

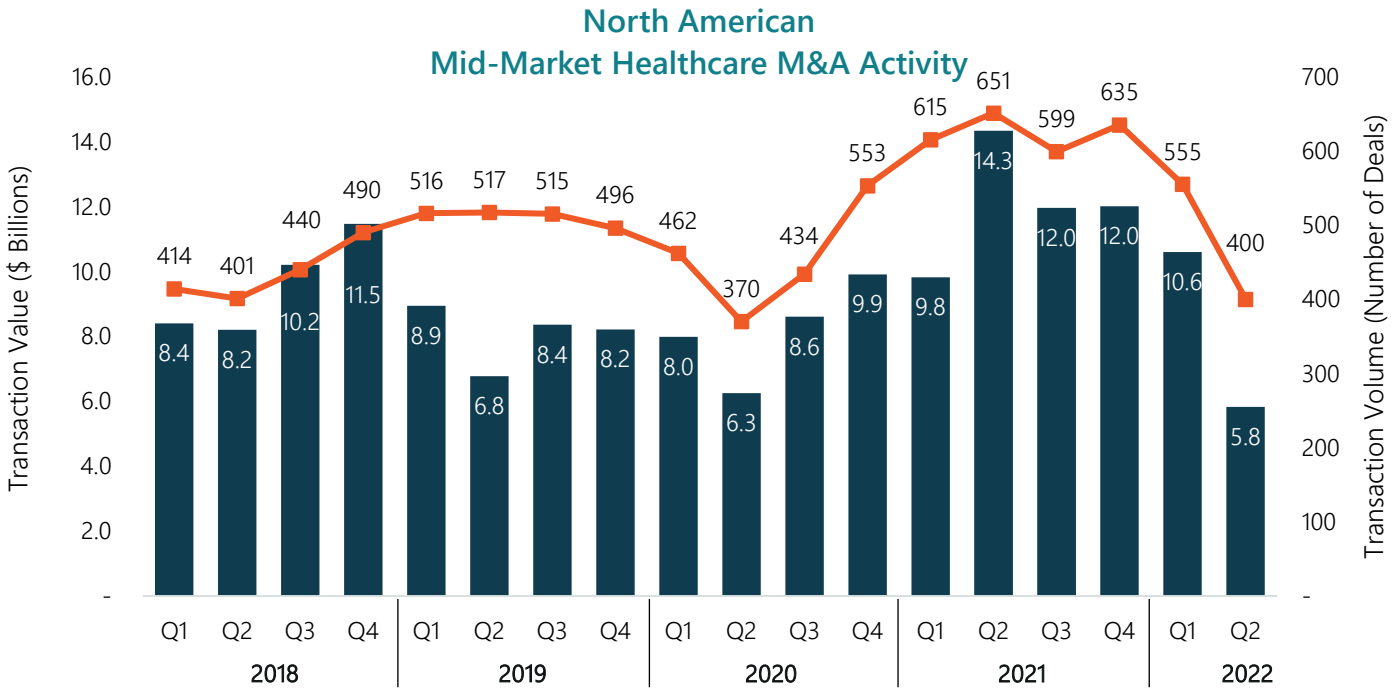
Healthcare Services

Quarterly Update | Q2 2022



Industry Overview

M&A Transactions & Performance



Source: Capital IQ. Data as of June 30, 2022
Above noted mid-market M&A activity includes disclosed transactions not exceeding a total transaction value of \$500 million. All figures are in CAD.

