

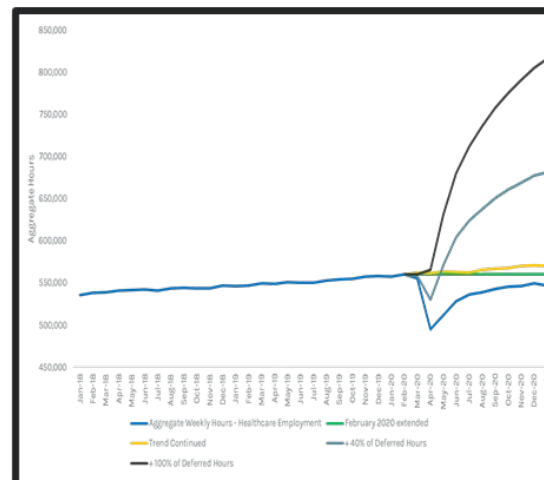
HEDGEYE



Hedgeye House Call The Doctor is In

Pent- Up Demand, March BLS Data Update,
Weekly MQ Update, Workflow Tickers

April 5, 2021



Hedgeye Health Care

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MICROQUAD RESULTS

While we have up to five (5) years of data on the securities in the MicroQuads model, not all securities in the model have five years of trading history, and while we make every effort to assure the accuracy of the data, we cannot guarantee its accuracy. The methodology used to arrive at the results displayed herein is proprietary to Hedgeye and involves aggregating the actual historical results for each security while it "resides" in the appropriate MicroQuad over the defined periods of time. These results do not include any consideration for trading costs, commissions, or other factors that could impact results, we make no representations or warranties that past results will or can be repeated, and the data have not been verified by a third-party.

PERFORMANCE MONITOR FORWARD/PROSPECTIVE PRICE CHANGES

The data for each security are based on historic price performance and average forward returns and are not a guarantee of future performance. We make every effort to assure the accuracy of the calculations and forecasts; however, we cannot guarantee their accuracy or that performance will be repeated.

Health Care Position Monitor

For Week of April 5, 2021

Best Ideas - Longs						Best Ideas - Shorts					
LONG		Price	Mkt Cap (\$B)	Trend	Tail	SHORT		Price	Mkt Cap (\$B)	Trend	Tail
Active Longs						Active Shorts					
ONEM	1Life Healthcare, Inc.	\$ 40.82	\$5.6B	✓	✓	AMWL	American Well Corporation Class A	\$ 17.11	\$3.4B	×	×
GDRX	GoodRx Holdings, Inc. Class A	\$ 40.11	\$15.3B	✓	✓	EXAS	Exact Sciences Corporation	\$ 132.50	\$22.4B	×	×
AMN	AMN Healthcare Services, Inc.	\$ 74.18	\$3.5B	✓	✓	ARKG	ARK Genomic Revolution ETF	\$ 90.48	\$9.7B	×	×
EYE	National Vision Holdings, Inc.	\$ 45.13	\$3.7B	✓	✓						
NTRA	Natera, Inc.	\$ 103.72	\$8.9B	✓	✓						
DRIO	DarioHealth Corp.	\$ 19.64	\$0.3B	✓	✓						
Long Bias						Short Bias					
NEO	NeoGenomics, Inc.	\$ 49.63	\$5.8B								
GH	Guardant Health, Inc.	\$ 158.61	\$15.9B								
TXG	10x Genomics Inc Class A	\$ 187.12	\$16.1B								
TDOC	Teladoc Health, Inc.	\$ 181.90	\$27.8B								

Note

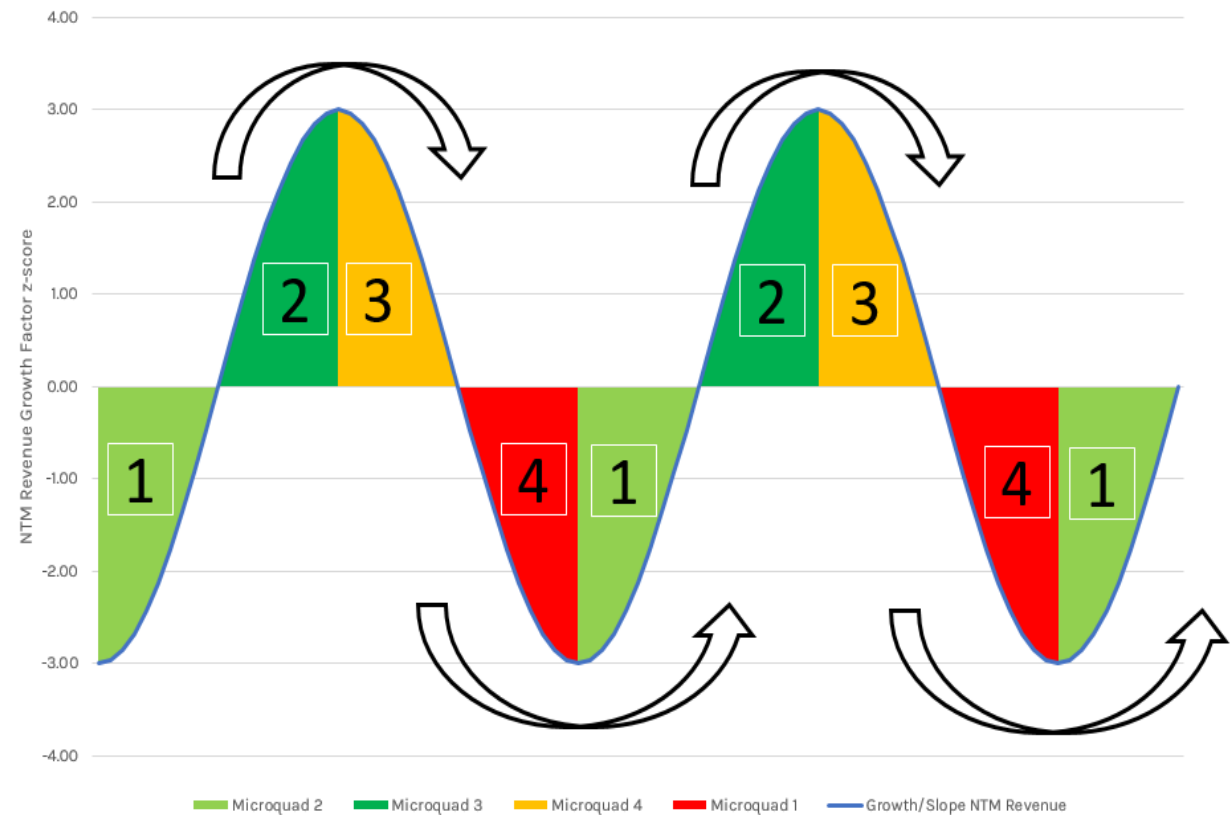
Best Idea Longs/Shorts are high conviction ideas that we’ve either presented a Black Book for already or have one in the works (similar to other Hedgeye teams). Bias Ideas are ones in which we’ve done the bulk of the work, but there may be another question we need to answer to move it over the line. All active positions are higher conviction than bias ideas. We rank active versus active and bias versus bias.

