



Universal Health Services, Inc.
Investor Presentation

Our Proven and Successful Business Strategy

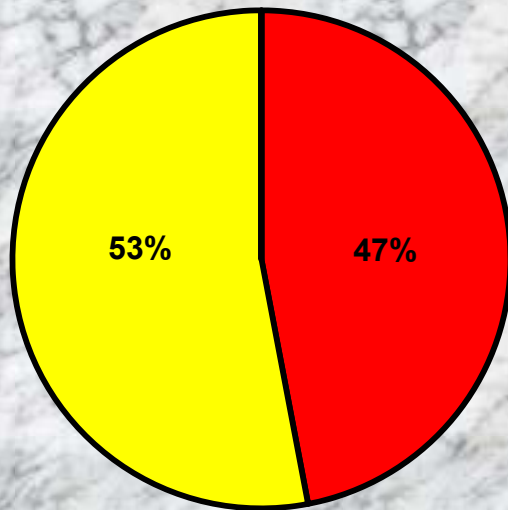
- Diversified Business Model: Behavioral Health and Acute Care Hospitals
- Strong Capital Structure and Capital Access
- Market Leadership, Many Markets with Multiple Facilities
- Focus on Rapid Growth Areas
- Growth through Expansion in Existing Markets and Selective Acquisitions
- Quality and Standardization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



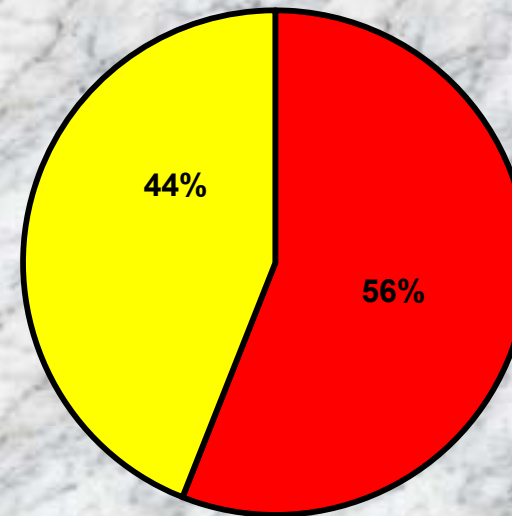
A Premier Facilities-Based Healthcare Provider

