Earnings Presentation – 1st Quarter, 2019

CHS Community Health Systems

Disclaimer Statement

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995 that involve risk and uncertainties. All statements in this press release other than statements of historical fact, including statements regarding projections, expected operating results, and other events that depend upon or refer to future events or conditions or that include words such as “expects,” “anticipates,” “intends,” “plans,” “believes,” “estimates,” “thinks,” and similar expressions, are forward-looking statements. Although the Company believes that these forward-looking statements are based on reasonable assumptions, these assumptions are inherently subject to significant economic and competitive uncertainties and contingencies, which are difficult or impossible to predict accurately and may be beyond the control of the Company. Accordingly, the Company cannot give any assurance that its expectations will in fact occur and cautions that actual results may differ materially from those in the forward-looking statements. A number of factors could affect the future results of the Company or the healthcare industry generally and could cause the Company’s expected results to differ materially from those expressed in this press release. These factors include, among other things: general economic and business conditions, both nationally and in the regions in which we operate; the impact of current or future federal and state health reform initiatives, including, without limitation, the Affordable Care Act, and the potential for the Affordable Care Act to be repealed or found unconstitutional or for additional changes to the law, its implementation or its interpretation (including through executive orders and court challenges); the extent to which states support increases, decreases or changes in Medicaid programs, implement health insurance exchanges or alter the provision of healthcare to state residents through regulation or otherwise; the future and long-term viability of health insurance exchanges and potential changes to the beneficiary enrollment process; risks associated with our substantial indebtedness, leverage and debt service obligations, and the fact that a substantial portion of our indebtedness will mature and become due in the near future, including our ability to refinance such indebtedness on acceptable terms or to incur additional indebtedness; demographic changes; changes in, or the failure to comply with, federal, state or local laws or governmental regulations affecting our business; potential adverse impact of known and unknown government investigations, audits, and federal and state false claims act litigation and other legal proceedings; our ability, where appropriate, to enter into and maintain provider arrangements with payors and the terms of these arrangements, which may be further affected by the increasing consolidation of health insurers and managed care companies and vertical integration efforts involving payors and healthcare providers; changes in, or the failure to comply with, contract terms with payors and changes in reimbursement rates paid by federal or state healthcare programs or commercial payors; any potential additional impairments in the carrying value of goodwill, other intangible assets, or other long-lived assets, or changes in the useful lives of other intangible assets; changes in inpatient or outpatient Medicare and Medicaid payment levels and methodologies; the effects related to the continued implementation of the sequestration spending reductions and the potential for future deficit reduction legislation; increases in the amount and risk of collectability of patient accounts receivable, including decreases in collectability which may result from, among other things, self-pay growth and difficulties in recovering payments for which patients are responsible, including co-pays and deductibles; the efforts of insurers, healthcare providers, large employer groups and others to contain healthcare costs, including the trend toward value-based purchasing; increases in wages as a result of inflation or competition for highly technical positions and rising supply and drug costs due to market pressure from pharmaceutical companies and new product releases; liabilities and other claims asserted against us, including self-insured malpractice claims; competition; our ability to attract and retain, at reasonable employment costs, qualified personnel, key management, physicians, nurses and other healthcare workers; trends toward treatment of patients in less acute or specialty healthcare settings, including ambulatory surgery centers or specialty hospitals; changes in medical or other technology; changes in U.S. generally accepted accounting principles; the availability and terms of capital to fund any additional acquisitions or replacement facilities or other capital expenditures; our ability to successfully make acquisitions or complete divestitures, including the disposition of hospitals and non-hospital businesses pursuant to our portfolio rationalization and deleveraging strategy, our ability to complete any such acquisitions or divestitures on desired terms or at all, the timing of the completion of any such acquisitions or divestitures, and our ability to realize the intended benefits from any such acquisitions or divestitures; the impact that changes in our relationships with joint venture or syndication partners could have on effectively operating our hospitals or ancillary services or in advancing strategic opportunities; our ability to successfully integrate any acquired hospitals, or to recognize expected synergies from acquisitions; the impact of seasonal severe weather conditions, including the timing and amount of insurance recoveries in relation to severe weather events; our ability to obtain adequate levels of general and professional liability insurance; timeliness of reimbursement payments received under government programs; effects related to outbreaks of infectious diseases; the impact of prior or potential future cyber-attacks or security breaches; any failure to comply with the terms of the Corporate Integrity Agreement; the concentration of our revenue in a small number of states; our ability to realize anticipated cost savings and other benefits from our current strategic and operational cost savings initiatives; changes in interpretations, assumptions and expectations regarding the Tax Cuts and Jobs Act; and the other risk factors set forth in our Annual Report on Form 10-K for the year ended December 31, 2018, filed with the Securities and Exchange Commission on February 20, 2019, and our other public filings with the Securities and Exchange Commission.

