

**TEAM**Health®

## First Quarter 2016 Earnings Results

May 9, 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. The Company cautions that such “forward looking statements,” including without limitation, those relating to the realization of the expected benefits of the IPC transaction, the Company’s future business prospects, revenue, working capital, professional liability expense, liquidity, capital needs, interest costs and income, wherever they occur in this presentation or in other statements attributable to the Company are necessarily estimates reflecting the judgment of the Company's senior management and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the “forward looking statements.” 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 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.

# First Quarter 2016 Financial Slides



# Q1 2016 Highlights

Net Revenue increased 35.1% to \$1.14 billion (\$192.7 million associated with IPC)

Net Earnings were \$0.7 million; \$46.5 million after adjustments

Diluted net earnings per share of \$0.01  
Adjusted EPS of \$0.62

Adjusted EBITDA increased 27.4% to \$113.8 million (\$16.7 million associated with IPC)

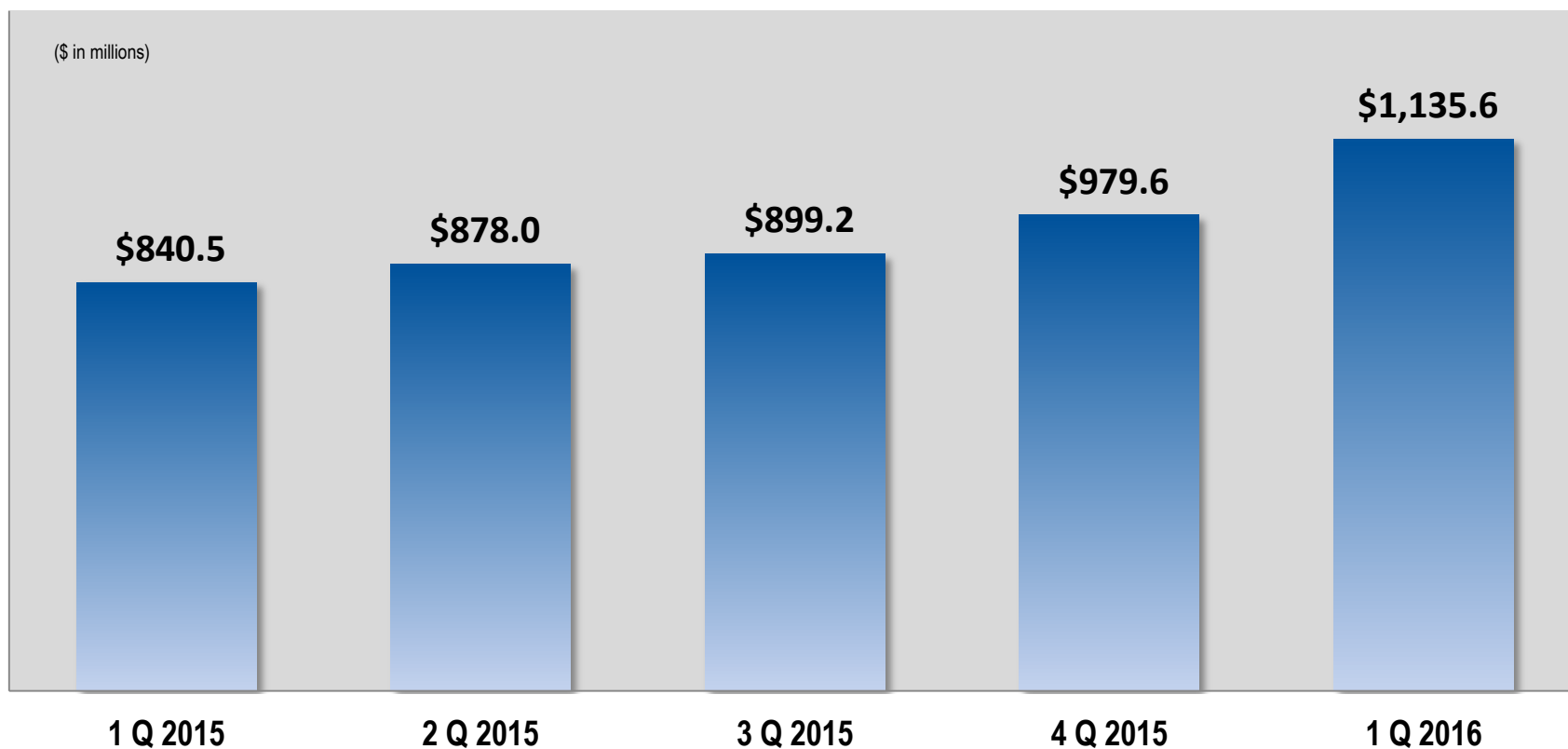
Completed 13 acquisitions in 2015 and 2016

