



FINANCIAL AND STATISTICAL REPORT
March 31, 2019
(UNAUDITED)

PAGE

1. Combined Statements of Revenues and Expenses for the three months ended March 31, 2019 and 2018
2. Combining Balance Sheets as of March 31, 2019 and December 31, 2018
3. Statements of Cash Flows for the three months ended March 31, 2019 and 2018
4. Combined Group Statistics for the three months ended March 31, 2019 and 2018

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

(in thousands of dollars)

	March 31, 2019				March 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,108,179	\$ 152,674	\$ -	\$ 1,260,853	\$ 1,011,793	\$ 116,982	\$ -	\$ 1,128,775
Other revenue	31,051	62,055	(12,864)	80,242	25,610	45,557	(6,264)	64,903
Total operating revenues	<u>1,139,230</u>	<u>214,729</u>	<u>(12,864)</u>	<u>1,341,095</u>	<u>1,037,403</u>	<u>162,539</u>	<u>(6,264)</u>	<u>1,193,678</u>
Operating expenses								
Salaries and employee benefits	680,835	88,113	(1,987)	766,961	604,682	70,657	(1,789)	673,550
Supplies and other	360,742	105,063	(8,139)	457,666	318,573	81,976	(1,154)	399,395
Total operating expenses	<u>1,041,577</u>	<u>193,176</u>	<u>(10,126)</u>	<u>1,224,627</u>	<u>923,255</u>	<u>152,633</u>	<u>(2,943)</u>	<u>1,072,945</u>
Operating cash flow	97,653	21,553	(2,738)	116,468	114,148	9,906	(3,321)	120,733
Depreciation and amortization	51,058	12,859	-	63,917	50,439	9,186	-	59,625
Interest	16,453	3,307	-	19,760	14,600	2,383	-	16,983
Operating income (loss)	30,142	5,387	(2,738)	32,791	49,109	(1,663)	(3,321)	44,125
Non-operating income (expense)								
Investment income (loss)	174,804	22,271	-	197,075	(8,030)	(836)	-	(8,866)
Other net periodic pension costs	(342)	(72)	-	(414)	-	-	-	-
Income tax expense	-	(333)	-	(333)	-	(319)	-	(319)
Excess (deficit) of revenues over expenses	<u>\$ 204,604</u>	<u>\$ 27,253</u>	<u>\$ (2,738)</u>	<u>\$ 229,119</u>	<u>\$ 41,079</u>	<u>\$ (2,818)</u>	<u>\$ (3,321)</u>	<u>\$ 34,940</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

