



Universal Health Services, Inc.
Investor Presentation

Our Proven and Successful Business Strategy

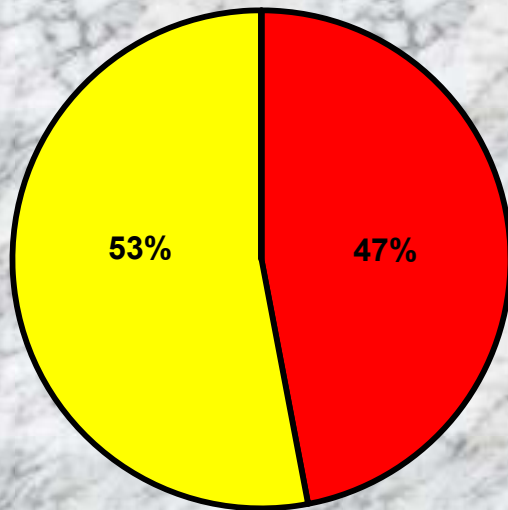
- Diversified Business Model: Behavioral Health and Acute Care Hospitals
- Strong Capital Structure and Capital Access
- Market Leadership, Many Markets with Multiple Facilities
- Focus on Rapid Growth Areas
- Growth through Expansion in Existing Markets and Selective Acquisitions
- Quality and Standardization of Service



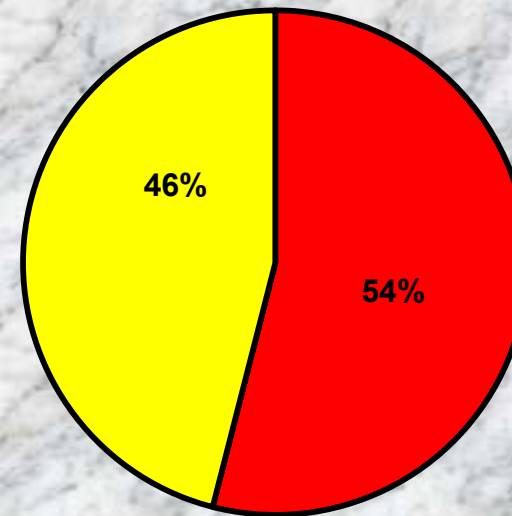
A Premier Facilities-Based Healthcare Provider

