



## BIOSCRIP, INC. ANALYST AND INVESTOR DAY



DECEMBER 6, 2018

# DISCLAIMER

Certain statements in this presentation and other oral or written statements made by the Company during the course of BioScrip's analyst and investor day or from time to time may constitute "forward-looking statements" that involve substantial risks and uncertainties, including the statements regarding 2018 guidance, projections of certain measures of the Company's results of operations, projections of future levels of certain charges and expenses, incremental cost structure improvements and other statements regarding the Company's financial improvement plan and strategy and anticipated effects of the Cures Act. You can identify these statements by the fact that they do not relate strictly to historical or current facts. In some cases, forward-looking statements can be identified by words such as "may," "should," "could," "anticipate," "estimate," "expect," "project," "outlook," "aim," "intend," "plan," "believe," "predict," "potential," "continue" or comparable terms. Because such statements inherently involve risks and uncertainties, actual future results may differ materially from those expressed or implied by such forward-looking statements. Investors are cautioned that any such forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and that actual results may differ materially from those in the forward-looking statements as a result of various factors. Important factors that could cause actual results to differ materially from those in the forward-looking statement include but are not limited to risks associated with: the Company's ability to make principal and interest payments on its debt and unsecured notes and satisfy the other covenants contained in its debt agreements; the Company's high level of indebtedness; the Company's ability to grow its core Infusion revenues; the Company's ability to continue to execute its financial improvement plan to reduce operating costs and focus its business on its Infusion Services segment; the Company's ability to evaluate opportunities for improvement and implement solutions as part of its strategic review process; the success of the Company's initiatives to mitigate the impact of the Cures Act on its business; reductions in federal, state and commercial reimbursement for the Company's products and services; increased government regulation related to the health care and insurance industries; as well as the risks described in the Company's periodic filings with the Securities and Exchange Commission. The Company does not undertake any duty to update these forward-looking statements after the date hereof, even though the Company's situation may change in the future. All of the forward-looking statements herein are qualified by these cautionary statements. This document contains an estimate of projected adjusted EBITDA. Projected adjusted EBITDA as used in this presentation is consistent with the Company's definition of adjusted EBITDA as presented in its annual reports filed on Form 10-K and quarterly reports filed on Form 10-Q. The Company's November 6, 2018 earnings release furnished on the Company's Current Report on Form 8-K on November 6, 2018 provides a reconciliation of projected adjusted EBITDA to expected results.

# TODAY'S AGENDA

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**10:30 to 11:00 a.m.** Presentation by Dan Greenleaf, President and Chief Executive Officer

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**11:00 to 12:00/12:30 p.m.** Fireside Chat with BioScrip Senior Executive Team

- Harriet Booker, SVP, Chief Operating Officer
- Rich Denness, SVP, Chief Commercial Officer
- Kathryn Stalmack, SVP, General Counsel
- Steve Deitsch, SVP, Chief Financial Officer and Treasurer

Q&A

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**12:00/12:30 p.m.** Lunch Commences

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**12:45 to 1:30 p.m.** Presentation by Jason Hwang, M.D., Co-Author of *The Innovator's Prescription: A Disruptive Solution for Health Care*

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**1:30 to 2:00 p.m.** Break + Shuttle to Branch of the Future

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**2:00 to 3:00 p.m.** Branch of the Future Tour in Chantilly, VA

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# DAN GREENLEAF

## President and CEO – BioScrip

- EBITDA increased from \$5mm in 2016 (adjusted for Cures Act) to \$45mm in 2017, and rose 20% year-to-date (9/30)
- +5% underlying organic sales growth in Q3'18 (the first quarter of growth in nearly 3 years)

## Chairman and CEO – Home Solutions

- Executed turnaround, driving double digit core sales and EBITDA growth
- Successful sale to BioScrip

## President and CEO – Coram

- Executed turnaround of a large underachieving home infusion company
- Grew revenue organically 13% CAGR, from \$600mm to \$1.2B
- Expanded EBITDA margin from 5% to 13%
- Increased shareholder value from ~\$350mm to ~\$2.1B

