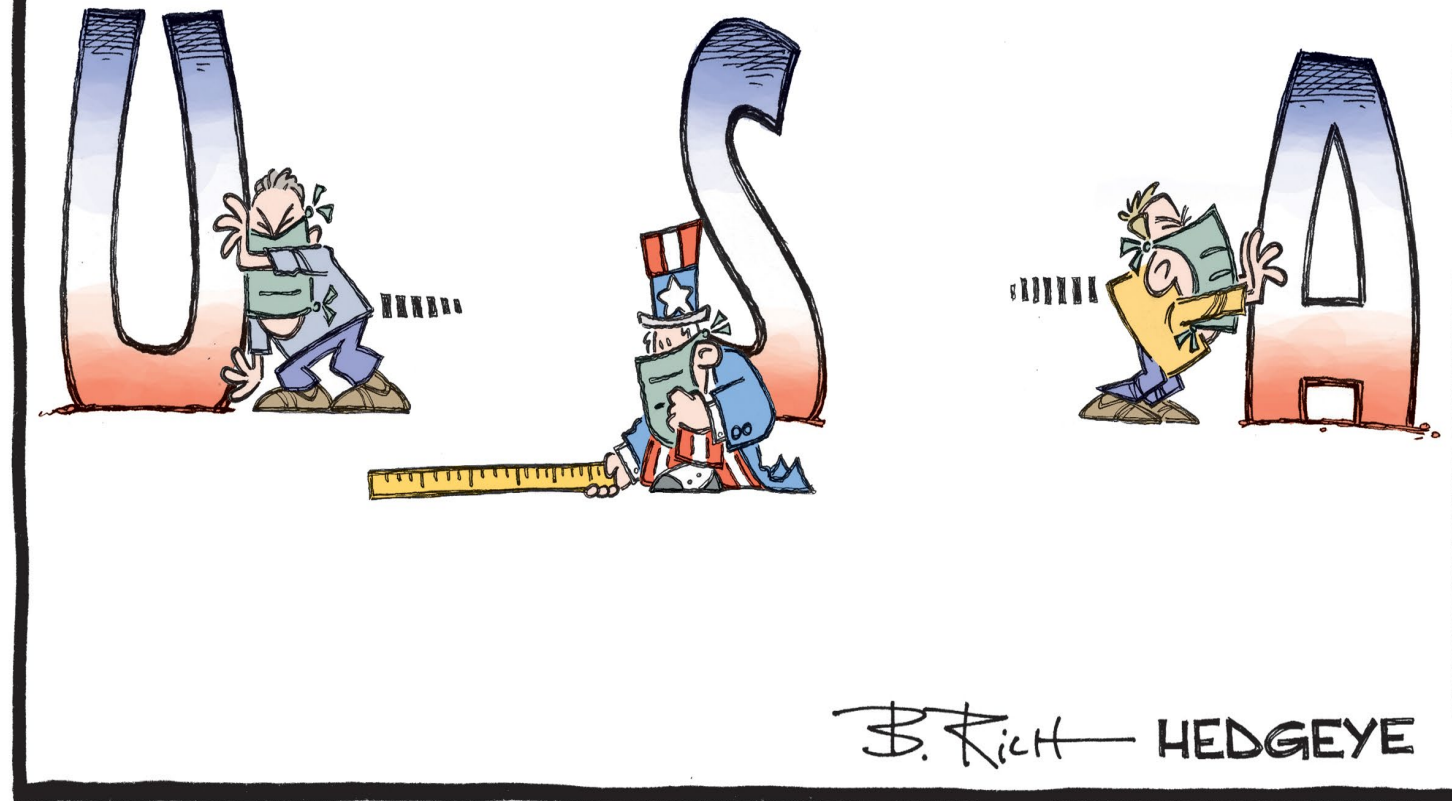


HEDGEYE

Health Care Position Monitor Update

TDOC, ONEM, MTA Traffic, Apple Mobility Report, Claims Data, & Hedgeye Preparedness Score

May 4, 2020



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Please submit questions* to
qa@hedgeye.com

*Answered at the end of the call

Health Care Position Monitor

For Week of May 4, 2020

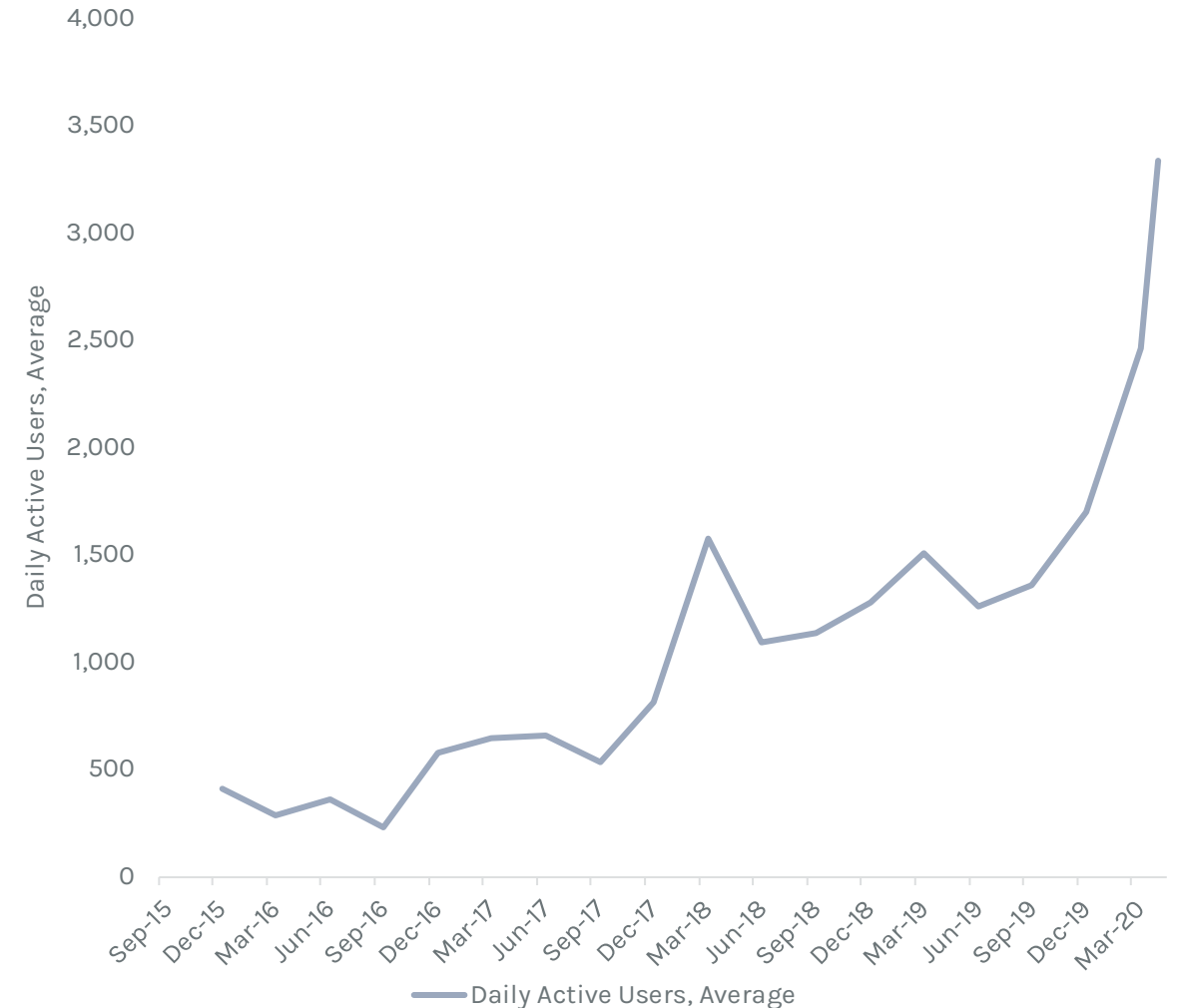
Best Ideas - Longs					Best Ideas - Shorts						
LONG					SHORT						
		Price	Mkt Cap (\$B)	Trend	Tail			Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
TDOC	Teladoc Health, Inc.	\$ 196.95	\$14.6B	✓	✓	AMN	AMN Healthcare Services, Inc.	\$ 45.58	\$2.1B	×	×
						GH	Guardant Health, Inc.	\$ 77.52	\$7.3B	×	×
						EXAS	Exact Sciences Corporation	\$ 76.63	\$11.5B	×	×
						HQY	HealthEquity Inc	\$ 53.02	\$3.8B	×	×
						NVTA	Invitae Corp.	\$ 17.09	\$2.1B	×	×
Long Bias						Short Bias					
ONEM	1Life Healthcare, Inc.	\$ 24.90	\$3.1B			HCA	HCA Healthcare Inc	\$ 110.09	\$37.3B		
TXG	10x Genomics Inc Class A	\$ 75.23	\$4.2B			DVA	DaVita Inc.	\$ 76.52	\$9.6B		
						ILMN	Illumina, Inc.	\$ 313.08	\$46.0B		

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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.

