

Healthcare Services

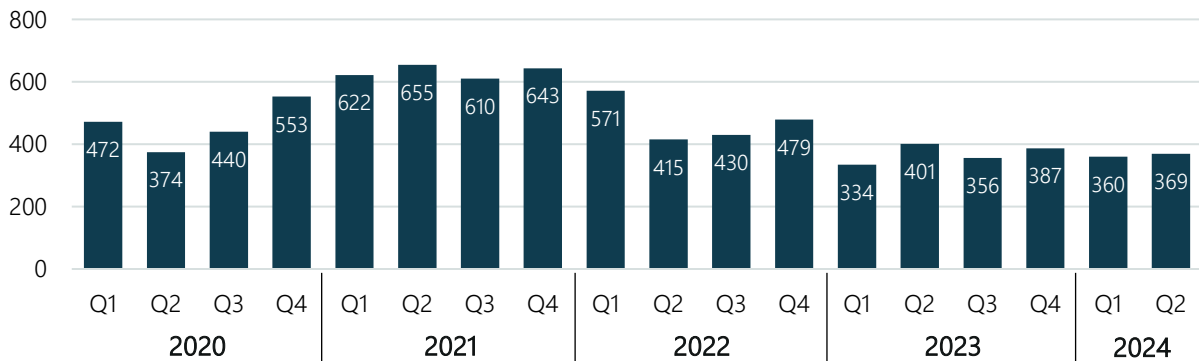
Quarterly Update | Q2 2024



Industry Overview

M&A Transactions & Performance

North American Mid-Market Healthcare M&A Activity (Transaction Count)



Source: Capital IQ. Data as of June 30, 2024.

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

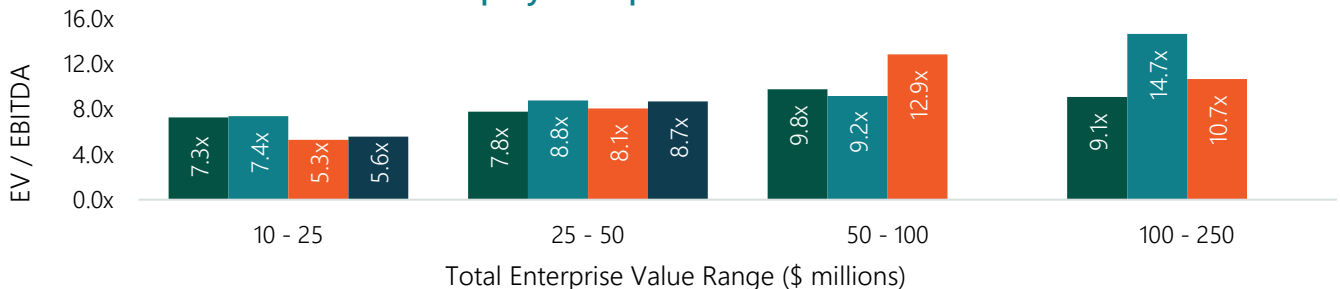
Canadian Transactions
38

Canadian Transaction Value
\$0.9 billion
(60.5% vs. Q1 2024)

U.S. Transaction Value
\$5.2 billion
(1.7% vs. Q1 2024)

U.S. Transactions
331

Private Equity Multiples - Health Care Services



Source: GF Data. Data as of May 2024.

- Healthcare merger and acquisition (M&A) activity in Q2 2024 reached over \$6.1 billion in disclosed transaction value across 369 deals in Canada and the U.S. The average deal size among disclosed transactions was \$76.9 million, up from \$67.1 million in Q1 2024. Strategic buyers accounted for 92% of the Q2 2024 transaction volume, while financial buyers comprised the remaining 8%.
- Year-to-date 2024, EV/EBITDA multiples for the healthcare services industry averaged 6.4x across all transactions, a 31% decrease from 9.3x in 2023. For lower mid-market transaction values (\$10-25 million range), EV/EBITDA multiples averaged 5.6x, a 6% increase from 5.3x in 2023.
- In May 2024, the Federal Government released the 2024 budget, allocating \$52.1 billion towards healthcare (the largest in history). The industry has seen ongoing consolidation by large entities, and a more favourable environment for mergers and acquisitions has emerged with interest rates decreasing. This is expected to lead to an increase in M&A activity in 2024, rebounding from the lows experienced in 2023.

