



FINANCIAL AND STATISTICAL REPORT
September 30, 2017
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(in thousands of dollars)

	September 30, 2017				September 30, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 1,002,418	\$ 118,634	\$ -	\$ 1,121,052	\$ 941,760	\$ 117,836	\$ -	\$ 1,059,596
Provision for bad debts	(45,999)	(8,491)	-	(54,490)	(48,054)	(5,696)	-	(53,750)
Net patient service revenues less provision for bad debts	956,419	110,143	-	1,066,562	893,706	112,140	-	1,005,846
Other revenue	34,009	33,172	(5,566)	61,615	45,694	18,597	(6,536)	57,755
Total operating revenues	990,428	143,315	(5,566)	1,128,177	939,400	130,737	(6,536)	1,063,601
Operating expenses								
Salaries and employee benefits	579,134	52,353	(2,221)	629,266	512,443	69,154	(9,521)	572,076
Supplies and other	318,165	92,810	(3,700)	407,275	302,445	54,415	3,182	360,042
Total operating expenses	897,299	145,163	(5,921)	1,036,541	814,888	123,569	(6,339)	932,118
Operating cash flow	93,129	(1,848)	355	91,636	124,512	7,168	(197)	131,483
Depreciation and amortization	49,300	10,208	-	59,508	51,782	8,700	-	60,482
Interest	14,404	2,229	-	16,633	17,994	3,875	-	21,869
Operating income (loss)	29,425	(14,285)	355	15,495	54,736	(5,407)	(197)	49,132
Non-operating income (expense)								
Investment income	71,524	9,366	402	81,292	74,788	8,143	275	83,206
Other net periodic pension costs	(69)	(387)	-	(456)	(1,726)	(255)	-	(1,981)
Income tax expense	(4,133)	(606)	-	(4,739)	(469)	(742)	-	(1,211)
Other, net	(253)	256	-	3	(1)	6	-	5
Excess (deficit) of revenues over expenses	\$ 96,494	\$ (5,656)	\$ 757	\$ 91,595	\$ 127,328	\$ 1,745	\$ 78	\$ 129,151

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

(in thousands of dollars)

	September 30, 2017				September 30, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Patient service revenues (net of contractual allowances and discounts)	\$ 2,956,494	\$ 356,125	\$ -	\$ 3,312,619	\$ 2,797,642	\$ 350,333	\$ -	\$ 3,147,975
Provision for bad debts	(127,395)	(23,327)	-	(150,722)	(139,394)	(18,012)	-	(157,406)
Net patient service revenues less provision for bad debts	2,829,099	332,798	-	3,161,897	2,658,248	332,321	-	2,990,569
Other revenue	106,075	101,190	(14,288)	192,977	144,137	57,947	(20,231)	181,853
Total operating revenues	2,935,174	433,988	(14,288)	3,354,874	2,802,385	390,268	(20,231)	3,172,422
Operating expenses								
Salaries and employee benefits	1,680,760	202,997	(5,362)	1,878,395	1,519,590	208,108	(29,240)	1,698,458
Supplies and other	942,318	226,566	(5,729)	1,163,155	913,628	153,576	9,798	1,077,002
Total operating expenses	2,623,078	429,563	(11,091)	3,041,550	2,433,218	361,684	(19,442)	2,775,460
Operating cash flow	312,096	4,425	(3,197)	313,324	369,167	28,584	(789)	396,962
Depreciation and amortization	147,881	30,561	-	178,442	149,371	30,925	-	180,296
Interest	45,254	6,931	-	52,185	54,116	11,638	-	65,754
Operating income (loss)	118,961	(33,067)	(3,197)	82,697	165,680	(13,979)	(789)	150,912
Non-operating income (expense)								
Investment income	195,393	25,440	1,140	221,973	112,522	15,967	908	129,397
Other net periodic pension costs	(714)	(655)	-	(1,369)	(5,178)	(765)	-	(5,943)
Income tax expense	(4,636)	(1,273)	-	(5,909)	(866)	(1,685)	-	(2,551)
Other, net	(247)	336	-	89	(7)	28	-	21
Excess (deficit) of revenues over expenses	\$ 308,757	\$ (9,219)	\$ (2,057)	\$ 297,481	\$ 272,151	\$ (434)	\$ 119	\$ 271,836

