

**Empowering People with
Chronic Conditions to Live
Better and Healthier Lives**

**Cowen 40th Annual Healthcare
Conference
March 3rd, 2020**

*Zane Burke,
Chief Executive Officer*



Safe Harbor Disclaimer

This presentation has been prepared by Livongo Health, Inc. ("Livongo") for informational purposes only and not for any other purpose. Nothing contained in this presentation is, or should be construed as, a recommendation, promise or representation by the presenter or Livongo or any officer, director, employee, agent or advisor of Livongo. This presentation does not purport to be all-inclusive or to contain all of the information you may desire. This presentation includes express and implied "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "estimate," "expect," "intend," "may," "might," "plan," "project," "will," "would," "should," "could," "can," "predict," "potential," "continue," or the negative of these terms, and similar expressions intended to identify forward-looking statements. However, not all forward-looking statements contain these identifying words. These statements may relate to our future financial performance, strategic plans or objectives, revenues or earnings projections, or other financial items. By their nature, these statements are subject to numerous uncertainties, including factors beyond our control, including the risks detailed in Livongo's Quarterly Report on Form 10-Q for the quarter ended September 30, 2019 and Livongo's Annual Report on Form 10-K that will be filed following this presentation. These factors could cause actual results, performance or achievement to differ materially and adversely from those anticipated or implied in the statements. You should not rely upon forward-looking statements as predictions of future events. Although our management believes that the expectations reflected in our statements are reasonable, we cannot guarantee that the future results, levels of activity, performance or events and circumstances described in the forward-looking statements will be achieved or occur. Moreover, neither we, nor any other person, assumes responsibility for the accuracy and completeness of these statements. Recipients are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date such statements are made and should not be construed as statements of fact. Except to the extent required by law, we undertake no obligation to update these forward-looking statements to reflect events or circumstances after the date hereof, or to reflect the occurrence of unanticipated events.

This presentation also contains estimates, internal assumptions and other statistical data made by independent parties and by us. This data involves a number of assumptions and limitations, and you are cautioned not to give undue weight to such estimates. In addition, projections, assumptions, and estimates of our future performance and the future performance of the markets in which we operate are necessarily subject to a high degree of uncertainty and risk.

Our target results are the view of management. We can provide no assurances that any of these targets will be achieved.

In addition to the GAAP financials, this presentation includes certain non-GAAP financial measures. The non-GAAP measures have limitations as analytical tools and you should not consider them in isolation or as a substitute for the most directly comparable financial measures prepared in accordance with GAAP. There are a number of limitations related to the use of these non-GAAP financial measures versus their nearest GAAP equivalents. Other companies, including companies in our industry, may calculate non-GAAP financial measures differently or may use other measures to evaluate their performance, all of which could reduce the usefulness of our non-GAAP financial measures as tools for comparison. We urge you to review the reconciliation of our non-GAAP financial measures to the most directly comparable GAAP financial measures set forth in this presentation, and not to rely on any single financial measure to evaluate our business.

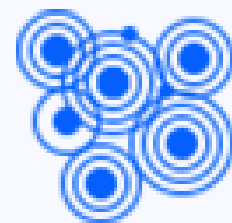
This presentation shall not constitute an offer to sell or the solicitation of an offer to buy any securities, nor shall there be any sale of any securities in any state or jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such state or jurisdiction.

The content of this presentation is subject to copyright, which will be asserted by Livongo, and no part of this presentation may be reproduced, stored in a retrieval system, or transmitted in any form or by any means without prior permission in writing from Livongo.





We use **technology** to transform the experience of living with a chronic condition. We create a **consumer-first, data-driven digital health** experience that is personalized and puts the consumer in charge.



We are the pioneer in **Applied Health Signals**, translating data into actionable, personalized and timely signals to improve Member outcomes and financial savings.



Our mission is to **empower people with chronic conditions** to live better and healthier lives. We started with diabetes, but now address hypertension, prediabetes, weight management, and behavioral health.



Our **Members love us** because we provide an experience that includes personalized analytics, real-time coaching, hardware, and supplies.



We do this for the country's **largest self-insured employers, payors, health plans and government** with a per participant per month **subscription service**.



Healthcare is Ready for a New Kind of Experience

Content

Google

Community

Facebook

Commerce

Amazon

Care



We use technology to bring the Internet to Health and Care

One of the Largest Healthcare Problems in the World . . .

Chronic Conditions



Adults in the US have a chronic condition and 40% have more than one¹

US healthcare spend attributable to people with chronic and behavioral health conditions

Annual total cost to the US economy from chronic conditions²

Immediately Addressable Total Market Opportunity: Diabetes and Hypertension³



Notes:

- 1) As of 2014
- 2) Based on 2018 Milken Institute study
- 3) Calculation based on 147MM people in the U.S. with a chronic condition: 31.4M people with diabetes at \$900 PPPY; 39.6M people with Hypertension at \$468 PPPY. See slide 6 for additional information.

