



## Healthcare Industry Highlights

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July 28, 2021



## COVID-19 DEVELOPMENTS<sup>1</sup>

### News Scan

- On July 28<sup>th</sup>, **Pfizer** announced that it had sold US\$7.8 billion in COVID-19 vaccines in the second quarter of 2021 and raised its 2021 revenue guidance for the vaccine from US\$26 billion to US\$33.5 billion. In a conference call they said they believe a third dose of the vaccine within 12 months is necessary to maintain its high level of protection against the virus
- On July 26<sup>th</sup>, the **Ontario Government** asked **The Canadian Government** to work with the **World Health Organization** to ensure Canadians who received mixed COVID-19 vaccines will be recognized for international travel as border measures lift globally, and after many countries and cruise lines have stated that they will not recognize people with mixed vaccines as fully vaccinated
- On July 26<sup>th</sup>, after pressure from the **Food and Drug Administration**, **Pfizer** and **Moderna** announced that they are expanding the size of their COVID-19 vaccine trials in children aged 5 to 11, in an effort to improve detection of rare side effects that may occur in younger people, as the current sample size was too small to detect those rare side effects
- On July 23<sup>rd</sup>, the **European Medicines Agency** recommended authorizing **Moderna's** vaccine for use in children aged 12-17, marking the first time the shot has been approved for people under 18. Until now, the **Pfizer-BioNTech** vaccine has been the only approved option for use in children as young as 12 in North America and in Europe
- On July 23<sup>rd</sup>, a British study led by the **University of Oxford** indicated that a longer gap between doses of the **Pfizer-BioNTech** vaccine led to higher overall antibody levels than a shorter gap. Following two vaccine doses, neutralizing antibody levels were twice as high after the longer dosing interval when compared with the shorter dosing interval
- On July 21<sup>st</sup>, results from a study published in the **New England Journal of Medicine** showed that two doses of the **Pfizer-BioNTech** or **AstraZeneca** vaccines were nearly as effective against the highly transmissible and globally dominant Delta variant as they were against the previously dominant Alpha variant
- On July 19<sup>th</sup>, **The Government of Canada** announced that starting August 9<sup>th</sup>, US citizens and permanent residents who live in the US will be allowed to travel into Canada for non-essential purposes if they have been fully vaccinated at least 14 days prior
- On July 9<sup>th</sup>, **Pfizer** announced that it will seek emergency authorization from the **Food and Drug Administration** for a third dose of its vaccine. Although the **Pfizer-BioNTech** vaccine protects against the Delta variant, Pfizer believes a booster shot may enhance the immune response and provide longer-lasting protection
- On July 1<sup>st</sup>, **Health Canada** updated the product labels for the **Pfizer-BioNTech** and **Moderna** vaccines to include myocarditis and pericarditis as potential side effects

1. Sourced from Reformulary Group's COVID-19 DEW Report ([reformulary.com/covid19](https://reformulary.com/covid19)) and other news sources



## HEALTHCARE SERVICES

### News Scan

- On July 26<sup>th</sup>, **ModivCare Inc (“ModivCare”)**, a tech-enabled healthcare services company, announced that it has signed a merger agreement to acquire **CareFinders Total Care LLC**, a personal care provider focused in the Northeastern United States, for US\$340 million in a combination of cash and debt. This acquisition serves to expand ModivCare’s personal care platform by broadening access to in-home personal care solutions
- On July 15<sup>th</sup>, **HeartFlow Holding, Inc.**, a precision heart care company, announced that it has entered into a definitive business combination agreement with **Longview Acquisition Corp. II**, a special purpose acquisition company, for approximately US\$2.4 billion. Upon closure of the transaction, the combined company is expected to list on the NYSE under HeartFlow Group, Inc., and the US\$400 million of cash generated post transaction will be put towards growth capital, product development and general corporate purposes
- On July 12<sup>th</sup>, **Intelrad Medical Systems (“Intelrad”)**, a medical imaging management company, announced their acquisition of **Heart Imaging Technologies**, a web-based medical image management technology and service company, for an undisclosed amount. This acquisition will significantly expand Intelrad’s enterprise imaging offerings and cardiovascular expertise
- On July 6<sup>th</sup>, **Parata Systems (“Parata”)**, a pharmacy automation provider, announced their acquisition of **Synergy Medical**, a company that develops automation technologies to prepare and dispense solid oral medications in blister cards, for an undisclosed amount. This acquisition expands Parata's offering of innovative pharmacy automation technologies, with the combined company having more than 6,000 systems across 4,000 pharmacies, offering the broadest portfolio of automation solutions designed for pharmacies
- On July 6<sup>th</sup>, **Cano Health (“Cano”)**, a primary care provider for seniors and underserved communities, announced their acquisition of **Doctor’s Medical Center (“DMC”)** for US\$300 million, in a combination of cash and debt. This acquisition will give Cano control over DMC’s 18 medical centers in Miami-Dade and Broward counties, which serve roughly 52,000 customers, making it the largest independent value-based primary care provider to both Medicare and Medicaid patients in the state of Florida

