ENSIGN GROUP

May 2020

Investor Presentation

Disclaimers

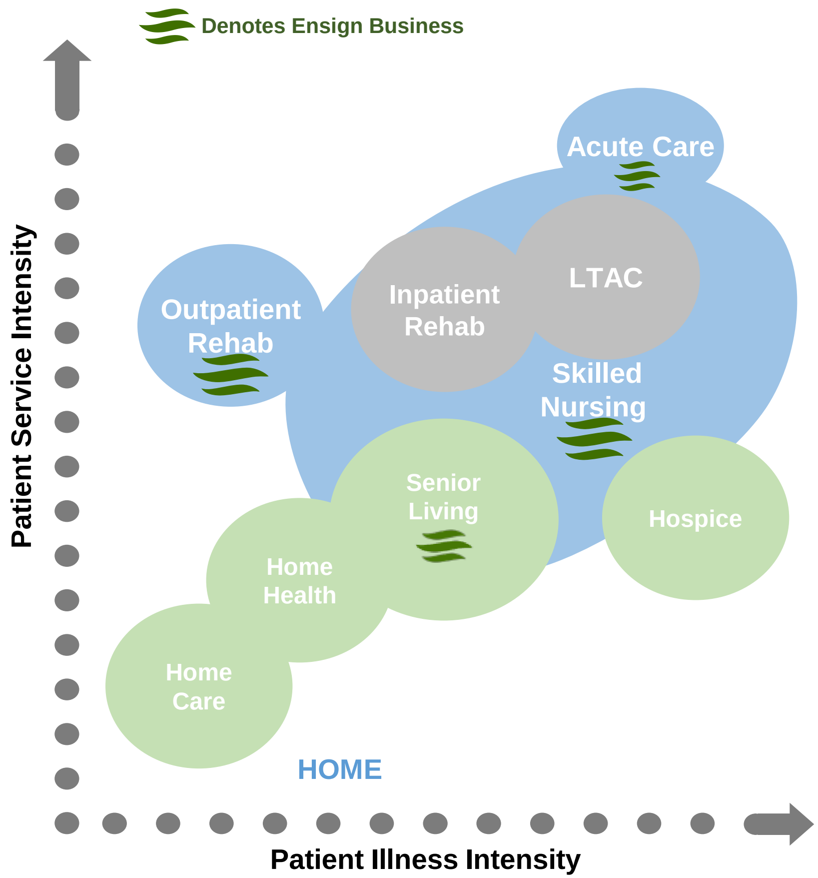
Statements in this presentation concerning The Ensign Group's ("Ensign" or the "Company") future prospects are forward-looking statements based on management's current expectations, assumptions and beliefs about our business, financial performance, operating results, the industry in which we operate and possible future events. These statements include, but are not limited to, statements regarding our growth prospects and future operating and financial performance. They are not guarantees of future results and are subject to risks, uncertainties and assumptions that could cause our actual results to materially and adversely differ from those expressed in any forward-looking statement.

Readers should not place undue reliance on any forward-looking statements and are encouraged to review our periodic filings with the Securities and Exchange Commission, including our recently filed Forms 10-K and 10-Q, for a more complete discussion of the risks and other factors that could affect Ensign's business, prospects and any forward-looking statements. These documents are available on our website at www.ensigngroup.net. This information is provided as of today's date only, and except as required by federal securities law, Ensign does not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events, changing circumstances or for any other reason after the date of this presentation.

We supplement our GAAP reporting with EBITDA, adjusted EBITDA, adjusted EBITDAR, adjusted net income and adjusted EPS metrics, which are supplemental non-GAAP financial measures. They reflect an additional way of looking at aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of factors and trends affecting our business. They should not be relied upon to the exclusion of GAAP financial measures. A more ample discussion of these GAAP financial measures is available on the "Investor Relations" tab of our website and a reconciliation to GAAP is included as an appendix to this presentation.

During this presentation we may reference operations in any or all of the transitional, skilled and assisted living operations and other businesses operated by our subsidiaries. Each such business is operated as a separate, wholly-owned independent operating subsidiary that has its own management, employees and assets. References in the presentation to the consolidated "Company" and "its" assets and activities, as well as the use of the terms "we," "us," "our," and similar verbiage are not meant to imply that The Ensign Group, Inc. has direct operating assets, employees or revenue, or that any of the Operations, the Service Center or the captive insurance subsidiary are operated by the same entity.

Ensign's Commitment to Care Continuum



- Local leadership strategy focused on acquisitions in fragmented markets for core business lines
- High quality healthcare outcomes across the continuum driving local reputation and partnerships
- Opportunistically drive new ventures in ancillary businesses and markets through its unique leadership model
- Access to care continuum through Ensign Pennant Care Continuum

Ensign is Strategically Positioned to Deliver Long-term Value

(1) Ensign operates 9 senior living operations and 23 healthcare campuses; Data as of May 18, 2020.

Ensign Strategically Positioned to Deliver Long-term Value

Best-in-Class Healthcare Services Company with a Proven Track Record

Experienced Management

Management team with combined experience of ~70 years at Ensign alone

Presence in Attractive Markets

Presence in strategic markets across 14 states with attractive reimbursement and growth profile

ENSIGN GROUP

Multiple Business Lines

Diversified operations including transitional and skilled services, strategic healthcare campuses and senior living operations, real estate ownership and new ventures

Several Growth Levers

Leading consolidator in fragmented industry; new ventures; delivering organic and strategic growth

Strong Financial Profile

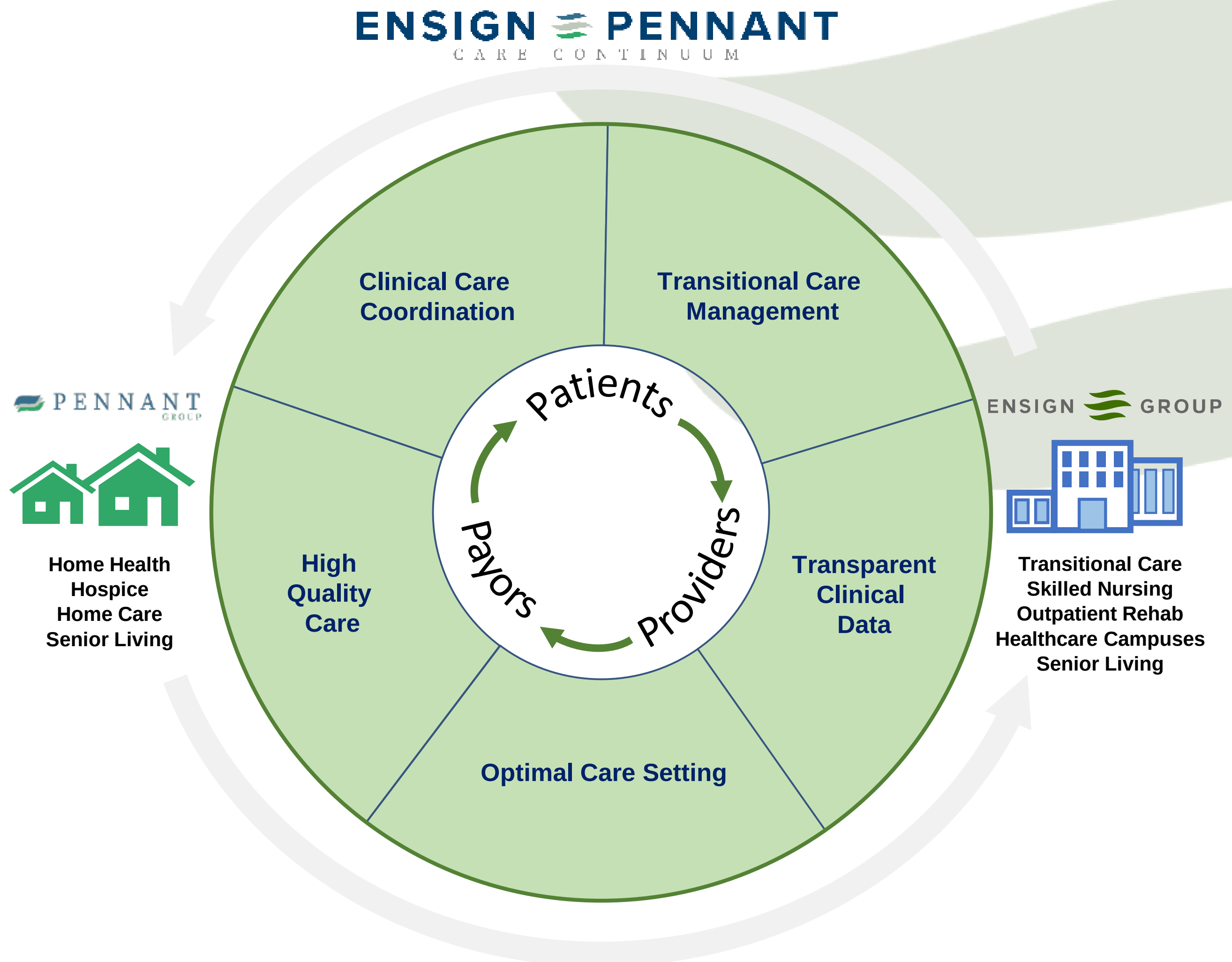
Above industry growth and profitability, stellar balance sheet and strong cash flow conversion