Disclaimer

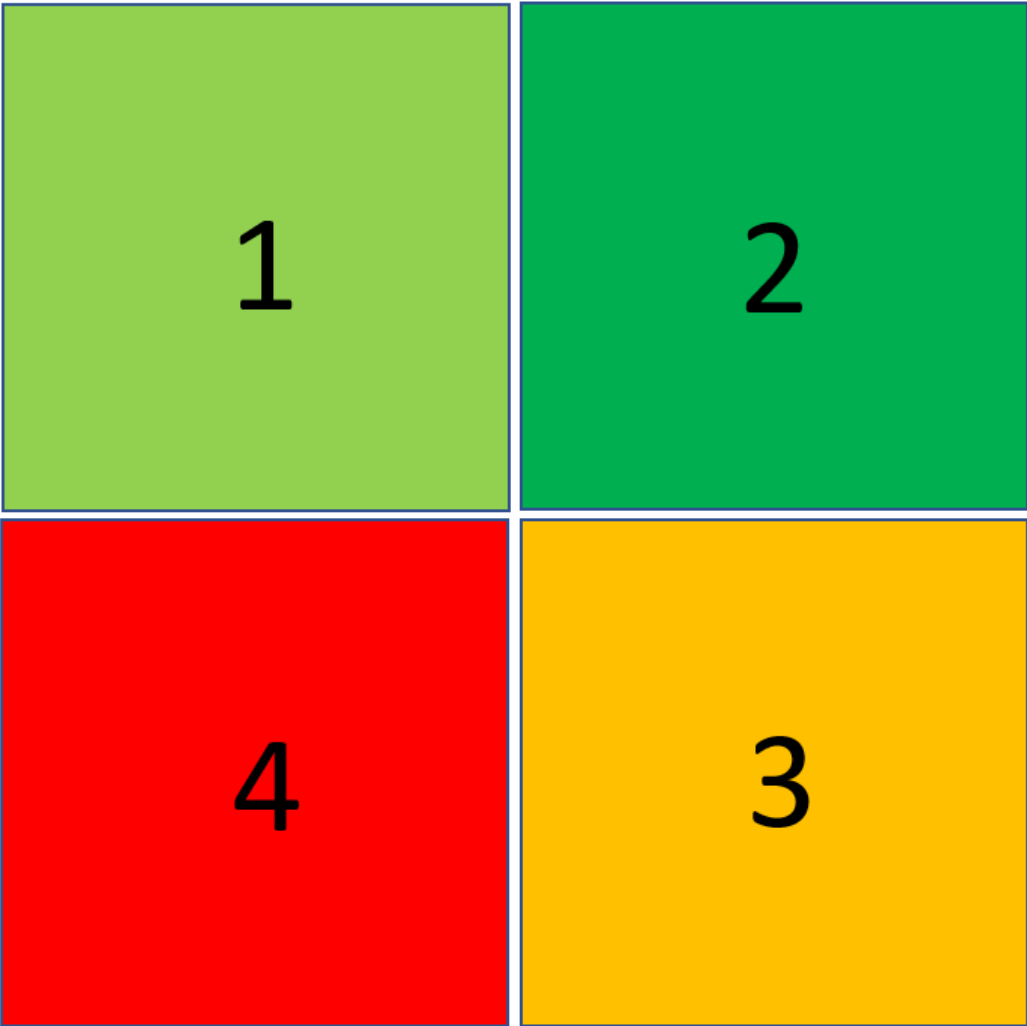
Hedgeye’s “bias” represents Hedgeye’s outlook on companies currently under Hedgeye’s review, or for which timing is not right for greater coverage. Hedgeye may or may not provide further commentary on any or all companies represented on the bench and representation of a company on the bench does not forecast whether Hedgeye will or will not issue any additional material on that company.

MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

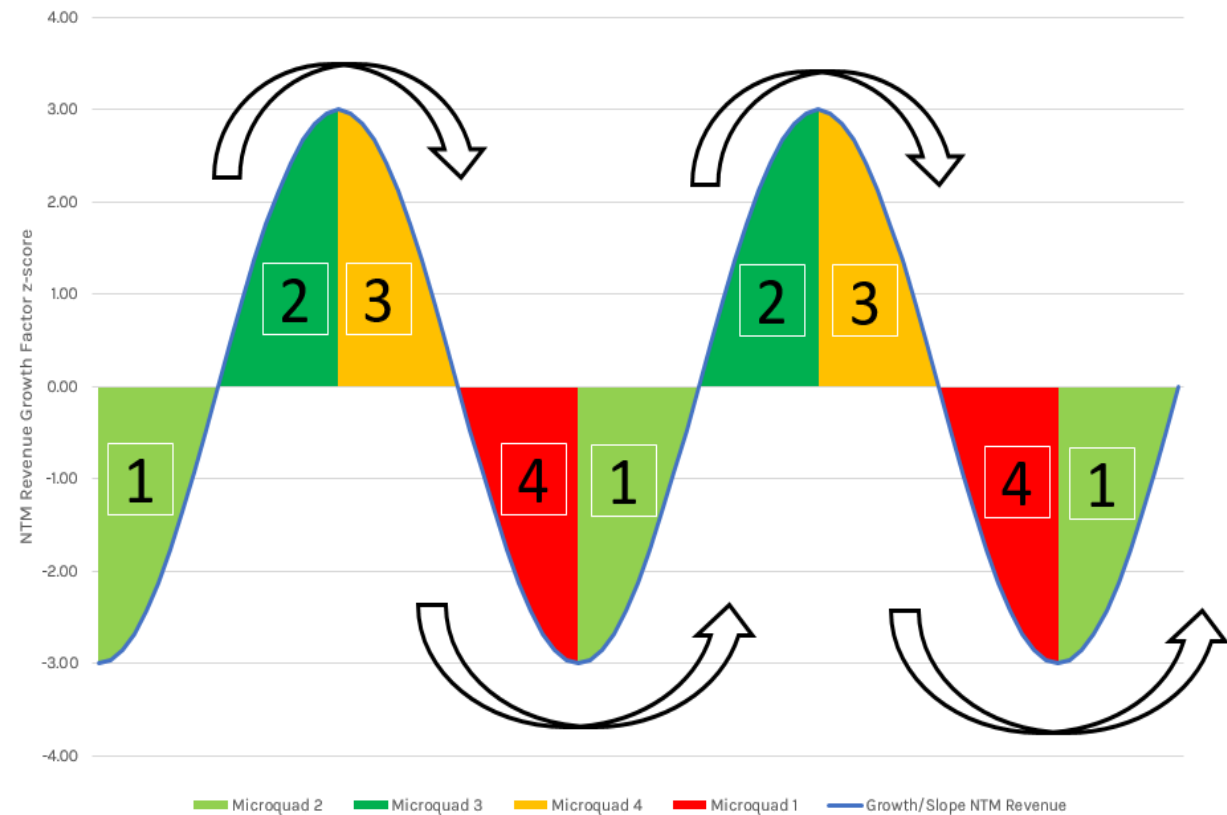


MicroQuad - The Four Quadrants

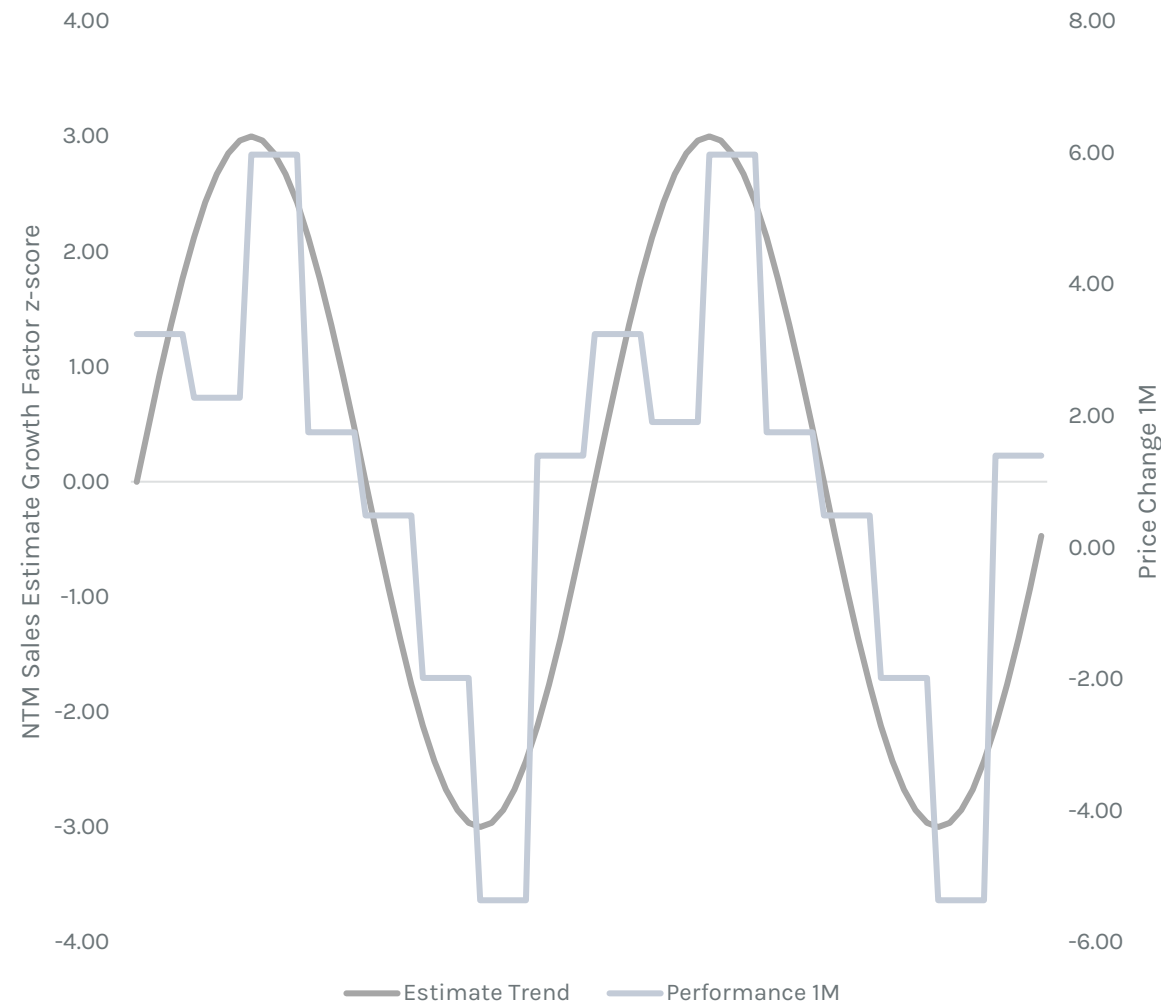


MicroQuad | Model vs Actual

MicroQuad – Generic Growth Curve Progression

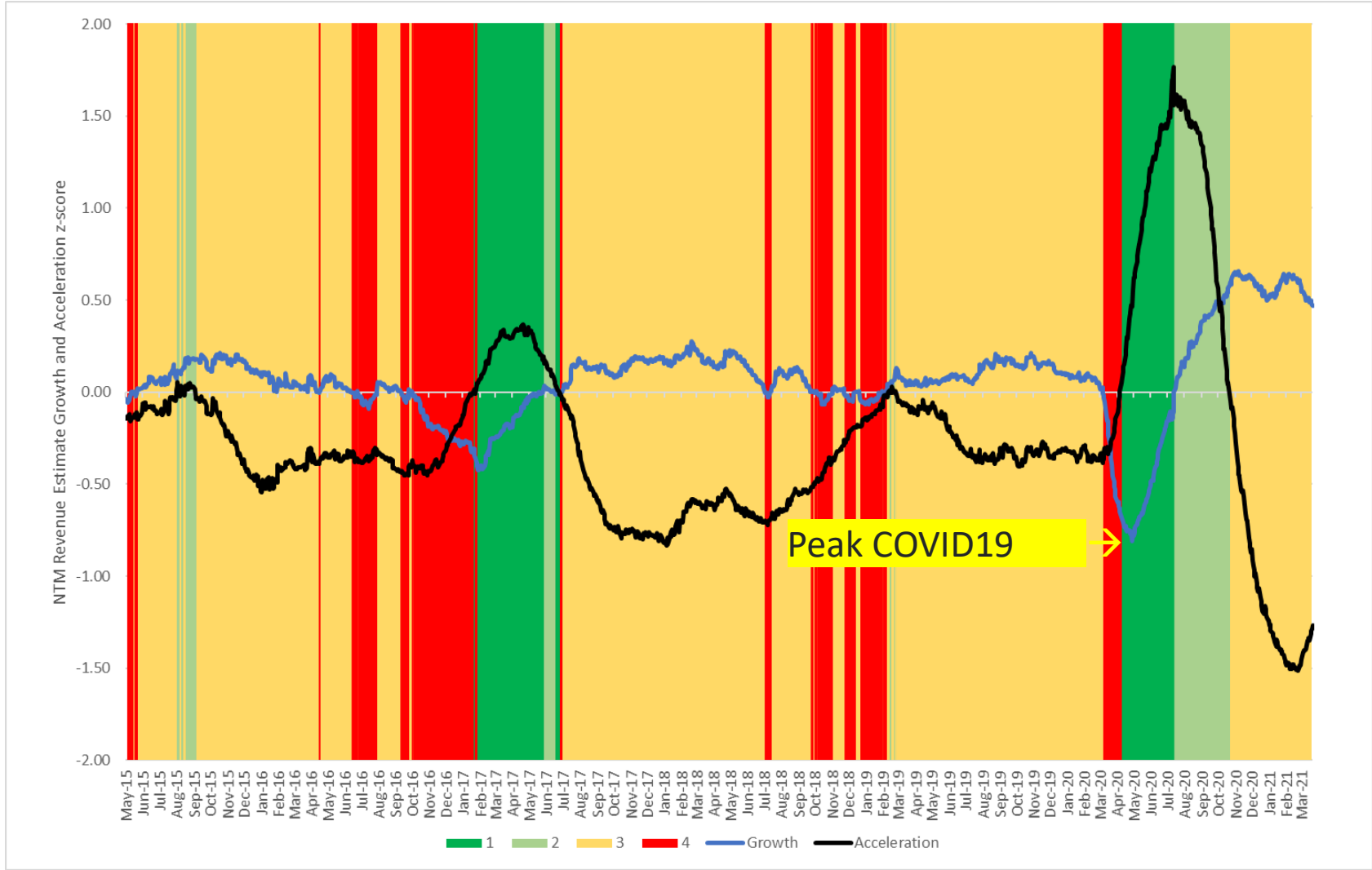


MicroQuad – Actual Price Change vs Growth Curve



Estimate Revision Trend

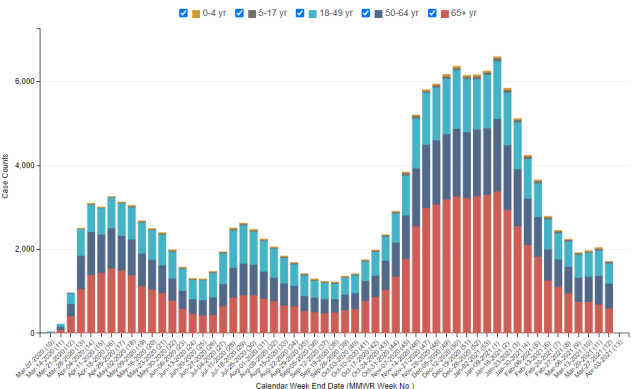
Revision trends reaccelerating after several months of decelerating



As of 4/1/2021 the average trend is hooking positive, still a negative slope, but acceleration has turned positive.

The trend in COVID-19 cases has been flat or rising in multiple states. Michigan has the worst trend overall.

Hospitalizations continue to fall for 65+ and reversed the trend in younger age groups week over week.



MicroQuad Price Change Report | April 5, 2021

Indexed Price Change by MicroQuad



MicroQuad Price Change, Batting Average, Slugging

Average Performance (%)					
MicroQuad	1WK	1M	3M	6M	12M
1	3.05	5.36	11.24	40.54	80.37
2	5.36	3.76	22.86	66.58	127.02
3	4.73	0.54	22.72	50.41	96.32
4	2.53	2.11	6.71	22.38	38.24

Batting Average					
MicroQuad	1WK	1M	3M	6M	12M
1	0.623	0.521	0.517	0.523	0.530
2	0.613	0.532	0.529	0.539	0.527
3	0.623	0.508	0.521	0.529	0.528
4	0.593	0.535	0.526	0.532	0.543

Slugging Percentage					
MicroQuad	1WK	1M	3M	6M	12M
1	1.903	2.796	5.815	21.221	42.566
2	3.282	1.997	12.082	35.914	66.972
3	2.946	0.273	11.836	26.661	50.838
4	1.501	1.128	3.527	11.897	20.759

MicroQuad Screen | April 5, 2021

Active Long	Active Short
Bench Long	Bench Short

MicroQuad1

ABBV
CHE
HUM
LHCG
NEO
PRGO
VRTX

MicroQuad2

ADPT
EHC
GH
INOV

MicroQuad3

A	CNMD	IART	MRK	PRSC	TNDM
ABC	COO	ICUI	MTD	Q	TXG
ABMD	CRL	IDXX	NEOG	RCM	UNH
ABT	CVET	ILMN	NSTG	RGEN	VAR
ALGN	DHR	IQV	NTRA	RMD	VEEV
AMN	ENSG	ISRG	NVTA	SEM	WAT
ANTM	FLGT	JNJ	OMCL	STAA	ZTS
ATRC	GKOS	LLY	ONEM	STE	
BAX	GMED	MASI	PDCO	SYK	
BIO	HAE	MDT	PEN	TDOC	
BSX	HCA	MEDP	PODD	TECH	
CERN	HRC	MOH	PRAH	TFX	

