



CreditRiskMonitor’s warning of Adeptus Health Inc.’s (“Adeptus Health”) bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score warned of financial stress at Adeptus Health (OTC:ADPTQ) for more than six months.

The company ultimately filed for bankruptcy on 4/19/2017.

BANKRUPT

Business Name	2016	2016	2016	2016	2016	2016	2016	2016	2016	2017	2017	2017	2017
	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	
Adeptus Health Inc	6	5	5	5	5	5	4	3	3	2	1	2	
Catasys, Inc.	2	2	2	2	2	2	2	2	2	2	2	2	
CENTRUM MEDYCZNE ENEL-MED SA	6	6	6	6	6	6	6	6	6	6	6	6	
Envision Healthcare Corp	5	5	5	5	5	5	4	5	5	5	5	5	
Gesundheitswelt Chiemgau AG	6	6	9	9	9	9	9	9	9	9	9	9	
HCA Holdings Inc	5	5	5	5	5	5	5	5	5	5	6	5	
M1 Kliniken AG	6	7	10	10	10	10	10	10	10	10	10	10	
Magellan Health Inc	10	10	10	10	10	10	10	10	10	10	10	10	
Pihlajalinna Oyj	6	7	7	8	9	9	9	7	7	8	8	8	
Teladoc Inc	8	8	7	7	7	8	7	7	8	9	8	9	
Total Face Group Ltd	6	6	6	6	7	7	7	7	7	7	6	6	
WellQuest Medical & Wellness Corp					3	3	3	3	3	3	3	3	

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 level, 96% of all public companies that eventually go bankrupt enter the FRISK® "red zone" prior to their bankruptcy.

A FRISK® score of 5 or less is an important warning sign.

The FRISK® score's timely ability to warn of bankruptcy risk helps subscribers stay ahead of financial trouble in their portfolios.

COMPANY REPORT DETAIL

Adeptus Health Inc
2941 South Lake Vista
LEWISVILLE, TX 75067 United States
Phone: (972) 899-6666
Ticker: **ADPTQ**

Filed for Bankruptcy on 4/19/2017
Case #17-31434, filed in the U.S. Bankruptcy Court for the Northern District of Texas (Dallas)

Latest Financial Statements as of 9/30/2016

Business Summary

Adeptus Health Inc. is a patient-centered healthcare company. The Company is engaged in providing emergency medical care through a network of independent freestanding emergency rooms in the United States and partnerships with various healthcare systems. The Company has approximately 80 freestanding facilities and over two licensed general hospitals. It owns or operates facilities located in the Houston, Dallas/Fort Worth, San Antonio and Austin, Texas markets; Colorado Springs and Denver, Colorado markets, and Phoenix, Arizona market. Its freestanding emergency room facilities typically range from 6,000 to 7,000 square feet. Each facility has 6 to 9 emergency exam rooms, which include over two high-acuity suites, one child-friendly pediatric room, and a specialized obstetrics/gynecology room. Its radiology suites have in-house diagnostic imaging technology, including computerized tomography (CT) scanners, digital x-rays and ultrasounds, with final reads from on-call radiologists.

(Source: 10-K)

Employees: 3,202 (as of 12/31/2015) Federal Tax Id: 465037387

Credit Scores

FRISK® Score	2	4/20/2017
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Probability of bankruptcy range: 4.00% - 9.99%

Auditor Information

Last Audit: 12/31/2015
Auditors: KPMG
Opinion: Unqualified

DBT Index

1/2017	2/2017	3/2017
6	6	6

(Includes DBT Indexes from Subsidiaries)

Net Sales(millions)

