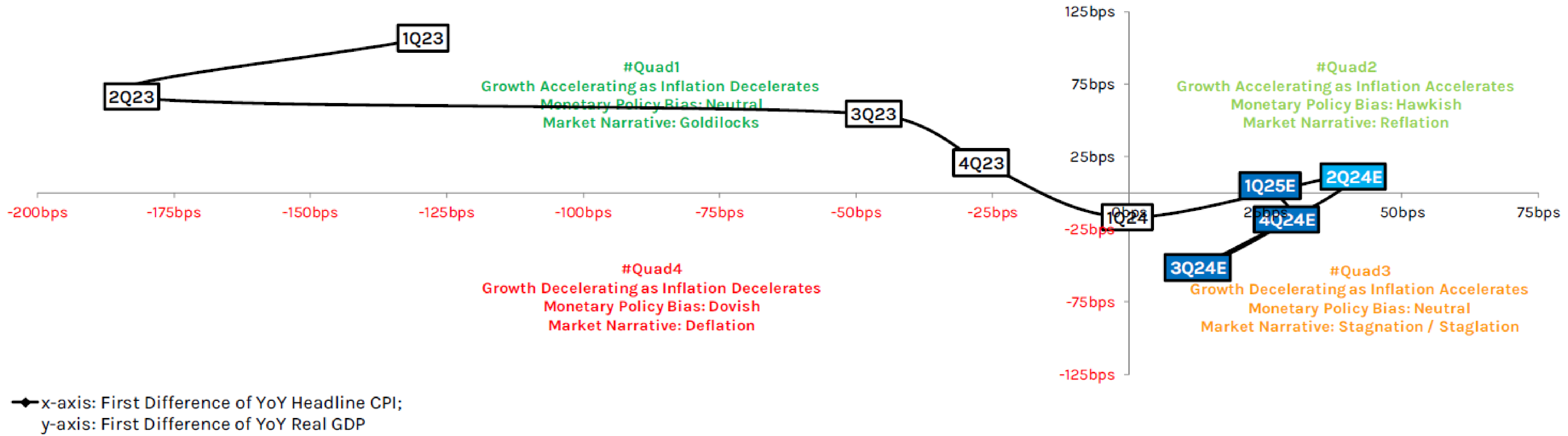
Reflation risks ahead for Healthcare

HEDGEYE

Quad 4 in 1Q24, back tests positive for Healthcare, but Quad 3 presents risk

United States	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	← Actuals | Estimates →	2Q24E	3Q24E	4Q24E	1Q25E
Real GDP QoQ SAAR	6.20%	3.30%	7.00%	-2.00%	-0.60%	2.70%	2.60%	2.20%	2.10%	4.90%	3.40%	1.60%	Real GDP QoQ SAAR	2.51%	2.79%	2.66%	1.79%
Real GDP YoY	11.95%	4.74%	5.42%	3.57%	1.87%	1.71%	0.65%	1.72%	2.38%	2.93%	3.13%	2.97%	Real GDP YoY	3.08%	2.57%	2.39%	2.44%
2yr Comparative Base Effects	-2.69%	0.60%	1.05%	1.40%	2.21%	1.63%	2.17%	2.57%	6.91%	3.22%	3.04%	2.64%	2yr Comparative Base Effects	2.13%	2.32%	1.89%	2.34%
Headline CPI YoY	4.85%	5.34%	6.69%	7.96%	8.63%	8.33%	7.10%	5.81%	3.98%	3.51%	3.24%	3.24%	Headline CPI YoY	3.65%	3.78%	4.07%	4.32%
2yr Comparative Base Effects	1.09%	1.49%	1.64%	2.01%	2.61%	3.28%	3.96%	4.93%	6.74%	6.83%	6.90%	6.89%	2yr Comparative Base Effects	6.31%	5.92%	5.17%	4.53%

United States



Data Source: BEA, BLS Light Blue box = Hedgeye Nowcast Model estimate. Dark Blue boxes = Hedgeye Comparative Base Effects Model estimates.

Factors begin to the process of translating Macro Quads into Longs and Shorts

Health Care ranks poorly in the Reflation Stagflation regimes of Quad2 and Quad 3

HEDGEYE

Highest/Lowest Expected Values By Quad Regime

HEDGEYE

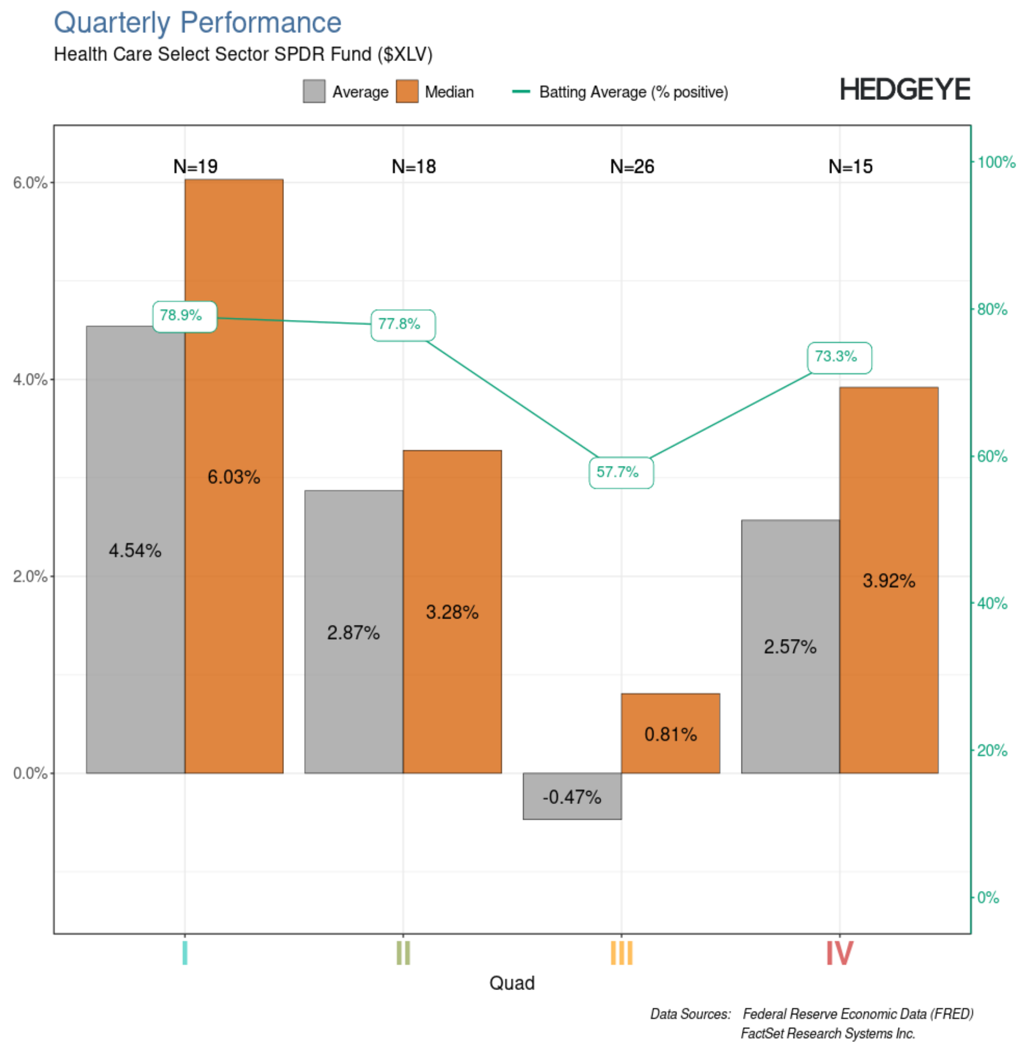
	Quad 1: Goldilocks	Quad 2: Reflation	Quad 3: Stagflation	Quad 4: Deflation
Best Asset Classes:	Equities, Credit, Commodities, FX	Commodities, Equities, Credit, FX	Gold, Commodities, Fixed Income	Fixed Income, Gold, USD
Worst Asset Classes:	Fixed Income, USD	Fixed Income, USD	Credit	Commodities, Equities, Credit, FX
Best Equity Sectors:	Tech, Consumer Discretionary, Materials, Industrials, Telecom	Tech, Consumer Discretionary, Industrials, Energy, Financials	Utilities, Tech, Energy, Industrials, Consumer Discretionary	Consumer Staples, Utilities, REITS, Health Care, Telecom
Worst Equity Sectors:	Utilities, REITS, Consumer Staples, Financials, Energy	Telecom, Utilities, REITS, Consumer Staples, Health Care	Financials, REITS, Materials, Telecom, Consumer Staples	Energy, Tech, Industrials, Financials, Materials
Best Equity Style Factors:	High Beta, Momentum, Leverage, Secular Growth, Mid Caps	Secular Growth, High Beta, Small Caps, Cyclical Growth, Momentum	Secular Growth, Momentum, Mid Caps, Low Beta, Quality	Low Beta, Dividend Yield, Quality, Defensives, Value
Worst Equity Style Factors:	Low Beta, Defensives, Value, Dividend Yield, Small Caps	Low Beta, Dividend Yield, Value, Defensives, Size	Small Caps, Dividend Yield, Value, Defensives, Size	High Beta, Momentum, Leverage, Secular Growth, Cyclical Growth
Best Fixed Income Sectors:	BDCs, Convertibles, HY Credit, EM $ Debt, Leveraged Loans	Convertibles, BDCs, Preferreds, Leveraged Loans, HY Credit	Munis, EM $ Debt, Long Bond, TIPS, Treasury Belly	Long Bond, Treasury Belly, IG Credit, Munis, MBS
Worst Fixed Income Sectors:	TIPS, Short Duration Treasurys, MBS, Treasury Belly, Long Bond	Long Bond, Treasury Belly, Munis, MBS, IG Credit	BDCs, Preferreds, Convertibles, Leveraged Loans, HY Credit	Preferreds, EM Local Currency, BDCs, Leveraged Loans, TIPS

Healthcare consumption and price action vs Quads

HEDGEYE

Real Personal Consumption Expenditure of Health Care agrees with the XLV back test

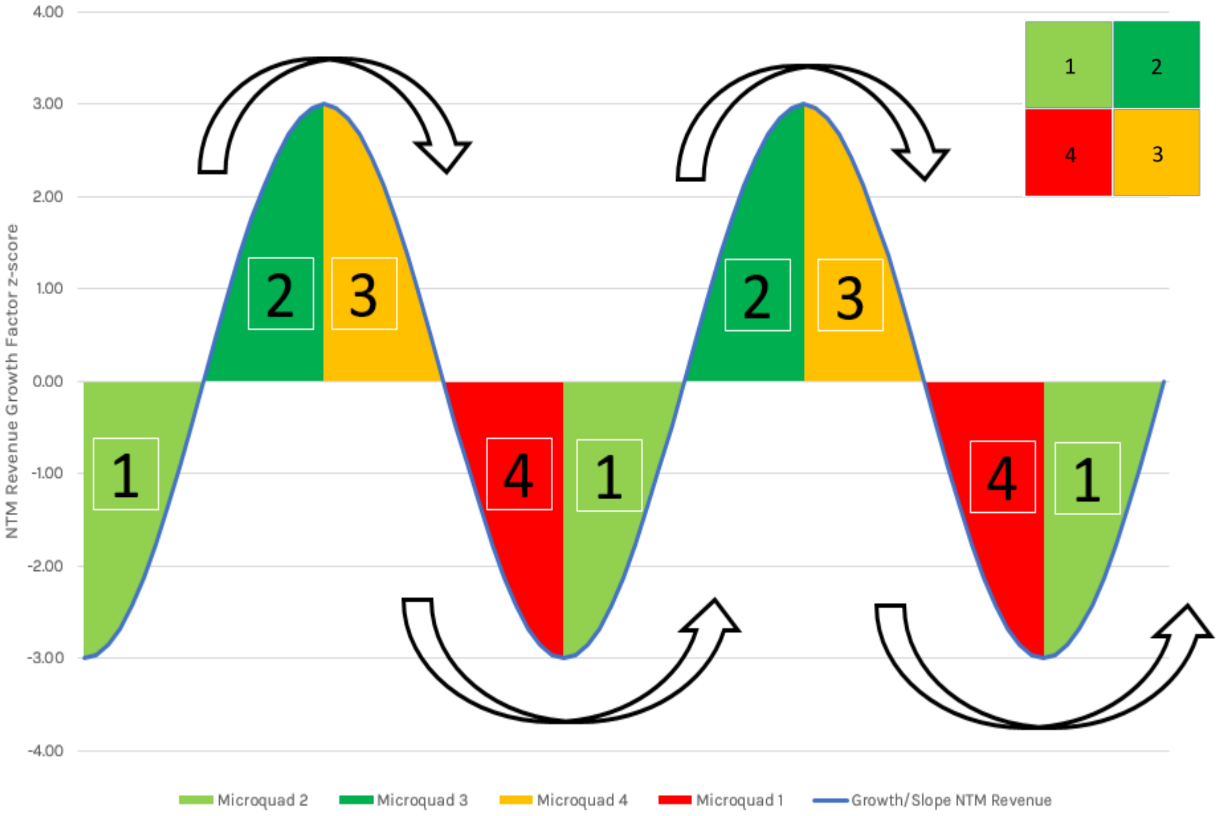
Table 2.4.3U. Real Personal Consumption Expenditures by Type of Product, Quantity Indexes	Macro Quad 1	2	3	4
Health care	2.7%	2.6%	3.1%	3.2%
Outpatient services	2.9%	3.1%	3.7%	3.6%
Physician services (44)	3.3%	3.5%	4.5%	3.9%
Dental services (45)	0.4%	1.1%	1.3%	1.6%
Paramedical services (46)	3.3%	3.4%	3.5%	4.0%
Home health care	3.2%	2.3%	3.1%	3.4%
Medical laboratories	5.3%	4.7%	5.2%	6.9%
Other professional medical services	3.3%	3.8%	3.5%	3.9%
Specialty outpatient care facilities and health and allied services	3.4%	3.5%	3.6%	3.9%
All other professional medical services	3.3%	4.3%	3.3%	4.2%
Hospital and nursing home services	2.5%	2.2%	2.6%	2.8%
Hospitals (51)	2.7%	2.5%	2.8%	3.3%
Nonprofit hospitals' services to households	2.9%	2.6%	3.0%	3.2%
Proprietary hospitals	3.1%	1.4%	3.1%	3.5%
Government hospitals	1.8%	2.5%	2.2%	3.4%
Nursing homes (52)	1.6%	1.0%	1.1%	0.8%
Nonprofit nursing homes' services to households	1.5%	1.1%	0.3%	0.8%
Proprietary and government nursing homes	1.7%	0.9%	1.6%	0.8%
Prescription drugs	5.6%	4.5%	4.3%	5.7%
Nonprescription drugs	5.9%	4.9%	6.6%	4.7%



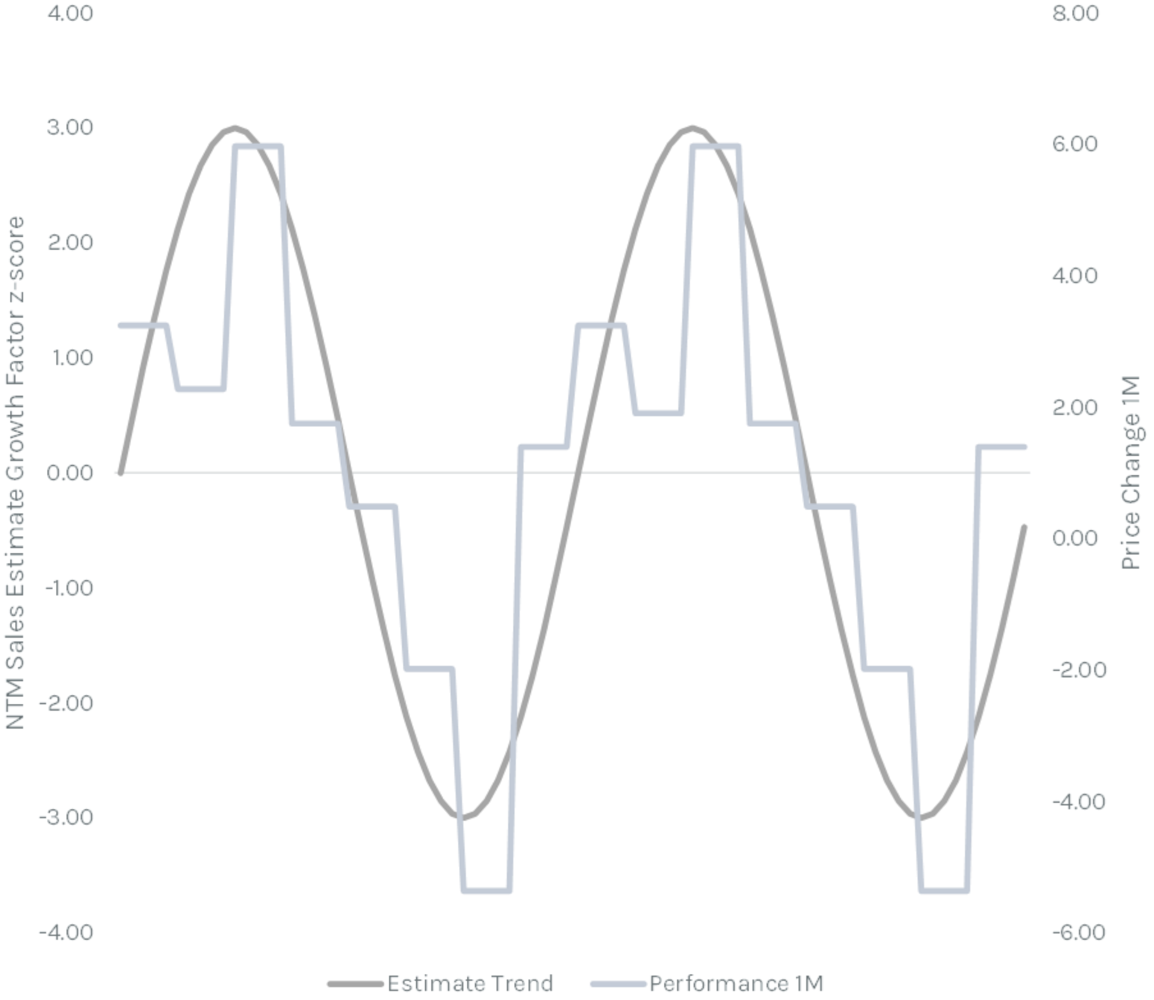
At the stock level, prices follow estimates in terms of the slope and acceleration of consensus

HEDGEYE

We define estimate momentum as the progression through 4 phases of growth (slope) and acceleration



Performance trends with the ebb and flow of estimate momentum with inflections at the peaks and troughs

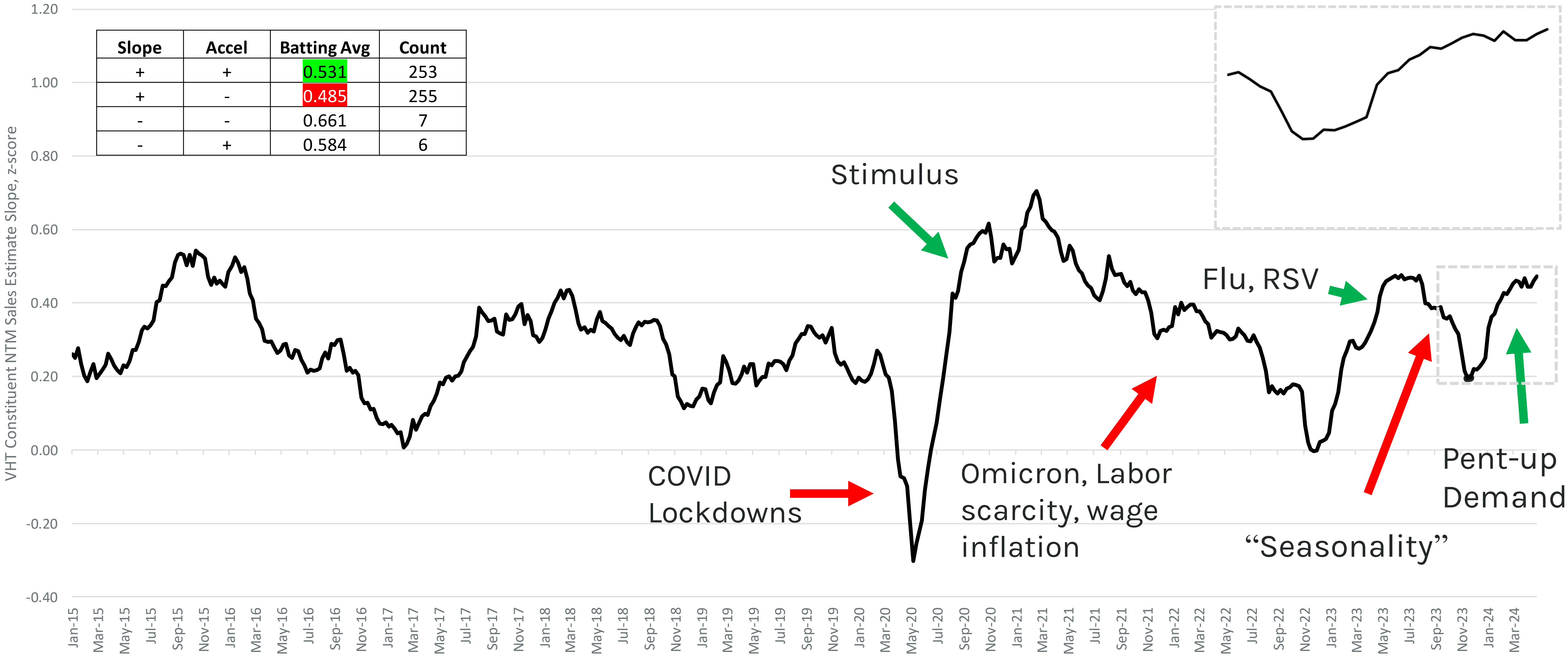


Sector level estimate trend works on sector level price

HEDGEYE

The slope for consensus revenue across 400+ names turned positive 11/17/2023 and reflects both the market and macro trends, but the Health Care industry overlays including recent commentary on pent up demand.

