



# 2017 Q2 Investor Relations Presentation



NURSE AND ALLIED STAFFING ■ PHYSICIAN STAFFING ■ OTHER HUMAN CAPITAL MANAGEMENT



# Forward Looking Statements

This presentation contains forward-looking statements. Statements that are predictive in nature, that depend upon or refer to future events or conditions or that include words such as “expects”, “anticipates”, “intends”, “plans”, “believes”, “estimates”, “appears”, “seeks”, “will” and variations of such words and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause our actual results and performance to be materially different from any future results or performance expressed or implied by these forward-looking statements. Factors that might cause such differences include, but are not limited to, those discussed in the Risk Factors section of our Annual Report on Form 10-K for the year ended December 31, 2016, and our other Securities and Exchange Commission filings made prior to the date hereof.

Although we believe that these statements are based upon reasonable assumptions, we cannot guarantee future results and readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management’s opinions only as of the date of this filing. There can be no assurance that (i) we have correctly measured or identified all of the factors affecting our business or the extent of these factors’ likely impact, (ii) the available information with respect to these factors on which such analysis is based is complete or accurate, (iii) such analysis is correct or (iv) our strategy, which is based in part on this analysis, will be successful. The Company undertakes no obligation to update or revise forward-looking statements.

# Cross Country Healthcare: Capitalizing on Opportunities in Healthcare Staffing

*Meeting the Dynamic Needs of the Healthcare Industry by Providing a Full Suite of Workforce Solutions*



**Recent Acquisition**



**Our Business**



**Our Journey**



**Our Future**



**The Opportunity**



# Recent Acquisition



# Advantage RN Overview

## Company Background

- ❑ Founded in 2003 and headquartered in Ohio
- ❑ Diversified customer base of both local and national customers, spanning more than 1,000 facilities
- ❑ Experienced executive team with relevant industry expertise
- ❑ Ranked as the 14<sup>th</sup> largest Travel Nursing company<sup>1</sup>, one of the largest independent travel nursing staffing firms
- ❑ Strong brand recognition and reputation for delivering high quality service levels and leveraging best practices
- ❑ National footprint with 11 office locations

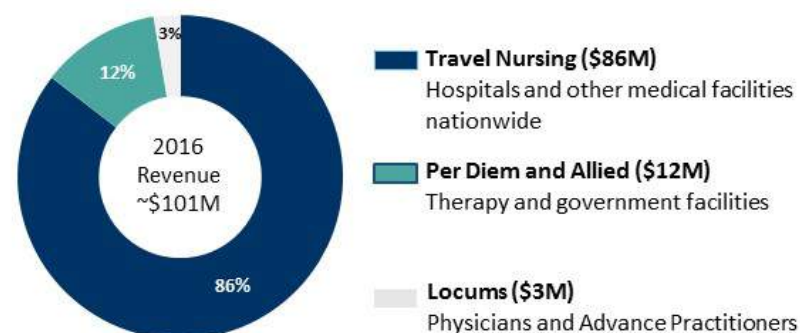
<sup>1</sup> Staffing Industry Analysts, August 3<sup>rd</sup> 2016

## Deal Highlights

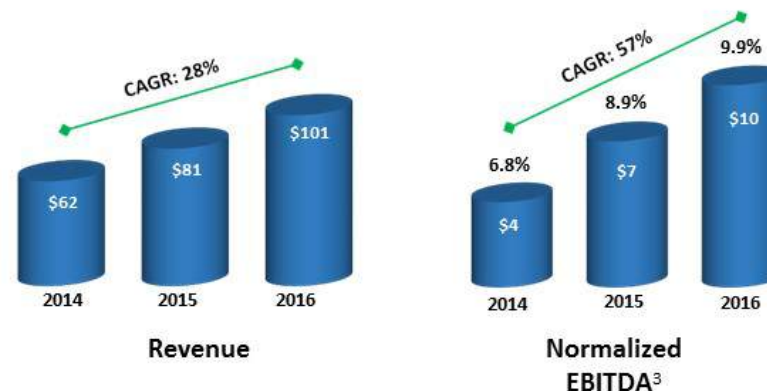
- ❑ Asset deal with \$88M purchase price
- ❑ Funded with combination of \$19.9M in cash and \$66.9M in borrowings under our Senior Credit Facility
- ❑ Competitive deal multiples of 8.8x Normalized EBITDA; 0.9x Revenue <sup>(2)</sup>
- ❑ Expected to be accretive by \$0.05 to \$0.07 in 2017 and \$0.10 to \$0.14 in 2018
- ❑ Key management retained with 5 year non-compete agreements

