



# Tenet Health

J.P. Morgan Healthcare Conference

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Ronald Rittenmeyer, Executive Chairman and CEO

January 12, 2021



## FORWARD-LOOKING STATEMENTS

This presentation includes “forward-looking statements.” These statements relate to future events, including, but not limited to, statements regarding our liquidity, operating results, future earnings, financial position, operational and strategic initiatives, and developments in legislation, regulation, and the healthcare industry more generally. 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, particularly for developments related to COVID-19, and are subject to numerous risks and uncertainties, many of which are outside of our control. 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, developments related to COVID-19 and the factors described under “Forward-Looking Statements” and “Risk Factors” in our Form 10-K for the year ended December 31, 2019, subsequent Form 10-Q filings and other filings with the Securities and Exchange Commission (SEC).

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 them are included in our earnings press release dated October 20, 2020. All EBITDA figures used in this presentation are Adjusted EBITDA.

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# TENET HEALTH TODAY

65 Acute Care Hospitals

550+ Surgical & Other Facilities

50+ Health System Partners

10M Patient Encounters

\$25B Revenue Managed by Conifer

110K Employees



Note: As of December 31, 2020

# A DIVERSIFIED HEALTHCARE COMPANY

Tenet is a uniquely positioned healthcare services company with a high-growth, high margin ambulatory surgery division

## HOSPITALS

Competitive acute care portfolio positioned #1 or #2 in 70% of markets

## USPI

Leading surgical facility platform with nearly 350 facilities across 33 states

## CONIFER

High performing revenue cycle company managing ~\$25B of revenue

### 2019 STATS

Net Revenue

\$14.9B

\$2.2B

\$1.4B

EBITDA

\$1.4B

\$0.9B

\$0.4B

Margin

10%

41%

28%

### 3 YEAR GOALS

EBITDA Growth

2-3% p.a.

10-15% p.a.

4-7% p.a.

Portfolio EBITDA Mix

53% → ~35%

33% → ~50%

14% → ~15%

CapEx/EBITDA

35-45%

5-10%

5-10%

# RESILIENCY AND PERFORMANCE

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## SUSTAINED VOLUME RECOVERY

Demonstrated recovery despite COVID-19 resurgences by providing safe care settings, pivoting service line strategies, physicians choosing our care sites

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## STRONG PERFORMANCE MANAGEMENT

Quickly implemented cost management tactics, maintained ability to tightly flex costs with proven record of achieving goals

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## CONSISTENT SAFETY AND CLINICAL OPERATIONS

Deployed protocols to keep staff infection rates in single digits, maintained access to PPE and testing, administered ~50K COVID-19 vaccine doses