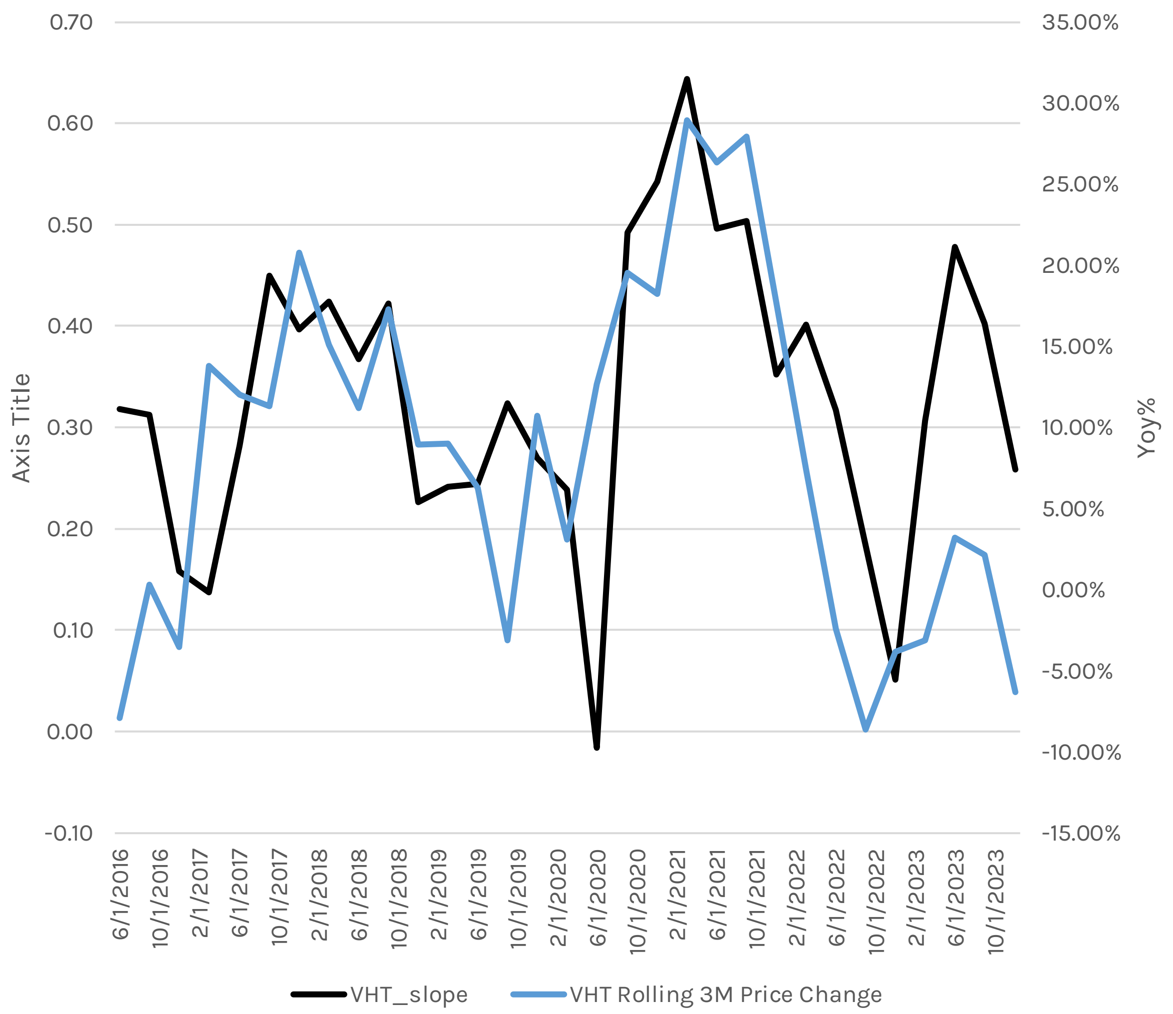
Slope	Accel	Batting Avg	Count
+	+	0.531	253
+	-	0.485	255
-	-	0.661	7
-	+	0.584	6



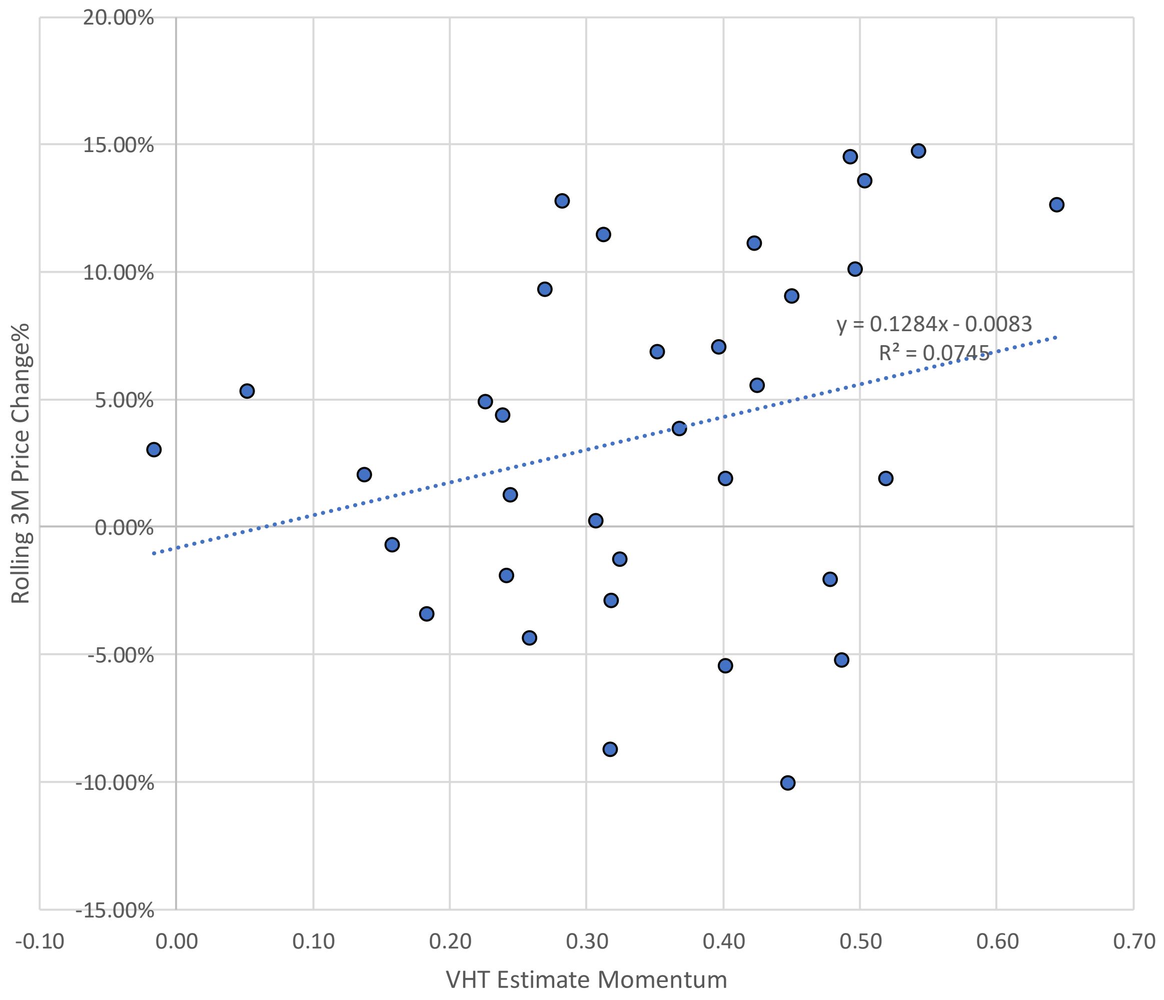
The impact of estimate trend on price is obvious

HEDGEYE

VHT trades with the estimate momentum



Directionally positive isn't foolproof, but a great start



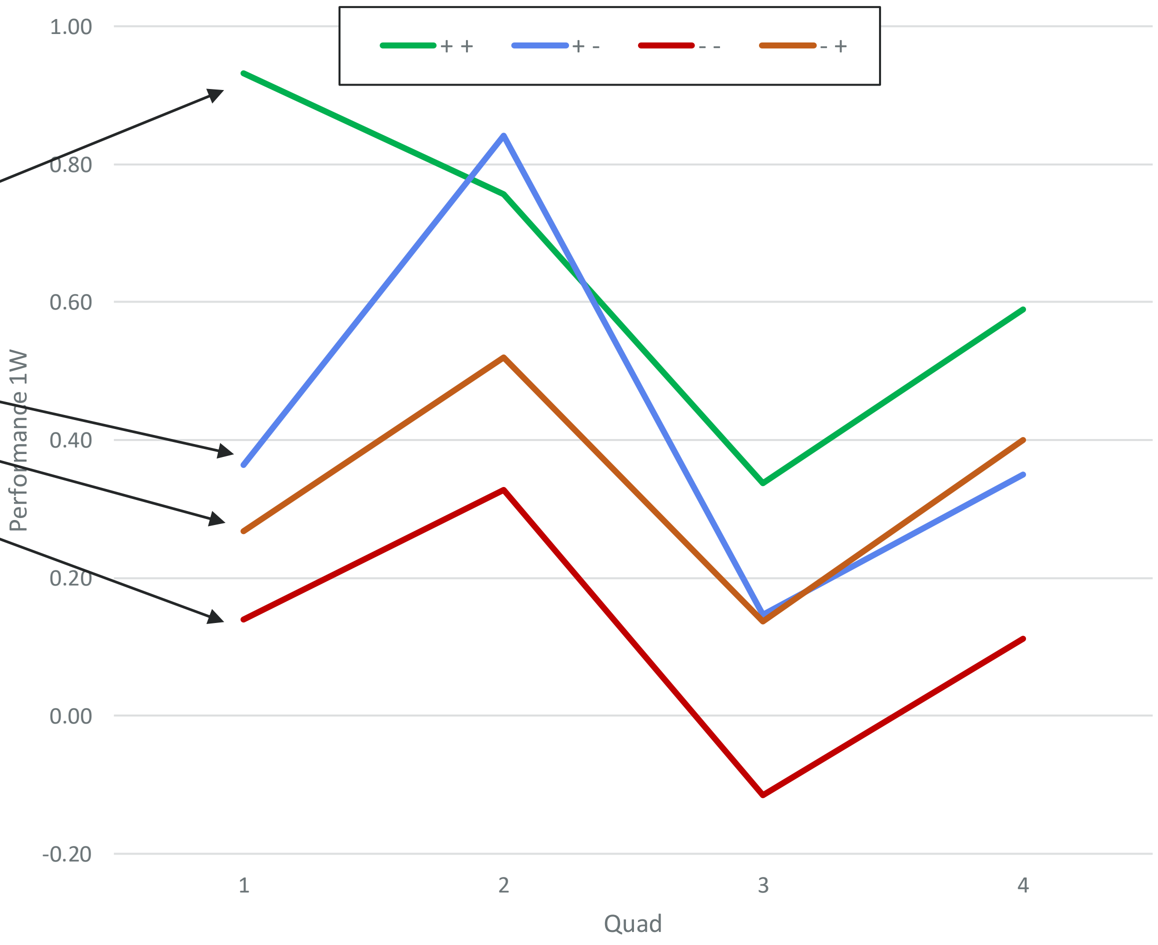
Combining estimates with Quads offers even better visibility

HEDGEYE

Quad vs Estimate Trend

Perf 1W		Quad			
Slope	Accel	1	2	3	4
+	+	0.93	0.76	0.34	0.59
+	-	0.36	0.84	0.15	0.35
-	-	0.14	0.33	-0.12	0.11
-	+	0.27	0.52	0.14	0.40

Consistent separation of long vs short across Quads



If you did nothing but trade the slope of the line...

HEDGEYE

We've tested model portfolios that combine estimate trend using slope and acceleration and with gross and net exposures defined by Quads. We think this helps frame our primary fundamental view of our companies.

Stocks are assigned a batting average based on a company's current factor setup across all similar prior Macro Quads. The highest and lowest quartile batting average scores are selected for further work.

HEDGEYE

Factor LONGS

AVTR	EHC	VTRS
BDX	**HCA***	ZBH
BIIB	HSIC	
BIO	INCY	
BMY	IQV	
BRKR	LH	
CHE	MCK	
CNC	MDT	
CTLT	PFE	
CVS	TFX	
DGX*	**UHS***	
DVA	UTHR	

Factor SHORTS

BAX	SDGR
CAH	AXNX
CI	DOCS
CRL	HALO
GILD	INSP
HUM	LMAT
MASI	STAA
MOH	NARI
STE	ROIV
ACLX	
DNLI	
KROS	

AMN | Boom-Bust to Bust-Boom

HEDGEYE

Summary: After giving up all pandemic related gains, we signs of a positive inflection

Background: Out history with AMN goes back several years, even predating our time at Hedgeye. Contract nurse staffing has always behaved like a commodity over that time, and we've been both long and short multiple times over that history. We think the latest Boom-Bust cycle is reaching an inflection point.

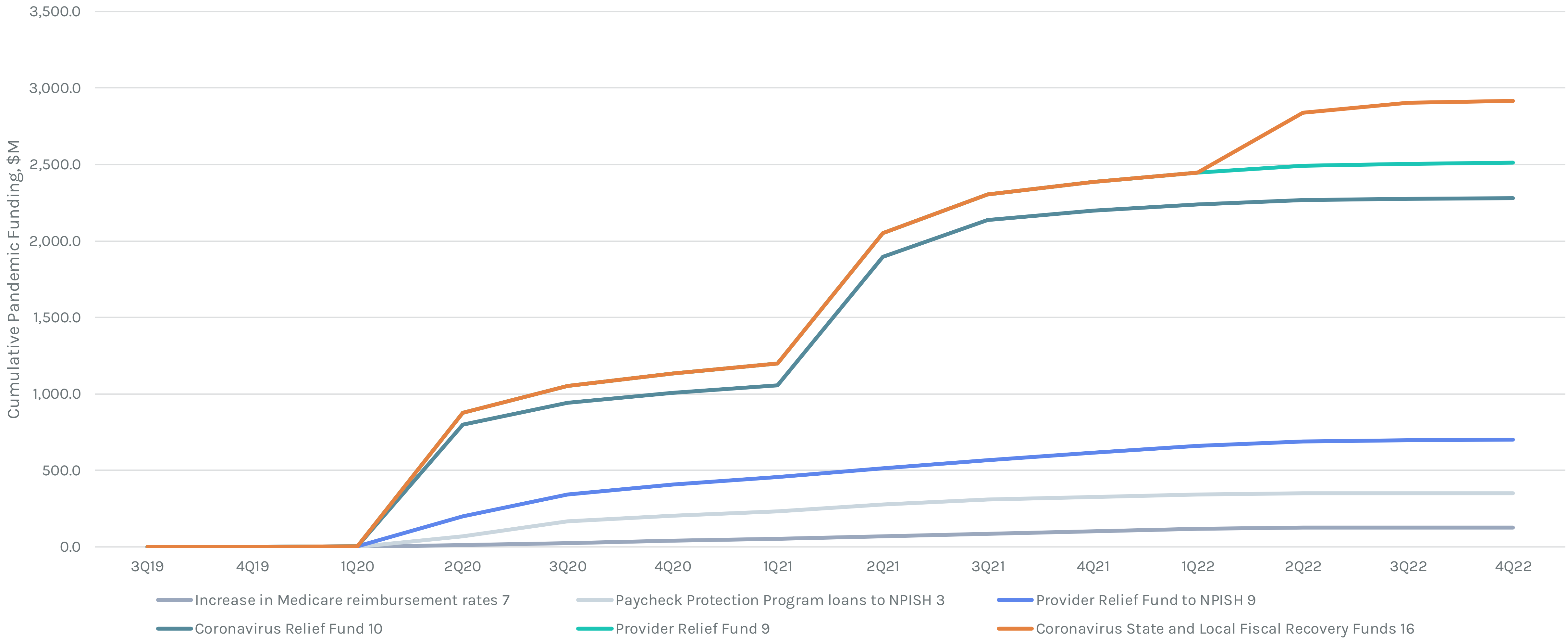
Thesis Points:

- COVID-19 pandemic severely distorted Health Care labor markets, with lock downs (among other drivers) reducing available labor hours, nurse burnout from difficult conditions, and excess funding and mandates supporting high wages.
- Price and volume move in together in a Boom where higher prices reflect stronger provider demand which subsequently draws more excess labor and higher FTE count for staffers at high incremental margins. In the Bust period the process works in reverse.
- The pandemic Boom peaked in 1Q22 and took 2 years to unwind with easing COVID-19 acuity, vaccine penetration, the end of the Public Health Emergency, and an expanding population of Registered Nurses.
- The post-pandemic Bust appears over with Health care utilization deferred during the pandemic re-emerging in 2024. The quantity of deferred demand several years of excess volume ahead. With improving demand.
- Wages appear to have bottomed and are re-accelerating, and while our outlook doesn’t call for a pandemic-like Boom, we suspect a positive inflection in labor prices and subsequent volume, will be under-appreciated.

