Fourth Quarter 2019 Earnings Release Presentation

February 24, 2020

Cautionary Statements

FORWARD-LOOKING STATEMENTS

This presentation includes “forward-looking statements.” These statements relate to future events, including, but not limited to, statements regarding our future earnings, financial position, operational and strategic initiatives, and developments in the healthcare industry. These forward-looking statements represent management’s expectations, based on currently available information, as to the outcome and timing of future events, but, by their nature, address matters that are uncertain. Actual results, performance or achievements could differ materially from those expressed in any forward-looking statement.

Examples of uncertainties that may cause our actual results, performance or achievements to be materially different from those expressed or implied by forward-looking statements include, but are not limited to, the factors described under “Forward-Looking Statements” and “Risk Factors” in our Form 10-K for the year ended December 31, 2019 and other filings with the Securities and Exchange Commission.

We assume no obligation to update any forward-looking statements or information subsequent to the dates such statements are made. Investors are cautioned not to place undue reliance on our forward-looking statements.

NON-GAAP FINANCIAL INFORMATION

This presentation contains financial measures that are not in accordance with Generally Accepted Accounting Principles (GAAP). Reconciliations of these non-GAAP measures to the most comparable GAAP measures and management’s reasoning for using these non-GAAP measures are included in our earnings press release dated February 24, 2020. GAAP to non-GAAP reconciliations are also included at the end of this slide presentation.

Ron Rittenmeyer

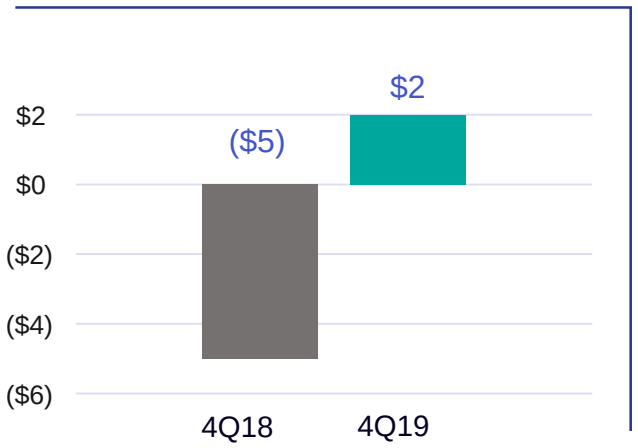
Executive Chairman and CEO

Earnings Release Summary

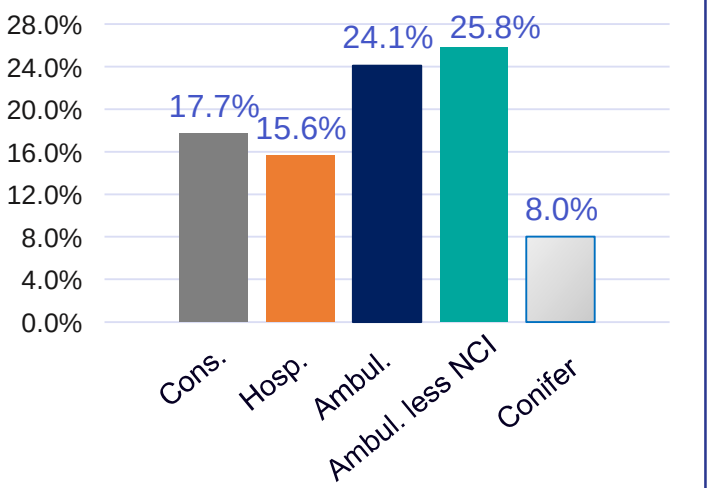
- **4Q19 Financial results [a]**
  - ✓ ***Solid growth in Adjusted EBITDA across the company***
  - ✓ ***Patient volumes continue to be strong***
  - ✓ ***Conifer segment margin increase of 490 bps to 28.3%***

- **FY 2019 results and FY 2020 Outlook [a]**
  - ✓ **FY 2019 $2.706B in Adjusted EBITDA (up 5.7%) exceeding mid-point of Company's Outlook**
  - ✓ **Continued strength in FY 2020 Outlook:**
    - *Net income from continuing operations attributable to Tenet shareholders of $130M to $245M*
    - *Consolidated Adjusted EBITDA range of $2.785B to $2.885B; $2.835B at the mid-point*

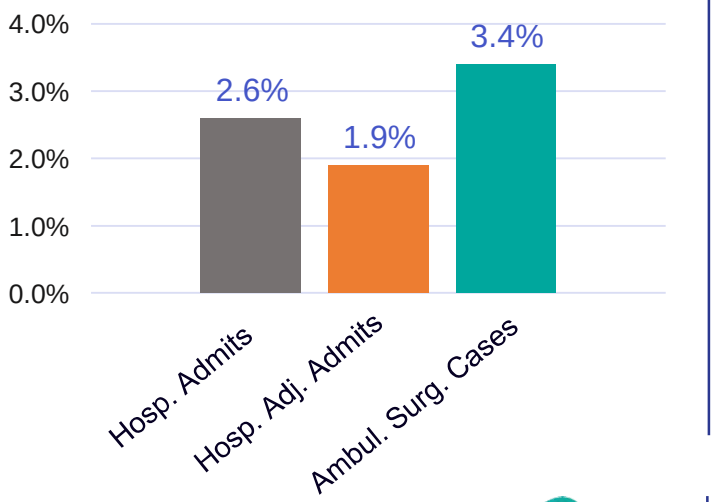
Consolidated Net Income from Continuing Operations ($M)



4Q19 Adjusted EBITDA Growth



4Q19 Patient Volume Growth (b)



