



# 37<sup>th</sup> Annual J.P. Morgan Healthcare Conference

Ronald Rittenmeyer,  
Executive Chairman and CEO

January 8, 2019



## **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 and plans could differ materially from those expressed in any forward-looking statement.

Examples of factors that may cause our actual results, performance or achievements, or healthcare industry results, to be materially different from those expressed or implied by forward-looking statements include, but are not limited to, the following: (i) our ability to achieve operating and financial targets, attain expected levels of patient volumes, and identify and execute on measures designed to save or control costs or streamline operations, including our ability to realize savings under our cost-reduction initiatives; (ii) the outcome of the process to explore a sale or other strategic alternatives for our Conifer Health Solutions business; (iii) potential disruptions to our business or diverted management attention as a result of the Conifer strategic review process or our cost reduction efforts; (iv) the impact of modifications to the Affordable Care Act and the enactment of, or changes in, other statutes and regulations affecting the healthcare industry; (v) the effect that economic conditions or consumer behaviors have on our volumes and our ability to collect outstanding receivables on a timely basis, among other things; (vi) adverse regulatory developments, government investigations or litigation; (vii) adverse developments with respect to our ability to comply with the terms of our Non-Prosecution Agreement; (viii) our ability to enter into or renew managed care provider arrangements on acceptable terms; (ix) cuts to Medicare and Medicaid payment rates or changes in reimbursement practices; (x) competition; (xi) increases in wages and our ability to hire and retain qualified personnel, especially healthcare professionals; (xii) the impact of our significant indebtedness; (xiii) the availability and terms of capital to refinance existing debt, fund our operations and expand our businesses; and our ability to comply with our debt covenants and, over time, reduce leverage; (xiv) our success in completing acquisitions, divestitures or other corporate development transactions; (xv) increases in the amount and risk of collectability of uninsured accounts and deductibles and copays for insured accounts; (xvi) changes in service mix, revenue mix and surgical volumes, including potential declines in the population covered under managed care agreements; (xvii) the timing and impact of changes in federal tax laws, regulations and policies, and the outcome of pending and any future tax audits, disputes and litigation associated with our tax positions; and (xviii) other factors discussed in our Form 10-K for the year ended December 31, 2017, subsequent Form 10-Q filings and other filings with the SEC.

We assume no obligation to update any forward-looking statements or information which speak as of their respective dates, and you are cautioned not to put undue reliance on these forward-looking statements.

## **NON-GAAP FINANCIAL INFORMATION**

This presentation contains non-GAAP financial measures. Reconciliations of these non-GAAP measures to the most comparable GAAP measures are included in the Company’s press release and associated earnings presentation dated November 5, 2018.



**Tenet Healthcare Today**

**2018 – A Year of Change**

**2019 Playbook**

**Marketing Locally, Delivering Nationally**

# National Healthcare Delivery Platform

68

Hospitals

267

Ambulatory  
Surgery Centers

112

Urgent Care  
Centers

79

Imaging  
Centers

23

Surgical  
Hospitals

20

Off-Campus EDs  
& Micro-Hospitals



Hospitals



Outpatient facilities and surgical hospitals

\$18B

Revenue

10M

Patient  
Encounters

750

Conifer  
Clients

\$30B

Revenue managed  
by Conifer

50

Health System  
Partners

115K

Employees

# 2018 Year of Change

## Performance

**Delivered strong financial performance**

## Portfolio

**Improved portfolio and business mix**

## People

**Upgraded leadership and talent**

# Delivering Growth

**9%** **Total Company**  
Adjusted EBITDA growth on a normalized basis

**2%** **Hospitals**  
Adjusted EBITDA growth on a normalized basis

**11%** **Ambulatory**  
Adjusted EBITDA less facility-level NCI growth

**33%** **Conifer**  
Adjusted EBITDA growth on a normalized basis;  
**raised EBITDA expectations for Conifer by \$80 million since December 2017**

