

# HealthEquity

## JP Morgan Healthcare Conference

January 2019



Members  
since 2008



Members  
since 2018



Members  
since 2010



# Safe harbor

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This presentation does not constitute an offer or invitation for the sale or purchase of securities and has been prepared solely for informational purposes. This presentation is a summary of information contained in our public filings filed with the Securities and Exchange Commission (SEC), which public filings are expressly incorporated herein by reference (see <http://ir.healthequity.com/>), and other publicly available information. Readers are encouraged to review our public filings for further information.

This presentation contains “forward-looking” statements that are based on our management’s beliefs and assumptions and on information currently available to management. These forward-looking statements include, without limitation, statements regarding our industry, business strategy, plans, goals and expectations concerning our market position, product expansion, future operations, margins, profitability, future efficiencies, capital expenditures, liquidity and capital resources and other financial and operating information. When used in this discussion, the words “may,” “believes,” “intends,” “seeks,” “anticipates,” “plans,” “estimates,” “expects,” “should,” “assumes,” “continues,” “could,” “will,” “future” and the negative of these or similar terms and phrases are intended to identify forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements represent our management’s beliefs and assumptions only as of the date of this presentation. Our actual future results may be materially different from what we expect. Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future. Readers are encouraged to review our public filings with the SEC for further disclosure of other factors that could cause actual results to differ materially from those indicated in any forward-looking statements included herein.

This presentation also contains estimates and other statistical data made by independent parties and by us relating to market size and growth and other data about our industry. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates.

This presentation includes certain non-GAAP financial measures as defined by SEC rules. As required by Regulation G, we have provided a reconciliation of those measures to the most directly comparable GAAP measures, which is available in our public filings.

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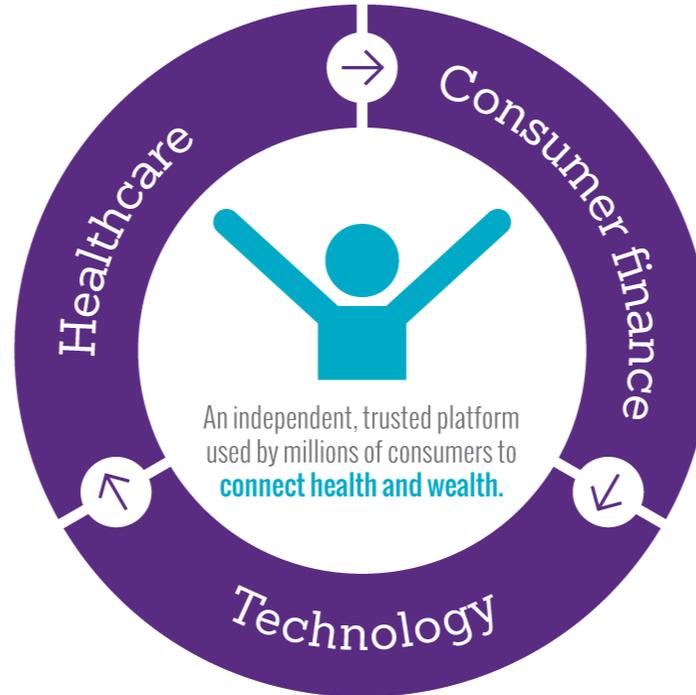
# Investment highlights

**38%**

5 year revenue CAGR<sup>1</sup>

**18** consecutive  
**QUARTERS**

Beating adj. EBITDA consensus



**1,410** **bps**

Increase in adj. EBITDA margin<sup>1</sup>

**8** consecutive  
**YEARS**

Increased market share<sup>2</sup>

**Growth**

**Visibility**

**Profitable**

**Sustainable**



# Connected solutions

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# FY 19 sales results

**\$7.7-7.9B**  
in Custodial Assets



**~3.9** MILLION  
HSAs



**140**  
NETWORK  
PARTNERS



**45,000**  
EMPLOYERS



**WEALTH**view™

Over

**\$1T**  
in DC AUM



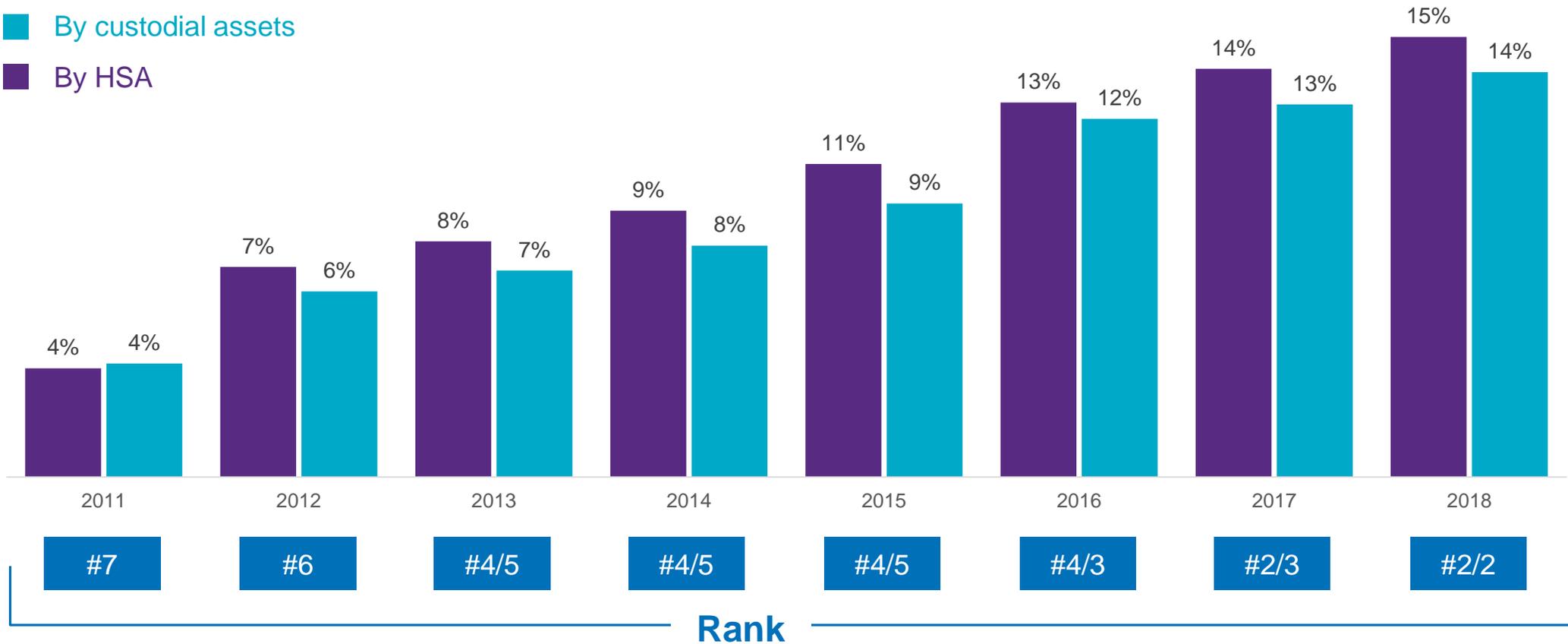
**MORE  
THAN  
2,000**  
LARGE EMPLOYERS