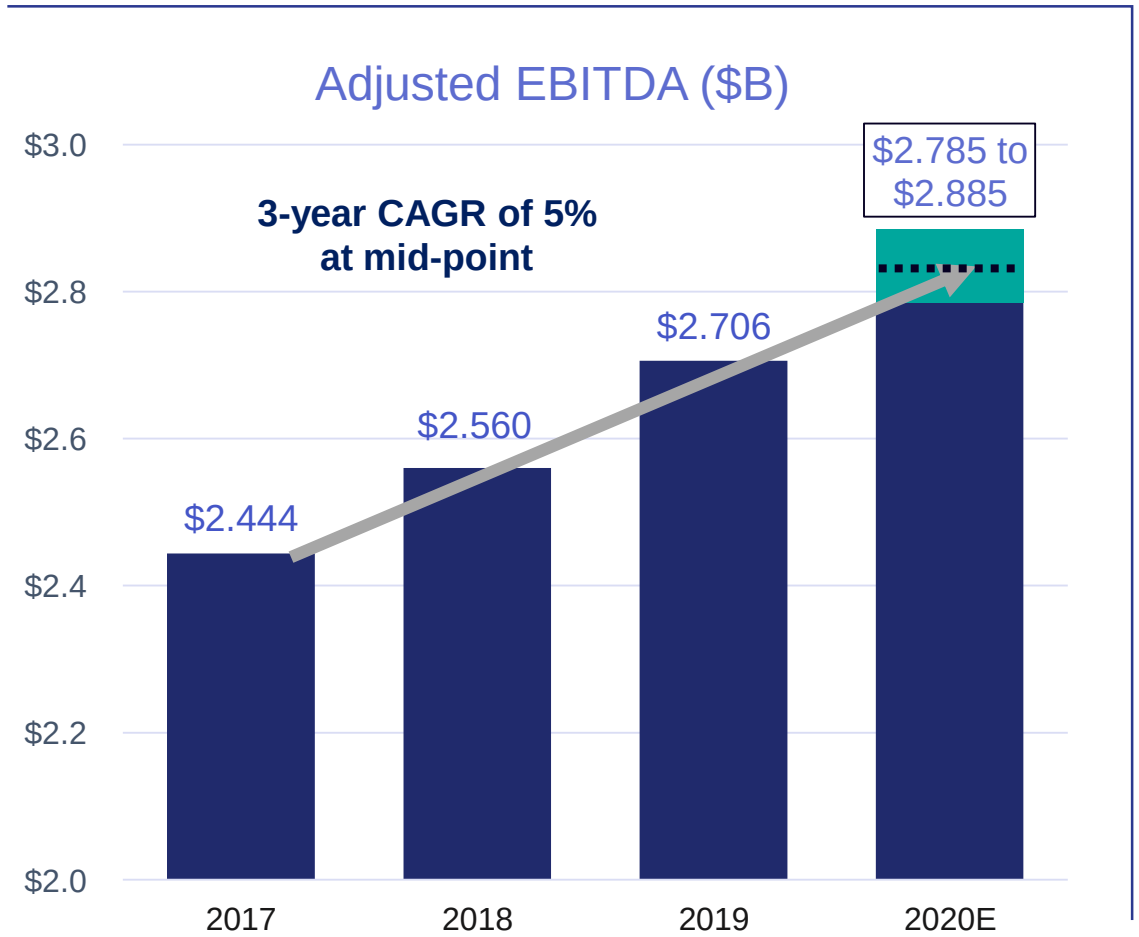
(a) Reconciliations of GAAP to non-GAAP financial measures are included at the back of this presentation.
(b) Adjusted admissions reflect the impact of outpatient admissions and are on a same-hospital basis; surgical cases are on a system-wide same-facility basis