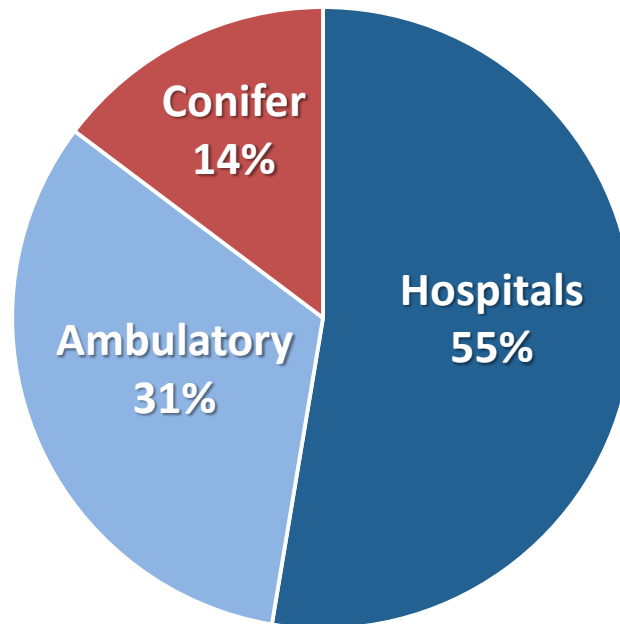
# Enhancing Margins

## \$250M of Cost Savings Delivered in 2018

- Eliminated management layers and duplication
- Lowered corporate overhead expense by ~30%
- Sustainably improved Conifer's cost structure

# Growing a Stronger Portfolio

Tenet Enterprise Portfolio <sup>(2)</sup>



## Stronger Portfolio of Hospitals

#1 or #2 market share in 80% of Tenet's hospital markets<sup>(1)</sup>

## Leading Provider of Ambulatory Surgery Services

Ownership interest in ~5% of all surgery centers in the fast growing, highly fragmented \$28 billion U.S. market with a strong pipeline of acquisitions and denovos; 60% of all ASCs remain independent

## Leading Provider of Revenue Cycle Management Services

10% market share in a growing \$15 billion market, serving nearly 750 clients in over 40 states

(1) Excludes Tenet's remaining hospitals in Chicago; these divestitures are expected to be completed in Q1'19.

(2) Based on the midpoint of Tenet's Adjusted EBITDA Outlook by segment for 2018. Please see the company's Q3'18 earnings presentation dated November 5, 2018 for additional details.



# Culture of Accountability

## Upgraded leadership and talent

- Revamped approach to talent development
- 20% of corporate leaders transitioned
- 35% of hospital leaders transitioned

## Flattened the organization

- Increased accountability
- Shortened time from decision to action

## Strengthened governance

- 50% of Board is new since October 2017
- Proxy Access provision added to Bylaws

# 2018 Summary

## *What worked well*

- Delivering normalized EBITDA growth of ~9%<sup>(1)</sup>
- Strong organic revenue and overall earnings growth at USPI
- Improved Conifer's EBITDA by \$80 million
- Completed buy-up of USPI to 95%
- Delivered \$250M in cost reductions
- Talent and governance
- Divested non-core assets

## *Opportunities to improve*

- Volume growth in our hospitals
- Conifer's sales pipeline
- Patient satisfaction
- Physician recruitment
- Coordination and integration of hospital and ambulatory platforms
- Deeper focus on portfolio and service offerings
- Supply chain and vendor management

1. Represents the midpoint of Tenet's expected Adjusted EBITDA growth for 2018.  
Please see the company's Q3'18 earnings presentation dated November 5, 2018 for additional details.



