



Apollo Medical Holdings, Inc. Investor Presentation December 2015

Integrated Healthcare for Better Patient Outcomes

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Summary

- An integrated, physician driven, population healthcare services company at the forefront of the US healthcare movement to Value Based Care:
 - Medical Management, Care Coordination and Physician Care for 100,000+ people
- Market and industry tailwinds; both short-term and long-term
- Apollo is delivering high quality, cost effective results in a risk based model
- Nearly 200% Y/Y revenue growth (FY15 vs. FY14) and Q/Q YTD revenue growth
- One of few small cap public companies in attractive healthcare services sector
 - Recent IPOs of Evolent Health (EVH) and acquisition of IPCM valuations are trend
- Over \$20M in investment from Fresenius Medical Care and Network Management
- Growth strategy to include geographic expansion, M&A and technology offerings

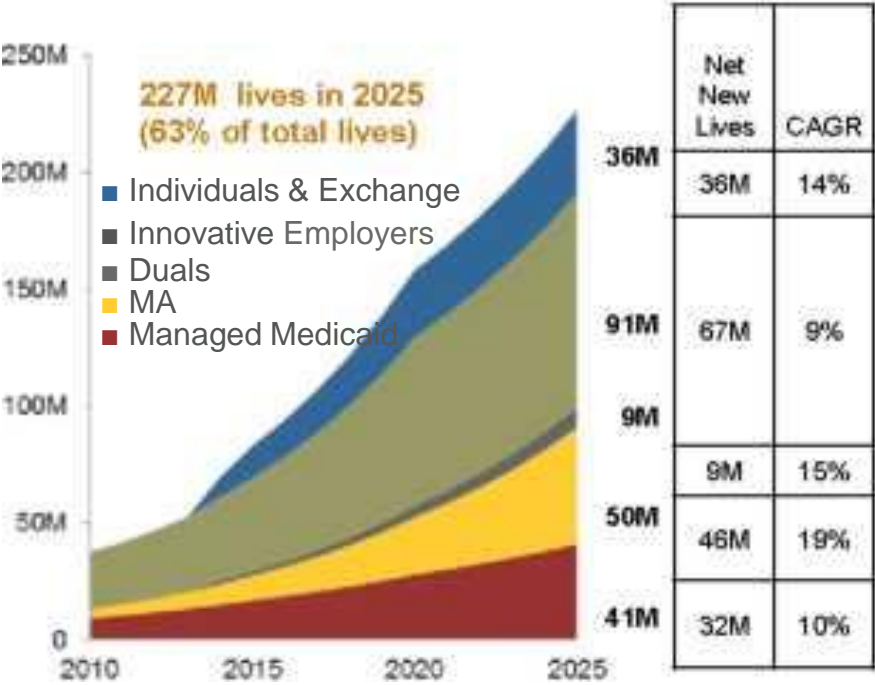
Equity Overview

- Stock Symbol: AMEH
- Outstanding Shares: 6.6 Million
- Recent Price: \$6.00
- 52 week range: \$4.50 - \$10.00
- Market Capitalization: \$40M
- Cash: \$7M; Debt: \$1.2M
- Total Assets: \$16M
- Price / Sales: 1.0 X ttm
- Fiscal Year ends March 31st (FY 2015 is from Apr 2014 to Mar 2015)