Telehealth App Downloads and Utilization

100% increase in active users per day in 2Q20



HEDGEYE

The figure displays a 3x3 grid of charts for the stock 'P'. Each row represents a different financial metric, and each column represents a different type of chart. The rows are: Price, Sales NTMA, EBITDA NTMA, and EPS NTMA. The columns are: Price (with background regions), the respective NTMA metric (with background regions), and a corresponding phase plot. The background regions are color-coded: 1 (dark green), 2 (light green), 3 (yellow), and 4 (red). The Price chart shows the stock price from 1/1/2015 to 4/1/2020. The NTMA charts show the respective NTMA metric over the same period. The phase plots show the relationship between the Price and the NTMA metric, with a red dot indicating the current state.

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%

Valuation

		2020 Sales					
		\$ 710	\$ 730	\$ 750	\$ 775	\$ 800	\$ 825
2020 EV/Sales	15.0x	124.05	127.35	130.65	134.77	138.89	143.01
	14.0x	116.25	119.33	122.41	126.25	130.10	133.95
	13.0x	108.45	111.31	114.16	117.74	121.31	124.88
	12.0x	100.65	103.29	105.92	109.22	112.52	115.81
	11.0x	92.85	95.26	97.68	100.70	103.73	106.75
	10.0x	85.04	87.24	89.44	92.19	94.93	97.68

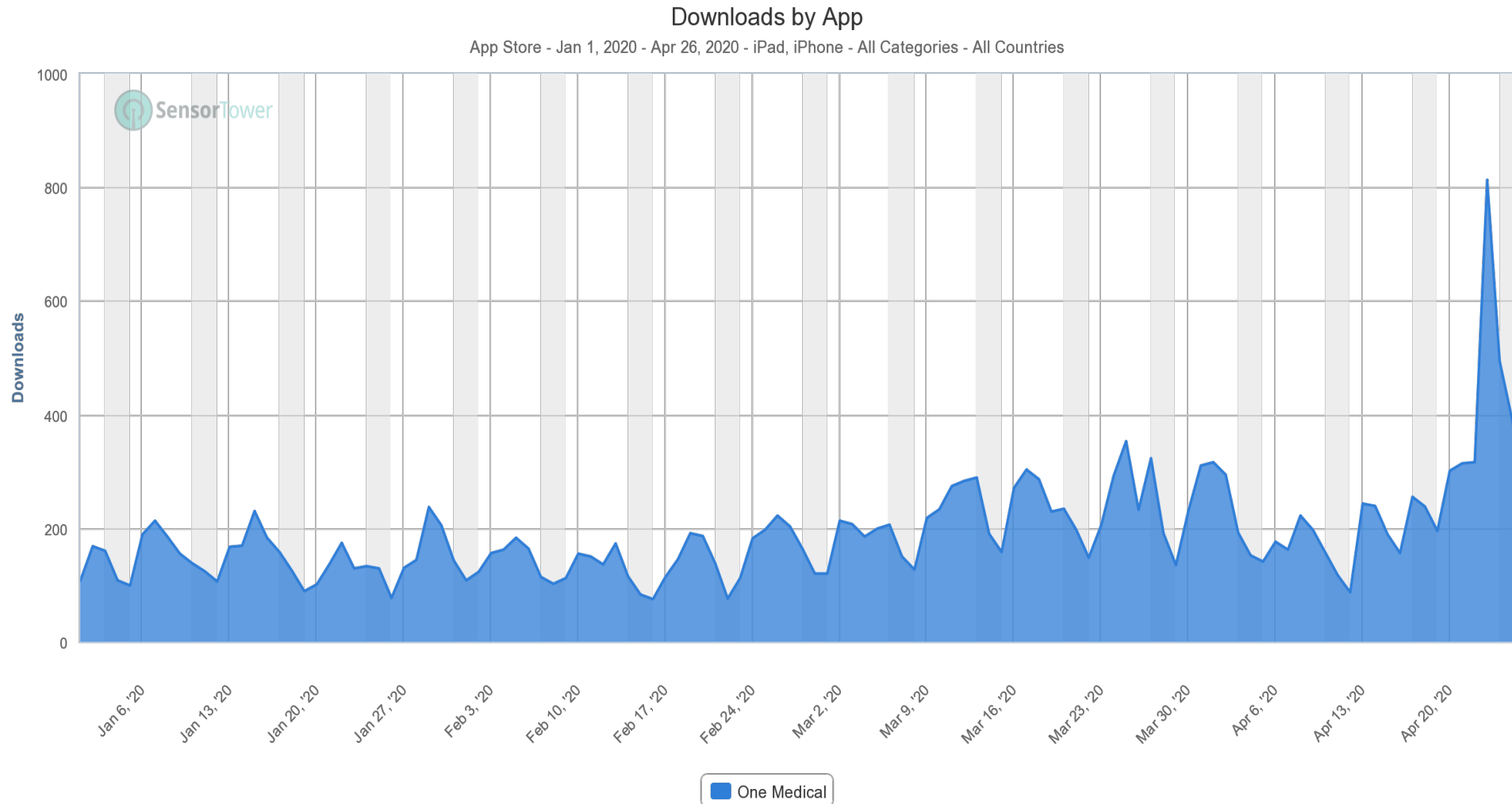
		2021 Sales					
		\$ 875	\$ 900	\$ 925	\$ 950	\$ 975	\$ 1,000
2021 EV/Sales	15.0x	188.55	193.68	198.82	203.96	209.10	214.23
	14.0x	176.56	181.36	186.15	190.95	195.74	200.53
	13.0x	164.58	169.03	173.48	177.93	182.38	186.84
	12.0x	152.59	156.70	160.81	164.92	169.03	173.14
	11.0x	140.60	144.37	148.14	151.90	155.67	159.44
	10.0x	128.62	132.04	135.47	138.89	142.32	145.74



TDOC is expensive and would appear to reflect much of upside in store for 2020. On the other hand, the gap between consensus and what we view as a conservative revenue estimate is substantial. Being long here is ultimately backstopped by a COVID-19 persisting into 2021.

ONEM | App Downloads

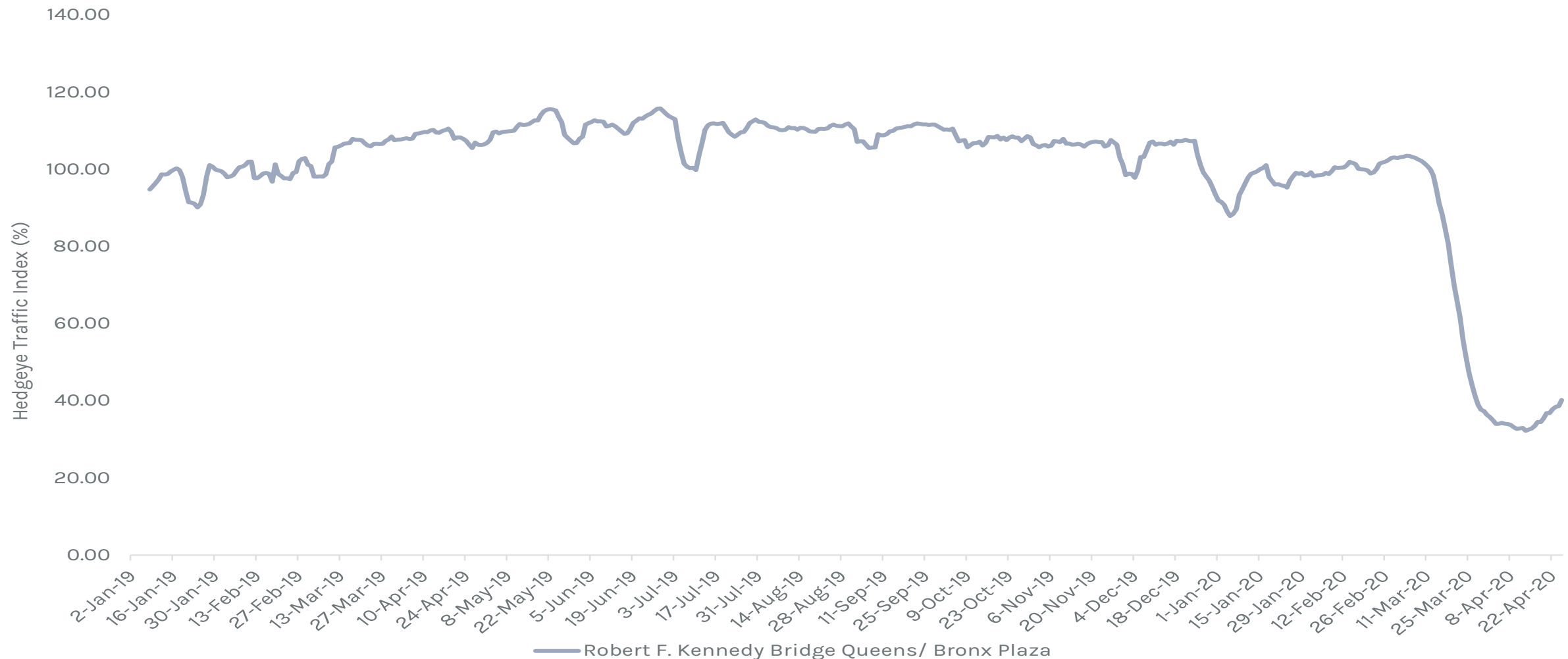
After a COVID-19 surge, trending back to baseline



- As the US Economy re-opens will there be a case for more demand from employers?

