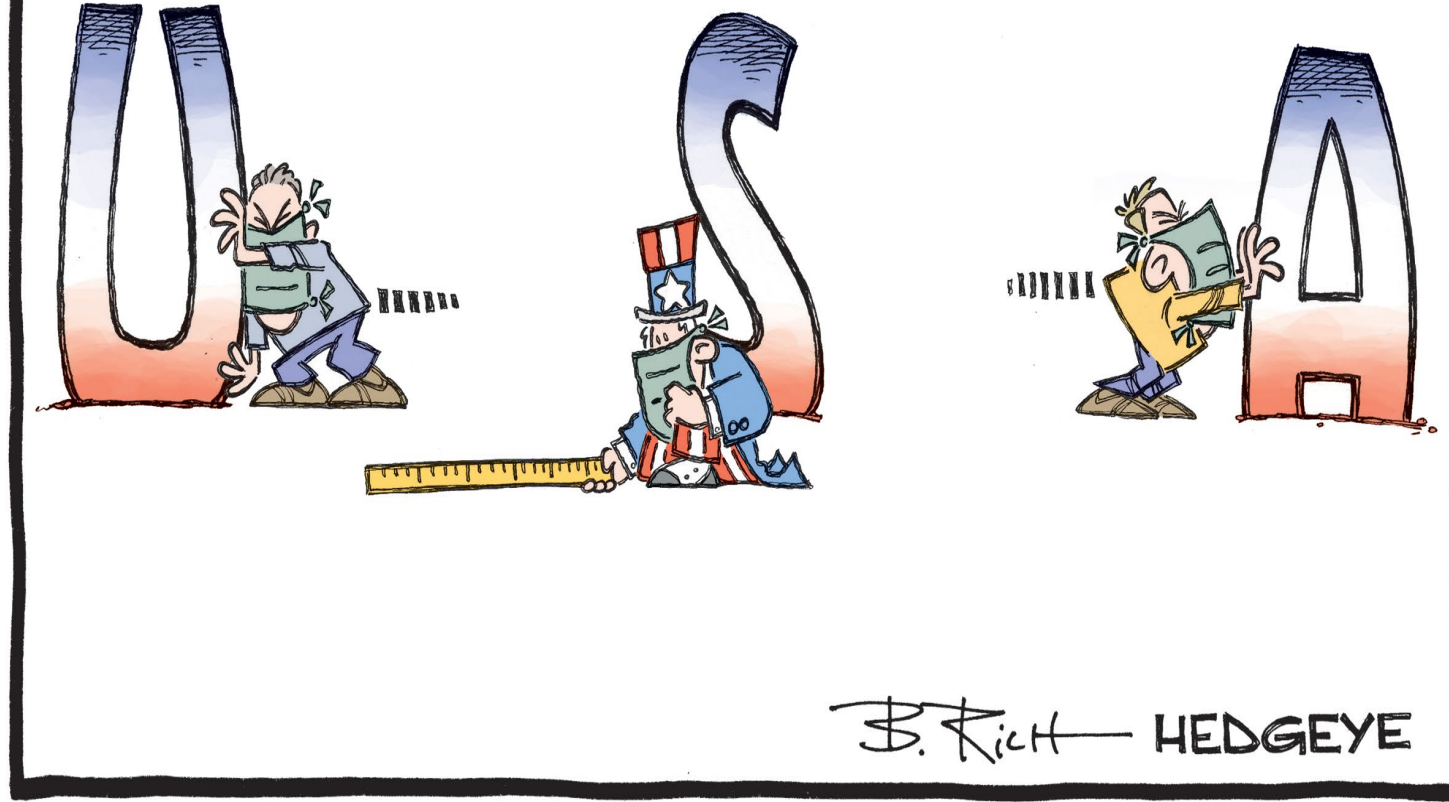


HEDGEYE

Health Care Position Monitor Update

Health Care Estimate Revisions, AMN Trackers, & Claims Data Updates

April 20, 2020



Hedgeye Health Care

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Health Care Position Monitor

