

**TEAMHealth.**

## Third Quarter 2016 Earnings Results

November 4, 2016

# Forward Looking Statement

This presentation contains certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 with respect to the financial condition, results of operations and businesses of the Company. Some of these statements can be identified by terms and phrases such as “anticipate,” “believe,” “intend,” “estimate,” “expect,” “continue,” “could,” “should,” “may,” “plan,” “project,” “predict” and similar expressions. Factors that could cause our actual results to differ materially from those expressed or implied in such “forward-looking statements,” include but are not limited to, the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement between us and funds affiliated with The Blackstone Group, L.P. (Blackstone); the inability to complete the proposed merger with Blackstone (the Merger) due to the failure to obtain stockholder approval for the Merger or the failure to satisfy other conditions to completion of the Merger, including that a governmental entity may prohibit, delay or refuse to grant approval for the consummation of the transaction; risks related to disruption of management's attention from the Company's ongoing business operations due to the transaction; the effect of the announcement of the Merger on the Company's relationships with its customers, operating results and business generally; the risk that the Merger will not be consummated in a timely manner; exceeding the expected costs of the Merger; current or future government regulation of the healthcare industry, exposure to professional liability lawsuits and governmental agency investigations, the adequacy of insurance coverage and insurance reserves, as well as those factors detailed from time to time in the Company's filings with the Securities and Exchange Commission. The Company's forward looking statements speak only as of the date hereof and the date they are made. The Company disclaims any intent or obligation to update “forward looking statements” made in this presentation to reflect changed assumptions, the occurrence of unanticipated events, or changes to future operating results over time.

# Third Quarter 2016 Financial Slides



# Q3 2016 Highlights

Net Revenue increased 26.9% to \$1.14 billion (\$177.1 million associated with IPC)

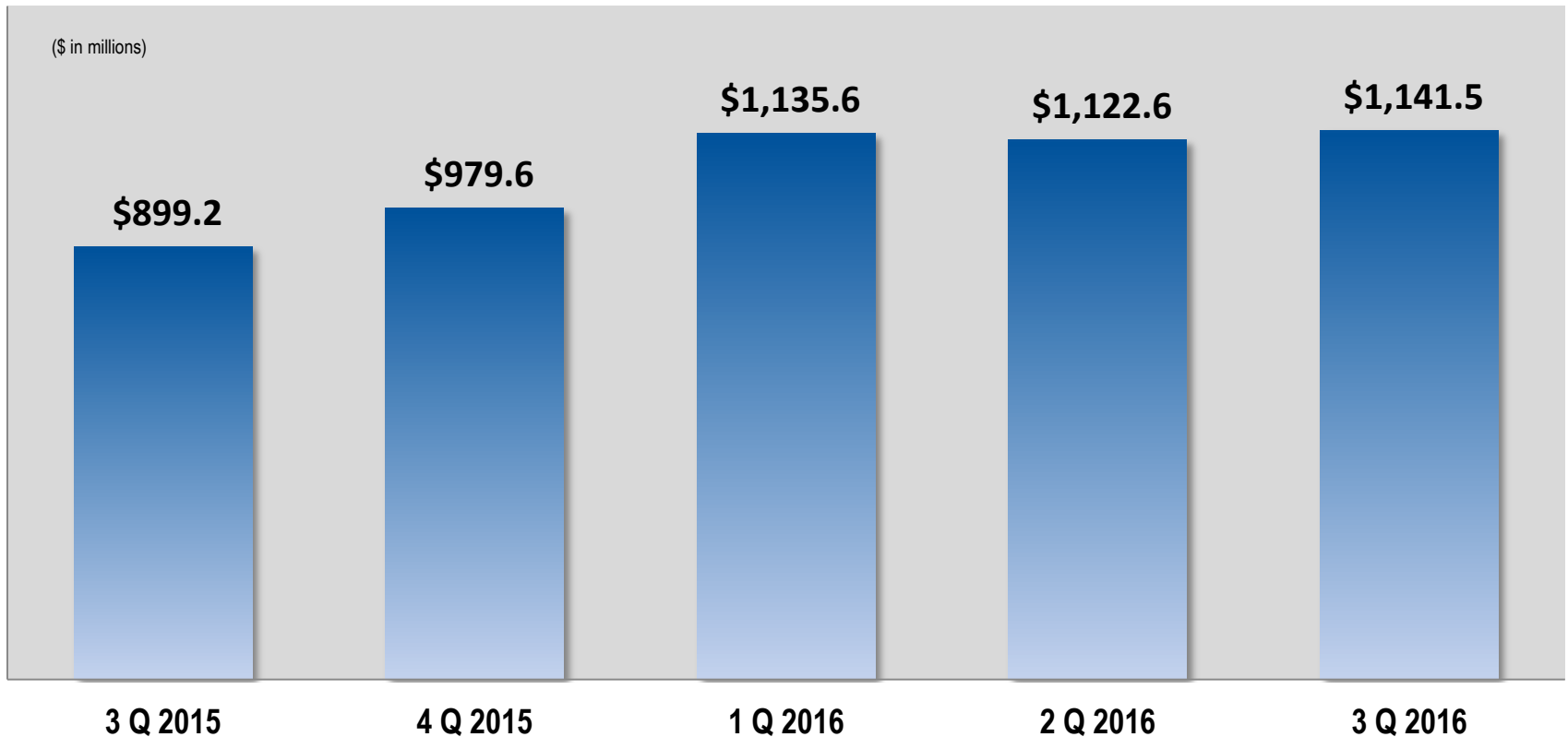
Adjusted EBITDA increased 12.3% to \$113.5 million (\$14.2 million associated with IPC)