The consolidated operating results for the three months ended March 31, 2019, are not necessarily indicative of the results that may be experienced for any future periods. The Company cautions that the projections for calendar year 2019 set forth in this press release are given as of the date hereof based on currently available information. The Company undertakes no obligation to revise or update any forward-looking statements, or to make any other forward-looking statements, whether as a result of new information, future events or otherwise.

Community Health Systems

- Wayne T. Smith
  Chairman and CEO
- Tim L. Hingtgen
  President and COO
- Thomas J. Aaron
  Executive Vice President and CFO
- Lynn T. Simon
  President and CMO

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Income Summary

(Amounts in millions, except margin and
Net (Loss) Income per Share)

	Three Months Ended March 31,		
	2019	2018	Change
Net Operating Revenues	$ 3,376	$ 3,689	-8.5%
Adjusted EBITDA(1)	$ 391	$ 440	-11.1%
Adjusted EBITDA Margin (1)	11.6%	11.9%	-30 BPS
Net (Loss) Income per Share, Excluding Adjustments (2)	$ (0.53)	$ 0.13	
Shares Outstanding (Weighted and Fully Diluted)	113	112	

(1) See the Unaudited Supplemental Information contained in this presentation for a definition of Adjusted EBITDA and a reconciliation of Adjusted EBITDA, as defined, to net loss attributable to Community Health Systems, Inc. stockholders as derived directly from our consolidated financial statements for the three months ended March 31, 2019 and 2018 (slides 17 and 18).

(2) See reconciliation of diluted net (loss) income per share, excluding adjustments, on slide 5.

Note: Amounts include approximately $10 million of costs related to hospitals closed in 4Q 2018 and approximately $10 million of clinic losses due to physician startup costs.

Diluted EPS – Excluding Adjustments

	Three Months Ended March 31,	
	2019	2018
Net loss, as reported	$ (1.04)	$ (0.22)
Adjustments:		
Loss from early extinguishment of debt	0.20	0.03
Impairment and (gain) loss on sale of businesses, net	0.26	0.24
Expense from government and other legal settlements and related costs	0.03	0.04
Expense from settlement and fair value adjustments and legal expenses related to cases covered by the CVR	0.01	0.03
Expense related to employee termination benefits and other restructuring charges	-	0.01
Net (loss) income, excluding adjustments	$ (0.53)	$ 0.13

(Total per share amounts may not add due to rounding)

1Q 2019 Highlights

	1Q 2019 compared to 1Q 2018	
	Consolidated	Same Store
Net Operating Revenue	-8.5%	3.1%
Net Revenue per AA		2.3%

Admissions	-13.4%	-0.1%
Adjusted Admissions	-12.8%	0.8%
Surgeries	-8.8%	3.6%
ER Visits	-16.8%	-1.9%

Excluding the effect of Leap Day in 2016, same store volume results were our best performance since 1Q 2015.

1Q 2019 Financial and Operating Results

Year-Over-Year Change as a Percentage of Same Store Net Operating Revenues

Same Store

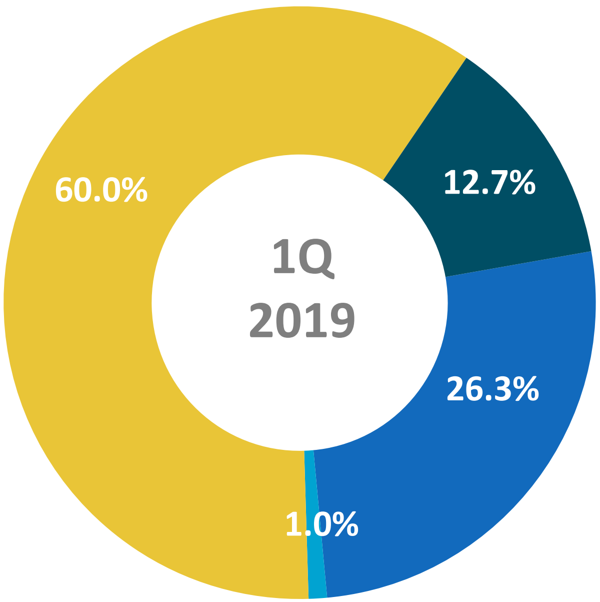
- **Salaries and benefits** **+110BPS**
  - Driven by employee benefits and physician investments.

