



Option Care Health Announces Financial Results for the Second Quarter Ended June 30, 2023

July 27, 2023 at 7:00 AM EDT

BANNOCKBURN, Ill., July 27, 2023 (GLOBE NEWSWIRE) -- Option Care Health, Inc. (the "Company" or "Option Care Health") (Nasdaq: OPCH), the nation's largest independent provider of home and alternate site infusion services, announced today financial results for the second quarter ended June 30, 2023.

Second Quarter 2023 Financial Results and Highlights

- Net revenue of \$1,069.1 million, up 9.0% compared to \$980.8 million in the second quarter of 2022
- Gross profit of \$250.8 million, or 23.5% of net revenue, up 15.6% compared to \$216.9 million, or 22.1% of net revenue, in the second quarter of 2022
- Net income of \$114.4 million, or \$0.64 basic earnings per share, up 237.2% compared to net income of \$33.9 million, or \$0.19 basic earnings per share, in the second quarter of 2022
- Adjusted EBITDA of \$110.1 million, up 29.2% compared to \$85.2 million in the second quarter of 2022
- Cash flow from operations of \$169.5 million compared to \$104.4 million in the second quarter of 2022
- Cash and cash equivalents balance was \$441.2 million at the end of the second quarter of 2023
- Entered into and subsequently terminated the Merger Agreement with Amedisys, Inc. and received a payment of \$106.0 million in cash on behalf of Amedisys

John C. Rademacher, Chief Executive Officer, commented, "The Option Care Health team executed on another solid quarter of financial results. Our commitment to providing unparalleled care that produces superior clinical outcomes makes us confident in our continued growth trajectory as we head into the back half of the year."

Updated Full Year 2023 Financial Guidance

For the full year 2023, Option Care Health expects to generate:

- Net Revenue of \$4.2 billion to \$4.3 billion
- Adjusted EBITDA of \$415 million to \$425 million
- Cash Flow from Operations of at least \$350 million, inclusive of Amedisys termination fee, net of expenses

Additionally, the Company continues to anticipate an effective tax rate of 27% to 29% and net interest expense of approximately \$55.0 million to \$59.0 million.

Conference Call

Option Care Health will host a conference call to discuss its second quarter 2023 financial results later today at 8:30 a.m. EDT. The conference call can be accessed via a live audio webcast that will be available online at <https://investors.optioncarehealth.com>. A replay of the call will be available via webcast for on-demand listening shortly after the completion of the call, at the same web link, and will remain available for approximately 90 days.

About Option Care Health

Option Care Health is the nation's largest independent provider of home and alternate site infusion services. With over 7,500 team members including more than 4,500 clinicians, we work compassionately to elevate standards of care for patients with acute and chronic conditions in all 50 states. Through our clinical leadership, expertise and national scale, Option Care Health is reimagining the infusion care experience for patients, customers and team members. To learn more, please visit our website at OptionCareHealth.com.

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Forward-Looking Statements - Safe Harbor

This press release 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: changes in laws and regulations applicable to our business model; changes in market conditions and receptivity to our services and offerings; pending and future litigation; potential liability for claims not covered by insurance; and loss of relationships with managed care organizations and other non-governmental third party payers. For a detailed discussion of the risk factors that could affect our actual results, please refer to the risk factors identified in our periodic reports as filed with the SEC.

Any forward-looking statement made by us in this press release is based only on information currently available to us and speaks only as of the date on which it is made. We undertake no obligation to publicly update any forward-looking statement, whether written or oral, that may be made from time to time, whether as a result of new information, future developments or otherwise.

Note Regarding Use of Non-GAAP Financial Measures

In addition to reporting financial information in accordance with generally accepted accounting principles (GAAP), the Company is also reporting Adjusted EBITDA, which is a non-GAAP financial measure. Adjusted EBITDA is not a measurement of financial performance under GAAP and should not be used in isolation or as a substitute or alternative to net income, operating income or any other performance measure derived in accordance with GAAP, or as a substitute or alternative to cash flow from operating activities or a measure of the Company's liquidity. In addition, the Company's definition of Adjusted EBITDA may not be comparable to similarly titled non-GAAP financial measures reported by other companies. Adjusted EBITDA, as defined by the Company, represents net income before net interest expense, income tax expense, depreciation and amortization, stock-based compensation expense, loss on extinguishment of debt, and restructuring, acquisition, integration and other. As part of restructuring, acquisition, integration and other, the Company may incur significant charges such as the write down of certain long-lived assets, temporary redundant expenses, professional fees, potential retention and severance costs and potential accelerated payments or termination costs for certain of its contractual obligations. Management believes that Adjusted EBITDA provides useful supplemental information regarding the performance of Option Care Health's business operations and facilitates comparisons to the Company's historical operating results. We have not reconciled Adjusted EBITDA guidance to net income as management believes creation of this reconciliation would not be practicable due to the uncertainty regarding, and potential variability of, material reconciling items. For a full reconciliation of Adjusted EBITDA to the most comparable GAAP financial measure, please see below.