## President – Celltech

- Successful sale to UCB for ~\$2.7B

**Dan Greenleaf,  
President and CEO**



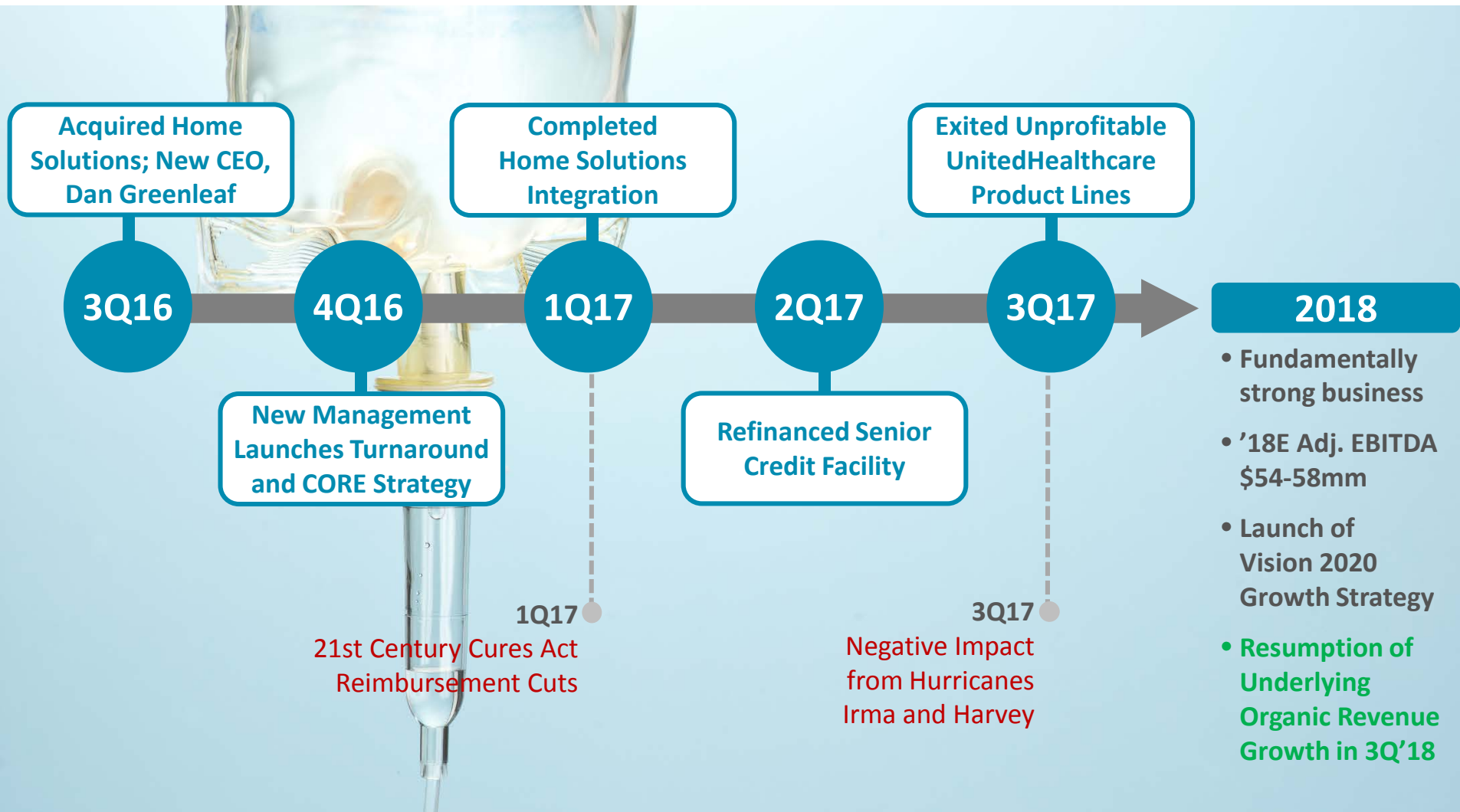
**Joined BioScrip  
September 2016**

# TEN KEY MESSAGES TO TAKE AWAY TODAY

1. BioScrip's **turnaround is largely complete**
2. We have commenced a new chapter of **organic revenue growth** (~5% y-o-y in Q3'18)
3. We remain focused on **continuing operational improvements** (e.g., Vision 2020)
4. We have a **best-in-class leadership team** (you will meet some of the team today)
5. We have **superior assets** (you will see an example today in Chantilly)