Market Update

Select Recent M&A Transactions

A Private Purchaser

has acquired



Closed	May 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Clairmont, AB

- The purchaser is a private investor group with a portfolio of companies in the hospitality and safety industry.
- **Octane Safety Services** specializes in emergency medical services for remote site operations across Western Canada.
- **MNP Corporate Finance Inc.** acted as the exclusive financial advisor to Octane Safety Services in structuring and negotiating the transaction.



has acquired

Six Additional Pharmacies Across Canada

Closed	June 2024
Transaction Value	Not Disclosed
TEV/EBITDA	Not Disclosed
Location (Vendor)	Various

- **Neighbourly Pharmacy Inc.** (Neighbourly) announced the acquisition of six additional pharmacies across Canada (located in Saskatchewan, Nova Scotia, and British Columbia).¹
- "These acquisitions reflect the ongoing execution of our proven acquisition strategy. We remain focused on continuing to grow our network of pharmacies and serving more communities across Canada," said Skip Bourdo, Chief Executive Officer of Neighbourly.
- Neighbourly is the largest and fastest-growing network of independent pharmacies in Canada, and currently owns approximately 300 locations across seven provinces in Canada.



has acquired

Two Seniors' Housing Portfolios

Closed	June 2024
Transaction Value	\$511 million
TEV/EBITDA	Not Disclosed
Location (Vendor)	Quebec

- **Chartwell Retirement Residences** (Chartwell) announced two separate deals to acquire two seniors' housing portfolios in Quebec for a total of \$511 million.
- These acquisitions will give Chartwell ownership interests over 10 retirement residences, representing 2,300 additional units.²
- Chartwell is the largest provider of seniors' housing in Canada, serving over 25,000 residents across Quebec, Ontario, Alberta, and British Columbia.

Source 1: <https://ca.finance.yahoo.com/news/neighbourly-accelerates-growth-additional-pharmacy-100500601.html>

Source 2: <https://renx.ca/chartwell-acquires-ownership-in-quebec-senior-housing-for-511m>

Industry Overview

Pharmacies and Drug Stores in Canada

The Canadian 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

2024 Revenue

\$55.7 billion

Annual Growth 2019 – 2024

0.9%

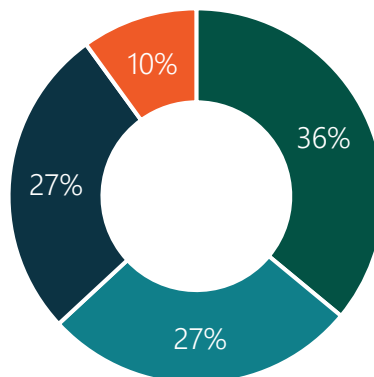
Projected Annual Growth 2024 – 2029

2.0%

Number of Businesses in 2024

11,802

Products and Services Segmentation (2024)



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

Dentists in Canada

The Canadian dental services industry 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

2023 Revenue

\$21.7 billion

Annual Growth 2018 – 2023

1.8%

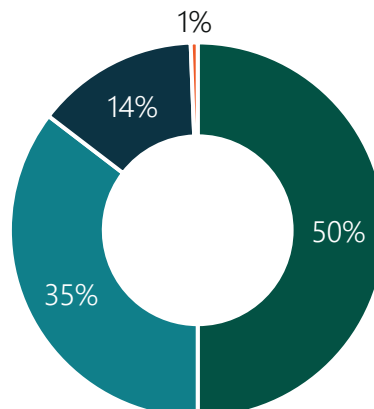
Projected Annual Growth 2023 – 2028

2.1%

Number of Businesses in 2023

28,853

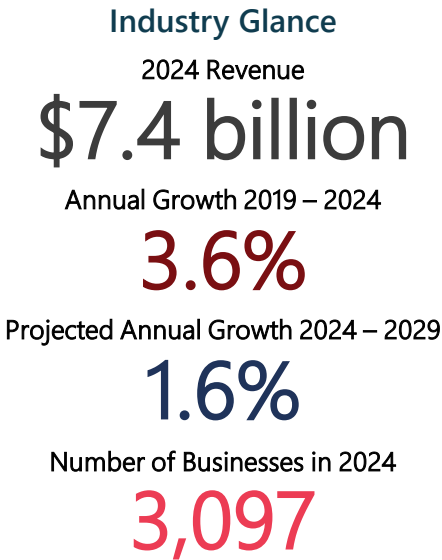
Products and Services Segmentation (2023)