Our Immediately Addressable Markets

147MM people in the U.S. have a Chronic Condition

People with Diabetes⁽¹⁾

People with Hypertension⁽²⁾

$31.4 \text{ MM} \times \$900 \text{ PPPY} = \28.2B

$39.6 \text{ MM} \times \$468 \text{ PPPY} = \18.5B

\$46.7B Total Opportunity

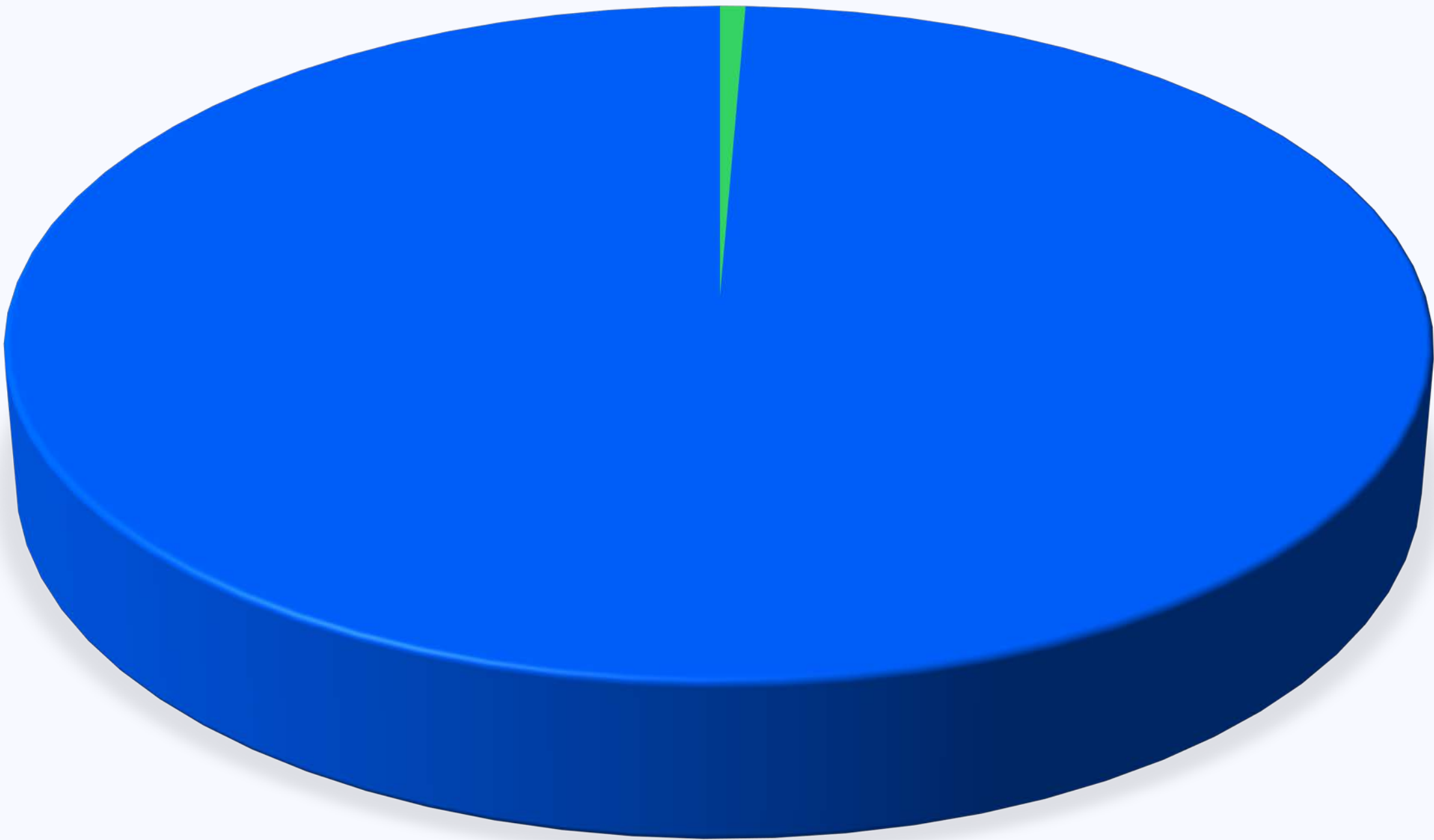


Notes:
 1) Diabetes population includes 13.7MM people covered by their employer, 12.7MM people covered by Medicare and 5.0MM people covered by Medicaid
 2) Hypertension population does not include people with both hypertension and diabetes, which is approximately 74% of people with diabetes or 23.2MM people in the U.S.
 Hypertension population includes 27.4MM U.S. adults covered by their employer plus 12.2MM U.S. adults covered by Medicare/Medicaid

We Are Just Getting Started

223,000*

Livongo for
Diabetes
Members



31,400,000
People with Diabetes

+500K People newly diagnosed with Diabetes per Year



**As of December 31, 2019*

We Are Changing What it Feels Like to Have a Chronic Condition

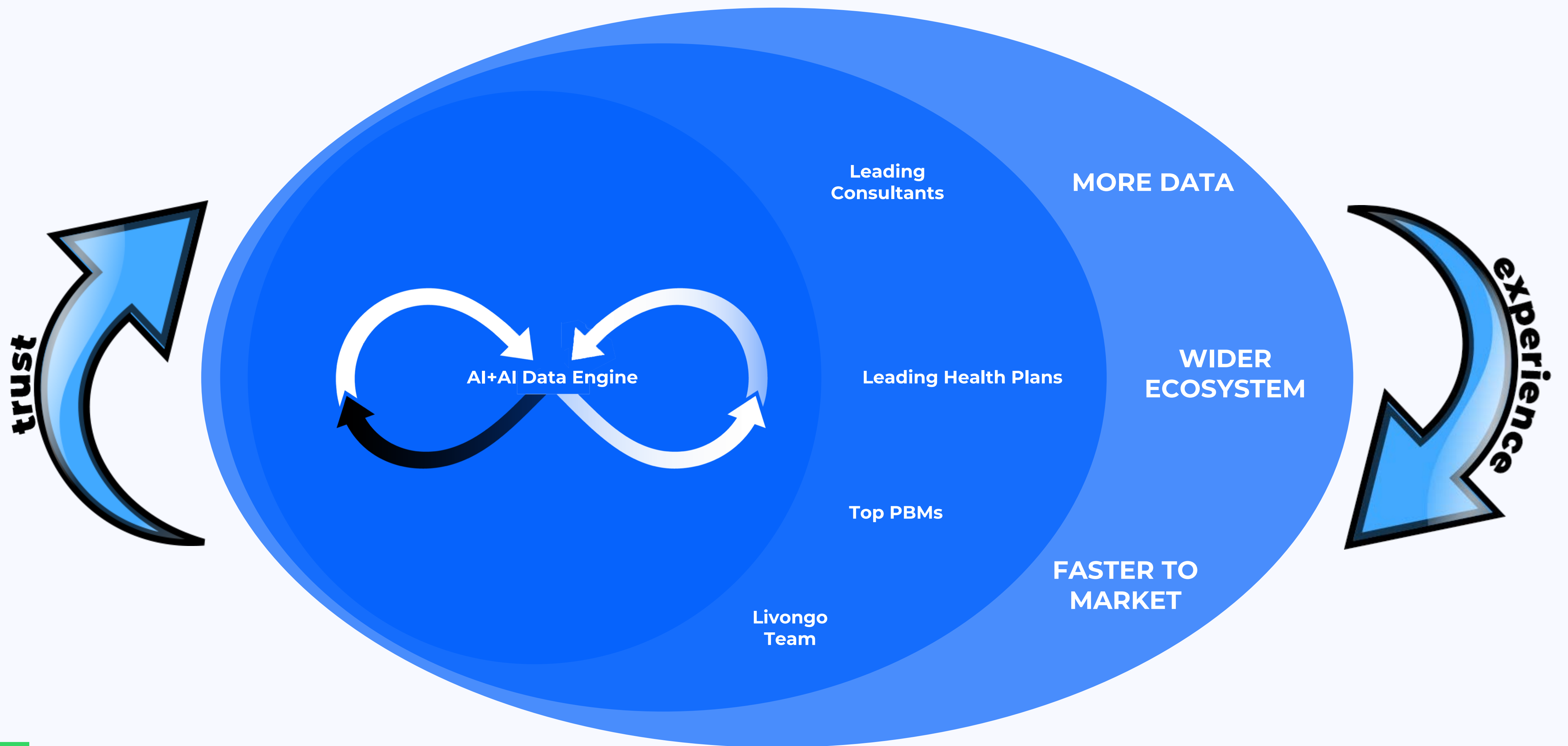
99.9% of time is spent alone outside of the Healthcare System

