THOMAS TOBIN | MANAGING DIRECTOR | @HedgeyeHC EMILY EVANS | MANAGING DIRECTOR

HEDGEYE

HEALTH CARE Q&A

MAY 20TH AT 10:00AM ET

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HEALTH CARE POSITION MONITOR

Best Ideas - Longs LONG		Price	Mkt Cap ($B)	Score	Trend	Tail
Active Longs						
ANTM	Anthem, Inc.	$ 265.07	$68.2B	(10.04)	✓	✓
THC	Tenet Healthcare Corporation	$ 20.84	$2.1B	(14.70)	✓	✓
AMN	AMN Healthcare Services, Inc.	$ 50.27	$2.3B	(0.67)	✓	---
ZBH	Zimmer Biomet Holdings, Inc.	$ 116.42	$23.8B	(11.19)	✓	✓
TDOC	Teladoc Health, Inc.	$ 59.43	$4.3B	(38.14)	✓	✓
Long Bias						
ILMN	Illumina, Inc.	$ 307.63	$45.2B	(9.04)	---	✓
HCA	HCA Healthcare Inc	$ 123.51	$42.3B	(7.56)	---	✓
UHS	Universal Health Services, Inc. Class B	$ 121.88	$10.1B	(6.17)	---	✓
MD	MEDNAX, Inc.	$ 26.70	$2.3B	(15.03)	---	✓
DGX	Quest Diagnostics Incorporated	$ 97.23	$13.1B	(8.40)	---	✓
LH	Laboratory Corporation of America Holdings	$ 164.41	$16.2B	(8.96)	---	✓
ILMN	Illumina, Inc.	$ 307.63	$45.2B	(9.04)	---	✓

Best Ideas - Shorts SHORT		Price	Mkt Cap ($B)	Score	Trend	Tail
Active Shorts						
DVA	DaVita Inc.	$ 49.23	$8.2B	(11.02)	×	×
HQY	HealthEquity Inc	$ 68.45	$4.3B	(6.23)	×	×
MDRX	Allscripts Healthcare Solutions, Inc.	$ 10.39	$1.7B	(3.91)	×	×
SYK	Stryker Corporation	$ 184.14	$68.7B	(5.27)	×	×
DXCM	DexCom, Inc.	$ 118.04	$10.7B	(31.37)	×	×
Short Bias						
ABBV	AbbVie, Inc.	$ 79.46	$117.5B	(6.03)	---	---
MYGN	Myriad Genetics, Inc.	$ 26.00	$1.9B	(15.19)	---	---
EXAS	Exact Sciences Corporation	$ 96.19	$12.4B	(18.73)	---	---

Score refers the difference between the Outperformance and Underperformance scoring system as defined by a multi-factor machine learning algorithm

Data Source: Hedgeye, Factset

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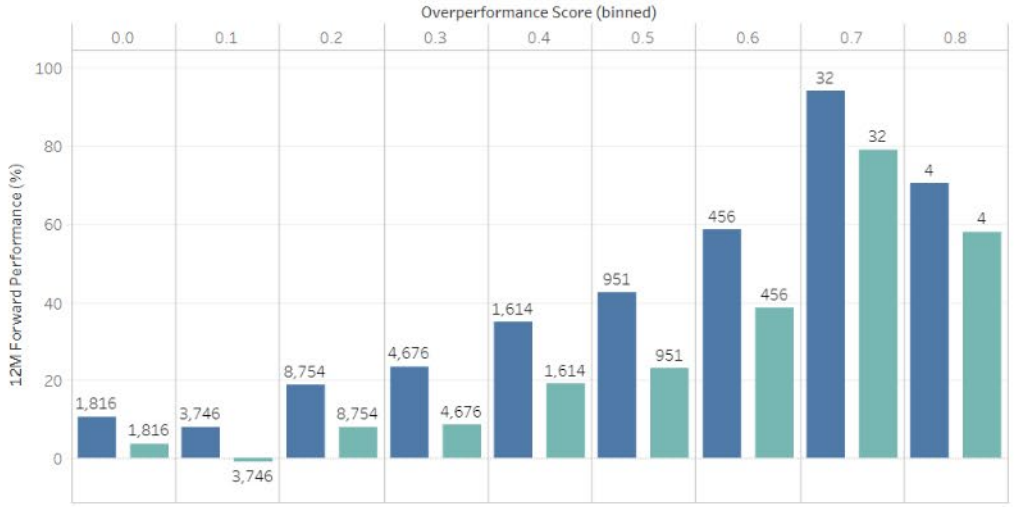
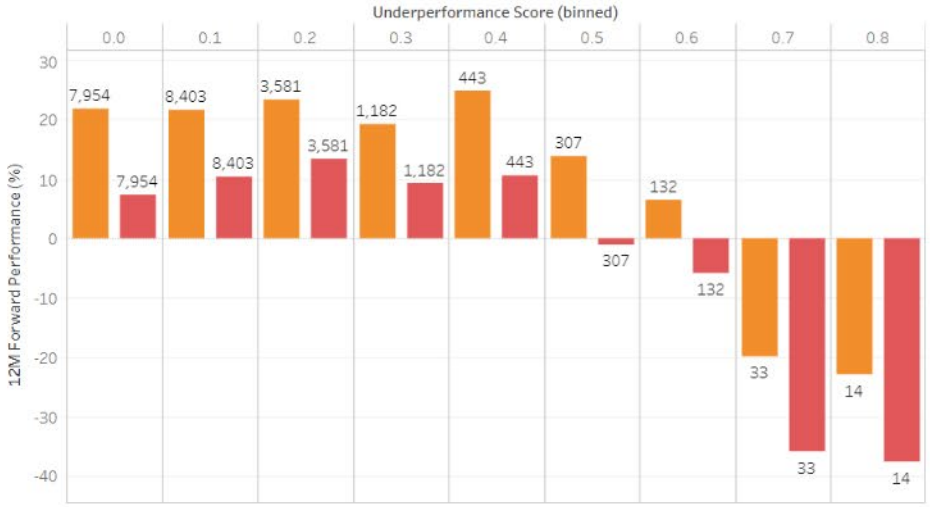
HEALTH CARE SENTIMENT BY MACHINE LEARNING