Pandemic funding related to Health Care

HEDGEYE

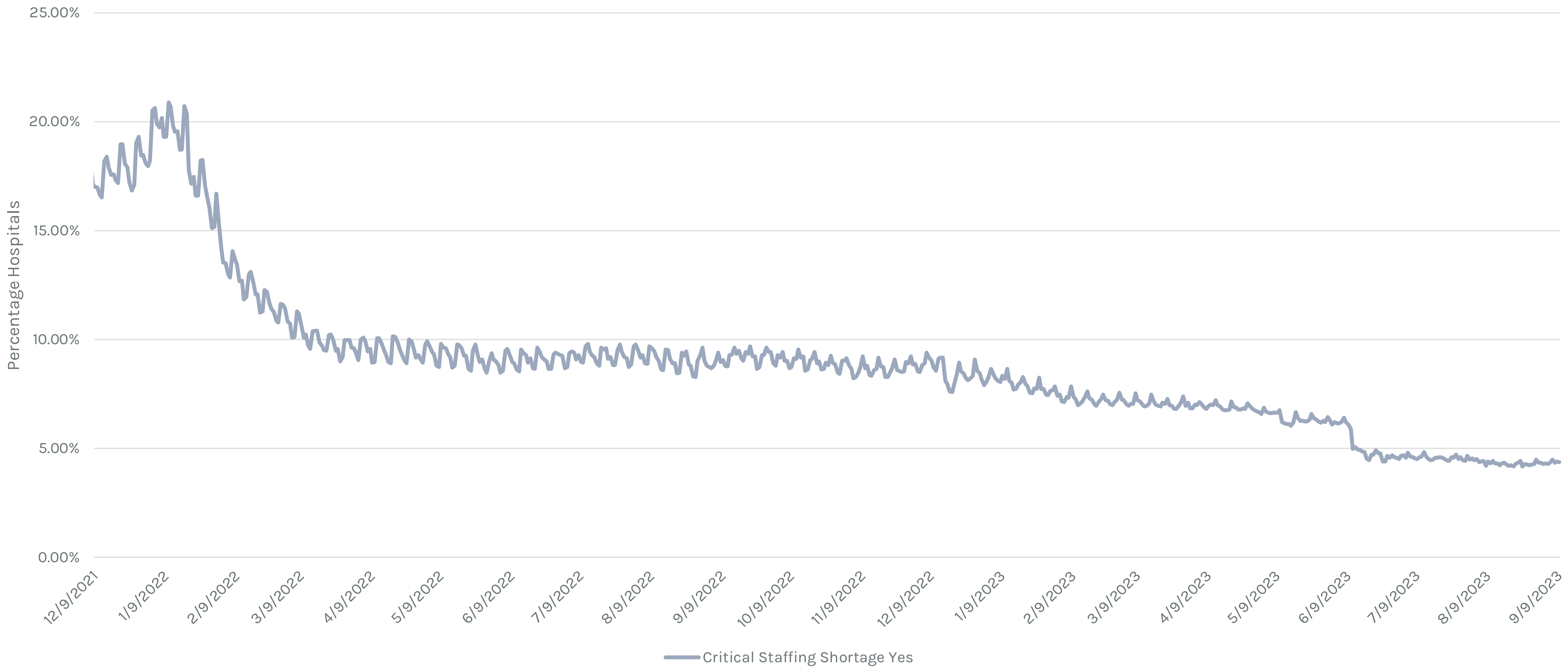
Flooding the US Medical Economy with tons of excess funding on top of pandemic stressors resulted in massive labor market distortions



Critical labor shortages peaked at 20% of hospitals

HEDGEYE

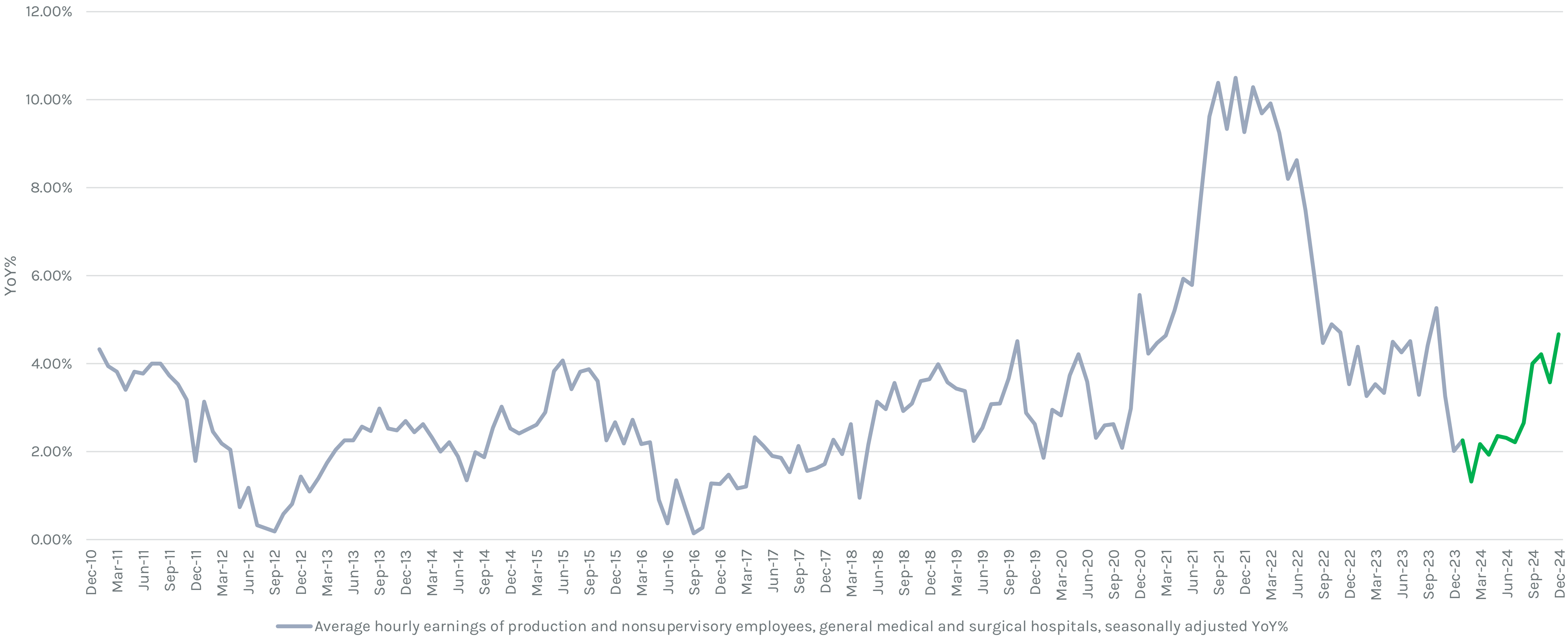
After the PHE ended, emergency funding ebbed, and COVID acuity subsided, critical staffing shortages dropped



Is the hospital wage inflation nightmare over?

HEDGEYE

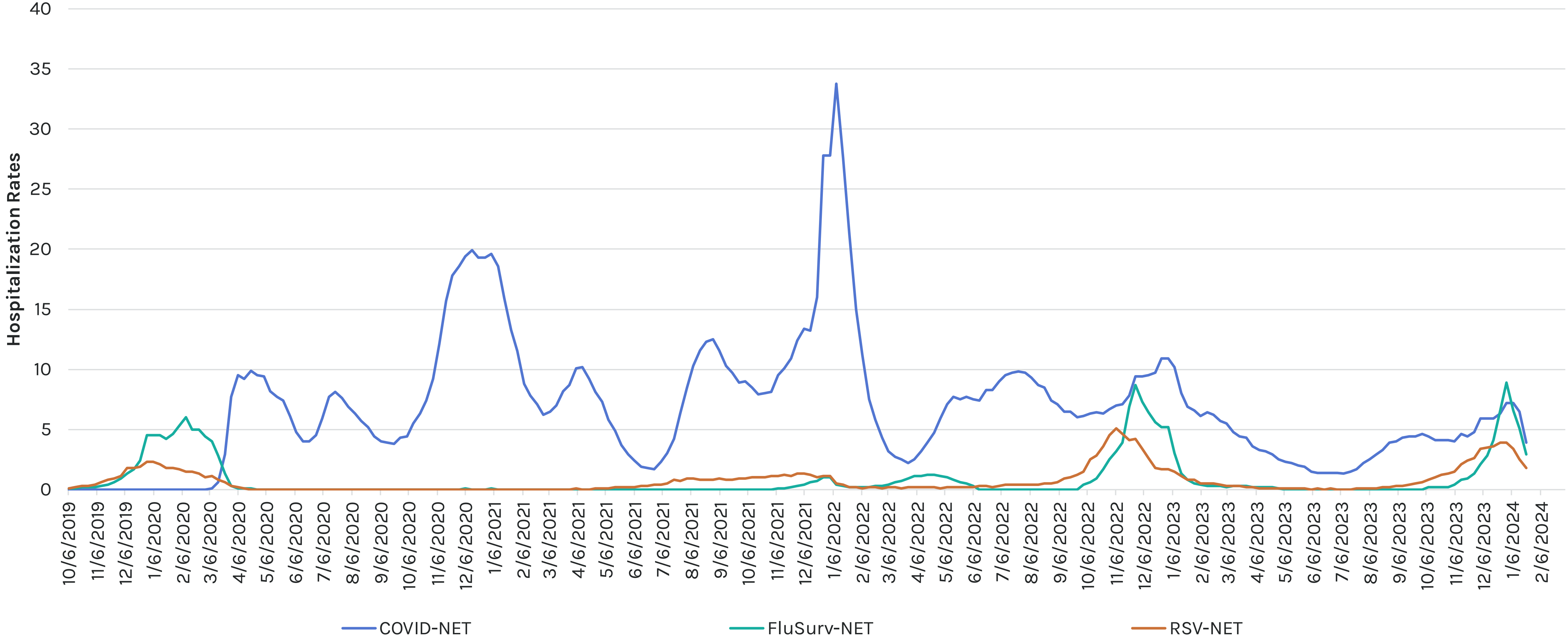
After the PHE ended, emergency funding ebbed, and COVID acuity subsided, wage inflation fell to 2% as of 4Q23, but the comparisons get harder from here. We might get back to 4% by 4Q24, which would be a problem



COVID is no longer impacting Hospitals

HEDGEYE

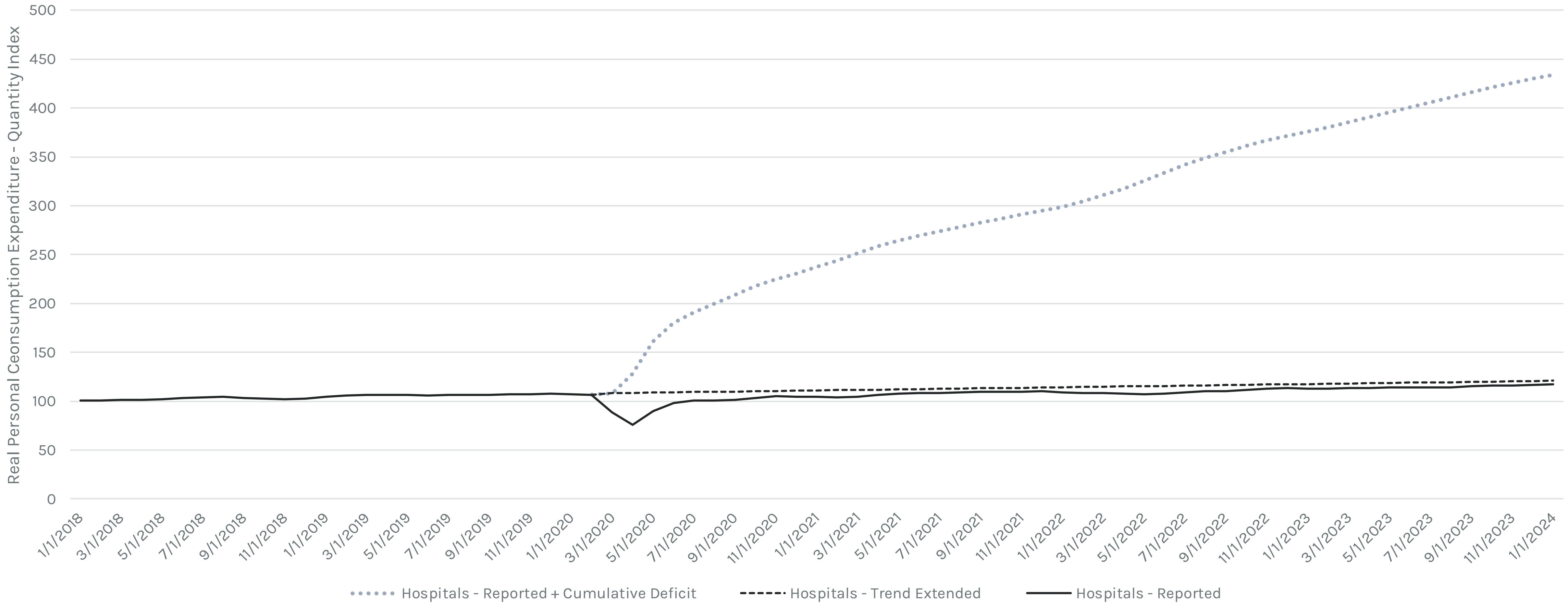
Through 1/21/2024 COVID hospitalizations remain benign, even as Flu and RSV cases climb as they did in 2022-2023. Even with continued declines in COVID vaccine use, hospitalizations have barely budged.



Hospital volume back to trend with deferred care ahead

HEDGEYE

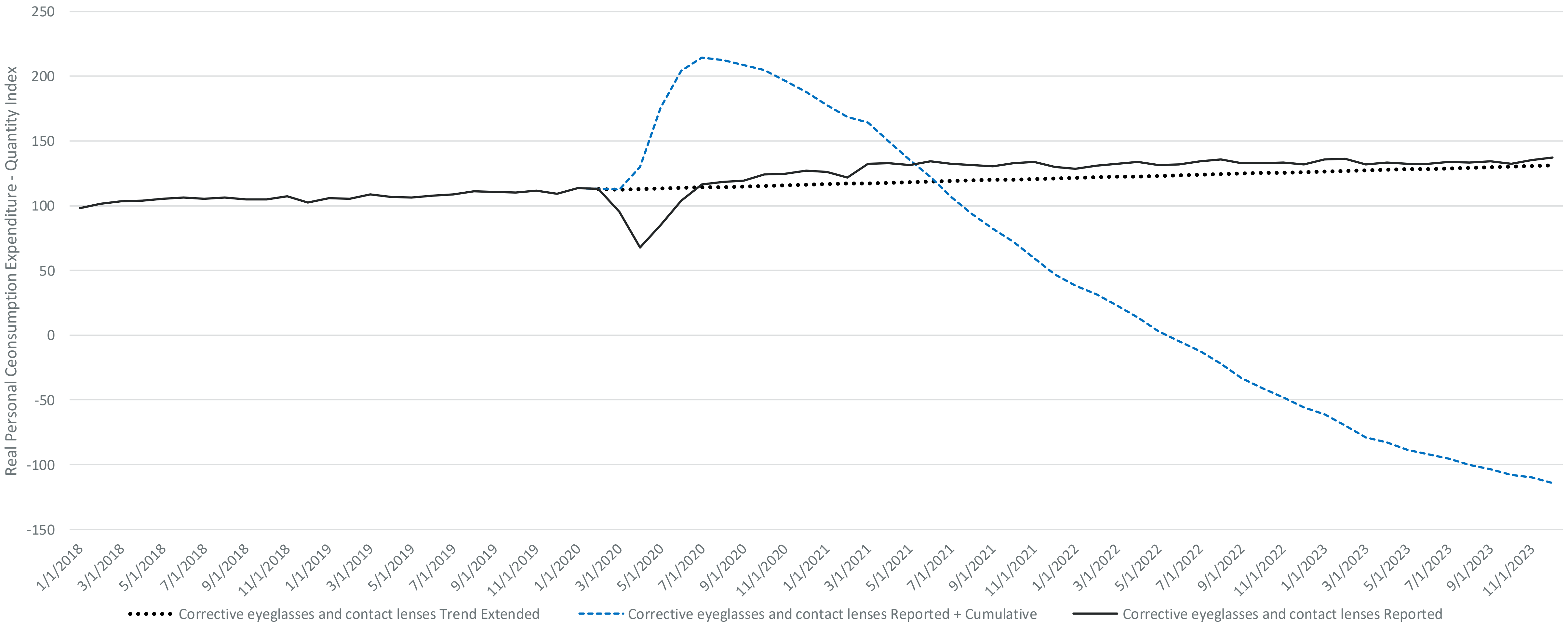
Hospital labor has been the rate limiting headwind to drawing down on deferred care. The industry appears to back to the pre-pandemic trend line with a deferred pool of care +450% above the current run rate. Here we compare pre-COVID trend to realized Quantity Index from BEA and sum the differences for deferred care.



Compared to Hospitals, Eye Care has a demand <u>deficit</u>

HEDGEYE

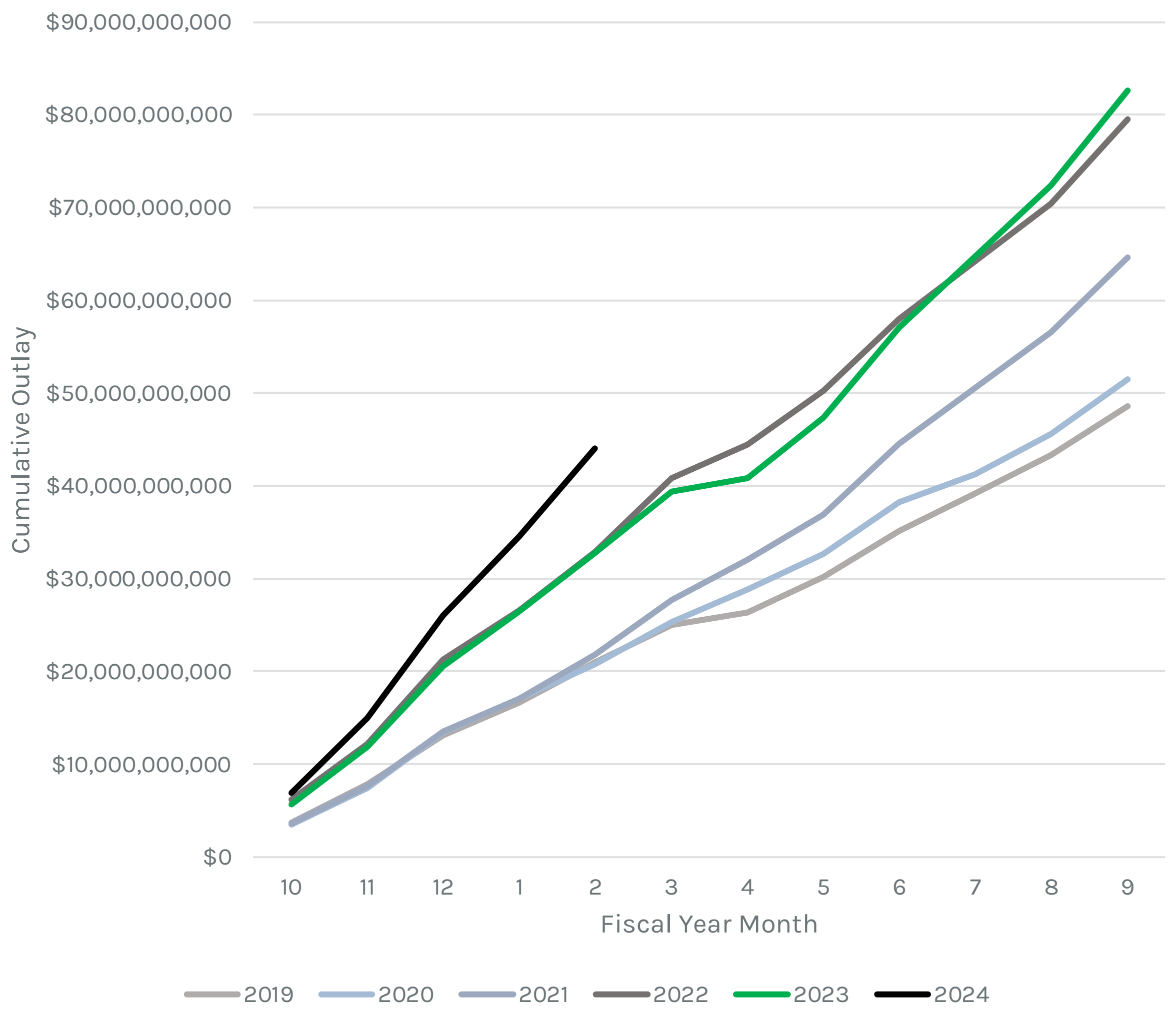
Compared to Hospitals, eye care related volume has remained sluggish and more volatile with demand pulled lower by returning to pre-pandemic trend line.



