

Supplemental Financial Information

Fourth Quarter and Year Ended December 31, 2019

February 26, 2020



G R O U P

Our Culture:

With an unwavering commitment to integrity, quality, professionalism, and compassion, we make healthcare work better for the patients, families, and communities we are privileged to serve. It's all about helping people.

Forward-Looking Statements

Nasdaq: LHCG

Please visit the Investors section on our website at Investor.LHCgroup.com for additional information on LHC Group and the industry.

This presentation contains “forward-looking statements” (as defined in the Securities Litigation Reform Act of 1995) regarding, among other things, future events or the future financial performance of the Company. Words such as “anticipate,” “expect,” “project,” “intend,” “believe,” “will,” “estimate,” “may,” “could,” “should,” “outlook,” and “guidance” and words and terms of similar substance used in connection with any discussion of future plans, actions, events or results identify forward-looking statements.

Forward-looking statements are based on information currently available to the Company and involve estimates, expectations and projections. Investors are cautioned that all such forward-looking statements are subject to risks and uncertainties that could cause actual events or results to differ materially from the events or results described in the forward-looking statements, including, but not limited to, the risks and uncertainties described in our filings with the Securities and Exchange Commission, including our most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. Many of these risks, uncertainties and assumptions are beyond the Company’s ability to control or predict. Because of these risks, uncertainties and assumptions, investors should not place undue reliance on these forward-looking statements.

Furthermore, forward-looking statements speak only as of the information currently available to the Company on the date they are made, and the Company does not undertake any obligation to update publicly or revise any forward-looking statements to reflect events or circumstances that may arise after the date of this presentation. The Company does not give any assurance (1) that the Company will achieve its guidance or expectations, or (2) concerning any result or the timing thereof. All subsequent written and oral forward-looking statements concerning the Company and attributable to the Company or any person acting on their behalf are expressly qualified in their entirety by the cautionary statements above.”

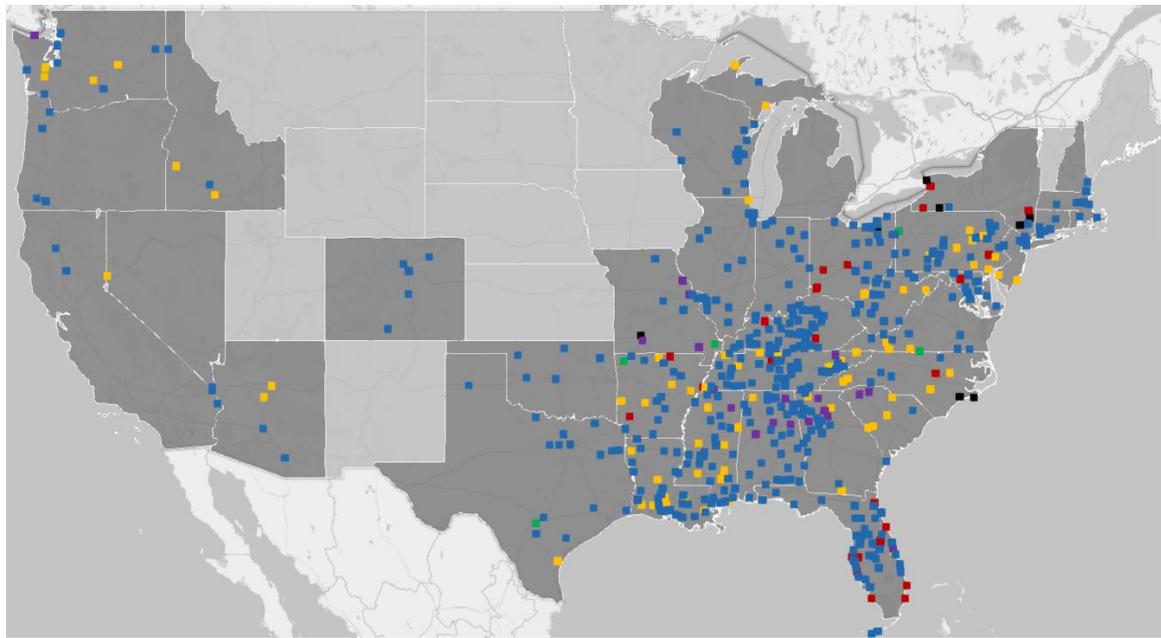
Non-GAAP Financial Information

This presentation includes certain financial measures that were not prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), including EBITDA and Adjusted EBITDA. The company uses these non-GAAP financial measures in operating its business because management believes they are less susceptible to variances in actual operating performance that can result from the excluded items. The company presents these financial measures to investors because they believe they are useful to investors in evaluating the primary factors that drive the company’s operating performance. The items excluded from these non-GAAP measures are important in understanding LHC Group’s financial performance, and any non-GAAP measures presented should not be considered in isolation of, or as an alternative to, GAAP financial measures. Since these non-GAAP financial measures are not measures determined in accordance with GAAP, have no standardized meaning prescribed by GAAP and are susceptible to varying calculations, these measures, as presented, may not be comparable to other similarly titled measures of other companies. EBITDA of LHC Group is defined as net income (loss) before income tax benefit (expense), interest expense, and depreciation and amortization expense. Adjusted EBITDA of LHC Group is defined as net income (loss) before income tax expense benefit (expense), depreciation and amortization expense, and transaction costs related to previous transactions.

