

# Investor Presentation June 2017

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# Safe Harbor Provisions for Forward-Looking Statements

This presentation and the accompanying oral statements may contain forward-looking statements within the meaning of the federal securities laws. Statements regarding future events, developments, the Company's future performance, as well as management's expectations, beliefs, intentions, plans, estimates or projections relating to the future (including, without limitation, statements concerning revenue and net income), are forward-looking statements within the meaning of these laws and involve a number of risks and uncertainties. Management believes that these forward looking statements are reasonable and are based on reasonable assumptions and forecasts, however, undue reliance should not be placed on such statements that speak only as of the date hereof. Moreover, these forward-looking statements are subject to a number of risks and uncertainties, some of which are outlined below. As a result, actual results may vary materially from those anticipated by the forward-looking statements. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements are: the volume and timing of systems sales and installations; length of sales cycles and the installation process; the possibility that products will not achieve or sustain market acceptance; seasonal patterns of sales and customer buying behavior; impact of incentive payments under The American Recovery and Reinvestment Act on sales and the ability of the Company to meet continued certification requirements; the development by competitors of new or superior technologies; the timing, cost and success or failure of new product and service introductions, development and product upgrade releases; undetected errors or bugs in software; product liability; changing economic, political or regulatory influences in the health-care industry; the effectiveness of M&A strategies and integration efforts; changes in product-pricing policies; availability of third-party products and components; competitive pressures including product offerings, pricing and promotional activities; the Company's ability or inability to attract and retain qualified personnel; disruptions caused by corporate restructuring plans and business strategy shifts; possible regulation of the Company's software by the U.S. Food and Drug Administration; uncertainties concerning threatened, pending and new litigation against the Company including related professional services fees; uncertainties concerning the amount and timing of professional fees incurred by the Company generally; changes of accounting estimates and assumptions used to prepare the prior periods' financial statements; general economic conditions; and the risk factors detailed from time to time in the Company's periodic reports and registration statements filed with the Securities and Exchange Commission.

# Investment Highlights

- 1 New management positioning streamlined company for growth
- 2 Highly profitable, strong recurring revenue base
- 3 Large footprint with existing customers, massive cross-selling opportunity
- 4 Clear strategy to the cloud
- 5 Well positioned to capitalize on emerging fee-for-value / population health market
- 6 Significant cash flow with dry powder for both organic and inorganic growth

# Company Introduction



# NextGen Healthcare at a Glance

Our solutions provide our clients in the ambulatory care market with the ability to redesign patient care and other workflow processes while improving productivity through the facilitation of managed access to patient information

