

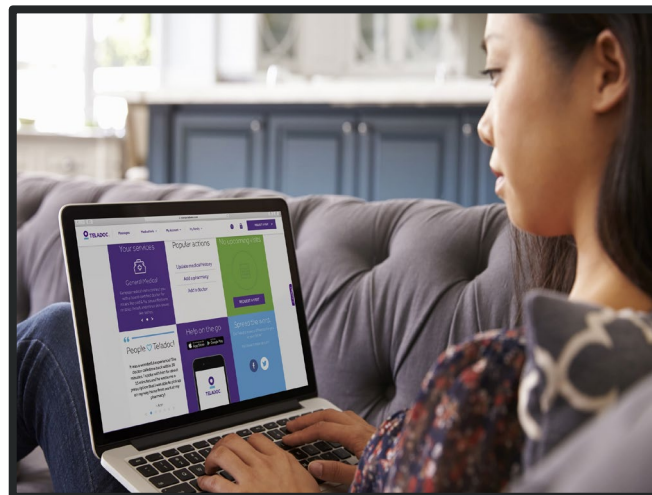
HEDGEYE



# Health Care Position Monitor Update

Telehealth Survey Results, AMN Tracker Data, NIH Grant Analysis, NTRA GTR Data

July 27, 2020



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# Health Care Position Monitor

For Week of July 27, 2020

Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
ONEM	1Life Healthcare, Inc.	\$ 35.43	\$4.5B	✓	✓	AMN	AMN Healthcare Services, Inc.	\$ 54.21	\$2.5B	×	×
TXG	10x Genomics Inc Class A	\$ 96.06	\$5.6B	✓	✓	EXAS	Exact Sciences Corporation	\$ 94.38	\$14.1B	×	×
TDOC	Teladoc Health, Inc.	\$ 213.67	\$17.7B	✓	✓	-	-	-	-	-	-
						-	-	-	-	-	-
Long Bias						Short Bias					
NTRA	Natera, Inc.	\$ 46.59	\$3.7B			HCA	HCA Healthcare Inc	\$ 125.27	\$42.3B		
						HRC	Hill-Rom Holdings, Inc.	\$ 116.75	\$7.8B		
						MASI	Masimo Corporation	\$ 237.86	\$12.9B		
						NVTA	Invitae Corp.	\$ 30.68	\$3.8B		
						ILMN	Illumina, Inc.	\$ 392.84	\$57.7B		
						GH	Guardant Health, Inc.	\$ 82.67	\$7.8B		

# TDOC | Earnings Preview

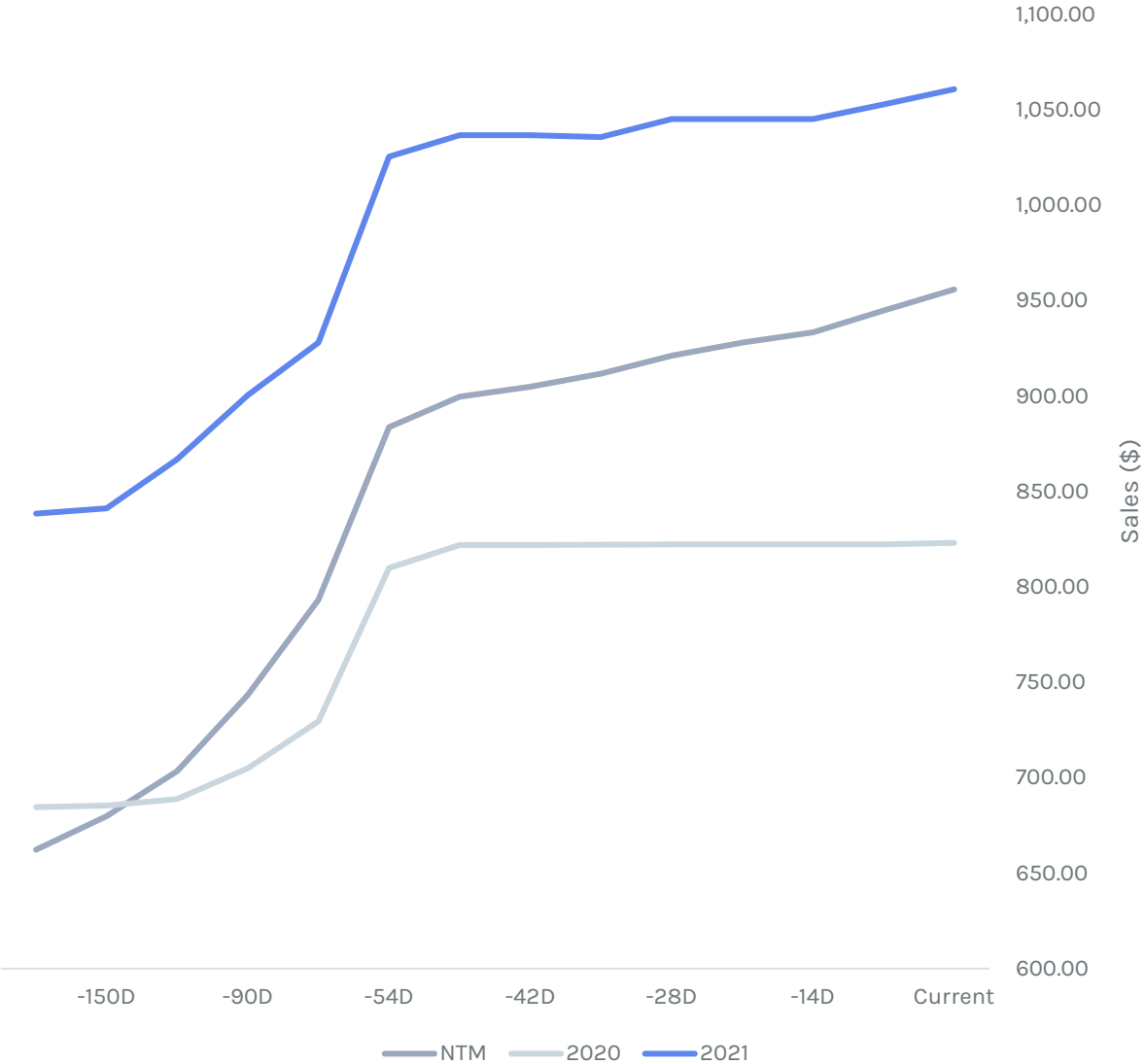
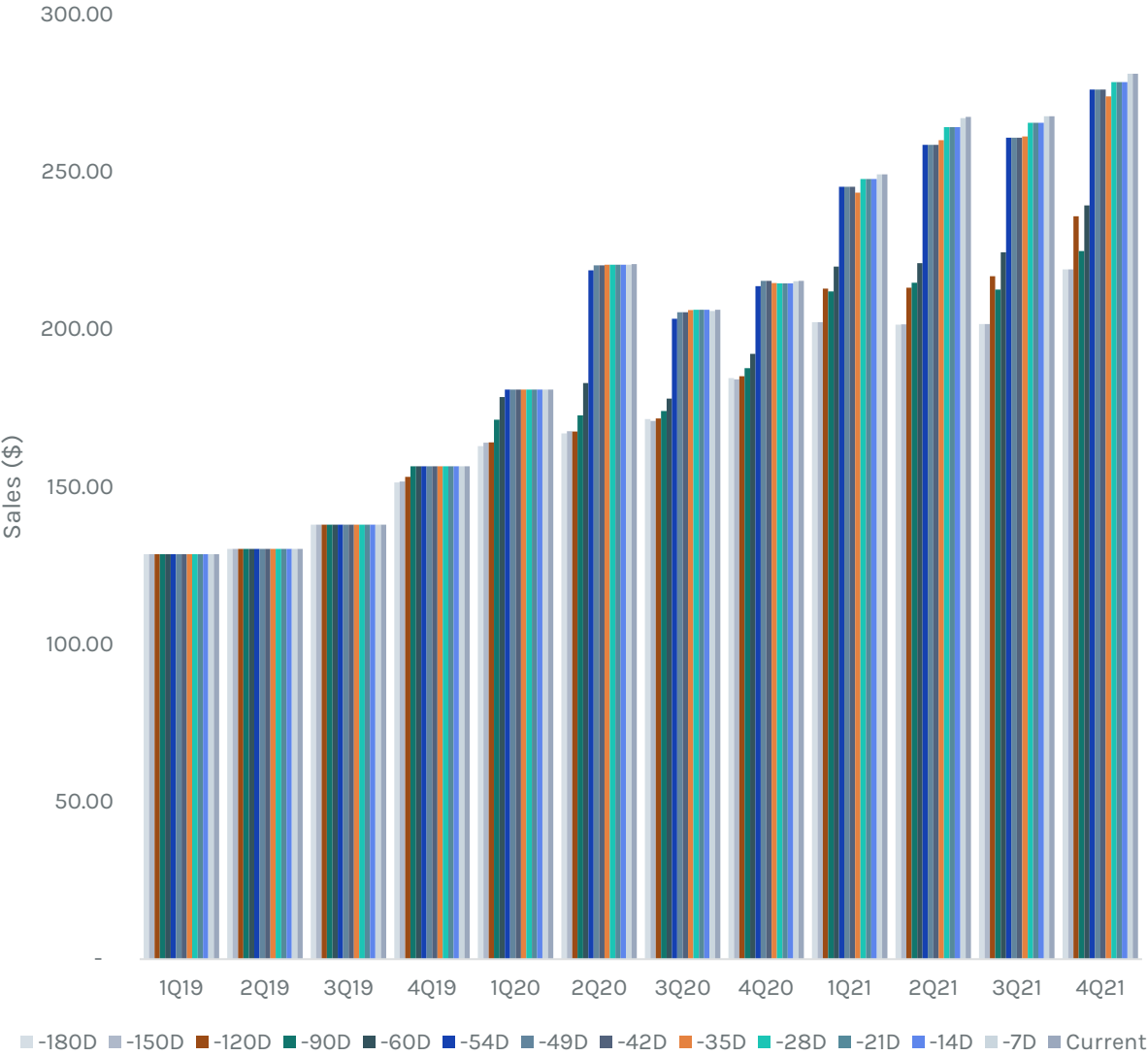
HEDGEYE

Teladoc Health, Inc.			Current Quarter				Next Quarter				FY 2020 Financials			
Ticker	TDOC		Hedgeye	Guidance	Consensus	Delta %	Hedgeye	Guidance	Consensus	Delta %	Hedgeye	Guidance	Consensus	Delta %
Date	7/23/2020	Sales	\$233	\$215 - \$225	\$221	5.4%	\$245	--	\$206	18.8%	\$860	\$800 - \$825	\$823	4.5%
Price (\$)	\$223.98	YoY Growth	78.6%	65% - 72.7%	69.4%	13.3%	77.6%	--	49.4%	56.9%	55.4%	44.6% - 49.1%	48.8%	13.6%
Hedgeye	Active	EBITDA	--	\$20 - \$24	\$22		--	--	\$20		--	\$70 - \$80	\$77	
Positioning	Long	EBIT	--	--	-\$9		--	--	-\$13		--	--	-\$53	
52 Week Range (\$)	54.58 - 237.7	Mg (%)			-4.2%				-6.3%				-6.5%	
		EPS	-\$0.28	(\$.28) - (\$.23)	-\$0.24	-18.3%	-\$0.26	--	-\$0.26	2.9%	-\$1.09	(\$1.27) - (\$1.13)	-\$1.14	4.9%
Market Cap (M)	18,503.67		Multiples on Consensus Numbers				Absolute Performance v. Indices				Absolute Performance v. Comps			
Avg Daily Volume (3 Mo)	2,856,370.50		2020	2021	1 Year	5 Year		Trade	Trend	Tail		Trade	Trend	Tail
Dividend Yield	0.00%	P / E	#N/A	#N/A	#N/A	#N/A	TDOC	9.3%	24.7%	551.1%	TDOC	9.3%	24.7%	219.3%
IPO Date	Jun-30-2015	EV / Sales	19.4x	15.1x	96.4%	96.4%	SP50	5.1%	17.0%	32.5%	ONEM	11.3%	61.5%	#N/A
Beta	0.291	EV / EBITDA	208.1x	123.6x	74.4%	#N/A	XHS	9.4%	24.4%	18.9%				
WACC (FactSet)	4.60%	FCF Yield	0.2%	0.5%			XLV	6.8%	8.9%	38.0%				



TDOC	Historical			Income Statement		Consensus						
	Comp Q	Last FY	TTM	FY-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY-2020	FY-2021	FY-2022	
Sales	\$129	\$553	\$606	553.31	180.80	220.66	206.16	215.36	823.06	1060.72	1320.36	
YoY Growth				32.4%	40.6%	69.4%	49.4%	37.6%	48.8%	28.9%	24.5%	
EBITDA	-\$9	-\$28	-\$22	-28.11	-2.42	22.22	20.16	23.37	76.79	129.25	206.10	
EBIT	-\$20	-\$67	-\$59	-67.06	-12.13	-9.31	-12.98	-10.00	-53.31	-10.99	56.32	
Mg (%)	-15.8%	-12.1%	-9.7%	-12.1%	-6.7%	-4.2%	-6.3%	-4.6%	-6.5%	-1.0%	4.3%	
EPS	-\$1.47	-\$1.38	-\$1.35	-1.38	-0.40	-0.24	-0.26	-0.24	-1.14	-0.60	0.18	

# TDOC | Estimate Revisions



# Key Assumptions

Assuming we exit at 10% penetration into the available ambulatory

		Q1-2019	Q2-2019	Q3-2019	Q4-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	Q1-2021	Q2-2021	Q3-2021	Q4-2021
<i>Ambulatory visits per year per capita</i>		3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
<i>Visits available</i>		20	20	26	28	30	31	32	33	36	37	38	39
<i>Weighted members</i>		23.01	23.90	25.99	29.39	32.61	37.28	39.46	41.70	44.00	45.36	46.86	49.10
<i>Ambulatory volume in period</i>		17.26	17.93	19.49	22.04	24.46	27.96	29.60	31.28	33.00	34.02	35.15	36.83
<i>Percentage enrollees utilizing</i>		21.0%	20.0%	16.5%	20.0%	23.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%	25.0%
<i>Capture rate</i>		14.0%	11.5%	12.0%	12.0%	15.0%	20.0%	22.0%	24.0%	22.0%	22.0%	22.0%	22.0%
<i>Utilization rate - implied</i>		2.9%	2.3%	2.0%	2.4%	3.5%	5.0%	5.5%	6.0%	6.3%	6.6%	6.9%	7.3%
<i>Utilization rate - annualized</i>		11.9%	9.2%	7.9%	9.5%	13.9%	20.1%	21.9%	23.9%	25.6%	26.5%	27.6%	28.9%
<i>Penetration ambulatory volume</i>		4.2%	3.4%	3.2%	3.9%	5.4%	7.3%	8.1%	8.8%	8.8%	9.4%	9.8%	10.1%
<i>Change in utilization, sequential change %</i>						43.8%	44.9%	10.0%	9.1%	5.0%	5.0%	5.0%	5.0%

# TDOC | Valuation

## EV/ NTM Sales

2020 EV/Sales	2020 Sales											
	\$	820	\$	830	\$	840	\$	850	\$	860	\$	870
	13.0x	113.12		114.43		115.73		117.03		118.33		119.63
	15.0x	129.54		131.04		132.55		134.05		135.55		137.05
	17.0x	145.96		147.66		149.37		151.07		152.77		154.47
	19.0x	162.38		164.28		166.19		168.09		169.99		171.89
	21.0x	178.80		180.90		183.01		185.11		187.21		189.31
	23.0x	195.22		197.52		199.82		202.13		204.43		206.73
2021 EV/Sales	2021 Sales											
	\$	940	\$	990	\$	1,050	\$	1,110	\$	1,170	\$	1,240
	13.0x	128.74		135.25		143.06		150.87		158.68		167.79
	15.0x	147.56		155.07		164.08		173.09		182.10		192.62
	17.0x	166.39		174.90		185.11		195.32		205.53		217.45
	19.0x	185.21		194.72		206.13		217.55		228.96		242.27
	21.0x	204.03		214.54		227.16		239.77		252.39		267.10
	23.0x	222.85		234.37		248.18		262.00		275.81		291.93