HEDGEYE

For Week of April 20, 2019

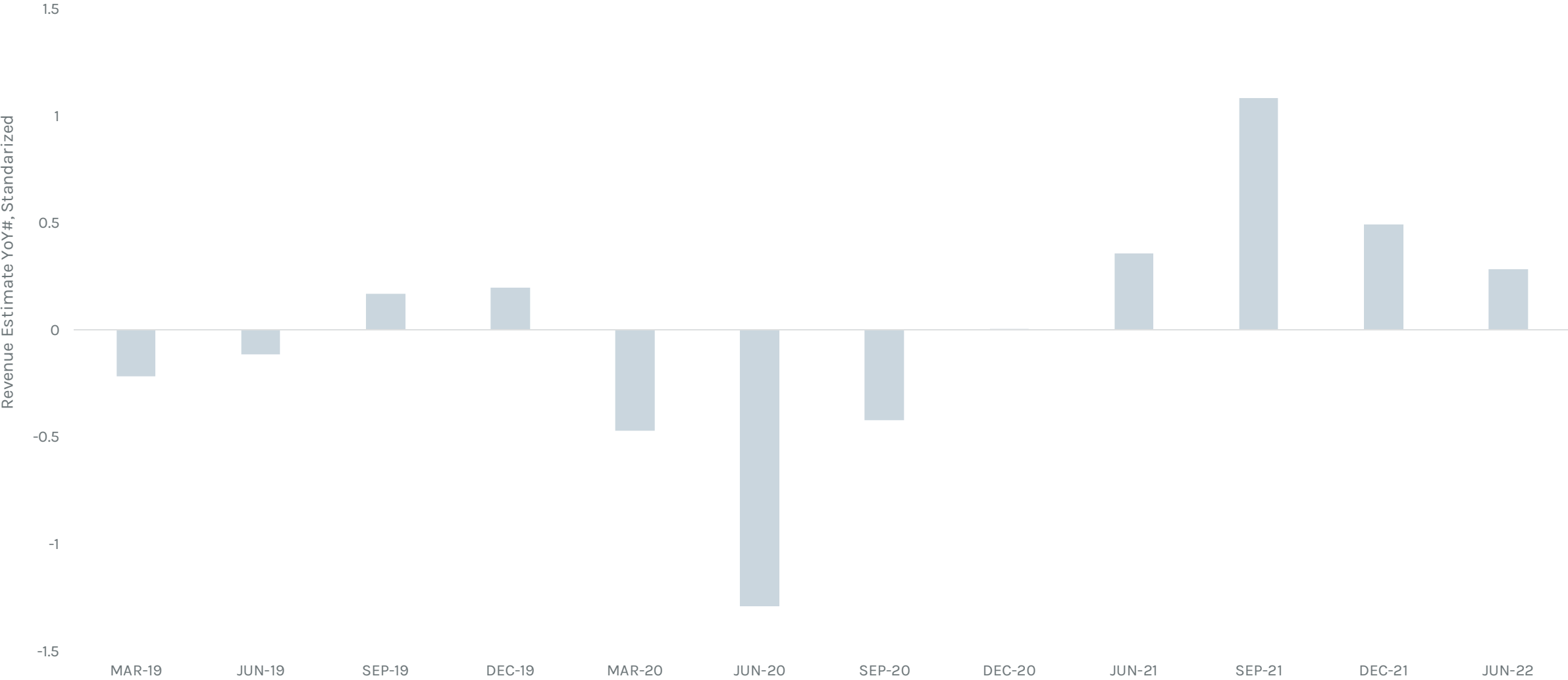
Best Ideas - Longs					Best Ideas - Shorts						
LONG					SHORT						
		Price	Mkt Cap (\$B)	Trend	Tail			Price	Mkt Cap (\$B)	Trend	Tail
Active Longs					Active Shorts						
TDOC	Teladoc Health, Inc.	\$ 178.34	\$13.2B	√	√	AMN	AMN Healthcare Services, Inc.	\$ 56.41	\$2.6B	×	×
						GH	Guardant Health, Inc.	\$ 71.94	\$6.8B	×	×
						EXAS	Exact Sciences Corporation	\$ 78.68	\$11.6B	×	×
						HQY	HealthEquity Inc	\$ 46.98	\$3.3B	×	×
						NVTA	Invitae Corp.	\$ 14.77	\$1.8B	×	×
Long Bias					Short Bias						
ONEM	1Life Healthcare, Inc.	\$ 24.41	\$3.1B			HCA	HCA Healthcare Inc	\$ 112.30	\$38.0B		
TXG	10x Genomics Inc Class A	\$ 72.30	\$1.5B			DVA	DaVita Inc.	\$ 77.00	\$9.7B		
						ILMN	Illumina, Inc.	\$ 318.71	\$46.8B		