**NASDAQ:** QSII

**Market Cap:** \$900 Million

**LTM Revenues:** \$509.7 Million

**Headquarters:** Irvine, CA

**Employees:** ~3,000 worldwide

**Founded:** 1974



**7,000+**  
Clients

**90,000+**  
Providers

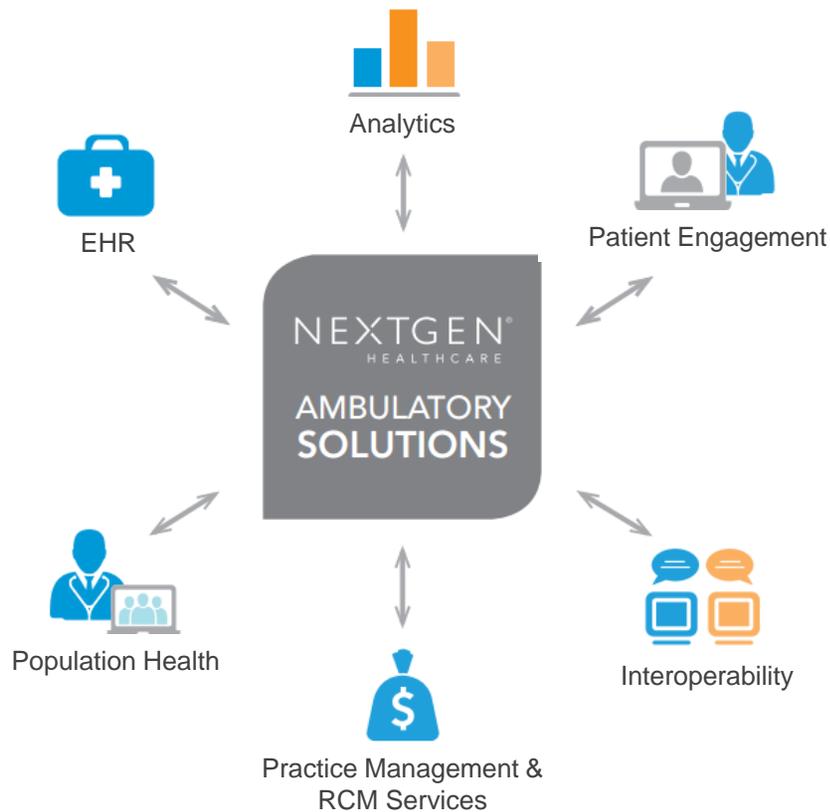
## Our Mission

Enrich the ambulatory patient care experience, promote healthy communities and empower physician practice success while lowering the cost of healthcare

# Recent Highlights

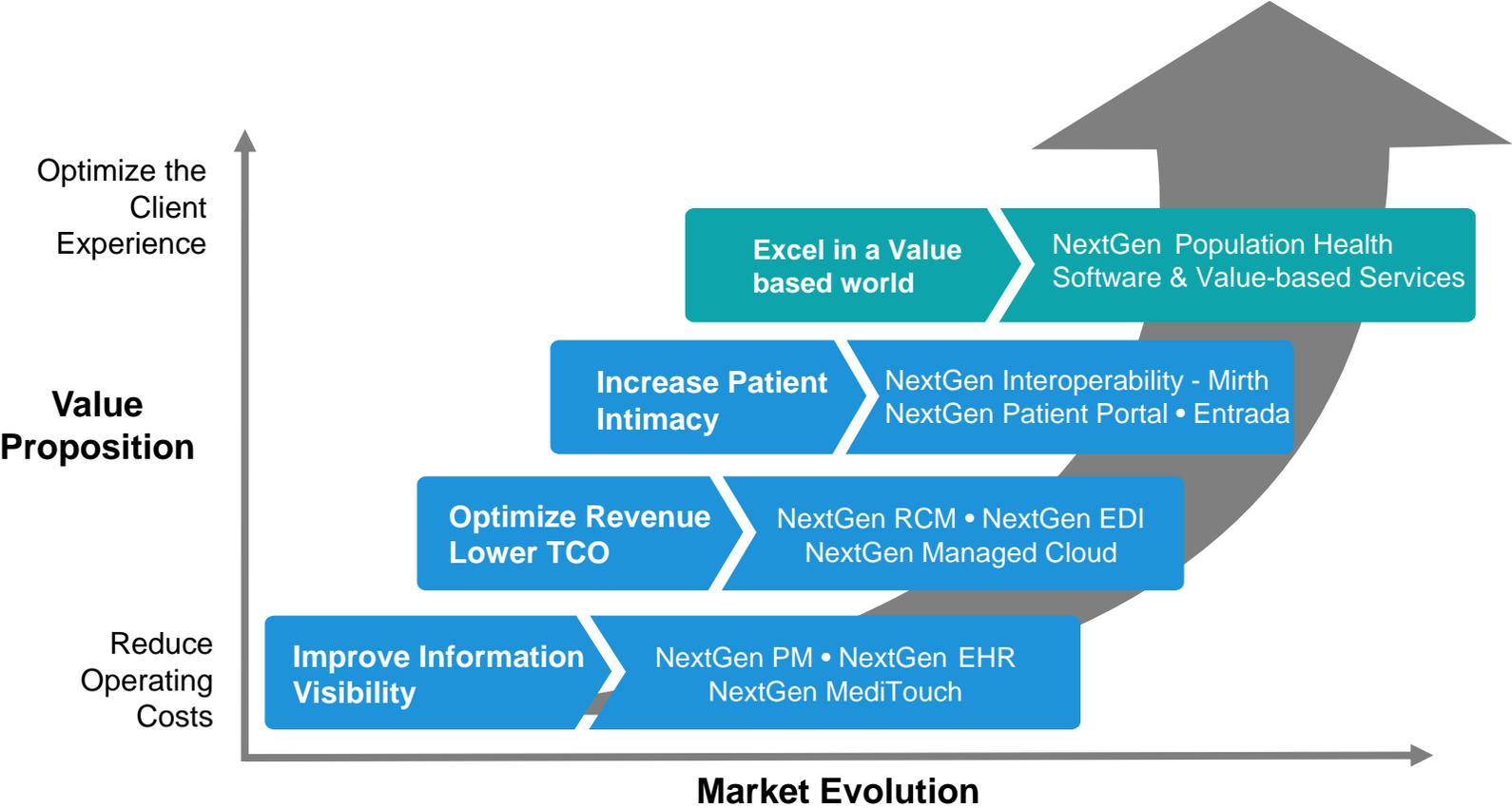
- **Divested Hospital Solutions Division of NextGen** (October 2015) to focus on core, ambulatory business
- **Suspended Dividend** (November 2015) repay debt and build “dry powder”
- **Acquired HealthFusion** (January 2016) leverage MediTouch platform as cloud-based solution
- **Significantly increased customer satisfaction** to 7.0, an increase of 11% over the prior year
- **Reduced maintenance attrition** to 7% compared to 10% a year ago
- **Recognized as “Best in KLAS”** (January 2017) as clients scored the practice management solution 12 percentage points higher year-over-year in the 75+ provider segment of the Most Improved Award Category
- **Acquired Entrada** (April 2017) to increase productivity and higher satisfaction for physicians and enabling a richer patient-provider experience
- **Expanded partnership relationships**
  - Upstream rules engine to ensure claims are cleaned and checked prior to submission
  - Comparative analytics and peer-to-peer benchmarking capabilities that target claims denials

