



FINANCIAL AND STATISTICAL REPORT
June 30, 2018
(UNAUDITED)

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NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of dollars)

	June 30, 2018				June 30, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 1,016,727	\$ 119,289	\$ -	\$ 1,136,016	\$ 930,287	\$ 108,655	\$ -	\$ 1,038,942
Other revenue	26,416	41,754	(9,171)	58,999	43,574	22,810	7,130	73,514
Total operating revenues	<u>1,043,143</u>	<u>161,043</u>	<u>(9,171)</u>	<u>1,195,015</u>	<u>973,861</u>	<u>131,465</u>	<u>7,130</u>	<u>1,112,456</u>
Operating expenses								
Salaries and employee benefits	590,629	68,389	(1,784)	657,234	541,168	82,615	(1,561)	622,222
Supplies and other	317,794	84,825	(7,210)	395,409	315,382	45,176	11,290	371,848
Total operating expenses	<u>908,423</u>	<u>153,214</u>	<u>(8,994)</u>	<u>1,052,643</u>	<u>856,550</u>	<u>127,791</u>	<u>9,729</u>	<u>994,070</u>
Operating cash flow	134,720	7,829	(177)	142,372	117,311	3,674	(2,599)	118,386
Depreciation and amortization	51,673	9,425	-	61,098	49,696	10,293	-	59,989
Interest	14,559	2,358	-	16,917	16,305	2,409	-	18,714
Operating income (loss)	68,488	(3,954)	(177)	64,357	51,310	(9,028)	(2,599)	39,683
Non-operating income (expense)								
Investment income	24,052	2,359	-	26,411	38,019	6,636	358	45,013
Other net periodic pension costs	(590)	(3)	-	(593)	(27)	(135)	-	(162)
Income tax expense	(151)	(448)	-	(599)	(503)	(195)	-	(698)
Excess (deficit) of revenues over expenses	<u>\$ 91,799</u>	<u>\$ (2,046)</u>	<u>\$ (177)</u>	<u>\$ 89,576</u>	<u>\$ 88,799</u>	<u>\$ (2,722)</u>	<u>\$ (2,241)</u>	<u>\$ 83,836</u>

NOVANT HEALTH, INC.
COMBINED STATEMENTS OF REVENUES AND EXPENSES
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

(in thousands of dollars)

	June 30, 2018				June 30, 2017			
	Combined Group	Unrestricted Affiliates	Eliminations	Total	Combined Group	Unrestricted Affiliates	Eliminations	Total
Operating revenues								
Net patient service revenues	\$ 2,028,520	\$ 236,271	\$ -	\$ 2,264,791	\$ 1,872,680	\$ 222,655	\$ -	\$ 2,095,335
Other revenue	52,026	87,311	(15,435)	123,902	72,066	68,018	(8,722)	131,362
Total operating revenues	<u>2,080,546</u>	<u>323,582</u>	<u>(15,435)</u>	<u>2,388,693</u>	<u>1,944,746</u>	<u>290,673</u>	<u>(8,722)</u>	<u>2,226,697</u>
Operating expenses								
Salaries and employee benefits	1,195,311	139,046	(3,573)	1,330,784	1,101,626	150,644	(3,141)	1,249,129
Supplies and other	636,367	166,801	(8,364)	794,804	624,153	133,756	(2,029)	755,880
Total operating expenses	<u>1,831,678</u>	<u>305,847</u>	<u>(11,937)</u>	<u>2,125,588</u>	<u>1,725,779</u>	<u>284,400</u>	<u>(5,170)</u>	<u>2,005,009</u>
Operating cash flow	248,868	17,735	(3,498)	263,105	218,967	6,273	(3,552)	221,688
Depreciation and amortization	102,112	18,611	-	120,723	98,581	20,353	-	118,934
Interest	29,159	4,741	-	33,900	30,850	4,702	-	35,552
Operating income (loss)	117,597	(5,617)	(3,498)	108,482	89,536	(18,782)	(3,552)	67,202
Non-operating income (expense)								
Investment income	16,022	1,523	-	17,545	123,875	16,154	738	140,767
Other net periodic pension costs	(590)	(3)	-	(593)	(645)	(268)	-	(913)
Income tax expense	(151)	(767)	-	(918)	(503)	(667)	-	(1,170)
Excess (deficit) of revenues over expenses	<u>\$ 132,878</u>	<u>\$ (4,864)</u>	<u>\$ (3,498)</u>	<u>\$ 124,516</u>	<u>\$ 212,263</u>	<u>\$ (3,563)</u>	<u>\$ (2,814)</u>	<u>\$ 205,886</u>