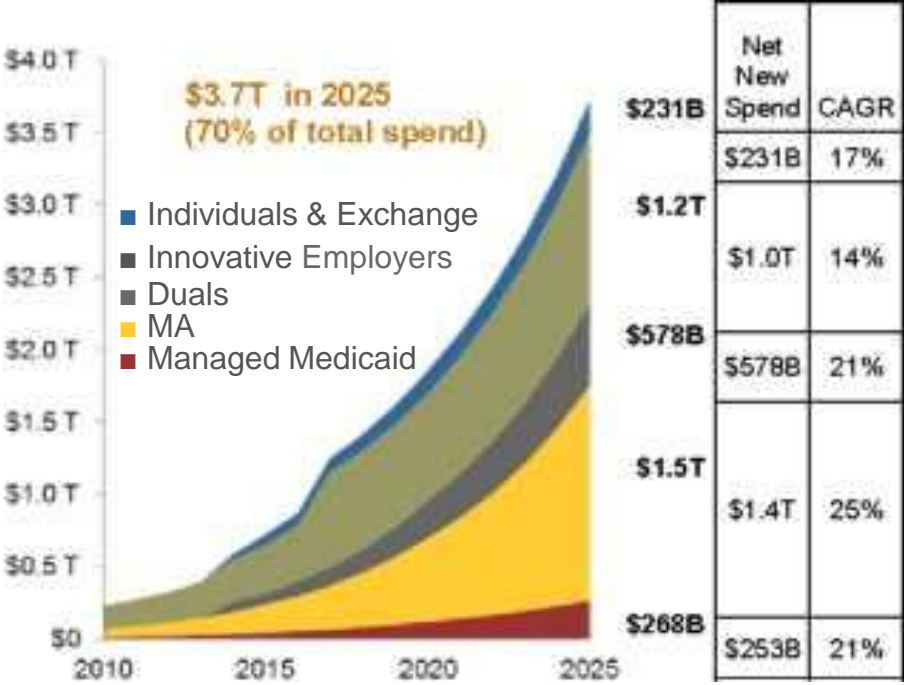
US healthcare shifting to a value, results driven (quality and cost) market

National health market tipping point in 2016/17 as more than 30% of the market shifts to value

U.S. Lives Buying Value by Funding Source
2010 - 2025



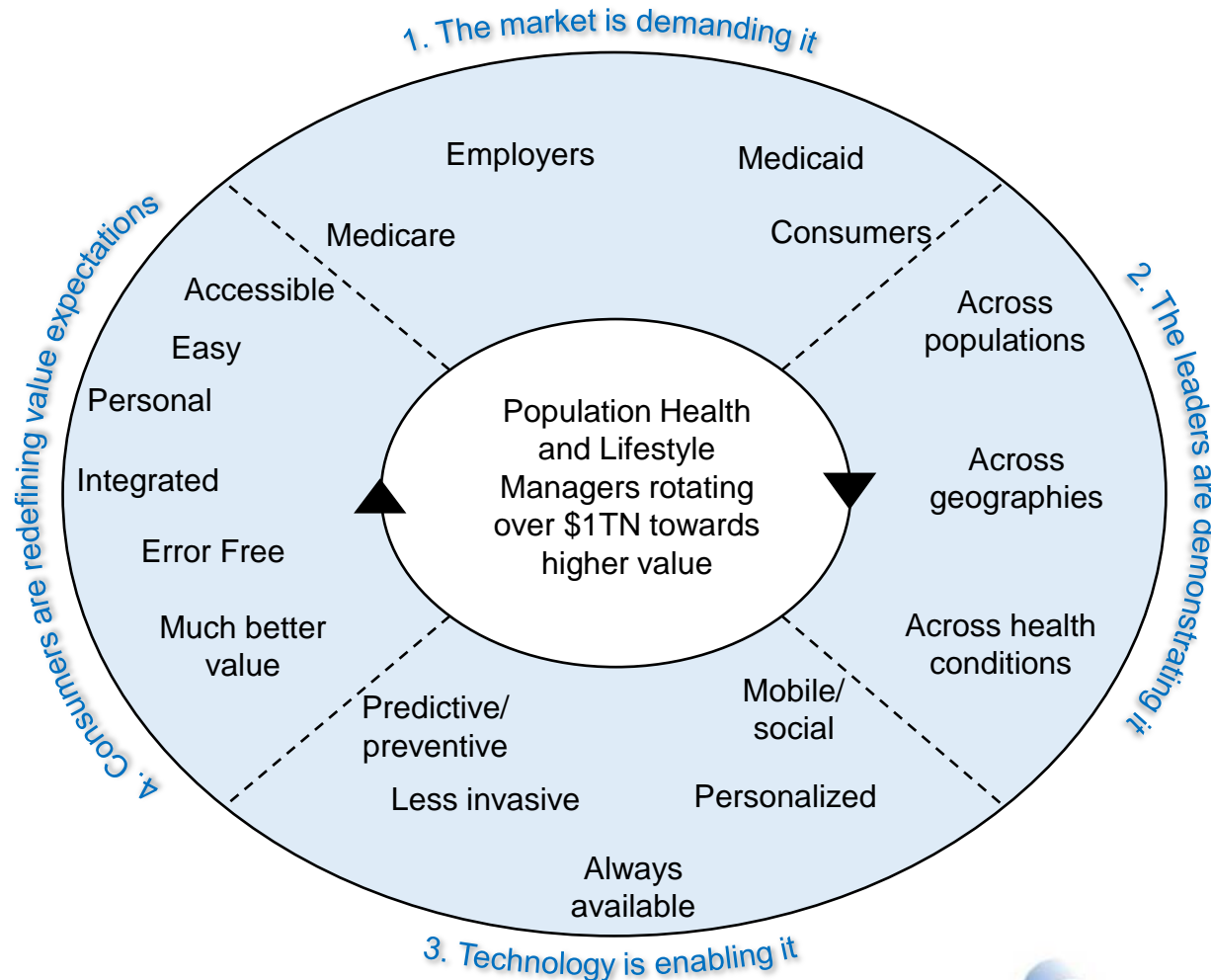
Value Market Opportunity by Funding Source
2010 - 2025