<sup>2</sup> Based on FY 2016 Normalized Results

## Lines of Business



## Strong Financial Performance







# Our Business

# Our Business Segments



## Nurse & Allied Staffing



mediscan  
staffing services

Advantage  
RN



## Physician Staffing



Medical Doctor  
ASSOCIATES



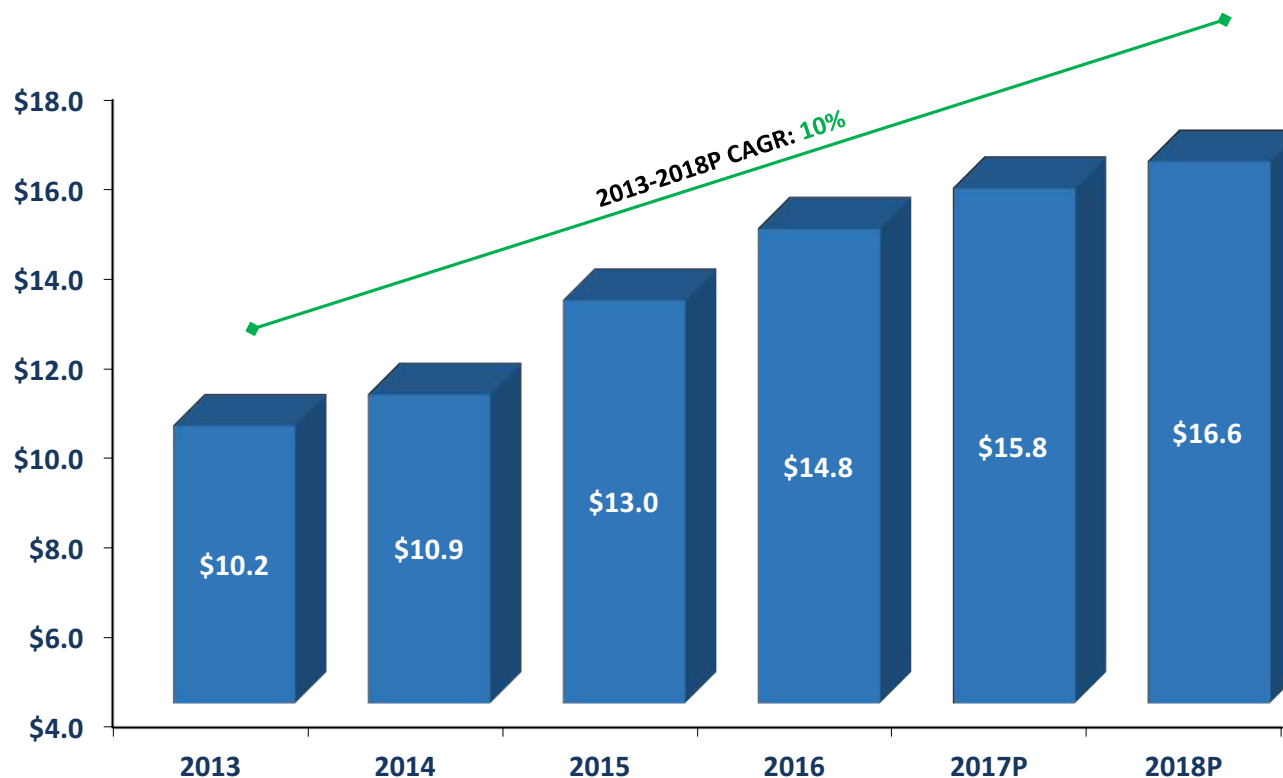
## Other Human Capital Management



- Leading provider of innovative & value-added workforce solutions
- MSP programs serving more than 2,500 facilities
- Full suite of staffing services
- Largest branch network
- More than 30,000 healthcare professionals on assignment at more than 6,700 facilities in the last 12 months
- Tenured leadership



# Growing Healthcare Staffing Market



- 10% compound annual growth rate from 2013 through 2018
- Market reached all-time historic high in 2016 and is projected to grow

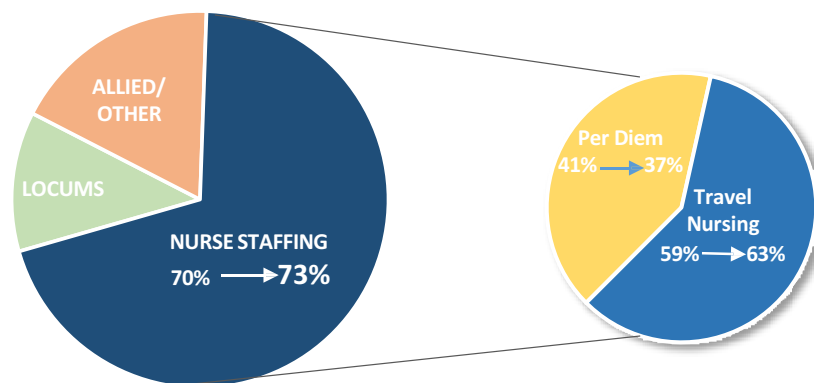
Source: SIA April 11, 2017 U.S. Staffing Industry Forecast



