

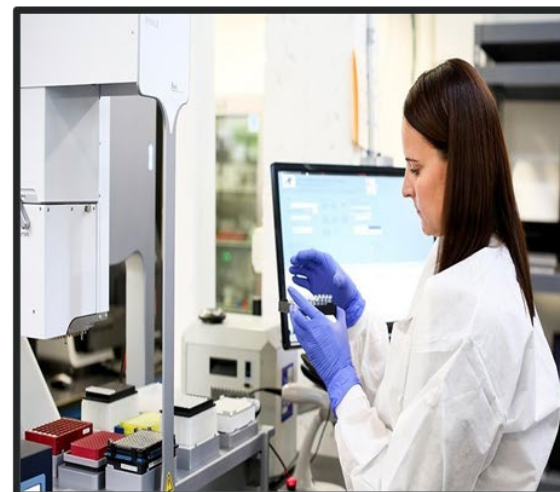
HEDGEYE



Health Care Position Monitor Update

AMWL Recap, Telehealth Apps & Survey, Claims Data, #NoFluSeason

September 21, 2020



Hedgeye Health Care

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Health Care Position Monitor

HEDGEYE

For Week of September 21, 2020

GoodRx

GRAIL

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.	\$ 26.35	\$3.3B	✓	✓	AMN	AMN Healthcare Services, Inc.	\$ 56.28	\$2.6B	×	×
TXG	10x Genomics Inc Class A	\$ 120.85	\$9.2B	✓	✓	EXAS	Exact Sciences Corporation	\$ 75.70	\$11.4B	×	×
TDOC	Teladoc Health, Inc.	\$ 201.72	\$16.4B	✓	✓						
Long Bias						Short Bias					
NTRA	Natera, Inc.	\$ 59.96	\$5.0B			HRC	Hill-Rom Holdings, Inc.	\$ 81.03	\$5.4B		
GH	Guardant Health, Inc.	\$ 102.61	\$10.2B			MASI	Masimo Corporation	\$ 219.86	\$12.1B		
ILMN	Illumina, Inc.	\$ 281.66	\$41.1B			AMWL	American Well Corporation Class A	\$ 22.72	\$4.4B		
						NVTA	Invitae Corp.	\$ 39.71	\$5.2B		
						HCA	HCA Healthcare Inc	\$ 121.22	\$41.0B	-	-

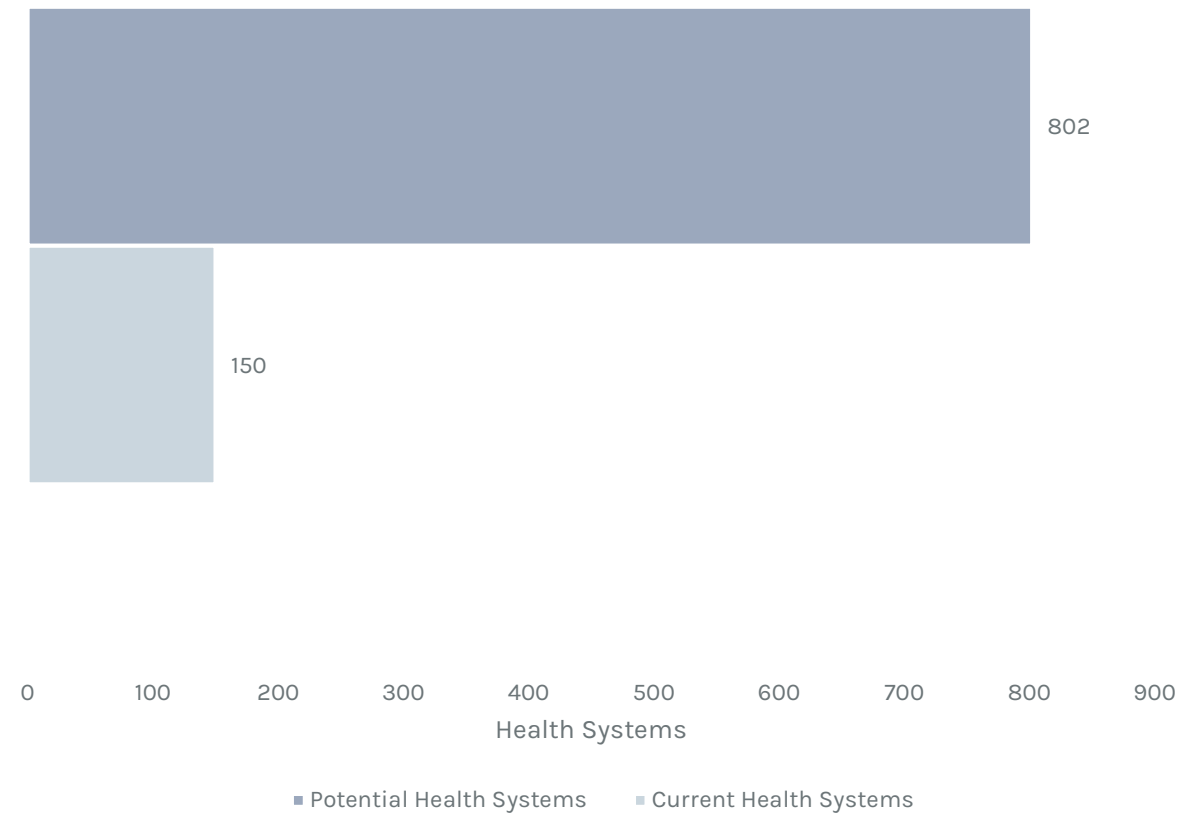
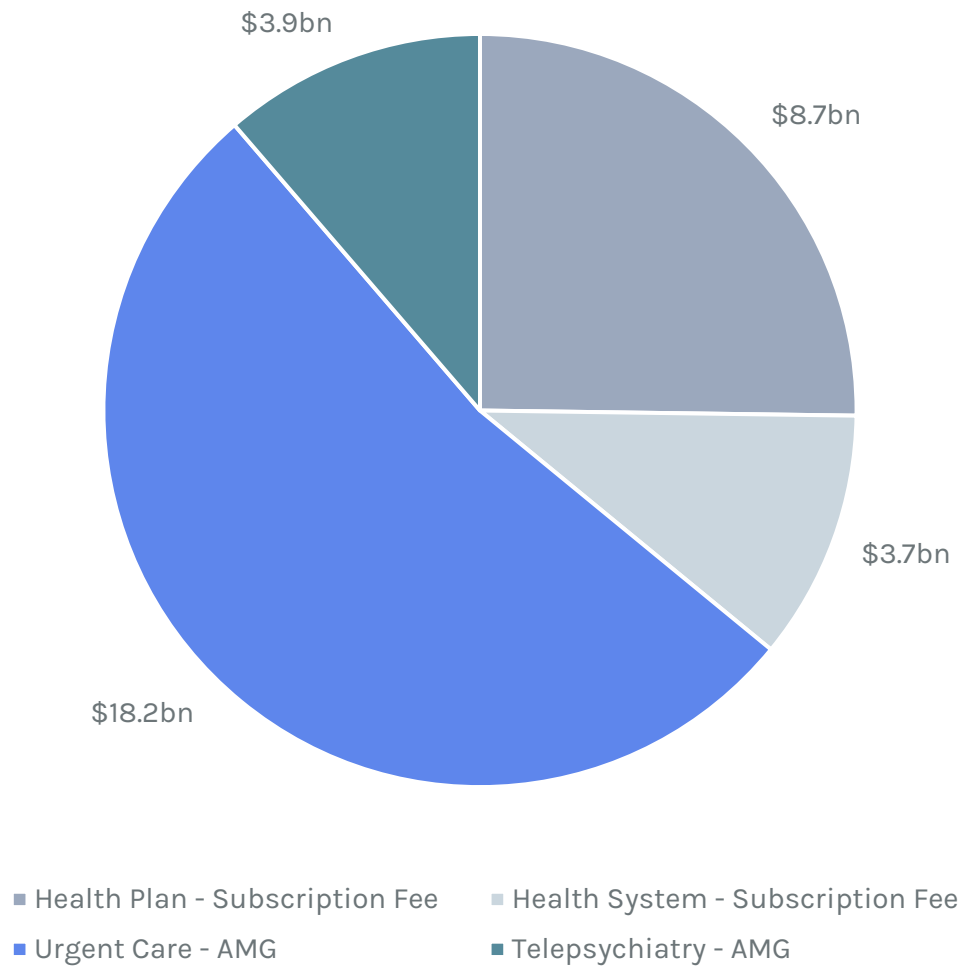
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- 1** **Background |** AMWL will be the closest compare for TDOC+LVGO in the virtual care telehealth/telemedicine arena. The TDOC+LVGO merger has confused, if not confounded, investors leading to questions about valuation and the timing and scale of future synergies. While we may be more confident in the synergies and rationale for the deal, and the future indeed looks bright for the combined company, valuation is a question that the AMWL IPO may help answer near-term (i.e., "What multiple are investors willing to continue to pay for these digital health companies?")
- 2** **Thesis |** Based on our revenue estimates for 2021, we're not optimistic AMWL will be a runaway success on the open. However, an investment by Google, high investor interest in virtual care, and changes in consumer/patient behavior all help. The bottom line is we are less impressed by the upside available to AMWL's business model, which operates primarily through Health System partners. The long thesis keys off customer count and "modules" purchased per customer.
- 3** **Valuation |** At the expected price range of \$14 to \$16, AMWL will trade at a multiple comparable to TDOC on an EV/Sales basis. Given the absence of consensus estimates, the price will essentially be "untethered" in the initial days of trading.
- 4** **Catalysts |** We will update our tracking data discussed in this presentation on a regular basis, including claims, app downloads, domain site searches and monitoring. Also, we will be hosting calls with experts across the domain.
- 5** **Risks |** Practitioners and patients have been returning to in-person care from the depths of COVID-19 lockdowns. AMWL's model is reliant on telehealth maintaining a growth trajectory and taking share of patient-physician interactions (whether through health plans or providers). Said differently, Health System partners must continue to invest in and push the AmWell platform, and health plans must push members to change behavior. Meanwhile, there are a host of alternatives available - the telehealth/telemedicine space is crowded - and it is not clear how channels will evolve. We must also watch Epic, Cerner, and smaller EHR providers that build in telehealth functionality.

Total Addressable Market \$35B

“We believe the annual total addressable market for our solutions is substantial and increasing.”



