



Investor Presentation

January 12, 2015

- This presentation may contain forward-looking statements as defined by the Private Securities Litigation Reform Act of 1995.
- These statements present management's expectations, beliefs, plans and objectives regarding future financial performance, and assumptions or judgments concerning such performance. Any discussions contained in this presentation, except to the extent that they contain historical facts, are forward-looking and accordingly involve estimates, assumptions, judgments and uncertainties. There are a number of factors that could cause actual results or outcomes to differ materially from those addressed in the forward-looking statements. Such factors are detailed in the Company's Annual Report on [Form 10-K](#) filed each fiscal year with the Securities and Exchange Commission.

Key Facts

- Leading direct-to-consumer provider of medical supplies
 - Targeting high growth, chronic condition verticals of Urology, Ostomy, Mastectomy, and Diabetes
 - Servicing over 43,000 active chronic disease patients
 - Focusing on supplies not subject to competitive bidding
- Founded in 1999 by current management members; extensive track record forming medical supply companies going back to 1980s
- Headquartered in Stuart, FL and supported by state-of-the-art and scalable infrastructure
 - 40,000 sqft headquarters (incl. 19,000 sqft warehouse) and 30,000 sqft call center in nearby location
 - 330 employees (incl. 125 patient care representatives)
- Revenues of \$74.6 million in FY2014, generating \$13.4 million in adjusted EBITDA
- Market capitalization: ~\$155 million; ticker: LBMH (NYSE-MKT)

Target Markets

Urological

(75.7% of TTM Revenue)⁽¹⁾



Disposable catheters, external catheters, urine collection devices, related accessories

Ostomy

(19.5% of TTM Revenue)⁽¹⁾



Ostomy, ileostomy, and urostomy collection supplies

Mastectomy

(4.4% of TTM Revenue)⁽¹⁾



Prosthetic and special bras, mastectomy sleep and swimwear

Diabetes

(0.4% of TTM Revenue)⁽¹⁾



Diabetes testing supplies including glucose meters, glucose test strips, control solution and lancets

Estimated Market

\$4.4B

\$400M

\$1.1B

\$17B

Diagnosed Population

N/A


~0.6M

~3.2M


~25.8M
(7M undiagnosed)

Liberator is #1 Supplier in highly fragmented markets of
Urology (17.6%) and Mastectomy (5.4%) Products


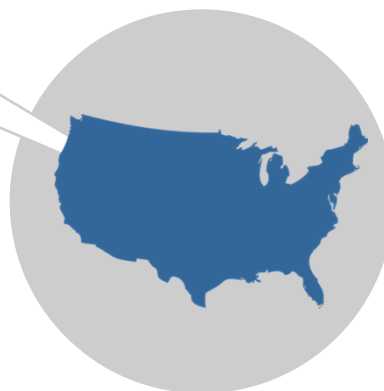
Compelling Industry Dynamics




Number of DME companies with Medicare billings less than \$300,000 is declining




National expenditures in DME market will increase 56%



140% increase in dollars spent on healthcare



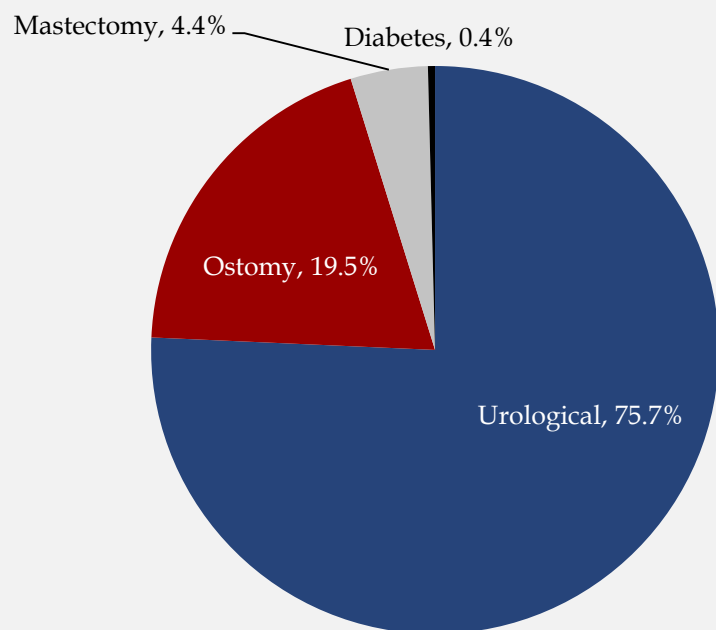
Number of Americans over 65 will increase by 32%