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	September 30, 2017				December 31, 2016			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
<i>(in thousands of dollars)</i>								
Assets								
Current assets								
Cash and cash equivalents	\$ 253,251	\$ 61,601	\$ -	\$ 314,852	\$ 210,738	\$ 50,250	\$ -	\$ 260,988
Accounts receivable, net	439,589	55,084	-	494,673	460,672	50,977	-	511,649
Short-term investments	350,090	58	-	350,148	260,261	58	-	260,319
Current portion of assets limited as to use	6,496	13,069	-	19,565	6,496	12,090	-	18,586
Deferred tax asset	-	2,326	-	2,326	-	-	-	-
Current assets held for sale	-	-	-	-	-	14,173	-	14,173
Receivable for settlement with third-party payors	4,375	6,454	-	10,829	9,734	4,163	-	13,897
Other current assets	142,631	30,206	(4,155)	168,682	166,382	15,456	(88)	181,750
Total current assets	1,196,432	168,798	(4,155)	1,361,075	1,114,283	147,167	(88)	1,261,362
Assets limited as to use								
Long-term assets held for sale	-	-	-	-	-	57,193	-	57,193
Long-term investments	1,935,558	298,840	-	2,234,398	1,750,494	264,194	-	2,014,688
Property and equipment, net	1,657,202	321,294	-	1,978,496	1,653,746	287,146	(250)	1,940,642
Intangible assets and goodwill, net	244,910	84,017	-	328,927	246,015	41,814	(363)	287,466
Investments in affiliates	78,191	23,509	(58,885)	42,815	68,272	19,118	(55,344)	32,046
Other assets	85,096	18,338	-	103,434	82,592	24,419	-	107,011
Total assets	\$ 5,325,073	\$ 955,779	\$ (63,040)	\$ 6,217,812	\$ 5,020,609	\$ 882,968	\$ (56,045)	\$ 5,847,532
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 62,364	\$ 4,700	\$ -	\$ 67,064	\$ 64,735	\$ 1,889	\$ -	\$ 66,624
Short-term borrowings	88,115	31	-	88,146	83,528	99	-	83,627
Accounts payable	118,945	17,510	-	136,455	142,429	17,763	-	160,192
Accrued liabilities	342,896	56,241	(2,100)	397,037	320,334	38,439	(88)	358,685
Current liabilities held for sale	-	-	-	-	-	13,498	-	13,498
Estimated third-party payor settlements	55,216	7,889	-	63,105	28,462	4,834	-	33,296
Due to (from) related organizations	(207,125)	207,125	-	-	(146,500)	146,500	-	-
Total current liabilities	460,411	293,496	(2,100)	751,807	492,988	223,022	(88)	715,922
Long-term debt, net of current portion	1,316,593	27,531	-	1,344,124	1,294,663	31,147	-	1,325,810
Deferred tax liability	-	1,463	-	1,463	-	-	-	-
Long-term liabilities held for sale	-	-	-	-	-	1,682	-	1,682
Derivative financial instruments	47,597	-	-	47,597	50,305	-	-	50,305
Employee benefits and other liabilities	273,685	56,917	-	330,602	248,052	57,424	-	305,476
Total liabilities	2,098,286	379,407	(2,100)	2,475,593	2,086,008	313,275	(88)	2,399,195
Net assets								
Unrestricted - attributable to Novant Health	3,224,598	492,913	(120,163)	3,597,348	2,931,737	479,258	(119,326)	3,291,669
Unrestricted - noncontrolling interests	-	17,395	59,223	76,618	675	32,576	63,369	96,620
Total unrestricted net assets	3,224,598	510,308	(60,940)	3,673,966	2,932,412	511,834	(55,957)	3,388,289
Temporarily restricted	2,189	54,687	-	56,876	2,189	46,578	-	48,767
Permanently restricted	-	11,377	-	11,377	-	11,281	-	11,281
Total net assets	3,226,787	576,372	(60,940)	3,742,219	2,934,601	569,693	(55,957)	3,448,337
Total liabilities and net assets	\$ 5,325,073	\$ 955,779	\$ (63,040)	\$ 6,217,812	\$ 5,020,609	\$ 882,968	\$ (56,045)	\$ 5,847,532

