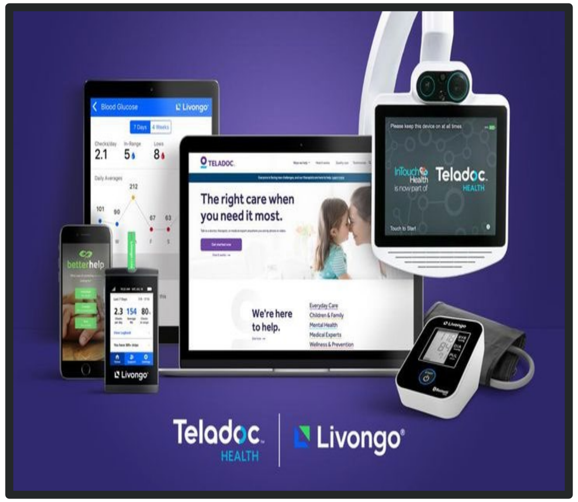
HEDGEYE

Health Care Position Monitor Update

TDOC + LVGO Merger, AMN Tracker, GH Claims, US Medical Economy

August 10, 2020



Hedgeye Health Care

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Legal

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Health Care Position Monitor

HEDGEYE

For Week of August 10, 2020

Best Ideas - Longs LONG		Price	Mkt Cap ($B)	Trend	Tail
Active Longs					
ONEM	1Life Healthcare, Inc.	$ 30.00	$3.8B	√	√
TXG	10x Genomics Inc Class A	$ 96.13	$5.6B	√	√
TDOC	Teladoc Health, Inc.	$ 193.72	$15.7B	√	√
Long Bias					
NTRA	Natera, Inc.	$ 52.87	$4.2B		

Best Ideas - Shorts SHORT		Price	Mkt Cap ($B)	Trend	Tail
Active Shorts					
AMN	AMN Healthcare Services, Inc.	$ 58.64	$2.8B	×	×
EXAS	Exact Sciences Corporation	$ 86.69	$13.0B	×	×
Short Bias					
HCA	HCA Healthcare Inc	$ 130.27	$44.0B		
HRC	Hill-Rom Holdings, Inc.	$ 95.13	$6.3B		
MASI	Masimo Corporation	$ 217.08	$11.9B		
NVTA	Invitae Corp.	$ 28.43	$3.7B		
ILMN	Illumina, Inc.	$ 355.66	$52.3B		
GH	Guardant Health, Inc.	$ 85.61	$8.5B		

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.

Data Source: Hedgeye

GH | Claims Index v Reported Volume

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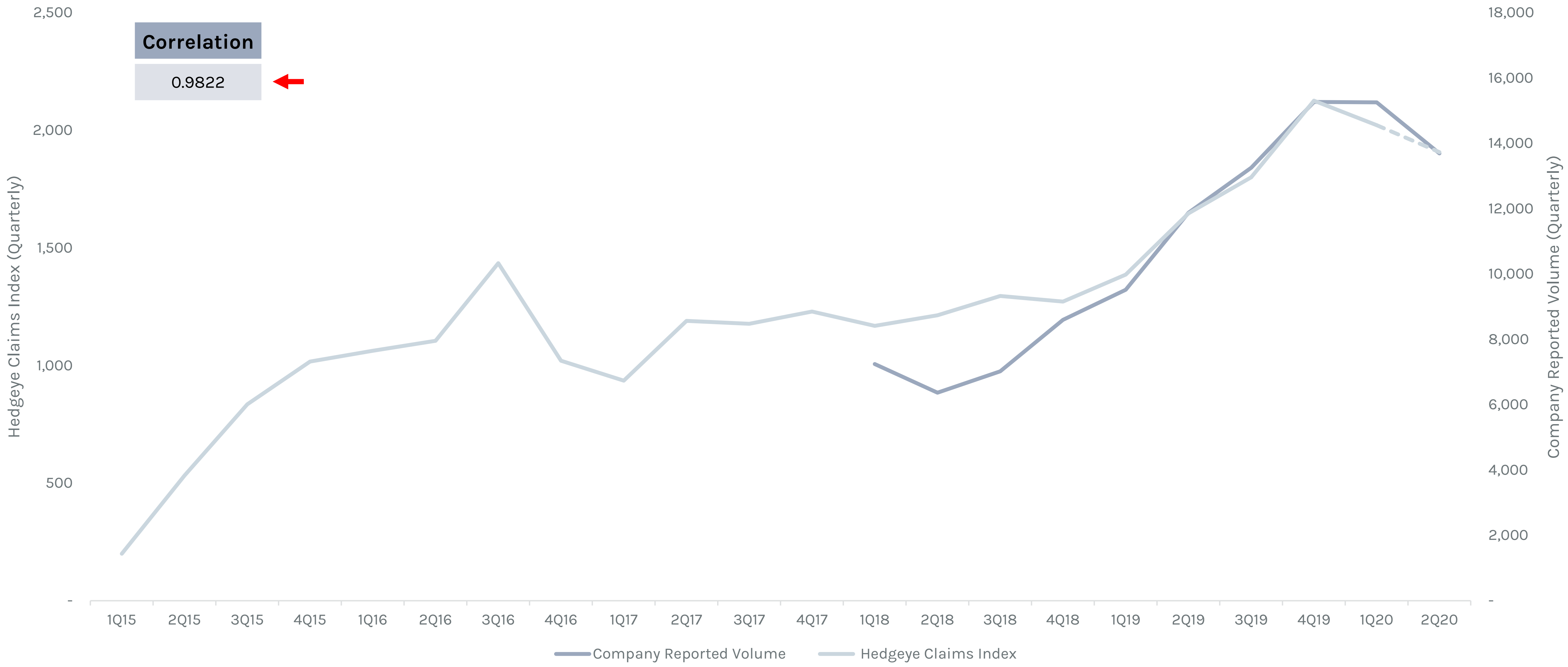
Hedgeye: 14,392 tests versus 2Q20 Reported: 13,694 tests



Correlation
0.9822

GH | Claims Forecast v Earnings Result

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Slight Deceleration in Clinical Volume, Bio-Pharma Business Cut in Half

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	Q2-2020
1	36	94	64	103	**297**	94	79	97	64	**333**	142	127	148	241	**658**	35	189
2	70	82	70	103	**324**	130	124	88	103	**445**	88	157	142	108	**496**	103	97
3	42	112	106	79	**339**	88	100	73	82	**342**	112	88	133	149	**482**	148	171
4	73	94	100	64	**330**	145	118	97	106	**466**	76	118	176	131	**500**	168	162
5	91	70	70	76	**306**	82	103	100	115	**400**	97	173	103	153	**525**	159	139
6	48	79	127	103	**357**	88	112	85	76	**360**	100	109	125	163	**496**	215	144
7	67	79	100	97	**342**	115	97	67	94	**372**	127	109	122	216	**574**	177	124
8	88	91	91	51	**321**	79	100	79	88	**345**	88	97	183	144	**512**	201	165
9	85	91	85	103	**363**	79	58	118	82	**336**	109	136	116	148	**509**	133	134
10	127	100	61	121	**409**	51	58	85	85	**279**	97	121	165	123	**506**	157	124
11	91	82	85	97	**354**	121	79	73	79	**351**	127	94	113	152	**487**	155	-
12	91	106	115	94	**406**	97	106	82	173	**457**	109	164	126	175	**573**	203	-
13	112	106	97	42	**357**	82	154	100	127	**463**	115	154	148	223	**641**	167	-
Total	**1,020**	**1,184**	**1,169**	**1,132**	**4,506**	**1,251**	**1,287**	**1,142**	**1,272**	**4,951**	**1,387**	**1,647**	**1,800**	**2,126**	**6,960**	**2,022**	**1,450**

