



*Take great care of the patient™*





# Raymond James 35th Annual Institutional Investors Conference March 3, 2014

*Take great care of the patient™*

# Forward Looking Disclosure

*Certain statements and information in this presentation may be deemed to contain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements may include, but are not limited to, statements relating to our objectives, plans and strategies, and all statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, project, believe or anticipate will or may occur in the future. These statements are often characterized by terminology such as "believe", "hope", "may", "anticipate", "should", "intend", "plan", "will", "expect", "estimate", "project", "positioned", "strategy" and similar expressions, and are based on assumptions and assessments made by MEDNAX's management in light of their experience and their perception of historical trends, current conditions, expected future developments and other factors they believe to be appropriate. Any forward-looking statements in this press release are made as of the date hereof, and MEDNAX undertakes no duty to update or revise any such statements, whether as a result of new information, future events or otherwise. Forward-looking statements are not guarantees of future performance and are subject to risks and uncertainties. Important factors that could cause actual results, developments, and business decisions to differ materially from forward-looking statements are described in MEDNAX's most recent Annual Report on Form 10-K and its Quarterly Reports on Form 10-Q, including the sections entitled "Risk Factors", as well MEDNAX's current reports on Form 8-K, filed with the Securities and Exchange Commission.*

# Today's Agenda

- What is a National Medical Group Practice?
- What is MEDNAX National Medical Group?
- What Makes MEDNAX Different?
- Our Growth Strategy
- MEDNAX Financial Highlights
- MEDNAX Investment Highlights

# What is a National Medical Group Practice?

- A network of local group practices that provide clinical care in their communities supported by a national administrative infrastructure that allows them to practice state-of-the-art, efficient, outcomes-based medicine.

- When MEDNAX acquires a practice, all of the back office functions are removed.
  - Managed care contract negotiations, coding, billing, collections, recruitment, medical malpractice, payroll, finance, risk management, compliance, etc. are handled centrally by our business professionals.
- This provides our physicians the opportunity to spend more time caring for their patients in their communities.



# What is MEDNAX National Medical Group?

- A proven National Group Practice with over 30 years experience that combines stability and practice experience with clinical autonomy, supported by superior back office systems, and driven by research, education and quality patient care.

- Unique and durable healthcare model in place for over 30 years
- Adaptive to the current healthcare environment, and growing
- Positioned well for the future of healthcare
- Team of peers, made up of physicians, practitioners, and administrators whose interests and goals are aligned for success
- Financial resources and administrative infrastructure necessary to maximize position as group practice model
- Focus on what is important...patient care and patient outcomes



# MEDNAX at a Glance



**More than 1,550 physicians and 750 nurse practitioners**

- Staff 360 NICUs

**Clinical Continuum from:**

- High-risk pregnancy
- Delivery
- Newborn and pediatric critical care
- Pediatric hospitalist
- Pediatric cardiology
- Pediatric surgery



**More than 825 physicians and 1,100 nurse anesthetists serve:**

- More than 55 hospitals
- More than 70 surgery centers
- More than 20 pain management centers

## Highlights:

- National Group Practice
- More than 2,350 Physicians
- Over 85 Metropolitan Areas
- 34 States and Puerto Rico
- \$2.2 Billion in Revenue
  - 15.1% Five-Year CAGR
- 30+ Years Experience

## Pediatrix Medical Group

- Neonatal
- Maternal-Fetal
- Pediatric Cardiology
- Pediatric Critical Care
- Pediatric Surgery

