



option care health™

*Q1 2020*

# Investor Presentation

NASDAQ: BIOS



# Disclaimer

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This communication may contain “forward-looking statements” within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as: “anticipate,” “intend,” “plan,” “believe,” “project,” “estimate,” “expect,” “may,” “should,” “will” and similar references to future periods. Examples of forward-looking statements include, among others, statements we may make regarding future revenues, future earnings, regulatory developments, market developments, new products and growth strategies, integration activities and the effects of any of the foregoing on our future results of operations or financial conditions.

Forward-looking statements are neither historical facts nor assurances of future performance. Instead, they are based only on our current beliefs, expectations and assumptions regarding the future of our business, future plans and strategies, projections, anticipated events and trends, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict and many of which are outside of our control. Our actual results and financial condition may differ materially from those indicated in the forward-looking statements. Important factors that could cause our actual results and financial condition to differ materially from those indicated in the forward-looking statements include, among others, the following: (i) changes in laws and regulations applicable to our business model; (ii) changes in market conditions and receptivity to our services and offerings; (iii) results of litigation; and (iv) the loss of one or more key payers. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our reports as filed with the SEC.

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# Option Care Health at a Glance

**45**

states

**96%**

of U.S. population covered

**\$2.7bn+**

combined 2018 revenue

**~2,900**

skilled clinicians

**Top 10**

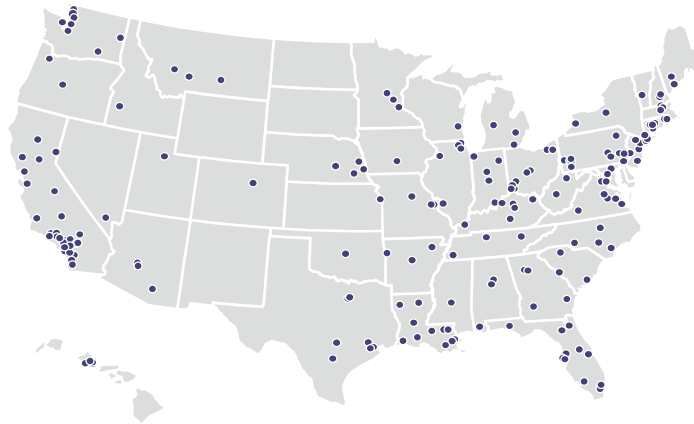
payers all in-network

**500+**

frontline selling resources

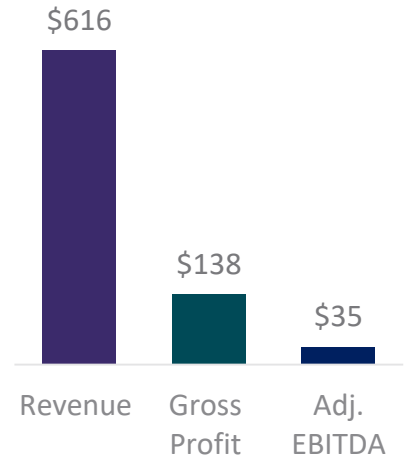
- Nation's largest independent provider of home and alternate site infusion services, licensed in all 50 states
- Clinical leadership and technology-enabled patient-centered model

National Footprint



3Q'19 Results

(in millions)