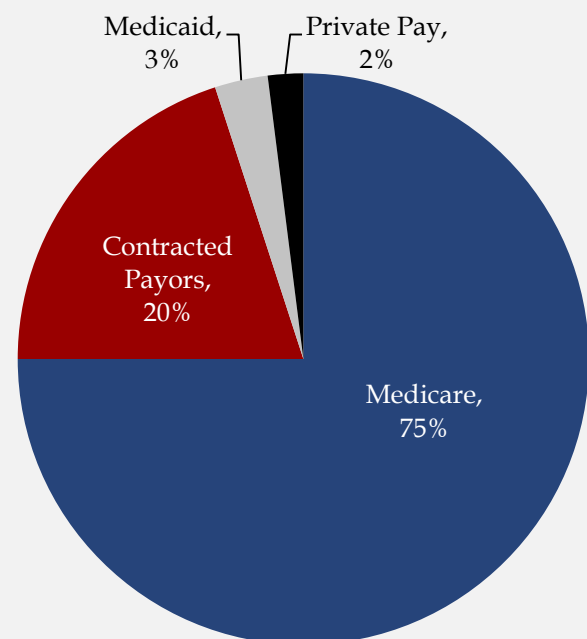
Number of Americans with chronic illness will increase by 32%

Customer & Payor Structure

Product Mix ⁽¹⁾



Payor Mix ⁽²⁾



(1) Based on LTM revenue as of 9/30/14

(2) Based on LTM revenue as of 6/30/14

Liberator is a Direct Provider to Numerous Payors

Medicare Administrative Contractors⁽¹⁾ (75% of Rev.)

Liberator contracts with all four DME MACs Serving All 50 States



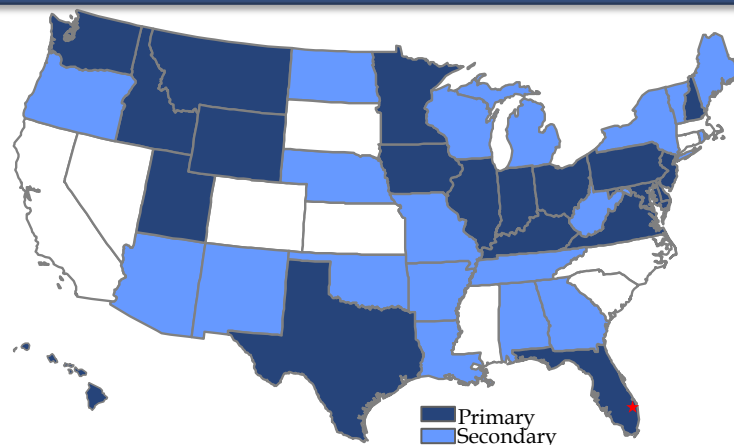
NHIC, Corp.



Select Contracted Payers⁽²⁾ (20% of Rev.)



Active Medicaid States (3% of Rev.)



Private Pay (2% of Rev.)

- The Company recognizes revenue related to product sales upon delivery to customers and provided it has received and verified written documentation required to bill Medicare, other government agencies, third-party payors, and patients
- Some patients choose to pay Liberator directly
- More often, Medicare reimburses at 80% of the government-determined prices for reimbursable supplies, and the Company bills the remaining balance to either third-party payors or directly to patients
- Secondary payer mix – 51% commercial; 24% Medicaid; 23% private pay; & 2% Medicare

(1) The four DME MACs provide Liberator access to 47.6 million Medicare Beneficiaries.

(2) Liberator has a total of 106 active payer contracts and 12 pending payer contracts.