Completed 22 acquisitions in 2015 and 2016

# Net Revenue Growth

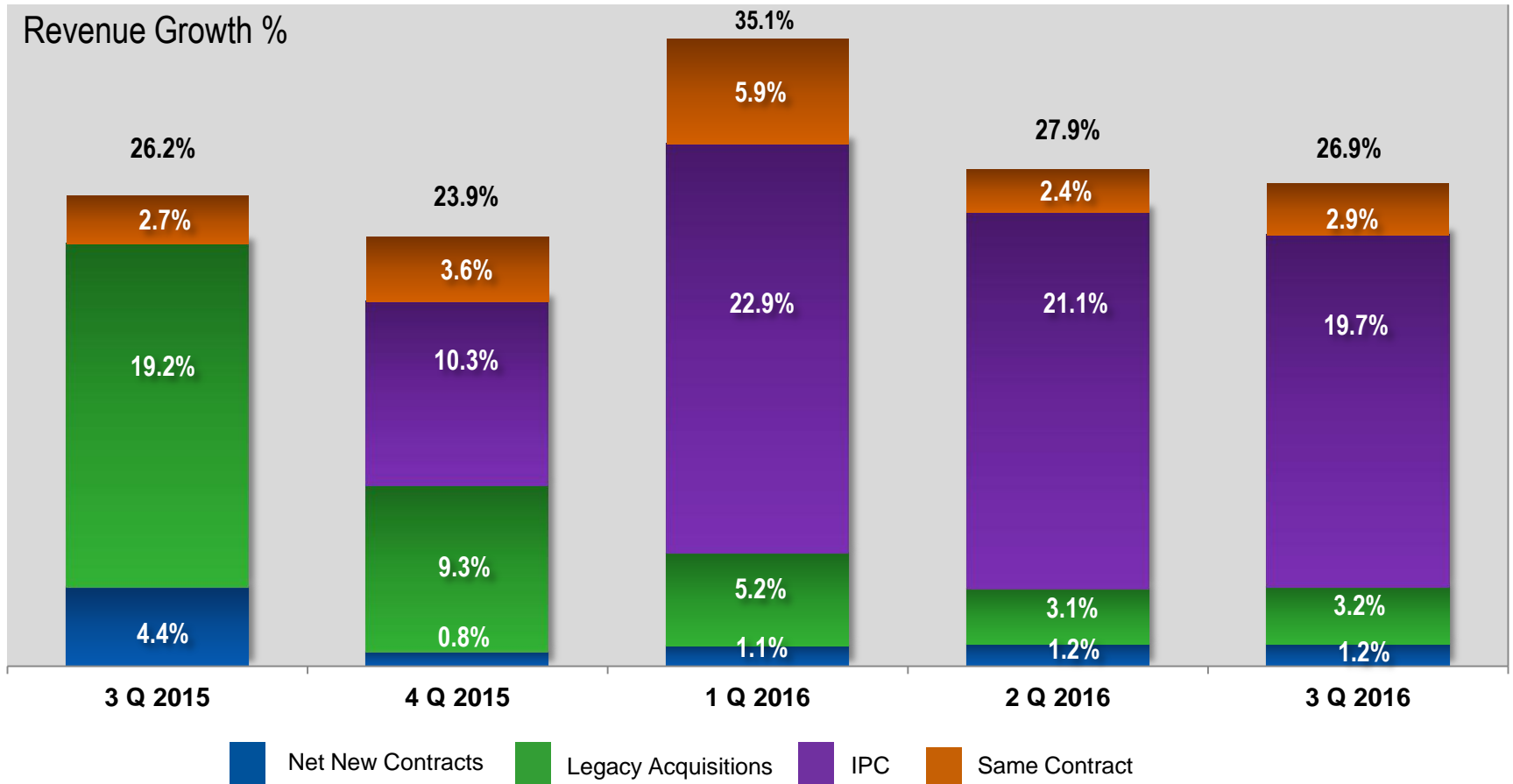
**Net Revenue increased 26.9% in 3rd quarter 2016 over 2015**