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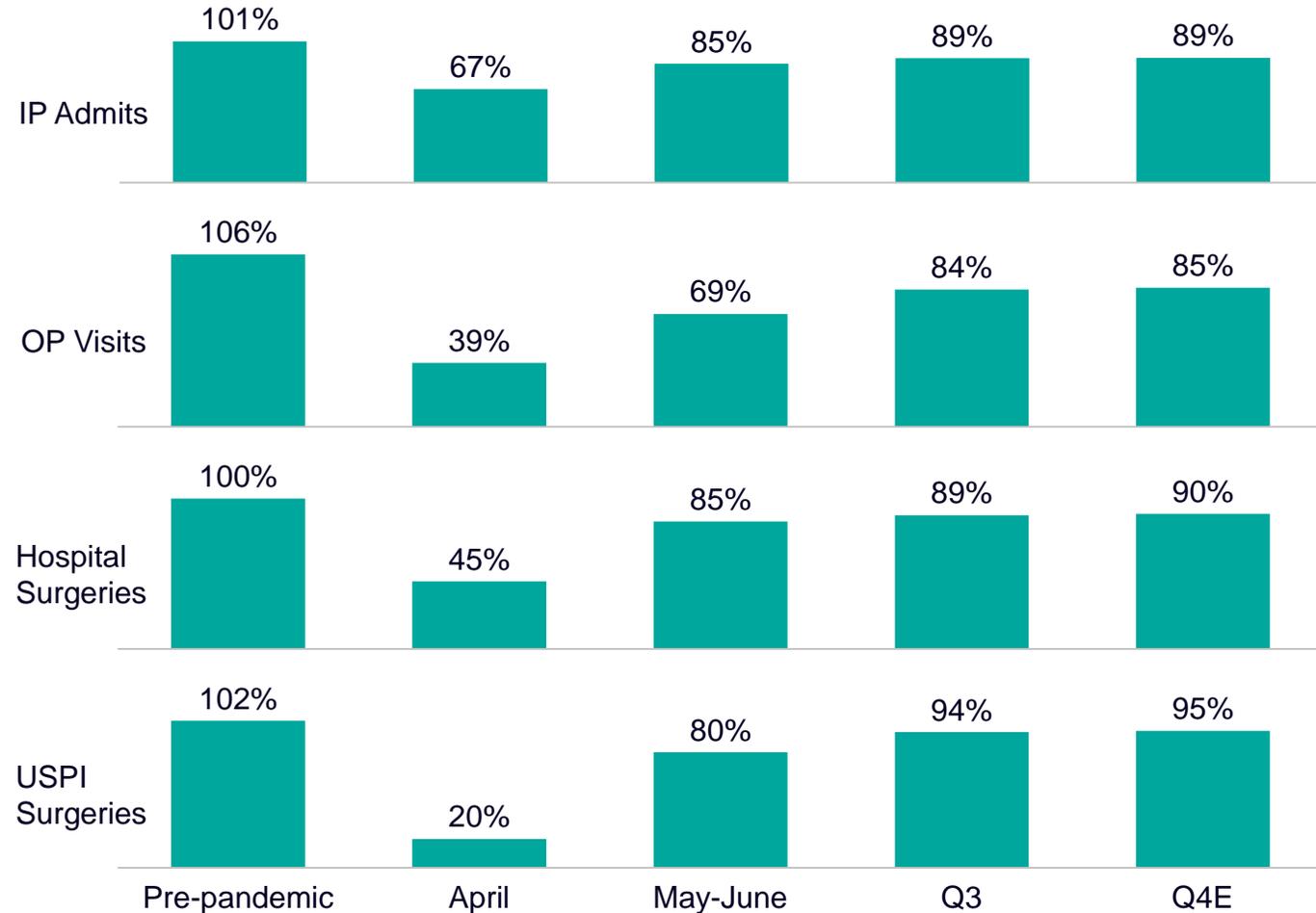
## IMPROVED FINANCIAL POSITION

Maintained focus on cash flow through operations recovery and financing to continue to make strategic investments and debt repayments

# SUSTAINED RECOVERY IN PERFORMANCE

Care delivery demonstrated ability to safely recover volumes, despite COVID-19 resurgences across markets

2020 Volume Statistics vs. Prior Year



Note: Same-hospital basis for hospital statistics, same-facility system-wide basis for USPI surgical cases

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## IMPROVED FINANCIAL POSITION

Tenet is well positioned to make strategic investments to increase free cash flow, reduce debt and remains committed to the pathway to <5x leverage

### Actions Taken

Improved cash collection performance; \$1.3B of Notes issued to enhance liquidity; Revolver capacity increased \$400M

~\$2.5B

In debt restructured to provide ~\$50M of interest expense savings and eliminated all significant debt maturities until 2023

~\$900M

Increase in secured debt capacity post SCD surgery center portfolio acquisition

~\$140M

In anticipated proceeds from divesting urgent care and completing MOB sale

# COMMITMENT TO PORTFOLIO EVOLUTION

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## SCALE AMBULATORY SURGERY

Continue to accelerate investments in USPI's strong pipeline of acquisitions and de novos as well as organic growth to meet growing patient demand

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## OPTIMIZE HOSPITAL MARKET PORTFOLIO

Strategically expand clinical programs to serve community needs as well as selectively divest and optimize the hospital portfolio

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## STRENGTHEN CONIFER TO SPIN

Improve leadership, capabilities and performance to ensure Conifer is prepared to spin

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## COMMITMENT TO QUALITY & EXPERIENCE

Continue to track and improve internal as well as external measures on quality, safety, patient experience and physician experience