# Market Share: Pre- & Post-Acquisition

## CCH Staffing by Category

Proforma FY 2016 Revenue of \$934.5M



## CCH FY 2016 Proforma

\$ in millions

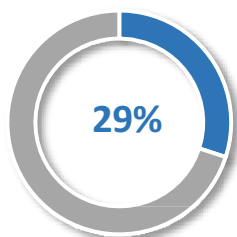
	CCH	ARN	CCH + ARN
Revenue	\$ 833.5	\$ 101.0	\$ 934.5
Gross Profit	\$ 221.7	\$ 23.5	\$ 245.2
Gross Margin %	26.6%	23.3%	26.2%
Adj. EBITDA	\$ 44.7	\$ 10.0	\$ 54.7
Adj. EBITDA %	5.4%	9.9%	5.8%

Advantage results Normalized, see appendix for reconciliation

## 2016 Healthcare Staffing by Category

Total: ~\$14.8 Billion \*

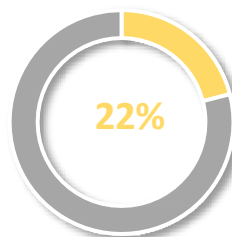
### TRAVEL NURSING



SIZE \$4.3B  
GROWTH YOY 2016 25%

EST. MARKET SHARE\*  
8% → 10% with ARN

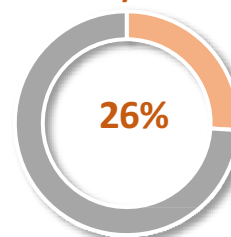
### PER DIEM



SIZE \$3.2B  
GROWTH YOY 2016 5%

EST. MARKET SHARE\*  
7% → 8% with ARN

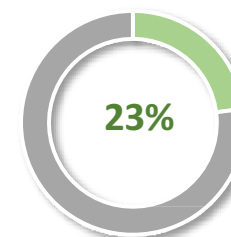
### ALLIED/OTHER



SIZE \$3.9B  
GROWTH YOY 2016 14%

EST. MARKET SHARE\*  
4%

### LOCUM TENENS



SIZE \$3.4B  
GROWTH YOY 2016 12%

EST. MARKET SHARE\*  
3%

\*Source: SIA April 11, 2017 U.S. Staffing Industry Forecast

# How We Go To Market

## Traditional Staff Augmentation

- Travel Nursing
- Travel Allied
- Per Diem Nursing, Allied & Pharmacy
- Locum Tenens
- Education Staffing
- Physician Search
- Executive Search



## Workforce Solutions

- Managed Services Provider
- Optimal Workforce Solutions
- EMR Transition & Upgrade Staffing
- Educational Services
- Predictive Analytics
- Recruitment Process Outsourcing
- IRP Consulting & Development



# Workforce Management Solutions



## BENEFITS

- **Cost management & reduction**
- **Right sized staffing utilization**
- **Improved staffing performance metrics & reporting**
- **Streamlined operating efficiencies**
- **Improved quality outcomes**
- **Market intelligence**

# Our Market Strategy



1. **Full national coverage with one of the largest branch footprints in the industry**
2. **Best positioned** to support the growth of ambulatory care & outpatient services
3. **Expanding Market Share**
4. **Supporting Local Customers:**  
Retail vs. Wholesale
5. **Providing Cross-Selling Opportunities**
6. **Broadening** customer base
7. **Access** to additional healthcare professionals