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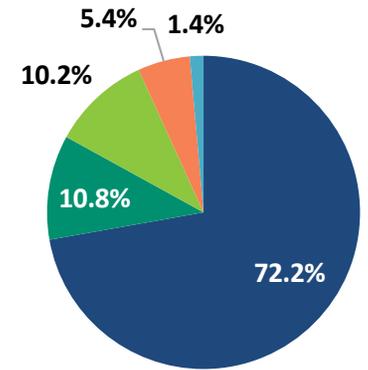
LHC Group Overview



- Home Health
- Hospice
- HCBS
- Home Health & Hospice
- Home Health & HCBS
- Home Health, Hospice, & HCBS

% of Revenue

- HH
- Hospice
- HCBS
- Facility-based
- HCI



553
home health
locations



60%
Of U.S.
population
aged 65+
included in
service area



110
hospice
locations



107
home &
community
based
services
locations



13
Long term
acute care
hospitals
locations



28
other service
locations



811
total
locations



350
leading
hospital
JV partners



35
states and
District of
Columbia

Commentary on Q4 2019 and FY 2019

- Net service revenue increased 4.2% for Q4 as compared to Q4 2018 and increased 14.9% for the full year of 2019 as compared to 2018.
- Adjusted Earnings Per Share increased 11.7% for Q4 2019 as compared to Q4 2018 and increased 25.9% for the full year of 2019 as compared to 2018.
- Margin improved in each segment in 2019 compared to 2018.
- Organic growth in admissions for legacy LHC home health locations was 10.3% for the quarter and 9.1% for full year 2019. Organic growth in legacy LHC admissions for hospice was 4.6% for the quarter and 5.6% for full year 2019.
- Combined LHC and AFAM organic growth in home health admissions continues to improve sequentially with 5.5% growth in Q4 2019 and pacing 8% to 10% growth in Q1 2020.
- Extensive piloting, testing and training of new care models for PDGM during 2019 created some headwinds in Q4 as we prepared for PDGM and realigned the home health operations to be successful in 2020 and beyond.
- LHC Group quality and patient satisfaction scores continue to lead the industry.
- Maintained strong pace of acquisitions – acquired or agreed to acquire \$114.3 million in annualized revenue in 2019.
- All former Almost Family locations were fully converted to LHC Group’s version of Homecare Homebase by year end.
- Completed the conversion of former Almost Family HCBS locations to Continulink.

Home Health Same Store Total Admission Growth

	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019	Q1 2020 Projection
LHCG only	6.1%	9.1%	11.1%	10.3%	9.1%	
LHCG + AFAM		1.7%	3.3%	5.5%		+8% to +10%

Select Key Segment Statistical and Financial Data

4Q 2019 Consolidated Growth

- Revenue: +4.2%
- Adjusted EPS: +11.7%
- Adjusted EBITDA: +2.9%

2019 Consolidated Growth

- Revenue: +14.9%
- Adjusted EPS: +25.9%
- Adjusted EBITDA: +30.9%



Home Health

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2019	2018	2019	2018
Organic growth excluding Almost Family: ⁽¹⁾⁽²⁾				
Net revenue	4.2%	6.6%	6.5%	8.5%
Net Medicare revenue	3.2%	1.4%	3.4%	4.0%
Total new admissions	10.3%	7.8%	9.1%	8.2%
Medicare new admissions	4.2%	3.5%	2.9%	4.8%
Average daily census	5.2%	2.9%	5.1%	2.9%
Average Medicare daily census	0.1%	(1.1)%	0.0%	(0.9)%
Medicare completed and billed episodes	2.3%	1.0%	1.3%	1.1%



Hospice

Admissions	4,768	4,558	18,515	17,697
Average daily census	4,213	3,995	4,062	3,603
Patient days	389,926	351,742	1,483,146	1,314,581
Average revenue per patient day	\$151.82	\$152.56	\$152.87	\$153.64
Organic growth excluding Almost Family: (1)(2)				
Total new admissions	4.6%	9.2%	5.6%	7.2%



Home and Community-Based

Average daily census	13,896	14,642	13,910	14,392
Billable hours	2,111,816	2,257,127	8,907,460	7,259,191
Revenue per billable hour	\$24.96	\$23.87	\$24.06	\$24.17



Facility-Based

Patient days	20,313	18,409	78,837	83,889
Average revenue per patient day	\$1,287	\$1,359	\$1,304	\$1,269
Occupancy rate	64.7%	64.5%	67.0%	71.3%



- (1) Organic growth is calculated as the sum of same store plus de novo for the period divided by total from the same period in the prior year.
- (2) Almost Family locations remain counted as acquired locations in 2019 due to system integrations, which was completed at the end of 2019. Beginning in the first quarter of 2020, Almost Family locations will be included in the same store calculation.