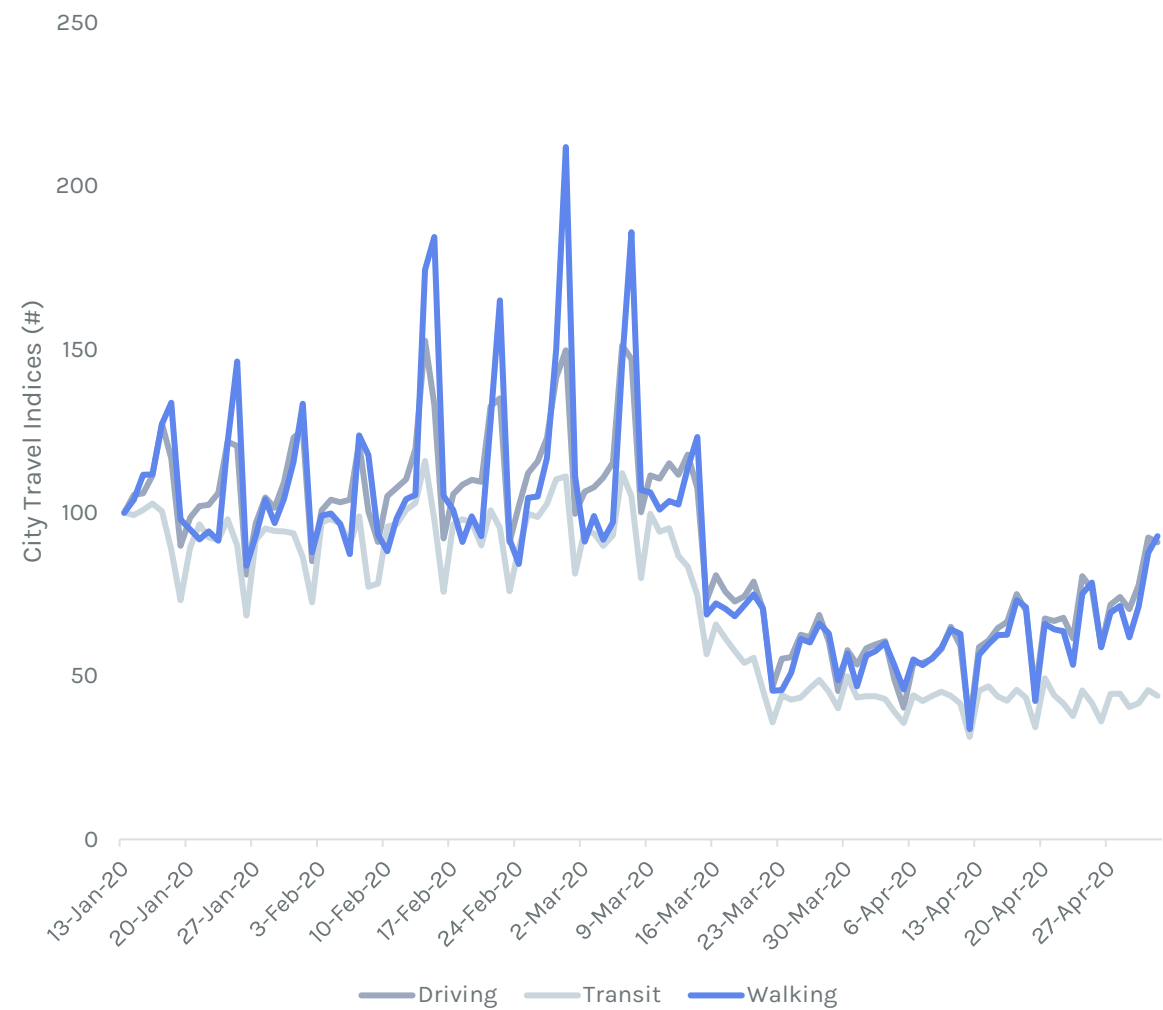
New York City | Bridge and Tunnel Traffic