92.8	106.9	115.3	102.6	76.9
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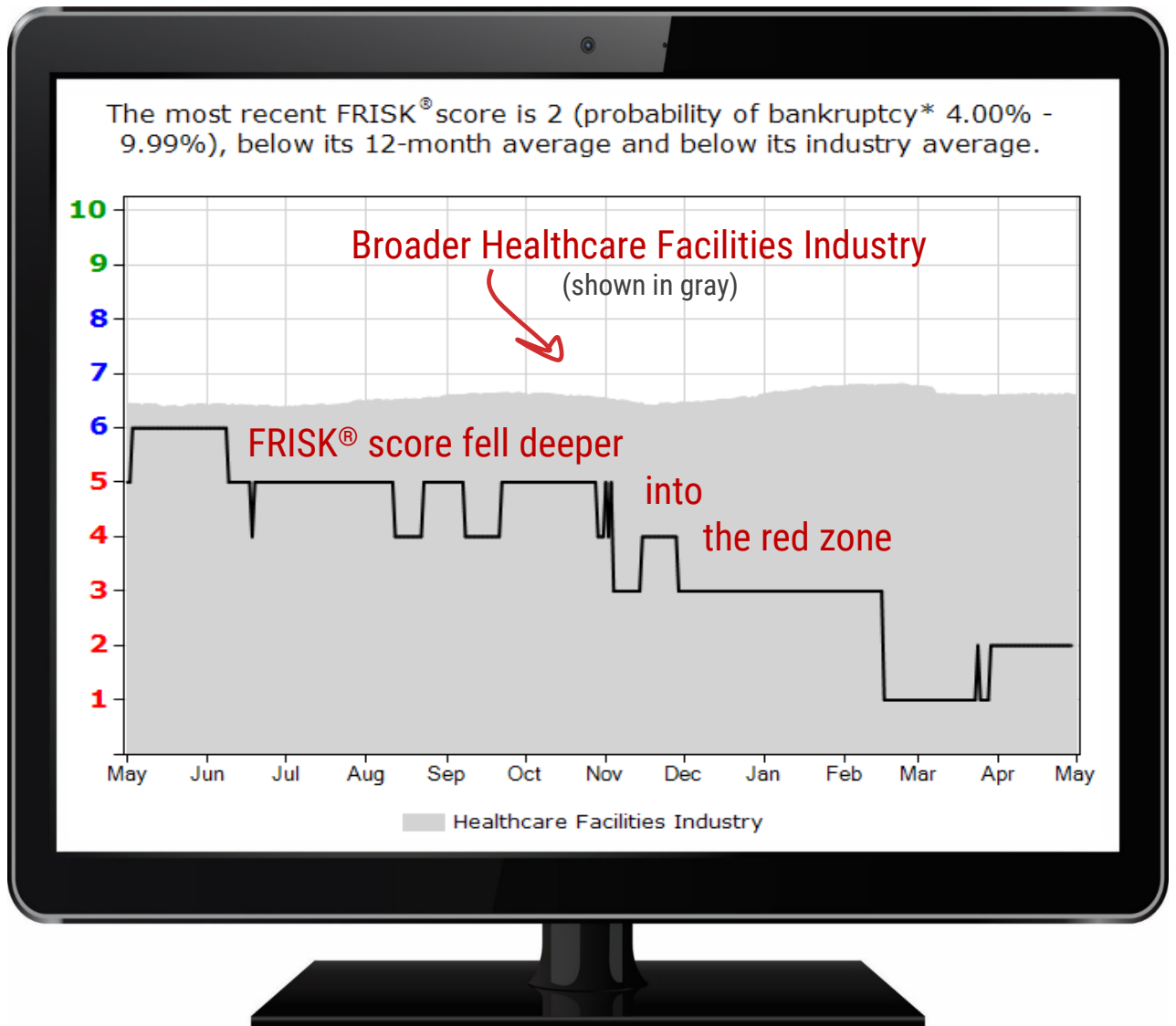
Working Capital

86.1	59.4
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The FRISK® score is the best method available to monitor public company bankruptcy risk.

Payment performance, captured by the Days Beyond Terms (DBT) index, 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.