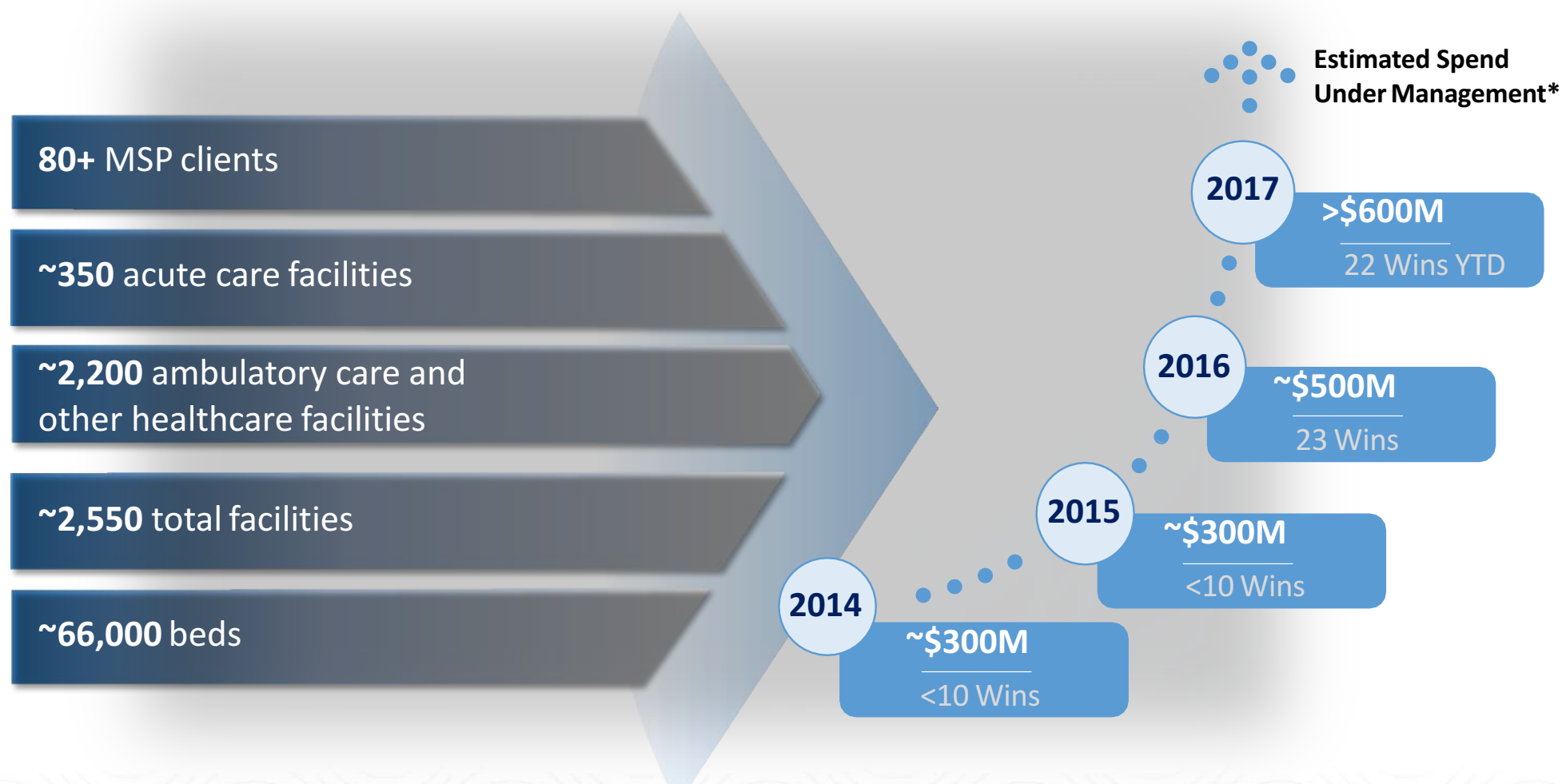
*The Importance of our National Footprint*

