

# EVOLENT HEALTH OVERVIEW

September 2017



# Safe Harbor Statement

All statements other than statements of historical fact included in this presentation are forward-looking statements. You can identify forward-looking statements by the fact that they do not relate strictly to historical or current facts. These statements may include words such as “may”, “might”, “will”, “should”, “expects”, “plans”, “anticipates”, “estimates”, “aims”, “predicts”, “potential”, or “continue”, the negative of these terms and other comparable terminology. These forward-looking statements, which are subject to risks, uncertainties and assumptions, may include projections of our future financial performance, our anticipated growth strategies and anticipated trends in our business. There are important factors that could cause our actual results, level of activity, performance or achievements to differ materially from the results, level of activity, performance or achievements expressed or implied by the forward-looking statements. This presentation includes certain non-GAAP financial measures. Tables reconciling such non-GAAP financial measures to the most directly comparable GAAP measures are set forth in the Appendix hereto.

We use market data and industry forecasts and projections throughout presentation. We have obtained the market data from certain publicly available sources of information, including publicly available independent industry publications and other third-party sources. Unless otherwise indicated, statements in this presentation concerning our industry and the markets in which we operate, including our general expectations and competitive position, business opportunity and market size, growth and share, are based on information from independent industry organizations and other third-party sources (including industry publications, surveys and forecasts), data from our internal research and management estimates. Forecasts are based on industry surveys and the preparer’s expertise in the industry and there is no assurance that any of the forecasted amounts will be achieved. We believe the data that third parties have compiled is reliable, but we have not independently verified the accuracy of this information (other than information provided by our affiliates). Any forecasts are based on data (including third-party data), models and experience of various professionals and are based on various assumptions, all of which are subject to change without notice. While we are not aware of any misstatements regarding the industry data presented herein, forecasts, assumptions, expectations, beliefs, estimates and projections involve risks and uncertainties and are subject to change based on various factors, including those described under the heading “Forward-Looking Statements - Cautionary Language” and in “Item 1A. Risk Factors” of our Annual Report on Form 10-K for the year ended December 31, 2016 and of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2017 and June 30, 2017.

The Company has filed a registration statement (including a prospectus) with the SEC for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may get these documents for free by visiting EDGAR on the SEC website at [www.sec.gov](http://www.sec.gov). Alternatively, the Company, any underwriter, or any dealer participating in the offering will arrange to send you the prospectus if you request it by contacting: J.P. Morgan Securities LLC, c/o Broadridge Financial Solutions, 1155 Long Island Avenue, Edgewood, NY 11717, or by calling toll-free at 1-866-803-9204; and Goldman Sachs & Co. LLC, Attn: Prospectus Department, 200 West Street, New York, NY 10282, telephone: 212.902.1171, facsimile: 212.902.9316, e-mail: [prospectus-ny@ny.email.gs.com](mailto:prospectus-ny@ny.email.gs.com).

# Non-GAAP Financial Measures

In addition to disclosing financial results that are determined in accordance with GAAP, we present and discuss Adjusted Revenue, Adjusted Transformation Revenue, Adjusted Platform and Operations Revenue and Adjusted Cost of Revenue, which are all non-GAAP financial measures, as supplemental measures to help investors evaluate our fundamental operational performance. Adjusted Revenue, Adjusted Transformation Revenue and Adjusted Platform and Operations Revenue are defined as revenue, transformation revenue, and platform and operations revenue, respectively, adjusted to include revenue, transformation revenue and platform and operations revenue, as applicable, of Evolent Health LLC for periods prior to the offering reorganization, and to exclude the impact of purchase accounting adjustments. Evolent Health, Inc. is a holding company and its principal asset is all of the Class A common units in its operating subsidiary, Evolent Health LLC, which has owned all of its operating assets and substantially all of its business since inception. Prior to the offering reorganization on June 4, 2015, the predecessor of Evolent Health, Inc. accounted for Evolent Health LLC as an equity method investment. The financial results of Evolent Health LLC have been consolidated in the financial statements of Evolent Health, Inc. following the offering reorganization. Management uses Adjusted Revenue, Adjusted Transformation Revenue and Adjusted Platform and Operations Revenue as supplemental performance measures because they reflect a complete view of the operational results. The measures are also useful to investors because they reflect the full view of our operational performance in line with how we generate our long term forecasts.