Seasonal Weekly Distribution Pattern Based on Prior Years

Week	Q2-2020
11	125
12	201
13	242
Total	**2,018**

Average Per Day QTD x Total Days

Week	Q2-2020
11	159
12	160
13	160
Total	**1,929**

QTD Volume / Ratio of Completed Days

Week	Q2-2020
11	145
12	145
13	145
Total	**1,885**

Last Weekly Data Point Carried Forward

Week	Q2-2020
11	124
12	124
13	124
Total	**1,821**

Average Weekly Volume Carried Forward

Week	Q2-2020
11	145
12	145
13	145
Total	**1,885**

Correlation	
Claims Data & Reported Claims	98.2%

Forecast	Q2-2020
Reported Volume	
Clinical Test Volume	**13,694**
Hedgeye	
Method 1: Seasonal Wkly Distr.	15,225
Method 2: Avg Per Day x Total	14,551
Method 3: QTD Vol / Ratio Days	14,220
Method 4: Last Wkly Data Pt	13,742
Method 5: Avg Wkly Vol Carry	14,220
Average	**14,392**

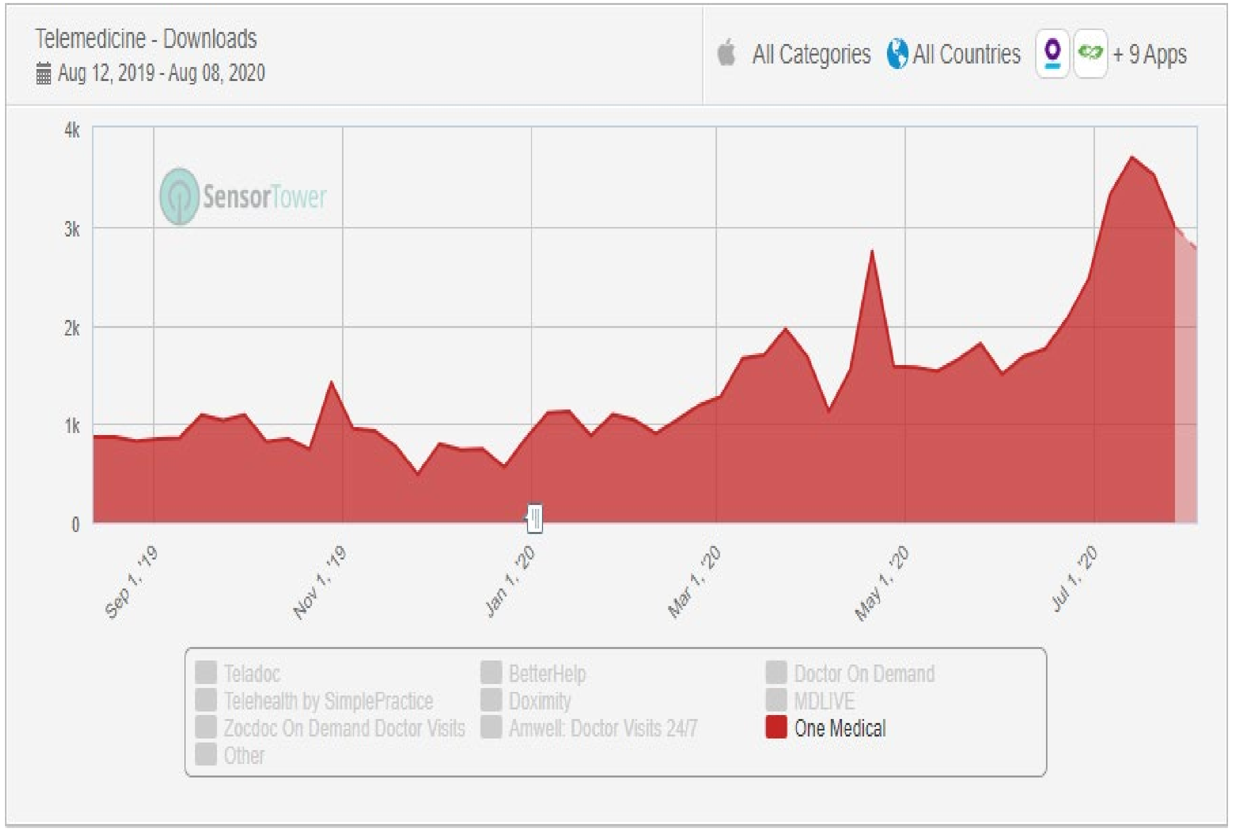
- Our forecast focuses on Clinical Test Volume, which came in slightly below the low end of our forecast range.
- What you can not see here was the larger focus placed on the Biopharmaceutical Test Volume.
- 2Q20 Biopharma Volume of 2,807 tests decelerated nearly 47% on both a YoY and sequential basis.

*10 of 13 weeks completed in this data set.

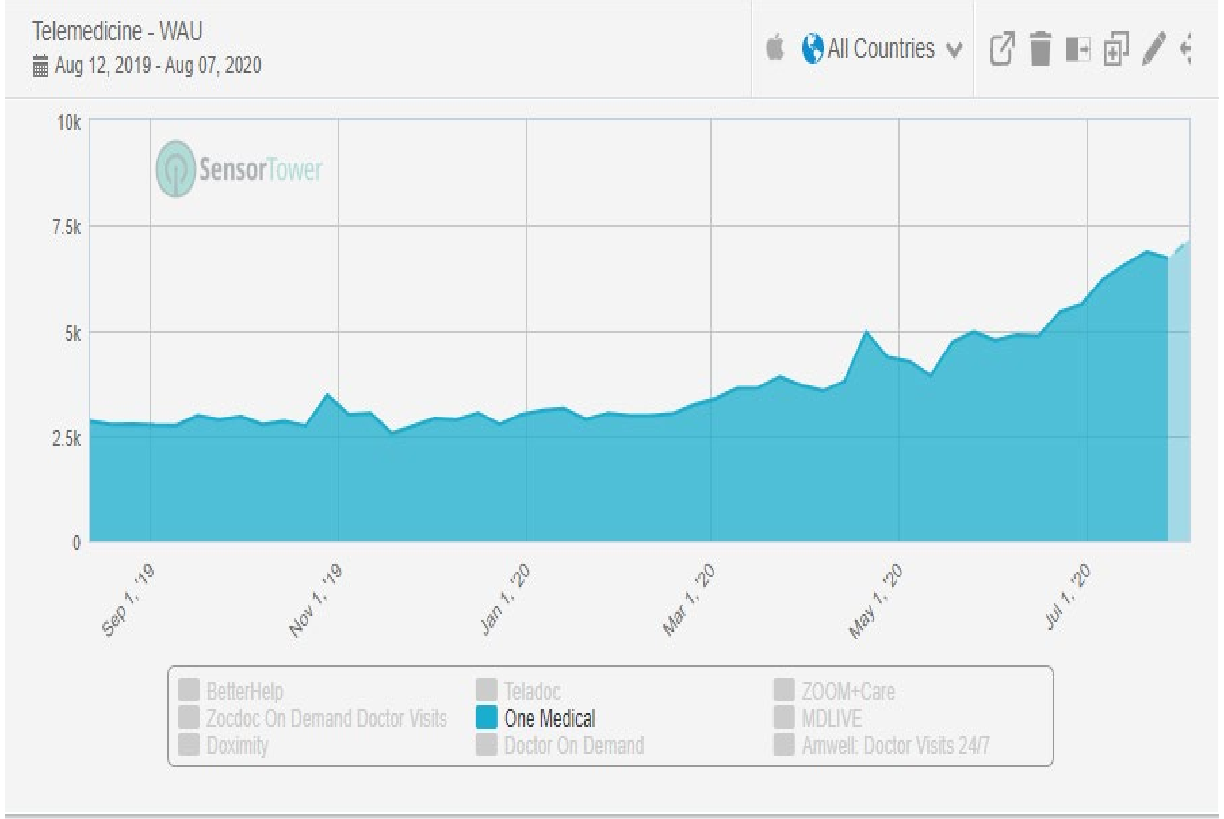
Data Source: Hedgeye and Other Proprietary Data Sources