## American Anesthesiology

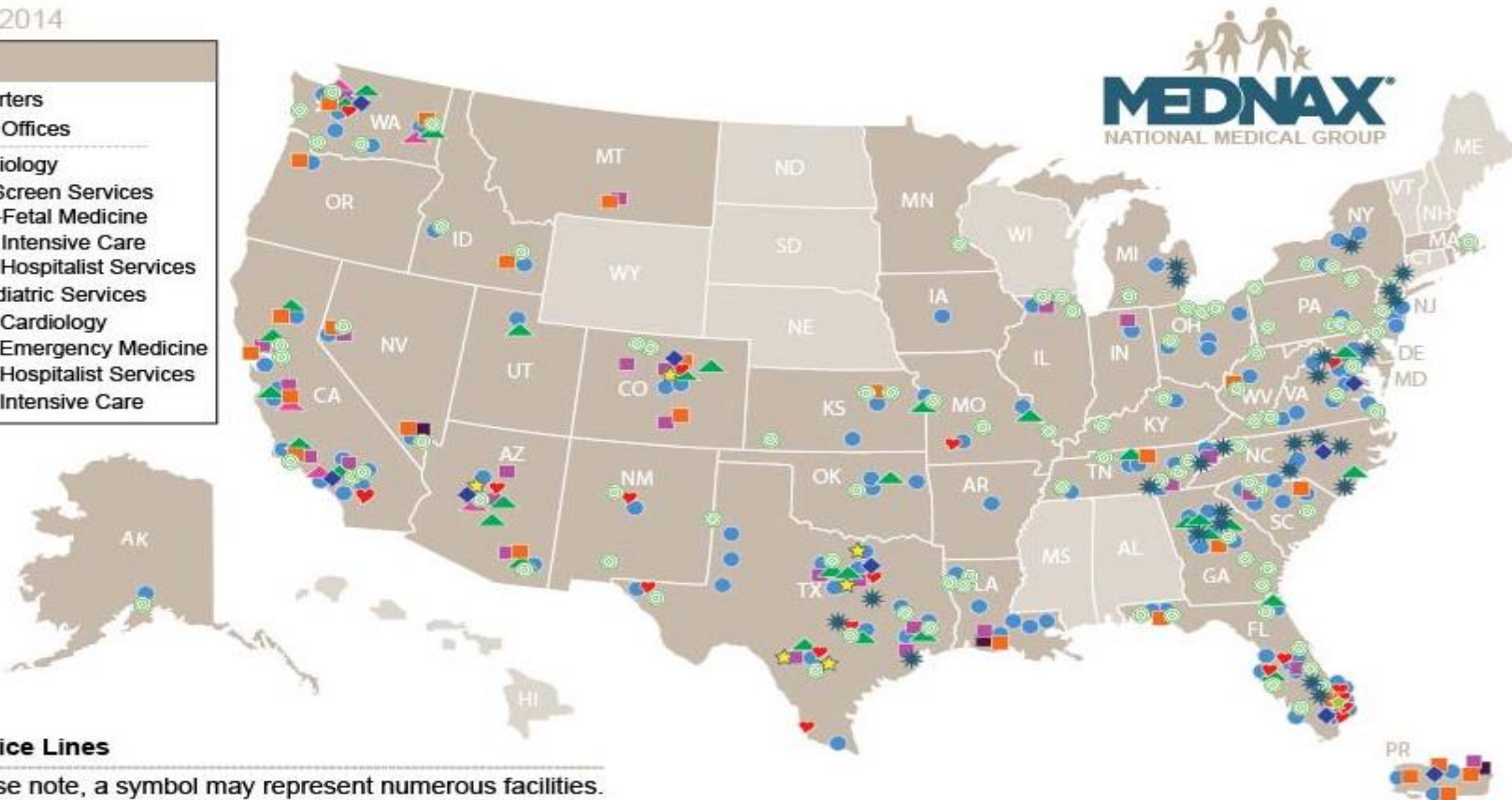
- Anesthesiology

# MEDNAX Market Presence

February 2014

## Legend

- ★ Headquarters
- ◆ Regional Offices
- ⚙ Anesthesiology
- ⦿ Hearing Screen Services
- ▲ Maternal-Fetal Medicine
- Neonatal Intensive Care
- ▲ OB/GYN Hospitalist Services
- ★ Other Pediatric Services
- ♥ Pediatric Cardiology
- Pediatric Emergency Medicine
- Pediatric Hospitalist Services
- Pediatric Intensive Care













## Service Lines

Please note, a symbol may represent numerous facilities.