MicroQuad4

AMED	OPCH
AMGN	OPK
BDX	PKI
BIOS	QDEL
DGX	TMO
DXCM	
EXAS	
HMSY	
HOLX	
IRTC	
LH	
MMSI	

Position Monitor Prospective Price Change

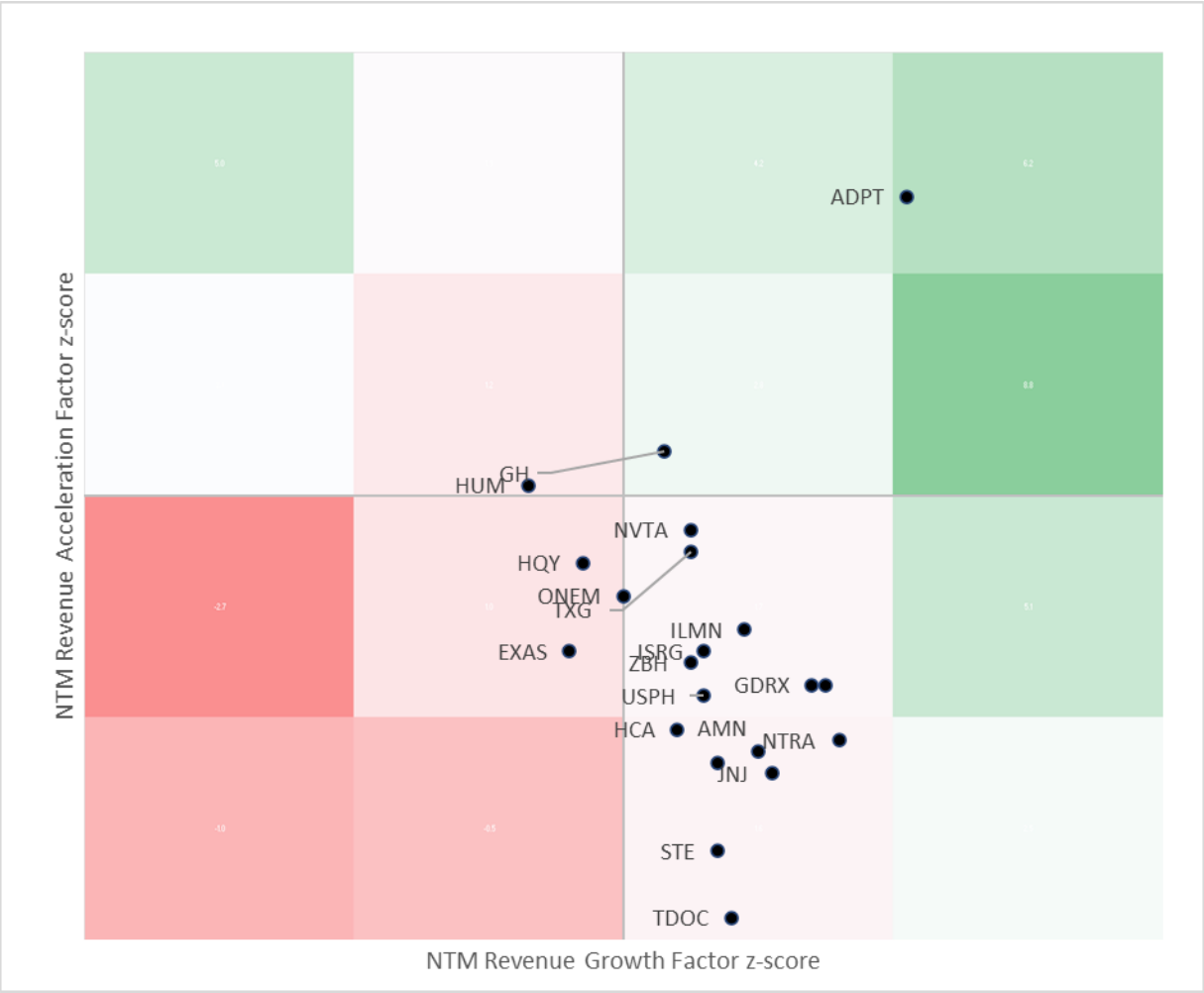
MicroQuad average forward 1M price change in all Macro Quad environments

POSITION MONITOR		4/1/2021			Sales			Sales MicroQuad				
Ticker	Name	Price	EV	MCAP	Performance Trailing 1M Actual	Performance Trailing 1M Expected	Performance Forward 1M Expected	2/26/2021	3/31/2021	4/1/2021	5/28/2021	6/30/2021
TDOC	Teladoc Health, Inc.	\$176.89	16,700	27,011	-10.04%	2.18%	5.49%	3	3	3	4	4
ONEM	1Life Healthcare, Inc.	\$37.97	4,835	5,196	-7.68%	1.41%	3.41%	3	3	3	4	4
TXG	10x Genomics Inc Class A	\$166.09	16,183	14,296	7.26%	1.47%	3.38%	3	3	3	4	1
NVTA	Invitae Corp.	\$34.45	4,733	6,775	0.38%	1.53%	3.28%	3	3	3	2	2
EXAS	Exact Sciences Corporation	\$126.00	18,954	21,306	4.75%	0.36%	3.23%	4	4	4	4	1
GH	Guardant Health, Inc.	\$135.57	12,335	13,615	9.25%	1.89%	2.26%	1	2	2	2	3
NTRA	Natera, Inc.	\$93.64	7,130	8,074	-5.32%	2.17%	1.92%	3	3	3	3	3
EYE	National Vision Holdings, Inc.	\$45.37	4,424	3,689	-5.20%	1.22%	1.88%	3	3	3	4	4
GDRX	GoodRx Holdings, Inc. Class A	\$40.11	16,171	15,305	-10.34%	4.18%	0.52%	3	3	3	3	3
AMWL	American Well Corporation Class A	\$17.75	3,169	3,563	-21.94%	3.59%	-0.65%	3	3	3	3	3
AMN	AMN Healthcare Services, Inc.	\$75.42	4,504	3,558	2.17%	2.48%	-0.74%	3	3	3	4	4

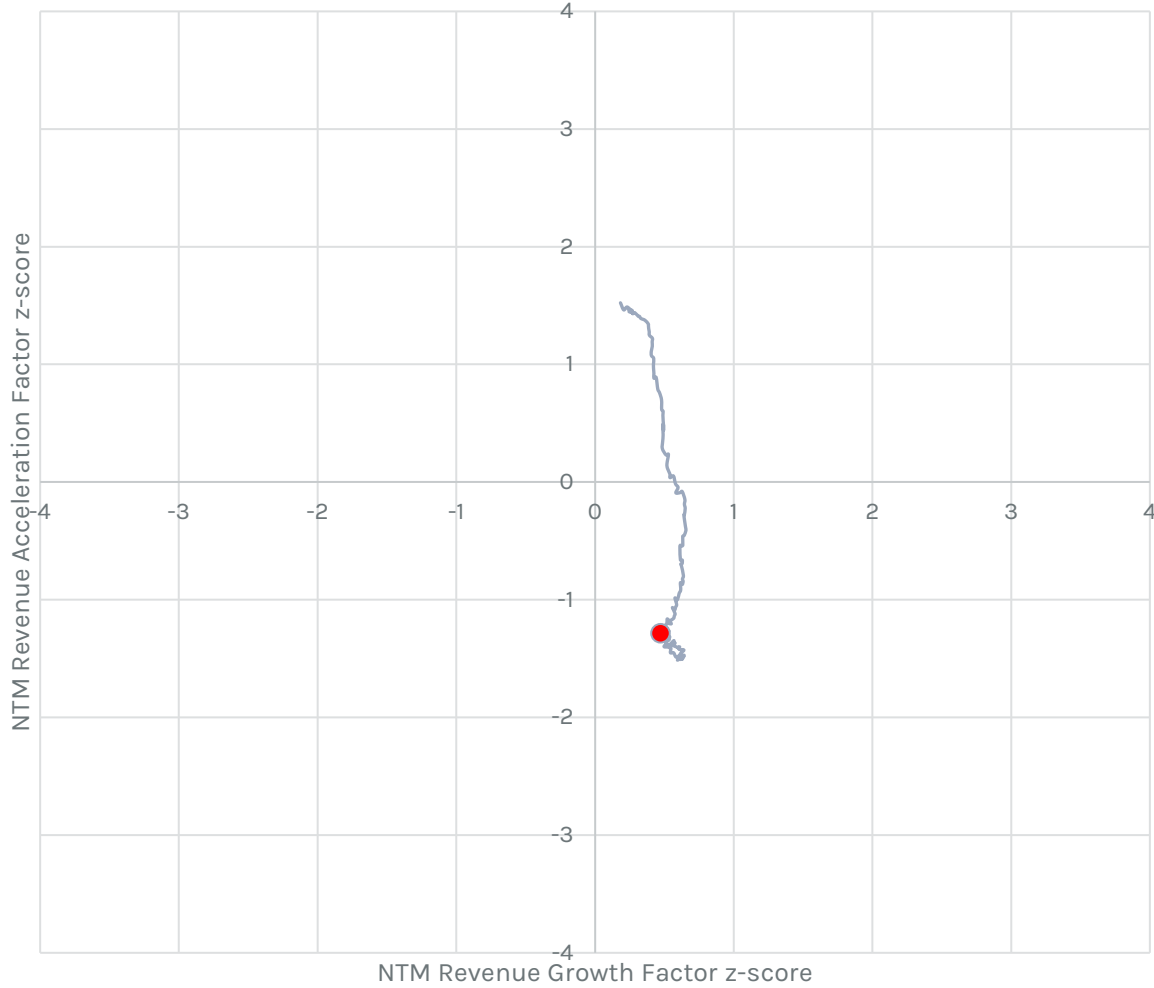
The sigma chart coordinates for growth/acceleration (1st and 2nd Derivative of the estimate trend) is associated with a forward price return over the following 1M and 3M. For each of our Position Monitor stocks, we've calculated the average forward return within 0.5 STDEV of the stocks most recent estimate growth(x) and acceleration(y) coordinates. We also compare the actual and expected stock price change over the trailing 1 month to look for instances of over or undershooting the probable outcome.

