



Investor Presentation

Q2 2019

Improving health and
well-being at home



Forward-Looking Statements

Certain matters discussed in this presentation constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended. Such forward-looking statements may be identified by words such as “continue,” “expect,” and similar expressions. These forward-looking statements are based on our current expectations and beliefs concerning future developments and their potential effect on us. Forward-looking statements involve a number of risks and uncertainties that may cause actual results to differ materially from those expressed or implied by such forward-looking statements, including discretionary determinations by government officials, the consummation and integration of acquisitions, anticipated transition to managed care providers, our ability to successfully execute our growth strategy, unexpected increases in SG&A and other expenses, expected benefits and unexpected costs of acquisitions and dispositions, management plans related to dispositions, the possibility that expected benefits may not materialize as expected, the failure of the business to perform as expected, changes in reimbursement, changes in government regulations, changes in Addus HomeCare’s relationships with referral sources, increased competition for Addus HomeCare’s services, changes in the interpretation of government regulations, the uncertainty regarding the outcome of discussions with managed care organizations, changes in tax rates, the impact of adverse weather, higher than anticipated costs, lower than anticipated cost savings, estimation inaccuracies in future revenues, margins, earnings and growth, whether any anticipated receipt of payments will materialize, any failure of Illinois to enact a minimum wage offset and/or the timing of any such enactment and other risks set forth in the Risk Factors section in Addus HomeCare’s Annual Report on Form 10-K filed with the Securities and Exchange Commission (the “SEC”) on March 15, 2019 and other filings with the SEC, which are available at www.sec.gov.

Addus HomeCare undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. In addition, these forward-looking statements necessarily depend upon assumptions, estimates and dates that may be incorrect or imprecise and involve known and unknown risks, uncertainties and other factors. Accordingly, any forward-looking statements included in this presentation do not purport to be predictions of future events or circumstances and may not be realized.

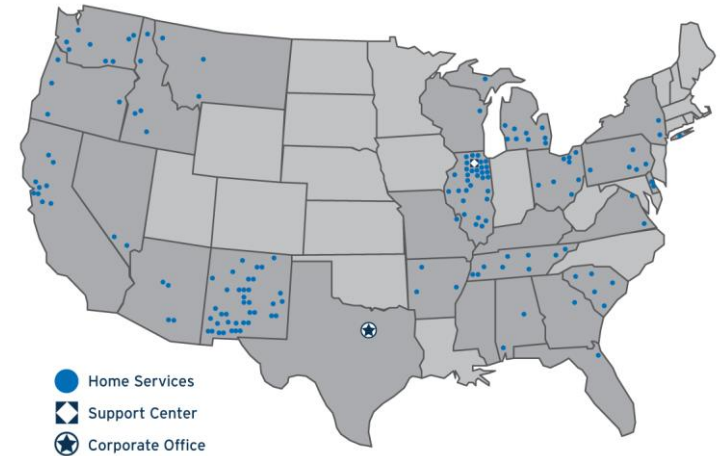
This presentation also includes certain pro forma financial information, which is unaudited, presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the relevant transactions had been consummated on the date indicated, nor is it indicative of future operating results. The pro forma financial information presented includes adjustments that would not normally be included in the pro forma financial statements contained in a registration statement filed with the SEC that contain pro forma financial information prepared in accordance with Regulation S-X under the Securities Act.

Company Overview

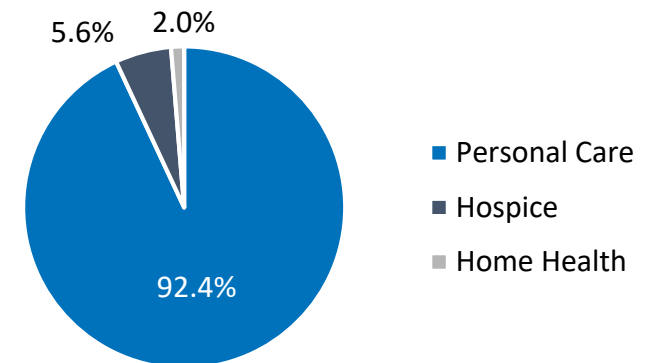
Addus Snapshot

- A home care services provider primarily focused on personal care and hospice services
- Operates 162 locations in 24 states with over 30,000 employees
- Recent entry into hospice space complementary to personal care segment
- Serves approximately 40,000 consumers - typically elderly, chronically ill or disabled and at risk of hospitalization or institutionalization
- Provides personal care (non-medical services) on a long-term continual basis, with an average duration of approximately 26 months per consumer
 - Without this care, consumers typically progress to nursing homes at more than 3x the cost
- Annualized revenues and adjusted EBITDA of \$577.8 million and \$47.1 million, respectively (based on results for 1H 2019)
- Stated goal of revenue growth of at least 10% annually

Geographic Footprint



1H 2019 Revenue



Company Mission: Providing cost effective care and assistance that gives people the freedom to remain in their homes

Addus — Key Operating Segments

	Personal Care	Hospice
Description	<ul style="list-style-type: none"> Non-skilled attendant care for activities of daily life 	<ul style="list-style-type: none"> End-of-life care for patients in final phase of a terminal illness
Key Services	<ul style="list-style-type: none"> Personal hygiene Dressing Meal preparation Adherence 	<ul style="list-style-type: none"> Nursing care Social work Spiritual counseling Homemaker services Bereavement counseling
Reimbursement	<ul style="list-style-type: none"> Per-hour basis 	<ul style="list-style-type: none"> Per diem basis
Revenue Breakdown ⁽¹⁾	<p>92.4%</p> <ul style="list-style-type: none"> Personal Care 	<p>5.6%</p> <ul style="list-style-type: none"> Hospice

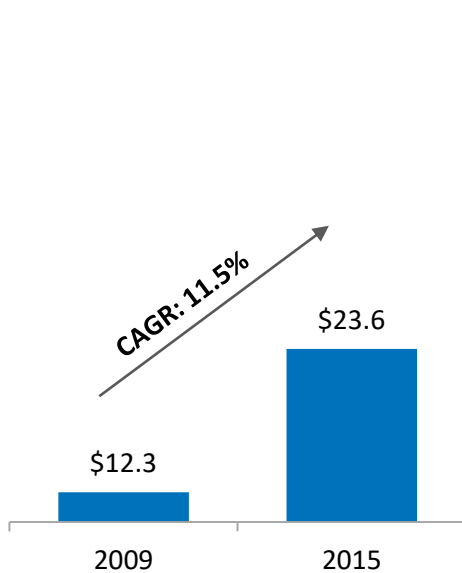
⁽¹⁾ For six months ending June 30, 2019

Addus — Company History

IPO – 2015

Initial Growth Phase

- IPO priced in October 2009
- Focused on personal care services

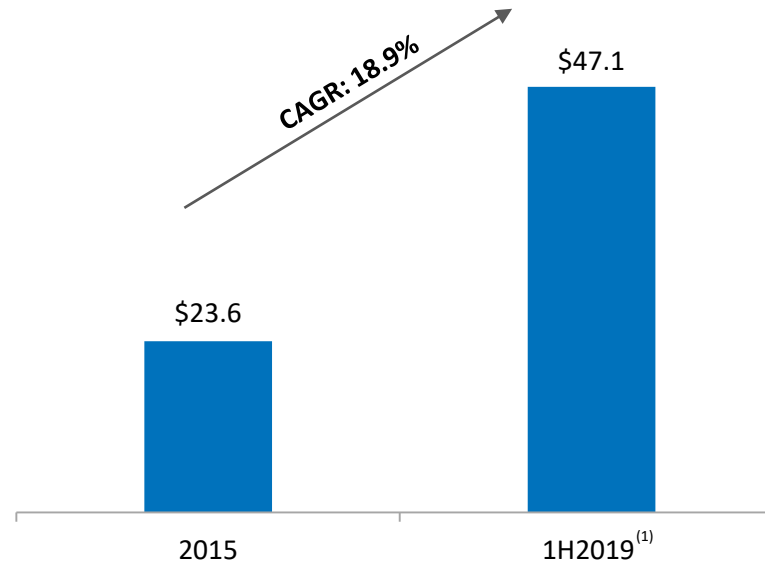


■ Adjusted EBITDA

2016 – 2019 ⁽¹⁾

Strategic Transformation

- **Phase 1:** Completed cost cutting programs to optimize operations
- **Phase 2:** Established an acquisition and integration platform
- **Phase 3:** Launched expansion phase



■ Adjusted EBITDA

Current

Positioned for significant growth

- Drive organic growth
- Hospice opportunity leverages personal care platform
- Strong acquisition pipeline
- Medicare Advantage opportunity