Growth of the insured medical consumer population is very strong in 2024, which should lead to stronger patient demand

HEDGEYE

US Treasury Cumulative Outlays for Exchange Tax Credits

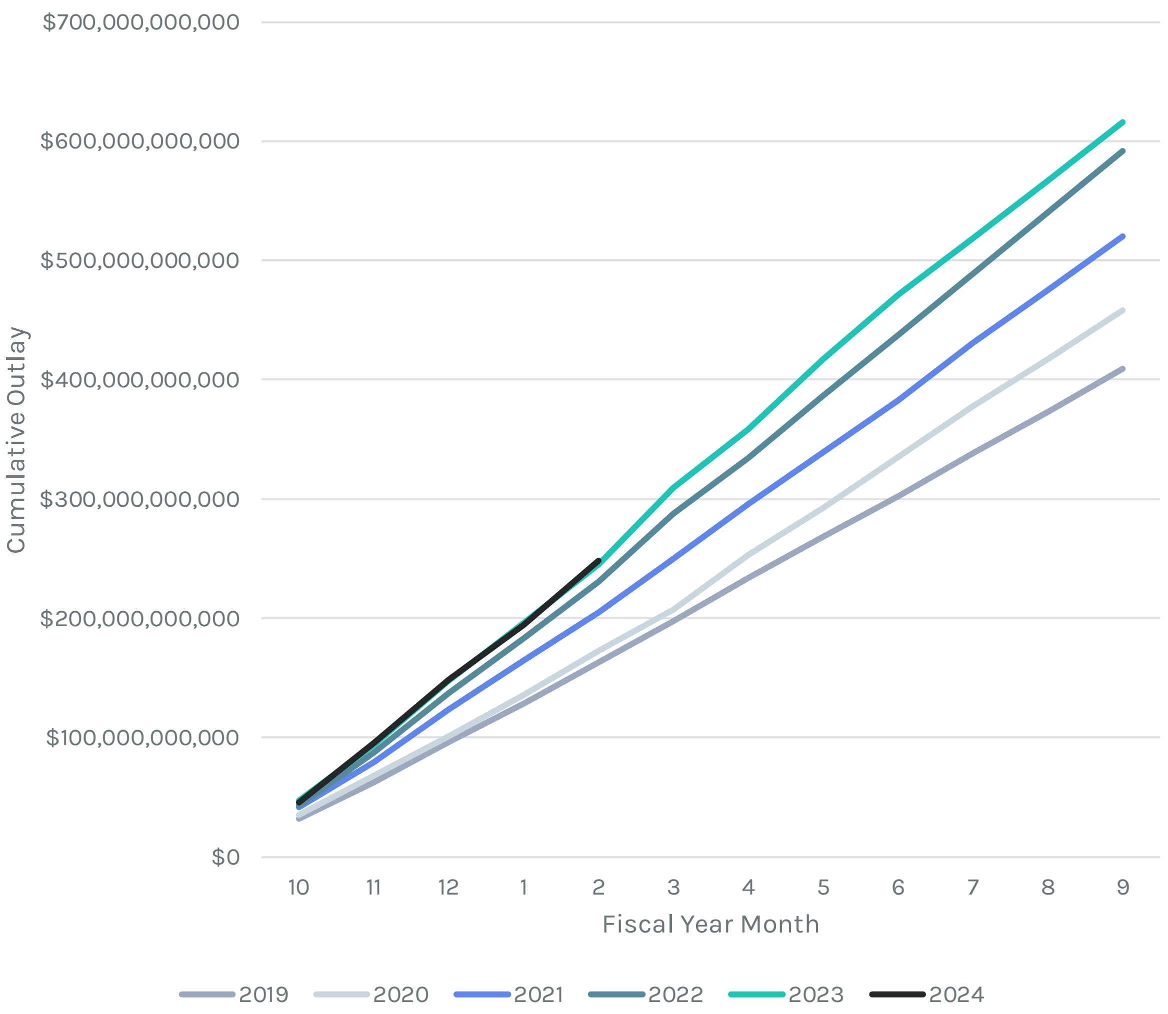


US Treasury Monthly Outlays for Exchange Tax Credits

US Treasury outlays for **Grants to States for Medicaid** are a good proxy for ongoing Medicaid disenrollment, which has been modest.

HEDGEYE

Cumulative Outlays for Medicaid

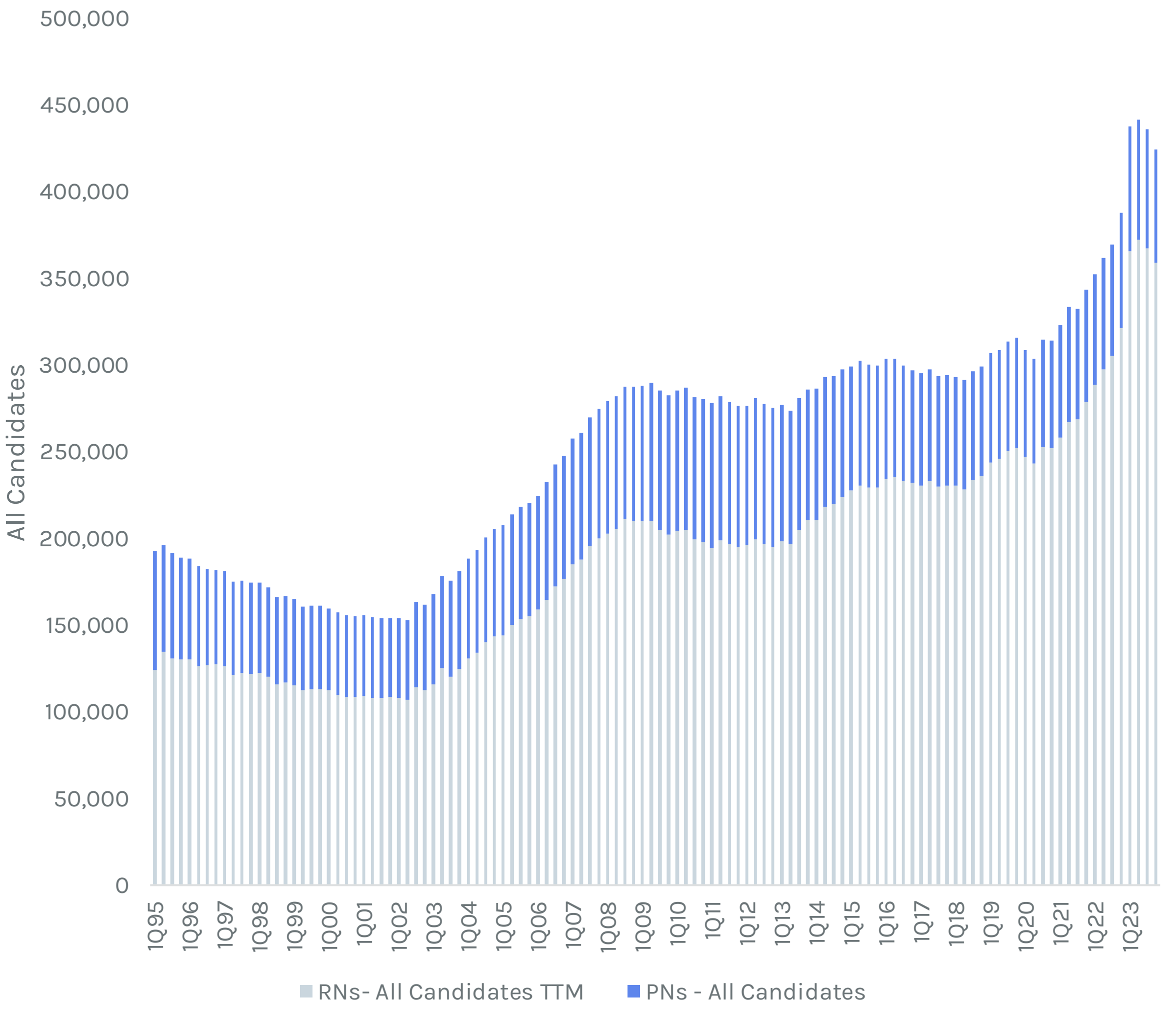


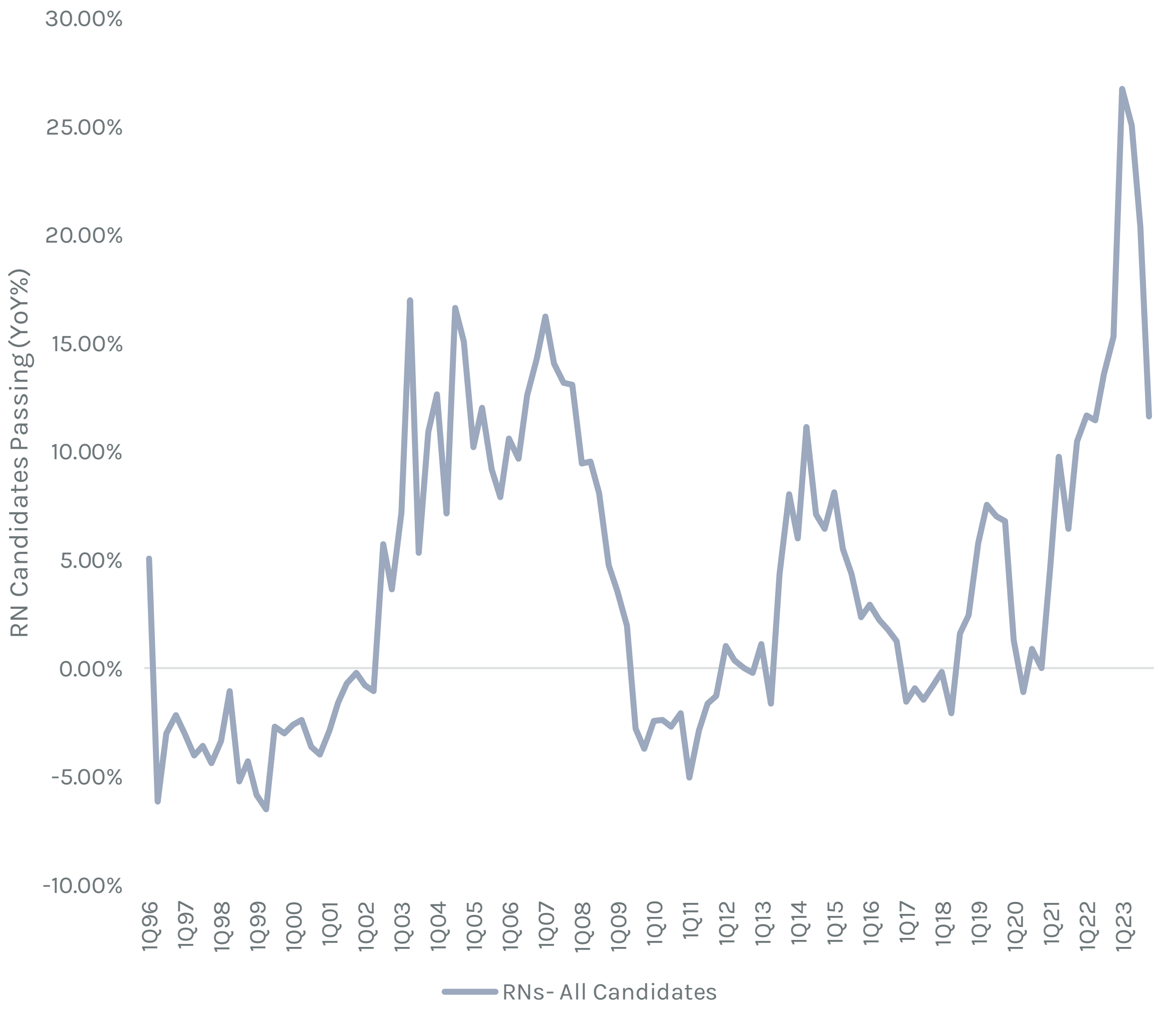
Monthly Outlays for Medicaid

The supply of Registered Nurses is increasing

HEDGEYE

The number of new RNs and PNs based on NCLEX test takers accelerated adding to the pool of available labor

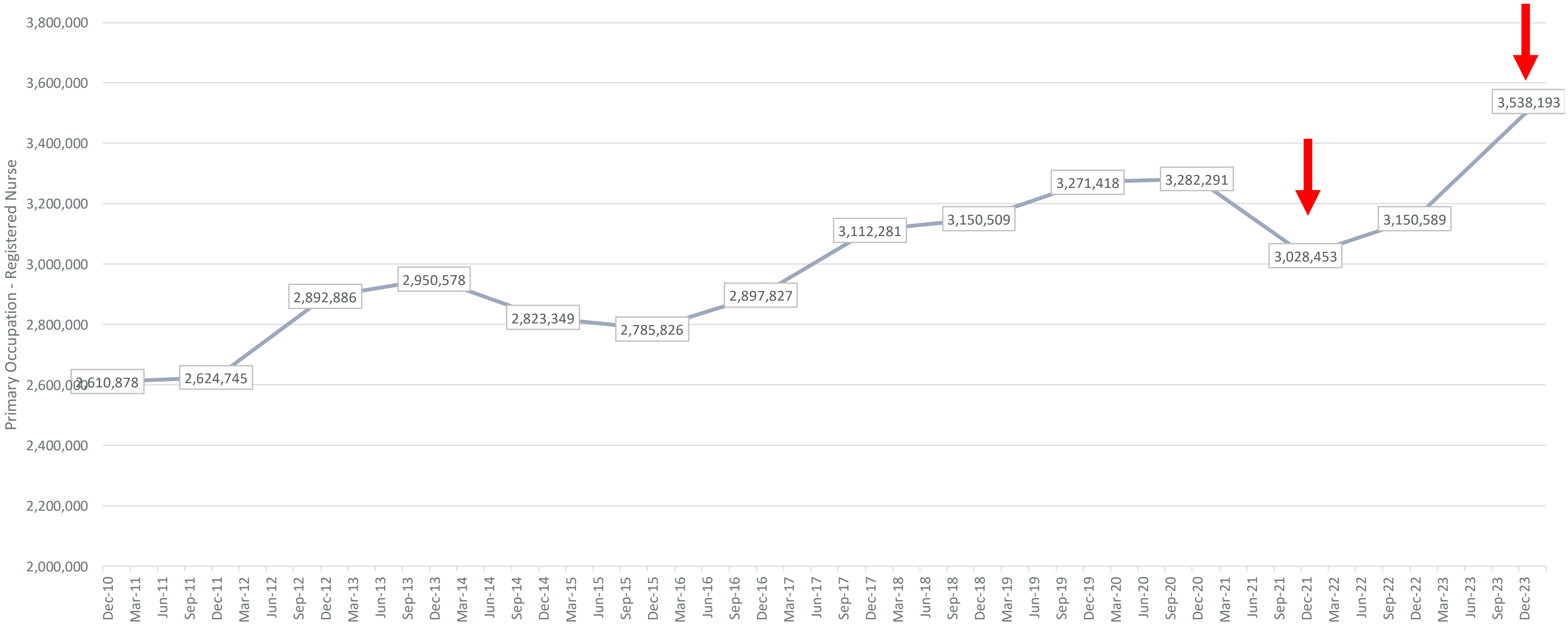




1 Million RNs were added between 2010 and 2024

HEDGEYE

The population of RNs fell 8% in 2021 despite widening vaccine availability and rising demand but has more than rebounded as of February 2024.

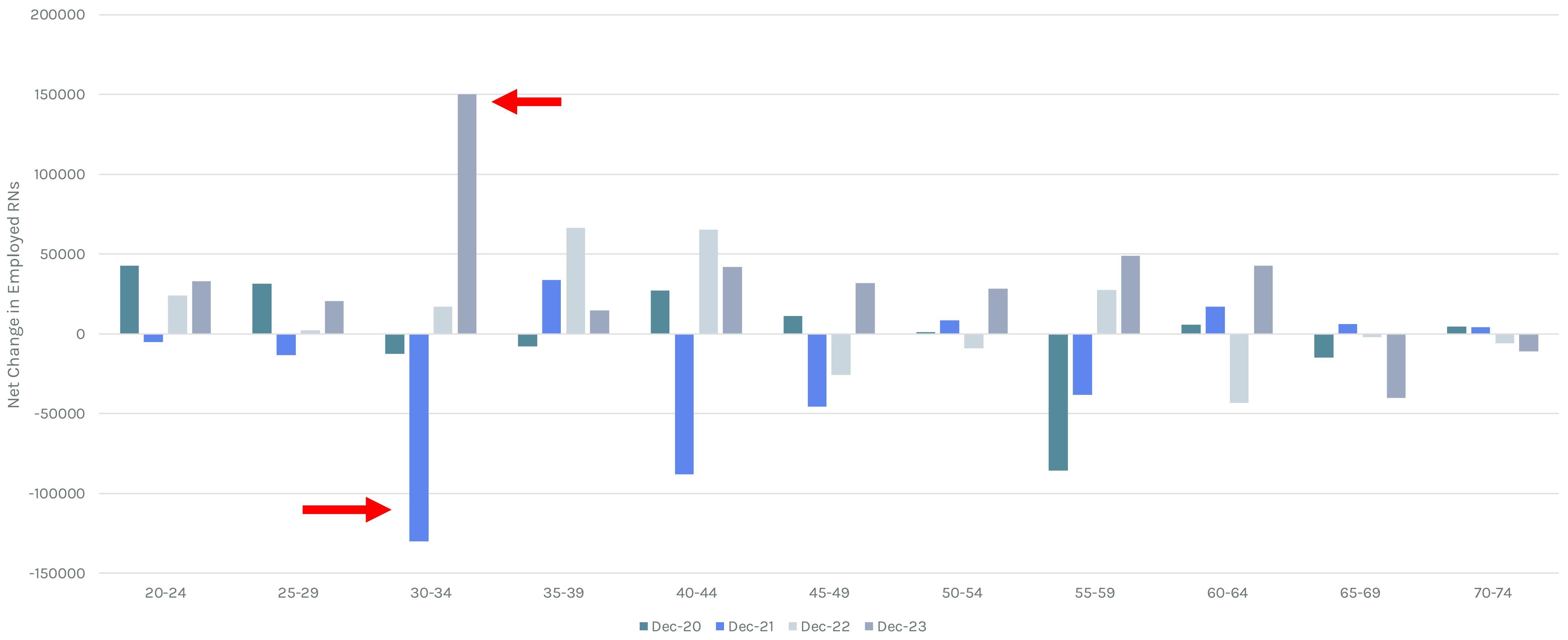


Data Source: CPS, Hedgeye Estimates

Younger RNs dropped out of the employed ranks in 2021

HEDGEYE

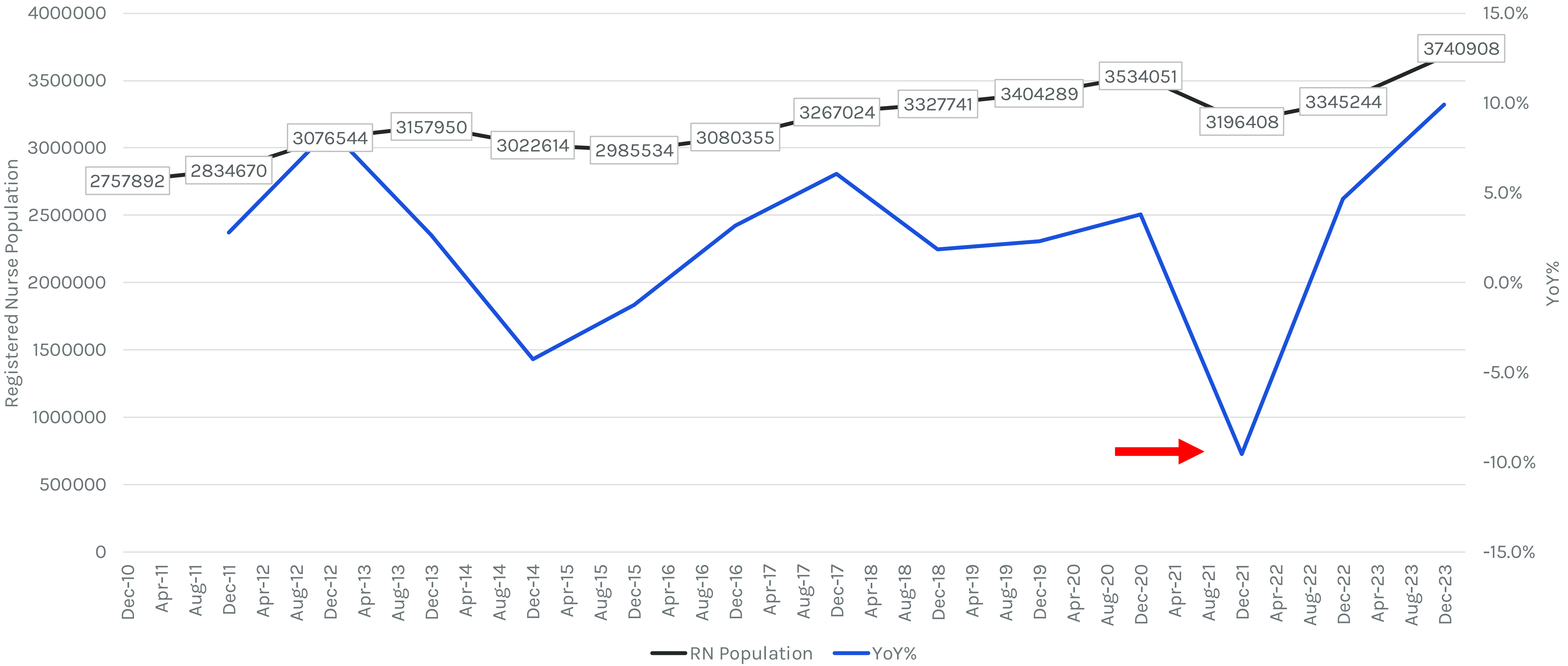
The US Medical Economy lost and then regained younger RNs



Employed Registered Nurses vs COVID

HEDGEYE

The population of RNs fell 8% despite widening vaccine availability and rising demand

