agilon health



Investor Presentation

June 2022

Disclaimers and Forward-Looking Statements

FORWARD-LOOKING STATEMENTS AND OTHER INFORMATION

Statements in this release that are not historical facts are “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements include, among other things, statements regarding our and our officers’ intent, belief or expectation as identified by the use of words such as “may,” “will,” “project,” “expect,” “believe,” “intend,” “anticipate,” “seek,” "target," “forecast,” “plan,” “potential,” “estimate,” “could,” “would,” “should,” and other comparable and derivative terms or the negatives thereof. Examples of forward-looking statements include, among other things: (i) statements regarding timing, outcomes and other details relating to current, pending or contemplated new markets, new partnership structures, financing activities, dispositions, or other transactions discussed in this release; and (ii) statements regarding growth opportunities, ability to deliver sustainable long-term value, business environment, long term opportunities and strategic growth plan including without limitation with respect to expected revenue and net income, total and average membership, Adjusted EBITDA, and other financial projections and assumptions, as well as comparable statements included in other sections of this release. Forward-looking statements reflect our current expectations and views about future events and are subject to risks and uncertainties that could significantly affect our future financial condition and results of operations. While forward-looking statements reflect our good faith belief and assumptions we believe to be reasonable based upon current information, we can give no assurance that our expectations or forecasts will be attained. Further, we cannot guarantee the accuracy of any such forward-looking statement contained in this release, and such forward-looking statements are subject to known and unknown risks and uncertainties that are difficult to predict. These risks and uncertainties that could cause actual results and outcomes to differ from those reflected in forward-looking statements include, but are not limited to: our history of net losses, and our ability to achieve or maintain profitability in an environment of increasing expenses; our ability to identify and develop successful new geographies, physician partners and payors, or to execute upon our growth initiatives; our ability to execute our operation strategies or to achieve results consistent with our historical performance; our expectation that our expenses will increase in the future and the risk that medical expenses incurred on behalf of members may exceed the amount of medical revenues we receive; our ability to secure contracts with Medicare Advantage payors or to secure Medicare Advantage payments at favorable financial terms; our ability to recover startup costs incurred during the initial stages of development of our physician partner relationships and program initiatives; significant reductions in our membership; challenges for our physician partners in the transition to a Total Care Model; inaccuracies in the estimates and assumptions we use to project the size, revenue or medical expense amounts of our target markets; the spread of, and response to, the novel coronavirus, or COVID-19, and the inability to predict the ultimate impact on us; security breaches, loss of data or other disruptions to our data platforms; the impact of devoting significant attention and resources to the provision of certain transition services in connection with the disposition of our California operations; our subsidiaries’ lack of performance or ability to fund their operations, which could require us to fund such losses; our dependence on a limited number of key payors; the limited terms of our contracts with payors and that they may not be renewed upon their expiration; our reliance on our payors for membership attribution and assignment, data and reporting accuracy and claims payment; our dependence on physician partners and other providers to effectively manage the quality and cost of care and perform obligations under payor contracts; our dependence on physician partners to accurately, timely and sufficiently document their services and potential False Claims Act or other liability if any diagnosis information or encounter data are inaccurate or incorrect; reductions in reimbursement rates or methodology applied to derive reimbursement from, or discontinuation of, federal government healthcare programs, from which we derive substantially all of our total revenue; statutory or regulatory changes, administrative rulings, interpretations of policy and determinations by intermediaries and governmental funding restrictions, and their impact on government funding, program coverage and reimbursements; regulatory proposals directed at containing or lowering the cost of healthcare and our participation in such proposed models; the impact on our revenue of CMS modifying the methodology used to determine the revenue associated with MA members; the potential that we may incur future indebtedness; and risks related to other factors discussed under “Risk Factors” in our Annual Report on Form 10-K for the year ended December 31, 2021. Except as required by law, we do not undertake, and hereby disclaim, any obligation to update any forward-looking statements, which speak only as of the date on which they are made.

NON-GAAP

This presentation includes references to non-GAAP financial measures, including but not limited to Adjusted EBITDA and network contribution. Management believes network contribution and Adjusted EBITDA help identify underlying trends in agilon’s business and facilitate evaluation of period-to-period operating performance of agilon’s live geographies by eliminating items that are variable in nature and not considered by the Company in the evaluation of ongoing operating performance, allowing comparison of agilon’s recurring core business operating results over multiple periods. The Company also believes network contribution and Adjusted EBITDA provide useful information about agilon’s operating results, enhance the overall understanding of past performance and future prospects, and allow for greater transparency with respect to key metrics used for financial and operational decision-making. Management believes network contribution and Adjusted EBITDA or similarly titled non-GAAP measures are widely used by investors, securities analysts, ratings agencies, and other parties in evaluating companies in agilon’s industry as a measure of financial performance. Other companies may calculate network contribution and Adjusted EBITDA or similarly-titled non-GAAP measures differently from the way the Company calculates these metrics. As a result, the Company’s presentation of network contribution and Adjusted EBITDA may not be comparable to similarly titled measures of other companies, limiting their usefulness as comparative measures. Adjusted EBITDA and network contribution have limitations as analytical tools and should not be considered in isolation or as an alternative to GAAP measures or other financial statement data presented in agilon’s consolidated financial statements. Reconciliation of such non-GAAP measures to the applicable GAAP measures are set forth in the appendix.

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Trusted Partner Empowering Physicians

agilon health

agilon health Partners with Leading Physician Groups, Transforming Their Medicare Business to a Value-Based, Total Care Model

~500,000
Risk Members on Platform

1,600+ Partner Primary Care Physicians (2,200+ Total PCPs)



23 Partner Groups
12 States
25 Geographies

Diverse Partners

Groups: Primary Care, Multi-Specialty, Scaled Networks, Health Systems

Markets: <100K to >2M in Population

Note: Metrics reflect management's expectation for 2023, including new partner groups currently under implementation.