Disclaimer

Hedgeye's "bias" represents Hedgeye's outlook on companies currently under Hedgeye's review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not forecast whether Hedgeye will or will not issue any additional material on that company.

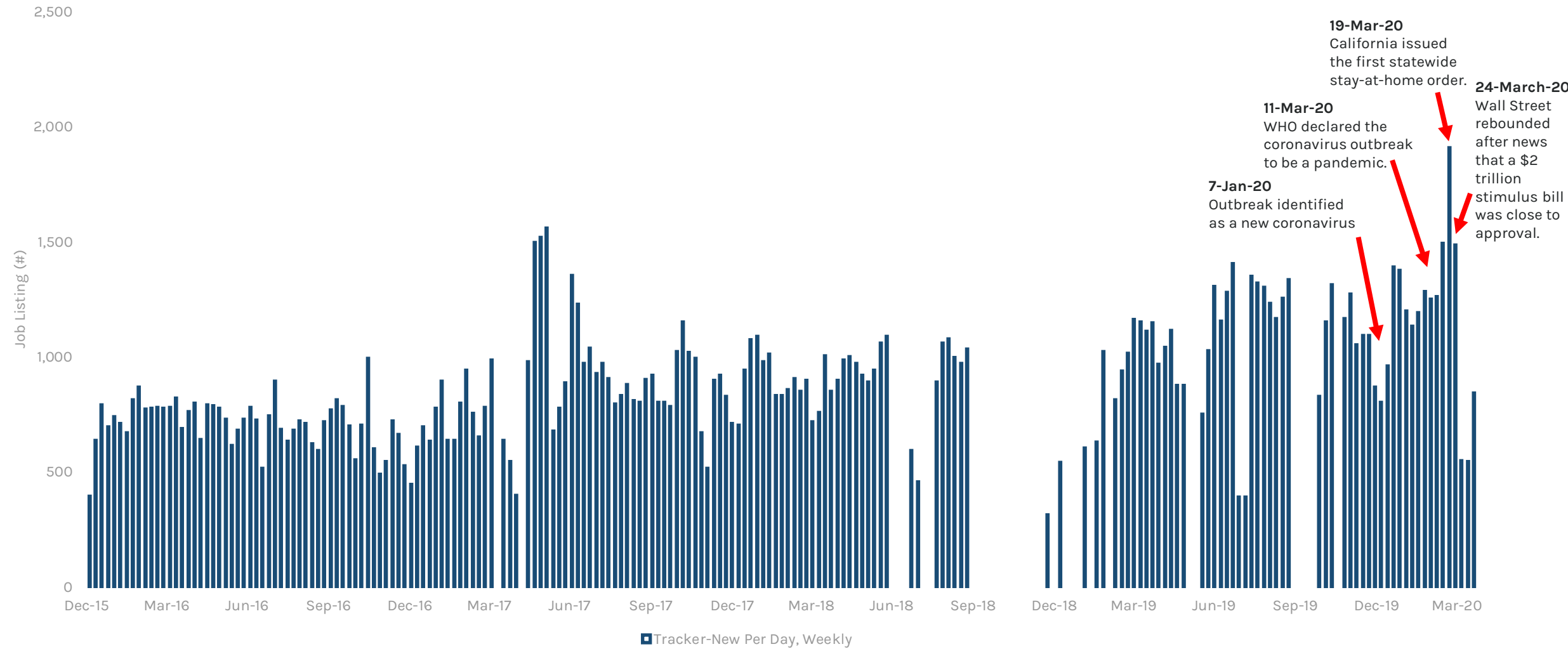
Health Care Estimate Revisions

While estimates have corrected, further negative revisions are likely



AMN Tracker | New Per Day, Weekly

Hospitals are going to open slowly and over several quarters, not weeks or even months



