

October 2023

Industry Highlights on
Healthcare



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



- ▶ On October 30th, **Havencrest Capital Management**, a US-based healthcare PE firm, through its portfolio company **Avid Health at Home ("Avid")**, a US-based non-medical home care platform, announced its acquisition of **Independence 4 Seniors**, a US-based provider of personalized home care for older adults, for an undisclosed amount. The deal represents Avid's second acquisition in Chicago, third overall in the last 6 months, and is a part of its inorganic growth strategy across the Midwest, Mid-Atlantic, Southeast and Mountain West geographies
- ▶ On October 24th, **SurgNet Health Partners, Inc. ("SurgNet")**, a US-based ambulatory surgery center (ASC) development and management company, recently set up by US-based PE firms **Fulcrum Equity Partners**, **Leavitt Equity Partners** and **Harpeth Capital**, announced its first two acquisitions: Michigan-based **Executive Ambulatory Surgery Center** and Ohio-based **Lippy Surgery Center**, for an undisclosed amount. The acquisitions were made within 45 days of SurgNet being funded and set the tone for its rapid scale-up through inorganic, de novo and center management strategies
- ▶ On October 20th, **Akumin Inc. (Nasdaq/TSX: AKU)** announced it has reached an agreement with **Stonepeak**, a US-based alternative asset management firm, as well as AKU's stakeholders, on the terms of a financial restructuring that will result in AKU becoming a private company. As part of the contemplated transaction, Stonepeak will cancel its note of approximately US\$470 million and convert it to common shares and will also make a new investment of US\$130 million, providing ample liquidity for AKU to execute on its strategic plan to become the outpatient partner of choice for hospitals and health systems
- ▶ On October 18th, **DermCare Management ("DermCare")**, a US-based provider of medical and cosmetic dermatologic management services, a portfolio company of **Hildred Capital Management**, a US-based PE firm, announced three new acquisitions: Virginia-based **Albemarle Dermatology & Associates**, Florida-based **Posh Plastic Surgery** and California-based **First OC Dermatology Research**, for an undisclosed amount, expanding DermCare's footprint and research capabilities
- ▶ On October 3rd, **Neighbourly Pharmacy Inc. (TSX:NBLY)**, Canada's largest and fastest growing network of independent pharmacies, announced it has entered into a Letter of Intent with largest shareholder **Persistence Capital Partners ("PCP")**, whereby an affiliate of PCP would acquire the remaining 49.8% of NBLY common shares that they don't already own, for cash of \$20.50 per share, representing a premium of approximately 69% to the previous day's closing price. The transaction rationale is to provide NBLY with more flexibility and resources to pursue its strategic vision as a private company
- ▶ On October 2nd, **Elevate ENT Partners ("Elevate")**, a US-based management support organization (MSO) of ear, nose, and throat ("ENT") practices, a portfolio company of US-based **Audax Private Equity**, announced that it has acquired **North Florida Center for Otolaryngology**, for an undisclosed amount. The acquisition expands Elevate's footprint in North Florida and is its 12th acquisition overall

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
dentalcorp Holdings Ltd.	1,029.7	2,286.0	1.6x	1.5x	8.7x	7.7x	54.2%
Neighbourly Pharmacy Inc.	789.9	1,081.1	1.2x	1.1x	11.6x	9.6x	69.1%
CareRx Corporation	90.1	190.3	0.5x	0.5x	6.7x	5.5x	49.1%
Akumin Inc.	40.4	2,289.6	2.2x	2.1x	11.2x	9.3x	17.9%
Average			1.4x	1.3x	9.5x	8.0x	47.6%

