

# **SunLink Health Systems, Inc.**

**AMEX: SSY**

**[www.sunlinkhealth.com](http://www.sunlinkhealth.com)**



**“Exceptional Community Healthcare”**

**December 31, 2007**

# SunLink Team

- **Robert M. Thornton, Jr.**, Chairman, Chief Executive Officer and President
  - Has over 24 years of healthcare management experience.
  - Previous experience includes CareVest Capital, LLC and Hallmark Healthcare Corporation.
- **Harry R. Alvis**, Chief Operating Officer
  - Senior Vice President of Operations of SunLink Health Systems, Inc. since February 1, 2001.
  - Has over 31 years of hospital management experience at facilities owned by such companies as Quorum Health Group, Inc., Hospital Corporation of America, Inc. and HealthTrust, Inc.
- **Mark Stockslager**, CFO
  - CFO since July 1, 2007, Interim CFO from November 6, 2006 to June 30, 2007.
  - Corporate Controller November 6, 1996 to June 30, 2007 of SunLink Health Systems, Inc.
  - Has been continuously with our accounting and finance operations since June 1988.
  - Held various positions within SunLink. He was employed by Price Waterhouse & Co.

**SunLink Health Systems, Inc.**



# **SunLink is an Established Community Hospital Operator**

**SunLink Health Systems, Inc.**



# SunLink's Vision

- **Rural hospitals deliver quality services comparable to larger tertiary hospitals** through:
  - Effective technology
  - Skilled staff and physicians
  - Corporate supported systems and procedures
- **Patients and families prefer local services in rural communities** over out-migration to larger hospitals.
- Rural hospitals are able to deliver **greater patient customer service** with quality physicians and employees.
- Well run **rural hospitals are a community asset** with strong local and state support.
- **Rural hospitals enjoy economic advantages** including:
  - Being the only hospital in their market
  - Providing access to healthcare which promotes local economic stability and development
  - Lower cost structure
  - More stable and traditional life style for physicians and staff

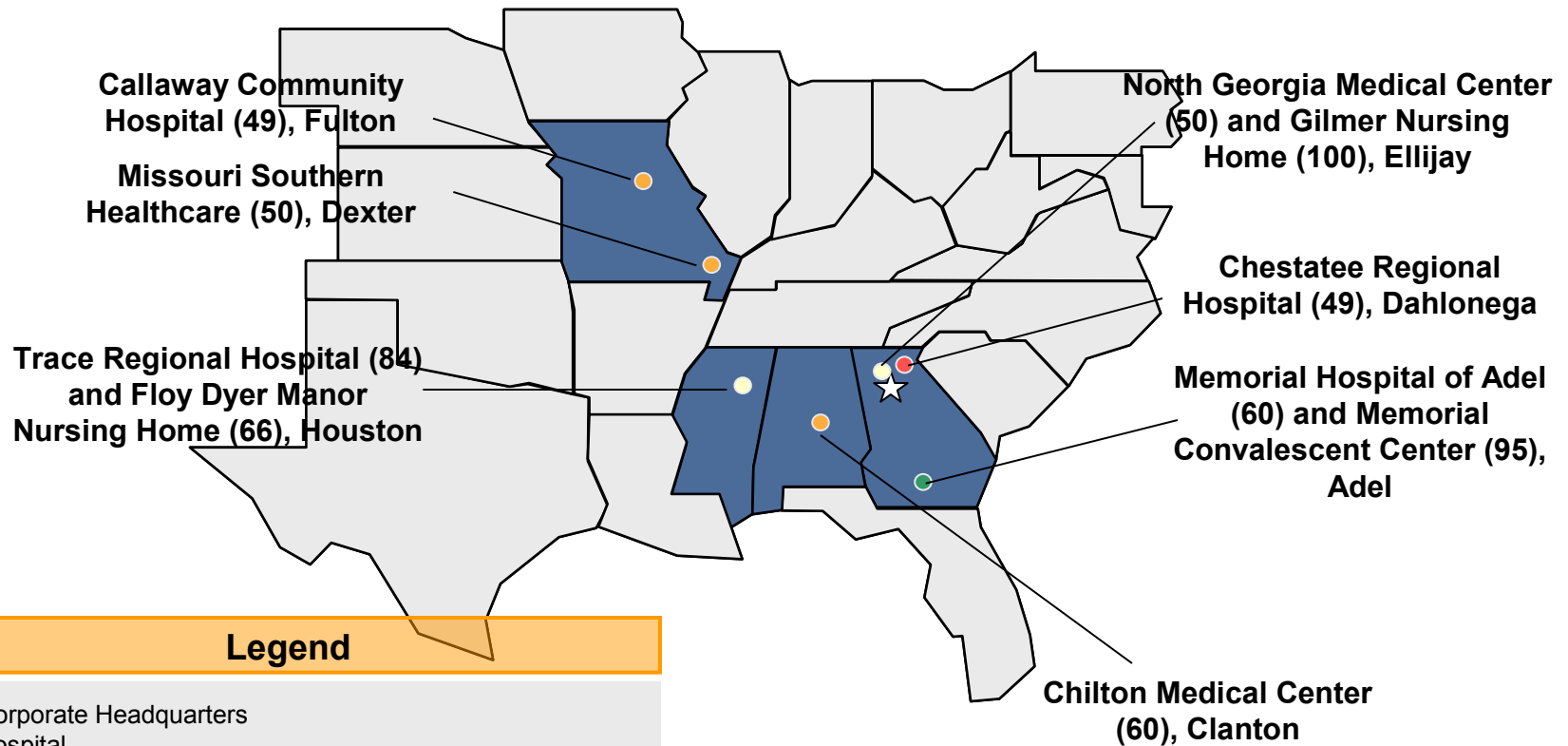
# Company Overview

- SunLink operates seven community hospitals and related businesses in the Southeastern and Midwestern United States.
- Each SunLink facility is the only hospital in its community.
- SunLink's communities have strong demographic characteristics.
- SunLink's operating model delivers exceptional community healthcare and reduces out-migration.
- 2007 Revenue of \$144 million and pre-corporate EBITDA of \$14 million.

**SunLink Health Systems, Inc.**



# Focus on Community Hospitals



## Legend

- ☆ Corporate Headquarters
  - Hospital
  - Hospital and hospital-based home health agency
  - Hospital and hospital-based nursing home
  - Hospital, hospital-based home health agency and hospital-based nursing home
- Note: Number of beds denoted in parenthesis.