Press Release – Vanguard Partners with HealthEquity – Nov 2018

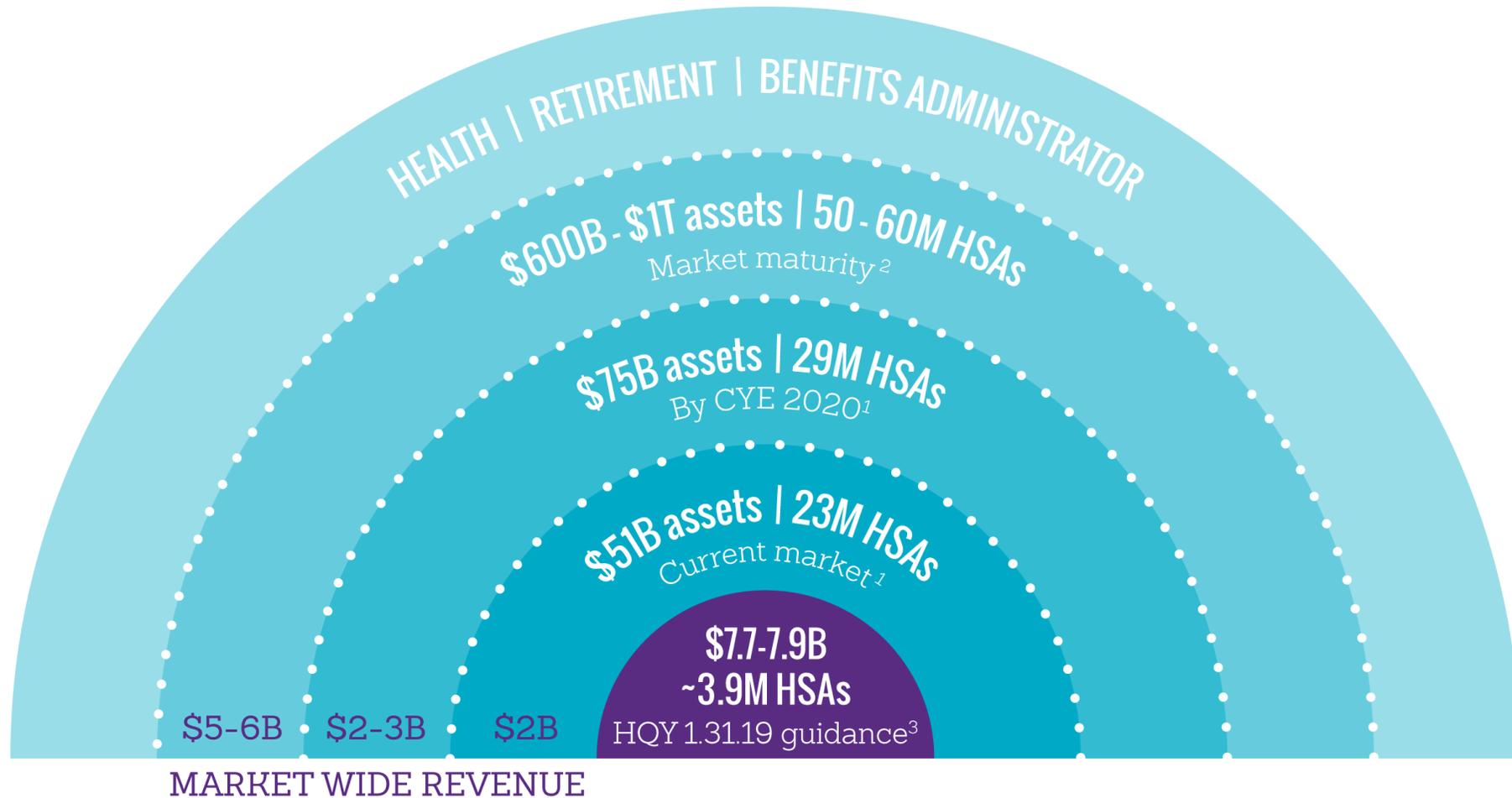
# Growing market share

## HealthEquity HSAs market share

- By custodial assets
- By HSA



# Our core – health savings accounts

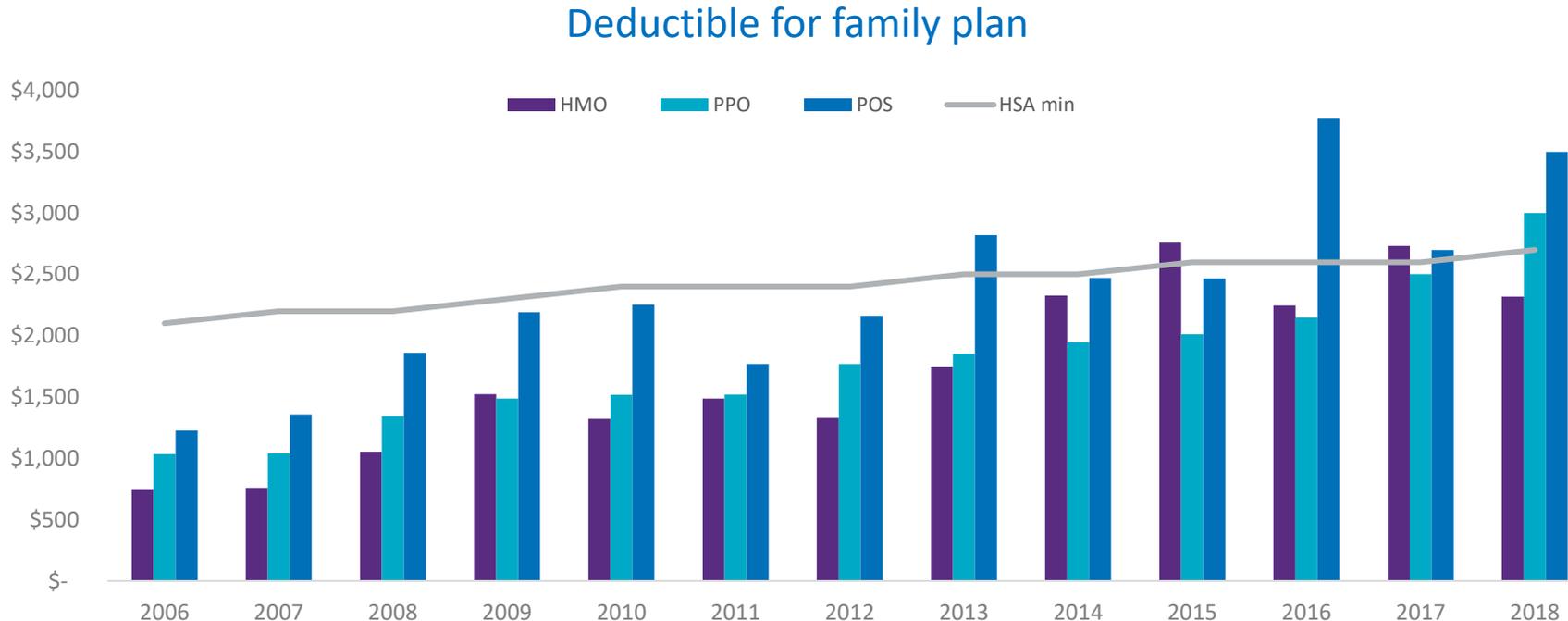


<sup>1</sup> Devenir HSA Report 6/30/2018

<sup>2</sup> Management estimate as of October 31, 2018

<sup>3</sup> Management guidance for January 31, 2019 as of January 7, 2019 – see press release January 7, 2019