AMN | Valuation

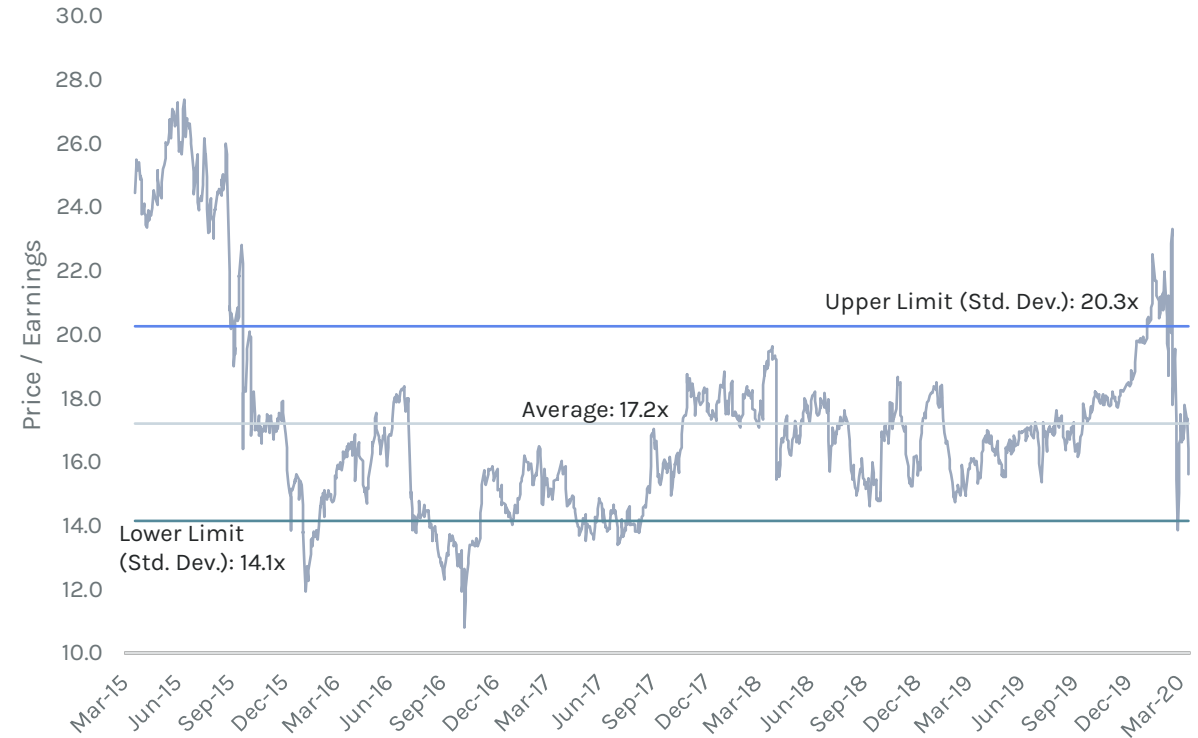
Moving AMN to a Best Idea Short

2020 Net Income

	\$ 115.00	\$ 125.00	\$ 130.00	\$ 140.00	\$ 150.00	\$ 160.00
2020 P/E 14.5x	24.18	27.23	28.75	31.80	34.84	37.88
16.5x	29.01	32.48	34.21	37.67	41.14	44.60
18.5x	33.84	37.73	39.67	43.55	47.44	51.32
20.5x	38.67	42.98	45.13	49.43	53.74	58.04
22.5x	43.50	48.23	50.59	55.31	60.04	64.76
24.5x	48.33	53.48	56.05	61.19	66.34	71.48

2021 Net Income

	\$ 135.00	\$ 145.00	\$ 155.00	\$ 165.00	\$ 175.00	\$ 185.00
2021 P/E 12.0x	23.19	25.71	28.23	30.75	33.27	35.78
14.0x	28.86	31.80	34.73	37.67	40.61	43.55
16.0x	34.53	37.88	41.24	44.60	47.96	51.32
18.0x	40.19	43.97	47.75	51.53	55.31	59.09
20.0x	45.86	50.06	54.26	58.46	62.66	66.86
22.0x	51.53	56.15	60.77	65.39	70.01	74.63



Assuming a longer-term recovery puts substantial pressure on the P&L, pushing AMN to the lower end of the range.