**SunLink Health Systems, Inc.**



# SunLink's Markets are Growing

## Population Growth

Area	2006 Population	Percent Change 1990-2006
<b>Georgia</b>		
Dahlonega (1)	46,105	92.1%
Ellijay	28,175	110.7%
Adel	16,333	21.4%
<b>Missouri</b>		
Dexter	29,754	3.1%
Fulton	43,072	31.3%
<b>Alabama</b>		
Clanton	41,953	29.3%
<b>Mississippi</b>		
Houston	18,998	5.0%

Source: U.S. Census Bureau.

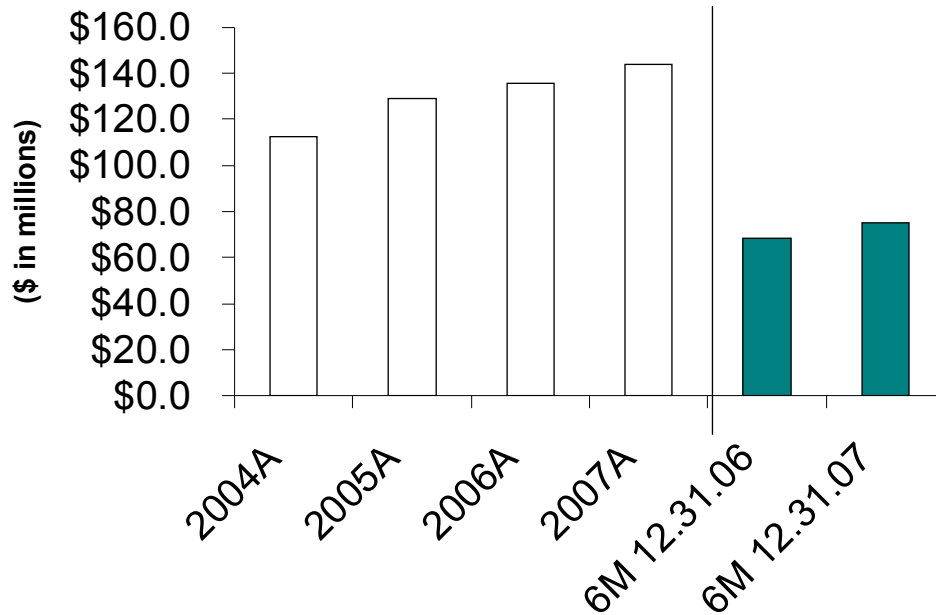
[1] Includes Dawson and Lumpkin counties.

**SunLink Health Systems, Inc.**

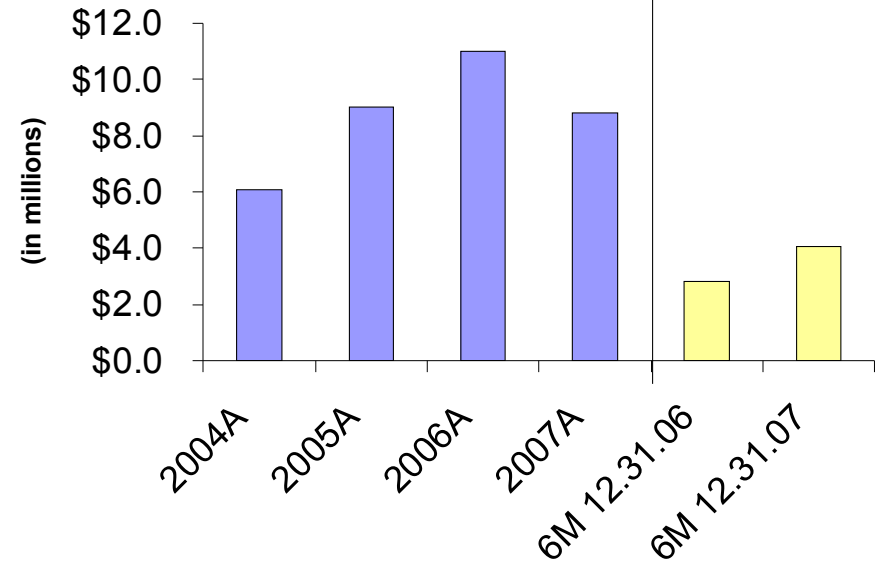


# Strong Financial Performance

## Revenue



## EBITDA



*Note: Financials exclude the operating results of Mountainside Medical Center, which was sold to Piedmont Medical Center on June 1, 2004.*