Health System Penetration by State



AmWell is in a large percentage of systems

State	Hospital Number	Staffed Beds	Total Discharges	Patient Days	Gross Patient Revenue (\$)	Amercian Well					Amercian Well Percentage of Total			
						Staffed Beds	Total Discharges	Patient Days	Gross PatientRevenue		Beds	Discharges	Patient Days	Gross Revenue
Alaska	10	1,235	45,209	243,272	5,374,320	74	4,324	19,471	744,061,843		6%	10%	8%	14%
Alabama	89	15,335	592,565	2,815,800	63,052,340	4,465	150,431	828,888	21,135,108,194		29%	25%	29%	34%
Arkansas	52	7,872	317,352	1,390,404	27,878,074	2,317	111,547	549,330	16,907,439,383		29%	35%	40%	61%
Arizona	73	13,416	610,429	2,667,387	80,504,154	2,435	97,321	486,465	13,827,709,263		18%	16%	18%	17%
California	344	74,724	3,087,604	14,351,572	477,960,968	7,426	239,095	1,088,300	33,548,683,653		10%	8%	8%	7%
Colorado	55	8,181	394,971	1,755,988	67,718,468	50	1,436	3,457	193,198,797		1%	0%	0%	0%
Connecticut	34	8,798	368,120	1,742,965	40,204,715	1,109	67,227	325,451	6,703,562,727		13%	18%	19%	17%
Washington D.C.	7	2,117	93,225	586,450	12,585,158	1,277	30,228	146,842	3,132,245,729		60%	32%	25%	25%
Delaware	8	2,072	93,905	470,640	7,927,141	1,409	19,229	81,138	1,668,712,278		68%	20%	17%	21%
Florida	215	56,245	2,582,947	11,805,766	339,261,163	19,344	575,850	3,057,303	74,814,267,730		34%	22%	26%	22%
Georgia	112	22,521	938,545	4,720,727	109,617,143	5,268	152,577	807,836	22,228,651,750		23%	16%	17%	20%
Guam	3	306	12,300	73,681	424,341	0	3,467	13,852	548,596,468		0%	28%	19%	129%
Hawaii	14	2,583	88,997	520,820	8,136,372	0	482	2,059	50,085,800		0%	1%	0%	1%
Iowa	39	6,426	266,028	1,188,375	25,381,762	2,664	153,259	754,795	19,516,707,586		41%	58%	64%	77%
Idaho	19	2,455	114,029	472,270	13,095,412	25	9,702	41,718	666,646,885		1%	9%	9%	5%
Illinois	143	29,137	1,238,080	5,602,099	149,958,964	7,068	263,333	1,352,679	32,672,795,498		24%	21%	24%	22%
Indiana	101	16,026	685,817	3,110,710	81,150,880	7,088	282,863	1,468,702	30,649,403,560		44%	41%	47%	38%
Kansas	55	6,341	271,329	1,191,212	33,685,811	1,221	45,149	194,464	5,204,066,723		19%	17%	16%	15%
Kentucky	74	13,634	532,581	2,497,238	59,071,973	1,958	152,949	773,667	20,283,690,344		14%	29%	31%	34%
Louisiana	108	15,061	513,105	2,439,617	58,192,076	3,199	113,226	586,531	15,133,850,227		21%	22%	24%	26%
Massachusetts	73	15,192	743,119	3,618,061	71,408,802	2,572	43,942	202,125	3,858,367,055		17%	6%	6%	5%
Maryland	53	10,802	557,057	2,832,279	19,331,430	1,827	115,960	487,406	14,275,127,767		17%	21%	17%	74%
Maine	19	2,887	111,879	538,476	11,321,002	0	0	0	0		0%	0%	0%	0%
Michigan	105	23,681	1,133,133	4,817,558	97,497,735	5,519	192,588	1,090,175	32,059,010,452		23%	17%	23%	33%
Minnesota	55	10,504	504,375	2,255,634	45,089,541	559	100,922	525,824	10,158,915,292		5%	20%	23%	23%
Missouri	83	16,705	710,621	3,273,455	74,240,919	1,564	64,061	344,817	5,135,502,347		9%	9%	11%	7%
Mississippi	69	10,049	318,290	1,494,950	36,215,071	2,050	29,565	148,007	3,522,517,573		20%	9%	10%	10%
Montana	17	2,202	85,996	344,680	7,493,498	1,056	68,644	323,152	7,751,667,705		48%	80%	94%	103%
North Carolina	108	22,353	988,598	4,862,283	103,690,769	5,909	156,309	790,626	20,912,024,873		26%	16%	16%	20%
North Dakota	10	2,003	75,739	360,787	8,609,668	445	64,240	283,641	6,529,847,488		22%	85%	79%	76%
Nebraska	26	4,245	179,219	825,790	15,311,677	2,126	172,023	1,025,177	27,485,689,710		50%	96%	124%	180%
New Hampshire	14	2,276	104,378	514,050	13,687,853	0	0	0	0		0%	0%	0%	0%
New Jersey	78	20,213	881,796	4,326,435	124,874,204	8,145	181,105	869,654	21,183,825,812		40%	21%	20%	17%
New Mexico	37	3,887	164,865	760,954	18,346,196	753	33,385	139,640	7,222,310,261		19%	20%	18%	39%
Nevada	31	5,726	286,333	1,402,383	44,337,273	663	24,876	112,088	4,545,414,376		12%	9%	8%	10%
New York	186	57,299	2,196,518	11,788,971	249,710,057	6,677	63,826	305,477	6,825,879,236		12%	3%	3%	3%
Ohio	147	27,088	1,203,003	5,429,335	144,798,909	11,725	479,459	2,547,182	63,014,763,067		43%	40%	47%	44%
Oklahoma	90	10,287	406,804	1,894,323	48,238,938	3,745	177,102	960,218	20,544,088,126		36%	44%	51%	43%
Oregon	37	6,139	319,582	1,402,531	28,652,311	200	137	3,548	1,768,023,439		3%	0%	0%	6%
Pennsylvania	176	34,791	1,448,205	6,779,243	209,029,512	11,432	364,226	1,896,982	42,283,423,093		33%	25%	28%	20%
Puerto Rico	52	8,247	306,648	1,758,483	4,738,866	0	0	0	0		0%	0%	0%	0%
Rhode Island	11	2,440	108,782	503,639	10,462,713	733	1,820	6,159	360,812,398		30%	2%	1%	3%
South Carolina	66	11,759	476,285	2,372,819	61,885,632	3,471	91,894	384,323	9,917,925,964		30%	19%	16%	16%
South Dakota	24	2,741	95,519	400,075	11,874,583	1,794	149,179	719,114	17,447,073,943		65%	156%	180%	147%
Tennessee	160	18,446	780,038	3,707,542	87,161,771	6,093	347,922	1,790,242	51,964,410,662		33%	45%	48%	60%
Texas	361	58,370	2,631,794	12,189,783	337,754,000	9,713	216,354	1,038,379	23,708,988,514		17%	8%	9%	7%
Utah	35	4,640	210,497	830,260	20,421,047	2,605	141,547	658,981	17,735,294,844		56%	67%	79%	87%
Virginia	90	17,759	728,980	3,500,914	84,900,138	4,850	65,395	306,435	7,019,520,879		27%	9%	9%	8%
Virgin Islands	2	184	5,572	33,229	249,410	0	0	0	0		0%	0%	0%	0%
Vermont	7	835	38,540	198,496	4,617,302	0	0	0	0		0%	0%	0%	0%
Washington	62	10,322	543,013	2,500,227	66,395,948	3,092	160,480	869,696	23,092,329,843		30%	30%	35%	35%
Wisconsin	77	11,080	495,561	2,209,646	58,175,208	4,686	289,409	1,413,508	32,047,087,196		42%	58%	64%	55%
West Virginia	34	5,396	208,540	1,052,914	19,297,770	1,297	38,397	217,208	3,858,578,446		24%	21%	21%	20%
Wyoming	14	1,261	32,221	116,147	3,070,645	0	0	0	0		0%	0%	0%	0%
TOTAL	3,906	746,368	31,932,104	150,559,272	3,804,071,633	173,698	6,308,462	32,042,732	805,857,904,900		23%	20%	21%	21%

- The AmWell model consists of increasing the number of hospitals and hospital systems, increasing penetration among hospital physicians, and subsequently increasing the number of care modules these physicians utilize.
- Overall, AmWell Health System partners represent ~20-23% of total across Beds in Service, Discharges, Patient Days, and Gross Revenue.



Health Systems | “Powered by American Well”

Powered by
American Well

HEDGEYE

Hospitals – Sized by Number of Beds



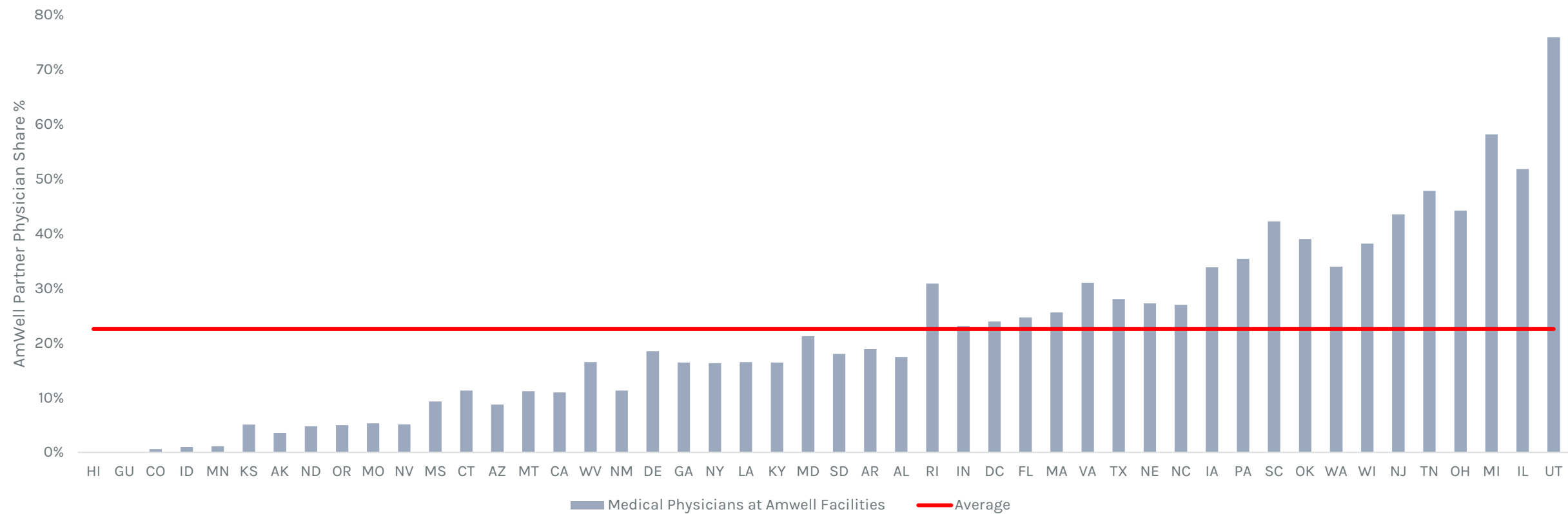
Hospitals – Sized by Gross Revenue



AmWell already enjoys significant reach across the US Health System landscape. We think penetration of existing clients will be the critical model input to focus on rather than new client growth.

Medical Specialty Share by State

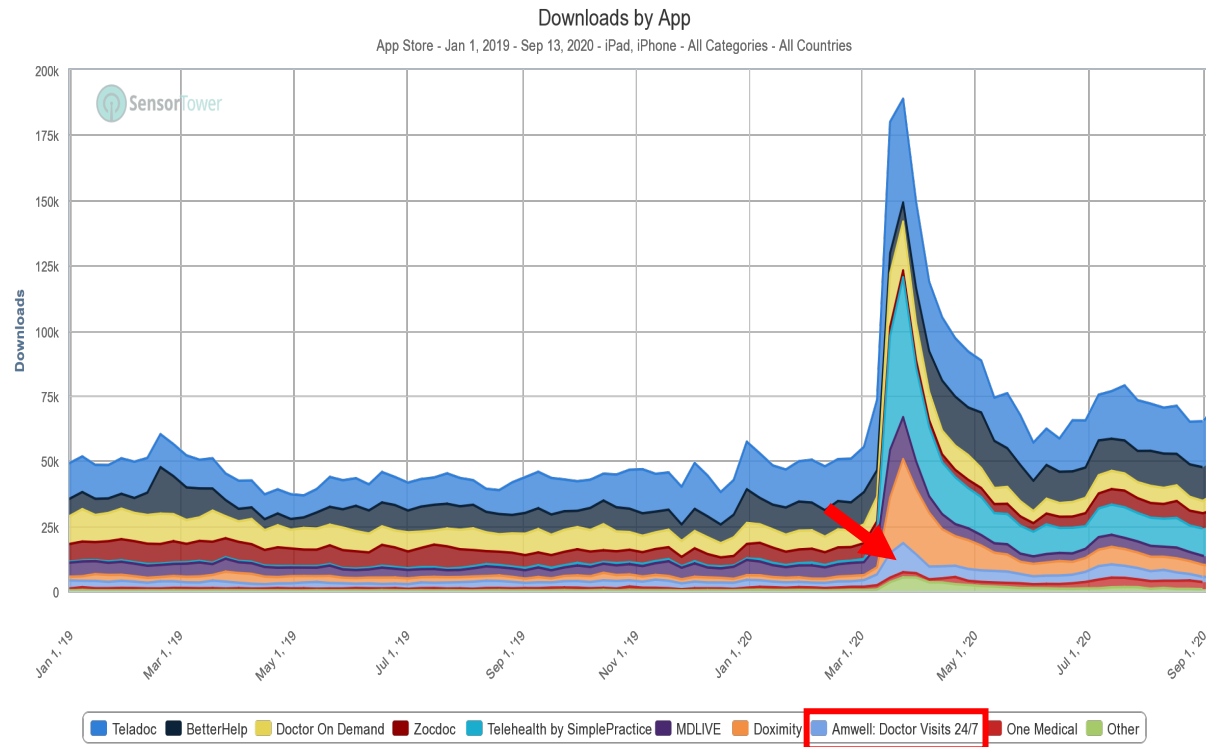
General Practice, Internal Medicine, and other non-surgical specialties are included



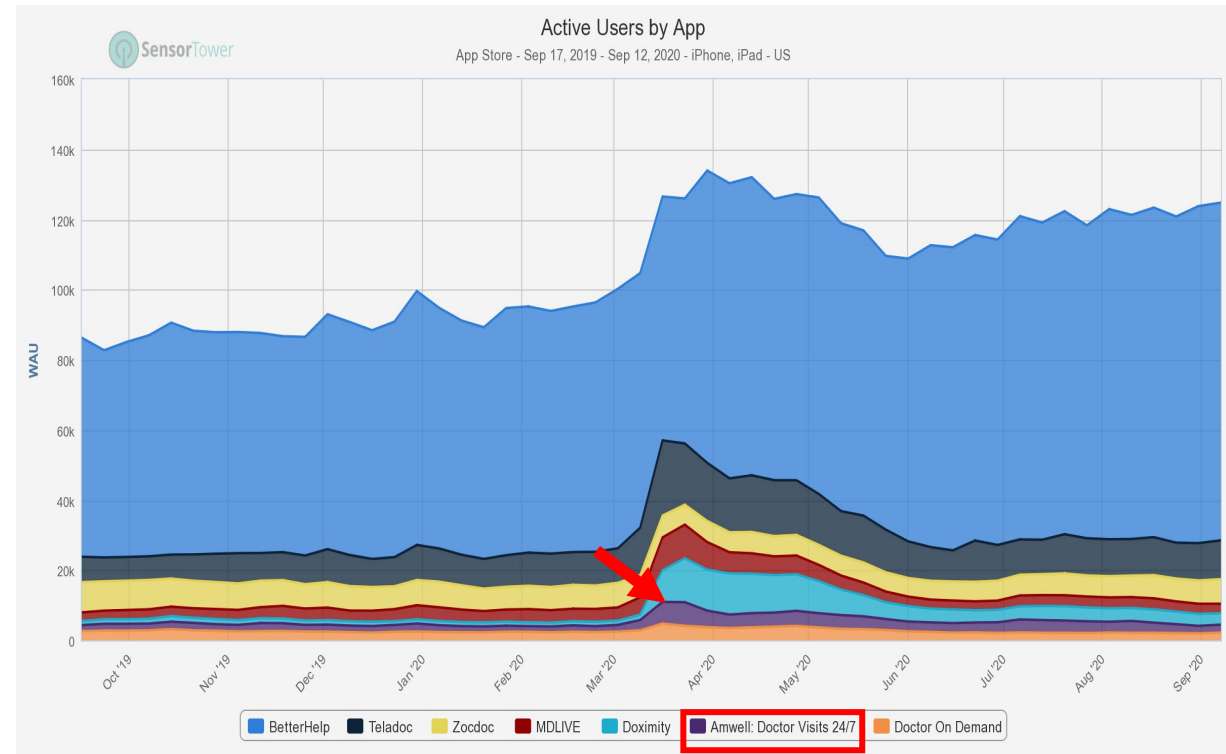
Within the AmWell partner hospitals we identified, we counted the number of admitting physicians at AmWell partner hospitals and compared to the remaining state-based physicians among medical specialties such as Internal Medicine, General Practice, and others more likely to use Telemedicine.

Telehealth | App Downloads

App Downloads



Active Users



App downloads track physician and patient adoption into and post-COVID. The data is misleading since a large percentage of AmWell volume comes through their Health System and Payor partners.

