



Allscripts Healthcare Solutions

July 30, 2020

Supplemental Investor Presentation

Disclaimer

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Overview



Segment Highlights



Margin Improvement Initiatives



More Fulsome Segment Reporting Improves Visibility of Stable Core Business and Differentiated Higher Growth Opportunity Solutions

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Core Clinical and Financial Solutions

- Clinical; practice management; patient billing and patient engagement solutions
- Clients are global and include large integrated delivery networks, government agencies, community hospitals, large and small physician practices

Data, Analytics and Care Coordination

- Provider solutions to bridge traditional acute to post-acute care and manage expansion of value-based-care
- One of the leading players in extending clinical point of care solutions and clinical data to payer and life sciences markets

Unallocated

- Primarily includes EPSi financial decision analytics platform



Despite Previously-Announced Attrition Impact, Core Clinical and Financial Solutions Segment has Near-Term Momentum

Key Clients are Extending

- Northwell; PIH; Memorial Sloan Kettering; Maimonides
- >35 Paragon clients since acquisition

>\$150M of extensions in 1H20

New Sales

- U.S. State Department
- 16 new independent physician logos in 1H20
- International presence continues to grow with significant go-lives in Asia and Europe

Innovation / Partnerships

- Microsoft strategic alliance for clients who want to move to public cloud
- Working side-by-side with Northwell on next generation EHR

Industry Recognition

- Black Book first place award for 101-250 bed hospitals and 26-99 provider ambulatory practices



Data, Analytics and Care Coordination Segment Provides Multiple Streams of High Margin Growth Opportunities



Payer and life sciences

Large source of deidentified patient data and unique portfolio provides data-driven actionable insights, derived from best-in-class analytics, and integrated with point of care technology solutions



Care coordination

Increase of risk-based contracting raising the importance of care coordination between traditional health care and post-acute



Personalized medicine

Continued push of personalized medicine into mainstream clinical care boosting need to bridge between lab testing and clinical care



Payerpath – Ambulatory Claims Clearinghouse

Offers solutions for every phase of the reimbursement cycle including patient readiness, patient responsibility, claims management and practice productivity solutions

Expected to grow faster than core clinical EHR systems

Recurring revenue with high margins

EHR agnostic

Sold inside and outside the Allscripts EHR installed base

Cloud-based tech stack



Methodology for Segment Profitability Measurement

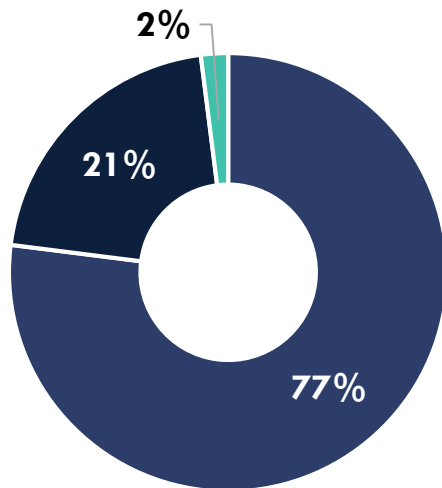
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- We begin with our consolidated Adjusted EBITDA as reported in Table 5 of our press release
- All revenue and cost of sales are directly tracked by solution and attributed directly to each segment
- Research and development spend is tracked by solution area and then attributed directly to each segment based on respective investments
- Approximately 45% of SG&A, usually in areas of sales and marketing, is directly linked to specific solutions and attributed directly
- The 55% balance of SG&A is captured in corporate cost centers and allocated based on revenue and other appropriate metrics to each respective business segment
- There are a limited number of transfer pricing allocations between the two segments and these are eliminated in the unallocated segment to tie back to consolidated results

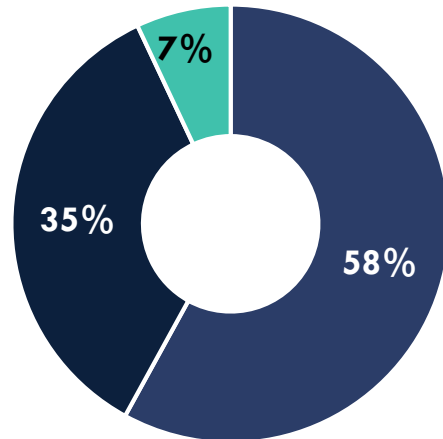


Higher Margin Data, Analytics and Care Coordination Segment Contributed 35% of LTM Consolidated Adjusted EBITDA

LTM 6/30/20 Revenue



LTM 6/30/20 Adjusted EBITDA



■ Core Clinical and Financial Solutions

■ Data, Analytics and Care Coordination

■ Unallocated

See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.