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Investment Highlights



Large, Growing Addressable Market



First Mover Advantage



Long-Term Alignment with Local Physician Leaders



Unlocking Diverse & Non-Traditional Geographies



Physicians Are Winning



Capital Light, High Visibility Model

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Healthcare Challenges Require a Scaled Solution

Structural Factors Accelerating Demand for Value

Senior Population is Growing

62M → 78M **Medicare population** is increasing (2020–2030)

39% → 55% MA penetration is increasing (2020–2030)

PCP Capacity is Strained

~200,000 Number of **Primary Care Physicians** in 2020

~10–20% Projected **shortage in primary care capacity** by 2030

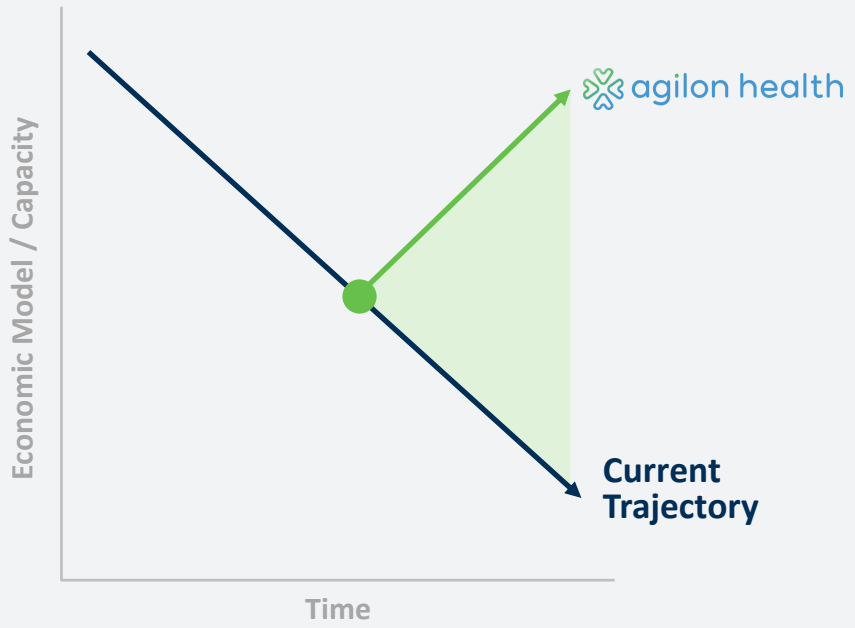
Increasing Focus on Value

Massive Variations Minorities and low-income beneficiaries report **worse health outcomes**

100% Of Medicare beneficiaries to be treated by a provider in value-based care model by 2030*

PCPs Are the Key to Unlocking Value for Seniors…

…But Don't Have the Business Model to Support It



*CMS expectation

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Primary Care Physicians Need a New Business Model

Traditional Fee for Service		Subscription Relationship
Transactional	→	Subscription
Unsustainable Economics	→	Total Care Model
Uncoordinated/No Time	→	Care Team Coordinating Care
Fragmented (Payor-Focused)	→	Single Experience (Payor-Agnostic)

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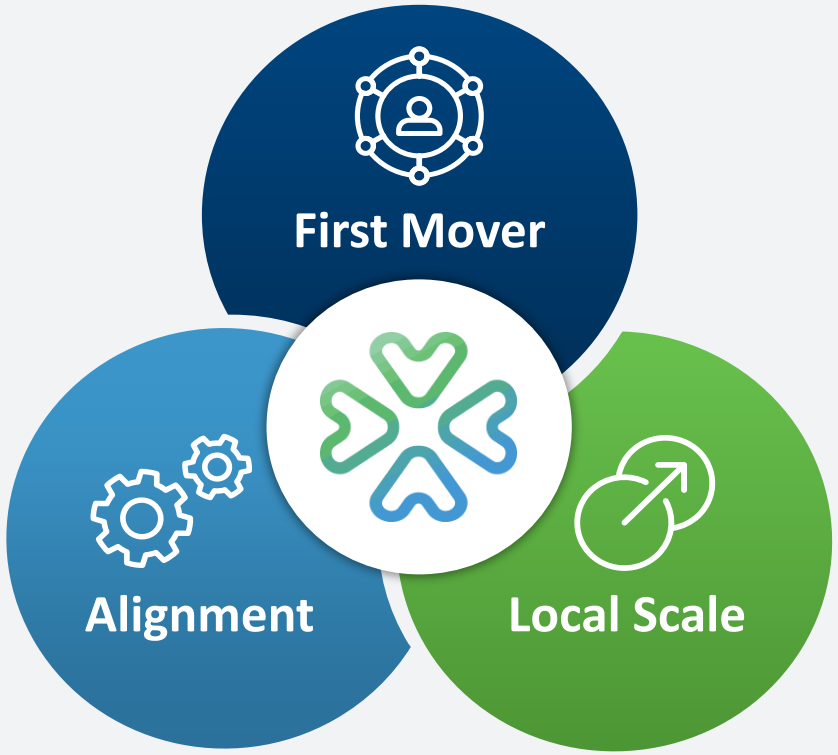
Strategic Choices → Clear Advantages

Our Strategic Choices

- Partnership with existing, scaled physician organizations
- Target non-traditional geographies
- Develop purpose-built solution

Partnership Advantages



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Aligned Physician Partner in Value Drives Better Outcomes



Refers Patients to High Value Cardiologist



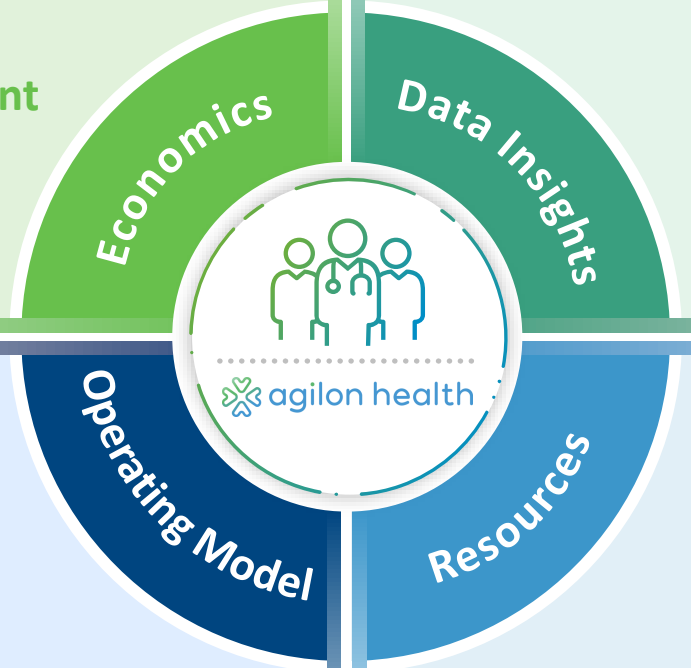
Saving ~$2,000 per Patient
in Downstream Spend with Better Outcomes



