



A GLOBAL HEALTHCARE SOLUTIONS COMPANY

J.P. Morgan Healthcare Conference

January 10, 2018

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Owens & Minor Transforming for the Future

Why Change is Needed

Market consolidation

Increased complexity

Outcomes based reimbursement

Universal cost control pressures

Consumerization of healthcare

Regulatory pressures



Creating Solutions to Reduce Complexity for Customers...

Primary O&M Customers		Complexity Faced		Key Customer Needs
Type	Examples			
Providers	U.S.-based: <ul style="list-style-type: none"> • Hospitals • IDNs • Home Health 	<ul style="list-style-type: none"> • Pressure on pricing and reimbursement • Regulatory uncertainty • Transition to value-based payments • Shift to lower-cost sites • Evolving competitor set 		<ul style="list-style-type: none"> • Partners to deliver optimal mix of services and products • Change management • Ability to operate across continuum of care • Data and analytics to improve quality & efficiency
Manufacturers & Suppliers	U.S. and EU-based: <ul style="list-style-type: none"> • Pharma • Biotech • Med Devices • Med Supplies 	<ul style="list-style-type: none"> • Pressure / scrutiny on pricing • Need to replenish pipeline of clinically differentiated products • R&D cost pressure • Value-based pricing models 		<ul style="list-style-type: none"> • Outsource functions to maximize efficiency & savings • Transparency in demand at point of care • Data and analytics to allocate resources • Programs that drive volume

...In Over 90 Countries

Post-transaction, O&M will have approx. \$10.5b of revenue and operate in 25 countries with over 17,000 teammates worldwide

What We Do

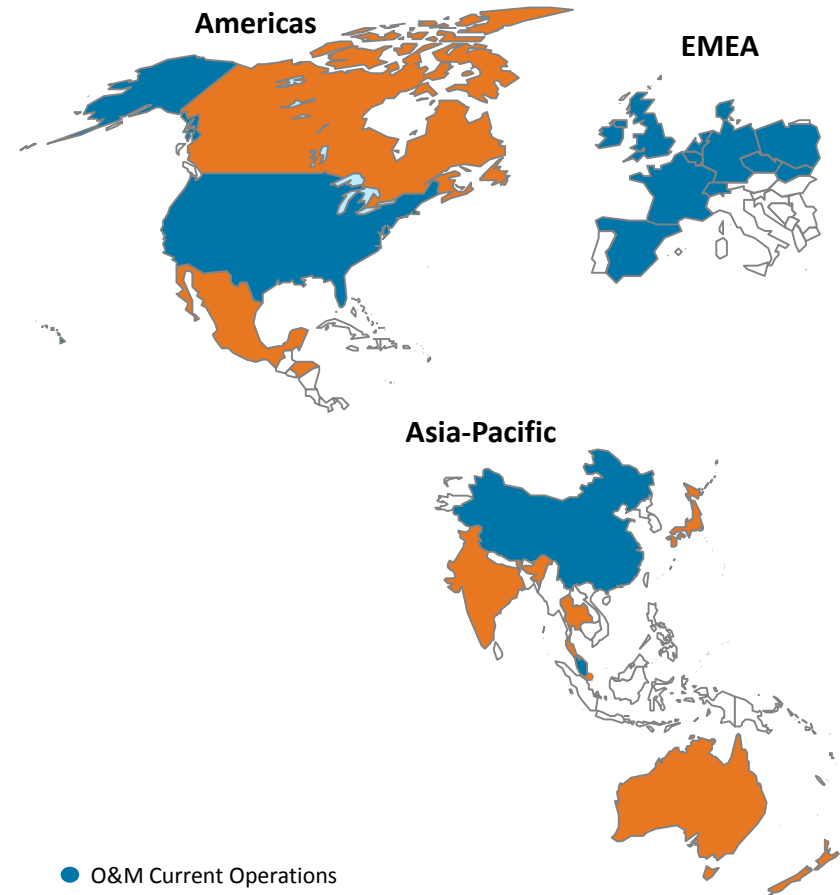
Solutions

- Logistics and value-added services for healthcare providers and manufacturers across the continuum of care
- Includes supplier management, analytics, inventory management, warehousing

Products

- Sourcing and assembly of procedure kits and trays for manufacturers and providers, including private label products
- Acquisition of Halyard's Surgical & Infection Prevention (S&IP) business¹ will significantly enhance branded portfolio strategy

Where We Operate



● O&M Current Operations

● Incremental locations acquired via S&IP

Note: Post-transaction countries also includes South Africa.