Overview



Segment Highlights

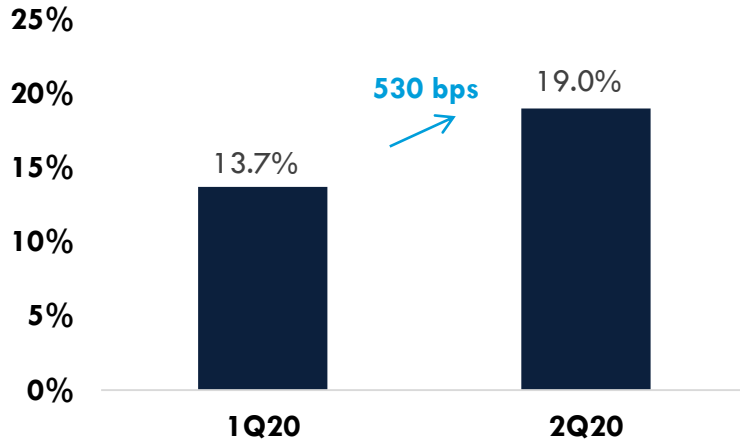


Margin Improvement Initiatives

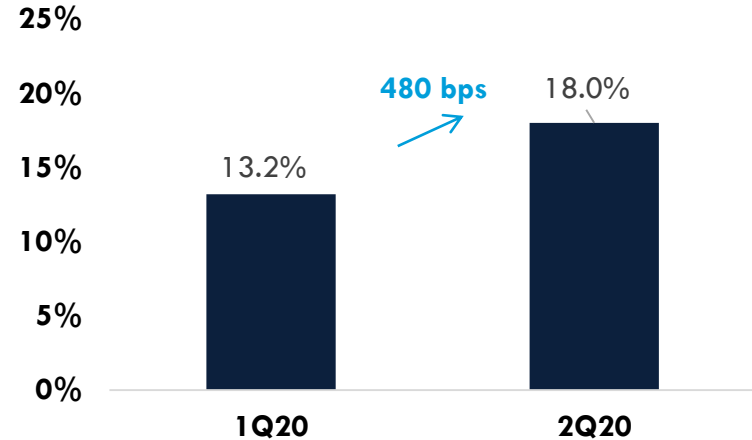


Consolidated Adjusted EBITDA Margins Improved Significantly in Second Quarter

Adjusted EBITDA Margin, As Reported



Adjusted EBITDA Margin, As Reported Excluding EPSi



See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.

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In March, we Hired Alix Partners to Help us Develop an Improvement Plan

Goal

- Set a long-term target goal of:
 - **18-20% Adjusted EBITDA margin** for the **core clinical and financial solutions** segment, and
 - **30%+ Adjusted EBITDA margin** for the **data, analytics and care coordination** segment

Initiatives

- A portfolio of structural improvements was **evaluated, quantified** and **validated by management**
 - We have **completed action on \$76M** of annualized margin uplift from these initiatives through June;
 - We have a **high level of confidence in \$25M** of additional annualized margin uplift over the next 18 months; and
 - An **additional \$70M of early-stage initiatives** identified but still need to progress further

Sustained capability

- Consistently delivering on these margin goals also requires Allscripts to **embed new capabilities** to manage customer profitability; tighter align resources/products based on market opportunity; and standardize solution offerings. **We are well on our way toward integrating these capabilities**

We Have Continued Margin Improvement Initiatives...

