MIZUHO

Mizuho Securities USA Inc.

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Healthcare Research
Healthcare Services
Industry Commentary

Physician Services Earnings Preview

Summary

We think the physician services group could meet 3Q16 consensus estimates, which should be a positive event given negative investor sentiment and the weakness in the stocks since 2Q earnings. Although there is a risk for 2016 guidance revisions as a result of Hurricane Matthew, we expect investors to overlook any reduction related to this event. We believe AMSG has the best earnings visibility going into the quarter.

Company	Symbol	Price (10/11)	Rating Prior	Rating Curr	PT
AmSurg Corporation	AMSG	$65.92	–	Buy	$95.00
Envision Healthcare Holdings, Inc.	EVHC	$21.90	–	Neutral	$27.00
MEDNAX, Inc.	MD	$65.66	–	Buy	$79.00
Team Health Holdings Inc	TMH	$38.80	–	Neutral	$38.00

Source: Bloomberg and Mizuho Securities USA

Key Points

- **AMSG.** Our 3Q:16 adjusted EPS is $1.12E versus consensus of $1.13. We estimate revenue of $771mm (+19%) versus consensus of $769mm, which assumes ASC same-center revenue growth of +2.9% (over a difficult y/y comp of +6.6%) and Sheridan same-contract revenue growth of +7.0%. We expect the pending merger with EVHC to be a focus on the earnings call.

- **EVHC.** We expect EVHC to have an in line quarter after reporting disappointing 2Q results which included missing consensus estimates and lowering guidance. Our 3Q:16 adjusted EBITDA estimate is $180mm, toward the low-end of the implied guidance range of $179mm to $190mm (or Q3 being 25%-26% of total year adjusted EBITDA).We will reevaluate our rating and PT after 3Q results.

- **MD.** We think MD is on track to stabilize the business following a rare earnings miss in 2Q. Our 3Q adjusted EPS estimate of $1.11 is in line with consensus of $1.11 and MD's 3Q adjusted EPS guidance of $1.09-1.13. We expect investors will focus on same-unit neonatal intensive care unit (NICU) patient days, which declined -2.1% in 2Q16 primarily due to the difficult y/y comparison of +3.8%. We believe the NICU patient day comp of +1.2% in 3Q16 should drive an in line quarter. We expect 4Q:16 guidance. Consensus estimates for 4Q:16 adjusted EPS is $1.13, which will likely be on the high-end of 4Q guidance given 4Q is typically flat or up +0.01 sequentially at best.

- **TMH.** Our adjusted EPS and EBITDA are $0.74 and $127.8mm versus consensus of $0.70 and $129.0mm, respectively. Our 2016E adjusted EBITDA estimate is $487mm (versus implied guidance of $487mm-$495mm). Two key areas of focus will likely be IPC physician churn and payor mix, as both showed deteriorating trends in 2Q16. Another point of interest is that this will be the first earnings call since the appointment of new President and CEO Leif Murphy.

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Physician Services Earnings Preview

We think the physician services group is poised for in line 3Q16 earnings. This should be a positive event for group given estimate resets post 2Q earnings, negative investor sentiment and the weakness in the stocks (in 3Q16 the stocks were down an average of -13.5% versus the S&P 500 of +3.3% and S&P 500 Healthcare of up +0.5%). We expect minor 2016 guidance revisions for the negative impact of Hurricane Matthew given all companies have decent exposure in Florida; however, we expect investors to overlook any reduction related to the hurricane. We would be buyers of AMSG before the quarter given the recent weakness coupled with the best earnings visibility going into 3Q16.

AMSG 3Q16 Earnings Preview

Our 3Q:16 adjusted EPS is $1.12E versus consensus of $1.13. We estimate revenue of $771mm (+19%) versus consensus of $769mm, which assumes ASC same-center revenue growth of +2.9% (over a difficult y/y comp of +6.6%) and Sheridan same-contract revenue growth of +7.0%. Our 2016E adjusted EPS estimate of $4.28 is below consensus of $4.33 and on the low-end of guidance of $4.28-4.35. AMSG generates roughly ~35%E of its revenues from Florida so our estimates now include a negative 4Q16 revenue impact from of the hurricane of roughly -1%.

Exhibit 1: AMSG Earnings Preview ($mm)

	Actual Q3:15	Actual Q2:16	Estimate Q3:16	Comment
Revenue	$712.7	$859.8	$838.7	
Bad Debt	(62.5)	(101.3)	(67.6)	
Net Revenue	$650.2	$758.5	$771.1	Consensus $769mm
EBITDA	$183.9	$198.9	$209.0	
D&A (ex acquistion-related intangible)	$11.4	$11.9	$12.1	
Interest Expense	30.2	31.9	31.9	
Equity Income	4.9	7.4	7.4	
Pretax Income	$147.1	$162.5	$172.3	
Taxes	38.5	42.3	45.0	
Net Income	108.7	120.2	127.4	
Non-Controlling Interest	55.6	57.1	63.2	
AMSG Net Income	$53.0	$63.1	$64.1	
AMSG Adjusted EPS	$1.03	$1.10	$1.12	Consensus $1.13
Shares outstanding	51.3	57.3	57.3	Guidance is $1.10-$1.13
AMSG Adjusted EBITDA (minus NCI plus EI)	$133.2	$149.2	$153.1	Consensus $154mm
Year-over-Year Change				
Total revenues	+29%	+18%	+19%	
Adjusted EBITDA	+38%	+17%	+15%	
EPS - Adjusted	+51%	+13%	+8%	
AMSG Adjusted Margin Analysis				
EBITDA less NCI plus EI	20.5%	19.7%	19.9%	
Pretax Margin	22.6%	21.4%	22.3%	
Net Operating Margin	16.7%	15.8%	16.5%	

Source: Company reports, FactSet and Mizuho Securities USA (MSUSA).

EVHC 3Q16 Earnings Preview

We expect EVHC to have an in line quarter after reporting disappointing 2Q results which included missing consensus estimates and lowering guidance. Our 3Q:16 adjusted EBITDA estimate is $180mm, toward the low-end of the implied guidance range of $179mm to $190mm (or Q3 being 25%-26% of total year adjusted EBITDA). We estimate revenue and adjusted EPS of $1,657mm and $0.36, respectively. Our revenue model for Emcare and AMR assumes trends remain relatively stable with 2Q16. Our 2016E adjusted EBITDA estimate of $719MM is in line with consensus. We expect the integration of Rural/Metro, as well as CFFO to be areas of focus this quarter given both disappointed in 2Q.