Diversified Business Mix

Revenue*



EBITDA *



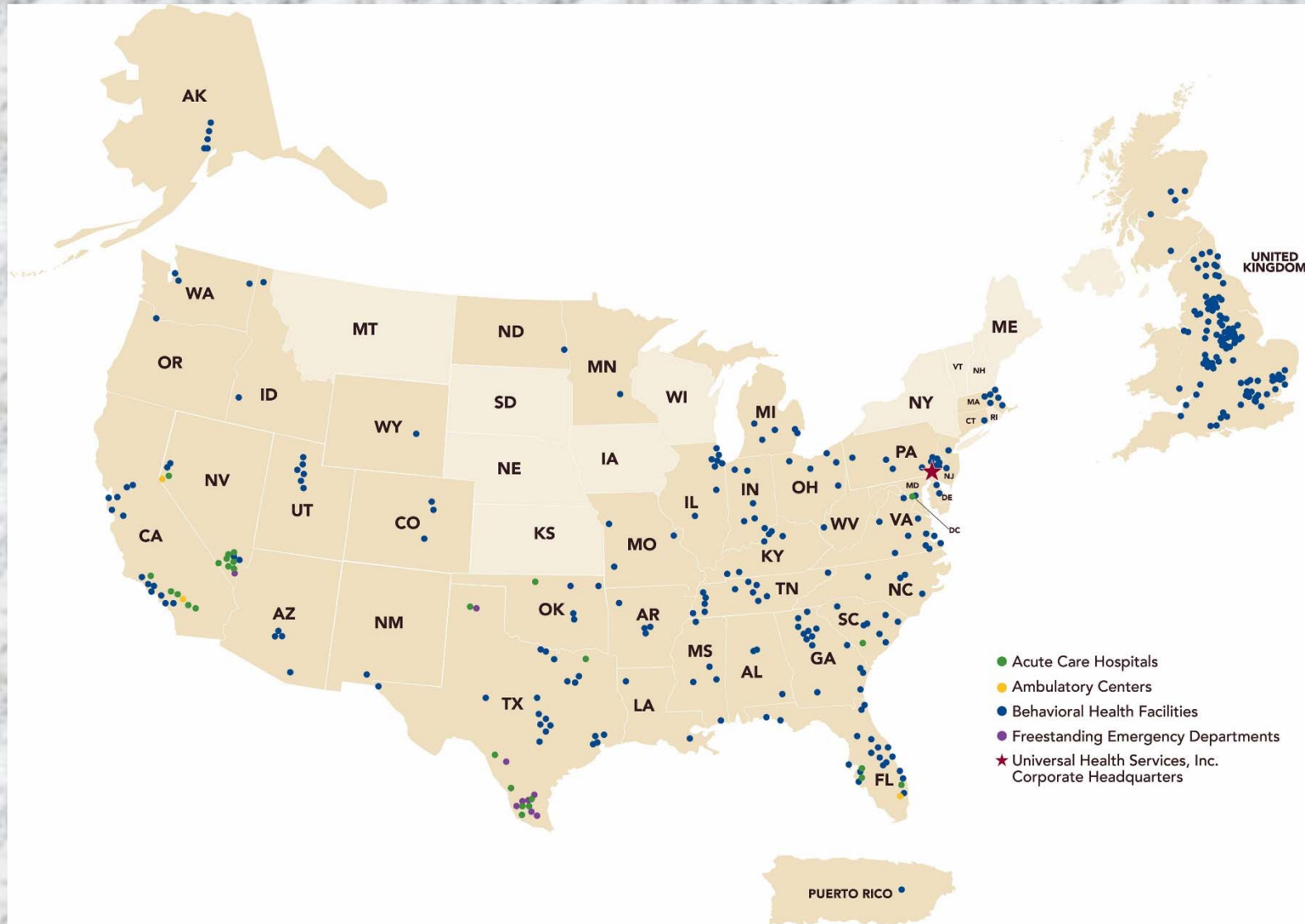
Acute Care Behavioral

*12 months ended 12/31/2018

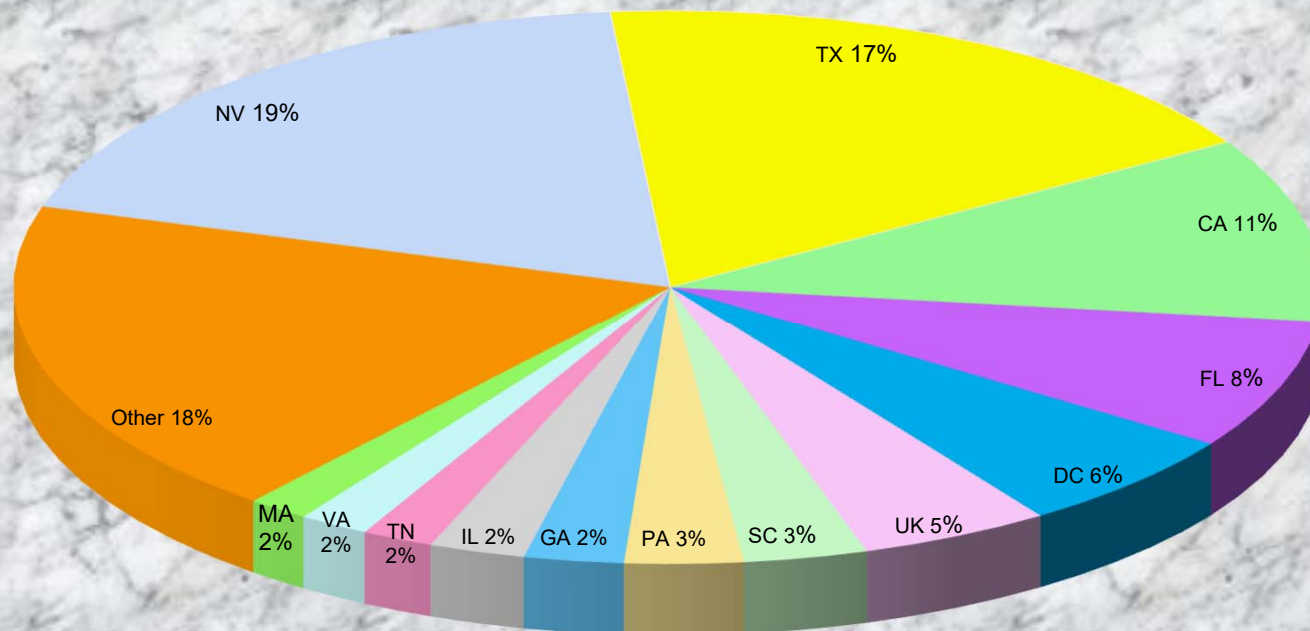


Geographic Diversity

UHS Operates Facilities in 37 States, DC, Puerto Rico, and the United Kingdom



Net Revenues by State

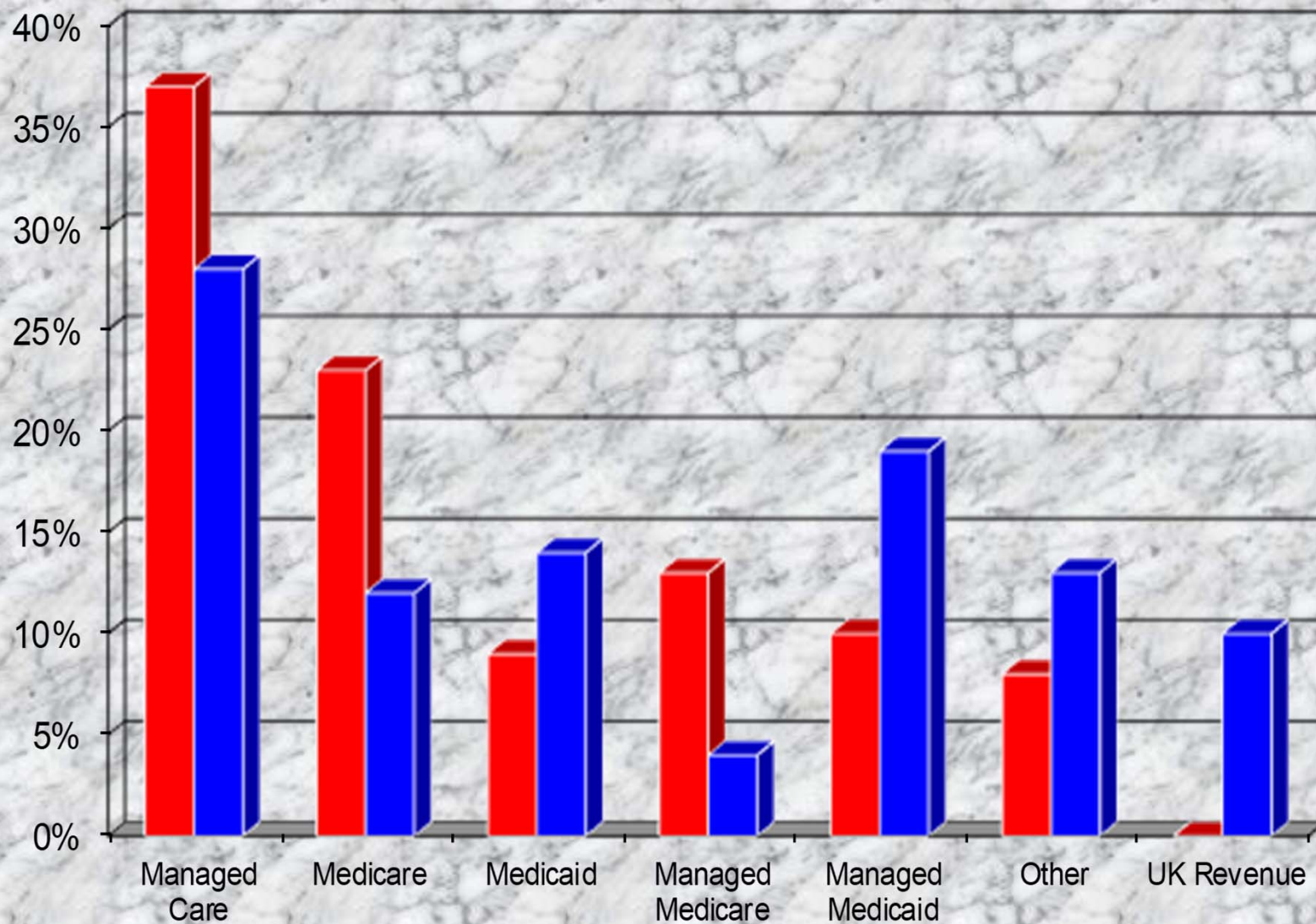


Other Includes:
*26 States and Puerto Rico: each
less than 2%.