ONEM | App Downloads

App Downloads, Daily



Active Users, Weekly



Data Source: Hedgeye, SensorTower

TDOC + LVGO Merger | Claims Data

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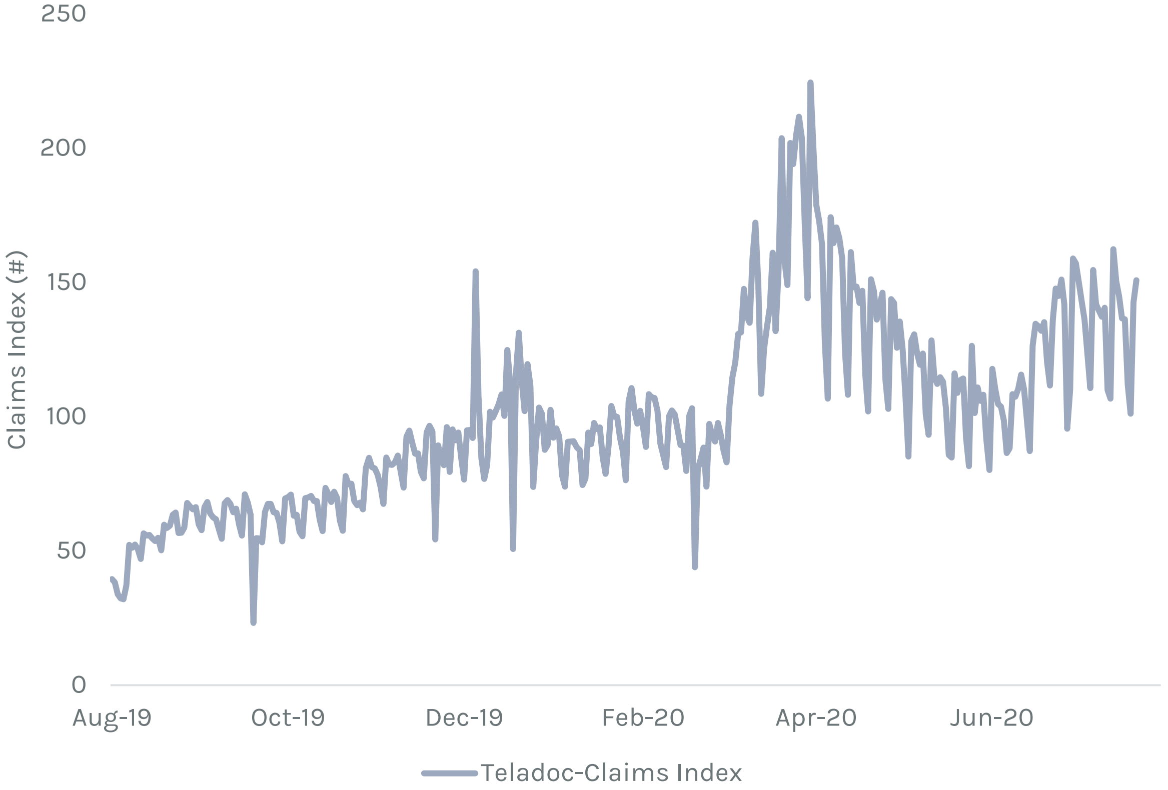

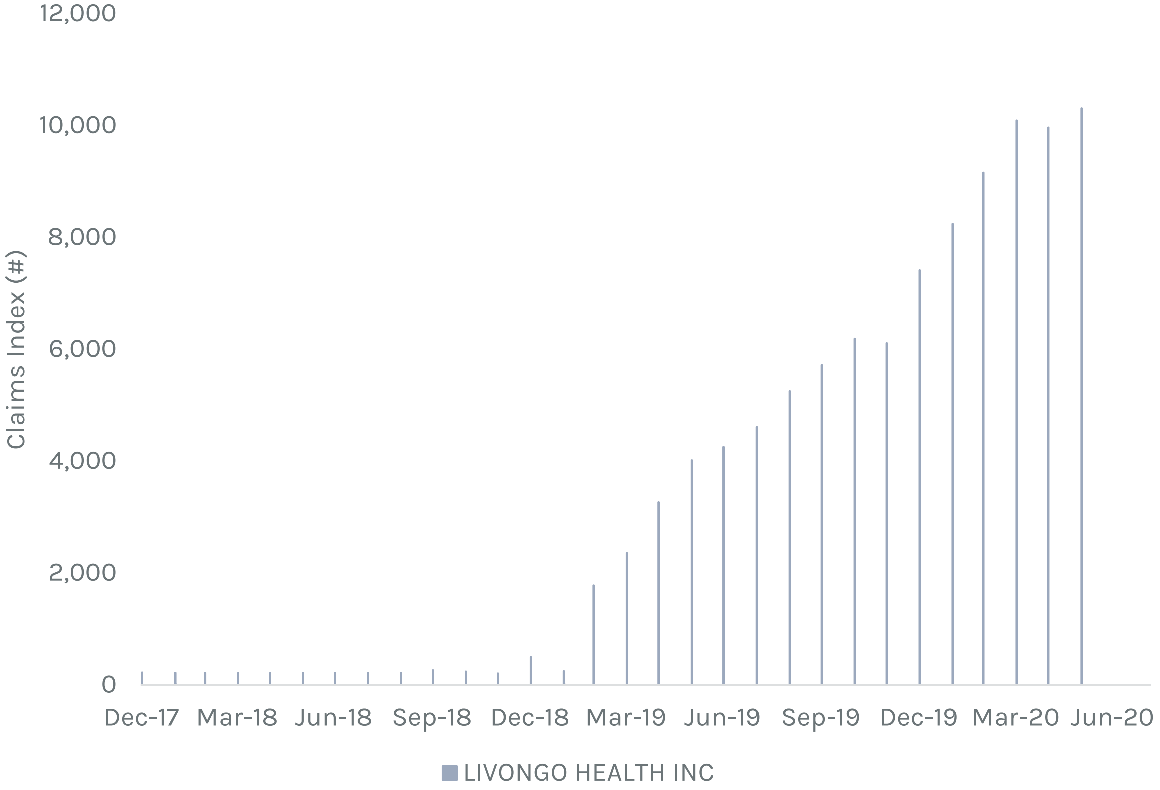

Claims volume reflects the higher activity post COVID compared to app downloads, which are running below pre-COVID levels.

LVGO showing steady sequential pace of adoption in "disease management" claims.