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016
(UNAUDITED)

<i>(in thousands of dollars)</i>	September 30, 2017	September 30, 2016
Cash flows from operating activities		
Increase in net assets	\$ 293,882	\$ 362,059
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	181,325	181,833
Gain on sale of business	(2,998)	-
Increase in unrestricted net assets related to consolidated affiliated entities	-	(97,337)
Share of earnings in affiliates, net of distributions	(1,253)	782
Net realized and unrealized gains on assets limited as to use and investments	(210,621)	(119,951)
Change in fair value of interest rate swap	(2,708)	11,780
Contributions restricted for capital	(76)	(1,858)
Provision for bad debts	150,722	157,406
Changes in operating assets and liabilities		
Accounts receivable	(155,133)	(187,413)
Accounts payable and accrued liabilities	9,755	(21,319)
Deferred taxes, net	978	1,219
Other assets and liabilities, net	73,424	16,104
Net cash provided by operating activities	<u>337,297</u>	<u>300,096</u>
Cash flows from investing activities		
Capital expenditures	(206,159)	(202,370)
Proceeds from sale of long-term investments	1,098,466	350,451
Purchase of long-term investments	(1,119,043)	(465,007)
Proceeds from sales of short-term investments	330,148	495,532
Purchase of short-term investments	(419,764)	(375,230)
Proceeds from sale of property and equipment	2,969	1,161
Investment in unconsolidated affiliated entities	(13,292)	11,015
Cash paid for consolidated entities	(9,800)	-
Other investing activities	61	(1,210)
Net cash used in investing activities	<u>(336,414)</u>	<u>(185,658)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(14,025)	(9,591)
Proceeds from sale of accounts receivable, net	27,869	26,204
Proceeds from line of credit and other financing	34,549	1,093
Cash receipts (payments) for repurchase agreements, net	4,588	(3,201)
Net cash provided by financing activities	<u>52,981</u>	<u>14,505</u>
Net increase in cash and cash equivalents	53,864	128,943
Cash and cash equivalents		
Beginning of year	260,988	354,403
End of quarter	<u>\$ 314,852</u>	<u>\$ 483,346</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

	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	Novant Health Medical Group	Three Months Ended	
														September 30, 2017	September 30, 2016
<u>INPATIENT STATISTICS</u>															
Average Daily Census	378	98	63	19	623	9	72	38	23	8	79	20	-	1,430	1,447
Discharges	6,778	2,671	1,788	717	9,906	245	1,135	1,044	667	250	1,736	630	-	27,567	27,339
Average Length of Stay	5.0	3.4	3.2	2.4	5.9	3.1	5.7	3.3	3.2	1.8	4.2	2.9	-	4.7	4.9
Patient Days	34,744	9,043	5,783	1,715	57,350	793	6,669	3,452	2,154	488	7,245	1,830	-	131,266	133,124
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	71,603	21,285	16,033	2,497	90,918	3,729	16,728	10,893	6,221	1,271	17,837	7,167	-	266,182	263,661
Adjusted Discharges	13,969	6,287	4,957	1,044	15,704	1,152	2,847	3,294	1,926	651	4,274	2,467	-	58,572	56,467
<u>OUTPATIENT STATISTICS</u>															
ED Visits	21,834	12,103	9,647	-	21,274	-	8,462	8,448	8,319	4,693	11,774	6,184	-	112,738	112,768
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,069,258	1,069,258	1,017,172
Cases	48,477	23,832	18,292	2,924	38,076	3,517	15,662	17,349	11,945	6,218	24,904	15,594	-	226,790	209,145
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,226	366	314	774	2,637	245	209	282	333	194	218	96	-	6,894	6,645
OP Surgical Cases	4,423	972	914	943	3,705	2,110	924	865	754	325	445	321	-	16,701	16,633
Total Surgical Cases	5,649	1,338	1,228	1,717	6,342	2,355	1,133	1,147	1,087	519	663	417	-	23,595	23,278
<u>OTHER STATISTICS</u>															
Total Births	1,392	605	389	-	1,736	-	179	154	-	-	295	221	-	4,971	4,929
Cath Lab Procedures	1,142	336	-	-	1,538	-	37	-	-	-	-	-	-	3,053	2,852
Open Heart Surgeries	100	-	-	-	153	-	-	-	-	-	-	-	-	253	292
Endoscopy Procedures	1,442	637	803	-	1,545	-	272	900	-	-	274	350	-	6,223	5,944
Radiology Procedures	39,322	24,829	16,416	3,836	59,013	1,269	13,685	13,363	12,712	6,272	24,633	15,429	-	230,779	224,016
Licensed Beds	586	157	91	80	921	22	146	74	50	36	130	60	-	2,353	2,317
Staffed Beds	433	119	77	21	709	20	83	51	31	10	79	20	-	1,653	1,646
Occupancy as % of Staffed Beds	87.2%	82.6%	81.1%	89.7%	87.9%	43.6%	87.3%	73.2%	76.4%	80.8%	100.1%	99.5%	-	86.5%	87.9%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2017 AND 2016

