



## Medical Transcription Billing, Corp. (NASDAQ: MTBC)

Corporate Presentation – October 2015



# Statement about Free Writing Prospectus

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This free writing prospectus relates to the proposed public offering of Series A Preferred Stock of Medical Transcription Billing, Corp. (the “Company”), which is being registered on a Registration Statement on Form S-1/A (No. 333-205664) (the “Registration Statement”). This free writing prospectus should be read together with the preliminary prospectus included in that Registration Statement (including the risk factors described therein), which can be accessed through the following link:

<http://www.sec.gov/Archives/edgar/data/1582982/000114420415059897/0001144204-15-059897-index.htm>.

You should also read the other documents the Company has filed with the SEC for more complete information about the Company and this offering. You may get these documents for free by visiting EDGAR on the SEC Web site at [www.sec.gov](http://www.sec.gov). Alternatively, the Company, any underwriter or any dealer participating in the offering will arrange to send you the preliminary prospectus if you request it by calling Amrita Deol at (732) 873-5133 x 141 or emailing [adeol@MTBC.com](mailto:adeol@MTBC.com).

# Forward-Looking Statements

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This presentation contains forward-looking statements within the meaning of the federal securities laws. These statements relate to anticipated future events, future results of operations or future financial performance. In some cases, you can identify forward-looking statements by terminology such as “anticipate”, “believe”, “continue”, “could”, “estimate”, “expect”, “goals”, “intend”, “likely”, “may”, “plan”, “potential”, “predict”, “project”, “will” or the negative of these terms or other similar terms and phrases.

Our operations involve risks and uncertainties, many of which are outside our control, and any one of which, or a combination of which, could materially affect our results of operations and whether the forward-looking statements ultimately prove to be correct. Forward-looking statements in this presentation include, without limitation, statements reflecting management’s expectations for future financial performance and operating expenditures, expected growth, profitability and business outlook, increased sales and marketing expenses, and the expected results from the integration of our acquisitions.

Forward-looking statements are only current predictions and are subject to known and unknown risks, uncertainties, and other factors that may cause our actual results, levels of activity, performance, or achievements to be materially different from those anticipated by such statements. These factors include:

- our ability to manage our growth, including acquiring and effectively integrating other businesses into our infrastructure;
- our ability to retain our customers, including effectively migrating and keeping new customers acquired through business acquisitions;
- our ability to attract and retain key officers and employees, including Mahmud Haq, our CEO, and personnel critical to the transition and integration of our newly acquired businesses;
- our ability to raise capital and obtain financing on acceptable terms;
- our ability to compete with other companies developing products and selling services competitive with ours, and who may have greater resources and name recognition than we have;
- our ability to maintain operations in Pakistan in a manner that continues to enable us to offer competitively priced products and services;
- our ability to keep and increase market acceptance of our products and services;
- our ability to keep pace with a changing healthcare industry and its rapidly evolving regulatory environment;
- our ability to protect and enforce intellectual property rights; and
- our ability to maintain and protect the privacy of customer and patient information.

Although we believe that the expectations reflected in the forward-looking statements contained in this presentation are reasonable, we cannot guarantee future results, levels of activity, performance, or achievements.

The statements in this presentation are made as of the date of this presentation, and the Company does not assume any obligations to update the forward-looking statements provided to reflect events that occur or circumstances that exist after the date on which they were made.

# Transaction Overview

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<b>Issuer</b>	Medical Transcription Billing, Corp.
<b>Exchange: Symbol</b>	NASDAQ: MTBCP <sup>(1)</sup>
<b>Shares offered</b>	11% Series A Cumulative Redeemable Perpetual Preferred Stock <sup>(2)</sup>
<b>Par Value</b>	\$25.00 per share
<b>Offering Size</b>	\$5,000,000
<b>Over-Allotment Option</b>	15%
<b>Use of Proceeds</b>	Acquisitions and organic growth
<b>Bookrunners</b>	Chardan Capital Markets, LLC Boenning & Scattergood, Inc.

(1) The Series A Preferred Stock has been approved for listing on the NASDAQ capital market

(2) The shares are redeemable after 5 years at par value. Dividends will be payable on the 15<sup>th</sup> day of each month.

## Healthcare information technology company

- Proprietary, fully integrated, SaaS and service solution
  - Mobile Health (“mHealth”)
  - Electronic Health Record (“EHR”)
  - Practice Management (“PM”)
  - Revenue Cycle Management (“RCM”)

## Initial Public Offering

- IPO on Nasdaq Capital Market, July, 2014

## Large, highly fragmented market

- Consolidator in the highly fragmented healthcare IT market
- Over 1,500 RCM companies, none with greater than 5% market share
- Regulatory changes are driving consolidation

## Scalable, cost-efficient business model with predictable recurring revenue

- Cloud-based software
- Educated, low-cost offshore labor force with ~1,800 employees
- 95% of revenue visibility at the beginning of each quarter

## Highly experienced management team

- Completed and integrated 12 acquisitions over the last 5 years
- Public company and industry experience
- Distinguished Board of Directors

# MTBC Overview



MTBC is a healthcare information technology company that provides a fully integrated suite of proprietary web-based solutions, together with related business services, to healthcare providers.