Adjusted Cost of Revenue is defined as cost of revenue adjusted to include cost of revenue of Evolent Health LLC for periods prior to the offering reorganization, and to exclude the impact of stock-based compensation expenses and transaction costs related to acquisitions and business combinations. Management uses Adjusted Cost of Revenue as a supplemental performance measure which is also useful to investors because it facilitates an understanding of our long term operational costs while removing the effect of transaction costs that are one-time and costs that are non-cash (stock-based compensation expenses) in nature.

These adjusted measures do not represent and should not be considered as alternatives to GAAP measurements, and our calculations thereof may not be comparable to similarly entitled measures reported by other companies. A reconciliation of these adjusted measures to the comparable GAAP financial measures is presented in the Appendix.

# Presenters



**Frank Williams**

Chief Executive Officer  
and Co-founder  
Evolut Health



**Nicky McGrane**

Chief Financial Officer  
Evolut Health

# Investment Thesis



Strong position in large and growing market—\$45B+



Differentiated solution and integrated platform



Proven results



Attractive economic model

# Evolut Health

## our vision

Build a national network dedicated to transforming care under value based payment initiatives

## what we do

Provide integrated technology, intellectual capital and scalable services to enable business model transformation

## business model

- long-term contracts
- recurring revenue model
- scalable margins

## market differentiation



provider-driven



broad integrated platform



embedded and aligned partnerships



proven clinical / financial results

## by the numbers

**~2.8M**

lives supported\*

**\$364M**

in adjusted LTM revenues through 30-Jun-2017\*\*

**2,400+**

employees

**30+**

metro / micropolitan service areas supported

\*As of June 30, 2017

\*\* Non-GAAP measure. See "Non-GAAP Financial Measures" above for definition and Appendix A for reconciliation to GAAP. GAAP revenues for LTM 30-Jun-2017 was \$361.5M.

# Evolut Has Achieved Significant Scale Partnering with Providers Nationwide to Manage Populations

MEDICARE



MEDICAID



COMMERCIAL



~2.8M

Lives Supported\*

25+

Operating Partners

\* As of June 30, 2017

# Evolut Well Positioned for Evolving Market Opportunity

## SEGMENT

**MEDICARE**

**MEDICAID / CHIP**

**COMMERCIAL**

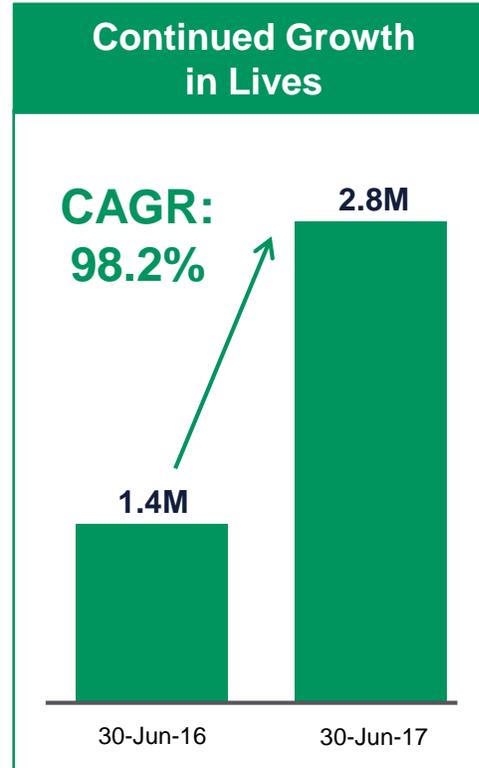
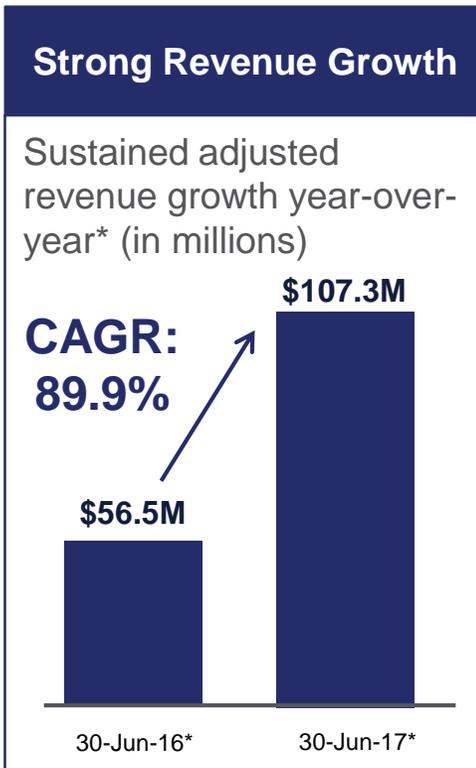
**LEGACY PROVIDER-  
OWNED PLANS**