Highly Experienced Management Team

Name & Position	Years of Relevant Experience	Experience
Mark Libratore <i>Chief Executive Officer</i>	42	<ul style="list-style-type: none"> • Founder of Liberator in 1999; created and executed direct-to-consumer sales model targeting seniors with chronic illnesses in need of medical supplies • Founder of Liberty Medical Supply in 1989 and served as President • Responsible for growing Liberty's annual sales from \$0 to over \$100 million
Robert Davis <i>Chief Financial Officer</i>	42	<ul style="list-style-type: none"> • Liberator's Chief Financial Officer since founding • Previously served as CFO at Liberty Medical Supply from 1995 to 1999 • Previous work experience includes working at TurboCombustor Corporation, Data Development Inc., and Caribbean Computer Corporation • Received a Masters degree in accounting from the University of Houston and holds a CPA from the State of Texas
John Leger <i>Chief Operating Officer</i>	39	<ul style="list-style-type: none"> • Responsible for overall operations at Liberator since 2007 • Senior VP of Operations at Liberty from 1991 to 2004 • Responsible for Liberty's diabetic call center, customer services, repeat customers sales, claims processing to Medicare and document acquisition • Played a vital role in growing Liberty's customer base to over 650,000 patients • Worked at Closer Healthcare, mail order provider of diabetes testing supplies, as Vice President of Operations from 2005 to 2006
Paul Levett <i>Chief Marketing Officer</i>	36	<ul style="list-style-type: none"> • Founder of Leiber, Levett, Koenig, Farese and Babcock, a New York advertising agency • Previously President of Lowe Direct, a direct marketing and advertising agency

Highly Experienced Management Team Cont.

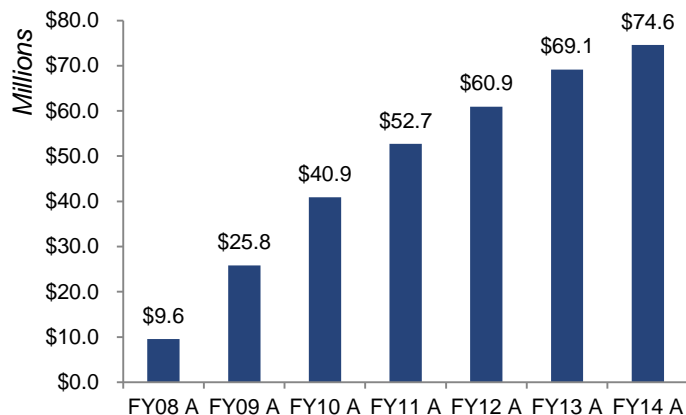
Name & Position	Years of Relevant Experience	Experience
George Narr <i>Chief Information Officer</i>	17	<ul style="list-style-type: none"> Responsible for all information systems at Liberator since April 2010 Previously CIO of Liberty Medical Supply until 2006; managed a team of 100 staffed developers and I.T. professionals. George was the chief architect of Liberty's proprietary software systems and paperless workflow
Doug Mee <i>Vice President of Finance</i>	26	<ul style="list-style-type: none"> Joined Liberator in October 2013 Responsible for managing the accounting department, SEC reporting and liaising with external auditors Previously VP of Business Development with Home Delivery Incontinent Supplies, VP of Finance with Doctor Diabetic Supply and VP General Manager of Gambro Medical Supply Graduate of St. Lawrence University with a Bachelor of Science in Mathematics and Economics and Florida Atlantic University with a Master of Business Administration
Jennifer Libratore <i>Vice President of Operations</i>	13	<ul style="list-style-type: none"> Joined Liberator in November 2000 Currently overseas billing, claims entry, quality assurance, sales support, scanning and documentation, insurance verification, and special projects Previously was an instructor with Medvance Institute of Technology Graduate of Indian River State College with Bachelor of Applied Science in Organizational Management

Financial Highlights⁽¹⁾

Revenue

(\$ millions)

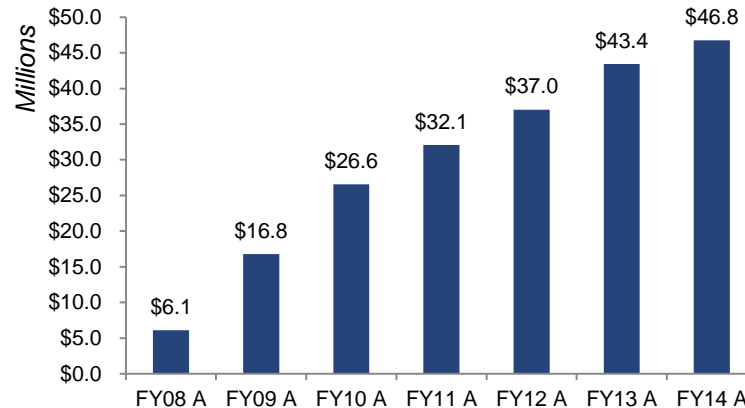
CAGR: 40.9%



Gross Profit

(\$ millions)

