Earnings Presentation – 1st Quarter, 2020

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 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: developments related to COVID-19, including, without limitation, related to the length and severity of the pandemic; the volume of canceled or rescheduled procedures; the volume of COVID-19 patients cared for across our health systems; measures we are taking to respond to the COVID-19 pandemic; the impact of government and administrative regulation on us; changes in net revenue due to patient volumes, payor mix and deteriorating macroeconomic conditions; potential increased expenses related to labor, supply chain or other expenditures; workforce disruptions; and supply shortages and disruptions; uncertainty regarding the implementation of the CARES Act, the PPPHCE Act, and any other future stimulus measures related to COVID-19, including the magnitude and timing of any future payments or benefits we may receive thereunder; general economic and business conditions, both nationally and in the regions in which we operate, including economic and business conditions resulting from the COVID-19 pandemic; 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 otherwise invalidated, or for additional changes to the law, its implementation or its interpretation (including through executive orders and court challenges); the extent to and manner in 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, including our ability to refinance such indebtedness on acceptable terms or to incur additional indebtedness, and our ability to remain in compliance with debt covenants, as well as risks associated with disruptions in the financial and capital markets as the result of the COVID-19 pandemic which could impact us from a financing and liquidity perspective; demographic changes; changes in, or the failure to comply with, federal, state or local laws or governmental regulations affecting our business, including any such laws or governmental regulations which are adopted in connection with the COVID-19 pandemic; 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 policies or 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, or via telehealth; changes in medical or other technology; changes in U.S. GAAP; 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 insurance, including general liability, professional liability, and directors and officers liability insurance; timeliness of reimbursement payments received under government programs; effects related to pandemics, epidemics, or outbreaks of infectious diseases, including the coronavirus known as COVID-19 as noted above; the impact of 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 in our Annual Report on Form 10-K for the year ended December 31, 2019, filed with the Securities and Exchange Commission on February 20, 2020, and other public filings with the Securities and Exchange Commission.

The consolidated operating results for the three months ended March 31, 2020, are not necessarily indicative of the results that may be experienced for any future periods. 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.

The hospitals, operations, and businesses described in this document are owned and operated, and management services provided by, distinct and indirect subsidiaries of Community Health Systems, Inc.

Community Health Systems

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

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CHS Community Health Systems

Income Summary

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

	Three Months Ended March 31,		
	2020	2019	Change
Net Operating Revenues	$ 3,025	$ 3,376	-10.4%
Adjusted EBITDA[(1)]	$ 309	$ 391	-21.0%
Adjusted EBITDA Margin [(1)]	10.2%	11.6%	-140 BPS
Net Loss per Share, Excluding Adjustments [(2)]	$ (1.59)	$ (0.53)	
Shares Outstanding (Weighted and Fully Diluted)	114	113	

(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 income (loss) attributable to Community Health Systems, Inc. stockholders as derived directly from our condensed consolidated financial statements for the three months ended March 31, 2020 and 2019 (slides 17 and 18).

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

Diluted EPS – Excluding Adjustments

	Three Months Ended March 31,	
	2020	2019
Net income (loss), as reported	$ 0.15	$ (1.04)
Adjustments:		
Loss from early extinguishment of debt	0.02	0.20
Impairment and loss on sale of businesses, net	0.31	0.26
Expense from government and other legal settlements and related costs	0.01	0.03
Expense from settlement and legal expenses related to cases covered by the CVR	0.01	0.01
Change in tax valuation allowance	(2.10)	-
Net loss, excluding adjustments	$ (1.59)	$ (0.53)

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

1Q 2020 Highlights

	1Q 2020 compared to 1Q 2019	
	Consolidated	Same-Store
Net Operating Revenue	-10.4%	-3.5%
Net Revenue per AA		1.4%
Admissions	-13.3%	-5.2%
Adjusted Admissions	-12.8%	-4.8%
Surgeries	-13.0%	-6.0%
ER Visits	-14.2%	-4.2%

Strong Core Performance

($ in millions)

	1Q19	2Q19	3Q19	4Q19	FY19	1Q20
Net Operating Revenue	$3,125	$3,108	$3,092	$3,188	$12,513	$3,016
Net Operating Revenue Growth	3.5%	5.1%	3.8%	3.5%	4.0%	-3.5%
Net Revenue per AA Growth	2.1%	3.0%	0.0%	1.8%	1.7%	1.4%

Admissions	0.6%	2.6%	2.5%	-0.1%	1.4%	-5.2%
Adjusted Admissions	1.4%	2.0%	3.8%	1.7%	2.2%	-4.8%
Surgeries	4.2%	4.3%	5.0%	3.0%	4.1%	-6.0%
ER Visits	-2.1%	1.7%	2.3%	3.4%	1.3%	-4.2%

Recast with core 99 hospitals in each period.