<i>(in thousands of dollars)</i>	March 31, 2019				December 31, 2018			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Assets								
Current assets								
Cash and cash equivalents	\$ 129,441	\$ 87,894	\$ -	\$ 217,335	\$ 142,480	\$ 86,173	\$ -	\$ 228,653
Accounts receivable, net	558,324	89,284	-	647,608	498,832	71,242	-	570,074
Short-term investments	375,290	159	-	375,449	485,293	159	-	485,452
Current portion of assets limited as to use	9,477	11,419	-	20,896	9,477	11,419	-	20,896
Receivable for settlement with third-party payors	28,036	4,621	-	32,657	10,314	2,926	-	13,240
Other current assets	193,791	48,701	(10,574)	231,918	171,210	39,083	(9,110)	201,183
Total current assets	1,294,359	242,078	(10,574)	1,525,863	1,317,606	211,002	(9,110)	1,519,498
Assets limited as to use	151,429	43,735	-	195,164	135,075	44,956	-	180,031
Long-term investments	2,032,271	307,484	-	2,339,755	1,872,533	284,344	-	2,156,877
Property and equipment, net	1,771,845	421,331	-	2,193,176	1,756,701	416,320	-	2,173,021
Operating lease right-of-use assets, net	419,393	55,894	(17,733)	457,554	-	-	-	-
Intangible assets and goodwill, net	61,164	260,010	-	321,174	242,051	81,040	-	323,091
Investments in affiliates	114,739	29,194	(75,106)	68,827	100,304	25,137	(75,358)	50,083
Deferred tax asset	-	10,392	-	10,392	-	10,725	-	10,725
Other assets	88,774	13,983	-	102,757	90,455	18,776	-	109,231
Total assets	\$ 5,933,974	\$ 1,384,101	\$ (103,413)	\$ 7,214,662	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 303,783	\$ 1,097	\$ -	\$ 304,880	\$ 303,790	\$ 1,305	\$ -	\$ 305,095
Short-term borrowings	87,710	-	-	87,710	87,558	-	-	87,558
Accounts payable	168,965	22,873	(4,300)	187,538	187,637	26,147	-	213,784
Accrued liabilities	326,821	64,075	2,715	393,611	346,103	54,041	(2,859)	397,285
Current portion of operating lease liabilities	71,044	10,059	(3,627)	77,476	-	-	-	-
Estimated third-party payor settlements	32,277	3,810	-	36,087	31,582	3,965	-	35,547
Due to (from) related organizations	(342,642)	342,642	-	-	(346,180)	346,180	-	-
Total current liabilities	647,958	444,556	(5,212)	1,087,302	610,490	431,638	(2,859)	1,039,269
Long-term debt, net of current portion	1,068,019	15,634	-	1,083,653	1,045,276	15,601	-	1,060,877
Deferred tax liability	-	5,928	-	5,928	-	5,928	-	5,928
Operating lease liabilities, net of current portion	357,121	46,137	(14,106)	389,152	-	-	-	-
Derivative financial instruments	39,379	-	-	39,379	36,370	-	-	36,370
Employee benefits and other liabilities	290,072	50,584	-	340,656	284,711	56,502	-	341,213
Total liabilities	2,402,549	562,839	(19,318)	2,946,070	1,976,847	509,669	(2,859)	2,483,657
Net assets								
Without donor restrictions- attributable to Novant Health	3,529,236	725,868	(147,135)	4,107,969	3,535,689	485,609	(143,647)	3,877,651
Without donor restrictions - noncontrolling interests	-	18,648	63,040	81,688	-	21,678	62,038	83,716
Total unrestricted net assets	3,529,236	744,516	(84,095)	4,189,657	3,535,689	507,287	(81,609)	3,961,367
With donor restrictions	2,189	76,746	-	78,935	2,189	75,344	-	77,533
Total net assets	3,531,425	821,262	(84,095)	4,268,592	3,537,878	582,631	(81,609)	4,038,900
Total liabilities and net assets	\$ 5,933,974	\$ 1,384,101	\$ (103,413)	\$ 7,214,662	\$ 5,514,725	\$ 1,092,300	\$ (84,468)	\$ 6,522,557

Effective January 1, 2019, Novant Health, Inc. adopted the provisions of ASC 842 related to accounting for leases. Novant Health, Inc. has elected to apply these provisions prospectively.

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

<i>(in thousands of dollars)</i>	March 31, 2019	March 31, 2018
	<u> </u>	<u> </u>
Cash flows from operating activities		
Increase in net assets	\$ 229,692	\$ 40,502
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	63,255	60,948
Gain on sale of real estate	(470)	(961)
Share of earnings in affiliates, net of distributions	1,184	353
Net realized and unrealized (gains) losses on assets limited as to use and investments	(189,584)	16,020
Change in fair value of interest rate swap	3,009	(6,834)
Contributions restricted for capital	(643)	(37)
Changes in operating assets and liabilities, net of assets acquired and liabilities assumed		
Accounts receivable	(87,234)	(28,949)
Accounts payable and accrued liabilities	(10,724)	(52,863)
Other assets and liabilities, net	(46,178)	(10,039)
Net cash (used in) provided by operating activities	<u>(37,693)</u>	<u>18,140</u>
Cash flows from investing activities		
Capital expenditures	(100,056)	(93,365)
Proceeds from sale of long-term investments	211,585	613,571
Purchase of long-term investments	(219,687)	(622,520)
Proceeds from sale of short-term investments	235,042	194,486
Purchase of short-term investments	(124,417)	(264,334)
Proceeds from sale of property and equipment	9,756	1,276
Other investing activities	(20,108)	390
Net cash used in investing activities	<u>(7,885)</u>	<u>(170,496)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(404)	(18,801)
Proceeds from sale of accounts receivable, net	10,150	6,635
Cash proceeds from (payments on) repurchase agreements, net	151	(708)
Cash proceeds from revolving credit facility	23,000	28,000
Other financing activities	1,363	1,114
Net cash provided by financing activities	<u>34,260</u>	<u>16,240</u>
Net decrease in cash and cash equivalents	(11,318)	(136,116)
Cash and cash equivalents		
Beginning of year	<u>228,653</u>	<u>408,698</u>
End of quarter	<u>\$ 217,335</u>	<u>\$ 272,582</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED MARCH 31, 2019 AND 2018

