

# eHealth

## Q4 2019 and FY 2019 Financial Results Conference Call Slides

February 20, 2020

# Non-GAAP Financial Measures

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## **Non-GAAP Information**

This presentation includes both GAAP and non-GAAP financial measures. The presentation of non-GAAP financial information is not intended to be considered in isolation or as a substitute for results prepared in accordance with GAAP. A reconciliation of the non-GAAP financial measures included in this presentation to the most directly comparable GAAP financial measures is available in the Appendix to this presentation. Management uses both GAAP and non-GAAP information in evaluating and operating its business internally and as such has determined that it is important to provide this information to investors.

# eHealth Q4 2019 Highlights<sup>(1)</sup>



**Q4 2019 revenue of \$301.7MM, growth of 124% compared to Q4 2018, exceeding company's expectations.**



**Q4 2019 adjusted EBITDA of \$142.6MM, 175% growth year-over-year.**



**Q4 2019 revenue and adjusted EBITDA include a positive impact of \$42.3 million related to the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019.**



**Q4 2019 Medicare segment revenue grew 132% year-over-year, with approved members increasing by 88% year-over-year**



**36% of Medicare major medical applications submitted online (includes both agent unassisted and agent assisted) in Q4 2019, compared to 22% in Q4 2018. FY 2019 achieved 27% online applications.**



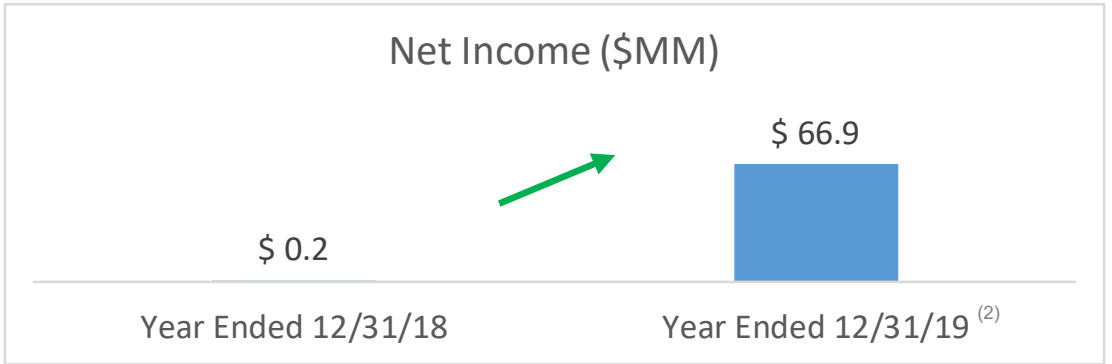
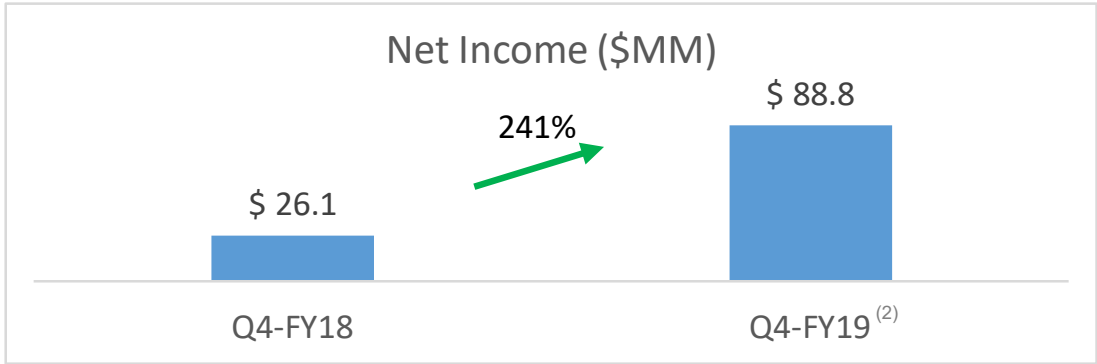
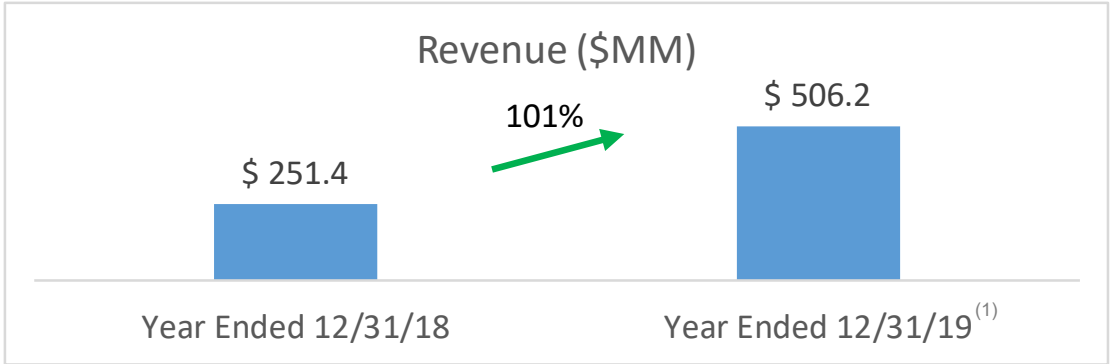
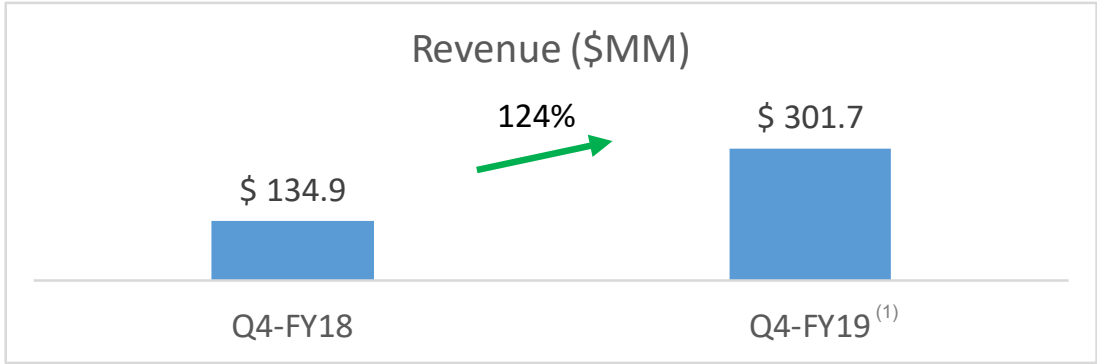
**\$589MM commissions receivable balance at the end of Q4 2019, representing 70% growth over the commission receivable balance at the end of Q4 2018.**