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COGS

- ✓ Right-size services and support teams for utilization trends and revenue run rate
- ✓ Increase vendor management and optimization of hosting costs
- ✓ Shed very low margin revenue (hardware and some 3rd party solutions)

R&D

- ✓ Restructure group to improve accountability → Higher quality and reduced rework
- ✓ Increase offshoring
- ✓ Eliminate “pet projects” with no clear ROI or purpose

SG&A

- ✓ Salesforce right-sizing across solutions
- ✓ Shrink real estate footprint
- ✓ Management delayering and increased spans of control

\$76 Million of Permanent Annualized Run Rate Savings Implemented Through June



...Which Gives us Confidence in Our Ability to Improve Margins in an Uncertain Revenue Environment

Adjusted EBITDA Margin Targets

Second Quarter 2020

By end of 2020

Long-Term Goal

Core clinical and financial solutions

15.0%

15.5%-16.0%

18%-20%

Data, analytics and care coordination

29.4%

29.5%-30.0%

30%+

Note: Assumes current asset portfolio as of June 30, 2020 in each segment.

See reconciliation of non-GAAP metrics in the appendix of this presentation and posted on the Allscripts investor relations website.

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Appendix: Non-GAAP Financial Measures

Non-GAAP Financial Measures

This presentation includes references to non-GAAP revenue, Adjusted EBITDA, and Adjusted EBITDA margin, which are considered non-GAAP financial measures under Section 101 of Regulation G under the Securities Exchange Act of 1934, as amended. Each of these measures are not considered financial measures under generally accepted accounting principles in the United States (“GAAP”). The definitions of these non-GAAP financial measures are as follows:

- Non-GAAP revenue consists of GAAP revenue, as reported, and adds back recognized deferred revenue from acquired businesses and non-material consolidated affiliates that is eliminated for GAAP purposes due to purchase accounting adjustments.
- Adjusted EBITDA is a non-GAAP measure and consists of GAAP net income/(loss), as reported, and adjusts for: acquisition-related deferred revenue adjustments; depreciation and amortization; stock-based compensation expense; restructuring and other costs; impairment charges; gain on sale of businesses, net; interest expense and other, net; equity in net earnings of unconsolidated investments; and tax provision (benefit). Adjusted EBITDA margin is a non-GAAP measure that is calculated by dividing Adjusted EBITDA by non-GAAP revenue.
- For purposes of segment reporting, the Company views operating income as the most directly comparable GAAP measure to segment Adjusted EBITDA because the Company does not reflect taxes or interest at the segment level. Adjusted EBITDA is a non-GAAP measure and consists of GAAP income from operations as reported and adjusts for: acquisition-related deferred revenue adjustments; acquisition related amortization; stock-based compensation expense; impairments; restructuring and other costs; and depreciation and amortization. Adjusted EBITDA margin consists of Adjusted EBITDA as a percentage of non-GAAP revenue in the applicable period.

Management also believes that non-GAAP measures provide useful supplemental information to management and investors regarding the underlying performance of Allscripts business operations. Acquisition accounting adjustments and restructuring and other costs made in accordance with GAAP can make it difficult to make meaningful comparisons of the underlying operations of the business without considering the non-GAAP adjustments provided and discussed herein. Management also uses this information internally for forecasting and budgeting, as it believes that these measures are indicative of core operating results. In addition, management may use non-GAAP measures to measure achievement under Allscripts stock and cash incentive compensation plans. Note, however, that non-GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin are performance measures only, and they do not provide any measure of cash flow or liquidity. Non-GAAP financial measures are not in accordance with, or an alternative for, measures of financial performance prepared in accordance with GAAP and may be different from non-GAAP measures used by other companies. Non-GAAP measures have limitations in that they do not reflect all of the amounts associated with Allscripts results of operations as determined in accordance with GAAP. Investors and potential investors are encouraged to review the definitions and reconciliations of non-GAAP financial measures with GAAP financial measures contained in the Appendix to this presentation. For the purpose of providing financial guidance, the company does not reconcile non-GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin guidance to the corresponding GAAP financial measures. Allscripts does not provide guidance for the various reconciling items since certain items that impact GAAP revenue, Adjusted EBITDA and Adjusted EBITDA margin are either outside of its control and/or cannot be reasonably predicted. These are available on Allscripts investor relations website (<http://investor.allscripts.com>).



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.

