

November 2024

Industry Highlights on
Healthcare



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





2025 Healthcare Outlook

Turning the Page

As we approach the end of 2024, with the US election behind us and interest rates coming down, healthcare deal activity is only accelerating and 2025 is shaping up to be a busy year for M&A. Here are a few thoughts about the trends that are driving deal activity into the new year:

- ▶ ***Aging in Focus*** – The last of the Baby Boomers turn 65 over the next 5 years, consequently health and wellness will continue to be big business in 2025. Solutions that conceal and alleviate the effects of aging like diabetes and cardiovascular, weight loss, med-spa and longevity, mental health, wellness, and fitness could all be areas that see notable deal activity.
- ▶ ***Differentiated Provider Services*** – Bigger isn't always better. There is interest in multi-site clinics that can demonstrate that their scale drives economic benefits by way of economies of scale, back-office efficiencies, best practices, better outcomes and more attractive growth profile.
- ▶ ***Excellent Operators Will Thrive Amidst New Funding Models*** – Public and private payors are seeking value. Both groups favor outcomes-based funding models like capitation or bundled funding over fee-for-service. Premium value will be awarded to operators who meet payor objectives while successfully balancing staff and patient satisfaction with attractive margins.
- ▶ ***Outsourcing for the Win*** – Drug developers can't do it all. Contract research, contract manufacturing, and decentralized site management organizations, as well as regulatory affairs firms are among a wide range of integral supply chain partners who are specialists in their area. We expect continued interest in companies who realize outsized growth and margins for their mission critical services.
- ▶ ***AI and Enabling IT*** – Information technology and artificial intelligence are poised to reduce costs and timelines while improving outcomes. We are expecting these important solutions will transform the landscape across healthcare subverticals, from provider services to drug development, and will continue to garner tremendous interest from buyers and investors alike.

We are excited about the year ahead and look forward to speaking with you about how Origin can be helpful. Until then, we wish you and yours all the best for the holiday season and a very happy and healthy 2025!

The Origin Healthcare Team

- ▶ On November 14th, **Medical Facilities Corporation ("MFC") (TSX: DR)**, a Canada-based owner of surgical facilities in the US, announced that its specialty surgical hospital, **Black Hills Surgical Hospital, LLP ("BHSH")**, located in Rapid City, South Dakota, has entered into a definitive agreement to be acquired by **Sanford Health**, a US-based integrated health system, for US\$194 million. The sale of BHSH unlocks significant value for MFC's shareholders, aligning with its strategic direction by allowing a focus on core assets, and strengthens its balance sheet
- ▶ On November 11th, **Cardinal Health, Inc. ("Cardinal Health") (NYSE: CAH)**, a US-based healthcare services and products company, announced that it has entered into definitive agreements to acquire a majority stake in **GI Alliance ("GIA")**, a US-based gastroenterology management services organization (MSO), from **Apollo (NYSE: APO)**, a US-based alternative asset manager, for US\$2.8 billion, and **Advanced Diabetes Supply Group ("ADSG")**, a US-based provider of specialized diabetes supplies, for US\$1.1 billion. The acquisition of GIA expands Cardinal Health's multi-specialty platform, adding over 900 physicians across 345 practices in 20 states, while the acquisition of ADSG enhances its at-Home Solutions business
- ▶ On November 8th, **Astrana Health, Inc. ("Astrana") (Nasdaq: ASTH)**, a US-based provider-centric, technology-powered healthcare company, announced that it has entered into a definitive agreement to acquire **Prospect Health ("Prospect")**, which consists of certain businesses and assets relating to **Prospect Health System**, including its California licensed healthcare service plan (Prospect Health Plan), medical groups in California, Texas, Arizona, and Rhode Island (Prospect Medical Groups), management service organization (Prospect Medical Systems), pharmacy (RightRx), and Alta Newport Hospital d/b/a Foothill Regional Medical Center, a fully accredited acute care hospital with 177 licensed beds, for US\$745 million. The acquisition expands Astrana's provider network and strengthens its presence in key markets, particularly in Orange County, California, where Astrana currently has limited operations
- ▶ On November 6th, **Cencora, Inc. ("Cencora") (NYSE: COR)**, a US-based pharmaceutical solutions company, announced that it has entered into a definitive agreement to acquire **Retina Consultants of America ("RCA")**, a US-based management services organization (MSO) of retina specialists, from **Webster Equity Partners**, a US-based PE firm, for US\$4.6 billion, with up to an additional US\$500 million in contingent consideration. The addition of RCA will add to Cencora's capabilities in Specialty and expand its MSO business, broadening physician and manufacturer relationships
- ▶ On November 6th, **Avid Bioservices, Inc. ("Avid") (Nasdaq: CDMO)**, a US-based biologics contract development and manufacturing organization (CDMO), announced that it has entered into a definitive agreement to be acquired by funds managed by **GHO Capital Partners LLP ("GHO")**, a UK-based healthcare investment advisor, and **Ampersand Capital Partners ("Ampersand")**, a US-based PE firm, for US\$1.1 billion. For the year ending July 31st, 2024, Avid had a revenue of US\$142.4 million. The acquisition aims to leverage GHO's and Ampersand's sectoral expertise and resources to support Avid's growth and expansion in the biologics CDMO market