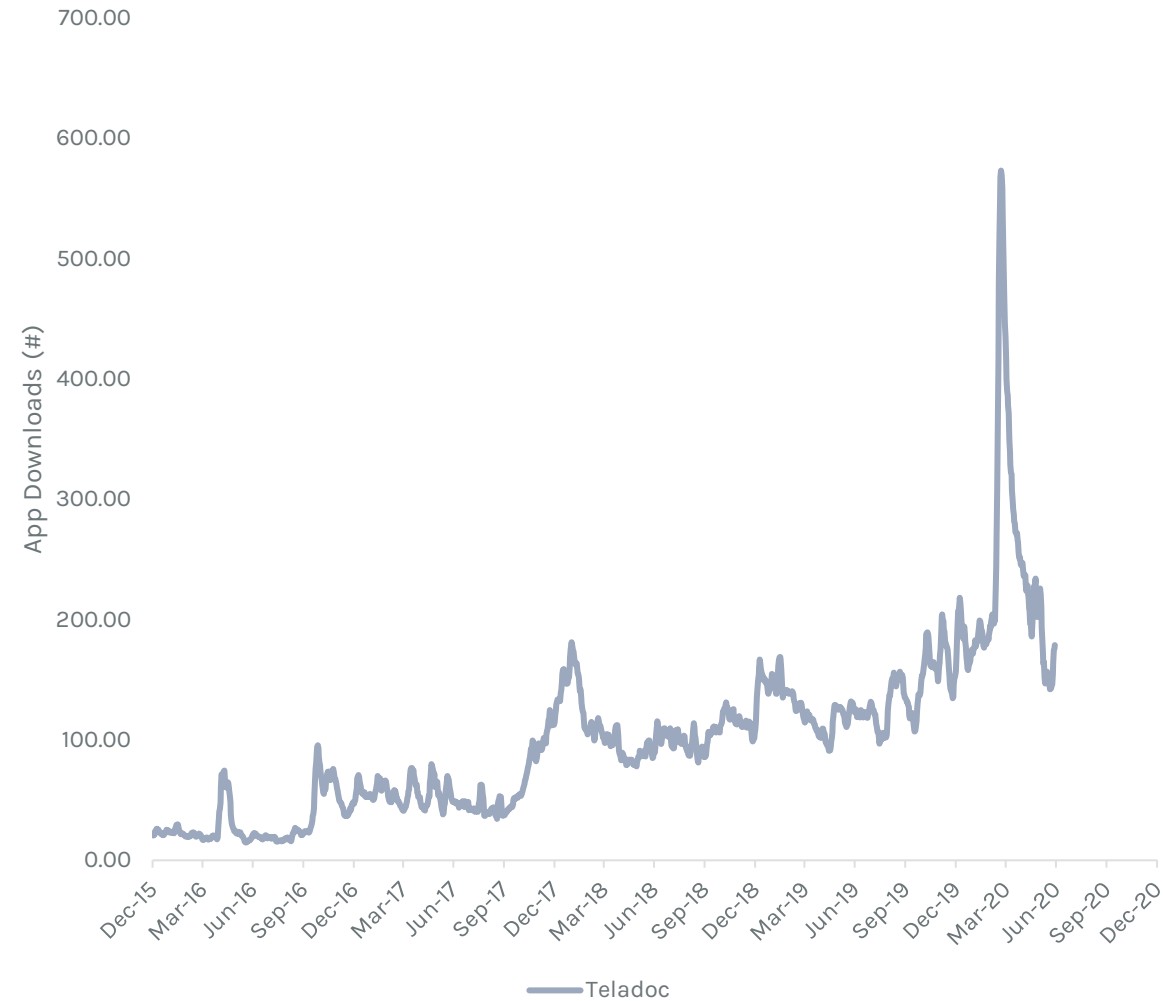


The pandemic has pushed near universal access to telemedicine. While there is ample volume to support multiple players, at these levels, TDOC share gains are becoming a critical question.

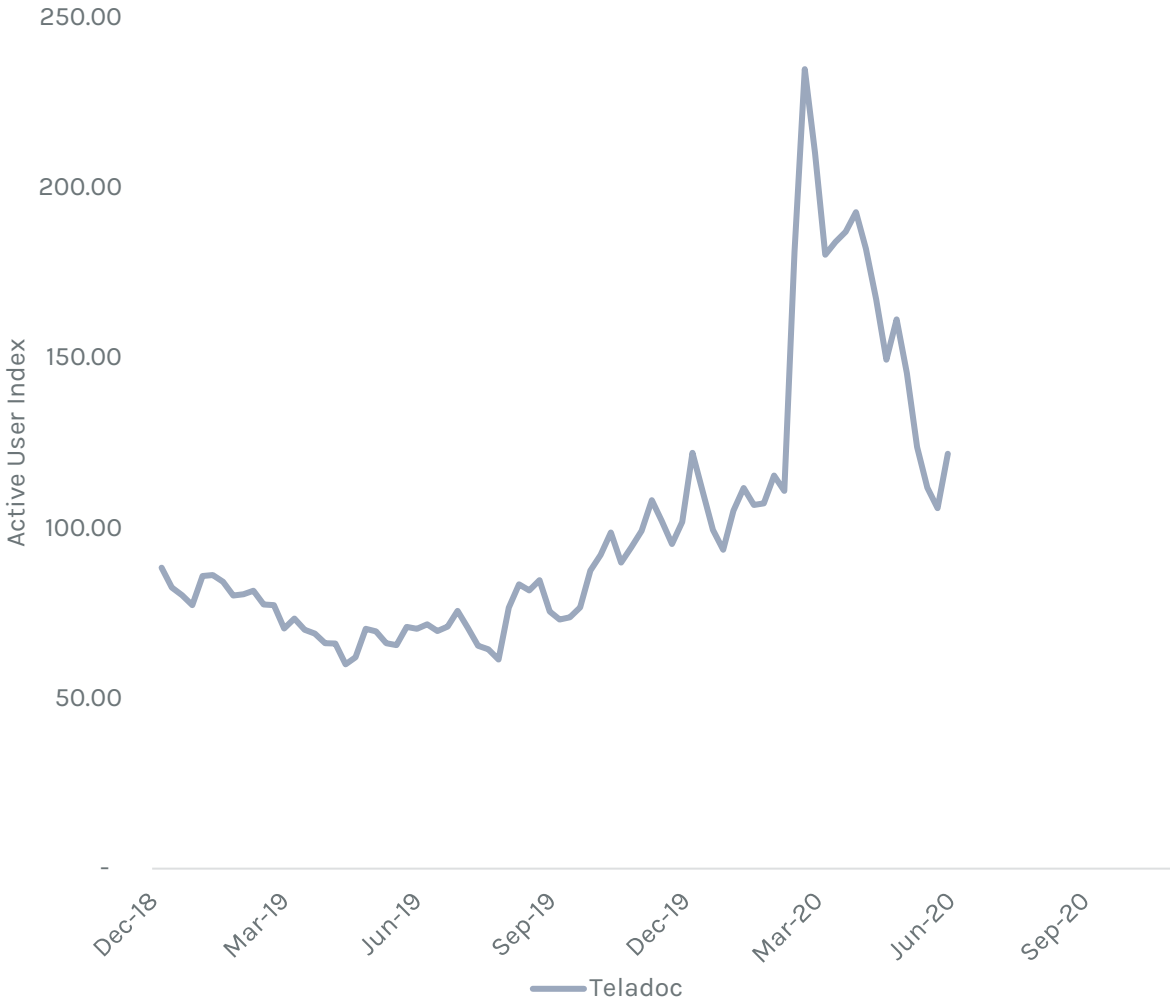
Based on our model, we forecast Total Revenue of \$859M in 2020 and \$1,170M for 2021.