Non-GAAP Financial Information - Adjusted EBITDA

(In millions, except percentages)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2020	2019	2020	2019
Net income (loss), as reported	(\$7.5)	(\$149.9)	(\$27.9)	(\$157.9)
Plus:				
Interest expense and other, net (a)	6.4	6.4	12.2	12.1
Depreciation and amortization	52.4	50.5	104.5	100.6
Equity in net (income) loss of unconsolidated investments	(16.8)	(0.3)	(17.0)	(0.2)
Tax provision/(benefit)	6.8	(0.5)	6.5	1.4
EBITDA	\$41.3	(\$93.8)	\$78.3	(\$44.0)
Plus:				
Acquisition-related deferred revenue adjustments	0.0	0.5	0.0	1.1
Stock-based compensation expense	7.6	11.2	18.7	24.0
Restructuring and other	27.6	153.7	36.7	163.4
Impairments (recovery)	0.6	3.7	0.6	2.8
Adjusted EBITDA	\$77.1	\$75.3	\$134.3	\$147.3
<i>Adjusted EBITDA margin (b)</i>	<i>19.0%</i>	<i>16.9%</i>	<i>16.3%</i>	<i>16.8%</i>

(a) Interest expense and other, net has been adjusted from the amounts presented in the statements of operations in order to remove the amortization of the fair value of the cash conversion option embedded in the 1.25% and .875% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

(b) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by non-GAAP revenue.



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.

Non-GAAP Financial Information - Adjusted EBITDA

(In millions, except percentages)

(Unaudited)

	Three Months Ended March 31,	
	2020	2019
Net income (loss), as reported	(\$20.4)	(\$8.0)
Plus:		
Interest expense and other, net (a)	5.8	5.7
Depreciation and amortization	52.1	50.1
Equity in net (income) loss of unconsolidated investments	(0.2)	0.1
Tax provision/(benefit)	(0.3)	1.9
EBITDA	\$37.0	\$49.8
Plus:		
Acquisition-related deferred revenue adjustments	0.0	0.6
Stock-based compensation expense	11.1	12.8
Restructuring and other	9.1	9.7
Impairments	0.0	0.1
(Recovery) impairment on long-term investments	0.0	(1.0)
Adjusted EBITDA	\$57.2	\$72.0
 <i>Adjusted EBITDA margin (b)</i>	 <i>13.7%</i>	 <i>16.6%</i>

(a) Interest expense and other, net has been adjusted from the amounts presented in the statements of operations in order to remove the amortization of the fair value of the cash conversion option embedded in the 1.25% and .875% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

(b) Adjusted EBITDA margin is calculated by dividing adjusted EBITDA by non-GAAP revenue.



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc. Non-GAAP Financial Information

(In millions)
(unaudited)

Core Clinical & Financial Solutions Segment

Revenue, GAAP

Acquisition-related deferred revenue adjustments

Non-GAAP Revenue

Gross profit, GAAP

Acquisition-related deferred revenue adjustments

Acquisition-related amortization

Stock-based compensation expense

Restructuring and other

Non-GAAP Gross profit

Income (loss) from operations, GAAP

Acquisition-related deferred revenue adjustments

Acquisition-related amortization

Stock-based compensation expense

Impairments

Restructuring and other

Non-GAAP Income (loss) from operations

Depreciation and amortization

Adjusted EBITDA

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Revenue, GAAP	340.4	347.8	343.0	345.9	1,377.1	320.3	311.1	631.4
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Non-GAAP Revenue	340.7	348.1	343.2	346.1	1,378.1	320.3	311.1	631.4
Gross profit, GAAP	120.2	122.3	115.4	115.1	473.0	100.4	108.5	208.9
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	7.6	7.5	7.6	7.5	30.2	7.1	6.9	14.0
Stock-based compensation expense	1.5	1.6	1.1	1.5	5.7	1.5	1.0	2.5
Restructuring and other	0.9	0.9	4.4	0.4	6.6	3.5	(1.3)	2.2
Non-GAAP Gross profit	130.5	132.6	128.7	124.7	516.5	112.5	115.1	227.6
Income (loss) from operations, GAAP	(5.5)	(11.7)	(9.5)	(53.8)	(80.5)	(20.7)	(16.1)	(36.8)
Acquisition-related deferred revenue adjustments	0.3	0.3	0.2	0.2	1.0	0.0	0.0	0.0
Acquisition-related amortization	13.2	13.2	13.2	13.3	52.9	12.6	12.2	24.8
Stock-based compensation expense	9.5	8.3	6.3	7.6	31.7	8.4	5.5	13.9
Impairments	0.1	2.8	0.1	32.8	35.8	0.0	0.0	0.0
Restructuring and other	5.7	6.6	10.9	15.1	38.3	7.5	20.0	27.5
Non-GAAP Income (loss) from operations	23.3	19.5	21.2	15.2	79.2	7.8	21.6	29.4
Depreciation and amortization	24.6	24.8	23.8	23.8	97.0	24.0	25.0	49.0
Adjusted EBITDA	47.9	44.3	45.0	39.0	176.2	31.8	46.6	78.4



