



Investor Day 2021

Sustaining Profitable Growth

September 17, 2021

Sustaining Profitable Growth

	Topic	Speaker
8:30am	Welcome and Logistics	– Ron Kurtz
8:35am	Sustaining Profitable Growth	– Joe Zubretsky
9:30am	Compelling Financial Profile	– Mark Keim
10:00am – 10:45am	Executive Q&A	– Joe Zubretsky – Mark Keim

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 2021 guidance, its 2022 premium revenue and revenue growth strategy, its long-term financial targets and margin outlook, the COVID pandemic, COVID risk sharing corridors, future RFPs and re-procurements, mergers and acquisitions, Medicaid redeterminations, and the Company's general business plans. 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. Readers and listeners are cautioned not to place undue reliance on any forward-looking statements as forward-looking statements are not guarantees of future performance, and the Company's actual results may differ materially due to numerous known and unknown risks and uncertainties. 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, 2020, and also in the Company's quarterly reports, current 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. All forward looking statements in this presentation represent management's judgment as of September 17, 2021, 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..



Sustaining Profitable Growth

Joe Zubretsky
President and Chief Executive Officer

Sustaining Profitable Growth



Long-Term Financial Targets



Our Value Creating Franchise



Attractive Government Managed Care Market



The Profitable Growth Playbook



Winning Leadership Model



Value Creation Dynamics

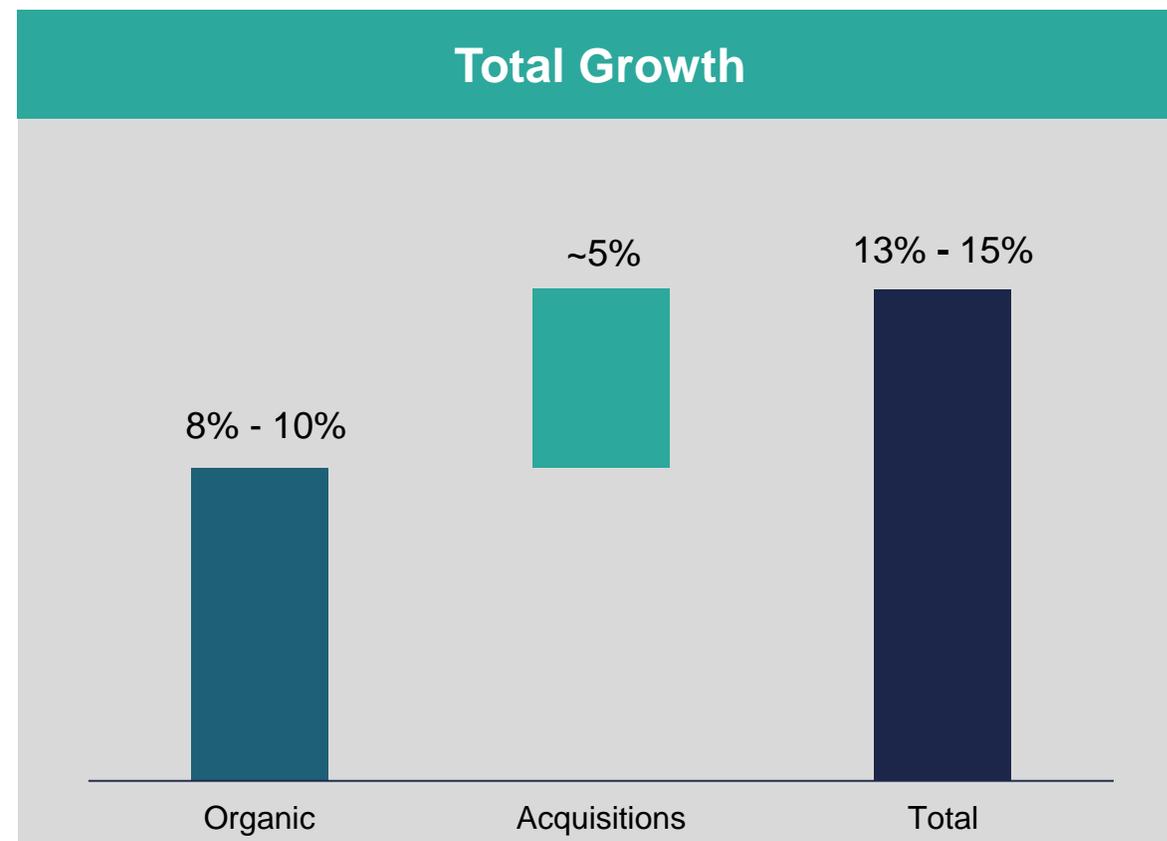
Long-Term Financial Targets

Long-Term Premium Revenue Growth

Strong organic growth opportunities off of 2022 outlook, complemented by disciplined acquisition strategy

Organic Growth

Medicaid	8% - 10%
Medicare	11% - 13%
Marketplace	5% - 8%
Weighted Total	8% - 10%



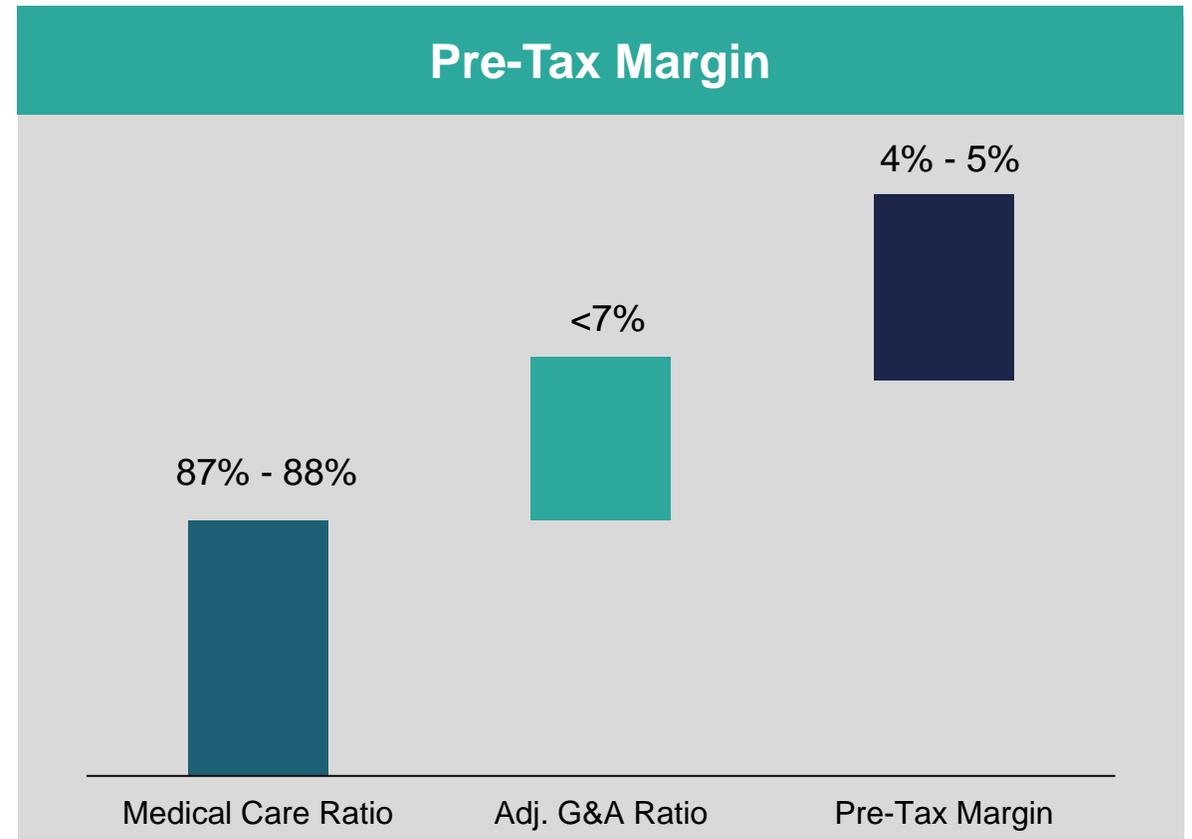
Long-Term Margin Outlook

Continued margin management will drive net income growth

Medical Care Ratio

Medicaid	88% - 89%
Medicare	87% - 88%
Marketplace	78% - 80%
Weighted Total	87% - 88%

Pre-Tax Margin



Total Company Long-Term Outlook

Strong revenue and earnings growth off of 2022 outlook, enhanced by operating leverage and share repurchases

Premium Revenue Growth	13% - 15%
Hedge to Margins / Operating Leverage	0% - 1%
Net Income Growth	13% - 16%
Share Repurchases	~2%
EPS Growth	15% - 18%

Investment Thesis

Strong growth, sustained margins and disciplined capital management form the core of shareholder return



Legacy and new market opportunities



Capital efficiency and cashflow generation



Double digit revenue growth



High return capital deployment



Attractive margins and operating leverage



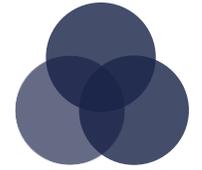
Proven management team

Our Value Creating Franchise

Franchise

Leading pure-play, government-sponsored managed care company with breadth and scale

**FORTUNE
500**



155
Ranking

>\$27B
Total Revenue
2021E

4.7M
Members
2Q21

18
States
2021

3
Products
Medicaid,
Medicare
and Marketplace

Mission

We improve the health and lives of our members by delivering high-quality health care