Healthcare Before

With Livongo

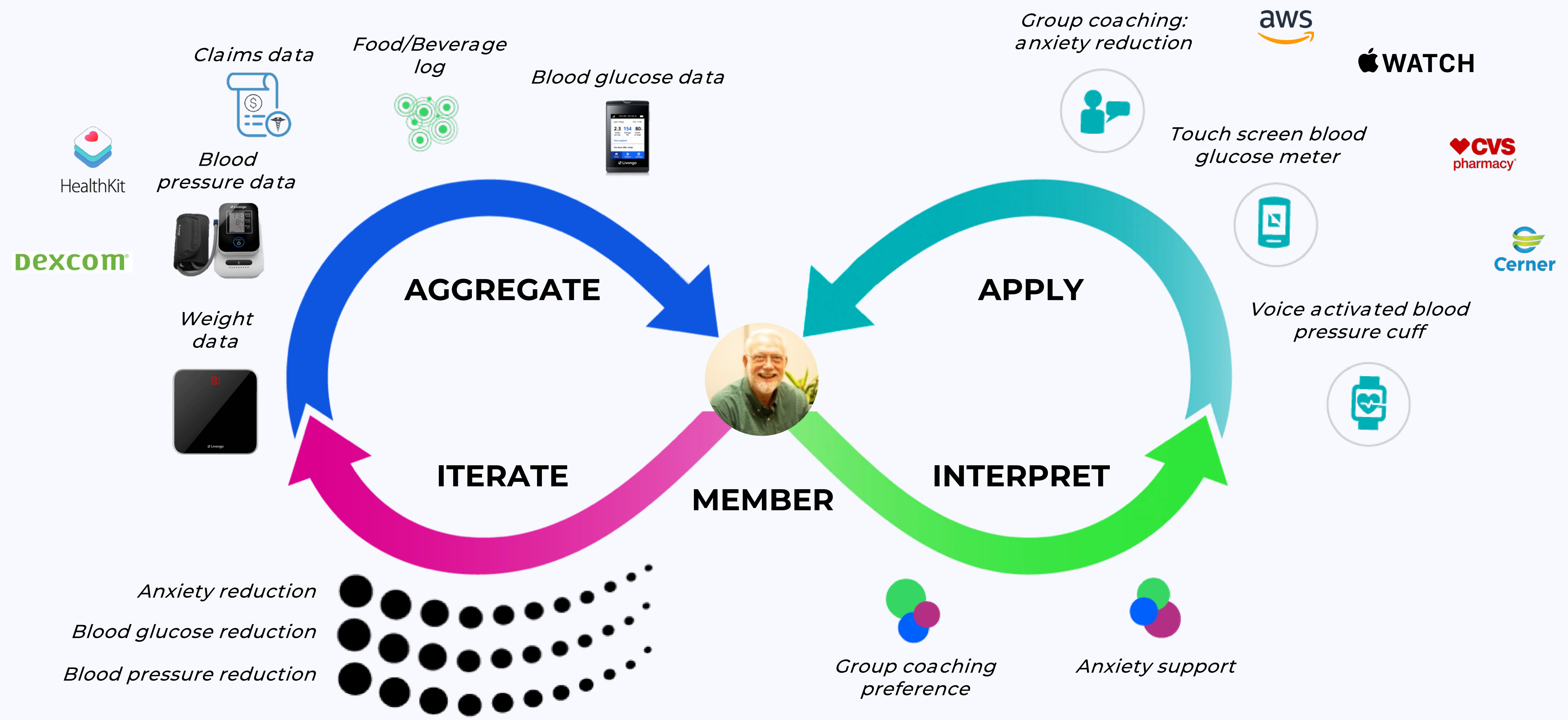


Multiple Moats



Constantly growing competitive distance, propelled by improving Client trust and Member experience.

Our AI + AI Engine Powers Our Platform

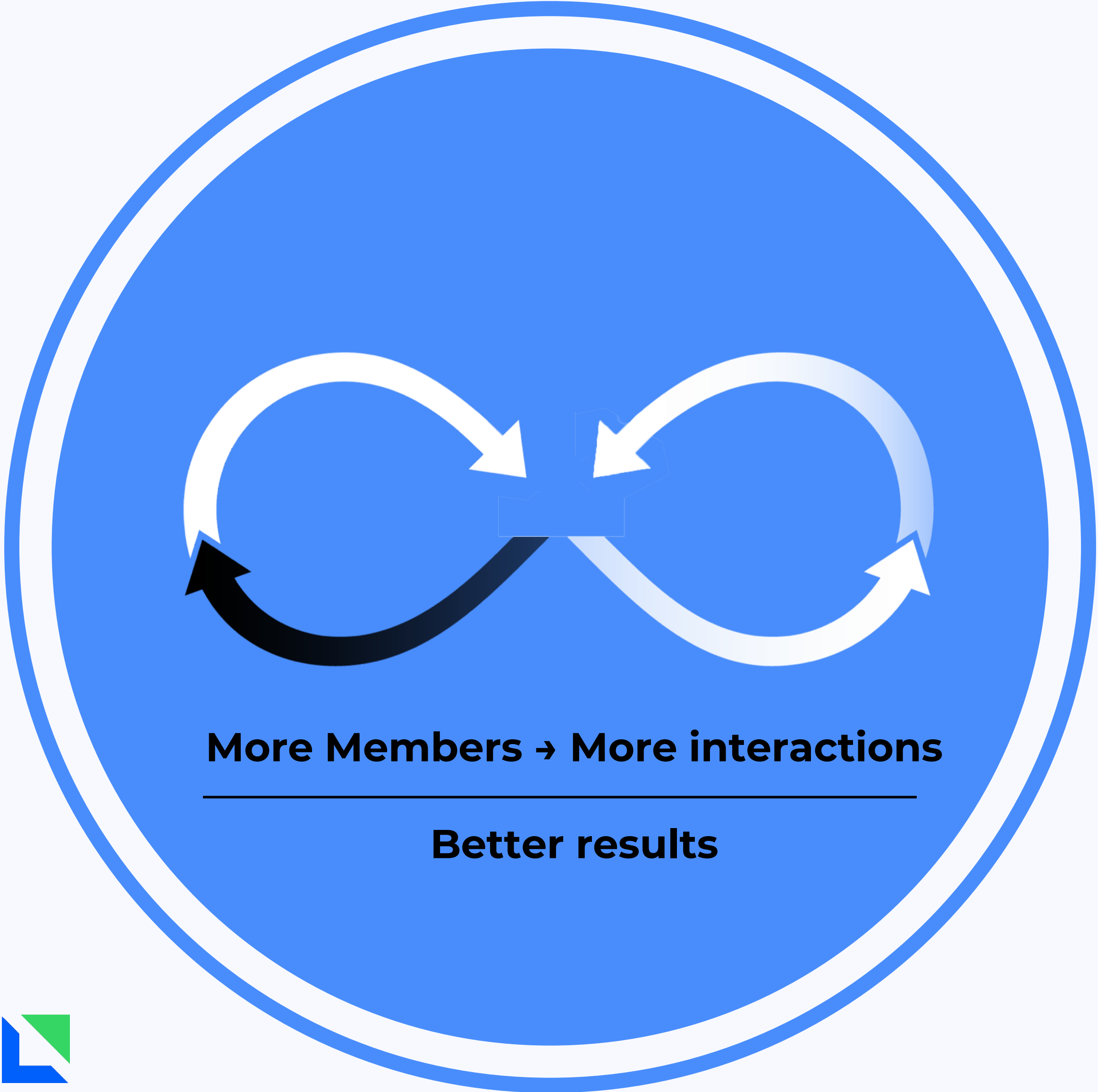


Dexcom® | Livongo®

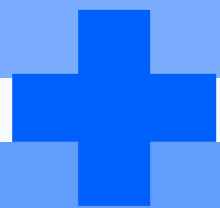


Wearing Dexcom G6 CGM

Data Drives Personalized Outcomes



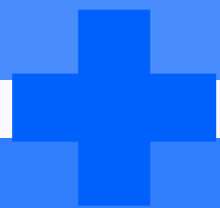
Targeted enrollment results in 34% sign-up rate