Robert F. Kennedy Bridge Queens/ Bronx Plaza

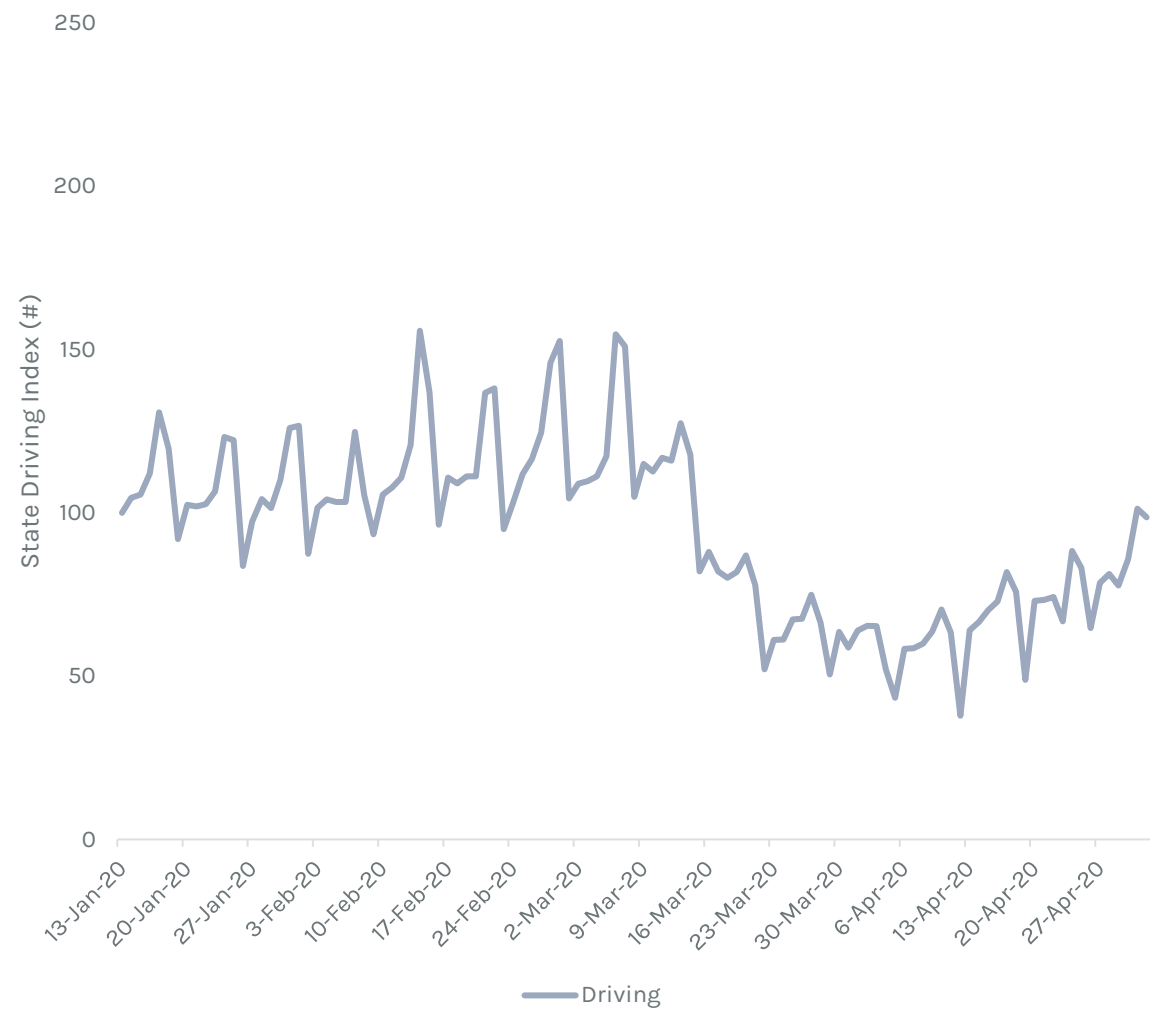


Apple Mobility Report

Atlanta Travel Indices

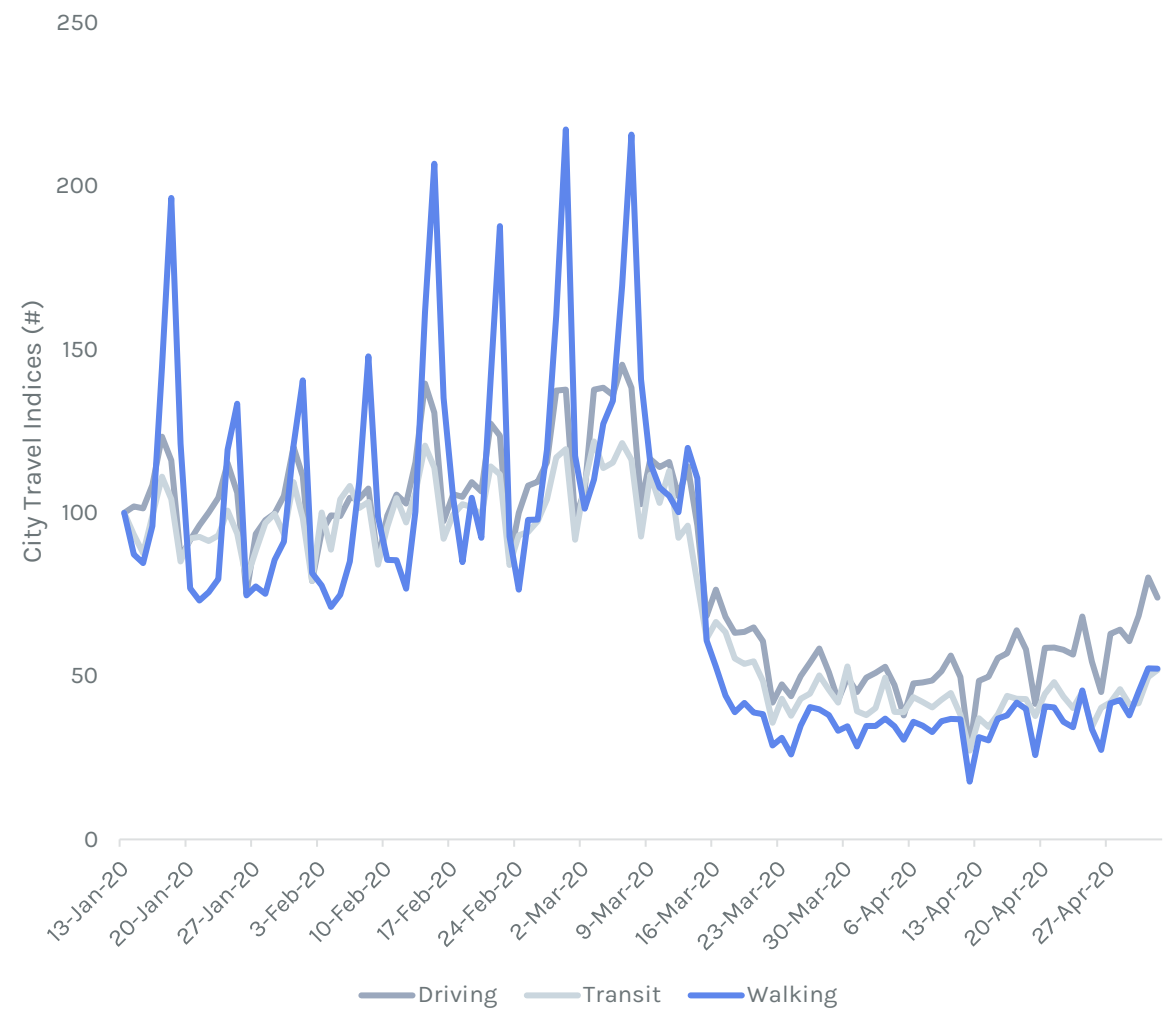


Georgia Driving Index

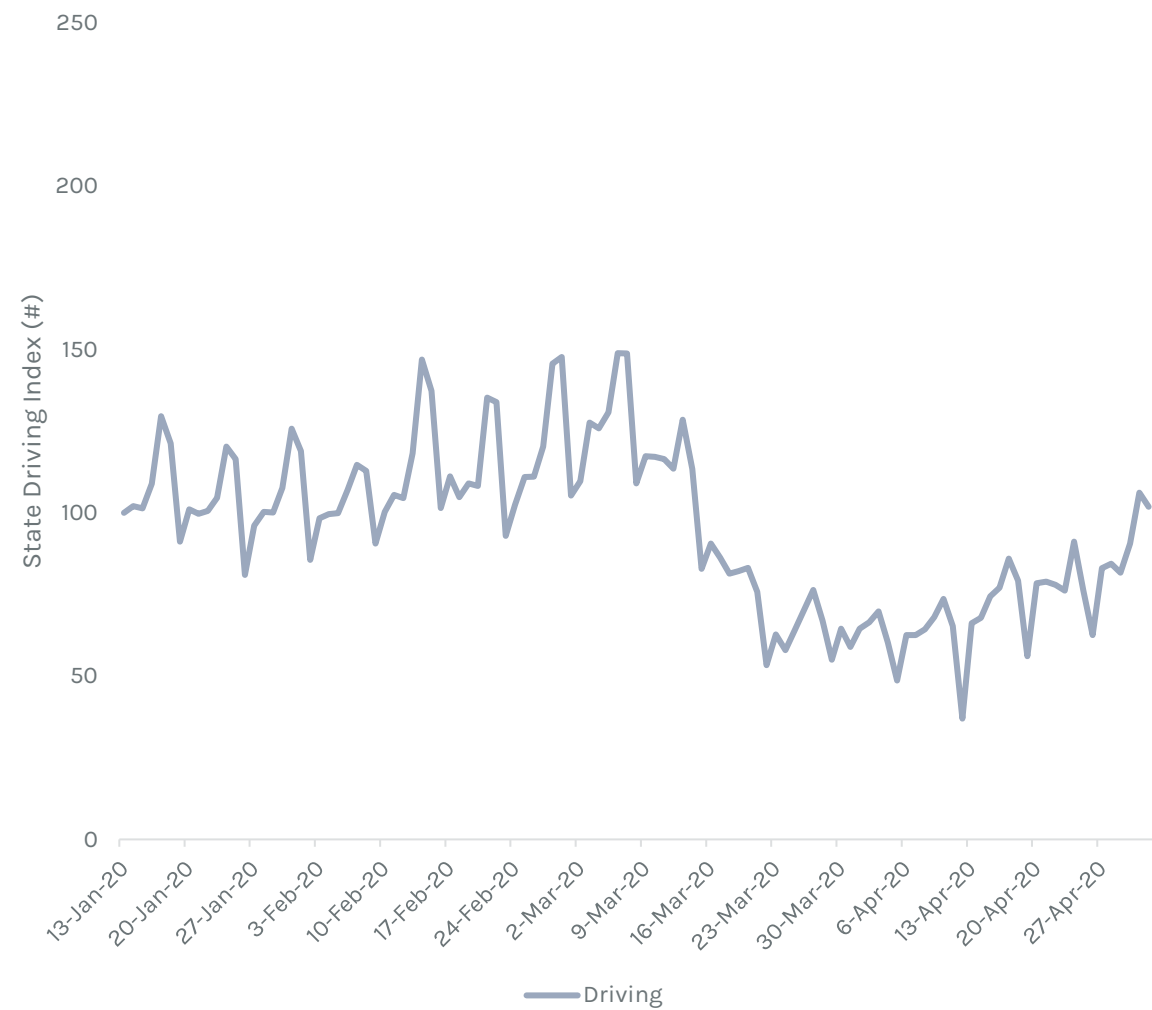


Apple Mobility Report

Nashville Travel Indices

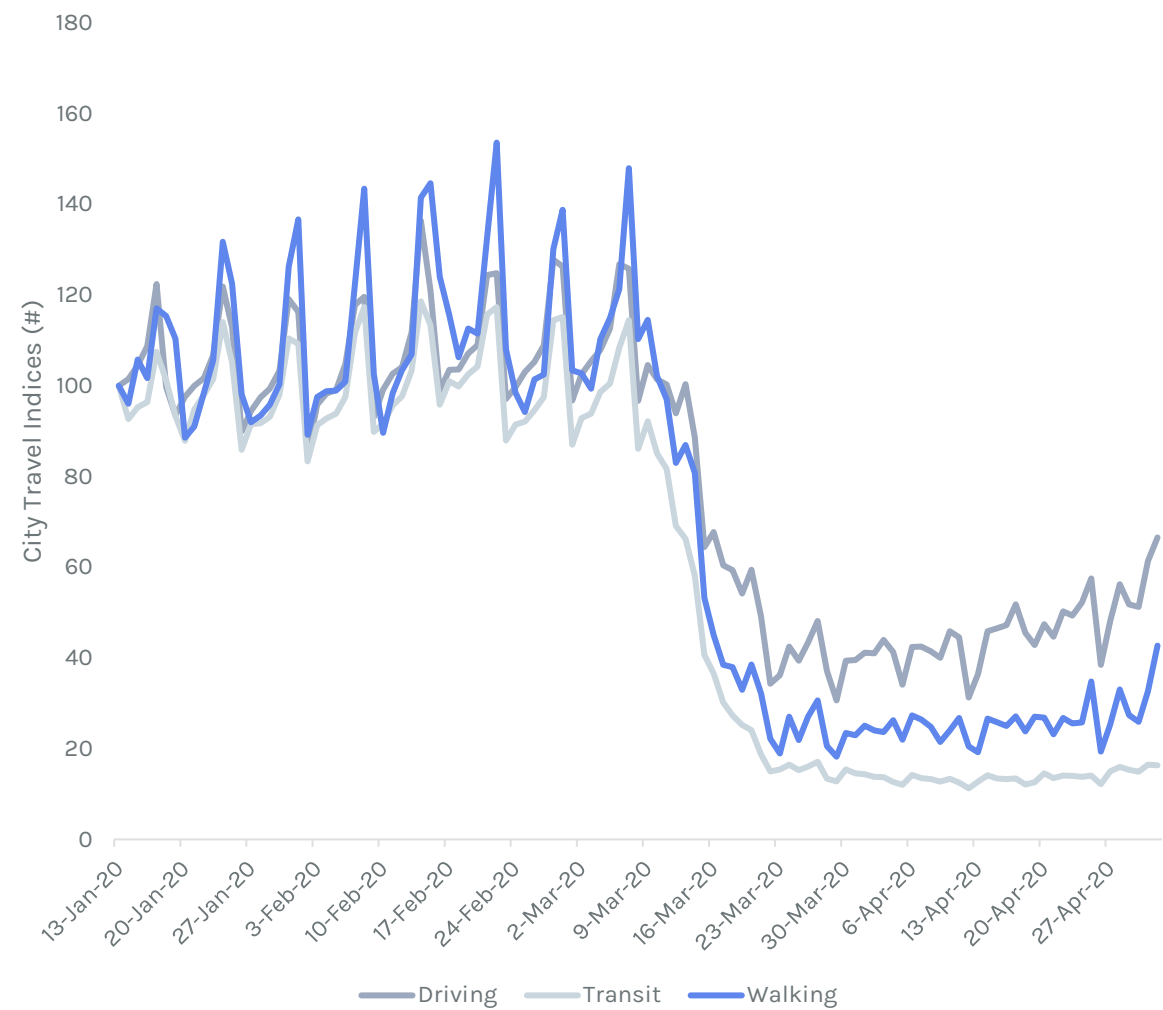


Tennessee Driving Index

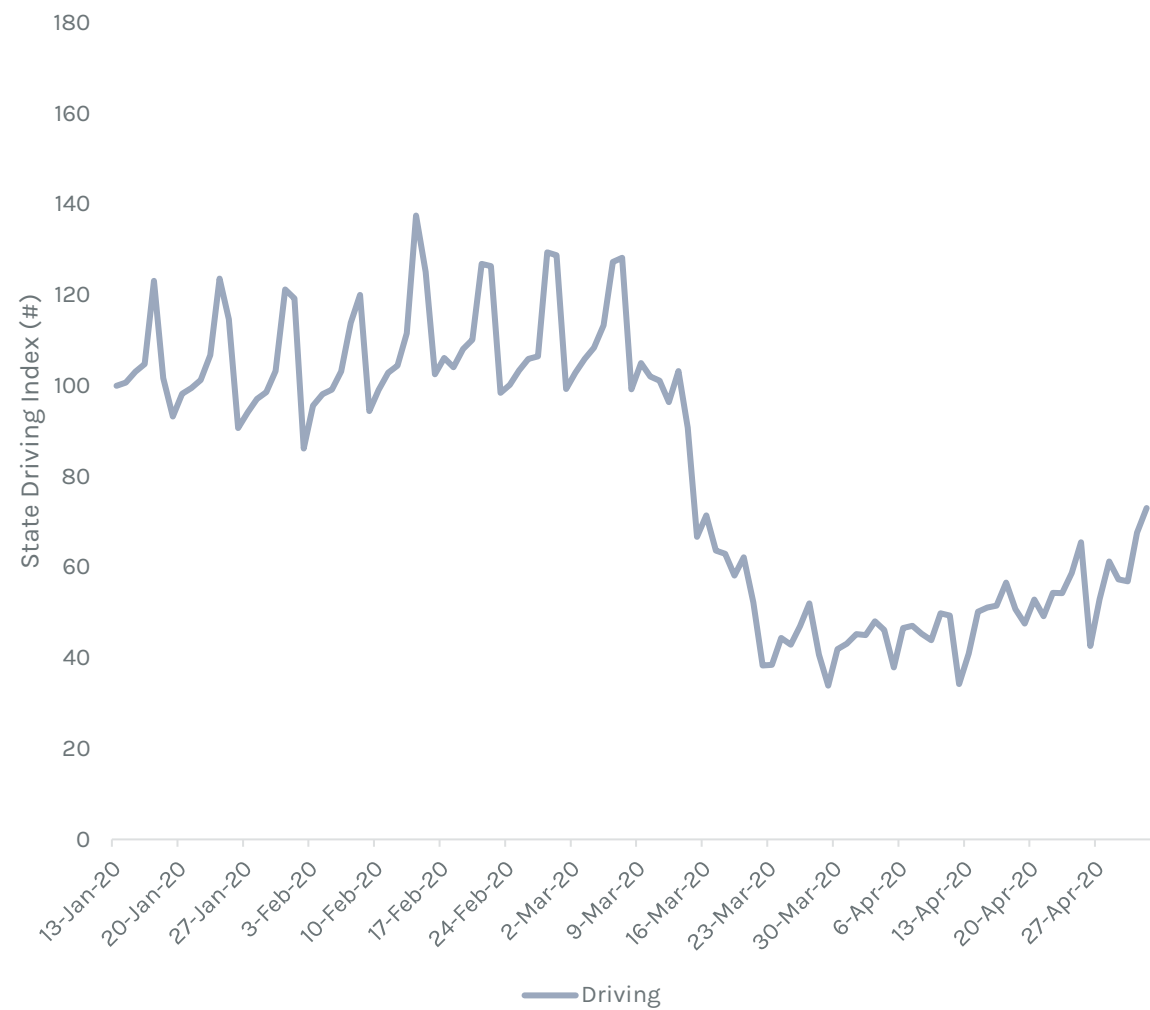