*12 months ended 12/31/2018



Sources of Revenue



*12 months ended 12/31/2018

■ Acute Care

■ Behavioral Health

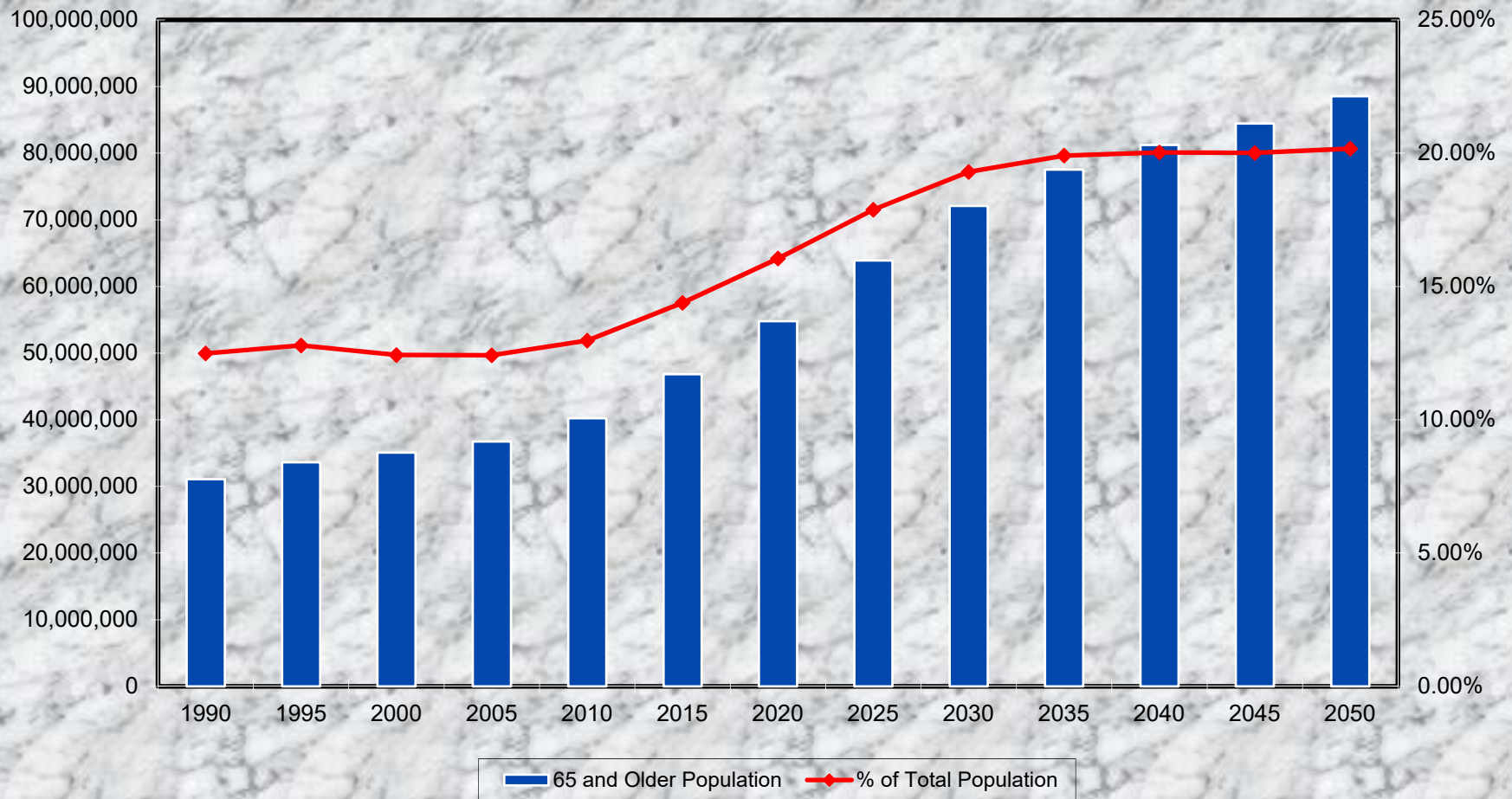


Outlook

- Our businesses should benefit from:
 - Favorable demographics
 - High growth markets
 - Dominant market positions
 - Attractive industry trends in both behavioral health and acute care
 - Additional access created by health reform
 - Tax Reform

Very Favorable Demographics

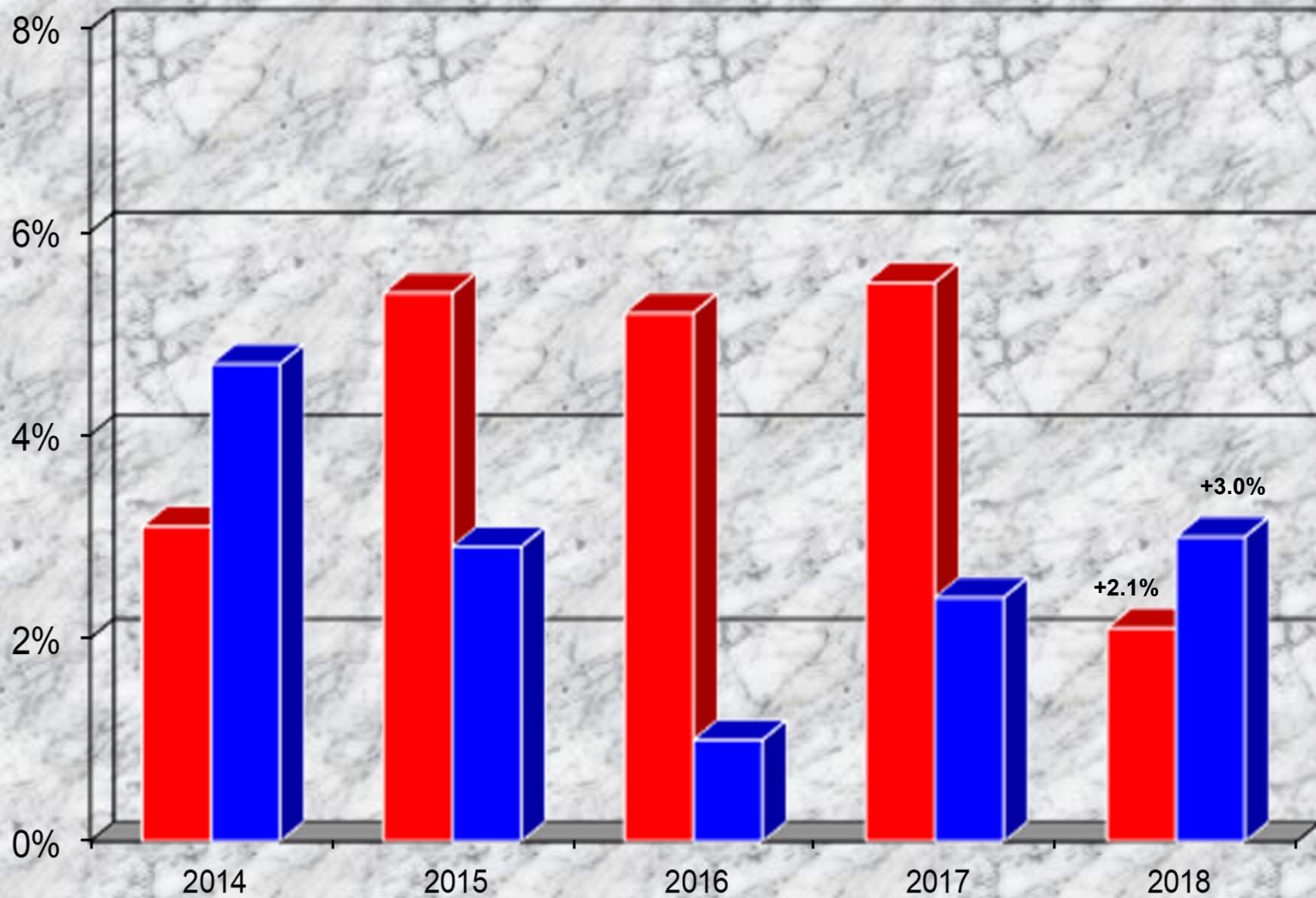
Number of 65+ Individuals in the United States