The value market will grow from \$232B to \$3.7T by 2025



Volume to Value Revolution – Population Health



Industry Trends

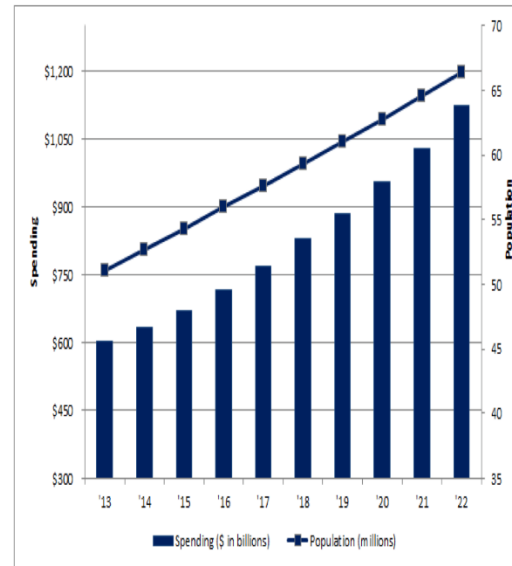
- Government and private sector trend from FFS/volume to outcome driven
 - Value based reimbursement, Bundled Payments, ACO, PTN
- Irrespective of politics, better care and lower cost goals will continue
- Transparency of information; by procedure, by physician, by hospital
- New physician driven models forming and gaining traction
 - Physician and Patients are core of healthcare in emerging landscape
- By 2016, 85% of Medicare payments will be tied to quality and value
 - By 2018, at least 50% of payments will be paid through “Alternative payment models” such as ACOs, PTNs, Bundled payments
- Consumers are becoming more engaged in their own care
 - Exchanges, Rising Premiums, Social Media



Healthcare Market

- Seniors are increasing in number and living longer
 - 76 Million baby boomers
 - 3.6 Million new Seniors/year
 - Largest Cost Segment
- US Healthcare market
 - \$2.8 Trillion in 2012
 - Growing to \$4.8 Trillion by 2021
- 50+% US spend is on Hospital and Physician Care (Bio & IT about 20%)
- Healthcare is ~17% of US GDP heading to near 20% by 2021
- All signs point to increased market size and more urgent need to optimize healthcare costs**

