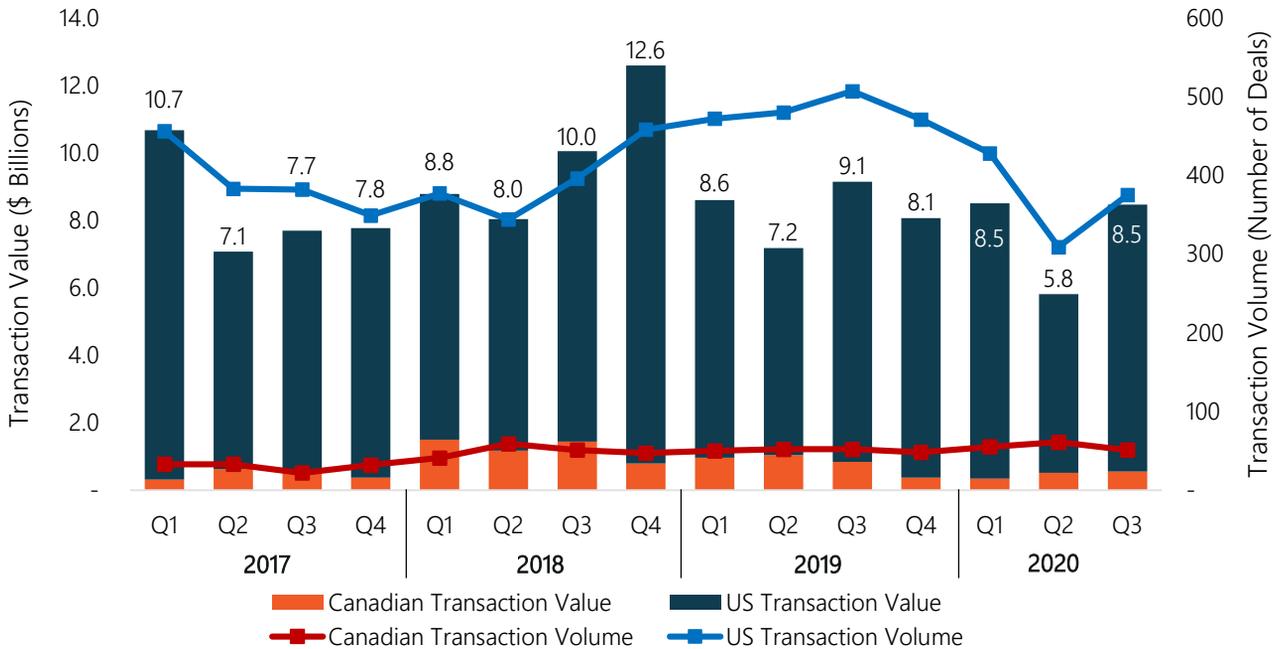


# Healthcare Services

Quarterly Update | Q3 2020



### Mid-Market Health Care M&A Activity



Source: Capital IQ. Data as of September 30, 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  
**51**

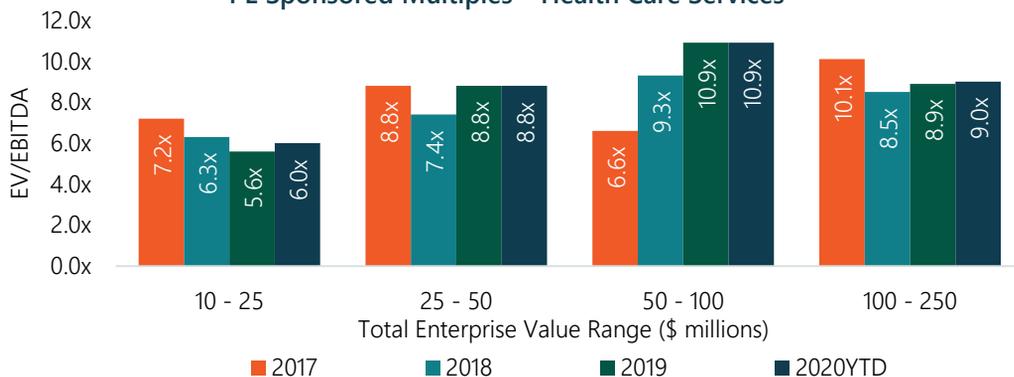
Canadian Transaction Value  
**\$555 million**  
(+8.3% vs. Q2 2020)

