



Healthcare Industry Highlights

June 24th, 2022



IS THIS A TREND? *INSIGHTS ON THE HEALTHCARE MARKET*

Healthcare deal activity continues to be strong this month, amidst rising rates and heightened volatility in the public markets. A few observations to share from our Healthcare M&A pile this month:

- **Take-private transactions are back.** Today we highlight two examples of financial sponsors taking public companies private – Covetrus and Convey Health. We haven't seen much, if any, of this type of activity for a while, but it's to be expected when companies need capital and public market valuations are hitting new lows. This could be the start of something.
- **Strategic buyers are getting busy.** We all know it's harder to resist the purchase you've been thinking about when it's on sale, and it looks like more companies with dry powder are pulling the trigger on strategic acquisitions. The decision to "buy" is coming out ahead of "build" more often in this environment.
- **Cash is King (and Queen) these days.** Solid businesses tracking to positive, growing cash flows are a must. For the have-nots, it would be prudent to evaluate strategies to help weather this storm. But this too shall pass.



Cathy Steiner
Principal, Healthcare



HEALTHCARE SERVICES

News Scan

- On June 21st, **Switch Health Solutions**, a leading Canadian health technology company delivering cutting-edge at home next generation diagnostics and patient-focused digital solutions, has acquired **Bio-Test Laboratory**, a provider of diagnostic laboratory and radiology services with locations across Ontario. Financial terms were not disclosed
- On June 13th, **Guardant Health (“Guardant”)**, a precision oncology company, purchased the remaining shares of **Guardant Health AMEA joint venture** held by global investment firm **Softbank**, valued at approximately US\$177.8 million. The acquisition will give Guardant complete control over operations throughout Asia, the Middle East and Africa, to create a unified global organization focused on fighting cancer and improving patient outcomes
- On June 7th, **GraceMed Services (“GraceMed”)**, a Canadian-based provider of cosmetic surgeries, aesthetic procedures and medical-grade skincare, announced the acquisition of **Briarwood Cosmetic Surgical Centre**. The acquisition will bring a team of specialist plastic surgeons and clinicians to expand GraceMed’s range of expertise and service offerings
- On June 6th **Fosun Pharma (“Fosun”)**, a Chinese healthcare group and a subsidiary of **Fosun International**, announced it will pay up to US\$158 million for a 60% stake in **OncoCare Medical** one of Singapore’s largest operators of cancer treatment centers. The investment will expand Fosun’s medical services businesses in Southeast Asia and help improve its cancer treatment services
- On June 3rd, **Kensington Private Equity Fund** announced it has acquired **Resolute Health Corporation Ltd**, a leading Canadian healthcare services business specializing in the testing and treatment of obstructive sleep apnea
- On May 25th, **Covetrus**, a global leader in animal health technology, products and services announced it has entered into an agreement with investment firms **Clayton, Dubilier & Rice** and **TPG Capital**, who will acquire the outstanding shares of Covetrus for cash of US\$21.00 per share, representing a 39% premium to the 30-day VWAP and enterprise value of approximately US\$4 billion. Covetrus will be a private company following the transaction

Key Indicators

<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2022E	2023E	2022E	2023E	
dentalcorp Holdings Ltd.	1,980.5	3,039.2	2.4x	2.1x	12.9x	10.4x	58.7%
Neighbourly Pharmacy Inc.	792.1	898.4	1.3x	1.0x	10.3x	7.3x	57.4%
CareRx Corporation	182.9	290.3	0.8x	0.7x	7.6x	6.3x	56.2%
Akumin Inc.	78.7	2,173.4	2.2x	2.1x	10.6x	9.4x	15.5%
Average			1.7x	1.5x	10.4x	8.3x	47.0%