Diversified Business Mix

Revenue*



EBITDA *



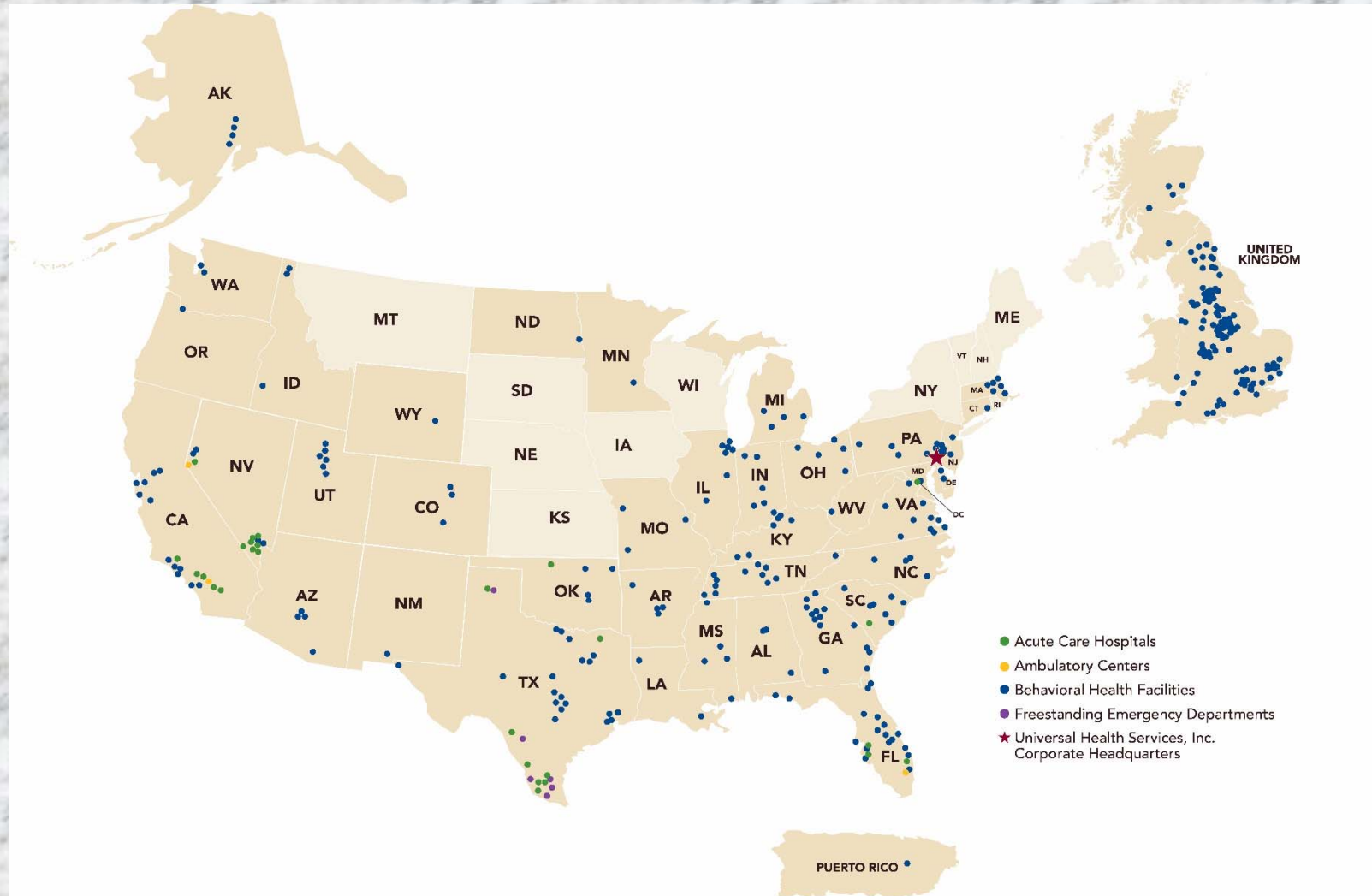
Acute Care Behavioral

*12 months ended 12/31/2017

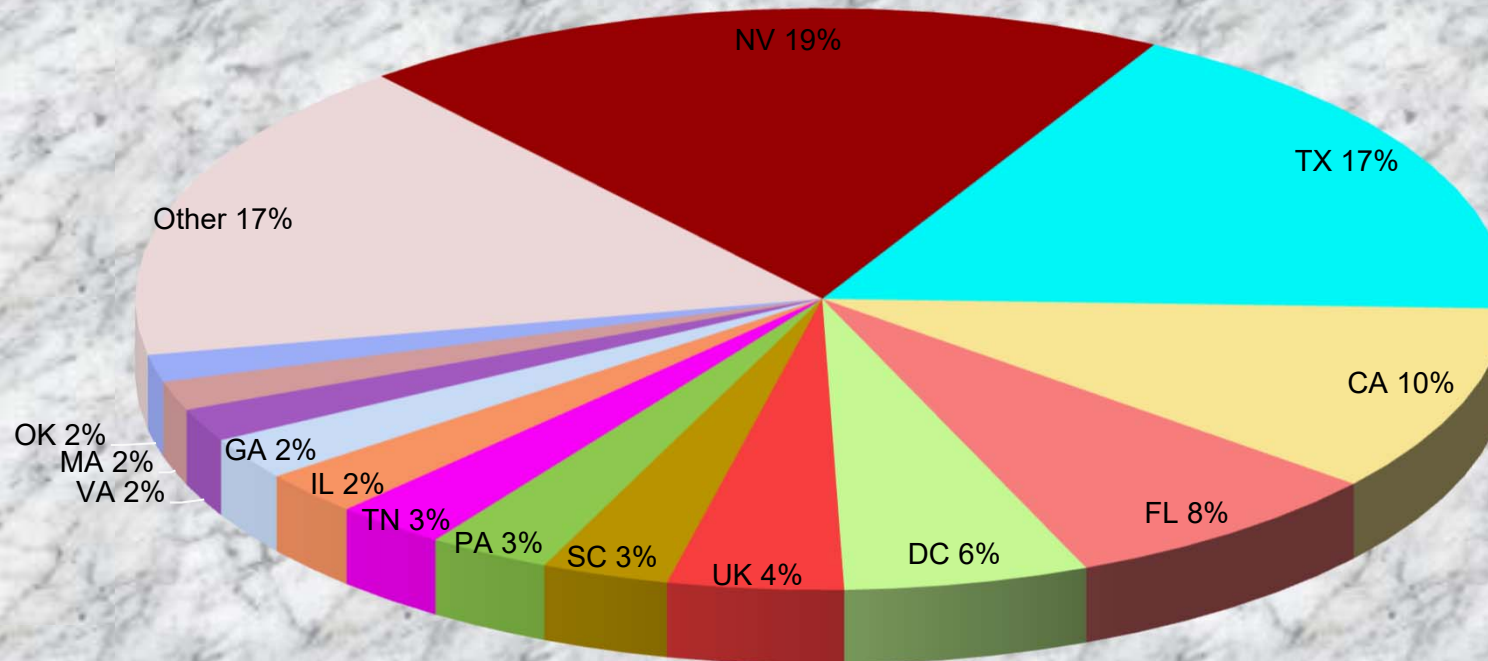


