



# Medical Transcription Billing, Corp.

(NASDAQ: MTBC, MTBCP)

**Corporate Presentation – August 2017**



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## Statement about Free Writing Prospectus



The issuer has filed a registration statement with the SEC for the offering to which this presentation relates. This free writing prospectus relates to the proposed public offering of Series A Preferred Stock of Medical Transcription Billing, Corp. (the "Company"), registered in a Registration Statement on Form S-3 (the "Registration Statement"), Commission File No. 333-210391. This free writing prospectus should be read together with the Registration Statement and the prospectus supplement included in that Registration Statement (including the risk factors described therein), which can be accessed through the following link:

<https://www.sec.gov/Archives/edgar/data/1582982/000149315217008488/form424b5.htm>

You may also access the Company's annual reports, quarterly and current reports, proxy statements and other information on the SEC website through the following link:

<https://www.sec.gov/cgi-bin/browse-edgar?action=getcompany&CIK=0001582982&type=&dateb=&owner=exclude&count=100>

Before you invest, you should read the Registration Statement and the prospectus supplement and 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) or on MTBC's investor relations web site at [ir.mtbc.com](http://ir.mtbc.com). Alternatively, the Company, any underwriter or any dealer participating in the offering will arrange to send you the entire prospectus if you request it by calling Bill Korn (732) 873-5133 x 133 or emailing [bkorn@MTBC.com](mailto:bkorn@MTBC.com).

# Forward-Looking Statements



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, partnering with, and effectively integrating the recent MediGain acquisition and other acquired businesses into our infrastructure;
- our ability to comply with covenants contained in our credit agreement, as amended, with our senior secured lender, Opus Bank and other future debt facilities;
- our ability to retain our customers and revenue levels, including effectively migrating and keeping new customers acquired through business acquisitions and maintaining or growing the revenue levels of our new and existing customers;
- our ability to attract and retain key officers and employees, including Mahmud Haq and other personnel critical to growing our business and integrating our newly acquired businesses;
- our ability to raise capital and obtain and maintain 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 and Sri Lanka 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 rapidly changing healthcare industry;
- our ability to consistently achieve and maintain compliance with a myriad of federal, state, foreign, local, payor and industry requirements, regulations, rules and laws;
- our ability to protect and enforce intellectual property rights;
- our ability to maintain and protect the privacy of customer and patient information; and
- our ability to repay the outstanding purchase price we owe for the MediGain acquisition.

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



<b>Issuer</b>	Medical Transcription Billing, Corp.
<b>Exchange: Symbol</b>	NASDAQ Capital Market: MTBCP
<b>Shares Offered</b>	11% Series A Cumulative Redeemable Perpetual Preferred Stock
<b>Dividends</b>	Payable on the 15 <sup>th</sup> day of each month
<b>Offering Price</b>	\$25.00 per share
<b>Redemption</b>	Redeemable after November 4, 2020 at \$25.00 per share
<b>Offering Size</b>	\$1,250,000
<b>Use of Proceeds</b>	<ul style="list-style-type: none"><li>• A portion towards repayment of Opus debt and other amounts outstanding</li><li>• General corporate purposes and additional working capital</li></ul>
<b>Placement Agent</b>	<ul style="list-style-type: none"><li>• Alexander Capital, L.P.</li></ul>



# MTBC Investment Highlights



**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**

## Proprietary, fully integrated, SaaS and service solution

- Mobile Health ("mHealth")
- Electronic Health Records ("EHR")
- Practice Management ("PM")
- Revenue Cycle Management ("RCM")

Healthcare information technology company

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

Highly experienced management team

Scalable, cost-efficient business model with predictable recurring revenue

Profitable as measured by EBITDA

## Completed and integrated 15 acquisitions over the last 5 years

- Public company and industry experience
- Distinguished Board of Directors

## Cloud-based software

- Educated, cost-effective global team with ~1,900 employees
- 95% revenue visibility at the beginning of each quarter