# Platform as a Service Focused on Ambulatory Care



- Streamline and improve patient care
- Enhance care coordination
- Improve clinical outcomes
- Optimize financial results
- Solve interoperability challenges
- Reduce per capita healthcare costs

# Enabling Clients to Grow and Thrive



# Experienced Executive Leadership Team

Executive	Title	Joined	Experience
Rusty Frantz	CEO	Jun 2015	 CareFusion  Omnicell  PYXIS  OutPurchase
Jamie Arnold	CFO	Mar 2016	 KOFAX  NUANCE  cadence  Informix
David Metcalfe	CTO	Feb 2016	 CareFusion  Allscripts™  Hill-Rom
Scott Bostick	COO	Mar 2016	 CareFusion  PYXIS
John Beck	CSO	July 2016	 Connexa HEALTH  Allscripts™

# NextGen 2.0



# Disruptive Forces are Changing The Business of Healthcare



Notes:

- 1 HealthIT.gov
- 2 Modern Healthcare, July 2016
- 3 CMS.gov
- 4 Forbes, July 2015
- 5 Modern Healthcare, September 2016
- 6 Advisory Board, June 2016

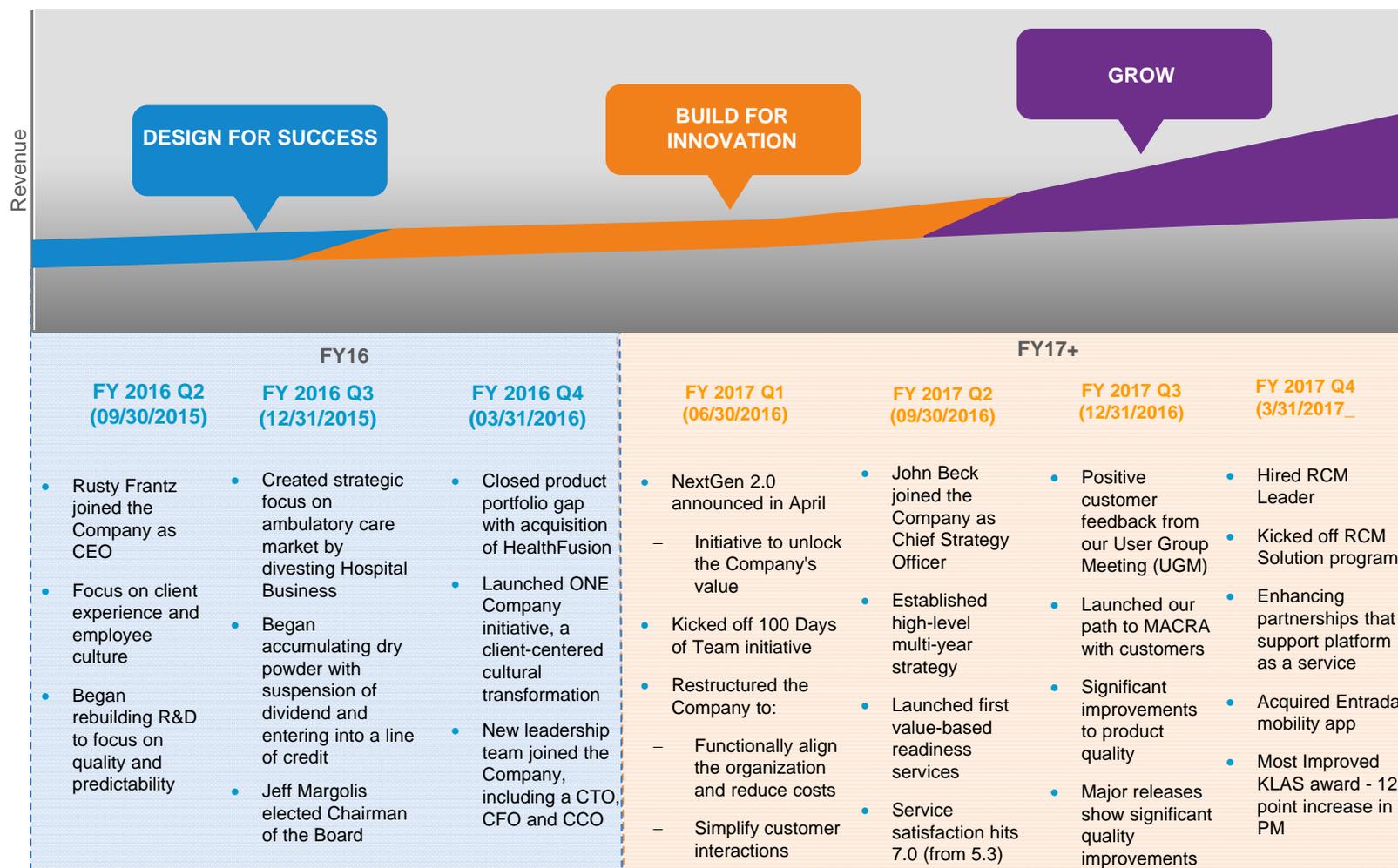
- 1** As of July 2016, 632 vendors supplied certified health IT to 337,432 ambulatory primary care physicians, medical and surgical specialists, podiatrists, optometrists, dentists, and chiropractors participating in the Medicare EHR Incentive Program<sup>1</sup>
- 2** In July 2016, the CMS published composite Star Ratings on ~4,000 hospitals based on 64 measures<sup>2</sup>
- 3** In July 2016, the Department of HHS proposed new bundled payment models for cardiac care and an extension of the existing bundled payment model for certain hip surgeries<sup>3</sup>
- 4** 10,000 people are now aging into Medicare every day<sup>4</sup>, combined with new utilization from newly covered populations driven by the ACA
- 5** Every state except Vermont has reduced avoidable hospital readmission rates, resulting in 565,000 fewer admissions since 2010<sup>5</sup>
- 6** More independent physician practices are consolidating to manage costs, lower administrative burdens and gain market power<sup>6</sup>