Data Source: Hedgeye and Other Proprietary Data Sources

AMN Tracker | July 2020

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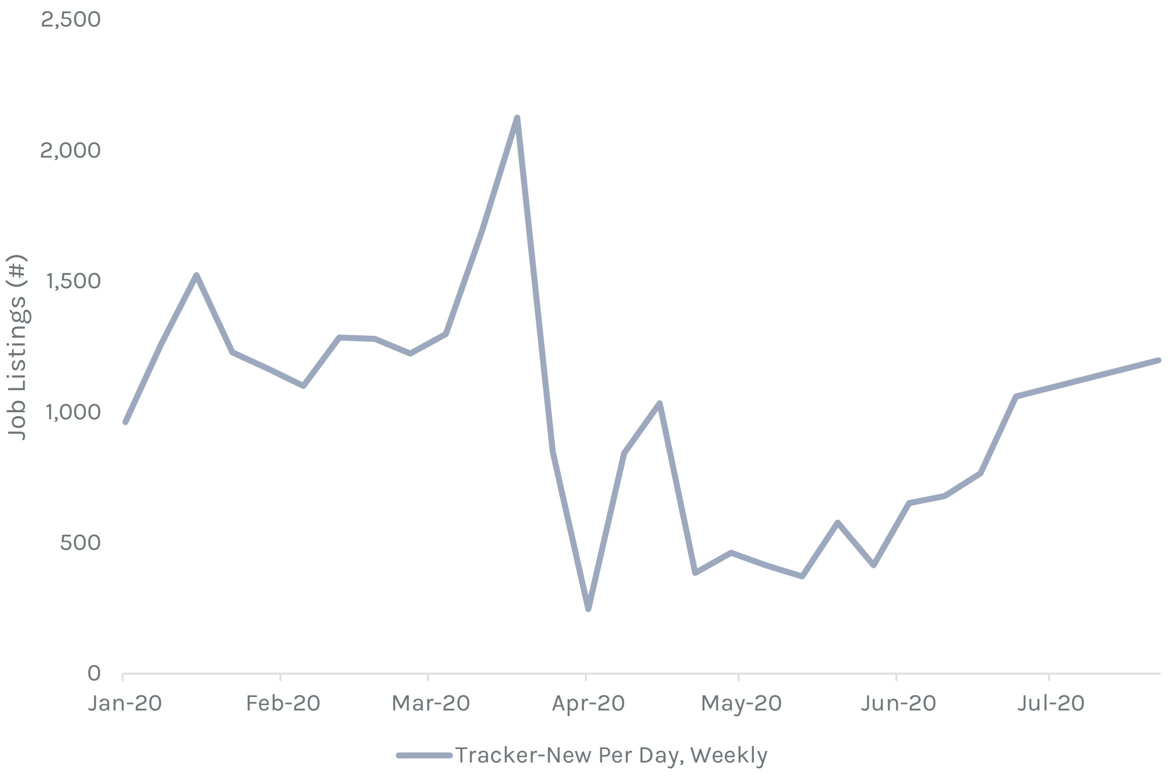
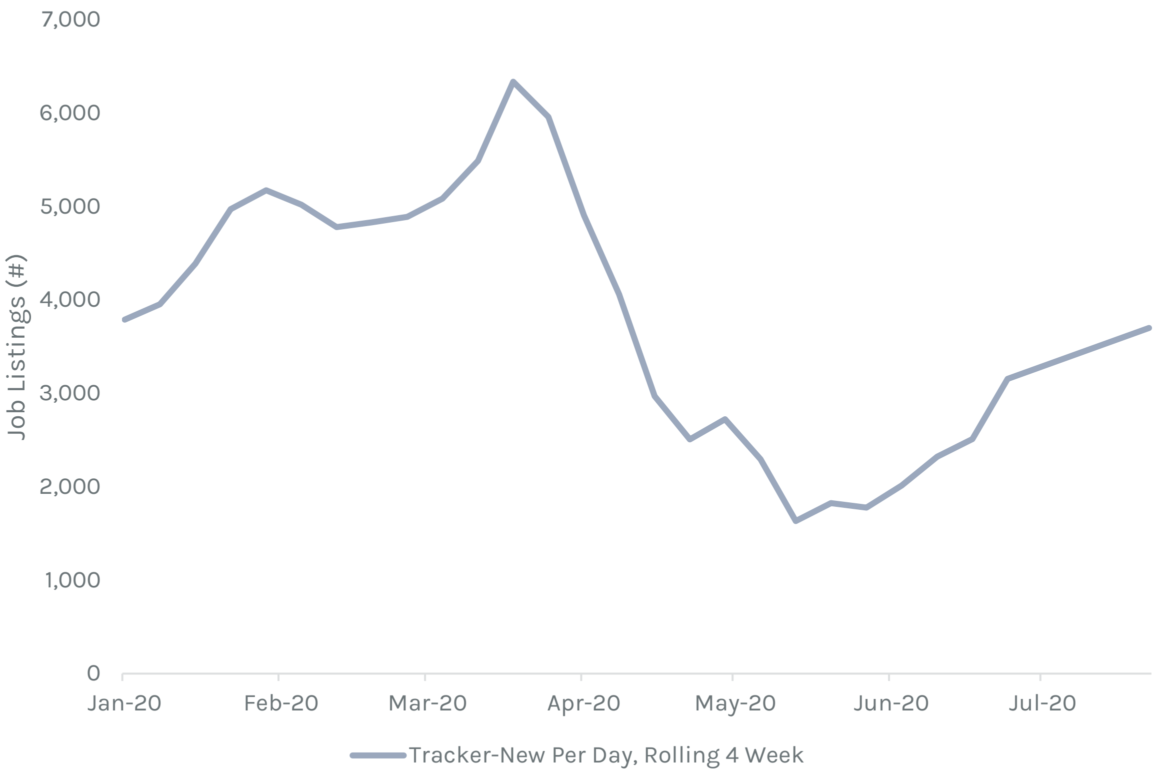
New Per Day, Weekly



New Per Day, Rolling 4 Week



Our Tracker accelerated sharply in the last 2 weeks, providing corroboration for management's 2Q20 beat and positive outlook for 3Q20.

Data Source: Hedgeye and Other Proprietary Data Sources

AMN | Valuation

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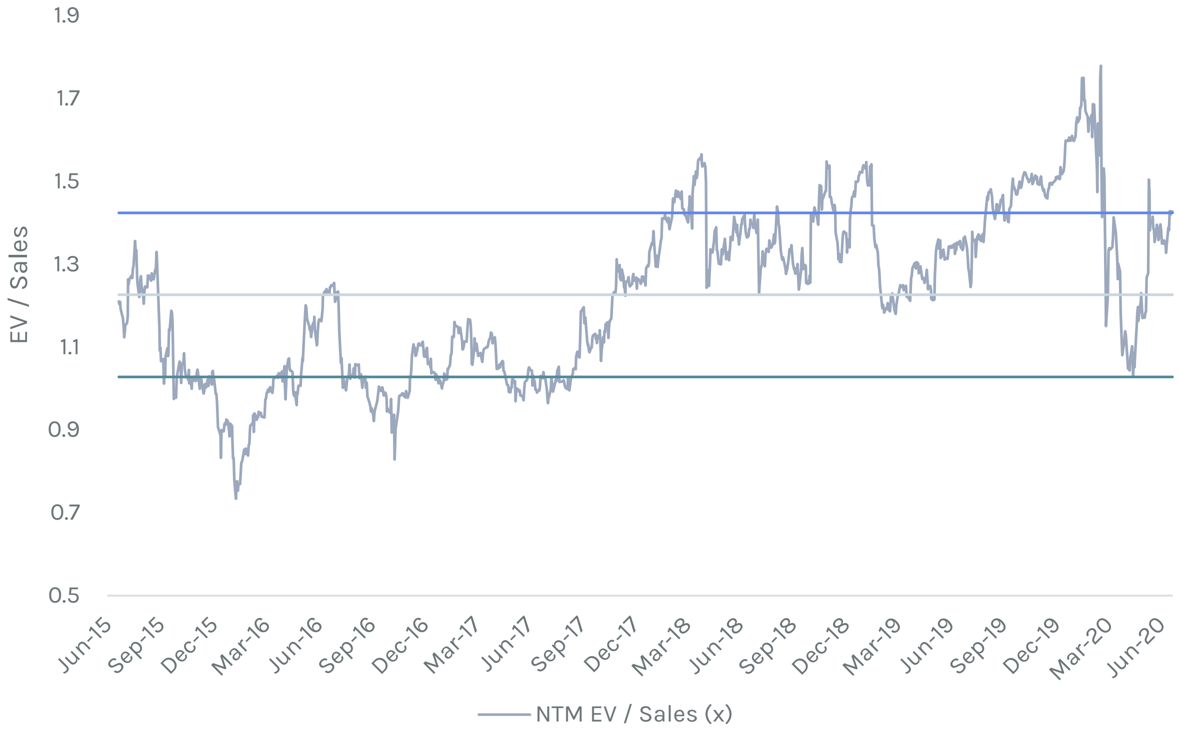
2020 Sales