Schedule 1

OPTION CARE HEALTH, INC. CONDENSED CONSOLIDATED BALANCE SHEETS (IN THOUSANDS)(UNAUDITED)

	June 30, 2023	December 31, 2022
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 441,166	\$ 294,186
Accounts receivable, net	396,501	377,542
Inventories	262,924	224,281
Prepaid expenses and other current assets	97,629	98,330
Total current assets	1,198,220	994,339
NONCURRENT ASSETS:		
Property and equipment, net	106,777	108,321
Intangible assets, net	21,645	22,371
Referral sources, net	330,948	341,744
Goodwill	1,540,567	1,533,424
Other noncurrent assets	122,741	112,737
Total noncurrent assets	2,122,678	2,118,597
TOTAL ASSETS	\$ 3,320,898	\$ 3,112,936
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 467,666	\$ 378,763
Other current liabilities	200,801	186,588
Total current liabilities	668,467	565,351

NONCURRENT LIABILITIES:

Long-term debt, net of discount, deferred financing costs and current portion	1,057,391	1,058,204
Other noncurrent liabilities	119,657	103,278
Total noncurrent liabilities	1,177,048	1,161,482
Total liabilities	1,845,515	1,726,833
STOCKHOLDERS' EQUITY	1,475,383	1,386,103
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 3,320,898	\$ 3,112,936

Schedule 2

OPTION CARE HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)(UNAUDITED)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2023	2022	2023	2022
NET REVENUE	\$ 1,069,072	\$ 980,820	\$ 2,084,920	\$ 1,896,604
COST OF REVENUE	818,243	763,920	1,605,086	1,478,768
GROSS PROFIT	250,829	216,900	479,834	417,836
OPERATING COSTS AND EXPENSES:				
Selling, general and administrative expenses	153,564	141,787	301,430	275,756
Depreciation and amortization expense	14,898	16,037	29,412	30,759
Total operating expenses	168,462	157,824	330,842	306,515
OPERATING INCOME	82,367	59,076	148,992	111,321
OTHER INCOME (EXPENSE):				
Interest expense, net	(13,196)	(12,765)	(27,030)	(25,011)
Other, net	86,332	1,327	87,770	2,596
Total other income (expense)	73,136	(11,438)	60,740	(22,415)
INCOME BEFORE INCOME TAXES	155,503	47,638	209,732	88,906
INCOME TAX EXPENSE	41,100	13,709	56,121	24,702
NET INCOME	\$ 114,403	\$ 33,929	\$ 153,611	\$ 64,204
Earnings per share, basic	\$ 0.64	\$ 0.19	\$ 0.85	\$ 0.36
Earnings per share, diluted	\$ 0.63	\$ 0.19	\$ 0.84	\$ 0.35
Weighted average common shares outstanding, basic	179,807	180,621	180,531	180,293
Weighted average common shares outstanding, diluted	181,241	181,618	181,931	181,176

Schedule 3

OPTION CARE HEALTH, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)(UNAUDITED)

	Six Months Ended June 30,	
	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 153,611	\$ 64,204
Adjustments to reconcile net income to net cash provided by operations:		

Depreciation and amortization expense	30,801	33,249
Other non-cash adjustments	38,498	44,371
Changes in operating assets and liabilities:		
Accounts receivable, net	(18,619)	(22,950)
Inventories	(38,643)	(48,671)
Accounts payable	88,896	100,924
Other	4,744	(34,173)
Net cash provided by operating activities	<u>259,288</u>	<u>136,954</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of property and equipment	(13,554)	(10,055)
Business acquisitions, net of cash acquired	<u>(12,855)</u>	<u>(59,897)</u>
Net cash used in investing activities	(26,409)	(69,952)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Purchase of company stock	(75,000)	—
Proceeds from warrant exercises	—	20,098
Other financing cash flows	<u>(10,899)</u>	<u>(2,477)</u>
Net cash (used in) provided by financing activities	<u>(85,899)</u>	<u>17,621</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	146,980	84,623
Cash and cash equivalents - beginning of the period	<u>294,186</u>	<u>119,423</u>
CASH AND CASH EQUIVALENTS - END OF PERIOD	\$ 441,166	\$ 204,046

Schedule 4

OPTION CARE HEALTH, INC.
QUARTERLY RECONCILIATION BETWEEN GAAP AND NON-GAAP MEASURES
(IN THOUSANDS)(UNAUDITED)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Net income	\$ 114,403	\$ 33,929	\$ 153,611	\$ 64,204
Interest expense, net	13,196	12,765	27,030	25,011
Income tax expense	41,100	13,709	56,121	24,702
Depreciation and amortization expense	<u>15,576</u>	<u>17,270</u>	<u>30,801</u>	<u>33,249</u>
EBITDA	184,275	77,673	267,563	147,166
EBITDA adjustments				
Stock-based incentive compensation	7,685	4,398	13,673	8,576
Restructuring, acquisition, integration and other (1)	<u>(81,910)</u>	<u>3,105</u>	<u>(77,412)</u>	<u>7,216</u>
Adjusted EBITDA	\$ 110,050	\$ 85,176	\$ 203,824	\$ 162,958

(1) Inclusive of Amedisys merger termination fee, net of merger-related expenses



Source: Option Care Health, Inc.