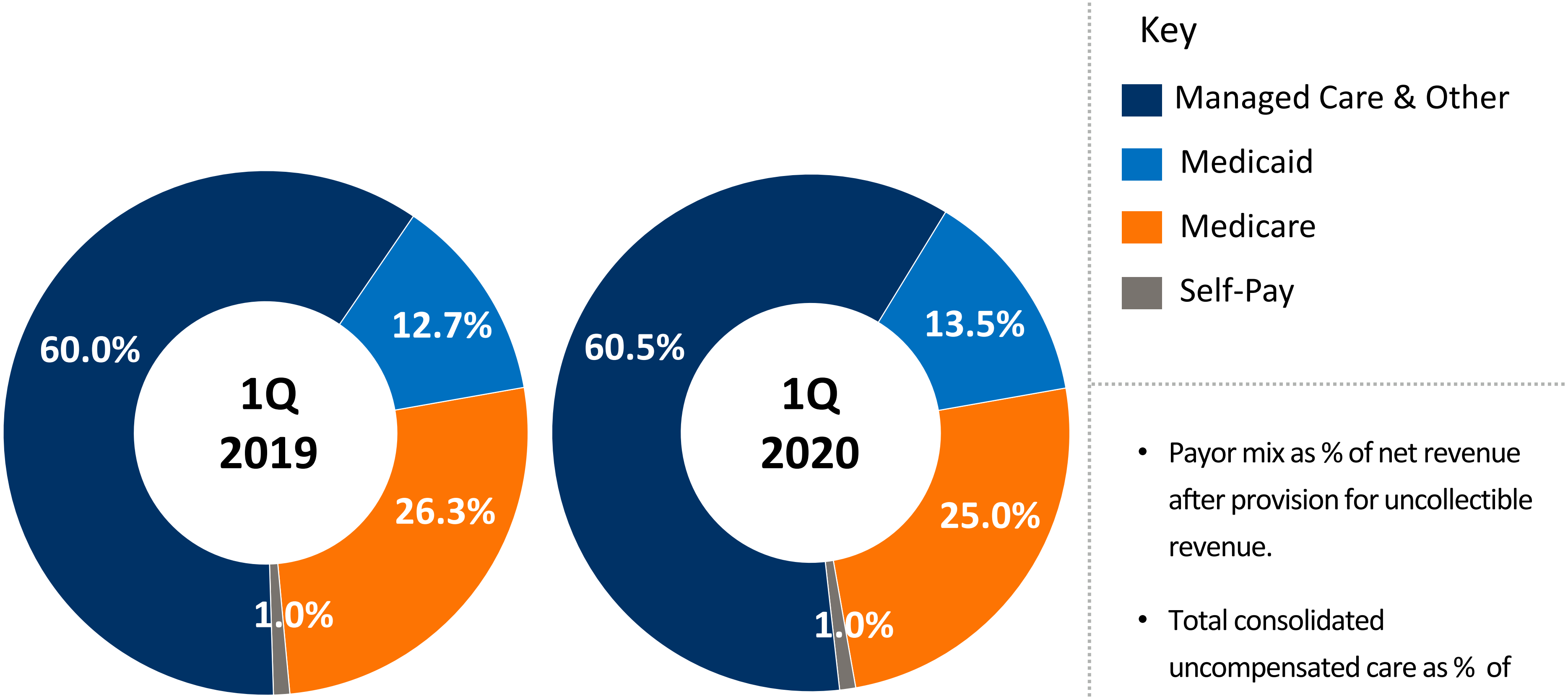
EBITDA Growth Through February

Year-Over-Year Change as a % of Consolidated Net Operating Revenues

Consolidated	
▪ **Salaries and benefits** • Driven by FTE management.	**-20BPS**
▪ **Supplies expense** • Driven by lower implant and pharmaceutical expenses.	**-150BPS**
▪ **Other operating expenses** • Driven by lower vendor-related expenses.	**-50BPS**

Through the first two months of 1Q20, Adjusted EBITDA increased ~12%.
Adjusted EBITDA margin increased ~200 BPS.