### Key Indicators

<i>(in CAD millions, unless otherwise indicated)</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2021E	2022E	2021E	2022E	
dentalcorp Holdings Ltd.	2,444.1	4,214.4	na	5.0x	na	27.0x	86.0%
Neighbourly Pharmacy Inc.	1,011.7	1,502.8	na	4.7x	na	39.5x	94.6%
Akumin Inc.	284.6	898.2	3.5x	2.5x	13.1x	11.0x	80.3%
CareRx Corporation	190.5	250.9	1.9x	1.2x	25.0x	12.4x	90.1%
<b>Average</b>			<b>2.7x</b>	<b>3.4x</b>	<b>19.0x</b>	<b>22.5x</b>	<b>87.7%</b>



## OMNICHANNEL HEALTHCARE & DIGITAL HEALTH

### News Scan

- On July 26<sup>th</sup>, **Omniceil, Inc.**, a healthcare technology company, announced it has entered into a definitive agreement to acquire **FDS Amplicare**, a pharmacy software solutions provider, for US\$177 million, in an all-cash transaction. Through a suite of financial management, analytics and population health solutions, the combined company will look to help pharmacies measurably improve patient health outcomes, while enabling new clinical services and expanding growth and profitability opportunities
- On July 21<sup>st</sup>, **WELL Health** announced its formation of **WELL Ventures** to formalize its commitment to invest in and advance the digitization and moderation of healthcare. **WELL Ventures** also announced a strategic investment in **Bright**, a B2B technology service provider, that has developed a virtual amenities wellness program for on-site and work-from-home teams, valued at \$250,000
  - On July 15<sup>th</sup>, **WELL** completed its acquisition of **MyHealth**, a provider of primary care, specialty care, telehealth services and diagnostic health services, for \$206 million in a combination of cash and debt, making WELL the largest owner-operator of outpatient medical clinics in Canada, with 74 combined clinics, and the leading multi-disciplinary telehealth service provider
- On July 15<sup>th</sup>, **MCI Onehealth Technologies Inc ("MCI")**, announced that it has entered into a definitive agreement to acquire **Polyclinic**, a family and specialty medicine provider, for roughly \$5.8 million in a combination of cash and stock. This acquisition allows MCI to provide its clients with a full range of medical services under one roof, both virtually and in person
- On July 15<sup>th</sup>, **Waystar**, a provider of healthcare payments software, announced their signing of a definitive agreement to acquire **Patientco**, a provider of omnichannel patient payments, communications and engagement software for roughly US\$450 million. This acquisition looks to improve patient experiences when paying medical bills, and to simplify how providers receive and process payments before and after care delivery
- On July 12<sup>th</sup>, **Progitek**, a dental practice management software company, announced that **Desjardins Capital** and **Cortexnord Capital** made significant minority investments in the company, for an undisclosed amount. Progitek will use this investment to modernize their management and governance structures and improve their product offering and customer service
- On July 7<sup>th</sup>, **1Life Healthcare, Inc. ("One Medical")**, a chain of primary care clinics, announced it has entered into a definitive agreement to acquire **Iora Health**, a technology driven primary care group focused on serving Medicare patients, in an all-stock transaction valued at approximately US\$2.1 billion. This acquisition serves to expand One Medical's addressable market to serve more members in more geographies with digital and in-person care across every stage of life

