



CreditRiskMonitor's assessment of Community Health Systems, Inc.'s ("CYH") "high risk" status has been determined by a combination of factors:

Monthly Average FRISK® Score	Page 2
The FRISK® Score Components	3
Company Report Detail	4
FRISK® Deep Dive and Adjusted Market Cap Volatility	5
FRISK® Stress Index	6
Peer Analysis on Alternate Suppliers and Customers	7
Quarterly Performance Ratios	8
Quarterly Leverage Ratios	9
Quarterly Liquidity Ratios and Rates of Return	10

About This Report/Contact CreditRiskMonitor	11

MONTHLY AVERAGE FRISK® SCORE

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

Business Name	2017	2017	2017	2017	2018	2018	2018	2018	2018	2018	2018	2018	2018
	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP
Community Health Systems, Inc.	2	2	1	1	1	1	1	1	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 and Fitch

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

Community Health Systems, Inc.

4000 Meridian Blvd

Phone: (615) 465-7000

FRANKLIN, TN 37067-6325 United States

Ticker: CYH

Latest Financial Statements as of 6/30/2018

Business Summary

Community Health Systems, Inc. is an operator of general acute care hospitals and outpatient facilities in communities across the country. The Company operates through hospital operations segment, which includes its general acute care hospitals and related healthcare entities that provide inpatient and outpatient healthcare services. The Company provides healthcare services through the hospitals that it owns and operates and affiliated businesses in non-urban and selected urban markets throughout the United States. The services provided through its hospitals and affiliated businesses include general acute care, emergency room, general and specialty surgery, critical care, internal medicine, obstetrics, diagnostic, psychiatric and rehabilitation services. The Company also provides additional outpatient services at urgent care centers, occupational medicine clinics, imaging centers, cancer centers, ambulatory surgery centers, and home health and hospice agencies.

Employees: 95,000 (as of 12/31/2017)

Incorporated: 6/6/1996

Federal Tax Id: 133893191

Credit Score History

Score/ Index	2017					2018							
	S	O	N	D	J	F	M	A	M	J	J	A	S
FRISK® Score*	2	2	1	1	1	1	1	1	1	1	1	1	1
DBT Index	9	9	8	8	8	8	8	8	8	8	8	8	8
Z"-Score	0.93	0.85			-0.66			-0.6				-0.68	

*FRISK® Scores are month-end

Auditor Information

Last Audit: 12/31/2017
 Auditors: Deloitte & Touche LLP
 Opinion: Unqualified

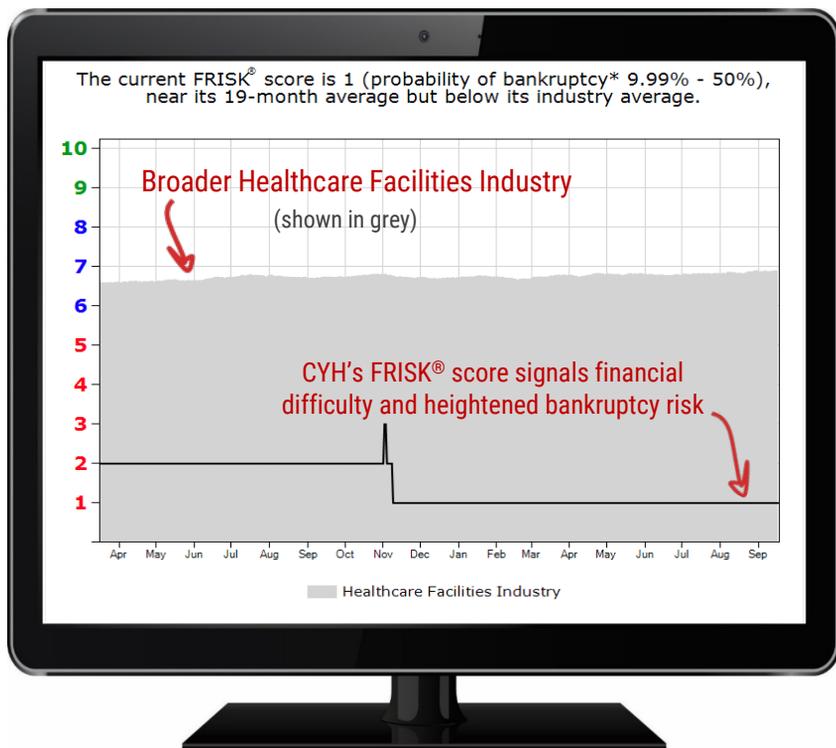
Agency Credit Ratings

Rating Agency	Long Term Rating	Outlook	Short Term Rating
<u>Fitch</u>	CCC		NR

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, 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 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