* Data provided by www.census.gov



Same Store Adjusted Admissions Growth

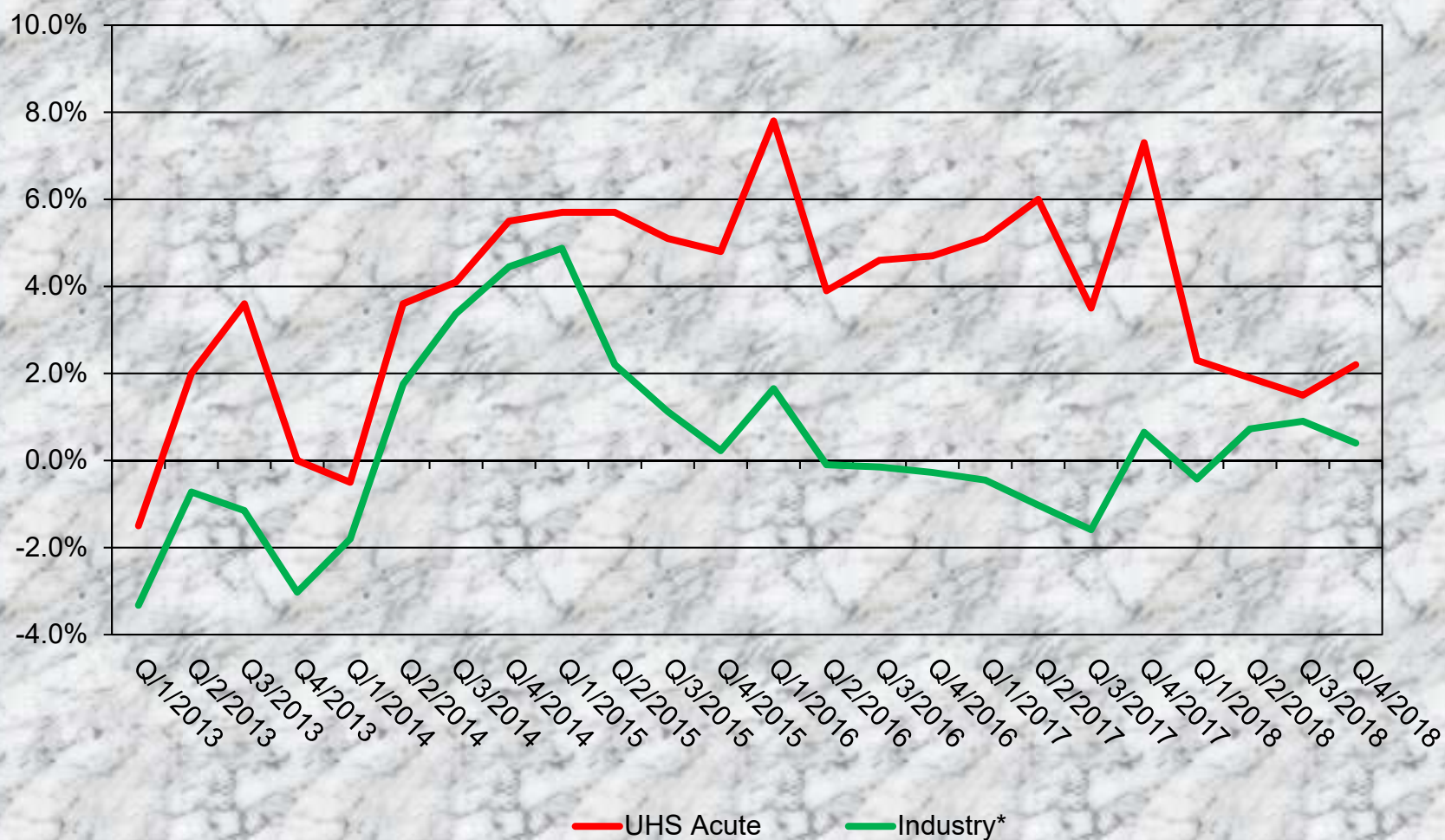


■ Acute Care

■ Behavioral Health

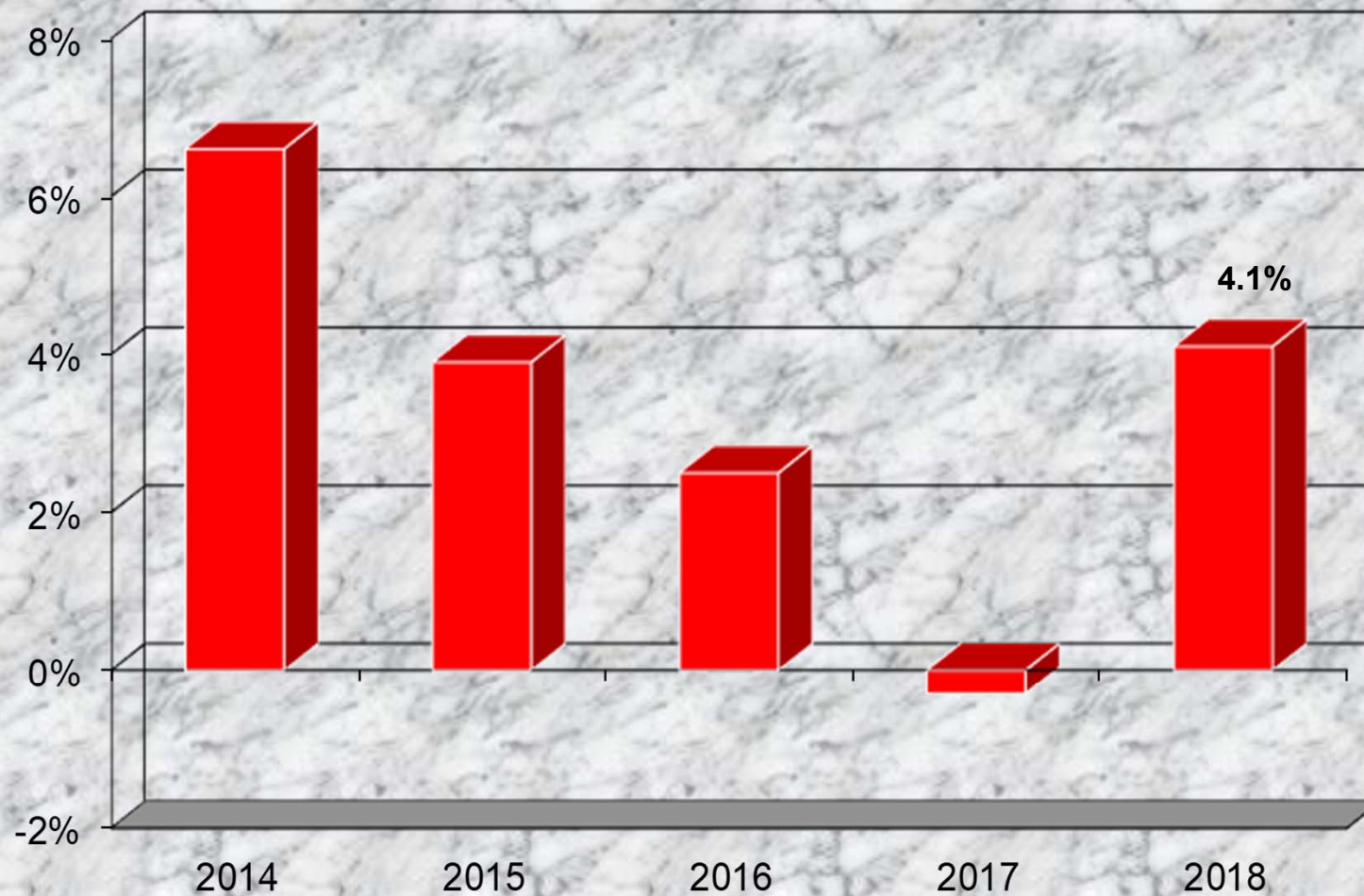


Same Store Adjusted Admission Trends vs Industry

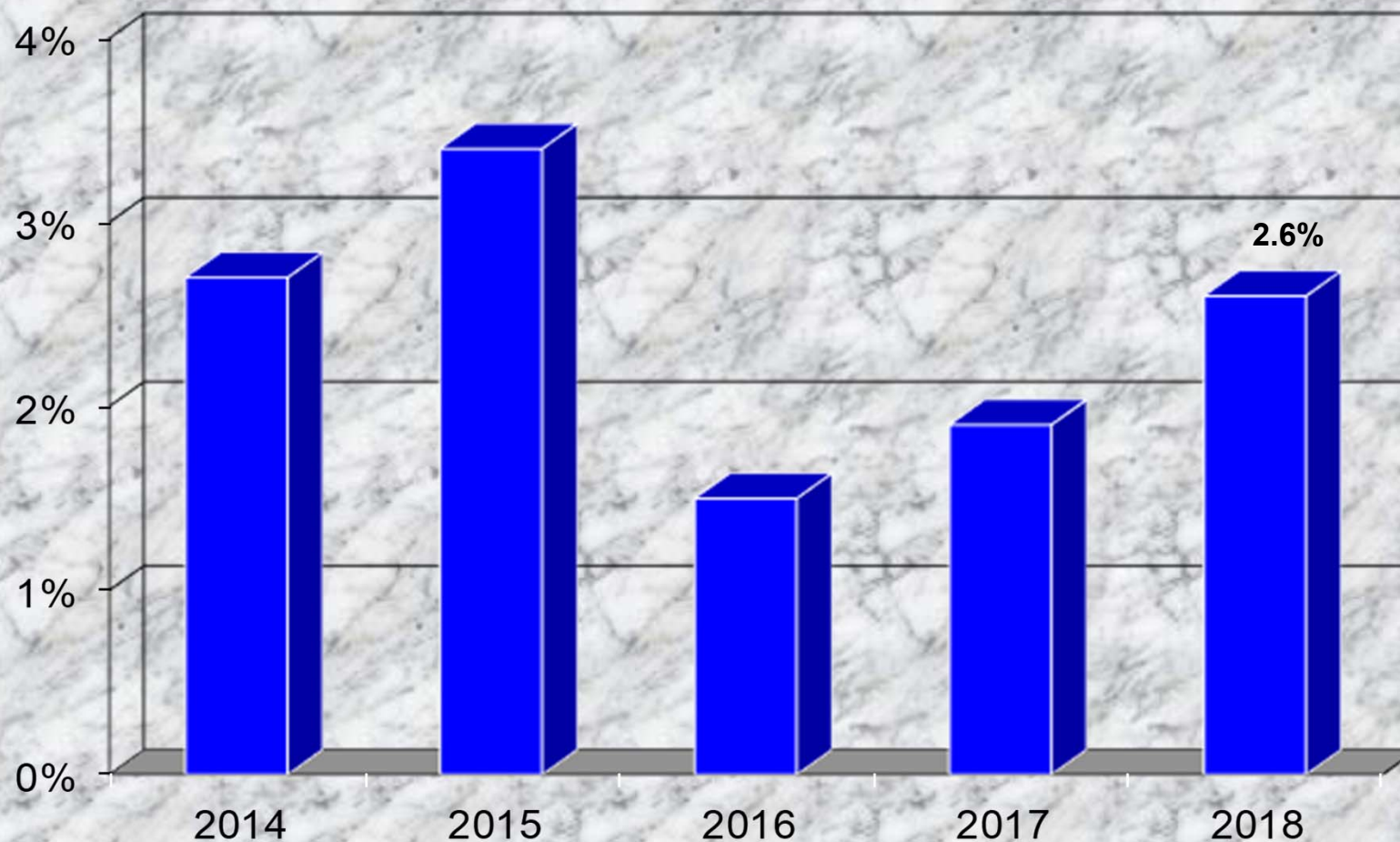


*Includes HCA, CYH, THC, & LPNT

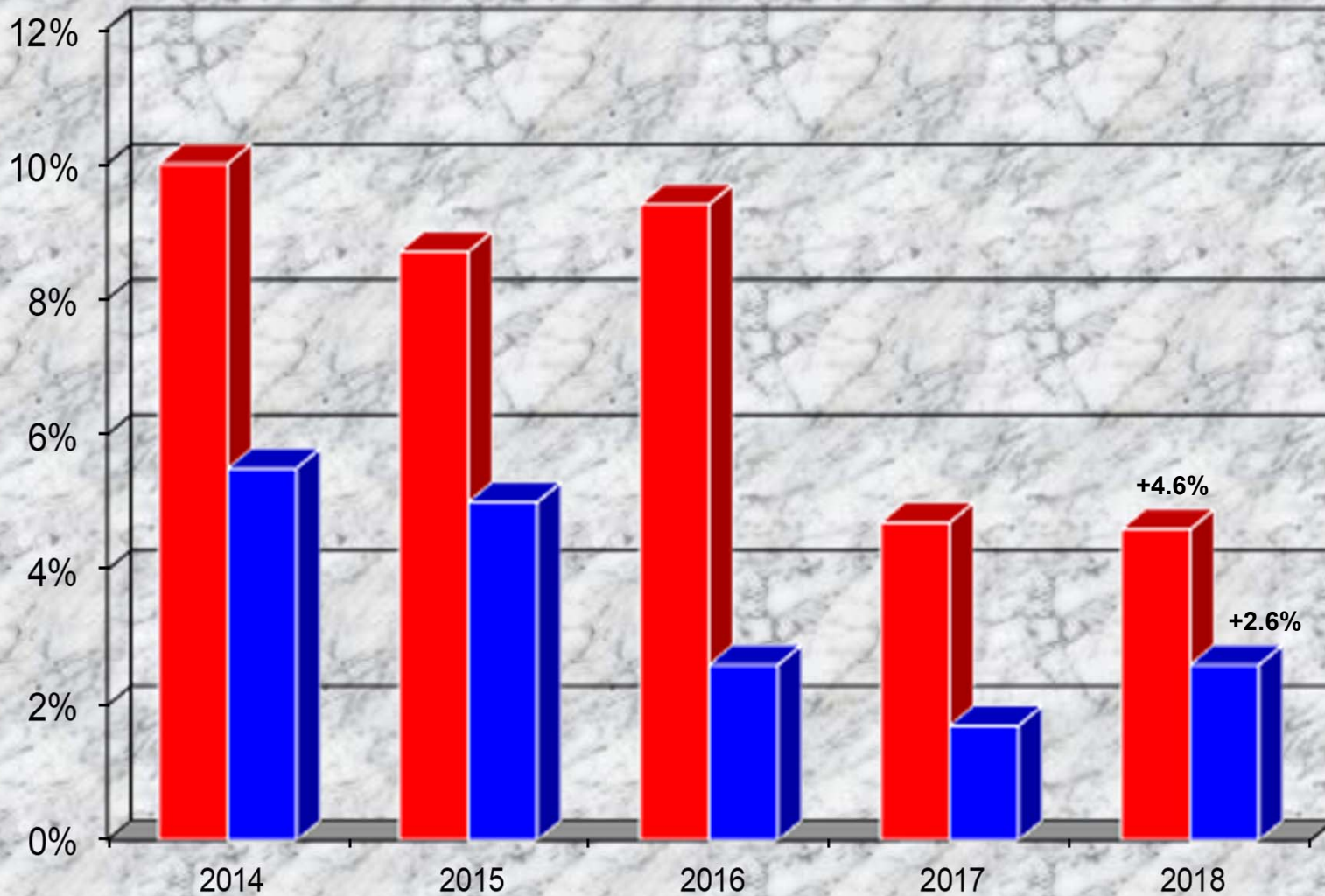
Revenue Per Adjusted Admission - Acute



Revenue Per Adjusted Patient Day – Behavioral Health



Same Store Revenue Growth



■ Acute Care ■ Behavioral Health



Behavioral Sector: Highly Attractive Industry Dynamics

- Mental Health and Substance Abuse service industry = approximately \$50.0 billion
- Estimated 73 million people in the U.S. with diagnosable mental illnesses
- 4 of the 10 leading causes of disability in the U.S. are mental illnesses
- Stable pricing and increasing admissions and occupancy trends
- Minimal exposure to uncompensated care
- Lower capital requirements
- Positive impact from ACA, Mental Health Parity rules and the elimination of IMD exclusion provides industry tail wind