Exhibit 2: EVHC Earnings Preview ($mm)

	Actual 3Q15	Actual 2Q16	Estimate 3Q16	
Net Revenue	$1,367.4	$1,641.0	$1,657.3	Consensus $1,547.4
EBITDA	$142.1	$171.7	$179.8	Consensus $144
D&A	$44.5	$59.8	$60.0	
Interest income	(0.1)	($0.1)	(0.1)	
Interest expense	27.6	$39.6	39.6	
Pretax income	$69.9	$71.7	$79.8	
Taxes	28.0	27.4	31.9	
Equity income	(0.1)	(1.5)	(1.5)	
Non-controlling interest	1.3	3.4	3.4	
Net Income	$40.6	$42.4	$46.0	
EVHC Adjusted EPS	**$0.30**	**$0.34**	**$0.36**	**Consensus $0.36**
Diluted shares outstanding	191.8	192.0	192.1	
Year-over-Year Change				
Revenue	+18.9%	+21.2%	+21.2%	
Adjusted EPS	(25.2%)	(21.8%)	+13.2%	
Expense Analysis/Net Revenue				
Compensation and benefits	72.9%	69.8%	70.1%	
Operating	12.1%	16.0%	15.1%	
Insurance	3.0%	2.2%	2.2%	
SG&A	1.6%	1.6%	1.8%	
Tax Rate	40.1%	38.2%	40.0%	
EVHC Adjusted EBITDA				
Stock-based compensation	$1.8	$3.7	$3.8	
Other. Net	(1.3)	(3.3)	(3.3)	
EVHC Adjusted EBITDA	$142.5	$172.0	$180.3	
EVHC adjusted EBITDA margin	10.4%	10.5%	10.9%	
% change year-over-year	(6.3%)	+5.7%	+26.5%	

Source: Company reports, FactSet and MSUSA.

MD 3Q16 Earnings Preview

Following a rare earnings miss in 2Q that resulted from higher labor costs and costs associated with an expected acceleration in physician recruiting pertaining to vRad and declining NICU volume y/y, we expect 3Q to be in line. Our 3Q adjusted EPS estimate of $1.11 is consistent with consensus of $1.11 and MD's 3Q adjusted EPS guidance of $1.09-1.13. We estimate 3Q EBITDA of $181.5 versus consensus of $182.7mm. We expect investors will focus on same-unit neonatal intensive care unit

(NICU) patient days and recent weakness at vRad. NICU patient days declined -2.1% in 2Q16 primarily due to the difficult y/y comparison of +3.8% rather than a change in underlying trends in birth rates. We believe the NICU patient day comp of +1.2% in 3Q16 should drive an in line quarter for MD. MD should provide next quarter (4Q16) guidance when 3Q is reported. Historically, 4Q is flat with 3Q or up +0.01 sequentially. Our current 4Q:16 estimate is $1.12 and does not take into account a negative headwind from Hurricane Matthew as we estimate the impact is likely manageable (<30bps drag on revenue). Consensus estimates for 4Q:16 adjusted EPS is $1.13, which will likely be on the high-end of 4Q guidance.

Exhibit 3: MD 3Q16 EPS Summary

	Actual 3Q15	Actual 2Q16	Estimate 3Q16	Comment/ Consensus
Net revenue	$722.3	$771.8	$830.2	Consensus $823.1mm
EBITDA	$168.0	$168.0	$181.5	Consensus $182.7mm
Depreciation and amortization	$16.9	$20.2	$22.4	
Interest expense	6.2	15.1	17.6	
Pretax Income	$146.3	$133.9	$142.9	
Taxes	55.6	51.6	55.7	
Net income	90.6	82.3	87.2	
Noncontrolling interests	0.1	0.1	0.1	
Net Income	90.8	82.4	87.3	
MD Adjusted EPS	**$1.10**	**$1.03**	**$1.11**	**Consensus $1.11**
Shares outstanding	93.6	92.9	92.9	
Year-over-Year Change				
Revenue	+15%	+14%	+15%	
EBITDA	+12%	+7%	+8%	
Adjusted EPS	+15%	+1%	+1%	
Expense Analysis/Revenue				
Salaries & Benefits	62.3%	62.8%	63.1%	
Supplies & Other operating	3.3%	3.5%	3.3%	
General & Administrative	11.1%	11.9%	11.7%	
Tax Rate	38.0%	38.5%	39.0%	
Margin Analysis				
EBITDA Margin	23.3%	21.8%	21.9%	
Pretax Margin	20.3%	17.4%	17.2%	
Net Margin	12.6%	10.7%	10.5%	

Source: Company reports, FactSet and MSUSA estimates.

TMH 3Q16 Earnings Preview

TMH is trading on recent news that the company is in talks with private equity firms about a potential sale, which will be the topic of conversation this earnings season. Having said that, we believe TMH will have an in line 3Q given lower expectations from reduced guidance when 2Q16 was reported. Our adjusted EPS and EBITDA are $0.74 and $127.8mm versus consensus of $0.70 and $129.0mm, respectively. Our 2016E adjusted EBITDA estimate of $487mm (versus implied guidance of $487mm-$495mm) does not include any impact from the potential negative impact of

Hurricane Matthew at this time given we are on the low-end of guidance. We estimate Florida represents 17% of revenue and could impact revenue growth by 50bps in 4Q:16. Two key areas of focus will be IPC physician churn and payor mix, as both showed deteriorating trends in 2Q16. Physician churn at IPC worsened to 27% in 2Q16 compared to 22% in 2Q15, although TMH noted it is having success retaining more senior, longer tenure physicians. Another point of interest is that this will be the first earnings call since the appointment of new President and CEO Leif Murphy.

Exhibit 4: TMH 3Q16 EPS Summary

	Actual Q315	Actual Q216	Estimate Q316	Comments/Consensus
Net Revenue before bad debt	$1,525.4	$1,815.9	$1,990.3	
Bad Debt	(626.2)	(693.3)	(814.1)	
Cash Net Revenue	$899.2	$1,122.6	$1,176.2	Consensus $1,180mm
EBITDA	$100.1	$102.4	$121.2	
Depreciation	$6.3	$8.1	$8.4	
Amortization	20.6	24.1	24.2	
Interest expense	5.6	30.4	30.4	
Pretax Income	$65.5	$40.7	$56.0	
Taxes	25.7	17.1	21.5	
Net income	$39.8	$23.5	$34.4	
Noncontrolling interests	(0.0)	0.1	0.1	
Net Income	$39.8	$23.4	$34.3	
TMH Adjusted EPS	$0.68	$0.67	$0.74	Consensus $0.70
Shares outstanding	73.7	75.2	75.3	
Year-over-Year Change				
Revenue	+26%	+28%	+31%	
EBITDA	+22%	+20%	+21%	
Adjusted EPS	+12%	(5%)	+10%	
Expense Analysis/Net Revenue				
Professional services	78.7%	79.4%	77.8%	
Professional liability costs	3.1%	3.0%	2.8%	
G&A	7.1%	8.5%	9.1%	
Bad Debt (gross)	41.1%	38.2%	40.9%	
Tax Rate	39.2%	42.1%	38.5%	
Margin Analysis				
EBITDA Margin	11.1%	9.1%	10.3%	
Pretax Margin	7.3%	3.6%	4.8%	
Net Margin	4.4%	2.1%	2.9%	
Adjusted EBITDA				
Contingent purchase & other acqu	(3.5)	9.8	2.0	
Equity-based comp	4.0	6.4	4.1	
Other	0.5	0.6	0.5	
TMH Adjusted EBITDA	$101.1	$119.2	$127.8	Consensus $129mm
TMH Adjusted EBITDA margin	11.2%	10.6%	10.9%	

Source: Company reports, FactSet and MSUSA estimates.