Geographic Diversity

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



Net Revenues by State

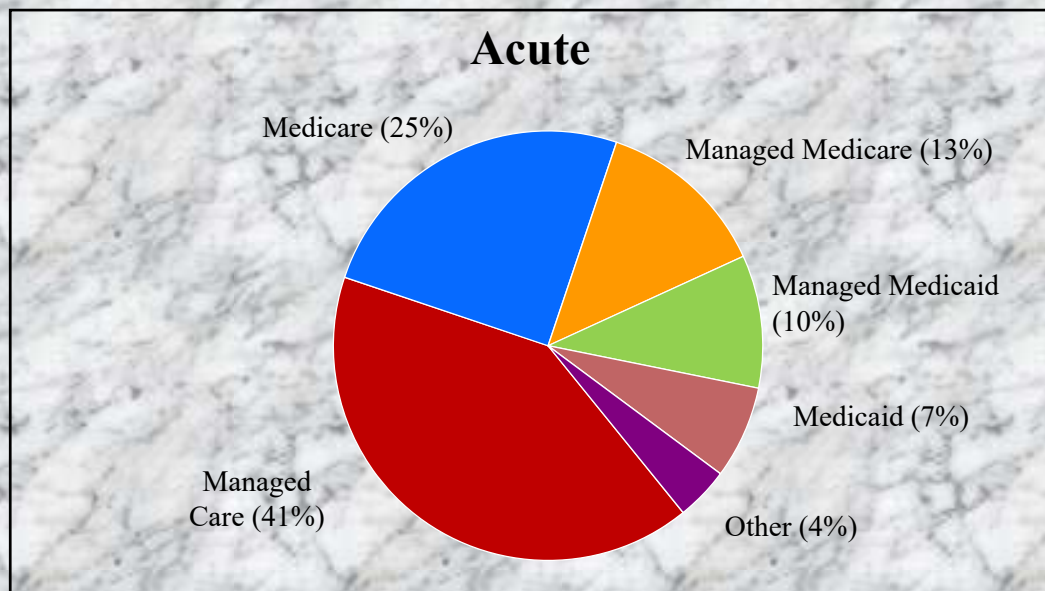
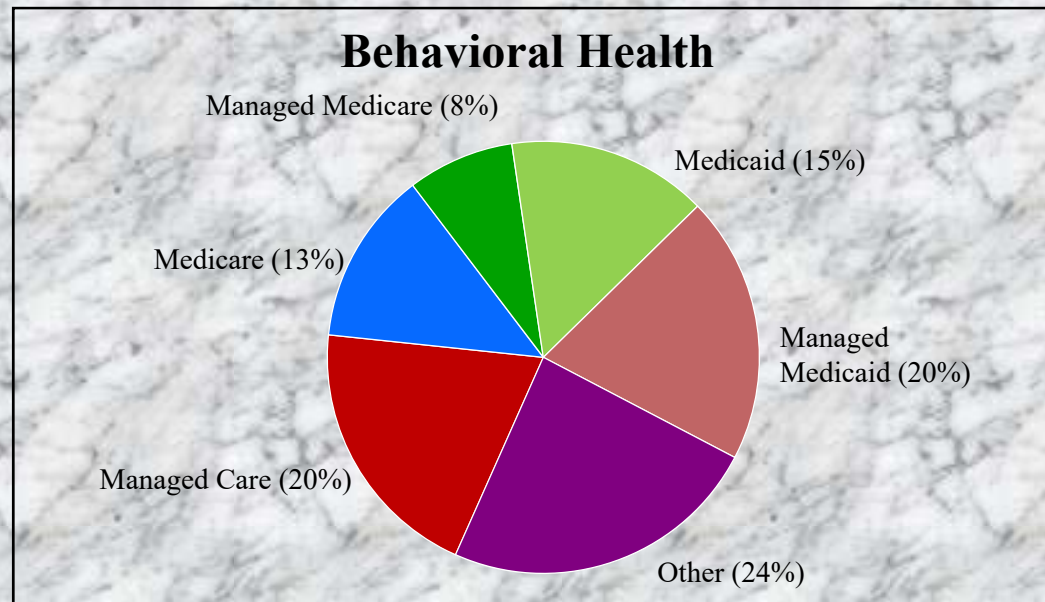