Position Monitor | April 5, 2021

Sigma Positioning – Current Position Monitor



Sigma Positioning –Universe Average



MicroQuad | Watch List

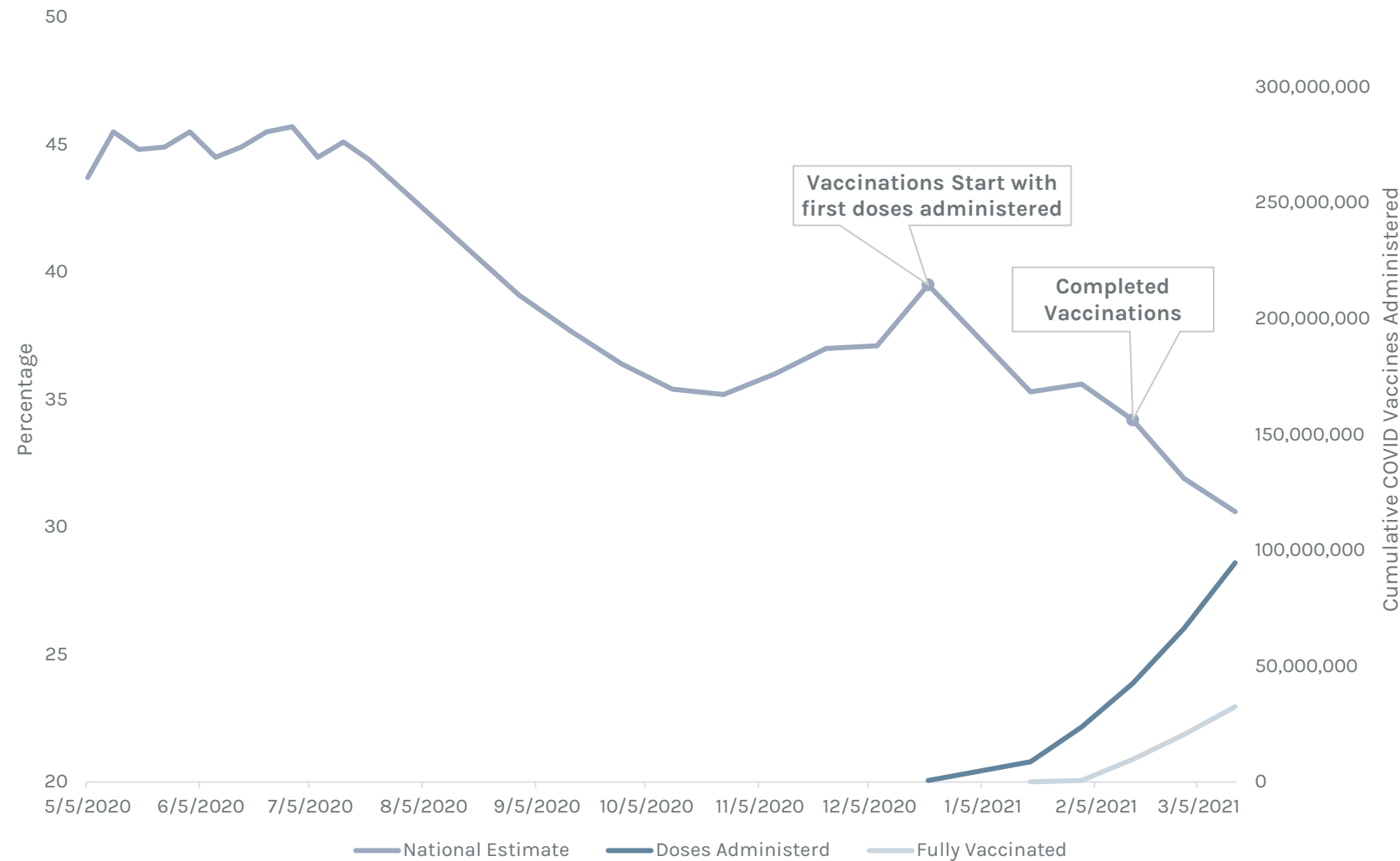
Forward Price Change based on MicroQuad coordinates and Macro Quad 2

Ticker	Number of Estimates Total	Number Revision Positive 30D	Number Revision Negative 30D	MicroQuad Growth	MicroQuad Acceleration	Correl to Estimate	Performance Trailing 1M - Actual %	Performance Trailing 1M - Expected %	Performance Forward 1M - Expected %	Probability Positive Performance - Current Macro Quad - 2
ADPT	8	2	4	2.10	2.70	0.70	-18.72	-0.48	17.19%	71.88%
ONEM	11	7	2	0.00	-0.90	0.80	-7.68	0.40	2.84%	66.18%
TDOC	25	10	1	0.80	-3.80	0.90	-0.10	0.00	5.39%	64.38%
HQY	13	6	4	-0.30	-0.60	0.40	-12.88	0.36	1.66%	61.89%
ILMN	16	0	1	0.90	-1.20	0.90	-7.53	0.62	1.93%	61.84%
NVTA	8	0	0	0.50	-0.30	0.90	0.38	0.67	2.05%	61.48%
ZBH	26	0	6	0.50	-1.50	0.20	0.16	0.49	1.81%	60.95%
ISRG	18	0	3	0.60	-1.40	0.90	2.81	0.46	1.97%	60.80%
HUM	17	2	1	-0.70	0.10	0.90	7.90	0.33	1.65%	60.63%
GH	10	0	9	0.30	0.40	0.80	9.25	0.60	1.88%	60.42%
NTRA	10	9	0	1.60	-2.20	1.00	-5.32	0.70	2.17%	60.12%
TXG	8	0	0	0.50	-0.50	0.90	7.26	0.62	1.74%	58.53%
USPH	5	2	2	0.60	-1.80	0.90	-0.53	0.44	1.48%	58.12%
HCA	18	0	0	0.40	-2.10	0.80	6.02	0.43	2.23%	57.39%
EYE	10	4	1	0.70	-2.40	0.10	-5.20	0.48	0.94%	57.31%
EXAS	16	0	0	-0.40	-1.40	0.80	4.75	0.32	2.13%	57.07%
STE	6	0	0	0.70	-3.20	0.70	12.73	0.47	1.30%	54.51%
JNJ	15	6	0	1.10	-2.50	0.80	4.23	0.60	-0.73%	53.24%
AMN	9	1	0	1.00	-2.30	0.80	2.17	0.57	-0.65%	52.95%
GDRX	12	6	0	1.40	-1.70	-0.30	-10.34	0.69	0.42%	49.85%
AMWL	9	4	2	1.50	-1.70	-0.50	-21.94	0.86	0.55%	49.08%

Price Change Forward 1M - Expected % is calculated by averaging the forward Price Change for the consensus estimate MicroQuad coordinates in a Macro Quad 2 and ranked high to low.