# MEDNAX Market Presence Defined

## Legend

-  Anesthesiology
-  Hearing Screen
-  MFM
-  NICU
-  OB/GYN Hospitalists
-  Pediatric Cardiology
-  Pediatric ER
-  Pediatric Hospitalists
-  Other Pediatric Services
-  PICU



## American Anesthesiology

- More than 1,925 anesthesia providers across 10 states



## Hearing Screen

- More than 3 million screenings since inception and more than 700,000 screenings in 2013



## Maternal-Fetal Medicine (MFM)

- More than 170 physicians in 13 states



## Neonatal Intensive Care Units (NICUs)

- More than 1,050 physicians and 650 neonatal nurse practitioners in more than 360 NICUs



## OB/GYN Hospitalists

- More than 40 physicians in 3 states

# MEDNAX Market Presence Defined contd.

## Legend

- ✱ Anesthesiology
- ⊗ Hearing Screen
- ▲ MFM
- NICU
- ▲ OB/GYN Hospitalists
- ♥ Pediatric Cardiology
- Pediatric ER
- Pediatric Hospitalists
- ★ Other Pediatric Services
- PICU



### **Pediatric Cardiology**

- More than 100 physicians in 9 states



### **Pediatric ER**

- More than 30 physicians in 2 states



### **Pediatric Hospitalists**

- More than 60 hospital-based physicians in 8 states



### **Other Pediatric Services**

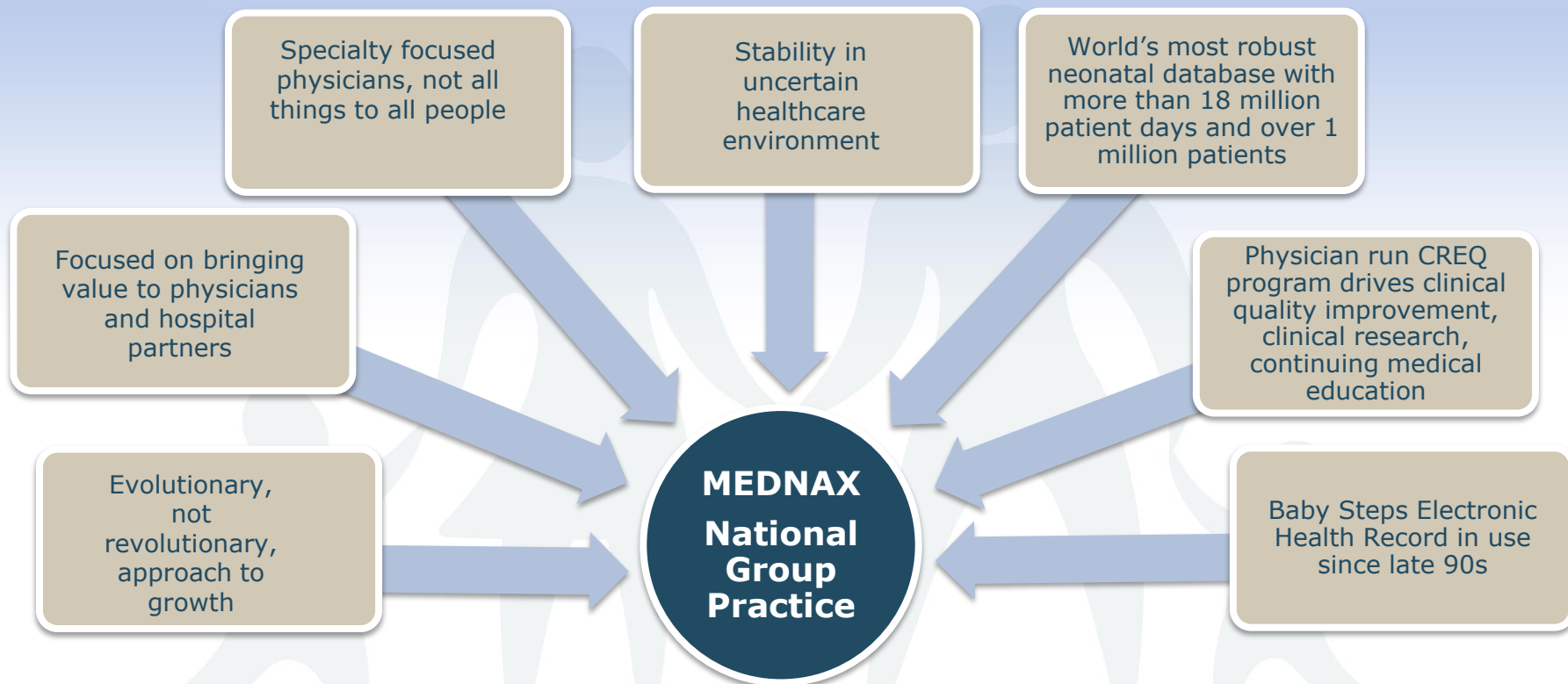
- Includes more than 15 pediatric surgeons in 2 states



