
**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): February 2, 2016

InfuSystem Holdings, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

001-35020
(Commission
File Number)

20-3341405
(I.R.S. Employer
Identification No.)

31700 Research Park Drive
Madison Heights, Michigan 48071
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (248) 291-1210

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure.

InfuSystem Holdings, Inc. hereby furnishes the information in Exhibit 99.1 hereto, the investor presentation dated February 2, 2016.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits

99.1 InfuSystem Holdings, Inc. Investor Presentation dated February 2, 2016.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INFUSYSTEM HOLDINGS, INC.

By: /s/ Jonathan P. Foster

Name: Jonathan P. Foster

Title: Chief Financial Officer

Dated: February 2, 2016

EXHIBIT INDEX

Exhibit 99.1 InfuSystem Holdings, Inc. Investor Presentation dated February 2, 2016.



InfuSystem

INFUSION MADE EASY
(NYSE MKT: INFU)

CORPORATE PRESENTATION
FEBRUARY 2016

Safe Harbor Statement

Certain statements contained in this presentation are forward-looking statements and are based on future expectations, plans and prospects for the business and operations of InfuSystem Holdings, Inc. (“InfuSystem” or “the Company”) that involve a number of risks and uncertainties. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the Company is identifying certain factors that could cause actual results to materially differ from those indicated by these forward-looking statements. Those factors, risks and uncertainties include, but are not limited to: potential changes in overall healthcare reimbursement, including CMS competitive bidding; sequestration; concentration of customers; increased focus on early detection of cancer; competitive treatments; dependency on Medicare Supplier Number; availability of chemotherapy drugs; global financial conditions; changes and enforcement of state and federal laws; dependency on suppliers; risks associated with acquisitions and joint ventures, including integration risks; US Healthcare Reform; relationships with healthcare professionals and organizations; technological changes related to infusion therapy; dependency on websites and intellectual property; dependency on key personnel; dependency on banking relationships; risks associated with our common stock, as well as any litigation to which the Company may be subject from time to time; and other risk factors as discussed in the Company’s annual report on Form 10-K for the year ended December 31, 2014 and in subsequent filings made by the Company from time to time with the Securities and Exchange Commission (the “SEC”), which can be obtained via the SEC’s Edgar website or by contacting the Company or the SEC. Forward-looking statements in this presentation are made the date hereof, and, unless required by law, the Company disclaims any duty to supplement, update or revise such statements, whether as a result of subsequent developments, changed expectations or otherwise. The Company regularly posts important information to the investors section of its website.

About InfuSystem® (NYSE MKT: INFU)



InfuSystem provides infusion pumps and related products and services for patients in the home, oncology clinics, ambulatory surgery centers, and other health care sites.

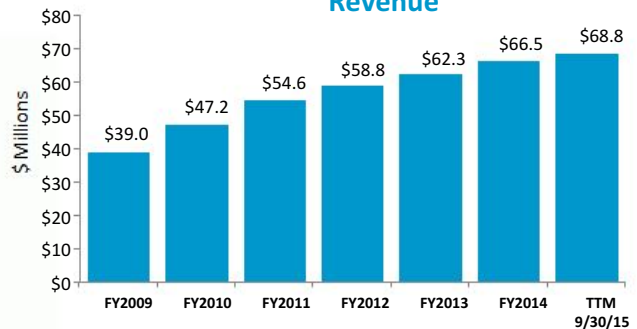
- **Improving access to quality medical equipment required by clinicians**
- **Delivering products and processes that drive down the cost of infusion care**
- **Promoting patient care and safety, optimizing clinical outcomes**

Investment Highlights

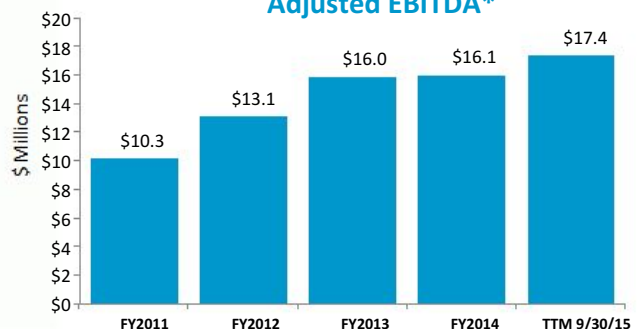
- **InfuSystem is a dominant provider in the at-home oncology infusion pump market**
 - 30%+ market share
- **Business generates substantial annual cash flow**
 - \$16.1 M AEBITDA in 2014
 - \$8.5 M of Free Cash Flow*
- **Substantial barriers to entry for potential new market entrants**
 - Pump fleet / Insurance contracts / EMR
- **12 of the last 13 quarters have been profitable**
 - New management team took over 3 years ago
- **Strong gross margins, consistently above 70%**
- **Industry leading EMR connectivity to hospitals and clinics**
- **Significantly Reduced Cost of Capital**

*See appendix for Reg G tables. Free Cash Flow = "Adjusted EBITDA" less "Replacement Cost of Retired Pumps" less "Scheduled Debt Payments of Principal" less "Interest on Debt"

Revenue



Adjusted EBITDA*



2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M



InfuSystem: Leading Provider of Oncology Infusion Pumps

Core Business: Leading provider to Patients, Hospitals and Infusion Clinics in North America

- InfuSystem enables oncology patients the comforts of at-home treatment
- Permits hospitals and clinics access to INFU's large inventory without a capital equipment purchase, while improving patient outcomes and driving down healthcare costs.
- INFU generates consistent recurring rental revenue



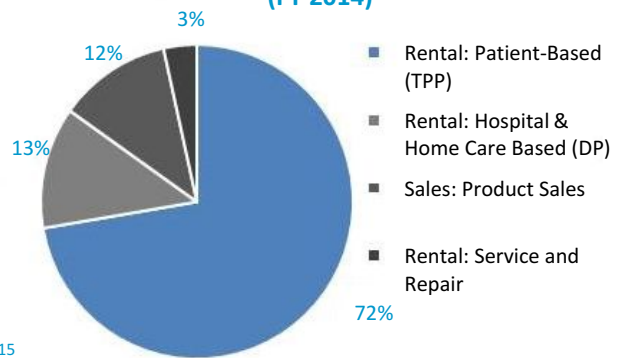
Key Differentiators / Competitive Advantages

- Largest inventory & fleet of infusion pumps: ~60,000*
- ~340 payor networks under contract*
- ~1,700 customer/facility count*
- World-class ISO service centers
- Significant barriers to entry for new participants

Growth Drivers

- Pain Management expansion and other cancers
- Innovative EMR connectivity "InfuConnect" with hospitals and clinics
- Expanded portfolio - infusion related disposable sales
- New infusion drugs

Four Revenue Streams to Drive Cash Flows (FY 2014)



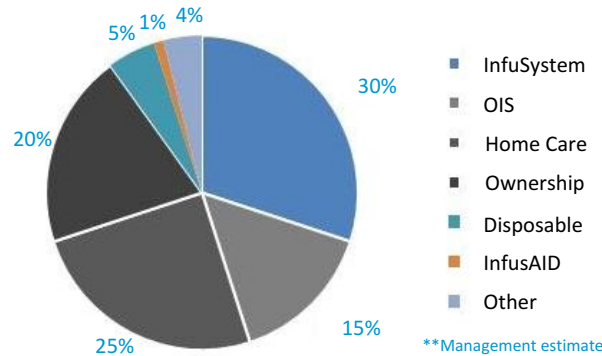
*As of September 30, 2015

Dominant Player in Our Niche

- InfuSystem pumps permit oncology patients to receive treatment in the comfort of their home.
 - 24/7 on-call oncology nurses
- InfuSystem is the market leader with more than ~1,700* customer/facility count - hospitals and oncology practice sites served in North America.
 - 13 of the 20 top leading cancer institutions
- Total home infusion market is \$10 billion.
 - Oncology market treatable via continuous infusion is estimated to exceed \$200 million annually.
- Cancer rates growing (NIH)
 - In 2015 1.7M new cases of cancer in U.S.
 - 39.6% of men & women will be diagnosed with cancer during their lifetimes
 - U.S. cancer care could reach \$156 billion in 2020
- At-home treatment substantially drives down healthcare costs as mandated by ACA.