⁽¹⁾ Annualized based on six months ended June 30, 2019

Investment Highlights

Addus is a Leading Provider in Home Care Management

1

Scaled, National Provider of Home-Based Care

2

Favorable Industry Dynamics

3

Strong Demographic Trends

4

Focused on Lowest Cost Areas Across the Continuum of Care

5

Multiple Avenues to Drive Strong Growth

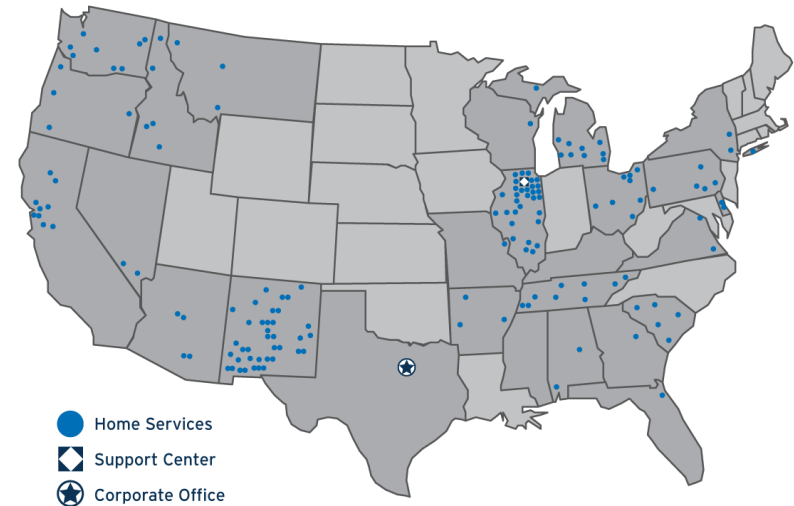
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Experienced Management Team with a History of Success



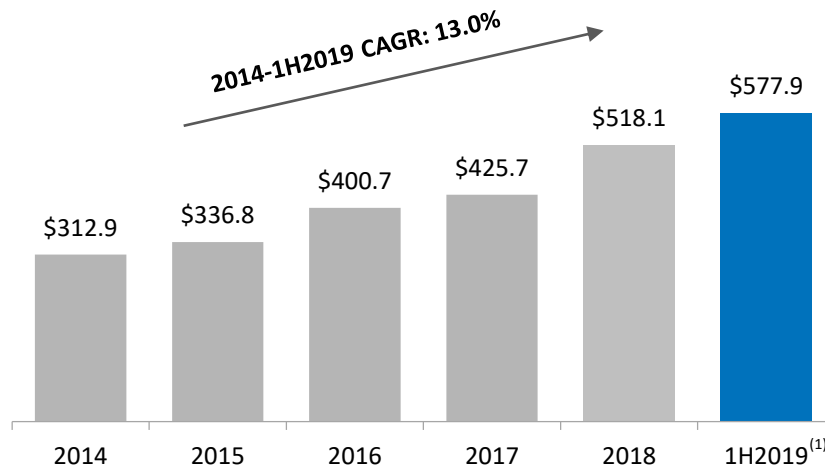
Scaled, National Provider of Home-Based Care

- Addus is one of the fastest growing public home care companies
 - Provision of care in the home is preferred by consumers and reduces admissions to more costly settings, such as SNFs (3x cost)
- The Company currently provides services to approximately 40,000 consumers from 162 locations across 24 states
- From 2014 to 1H 2019 Addus revenue and Adjusted EBITDA have grown at a CAGR of 13.0% and 14.7%, respectively ⁽¹⁾



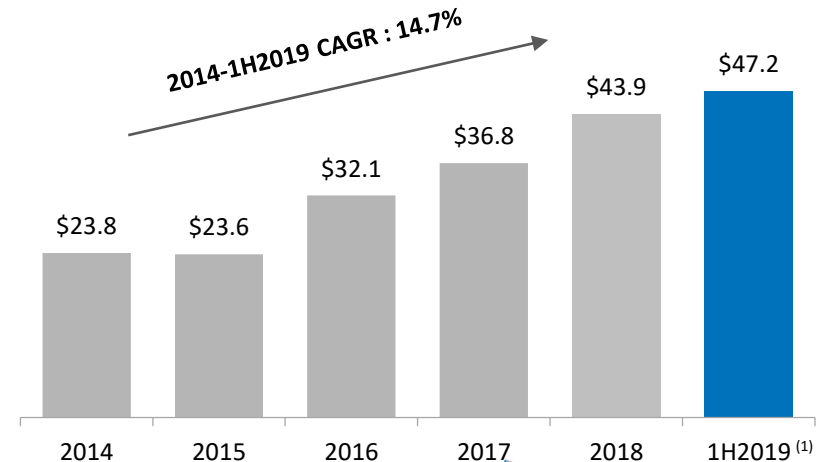
Revenue Growth

(\$ in millions)



Adjusted EBITDA Growth

(\$ in millions)



⁽¹⁾ Annualized Revenue and Adjusted EBITDA based on six months ended June 30, 2019

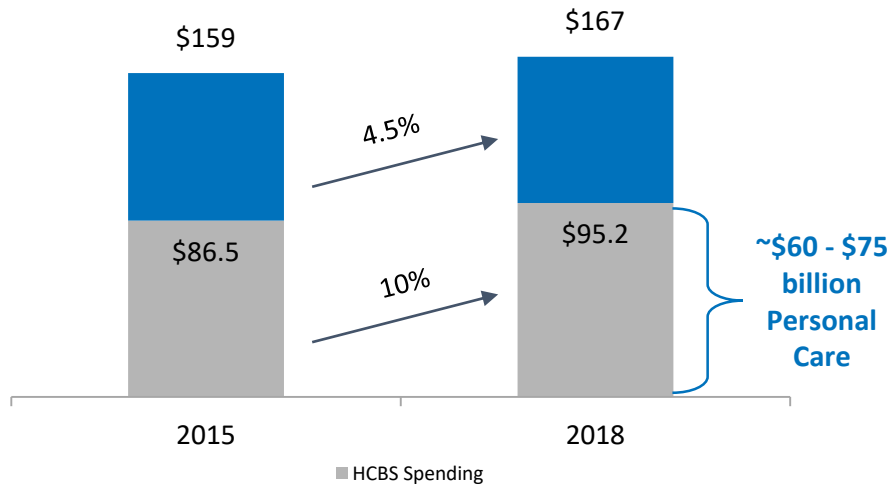
Favorable Industry Dynamics

Addus is well positioned to capitalize on a consolidating industry given its reputation in the market, strong payor relationships, and integration of technology into its business model

- Home and community based services (HCBS) is a highly fragmented market
- Approximately 18,000 licensed home and community service agencies nationwide
- Healthcare systems and managed care will increasingly narrow networks to high quality, reliable post-acute providers
- Industry-wide consolidation pressure driven by regulatory, operating and technology requirements
- Personal care services are cost effective versus expensive acute care and other patient settings
 - Preferred setting of care for patients, physicians, and payors

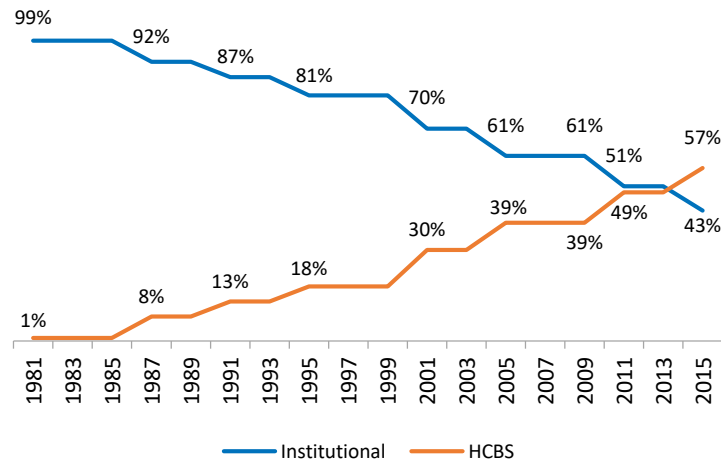
HCBS Has Been the Highest Growth Area of LTSS...