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2024E	2025E	2024E	2025E	
dentalcorp Holdings Ltd.	1,737.5	3,037.4	2.0x	1.8x	10.7x	9.6x	86.7%
CareRx Corporation	113.3	193.5	0.5x	0.5x	6.3x	5.4x	77.8%
Average			1.2x	1.1x	8.5x	7.5x	82.2%

- ▶ On November 20th, **StoryCatch Partners, Inc. ("StoryCatch")**, a US-based Public Benefit Corporation focused on improving health outcomes through real-world data, announced that it has acquired **EmpiraMed Inc. ("EmpiraMed")**, a US-based digital health technology company specializing in virtual clinical studies for real-world evidence, for an undisclosed amount. The acquisition aims to further StoryCatch's mission by integrating EmpiraMed's expertise in conducting site-less virtual studies, expanding the understanding of mental, emotional, and physical health concerns
- ▶ On November 19th, **TigerConnect, Inc. ("TigerConnect")**, a US-based clinical collaboration platform, announced that it has acquired **Twiage, Inc. ("Twiage")**, a US-based health technology company that streamlines pre-hospital communication and care coordination between emergency medical services (EMS), hospitals, and other healthcare providers, for an undisclosed amount. The acquisition aims to enhance TigerConnect's capabilities in emergency and pre-hospital care by integrating Twiage's real-time communication solutions, improving clinical workflows
- ▶ On November 19th, **Surgical Information Systems ("SIS")**, a US-based provider of business and clinical surgical software for ambulatory surgery centers (ASCs), announced the acquisition of **Surgical Notes**, a US-based company specializing in revenue cycle management (RCM), transcription, and coding services for ASCs, for an undisclosed amount. This acquisition enables SIS to enhance its offerings by integrating Surgical Notes' specialized billing, coding, and transcription expertise, addressing the increasing demand for advanced RCM services in the ASC market
- ▶ On November 5th, **Elevate Patient Financial Solutions ("ElevatePFS")**, a US-based provider of technology-enabled specialty revenue cycle management (RCM) solutions, backed by US-based PE firms **Frazier Healthcare Partners** and **The Edgewater Funds**, announced the acquisition of **NYX Health Eligibility Services ("NYX")**, a US-based provider of RCM solutions focused on front-end complex claims, including eligibility verification and enrollment services, for an undisclosed amount. The acquisition strengthens ElevatePFS's eligibility and enrollment offerings
- ▶ On November 5th, **Health Commons Project ("HCP")**, a US-based nonprofit dedicated to improving healthcare access and quality through technology, announced that it has completed the acquisition of **OneHealthPort**, a US-based health information exchange (HIE) and provider of health data solutions, for an undisclosed amount. This strategic move enhances HCP's capabilities in data interoperability and care coordination across Washington State
- ▶ On November 4th, **Tempus AI, Inc. ("Tempus") (Nasdaq: TEM)**, a US-based technology company advancing precision medicine through artificial intelligence, announced that it has entered into an agreement to acquire **Ambry Genetics**, a US-based leader in genetic testing, for US\$600 million. The acquisition aims to broaden Tempus' hereditary screening portfolio and expand into new disease categories—including pediatrics, rare diseases, immunology, reproductive health, and cardiology—and enhance offerings to biotech and pharmaceutical partners