Over 40% of Members benefit from nudges to drive behavior change



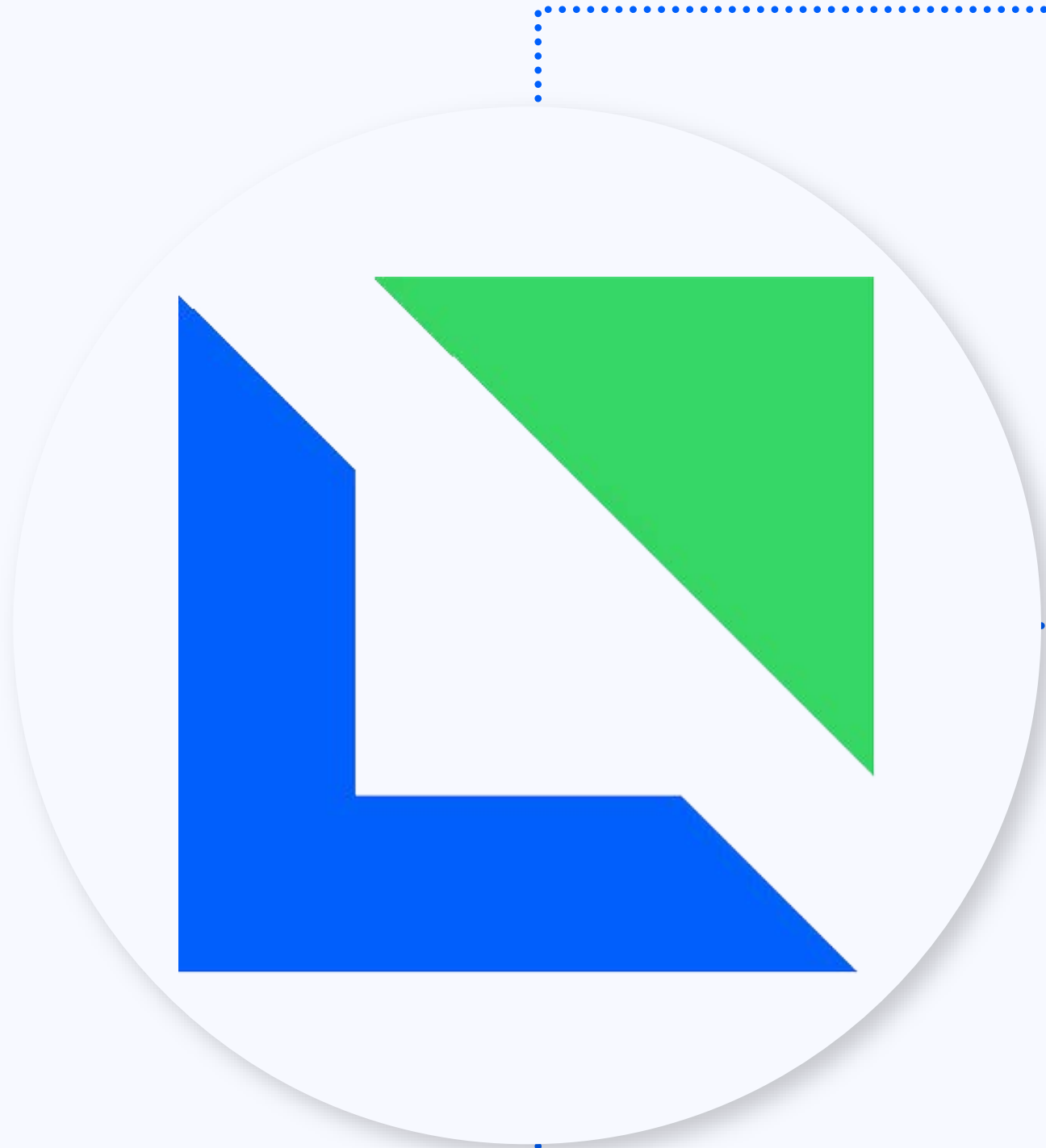
Personalized and scalable coaching



Remove Med barriers and increase Med usage 4.5%



We Deliver Results that Matter For Our Members and Clients



Satisfaction

+64 average Member NPS⁽¹⁾

Outcomes

Member Improvements⁽²⁾

<i>HbA1c</i>	<i><u>0.8 points</u></i>
<i>Systolic BP</i>	<i><u>10mmHg</u></i>
<i>Weight loss</i>	<i><u>7.3%</u></i>
<i>DASS</i>	<i><u>55%</u></i>

Savings

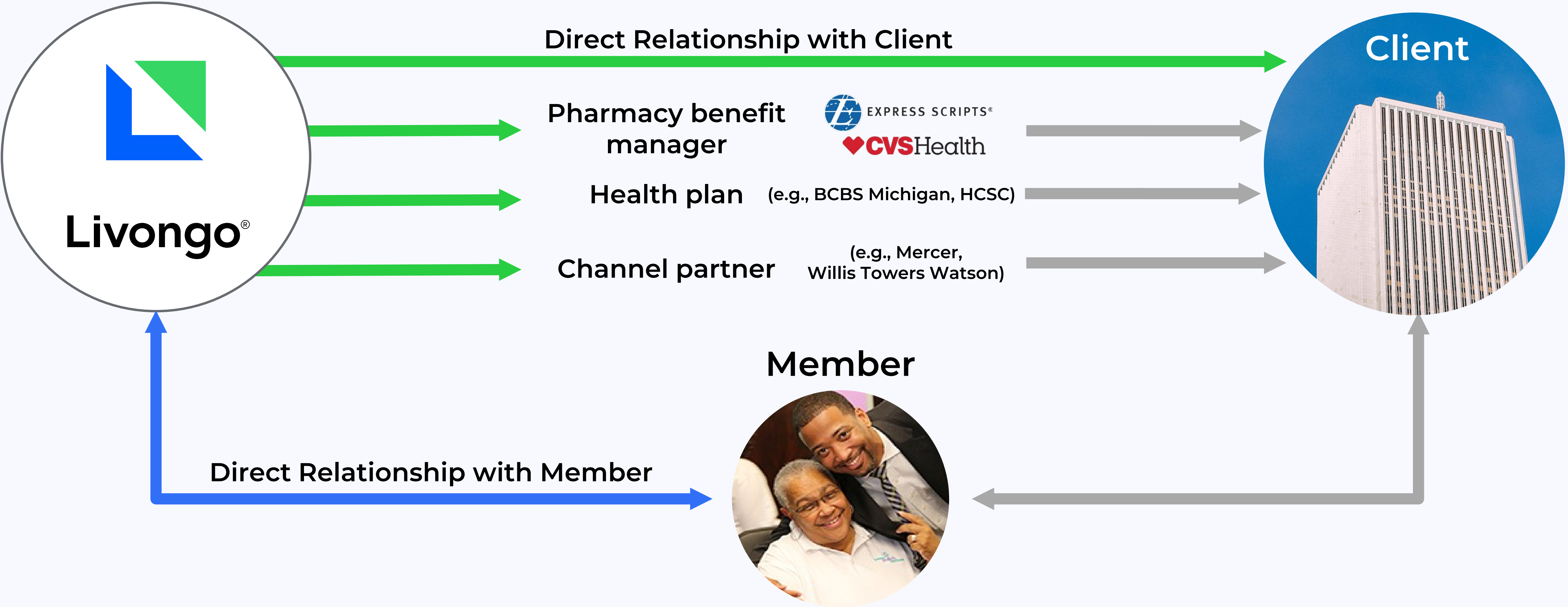
\$1,908 per participant per year gross medical savings in diabetes⁽³⁾

Notes:

- 1) NPS Score as of December 31, 2019
- 2) Demonstrated at Fortune Brands after their Members spent 2 years enrolled in the Livongo for Diabetes solution; Over a 6-week period in individuals with BP of at least 140/80 in a peer-reviewed study prepared by Livongo and presented to the American College of Cardiology in April 2019; Average reduction in weight for Members who used Livongo's solution for 12 months as of December 1, 2018; Depression Anxiety Stress Scale improvement shown in 55% of Members from the time of enrollment as of March 31, 2019
- 3) \$129 in medical savings plus supply cost savings (assumed to be \$1 per test strip, used once a day)