2020 EV/Sales	$ 2,185	$ 2,240	$ 2,300	$ 2,355	$ 2,415	$ 2,480
1.0x	34.96	36.11	37.37	38.52	39.78	41.14
1.1x	39.54	40.80	42.19	43.45	44.84	46.33
1.2x	44.11	45.50	47.00	48.39	49.89	51.53
1.3x	48.69	50.19	51.82	53.32	54.95	56.72
1.4x	53.27	54.88	56.64	58.25	60.01	61.92
1.5x	57.84	59.57	61.45	63.18	65.07	67.11

2021 Sales

2021 EV/Sales	$ 2,215	$ 2,285	$ 2,355	$ 2,425	$ 2,500	$ 2,580
1.0x	35.59	37.05	38.52	39.99	41.56	43.23
1.1x	40.23	41.84	43.45	45.07	46.79	48.64
1.2x	44.87	46.63	48.39	50.14	52.03	54.04
1.3x	49.51	51.41	53.32	55.22	57.27	59.44
1.4x	54.14	56.20	58.25	60.30	62.50	64.85
1.5x	58.78	60.98	63.18	65.38	67.74	70.25



The stock would seem to require a sustained positive revision to 2021 estimates to make a move higher from here.

Data Source: Hedgeye, FactSet

AMN | Estimate Revisions

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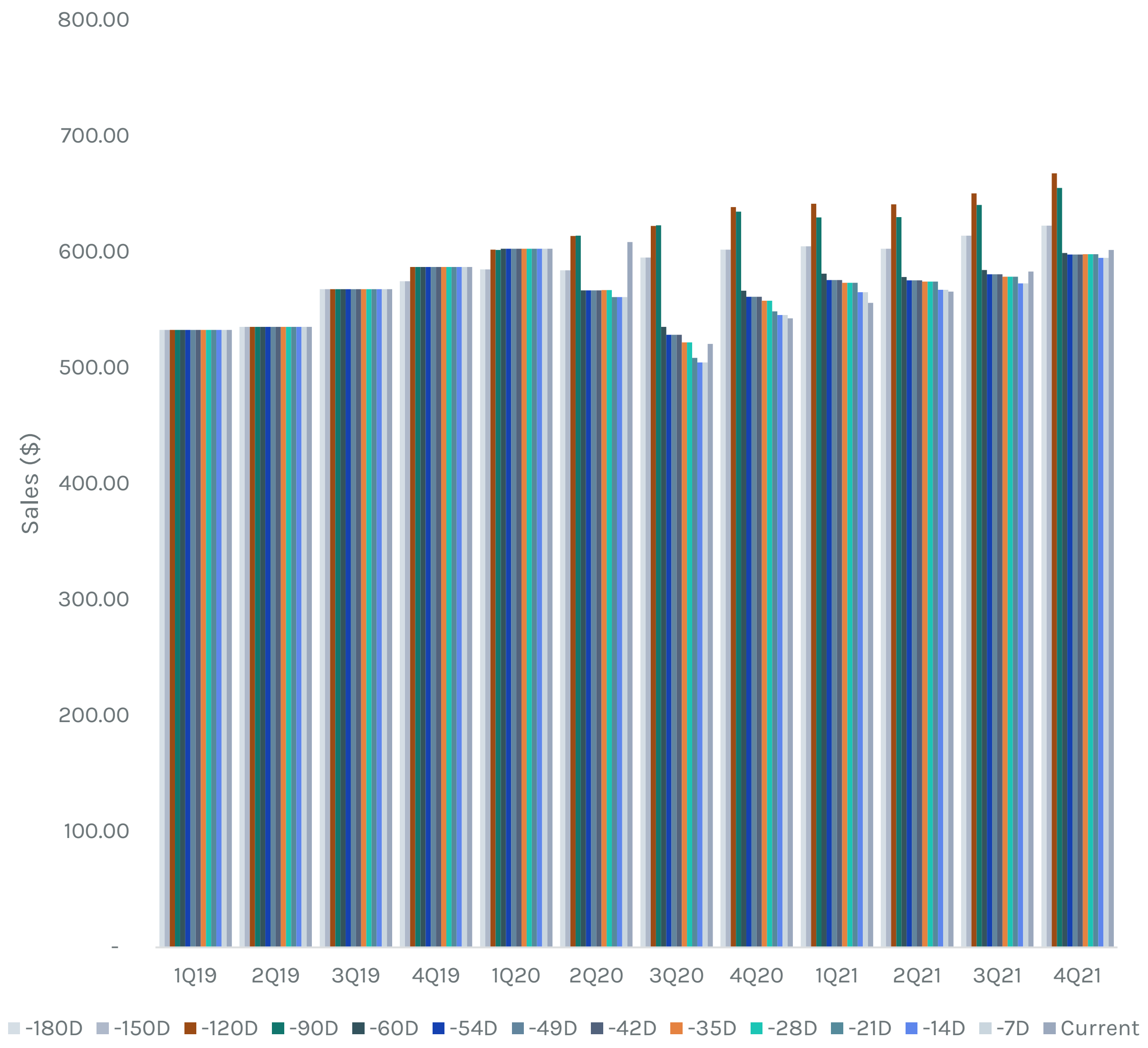

