



**WELLS FARGO AND BAIRD  
2019 HEALTHCARE CONFERENCES**

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# SAFE HARBOR

*Some of the statements made in this presentation constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements include any statements that address future results or occurrences. In some cases you can identify forward-looking statements by terminology such as “may,” “might,” “will,” “should,” “could” or the negative thereof. Generally, the words “anticipate,” “believe,” “continues,” “expect,” “intend,” “estimate,” “project,” “plan” and similar expressions identify forward-looking statements. In particular, statements about our expectations, beliefs, plans, objectives, assumptions or future events or performance contained in this are forward-looking statements.*

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*Given these risks and uncertainties, you are cautioned not to place undue reliance on such forward-looking statements. These risks and uncertainties may cause our actual future results to be materially different than those expressed in our forward-looking statements. Additional risks and uncertainties are described more fully in “Risk Factors” in our periodic reports and other filings with the Securities and Exchange Commission. These forward-looking statements are made only as of the date of this presentation. We do not undertake and specifically decline any obligation to update any such statements or to publicly announce the results of any revisions to any such statements to reflect future events or developments.*

# U.S. BUSINESS UPDATE

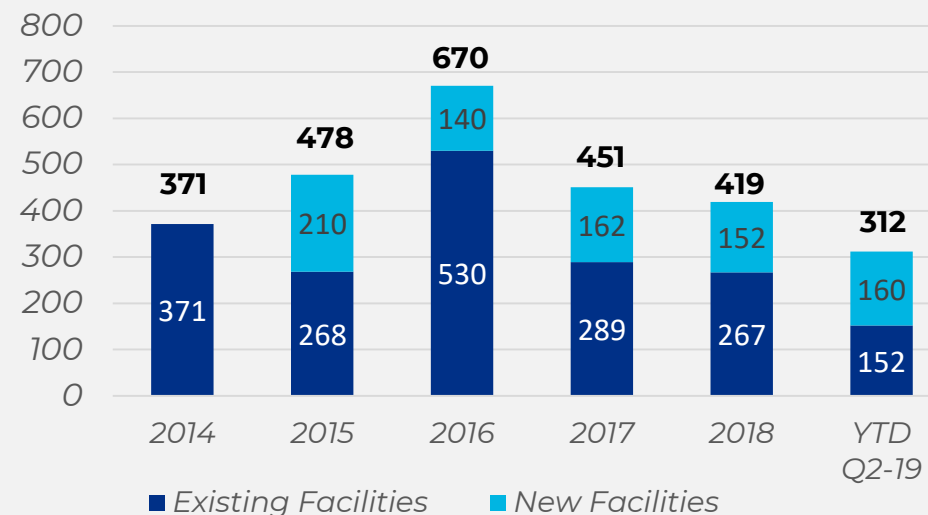
## OPERATIONAL HIGHLIGHTS

- **Strong same facility revenue growth** of 6.6% for Q2-19
- **Bed additions** – opened 549 beds in the last 12 months
- **Savings opportunity** target of \$20m to \$25m
  - Primarily relates to procurement, including price adjustment opportunities and changes in utilization of vendors in key purchasing categories
  - Other opportunities identified – shared services, contracting
  - Full run rate savings are expected to be achieved by the end of 2020
- **Facility closures** – closed four facilities in 2019
  - Operating losses associated with facility closures are expected to improve from \$2 million in Q2-19 to approximately \$1 million and \$0.5 million in Q3-19 and Q4-19, respectively
- **De novo facilities maturing** – opened two facilities in the last 12 months
  - Operating losses associated with two recently opened de novos are expected to improve from approximately \$3 million in Q2-19 to between \$1 million to \$2 million in Q3-19 and close to breakeven in Q4-19

## SAME FACILITY REVENUE GROWTH

- **Same facility revenue growth driven by facility expansions and new facilities.**

