



CreditRiskMonitor's assessment of Quorum Health Corporation's ("QHC") "high risk" status has been determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's proprietary FRISK® score has Quorum Health Corporation (NYSE: QHC) at a **1**, the highest probability of bankruptcy in the next 12 months.

Business Name	2018	2018	2018	2018	2018	2018	2018	2018	2018	2019	2019	2019	2019	2019
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	
Quorum Health Corporation	3	3	3	3	3	2	3	2	1	1	1	1	1	

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

Probability of bankruptcy within 12 months			
FRISK®	From	To	
Best	10	0.00%	0.12%
	9	0.12%	0.27%
	8	0.27%	0.34%
	7	0.34%	0.55%
	6	0.55%	0.87%
	5	0.87%	1.40%
	4	1.40%	2.10%
	3	2.10%	4.00%
	2	4.00%	9.99%
Worst	1	9.99%	50.00%

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. **A FRISK® score of 5 or less is an important warning sign.**

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody's, Fitch, DBRS, & Morningstar

Crowdsourced CreditRiskMonitor Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Quorum Health Corporation

1573 Mallory Ln

Phone: (615) 221-1400

BRENTWOOD, TN 37027-2895 United States

Ticker: **QHC**

Latest Financial Statements as of 12/31/2018

Business Summary

Quorum Health Corporation is an operator and manager of general acute care hospitals and outpatient services in the United States. The Company operates in two segments: Hospital operations, which includes its general acute care hospitals and related healthcare entities that provide inpatient and outpatient healthcare services, and hospital management advisory and consulting services, which includes Quorum Health Resources, LLC (QHR). It operates QHR, which is a hospital management advisory and consulting services that provides services to non-affiliated general acute care hospitals. Its hospitals and its affiliated businesses offer services, such as general acute care, emergency room, general and specialty surgery and rehabilitation services.

Employees: 8,600 (as of 12/31/2018)

Incorporated: 7/27/2015

Federal Tax Id: 474725208

Credit Score History

[Why are these scores different?](#)

Auditor Information

Score/ Index	2018						2019						
	M	J	J	A	S	O	N	D	J	F	M	A	M
FRISK® Score*	3	3	3	3	3	2	3	2	1	1	1	1	1
DBT Index	8	8	8	8	8	9	8	8	9	8	9	DBT	DBT
Z"-Score	-0.45		-0.71			-1.05		-0.99	Z"	Z"			

Last Audit: 12/31/2018

Auditors: Deloitte & Touche LLP

Opinion: **Unqualified**

*FRISK® Scores are month-end

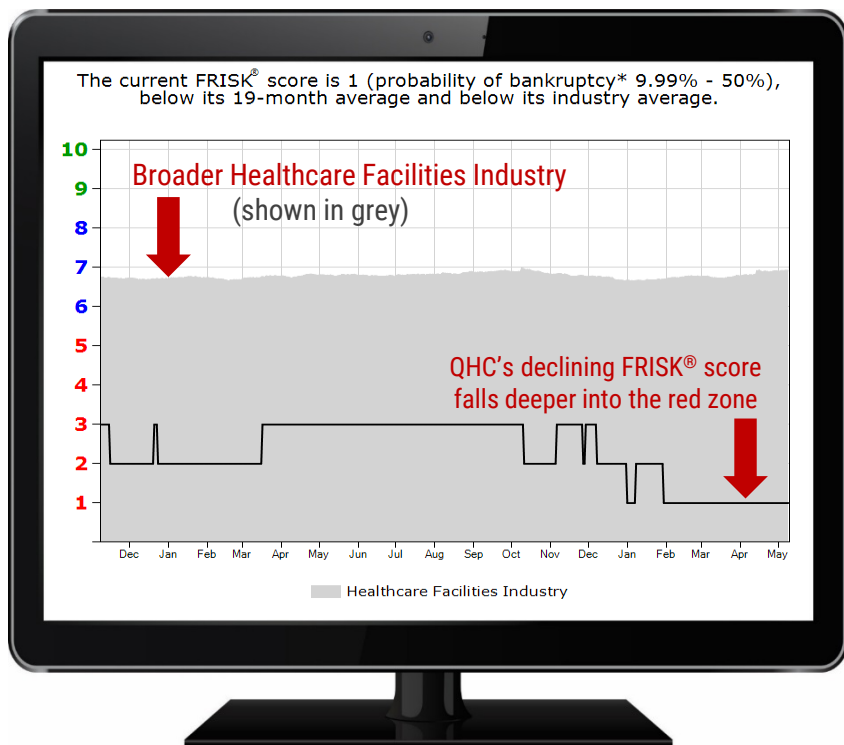
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating
Moody's	B3	Stable	SGL-3