Executing the Strategy

- Executing on a transformation plan to strengthen O&M competitive position
 - Business transformation expected to generate \$100 - \$150m annualized contribution
 - Two transformative and synergistic acquisitions
 - Refocusing our owned products strategy
 - Organizing into two strategic business units (Solutions, Products) with seasoned leadership
- New business model creating shareholder value via new sources of profitable growth
- Commitment to dividend and deleveraging

Strategy/Transformation Progress Update

	Transformation Strategy	Achievements to Date
1	Build Most Intelligent Route to Market	<ul style="list-style-type: none">✓ Investing in point of care technology and services✓ Halyard Health S&IP acquisition provides scale to existing product portfolio
2	Expand Along Continuum of Care	<ul style="list-style-type: none">✓ Entry into direct to patient market via Byram Healthcare acquisition✓ Remain focused on ASC and Physician Offices
3	Become Preferred Outsourcer for Leading Manufacturers	<ul style="list-style-type: none">✓ Winning new business in the U.S. and Europe✓ Great progress; pilots continue to expand
4	Transform via Data, Analytics and Services	<ul style="list-style-type: none">✓ Progress with new value proposition and solution offering✓ Beginning to aggregate and analyze data for our customers to reduce complexity

Strategy: RBT Update

RBT initiatives are currently generating approx. \$45m of annualized operating contribution and are on track to deliver \$100 - \$150m of annualized incremental operating contribution by the end of 2019

Rapid Business Transformation Update			
	2017 Estimated	2018	2019
	Savings Achieved	Savings Goal	Savings Goal
Productivity	\$30m	\$42 - \$48m	\$60 - \$90m
Growth	\$15m	\$28 - \$32m	\$40 - \$60m
Total	\$45m	\$70 - \$80m	\$100 - \$150m

Long-term financial goal: achieve sustainable earnings growth of 8 – 10%

Acquisitions Accelerating Transformation

Byram Healthcare

- \$380m cash transaction closed Aug. 1, 2017
- #2 direct to patient home solutions provider
- Strong positions in:
 - Ostomy, wound care, urology, diabetes, incontinence supplies and nutrition products
- Portfolio of over 600 payor contracts covering more than 200 million lives
- Dedicated infrastructure to support claims filing and collections processes
- More than 900 teammates

Halyard Health S&IP

- Purchase price of \$710m, financed with cash and debt
- Focused, market leading global medical products
 - Surgical drapes & gowns, exam gloves, sterilization wraps, facial protection, protective apparel
- Market leading brands and manufacturing expertise
 - MICROCOOL, AEROBLUE, ONE-STEP, SMART-FOLD, FLUIDSHIELD
- Revenue of approx. \$1b; upon consolidation \$750m with pro forma EBITDA of \$80m
- Expect annualized synergies of \$40m to \$50m by 2021
- Accretive to earnings in 2018; meaningfully accretive 2019+
- Clinically focused, global sales team

Strategic Rationale of Byram Acquisition

- Attractive channel with strong growth, supported by aging of U.S. population
- Extends O&M presence across the continuum of care
- Expands capabilities and expertise
 - Gain expertise in managing 3rd party reimbursement
 - Customer-facing sales forces
 - Relevant to acute care customers
- Financially attractive
 - >\$450m revenue with above-mkt growth
 - Accretive to earnings



Strategic Rationale of S&IP Acquisition

- Immediately augments owned brand portfolio
 - Gains scale and diversification with targeted vertical integration
 - Leverages existing relationships
- Expands global presence
- Delivers value at Point of Care
 - Opportunity extends along the continuum of care
- Creates a platform for future growth
 - Diversifies revenue stream, geographic footprint and customer base
- Financially compelling
 - Increases both scale and margins
 - Expands sourcing scale and capabilities



Our Business Evolution

From...

Historical Position:

*U.S.-based medical
supplies distributor
to acute care
hospitals*

To...

Current & Future Position:

- ✓ Valued-added partner to providers and manufacturers across continuum of care
- ✓ Bundle branded products with services and technology that solve complexity, lowering total cost & elevating quality of care
 - Post S&IP transaction, owned products increase from low-single to low-double digit % of revenues; targeting 20-25% of revenues
- ✓ Global footprint, supply chain solutions
- ✓ Strategic business units to drive accountability and results
- ✓ 8-10% long-term earnings growth, underpinned by top-line growth and productivity improvements

Why O&M?

Focused on execution and sustainable value creation

- Rapid Business Transformation enables a return to growth
- Strategic Business Units led by seasoned executives with required expertise
- Executing on detailed integration and transition plans for the Halyard Health S&IP and Byram acquisitions
- Committed to dividend and deleveraging
 - Reduce total debt / EBITDA to <4.0x within 24 months
 - Limited M&A over near-term
- Focused on execution and a balanced capital allocation plan, as key levers of sustainable value creation

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Solutions To Help Healthcare Work. Better”***