Allscripts

Allscripts Healthcare Solutions

JANUARY 2019

J.P. Morgan Healthcare Conference

Disclaimer

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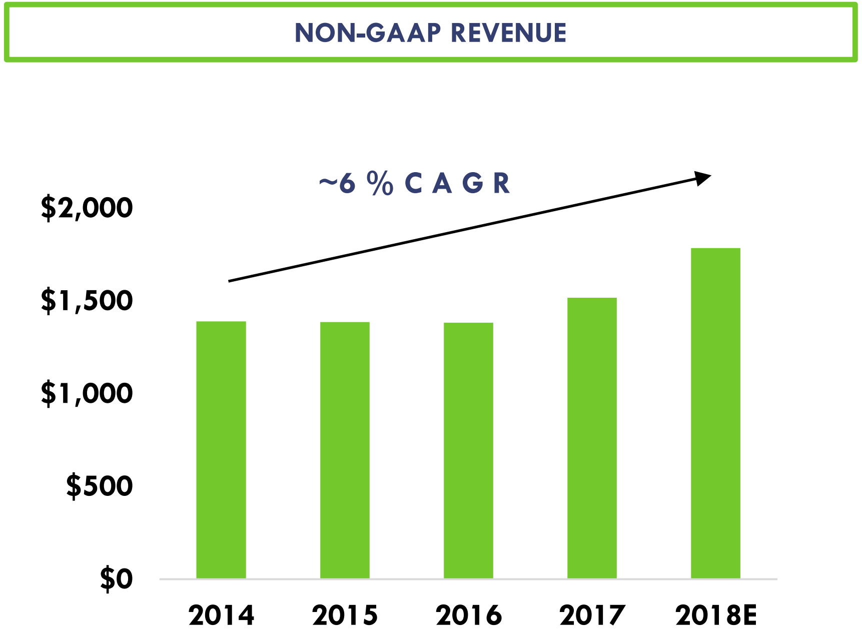
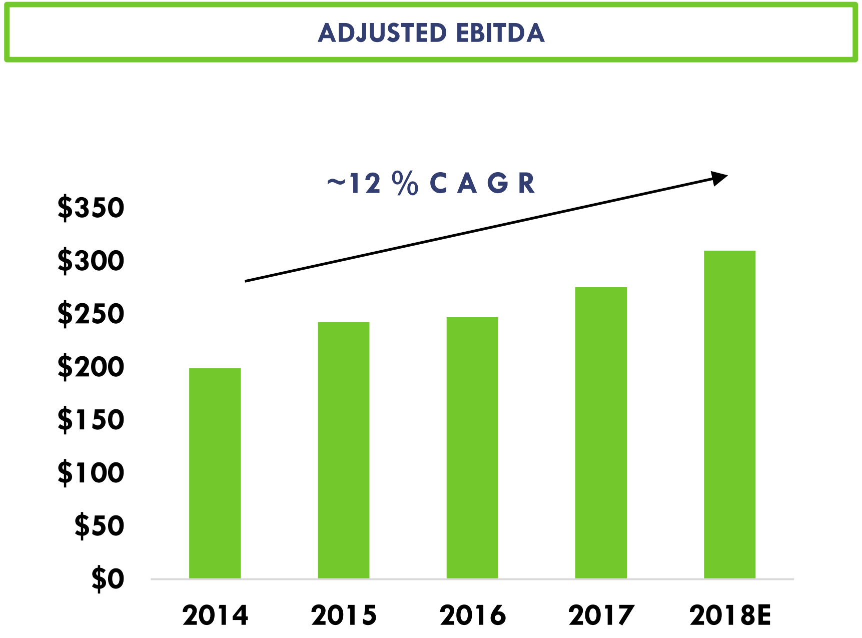
Allscripts Today: A Business Transformed

PAST	PRESENT
Experienced leadership team	Longest tenured leadership team among public peers
Shift to subscription based revenue	~80% annual recurring revenue
Gaps in EHR solution set	Full EHR solution set
Increased leverage to drive strategic investments	De-risked balance sheet: leverage <2x post Netsmart sale
Complex financial reporting	Simplified reporting post Netsmart sale
Focus on provider end markets	Focus on provider and high growth payer and life sciences
Consolidator of EHR platforms	Increased scale to drive operating leverage and industry relevance
Investments in culture	High performance culture focused on client success and giving back

Strong Financial Performance (Excluding Netsmart)





Dollars in millions. See reconciliation of non-GAAP metrics in the appendix of this presentation and on the Allscripts investor relations website.
2018 estimates based on low end of 2018 outlook provided on November 1, 2018.