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Exhibit 5: AMSG Income Statement, 2015-2017E ($mm)

	2015					2016E					2017E				
	Q1	Q2	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1A	Q2	Q3	Q4	Year
Revenue	$638.2	$707.7	$712.7	$774.3	$2,833.0	$818.3	$859.8	$838.7	$889.5	$3,406.2	$917.7	$901.8	$912.2	$960.1	$3,691.7
Bad Debt	(67.8)	(65.8)	(62.5)	(70.0)	(266.1)	(93.6)	(101.3)	(67.6)	(73.8)	(336.3)	(88.1)	(76.7)	(73.5)	(79.6)	(317.9)
Net Revenue	$570.4	$642.0	$650.2	$704.3	$2,566.9	$724.7	$758.5	$771.1	$815.7	$3,069.9	$829.6	$825.1	$838.6	$880.4	$3,373.8
SG&A, Adjusted	$298.5	$316.5	$323.8	$360.6	$1,299.4	$402.7	$396.1	$402.9	$427.4	$1,629.1	$459.61	$429.1	$436.9	$460.5	$1,786.1
Supplies	42.6	45.8	45.6	50.2	184.2	47.0	49.7	46.6	49.8	193.1	51.7	51.2	50.3	52.8	206.0
Other	90.6	98.6	96.9	102.9	389.0	107.7	113.7	112.6	116.2	450.2	122.0	122.1	120.8	124.1	489.0
Total Operating Exp.	$431.6	$460.9	$466.4	$513.7	$1,872.6	557.3	559.6	562.1	593.4	2,272.4	633.2	602.4	608.0	637.4	2,481.0
EBITDA	$138.8	$181.1	$183.9	$190.6	$694.3	$167.4	$198.9	$209.0	$222.3	$797.5	$196.4	$222.8	$230.6	$243.0	$892.8
D&A (ex acquistion-related intangible)	$10.4	$11.1	$11.4	$11.8	$44.7	$11.4	$11.9	$12.1	$12.3	$47.6	$12.5	$12.8	$13.0	$13.2	$51.4
Interest Expense	30.2	30.2	30.2	30.9	121.6	30.8	31.9	31.9	31.9	126.5	32.1	32.2	32.2	32.3	128.6
Equity Income	2.7	4.0	4.9	4.6	16.2	6.6	7.4	7.4	7.3	28.6	7.7	8.2	8.1	8.0	32.1
Pretax Income	$100.8	$143.7	$147.1	$152.4	$544.1	$131.8	$162.5	$172.3	$185.4	$652.0	$159.6	$186.1	$193.6	$205.6	$744.9
Taxes	21.4	36.8	38.5	38.7	135.3	31.3	42.3	45.0	47.1	165.6	37.9	48.5	50.5	52.2	189.1
Net Income	79.5	107.0	108.7	113.7	408.8	100.5	120.2	127.4	138.4	486.4	121.7	137.6	143.1	153.4	555.8
Non-Controlling Interest	47.7	57.1	55.6	57.8	218.2	53.8	57.1	63.2	67.4	241.5	63.2	63.9	69.8	73.7	270.5
AMSG Net Income	$31.7	$49.9	$53.0	$56.7	$191.3	$46.6	$63.1	$64.1	$71.0	$244.9	$58.5	$73.8	$73.3	$79.8	$285.3
AMSG Adjusted EPS	**$0.62**	**$0.97**	**$1.03**	**$1.07**	**$3.71**	**$0.82**	**$1.10**	**$1.12**	**$1.24**	**$4.28**	**$1.02**	**$1.28**	**$1.27**	**$1.38**	**$4.95**
Shares outstanding	51.1	51.2	51.3	52.9	51.6	57.1	57.3	57.3	57.3	57.3	57.5	57.6	57.7	57.8	57.7
AMSG Adjusted EBITDA (minus NCI plus EI)	**$93.8**	**$128.0**	**$133.2**	**$137.4**	**$492.3**	**$120.1**	**$149.2**	**$153.1**	**$162.2**	**$584.7**	**$133.2**	**$158.9**	**$160.9**	**$169.3**	**$622.3**
Year-over-Year Change															
Total revenues	+120%	+131%	+29%	+21%	+58%	+27%	+18%	+19%	+16%	+20%	+14%	+9%	+9%	+8%	+10%
SG&A, Adjusted	+275%	+288%	+36%	+26%	+90%	+35%	+25%	+24%	+19%	+25%	+14%	+8%	+8%	+8%	+10%
Supplies	+13%	+12%	+9%	+15%	+12%	+10%	+9%	+2%	(1%)	+5%	+10%	+3%	+8%	+6%	+7%
Other	+67%	+77%	+19%	+10%	+37%	+19%	+15%	+16%	+13%	+16%	+13%	+7%	+7%	+7%	+9%
EBITDA	+58%	+81%	+30%	+20%	+42%	+21%	+10%	+14%	+17%	+15%	+17%	+12%	+10%	+9%	+12%
Adjusted EBITDA	+105%	+149%	+38%	+24%	+62%	+28%	+17%	+15%	+18%	+19%	+11%	+6%	+5%	+4%	+6%
EPS - Adjusted	+9%	+45%	+51%	+39%	+38%	+31%	+13%	+8%	+16%	+15%	+25%	+16%	+14%	+11%	+16%
Expense Analysis/Revenue															
SG&A, Adjusted	52.3%	49.3%	49.8%	51.2%	50.7%	55.6%	52.2%	52.3%	52.4%	53.1%	55.4%	52.0%	52.1%	52.3%	53.0%
Supplies	7.5%	7.1%	7.0%	7.1%	7.2%	6.5%	6.6%	6.1%	6.1%	6.3%	6.2%	6.2%	6.0%	6.0%	6.1%
Other	15.9%	15.4%	14.9%	14.6%	15.2%	14.9%	15.0%	14.6%	14.3%	14.7%	14.7%	14.8%	14.4%	14.1%	14.5%
Tax rate (adj for NCI)	21.2%	25.6%	26.1%	25.4%	24.6%	23.8%	26.0%	26.1%	25.4%	25.3%	23.8%	26.0%	26.1%	25.4%	25.3%
AMSG Adjusted Margin Analysis															
EBITDA less NCI plus EI	16.4%	19.9%	20.5%	19.5%	19.2%	16.6%	19.7%	19.9%	19.9%	19.0%	16.1%	19.3%	19.2%	19.2%	18.4%
Pretax Margin	17.7%	22.4%	22.6%	21.6%	21.2%	18.2%	21.4%	22.3%	22.7%	21.2%	19.2%	22.6%	23.1%	23.4%	22.1%
Net Operating Margin	13.9%	16.7%	16.7%	16.2%	15.9%	13.9%	15.8%	16.5%	17.0%	15.8%	14.7%	16.7%	17.1%	17.4%	16.5%
MSUSA Adjusted EBITDA & EPS															
Stock-based compensation	$3.7	$3.9	$3.7	$3.7	$15.0	$7.2	$7.9	$8.0	$8.1	$31.2	$8.2	$8.3	$8.4	$8.5	$33.4
Fair value of contigent consideration	0.0	6.4	1.9	0.5	8.8	0.0	(2.6)	0.0	0.0	(2.6)	0.0	0.0	0.0	0.0	0.0
MSUSA Adjusted EBITDA	$90.0	$117.7	$127.5	$133.2	$468.5	$112.9	$143.9	$145.1	$154.1	$556.1	$125.0	$150.6	$152.5	$160.8	$588.9
y/y growth	+108%	+141%	+36%	+23%	+59%	+25%	+22%	+14%	+16%	+19%	+11%	+5%	+5%	+4%	+6%
Adjusted EBITDA Margin	15.8%	18.3%	19.6%	18.9%	18.3%	15.6%	19.0%	18.8%	18.9%	18.1%	15.1%	18.3%	18.2%	18.3%	17.5%
Stock-based compensation EPS	$0.04	$0.04	$0.04	$0.04	$0.17	$0.08	$0.08	$0.08	$0.08	$0.33	$0.09	$0.09	$0.09	$0.09	$0.35
Fair value of contigent consideration	0.00	0.07	0.02	0.01	0.10	0.00	(0.06)	0.00	0.00	(0.06)	0.00	0.00	0.00	0.00	0.00
Other	0.00	0.00	0.07	0.00	0.07	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
MSUSA Adjusted EPS	$0.58	$0.86	$0.90	$1.02	$3.36	$0.74	$1.08	$1.04	$1.15	$4.01	$0.93	$1.19	$1.18	$1.29	$4.60

