



CPSI Announces First Quarter 2014 Results

May 1, 2014

Company Announces Regular Quarterly Cash Dividend of \$0.57 Per Share

MOBILE, Ala.--(BUSINESS WIRE)--May 1, 2014-- Computer Programs and Systems, Inc. (NASDAQ: CPSI):

Highlights:

- Revenues of \$52.1 million;
- 12-month backlog of \$170.4 million;
- Earnings per diluted share of \$0.69;
- Cash provided by operations of \$13.2 million; and
- Quarterly dividend of \$0.57 per share.

Computer Programs and Systems, Inc. (NASDAQ: CPSI), a leading provider of healthcare information solutions, today announced results for the first quarter ended March 31, 2014.

The Company also announced that its Board of Directors has declared a regular quarterly cash dividend of \$0.57 (fifty-seven cents) per share, payable on May 30, 2014, to stockholders of record as of the close of business on May 15, 2014.

Total revenues for the first quarter ended March 31, 2014, increased 5% to \$52.1 million, compared with total revenues of \$49.5 million for the prior-year first quarter. Net income for the quarter ended March 31, 2014, increased 11% to \$7.7 million, or \$0.69 per diluted share, compared with \$6.9 million, or \$0.63 per diluted share, for the quarter ended March 31, 2013. Cash provided by operations for the first quarter of 2014 was \$13.2 million, compared with \$5.5 million for the prior-year first quarter. Cash collections for the first quarter ended March 31, 2014, were \$50.0 million, compared with cash collections of \$43.1 million for the prior-year first quarter.

CPSI's 12-month backlog as of March 31, 2014, was \$170.4 million, consisting of \$53.2 million in non-recurring system purchases and \$117.2 million in recurring payments for support, Business Management Services and SAAS contracts. The backlog total excludes amounts related to systems installed during 2012 under contracts for which a portion of the consideration was to be received and revenue recognized in subsequent periods upon hospitals successfully achieving meaningful use designation. Although the related system installations were substantially completed during 2012 and no additional such contracts have been offered since 2012, the total remaining accumulated unrecognized revenue related to such contracts as of March 31, 2014, was approximately \$2.6 million.

A listen-only simulcast and replay of CPSI's first quarter 2014 conference call will be available on-line at the Company's website, www.cpsi.com, on May 2, 2014, beginning at 9:00 a.m. Eastern Time.

About Computer Programs and Systems, Inc.

CPSI is a leading provider of electronic health records systems for more than 650 community, rural and critical access hospitals and their 12,000 providers. Founded in 1979, the Company is dedicated to meeting the ever-changing needs of health IT, while optimizing the quality of care for communities in 46 states and the District of Columbia. CPSI provides a complete information and patient care system from business office to bedside combined with comprehensive implementation, training and ongoing support from our staff of approximately 1,400 healthcare and business professionals. CPSI's wholly owned subsidiary, **TruBridge**, LLC, focuses exclusively on providing business office, consulting and managed IT services to rural and community healthcare organizations, regardless of their IT vendor. To join the conversation with CPSI, connect with us on [Facebook](https://www.facebook.com/cpsiehr), [Twitter \(@cpsiehr\)](https://twitter.com/cpsiehr) and on the [CPSI blog](http://www.cpsi.com). For more information, visit www.cpsi.com or www.trubridge.net.

This press release contains forward-looking statements within the meaning of the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements can be identified generally by the use of forward-looking terminology and words such as "expects," "anticipates," "estimates," "believes," "predicts," "intends," "plans," "potential," "may," "continue," "should," "will" and words of comparable meaning. Without limiting the generality of the preceding statement, all statements in this press release relating to estimated and projected earnings, margins, costs, expenditures, cash flows, growth rates and future financial results are forward-looking statements. We caution investors that any such forward-looking statements are only predictions and are not guarantees of future performance. Certain risks, uncertainties and other factors may cause actual results to differ materially from those projected in the forward-looking statements. Such factors may include: overall business and economic conditions affecting the healthcare industry; government regulation of the healthcare and health insurance industries; government regulation of our products and customers, including changes in healthcare policy affecting Medicare and Medicaid reimbursement rates and qualifying technological standards; the potential effects of the federal healthcare reform legislation enacted in 2010, and implementing regulations, on the businesses of our hospital customers; the funding uncertainties associated with and potential expenditures required by the American Recovery and Reinvestment Act of 2009 in connection with the adoption of electronic health records; saturation of our target market and hospital consolidations; changes in customer purchasing priorities, capital expenditures and demand for information technology systems; competition with companies that have greater financial, technical and marketing resources than we have; failure to develop new technology and products in response to market demands; fluctuations in quarterly financial performance due to, among other factors, timing of customer installations; failure of our products to function properly resulting in claims for medical losses; changes in accounting principles generally accepted in the United States; breaches of security and viruses in our systems resulting in customer claims against us and harm to our reputation; potential intellectual property claims against us; general economic conditions, including