US Transaction Value  
**\$7.9 billion**  
(+49.3% vs. Q2 2020)

US Transactions  
**375**

Healthcare merger and acquisition (M&A) activity in the third quarter of 2020 exceeded \$8.4 billion in disclosed transaction value across 426 deals in Canada and the US. The average deal size among disclosed transactions was \$19.3 million. Grifols, S.A.'s purchase of Green Cross Biotherapeutics Inc. for \$213 million was the largest transaction of the quarter. In Canada, the top three subcategories for deal activity in the quarter were pharmaceuticals (17), healthcare services (7) and healthcare technology (6). Average EV/EBITDA multiples calculated for the last 12 months in 2020 for public companies have remained relatively flat with an average of 10.6x for the third quarter compared to 10.0x in the second quarter and 10.6x in the first quarter of 2020.

### PE Sponsored Multiples – Health Care Services



Source: GF Data. Data as of August 2020.

# Select Recent M&A Transactions



Announced	Sept. 30, 2020
TEV	\$144 million
TEV/EBITDA	Not disclosed
Location (Vendor)	Niles, IL

- Kobayashi Pharmaceutical Co., Ltd., together with its subsidiaries, manufactures and sells consumer pharmaceutical products in Japan and internationally.
- Alva-Amco Pharmalac Companies, Inc. manufactures specialty non-prescription pharmaceuticals, dietary supplements, and cosmetics.
- The transaction allows Kobayashi to enter the North American market.



Announced	Sept. 18, 2020
TEV	\$65 million
TEV/EBITDA	Not disclosed
Location (Vendor)	Cranbury, NJ

- BioLife Solutions, Inc. develops, manufactures, and supplies bioproduction tools for the cell and gene therapy industry
- SciSafe, Inc. provides storage services for pharmaceutical and biological samples.
- BioLife will pay \$15 million in cash and \$15 million in newly-issued shares of BioLife common stock, and SciSafe's shareholders are eligible over the next four years to receive up to 0.63 million additional shares based on revenue milestones.



Announced	Sept. 14, 2020
TEV	\$10 million
TEV/EBITDA	Not disclosed
Location (Vendor)	Toronto, ON

- Cloud Practice Inc. (a subsidiary of CloudMD) has entered into a binding term sheet to acquire 100% of iMD Health Global Corp. (iMD) from Apotex Pharmachem, Inc. and others.
- Consideration includes \$1.5 million in cash; \$4.5 million in shares of CloudMD; and performance-based earnouts of \$4 million.
- iMD's patient engagement and doctor education software will be immediately accretive to CloudMD.



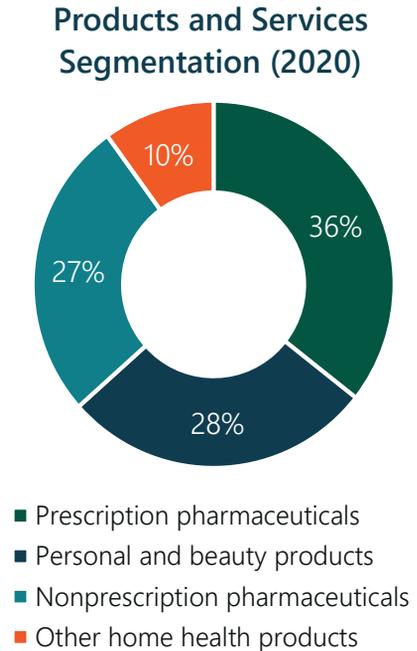
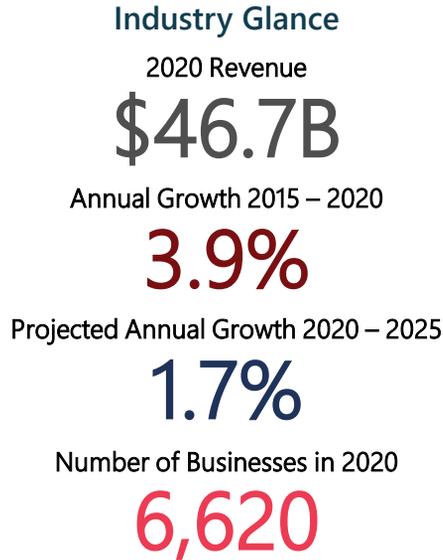
Announced	Sept. 8, 2020
TEV	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Longueuil, QC

- Churchill Asset Management is a lender based out of New York City, NY, and caters to a wide array of industries such as private equity, asset management, insurance, pharmaceuticals, food, beverage, real estate, and others.
- Knowlton Development Corporation formulates and manufactures pharmacy front-store products and a range of lotions, creams, oils, gels, and ointments.