Apple Mobility Report

Manhattan Travel Indices

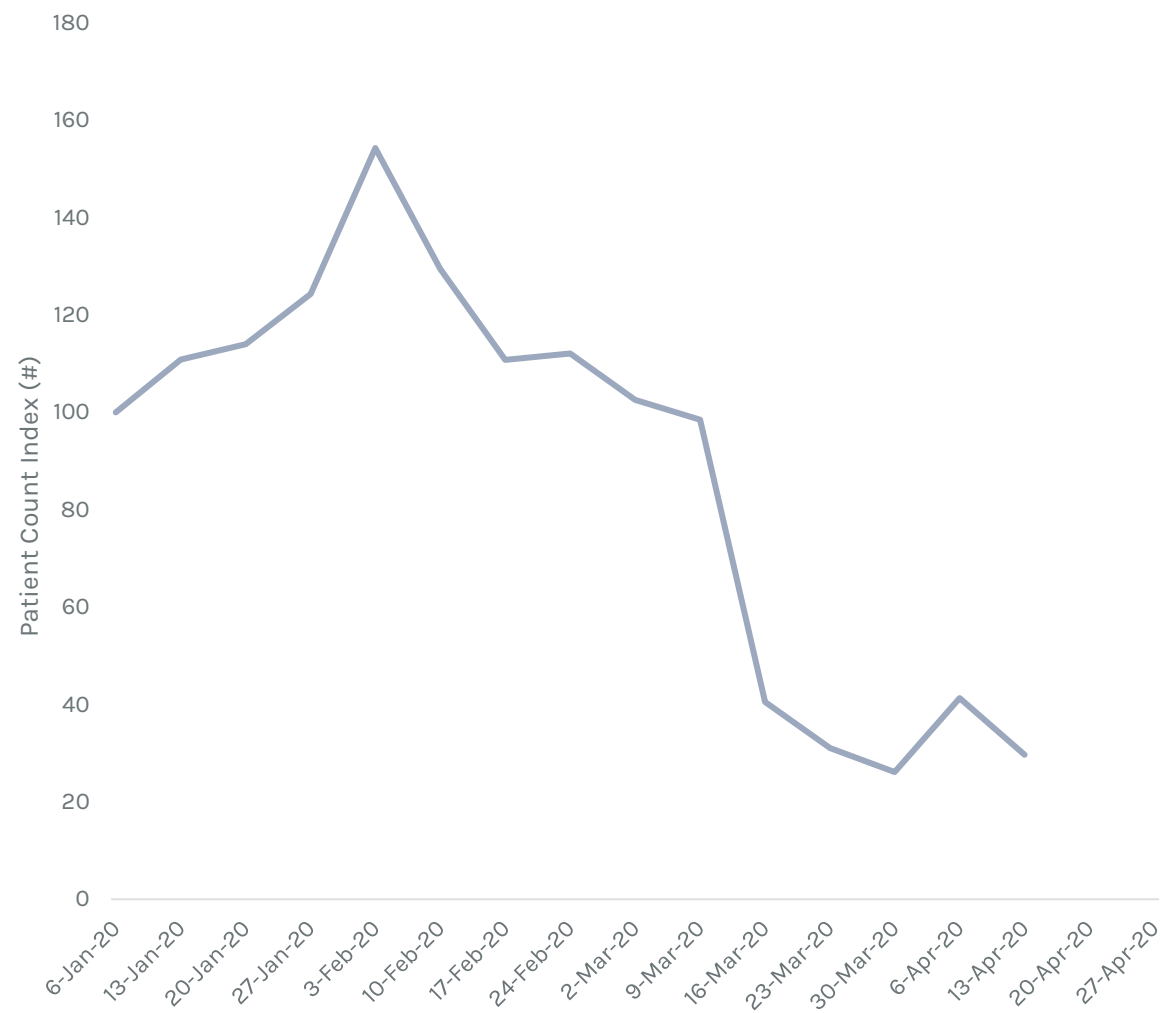


New York Driving Index

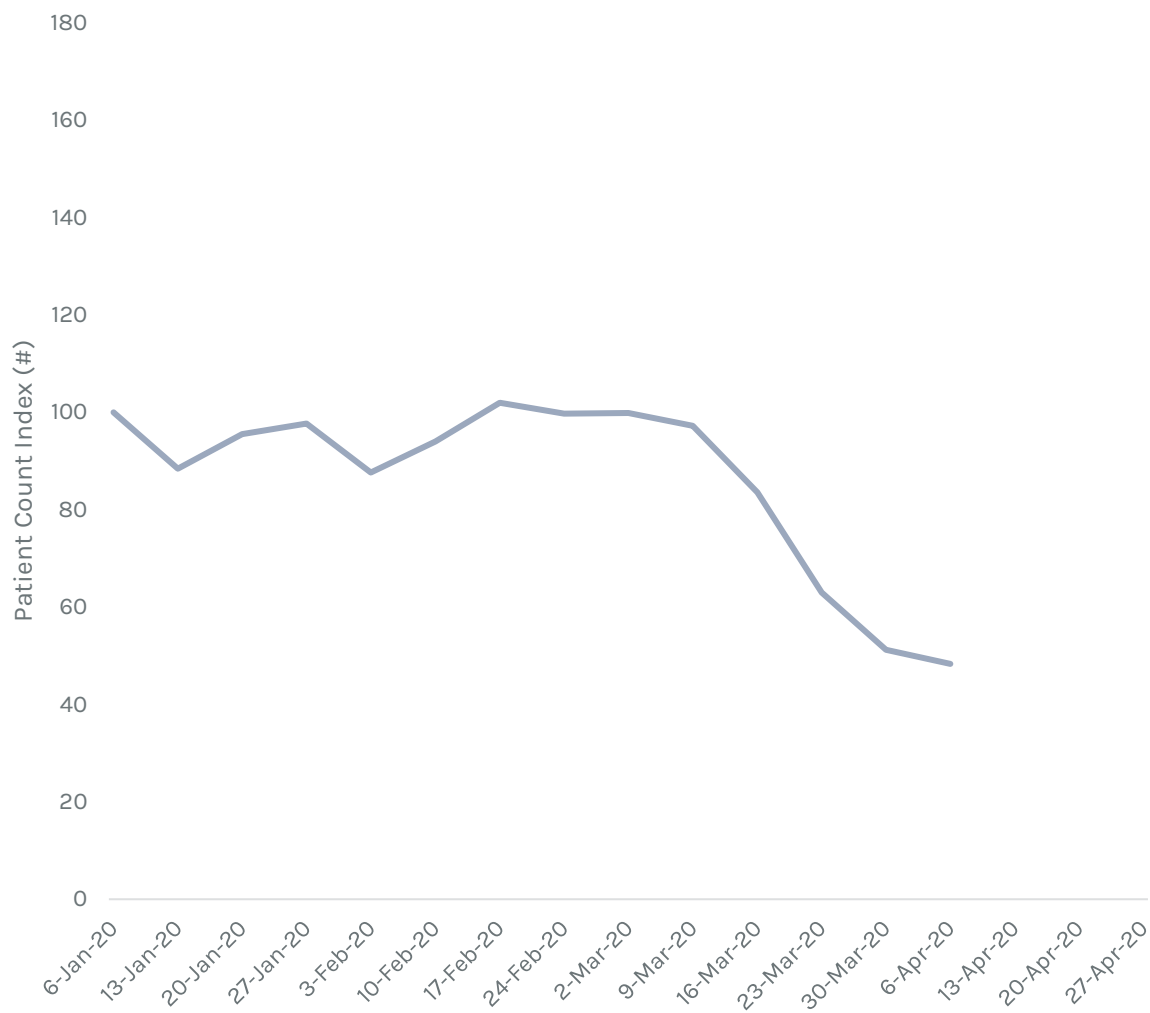


1Q20 Claims Data Update

Ambry | Hedgeye Patient Count Index

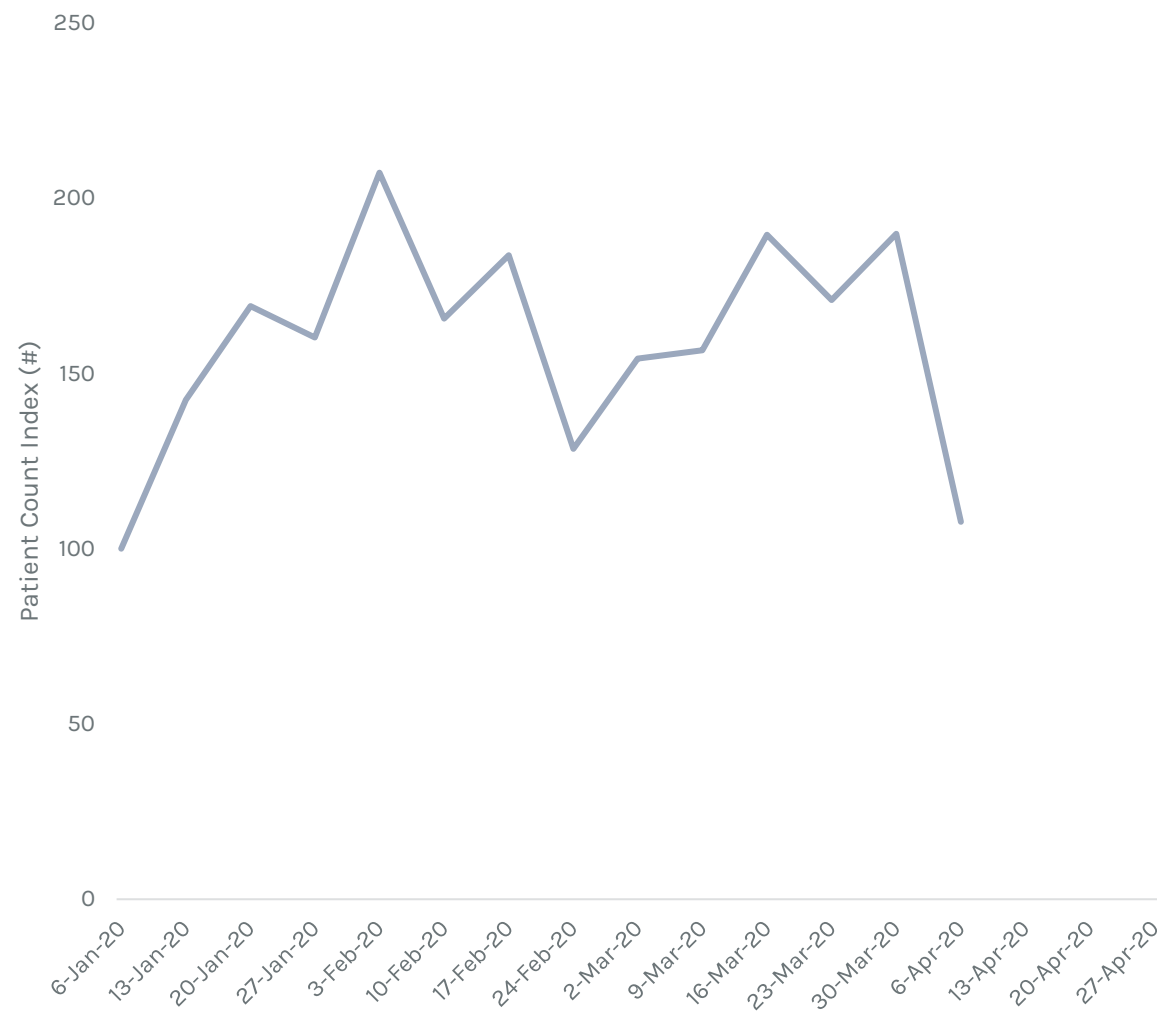


Exact | Hedgeye Patient Count Index

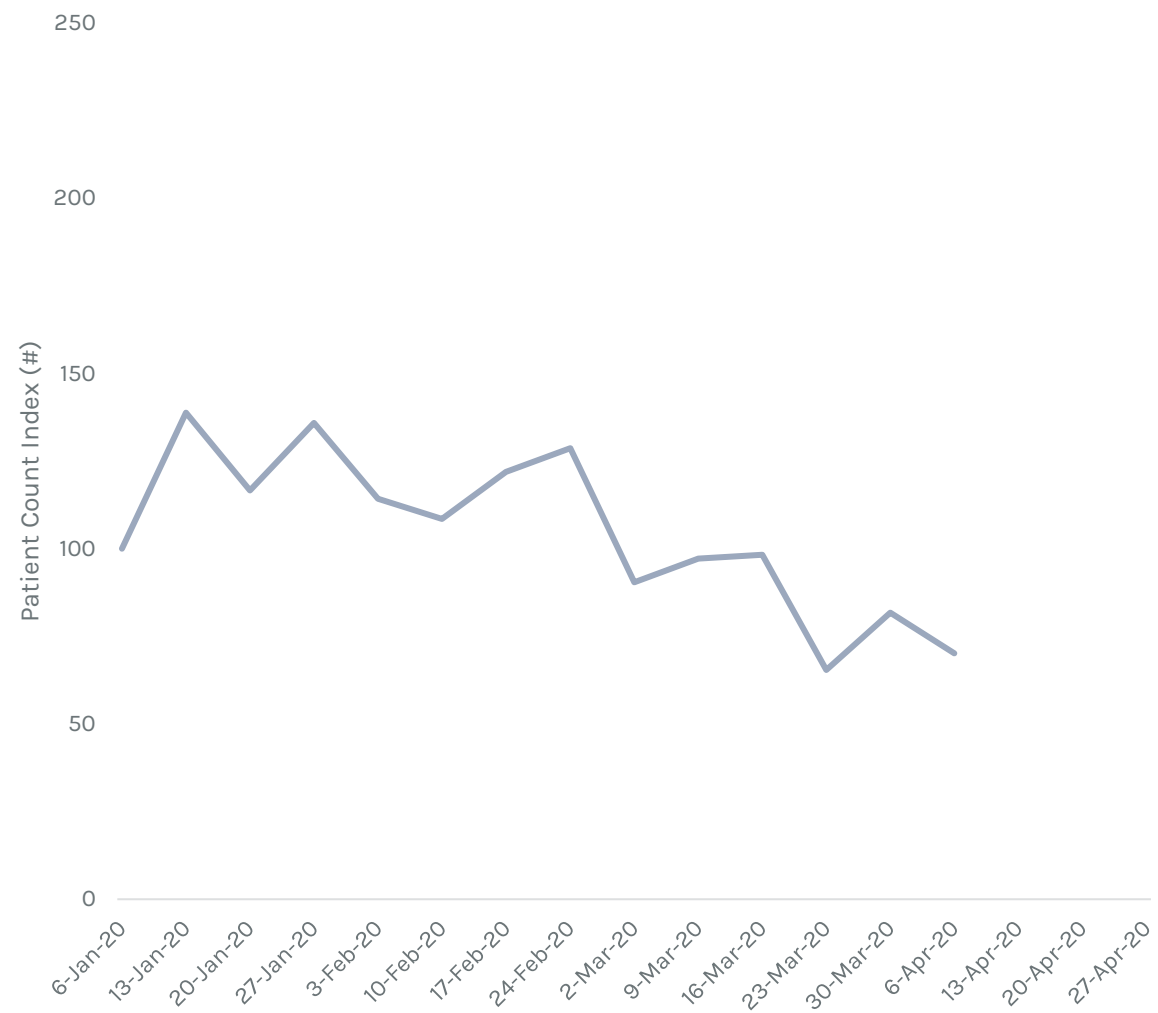


1Q20 Claims Data Update

Guardant | Hedgeye Patient Count Index