Payor Mix (Consolidated)

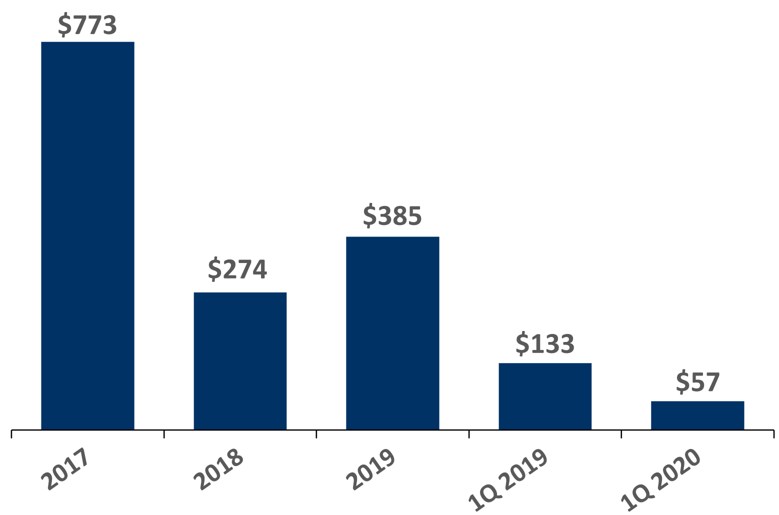


- Payor mix as % of net revenue after provision for uncollectible revenue.
- Total consolidated uncompensated care as % of adjusted net revenue (net revenue before provision for uncollectible revenue + charity care + administrative self pay discount) was 32.5% for 1Q20 compared to 31.4 for 1Q19.

Cash Flow & Capital Expenditures

Cash Flows from Operations

($ in millions)



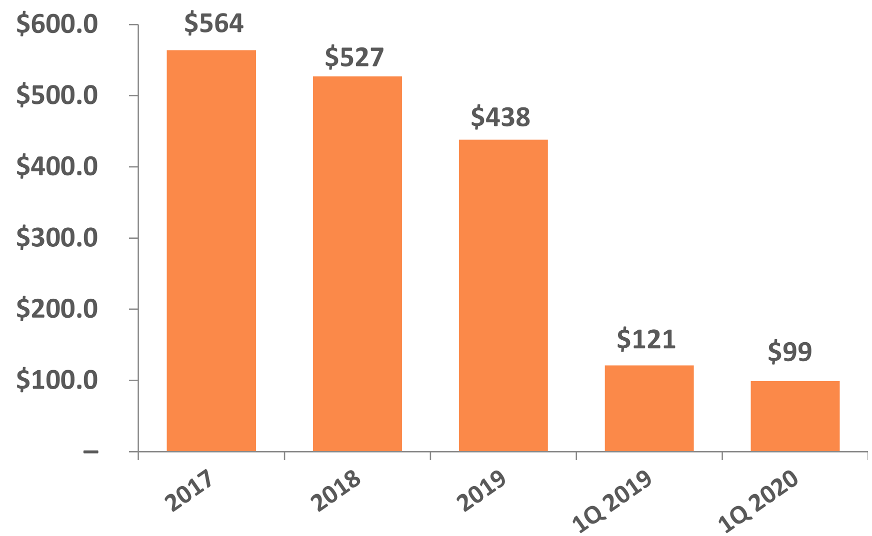
QTD Impacts

- Cash interest payments for 1Q20 were ~$75 million higher, due in part to timing of payments.
- Other increases and decreases, including improved accounts receivable collections and payment of a proposed $53 million legal settlement into an escrow account, were offsets.

CARES Act could benefit 2Q20.