Rank	Business Name	Country	FRISK Score
1	Community Health Systems, Inc.	United States	1
2	ATHENS MEDICAL C.S.A.	Greece	2
3	Dom Lekarski SA	Poland	3
4	Que Lippo Healthcare Ltd	Singapore	3
5	Quorum Health Corp	United States	3
6	Tenet Healthcare Corp	United States	3
7	Tongji Healthcare Group Inc	China	3
8	Westchester County Health Care Corporation	United States	3
	Sifelhoeven Klinik AG	Germany	3
	PLC	Nigeria	3

FRISK® Stress Index - SIC classification: General medical and surgical hospitals located in All Countries

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses ▾ CLEAR

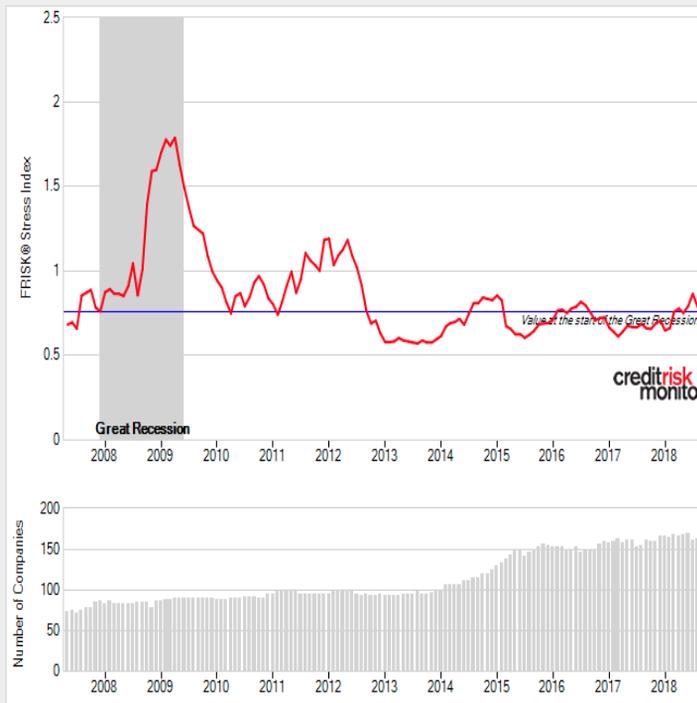
In Industry: SIC 8062: General medical and surgical hospitals ▾

Country: All Countries ▾

UPDATE RESULTS

Scale: Auto ▾

Total Companies in all months 230



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, Community Health Services, Inc. has continued to struggle, as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

