



# Bank of America Merrill Lynch 2017 Leveraged Finance Conference

November 29, 2017

# Disclaimer

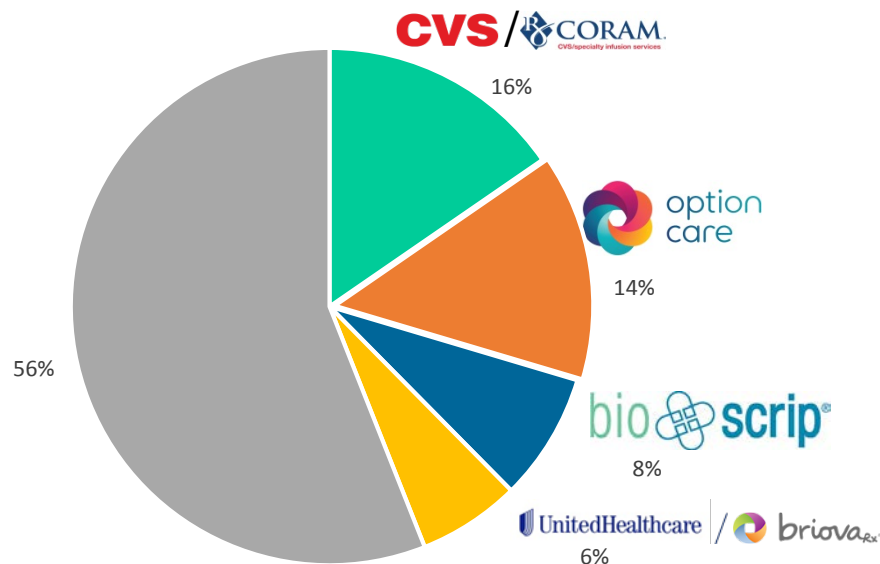
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# Home Infusion Market Overview

## Home Infusion Market

- **U.S. market growth 5%-7%**
- **Highly fragmented market**
  - 4 large national providers
  - Significant consolidation opportunity with 800+ infusion companies in the U.S.
- **Hospital systems, physicians, and skilled nursing centers also provide infusion services**
  - *Significant site of care, market expansion opportunity for home infusion*

## Competitive Landscape (U.S.)



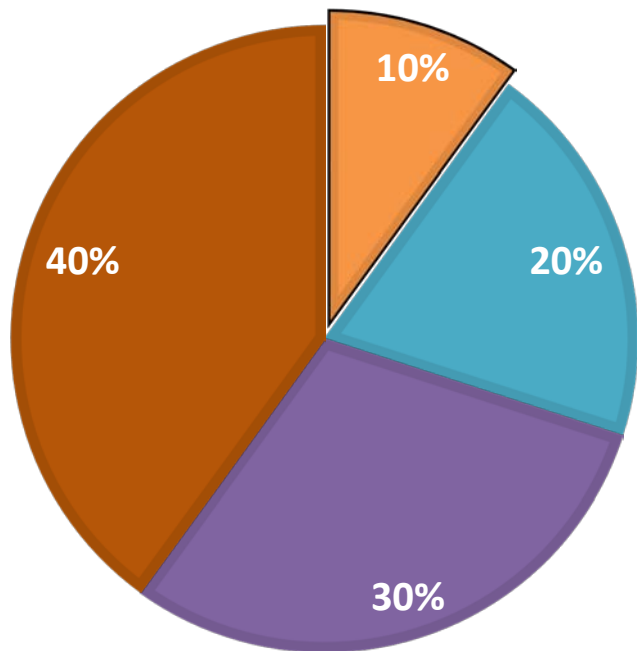
\* Top 4 providers account for ~44% of the U.S. market

**Expanding Home Infusion Market: Attractive Market Growth + Significant Site of Care Opportunity**

# U.S. Infusion Market Overview

## U.S. Infusion Market

■ Home Infusion      ■ Skilled Nursing Facility  
■ Physician Office Outpatient      ■ Hospital



## Home Infusion → Disruptive Service Model

- **Ongoing site of care shift to the home**
  - Lowest cost site of care
  - Safest site of care
  - Patients prefer home infusion care