Source: Company reports and Mizuho Securities USA estimates. AMSG adjusted EPS excludes acquisition-related goodwill amortization, stock-based compensation expense, fair value of contingent consideration and other.

Exhibit 6: EVHC Income Statement, 2015-2017E ($mm)

	2015					2016E					2017E				
	Q1	Q2	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net Revenue	$1,244.5	$1,354.3	$1,367.4	$1,481.8	$5,447.9	$1,597.5	$1,641.0	$1,657.3	$1,668.6	$6,564.5	$1,731.4	$1,780.3	$1,795.8	$1,797.0	$7,104.5
Compensation and benefits	$907.7	$969.5	$997.2	$1,047.9	$3,922.3	$1,123.9	$1,144.8	$1,161.8	$1,157.2	$4,587.6	$1,218.1	$1,241.8	$1,271.4	$1,257.9	$4,989.1
Operating	151.7	156.1	165.1	208.4	681.3	253.2	263.2	250.3	241.1	1,007.8	264.9	263.5	255.0	251.6	1,035.0
Insurance	35.5	38.2	41.1	31.0	145.8	37.4	35.5	36.5	32.5	141.9	38.1	39.2	39.5	37.7	154.5
SG&A	21.4	28.3	21.9	23.8	95.4	30.5	25.9	29.0	22.5	107.9	32.9	33.8	32.3	29.8	128.9
EBITDA	$128.2	$162.2	$142.1	$170.6	$603.1	$152.6	$171.7	$179.8	$215.3	$719.3	$177.5	$202.1	$197.5	$220.0	$797.0
D&A	$39.9	$44.9	$44.5	$53.5	$182.9	$57.4	$59.8	$60.0	$60.6	$237.7	$61.4	$62.0	$62.6	$63.2	$249.0
Interest income	(0.1)	(0.2)	(0.1)	(0.2)	(0.7)	(0.4)	($0.1)	(0.1)	(0.2)	(0.8)	(0.4)	(0.1)	(0.1)	(0.2)	(0.8)
Interest expense	26.7	28.1	27.6	34.8	117.2	38.9	$39.6	39.6	39.6	157.6	39.6	39.6	39.6	39.6	158.3
Investment gains/lossess	0.0	0.0	0.0	(0.1)	(0.0)	(0.0)	$0.1	(0.1)	(0.1)	(0.1)	(0.0)	0.1	(0.1)	(0.1)	(0.1)
Other	0.3	0.0	0.2	0.4	1.0	(0.7)	$0.7	0.7	0.4	1.1	(0.7)	0.7	0.7	0.4	1.1
Pretax income	$61.5	$89.3	$69.9	$82.1	$302.7	$57.3	$71.7	$79.8	$115.0	$323.8	$77.6	$99.9	$94.9	$117.1	$389.5
Taxes	24.8	34.1	28.0	32.0	118.9	22.3	27.4	31.9	44.9	126.4	30.4	39.2	38.0	45.7	153.2
Equity income	(0.1)	(0.1)	(0.1)	(0.2)	(0.4)	(0.1)	(1.5)	(1.5)	(1.5)	(4.6)	(1.5)	(1.5)	(1.5)	(1.5)	(6.0)
Non-controlling interest	0.6	1.3	1.3	2.7	5.9	3.6	3.4	3.4	3.4	13.9	3.4	3.4	3.4	3.4	13.8
Net Income	$36.2	$54.0	$40.6	$47.5	$178.3	$31.6	$42.4	$46.0	$68.2	$188.1	$45.3	$58.8	$55.0	$69.5	$228.6
Diluted EPS Continuing Operations	$0.19	$0.28	$0.21	$0.25	$0.93	$0.16	$0.22	$0.24	$0.35	$0.98	$0.24	$0.30	$0.28	$0.36	$1.18
Amortization Expense	0.07	0.08	0.09	0.10	0.32	0.10	0.10	0.10	0.10	0.42	0.11	0.11	0.11	0.11	0.43
MSUSA Adjusted EPS	**$0.25**	**$0.36**	**$0.30**	**$0.35**	**$1.26**	**$0.27**	**$0.32**	**$0.34**	**$0.46**	**$1.40**	**$0.34**	**$0.41**	**$0.39**	**$0.47**	**$1.62**
Stock Based Comp	0.00	0.00	0.01	0.00	0.02	0.01	0.01	0.01	0.01	0.04	0.01	0.01	0.01	0.01	0.04
EVHC Adjusted EPS	$0.26	$0.37	$0.30	$0.35	$1.28	$0.28	$0.34	$0.36	$0.47	$1.44	$0.35	$0.42	$0.40	$0.48	$1.66
Diluted shares outstanding	191.2	191.5	191.8	192.0	191.6	191.9	192.0	192.1	192.2	192.1	192.5	192.8	193.1	193.4	193.0
Year-over-Year Change															
Revenue	+22.7%	+25.9%	+18.9%	+28.0%	+23.9%	+28.4%	+21.2%	+21.2%	+12.6%	+20.5%	+8.4%	+8.5%	+8.4%	+7.7%	+8.2%
Compensation and benefits	+22.1%	+26.4%	+21.7%	+26.8%	+24.3%	+23.8%	+18.1%	+16.5%	+10.4%	+17.0%	+8.4%	+8.5%	+9.4%	+8.7%	+8.8%
Operating	+32.4%	+29.3%	+27.5%	+69.5%	+39.7%	+66.9%	+68.6%	+51.6%	+15.7%	+47.9%	+4.6%	+0.1%	+1.9%	+4.3%	+2.7%
Insurance	+14.7%	+20.8%	+49.3%	+0.5%	+20.5%	+5.3%	(7.1%)	(11.3%)	+4.8%	(2.7%)	+1.8%	+10.5%	+8.4%	+16.0%	+8.9%
SG&A	+17.2%	+28.9%	+2.3%	+3.3%	+12.7%	+42.7%	(8.4%)	+32.4%	(5.5%)	+13.1%	+7.9%	+30.6%	+11.5%	+32.4%	+19.4%
EBITDA	+20.2%	+21.0%	(6.8%)	+10.5%	+10.1%	+19.0%	+5.8%	+26.6%	+26.2%	+19.3%	+16.3%	+17.7%	+9.9%	+2.2%	+10.8%
Adjusted EPS	+38.3%	+28.4%	(25.2%)	(10.6%)	+6.8%	(13.2%)	(21.8%)	+13.2%	+43.4%	+10.8%	+43.2%	+38.2%	+19.0%	+1.2%	+15.9%
Expense Analysis/Net Revenue															
Compensation and benefits	72.9%	71.6%	72.9%	70.7%	72.0%	70.3%	69.8%	70.1%	69.4%	69.9%	70.4%	69.8%	70.8%	70.0%	70.2%
Operating	12.2%	11.5%	12.1%	14.1%	12.5%	15.9%	16.0%	15.1%	14.5%	15.4%	15.3%	14.8%	14.2%	14.0%	14.6%
Insurance	2.9%	2.8%	3.0%	2.1%	2.7%	2.3%	2.2%	2.2%	2.0%	2.2%	2.2%	2.2%	2.2%	2.1%	2.2%
SG&A	1.7%	2.1%	1.6%	1.6%	1.8%	1.9%	1.6%	1.8%	1.4%	1.6%	1.9%	1.9%	1.8%	1.7%	1.8%
Tax Rate	40.3%	38.1%	40.1%	39.0%	39.4%	38.9%	38.2%	40.0%	39.0%	39.0%	39.1%	39.2%	40.0%	39.0%	39.3%
Margin Analysis															
EBITDA Margin	10.3%	12.0%	10.4%	11.5%	11.0%	9.5%	10.5%	10.9%	12.9%	10.9%	10.3%	11.4%	11.0%	12.2%	11.2%
Pretax Margin	4.9%	6.6%	5.1%	5.5%	5.5%	3.6%	4.4%	4.8%	6.9%	4.9%	4.5%	5.6%	5.3%	6.5%	5.5%
Net Margin	2.9%	4.0%	3.0%	3.2%	3.3%	2.0%	2.6%	2.8%	4.1%	2.9%	2.6%	3.3%	3.1%	3.9%	3.2%
EVHC Adjusted EBITDA															
Stock-based compensation	$1.4	$1.7	$1.8	$1.1	$5.9	$2.3	$3.7	$3.8	$3.9	$13.5	$3.9	$4.0	$4.1	$4.2	$16.0
Other. Net	(0.5)	(1.2)	(1.3)	(2.5)	(5.5)	(3.5)	(3.3)	(3.3)	(3.2)	(13.3)	(3.1)	(3.3)	(3.3)	(3.2)	(12.9)
EVHC Adjusted EBITDA	$129.1	$162.7	$142.5	$169.1	$603.5	$151.4	$172.0	$180.3	$215.9	$719.5	$178.2	$202.7	$198.3	$220.9	$800.1
EVHC adjusted EBITDA margin	10.4%	12.0%	10.4%	11.4%	11.1%	9.5%	10.5%	10.9%	12.9%	11.0%	10.3%	11.4%	11.0%	12.3%	11.3%
% change year-over-year	+17.2%	+21.2%	(6.3%)	+8.3%	+9.2%	+17.2%	+5.7%	+26.5%	+27.7%	+19.2%	+17.8%	+17.8%	+10.0%	+2.3%	+11.2%