# Rising first dollar responsibility

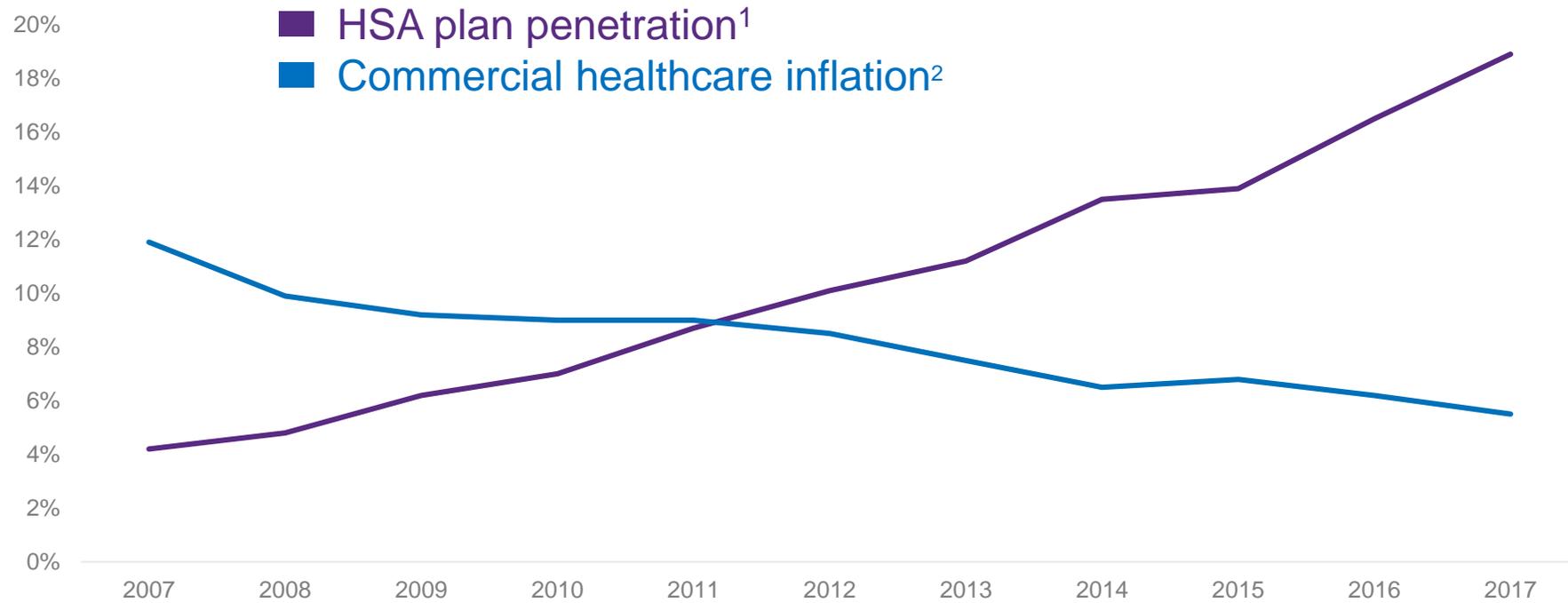


“While growing deductibles in PPOs and other plan types generally increase enrollee out-of-pocket liability, the shift in enrollment to higher deductible plans with savings option does not necessarily do so because most higher deductible plans with savings option enrollees receive an account contribution from their employers.”