6. We have a **highly-trained, talented employee base** of 2,100 (~56% clinicians)
7. We are now **“one company and culture”** (vs. a holding company of disparate entities)
8. We are benefitting from **favorable industry dynamics**
9. We are uniquely **positioned for success**
10. We have **operating leverage** with sales growth, and anticipate an opportunity to refinance and generate free cash flow in 2019

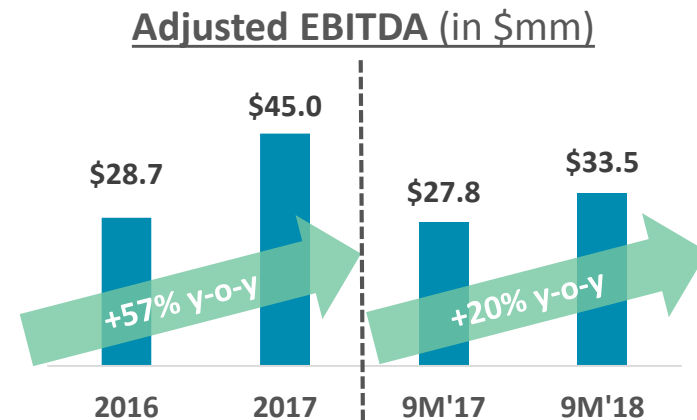
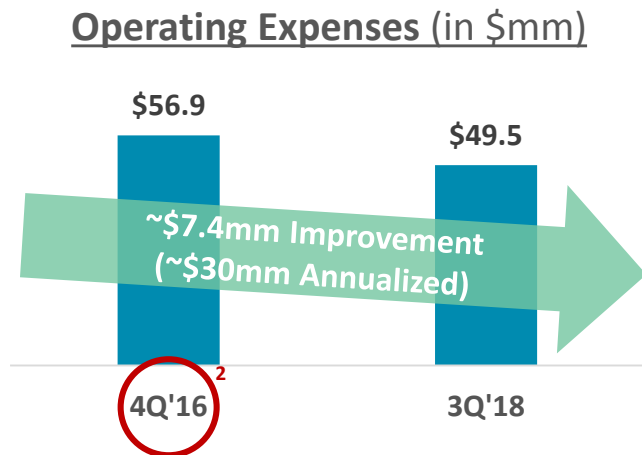
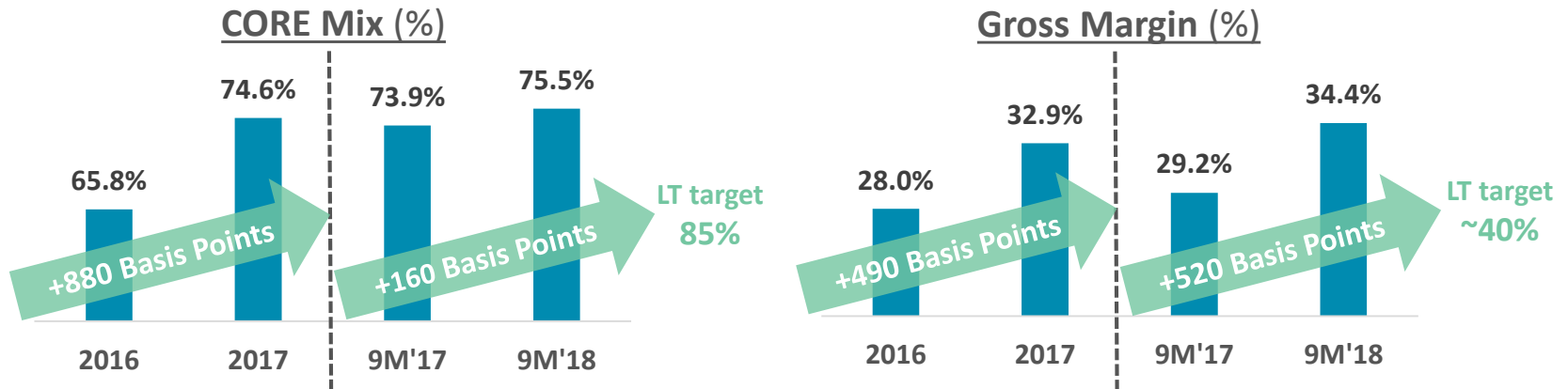
# BIOSCRIP TURNAROUND EXECUTION