- **IPC contributed 19.7%, legacy acquisitions contributed 3.2% of growth**
- **Same contract contributed 2.9%**
- **2.5% same contract volume growth**



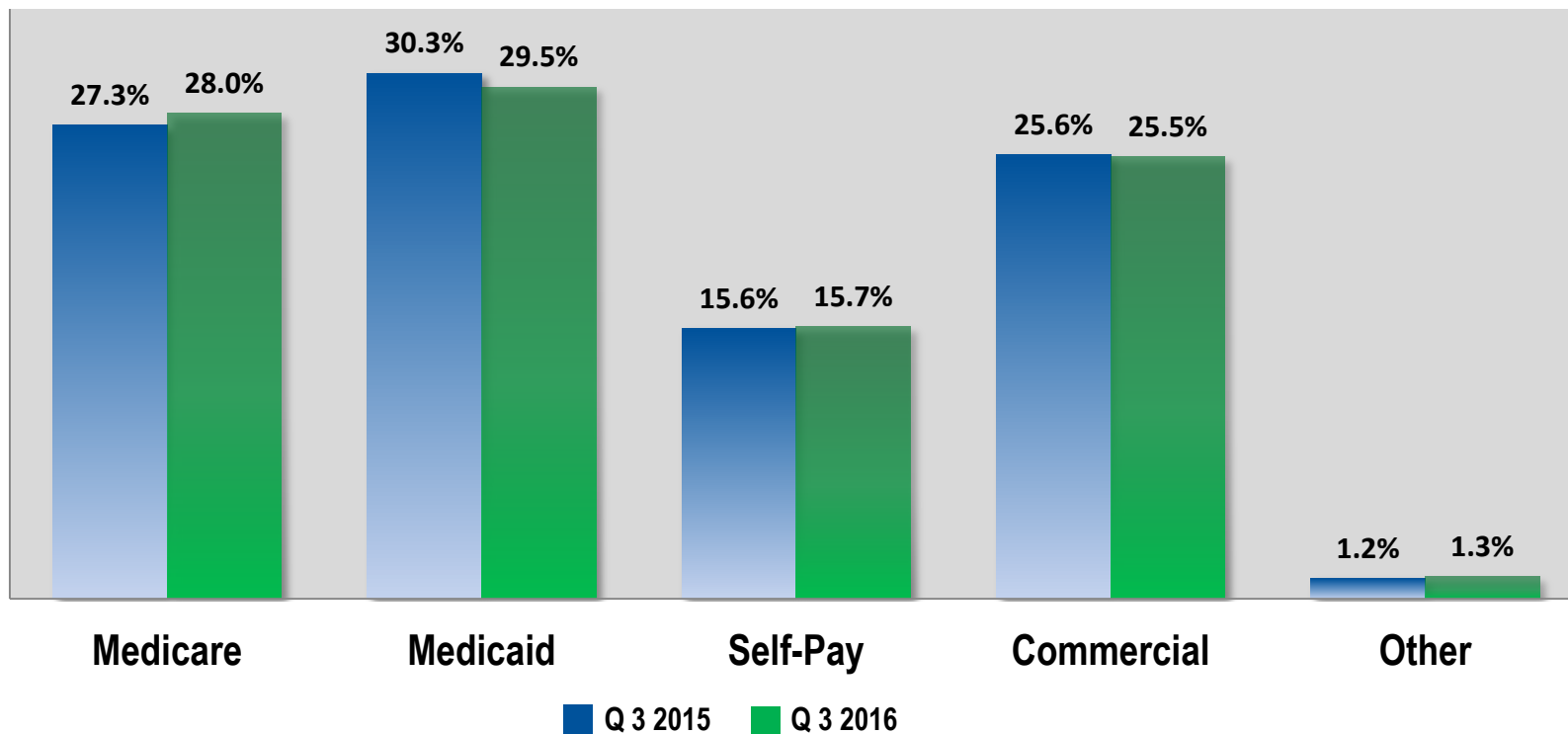
# Net Revenue Growth and Contribution by Category