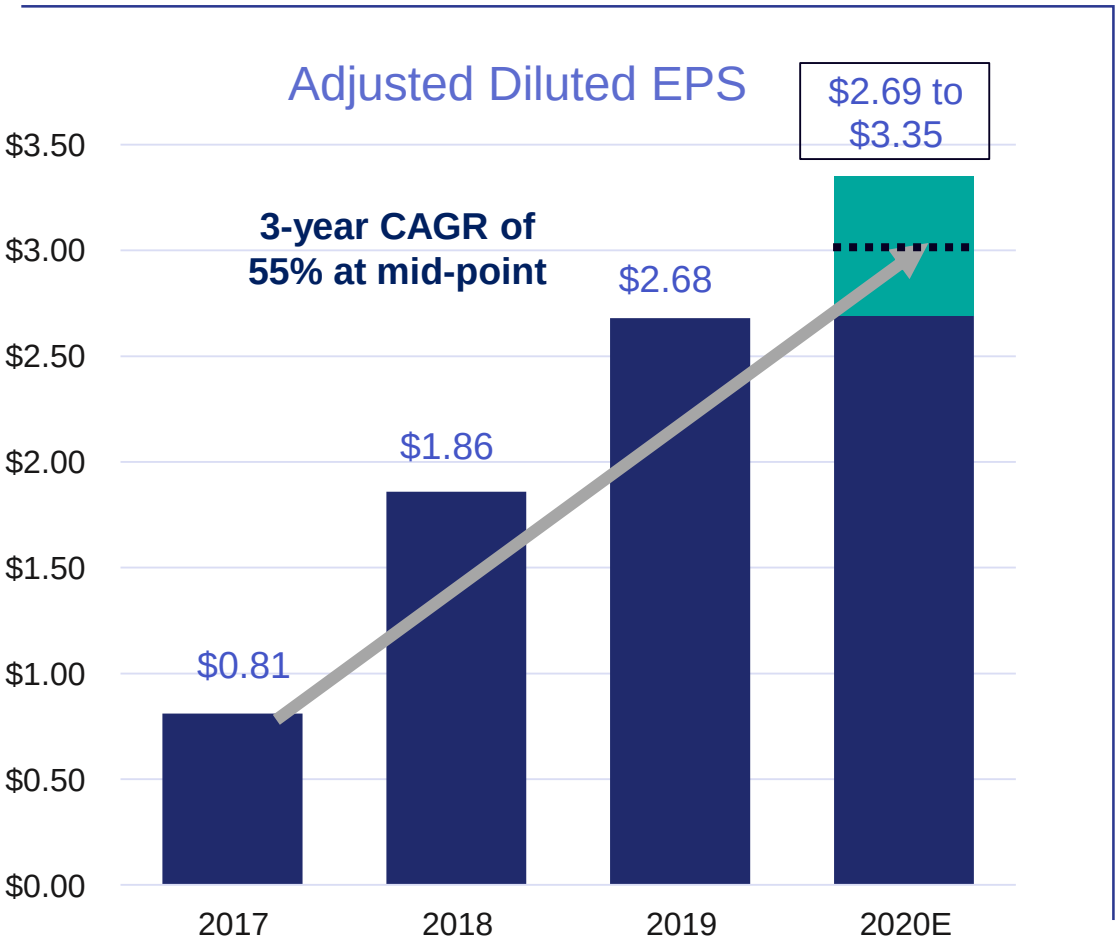
FY 2019 Accomplishments

- **Strategic positioning**
  - Restored organic growth in care delivery platform
  - Commenced process to spin off Conifer in mid-2021
  - Continued evaluation and optimization of portfolio
  - Improved financial flexibility and free cash flow

- **Operational excellence**
  - Established real-time data resources shortening time to action
  - Improved the patient and physician experiences
  - Globalized the operating model and achieved cost efficiencies in line with plan
  - Continued to recruit top talent and strengthen governance

Driving Growth





- - - - Indicates mid-point of guidance range

Note: 2020E based on 2020 Outlook as issued on February 24, 2020. Reconciliations of GAAP to non-GAAP financial measures are included at the back of this presentation.

Executing on All Fronts

- Continued growth in Hospital Adjusted Admissions from 2017 at negative 1.2% to a positive 1.9% in 2019 and a range of +1.5% to +2.5% in 2020.
- Ambulatory Surgical Case growth from a negative 0.5% in 2017 to a positive 3.3% in 2019 and a range of +3.0% to +3.5% in 2020.
- Conifer Margins from 17.7% in 2017 to 28.1% in 2019 and a range of 28.2% to 28.5% for 2020

We are focused on continuous improvement across the entire Enterprise

Enablers of Future Performance

- ***Capturing opportunity and implementing change*** based on real-time data and analytics
- ***Optimizing asset portfolio***, further aligning strategy with community need
- Exercising ***continued rigor with expense management***
- ***Building greater cohesion across the business*** in strategy and execution
- Embracing a ***high-performance, action-oriented culture***

Tenet Health

Dan Cancelmi

EVP and Chief Financial Officer

2019 Financial Summary

Adjusted EBITDA of $805 million in 4Q19, up 17.7%; $2.706 billion for FY 2019, up 5.7%

- Hospital segment Adjusted EBITDA growth of 15.6% in 4Q19 and 1.0% in FY 2019
- Ambulatory Care segment Adjusted EBITDA growth of 24.1% in 4Q19 and 15.3% in FY 2019 excluding the 2018 divestiture of Aspen, the Company's former UK business
- Ambulatory Care segment Adjusted EBITDA less facility-level NCI growth of 25.8% in 4Q19 and 16.4% in FY 2019 excluding Aspen
- Conifer segment Adjusted EBITDA growth of 8% in 4Q19 and 8.1% in FY 2019
  - FY 2019 margin increased 480 basis points to 28.1%

Patient volumes

- Same-hospital admissions growth of 2.6% in 4Q19 and 2.3% in FY 2019
- Same-hospital adjusted admissions growth of 1.9% in both 4Q19 and FY 2019
- Ambulatory Care segment – same-facility, system-wide surgical case growth of 3.4% in 4Q19 and 3.3% in FY 2019

