

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

## Q2 2020 Earnings Call

### Company Participants

- Chris Joyce, General Counsel
- Luke Mcgee, Chief Executive Officer, Director
- Joshua Parnes, President, Director
- Gregg A. Holst, Chief Financial Officer

### Other Participants

- Pito Chickering
- Stephen Tanal
- Brian Tanquilut
- Mathew Blackman
- Anton Hie
- Richard Close

### Presentation

#### Operator

Greetings and welcome to AdaptHealth Corp Second Quarter 2020 Financial Results Conference Call. At this time, all participants are in a listen-only mode. A question-and-answer session will follow the formal presentation. (Operator Instructions). As a reminder, this conference is being recorded. I would now like to turn the conference over to your host Mr. Chris Joyce, General Counsel. Thank you. You may be again.

#### Chris Joyce, General Counsel

Thank you, Laura. I'd like to welcome everyone to AdaptHealth Corp earnings conference call for the quarter ended June 30, 2020. Everyone should have received a copy of our earnings release earlier this morning. If not, I'd like to highlight that the earnings release as well as a supplemental slide presentation regarding Q2, 2020 results is posted on our Investor Relations page. In a moment, we'll have some prepared comments from Luke Mcgee, Chief Executive Officer; Josh Parnes, President; and Greg Holst, our retiring Chief Financial Officer. We'll then open the call for questions.

Before we start, I'd like to remind everyone that statements included in this conference call and in our earnings release may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act. These statements include, but are not limited to, comments regarding our financial results for 2020 and beyond.

Actual results could differ materially from those projected in forward-looking statements because of a number of risk factors and uncertainties, which are discussed in our annual and quarterly SEC filings. AdaptHealth Corp. shall have no obligation to update the information provided on this call to reflect such subsequent events. Additionally, on this morning's call, we will reference certain financial measures, such as EBITDA and adjusted EBITDA, which are non-GAAP financial measures.

A table providing supplemental information on EBITDA and adjusted EBITDA is included in today's first-quarter earnings release. This morning's call is being recorded, and a replay of that call will be available later today. I'm now

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

pleased to introduce our Chief Executive Officer, Luke Mcgee.

## **Luke Mcgee, Chief Executive Officer, Director**

Thanks, Chris and thanks everyone for joining the call this morning. Before I get to my remarks on Q2, I would like to acknowledge the tremendous efforts of AdaptHealth's frontline branch staff clinical teams and delivery drivers, who have played such an important role in AdaptHealth's continued service of our patients health needs during these extraordinary times. Throughout the last five months our priorities have been and will continue to be the health and well-being of our workforce and our patients. I am incredibly proud of the entire AdaptHealth team and how each and every team member has stepped up to help those in need throughout the COVID-19 crisis.

We had an extraordinarily busy and productive second quarter. Our core business performed well, and we were active in identifying attractive acquisition candidates to help further our strategic long-term goals. As previously announced, we closed to strategically important acquisitions on July 1, 2020, Solara medical supplies and ActivStyle Inc Solara is leading independent distributor of continuous glucose monitors in the U.S. This is a transformative transaction that will establish AdaptHealth as a leader in the fast-growing diabetes management business.

CGM technology continues to be rapidly adopted by the diabetic community as it offers more real-time feedback on blood glucose levels compared to traditional test strips and blood glucose meters. Additionally, occurring [ph] provision of CGM sensors and transmitters fits in well with our core competency around resupply to patients with chronic conditions. ActivStyle is a distributor of incontinence products and related home medical supplies. It adds needed critical mass and the potential to capture synergies to our AdaptHealth Patient Care Solutions business that we bought from McKesson Corporation on January 2, 2020.

On AdaptHealth's core business, I'm proud to say that we continue to run ahead of the plan we established at the beginning of the year. For the quarter, we generated \$232 million in net revenue \$42.6 million of adjusted EBITDA and most importantly \$30.6 million of adjusted EBITDA less patient equipment CapEx, our standard for measuring financial success.

Excluding the results of our Patient Care Solutions acquisition, which we previously communicated would require investments in the first year, we are in \$46.2 million and \$34.2 million of adjusted EBITDA and adjusted EBITDA less patient equipment CapEx respectively, which are record quarterly results for the company and validate our strategy of growing organically and integrating creative acquisitions on to our technology platform.

Our traditional direct-to-patient [ph] and supplies business performed well for the quarter, considering the challenges presented by the COVID-19 pandemic. The strength of our resupply business largely offset softness in product lines adversely impacted by stay-at-home orders such as CPAP equipment new starts, orthotics, walkers, commodes and other products closely linked to discharges from emergency rooms and similar facilities following elective procedures.

While the downward pressure on PAP new starts and other lines of business linked to hospital and long-term care discharges, has subsided since the end of Q2, we do not expect volumes in these areas will return to pre-pandemic levels in 2020. To offset adverse financial impacts of the COVID-19 pandemic on our Q2 results, we expanded our sales efforts and focused on providing a wide range of respiratory and other equipments to our referral partners. We were able to generate approximately \$28 million of B2B revenue for equipment sales and rentals of products like ventilators, BiPAPS machines, oxygen concentrators, thermometers, blood pressure cuffs and pulse oximeters. Although not a traditional distribution channels AdaptHealth, we've been able to utilize our supply chain to provide much needed equipment to municipalities, NGO's and Hospital Systems. We expect this channel to generate several million in revenue for the next few quarters based on continued COVID-19 related needs.

Now, I'd like to turn the call over to Josh Parnes, our President to discuss our integration [ph] activities.