2019 Adjusted Consolidated Results

	Three months ended December 31,			Year ended December 31,		
	Consolidated	Total Adjustments	Adjusted Consolidated	Consolidated	Total Adjustments	Adjusted Consolidated
Net service revenue	\$531,315	\$1,304	\$532,619	\$2,080,241	\$1,304	\$2,081,545
Cost of service revenue	343,267	(7,735)	335,532	1,324,887	(18,680)	1,306,207
Gross margin	188,048		197,087	755,354		775,338
General and administrative expenses	155,372	(10,283)	145,089	596,006	(32,645)	563,361
Impairment of intangibles and other	200	(200)	0	7,734	(7,734)	0
Operating income	\$32,476	\$19,522	\$51,998	\$151,614	\$60,363	\$211,977
Add back depreciation	5,442	0	5,442	18,254	0	18,254
Less non controlling interests	(4,109)	0	(4,109)	(18,126)	0	(18,126)
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$33,809	\$19,522	\$53,331	\$151,742	\$60,363	\$212,105
EBITDA less NCI as a percentage of revenue	6.4%		10.0%	7.3%		10.2%

Adjusted Consolidated Results – 2019 vs 2018

	Three months ended December 31,				Year ended December 31,			
	2019 Adjusted Consolidated	% of rev	2018 Adjusted Consolidated	% of rev	2019 Adjusted Consolidated	% of rev	2018 Adjusted Consolidated	% of rev
Net service revenue	\$532,619		\$510,142		\$2,081,545		\$1,810,814	
Cost of service revenue	335,532	63.0%	322,133	63.1%	1,306,207	62.8%	1,150,053	63.5%
Gross margin	197,087	37.0%	188,009	36.9%	775,338	37.2%	660,761	36.5%
General and administrative expenses	145,089	27.2%	135,786	26.6%	563,361	27.1%	499,788	27.6%
Operating income	\$51,998	9.8%	\$52,223	10.2%	\$211,977	10.2%	\$160,973	8.9%
Depreciation	5,442		4,376		18,254		16,362	
Non-controlling interests	(4,109)		(4,756)		(18,126)		(15,349)	
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$53,331		\$51,843		\$212,105		\$161,986	
EBITDA less NCI as a percentage of revenue	10.0%		10.2%		10.2%		8.9%	

- For the three months ended December 31, 2019, consolidated Adjusted Earnings Before Interest, Taxes, Depreciation, and Amortization (EBITDA) decreased 20 basis points as a percentage of revenue. The decrease is mainly due to an approximately 2% decrease in case mix.
- For the twelve months ended December 31, 2019, adjusted EBITDA increased 130 basis points mainly due to 70 basis points improvement in gross margin and 50 basis point improvement in general and administrative expense.

Adjustments to Net Income

PRE-TAX ADJUSTMENTS	Q4 2019	Q4 2018	2019	2018
Almost Family and other acquisition expenses (1)	\$7,335	\$5,922	\$35,640	\$33,037
Closures/relocations/consolidations (2)	\$1,532	\$10,170	\$8,068	\$16,935
Operation realignment and PDGM implementation cost (3)	\$6,960	\$0	\$6,960	\$0
Dispute settlements (4)	\$3,695	\$0	\$3,695	\$0
Provider moratorium impairment (5)	\$0	\$0	\$6,000	\$0
Total	\$19,522	\$16,092	\$60,363	\$49,972

ADJUSTMENTS NET OF TAX	Q4 2019	Q4 2018	2019	2018
Almost Family and other acquisition expenses (1)	\$5,303	\$4,235	\$25,766	\$23,524
Closures/relocations/consolidations (2)	\$1,108	\$7,271	\$5,830	\$12,070
Operation realignment and PDGM implementation cost (3)	\$5,032	\$0	\$5,032	\$0
Dispute settlements (4)	\$2,671	\$0	\$2,671	\$0
Provider moratorium impairment (5)	\$0	\$0	\$4,332	\$0
Net tax benefit related to Almost Family acquisition	\$0	\$0	\$0	\$(511)
Total	\$14,114	\$11,506	\$43,631	\$35,083