(1) Unless otherwise specifically indicated, the financial results discussed in this entire document include, where applicable, the \$42.3 million impact (affected by tax for net income and net income per share) from the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019.

# Q4 2019 and Year Ended December 31, 2019 Revenue<sup>(1)</sup> and Net Income<sup>(2)</sup>

## Q4 2019

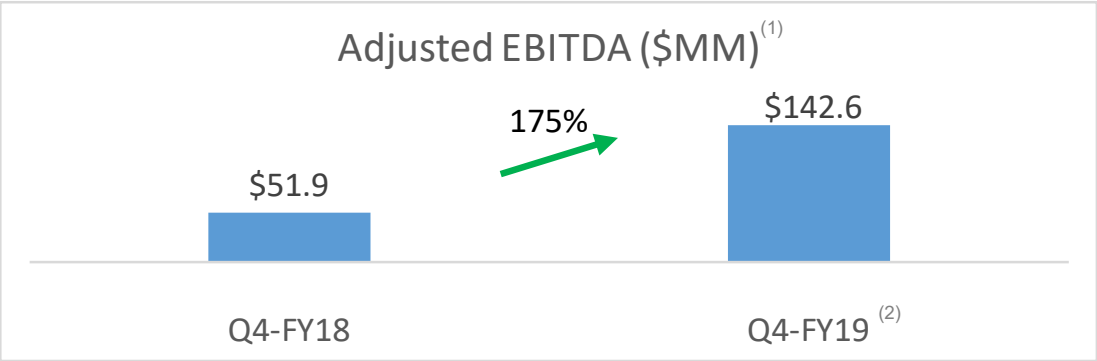
## Year Ended December 31, 2019



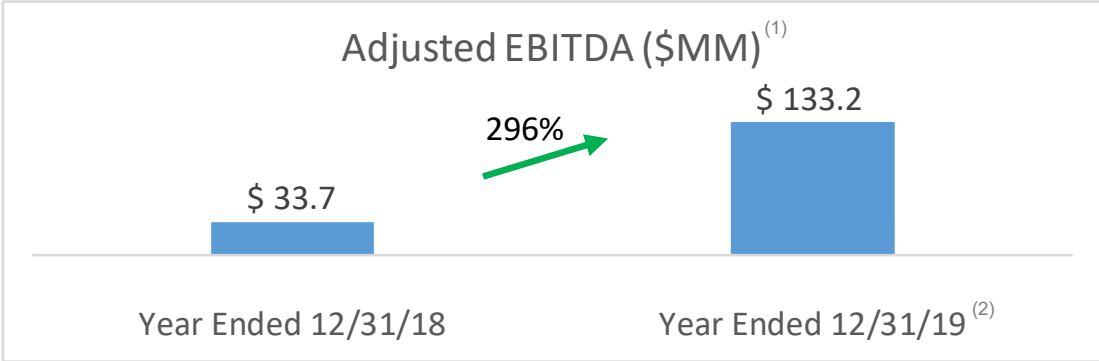
(1) Q4 2019 and FY 2019 revenue both include a positive impact of \$42.3 million related to the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019. Excluding this impact, Q4 19 revenue growth is 92% year-over-year and FY 2019 revenue growth is 85% year-over-year, respectively.  
 (2) Q4 2019 GAAP net income included a non-cash charge of \$9.0 million related to an increase in fair value of the earnout liability assumed in connection with eHealth's acquisition of GoMedigap compared to \$6.0 million in Q4 2018. FY 2019 net income included a non-cash charge of \$24.1 million related to an increase in fair value of the earnout liability assumed in connection with the GoMedigap acquisition compared to \$12.3 million in 2018. The change is driven primarily by eHealth's share price appreciation during the fourth quarter of 2019, which has increased the value of the equity-based portion of the earnout consideration.

# Q4 2019 and Year Ended December 31, 2019 AEBITDA<sup>(1)</sup>

## Q4 2019



## Year Ended December 31, 2019

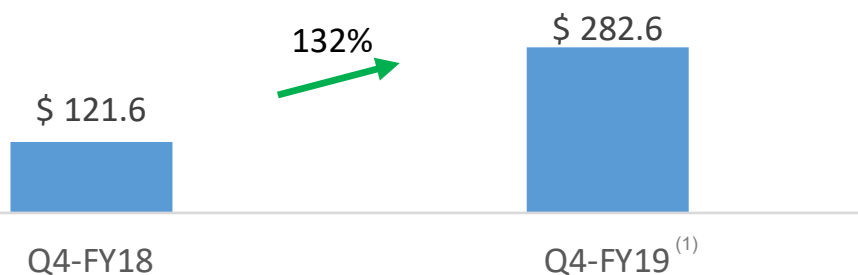


(1) Adjusted EBITDA is calculated by adding stock-based compensation, depreciation and amortization expense, restructuring charges, acquisition costs, amortization of intangible assets, change in fair value of earnout liability, other income (expense), net and provision for income taxes to GAAP Net Income.  
 (2) Q4 2019 and FY 2019 Adjusted EBITDA includes the positive impact of \$42.3 million related to the change in estimate in expected cash commission collections for Medicare Advantage plans since we began selling such products through the third quarter of 2019. Excluding this impact, Q4 19 Adjusted EBITDA growth is 93% year-over-year and FY 2019 Adjusted EBITDA growth is 170% year-over-year, respectively.