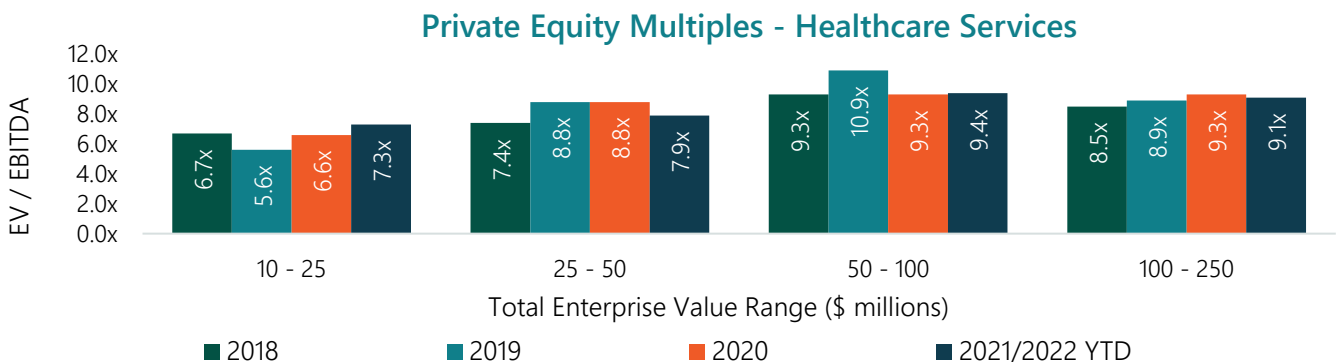
Canadian Transactions
40

Canadian Transaction Value
\$0.2 billion
(-84.8% vs. Q1 2022)

US Transaction Value
\$5.6 billion
(-39.6% vs. Q1 2022)

US Transactions
360

Healthcare merger and acquisition activity in the second quarter of 2022 exceeded \$5.8 billion in disclosed transaction value across 400 deals in Canada and the US. The average deal size among disclosed transactions was \$72.8 million, a decrease from \$86.8 million in the first quarter of 2022. In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (28%), healthcare services (25%), healthcare equipment (15%) and healthcare facilities (13%). Together, these sub-sectors accounted for over 81% of total Canadian healthcare deal volume. During the 2021/2022 YTD period, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 8.0x across all transactions. For lower mid-market transaction values (\$10-25 million range), the EV/EBITDA multiple averaged 7.3x.



Source: GF Data. Data as of May 2022.

Recent Industry Consolidation

The healthcare industry continues to be affected by accelerated consolidation within veterinary medicine, dental care, optometry and the pharmacy industry. Spurred by international private equity groups, the corporate strategy involves assembling private practices into chains while keeping the old branding intact. This allows for efficient back-office support and increased profits through centralized administrative functions.¹

This strategy of consolidating fragmented healthcare sectors has been adopted from successful ventures in other countries, namely the United States and Great Britain. However, Canadian corporate ownership in these sectors still remains comparatively low.¹

Competition between private equity groups has caused enterprise values to rise to unprecedented levels, as lead consolidators have continued to pay these premium prices as they aim to maintain target growth rates.¹

Select Recent M&A Transactions



has acquired

SKINMETHOD

Closed	May 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Vancouver, BC

- **MNP Corporate Finance Inc.** acted as exclusive financial advisor to Skin Method in structuring and negotiating this transaction.
- **Skin Method** is a medical clinic in Vancouver, offering a range of advanced, non-surgical, aesthetic procedures and technologies to provide sustainable results for patients.
- **MedSpa Partners Inc.** is an acquisition platform of Canada's leading medical aesthetic clinics. Founded in 2019, Medspa Partners has completed 20 clinical partnerships across Canada and the US.



a division of



has partnered with



Closed	April 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Brandon, MB

- **MNP Corporate Finance Inc.** acted as exclusive financial advisor to The Skin & Vein Centre in structuring and negotiating this transaction.
- **The Skin & Vein Centre** provides a full range of non-surgical treatments including body contouring, anti-aging injectables, laser services and skin treatment. They are located in Brandon, Manitoba and founded in 2006.
- **Fyidoctors** are a Doctor-led, professionally managed diversified healthcare organization, operating over 375 locations across Canada.

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

2021 Revenue

\$47.2 billion

Annual Growth 2016 – 2021

1.1%

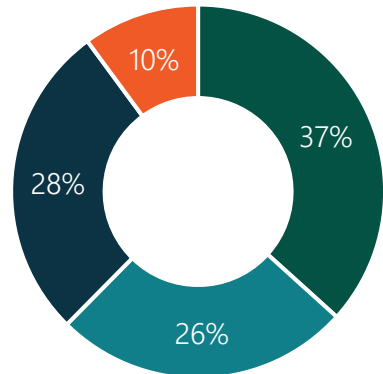
Projected Annual Growth 2021 – 2026

1.9%

Number of Businesses in 2021

6,759

Products and Services Segmentation (2021)



- Prescriptions pharmaceuticals
- Personal and beauty products
- Non-prescription pharmaceuticals
- Other

Dentistry in Canada

The dental services industry in Canada is comprised of establishments of licensed dentists primarily engaged in the private or group practice of general or specialized dentistry or dental surgery.