Footnotes on page 11

Adjustments to Net Income continued

ADJUSTMENTS NET OF TAX	Q4 2019	Q4 2018	2019	2018
Almost Family and other acquisition expenses (1)	\$0.17	\$0.14	\$0.83	\$0.85
Closures/relocations/consolidations (2)	\$0.04	\$0.23	\$0.19	\$0.43
Operation realignment and PDGM implementation cost (3)	\$0.16	\$0.00	\$0.16	\$0.00
Dispute settlements (4)	\$0.08	\$0.00	\$0.08	\$0.00
Provider moratorium impairment (5)	\$0.00	\$0.00	\$0.14	\$0.00
Net tax benefit related to Almost Family acquisition	\$0.00	\$0.00	\$0.00	\$(0.02)
Total	\$0.45	\$0.37	\$1.40	\$1.26

Footnotes:

1. Transition, integration and Homecare Homebase conversion expenses and other costs associated with the acquisition of Almost Family and other recently announced or completed acquisitions (\$7.3 million pre-tax in the three months ended December 31, 2019 and \$35.6 million in the twelve months ended December 31, 2019).
2. Expenses and impairments associated with the closure or consolidation of 5 locations in the fourth quarter of 2019 along with residual costs and expenses in connection with closures in prior periods (\$1.5 million pre-tax in the three months ended December 31, 2019 and \$8.1 million in the twelve months ended December 31, 2019).
3. Expenses, severance payments and other benefits associated with the separation agreement from the resignation of our former Chief Operating Officer effective December 31, 2019, along with expenses and costs associated with a realignment of our home health divisions and PDGM preparedness, software implementation and training cost (\$6.9 million pre-tax in the three months ended December 31, 2019 and in the twelve months ended December 31, 2019).
4. In the fourth quarter of 2019, the Company settled disputed contractual payments (\$3.7 million pre-tax in the three months ended December 31, 2019 and in the twelve months ended December 31, 2019).
5. During the twelve months ended December 31, 2019, the Company recorded \$6.0 million of moratoria impairment as a result of the Centers for Medicare and Medicaid Services ("CMS") action to remove all federal moratoria with regard to Medicare provider enrollment.

Three Months Ended December 31, 2019 Adjusted Segment Results

	Home health services	Adjustments	Adjusted Home health services	Hospice services	Adjustments	Adjusted Hospice services	HCBS services	Adjustments	Adjusted HCBS services
Net service revenue	\$389,506	\$474	\$389,980	\$58,101		\$58,101	\$50,845		\$50,845
Cost of service revenue	244,954	(7,257)	237,697	36,325	(34)	36,291	38,761	(444)	38,317
Gross margin	144,552		152,283	21,776		21,810	12,084		12,528
General and administrative expenses	115,160	(9,472)	105,688	16,024	(274)	15,750	11,021	(374)	10,647
Impairment of intangibles and other	180	(180)	0	20	(20)	0	0	0	0
Operating income	\$29,212	\$17,383	\$46,595	\$5,732	\$328	\$6,060	\$1,063	\$818	\$1,881
Add back depreciation	3,132		3,132	538		538	412		412
Less non-controlling interests	(3,345)		(3,345)	(1,266)		(1,266)	148		148
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$28,999	\$17,383	\$46,382	\$5,004	\$328	\$5,332	\$1,623	\$818	\$2,441
EBITDA less NCI as a percentage of revenue	7.4%		11.9%	8.6%		9.2%	3.2%		4.8%

	Facility-based services	Adjustments	Adjusted Facility-based services	HCI	Adjustments	Adjusted HCI services
Net service revenue	\$27,418	\$830	\$28,248	\$5,445		\$5,445
Cost of service revenue	19,462		19,462	3,765		3,765
Gross margin	7,956		8,786	1,680		1,680
General and administrative expenses	10,348	(130)	10,218	2,819	(33)	2,786
Impairment of intangibles and other	0	0	0	0	0	0
Operating income (loss)	(\$2,392)	\$960	(\$1,432)	(\$1,139)	\$33	(\$1,106)
Add back depreciation	1,056		1,056	304		304
Less non-controlling interests	344		344	10		10
Earnings before interest, tax, and depreciation (EBITDA less NCI)	(\$992)	\$960	(\$32)	(\$825)	\$33	(\$792)
EBITDA less NCI as a percentage of revenue	-3.6%		-0.1%	-15.2%		-14.5%

Year Ended December 31, 2019 Adjusted Segment Results

	Home health services		Adjusted Home health services	Hospice services		Adjusted Hospice services	HCBS services		Adjusted HCBS services
		Adjustments			Adjustments			Adjustments	
Net service revenue	\$1,503,393	\$474	\$1,503,867	\$226,922	\$0	\$226,922	\$208,455	\$0	\$208,455
Cost of service revenue	\$939,036	(\$16,149)	922,887	\$140,178	(\$696)	139,482	\$157,815	(\$966)	156,849
Gross margin	564,357		580,980	86,744		87,440	50,640		51,606
General and administrative expenses	437,275	(28,402)	408,873	61,191	(2,061)	59,130	44,025	(1,369)	42,656
Impairment of intangibles and other	7,443	(7,443)	0	291	(291)	0	0	0	0
Operating income	\$119,639	\$52,468	\$172,107	\$25,262	\$3,048	\$28,310	\$6,615	\$2,335	\$8,950
Add back depreciation	10,501		10,501	1,849		1,849	1,378		1,378
Less non-controlling interests	(14,650)		(14,650)	(3,978)		(3,978)	905		905
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$115,490	\$52,468	\$167,958	\$23,133	\$3,048	\$26,181	\$8,898	\$2,335	\$11,233
EBITDA less NCI as a percentage of revenue	7.7%		11.2%	10.2%		11.5%	4.3%		5.4%