**SunLink Health Systems, Inc.**



# **SunLink has a Solid Record of Growth**

**SunLink Health Systems, Inc.**



# Recent SunLink Highlights

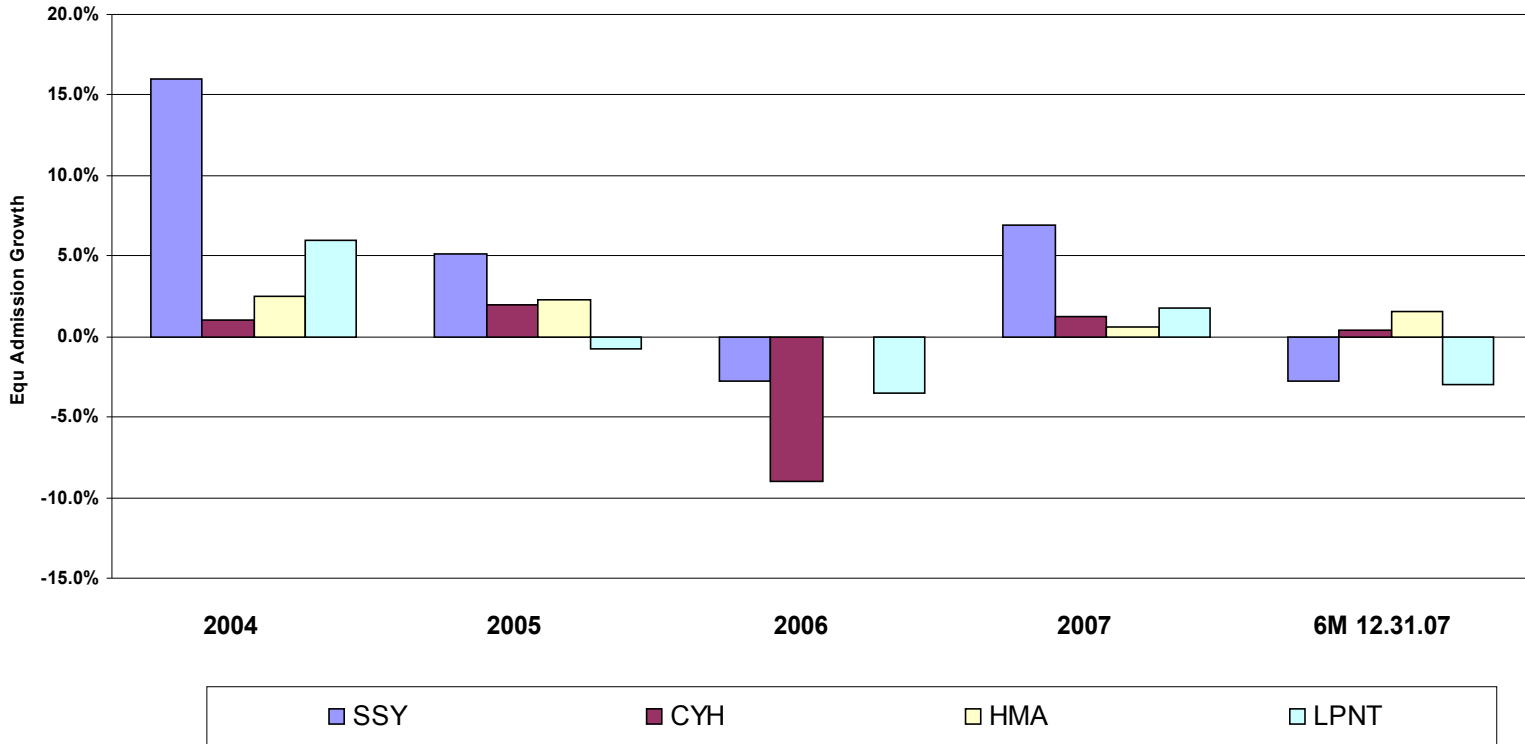
## Fiscal 2006

- **Same-store net revenues per equivalent Admission up 8.4%**
- **Recruited 13 new physicians**
- **Same store net revenue up 5.3%**

## Fiscal 2007

- **Same-store net revenues up 6.0%**
- **Same-store equivalent admissions up 6.9%**
- **Recruited 7 new physicians**

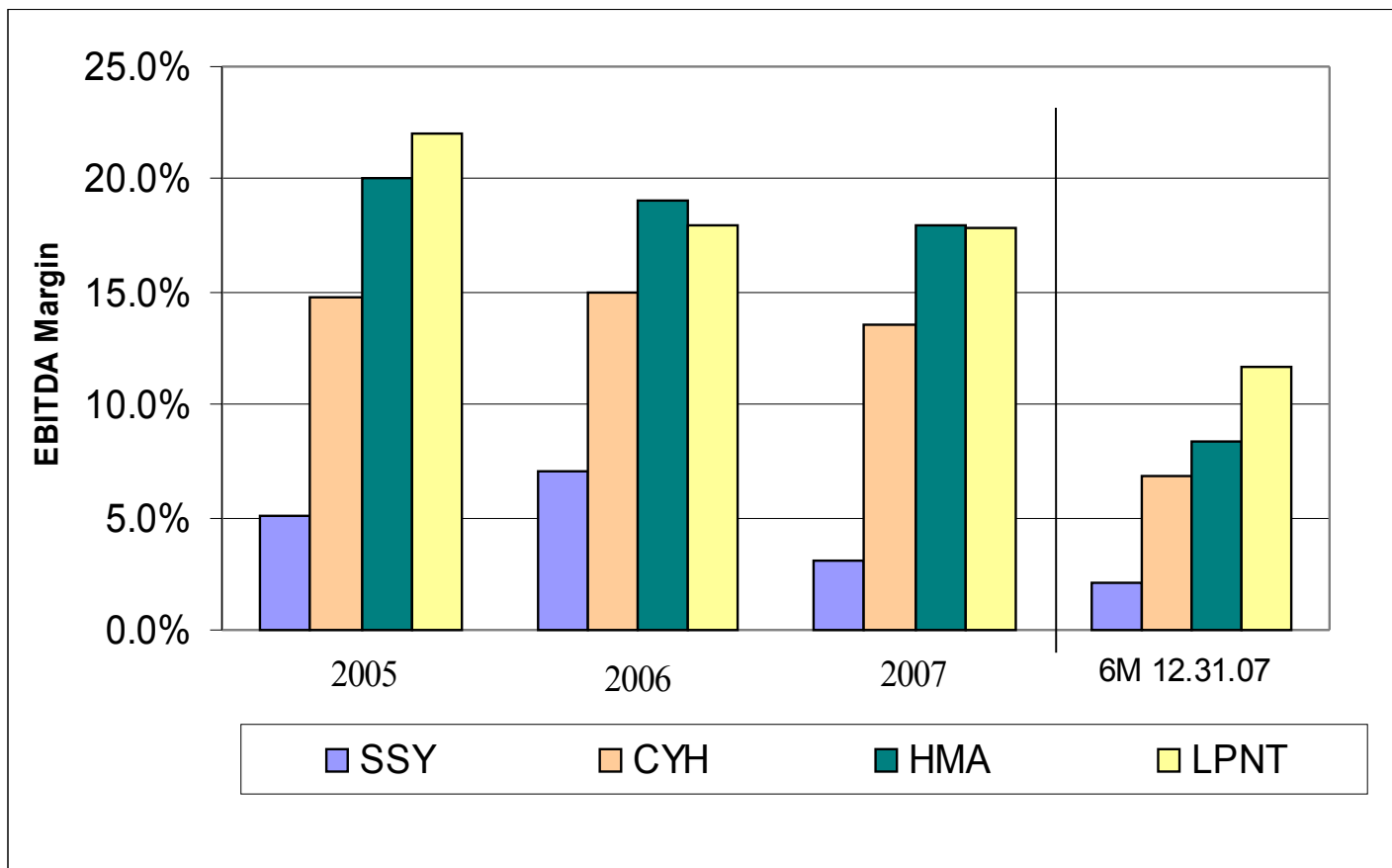
# SunLink's Same-Store Equivalent Admissions Growth Has Led its Peers



SunLink Health Systems, Inc.



# Opportunity Exists for Margin Improvement



Note: CYH, HMA and LPNT's financials adjusted to reflect SunLink's fiscal year end.

[1] Financials are not pro forma for LifePoint's acquisition of Province Healthcare on April 15, 2005.