COVID-19 | Reduced Access To Care

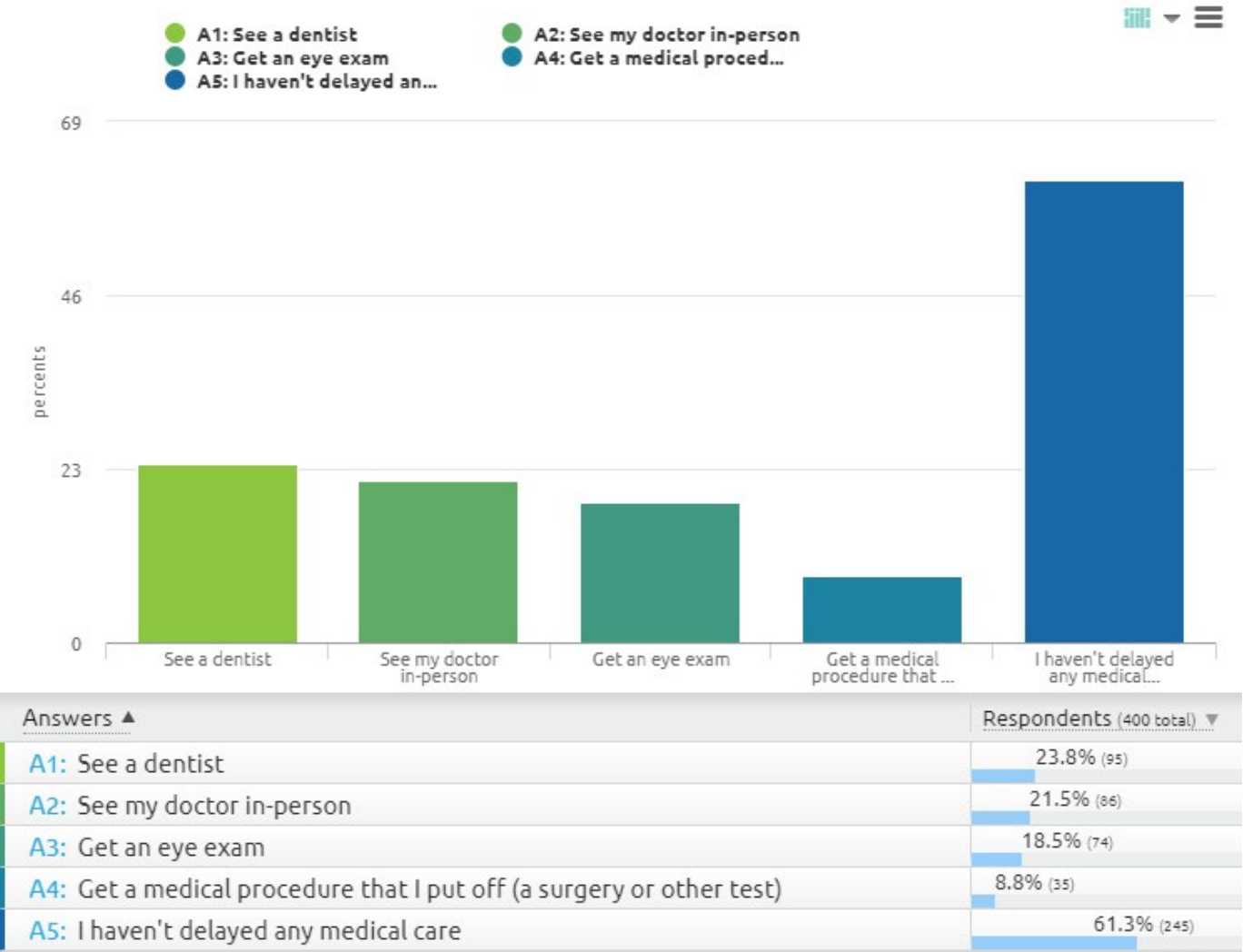
COVID-19 vaccinations bringing patients back to in person care



The reduction in delayed care from 35% to 30% of survey responses appears strongly related to the rise in COVID-19 vaccinations, both the initial administration of doses in December 2020 and the first completed vaccinations that begin to occur in small numbers in early February 2021.

Hedgeye Consumer Survey | March 2021

"After I am vaccinated for COVID-19 I plan to ..."



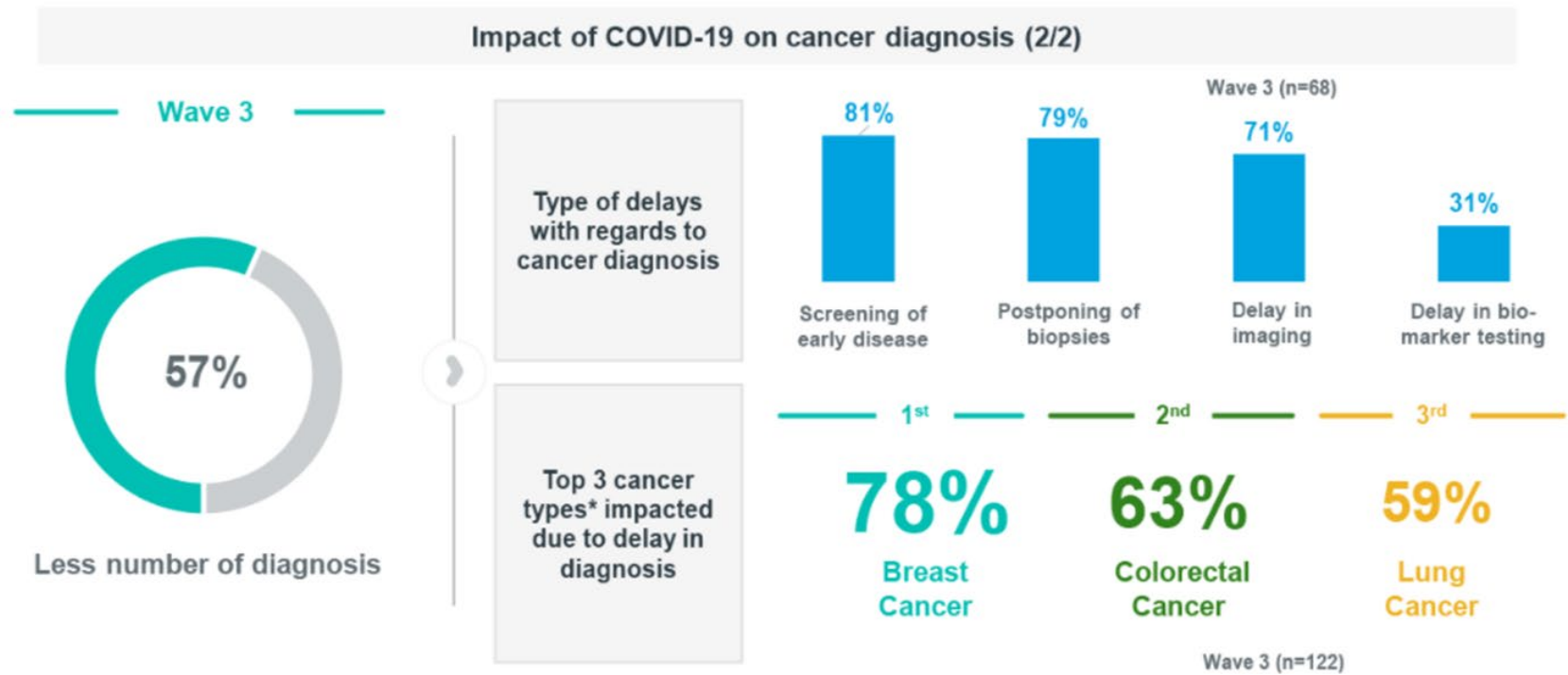
We posed the following question to a sample of 400 respondents.

Complete the following sentence: "After I am vaccinated for COVID-19 I plan to ..."
(check all that apply)

The results show that the 60% of respondents have not delayed receiving care, like the levels seen in the CDC survey. 40% of individuals checked one or more selections.

Nothing good comes from delayed cancer screening or treatment, period.

Delay in screening of early disease and postponing of biopsies is impacting cancer diagnosis with Breast, Colorectal and Lung cancer cited as the top 3 cancer types most impacted due to delay in diagnosis



Q4: What types of delays are you experiencing or anticipating with regards to diagnosing cancer?
Q5: Please rank top 3 cancer types which were impacted due to delay in diagnosis?
Impact of COVID-19 on cancer treatment – USA