Balanced approach to achieving revenue growth, led by recent acquisitions



# Payor Mix, excluding IPC operations

Payor Mix by Volume <sup>(1)</sup> – Q 3 2015 vs. Q 3 2016

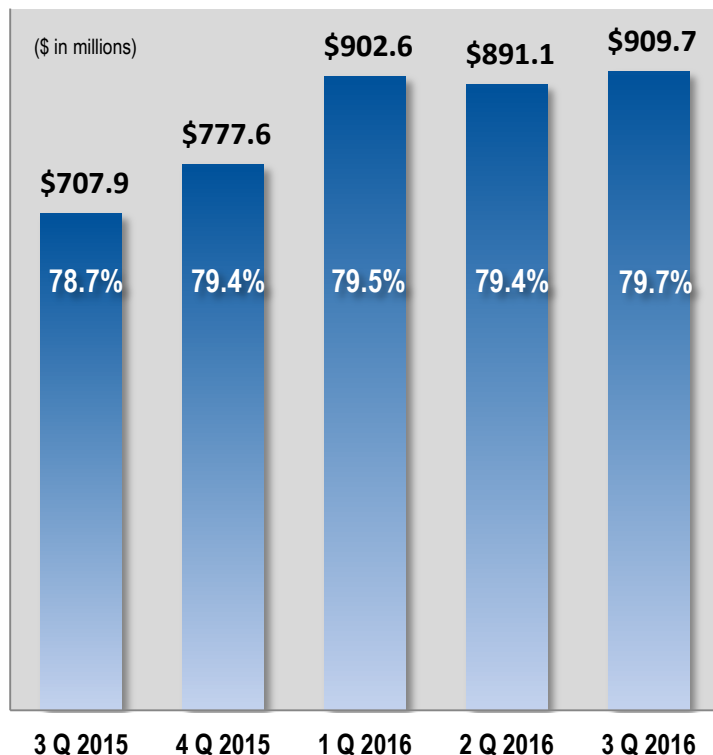


**Compared to the prior year, we realized declines in the percentage of Medicaid and commercial visits and a corresponding increase in the percentage of Medicare and self-pay visits**

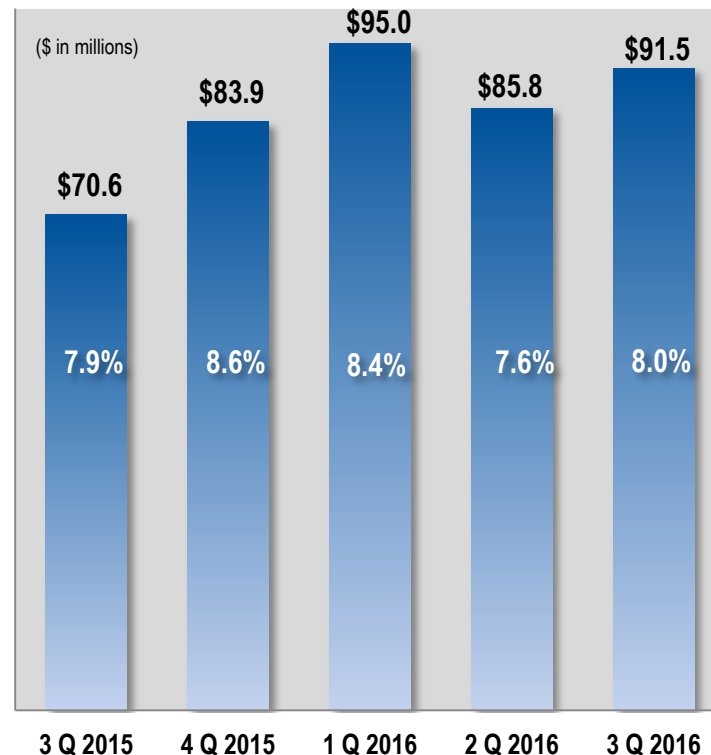
(1) Payor mix by volume is based on fee for service revenue only.