Total Long Term Services and Supports (LTSS) Spending (\$ billions)



...And Exceeding Institutional (e.g. SNF) Spending

Medicaid HCBS and Institutional LTSS Expenditures as a % of Total Medicaid LTSS Expenditures, FY 1981 - 2016



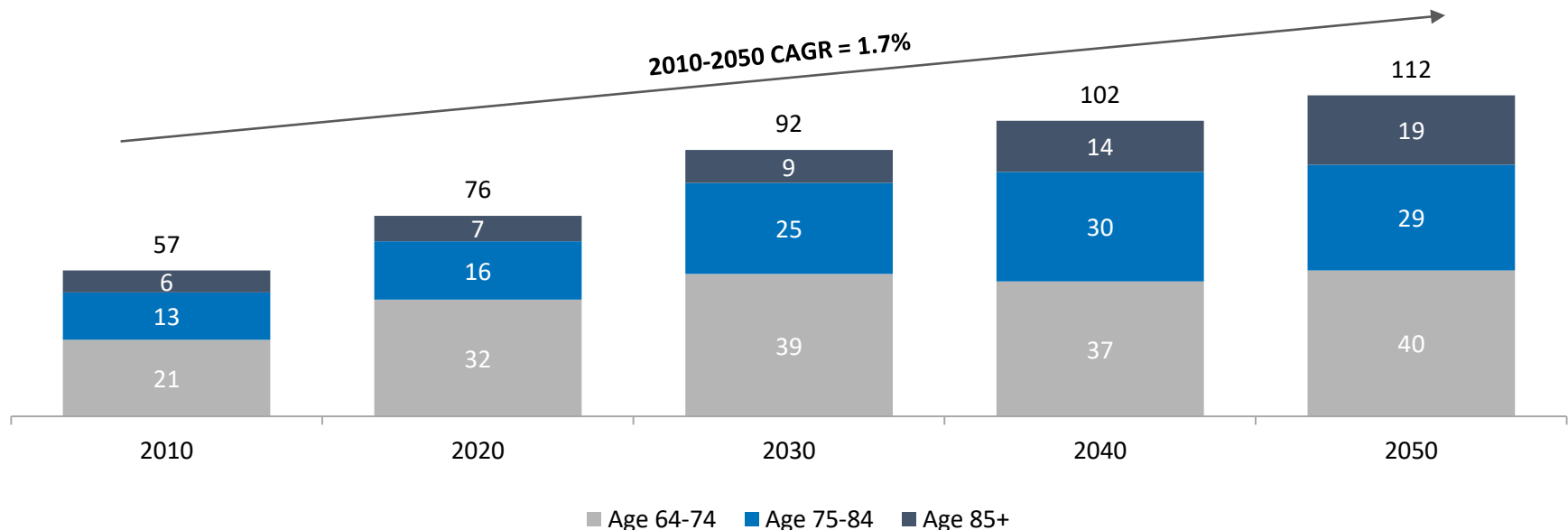
Strong Demographic Trends

Demand for personal care services is expected to continue to grow due to the aging of the U.S. population, increased life expectancy, and improved opportunities for individuals to receive home-based care as an alternative to institutional care

- The population over the age of 65 nationally has been growing at a consistent rate for the past five years and estimates are that this demographic will double by 2050
- Over 80% of home health patients and over 90% of hospice patients are aged 65 and over

U.S. Population Growth by Age: 2010 - 2050

(population in millions)



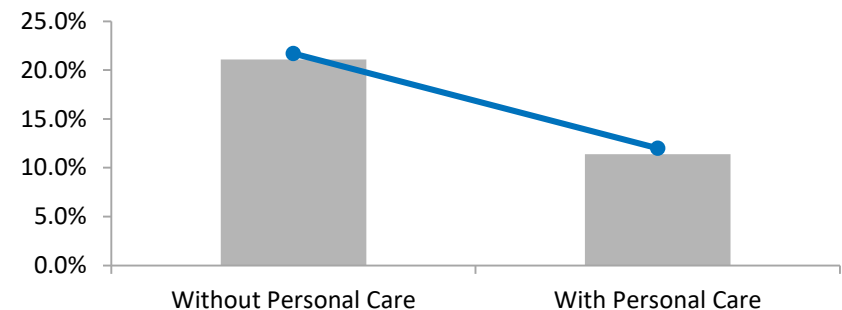
Focused on Lowest Cost Areas Across the Continuum of Care

We provide personal care services to high cost healthcare consumers in their homes at the lowest cost for care

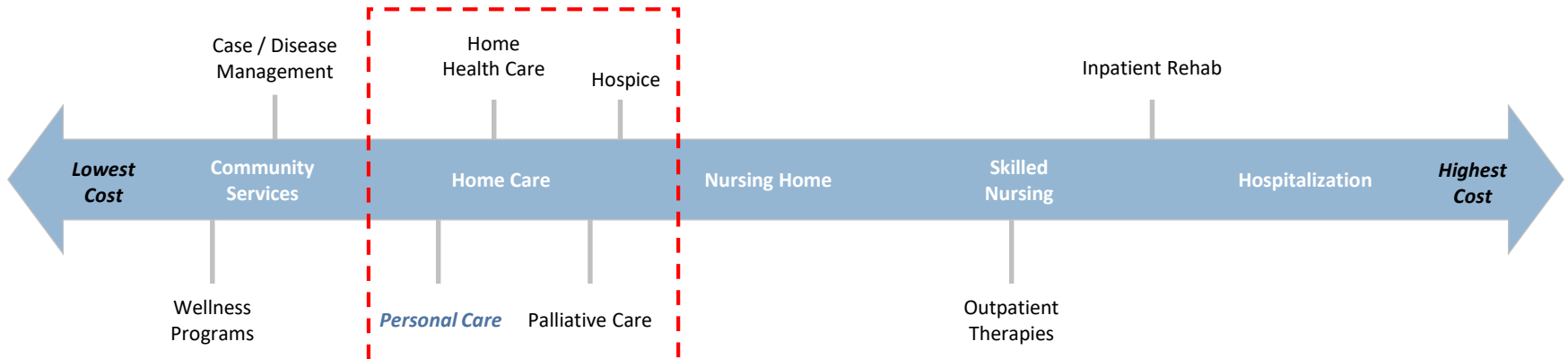
- Personal care helps keep people out of nursing homes
- The Company's overall model is valuable to MCOs that have the economic responsibility for both home and community services
- Average 1H 2019 monthly billable hours/consumer is 60.3 hours
- Average 1H 2019 revenue per billable hour is \$18.88

The American Journal Of Managed Care - February 2015

Use of a personal care assistance service reduced the likelihood of nursing home placement by 46%.



Continuum of Care



Multiple Avenues to Drive Strong Growth

Organic Growth



Selected Acquisitions

Organic Volumes



Growth Investments

- ✓ Strong industry and demographic trends
- ✓ Increased interaction with referral sources in existing locations
- ✓ Increase alignment with payors
- ✓ Addus poised to disproportionately benefit from personal care regulatory changes
- ✓ State-led provider networks narrowing
- ✓ Opportunity for reimbursement rate leverage due to scale

- ✓ Build and enhance sales force capabilities
- ✓ Enhance business intelligence capabilities
- ✓ Investment in technology and operations drive efficiencies

Existing Markets / Services



Adjacent Markets / Services

- ✓ Pursue accretive acquisitions
- ✓ Acquire personal care providers in existing markets to build density and improve market position
- ✓ Consolidator of choice in fragmented market for personal care
- ✓ Acquired over \$100 million of annual revenue in 2018 and \$75 million to date in 2019

- ✓ Pursue accretive acquisitions
- ✓ Evaluate hospice targets in states where Addus has a leading personal care presence
- ✓ Add selected complementary home-based care services (e.g. skilled care / staffing in combination with personal care)
- ✓ Ambercare acquisition added skilled and hospice care to service offering

Medicare Advantage Opportunity

- Medicare Advantage FY2019 Final Rule included personal care for reimbursement for the first time
- Represents long-term growth catalyst as payors look to realize cost savings of personal care services through an integrated care delivery model
- Addus contracting with national Medicare Advantage plans with updated ruling providing for future expanded benefits
- Represents significant upside opportunity in the next 3-5 years in value-based environment

Stated goal of revenue growth of at least 10% annually



Experienced Management Team with a History of Success



Name	Dirk Allison	Brian Poff	Brad Bickham	Sean Gaffney	Darby Anderson	Laurie Manning
Title	Chief Executive Officer	Chief Financial Officer	Chief Operating Officer	Chief Legal Officer	Chief Development Officer	Chief Human Resource Officer
Joined Addus	2016 ⁽¹⁾	2016	2017	2019	1996	2017
Prior Experience	<ul style="list-style-type: none"> CEO, Correctional Healthcare CEO, CCS Medical CFO, Odyssey Healthcare 	<ul style="list-style-type: none"> CFO, Oceans Healthcare CAO, CCS Medical Division CFO – Hospice Services, Gentiva Health Services Assistant Controller, Odyssey Healthcare 	<ul style="list-style-type: none"> CLO, United Surgical Partners CLO, Correctional Healthcare SVP & GC, Odyssey Healthcare 	<ul style="list-style-type: none"> General Counsel, Encompass Health EVP Corporate Development, General Counsel and Secretary – BroadJump, LLC 	<ul style="list-style-type: none"> 20+ year career at Addus in various roles 	<ul style="list-style-type: none"> VP of HR, Epic Health Services VP of HR, Concentra