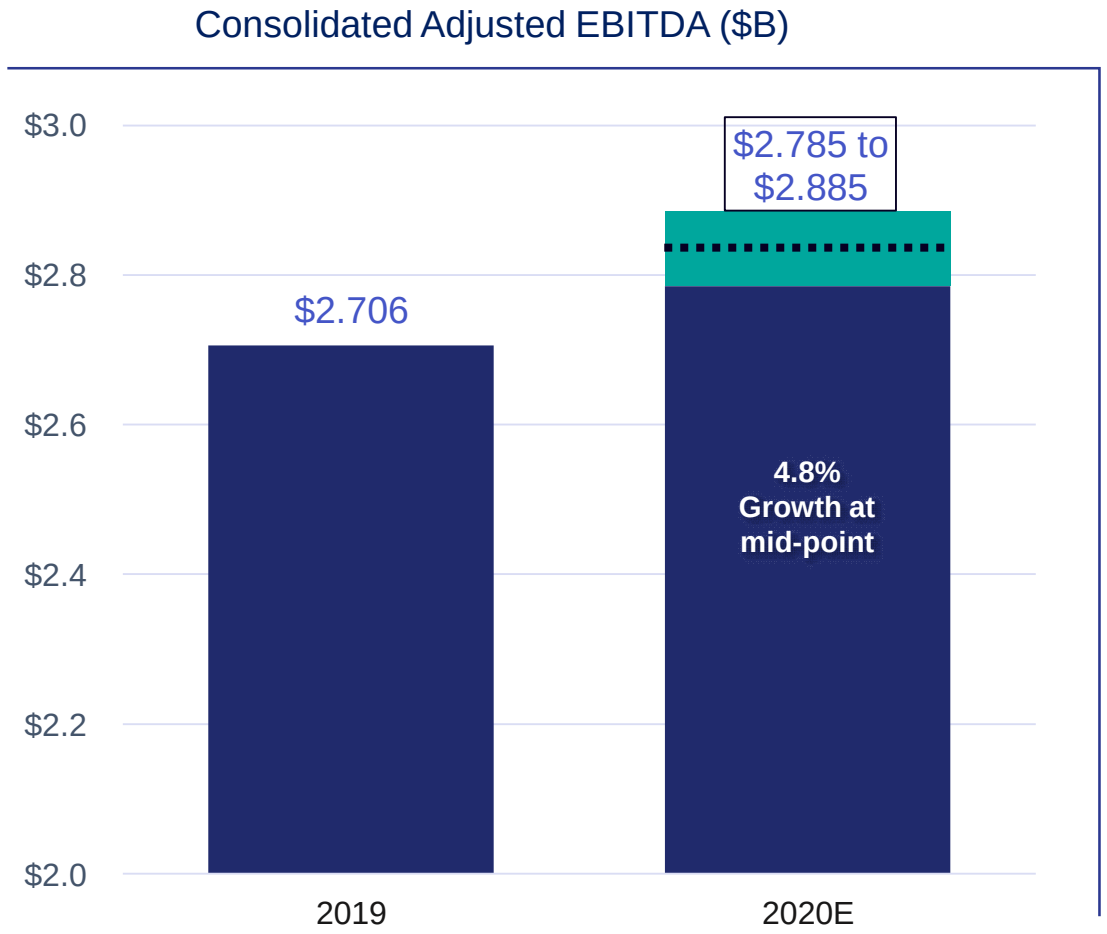
Earnings Per Share

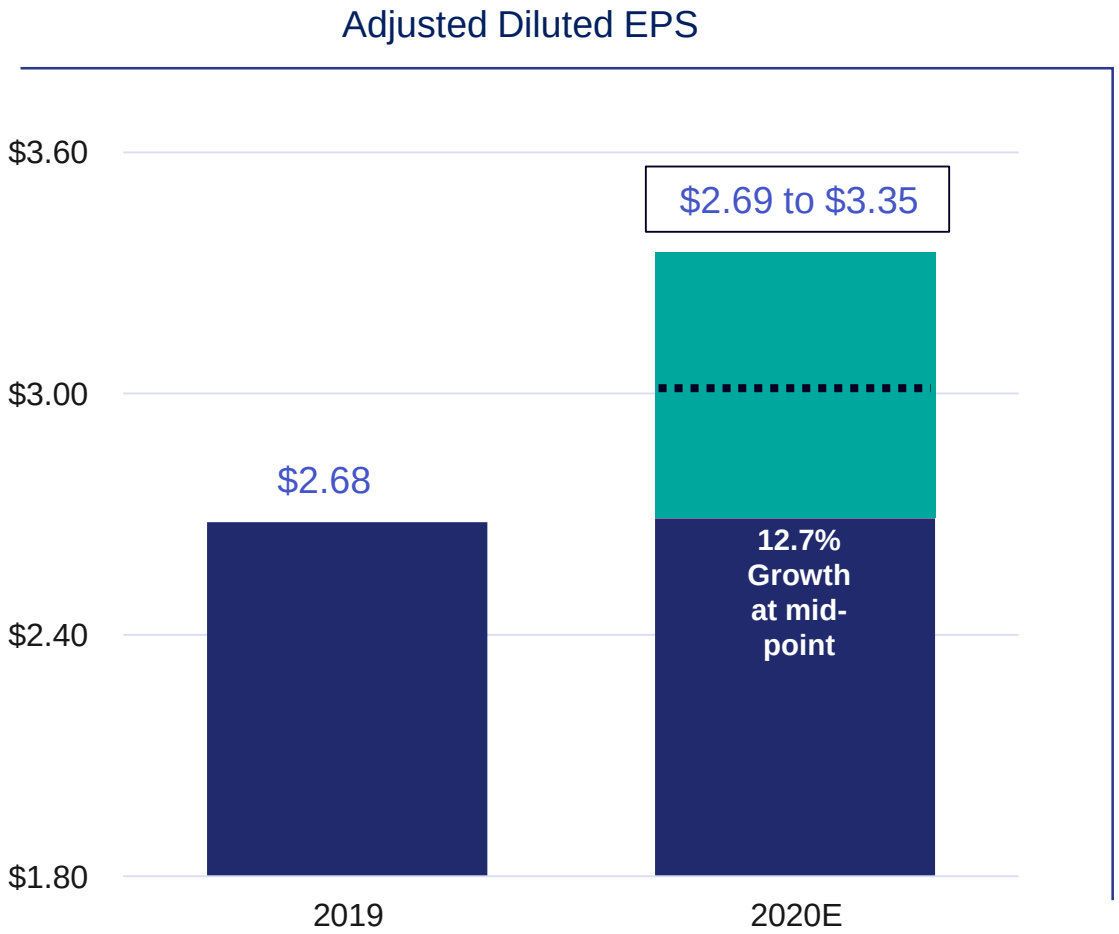
- Diluted loss per share of $2.35 in FY 2019 primarily driven by early debt extinguishment costs related to the Company's refinancing transactions that locked in attractive interest rates, which reduce future annual cash interest payments and retired all significant debt maturities until April 2022, and the impact of impairment and restructuring charges related to ongoing transformation initiatives
- Adjusted diluted earnings per share from continuing operations of $2.68 in FY 2019, growth of 44.1%

Cash Flows

- Net cash provided by operating activities of $1.233 billion in FY 2019, growth of 17.5%
- Adjusted Free Cash Flow of $760 million in FY 2019, growth of 26.7% and above the Outlook mid-point

FY 2020 Outlook – Consolidated [(a)]