## **Joshua Parnes, President, Director**

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

Thanks, Luke. Our PCS Patient Care Solutions business has been an important point of focus for our team since its acquisition in January 2020. As we previously disclosed PCS is a turnaround situation and as part of our investment we expect \$15 million in onetime restructuring and operational losses in 2020. We are pleased with our progress in addressing and curing various issues at PCS in the first half of the year.

Adding PCS to our resupply platform has yielded important benefits and the businesses revenue outperformed our expectations in Q1 and Q2. We continue to believe PCS will be profitable in the fourth quarter of 2020 as a result of better cash collections and improvements in vendor pricing and product formula improvements. I'll be very focused on the integration of ActivStyle and Solara over the next few months. Our strategy is to integrate ActivStyle and PCS in order to add needed scale and product diversity to our medical supplies business. ActivStyle has resupply processes that we expect will improve resupply rates on the PCS business. We also expect integration of these businesses will drive efficiencies and operating expenses and corporate services. Solara will be the platform for the adopt Adapthealth diabetes business and we will be transitioning to CGM business of PCS to Solara. Solara has an excellent management team led by Steve Foreman and the previous owners made investments in infrastructure including a web and mobile enabled patient portal, that we believe will allow us to accelerate growth after the integration phase.

Diabetes is among the most costly chronic diseases in the U.S. and there's an opportunity to drive down healthcare costs associated with diabetes with better technology and disease management. CGM technology is a leap forward in giving patients the information they need to manage their condition. This is largely a resupply business that generates recurring revenue and is very well suited to our core competencies in resupply billing and referral relationships. In addition to the integration work, we will be focused on continuing to invest in technology and business processes throughout the balance of 2020. With investment we believe we can drive down operational costs while offering a better patient experience are more than 1.7 million patients that we serve as annually.

At this point, I'll turn the call back over to Luke.

## **Luke Mcgee, Chief Executive Officer, Director**

Thanks, Josh. Before Greg provides comments on the financial results for the quarter in more detail, I want to comment on recent capital raising activity. In early July, we issued 9.2 million shares and underwritten all primary share public offering raising approximately \$134 million in net proceeds. The equity offering followed a PIPE issuance of \$225 million to one equity partners in Deerfield in connection with the Solara and ActivStyle transactions.

We also issue \$350 million in 6.125% unsecured senior notes with a final maturity in 2028. Lastly, we refinanced our senior secured bank facility with \$250 million drawn at closing and the \$200 million undrawn revolver. The result of these activities enhances our ability to grow and invest to achieve our longer-term vision. Today, we have in excess of \$300 million of cash on the balance sheet, \$200 million of undrawn revolver capacity and our net leverage is well under our state added goal of 3 times EBITDA. We are appreciative of the support of Deerfield and one equity partners and certainly humbled by the response we've received in the public markets and are committed to delivering results.

I also want to welcome two new Board members to AdaptHealth Brad Coppens and David Williams. Brad Coppens is a Managing Director of One Equity Partners. He was a great resource for us, as we were doing the Solara transaction and I look forward to working with him on our Board.

David Williams is a serial entrepreneur and Co-Founder and current CEO of Care3 Inc We expect the benefits from his experience in healthcare technology and patient connections. Additionally, I would like to welcome our new Chief Financial Officer, Jason Clemens. Jason joined AdaptHealth in mid-July and has formally replaced Gregg in a CFO role this week. Jason comes to us from MEDNAX, where he was the company's Operation CFO. Jason has great public company experience, which will be immensely valuable to Josh and I, as the leaders of the new public company. He also has a strong operational mindset that will be very important as we press our advantage with all the opportunities ahead of us.

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

Lastly, before I turn it over to Gregg. I'd like to express my sincere appreciation for all the work Gregg has done over the past six years. Gregg has been a critical part of the success of AdaptHealth. I'm grateful to have worked with him growing and maturing our business. I wish him the best of luck in his retirement.

Gregg, turning it over to you.

## Gregg A. Holst, Chief Financial Officer

Thanks, Luke. I also want to welcome Jason to AdaptHealth. His background is an excellent fit for AdaptHealth, and I'm fully confident he will be a great partner to Luke, Josh, and the rest of the AdaptHealth team.

Our second quarter was the strongest in our history in terms of revenue and profitability. We generated net revenue of \$232.1 million and 87% increase from the second quarter of 2019, 21% higher than the first quarter of 2020. Included in net amount, PCS [ph] generated net revenue of \$33 million.

Adjusted EBITDA less patient equipment CapEx was \$30.6 million compared to \$18.1 million in the second quarter of 2019. Excluding PCS, which incurred a quarterly loss of \$3.6 million, Adjusted EBITDA less patient equipment CapEx was \$34.2 million, an 89% increase compared to the second quarter of 2019. Adjusted EBITDA was \$42.6 million, compared to \$29.5 million in the second quarter of 2019. Excluding PCS adjusted EBITDA was \$46.2 million, 50% increase compared to the second quarter of 2019.

Net income attributable to AdaptHealth Corp was \$4 million, this compares to a net loss of \$2.1 million in the second quarter of 2019. I want to emphasize our results to not include any of the \$17 million we received in April as CARES Act stimulus. These funds are intended to cover loss revenue and additional expenses related to COVID-19. Based on actual expenses occurred and lost revenue from CPAP new starts and declines in other products as previously discussed, we believe, we will be entitled to keep these stimulus funds. We continue to monitor regulatory guidance. It will make the appropriate certifications when more definitive guidelines are finalized.