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.
Non-GAAP Financial Information
(In millions)
(unaudited)

Data, Analytics & Care Coordination Segment

Revenue, GAAP

Acquisition-related deferred revenue adjustments

Non-GAAP Revenue

Gross profit, GAAP

Acquisition-related deferred revenue adjustments

Acquisition-related amortization

Stock-based compensation expense

Restructuring and other

Non-GAAP Gross profit

Income (loss) from operations, GAAP

Acquisition-related deferred revenue adjustments

Acquisition-related amortization

Stock-based compensation expense

Impairments

Restructuring and other

Non-GAAP Income (loss) from operations

Depreciation and amortization

Adjusted EBITDA

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Revenue, GAAP	82.4	88.0	91.3	93.7	355.4	88.4	85.1	173.5
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Non-GAAP Revenue	82.7	88.2	91.5	94.0	356.4	88.4	85.1	173.5
Gross profit, GAAP	47.7	55.7	53.4	57.5	214.3	51.7	49.0	100.7
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	1.4	1.5	1.6	1.8	6.3	1.5	1.6	3.1
Stock-based compensation expense	0.1	0.2	0.0	0.1	0.4	0.2	0.1	0.3
Restructuring and other	0.3	0.1	1.6	0.0	2.0	0.6	0.2	0.8
Non-GAAP Gross profit	49.8	57.7	56.8	59.7	224.0	54.0	50.9	104.9
Income (loss) from operations, GAAP	4.3	12.5	9.6	14.1	40.5	9.6	7.3	16.9
Acquisition-related deferred revenue adjustments	0.3	0.2	0.2	0.3	1.0	0.0	0.0	0.0
Acquisition-related amortization	2.6	2.5	2.9	2.8	10.8	2.7	2.6	5.3
Stock-based compensation expense	3.3	2.9	2.2	2.5	10.9	2.7	2.1	4.8
Impairments	0.0	0.9	0.1	(0.3)	0.7	0.0	0.0	0.0
Restructuring and other	4.0	2.4	4.8	4.6	15.8	1.6	7.6	9.2
Non-GAAP Income (loss) from operations	14.5	21.4	19.8	24.0	79.7	16.6	19.6	36.2
Depreciation and amortization	4.4	4.6	4.5	4.7	18.2	5.3	5.4	10.7
Adjusted EBITDA	18.9	26.0	24.3	28.7	97.9	21.9	25.0	46.9



Non-GAAP Reconciliations

Allscripts Healthcare Solutions, Inc.

Non-GAAP Financial Information

(In millions)

(unaudited)

Unallocated

Revenue, as reported

Non-GAAP Revenue

Gross Profit, as reported

Non-GAAP Gross Profit

Income (loss) from operations, GAAP

Non-GAAP Income (loss) from operations

Depreciation and amortization

Adjusted EBITDA

	2019					2020		
	Q1	Q2	Q3	Q4	Total	Q1	Q2	Total
Revenue, as reported	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Non-GAAP Revenue	9.2	8.7	9.9	11.4	39.2	8.0	10.0	18.0
Gross Profit, as reported	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Non-GAAP Gross Profit	6.2	6.1	6.5	7.5	26.3	4.9	6.9	11.8
Income (loss) from operations, GAAP	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Non-GAAP Income (loss) from operations	3.9	3.9	3.1	4.7	15.6	1.9	4.1	6.0
Depreciation and amortization	1.3	1.1	1.6	1.4	5.4	1.6	1.3	2.9
Adjusted EBITDA	5.2	5.0	4.7	6.1	21.0	3.5	5.5	9.0