Other Includes:
*25 States, Puerto Rico, and the
Virgin Islands: each less than 2%.

*12 months ended 12/31/2017



Sources of Revenue



*12 months ended 12/31/2017

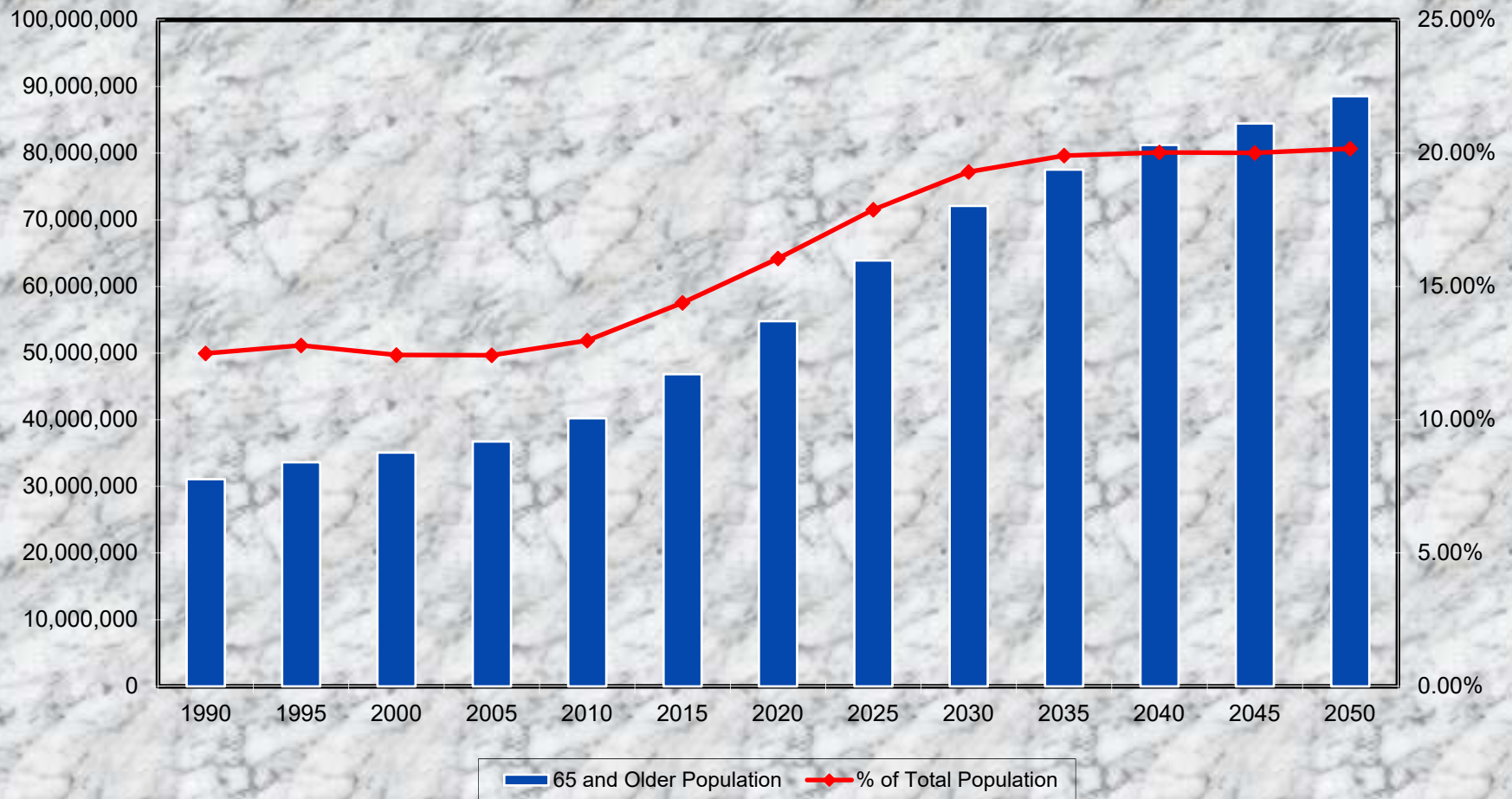


Outlook

- 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

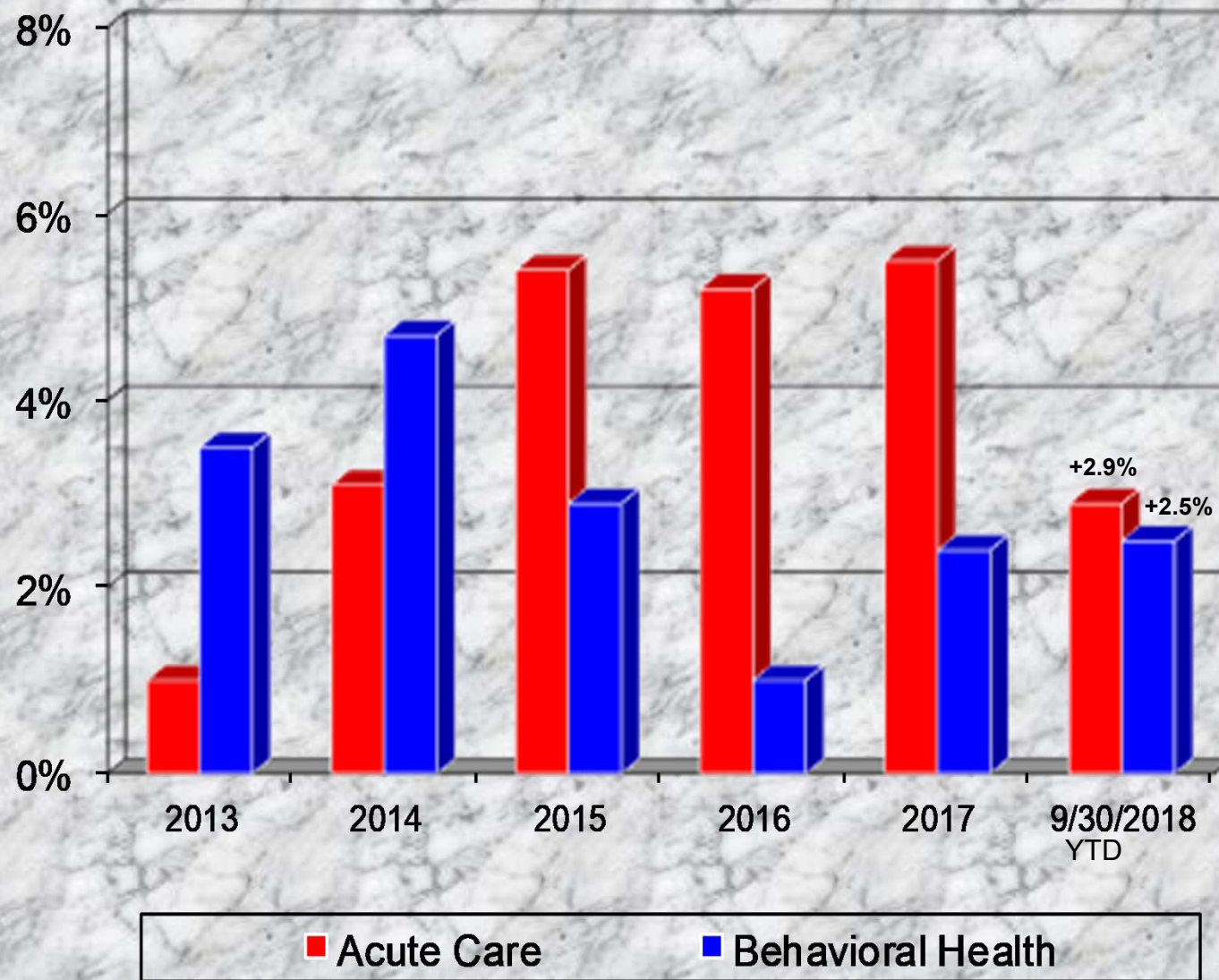
Number of 65+ Individuals in the United States