CYH 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						
2018.2						
SIC 8062: General medical and surgical hospitals						
[SIC: 8062] [Calendar Year/Quarter: 2018.2]						
Businesses in Peer Group: 3131	Ranking Within Peer Group	Number Of Peers Ranked	Company Value	Peer Group Range		
				Low	Median	High
Credit Ratings						
ZScore	132	140	-0.68	-15.68	2.67	41.26
Performance ratios:						
Net Sales (Thousands of U.S. Dollars)	3	20	3,562,000	67	487.32	1,000.00
Gross Margin % Of Sales	10	154	83.38	-175.11	8.00	100.00
Gross Margin % Of Sales -- TTM	12	154	82.58	-13.92	8.00	100.00
SG&A % Of Sales	129	160	47.78	1.68	8.00	100.00
SG&A % Of Sales -- TTM	134	161	50.20	1.63	8.00	100.00
Operating Margin % Of Sales	120	164	2.84	-1,160.46	8.00	100.00
Operating Margin % Of Sales TTM	153	164	-12.61	-1,042.24	8.00	100.00
EBITDA Margin Of Sales	88	112	7.80	-2,999.75	8.00	100.00
EBITDA Margin Of Sales -- TTM	113	119	-7.16	-1,724.34	8.00	100.00
Net Profit Margin % Of Sales	142	164	-3.09	-4,395.39	8.00	100.00
Net Profit Margin % Of Sales - TTM	154	164	-16.16	-2,304.28	6.33	100.00
Pre-tax Income % Of Sales	143	164	-3.62	-4,395.39	7.67	796.75
Effective Tax Rate	115	159	29.46	-387.50	20.60	2,717.55
Depreciation % Of Prop/Plant/Equipment	95	146	10.32	0.17	7.80	81.92
Capital Expense % Of Prop/Plant/Equipment	35	143	7.29	0.98	13.23	203.18
Interest Coverage	80	93	1.18	-121.06	6.97	60,426.18
Interest Coverage -- TTM	101	107	-1.08	-66.78	8.61	39,326.57
Liquidity ratios:						
Cash Ratio	122	142	0.10	0.01	0.44	369.92
Quick Ratio	56	141	1.27	0.04	0.99	374.21
Current Ratio	50	142	1.79	0.04	1.47	374.21
Efficiency ratios:						
Accounts Receivable Turnover	96	157	5.86	0.01	8.00	100.00
Days Sales Outstanding	103	164	62.25	0.00	8.00	100.00
% of Inventory Financed by Vendors	53	110	194.21	0.84	8.00	100.00
% of Inventory Financed by Vendors -- TTM	59	122	198.05	0.00	8.00	100.00
Inventory Turnover	120	150	5.42	0.00	8.00	100.00
Inventory Turnover TTM	116	151	5.53	0.00	8.00	100.00
Days Sales in Inventory	120	148	67.36	1.78	8.00	100.00
Inventory to Working Capital	58	136	0.26	-15.53	8.00	100.00
Accounts Payable Turnover	106	128	0.74	0.00	7.34	100.00
Accounts Payable Turnover -- TTM	110	133	2.73	0.00	7.34	100.00
Leverage & debt coverage:						
Total Debt to Equity Ratio	N/A	134	N/A	0.00	0.47	3.83
Debt to Tangible Equity Ratio	N/A	117	N/A	0.00	0.48	42.74
Total Debt to Assets Ratio	139	141	0.82	0.00	0.23	0.92
Short-Term Debt % of Total Debt	7	136	0.30	0.00	29.61	100.00
Short-Term Debt % of Working Capital	15	132	2.51	-4,110.90	14.54	18,279.55
Liabilities to Net Worth Ratio	N/A	127	N/A	0.03	0.92	75.23
Total Liabilities to Equity Ratio	N/A	144	N/A	0.03	0.87	11.95
TTM EBITDA Over Total Debt	102	108	-0.07	-2.46	0.42	4,781.97
Net Debt Over TTM EBITDA	N/A	102	N/A	-15.98	1.37	3,116.12

Company Name	Ranking
1 Samitivej PCL	1
2 Croatia osiguranje d.d.	2
3 Rhoen Klinikum AG	3
4 Wattanasap Hospital Trang Co Ltd	4
5 Vietnam Dairy Products JSC	5
6 China Resources Phoenix Hlth Hq Cmy Ltd	6
7 Medicare Group OSC	7
8 Chularat Hospital PCL	8
9 Ratchaphruek Hospital PCL	9
10 Sanburi Medical Centre PCL	10
11 Siam Medical Care Company JSC	11
12 Alkhol Hospital Public Company Limited	12
13 Samitivej PCL	13
14 Croatia osiguranje d.d.	14
15 Siam Acids (M) Bhd	15
16 Wattanasap Hospital Trang Co Ltd	16
17 Haviada Participacoes e Investimentos SA	17
18 TMC Life Sciences Bhd	18
19 Healthway Medical Corp Ltd	19
20 Mitra Keluarga Karyasehat Tbk PT	20
21 Scourus y Reasegurus	21