## OPPORTUNITY

- ✓ MA enrollment growth accelerating
  - ✓ Payers delegating risk to high performing networks
  - ✓ Providers launching majority of new MA plans
- 
- ✓ Medicaid / CHIP enrollment at ~75M members as of May 2017\*
  - ✓ ~\$260B of Medicaid spend (~50%) in FFS for LTM September 2016\*
  - ✓ Providers actively seeking managed solutions to address budget pressure
- 
- ✓ Direct to employer opportunity emerging in several markets
  - ✓ Payers delegating risk to high performing provider networks
- 
- ✓ Need for more efficient and sophisticated infrastructure to meet growth ambition

\* Source: Kaiser Family Foundation

# Continued Strong Performance in 2017



### 2017 New Long-Term Operating Partners

**5 new partners**

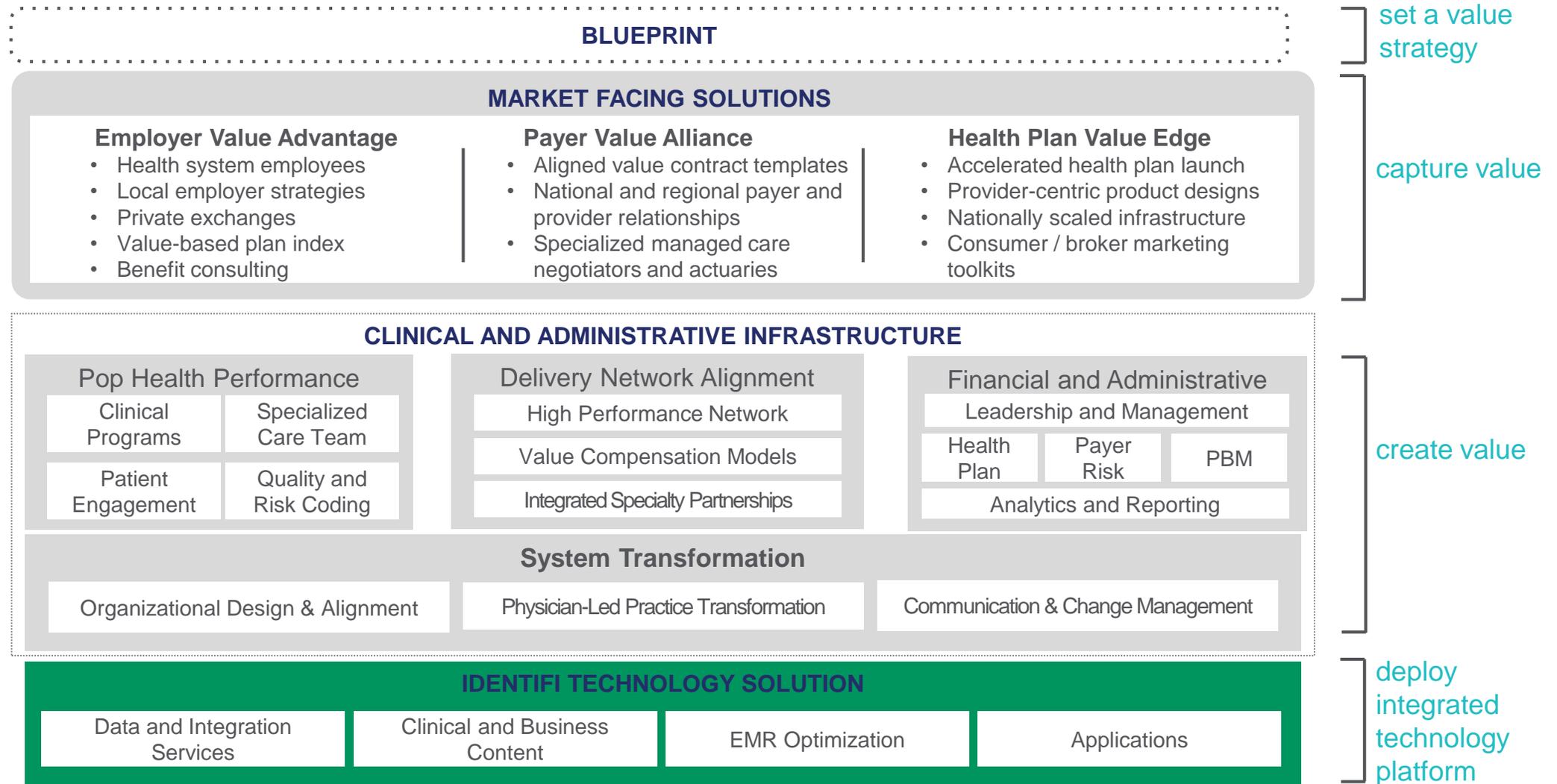
**TPA Services Agreement**

### 2017 Highlights

- Launched MDwise 1/1/17
- Major release of Identifi, now live with significant enhancements on **v2017.6.2**
- Operationalized **Next Generation ACO** 2017 cohort
- Accolades by Becker's Hospital Review and Washingtonian Magazine for **Best Places to Work in Health Care**

\*Non-GAAP measure; see "Non-GAAP Financial Measures" above for definition and Appendix A for reconciliation to GAAP; All comparatives presented above are for the quarter ended June 30, 2016, to the quarter ended June 30, 2017

# Evolut Provides A Fully Integrated Value-Based Care Platform



# Evolut Partnership Models

Evolut meets providers wherever they are along their value journey

## Capabilities Partner

- Integrated or targeted support across broad range of solutions:
  - Technology Platform
  - Risk Adjustment
  - Medical Management
  - TPA
  - Pharmacy Services
  - Financial, Actuarial Services
- Fee structure can include performance-based components