History of Meeting Commitments

YEAR	NON-GAAP EPS GUIDANCE	ACTUAL NON-GAAP EPS	
2015	$0.42 - $0.50	$0.47	✓
2016	$0.55 - $0.62	$0.55	✓
2017	$0.61 - $0.63	$0.62	✓

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

Efficient Capital Deployment…

~$315M
FREE CASH FLOW GENERATED
2014-2018

$272M
RETURNED TO SHAREHOLDERS

Repurchased 23 million shares

$213 million remaining under current authorization as of 12/31/18

$0M
(FREE) M&A

12 acquisitions/investments

2 divestitures

Added:

$300M, net in annual recurring revenue

Growth platforms in:

- Care coordination
- Consumer / Patient engagement
- Payer / life science end markets

...Positioned Allscripts to be a Long-Term Winner

NO.	VENDOR	2018 EST. REVENUE (MIL)
1	Cerner	$5,391
2	Epic (estimated)	$2,700
3	**Allscripts (ex-Netsmart)**	**~$1,800**
4	athenahealth	$1,341
5	NextGen	$530
6	MEDITECH	$480
7	GE (owned by Veritas now)	$450
8	eClinicalWorks (estimated)	$450
9	Greenway (estimated)	$350
10	CPSI	$282

Source: Company filings, Nasdaq consensus estimates for CERN, ATHN, NXGN, CPSI as of 12/13/18, https://www.healthcare-informatics.com/hci100/2018-hci-100-list
~ Assumes low end of 2018 revenue guidance as provided on November 1, 2018, excluding Netsmart.

Future Growth

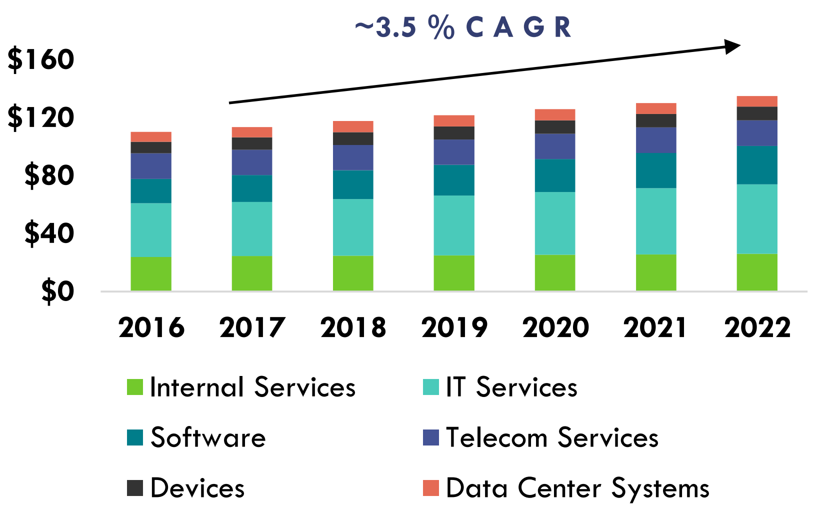
Healthcare Provider Software and Services

Healthcare provider IT spending is projected to increase over the next 5 years, regardless of how the economy performs (shift from fee for service to value based)

~$120B

GLOBAL HEALTHCARE IT MARKET IN 2019

HEALTHCARE PROVIDER GLOBAL IT SPENDING



Dollars in billions.
Source: Gartner

EHRs are a Mature Market

What will providers be buying?