GH | Claims Forecast Chart

Claims Index Pre-COVID19



- We've heard mixed comments about oncology patient volume and testing, either that it was shut down completely (NJ), or has been "less impacted" than other areas (CA).
- We expect testing volume to come under pressure but see risk in biopharma testing as well.

GH | Claims Forecast Table

Last 2 weeks of March still not available

Week	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020
1	38	84	52	89	263	90	88	109	74	360	148	157	182	279	767	42
2	70	74	64	93	302	115	137	98	116	466	98	187	161	126	573	123
3	45	105	99	69	318	73	112	77	91	354	127	111	169	168	574	175
4	73	87	84	62	306	134	129	106	120	489	88	146	216	153	604	199
5	91	66	58	74	289	85	111	116	133	445	107	194	128	184	613	183
6	47	72	124	99	341	102	116	92	84	393	119	120	151	189	579	276
7	65	72	94	91	321	122	106	77	102	407	146	139	137	235	658	200
8	82	88	86	51	307	91	98	85	92	366	111	124	205	168	608	237
9	82	86	75	88	332	91	60	130	95	376	138	163	134	167	601	171
10	120	90	56	111	376	60	67	95	94	315	115	140	198	142	595	191
11	85	70	73	87	316	136	91	84	91	402	157	120	138	179	595	-
12	84	104	115	77	380	106	120	95	193	513	134	202	154	220	710	-
13	99	97	90	40	327	88	177	109	144	518	140	195	166	277	778	-
Total	981	1,096	1,069	1,032	4,178	1,292	1,412	1,272	1,430	5,406	1,628	1,998	2,140	2,488	8,255	