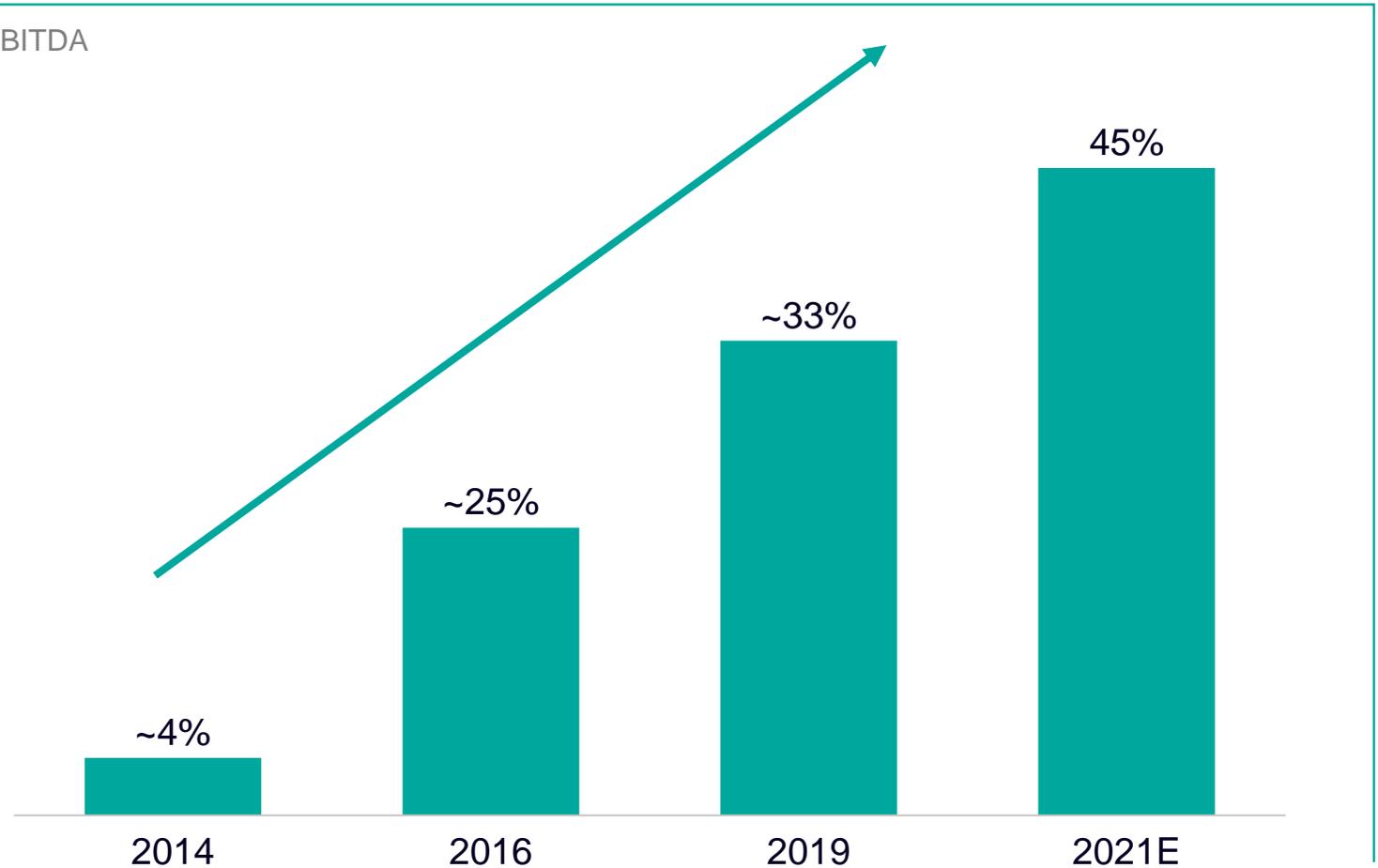
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## EXPANDING IN AMBULATORY SURGERY

Continuing to grow USPI's leadership in segment with high growth, high margin, strong cash flow and attractive return on invested capital

### Adjusted EBITDA from Ambulatory

% EBITDA



Note: Tenet acquired USPI in 2015

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## ACQUIRED 45 CENTERS FROM SCD

Portfolio of predominantly musculoskeletal centers maintained strong performance in December and integration is tracking

~\$1.1B

Purchase price for the portfolio

Acquired 100% SCD interest and additional interest from physicians

~\$210M

EBITDA generated by 45 acquired centers

~\$430M in center-level net revenue and healthy EBITDA margins

~60%

Maximum center ownership acquired by USPI

EBITDA-NCI of ~\$130M; Tenet consolidates substantially all of the centers

~\$40 - 50M

Synergies estimated at ~20-25% EBITDA

Conservative pathway to high 6x EBITDA-NCI multiple by year 3

~10%

Estimated return on invested capital by year 3

# The portfolio added three types of opportunities

## Network states – example



Added 10 centers to the network in Florida

## Pioneering center – example



White Fence, over 10K total joints performed

## New market entry – example



Entered in Indiana at scale with 7 centers

## Built upon USPI's premier network in 2020

61

New, high-quality surgical facilities added to the portfolio, including five under construction