	Facility-based services		Adjusted Facility-based services	HCI		Adjusted HCI services
		Adjustments			Adjustments	
Net service revenue	\$111,809	\$830	\$112,639	\$29,662	\$0	\$29,662
Cost of service revenue	\$73,274	(\$158)	73,116	\$14,584	(\$711)	13,873
Gross margin	38,535		39,523	15,078		15,789
General and administrative expenses	38,358	(369)	37,989	15,157	(444)	14,713
Impairment of intangibles and other	0	0	0	0	0	0
Operating income (loss)	\$177	\$1,357	\$1,534	(\$79)	\$1,155	\$1,076
Add back depreciation	3,366		3,366	1,160		1,160
Less non-controlling interests	(435)		(435)	32		32
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$3,108	\$1,357	\$4,465	\$1,113	\$1,155	\$2,268
EBITDA less NCI as a percentage of revenue	2.8%		4.0%	3.8%		7.6%



Home Health Segment Adjusted Segment Results – 2019 vs 2018

	Three months ended December 31,				Twelve months ended December 31,			
	2019 Adjusted Home health services	% of rev	2018 Adjusted Home health services	% of rev	2019 Adjusted Home health services	% of rev	2018 Adjusted Home health services	% of rev
Net service revenue	\$389,980		\$367,408		\$1,503,867		\$1,292,308	
Cost of service revenue	237,697	61.0%	224,477	61.1%	922,887	61.4%	799,506	61.9%
Gross margin	152,283	39.0%	142,931	38.9%	580,980	38.6%	492,802	38.1%
General and administrative expenses	105,688	27.1%	95,457	26.0%	408,873	27.2%	352,684	27.3%
Operating income	\$46,595	11.9%	\$47,474	12.9%	\$172,107	11.4%	\$140,118	10.8%
Depreciation	3,132		2,430		10,501		9,364	
Noncontrolling interests	(3,345)		(3,873)		(14,650)		(13,361)	
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$46,382		\$46,031		\$167,958		\$136,121	
EBITDA less NCI as a percentage of revenue	11.9%		12.5%		11.2%		10.5%	

- For the twelve months ended December 31, 2019, EBITDA increased 70 basis points due to 50 basis point improvement in gross margin, 10 basis point improvement in general and administrative expense and 40 basis point improvement in implicit price concession.



Hospice Segment Adjusted Segment Results – 2019 vs 2018

	Three months ended December 31,				Twelve months ended December 31,			
	2019 Adjusted Hospice services	% of rev	2018 Adjusted Hospice services	% of rev	2019 Adjusted Hospice services	% of rev	2018 Adjusted Hospice services	% of rev
Net service revenue	\$58,101		\$52,976		\$226,922		\$199,118	
Cost of service revenue	36,291	62.5%	34,772	65.6%	139,482	61.5%	129,908	65.2%
Gross margin	21,810	37.5%	18,204	34.4%	87,440	38.5%	69,210	34.8%
General and administrative expenses	15,750	27.1%	13,630	25.7%	59,130	26.1%	53,647	26.9%
Operating income	\$6,060	10.4%	\$4,574	8.6%	\$28,310	12.5%	\$15,563	7.8%
Depreciation	538		513		1,849		2,278	
Noncontrolling interests	(1,266)		(548)		(3,978)		(1,764)	
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$5,332		\$4,539		\$26,181		\$16,077	
EBITDA less NCI as a percentage of revenue	9.2%		8.6%		11.5%		8.1%	

- For the twelve months ended December 31, 2019, Adjusted EBITDA increased 340 basis points due to improved gross margin and general and administrative expense driven by growth in average daily census resulting in higher patient days.



Home and Community Based Services Segment Adjusted Segment Results – 2019 vs 2018

	Three months ended December 31,				Twelve months ended December 31,			
	2019 Adjusted HCBS services	% of rev	2018 Adjusted HCBS services	% of rev	2019 Adjusted HCBS services	% of rev	2018 Adjusted HCBS services	% of rev
Net service revenue	\$50,845		\$52,885		\$208,455		\$172,501	
Cost of service revenue	38,317	75.4%	40,309	76.2%	156,849	75.2%	130,470	75.6%
Gross margin	12,528	24.6%	12,576	23.8%	51,606	24.8%	42,031	24.4%
General and administrative expenses	10,647	20.9%	10,826	20.5%	42,656	20.5%	37,578	21.8%
Operating income	\$1,881	3.7%	\$1,750	3.3%	\$8,950	4.3%	\$4,453	2.6%
Depreciation	412		162		1,378		620	
Noncontrolling interests	148		119		905		275	
Earnings before interest, tax, and depreciation (EBITDA less NCI)	\$2,441		\$2,031		\$11,233		\$5,348	
EBITDA less NCI as a percentage of revenue	4.8%		3.8%		5.4%		3.1%	

- For the twelve months ended December 31, 2019, Adjusted EBITDA increased 230 basis points due to 40 basis point improvement in gross margin and 130 basis point improvement in general and administrative expense.



