

February 2023

Industry Highlights on
Healthcare



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North America's Middle Market M&A Advisory Boutique.



- ▶ On February 22nd, **Canadian Business Growth Fund**, a Canadian growth-equity investor, announced its minority investment in **Specialty Medical Partners**, a consolidator of independent cardiovascular, respiratory and internal medicine healthcare facilities. Proceeds from the financing supported the initial acquisition of 3-clinic cardiology platform Ottawa Cardiovascular Centre Group, and will provide working capital and funding for future acquisitions
- ▶ On February 16th, **Iron Path Capital**, a US-based PE firm, through its portfolio company **Capitol Pain Institute (“CPI”)**, an interventional pain management platform with clinics and ambulatory surgical centers across the US, announced its acquisition of **Wellspring Pain Solutions**, which offers a range of services for advanced interventional pain management in Indiana. The acquisition, for an undisclosed amount, marks CPI’s strategic entry into a new state with a highly complementary footprint of clinics and ambulatory surgical centers
- ▶ On February 14th, **Novacap**, a Canadian headquartered PE firm, through its portfolio company **Canada Diagnostic Centres (“CDC”)**, a medical imaging services provider, announced the acquisition of **Guardian Radiology** and **The Ultrasound Centre**, both providers of radiology services, for an undisclosed amount. The deals expand CDC’s presence in Saskatchewan while reinforcing its presence in Alberta and British Columbia
- ▶ On February 10th, **Power Staffing Solutions (“PSS”)**, a Canadian staffing partner to healthcare, technology and the professional services sector, announced that it has acquired **Stay Home Forever Inc.**, a homecare organization offering caregiver, therapy, companionship, homemaking, cleaning, and age-in-place renovations to seniors in Ontario, for an undisclosed amount. With this expansion, PSS will increase its presence across Northern and Western Ontario, and provide a more holistic solution in healthcare staffing and private care services
- ▶ On February 8th, **CVS Health** (NYSE: CVS) announced that it has entered into a definitive agreement to acquire **Oak Street Health (“Oak Street”)** (NYSE: OSH), a network of value-based primary care centers for adults on Medicare, for US\$10.6 billion. Canopy, Oak Street’s leading technology solution, will be enhanced by CVS Health’s community, home and digital offerings, reducing care costs and improving outcomes – particularly for those in underserved communities. Oak Street is expected to operate over 300 centers by 2026, representing more than \$2 billion of Oak Street Health adjusted EBITDA
- ▶ On February 6th, **Vivage Senior Living**, a Colorado-based management company working with communities serving seniors and those with disabilities, and **Beecan Health Colorado**, which provides services to skilled nursing facilities, assisted living, and other sectors of the healthcare industry in California, New Mexico and Colorado, announced their merger, for an undisclosed amount. The two companies will now be able to offer services at forty-two skilled nursing communities with nearly 3600 licensed beds across the state of Colorado

Key Indicators

<i>In \$CAD millions</i>	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
dentalcorp Holdings Ltd.	1,798.0	3,018.7	2.1x	1.9x	11.0x	10.0x	58.5%
Neighbourly Pharmacy Inc.	1,079.2	1,374.8	1.5x	1.3x	13.4x	10.4x	73.0%
Akumin Inc.	193.4	2,375.3	2.3x	na	10.3x	na	52.1%
CareRx Corporation	136.5	255.9	0.7x	0.6x	7.2x	5.8x	44.7%
Average			1.6x	1.3x	10.5x	8.7x	57.1%

- ▶ On February 16th, **Elation Health**, a US-based developer of a provider-centric clinical electronic health records platform, announced its acquisition of **Lightning MD**, a provider of cloud-based medical billing and payer connectivity solutions, for an undisclosed amount. Lightning MD’s technology will complement Elation Health’s core clinical data platform to enable seamless billing and payer connectivity for customers
- ▶ On February 16th, **OSI Systems** (Nasdaq: OSIS), a US-based vertically integrated designer and manufacturer of specialized electronics for healthcare, homeland security, defense and aerospace industries, through its subsidiary **Spacelabs Healthcare**, a provider of medical equipment and services, announced its acquisition of **PeraHealth**, a US-based developer of predictive enterprise software based on the Rothman Index, a score to quantify patient acuity, for an undisclosed amount. The deal expands Spacelabs Healthcare’s clinical informatics capabilities
- ▶ On February 15th, **MJH Life Sciences (“MJH”)**, a US-based full-service medical media company, announced its acquisition of **Mesmerize Media, LLC (“Mesmerize”)**, a point of care media platform that delivers patient education and consumer engagement across its network of healthcare channels, from **The Beekman Group**, a US-based PE firm, for an undisclosed amount. This deal will enable Mesmerize to leverage the MJH portfolio of publications, events, and creative services
- ▶ On February 14th, **NewSpring Capital**, through its portfolio company **Prosperity Behavioral Health (“Prosperity”)**, a US-based provider of financial solutions for behavioral health facilities, announced that it has acquired **Elevated Billing**, a US-based revenue-cycle management company that serves behavioral health facilities, for an undisclosed amount. The acquisition will create new market opportunities and expand Prosperity’s service offerings
- ▶ On February 14th, **Lotus Bio-Technology Development Corp. (“LBTD”)** (OTC:LBTD), a US-based biotechnology development company, announced that it has acquired **Pioneer Digital Health, Inc.**, a US-based provider of digital health solutions including telemedicine, electronic health records, and preferred pharmacies, for an undisclosed amount. The deal provides LBTD a foothold in the fast-growing digital health and wellness home testing markets
- ▶ On February 9th, **GE HealthCare (“GEHC”)** (Nasdaq: GEHC), a US-based provider of medical technology, pharmaceutical diagnostics, and digital solutions, announced that it has signed an agreement to acquire **Caption Health, Inc.**, a US-based developer of artificial intelligence (AI) enabled image guidance during heart ultrasounds to aid in early disease detection, for an undisclosed amount. The acquisition aligns with GEHC’s strategy to deliver precision care and expands access to new ultrasound users and clinical uses