In addition to the Executive Management team, Addus has a deep and experienced bench of senior managers



Growth Strategies

Organic Growth Strategies

Addus has several avenues to pursue organic growth through its existing platform

Provide High-quality Coordinated Care

- Drive growth in existing locations through initiatives to build sales capabilities
- Selected de novo expansion in existing markets
- Targeted range of 3% to 5% organic revenue growth, consistent with market

Drive Growth in Existing Markets

- U.S. Census Bureau estimates that the population over 65 years of age will double by 2050, which presents an excellent opportunity to pursue a new market of individuals
- Increase interaction with referral sources
- Expand relationships with payors in each market

Market to MCOs

- Partner with MCOs to address the needs of a dual eligible population in light of government incentives for consumers to enroll in managed care plans
- Addus's coordinated care model and its integration of services into the broader healthcare industry are particularly attractive to MCOs

Strategic Expansion into Additional Markets

- Opportunities to develop new agencies in geographic markets contiguous to the Company's existing markets
- De novo agency development in certain core markets

Well-Positioned for Industry Shift to MCO Payors

*Expectations for Personal Care Providers are Changing
and Will Lead to Narrower Provider Networks*

Traditional Payors

Industry Structure:

- Few large providers
- 18,000+ small individual providers
- Limited geographic distribution
- No outcomes requirements / reporting

Economic Model:

- Paper driven
- Payments based on hours worked
- Wide disparity of utilization

Managed Care Plans

Industry Structure:

- Prefer larger and experienced providers
- Sophisticated technology and access to data
- Electronic visit record
- Outcomes driven

Economic Model:

- Data driven
- Value based contracting
- Risk and gain sharing potential

Acquisition Growth Strategy

Acquisition Opportunities

- Rising consolidation pressure due to increased regulatory, operating, and technology requirements, compounded by transition to MCOs
- Addus operational and management changes have enhanced transaction and integration capabilities
- Acquisition goal of annualized net service revenue achieved for 2017
 - Acquired ~\$24 million of annual revenue
- Achieved target goal for 2018
 - Acquired over \$100 million of annual revenue
 - Entered into a definitive agreement to purchase VIP Health Care Services (\$50 million annually) - closed June 1, 2019
- On track for 2019 acquisition target
 - Acquired Alliance Home Health Care, LLC. (\$19 million annually) and Foremost Home Care (\$6 million annually) on August 1, 2019
- Active discussions underway with strong pipeline of additional acquisition opportunities

Acquisition Profile

- Focused on growing markets with favorable demographics, in states that are fiscally well managed and have a reasonable minimum wage environment
- Must have the potential to become one of the leading providers in the state, in support of our managed care strategy
- Thorough diligence process and disciplined approach to accretive acquisitions
- Will consider acquisitions that include personal care and/or hospice, home health and other businesses that center on the home and that are strategically complementary

Recently Completed Acquisitions

Track record of efficient capital deployment and success in acquisition execution and integration



Acquisition Date	August 1, 2017	April 1, 2018	May 1, 2018
Transaction Summary ⁽¹⁾	<ul style="list-style-type: none"> ▪ Purchase Price: \$23mm ▪ Revenue: \$20mm 	<ul style="list-style-type: none"> ▪ Purchase Price: \$19mm ▪ Revenue: \$47mm 	<ul style="list-style-type: none"> ▪ Purchase Price: \$40mm ▪ Revenue: \$57mm
Service Lines	<ul style="list-style-type: none"> ▪ Personal Care 	<ul style="list-style-type: none"> ▪ Personal Care 	<ul style="list-style-type: none"> ▪ Hospice ▪ Personal Care ▪ Home Health
Strategic Rationale	<ul style="list-style-type: none"> ✓ Operations in 20+ counties in New Mexico, expanding the footprint of Addus' existing operations in the state ✓ Made Addus the largest provider of personal care in New Mexico ✓ Expected to be immediately accretive to earnings 	<ul style="list-style-type: none"> ✓ Strengthens operations in 8 penetrated states and provides entry into 2 new states (Florida and Wisconsin) ✓ Brings 2,300 consumers through 26 locations in 10 states ✓ Expected to be immediately accretive to earnings 	<ul style="list-style-type: none"> ✓ Makes Addus the largest provider of hospice in New Mexico ✓ Supplemented service offerings with hospice services ✓ Expected to be immediately accretive to earnings

Recently Completed Acquisitions - 2019



Acquisition Date	June 1, 2019	August 1, 2019	August 1, 2019
Transaction Summary ⁽¹⁾	<ul style="list-style-type: none"> ▪ Purchase Price: \$28mm ▪ Revenue: \$50mm 	<ul style="list-style-type: none"> ▪ Purchase Price: \$23mm ▪ Revenue: \$19mm 	<ul style="list-style-type: none"> ▪ Purchase Price: \$1.4mm ▪ Revenue: \$6mm
Service Lines	<ul style="list-style-type: none"> ▪ Personal Care 	<ul style="list-style-type: none"> ▪ Hospice ▪ Personal Care ▪ Home Health 	<ul style="list-style-type: none"> ▪ Personal Care
Strategic Rationale	<ul style="list-style-type: none"> ✓ Expands coverage in key New York City market, one of the largest markets for Addus ✓ Integration process underway and going well ✓ Expected to be immediately accretive to earnings 	<ul style="list-style-type: none"> ✓ Strengthens operations and expands Addus footprint in New Mexico ✓ Enhances service offering for hospice care ✓ Expected to be immediately accretive to earnings 	<ul style="list-style-type: none"> ✓ Supports growth in New York City market ✓ Will become part of VIP Health Care Services ✓ Expected to be immediately accretive to earnings

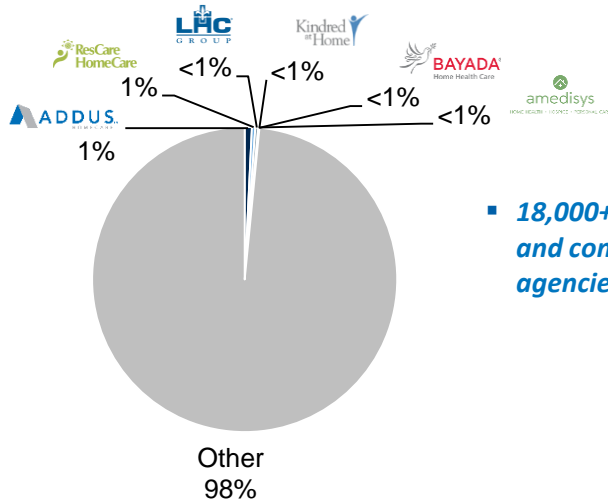
Highly Fragmented Market with Attractive Consolidation Opportunity

Addus is well positioned as a consolidator of choice in the fragmented personal care and hospice markets

Highly Fragmented Market for Personal Care Services

2017 Personal Care Market Share

Market Size: \$60 - 75bn

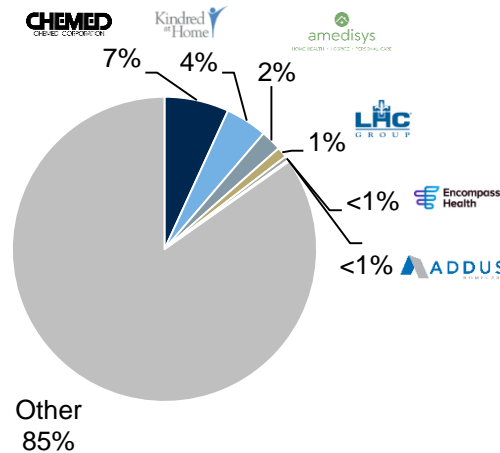


- 18,000+ licensed home and community services agencies in the U.S.