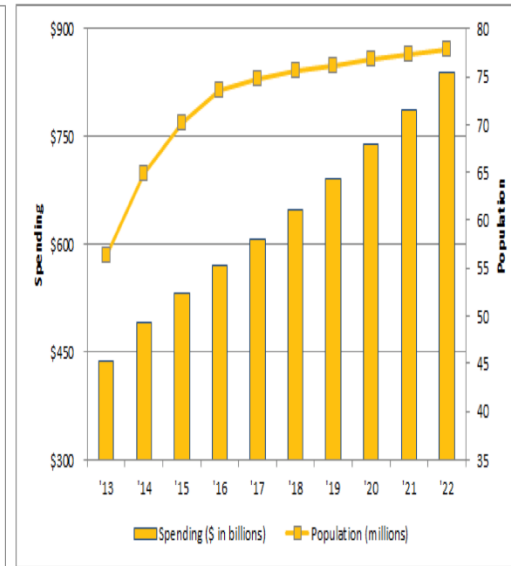
Medicare Market



Fastest growing demographic segment. Baby boomers started to reach 65 in 2010.

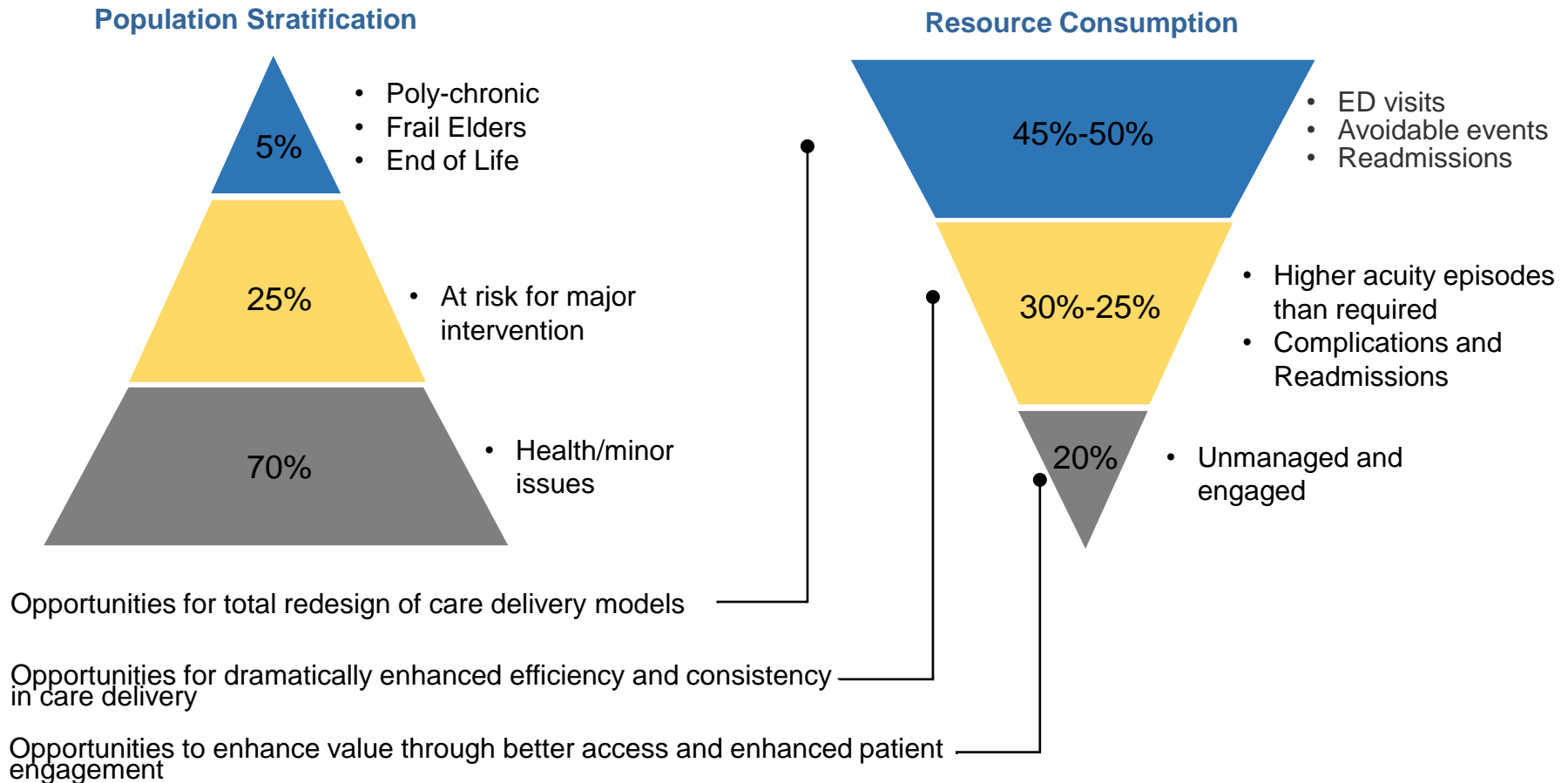
Source: CMS, Office of the Actuary: National Healthcare Expenditures Projection 2012.