Correlation

Claims Data & Reported Claims 98.0%

Forecast

Company Guidance
Clinical Customers, Test Volume 65,000-67,000

Hedgeye

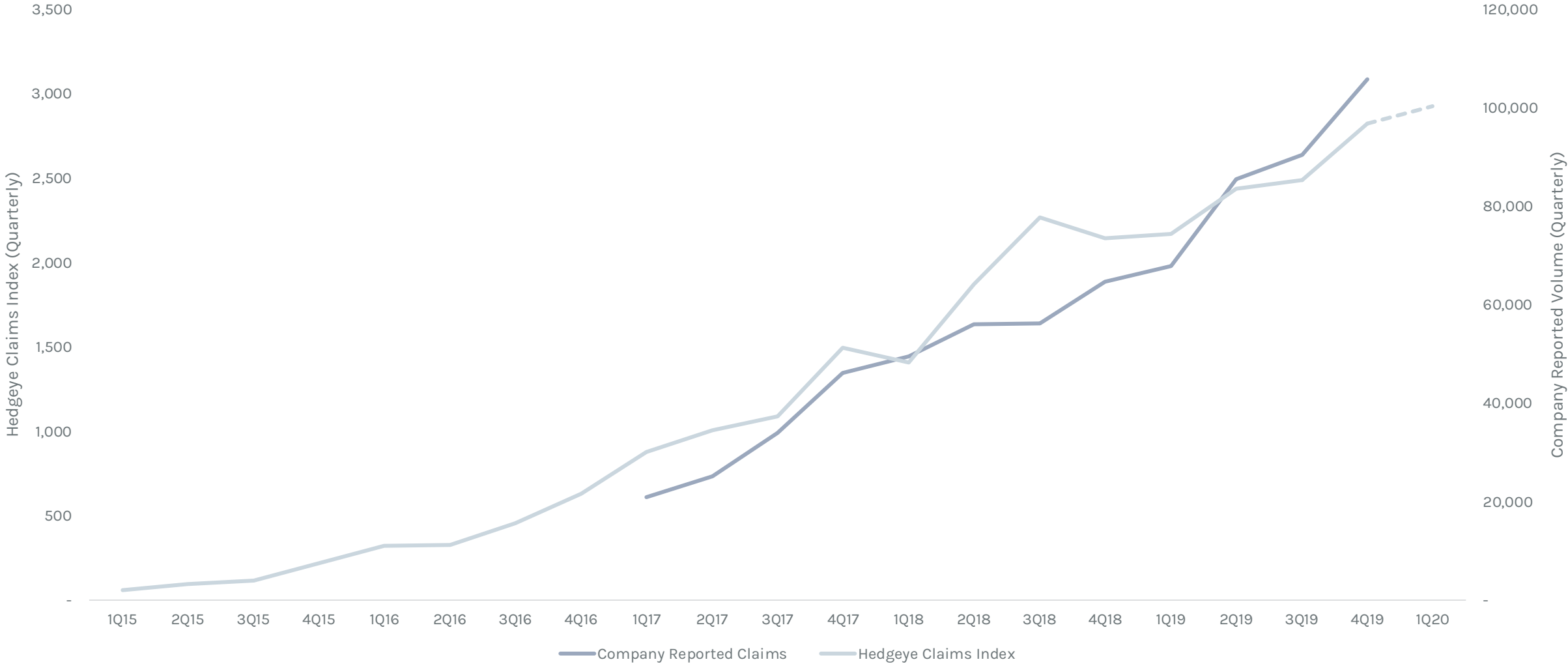
Method 1: Seasonal Wkly Distr. 15,432
 Method 2: Avg Per Day x Total 14,668
 Method 3: QTD Vol / Ratio Days 14,335
 Method 4: Last Wkly Data Pt 14,548
 Method 5: Avg Wkly Vol Carry 14,335
Average 14,664

Method	Week	Q1-2020	Total
Seasonal Weekly Distribution Pattern Based on Prior Years	11	283	2,515
	12	225	
	13	210	
	Total		
Average Per Day QTD x Total Days	11	198	2,390
	12	198	
	13	198	
	Total		
QTD Volume / Ratio of Completed Days	11	180	2,336
	12	180	
	13	180	
	Total		
Last Weekly Data Point Carried Forward	11	191	2,371
	12	191	
	13	191	
	Total		
Average Weekly Volume Carried Forward	11	180	2,336
	12	180	
	13	180	
	Total		

The impact from COVID19 will become visible in the coming weeks.

NVTA | Claims Forecast Chart

Claims Index Pre-COVID19



NVTA | Claims Forecast Table

Claims Index Pre-COVID19

Week	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020
1	44	73	56	102	275	84	139	121	163	506	161	155	130	227	673	71
2	70	67	74	88	298	133	125	167	164	589	202	192	191	204	789	243
3	69	64	77	130	339	126	143	178	149	596	225	189	199	216	828	238
4	65	74	64	118	322	151	186	173	179	689	168	200	181	239	789	227
5	70	70	84	124	348	119	152	168	209	648	142	185	200	219	746	233
6	70	81	119	127	398	125	135	174	172	607	189	188	192	200	769	215
7	81	74	92	114	361	124	156	161	133	574	158	227	200	243	828	261
8	64	74	104	69	311	96	130	159	101	487	154	192	209	279	834	216
9	82	69	63	103	316	108	149	159	190	606	146	153	184	141	624	258
10	75	79	64	126	344	108	125	128	208	568	156	193	176	240	765	253
11	77	113	93	117	399	122	136	163	197	618	159	192	200	267	819	-
12	75	100	98	115	387	110	154	180	203	647	155	170	225	248	798	-
13	69	99	117	47	332	140	152	181	76	548	153	200	200	98	651	-
Total	911	1,037	1,105	1,379	4,431	1,547	1,882	2,113	2,143	7,685	2,168	2,436	2,488	2,821	9,914	