Key Indicators

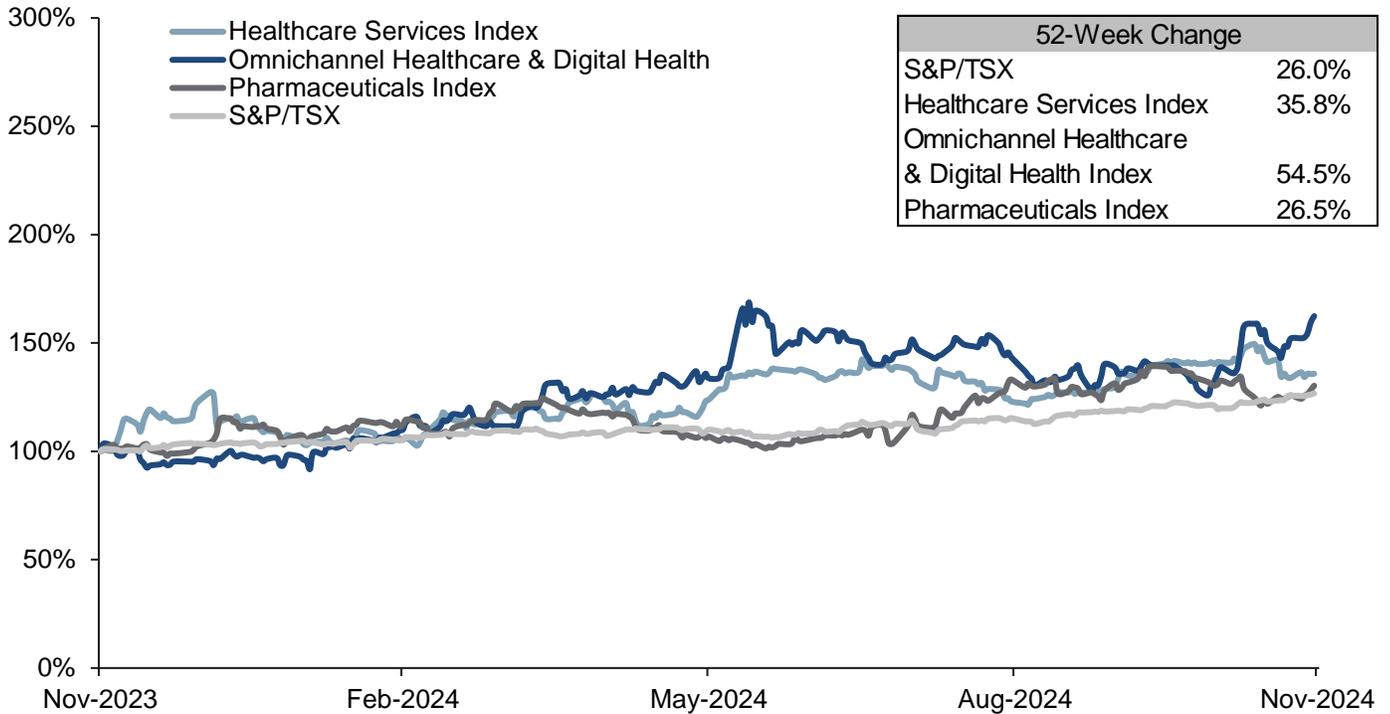
In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2024E	2025E	2024E	2025E	
WELL Health Technologies Corp.	1,458.9	1,733.3	1.8x	1.6x	13.6x	11.7x	99.9%
Vitalhub Corp.	592.5	511.4	7.6x	5.9x	29.3x	21.8x	98.2%
Healwell AI Inc.	272.8	283.8	na	4.0x	neg	neg	50.3%
LifeSpeak Inc.	23.7	103.2	2.1x	2.1x	9.3x	7.7x	52.6%
Average			3.8x	3.4x	17.4x	13.7x	75.3%