Medicaid Market



Approximately 9 million dual eligible members with combined Medicaid and Medicare spend of \$322 billion.

Chronic, Senior and End of Life are major healthcare cost drivers



Source: Blended MarketScan Commercial, Medicare 5% LDS, and representative payer Medicare data

Apollo Differentiators

- Expertise in providing high quality, cost efficient care
 - Particularly in managing complex, chronically ill patients
 - Triple Aim goal; patient satisfaction, high quality, efficient cost
- Business model built on value design YEARS ago
- Data analytics; past, current and predictive (i.e. goal of “real time”)
- Population management and care coordination capabilities
- Ability to take performance risk for total patient care profitably; most critical attribute in value based US healthcare system



What we do ..

- Population Health Management
 - Management of complex, chronically ill patients
 - Technology and data driven analytics
 - **Medical Management and Care Coordination**
 - Management of Total Cost of Care for population
- Direct Patient Care (influences Population Health Management)
 - Inpatient Care: **Hospitalists**, Critical Care Specialists, Physician Advisors
 - Outpatient Care: Primary Care, Specialists, Clinics, **Home Health, Hospice**



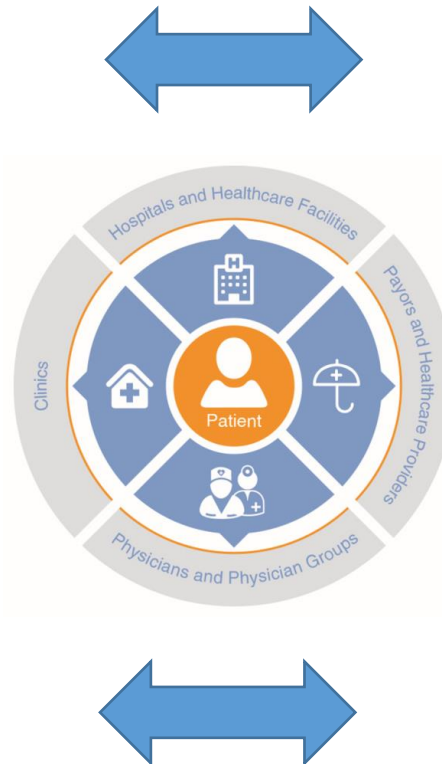
ApolloMed Model – Integrated Care Driving Patient Outcomes

- Maverick Medical Group (IPA) (150+ PCP, 400+ specialists, & 13,000+ patients)

- Capitated entity
- Provider and full risk medical management

- ApolloMed ACO (~700 exclusively signed physicians & nearly 27,000 Medicare FFS patients)