Ensign's Capabilities Create an Ecosystem that Enables Connectivity Among All Stakeholders and Drives a Virtuous Cycle of Success

EPCC Enables Value-Based Care Continuum At the Local Level

What is it?

- ✓ Preferred provider network between Ensign and The Pennant Group, Inc. (Pennant or former subsidiaries of Ensign)
- ✓ Empowers local clinical leaders to opt-in resulting in smart and effective solutions for patients



EPCC(1) Enabled Local Ecosystem is Well-Positioned to Existing Clinical Collaboration, Drive Best Quality Care & Outcomes and Benefit From the Shift Toward Value-Based Reimbursement

(1) Subsidiaries of Ensign and Pennant may opt into a voluntary joint post-acute care preferred provider network called the Ensign Pennant Care Continuum ("the EPCC").

Ensign Investment Thesis

Superior Results

Clinical Excellence

Strategic Continuum of Care

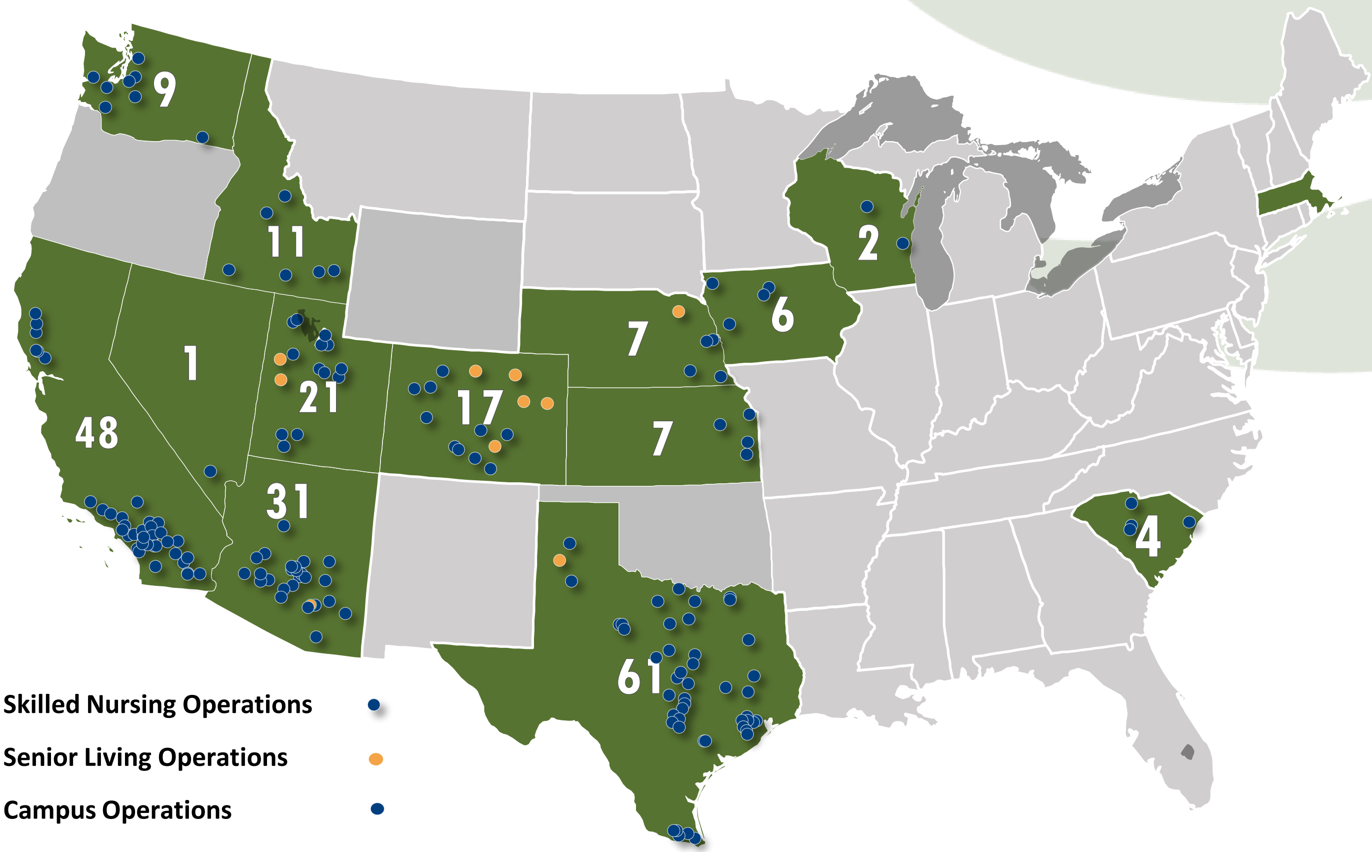
Growth Opportunities
Organic, Strategic, Real Estate and New Ventures

Culture of Local Leadership and Accountability

Ensign is Positioned to Deliver Superior Clinical Results that Will Generate Strong Financial and Operating Results

Leading Presence in Strategically Selected Attractive Markets

Industry Leader with Strong and Growing National Presence



193 Skilled Nursing Operations

9 Senior Living Operations

23 Campus Operations

Data as of May18, 2020.