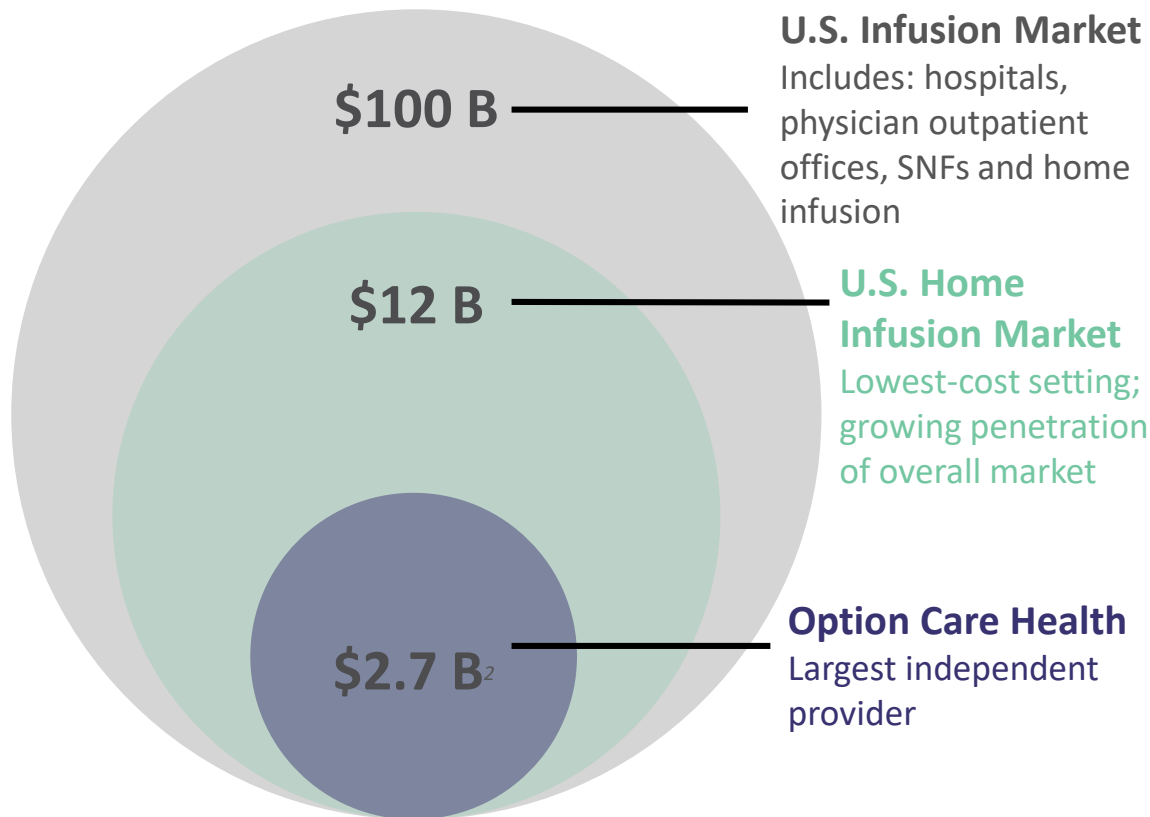


Option Care Health is reimagining the infusion care experience for patients, customers and employees



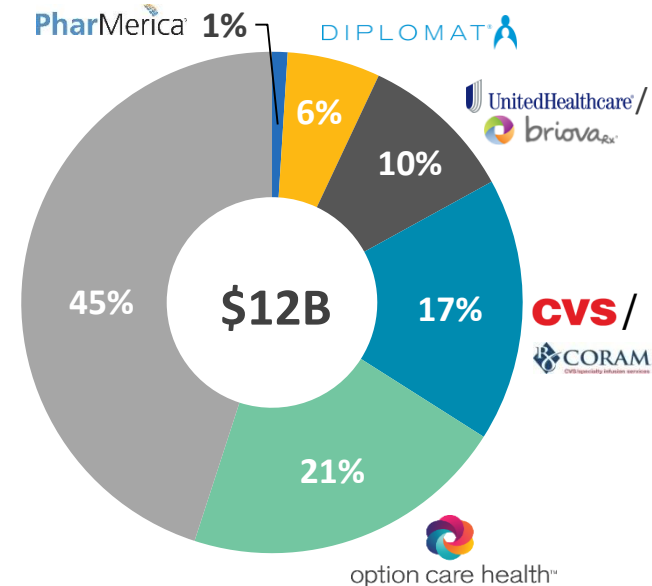


# Leading Position in a Large and Growing Market<sup>1</sup>



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

## U.S. Competitive Landscape – Home



- Top 5 providers account for approximately half of the U.S. market
- Significant **market opportunity** with 800+ infusion companies in the U.S.





