

Second Quarter 2021 Results Conference Call



August 3, 2021



Q2 Financial Highlights and Updated 2021 Guidance

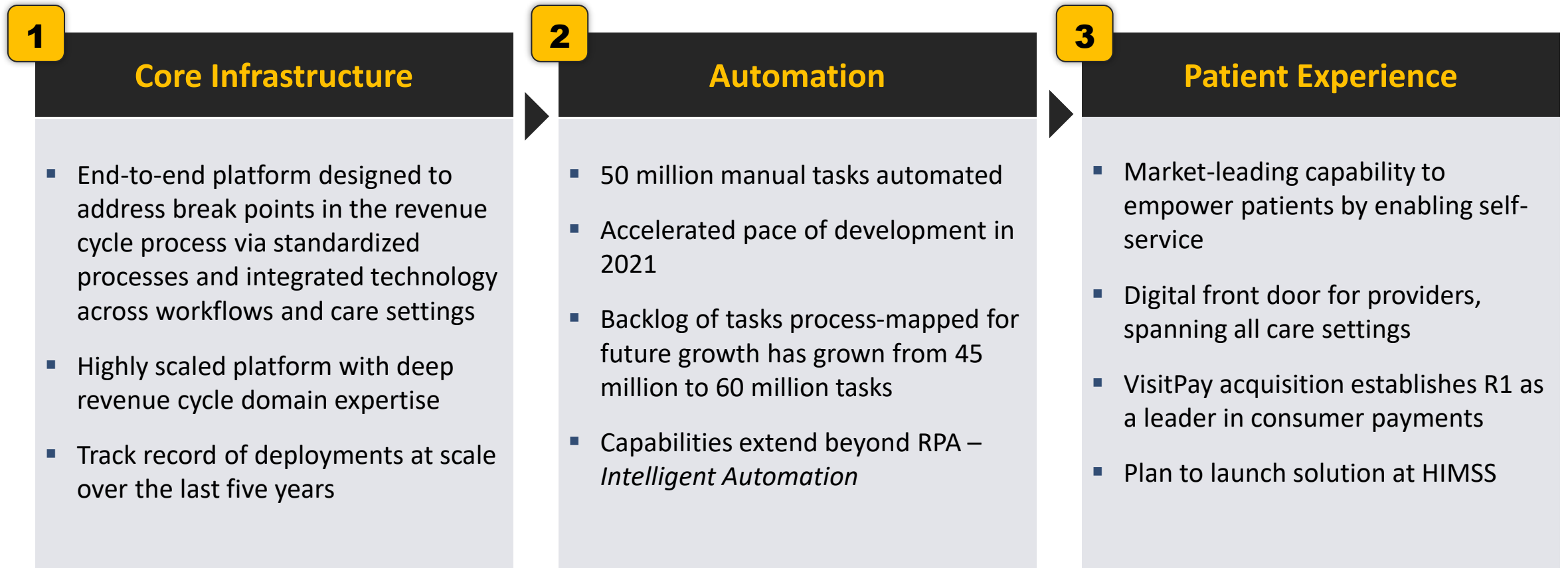
Second Quarter 2021 Results

- Revenue of \$353.4 million, up \$38.7 million or 12.3% compared to the same period last year
- GAAP net income of \$18.4 million, up \$3.3 million or 21.9% compared to the same period last year
- Adjusted EBITDA² of \$78.8 million, up \$13.5 million or 20.7% compared to the same period last year

Updated 2021 Guidance

	Prior Guidance	Updated Guidance ¹	Change at Midpoint
Revenue	\$1,410 – 1,460M	\$1,460 – 1,480M	+\$35M
Adjusted EBITDA ²	\$315 – 330M	\$330 – 340M	+\$12.5M

Technology Investments Driving Significant Differentiation



Automation and Patient Experience Present an Opportunity to Transform Our Industry

Q2 Commercial Update

Commercial Update

- End-to-end pipeline continues to grow with a healthy progression of activities leading up to contracting
- Value proposition is resonating well and prospective customers increasingly recognize superior outcomes we can deliver via our experience and technology
- High degree of conviction in signing \$4 billion in new end-to-end NPR under management in 2021 given progression of pipeline

Mednax

- Added Mednax as a \$1.5B NPR operating partner customer
- Onboarding activities commenced immediately after contract announcement

LifePoint Update

- Commenced onboarding of Phase 3 in July 2021
- Remain on track to complete all onboarding activities by mid-2022