# We Enable Client Success in the Changing Ambulatory World



Note:  
 1 Advisory Board, January 2015

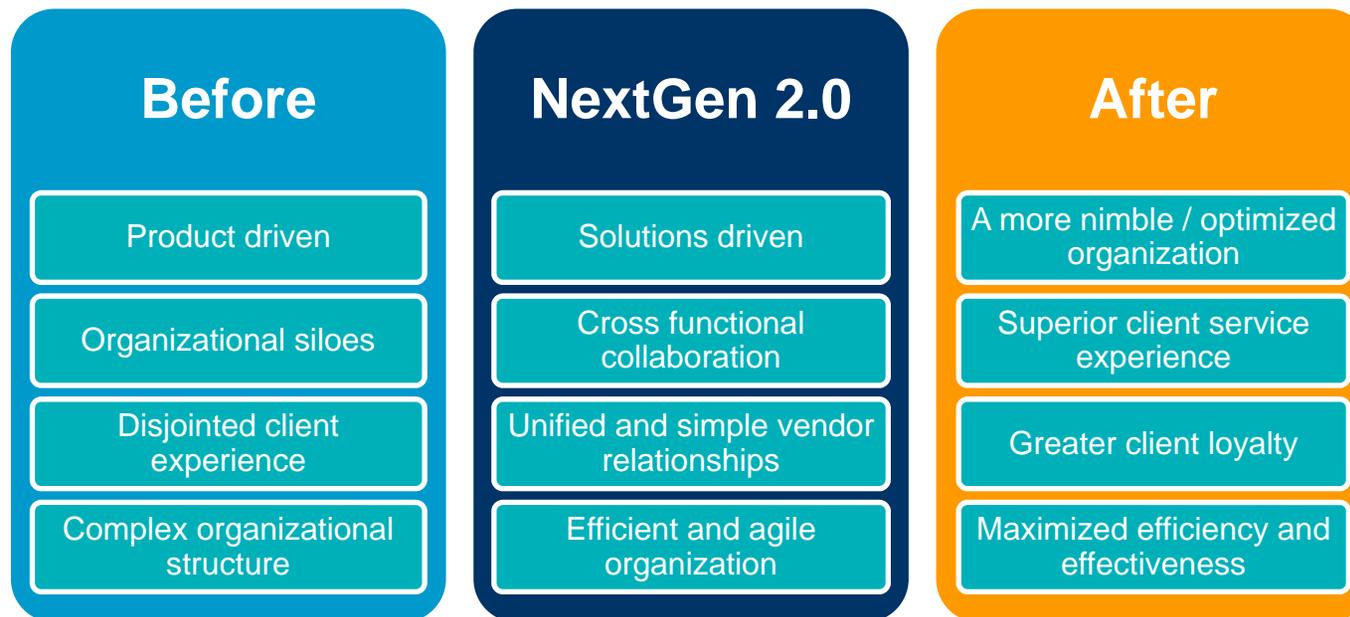
# 3 Phase Approach to Unlock Value “Progress Every Day”