# 2019 Priorities

**Growth**

**Operational  
Excellence**

**Talent  
Development**

**Community Built  
on Care**

# Four pillars for 2019 & beyond

**Earn Patient Loyalty**

**Preferred by Physicians**

**Ambulatory Acquisitions**

**Growing Outsourced Market for  
Revenue Cycle Management**

**Growth  
Playbook**

# Patient-Focused: Loyalty Drives Growth

Best in class operations focused on **patient access** and **convenience** in every part of our operations

Expanding **service lines aligned with growing community demand** including focus on chronic disease patients

Improving our **culture of service** and **enhancing the care experience** of our patients

**Local brand equity** combined with marketing that engages patients, highlights quality and service, and reinforces a “**Community Built on Care**”

Being the **provider of choice** in our communities

## Earn Patient Loyalty

# Physician-Focused

**Physician group acquisition and onboarding**

**Fast and efficient scheduling** of procedures

**Timely** turnover of operating rooms

**Qualified and experienced nurses** and other providers who deliver great care to patients

**National clinical leadership councils**  
(e.g., cardiovascular, orthopedics/spine)

**Preferred  
by  
Physicians**

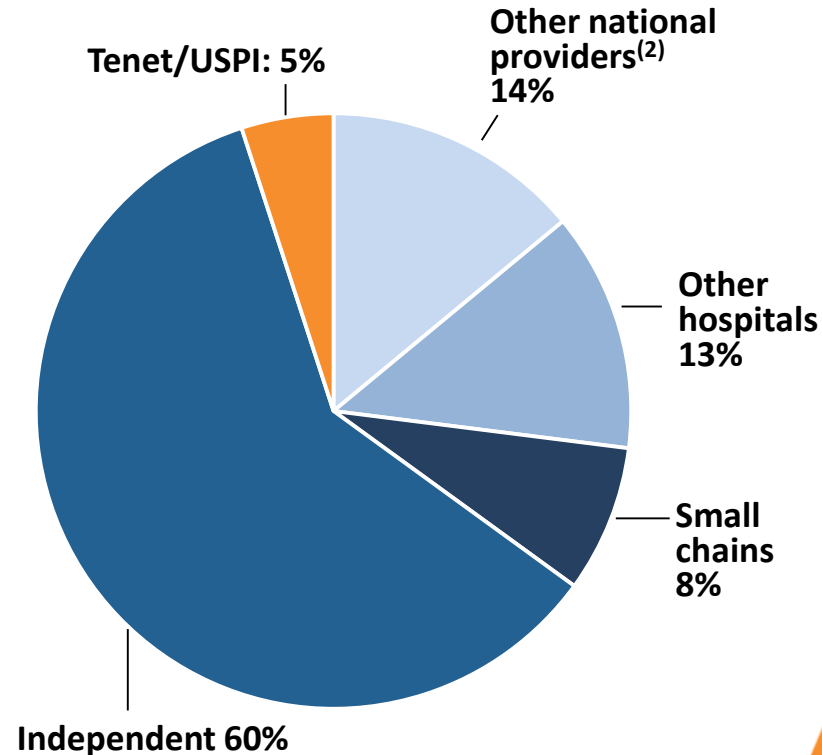
# Significant Consolidation Opportunity Remains