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Track Record of Attracting, Empowering and Retaining Clinically-Focused Business Leaders Drives Results

Local Leadership Clusters

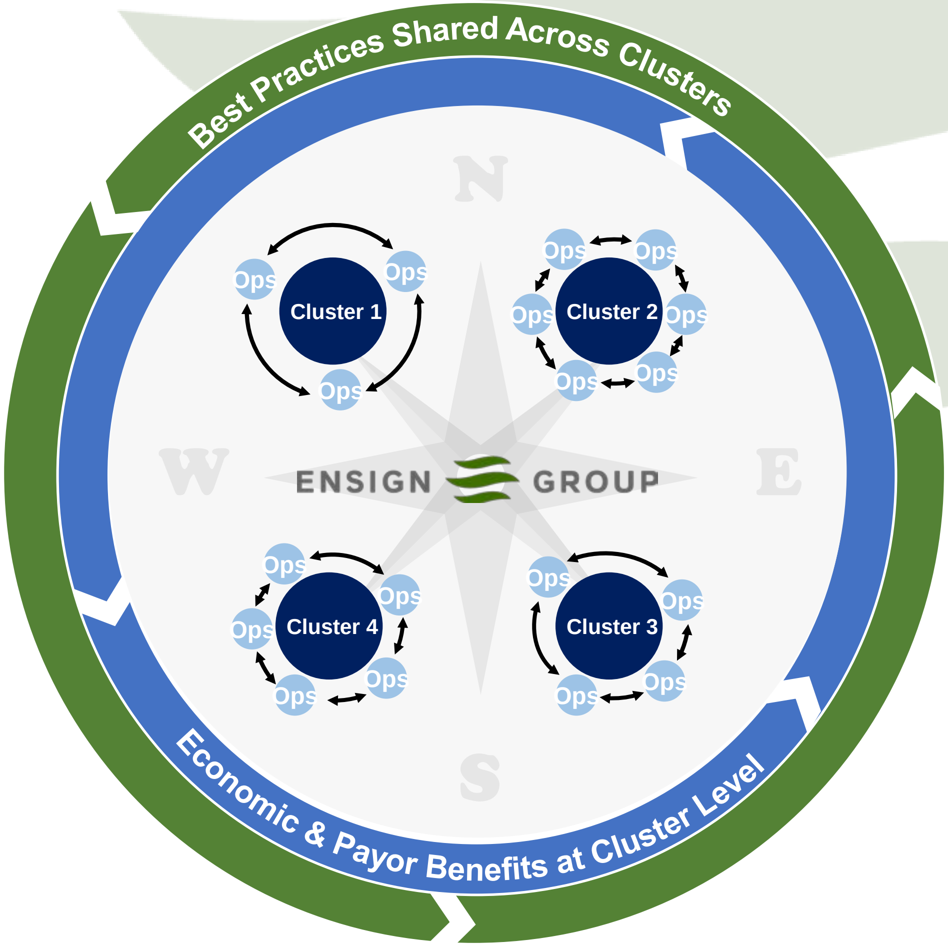



\+ **Superior Clinical Outcomes**


= **Local Market Operation of Choice**

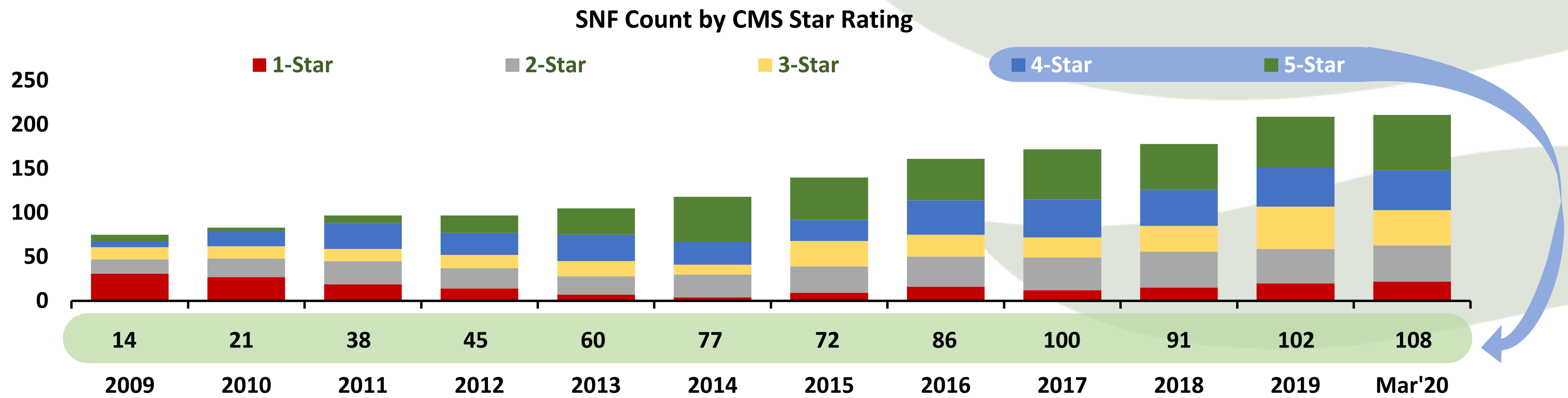

Local Leaders Are Empowered by Our Cluster Model

What is a Cluster?	• Collaboration and connectivity between operations (“ops”) that are geographically close together • Best practices, accountability and ownership are shared among and between clusters
Incentive Driven	• Each operation has full visibility into and accountability for individual and group results within the cluster • Compensation is linked to cluster’s clinical and financial success
Economic Benefits	• Sharing of resources across cluster partners • Economies of scale/purchasing power
Payor Benefits	• “Bundle" offering to payors by providing capabilities of cluster model • Strengthens relationships with payor partners • Coordinate to drive superior patient outcomes

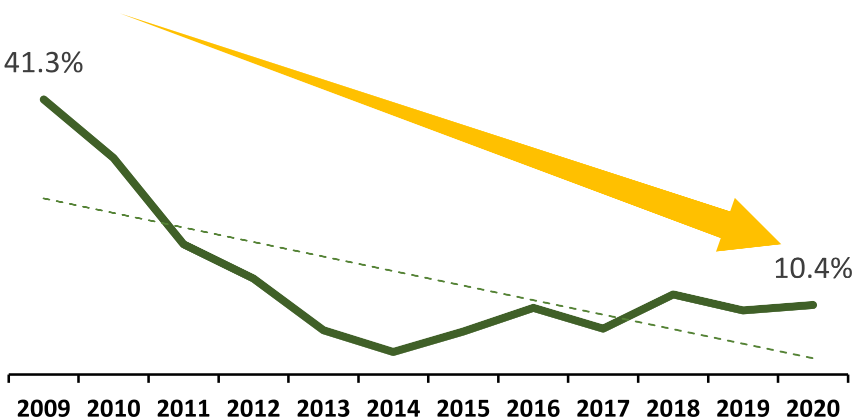


Organizational Focus on Clinical Quality Ultimately Leads to Superior Financial Results

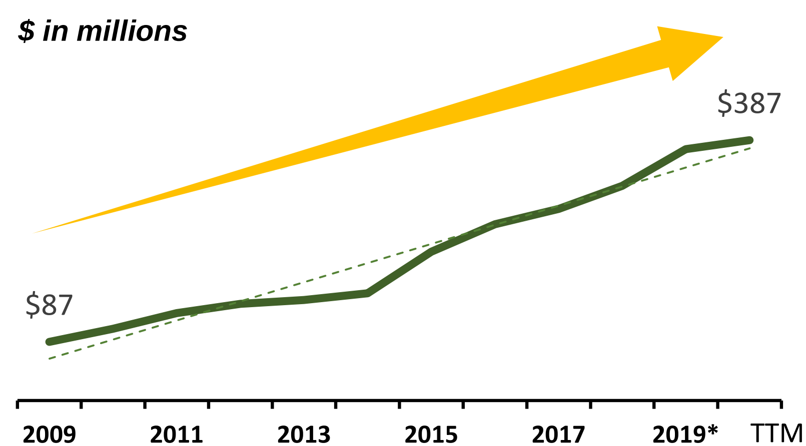
Clinical Quality Translates to Organic Growth