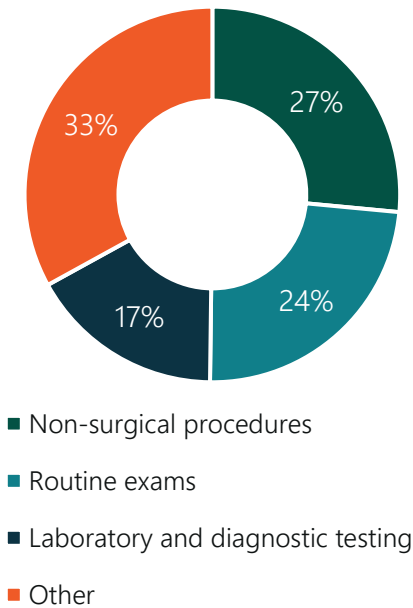
- Non-surgical intervention services
- Visits and consultations
- Oral surgery
- Other

Veterinarian Services in Canada

The Canadian veterinarian services industry is comprised of veterinarians who provide medical, dental, and surgical treatments for animals. This industry also includes companies that provide laboratory and diagnostic testing for veterinary practitioners.



Products and Services Segmentation (2024)

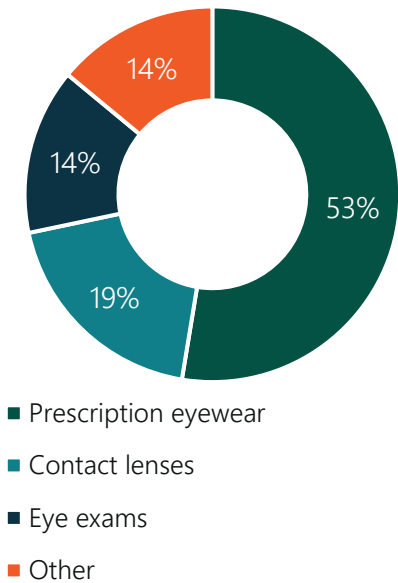


Optometrists in Canada

The Canadian optometry industry is comprised of establishments of licensed optometrists primarily engaging in eye examinations and the prescription of eyeglasses, contact lenses, and eye exercises.



Products and Services Segmentation (2023)



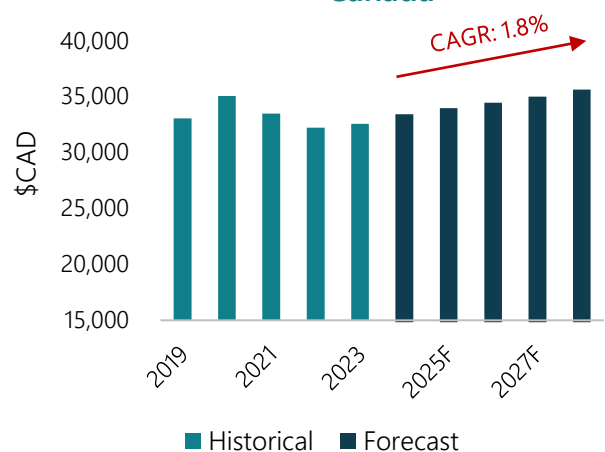
Macroeconomic Indicators

The healthcare industry is affected by several 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



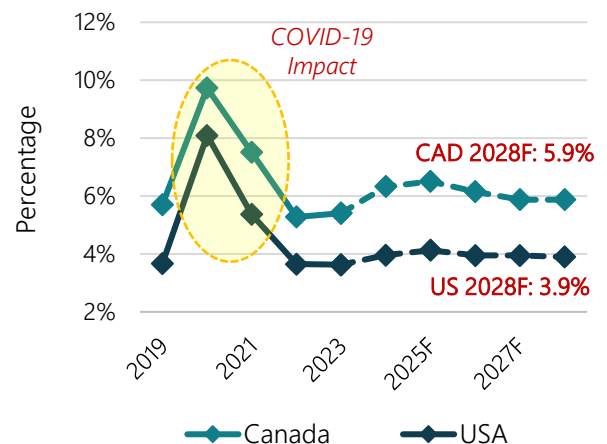
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