Ambulatory Continuous Infusion Opportunity** (Oncology)



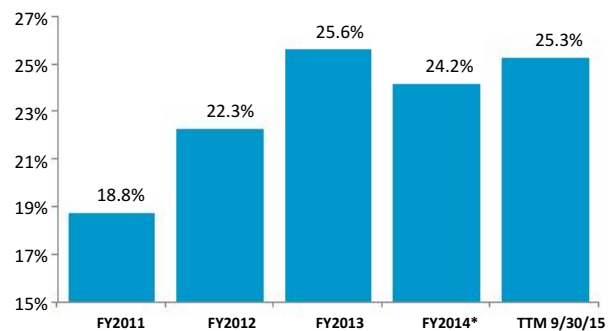
Management Executing On Value-Creation Strategy

New management team focused on “Value-Creation Strategy” through series of strategic initiatives

- ✓ Four unique business models to capture increasing share of market opportunity and benefit from changing payor mix
- ✓ Accretive acquisition to expand market share “Land Grab”
- ✓ Expanding into adjacent addressable markets to drive growth
- ✓ Investments into next generation systems and technologies to increase customer retention
- ✓ Improving product utilization to increase return on investment
- ✓ Effective cash utilization through decreased borrowing rates



Adjusted EBITDA Margins



2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

Value-Creation Strategy



FOUR REVENUE STREAMS DRIVING CASH FLOWS

Four Revenue Streams to Drive Cash Flows



Patient-Based Rental (TPP) 72% of 2014 Sales

- A hospital/clinic provides an INFU pump to a patient to be utilized for at-home therapy
- InfuSystem bills patients insurance company for payment



Hospital-Home Care Based Rental (Direct) 13% of 2014 Sales

- A hospital/clinic rents an INFU pump on a short term basis or clients choose to always rent
- INFU bills hospital/clinic a flat rental rate



Service & Repair 3% of 2014 Sales

- InfuSystem will service and repair pumps for OEMs, other secondary market infusion pump companies, and hospitals/clinics

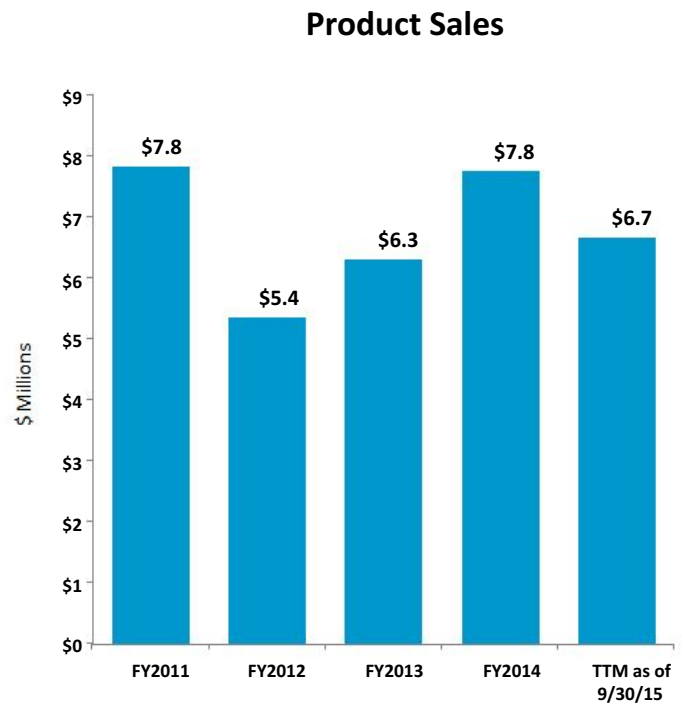
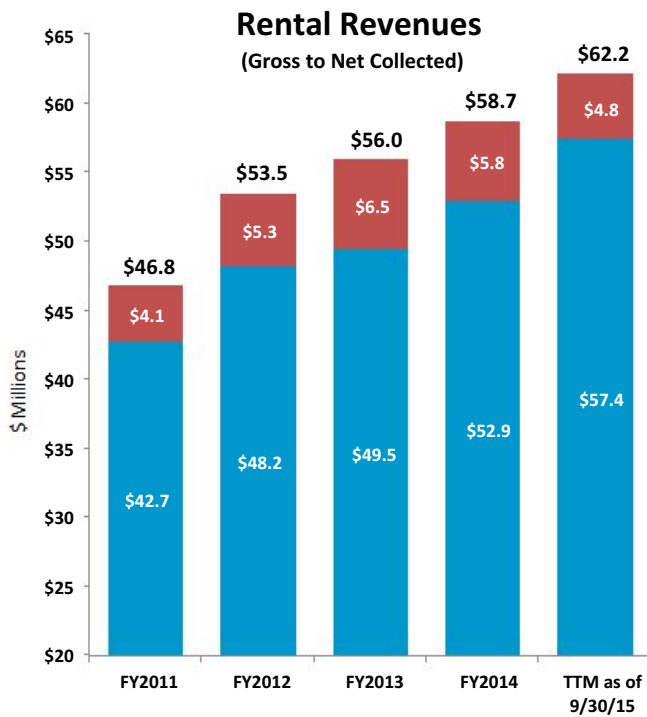


Product Sales 12% of 2014 Sales

- InfuSystem will refurbish pumps for sale to hospitals/clinics
- Customer has option to sell back pre-owned pumps
- Ability to sell new pumps
- Disposables for new and used pumps

Rental Revenue
88% of 2014 Sales

Revenue Growth - Rental and Sales



■ Net Collected Rental Revenue ■ Bad Debt

Net Collected Revenue

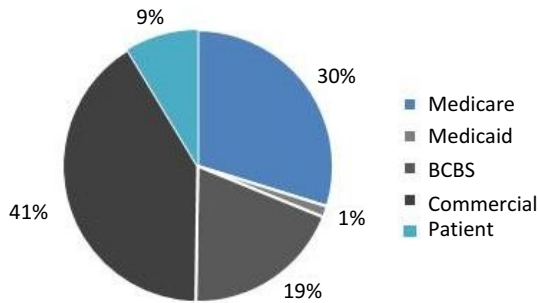
As new healthcare laws have been enacted, the focus on net collected revenue becomes increasingly important as a direct result of focus on contractual insurance changes

Company's increased focus on collecting patient billings

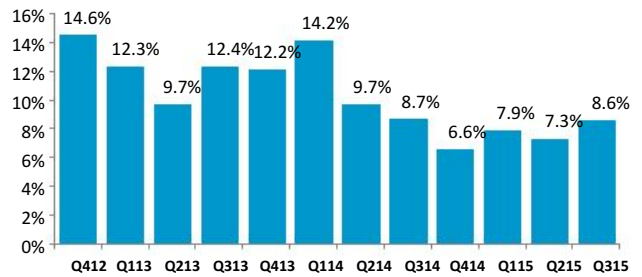
- In-Network agreements
- Improved billing protocol
- High diversification of providers and payors
- No single healthcare provider represents more than 7% of Patient-Based Revenue (TPP)



Patient-Based Rental Payor Mix (FY2014 Cash Collections)