Began Trading at \$18 on Thursday, September 17, 2020

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Total Transaction Summary		
IPO Price in Reporting Currency, \$	\$	18.0
Total Shares Issued in Financing Including Secondary, mm		35.0
Total Transaction Size, mm		630.0
IPO Proceeds Details		
Gross IPO Amount to Company, mm		630.0
Gross Overallotment Amount to Company, mm		-
Total Gross IPO Amount to Company Including Overallotment, mm		630.0
IPO Fees Dependant on Transaction Size, mm	6.0%	(37.8)
Discrete Fees Reimbursed to Underwriters, mm	1.0%	(6.3)
IPO Amount to Company Including Overallotment Less Fees, mm		585.9
Share Analysis		
Pre-IPO Redeemable Convertible Preferred Shares, mm		15.5
IPO Conversion Rate, x		8.8x
Preferred Shares Converted to Common Shares, mm		136.6
Pre-Existing Common Shares, mm		50.0
Pre-IPO Pro Forma Shares, mm		186.7
Treasury IPO Shares Issued, mm		35.0
Post-IPO Pro Forma Basic Shares, mm		221.7
Outstanding Stock Options, mm		19.3
Outstanding Warrants, mm		-
RSUs, mm		7.8
Post-IPO Pro Forma Diluted Shares, mm		248.7
EV Calculation		
Post- Deal Market Cap (Pro Forma as Adjusted), mm		4,477.1
Post-Deal Debt (Pro Forma as Adjusted), mm		-
Post-Deal Cash (Pro Forma as Adjusted), mm		(925.5)
Post-Deal Other EV Components (Pro Forma as Adjusted), mm		22.7
Post-Deal Enterprise Value (Pro Forma as Adjusted), mm		3,574.2

	Dec-20 FY2020	Dec-21 FY2021	Dec-22 FY2022	Dec-23 FY2023
Model Sheet Currency : USD				
Valuation Multiple				
IPO Price, \$	\$ 18.0	\$ 18.0	\$ 18.0	\$ 18.0
Sales, mm	237.0	264.0	290.1	323.8
EV/Sales at Current IPO Price, x	15.1x	13.9x	12.3x	11.0x

	Dec-20 FY2020	Dec-20 FY2021	Dec-20 FY2022	Dec-20 FY2023
Model Sheet Currency : USD				
Comparable Company Multiples				
TDOC-US	14.0x	10.4x	8.4x	6.5x
LVGO-US	29.9x	19.1x	13.1x	8.7x
ONEM-US	9.5x	7.3x	5.9x	
OSH-US	13.9x	9.8x		

Pre-IPO Redeemable Convertible Preferred Shares, mm	
Series A Convertible Preferred Shares: 3,130,077	
Series B Convertible Preferred Shares: 787,725	
Series C Convertible Preferred Shares: 11,607,883	
*Count at the end of June 30, 2020	

Preferred Shares Converted to Common Shares, mm	
Conversion of Series A Preferred Shares: 27,544,675	
Conversion of Series B Preferred Shares: 6,931,965	
Conversion of Series C Preferred Shares: 102,149,260	
*Assuming automatic conversion into common shares	

Pre-IPO Pro Forma Shares, mm	
Class A Common Shares: 152,904,995	
Class B Common Shares: 27,089,446	
Class C Common Shares*: 6,666,667	
*from Google LLC's investments	

Commentary

- While original guidance set the open price between \$14-\$16 per share, the stock is now set to open at \$18 per share on Thursday.
- The offering will also include a higher share count than was originally expected.
- These changes will price it at a premium to the original telehealth offering, \$TDOC.

AMWL | Pro Forma Valuation

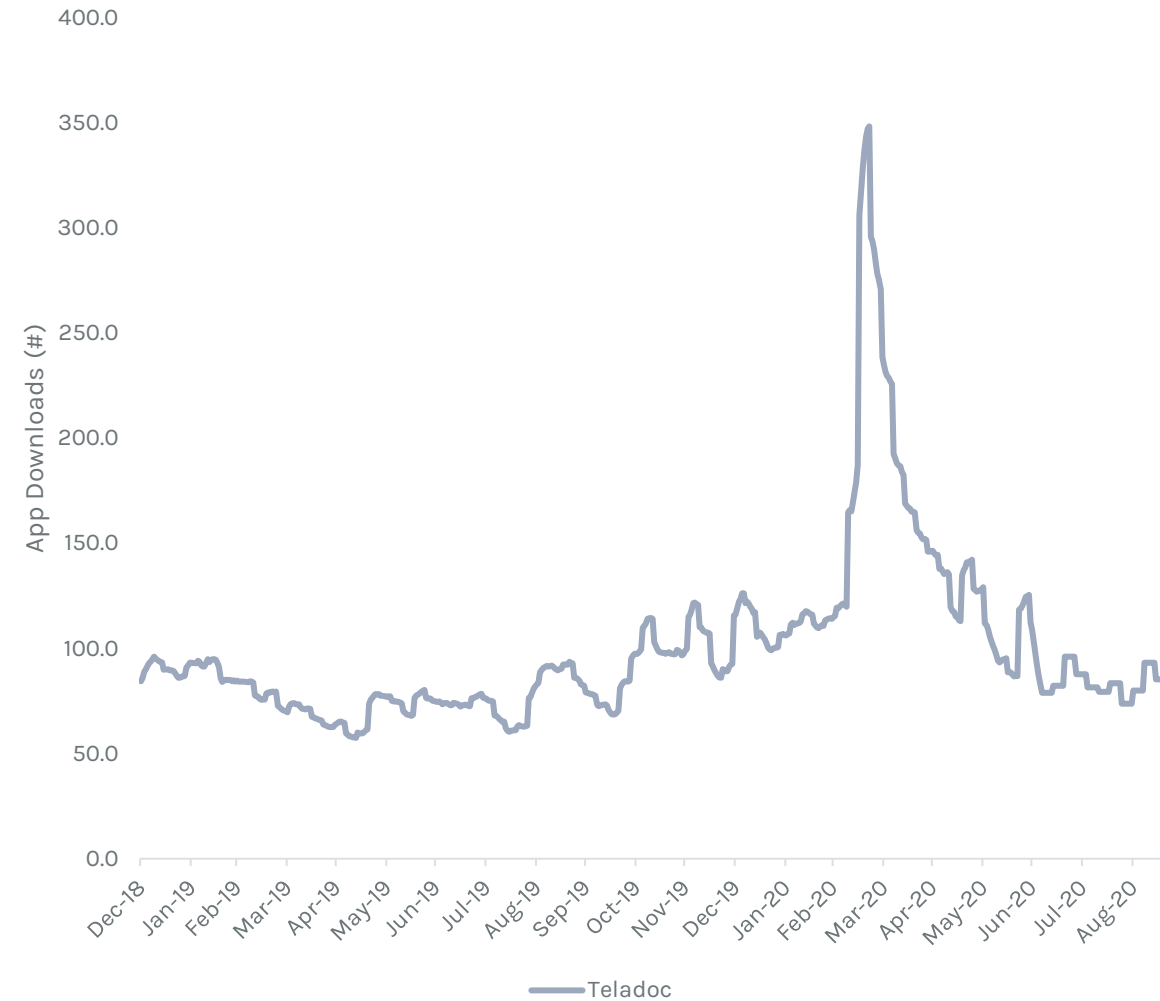
EV/NTM Sales

2021 EV/Sales	2021 Sales					
	\$ 215	\$ 240	\$ 265	\$ 285	\$ 305	\$ 325
	13.0x	14.87	16.17	17.48	18.53	19.57
	14.0x	15.73	17.14	18.55	19.67	20.80
	15.0x	16.60	18.10	19.61	20.82	22.02
	16.0x	17.46	19.07	20.68	21.96	23.25
	17.0x	18.32	20.03	21.74	23.11	24.48
18.0x	19.19	21.00	22.81	24.25	25.70	27.15

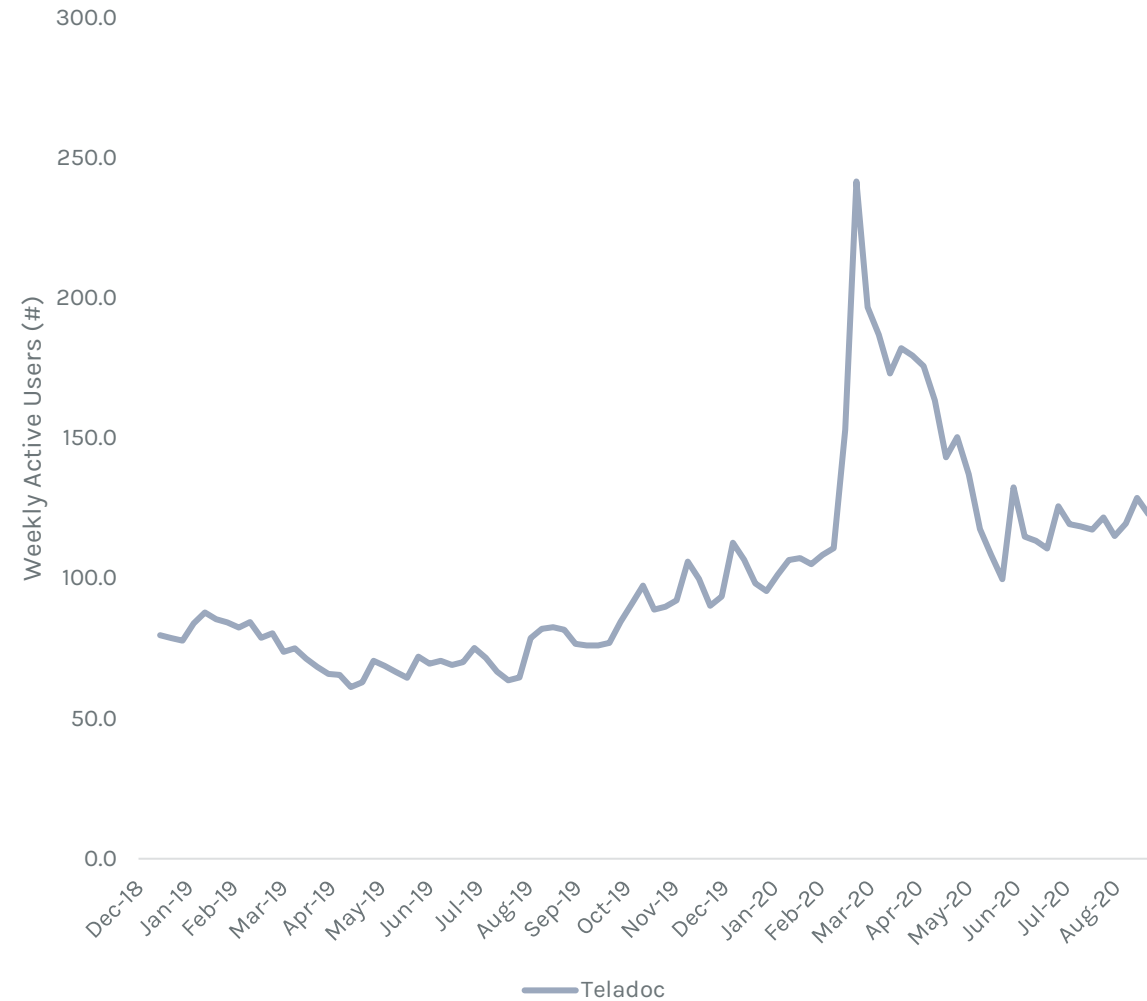
- At \$18, AMWL will trade at a premium comparable to TDOC on an EV/Sales basis.
- Given the absence of consensus estimates, the price will essentially be "untethered" in the initial days of trading, but we'd be cautious at levels significantly higher.