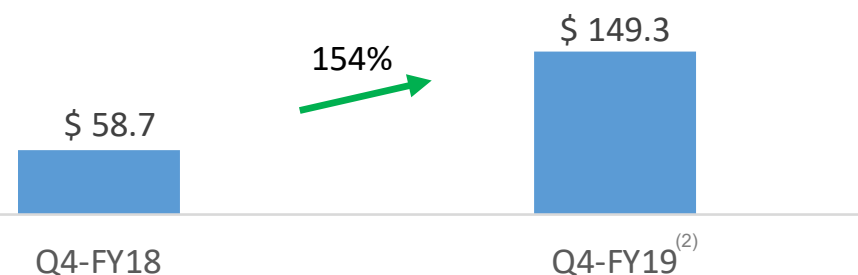
# Q4 2019 and Year Ended December 31, 2019 Medicare Segment Revenue<sup>(1)</sup> and Profit<sup>(2)</sup>

## Q4 2019

### Medicare Segment Revenue (\$MM)

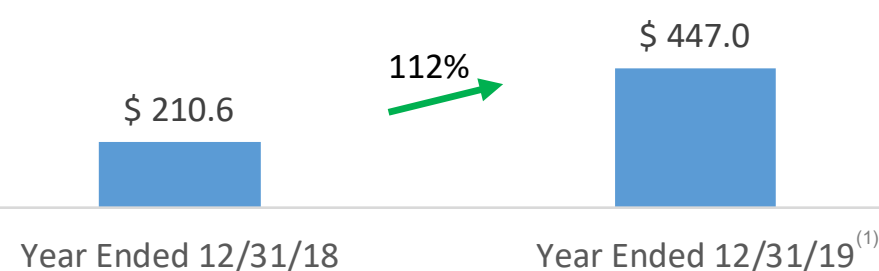


### Medicare Segment Profit (\$MM)

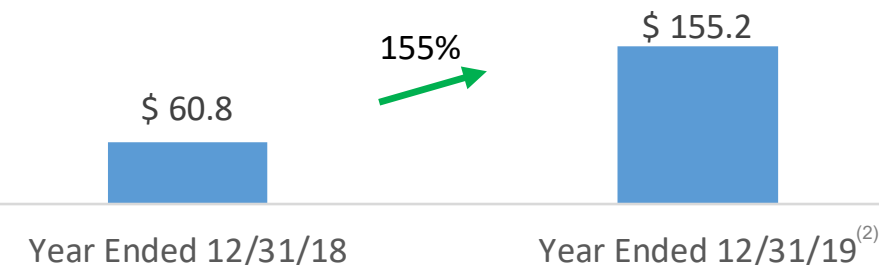


## Year Ended December 31, 2019

### Medicare Segment Revenue (\$MM)



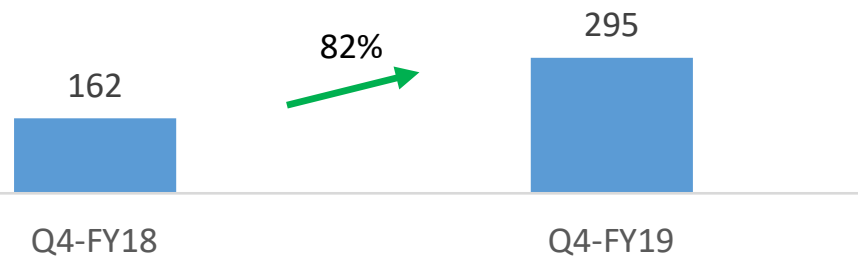
### Medicare Segment Profit (\$MM)



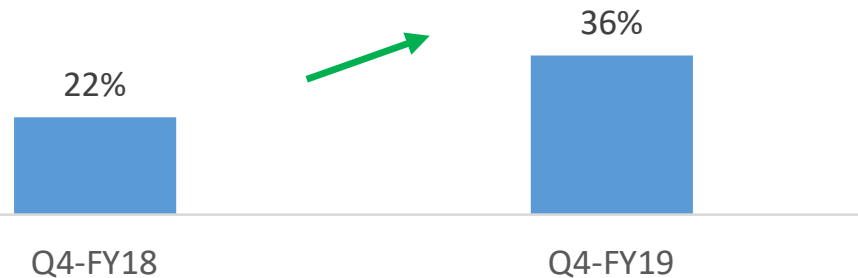
# Q4 2019 and Year Ended December 31, 2019 Medicare Application Volumes and Medicare Major Medical Online %<sup>(1)</sup>

