



HEALTHCARE SERVICES

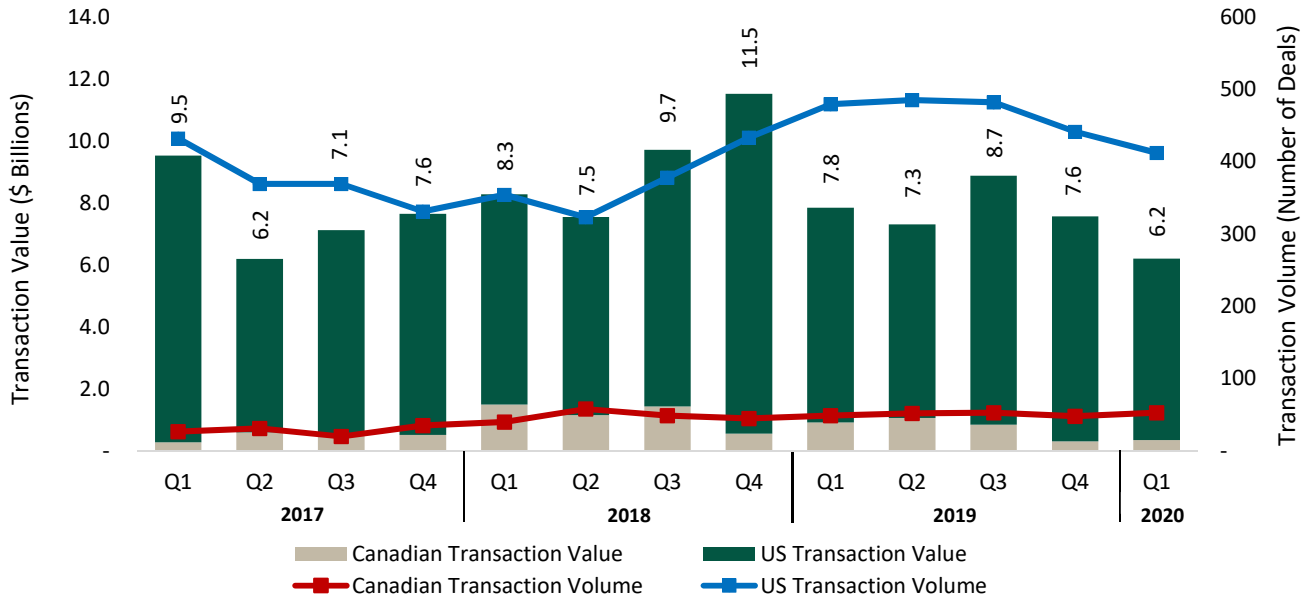
QUARTERLY UPDATE

Q1 2020

M&A OVERVIEW

TRANSACTIONS & PERFORMANCE

MID-MARKET HEALTHCARE M&A ACTIVITY



Capital IQ - Data as of March 31, 2020.

Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD.

Canadian Transactions

48

Canadian Transaction Value

\$347 million

(+12.7% vs. Q4 2019)

US Transaction Value

\$5.9 billion

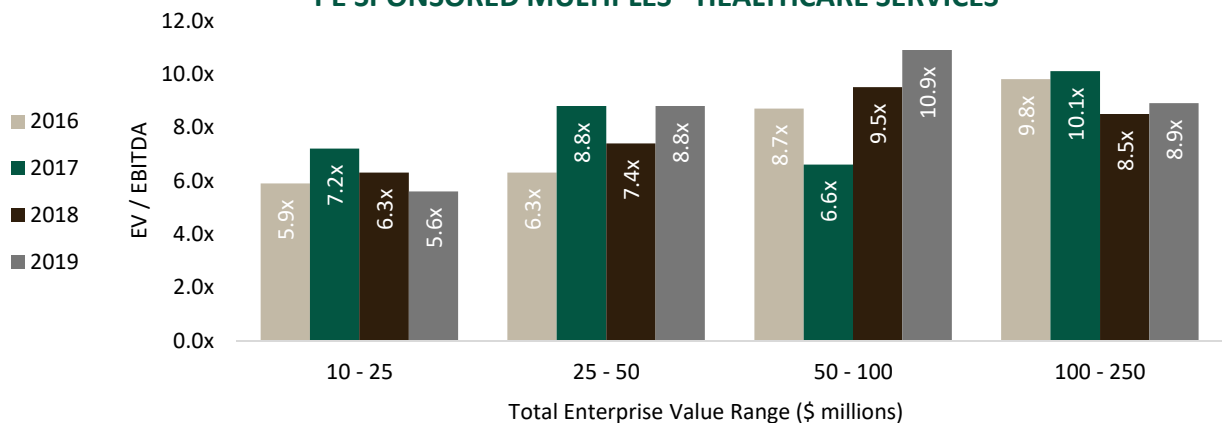
(-19.3% vs. Q4 2019)