01 Consumer / Patient Engagement Solutions

02 Financial Decision Support Systems, Real-Time Resource Allocation

03 Care Coordination between Traditional and Post-Acute Care

04 Personalized Medicine Solutions

05 Predictive Analytics and Optimization Solutions

06 Revenue Cycle Solutions and Services

07 Basic Clinical and Practice Management Solutions outside the U.S.

Allscripts is Well Positioned in These Areas

AREAS	BEST IN CLASS	COMPETITIVE
Patient Engagement	✓	
Financial Decision Support	✓	
Care Coordination	✓	
Personalized Medicine	✓	
Predictive Analytics and Optimization		✓
Revenue Cycle Solutions and Services		✓
Clinical and Practice Management Solutions outside the U.S.		✓

Payer & Life Sciences Market Size & Growth

The payer & life sciences market is larger than the provider software market today, and growing at more than twice the rate

$32B MARKET | 9.2% CAGR

	Clinical research	Healthcare analytics	Medication therapy mgmt.	Provider messaging	Provider and patient connectivity
	$22B	$4.1B	$2.5B	$2.0B	$1.4B
5-YEAR CAGR	5%	22%	12%	14%	10%

Provider software market	
	$20B
5-YEAR CAGR	3-4%

Source: Oliver Wyman

Payer & Life Sciences End Markets are Growing Rapidly

What will these companies be buying?

Real World
Clinical Evidence

Insights and
Analytics

Connectivity to Providers
and Patients

veradigm™

Veradigm Core Solutions

We are far ahead of any other traditional EHR competitor in delivering value to these end markets

Data/Analytic & Research

- Analytics/Insights Services
- De-ID Data for Research
- Registries and Custom Data Capture

Clinical Workflow

- Promotional Messaging
- Rx Price Transparency and pre-authorizations
- Lab Network

Health Plan

- eChartCourier (Electronic Chart Retrieval)
- Payer Gaps in Care messaging and pre-authorizations
- Risk Adjustment Analytics

Financial Model and Long-Term Outlook

Top Line Growth Derived Across Our Different End Markets

3 Year (2019-2021) Non-GAAP Revenue CAGR

	3 YEAR (2019-2021) REVENUE CAGR	RELATIVE SIZE	WEIGHTED IMPACT
Provider	~2-4%	~90%	~2.0 – 3.5
Veradigm	~15-25%	~10%	~1.5 – 2.5
Organic Non-GAAP Revenue CAGR			**3.5% – 6.0%**
Non-Organic Non-GAAP Revenue CAGR			**2.0% – 3.0%**
Total Non-GAAP Revenue CAGR			**5.5% – 9.0%**

Investment Considerations

We enable providers, payers and life science companies to optimize value at the point of care

Robust, diversified and award winning solutions portfolio

High recurring revenue model

Future growth opportunities distinguishes from EHR peers

Flexible balance sheet with capacity for investment and capital returns

Significant operating leverage

Track record of successful capital deployment

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Appendix: Non-GAAP Reconciliations

Non-GAAP Financial Measures

This presentation includes references to non-GAAP revenue, non-GAAP earnings per share, Adjusted EBITDA, and free cash flow, 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 consists of GAAP net income (loss), as reported, and adjusts for: acquisition-related deferred revenue adjustments; depreciation and amortization; stock-based compensation expense; transaction-related and other costs; non-cash asset and long-term investment impairment charges; gain on sale of business, net; interest expense and other, net; equity in net earnings of unconsolidated investments; and tax (benefit) provision.
- Non-GAAP net income consists of GAAP net income/(loss), as reported, and adds back: acquisition-related deferred revenue adjustments; acquisition-related amortization; stock-based compensation expense; transaction-related and other costs; non-cash asset and long-term investment impairment charges; non-cash charges to interest expense and other; gain on sale of business, net; equity in net earnings of unconsolidated investments; and the related tax effect of the aforementioned adjustments. Non-GAAP net income also includes a tax rate alignment adjustment.
- Non-GAAP earnings per share consist of non-GAAP net income, as defined above, divided by weighted average diluted shares outstanding in the applicable period.
- Free cash flow consists of GAAP cash flows provided by operating activities in the applicable period, net of capital expenditures and capitalized software costs.