(P): Projected

**SunLink Health Systems, Inc.**

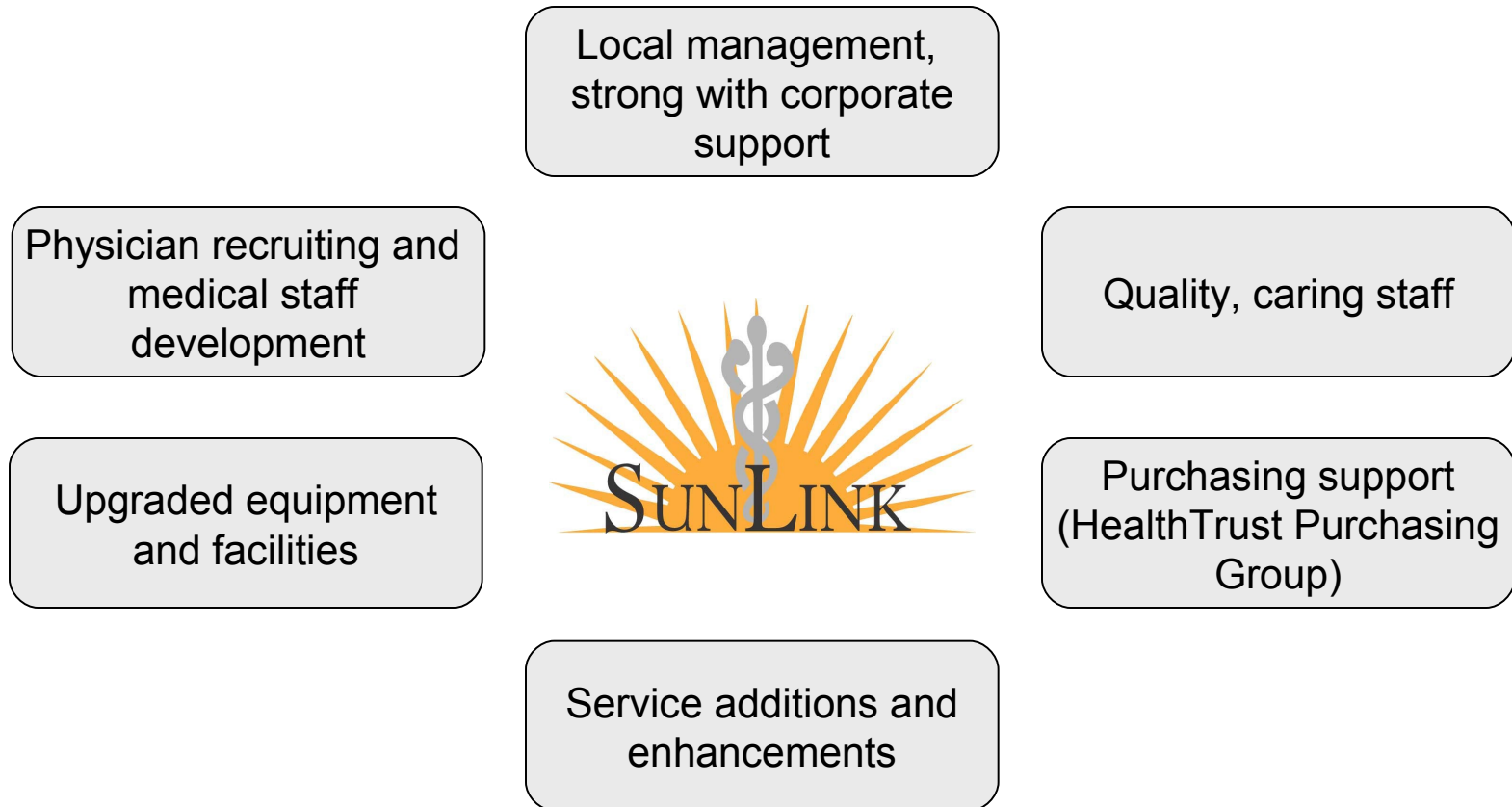


# **SunLink has a Proven Operating Model**

**SunLink Health Systems, Inc.**



# SunLink's Operating Model

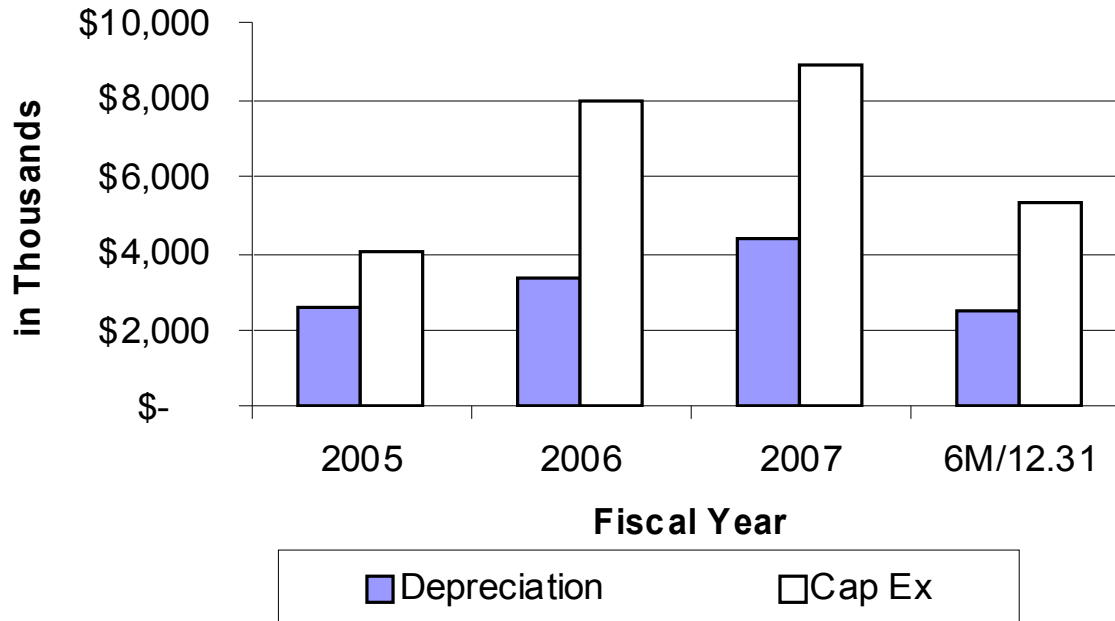


**SunLink Health Systems, Inc.**



# SunLink Commits Substantial Capital Resources to its Facilities

- SunLink currently devotes approximately 2.0x depreciation to capital improvements at its facilities.



# Physician Recruiting is a Key Growth Element

- SunLink's current focus is on medical staff development and additional specialists' services.

	Physician Recruiting				
	Fiscal Years Ended June 30,				
	2004A	2005A	2006A	2007A	6M 12.31.07
Primary Care	23	2	7	7	3
Specialists	5	4	6		1
Total New Hires	<u>28</u>	<u>6</u>	<u>13</u>	<u>7</u>	<u>4</u>

# **Service Enhancements Support Physicians and Reduce Out-Migration**

- Hospital-based nursing homes.
- Hospital-based home health services.
- OB/GYN and women's health services.
- Orthopedic surgery.
- Affiliated specialists (oncology, gastroenterology, cardiology).
- Expanded emergency departments.