Capital Expenditures

($ in millions)



	2017	2018	2019	1Q 2019	1Q 2020
CapEx % of Net Revenue (includes Replacement Hospitals)	3.5%	3.7%	3.3%	3.6%	3.3%
Replacement Hospitals % of Net Revenue	0.0%	0.0%	0.4%	0.1%	1.0%

Capex supports
high opportunity markets.

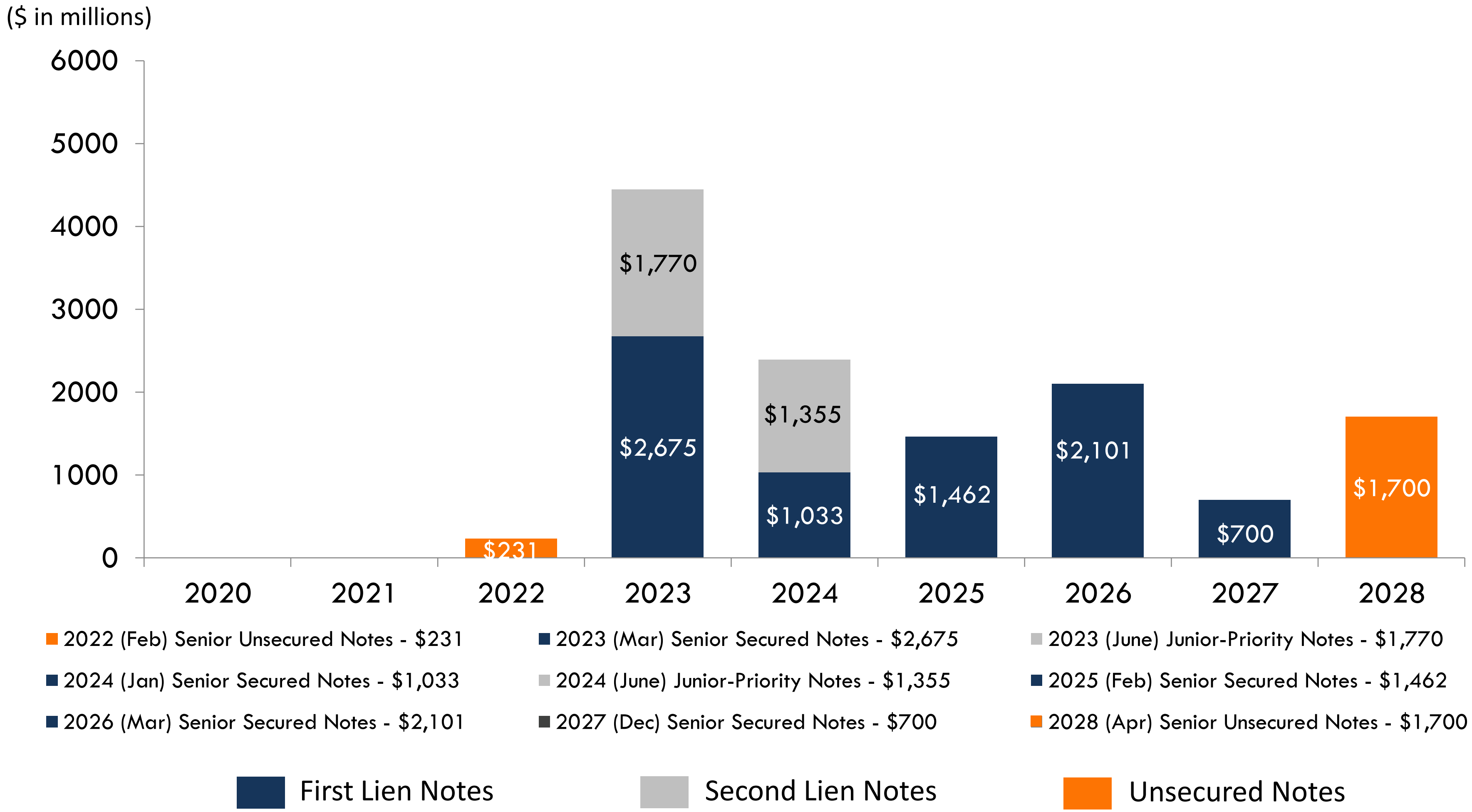
Balance Sheet Data

($ in millions)	March 31, 2020	December 31, 2019
Working Capital	$ 1,195	$ 1,145
Total Assets	$ 15,445	$ 15,609
Total Debt	$ 13,555	$ 13,405
Stockholders' Deficit	$ (2,205)	$ (2,218)

- At March 31, 2020, approximately all of our debt was fixed, including a swap.
- Days revenue outstanding for same-store hospitals, adjusted for the impact of receivables for state Medicaid supplemental payment programs, was 57 days at March 31, 2020, and 58 days at March 31, 2019.