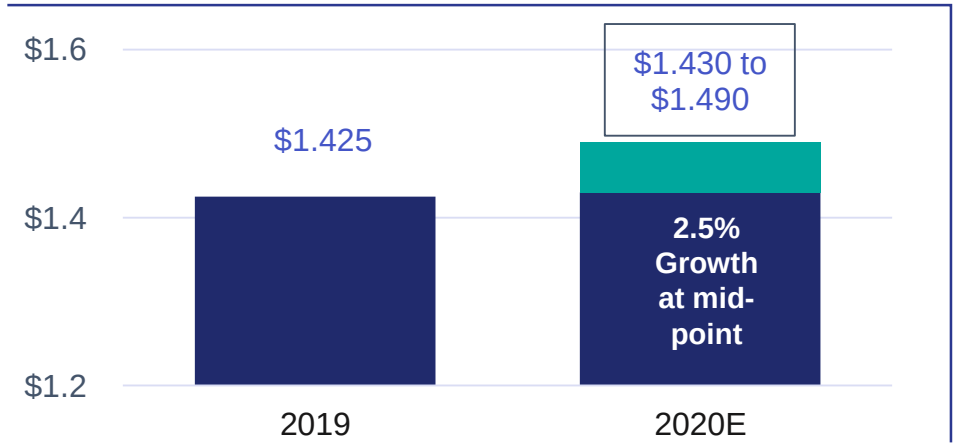


- - - - Indicates mid-point of guidance range

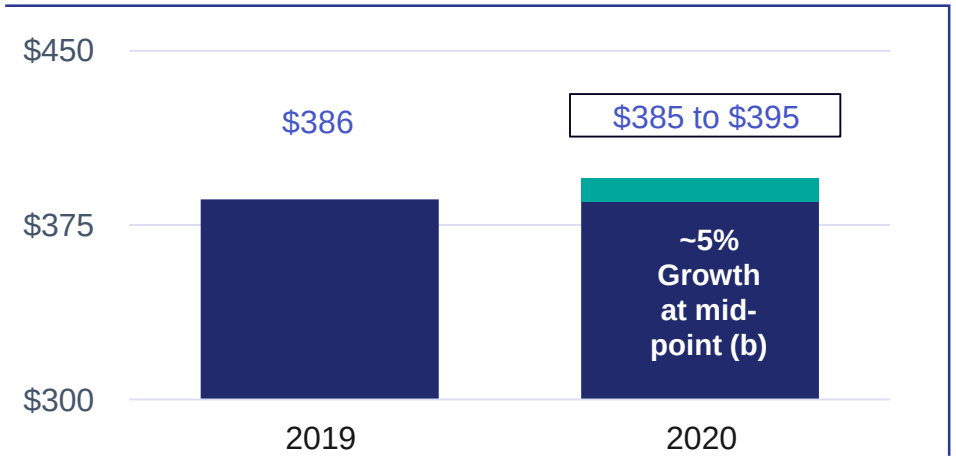
(a) Reconciliations of GAAP to non-GAAP financial measures are included at the back of this presentation.

FY 2020 Outlook – Adjusted EBITDA by Segment [a]

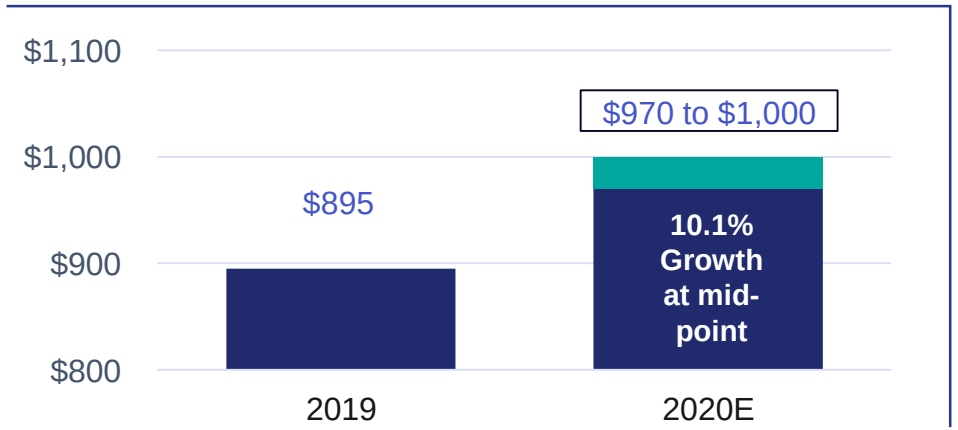
Hospital Adjusted EBITDA ($B)



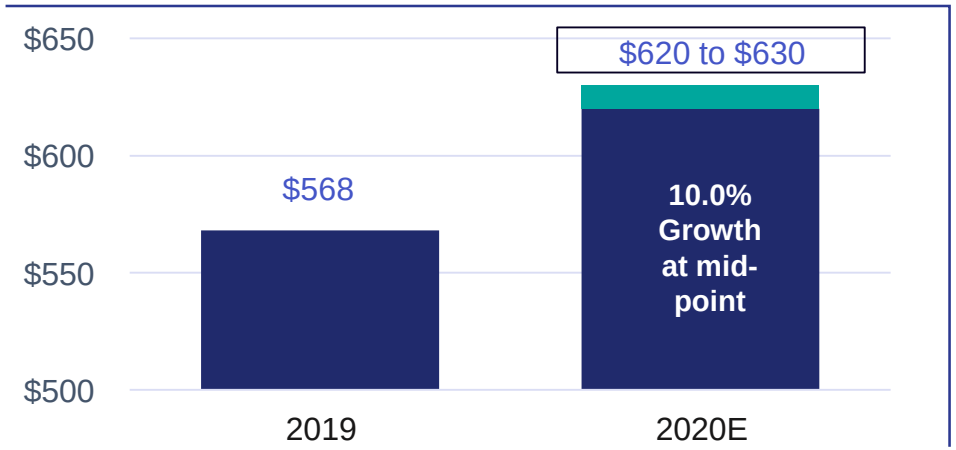
Conifer Adjusted EBITDA ($M)