Changes Prescribing Patterns on High-Cost Drugs



Saving $9,500 per Patient
Better Patient Experience and Lower Out-of-Pocket Costs

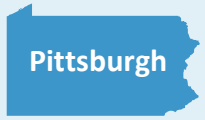




Lowers ED Utilization by Expanding Patient Access to Care

Saving $630 per Patient
Due to Avoided ER Visit





Lowers Readmission Rate by Better Managing At-Risk Patients



Saving $13,000 per Patient
Due to Avoided Hospital Readmissions

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Local Market Scale is Crucial

Geography	agilon Partner PCPs	agilon Membership (2022P)	Partner Total Patients	Next Largest Independent PCP Organization
Columbus, OH 	**239 PCPs** 46% of Market	**~67,000** MA + DC	**~265,000**	28 PCPs 3 PCPs
Austin, TX 	**183 PCPs** 31% of Market	**~36,000** MA + DC	**~375,000**	8 PCPs
Akron, OH 	**73 PCPS** 19% of Market	**~29,000** MA + DC	**~60,000**	35 PCPs 12 PCPs
Syracuse, NY 	**50 PCPs** 23% of Market	**~24,000** MA + DC	**~75,000**	21 PCPs 12 PCPs
Pinehurst, NC 	**26 PCPs** 40% of Market	**~18,000** MA + DC	**~60,000**	4 PCPs 2 PCPs

Note: Market share percentage based on independent PCPs in exclusive counties/CBSAs

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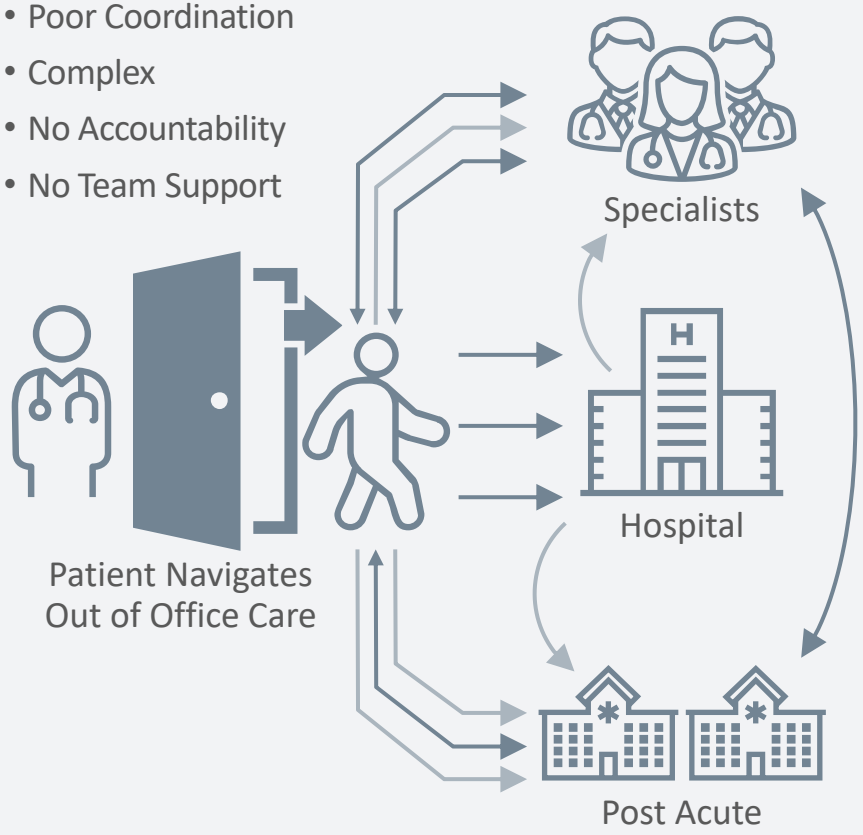
Scaled PCPs Aligned in Value Change Care Delivery

Status Quo

- Limited Data Visibility
- Poor Coordination
- Complex
- No Accountability
- No Team Support



Improving Care Delivery and Access

- High Data Visibility & Actionable Insights
- Highly Coordinated Care Team
- High Efficiency
- PCP & Patient Accountability
- Clinical & Community Programs



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First Mover Advantage Across Diverse Partners & Geographies

