



Catasys, Inc. (NASDAQ: CATS)

September 5, 2019
Recent Price: \$14.67

Market Data

Fiscal Year	December
Industry	Healthcare
Market Cap	\$242.7M
Shares Outstanding	16.5M
Float	7.3M
Avg. Volume (90-day)	140,800

As of September 5, 2019

Financial Data

Revenue (ttm)	\$24.5M
Gross Profit	\$4.1M
Cash (mrq)	\$7.1M
Debt (mrq)	\$0.0M

<https://catasys.com/>

Company Overview

Catasys, Inc. harnesses proprietary big data predictive analytics, artificial intelligence and telehealth, and human intervention to deliver improved member health and cost savings to health plans through integrated technology enabled treatment solutions. It is our mission to provide access to affordable and effective care, thereby improving health and reducing cost of care for people who suffer from the medical consequences of behavioral health conditions. Catasys helps these people and their families achieve and maintain better lives.

Value Proposition

OnTrak improves member health while reducing inpatient and emergency-room utilization, driving a reduction of more than 50% in enrolled health insurers' costs. OnTrak is currently available in 24 states to members of most leading health plans, including 7 of the top 8 health plans in the U.S., servicing an attractive and underserved market with no direct competitors. Catasys generated record revenue of \$7.7M in 2Q19, up 135% YoY and reaffirmed its 2019 GAAP revenue guidance of \$35 million.

Investment Highlights

- **Catasys's solution (OnTrak) reduces provides health plans ~54% in savings per enrolled member**
 - Incentivizes health plans to pay 100% of members' treatment costs
 - Provides health plans an estimated 5-to-1 ROI
- **\$33.7 billion total addressable market**
 - At 20% enrollment - \$6.7 billion in annual revenue for Catasys
 - Catasys' existing customers represent 60% of total market
- **2019 guidance of \$35 million in GAAP revenues**
 - Achieving guidance represents a 131% increase over 2018 GAAP revenues of \$15.2 million
 - 2018 revenues increased 97% over 2017 revenues
 - Guidance does not include new contracts and subsequent launches, initial launches of existing contracts, and new expansions within existing contracts
- **Rapid ramp up for new plan launches**
 - 45 days to launch in a previously entered state
 - 90 days to launch in a new state
 - Achieve steady state of 20% enrollment in approximately 12-15 months post-launch
- **Significant ramp in outreach pool of individuals**
 - 2Q19 enrollment increased 81% year-over-year
 - Eligible member population surpassed 112,000 in August 2019
- **Currently has agreements with 7 of the top 8 health plans in US**
 - United Healthcare, Humana, Coventry Healthcare, Network Health, Aetna, Centene, Optima Health, Health Alliance, and MHS Health Wisconsin
- **Multiple Wall Street analysts cover stock**
 - Canaccord Genuity, Oppenheimer, Dougherty, and ThinkEquity