## A LOT OF HEAVY LIFTING SINCE 3Q'16



# BIOSCRIP TURNAROUND EXECUTION

## THE RESULTS DEMONSTRATE OUR SUCCESS <sup>1</sup>



<sup>1</sup> All figures pro-forma for ASC 606, which was implemented on 1/1/2018

<sup>2</sup> 4Q'16 = first full quarter after Home Solutions acquisition

# A NEW CHAPTER OF ORGANIC GROWTH

- Driven by our teammates' commitment to **service, quality, speed** and **results**—leading to **unprecedented net promoter scores**
- Guided by **new senior leadership**: Harriet Booker and Rich Denness
- Examples of **key actions taken**:
  - expanded and upgraded the sales operations function
  - appointed new product-line managers
  - enhanced sales training and tools
  - aligned incentives more effectively
  - layered in impactful marketing programs
  - refined territory planning and mapping (hospitals, beds and quality of referrals)
  - focused on promotionally sensitive sales (increased frequency of visits)
  - accelerated payor redirection efforts

**Improved Sales Force Productivity and, in Q3 2018, Delivered the First Quarter of Organic Revenue Growth in Nearly Three Years**



# CONTINUING OPERATIONAL IMPROVEMENTS

## VISION 2020 PLAN

### Core Growth

- Sales force productivity (CRM tools, training, aligned incentives)
- Expanding core mix
- Redirection efforts

### Supply Chain

- Strategic partnerships
- Concentrate market share
- Formulary management

### Revenue Cycle Management

- Improve quality & standardize processes
- Optimize labor model, reduce facilities expense, lower bad debt
- Accelerate cash receipts

### Managed Care

- Strategic partnerships
- Redirection efforts
- Outcomes-based data and improved pricing

**Each of the four key pillars of our Vision 2020 plan has the potential to deliver \$10mm+ of incremental EBITDA over time**

# CONTINUING OPERATIONAL IMPROVEMENTS

## 2018 / 2019 GUIDANCE

	<b>2017 Actual</b>	<b>2018 Guidance</b>	<b>2019 Guidance</b>
Revenue	<b>\$817 mm</b>	<b>\$710-720 mm<sup>1</sup></b>	<b>n/a</b>
Adj. EBITDA	<b>\$45 mm</b>	<b>\$54-58 mm</b>	<b>\$75 mm plus</b>
<i>Implied growth (at midpoint)</i>		<b>+24%</b>	<b>+34%</b>

**Outlook Driven by Company-Specific Drivers and  
Favorable Industry Dynamics**

<sup>1</sup> Expected year-over-year decrease in 2018 revenue reflects the Company's exit from certain unprofitable non-core business with UnitedHealthcare in the third quarter of 2017 as well as the implementation of ASC 606, a new accounting standard, on 1/1/2018; guidance as of 11/6/2018.

# BEST-IN-CLASS LEADERSHIP TEAM



September 2016

## **Daniel Greenleaf – President and CEO**

- 15+ years of executive leadership experience in the home infusion and pharmaceutical industries
- Former Chairman & CEO of Home Solutions, CEO of Coram Specialty Infusion Services and COO of Apria Healthcare
- Former President at Celltech Biopharma; served as Captain, U.S. Air Force



April 2017

## **Stephen Deitsch – SVP, Chief Financial Officer and Treasurer**

- 16+ years of healthcare, strategic and operational financial leadership experience
- Held CFO and key senior financial leadership roles at Zimmer Biomet, Biomet and Lanx
- Former senior audit manager at Ernst & Young and Deloitte