TDOC | App Download Data

Daily Downloads

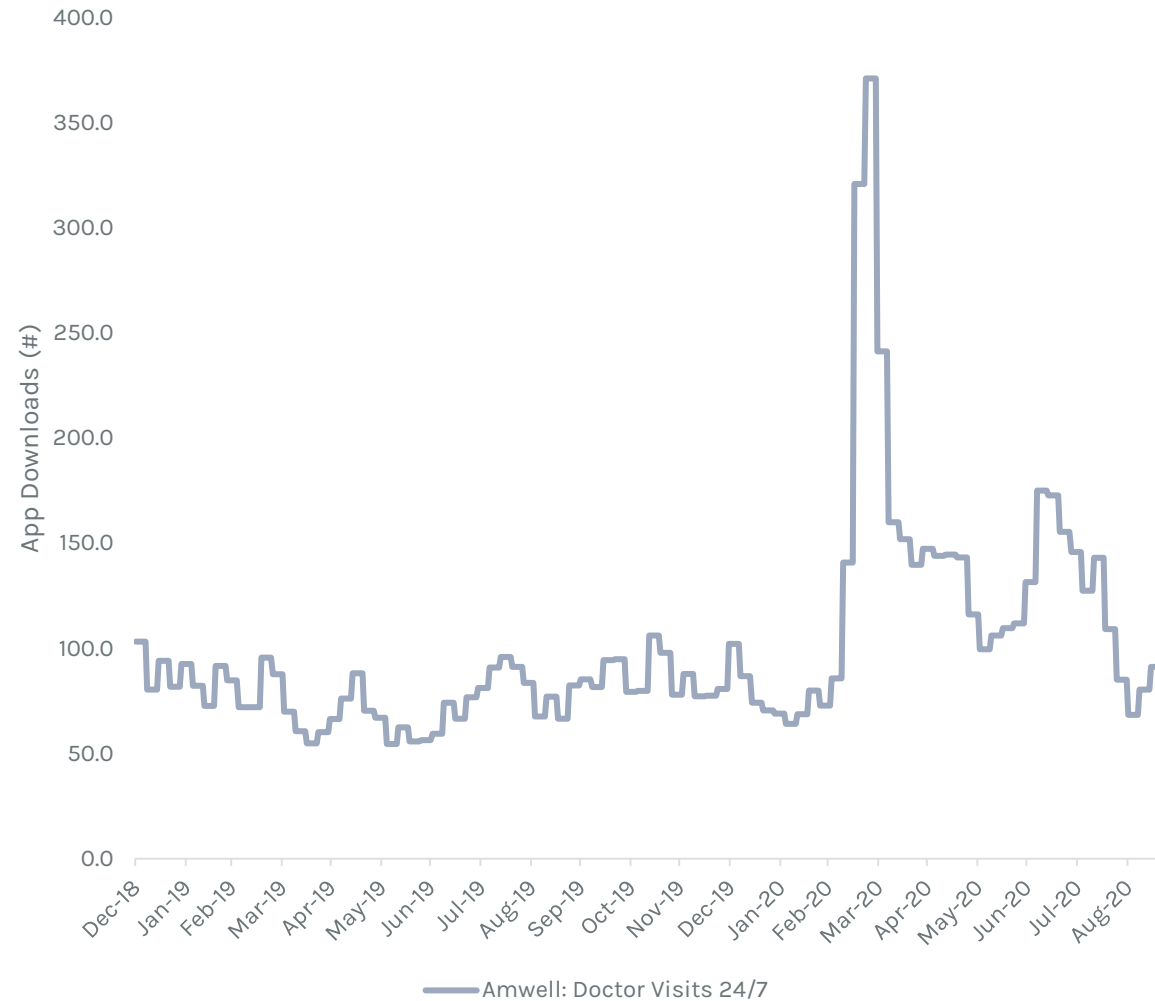


Weekly Active User Index

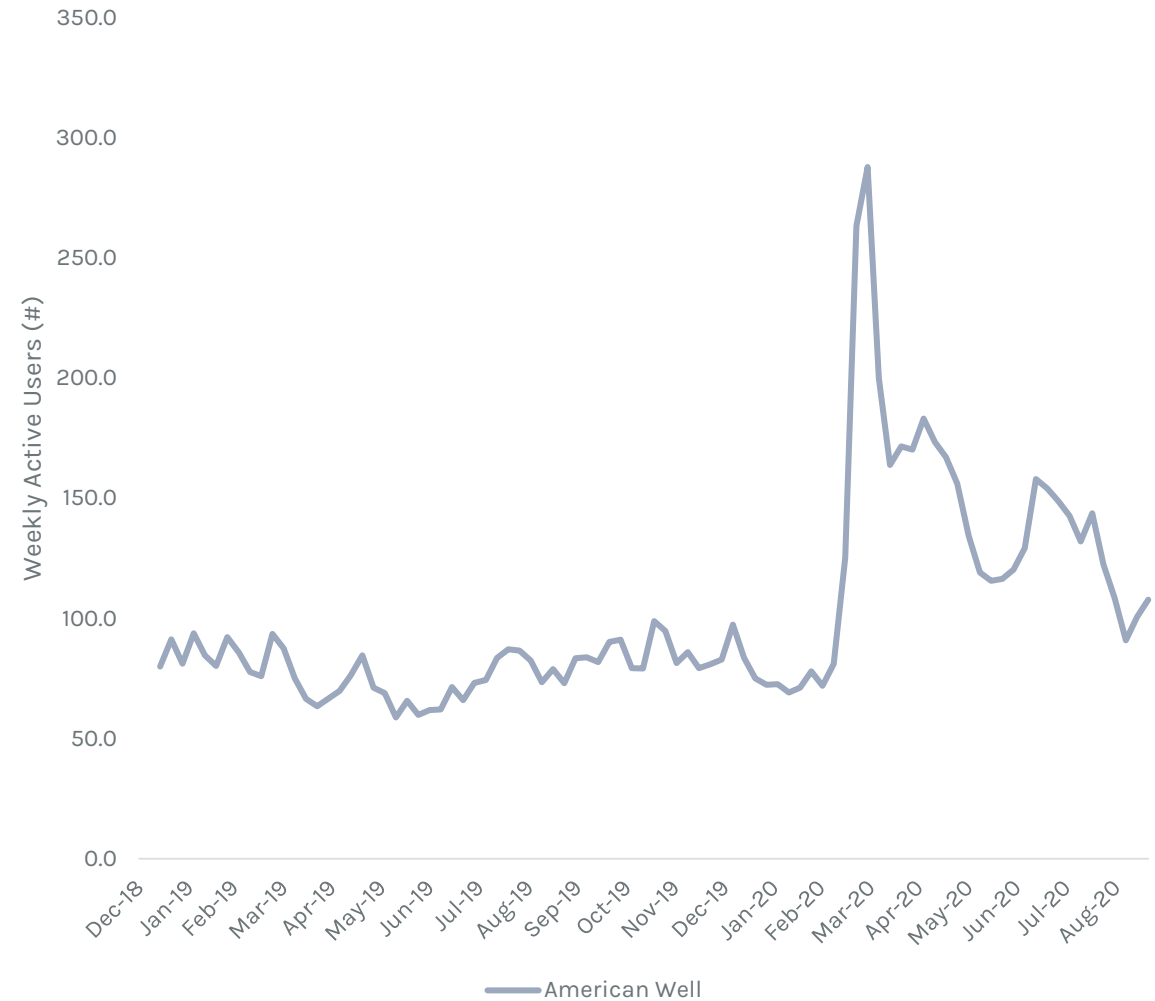


AMWL | App Download Data

Daily Downloads



Weekly Active User Index

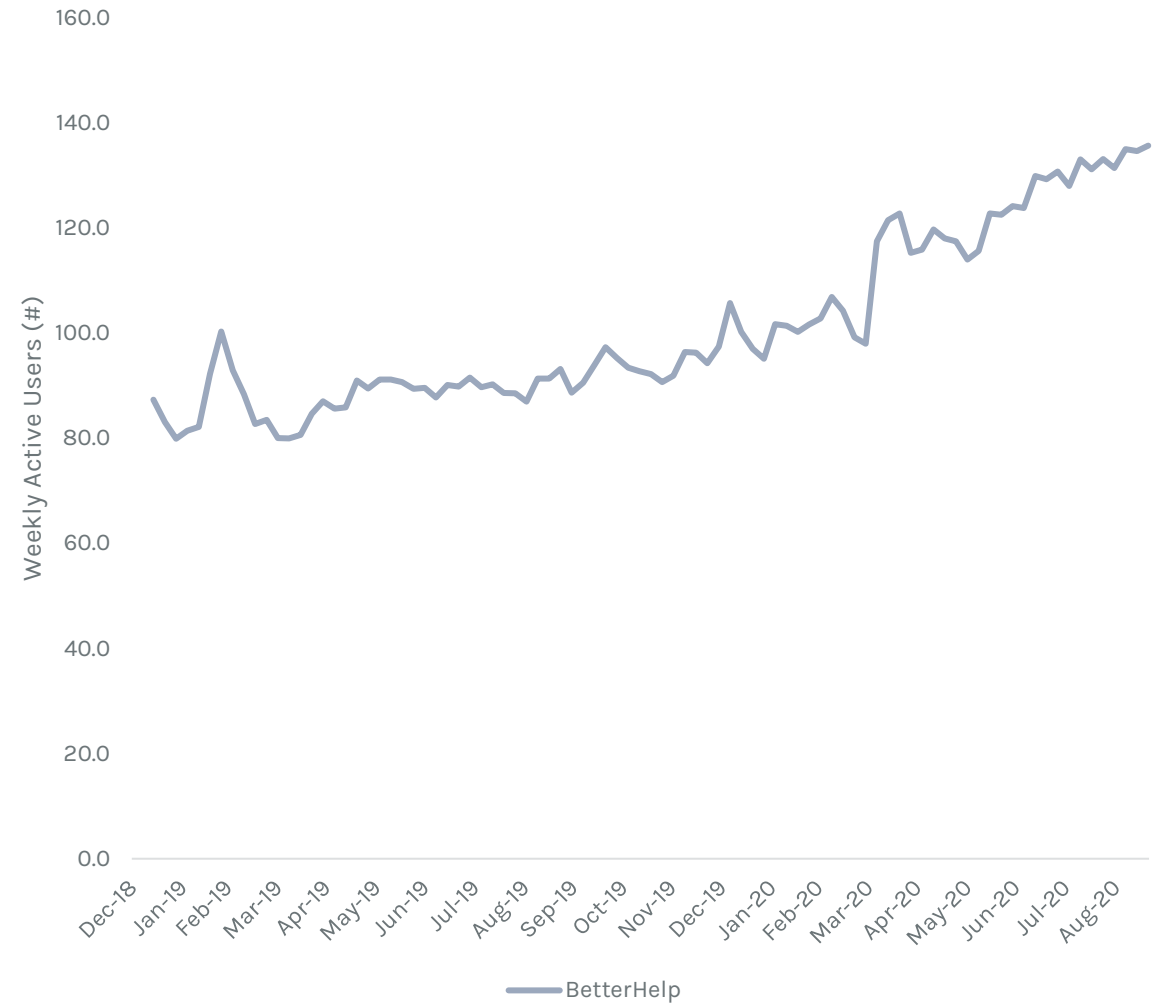


BetterHelp | App Download Data

Daily Downloads

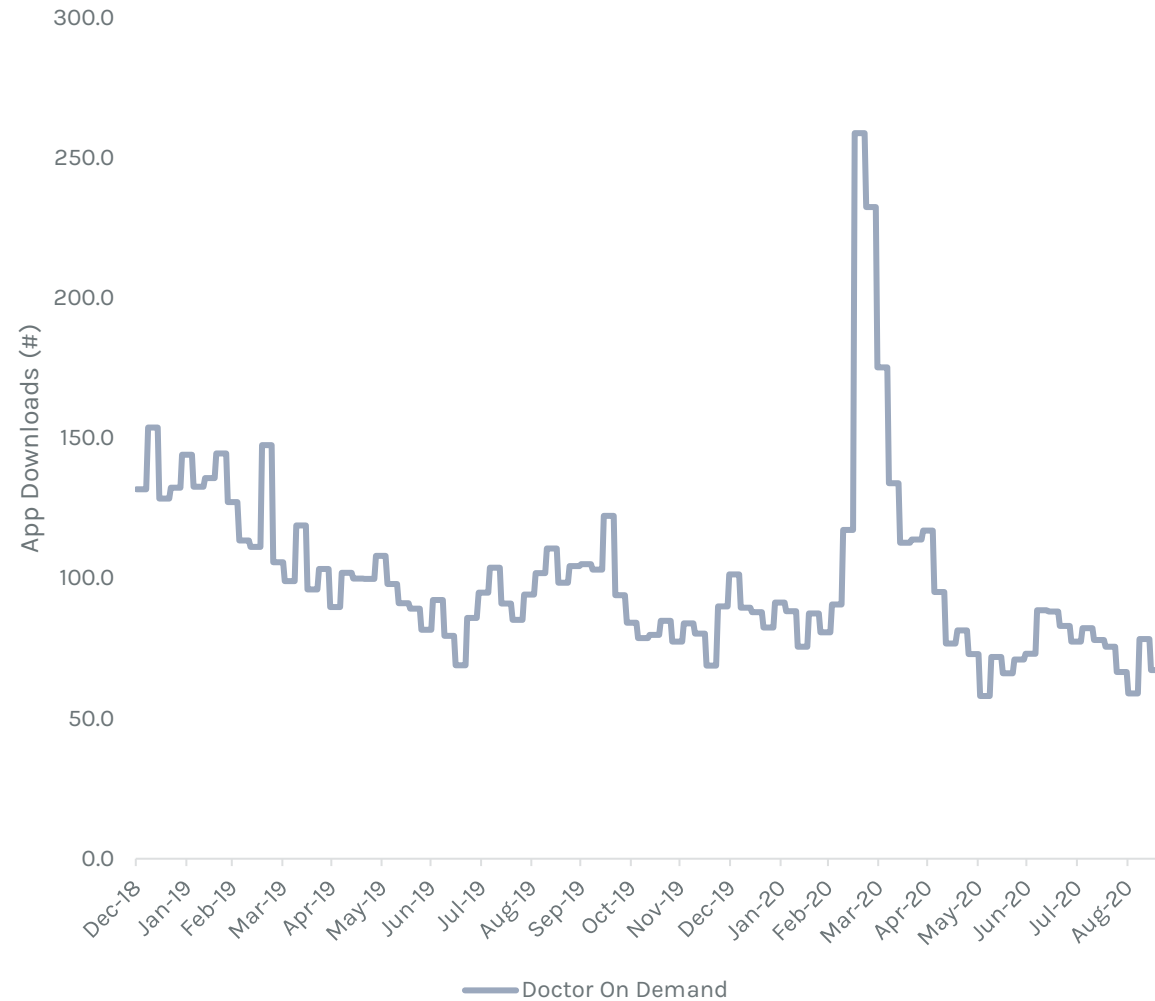


Weekly Active User Index



Doctor on Demand | App Download Data

Daily Downloads

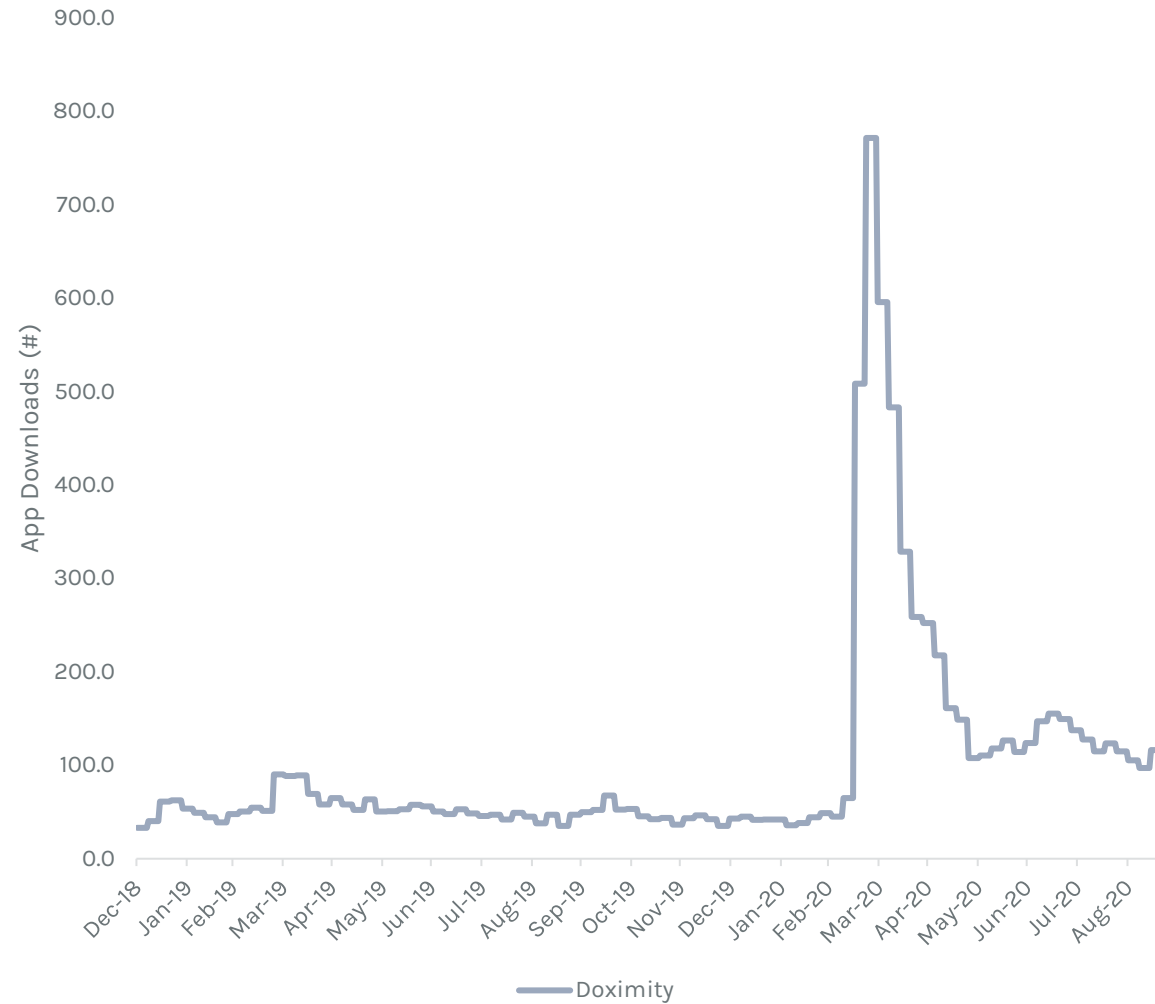


Weekly Active User Index

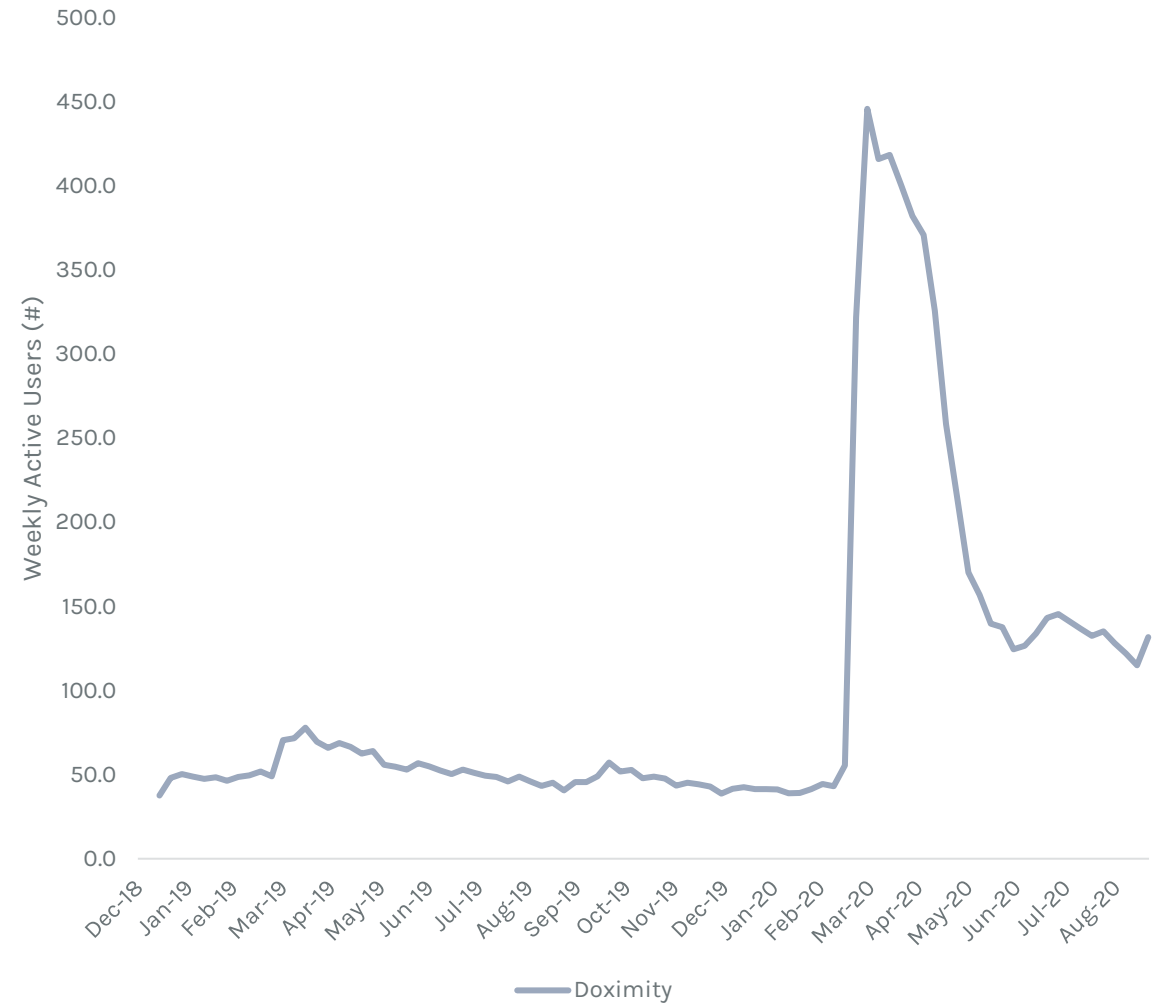


Doximity | App Download Data

Daily Downloads