### **Pediatric Intensive Care Units (PICUs)**

- More than 100 physicians in more than 30 PICUs

# What Makes MEDNAX Different?





# How MEDNAX Excels in Today's Healthcare Environment

## Departmental Depth and Operational Excellence

Managed Care Contracting team addresses our payors and our long-term contracts, making sure they are competitive in the current environment

Human Resources team focuses on the attraction and retention of quality physicians throughout our regions and practices

Compliance team establishes the methods through which the company seeks to foster the highest levels of ethical and legal conduct by our associates as they focus on patient care

Medical Affairs enhances practice collaboration by ensuring we are credentialing quality physicians

# How MEDNAX Excels in Today's Healthcare Environment contd.

## Departmental Depth and Operational Excellence

Outcomes data warehouse and Quantum Clinical Navigation System drive clinical quality improvement through CQI programs, research and continuing medical education efforts

Advocacy support through our Government Relations team and regulatory efforts at both the federal and state level

Risk Management team provides proactive and strategic support services to identify, manage and reduce risk associated with patient care and the company's business operations





## Our Growth Strategy

*Take great care of the patient™*

# How We Grow: Organic Growth



- Neonatal Volume
  - Births, NICU admissions
  - Service line extensions
    - Well baby nursery
    - Hearing screen
    - Transport services
  - New hospital contracts
- Maternal-Fetal, Pediatric Cardiology
  - New offices within a community
  - Referral-based growth



- Hospital Volumes
  - Surgical volumes
  - Develop new services
- Outpatient contracts
  - Ambulatory surgery centers
  - Endoscopy suites
- Physician offices
- Pain Management Centers

## **Expand our established presence within communities**

- Hospital contract awards
- Service-line extensions
- Organic volume growth at existing facilities

# How We Grow: Accretive Acquisitions



## 1995 to present:

- More than 175 practices acquired and integrated

## In 2013, five neonatology practices:

- Phoenix, AZ
  - 29 physicians
- Lubbock, TX
  - 3 physicians
- Odessa, TX
  - 5 physicians
- Dayton, OH
  - 4 physicians
- Winchester, VA
  - 2 physicians



## 2007 to Present:

- 25 Acquisitions across 10 states:
  - Florida, Georgia, Maryland, Michigan, New Jersey, New York, North Carolina, Tennessee, Texas, and Virginia

## In 2013, six acquisitions:

- Lawrenceville, GA
  - 22 physicians
- Houston, TX
  - 9 physicians
- Syracuse, NY
  - 20 physicians
- Kingsport, TN
  - 12 physicians
- Mt. Kisco, NY
  - 16 physicians
- Summit, NJ
  - 37 physicians