East Texas
<100K

Austin, TX
>2M

Population

Wilmington, NC
33%

Buffalo, NY
66%

MA Penetration

Dayton, OH
<25%

Pinehurst, NC
>70%

PPO Penetration

PriMED PHYSICIANS Treating You Well®
<25

CENTRAL OHIO PRIMARY CARE
>200

PCPs

PIONEER PHYSICIANS NETWORK First in Health
Primary Care/ Single TIN

ANSWER HEALTH
Multi-Specialty/IPA

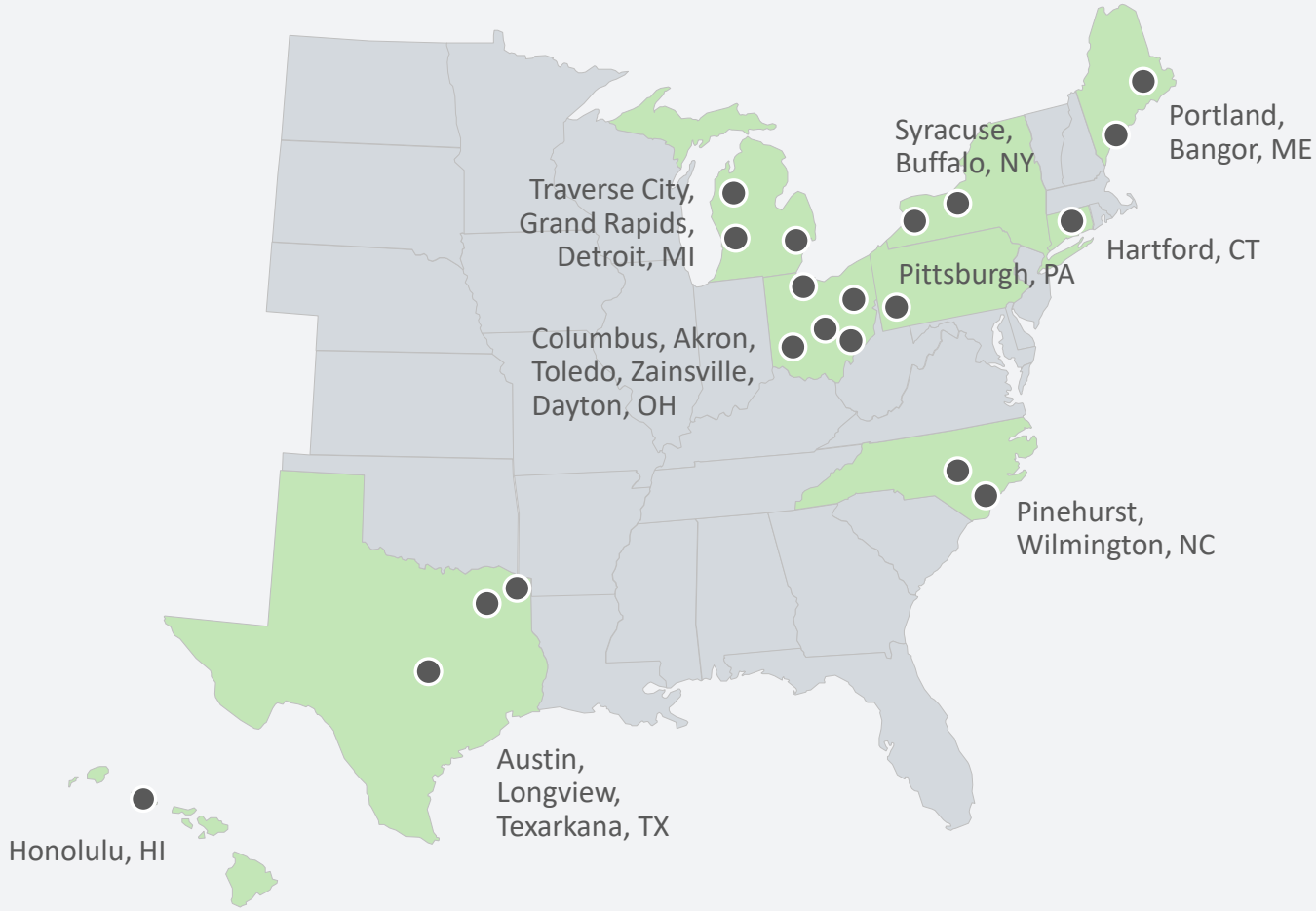
Group Type

eClinicalWorks

athenahealth

EMR

Partnered with Longstanding, Leading Physician Groups Across 25 Communities in 12 States



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Improving Healthcare Quality and Experience

11
year average tenure of partners PCP

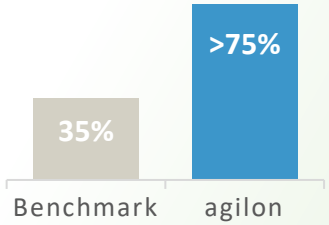
89%
rely on PCP for specialist recommendations

World Class NPS 80+

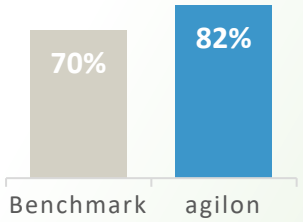
94%
agree they receive comprehensive, high-quality care

All Patients Benefit
when our partnership moves the community to value, **reducing burden** on the local resources

Annual Wellness Visits



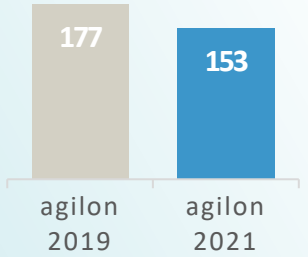
Cancer Screenings



% Screened for Breast & Colorectal Cancers



Admits per Thousand



14%
decrease

Note: Annual cancer screenings metrics reflect partner markets.

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Business Model Advantages Show in Results



Capital Light

12:1 LTV/CAC

400+ partner facilities with $2M capital expense by agilon



Speed to Profitability

Markets profitable in 1 to 2 years



Predictable Margins

6–12-month new market implementation

Leveraging trusted relationships between PCPs and their existing patients



Medical Margin Maturation

Year 4+ partner markets medical margins have increased by $79M while growing membership 46%