Molina provides access to high-quality government sponsored healthcare



Our mission is balanced among all those we serve



Members



Shareholders



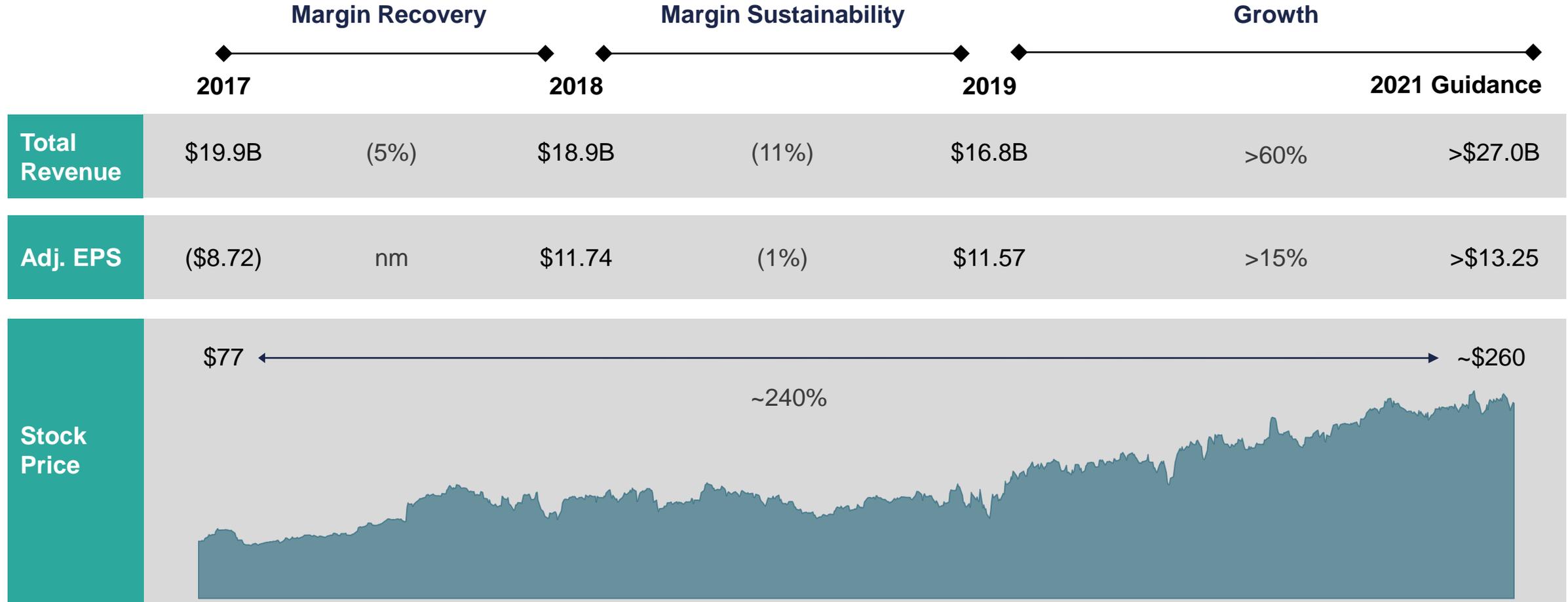
Government Agencies



Employees

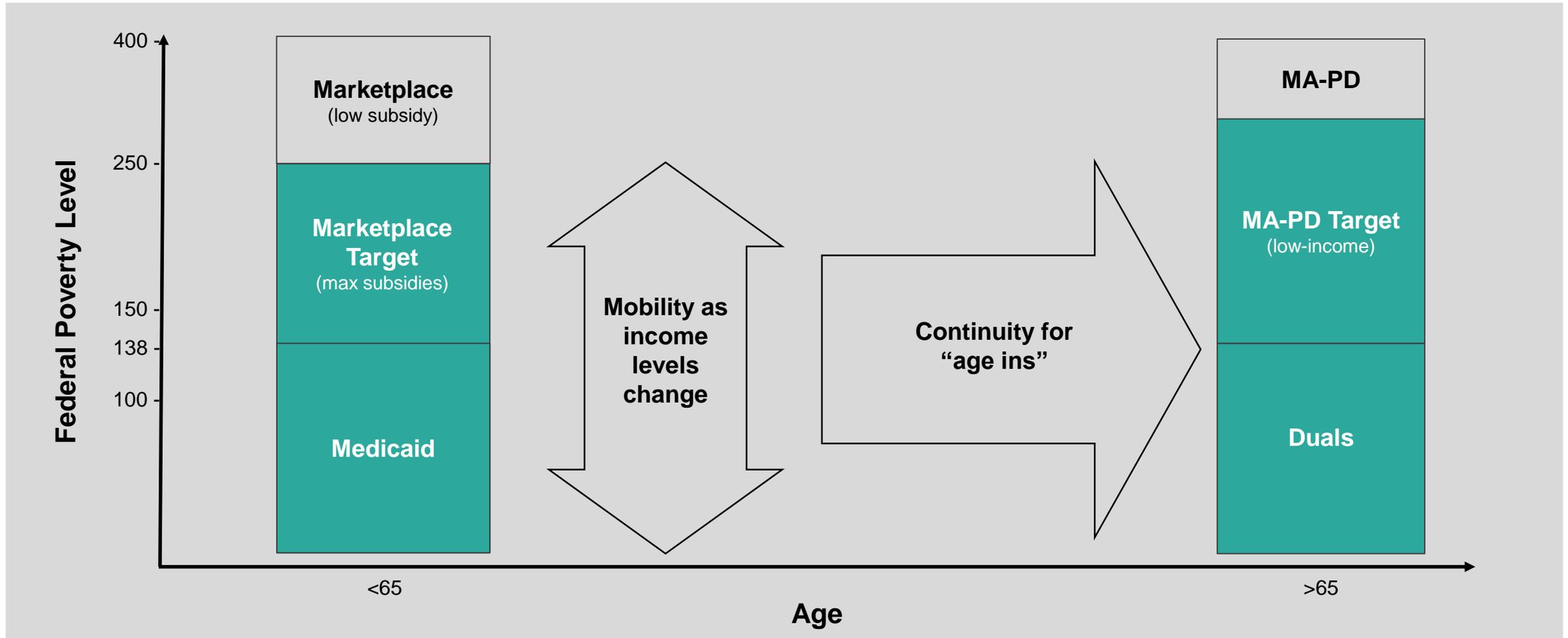
Transformation

Our transformation has driven strong growth in revenue, EPS and shareholder return



Portfolio Synergies

Synergistic product segments provide member continuity and leverage common capabilities



Market Share Upside Opportunity

National franchise with significant local market opportunity in all segments

Medicaid

Medicare Duals

Marketplace

National Market Share



#4 Nationally



#6 Nationally



#6 Nationally

Average State Market Share

Molina ~9%

Top Competitors ~20% - 30%

Molina ~6%

Top Competitors ~20% - 40%

Molina ~9%

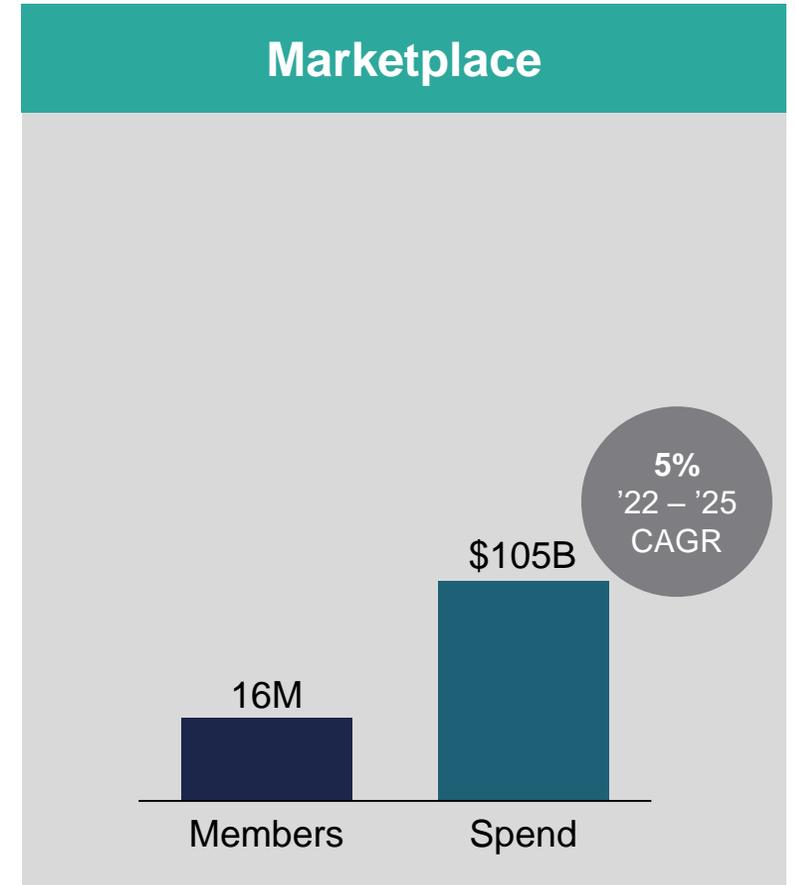
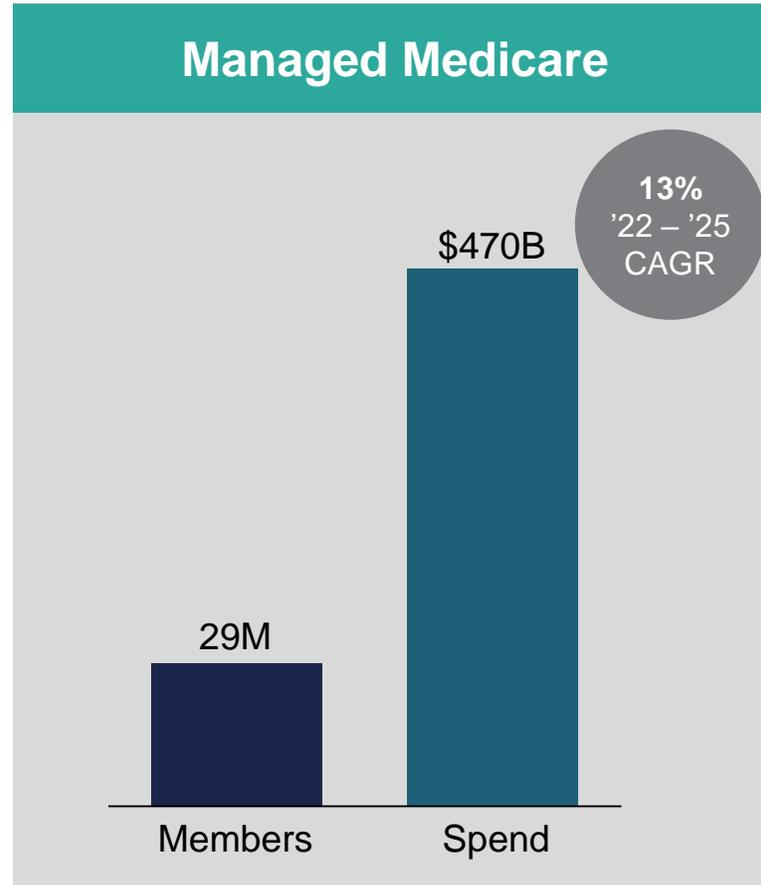
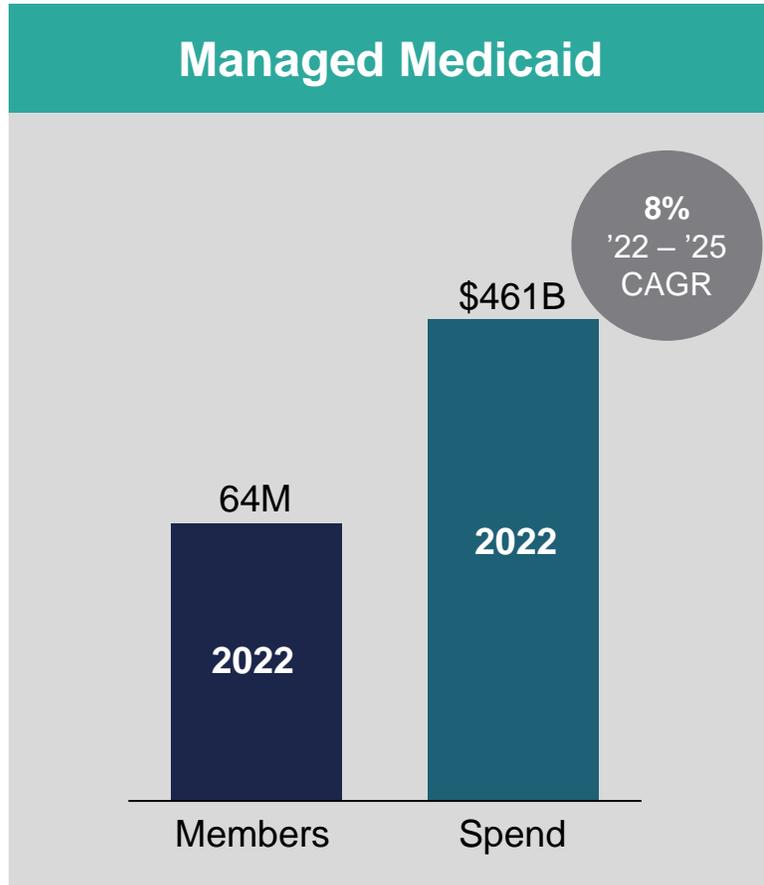
Top Competitors ~15% - 50%

Sources: Health Management Associates, State-reported data, CMS and Decision Resources Group

Attractive Government Managed Care Market

The Government Managed Care Market

Our addressable markets exceed \$1T in spend with high growth



Sources: CMS Medicaid Actuarial Report, NHE, KFF, HHS and Urban Institute

Political / Regulatory Environment

Political and regulatory environment provides favorable conditions for all segments

	Medicaid	Medicare	Marketplace
Executive Orders	Revoked Medicaid work requirements	PHE continues telehealth flexibility increasing access	Agencies halt sale of limited duration/non-ACA compliant plans
Legislation	ARP provides FMAP incentives for remaining states to expand Medicaid	Sequestration extends through 2021, boosting premiums	ACA premium subsidies increase for 2021 and 2022
Regulation	Rating rules tighten actuarial soundness requirements for quality withholds	CMS direct contracting opportunities	NBPP helps Medicaid enrollees transition easily to Marketplace after the PHE ends

Medicaid Rate Environment

Core rates are expected to remain actuarially sound with many COVID risk sharing corridors expiring

Core Rates

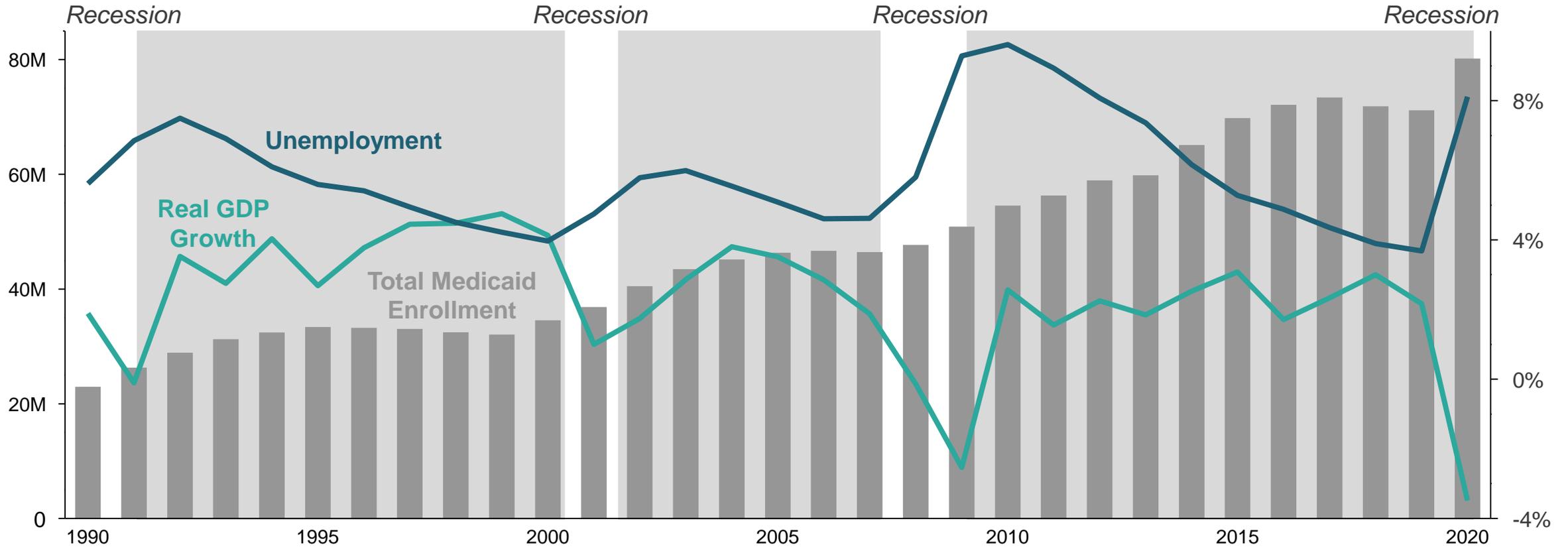
- Prospective rate setting in return to traditional methodology
- Clear visibility on 2022 rates for 25% of premium revenue
- Rates reflect pre-COVID baseline trended forward and are actuarially sound