73

New service line starts including orthopedics, spine, robotics and bariatrics

3,700+

New physicians on medical staff, maintaining culture of quality and patient experience

# Furthering USPI's growth in 2021

**\$150M+**

Planned acquisition capital, with the potential for more with the right opportunities

**~25-40**

Tuck-in acquisitions and de novo to be funded; excludes potential corporate acquisitions

**6%+**

Expected annual same-store surgical revenue growth given track-record of organic growth

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# ENHANCING CARE PROVIDED BY OUR HEALTH SYSTEMS

Investing in high-quality clinical programs to serve growing acute and chronic care needs in strategic hospital markets



San Antonio, TX  
Launched CT surgery at North Central and a market-wide neurosciences program



Palm Beach, FL  
Achieved additional Comprehensive Stroke certifications at Delray and St. Mary's



Phoenix, AZ  
Achieved Comprehensive Stroke certification at Abrazo Central Campus



Palm Springs, CA  
Recognized for 30 years of award winning care at the Comprehensive Cancer Center



El Paso, TX  
Launched bariatrics program at East Campus and expanded market-wide MFM program



Rock Hill, SC  
Started construction of a new medical campus in Fort Mill, South Carolina

# Continue to enrich specialty medical group complement



Dr. Matt Dobbs, Orthopedics  
The Paley Institute, Palm Beach



Dr. Sonia Eden, Neurosurgery  
DMC Medical Group, Detroit



Dr. Emun Abdu, Neurosurgery  
Abrazo Neuroscience Institute, Phoenix



Dr. Richard Farnum, Urogynecology  
Providence Medical Partners, El Paso



Dr. David Fox, Orthopedics  
Northeast Orthopedics, San Antonio



Dr. Kapil Lotun, Interventional Cardiology  
Carondelet Heart & Vascular Institute, Tucson

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# STRENGTHENING CONIFER PRIOR TO THE SPIN

Improving Conifer with a stronger leadership team, “client-first” mindset, and focus on operational excellence

## End to End Revenue Cycle

Optimize performance and client experience

- Focus on cash performance and maintain cash collections at ~100% targets
- Continue to invest in offshoring and automation
- Maintain client reference-ability >85%

## Tech-Enabled Point Solutions

Activate a more focused growth pipeline

- Prioritize best-in-class services such as Coding with Coding Quality above 97%
- Customize offerings to address a client’s specific challenge
- Continue to invest in technology

## Financial Services

Launch financial services for health systems

- Deliver efficient and effective support for function such as accounting, AP, payroll
- Co-brand and operate as an extension of the health system client
- Leverage Tenet offshore expertise

# TENET ENTERPRISE OPERATING MODEL ADVANCEMENT

## GLOBALIZING & IMPROVING SERVICES

Mature the Global Business Center to increase functions supported as well as continue to realize efficiencies and process improvements

## DELIVERING CONTINUOUS IMPROVEMENT

Continue to utilize analytical insights in action-oriented management processes to identify and implement initiatives to capture additional efficiencies

## INVESTING IN TALENT & CULTURE

Cultivate a high-performance culture that embraces data-driven decision making and talent management processes that promote diversity and inclusion

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# SCALING THE GLOBAL BUSINESS CENTER

