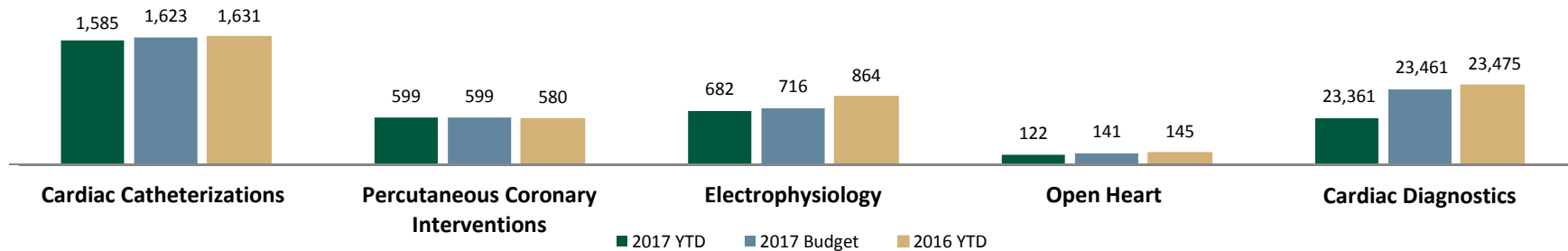
Surgical Cases



Imaging (Outpatient)



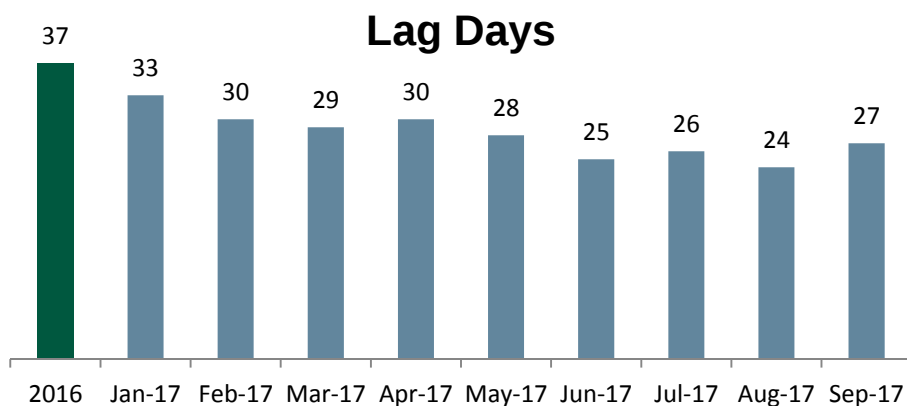
Cardiology



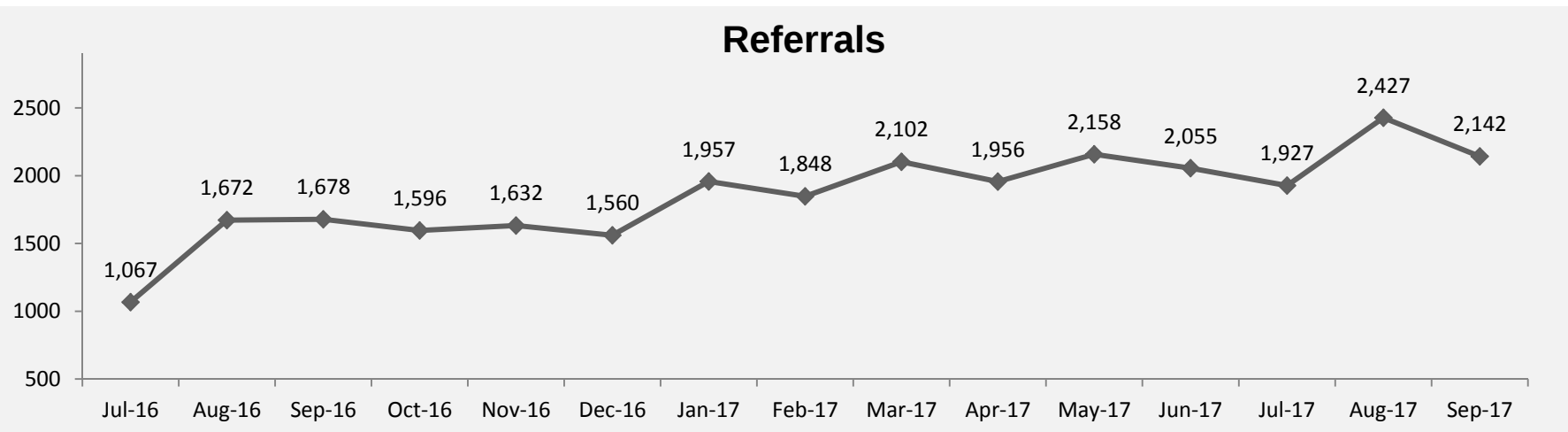
Patient Access Center Update

Access Center opened 6/19/2017

All specialist referrals are being managed through this single location



Since 06/19/17		Improvement
Call Abandonment Rate (HLV, Ortho/Neuro, & Cancer)		48%
Avg. Wait Time in Seconds (HLV, Ortho/Neuro, Surgery, & Cancer)		54%



Q4 2017 Operational Improvements

- Electrophysiology cases – added an EP Provider
- Outpatient surgeries – additional Gastroenterologist, Orthopedic surgeons
- MRI procedures
- Continued improvements from Patient Access Center

2018 Budget will be posted before the Q4 bondholder call



Questions/Comments