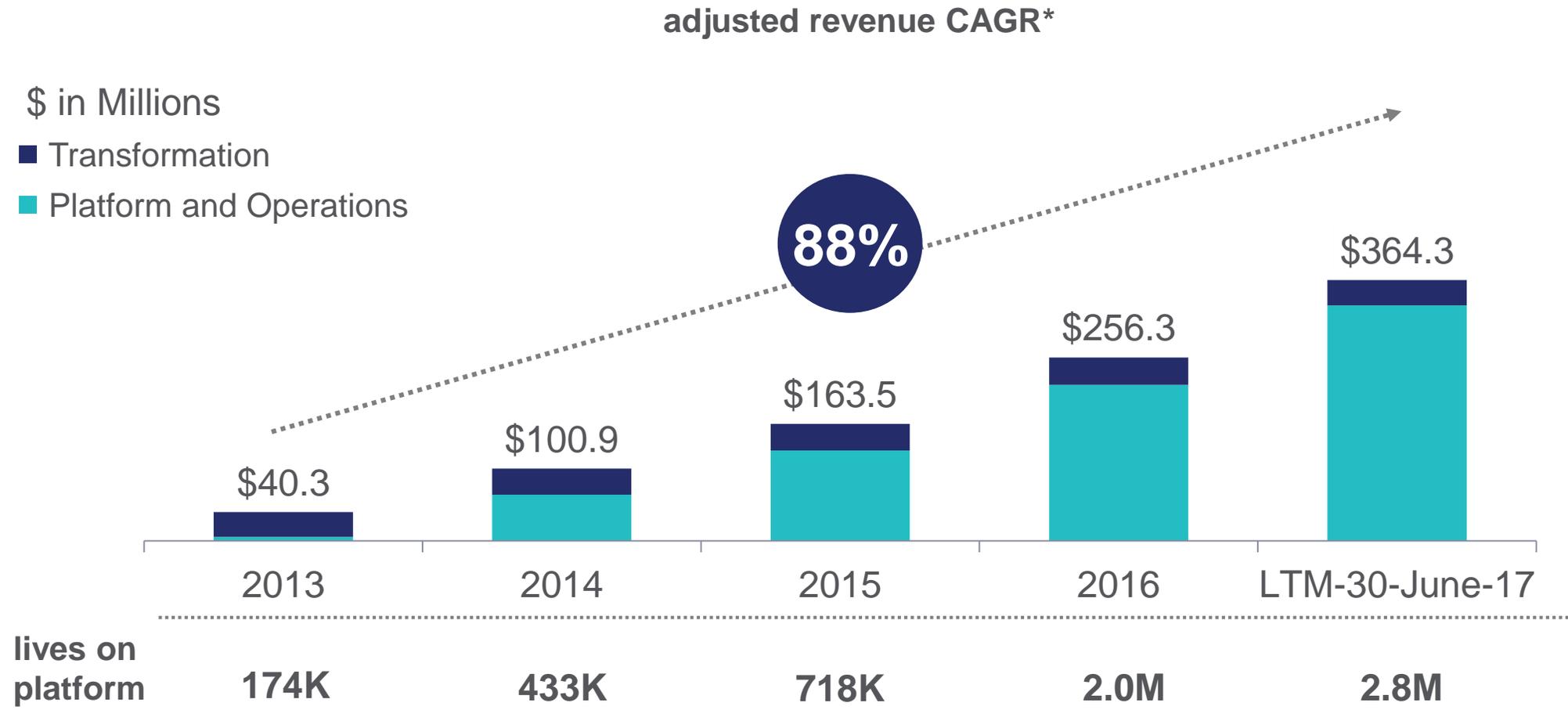
## Risk Sharing Partner

- Performance-based partner with shared upside / downside
- Bundled service offering versus point solution
- Aligned partnership leveraging respective strengths
- Comprehensive diligence of opportunity utilizing internal experts

## Risk & Capital Partner

- Alignment through capital investment in addition to performance-based fee structure
  - May include Evolut ownership stake
- Evolut responsible for key operational functions
- Evolut embedded in long term agreement with joint decision making authority