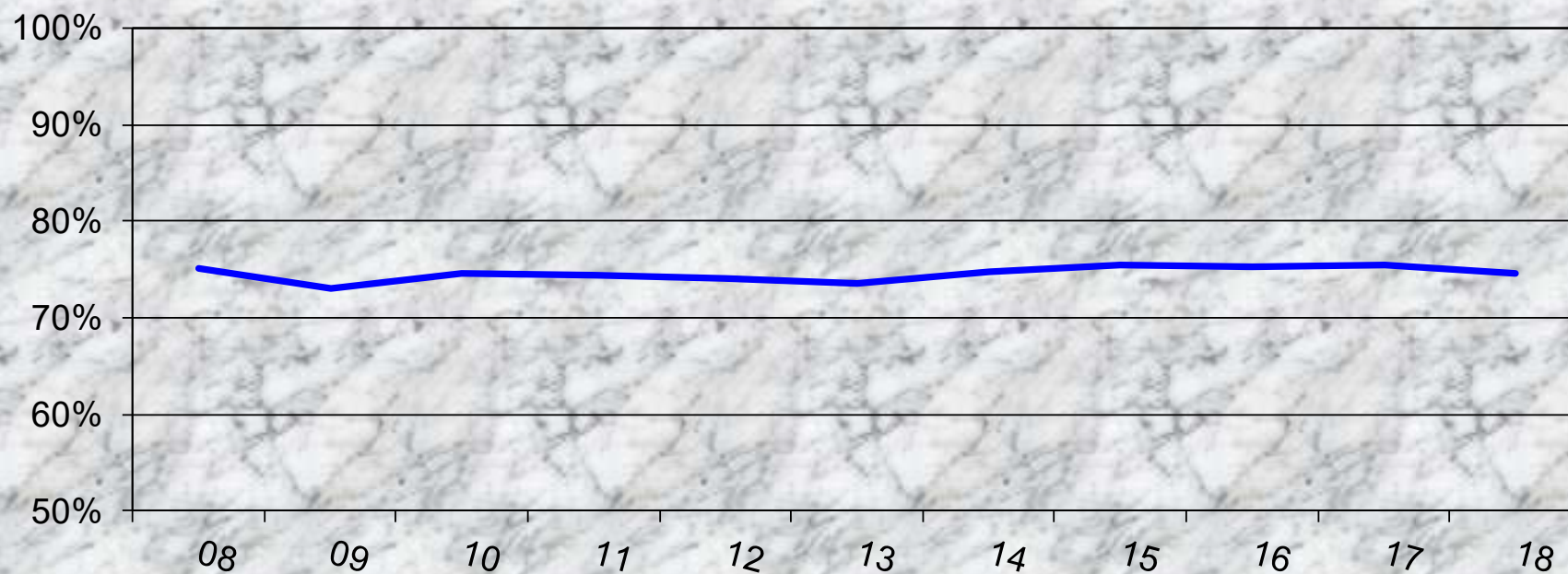


Behavioral Health Division Overview

- Leading Behavioral Health provider ranked by total hospitals, total beds and net patient revenue
- 324 inpatient facilities and 21 outpatient facilities in 36 states, DC, and Puerto Rico
- 135 facilities in the UK
- 2018 Net Revenue of \$5.0 billion
- 75% Occupancy rates and strong same store operating margins
- Disciplined and strategic approach
- Continued growth through acquisition and expansion
- Proven track record of assimilating and improving acquired facilities



Strong Behavioral Health Occupancy Rates



Behavioral Health - UK

135 facilities, 2,669 beds

- Purchased Cygnet Health Care in September 2014
 - 16 facilities with 723 beds
 - One of the largest providers of behavioral health facilities in the UK
 - Leading specialist mental health provider in the UK
 - Experienced Management Team
- Acquired Orchard Portman House Hospital in February, 2015: 46 bed behavioral health hospital located in Taunton
- Acquired Alpha Hospital Holdings Limited in August, 2015 adding four (4) hospitals and 308 beds to the Cygnet Family
- Acquired Cambian Group's Adult Services Division in December 2016, adding 81 behavioral facilities with 1,213 beds
- Opened 56 bed de novo hospital in Coventry, West Midlands, England in April, 2017
- Acquired The Danshell Group on 7/31/2018: 23 Facilities, 288 beds
- Opened 65 bed de novo hospital in Maidstone, England



Behavioral Health Capital Expansions

| | |
|-------|------------------------------------------------------------------------------------------------------------------------|
| 2018: | 734 new beds at 23 facilities (including 4 de novo hospitals totaling 365 beds and converted 46 beds from RTC to acute |
| 2017: | 471 new beds at 19 facilities (including 2 de novos totaling 129 beds); and converted 92 beds from RTC to acute |
| 2016: | 437 new beds at 15 facilities (including 2 de novo facilities totaling 156 beds) |
| 2015: | 344 new beds at 12 facilities; and converted 37 beds from RTC to acute |
| 2014: | 500 new beds at 18 facilities; and 124 beds converted from RTC to acute |



Recent Behavioral Health Acquisitions, de Novo and Replacement Facilities

- Inland Northwest Behavioral: 100 bed hospital J.V. with Providence Health in Spokane, WA opened Q/3/2018
- Palm Point: 80 bed hospital in Titusville, FL opened Q/3/2018
- Lancaster Behavioral Health Hospital, a 126 bed hospital in Lancaster, PA under construction and opened July, 2018. J.V. between UHS, Lancaster General Health and Penn Medicine.
- Acquired Gulfport Behavioral Health System: 109 bed hospital in Gulfport, MS in January, 2018
- Cedar Creek: 60 bed de novo facility in St. John, MI opened Q/4/2017
- Coral Shores: 80 bed de novo in Stuart, FL
- Coventry: a 49 bed de novo in the United Kingdom opened in Q/2/2017



Acquisition of Foundations Recovery Network

- One of the premier names in addiction treatment
- Completed Acquisition in September, 2015; \$350 million purchase price
- 322 residential beds in 4 facilities and 8 outpatient centers
- Over 140 expansion beds in pipeline
- Skywood Recovery; 100 bed de novo facility in Augusta, MI opened April, 2016
- Strategically important acquisition – complements existing addiction business
- Platform for growth in expanded substance use disorder service line



Acute Care Hospital Business Fundamentals

- Predictable Demand Over Long Term: Very Favorable Demographics
- Limited Local Competition
- High Cash Flow Generation
- Provides Basic Need of Society
- Limited Technology Risk
- Many Financially Challenged Non-Profits