# **Strong Hospital Portfolio**

**SunLink Health Systems, Inc.**



# Hospital Overview: Callaway

- Callaway Community Hospital, located in Fulton, MO, is a JCAHO accredited, 49 licensed bed acute-care hospital with a 32% market share in its primary service area.
- SunLink also operates a home health agency at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgery	42	24
Intensive Care	4	4
Obstetrics	3	3
<b>Total Beds</b>	<b>49</b>	<b>31</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total
General Practice	11		11
Medicine			
Internal Medicine	3		3
Pathology	1	7	8
Radiology	2	8	10
Surgery:			
General	3	1	4
Urology		1	1
ENT		3	3
Oncology		2	2
Ophthalmology		2	2
Cardiology		7	7
Podiatry		1	1
Dental		1	1
<b>Total</b>	<b>20</b>	<b>33</b>	<b>53</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

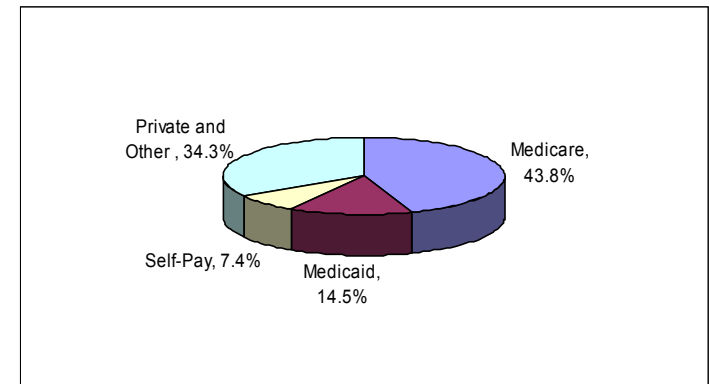
[3] Includes honorary staff physicians and physicians with courtesy privileges.

# Hospital Overview: Callaway

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31
Net Patient Services Revenue ( \$ 000s)	\$ 16,367	\$ 17,131	\$ 9,926
Net Patient Services Revenue Growth	13%	5%	14%
Operating EBITDA ( \$ 000s)	\$ 615	\$ 1,766	\$ 1,375
Operating EBITDA Margin	4%	10%	14%
Medicare Case Mix index	1.12	1.15	1.31
Acute Care Admissions	1,104	1,201	430
Acute Care Patient Days	3,322	3,526	1,259
ALSO-Acute Care (days)	3.0	2.9	2.9
Average Daily Census-Acute	9.1	9.7	6.8
Total Admissions	1,313	1,382	487
Total Patient Days	4,838	4,537	1,513
ALSO-Total (days)	3.7	2.9	3.1
Average Daily Census-Total	13.3	12.4	8.2
Deliveries	133	141	59
Emergency Room Visits	10,040	10,679	5,275
Surgical Procedures	645	594	312
Full-Time Equivalent employees	150	137	129

## 2007 Payor Mix



# Hospital Overview: Chestatee

- Chestatee Regional Hospital, located in Dahlonega, GA, is a JCAHO accredited, 49 licensed bed acute-care hospital with a 56% market share in its primary service area.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgery	33	33
Intensive Care	12	12
Obstetrics	4	4
<b>Total Beds</b>	<b>49</b>	<b>49</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Anesthesiology	3	0	3	100%
Emergency Medicine	0	11	11	82%
General Practice Medicine	7	2	9	100%
Cardiology	0	6	6	100%
Internal Medicine	1	0	1	100%
Nephrology	0	3	3	100%
Neurology	0	1	1	100%
Pediatrics	1	3	4	100%
Pathology	1	1	2	100%
Psychiatry	0	1	1	100%
Rheumatology	0	1	1	100%
Radiology	1	5	6	100%
Surgery:				
General	1	9	10	100%
Urology	1	0	1	100%
Obstetrics/Gynecology	2	0	2	100%
Otorhinolaryngology	1	5	6	100%
Orthopedic	2	0	2	100%
Ophthalmology	0	4	4	100%
Podiatry	0	4	4	100%
Plastic	0	1	1	100%
<b>Total</b>	<b>21</b>	<b>57</b>	<b>78</b>	<b>98%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

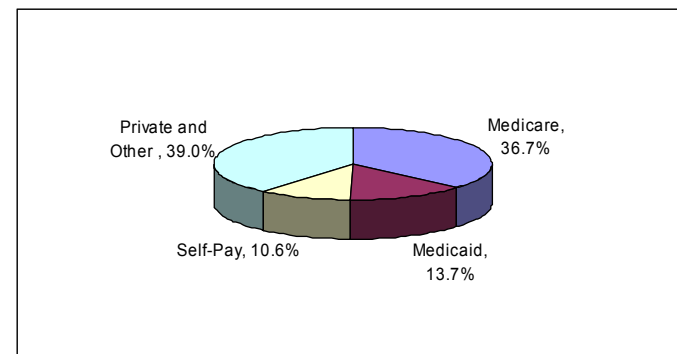
[3] Includes honorary staff physicians and physicians with courtesy privileges.

# Hospital Overview: Chestatee

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31
Net Patient Services Revenue ( \$ 000s)	\$ 24,182	\$ 25,810	\$ 13,299
Net Patient Services Revenue Growth	4%	7%	7%
Operating EBITDA ( \$ 000s)	\$ 4,719	\$ 1,471	\$ 157
Operating EBITDA Margin	20%	6%	1%
Medicare Case Mix index	1.23	1.17	1.18
Acute Care Admissions	1,830	1,905	861
Acute Care Patient Days	5,949	6,392	2,680
ALSO-Acute Care (days)	3.1	3.4	3.1
Average Daily Census-Acute	16.3	17.5	14.6
Total Admissions	1,991	2,047	920
Total Patient Days	7,012	7,184	2,996
ALSO-Total (days)	3.5	3.5	3.3
Average Daily Census-Total	18.2	19.7	16.3
Deliveries	141	187	92
Emergency Room Visits	10,736	11,011	5,542
Surgical Procedures	2,083	2,069	911
Full-Time Equivalent employees	181	193	164

## 2007 Payor Mix



# Hospital Overview: Chilton

- Chilton Medical Center, located in Clanton, AL, is a JCAHO accredited, 60 licensed bed acute-care hospital.
- SunLink also operates a home health agency at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgical	60	35
<b>TOTAL BEDS</b>	<b>60</b>	<b>35</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Anesthesiology	0	4	4	100%
General Practice	4	1	5	100%
Emergency Medicine	1	11	12	58%
Medicine:				
Internal Medicine	6	5	11	100%
Cardiology	0	8	8	100%
Gastronenterology	1	0	1	100%
Pathology	0	4	4	100%
Pediatrics		1	1	100%
Pulmonary Medicine		1	1	100%
Radiology	0	5	5	100%
Surgery:				
General		2	2	100%
Obstetrics/Gynecology	1	0	1	100%
Orthopedic	0	3	3	
Ophthalmology		2	2	100%
ENT	0	2	2	100%
<b>Total</b>	<b>13</b>	<b>49</b>	<b>62</b>	<b>92%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

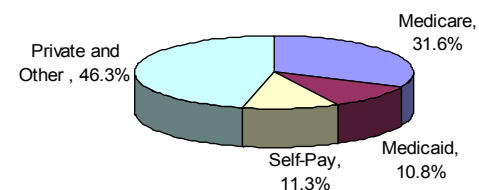
[3] Includes physicians with courtesy privileges.