US Transactions

412

Healthcare merger and acquisition (M&A) activity in the first quarter of 2020 exceeded \$6.2 billion in disclosed transaction value across 460 deals in Canada and the US. Deal volume in the beginning of the quarter was trending positively, with a total of 196 active transactions in January (approximately 48% of total quarterly transactions). The subsequent months experienced a slowdown in deal-making as the affects of external shocks, including the onset of the coronavirus (Covid-19) pandemic, instigated investor uncertainty. The impact on different healthcare sub-sectors is expected to vary, with businesses termed “essential service providers” (i.e. pharmacies, physicians, etc.) to experience less volatility than other service providers (dentists, optometrists, etc.).

PE SPONSORED MULTIPLES - HEALTHCARE SERVICES



Sources: GF Data - Data as of February 29, 2020.

SELECT QUARTERLY M&A TRANSACTIONS



acquired



Announced	Mar. 24, 2020
Transaction Value	\$35.4M
TEV/EBITDA	Undisclosed
Location (Vendor)	Markham, ON

- Centric Health Corporation provides pharmacy and other healthcare services to patients and customers in Canada. Upon closing, the Company will become the leading Canadian provider of specialty pharmacy services to seniors communities, serving over 50,000 residents.
- Remedy'sRx provides medication management services to more than 18,500 residents in over 400 long term care, assisted living, independent living, retirement and group homes. The company accepted \$8 million and 125 million common shares as consideration for the deal.



acquired



Closed	Mar. 5, 2020
Transaction Value	Undisclosed
TEV/EBITDA	Undisclosed
Location (Vendor)	Calgary, AB

- L Catterton Partners is a consumer-focused private equity firm with previous healthcare experience. The company made a strategic minority investment in FYidoctors, allowing management and optometrist shareholders to continue to hold a significant equity interest in the business.
- FYidoctors is an optometrist-owned-and-operated eye care company, with over 500 optometrists, 250 locations and 2700 employees. The new partnership provides FYidoctors with both significant growth capital and expertise from L Catterton.



acquired



Closed	Feb. 7, 2020
Transaction Value (USD)	\$905.7M
TEV/EBITDA	14.7x
Location (Vendor)	Flint, MI

- UnitedHealth, a diversified healthcare company in the United States acquired Diplomat Pharmacy through OptumRx, its pharmacy benefit management subsidiary. UnitedHealth's offer of \$4 per share in cash is at a 31% discount to Diplomat's closing price on December 6, 2019 and is a far cry from the company's peak market valuation in 2015, where its shares had traded as high as \$52.
- Diplomat Pharmacy started out as a neighbourhood pharmacy in 1975 and grew to offer pharmacy benefit management programs and speciality pharmacy services.



acquired



Closed	Jan. 31, 2020
Transaction Value	*\$26.6M
TEV/EBITDA	Undisclosed
Location (Vendor)	Ottawa, ON

- Calian delivers a diverse range of healthcare products and services. The transaction provides Calian's Health segment with access to innovative services and new customers. The deal provides \$12 million cash and 62,054 common shares and contains two EBITDA-dependant earnouts.
- Allphase Clinical Research is a full-service clinical development company providing a wide range of therapeutic areas, with a focus in oncology, CNS, and critical care diseases.

**Note: Aggregate purchase price was \$14.6 million at closing, with a conditional performance-based earnout of up to \$12 million.*

Source: Capital IQ and Pitchbook
TEV refers to total enterprise value.
Unless otherwise denoted, all figures are in \$CAD.

INDUSTRY OVERVIEW

PHARMACIES AND DRUG STORES IN CANADA

The pharmacy and drug store industry includes the retailing of prescription and over-the-counter medications, health and beauty items, toiletries and consumable goods directly to consumers.

INDUSTRY GLANCE

2019 Revenue

\$44.6B

Annual Growth 2014 – 2019

4.4%

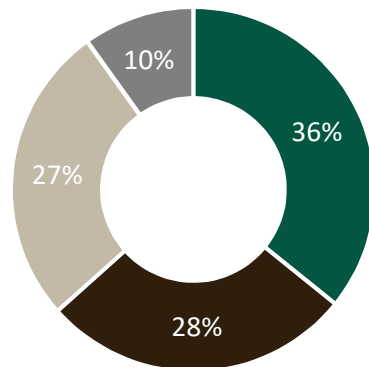
Projected Annual Growth 2019 – 2024

2.0%

Number of Businesses in 2019

7,019

PRODUCTS AND SERVICES SEGMENTATION (2019)



- Prescription pharmaceuticals
- Personal and beauty products
- Nonprescription pharmaceuticals
- Other home health products

DENTISTRY IN CANADA

The dental industry captures establishments of licenced dentists engaged in private or group practice offering orthodontics, periodontics, surgery, prevention and other products and services.