2016 Outlook of Net Revenue growth of 31.0% to 33.0%;  
Adjusted EBITDA margin between 10.5% and 11.0%

# Net Revenue Growth

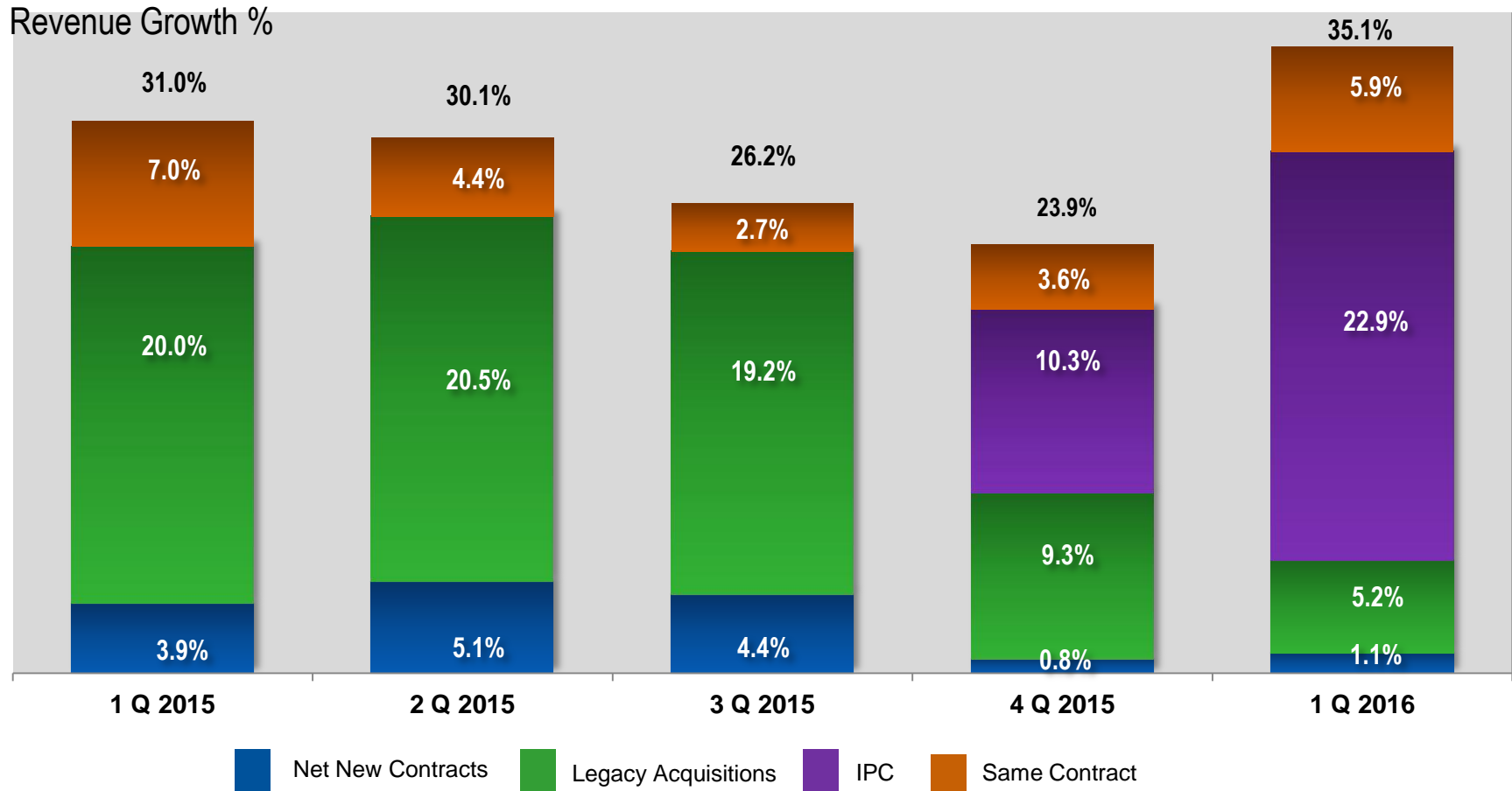
**Net Revenue increased 35.1% in 1st quarter 2016 over 2015**

- **IPC contributed 22.9%, legacy acquisitions contributed 5.2% of growth**
- **Same contract contributed 5.9%**
- **4.0% same contract volume growth**



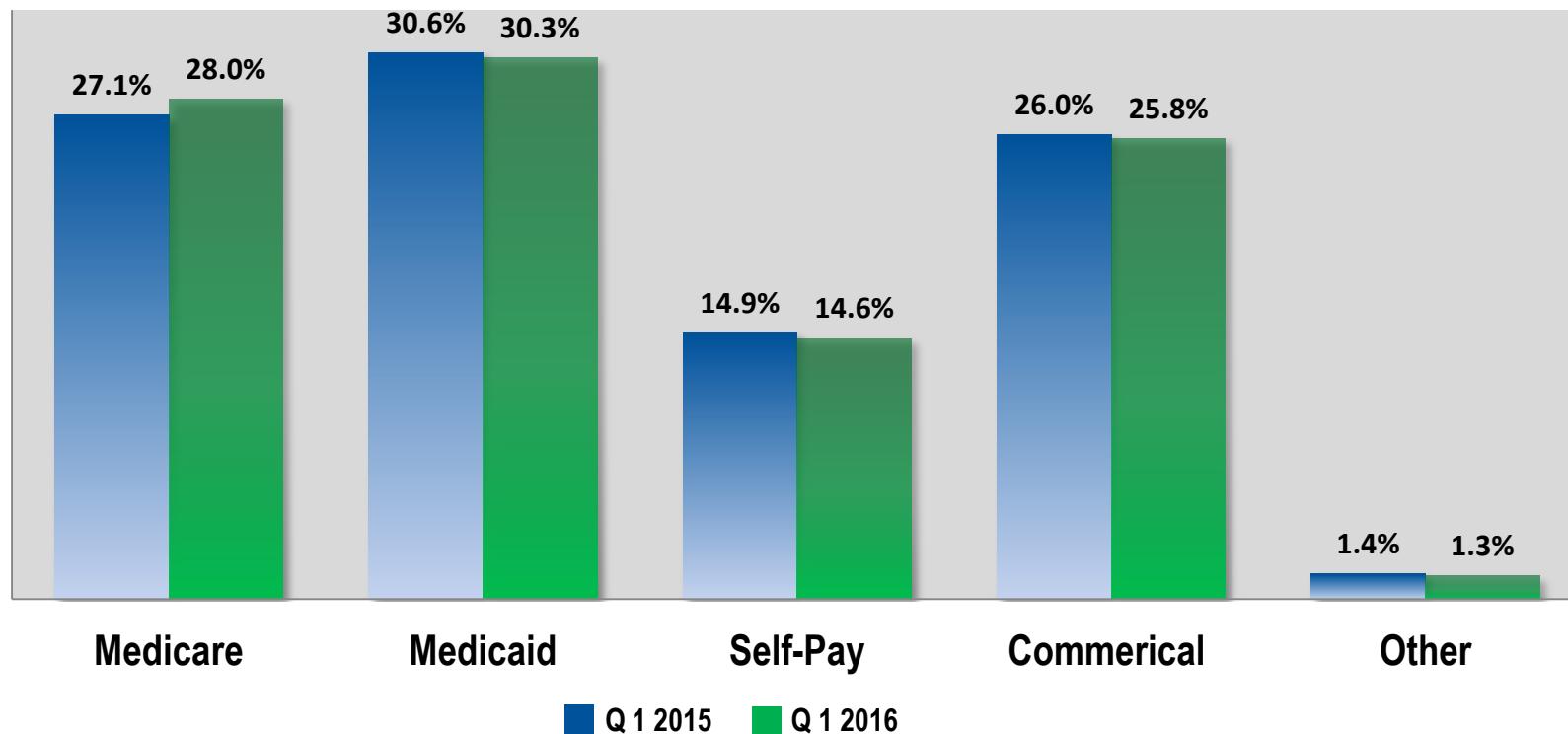
# Net Revenue Growth and Contribution by Category