## 2014 to date:

- Baltimore, MD
  - 31 physicians
- Grand Blanc, MI
  - 14 physicians

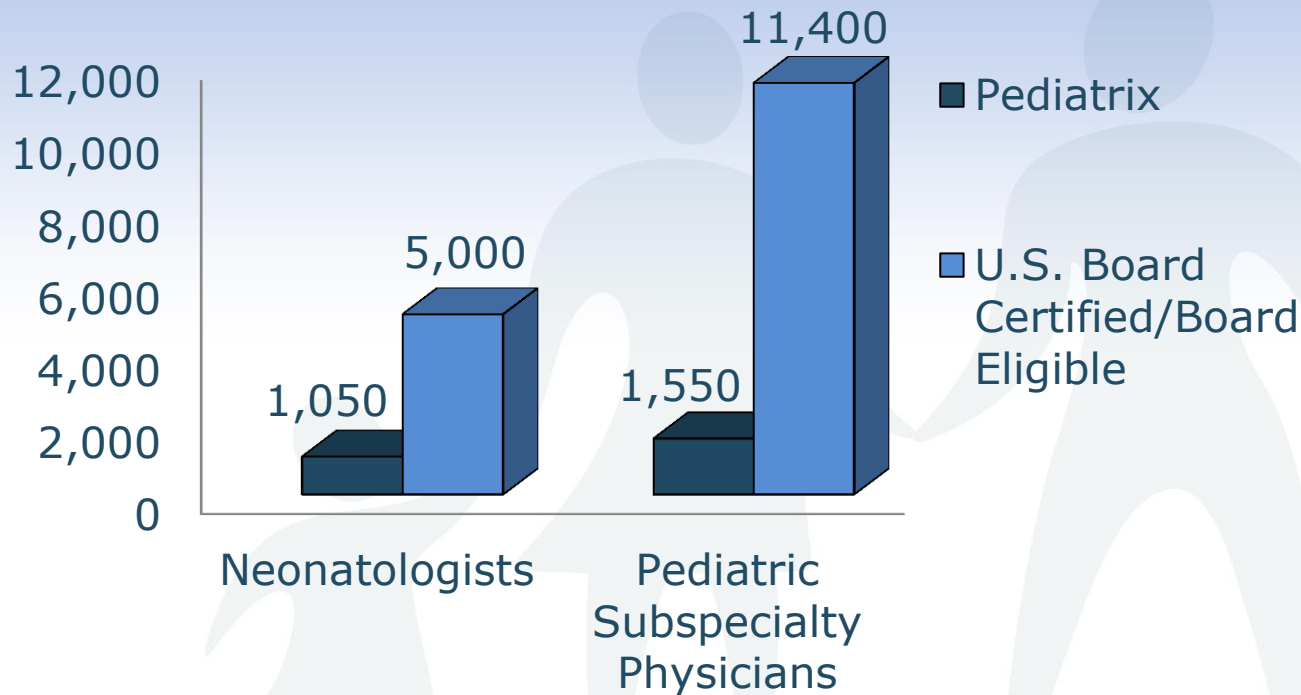
## Consistent Long-Term Growth

- Proven track record acquiring, integrating physician group practices
- Administrative infrastructure generates financial efficiencies
- Strong cash flow from operations, revolving credit facility, finance growth

## Long track record of successfully:

- Sourcing group practice acquisitions
- Integrating practices into our national group
- Achieving efficiencies by improving operations