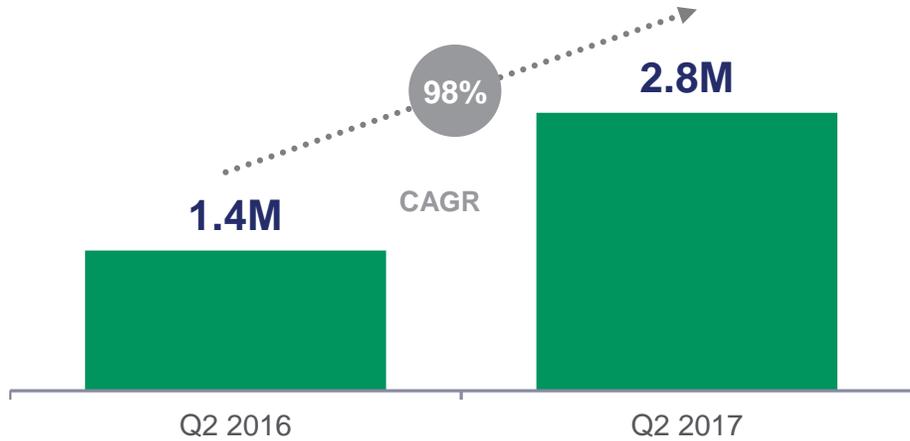
# Strong Topline Results



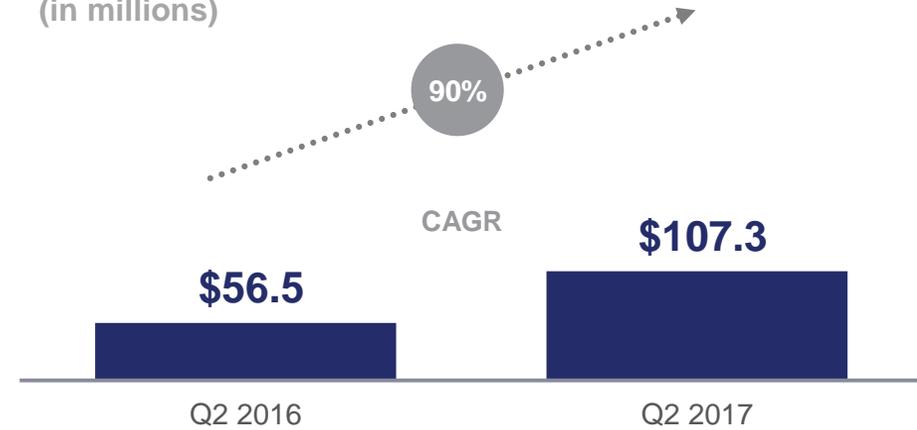
\*Non-GAAP measure, see "Non-GAAP Financial Measures" above for definition and Appendix A for reconciliation to GAAP. GAAP revenues in 2013, 2014, 2015, 2016 and for LTM 30-Jun-17 were \$25.7M, zero, \$96.9M, 254.2M and \$361.5M respectively.

# Strong Performance in Q2 2017

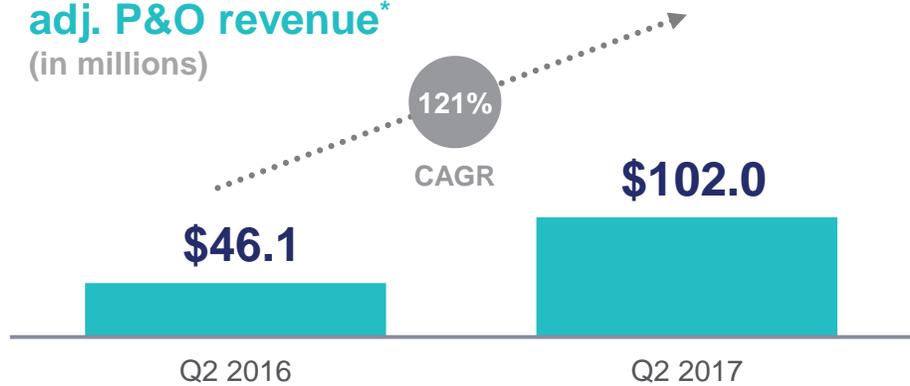
## lives on platform



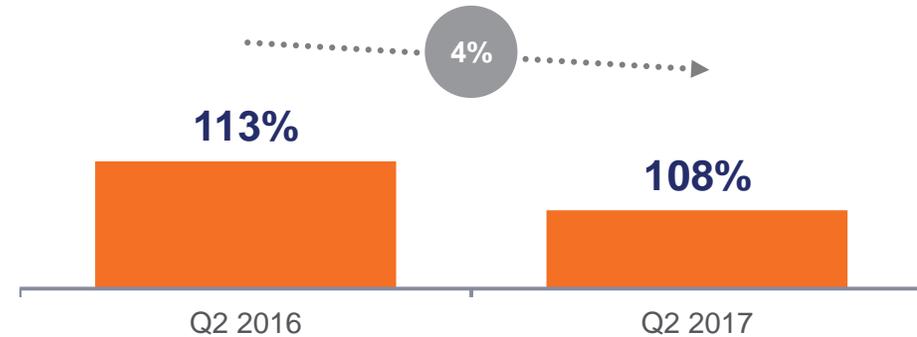
## total adj. revenue\* (in millions)