Balanced approach to achieving revenue growth, led by recent acquisitions



# Payor Mix, excluding IPC operations

Payor Mix by Volume <sup>(1)</sup> <sup>(2)</sup> – Q 1 2015 vs. Q 1 2016



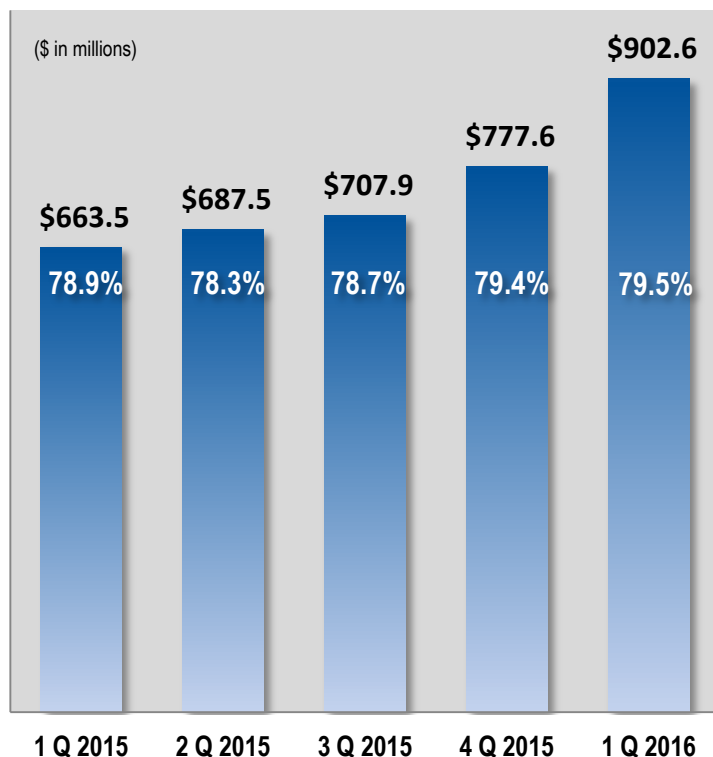
**Compared to the prior year, we realized declines in the percentage of self-pay, Medicaid, and commercial visits and a corresponding increase in the percentage of Medicare visits**

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

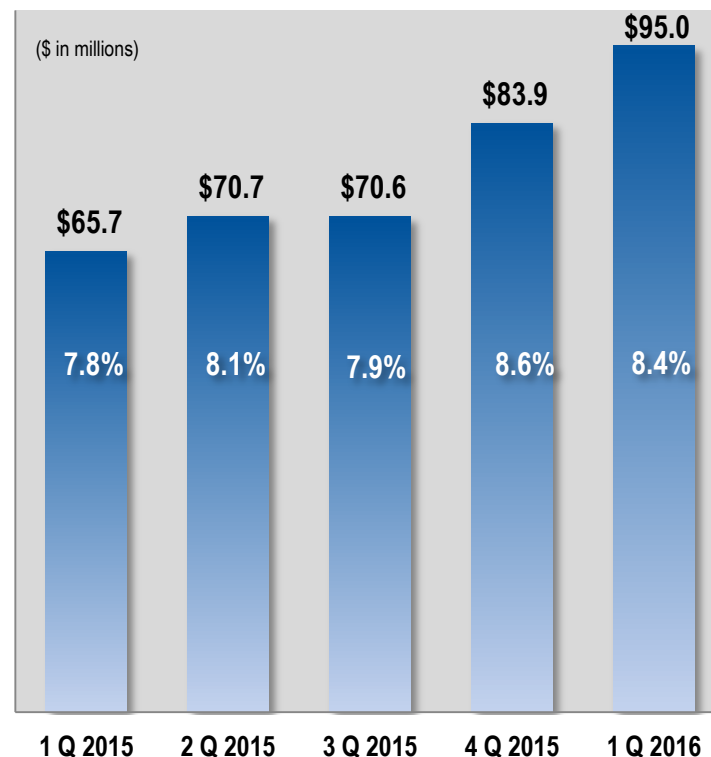
(2) Beginning in the first quarter of 2016, we modified our reporting metric for hospital medicine volume from cases to encounters and have presented prior year information on the same basis. The change in hospital medicine volume metric did not have a material impact on the reported results in either period.