COVID Risk Sharing Corridors

- COVID risk sharing corridors in many states through 2021
- Corridors expected to end with PHE
- Corridors already expired in CA, NY, SC, and MI for 2022 fiscal years

Economic Recovery Trends

Medicaid enrollment increases with economic downturns, continually growing without returning to previous levels



Sources: CMS, BLS, MACPAC and KFF

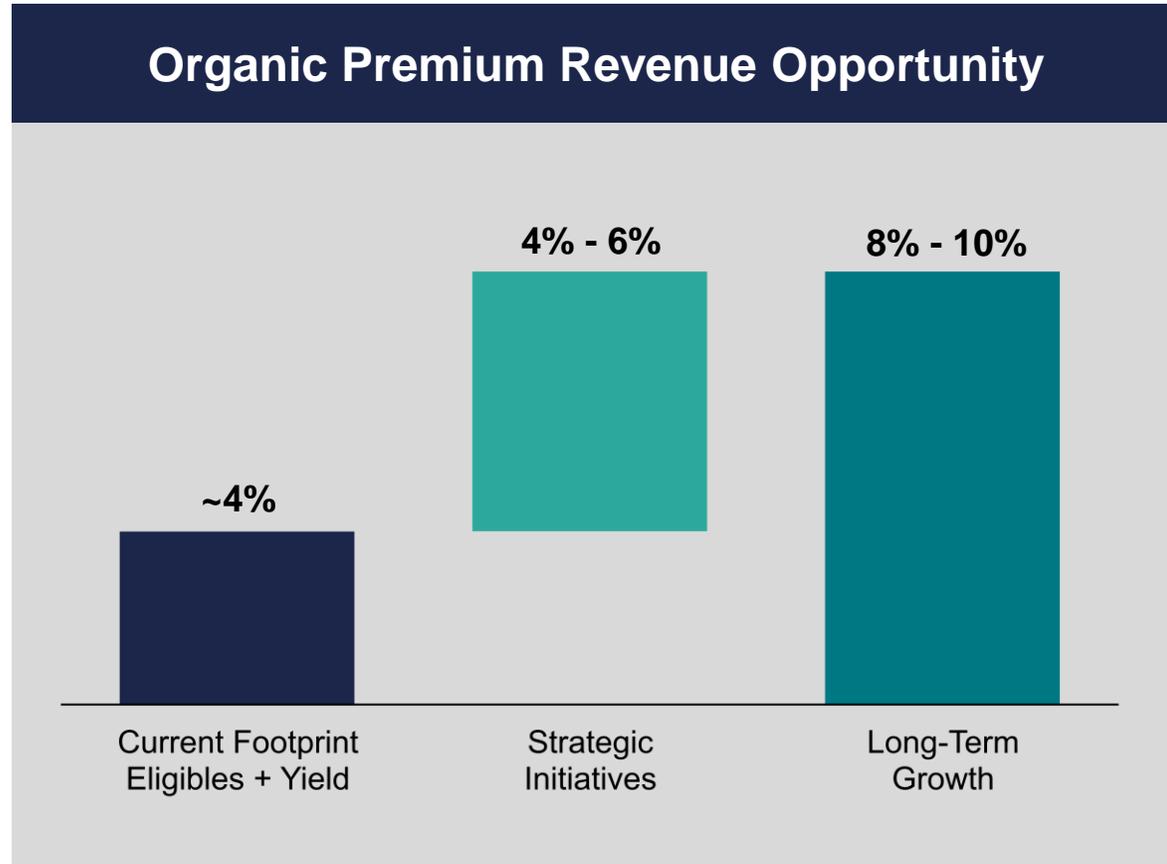
The Profitable Growth Playbook

Medicaid / Medicare / Marketplace / M&A / Margin Profile

Medicaid

Medicaid Long-Term Organic Growth

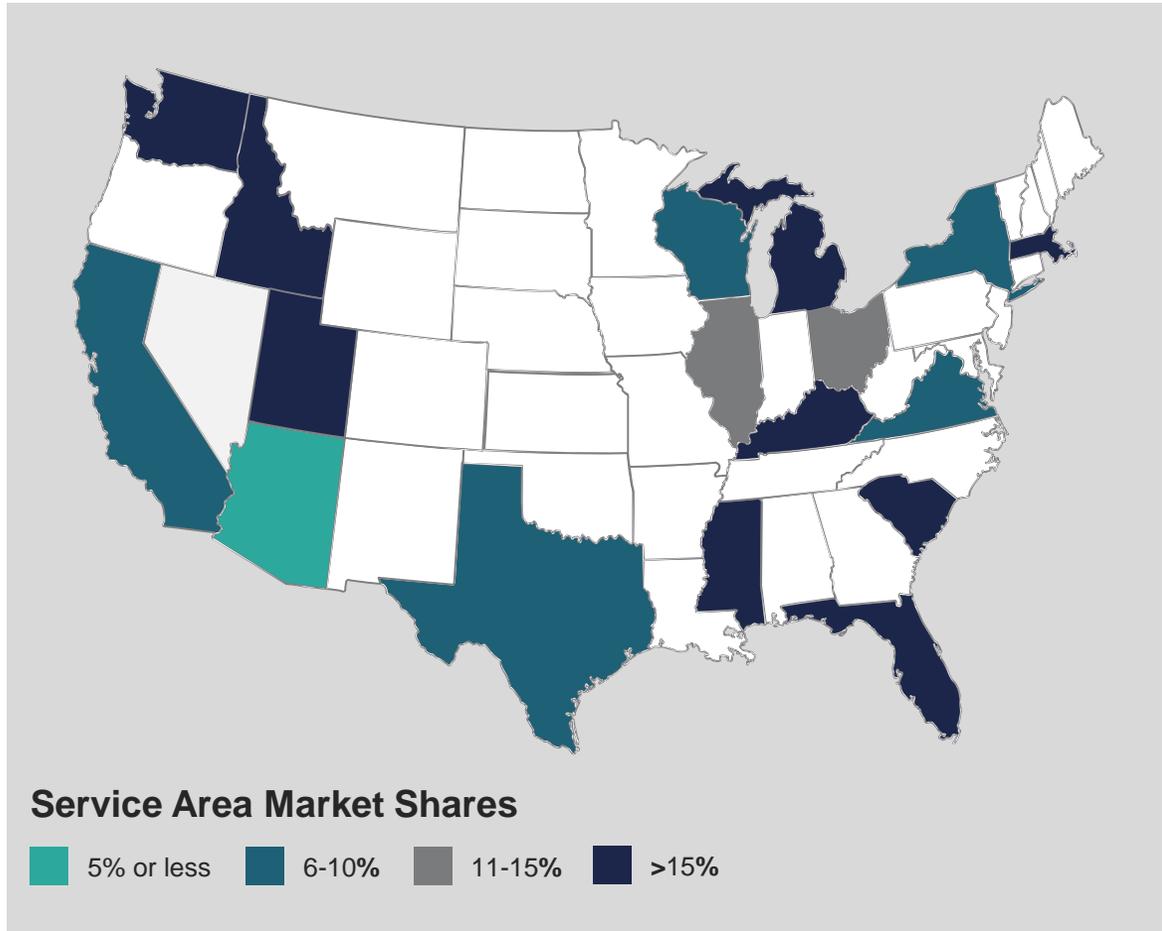
Long-term organic growth rate of 8%-10% driven by current footprint and strategic initiatives



- ### Strategic Initiatives
- 1 Increase market share
 - 2 Grow with potential expansion states
 - 3 Pursue carve-in opportunities
 - 4 Win new RFP states

Increase Market Share

Retain existing contracts and focus on fundamental operating tactics to drive significant market share opportunity



Actions

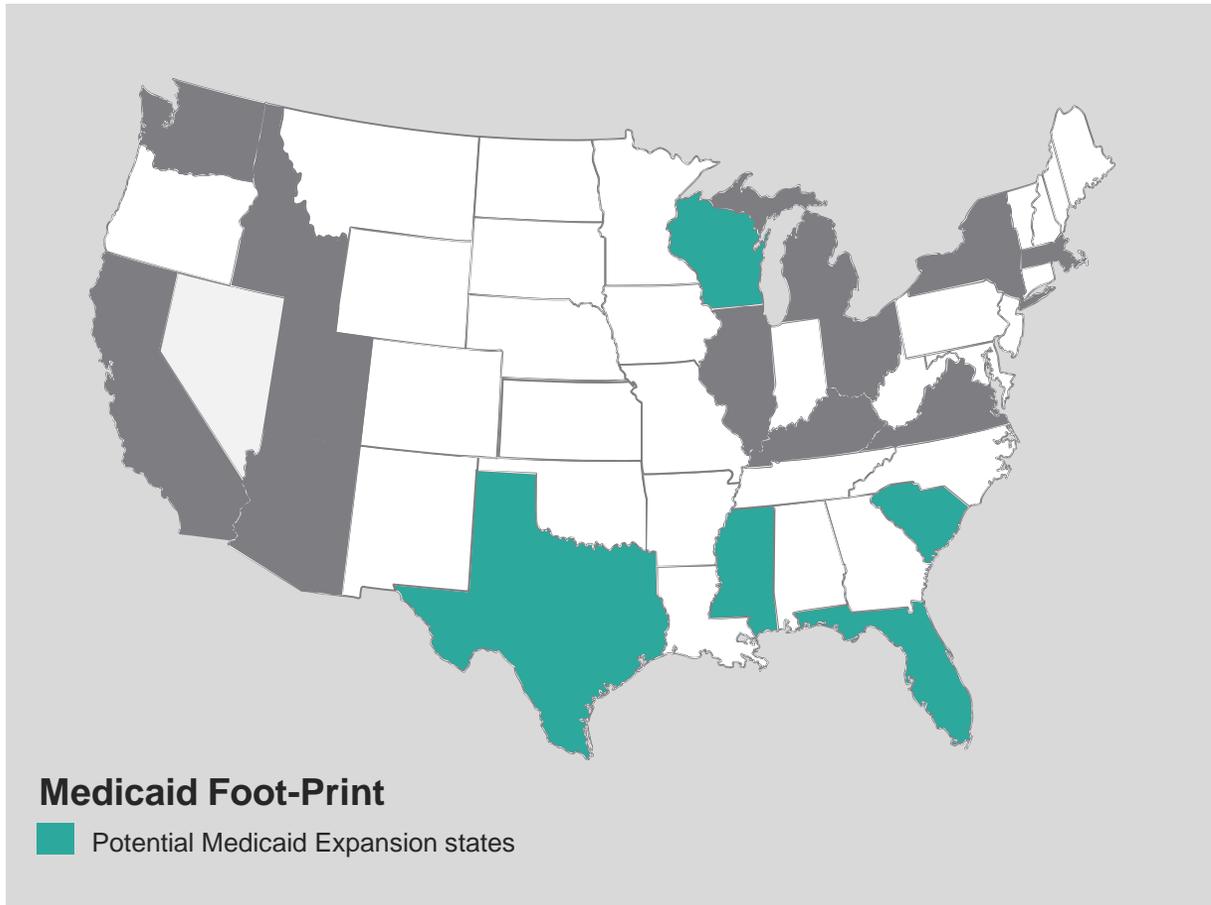
- Engage membership redeterminations proactively
- Engage providers to drive membership
- Increase auto assignment through improved quality scores
- Drive voluntary enrollment through community presence and awareness

1%
Increase in Service Area
Market Share

~\$1.6B
2025 Revenue Opportunity

Grow with Potential Expansion States

Opportunity in five incumbent states represents ~3 million additional Medicaid managed care lives



Source: KFF, state filings and Company estimates



Pursue Carve-in Opportunities

Numerous pending LTSS and BH carve-in opportunities as states leverage managed care efficiency

~\$7B in Carve-in Opportunities

LTSS



California



Kentucky



South Carolina

BH



California



Utah



Michigan

Actions

- Pursue announced carve-in programs
- Advocate for additional carve-in programs
- Leverage Molina’s leading capabilities and \$4B LTSS platform