Industry Glance

2021 Revenue

\$17.0 billion

Annual Growth 2016 – 2021

0.9%

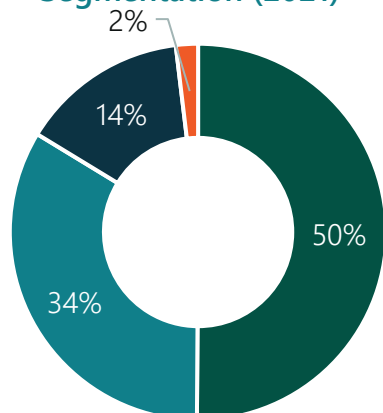
Projected Annual Growth 2021 – 2026

2.4%

Number of Businesses in 2021

29,152

Products and Services Segmentation (2021)

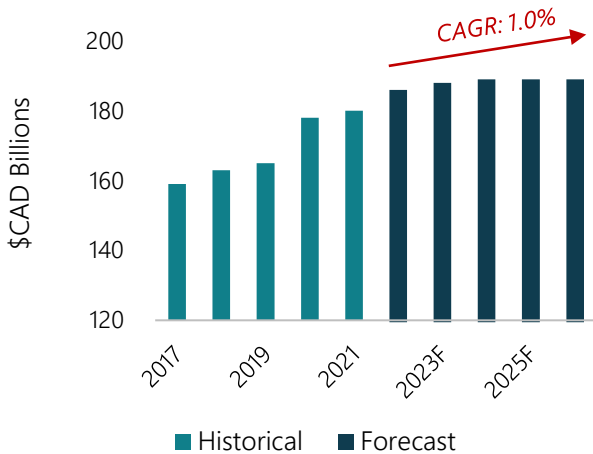


- Non-surgical intervention services
- Visits and consultations
- Oral surgery
- Other

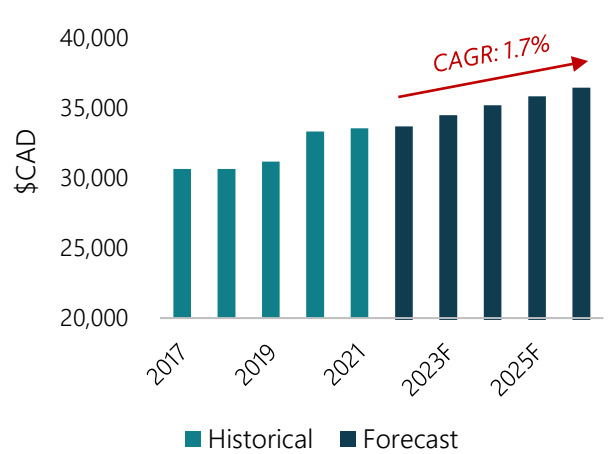
Macroeconomic Indicators

The healthcare industry is affected by a number of key macroeconomic growth drivers. Below, we highlight total public and private healthcare expenditure, per capita disposable income, the aging population in Canada, and national unemployment rates.