Ensign 1-Star Facility % Trend

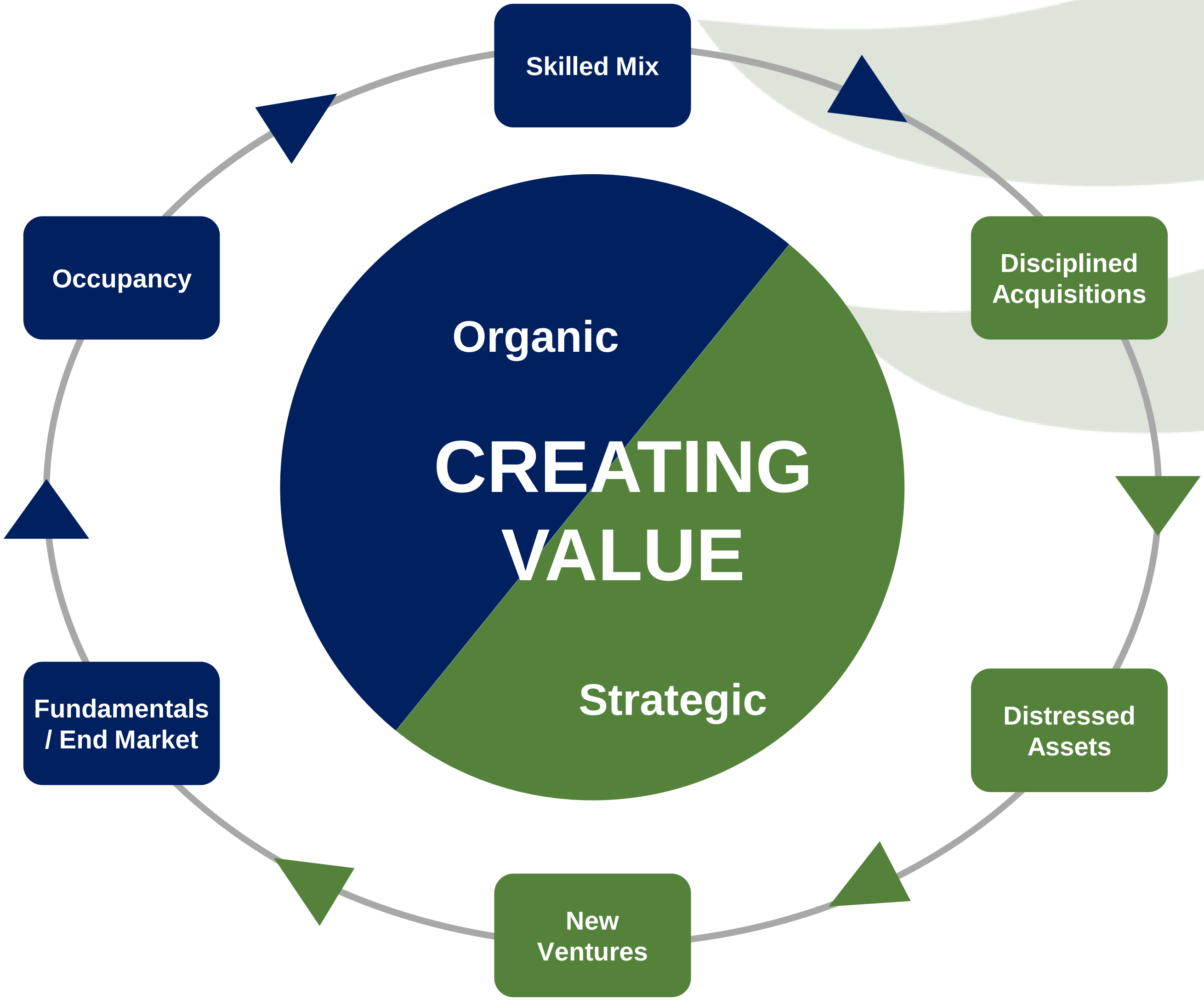


Ensign Adjusted EBITDAR Trend



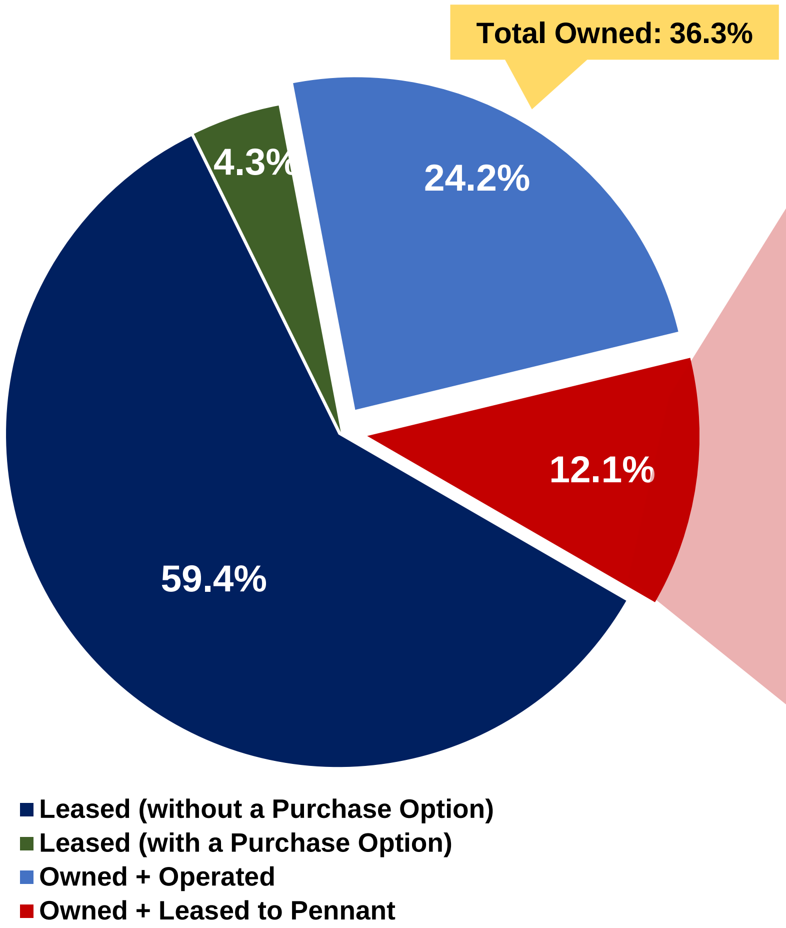
Note: Adjusted EBITDAR is a non-GAAP measure and represents net income before (a) interest expense, net, (b) provision for income taxes, (c) depreciation and (d) facility rent expense. See Appendix for a reconciliation of GAAP to non-GAAP financial measures.
* 2019 Adjusted EBITDAR includes 9 months of Pennant financial results.

Multifaceted Growth Opportunity Driven by Organic as well as Strategic Opportunities



Significant Real Estate Portfolio as of May 18, 2020

% of 225 Facilites Ensign Operates and 31 Owned Real Estate Leased to Pennant (1)



Ensign Triple Net Master Lease Pools with Pennant

Lease Structure	• Multiple "triple-net" master lease pools
Terms & Termination	• Lease agreements with initial terms between 14 and 16 years, with three 5-year extension options • Consent required for Pennant to sublease, assign, encumber or otherwise transfer or dispose any property
Rent Terms	• Fixed base rent with CPI-based escalators
Expenses	• Pennant responsible for maintenance, capital expenditures, property taxes, insurance and other expenses
Other	• Customary covenants and events of default

(1) Total as of May 18, 2020.