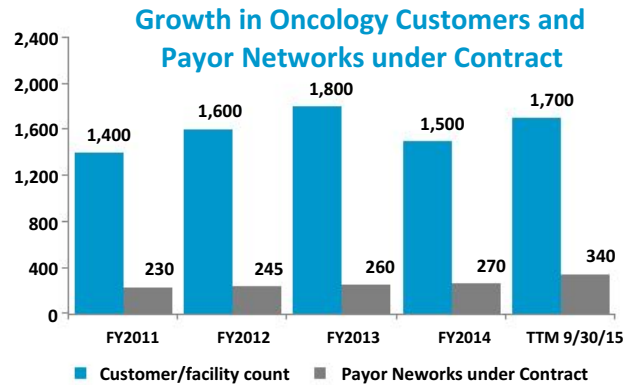


Bad Debt as a Percent of Rental Revenue



Strong Customer “Stickiness” Leads to High Revenue Predictability

- Strong value placed on hospital/clinic contracts and relationships due to strong “reorder/recurring” revenue component
- InfuSystem provides patient-based pump rentals through ~1,700* customer/facility count (clinics/hospitals) with ~340* payor networks under contract
 - Customer count has declined through market consolidation, with INFU on the winning side
- Oncology clinics/hospitals that account for 98.7% of patient-based pump rentals in 2013 also rented a pump in 2014
- Average customer tenure (weighted by number of pump rentals in 2014) is 9.2 years



Percent of Pump Rentals by Oncology Clinics that Reordered in 2014 vs 2013



Value-Creation Takeaway



STRATEGIC ACQUISITIONS TO STRENGTHEN MARKET SHARE IN CORE ONCOLOGY BUSINESS

Strategic Acquisition to Increase Market Share

InfuSystem has the largest inventory of home infusion pumps for the oncology market in the U.S.

- In April 2015, the company acquired Ciscura Holding Company, Inc., based in Alpharetta, Georgia
 - Acquired inventory of approximately 1,800 infusion pumps
 - Expand market share with additional 106 new infusion clinics relationships for Infusystem primarily throughout the Southeast
 - Offer InfuConnect (EMR) solutions and product portfolio: pole mounted infusion pumps and disposables, catheter care kits and chemo safety products (USP 800)
 - Open new Southeast Service Center
 - Enables same day service for equipment and supplies to much of the Southeast region



“The right pump, the right place, and the right time. Working and patient ready.”

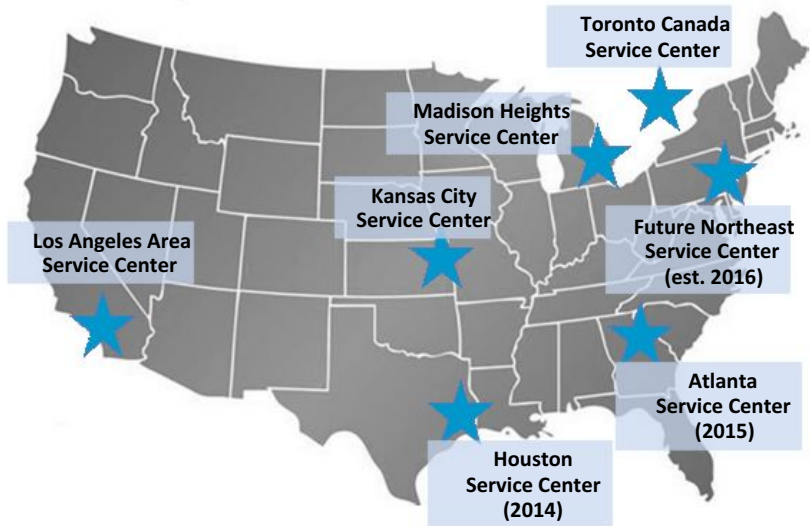
InfuSystem
INFUSION MADE EASY

CISCURA
Infusion Services

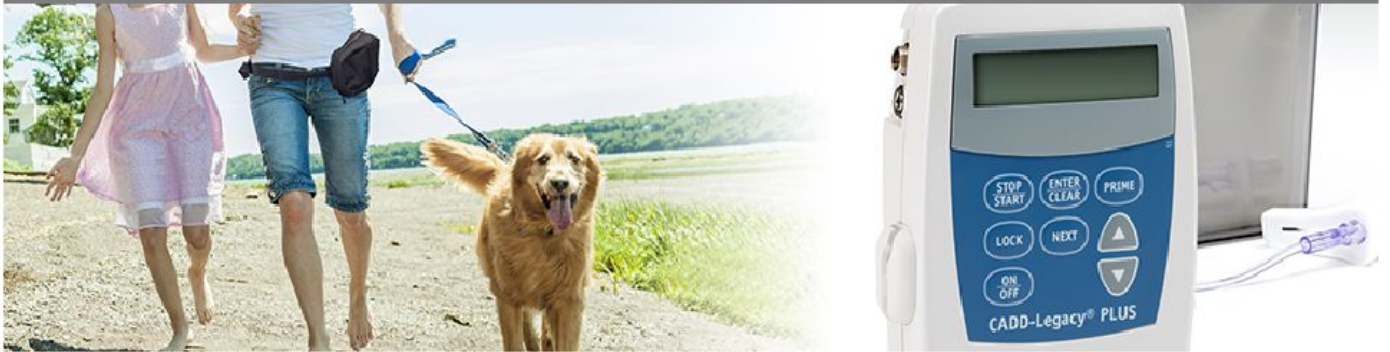
Faster Turnaround Times and Improved Utilization

InfuSystem Service Centers

- Reduced cost of air shipments
- Improved utilization of pump fleet
- Increased market share of “Same-Day” rental market
- ISO 9001 Certification and CHAP accredited quality
- Annual pump recertification
- Maintenance & Warranty
- Ability to service smart pumps
- Hub and Spoke Model



Value-Creation Takeaway



EXPANDING INTO ADJACENT
ADDRESSABLE MARKETS TO
DRIVE GROWTH

Expansion into At-Home Pain Management Infusion Pump Market

Pain relieving effects of a peripheral nerve block can be extended by using a continuous peripheral nerve block catheter, local anesthetic & an electronic infusion pump

- Growing therapy in an estimated \$700 million market
- 5.7 million orthopedic surgeries annually
 - 50% are projected to be Continuous Peripheral Nerve Block Candidates
- Pain most common reason Americans access the health care system
 - Leading cause of disability
 - Major contributor to health care costs.
- Per National Center for Health Statistics (2006), approximately 76.2 million, 1 in every 4 Americans suffered from pain that last longer than 24 hours



Value-Creation Takeaway



INVESTMENTS INTO NEXT GENERATION SYSTEMS AND TECHNOLOGIES TO INCREASE CUSTOMER RETENTION

InfuConnect: Enhancing Customer Retention and Future Growth Driver (EMR)



EMR Integration – Simple as 1-2-3

- Industry-Leading True- Paperless Solution
- More accurate / More efficient
- Smart Data Listener & Extractor
- Save up to 20 minutes per patient
- Clinics can do more with the time they have

Ambulatory Infusion Made Easy

- On Any Device, Auto loaded
- Fastest Implementation
- Manage Patients
- Monitor Inventory
- Sign Orders
- Order Supplies
- Patient Education and more...