In regards to the balance sheet, [ph] the quarter for \$111 million of cash currently taking into account the closing of our equity financing, successful bond offering and refinancing a senior secured facility. We have in excess of \$300 million of cash on the balance sheet, and \$200 million of undrawn capacity on our revolver.

With that, I'll turn it back to Luke.

## Luke Mcgee, Chief Executive Officer, Director

Thanks, Gregg. Before we open it up for questions, I want to restate our strategic vision and increase our 2020 guidance. With recent acquisitions, we have built a company that has a leading provider of home medical equipment, diabetes management and medical supplies to the home. These are recurring non-discretionary products that help our patients manage their chronic conditions in the home. We are a leader in sleep and diabetes, two fast growing product categories, but we are also well diversified in other important categories in the home.

Over time, we believe there's an opportunity to utilize our patient connections, referral relationships and payor contracts to offer connected health solution, with 1.7 million patients under our care annually. We believe, we can become a value-added partner to payors, providers and patients.

In terms of guidance, we cannot predict the duration of the COVID-19 crisis or the full impact on our business but based on our current trends, we are increasing our financial guidance for 2020 net revenue to between \$935 million to \$983 million. Adjust EBITDA of \$169 million to \$178 million and adjusted EBITDA less patient equipment CapEx of \$120 million to \$127 million. This outlook includes anticipated adjusted EBITDA losses for PCS. Please note our previous guidance excluded expected PCS losses of approximately \$7 million.

In conclusion, I'd like to reiterate my thanks and appreciation for all the AdaptHealth employees. They have stepped up and delivered record financial results. We will continue to serve our patients and our federal partners with courage and

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

professionalism. I remain more confident than ever about our strategy and prospects.

Operator, can you open the line up for questions?

## Questions And Answers

### Operator

(Question And Answer)

### Operator

(Operator Instructions). Our first question comes from the line of Pito Chickering with Deutsche Bank. You may proceed with your question.

### Pito Chickering

Good morning, guys. Thanks for taking my questions. A couple questions here. The first one is on guidance, there's definitely a lot of moving parts within guidance. But if I take 2Q EBITDA less CapEx of \$30.5 million and take the pro forma accretion from Solara and ActivStyle, excluding the synergy is about 12 million in the quarter that gets to pro forma run rate of about \$42.5 million a quarter. Looking at the revised guidance it looks the back half EBITDA less CapEx is \$75.5 million, so can you help us, bridge with a pro forma 2Q EBITDA minus CapEx is into the back half of the year?

### Luke Mcgee, Chief Executive Officer, Director

Yeah. Now it's a great question, Pito. And I think, sort of taking \$30.5 million that includes a significant pick up from the B2B business that, although we expect to get some continue traction into back half of the year. It won't be anywhere close to the \$28 million that we had in Q2. I think you should assume sort of the margins on that business was sort of mid to high 20s contribution margin. And so, when you back that out of the quarter, also you should add back the PCS losses. I think a clean quarter absent both of those would have looked like something in line with our previous guidance in the \$24 million to \$26 million range, you multiply that by 4 and you add on the numbers you suggested for the acquisitions, and I think you'd find your in line with our guidance.

### Pito Chickering

Okay, got it. Perfect. And then in the press release you guys talked about how you focus on the resupply business during 2Q. What was the CPAP reorder rate this quarter versus other quarters? And do you think this is a new level? If it's [ph] better that it's sustainable going forward?

### Luke Mcgee, Chief Executive Officer, Director

And it's hard to say whether it's going to be even better. I can tell you that the CPAP supply businesses whether you look at it sort of with acquisitions are on the same store basis. Now, we were below double-digits for the quarter. There is definitely some impact of that which is related to people in April at the height of the pandemic ordering. At the same time, even as we look in July, we're still up single digits on a same store basis on a resupply. So I do think that we've probably captured patients that would have otherwise a traded and fallen off therapy as they've stayed at home and focus on the respiratory hygiene.

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

So I think we're cautiously optimistic that yes, we've seen sort of a permanent shift up in sort of resupply rates. We're certainly focused on making sure we do everything we can to make that a permanent trend getting in touch with those patients. And as Josh mentioned, we viewed the second half is yes integration, integration, integration also just investing in better business processes and technologies, including patient reorder experience. So to make that double [ph] make sure it's a permanent shift.

### **Pito Chickering**

Okay. And then last one quick question for you here on PCS. So sort of \$3.6 million [ph] loss in 2Q, how much that loss is sort of due to COVID and kind of what with the loss of been 2Q if we didn't have COVID? Thanks so much.

### **Luke Mcgee, Chief Executive Officer, Director**

Yeah. Because it's such a resupply business actually, I don't think there's been much of a COVID impact on PCS and we've seen revenue largely track ahead of plan, expense -- operating expenses this track at plan as well. But unfortunately, our acquisition cost of products, we've run behind plan. We all those together PCS is actually almost directly in line with our original plan. So I don't think of any part of the business that's probably been the least impacted, by COVID you've seen respiratory oxygen and path supply go up, you seen PAP new starts, orthotics and some of the other metal go down. But PCS has been pretty steady and so I wouldn't have to be too much COVID weakness to that business.

### **Pito Chickering**

Great. Thanks so much guys, nice quarter.

### **Operator**

Our next question comes from the line of Stephen Tanal with SVB Leerink. You may proceed with your question.