	Novant Health Presbyterian Medical Center	Novant Health Matthews Medical Center	Novant Health Huntersville Medical Center	Novant Health Charlotte Orthopedic Hospital	Novant Health Forsyth Medical Center	Novant Health Medical Park Hospital	Novant Health Thomasville Medical Center	Novant Health Brunswick Medical Center	Novant Health Kernersville Medical Center	Novant Health Clemmons Medical Center	Novant Health Prince William Medical Center	Novant Health Haymarket Medical Center	Three Months Ended	
													March 31, 2019	March 31, 2018
<u>INPATIENT STATISTICS</u>														
Average Daily Census	469	121	80	21	668	8	75	42	36	13	78	26	1,637	1,622
Discharges	7,481	2,837	2,100	802	10,301	220	1,211	1,170	902	618	1,734	839	30,215	29,656
Average Length of Stay	5.5	3.8	3.4	2.2	5.9	3.0	5.2	3.2	3.6	2.0	4.0	2.8	4.8	5.0
Patient Days	42,226	10,917	7,219	1,905	60,150	688	6,709	3,755	3,269	1,208	7,016	2,358	147,420	145,589
<u>ADJUSTED STATISTICS</u>														
Adjusted Patient Days	81,649	23,709	18,329	2,886	93,203	3,835	16,858	11,057	8,584	2,407	16,690	8,257	287,464	282,621
Adjusted Discharges	14,465	6,161	5,332	1,215	15,961	1,226	3,043	3,445	2,369	1,231	4,125	2,938	61,511	60,271
<u>OUTPATIENT STATISTICS</u>														
ED Visits	23,816	12,009	10,330	-	22,687	-	9,259	8,051	10,020	5,721	11,181	6,305	119,379	115,580
Novant Health Medical Group Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,349,019	1,213,255
Cases	55,332	25,796	20,235	3,872	38,617	3,813	15,013	18,387	13,760	8,200	23,899	15,870	242,794	229,179
<u>SURGERY STATISTICS</u>														
IP Surgical Cases	1,302	427	380	883	2,523	212	215	273	338	473	195	99	7,320	7,133
OP Surgical Cases	4,407	990	1,052	1,543	3,951	2,141	1,014	966	629	384	477	372	17,926	17,281
Total Surgical Cases	5,709	1,417	1,432	2,426	6,474	2,353	1,229	1,239	967	857	672	471	25,246	24,414
<u>OTHER STATISTICS</u>														
Total Births	1,345	516	446	-	1,652	-	146	135	-	-	223	234	4,697	4,600
Cath Lab Procedures	1,132	508	-	-	1,552	-	43	-	-	-	-	-	3,235	3,137
Open Heart Surgeries	113	-	-	-	129	-	-	-	-	-	-	-	242	268
Endoscopy Procedures	1,520	778	753	-	1,694	-	246	465	-	-	245	342	6,043	6,350
Radiology Procedures	43,329	26,774	21,123	4,206	62,296	999	14,674	17,241	15,106	8,557	24,030	15,649	253,984	244,602
Licensed Beds	636	157	91	48	859	22	146	74	50	36	130	60	2,309	2,365
Staffed Beds	530	145	97	24	765	18	88	59	45	17	78	26	1,892	1,845
Occupancy as % of Staffed Beds	88.5%	83.4%	82.5%	87.5%	87.3%	44.4%	85.2%	71.2%	80.0%	76.5%	100.0%	100.0%	86.5%	87.9%