Facility-Based Services Segment Adjusted Segment Results – 2019 vs 2018

	Three months ended December 31,				Twelve months ended December 31,			
	2019 Adjusted Facility-based services	% of rev	2018 Adjusted Facility-based services	% of rev	2019 Adjusted Facility-based services	% of rev	2018 Adjusted Facility-based services	% of rev
Net service revenue	\$28,248		\$27,439		\$112,639		\$113,784	
Cost of service revenue	19,462	68.9%	17,779	64.8%	73,116	64.9%	74,883	65.8%
Gross margin	8,786	31.1%	9,660	35.2%	39,523	35.1%	38,901	34.2%
General and administrative expenses	10,218	36.2%	9,893	36.1%	37,989	33.7%	37,513	33.0%
Operating income (loss)	(\$1,432)	-5.1%	(\$233)	-0.8%	\$1,534	1.4%	\$1,388	1.2%
Depreciation	1,056		875		3,366		2,906	
Noncontrolling interests	344		(461)		(435)		(589)	
Earnings before interest, tax and depreciation (EBITDA less NCI)	(\$32)		\$181		\$4,465		\$3,705	
EBITDA less NCI as a percentage of revenue	-0.1%		0.7%		4.0%		3.3%	

- For the twelve months ended December 31, 2019, EBITDA increased 70 basis points. This was due to an improvement in revenue per patient day from higher acuity driven by higher percentage of patients that meet the criteria for LTACH rates.



Home Care Innovations Segment Adjusted Segment Results – 2019 vs 2018

	Three months ended December 31,				Twelve months ended December 31,			
	2019 Adjusted HCI services	% of rev	2018 Adjusted HCI services	% of rev	2019 Adjusted HCI services	% of rev	2018 Adjusted HCI services	% of rev
Net service revenue	\$5,445		\$9,434		\$29,662		\$33,103	
Cost of service revenue	3,765	69.1%	4,796	50.8%	13,873	46.8%	15,286	46.2%
Gross margin	1,680	30.9%	4,638	49.2%	15,789	53.2%	17,817	53.8%
General and administrative expenses	2,786	51.2%	5,980	63.4%	14,713	49.6%	18,366	55.5%
Operating income (loss)	(\$1,106)	-20.3%	(\$1,342)	-14.2%	\$1,076	3.6%	(\$549)	-1.7%
Depreciation	304		396		1,160		1,194	
Noncontrolling interests	10		7		32		90	
Earnings before interest, tax and depreciation (EBITDA less NCI)	(\$792)		(\$939)		\$2,268		\$735	
EBITDA less NCI as a percentage of revenue	-14.5%		-10.0%		7.6%		2.2%	

- The decrease in revenue in the fourth quarter of 2019 as compared to the fourth quarter in 2018 is mainly due to the sale of the Ingenios Health business which occurred in March 2019.
- For the twelve months ended December 31, 2019, Adjusted EBITDA increased 540 basis points due to better contribution margins from each of the HCI service lines.

Full Year 2020 Guidance

Metric	Low	Midpoint	High	% of YOY growth @ Midpoint
Revenue less implicit price concession	\$2,130 million	\$2,150 million	\$2,180 million	3.3%
EPS	\$4.60	\$4.70	\$4.80	5.1%
EBITDA less NCI	\$230 million	\$235 million	\$240 million	10.8%

Assumptions

- Estimated effective tax rate of 27% for full year 2019 and effective tax rate of 21% for the first quarter of 2020 due to the impact of an excess tax benefit related to the vesting of restricted stock.
- 6% to 8% organic growth in home health admissions for the year.
- Revenue effect from PDGM mitigated throughout the first half of 2020.
 - -3% to -4% impact to PDGM episodes in Q1 2020 and incrementally improving to neutral by the start of Q3 2020.
- Cost efficiencies
 - Increase in labor cost per patient day in Q1 due to an increase in payroll taxes of approximately \$4 to \$5 million over Q4 2019 and parallel home health models and then incrementally improving through the rest 2020.
- 6% to 8% organic growth in hospice admissions for the year.
- Fully diluted shares of 31.6 million