# Key Operating Expenses and Margin

## Professional Service Expense



## General and Administrative Expenses <sup>(1)</sup>

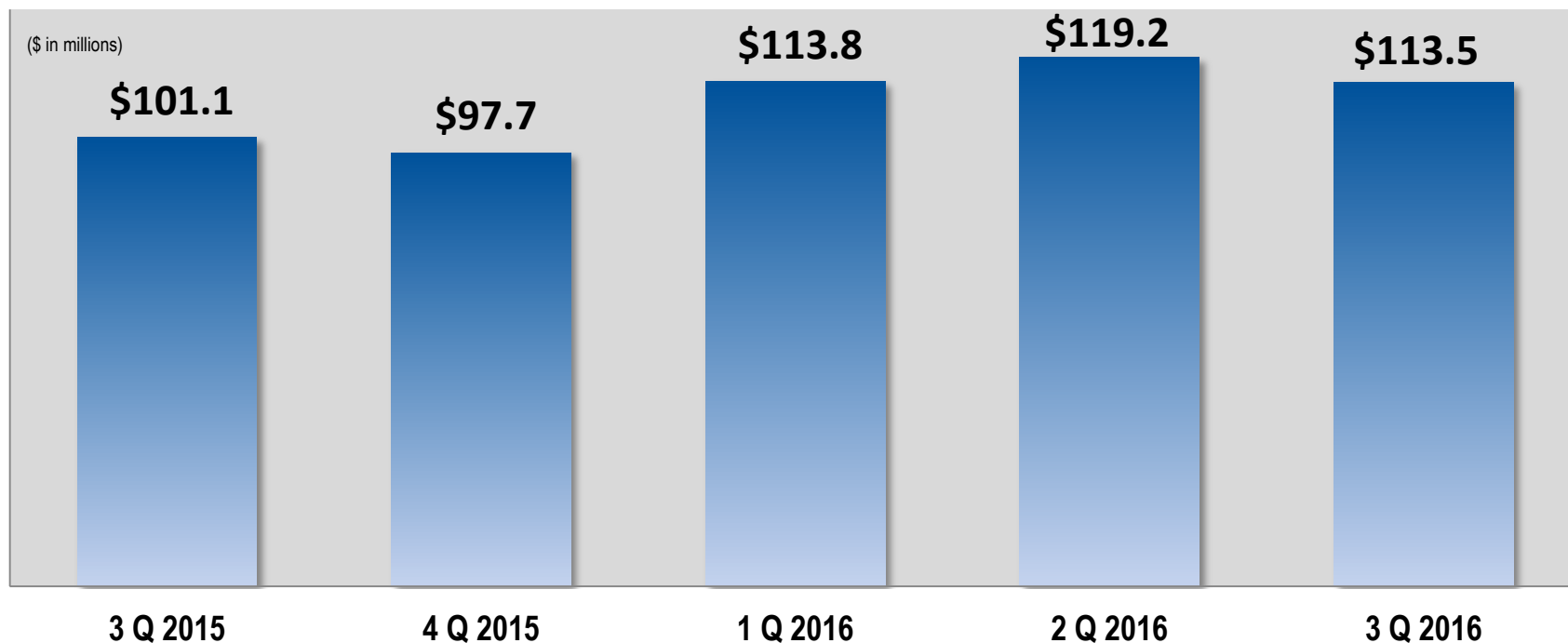


(1) Excludes contingent purchase compensation expense



# Adjusted EBITDA and Margin

Adjusted EBITDA increased 12.3% in the 3<sup>rd</sup> quarter 2016 over 2015



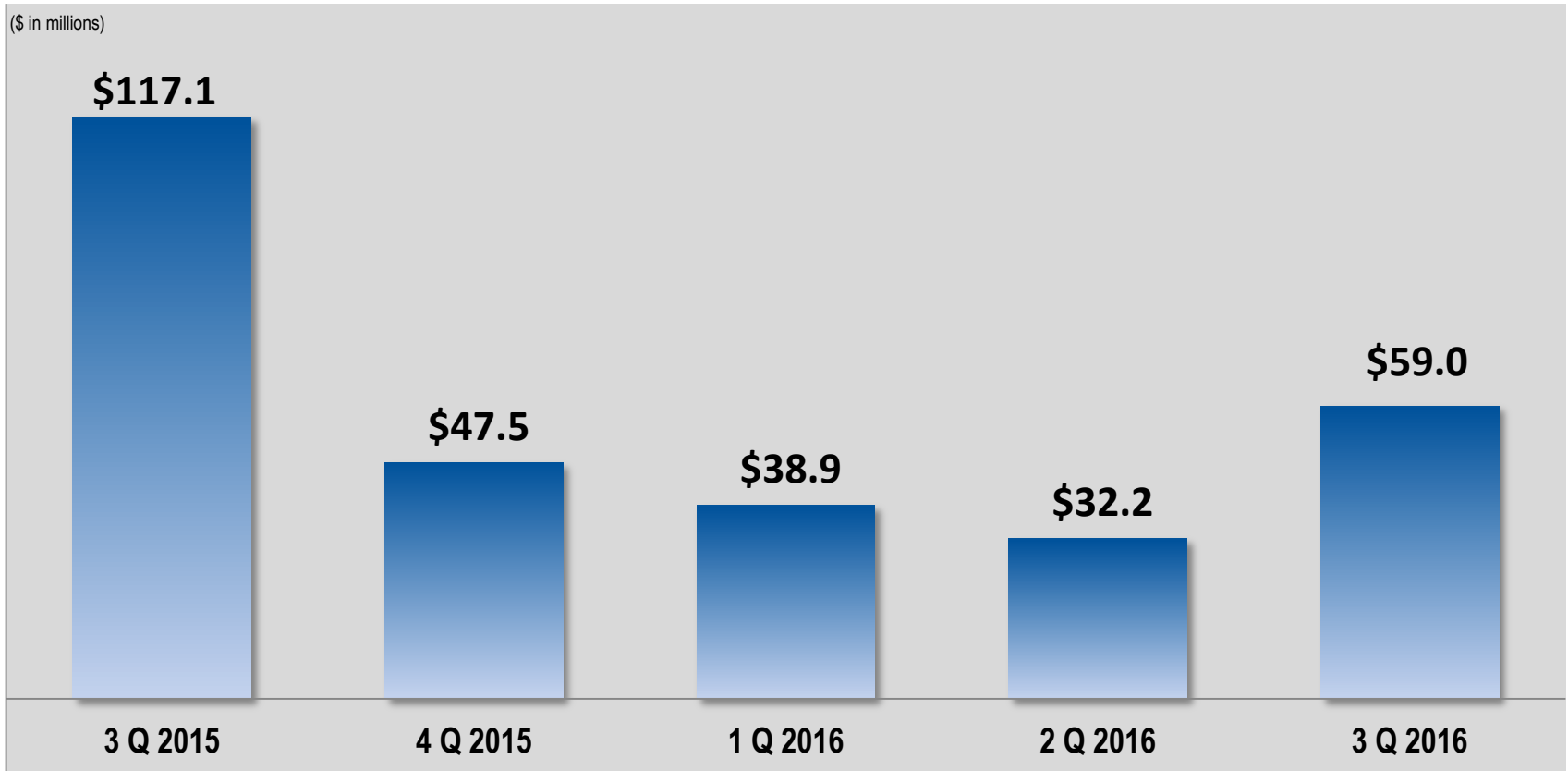
	3 Q 2015	4 Q 2015	1 Q 2016	2 Q 2016	3 Q 2016
Adjusted EBITDA Margin	11.2%	10.0%	10.0%	10.6%	9.9%