changes in the financial and credit markets that may affect the availability and cost of credit to us or our customers; interruptions in our power supply and/or telecommunications capabilities and other risk factors described from time to time in our public releases and reports filed with the Securities and Exchange Commission, including, but not limited to, our most recent Annual Report on Form 10-K. We also caution investors that the forward-looking information described herein represents our outlook only as of this date, and we undertake no obligation to update or revise any forward-looking statements to reflect events or developments after the date of this press release.

COMPUTER PROGRAMS AND SYSTEMS, INC.

Unaudited Condensed Consolidated Statements of Income

(in thousands, except per share data)

	Three Months Ended March 31,	
	2014	2013
Sales revenues:		
System sales	\$ 20,453	\$ 20,722
Support and maintenance	18,245	17,677
Business management, consulting and managed IT services	13,396	11,150
Total sales revenues	52,094	49,549
Cost of sales:		
System sales	11,193	13,251
Support and maintenance	7,374	7,239
Business management, consulting and managed IT services	9,092	6,940
Total cost of sales	27,659	27,430
Gross profit	24,435	22,119
Operating expenses:		
Sales and marketing	3,964	3,576
General and administrative	8,484	8,434
Total operating expenses	12,448	12,010
Operating income	11,987	10,109
Other (expense) income	(41)	137
Income before taxes	11,946	10,246
Provision for income taxes	4,231	3,302
Net income	\$ 7,715	\$ 6,944
Basic earnings per share	\$ 0.69	\$ 0.63
Diluted earnings per share	\$ 0.69	\$ 0.63
Weighted average shares outstanding:		
Basic	11,163	11,078
Diluted	11,163	11,078

COMPUTER PROGRAMS AND SYSTEMS, INC.

Condensed Consolidated Balance Sheets

(in thousands)

**March 31, Dec. 31,
2014 2013**

(Unaudited)

ASSETS

Current assets:

Cash and cash equivalents	\$ 18,549	\$ 11,729
Investments	10,705	10,703
Accounts receivable, net of allowance for doubtful accounts of \$1,425 and \$1,125, respectively	24,448	20,076
Financing receivables, current portion, net	24,006	25,387
Inventories	1,476	1,589
Deferred tax assets	2,918	2,366
Prepaid expenses and other	935	901
Total current assets	83,037	72,751
Financing receivables, net of current portion	593	551
Property and equipment, net	18,381	19,232
Total assets	\$ 102,011	\$ 92,534

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable	\$ 2,871	\$ 3,214
Deferred revenue	10,568	9,581
Accrued vacation	4,087	3,695
Income taxes payable	6,058	797
Other accrued liabilities	5,689	4,164
Total current liabilities	29,273	21,451
Deferred tax liabilities	1,519	2,001
Stockholders' equity:		
Common stock, par value \$0.001 per share, 30,000 shares authorized, 11,164 and 11,159 shares issued and outstanding,	11	11
Additional paid-in capital	35,383	34,644
Accumulated other comprehensive income	58	11
Retained earnings	35,767	34,416
Total stockholders' equity	71,219	69,082
Total liabilities and stockholders' equity	\$ 102,011	\$ 92,534

COMPUTER PROGRAMS AND SYSTEMS, INC.

Unaudited Other Supplemental Information

(In thousands)


The following table summarizes cash flow and free cash flow for the Company:

	Three Months Ended March 31,	
	2014	2013
Cash Flow Information		
Net cash provided by operating activities	\$ 13,158	\$ 5,522
Net cash used in investing activities	(6)	(1,998)
Net cash used in financing activities	(6,331)	(5,632)
Free Cash Flow		
Net cash provided by operating activities	\$ 13,158	\$ 5,522
Less: Purchases of capital assets	(79)	(1,998)
Free cash flow	\$ 13,079	\$ 3,524

Free cash flow is a non-GAAP financial measure which CPSI defines as net cash provided by operating activities less purchases of capital assets. The most directly comparable GAAP financial measure is net cash provided by operating activities. The Company believes free cash flow is a useful

measure of performance and uses this measure as an indication of the financial resources of the Company and its ability to generate cash.

Source: Computer Programs and Systems, Inc.

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President and Chief Executive Officer