- ▶ On October 30th, **Vizient**, a US-based provider-driven healthcare performance improvement company, announced that it has completed its acquisition of **PrefTech OR**, a US-based developer of cloud-based preference card management (PCM) software for healthcare providers, for an undisclosed amount. The acquisition is part of Vizient’s Spend Management strategy, leveraging analytics and insights in spend categories in the perioperative setting across all types of providers
- ▶ On October 24th, **Madison Industries**, a US-based industrial holding company, announced an agreement to acquire **CAE Healthcare**, a US-based developer of simulation-based healthcare education technologies, from **CAE Inc. (NYSE: CAE; TSX: CAE)**, a Canada-based provider of software-based simulation training and critical operations support solutions, for US\$227.3 million. The acquisition will bolster Madison Industries’ offerings for medical professionals and first responders
- ▶ On October 19th, **Uniguest**, a US-based provider of digital engagement technology, announced the acquisition of **pCare**, a US-based developer of interactive patient engagement systems and connected technology solutions for healthcare and hospital environments, for an undisclosed amount, to expand Uniguest’s presence and capabilities in healthcare
- ▶ On October 12th, **Sharecare (Nasdaq: SHCR)**, a US-based digital health company, confirmed that it has received an unsolicited preliminary non-binding proposal from **Claritas Capital**, a US-based PE firm, to acquire the remaining 89.63% of its shares that they don’t already own, for US\$663 million. For the year ending June 30th, 2023, Sharecare had revenue of US\$464.5 million. Sharecare said that its Board of Directors will review the proposal
- ▶ On October 5th, **LGI Healthcare Solutions Inc. (“LGI”)**, a Canada-based developer of healthcare IT solutions, a portfolio company of **Novacap**, a Canada-based PE firm, announced that it has completed the acquisition of **Boston Software Systems**, a US-based provider of robotic process automation (RPA) solutions for the healthcare industry, for an undisclosed amount. The acquisition enhances LGI’s end-to-end digital healthcare solutions portfolio and expands its market coverage with a best-in-class RPA solution
- ▶ On October 4th, **Commure, Inc. (“Commure”)**, a US-based provider of technology to healthcare systems, and **Athelas**, a US-based provider of healthcare workflow automation software and revenue cycle tools, both portfolio companies of **General Catalyst**, a US-based PE firm, announced that they have entered into a definitive merger agreement, for an undisclosed amount. Athelas’ LLM expertise will complement Commure’s AI-enabled workflows platform and scaled software and hardware solutions, helping to drive further operational efficiency for health systems
- ▶ On October 2nd, **HEALWELL AI Inc. (TSX:AIDX)**, f/k/a MCI Onehealth Technologies Inc., a Canada-based healthcare technology and data science company focused on preventative care, announced that it has successfully completed its strategic transactions with **WELL Health Technologies Corp. (TSX:WELL)**, a Canada-based digital health company. The transaction strengthens HEALWELL’s balance sheet and positions it as an emerging AI-enabled healthcare technology company