InfuConnect: Life Cycle Management



Fleet Management Made Easy

- Order Additional Pumps
- Schedule Service & Repair
- Access Recertification Docs
- Online, Anytime



State of the Art Asset Tracking and Management

- Track Assets in Real Time
- Improve Recovery Rates
- Extend Asset Life
- Track From Any Device



Pain Management and Reporting



Patients

[Add New Patient](#)

15 records per page High Pain Medium Pain Show Inactive

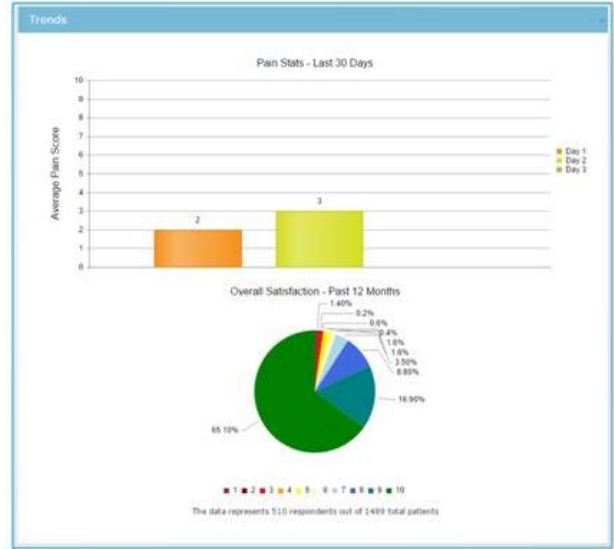
Low Pain Not Started Assessment

Last Name	First Name	MI	Procedure Date	Phone	Current Pain Score
Bob			05/14/2015		
Eric			05/14/2015		
Shay			05/14/2015		
Walter			05/14/2015		
Eric			05/14/2015		
Tom			05/14/2015		
Eric			05/14/2015		
Thomas			05/14/2015		
Jeffrey			05/14/2015		
Carl			05/14/2015		

Showing 1 to 10 of 19 entries Previous Next

Real-Time Pain Score Reporting

- Supporting High Patient Satisfaction
- Online, Anytime

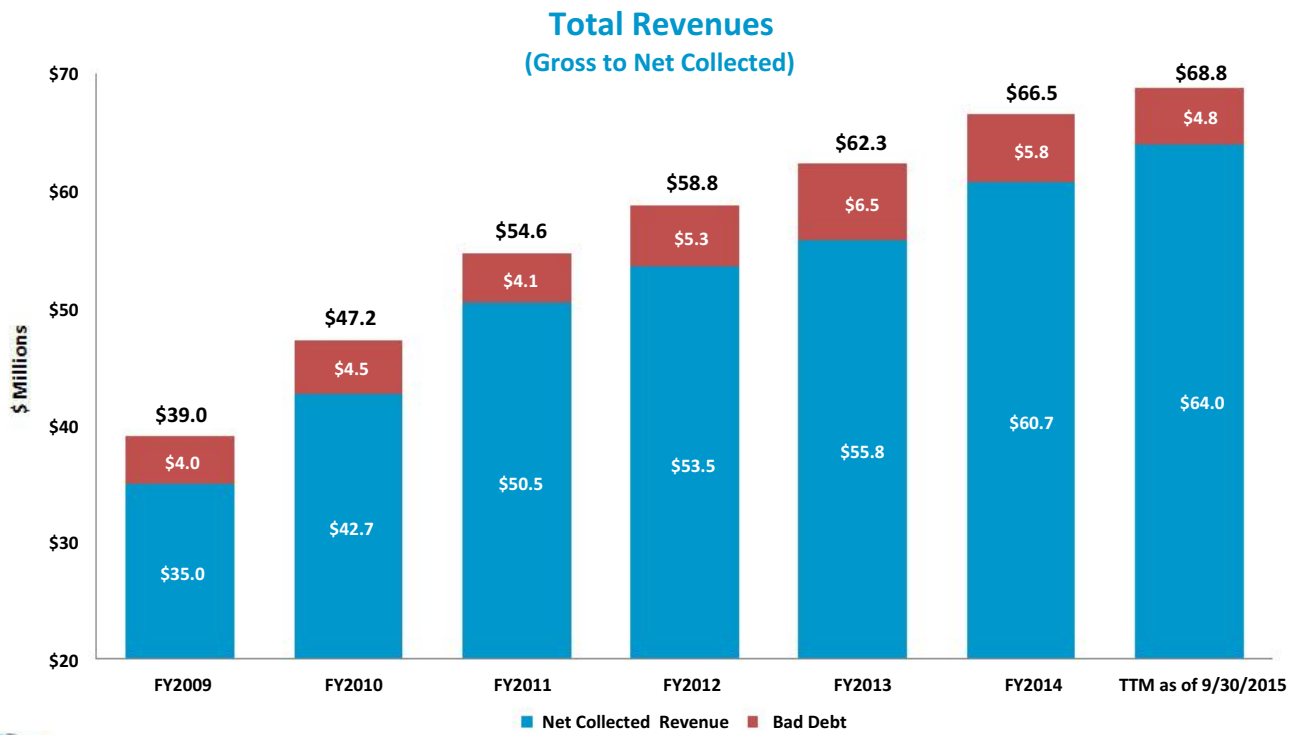


Value-Creation Takeaway



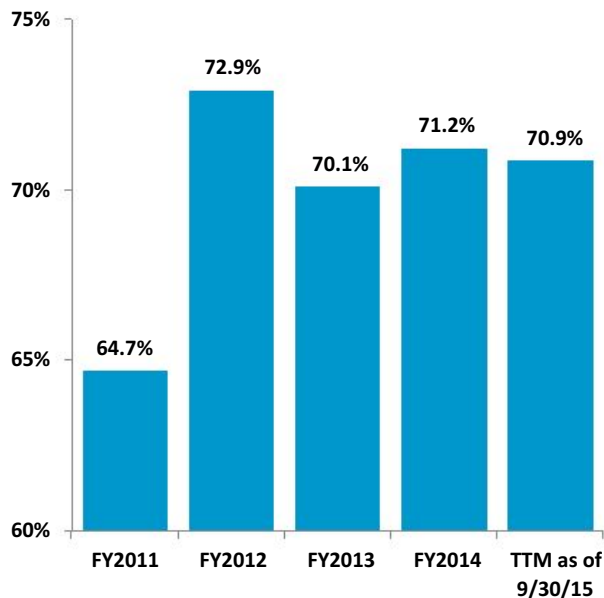
FINANCIAL OVERVIEW

Total Revenue: Total vs Net Collected



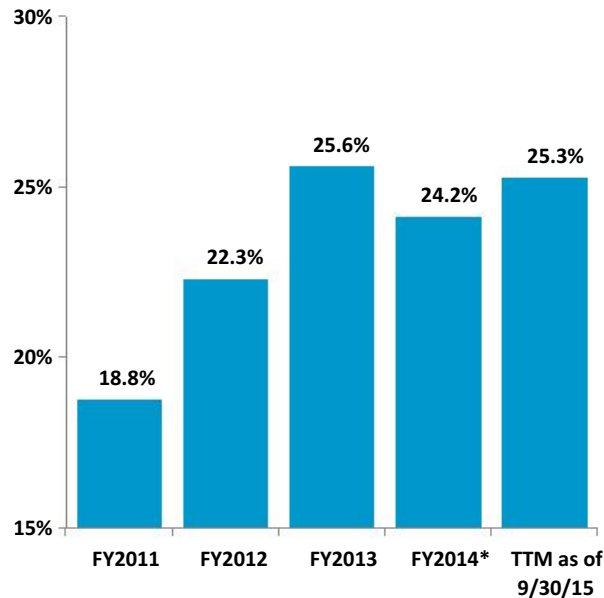
Strong Gross and Adjusted EBITDA Margins