## Q4 2019

Medicare Submitted Applications (000s)

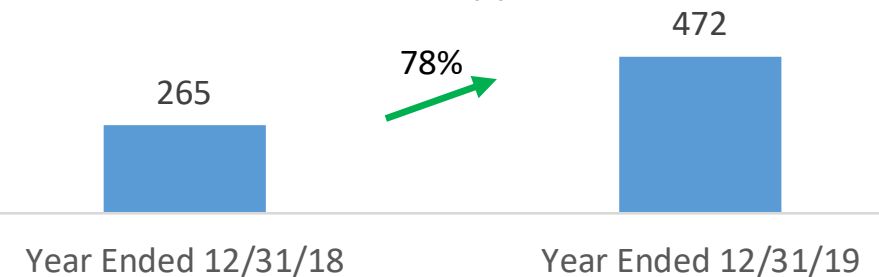


Medicare Major Medical Online Application %



## Year Ended December 31, 2019

Medicare Submitted Applications (000s)



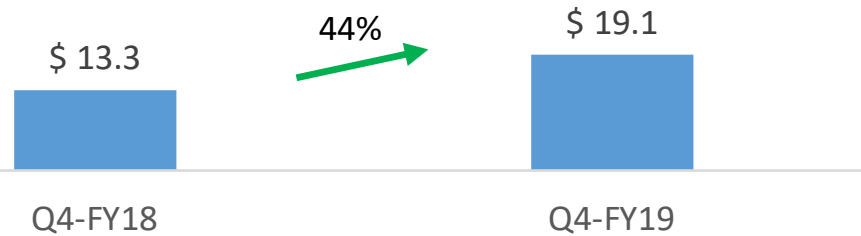
Medicare Major Medical Online Application %



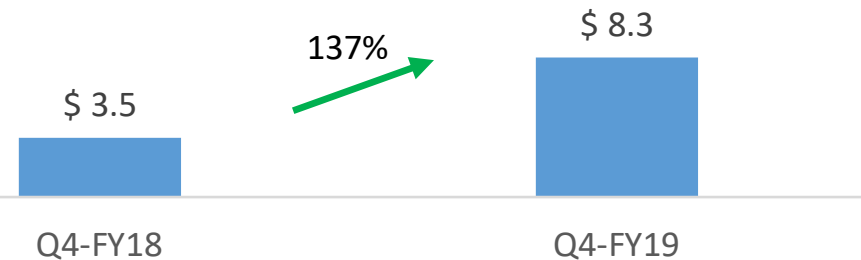
# Q4 2019 and Year Ended December 31, 2019 Individual, Family and Small Business Segment Revenue and Profit

## Q4 2019

Individual, Family and Small Business Segment Revenue (\$MM)

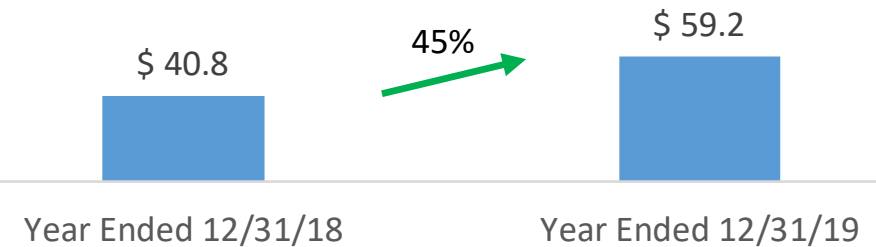


Individual, Family and Small Business Segment Profit (\$MM)

