



J.P. Morgan Health Care Conference

—
January 10, 2017

The best practices are the ones that work for **you.**SM

Forward-Looking Statements and Non-GAAP Presentation

This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements may be affected by many factors, including, among others, those described in the Company's news release dated January 3, 2017 and under the headings "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations" in the Company's most recent filings on Form 10-K or 10-Q with the Securities and Exchange Commission. Consequently, actual operations and results may differ materially from those expressed or implied in any forward-looking statements made by us. All forward-looking statements are qualified by those factors and the other information disclosed in the Company's filings with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events, or otherwise.

This presentation contains information regarding non-GAAP revenue and adjusted EBITDA, which are financial measures of performance that are not calculated in accordance with generally accepted accounting principles, or "GAAP."

Trusted, Insight-Driven Advisor to our Members

Leveraging a Distinct, Best-Practice Approach Yields Member ROI

Start with best practices

Through the breadth of our network and the depth of our expertise, we find and forge best practices that:

- Solve pervasive industry and member challenges
- Are proven to work
- Create real and tangible value

Then hardwire those insights into member organizations through three key areas



RESEARCH

Communicate and teach best practices across our broad network through multiple channels



TECHNOLOGY & DATA-ENABLED SERVICES

Provide cloud-based software capabilities to help our members benchmark performance and implement identified best practices



CONSULTING

Deploy our experts to work side-by-side with members implementing best practice solutions and driving change in their organizations

\$2.0B+ ROI Documented by health care members in 2016



Strong Market Reputation

Large, Important Client Bases in Health Care and Education



Unparalleled Health Care Member Base

Firmly established leader in health care for over 30 years

4,400+
global members

94%
renewal rate

8,800+
CEO/COO
relationships

100%
U.S. News & World Report
honor roll hospitals

Strong Foundation in Education

Exceptional growth in under a decade

1,000+
members

94%
renewal rate

2,100+
executive
relationships

87%
U.S. News & World Report
top 100 universities



Trusted Advisor in Uncertain Times

Market Leader in Offering Guidance on Next Era of Health Reform

Expertise Shaping the Industry



Nearly 2,000 attendees at initial post-election webinar



Over 22,000 visits to “Implications of Trump win on ACA” news story



National meeting registration up 128% since election

Critical Policy Changes Impacting Providers



Medicaid coverage rollback impacts bad debt improvements seen by providers since 2014



Broader Medicaid funding cuts could further decrease provider revenues



Medicare price cuts could remain without upside of coverage expansion

Aligning Health Care Strategy to Market Need

Our Starting Point

Research

Achieve comprehensive best practice performance

Drawing on 30+ years of experience finding and forging best practices and a network of 4,400+ member health care organizations, we give **every constituency** in the health system a direct line to the industry's most needed insights and successful ideas.



Where We Run Deepest

Technology and Consulting

Drive Health System Growth

We drive acquisition and retention of the patients and care needs that you aspire to serve

Reduce Care Variation

We improve care quality and reduce cost by eliminating unwarranted care variation

Optimize the Revenue Cycle

We ensure financial viability by improving the efficiency and effectiveness of revenue management

Focus Areas Provide Significant Opportunity

Health System GROWTH



We drive acquisition and retention of the patients and care needs that you aspire to serve.

CARE VARIATION Reduction



We improve care quality and reduce cost by eliminating unwarranted care variation.

REVENUE CYCLE Management



We ensure financial viability by improving the efficiency and effectiveness of revenue management.

Program Examples

Planning 20/20
Network Development
Service Line Development
Patient Access & Experience

Clinical Alignment Services
EHR Optimization Services
Clinical Decision Support
Crimson Clinical Advantage

Payment Integrity & Navigation
Revenue Capture
Denials Management
Process Improvement Services

Market Size

\$3B+

\$3.5B+

\$4B+

Case Study: Executing on Revenue Cycle Vision

Member in Brief:

- Integrated health care system in Midwest
- Faced poor payer performance and changes to reimbursement methodology
- Experienced severe limitations in existing technology system

Advisory Board technology integrated with existing patient accounting systems to identify underpayments



Services led redesign of member workflow ensured full capture of under payments and denials

Advisory Board Services and Technologies Generating Best-in-Class Outcomes

\$3M Recovered in one year

62% Payer appeal success rate

Driving Superior Member Value

Exceptional ROI Across Key Member Priorities

Cancer Treatment Centers of America

Revenue Cycle

\$77M Recovered through centralized denials management and appeals processes

University of Maryland Medical System

Health System Growth

\$20M Targeted savings from unifying physician network to improve patient experience and clinical outcomes