INDUSTRY GLANCE

2019 Revenue

\$15.7B

Annual Growth 2014 – 2019

2.3%

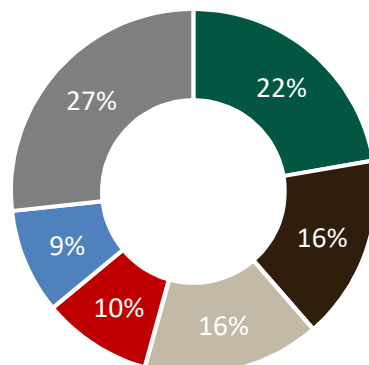
Projected Annual Growth 2019 – 2024

2.1%

Number of Businesses in 2019

26,634

PRODUCTS AND SERVICES SEGMENTATION (2019)

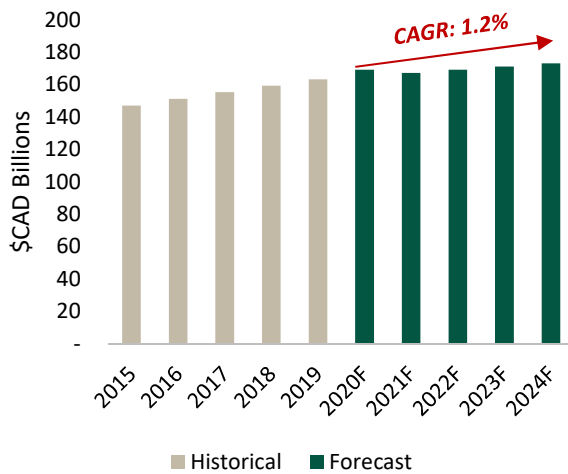


- Restorative
- Prevention
- Surgery
- Prosthodontics
- Orthodontics
- Other

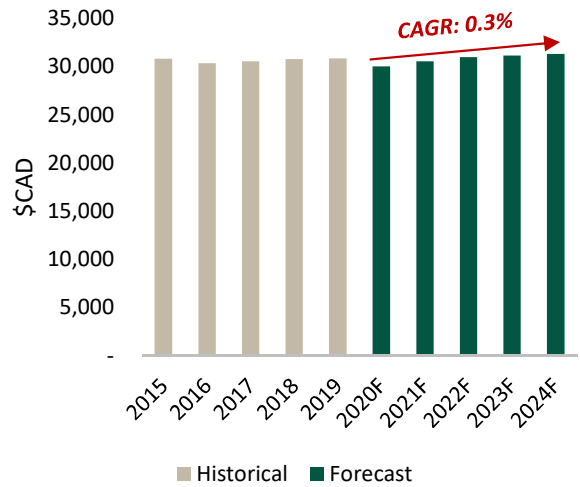
MACROECONOMIC INDICATORS

The healthcare industry is affected by a number of key macroeconomic industry growth drivers. Below, we highlight total public and private health expenditure, per capita disposable income, national unemployment rates and the aging population in Canada. According to economic trend projections, Canada and the US will experience short term volatility but figures are expected to improve starting in 2021, supporting the view of continuing industry stability and growth.