# Investment Highlights

- ✓ Only independent national provider in network with all national payers
- ✓ Right side of healthcare – independent, low cost care setting, patient centric
- ✓ Large, growing and highly fragmented market
- ✓ Significant merger-related cost synergies expected
- ✓ Improved free cash flow generation
- ✓ Balanced payer mix with mostly commercial reimbursement... low “pen stroke” risk
- ✓ Seasoned management team

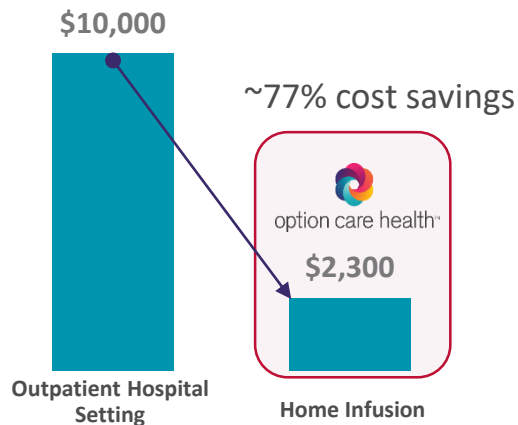




# On the Right Side of Healthcare Trends

## The Home is the Disruptive Service Model within the Infusion Market

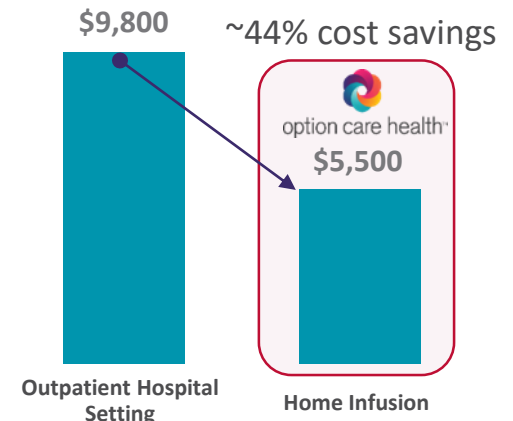
### Remicade infusion example



*Average cost for one infusion therapy cycle of Remicade (includes cost of drug)*



### IG infusion example



*Average cost for one infusion therapy cycle (includes cost of drug)*

### Care is moving from the Hospital...

- **Higher cost** setting
- Potential for significant **waste**
- **Less desirable outcomes**, including infections and preventable deaths

### ...to the Home

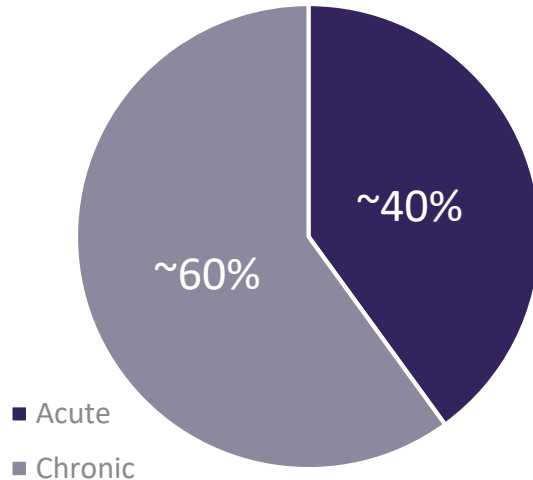
- **\$4 billion potentially saved** annually by shifting care to the home or alternate site
- **Lower cost, safer** site of care; lower risk of infection
- **Patient preference**, resulting in better quality of life





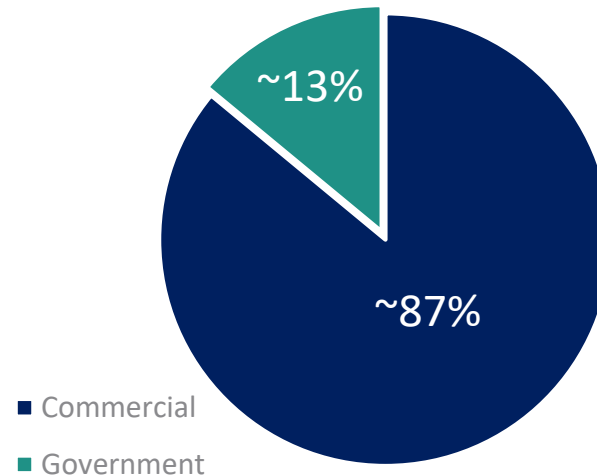
# Strength in Diversity

Therapy Revenue Split



- No therapy category represents more than 20% of revenue
- Broad portfolio of chronic and acute therapies including more than 50 limited distribution therapies