## Key Stats

- LTM revenue of \$25 million
- Serving 820 practices representing 1,760 providers
- Headquarters located in Somerset, NJ

*All numbers as of June 30, 2015*



## Integrated Software-as-a-Service Platform

### Helps customers:

- increase revenues
- streamline workflows
- make better business and clinical decisions
- reducing operating costs



# Experienced Leadership Team

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## Mahmud Haq – *CEO and Chairman of the Board*



- Former CEO of Compass International Services Corporation (Nasdaq:CMPS). Completed 14 acquisitions in 18 months during 1998 – 1999, growing revenue from \$87 million at the time of IPO to a run rate of ~\$180 million at the time Compass was acquired by NCO Group, Inc. (Nasdaq:NCOG) for \$112 million of consideration to shareholders
- Held various senior executive positions at American Express Company (NYSE:AXP) for 12 years including Vice President of Global Risk Management
- B.S. in Aviation Management, Bridgewater State College (Massachusetts). M.B.A. in Finance, Clark University (Massachusetts)

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## Stephen Snyder – *President and Director*



- Joined MTBC in 2005. Formerly served as VP/General Counsel and Chief Operating Officer
- Attorney for 14 years with M&A and healthcare law experience
- Writings on healthcare industry, law and policy have been published by American Bar Association and various healthcare industry publications
- J.D. Rutgers School of Law – Newark, senior editor of law journal

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## Bill Korn – *Chief Financial Officer*



- Joined MTBC in 2013
- Former CFO of Antenna Software, Inc. from 2002 – 2012, where he completed 5 acquisitions and was a key contributor to growing the business at a CAGR of 87%
- Former executive at IBM (NYSE:IBM) for 10 years. He was part of the senior management team that created IBM's highly successful services strategy in the 1990's
- A.B. in Economics *magna cum laude*, Harvard College. M.B.A. Harvard Business School

# Distinguished Board of Directors

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## Howard Clark Jr.



- Former CFO of American Express Company (NYSE:AXP)
  - Former CEO, Chairman and Vice Chairman of Shearson Lehman and Vice Chairman of Barclays Capital
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## Anne Busquet



- Board member of Pitney Bowes Inc. (NYSE:PBI), Intercontinental Hotels Group plc (LSE:IHG) and Provista Diagnostics, Inc.
  - Former President of American Express Interactive Services and New Businesses Division
- 

## John Daly



- Former EVP and Director of E.F. Hutton & Company
  - Former Head of Private Client Division and Int'l Equity Capital Markets at Salomon Brothers
- 

## Cameron Munter



- President and CEO of the East-West Institute
  - Former U.S. Ambassador to Pakistan and U.S. Deputy Chief of Mission to Poland
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**Management plus Board members own 44% of MTBC's common stock**



# Market Opportunity

**Market opportunity:  
\$13 billion**

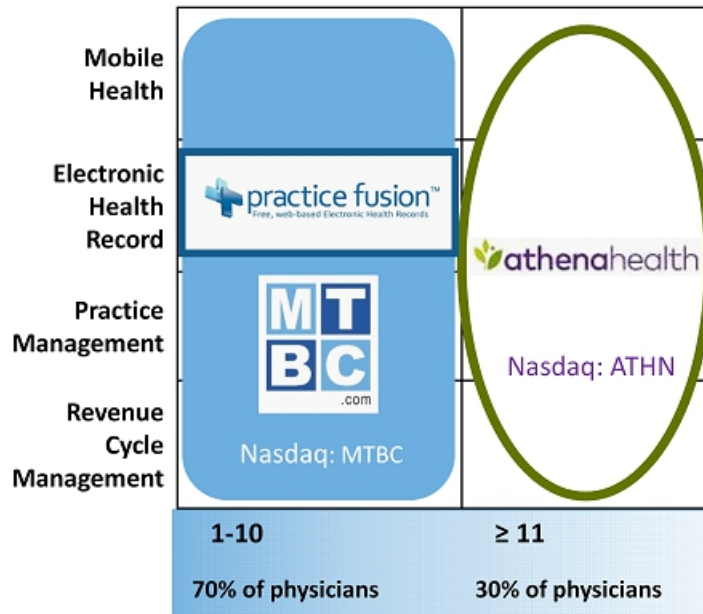
- The U.S. ambulatory EHR/RCM industry represents a \$13+ billion opportunity

**Largest participant:  
5% market share**

- athenahealth, Inc. (Nasdaq:ATHN) is the largest market participant with a market share of 5%