The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, which is very similar to D&B's PAYDEX® score, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Healthcare Facilities industry raises an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

ADJUSTED MARKET CAP VOLATILITY



One of the inputs of the FRISK® score is a company's market cap volatility, adjusted for dividends, over the course of a year. Incorporating this information allows us to capture the "wisdom of markets" on a daily basis. This ensures our subscribers are getting the most up to date view of the risks they face since stocks tend to be more liquid and faster moving than bond prices and ratings.

FRISK® STRESS INDEX

#	Business Name	Country	FRISK® score
1	Community Health Systems	United States	1
2	Quorum Health Corporation	United States	1
3	Nobilis Health Corp (USA)	United States	2
4	Surgery Partners Inc	United States	2
5	Tenet Healthcare Corp	United States	2
6	Dom Lekarski SA	Poland	3
7	Westchester County Health Care Corporation	United States	3
8	Yihua Healthcare Co Ltd	China	3
9	Avita Health System	United States	4
10	Eifelhoehen Klinik AG	Germany	4

FRISK® Stress Index - SIC classification: General medical and surgical hospitals

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses CLEAR

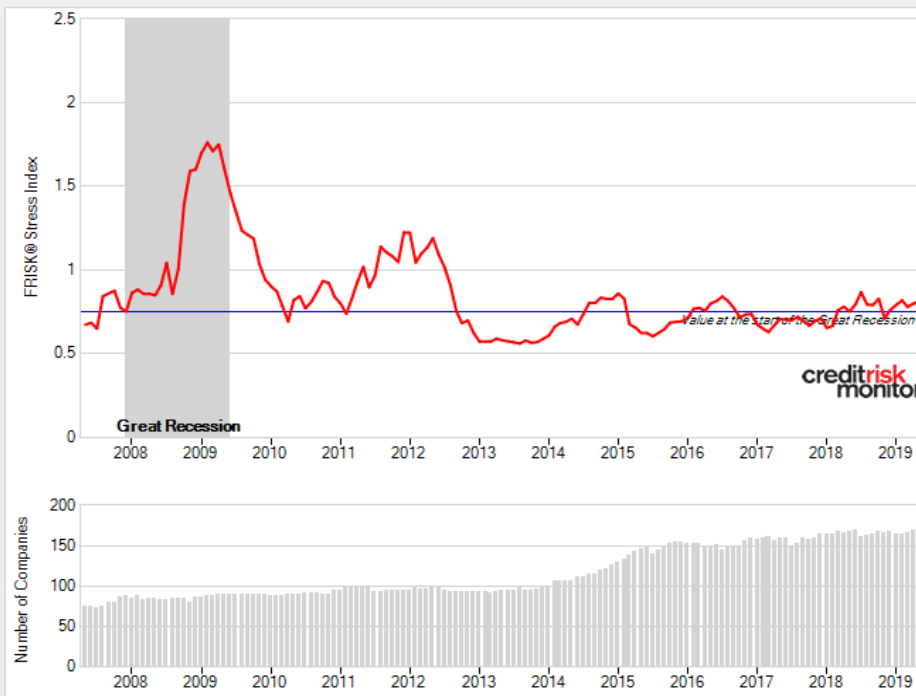
In Industry: SIC 8062: General medical and surgical hospitals

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months 237



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 8062 (General medical and surgical hospitals) reflects an industry with low risk. But, Quorum Health Corporation has continued to struggle, as evidenced by its fall to a FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Quorum Health Corporation demonstrates bottom quartile ranking in key financial ratios (shown in red) vs. its industry peers.

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers.