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 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, non-GAAP earnings per share, and Adjusted EBITDA are performance measures only, and they do not provide any measure of cash flow or liquidity. Allscripts considers free cash flow to be a liquidity measure that provides useful information to management and investors about the amount of cash generated by the business after capital expenditures and capitalized software costs. Free cash flow provides management and investors a valuable measure to determine the quantity of capital generated that can be deployed to create additional shareholder value by a variety of means. 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, non-GAAP earnings, Adjusted EBITDA or non-GAAP earnings per share guidance to the corresponding GAAP financial measures. Allscripts does not provide guidance for the various reconciling items since certain items that impact GAAP revenue and net income are either outside of its control and/or cannot be reasonably predicted. These are available on Allscripts investor relations website (http://investor.allscripts.com).

Reconciliations: Non-GAAP Revenue and Adjusted EBITDA

Allscripts Healthcare Solutions, Inc.

Non-GAAP Financial Information - Adjusted EBITDA

(In millions, except percentages)

(Unaudited)

	Year Ended December 31,				Nine Months Ended September 30,
	2014	**2015**	**2016**	**2017**	**2018**
Total revenue, as reported	$1,377.9	$1,386.4	$1,376.5	$1,487.2	$1,300.9
Acquisition-related deferred revenue adjustments	11.6	-	6.4	29.5	23.4
Total non-GAAP revenue excluding Netsmart	**$1,389.5**	**$1,386.4**	**$1,382.9**	**$1,516.7**	**$1,324.3**
Netsmart	-	-	192.8	324.1	265.9
Total non-GAAP revenue	**$1,389.5**	**$1,386.4**	**$1,575.7**	**$1,840.8**	**$1,590.2**
Net (loss) income from continuing operations, as reported	($66.5)	($2.0)	$30.7	($184.6)	$47.5
Acquisition-related deferred revenue adjustments	11.6	-	6.4	29.5	23.4
Depreciation and amortization	174.3	161.0	139.2	160.6	142.8
Stock-based compensation expense	39.3	36.6	38.4	39.5	30.0
Transaction-related and other costs (a)	24.2	23.4	9.2	51.4	78.4
Interest expense and other, net (b)	15.3	17.4	11.8	19.1	26.0
Asset impairment charges	2.4	1.5	4.7	-	30.1
Impairment of and losses on long-term investments	-	-	7.5	165.3	15.5
Gain on sale of business, net	-	-	-	-	(172.3)
Equity in net (loss) income of unconsolidated investments	-	2.1	-	(0.8)	(0.5)
Tax (benefit)/provision	(1.6)	2.6	(1.0)	(4.6)	6.1
Adjusted EBITDA excluding Netsmart	**$199.0**	**$242.6**	**$246.9**	**$275.4**	**$227.0**
Netsmart	-	-	56.8	98.2	72.5
Adjusted EBITDA	**$199.0**	**$242.6**	**$303.7**	**$373.6**	**$299.5**
Adjusted EBITDA margin (c)	*17%*	*17%*	*19%*	*20%*	*19%*

(a) Transaction-related and other costs has been adjusted from the amounts presented in the reconciliation of GAAP and non-GAAP income from operations, as shown in Table 4, in order to remove the accelerated amortization of assets to be disposed from transaction-related and other costs since such amortization is also included in depreciation and amortization.

(b) 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% Cash Convertible Notes and deferred debt issuance costs from interest expense since such amortization is also included in depreciation and amortization.

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

Reconciliations: Non-GAAP EPS 2017 and 2016

Allscripts Healthcare Solutions, Inc.
Condensed Non-GAAP Financial Information
(In millions, except per share amounts and percentages)
(Unaudited)