# Industry Overview

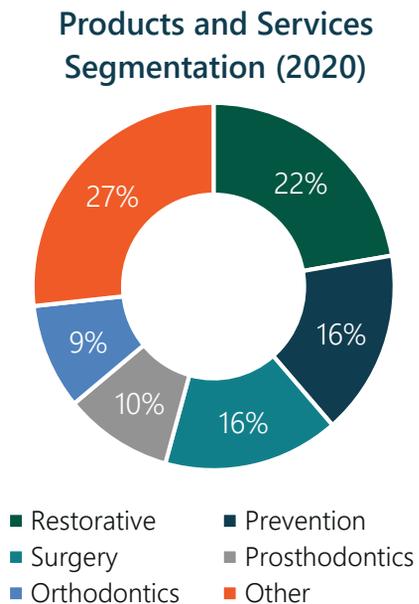
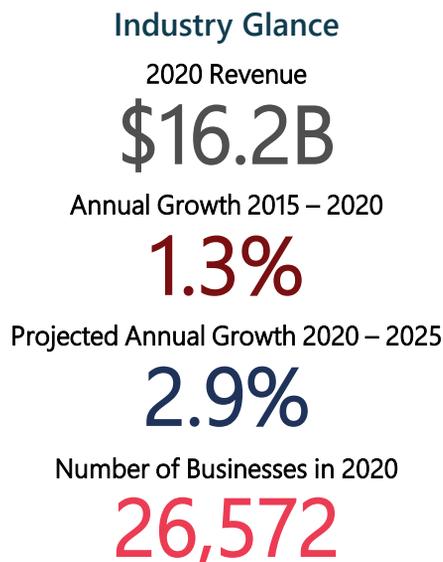
## Pharmacies and Drug Stores in Canada

The Pharmacy & Drug Store industry includes the retailing of prescription and over-the-counter medications, health and beauty items, toiletries, and consumable goods directly to consumers.



## Dentistry in Canada

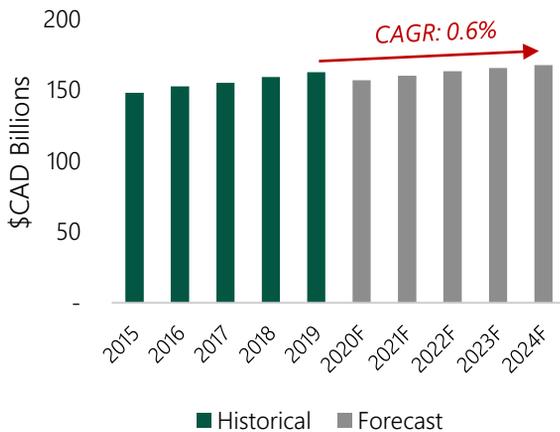
The Dental industry captures establishments of licenced dentists engaged in private or group practice offering orthodontics, periodontics, surgery, prevention, and other products and services.



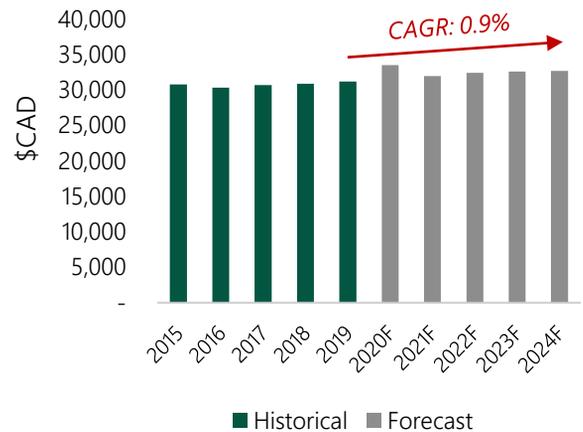
# Macroeconomic Indicators

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.