November 2017

## **Harriet Booker – SVP, Chief Operating Officer**

- 20+ years of executive leadership experience in the home infusion industry
- Former Chief Commercialization Officer for Coram/CVS Specialty Infusion Services
- Former Interim SVP, Revenue Cycle Management for Option Care



July 2018

## **Richard Denness – SVP, Chief Commercial Officer**

- 29+ years of executive leadership experience in the healthcare industry
- Former GM at Schering-Plough, President at IVAX Laboratories, VP, Neurology at UCB, and CEO at Vycor Medical
- Proven track record of driving profitable sales growth, complemented by a deep strategic consulting background



August 2015

## **Kathryn Stalmack – SVP, General Counsel**

- 17+ years of leadership experience as healthcare, corporate and transactional attorney
- Former Healthcare Attorney & Partner, Polsinelli PC; Associate Attorney at Donohue Brown Mathewson & Smyth
- Spearheaded BioScrip's efforts to advance industry legislation, including the "Cures Fix"

# SUPERIOR ASSETS

## BRANCH OF THE FUTURE AND AIS MODEL

### “Branch of the Future”

- Kaizen/Lean approach and commitment to pharmacy and operational work flow design
- Drives consistent, standardized work flow, physical space design, culture and labor structure
- Designed to improve efficiency and execution
- Early signs/benefits of improved employee satisfaction and engagement

### Ambulatory Infusion Suite

- Improving access to care and improved outcomes for patients
- Driving unique strategy to increase utilization
- Expanding our footprint to get “closer to the patient”



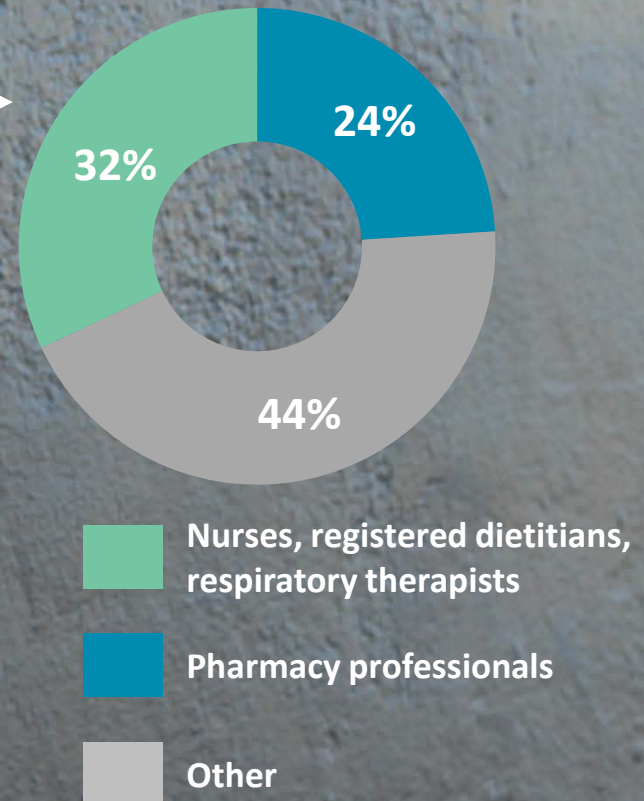


# HIGHLY-TRAINED, TALENTED EMPLOYEE BASE

~80% of our nurses have an infusion certificate

Nearly 56% of our employees are clinicians, primarily nurses & pharmacy professionals

Employee Breakdown  
(2,100 total)



# ONE COMPANY, ONE CULTURE



A Holding Company (9 Disparate Entities)

Inconsistent Processes & Procedures

Decentralized Purchasing

Regional Branding under Different Names

Incohesive Sales & Marketing Approach

An Operating Company

Single Repeatable Model / Standardization

Centralized Purchasing / Economies of Scale

Unified Branding under BioScrip

Consistent “Go to Market” across Organization

Series of “Greek City States”



# PATIENT EXODUS FROM HOSPITAL TO LOW-COST HOME SETTING

Care is moving from the Hospital...