Track Record of Successfully Incubating New Ventures

New Ventures

PENNANT GROUP
PINNACLE SENIOR LIVING
CORNERSTONE

- *Completed October 2019*

CareTrust REIT

- *Completed in 2014*

ImmediateClinic URGENT CARE

- *Completed in 2016*

CAPSTONE TRANSPORTATION

ENSIGN PENNANT CARE CONTINUUM

covalence group

BEACON PURCHASING

ENSIGN GROUP
Real Estate

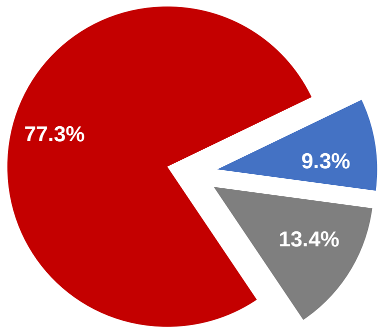
PACIFIC MOBILE diagnostics
PMDXRAY.com

Spin Offs | Divestitures | Current

A Disciplined Approach to Acquisitions and Track Record of Improving Operations to Drive Continued Growth

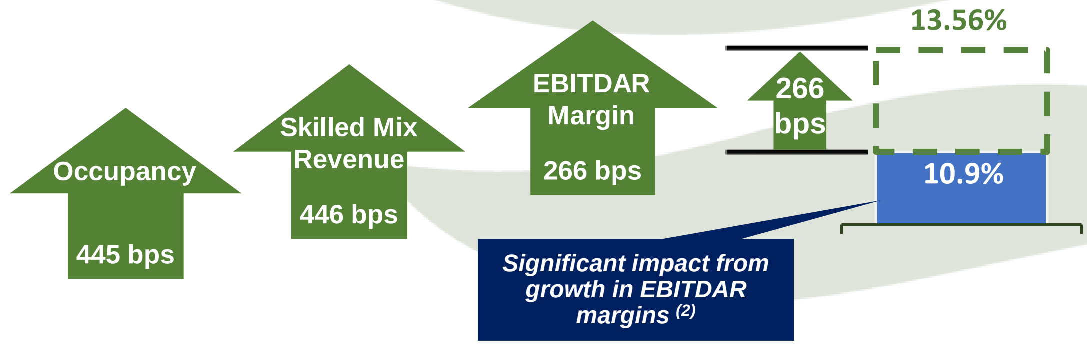
1

22.7% of Ensign's skilled nursing operations have been operated less than three full years



2

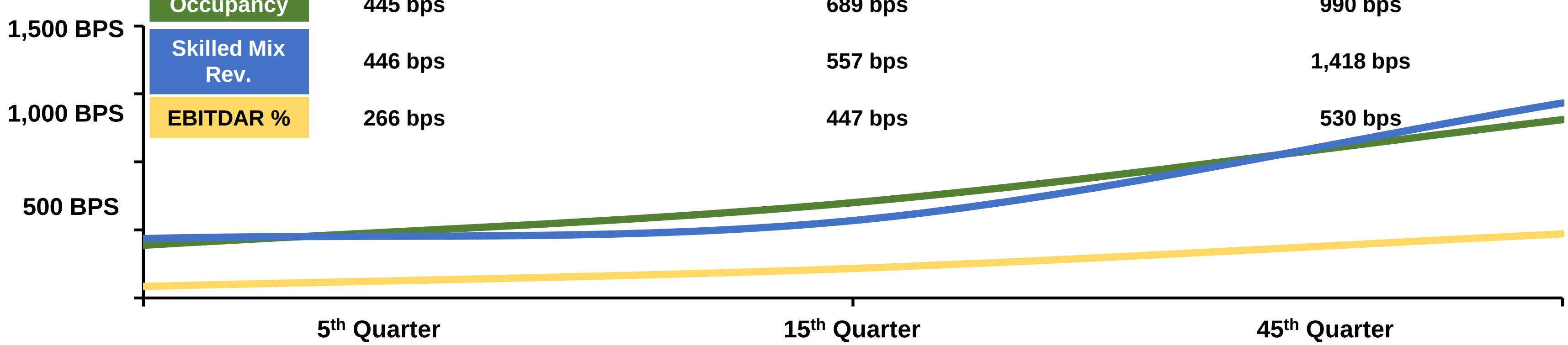
Proven track record of achieving significant improvement in just 5 quarters (1)



3

Significant improvement beyond 5th quarter to 45th quarter

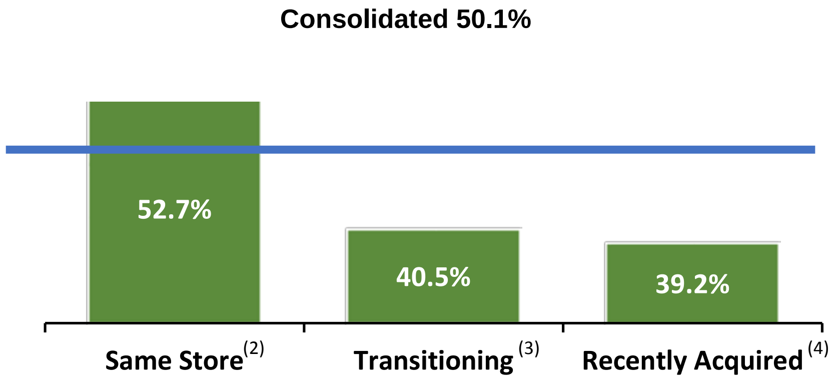
	5th Quarter	15th Quarter	45th Quarter
Occupancy	445 bps	689 bps	990 bps
Skilled Mix Rev.	446 bps	557 bps	1,418 bps
EBITDAR %	266 bps	447 bps	530 bps



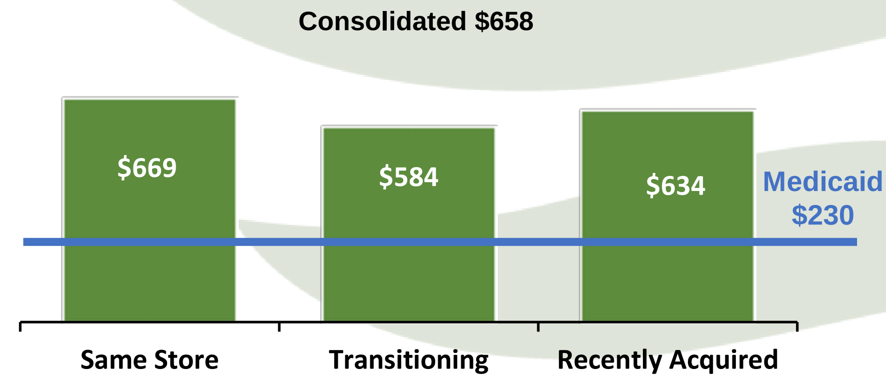
(1) Acquisition track record based on an average for all SNF acquisitions from 2001 to March 31, 2019 measuring 5 quarters of operating performance.
(2) 10.9% represents average EBITDAR margin for the 1st quarter after acquisition for acquisitions made from 2001 to March 31, 2019.