NOVANT HEALTH, INC.
COMBINING BALANCE SHEETS

	June 30, 2018				December 31, 2017			
	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	\$ 220,037	\$ 76,850	\$ -	\$ 296,887	\$ 335,358	\$ 73,340	\$ -	\$ 408,698
Accounts receivable, net	457,690	54,951	-	512,641	459,011	59,491	-	518,502
Short-term investments	420,207	159	-	420,366	299,912	159	-	300,071
Current portion of assets limited as to use	6,484	12,229	-	18,713	6,484	12,229	-	18,713
Receivable for settlement with third-party payors	8,063	1,862	-	9,925	17,881	3,351	-	21,232
Other current assets	156,301	32,013	(4,357)	183,957	172,113	25,869	(934)	197,048
Total current assets	1,268,782	178,064	(4,357)	1,442,489	1,290,759	174,439	(934)	1,464,264
Assets limited as to use	142,870	46,160	-	189,030	137,527	43,613	-	181,140
Long-term investments	2,019,977	313,435	-	2,333,412	2,003,142	311,542	-	2,314,684
Property and equipment, net	1,691,852	364,520	-	2,056,372	1,678,436	340,472	-	2,018,908
Intangible assets and goodwill, net	244,828	81,309	-	326,137	244,337	81,579	-	325,916
Investments in affiliates	71,909	24,060	(58,857)	37,112	75,278	23,678	(55,480)	43,476
Deferred tax asset	-	8,639	-	8,639	-	4,594	-	4,594
Other assets	82,833	18,980	-	101,813	84,612	26,477	-	111,089
Total assets	\$ 5,523,051	\$ 1,035,167	\$ (63,214)	\$ 6,495,004	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071
Liabilities and Net Assets								
Current liabilities								
Current portion of long-term debt	\$ 54,000	\$ 7,344	\$ -	\$ 61,344	\$ 62,880	\$ 4,729	\$ -	\$ 67,609
Short-term borrowings	87,943	-	-	87,943	88,041	8	-	88,049
Accounts payable	134,281	17,705	-	151,986	173,299	21,439	-	194,738
Accrued liabilities	319,298	54,797	(461)	373,634	362,595	52,291	(535)	414,351
Estimated third-party payor settlements	55,027	7,255	-	62,282	35,554	4,152	-	39,706
Due to (from) related organizations	(291,333)	291,333	-	-	(247,053)	247,053	-	-
Total current liabilities	359,216	378,434	(461)	737,189	475,316	329,672	(535)	804,453
Long-term debt, net of current portion	1,307,900	10,516	-	1,318,416	1,316,794	26,882	-	1,343,676
Deferred tax liability	-	5,877	-	5,877	-	1,158	-	1,158
Derivative financial instruments	34,935	-	-	34,935	44,832	-	-	44,832
Employee benefits and other liabilities	277,312	55,482	-	332,794	281,729	58,345	-	340,074
Total liabilities	1,979,363	450,309	(461)	2,429,211	2,118,671	416,057	(535)	2,534,193
Net assets								
Without donor restrictions- attributable to Novant Health	3,540,511	497,721	(125,221)	3,913,011	3,393,231	503,772	(118,749)	3,778,254
Without donor restrictions - noncontrolling interests	989	14,440	62,468	77,897	-	14,769	62,870	77,639
Total unrestricted net assets	3,541,500	512,161	(62,753)	3,990,908	3,393,231	518,541	(55,879)	3,855,893
With donor restrictions	2,188	72,697	-	74,885	2,189	71,796	-	73,985
Total net assets	3,543,688	584,858	(62,753)	4,065,793	3,395,420	590,337	(55,879)	3,929,878
Total liabilities and net assets	\$ 5,523,051	\$ 1,035,167	\$ (63,214)	\$ 6,495,004	\$ 5,514,091	\$ 1,006,394	\$ (56,414)	\$ 6,464,071