First Quarter 2020 Guidance

Metric	Low	Midpoint	High
Revenue less implicit price concession	\$500 million	\$505 million	\$510 million
EPS	\$0.70	\$0.75	\$0.80
EBITDA less NCI	\$33 million	\$36.5 million	\$40 million

Assumptions

- Estimated effective tax rate of 21% for the first quarter of 2020 due to the impact of an excess tax benefit related to the vesting of restricted stock.
- Increase in payroll taxes of approximately \$4 to \$5 million over Q4 2019.
- Revenue effect from PDGM
 - -3% to -4% impact to PDGM episodes in Q1 2020

Accelerated Acquisition and Joint Venture Momentum in 2019

Acquisition/Joint Venture	Partner	State	Date Closed	Locations	Annual Revenue
Unity Health Homecare	Unity Health	Arkansas	1/31/2019	2	\$3,500,000
Geisinger Home Health and Hospice	Geisinger/AtlantiCare	Pennsylvania/ New Jersey	4/1/2019 6/1/2019	13	\$35,000,000
VNA of Maryland	N/A	Maryland	8/1/2019	2	\$35,000,000
Central Missouri Home Health	Capital Regional Medical Center	Missouri	8/1/2019	3	\$3,500,000
Atmore Hospital Home Health	Atmore Community Hospital	Alabama	8/1/2019	1	\$2,000,000
Comfort Home Care	N/A	Ohio	8/1/2019	2	\$2,000,000
St. Catherine LTAC Hospital	Ochsner Health System	Louisiana	9/1/2019	1	\$3,800,000
LifePoint Health	LifePoint Health	Arizona/Idaho/ Ohio	12/1/2019	3	\$3,600,000
Life Wellness Home Health	N/A	Nevada	12/1/2019	1	\$2,100,000
DFW Home Health	Texas Health Resources/Methodist Health System	Texas	1/1/2020	1	\$2,400,000
LifePoint Health	N/A	Arkansas	1/1/2020	2	\$5,400,000
Southeast Louisiana HomeCare	Ochsner Health System	Louisiana	1/1/2020	5	\$16,000,000
Total acquired or announced revenue in 2019					<u>\$114,300,000</u>

Industry-Leading Quality and Patient Satisfaction

Quality	Jan 2020 LHC Actual	Jan 2020 National Average	Oct 2019 LHC Actual	Oct 2019 National Average
LHC Group	4.66	3.27	4.65	3.28
Almost Family	3.83	3.27	3.82	3.28
Combined	4.28	3.27	4.27	3.28

Patient Satisfaction ⁽¹⁾	Jan 2020 LHC Actual	Jan 2020 National Average	Oct 2019 LHC Actual	Oct 2019 National Average
LHC Group	4.10	3.50	4.41	3.72
Almost Family	3.60	3.50	3.86	3.72
Combined	3.89	3.50	4.18	3.72

- 97% of LHC same-store locations have CMS 4 stars or greater for quality



- 90% of LHC same-store locations have CMS 4 stars or greater for patient satisfaction



- 100% of LHC Group agencies are Joint Commission accredited or are in the accreditation process
- Fewer than 15% of all home care agencies nationwide earn Joint Commission accreditation



(1) CMS changed the criteria for patient satisfaction scores for all providers for the January report.

Debt and Liquidity Metrics

Outstanding Debt <i>(amounts in thousands)</i>	As of Dec. 31, 2019	Credit Facility <i>(amounts in thousands)</i>	As of Dec. 31, 2019
Total Debt – Balance Sheet	\$253,000	Revolver Size	\$500,000
Less: Cash	\$31,672	Less: Outstanding Revolver	\$253,000
Net Debt	\$221,328	Less: Letters of Credit	<u>\$28,400</u>
Net debt to estimated 2019 adjusted EBITDA ratio	1.04x	Available Revolver	\$218,600
		Plus: Cash	\$31,672
		Plus: Accordion	<u>\$200,000</u>
		Total Liquidity	\$450,272

Cash Flow <i>(amounts in thousands)</i>	As of Dec. 31, 2019
Free Cash Flow (12 Months Ended)	\$78,727
+ Cash adjustments net of tax to 2019 EBITDA	40,019
= Adjusted Free Cash Flow (12 Months Ended)	\$115,391
DSO's	49 days

Focus for 2020

- ✓ Successful execution of our PDGM clinical pathway and efficiency plan
- ✓ Continue to lead the industry in quality and patient satisfaction scores
- ✓ Continue to capture incremental growth from raising Almost Family quality scores to LHCG standards
- ✓ Maintain disciplined capital allocation with new joint ventures and other M&A activity
- ✓ Accelerate plans for unlocking untapped potential of co-location strategy
- ✓ Maximize value of Healthcare Innovations business
- ✓ Capture market share gains and incremental contributions from recent joint ventures and other acquisitions
- ✓ Capture opportunistic share in each market from anticipated consolidation caused by PDGM and RAP elimination
- ✓ Continue our focus as an industry leader in key areas around employee recruitment and retention including vacancy rate and voluntary turnover