# Key Operating Expenses and Margin

## Professional Service Expense



## General and Administrative Expenses (1)

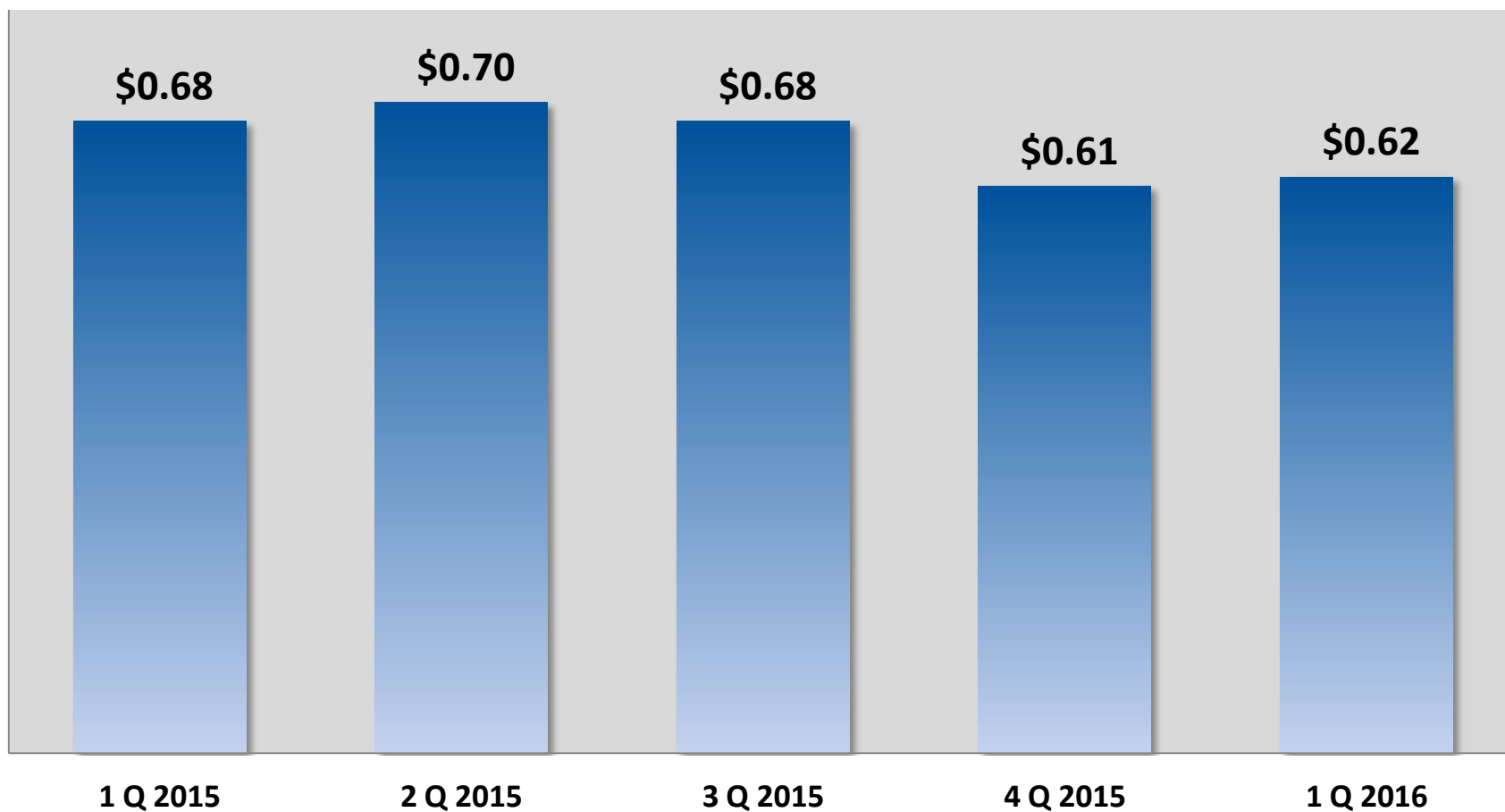


(1) Excludes contingent purchase compensation expense



# Adjusted EPS

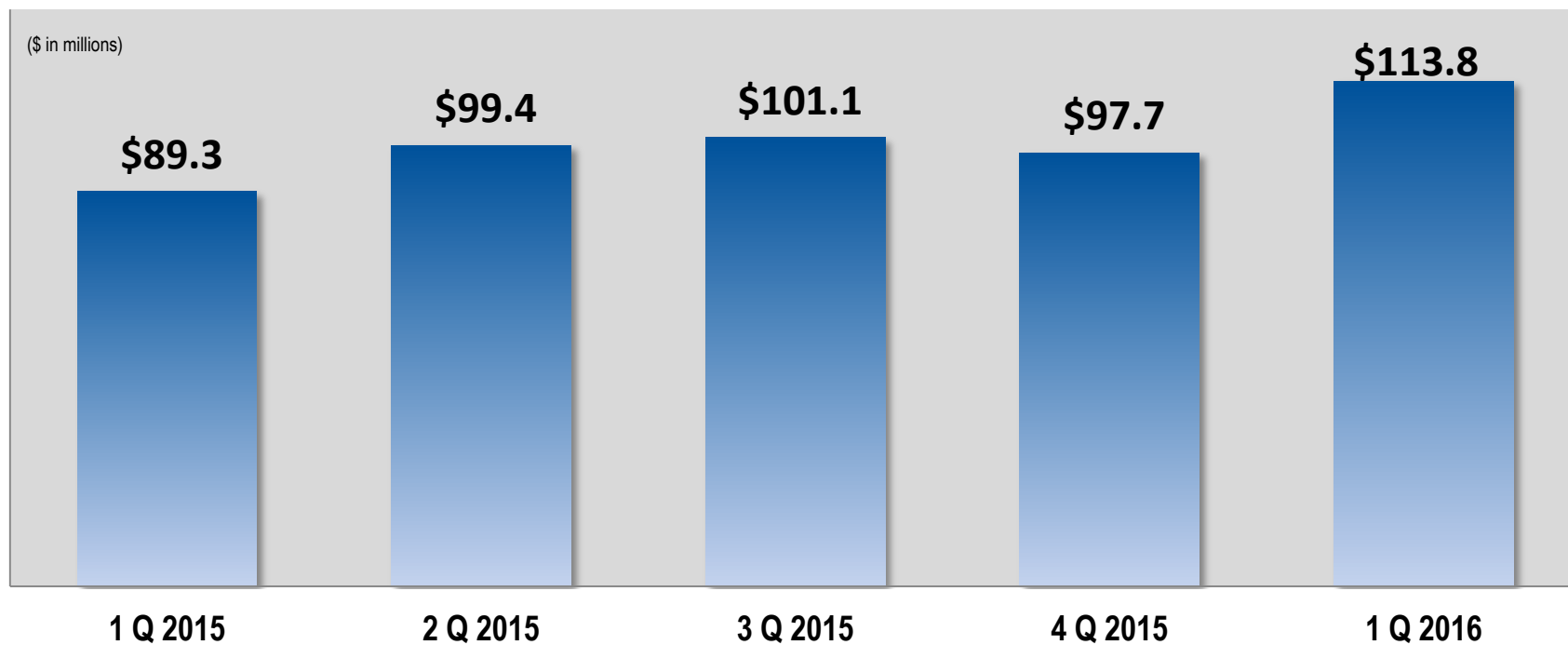
Adjusted EPS of \$0.62