NEUTRAL MARKET SENTIMENT ON HEALTH CARE

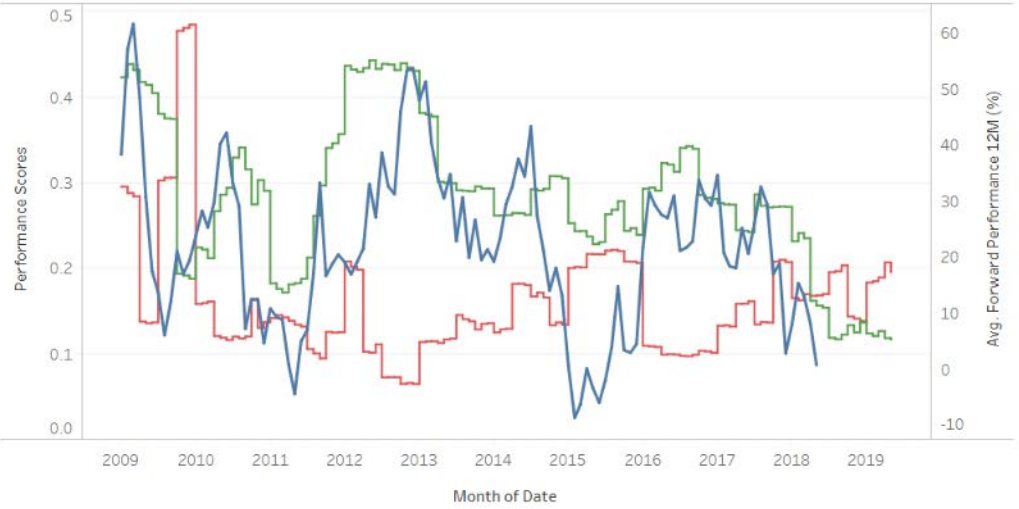
12M Overperformance Buckets



12M Underperformance Buckets



Forward 12M Line



Price Line

Data Source: Hedgeye

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ANTHEM SET UP IS NEUTRAL

SENTIMENT SUBDUED IN BOTH DIRECTIONS

Data Source: Hedgeye

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DOMINANT MARKET SHARE