Foundation | Hedgeye Patient Count Index



Hedgeye Preparedness Score

COVID-19 Cases

- Uses flu week units
- Four week-over-week increases in confirmed cases = 1
- Two week-over-week increases in confirmed cases = 2
- Two week-over-week decreases in confirmed cases = 3
- Four week-over-week decreases = 4

Influenza-like Cases

- Uses flu week units
- Four week-over-week increases in confirmed cases = 1
- Two week-over-week increases in confirmed cases = 2
- Two week-over-week decreases in confirmed cases = 3
- Four week-over-week decreases = 4

Positive Test Rate

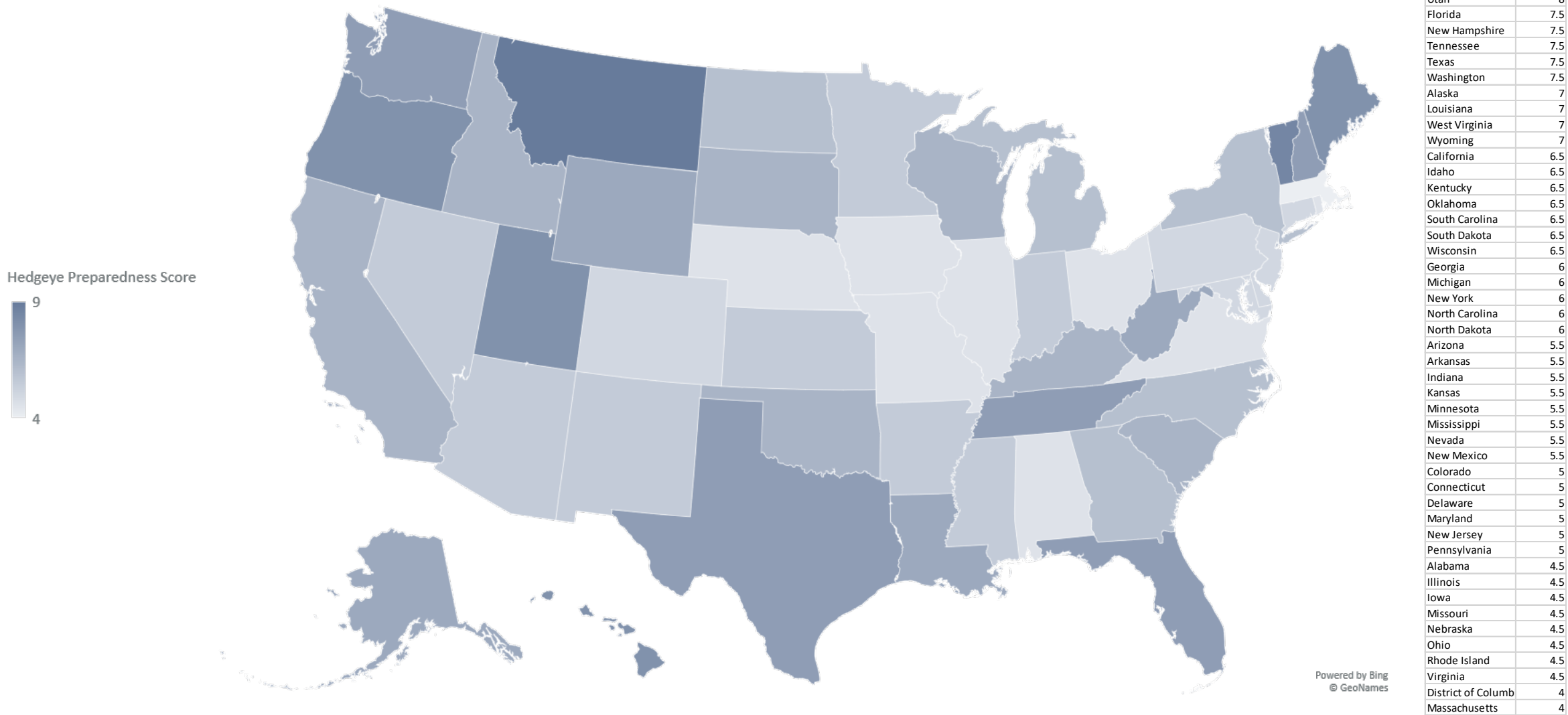
- Assumed flat to increasing test volumes
- Positive test rate below 5% = +1
- Positive test rate 5-10% = +1/2
- Positive test rate 10-15% = -1/2
- Positive test rate over 15% = -1