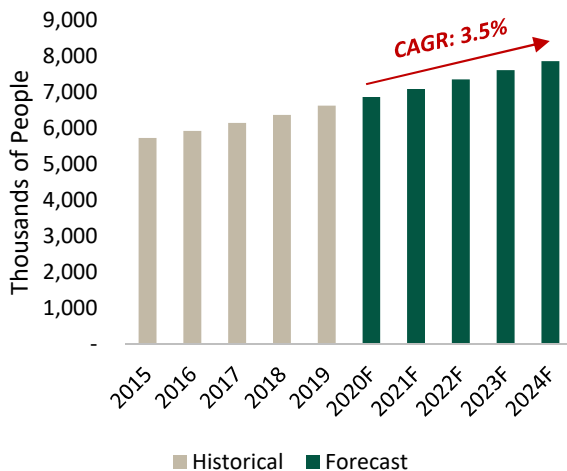
TOTAL HEALTH EXPENDITURE - CANADA



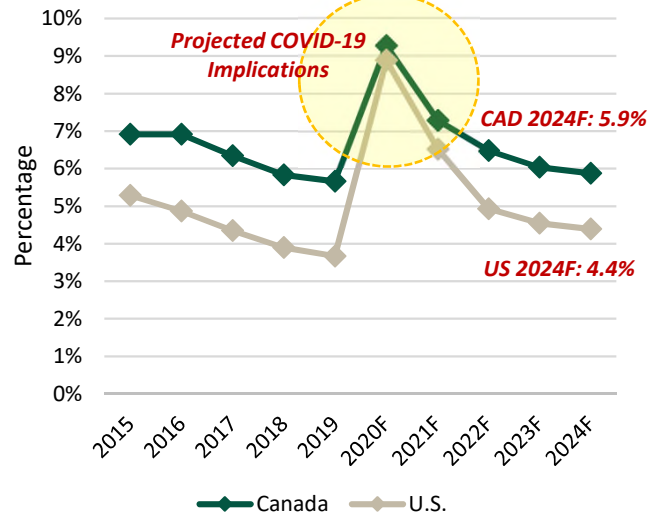
PER CAPITA DISPOSABLE INCOME - CANADA



POPULATION AGED OVER 65 - CANADA



NATIONAL UNEMPLOYMENT RATE



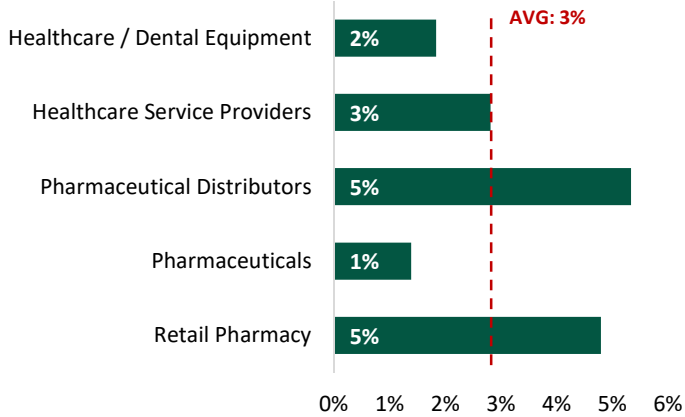
Source: IBIS World - Data as of April 2020.

F indicates forecast. CAGR indicates compound annual growth rates.

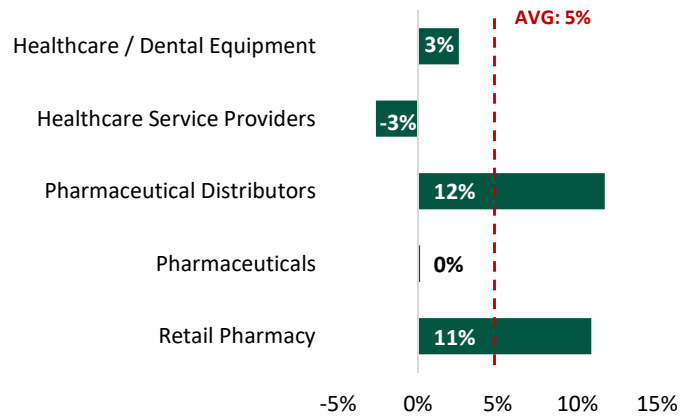
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS & MULTIPLES