# Hospital Overview: Chilton

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31.07
Net Patient Services Revenue ( \$ 000s)	\$ 11,841	\$ 13,149	\$ 7,442
Net Patient Services Revenue Growth	-10%	11%	20%
Operating EBITDA ( \$ 000s)	\$ (242)	\$ (1,009)	\$ (173)
Operating EBITDA Margin	-2%	-8%	-2%
Medicare Case Mix index	1.08	1.08	1.18
Acute Care Admissions	548	567	276
Acute Care Patient Days	1,634	1,476	780
ALSO-Acute Care (days)	3.0	2.6	2.8
Average Daily Census-Acute	4.5	4.0	4.2
Total Admissions	556	583	292
Total Patient Days	1,694	1,601	933
ALSO-Total (days)	3.0	2.6	3.2
Average Daily Census-Total	4.6	4.4	5.1
Deliveries	-	-	-
Emergency Room Visits	13,089	12,558	6,313
Surgical Procedures	594	571	302
Full-Time Equivalent employees	113	117	115

## 2007 Payor Mix



# Hospital Overview: Adel

- Memorial Hospital of Adel, located in Adel, GA, is a JCAHO accredited, 60 licensed bed acute-care hospital with a 56% market share in its primary service area.
- SunLink also operates a 95 bed skilled nursing facility, Memorial Convalescent Center, and a home health agency at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgical Intensive Care	56	56
	4	4
<b>TOTAL HOSPITAL BEDS</b>	<b>60</b>	<b>60</b>
Nursing Home Beds	95	95
<b>TOTAL BEDS INCLUDING NURSING HOME BEDS</b>	<b>155</b>	<b>155</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Dental	0	1	1	100%
Emergency Medicine (BC)	0	2	2	100%
Emergency Medicine (BE)	0	1	1	
Medicine				
Internal Medicine	1	0	1	100%
Family Medicine (BC)	6	4	10	100%
Family Medicine (BE)	0	2	2	
Pathology	0	3	3	100%
Optometry (BC)	0	1	1	100%
Optometry (BE)	0	1	1	
Radiology	0	12	12	100%
General Surgery	1	2	3	100%
Urology	1	0	1	100%
Obstetrics/Gynecology	1	0	1	100%
Orthopedic	0	3	3	100%
Podiatry (BC)	0	1	1	100%
Podiatry (BE)	0	1	1	
Plastic	0	1	1	100%
<b>Total</b>	<b>10</b>	<b>35</b>	<b>45</b>	<b>98%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

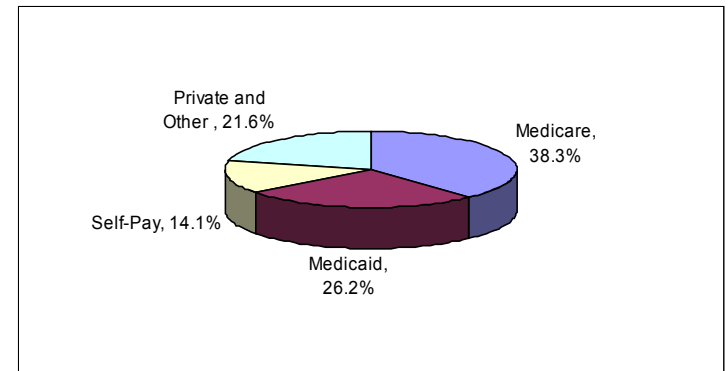
[3] Includes honorary staff physicians and physicians with courtesy privileges.

# Hospital Overview: Adel

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31.07
Net Patient Services Revenue ( \$ 000s)	\$ 17,210	\$ 17,497	\$ 9,275
Net Patient Services Revenue Growth	6%	2%	11%
Operating EBITDA ( \$ 000s)	\$ 1,941	\$ 953	\$ 676
Operating EBITDA Margin	11%	5%	7%
Medicare Case Mix index	1.03	1.00	0.99
Acute Care Admissions	1,620	1,618	731
Acute Care Patient Days	4,666	4,843	2,070
ALSO-Acute Care (days)	2.9	3.0	2.8
Average Daily Census-Acute	12.8	13.3	11.3
Total Admissions	1,687	1,655	756
Total Patient Days	5,119	5,101	2,207
ALSO-Total (days)	3.0	3.1	2.9
Average Daily Census-Total	14.0	14.0	12.0
Deliveries	168	159	97
Emergency Room Visits	7,994	8,105	4,034
Surgical Procedures	350	338	141
Full-Time Equivalent employees	217	208	199

## 2007 Payor Mix



# Hospital Overview: Missouri Southern

- Missouri Southern Healthcare, located in Dexter, MO, is a JCAHO accredited, 50 licensed bed acute-care hospital with a 26% market share in its primary market.
- SunLink also operates a home health agency at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgical	46	46
Intensive Care	4	4
<b>TOTAL BEDS</b>	<b>50</b>	<b>50</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Anesthesiology	0	1	1	100%
Dental	1	1	2	0%
Emergency Medicine	0	8	8	75%
General Practice	3	5	8	37.80%
Medicine:				
Internal Medicine	4	1	5	80%
Cardiology	0	6	6	17%
Oncology/Hematology	0	1	1	100%
Pathology	0	1	1	100%
Pediatrics	1	0	1	100%
Pulmonary Medicine	1	0	1	100%
Radiation/Oncology	0	1	1	100%
Radiology	0	19	19	79%
Surgery:				
General	1	2	3	67%
Obstetrics/Gynecology	0	1	1	0%
Ophthalmology	0	3	3	33%
Otorhinolaryngology	0	2	2	100%
Podiatry	0	6	6	67%
Urology	0	2	2	0%
<b>Total</b>	<b>11</b>	<b>60</b>	<b>71</b>	<b>62.0%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

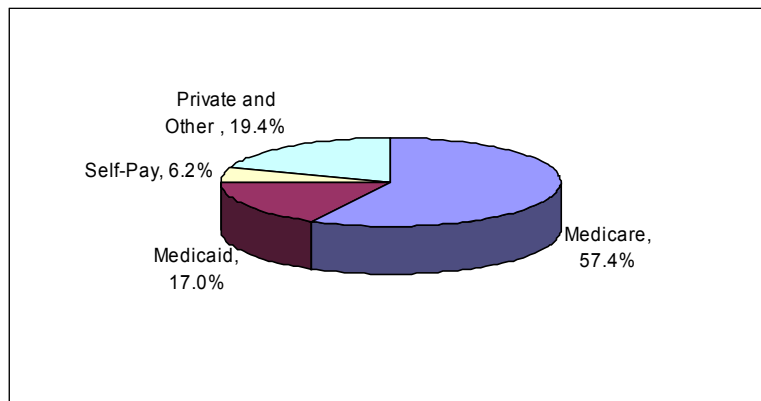
[3] Includes honorary staff physicians and physicians with courtesy privileges.