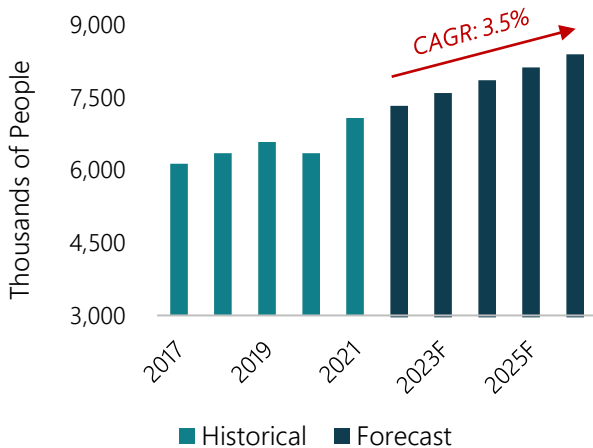
Total Health Expenditure - Canada



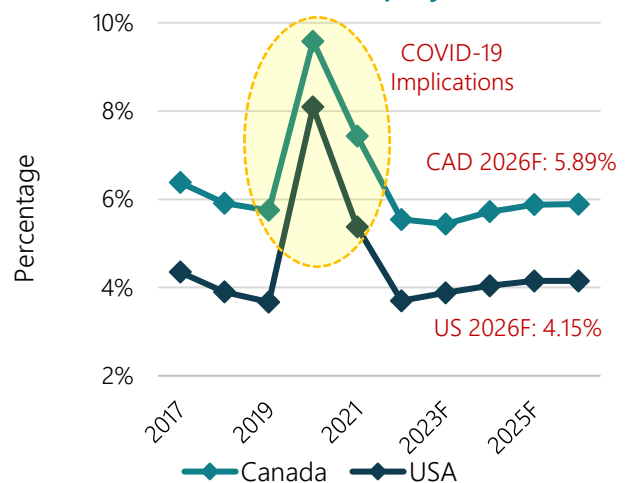
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