# TDOC | App Download Data

Daily Downloads



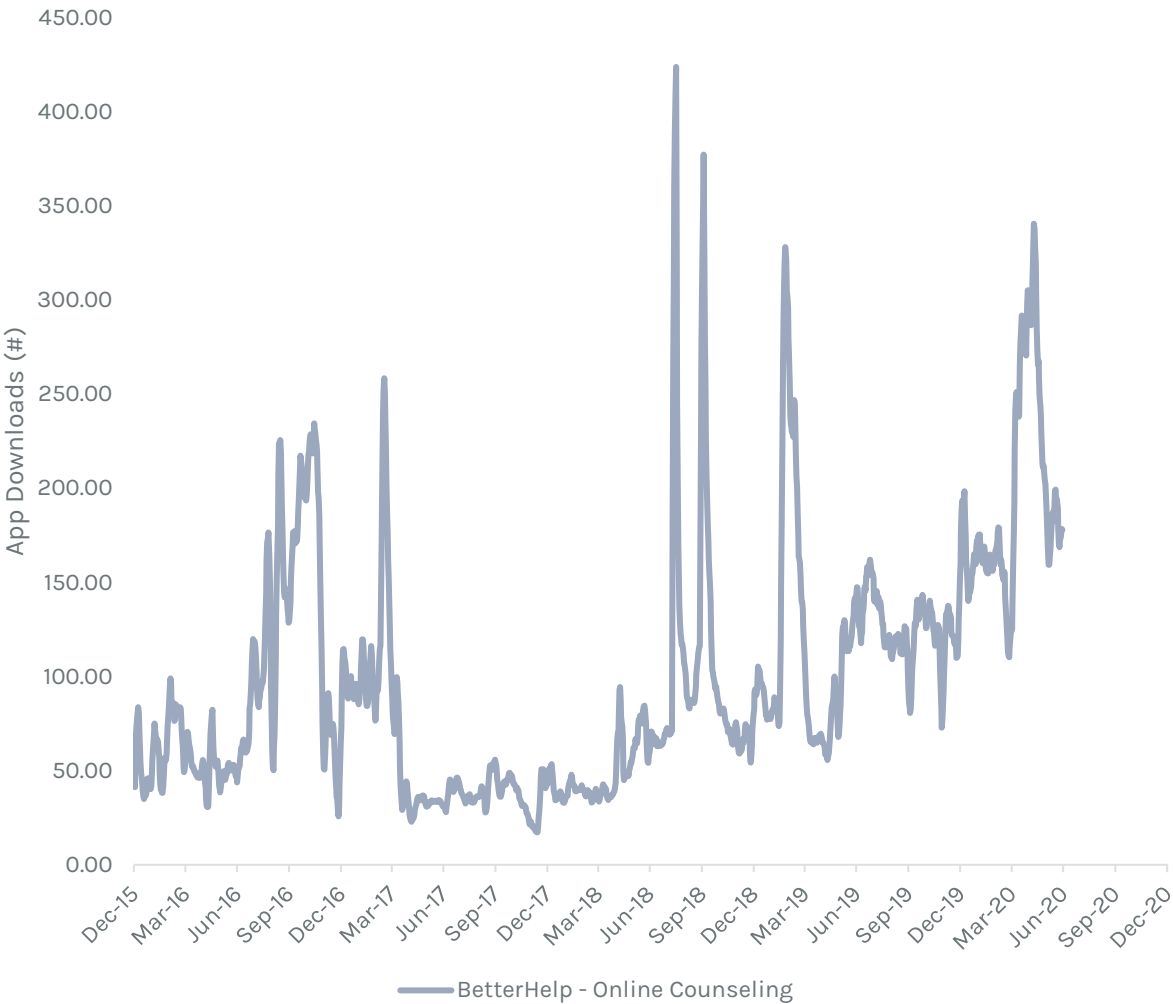
Weekly Active User Index



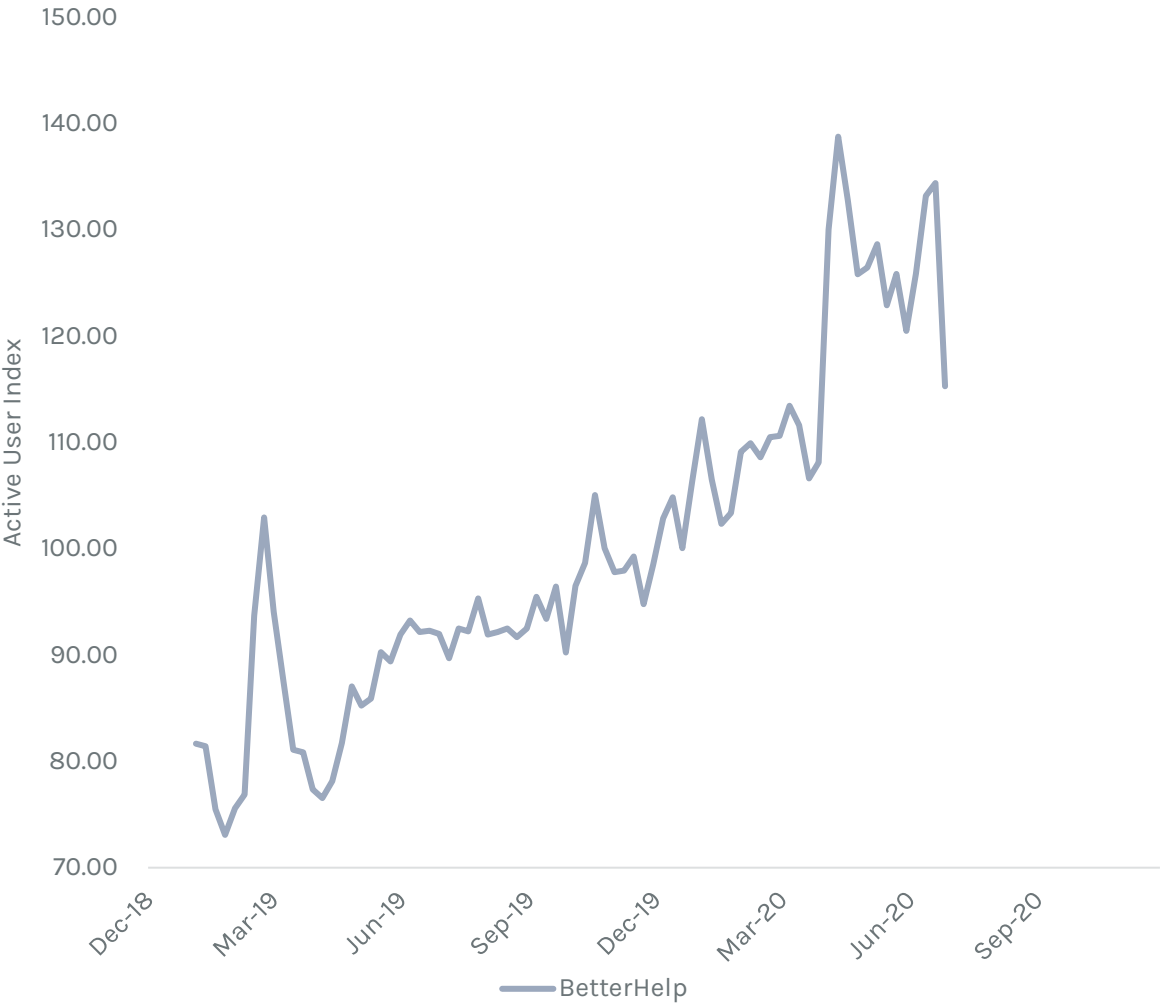


# BetterHelp | App Download Data

Daily Downloads

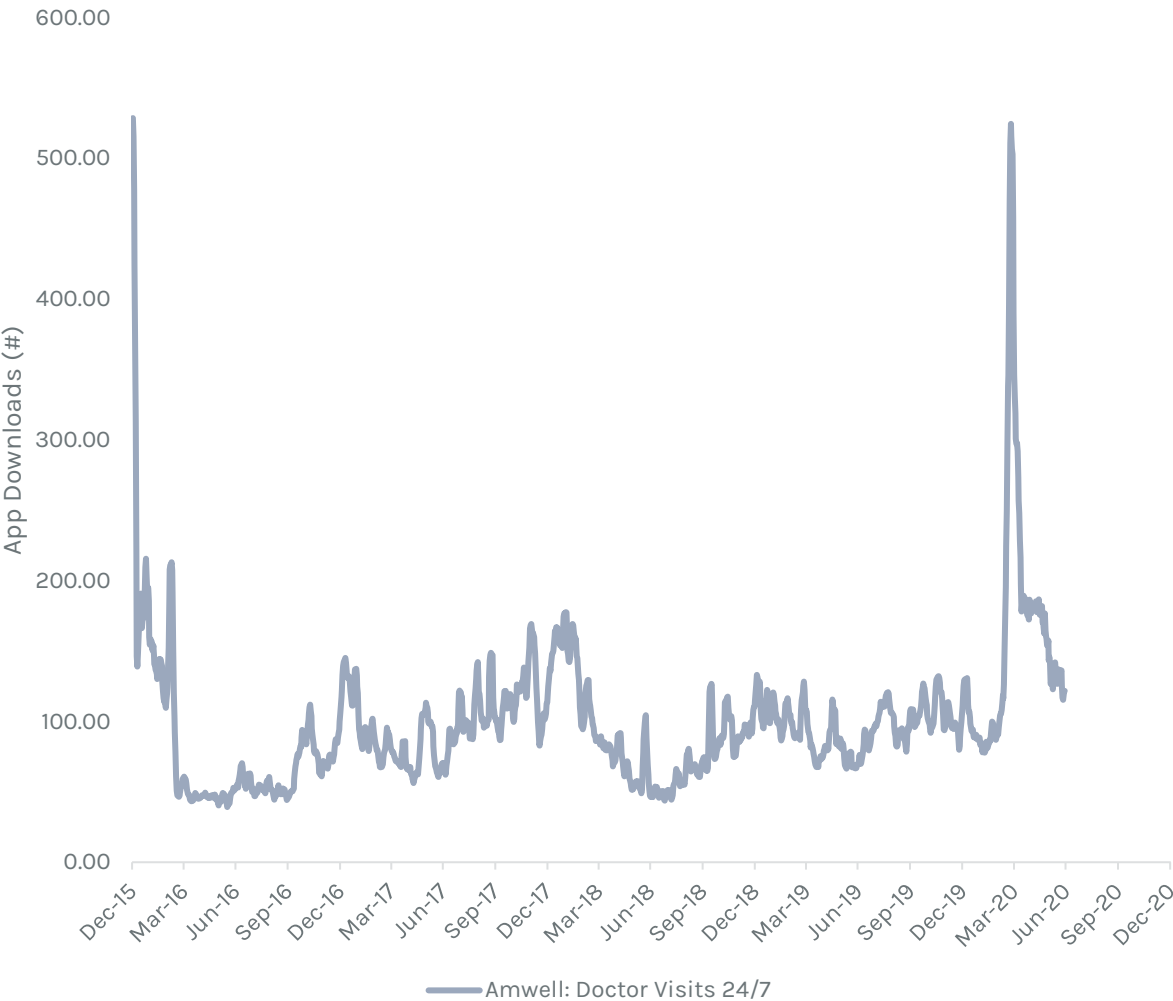


Weekly Active User Index

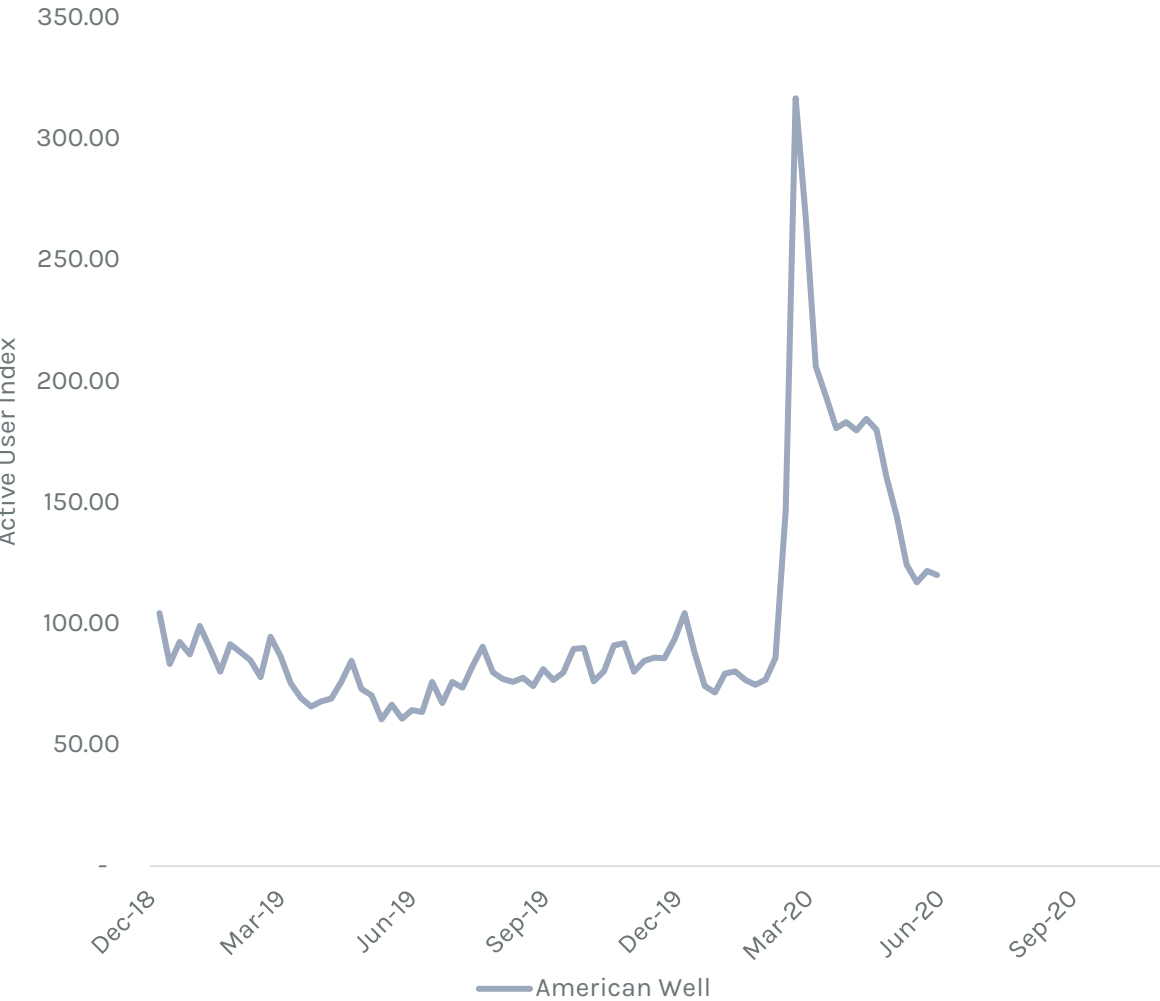


# American Well | App Download Data

Daily Downloads

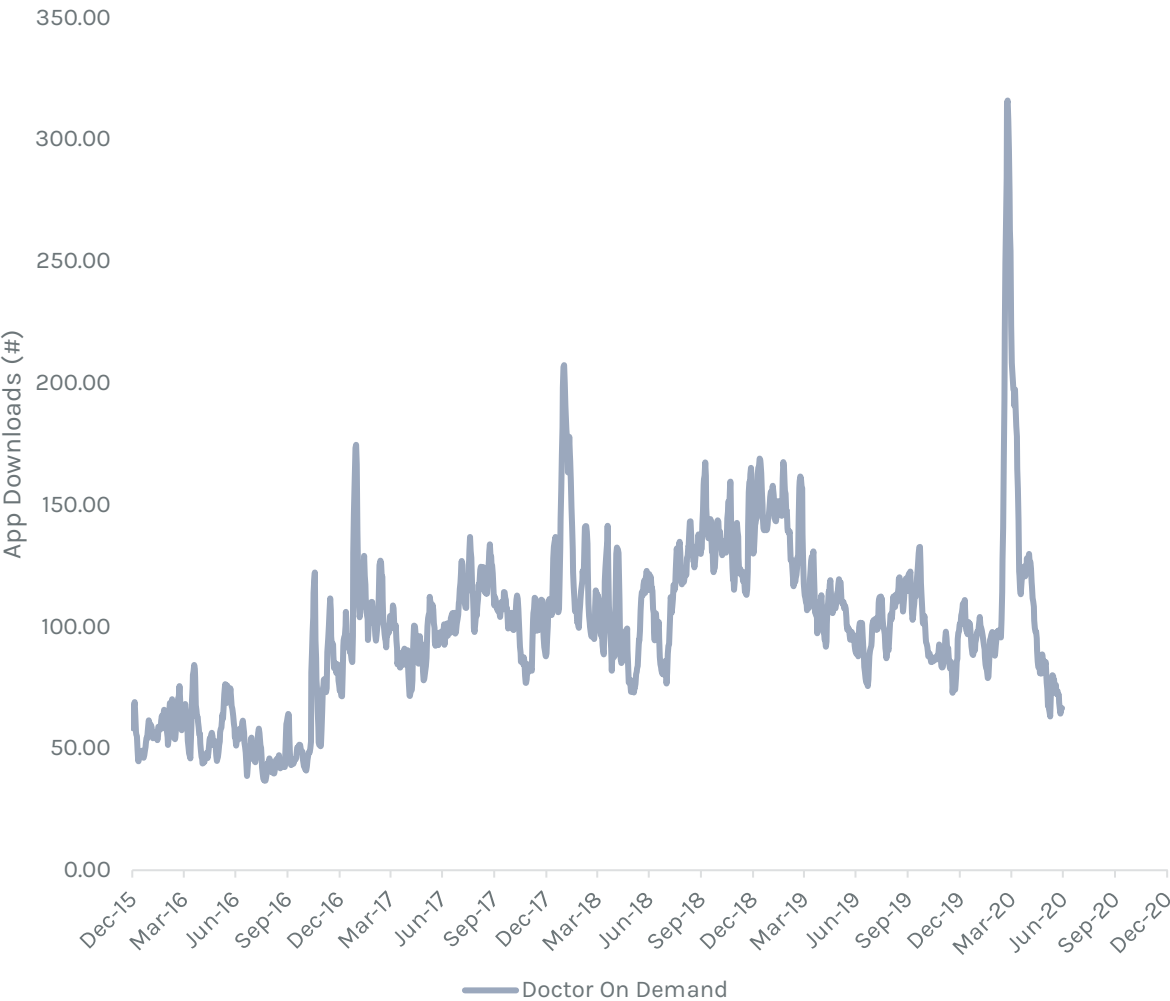


Weekly Active User Index

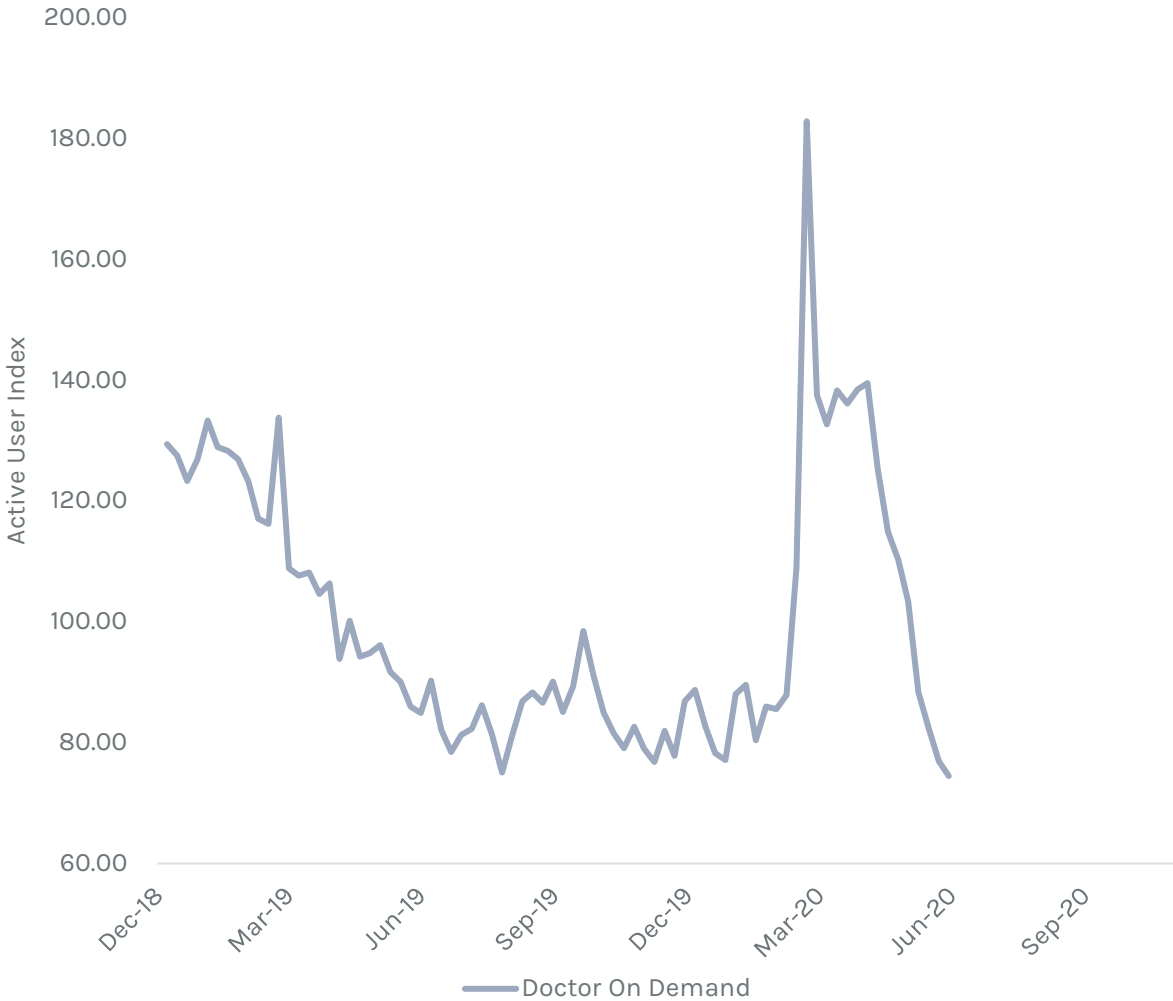


# Doctor on Demand | App Download Data

Daily Downloads

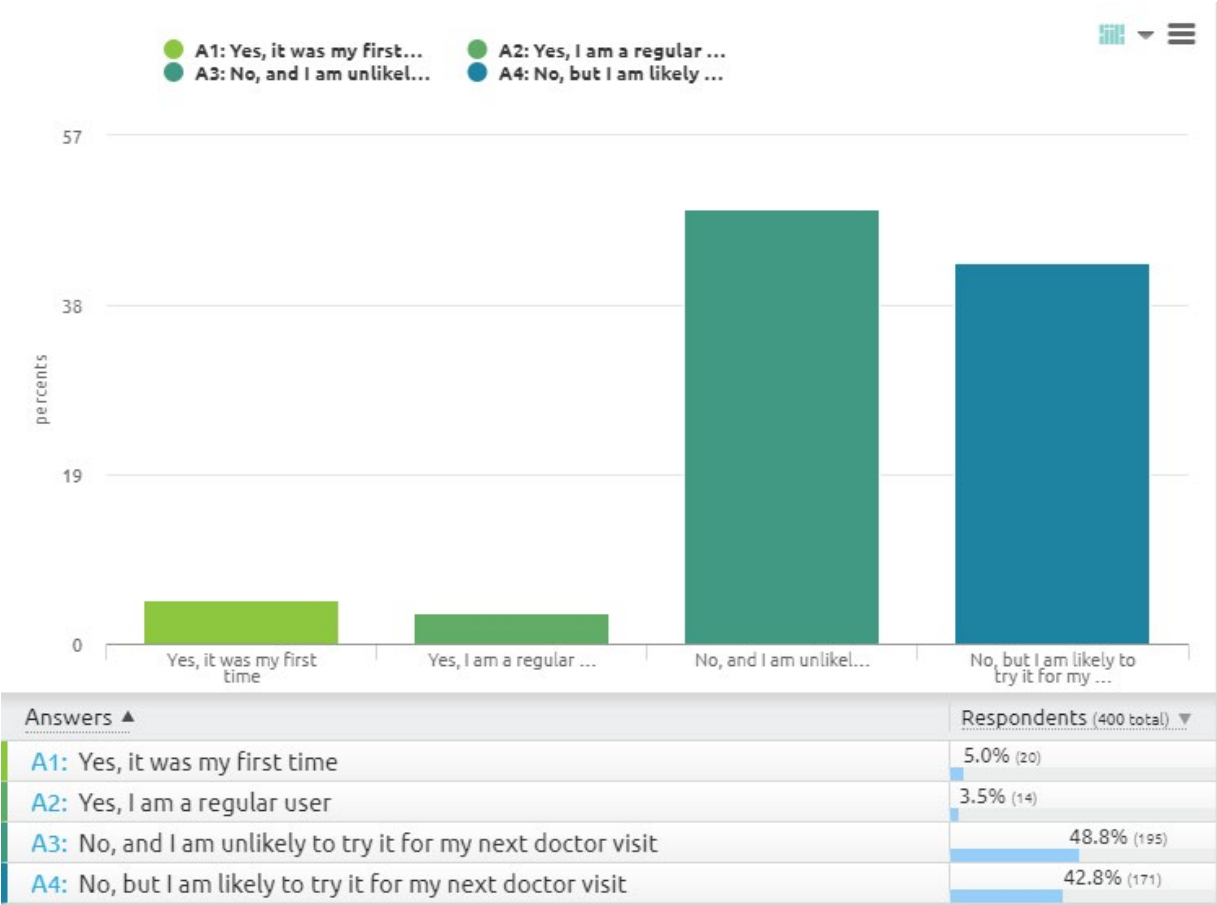


Weekly Active User Index

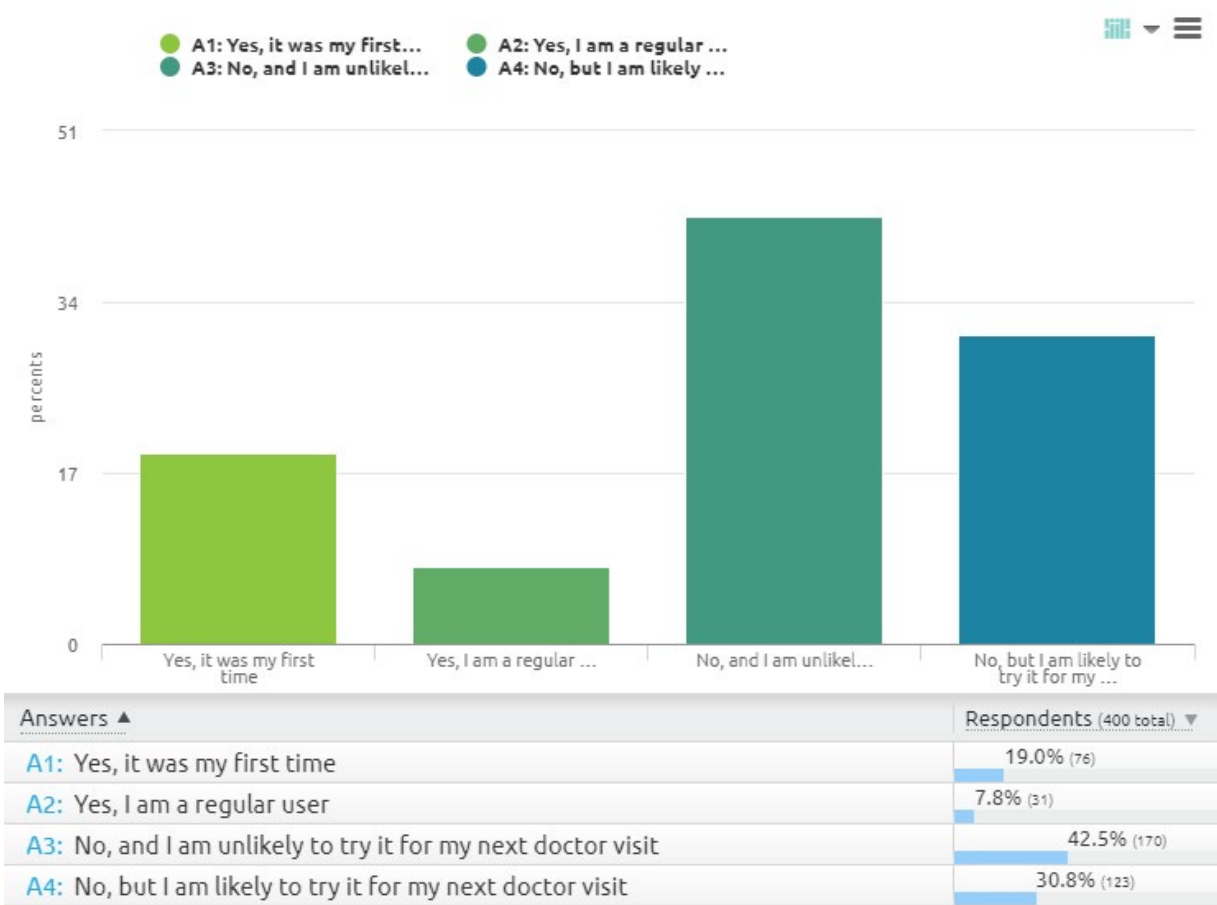


# Patients Adapted to Telemedicine Quickly

March 20, 2020



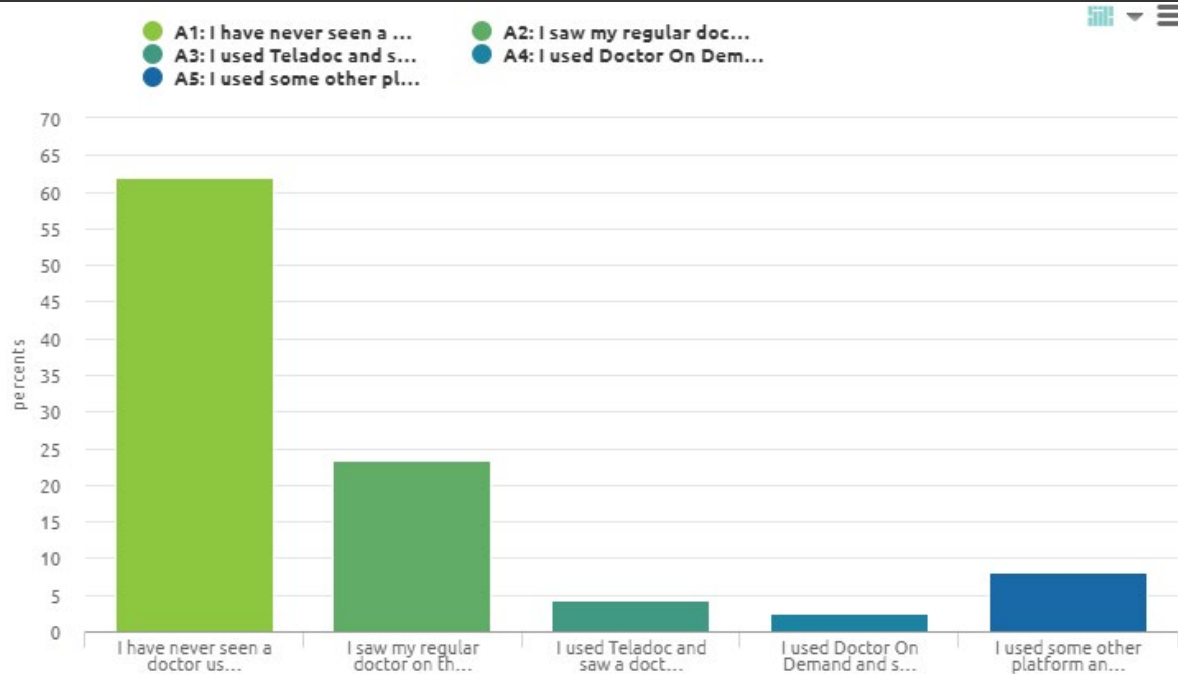
July 19, 2020



# COVID-19 Pushed Physicians Online

Access to a physician by video has expanded dramatically, but backsliding toward pre-COVID19, what next?

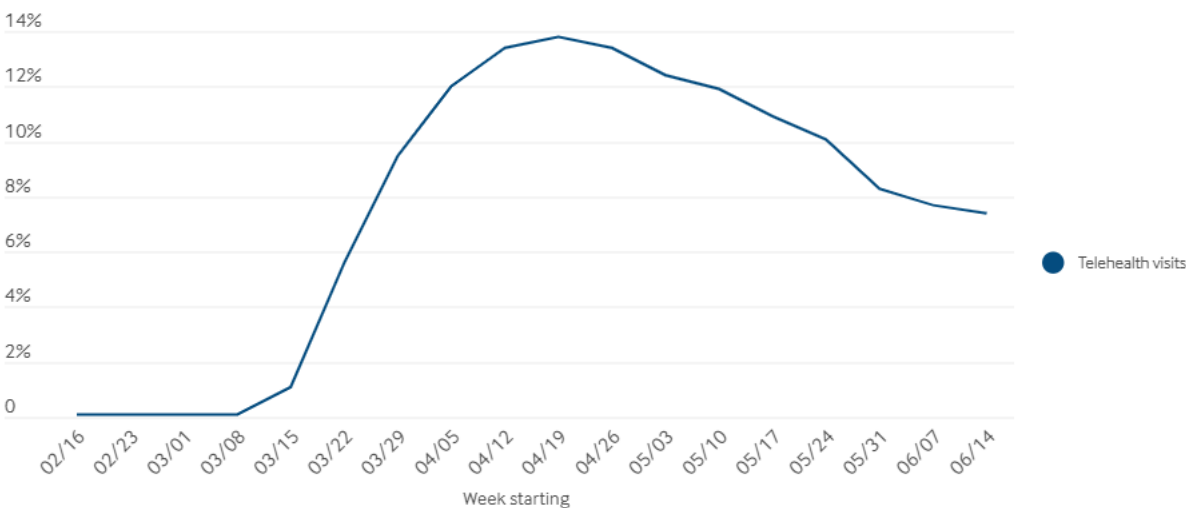
Q4 : Select the the category that best describes your telemedicine visit



Answers ▲	Respondents (400 total) ▼
A1: I have never seen a doctor using telemedicine	62.0% (248)
A2: I saw my regular doctor on their office system	23.3% (93)
A3: I used Teladoc and saw a doctor I did not know	4.3% (17)
A4: I used Doctor On Demand and saw a doctor I did not know	2.5% (10)
A5: I used some other platform and saw a doctor I did not know	8.0% (32)

The number of telemedicine visits (as a percentage of visits during the baseline week) rose rapidly through mid-April but has since been steadily declining.