	Year Ended December 31,	
	2017	**2016**
Net income (loss) attributable to Allscripts Healthcare Solutions, Inc. stockholders, as reported	($196.5)	($25.7)
Net (loss) income attributable to non-controlling interest	(1.5)	0.2
Accretion of redemption preference on redeemable convertible non-controlling interest - Netsmart	43.8	28.5
Less: Income from discontinued operations, net of tax	(4.7)	0.0
Net income (loss) from continuing operations, as reported	($158.9)	$3.0
Acquisition-related deferred revenue adjustments	34.5	25.8
Acquisition-related amortization	91.3	71.1
Stock-based compensation expense	41.7	44.2
Transaction-related and other costs (a)	57.4	13.4
Non-cash asset impairment charges	0.0	4.7
Non-cash charges to interest expense and other	12.0	16.6
Impairment of and losses on long-term investments	165.3	0.0
Equity in net (income) loss of unconsolidated investments	(0.8)	7.5
Tax effect of adjustments to reconcile GAAP to non-GAAP net income	(140.3)	(64.1)
Tax rate alignment	22.6	(12.6)
Total Non-GAAP net income	$124.8	$109.6
Less: Non-GAAP net income attributable to non-controlling interest	(11.9)	(5.5)
Non-GAAP net income attributable to Allscripts Healthcare Solutions, Inc.	$112.9	$104.1
Non-GAAP effective tax rate	35%	35%
Weighted shares outstanding - diluted	182.5	187.9
(Loss) earnings per share - basic and diluted, as reported	($1.09)	($0.14)
Non-GAAP earnings per share attributable to Allscripts Healthcare Solutions, Inc. - diluted	$0.62	$0.55

Note: Adjustments to reconcile GAAP to non-GAAP net income are presented gross of tax, with net tax effects included in row titled "Tax effect of adjustments to reconcile GAAP to non-GAAP net income".

(a) Transaction-related and other costs included in cost of revenue, operating expenses and non-operating expenses are comprised of the following for the periods presented:

	Year Ended December 31,	
	2017	**2016**
Legal and other costs	29.7	2.7
Transaction-related costs	27.7	10.7
Total transaction-related and other costs	$57.4	$13.4

Reconciliations: Non-GAAP EPS 2015

Allscripts Healthcare Solutions, Inc.
Condensed Non-GAAP Financial Information
(In millions, except per share amounts and percentages)
(Unaudited)

	Year Ended December 31, 2015
Net (loss) income attributable to Allscripts Healthcare Solutions, Inc. stockholders, as reported	($2.2)
Less: Net loss attributable to non-controlling interest	0.2
Less: Accretion of redemption preference on redeemable convertible non-controlling interest - Netsmart	0.0
Net income (loss), as reported	($2.0)
Acquisition-related deferred revenue adjustments	0.0
Acquisition-related amortization	58.3
Stock-based compensation expense	36.6
Non-recurring expenses and transaction-related costs (a)	23.4
Non-cash asset impairment charges	1.5
Non-cash charges to interest expense and other	12.0
Equity in net earnings of unconsolidated investments	3.2
Tax effect of adjustments to reconcile GAAP to non-GAAP net income	(47.4)
Tax rate alignment	2.5
Total Non-GAAP net income	$88.1
Less: Non-GAAP net income attributable to non-controlling interest	(0.1)
Non-GAAP net income attributable to Allscripts Healthcare Solutions, Inc.	$88.0
Non-GAAP effective tax rate	35%
Weighted shares outstanding - diluted	186.5
(Loss) earnings per share - basic and diluted, as reported	($0.01)
Non-GAAP earnings per share attributable to Allscripts Healthcare Solutions, Inc. - diluted	$0.47

Note: Adjustments to reconcile GAAP to non-GAAP net income are presented gross of tax, with net tax effects included in row titled "Tax effect of adjustments to reconcile GAAP to non-GAAP net income".

(a) Non-recurring expenses and transaction-related costs included in cost of revenue and operating expenses are comprised of the following for the periods presented:

	Year Ended December 31, 2015
Severance and other costs	23.3
Transaction-related costs	0.1
Total non-recurring expenses and transaction related costs	$23.4

Reconciliations: Free Cash Flow

Allscripts Healthcare Solutions, Inc.

Condensed Non-GAAP Financial Information - Free Cash Flow

(In millions)

(Unaudited)

	1/1/2014 - 9/30/2018
	TOTAL
Net cash provided by operating activities	$945.1
Cash flows from investing activities:	
Capital expenditures	(153.2)
Capitalized software	(432.7)
Free cash flow	$359.2

Allscripts