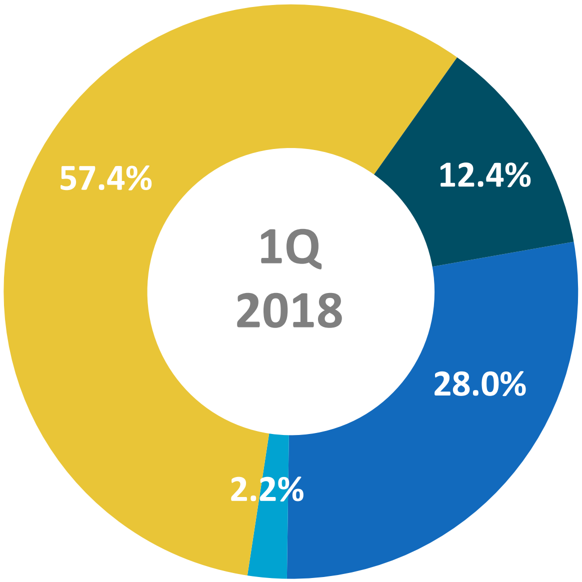
- **Supplies expense** **+10BPS**
  - Driven by higher implant expense offset by lower commodity spend.

- **Other operating expenses** **+10BPS**
  - Driven by higher purchased services.

- **Electronic health records incentive reimbursement –** lower than the same period in the prior year by $1 million.

Payor Mix (Consolidated)





- Payor mix is presented as a percent of net revenue after the provision for uncollectible revenue.
- Total consolidated uncompensated care as a percent of adjusted net revenue (net revenue before the provision for uncollectible revenue + charity care + administrative self pay discount) for the three months ended March 31, 2019, was 31.4% compared to 29.8% for the same period in 2018.