Demonstrated Track Record of Significant Operational Improvements of Acquired Assets – Q1 2020

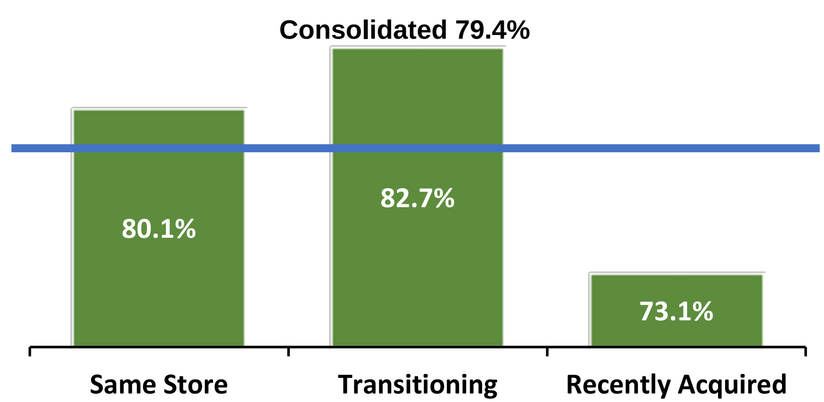
Skilled Mix Revenue [1]



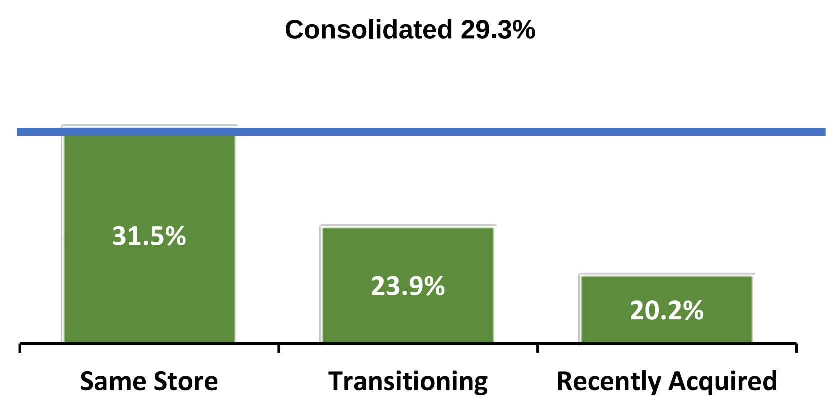
Medicare Rates



SNF Occupancy



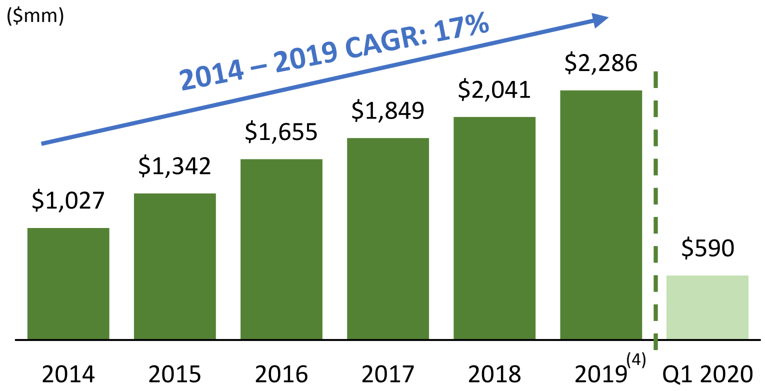
Skilled Mix Days



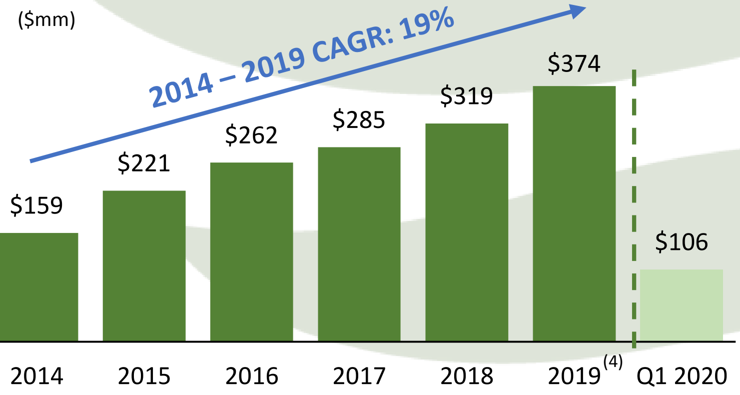
Source: Data as of Q1'20.
(1) At the end of Q1'20, there were 216 skilled nursing facilities in operation.
(2) Same Store represents all skilled nursing operations purchased prior to January 1, 2017 totaling 167 facilities.
(3) Transitioning represents all skilled nursing operations purchased from January 1, 2017 to December 31, 2018 totaling 20 facilities.
(4) Recently Acquired represents all skilled nursing operations purchased on or subsequent to January 1, 2019 totaling 29 facilities.

Ensign Represents THE Growth Story in the Facility-Based Healthcare Services & Post-Acute Sector

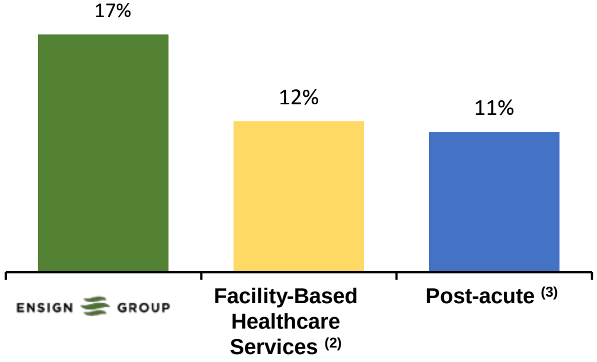
Revenue (1)



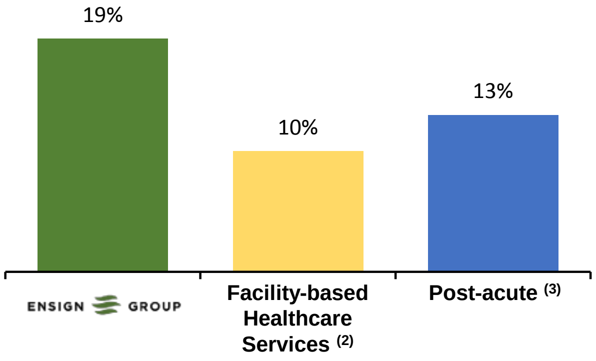
Adjusted EBITDAR (1)



2014 – 2019 Revenue CAGR



2014 – 2019 Adjusted EBITDAR CAGR



Note: Adjusted EBITDAR is a non-GAAP measure and represents net income before (a) interest expense, net, (b) provision for income taxes, (c) depreciation and (d) facility rent expense. See Appendix for a GAAP reconciliation.

(1) Revenue and adjusted EBITDAR not pro forma for spin.

(2) Represents average of peer growth from 2014-2020, except for peers that were not in existence for the entire time period, in which case the longest time period available was used. Peers grouped by subsector include: **Acute Care:** HCA, CYH, THC, LPNT, QHC and UHS; **Behavioral:** ACHC, AAC and CIVI; **ASC:** SGRY and SCAI; **Dialysis:** FMS, DVA and ARA; **Home Health and Hospice:** AMED, LHCG, ADUS and CHE; **Institutional:** CSU, BKD, EHC and GEN; **Rehab:** SEM and USPH.

(3) Represents average of AMED, LHCG, ADUS, CHE, CSU, BKD, EHC and SEM.

(4) 2019 only includes 9 months Pennant financial data as a result of its 10/1/2019 spin-off.

Quarter-Over-Quarter Highlights (1)

$ in millions

	Change	Q1 2020	Q1 2019
Revenue	↑ 25.1%	$589.6	$471.3
Same Facility Skilled Revenue	↑ 10.5%	$442.5	$400.4
Consolidated Adjusted Net Income	↑ 93.3%	$43.0	$22.2

1) Results exclude Pennant financial in 2019 for comparison purpose.