Source: FactSet and MSUSA. EVHC adjusted EPS excludes amortization of acquisition-related goodwill, stock-based comp expense, and other acquisition costs and other.

Exhibit 7: MD Income Statement, 2015-2018E ($mm)

	2015E			2016E					2017E					2018E				
	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net revenue	$722.3	$741.7	$2,780.0	$752.6	$771.8	$830.2	$832.6	$3,187.2	$842.3	$854.6	$892.6	$895.1	$3,484.6	$914.9	$927.4	$971.0	$973.5	$3,786.9
Practice SG&A	$450.0	$461.1	$1,753.5	$491.8	$484.6	$523.8	$521.6	$2,021.9	$550.0	$533.3	$558.8	$558.9	$2,201.0	$597.4	$578.7	$607.9	$607.9	$2,391.9
Practice supplies & other operating	24.0	26.2	98.5	27.0	27.0	27.4	28.3	109.7	29.9	29.9	29.0	29.1	117.9	32.5	32.5	31.6	31.6	128.1
G&A	80.2	85.4	305.9	90.0	92.1	97.5	97.8	377.4	100.2	101.7	105.3	105.6	412.9	108.9	110.4	114.6	114.9	448.7
EBITDA	$168.0	$169.1	$622.1	$143.8	$168.0	$181.5	$184.8	$678.2	$162.1	$189.7	$199.5	$201.5	$752.9	$176.1	$205.9	$217.0	$219.1	$818.2
Depreciation and amortization	$16.9	$18.1	$64.2	$19.6	$20.2	$22.4	$23.8	$86.1	$24.2	$24.6	$25.0	$25.4	$99.4	$25.8	$26.2	$26.6	$27.0	$105.8
Investment income	0.6	0.8	1.8	0.6	0.4	0.6	0.8	2.3	0.6	0.4	0.6	0.8	2.3	0.6	0.4	0.6	0.8	2.3
Interest expense	6.2	8.5	23.1	14.5	15.1	17.6	17.6	64.6	17.6	17.6	17.6	17.6	70.2	17.6	17.6	17.6	17.6	70.2
Equity income	0.8	0.8	3.1	0.8	0.8	0.8	0.8	3.2	0.8	0.8	0.9	0.9	3.4	0.9	0.9	0.9	0.9	3.6
Pretax Income	$146.3	$144.0	$539.7	$111.2	$133.9	$142.9	$145.0	$533.0	$121.8	$148.8	$158.4	$160.1	$589.0	$134.2	$163.4	$174.3	$176.2	$648.1
Taxes	55.6	51.6	204.0	43.4	51.6	55.7	56.6	207.3	47.5	58.0	61.8	62.4	229.7	52.3	63.7	68.0	68.7	252.8
Net income	90.6	92.4	335.7	67.8	82.3	87.2	88.5	325.7	74.3	90.7	96.6	97.7	359.3	81.9	99.7	106.3	107.5	395.3
Noncontrolling interests	0.1	0.3	0.6	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Net Income	90.8	92.7	336.3	67.9	82.4	87.3	88.6	326.1	74.4	90.8	96.7	97.7	359.7	82.0	99.7	106.4	107.6	395.7
Diluted EPS Continuing Operations	$0.97	$0.99	$3.58	$0.73	$0.89	$0.94	$0.95	$3.51	$0.80	$0.98	$1.04	$1.06	$3.88	$0.89	$1.08	$1.15	$1.17	$4.29
Amortization Expense	0.07	0.08	0.28	0.09	0.09	0.11	0.11	0.40	0.12	0.12	0.12	0.12	0.48	0.13	0.13	0.13	0.13	0.52
MSUSA Adjusted EPS	**$1.04**	**$1.07**	**$3.86**	**$0.82**	**$0.98**	**$1.05**	**$1.06**	**$3.91**	**$0.92**	**$1.10**	**$1.17**	**$1.18**	**$4.37**	**$1.02**	**$1.21**	**$1.29**	**$1.30**	**$4.82**
Stock-based Compensation Expens	0.06	0.06	0.22	0.06	0.06	0.06	0.06	0.23	0.06	0.06	0.06	0.06	0.23	0.06	0.06	0.06	0.06	0.23
MD Adjusted EPS	**$1.10**	**$1.13**	**$4.08**	**$0.87**	**$1.03**	**$1.11**	**$1.12**	**$4.13**	**$0.98**	**$1.16**	**$1.23**	**$1.24**	**$4.60**	**$1.08**	**$1.27**	**$1.35**	**$1.36**	**$5.05**
Shares outstanding	93.6	93.5	94.0	93.1	92.9	92.9	92.8	93.0	92.7	92.6	92.5	92.4	92.6	92.3	92.2	92.1	92.0	92.2
Year-over-Year Change																		
Revenue	+15%	+14%	+14%	+18%	+14%	+15%	+12%	+15%	+12%	+11%	+8%	+8%	+9%	+9%	+9%	+9%	+9%	+9%
Practice SG&A	+14%	+14%	+14%	+17%	+15%	+16%	+13%	+15%	+12%	+10%	+7%	+7%	+9%	+9%	+9%	+9%	+9%	+9%
Practice supplies & other operating	+11%	+11%	+11%	+15%	+8%	+14%	+8%	+11%	+11%	+11%	+6%	+3%	+7%	+9%	+9%	+9%	+9%	+9%
G&A	+32%	+26%	+24%	+32%	+27%	+22%	+15%	+23%	+11%	+10%	+8%	+8%	+9%	+9%	+9%	+9%	+9%	+9%
EBITDA	+12%	+9%	+11%	+12%	+7%	+8%	+9%	+9%	+13%	+13%	+10%	+9%	+11%	+9%	+9%	+9%	+9%	+9%
Diluted EPS Continuing Operations	+13%	+11%	+13%	+1%	(1%)	(3%)	(4%)	(2%)	+10%	+11%	+11%	+11%	+11%	+11%	+10%	+11%	+11%	+10%
Adjusted EPS	+15%	+12%	+15%	+4%	+1%	+1%	(0%)	+1%	+13%	+13%	+11%	+11%	+12%	+10%	+10%	+10%	+10%	+10%
Expense Analysis/Revenue																		
Salaries & Benefits	62.3%	62.2%	63.1%	65.3%	62.8%	63.1%	62.7%	63.5%	65.3%	62.4%	62.6%	62.4%	63.2%	65.3%	62.4%	62.6%	62.4%	63.2%
Supplies & Other operating	3.3%	3.5%	3.5%	3.6%	3.5%	3.3%	3.4%	3.4%	3.6%	3.5%	3.3%	3.3%	3.4%	3.6%	3.5%	3.3%	3.3%	3.4%
General & Administrative	11.1%	11.5%	11.0%	12.0%	11.9%	11.7%	11.8%	11.8%	11.9%	11.9%	11.8%	11.8%	11.9%	11.9%	11.9%	11.8%	11.8%	11.9%
Tax Rate	38.0%	35.8%	37.9%	39.0%	38.5%	39.0%	39.0%	38.9%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%	39.0%
Margin Analysis																		
EBITDA Margin	23.3%	22.8%	22.4%	19.1%	21.8%	21.9%	22.2%	21.3%	19.3%	22.2%	22.4%	22.5%	21.6%	19.3%	22.2%	22.4%	22.5%	21.6%
Pretax Margin	20.3%	19.4%	19.4%	14.8%	17.4%	17.2%	17.4%	16.7%	14.5%	17.4%	17.7%	17.9%	16.9%	14.7%	17.6%	18.0%	18.1%	17.1%
Net Margin	12.6%	12.5%	12.1%	9.0%	10.7%	10.5%	10.6%	10.2%	8.8%	10.6%	10.8%	10.9%	10.3%	9.0%	10.8%	11.0%	11.0%	10.4%