	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	Novant Health Medical Group	Nine Months Ended	
														September 30, 2017	September 30, 2016
<u>INPATIENT STATISTICS</u>															
Average Daily Census	393	104	68	23	639	8	71	41	27	8	80	20	-	1,482	1,465
Discharges	20,463	8,117	5,526	2,267	30,687	725	3,509	3,376	2,112	250	5,277	1,843	-	84,152	81,724
Average Length of Stay	5.2	3.5	3.4	2.6	5.7	3.1	5.6	3.4	3.5	1.8	4.2	3.0	-	4.8	4.9
Patient Days	107,161	28,508	18,550	6,165	174,542	2,272	19,342	11,273	7,308	488	21,963	5,542	-	403,114	401,307
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	217,116	66,436	49,492	9,086	270,839	11,370	48,902	33,374	20,108	1,035	55,076	21,595	-	804,429	793,033
Adjusted Discharges	41,460	18,916	14,744	3,341	47,617	3,628	8,872	9,995	5,811	530	13,233	7,182	-	175,329	168,537
<u>OUTPATIENT STATISTICS</u>															
ED Visits	68,687	36,930	29,427	-	64,497	-	25,519	25,122	25,150	13,290	35,411	18,605	-	342,638	343,559
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	3,320,413	3,320,413	3,115,939
Cases	145,524	73,042	55,694	9,385	113,231	11,216	46,342	51,726	35,453	17,740	74,864	46,161	-	680,378	622,712
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	3,755	1,130	990	2,328	8,092	705	638	835	931	193	609	264	-	20,470	19,927
OP Surgical Cases	13,184	3,006	2,735	2,968	10,948	6,486	2,855	2,618	2,300	983	1,384	876	-	50,343	50,185
Total Surgical Cases	16,939	4,136	3,725	5,296	19,040	7,191	3,493	3,453	3,231	1,176	1,993	1,140	-	70,813	70,112
<u>OTHER STATISTICS</u>															
Total Births	3,827	1,682	1,179	-	4,791	-	512	394	-	-	994	510	-	13,889	13,785
Cath Lab Procedures	3,540	1,033	-	-	4,681	-	118	-	-	-	-	-	-	9,372	9,170
Open Heart Surgeries	364	-	-	-	445	-	-	-	-	-	-	-	-	809	775
Endoscopy Procedures	4,419	1,908	2,402	-	4,654	-	755	2,790	-	-	825	996	-	18,749	18,033
Radiology Procedures	120,396	77,254	57,075	12,385	178,835	3,761	40,947	40,012	38,859	16,415	73,092	46,555	-	705,586	686,151
Licensed Beds	586	157	91	80	921	22	146	74	50	36	130	60	-	2,353	2,317
Staffed Beds	446	124	83	25	718	20	81	54	34	10	81	20	-	1,696	1,664
Occupancy as % of Staffed Beds	87.9%	84.3%	81.8%	90.8%	89.1%	42.5%	87.8%	76.8%	78.5%	80.8%	99.9%	99.3%	-	87.4%	88.0%