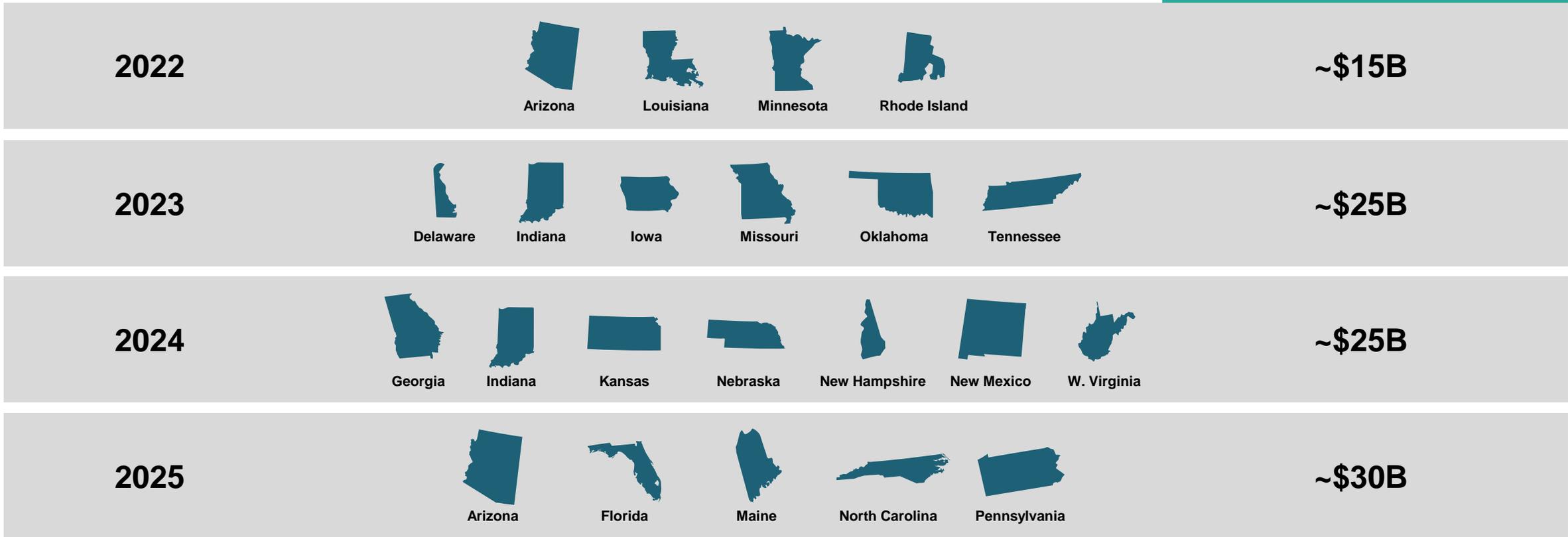
~15%
Service Area
Market Share

~\$1B
2025 Revenue Opportunity

New State RFP Pipeline

New state procurement opportunities total ~\$95 billion in annual premium revenue by 2025

2025 Premium Revenue Opportunity



Prioritizing Opportunities

Significant RFP opportunities drive incremental long-term revenue growth

Key Criteria

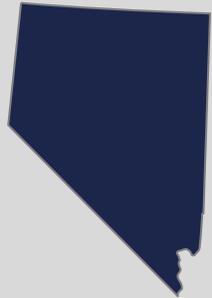
- 1 Size and duration of contract
- 2 Strength of incumbents
- 3 Number of awardees
- 4 Access to high-quality low-cost network
- 5 Rational rate environment

Sizing the Opportunity

2025 total RFP opportunity	~\$95B
Pursue subset of opportunities	~40%
Projected competitive win rate	~50%
Projected market share	~20%
2025 Molina revenue opportunity	~\$4B

Nevada RFP Win

Recently announced Nevada RFP award demonstrates continued success in new states



On August 17th, Molina announced award of new state Medicaid contract in Nevada

- Award covers beneficiaries through TANF, CHIP and Medicaid expansion programs
- Four-year contract term with potential two-year extension
- Future opportunities in LTSS and ABD
- Strong ground game and innovative differentiation drove success

2022 Premium Revenue Expectation

~630,000

Members Statewide



~20%

Estimated State Market Share



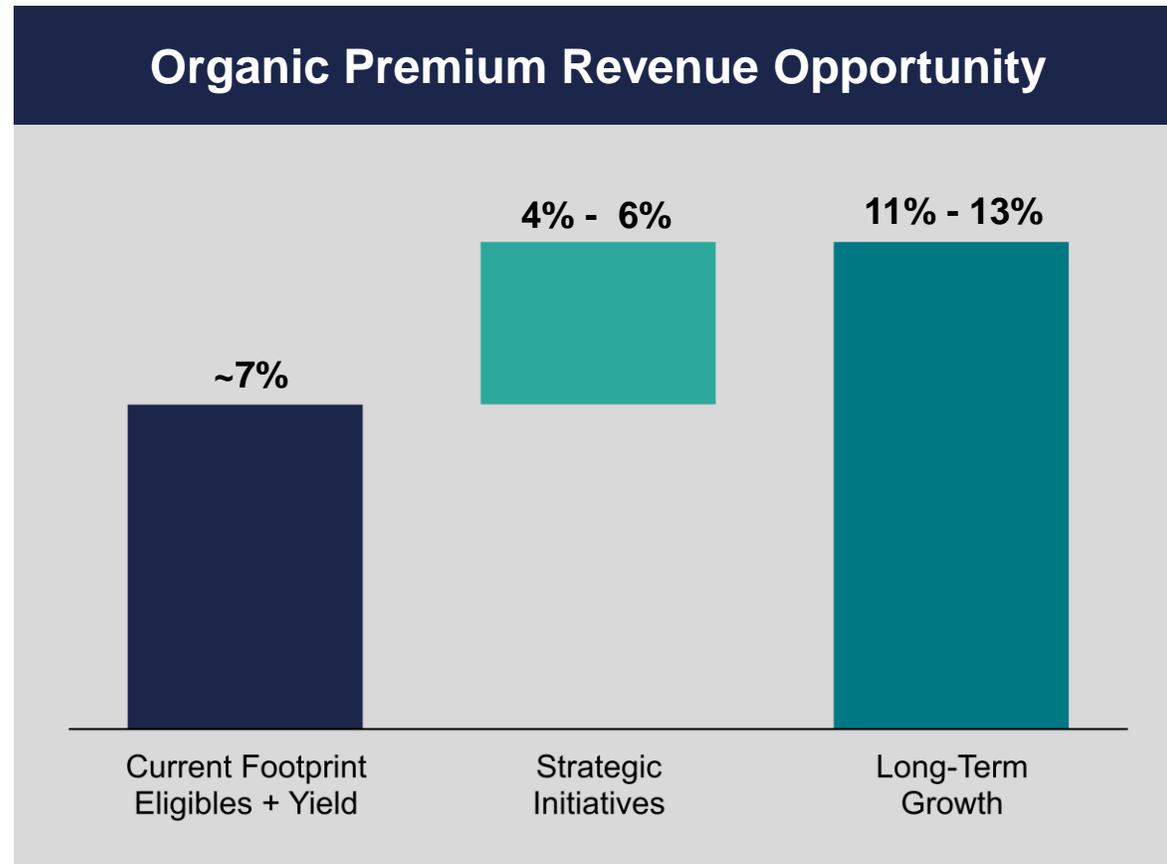
>\$400M

Projected 2022 Revenue

Medicare

Medicare Long-Term Growth

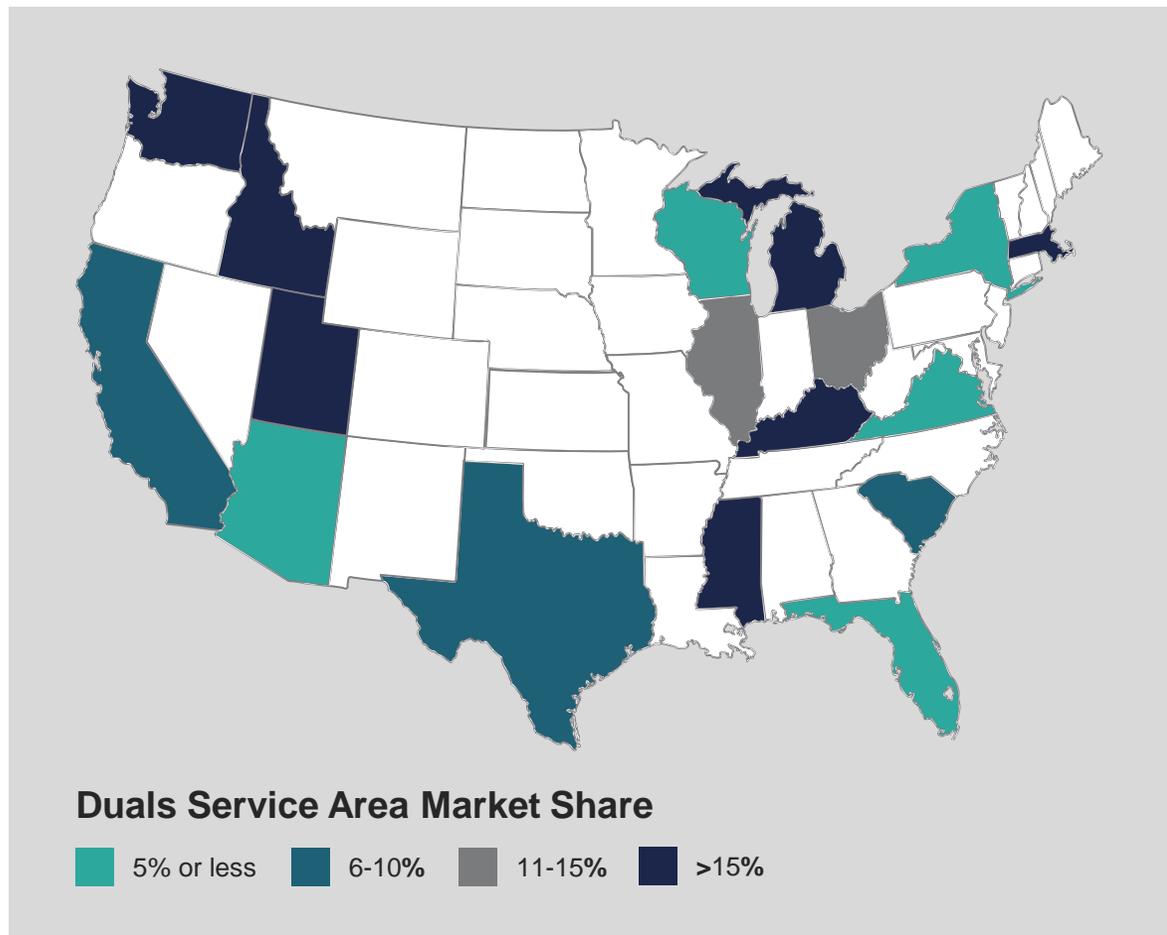
Long-term organic growth rate of 11%-13% driven by current footprint and strategic initiatives



- ### Strategic Initiatives
- 1 Increase D-SNP market share in current Medicare service areas
 - 2 Penetrate Medicaid service areas
 - 3 Introduce low-income MA-PD product

Increase D-SNP Market Shares in Current Medicare Service Areas

Fundamental operating tactics drive significant market share opportunity



Actions

- Expand direct sales channels
- Deepen targeted broker relationships
- Develop key provider relationships
- Improve retention through member engagement