TBD

- COVID-like Illness when uniformly available at state level
- Hospital data on available beds, ICU beds and ventilators

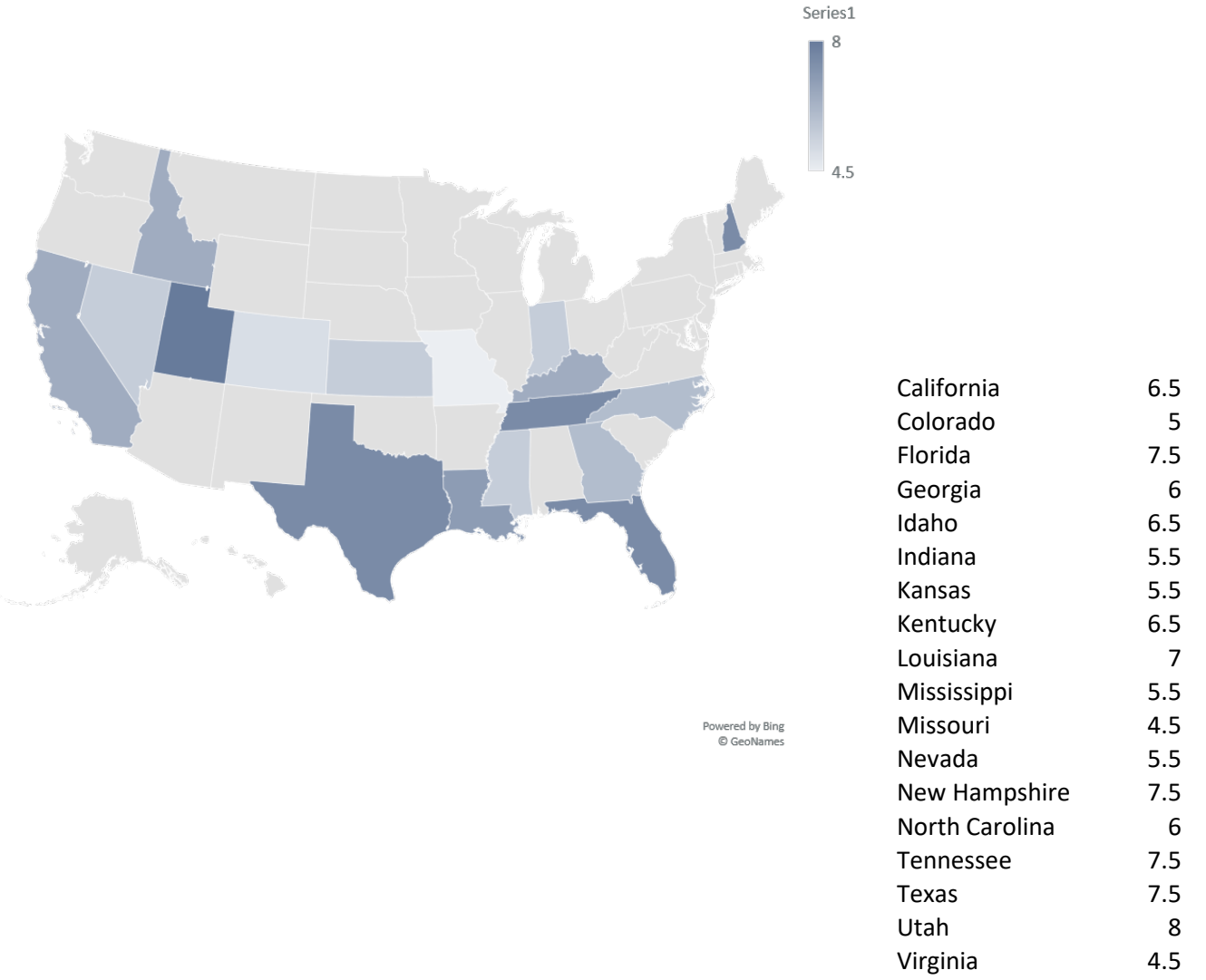
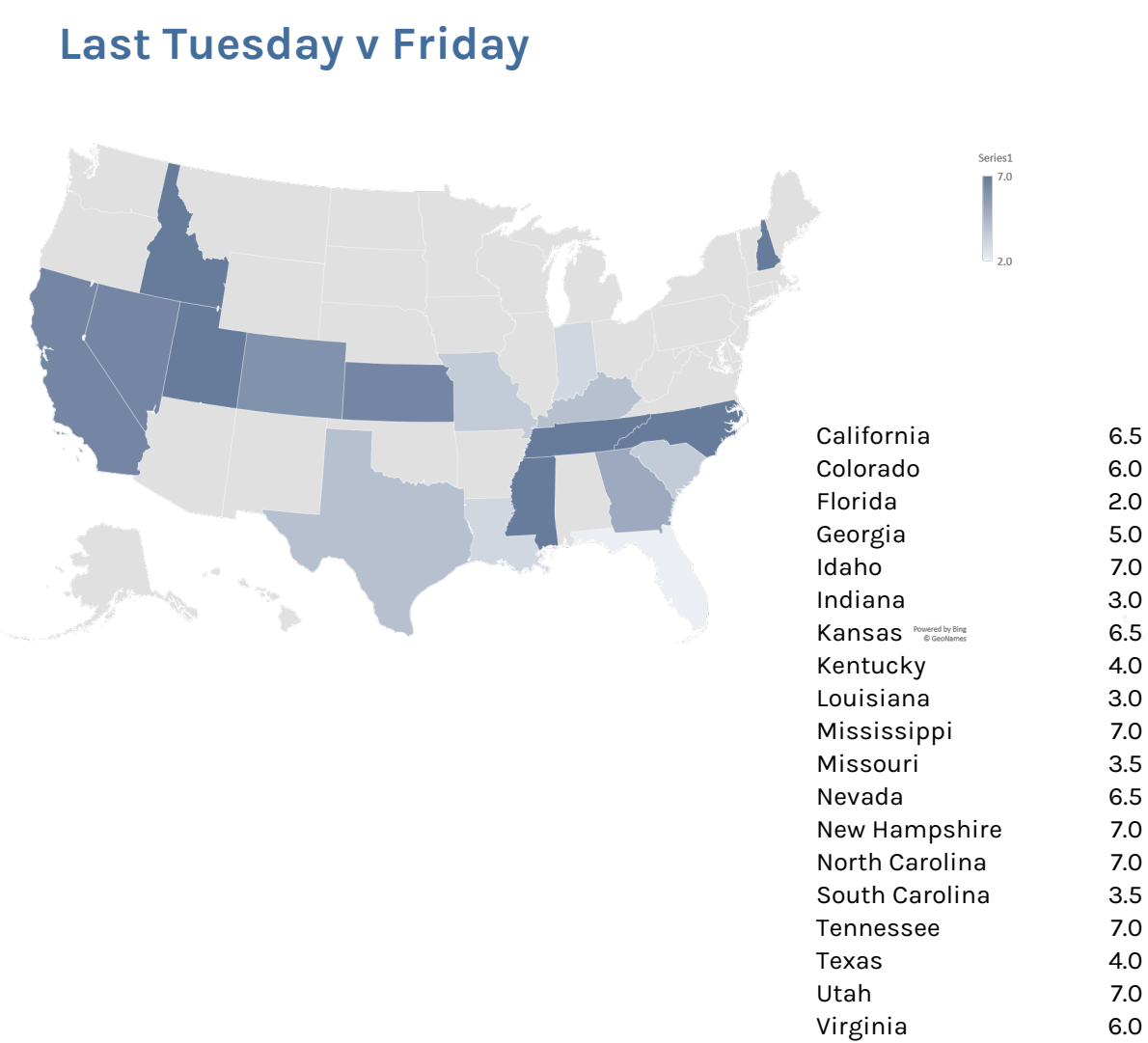
Hedgeye Preparedness Score

Most States Moving Forward Are Close to Meeting Gating Criteria



HCA Inpatient Beds/ASC ORs in Affected States

Last Tuesday v Friday



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