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

Net losses
in the last five
fiscal quarters

Interest
coverage
ratio signals
heightened
default risk

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017
Net Sales \$	\$3,562,000	\$3,689,000	\$3,058,000	\$3,666,000	\$4,144,000
% change	-3.44%	20.63%	-16.58%	-11.53%	-7.62%
Gross Margin \$	\$2,970,000	\$3,073,000	\$2,442,000	\$3,056,000	\$3,447,000
% change	-3.35%	25.84%	-20.09%	-11.34%	-7.76%
% of sales	83.38%	83.30%	79.86%	83.36%	83.18%
change as % of incremental sales	n/m	100.00%	n/m	n/m	n/m
SG&A \$	\$1,702,000	\$1,737,000	\$1,760,000	\$1,817,000	\$2,024,000
% change	-2.02%	-1.31%	-3.14%	-10.23%	-6.73%
% of sales	47.78%	47.09%	57.55%	49.56%	48.84%
change as % of incremental sales	n/m	-3.65%	n/m	n/m	n/m
Operating margin \$	\$101,000	\$208,000	(\$2,157,000)	\$86,000	\$103,000
% change	-51.44%	109.64%	-2,608.14%	-16.50%	106.00%
% of sales	2.84%	5.64%	-70.54%	2.35%	2.49%
change as % of incremental sales	n/m	374.80%	n/m	n/m	n/m
EBITDA \$	\$278,000	\$389,000	(\$1,961,000)	\$293,000	\$325,000
% change	-28.53%	119.84%	-769.28%	-9.85%	13.64%
% of sales	7.80%	10.54%	-64.13%	7.99%	7.84%
change as % of incremental sales	n/m	372.42%	n/m	n/m	n/m
EBIT \$	\$101,000	\$208,000	(\$2,157,000)	\$86,000	\$103,000
% change	-51.44%	109.64%	-2,608.14%	-16.50%	106.00%
% of sales	2.84%	5.64%	-70.54%	2.35%	2.49%
change as % of incremental sales	n/m	374.80%	n/m	n/m	n/m
Pre-tax income \$	(\$129,000)	(\$13,000)	(\$2,379,000)	(\$147,000)	(\$131,000)
% change	-892.31%	99.45%	-1,518.37%	-12.21%	25.57%
% of sales	-3.62%	-0.35%	-77.80%	-4.01%	-3.16%
change as % of incremental sales	n/m	374.96%	n/m	n/m	n/m
Net income (loss) \$	(\$110,000)	(\$25,000)	(\$2,013,000)	(\$110,000)	(\$137,000)
% change	-340.00%	98.76%	-1,730.00%	19.71%	31.16%
% of sales	-3.09%	-0.68%	-65.83%	-3.00%	-3.31%
change as % of incremental sales	n/m	315.06%	n/m	n/m	n/m
Tax expense \$	(\$38,000)	(\$7,000)	(\$407,000)	(\$37,000)	(\$37,000)
Effective tax rate	29.46%	53.85%	17.11%	11.20%	11.20%
Depreciation expense \$	\$177,000	\$181,000	\$196,000	\$177,000	\$177,000
% of sales	4.97%	4.91%	6.41%	4.82%	4.27%
% of capital expenses	141.60%	106.47%	144.12%	141.60%	141.60%
% of PP&E, net (annualized)	10.32%	10.33%	10.90%	10.32%	10.32%
Capital expenditures \$	\$125,000	\$170,000	\$136,000	\$125,000	\$125,000
% change	-26.47%	25.00%	-11.69%	0.00%	0.00%
% of PP&E, net (annualized)	7.29%	9.70%	7.56%	7.29%	7.29%
% of working capital (annualized)	29.74%	39.51%	26.45%	24.26%	22.98%
Interest coverage ratio	1.18	1.71	(8.72)	1.23	1.36
% change	-30.66%	119.58%	-807.95%	-9.46%	8.88%
Free cash flow \$	(\$137,000)	(\$64,000)	\$20,000	(\$40,000)	\$133,000
% change	-114.06%	-420.00%	150.00%	-130.08%	38.54%
Source:	10-Q	10-Q	10-K	10-Q	10-Q
	7/27/2018	5/2/2018	2/28/2018	11/2/2017	8/2/2017