Sticky Patient-Physician Relationships

90%+ patient retention with partner physicians

Physicians on average with group 13 years

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Financial Model

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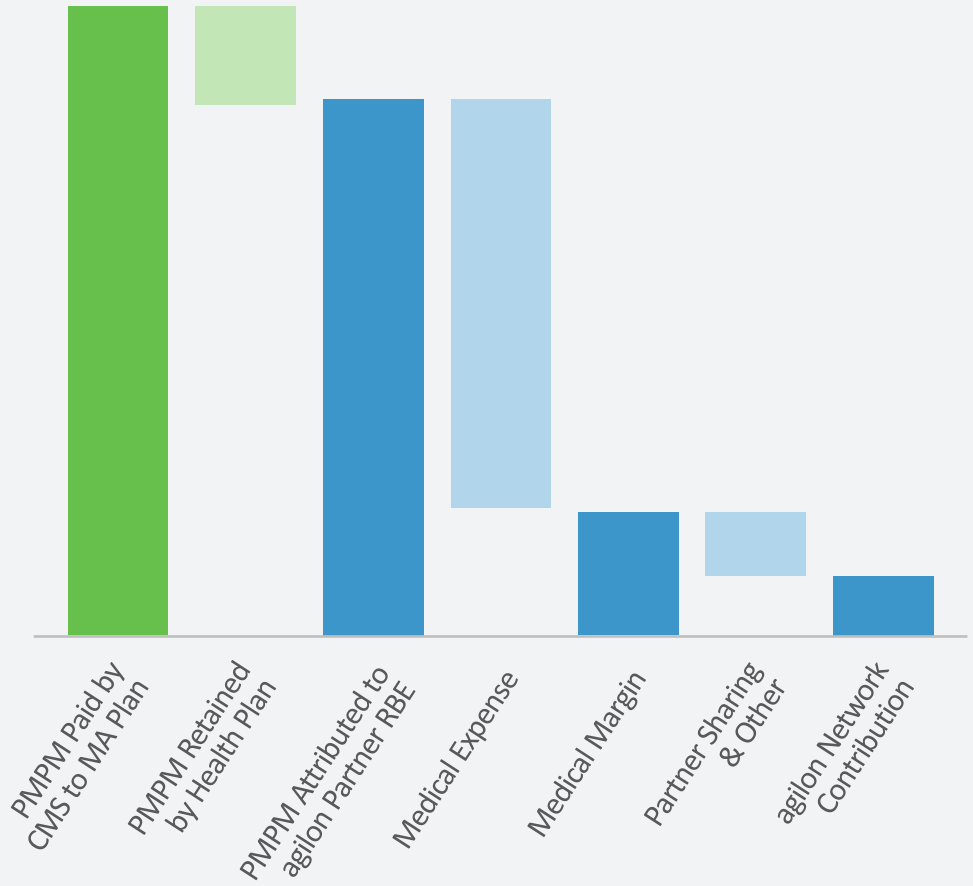
agilon health Economic Model & Key Attributes

Illustrative Economic Model



Long-Term Partnerships

- **20-year partnerships with leading groups**
- Surplus reinvested to expand PCP access

High Visibility

- Revenue based on **subscription-like PMPMs**
- New markets implement 6–12 months prior
- Growth driven by demographics & existing panels

Capital Light

- **Market entry through existing capacity**
- Low CAC and high returns on capital due to low churn and long-term PCP-patient relationship

Embedded Long-Term Margins

- Margins mature with member/market tenure
- **60% of membership on platform <3 years**
- Light overhead model with significant leverage

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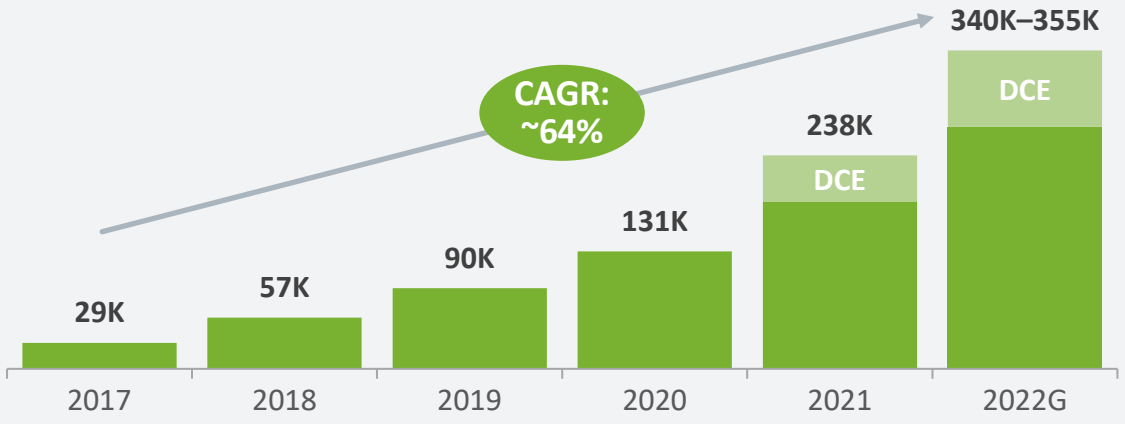
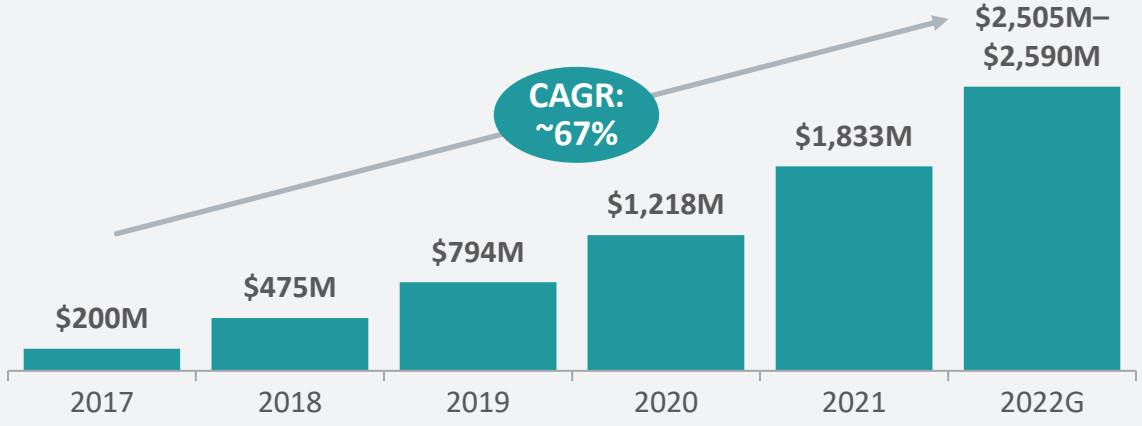
Significant Momentum & Forward Visibility