### **Stephen Tanal**

Good morning, guys. I appreciate all the color on COVID. It sort of sounds like you're framing the gross revenue impact that around \$28 billion, the B2B number, but I wonder if you've estimated the amount you lost because of the pandemic and by extension may be in that sort of revenue contribution. Also appreciate like a few other details, perhaps like the direct spending in G&A that you don't think will accrue next year and maybe that's the [ph] of the net effect on EBITDA you guys have taken it to that level?

### **Luke Mcgee, Chief Executive Officer, Director**

Yes. At this time Steve, we're not going to provide sort of all of that detail. What I can tell you is the direct sort of spending in the first half related to COVID, so far is in the mid-single digits sort of G&A and labor impact, in terms of -- we can certainly, think about quantifying for you guys on the next call exactly what the revenue impact has been. But, you're right on the B2B is \$28 million in Q2. And as I said, I think we expect that to be a couple of million per quarter throughout the rest of the year.

### **Stephen Tanal**

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

It's helpful. Okay. So then, I guess to the extent -- expect weakness and certain traditional lines of business to extend past year. And I wonder, if you can give us a sense for how that impacts the outlook and where you think pro forma run rate revenue for the business you built today like kind of in its current state would be in a more normal environment?

## Luke Mcgee, Chief Executive Officer, Director

And so, I think if you look at and just to go on the little bit more detail. On sort of start trends you guys so everyone has an understanding. The two big business lines that were impacted the most severely were pop news starts and so for the quarter, on the same store basis, you've looked at sort of down approximately 30%. You've seen that mitigate here in July, it's not down quite as much in July. We actually had the best week we've had since March in terms of new scripts coming in on PAP new starts in the last week of July.

And so certainly, we think even with obviously the COVID pandemic still sort of hitting parts of the country very severely still. We've seen that the rebound in that PAP new starts and then if you look at our products, that would have been the next largest business sign impacted. There it's interesting, because if you look at just on the same account basis, we're down about 30% in Q2, again that's mitigating a little bit here in July, but because we've been expanding that business line sort of -- it's really organic growth because we've just taken that competency to other markets, really was only off about 12%, when it's kind of those new the denovo markets that we started. And what you [ph] seen is in Q2 you saw walkers, commodes and wheelchairs be down. Those are coming back a lot faster than the sleep business. So you saw walkers and commodes basically flat in July year-over-year here. You've seen wheelchairs actually be about flat, beds are up pretty significantly. And so, if we look at sort of the impact for the rest of the year really, the area of sort of the most severe weakness for us will be those CPAP new starts. I am very cautious about even as the country opens back up, people going back in and going into sleep labs and taking tests overnight. I think it's going to be slow. There's a backlog of availability, even as those doctors open back up.

We challenged our teams to do more on the home sleep to side. Because we do think that was a trend that was occurring pre-COVID and is only accelerating post-COVID of people who are eligible and can take home sleep test are going to do that more. And so, we've certainly challenged our teams to do more on that. In terms of revenue, I think, if you sort of back out the first half from the guidance we've provided. That's a pretty good run rate of where we think the business should come into, there's not going to be a lot of one time as I said it's a couple of million dollars of B2B, and that guidance includes what we think is the impact of the slowdown in new starts on the PAP business.

## Stephen Tanal

All right. That's it or helpful. And I guess shifting gears for a minute, Solara and ActivStyle sounds like the integrations are progressing pretty well there, just a month in, but I was wondering if maybe at a high level you can give us a sense for like what's been done to integrate the platforms and kind of what's left to do, and then maybe your thoughts on how long it'll take to get back in a position to execute sizable transactions after these deals?

## Luke Mcgee, Chief Executive Officer, Director

Let's put that -- I'm going to answer the second part first, and I'm going to turn it over to Josh [ph] some details. And I would caution, it is early, we've only on these businesses for a month, we think we are excited. As if not more excited about the acquisitions today than we were when we sign the deals in May. Both businesses are exhibiting strong organic new start trends. The CGM business, if you look at on a combined basis with the existing CGM business that we bought from McKesson and Rodney Carson has helped grow for us, add [ph] that to Solara and you saw just and absolutely strong Q2 even in light of COVID. And frankly, July was the best new start month that we've ever had in combining the businesses.

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

So we're excited about sort of the business prospects, Josh can talk more about the integrations. It is going to take every bit of the rest of the year to get these things exactly where we want them for a strong 2021. In terms of the acquisition side, and I think we're focused on continuing to execute on our strategy as identifying sort of accretive, probably smaller than and not probably, but smaller than ActiveStyle and Solara. We will continue to execute on those transactions throughout the rest of the year making sure that we don't distract the integration of Solara and ActivStyle. But Josh?

### **Joshua Parnes, President, Director**

Yeah, so on the integration of PCS and Solara, so really our marching orders on PCS, so really to increase the resupply amount of turns and dollars per order, and integrate some of the technology solutions that we have to drive a better result. Like I mentioned on the call, that's the core competency of ours, we're going to be leveraging on both our management know-how and our systems to drive a better result on the revenue side. As mentioned also we're going to drive a better kind of gross margin with better formulary and better pricing out of the gate going into the second half of the year.

So, really that's kind of the strategy on PCS side. On the Solara's side, the Solara's standalone business for CGM and diabetes. And they do a great job there's a lot of kind of growth opportunity there. There's some integration that has to be done with our PCS business and the CGM starts that were happening there to move over to the Solara business and the management team led by Steve Foreman. So all these are -- they're not crazy long journey to take, but it's going to take a couple of months really to get these things in place and kind of get that squared away. So that's kind of the marching orders from the operational side of the business.