NOVANT HEALTH, INC.
STATEMENTS OF CASH FLOWS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

<i>(in thousands of dollars)</i>	<u>June 30, 2018</u>	<u>June 30, 2017</u>
Cash flows from operating activities		
Increase in net assets	\$ 135,195	\$ 194,067
Adjustments to reconcile changes in net assets to net cash provided by operating activities:		
Depreciation, amortization, and accretion	123,828	118,644
Gain on sale of real estate	(1,960)	(2,074)
Change in funded status of defined benefit plans	(428)	-
Share of earnings in affiliates, net of distributions	339	625
Net realized and unrealized gains on assets limited as to use and investments	(69)	(135,080)
Change in fair value of interest rate swap	(9,897)	(1,845)
Contributions restricted for capital	(182)	(60)
Changes in operating assets and liabilities		
Accounts receivable	(9,315)	16,486
Accounts payable and accrued liabilities	(65,354)	(34,638)
Deferred taxes, net	674	541
Other assets and liabilities, net	41,974	43,373
Net cash provided by operating activities	<u>214,805</u>	<u>200,039</u>
Cash flows from investing activities		
Capital expenditures	(169,157)	(133,950)
Proceeds from sale of long-term investments	619,373	655,823
Purchase of long-term investments	(636,954)	(663,344)
Proceeds from sales of short-term investments	314,344	240,066
Purchase of short-term investments	(434,411)	(284,615)
Proceeds from sale of property and equipment	1,435	2,471
Investments in unconsolidated affiliates	(1,469)	-
Other investing activities	947	(17,249)
Net cash used in investing activities	<u>(305,892)</u>	<u>(200,798)</u>
Cash flows from financing activities		
Principal payments on long-term debt	(67,658)	(13,581)
Proceeds from sale of accounts receivable, net	15,564	15,033
Cash proceeds from other financing and line of credit	1,468	13,036
Cash payments for repurchase agreements, net	(98)	(404)
Proceeds from revolving credit facility	30,000	-
Net cash provided by (used in) financing activities	<u>(20,724)</u>	<u>14,084</u>
Net increase (decrease) in cash and cash equivalents	(111,811)	13,325
Cash and cash equivalents		
Beginning of year	<u>408,698</u>	<u>260,988</u>
End of quarter	<u>\$ 296,887</u>	<u>\$ 274,313</u>

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE THREE MONTHS ENDED JUNE 30, 2018 AND 2017

	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	
														June 30, 2018	June 30, 2017
<u>INPATIENT STATISTICS</u>															
Average Daily Census	394	106	71	16	646	8	74	43	28	11	75	23	-	1,495	1,474
Discharges	6,920	2,774	1,965	723	10,027	220	1,261	1,168	781	479	1,616	752	-	28,686	27,917
Average Length of Stay	5.2	3.5	3.2	2.1	5.9	3.0	5.6	3.4	3.4	2.1	4.2	2.8	-	4.7	4.7
Patient Days	35,894	9,616	6,440	1,491	58,770	701	6,734	3,878	2,569	979	6,853	2,110	-	136,035	134,169
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	75,381	23,019	17,327	2,231	93,189	3,968	17,030	11,297	7,304	2,205	16,845	7,806	-	277,602	270,681
Adjusted Discharges	14,533	6,640	5,287	1,082	15,899	1,245	3,189	3,402	2,221	1,079	3,972	2,782	-	61,331	58,958
<u>OUTPATIENT STATISTICS</u>															
ED Visits	22,427	12,390	9,870	-	21,251	-	8,572	8,010	8,814	4,928	11,188	6,376	-	113,826	113,699
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	1,199,605	1,199,605	1,101,404
Cases	50,849	25,837	19,081	2,970	38,060	4,203	15,886	17,542	13,028	6,997	23,504	16,004	-	233,961	226,948
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	1,234	383	354	791	2,559	221	209	272	327	349	215	82	-	6,996	6,622
OP Surgical Cases	4,832	1,052	961	1,024	3,922	2,202	994	963	951	431	454	343	-	18,129	16,684
Total Surgical Cases	6,066	1,435	1,315	1,815	6,481	2,423	1,203	1,235	1,278	780	669	425	-	25,125	23,306
<u>OTHER STATISTICS</u>															
Total Births	1,332	592	457	-	1,633	-	163	108	-	-	258	224	-	4,767	4,546
Cath Lab Procedures	1,053	415	-	-	1,743	-	48	-	-	-	-	-	-	3,259	3,159
Open Heart Surgeries	79	-	-	-	186	-	-	-	-	-	-	-	-	265	286
Endoscopy Procedures	1,646	751	798	-	1,652	-	234	506	-	-	255	324	-	6,166	6,174
Radiology Procedures	40,823	26,411	19,934	3,934	61,344	1,207	14,138	16,867	13,799	7,413	24,158	15,640	-	245,668	237,672
Licensed Beds	608	157	91	64	927	22	146	74	50	36	130	60	-	2,365	2,317
Staffed Beds	452	129	88	18	731	20	83	56	37	14	75	23	-	1,726	1,654
Occupancy as % of Staffed Beds	87.2%	82.2%	80.8%	89.3%	88.3%	38.4%	89.2%	76.3%	75.5%	76.4%	100.9%	100.8%	-	86.6%	89.1%