Mastery of the Ecosystem



Multiple channels to reach our Clients



A Diversified Base of Blue-Chip Clients

**804
Clients**

&

**~223,000
Members**

Added **391** new Client relationships and **109,000** Livongo for
Diabetes Members in 2019

Over **30%** of the 2018 Fortune 500 companies are current Clients



An Experienced Leadership Team Built for Scale



Glen Tullman
Executive Chairman



Zane Burke
Chief Executive Officer



Dr. Jennifer Schneider
President



Lee Shapiro
Chief Financial Officer



Dave Engberg
Chief Technology Officer



Amar Kendale
Chief Product Officer



Anmol Maden
Chief Data Scientist



Bimal Shah
Chief Medical Officer



Arnon Geshuri
Chief People Officer



Jim Pursley
Chief Commercial Officer

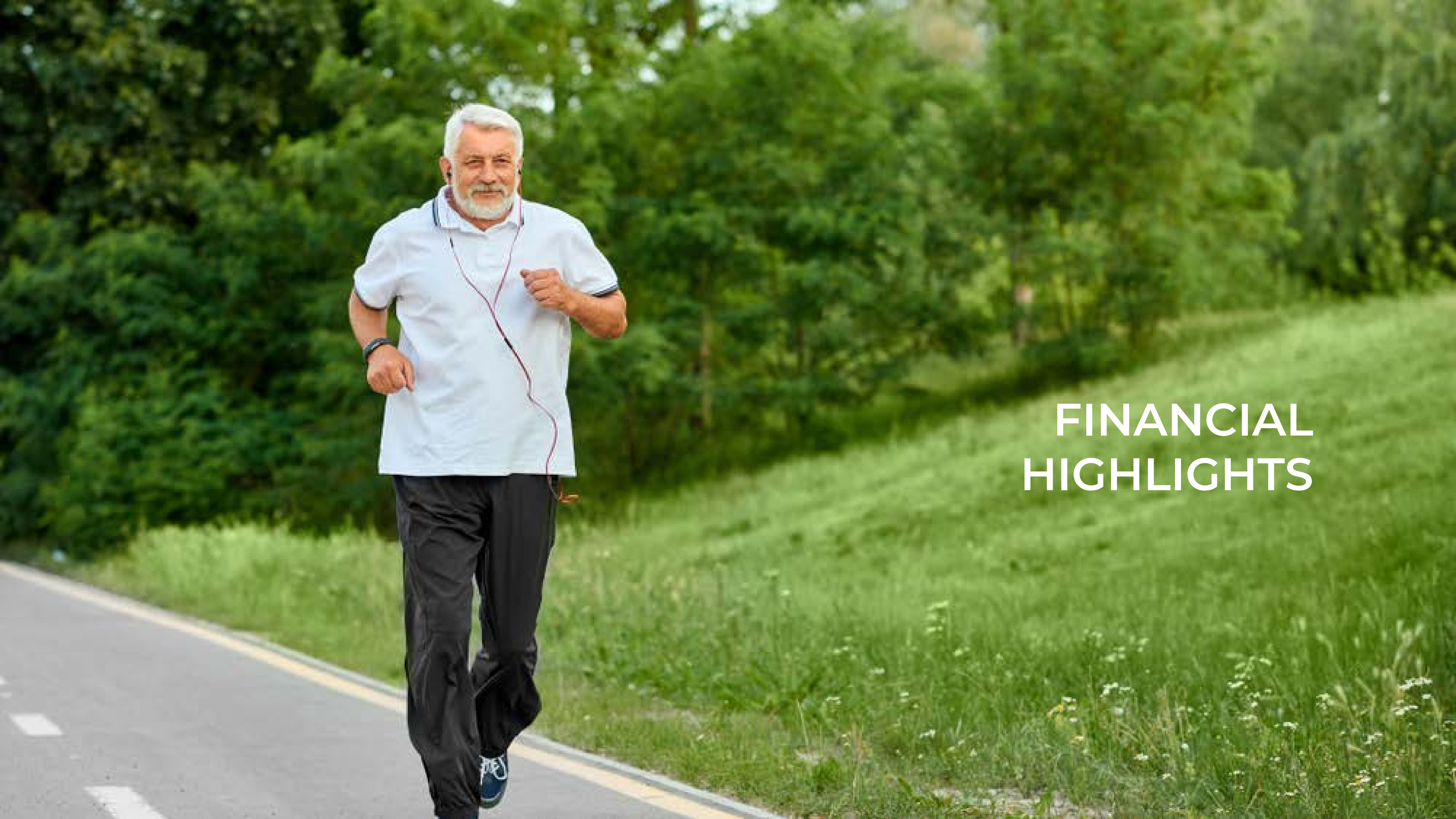


Michael Sturmer
SVP of Health Services



Courtnee Westendorf
Chief Marketing Officer





FINANCIAL HIGHLIGHTS

Financial Highlights

High revenue growth

- \$68.4M in 2018 growing to \$169.8 M in 2019 (up 148%)
- Q4' 2019 Revenue of \$50.2M, up 137%
- 2020 Revenue guidance to \$280M to \$290M

Attractive recurring revenue business model

- Predominance of revenue is per participant per month
- Estimated Value of Agreements¹ signed in Q4'19 of \$76.7M and \$285M in 2019