## adj. P&O revenue\* (in millions)



## operating expenses as a % of adj. revenue\*



\*Non-GAAP measure; see "Non-GAAP Financial Measures" above for definition and Appendix A for reconciliation to GAAP  
All comparatives presented above are for the quarter ended June 30, 2017, to the quarter ended June 30, 2016

# Since IPO, Evolent has Consistently Enhanced its Relationships by Expanding Services & Capabilities and Aligning on Risk

Selectively Deploying Capital for Accretive Acquisitions...



... And Strategic Investments in Clients



Utilizing Experience Base to Align with Providers as a Risk Partner (e.g., Next Gen ACO Partners)



# Investment Thesis



Strong position in large and growing market—\$45B+



Differentiated solution and integrated platform



Proven results



Attractive economic model

# APPENDIX

# Appendix A: Non-GAAP Reconciliation Evolent Health, Inc. Adjusted Results

For the quarters ended June 30, 2017 and 2016, the last twelve months (LTM) ended June 30, 2017 and 2016, and the years ended December 31, 2016, 2015, 2014, and 2013:

(in millions)	<b>Evolent Health, Inc. as Reported</b>	<b>Add: Evolent Health LLC Operations</b>	<b>Adjustments</b>	<b>Evolent Health, Inc. as Adjusted</b>
<b>Q2 2017</b>				
Transformation	\$ 5.4	\$ -	\$ -	\$ 5.4
Platform and operations	101.7	-	0.2 <sup>(1)</sup>	101.9
Total revenue	<u>107.1</u>	<u>-</u>	<u>0.2</u>	<u>107.3</u>
Cost of revenue	68.0	-	(1.8) <sup>(2)</sup>	66.2
Selling, general and admin. expenses	51.1	-	(6.4) <sup>(3)</sup>	44.7
Depreciation and amortization and other operating expenses	7.1	-	(2.6) <sup>(4)</sup>	4.5
Total operating expenses	<u>126.2</u>	<u>-</u>	<u>(10.8)</u>	<u>115.4</u>
Total operating expenses as a percentage of total revenue	117.9%			107.5%
<b>Q2 2016</b>				
Transformation	\$ 10.4	\$ -	\$ -	\$ 10.4
Platform and operations	46.1	-	-	46.1
Total revenue	<u>56.5</u>	<u>-</u>	<u>-</u>	<u>56.5</u>
Cost of revenue	32.8	-	(0.7) <sup>(2)</sup>	32.1
Selling, general and admin. expenses	32.8	-	(4.5) <sup>(3)</sup>	28.3
Depreciation and amortization and other operating expenses	3.6	-	-	3.6
Total operating expenses	<u>69.1</u>	<u>-</u>	<u>(5.1)</u>	<u>64.0</u>
Total operating expenses as a percentage of total revenue	122.3%			113.3%
<b>LTM June 30, 2017</b>				
Transformation	\$ 35.4	\$ -	\$ -	\$ 35.4
Platform and operations	326.1	-	2.8	328.9
Total revenue	<u>361.5</u>	<u>-</u>	<u>2.8</u>	<u>364.3</u>
<b>LTM June 30, 2016</b>				
Transformation	\$ 35.7	\$ -	\$ 1.2	\$ 36.9
Platform and operations	156.7	-	2.4	159.1
Total revenue	<u>192.4</u>	<u>-</u>	<u>3.6</u>	<u>196.0</u>
<b>2016</b>				
Transformation	\$ 38.3	\$ -	\$ 0.1 <sup>(5)</sup>	\$ 38.4
Platform and operations	215.9	-	2.0 <sup>(5)</sup>	217.9
Total revenue	<u>254.2</u>	<u>-</u>	<u>2.1</u>	<u>256.3</u>
<b>2015</b>				
Transformation	\$ 19.9	\$ 15.8 <sup>(6)</sup>	\$ 1.5 <sup>(5)</sup>	\$ 37.2
Platform and operations	77.0	46.0 <sup>(6)</sup>	3.3 <sup>(5)</sup>	126.3
Total revenue	<u>96.9</u>	<u>61.8</u>	<u>4.8</u>	<u>163.5</u>
<b>2014</b>				
Transformation	\$ -	\$ 36.3 <sup>(7)</sup>	\$ -	\$ 36.3
Platform and operations	-	64.6 <sup>(7)</sup>	-	64.6
Total revenue	<u>\$ -</u>	<u>\$ 100.9</u>	<u>\$ -</u>	<u>\$ 100.9</u>
<b>2013</b>				
Transformation	\$ 22.1	\$ 12.5 <sup>(8)</sup>	\$ -	\$ 34.6
Platform and operations	3.6	2.1 <sup>(8)</sup>	-	5.7
Total revenue	<u>\$ 25.7</u>	<u>\$ 14.6</u>	<u>\$ -</u>	<u>\$ 40.3</u>