Data Source: Hedgeye, FactSet

ADP Employment Report | July 2020

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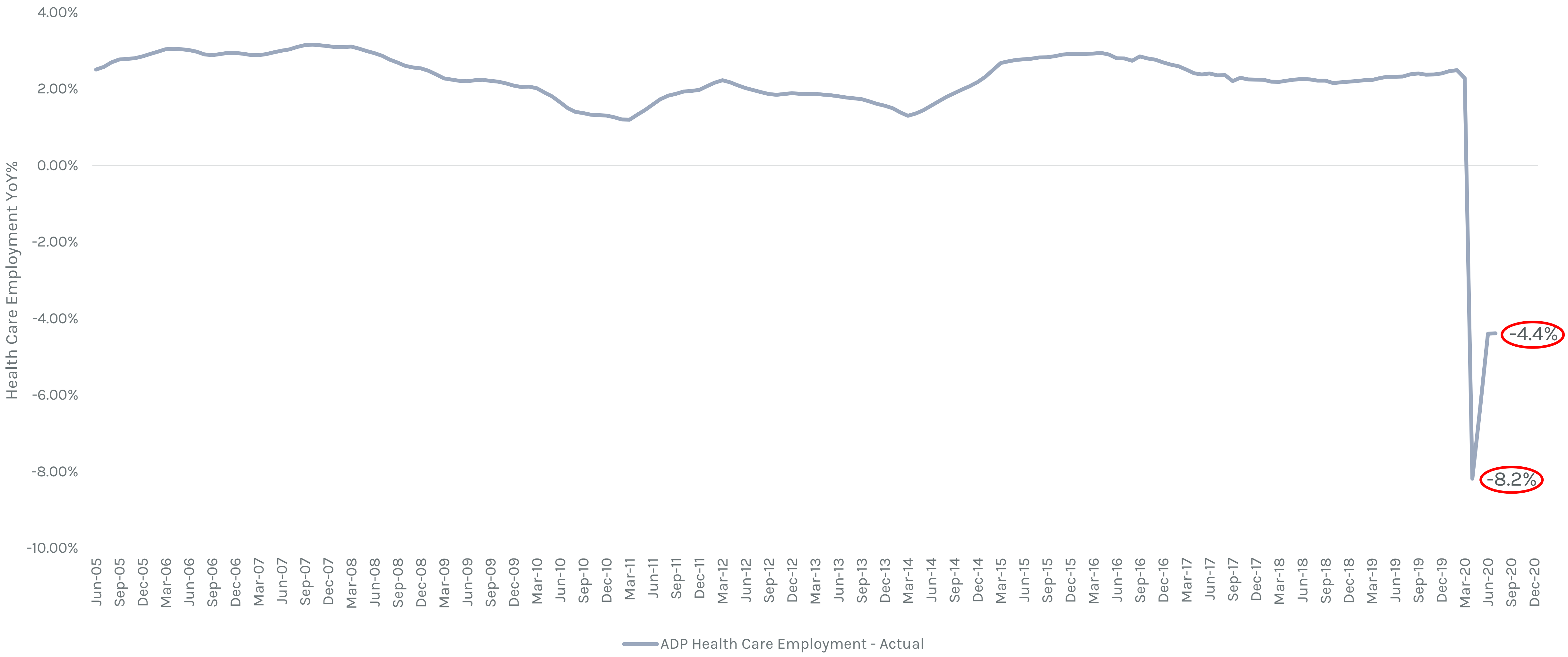
Health Care Employment YoY%