- Kaiser Family Foundation 2018 Healthcare Survey

The differences among health plans are narrowing as all plans trend toward HSAs

# HSA reduce healthcare costs



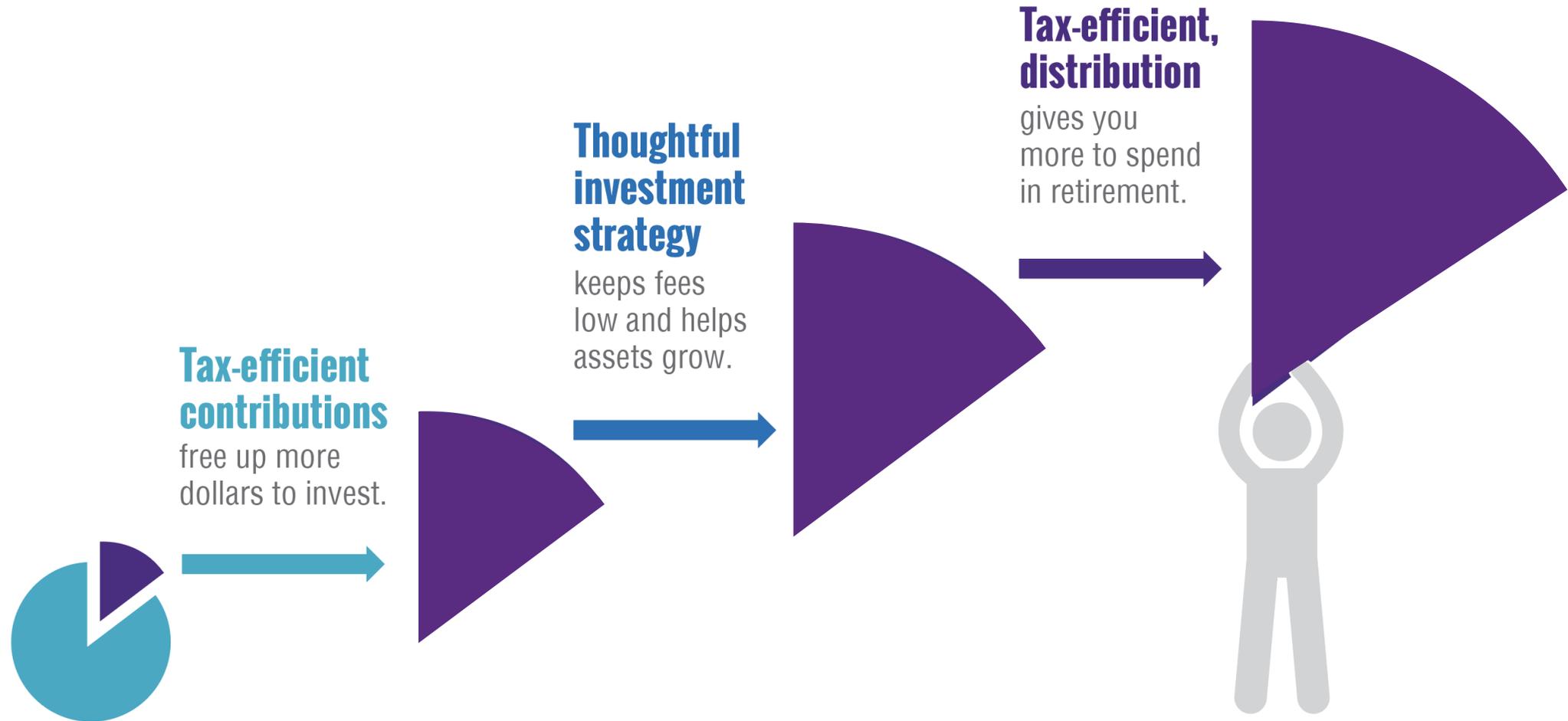
**\$1,722**

Average premium savings<sup>3</sup>

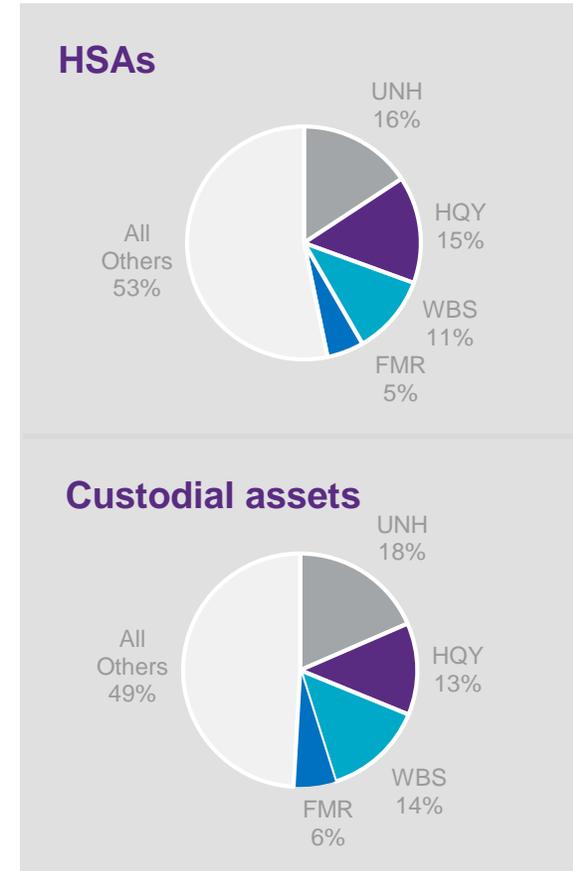
**\$1,073**

Average employer contribution<sup>3</sup>

# HSAs multiply retirement savings



# Unique market position



# Proprietary end-to-end platform

>2,300  
INTEGRATIONS



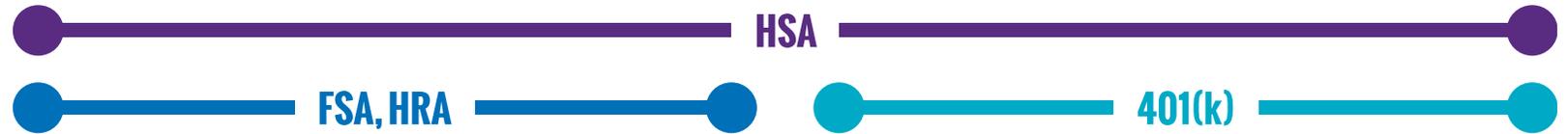
24%  
of members  
visit monthly

>1,300 unique  
configurations



