

HCA Healthcare (HCA US)

FUNDAMENTAL VIEW ¹

As of 22 Aug 2025

- HCA's volume metrics and EBITDA margins consistently best industry peers, primarily due to strong operational efficiency and an inpatient/outpatient focus within large, healthy markets.
- HCA's credit metrics have improved in recent years and leverage sits near the low end of management's target net leverage range of 2.75-3.75x.
- HCA benefits from substantial financial flexibility provided by strong FCF generation and easy access to the capital markets. The company also maintains sufficient liquidity with a well-laddered maturity schedule.

RISKS & CATALYSTS

As of 22 Aug 2025

- We see some risk of choppy operating performance tied to an unwind of acuity and payor mix benefits experienced through COVID.
- HCA guides to FY25 revenue growth of 4.8-7.6% and adjusted EBITDA growth of 5.9-10.2%. Management reported an 1% YoY decline in 2Q25 contract labor costs and with expectations of this trend to continue through FY25.
- HCA is exposed to certain provisions in the Big Beautiful Bill which could result in insured coverage losses and lower supplemental payments.
- HCA's board recently authorized an additional \$10 bn share repurchase program (with a significant portion expected to be completed in FY25).

CREDIT QUALITY SCORE (CQS) ²

As of 29 Aug 2025

CURRENT CQS

54

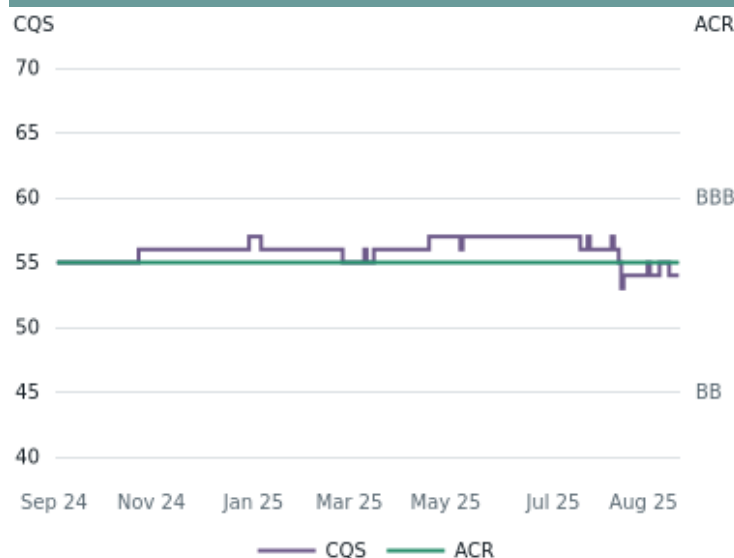
CQS OUTLOOK ³

NEGATIVE

STABLE

POSITIVE

HISTORICAL RATINGS: AVERAGE AGENCY RATING (ACR) VS CQS



KEY METRICS

As of 22 Aug 2025

\$ MN	Y20	Y21	Y22	Y23	Y24	LTM 2Q25
Revenue	51,533	58,752	60,233	64,968	70,603	72,698
SWB	23,874	26,779	27,685	29,487	31,170	31,913
Supplies	8,369	9,481	9,371	9,902	10,755	11,058
Adj. EBITDA	10,037	12,644	12,067	12,726	13,882	14,561
Total Debt	31,004	34,579	38,084	39,593	43,031	44,519
Gross Leverage	3.1x	2.7x	3.2x	3.1x	3.1x	3.1x
Interest Coverage	6.2x	8.4x	7.3x	6.7x	7.2x	7.0x

BUSINESS DESCRIPTION

As of 22 Aug 2025

- HCA operates more than 190 hospitals with ~50k beds and 124 freestanding surgery units (as of 2Q25). The company operates in 20 states and England, but ~50% of its hospitals are located in Texas and Florida. HCA is the largest for-profit hospital operator in the US by revenue. HCA also purchased 41 urgent care centers in Texas from FastMed for an undisclosed amount.
- HCA has gone private twice since its initial public offering in 1969, most recently in 2006. During periods of private ownership the company has engaged in debt-financed special dividends. HCA returned to public ownership in 2011.
- HCA has been an active consolidator in the industry, acquiring General Health Services, Columbia Healthcare, Hospital Affiliates, and Healthcare Corp, among others. In rationalizing its offering of services and market focus, HCA has sold or spun-off hospital groups such as LifePoint, Triad, and HealthTrust.

GLOSSARY

¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.

² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.

³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.

⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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