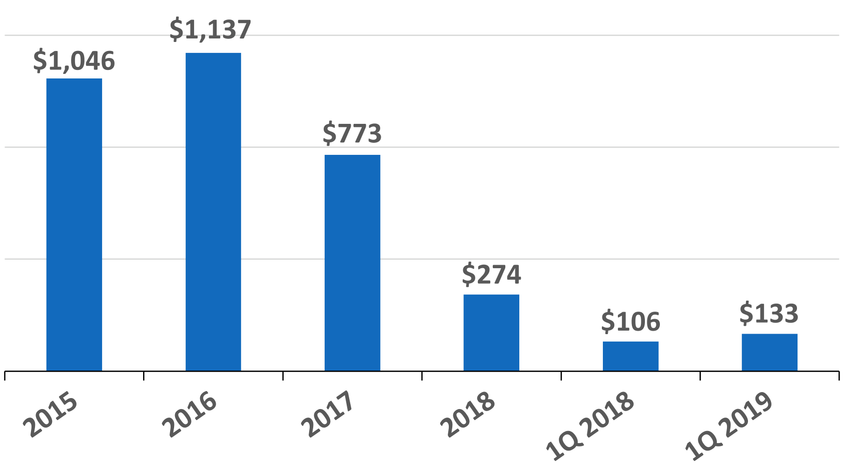
Key

- Managed Care & Other
- Medicaid
- Medicare
- Self-Pay

Cash Flow & Capital Expenditures

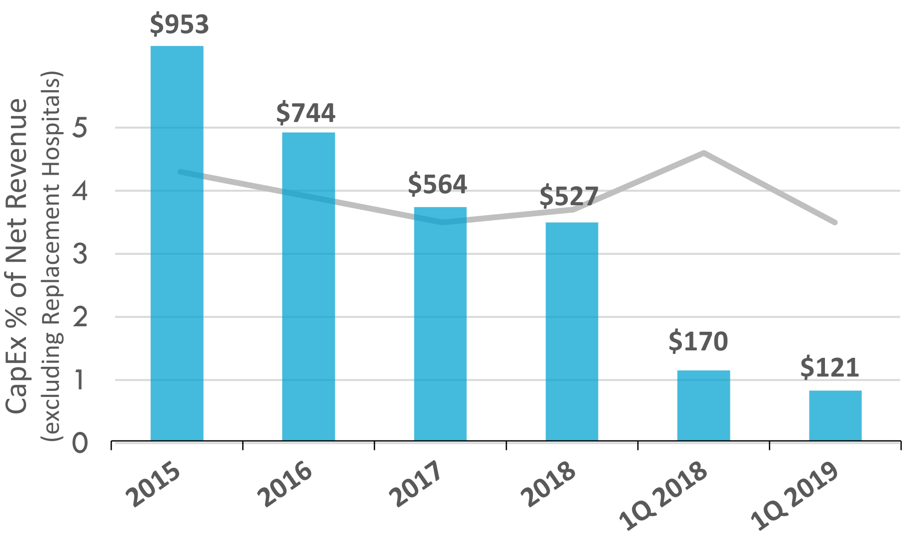
Cash Flows from Operations

($ in millions)



Capital Expenditures

($ in millions)



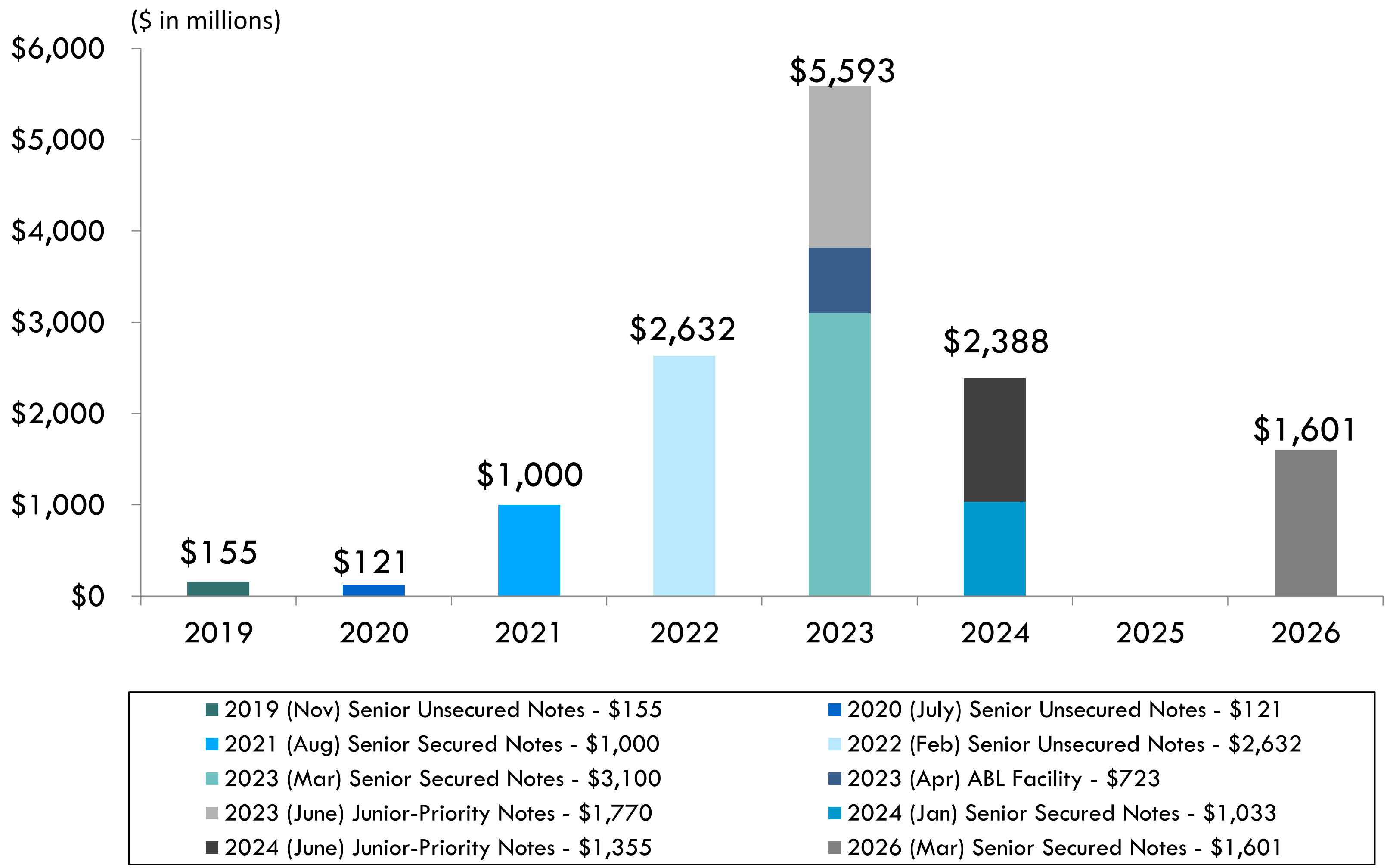
	2015	2016	2017	2018	1Q 2018	1Q 2019
CapEx % of Net Revenue (includes Replacement Hospitals)	4.9%	4.0%	3.5%	3.7%	4.6%	3.6%
Replacement Hospitals % of Net Revenue	0.6%	0.1%	0.0%	0.0%	0.0%	0.1%