Number of telehealth visits in a given week as a percent of baseline total visits



# TDOC | Robinhood Tracker

As the only public Telehealth name, TDOC is a popular COVID trade



- Our Robinhood Tracker seeks to measure the impact retail investors have on commonly traded names.
- We have found an interesting correlation (~92%) in Teladoc's share price to the number of average daily Robinhood accounts that hold the stock.
- Another name in our space with a similar correlation is Gilead Sciences (GILD).

# AMN | Valuation

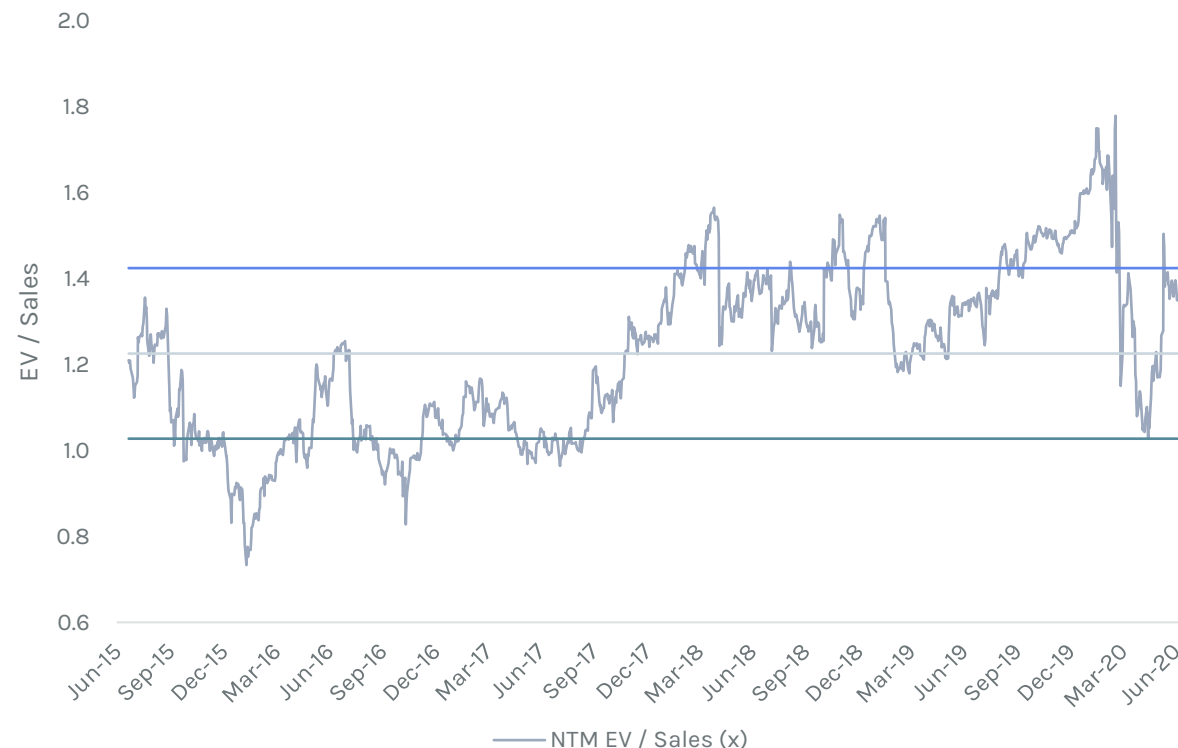
## AMN Remains a Best Idea Short

2020 Sales

	\$ 2,185.00	\$ 2,240.00	\$ 2,300.00	\$ 2,355.00	\$ 2,415.00	\$ 2,480.00
2020 EV/Sales						
0.8x	16.18	17.11	18.12	19.04	20.05	21.14
1.0x	25.36	26.52	27.78	28.93	30.19	31.56
1.2x	34.54	35.92	37.44	38.82	40.33	41.97
1.4x	43.71	45.33	47.09	48.71	50.48	52.39
1.6x	52.89	54.74	56.75	58.60	60.62	62.80
1.8x	62.07	64.15	66.41	68.49	70.76	73.22

2021 Sales

	\$ 2,275.00	\$ 2,330.00	\$ 2,390.00	\$ 2,450.00	\$ 2,515.00	\$ 2,580.00
2021 EV/Sales						
0.8x	17.70	18.62	19.63	20.64	21.73	22.82
1.0x	27.25	28.41	29.67	30.93	32.29	33.66
1.2x	36.81	38.19	39.70	41.21	42.85	44.49
1.4x	46.36	47.98	49.74	51.50	53.42	55.33
1.6x	55.91	57.76	59.78	61.79	63.98	66.16
1.8x	65.47	67.55	69.82	72.08	74.54	77.00



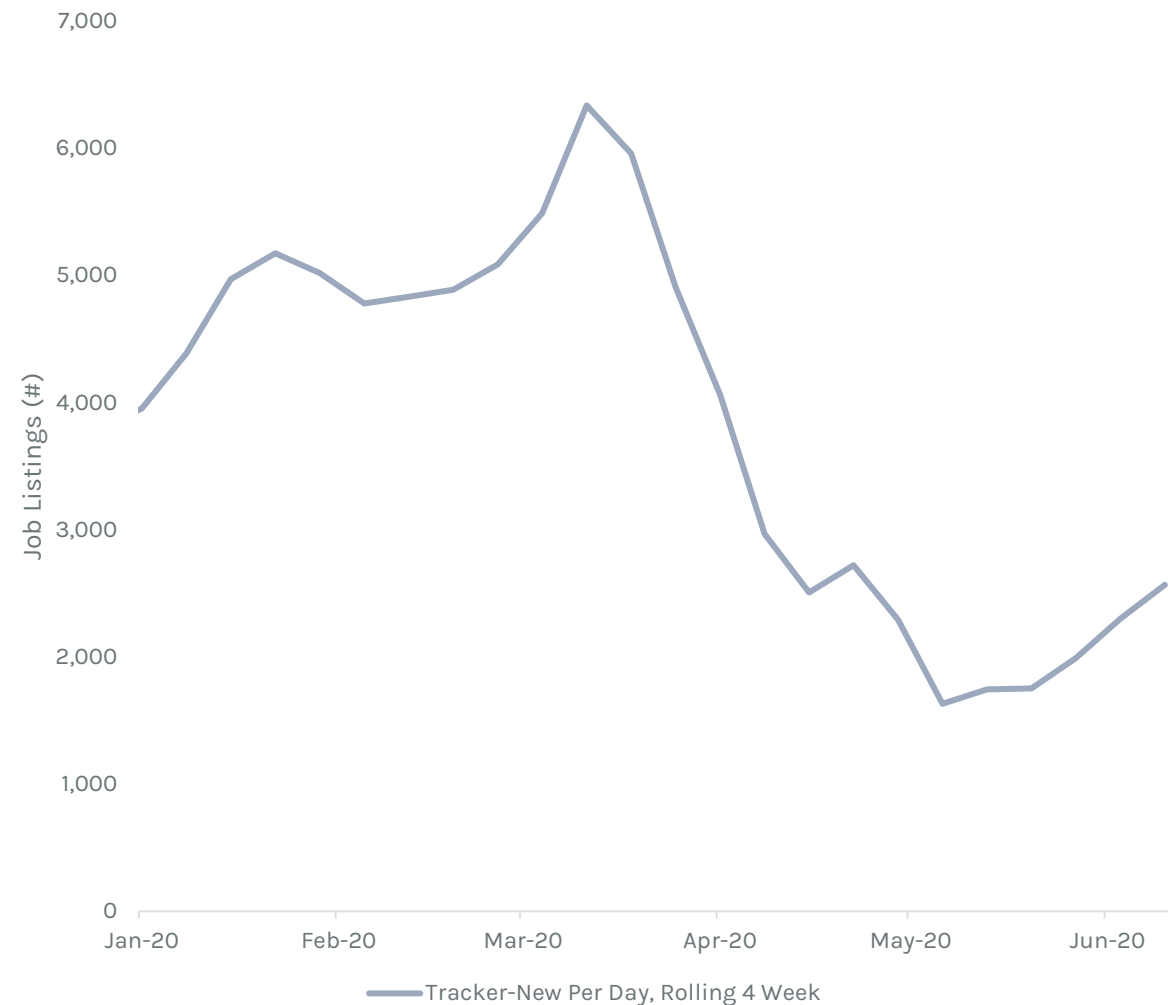
While there may be a case for demand from hospitals with a need for temporary staffing, a lengthened period of constrained capacity would put substantial pressure on the P&L, likely continuing to push AMN to the lower end of its range.