Weak
free cash flow
generation
relative to debt

QUARTERLY LEVERAGE RATIOS

Total debt in relation to tangible net worth signals heightened risk

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Total debt \$	\$13,714,000	\$13,892,000	\$13,913,000	\$13,941,000	\$14,748,000
% change	-1.28%	-0.15%	-0.20%	-5.47%	-3.26%
Stockholders' equity \$	(\$879,000)	(\$775,000)	(\$767,000)	\$1,213,000	\$1,298,000
% change	-13.42%	-1.04%	-163.23%	-6.55%	-9.17%
Total debt to equity ratio	n/a	n/a	n/a	11.49	11.36
% change	n/a	n/a	n/a	1.15%	6.50%
Tangible net worth \$	(\$5,607,000)	(\$5,556,000)	(\$5,490,000)	(\$4,935,000)	(\$4,867,000)
% change	-0.92%	-1.20%	-11.25%	-1.40%	0.63%
Total assets \$	\$16,794,000	\$17,311,000	\$17,450,000	\$19,735,000	\$20,873,000
% change	-2.99%	-0.80%	-11.58%	-5.45%	-3.63%
Total debt to assets ratio	0.82	0.80	0.80	0.71	0.71
% change	1.76%	0.65%	12.87%	-0.03%	0.40%
Tangible assets \$	\$12,066,000	\$12,530,000	\$12,727,000	\$13,587,000	\$13,900,000
% change	-3.70%	-1.55%	-6.33%		
Short-term debt \$	\$41,000	\$37,000	\$33,000		
% change	10.81%	12.12%	-17.50%		
Short-term debt % of total debt	0.30%	0.27%	0.24%		
% change	12.28%	12.27%	-17.32%		
Short-term debt % of working capital	2.51%	2.14%	1.93%		
% change	17.47%	10.95%	15.70%		
Total liabilities \$	\$17,673,000	\$18,086,000	\$18,217,000	\$18,522,000	\$19,575,000
% change	-2.28%	-0.72%	-1.65%	-5.38%	-3.24%
Total liabilities to equity ratio	n/a	n/a	n/a	15.27	15.08
% change	n/a	n/a	n/a	1.25%	6.52%
Total debt to EBITDA ratio (annualized)	12.33	8.93	n/a	11.90	11.34
% change	38.14%	n/a	n/a	4.85%	-14.87%
Source:	10-Q 7/27/2018	10-Q 5/2/2018	10-K 2/28/2018	10-Q 11/2/2017	10-Q 8/2/2017

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

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Deteriorating working capital

Meager and declining cash ratio

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	6/30/2018	3/31/2018	12/31/2017	9/30/2017	6/30/2017
Current assets \$	\$3,694,000	\$3,993,000	\$4,068,000	\$4,678,000	\$5,055,000
% change	-7.49%	-1.84%	-13.04%	-7.46%	5.86%
% of short-term debt	9,009.76%	10,791.89%	12,327.27%	11,695.00%	10,989.13%
Current liabilities \$	\$2,062,000	\$2,263,000	\$2,356,000	\$2,277,000	\$2,378,000
% change	-8.88%	-3.95%	3.47%	-4.25%	-20.63%
Working capital \$	\$1,632,000	\$1,730,000	\$1,712,000	\$2,401,000	\$2,677,000
% change	-5.66%	1.05%	-28.70%	-10.31%	50.48%
% of sales (annualized)	11.45%	11.72%	14.00%	16.37%	16.15%
Cash \$	\$208,000	\$424,000	\$563,000	\$590,000	\$768,000
% change	-50.94%	-24.69%	-4.58%	-23.18%	210.93%
% of short-term debt	507.32%	1,145.95%	1,706.06%	1,475.00%	1,669.57%
Cash ratio	0.10	0.19	0.24	0.26	0.32
% change	-46.16%	-21.59%	-7.76%	-19.78%	291.99%
Quick assets \$	\$2,615,000	\$2,877,000	\$2,947,000	\$3,478,000	\$3,707,000
% change	-9.11%	-2.38%	-15.27%	-6.18%	8.68%
% of short-term debt	6,378.05%	7,775.68%	8,930.30%	8,695.00%	8,058.70%
Quick ratio	1.27	1.27	1.25	1.53	1.56
% change	-0.24%	1.64%	-18.11%	-2.02%	36.93%
Current ratio	1.79	1.76	1.73	2.05	2.13
% change	1.53%	2.19%	-15.96%	-3.35%	33.37%
Source:	10-Q 7/27/2018	10-Q 5/2/2018	10-K 2/28/2018	10-Q 11/2/2017	10-Q 8/2/2017

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

Period Ended	3 mos 6/30/2018	3 mos 3/31/2018	3 mos 12/31/2017	3 mos 9/30/2017	3 mos 6/30/2017
Return on equity	n/a	n/a	-165.95%	-8.47%	-9.59%
% change	n/a	n/a	-1,858.23%	11.60%	22.20%
Return on total assets	-0.65%	-0.14%	-10.83%	-0.54%	-0.64%
% change	-348.61%	98.67%	-1,898.32%	15.90%	29.43%
Return on tangible assets	-0.89%	-0.20%	-15.30%	-0.78%	-0.91%
% change	-351.77%	98.71%	-1,867.82%	14.76%	29.52%
Source:	10-Q 7/27/2018	10-Q 5/2/2018	10-K 2/28/2018	10-Q 11/2/2017	10-Q 8/2/2017

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 58,000 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.

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

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

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