Highly Fragmented Market for Hospice Services

2017 Hospice Market Share

Market Size: \$17bn



- 5,000+ hospice agencies in the U.S.
- For-profit represents true addressable market; ~60% of overall market
- Remains highly fragmented

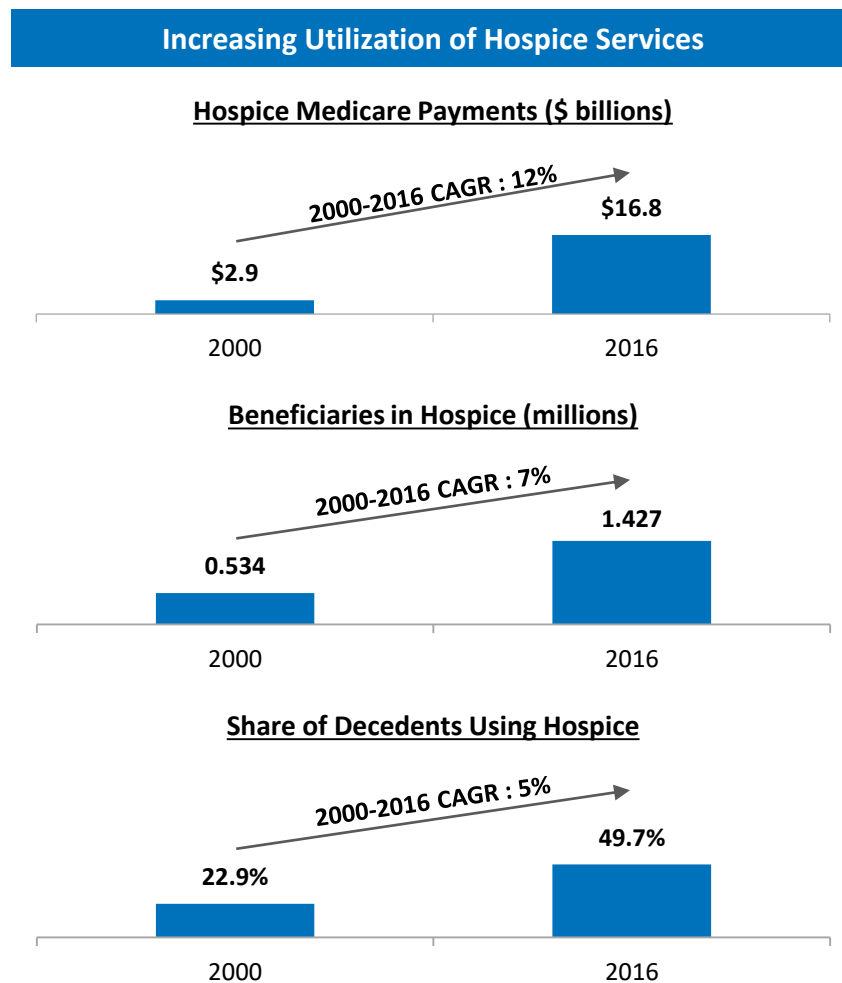
Key Observations

- ✓ Large and growing market opportunity as the provision of care continues to move into lower cost settings
- ✓ Fragmented market with few platforms of scale represents robust consolidation opportunity
- ✓ Increasing cost and complexity of operations, along with increasing MCO participation, favors large providers
- ✓ Hospice market remains highly fragmented, representing new growth avenue for Addus

Emerging Growth Opportunity – Hospice

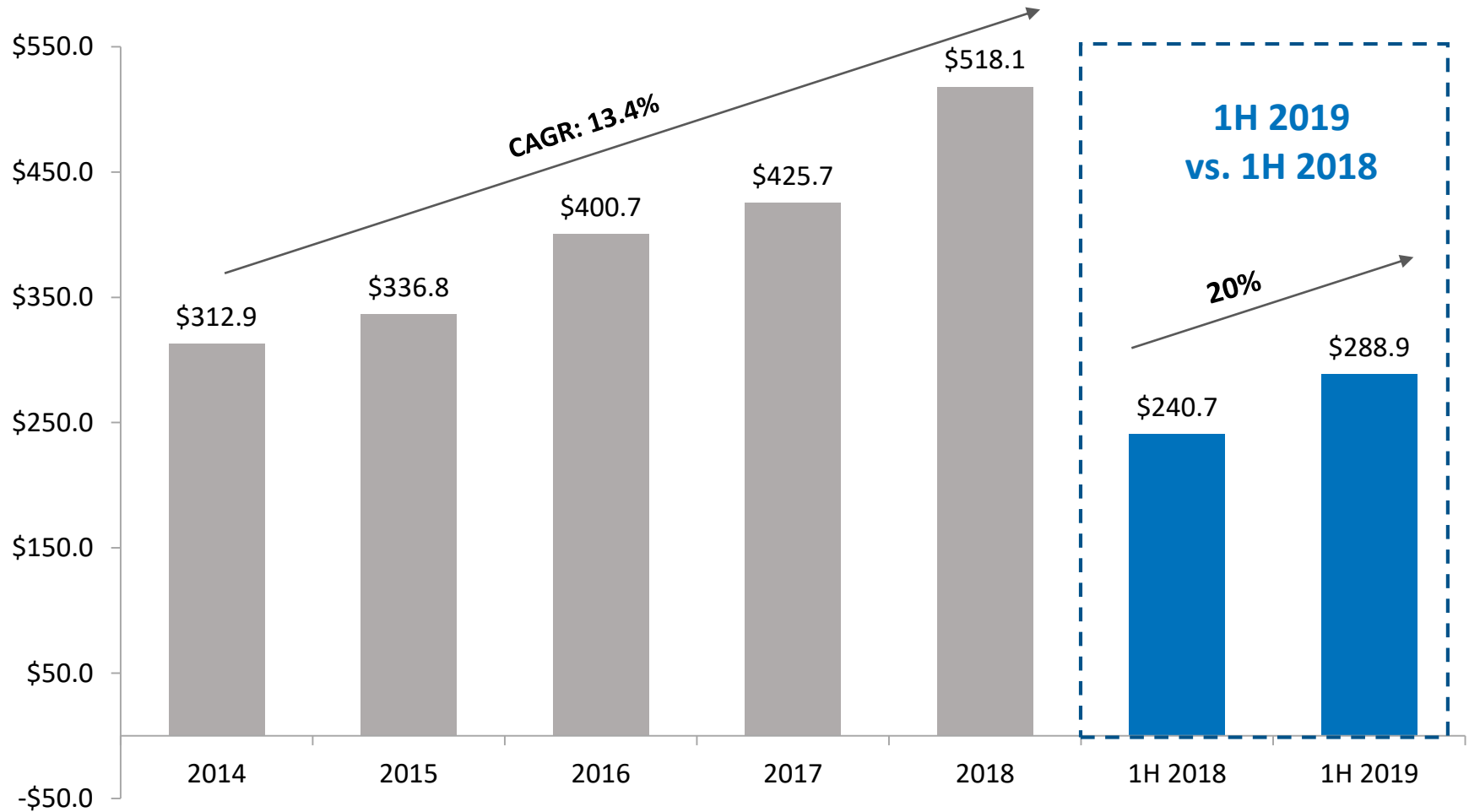
Hospice is highly complementary to personal care, and is supported by robust demographic trends

- Addus entered hospice with acquisition of Ambercare in May 2018
 - Hospice care accounted for approximately \$32 million annualized revenue based on 1H 2019
 - Alliance acquisition will add approximately \$11 million annual revenue for hospice care
- Hospice is highly complementary to core personal care offering and provides additional revenue / payor diversity
 - Addus will evaluate hospice assets in markets where it currently has a strong personal care presence
 - Enhances MCO relationships
- Historically stable reimbursement profile for hospice
- Increasing acceptance of hospice as cost effective end-of-life treatment
- Highly fragmented market with 5,000+ hospice agencies in the U.S.