Source: Company reports and Mizuho Securities USA estimates. MSUSA Adjusted EPS excludes amortization of acquisition-related goodwill. MD adjusted EPS excludes amortization of acquisition-related goodwill and stock-based comp expense.

Exhibit 8: TMH Income Statement, 2015-2018E ($mm)

	2015			2016E					2017E					2018E				
	Q3	Q4	Year	Q1A	Q2A	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q4	Year
Net Revenue before bad debt	$1,525.4	$1,608.8	$5,999.5	$1,839.5	$1,815.9	$1,990.3	$2,079.9	$7,725.6	$1,962.8	$1,975.7	$2,150.7	$2,235.1	$8,324.3	$2,118.6	$2,122.4	$2,316.2	$2,405.9	$8,963.3
Bad Debt	(626.2)	(629.1)	(2,402.2)	(703.9)	(693.3)	(814.1)	(817.9)	(3,029.2)	(760.2)	(748.8)	(879.2)	(883.3)	(3,271.5)	(821.0)	(808.7)	(949.6)	(954.0)	(3,533.3)
Cash Net Revenue	$899.2	$979.6	$3,597.2	$1,135.6	$1,122.6	$1,176.2	$1,262.0	$4,696.4	$1,202.6	$1,226.9	$1,271.5	$1,351.8	$5,052.8	$1,297.6	$1,313.7	$1,366.7	$1,451.9	$5,430.0
Professional services	$707.9	$777.6	$2,836.5	$902.6	$891.1	$915.1	$993.8	$3,702.6	$951.24	$968.01	$989.24	$1,066.57	$3,975.1	$1,021.23	$1,033.92	$1,061.90	$1,136.87	$4,253.9
Professional liablity costs	27.5	26.1	107.5	32.7	33.5	32.9	35.3	134.4	34.3	34.4	35.2	37.9	141.7	37.0	36.8	37.9	40.7	152.3
G&A	63.7	91.0	305.6	104.1	95.5	107.0	117.4	424.0	109.3	110.4	114.4	124.4	458.5	118.0	118.2	123.0	133.6	492.8
EBITDA	$100.1	$84.9	$347.6	$96.3	$102.4	$121.2	$115.5	$435.4	$107.8	$114.1	$132.6	$123.0	$477.5	$121.5	$124.8	$143.9	$140.8	$531.0
Depreciation	$6.3	$7.2	$24.6	$8.0	$8.1	$8.4	$8.5	$32.9	$8.6	$8.7	$8.8	$8.9	$34.9	$9.0	$9.1	$9.2	$9.3	$36.5
Amortization	20.6	21.5	83.6	23.5	24.1	24.2	24.3	96.2	24.8	25.2	25.6	26.0	101.8	26.5	26.9	27.3	27.7	108.6
Interest expense	5.6	16.9	31.0	31.3	30.4	30.4	30.4	122.6	30.3	30.3	30.3	30.3	121.3	30.2	30.2	30.2	30.2	120.9
Other (income)	2.1	(1.8)	(1.9)	(0.7)	(0.9)	2.1	(1.8)	(1.2)	(0.7)	(0.9)	2.1	(1.8)	(1.2)	(0.7)	(0.9)	2.1	(1.8)	(1.2)
Pretax Income	$65.5	$41.1	$210.4	$34.2	$40.7	$56.0	$54.0	$184.8	$44.7	$50.7	$65.7	$59.5	$220.7	$56.4	$59.4	$75.0	$75.3	$266.3
Taxes	25.7	16.6	86.6	12.9	17.1	21.5	20.8	72.4	17.0	19.3	25.0	22.6	83.9	21.4	22.6	28.5	28.6	101.2
Net income	$39.8	$24.5	$123.8	$21.3	$23.5	$34.4	$33.2	$112.4	$27.7	$31.5	$40.8	$36.9	$136.9	$35.0	$36.9	$46.5	$46.7	$165.1
Noncontrolling interests	(0.0)	0.1	0.1	0.1	0.1	0.1	0.1	0.5	0.5	0.5	0.5	0.5	1.8	1.8	1.8	1.8	1.8	7.2
Net Income	$39.8	$24.4	123.8	$21.2	$23.4	$34.3	$33.1	112.0	$27.3	$31.0	$40.3	$36.5	135.1	$33.2	$35.1	$44.7	$44.9	157.9
Diluted EPS Continuing Operations	$0.54	$0.34	$1.67	$0.28	$0.31	$0.46	$0.44	$1.49	$0.36	$0.41	$0.53	$0.48	$1.79	$0.44	$0.46	$0.59	$0.59	$2.08
Amortization Expense	0.20	0.21	0.83	0.23	0.23	0.23	0.23	0.92	0.24	0.24	0.24	0.25	0.97	0.25	0.26	0.26	0.26	1.03
MSUSA Adjusted EPS	**$0.74**	**$0.55**	**$2.50**	**$0.51**	**$0.54**	**$0.69**	**$0.67**	**$2.41**	**$0.60**	**$0.65**	**$0.78**	**$0.73**	**$2.76**	**$0.69**	**$0.72**	**$0.85**	**$0.85**	**$3.11**
Contingent purchase & other acquisition comp	(0.04)	0.06	0.21	0.12	0.13	0.06	0.06	0.36	0.09	0.09	0.09	0.09	0.36	0.09	0.09	0.09	0.09	0.36
TMH Adjusted EPS	$0.68	$0.61	$2.68	$0.62	$0.67	$0.74	$0.73	$2.76	$0.69	$0.74	$0.87	$0.82	$3.12	$0.78	$0.81	$0.94	$0.94	$3.47