Non-GAAP Reconciliations (Amounts in thousands, unaudited)

RECONCILIATION OF REVENUE AFTER ADOPTION OF ASU 2014-09

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net Service Revenue, pre-adoption	\$533,825	\$515,638	\$2,101,908	\$1,835,478
Less: Implicit price concession ⁽¹⁾	2,509	5,797	21,667	25,515
Net Service Revenue, post-adoption	\$531,315	\$509,841	\$2,080,241	\$1,809,963

RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO LHC GROUP

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income attributable to LHC Group, Inc.'s common stockholders	\$21,803	\$20,552	\$95,726	\$63,574
Add (net of tax):				
Almost Family and other acquisition expenses ⁽²⁾	5,303	4,235	25,766	23,524
Closures/relocations/consolidations ⁽³⁾	1,108	7,271	5,830	12,070
Operation realignment and PDGM implementation cost ⁽⁴⁾	5,032	—	5,032	—
Dispute settlements ⁽⁵⁾	2,671	—	2,671	—
Provider moratorium impairment ⁽⁶⁾	—	—	4,332	—
Net tax benefit related to Almost Family acquisition	—	—	—	(511)
Adjusted net income attributable to LHC Group, Inc.'s common stockholders	\$35,917	\$32,058	\$139,357	\$98,657

Non-GAAP Reconciliations (Amounts in thousands, unaudited)

RECONCILIATION OF ADJUSTED NET INCOME ATTRIBUTABLE TO LHC GROUP PER DILUTED SHARE

	Three Months December 31,		Year Ended December 31,	
	2019	2018	2019	2018
Net income attributable to LHC Group, Inc.'s common stockholders	\$0.70	\$0.66	\$3.07	\$2.29
Add (net of tax):				
Almost Family and other acquisition expenses (2)	0.17	0.14	0.83	0.85
Closures/relocations/consolidations (3)	0.04	0.23	0.19	0.43
Operation realignment and PDGM implementation cost (4)	0.16	—	0.16	—
Dispute settlements (5)	0.08	—	0.08	—
Provider moratorium impairment (6)	—	—	0.14	—
Net tax benefit related to Almost Family acquisition	—	—	—	(0.02)
Adjusted net income attributable to LHC Group, Inc.'s common stockholders	\$1.15	\$1.03	\$4.47	\$3.55

Footnotes:

1. Provision for bad debts are classified as implicit price concessions in determining the transaction price of the Company's net service revenue.
2. Transition, integration and Homecare Homebase conversion expenses and other costs associated with the acquisition of Almost Family and other recently announced or completed acquisitions (\$7.3 million pre-tax in the three months ended December 31, 2019 and \$35.6 million in the twelve months ended December 31, 2019).
3. Expenses and impairments associated with the closure or consolidation of 5 locations in the fourth quarter of 2019 along with residual costs and expenses in connection with closures in prior periods (\$1.5 million pre-tax in the three months ended December 31, 2019 and \$8.1 million in the twelve months ended December 31, 2019).
4. Expenses, severance payments and other benefits associated with the separation agreement from the resignation of our former Chief Operating Officer effective December 31, 2019, along with expenses and costs associated with a realignment of our home health divisions and PDGM preparedness, software implementation and training cost (\$6.9 million pre-tax in the three months ended December 31, 2019 and in the twelve months ended December 31, 2019).
5. In the fourth quarter of 2019, the Company settled disputed contractual payments (\$3.7 million pre-tax in the three months ended December 31, 2019 and in the twelve months ended December 31, 2019).
6. During the twelve months ended December 31, 2019, the Company recorded \$6.0 million of moratoria impairment as a result of the Centers for Medicare and Medicaid Services ("CMS") action to remove all federal moratoria with regard to Medicare provider enrollment.

Non-GAAP Reconciliations (Amounts in thousands, unaudited)

- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA)

	Three Months Ended Dec. 31,		Year Ended Dec. 31,	
	2019	2018	2019	2018
Net income	\$21,803	\$20,552	\$95,726	\$63,574
Add:				
Income tax expense	3,942	7,568	26,607	22,399
Interest expense, net	2,622	3,255	11,156	9,679
Depreciation and amortization	5,442	4,376	18,254	16,362
Adjustment items (1)	19,522	16,092	60,363	49,972
Adjusted EBITDA	\$53,331	\$51,843	\$212,106	\$161,986

(1) Adjustment items (pre-tax):

Almost Family and other acquisition expenses	\$7,335	\$5,922	\$35,640	\$33,037
Closures/relocations/consolidations	1,532	10,170	8,068	16,935
Operation realignment and PDGM implementation cost	6,960	0	6,960	0
Dispute settlements	3,695	0	3,695	0
Provider moratorium impairment	0	0	6,000	0
Total adjustments	\$19,522	\$16,092	\$60,363	\$49,972



It's all about helping people.