Preparing for Shift from Fee for Service to Fee for Value

- Acquisition/employment of Primary Care Physicians
- Employment of specialists (where strategic)
- Clinical Integration
- Reducing Clinical Variation
- Medicare Advantage/bundled payment
- Health Insurance Plan (NV/TX)

Acute Care Development and Expansions

- Opened 14 new beds at Aiken and 144 new beds in Las Vegas: 36 at Henderson Hospital, 72 at Spring Valley, 31 at Summerlin, and 5 at Valley Hospital (Q/4/2018)
- Opened 52 new beds at Texoma in Denison, TX (Q/2/2018)
- Opened 24 new beds at Centennial Hills in Las Vegas, NV (Q/1/2018)
- Opened 27 new beds at Palmdale Regional Medical Center in Palmdale, CA in Q/3/2017
- Opened 22 new beds at Edinburg Regional Medical Center in Edinburg, TX (Q/1/17)
- Construction underway of 30,000 sf addition to Temecula Valley Hospital to expand cardiovascular, stroke and surgical services. Scheduled to open late Summer, 2018.
- 30 bed ER at Corona Regional Medical Center opened in May, 2017
- Henderson Hospital, a 142 bed de novo hospital in Southeast Las Vegas opened 10/31/2016
- Acquired Desert View Medical Center, a 25 bed critical access hospital in Pahrump, NV (3rd quarter, 2016)



Acute Care FEDs and Urgent Care

- Nine Freestanding Emergency Departments (FEDs) and Six Urgent Care Clinics open and operational
- Four FEDs under construction and scheduled to open in 2019
- Six additional FED sites approved and in various stages of development expected to open in 2020

Green Valley Ranch FED – Henderson, NV



UHS Strategy Execution

Leadership Position in Markets

- Improves managed care contracting and helps engage physicians
- Creates opportunities for integrated support services
- Increases operating predictability/stability
- Increases cost effectiveness
- Enhances growth opportunities



UHS Strategy Execution

Build Market Leadership

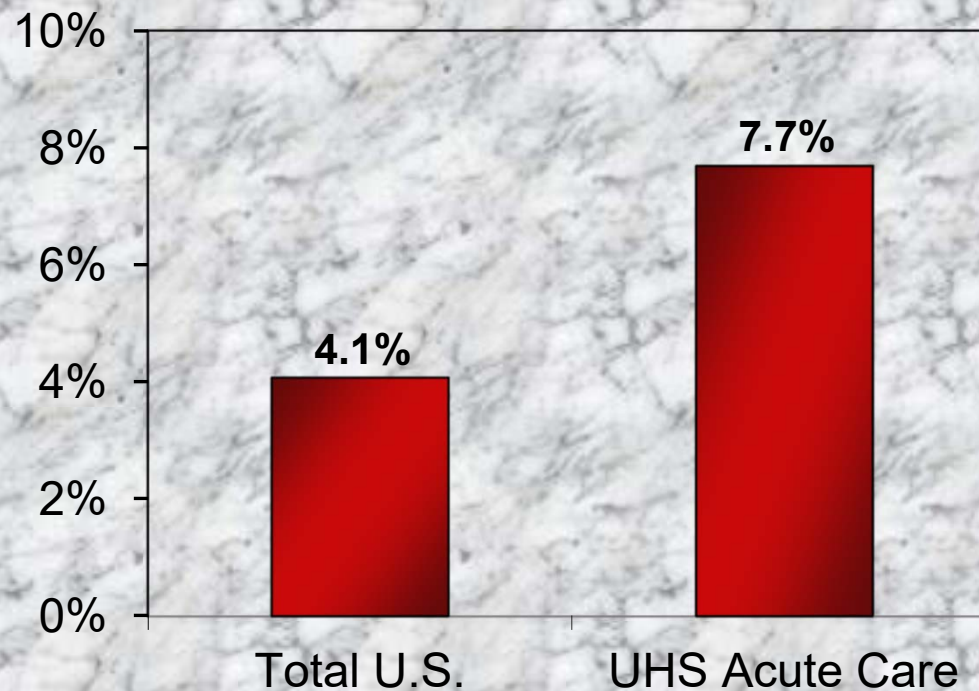
- 92% of UHS's EBITDA is produced by hospitals ranked #1 or #2 in their markets
- UHS acute care hospitals average 237 licensed beds



UHS Focus on Rapid Growth Areas

- UHS focuses on markets growing more rapidly than the U.S. as a whole

**Estimated Growth in Population
2017-2022**



Source: Spatial Insights



Las Vegas Market

- UHS is market share leader in Las Vegas
- 6 acute care hospitals; 1,864 licensed beds
- 2 behavioral health hospitals; 140 licensed beds
- Added 168 new beds to existing hospitals in 2018
- One FED opened in 2018. Two more in various stages of development
- Opened 6th acute care hospital in Las Vegas market on 10/31/2016: 130 bed hospital located in Henderson, NV (Southeast quadrant of Las Vegas)
- Acquired Desert View Medical Center, a 25 bed critical care access hospital in Pahrump, NV in third quarter, 2016
- Continued economic improvement – 4.7% unemployment down from 14% in 2011



Henderson Hospital (Henderson, NV)



South Texas Market

- Hildago County population approximately 865,000; Region population of about 1.25 million
- A Market Share leader with 26% of the market
- Three Acute Care hospitals (including a Children's Hospital) and one Behavioral Health hospital with a total of 870 beds
- Three free standing emergency departments: three more in development for planned openings in 2018 and 2019
- Physician Integration Model