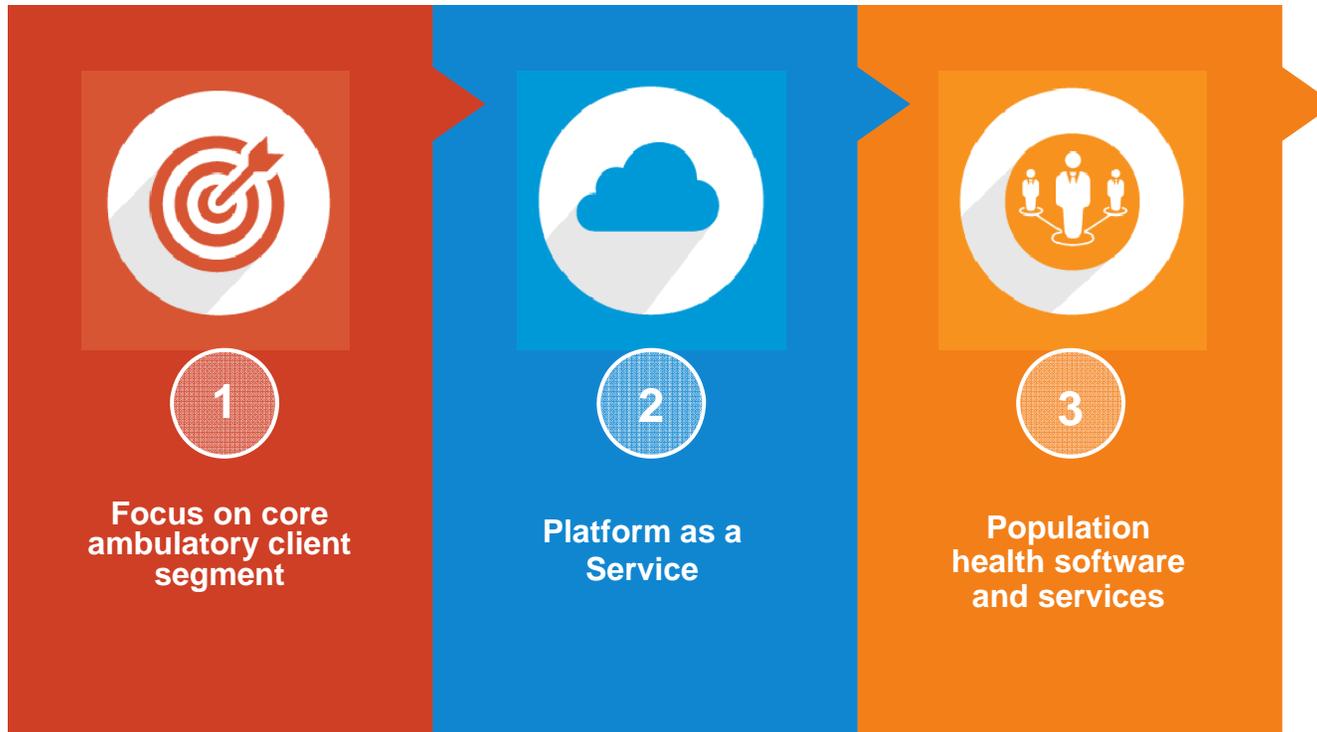
# Building a Unified and Aligned Organization – NextGen 2.0

NextGen Healthcare is on a journey to transform how we work together as an organization to deliver quality products and services to our clients

- Restructured organization to become a client-centric, proactive partner rather than a reactive relationship manager
- Simplified R&D structure with increased focus on quality and streamlined product development; improved innovation via identifying market requirements
- Renewed focus on delivering comprehensive solutions rather than products to optimize client outcomes