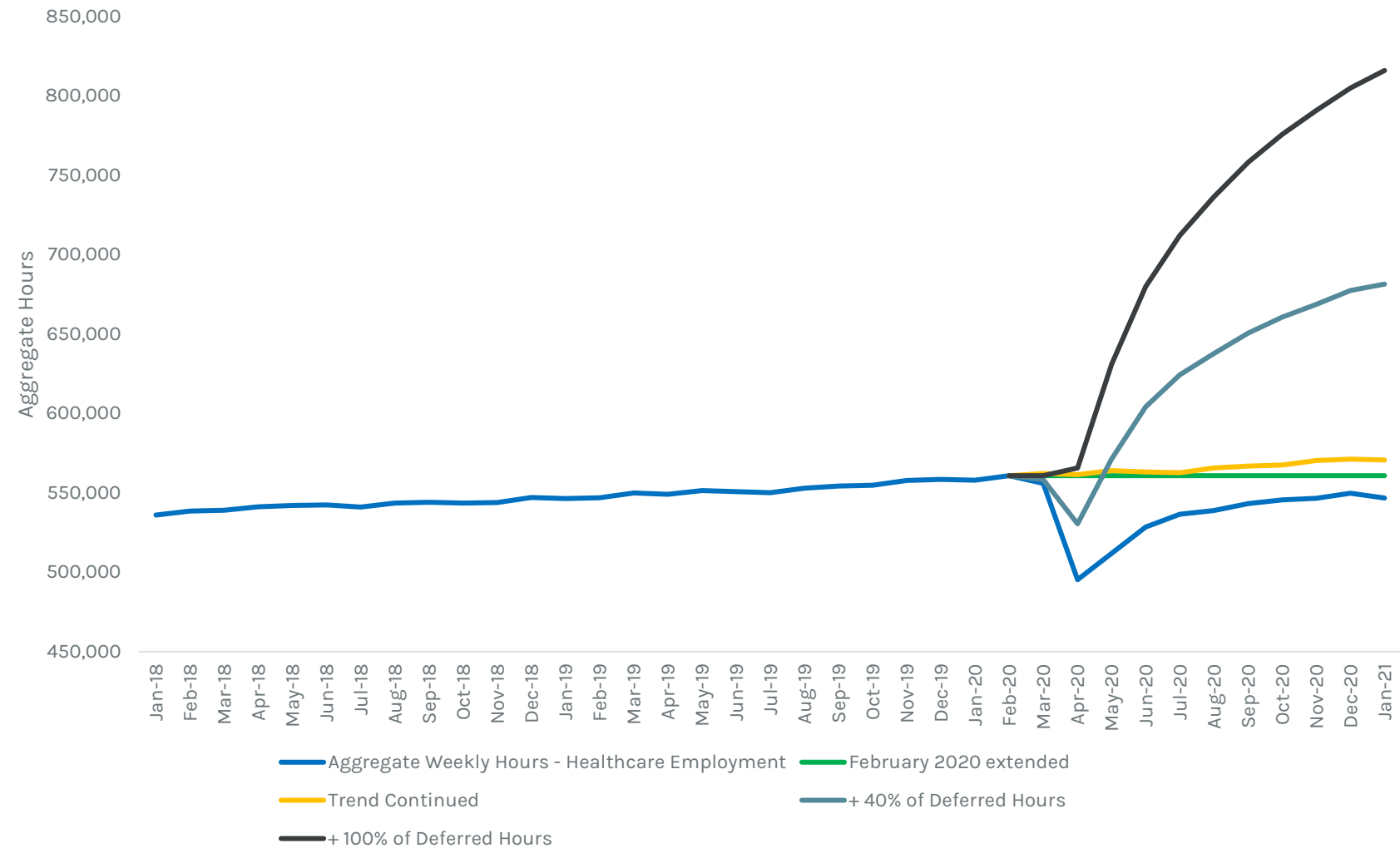
* % value represents the proportion of respondents who selected the specific cancer types from a list of cancers

We think a rise in referrals is coming. It may not be noticeable yet, and if we're wrong, there will be a rise in utilization due to rising acuity. During field checks in 1Q21, we heard:

1. An OB/GYN Oncologist noted an increase in late-stage cancers to 10-15% of his practice from ~5% pre-COVID.
2. A busy colorectal surgeon noted seeing an increasing number of lesions (anecdotal, but noticeable).
3. About 93% of referrals show up, which is consistent over time.
4. The divot in Colonoscopies- it's been one of the slowest procedures to recover.

Healthcare Aggregate Weekly Hours

Even a small drawdown of the deferral pool is a trend+ multiplier



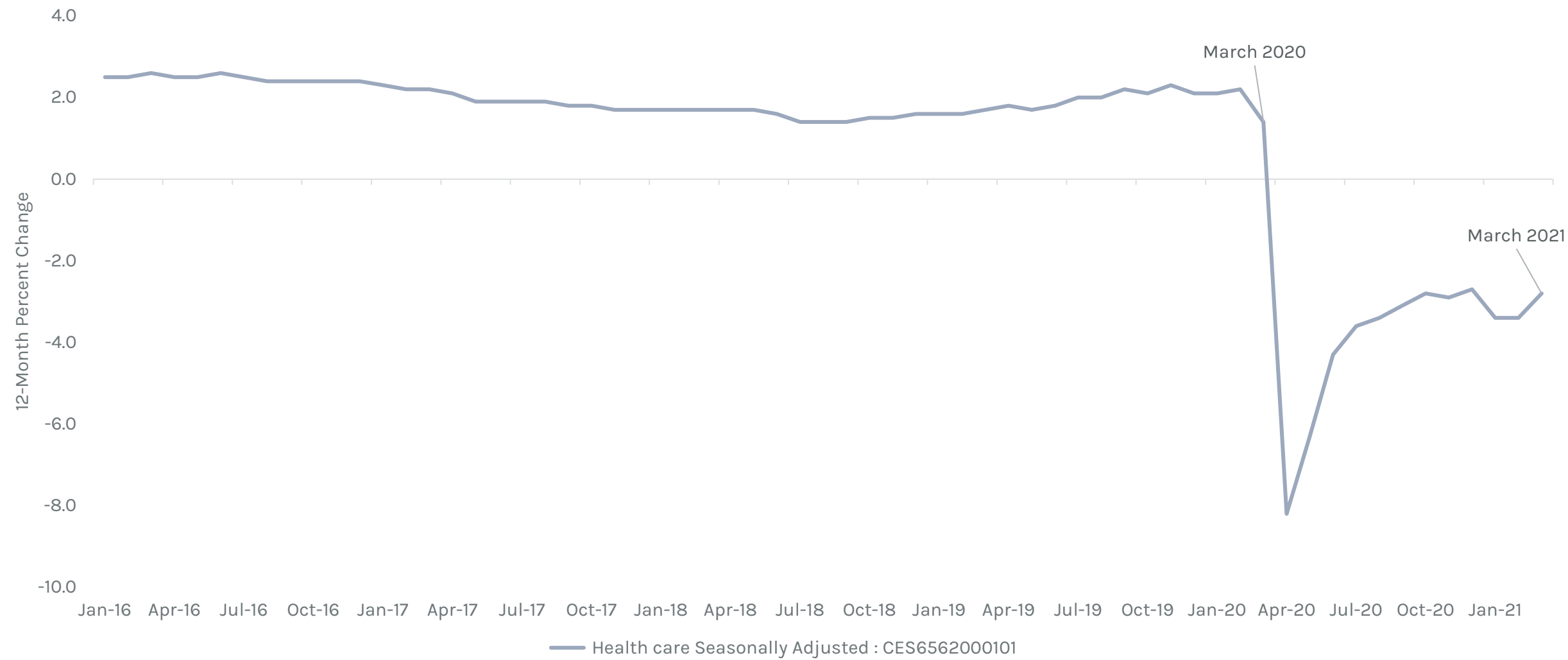
We summed the differences between the extended pre-pandemic trend and actual Aggregate Hours Worked. The deficit as of the latest reading is 13.9M hours below trend. The cumulative deficit is 269M hours or 50% above the current Aggregate Weekly Hours for Health Care Employees.

For comparison purposes we added both 100% and 40% of the cumulative deferred hours to the actual result. We chose 40% based on survey readings from the CDC and our own work.

This chart suggests that while the delivery system may be 'back to trend' and capacity constrained, we see +4% to a full return to trend, +3% for utilization, and a multiplier from deferred care that could drive medical consumption well into the double digits as the US Medical Economy re-opens.