# AMN Tracker | June 2020

New Per Day, Weekly



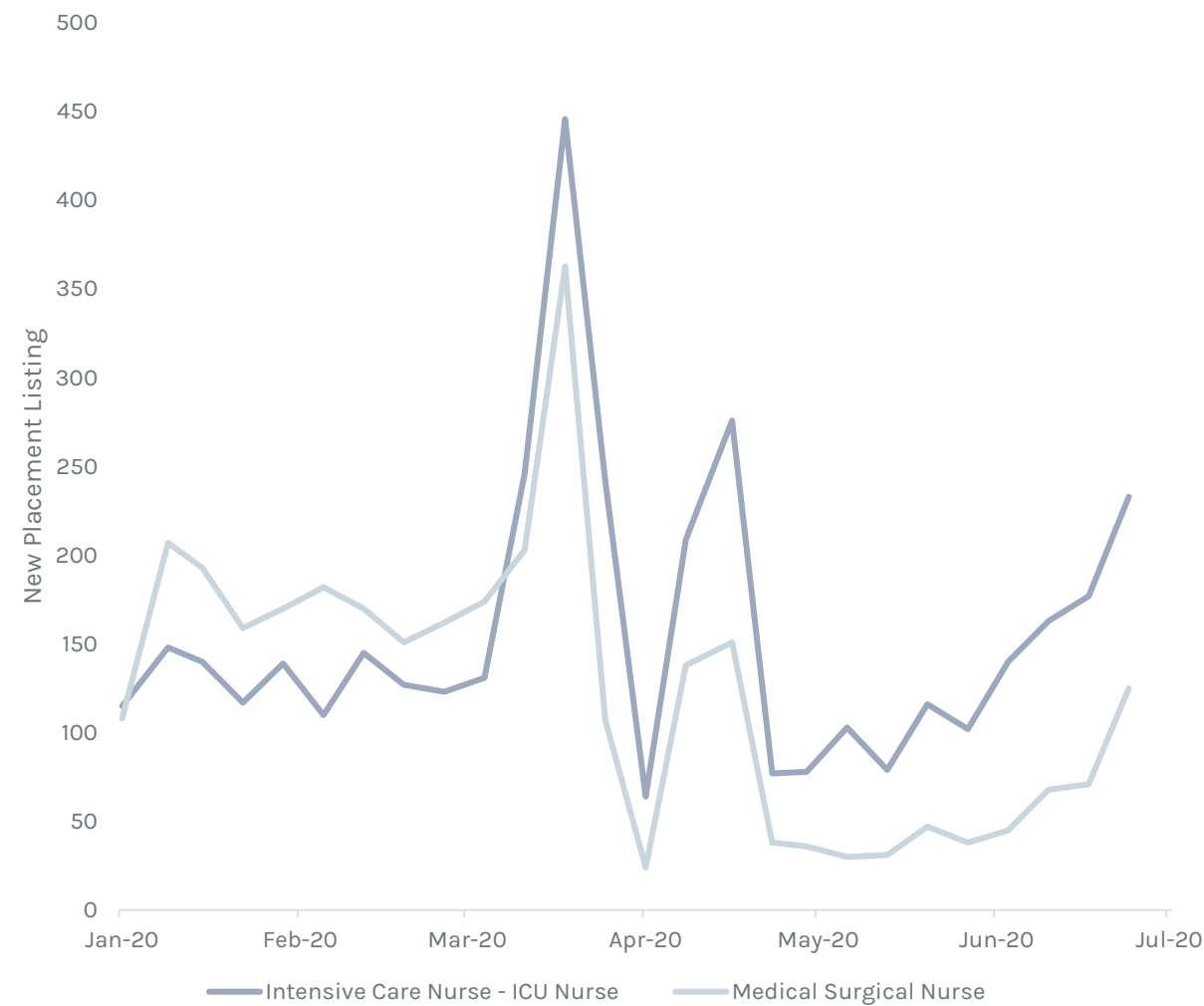
New Per Day, Rolling 4 Week





# Tradeoff between COVID-19 ICU and Elective Procedures

## ICU and Med Surg Demand follows COVID19

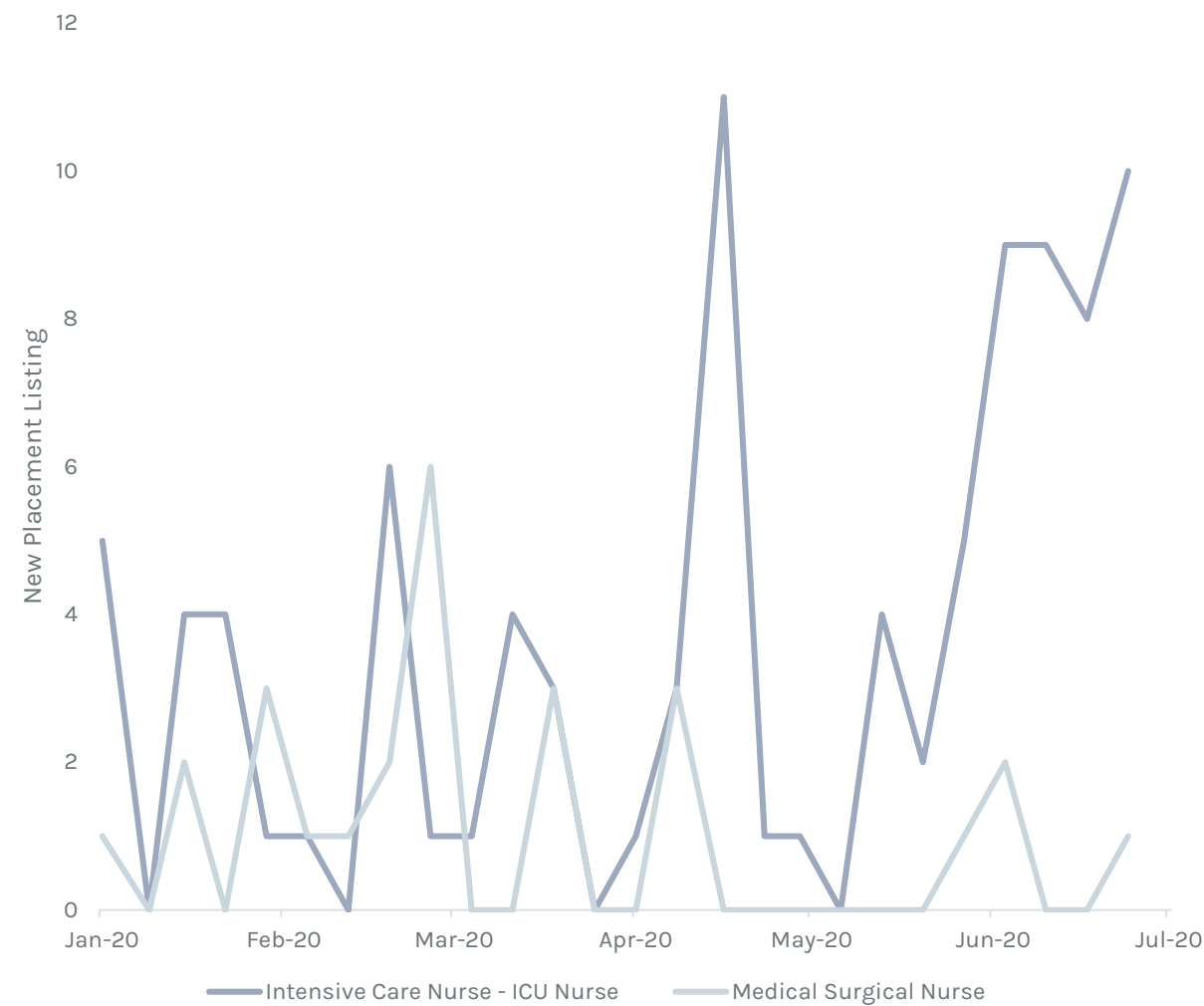


## Surgical Specialties From Collapse to Rebound

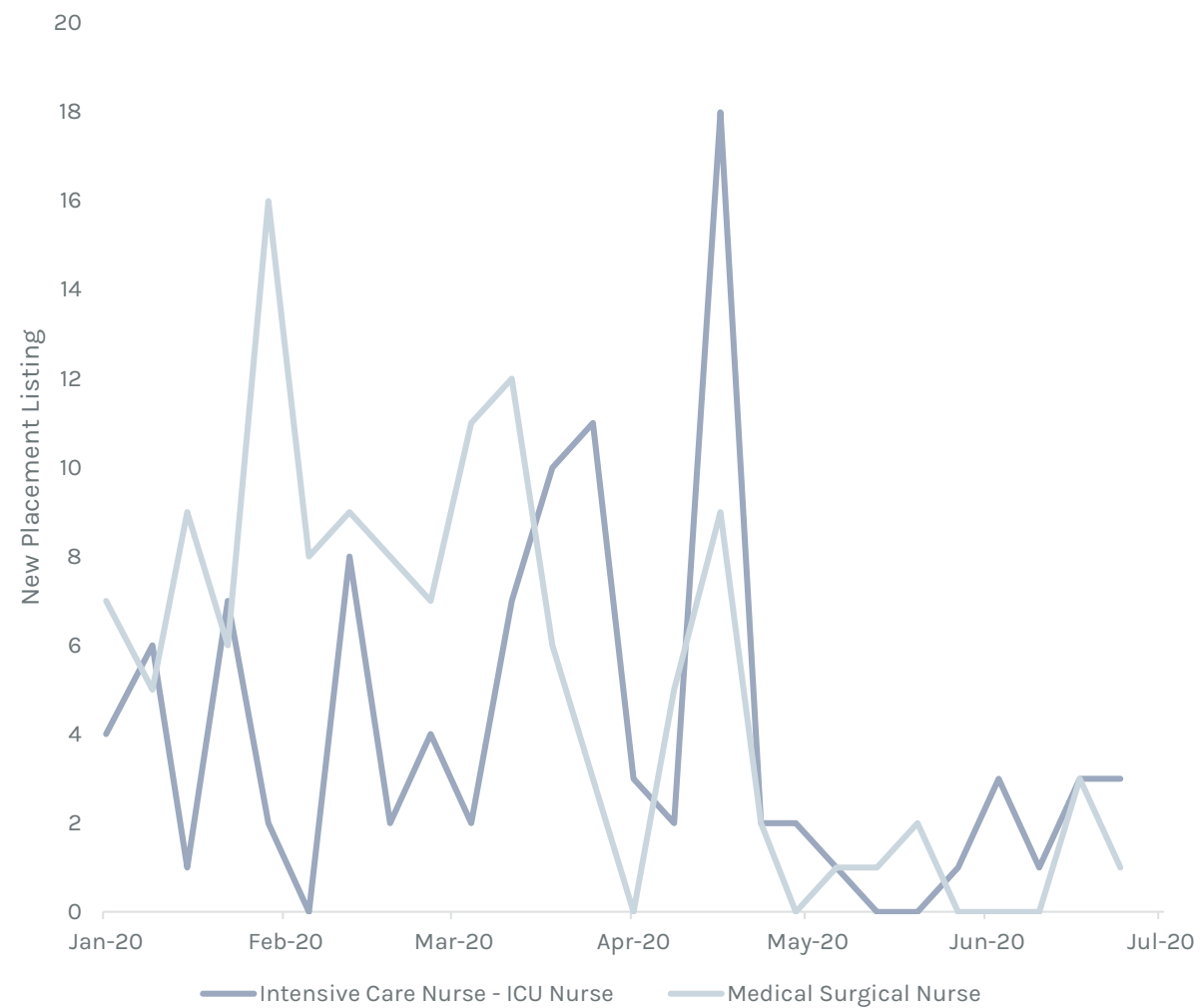


# Arizona and Georgia

## Arizona

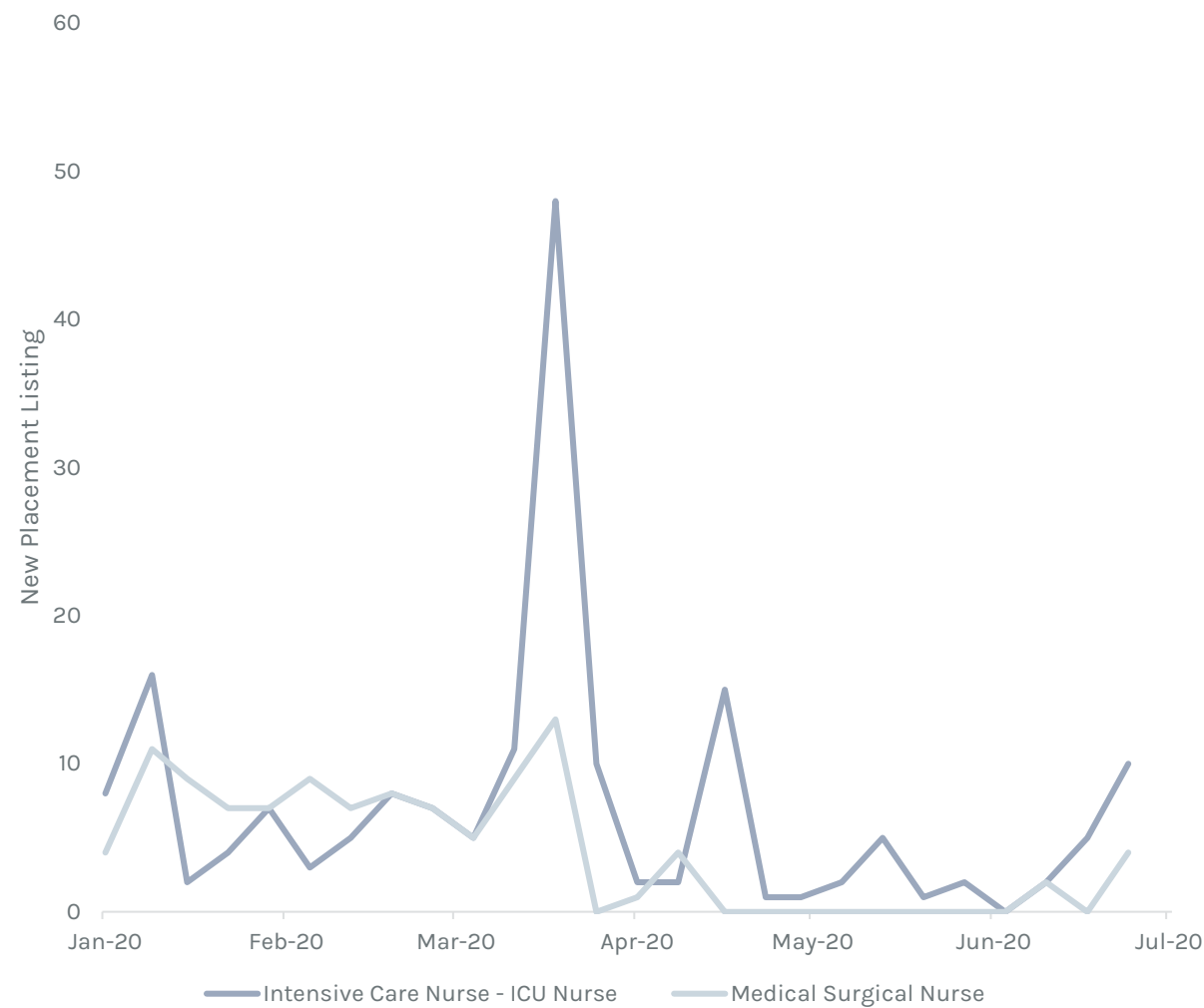


## Georgia

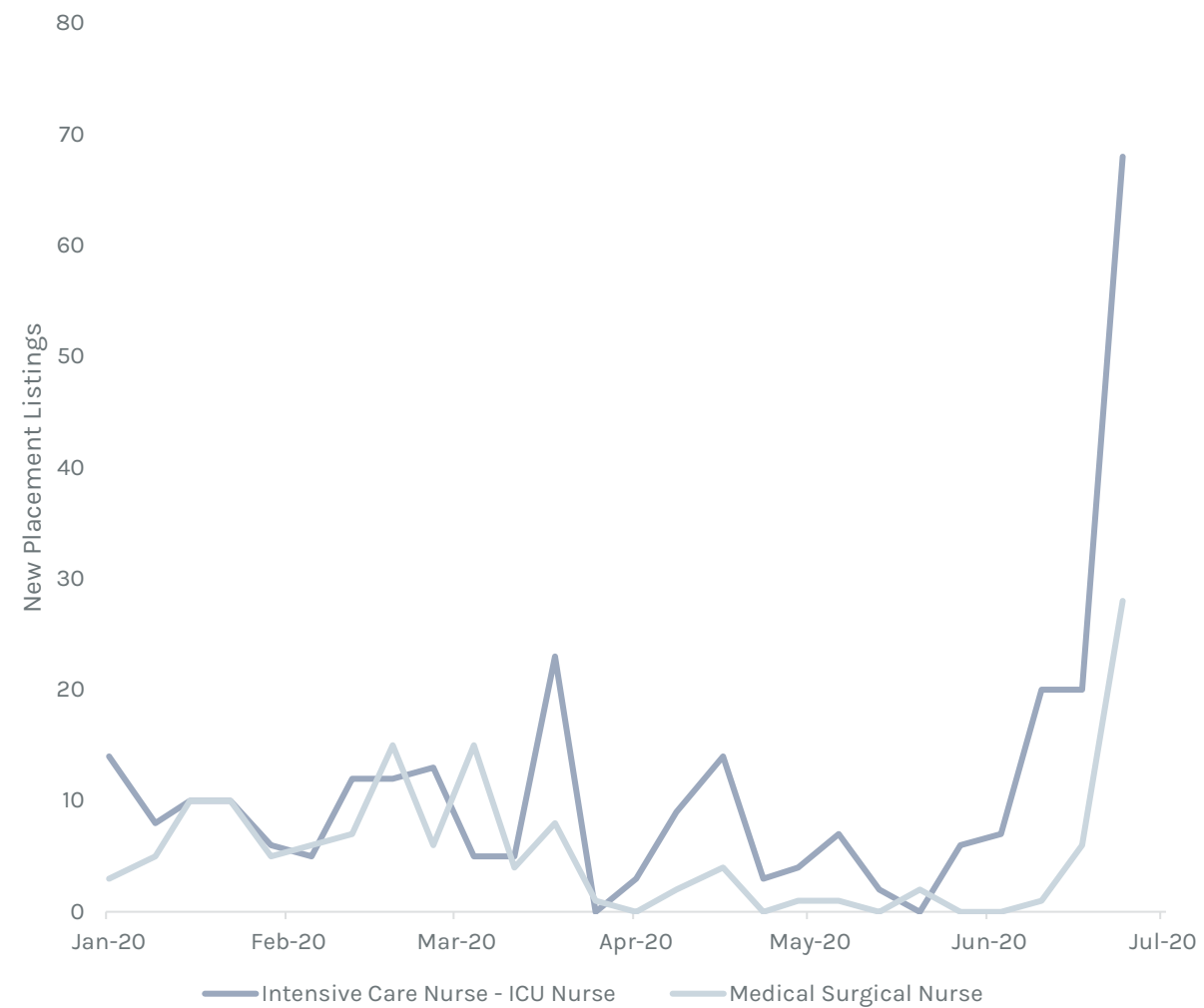


# COVID Demand Breakout in Texas and Florida Next?

## Florida



## Texas



# TXG | Earnings Preview

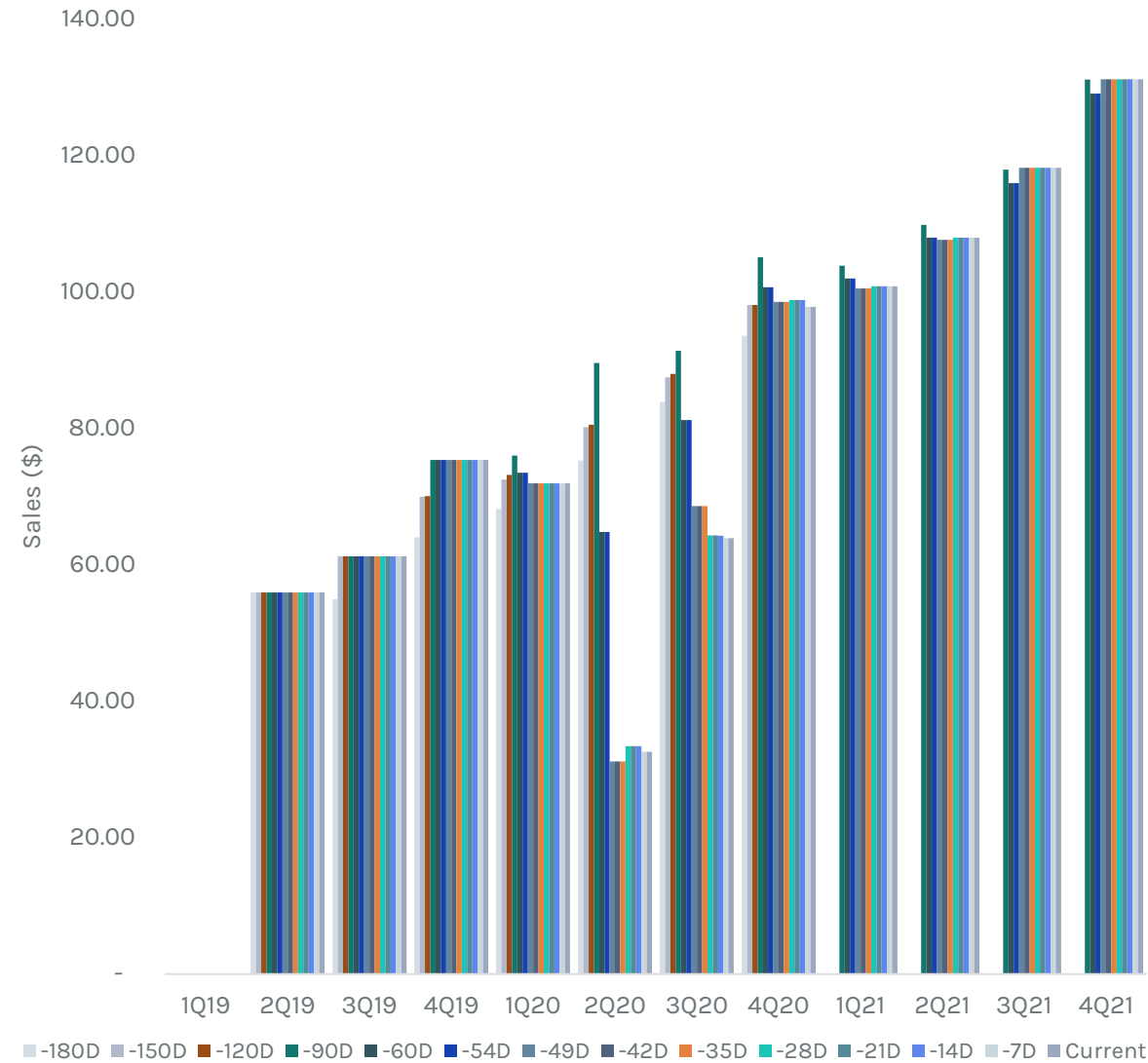
HEDGEYE

10x Genomics Inc Class A			FY 2020				FY 2021				FY 2022			
Ticker	TXG		Hedgeye	Guidance	Consensus	Delta %	Hedgeye	Guidance	Consensus	Delta %	Hedgeye	Guidance	Consensus	Delta %
Date	7/27/2020	Sales	\$311	--	\$267	16.4%	\$534	--	\$458	16.7%	\$721	--	\$599	20.4%
Price (\$)	\$94.65	YoY Growth	26.5%		8.7%	205.3%	99.8%		71.3%	40.1%	57.5%		30.8%	86.6%
Hedgeye	Active	EBITDA	--	--	-\$100		--	--	-\$27	--	--	--	\$3	
Positioning	Long	EBIT	--	--	-\$127		--	--	-\$52	--	--	--	-\$31	
52 Week Range (\$)	45.11 - 108.3	Mg (%)			-47.4%				-11.5%				-5.1%	
		EPS	--	--	-\$1.13		--	--	-\$0.47	--	--	--	-\$0.17	
Market Cap (M)	5,483.49		Multiples on Consensus Numbers				Absolute Performance v. Indices				Absolute Performance v. Comps			
Avg Daily Volume (3 Mo)	858,725.20		2020	2021	1 Year	5 Year		Trade	Trend	Tail		Trade	Trend	Tail
Dividend Yield	0.00%	P / E	#N/A	#N/A	#N/A	#N/A	TXG	7.6%	27.9%	#N/A	TXG	7.6%	27.9%	#N/A
IPO Date	Sep-12-2019	EV / Sales	33x	19.3x	#N/A	#N/A	SP50	5.4%	13.4%	30.2%	BIO	19.3%	19.1%	59.4%
