Forward-Looking Statements and Non-GAAP Financial Measures

This presentation includes information that may constitute “forward-looking statements,” made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements relate to future, not past, events and often address our expected future growth, plans and performance or forecasts. These forward-looking statements are often identified by the use of words such as “anticipate,” “believe,” “designed,” “estimate,” “expect,” “forecast,” “intend,” “may,” “plan,” “predict,” “project,” “target,” “will,” or “would,” and similar expressions or variations, although not all forward-looking statements contain these identifying words. Such forward-looking statements are based on management’s current expectations about future events as of the date hereof and involve many risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in our forward-looking statements. Subsequent events and developments, including actual results or changes in our assumptions, may cause our views to change. We do not undertake to update our forward-looking statements except to the extent required by applicable law. Readers are cautioned not to place undue reliance on such forward-looking statements.

All forward-looking statements included herein are expressly qualified in their entirety by these cautionary statements. Our actual results and outcomes could differ materially from those included in these forward-looking statements as a result of various factors, including, but not limited to, our ability to integrate the Intermedix business as planned and to realize the expected benefits from the acquisition, our ability to successfully deliver on our commitments to Intermountain and Ascension, our ability to deploy new business and implement new technologies as planned, fluctuations in our results of operations and cash flows, and the factors discussed under the heading “Risk Factors” in our most recent Annual Report on Form 10-K and any other periodic reports that the Company files with the Securities and Exchange Commission.

This presentation includes the following non-GAAP financial measure: Adjusted EBITDA (on a historical and projected basis). Please refer to the Appendix located at the end of this presentation for a reconciliation of the non-GAAP financial measures to the most directly comparable GAAP financial measure.
R1 Investment Highlights

Leading end-to-end revenue cycle platform with highly compelling financial model

- **Differntiatiated Value Proposition**
- **Large Underpenetrated Market**
- **High Recurring Revenue and Adj. EBITDA**
- **Strong Growth Trajectory**

**Operating Model**
- Robust and Proven

**Average Quarterly Revenue Growth since 2016**
- From $57M in 2018

**$235-260M 2020 Adj. EBITDA Outlook**
- From $57M in 2018

**$100B Acute and Physician RCM Market**
We Drive Financial Improvement and a Better Patient Experience for Integrated Health Systems

NEED
Growing pressure to run revenue cycle more efficiently

VALUE ADD
We plug into health providers’ existing IT systems

RESULT
Lower costs, faster collections and higher revenue

OPERATING MODEL
+ Proprietary Technology
+ Experienced Talent
+ Analytics
+ Global Shared Services
+ Demonstrated Results
Comprehensive Revenue Cycle Capabilities for Healthcare Providers

We Transform Revenue Cycle Performance Across Care Settings and Payment Models
Demonstrated Revenue Momentum

Quarterly Revenue – $Millions

- Q1'17: $87
- Q2'17: $99
- Q3'17: $123
- Q4'17: $140
- Q1'18: $147
- Q2'18: $208
- Q3'18: $250
- Q4'18: $263
# Financial Outlook

### Expected 2019 EBITDA Improvement of ~$100M Positions us well for 2020

<table>
<thead>
<tr>
<th></th>
<th>2019</th>
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<tbody>
<tr>
<td><strong>Revenue</strong></td>
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<thead>
<tr>
<th></th>
<th>Contracted</th>
<th>Growth&lt;sup&gt;1&lt;/sup&gt;</th>
<th>Contracted</th>
<th>Growth&lt;sup&gt;1&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>1,150 – 1,200</td>
<td>1,200 – 1,250</td>
<td>1,250 – 1,300</td>
<td>1,300 – 1,400</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA</strong></td>
<td>155 – 165</td>
<td>145 – 155</td>
<td>245 – 260</td>
<td>235 – 245</td>
</tr>
</tbody>
</table>

Note: Adjusted EBITDA is a non-GAAP measure, please refer to the Appendix for a reconciliation of non-GAAP financial measures.

Note<sup>1</sup>: Growth scenario assumes addition of new $3B NPR Operating Partner contract in mid-2019.
Investment Highlights

1. Large, Underpenetrated Market
2. Differentiated Value Proposition
3. Multiple Growth & Profit Drivers

R1 Investment Thesis
Market Dynamics Play to Our Strengths

Hospital Market Dynamics
- Financial pressures
- Increasing complexity
- Industry consolidation
- Capital constraints
- Consumer demands

Implication for Hospitals
- Sub-optimal collections rate
- Weakening margins
- Infrastructure not delivering scale advantages
- Falling behind in technology
- Transform from a wholesale to retail mindset

Need for Sustainable Solutions

Best value proposition
Large, Growing and Underpenetrated Market

$100B Market for RCM Services\(^1\)

External Spend

External RCM Spend Growing Steadily\(^2\)...  