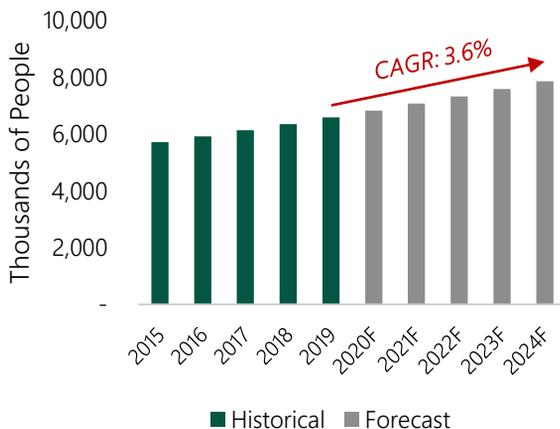
### Total Health Expenditure - Canada



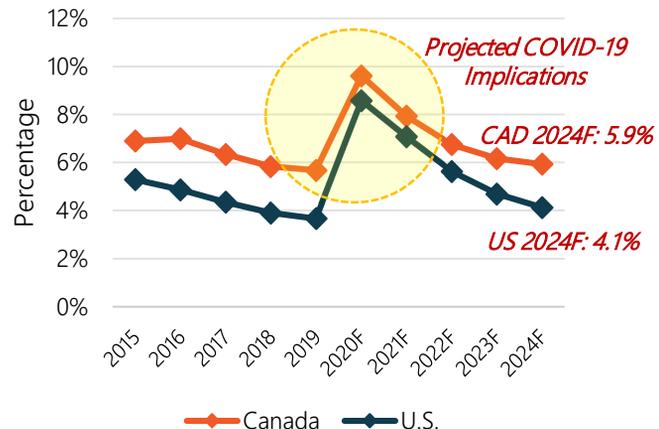
### Per Capita Disposable Income - Canada