Gross Margins



Adjusted EBITDA Margins

See Appendix for RegG Reconciliation

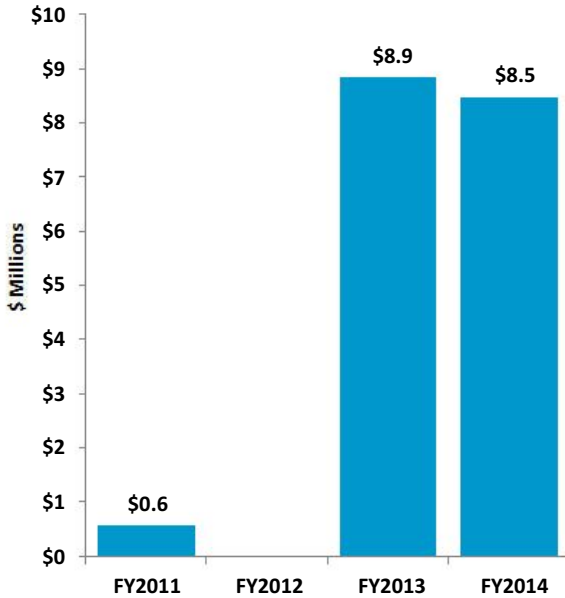


*2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

Free Cash Flow and Adjusted EBITDA

Free Cash Flow*

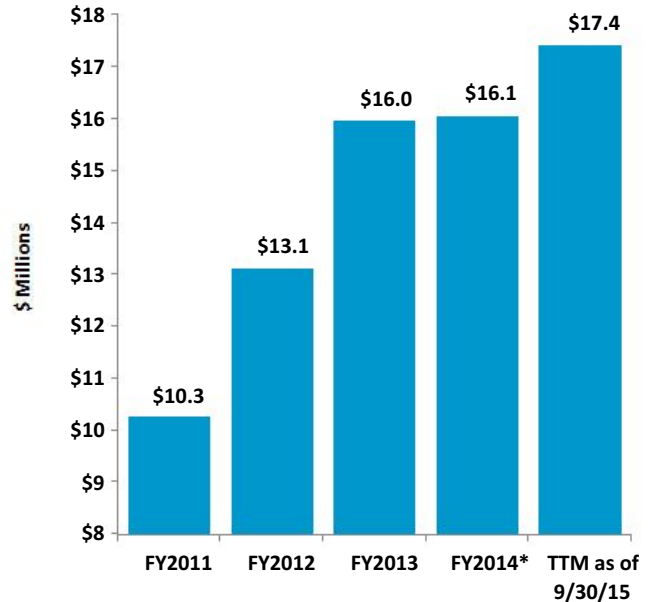
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*Free Cash Flow = "Adjusted EBITDA" less "Replacement Cost of Retired Pumps" less "Scheduled Debt Payments of Principal" less "Interest on Debt"

Adjusted EBITDA

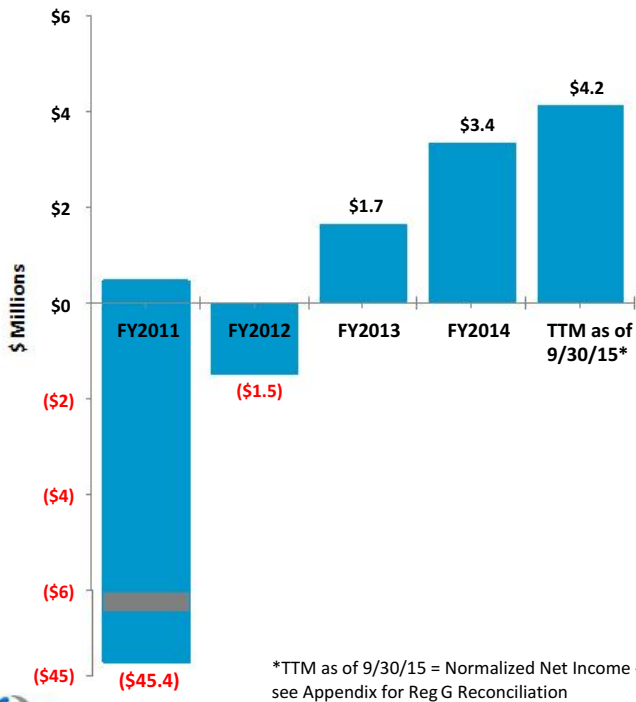
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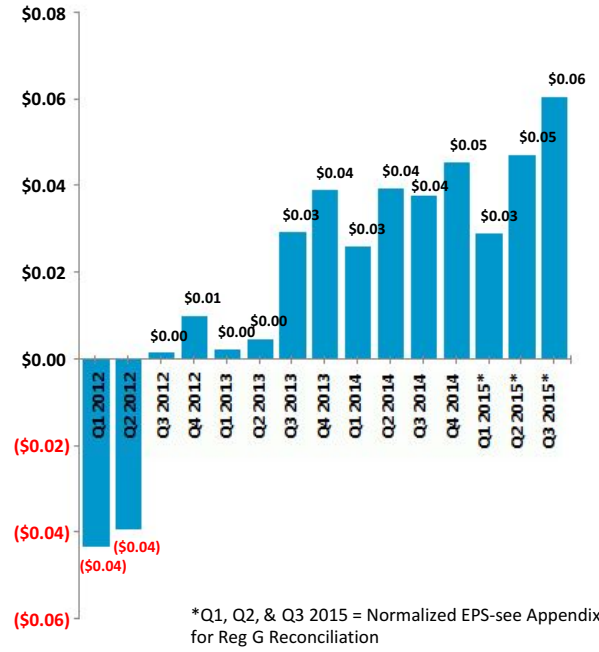
*2014 does NOT add-back the following charges: G&A expense on IT and Pain Management initiatives of \$0.7M, a write-off of pumps \$0.4M, severance of \$0.2M

Net Income and Diluted EPS

Net Income



Earnings Per Share Fully Diluted Basis



Increased Borrowing Facility to Expand Future Pump Inventory

- History of strong Free Cash Flows providing added borrowing capacity to expand growth of pump inventory
- Reduced cost of capital on new credit facility allows for increased Return on Invested Capital
 - Current rate of less than 3.0% vs 18% in 2012, 9.5% in 2013, 7.75% in 2014
 - New facility signed with Chase in March 2015



*Cash and Equivalents + Undrawn Revolver

New \$45 Million Credit Facility

\$45 million credit facility signed with JPMorgan Chase in March 2015

- Term is five years
- \$10 million revolver – undrawn at close
- \$27 million Term Loan A – fully drawn at close
- \$8 million Term Loan B – undrawn at close
 - Expansion capital (including acquisition of Ciscura)
 - InfuSystem has borrowed on this loan to fund the acquisition of Ciscura and associated integration costs



Interest rate drops from 7.75% to 3.0%

- \$1 million in cash interest savings potential
 - Interest expense in Q3 2015 of \$338k down from Q3 2014 of \$752k and YTD 2015 interest expense of \$1.4m down from YTD 2014 of \$2.4m

Repayment

- Term Loan A is repaid \$965K quarterly
- Term Loan B is repaid quarterly as a percent of the drawn ranging from 3.75% to 4.475%

Favorable covenants and terms

- Leverage ratio maximum increased from 2.0x to 3.0x (decreases over the term)
- Fixed charge ratio minimum decreased from 1.75x to 1.25x

Significant Barriers to Entry

Established, long standing relationship with oncology practices

- ~1,700 Customer/Facility count*
- Growing Third Party Payor contracts
 - ~340 Payor networks under contract*
- 98.7% retention of customer business

Large fleet of ambulatory infusion pumps – ~60,000 pumps

- Generate revenue - Rental or sale
- Quicker response time - 24/7
- Replacement value ~ \$90 million

Geographic coverage U.S. and Canada

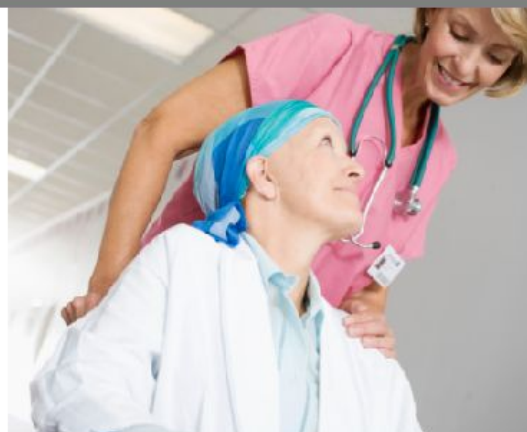
- 5 Regional Service Centers – ISO 9001
- Same day or next day delivery of pumps
- Pump repair and service capabilities

Economies of Scale

- EMR Connectivity
- Predictable reimbursements
- Purchasing power
- Management of pump fleet

National presence with Affordable Care Organizations (ACOs)

- Physicians, Outpatient oncology practices, hospitals, outpatient surgery centers, homecare practices, patient rehabilitation centers



Why Invest in InfuSystem?