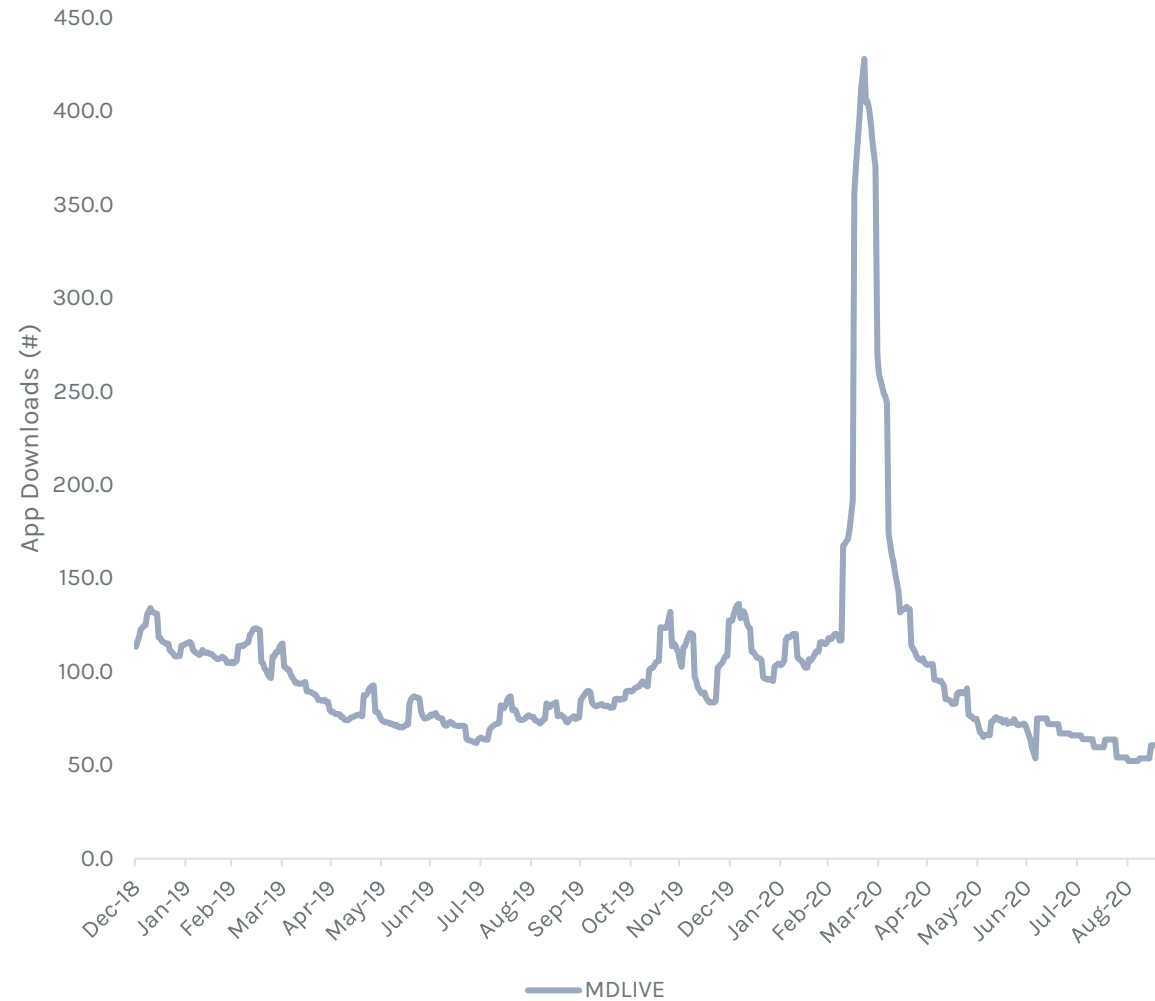


Weekly Active User Index

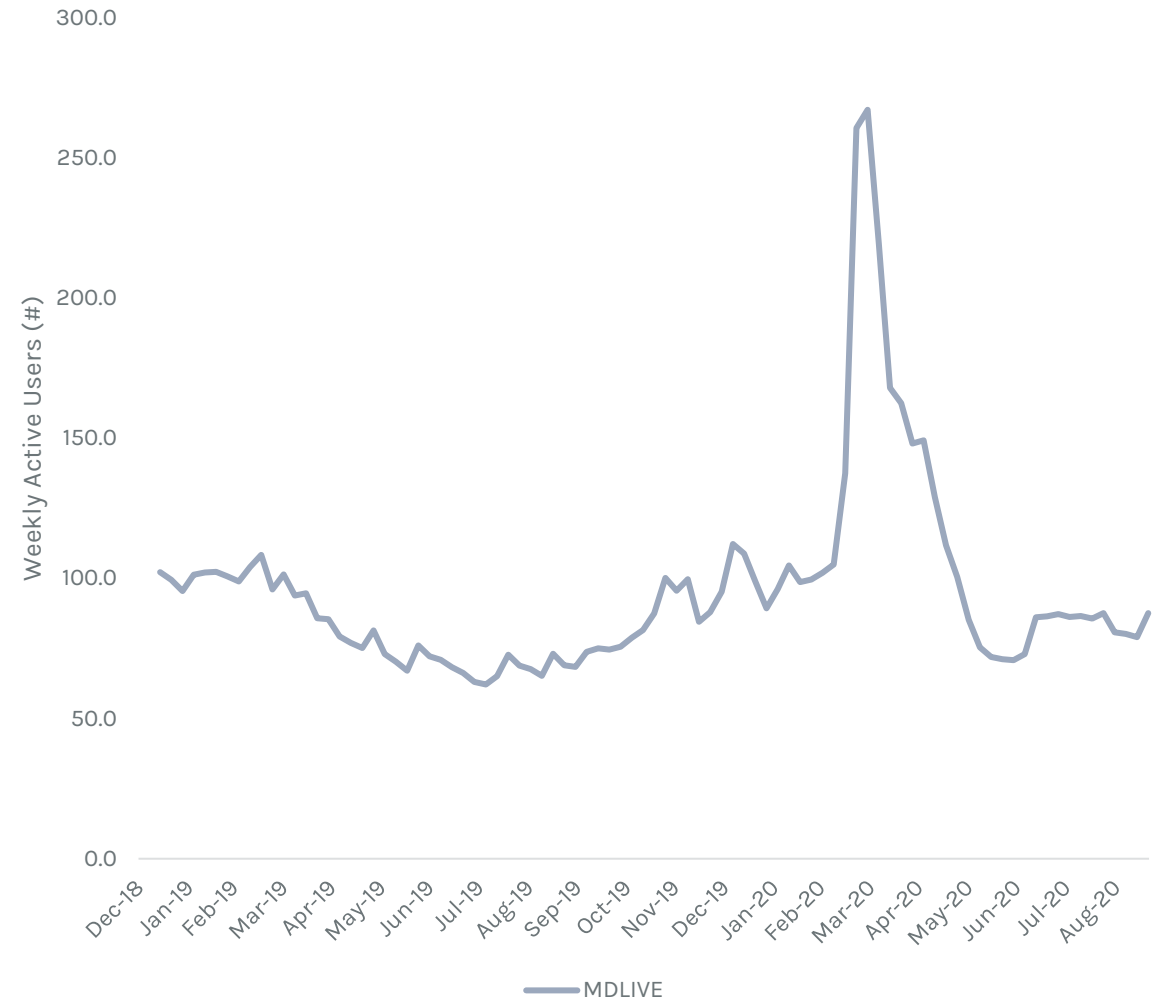


MD Live | App Download Data

Daily Downloads

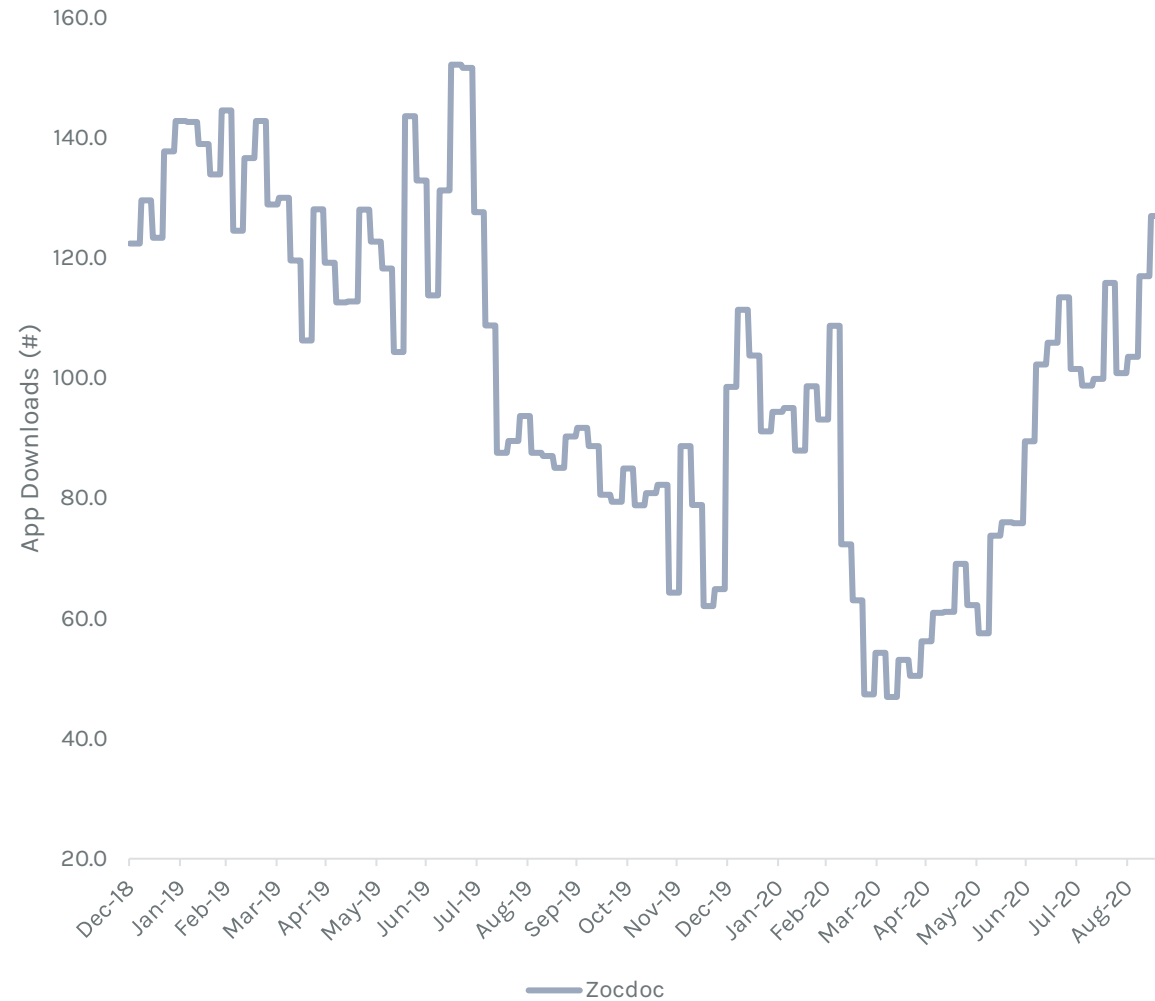


Weekly Active User Index

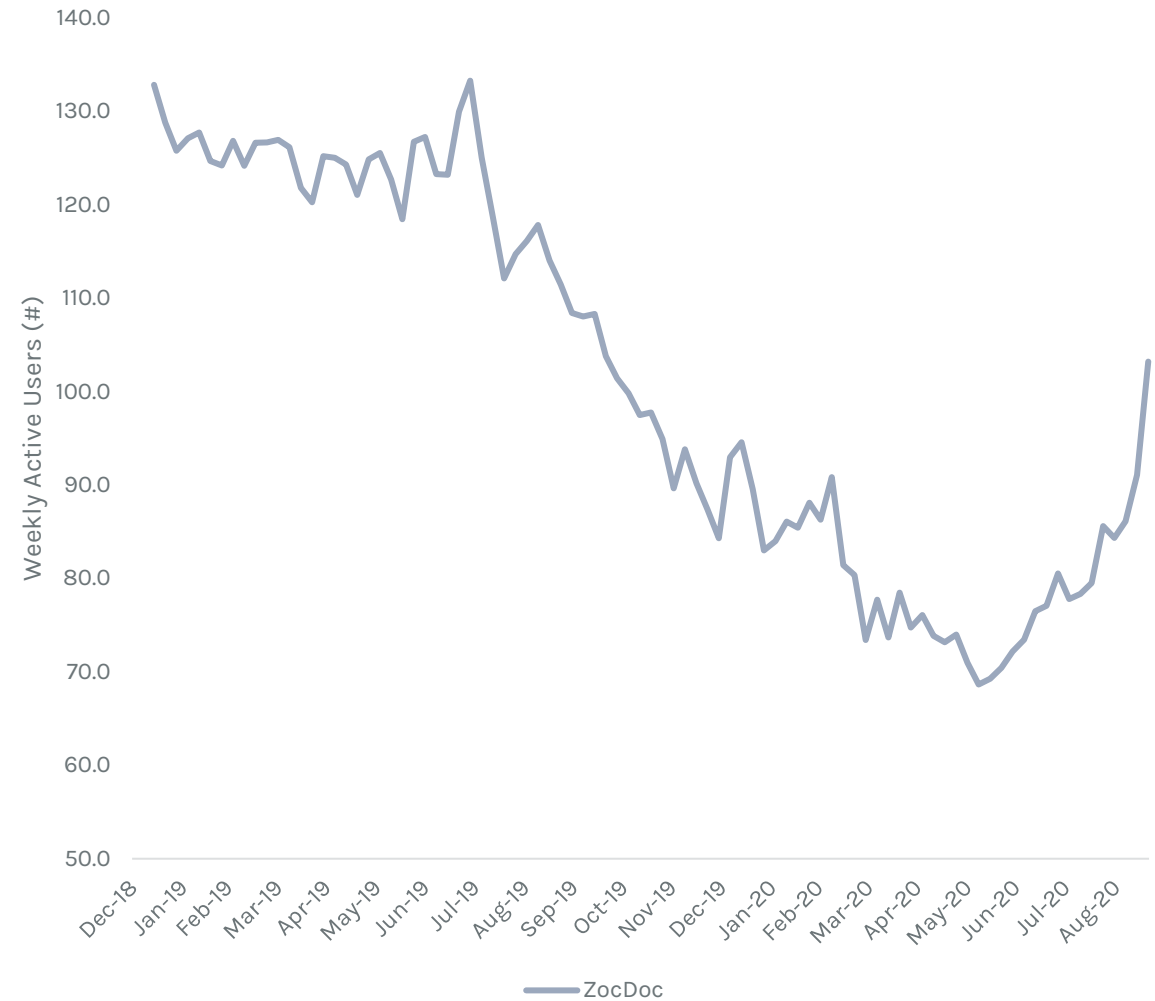


ZocDoc | App Download Data

Daily Downloads

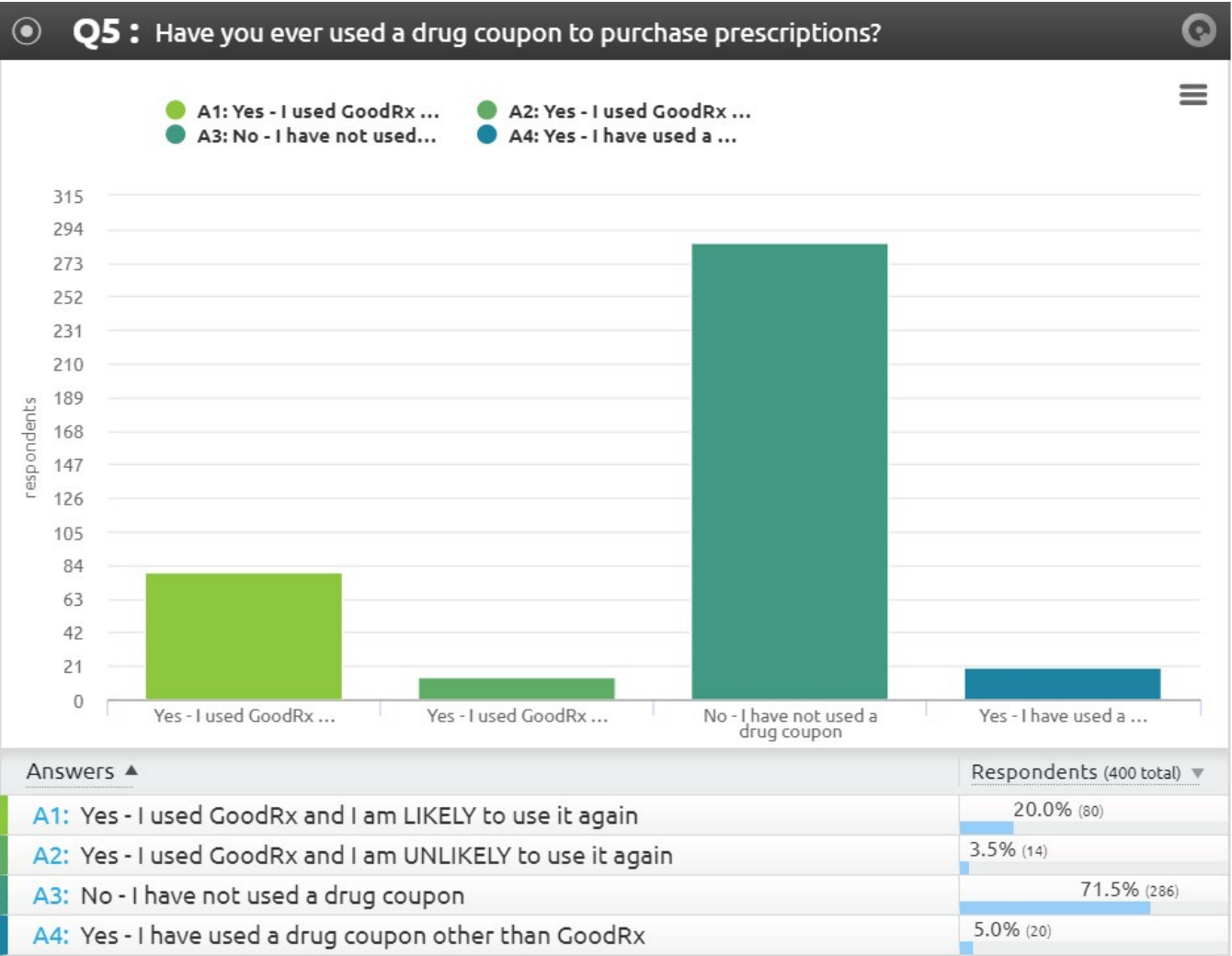


Weekly Active User Index



GoodRx Survey Results

Strong brand and consumer awareness is high and growing



- Respondents were nearly 5x more likely to have used GoodRx than another drug coupon offering.
- More than 70% of respondents had never used a drug coupon survey at all, leaving ample opportunity for further penetration.