Tift Regional Medical Center

Care Variation

66% Decrease in mortality rate through physician alignment and education

Sutter Roseville Medical Center

Care Variation

\$14M Cost savings through reduction in average length of stay and cost per case

Virginia Commonwealth University

Student Success

4% Increase in four-year graduation rate

Middle Tennessee State University

Student Success

\$2M Increase in revenue through spring tuition and fees

EAB Our Distinct Approach to Serving the Industry

Best Practices at the Foundation of Delivering Member Insight

Start with best practices

Through the breadth of our network and the depth of our expertise, we find and forge best practices that:

- Solve pervasive education industry and member challenges
- Are proven to work
- Create real and tangible value

Then hardwire those insights into member organizations through two key areas



RESEARCH

Communicate and teach best practices across our broad education member network through multiple channels



TECHNOLOGY & DATA-ENABLED SERVICES

Provide cloud-based software capabilities to help our members benchmark performance and implement identified best practices in areas like Student Success and Academic Performance



Apply our extensive data assets, technology platforms, and proven processes to directly produce results for our members in areas like Admissions, Enrollment, and Advancement

Confronting Key Points in the Student Lifecycle

Industry-Leading Platform



Comprehensive Data Assets

10+ years' worth of longitudinal student data



Network-driven intelligence

15,000 executive consultations annually



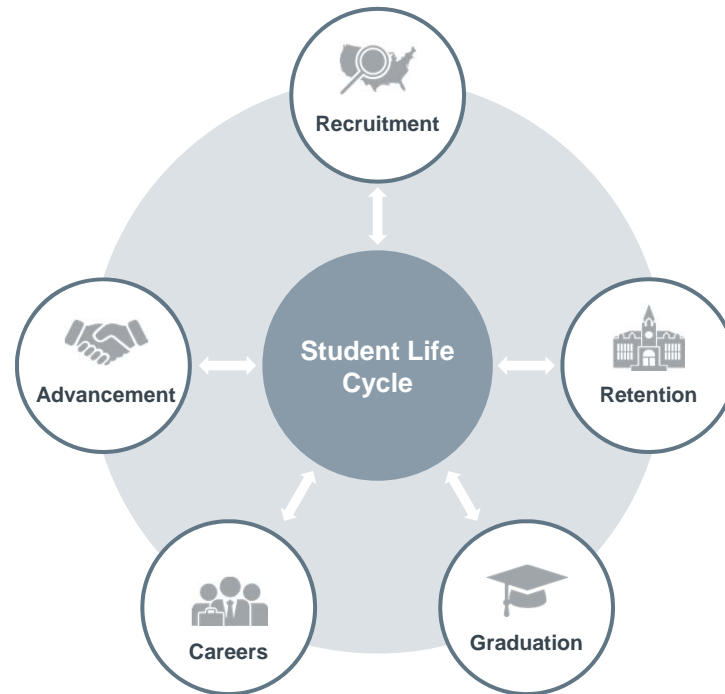
Deep Industry Expertise

25+ years experience in higher education



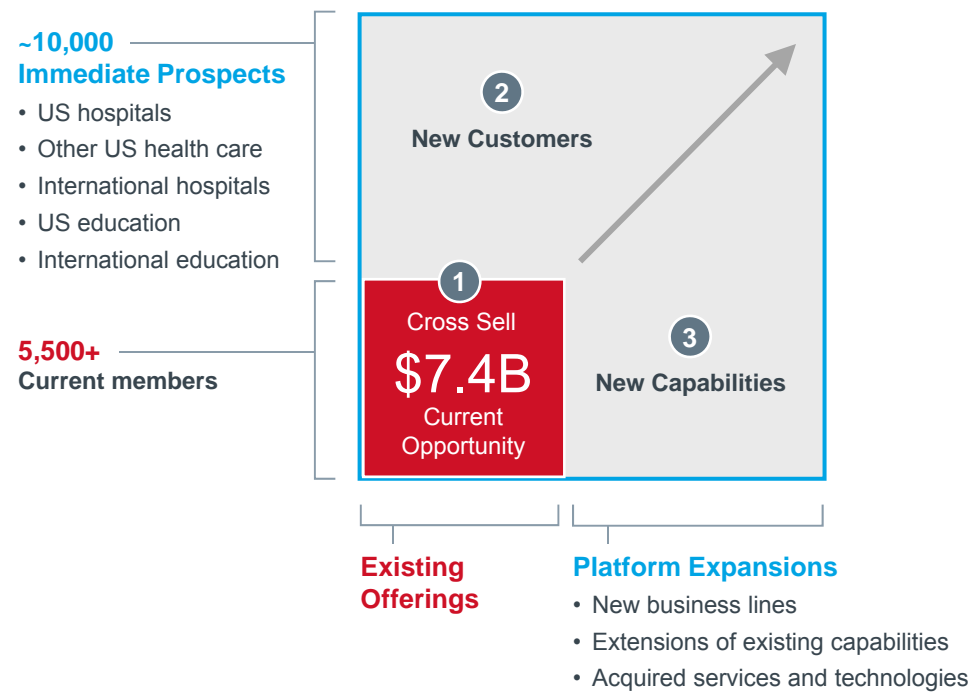
Proprietary Methodologies

Live, interactive modeling and prediction analytics



A Compelling Market Opportunity

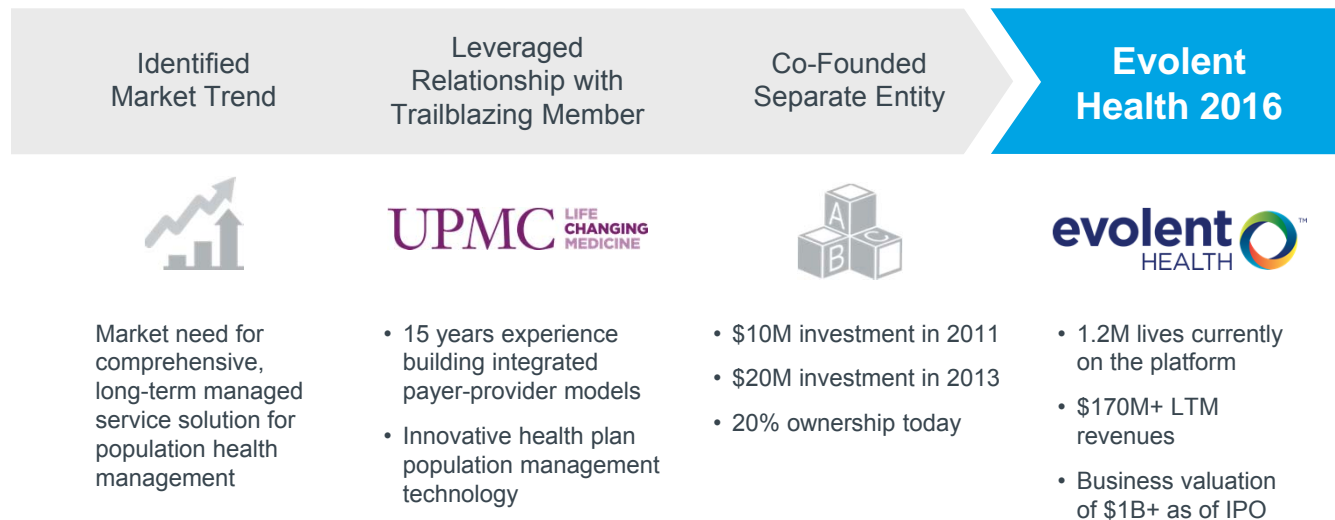
Growth Potential in Both Health Care and Education



Innovating How We Innovate

Non-Traditional Value Creation Case Study

Evolut Health



Greater than 6x return on invested capital as of IPO

Powerful Economic Model



High Recurring Revenue

~85% of revenue from recurring subscriptions with 90%+ annual renewal rate



Primarily Fixed Cost Model

Scalable offerings drive margin expansion

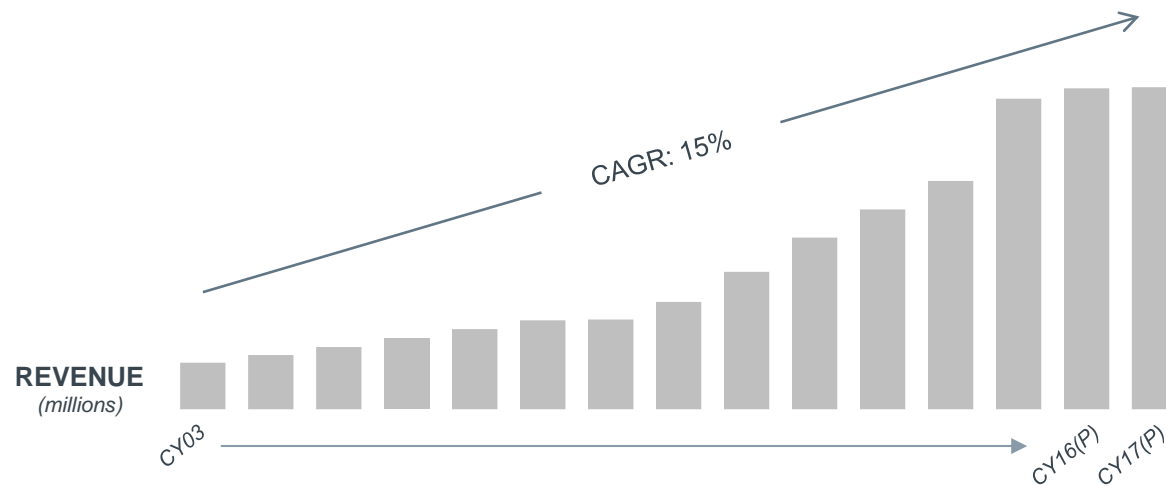


Strong Cash Generation

Balanced capital allocation

Continuous Innovation and Growth

Demonstrating Ability to Identify and Address Market Need



Representative Business Innovations:

**2004 Launch of
Technology Business**

Today ~\$270M Revenue

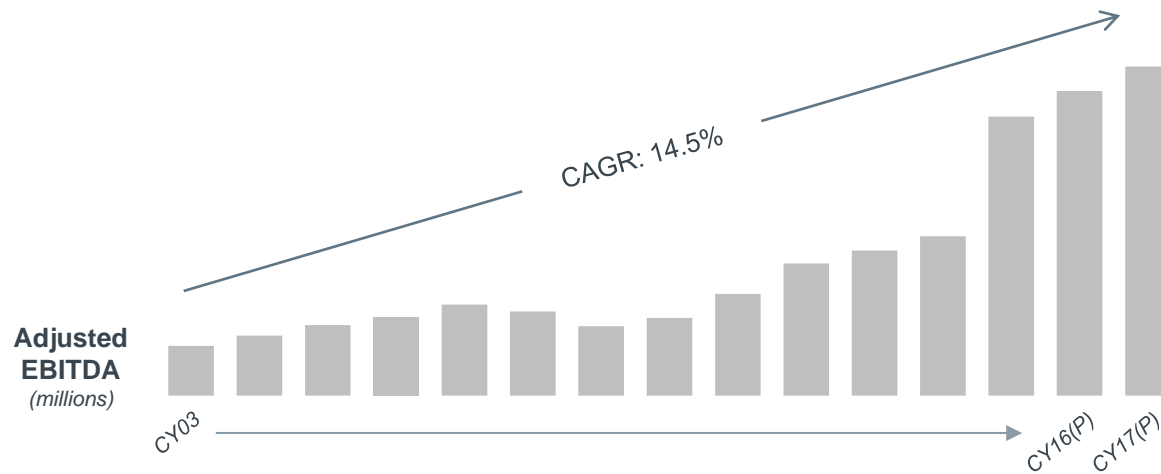
**2007 Launch of
Education Business**

Today ~\$225M Revenue

**2011 Founded
Evolut**

Today ~\$1B Market Cap

Scalable Model Allows Revenue Growth to Drive Strong Bottom Line Results



Adjusted EBITDA Growth in Three Different Eras

2003–2007
Scaling Research Business

Revenue CAGR: 15%
Adj. EBITDA CAGR: 16%

2009–2014
Growing Technology Business

Revenue CAGR: 22%
Adj. EBITDA CAGR: 20%

2015–2017
Margin Expansion in Constrained Market

Revenue CAGR: 0%–4%
Adj. EBITDA CAGR: 5%–12%

Restructuring Plan

within Health Care Business



Program Portfolio Rationalization

- Evaluated each program based on alignment with strategy, current market demand, and financial characteristics
- To-be-exited programs include care management workflow, nursing workforce and infection control analytics, and two niche consulting practices



Improved Operational Efficiency

- Reduce workforce by ~220 employees (~5.7% of total)
- Close four office locations
- Impacted employees notified ASAP to minimize disruption

Workforce reduction and office closures to drive **\$25M+ in annualized expense savings** and **100–200 bps of adjusted EBITDA margin improvement in CY-17** in combination with scalable model, positive mix shift, and elimination of lowest-margin activity

Balance Sheet and Capital Deployment

As of 9/30/16

Cash and Cash Equivalents: \$55.1M
(after \$8.0 M of share repurchase in Q3-16)

Share Repurchases: ~3.0M shares since 1/1/15

Total Outstanding Debt: \$529.0M

Debt/Adjusted EBITDA (TTM): 2.9x *(2.6x net of cash)*

Evolut Ownership Value: ~\$145.0M
(value not reflected on balance sheet)

A Compelling Investment Opportunity



Unique Position in Our Markets

- Insight-driven best practices research, technology, and consulting
- C-suite partnerships in two high-demand target markets



Powerful Economic Model

- High member ROI
- 85% recurring revenue (research/tech subscriptions w/ 90%+ renewal rates)
- Scalable solutions/programs drive margin expansion
- Balanced capital allocation: share repurchase; debt reduction; growth



Bold Steps to Intensify Health Care Focus

- Program portfolio rationalization
- Enhanced cost management



Tremendous Opportunities for Growth

- Execute on compelling cross-selling opportunities
- Enhance solution platform as industries transform
- Identify and execute on select, strategic M&A



2445 M Street NW, Washington DC 20037
P 202.266.5600 | F 202.266.5700 | advisory.com