Shares outstanding	73.7	72.6	73.2	74.9	75.2	75.3	75.6	75.3	75.4	75.5	75.6	75.7	75.5	75.6	75.7	75.8	75.9	75.8
Year-over-Year Change																		
Revenue	+26%	+24%	+28%	+35%	+28%	+31%	+29%	+31%	+6%	+9%	+8%	+7%	+8%	+8%	+7%	+7%	+7%	+7%
Professional services	+30%	+25%	+30%	+36%	+30%	+29%	+28%	+31%	+5%	+9%	+8%	+7%	+7%	+7%	+7%	+7%	+7%	+7%
Professional liablity costs	+22%	+8%	+19%	+23%	+23%	+20%	+35%	+25%	+5%	+3%	+7%	+7%	+5%	+8%	+7%	+7%	+7%	+7%
G&A	+4%	+16%	+12%	+42%	+23%	+68%	+29%	+39%	+5%	+16%	+7%	+6%	+8%	+8%	+7%	+7%	+7%	+7%
EBITDA	+22%	+28%	+26%	+24%	+20%	+21%	+36%	+25%	+12%	+11%	+9%	+7%	+10%	+13%	+9%	+9%	+14%	+11%
Adjusted EPS	+12%	+9%	+15%	(9%)	(5%)	+10%	+18%	+3%	+10%	+11%	+16%	+13%	+13%	+13%	+9%	+8%	+15%	+11%
Expense Analysis/Net Revenue																		
Professional services	78.7%	79.4%	78.9%	79.5%	79.4%	77.8%	78.8%	78.9%	79.1%	78.9%	77.8%	78.9%	78.7%	78.7%	78.7%	77.7%	78.3%	78.4%
Professional liablity costs	3.1%	2.7%	3.0%	2.9%	3.0%	2.8%	2.8%	2.9%	2.9%	2.8%	2.8%	2.8%	2.8%	2.9%	2.8%	2.8%	2.8%	2.8%
G&A	7.1%	9.3%	8.5%	9.2%	8.5%	9.1%	9.3%	9.0%	9.1%	9.0%	9.0%	9.2%	9.1%	9.1%	9.0%	9.0%	9.2%	9.1%
Bad Debt (gross)	41.1%	39.1%	40.0%	38.3%	38.2%	40.9%	39.3%	39.2%	38.7%	37.9%	40.9%	39.5%	39.3%	38.8%	38.1%	41.0%	39.7%	39.4%
Tax Rate	39.2%	40.4%	41.2%	37.7%	42.1%	38.5%	38.5%	39.2%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%	38.0%
Margin Analysis																		
EBITDA Margin	11.1%	8.7%	9.7%	8.5%	9.1%	10.3%	9.2%	9.3%	9.0%	9.3%	10.4%	9.1%	9.4%	9.4%	9.5%	10.5%	9.7%	9.8%
Pretax Margin	7.3%	4.2%	5.9%	3.0%	3.6%	4.8%	4.3%	3.9%	3.7%	4.1%	5.2%	4.4%	4.4%	4.3%	4.5%	5.5%	5.2%	4.9%
Net Margin	4.4%	2.5%	3.5%	1.9%	2.1%	2.9%	2.6%	2.4%	2.3%	2.5%	3.2%	2.7%	2.7%	2.6%	2.7%	3.3%	3.1%	2.9%
Adjusted EBITDA																		
EBITDA	$100.1	$84.9	$347.6	$96.3	$102.4	$121.2	$115.5	$435.4	$107.8	$114.1	$132.6	$123.0	$477.5	$121.5	$124.8	$143.9	$140.8	$531.0
Contingent purchase & other acquisition comp	(3.5)	5.1	17.3	9.1	9.8	2.0	5.1	25.9	10.0	10.7	2.2	5.6	28.5	11.0	11.8	2.4	6.1	31.4
Equity-based comp	4.0	4.3	17.5	7.6	6.4	4.1	4.5	22.7	7.9	6.7	4.3	4.7	23.6	8.2	6.9	4.5	4.9	24.5
Other	0.5	1.4	3.0	0.9	0.6	0.5	1.4	3.4	0.9	0.6	0.5	1.4	3.4	0.9	0.6	0.5	1.4	3.4
TMH Adjusted EBITDA	$101.1	$95.7	$385.4	$113.8	$119.2	$127.8	$126.5	$487.3	$126.5	$132.1	$139.7	$134.7	$532.9	$141.5	$144.1	$151.3	$153.3	$590.2
TMH Adjusted EBITDA margin	11.2%	9.8%	10.7%	10.0%	10.6%	10.9%	10.0%	10.38%	10.5%	10.8%	11.0%	10.0%	10.55%	10.9%	11.0%	11.1%	10.6%	10.9%
Add back equity based compensation	4.0	4.3	17.5	7.6	6.4	4.1	4.5	22.7	7.9	6.7	4.3	4.7	23.6	8.2	6.9	4.5	4.9	24.5
MSUSA adjusted EBITDA for valuation calculati	$97.1	$91.4	$367.9	$106.3	$112.8	$123.7	$121.9	$464.6	$118.6	$125.4	$135.4	$130.0	$509.4	$133.3	$137.2	$146.9	$148.4	$565.7
MSUSA Adjusted EBITDA margin	10.8%	9.3%	10.2%	9.4%	10.0%	10.5%	9.7%	9.9%	9.9%	10.2%	10.6%	9.6%	10.1%	10.3%	10.4%	10.7%	10.2%	10.4%
% change year-over-year	+13.3%	+22.0%	+18.9%	+23.9%	+20.4%	+27.4%	+33.5%	+26.3%	+11.6%	+11.2%	+9.4%	+6.6%	+9.6%	+12.4%	+9.4%	+8.5%	+14.1%	+11.1%

Source: Company reports and MSUSA estimates. TMH adjusted EPS excludes amortization of acquisition-related goodwill and contingent purchase and other acquisition costs.