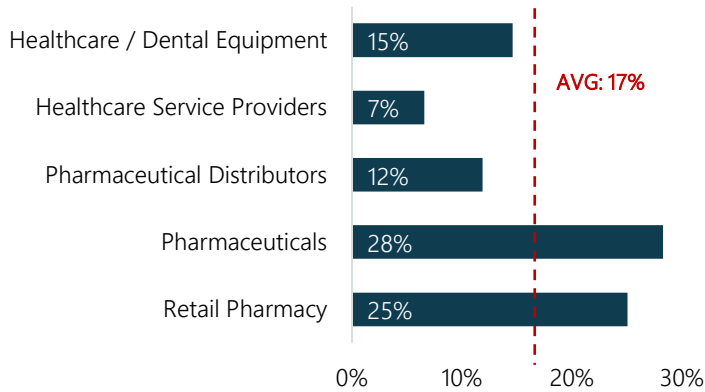
National Unemployment Rate



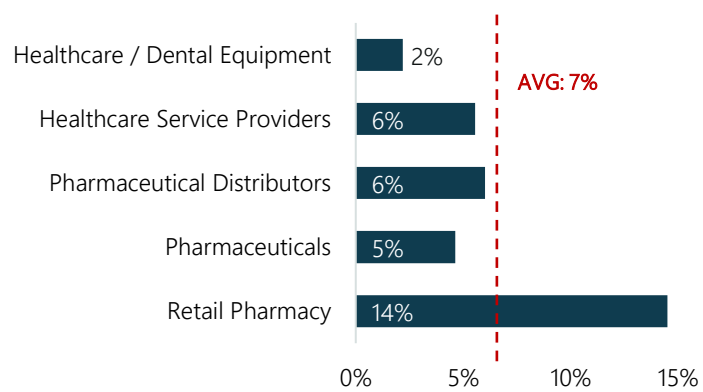
Public Comparable Analysis

Growth, Margins & Multiples

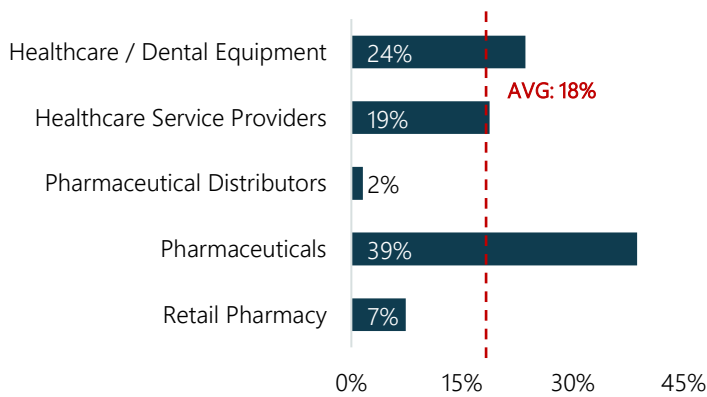
LTM Revenue Growth



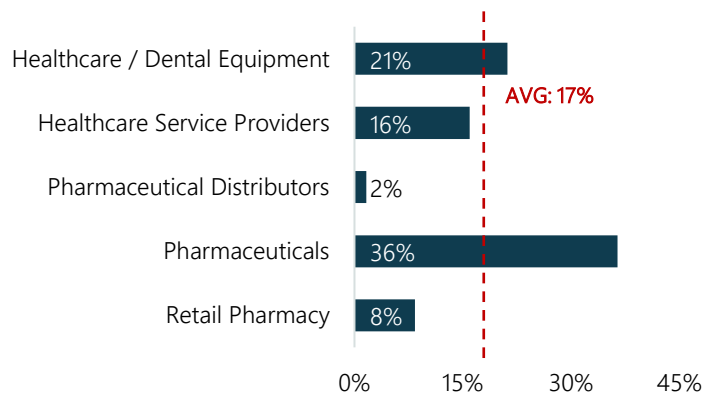
NTM Revenue Growth



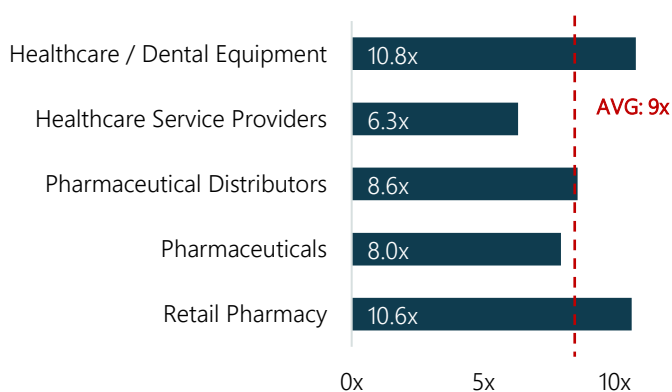
LTM EBITDA Margin



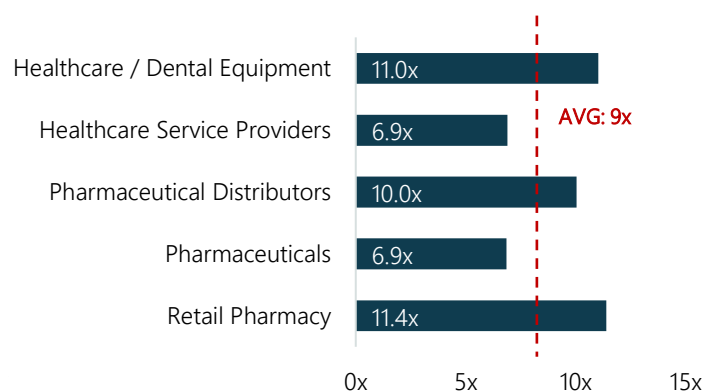
NTM EBITDA Margin



LTM EV/EBITDA



