TRANSCRIPT OF MANAGEMENT'S PRESENTATION AT THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF MEDICAL FACILITIES CORPORATION HELD THURSDAY, MAY 14, 2020 AT 2:00 P.M. EASTERN TIME VIA LIVE AUDIO WEBCAST

Robert Horrar – President and Chief Executive Officer, Medical Facilities Corporation

Thank you, Jeff, and good afternoon.. I appreciate everyone being able to join us online today. Our Chief Financial Officer, David Watson, and I will now provide an overview of the past year as well as an update on our outlook and plans for the future at MFC.

But first, I would like to direct your attention to our disclaimer on forward-looking statements, as the following presentation should be viewed in context of this disclaimer.

2019 was a challenging year for MFC. Most significantly, we experienced ongoing issues at Unity. And to a lesser extent, we experienced issues at one of our larger MFC Nueterra ambulatory surgery centers.

For the first nine months of the year, our payout ratio was in excess of 100%, leading us to make changes to our dividend policy.

By September 2019, we began to see an improvement in results, and we finished the year with a strong fourth quarter.

We spent considerable time and effort executing on our strategic plan for Unity, and although we completed our transaction in February of this year, much of the work was done throughout 2019. As a result, Unity and the underlying real estate were classified as assets held for sale on our year-end balance sheet.

David will cover the details of our financial performance later in the presentation, but at a high level, excluding Unity, revenue was up 1.9% to $398.1 million, resulting in income from operations of $44.5 million. Adjusted EBITDA was up 3.1% to $96.2 million, and surgical case volumes were up 2.1% for the year.

Improving, or realigning our portfolio, was our primary focus for much of last year.

Though not a material transaction, by the end of the year, we had sold our interest in Central Arkansas Surgical Center. This facility came to us as part of a platform acquisition when we acquired seven ASCs through our MFC Nueterra partnership in early 2018. However, this particular ASC was in a relatively small market with limited growth opportunities and no material financial contribution. We felt our resources would be better deployed in larger markets and new opportunities.

As I mentioned a few moments ago, in February of this year, we sold the majority of our interest in Unity.

For this transaction, we partnered with several local investors, including leading physicians affiliated with South Bend Orthopaedics, The South Bend Clinic, and Allied Physicians of Michiana. We expect our new partnership and additional capital to improve facility utilization and financial performance of Unity. With our ownership interest decreasing to 31.7%, Unity is no longer consolidated in our financial results.

Following these transactions, we still have a diverse portfolio of high-quality facilities. We have 11 facilities, including four surgical hospitals and seven ASCs, in 10 different states. We also have six urgent care clinics, that expand the hospital's outreach and brand in surrounding communities.

As I mentioned earlier, last November we reduced our dividend payout by 75% on an annualized basis and changed the frequency from monthly to quarterly.

Additionally, at the end of 2019 we retired our 5.9% convertible debentures, using a combination of cash on hand and $16 million from our credit facility.

These two moves provide us with increased financial flexibility, allowing us to better pursue long-term, value maximizing opportunities. Combined with the Unity and Central Arkansas transactions, we have dramatically improved our financial position over the past six months.

Our success over the years has largely been due to our ongoing focus on three core elements to our business – people, industry-leading standard of care, and the quality of our facilities.

The people that work in our facilities and their shared commitment to provide the best patient experience and hospital care are a major reason why our facilities continue to rank among the highest in industry surveys of patient satisfaction and quality scores.

In the latest Hospital Consumer Assessment of Healthcare Providers and Systems, or HCAHPS, survey results published at the end of January, our hospitals again scored well above the national average. Based on ten important hospital quality topics, the results revealed that 89% of our patients would definitely recommend our hospitals, compared to the national average of 72%. Three of our hospitals received a rare five-star rating.

This is a strong foundation in which to build upon. I will talk more about that later in the presentation. But for now, I would like to turn the presentation over to our Chief Financial Officer, David Watson.

Please go ahead, David…

David Watson – Chief Financial Officer, Medical Facilities Corporation

Thank you, Rob. Good afternoon everyone.

I will take a few minutes to briefly walk through our annual financial results for 2019 as well as our first quarter results for 2020.

All dollar amounts in this presentation are in U.S. dollars, unless otherwise stated.

Also, a quick reminder that our 2019 financial results include the impact of IFRS 16, a substantial change to lease accounting standards. MFC adopted IFRS 16 using the modified retrospective approach, and our financial results prior to 2019 were not restated. As a result, when comparing our 2019 EBITDA to periods prior to January 1, 2019, the impact of IFRS 16 should be considered.

Importantly, since we began negotiations to sell the majority of our interest in Unity, as well as the underlying real estate, prior to year-end, they were classified as assets held for sale on our year end consolidated balance sheet. The following review of our year end financial results excludes the results of Unity.

Our revenue from continuing operations was $398.1 million for the year, which was up 1.9%, or $7.3 million compared to the year before. The increase was attributable to several factors, including: higher surgical case volume at most facilities; higher primary care, pain clinic, and imaging revenue; as well as contributions from the Gillette urgent care clinic. Other factors included, an extra month of contributions from the MFC Nueterra ASCs, which were acquired in February of 2018; and positive variances in both case and payer mix.

In the U.S. healthcare system, there are many entities that pay for medical care. There is Medicare and Medicaid, which are government programs, that pay for the care of senior citizens or those with limited income. There also are many private insurers and, in some cases, people self-pay.