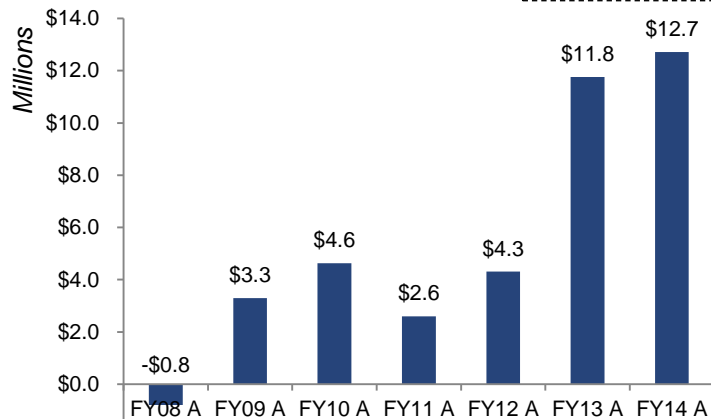
CAGR: 40.4%



Operating Income⁽²⁾

(\$ millions)

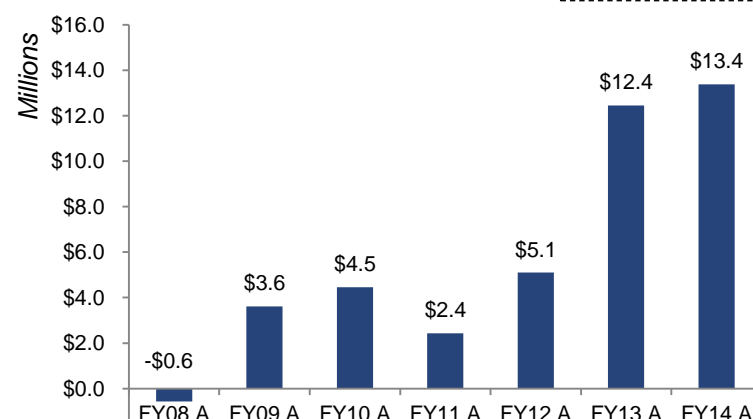
CAGR: 31.0%



EBITDA⁽²⁾

(\$ millions)