AT LEAST IN THE MEDICAL BENEFIT ARENAS, NOT SO MUCH IN PHARMA

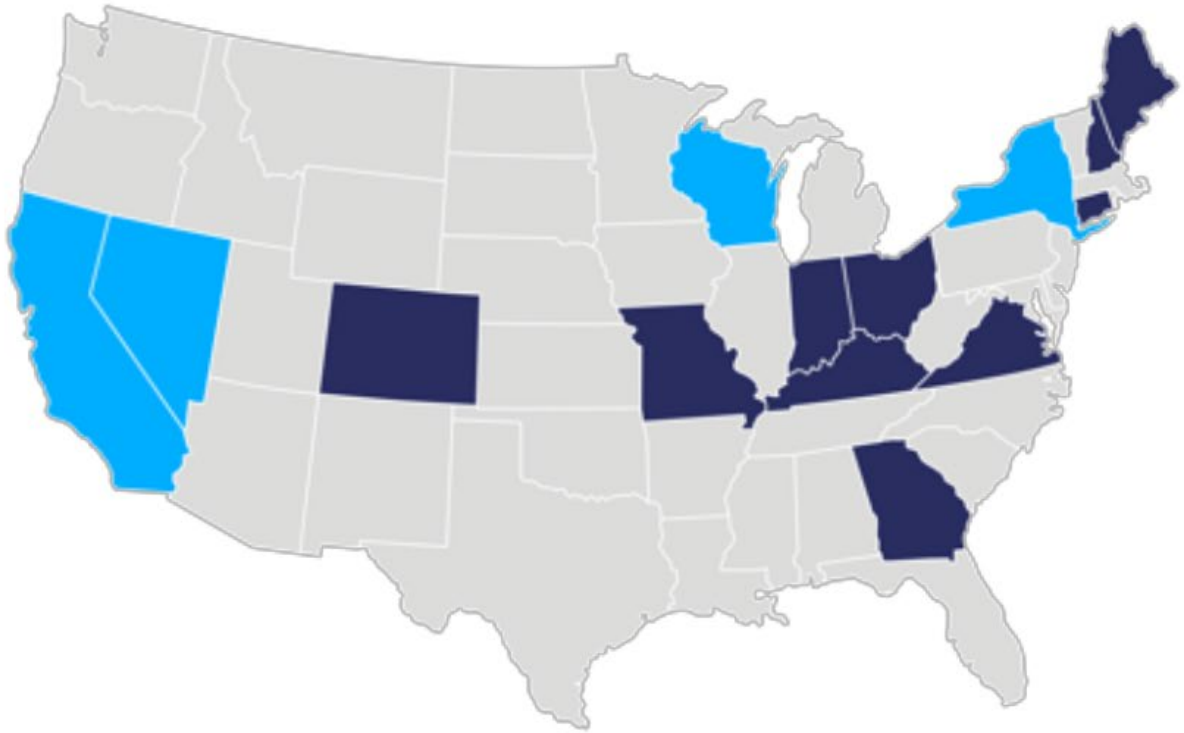
UNIQUE POSITION IN THE MARKET

#1

COLORADO
CONNECTICUT
GEORGIA
INDIANA
KENTUCKY
NEW HAMPSHIRE
OHIO
MAINE
MISSOURI
VIRGINIA

#2

CALIFORNIA
NEVADA
NEW YORK
WISCONSIN



AVERAGE MARKET SHARE ACROSS ALL MARKETS ~35%

Data Source: Company filings

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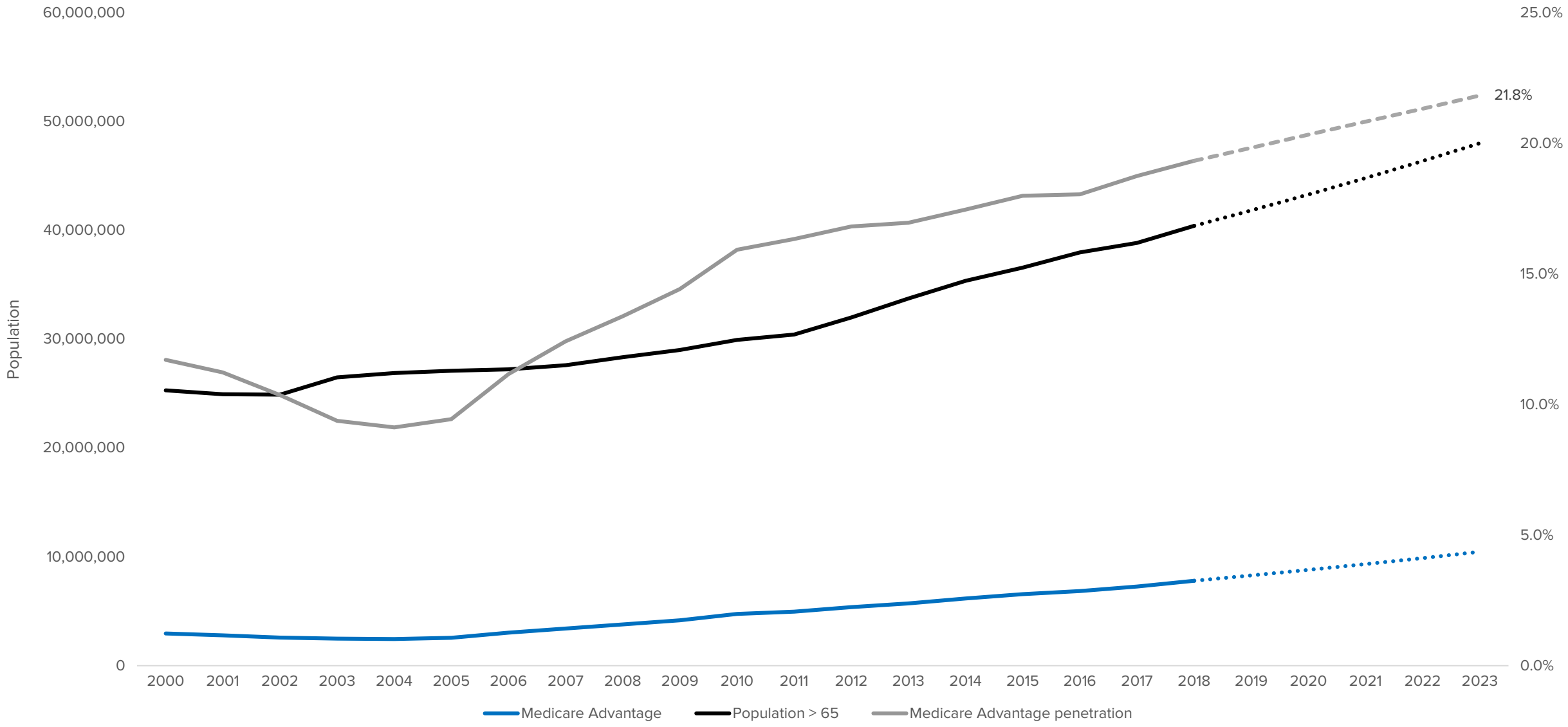
ANTHEM STATE TRENDS POSITIVE