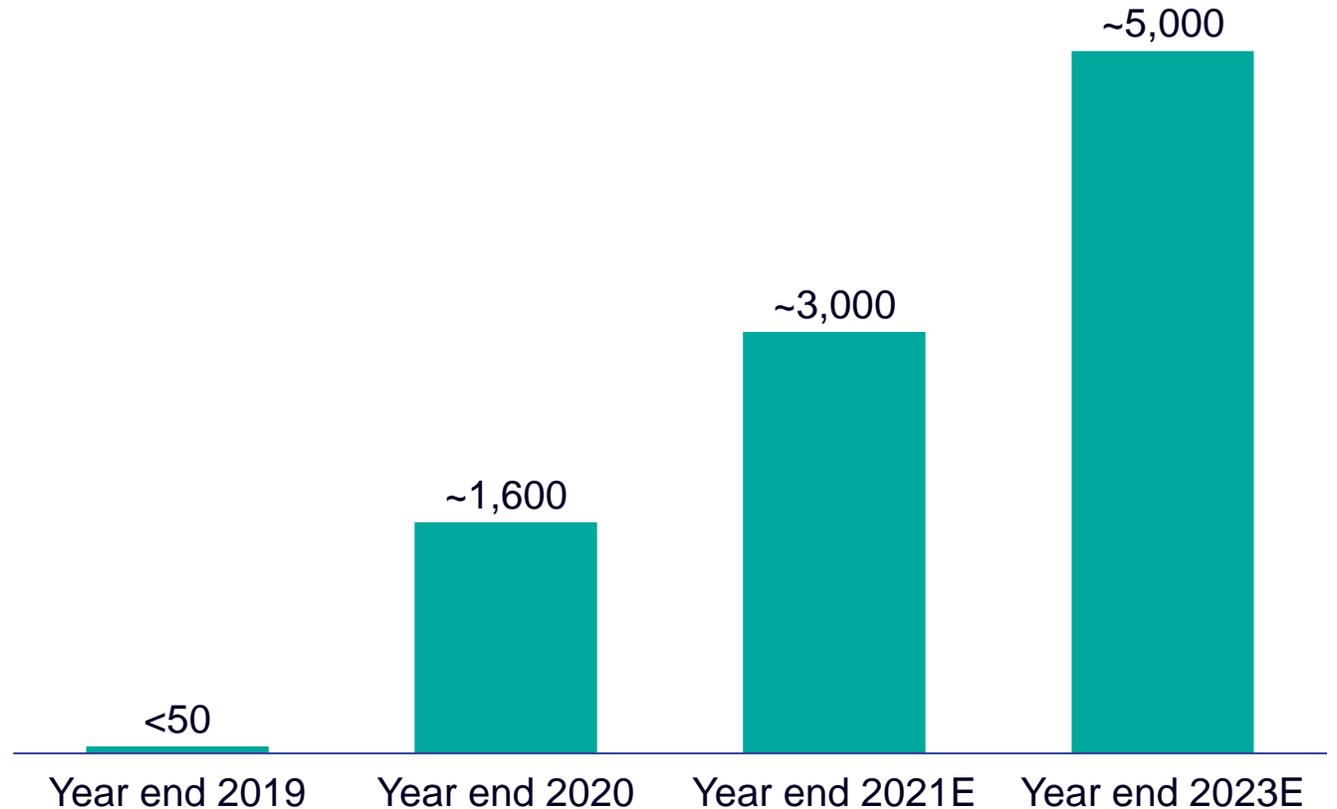
First large provider to establish a captive center in the Philippines

Over 10 core functions, 30 sub-functions with 2,500+ process flows

All Tenet markets served with over 400 performance metrics in place

## Tenet Global Business Center

# Employees



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# PROMOTING TALENT & CULTURE

We are committed to developing talent, recognizing everyday impact and supporting our employees



## RECOGNIZING TALENT

Continuing to promote talent from within, as well as attract external talent



## HEALTHCARE HEROES

Expanding a decade-old tradition in celebrating our peer-nominated heroes



## TENET CARE FUND

Supporting ~1,200 colleagues facing hardships with ~\$2M raised in 2020

# ENVIRONMENTAL, SOCIAL, GOVERNANCE

## BUILDING A SUSTAINABLE FUTURE

Includes proactive initiatives with measurable impact, such as the reusable sharps container program diverting 600K+ pounds of plastic from landfills

## RECOGNIZING OUR SOCIAL RESPONSIBILITIES

Includes ensuring access to care with ~\$7B in uncompensated care in 2019 and promoting community service, diversity and employee recognition

## UPHOLDING SOUND GOVERNANCE

Includes significant Board refreshment with nine new directors since 2017 and all members who uphold strong principles and high standards of governance