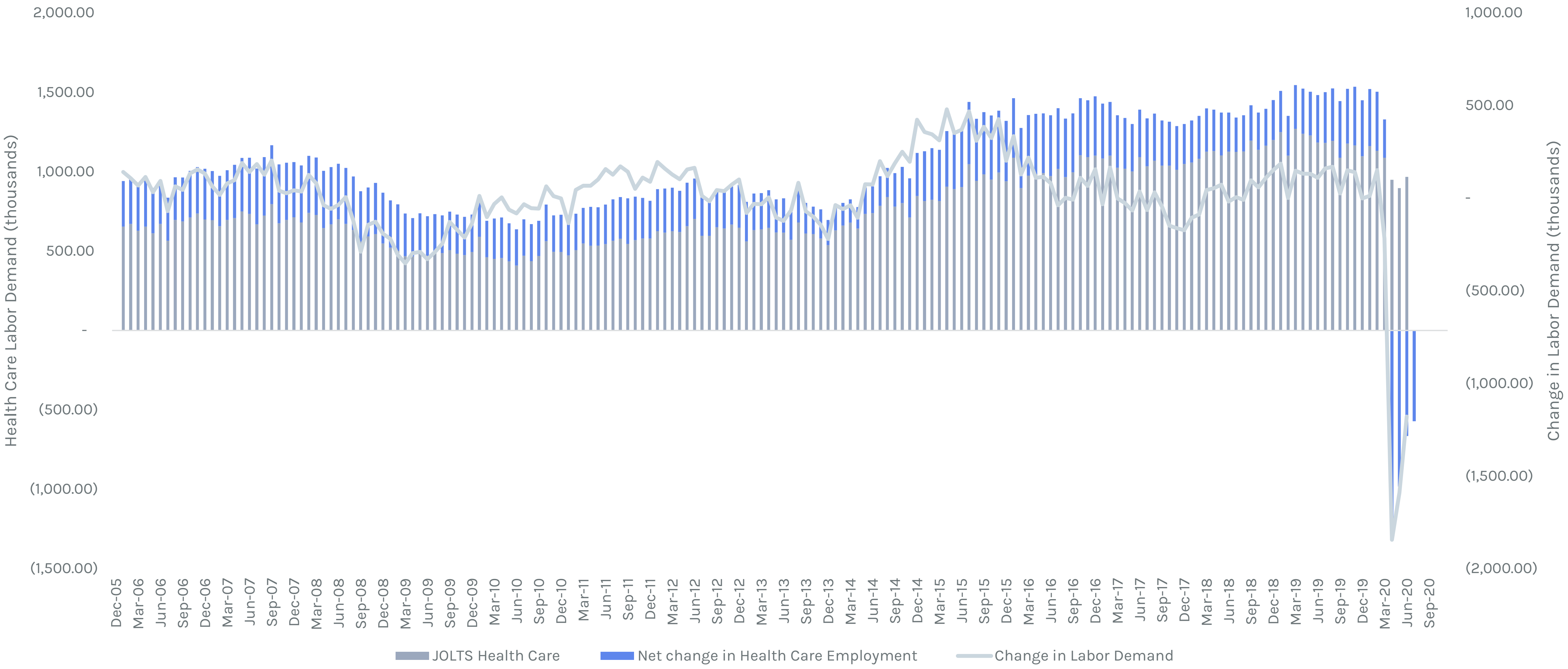


Data Source: ADP Employment Report, Hedgeye

BLS | Health Care Employment

HEDGEYE

Health Care Labor Demand

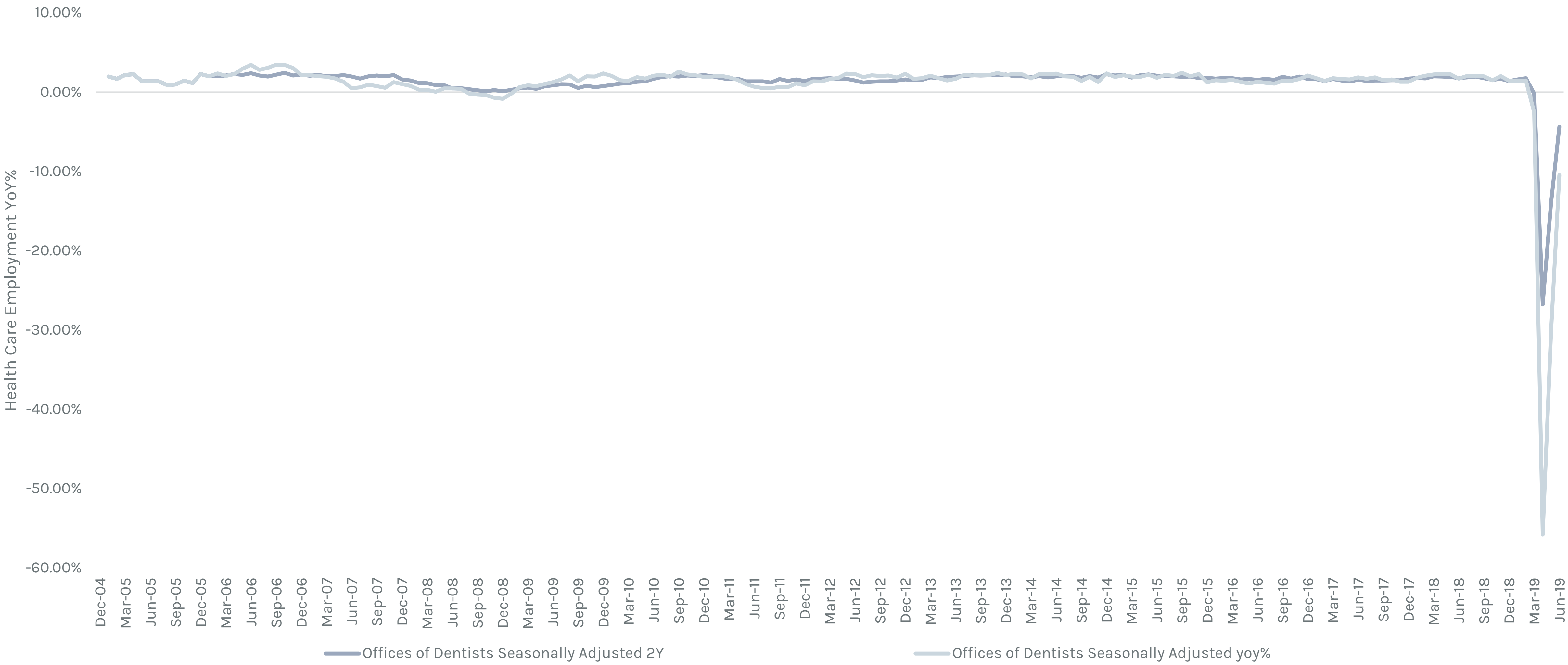


Data Source: Hedgeye, BLS

BLS | Health Care Employment

HEDGEYE

Offices of Dentists



Data Source: Hedgeye, BLS

BLS | Health Care Employment

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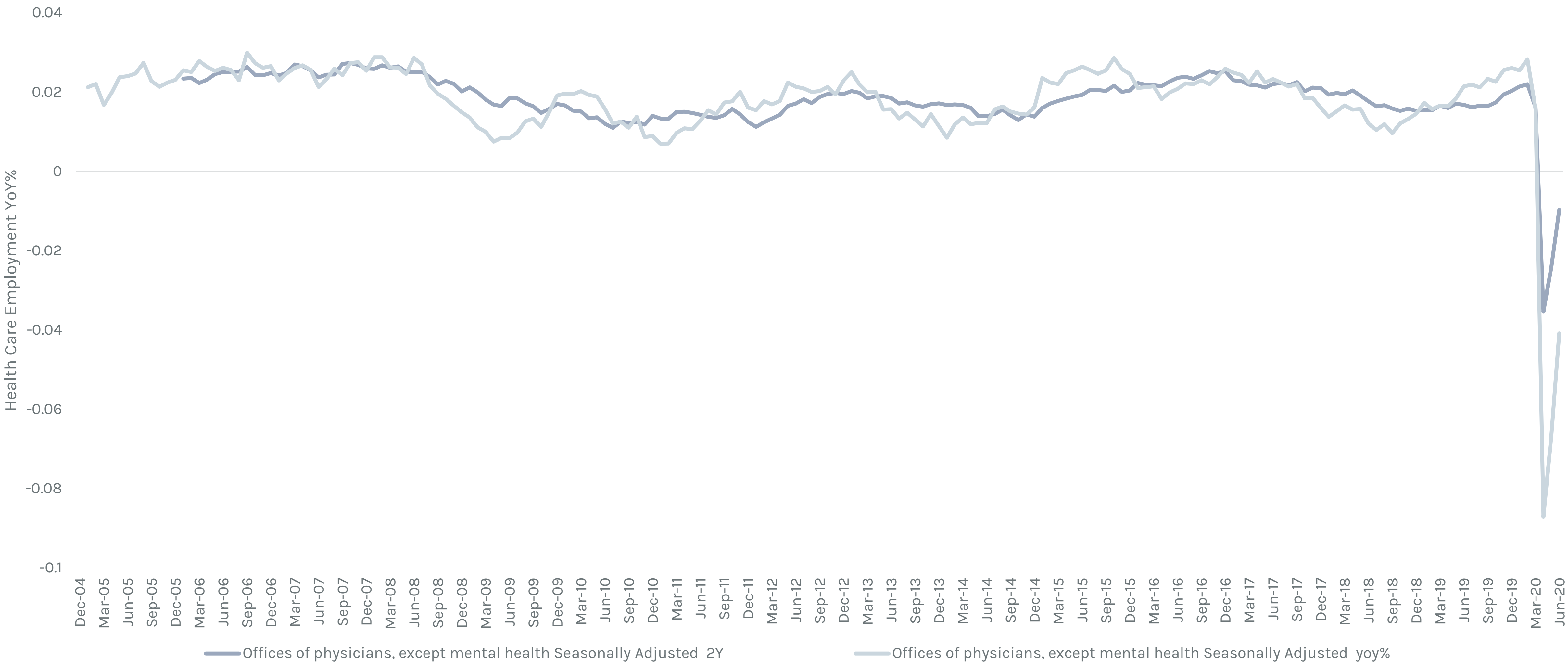
Offices of Physicians