Key Indicators

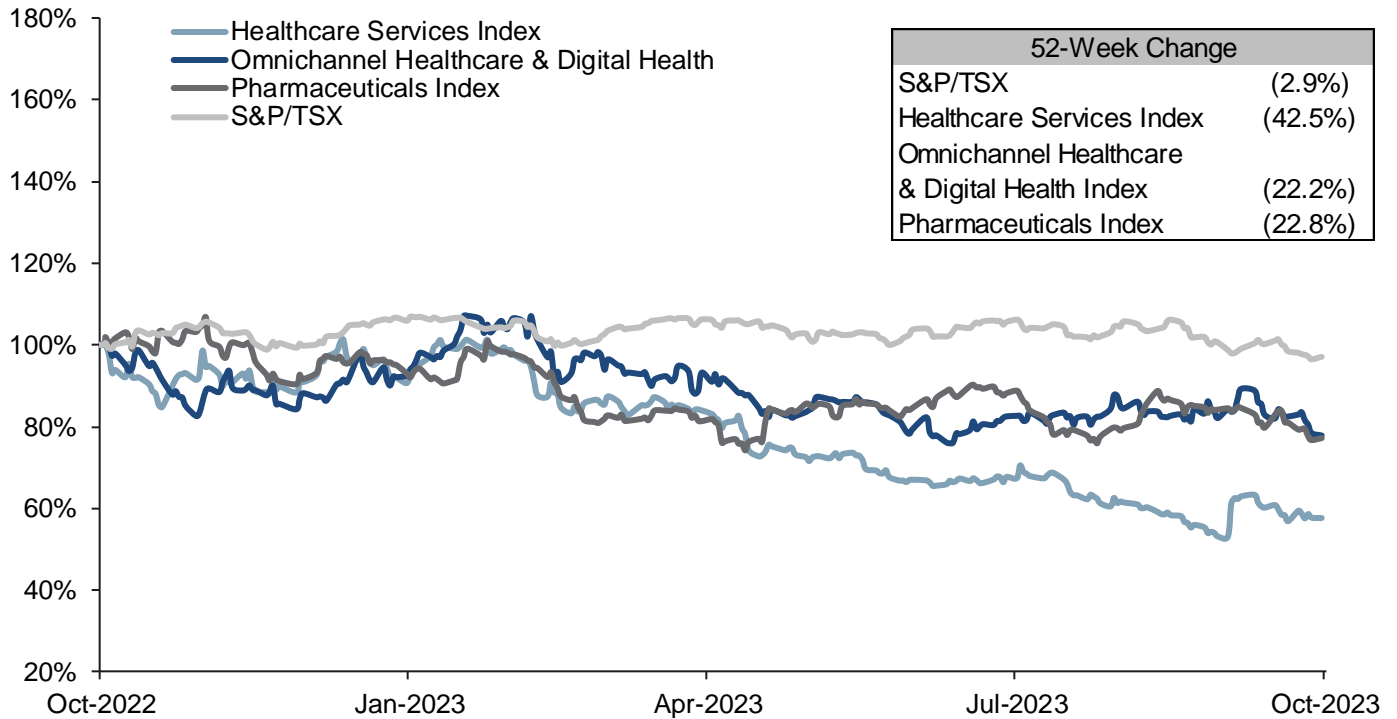
<i>In \$CAD millions</i>	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2023E	2024E	2023E	2024E	
WELL Health Technologies Corp.	871.3	1,245.5	1.7x	1.4x	10.8x	9.0x	61.6%
Vitalhub Corp.	126.2	104.1	2.0x	1.8x	8.7x	7.1x	96.3%
Healwell AI Inc.	43.7	60.6	5.3x	4.7x	neg	neg	65.0%
CloudMD Software & Services Inc.	33.3	39.5	0.4x	0.4x	neg	10.4x	36.1%
LifeSpeak Inc.	21.1	101.3	1.9x	1.8x	7.2x	6.1x	29.8%
Think Research Corporation	19.6	65.5	0.7x	0.6x	12.2x	7.6x	36.2%
Average			2.0x	1.8x	9.7x	8.0x	54.2%