Favorable gross margin profile

- Gross margins in the 70's

Significant customer traction

- Ended 2019 with 804 Clients, up 95% year-over-year

Strong land and expand & renewals

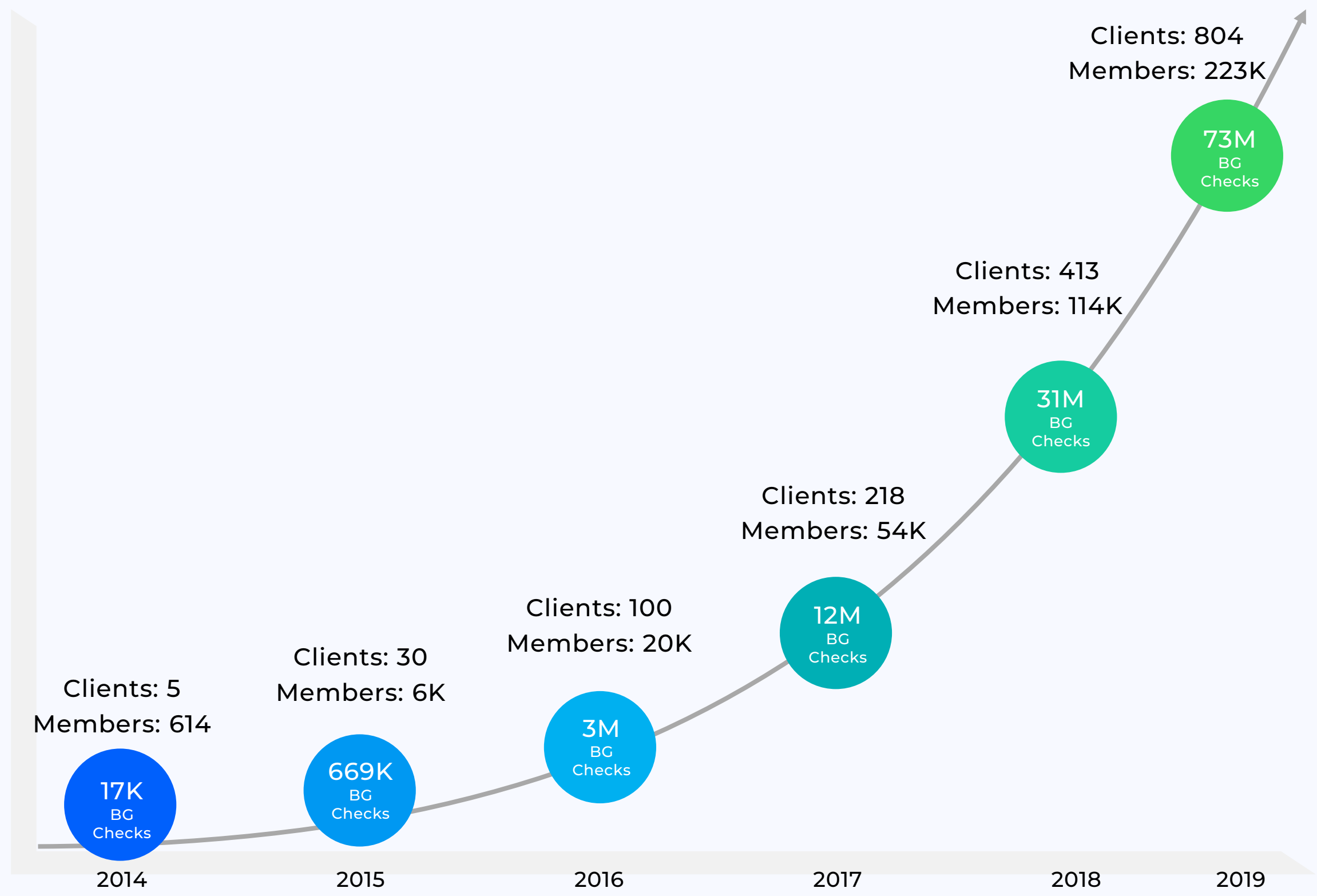
- Dollar-based net expansion rate was 111% as of December 31, 2019
- Client contract retention rate was 94% in 2019



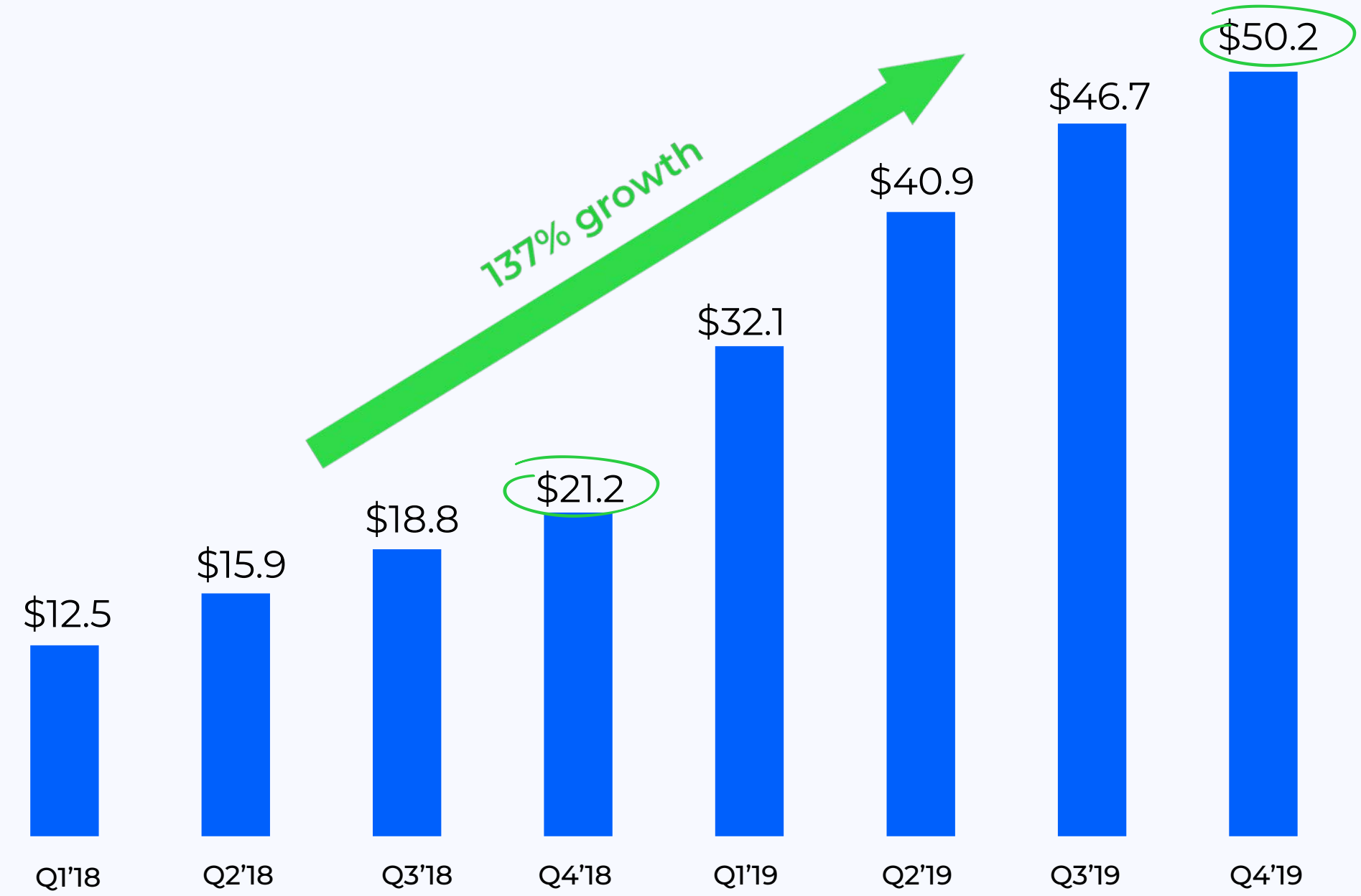
1) Estimated Value of Agreements was previously referred to as Total Contract Value. We define Estimated Value of Agreement as contractually committed orders to be invoiced under agreements initially entered into during the relevant period. Estimated Value of Agreement includes agreements entered into with new clients or expansion opportunities entered into with existing clients during a given period. Livongo adjusts these assumptions regularly based on new data and a high degree of judgment is required for such assumptions.