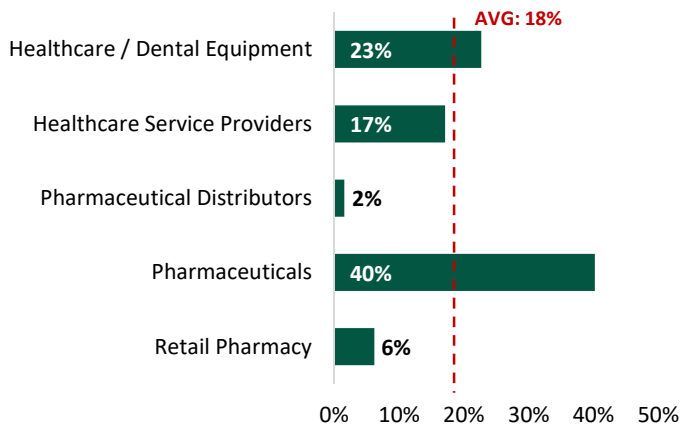
LTM REVENUE GROWTH



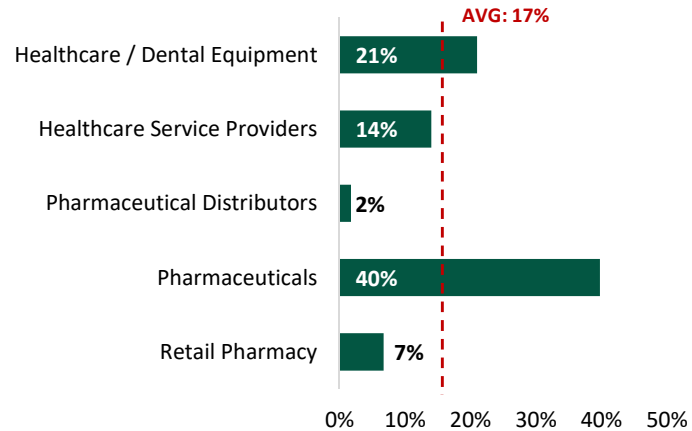
NTM REVENUE GROWTH



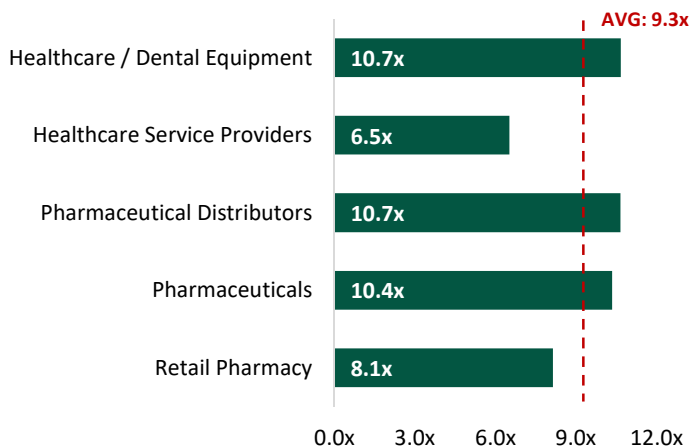
LTM EBITDA MARGIN



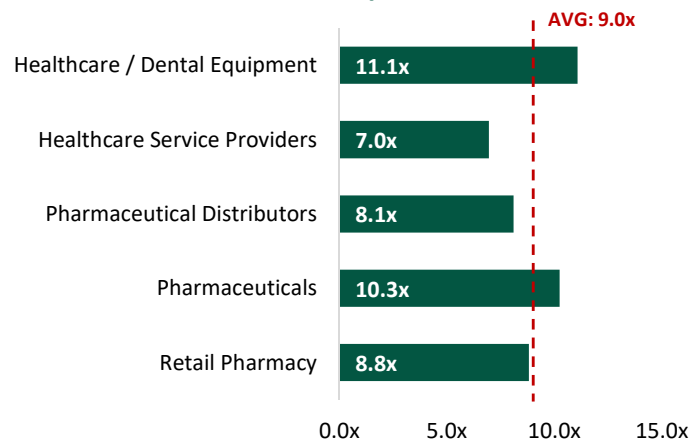
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



Source: Capital IQ. Data as of March 31, 2020.

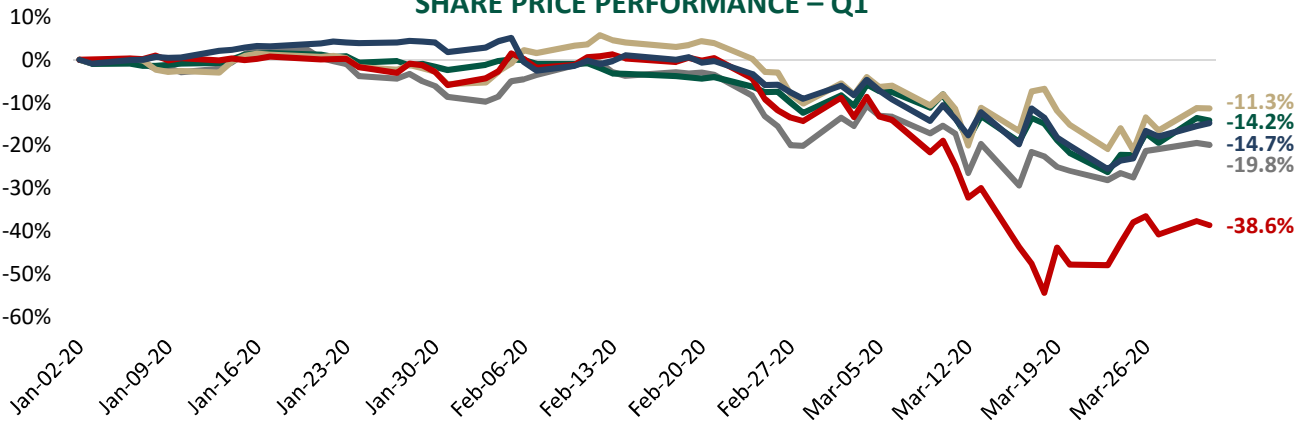
Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 8.