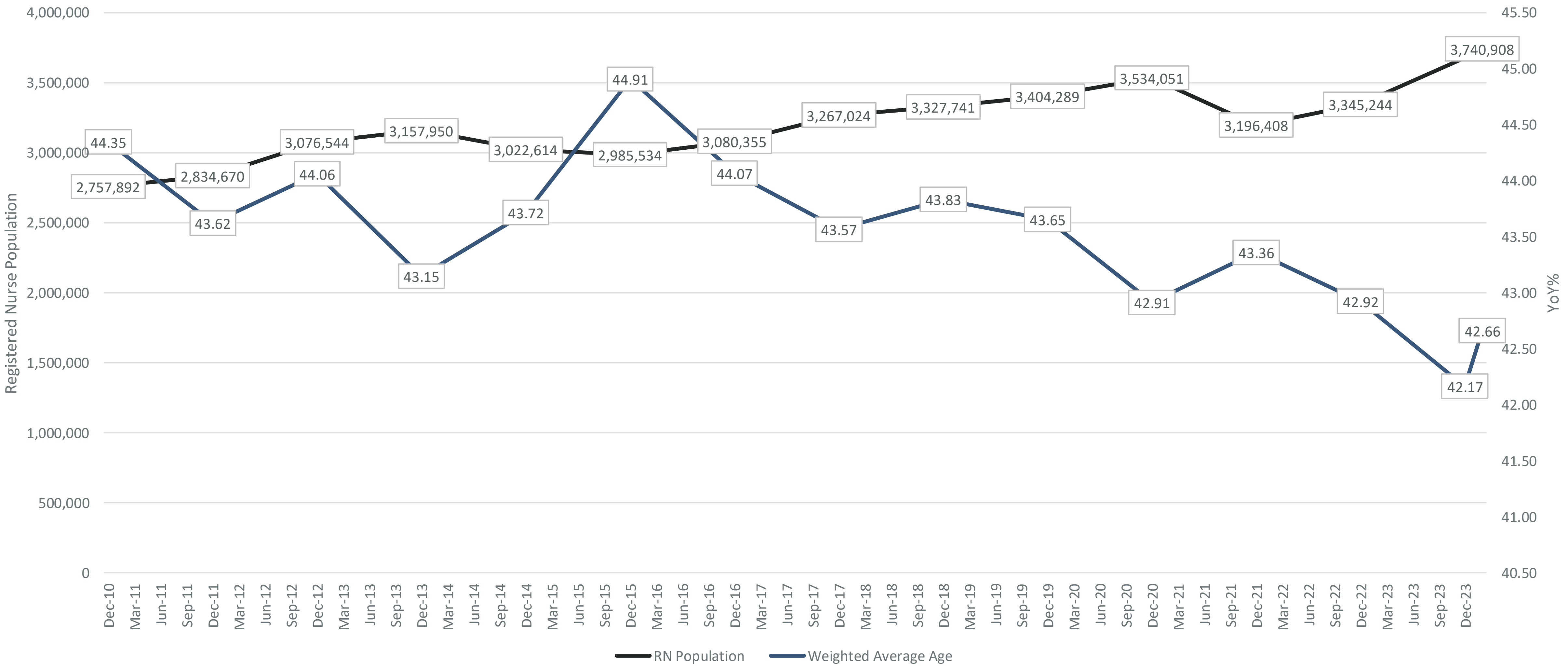


Data Source: CPS, Hedgeye Estimates

Nurses are getting younger

HEDGEYE

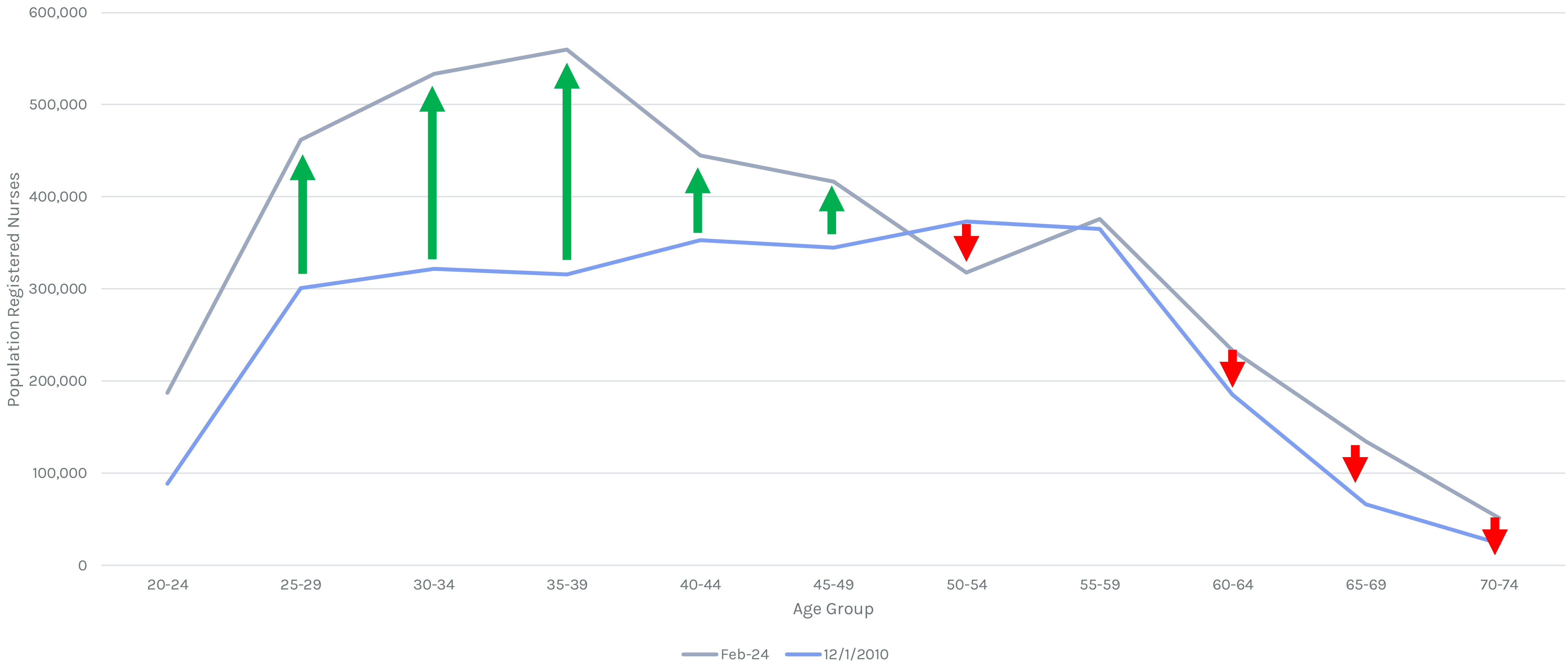
The weighted average age of nurses peaked in 2016 with the RN population **growing** **AND** getting **younger**



Data Source: CPS, Hedgeye Estimates

Demographic shift by RN age

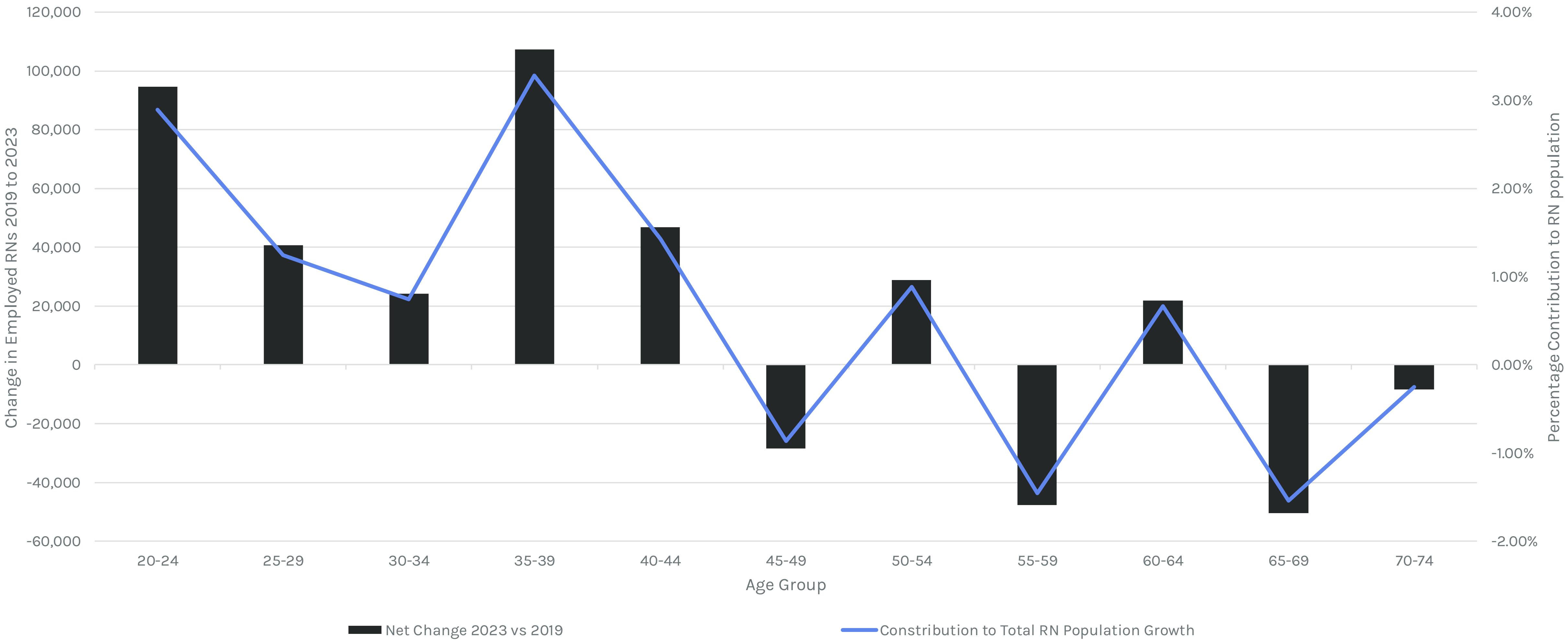
Nurses don’t work much past 55, but the industry has seen a large influx of younger RNs



Change in employed RNs 2019 to 2023

HEDGEYE

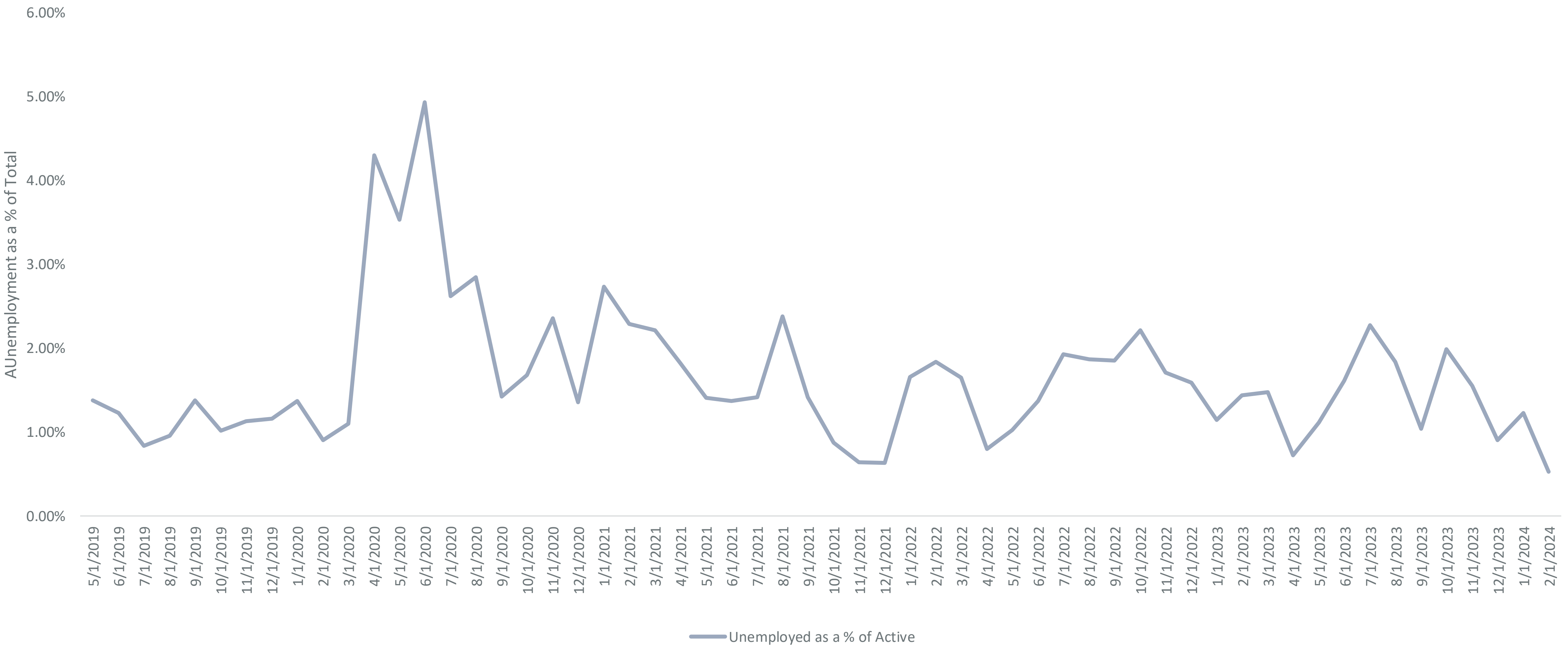
We've picked up more younger RNs than we've lost in older



Unemployed RNs making all time low in Feb 2024

HEDGEYE

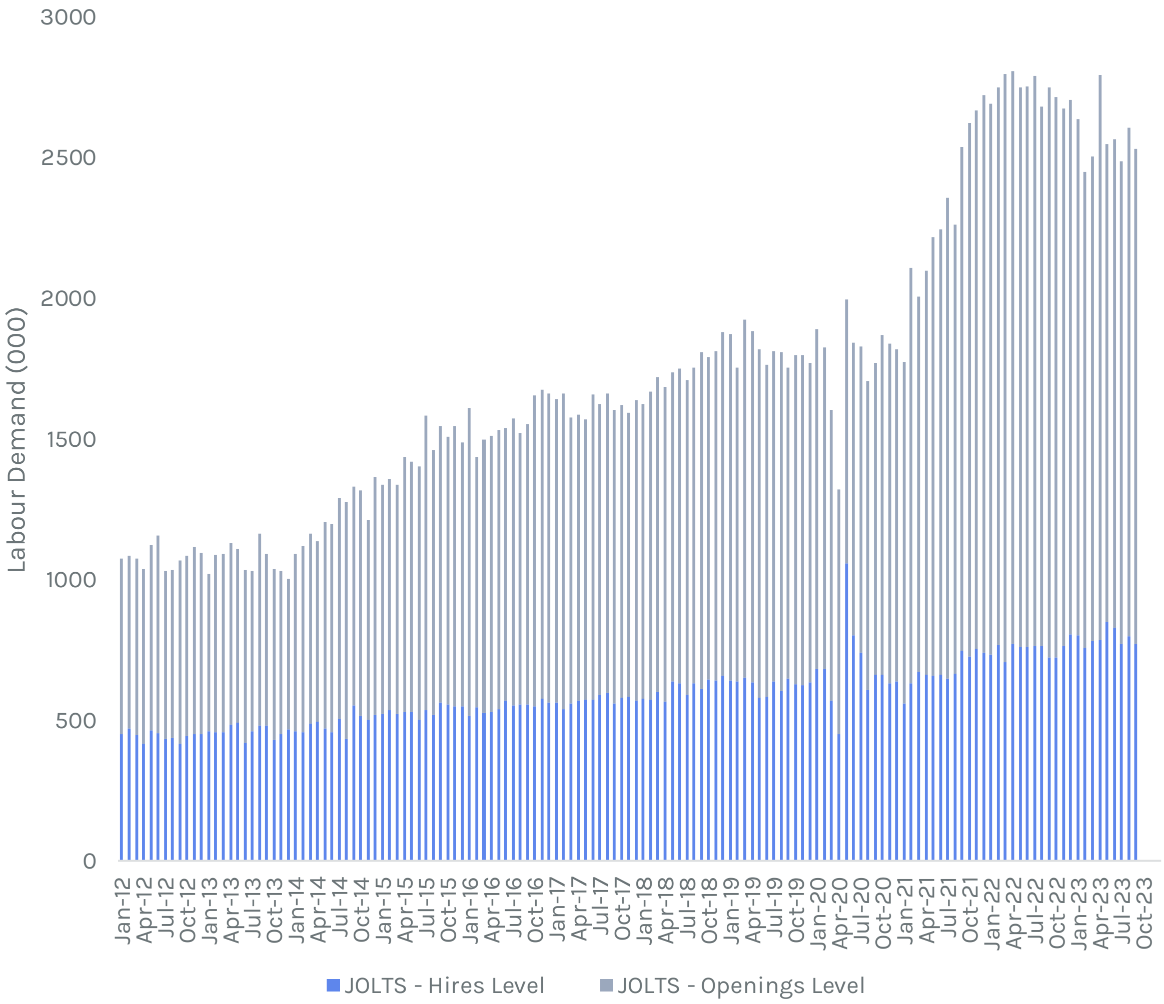
The employment status within the active population of RNs stands at 0.52%, a new low which may become a near term tailwind for wage inflation, both contract and full-time hospital staff.



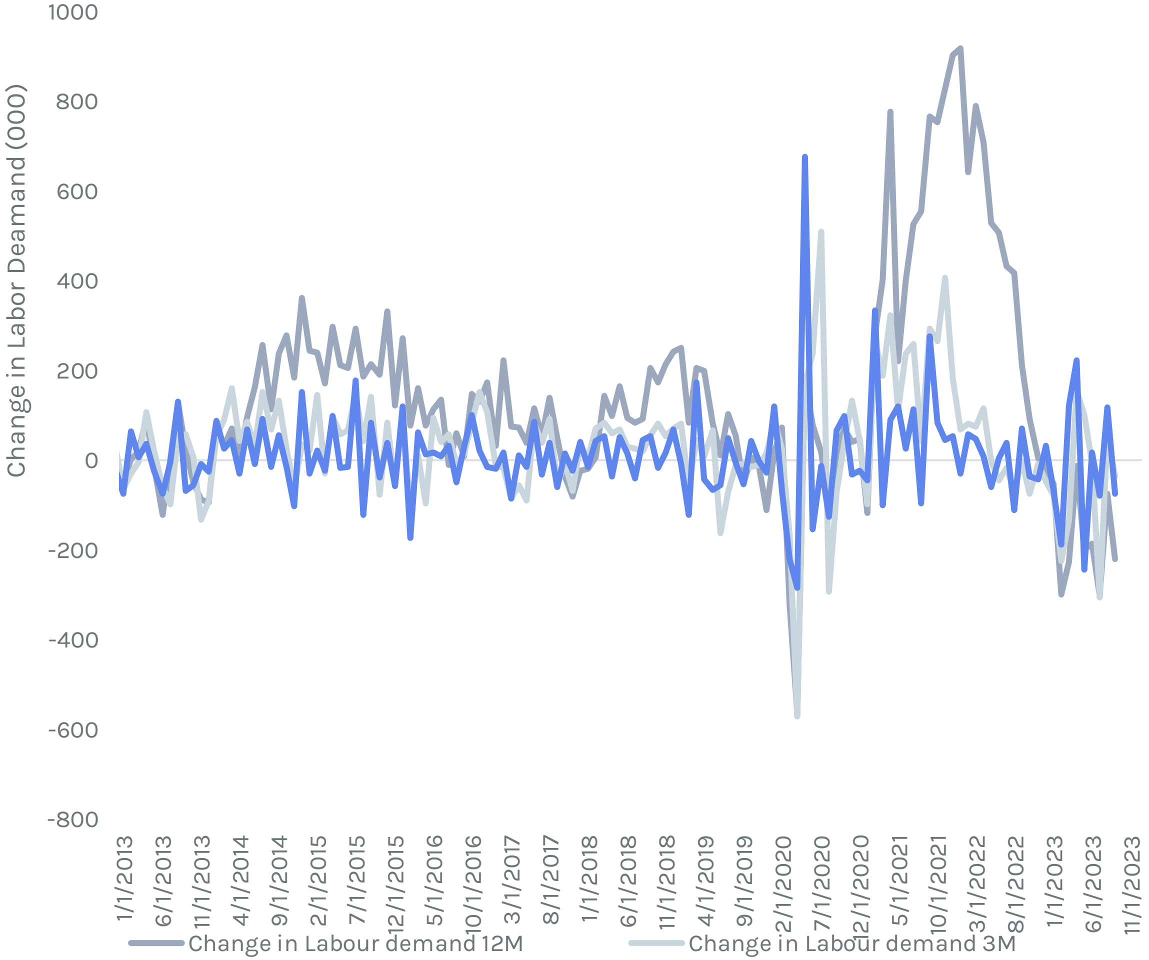
JOLTS openings and hires continue flat-to-down