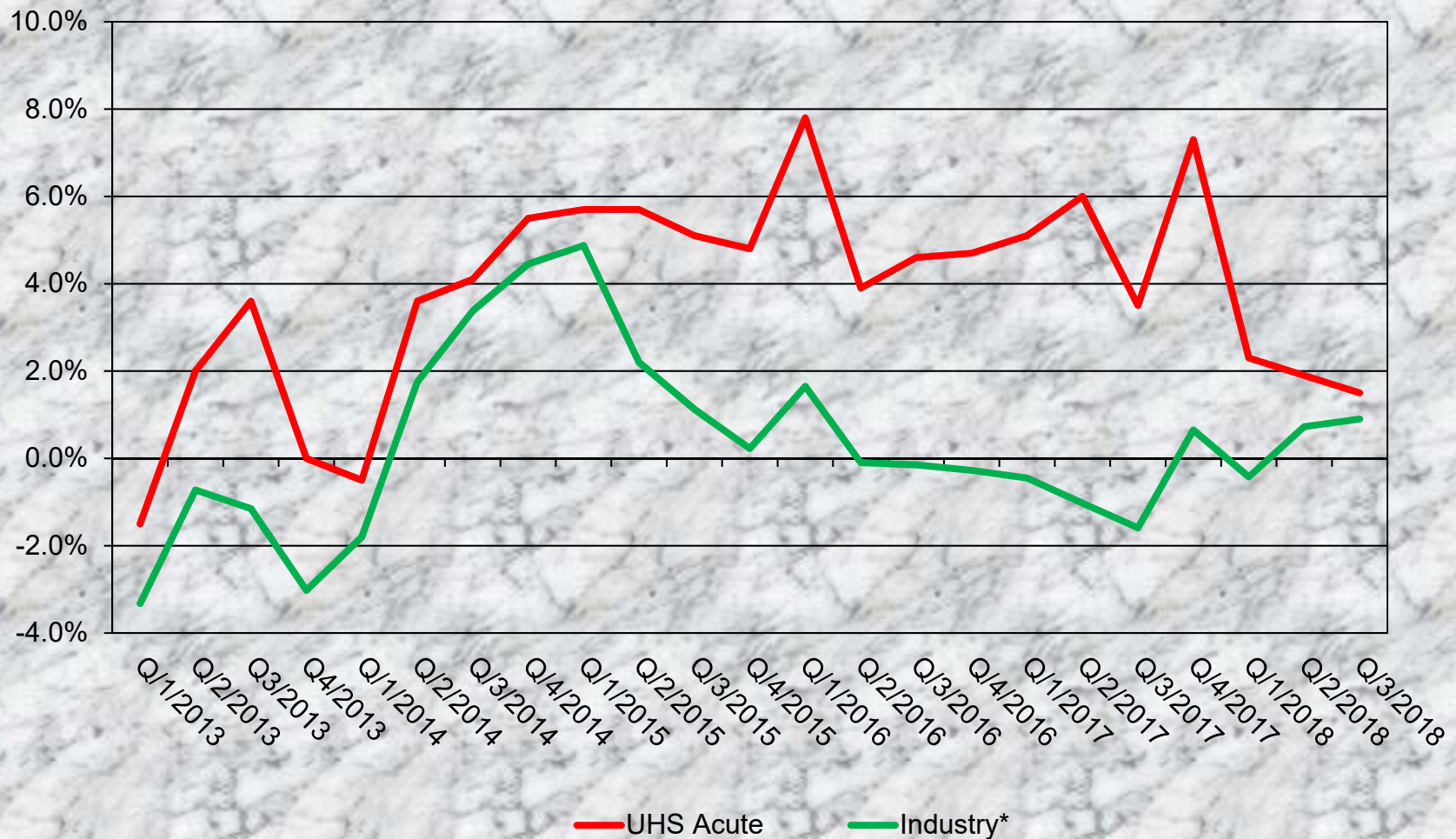
* Data provided by www.census.gov



Same Store Adjusted Admissions Growth



Same Store Adjusted Admission Trends vs Industry

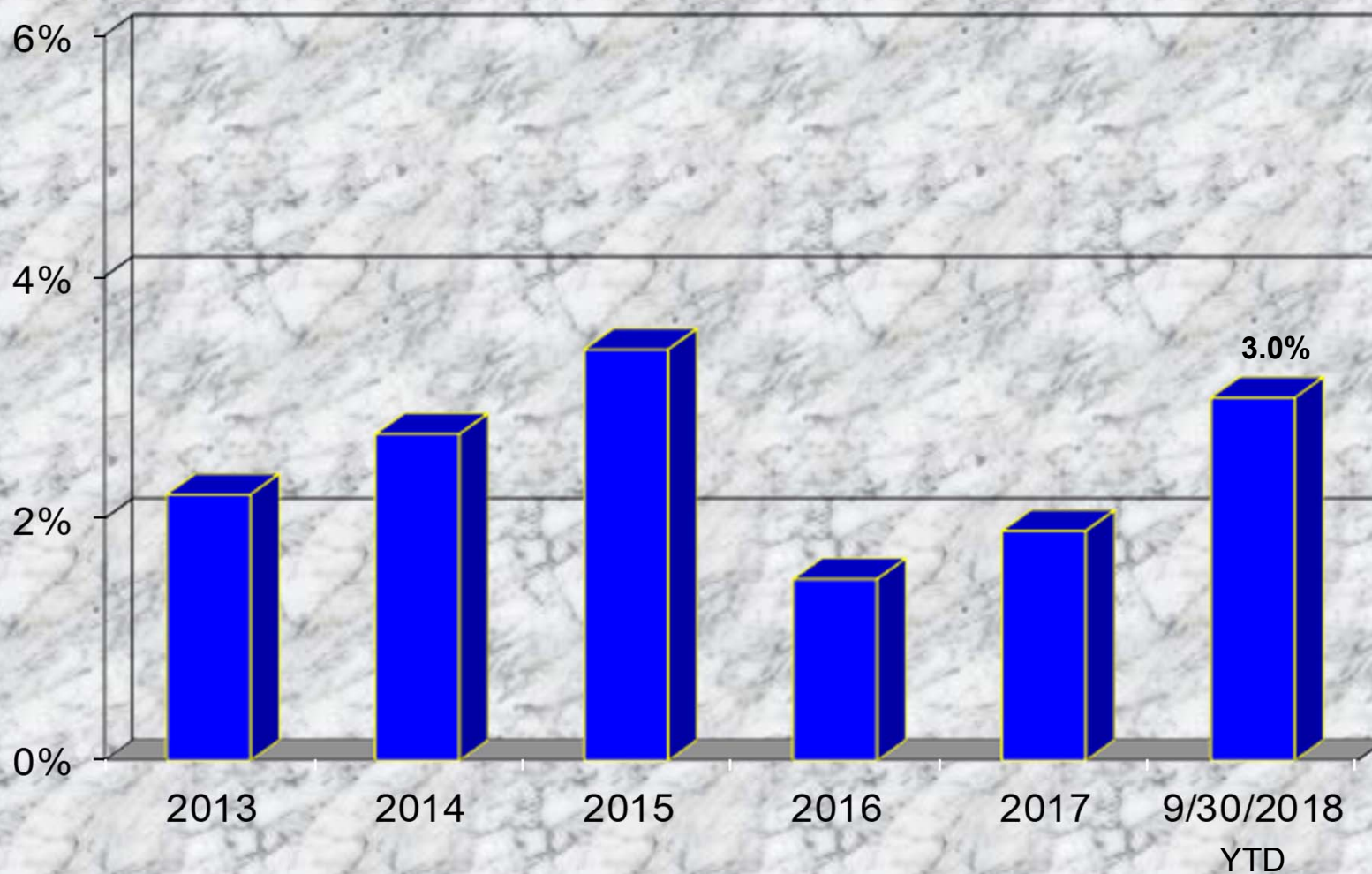


*Includes HCA, CYH, THC, & LPNT

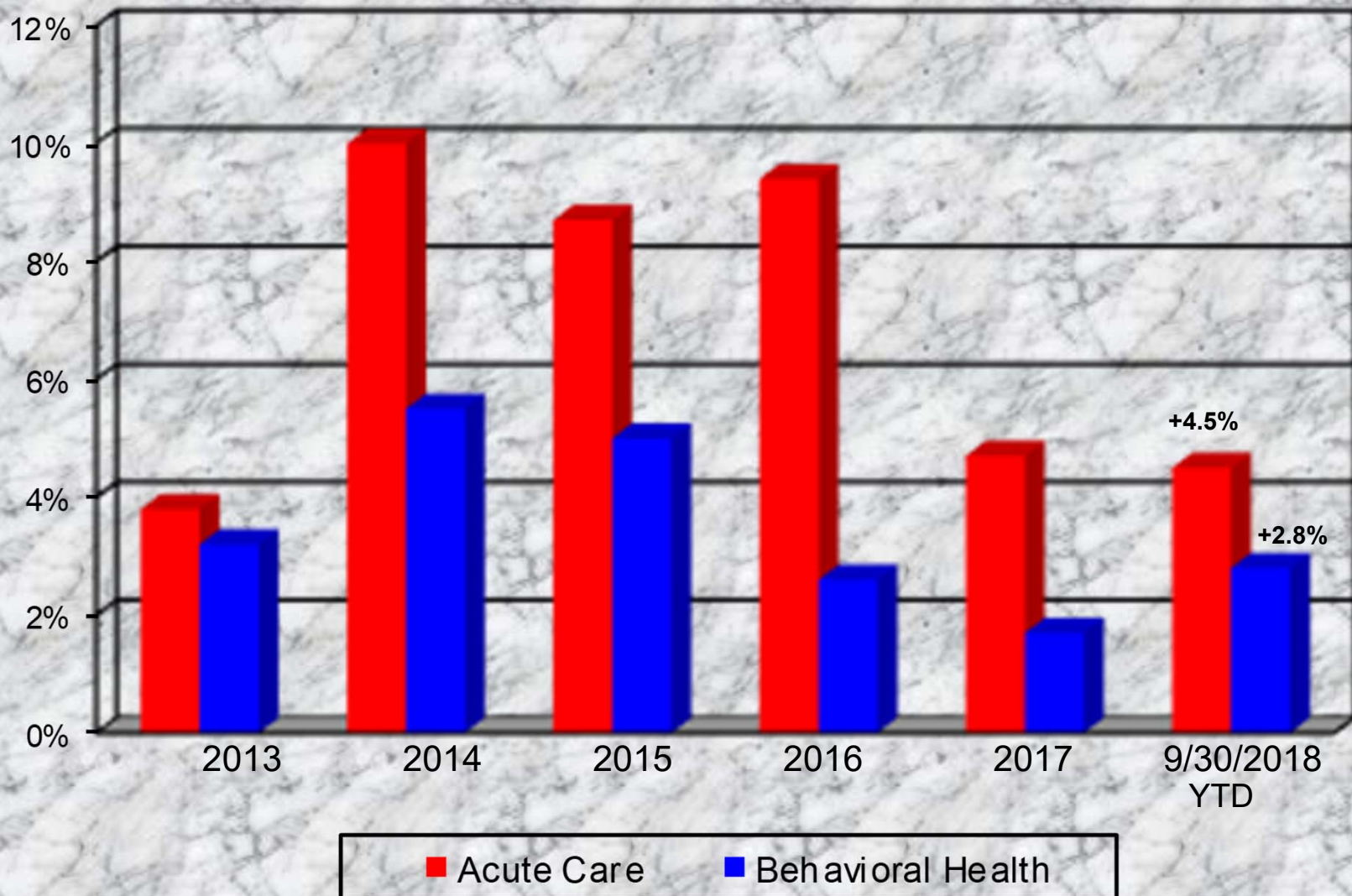
Revenue Per Adjusted Admission - Acute



Revenue Per Adjusted Patient Day – Behavioral Health



Same Store Revenue Growth