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

# Adjusted EBITDA and Margin

Adjusted EBITDA increased 27.4% in the 1<sup>st</sup> quarter 2016 over 2015



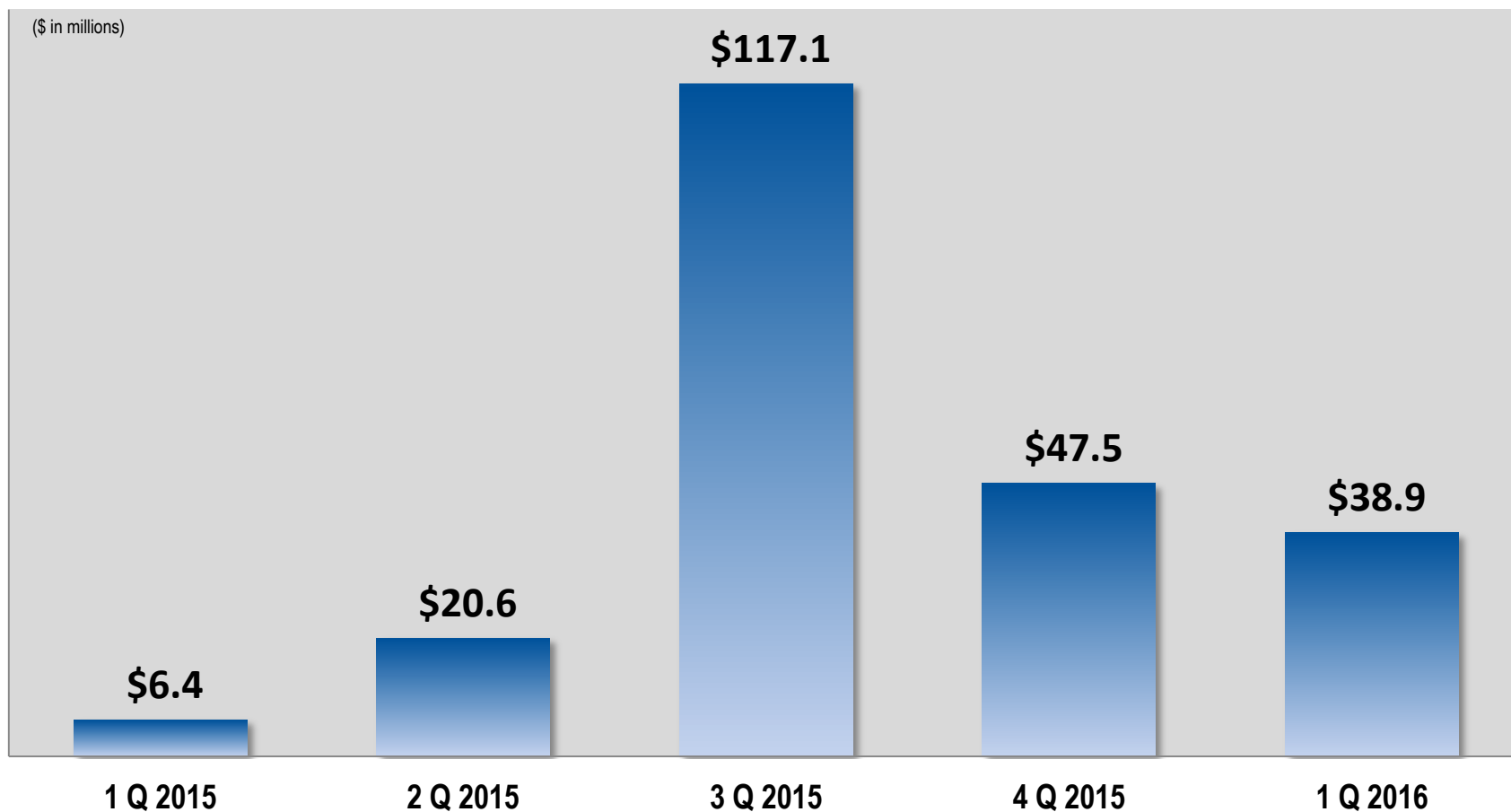
	1 Q 2015	2 Q 2015	3 Q 2015	4 Q 2015	1 Q 2016
Adjusted EBITDA Margin	10.6%	11.3%	11.2%	10.0%	10.0%