FRISK® DEEP DIVE

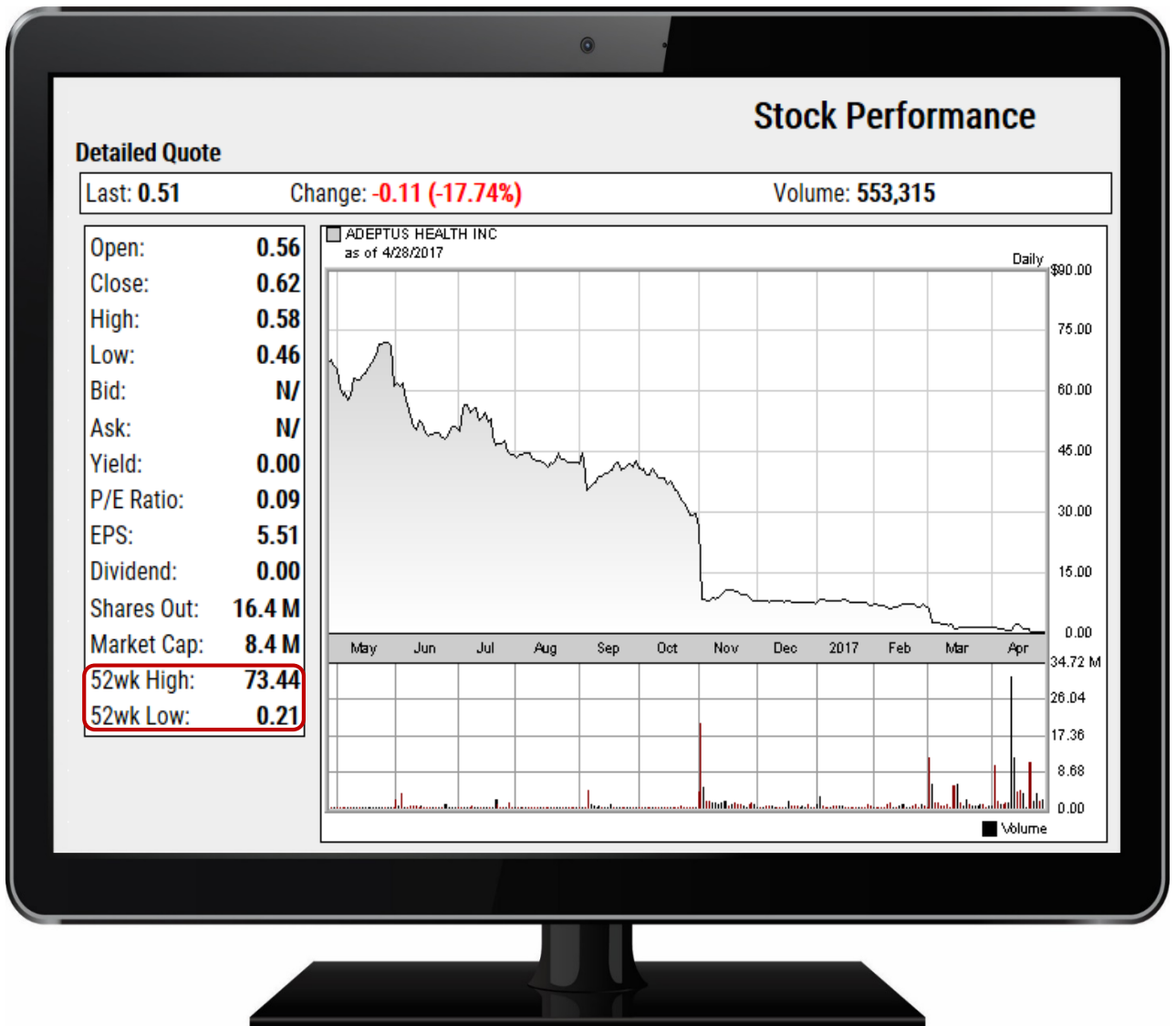


The FRISK® score relative to the broader Healthcare Facilities industry raised a red flag and signaled **immediate attention was required**.

Crowdsourcing has enhanced the FRISK® score's accuracy since this new factor was added to the score. The types of inquiries our subscribers (including credit and purchasing managers at over 35% of the Fortune 1000) made about Adeptus Health on our service signaled heightened risk.

[Learn more about CreditRiskMonitor's crowdsourcing method.](#)

ADJUSTED PRICE VOLATILITY



One of the inputs of the FRISK[®] score is a company's stock price 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



The average probability of failure for SIC code 8011 (offices and clinics of doctors of medicine) reflects an industry with moderate risk

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.

But, Adeptus Health has continued to struggle, as evidenced by its fall to a FRISK® score of 2.