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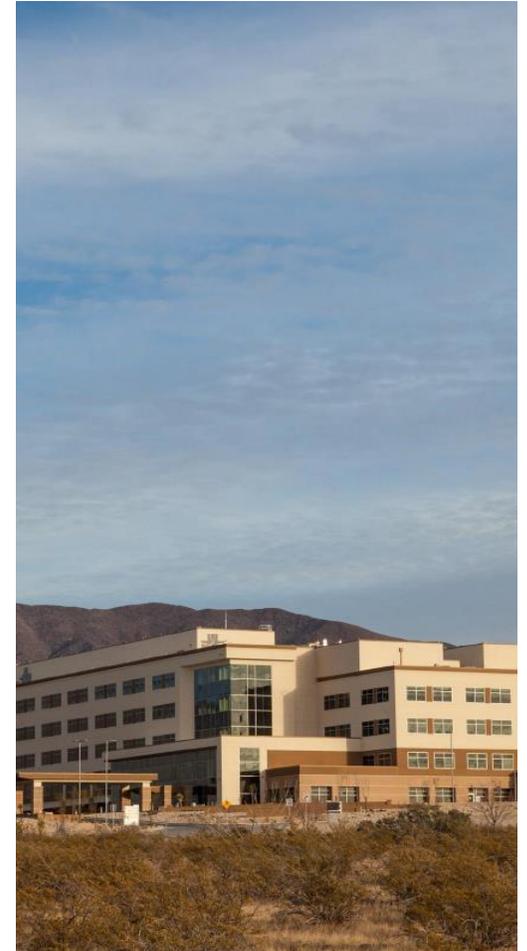
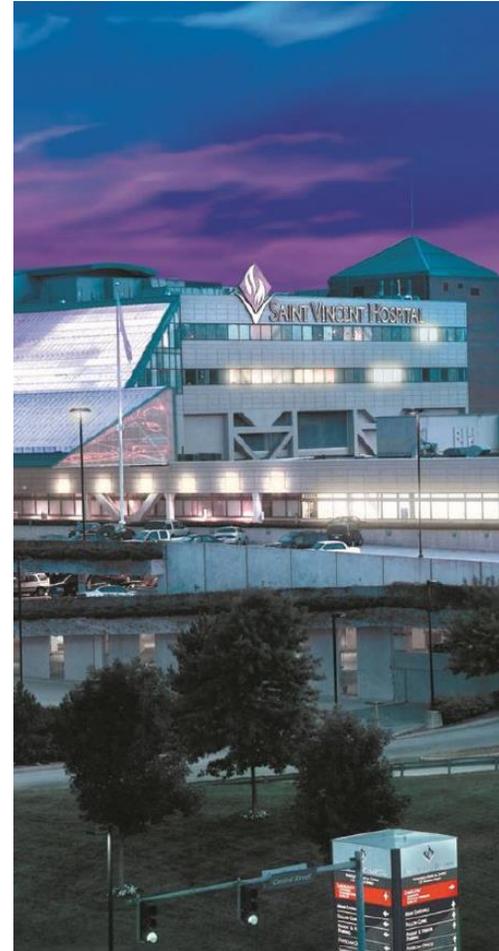
# BUILDING A SUSTAINABLE FUTURE

We understand our responsibility to create the best places to provide care, while minimizing our impact on the environment

Commitment #1  
Improving the physical plant

Commitment #2  
Reducing resource consumption

Commitment #3  
Fostering community alignment & partnerships



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## CONTINUING OUR COMMITMENT TO DIVERSITY

We recognize that providing compassionate care to our diverse communities also means embracing diversity within our workplace

**47%** Of workforce is ethnically diverse

**45%** Leadership diversity based on gender and / or ethnicity

**51%** Of new hires ethnically diverse

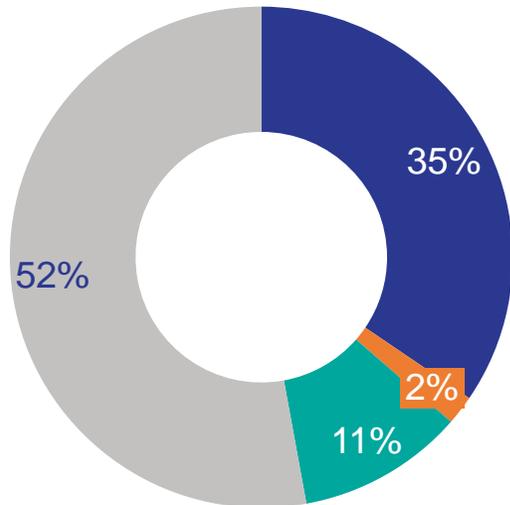
**58%** Board diversity based on gender and / or ethnicity