# Hospital Overview: Missouri Southern

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31.07
Net Patient Services Revenue ( \$ 000s)	\$ 23,562	\$ 23,712	\$ 11,077
Net Patient Services Revenue Growth	16%	1%	-0%
Operating EBITDA ( \$ 000s)	\$ 4,732	\$ 4,865	\$ 1,752
Operating EBITDA Margin	20%	21%	-17.6%
Medicare Case Mix index	1.06	1.06	1.07
Acute Care Admissions	1,553	1,513	559
Acute Care Patient Days	4,873	4,474	1,675
ALSO-Acute Care (days)	3.1	3.0	3.0
Average Daily Census-Acute	13.4	12	9.1
Total Admissions	1,721	1,715	644
Total Patient Days	6,141	5,749	2,206
ALSO-Total (days)	3.6	3.4	3.4
Average Daily Census-Total	16.8	15.8	12.0
Deliveries	-	-	-
Emergency Room Visits	12,204	12,504	5,723
Surgical Procedures	551	498	244
Full-Time Equivalent employees	263	193	198

## 2007 Payor Mix



# Hospital Overview: North Georgia

- North Georgia Medical Center, located in Ellijay, GA, is a JCAHO accredited, 50 licensed bed acute-care hospital with a 38% market share in its primary market.
- SunLink also operates a 100 bed skilled nursing facility, Gilmer Nursing Home, at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgical	45	35
Intensive Care	5	5
<b>TOTAL HOSPITAL BEDS</b>	<b>50</b>	<b>40</b>
Nursing Home Beds	100	100
<b>TOTAL BEDS INCLUDING NURSING HOME BEDS</b>	<b>150</b>	<b>140</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Anesthesiology	4	0	4	100.0%
Dental	0	1	1	100.0%
Emergency Medicine	8	0	8	62.5%
General Practice	7	0	7	100.0%
Medicine:				
Internal Medicine	3	3	3	100.0%
Nephrology	0	3	3	100.0%
Oncology	0	3	3	100.0%
Pathology	1	0	1	100.0%
Pediatrics	1	0	1	100.0%
Physchiatry	0	1	1	0.0%
Radiology	8	0	8	100.0%
Surgery:				
General	1	1	2	100.0%
Obstetrics/Gynecology	5	0	5	100.0%
Neurosurgery	0	1	1	100.0%
Ophthalmology	0	3	3	100.0%
Otorhinolaryngology	2	1	3	100.0%
Podiatry	1	1	2	50.0%
Orthopedic	1	0	1	100.0%
<b>Total</b>	<b>42</b>	<b>18</b>	<b>57</b>	<b>62.0%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

[3] Includes honorary staff physicians and physicians with courtesy privileges.

**SunLink Health Systems, Inc.**

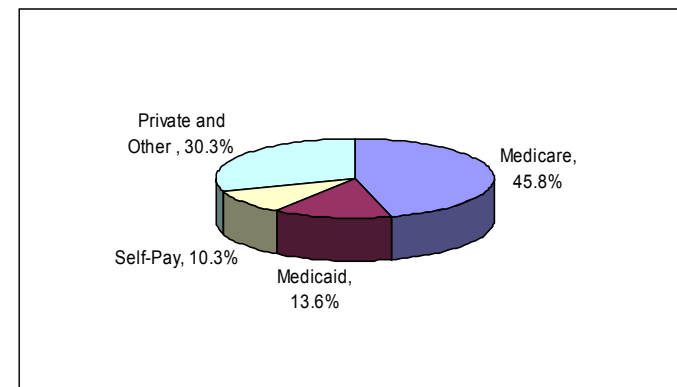


# Hospital Overview: North Georgia

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31.07
Net Patient Services Revenue ( \$ 000s)	\$ 24,022	\$ 25,925	\$ 13,125
Net Patient Services Revenue Growth	3%	8%	7%
Operating EBITDA ( \$ 000s)	\$ 2,171	\$ 2,305	\$ 738
Operating EBITDA Margin	9%	9%	1%
Medicare Case Mix index	1.15	1.17	1.17
Acute Care Admissions	1,224	1,075	469
Acute Care Patient Days	3,643	3,345	1,507
ALSO-Acute Care (days)	3.0	3.1	3.2
Average Daily Census-Acute	10	9.5	8.2
Total Admissions	1,400	1,228	549
Total Patient Days	5,319	4,799	2,238
ALSO-Total (days)	3.8	3.9	4.1
Average Daily Census-Total	14.6	13.1	12.2
Deliveries	-	-	-
Emergency Room Visits	9,050	9,895	5,068
Surgical Procedures	677	679	304
Full-Time Equivalent employees	250	259	243

## 2007 Payor Mix



# Hospital Overview: Trace

- Trace Regional Medical Center, located in Houston, MS, is a JCAHO accredited, 84 licensed bed acute-care hospital with a 33% market share in its primary market.
- SunLink also operates a 66 bed skilled nursing facility, Floy Dyer Manor Nursing Home, at this location.

## Beds

Clinical Service	Licensed	In Service
Medical/Surgery	61	43
Psychiatric	18	14
Intensive Care	5	5
<b>Total Beds</b>	<b>84</b>	<b>62</b>
Skilled Nursing Facility	66	66
Total beds including nursing home beds	<b>150</b>	<b>128</b>

## Medical Staff

Clinical Service <sup>[1]</sup>	Active <sup>[2]</sup>	Consulting <sup>[3]</sup>	Total	% Board Certified
Emergency Medicine	2	6	8	0%
General Practice Medicine	3	1	4	25%
Internal Medicine	4	0	4	75%
Pediatrics	1	0	1	100%
Pathology	0	1	1	100%
Psychiatry	1	1	2	100%
Radiology	0	10	10	100%
Surgery:				
General Surgery	1	0	1	100%
Obstetrics/Gynecology	0	1	1	100%
Podiatry	0	4	4	75%
<b>Total</b>	<b>12</b>	<b>24</b>	<b>36</b>	<b>63%</b>

[1] Clinical service is based on physician licensure.