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

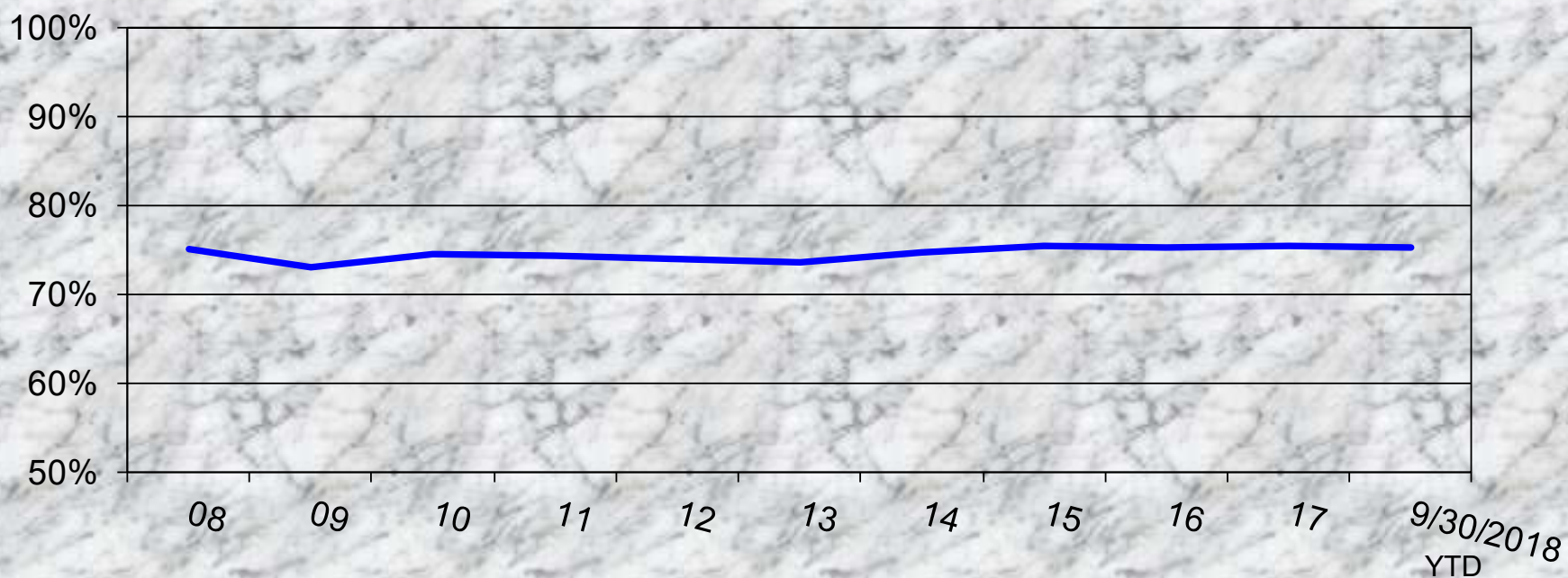


Behavioral Health Division Overview

- Leading Behavioral Health provider ranked by total hospitals, total beds and net patient revenue
- 301 inpatient facilities and 23 outpatient facilities in 36 states, DC, Puerto Rico, the Virgin Islands, and the UK
- 2017 Net Revenue of \$4.9 billion
- 76% 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