## Positive Adjusted EBITDA

- Record Adjusted EBITDA as a public company in Q2 2017

# MTBC – Recent News



\$7.4 million Series A Preferred Stock issued on Nasdaq, Nov. 2015 & July 2016



Acquisition of out-of-network billing company



First Shelf Offering



New MTBC Patient Portal app



\$7.4 million additional Series A Preferred Stock issued on Nasdaq



# MTBC Equity Snapshot as of August 3, 2017



## Common Stock



- Nasdaq: MTBC
- Outstanding: 11,483,094
- Current Price: \$1.49
- Market cap: \$17.1 million
- Share Structure:
  - Fully diluted: 15,516,992
  - Public float: 5,832,674
  - **Insiders: 49.2%**
  - Largest institution: Adage Capital (approx. 8.7%)

## Series A Preferred



- Nasdaq: MTBCP
- Outstanding: 614,104
- Current Price: \$25.20
- Equity value: \$15.5 million
- Share Structure:
  - Public float: 588,854
- Dividend: 11% of par value (\$25.00), paid monthly
- Redeemable after Nov. 2020
- Non-convertible

## Experienced Leadership Team



**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 positions at American Express Company (NYSE: AXP) for 12 years including VP of Global Risk Management
- B.S. in Aviation Management, Bridgewater State College. M.B.A. in Finance, Clark University



**Stephen Snyder**

### President and Director

- Joined MTBC in 2005. Formerly served as VP / General Counsel and Chief Operating Officer
- Attorney for 15 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



**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



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

**Howard Clark Jr.**



- 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

**Anne Busquet**



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

**John Daly**



- President and CEO of the East-West Institute
- Former U.S. Ambassador to Pakistan and U.S. Deputy Chief of Mission to Poland

**Cameron Munter**

**Management plus Board members own 49% of MTBC's common stock**

## Industry Drivers

**MACRA & Meaningful Use**

Requires providers to leverage technology and expertise like MTBC's to optimize reimbursement

**Healthcare Reform**

Increases complexity, driving increased demand for MTBC's services



**Consolidation**

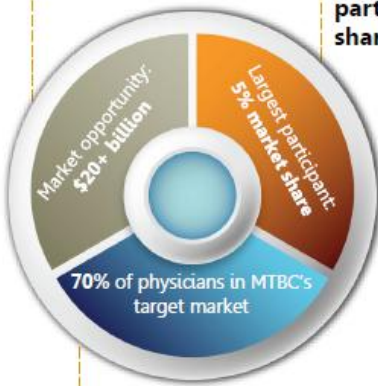
Majority of RCM companies lack the technology and scale to remain competitive in the evolving market

**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**

# Market Opportunity

The North American EHR / RCM industry represents a \$20+ billion opportunity

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



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

Mobile Health  
Practice Management  
Revenue Cycle Management  
Electronic Health Record

Nasdaq: MTBC  
TTM Revenue: \$30 M  
Multiple: 0.5x

As of August 3, 2017

*Primary target market:*

*1 - 10 physicians*  
**70% of physicians**

Nasdaq: ATHN  
TTM Revenue: \$1.1 B  
Multiple: 5.0x

*≥ 11 physicians*  
**30% of physicians**

# MTBC's Competitive Advantage

## Integrated Solution

**mHealth**  
Mobile Health



## Technology Platform

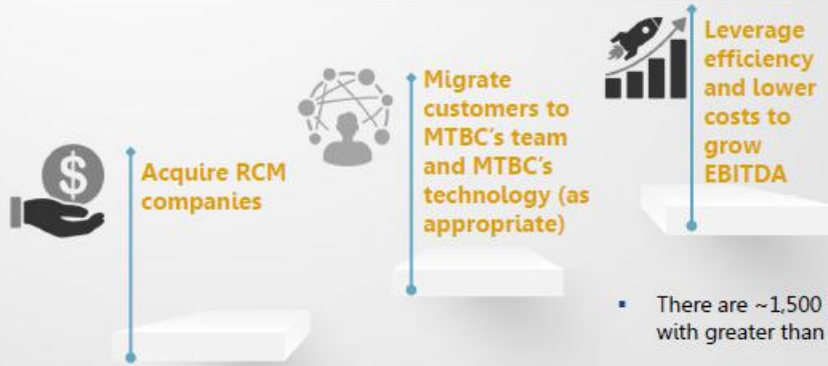


*ISO 27001 certified / HIPAA compliant*

## Global Team

- ~1,800 English-speaking, college educated, employees in Pakistan and Sri Lanka, where the labor costs are significantly less than in the U.S. or India
- Approximately 250 dedicated technology professionals
- Nominated for 2015 U.S. Secretary of State's Award for Corporate Excellence