Correlation

Claims Data & Reported Claims 95.6%

Forecast

Q1-2020 FY2020

Company Guidance

Samples Accessioned 725,000

Management withdrew guidance on 4/1/2020, citing COVID-19

Hedgeye

Method 1: Seasonal Wkly Distr. 110,409

Method 2: Avg Per Day x Total 110,607

Method 3: QTD Vol / Ratio Days 108,094

Method 4: Last Wkly Data Pt 111,615

Method 5: Avg Wkly Vol Carry 108,094

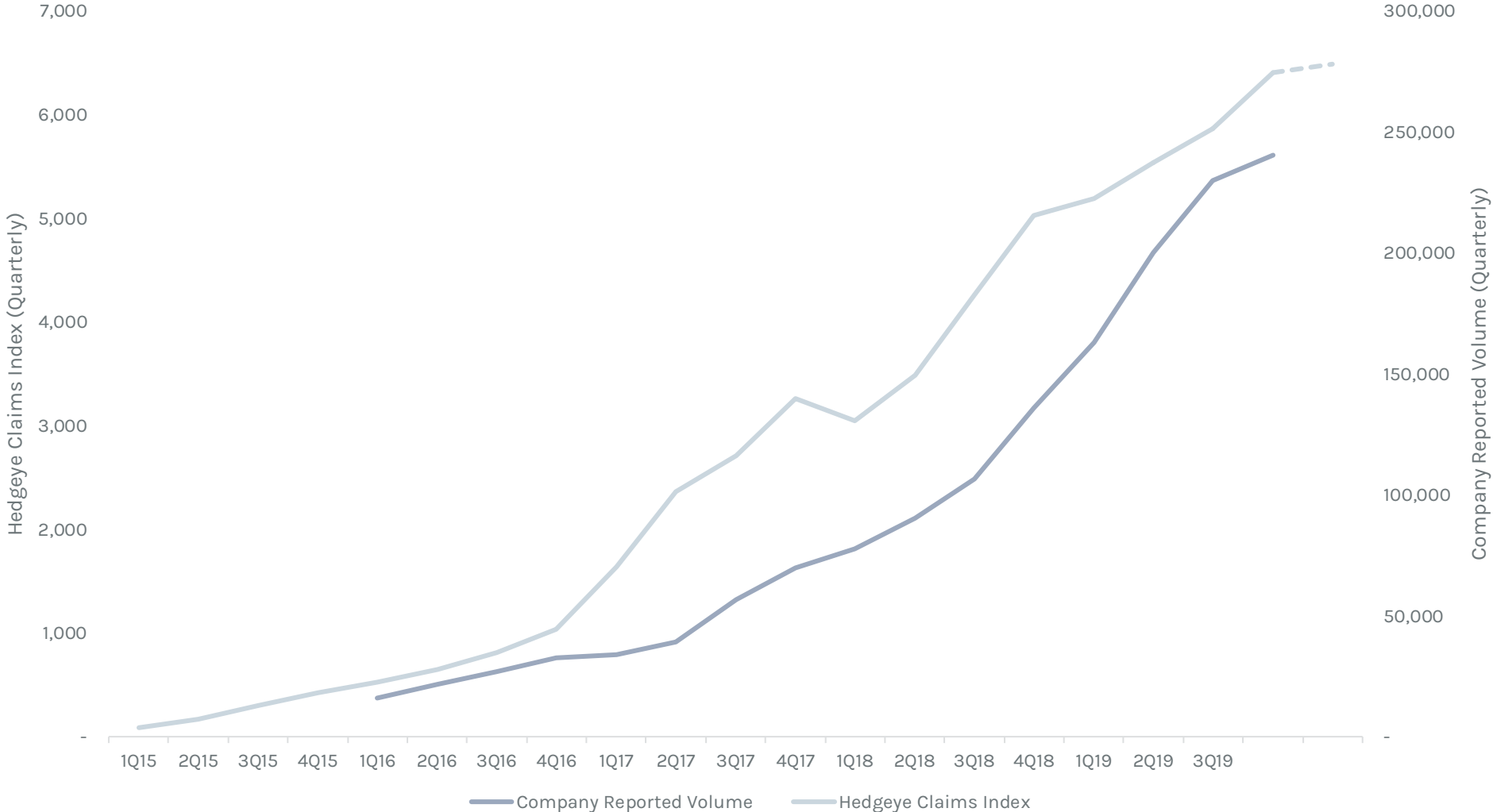
Average 109,764

Method	Week	Q1-2020	Total
Seasonal Weekly Distribution Pattern Based on Prior Years	11	242	2,943
	12	226	
	13	258	
	Total		
Average Per Day QTD x Total Days	11	244	2,948
	12	244	
	13	244	
	Total		
QTD Volume / Ratio of Completed Days	11	222	2,881
	12	222	
	13	222	
	Total		
Last Weekly Data Point Carried Forward	11	253	2,975
	12	253	
	13	253	
	Total		
Average Weekly Volume Carried Forward	11	222	2,881
	12	222	
	13	222	
	Total		

We expect pre-natal, somatic, and cancer testing will all be under pressure in 2020.

EXAS | Claims Forecast Chart

Claims Index Pre-COVID19



- There should be a tailwind from patients and physicians opting for Cologuard over Colonoscopy with COVID19 impacting elective procedures and the fear of infection.
- However, we expect the economic and COVID impact on wellness visits and primary screening to be even more impactful.
- As we detailed in our presentation, higher colon cancer screening compliance have been driven by employment gains, a key risk going forward.

EXAS | Claims Forecast Table

COVID19 Impact delayed due to lag between test order and return

Week	Q1-2017	Q2-2017	Q3-2017	Q4-2017	FY2017	Q1-2018	Q2-2018	Q3-2018	Q4-2018	FY2018	Q1-2019	Q2-2019	Q3-2019	Q4-2019	FY2019	Q1-2020
1	112	162	155	216	645	245	243	156	338	981	660	407	242	497	1,806	209
2	102	143	211	237	692	258	258	338	379	1,232	427	390	546	491	1,853	565