Ending Membership

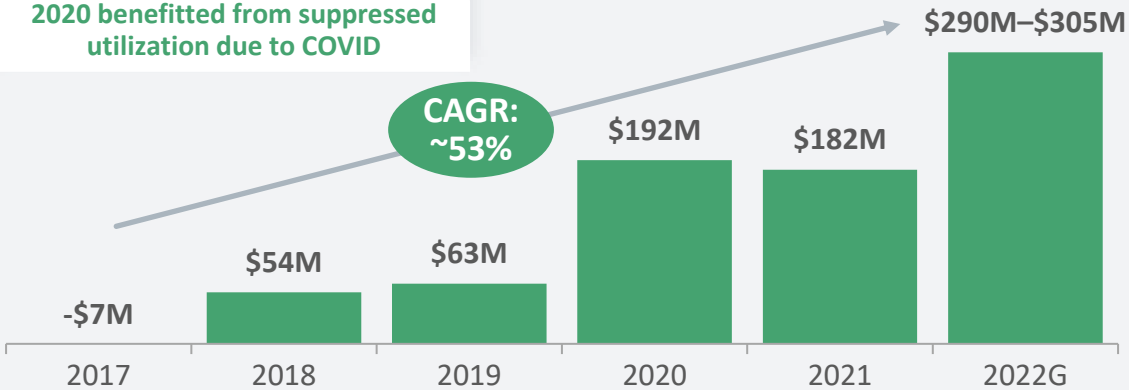


Revenue



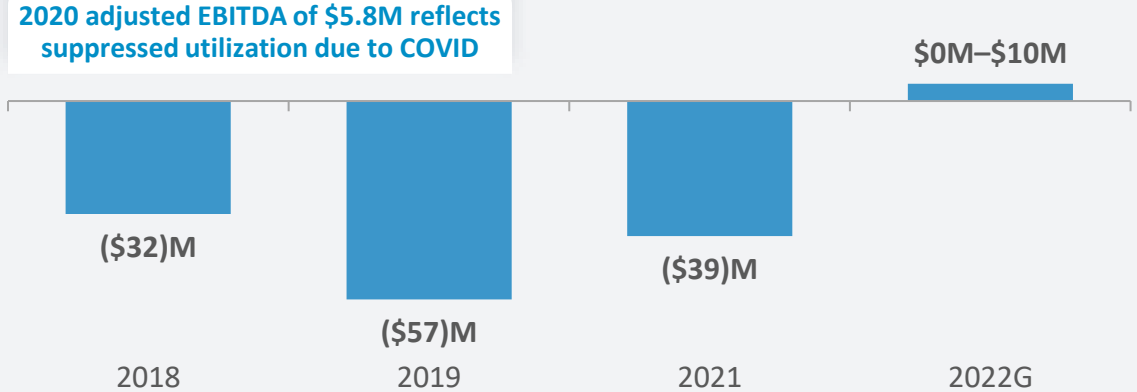
Medical Margin

2020 benefitted from suppressed utilization due to COVID



Adjusted EBITDA

2020 adjusted EBITDA of $5.8M reflects suppressed utilization due to COVID



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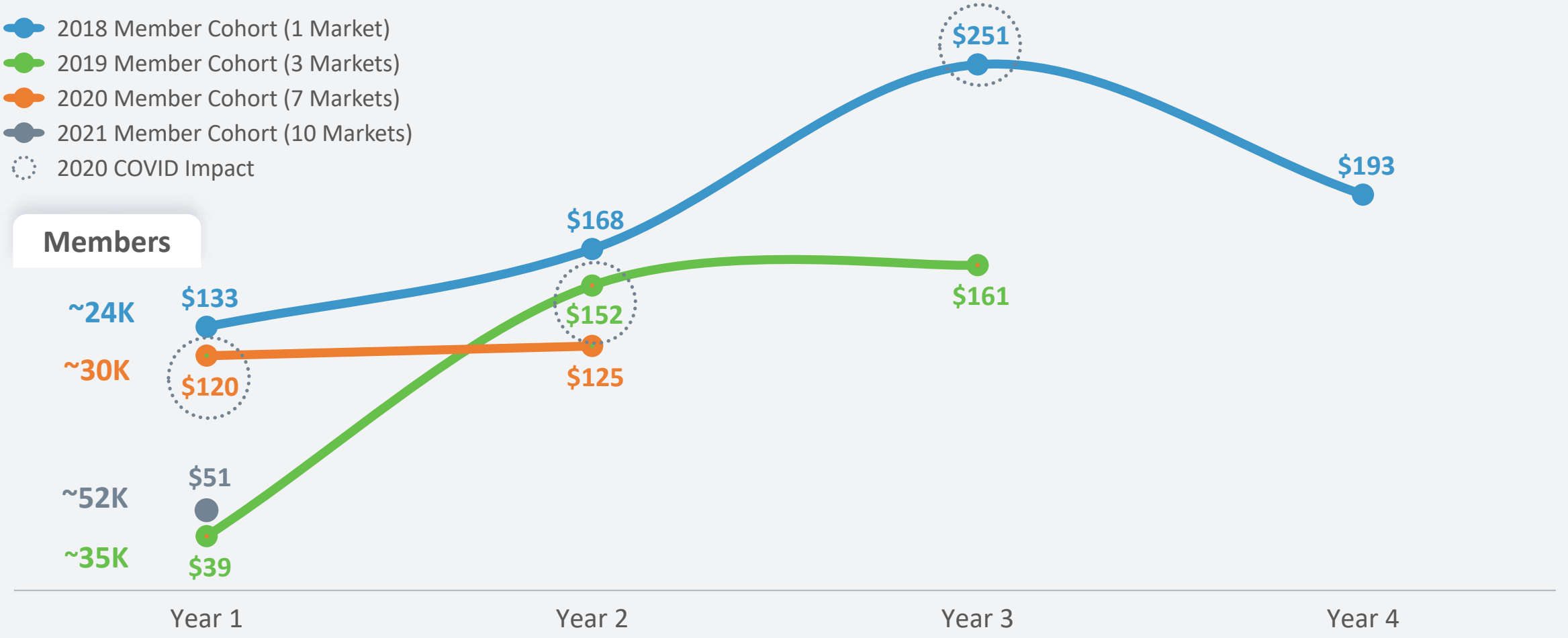
Strong Medical Margin Progression Across Member Cohorts

Cohort Medical Margin PMPM in Partner Markets (2018-2021)[1]



1. Cohort Medical Margin reflect incurred results, excluding Part D and other items (other risk pool, certain health plans with limited data).