ILMN to Acquire Grail for \$8 Billion

HEDGEYE

Targeting a TAM of \$75B 15 years in the future

GRAIL

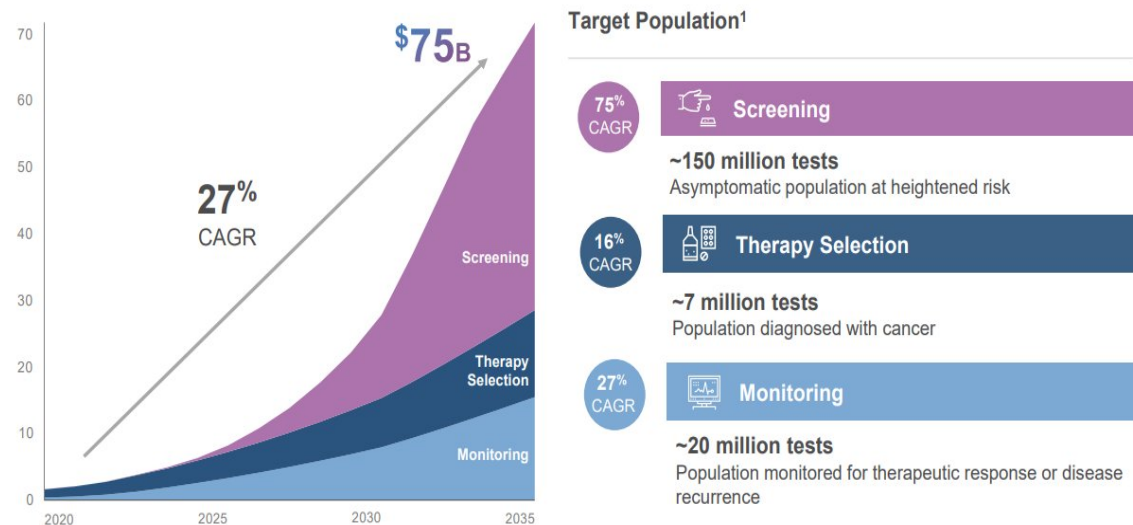
2020 Sales

	\$ 2,900	\$ 2,970	\$ 3,040	\$ 3,110	\$ 3,180	\$ 3,250
2020 EV/Sales						
6.0x	134.24	137.04	139.85	142.65	145.46	148.26
7.0x	153.60	156.87	160.15	163.42	166.69	169.96
8.0x	172.97	176.71	180.45	184.19	187.93	191.67
9.0x	192.33	196.54	200.75	204.95	209.16	213.37
10.0x	211.70	216.37	221.05	225.72	230.40	235.07
11.0x	231.07	236.21	241.35	246.49	251.63	256.77
12.0x	250.43	256.04	261.65	267.26	272.87	278.48