● Cross Country Healthcare Locations

**80+ Locations Across the U.S.**



# Managed Services Provider



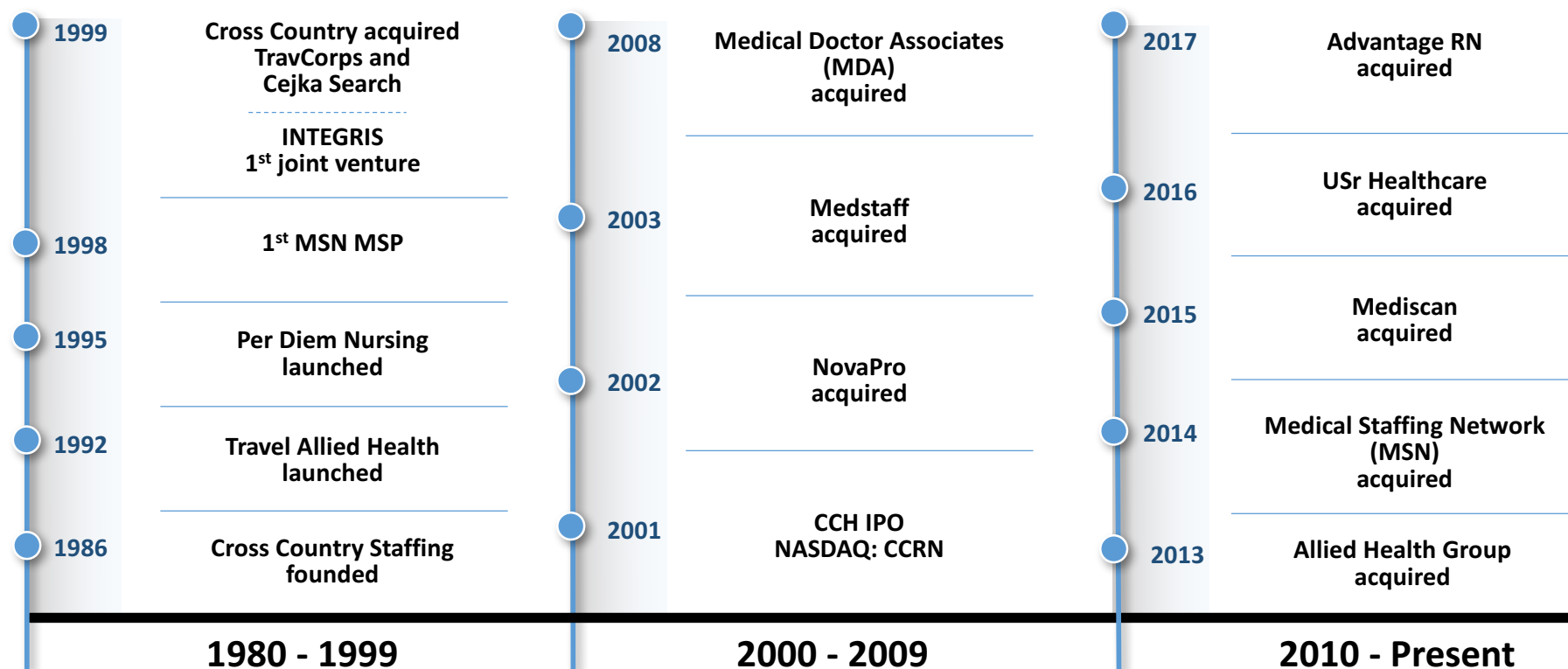
\* Estimate based on annualized run-rate. 2017 based on current projection.



# Our Journey



# Our Heritage



# Our Achievements

**\$45M or 5.4% Adj. EBITDA**

**2016**

- 23 New MSPs
- Significant investments in revenue-producing headcount and candidate attraction
- Acquired USr RPO

**\$38M or 4.9% Adj. EBITDA**

**2015**

- Divested Non-Core Education Business
- Achieved Cost Optimization Goals
- Margin Expansion Through Improved Pricing
- Acquired Mediscan

**\$17M or 2.8% Adj. EBITDA**

**2014**

- Strong Organic Revenue Growth
- Acquired Medical Staffing Network
- Increased Profitability through Operational Leverages & Synergies

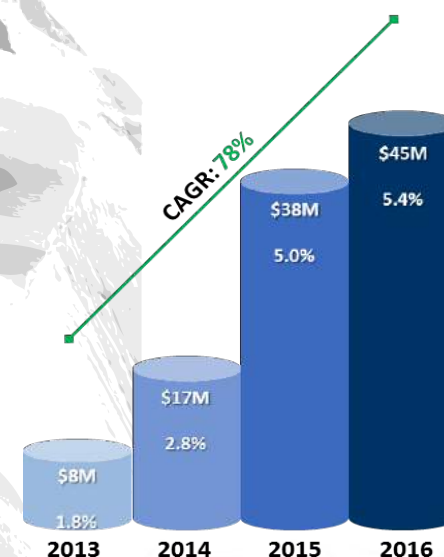
**\$8M or 1.9% Adj. EBITDA**

**2013**

- Strengthened Management Team
- Developed Cost Optimization & Turnaround Plan
- Acquired Allied Health Group



Revenue



Adjusted EBITDA





Our Future

# Drivers of Supply & Demand

## ECONOMIC TRENDS

- Strong job market
- Stable and improving economy
- Record low unemployment at 4.4%
- Employers added 222,000 jobs in June 2017 including **16,000 jobs in the healthcare segment**
- The healthcare industry has added **over 300,000 healthcare industry jobs over the past 12 months**
- Of the ~2.4M jobs created in the last 12 months, **15% came from the healthcare industry**<sup>5</sup>

## AFFORDABLE CARE ACT (ACA)

- More than **9.2M** enrolled in 2017, of which 3M are new consumers<sup>1</sup>
- An estimated **14M covered** under Medicaid expansion<sup>2</sup>
- Adoption of **Medicaid Expansion in 31 states**, with added pressure for other states to follow<sup>3</sup>
- New administration expected to maintain coverage of those currently enrolled in the ACA