- Population Management
- Care Coordination

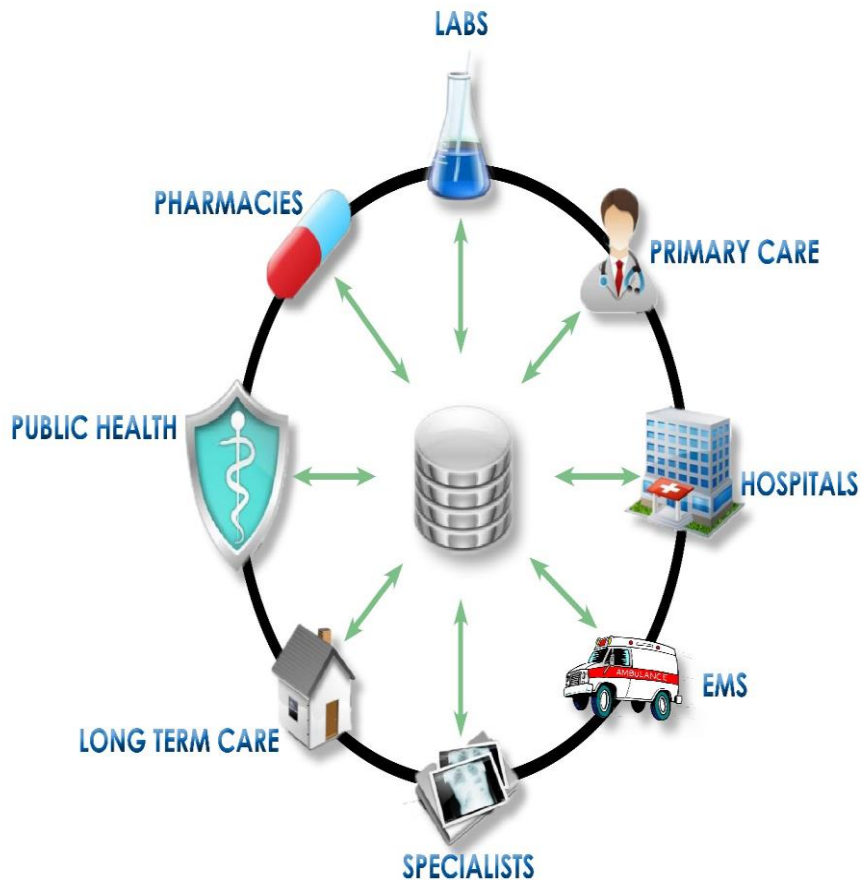


CLINICAL EXPERTISE

- ApolloMed Hospital Physician Services (70+ hospitalists serving 28+ facilities)
 - Hospitalist and Physician Advisory Services
 - Post-acute services
- ApolloMed Care Clinics
 - Primary Care
 - Cardiovascular / Specialty Care
- Palliative Care
 - Home Health
 - Hospice



Apollo Care Connection – A Physician/Patient Designed Data Platform



- Population Management platform/Hub (Medecisions)
- Patient Engagement/Personal Digital Care Plans (Healarium)
- Predictive Analytics (Helynx)
- Real-time admission/discharge notification (Passport/Experian)
- Telemedicine platform (Snap MD)
- Wellness (Health Dialog/Rite Aid)
- Personal Mobile Apps
- More