30.4 M

FY17 PLATFORM LOGONS



SPENDER



CONFIDENT  
CONSUMER



HEALTHY SAVER



Data driven, personalized engagement

# FY 19 sales results

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Over

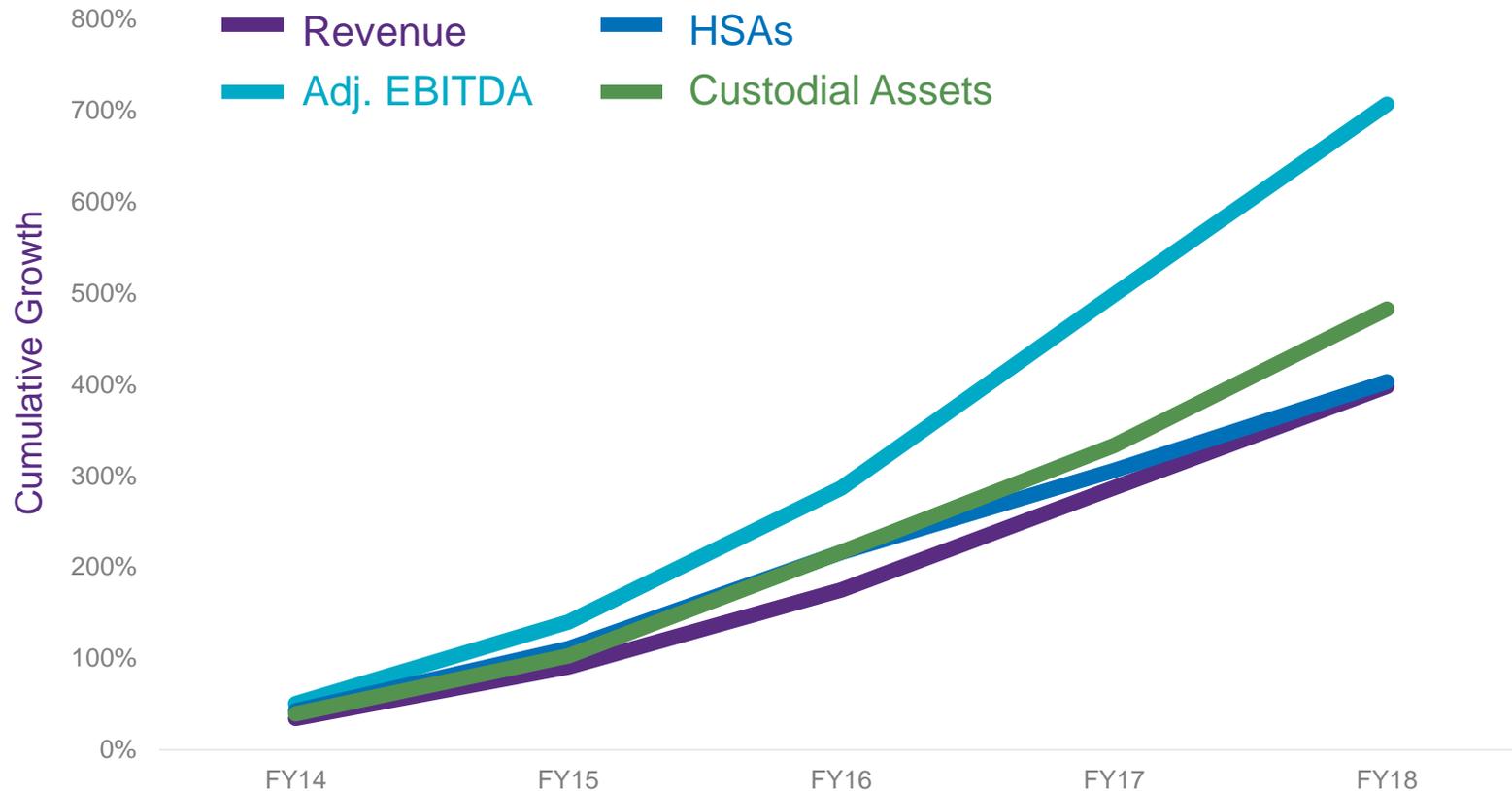
**\$1T**  
in DC AUM



**MORE  
THAN  
2,000**  
LARGE EMPLOYERS

Press Release – Vanguard Partners with HealthEquity – Nov 2018

# Key metrics



**707%**  
Adjusted EBITDA

**482%**  
Custodial Assets<sup>2</sup>

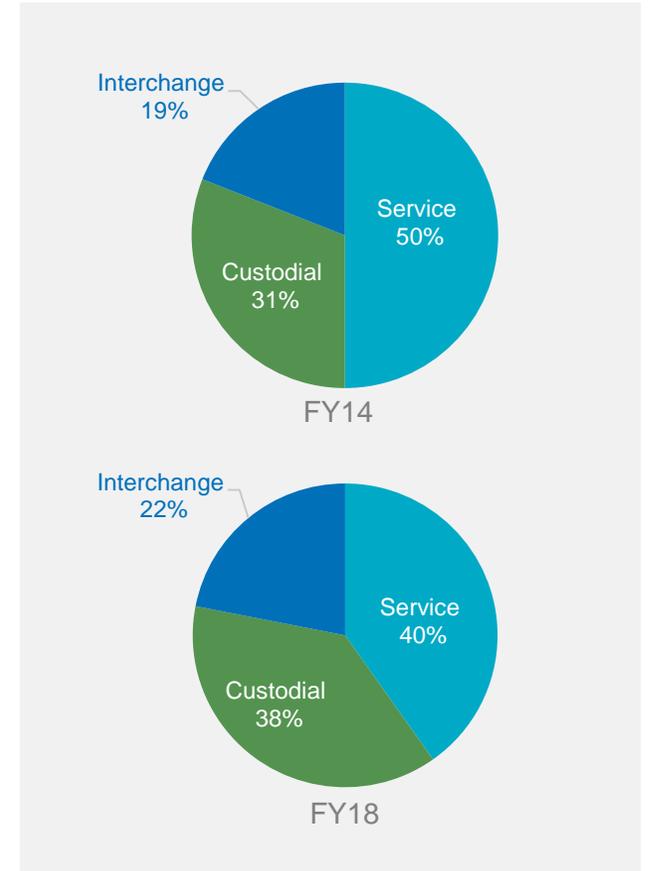
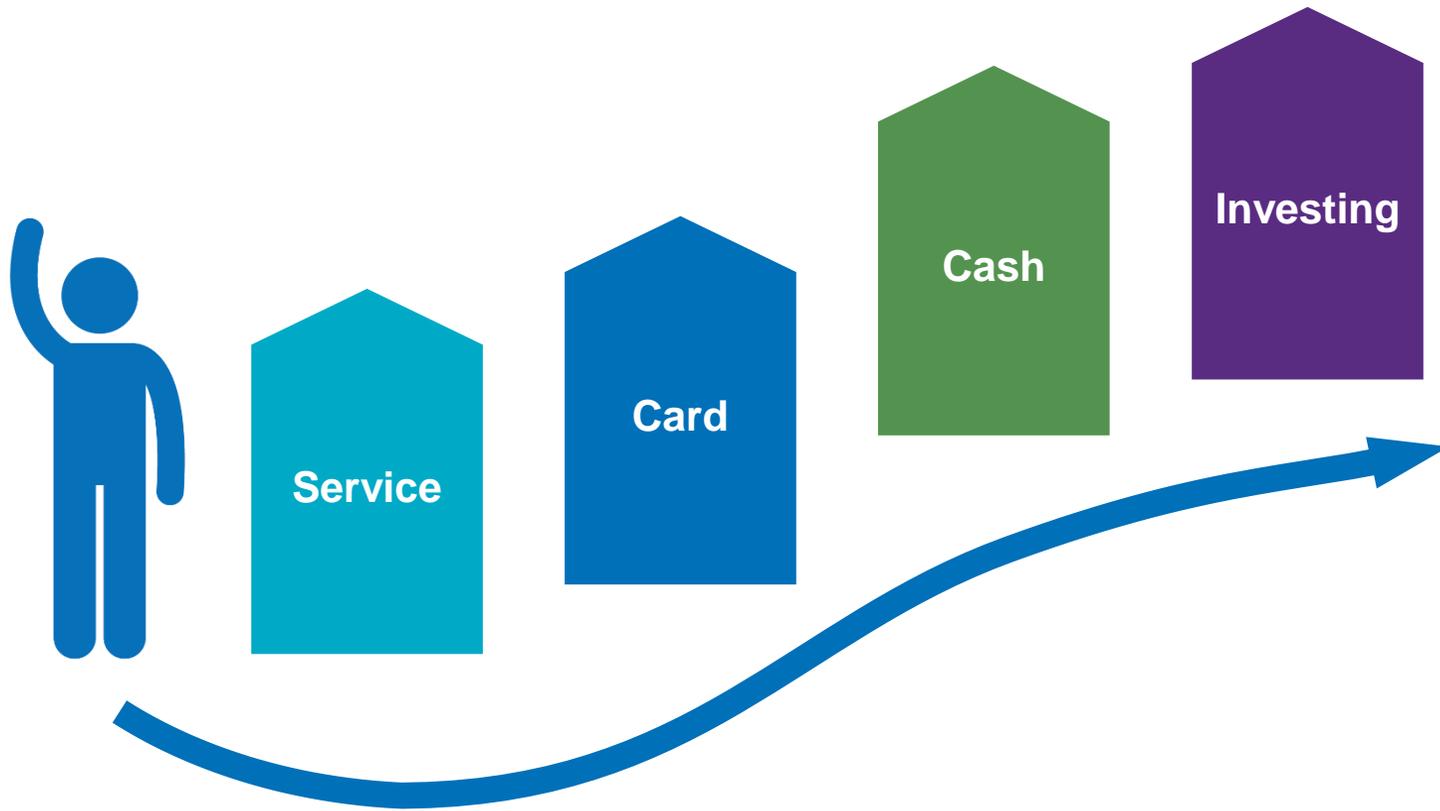
**403%**  
HSA<sup>2</sup>