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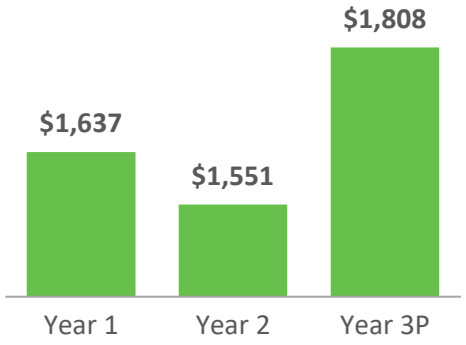
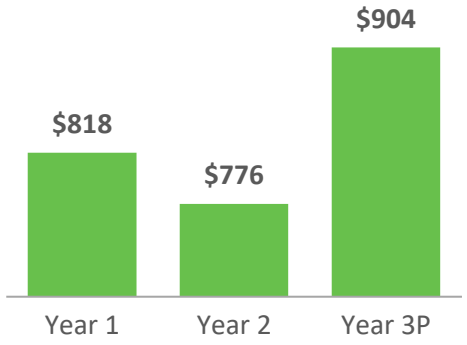
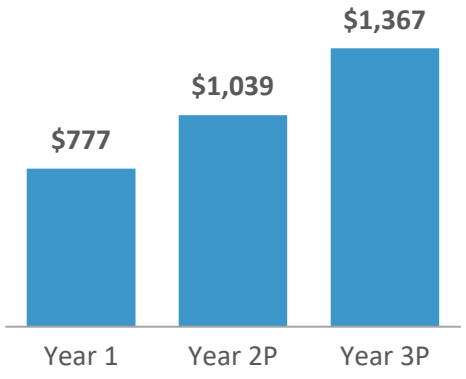
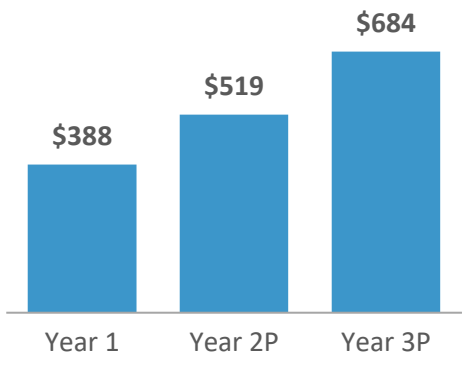
Highly Attractive LTV/CAC

Payback Period <1 Year for 2020 and 2021 Member Cohorts

	Membership & Acquisition Costs	Medical Margin (PMPY)	Network Contribution (PMPY)	Capital Return
2020 Member Cohort	**~41K Members** 26K New Geography 15K Same Geography **$412 Member CAC** $17.1M Investment			**Payback: Year 1** **LTV / CAC: >13:1**
2021 Member Cohort	**~47K Members** 36K New Geography 20K Same Geography **$371 Member CAC** $20.4M Investment			**Payback: Year 1** **LTV / CAC: >12:1**

Note: LTV/CAC estimate based on 10-year internal projection of cohort Network Contribution.

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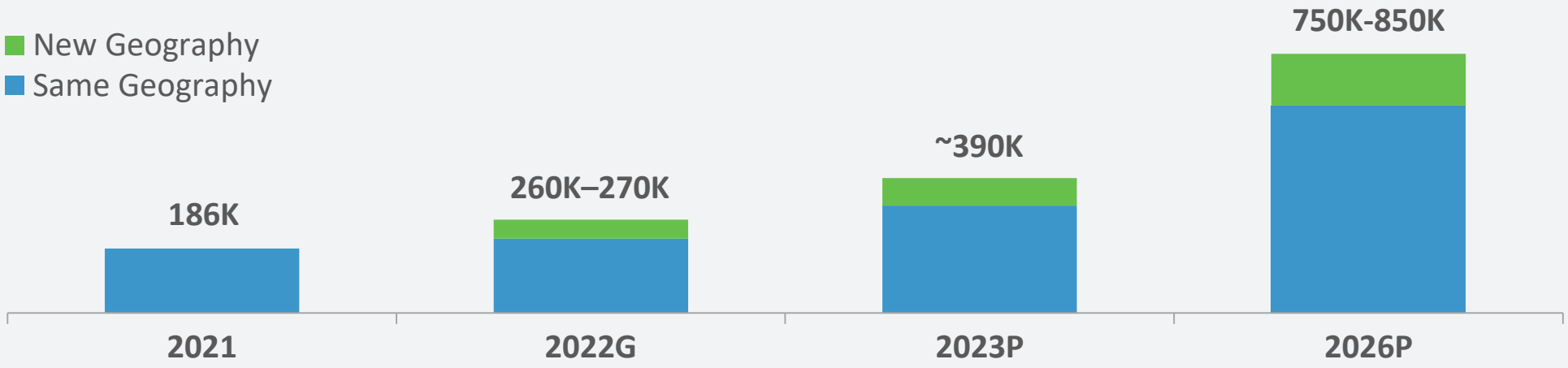
Driving Significant Growth in Members & Margins

Outlook for Medicare Advantage Members and Build to 2026



	2021	2022G	2023P	2026P
DC Members	52,000	80,000–85,000	~110,000	~110,000
PCPs on Platform	1,400+	1,600+	2,200+	3,800+
Med. Margin (PMPM)	$83	$98		$165-$155
Medical Margin ($M)	$182M	$290M–$305M		$1,400M-$1,525M
Adjusted EBITDA ($M)	($39)M	$0M–$10M		$580M-$610M

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Balance Sheet Capital Deployment