Balance Sheet Data

($ in millions)	March 31, 2019	December 31, 2018
Working Capital	$ 1,087	$ 1,157
Total Assets	$ 16,309	$ 15,859
Long Term Debt	$ 13,385	$ 13,392
Stockholders' Deficit	$ (1,663)	$ (1,535)

- At March 31, 2019, over 99% of our debt was fixed, including swaps.
- Net debt (long-term debt, plus current maturities of long-term debt, less cash and cash equivalents) has been reduced by $1.7 billion since December 31, 2016.
- Days revenue outstanding for same-store hospitals, adjusted for the impact of receivables for state Medicaid supplemental payment programs, was 58 days at both March 31, 2019 and March 31, 2018.

Debt Maturity as of March 31, 2019



Rationalizing Our Portfolio

CHS Community Health Systems

Allowing for greater investments in stronger markets as well as debt reduction.

Transactions Completed in 2017

- Completed the sale of 30 hospitals
  - Annualized revenue: ~$3.4 billion, with mid-single digit EBITDA margins
  - Gross proceeds, excluding working capital: ~$1.7 billion

2018 and 2019 Divestiture Plan

- Total contemplated divestitures accounted for at least $2.0 billion of 2017 annual net revenue, with mid-single digit EBITDA margins
- Total estimated gross proceeds, excluding working capital of ~$1.3 billion
- Expect the remainder of these divestitures to close during 2019

Transactions Completed in 2018

- Completed the sale of 13 hospitals (includes 2 SC hospitals with effective date of 1/1/2019)
  - 2017 annual revenue: ~$1.1 billion, with low-single digit EBITDA margins
  - Gross proceeds, excluding working capital: ~$400 million

Hospital Closures in 2018

- Closed 3 hospitals

Transactions in 2019

- Completed the sale of 1 hospital in NJ
- Completed the sale of 4 hospitals in SC
- 1 hospital under definitive agreement in TN

2019 Guidance as of April 30, 2019

	2019 Projection Range
• Net operating revenues (in millions)	$12,800 to $13,100
• Adjusted EBITDA (in millions)	$1,625 to $1,725
• Depreciation and amortization as a percentage of net operating revenues	4.9%
• Interest expense as a percentage of net operating revenues	8.0%
• Net loss per share – diluted	$(1.85) to $(1.50)
• Weighted-average diluted share (in millions)	114.0 to 114.5
• Net cash provided by operating activities (in millions)	$600 to $700
• Capital expenditures (in millions)	$475 to $575
• Same-store adjusted admissions	0.0% to 1.0%
• HITECH Incentives (in millions)	$0

The 2019 projections include the impact of completed and announced divestitures expected to close in 2019.

Our comprehensive 2019 guidance has been provided on pages 13 and 14 on Form 8-K dated April 30, 2019 and includes important assumptions and exclusions.

FY 2020 Medicare IPPS Proposed Rule (1)

CHS Community Health Systems

Estimated Impact for CHS (2)

• Medicare Inpatient Base Rate	+2.8%
• Wage Index Updates	+0.8%
• DRG Weights	Up to 3%
• Uncompensated Care	No material impact
• Medicare Outliers	No material impact
• New Technology	No material impact
• Medicare Advantage Payment Rates	Favorable impact

(1) Estimates are based on Centers for Medicare & Medicaid Services (CMS) Fiscal Year (FY) 2020 Medicare Hospital Inpatient Prospective Payment System (IPPS) Proposed Rule released April 23, 2019. Final rule is expected in August 2019 with rates effective October 1, 2019.