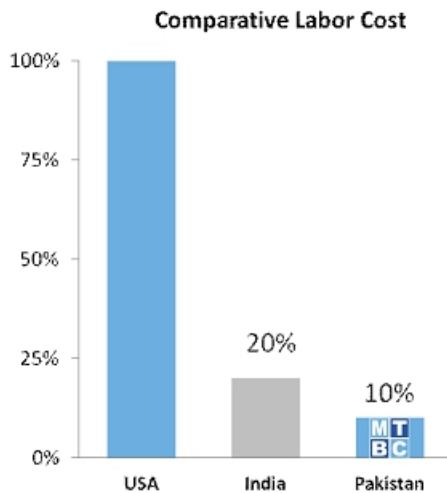
**70% of physicians in  
MTBC's target market**

- 70% of the 500K+ ambulatory physicians practice are in MTBC's target market of 1 to 10 physicians



# MTBC's Competitive Advantage

Pakistan operations allow MTBC to realize significant cost savings at approximately one-tenth the cost of U.S. employees and half the cost of India-based labor.



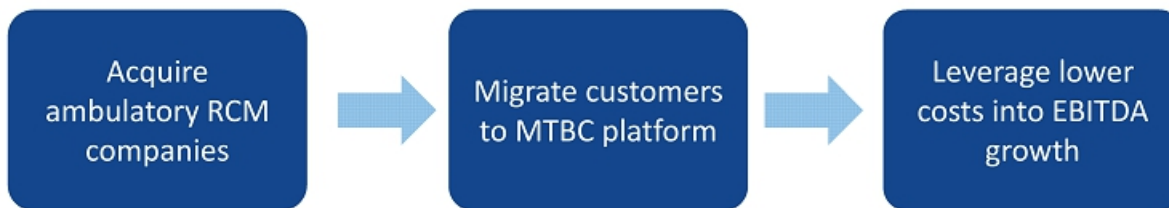
- ~1,800 employees in Pakistan, with 200 dedicated technology professionals
- English-speaking, college educated
- ISO 27001 certified / HIPAA compliant
- Redundant backup facility four hours away
- Nominated for 2015 U.S. Secretary of State's Award for Corporate Excellence

Pakistan labor costs are approximately  $1/10^{\text{th}}$  of U.S. employees and  $1/2$  the cost of India-based employees



# Growth Strategy: Acquisition

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## Market Opportunity

- Large market with over 1,500 RCM providers
- Highly fragmented with no single provider over 5% market share

## Potential customer acquisition models

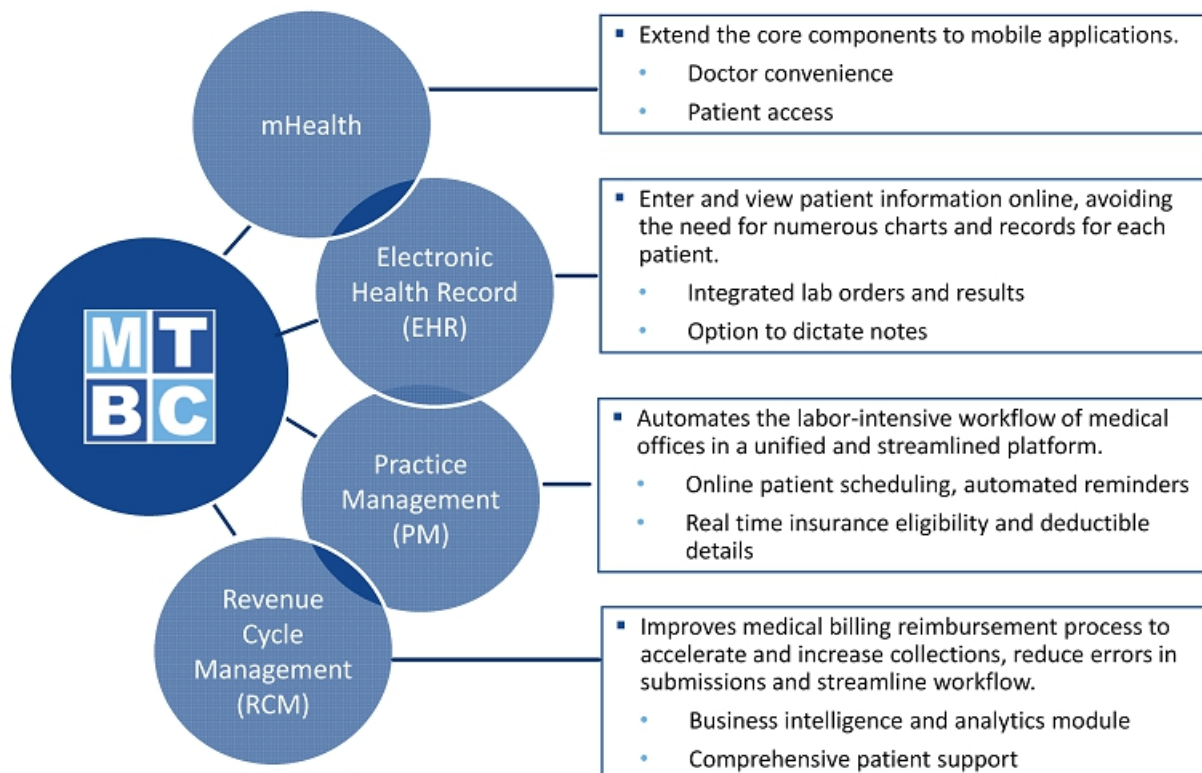
- Seller financing
- Acquisition line of credit
- MTBC capital or equity