2018 & 2019 Member and Revenue Growth

Members¹



Revenue (\$M)

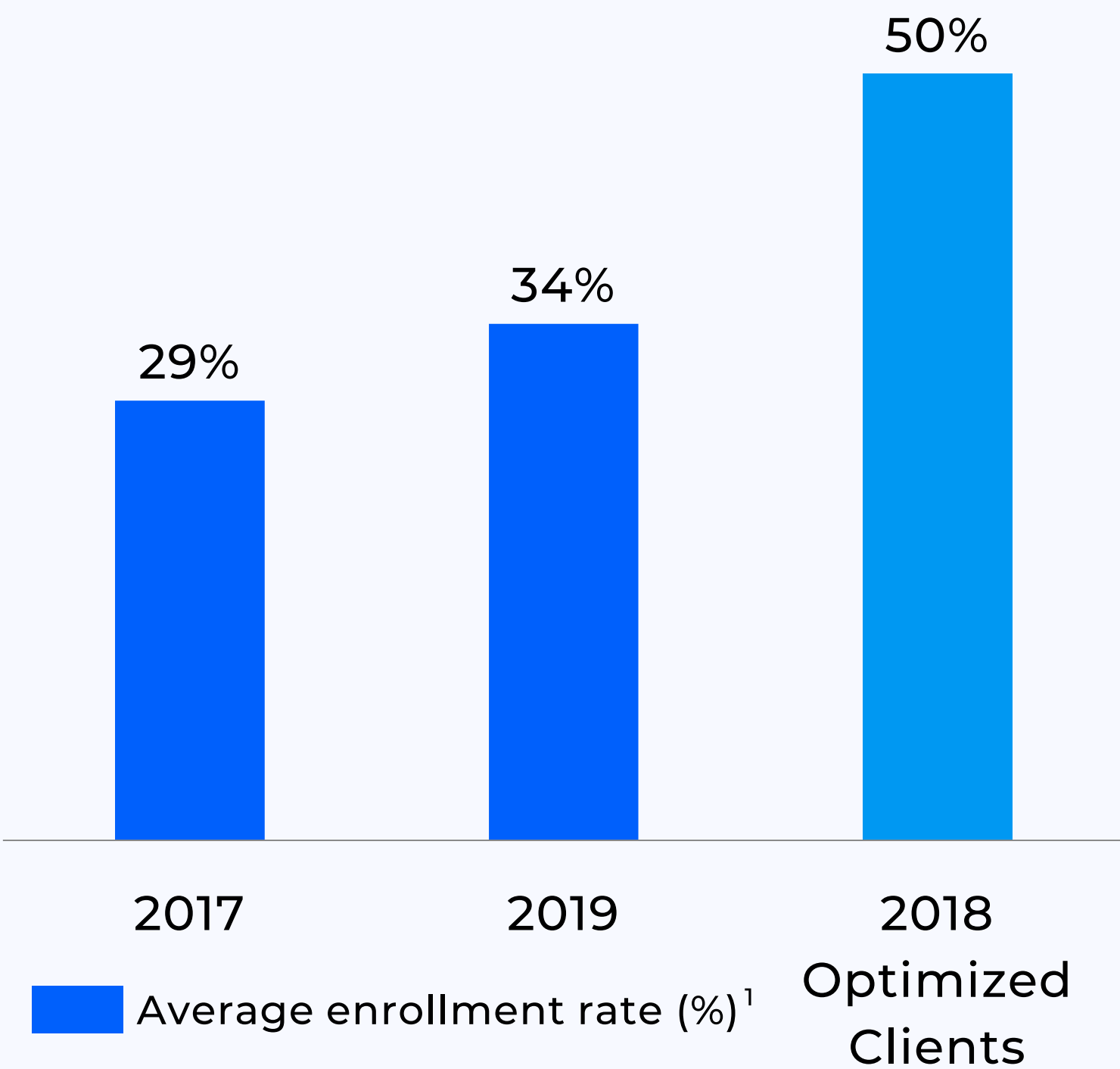


¹Livongo for Diabetes Members only

Organic Growth Drivers

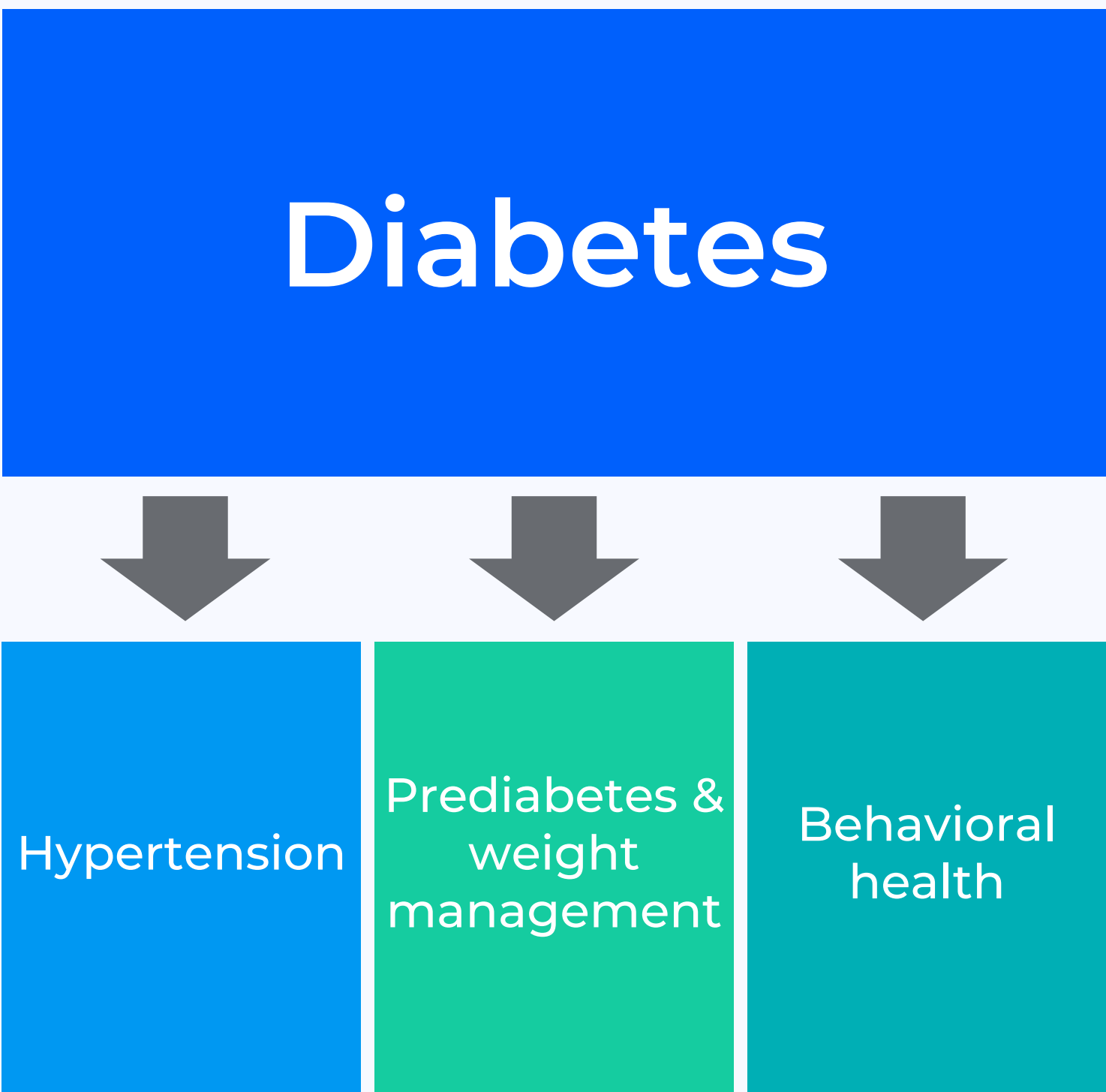
Grow product intensity

Increase Member enrollment rate with **existing Clients**



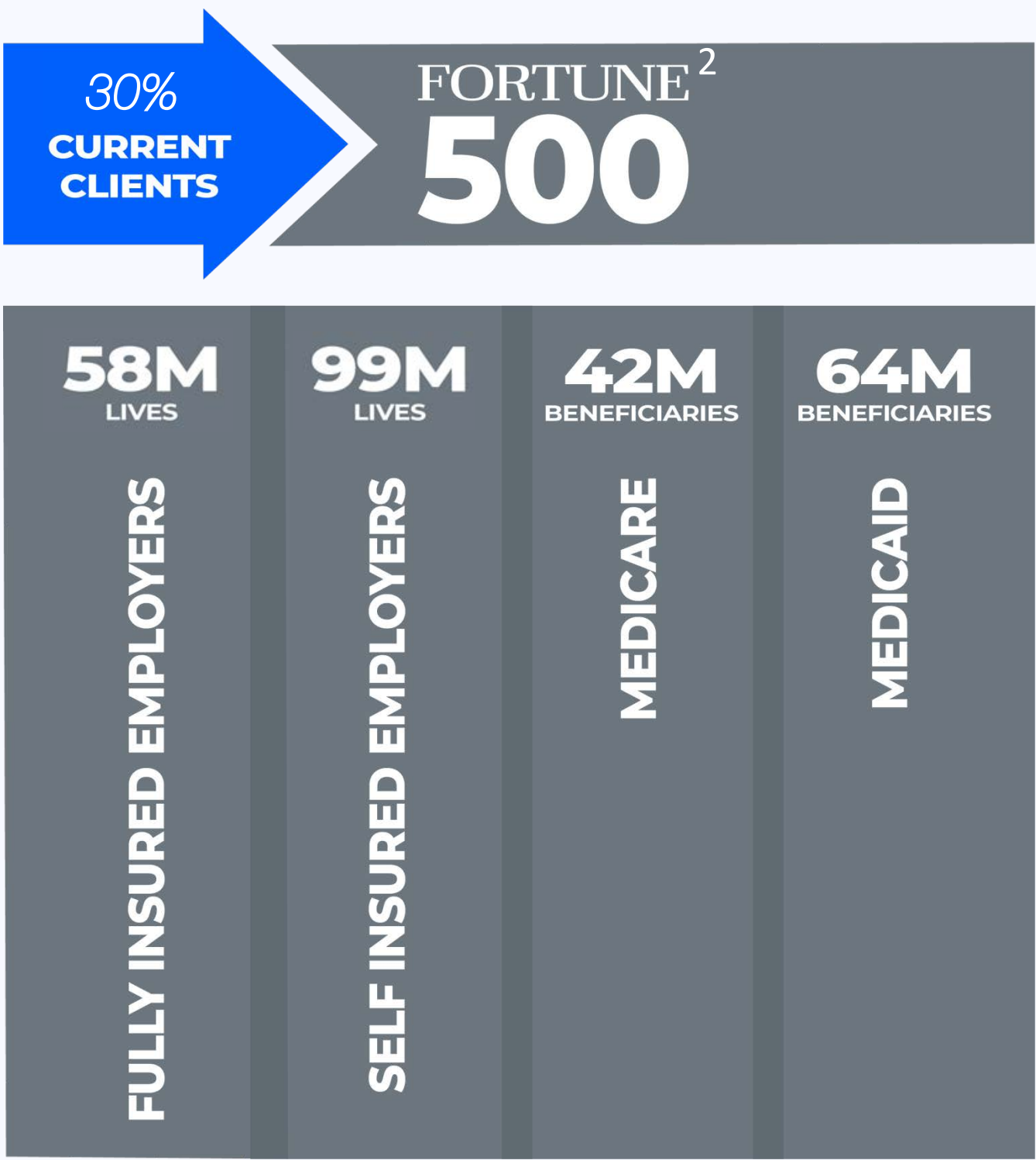
Increase product density

Penetrate new markets and cross sell additional solutions to **existing Clients**



Expand Client base

Increase penetration in our markets by continuing to **win new Clients**



Notes:
1) After 12 months for Clients who began enrollment in a given year
2) 2019 Fortune 500

Our Long-Term Target Operating Model

<i>Non-GAAP</i>	<i>2017</i>	<i>2018</i>	<i>2019</i>	<i>Long Term Target</i>
<i>GM %</i>	<i>73.1%</i>	<i>70.9%</i>	<i>73.8%</i>	<i>72% - 74%</i>
<i>S&M %</i>	<i>52.2%</i>	<i>51.5%</i>	<i>40.2%</i>	<i>24% - 26%</i>
<i>R&D %</i>	<i>37.2%</i>	<i>33.1%</i>	<i>24.5%</i>	<i>17% - 19%</i>
<i>G&A %</i>	<i>30.6%</i>	<i>28.5%</i>	<i>22.5%</i>	<i>9% - 11%</i>
<i>Operating Margin %</i>	<i>(46.9%)</i>	<i>(42.3%)</i>	<i>(13.5%)</i>	<i>20%+</i>



"Livongo's spirit of innovation and determination is seemingly always on display, and the company's leadership and fundraising efforts play an important role in bringing us closer to a cure."

*Aaron J. Kowalski,
Juvenile Diabetes Research Foundation President and CEO*



2018 JDRF Ride
111 Livongan Riders
Largest Riding Team in JDRF History
\$254,000 Raised for the JDRF Ride to Cure Diabetes

Thank You.

GAAP to Non-GAAP Reconciliation

	Year Ended December 31, 2019									
	GAAP (ASC 606)	Stock-Based Compensation Expense	Amortization of Intangible Assets	Acquisition Related Expenses	Secondary Offering Costs	Secondary Offering Related Payroll Taxes	Change in Fair Value of Contingent Consideration	Tax Impact	Non-GAAP (ASC 606)	