...R1 Revenue Expected to Grow Faster

$30B

Target Market

25% Projected CAGR from 2018 to 2020

R1 Contracted Business Yields Growth 2x Market...  

Market Dynamics Support Strong Incremental Growth

$70B Internal Spend  

$30B External Spend

$100B Total TAM

$60B Acute-Care

$40B Physician

Note\(^1\): CMS NHE Projections and R1 estimates.  
Note\(^2\): Research and Markets Global Forecast to 2022, published January 2018.
Investment Highlights

1. Large, Underpenetrated Market
2. Differentiated Value Proposition
3. Multiple Growth & Profit Drivers
Comprehensive Approach to Transform Revenue Cycle

Improved Healthcare Provider Economics

- 5% increase in net revenue
- 20% reduction in A/R days
- 30% reduction in cost to collect
Broad Portfolio of Technology Tools

**PATIENT ACCESS & EXPERIENCE**
- Online Pre-Pay
- Scheduling
- Digital Onboarding
- Digital Check-In
- Pop Segmentation & Scoring

**YIELD & DENIAL MITIGATION**
- Claim Status Auth.
- Automated Denial Triage
- Integrated Bill Pay (360°)
- Level of Care Defect Detection

**ANALYTICS**
- Exception-Based Work Flow
- Actionable Analytics
- Retro Auth.
- Dimensional Visibility
- Coded Work Flow
- MD Peer To Peer Review
- Timely Filing Automation

**AUTOMATION**
- Alerts & Automated Messaging
- Robotic Process Automation (RPA)
- Natural Language Processing (NLP)
- Omni Channel
- Digital Self-Service
- Cognitive/Machine Learning

**R1 Technology Tool Suite**

<table>
<thead>
<tr>
<th>Patient Access &amp; Experience</th>
<th>Yield &amp; Denial Mitigation</th>
<th>Analytics</th>
<th>Automation</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>R1</strong> PATIENT EXPERIENCE</td>
<td><strong>R1</strong> CONTACT</td>
<td><strong>R1</strong> ANALYTICS</td>
<td><strong>R1</strong> AUTOMATE</td>
</tr>
<tr>
<td><strong>R1</strong> LINK</td>
<td><strong>R1</strong> PHYSICIAN ADVISOR</td>
<td></td>
<td><strong>R1</strong> PROVIDER AWARENESS</td>
</tr>
<tr>
<td><strong>R1</strong> ACCESS</td>
<td><strong>R1</strong> DECISION</td>
<td></td>
<td>Foundational</td>
</tr>
</tbody>
</table>
Ability to Scale is a Key Differentiator

Scaling Successfully is a Function of Several Key Variables

- **Proven Operating Systems**
  - Defined operating model and deployed across sites

- **Strong Talent**
  - Ownership and talent development

- **Reliable, Scalable Infrastructure**
  - Ability to support higher volumes

- **Effective Capacity Planning**
  - Planning & data-driven standards for utilization

R1 has Proven the Ability to Scale Rapidly and Successfully

- **16,000 FTE**
  - Employees Feb 2019
  - +6,000 YOY

- **Ascension**
  - Performance head of Plan
  - 600 Tech Installs since 2017

- **$20B NPR**
  - Net patient revenue (NPR) Onboarded to Operating Partner Model since 2016
Scalable Infrastructure, Broadest RCM Capabilities

Scalability vs. Revenue Cycle Capabilities

- High Scalability: Niche Competitors
- Low Scalability: Single-focus

- End-to-End Capabilities: Major end-to-end Competitors
- Single-focus Capabilities: Low

R1
Strong Market Recognition

Source: Based on Dec 31, 2018 KLAS data.

Average for KLAS Revenue Cycle Outsourcing is 72.6
Investment Highlights

1. Large, Underpenetrated Market
2. Differentiated Value Proposition
3. Multiple Growth & Profit Drivers

R1 Investment Thesis
Multi-faceted Approach to Growth

- Contracted Business Rollout: Provides visibility to EBITDA growth beyond 2020
- New Business Wins: Convert end-to-end pipeline, Ramp-up modular channel, Cross-sell into PAS base
- Expansion of Capabilities: Selectively pursue acquisitions and fund internal initiatives
- Productivity Enhancements: Margin expansion through scaling benefits and automation

Creates Strong Confidence in Long-term Growth Potential
Our 2019 Focus

- Drive Margin Expansion on Contracted Business
- Execute Digital Transformation
- Launch Physician Group Solution for IDNs
- Convert Pipeline to Growth
Contracted Business Drives Margin Expansion