**398%**  
Revenue<sup>1</sup>

<sup>1</sup>Revenue and Adjusted EBITDA cumulative growth were calculated based on FY2014 to FY2018.

<sup>2</sup>Balances and cumulative growth as of January 31, 2018

# Powerful monetization



# Account balance growth by age

Average balance by year the account opened\*



HealthEquity  
HSAs:

41%  
open for  
2 years  
or less

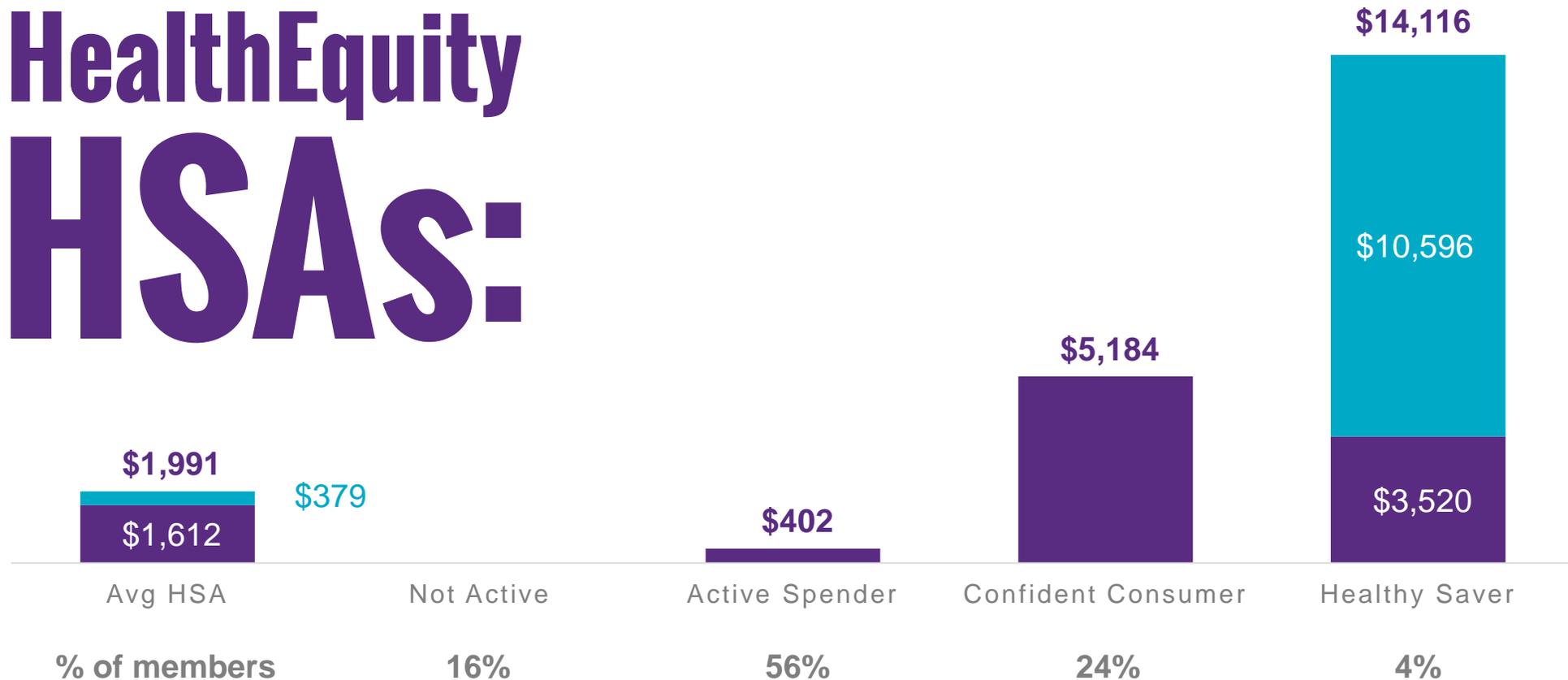
AVERAGE AGE  
3.5  
YEARS

\$1,928  
AVERAGE  
BALANCE

4.2%  
HAVE INVESTMENT BALANCES

# Value of mature accounts

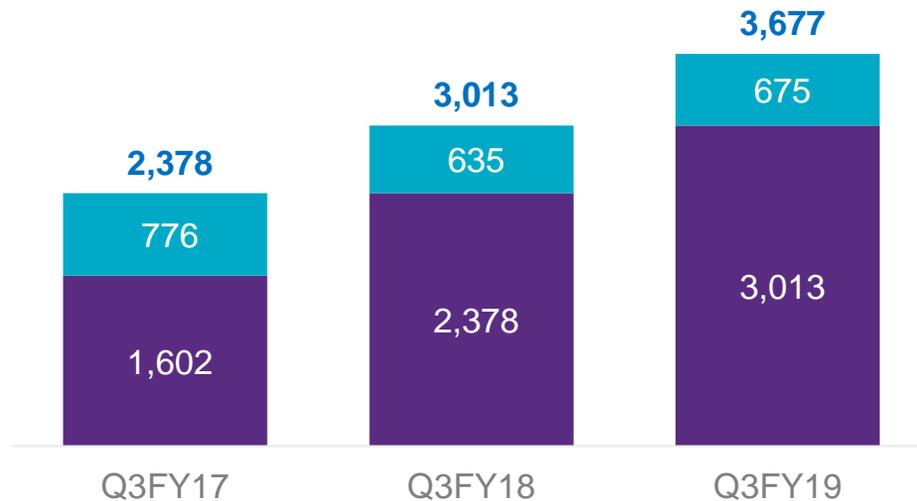
## HealthEquity HSAs:



# Fiscal third quarter operating results

## HSA (000s)

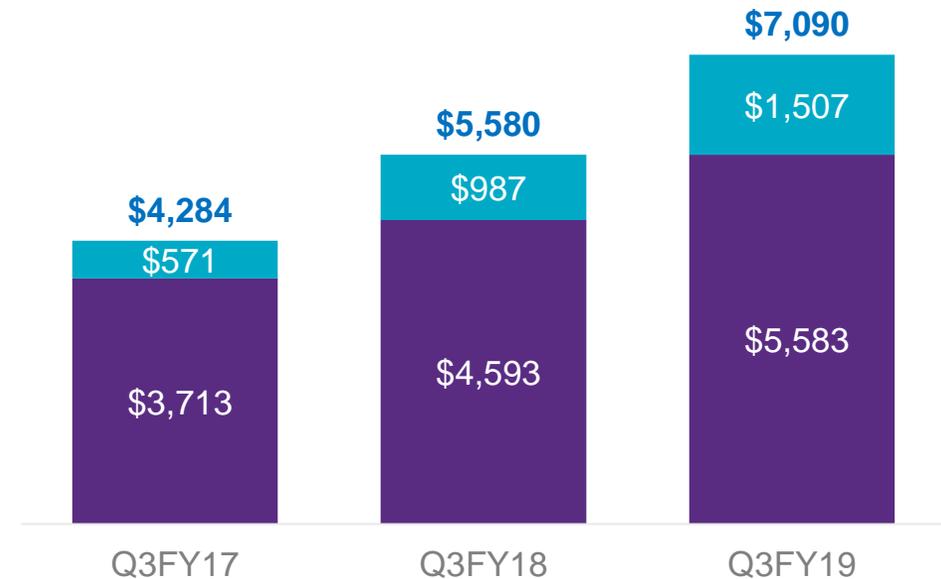
■ Beg HSAs   ■ Net new HSAs



- Q3 New HSAs of **119K**
- **22%** growth in ending HSAs YoY

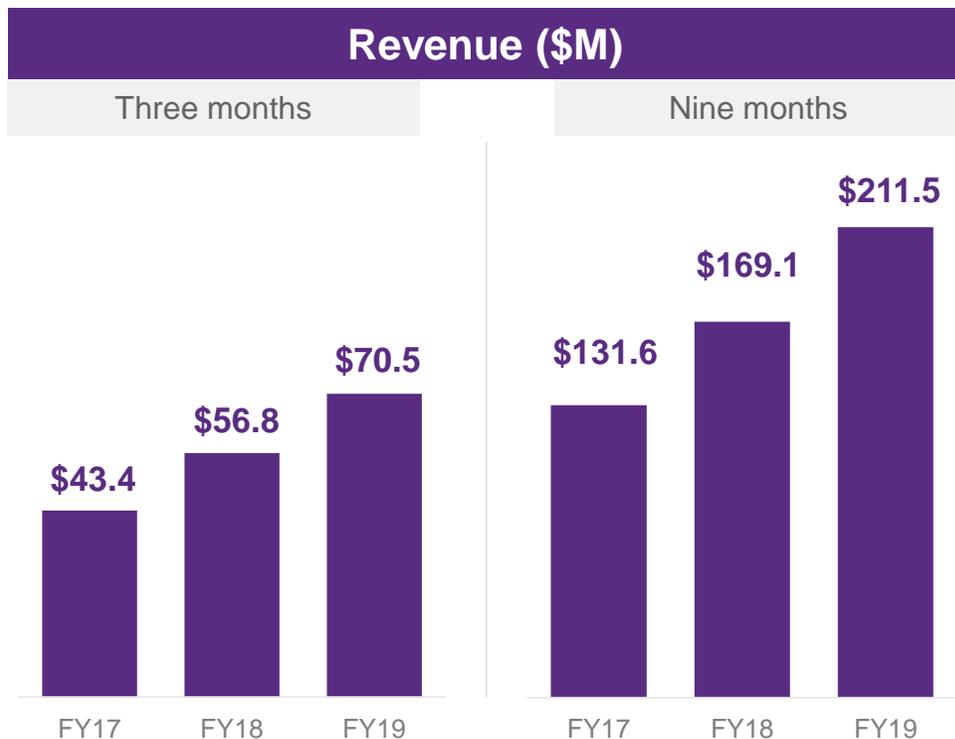
## Custodial Assets (\$M)