1%

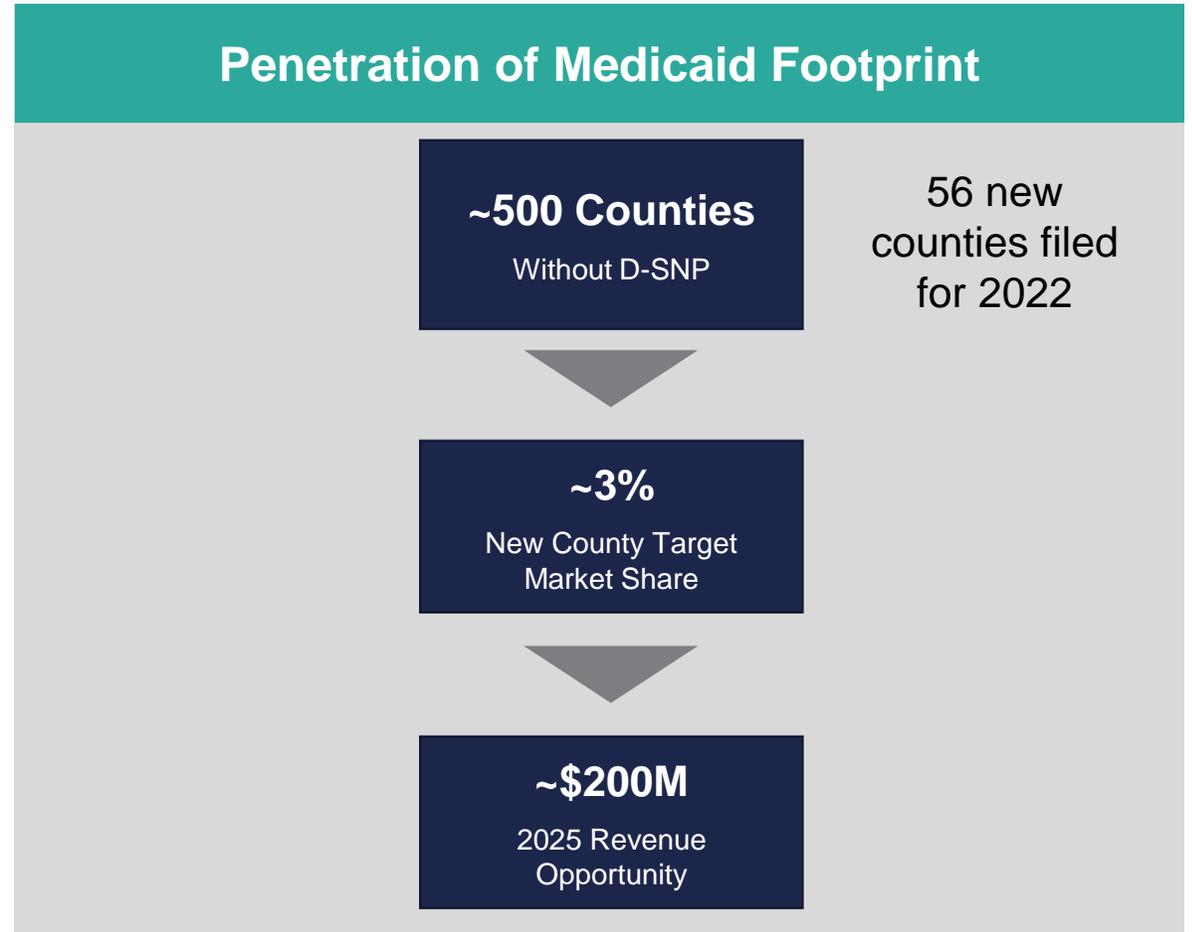
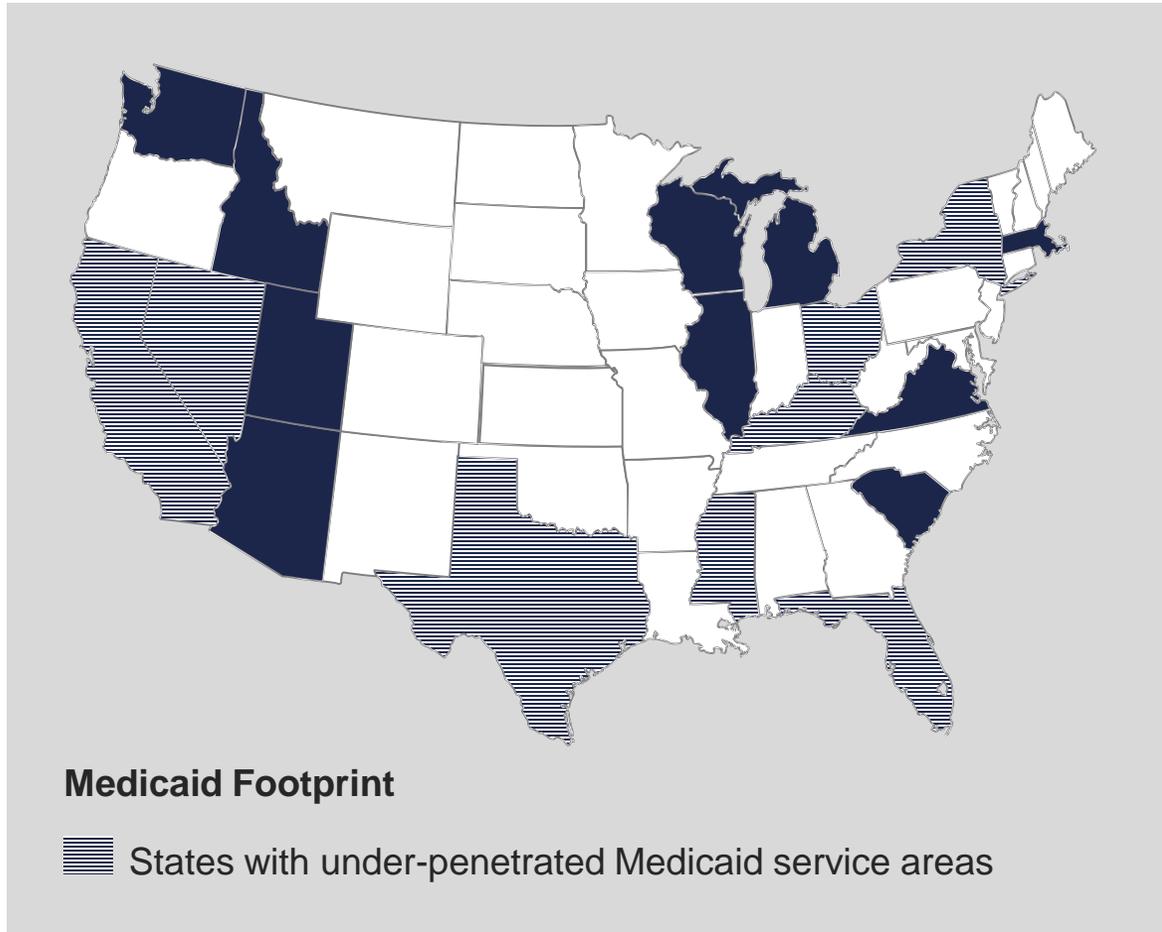
Increase in Service Area
Market Share

~\$250M

2025 Revenue
Opportunity

Penetrate Medicaid Service Areas

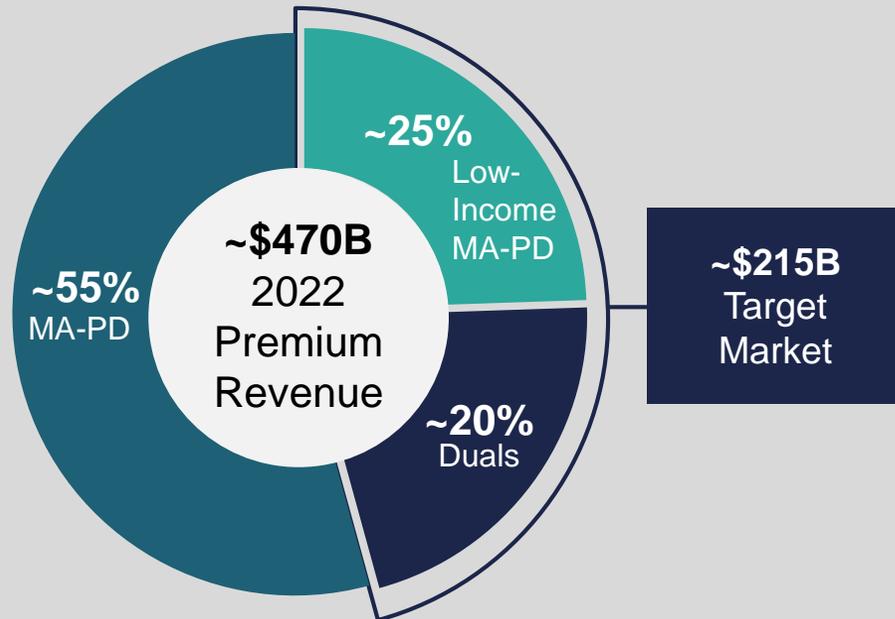
D-SNP penetration of remaining Medicaid footprint provides significant opportunity



Introduce Low-Income MA-PD Products

Low-income MA-PD products double Molina's market opportunity in Medicare

National Managed Medicare Market



Actions

- Introduce low-income MAPD in current Medicaid footprint
- Target Marketplace and Medicaid age-ins
- Leverage existing direct sales and broker networks

~2%
Service Area Share of
Medicaid Footprint



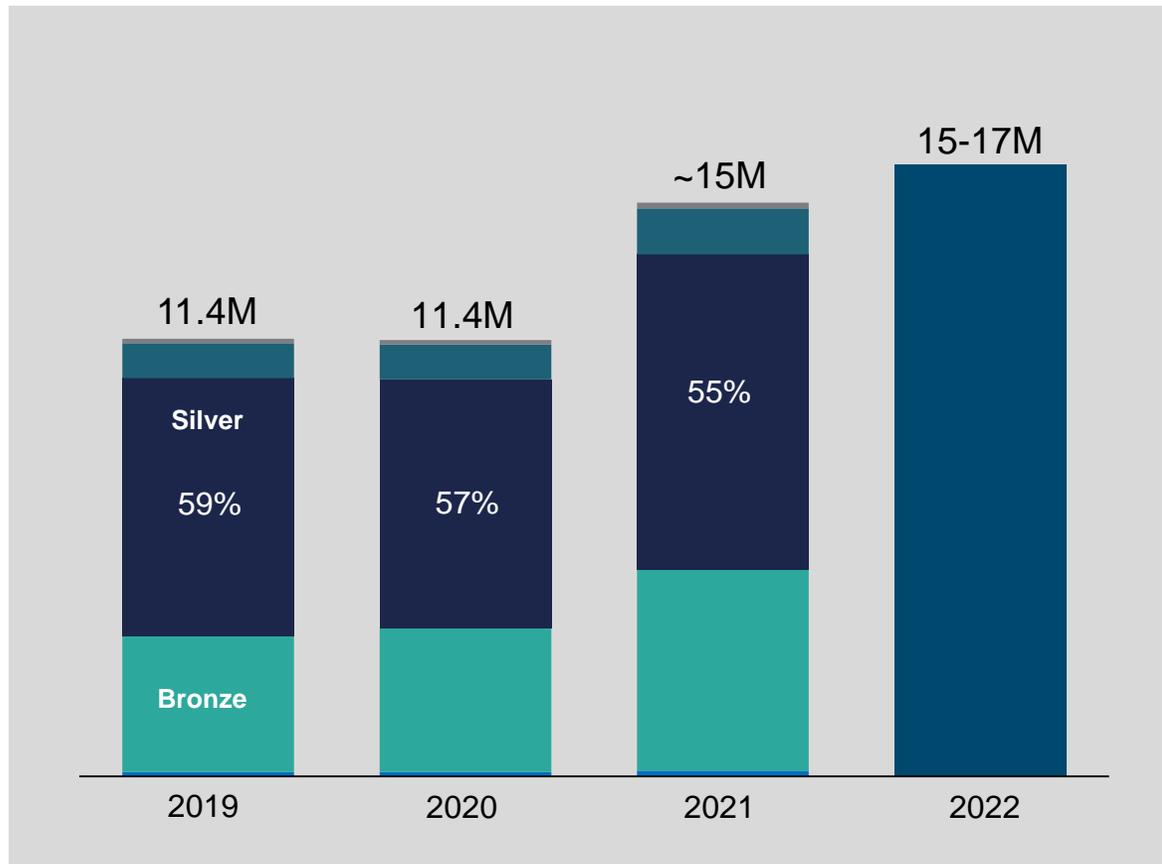
~\$700M
2025 Revenue
Opportunity

Sources: CMS and Company estimates

Marketplace

Strong 2021 Market Growth

Increased subsidies through ARP drove strong growth in 2021 with future growth rate expected to moderate



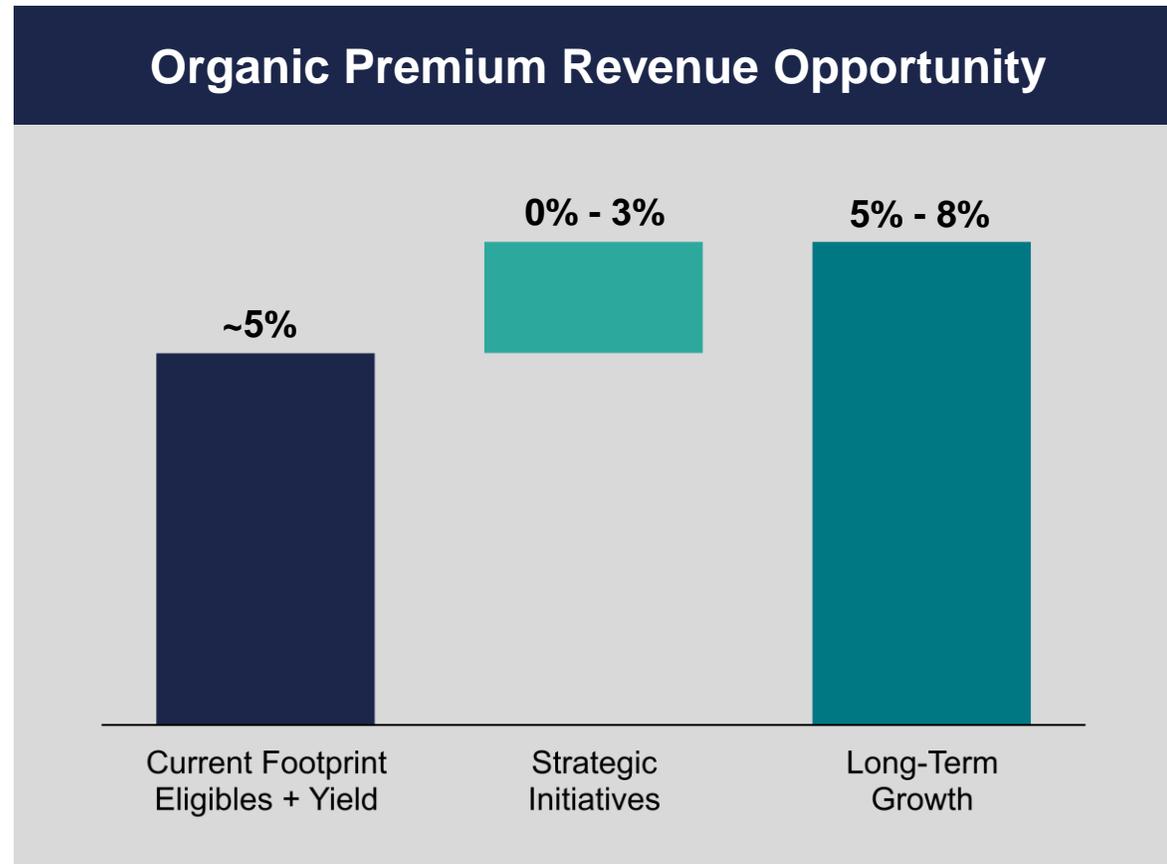
Market Dynamics

- More members are now eligible for zero-dollar silver plans
- Subsidy eligible population expanded through elimination of 400% FPL “cliff”
- Special enrollment period extended window for additional sign-ups
- Continuation of higher subsidies beyond 2022 currently under legislative review