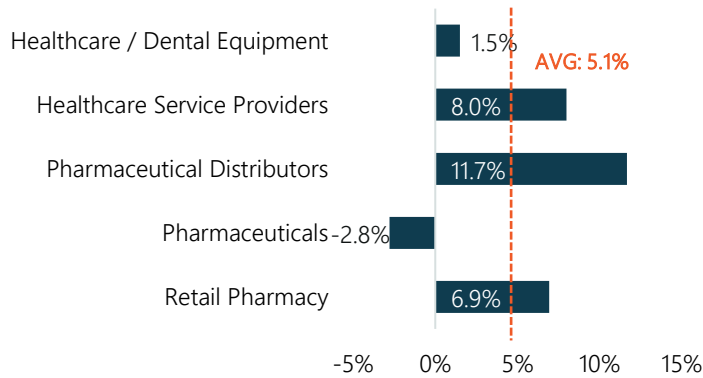
National Unemployment Rate



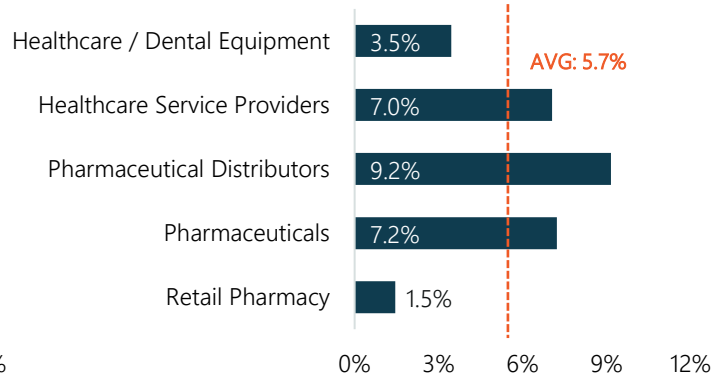
Public Comparable Analysis

Growth, Margins & Multiples

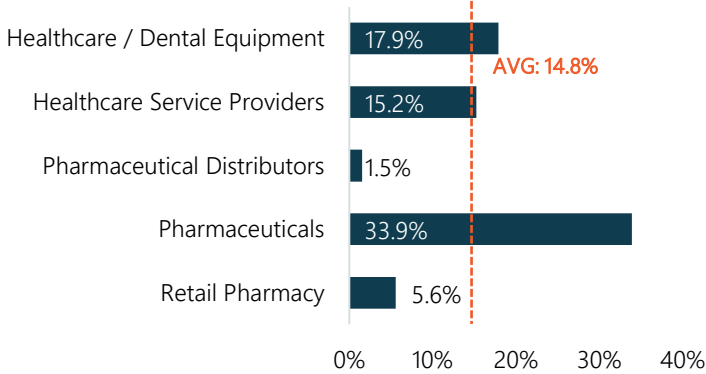
LTM Revenue Growth



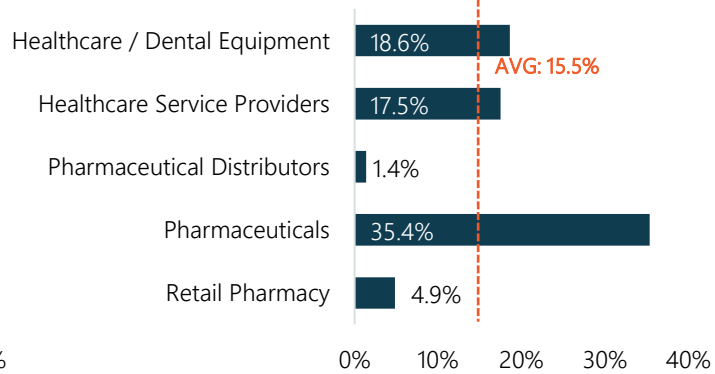
NTM Revenue Growth



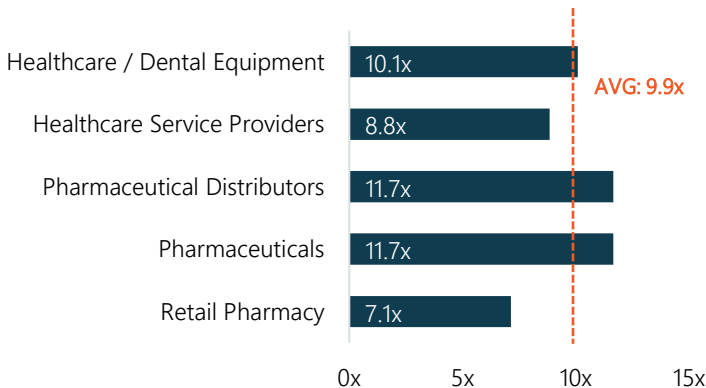
LTM EBITDA Margin



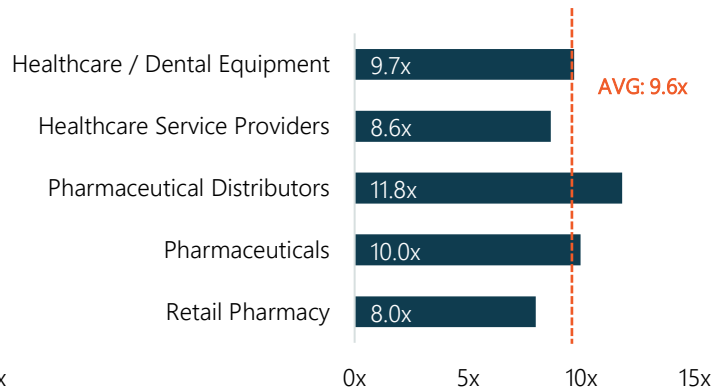