Peer Analysis

Calendar Year/Quarter: 2018.4

Peer Group: SIC 8062: General medical and surgical hospitals

REFRESH

[SIC: 8062] [Calendar Year/Quarter: 2018.4]

Businesses in Peer Group: 3395	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
ZScore	138	149	-0.99	-19.04	2.68	15.76
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	12	19	458,630	433	464,693	12,274,000
Gross Margin % Of Sales	5	163	8			
Gross Margin % Of Sales -- TTM	4	165	8			
SG&A % Of Sales	149	163	6			
SG&A % Of Sales -- TTM	151	164	6			
Operating Margin % Of Sales	125	171				
Operating Margin % Of Sales TTM	155	172				
EBITDA Margin Of Sales	96	117				
EBITDA Margin Of Sales -- TTM	125	133				
Net Profit Margin % Of Sales	147	171				
Net Profit Margin % Of Sales - TTM	158	172				
Pre-tax Income % Of Sales	150	171				
Effective Tax Rate	23	168	-4.27	-1,867.31	7.71	598.41
Depreciation % Of Prop/Plant/Equipment	112	160	11.35	0.67	8.22	104.76
Capital Expense % Of Prop/Plant/Equipment	44	145	8.61	0.27	15.82	125.36
Interest Coverage	86	104	0.89	-45.97	5.71	81,090.77
Interest Coverage -- TTM	110	117	-0.02	-22.28	7.74	69,724.07
Liquidity ratios:						
Cash Ratio	146	151				
Quick Ratio	67	147				
Current Ratio	53	151				
Efficiency ratios:						
Accounts Receivable Turnover	112	164				
Days Sales Outstanding	120	171	6			
% of Inventory Financed by Vendors	40	117	31			
% of Inventory Financed by Vendors -- TTM	45	128	31			
Inventory Turnover	129	160				
Inventory Turnover TTM	132	160				
Days Sales in Inventory	129	156	79.70	1.86	24.49	29,251.43
Inventory to Working Capital	58	145	0.27	-11.46	0.12	39.12
Accounts Payable Turnover	119	133	1.46	0.00	6.86	56.77
Accounts Payable Turnover -- TTM	124	136	1.37	0.00	6.80	61.91
Leverage & debt coverage:						
Total Debt to Equity Ratio	N/A	142	N/A	0.00	0.47	21.58
Debt to Tangible Equity Ratio	N/A	126	N/A	0.00	0.52	170.98
Total Debt to Assets Ratio	143	147	0.76	0.00	0.25	1.10
Short-Term Debt % of Total Debt	4	139	0.14	0.00	29.04	100.00
Short-Term Debt % of Working Capital	9	136	1.00	-1,304.04	14.18	23,402.95
Liabilities to Net Worth Ratio	N/A	139	N/A	0.07	0.98	253.53
Total Liabilities to Equity Ratio	N/A	155	N/A	0.07	0.90	31.62
TTM EBITDA Over Total Debt	112	119	0.00	-7.50	0.35	6,646.92
Net Debt Over TTM EBITDA	N/A	112	N/A	-3.64	1.99	1,968.77

Rank	Company Name
1	Samitivej PCL
2	Southern Acids (M) Bhd
3	Raffles Medical Group Ltd.
4	Companhia de Participacoes Alianca Bahia
5	Guangdong Kanghua Healthcare Co Ltd

Rank	Company Name
1	Ekachai Medical Care PCL
2	Samitivej PCL
3	Thai Nakarin Hospital Public Company Ltd
4	Croatia osiguranje d.d.
5	Southern Acids (M) Bhd