HEDGEYE

Labor Demand = JOLTS Openings + Hires



Change in Labor Demand, 1M, 3M, 12M

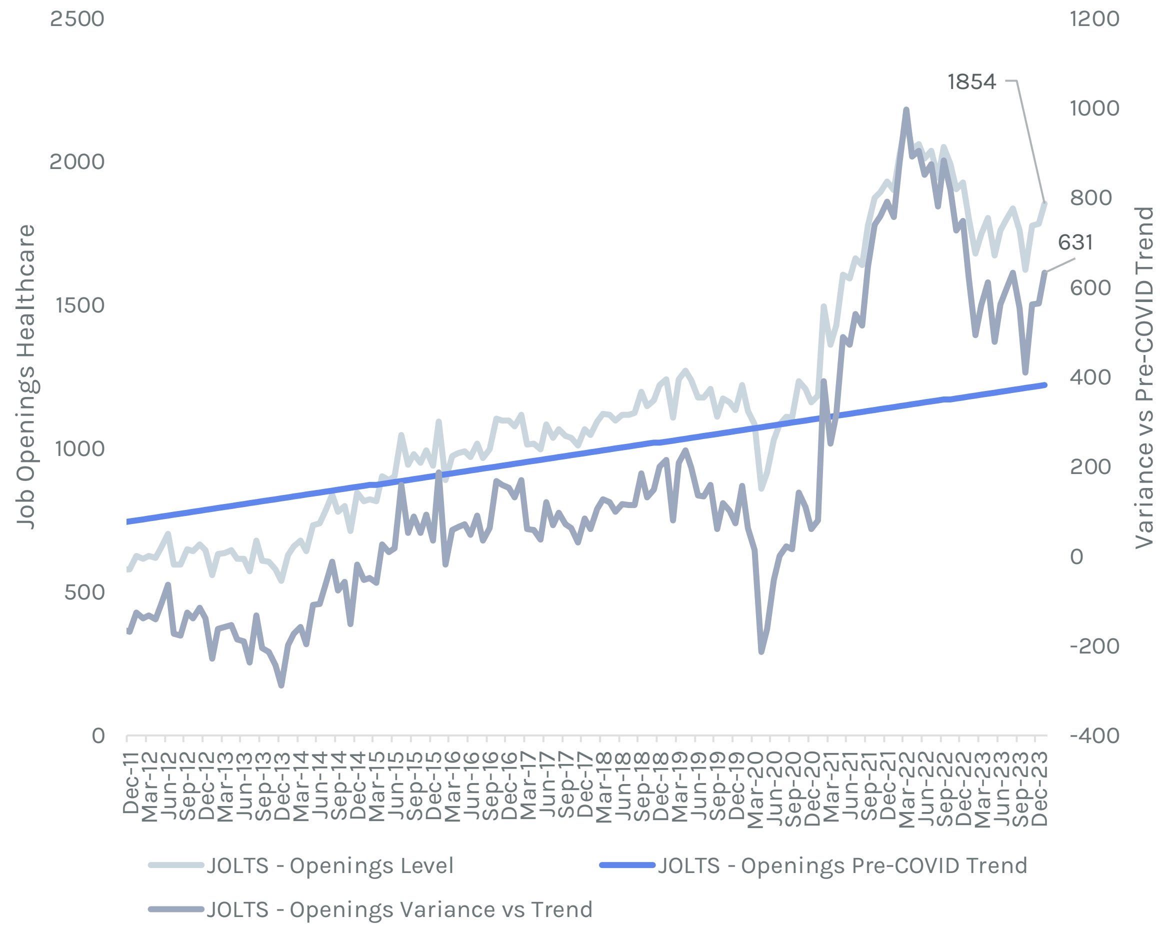


Data Source: BLS, Hedgeye Estimates

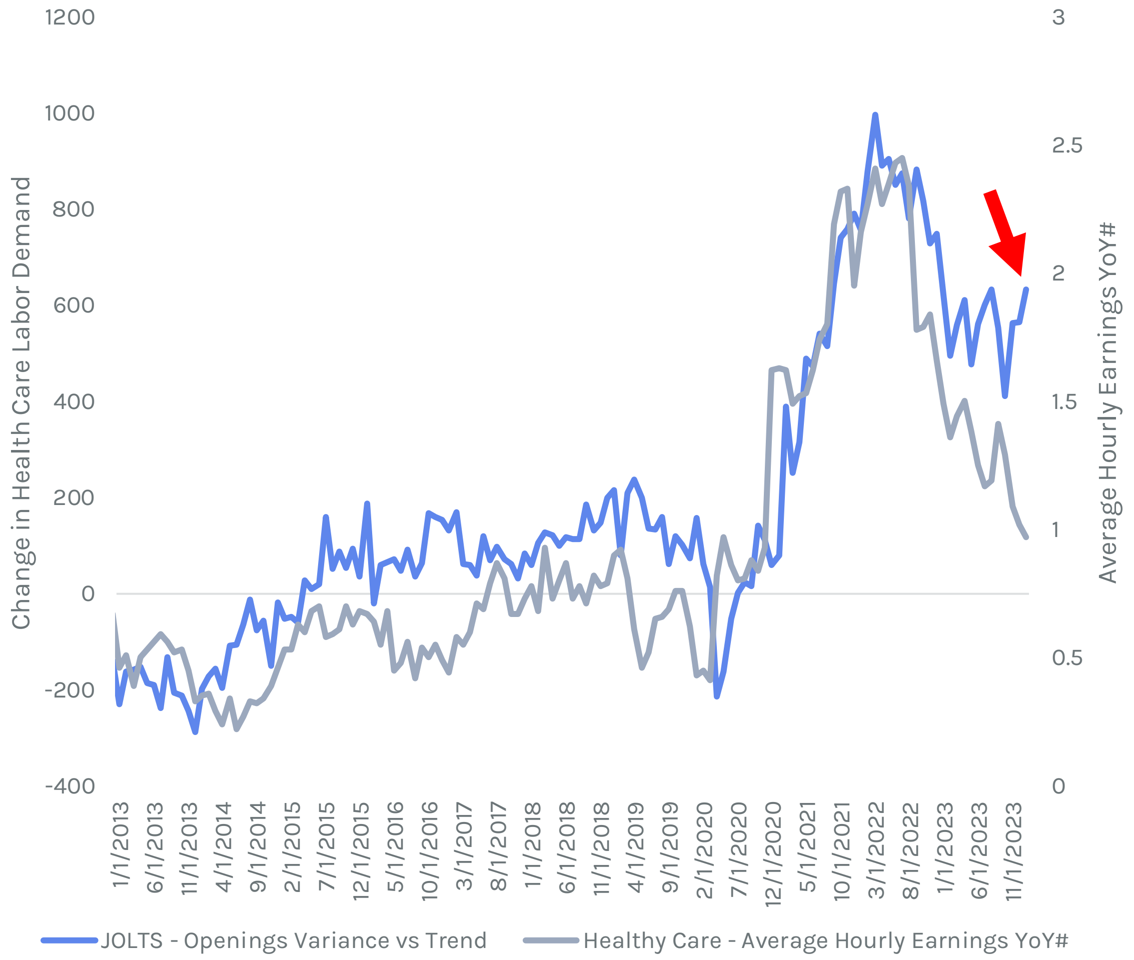
Job Openings is signaling demand is accelerating

HEDGEYE

The Health Care labor market is 631K Openings and above reverting back to the pre-COVID trend



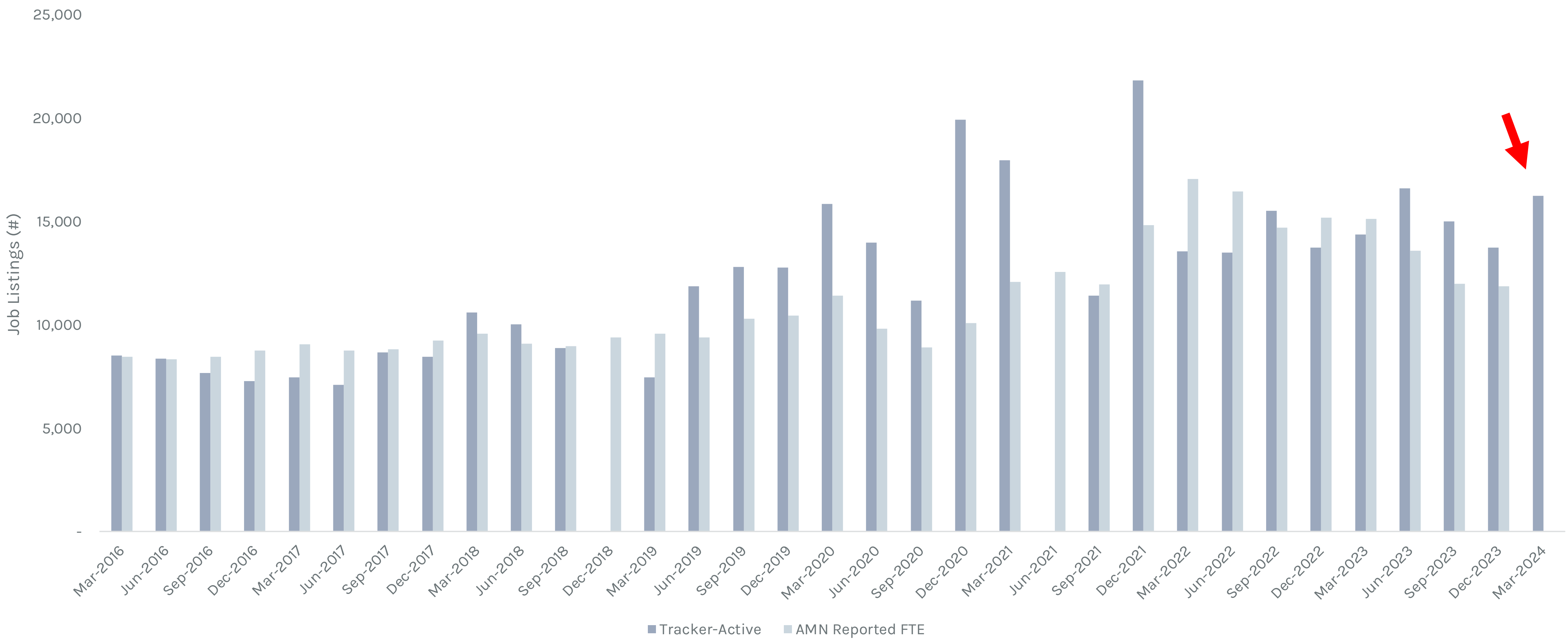
When Health Care Openings deviate from trend, wage inflation follows in real time



Tracker volume indicating a good 1Q24

HEDGEYE

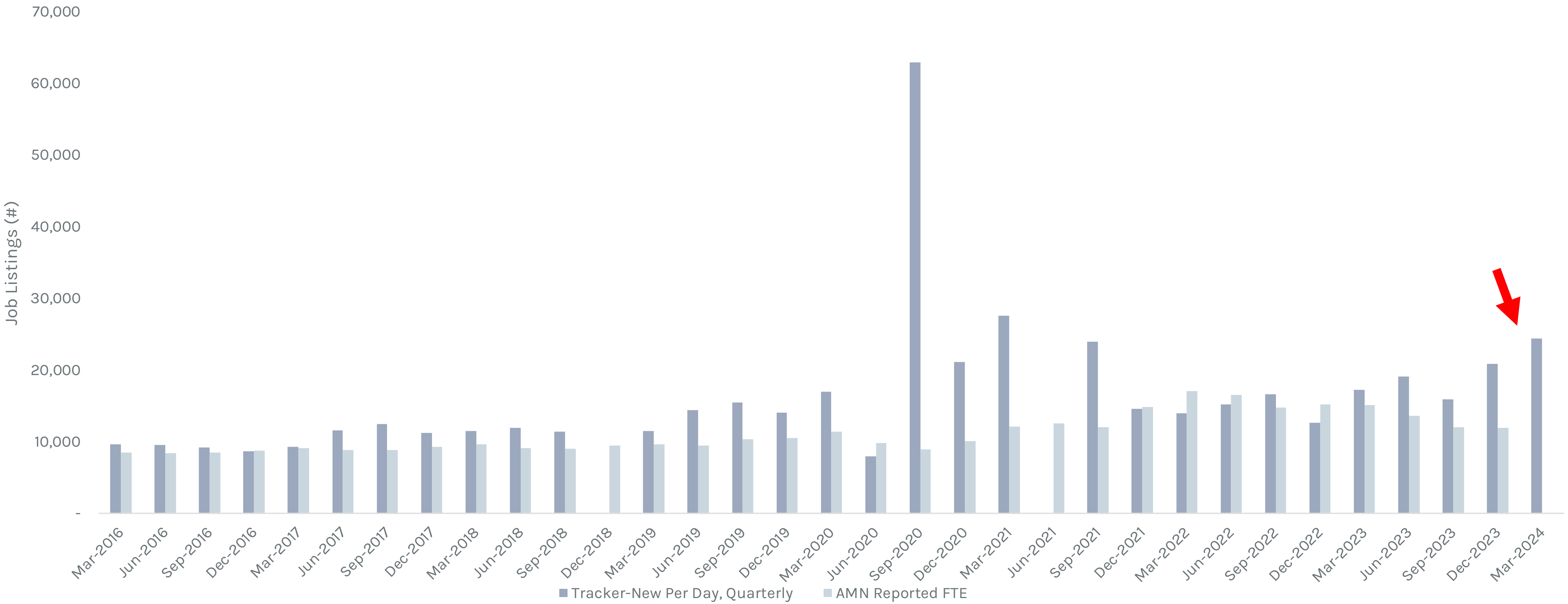
Our data goes back to 2015 and we use it to estimate the number of active postings, not perfect but directionally positive



Tracker new listings per day is trending up

HEDGEYE

New postings won't provide a perfect point estimate for 1Q24, but its not calling for a sequential decline



Health Care Labor Demand vs AMN Hourly Rate

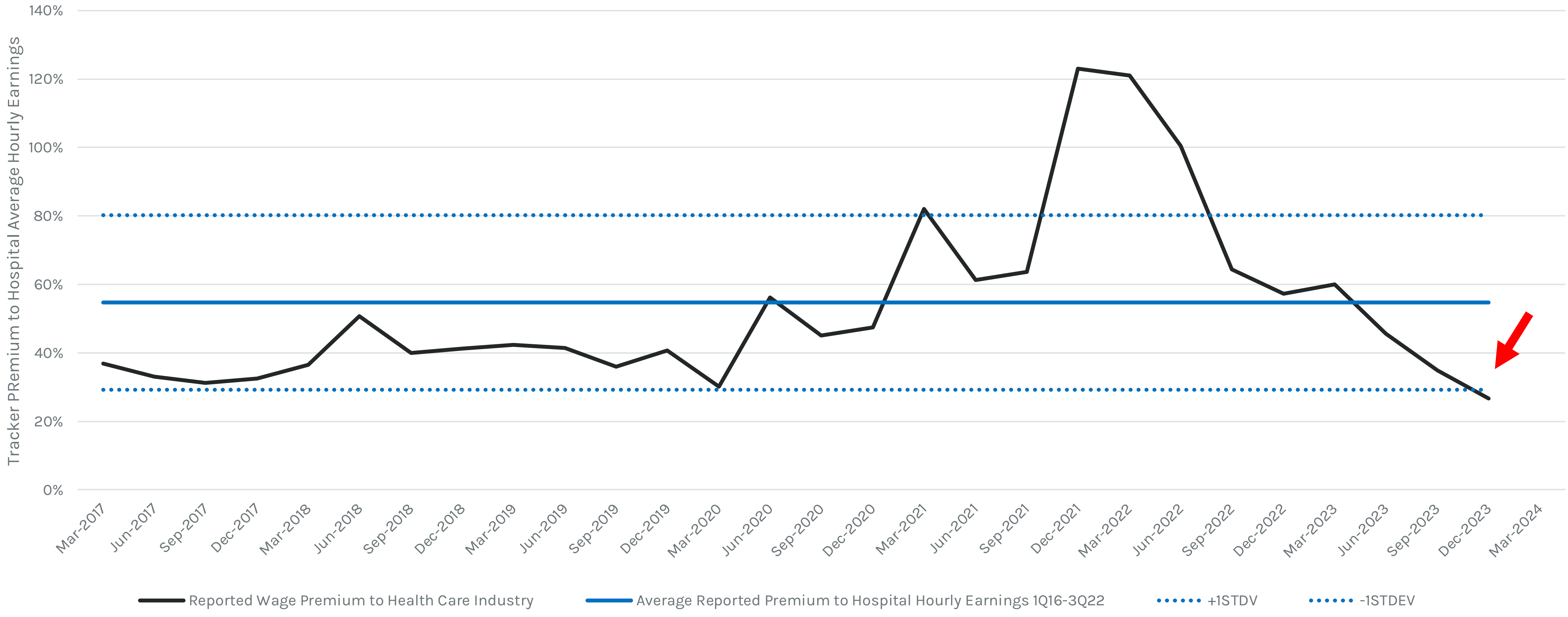
HEDGEYE

Excess labor demand is accelerating and is connected to what AMN receives as a realized rate

AMN's realized rate premium hitting a bottom?

HEDGEYE

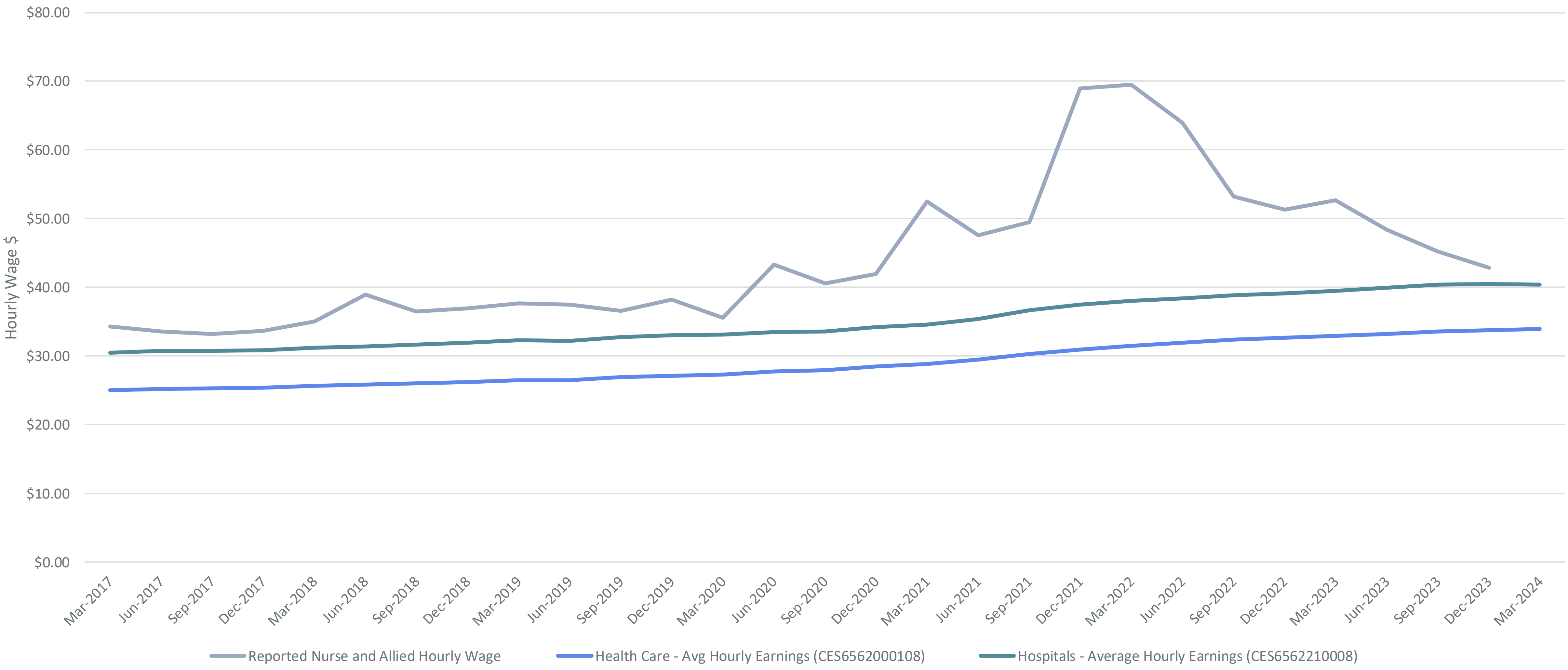
We think there are industry costs which will make this a hard floor for pricing even as we are hearing there are irrational market participants