Leading Operator in Core Business – Oncology Infusion

- Dominate player in oncology infusion market
- Large fleet of ambulatory pumps for Rental or Sale
- Expanding Market Share
- Aging Population and Cancer Growth

Solid Financial Performance

- Strong Cash Flows and Solid Gross Margin Profile
- Solid Growth in Net Collected Rental Revenue
- Improving Net Income
- Significantly Reduced Cost of Capital
- 2015 Guidance - Double Digit Growth in Net Collected Revenue



Growth Drivers - Pain Management and InfuConnect (EMR) Solutions

- Peripheral Nerve Block and Smart Pump Growth
- True paperless: improved work flow and billing efficiencies

New Management with Highly Focused Initiatives to Drive Value

- Increase EMR connectivity “InfuConnect” / Expand into new markets / Reduced cost of capital / Expand into new therapies, products and services

Gregg O. Lehman, Ph.D. Appointed Chairman of the Board

- Elected by the board of directors in May 2015



Questions?



IR Contact Info:

Joe Dorame, Managing Partner
Lytham Partners, LLC
602-889-9700
dorame@lythampartners.com

InfuSystem—Infusion Made Easy



APPENDIX

Company Snapshot

InfuSystem Holdings, Inc.

- Headquarters: Madison Heights, MI
- Founded: 1998
- Specialization: Healthcare / Medical Instruments & Supplies
- Management: Eric Steen, President & CEO / Jon Foster, CFO / Jan Skonieczny, COO / Mike McReynolds, CIO / Sean Schembri, EVP GC
- Est. Number of Employees: 200
- LTM Revenue: \$68.8M
- LTM AEBITDA: \$17.4M
- *EV / LTM AEBITDA: 5.69x

Commentary

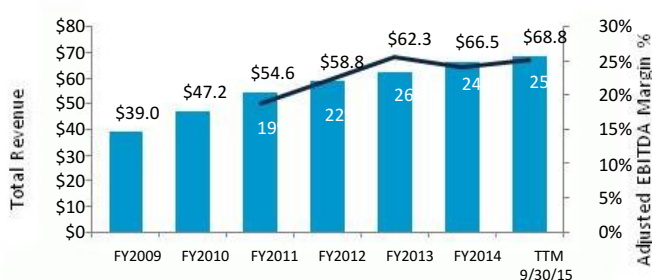
- InfuSystem provides infusion pumps and related products and services for patients in:
 - Patient's home,
 - Oncology clinics
 - Ambulatory surgery centers
 - Other health care sites
- 6 Regional Service Centers serves all of North America
- Profitable growth
 - Oncology and orthopedic surgery
 - Increased electronic connectivity
 - New products and services
 - Strategic geographic expansion

Summary Trading Statistics*

- Stock Price: \$2.88
- Enterprise Value: \$99.1M
- 52-Wk Range: \$2.22-\$3.42
- EV / LTM AEBITDA: 5.69x
- Market Cap: \$64.8M
- P / LTM Adj. Earnings: 15.1x



Financial Summary (\$ in millions)



*As of 1/26/16



InfuSystem Niche – Extension of Clinic to Home

Ambulatory Home Infusion

- 25-year old business model in DME billing
- At home, at work, at play, all while receiving the drug
- High satisfaction scores
- 24/7 on-call oncology nurses
- Proven outcomes with continuous home infusion
- Oncology, Post Surgical Pain, Special Disease States

Patient-Based Rental TPP Payor Contracts

- Bills patient insurance
- 300+ Payor Networks under Contract (Commercial and Government)
- Commercial Payors reimburse more therapies than CMS
- Awarded contracts in all 9 MSAs (1 of 4 National Vendors)
- Average Round 1 Recompete cuts of ~21% for our category, per CMS (\$250,000 per yr beginning in January 2014, see CMS Competitive Bidding Summary slide in Appendix)

Hospital-Home Care Based Direct Payor Business Model

- InfuSystem's Hospital-Home Care Based (DP) business is focused primarily on the sale, rental, financing and accompanying service of movable medical equipment to hospitals and alternate care sites who pay InfuSystem directly – no third-party reimbursement
- Founded in 1998 and currently headquartered in Lenexa, KS
- InfuSystem services – ISO 9001 - and repairs movable medical equipment
- Leading provider to alternate site healthcare facilities and hospitals in the United States and Canada
 - Home infusion providers, long-term care, physician clinics, research facilities, etc.
- Transacts directly with healthcare providers – no third-party reimbursement revenue

Products



InfuSystem sells, rents and finances a wide variety of new and used large volume and ambulatory pumps

- Infusion pumps
- Syringe pumps
- Enteral pumps
- Ambulatory pumps

Service & Repair



InfuSystem services and repairs both its own fleet of pumps and many types of other movable medical

- Large volume pumps
- Ambulatory pumps
- Fluid collection
- Medical equipment

Hospital-Home Care Based Direct Payor Offerings

Leading Provider of New and Pre-Owned Pumps

- InfuSystem offers new pumps from top brands
- Broker-dealer trading desk
- In addition, over 70 models and versions of pre-owned pumps are offered
- Pre-owned pumps are re-built and certified by in-house biomedical technicians to be patient ready
- Warranty offered on pre-owned pumps
- A variety of financing options to fit customers' operating, budgeting and financing parameters
- Nationwide, industry-leading ISO 9001 service programs
- Launching 7th location - Northeast service center

Pre-Owned & New Pumps from Top Manufacturers



Full Spectrum of Ownership Options for Customers

Rental	Sales	Asset Management
<ul style="list-style-type: none"> • Renting new or pre-owned equipment • Rent pumps by the day, week or month to match swings in patient count • Free shipping on all rentals 	<ul style="list-style-type: none"> • Industry leader in sales of pre-owned equipment, creating significant savings • Competitive pricing on new equipment • Option to sell back pre-owned pumps • Leasing plans offered 	<ul style="list-style-type: none"> • ISO 9001 Service offered • Service plans offered • Local service expansion <ul style="list-style-type: none"> • 6 existing; 1 planned • Coordinate with Patient-Based • Loaner pumps available

Medical Equipment Service & Repair

- In addition to supporting and repairing InfuSystem's in-house fleet, the Company certifies, recalibrates, repairs and services a variety of infusion pumps
- Pumps require scheduled maintenance and calibration in accordance with manufacturer's specifications and regulatory guidelines
- Service and repair capabilities on high demand services reaching end of life that are no longer supported by manufacturers
- ISO certification and an established quality system strengthens relationships with major customers
- Provides InfuSystem an opportunity to establish a business relationship with customers that acquired pumps through other sources
- Continuing and increased need for compliance with current as well as anticipated regulations



- 28 highly qualified service technicians
- 5 major manufacturer relationships:



- 6 service centers, located in Michigan, Kansas, California, Texas, Georgia and Toronto, Canada

Competitive Bidding Overview

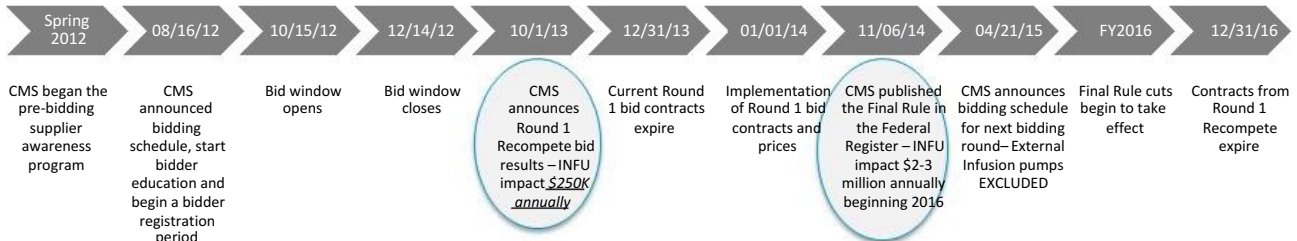
Competitive Bidding Overview

- InfuSystem was not involved in Round 1 nor Round 2 of Competitive Bidding
- CMS completed a Recompete of Round 1 competitive bidding in late 2013 which covered 9 Metropolitan Statistical Areas (MSAs) and with the results taking effect January 1, 2014
- CMS published a Final Rule in the Federal Register on November 6, 2014 that describes the methodology for reimbursement cuts for items/services provided to patients outside of MSAs subject to competitive bidding
 - The Company estimates this Rule will impact revenues by \$2-3 million annually beginning in 2016