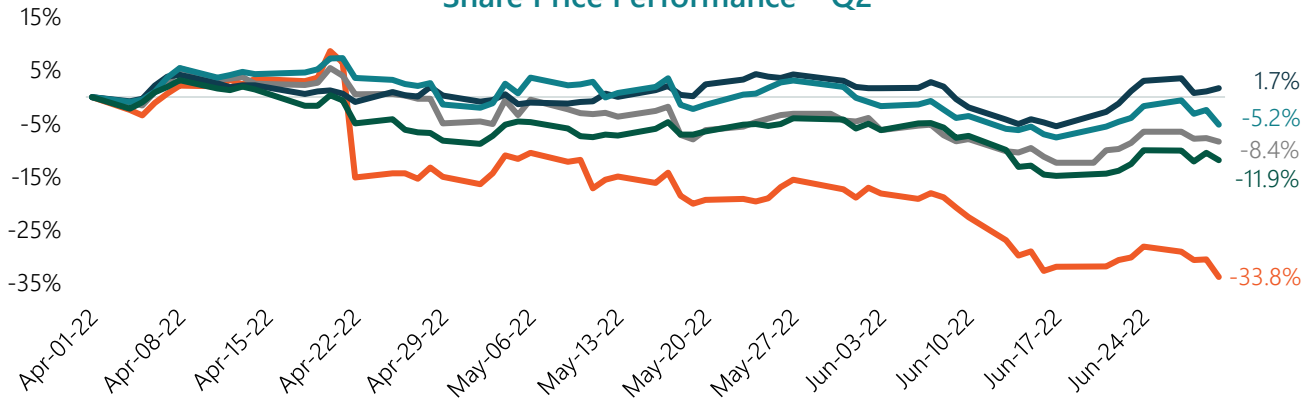
NTM EV/EBITDA



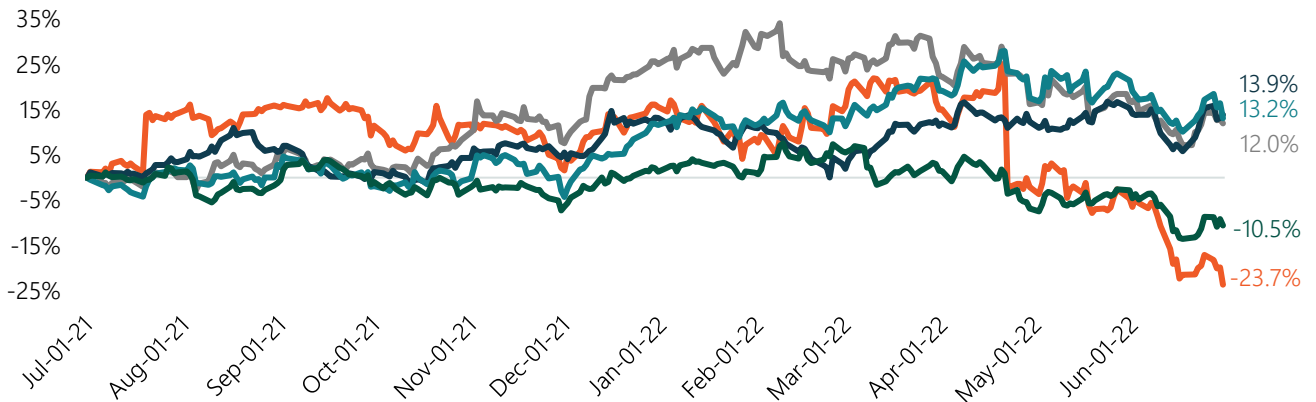
Public Comparable Analysis

Performance Analysis

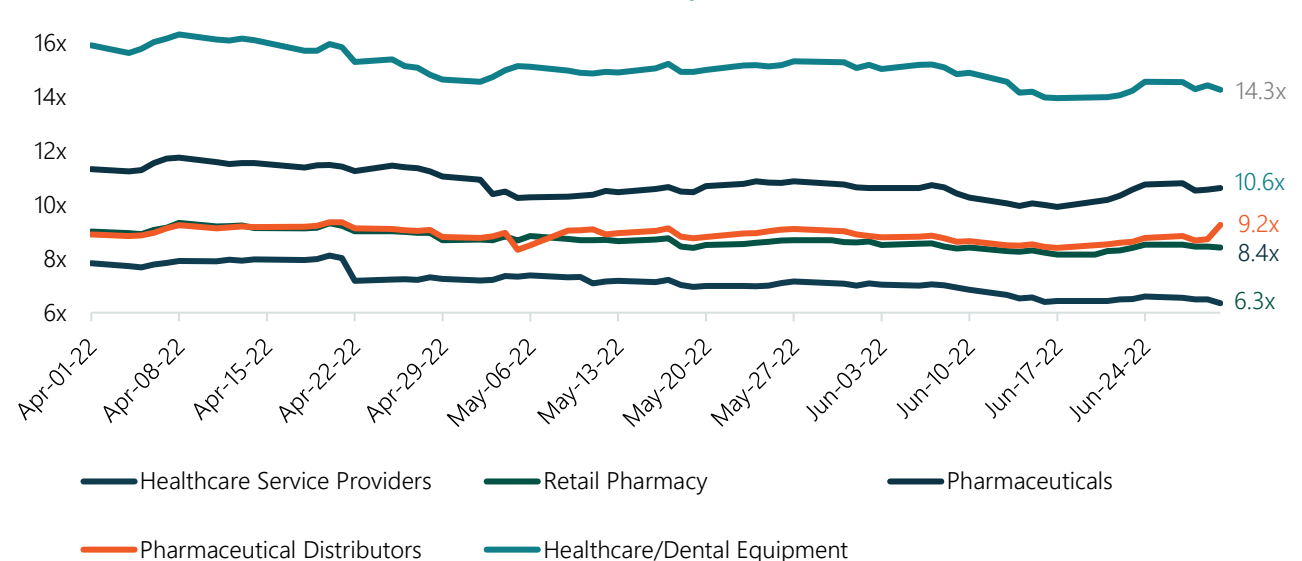
Healthcare Peer Group Share Price Performance – Q2



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q2



Source: Capital IQ. Data as of June 30, 2022.
Further details provided 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.