Ambulatory Adjusted EBITDA ($M)



Ambulatory Adj. EBITDA less facility NCI ($M)



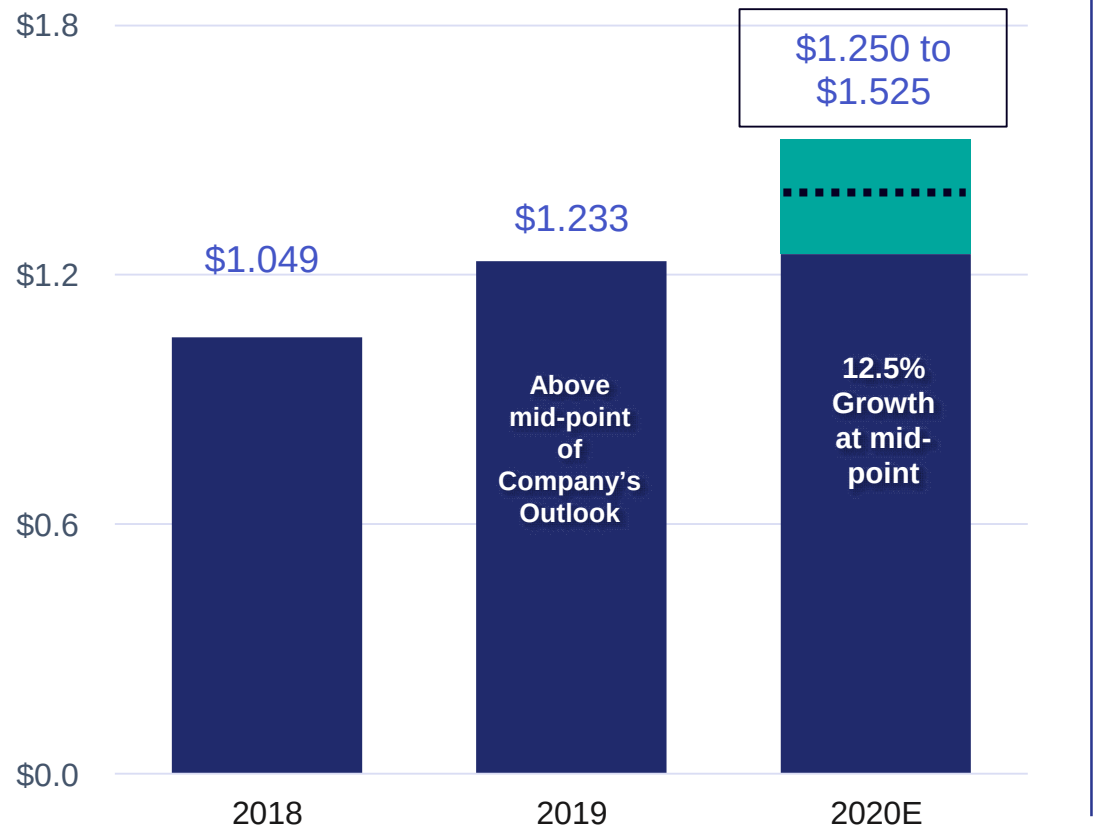
(a) Reconciliations of GAAP to non-GAAP financial measures are included at the back of this presentation.
(b) Assumes normalization for customer divestitures