Reconciliation of GAAP to Non-GAAP Financial Measures

Summary of Cash Flows (In millions)	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
Net cash provided by (used in):		
Continuing operating activities	$27.1	$15.8
Continuing investing activities	(15.5)	(17.8)
Continuing financing activities	(7.5)	7.3
Net Increase in cash from discontinued operations	-	1.5
Net increase in cash and cash equivalents	4.0	6.7
Cash and cash equivalents beginning of period, including cash of discontinued operations	59.2	31.1
Cash and cash equivalents end of period, including cash of discontinued operations	$63.2	$37.8
Less cash of discontinued operations at end of period	-	-
Cash and cash equivalents at end of period	**$63.2**	**$37.8**
Other Liquidity Metrics:		
Availability under Revolver [(1)]	$120.0	$280.0
Net Debt to Adjusted EBITDAR	**3.69x**	**4.04x**

(1) Our Credit Revolver was amended on Oct 1, 2019 in connection with the Spin-off. The amended credit revolver line is $350 million compares to $450 million as of March 31, 2019.

EPS Guidance (1)

2020

Annual Revenue

$2.42B to $2.45B

Diluted Adjusted EPS

$2.50 to $2.58

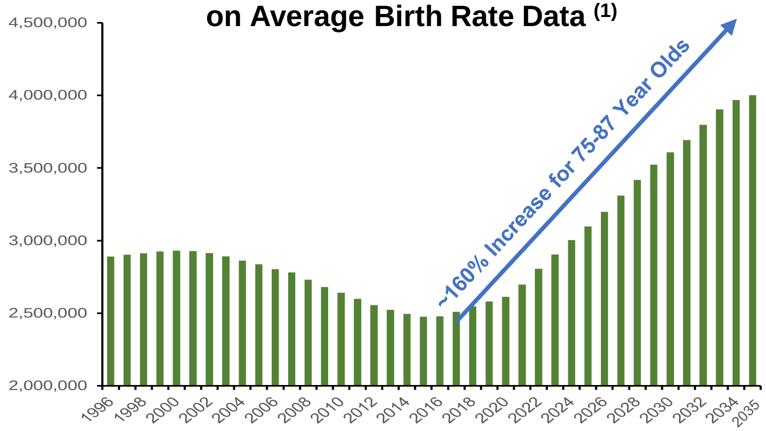
Midpoint 30.3% over 2019 spin adjusted annual earnings

(1) See detailed statement on guidance in earnings release.

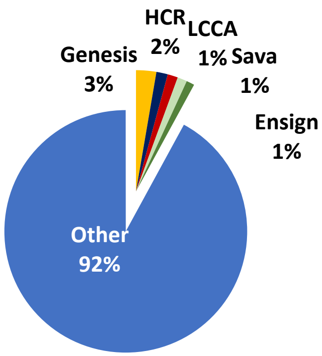
End Market Fundamentals Remain Favorable for Strong Organic Growth

Key Drivers of Organic Growth

Estimated Population (75-87 Years) Based on Average Birth Rate Data [1]



Market fragmentation creates significant consolidation opportunity[3]



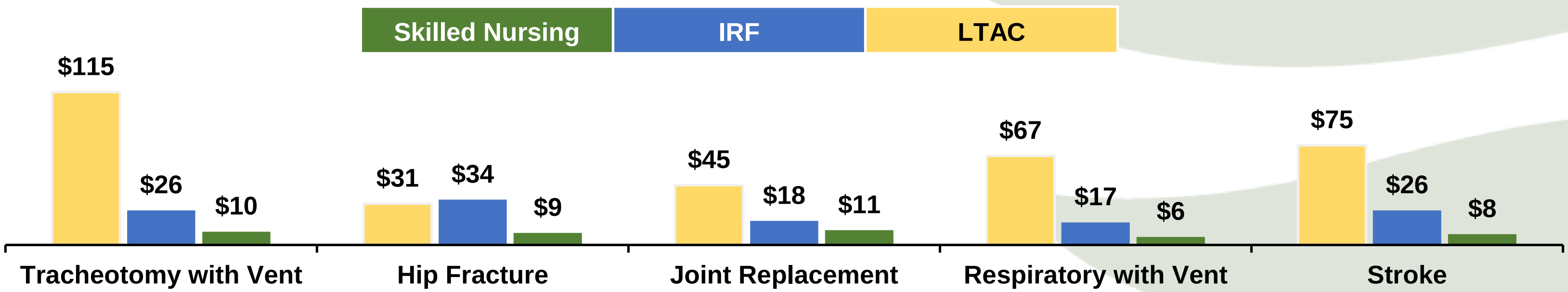
1	**Aging Population**	Population **over 65** projected to nearly **double by 2050** [2]
2	**Shift to Value-based Care**	**Shift to value-based care,** will continue to **benefit low cost, high quality settings (e.g. SNF)**
3	**Reimbursement Environment**	Over the last 10 years the **CMS reimbursement rates** in the SNF industry have increased at a steady rate of **1.0-2.5%**

Favorable Backdrop for Growth in the Transitional Skilled Services Industry

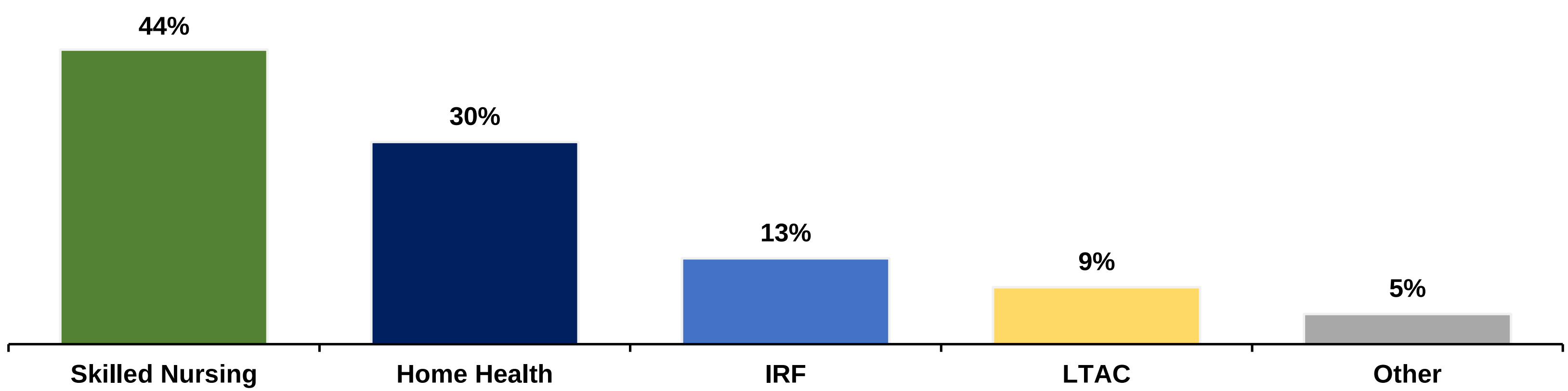
Source: US Census, CDC (NCHS), CMS and Population Reference Bureau.
(1) Represents average number of births going back 75-87 years in any given year. For instance, 2000 data represents the average number of births from 1913-1925.
(2) From 46MM in 2016 to 84MM in 2050.
(3) As of September 2018 per *U.S. Nursing Home Market Summary* by IQVIA.