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$156,506	\$240,078	\$373,002	10.6%	\$27,345	7.3%	7.5%	6.3%	9.5x	8.5x	0.6x
Rite Aid Corporation	\$483	\$8,328	\$31,127	1.0%	\$1,567	5.0%	(2.3%)	2.0%	13.8x	5.3x	0.3x
CareRx Corporation	\$182	\$292	\$311	76.0%	\$23	7.4%	21.7%	10.5%	7.2x	12.8x	0.9x
Neighbourly Pharmacy Inc.	\$1,085	\$1,190	\$428	39.5%	\$41	9.5%	77.5%	11.7%	13.2x	29.2x	2.8x
Median	\$784	\$4,759	\$15,777	25.0%	\$804	7.3%	14.6%	8.4%	11.4x	10.6x	0.8x
Mean	\$39,564	\$62,472	\$101,217	31.8%	\$7,244	7.3%	26.1%	7.6%	10.9x	13.9x	1.2x
Pharmaceuticals											
Johnson & Johnson	\$601,648	\$602,777	\$123,452	7.2%	\$41,873	33.9%	0.6%	36.4%	13.4x	14.3x	4.9x
Merck & Co., Inc.	\$296,961	\$326,499	\$67,389	29.0%	\$27,736	41.2%	6.8%	43.6%	10.5x	11.4x	4.7x
Pfizer Inc.	\$378,918	\$395,405	\$115,596	100.6%	\$48,269	41.8%	9.7%	46.2%	6.9x	8.0x	3.3x
Viartis Inc.	\$16,349	\$43,988	\$22,032	28.3%	\$7,113	32.3%	(0.4%)	35.2%	5.7x	6.0x	1.9x
Bausch Health Companies Inc.	\$3,892	\$32,222	\$10,393	3.5%	\$4,023	38.7%	4.9%	39.8%	7.4x	7.8x	3.0x
Median	\$296,961	\$326,499	\$67,389	28.3%	\$27,736	38.7%	4.9%	39.8%	7.4x	8.0x	3.3x
Mean	\$259,554	\$280,178	\$67,773	33.7%	\$25,803	37.6%	4.3%	40.2%	8.8x	9.5x	3.6x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$42,190	\$92,011	\$170,277	4.6%	\$11,370	6.7%	0.3%	4.2%	12.1x	8.0x	0.5x
McKesson Corporation	\$60,329	\$66,209	\$329,551	10.8%	\$4,737	1.4%	4.6%	1.9%	10.3x	13.5x	0.2x
AmerisourceBergen Corporation	\$38,171	\$44,819	\$286,729	17.0%	\$4,717	1.6%	9.1%	1.5%	9.8x	9.2x	0.2x
Cardinal Health, Inc.	\$18,342	\$22,541	\$220,786	13.0%	\$3,214	1.5%	7.9%	1.3%	7.1x	6.8x	0.1x
Median	\$40,181	\$55,514	\$253,758	11.9%	\$4,727	1.6%	6.3%	1.7%	10.0x	8.6x	0.2x
Mean	\$39,758	\$56,395	\$251,836	11.3%	\$6,009	2.8%	5.5%	2.2%	9.8x	9.4x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$63,963	\$114,789	\$77,418	7.3%	\$17,235	22.3%	2.4%	19.9%	7.3x	6.6x	1.5x
Universal Health Services, Inc.	\$9,649	\$15,655	\$16,806	6.9%	\$2,331	13.9%	4.3%	12.9%	6.7x	6.1x	0.9x
Tenet Healthcare Corporation	\$7,293	\$28,937	\$24,644	(0.4%)	\$5,303	21.5%	4.0%	17.5%	6.4x	5.5x	1.2x
Community Health Systems, Inc.	\$623	\$17,416	\$15,563	5.9%	\$2,482	15.9%	7.2%	14.5%	7.1x	6.8x	1.1x
Median	\$8,471	\$23,176	\$20,725	6.4%	\$3,892	18.7%	4.2%	16.0%	6.9x	6.3x	1.1x
Mean	\$20,382	\$44,199	\$33,608	4.9%	\$6,838	18.4%	4.5%	16.2%	6.9x	6.2x	1.2x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$90,520	\$110,453	\$25,008	6.2%	\$6,676	26.7%	(3.3%)	27.1%	16.9x	16.0x	4.3x
Baxter International Inc.	\$41,658	\$61,535	\$16,910	14.6%	\$4,158	24.6%	21.0%	25.2%	11.9x	14.3x	3.5x
DENTSPLY SIRONA Inc.	\$9,916	\$12,494	\$5,230	19.9%	\$1,233	23.6%	2.3%	21.2%	11.0x	9.8x	2.3x
Henry Schein, Inc.	\$13,646	\$16,657	\$15,817	19.2%	\$1,499	9.5%	6.7%	9.0%	11.0x	10.8x	1.0x
Patterson Companies, Inc.	\$3,776	\$4,362	\$8,330	9.9%	\$402	4.8%	2.5%	5.3%	9.7x	10.8x	0.5x
Median	\$13,646	\$16,657	\$15,817	14.6%	\$1,499	23.6%	2.5%	21.2%	11.0x	10.8x	2.3x
Mean	\$31,903	\$41,100	\$14,259	14.0%	\$2,793	17.8%	5.8%	17.6%	12.1x	12.4x	2.3x