# Aligned Around Three Key Strategies



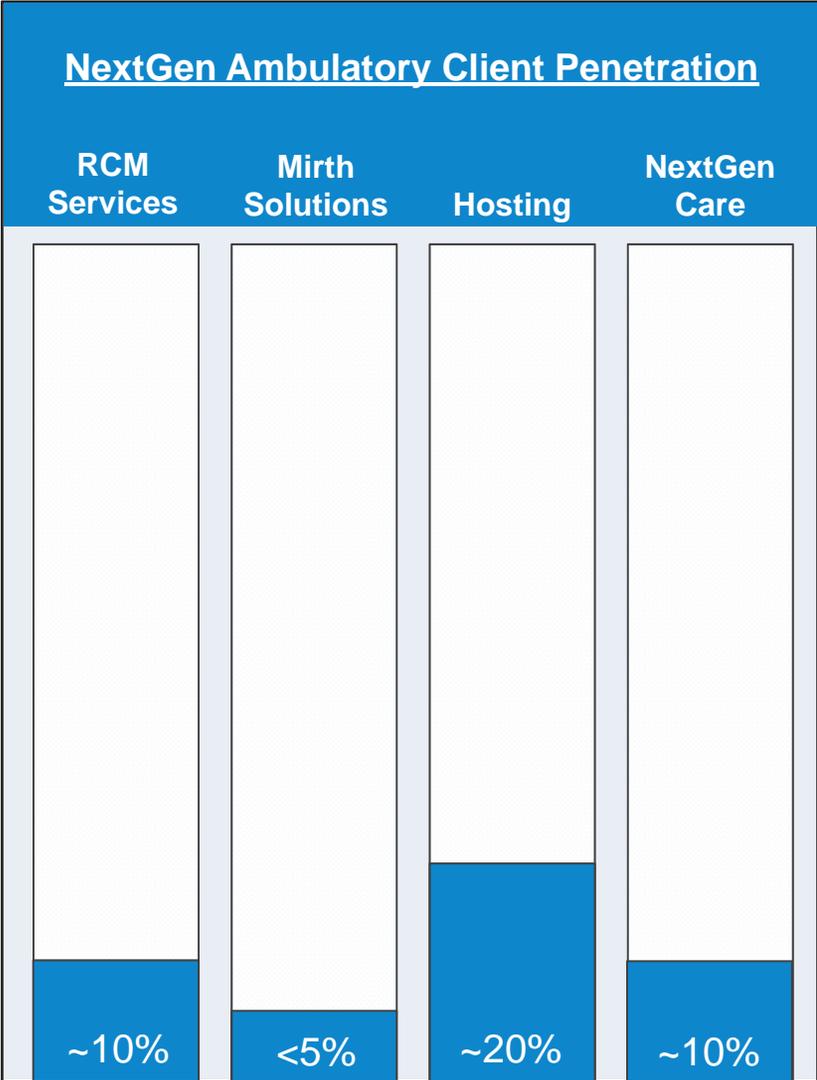
# Financial Highlights



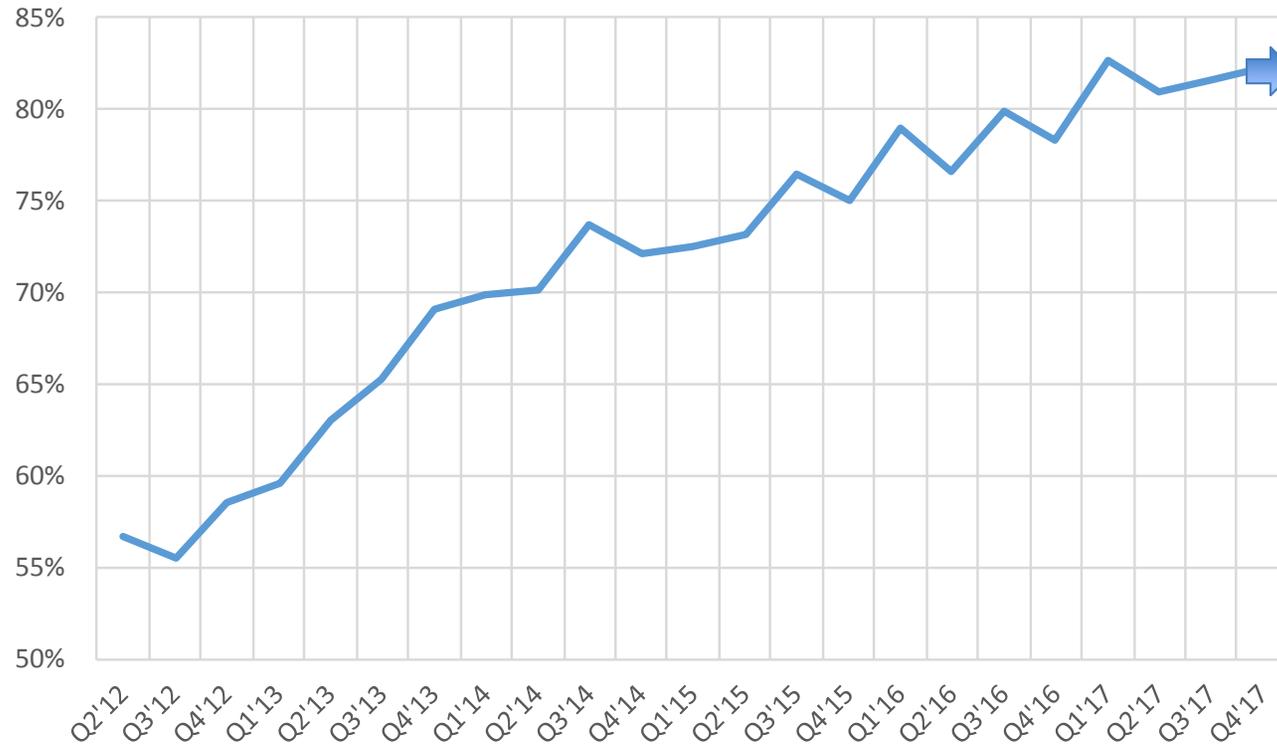
# Diverse Revenue Streams With Meaningful Cross Selling Opportunity