### Population Aged Over 65 - Canada



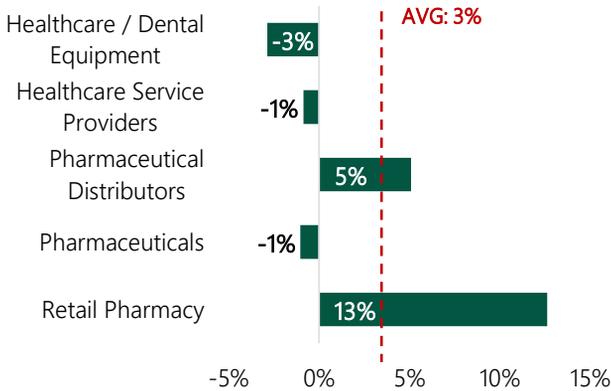
### National Unemployment Rate



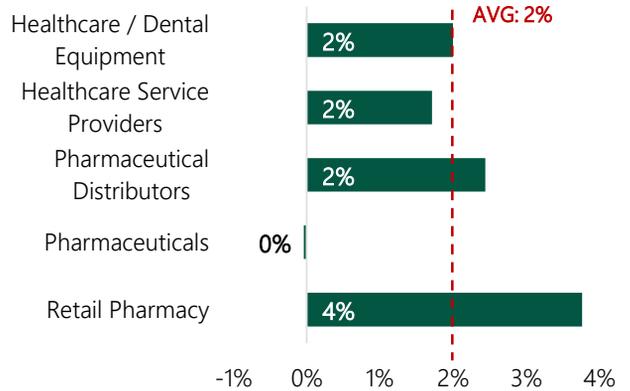
# Public Comparable Analysis

## Growth, Margins & Multiples

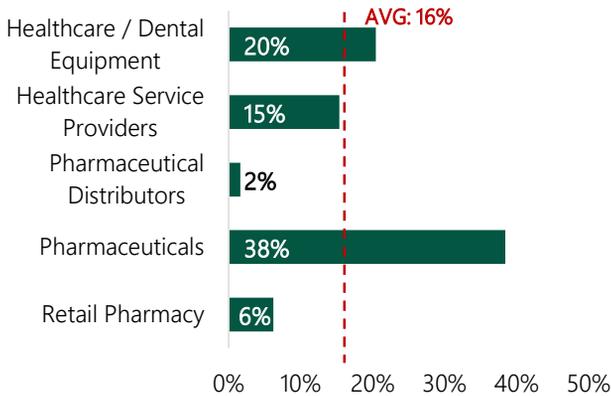
### LTM Revenue Growth



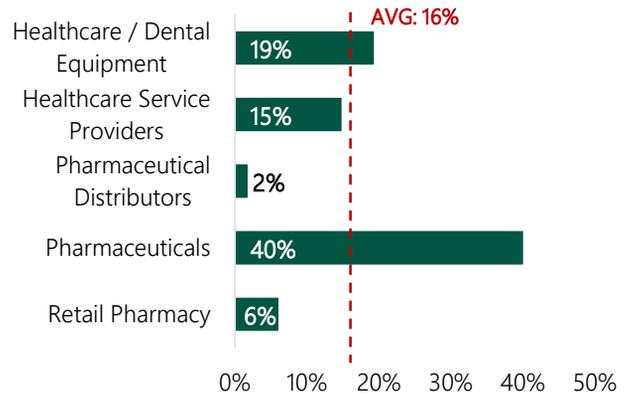
### NTM Revenue Growth



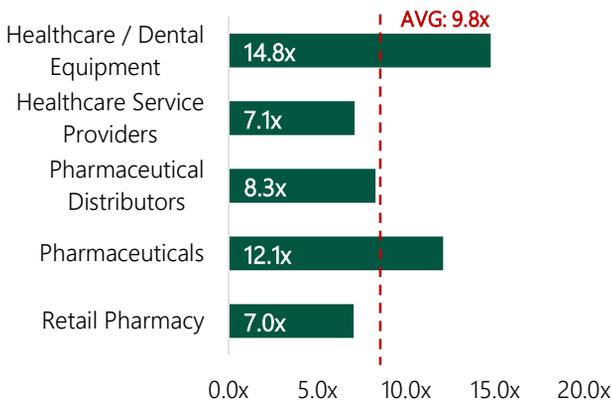
### LTM EBITDA Margin



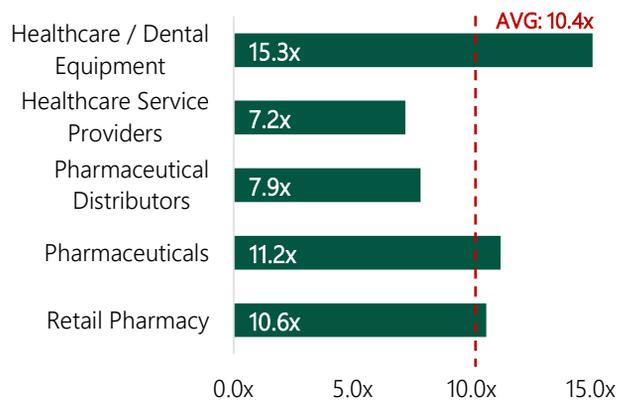
### NTM EBITDA Margin



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of September 30, 2020.

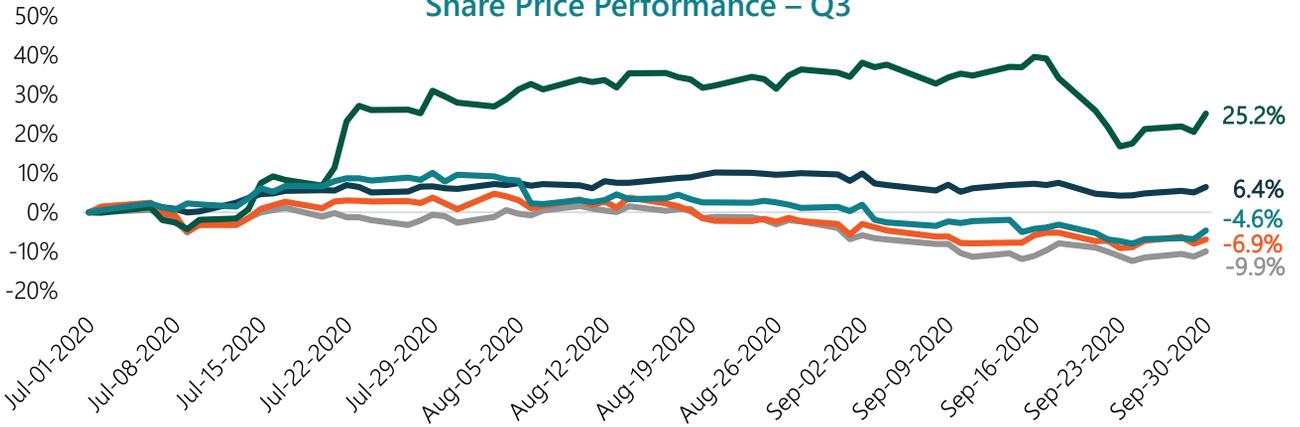
Valuation details provided on page 8.