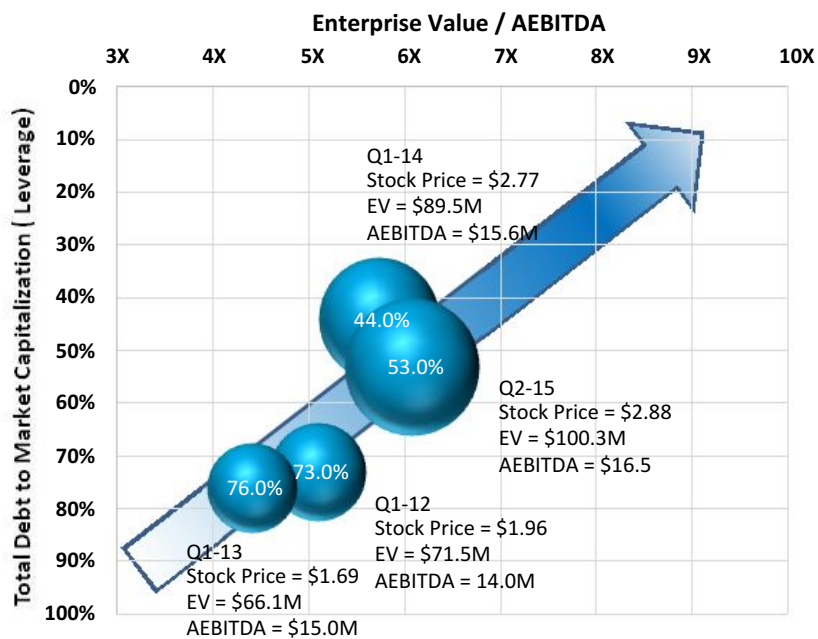
InfuSystem's Response to Competitive Bidding

- InfuSystem has actively prepared the Company for potential regulatory changes and reimbursement changes
- During the 2013 Round 1 Recompete, InfuSystem was awarded contracts in ALL of the 9 MSAs with average cuts of ~21% for our category (per CMS).
 - 1 of only 4 National Vendors to receive contracts in all 9 markets in our category
- InfuSystem has pursued contract negotiations with commercial payors and has been successful in receiving positive rate adjustments which will help offset any CMS cuts
- *"Competitive environment will vary in accordance with the level of cuts by CMS"*

CMS Competitive Bidding Timetable



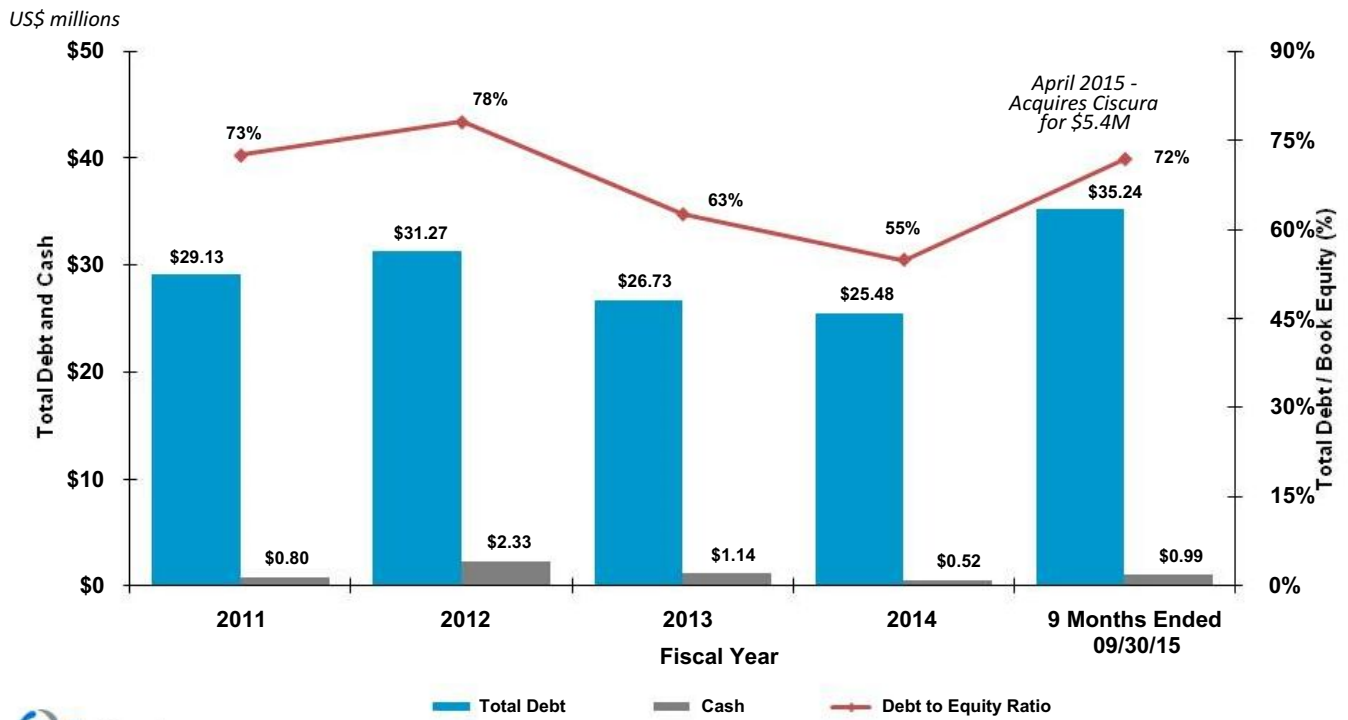
Impact of Debt & Leverage on Valuation Multiple



- Management's strategy is to increase enterprise value (EV) and lower leverage via a combination of profitable growth and repayment of debt
- Management believes high historic leverage have depressed INFU valuation multiples due to market-perceived risk of debt overhang
- Favorable reaction to increase in AEBITDA and decreasing leverage can already be seen by movement along trend line
- Note that Q2-15 shows full debt impact of Ciscura acquisition but only one+ month of contribution.

Source: Stock price Yahoo on closest date to quarter close. AEBITDA is TTM.
Size of bubble represents EV

Leverage: Total Debt to Book Equity



Non-GAAP Reconciliation: Annual Net Income to Adjusted EBITDA

<i>Unaudited, in US\$ thousands</i>	FY2011	FY2012	FY2013	FY2014
Net Income	(45,443)	(1,489)	1,669	3,356
plus Interest	2,193	3,340	3,497	3,134
plus Tax	(23,134)	(663)	1,031	2,853
plus Depreciation	6,386	5,668	5,415	3,626
plus Amortization	2,662	2,734	2,618	2,516
EBITDA	(57,336)	9,590	14,230	15,485
plus Impairment Charges	67,592			-
plus Loss (Gain) on Derivatives				-
plus Concerned Shareholders		2,220		-
plus Extinguishment of Debt		671		-
plus Stock Based Compensation			1,120	576
plus Strategic Alternatives & Transition		645	604	-
Adjusted EBITDA	10,256	13,126	15,954	16,061