DO NOTHING MARKET



Data Source: Kaiser, Census, Company filings

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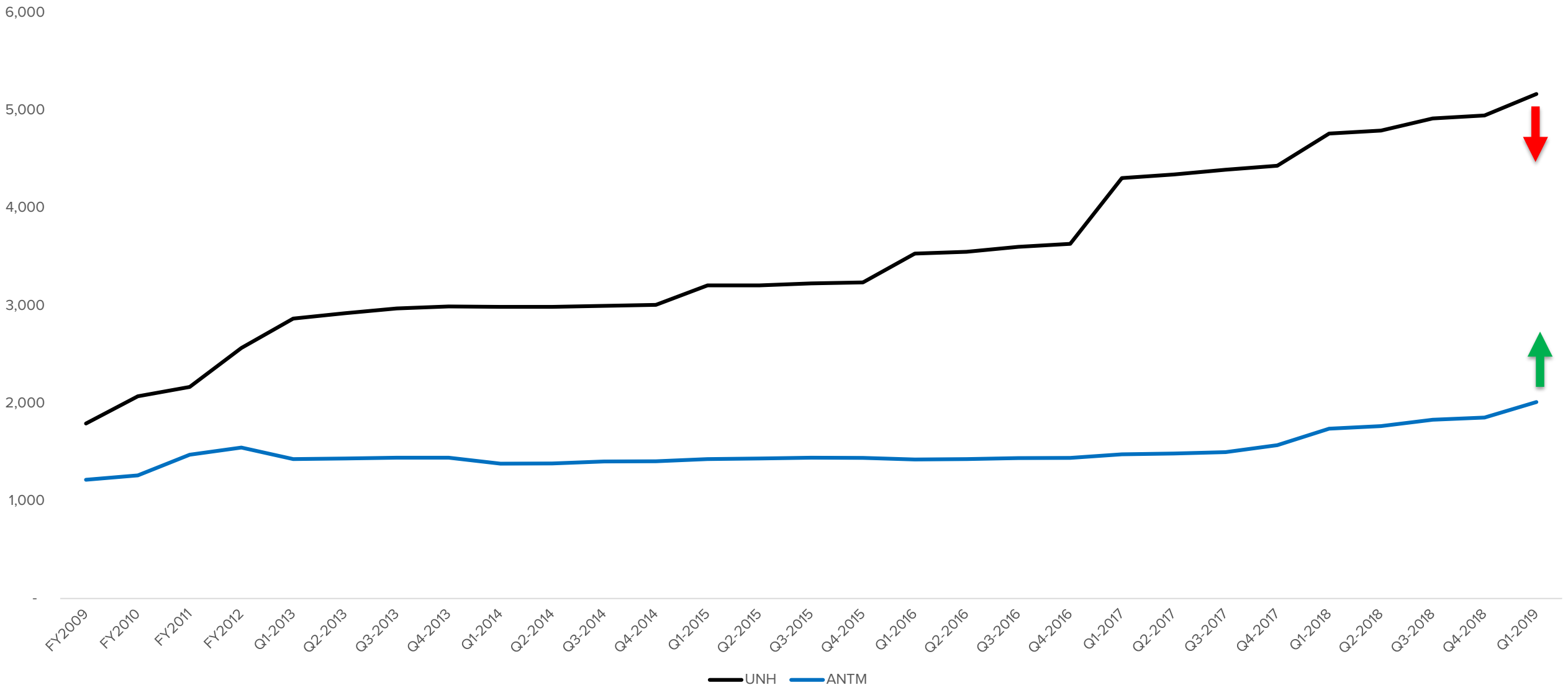
HEALTH CARE SENTIMENT BY MACHINE LEARNING

IS UNH MA SHARE REBATE FUELED?