Largest Beneficiary of Medicare Post-Acute Dollars with Lowest Cost

Relative Costs of Treatment Across Post-Acute Destinations



Post-Acute Destinations - % of Medicare Dollars



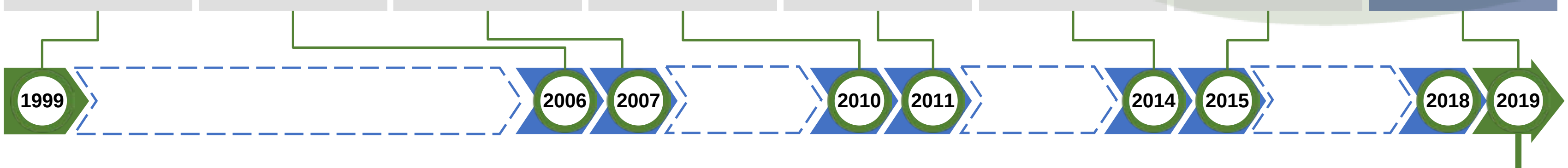
Skilled Nursing is the Most Utilized and Lowest Cost Setting for Post-Acute Care

Sources: Medpac and US HHS Department.

Entrepreneurial Evolution of Ensign

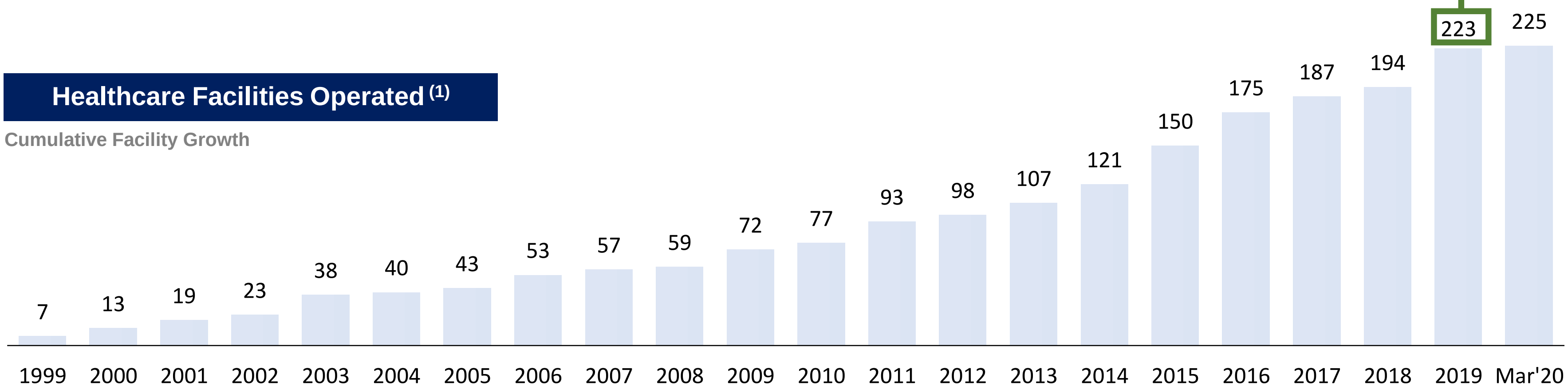
Strong Expansion Since Its Founding in 1999

- The Ensign Group was founded with the goal of establishing a new level of quality care within the skilled nursing industry
- Established New Market CEO program to provide existing leaders at Ensign the entrepreneurial opportunity and challenge of entering a new market and starting a new business
- Ensign completes an IPO in November 2007 listing on NASDAQ with the ticker, ENSG, and raises ~$74mm
- Ensign entered into the home health industry via acquisition and established its home health and hospice portfolio company
- Senior living portfolio company was formed in June 2011 to create a platform of best practices and resources in assisted living before focusing on greater expansion
- In June 2014, Ensign completed the spin-off of its real estate business, CareTrust REIT
- Ensign completes 50 acquisitions across SNF, home health & hospice and senior living and begins to enter its next phase of growth
- Completed spin-off of home health & hospice as well as senior living segments, forming The Pennant Group



Healthcare Facilities Operated (1)

Cumulative Facility Growth



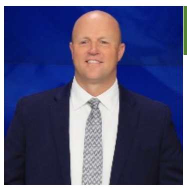
(1) Excludes 53 ALF operations that were transferred to Pennant

Ensign's Management Team

Long Tenured and Successful Management Team with ~70 Years of Cumulative Experience at ENSG Alone

Christopher Christensen

Title	Tenure at Ensign	Prior Affiliations
Executive Chairman	20 years	• *Former Ensign roles: CEO, President and Director* • *Prior to joining Ensign: Acting Chief Operating Officer of Covenant Care, Inc.*

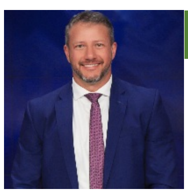


Barry Port

Title	Tenure at Ensign	Prior Affiliations
Chief Executive Officer and Director	15 years	• *Former Ensign roles: COO, President of Keystone Care and CEO of Bella Vita Health and Rehabilitation Center* • *Prior to joining Ensign: Leader of Strategic Sourcing Initiatives for Sprint Corporation*

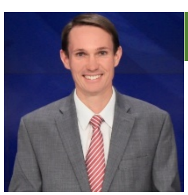
Suzanne Snapper

Title	Tenure at Ensign	Prior Affiliations
Chief Financial Officer and EVP	12 years	• *Former Ensign roles: Vice President of Finance* • *Prior to joining Ensign: Senior Manager at KPMG LLP*



Chad Keetch

Title	Tenure at Ensign	Prior Affiliations
Chief Investment Officer, EVP and Secretary	9 years	• *Former Ensign roles: Executive Vice President and Secretary, Vice President of Acquisitions and Business Legal Affairs and Assistant Secretary* • *Prior to joining Ensign: Attorney at Kirkland & Ellis LLP*



Spencer Burton

Title	Tenure at Ensign	Prior Affiliations
President, Chief Operating Officer	13 years	• *Former Ensign roles: President of Pennant Healthcare, Administrator of Pacific Care and Rehabilitation (Ensign-affiliate)*

Appendix

Reconciliation of GAAP to Non-GAAP Financial Measures

$ in thousands	Three Months Ended March 31, 2020	2019
Net income attributable to The Ensign Group, Inc.	$41,201	$27,607
Less: net income attributable to noncontrolling interests in continuing operations	352	85
Less: Net income from discontinued operations, net of tax	-	6,042
Add: Interest expense, net	2,967	3,109
Provision for income taxes	12,625	5,275
Depreciation and amortization	13,720	11,929
EBITDA from continuing operations	70,161	41,793
EBITDA from discontinued operations (c)	-	8,374
EBITDA	$70,161	$50,167
Adjustments to EBITDA:		
Results related to closed operations and operations not at full capacity(a)	342	264
Stock-based compensation expense	3,235	2,456
Acquisition related costs(b)	50	26
Rent related to items above	22	76
Adjusted EBITDA from continuing operations	**73,810**	**44,615**
Adjusted EBITDA from discontinued operations(c)	-	**12,141**
Adjusted EBITDA	**73,810**	**56,756**
Rent—cost of services	32,330	30,181
Less: rent related to items above	(22)	(76)
Adjusted rent—cost of services	32,308	30,105
Adjusted rent included in discontinued operations	**-**	**5,598**
Adjusted EBITDAR from continuing operations	**$106,118**	

Reconciliation of GAAP to Non-GAAP Financial Measures

Footnotes to Reconciliation of Net Income to EBITDA, Adjusted EBITDA and Adjusted EBITDAR

(a) Represents results of operations not at full capacity during the period presented.
(b) Costs incurred to acquire operations which are not capitalizable.
(c) All adjustments included in the table below are presented within net income from discontinued operations, net of tax within the consolidated statements of income for the periods presented.