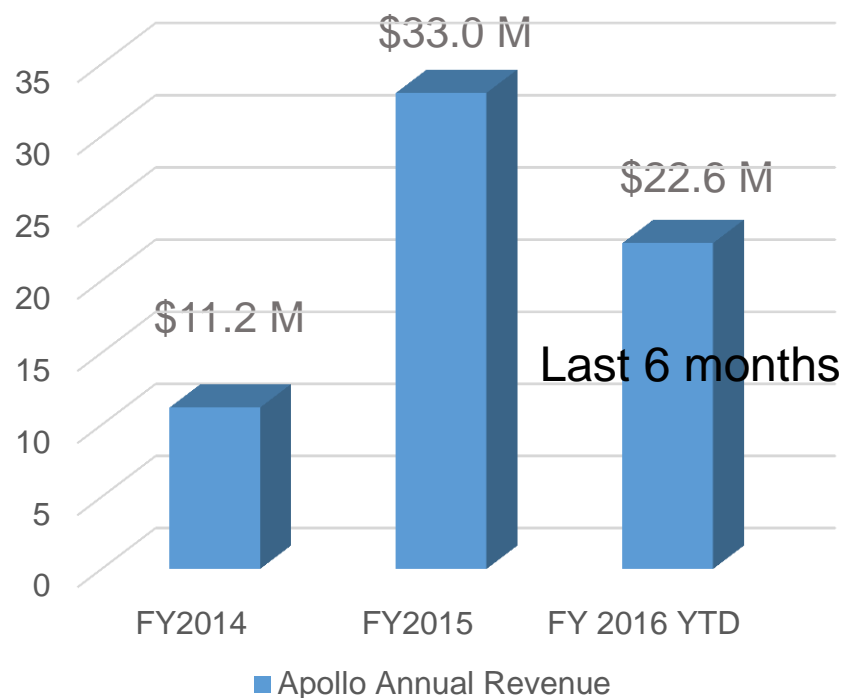
Who/how customers pay us – a diversified approach



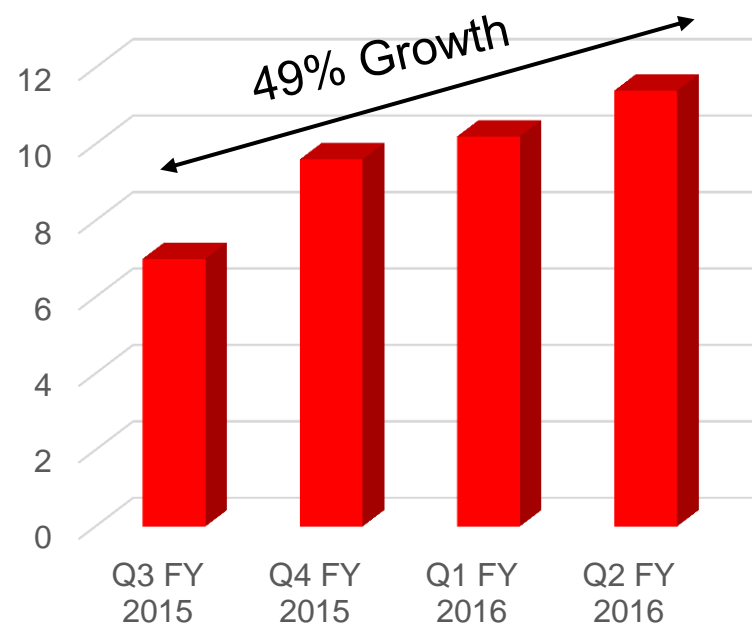
- Revenue from Hospitals, Health Plans, Medical Groups and Government
- Range of payments from Fee for Service (FFS) to Full Risk models
 - IPA is capitated entity paid monthly from Health Plan Premiums
 - Shared savings with hospitals and MSSP ACO on Performance
 - Clinics and Palliative Care mostly FFS (CMS and Specialist billing)
- ApolloMed has 50+ different payors
- Minimal bad debt and limited comparable pricing pressures

Significant growth – mostly organic and recurring

Annual Revenue (\$ Millions)



Quarterly Revenue (ttm)



Note: Fiscal year 2016 is from April 1st, 2015 to March 31st, 2016

Proforma Balance Sheet after recent Preferred Equity Investment and Fresenius debt conversion helps further position for growth