**Active pipeline of acquisition targets**

# Growth Strategy: Organic



<p><b>Relationships with software vendors</b></p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">    </div> <div style="width: 65%;"> <ul style="list-style-type: none"> <li>▪ Integration between partner's EHR and MTBC's RCM/PM</li> <li>▪ Partner promotes MTBC and provides qualified leads</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ Integration between partner's EHR and MTBC's RCM</li> <li>▪ Partner promotes MTBC and provides qualified leads</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ Interfaces to 350 EHR systems</li> <li>▪ Integration X-link and MTBC's RCM and PM</li> <li>▪ Will allow seamless integration to additional EHR</li> </ul> </div> </div>
<p><b>Revenue share relationships with other RCM vendors</b></p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;"> <p><b>Target partners</b></p> <hr style="border-top: 1px dashed #ccc;"/> <p><b>Typical payment structure</b></p> <hr style="border-top: 1px dashed #ccc;"/> <p><b>Other Typical Components</b></p> </div> <div style="width: 65%;"> <ul style="list-style-type: none"> <li>▪ RCM vendor, revenue: \$500K – \$3M</li> <li>▪ Profitability: operating at break-even or loss</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ Start of relationship: 5% TTM revenues</li> <li>▪ Monthly payment: % of revenue collected for 36 months</li> <li>▪ After 36 months: 5% of TTM revenues</li> </ul> <hr style="border-top: 1px dashed #ccc;"/> <ul style="list-style-type: none"> <li>▪ MTBC handles all RCM activities for customers in perpetuity</li> <li>▪ Transition occurs over 30-90 days</li> <li>▪ MTBC hires 1-3 former employees of partner</li> </ul> </div> </div>
<p><b>Traditional Sales and Marketing</b></p>	<div style="display: flex; justify-content: space-between;"> <div style="width: 30%;">  </div> <div style="width: 65%;"> <ul style="list-style-type: none"> <li>▪ Historically &lt; 2% of revenue</li> <li>▪ We will hire experienced marketing and sales leaders with a portion of proceeds</li> </ul> </div> </div>



## Affordable Care Act

- Creates unprecedented challenges for smaller EHR / RCM vendors

## ICD-9 to ICD-10 Conversion

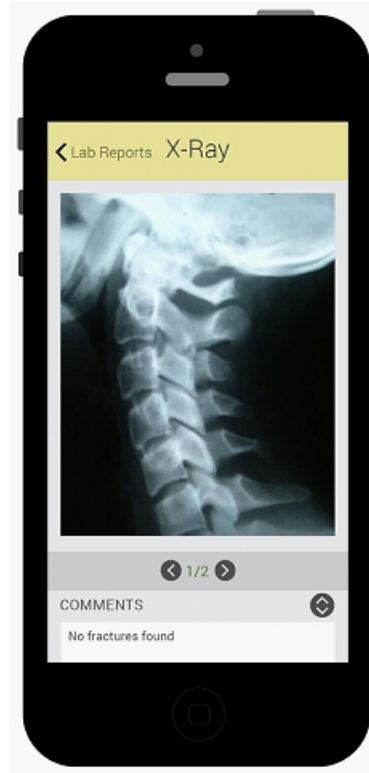
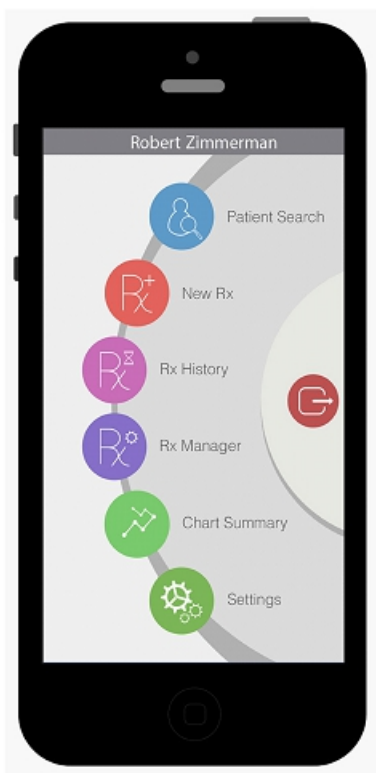
- Increases complexity of selecting billing codes by ~5x