2021 Sales

	\$ 3,470	\$ 3,640	\$ 3,810	\$ 3,980	\$ 4,150	\$ 4,320
2021 EV/Sales						
6.0x	157.08	163.89	170.70	177.51	184.32	191.13
7.0x	180.25	188.19	196.14	204.09	212.03	219.98
8.0x	203.42	212.50	221.58	230.66	239.75	248.83
9.0x	226.59	236.81	247.03	257.24	267.46	277.68
10.0x	249.76	261.12	272.47	283.82	295.17	306.52
11.0x	272.93	285.42	297.91	310.40	322.88	335.37
12.0x	296.11	309.73	323.35	336.97	350.60	364.22

NGS Oncology Testing Expected to Reach \$75B Market by 2035

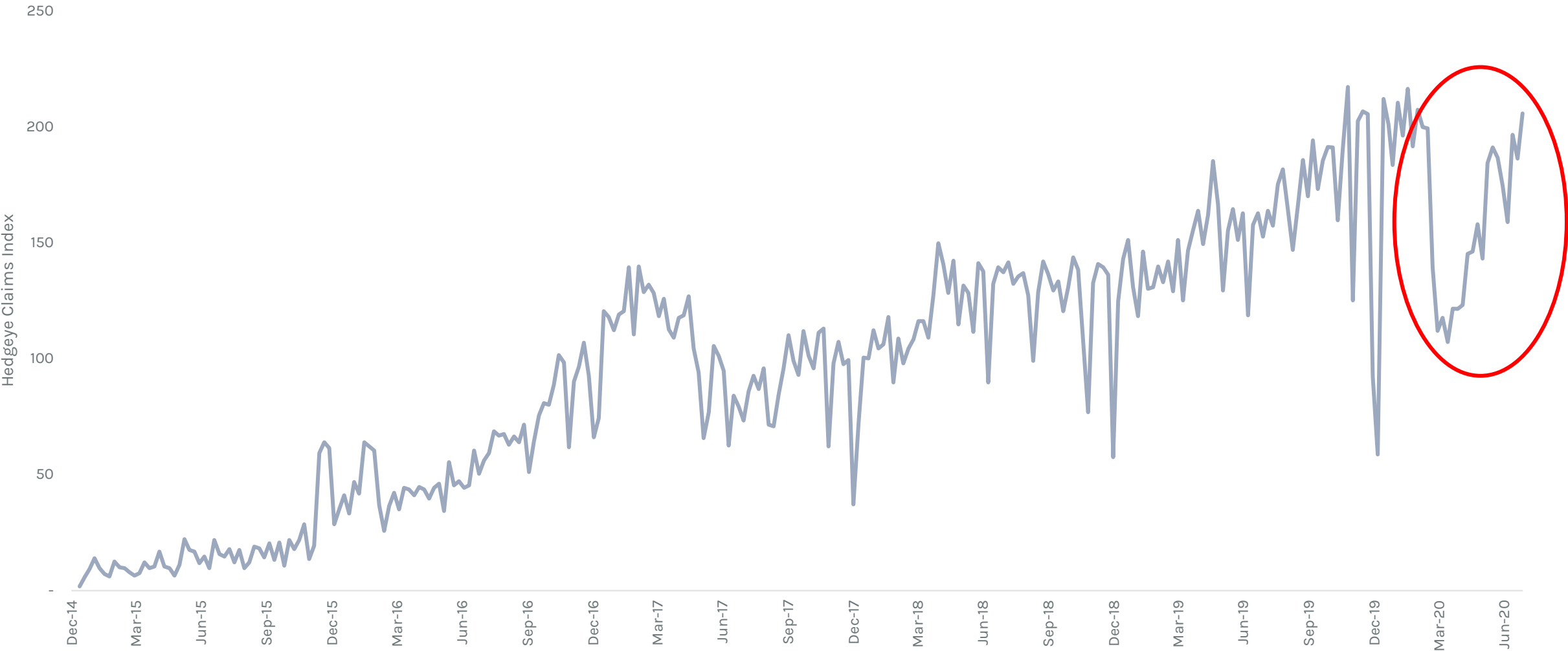


illumina®

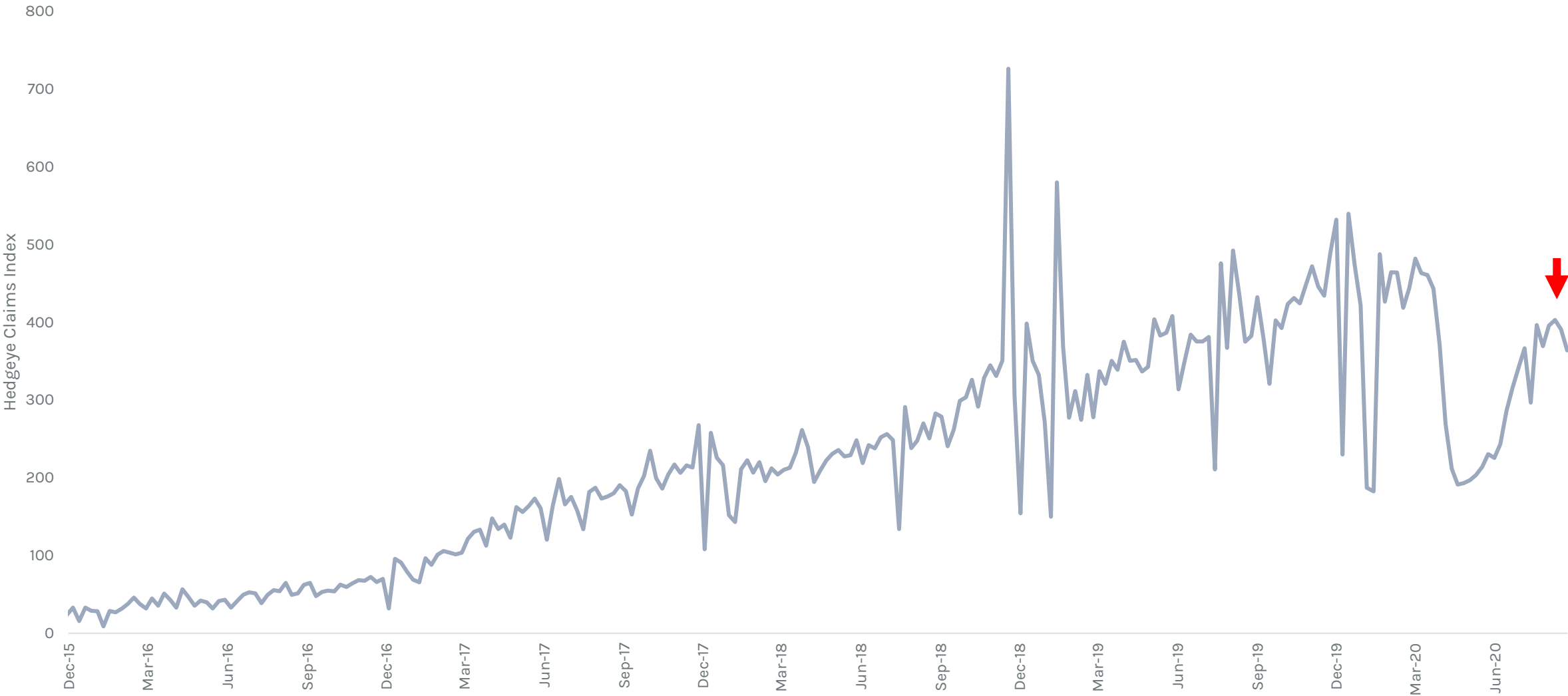
9 *Source: Illumina Internal Analysis; Survey Data; Expert Interviews; Secondary Market Research (OECD, Decision Resources Group, GlobalData, IARC, United Nations)

- Shares bottomed ~8x sales in the last drawdown, but that was a negative revision cycle.
- Acquiring Grail will damage management credibility, dilute earnings significantly, but our sense is the opportunity really is as big as they say, \$75B some time next decade.