Price Target Calculation and Key Risks

AmSurg Corporation

Our price target of $95 is based on 12.0x 2016E Proforma EV/EBITDA, in-line with the company's two-year trading average. We believe M&A, cross-selling opportunities and organic growth are driving upside. Risks to our thesis include increased competition in the sector, acquisition integration risk, government reimbursement pressures, client and affiliated physician retention rates, increases in physician compensation, a change in payer mix, and M&A integration risks.

Envision Healthcare Holdings, Inc.

Our price target of $27 is based on 10.7x 2016E EV/EBITDA, is in-line with the group’s 10-year trading multiple. Although our price target implies greater than a +10% upside, we are maintaining our Neutral rating given the volatility to earnings coupled with the pending merger with AMSG. We will reevaluate both post 3Q earnings. Risks to valuation include pressure from government and private payers, industry regulation, wage inflation and a shortage of qualified physicians, competition for acquisitions and a negative hospital volume and payer mix environment.

MEDNAX, Inc.

Our $79 price target is based on a 11.5x multiple applied to our 2017E adjusted EV/EBITDA. Our valuation multiple is in-line with the current forward-year multiple and near the high-end of the industry average range of 11x-14x over the last two to five years. We view a premium valuation multiple as warranted given the company's earnings visibility and consolidation opportunity. Risks to our thesis include increased competition in the sector, government reimbursement pressures, client and affiliated physician retention rates, and M&A integration risks.

Team Health Holdings Inc

Our price target of $38 is based on 11x 2017E EV/EBITDA, is in-line with TMH’s two-year. We believe risk-reward appear balanced particularly given IPCM execution risks. Risks to our thesis include increased competition in the sector, acquisition integration risk, government reimbursement pressures, client and affiliated physician retention rates, increases in physician compensation, a change in payer mix, and M&A integration risks.

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Underperform:	Stocks for which the anticipated share price falls by 10% or more.
RS:	Rating Suspended - rating and price objective temporarily suspended.
NR:	No Rating - not covered, and therefore not assigned a rating.

Rating Distribution

(As of 10/11)	**% of coverage**	**IB service past 12 mo**
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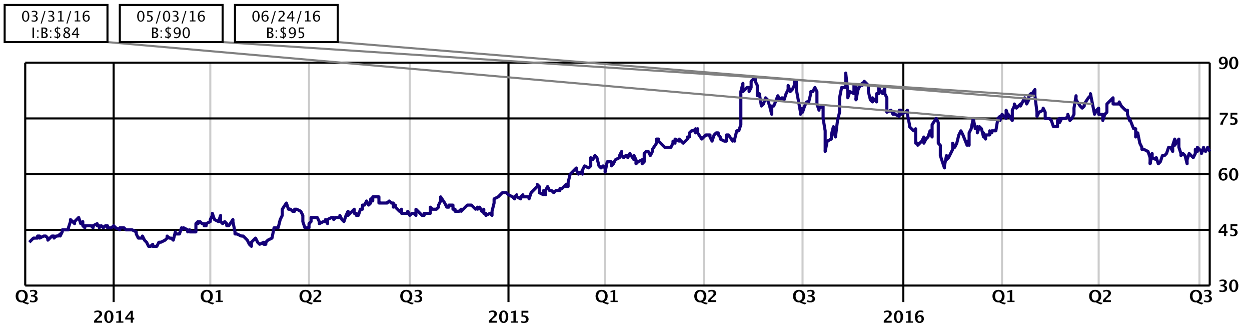
Hold (Neutral)	54.44%	28.37%
Sell (Underperform)	2.32%	33.33%

For disclosure purposes only (NYSE and FINRA ratings distribution requirements), our Buy, Neutral and Underperform ratings are displayed as Buy, Hold and Sell, respectively.

Rating and Price Target History for: AmSurg Corporation (AMSG) as of 10-11-2016



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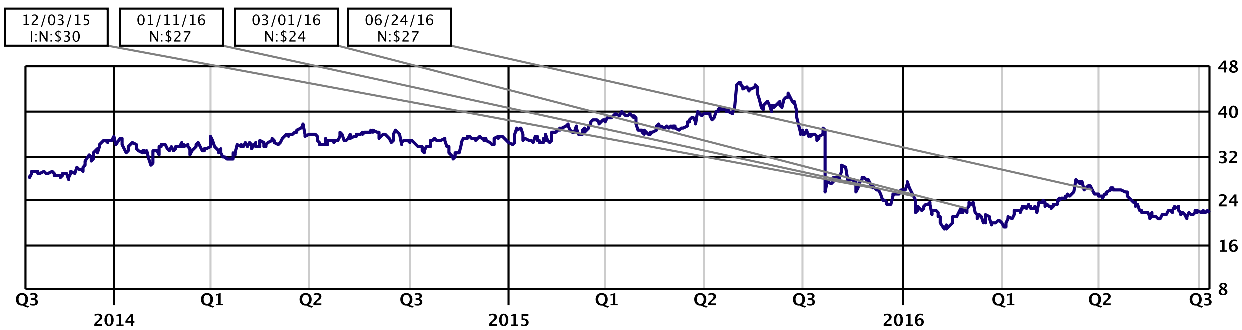
Rating and Price Target History for: Envision Healthcare Holdings, Inc. (EVHC) as of 10-11-2016



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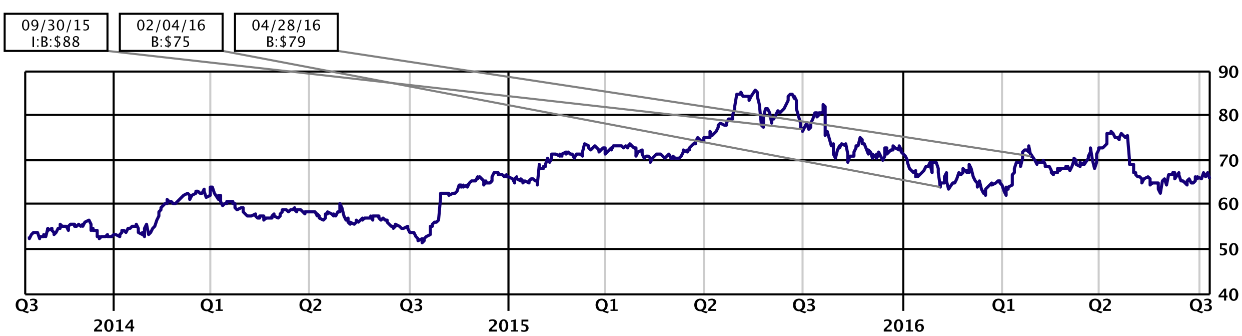

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