Data Source: Company filings, Hedgeye

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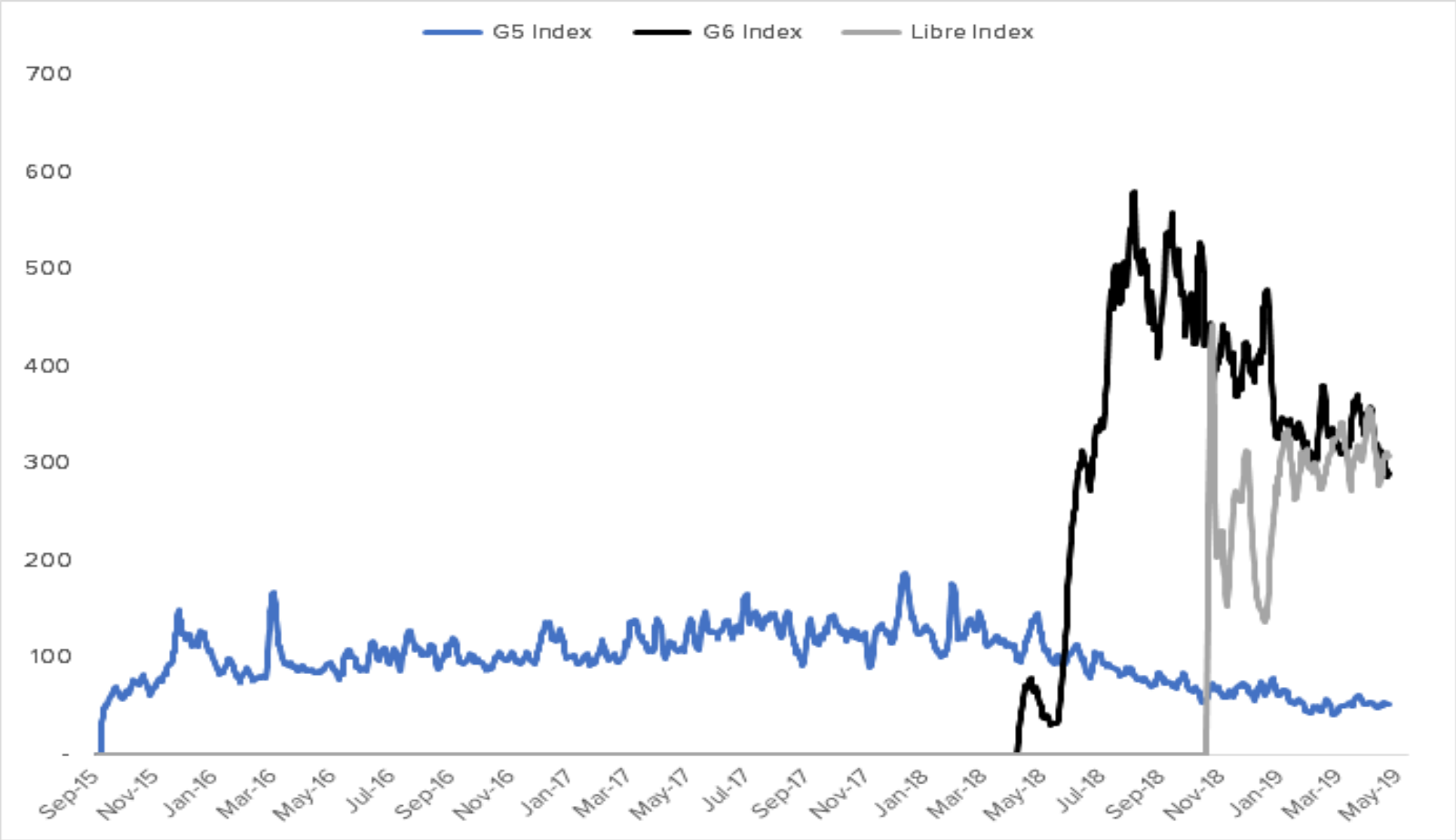
DXCM WEEKLY APP DOWNLOAD INDEX

SPLITTING NEW DOWNLOADS WITH ABBOTT



Data Source: SensorTower

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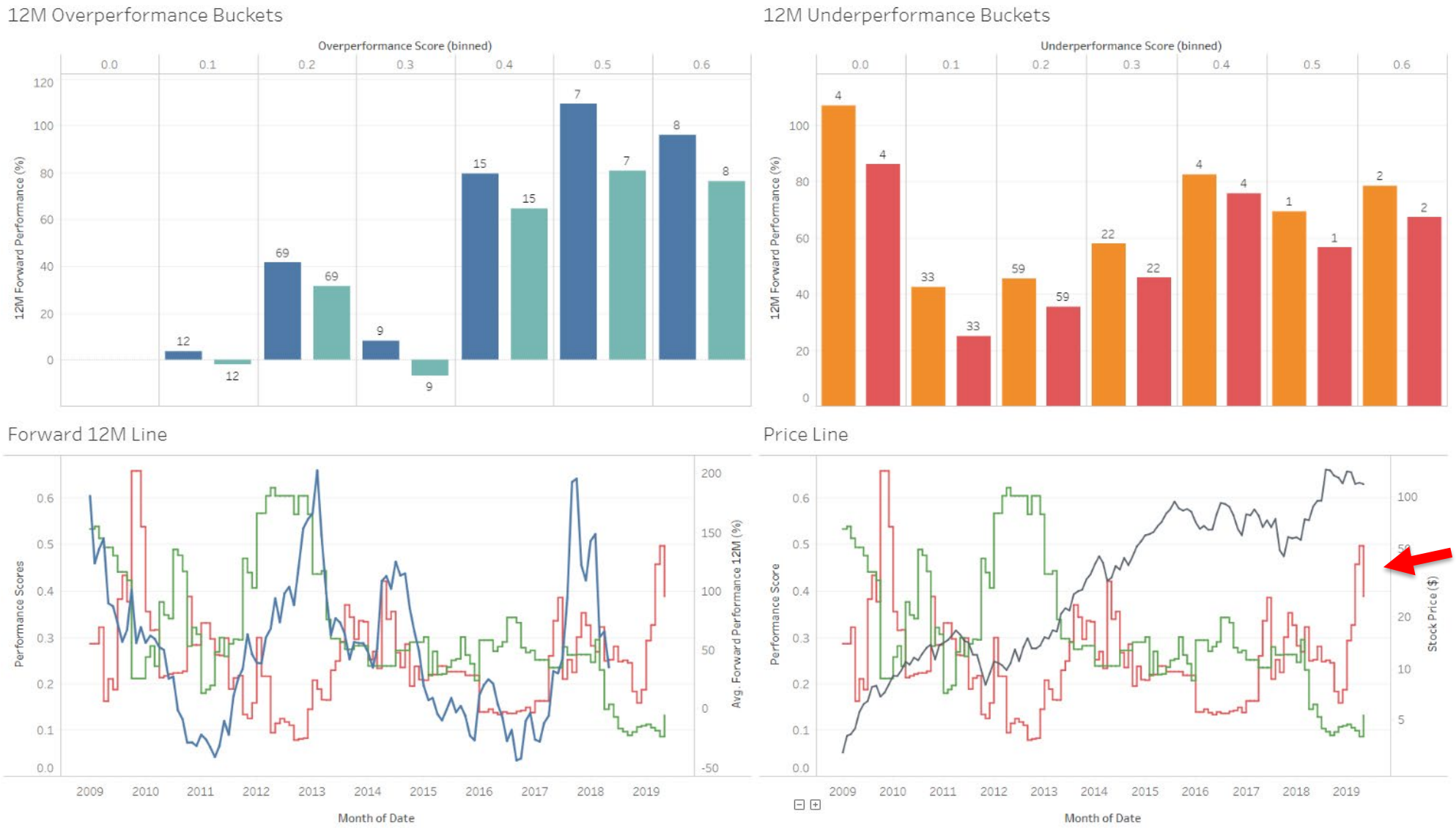
DXCM SENTIMENT DETERIORATING