OMNICHANNEL HEALTHCARE & DIGITAL HEALTH

News Scan

- On June 21st, **WELL Health Technologies Corp Inc. (“WELL”)**, a digital health company leveraging technology to empower healthcare practitioners and their patients globally, announced it has entered into an agreement to acquire the assets of **INLIV Inc. (“INLIV”)**, an omnichannel healthcare provider offering consumer, corporate and executive health care, aesthetics and wellness services in Alberta, for total proceeds of up to \$1.8 million
- On June 21st, **Convey Health Solutions (“Convey”)**, a leading US-based healthcare technology and services company that powers pharmacy benefits managers and government sponsored health insurance plans, announced **TPG Capital (“TPG”)** will acquire the approximately 25% of the company which it doesn't already own for US\$10.50 per share in cash, representing an enterprise value of approximately US\$1.1 billion. TPG acquired Convey in 2019 and took the company public in 2021
- On June 19th, **UnitedHealth Group Inc (“UHG”)**, a US-based multinational managed healthcare and insurance company, announced plans to acquire UK health technology company **EMIS Group PLC** in a US\$1.5 billion all cash deal. The transaction will provide UHG's UK-based healthcare unit with more tools and services to support the UK's national healthcare system
- On June 16th, Canadian telecommunications company **TELUS Corp (“TELUS”)** announced it has agreed to acquire digital health provider **LifeWorks Inc (“Lifeworks”)** for \$2.3 billion. The acquisition adds LifeWorks' employee and family assistance program and benefits administration capabilities to TELUS' existing suite of digital health technologies, strengthening its position as a leading global digital health and wellness provider
- On June 16th, **Digital Health Acquisition Corporation**, a healthcare-focused SPAC, announced it has signed a definitive agreement to acquire **VSee Lab, Inc.**, a telehealth software company, and **iDoc Telehealth Solutions, Inc.**, a neurocritical and intensive care telehealth provider, for approximately US\$110 million. The newly combined company will integrate iDoc's solutions as its first module for the VSee software platform, with the goal of adding additional modules in the future
- On June 15th, **Resmed**, a California-based cloud-connected respiratory device company, signed a definitive agreement to acquire **Medifox Dan**, a German company providing out-of-hospital software solutions to care-providers, for \$1 billion. The acquisition is expected to create a global leader in out-of-hospital software solutions

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	Cap	TEV	2022E	2023E	2022E	2023E	
WELL Health Technologies Corp.	722.4	1,141.7	2.2x	2.0x	11.5x	9.8x	36.7%
Dialogue Health Technologies Inc.	219.1	124.7	1.2x	0.9x	neg	nmf	27.7%
CloudMD Software & Services Inc.	121.0	112.0	0.6x	0.6x	neg	21.8x	17.2%
Vitalhub Corp.	115.3	98.1	2.5x	2.2x	10.8x	9.5x	77.1%
LifeSpeak Inc.	66.3	132.2	2.4x	1.7x	11.2x	5.0x	13.1%
MCI Onehealth Technologies Inc.	65.1	78.6	1.3x	1.1x	neg	24.1x	41.1%
Think Research Corporation	29.2	63.6	0.7x	0.6x	18.6x	6.5x	18.8%
Average			1.6x	1.3x	13.0x	12.8x	33.1%



PHARMACEUTICALS AND MED-TECH

News Scan

- On June 15th, **Keensight Capital ("Keensight")** announced an investment in **AstraZeneca** spin-out **Catsci Ltd ("Catsci")**, a UK-based small molecule Contract Research Organization focused on process R&D in pre-clinical and early clinical phases for emerging, mid-sized and large pharmaceutical companies. Keensight is investing alongside CatSci management to support continued growth of the core business via capability and site expansion
- On June 14th, **Armco Alberta Inc**, a subsidiary of **G2S2 Capital Inc ("G2S2")** announced that it has increased its ownership of **Knight Therapeutics ("Knight")** to more than 10% of Knight's outstanding common shares. **G2S2**, a Canadian privately held investment holding company, acquired the shares for investment purposes.
- On June 9th, **Christie Innomed ("Christie")**, developing and distributing innovative medical imaging and medical information management equipment, announced the acquisition of medical imaging hardware and software solutions company, **Comp-Ray**. Comp-Ray, with 40 years of experience, serves the southwestern US from its headquarters in Arizona
- On June 9th, **Pfizer Inc. ("Pfizer")** announced the completion of its acquisition of **ReViral**, a private clinical-stage biopharmaceutical UK-based company, for total consideration of up to US\$525 million. The deal reaffirms **Pfizer's** commitment to developing therapies to help tackle respiratory syncytial virus
- On June 3rd, **Bristol Myers Squibb Co ("Bristol Myers")** said on Friday it will acquire drug developer **Turning Point Therapeutics Inc ("Turning Point")** for US\$4.1 billion in cash, or US\$76 per Turning Point share, a 122.5% premium to its last closing price. The acquisition will help Bristol Myers bolster its arsenal of cancer drugs.
- On June 1st, **Pfizer Inc. ("Pfizer")** announced plans to exit its 32% stake in **Haleon**, a consumer health joint venture with British drugmaker **GSK**, at an estimated value of US\$16 billion. The exit will further position Pfizer to pursue to grow its pipeline of innovative drugs and vaccines