Source: CMS, Urban Institute and HHS

Marketplace Long-Term Growth

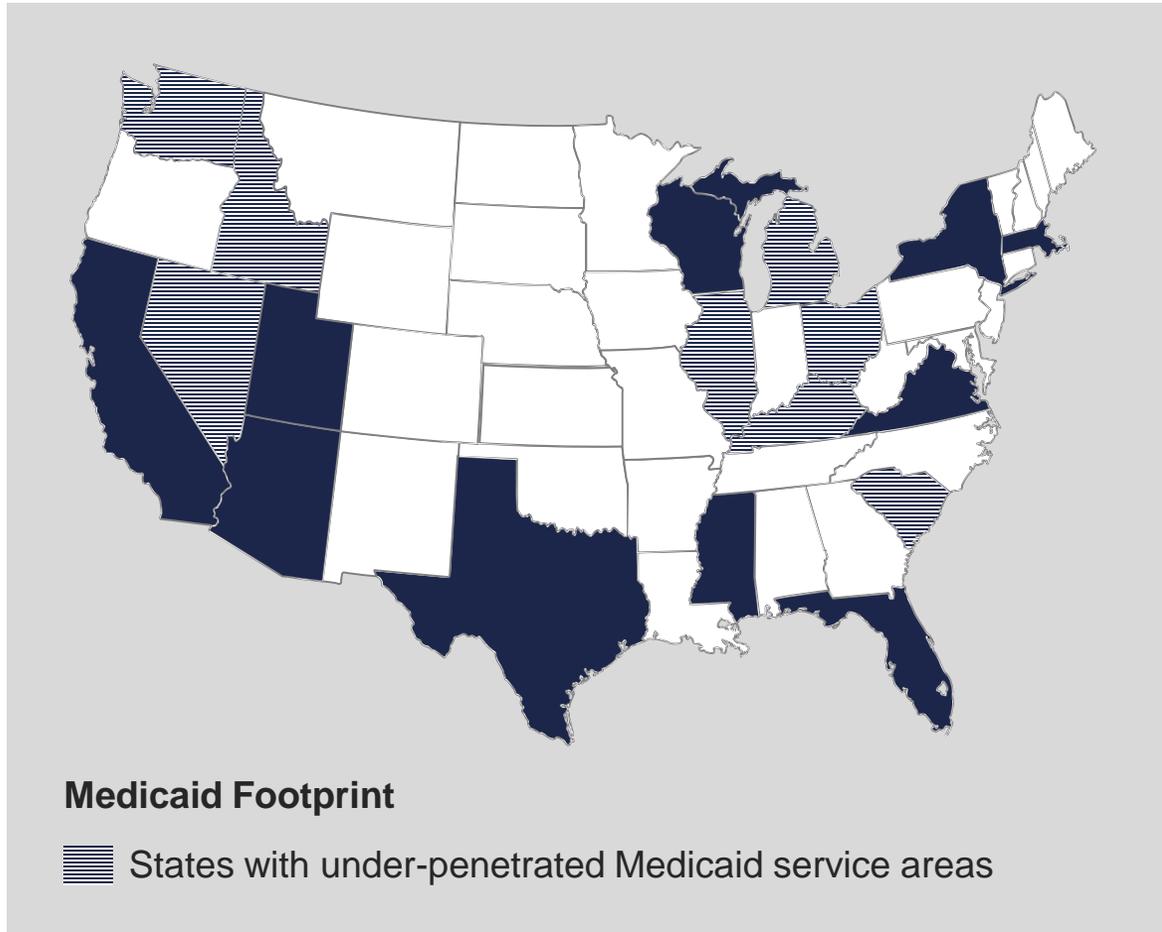
As a smaller complement to Molina's core Medicaid franchise, Marketplace margin discipline will be prioritized over volume



- ### Strategic Initiatives
- 1 Focus on highly subsidized population
 - 2 Prioritize margin discipline
 - 3 Penetrate Medicaid service areas

Penetrate Medicaid Service Areas

Marketplace penetration of remaining Medicaid footprint provides significant revenue opportunity, balanced with margin discipline



Penetration of Medicaid Footprint

>750 Counties
Without Marketplace

59 new
counties filed
for 2022

14%
Average Service Area
Market Share

~\$1.5B
2025 Revenue
Opportunity

M&A

Our M&A Platform

M&A is a key element of our long-term premium growth outlook

1

Ample excess cash flow to deploy for acquisitions

2

No need to access equity markets

3

M&A generally more accretive than new procurement economics

4

Previously announced purchase prices are highly capital efficient

5

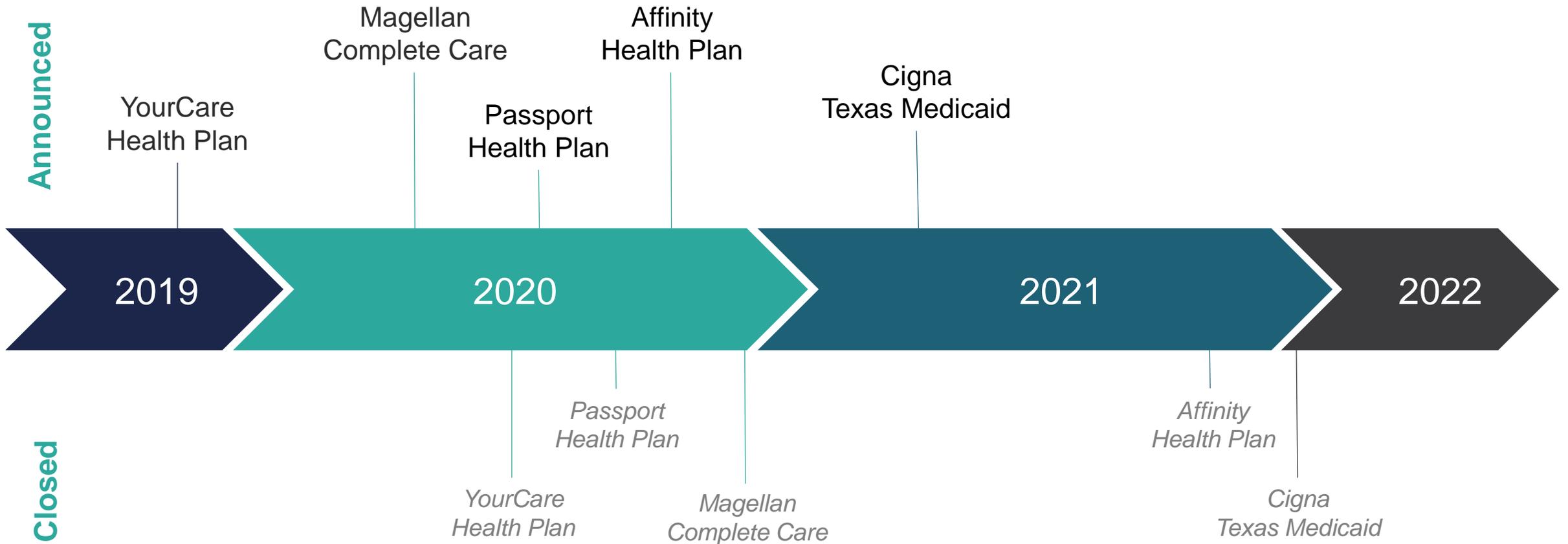
Underperforming properties yield “sweat equity” accretion

6

Expert integration teams

Acquisition History

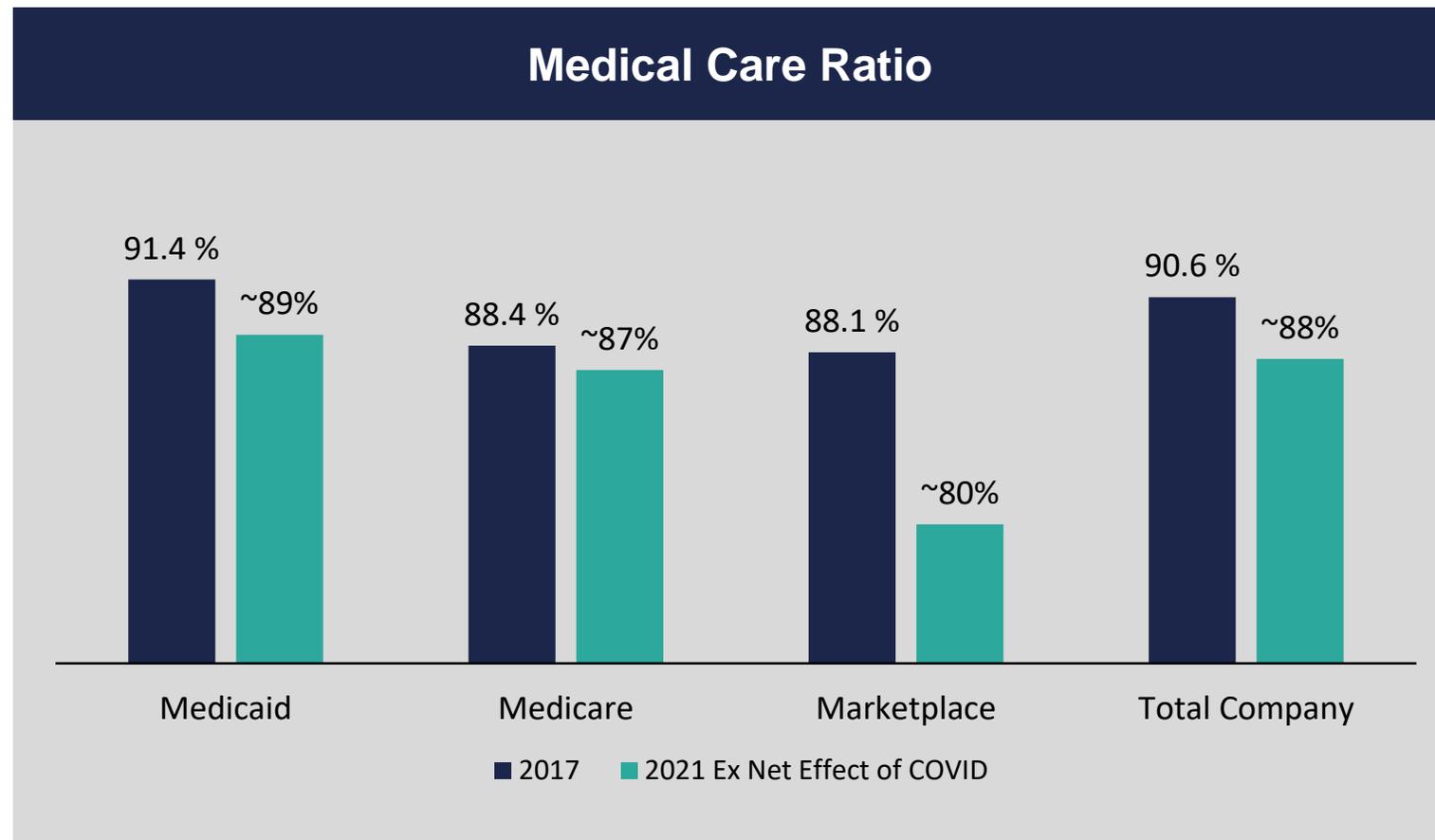
Five transactions totaling ~\$8 billion of run-rate revenue sequenced for manageable integration



Margin Profile

Margin Management Performance

Strong MCR and G&A management programs continue to drive attractive margins



Medical Cost Management

Numerous capabilities to drive medical cost efficiencies, with focus on high acuity populations



Operating Focus

- Implemented state-of-the-art medical economics platform
- Centralized utilization management
- Enhanced high acuity care management
- Created Centers of Excellence for Behavioral, Rx and LTSS
- Focused on core technology, automation and quality

Optimal Operating Platform

Fully integrated blend of proprietary and best-of-breed partners provides winning combination

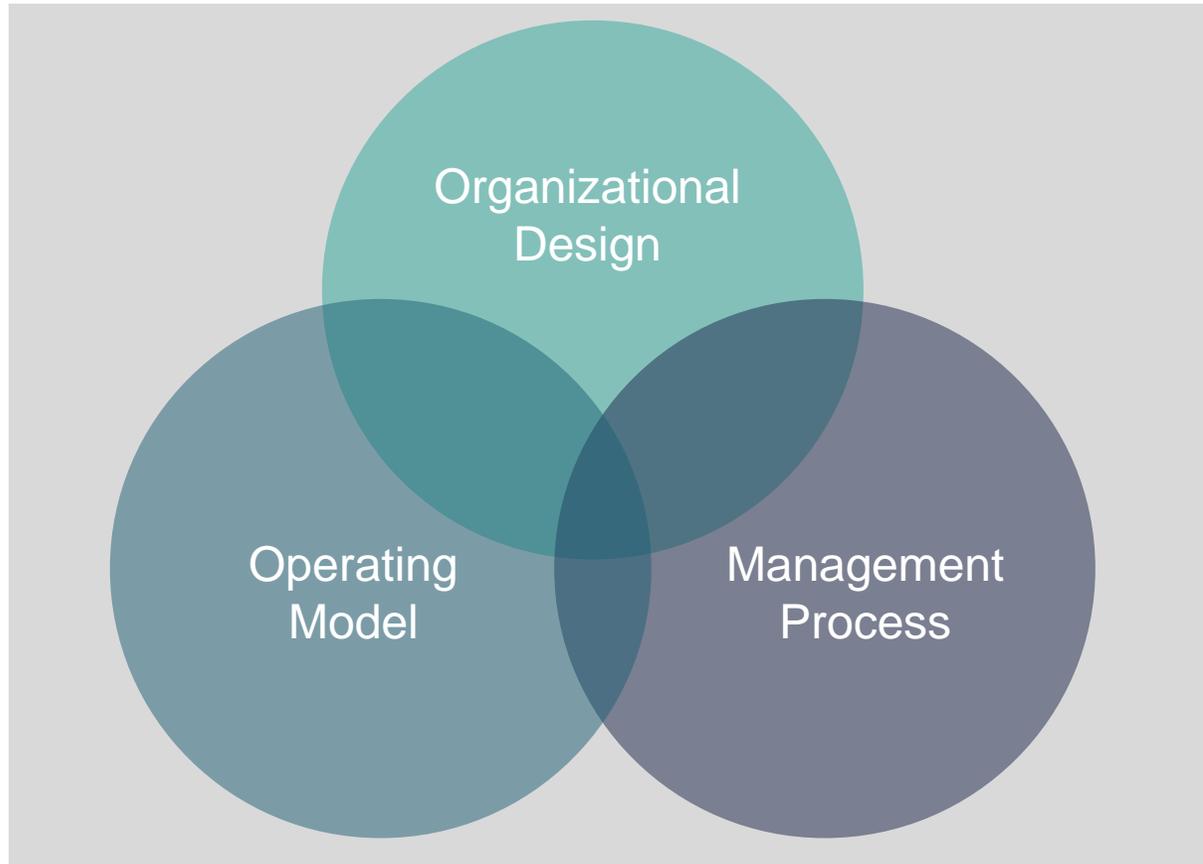
Internal	Hybrid	Outsourced
<ul style="list-style-type: none">- Care management- Provider contracting- Quality- Community engagement- Pricing and rating	<ul style="list-style-type: none">- Utilization management- Transaction services- Risk adjustment	<ul style="list-style-type: none">- Pharmacy- IT infrastructure