STOCK REMAINS -25% BELOW THE HIGH DESPITE A MASSIVE 1Q19 BEAT



Data Source: Hedgeye

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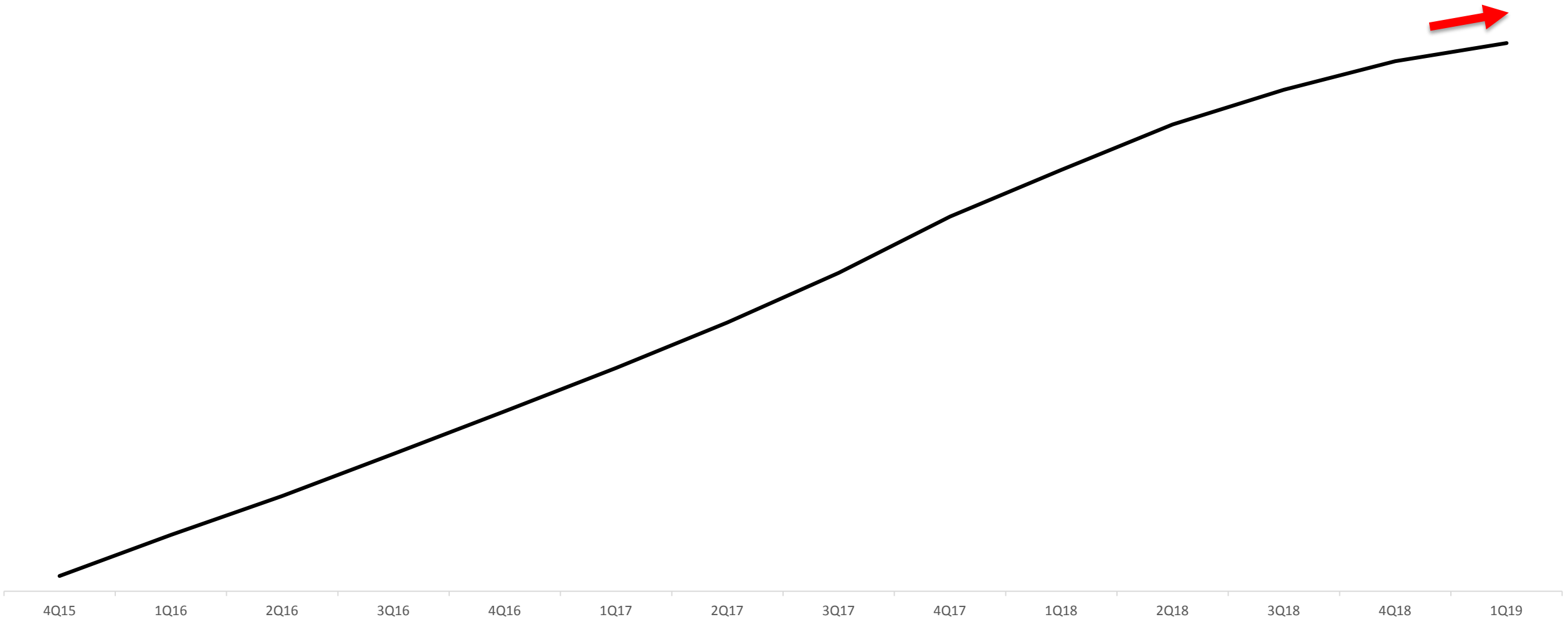
DXCM G5 USERS NOT MOVING TO G6