## AGING OF THE POPULATION

- **Americans ≥ 65 years old** to grow ~36-39% by 2020 and consume 3x-4x as much healthcare
- **All baby boomers** are now over 50 years of age (24.5% of the total population)
- **1/3 of the current RN workforce** will reach retirement in the next ten years
- 700K physicians in the US under the age of 75
- 30% of workforce comprised of **physicians aged between 55 to 75**

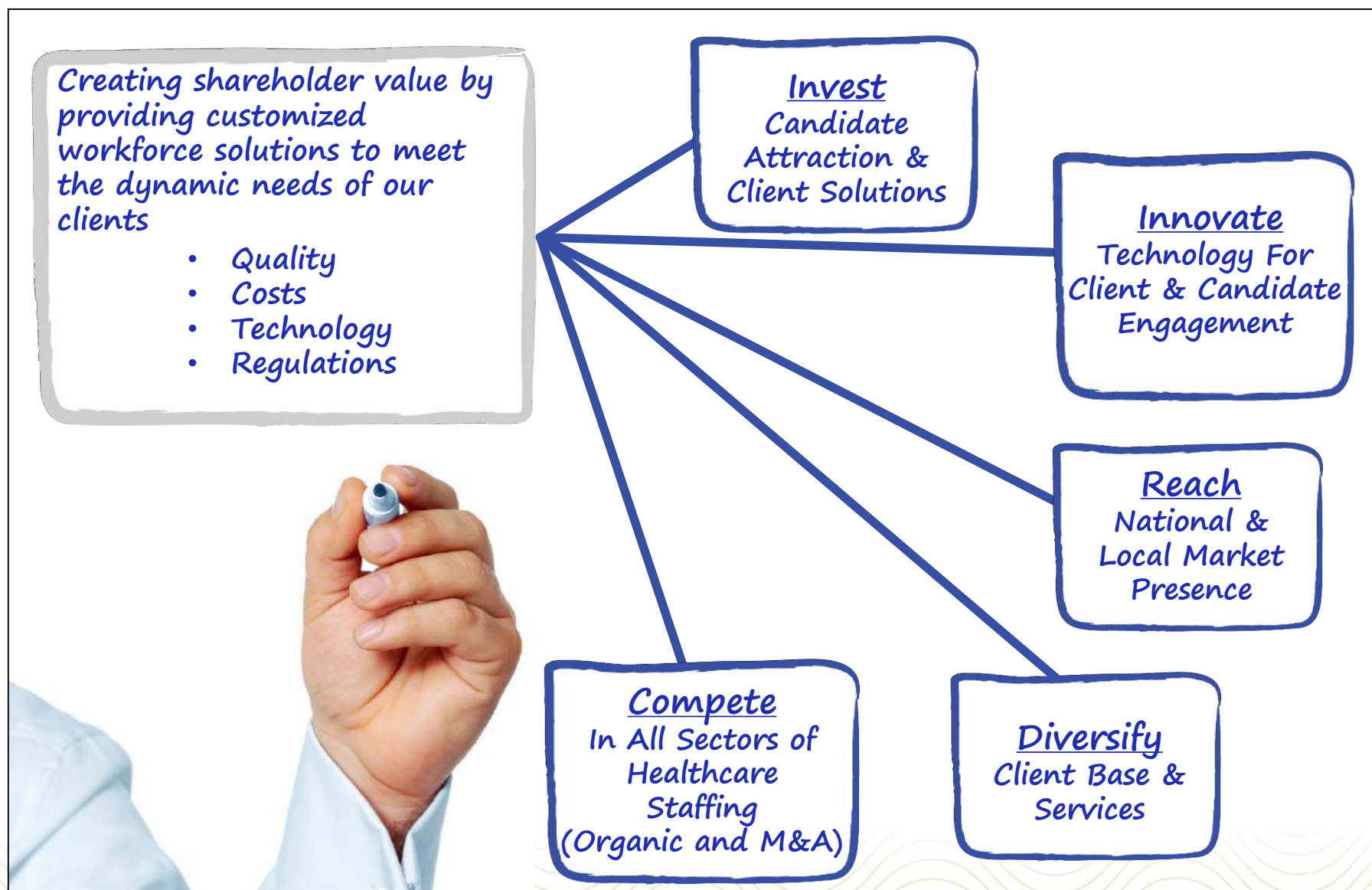
## CHANGES IN BEHAVIOR & SUPPLY OF RN WORKFORCE<sup>4</sup>

- As a result of baby boomer RNs retiring, **1.7M years of experience was lost in 2015** and it's projected additional losses of RN years of experience will hit **2.0M in 2019 and exceed 2.1M in 2023**.
- **Millennials change jobs more frequently and tend to work less hours than older nurses**, creating unplanned vacancies in hospitals.
- The **lowest forecasted growth in FTE RNs and oldest existing RN labor force** is in New England, the Mid-Atlantic and the Pacific regions.