Revenue Trend				
	FY15	FY16	FY17	FY18 Outlook
Software Sales	\$81.6	\$70.5	\$65.5	●
Maintenance*	169.2	165.2	158.8	●
Subscriptions*	44.6	55.4	87.1	●
EDI*	76.4	82.3	89.0	●
RCM*	74.2	83.0	82.6	●
Professional Services	44.2	36.0	26.7	●

\*Recurring Revenue



# Recurring Revenue Percent of Total



- Recurring service revenue, consisting of software related subscription services, support and maintenance, RCM and related services, and EDI and data services, increased to \$109.0M for Q4 FY17 from \$104.3M last quarter and \$100.1M in the year-ago quarter
- Recurring service revenue currently represents 82% of total revenue, which is up from 78% in the year-ago quarter, with the primary driver being HealthFusion subscription revenue

# Balance Sheet

- DSO of 57 days
- Total excess liquidity of \$272.7M
- Debt/Adjusted EBITDA of 0.2x
- Adjusted EBITDA\*/Interest Expense 37.1<sup>^</sup>

\$ in Millions	FY2017	FY2016
Cash and ST investments	\$42.6	\$36.5
Accounts receivable	83.4	94.0
Other current assets	20.8	53.5
<b>Current assets</b>	<b>\$146.8</b>	<b>\$184.0</b>
Noncurrent assets	326.4	346.8
<b>Total assets</b>	<b>\$473.2</b>	<b>\$530.8</b>
Deferred revenue	52.4	59.3
Credit facility <sup>1</sup>	15.0	105.0
Other liabilities	100.8	97.1
<b>Total liabilities</b>	<b>\$168.2</b>	<b>\$261.4</b>
<b>Shareholders' equity</b>	<b>\$305.0</b>	<b>\$239.4</b>
<b>Total liabilities &amp; shareholders' equity</b>	<b>\$473.2</b>	<b>\$530.8</b>

<sup>1</sup> Total credit facility of \$250M

Note: Debt covenant ratios utilize different definitions and calculations from ratios above  
<sup>^</sup>Q4'17 interest expense annualized

## FY18 Guidance

	FY2018 Range	FY2017 Actual
Revenue	\$512M - \$530M	\$510M
Non-GAAP EPS	\$0.66 - \$0.74	\$0.82

- \$235 million remaining on \$250 million available line of credit

# Key Financial Takeaways

## Diverse Revenue Streams

- Recurring revenue now represents 80%+ of total
- Revenue streams comprised of diversified product offerings
- Approximately 90k providers using our solutions

## Expansion Opportunities

- Spend directed towards enhancing the Flagship NextGen platform
- Increased R&D spend in FY2018
- Increased sales & marketing to drive bookings growth

## Leverageable Infrastructure

- After NextGen 2.0 administrative infrastructure is in place
- R&D spend expected to moderate in FY2019
- Significant dry powder available for inorganic opportunities

**Produces strong free cash flow**

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