# Reflecting the communities we serve within our company

Black Hispanic Asian & Other White

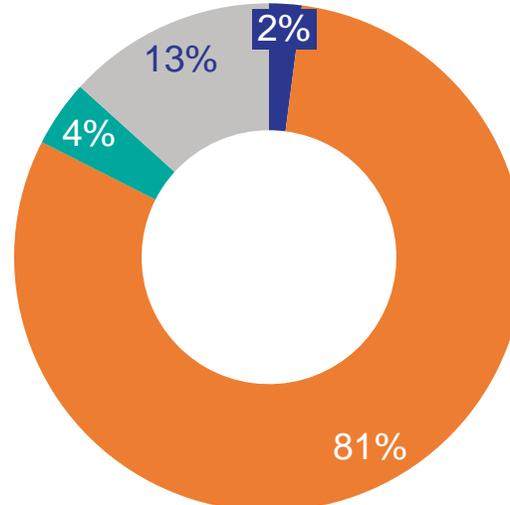
## Detroit

% Hospital Employees



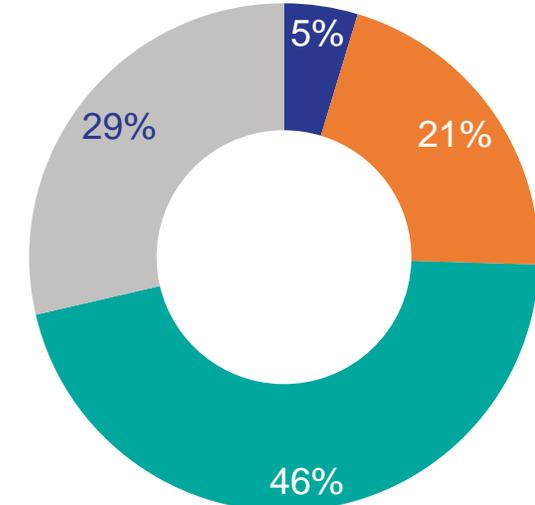
## El Paso

% Hospital Employees



## Orange County

% Hospital Employees



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# SOUND GOVERNANCE

Our governance includes  
diversity of experience  
and our Board of Director  
refreshment has been  
strong with 9 new  
directors since 2017



Ronald A. Rittenmeyer  
Executive Chairman & CEO,  
Tenet Healthcare



J. Robert Kerrey  
Lead Director, Tenet  
Healthcare; Managing  
Director, Allen & Company;  
Former United States  
Senator



Lloyd J. Austin, III  
General, U.S. Army (Ret.)  
and Former Commander of  
U.S. Central Command



James L. Bierman  
Former President and CEO,  
Owens & Minor, Inc.



Richard Fisher  
Former CEO and President,  
Federal Reserve Bank of  
Dallas



Meghan M. FitzGerald, DrPH  
Managing Partner, L1 Health LLC



Cecil D. Haney  
Admiral, U.S. Navy (Ret.)  
and Former Commander of  
U.S. Strategic Command  
and U.S. Pacific Fleet



Chris Lynch  
Former National Partner in  
Charge of the Financial  
Services division at KPMG,  
LLC



Richard Mark  
Chairman and President,  
Ameren Illinois Company



Tammy Romo  
Executive Vice President and  
Chief Financial Officer,  
Southwest Airlines Co.



Saum Sutaria, M.D.  
President & Chief Operating  
Officer, Tenet Healthcare



Nadja West, M.D.  
Lieutenant General, U.S.  
Army (Ret.) and 44th  
Surgeon General of the U.S.  
Army

# Changes implemented to improve governance practices

1. Strong Lead Director with defined and robust responsibilities
2. Active shareholder outreach and engagement
3. Proxy access on market standard terms
4. Shareholder right to call special meetings at 25% vote threshold

Tenet was rated in top 10% of peer group by leading proxy advisor

# TENET HEALTH IN 2021

## COMPETITIVE ADVANTAGE & STRATEGY

Enhanced position in higher acuity, high growth specialties with strong quality, safety, patient and physician experience

## HIGH-PERFORMANCE CULTURE

Supported by data-driven decision making, continuous improvement, talent management, and transparency in all communications

## STRONG PORTFOLIO & PERFORMANCE

Higher performing go-forward portfolio with greater free cash flow generation, capital efficiency and secured debt capacity