Key Indicators

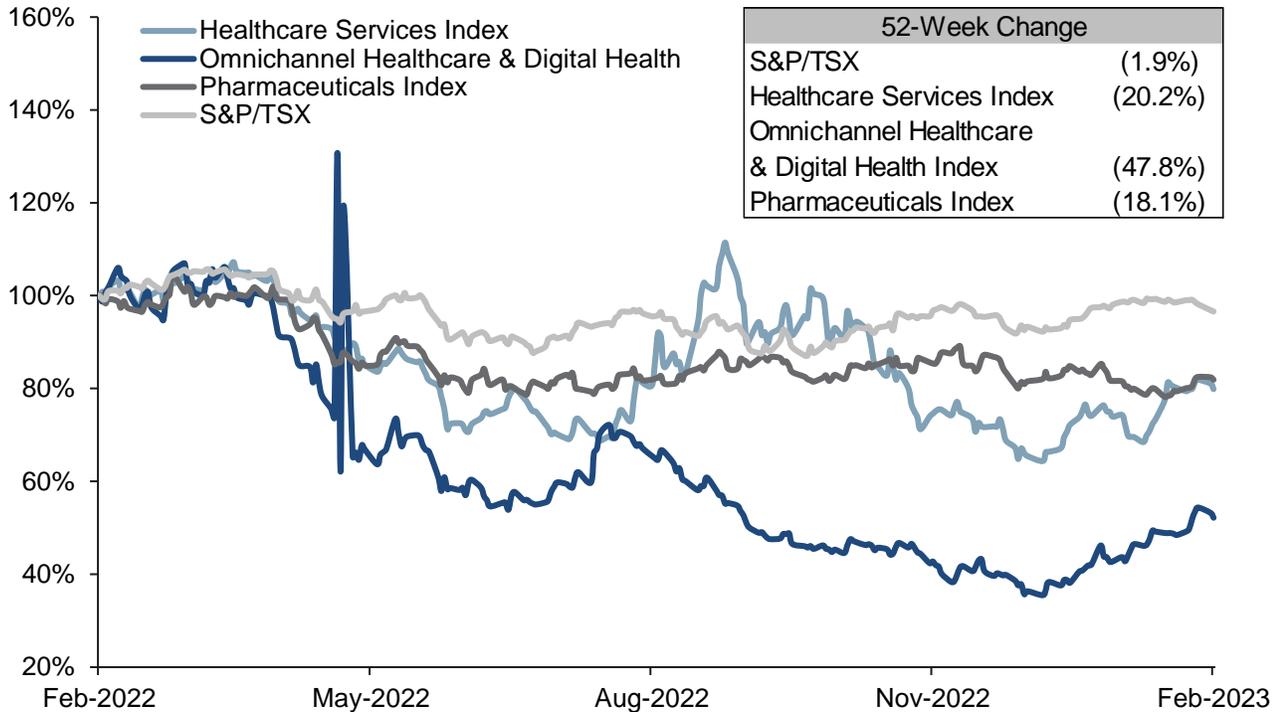
<i>In \$CAD millions</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
WELL Health Technologies Corp.	973.5	1,365.4	2.1x	1.9x	11.4x	10.3x	74.5%
Dialogue Health Technologies Inc.	252.9	195.7	1.7x	1.4x	neg	41.4x	59.6%
Vitalhub Corp.	112.5	86.5	1.8x	1.5x	7.4x	5.3x	74.8%
CloudMD Software & Services Inc.	63.3	67.5	0.6x	0.5x	neg	6.5x	23.3%
LifeSpeak Inc.	38.2	119.7	1.9x	1.7x	6.3x	5.1x	10.1%
Think Research Corporation	37.9	81.7	0.9x	0.9x	16.1x	10.4x	38.5%
MCI Onehealth Technologies Inc.	34.6	52.9	0.8x	na	39.0x	na	43.1%
Average			1.5x	1.4x	14.4x	12.0x	41.7%