BASE IMPACT ON 2H19 GROWTH POSITIVE IF SUSTAINED



Data Source: SensorTower

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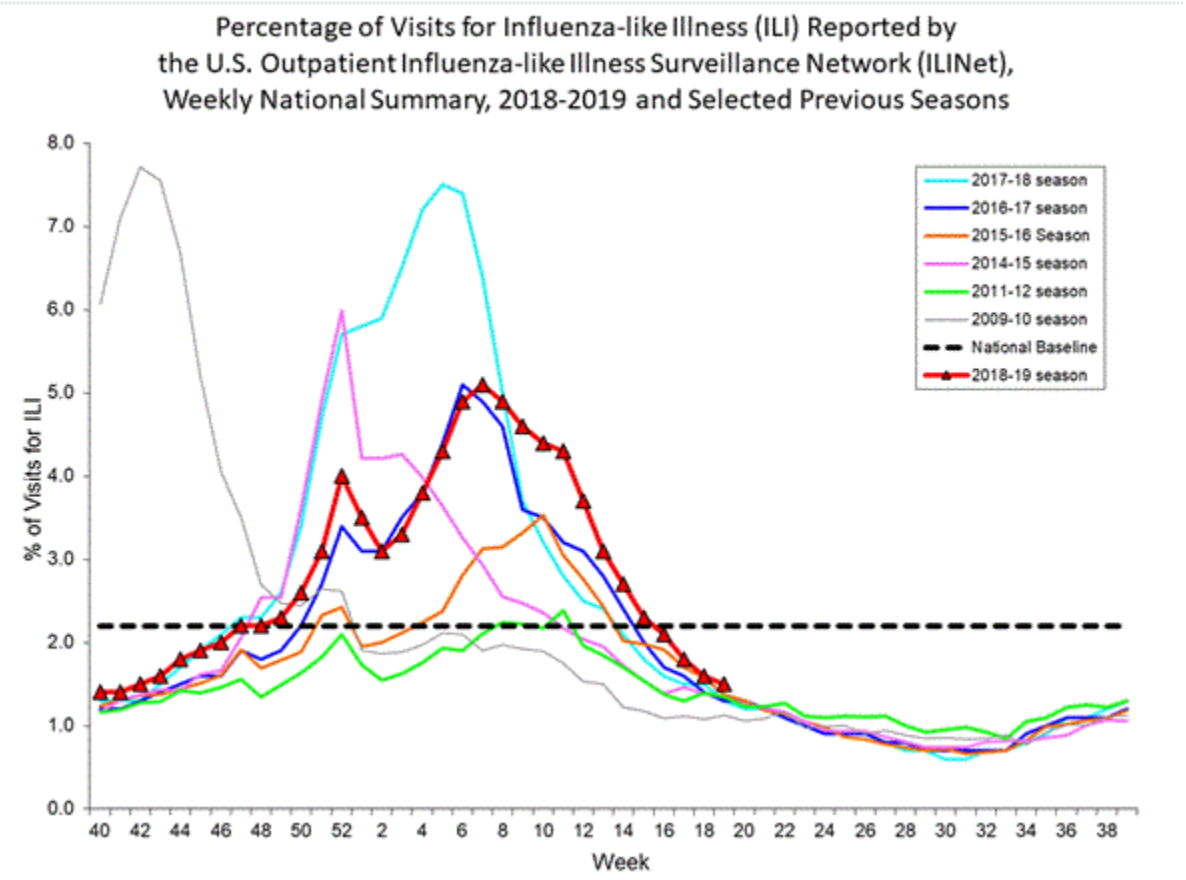
HOSPITAL OPERATOR COMMENTS



- "Last 3 months we have recovered all of the lost **orthopedic** case volume"
- **Weak flu season** exacerbated the difficulty…in the Spring, volumes generally **returned to growth** over prior year"
- "Several new **urgent care centers nearby us that have drained volume for the last couple of years**"
- "Sicker patients still come, but the low acuity visits go elsewhere in greater numbers"
- "**Maternity** volume has increased year over year, reversing a declining trend of several years"
- **"Outpatient imaging is unusually strong"**
- "No real changes in uncompensated care and **bad debt** over time"