(2) These estimates are based upon historical services provided, and will be impacted by actual services provided after October 1, 2019 (e.g., payor mix, services provided, provider setting, etc.).

CHS Strategic Imperatives

Our Strategic Imperatives are the most highly-prioritized, high-impact areas of focus for our organization.

APPENDIX: Other Financial Information

CHS Community Health Systems

Unaudited Supplemental Information

EBITDA is a non-GAAP financial measure which consists of net loss attributable to Community Health Systems, Inc. before interest, income taxes, and depreciation and amortization. Adjusted EBITDA, also a non-GAAP financial measure, is EBITDA adjusted to add back net income attributable to noncontrolling interests and to exclude the effect of discontinued operations, loss (gain) from early extinguishment of debt, impairment and (gain) loss on sale of businesses, expense incurred related to the sale of a majority ownership interest in the Company's home care division, expense (income) related to government and other legal settlements and related costs, expense related to employee termination benefits and other restructuring charges, expense (income) from settlement and fair value adjustments on the CVR agreement liability related to the HMA legal proceedings and related legal expenses, and the overall impact of the change in estimate related to net patient revenue recorded in the fourth quarter of 2017 resulting from the increase in contractual allowances and the provision for bad debts. The Company has from time to time sold noncontrolling interests in certain of its subsidiaries or acquired subsidiaries with existing noncontrolling interest ownership positions. The Company believes that it is useful to present Adjusted EBITDA because it adds back the portion of EBITDA attributable to these third-party interests and clarifies for investors the Company's portion of EBITDA generated by continuing operations. The Company reports Adjusted EBITDA as a measure of financial performance. Adjusted EBITDA is a key measure used by management to assess the operating performance of the Company's hospital operations and to make decisions on the allocation of resources. Adjusted EBITDA is also used to evaluate the performance of the Company's executive management team and is one of the primary targets used to determine short-term cash incentive compensation. In addition, management utilizes Adjusted EBITDA in assessing the Company's consolidated results of operations and operational performance and in comparing the Company's results of operations between periods. The Company believes it is useful to provide investors and other users of the Company's financial statements this performance measure to align with how management assesses the Company's results of operations. Adjusted EBITDA also is comparable to a similar metric called Consolidated EBITDA, as defined in the Company's senior secured credit facility, which is a key component in the determination of the Company's compliance with some of the covenants under the Company's senior secured credit facility (including the Company's ability to service debt and incur capital expenditures), and is used to determine the interest rate and commitment fee payable under the senior secured credit facility (although Adjusted EBITDA does not include all of the adjustments described in the senior secured credit facility).

Adjusted EBITDA is not a measurement of financial performance under U.S. GAAP. It should not be considered in isolation or as a substitute for net income, operating income, or any other performance measure calculated in accordance with U.S. GAAP. The items excluded from Adjusted EBITDA are significant components in understanding and evaluating financial performance. The Company believes such adjustments are appropriate as the magnitude and frequency of such items can vary significantly and are not related to the assessment of normal operating performance. Additionally, this calculation of Adjusted EBITDA may not be comparable to similarly titled measures reported by other companies.

Unaudited Supplemental Information

The following table reflects the reconciliation of Adjusted EBITDA, as defined, to net loss attributable to Community Health Systems, Inc. stockholders as derived directly from the condensed consolidated financial statements (in millions):

	Three Months Ended March 31,	
	2019	**2018**
Net loss attributable to Community Health Systems, Inc. stockholders	$ (118)	$ (25)
Adjustments:		
Provision for (benefit from) income taxes	7	(7)
Depreciation and amortization	153	181
Net income attributable to noncontrolling interests	17	19
Interest expense, net	257	228
Loss from early extinguishment of debt	31	4
Impairment and (gain) loss on sale of businesses, net	38	28
Expense from government and other legal settlements and related costs	5	5
Expense from settlement and fair value adjustments and legal expenses related to cases covered by the CVR	1	5
Expense related to employee termination benefits and other restructuring charges	-	2
Adjusted EBITDA	$ 391	$ 440