CAGR: 29.9%

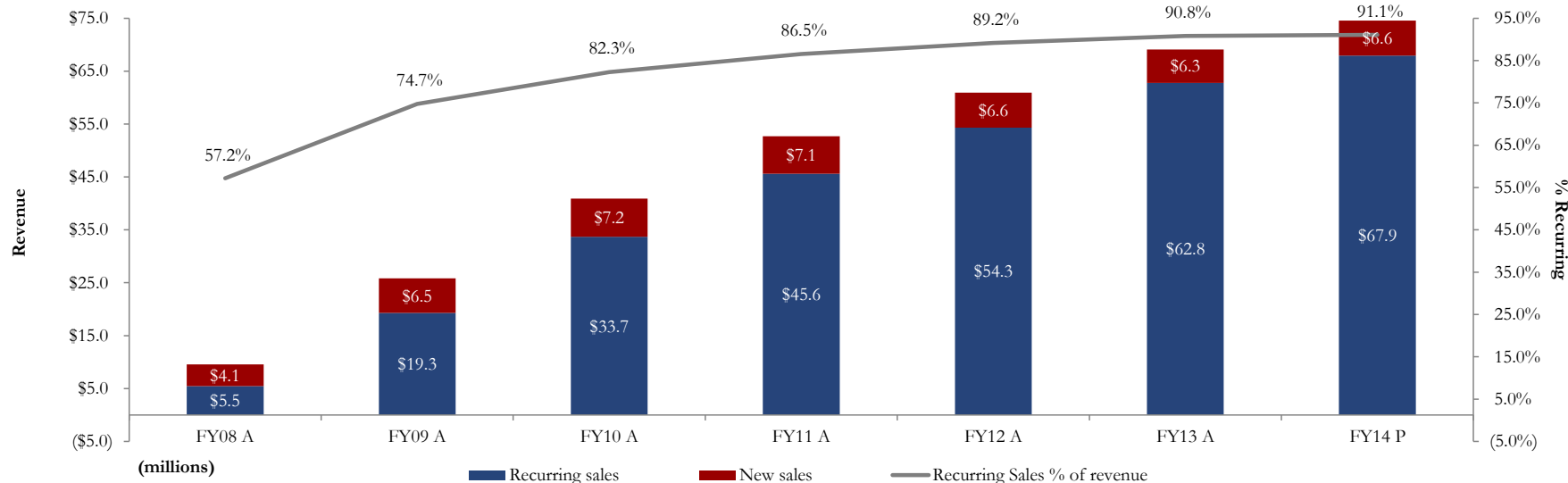


(1) CAGR calculated from 2008A to 2014A. Financials are for fiscal year ending September 30. Revenue represents "Net Sales".

(2) The Company amortizes its advertising expense.

Strong Recurring Revenue

Historical Revenue



Observations

- The mix of gross recurring revenue has increased since FY 2008 from 57% of revenue to 91% of FY2014 revenue
- As the Company continues to build its customer base, the percent of sales from existing customers will grow; recurring customers stay with the Company for years

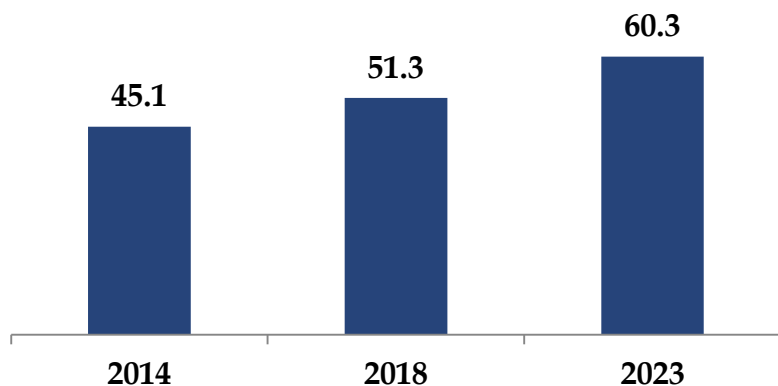
(1) Revenue is for fiscal year ending September 30, represents Gross Sales, and excludes Contractual Adjustments, Returns, and Denials.

(2) Revenue from new orders represents the first order placed by our new customers. Subsequent customer orders are included with revenue from recurring orders.

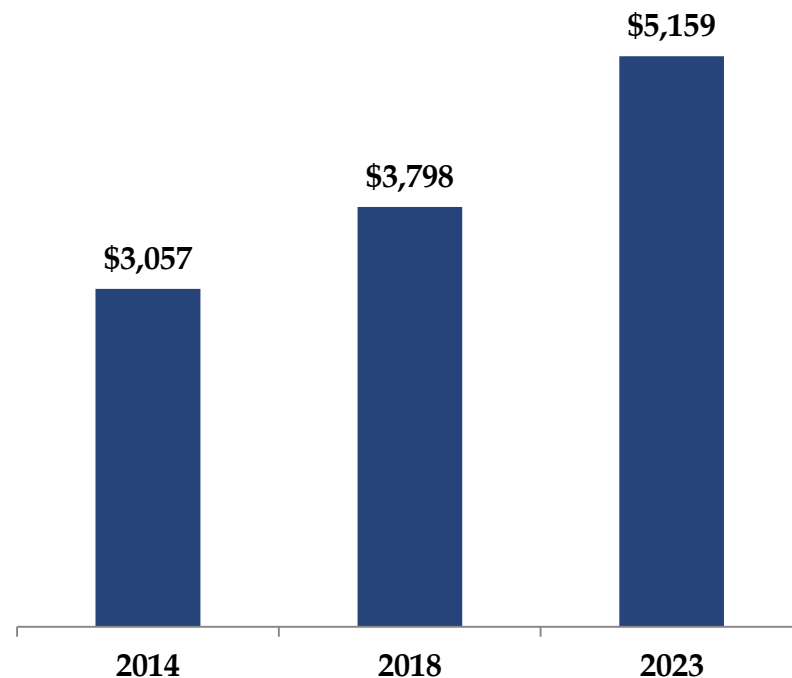
- The U.S. national healthcare spending is expected to increase by approximately \$2.1 trillion from \$3.0 trillion in 2014 to \$5.1 trillion in 2023, according to the Centers for Medicare and Medicaid Services (“CMS”)
- CMS estimates that the number of Americans over the age of 65 will increase from an estimated 45.1 million in 2014 to 60.3 million in 2023
- The research firm Rand estimates the number of Americans with two or more chronic conditions will increase from 60 to 81 million between the years 2000 and 2020. Currently more than 133 million Americans live with at least one chronic disease
- CMS estimates that the national expenditures within the DME market will increase by \$27.3 billion from \$44.0 billion in 2014 to \$71.3 billion in 2023
- The number of DME companies with Medicare billings less than \$300,000 has been declining, or consolidating, over the last few years according to HME News, primarily as a result of increased Medicare accreditation and bonding requirements implemented in 2009
- As the baby boomer population ages, the already flourishing medical supply industry will experience a 20-year explosion in growth