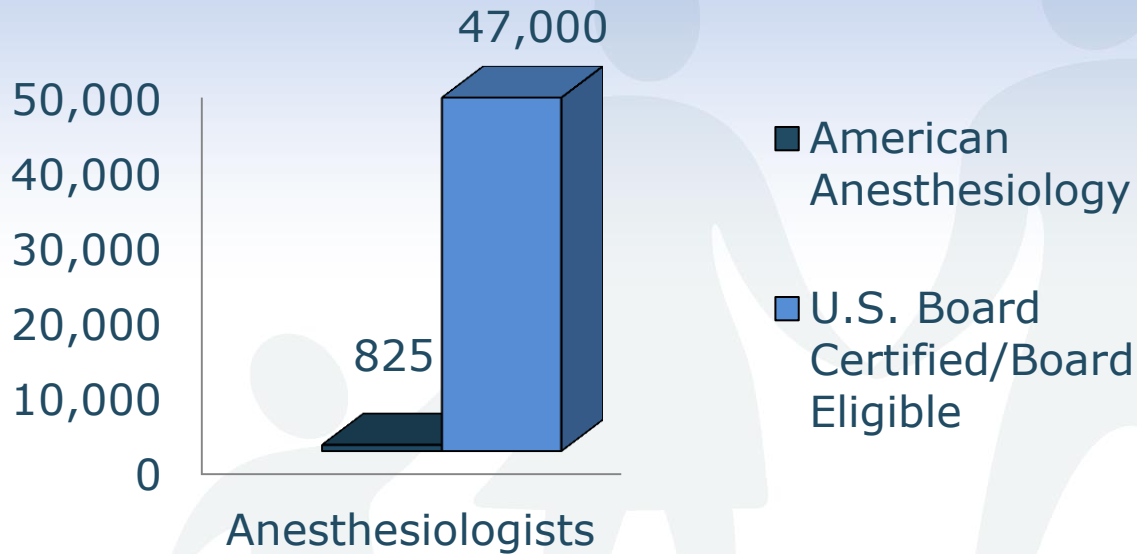
# Neonatology and Subspecialty Markets



## Attractive Markets

- Leading presence in niche neonatal, maternal-fetal, pediatric cardiology, pediatric subspecialties

# Anesthesia Market



## Attractive Market

- Developing presence in large anesthesia specialty



# Projected Number of Anesthesiologists



Source: "Physician Supply and Demand: Projections to 2020", U.S. Department of Health and Human Services

- Anticipated Growth in Market
- U.S. Population Growth:
  - 2010 to 2020 – 8.7%
- Population Age Distribution
  - Growth in those 65 and older: 2010 to 2020 – 35.8%
  - Growth of aging population expected to accelerate growth in surgical procedures
  - Growth in surgical procedures: 2010 to 2020 – 29%

Sources: "U.S. Interim Projections by Age, Sex, Race and Hispanic Origin", U.S. Census Bureau; "The Aging Population and Its Impact on the Surgery Workforce", Etzioni, et. al.

# MEDNAX Financial Highlights



# Revenue (\$ millions)



- Five-year CAGR 15.1%
- Twelve months ended Dec. 31, 2013
  - 18.6% revenue growth
  - \$337.4 million increase in revenue
  - 4.2% same-unit growth

# Operating Income (\$ millions)



- Five-year CAGR 13.3%
- Twelve months ended Dec. 31, 2013
  - 16.1% operating income growth
  - \$62.6 million increase in operating income

# Net Income (\$ millions)



- Five-year CAGR 10.6%
- Twelve months ended Dec. 31, 2013
  - 16.4% net income growth
  - \$39.6 million increase in net income



# Earnings Per Share



- Five-year CAGR 9.1%
- Twelve months ended Dec. 31, 2013
  - 14.9% earnings per share growth
  - 36 cents increase in earnings per share

\*Note: All per share data give effect to the two-for-one stock split effective December 19, 2013

# Annual Cash Flow From Operations (\$ millions)



- Strong cash flow
  - \$80.5 million increase from 2012–2013
- Mostly free cash flow
  - Minimal capex
- Cash flow available for investing back into the growth of our business

# Annual GAAP Net Income/Cash Flow From Operations (\$ millions)




- Net income continues to generate increase in cash flow
- Strong cash flow from operations provides self funding growth mechanism

# MEDNAX Investment Highlights

## Successful Model

- Unique and durable healthcare model that has been in place for over three decades
- Adaptive to the current healthcare environment and growing
- Physicians are integral part of improving care in their communities

## Clearly Defined Growth Opportunities

- Leading presence in core neonatology and related pediatric subspecialties
  - Growing presence in large anesthesia market
- 

## Platform for Long-Term Growth

- Proven track record acquiring, integrating physician group practices
- Administrative infrastructure generates financial efficiencies
- Strong cash flow from operations provides self funding growth mechanism



*Take great care of the patient™*