Non-GAAP Reconciliation: TTM Net Income to Adjusted EBITDA by Quarter

<i>Unaudited, in US\$ thousands</i>	4Q 2014	1Q 2015	2Q 2015	3Q 2015	Trailing 12 Months
Net Income	1,036	(415)	783	1,369	2,773
plus Interest Expense	779	672	387	338	2,176
plus Income Tax Expense	946	(285)	147	957	1,765
plus Depreciation	1,031	1,103	1,229	1,414	4,777
plus Amortization	640	631	713	756	2,740
EBITDA	4,432	1,706	3,259	4,834	14,231
plus Impairment Charges					
plus Loss (Gain) on Derivatives					
plus Concerned Shareholders					
plus Extinguishment of Debt		1,599	-	-	1,599
plus Stock Based Compensation	159	287	330	179	955
plus Strategic Alternatives & Transition		255	351	22	628
Adjusted EBITDA	4,591	3,847	3,940	5,035	17,413

Non-GAAP Reconciliation: Annual Net Income to Free Cash Flow*

<i>Unaudited, in US\$ thousands</i>	FY2011	FY2012	FY2013	FY2014
Net Income	(45,443)	(1,489)	1,669	3,356
plus Interest	2,193	3,340	3,497	3,134
plus Tax	(23,134)	(663)	1,031	2,853
plus Depreciation	6,386	5,668	5,415	3,626
plus Amortization	2,662	2,734	2,618	2,516
EBITDA	(57,336)	9,590	14,230	15,485
plus Impairment Charges	67,592			-
plus Loss (Gain) on Derivatives				-
plus Concerned Shareholders		2,220		-
plus Extinguishment of Debt		671		-
plus Stock Based Compensation			1,120	576
plus Strategic Alternatives & Transition		645	604	-
Adjusted EBITDA	10,256	13,126	15,954	16,061
less Replacement Cost of Retired Pumps**	(1,803)	(512)	(447)	(1,055)
less Scheduled Debt Payments of Principal	(5,953)	(9,631)	(3,771)	(3,860)
less Interest on Debt	(1,934)	(3,112)	(2,881)	(2,662)
Free Cash Flow	566	(129)	8,855	8,484

**It is important to note that in looking at our cash flow statement that replacement pump purchases are often done in large lots which result in wide variances in free cash flow quarter to quarter. For this reason, we focus on annual free cash flow.*

*** Management estimate based on pumps retired and an assumed average replacement cost per period.*

Non-GAAP Reconciliation: TTM Operating Income to Normalized Net Income and EPS by Quarter

<i>Unaudited, in US\$ thousands except per share values</i>	4Q 2014	1Q 2015	2Q 2015	3Q 2015	Trailing 12 Months
Operating Income	\$2,774	\$1,552	\$1,317	\$2,711	\$8,354
Adjustments:					
Integration Costs—Ciscura	0	255	351	22	628
Interest Expense	(779)	(672)	(387)	(338)	(2,176)
Other income	(13)	(19)	0	(47)	(79)
Income before income taxes— adjusted	\$1,982	\$1,116	\$1,281	\$2,348	\$6,727
Other income	946	454	205	963	2,568
NORMALIZED NET INCOME	\$1,036	\$662	\$1,076	\$1,385	\$4,159
Normalized Net income per share:					
Basic	\$0.05	\$0.03	\$0.05	\$0.06	\$0.19
Diluted	\$0.05	\$0.03	\$0.05	\$0.06	\$0.19
Weighted average shares outstanding:					
Basic	22,291	22,309	22,381	22,449	22,358
Diluted	22,825	22,309	22,825	22,838	22,699

Detailed Historical P&L

(000's)	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
Net revenues:						
Rentals	\$ 38,606	\$ 43,384	\$ 46,795	\$ 53,471	\$ 55,962	\$ 58,718
Product sales	358	3,845	7,842	5,357	6,318	7,769
Net revenues:	38,964	47,229	54,637	58,828	62,280	66,487
Cost of Revenues:						
Product, service and supply costs	6,200	7,730	9,128	9,165	11,274	12,165
Pump depreciation and loss on disposal	4,127	5,954	10,154	6,752	7,327	6,968
Gross Profit	28,637	33,545	35,355	42,911	43,679	47,354
Provision for doubtful accounts	4,006	4,515	4,099	5,251	6,534	5,774
Amortization of intangibles	1,827	2,259	2,662	2,734	2,618	2,516
Asset impairment charges	0	0	67,592	0	0	0
Selling and marketing	5,258	7,087	9,371	9,864	9,658	9,745
General and administrative	12,218	20,622	17,987	23,062	18,973	19,988
Operating income profit/(loss)	5,328	(938)	(66,356)	2,000	5,896	9,331
Total other gain/(loss)	(3,577)	(2,285)	(2,221)	(4,152)	(3,196)	(3,121)
Profit/(loss) before income taxes	1,751	(3,223)	(68,577)	(2,152)	2,700	6,210
Income tax benefit/(expense)	(977)	1,371	23,134	663	(1,031)	(2,853)
Net income/(loss)	\$ 774	\$ (1,852)	\$ (45,443)	\$ (1,489)	\$ 1,669	\$ 3,357
EBITDA	\$ 11,199	\$ 7,745	\$ (57,336)	\$ 9,590	\$ 14,230	\$ 15,486
EBITDA (ex. Impairment charges)	\$ 11,199	\$ 7,745	\$ 10,256	\$ 9,590	\$ 14,230	\$ 15,486
Adjusted EBITDA	N/A	N/A	\$ 10,256	\$ 13,126	\$ 15,954	\$ 16,062

Detailed Historical Balance Sheet

(000's)	12/31/09	12/31/10	12/31/11	12/31/12	12/31/13	12/31/14
ASSETS						
Current Assets:						
Cash and cash equivalents	\$ 7,750	\$ 5,014	\$ 799	\$ 2,326	\$ 1,138	\$ 515
Accounts receivable - total, net of allowance	5,517	6,679	7,448	8,511	10,697	10,300
Inventory	925	1,699	1,309	1,339	1,234	1,758
Prepaid expenses and other current assets	395	750	934	684	518	633
Deferred income taxes	125	1,147	682	1,971	2,296	2,252
Total Current Assets	14,712	15,289	11,172	14,831	15,883	15,458
Total PP&E and Medical Equipment	13,499	16,672	17,672	16,564	18,974	24,520
Deferred debt issuance costs, net	781	658	421	2,362	1,817	1,194
Total Goodwill and Intangible assets, net	85,491	97,344	28,221	25,541	24,182	25,073
Deferred income taxes	0	0	18,187	17,806	16,300	13,756
Other assets	207	401	590	419	217	212
Total Assets	\$ 114,690	\$ 130,364	\$ 76,263	\$ 77,523	\$ 77,373	\$ 80,213
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current Liabilities:						
Accounts payable - total	\$ 1,306	\$ 2,016	\$ 4,063	\$ 2,144	\$ 4,736	\$ 5,215
Accrued expenses and other	1,573	4,631	2,235	4,098	3,187	3,062
Derivative liabilities	2,670	183	258	0	0	0
Current portion of long-term debt	5,501	5,551	6,576	3,953	5,118	6,452
Total Current Liabilities	11,050	12,381	13,132	10,195	13,041	14,729
Long-term debt, net of current portion	18,640	26,646	22,551	27,315	21,609	19,032
Deferred income taxes	3,314	5,788	0	0	0	0
Other liabilities	221	406	415	0	0	0
Total Liabilities	\$ 33,225	\$ 45,221	\$ 36,098	\$ 37,510	\$ 34,650	\$ 33,761
Total Stockholders' Equity	\$ 81,465	\$ 85,143	\$ 40,165	\$ 40,013	\$ 42,723	\$ 46,452
Total Liabilities and Equity	\$ 114,690	\$ 130,364	\$ 76,263	\$ 77,523	\$ 77,373	\$ 80,213
Total Debt	\$ 24,141	\$ 32,197	\$ 29,127	\$ 31,268	\$ 26,727	\$ 25,484
Net Debt	\$ 16,391	\$ 27,183	\$ 28,328	\$ 28,942	\$ 25,589	\$ 24,969