136 facilities, 2,623 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 which opened in April, 2017
- Acquired The Danshell Group on 7/31/2018: 23 Facilities, 288 beds



Behavioral Health Capital Expansions

- 2018 budget: 525 new beds at 11 facilities (including 2 de novo totaling 226 beds); and converting 66 beds from RTC to acute
- 2017: 471 new beds at 19 facilities (including 2 de novos totaling 129 beds); and converting 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-behavioral



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 Acquisitions, Expansions, and de Novo Facilities

- Opened 52 new beds at Texoma in Denison, TX (6/2/2018)
- 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)
- 55 bed tower added to Spring Valley Hospital Medical Center and 36 bed addition to Centennial Hills Hospital in Las Vegas in late 2016



Acute Care FEDs and Urgent Care

- Five Freestanding Emergency Departments (FEDs) and Six Urgent Care Clinics open and operational
- Four FEDs under construction and scheduled to open in 2018
- Ten additional FED sites approved and in various stages of development expected to open in 2019 and early 2020

Northwest Emergency at Town Square



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

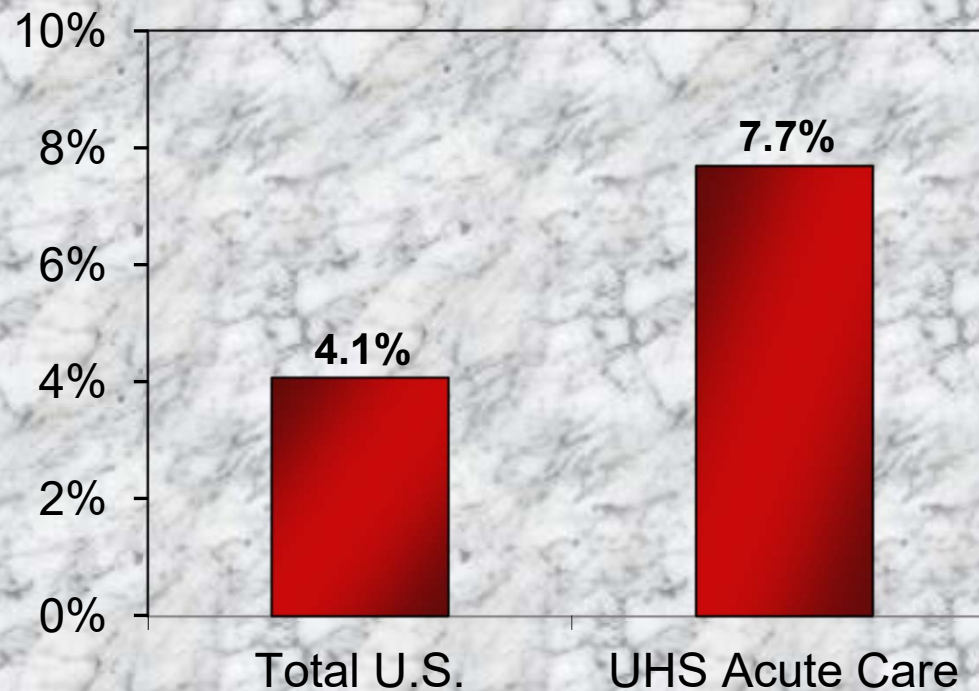
- 92% of UHS's EBITDA is produced by hospitals ranked #1 or #2 in their markets
- UHS acute care hospitals average 237 licensed beds



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; 1,745 licensed beds
- 2 behavioral health hospitals; 140 licensed beds
- 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
- Plan to add 160 additional beds to existing hospitals and open two FEDs in 2018/2019.
- 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

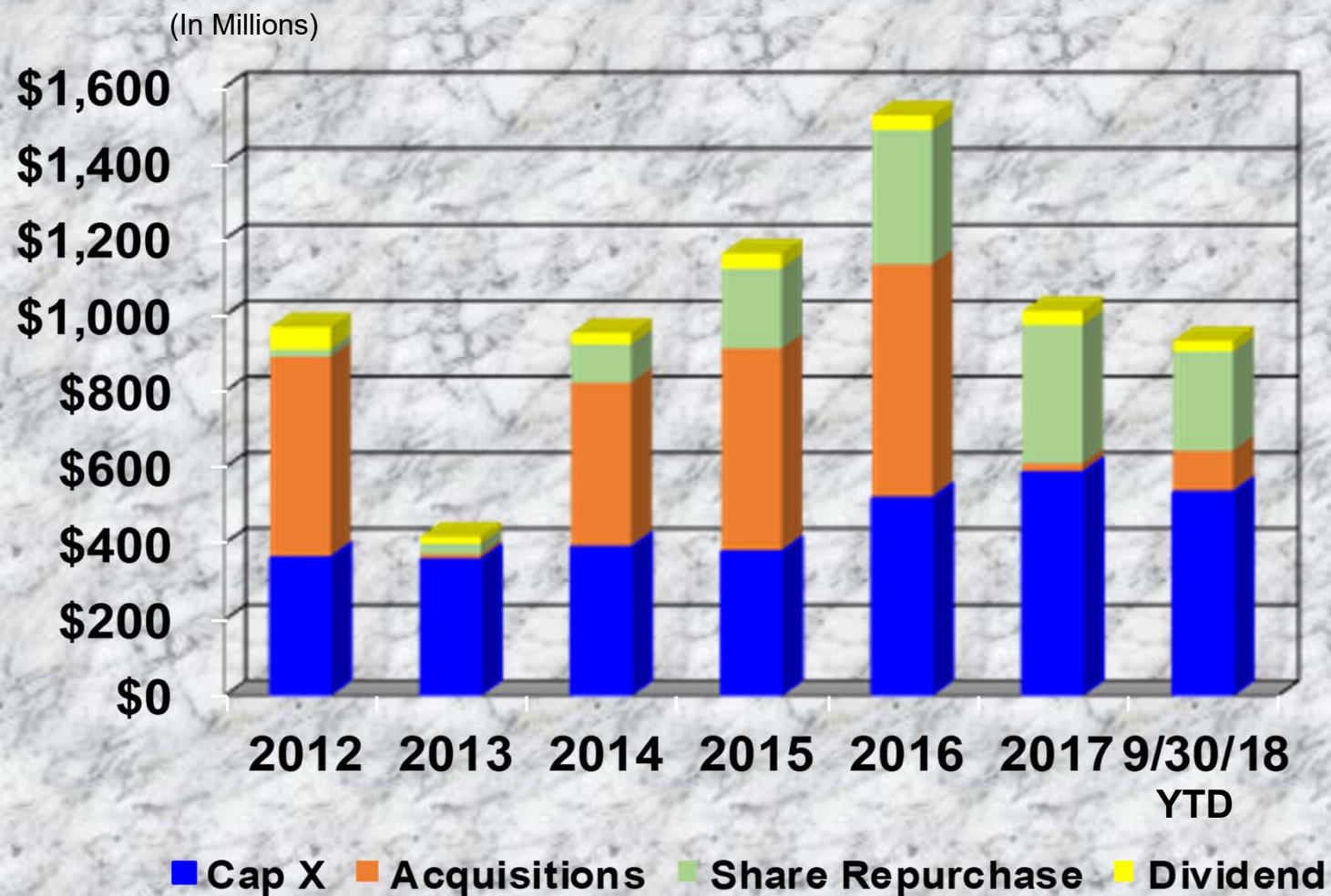
- 385 bed hospital: George Washington University Hospital
- Strong population and economic growth in Washington, DC.
- National brand name recognition and reputation
- Level 1 Trauma Center and Destination for many of the District's VIP population
- Planned bed expansion of approximately 40 beds
- Kidney 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