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA



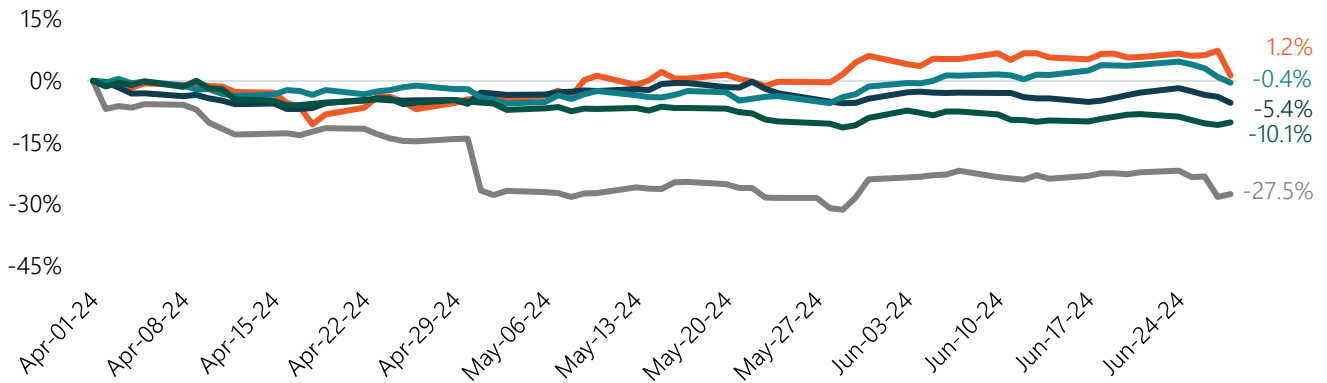
Source: Capital IQ. Data as of June 30, 2024.

Note: Above noted healthcare peer groups are market capitalization weighted indexes. Valuation details provided on page 9.
"LTM" refers to last twelve months. "NTM" refers to next twelve months. Figures above are based on median peer group metrics.