LTM refers to last twelve months. NTM refers to next twelve months. Figures above are based on median peer group metrics.

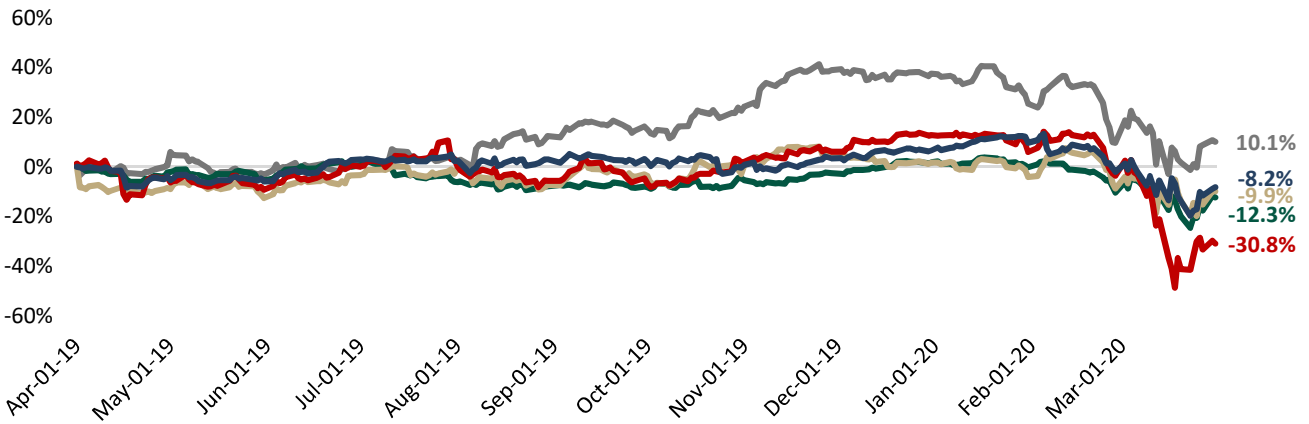
PUBLIC COMPARABLE ANALYSIS

PERFORMANCE ANALYSIS

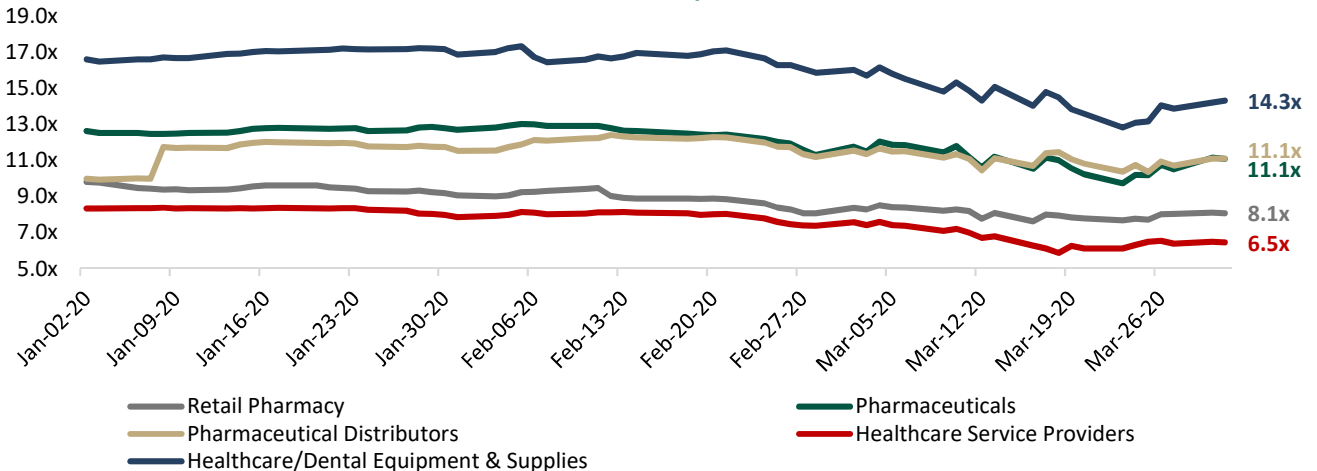
HEALTHCARE PEER GROUP SHARE PRICE PERFORMANCE – Q1



SHARE PRICE PERFORMANCE – LTM*



HISTORICAL LTM EV/EBITDA – Q1



Source: Capital IQ. Data as of March 31, 2020.

Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 8.

LTM refers to last twelve months.

PUBLIC COMPARABLE ANALYSIS

TRADING MULTIPLES & OPERATING STATISTICS

We have selected a group of publicly traded healthcare entities for this high-level analysis. These public companies help act as a proxy for the industry and provide strong industry context.