## EHR Meaningful Use

- Requires providers to use technology like MTBC's technology to avoid penalties and earn bonuses



**MTBC's technology offers healthcare providers a cost-effective, single-sourced vendor to meet the requirements of a changing regulatory landscape while simultaneously lowering costs.**



# Electronic Health Record





JOHN DOE MD    REFER A COLLEAGUE    550    ADMINISTRATION    909Practice

Welcome Scheduler Daily Tasks Patient Info Reporting Transcription WEPMS CareConnector Business Intelligence EHR Forum WebEMR

**Congratulations** Penney Stinger of Penney Stinger, MD, P.C. D.B.A. The Optimal Health Medical Center has been selected 2014 Statista 2014 Health for January 2014 **INVOICE \$1,567.65**

**ADVERTISEMENTS**

**FREE WEBINAR**

**UPCOMING** **MAC Board Updates Stage 2**  
 February 2014 Thursday 12:00PM (EST) Duration: 15 mins → 500-76  
 Get ready to learn about MTBC MAC Board objectives and deadlines regarding eRx step 2  
[REGISTER NOW](#)

**Web Secret Welcome**

**MY SECURE INBOX**

63 OPEN    8 CLOSED    2 UNREAD    73 TOTAL

**How? PERFORMANCE RATIO**

**99%** Highest Performance    **69%** Your Performance

**EPRESCRIPTION**

8 REFILLS(S)    3 ERRORS(S)    0 PENDING    **NEW PRESCRIPTION**

20 SUCCESSFUL    0 ACKNOWLEDGED    **Rx**

**TODAY'S APPOINTMENTS**

25 TOTAL    0 NEW PATIENT(S)    0 PENDING    0 CONFIRMED

MISSING EMAIL: 5

## Aging Widget

**TOTAL AGING**

AGING DAYS	PATIENT	INSURANCE
Current	2,538	22,555
31-60	1,304	1,035
61-90	1,709	1,349
91-120	1,077	1,613
120+	2,381	4,146
<b>TOTAL</b>	<b>9,039</b>	<b>30,697</b>

**EMAIL ID & PHR STATS**

Missing Email IDs: 312    Active PHR Patients: 597

eStatements Sent: 0    Inward Email IDs: 73

**DAILY TASKS**

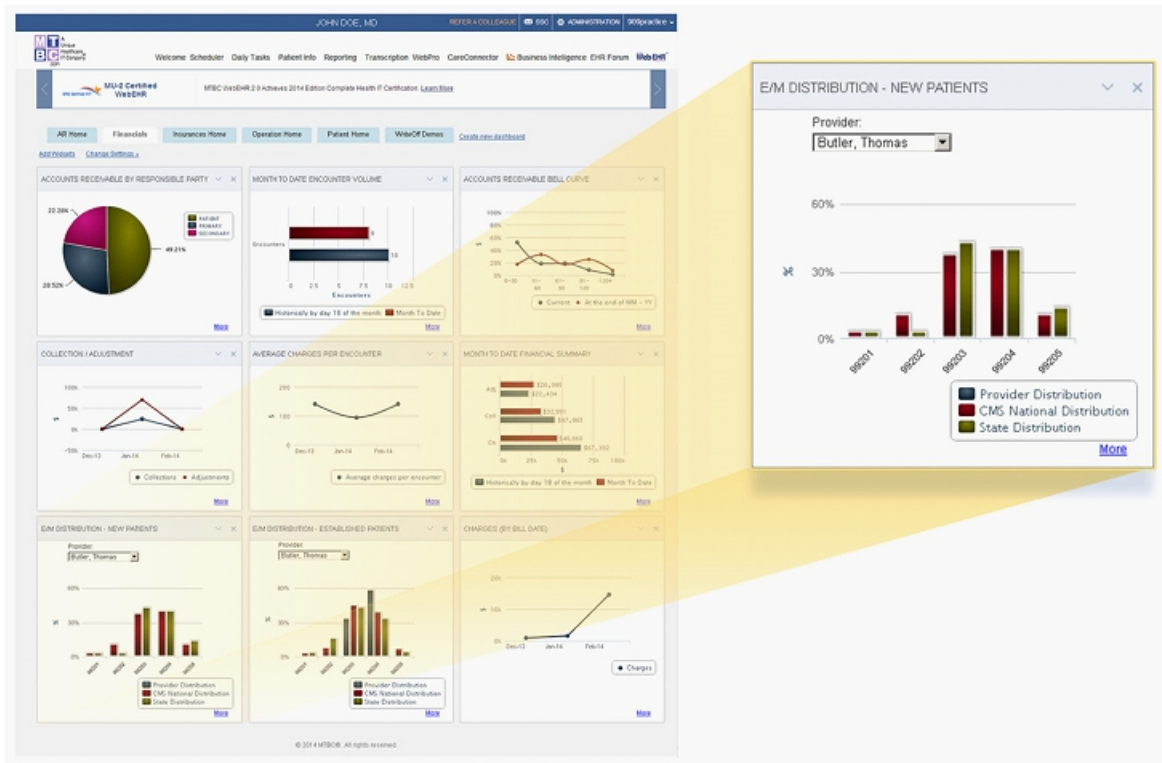
Pending Transaction List: 0    Missed Claims, Filing Deadline: 0