...to the Home

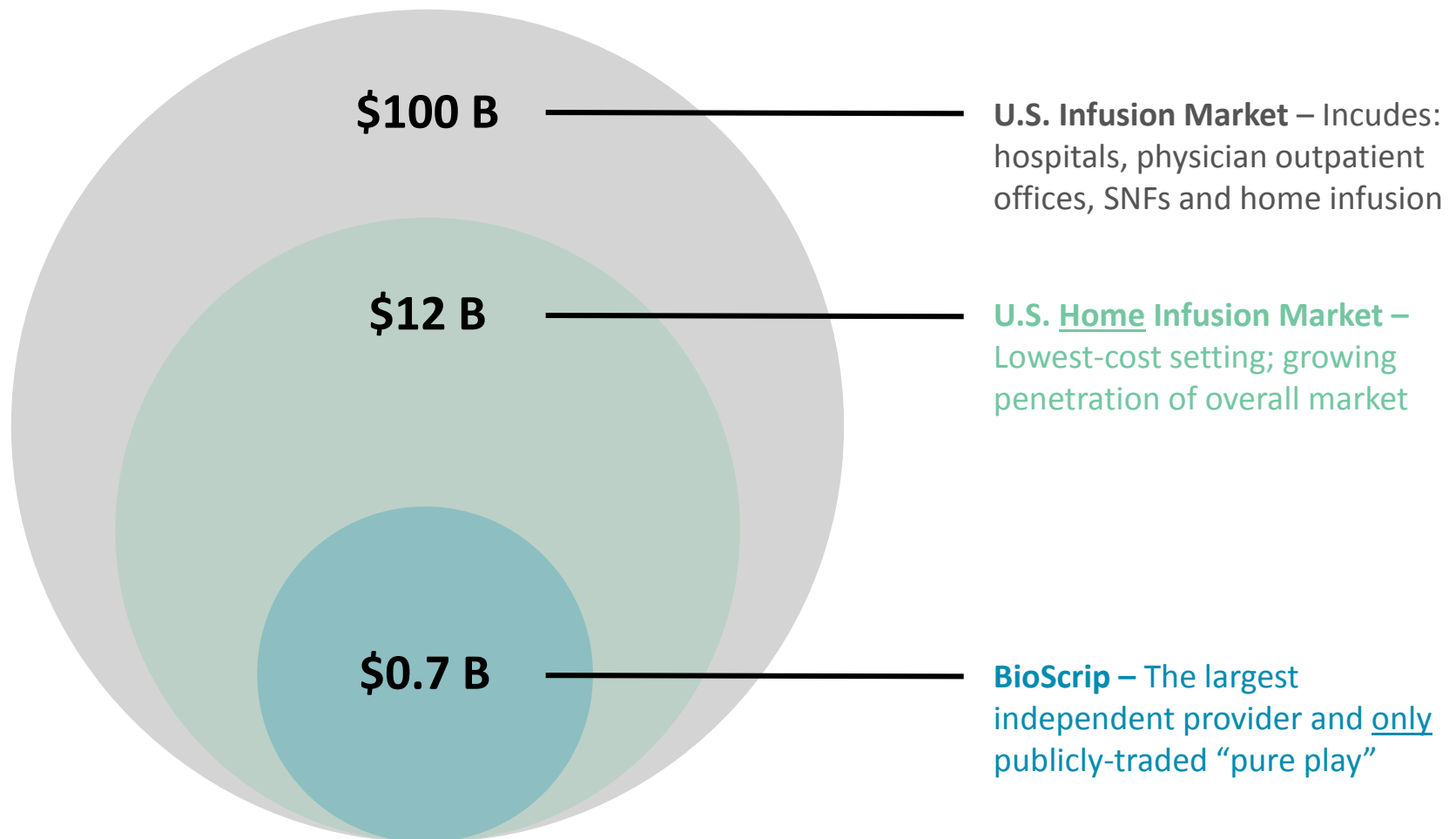
- **Waste** in healthcare system in large part driven by hospitals
- Up to 1/3<sup>rd</sup> of total healthcare spend is waste (**est. \$1 trillion**)
- **Higher costs** and **worse outcomes**, including death (**440k** preventable deaths each year in the hospital)
- 50% of hospitals are **not financially sound**