■ Cash Assets   ■ Investment Assets

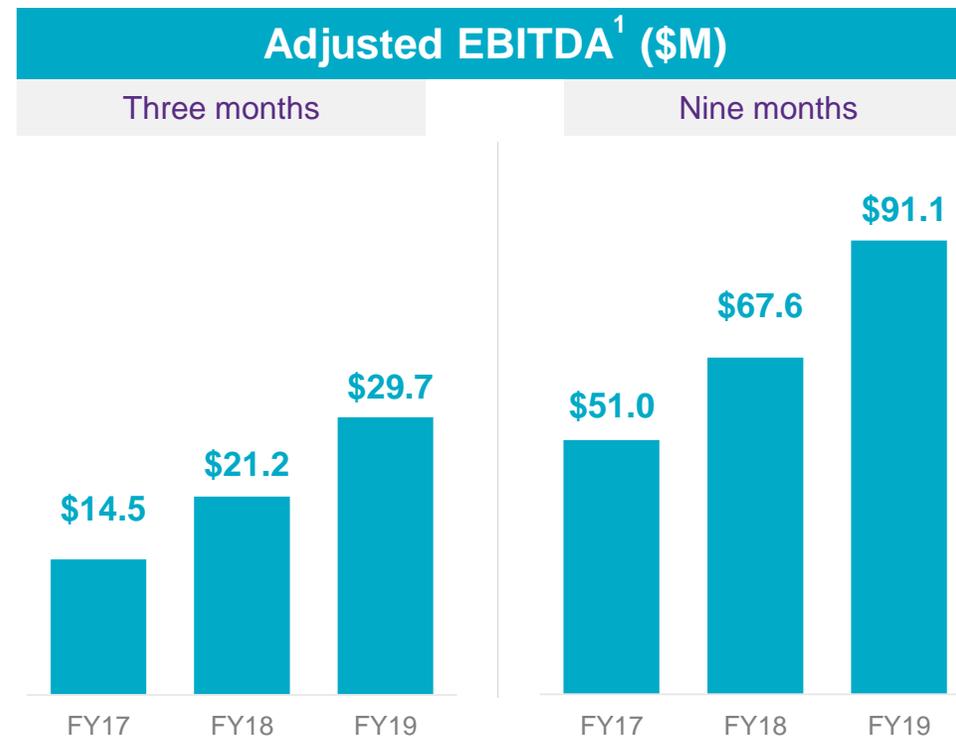


- Net increase of **\$1.5B** YoY
- **27%** growth YoY

# Fiscal third quarter financial results



- **24% Q3 revenue growth YoY**
- Changing revenue mix as a % of total
  - Service Revenue 36% vs 40% YoY
  - Custodial Revenue 45% vs 39% YoY
  - Interchange Revenue 20% vs 21% YoY



- Q3 Adjusted EBITDA growth 40%
- Q3 Gross margin 65%
- Q3 Operating margin 27%
- Q3 Adjusted EBITDA margin 42%

# Capitalization

(\$ in millions)	January 31, 2018	October 31, 2018
Cash, cash equivalents & marketable securities	\$240.3	\$330.3
Long-term debt (\$100M available LOC)	\$0.0	\$0.0
Total stockholders' equity	\$346.3	\$456.8

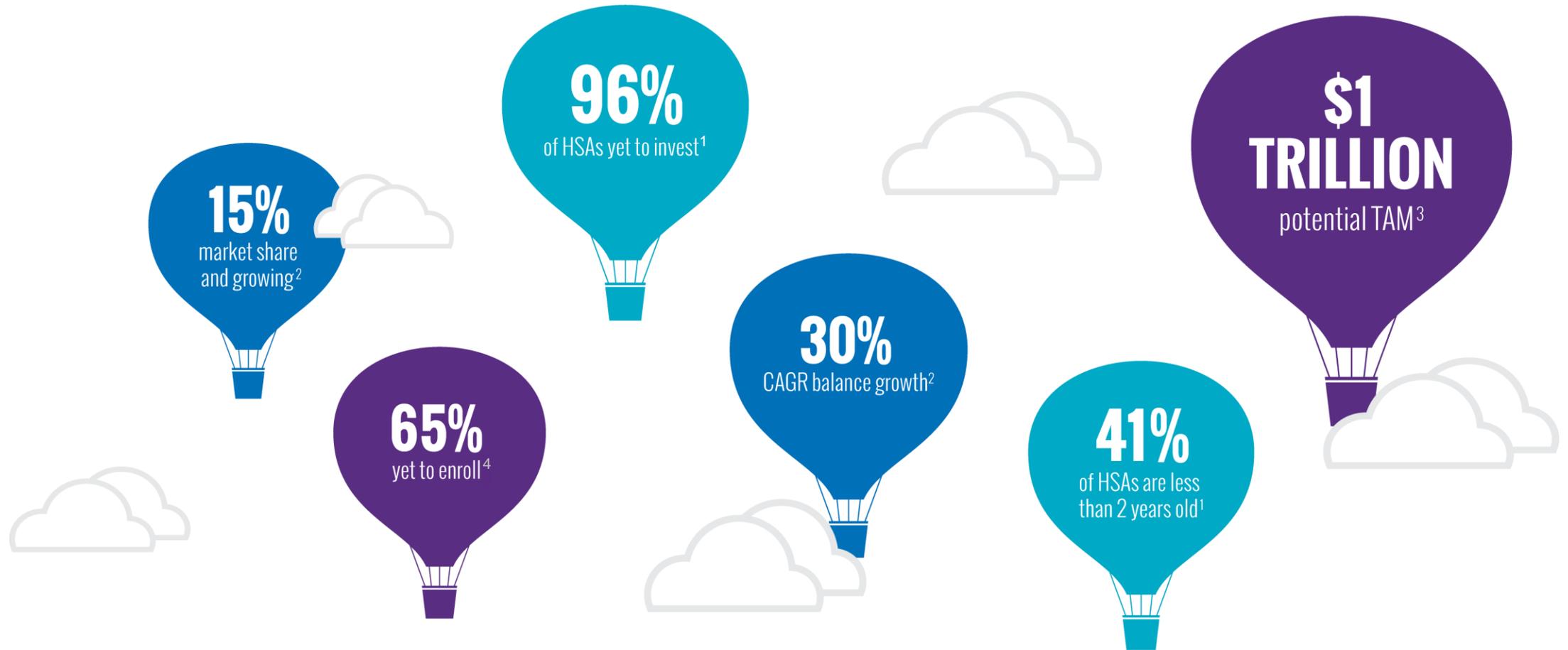
# Guidance

## Business outlook

For the fiscal year ending January 31, 2019

Guidance as of: (\$ in millions, except per share)	December 4, 2018*	September 4, 2018	June 4, 2018	March 19, 2018
Revenue	\$281 – \$285	\$279 – \$285	\$278 – \$284	\$276 – \$282
Non-GAAP net income**	\$68 - \$72	\$67 - \$71	\$64 - \$68	\$63 - \$67
Non-GAAP Net income per diluted share**	\$1.06 - \$1.13	\$1.05 - \$1.11	\$1.00 - \$1.06	\$0.98 - \$1.04
Adjusted EBITDA**	\$110 – \$114	\$108 – \$112	\$107 – \$111	\$106 – \$111

# Rising above



<sup>1</sup> HealthEquity data as of January 31, 2018

<sup>2</sup> Market share and HSA balance growth CAGR data from Devenir Research HSA report, December 31, 2017

<sup>3</sup> Management estimate as of January 31, 2018

<sup>4</sup> HealthEquity data of 100 largest employer clients as of January 31, 2018

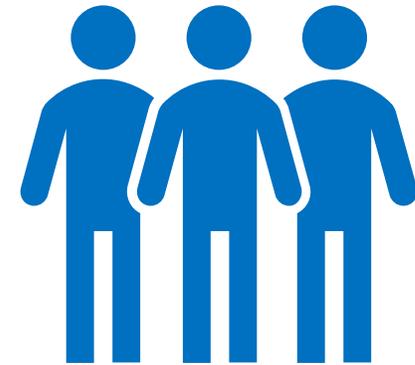
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## HealthEquity Investor / Analyst Day



**June 19, 2019**



Details to follow



HealthEquity®