Operating Partner Customers
Deployment Schedule and Margin Progression

- Presence, AMITA and Ascension Medical Group ($6B NPR)
- Intermountain ($5B NPR)
- Ascension Phase-2 and Wisconsin ($5B NPR)
- Ascension Phase-1 ($3B NPR)

Year 1: Onboarding phase
Year 2: Margin-ramp phase
Year 3+: Steady-state phase

$16B Of NPR Still In Margin-Ramp Phase Exiting 2019
Digital Transformation

1. Significant Opportunity
   - Highly manual costs
     - Labor ~80% of cost
     - 15K FTEs and growing
   - Repetitive processes that lend themselves to automation
   - Meaningful ROI
     - Cost reduction
     - Higher yield & cash

2. Proven Technology is Ready to Scale
   - Digital self-service
     - Patient experience (PX) in deployment
   - Robotic Process Automation (RPA)
     - 100+ Bots in production
     - 4 major processes fully through blueprinting
   - Predictive Intelligence & Cognitive Machine Learning

3. Holistic Transformation Approach
   - Established strategic relationships with world-class partners:
     - Business process consulting
     - Automation Anywhere
   - Created dedicated Digital Transformation Office:
     - Dedicated top talent
     - Financial oversight

Control of Process Drives Confidence in Delivering ROI
Automation Example: Medicaid Eligibility

**Historical: All Manual Processing**

**Manual Steps to Secure Approval for Medicaid Benefits:**
1. Account posted on worklist based on R1 rules
2. Visit Medicaid website and searches for patient
3. Read eligibility & application status
4. Document status
5. Take appropriate action based on the status

**Process Occurs ~250,000 Times Annually at R1**

**Current State: Automated Robotic Process Enabled**

**Current Automated Approach:**
1. Account is digitally queued for Bot based on custom rules
2. Bot visits Medicaid website and searches for patient
3. Bot reads eligibility & application status
4. Bot documents status
5. Take appropriate action based on the status

**Bots Process Work of 30+ FTEs 24x7**
Extrapolating Across our Footprint

Currently blueprinting first 4 of 13 core revenue cycle functions for automation future state which represent...

- 30 – 40M manual touches per year
- 3,000 – 3,500 FTEs required to manage the volume

Similar Automations to Medicaid Eligibility example expected to drive...

- 25 – 30% reduction in manual processes
- On just 4 core processes... this equates to 8 – 10M reduced manual touches annually

In addition to the 4 processes currently in blueprinting ...

- Broader R1 footprint includes additional 85 – 90M manual touches per year representing further opportunities for future phases of Digital Transformation

Building World-Class Structure to Deploy Across Enterprise
# 2019 Key Financial Priorities

1. **Margin Expansion from Onboarded Customers**

2. **Ensure Digital Transformation Drives Financial ROI**

3. **Capital Structure Improvement**
Margin Expansion from Contracted Business

Expected Adjusted EBITDA\(^1\) %

- **2018**: ~6%
  - Move work to shared services centers
  - Rationalize vendor spend

- **2020**: ~19%
  - Technology-driven productivity enhancement
  - Revenue lift from performance improvement

**Note\(^1\)**: Based on midpoints of current guidance ranges.
## Digital Transformation Drives Financial ROI

<table>
<thead>
<tr>
<th>Cost per Bot</th>
<th>Development (one time)</th>
<th>$20 – 40K</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Infrastructure / Licensing</td>
<td>$10K</td>
</tr>
<tr>
<td></td>
<td>Total Cost</td>
<td>$30 – 50K</td>
</tr>
<tr>
<td></td>
<td>Annual Savings</td>
<td>$75 – 200K</td>
</tr>
</tbody>
</table>

### RPA provides additional benefits including:

- **Increased accuracy & service quality** by avoiding human errors
- **Improved internal controls** through detailed activity logging / auditing
- **Improved employee engagement** by shifting staff to more interesting work
- **Reduced cycle time** due to 24/7 operation
- **Reduced ramp-up time** due to the elimination of need to train staff