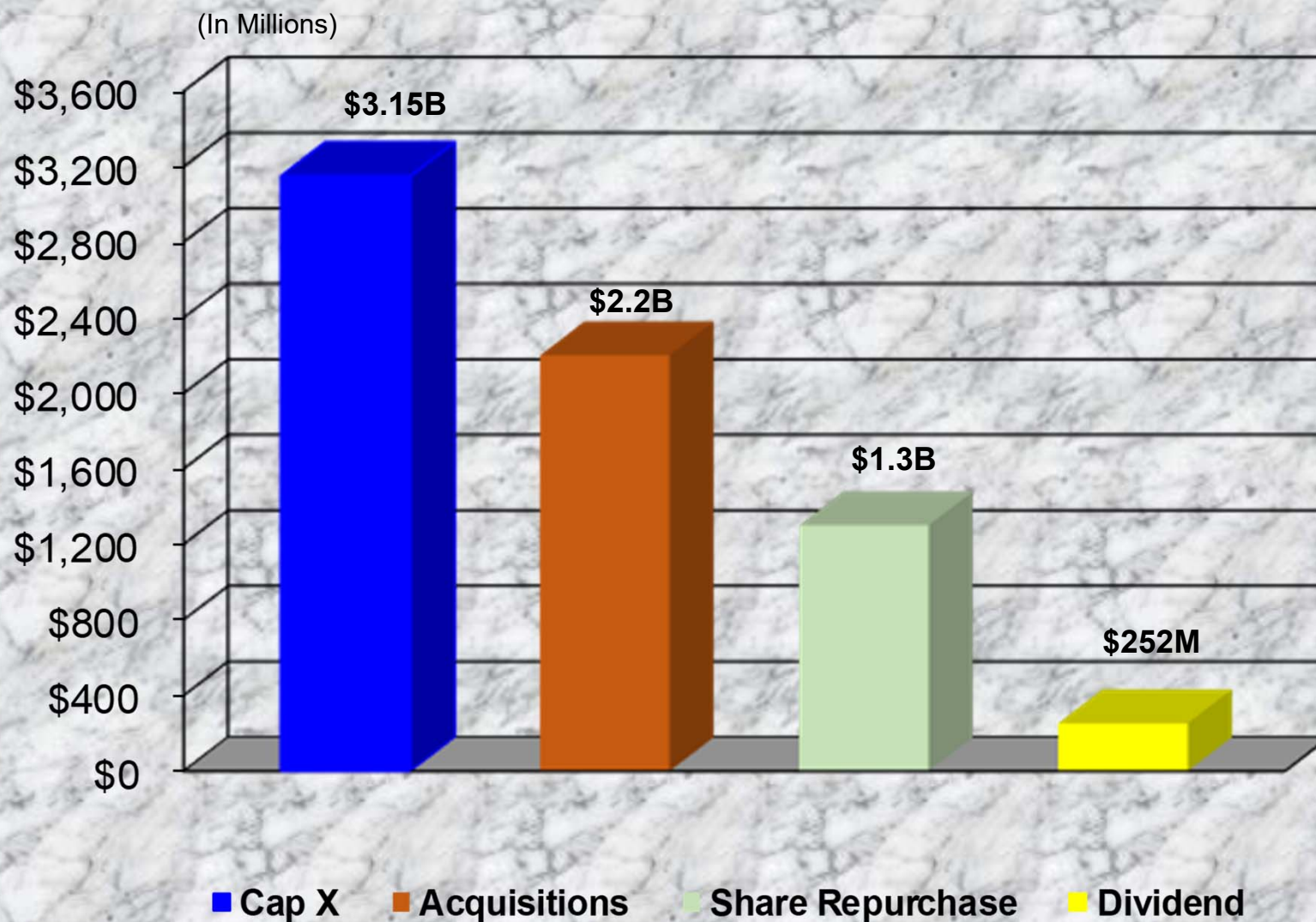
George Washington University Hospital



Capital Allocation



Capital Deployment



(6.5 years 2012 - 9/30/2018)



Full Year Results

December 31, 2017

	<u>\$</u> <u>(Millions)</u>	<u>%</u> <u>Growth</u>
Net Revenues	\$10,410	6.6%
EBITDA	\$1,709	3.4%
Net Income	\$725	0.7%
EPS	\$7.53	2.8%
Debt/Total Capitalization		44.7%
Debt/EBITDA		2.36

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



Nine Month Results

September 30, 2018

	<u>\$</u> <u>(Millions)</u>	<u>%</u> <u>Growth</u>
Net Revenues	\$8,018	3.2%
EBITDA	\$1,308	3.7%
Net Income	\$674	25.8%
EPS	\$7.16	29.5%
Debt/ Total Capitalization		42.9%
Debt/EBITDA		2.35

*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.

11-30-2018