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

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

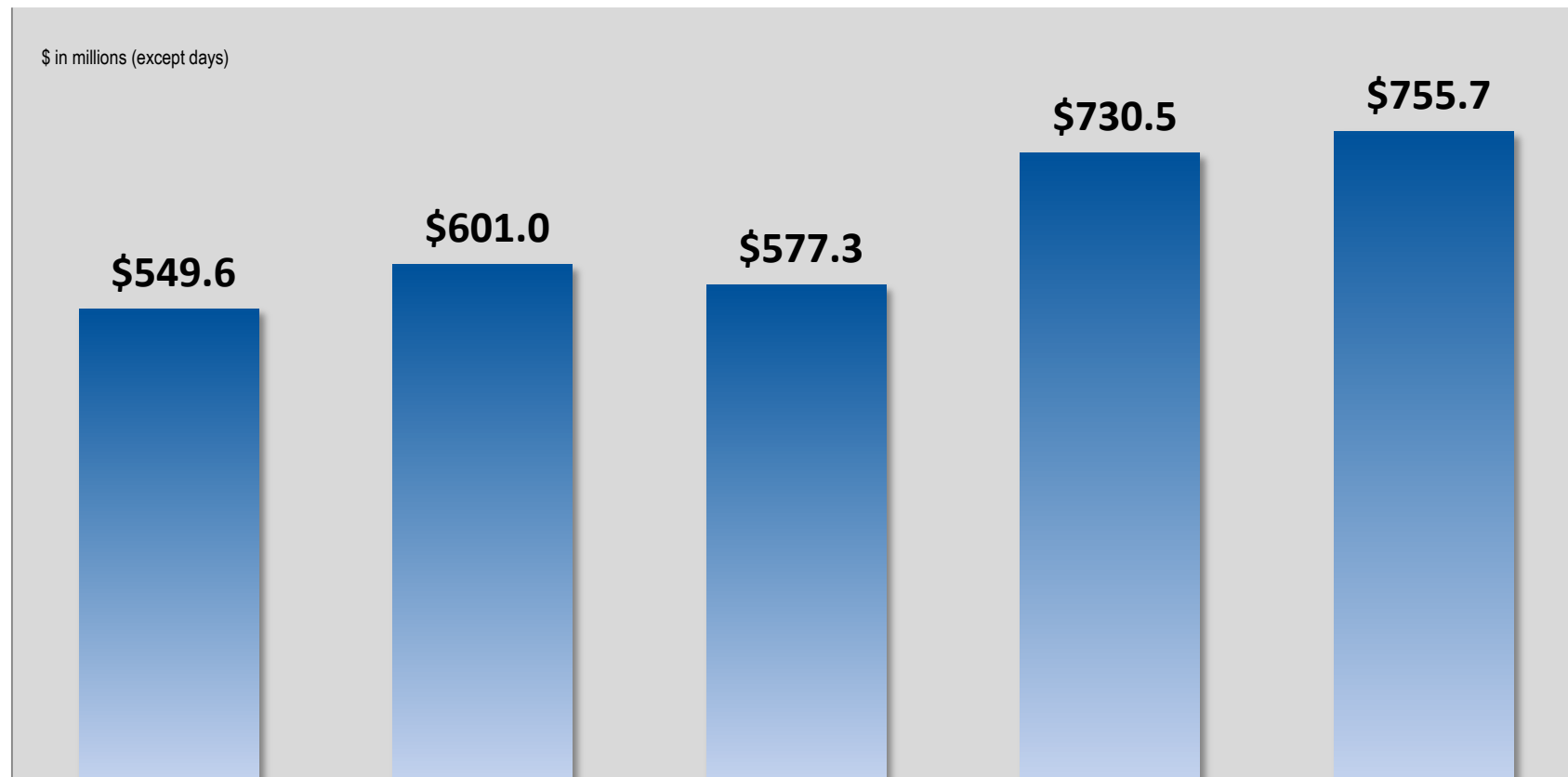
1st quarter 2016 impacted by —

- Reduced level of accounts receivable, accrued compensation and physicians payable funding and a net income tax refund, offset by an increased level of interest payments



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

# Net Accounts Receivable



	1 Q 2015	2 Q 2015	3 Q 2015	4 Q 2015 <sup>(1)</sup>	1 Q 2016 <sup>(1)</sup>
Net Days in Accounts Receivable	60.0	63.0	60.4	62.7	61.4

(1) Excluding the effect of IPC accounts receivables.

# Balance Sheet

## Capitalization Table

(\$ in millions)

	Maturity	Actual 12/31/2015	Actual 3/31/2016
Cash and Cash Equivalents		\$ 28.6	\$ 23.5
Term Loan A (L+2.25)	Oct 2019	577.5	570.0
Term Loan B (L+3.75; with a 75 bp floor)	Nov 2022	1,315.0	1,311.7
Revolving Line of Credit - \$650.0mm (L+2.25)	Oct 2019	22.0	—
<b>Total Secured Debt</b>		<b>1,914.5</b>	<b>1,881.7</b>
7.25% Senior Notes	Dec 2023	545.0	545.0
<b>Total Debt <sup>(1)</sup></b>		<b>2,459.5</b>	<b>2,426.7</b>
TeamHealth Shareholders' Equity		642.5	659.8
<b>Total Capitalization</b>		<b>\$ 3,102.0</b>	<b>\$ 3,086.5</b>
<b>Total Debt / Adjusted EBITDA <sup>(2)</sup></b>		<b>5.2x</b>	<b>5.1x</b>
<b>Net Debt <sup>(3)</sup> / Adjusted EBITDA <sup>(2)</sup></b>		<b>5.1x</b>	<b>5.1x</b>