Tracker premium compared to full time has closed

HEDGEYE

Tracker premium vs Average Hourly Earnings for Hospitals has returned to the long run trend

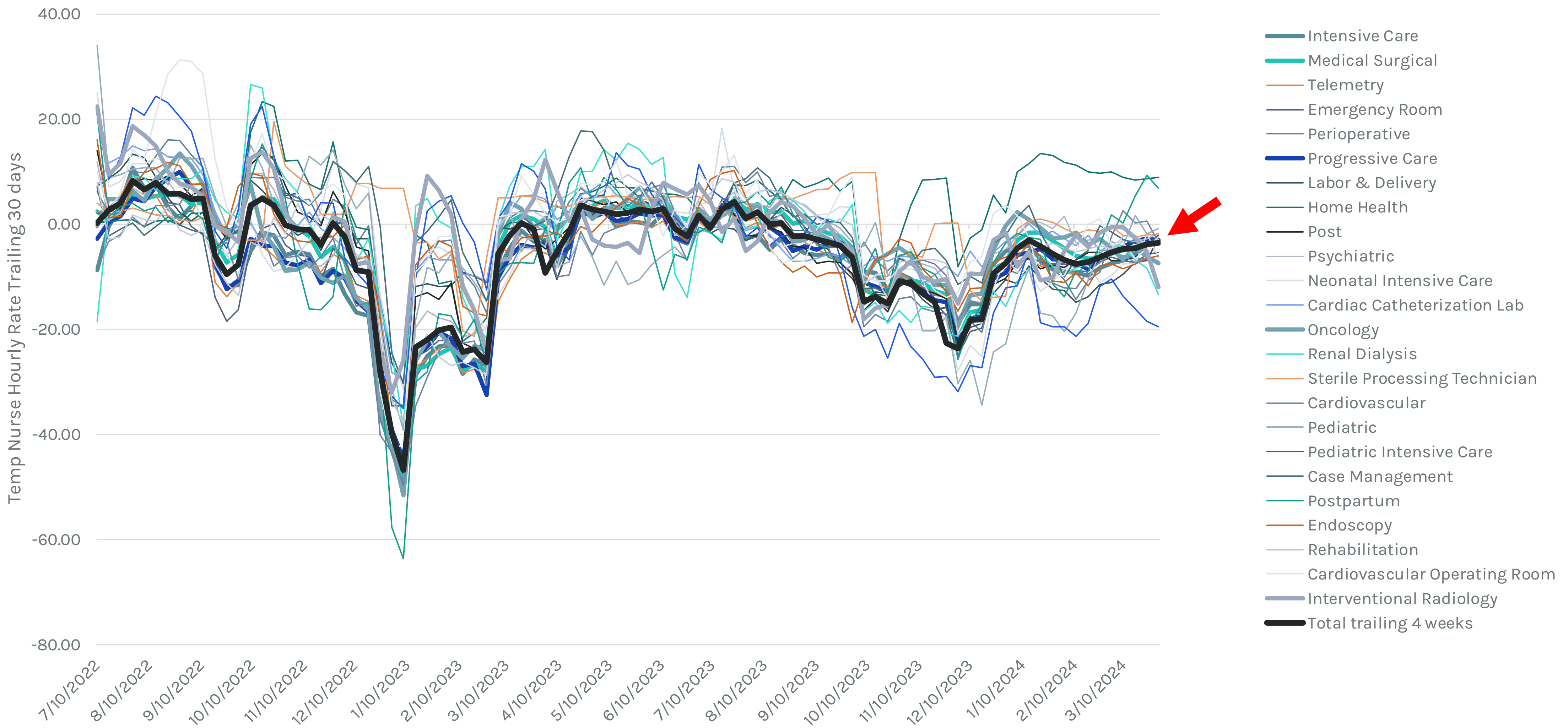


Data Source: Proprietary Data Sources, BLS, Hedgeye Estimates

Tracker pricing rate of change is positive

HEDGEYE

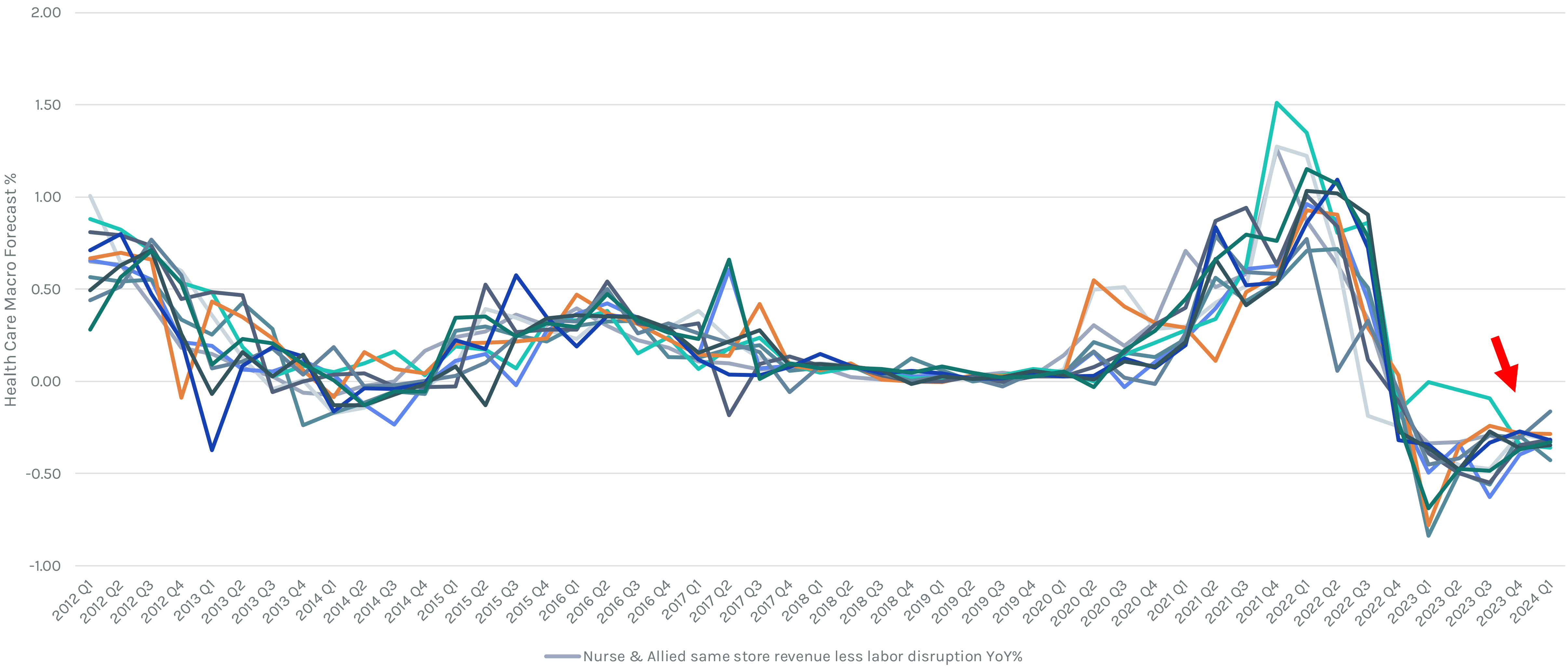
Price both reflects rising demand on the provider side which then induces more supply



Accelerating Health Care Macro Overlay

HEDGEYE

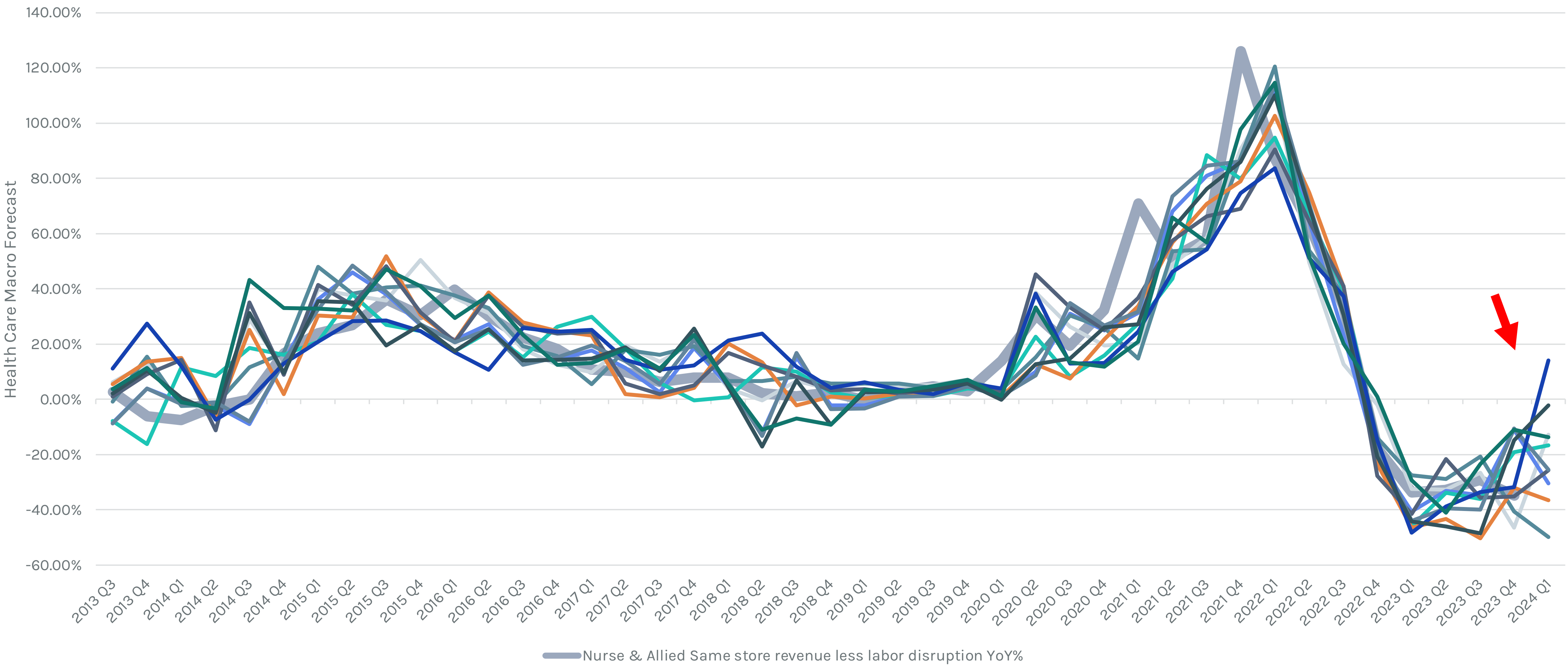
A walk-forward forecast method using single Health Care Macro series



Multi-factor Health Care Macro forecast

HEDGEYE

Using multiple Health Care Macro series, our walk-forward forecast method points to a good 1Q24

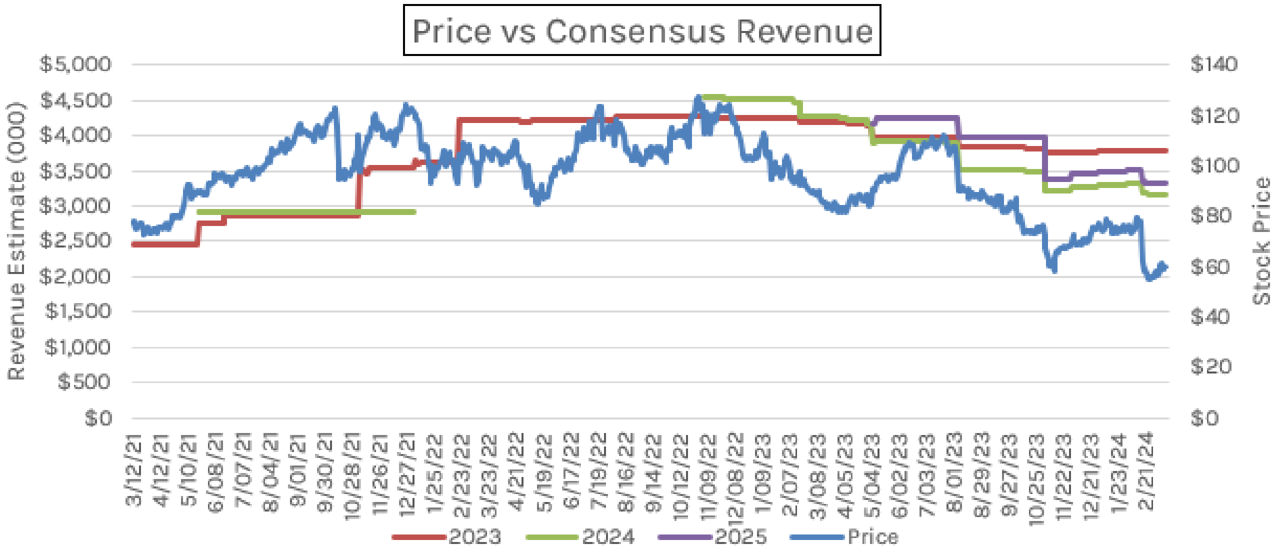


Hedgeye vs Consensus

HEDGEYE

Consensus assumes AMN is broken through 2026, we're more optimistic and assume price pulls volume higher

Ticker	AMN	AMN Healthcare Services, Inc.				
Price	$59.10		**2023**	**2024**	**2025**	**2026**
Position	Long	**Revenue Consensus**	3789.3	3174.5	3317.0	3319.3
Date Added	3/13/2024	**Hedgeye**	3789.3	3360.7	3696.6	3895.8
Market Cap	$2,239					
Enterprise Value	$3,620	**EBITDA Consensus**	579.1	359.7	397.4	384.6
Short Interest %	10.06	**Hedgeye**	579.1	437.3	510.7	560.9
Debt/EBITDA	2.60					
Sellside Target	77.43	**EPS Conseusus**	$8.21	$3.86	$4.58	$4.70
Factor Score	56%	**Hedgeye**	$8.21	$4.61	$6.17	$7.56
Signal Strength	NA					



Summary and Hedgeye Edge

Background & Thesis

AMN has been through several boom and bust cycels of the contract nurse staffing industry. We think the most recent cycle downturn is near a bottom and showing signs of turning. COVID related nursing supply shocks and excess federal funding resulted exteme price and volume trends peaked 1Q22. After a 2 year decline, in 1Q24 we see evidence that labor demand and wage inflation is turning positive.

Valuation Catalysts

During booms AMN will trade on EV/EBITDA, or P/E. During busts, shares revert to EV/Sales in a range of 0.8 to 1.2. Recent Health Care Macro and Tracker updates point to a trough in pricing and likely volume. Through multiple data we track, we are monitoring our Health Care Macro and Trackers to assess AMN trends.

Risks

Hospitals may have reformed labor management in response to the extreme labor shortages generated during the pandemic resulting in less turnover, vacancies, and need for contract staffing. Competition may have resulted permanently impaired bill-pay spreads through an inability to pass on staffing costs to clients.

Valuation

HEDGEYE

We can get AMN back to the $80s with our revenue estimate and the upper end of EV/Sales sometime in 2024 as investors turn toward 2025 and see evidence of a recovery.

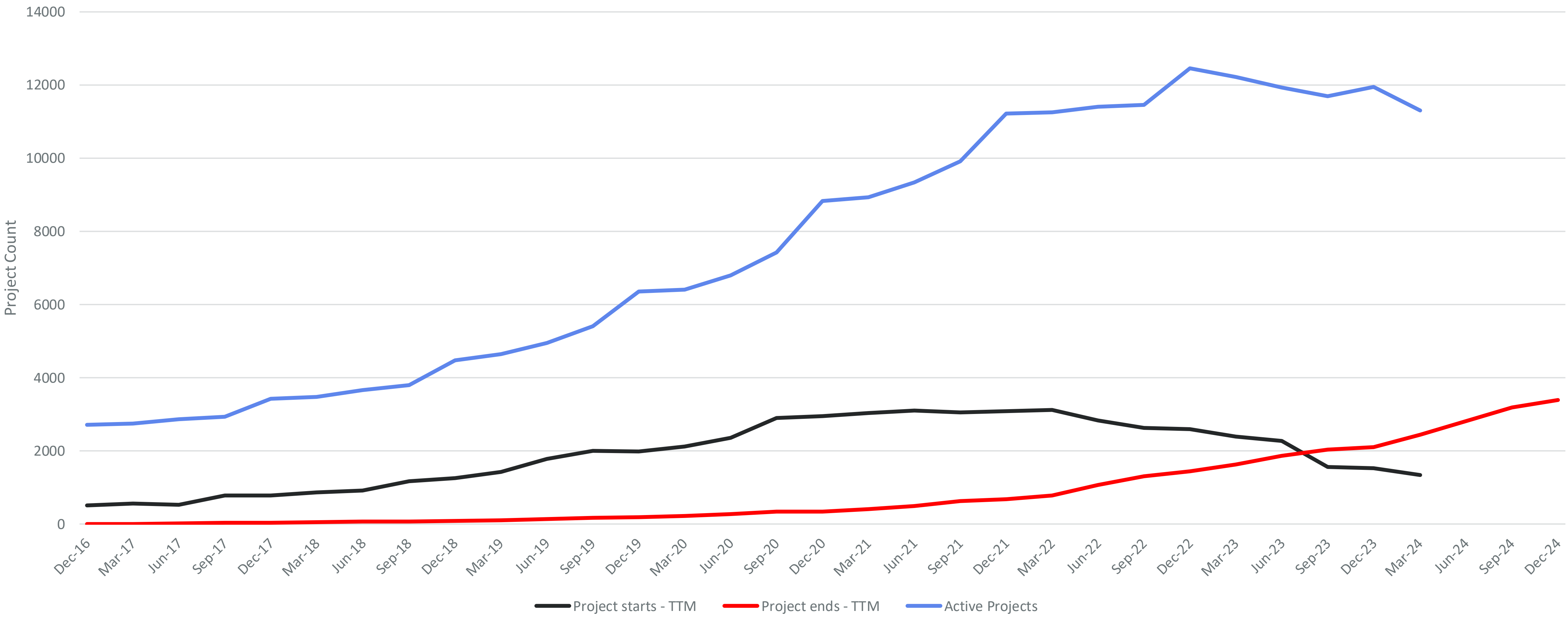
2024 EV/Sales	2024 Sales $M						
	2988	3049	3111	3175	3238	3303	3369
0.70x	20.69	21.79	22.93	24.08	25.24	26.41	27.61
0.80x	28.45	29.72	31.01	32.33	33.65	34.99	36.37
0.90x	36.21	37.64	39.09	40.58	42.06	43.58	45.12
1.00x	43.97	45.56	47.17	48.82	50.47	52.16	53.87
1.10x	51.74	53.48	55.26	57.07	58.89	60.74	62.63
1.20x	59.50	61.40	63.34	65.32	67.30	69.32	71.38
1.30x	67.26	69.32	71.42	73.57	75.71	77.90	80.13

2025 EV/Sales	2025 Sales $M						
	3027	3121	3217	3317	3416	3519	3625
0.70x	21.40	23.11	24.86	26.67	28.48	30.35	32.27
0.80x	29.27	31.22	33.22	35.29	37.36	39.49	41.68
0.90x	37.13	39.32	41.58	43.91	46.23	48.63	51.10
1.00x	45.00	47.43	49.94	52.53	55.11	57.77	60.52
1.10x	52.87	55.54	58.30	61.14	63.99	66.92	69.93
1.20x	60.73	63.65	66.66	69.76	72.86	76.06	79.35
1.30x	68.60	71.76	75.02	78.38	81.74	85.20	88.77

Scientists with money for single cell is flatlining

HEDGEYE

The count of scientists with an active grant and money to spend is falling as new awards slow and expiring awards increase. We don't know where 2024 ends up, but we have a pretty good idea from this chart.