2Q'21 Non-GAAP Results – Q/Q and Y/Y Comparison

(\$ in millions)	2Q'21	1Q'21	2Q'20	Key Change Driver(s)
Revenue	\$353.4	\$342.6	\$314.7	<ul style="list-style-type: none"> Q/Q: Higher incentive fees, growth from SCI, and recovery in physician advisory services Y/Y: Higher incentive fees
Adjusted Cost of Services¹	\$254.5	\$242.8	\$229.8	<ul style="list-style-type: none"> Q/Q: Costs associated with onboarding LifePoint Y/Y: Costs associated with RevWorks and onboarding LifePoint, partially offset by efficiencies from automation and digitization
Adjusted SG&A expense¹	\$20.1	\$19.4	\$19.6	<ul style="list-style-type: none"> Q/Q and Y/Y: Travel and support costs related to customer contracting activities
Adjusted EBITDA¹	\$78.8	\$80.4	\$65.3	<ul style="list-style-type: none"> Q/Q: Higher costs associated with onboarding LifePoint, partially offset by higher incentive fees Y/Y: Higher incentive fees and lower costs due to automation efforts

Appendix

Reconciliation of GAAP to Non-GAAP Financials

Use of Non-GAAP Financial Measures

- In order to provide a more comprehensive understanding of the information used by R1's management team in financial and operational decision making, the Company supplements its GAAP consolidated financial statements with certain non-GAAP financial performance measures, including adjusted EBITDA, adjusted cost of services, adjusted SG&A expense and net debt. Adjusted EBITDA is defined as GAAP net income before net interest income/expense, income tax provision/benefit, depreciation and amortization expense, share-based compensation expense, strategic initiatives costs, and certain other items. Adjusted cost of services is defined as GAAP cost of services before share-based compensation expense and depreciation and amortization expense. Adjusted SG&A expense is defined as GAAP SG&A expense before share-based compensation expense and depreciation and amortization expense. Net debt is defined as total debt less cash and cash equivalents, and restricted cash.
- Our board of directors and management team use adjusted EBITDA as (i) one of the primary methods for planning and forecasting overall expectations and for evaluating actual results against such expectations and (ii) a performance evaluation metric in determining achievement of certain executive incentive compensation programs, as well as for incentive compensation programs for employees.
- A reconciliation of GAAP net income to non-GAAP adjusted EBITDA, GAAP cost of services to non-GAAP cost of services, GAAP SG&A expense to non-GAAP SG&A expense and total debt to net debt is provided on the following slides. Adjusted EBITDA, adjusted cost of services, adjusted SG&A expense and net debt should be considered in addition to, but not as a substitute for, the information presented in accordance with GAAP.

Reconciliation of GAAP to Non-GAAP Financials

\$ in millions

Reconciliation of GAAP Net Income to Non-GAAP Adjusted EBITDA

	Three Months Ended June 30,		Three Months Ended
	2021	2020	March 31, 2021
Net income	\$ 18.4	\$ 15.1	\$ 25.8
Net interest expense	3.4	4.8	3.9
Income tax provision	5.8	5.2	7.1
Depreciation and amortization expense	17.6	17.9	17.9
Share-based compensation expense	23.8	4.3	12.7
Other expenses	9.8	18.0	13.0
Adjusted EBITDA (non-GAAP)	\$ 78.8	\$ 65.3	\$ 80.4

Reconciliation of GAAP Cost of Services to Non-GAAP Cost of Services

	Three Months Ended June 30,		Three Months Ended
	2021	2020	March 31, 2021
Cost of services	\$ 287.0	\$ 248.3	\$ 267.2
Less:			
Share-based compensation expense	15.7	1.5	7.3
Depreciation and amortization expense	16.8	17.0	17.1
Non-GAAP cost of services	\$ 254.5	\$ 229.8	\$ 242.8

Reconciliation of GAAP SG&A to Non-GAAP SG&A

	Three Months Ended June 30,		Three Months Ended
	2021	2020	March 31, 2021
Selling, general and administrative	\$ 29.0	\$ 23.3	\$ 25.6
Less:			
Share-based compensation expense	8.1	2.8	5.4
Depreciation and amortization expense	0.8	0.9	0.8
Non-GAAP selling, general and administrative	\$ 20.1	\$ 19.6	\$ 19.4

Reconciliation of GAAP to Non-GAAP Financials

\$ in millions

Reconciliation of GAAP Operating Income Guidance to Non-GAAP Adjusted EBITDA Guidance

	2021
GAAP Operating Income Guidance	\$135-145
Plus:	
Depreciation and amortization expense	\$75-85
Share-based compensation expense	\$75-85
Strategic initiatives, severance and other costs	\$40-50
Adjusted EBITDA Guidance	\$330-340

Reconciliation of Total Debt to Net Debt

	June 30, 2021	December 31, 2020
Senior Revolver	\$ 70.0	\$ 70.0
Senior Term Loan	471.7	484.6
Total debt	541.7	554.6
Less:		
Cash and cash equivalents	164.9	173.8
Non-current portion of restricted cash equivalents	0.5	1.0
Net Debt	\$ 376.3	\$ 379.8