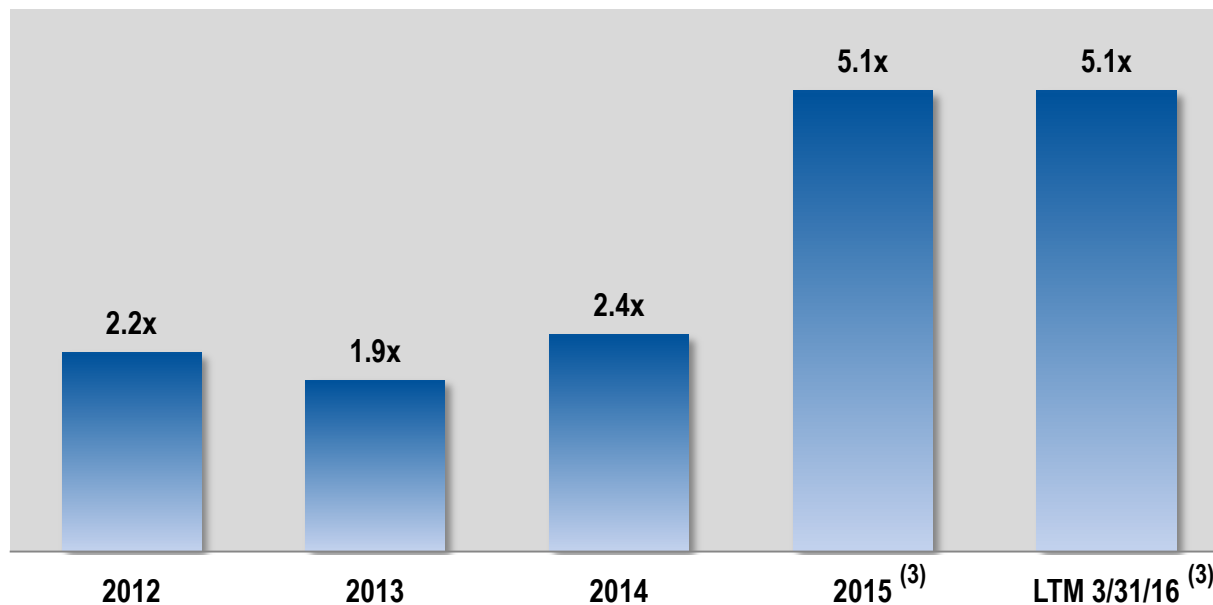
(1) Excluding deferred financing costs.

(2) Based on proforma YTD 2015 Adjusted EBITDA of \$473.5 million and proforma LTM March 2016 Adjusted EBITDA of \$474.5 million, respectively. LTM calculated as full year 2015 minus the three months ended 3/31/15, plus the three months ended 3/31/16, proforma for IPC and \$25.0 million of year one synergies.

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

# 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 IPC and \$25.0 million of year one synergies

# 2016 Outlook

Projected Net Revenue growth of 31.0% to 33.0%

Adjusted EBITDA Margin between 10.5% and 11.0%

Components of growth include enhancing and integrating IPC's operations, including synergies, driving improvements in same and recent new contract performance, executing new contract sales, and implementing our acquisition strategy

2016 Outlook reflects full year of IPC and excludes any impact from BPCI

# Appendix





## Non-GAAP Financial Measures Reconciliations

In this presentation we refer to Adjusted EBITDA, Adjusted EBITDA margin and Adjusted Earnings per Share ("Adjusted EPS") 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. Adjusted EPS is defined as diluted earnings per share attributable to Team Health Holdings, Inc. excluding non-cash and other adjustments, including the impact of contingent purchase and other acquisition compensation expense and amortization expense relating to purchase accounting for historical acquisitions and the other adjustments shown in the table under "Adjusted Earnings Per Share" in the Appendix. For a reconciliation of each of Adjusted EBITDA and Adjusted EPS to the most directly comparable GAAP measure, we refer you to the tables under "Adjusted EBITDA" and "Adjusted Earnings Per Share," respectively, 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)	1 Q 2015	2 Q 2015	3 Q 2015	4 Q 2015	YTD 2015	1 Q 2016	LTM 2016
Net earnings (loss) attributable to Team Health Holdings, Inc.	\$ 28.1	\$ 28.9	\$ 35.4	\$ (9.7)	\$ 82.7	\$ 0.7	\$ 55.3
Interest expense, net	4.0	4.6	5.6	16.9	31.0	31.3	58.3
Provision for (benefit from) income taxes	21.2	21.1	22.8	1.6	66.8	(2.2)	43.3
Depreciation	5.6	5.6	6.3	7.2	24.6	8.0	27.1
Amortization	20.3	21.2	20.6	21.5	83.6	23.5	86.8
Other (income) expenses, net	(3.3)	1.0	2.1	(1.8)	(1.9)	(0.7)	0.6
Contingent purchase and other acquisition compensation expense	7.9	7.9	(3.5)	5.1	17.3	9.1	18.5
Transaction, integration and reorganization costs	1.1	2.2	3.9	51.1	58.3	21.4	78.6
Equity based compensation expense	3.5	5.7	4.0	4.3	17.5	7.6	21.6
Insurance subsidiaries interest income	0.5	0.5	0.5	0.6	2.1	0.6	2.2
Professional liability loss reserve adjustments associated with prior years	-	-	-	-	-	14.3	14.3
Severance and other charges	0.5	0.7	3.3	1.0	5.6	0.3	5.4
<b>Adjusted EBITDA</b>	<b>\$ 89.3</b>	<b>\$ 99.4</b>	<b>\$ 101.1</b>	<b>\$ 97.7</b>	<b>\$ 387.5</b>	<b>\$ 113.9</b>	<b>\$ 412.0</b>
Proforma adjustments:							
IPC incremental EBITDA					\$ 62.4		\$ 43.7
IPC incremental synergies					\$ 23.6		\$ 18.8
<b>Proforma Adjusted EBITDA</b>					<b>\$ 473.5</b>		<b>\$ 474.5</b>