Fragmented \$28B market<sup>(1)</sup> – Top Six Own <20%

**Strong pipeline of acquisition and denovo opportunities**

**Purchase centers at attractive multiples** and reduce the EBITDA less NCI multiple below 5x by year two

**Expect to deploy \$150-\$175M on acquisitions** each year; possibly more if the right opportunities are identified

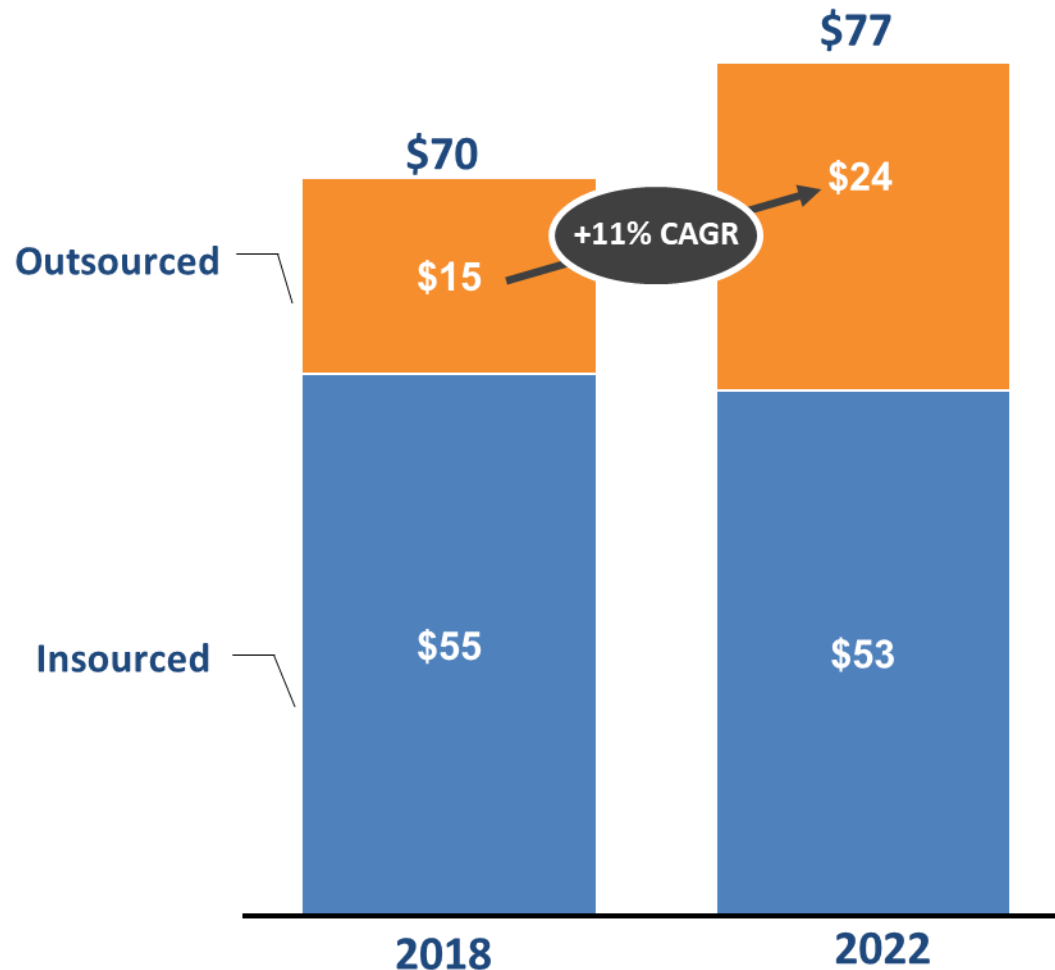


## Ambulatory Acquisitions

# Conifer is Well Positioned for Growth

Total U.S. Revenue Cycle Management addressable market<sup>1</sup>

Revenue, \$ in Billions



## Growing Outsourced RCM Market



# New Opportunities to Enhance Efficiency

## Continued Cost Improvement

- Consolidating corporate office space and call center locations
- Further integrating enterprise-wide centralized support functions
- Off-shoring roles throughout the organization
- Adhering to labor standards and reducing turnover
- Six Sigma teams eliminating unnecessary steps and work
- Reducing clinical variation

## Supply chain and vendor management

- Improving end-to-end contract management
- Focusing spend on a smaller number of vendors
- Increasing consistency of contract terms
- Further standardization

**Operational  
Efficiency**

# Conifer Process Remains Active

Remain committed to determining the best future for Conifer

Conifer contribution in 2018 further underscores its value to Tenet shareholders

We continue to consider various alternatives:

- Sale
- Merger
- Spin out which would be tax free to shareholders

## Conifer Update

# Talent Is a Critical Part of Our 2019 Plan

**Robust performance evaluation** to assess capability and capacity

**Identifying future leaders** and creating learning and development experiences to **prepare them for advancement**

**Leadership development** programs to advance technical skills and **create highly effective and accountable teams**

**Adding new external talent** at every level while continuing to streamline and flatten the organization

## Talent Development

# Path to Growth and De-levering

Hospitals	Ambulatory	Conifer
<b>3% to 5%</b>	<b>8% to 10%</b>	<b>5% to 7%</b>
0% to 2% volume 2% to 3% pricing	2% to 3% volume 2% to 3% pricing	Winning new customers
Margin expansion	Steady stream of acquisitions	Further opportunities to lower costs

**Remain committed to 5x leverage by end of 2019**

## Long-Term Growth Targets

# We build trust and pride in each unique community we serve

Our local market strategy reaches each consumer with relevant and meaningful messages

Our employees are the faces of our marketing efforts *they know that healing is more than just providing medical care*

We meet each consumer at their point of entry and at the touchpoints in their patient journey

Our stories empower each culturally diverse community with neighbors caring for neighbors and families caring for families

***We stand for a Community Built on Care***

***Community  
Built on  
Care***

***Marketing Approach***

Growth / Operational Excellence / Talent 21



NEWSPAPER AD





**A community built on care.**

At the Detroit Medical Center, our family of dedicated doctors, nurses, and medical professionals have been caring, nurturing, and helping local residents and neighbors for over 150 years.

We are honored to serve the people of this great city who have chosen to trust the DMC family of hospitals to be there for the care they love. Our commitment to community, founded on trust through excellence and exceptional patient experience, is as strong today as it has been for 150 years.



We are the Detroit Medical Center, and our community is built on care.





Learn more about our community built on care at [DMC.org](http://DMC.org).

DIRECT MAIL



**INSURANCE OPEN ENROLLMENT IS NOW. LET US HELP YOU GET COVERED.**


**You're Invited**  
To Get Help with Insurance Enrollment


Finding an affordable option and signing up for insurance can be confusing. Let the DMC help make it easier. Visit with an insurance application assistant at the DMC for all types of insurance, including Medicaid. Discover options for the care you need, whenever you need it.

**For faster processing, please bring:**

- ✓ Statelegal residency (SSN, passport, immigration document status number)
- ✓ State residency driver's license or utility bill
- ✓ Income for all family members W-2 forms, pay stubs or proof of unemployment

**Don't delay!** Open enrollment is November 1 – December 15, 2018.

 Schedule your appointment today!  
Call 1-855-DMC-ENROLL (855-362-3676) or visit [DMCenroll.com](http://DMCenroll.com)



3000 John R Street,  
Detroit, MI 48201

EMAIL



**Are you covered?**  
Open enrollment for insurance is now.

Signing up for insurance can be confusing. Let us help you make it easier. At the DMC, one of our insurance application assistants will help you understand your options and complete all the necessary paperwork so that you're covered for the care you need, whenever you need it.



**Insurance open enrollment is now.**  
To get started, call 1-855-DMC-ENROLL (1-855-362-3676) or visit [DMCenroll.com](http://DMCenroll.com).

BILL-BOARDS



**ARE YOU COVERED?**  
Open enrollment for insurance is now.

**DMCenroll.com | 1-888-DMC-ENROLL**

Unified  
Campaign  
Activation

Multi-channel and  
tailored to DMC

## Grassroots Campaign Activation

We'll help you sign up: **DMCenroll.com** | **1-866-DMC-ENROLL**

**Next Stop... Insurance Enrollment**  
DMC has you covered.



**DMC**  
DETROIT MEDICAL CENTER



# A Community Built on Care

No matter where you are in Detroit – WE CARE for you



**DMC**  
DETROIT MEDICAL CENTER  
A community built  
— on care. —





***Compassionate  
Care by  
Passionate  
People***