- ▶ On February 14th, **Investor AB**, a Sweden-based investment company, through its portfolio company **Laborie Medical Technologies Corp. ("Laborie")**, a US-based diagnostic and therapeutic medical technology company, announced that it has acquired **Novonate, Inc. ("Novonate")**, a US-based medical technology company, for an undisclosed amount. The acquisition of Novonate's flagship product, LifeBubble, an umbilical catheter securement system, builds on Laborie's obstetrics, gynecology and neonatal portfolio
- ▶ On February 14th, **ADDvise Group**, a Sweden-based supplier of equipment to healthcare and research facilities, announced that it has signed a Letter of Intent to acquire all shares in **X-Ray Cassette Repair Company Inc (d/b/a "Reina Imaging")**, a US-based producer of digital x-ray panel holders and related imaging products primarily for the healthcare industry, for US\$14.8 million. Reina Imaging's revenue for 2022 was US\$9.1 million with adjusted EBITDA of US\$1.9 million
- ▶ On February 9th, **Globus Medical** (NYSE: GMED), a US-based musculoskeletal solutions company, announced that it has entered into a definitive agreement to acquire **NuVasive** (NASDAQ: NUVA), a US-based spine technology company, for US\$3.1 billion. For the 12-months ended Sep 30, 2022, NuVasive reported revenue of US\$1.2 billion and EBITDA of US\$0.2 billion. The transaction pairs Globus Medical's and NuVasive's complementary spine and orthopedic solutions and enabling technologies to create a more comprehensive offering
- ▶ On February 8th, **Abbott** (NYSE: ABT) announced that it has entered into a definitive agreement to acquire **Cardiovascular Systems, Inc. ("CSI")** (NASDAQ: CSII), a US-based medical device company with an innovative atherectomy system used in treating peripheral and coronary artery disease, for US\$890 million. The acquisition will add new, complementary technologies to Abbott's vascular device offerings. For the 12-months ending Dec 31, 2022, CSI reported revenue of US\$240 million
- ▶ On February 8th, **Ampersand Capital Partners**, a US-based PE firm, through its portfolio company **Sterling Medical Devices**, a US-based provider of design, development and regulatory services to the medical device industry, announced its recapitalization and simultaneous merger with **RBC Medical Innovations**, a US-based medical device company, for an undisclosed amount. The deal brings additional design and development capacity, including expertise in energy-based electromechanical devices
- ▶ On February 8th, **Peloton Equity**, a US-based PE firm, through its portfolio company **Journey Health & Lifestyle Brands Inc. ("Journey")**, a US-based manufacturer and distributor of healthcare equipment, announced its acquisition of **LifeWalker Mobility Products ("LifeWalker")**, a US-based manufacturer and distributor of mobility products, for an undisclosed amount. LifeWalker expands the growing Journey portfolio of branded products by adding the leading upright walker in the healthcare market

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In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
Bausch Health Companies Inc.	4,246.7	25,933.7	2.3x	2.2x	6.1x	5.7x	37.5%
Knight Therapeutics Inc.	572.5	455.1	1.5x	1.5x	8.8x	8.9x	81.9%
HLS Therapeutics Inc.	278.4	356.9	2.8x	1.8x	7.1x	4.6x	52.3%
Theratechnologies Inc.	125.6	155.6	1.2x	1.1x	nmf	11.2x	33.6%
Cipher Pharmaceuticals Inc.	94.5	67.4	2.2x	2.4x	4.0x	4.6x	92.4%
Average			2.0x	1.8x	6.5x	7.0x	59.5%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index decreased 1.9% over the last 12-months, an improvement from January’s 52-week decrease of 4.1%. Performance is attributable to expectations that the end is in sight for this cycle of central bank rate hikes as inflation is showing some signs of cooling, paired with continued strong employment data pointing to the possibility of a soft landing
- ▶ Our Healthcare Services Index reflects a 12-month decrease of 20.2%, an improvement from January’s decrease of 34.3%, given service offerings that are largely viewed as recession-resistant
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 47.8% over the past 12-months, up from January’s 59.4% drop, reflecting a stronger market performance of the broader technology sector and companies targeting improved levels of profitability
- ▶ Our Pharmaceuticals Index decreased 18.1% over the last 12-months, relatively in line with January’s 18.4% decrease, as buying interest for some of these names continues to wait on the sidelines

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



About Us

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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