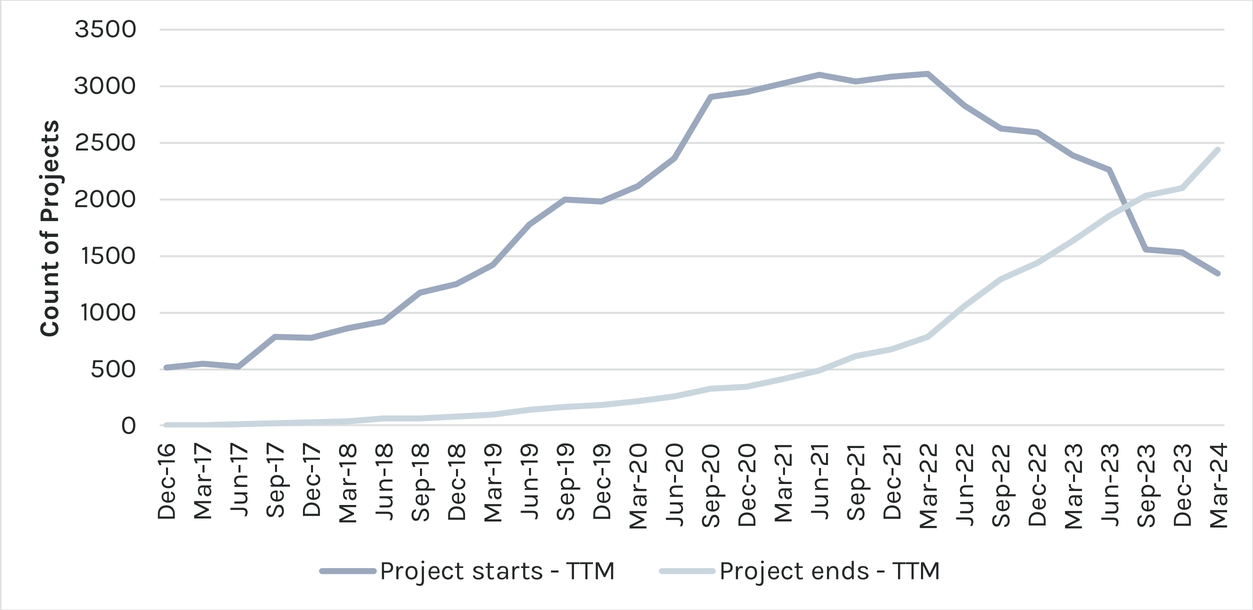
TXG | "Single Cell" Grant Awards

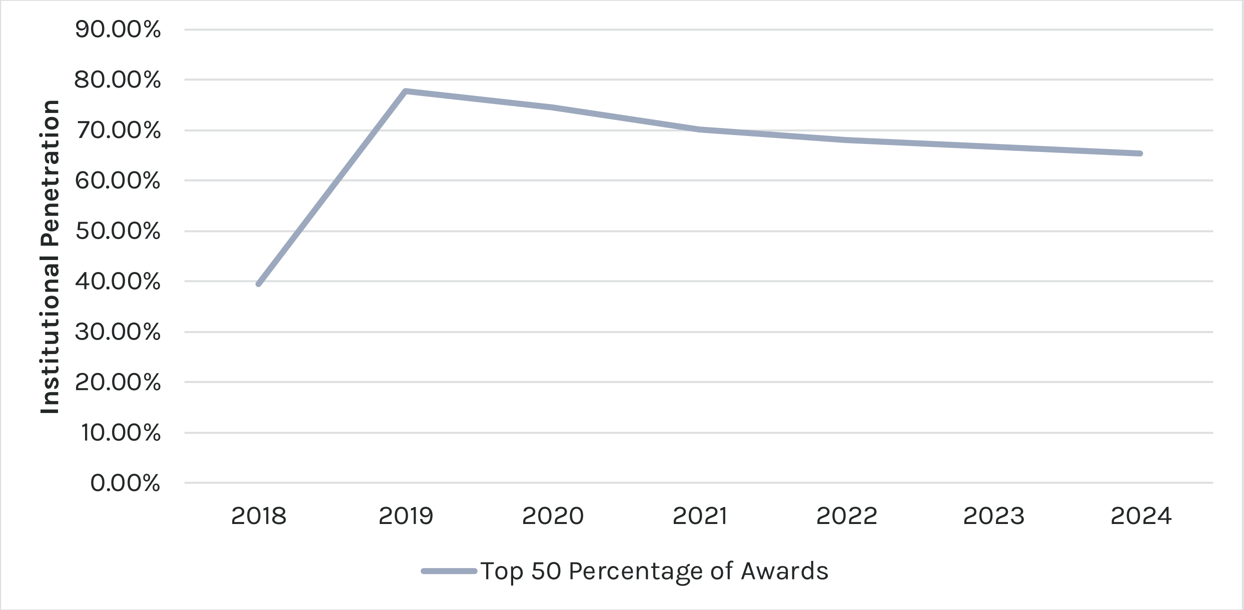
HEDGEYE

Through 3/29/2024 the pace of Awards continue to lag the number of Project Ends while Institutional penetration remains <u>highly concentrated</u> among Top 50 institutions and expiration far outpace new awards.

Max Award Notice Date	3/29/2024
Pct Qtr Complete	98%
New Funded PIs QTD	148
Remaining/Adjustment	3

	Mar-20	Jun-20	Sep-20	Dec-20	Mar-21	Jun-21	Sep-21	Dec-21	Mar-22	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24
Period	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33
Funded PI - Count Actual	1398	1642	2067	2144	2364	2633	3069	3145	3372	3606	4124	4209	4431	4729	5119	5213	5361	5802	6064	6167
Funded PI - Count Forecast																	5361	5802	6064	6167
Funded PI - Count YoY#	903	1061	1317	1358	966	991	1002	1001	1008	973	1055	1064	1059	1123	995	1004	930	1073	945	954
Funded PI - Count ROC	590	712	943	974	63	-70	-315	-357	42	-18	53	63	51	150	-60	-60	-129	-50	-50	-50
Funded PI - Count Slope	248.7	328.8	408.7	266.3	224.3	191.8	304.4	277.9	229.3	183.8	317.1	302.9	256.0	203.7	302.8	273.6	199.0	219.7	299.4	268.0
YoY% change in Slope	205.2%	364.4%	261.7%	155.6%	-9.8%	-41.7%	-25.5%	4.4%	2.2%	-4.2%	4.2%	9.0%	11.6%	10.8%	-4.5%	-9.7%	-22.3%	7.9%	-1.1%	-2.0%





If single cell is deteriorating as fast as the data says…

HEDGEYE

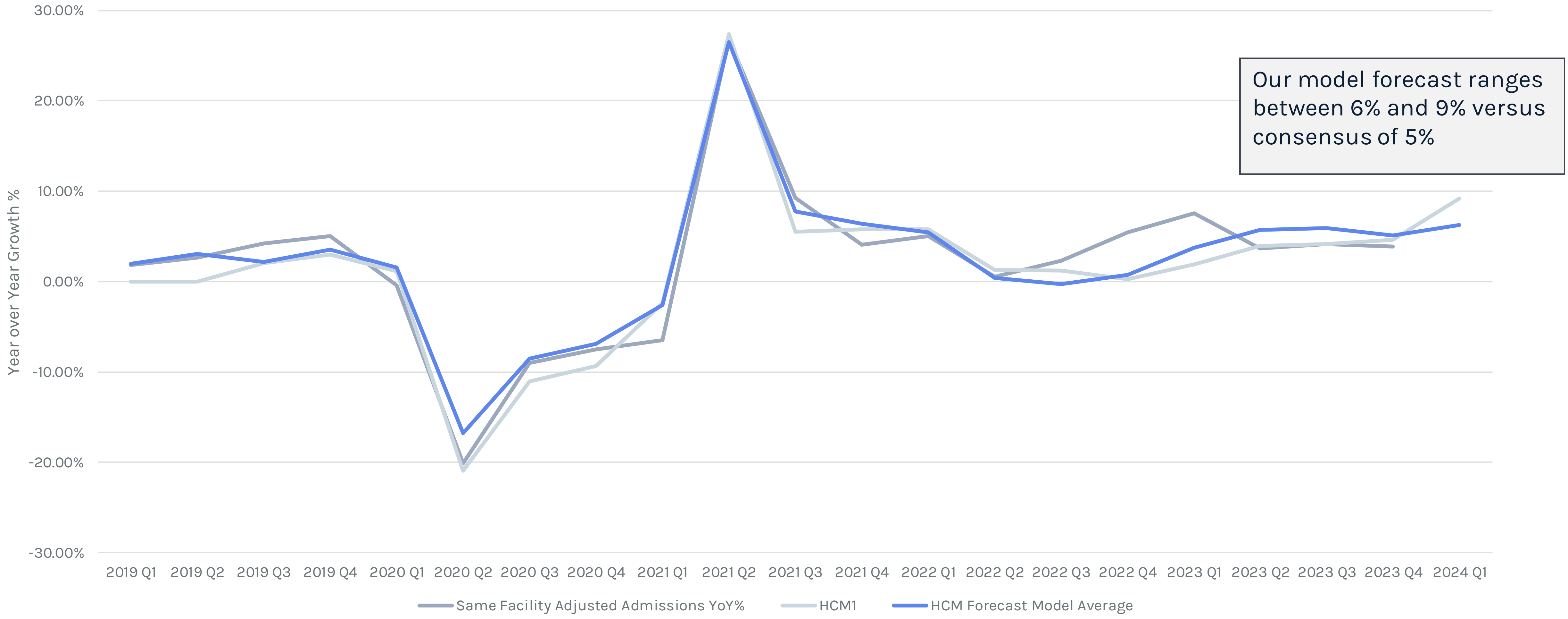
We run the consumables revenue through grant-based models, either as a function of active projects, or funded primary investigators. They can make up some of the shortfall with spatial consumables and equipment, but competition and cannibalization are key risks to that thesis.

Segmented Results - Revenue Breakdown (FS)	FY2021	FY2022	Mar-23	Jun-23	Sep-23	Dec-23	FY2023	Mar-24	Jun-24	Sep-24	Dec-24	FY2024
Total Revenues, mm	**493.9**	**559.6**	**134.29**	**146.82**	**153.64**	**183.97**	**618.71**	**134.55**	**140.96**	**138.32**	**155.64**	**586.77**
Consensus Sales		*516.4*	*134.29*	*146.82*	*153.64*	*183.98*		*142.24*	*156.97*	*176.97*	*201.37*	*677.80*
Hedgeye - Funded PI Model			**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**		**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	
Funded Pis	3145		4431	4729	5119	5213		5361	5802	6064	6167	
Funded Pis Change			1059	1123	995	1004		930	1073	945	954	
Consumable spending per PI	$153,645.15		$25,362	$23,787	$22,343	$26,913		$21,342	$18,692	$16,759	$18,700	
Change in conumable spending per funded PI			-12.69%	-12.42%	-28.58%	-26.41%		-15.85%	-21.42%	-24.99%	-30.52%	
Funded PI Model - Consumable revenue			**$112.38**	**$112.49**	**$114.37**	**$140.30**		**$114.42**	**$108.45**	**$101.63**	**$115.32**	
Hedgeye - Active Project Model			**Mar-23**	**Jun-23**	**Sep-23**	**Dec-23**		**Mar-24**	**Jun-24**	**Sep-24**	**Dec-24**	
Active projects - Total Cost ($M)			5524	5351	5266	5390		5101	4690	4255	4057	
Project starts			420	405	598	107		232	267	307	245	
Project ends			428	700	653	320		764	1075	1026	518	
Active Projects -NIH			12213	11933	11684	11937		11304	10459	9438	8920	
Active Projects Forecast								**11304**	**10496**	**9777**	**9504**	
Active Projects Forecast YoY%									**-12.04%**	**-16.32%**	**-20.38%**	
Average funding per project (M)			0.452	0.448	0.451	0.452		0.451	0.448	0.451	0.455	
Average project length (yr)			3.74	3.55	3.48	3.67		3.58				
Consumable revenue per active project			$ 9,201.51	$ 9,426.63	$ 9,788.86	$ 11,753.37		$ 10,121.66	$ 10,369.30	$ 10,767.74	$ 12,928.71	
Active Projects Model - Consumable revenue forecast			112.4	112.5	114.4	140.3		114.4	108.5	101.6	115.3	
Consumable revenue per active project YoY%			5.6%	9.7%	-13.1%	-4.9%		10.0%	10.0%	10.0%	10.0%	

Curated data inputs + high throughput analysis

HEDGEYE

HCM models forecast upside in 1Q24 to adjusted admissions. We've drawn from curated time series, including **cellphone traffic** across HCA, adjacent sites, **Urgent Care**, Google Trend, higher frequency subcategory data elements within **BLS** and **BEA**, weekly **hospital level admissions data** reported by CMS, and more.



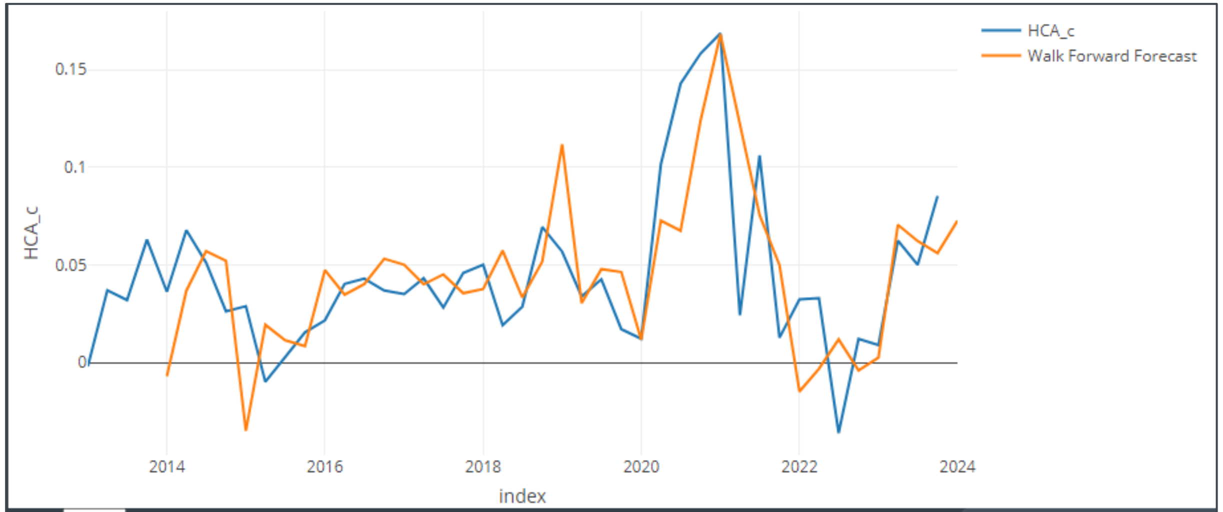
HCM forecast → HCA upside in 1Q24

HEDGEYE

The Health Care Macro (HCM) forecast method results in model inputs for key drivers down the P&L

Pricing vs average wage growth

- Surgery trends drive a large percentage of the adjusted admissions trend and margins, which is also reflected in inpatient revenue per admission (HCA_c charted below)



Show 10 entries Search:

	target	feature	description	correlation	beta_normd	R2	wf1_rmse
1	HCA_c	CES6562000113_yoy	Average Hourly Earnings Of All Employees, 1982-1984 Dollars, Health Care, Seasonally Adjusted	0.4547	0.0175	0.2067	0.0327

Assumptions and Estimates for 1Q24

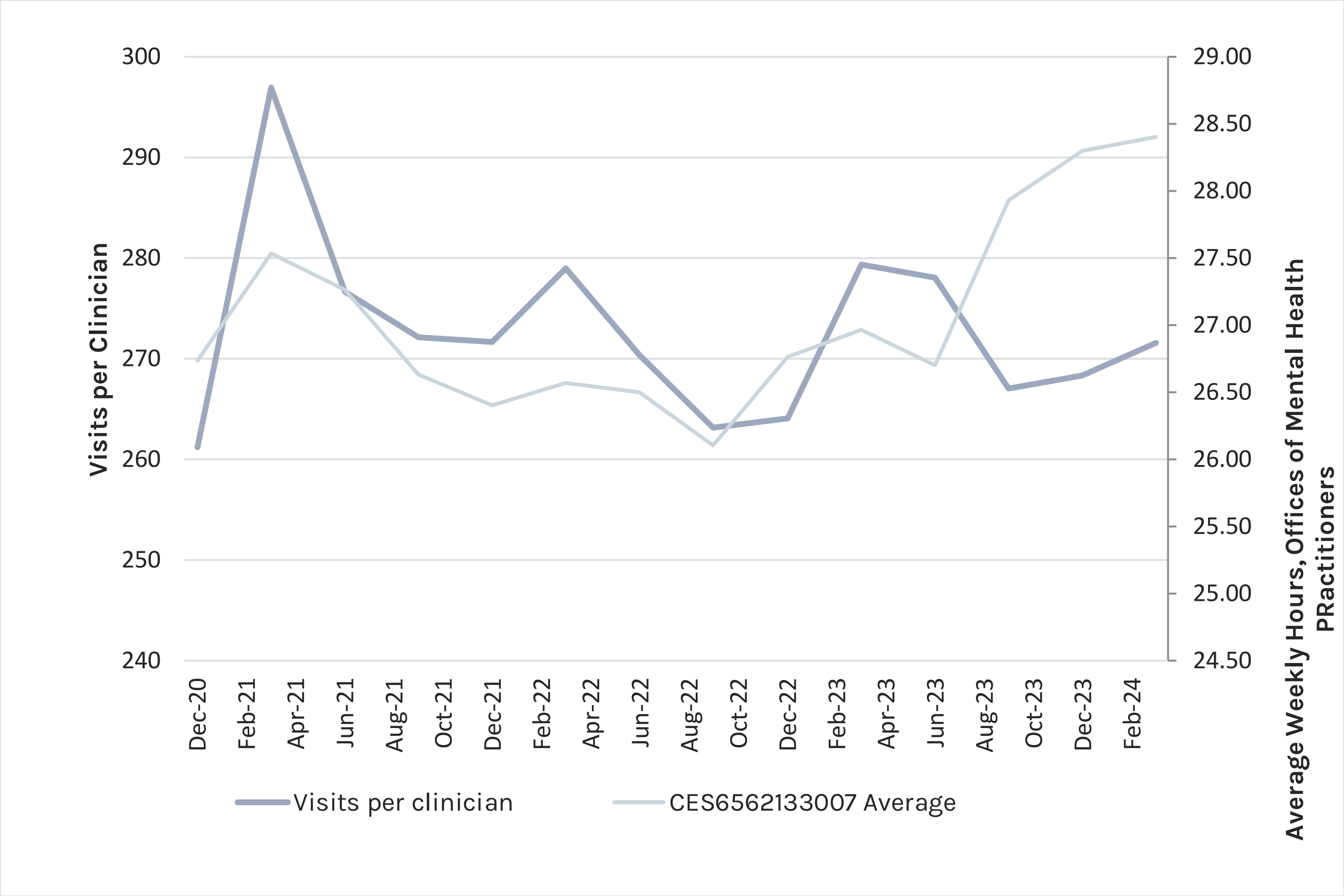
- Same facility adjusted admissions 6%-9% versus consensus of 5%
- SG&A margin improvement of 124 bps
- Flat SG&A per equivalent admissions
- 0.7% growth in Supplies Expense per Equivalent Admission
- Revenue estimate of $17,126M vs consensus $16,785M
- EBITDA estimate of $3,436M vs consensus $3,250M

Lifestance Tracker through April 2024

HEDGEYE

The turnaround continues and we don't think management top end of guidance at $307M by accident

	7/6/2022	8/4/2022	9/6/2022	10/11/2022	11/9/2022	12/13/2022	1/17/2023	2/9/2023	3/16/2023	4/4/2023	5/4/2023	6/7/2023	7/6/2023	9/5/2023	10/3/2023	11/2/2023	12/5/2023	1/16/2024	2/1/2024	3/1/2024	4/2/2024
Date of Addition	254.00	259.00	207.00	390.00	545.00	301.00	327.00	233.00	322.00	194.00	357.00	478.00	396.00	752.00	535.00	390.00	891.00	285.00	284.00	510.00	336.00
Inactive	129.00	102.00	115.00	169.00	209.00	188.00	531.00	118.00	292.00	168.00	220.00	289.00	505.00	738.00	498.00	691.00	295.00	141.00	493.00	121.00	232.00
Total	5326.00	5483.00	5575.00	5796.00	6132.00	6245.00	6041.00	6156.00	6186.00	6212.00	6349.00	6538.00	6429.00	6443.00	6480.00	6179.00	6775.00	6919.00	6710.00	7099.00	7203.00
Adds/Loss per day	3.68	5.41	2.79	6.31	11.59	3.32	-5.83	5.00	0.86	1.37	4.57	5.56	-3.76	0.23	1.32	-10.03	18.06	3.43	-13.06	13.41	3.25



Tracker and Macro Call-Outs

- LFST gained 336 professionals vs a loss of 232 through 4/2 with ending therapist count at 7,203.
- 1Q24 revenue estimate based in part on the current provider count is $294M vs consensus of $299M and guidance of $287-$307M, with pricing the key to upside to guidance.
- Employee benefits are under pressure broadly; however, mental health remains a consistent positive call out with plan sponsors expanding access.
- Lifestance therapists average ~20 visits per week, 72% of BLS average weekly hours for mental health practitioners