Payer Mix<sup>1</sup>



- No payer more than 15% of revenue
- Low direct government reimbursement risk
- Productive payer relationships given independence

<sup>1</sup>Commercial also includes Medicare Advantage, Managed Medicaid and Patient Pay

**Balanced revenue base across therapies and payers**





# Acute vs Chronic Therapy Portfolios

Acute		Chronic
~40%	% of Net Revenue	~60%
50-70%	Product Margin	10-25%
Shorter, typically 1-12 weeks	Average length of treatment	Longer, typically months or for life
Anti-infectives, nutritional support, inotropic therapy	Therapies	Immunoglobulin, inflammatory, other chronic conditions
Generic, branded	Type of drug utilized	Branded, specialty biologic, limited distribution
Hospital Case Management / Physician	Typical referral source	Physician / Specialist





# Synergy Capture Roadmap

## Network Savings

**\$20-\$25M**

*18-24 months to realization*

Optimize assets to best serve the market

## SG&A Optimization

*12-18 months to realization*

Streamline corporate and administrative functions

**\$35-\$40M**

**\$60M+**

Annualized  
Net Savings<sup>1</sup>

## Procurement Synergies

*9 -12 months to realization*

Maximize procurement savings and combined organization

**\$10-\$15M**

**3Q 2019**

**Year End 2021**

<sup>1</sup>Represents high-confidence level synergies estimate before cost to implement





# Expanding Payer Relationships

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- Renewed and expanded multi-year contracts with United Healthcare and Aetna
  - Standardized national agreements across entire geographic footprint
  - Broadened therapy offering leveraging LDD portfolio
  - Included in both payers' limited "preferred network"
- Executed new hemophilia clinical collaboration program with Highmark Blue Cross Blue Shield





# Recent Developments

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- Continued strong progress on integration efforts and synergy realization which remain on schedule and consistent with expectations
- Initiated efforts to modify public listing which are expected to be effective in early February
  - Ticker symbol to change to “OPCH”
  - Filed 14C with SEC to execute a 1-for-4 reverse stock split
  - Migration from Nasdaq Capital Market Exchange to Global Select Exchange





# Roadmap for Growth

## Realize synergy opportunities

- Execution of defined short and longer-term integration synergies
- Utilize improved capital structure and liquidity position to create investment plan

## Optimize and expand offerings

- Alignment of acute and chronic sales activity against top market opportunities
- Therapeutic-level market penetration and potential to increase share

## Capture the ambulatory setting

- Optimization of Ambulatory Infusion Suite footprint and business model
- Implement strategies to drive utilization

## Add value to payer relationships

- Partnerships and site-of-care initiatives to drive patient volume
- Opportunities to expand and evolve economic relationship

## Invest in growth enablers

- Technology investments (internal and customer facing applications)
- Additional opportunities to leverage clinical expertise
- Data analytics and outcome reporting





# Proven, Experienced Leadership Team



**John Rademacher**  
Chief Executive Officer

- Joined Option Care in 2015 as COO and was appointed CEO in 2018
- Served as President and General Manager at Cardinal Health Ambulatory Care and Nuclear and Pharmacy Services divisions
- Former President at CareAllies and COO of the CIGNA Behavioral Health business



**Mike Shapiro**  
Chief Financial Officer

- Joined Option Care in 2015 as CFO
- Served as SVP and CFO of Catamaran Corporation and as CFO of Rexnord Corporation
- Spent fifteen years with Baxter International, holding multiple positions of increasing responsibility
- Began career at Deloitte and is a CPA (inactive)



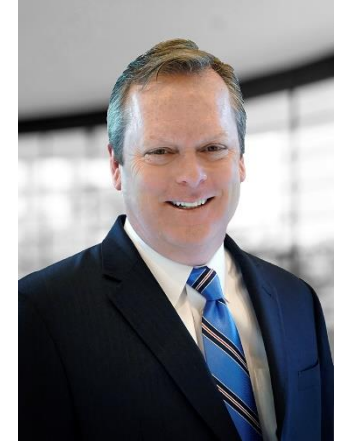
**Harriet Booker**  
Chief Operating Officer