- ▶ On November 26th, **Poseida Therapeutics, Inc. ("Poseida") (Nasdaq: PSTX)**, a US-based clinical-stage biopharmaceutical company specializing in allogeneic cell therapy and genetic medicines, announced that it has entered into a definitive agreement to be acquired by **Roche Holdings, Inc. ("Roche") (SWX:ROG)**, a Switzerland-based global healthcare company, for US\$1.5 billion. For the year ending September 30th, 2024, Poseida had a revenue of US\$150.9 million. The acquisition bolsters Roche's capabilities in allogeneic cell therapy, incorporating Poseida's CAR-T programs and genetic engineering platform to advance treatments in oncology, immunology, and neurology
- ▶ On November 25th, **Boston Scientific Corporation ("Boston Scientific") (NYSE: BSX)**, a US-based medical device company, announced that it has entered into a definitive agreement to acquire **Intera Oncology Inc. ("Intera")**, a US-based medical device company specializing in hepatic artery infusion (HAI) therapy for liver tumors, for an undisclosed amount. The acquisition enhances Boston Scientific's interventional oncology portfolio by providing a comprehensive solution for treating both primary and metastatic liver cancers
 - On November 4th, **Boston Scientific Corporation ("Boston Scientific") (NYSE: BSX)** announced that it has entered into a definitive agreement to acquire **Cortex, Inc. ("Cortex")**, a US-based medical technology company focused on developing diagnostic mapping solutions for atrial fibrillation (AF), for an undisclosed amount. The acquisition will expand Boston Scientific's electrophysiology portfolio with Cortex's OptiMap System
- ▶ On November 21st, **Novartis AG ("Novartis") (SWX:NOVN)**, a Switzerland-based global healthcare company, announced the acquisition of **Kate Therapeutics, Inc. ("Kate Therapeutics")**, a US-based preclinical-stage biotechnology company specializing in adeno-associated virus (AAV)-based gene therapies for inherited neuromuscular diseases, for up to US\$1.1 billion. This strategic move will bolster Novartis' gene therapy pipeline, particularly in addressing unmet medical needs in neuromuscular disorders, by integrating KateTx's innovative AAV-based gene therapy candidates and expertise
- ▶ On November 13th, **Pulmatrix, Inc. ("Pulmatrix") (Nasdaq: PULM)**, a US-based clinical-stage biopharmaceutical company, announced a definitive merger agreement with **Cullgen Inc. ("Cullgen")**, a US-based clinical-stage biopharmaceutical company specializing in targeted protein degradation using its proprietary uSMITE platform, for US\$280 million. For the year ending September 30th, 2024, Pulmatrix had a revenue of US\$10 million. The combined entity, to be named Cullgen Inc., aims to advance a pipeline of targeted protein degraders into clinical development for cancer and other diseases
- ▶ On November 8th, **AlloVir, Inc. ("AlloVir") (Nasdaq: ALVR)**, a US-based clinical-stage cell therapy company, announced that it has entered into a definitive merger agreement to combine with **Kalaris Therapeutics ("Kalaris")**, a US-based clinical-stage biopharmaceutical company specializing in treatments for retinal diseases, for US\$347 million. Pre-merger Kalaris stockholders will have a ~75% stake in the combined entity, and will focus on advancing Kalaris' lead asset, TH103, a novel anti-VEGF therapy currently in a Phase 1 clinical trial for neovascular age-related macular degeneration

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2024E	2025E	2024E	2025E	
Bausch Health Companies Inc.	4,322.7	26,042.7	1.9x	1.9x	5.6x	5.5x	77.4%
Knight Therapeutics Inc.	531.2	417.1	1.2x	1.2x	7.3x	8.3x	84.6%
Cipher Pharmaceuticals Inc.	392.8	424.0	9.0x	6.1x	19.1x	11.4x	78.0%
HLS Therapeutics Inc.	114.8	165.9	2.1x	1.9x	7.3x	5.9x	65.9%
Theratechnologies Inc.	78.2	97.1	0.8x	0.8x	3.9x	3.3x	49.6%
Medexus Pharmaceuticals Inc.	67.8	103.8	0.7x	0.8x	4.1x	4.6x	87.0%
Average			2.6x	2.1x	7.9x	6.5x	73.7%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index increased 26.0% over the last 12-months, down from October’s increase of 30.2%, with the market taking a breather as it digests Trump’s election victory and weighs its potential trade / other implications
- ▶ Our Healthcare Services Index reflects a 12-month increase of 35.8%, down from October’s increase of 57.8%, with Dentalcorp recalibrating after a \$100M financing
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded an increase of 54.5% over the past 12-months, down from October’s 76.9% increase, with digital healthcare companies slowing down in line with the broader market
- ▶ Our Pharmaceuticals Index increased 26.5% over the last 12-months, down from October’s 62.4% increase, as investors book profits after a strong earnings season

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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