1 DAILY WORK COOPERATION    0 MISSING DQS    2 REJECTED CLAIMS    0 ENROLLMENT FORMS    0 DRAFT CLAIMS

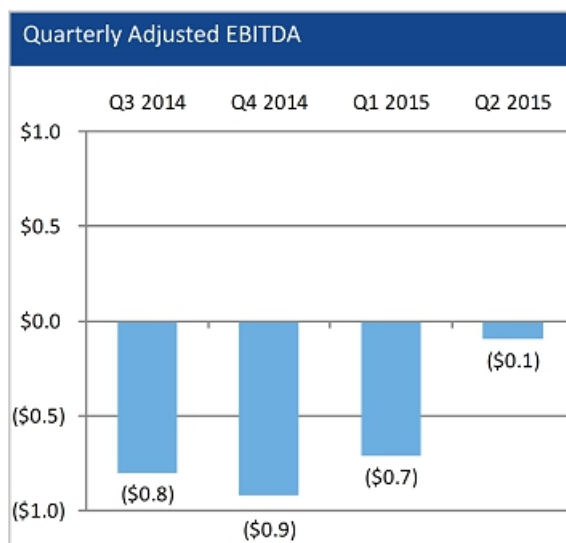
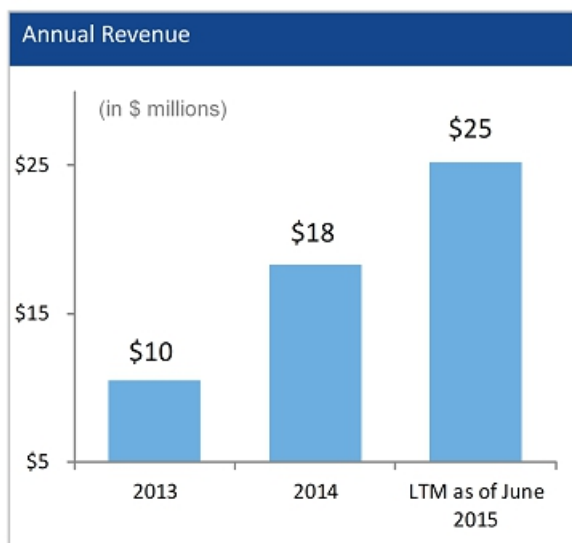
**MONTH TO DATE FINANCIAL SUMMARY / DOWNSIDE AMOUNT**

**\$18,750** CHARGES    **\$13,629** PAYMENTS    **\$4,750** ADJUSTMENTS

You have \$4,750 outstanding balance in **Default**. Please send to a Collection Agency, or **Write-off**.



# MTBC Financial Snapshot



# Revenue Model

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**Integrated solution fee is a percentage of payments,  
Aligning our interests with doctors**

**Effective rate: 5% of  
practice collections**

- MTBC's pricing is among the most competitive in the industry
- Aligns MTBC with financial goals of our customers

**Contract term**

- One to three year contracts, with auto-renewal

**Integrated offering**

- Includes our integrated mHealth, EHR, practice management solution and revenue cycle management

**Value-added services**

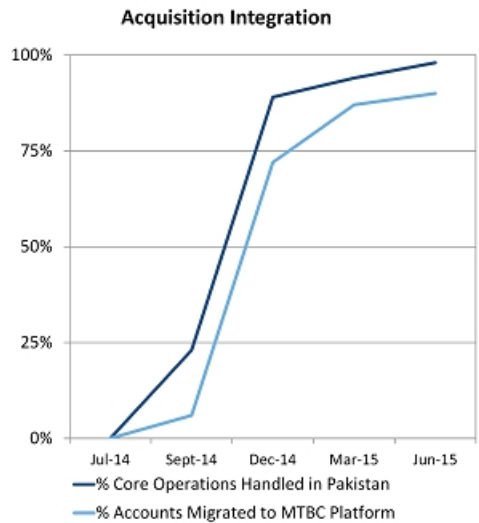
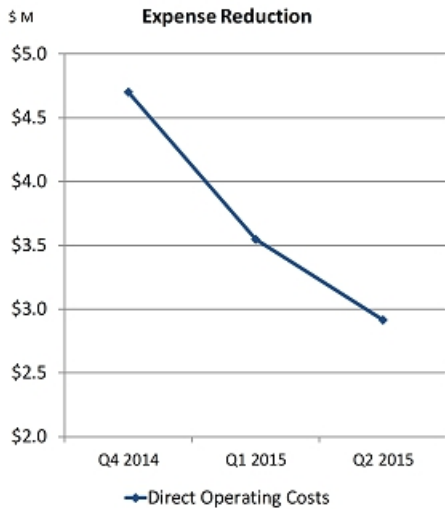
- Optional chargeable services include transcription, coding, and consulting