Winning Leadership Model

Proven Operating Model

While fairly traditional, our operating model and management process are executed with rigor and discipline

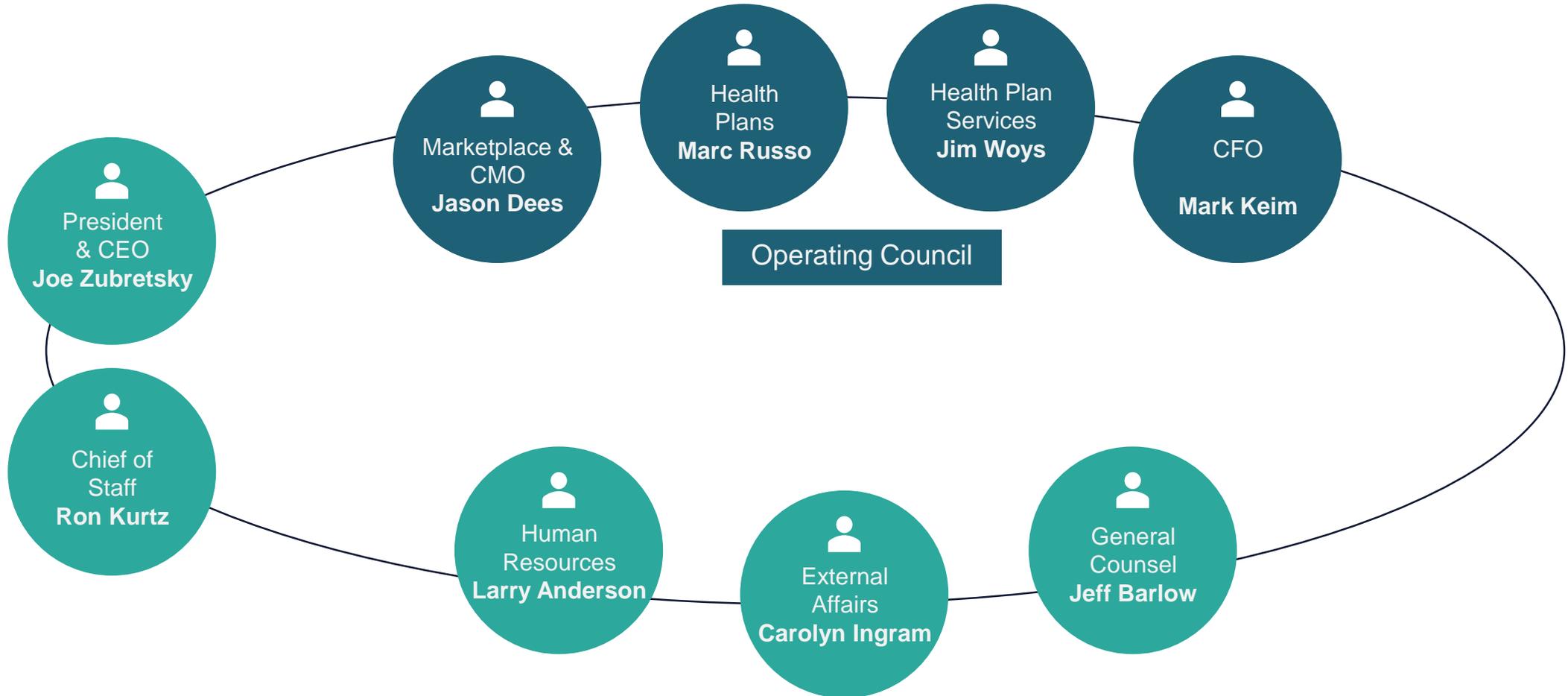


How We Operate

- Flat organizational structure
- Empowered local decision making
- Simplified matrix
- Appropriate delegated authority
- Manage by the numbers

Executive Team

Proven industry-leading team with over 20 decades of experience. Operating Council acts as a virtual COO



Value Creation Dynamics

Value Creation Dynamics

Highly efficient capital generation and deployment model creates significant value

Organic	Acquisitions	Enterprise
<ul style="list-style-type: none">– Strong market growth trends– Numerous strategic initiatives– Capitalized at <10% of revenue– Low volatility	<ul style="list-style-type: none">– Numerous pipeline opportunities– Announced acquisitions at attractive valuations– Turnaround opportunities drive strong EPS accretion	<ul style="list-style-type: none">– Cost structure yields significant operating leverage– High conversion of net income to cash flow– Attractive capital redeployment opportunities
8% - 10% revenue growth ~60% levered ROE	~5% revenue growth ~20% levered ROE	13% - 15% revenue growth 15% - 18% EPS growth

Investment Thesis

Strong growth, sustained margins and disciplined capital management form the core of shareholder return



Legacy and new market opportunities



Capital efficiency and cashflow generation



Double digit revenue growth



High return capital deployment



Attractive margins and operating leverage



Proven management team



Compelling Financial Profile

Mark Keim
Chief Financial Officer

Compelling Financial Profile



Strong Capital Foundation



Capital Deployment Discipline



Attractive Acquisition Metrics



G&A Expense Management



2021 Guidance



2022 and Long-term Outlooks

Strong Capital Foundation

Strong balance sheet provides foundation for stability and growth

2Q21 Credit Stats

Net Debt to EBITDA Ratio	1.7x
Net Debt / Capitalization	~43%
Revolver Capacity	\$1B

Reserve Strength

Reserves at 6/30/21	\$2.9B
Days in Claims Payable	48 Days

Current Acquisition Capacity

Parent Company Cash	~\$400M
Debt Capacity	~\$1B
Total Deployable Capital	~\$1.4B

Recurring Parent Cash Flow

Dividends to Parent	~\$700M
Incremental Debt Capacity	>\$700M
Annual Cash Flow Capacity	>\$1.4B

Capital Deployment Discipline

Capital deployed to highest return opportunities

EPS Accretion



Re-invest in
Business

- Organic growth is the highest priority
- Most efficient use of capital to grow
- All lines of business are high growth



Accretive
Acquisitions

- Robust pipeline
- Disciplined approach
- Strategic fit, operational synergies and EPS accretion



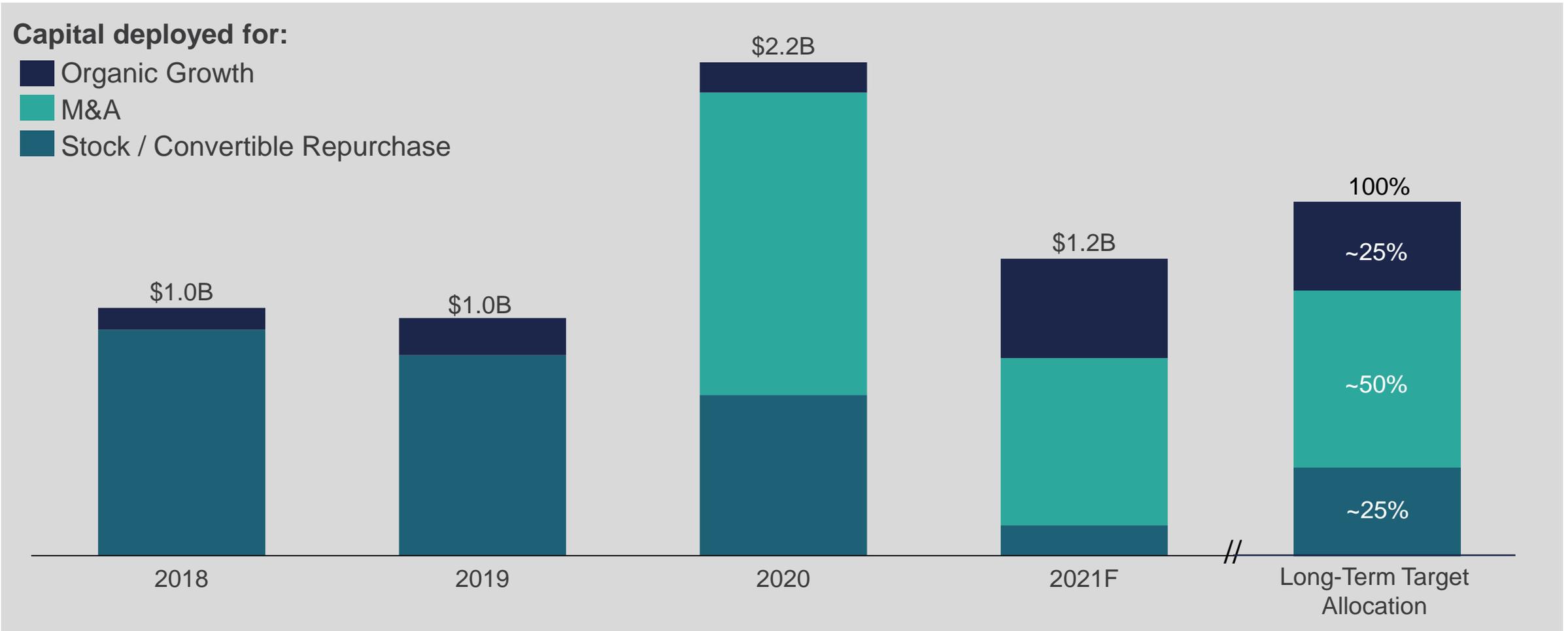
Return to
Shareholders

- Convertible debt retired
- Share repurchases



Capital Deployment History

Demonstrated record of capital management enhances shareholder value



Attractive Acquisition Metrics

Announced acquisitions at attractive valuations drive strong EPS accretion

Target	Acquired Revenue (\$ M)	Purchase Price		Run Rate EPS Impact
		Announced Price (\$ M)	% of Revenue (Including Capital)	
YourCare Health Plan	\$300	\$40	21%	\$0.20
Magellan Complete Care	\$2,900	\$820	28%	\$1.75
Passport Health Plan	\$2,000	\$66	11%	\$0.35
Affinity Health Plan	\$1,600	\$380	28%	\$0.60
Cigna's Texas Medicaid	\$1,000	\$60	15%	\$0.50
Total	\$7,800	\$1,366	22%	>\$3.00

Acquisition Pipeline

Acquisition pipeline remains robust with many remaining opportunities

~300 Government Health Plans



Strategic Fit and Synergies



Near-Term Target List

1

Numerous acquisition opportunities remain

2

Turnarounds provide attractive economics

3

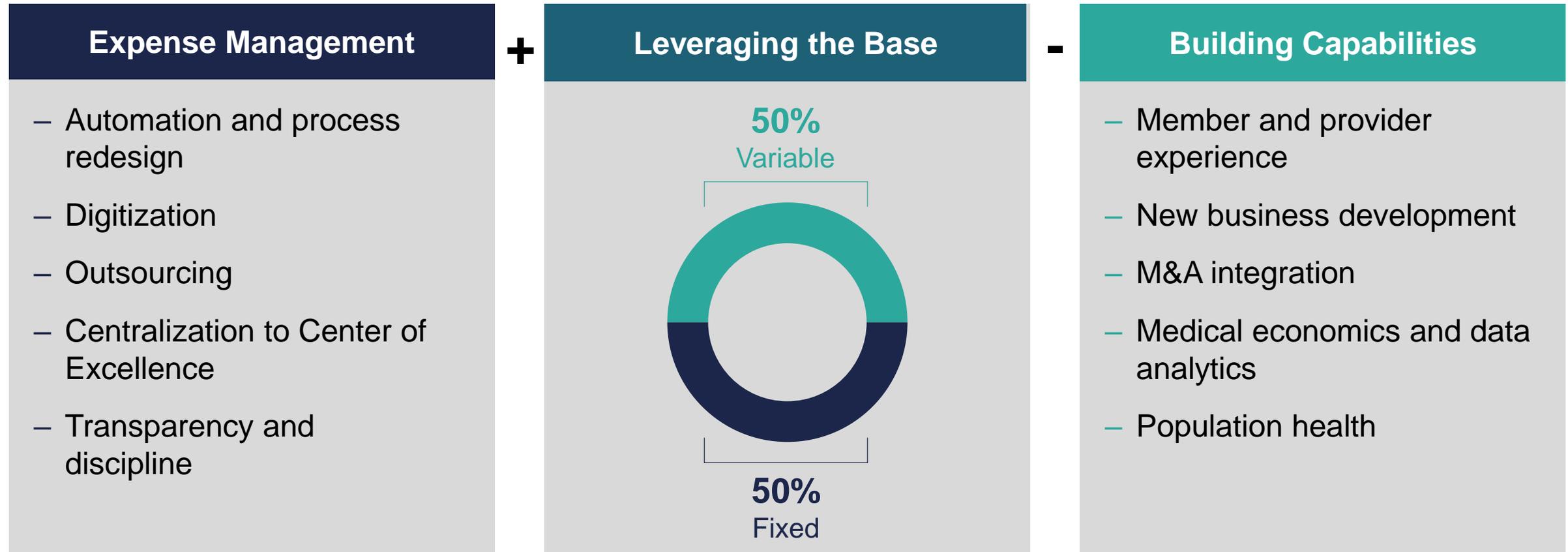
Managed care plans, not services or provider assets