- **Lowest cost** site of care
- **Safest** site of care; lower risk of infection
- **Patient preference, empowerment, quality of life**
- Healthcare reform moving from fee-for-service to **fee-for-outcomes**
- The home is becoming the **general ward**
- **Democratization** of healthcare (physical, mental and financial health of the patient)

**The Home is the Disruptive Service Model within the Infusion Market (*think Amazon, Uber*)**

# LARGE AND GROWING MARKET OPPORTUNITY



The U.S. Home Infusion Market is Growing  
by an Estimated 5-7% Per Year



# POSITIONED FOR SUCCESS: THE HOME INFUSION MARKET

Larger Integrated  
Healthcare Companies



Mom & Pops



## The BioScrip Edge

- As a pure play, we are more focused and nimble than the integrated companies
  - 100% use of corporate resources and management attention
  - Independence creates advantages
  - National scale compared to mom & pops

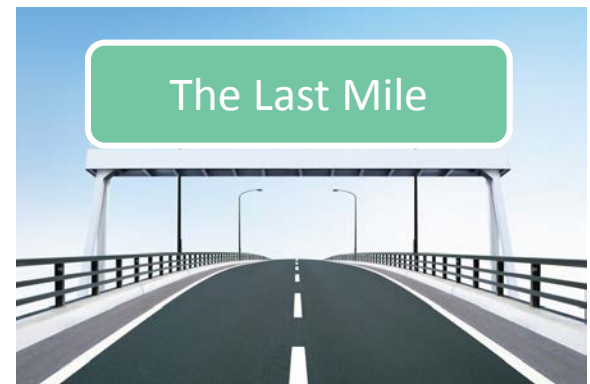


Highly fragmented market

Significant **consolidation opportunity** with 800+ infusion companies in the U.S.

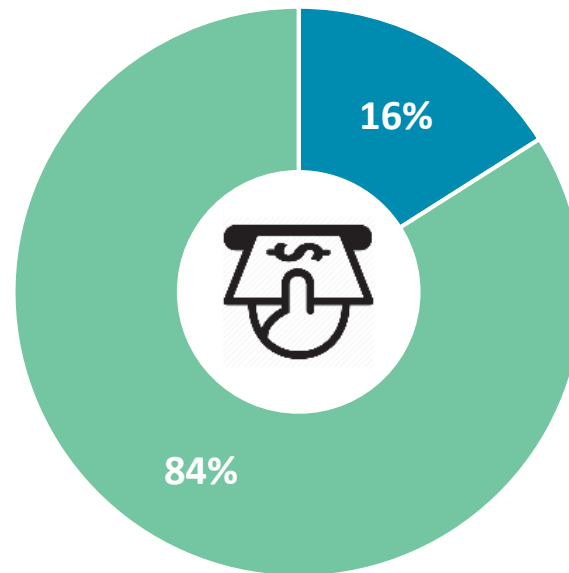
# POSITIONED FOR SUCCESS: WE OWN “THE LAST MILE”

- One of the last untapped areas for improving the delivery of care
- Nurses and pharmacists are the most trusted advisors in healthcare
- We have the most **unique, close relationship** with the patient
  - Care management
  - Transition of care
  - Social determinants of health
  - Quality of life
  - Medication reconciliation
  - Proactive interventions
  - Disintermediation
  - Net promoter scores
- Use of analytics, algorithms and data – we have the propriety capacity to be the “brain center” for the last mile