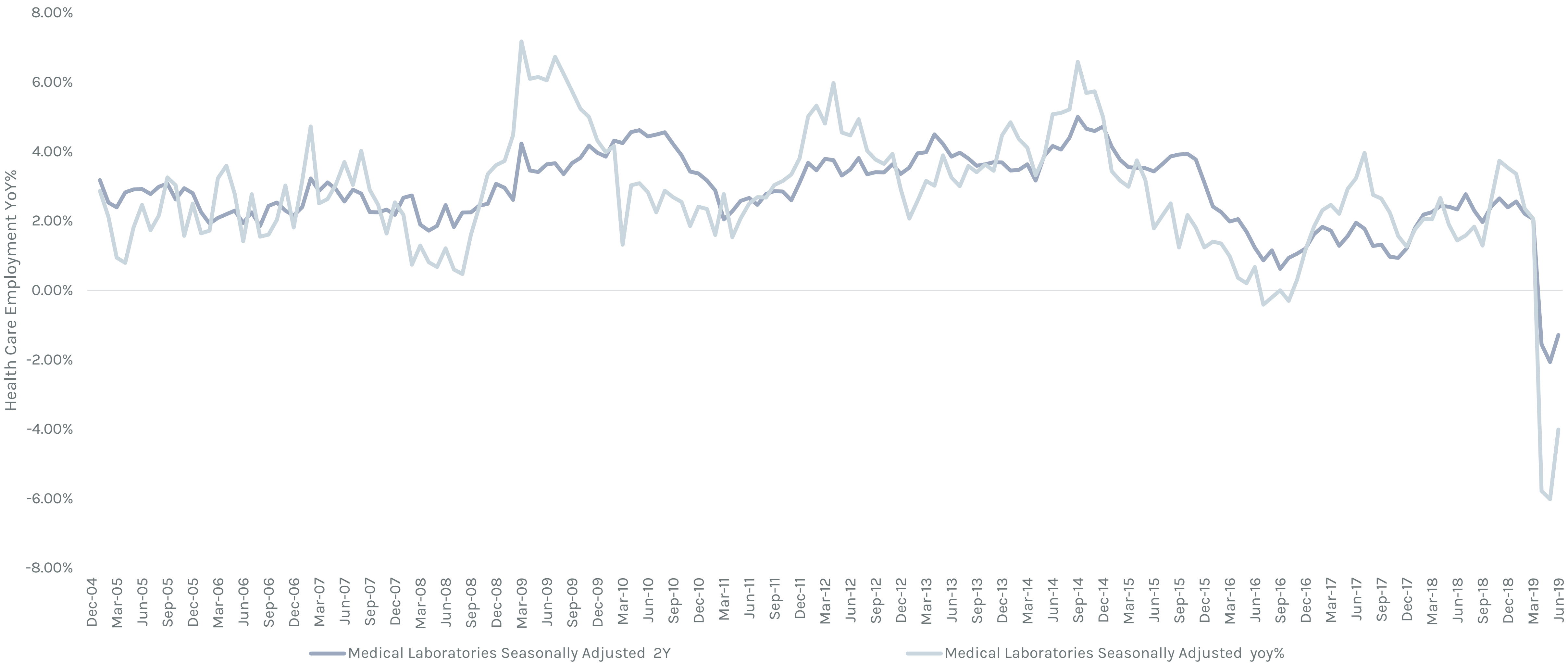


Data Source: Hedgeye, BLS

BLS | Health Care Employment

HEDGEYE

Medical Laboratories



Data Source: Hedgeye, BLS

BLS | Health Care Employment

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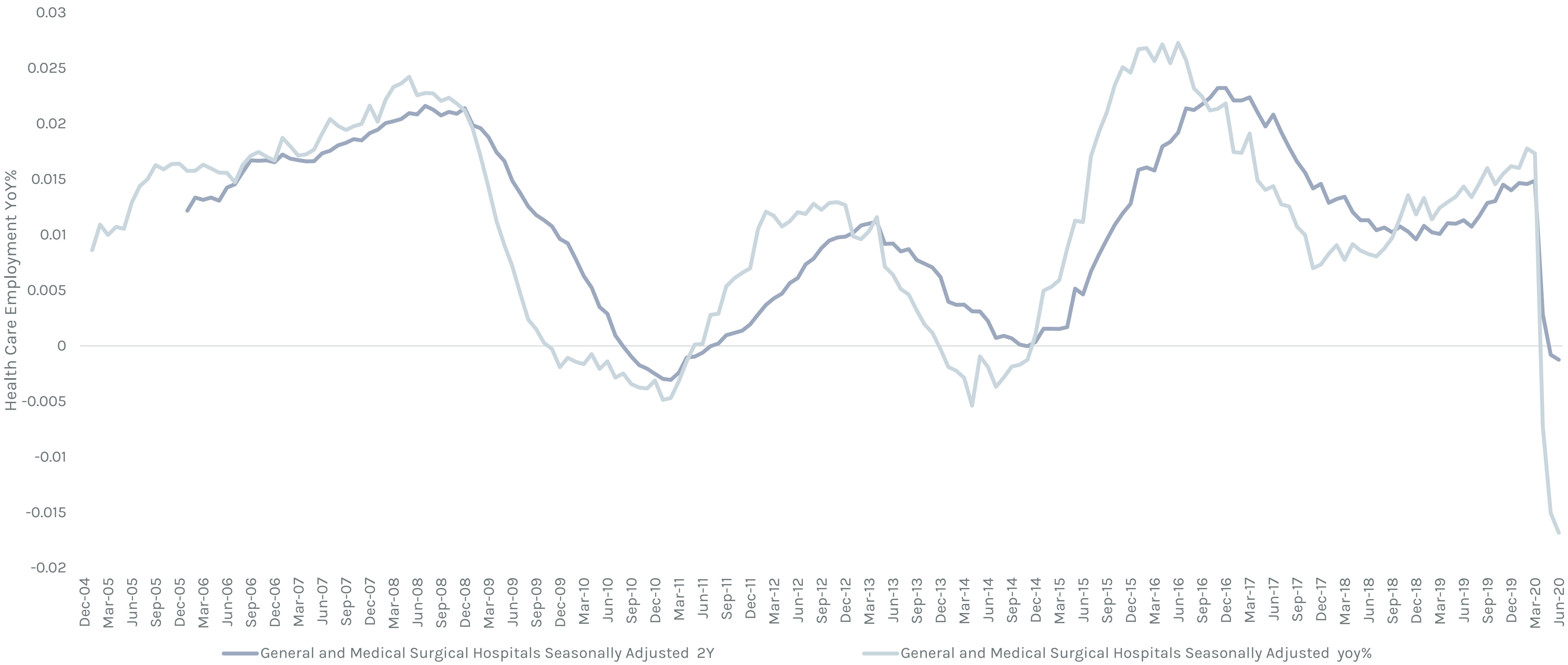
Hospitals



Data Source: Hedgeye, BLS

BLS | Health Care Employment

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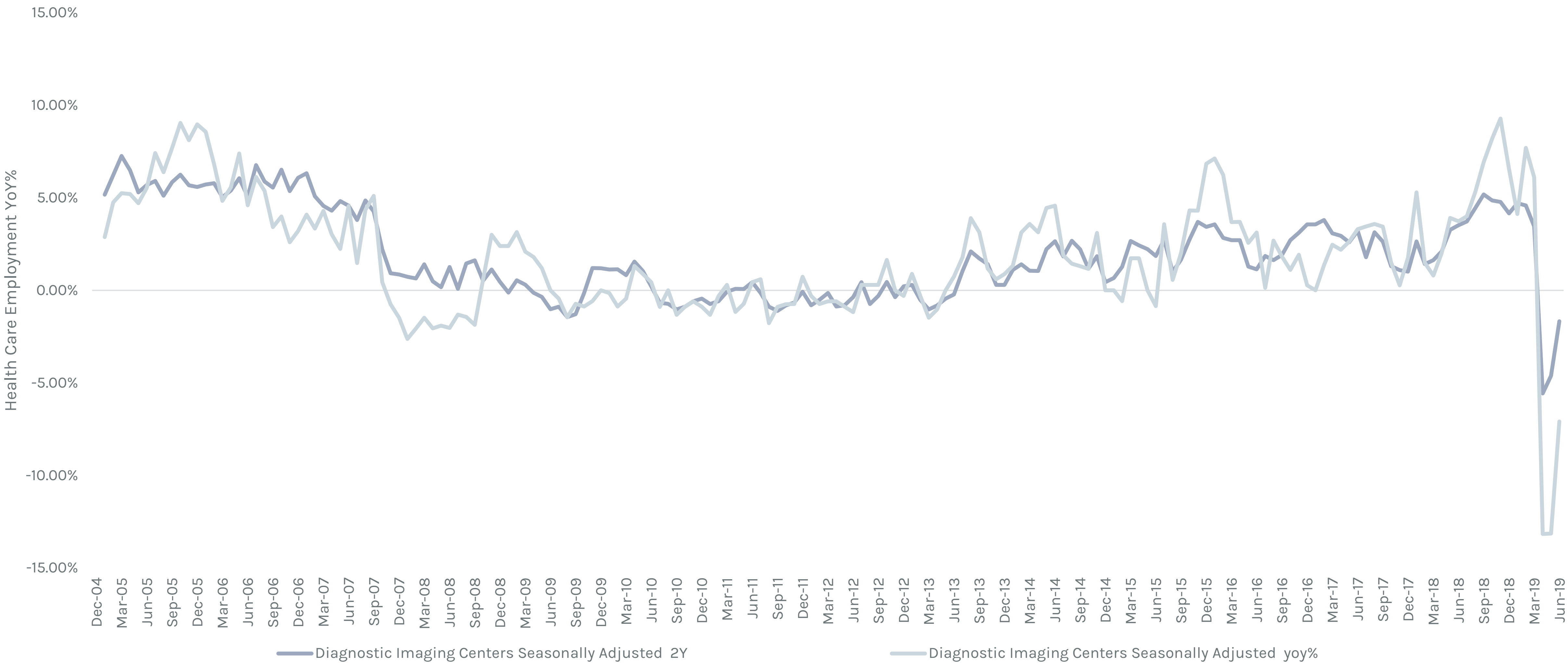
Diagnostic Imaging Centers



Data Source: Hedgeye, BLS

For more information, contact us at:

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