- Adjustments to platform and operations revenue include deferred revenue purchase accounting adjustments of approximately \$0.2 million for the three months ended June 30, 2017, resulting from our acquisitions of Valence Health and Aldera.
- Adjustments to cost of revenue include \$0.4 million in stock-based compensation expense for the three months ended June 30, 2017 and 2016, respectively. Stock-based compensation expense includes the value of equity awards granted to employees and non-employee directors of the Company or its consolidated subsidiaries. Adjustments also include transaction costs of approximately \$1.4 million and \$0.2 million for the three months ended June 30, 2017 and 2016, respectively, resulting from acquisitions and business combinations.
- Adjustments to selling, general and administrative expenses include \$5.0 million and \$4.3 million in stock-based compensation expense for the three months ended June 30, 2017 and 2016, respectively. Stock-based compensation expense includes the value of equity awards granted to employees and non-employee directors of the Company or its consolidated subsidiaries. Adjustments also include transaction costs of \$1.9 million and \$0.2 million for the three months ended June 30, 2017 and 2016, respectively, resulting from acquisitions and business combinations and costs relating to our securities offerings. These adjustments for the three months ended June 30, 2017, were offset by a one-time benefit of approximately \$0.5 million related to a lease termination in conjunction with the Valence Health acquisition.
- Adjustments to depreciation and amortization expenses of approximately \$2.4 million for the three months ended June 30, 2017, relate to amortization of intangible assets acquired via asset acquisition and business combinations. The additional adjustment represents a loss of \$0.2 million for the three months ended June 30, 2017, due to a change in the fair value of contingent consideration related to our Passport transaction.
- We recorded deferred revenue adjustments of approximately \$2.0 million to transformation revenue and platform and operations revenue during 2016, related to purchase accounting adjustments from the Valence Health and Aldera acquisitions. As part of the Reorganization and as a result of gaining control of Evolent Health LLC, we recorded the fair value of deferred revenue resulting in a \$4.9 million reduction to the book value. This resulted in adjustments of approximately \$0.1 million and \$4.8 million to transformation revenue and platform and operations revenue for the years ended December 31, 2016 and 2015, respectively, related to purchase accounting adjustments which reflect the portion of the adjustment that would have been recognized in the respective period.
- Represents the results of operations of Evolent Health LLC for the period January 1, 2015, through June 3, 2015.
- Represents the results of operations of Evolent Health LLC for the period January 1, 2014, through December 31, 2014.
- Represents the results of operations of Evolent Health LLC for the period September 23, 2013, through December 31, 2013.



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