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

# Public Comparable Analysis

## Performance Analysis

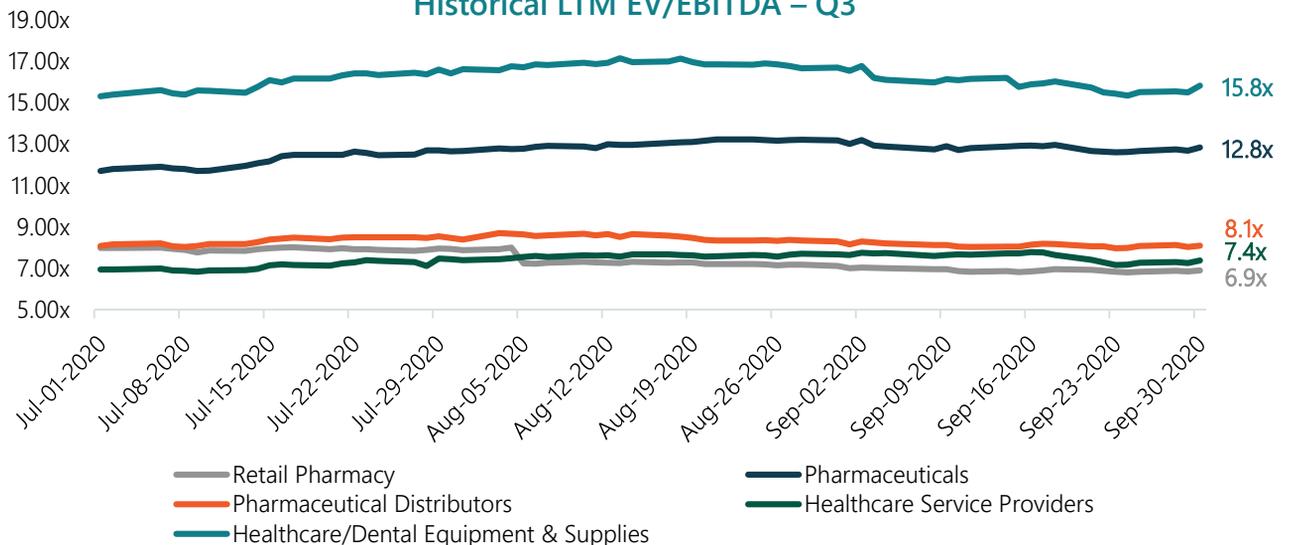
### Healthcare Peer Group Share Price Performance – Q3



### Share Price Performance – LTM



### Historical LTM EV/EBITDA – Q3



Source: Capital IQ. Data as of September 30, 2020.  
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.

(Figures in CAD millions, except percentages and ratios)