We continue to have a strong payor mix, with MFC having a greater proportion of higher reimbursing commercial plans compared to the U.S. healthcare system as a whole. In 2019, about 51%of our revenue was from private insurers, compared to 38% for the U.S. healthcare system as a whole.

Excluding the $22 million non-cash goodwill impairment charge for the MFC Nueterra ASCs in the third quarter of last year, adjusted EBITDA for the year was $96.2 million, which was up 3.1%, or $2.8 million, compared to the year before. As a percentage of revenue, Adjusted EBITDA in 2019 improved to 24.2% compared to 23.9% in 2018.

Earlier this morning, we released our first quarter 2020 financial results. We had a strong January and February, but our facilities and volumes were affected to varying degrees by the COVID-19 pandemic in the latter half of March.

By the end of the quarter, we recorded revenue of $92.8 million, which was down 0.7% from the first quarter of 2019. Income from operations was down 14.1% to $11 million and Adjusted EBITDA was down 10.4% to $18.6 million.

We generated cash available for distribution of $8.8 million Canadian, resulting in a payout ratio of 24.6% for the quarter.

At the end of the first quarter, we had cash and cash equivalents of $39.4 million and about $65.2 million available on our credit facility. Our current ratio improved to 1.8 times from 1.1 times at the end of Q1 last year.

I would now like to turn the presentation back over to Rob to discuss our outlook and future growth opportunities.

Rob…

Robert Horrar – President and Chief Executive Officer, Medical Facilities Corporation

Thank you, David.

Our near-term outlook is uncertain due to the rapidly evolving COVID-19 pandemic. That being said, our facilities, physicians, and staff play a vital role in the healthcare communities in which we operate. Each of our hospitals and ambulatory surgery centers are taking every precaution to help ensure they are able to continue caring for patients, while ensuring that our facilities remain safe places for physicians, staff, and patients.

All facilities are adhering to recommendations, guidelines, and mandates from various professional, state, and local health authorities and continue to evaluate and adjust our policies and procedures as needed.

While the U.S. Federal and State Governments and local departments of health have recommended limiting non-essential surgeries, the ultimate medical determination currently lies with the discretion of the physician-providers as subject matter experts in consultation with patients.

Our facilities are screening patients and evaluating on a case-by-case basis, postponing procedures when necessary..

Like many of our competitors, we started to see a sharp decline in surgical cases in the latter half of March and so far into the second quarter. The impact COVID-19 is having on our business continues to vary from one facility to another. However, when COVID-19 is eventually under control, we expect a surge in case volume due to pent up demand. This surge in cases may occur in the second half of the year, but the risk of a second wave is hard to predict at this time.

Regardless of the pandemic, the overall population growth and aging demographics in the U.S. are strong positive drivers of the demand for healthcare services. The seniors' population is the fastest-growing age group in the United States. There are now approximately 56.3 million people aged 65 and over in the U.S., and this number is expected to increase by 30.4% to approximately 73.4 million by the end of the decade.

A growing senior population is expected to translate to greater patient volumes. Just as an example, the number of total knee and hip replacements are on the rise.

As we seek to capitalize on the growth in the 65 and over population and the macro shift towards more outpatient procedures, we have multiple organic and inorganic growth opportunities ahead of us. When it comes to organic growth, we continue to expand the utilization of our existing facilities, including recruiting new physicians and capital investment in facility enhancements and new equipment.

We continue to look for opportunities to diversify our revenue base, including adding ancillary services, as we have done with our urgent care clinics opened in the past few years.

With regards to growing our ASC platform, we will continue to leverage our MFC Nueterra partnership, including de novo opportunities, such as the new ASC we are opening at St. Luke's, and potential, accretive acquisitions.

It is important to note, that we are partnered with a local hospital and 14 physicians as owners for the ASC we are developing in Chesterfield, Missouri. St. Luke's Surgery Center of Chesterfield will initially offer five specialties, including orthopedics, gynecology, gastrointestinal, plastic surgery and general surgery.

St. Luke's will be one of our larger ASCs and will have extended care rooms to support total knee and hip replacements.

Construction commenced last November 2019, and while we were targeting to open in June, construction has been delayed slightly due to COVID-19. We now expect construction to be completed by late June and expect to perform cases in the third quarter.

We are committed to increasing our footprint. In addition to de novo opportunities, we continue to have a strong pipeline of acquisition opportunities. We maintain strict acquisition criteria that includes high-quality facilities with a track record of delivering optimum clinical outcomes for patients, appealing demographics and further opportunities for operational enhancements.

Our disciplined approach to acquisitions helps ensure that each acquisition we make has the highest possible chance of success and generating long-term value for shareholders.

Before we move on to questions, I would like to express my gratitude to our entire team for their hard work and contribution. I would also like to thank all of our physician partners, nurses, facility leaders, and staff as well as all medical professionals for their dedication and their incredible efforts during this pandemic. And, I would like to thank you, our shareholders, for your ongoing support.

We now invite Trevor Heisler of National Public Relations to read any questions submitted.

Trevor Heisler – Vice-President, National Capital Markets

We will now open the virtual floor for questions.

To ask a question please type your question into the "Ask a Question" field and click "Submit." To allow us to answer questions from as many shareholders as possible, please limit your questions to two. Any questions pertinent to the annual meeting that cannot be answered during the meeting due to time constraints will be posted with answers on our website as soon as practical.

I see no questions submitted through the web portal.

Robert Horrar – President and Chief Executive Officer, Medical Facilities Corporation.

Thank you for joining us this afternoon. Hopefully, we will be able to do this in person next year. Thank you, stay safe and be well.