Washington D.C. Market

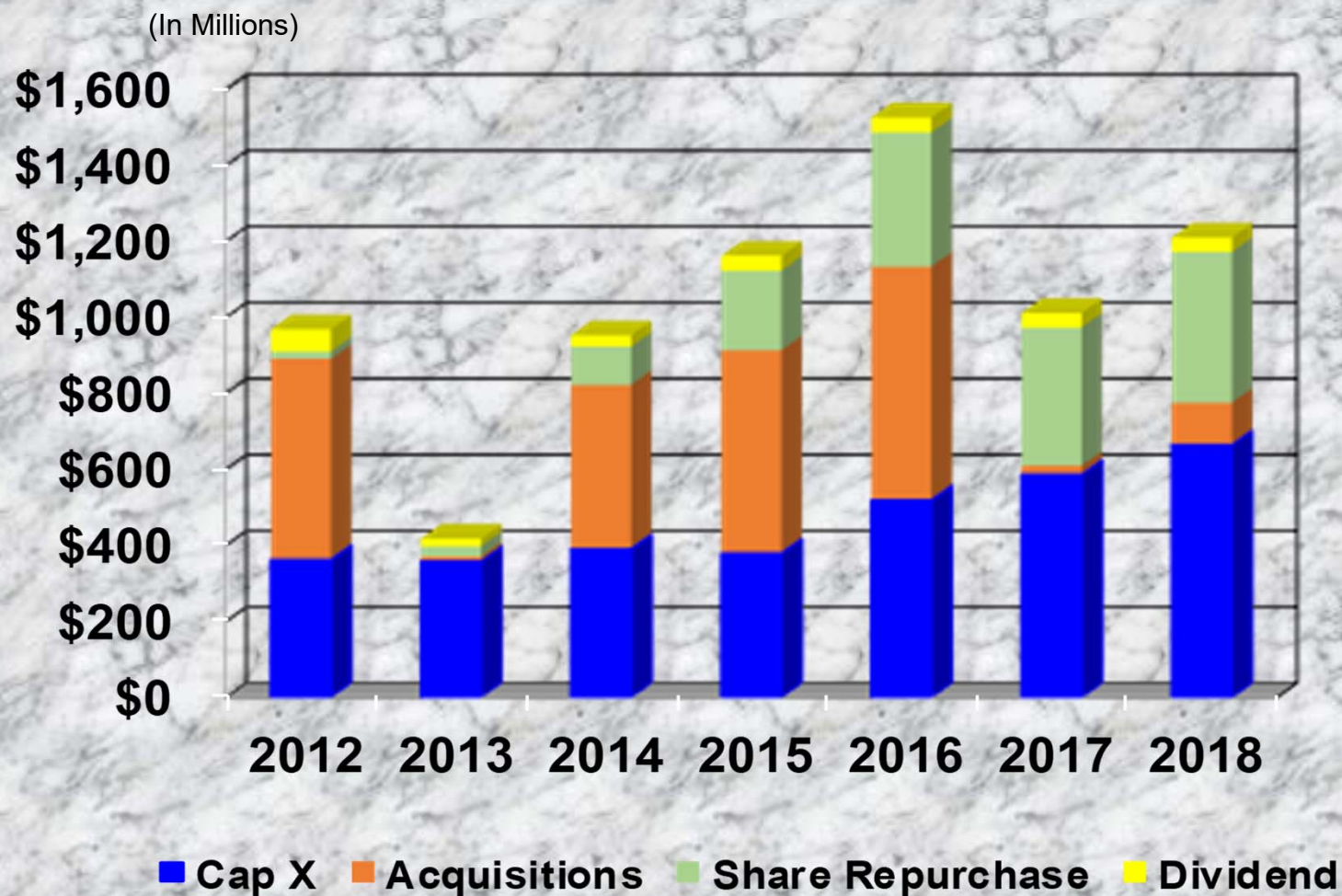
- 385 bed hospital: George Washington University Hospital
- Strong population and economic growth in Washington, DC.
- National brand name recognition and reputation
- Level 1 Trauma Center and Destination for many of the District's VIP population
- Planned bed expansion of approximately 40 beds
- Kidney transplant center dedicated November, 2015 and completed 100th kidney transplant in August, 2017.
- Psychiatric Institute of Washington ("PIW") a 124 bed behavioral health care facility and outpatient treatment center acquired April, 2014



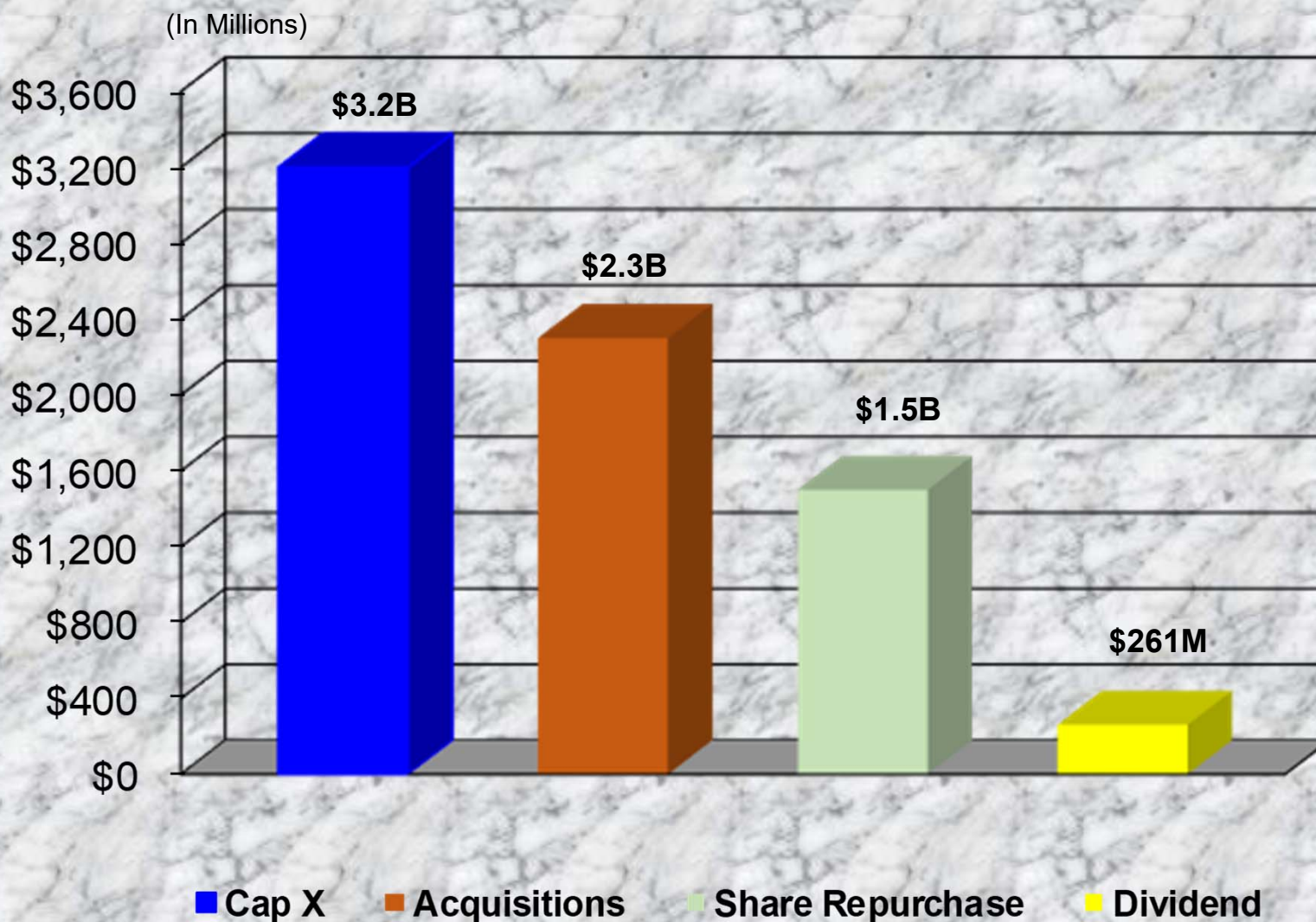
George Washington University Hospital



Capital Allocation



Capital Deployment



(7 years 2012 - 2018)



Full Year Results

December 31, 2018

| | <u>\$</u> <u>(Millions)</u> | <u>%</u> <u>Growth</u> |
|---------------------------|--------------------------------|---------------------------|
| Net Revenues | \$10,772 | 3.5% |
| EBITDA | \$1,762 | 3.1% |
| Net Income | \$894 | 23.3% |
| EPS | \$9.53 | 26.6% |
| Debt/Total Capitalization | | 42.6% |
| Debt/EBITDA | | 2.46 |

*Net income and EPS adjusted to exclude prior period and one time adjustments



UHS Summary

- Unique Diversified Business Model: Behavioral Health and Acute Care
- Dominant Local Franchises
- Favorable Demographics
- Experienced and Disciplined Management Team with strong track record of success
- Substantial Growth Opportunities
- Strong Financial Position





Universal Health Services, Inc.

3-21-2019