4

Long-term revenue guidance requires additional ~\$5B of acquired revenue in 2025

G&A Expense Management

Continued expense management and positive operating leverage fund investments while reducing G&A ratio



Full-Year 2021 Guidance

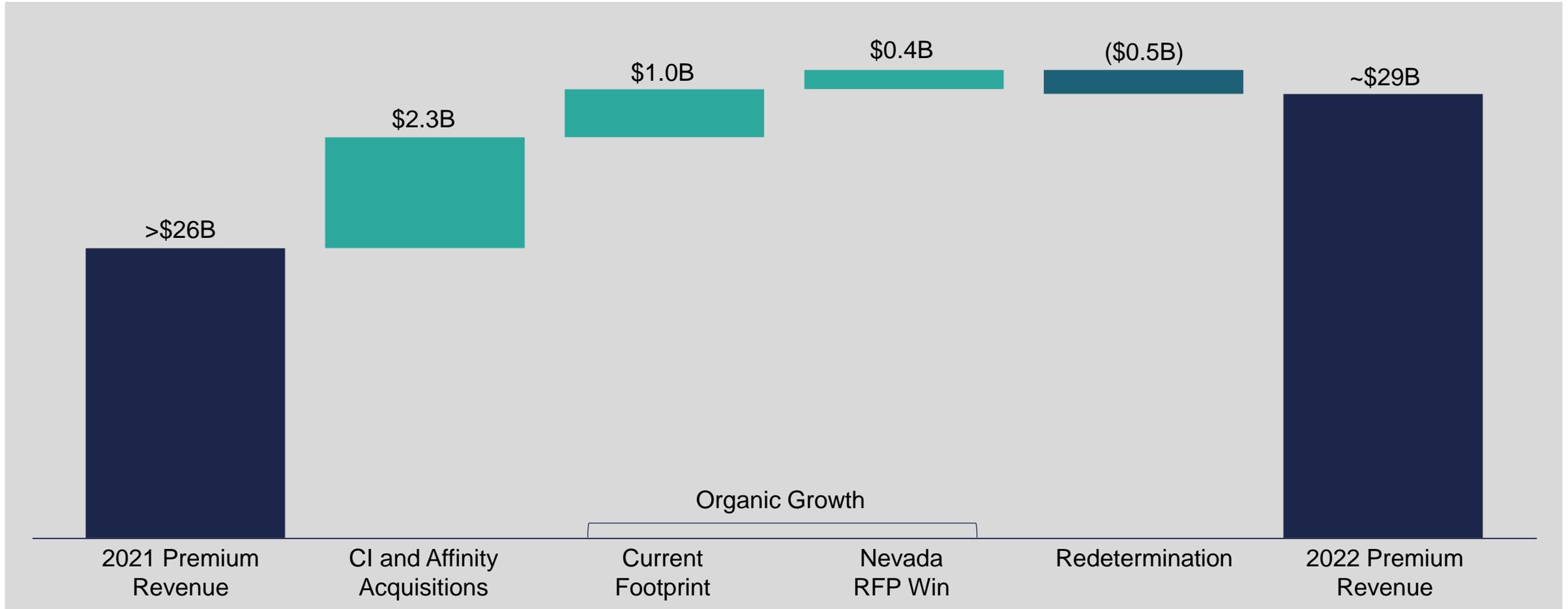
Reiterating adjusted EPS of no less than \$13.25 on higher revenue and underlying earnings power offset by higher expected net effect of COVID

Guidance	
Total Revenue	>\$27 B
Premium Revenue	>\$26 B
Adjusted EPS	no less than \$13.25

Embedded Earnings Power	
Net Effect of COVID	~\$3.00
Medicare Risk Scores	\$1.00
Acquisitions at Portfolio Margin	\$2.00
Total	~\$6.00

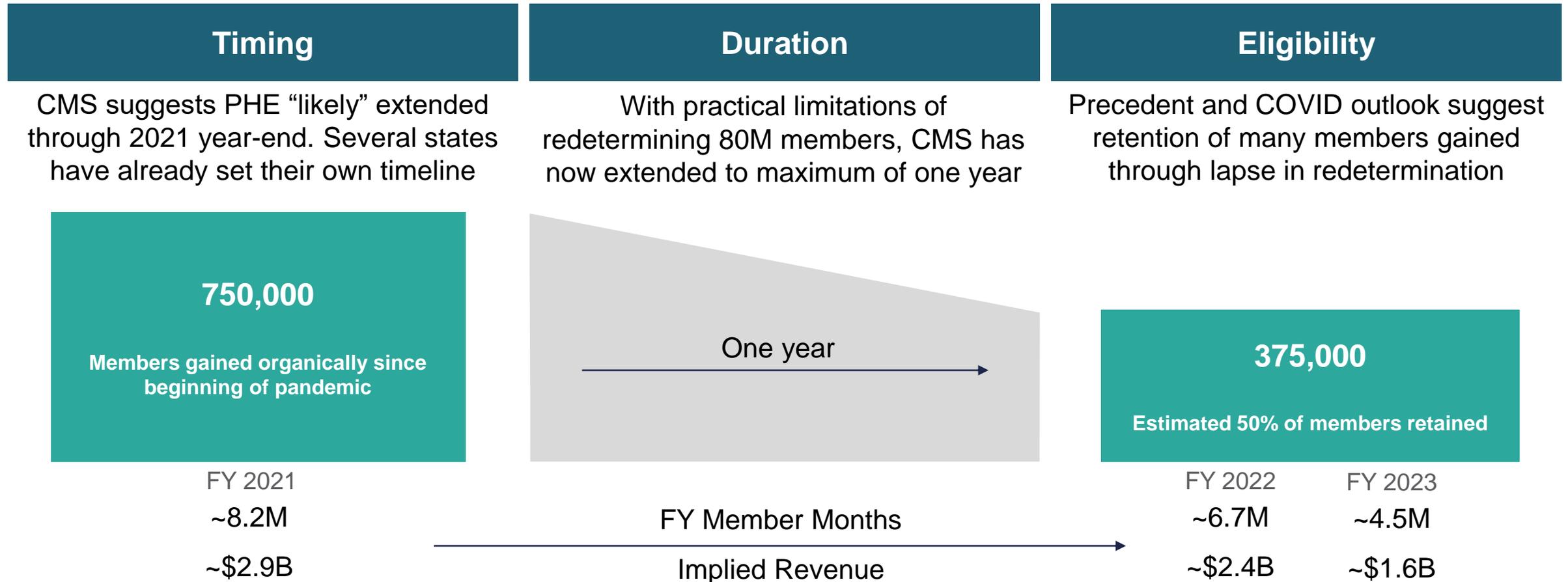
Initial 2022 Premium Revenue Outlook

2022 premium revenue growth outlook of 12% before Marketplace enrollment changes and additional strategic initiatives / acquisitions



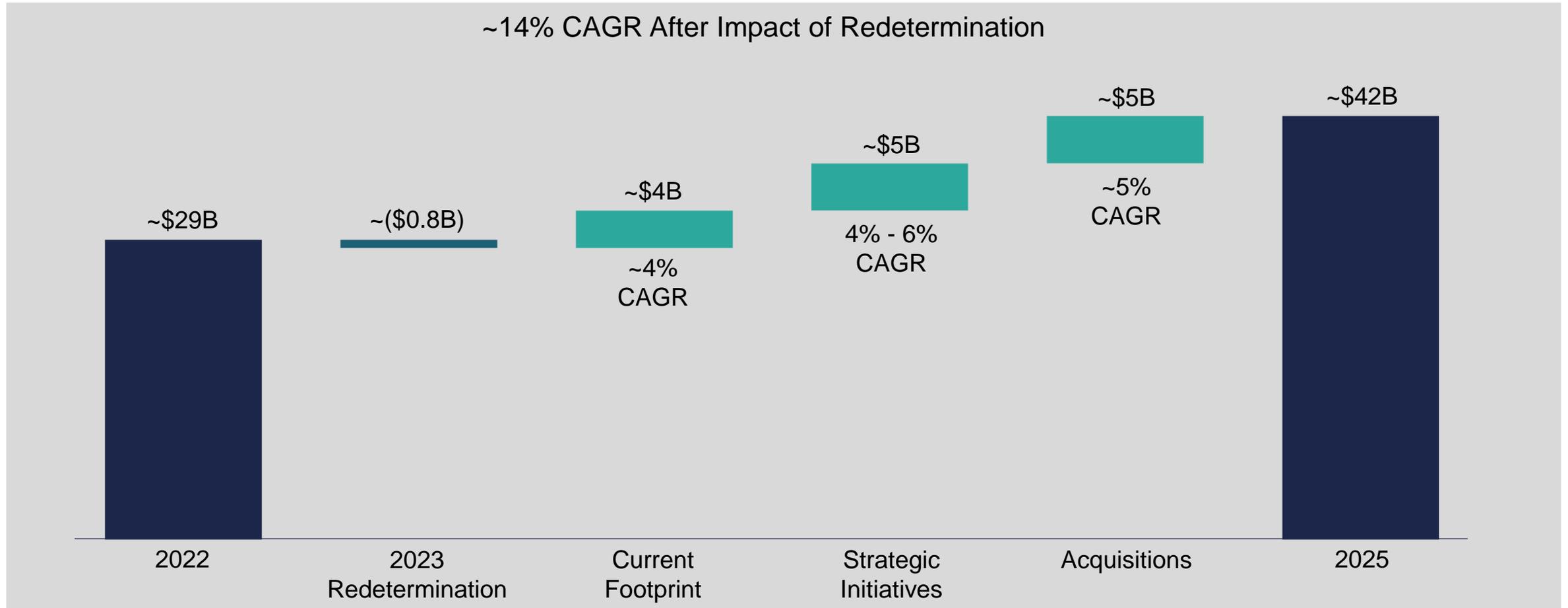
Medicaid Redetermination

Several factors are expected to drive a soft landing and 2022 revenue impact of ~\$0.5B and another ~\$0.8B in 2023



Long-Term Premium Revenue Growth

Balanced growth driven by significant organic growth opportunities and disciplined acquisition strategy



Long-Term Organic Premium Revenue Growth Model

Targeted organic growth rates driven by identified strategic initiatives

	Current Footprint Eligibles + Yield	Strategic Initiatives			Long-Term Organic Growth Rate
		2025 Revenue Opportunity	Discounted Outcome	3-Year Implied CAGR off of 2022	
Medicaid	4%	~\$7.6B	40% - 60%	4% - 6%	8% - 10%
Medicare	7%	~\$1.2B	40% - 60%	4% - 6%	11% - 13%
Marketplace	5%	~\$1.5B	0% - 20%	0% - 3%	5% - 8%
Weighted Total	~4%	~\$10.3B	~\$5B	4% - 6%	8% - 10%

Total Company Long-Term Outlook

Strong revenue and earnings growth off of 2022 outlook, enhanced by operating leverage and share repurchases

Premium Revenue Growth	13% - 15%
Hedge to Margins / Operating Leverage	0% - 1%
Net Income Growth	13% - 16%
Share Repurchases	~2%
EPS Growth	15% - 18%



Executive Q&A

Reconciliation of Non-GAAP Financial Measures

Adjustments represent additions and deductions to GAAP net income as indicated in the table below, which include the non-cash impact of amortization of acquired intangible assets, acquisition-related expenses, and the impact of certain expenses and other items that management believes are not indicative of longer-term business trends and operations. Management's opinions on business trends and operations can change, so the adjustments included in the table may not be consistent from period to period.

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2021 Guidance</u>
Net income per diluted share	\$ (9.07)	\$ 10.61	\$ 11.47	\$ 11.65
Adjustments:				
Acquisition-related expenses	-	-	-	1.13
Amortization of intangible assets	0.55	0.32	0.27	0.81
Loss (gain) on debt repayment	-	0.33	(0.24)	-
Other (1)	-	0.91	0.10	0.16
Subtotal, adjustments	0.55	1.56	0.13	2.10
Income tax effect	(0.20)	(0.43)	(0.03)	(0.50)
Adjustments, net of tax	0.35	1.13	0.10	1.60
Adjusted net income per diluted share	<u>\$ (8.72)</u>	<u>\$ 11.74</u>	<u>\$ 11.57</u>	<u>\$ 13.25</u>

(1): 2018 includes restructuring costs and loss on sales of subsidiaries, net of gain. 2019 includes restructuring costs. 2021 Guidance includes change in premium deficiency reserves, loss on sale of property, and restructuring costs.