See Reconciliation of Adjusted Net Earnings to GAAP measures in the attached Appendix.

# Cash Flow from Operations <sup>(1)</sup>

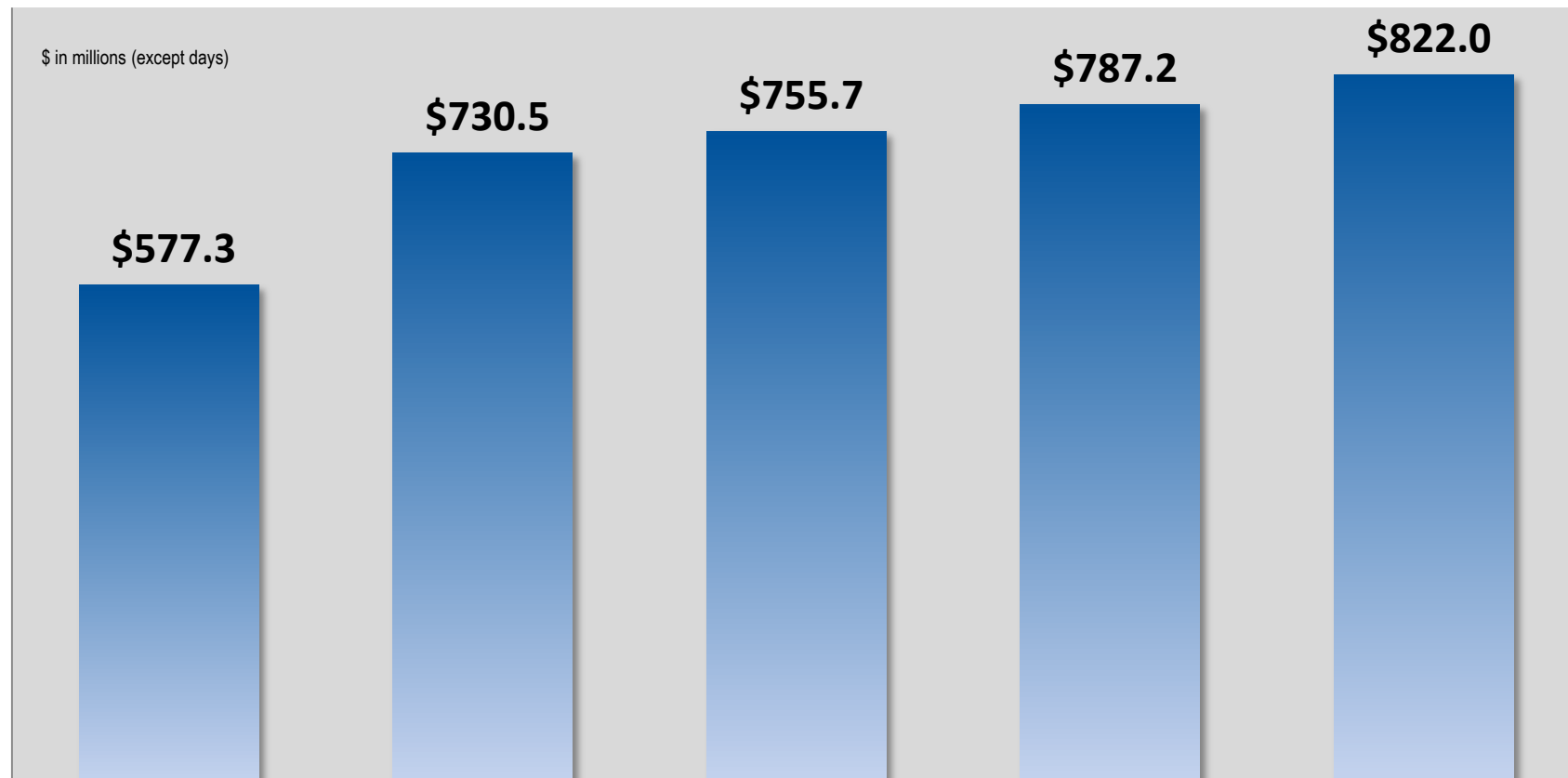
3<sup>rd</sup> quarter 2016 impacted by —