Source: Capital IQ. Data as of June 30, 2022.

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

About Us

MNP Corporate Finance (MNPCF) has a dedicated team of over 100 M&A and due diligence professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

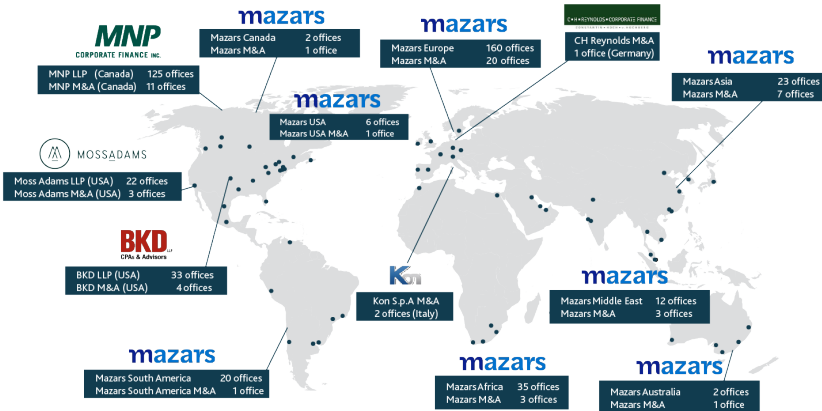
Our typical transactions range in value between \$3 million and \$300 million.

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 250+ M&A professionals in more than 30 countries.



CFxB CFXborder - Global reach with local relationships
 Our corporate finance team through CFXb consists of 250 plus M&A professionals in more than 30 countries



Services

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

Recently Closed Deals (National)

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 eight years alone we have completed over 220 transactions worth almost \$4 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

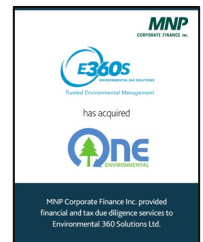
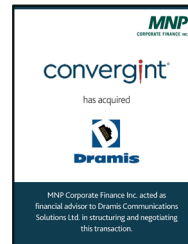
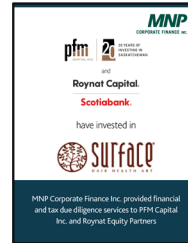
Hands-on Approach

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)

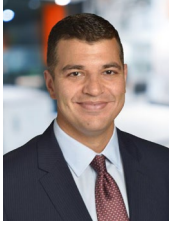


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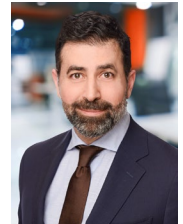
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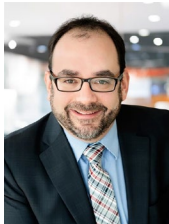
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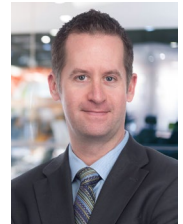
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