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

QUARTERLY PERFORMANCE RATIOS

Declining sales trend & net losses in each of the last five fiscal quarters

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2018	3 mos 9/30/2018	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017
Net Sales \$	\$458,630	\$460,507	\$472,632	\$486,820	\$515,082
% change	-0.41%	-2.57%	-2.91%	-5.49%	3.16%
Gross Margin \$	\$405,616	\$411,558	\$419,735	\$427,934	\$451,150
% change	-1.44%	-1.95%	-1.92%	-5.15%	2.38%
% of sales	88.44%	89.37%	88.81%	87.90%	87.59%
change as % of incremental sales	n/m	n/m	n/m	n/m	66.57%
SG&A \$	\$302,584	\$306,569	\$313,109	\$329,172	\$342,572
% change	-1.30%	-2.09%	-4.88%	-3.91%	4.92%
% of sales	65.98%	66.57%	66.25%	67.62%	66.51%
change as % of incremental sales	n/m	n/m	n/m	n/m	101.81%
Operating margin \$	\$13,218	(\$22,510)	\$5,531	(\$67,190)	(\$15,929)
% change	158.72%	-506.98%	108.23%	-321.81%	-610.54%
% of sales	2.88%	-4.89%	1.17%	-13.80%	-3.09%
change as % of incremental sales	n/m	n/m	n/m	n/m	-120.72%
EBITDA \$	\$29,197	(\$5,898)	\$22,673	(\$48,929)	\$2,785
% change	595.03%	-126.01%	146.34%	-1,856.88%	-88.33%
% of sales	6.37%	-1.28%	4.80%	-10.05%	0.54%
change as % of incremental sales	n/m	n/m	n/m	n/m	-133.52%
EBIT \$	\$13,218	(\$22,510)	\$5,531	(\$67,190)	(\$15,929)
% change	158.72%	-506.98%	108.23%	-321.81%	-610.54%
% of sales	2.88%	-4.89%	1.17%	-13.80%	-3.09%
change as % of incremental sales	n/m	n/m	n/m	n/m	-120.72%
Pre-tax income \$	(\$19,605)	(\$54,960)	(\$26,395)	(\$98,121)	(\$47,802)
% change	64.33%	-108.22%	73.10%	-105.27%	-64.29%
% of sales	-4.27%	-11.93%	-5.58%	-20.16%	-9.28%
change as % of incremental sales	n/m	n/m	n/m	n/m	-118.54%
Net income (loss) \$	(\$20,734)	(\$53,940)	(\$26,606)	(\$98,968)	(\$26,808)
% change	61.56%	-102.74%	73.12%	-269.17%	8.16%
% of sales	-4.52%	-11.71%	-5.63%	-20.33%	5.20%
change as % of incremental sales	n/m	n/m	n/m		
Tax expense \$	\$1,160	(\$1,074)	(\$454)		
Effective tax rate	-5.92%	1.95%	1.72%		
Depreciation expense \$	\$15,979	\$16,612	\$17,142		
% of sales	3.48%	3.61%	3.63%		
% of capital expenses	131.82%	165.15%	151.40%		
% of PP&E, net (annualized)	11.35%	11.35%	11.32%		
Capital expenditures \$	\$12,122	\$10,059	\$11,322		
% change	20.51%	-11.16%	-24.73%		
% of PP&E, net (annualized)	8.61%	6.87%	7.48%		
% of working capital (annualized)	28.94%	23.15%	21.95%		
Interest coverage ratio	0.89	(0.18)	0.69	(1.55)	0.09
% change	589.27%	-126.39%	144.38%	-1,875.86%	-88.20%
Free cash flow \$	(\$15,553)	\$18,275	\$5,872	(\$17,634)	\$54,594
% change	-185.11%	211.22%	133.30%	-132.30%	1,240.70%
Source:	10-K 3/12/2019	10-Q 11/6/2018	10-Q 8/9/2018	10-Q 5/10/2018	10-K 3/15/2018

Poor interest coverage ratio signals inability to meet current interest charges

QUARTERLY LEVERAGE RATIOS

Negative tangible net worth suggests that the company has exhausted all of its loanable collateral

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Total debt \$	\$1,193,474	\$1,187,228	\$1,199,412	\$1,231,113	\$1,213,890
% change	0.53%	-1.02%	-2.58%	1.42%	-5.07%
Stockholders' equity \$	(\$74,930)	(\$60,293)	(\$8,595)	\$16,073	\$113,410
% change	-24.28%	-601.49%	-153.47%	-85.83%	-16.57%
Total debt to equity ratio	n/a	n/a	n/a	76.60	10.70
% change	n/a	n/a	n/a	615.60%	13.78%
Tangible net worth \$	(\$524,292)	(\$511,232)	(\$463,496)	(\$442,296)	(\$360,669)
% change	-2.55%	-10.30%	-4.79%	-22.63%	-4.76%
Total assets \$	\$1,574,094	\$1,613,129	\$1,664,583	\$1,751,255	\$1,828,841
% change	-2.42%	-3.09%	-4.95%	-4.24%	-5.64%
Total debt to assets ratio	0.76	0.74	0.72	0.70	0.66
% change	3.02%	2.15%	2.49%	5.92%	0.59%
Tangible assets \$	\$1,124,732	\$1,162,190	\$1,209,682	\$1,290,000	\$1,360,000
% change	-3.22%	-3.93%	-6.44%	-6.96%	-5.15%
Short-term debt \$	\$1,697	\$1,544	\$1,733	\$1,733	\$1,733
% change	9.91%	-10.91%	-2.15%	0.00%	0.00%
Short-term debt % of total debt	0.14%	0.13%	0.14%	0.14%	0.14%
% change	9.30%	-9.97%	0.42%	0.00%	0.00%
Short-term debt % of working capital	1.00%	0.93%	0.95%	0.95%	0.95%
% change	7.69%	-2.31%	24.17%	-8.42%	-5.26%
Total liabilities \$	\$1,649,024	\$1,673,422	\$1,673,178	\$1,735,182	\$1,715,431
% change	-1.46%	0.01%	-3.57%	1.15%	-4.82%
Total liabilities to equity ratio	n/a	n/a	n/a	107.96	15.13
% change	n/a	n/a	n/a	613.72%	14.08%
Total debt to EBITDA ratio (annualized)	10.22	n/a	13.23	n/a	108.97
% change	n/a	n/a	n/a	n/a	713.10%
Source:	10-K 3/12/2019	10-Q 11/6/2018	10-Q 8/9/2018	10-Q 5/10/2018	10-K 3/15/2018