## Free Cash Flow Calculation

Net cash provided by operating activities (as reported)	\$ 2.5	\$ 15.6	\$ 113.8	\$ 13.9	\$ 145.8	\$ 29.1	\$ 172.4
Contingent purchase payments	3.9	5.0	3.4	0.4	12.7	1.7	10.4
Capital expenditures	(9.8)	(7.5)	(13.8)	(9.6)	(40.7)	(7.2)	(38.1)
IPC cash transaction costs	-	-	-	33.2	33.2	8.1	41.4
Change in investments at insurance subsidiary, net <sup>(1)</sup>	(0.8)	(0.2)	4.7	(16.1)	(12.4)	(1.4)	(12.9)
<b>Free Cash Flow</b>	<b>(\$4.2)</b>	<b>\$12.9</b>	<b>\$108.1</b>	<b>\$21.8</b>	<b>\$138.6</b>	<b>\$30.3</b>	<b>\$173.2</b>

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

Note: Some totals may not foot due to rounding

# Quarterly Adjusted Earnings Per Share

## Reported Diluted EPS to Adjusted Diluted EPS Reconciliation

(\$ in millions except for share data)

	1 Q 2015	2 Q 2015	3 Q 2015	4 Q 2015	1 Q 2016
Diluted weighted average shares outstanding	72.9	73.6	73.7	72.6	74.9
Diluted weighted average shares outstanding, adjusted <sup>(1)</sup>	72.9	73.6	73.7	74.3	74.9
Net earnings (loss) attributable to Team Health Holdings, Inc., as reported	\$ 28.1	\$ 28.9	\$ 35.4	\$ (9.7)	\$ 0.6
Adjustments (net of tax):					
Contingent purchase and other acquisition compensation expense	6.8	7.0	(3.1)	4.7	8.7
Amortization expense	14.5	15.3	15.1	15.6	16.9
Professional liability loss reserve adjustments associated with prior years	-	-	-	-	8.8
Transaction, integration and reorganization costs <sup>(2)</sup>	-	-	2.6	34.7	11.5
<b>Net earnings attributable to Team Health Holdings, Inc., as adjusted</b>	<b>\$ 49.4</b>	<b>\$ 51.2</b>	<b>\$ 50.0</b>	<b>\$ 45.2</b>	<b>\$ 46.5</b>
Diluted net earnings (loss) per share attributable to Team Health Holdings, Inc., as reported	\$ 0.38	\$ 0.39	\$ 0.48	\$ (0.13)	\$ 0.01
Adjustments (net of tax):					
Contingent purchase and other acquisition compensation expense	0.09	0.09	(0.04)	0.06	0.12
Amortization expense	0.20	0.21	0.20	0.21	0.23
Professional liability loss reserve adjustments associated with prior years	-	-	-	-	0.12
Transaction, integration and reorganization costs <sup>(2)</sup>	-	-	0.04	0.47	0.15
<b>Diluted earnings per share attributable to Team Health Holdings, Inc., as adjusted</b>	<b>\$ 0.68</b>	<b>\$ 0.70</b>	<b>\$ 0.68</b>	<b>\$ 0.61</b>	<b>\$ 0.62</b>

(1) For the fourth quarter of 2015, Diluted Net Loss per share was calculated using basic weighted shares outstanding due to the Net Loss reported in the fourth quarter under GAAP. Adjusted EPS has been calculated using a weighted average shares outstanding amount that reflects the dilutive effect of outstanding stock options on Net Loss and Net Earnings, as Adjusted.

(2) Does not include transaction costs associated with the Company's legacy acquisition activities.

Note: Some totals may not foot due to rounding

# Adjusted Effective Tax Rate

## For the Three Months Ended March 31, 2016

	Pretax Income	Tax Expense	Minority Interest	Net Income	Effective Tax Rate
As Reported	\$ (1,483)	\$ (2,214)	\$ 63	\$ 668	149.3%
PLI Adjustment	14,284	5,464	-	8,820	38.3%
Transaction, Integration, and Reorganization Costs (1) (2)	21,116	9,656	-	11,460	45.7%
Contingent Purchase Expense (1)	9,089	438	-	8,651	4.8%
Amortization Expense (1)	23,511	6,608	-	16,903	28.1%
Adjusted	<u>\$ 66,517</u>	<u>\$ 19,952</u>	<u>\$ 63</u>	<u>\$ 46,502</u>	<u>30.0%</u>

## For the Three Months Ended March 31, 2015

	Pretax Income	Tax Expense	Minority Interest	Net Income	Effective Tax Rate
As Reported	\$ 49,194	\$ 21,155	\$ (15)	\$ 28,054	43.0%
Contingent Purchase Expense (1)	7,904	1,071	-	6,833	13.6%
Amortization Expense (1)	20,277	5,756	-	14,521	28.4%
Adjusted	<u>\$ 77,375</u>	<u>\$ 27,982</u>	<u>\$ (15)</u>	<u>\$ 49,408</u>	<u>36.2%</u>

(1) Effective tax rate on adjustments for transaction, integration and reorganization costs, contingent purchase and other compensation expense and amortization expense is impacted by the tax treatment associated with the related acquisitions

(2) Does not include \$0.3 million of transaction costs associated with the Company's legacy acquisition activities.