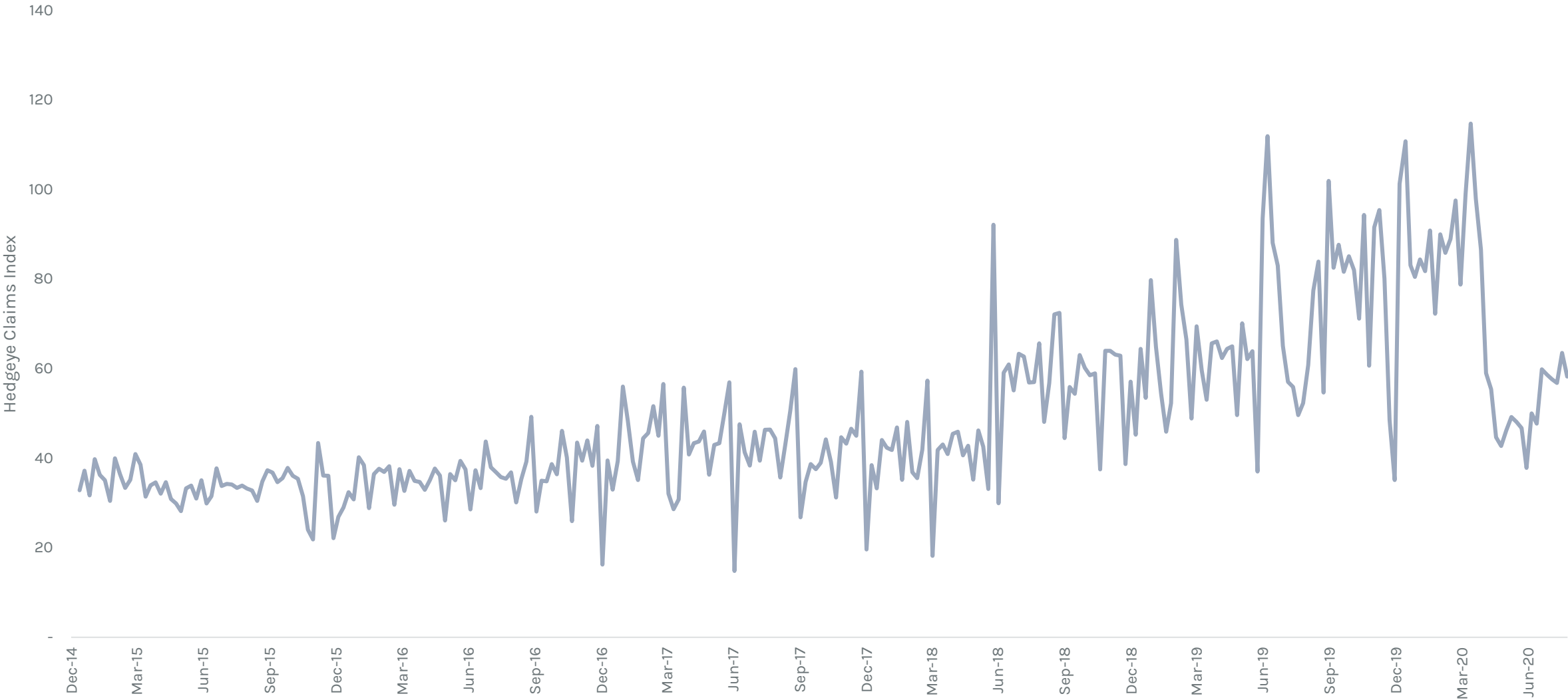
NVTA | Claims Index



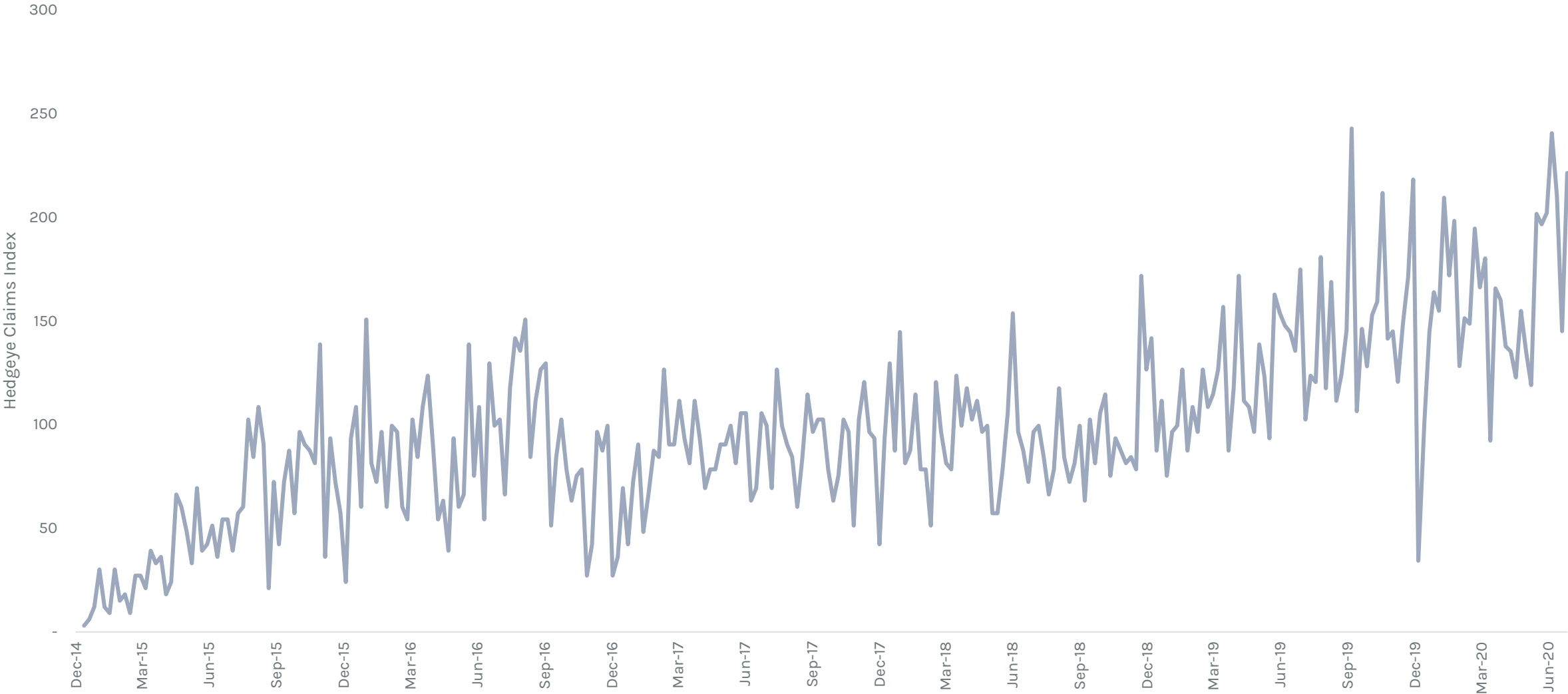
EXAS | Claims Index



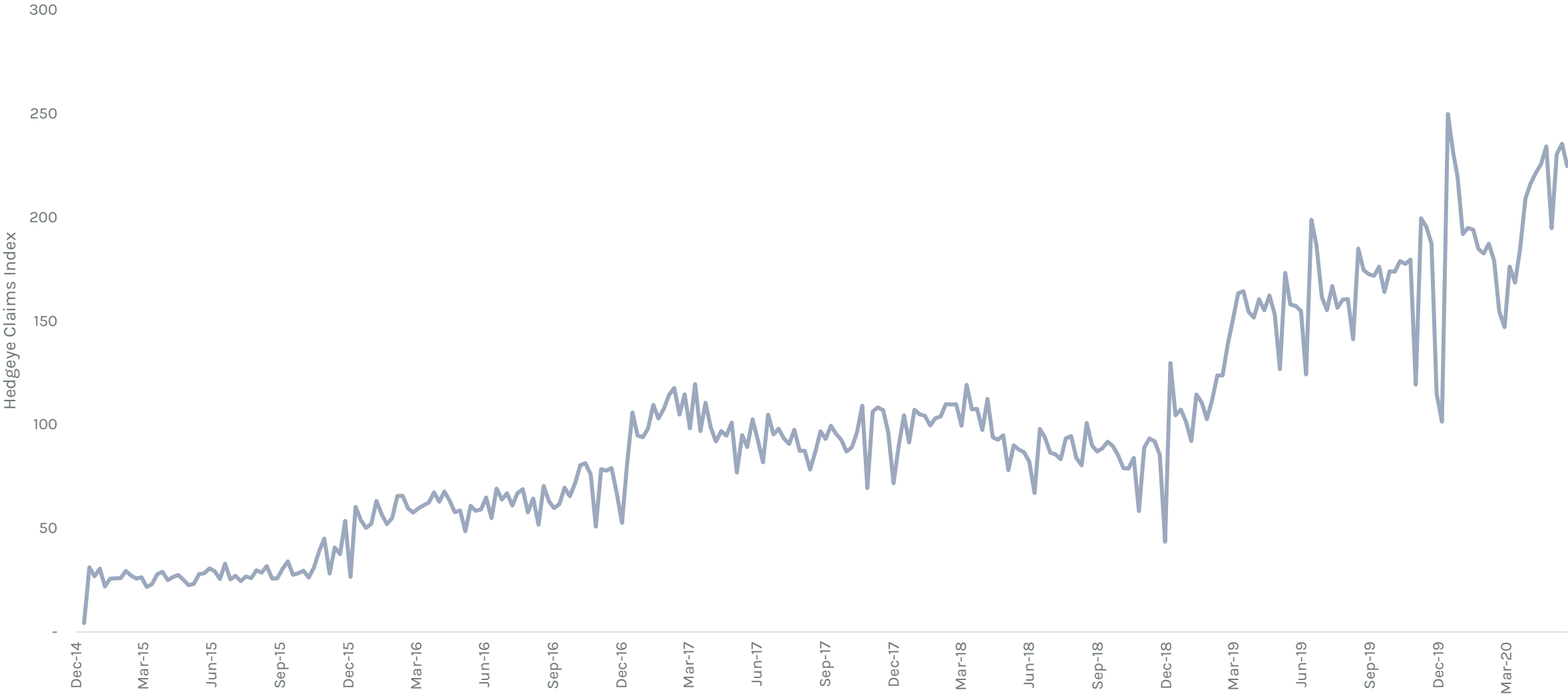
Genomic Health | Claims Index



GH | Claims Index

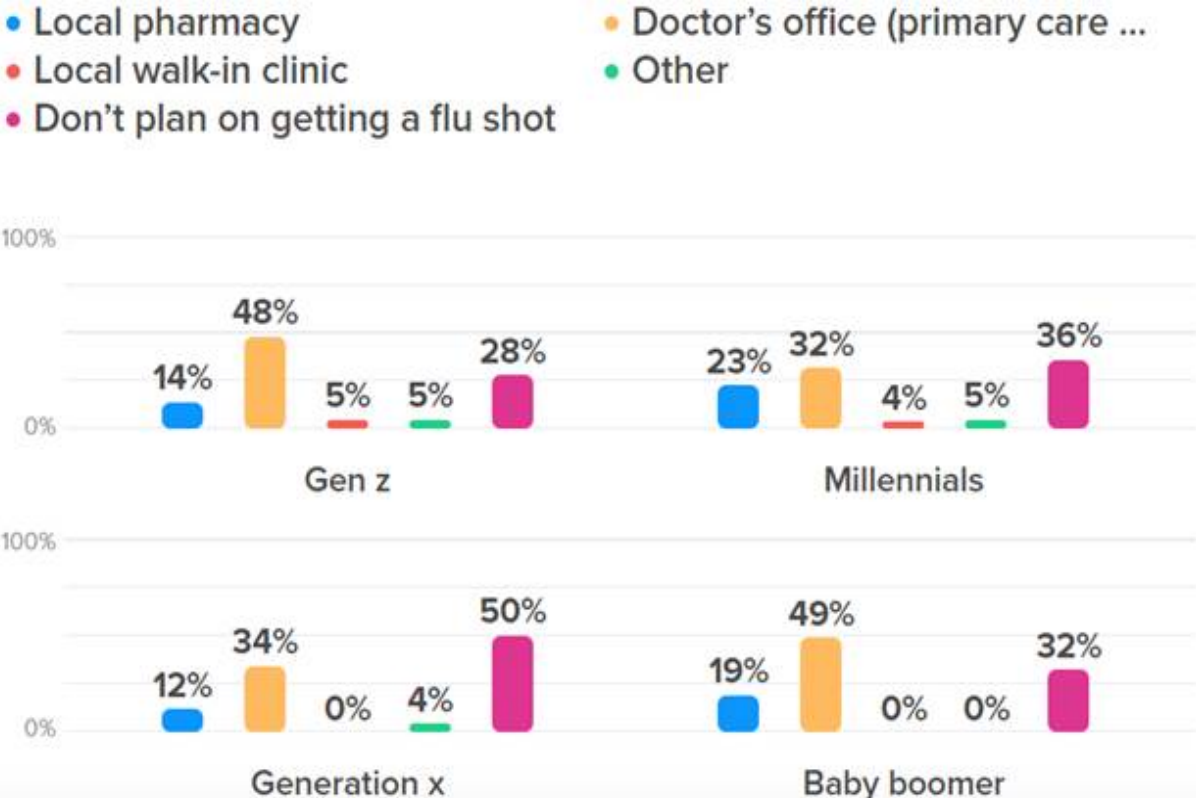
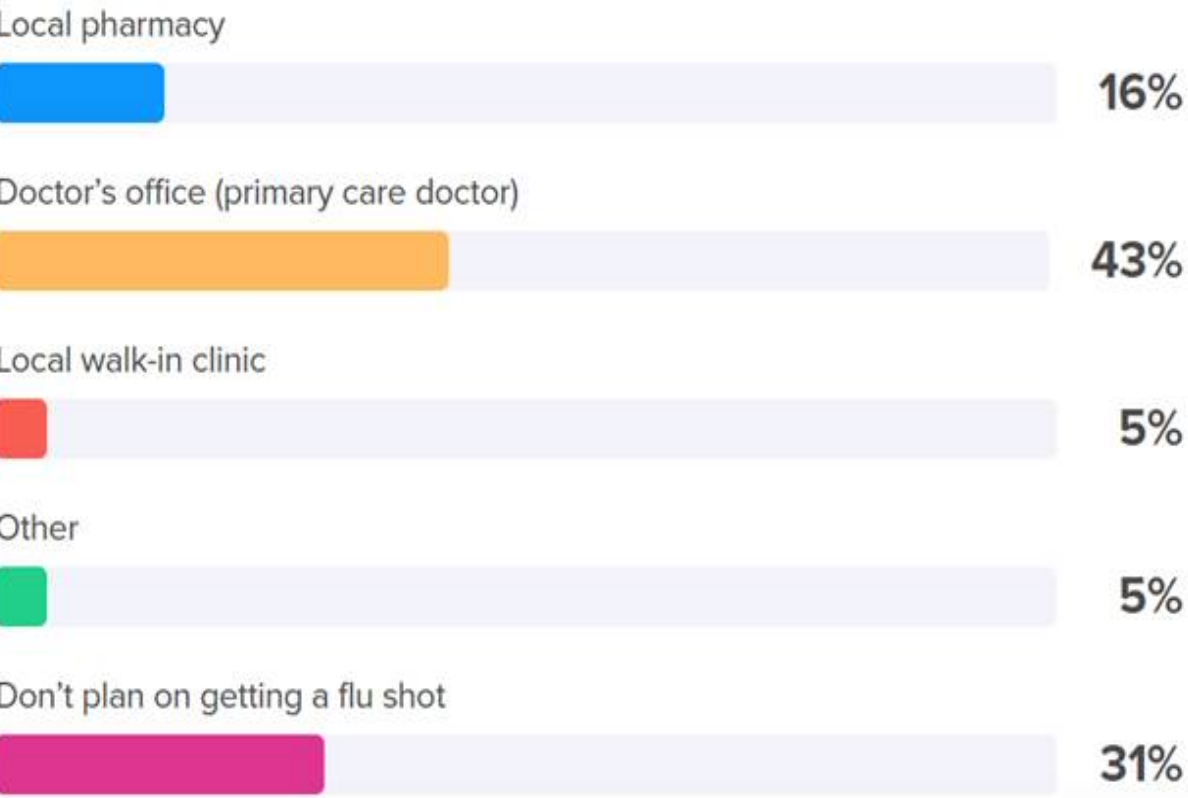


NTRA | Claims Index



#NoFluSeason

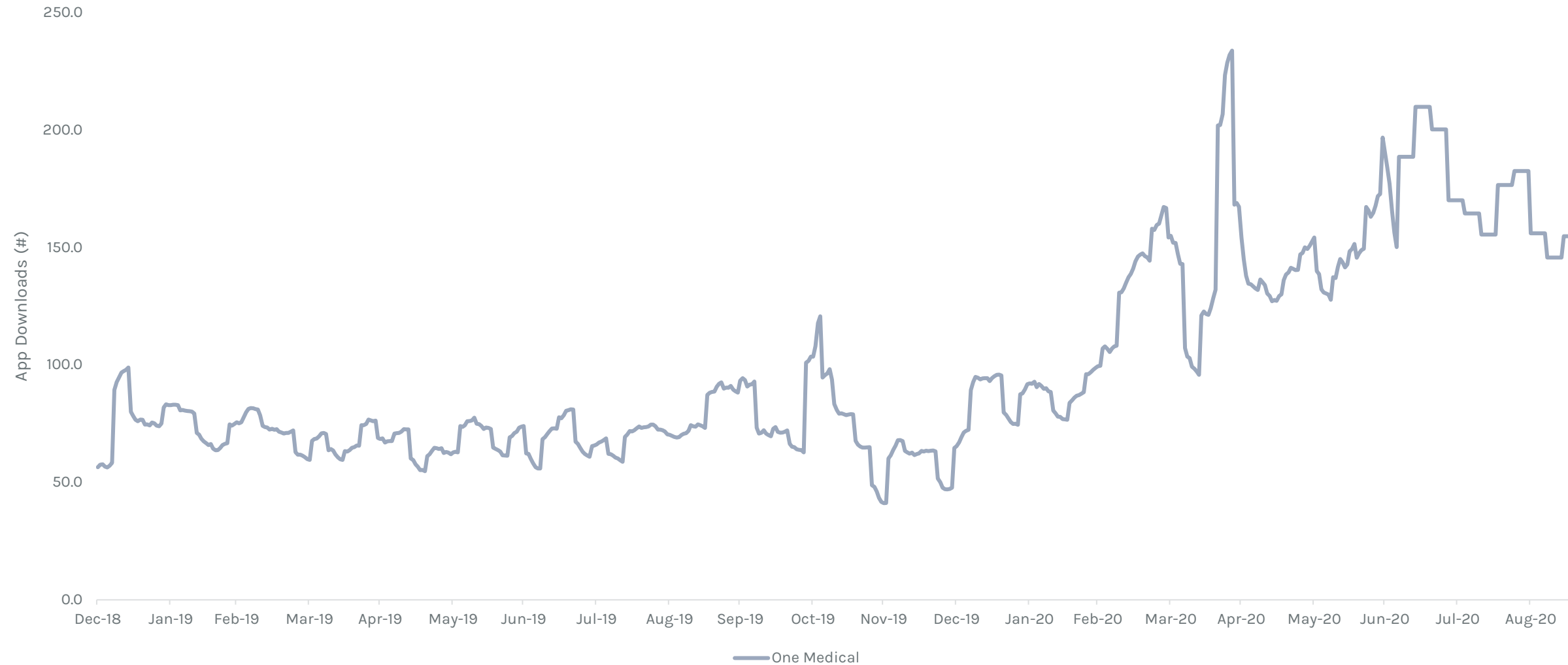
“Where do you feel most comfortable getting a flu shot, if you're getting one this year?”



- Established social distancing guidelines, universal mask-wearing protocol, and an expected 25% uptick in flu vaccinations poses the question whether we will have a flu season this year at all.
- While additional vaccinations would be bullish for \$ONEM patient service revenue, the implications of a reduced or nonexistent flu season would be significant volume headwinds across the health care system.

Daily Downloads

One Medical (ONEM)



For more information, contact us at:

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