NOVANT HEALTH, INC.
COMBINED GROUP STATISTICS
FOR THE SIX MONTHS ENDED JUNE 30, 2018 AND 2017

	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	Six Months Ended	
														June 30, 2018	June 30, 2017
<u>INPATIENT STATISTICS</u>															
Average Daily Census	423	108	73	18	661	8	75	44	32	11.87	78	25	-	1,557	1,506
Discharges	14,158	5,637	3,927	1,502	20,207	429	2,514	2,312	1,689	1,045	3,292	1,630	-	58,342	56,986
Average Length of Stay	5.5	3.5	3.4	2.1	5.9	3.1	5.4	3.5	3.5	2.1	4.3	2.8	-	4.8	4.8
Patient Days	76,490	19,474	13,279	3,292	119,707	1,363	13,628	7,904	5,870	2,149	14,158	4,545	-	281,859	272,631
<u>ADJUSTED STATISTICS</u>															
Adjusted Patient Days	154,571	44,715	34,647	4,899	186,635	7,784	33,711	22,797	15,844	4,693	34,127	16,469	-	560,892	540,888
Adjusted Discharges	28,611	12,943	10,246	2,235	31,505	2,450	6,219	6,668	4,559	2,282	7,935	5,906	-	121,559	117,819
<u>OUTPATIENT STATISTICS</u>															
ED Visits	45,432	25,089	19,869	-	42,180	-	17,139	16,061	17,802	10,199	22,791	12,844	-	229,406	229,900
Encounters	-	-	-	-	-	-	-	-	-	-	-	-	2,413,174	2,413,174	2,251,155
Cases	101,775	51,595	37,843	5,886	74,009	8,152	31,432	35,163	25,735	14,138	46,058	31,354	-	463,140	453,589
<u>SURGERY STATISTICS</u>															
IP Surgical Cases	2,556	759	726	1,657	5,080	434	392	548	689	729	400	159	-	14,129	13,577
OP Surgical Cases	9,386	2,039	1,834	2,087	7,700	4,408	1,896	1,901	1,794	865	836	664	-	35,410	33,642
Total Surgical Cases	11,942	2,798	2,560	3,744	12,780	4,842	2,288	2,449	2,483	1,594	1,236	823	-	49,539	47,219
<u>OTHER STATISTICS</u>															
Total Births	2,619	1,176	863	-	3,176	-	286	228	-	-	528	493	-	9,369	8,918
Cath Lab Procedures	2,137	818	-	-	3,353	-	88	-	-	-	-	-	-	6,396	6,319
Open Heart Surgeries	194	-	-	-	339	-	-	-	-	-	-	-	-	533	556
Endoscopy Procedures	3,215	1,433	1,605	-	3,142	-	498	1,454	-	-	516	653	-	12,516	12,526
Radiology Procedures	84,346	52,348	39,499	7,672	122,128	2,369	28,078	33,264	27,732	14,942	46,813	31,079	-	490,270	477,976
Licensed Beds	608	157	91	64	927	22	146	74	50	36	130	60	-	2,365	2,317
Staffed Beds	480	130	90	20	745	19	85	57	41	15	78	25	-	1,785	1,689
Occupancy as % of Staffed Beds	88.0%	83.0%	81.6%	90.1%	88.8%	39.1%	88.2%	76.2%	78.7%	77.5%	100.3%	100.4%	-	87.2%	89.2%