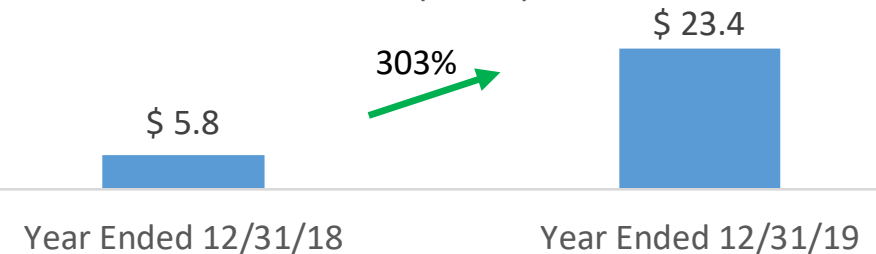


## Year Ended December 31, 2019

Individual, Family and Small Business Segment Revenue (\$MM)



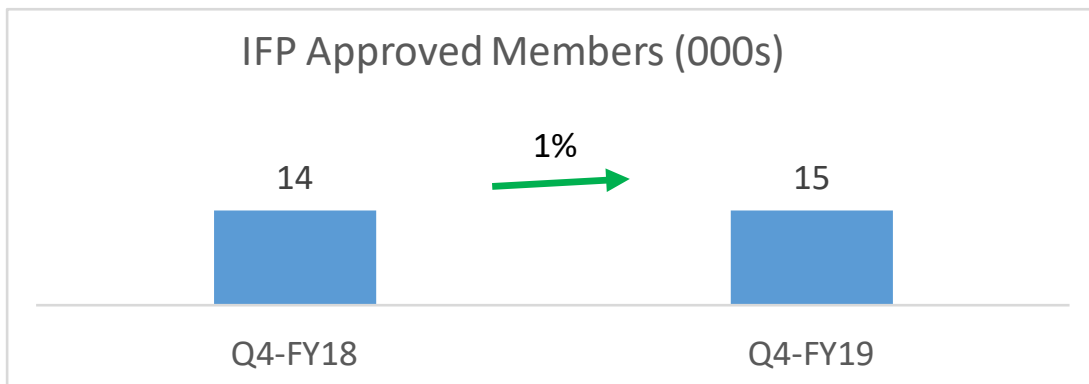
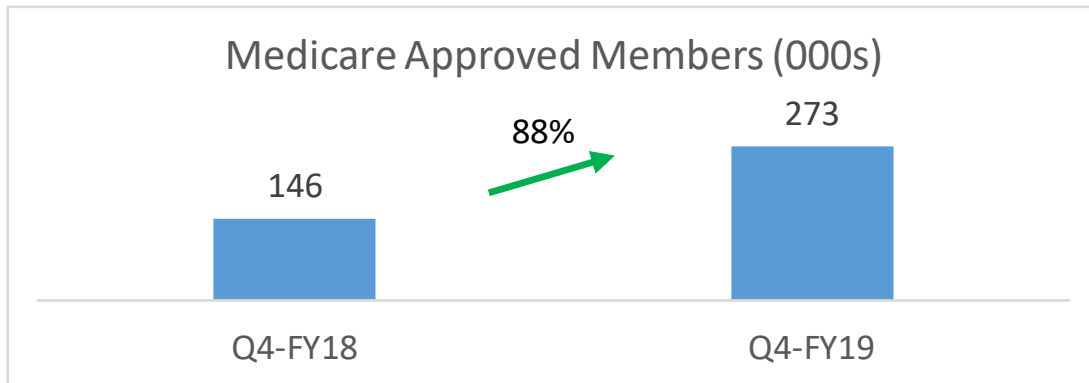
Individual, Family and Small Business Segment Profit (\$MM)