## Acquisitions



- There are ~1,500 RCM companies, none with greater than 5% market share

## Organic Growth





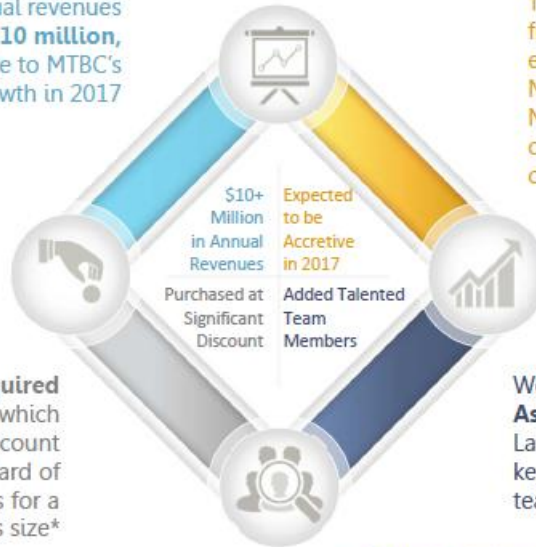
# MediGain Acquisition



## MTBC's Largest Acquisition to Date

MediGain's accounts in good standing have annual revenues of **more than \$10 million**, which will contribute to MTBC's overall revenue growth in 2017

The **incremental profits** from MediGain are expected to greatly exceed MTBC's cost of capital. Most of the integration and cost reductions were complete as of May 2017



The company was acquired for **\$7 million**, which represents a significant discount to the industry standard of more than 1x revenues for a business of MediGain's size\*

We have expanded our **Asia-based team** to Sri Lanka, while also making key additions to the U.S. team

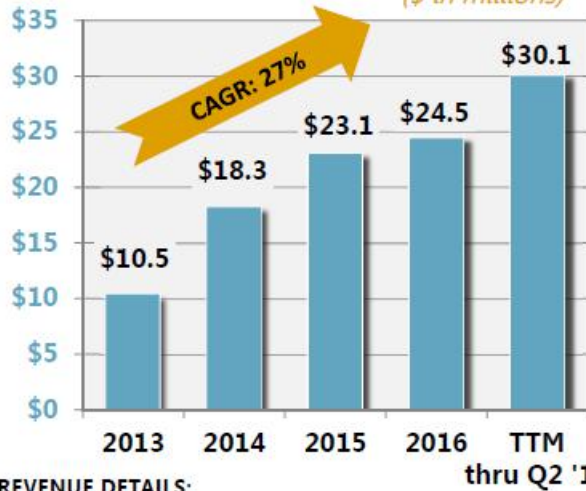
*\* \$2MM paid at closing, remaining portion due to Prudential Insurance*

# Revenue



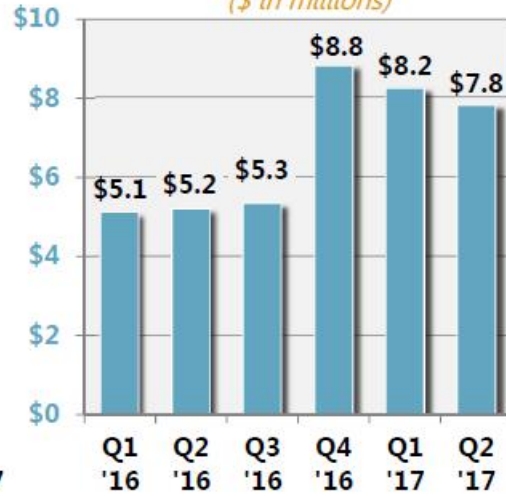
## Annual Revenues

(\$ in millions)



## Quarterly Revenues

(\$ in millions)