Balance Sheet & Cash Flow



~$1B of net cash as of March 31, adjusted EBITDA positive in 2022



Expect to generate substantial cash flow during 2022–2026



Not reliant on external capital to drive growth

Capital Deployment Priorities



Increased PCP capacity and enhance quality of network



Platform investments, including technology & clinical innovation



Add capabilities through internal investment or select M&A

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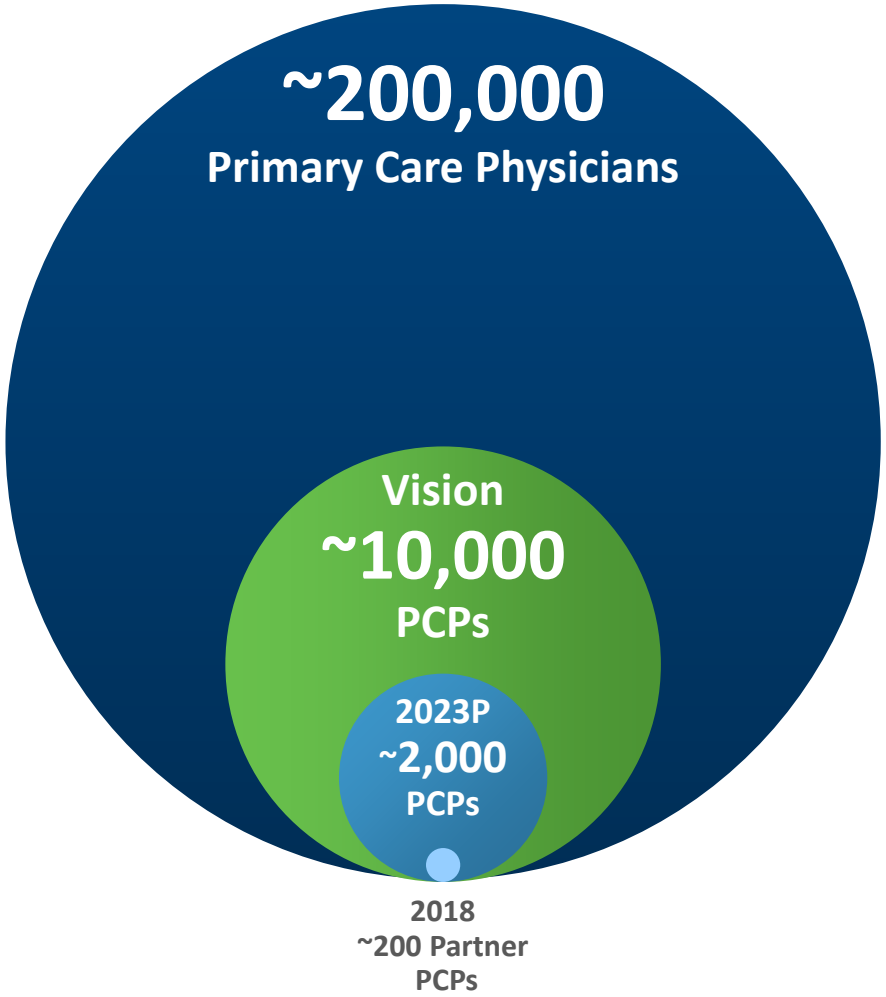
Massive Opportunity for Value Creation

Our Long-Term Opportunity



Value Drivers for agilon health

Grow the agilon Network:
New markets + new partners
Physician retention and attraction

Expand Access to Primary Care – Larger Panel Sizes Over Time:
~200 for MA, ~400 with DCE
Likely to increase with demographics

Manage Costs Driving Attractive Member and PCP Economics:
$150–$200 Medical Margin PMPM (Year 5+)

Reduce Waste – Unmanaged Spend Still Very Significant:
>$500M of impactable spend in existing markets, our platform is getting stronger and faster

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Appendix

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Financial Outlook

	Quarter Ending June 30, 2022	Year Ending December 31, 2022
Ending MA Members	253,000 – 258,000	260,000 – 270,000
Ending DCE Members	85,000 – 90,000	80,000 – 85,000
Total Revenue	$640M – $652M	$2,505M – $2,590M
Medical Margin	$80M – $83M	$290M – $305M
Adjusted EBITDA	$4M – $7M	$0M – $10M

We have not reconciled guidance for Adjusted EBITDA to net income (loss), the most directly comparable GAAP measure, and have not provided forward-looking guidance for net income (loss), because of the uncertainty around certain items that may impact net income (loss), including stock-based compensation.

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Non-GAAP Reconciliations

ADJUSTED EBITDA

(Dollars in thousands)	Year Ended December 31,			
	2021	2020	2019	2018
Net income (loss)	$(406,787)	$(60,052)	(282,588)	(146,926)
(Income) loss from discontinued operations, net of income taxes	1,303	(3,156)	168,285	65,338
Interest expense	6,146	8,135	9,068	9,839
Income tax expense (benefit)	886	865	(232)	(113)
Depreciation and amortization	14,544	13,531	12,253	11,385
Geography entry costs[1]	32,572	27,100	9,787	4,918
Severance and related costs[2]	12,861	4,009	3,675	3,036
Management fees[3]	433	1,530	1,885	1,755
Stock-based compensation expense	292,394	6,472	4,399	2,950
EBITDA adjustment related to equity method investments[4]	1,736	—	—	—
Other[5]	5,293	7,393	16,757	15,578
Adjusted EBITDA	$ (38,619)	$ 5,827	(56,711)	(32,240)

1. Represents direct geography entry costs, including investments to develop and expand our platform and costs in geographies that are in implementation and are not yet generating revenue. For the years ended December 31, 2021, 2020, 2019, 2018 (i) $12.0 million, $8.9 million, $2.9 million, and $2.2 million, respectively, are included in other medical expenses and (ii) $20.6 million, $17.9 million, $6.9 million, and $2.7 million, respectively, are included in general and administrative expenses.
2. For the year ended December 31, 2021, includes taxes and related costs on stock option exercises for departed executives of $5.4 million.
3. Represents management fees and other expenses paid to CD&R. In connection with our initial public offering, we terminated our consulting agreement with CD&R, effective April 16, 2021. We were not charged a fee in connection with the termination of this agreement.
4. Includes direct geography entry costs of and $1.3 million for the year ended December 31, 2021.
5. Includes changes in non-cash accruals for unasserted claims and contingent liabilities.

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