\*<sup>1</sup>Does not include plan selections from State-based Marketplaces. Detailed final report to be released in March 2017 that includes state-based data. <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2017-Fact-Sheet-items/2017-02-03.html>; <sup>2</sup>The Henry J. Kaiser Family Foundation: Medicaid Expansion <http://kff.org/health-reform/state-indicator/medicaid-expansion-enrollment>; <sup>3</sup>National Conference of State Legislatures: State Decisions on ACA-Related Medicaid Expansion <http://www.ncsl.org/research/health/affordable-care-act-expansion.aspx>; <sup>4</sup>Nurse Labor Supply Review, SunTrust Robinson Humphrey, Inc. and "How fast will the registered nurse workforce grow through 2030? Projections in nine regions of the country," David I. Auerbach, PhD, Peter I. Buerhaus, PhD, RN, FAAN, Douglas O. Staiger, PhD; <sup>5</sup>Source: Bureau of Labor Statistics: The Unemployment Situation – June 2017 <https://www.bls.gov/news.release/pdf/empst.pdf>



# Strategic Initiatives

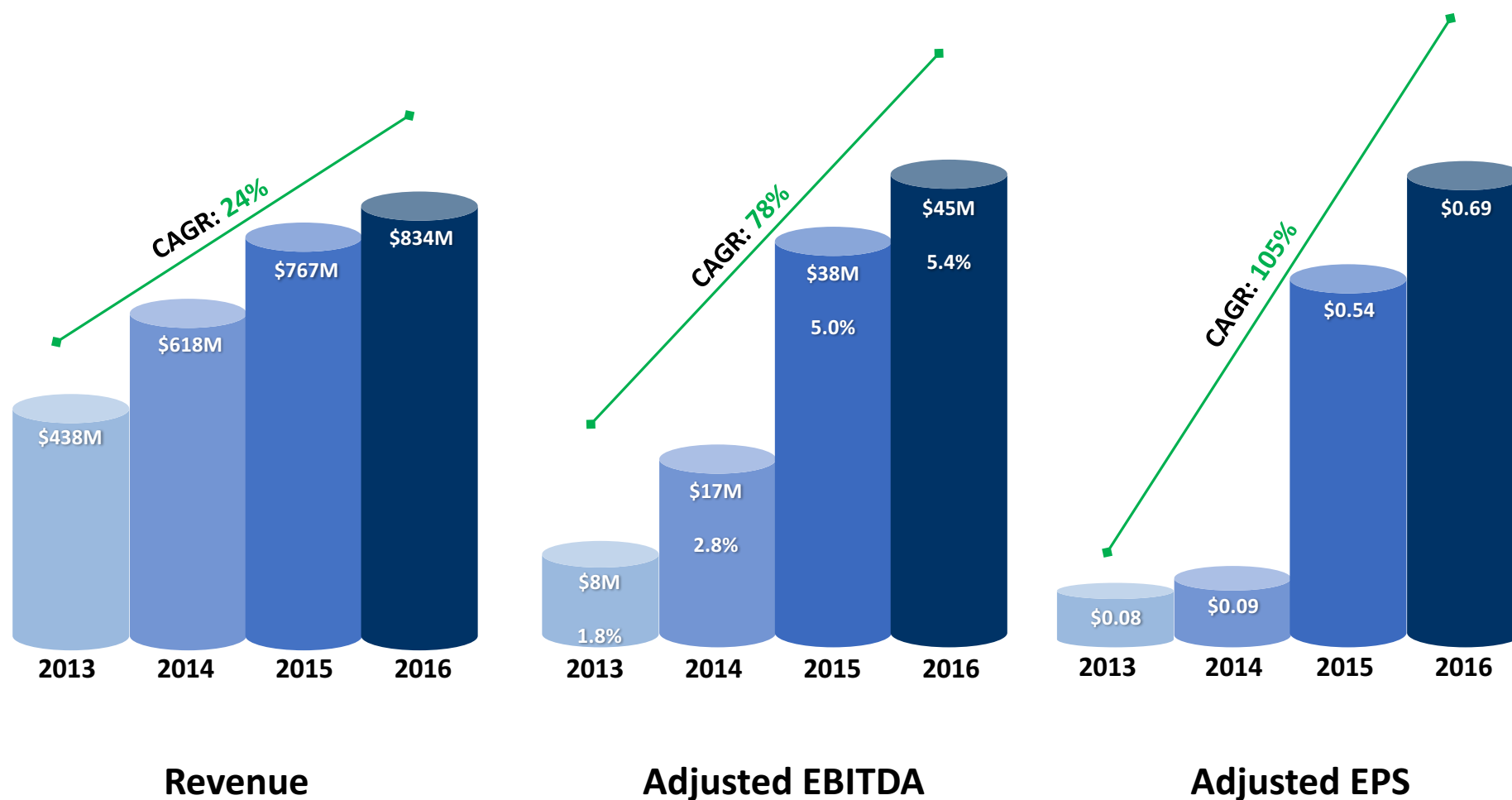




# The Opportunity



# Financial Performance



Robust Organic & Acquisition Growth

Growing Shareholder Value

Strong Cash Flow Generation

# Financial Strength

Financial Measure	As of 6/30	Activity post 6/30 <sup>2</sup>	Proforma
Term Loan(s)	\$38.0	\$62.0	\$100.0
Revolving Credit Facility	-	\$6.5	\$6.5
Cash and cash equivalents	\$33.9	(\$19.9)	\$14.0
Net Debt, at par	\$4.1		\$92.5
Adjusted EBITDA (TTM)	\$42.5		\$52.5
Total net leverage ratio <sup>1</sup>	~0.1x		~1.8x

## M&A focus

- ❑ National expansion of healthcare staffing to **education** – public and charter schools
- ❑ Strong margins and EBITDA potential in a small, but growing **local allied** market
- ❑ Expansion of **physician staffing** practice areas complemented by existing strong management

<sup>1</sup> Pro forma Net Debt, at par / Adjusted EBITDA (including Advantage Normalized EBITDA). Proforma Total Leverage Ratio per Senior Credit Facility is estimated to be ~2.46x

<sup>2</sup> On July 5, 2017 the Company completed the acquisition of substantially all of the assets of Advantage RN, LLC and its subsidiaries which was effective July 1, 2017. In addition, on August 1, 2017 the Company refinanced and increased the current aggregate committed size of its credit facility to \$215M



# Financial Summary



Financial Summary (\$ in millions)		
	Q2 2017 Actuals	Q3 2017 Guidance (Low – High)
Revenue	\$209.3M	\$227M - \$232M
Gross Margin %	27.0%	26.3% - 26.8%
Adj EBITDA \$	\$10.9M	\$12M - \$13M
Adj EPS	\$0.16	\$0.16 - \$0.18