(Figures in CAD millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$109,676	\$224,845	\$331,736	31.9%	\$25,245	7.6%	10.9%	6.8%	8.8x	8.1x	0.6x
Rite Aid Corporation	\$1,143	\$10,403	\$29,417	1.3%	\$1,826	6.2%	7.1%	2.3%	13.7x	6.6x	0.3x
Centric Health Corporation	\$47	\$113	\$125	4.8%	\$7	5.8%	37.6%	9.2%	7.1x	15.7x	0.9x
Median	\$1,143	\$10,403	\$29,417	4.8%	\$1,826	6.2%	10.9%	6.8%	8.8x	8.1x	0.6x
Mean	\$36,955	\$78,454	\$120,426	12.7%	\$9,026	6.5%	18.5%	6.1%	9.9x	10.1x	0.6x
Pharmaceuticals											
Johnson & Johnson	\$490,016	\$502,350	\$117,263	1.4%	\$40,956	34.9%	(4.8%)	33.9%	11.5x	12.5x	4.3x
Pfizer Inc.	\$256,663	\$318,904	\$71,808	(5.9%)	\$30,333	42.2%	(12.2%)	45.6%	10.8x	10.4x	4.3x
Merck & Co., Inc.	\$276,600	\$300,689	\$68,152	11.6%	\$27,499	40.4%	0.1%	44.3%	10.3x	11.3x	4.5x
Mylan N.V.	\$10,909	\$28,429	\$14,917	0.6%	\$4,407	29.5%	10.2%	30.3%	5.6x	5.9x	1.7x
Bausch Health Companies Inc.	\$7,736	\$40,363	\$11,156	2.6%	\$4,523	40.5%	6.5%	39.7%	8.2x	8.2x	3.3x
Median	\$256,663	\$300,689	\$68,152	1.4%	\$27,499	40.4%	0.1%	39.7%	10.3x	10.4x	4.3x
Mean	\$208,385	\$238,147	\$56,659	2.1%	\$21,544	37.5%	(0.1%)	38.8%	9.3x	9.6x	3.7x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$57,446	\$116,843	\$186,076	1.9%	\$10,780	5.8%	5.9%	5.5%	10.0x	12.9x	0.6x
McKesson Corporation	\$33,950	\$50,380	\$291,762	5.4%	\$3,554	1.2%	11.6%	1.7%	8.3x	13.0x	0.2x
Cardinal Health, Inc.	\$19,827	\$29,330	\$194,110	5.4%	\$3,633	1.9%	11.9%	1.8%	7.2x	7.4x	0.1x
AmerisourceBergen Corporation	\$25,828	\$28,079	\$236,140	5.3%	\$3,025	1.3%	13.0%	1.3%	7.9x	8.5x	0.1x
Median	\$29,889	\$39,855	\$215,125	5.3%	\$3,593	1.6%	11.7%	1.8%	8.1x	10.7x	0.1x
Mean	\$34,263	\$56,158	\$227,022	4.5%	\$5,248	2.5%	10.6%	2.6%	8.3x	10.4x	0.3x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$43,106	\$95,627	\$73,253	8.2%	\$14,700	20.1%	(6.5%)	16.1%	6.5x	6.3x	1.3x
Universal Health Services, Inc.	\$12,181	\$18,316	\$16,164	4.7%	\$2,569	15.9%	(1.1%)	14.4%	6.9x	6.8x	1.1x
Tenet Healthcare Corporation	\$2,129	\$27,453	\$23,968	0.9%	\$4,409	18.4%	8.1%	14.0%	7.0x	5.7x	1.0x
Community Health Systems, Inc.	\$540	\$20,941	\$18,227	(7.1%)	\$2,332	12.8%	(4.2%)	13.2%	8.8x	8.6x	1.1x
Median	\$7,155	\$24,197	\$21,097	2.8%	\$3,489	17.1%	(2.6%)	14.2%	7.0x	6.5x	1.1x
Mean	\$14,489	\$40,584	\$32,903	1.7%	\$6,002	16.8%	(0.9%)	14.5%	7.3x	6.8x	1.2x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$88,317	\$115,651	\$22,510	1.7%	\$6,601	29.3%	7.4%	30.5%	14.7x	16.0x	4.7x
Baxter International Inc.	\$58,370	\$62,209	\$14,737	2.4%	\$3,870	26.3%	10.6%	24.4%	15.3x	14.7x	3.9x
DENTSPLY SIRONA Inc.	\$12,188	\$13,841	\$5,226	1.1%	\$1,186	22.7%	(0.9%)	21.0%	11.1x	10.7x	2.4x
Henry Schein, Inc.	\$10,268	\$12,836	\$13,065	6.0%	\$1,340	10.3%	2.6%	8.7%	10.0x	8.8x	0.9x
Patterson Companies, Inc.	\$2,045	\$2,997	\$7,416	1.8%	\$308	4.2%	0.9%	4.8%	8.0x	9.0x	0.4x
Median	\$12,188	\$13,841	\$13,065	1.8%	\$1,340	22.7%	2.6%	21.0%	11.1x	10.7x	2.4x
Mean	\$34,238	\$41,507	\$12,591	2.6%	\$2,661	18.5%	4.1%	17.9%	11.8x	11.9x	2.5x