### U.S. Bed Additions



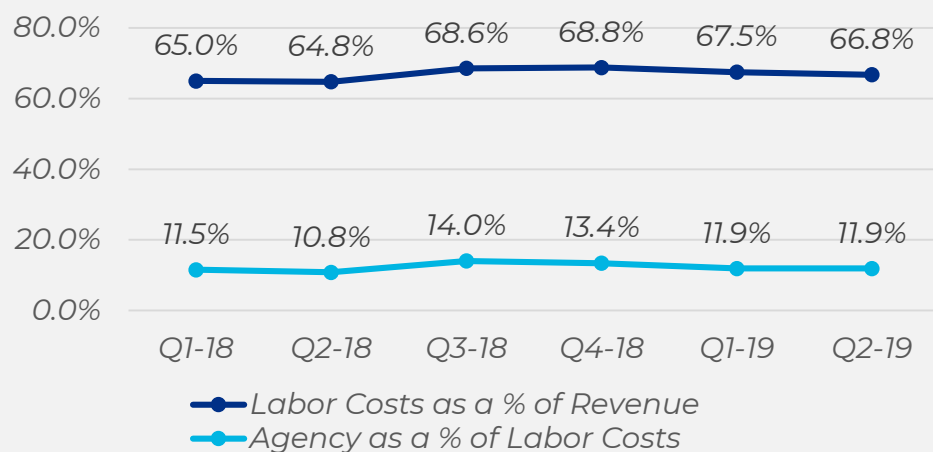
# U.K. BUSINESS UPDATE

## STRATEGIC REVIEW

- Board of Directors is exploring strategic alternatives with respect to our U.K. operations, including a potential sale, to maximize Acadia shareholder value
  - The Board has engaged a financial advisor to run a process to sell our U.K. business.
  - No guarantee that the sale process will result in a transaction

## LABOR MARKET UPDATE

- Through our recruiting and retention initiatives, our labor costs have stabilized.



## RETOOLING BEDS

**Goal is to match our service offerings to market demand.**

- **Retooling beds to address these market factors:**
  - General market demand
    - Proactively working with commissioners to identify demand and collaborate with our payors and referral sources
  - NHS's Transforming Care Agenda
    - NHS initiative to treat more people in the community, with the right support, and close to home.
    - Priory is in the process of retooling beds into acute and other service lines in response to the Transforming Care Agenda
  - Provider Collaboratives (PCs)
    - The goal of this NHS initiative is to locally provide the services that are needed within a community
    - Priory is included as a partner in all PCs where our facilities are located (39 out of 42)
    - Priory is well-positioned due to scale and geographic reach/scope
- **Strong track record** for previously retooled beds – 8 projects representing 99 beds
  - Minimal costs to complete retooling
  - Average of 6 months to reopen beds
  - Higher demand services lead to volume and rate improvement opportunities
  - Margin improvement
- Approx. 150 beds are offline to be retooled
  - Expect ~60 beds to be reopened in 2H and the balance in 2020

# U.K. BUSINESS UPDATE

## FX

- **Settlement and rebooking of investment hedges:** *On August 13, 2019, the Company completed a settlement and rebooking of its cross currency swaps.*
  - *Proceeds of \$105 million were used to repay the revolving line of credit of \$65 million and add cash to the balance sheet*
  - *The rebooked swaps result in an 80 bps reduction in interest rates applicable to \$650 million of debt*
- **Investment Hedges:** *The cross currency swaps represent investment hedges that protect approximately one-third of the accounting book value of the U.K. investment.*
  - *A portion of the Company's U.K. investment is fixed at an exchange rate of 1.21 by converting \$650 million of U.S. Dollar-denominated debt to £538 million of GBP-denominated debt.*
- **Earnings translation risk:** *The GBP/USD exchange rate impacts results as reported in U.S. Dollars by approximately \$9 million, \$1.5 million and less than \$0.01, for annual revenue, EBITDA and EPS, respectively, for each 0.01 move in the exchange rate.*

# ACADIA

H E A L T H C A R E