### Key Indicators

(in CAD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2021E	2022E	2021E	2022E	
WELL Health Technologies Corp.	1,486.8	1,423.0	36.1x	6.6x	neg	33.9x	73.7%
Dialogue Health Technologies Inc.	694.7	569.2	na	10.0x	na	neg	52.1%
CloudMD Software & Services Inc.	430.6	340.9	29.6x	4.5x	neg	nmf	54.2%
LifeSpeak Inc.	387.4	409.5	na	20.2x	na	46.9x	82.2%
MCI Onehealth Technologies Inc.	134.5	124.1	4.3x	3.1x	42.7x	neg	55.6%
Think Research Corporation	108.8	118.4	8.5x	3.3x	neg	neg	44.3%
MindBeacon Holdings Inc.	87.7	32.0	4.0x	1.8x	neg	neg	24.4%
<b>Average</b>			<b>16.5x</b>	<b>7.1x</b>	<b>n.a</b>	<b>40.4x</b>	<b>55.2%</b>



## PHARMACEUTICALS

### News Scan

- On July 26<sup>th</sup>, **Perkin Elmer Inc.**, a medical diagnostic firm, entered into an agreement to acquire **BioLegend**, a creator of reagents and antibodies used in medical research, for roughly US\$5.25 billion in a combination of stock and cash. This acquisition will allow Perkin Elmer to grow in new and attractive areas such as clinical diagnostics and food safety testing
- On July 21<sup>st</sup>, **AstraZeneca** announced the completion of its takeover of **Alexion Pharmaceuticals**, a global biopharmaceutical company focused on developing life-changing therapies for rare disorders, for US\$39 billion, after receiving approval from the U.K.'s **Competition and Markets Authority**. This acquisition provides AstraZeneca entry into the medicines for rare diseases market, which represents a significant unmet medical need
- On July 19<sup>th</sup>, **Partners Group**, a Swiss private equity firm, announced their acquisition of **Pharmathen**, an advanced drug delivery technology company, for roughly US\$1.89 billion. Partners Group plans to scale the business internationally and accelerate its expansion in the United States
- On July 9<sup>th</sup>, **Philip Morris International Inc** announced the acquisition of Vectura Group, which develops inhaled therapies to treat lung diseases, for approximately US\$1.45 billion. This marks an important step in the cigarette-maker's "Beyond Nicotine" strategy
- On July 6<sup>th</sup>, **Knight Therapeutics Inc. ("Knight")**, a specialty pharmaceutical company, announced that **Health Canada** has approved NERLYNX® (neratinib), a drug that provides Canadian HER2-positive breast cancer patients with effective treatment following previous treatment with other anti-HER2 agents in the metastatic setting. This approval gives Knight the exclusive right to commercialize NERLYNX® in Canada, subject to terms of a license agreement with **Puma Biotechnology, Inc.**
- On July 1<sup>st</sup>, **ICON plc ("ICON")** announced the completion of its acquisition of **PRA Health Sciences**, a contract research organization, for approximately US\$12 billion in a combination of cash and stock. The combined company will retain the name ICON, and bring together 38,000 employees across 47 countries. It will focus on leveraging data, applying technology and accessing diverse patient populations to speed up drug development