	30-Sep-15 As Filed	Pro Forma Adjustments	30-Sep-15 Pro-Forma
CURRENT ASSETS			
Cash and cash equivalents	\$ 3,924,922	\$ 2,525,018	\$ 6,449,940
Accounts receivable, net	4,015,715	-	4,015,715
Other assets	719,129	-	719,129
Total current assets	8,659,766	2,525,018	11,184,784
Deferred financing costs, net, non-current	217,963	(192,000)	25,963
Property and equipment, net	577,701	-	577,701
Goodwill & Intangible assets, net	3,451,996	-	3,451,996
Other long-term assets	742,146	-	742,146
TOTAL ASSETS	<u>\$ 13,649,572</u>	<u>\$ 2,333,018</u>	<u>\$ 15,982,590</u>
LIABILITIES & STOCKHOLDERS' EQUITY/(DEFICIT)			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	\$ 4,944,470	\$ (88,865)	\$ 4,855,605
Medical liabilities	1,337,187	-	1,337,187
Note and line of credit payable, net of discount, current portion	7,282,448	(7,187,683)	94,765
Convertible notes payable, net of discount, current portion	2,549,476	(1,474,246)	1,075,230
Warrant liability	1,315,846	1,606,376	2,922,222
Total current liabilities	17,429,427	(7,144,418)	10,285,009
Deferred tax liability	177,344	-	177,344
TOTAL LIABILITIES	<u>17,606,771</u>	<u>(7,144,418)</u>	<u>10,462,353</u>
MEZZANINE EQUITY			
Series A Preferred stock	-	7,077,778	7,077,778
STOCKHOLDERS' EQUITY/(DEFICIT)			
Common Stock	4,863	600	5,463
Additional paid-in-capital	16,670,718	3,059,400	19,730,118
Accumulated deficit	(22,354,252)	(660,342)	(23,014,594)
Stockholders' equity/(deficit) attributable to Apollo Medical Holdings, Inc.	(5,678,671)	2,399,658	(3,279,013)
Non-controlling interest	1,721,472	-	1,721,472
Total stockholders' equity/(deficit)	(3,957,199)	2,399,658	(1,557,541)
TOTAL LIABILITIES, MEZZANINE EQUITY AND STOCKHOLDERS' EQUITY/(DEFICIT)	<u>\$ 13,649,572</u>	<u>\$ 2,333,018</u>	<u>\$ 15,982,590</u>

Income Statement and Balance Sheet Overview

- FY 2015 revenue of \$33.0M vs. \$11.2M Y/Y (195% gain)
 - Over 67% of growth is organic and recurring with diversified revenue stream
 - Gross Margin of 30% and EBITDA positive for FY 2015
 - SG&A/OH investments decreasing and scale benefits commencing
- Quarterly growth driven by increasing network size and model (multiplier effect)
- Closed \$10M Preferred Equity investment in Oct 2015 (\$9/share and warrants)
 - Debt expense reduced by over \$500K and working capital increased
- Existing investor Fresenius converted debt and warrants to common (their choice)
- Positioned for continued growth; organic and M&A/partnerships
- S1 on file for potential additional growth capital

Strategy Going forward

- Scale current businesses in California
 - Leverage investor/partners (NMM is 4th largest CA physician group)
- Establish and grow networks outside of California leveraging clinical know how and technology (Apollo Care Connect)
- Potential acquisitions in attractive markets
- Expand population management capabilities including consumer engagement, preventative care and data analytics
- Continue to assume and manage medical and financial risk and position for Value Based seismic shift

Valuations are robust and accelerating for value based, risk taking models

- Evolent (NYSE: EVH) – IPO June 5th 2015
 - Population Management and Value Based Care Offerings (w/o risk)
 - \$1B valuation on \$152M ttm revenues and operating losses
- OSCAR
 - Valued at approximately \$1.5 Billion with 40,000 risk lives and \$200M revenue
 - Technology enabled health plan targeting millennials
- Humana and Health Net Acquisitions
 - Potential for more M&A (Pop Mgt., Senior and Risk rationale)
- Hospitalist/ER and Integrated Care Companies
 - Davita/HCP merger and Team Health (TMH)/IPC (IPCM) merger as examples
 - Valued around 1.5X-3X ttm revenues and 10X to 20+X EBITDA multiples

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