Demand for Healthcare is Projected to Grow

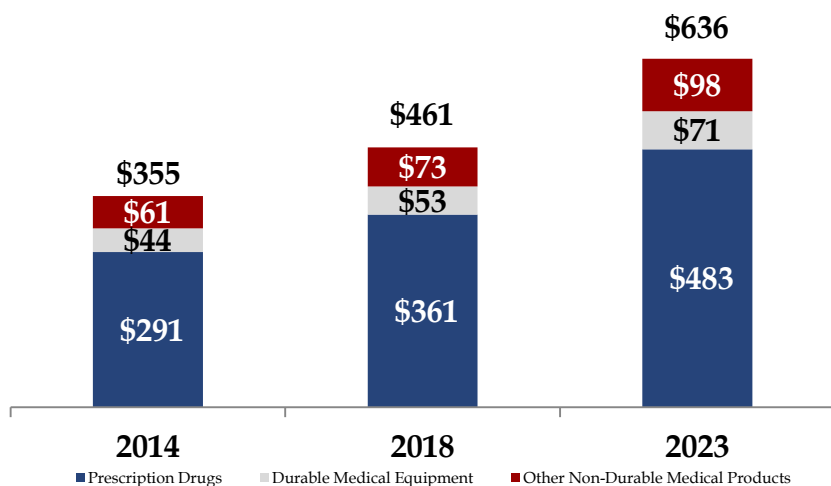
U.S. Population 65+ (MM)



Healthcare Expenditures (\$B)



Retail Sales of Medical Supplies (\$B)



- Opportunistically deploy cash flow for increased advertising spend, quarterly dividend, and/or share buy back to yield greatest shareholder value
- Product Line Expansion
 - Wound Care
 - Specialty Catheter
- Launch new vendor product offerings through our marketing and distribution channels
- Pursue managed care and expand insurance relationships and contracts
- Explore potential acquisition opportunities where the cost to acquire customers via acquisition is less than our advertising costs
 - Strategic acquisitions are a significant source for additional customers

Leading Medical Supplies Provider for Chronic Diseases

- Industry leader providing medical supplies for chronically ill patients through a direct-to-consumer channel
- Market share leader in highly fragmented urology, mastectomy and ostomy markets
- Widely recognized national brand accredited by The Joint Commission

Proven Business Model & Loyal Customer Base

- Servicing over 43,000 active chronic disease patients
- Loyal customer base with a retention rate of 93%+ post customer acquisition (i.e. first order)
- No significant geographic or referral source concentration

Consistent Financial Performance

- Consistent revenue growth (12% CAGR from FY2011 to FY2014)
- Attractive gross profit margin consistently above 60%

Established & Scalable Platform

- Thousands of distinct health plan/other payor relationships
- ~125 patient care representatives interacting daily with patients
- Valuable in-home healthcare channel with state-of-the-art warehousing facility, call center, and IT network

Attractive Avenues for Growth

- 'Plug and play' product line expansion opportunity targeting additional chronic conditions (e.g. wound care)
- Market share growth potential through tuck-in acquisitions
- Ability to convert brands via well-established sales channel

Compelling Industry Dynamics

- Primary products not subject to CMS competitive bidding
- Fewer small medical suppliers due to increased Medicare accreditation/bonding requirements and competitive bidding
- CMS estimated increase in national DME expenditures of \$27.3 bn, from \$44.0 bn in 2014 to \$71.3 bn in 2023

Seasoned Management Team

- Pioneering CEO with 30+ years of relevant industry experience
- Successful founder of multiple medical supply companies
- Seasoned executive management team with significant ownership



Questions