Beta	0.639	EV / EBITDA	#N/A	#N/A	#N/A	#N/A	XHE	10.5%	15.7%	53.2%	ILMN	6.5%	23.7%	25.7%
WACC (FactSet)	5.06%	FCF Yield	-1.8%	-1.1%			XLV	7.5%	5.2%	36.0%	BDX	16.8%	1.7%	7.3%



TXG	Historical			Income Statement		Consensus							
	Comp Q	Last FY	TTM	FY-2019	Q1-2020	Q2-2020	Q3-2020	Q4-2020	FY-2020	FY-2021	FY-2022		
Sales	\$54	\$246	\$264	245.89	71.91	32.56	63.82	97.74	267.22	457.65	598.78		
YoY Growth				68.1%	34.2%	-41.7%	4.3%	29.8%	8.7%	71.3%	30.8%		
EBITDA	#N/A	-\$22	#N/A	-22.01	-16.39	-46.04	-27.83	-10.02	-100.01	-26.96	3.40		
EBIT	-\$2	-\$29	-\$36	-29.07	-19.58	-52.07	-35.78	-15.64	-126.75	-52.49	-30.68		
Mg (%)	-4.2%	-11.8%	-13.7%	-11.8%	-27.2%	-159.9%	-56.1%	-16.0%	-47.4%	-11.5%	-5.1%		
EPS	-\$1.18	-\$0.32	-\$0.51	-0.32	-0.22	-0.50	-0.30	-0.11	-1.13	-0.47	-0.17		

# TXG | Estimate Revisions



# TXG | Valuation

## EV/ NTM Sales

2020 Sales

2020 EV/Sales		\$ 250	\$ 260	\$ 270	\$ 280	\$ 290	\$ 300
	26.5x	62.15	64.50	66.84	69.19	71.53	73.88
	28.0x	65.47	67.95	70.43	72.91	75.39	77.87
	29.5x	68.79	71.40	74.01	76.63	79.24	81.85
	31.0x	72.11	74.85	77.60	80.34	83.09	85.83
	32.5x	75.43	78.31	81.19	84.06	86.94	89.82
	34.0x	78.75	81.76	84.77	87.78	90.79	93.80

2021 Sales

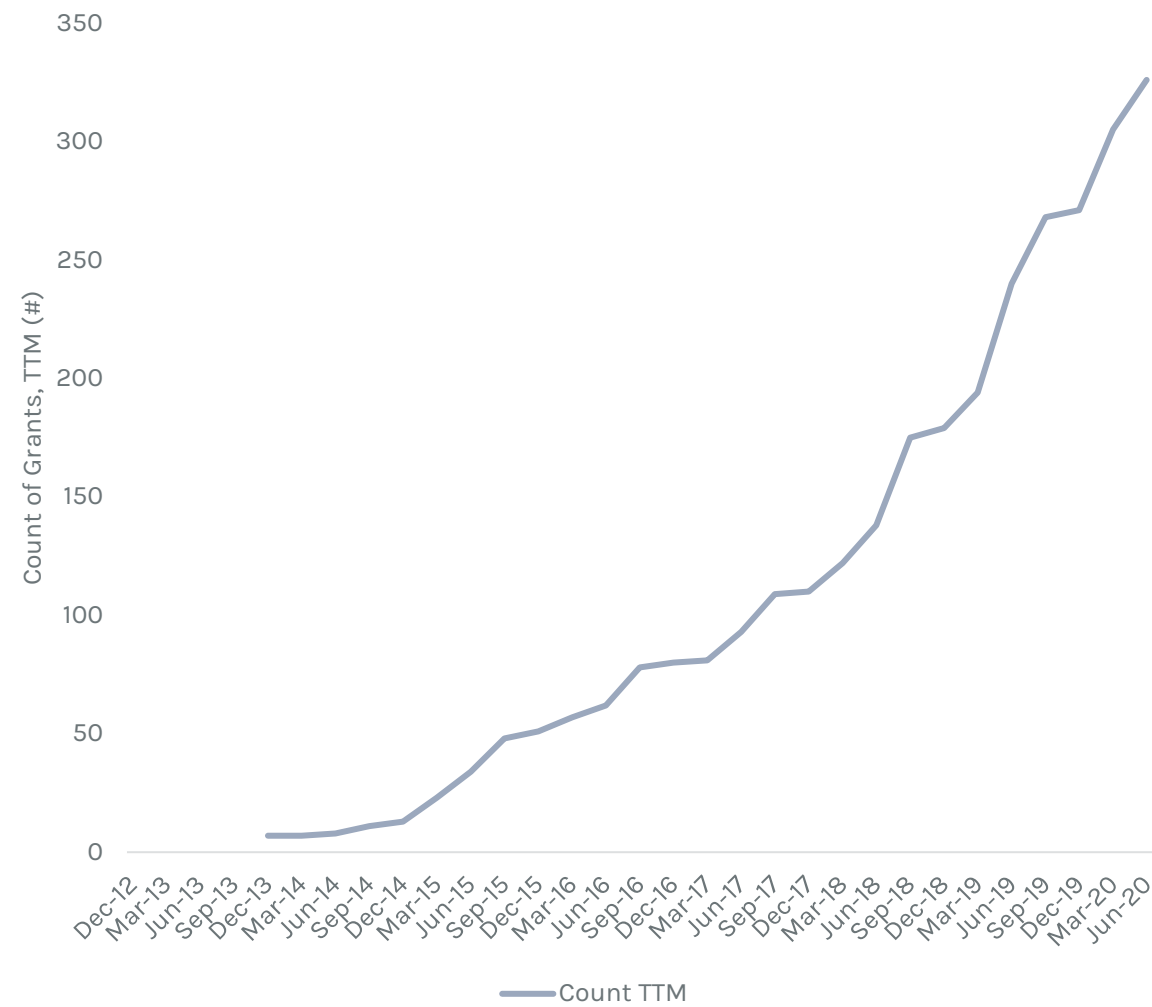
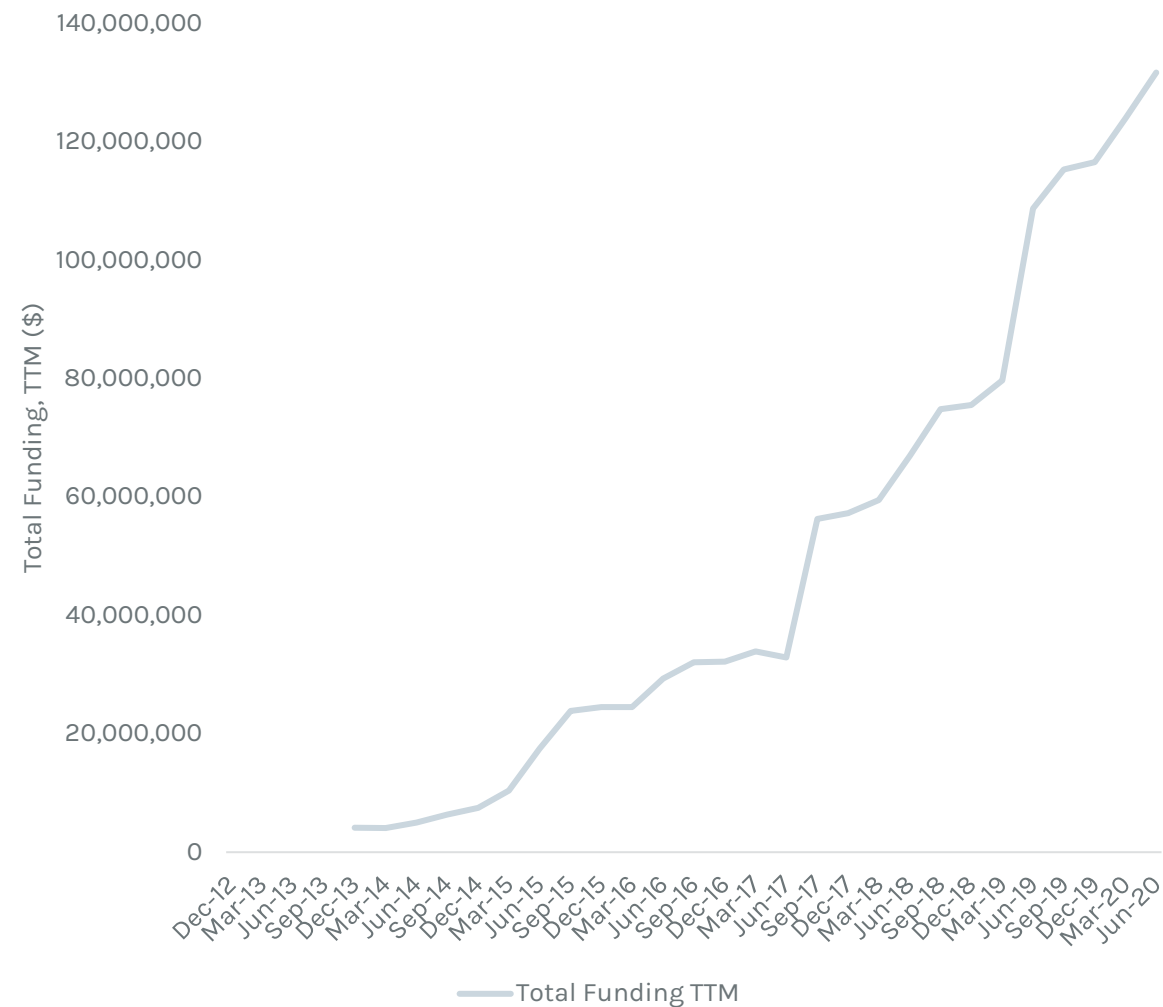
2021 EV/Sales		\$ 410	\$ 420	\$ 430	\$ 440	\$ 450	\$ 460
	26.5x	99.69	102.04	104.38	106.73	109.08	111.42
	28.0x	105.14	107.61	110.09	112.57	115.05	117.53
	29.5x	110.58	113.19	115.80	118.42	121.03	123.64
	31.0x	116.03	118.77	121.52	124.26	127.00	129.75
	32.5x	121.47	124.35	127.23	130.10	132.98	135.86
	34.0x	126.92	129.93	132.94	135.95	138.96	141.97



Multiple tailwinds for growth, upside in the near term seems likely. Not cheap, but numbers are low.