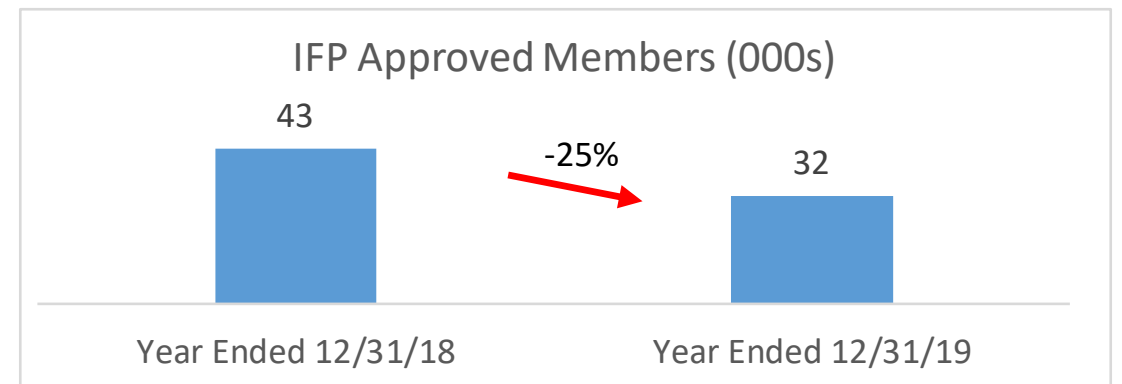
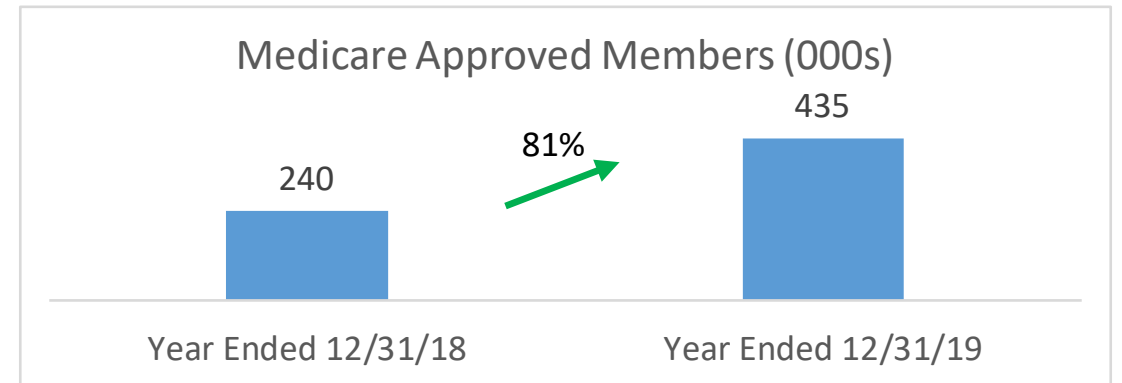


# Q4 2019 and Year Ended December 31, 2019 Approved Members

## Q4 2019



## Year Ended December 31, 2019





# Appendix

# Reconciliation of GAAP to Non-GAAP Financial Measures

	Three Months Ended December 31,		Year Ended December 31,	
	2019	2018	2019	2018
GAAP net income	\$ 88,824	\$ 26,071	\$ 66,887	\$ 241
Stock-based compensation expense	9,153	3,064	22,570	12,289
Change in fair value of earnout liability	8,973	6,000	24,079	12,300
Amortization of intangible assets	546	547	2,187	2,091
Restructuring	—	—	—	1,865
Acquisition costs	—	—	—	76
Tax effect of non-GAAP adjustments	(4,965)	(23)	(13,747)	(6,220)
Non-GAAP net income	\$ 102,531	\$ 35,659	\$ 101,976	\$ 22,642
GAAP net income	\$ 88,824	\$ 26,071	\$ 66,887	\$ 241
Stock-based compensation expense	9,153	3,064	22,570	12,289
Change in fair value of earnout liability	8,973	6,000	24,079	12,300
Depreciation and amortization	830	609	2,983	2,479
Amortization of intangible assets	546	547	2,187	2,091
Restructuring	—	—	—	1,865
Acquisition costs	—	—	—	76
Other income, net	(266)	21	(2,090)	(755)
Provision from income taxes	34,586	15,554	16,612	3,065
Adjusted EBITDA	\$ 142,646	\$ 51,866	\$ 133,228	\$ 33,651