Data Source: CDC, Hedgeye

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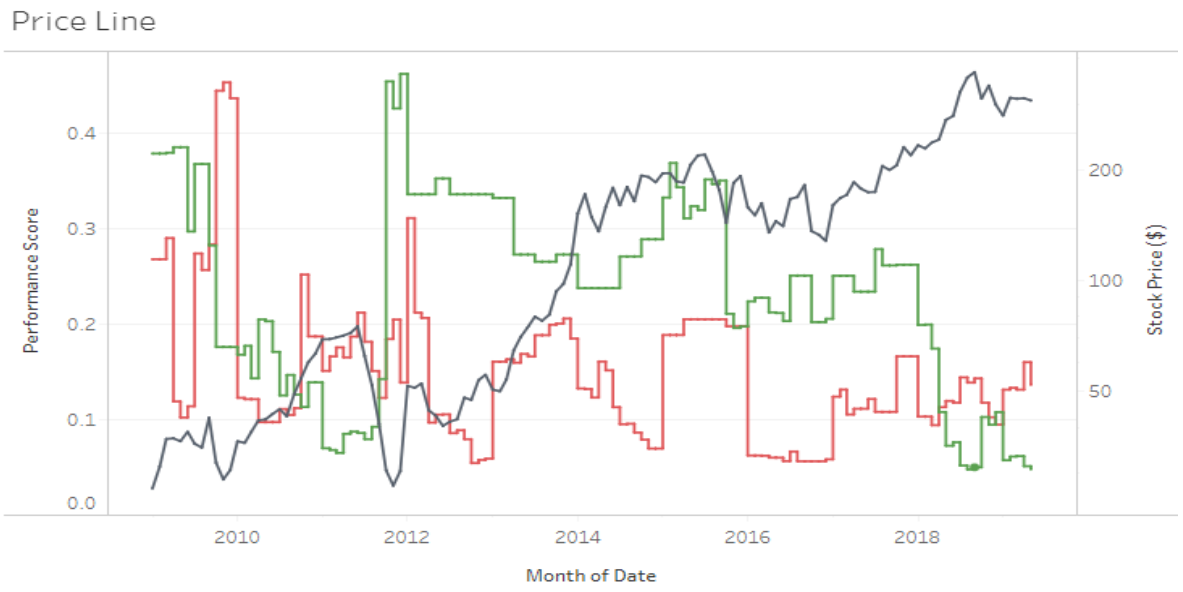
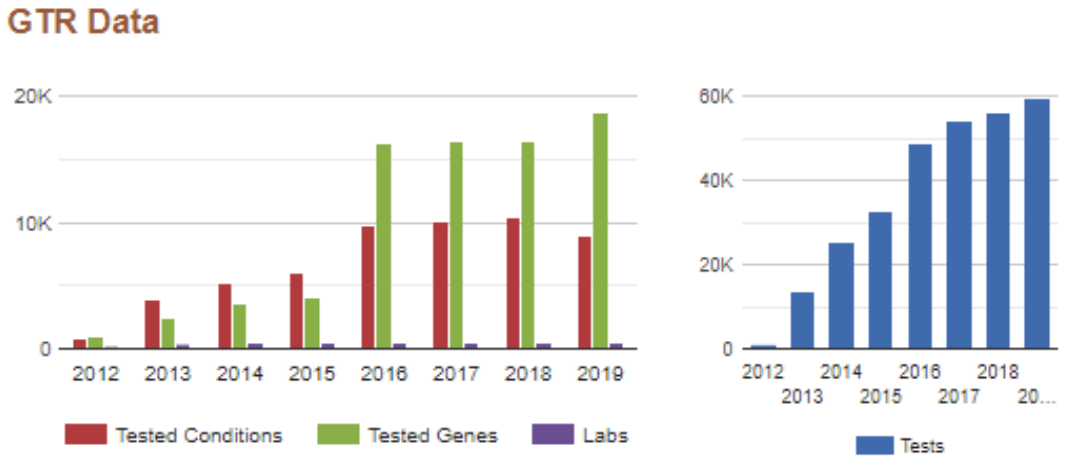
ILMN MOVING OUR HIGHEST PRIORITY

"IN THE NEXT 5 YEARS…"

NPI	Lab Name	2018
1114222817	PROGENITY INC.	696,864
1235363052	ASSUREX HEALTH, INC.	299,257
1518415991	MOUNT SINAI GENOMICS, INC.	281,689
1346479169	COUNSYL, INC.	259,588
1275971707	LABSOLUTIONS LLC	241,216
1558672279	NATERA, INC.	240,918
1508215922	FOUNDATION MEDICINE, INC.	159,916
1013973866	CARIS MPI, INC.	106,502
1487632998	GENEDX, INC.	91,491
1235234402	ENZO CLINICAL LABS, INC.	87,301
1134277494	BIO-REFERENCE LABORATORIES, INC.	82,256
1124438528	ADMERA HEALTH LLC	82,099
1629407069	EXACT SCIENCES LABORATORIES, LLC	76,098
1518983642	BUREAU OF PUBLIC HEALTH LABORATORIES	74,835
1265714091	FOUNDATION MEDICINE, INC.	68,520
1669484473	MYRIAD GENETIC LABORATORIES, INC.	66,376
1366720906	ARIOSA DIAGNOSTICS, INC.	64,977
1619376316	TRUE HEALTH DIAGNOSTICS, LLC	58,589
1750368700	LABORATORY CORPORATION OF AMERICA HOLDINGS	57,910
1063619922	MATTISON PATHOLOGY, L.L.P.	55,605
1316206220	INVITAE CORPORATION	54,380
1184045619	GUARDANT HEALTH, INC.	50,988
1326484569	NXGEN MDX, LLC	38,846
1215003603	GENOMIC HEALTH INC.	37,106
1932145778	QUEST DIAGNOSTICS INCORPORATED	36,689
1689975021	ESOTERIX GENETIC LABORATORIES, LLC	32,962
1518903350	QUEST DIAGNOSTICS CLINICAL LABORATORIES INC	31,655
1467850859	GENOMIND, INC.	28,064
1538144910	LABORATORY CORPORATION OF AMERICA HOLDINGS	27,937
1740733708	TEMPUS LABS INC.	24,717
1770984239	ABIRA MEDICAL LABORATORIES	22,582
1861568784	AMBRY GENETICS CORPORATION	21,606
1588712020	GENETIC DISEASE SCREENING PROGRAM, STATE OF CA	20,286
1598820235	SHERMAN ABRAMS LABORATORY INC	20,072
1003221904	NATIONAL PREMIER LABORATORIES INC	19,678
1225110497	ACCU REFERENCE MEDICAL LAB, LLC	19,497
1437585262	ALPHA GENOMIX LABORATORIES INC	19,181
1447437355	NEOGENOMICS LABORATORIES INC	17,944





Data Source: GTR, Alphamatics, Hedgeye

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PLEASE SUBMIT QUESTIONS* TO

QA@HEDGEYE.COM

*ANSWERED AT THE END OF THE CALL

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