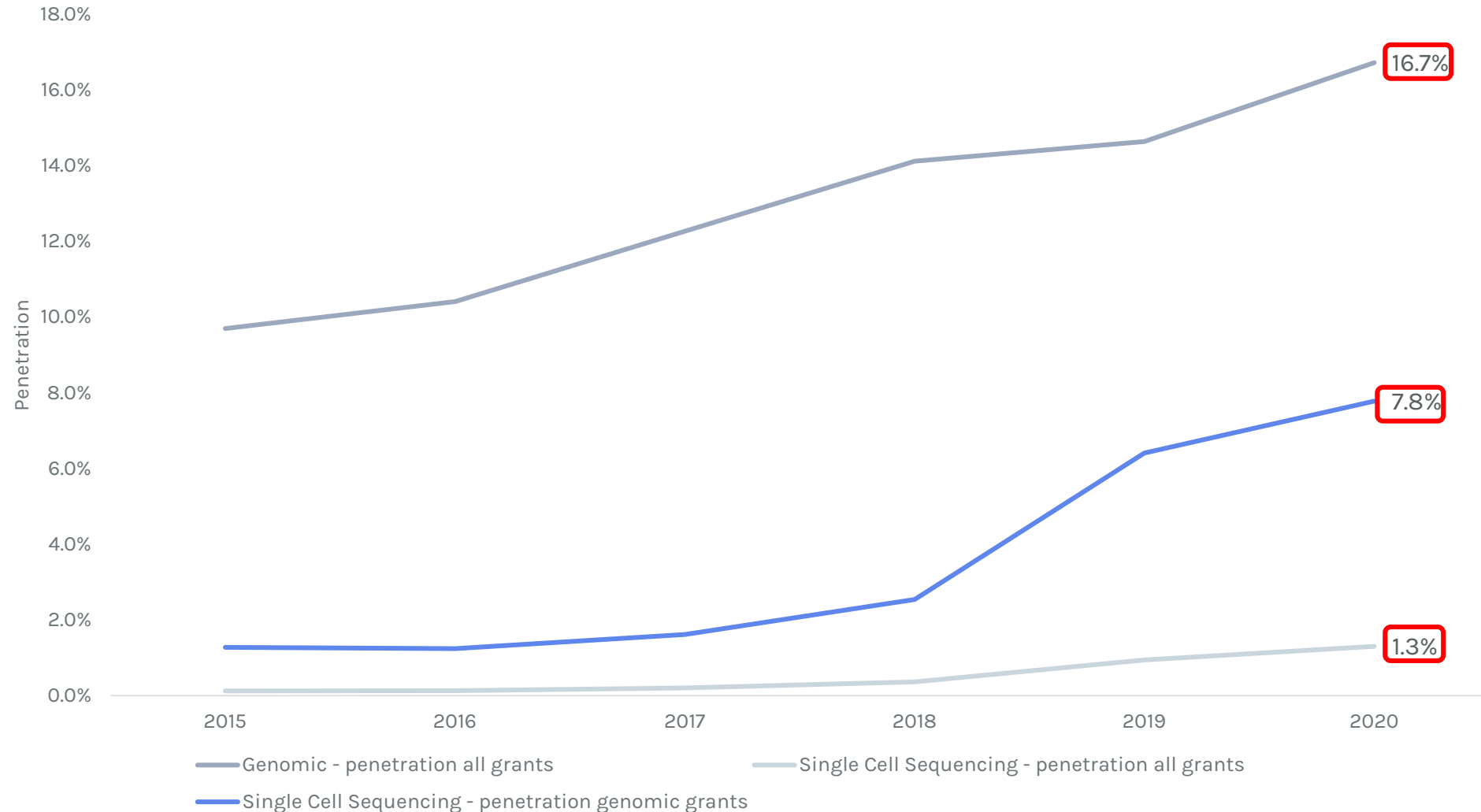
# TXG | NIH Grant Trend

We've identified key terms across existing programs



# TXG | Penetration at UCSF

## UCSF is a top grantee in funded projects



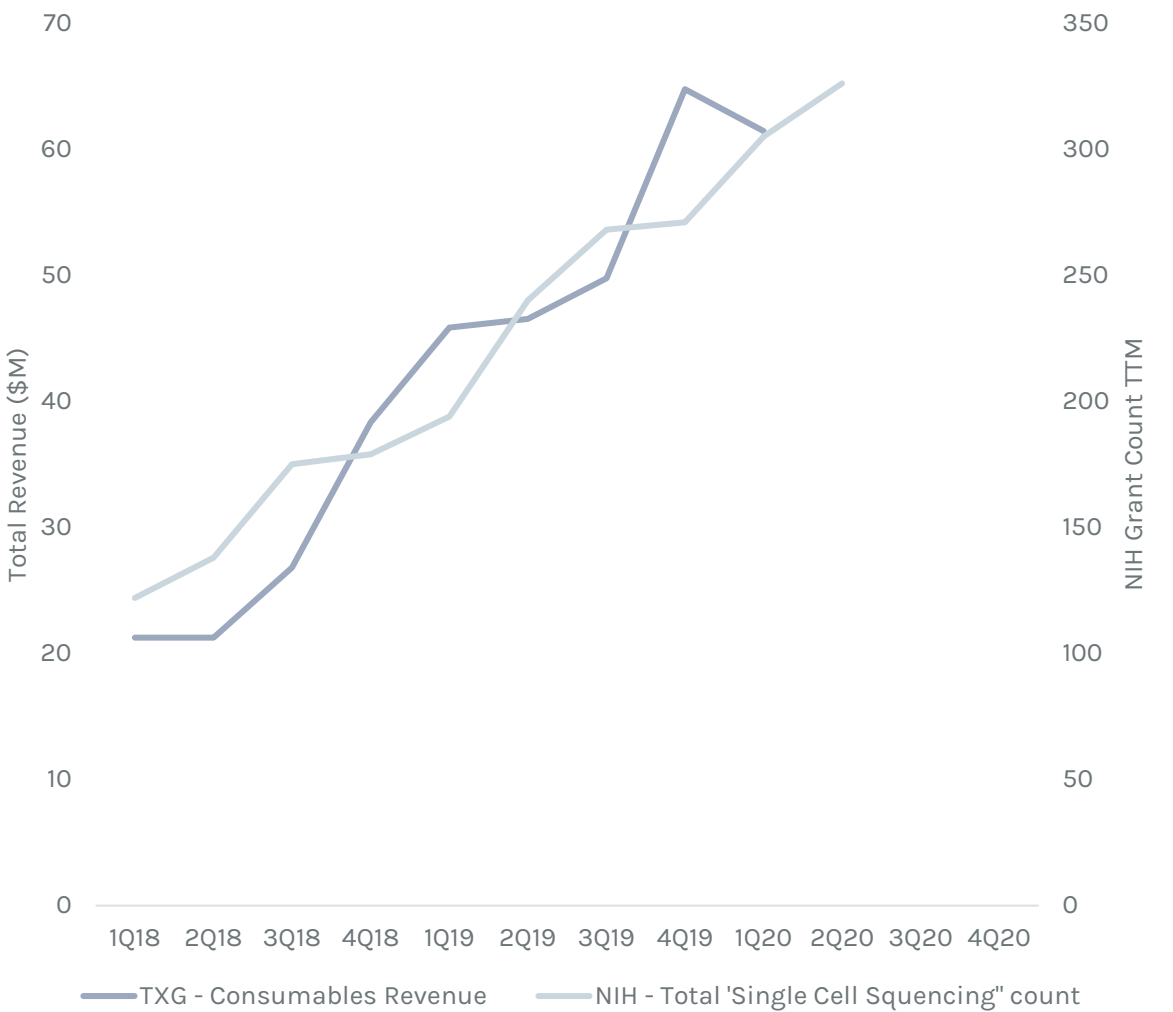
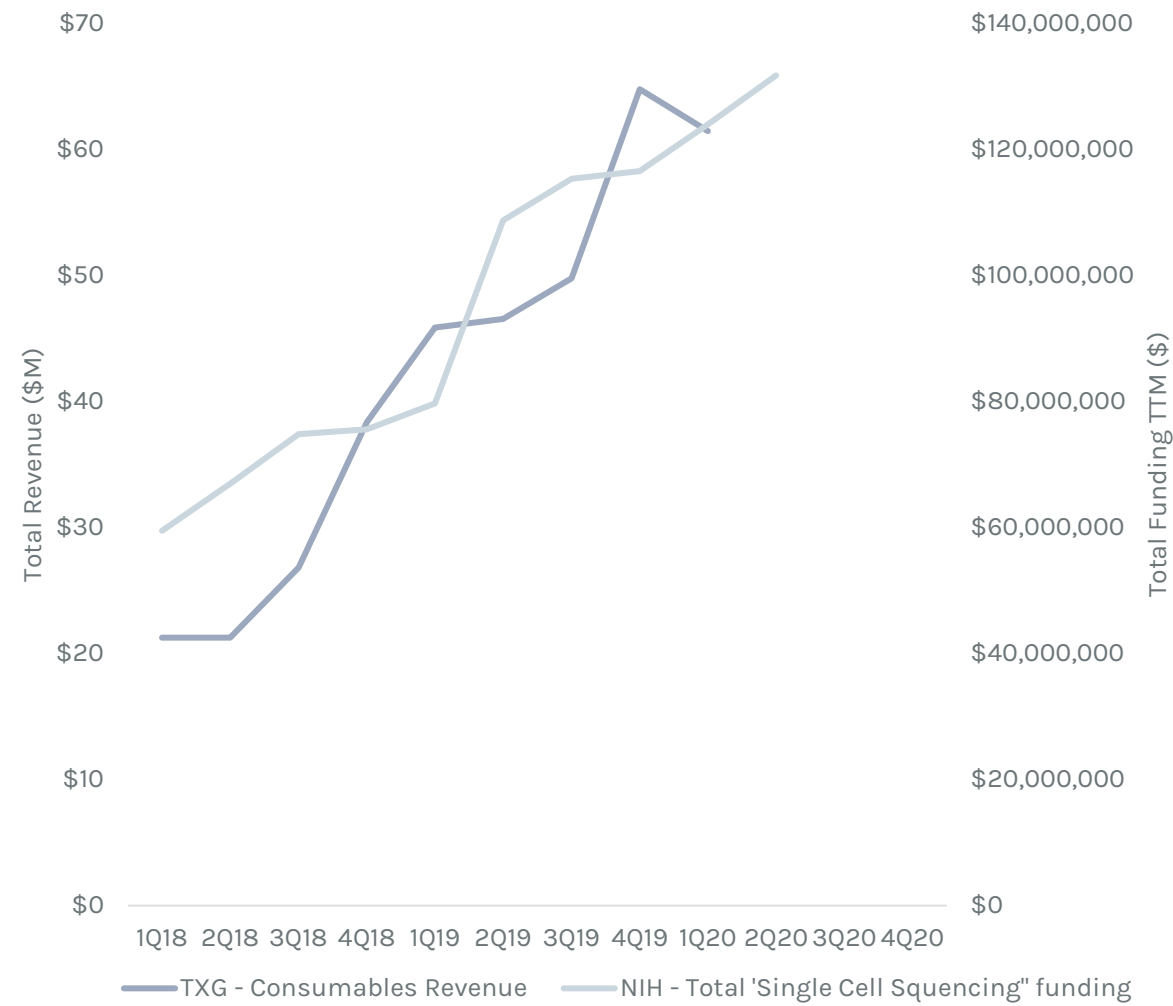
Our survey of current projects turned up a list of key search terms and UCSF is one of the top recipients of awards related to 10X Genomics' single cell sequencing platform.

Compared to genomics, single cell sequencing projects are far less penetrated.