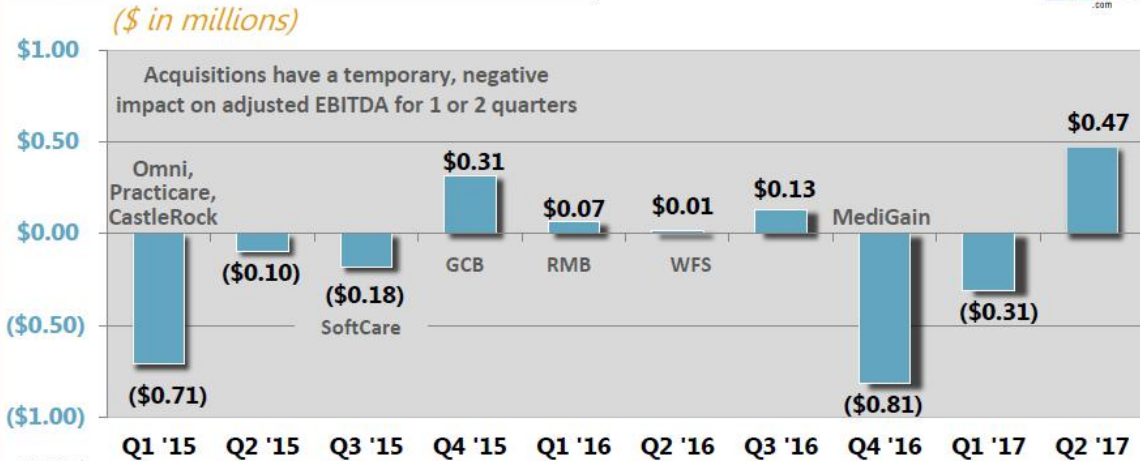


### REVENUE DETAILS:

- 1) 88% of revenue is an integrated solution fee as a percentage of payments collected by our clients
- 2) Our effective rate averages approximately 5% of clients' collections
- 3) 4% of revenue from optional chargeable services, including transcription, coding, and consulting
- 4) 8% of revenue from clearinghouse, EDI and recovery services
- 5) Beginning Q4 2016 revenues reflect the acquisition of MediGain
- 6) First half 2017 revenue of \$16 million

*Investors are cautioned that such forward-looking statements involve risks and uncertainties that could cause actual results to differ materially from anticipated results*

# Adjusted EBITDA



**NOTES:**

- Adjusted EBITDA is temporarily negatively impacted by integration of acquired businesses, reflecting ramp-up of offshore employees prior to terminating subcontractors and reducing onshore employees
- Large acquisitions (MediGain and Omni, Practicare and CastleRock on the day of the IPO) typically impact EBITDA for a couple of quarters
- Smaller acquisitions (SoftCare, GCB, RMB and WFS) typically impact EBITDA for a single quarter
- Q4 2016 - Q1 2017 include people, facilities and subcontractor costs, since reduced during Q2 2017

*(\$ in thousands)*

	2015	2016	Q1/Q2 2017
GAAP net loss	\$ (4,688)	\$ (8,797)	\$ (4,402)
Provision for income taxes	138	197	127
Net interest expense	262	646	556
Foreign exchange / other expense	(170)	53	(10)
Stock-based compensation expense	629	1,928	208
Depreciation and amortization	4,599	5,108	2,973
Integration and transaction costs	341	976	551
Change in contingent consideration	(1,786)	(716)	151
<b>Adjusted EBITDA</b>	<b>\$ (675)</b>	<b>\$ (605)</b>	<b>\$ 154</b>

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## Balance Sheet Snapshot



*(\$ in millions)*

	June 30, 2017	
	Actual	After Financing
Cash	\$5.8	\$6.5
Accounts Receivable	3.5	3.5
Total Assets	\$26.9	\$27.6
Total Debt	\$10.4	\$10.1
Total Liabilities	15.6	15.3
Shareholders' Equity	\$11.3	\$12.3

### NOTES:

- 1) **After Financing** includes sale of \$1.25 M of additional Series A Preferred Stock, less offering expenses
- 2) MTBC previously sold **\$15 M** of Series A Preferred during Nov 2015, July 2016 and June 2017
- 3) **\$5.2 M** is currently drawn on MTBC's \$10 M senior, secured, credit facility with Opus Bank
- 4) **\$5.0 M** is currently due to Prudential Insurance, the remaining portion of the MediGain acquisition price. This debt is unsecured, and any repayment requires coordination with Opus Bank

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