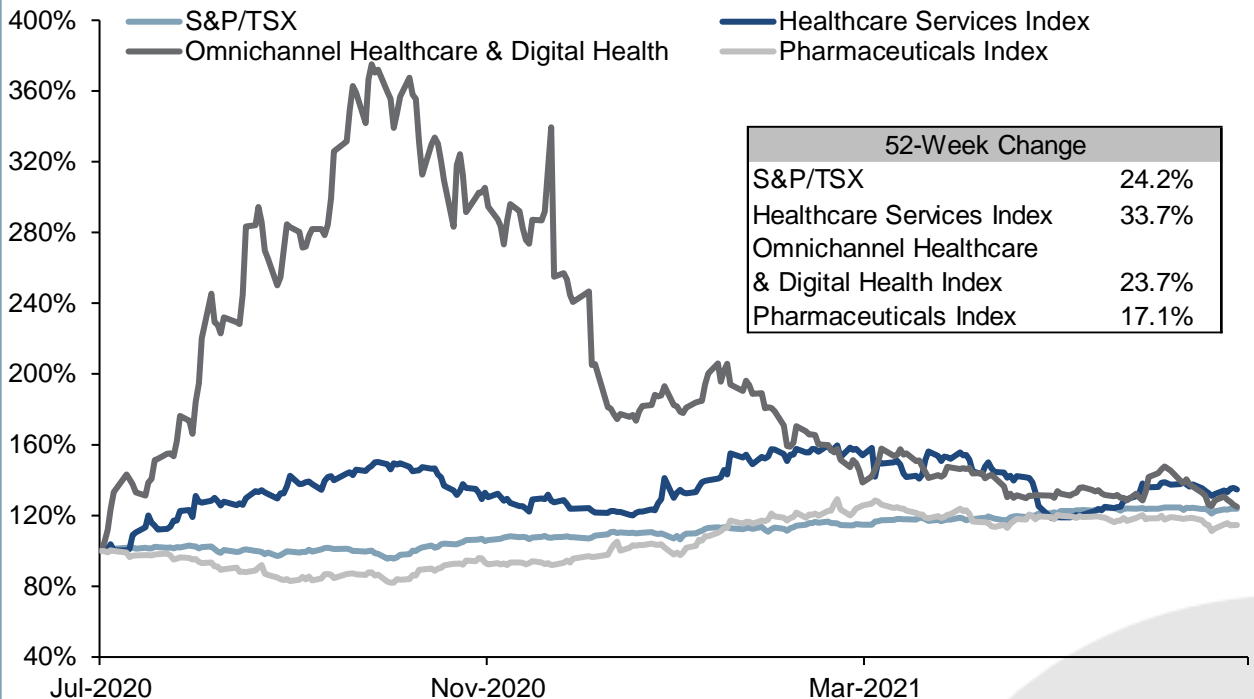
### Key Indicators

(in CAD millions, unless otherwise indicated)	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2021E	2022E	2021E	2022E	52-Week High
Bausch Health Companies Inc.	13,309.0	42,388.5	5.3x	4.9x	13.0x	12.2x	84.9%
Knight Therapeutics Inc.	634.6	265.4	1.8x	1.5x	20.7x	10.3x	72.0%
HLS Therapeutics Inc.	549.8	631.8	11.4x	9.2x	28.4x	21.3x	78.4%
Theratechnologies Inc.	438.6	438.0	6.8x	5.8x	neg	neg	86.5%
<b>Average</b>			<b>6.3x</b>	<b>5.4x</b>	<b>20.7x</b>	<b>14.6x</b>	<b>80.4%</b>



## MARKET PERFORMANCE

### Indexed Segment Performance<sup>1</sup>



### Charting the Course

- The TSX index increased 24.2% over the last 12 months, down from last month's 52-week increase of 29.8%. Financials declined over the past month as bond yields fell, partially due to the spread of the Delta variant leading to fears of a slowing recovery. Oil prices also dropped in July as OPEC came to an agreement to increase oil supply moderately, contributing to the slight decline in growth from last month
- Our Healthcare Services Index increased 33.7% over the last 12 months, up from last month, reflecting continuing investor enthusiasm for consolidating practices, clinics and other service-providing firms, resulting in attractive levels of client retention, recurring revenues and gross margin
- While our Omnichannel Healthcare & Digital Health Index lagged in performance relative to last month, growth was still substantial for the year, increasing 23.7% over the last 12 months
- Our Pharmaceuticals Index increased 17.1% over the last 12 months, up from last month's 14% increase, reflecting recent developments in the segment, including significant consolidation activity and drug approvals

1. Index segments are market prices for the companies in each category as noted in the earlier pages of the report



## About Origin Merchant Partners

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans

### Origin Merchant Partners

220 Bay Street, Suite 1500  
P.O. Box 23  
Toronto, Ontario  
M5J 2W4

### OMP Healthcare Team:

#### Cathy Steiner

Principal

T: 416-775-3602

cathy.steiner

@originmerchant.com

#### Jim Osler

Principal

T: 416-800-0784

jim.osler

@originmerchant.com

#### Mario Di Pietro

Principal

T: 416-800-0850

mario.dipietro

@originmerchant.com