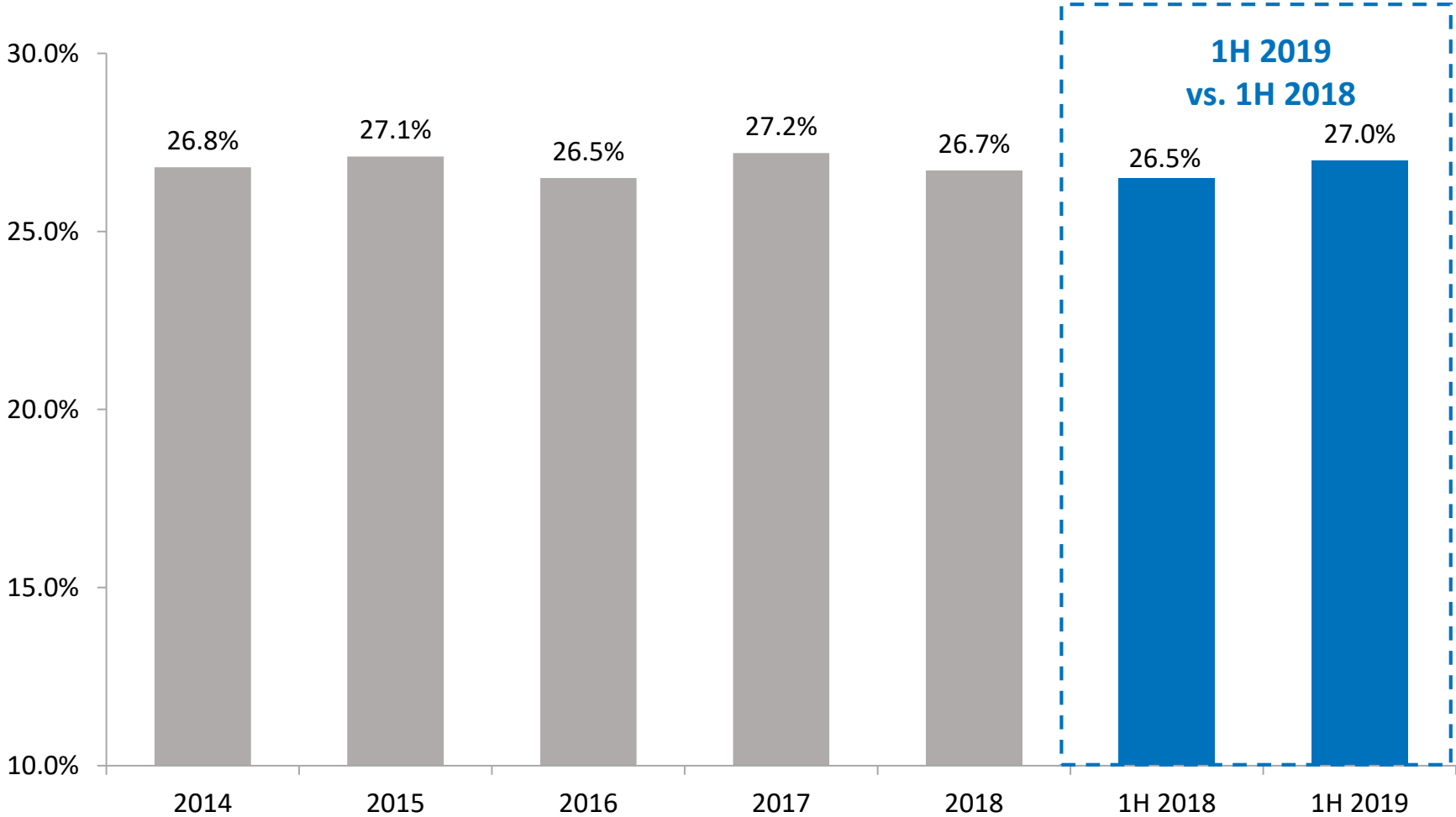


Financial Overview

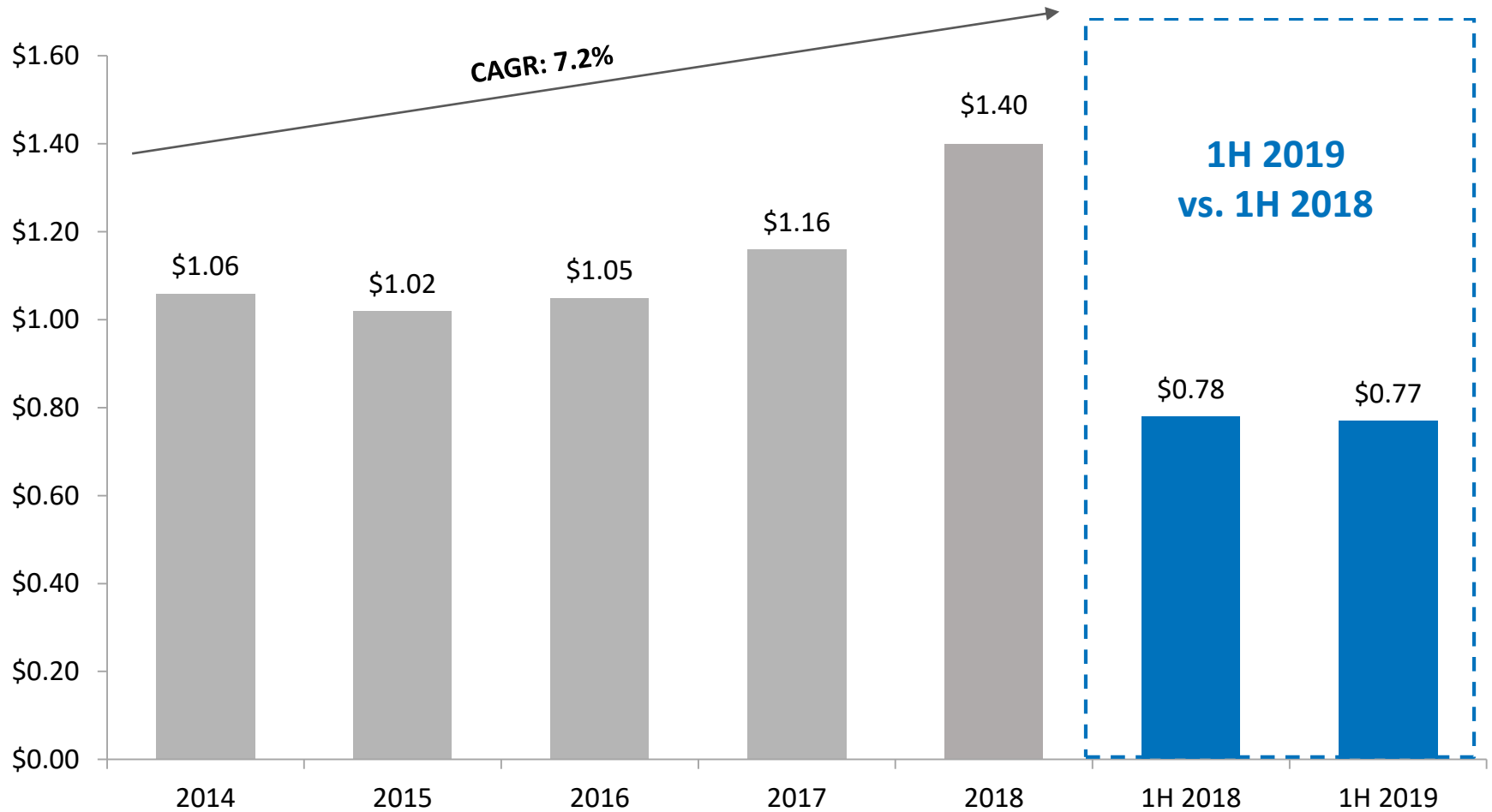
Net Service Revenues (\$ millions)