Company	Market Capitalization	Enterprise Value	LTM Operating Figures				NTM Consensus Estimates			Valuation	
			Revenue	Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
<b>Retail Pharmacy</b>											
CVS Health Corporation	\$101,829	\$201,648	\$357,719	16.3%	\$29,286	8.2%	0.4%	6.0%	9.2x	7.0x	0.6x
Rite Aid Corporation	\$676	\$9,449	\$30,405	7.6%	\$1,884	6.2%	4.0%	2.0%	14.0x	4.9x	0.3x
CareRx Corporation	\$101	\$165	\$134	12.6%	\$7	5.3%	43.3%	8.5%	10.6x	23.4x	1.2x
<b>Median</b>	<b>\$676</b>	<b>\$9,449</b>	<b>\$30,405</b>	<b>12.6%</b>	<b>\$1,884</b>	<b>6.2%</b>	<b>4.0%</b>	<b>6.0%</b>	<b>10.6x</b>	<b>7.0x</b>	<b>0.6x</b>
<b>Mean</b>	<b>\$34,202</b>	<b>\$70,420</b>	<b>\$129,419</b>	<b>12.2%</b>	<b>\$10,392</b>	<b>6.6%</b>	<b>15.9%</b>	<b>5.5%</b>	<b>11.3x</b>	<b>11.8x</b>	<b>0.7x</b>
<b>Pharmaceuticals</b>											
Johnson & Johnson	\$522,248	\$537,248	\$108,431	(1.0%)	\$36,562	33.7%	6.5%	34.2%	13.8x	14.8x	5.0x
Merck & Co., Inc.	\$279,528	\$305,992	\$63,083	3.0%	\$26,539	42.1%	5.0%	43.4%	11.3x	12.1x	4.9x
Pfizer Inc.	\$271,716	\$341,587	\$64,817	(8.3%)	\$25,853	39.9%	1.6%	46.3%	11.2x	12.7x	5.2x
Mylan N.V.	\$10,214	\$26,156	\$15,648	1.9%	\$4,774	30.5%	0.2%	30.3%	5.4x	5.6x	1.7x
Bausch Health Companies Inc.	\$7,349	\$38,704	\$11,030	(3.8%)	\$4,237	38.4%	0.4%	40.0%	8.7x	9.3x	3.6x
<b>Median</b>	<b>\$271,716</b>	<b>\$305,992</b>	<b>\$63,083</b>	<b>(1.0%)</b>	<b>\$25,853</b>	<b>38.4%</b>	<b>1.6%</b>	<b>40.0%</b>	<b>11.2x</b>	<b>12.1x</b>	<b>4.9x</b>
<b>Mean</b>	<b>\$218,211</b>	<b>\$249,938</b>	<b>\$52,602</b>	<b>(1.6%)</b>	<b>\$19,593</b>	<b>36.9%</b>	<b>2.8%</b>	<b>38.8%</b>	<b>10.1x</b>	<b>10.9x</b>	<b>4.1x</b>
<b>Pharmaceutical Distributors</b>											
Walgreens Boots Alliance, Inc.	\$41,471	\$96,887	\$182,199	2.0%	\$11,855	6.5%	3.8%	4.8%	10.7x	7.5x	0.5x
McKesson Corporation	\$32,183	\$43,464	\$314,220	6.2%	\$4,376	1.4%	2.4%	1.8%	7.6x	10.1x	0.1x
AmerisourceBergen Corporation	\$26,361	\$28,163	\$253,397	5.1%	\$3,258	1.3%	2.9%	1.3%	8.1x	8.8x	0.1x
Cardinal Health, Inc.	\$18,353	\$24,306	\$208,012	5.1%	\$3,867	1.9%	1.1%	1.7%	6.5x	6.4x	0.1x
<b>Median</b>	<b>\$29,272</b>	<b>\$35,813</b>	<b>\$230,704</b>	<b>5.1%</b>	<b>\$4,122</b>	<b>1.6%</b>	<b>2.7%</b>	<b>1.8%</b>	<b>7.9x</b>	<b>8.2x</b>	<b>0.1x</b>
<b>Mean</b>	<b>\$29,592</b>	<b>\$48,205</b>	<b>\$239,457</b>	<b>4.6%</b>	<b>\$5,839</b>	<b>2.8%</b>	<b>2.6%</b>	<b>2.4%</b>	<b>8.2x</b>	<b>8.2x</b>	<b>0.2x</b>
<b>Healthcare Service Providers</b>											
HCA Healthcare, Inc.	\$56,153	\$96,321	\$67,634	1.3%	\$14,013	20.7%	5.4%	19.3%	7.3x	7.3x	1.4x
Universal Health Services, Inc.	\$12,114	\$16,652	\$15,341	1.9%	\$2,494	16.3%	0.6%	15.3%	7.1x	6.8x	1.1x
Tenet Healthcare Corporation	\$3,442	\$23,194	\$23,357	(4.2%)	\$3,396	14.5%	7.2%	14.4%	6.4x	6.9x	1.0x
Community Health Systems, Inc.	\$647	\$17,690	\$16,425	(11.1%)	\$1,816	11.1%	(3.4%)	13.3%	8.3x	9.9x	1.1x
<b>Median</b>	<b>\$7,778</b>	<b>\$20,442</b>	<b>\$19,891</b>	<b>(1.4%)</b>	<b>\$2,945</b>	<b>15.4%</b>	<b>3.0%</b>	<b>14.9%</b>	<b>7.2x</b>	<b>7.1x</b>	<b>1.1x</b>
<b>Mean</b>	<b>\$18,089</b>	<b>\$38,464</b>	<b>\$30,689</b>	<b>(3.0%)</b>	<b>\$5,430</b>	<b>15.6%</b>	<b>2.4%</b>	<b>15.6%</b>	<b>7.3x</b>	<b>7.7x</b>	<b>1.2x</b>
<b>Healthcare/Dental Equipment &amp; Supplies</b>											
Becton, Dickinson and Company	\$89,862	\$111,528	\$23,011	(1.1%)	\$6,394	27.8%	5.3%	29.7%	15.3x	17.8x	4.9x
Baxter International Inc.	\$54,242	\$58,273	\$15,520	3.1%	\$4,033	26.0%	0.1%	22.3%	16.7x	14.8x	3.8x
DENTSPLY SIRONA Inc.	\$12,730	\$14,299	\$4,677	(12.8%)	\$955	20.4%	1.6%	19.3%	15.6x	15.3x	3.1x
Henry Schein, Inc.	\$11,181	\$13,802	\$12,735	(3.6%)	\$1,179	9.3%	4.7%	8.2%	12.6x	12.0x	1.1x
Patterson Companies, Inc.	\$3,057	\$3,995	\$7,256	(2.9%)	\$463	6.4%	2.2%	4.9%	10.9x	8.7x	0.6x
<b>Median</b>	<b>\$12,730</b>	<b>\$14,299</b>	<b>\$12,735</b>	<b>(2.9%)</b>	<b>\$1,179</b>	<b>20.4%</b>	<b>2.2%</b>	<b>19.3%</b>	<b>15.3x</b>	<b>14.8x</b>	<b>3.1x</b>
<b>Mean</b>	<b>\$34,214</b>	<b>\$40,379</b>	<b>\$12,640</b>	<b>(3.5%)</b>	<b>\$2,605</b>	<b>18.0%</b>	<b>2.8%</b>	<b>16.9%</b>	<b>14.2x</b>	<b>13.7x</b>	<b>2.7x</b>