PEER ANALYSIS

Adeptus Health demonstrates bottom quartile ranking in key performance and liquidity ratios (shown in red) vs. its Healthcare Facilities industry peers

CreditRiskMonitor can drill down to show a ranking of a company's competitors, which can help provide alternate suppliers or new customers

Peer Analysis							
2016.3							
Sector: Healthcare, Industry: Healthcare Facilities							
[REFRESH]							
[Industry: Healthcare Facilities] [Calendar Year/Quarter: 2016.3]							
Businesses in Peer Group: 3147	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Low	Peer Group Median	High	
Credit Ratings							
ZScore	74	193	3.45	-310.80	2.40	161.40	
Performance ratios:							
Net Sales (Thousands of U.S. Dollars)	49	183	76,911.08	0.00	127,670.00	10,846,000.00	
Gross Margin % Of Sales	152	183	16.03	-1,908.75	35.34		
Gross Margin % Of Sales -- TTM	92	187	36.21	-2,872.91	35.67		
SG&A % Of Sales	81	195	19.66	2.93			
SG&A % Of Sales -- TTM	51	199	14.88	2.95			
Operating Margin % Of Sales	185	203	-18.82	-11,136.84			
Operating Margin % Of Sales TTM	129	205	3.83	-9,625.32			
EBITDA Margin Of Sales	138	153	-15.32	-10,908.17			
EBITDA Margin Of Sales -- TTM	2	162	53.66	-9,417.71			
Net Profit Margin % Of Sales	173	203	-10.52	-11,436.22			
Net Profit Margin % Of Sales - TTM	11	205	21.09	-9,699.11			
Pre-tax Income % Of Sales	182	203	-21.45	-11,436.22			
Effective Tax Rate	132	193	28.88	-185.20			
Depreciation % Of Prop/Plant/Equipment	155	193	31.60	0.41			
Capital Expense % Of Prop/Plant/Equipment	76	162	14.00	0.01	15.04		
Interest Coverage	124	136	-5.82	-652.68	4.82	32,172.00	
Interest Coverage -- TTM	18	150	28.37	-241.16	6.01	9,510.72	
Liquidity ratios:							
Cash Ratio	165	198	0.10	0.00	0.38	171.53	
Quick Ratio	71	188	1.45	0.02	1.00	134.72	
Current Ratio	29	200	2.86	0.03	1.53		
Efficiency ratios:							
Accounts Receivable Turnover	160	193	3.99	0.00			
Days Sales Outstanding	172	203	91.37	0.00			
% of Inventory Financed by Vendors	39	127	446.40	8.75			
% of Inventory Financed by Vendors -- TTM	39	130	459.50	9.47			
Inventory Turnover	27	148	70.83	0.00			
Inventory Turnover TTM	31	152	57.11	0.00			
Days Sales in Inventory	27	141	5.15	0.09			
Inventory to Working Capital	17	145	0.04	-58.19			
Accounts Payable Turnover	56	172	15.41	0.00			
Accounts Payable Turnover -- TTM	43	176	18.81	-0.27			
Leverage & debt coverage:							
Total Debt to Equity Ratio	92	162	0.62	0.00	0.55		
Debt to Tangible Equity Ratio	80	128	0.84	0.00	0.60	29.31	
Total Debt to Assets Ratio	62	180	0.20	0.00	0.28	9.25	
Short-Term Debt % of Total Debt	44	172	4.43	0.00	19.42	100.00	
Short-Term Debt % of Working Capital	24	169	6.48	-3,751.69	9.18	29,768.31	
Liabilities to Net Worth Ratio	119	150	2.81	0.01	1.05	740.29	
Total Liabilities to Equity Ratio	145	186	2.07	0.01	0.96	45.35	
TTM = trailing 12 months	Green - Ranked in Upper Quartile of Peer Group						
N/A = Not Available	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						

Company Name

- 1 HealthSouth Corp
- 2 Kindred Healthcare, Inc.
- 3 Envision Healthcare Corp
- 4 PharmaEngine Inc
- 5 Iasis Healthcare LLC
- 6 Quorum Health Corp
- 7 University Health Network
- 8 Tenet Healthcare Corp
- 9 Simo Milosevic A.D. Igalo

Company Name

- 1 PharmaEngine Inc
- 2 OncoTherapy Science, Inc.
- 3 Pacific Health Care Organization Inc
- 4 TrovaGene Inc
- 5 HIKARI HEIGHTS-VARUS CO., LTD.
- 6 Cordlife Group Ltd
- 7 Teladoc Inc
- 8 Genesis Genetics Asia Corp