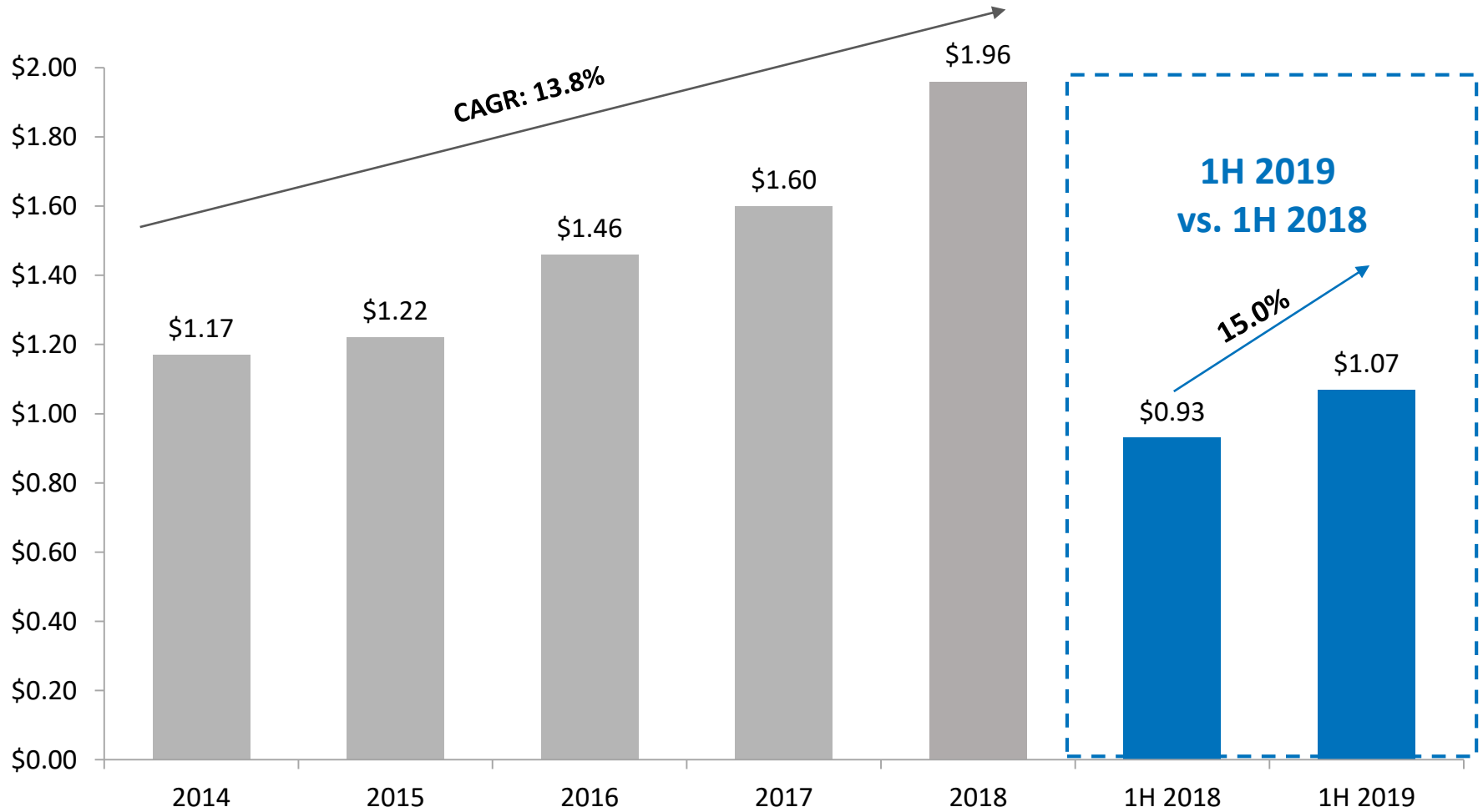
Gross Margin



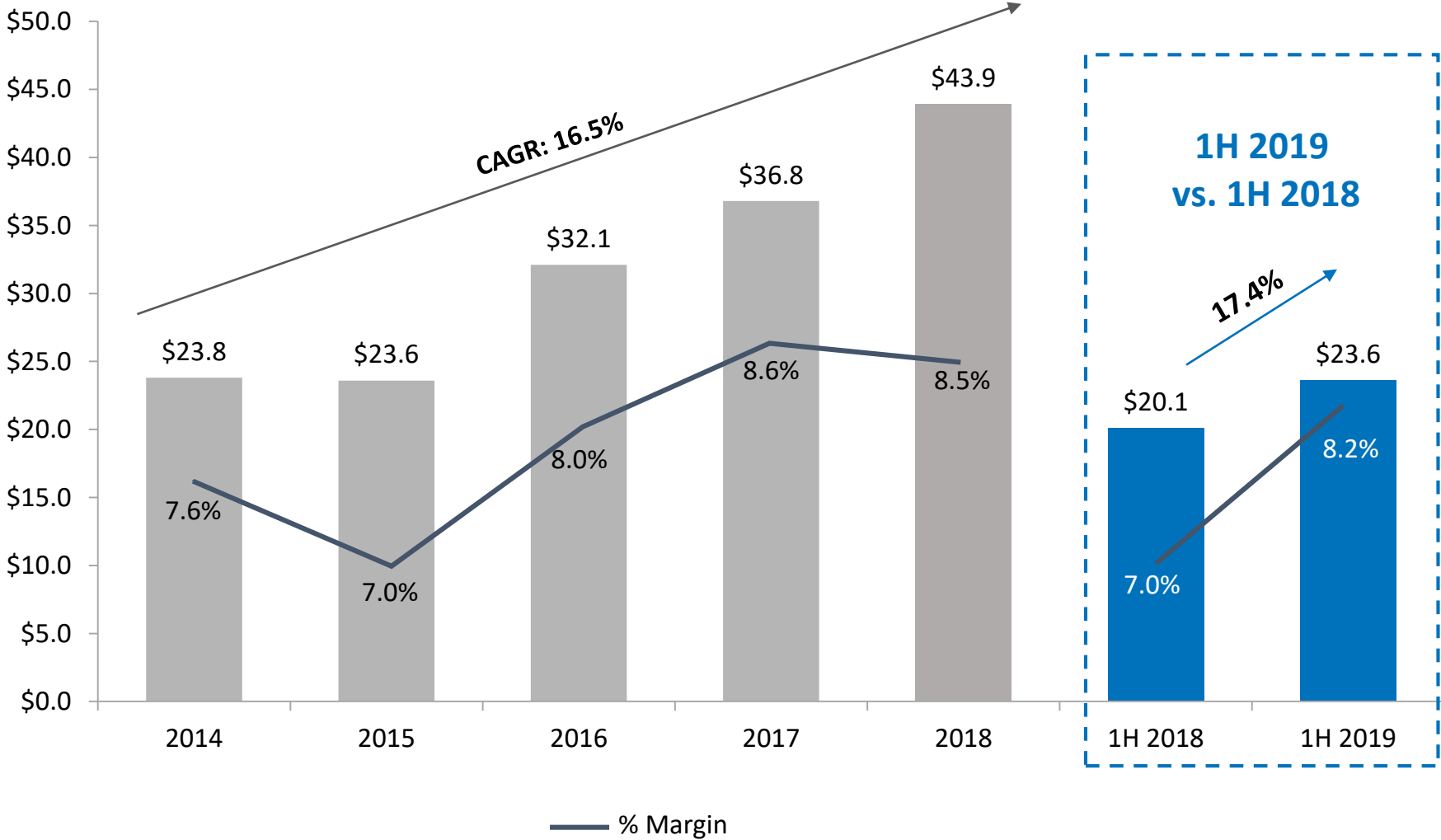
Net Income from Continuing Operations per Diluted Share



Adjusted Net Income from Continuing Operations per Diluted Share



Adjusted EBITDA (\$ millions)



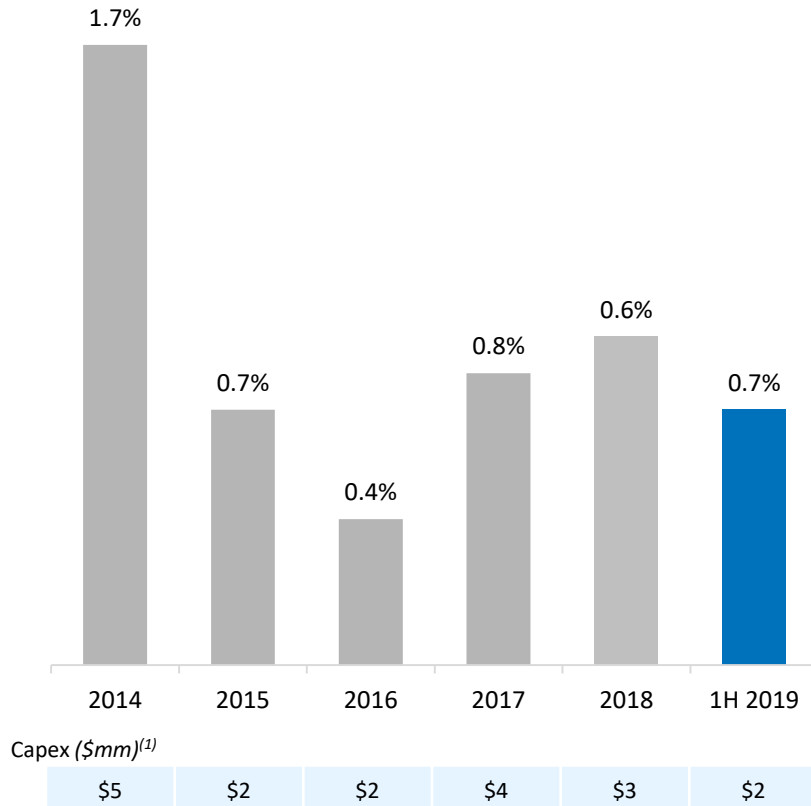
Strong and Stable Cash Flow Profile

Predictable capital needs and improving DSO trends

Minimal Capex Requirements⁽¹⁾

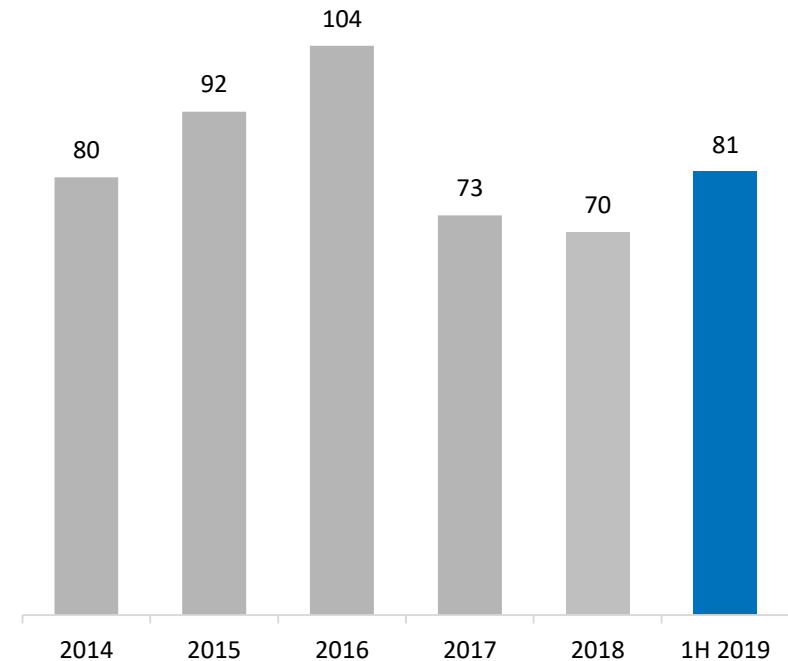
(Capex as % of revenue)