Source: Capital IQ. Data as of March 31, 2020.

LTM refers to last twelve months. NTM refers to next twelve months.

ABOUT US

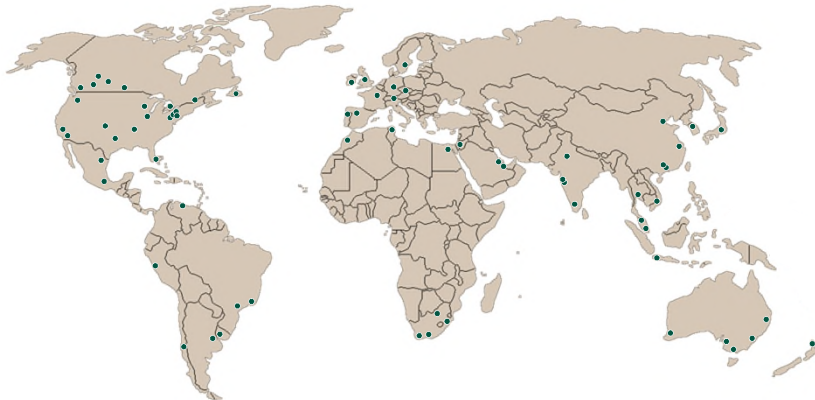


MNP Corporate Finance (MNPCF) has a dedicated team of over 60 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

Our typical transactions range in value between \$3 million and \$300 million.

LOCAL AND INTERNATIONAL REACH

MNP is a participating firm within Praxity, a unique global alliance of independent accounting/advisory firms created to answer global business needs. As a member of Praxity, we are able to offer access to corporate finance, accounting and tax advisory services worldwide. We are also affiliated with Corporate Finance Cross Border, which consists of 150+ M&A professionals in more than 25 countries.



CFxB CFxBorder - Global Reach with Local Relationships
Our affiliation with CFxB consists of 150+ M&A professionals in more than 25 countries

SERVICES

- Divestitures
- Acquisitions
- Debt Financing
- Due Diligence
- Transaction Advisory Services

RECENTLY CLOSED DEALS (NATIONAL)

has acquired four dealership locations from

MNP Corporate Finance Inc. acted as exclusive financial advisor to Robertson Implements in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as financial advisor to Mill-Ore Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to SupremeX.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to MetroBec Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Carbon60.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to De La Fontaine Industries Inc. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to GLB Holdings Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Emerge Commerce Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided equity capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to Crédit Mutuel Equity.

DIVESTITURES > FINANCING > DUE DILIGENCE

has merged with

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 300 Solutions Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

ABOUT US



DEAL EXPERIENCE

Since our inception, our team has advised on hundreds of transactions, in a wide range of industries with diverse enterprise values. In the past five years alone we have completed over 120 transactions worth over \$2 billion (not including due diligence engagements).

INDUSTRY EXPERIENCE

- Food & Beverage
- Retail & Distribution
- Manufacturing
- Agriculture
- Automotive
- Materials
- Health Care
- Pharmaceutical
- Transportation
- Construction
- Software
- Financial Services
- Technology
- Energy
- Oilfield Services
- Real Estate

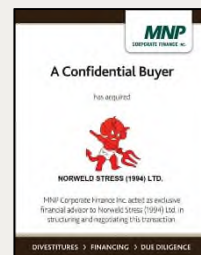
HANDS-ON APPROACH

Current M&A transactions require a hands-on approach from start to finish including the active engagement of senior resources. Our senior resources are dedicated to our clients and are available as necessary and appropriate. We keep our clients regularly informed of the engagement status, issues we are encountering, successes and overall progress.

INTEGRATED SERVICE OFFERING

We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

RECENTLY CLOSED DEALS (NATIONAL)

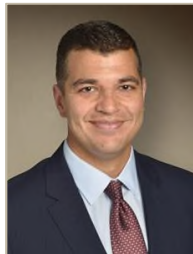


LEADERSHIP TEAM

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