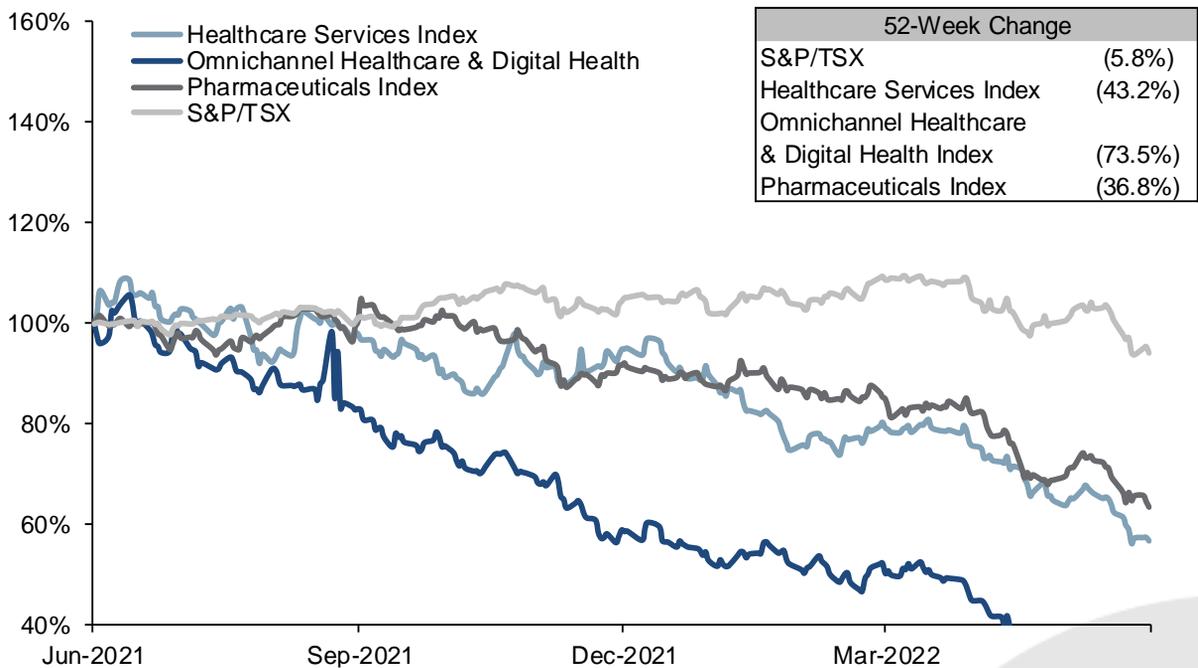
Key Indicators

<i>In \$CAD millions</i>	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2022E	2023E	2022E	2023E	52-Week High
Bausch Health Companies Inc.	3,279.5	25,273.5	2.3x	2.3x	6.0x	5.6x	24.4%
Knight Therapeutics Inc.	589.1	468.3	1.8x	1.6x	10.3x	8.6x	89.0%
HLS Therapeutics Inc.	396.4	468.4	4.7x	2.5x	10.9x	5.9x	59.5%
Theratechnologies Inc.	274.0	296.8	2.9x	2.3x	neg	neg	51.3%
Average			2.9x	2.2x	9.0x	6.7x	56.1%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX index decreased 5.8% over the last 12-months, down from last month's 52-week increase of 3.2% due largely to central banks' continued interest rate hikes to combat rising inflation, resulting uncertainty about demand sustainability, and continuing supply chain glitches
- Our Healthcare Services Index reflects a 12-month decrease of 43.2%, down from last month's decrease of 18.3%, partially due to staffing shortages and higher labor costs negatively impacting financial results
- Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 73.5% over the past 12-months, down from last month's 69.5% drop, and in line with the trend in other technology-weighted names
- Our Pharmaceuticals Index decreased 36.8% over the last 12-months, down from last month's 30.4% decrease, and consistent with current market conditions

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

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