- Consistent and predictable capital needs allows for high free cash flow conversion



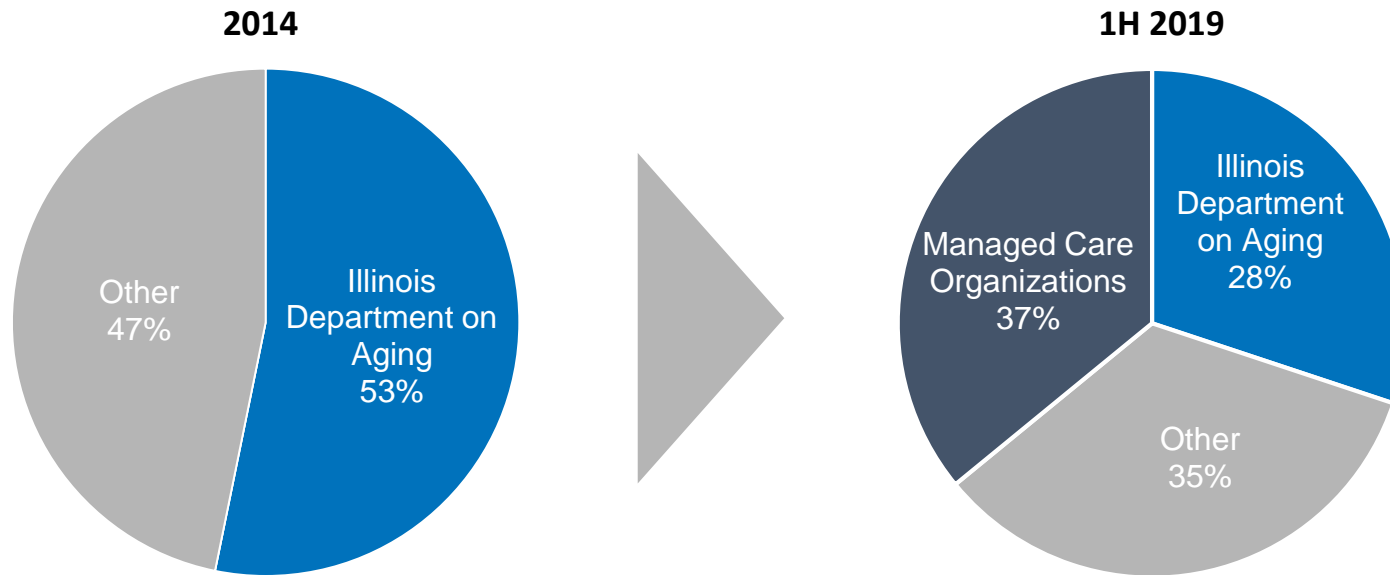
Improving DSO Trends

(# of days)



Payor Mix Evolution

Continued payor diversification driven by increasing penetration of managed care



Key Observations

- Continued payor base diversification and reduced revenue concentration with the State of Illinois
 - Pro forma for recent acquisitions, non-Medicaid business with Illinois represents approximately 12% of annualized revenue
- Illinois remains an attractive market with roughly 2.6 million of the approximately 12.9 million state population over 60 years old
- Addus is well positioned to benefit from broader growth in Managed Medicare / Managed Medicaid
 - Healthcare systems and managed care will increasingly narrow networks to high quality, reliable providers

Strong Balance Sheet

(\$ thousands)	June 30, 2019
Cash	\$ 54,792
Working capital	\$ 127,380
Total assets	\$ 408,684
Total bank debt, net of debt issuance costs	\$ 37,150
Total stockholders' equity	\$ 289,341
Total bank debt / total capitalization	12.8%
Net debt / LTM adjusted EBITDA	0.8X
Availability on revolving credit facility	\$ 141,879

Appendix

Reconciliation of Non-GAAP to GAAP Items

Adjusted EBITDA to Net Income (1) (\$ in thousands)

	Year Ended December 31,							1H 2018	1H 2019
	2012	2013	2014	2015	2016	2017	2018		
Net income	\$7,635	\$18,638	\$11,997	\$11,623	\$12,024	\$ 13,681	\$17,503	\$9,204	10,380
Less: (Earnings) loss from discontinued operations, net of tax	1,653	(7,982)	(280)	(270)	(97)	(147)	(126)		
Net income from continuing operations	9,288	10,656	11,717	11,353	11,927	13,534	\$17,377		
Interest expense, net	1,568	486	680	739	2,286	3,083	4,451	2,192	988
Interest income from Illinois	-	-	-	-	(2,766)	-	(2,253)	(2,253)	
Secondary offering costs							189		
Write off of debt issuance costs	-	-	-	-	-	1,323	226		
Write down of deferred tax asset due to tax reform	-	-	-	-	-	1,305	-		
Loss on sale of assets							38		
Gain on sale of ADS and JV divestiture	-	-	-	-	-	(2,467)	-		
Other non-operating income	-	-	-	-	(206)	(217)	-		
Income tax expense from continuing operations	4,807	4,319	5,674	3,932	3,994	7,284	4,498	2,360	2,588
Depreciation and amortization	2,521	2,160	3,830	4,717	6,647	6,663	8,642	4,142	4,609
M&A expenses	-	660	1,031	1,013	1,122	2,116	4,989	1,532	1,237
Stock-based compensation expense	341	515	827	1,573	1,072	2,552	4,109	1,856	2,715
Costs associated with IRS accrual	-	-	-	300	-	-	-		
Restructuring, Severance & Other Costs	-	-	-	-	8,018	1,665	1,682	1,070	1,075
Adjusted EBITDA	\$18,525	\$18,796	\$23,759	\$23,627	\$32,094	\$36,897	\$43,948	\$20,103	\$23,592

Reconciliation of Non-GAAP to GAAP Items

Adjusted net income per diluted share to net income per diluted share (2)

	Year Ended December 31,							1H 2018	1H 2019
	2012	2013	2014	2015	2016	2017	2018		
Net income per diluted share	\$0.86	\$0.96	\$1.06	\$1.02	\$1.05	\$1.16	\$1.40	\$0.78	\$0.77
Interest income from Illinois	-	-	-	-	(0.17)	-	(0.14)	(0.15)	
Write down of deferred tax asset due to tax reform						0.12			
Write off of debt issuance costs	-	-	-	-	-	0.09	-		
Gain on sale of adult day service centers	-	-	-	-	-	(0.12)	-		
Gain on sale of joint venture divestiture	-	-	-	-	-	(0.01)	-		
Normalization of effective tax rate	-	-	-	-	(0.06)	-	-		
M&A expenses	-	0.04	0.06	0.07	0.07	0.12	0.32	0.10	0.07
Restructuring, Severance & Other Costs	-	-	-	-	0.50	0.09	0.12	0.07	0.07
Stock-based compensation expense	0.02	0.03	0.05	0.10	0.07	0.15	0.26	0.13	0.16
Adjusted net income	\$0.88	\$1.03	\$1.17	\$1.22	\$1.46	\$1.60	\$1.96	\$0.93	\$1.07

Reconciliation of Non-GAAP to GAAP Items

Adjusted net service revenue to net service revenue (3)

(\$ thousands)	Six Months Ended June 30,	
	2019	2018
Net service revenues	\$288,946	\$240,733
Revenues associated with the closure of certain sites	-	2
Adjusted net service revenues	\$288,946	\$240,735

Footnotes:

- (1) We define Adjusted EBITDA as net income before net interest expense or income, interest income from Illinois, other non-operating income, taxes, depreciation, amortization, M&A expenses, stock-based compensation expense, restructure charges, severance and other costs, after tax earnings from discontinued operations, write off of debt issuance costs, write down of deferred assets due to tax reform, gain on sale of ADS and JV divestiture and costs associated with IRS accrual. Adjusted EBITDA is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.
- (2) We define Adjusted net income per diluted share as net income per diluted share, adjusted for interest income from Illinois, M&A expenses, normalization of the effective tax rate, stock-based compensation expense, restructure charges, severance and other costs, write off of debt issuance costs, write down of deferred assets due to tax reform, gain on sale of ADS and JV divestiture and costs associated with IRS accrual. Adjusted net income per diluted share is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net income, operating income or any other measure of financial performance calculated in accordance with GAAP.
- (3) We define Adjusted net service revenues as net service revenues adjusted for the closure of certain sites. Adjusted net service revenues is a performance measure used by management that is not calculated in accordance with generally accepted accounting principles in the United States (GAAP). It should not be considered in isolation or as a substitute for net service revenues or any other measure of financial performance calculated in accordance with GAAP.