**Integration with EHR's**

- Integration with third-party EHR platforms at no additional charge

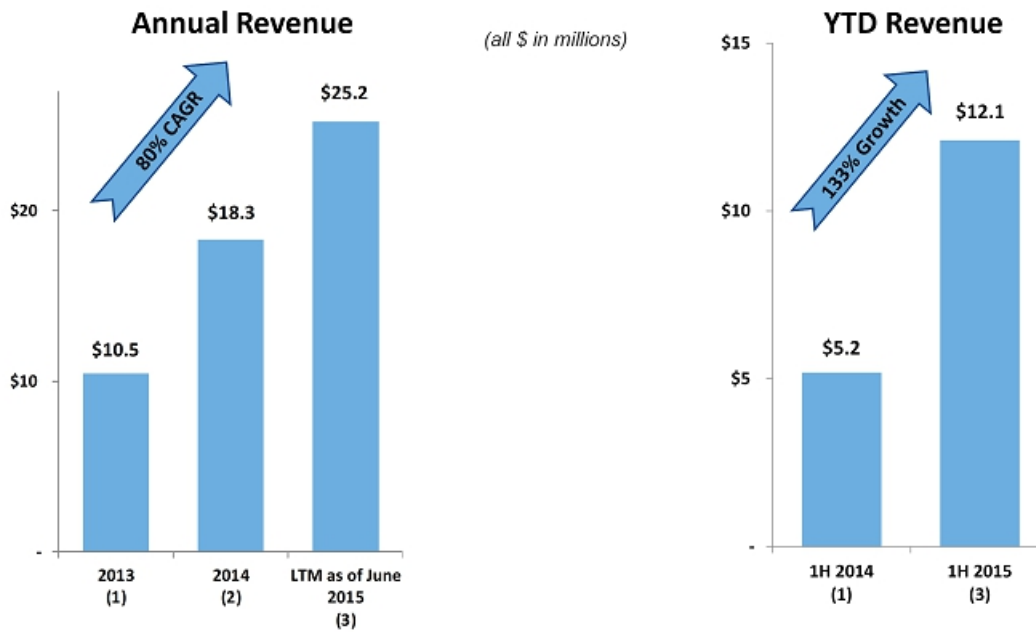
# Integration Progress

**As part of the IPO, MTBC acquired 3 companies on July 28, 2014**



- Doubled Pakistan workforce to accommodate workload from acquisitions
- Eliminated need for 450 subcontractors in India by Jan 2015 (double the cost of Pakistan employees)
- Lease costs reduced by more than 65%; third party software and telecom cost reductions in process

# Revenue Trends



**NOTES:**

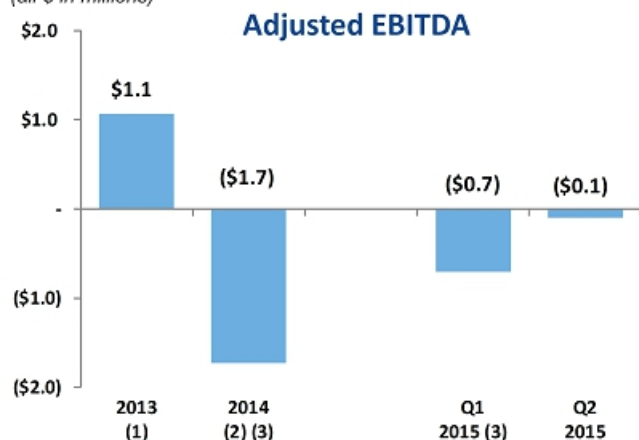
- 1) 2013 and 1H 2014 revenues reflect MTBC prior to the 3 acquisitions at the time of the IPO
- 2) 2014 revenue includes the 3 acquired businesses from July 28 – December 31, 2014
- 3) LTM 2015 revenue covers July 1, 2014 – June 30, 2015, and includes the 3 acquired businesses

# EBITDA Trends



	2009-2012 MTBC	2013 MTBC (Pre-Acquisitions)	Target Margin (Post-Integration)
Adjusted EBITDA Margin	7 – 12%	11%	30%

(all \$ in millions)



