



Molina Healthcare to Acquire Magellan Complete Care

April 30, 2020

Cautionary Statement

Safe Harbor Statement under the Private Securities Litigation Reform Act of 1995:

This presentation and the accompanying oral remarks include forward-looking statements regarding, without limitation, the Company's proposed acquisition of Magellan Complete Care. The Company intends such forward-looking statements to be covered by the safe harbor provisions for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. The Company cannot guarantee that it will actually achieve the plans, outlook, or expectations disclosed in its forward-looking statements and, accordingly, you should not place undue reliance on the Company's forward-looking statements. Those risks and uncertainties are discussed under Item 1A in the section entitled "Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, and also in the Company's quarterly reports and other reports and filings with the Securities and Exchange Commission, or SEC. These reports can be accessed under the investor relations tab of the Company's website or on the SEC's website at www.sec.gov. Given these risks and uncertainties, the Company can give no assurances that its forward-looking statements will prove to be accurate, or that the results or events projected or contemplated by its forward-looking statements will in fact occur. All forward-looking statements in this presentation represent management's judgment as of April 30, 2020, and, except as otherwise required by law, the Company disclaims any obligation to update any forward-looking statements to conform the statement to actual results or changes in its expectations.

Combination at a Glance

Strategic product fit, complementary geography and compelling return profile

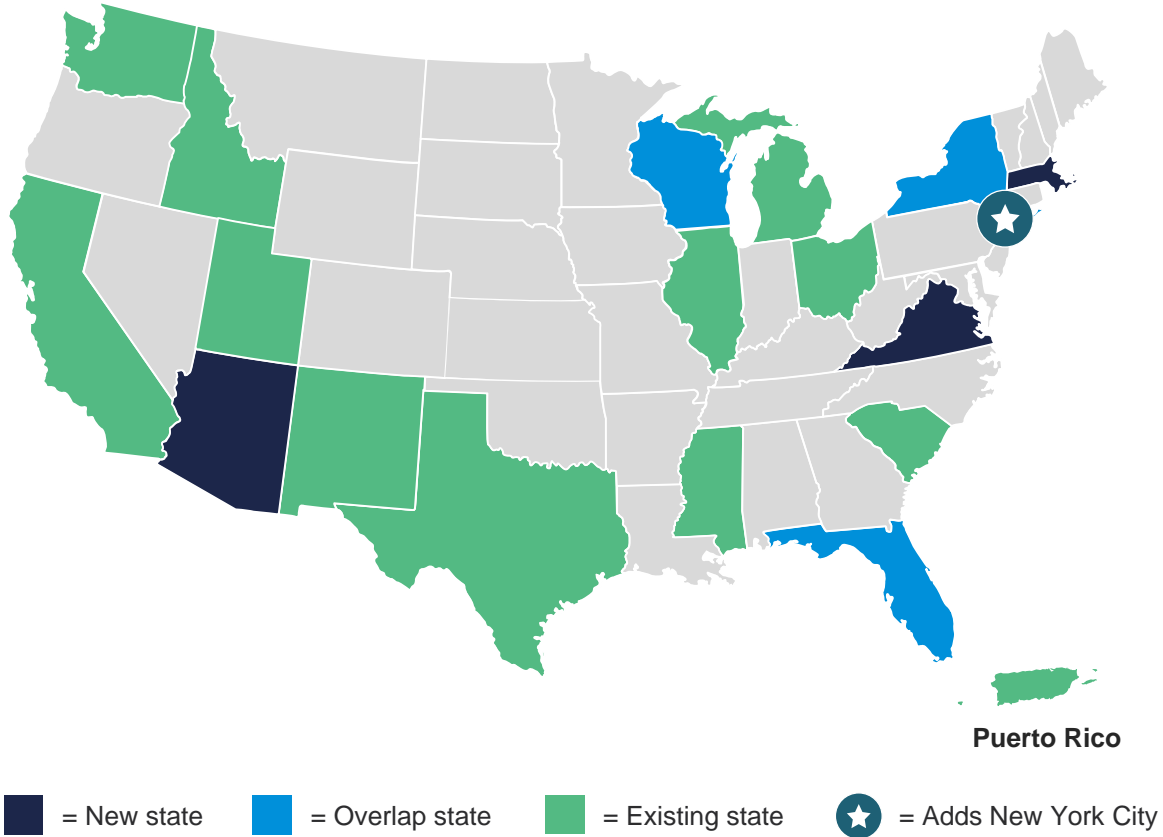
	Molina	Magellan Complete Care
Membership ⁽¹⁾	3.4M	155K
2019 Revenue	~\$16.8B	>\$2.7B
2019 Reported MCR	85.8%	88.9%
2019 EBITDA ⁽²⁾	~\$1.1B	Slightly profitable

(1) Molina at 3/31/20. MCC at 12/31/19.

(2) See reconciliation of non-GAAP financial measures at the end of this presentation.

Geographic Footprint of Combined Entity

Operating cost leverage through Medicare and Marketplace expansion opportunities



Magellan Complete Care operates in 6 states, including 3 new states for Molina



Portfolio of businesses in government managed-care



- AZ: newly procured TANF and CHIP
- VA: recently procured LTSS, TANF, CHIP
- MA: well-established duals
- NY: well-established NYC MLTC
- FL: SMI population
- WI: Self-directed care, ASO

Strategic Rationale

Strategic attributes of acquisition are compelling

ATTRACTIVE GEOGRAPHIC AND PRODUCT ADDITIONS

1

Highly complementary geographic and product additions

- supports existing high acuity and duals strategy
- creates opportunities for both fixed cost and operating leverage

PORTFOLIO DIVERSIFICATION AND ENHANCEMENT

3

Immediate expansion of geographic and product footprint

- creates broader portfolio, less affected by state-specific RFP timing and cycles

SIGNIFICANT VALUE CREATION

2

Revenue streams from MCC contracts are long-tenured and stable

- will apply our demonstrated operating capabilities to these revenue streams to improve MCC margins

STABILITY AND CONTINUITY OF CARE

4

Maintains stability for state partners

- provides continuity of care for MCC members

Transaction Summary

Uses available cash, attractively priced, many sources of value creation and attractive returns

Purchase Price

- \$820 million net of certain tax benefits
- Net purchase price approximately 30 percent of full year 2019 revenue

Funding

- Significant excess cash at parent and existing lines of credit give Molina both capacity and flexibility
- Molina to fund entire transaction with a portion of its cash on hand

Value Creation

- Three sources of value: margin improvement, operating leverage, fixed cost leverage
- Accretion: approximately \$0.50 to \$0.75 cash earnings per diluted share in the first year of ownership; at least \$1.75 cash earnings per diluted share in the second year of ownership



Thank You



Reconciliation of Non-GAAP Financial Measures

Reconciliation of Non-GAAP Financial Measures

As of December 31, 2019

	2019 Actual
Net Income	\$737M
Adjustments:	
Depreciation, and Amortization of Intangible Assets and Capitalized Software	\$89M
Interest Expense	\$87M
Income Tax Expense	\$235M
EBITDA	\$1,148M