[2] Active includes associate physicians, who are new physicians with full admitting privileges.

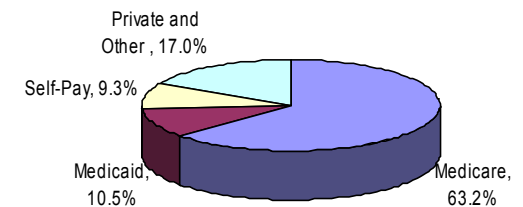
[3] Includes honorary staff physicians and physicians with courtesy privileges.

# Hospital Overview: Trace

## Financial and Statistical Highlights

	Fiscal Years Ended		
	2006	2007	6M/12.31.07
Net Patient Services Revenue ( \$ 000s)	\$ 18,392	\$ 20,012	\$ 10,971
Net Patient Services Revenue Growth	2%	9%	17%
Operating EBITDA ( \$ 000s)	\$ 2,367	\$ 2,604	\$ 1,834
Operating EBITDA Margin	13%	13%	58%
Medicare Case Mix index	1.04	1.08	1.09
Acute Care Admissions	1,058	985	487
Acute Care Patient Days	3,374	3,273	1,599
ALSO-Acute Care (days)	3.2	3.3	3.3
Average Daily Census-Acute	9.2	9.0	8.7
Total Admissions	1,302	1,298	666
Total Patient Days	6,053	6,591	3,317
ALSO-Total (days)	4.6	5.1	5.0
Average Daily Census-Total	16.6	18.1	18.0
Deliveries	-	-	-
Emergency Room Visits	6,752	6,661	3,641
Surgical Procedures	-	98	62
Full-Time Equivalent employees	196	204	177

## 2007 Payor Mix



# **SunLink Financial Overview**

**SunLink Health Systems, Inc.**



# Summary Statement of Earnings

(\$ in thousands)

	For the Fiscal Years Ended June 30,			6M/12.31.06		6M/12.31.07	
	2005	2006	2007				
Net Revenue	\$ 128,732	\$ 135,576	\$ 143,645	\$ 68,559	\$ 75,205		
% Growth	14.5%	5.3%	6.0%	3.7%	9.7%		
Operating Expenses (Excl. D&A and Corp OH)	114,811	119,273	130,780	63,543	68,846		
Pre-Corporate EBITDA	13,921	16,303	12,865	5,016	6,359		
% of Revenue	10.8%	12.0%	9.0%	7.3%	8.5%		
Corporate Overhead (public company)	4,241	5,276	4,051	2,200	2,302		
EBITDA	9,680	11,027	8,814	2,816	4,057		
% of Revenue	7.5%	8.1%	6.1%	4.1%	5.4%		
Depreciation and Amortization	2,590	3,400	4,400	2,130	2,502		
Operating Income (EBIT)	7,090	7,627	4,414	686	1,555		
% Revenue	5.5%	5.6%	3.1%	1.0%	2.1%		

SunLink Health Systems, Inc.



# Summary Balance Sheet

(\$ in thousands)

	Actual 6/30/2005	Actual 6/30/2006	Actual 6/30/2007	Actual 12/31/2007
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and cash Equivalents	\$ 5,281	\$ 1,084	\$ 814	\$ 1,162
Receivables-Net	14,549	16,494	14,537	15,711
Medical Supplies Inventory	2,350	2,577	2,826	2,793
Prepaid Expenses	<u>7,347</u>	<u>7,754</u>	<u>7,602</u>	<u>8,555</u>
<b>Current Assets</b>	\$ <u>29,527</u>	\$ <u>27,909</u>	\$ <u>25,779</u>	\$ <u>28,221</u>
Fixed Assets-Net	\$ 36,300	\$ 41,155	\$ 47,323	\$ 49,882
<b>Long Term Assets</b>	\$ <u>4,286</u>	\$ <u>5,239</u>	\$ <u>4,741</u>	\$ <u>4,279</u>
<b>Total Assets</b>	\$ <u><u>70,113</u></u>	\$ <u><u>74,303</u></u>	\$ <u><u>77,843</u></u>	\$ <u><u>82,382</u></u>
<b>LIABILITIES AND SHAREHOLDER'S EQUITY</b>				
<b>Current Liabilities</b>				
Accounts payable	\$ 6,075	\$ 7,689	\$ 8,512	\$ 9,070
Revolver Borrowings	-	-	4,700	7,999
Third Party Payor Settlements	3,733	3,666	3,668	3,988
Income Tax Payable	893	211	82	375
Other Current Liabilities	10,112	9,801	8,818	8,596
Current Maturities of Long-Term Debt	<u>843</u>	<u>928</u>	<u>875</u>	<u>875</u>
<b>Current Liabilities</b>	\$ <u>21,656</u>	\$ <u>22,295</u>	\$ <u>26,655</u>	\$ <u>30,903</u>
Long Term Debt	\$ 9,199	\$ 8,465	\$ 7,661	\$ 7,276
Other Long Term Liabilities	<u>9,957</u>	<u>9,191</u>	<u>7,503</u>	<u>7,593</u>
<b>Total Liabilities</b>	\$ <u><u>40,812</u></u>	\$ <u><u>39,951</u></u>	\$ <u><u>41,819</u></u>	\$ <u><u>45,772</u></u>
Shareholder's Equity	\$ <u>29,301</u>	\$ <u>34,352</u>	\$ <u>36,021</u>	\$ <u>36,610</u>
<b>Total Liabilities &amp; Equity</b>	\$ <u><u>70,113</u></u>	\$ <u><u>74,303</u></u>	\$ <u><u>77,843</u></u>	\$ <u><u>82,382</u></u>

SunLink Health Systems, Inc.



# Financial Resources

(\$ in thousands)

## Debt Structure

<u>Debt Security</u>	<u>Maturity</u>		<u>Facility Amount</u>		<u>Outstanding Balance as of 12/31/07</u>
Term Loan - A	11/09	\$	10,000	\$	7,889
Term Loan - B	11/09		5,000		-
Revolver	11/09		15,000		7,999
Capital Leases					195
	Debt Balance at 9/30/07				<u>16,083</u>
	Less: Current Maturities				8,807
	Total Long-Term Debt			\$	<u><u>7,276</u></u>

**SunLink Health Systems, Inc.**



# **SunLink Health Systems, Inc.**



**AMEX: SSY**

**[www.sunlinkhealth.com](http://www.sunlinkhealth.com)**