Creditors' degree of protection from loss declines as the total debt to assets ratio worsens

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Working capital trends downward

Meager cash ratio

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	12/31/2018	9/30/2018	6/30/2018	3/31/2018	12/31/2017
Current assets \$	\$490,988	\$514,810	\$517,077	\$589,511	\$576,142
% change	-4.63%	-0.44%	-12.29%	2.32%	-9.66%
% of short-term debt	28,932.70%	33,342.62%	29,837.10%	33,286.90%	31,058.87%
Current liabilities \$	\$321,734	\$348,964	\$335,236	\$358,764	\$355,343
% change	-7.80%	4.10%	-6.56%	0.96%	2.36%
Working capital \$	\$169,254	\$165,846	\$181,841	\$230,747	\$220,799
% change	2.05%	-8.80%	-21.19%	4.51%	-24.01%
% of sales (annualized)	9.23%	9.00%	9.62%	11.85%	10.72%
Cash \$	\$3,203	\$6,066	\$2,822	\$32,491	\$5,617
% change	-47.20%	114.95%	-91.31%	478.44%	-64.30%
% of short-term debt	188.74%	392.88%	162.84%	1,834.61%	302.80%
Cash ratio	0.01	0.02	0.01	0.09	0.02
% change	-42.53%	107.14%	-90.73%	473.42%	-65.12%
Quick assets \$	\$325,811	\$324,350	\$330,302	\$379,615	\$348,762
% change	0.45%	-1.80%	-12.99%	8.85%	-14.79%
% of short-term debt	19,199.23%	21,007.12%	19,059.55%	21,435.06%	18,801.19%
Quick ratio	1.01	0.93	0.99	1.06	0.98
% change	8.95%	-5.66%	-6.88%	7.80%	-16.75%
Current ratio	1.53	1.48	1.54	1.64	1.62
% change	3.44%	-4.35%	-6.13%	1.34%	-11.73%
Source:	10-K 3/12/2019	10-Q 11/6/2018	10-Q 8/9/2018	10-Q 5/10/2018	10-K 3/15/2018

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 12/31/2018	3 mos 9/30/2018	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017
Return on equity	n/a	n/a	-165.53%	-87.27%	-19.72%
% change	n/a	n/a	-89.69%	-342.49%	-7.56%
Return on total assets	-1.30%	-3.29%	-1.56%	-5.53%	-1.42%
% change	60.47%	-111.28%	71.82%	-288.45%	4.30%
Return on tangible assets	-1.81%	-4.55%	-2.13%	-7.48%	-1.91%
% change	60.13%	-113.91%	71.56%	-292.19%	3.42%
Source:	10-K 3/12/2019	10-Q 11/6/2018	10-Q 8/9/2018	10-Q 5/10/2018	10-K 3/15/2018

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR



CreditRiskMonitor is a financial risk analysis and news service that helps credit, supply chain and financial professionals stay ahead of and manage risk quickly, accurately and cost effectively. More than 35% of the Fortune 1000, plus over a thousand other large corporations worldwide, rely on our financial risk coverage of over 56,000 global public companies.

CreditRiskMonitor's High Risk Reports feature companies that are exhibiting a significantly high level of financial distress, as indicated by our proprietary FRISK® score. The ultimate goal of the High Risk Report series is two-part: provide an early warning for those doing business with an increasingly distressed company and inform of the many signals that should be examined when assessing financial risks.

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