*The Home is the Disruptive Service Model Within the Infusion Market*

# BioScrip President and CEO

## Dan Greenleaf

- **President and CEO – BioScrip (Sept. 2016-Present)**
  - Upgraded executive management team
  - Driving turnaround plan with **CORE**
    - Double-digit increase in core therapy mix to 75% in 3Q
    - Exceeded \$40mm in synergies and operational savings
    - \$13mm EBITDA in 3Q 2017, 3.7x 2016
    - Operational cash flows, \$36.4mm YTD improvement
- **Chairman and CEO – Home Solutions (2013-2016)**
  - Executed turnaround, driving double digit core sales and EBITDA growth
  - Successful sale to BioScrip
- **President and CEO – Coram (2008-2013)**
  - Executed turnaround, creating industry leader and top-performing 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



# Progress Since September 9, 2016

- **4Q 2016 & 1Q 2017** – Completed Home Solutions Integration
  - *Annualized synergies exceeding internal targets*
- **1Q 2017** – 21<sup>st</sup> Century Cures Act Reimbursement Cuts
  - \$24mm annualized negative impact, effective January 1, 2017
  - *Offset impact entirely with operational savings initiatives*
- **2Q 2017** – Refinanced Senior Credit Facility
  - Superior operational & financial flexibility
  - *Effectively eliminated maturities for three years*
- **3Q 2017** – Exited Unprofitable UnitedHealthcare Product Lines
  - Over 5,500 patients transitioned
  - *Post-UHC exit, no single payor represents greater than 10% of revenue*
  - *Retained certain profitable UHC core products lines*

# Capital Structure

- **Publicly traded common stock (NASDAQ: BIOS)**
  - 127.5 million common shares outstanding on September 30, 2017
- **\$310 million senior credit facility**
  - Completed June 29, 2017
  - \$300 million drawn at September 30, 2017
  - ~9% cash interest rate
  - Effectively eliminates maturities for three years until August 2020
- **\$200 million senior unsecured notes**
  - ~8.9% cash interest rate
  - February 2021 maturity
- **\$79 million preferred stock**
  - 11.5% PIK

# YTD Financial Summary

## A Healthy Business with Strong Fundamentals

- **Core revenue mix 75% in 3Q**
  - 920 bps improvement over 3Q 2016 and 15 percentage points above 2Q 2016
- **Gross profit margin 33.8% in 3Q, up 590 bps year over year**
  - Exiting 3Q gross profit margins nearing 37%
  - Increased core revenue mix, including UHC exit, and ongoing supply chain improvements
  - Improvement despite \$6mm quarterly negative impact of The Cures Act
- **Operating expenses \$11mm below 4Q 2016, reflecting 20% leaner workforce**
- **Adjusted EBITDA \$28.2mm YTD**
  - \$30mm improvement, adjusted for Cures and PY non-cash earnings
  - 2017 quarterly sequential adjusted EBITDA progression: \$5mm → \$10mm → \$13mm
- **\$34.2mm of operational cash flow YTD, a \$36.4mm improvement**
  - Offset by \$38.5mm of cash interest, including both bi-annual bond interest payments
- **Liquidity of \$43mm, including \$10mm senior credit facility availability**
- **Full year adjusted EBITDA guidance \$42mm to \$44mm**
  - \$42mm improvement, adjusted for Cures and PY non-cash earnings



# Continued Earnings Growth

- **Profitable core revenue growth**
  - Patient outcomes and data analytics
  - Payor redirection efforts
  - Strategic partnerships
  - Improved referral source experience
  - Sales force effectiveness
- **Gross profit margin expansion, near 37% exiting 3Q 2017**
  - 85/15 core/non-core revenue mix
  - Continued supply chain improvements
  - Managed care and value based price increases
  - Optimize delivery and nursing, including AIS utilization
  - The Cures Fix
- **Operating expense discipline & improved RCM**
  - Labor management
  - Reduce bad debt expense
- **Disciplined tuck-in M&A**

# Investment Highlights

- **Organic and site of care revenue growth opportunities**
  - The general ward will be the home
  - Home infusion is the disruptive service model
- **EBITDA expansion**
- **Accelerating cash flow & opportunity for debt repayment**
- **Largest independent, national home infusion provider**
- **The “pure play” home infusion investment opportunity**