# POSITIONED FOR SUCCESS: DIVERSIFIED PAYOR BASE WITH 1,000+ RELATIONSHIPS

## BioScrip Revenue By Payor Type



Low Medicare Mix (~8%)  
=  
Low "Pen Stroke" Risk

 Commercial

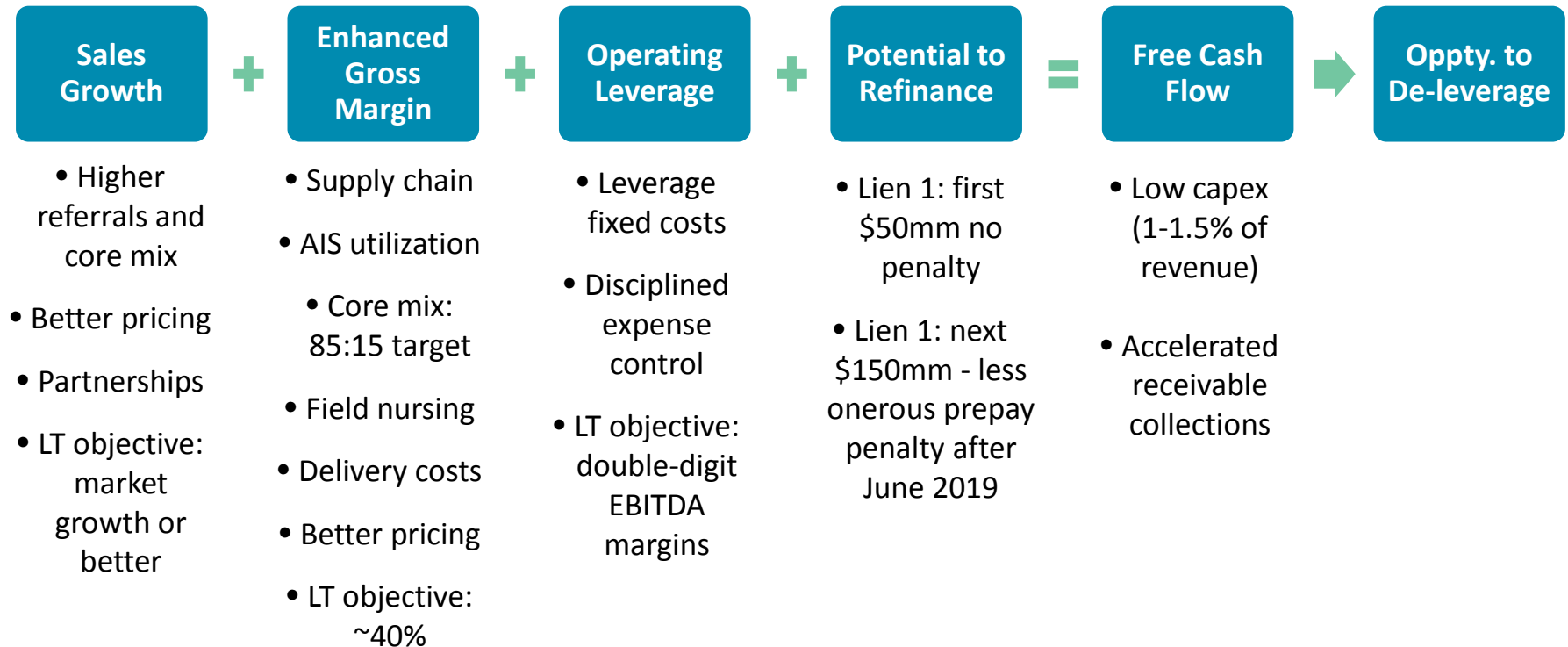
 Government

No Single Payor Accounts for >10% of Sales

# OPERATING LEVERAGE IN OUR BUSINESS

- As revenue grows, our business scales very effectively
- Examples of fixed costs:
  - General Managers
  - Nursing Managers
  - Pharmacy Managers
  - Branches (Real Estate)
  - Corporate
- Incremental operating leverage possible with a greater percentage of nursing hours in ambulatory infusion centers
  - ~25% of nursing hours
  - Could be 40-50% over time
  - Lower delivery costs
  - Nurse sees more patients at one time

# VALUE CREATION OPPORTUNITY



**We have a number of levers to pull to create incremental shareholder value**

# FIRESIDE CHAT WITH BIOS EXECUTIVE TEAM



## **Stephen Deitsch – SVP, Chief Financial Officer and Treasurer**

- 16+ years of healthcare, strategic and operational financial leadership experience
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## QUESTIONS & ANSWERS