QUARTERLY PERFORMANCE RATIOS

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2016	3 mos 6/30/2016	3 mos 3/31/2016	3 mos 12/31/2015	3 mos 9/30/2015
Net Sales \$	\$76,911	\$102,602	\$115,270	\$106,892	\$92,755
% change	-25.04%	-10.99%	7.84%	15.24%	-0.49%
% of sales	12.33%	40.47%	48.45%	44.20%	37.33%
change as % of incremental sales	-69.53%	-16.48%	9.62%	18.39%	-11.28%
% of sales	16.03%	39.45%	42.04%	41.35%	40.25%
change as % of incremental sales	n/m	n/m	50.76%	48.57%	n/m
EBITDA \$	\$15,119	\$13,015	\$16,264	\$15,382	\$13,866
% change	16.17%	-19.98%	5.73%	10.93%	21.95%
% of sales	19.66%	12.68%	14.11%	14.39%	14.95%
change as % of incremental sales	n/m	n/m	10.53%	10.72%	n/m
Pre-tax income \$	(\$14,474)	\$11,952	\$12,807	\$5,096	\$6,058
% change	-221.10%	-6.68%	151.31%	-15.88%	-55.62%
% of sales	-18.82%	11.65%	11.11%	4.77%	6.53%
change as % of incremental sales	n/m	n/m	92.04%	-6.80%	n/m
EBITDA \$	(\$11,780)	\$200,700	\$17,178	\$9,433	\$10,317
% change	-105.87%	1,068.35%	82.11%	-8.57%	-75.68%
% of sales	-15.32%	195.61%	14.90%	8.82%	11.12%
change as % of incremental sales	n/m	n/m	92.44%	-6.25%	n/m
Pre-tax income \$	(\$16,498)	\$195,466	\$10,981	\$3,170	\$2,305
% change	-108.44%	1,680.04%	246.40%	37.53%	-93.22%
% of sales	-21.45%	190.51%	9.53%	2.97%	2.49%
change as % of incremental sales	n/m	n/m	93.23%	6.12%	n/m
Net income (loss) \$	(\$8,094)	\$86,948	\$4,533	\$1,315	\$674
% change	-109.31%	1,818.11%	244.71%	95.10%	-93.66%
% of sales	-10.52%	84.74%	3.93%	1.23%	0.73%
change as % of incremental sales	n/m	n/m	38.41%	4.53%	n/m
Tax expense \$	(\$4,765)	\$47,270	\$3,118	\$1,116	
Effective tax rate	28.88%	24.18%	28.39%	35.20%	
Depreciation expense \$	\$2,694	\$3,412	\$4,371		
% of sales	3.50%	3.33%	3.79%		
% of capital expenses	225.63%	203.82%	213.85%		
% of PP&E, net (annualized)	31.60%	26.56%	25.25%		
Capital expenditures \$	\$1,194	\$1,674	\$2,044		
% change	-28.67%	-18.10%	-18.40%		
% of PP&E, net (annualized)	14.00%	13.03%	11.81%		
% of working capital (annualized)	4.81%	8.51%	12.76%		
Interest coverage ratio	(5.82)	110.15	9.41	4.90	2.75
% change	-105.28%	1,070.93%	92.08%	78.16%	-74.74%
Free cash flow \$	(\$22,484)	(\$10,250)	(\$9,461)	\$5,456	\$2,399
% change	-119.36%	-8.34%	-273.41%	127.43%	-78.93%
Source:	10-Q 11/9/2016	10-Q 7/29/2016	10-Q 4/29/2016	10-K 2/29/2016	10-Q 10/30/2015

EBITDA and net income turned negative

Interest coverage ratio and free cash flow deteriorated

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Cash decreased significantly from the prior year period