### **Stephen Tanal**

And then if I can just slip in one more on competitive bidding. Just wanted to get a sense for your latest expectations to the impact on '21, as much as you could provide revenue, adjusted EBITDA margins that kind of thing. And then maybe an update on when you expect CMS to produce new rates and that'll be the last for me. Thank you guys so much.

### **Luke Mcgee, Chief Executive Officer, Director**

Yes, I don't think anything changes in terms of our previous commentary on likely our operating case is sort of a high single-digit EBITDA less -- high single-digit dollar EBITDA was CapEx impact based on really softness in likely PAP resupply rates, but we are hearing whispers that we could find out pretty soon about what the new rates are, but I don't think that you can take that to the bankers, there's just so many moving pieces. Obviously you saw CMS released some sort of rule making last week and other parts of post acute healthcare. And so, maybe we here this week there continues to be a push, I know now that there was a congressional sign on letter with more than a hundred signatories about delaying the competitive bid program for a year. And so, there's a lot of moving pieces. But again, our base case is the program will continue that we will find out rates in Q3, once we have the rates, we will provide updated guidance on what the impact is. But nothing's changed on our outlook based on what we know today.

### **Stephen Tanal**

Great. Thanks so much.

### **Operator**

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

Our next question comes from the line of Brian Tanquilut with Jefferies. You may proceed with your questions.

### **Brian Tanquilut**

Hey, good morning, guys. Congrats on a solid quarter and the guidance rates looks really good. I guess Luke, my first question for you, so as I think about the cash that's sitting in your balance sheet. I mean, it's a pretty sizable cash balance. I mean, how should I be thinking about your view on what minimum cash should be and what you're seeing out there, that you want to send them this much right now for capital deployment?

### **Luke Mcgee, Chief Executive Officer, Director**

Yes. So I think that, there are current sort of cash balance is as reflective and wanted to be opportunistic and put the right long-term capital structure in place with the bond and relationships with our senior lenders. And so, we've certainly we have more liquidity than would be ideal right now. I think that was again reflective of making sure that, we're able to put the right long-term capital structure in place. We do -- as I said, we have an active M&A pipeline they tend to be smaller deals. So I think that we're going to run with excess cash on the balance sheet probably for the next several quarters. I would think of absolute minimum cash in the kind of \$50 million to \$75 million range. And so obviously there's significant access right now. We won't be shy about deploying that if we see a creative acquisitions at the same time. If we run negative carry on cash for some period of time just to have the optionality certainly myself and the board It's thinks that that's a wise decision.

### **Brian Tanquilut**

Got it. And then I guess the follow-up in Steve's question from earlier. So as we think about competitive bidding you said negative high single-digits is what you're thinking. How are you thinking about your ability to pass on the comp bid cuts back to the manufacturer for some of those products?

### **Luke Mcgee, Chief Executive Officer, Director**

We continue to have very productive conversations with the manufacturers. In some respects actually delaying contract renewals and extending current contract terms and tell that there's more clarity. I think for both sides you renegotiating new contract until that's known as somewhat of an awkward time. And so what I would say is that the manufacturer has been very constructive. Now we continue to hit for the last contract a year our volume targets even in light of COVID. And so, I am optimistic that there will be an equitable sharing of anything that would come. In a perfect world there's not a lot of pain to share, and we can continue to drive price conception through additional volume, both organic and acquired. It's certainly a nice time to be an aggregator of purchase volume. It certainly gives us a better seat at the table with those manufacturers.

### **Brian Tanquilut**

That make sense. I guess, one question for Gregg. I'm looking at patient CapEx as a percentage of rental revenue or overall revenues, looks like it was down a decent amount. Any explanation for that?

### **Gregg A. Holst, Chief Financial Officer**

Yes, of course. So that's directly related to the slowdown in CPAP new starts. So I mean, that's the biggest component of our patient equipment CapEx, that is a short depreciable life, only 13 months, but with the climate CPAP new starts,

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

that's that accounts for all that decrease.

### **Brian Tanquilut**

Okay. And then Gregg, as I look at free cash, obviously very strong this quarter. Anyone timers that you would call out in that \$70 million number, to \$71 million?

### **Gregg A. Holst, Chief Financial Officer**

Yeah, well includes the CARES Act stimulus and apparently there's an accounting requirements account that as operating, which wouldn't have been what which is not what I would have expected. But that's definitely a big call out.

### **Brian Tanquilut**

So that's the only kind of like new one timer in there in other words?

### **Gregg A. Holst, Chief Financial Officer**

Yes. And well and then we have the advance payment on the CMS payment.

### **Brian Tanquilut**

Okay, got it. Luke last question for me. You talked about connected health in you're prepared remarks. How should we be thinking about the investments that you're making there? Is that already running through the P&L as you tried, as you develop that product or that offering? Or is that something that we should be thinking about?

### **Luke Mcgee, Chief Executive Officer, Director**

Yes, it is currently been expensed some investment in there is included in the guidance, but if there's one area where we continue to be excited about it won't drive 2021 results per say, but we do think it's a good strategic investment. I wouldn't be surprised that if we come out and sort of decide that we're going to make a mid-single digit million dollar investment and accelerating that, all of the sort of research we're doing and also the trend we're seeing in our continued business is that there's demand out there for it, and that we're uniquely well-positioned. And obviously, there are a lot of people sort of chasing connected health, particularly in a COVID environment, but whether it'd be from the device side and offering more connected devices or from the sort of chronic care management. Yes, and really leading in with technology, and sort of apps and software. And we did we're uniquely positioned. Obviously, we're behind on the software side, and so need to invest that but Andy Palan, who we hired in March as really helped us do some thinking on that. And so, I think that, again it's included in the guidance for the rest of the year. As we come into 2021, we may want to bump the investment in there likely will run through P&L won't be capitalized and that may be reflective. And when we do release 2021 guidance will include that in there.