Revenue	\$ 170,198	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 170,198
Cost of revenue	\$ 46,158	\$ (151)	\$ (1,520)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 44,487
Gross profit	\$ 124,040	\$ 151	\$ 1,520	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 125,711
Gross margin	72.9%									73.9%
Research and development	\$ 49,842	\$ (8,182)	\$ —	\$ —	\$ —	\$ (30)	\$ —	\$ —	\$ —	\$ 41,630
Sales and marketing	\$ 78,060	\$ (7,659)	\$ (1,065)	\$ —	\$ —	\$ (87)	\$ —	\$ —	\$ —	\$ 69,249
General and administrative	\$ 55,676	\$ (16,640)	\$ —	\$ (236)	\$ (348)	\$ (175)	\$ —	\$ —	\$ —	\$ 38,277
Change in fair value of contingent consideration	\$ 843	\$ —	\$ —	\$ —	\$ —	\$ —	\$ (843)	\$ —	\$ —	\$ —
Total operating expenses	\$ 184,421	\$ (32,481)	\$ (1,065)	\$ (236)	\$ (348)	\$ (292)	\$ (843)	\$ —	\$ —	\$ 149,156
Loss from operations	\$ (60,381)	\$ 32,632	\$ 2,585	\$ 236	\$ 348	\$ 292	\$ 843	\$ —	\$ —	\$ (23,445)
Loss before provision for income taxes	\$ (56,639)	\$ 32,632	\$ 2,585	\$ 236	\$ 348	\$ 292	\$ 843	\$ —	\$ —	\$ (19,703)
Provision for (benefit from) income taxes	\$ (1,369)	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 1,396		\$ 27
Net loss	\$ (55,270)	\$ 32,632	\$ 2,585	\$ 236	\$ 348	\$ 292	\$ 843	\$ (1,396)		\$ (19,730)
Net loss attributable to common stockholders	\$ (55,366)	\$ 32,632	\$ 2,585	\$ 236	\$ 348	\$ 292	\$ 843	\$ (1,396)		\$ (19,826)
Net loss per share attributable to common stockholders, diluted	\$ (1.09)									\$ (0.39)
Weighted-average shares used in computing net loss per share attributable to common stockholders, diluted	50,930									50,930