# Summary

## CCRN is well positioned to capitalize on trends!

- ❖ Significant wins expected to accelerate our revenue growth
- ❖ Leading national provider of healthcare staffing and Workforce Solutions
- ❖ Tenured/experienced team
- ❖ Compelling \$16B market with favorable dynamics
  - Demand near all time historic highs
  - Improving economic conditions
  - Aging RN/Physician populations; significant shortages expected over the next 5-10 years
  - Projected RN/Physician shortages
  - Affordable Care Act
  - Shift to ambulatory care
- ❖ Complementary & innovative services
- ❖ 8% adjusted EBITDA target
- ❖ Grow company faster than the market





# Appendix

# Non-GAAP Financial Measures

This presentation references non-GAAP (Generally Accepted Accounting Principles) financial measures. Such non-GAAP financial measures are provided as additional information and should not be considered substitutes for, or superior to, financial measures calculated in accordance with U.S. GAAP. Such non-GAAP financial measures are provided for consistency and comparability to prior year results; furthermore, management believes they are useful to investors when evaluating the Company's performance as they exclude certain items that management believes are not indicative of the Company's operating performance. Such non-GAAP financial measures may differ materially from the non-GAAP financial measures used by other companies. The financial statement tables that accompany our press releases include a reconciliation of each non-GAAP financial measure to the most directly comparable U.S. GAAP financial measure and a more detailed discussion of each financial measure; as such, the financial statement tables should be read in conjunction with the presentation of these non-GAAP financial measures.

This presentation also references pro-forma information which reflects the impact from acquisitions and divestitures as of the beginning of periods being presented or compared.

Adjusted EBITDA is defined as net income (loss) attributable to common shareholders before depreciation and amortization, interest expense, income tax expense (benefit), acquisition and integration costs, restructuring costs, legal settlement charge, (gain) loss on derivative liability, impairment charges, other expense (income), net, equity compensation, and net income attributable to non-controlling interest in subsidiary.

Adjusted Earnings Per Diluted Share (EPS) is defined as net income (loss) attributable to common shareholders per diluted share before acquisition and integration costs, restructuring costs, impairment charges, and (gain) loss on derivative liability.