### **Brian Tanquilut**

All right. Sounds good. Congrats again. Thanks guys.

### **Luke Mcgee, Chief Executive Officer, Director**

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

Thanks, Brian.

## Operator

Our next question comes from the line of Mathew Blackman with Stifel. You may proceed with your question.

## Mathew Blackman

Good morning, everyone. Thanks for taking the questions. Maybe Gregg, just to start. What was organic growth in the quarter? And what's roughly implied in the updated full-year guidance for organic revenue growth?

## Gregg A. Holst, Chief Financial Officer

Yeah. So well, so for the quarter organic growth was extraordinary because of the B2B revenue, so was an excess of 25%, if you excluded B2B with the weakness and some of the related to COVID, the organic growth was a couple of percent -- 2%. And then for going forward we've essentially projected the kind of the same very steady amount of new business as [ph], and kind of a kind of a lower level because of COVID.

## Luke Mcgee, Chief Executive Officer, Director

And so Matt, just to add a little bit more context around that, I mean. So even for the first half you're going to see organic growth year-over-year, well within the guidance that 68% we've included, obviously Q2 given COVID to have any even positive organic growth. We're actually very proud of [ph] B2B. And then for the rest of the year again, if you look at where we are in July and obviously it's just one month does not make a quarter, but we're seeing very nice sort of growth in the respiratory categories in most of the man metal and the weakness really is isolated to just PAP new starts and the orthotic business. So I think we're confident that we can be back on that 6% to 8% in Q3.

## Mathew Blackman

Got it. Appreciate that. And then Luke, maybe could you talk about future B2B business opportunities, you mentioned a couple of million dollars for the next couple of quarters and how should we think about the magnitude of future opportunities from this channel?

## Luke Mcgee, Chief Executive Officer, Director

Yes. I think frankly, I've been surprised by the persistence of the B2B. We knew in March and April that when it was pretty chaotic and we were able to help and I give a lot of credit to our team of making lemonade out of lemons, as we saw the sort of slowdown in our core business, we challenged our operators to find other ways. And to generate \$28 million on a business plan that we never did before. I mean, I think that that's highlights, the attitude of the entire team AdaptHealth to make it work.

We certainly think that there's as we sort of said a couple of million dollars per quarter, the next couple of quarters. Can I persist? I'm cautiously optimistic certainly what we've seen is we've had some hospital systems continue to call out, and say. Hey listen, we know, we didn't buy this from you before and maybe your prices, and even the best, but we know you can deliver that's been particularly true in the NorthEast. And so cautiously optimistic that that can spill into 2021. But again, I think we need to be also [ph] that is in our core competency of just shipping product B2B and being paid for it. We've been able to utilize our supply chain and certainly won't be shy about doing it in the future if we can. At the same time if that goes away and all we've gotten out of it as a stronger relationship with some blue chip referral

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

sources, and that's great too.

## Mathew Blackman

Got it. And last question for Josh. Thanks for the color on Solara priorities and I apologize if you touched on this. But you've talked about synergies on the cost side and all these on the revenue side. Are the expense synergy's day one savings or do they play out over time and again understanding their a longer-term revenue synergies, but do we need to be sensitive to any upfront this synergy risk or is it a truly just sort of plug and play so to speak? Thanks.

## Joshua Parnes, President, Director

Yes, I appreciate the question. So yes, this is more kind of integration synergies. So as we level our systems and get kind of cost synergies out of both the product and actual business. It's more gradual. we are not anticipating any kind of drastic things out of the gate, but kind of on our standard course of our M&A integration. Obviously, these are more sizable acquisitions for us. So they're bigger businesses may lead to a little bit longer time to get the synergies out of the businesses, but generally it's a more gradual process.

## Operator

(Operator Instructions). Our next question comes from the line of Anton Hie with RBC Capital Markets. You may proceed with your question.

## Anton Hie

Thanks. Once I had a queue issue there. Congrats on the quarter, guys. Just a couple of follow-ups here on the -- can you remind us kind of the timeline for as new CPAP start to ramp back up, kind of a how the resupply timeline is affected by that?

## Luke Mcgee, Chief Executive Officer, Director

Yes. And so, again, what you've seen is sort of as I said, we were up low double-digits in Q1 and the resupply and in July are still tracking the single-digits, that's in light of the decline of new starts. And so if the new start business had been the same obviously those numbers would have been better. The general cadence for a new CPAP patient would be to get set up and we will provide initial order supply and then it should be on a quarterly basis, they are on the sort of on the cycle. On average, we're getting even though a patient may be eligible quarterly. We do need to make sure that patient has exhausted all of their supplies and sort of needs new ones. And so, we get about 2.8 orders out of that patient per year. It's eligible 4 times. And so, basically new start ramps up and then the next quarter they be eligible for resupply.

## Anton Hie

Okay, great. And then I'm surprised that you're continuously the same strength or the strength that you are and CGM and the diabetes resupply. Just given the slowdown in physician office visits and things that affected the CPAP starts. Can you kind of explain why that may be different or is it just that it's that strong that it's kind of masking maybe a slowdown that you experience in April? Again, on CGM and diabetes.