- ▶ On October 23rd, **Roche Holding AG (SWX:ROG)**, a Switzerland-based biotechnology company, announced that it has entered into a definitive agreement to acquire **Telavant Holdings, Inc.**, a US-based company focused on developing and commercializing RVT-3101 in the US and Japan for the treatment of inflammatory bowel disease, from UK-based **Roivant Sciences Ltd. (NASDAQGM:ROIV)** and US-based **Pfizer Inc. (NYSE:PFE)**, for US\$7.1 billion upfront and near-term milestone payment of US\$150 million. RVT-3101 is a Phase 3-ready antibody with first-in-class and best-in-disease potential, a novel mode of action and strong Phase 2b data in ulcerative colitis
- ▶ On October 10th, **Haemonetics Corporation (“Haemonetics”)** (NYSE: HAE), a US-based medical technology company, announced that it has entered into a definitive agreement to acquire **OpSens, Inc. (“OpSens”)** (TSX:OPS), a Canada-based medical device cardiology-focused company, for US\$253 million. For the year ending May 31st, 2023, OpSens had revenue of US\$32.4 million. OpSens’ fiber optic sensor technology for interventional cardiology expands Haemonetics’ Hospital portfolio and provides commercial synergies with its existing Vascular Closure portfolio
- ▶ On October 8th, **Bristol Myers Squibb (“BMS”)** (NYSE: BMY), a US-based biopharmaceutical company, announced that it has entered into a definitive agreement to acquire **Mirati Therapeutics, Inc. (NASDAQ: MRTX)**, a US-based commercial stage targeted oncology company, for US\$4.8 billion, with contingent value rights worth up to an additional US\$1 billion. The transaction strengthens and diversifies BMS’ commercial oncology portfolio
- ▶ On October 5th, **Abbvie (NYSE:ABBV)**, a US-based pharmaceutical company, announced that it has exercised its exclusive right and completed the acquisition of **Mitokinin**, a US-based discovery-stage biotechnology company developing a potentially first-in-class disease-modifying treatment for Parkinson's Disease, for up to US\$655 million, of which US\$545 million are potential milestone payments. The transaction further strengthen Abbvie’s neuroscience pipeline
- ▶ On October 4th, **SomaLogic (Nasdaq: SLGC)**, a US-based protein biomarker discovery and clinical diagnostics company, announced a definitive agreement to acquire **Standard BioTools Inc. (“Standard”)** (Nasdaq: LAB), a US-based developer and manufacturer of biological research equipment based on integrated fluidic circuit technology, from US-based **Casdin Capital**, for US\$574 million. For the year ending June 30th, 2023, Standard had revenue of US\$105.4 million. Standard’s presence in academic research settings ideally complements SomaLogic’s biopharmaceutical research footprint
- ▶ On October 3rd, **Eli Lilly and Company (“Lilly”)** (NYSE: LLY), a US-based pharmaceutical company, announced a definitive agreement to acquire **POINT Biopharma Global, Inc. (“POINT”)** (NASDAQ: PNT), a US-based radiopharmaceutical company with a pipeline of clinical and preclinical-stage radioligand therapies in development for the treatment of cancer, for US\$1.4 billion. For the year ending June 30th, 2023, POINT had revenue of US\$240.9 million and EBITDA of US\$114.9 million. The deal expands Lilly’s oncology capabilities into next-generation radioligand therapies

Key Indicators

In \$CAD millions	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2023E	2024E	2023E	2024E	
Bausch Health Companies Inc.	3,342.4	24,249.4	2.1x	2.0x	5.9x	5.3x	66.9%
Knight Therapeutics Inc.	475.9	405.0	1.3x	1.3x	7.6x	8.1x	80.9%
HLS Therapeutics Inc.	156.0	229.1	2.6x	2.0x	7.6x	5.3x	43.2%
Cipher Pharmaceuticals Inc.	110.1	74.1	2.7x	2.6x	4.6x	4.6x	95.0%
Theratechnologies Inc.	58.3	93.6	0.8x	0.7x	neg	12.3x	10.4%
Medexus Pharmaceuticals Inc.	49.7	106.9	0.7x	0.6x	3.4x	3.2x	57.8%
Average			1.7x	1.5x	5.8x	6.5x	59.0%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index decreased 2.9% over the last 12-months, down from September’s 52-week increase of 8.0%, weighed down by a moderating Canadian economy amid interest rates slated to remain “higher for longer”, increased commodity prices and rising geopolitical tensions
- ▶ Our Healthcare Services Index reflects a 12-month decrease of 42.5%, up from September’s decrease of 47.0%, as buyers step in after a period of sitting on the sidelines
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded a decline of 22.2% over the past 12-months, up slightly from September’s 23.2% drop, due to growing demand for AI/data analytics, cyber security and digital health solutions
- ▶ Our Pharmaceuticals Index decreased 22.8% over the last 12-months, down from September’s 18.2% decline, in line with the broader market slowdown

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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