3	117	188	217	252	775	240	268	276	400	1,183	321	397	420	522	1,660	498
4	123	181	201	239	744	255	273	287	384	1,199	361	467	566	548	1,942	540
5	120	190	204	251	765	227	264	313	407	1,211	318	444	503	516	1,781	549
6	118	201	209	248	775	246	265	291	842	1,644	384	446	432	499	1,761	497
7	120	186	221	310	838	237	288	328	355	1,207	322	471	439	563	1,795	532
8	141	140	212	125	618	244	254	323	179	1,000	390	363	498	614	1,866	579
9	151	190	177	299	818	247	281	279	462	1,269	371	404	437	267	1,479	562
10	155	230	216	262	863	269	276	304	406	1,256	405	443	371	627	1,846	563
11	131	192	235	251	809	303	293	347	385	1,328	392	435	466	550	1,843	552
12	171	203	272	176	823	278	297	352	313	1,240	434	431	451	490	1,806	478
13	156	184	231	166	737	226	288	378	174	1,066	406	440	487	219	1,552	-
Total	1,717	2,390	2,762	3,032	9,902	3,275	3,547	3,972	5,023	15,816	5,192	5,537	5,860	6,403	22,992	

Correlation

Claims Data & Reported Claims 97.1%

Forecast

Q1-2020 FY2020

Company Guidance

Management withdrew guidance on 3/19/2020, citing COVID-19.

Hedgeye

Method 1: Seasonal Wkly Distr.	243,019
Method 2: Avg Per Day x Total	250,464
Method 3: QTD Vol / Ratio Days	248,869
Method 4: Last Wkly Data Pt	247,656
Method 5: Avg Wkly Vol Carry	248,869

Average 247,775

Method	Week	Q1-2020	Total
Seasonal Weekly Distribution Pattern Based on Prior Years	13	354	6,478
Average Per Day QTD x Total Days	13	553	6,677
QTD Volume / Ratio of Completed Days	13	510	6,634
Last Weekly Data Point Carried Forward	13	478	6,602
Average Weekly Volume Carried Forward	13	510	6,634

We expect weekly volume to trend lower as we enter April and beyond. Our macro outlook anticipates a long recovery in the broader economy and in the US Medical Economy.

For more information, contact us at:

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