Adjusted EBITDA Bridge from FY 2019 to FY 2020

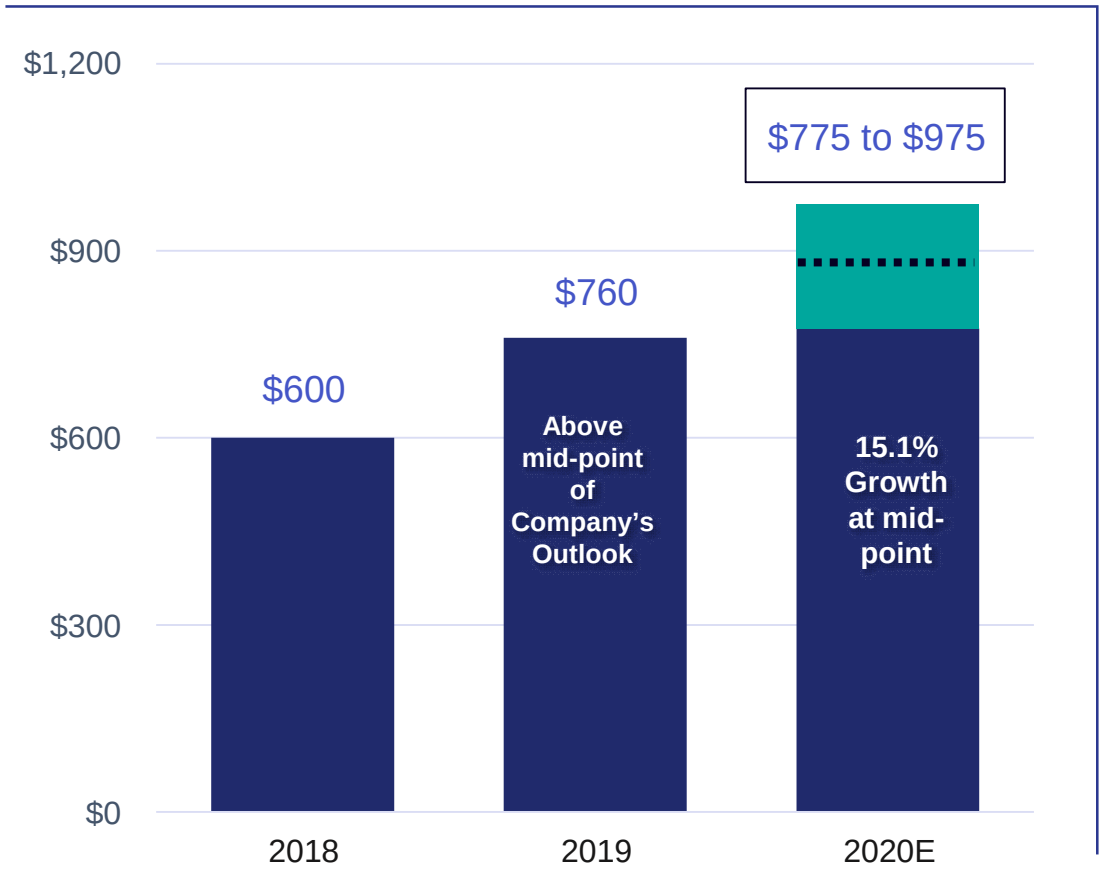
($ in millions)	Hospitals	Ambulatory	Conifer	Total
2019 Adjusted EBITDA - Actuals	**$1,425**	**$895**	**$386**	**$2,706**
Cost reduction initiatives	110	5	35	150
Medicare DSH cuts mandated by the ACA	(33)			(33)
Medicaid DSH cuts mandated by the ACA	(45)			(45)
Other reductions in state Medicaid funding	(40)			(40)
California Provider Fee Program	(8)			(8)
Deconsolidation of USPI surgery center		(10)		(10)
USPI acquisition & development activity		40		40
Run off from prior-year customers' hospital divestitures			(17)	(17)
All other hospital and ambulatory items (volume, acuity, payer mix, pricing, expenses, etc.)	51	55		106
All other Conifer items, including investments in the sales force to drive growth, spin-off preparation costs, etc.			(14)	(14)
2020 Adjusted EBITDA Outlook - Midpoint	**$1,460**	**$985**	**$390**	**$2,835**

Growth in Cash Flows

Net Cash Provided by Operating Activities ($B)



Adjusted Free Cash Flow ($M)



- - - - Indicates mid-point of guidance range

Note: 2020E based on 2020 Outlook as issued on February 24, 2020. Reconciliations of GAAP to non-GAAP financial measures are included at the back of this presentation.

Questions and Answers

Ron Rittenmeyer

Executive Chairman and CEO

Saum Sutaria

President and COO

Dan Cancelmi

EVP and Chief Financial Officer

GAAP to non-GAAP Reconciliations

NON-GAAP FINANCIAL INFORMATION

This presentation contains financial measures that are not in accordance with Generally Accepted Accounting Principles (GAAP). Reconciliations of these non-GAAP measures to the most comparable GAAP measures and management's reasoning for using these non-GAAP measures are included in our earnings press release dated February 24, 2020. GAAP to non-GAAP reconciliations for those measures used in this slide presentation are also included on the following slides.

Tenet Healthcare Corporation

Additional Supplemental Non-GAAP disclosures

TENET HEALTHCARE CORPORATION

Additional Supplemental Non-GAAP disclosures

Reconciliation of Outlook Net Income Available to Tenet Healthcare Corporation Common Shareholders to Outlook Adjusted EBITDA

(Unaudited)

(Dollars in millions)	2020	
	Low	High
Net income available to Tenet Healthcare Corporation common shareholders	**$ 130**	**$ 245**
Less: Net income available to noncontrolling interests	(450)	(470)
Income tax expense	(190)	(210)
Interest expense	(985)	(975)
Other non-operating expense, net	(5)	5
Impairment and restructuring charges, acquisition-related costs, and litigation costs and settlements[1]	(175)	(125)
Depreciation and amortization	(845)	(865)
Loss from divested and closed businesses	(5)	—
Adjusted EBITDA	**$ 2,785**	**$ 2,885**
Income from continuing operations	**$ 130**	**$ 245**
Net operating revenues	**$ 19,100**	**$ 19,500**
Income from continuing operations as a % of operating revenues	**0.7%**	**1.3%**
Adjusted EBITDA as a % of net operating revenues (Adjusted EBITDA margin)	**14.6%**	**14.8%**

(1) The Company has provided an estimate of restructuring charges it anticipates in 2020. The Company does not generally forecastimpairment charges, acquisition-related costs, litigation costs and settlements because it does not believe that it can forecast these items with sufficient accuracy since some of these items are indeterminable at the time the Company provides its financial Outlook.

Tenet Healthcare Corporation

Additional Supplemental Non-GAAP disclosures

Reconciliation of Outlook Net Income Available to Tenet Healthcare Corporation Common Shareholders to Outlook Adjusted Net Income Available from Continuing Operations to Common Shareholders

(Unaudited)

(Dollars in millions except per share amounts)	2020	
	Low	High
Net income available to Tenet Healthcare Corporation common shareholders	**$ 130**	**$ 245**
Less: Impairment and restructuring charges, acquisition-related costs, and litigation costs and settlements	(175)	(125)
Loss from divested and closed businesses	(5)	—
Tax impact of above items	25	15
Adjusted net income available from continuing operations to common shareholders	**$ 285**	**$ 355**
Diluted earnings per share from continuing operations	**$ 1.23**	**$ 2.31**
Less: Impairment and restructuring charges, acquisition-related costs, and litigation costs and settlements	**(1.65)**	**(1.18)**
Loss from divested and closed businesses	**(0.05)**	**—**
Tax impact of above items	**0.24**	**0.14**
Adjusted diluted earnings per share from continuing operations	**$ 2.69**	**$ 3.35**
Weighted average basic shares outstanding (in thousands)	**105,000**	**105,000**
Weighted average dilutive shares outstanding (in thousands)	**106,000**	**106,000**