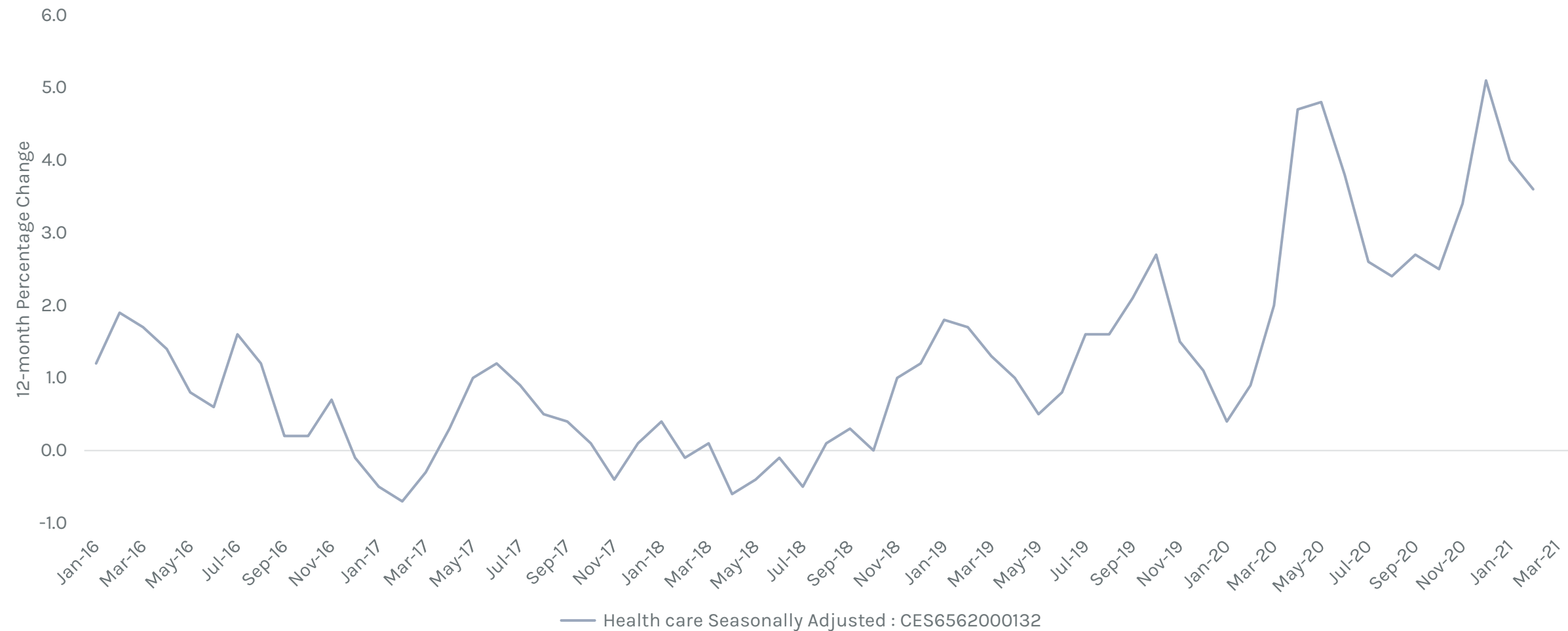
All Employees

Health care



Average Hourly Earnings P&NS

Health care



ATI SPAC Presentation

Expansion and consolidation plans

De Novo Clinic Economics are Highly Accretive & Predictable

Typical De Novo Clinic Characteristics

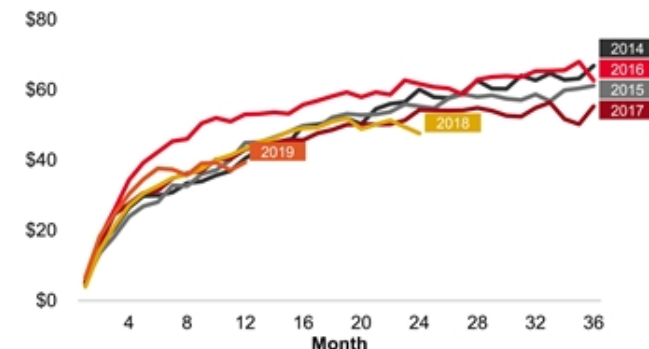
- Clinics are generally located in urban, well-trafficked areas
- Average clinic is ~3,100 sq. feet staffed with four clinicians
- De novo clinics break even around 8-15 months and take ~24 months to mature
- Return initial capital (capex + losses) in 12-18 months
- These have continued to outperform underwriting curves

Typical Unit Economics

CapEx (Renovations, Equip.)	\$200 - 300K
Upfront Losses (1 st 6 months)	~\$100K
Capex & Losses	\$300 - 400K
Clinic Contribution ⁽¹⁾ at Maturity	\$150 - 200K
Implied Multiples	~1.5x - 2.7x

Clinic Revenue by Cohort ⁽²⁾

Monthly Clinic Revenue (000s)



Clinic Contribution by Cohort ^(1, 2)

Monthly Clinic EBITDA (000s)



Note: Excludes co-located clinics within high schools and universities given different unit economics.

1. Clinic Contribution is a non-GAAP financial measure defined by us as earnings before provision for income taxes, interest expense, depreciation and amortization expense, restructuring and transaction costs, stock-based compensation expense, de-novo clinic losses, other non-operating adjustments, and corporate G&A and non-controlling interest. See reconciliation in Appendix.

2. Represents performance of standalone de novo clinics by build year. 2018 and 2019 cohort performance exclude experience post February 2020 due to impact of COVID. Financials comprises of the performance of a subset of total ATI clinics based on build year.

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The economics of adding de novo sites appears consistent. The company describes a detailed analysis for site selection, hiring, training, and promoting.

14x EV/EBITDA versus 2022 Estimates

HEDGEYE

Upside from acquisitions and expansion, return to in person care tailwind?

Transaction Details

(\$ and shares in millions except for per share items)

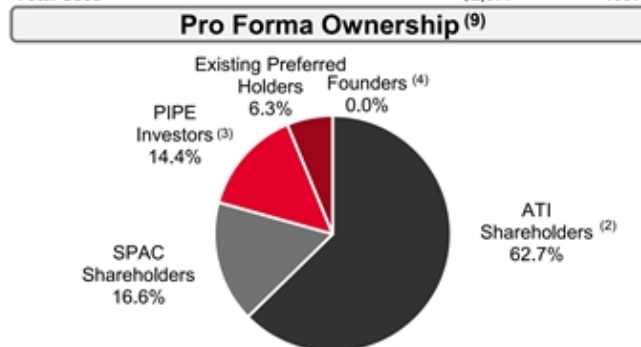
Enterprise Valuation	
Share Price	\$10.00
Total Shares	207.7
Equity Value	\$2,077
Plus: Pro Forma Net Debt	373
Enterprise Value	\$2,450
EV / '22E Adj. EBITDA (\$175mm) ⁽¹⁾	14.0x
Pro Forma Ownership (\$10.00 / sh)	
ATI Shareholders ⁽²⁾	130.3
Existing Preferred Holders	13.0
PIPE Investors ⁽³⁾	30.0
SPAC Shareholders	34.5
Founders ⁽⁴⁾	0.0
Total	207.7

Pro Forma Capitalization			
	ATI 12/31/20E	Adj.	Pro Forma 12/31/20E
Cash ⁽⁵⁾	\$97	-	\$97
Total Debt	\$1,011	(\$541)	\$470
Net Debt	914		373
Preferred ⁽⁶⁾	174	(174)	-
Total Debt + Preferred	\$1,185		\$470
2021E Leverage (\$119mm)			
Total Debt	8.5x		3.9x
Net Debt	7.7x		3.1x
2022E Leverage (\$175mm)			
Total Debt	5.8x		2.7x
Net Debt	5.2x		2.1x

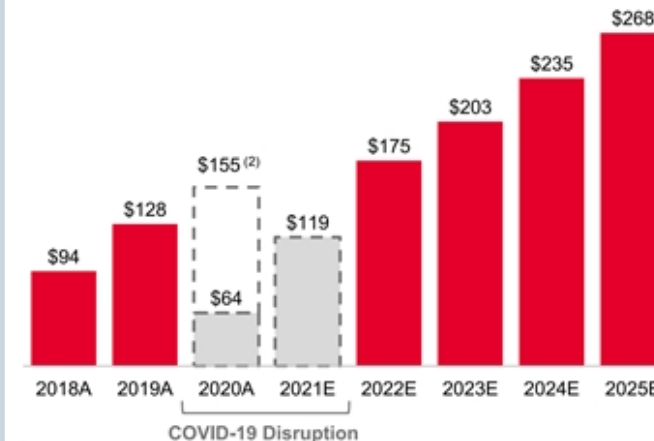
- Adjusted EBITDA is a non-GAAP financial measure defined by us as earnings before provision for income taxes, interest expense, depreciation and amortization expense, restructuring and transaction costs, stock-based compensation expense, de-novo losses and other non-operating adjustments. See reconciliation in Appendix.
- Excludes 15.0 million of incremental earn-out shares vesting evenly at \$12, \$14 and \$16 per share.
- Includes \$75mm PIPE commitment from investment funds managed by Fortress.
- Excludes 8.6 million deferred shares vesting evenly at \$12, \$14 and \$16 per share.
- Excludes ~\$27mm of Medicare Advance repayment reserve and ~\$18mm of cash held at joint ventures. Estimated reported cash on balance sheet will be ~\$142mm as of 12/31/20.
- Estimated value as of 6/30/2021.
- Subject to 180-day lockup, equivalent to ATI shareholders.
- Includes certain cash payments to Preferred Holders.
- Assumes no redemptions by public shareholders in connection with the transaction and excludes the impact of warrants (9.9 million warrants with a strike price of \$11.50 per warrant). Assumes new shares are issued at a price of \$10.00 per share.

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Sources and Uses		
Sources	\$	%
Cash in Trust	\$345	17%
Common Equity to PIPE Investors	300	14%
Common Equity to Preferred Holders ⁽⁷⁾	130	6%
Common Equity to ATI Shareholders	1,303	63%
Total Sources	\$2,077	100%
Uses	\$	%
Common Equity to ATI Shareholders	\$1,303	63%
Redemption of Existing Debt	541	26%
Common Equity to Preferred Holders ⁽⁷⁾	130	6%
Cash to Preferred Holders	44	2%
Estimated Fees and Expenses ⁽⁸⁾	59	3%
Total Uses	\$2,077	100%



Adj. EBITDA ⁽¹⁾



- ✓ Focused on making platform investments in 2018 and 2019
- ✓ Infrastructure in place and optimized for future growth
- ✓ Productivity initiatives driving future margin upside

For more information, contact us at:
support@hedgeye.com