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

## Luke Mcgee, Chief Executive Officer, Director

Yes, obviously the market growth in CGM is beyond that even of CPAP, and typically the switch from finger sticks to CGM, which is you not only have sort of a new diagnosing trend, but you also have a switch to the new therapy. Obviously, I do think Solara was well positioned to take business in Q2 or some smaller suppliers probably weren't as an able to take that business. We've also seen, I mean, on the payer side, it's been Medicare patients that we've seen this sort of the biggest sort of uptick from there was a relaxation in guidance, who is eligible for CGM. And so that certainly driving some of the strengths in the business. But, I was very very pleasantly surprised to see their performance in Q2 and it wasn't just at Solara again, the PCS, CGM business also continues to have record month after record month, and we think of that, obviously are looking forward to it continuing as we merge the businesses together, but I think it's a combination of us taking share combination of the Medicare relaxations, opening up the number of eligible patients.

## Anton Hie

Okay. Great. And then one last one, in the press release you mentioned, the language here is around new channels and customers. Can you just elaborate on that a little bit it. I'm not sure, it has to do with the B2B stuff but just maybe elaborate on that new channels and new customers?

## Luke Mcgee, Chief Executive Officer, Director

Yes. So I think that in Q2 the new challenge, new customers really were that B2B that wholesale business that we just have not done a lot of historically. And certainly, just to reiterate and go back to a previous question though. The new channel hopefully over time is one of connected health where we can deliver more comprehensive solutions across chronic disease states. Again, won't hit 2020 and may not hit 2021. But it's something that we're very excited about serve our opportunity to be value added part of that solution.

## Anton Hie

Okay, great. Thanks very much. Congrats.

## Operator

Our next question comes from the line of Richard Close with Canaccord Genuity. You may proceed with your questions.

## Richard Close

Great. Thank you. Congratulations on the operating results in the financing and acquisitions. It's just that maybe dive deeper into some of the previous questions. I'm just curious you mentioned driving faster growth that's Solera and I was wondering what specifically you would be taken from your existing operations to drive that grows. And then also on the ActivStyle, you said the resupply processes, I guess from active style that'll benefit PCS going forward. So I wondering if you could just give a little bit more details on both those items?

## Luke Mcgee, Chief Executive Officer, Director

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

Sure. I'll take the first one and I'll turn it over to Josh for the second one. So in terms of -- one of the key strategies for us at Solara is to increase their field selling force. It's just about 30 -- it was about 35 pre-acquisition. We've got it -- already got it over 40, and we'd certainly like to take it to 60 over the next two quarters. The ability for a field sales reps to have sort of a productive sort of day in the field is largely dependent on the amount of payers that we can take in that territory. So one of the big advantages of putting our business together with Solara and PCS is just bigger contracted coverage. And so, the metric that we use is if there's more than 70% of covered lives that were contracted for. We know that rep should be able to be productive in that market. And so if you looked at a map, there's a lot more territories that we would kind of shade green now. Because we have that 70% contracted coverage for CGM. And so that's the biggest, it's the contract covers which allows us to drive the addition of field sales reps that should allow us to continue to benefit from the CGM wave and take hopefully more than our fair share even as the pharmacy benefit becomes more widely accepted. On the ActivStyle side, I'll turn it over to Josh to talk about the recent by processes.

### **Joshua Parnes, President, Director**

Sure. Yes, on the ActivStyle PCS kind of integration. So some of our thesis initially going into this was medical supplies such as urology, wound care and incontinent kind of leverages into our core competency on resupply, and calling, -- the recurring nature of the revenue quarterly or monthly shipment, and kind of the patient experience. So, what we're doing is leveraging our experience with that on the CPAP resupply and diabetes resupply to really focus that on the medical supply side, such as those categories urology, wound care and incontinence. So, I think what we'd like to do is as we integrate that really focus on the amount of turns, we get the patient experience, getting the patient engaged in kind of the recurring nature of the resupply. So that's what we're talking about when we refer to kind of leveraging our core competencies in that to the PCS ActivStyle business.

### **Richard Close**

Okay. So there was nothing necessarily ActivStyle was doing better than PCS necessary or what you guys were doing previously that you were integrating into the entire business there?

### **Joshua Parnes, President, Director**

So, I think for us Activstyle is doing a really good job on the resupply of the medical supply side of the business. PCS historically did not do that well, and that's why when we acquired PCS in January, one of our thesis there was a big revenue opportunity or upside to what their based business was doing at the time, if we leveraged kind of that resupply experience. And in ActivStyle we got a management team and technology that really is pretty robust on the supply side of the business. So, when we leverage the PCS business into that we're hoping and driving to that increased revenue and turns [ph].

### **Richard Close**

Okay, and then Luke maybe to dive a little bit deeper on the M&A, answered some questions on that earlier obviously digesting these two here right now and saying, maybe the transactions in the back half of the year would be smaller. But I'm curious what the priorities are on M&A maybe near-term and then longer-term with respect to a geographic expansion or getting scale and existing markets or even maybe new product areas. I think a couple quarters ago, you sort of foreshadowed the diabetes as a target area. So, any thoughts regarding that would be helpful?