Tenet Healthcare Corporation

Additional Supplemental Non-GAAP disclosures

Reconciliations of Net Income Available (Loss Attributable) to Tenet Healthcare Corporation Common Shareholders to Adjusted EBITDA

(Unaudited)

(Dollars in millions)	Years Ended December 31,		
	2017	**2018**	**2019**
Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders	**$ (704)**	**$ 111**	**$ (232)**
Less: Net income available to noncontrolling interests	(384)	(355)	(386)
Income from discontinued operations, net of tax	—	3	11
Income (loss) from continuing operations	(320)	463	143
Income tax expense	(219)	(176)	(153)
Gain (loss) from early extinguishment of debt	(164)	1	(227)
Other non-operating expense, net	(22)	(5)	(5)
Interest expense	(1,028)	(1,004)	(985)
Operating income	1,113	1,647	1,513
Litigation and investigation costs	(23)	(38)	(141)
Net gains (losses) on sales, consolidation and deconsolidation of facilities	144	127	(15)
Impairment and restructuring charges, and acquisition-related costs	(541)	(209)	(185)
Depreciation and amortization	(870)	(802)	(850)
Income (loss) from divested and closed businesses	(41)	9	(2)
Adjusted EBITDA	**$ 2,444**	**$ 2,560**	**$ 2,706**
Net operating revenues	$ 19,179	$ 18,313	$ 18,479
Less: Net operating revenues from health plans	110	14	1
Adjusted net operating revenues	**$ 19,069**	**$ 18,299**	**$ 18,478**
Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders as a % of net operating revenues	**(3.7)%**	**0.6%**	**(1.3)%**
Adjusted EBITDA as a % of adjusted net operating revenues (Adjusted EBITDA margin)	**12.8 %**	**14.0%**	**14.6 %**

Tenet Healthcare Corporation

Additional Supplemental Non-GAAP disclosures

Reconciliation of Net Income Available (Loss Attributable) to Tenet Healthcare Corporation Common Shareholders to Adjusted Net Income Available from Continuing Operations to Common Shareholders

(Unaudited)

(Dollars in millions except per share amounts)	Years Ended December 31, 2017	2018	2019
Net income available (loss attributable) to Tenet Healthcare Corporation common shareholders	**$ (704)**	**$ 111**	**$ (232)**
Net income from discontinued operations	—	3	11
Net income (loss) from continuing operations	(704)	108	(243)
Less: Impairment and restructuring charges, and acquisition-related costs	(541)	(209)	(185)
Litigation and investigation costs	(23)	(38)	(141)
Net gains (losses) on sales, consolidation and deconsolidation of facilities	144	127	(15)
Gain (loss) from early extinguishment of debt	(164)	1	(227)
Income (loss) from divested and closed businesses	(41)	9	(2)
Tax impact of above items	114	25	42
Tax reform adjustment	(252)	—	—
Noncontrolling interest impact	(23)	—	4
Adjusted net income available from continuing operations to common shareholders	**$ 82**	**$ 193**	**$ 281**
Diluted earnings (loss) per share from continuing operations	**$ (7.00)**	**$ 1.04**	**$ (2.35)**
Less: Impairment and restructuring charges, and acquisition-related costs	(5.34)	(2.01)	(1.76)
Litigation and investigation costs	(0.23)	(0.37)	(1.34)
Net gains (losses) on sales, consolidation and deconsolidation of facilities	1.42	1.22	(0.14)
Gain (loss) from early extinguishment of debt	(1.62)	0.01	(2.16)
Income (loss) from divested and closed businesses	(0.40)	0.09	(0.02)
Tax impact of above items	1.12	0.24	0.40
Tax reform adjustment	(2.49)	—	—
Noncontrolling interest impact	(0.23)	—	0.04
Adjusted diluted earnings per share from continuing operations	**$ 0.81**	**$ 1.86**	**$ 2.68**
Weighted average basic shares outstanding (in thousands)	**100,592**	**102,110**	**103,398**
Weighted average dilutive shares outstanding (in thousands)	**101,380**	**103,881**	**104,855**

Tenet Healthcare Corporation

Additional Supplemental Non-GAAP disclosures

Reconciliations of Net Cash Provided by Operating Activities to Adjusted Free Cash Flow from Continuing Operations

(Dollars in millions)	2018	2019	2020	
			Low	High
Net cash provided by operating activities	**$ 1,049**	**$ 1,233**	**$ 1,250**	**$ 1,525**
Less: Payments for restructuring charges, acquisition-related costs and litigation costs and settlements[1]	(163)	(192)	(225)	(200)
Net cash used in operating activities from discontinued operations	(5)	(5)	—	—
Adjusted net cash provided by operating activities – continuing operations	**1,217**	**1,430**	**1,475**	**1,725**
Purchases of property and equipment – continuing operations	(617)	(670)	(700)	(750)
Adjusted free cash flow – continuing operations[2]	**$ 600**	**$ 760**	**$ 775**	**$ 975**

(1) The Company has provided an estimate of payments that it anticipates in 2020 related to restructuring charges as well as litigation costs and settlements. The Company does not generally forecast payments related to acquisition-related costs and litigation costs and settlements because the Company does not believe that it can forecast these items with sufficient accuracy since some of these items may be indeterminable at the time the Company provides its financial Outlook.

(2) The Company's definition of Adjusted Free Cash Flow does not include other important uses of cash including (1) cash used to purchase businesses or joint venture interests, or (2) any items that are classified as Cash Flows From Financing Activities on the Company's Consolidated Statement of Cash Flows, including items such as (i) cash used to repay borrowings, and (ii) distributions paid to noncontrolling interests