### 3-Year ROI: 2 – 10x Range
## Capital Structure Improvement

Data as of 12/31/18

<table>
<thead>
<tr>
<th>Category</th>
<th>Description</th>
</tr>
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<tbody>
<tr>
<td><strong>Cash</strong></td>
<td>~$65 million in cash and equivalents</td>
</tr>
<tr>
<td><strong>Debt</strong></td>
<td>$270 million Term Loan B at L+5.25%</td>
</tr>
<tr>
<td></td>
<td>$110 million Subordinated Notes at 14%</td>
</tr>
<tr>
<td><strong>Common Stock</strong></td>
<td>110 million shares outstanding</td>
</tr>
<tr>
<td><strong>Convertible Preferred Stock</strong></td>
<td>• Equivalent to 98.5 million common shares as of 12/31/18</td>
</tr>
<tr>
<td></td>
<td>• 200,000 shares issued in Feb. 2016 (equivalent to 80 million common shares at issuance)</td>
</tr>
<tr>
<td></td>
<td>• 8% annual dividend payable in kind on a quarterly basis for 7 years, and cash or kind thereafter</td>
</tr>
<tr>
<td><strong>Warrants</strong></td>
<td>• Ascension/TowerBrook: Warrant to purchase 60 million common shares at $3.50 per share</td>
</tr>
<tr>
<td></td>
<td>• Intermountain Healthcare: Warrant to purchase 1.5 million common shares at $6.00 per share</td>
</tr>
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**Anticipate Paying Down Debt or Refinancing in Mid-2019**
Financial Outlook

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<th>Growth¹</th>
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Expected 2019 EBITDA Improvement of ~$100M Positions us well for 2020

Note: Adjusted EBITDA is a non-GAAP measure, please refer to the Appendix for a reconciliation of non-GAAP financial measures.
Note¹: Growth scenario assumes addition of new $3B NPR Operating Partner contract in mid-2019
Our 2019 Focus

- Drive Margin Expansion on Contracted Business
- Execute Digital Transformation
- Launch Physician Group Solution for IDNs
- Convert Pipeline to Growth
Appendix
Illustrative Revenue and EBITDA contribution based on typical $3B NPR

- **Operating Partner**
  - Year 1: $70-80 million
  - Year 5: $30-40 million
  - EBITDA contribution: ~$12 million

- **Co-Managed**
  - Year 1: $5-15 million
  - Year 5: $30-50 million
  - EBITDA contribution: ~$2 million

- **Modular**
  - Year 1: $10-20 million
  - Year 5: $3-12 million

Legend:
- Dark blue: Revenue contribution
- Light blue: EBITDA contribution
# Financial Model for Operating Partner Model

## Illustrative Contribution from $3B NPR Customer

### Launch

**0 – 12 Months**
- Deploy transition resources
- Perform financial assessment
- Invest in infrastructure
- Implement technology

<table>
<thead>
<tr>
<th>Financial Impact – $M</th>
<th>Mid-Point of Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>75</td>
</tr>
<tr>
<td>Adj. EBITDA contribution</td>
<td>(12)</td>
</tr>
<tr>
<td>Adj. EBITDA contribution %</td>
<td>(16%)</td>
</tr>
</tbody>
</table>

### Growth

**12 – 36 Months**
- Finalize employee transitions
- Transfers to Shared Services
- Complete standardization
- Steady state org structure

<table>
<thead>
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<th>Financial Impact – $M</th>
<th>Mid-Point of Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>120</td>
</tr>
<tr>
<td>Adj. EBITDA contribution</td>
<td>17</td>
</tr>
<tr>
<td>Adj. EBITDA contribution %</td>
<td>14%</td>
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</tbody>
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### Steady State

**36+ Months**
- Continuous optimization:
  - KPI metric improvement
  - Technology advancement
  - Productivity improvement

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<td>135</td>
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<tr>
<td>Adj. EBITDA contribution</td>
<td>35</td>
</tr>
<tr>
<td>Adj. EBITDA contribution %</td>
<td>26%</td>
</tr>
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</table>

## Profitability Trends Up as Model is Fully Deployed
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 measures, which are included in this presentation on a projected basis. These include adjusted EBITDA. Our Board and management team use this non-GAAP measure 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 plans for employees.

- Adjusted EBITDA is defined as net income before net interest income (expense), income tax provision, depreciation and amortization expense, share-based compensation, transaction-related expenses, reorganization-related expenses and certain other items.

- This adjusted measure is non-GAAP and should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

Reconciliation of GAAP to non-GAAP Financials

$ in millions

<table>
<thead>
<tr>
<th></th>
<th>2018 Actual</th>
<th>2019 Guidance</th>
<th>2020 Guidance</th>
</tr>
</thead>
<tbody>
<tr>
<td>GAAP Operating Income</td>
<td>($30.4)</td>
<td>$50-80</td>
<td>$140-170</td>
</tr>
<tr>
<td>Plus:</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortization expense</td>
<td>38.8</td>
<td>$50-60</td>
<td>$50-60</td>
</tr>
<tr>
<td>Share-based compensation expense</td>
<td>18.2</td>
<td>$15-20</td>
<td>$15-20</td>
</tr>
<tr>
<td>Digital Transformation, severance and other costs</td>
<td>30.4</td>
<td>$15-20</td>
<td>$5-10</td>
</tr>
<tr>
<td><strong>Adjusted EBITDA Guidance</strong></td>
<td><strong>$57.0</strong></td>
<td><strong>$145-165</strong></td>
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