### **Luke Mcgee, Chief Executive Officer, Director**

Company Name: AdaptHealth Corp  
 Company Ticker: AHCO US  
 Date: 2020-08-04  
 Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
 Current PX: 19.9449996948  
 YTD Change(\$): 8.96499969482  
 YTD Change(%): 81.648

Bloomberg Estimates - EPS  
 Current Quarter: 0.15  
 Current Year: 0.63  
 Bloomberg Estimates - Sales  
 Current Quarter: 229.5  
 Current Year: 888.75

Yes, and so I think first and foremost, we try not to get sort of too hung up. We don't want to say we want to be in a particular geography and then feel like we have to overpay to be in that market, we need to be disciplined with our capital allocation and our other markets where we look and say we're under penetrated for sure, other markets also that we get acquisitions in earlier this year, the Southeast and Southwest, where we'd like to add additional density. We've seen really, really nice sort of returns from doing an acquisition that can serve as a platform and then adding on from there.

Yes. And so, in a perfect world we would we like to do more in the Southeast and Southwest and potentially the upper Midwest that would be perfect. But at the same time like if price is an inhibitor or we don't find the right target, we're not going to force us ourselves into that box. I also think that the CGM market is one where, we will look to continue to acquire and we like Solara, more than other opportunities on the larger side and CGM. Because, we thought it could be an engine for future acquisition grow up. And so, really we're breaking our M&A lens right now in the two pieces. It's the core HME and then it's the CGM and we got separate folks sort of task with each of those. And frankly, they put different stresses in our organization. So, doing one doesn't actually inhibit us from doing another.

In terms of product and I think we put out their long-term you could think about other product categories into the home, but I want to be pretty cautious. There's no one should be into foreshadowing like we know we've got off quite a bit with the ActivStyle and Solara our product expansions. And so I think what you're going to see is focus on any additional density and additional investment in those categories and making sure that we can become excellent before we hop off into the next one when the next one whether it'd be home infusion or more pharmacy eventually home dialysis, but those are really -- I think we're pretty happy with -- if you look across the spectrum and post-acute equipment and supplies, we think we are already have by far the most diverse sort of product offering, really incomparable in some respects. And so, if we can take that product offering and then drive things like connected health, I think we'd like to try to do that before we add an additional product to the next.

## Richard Close

Okay, helpful. And my final question is on the connected health strategy and as you think about that, is that a separate operating unit within the company or is that embedded in the existing businesses? How are you thinking about that in terms of whether that's somewhat standalone or how you go to market with that?

## Luke Mcgee, Chief Executive Officer, Director

I think, it's an interesting question obviously, we're going to pull from different parts of the organization sort of, best-in-class sort of competencies and also hire from the outside. Over time, I think that the selling and the relationship with the managed care plan, which is likely your call point because they're the ones who are going to pay you for driving the results, that is separate, but it has to be integrated with the operation. We're going out there and we're setting up patients and we're calling on patients today. And so I think it's a little bit of a hybrid. Certainly again when we think about connected health, it's about leveraging all of us patient relationships. Remember we're in the patient's home supplying them. So, I think a lot of other people are going to connected health, actually struggle to get in touch with the patient and get engagement. Our differentiated safe [ph] approach is we're already engaging the patient because they're relying on us to get there resupply and can we use that relationship either partner, acquire, develop sort of technology solutions to help with the coaching and adherence therapies and then over time demonstrate that because we're in the patient's home and because we believe we can offer some of the technology solutions, is that a approach that resonates where we can drive cost out. If you can't drive cost out, we're all wasting our time and we have to be able to deliver solution to the patients that delivers better health outcome into the payer that delivers a better cost outcome. And again, we're excited that we think we can do that.

## Richard Close

Company Name: AdaptHealth Corp  
Company Ticker: AHCO US  
Date: 2020-08-04  
Event Description: Q2 2020 Earnings Call

Market Cap: 1665.84490825  
Current PX: 19.9449996948  
YTD Change(\$): 8.96499969482  
YTD Change(%): 81.648

Bloomberg Estimates - EPS  
Current Quarter: 0.15  
Current Year: 0.63  
Bloomberg Estimates - Sales  
Current Quarter: 229.5  
Current Year: 888.75

Great. Thank you. And congratulations.

## **Luke Mcgee, Chief Executive Officer, Director**

Thank you. Operator, are there any more questions?

### **Operator**

We do not have any more questions. Ladies and gentlemen, we have reached the end of the question-and-answer session. I would like to turn this call back over to Mr. Luke Mcgee for closing remarks.

## **Luke Mcgee, Chief Executive Officer, Director**

Again, I want to reiterate my thanks to the entire AdaptHealth Team for [ph] deliver the quarter. Sincere appreciation for Gregg Holst, our retiring CFO. He's just been an amazing partner to Josh and I as we built this business. We will miss him and at the same time, we're excited to welcome Jason Clemens in as our new CFO. He's going to do great things for us.

And so with that, thank you everybody and we look forward to talking to you in the next quarter.

### **Operator**

Thank you for joining us today. This concludes today's conference. You may disconnect your lines at this time. Thank you for your participation. Have a great day.

*This transcript may not be 100 percent accurate and may contain misspellings and other inaccuracies. This transcript is provided "as is", without express or implied warranties of any kind. Bloomberg retains all rights to this transcript and provides it solely for your personal, non-commercial use. Bloomberg, its suppliers and third-party agents shall have no liability for errors in this transcript or for lost profits, losses, or direct, indirect, incidental, consequential, special or punitive damages in connection with the furnishing, performance or use of such transcript. Neither the information nor any opinion expressed in this transcript constitutes a solicitation of the purchase or sale of securities or commodities. Any opinion expressed in the transcript does not necessarily reflect the views of Bloomberg LP.*

*© COPYRIGHT 2020, BLOOMBERG LP. All rights reserved. Any reproduction, redistribution or retransmission is expressly prohibited.*