- Joined Option Care Health in August 2019 as COO following the merger with Bioscrip, where she held the same position since 2018
- Former Executive Vice President of Sales and COO for Coram/CVS Specialty Infusion Services
- Prior to that, served in various senior and executive-level roles at Walgreens – Option Care



**Chris Hartman**  
Chief Growth Officer

- Joined Option Care in 2018 as Chief Commercial Officer, named Chief Growth Officer of Option Care Health in August 2019
- Served as Vice President, North America for Stryker Neurovascular
- Led U.S. Sales for Baxter International's BioSurgery Group and spent sixteen years with Boston Scientific Corporation in sales and marketing leadership roles



**Rich Denness**  
Chief Strategy Officer

- Joined Option Care Health in August 2019 as Chief Strategy Officer following the merger with Bioscrip, where he served as Chief Commercial Officer since 2018
- Former GM at Schering-Plough, President at IVAX Laboratories, VP, Neurology at UCB, and CEO at Vycor Medical

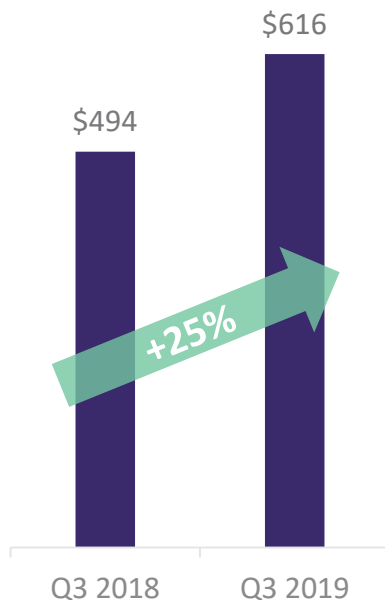




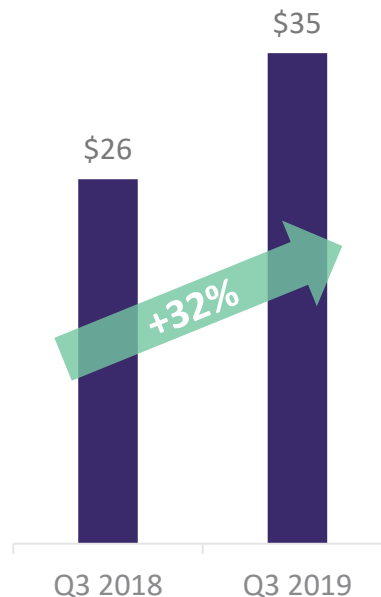
# Q3 2019 Financial Highlights

\$ in millions

## Net Revenue



## Adjusted EBITDA



## Quarterly Highlights

- **Revenue** of \$616M, up 24.7% on a reported basis; up 2.3% on a comparable basis
- **Gross margin** of 22.4% increased 50 bps on a reported basis
- **Adj. EBITDA** of \$35M, up 32.1% on a reported basis, mid-teens growth on a comparable basis
  - Impacted by bad debt policy harmonization
- **Strong liquidity** with \$53M in cash and no borrowings on \$150M revolver
- Funded initial integration strategy with cash on hand
- Management expects to provide 2020 guidance with Q4 2019 results



# Improved Capital Structure

\$ in millions

## Q3'19 Capital Structure

## Key Highlights

### Pro Forma Capitalization

First Lien Term Loan	\$925
Second Lien	400
\$150mm ABL Revolver	-
<b>Total Debt</b>	<b>\$1,325</b>
Cash	53
<b>Net Debt</b>	<b>\$1,272</b>

- Simple capital structure
- Strong liquidity
- Covenant-lite
- Path to deleveraging

### Leverage Profile

Total First Lien Debt / PF Adj. EBITDA	4.1x <sup>1</sup>
Total Debt / PF Adj. EBITDA	5.9x <sup>1</sup>

<sup>1</sup> Based on Adj. EBITDA of \$214.1mm as of 9/30/19 as defined by the First Lien Credit Agreement





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