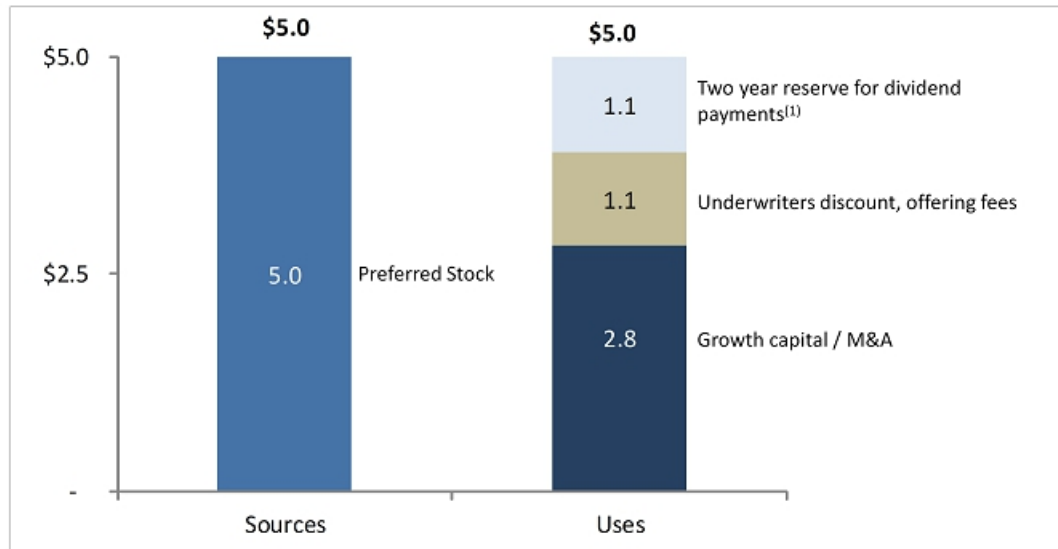
- Because we added staff offshore in advance of reducing staff onshore, there were necessary duplicate expenses post-IPO in 2014 and in Q1 2015
- We are in the process of realizing additional cost savings:
  - Migrating remaining acquired customers to the MTBC platform
  - Transitioning remaining work offshore
  - Closing several U.S. facilities

**NOTES:**

- 1) 2013 Adjusted EBITDA reflects MTBC prior to the 3 acquisitions at the time of the IPO
- 2) 2014 Adjusted EBITDA includes 3 acquired businesses from July 28 – December 31, 2014
- 3) 2014 and Q1 2015 Adjusted EBITDA includes ramp-up of offshore employees prior to terminating subcontractors and reducing onshore employees

# Use of Proceeds

Use of Proceeds : \$5 M Preferred Stock raise



**NOTES:**

(1) After the first quarter in which MTBC's Adjusted EBITDA is greater than the quarterly dividend, the proceeds remaining in this account may be used for corporate purposes



# Capitalization / Ownership Table



OWNERSHIP TABLE as of September 30, 2015				
Holder Name	# of Common Shares (Total)	% of Common Shares	# of Fully Diluted Shares	% of Fully Diluted Shares
<b>Officers &amp; Directors</b>				
Mahmud Haq (CEO & Chairman of the Board)	4,801,070	43.4%	4,801,070	39.4%
Other Officers and Directors	121,017	1.1%	341,017	2.8%
<b>Total Officers &amp; Directors</b>	<b>4,922,087</b>	<b>44.5%</b>	<b>5,142,087</b>	<b>42.2%</b>
<b>Acquisitions</b>				
Omni Medical Billing Services, LLC	1,048,650	9.5%	1,048,650	8.6%
Practicare Medical Management, Inc.	292,500	2.6%	292,500	2.4%
CastleRock Solutions, Inc.	304,849	2.8%	304,849	2.5%
<b>Total Acquired Businesses</b>	<b>1,645,999</b>	<b>14.9%</b>	<b>1,645,999</b>	<b>14.9%</b>
<b>Total Officers, Directors and Acquisitions</b>	<b>6,568,086</b>	<b>59.4%</b>	<b>6,788,086</b>	<b>61.4%</b>
<b>Public Float</b>	<b>4,299,234</b>	<b>38.9%</b>	<b>5,190,464</b>	<b>42.6%</b>
Warrants @ \$5.00 per share	-	-	100,000	0.8%
<b>TOTAL SHARES</b>	<b>11,062,753</b>	<b>100.0%</b>	<b>12,190,985</b>	<b>100.0%</b>

CAPITALIZATION TABLE as of September 30, 2015	
Description	# of Common Share Equivalents
Common Shares Outstanding	11,062,753
Shares reserved for RSUs which are granted but not vested	267,332
Equity Incentive Plan less RSUs granted	760,900
Options	-
Warrants @ \$5.00 per share	100,000
<b>Total Fully Diluted Shares Outstanding</b>	<b>12,190,985</b>

**Insiders own 59% of MTBC's common stock**

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