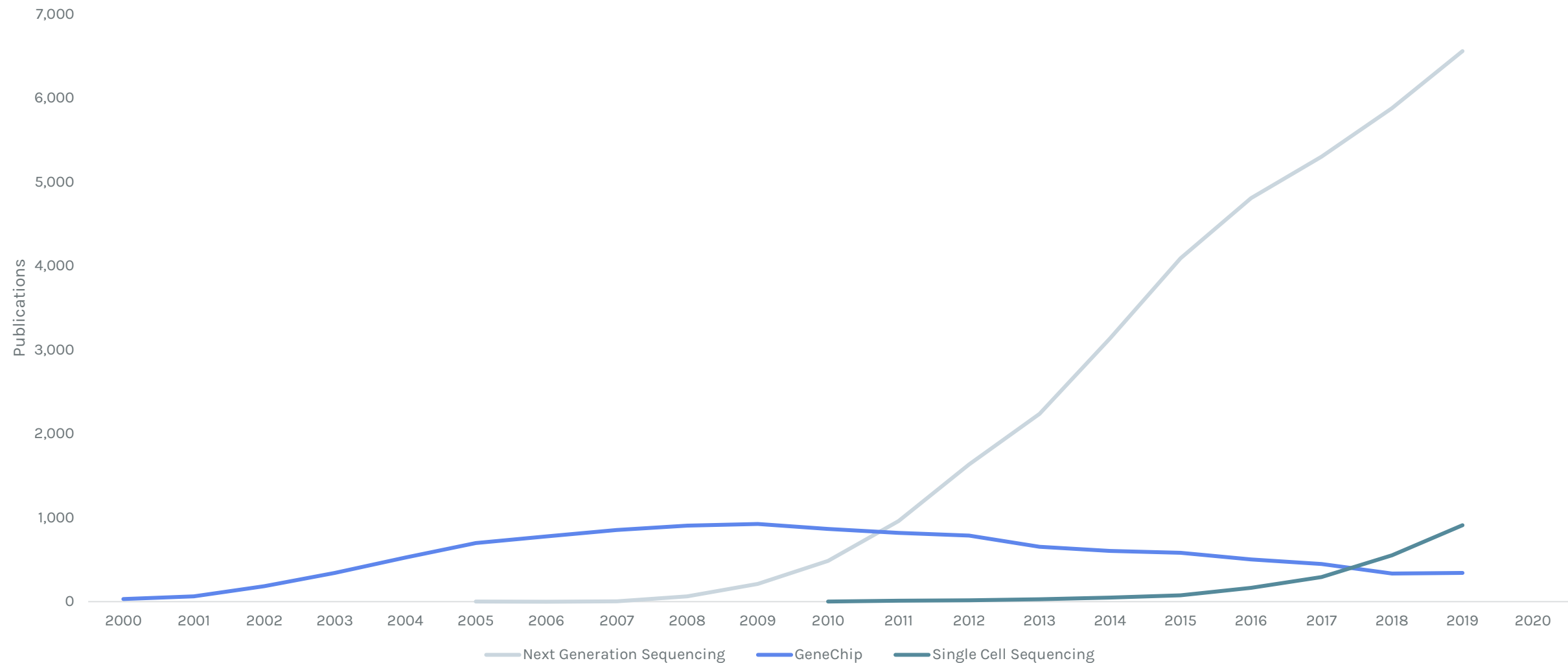
# TXG | NIH Trends vs Revenue

Correlation high between NIH 'Single Cell Sequencing' and reported revenue



# Scientific Publications by Topic

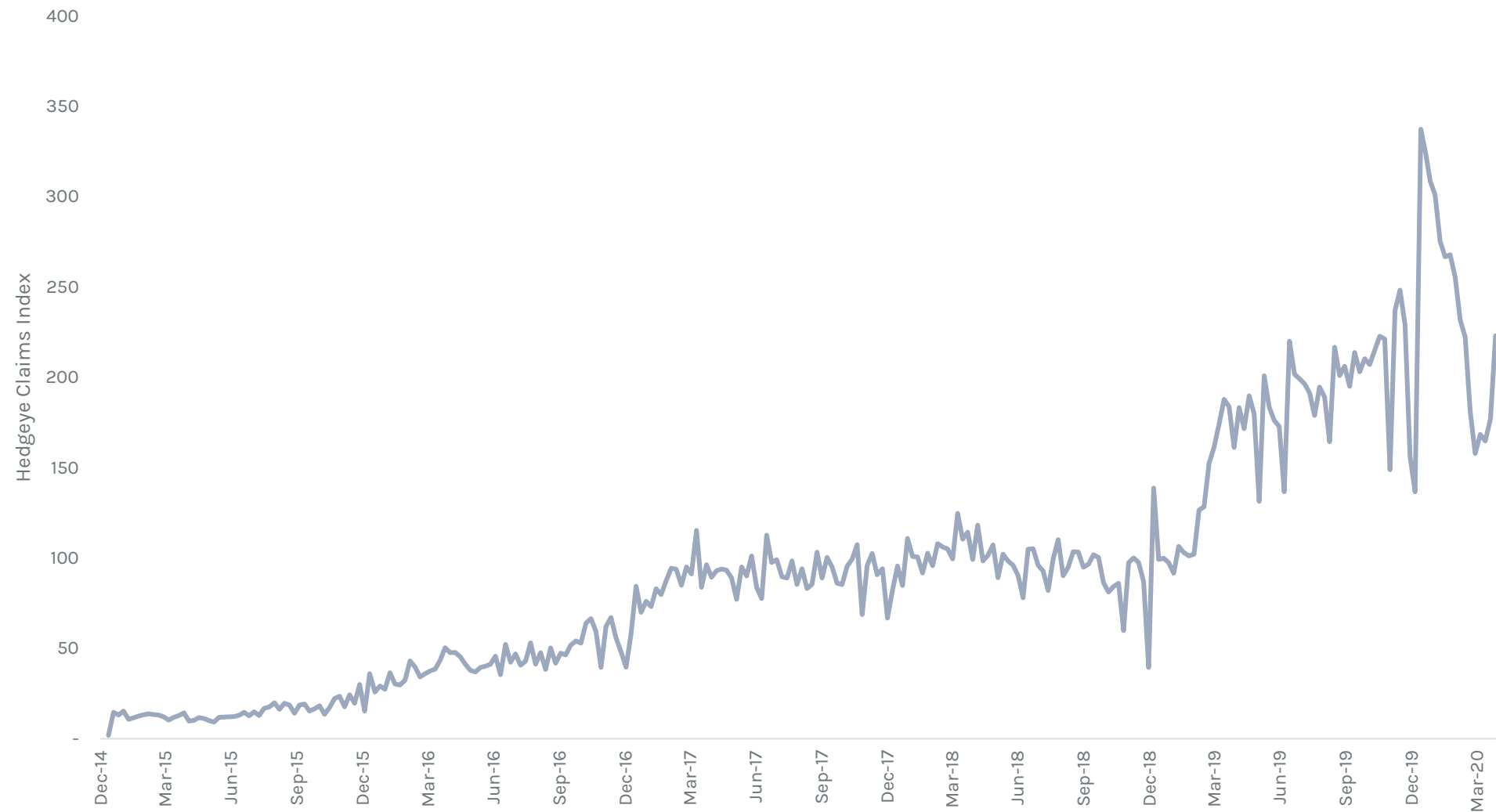
Science moves in waves, exploiting a new tool not unlike a consumer fad



## 10x Genomics: Exciting technology with hurdles to widespread adoption

- 10x made single cell sequencing much easier with their system; easy to use, reagents, supply chain, bundled package
- **Knock off is not the hard part, but it will be hard to move away from them as they are increasingly the standard**
- Single cell sequencing allows needed resolution a typical sequencing experiment can't provide on a tumor sample, for example
- **Expression profiling at the single cell level allows for tracing genetic changes over time**
- Makes it possible to identify key genetic variants, compare across tumor types and individuals at the genetic level
- **Potential to expand existing therapies approved for one cancer type to others based on mutations present in the tumor**
- **Use cases of variant detection, tumor profiling, minimal residual disease monitoring**
- Not all labs have access, too expensive to do on a large scale
- **"we are in the very early days of single cell sequencing"**
- Cost may range around \$10K for a "chunk of tissue" down to \$2K for a smaller experiment, vs \$200-\$500 for sequencing
- **An experiment may take several months to generate data and several more to a result**
- **Medical policy for early detection of cancer is going to be a very difficult topic, access, interpretation, downstream costs**
- Employees are tested for COVID 2x per week
- **RT-PCR COVID test is~\$35 cost**
- **10x is "already in most university labs "around here"**
- COVID has dominated lab work, but there is pressure to get back to "real science"
- **NIH is not expected to extend "Project End" dates which means there will be high pressure to spend before expiration**
- **"We will ramp back up quickly" post- COVID**

# NTRA | Claims Index



- Throughout 2020, we have been monitoring Claims Data uptick in interest which shows a directionally strong up and to the right trend.

# NTRA | Claims Forecast

## Claims Index Forecast

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	58	115	78	100	352	82	125	78	97	382	139	174	137	195	645	137	169
2	84	84	113	95	376	96	110	105	102	413	99	188	220	214	721	337	165
3	70	96	98	86	350	85	114	105	100	405	100	184	202	203	689	324	177
4	76	89	99	85	350	111	99	96	86	393	98	161	199	210	668	309	223
5	73	93	90	95	352	101	118	93	81	393	92	183	196	207	679	301	-
6	83	94	89	99	366	101	98	82	84	366	106	172	192	215	685	275	-
7	80	93	99	108	379	92	102	100	86	379	103	190	179	223	695	267	-
8	87	89	85	69	331	103	107	110	60	380	101	180	195	221	697	268	-
9	94	77	94	96	362	96	89	90	97	373	102	132	189	149	572	256	-
10	94	95	83	103	375	108	102	95	100	405	127	201	164	237	729	232	-
11	85	90	86	91	352	106	98	104	98	406	128	184	217	248	777	222	-
12	95	101	103	94	394	105	96	103	87	392	152	176	201	229	759	181	-
13	91	84	89	67	331	100	90	95	40	325	161	173	206	156	697	158	-
Total	1,072	1,202	1,206	1,189	4,668	1,285	1,351	1,256	1,119	5,011	1,509	2,297	2,497	2,709	9,013	3,267	734

Correlation	
Claims Data & Reported Claims	93.6%
Forecast Q2-2020	
Management Guidance	
Clinical Test Volume	Withdrawn
Hedgeye	
Method 1: Seasonal Wkly Distr.	190,762
Method 2: Avg Per Day x Total	192,606
Method 3: QTD Vol / Ratio Days	162,391
Method 4: Last Wkly Data Pt	186,671
Method 5: Avg Wkly Vol Carry	162,391
Average	178,964

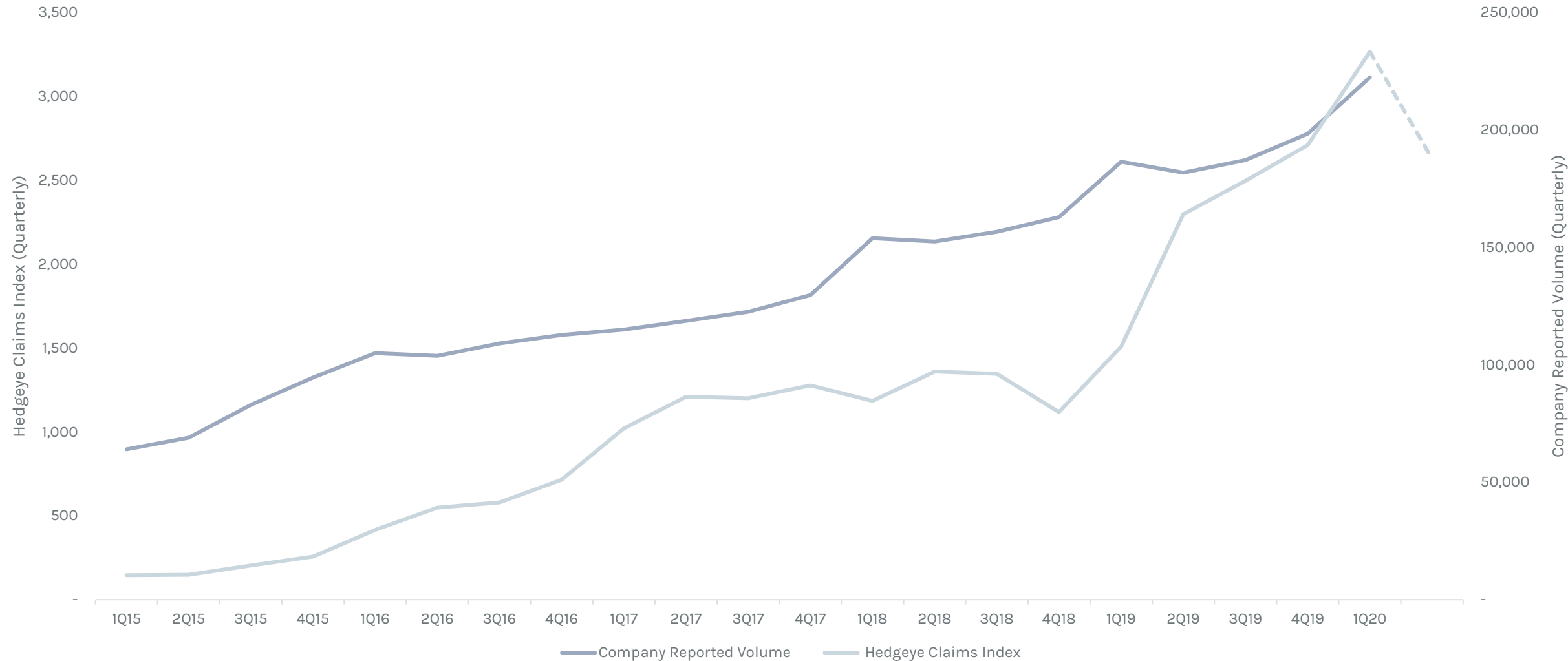
Seasonal Weekly Distribution Pattern Based on Prior Years		Average Per Day QTD x Total Days		QTD Volume / Ratio of Completed Days		Last Weekly Data Point Carried Forward		Average Weekly Volume Carried	
Week	Q2-2020	Week	Q2-2020	Week	Q2-2020	Week	Q2-2020	Week	Q2-2020
5	260	5	229	5	183	5	223	5	183
6	223	6	231	6	183	6	223	6	183
7	242	7	232	7	183	7	223	7	183
8	241	8	233	8	183	8	223	8	183
9	182	9	233	9	183	9	223	9	183
10	250	10	234	10	183	10	223	10	183
11	232	11	234	11	183	11	223	11	183
12	224	12	234	12	183	12	223	12	183
13	215	13	234	13	183	13	223	13	183
Total	2,802	Total	2,829	Total	2,385	Total	2,742	Total	2,385

- We utilize several methods to forecast incomplete weekly periods for a given quarter for forecasting purposes.
- In the first instance we use an adjustment factor based on historical trends in incurred but not reported claims.
- For weeks lacking credible data, we use several methods to forecast incomplete and forward periods in order to compare current trends against management guidance and consensus estimates.

\*4 of 13 weeks completed in this data set.

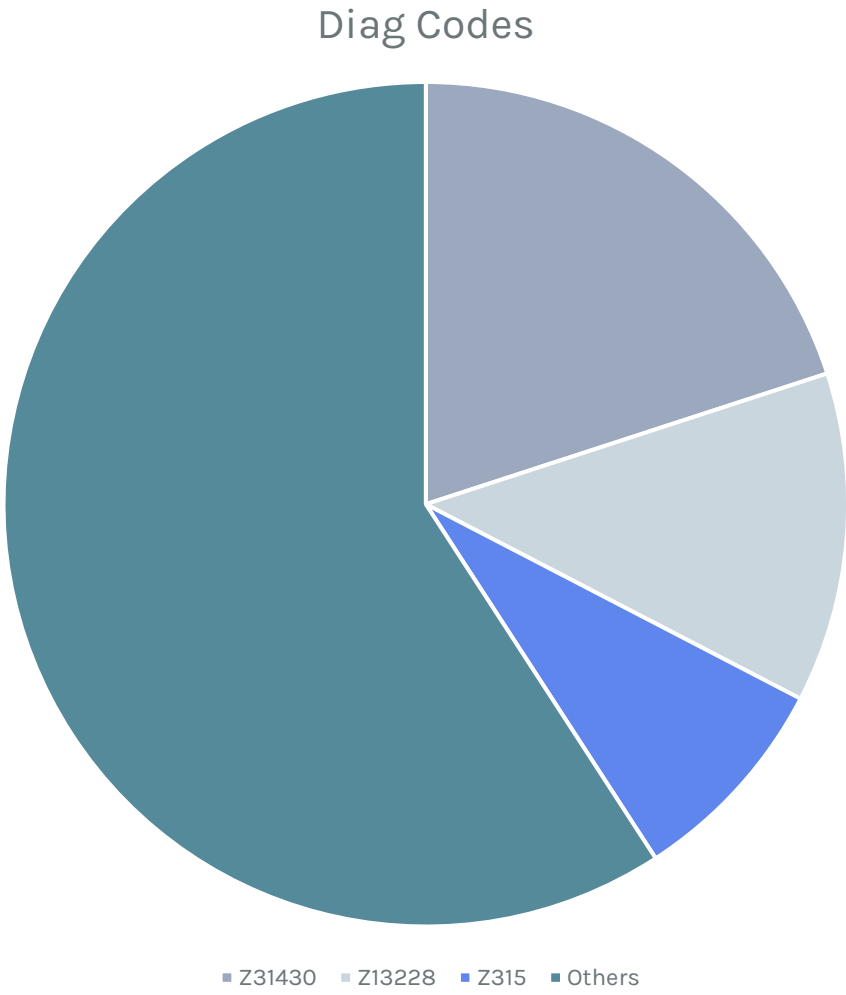
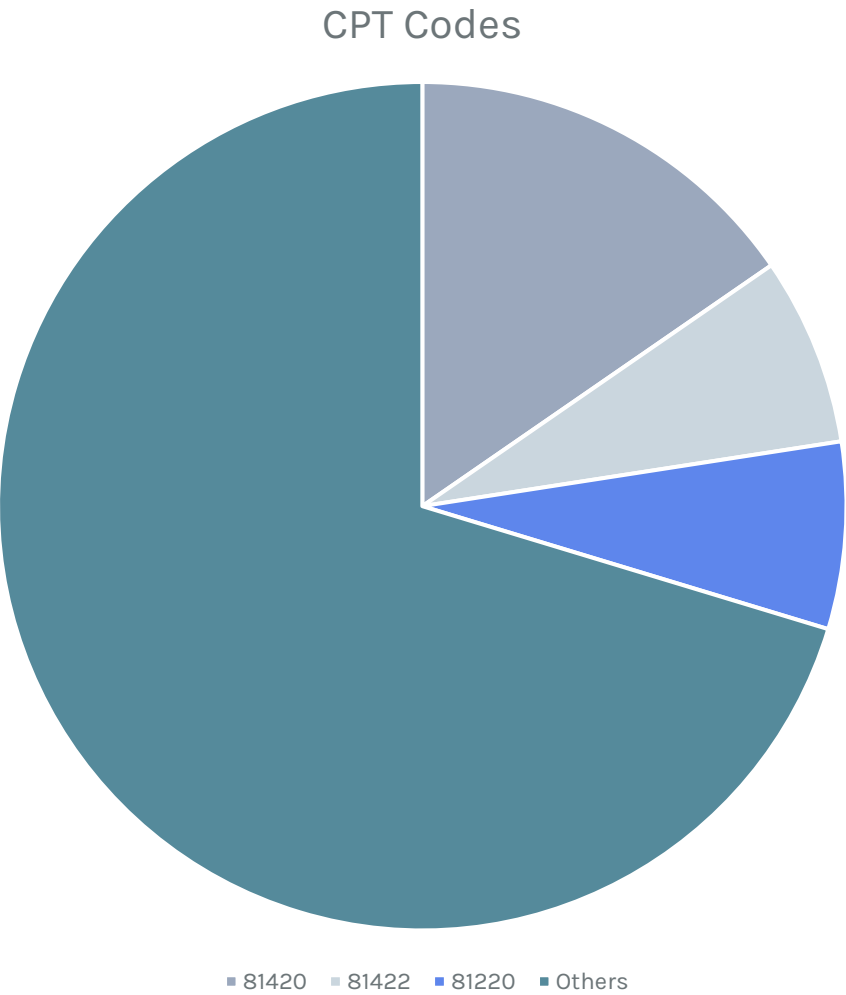
# NTRA | Claims Forecast

## Quarterly Average of Forecast Methods



# NTRA| Claims Analysis

## Unique Diag and CPT codes Mix



For more information, contact us at:

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