# About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 50 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)

# 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)

MNP Corporate Finance Inc. acted as exclusive financial advisor to MetroBec Inc. in procuring and negotiating the acquisition of Triple M Metal.

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

MNP Corporate Finance Inc. provided financial and tax due diligence services to MST Services Holdings, LLC.

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

MNP Corporate Finance Inc. provided financial and tax due diligence services to G.L. Black Holdings Ltd.

MNP Corporate Finance Inc. provided financial due diligence services to Emmerge.com Inc.

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

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

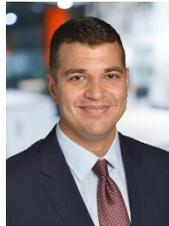
MNP Corporate Finance Inc. acted as exclusive financial advisor to Biopoly Innovations Inc. (dba. Policy Reporter) in structuring and negotiating this transaction.

MNP Corporate Finance Inc. provided financial and tax due diligence services to Environmental 360 Solutions Inc.

## Transaction Leadership



**Brett Franklin**  
President  
Brett.Franklin@mnp.ca  
204.336.6190



**Aleem Bandali**  
Managing Director  
Aleem.Bandali@mnp.ca  
778.374.2140



**Dale Antonsen**  
Managing Director  
Dale.Antonsen@mnp.ca  
250.979.2578



**Mike Reynolds**  
Managing Director  
Mike.Reynolds@mnp.ca  
587.702.5909



**Mark Regehr**  
Managing Director  
Mark.Regehr@mnp.ca  
780.969.1404



**Erik St-Hilaire**  
Managing Director  
Erik.St-Hilaire@mnp.ca  
204.336.6200



**Stephen Shaw**  
Managing Director  
Stephen.Shaw@mnp.ca  
416.515.3883



**Dan Porter**  
Managing Director  
Dan.Porter@mnp.ca  
416.515.3877



**Kevin Tremblay**  
Managing Director  
Kevin.Tremblay@mnp.ca  
647.943.4051



**Jon Edgett**  
Managing Director  
Jon.Edgett@mnp.ca  
519.772.7460



**Patrick Khouzam**  
Managing Director  
Patrick.Khouzam@mnp.ca  
514.228.7874



**Craig Maloney**  
Managing Director  
Craig.Maloney@mnp.ca  
902.493.5430

## Due Diligence Leadership



**Johnny Earl**  
Managing Director  
Johnny.Earl@mnp.ca  
604.637.1514



**John Caggianiello**  
Managing Director  
John.Caggianiello@mnp.ca  
416.513.4177