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	9/30/2016	6/30/2016	3/31/2016	12/31/2015	9/30/2015
Current assets \$	\$169,092	\$138,297	\$125,366	\$118,690	\$133,424
% change	22.27%	10.31%	5.62%	-11.04%	8.21%
% of short-term debt	2,372.89%	1,889.82%	1,786.60%	1,544.04%	2,936.27%
Current liabilities \$	\$59,069	\$49,660	\$56,592	\$59,263	\$47,327
% change	18.95%	-12.25%	-4.51%	25.22%	21.49%
Working capital \$	\$110,023	\$88,637	\$68,774	\$59,427	\$86,097
% change	24.13%	28.88%	15.73%	-30.98%	2.07%
% of sales (annualized)	35.76%	21.60%	14.92%	13.90%	23.21%
Cash \$	\$6,077	\$3,718	\$3,656	\$16,037	\$46,310
% change	63.45%	1.70%	-77.20%	-65.37%	0.39%
% of short-term debt	85.28%	50.81%	52.10%	208.63%	1,019.15%
Cash ratio	0.10	0.07	0.06	0.27	0.98
% change	37.38%	15.94%	-76.13%	-72.35%	-17.36%
Quick assets \$	\$85,771	\$78,045	\$81,053	\$81,991	\$95,119
% change	9.90%	-3.71%	-1.14%	-13.80%	2.87%
% of short-term debt	1,203.63%	1,066.48%	1,155.09%	1,066.62%	2,093.29%
Quick ratio	1.45	1.57	1.43	1.38	2.01
% change	-7.61%	9.73%	3.52%	-31.16%	-15.33%
Current ratio	2.86	2.78	2.22	2.00	2.82
% change	2.79%	25.71%	10.61%	-28.96%	-10.93%
Source:	10-Q 11/9/2016	10-Q 7/29/2016	10-Q 4/29/2016	10-Q 4/29/2016	10-Q 10/30/2015

Rates of return eventually turned negative

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 9/30/2016	3 mos 6/30/2016	3 mos 3/31/2016	3 mos 12/31/2015	3 mos 9/30/2015
Return on equity	-3.02%	89.50%	4.93%	1.46%	1.19%
% change	-103.38%	1,716.24%	236.62%	23.21%	-94.51%
Return on net tangible equity	-4.07%	473.86%	35.57%	12.97%	n/a
% change	-100.86%	1,232.19%	174.31%	n/a	n/a
Return on total assets	-1.03%	13.38%	0.87%	0.25%	0.14%
% change	-107.70%	1,446.61%	248.83%	71.86%	-95.27%
Return on tangible assets	-1.13%	15.09%	1.02%	0.29%	0.17%
% change	-107.47%	1,381.45%	249.26%	67.64%	-95.61%
Source:	10-Q 11/9/2016	10-Q 7/29/2016	10-Q 4/29/2016	10-K 2/29/2016	10-Q 10/30/2015

NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

Q3 2016 filing - Quarterly net income decreases 1,300% to (\$8.09)MM compared with net income of \$674K over the prior year's period

11/9/2016

CRMZ News Service

Adeptus Health Inc.: a Form 10-Q has been Filed with the SEC

Adeptus Health announces the termination of its President who also serves as Chief Operating Officer

12/8/2016

CRMZ News Service

ADEPTUS HEALTH INC. FILES (8-K) Disclosing Change in Directors or Principal Officers

The Company files Notification of Late Filing for its Annual Report on Form 10-K for the fiscal year ended December 31, 2016

3/2/2017

CRMZ News Service

Adeptus Health Inc. Files Notification of Late Filing for its Form 10-K with the Securities and Exchange Commission.

Adeptus Health files a Form 8-K notification regarding a Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard that it received from the NYSE on 3/17/2017

3/23/2017

CRMZ News Service

ADEPTUS HEALTH INC. FILES (8-K) Disclosing Notice of Delisting or Failure to Satisfy a Continued Listing Rule or Standard; Transfer of Listing, Other Events, Financial Statements and Exhibits

To implement a financial restructuring's agreement with some of its creditors, Adeptus Health Inc. (OTC: ADPTQ) files for bankruptcy

4/19/2017

PR Newswire

Adeptus Health and Deerfield Collaborate on Comprehensive Financial Restructuring Plan

ABOUT THIS REPORT/CONTACT CREDITRISKMONITOR



CreditRiskMonitor has been researching public company credit since 1999 and counts over 35% of the Fortune 1000 as customers. Its proprietary FRISK® score predicts bankruptcy risk over the coming 12-month period with 96% accuracy.

CreditRiskMonitor's Bankruptcy Case Studies have been designed to educate subscribers about methods they can apply to assess bankruptcy risk using CreditRiskMonitor's proprietary scores, robust financial database, and other analytical tools.

[Request a Personal Demo and Risk Assessment](#)

[Read more Bankruptcy Case Studies, High Risk Reports and other resources](#)

Contact us at:

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<https://www.creditriskmonitor.com/contact-us>