Net debt has been reduced by $1.7 billion since December 31, 2016.

Debt Maturity Profile



Note: Debt maturity profile does not include $1 billion ABL Facility.

Recent refinancing transactions significantly improve CHS's maturity profile and provide runway to execute growth strategy.

Portfolio Rationalization Program

CHS Community Health Systems

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 – 2020 Divestiture Plan

- Total contemplated divestitures accounted for at least $2.3 billion of annualized net revenue, with mid-single digit EBITDA margins
- Total estimated gross proceeds, excluding working capital of ~$1.3 billion

Hospital Closures in 2018

- Closed 3 hospitals

Transactions Completed in 2018 and 2019

- Completed the sale of 26 hospitals
  - Annualized net revenue: ~$2.3 billion, with low-single digit EBITDA margins
  - Gross proceeds, excluding working capital: ~$1 billion

Transactions Underway in 2020

- Hospitals under definitive agreements: 3 in Florida, 1 in Louisiana, and 3 in Texas
  - Expected gross proceeds, excluding working capital: ~$400 million
  - Transactions announced to date will complete the formal divestiture program

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

CARES Act Provisions

Estimated Benefit for CHS

($ in millions)

	EBITDA Benefit	Cash Flow Benefit
• Public Health and Social Services Emergency Fund	~$245	~$245
• Medicare Accelerated and Advance Payment Program	-	~$1,200
• Medicare Sequestration Relief (prospective through 12/31/2020)	~$40	~$40
• Employer Payroll Tax Delay (prospective through 12/31/2020)	-	~160

Other provisions could also be beneficial.

CHS Strategic Imperatives

CHS Community Health Systems

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

APPENDIX: Other Financial Information

Unaudited Supplemental Information

EBITDA is a non-GAAP financial measure which consists of net income (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 loss (gain) from early extinguishment of debt, impairment and loss on sale of businesses, expense related to government and other legal settlements and related costs, expense related to employee termination benefits and other restructuring charges, expense from settlement and fair value adjustments on the CVR agreement liability related to the HMA legal proceedings and related legal expenses, the impact of changes in estimate to increase the professional liability claims accrual recorded during the second quarter of 2019 (which estimate was further revised in the third quarter of 2019 based on updated actuarial analysis) with respect to claims incurred in 2016 and prior years, and expense related to the valuation allowance recorded in the second quarter of 2019 to reserve the outstanding balance of a promissory note received from the buyer in connection with the sale of two of the Company's hospitals in 2017, as well as income from a reduction of the valuation allowance on the outstanding balance of a promissory note from the buyer of another hospital. 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 metrics used in connection with determining short-term cash incentive compensation and the achievement of vesting criteria with respect to performance-based equity awards. 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 asset-based loan facility (the "ABL Facility"), which is a key component in the determination of the Company's compliance with some of the covenants under the ABL 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 ABL Facility (although Adjusted EBITDA does not include all of the adjustments described in the ABL 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 income (loss) attributable to Community Health Systems, Inc. stockholders as derived directly from the condensed consolidated financial statements (in millions):

	Three Months Ended March 31,	
	2020	2019
Net income (loss) attributable to Community Health Systems, Inc. stockholders	$ 18	$ (118)
Adjustments:		
(Benefit from) provision for income taxes	(183)	7
Depreciation and amortization	144	153
Net income attributable to noncontrolling interests	16	17
Interest expense, net	262	257
Loss from early extinguishment of debt	4	31
Impairment and loss on sale of businesses, net	45	38
Expense from government and other legal settlements and related costs	2	5
Expense from settlement and legal expenses related to cases covered by the CVR	1	1
Adjusted EBITDA	$ 309	$ 391