- Increased levels of accounts receivable funding and interest payments, offset by a reduced level of income tax payments



(1) Excludes contingent purchase payments and cash transaction and integration costs associated with the IPC transaction

# Net Accounts Receivable



	3 Q 2015	4 Q 2015	1 Q 2016	2 Q 2016	3 Q 2016
Net Days in Accounts Receivable	60.4	62.7	61.4	64.2	66.8

(1) Excluding the effect of IPC accounts receivables.

# Balance Sheet

## Capitalization Table

(\$ in millions)

	Maturity	Actual 12/31/2015	Actual 9/30/2016
Cash and Cash Equivalents		\$ 28.6	\$ 15.3
Term Loan A (L+2.25)	Oct 2019	577.5	555.0
Term Loan B (L+3.00; with a 75 bp floor) <sup>(4)</sup>	Nov 2022	1,315.0	1,305.4
Revolving Line of Credit - \$650.0mm (L+2.25)	Oct 2019	22.0	332.0
<b>Total Secured Debt</b>		<b>1,914.5</b>	<b>2,192.4</b>
7.25% Senior Notes	Dec 2023	545.0	545.0
<b>Total Debt<sup>(1)</sup></b>		<b>2,459.5</b>	<b>2,737.4</b>
TeamHealth Shareholders' Equity		642.5	713.6
<b>Total Capitalization</b>		<b>\$ 3,102.0</b>	<b>\$ 3,451.0</b>
<b>Total Debt<sup>(1)</sup> / Adjusted EBITDA<sup>(2)</sup></b>		<b>4.9x</b>	<b>5.6x</b>
<b>Net Debt<sup>(3)</sup> / Adjusted EBITDA<sup>(2)</sup></b>		<b>4.8x</b>	<b>5.5x</b>

(1) Excluding deferred financing costs.

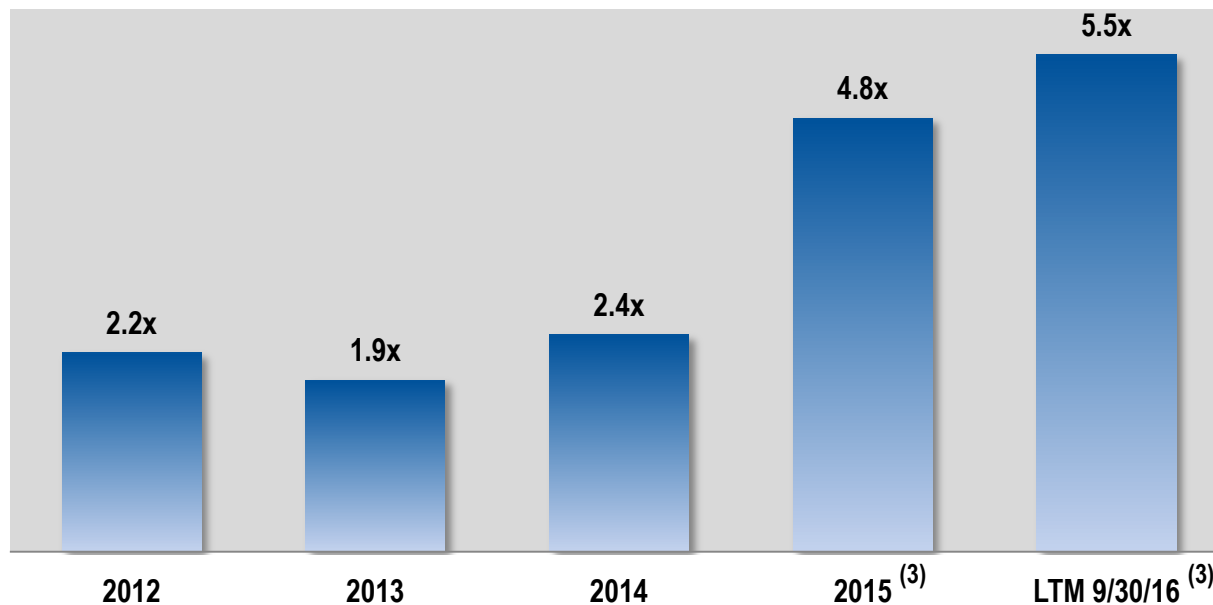
(2) Based on proforma YTD 2015 Adjusted EBITDA of \$501.4 million and proforma LTM September 2016 Adjusted EBITDA of \$492.2 million, respectively. LTM calculated as full year 2015 minus the nine months ended 9/30/15, plus the nine months ended 9/30/16, proforma for LTM acquisitions and IPC synergies.

(3) Reflects total debt less cash and excludes deferred financing costs.

(4) New pricing was effective June 2016; previous rate was L+3.75

# Leverage Trends

Net Debt<sup>(1)</sup> / Adjusted EBITDA<sup>(2)</sup>



(1) Reflects total debt less cash and excludes deferred financing costs.

(2) See Reconciliation of proforma Adjusted Net Earnings to GAAP measures in the attached Appendix.

(3) Proforma for LTM acquisitions and IPC synergies.

# Appendix



## Non-GAAP Financial Measures Reconciliations

In this presentation we refer to Adjusted EBITDA and Adjusted EBITDA margin which are financial measures that are calculated and presented on the basis of methodologies other than in accordance with generally accepted accounting principles in the United States of America (“GAAP”). Adjusted EBITDA is defined as net earnings attributable to Team Health Holdings, Inc. before interest expense, taxes, depreciation and amortization, as further adjusted to exclude the non-cash items and the other adjustments shown in the table under “Adjusted EBITDA” in the Appendix. Adjusted EBITDA margin represents Adjusted EBITDA divided by net revenue. For a reconciliation of Adjusted EBITDA to the most directly comparable GAAP measure, we refer you to the table contained in the Appendix.

# Quarterly Adjusted EBITDA /Net Earnings Reconciliation and Free Cash Flow Calculation

## Reported Net Earnings (Loss) to Adjusted EBITDA Reconciliation

(\$ in millions)	3 Q 2015	4 Q 2015	YTD 2015	1 Q 2016	2 Q 2016	3 Q 2016	LTM 2016
Net earnings (loss) attributable to Team Health Holdings, Inc.	\$ 35.4	\$ (9.7)	\$ 82.7	\$ 0.7	\$ 18.8	\$ 10.5	\$ 20.2
Interest expense, net	5.6	16.9	31.0	31.3	30.4	28.5	107.1
Provision for (benefit from) income taxes	22.8	1.6	66.8	(2.2)	14.6	10.2	24.2
Depreciation	6.3	7.2	24.6	8.0	8.1	9.0	32.2
Amortization	20.6	21.5	83.6	23.5	24.1	23.8	92.9
Other (income) expenses, net	2.1	(1.8)	(1.9)	(0.7)	(0.9)	(6.3)	(9.7)
Contingent purchase and other acquisition compensation expense	(3.5)	5.1	17.3	9.1	9.8	9.8	33.7
Transaction, integration and reorganization costs	3.9	51.1	58.3	21.4	6.1	20.8	99.5
Equity based compensation expense	4.0	4.3	17.5	7.6	6.4	6.5	24.9
Loss on extinguishment and refinancing of debt	-	-	-	-	1.1	-	1.1
Insurance subsidiaries interest income	0.5	0.6	2.1	0.6	0.5	0.6	2.2
Professional liability loss reserve adjustments associated with prior years	-	-	-	14.3	-	-	14.3
Severance and other charges	3.3	1.0	5.6	0.3	0.2	0.1	1.7
<b>Adjusted EBITDA</b>	<b>\$ 101.1</b>	<b>\$ 97.7</b>	<b>\$ 387.5</b>	<b>\$ 113.9</b>	<b>\$ 119.2</b>	<b>\$ 113.5</b>	<b>\$ 444.3</b>
Proforma adjustments:							
Proforma EBITDA adjustment for LTM acquisitions			\$ 89.7				\$ 46.0
IPC synergy adjustment			\$ 24.2				\$ 1.9
<b>Proforma Adjusted EBITDA</b>			<b>\$ 501.4</b>				<b>\$ 492.2</b>

## Free Cash Flow Calculation

Net cash provided by operating activities (as reported)	\$ 113.8	\$ 13.9	\$ 145.8	\$ 29.1	\$ 25.3	\$ 53.0	\$ 121.3
Contingent purchase payments	3.4	0.4	12.7	1.7	1.0	3.0	6.1
Capital expenditures	(13.8)	(9.6)	(40.7)	(7.2)	(8.1)	(6.9)	(31.8)
IPC cash transaction costs	-	33.2	33.2	8.1	5.9	2.9	50.2
Change in investments at insurance subsidiary, net <sup>(1)</sup>	4.7	(16.1)	(12.4)	(1.4)	3.1	9.7	(4.7)
<b>Free Cash Flow</b>	<b>\$108.1</b>	<b>\$21.8</b>	<b>\$138.6</b>	<b>\$30.3</b>	<b>\$27.2</b>	<b>\$61.7</b>	<b>\$141.1</b>

(1) Excludes liquidation of investments from captive subsidiary acquired in 2014 transaction.

Note: Some totals may not foot due to rounding