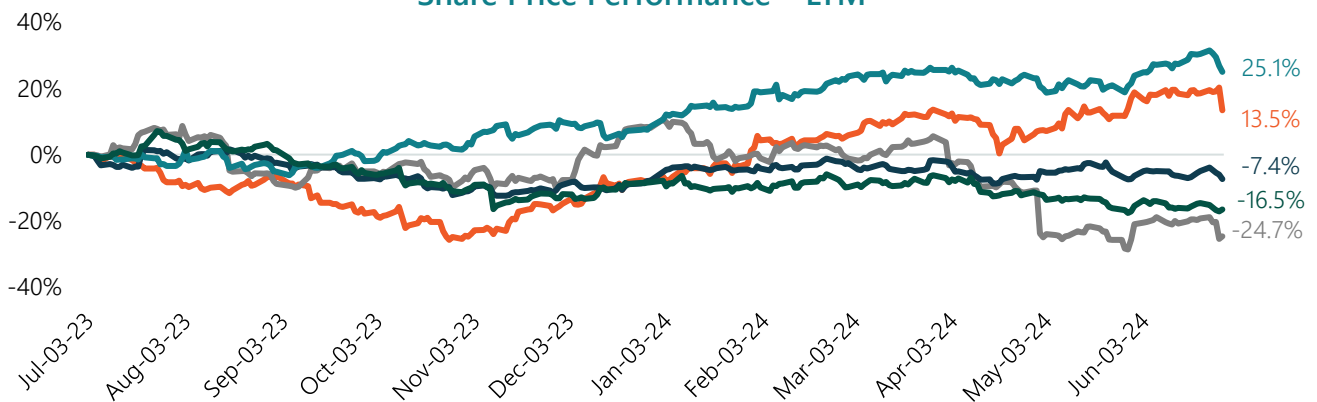
Public Comparable Analysis

Performance Analysis

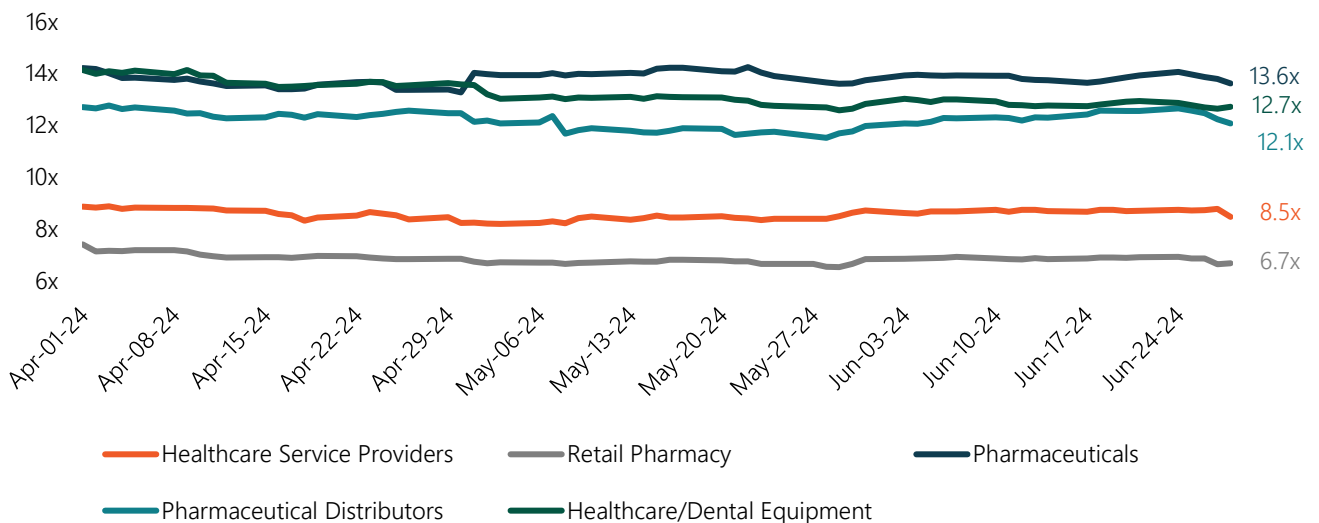
Healthcare Peer Group Share Price Performance – Q2



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q2



Source: Capital IQ. Data as of June 30, 2024.

Note: Above noted healthcare peer groups are market capitalization weighted indexes. Valuation details provided on page 9.
"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 a strong industry context.

(Figures in CAD millions, except percentages and ratios)

Figures in CAD millions, except percentages and ratios											
			LTM Operating Figures				NTM Consensus Estimates			Valuation	
	Market	Enterprise		Revenue		EBITDA	Revenue	EBITDA	NTM	LTM	LTM
Company	Capitalization	Value	Revenue	Growth	EBITDA	Margin	Growth	Margin	EV/EBITDA	EV/EBITDA	EV/REV
Retail Pharmacy											
CVS Health Corporation	\$101,475	\$195,754	\$487,026	9.0%	\$27,140	5.6%	5.1%	4.9%	8.0x	7.1x	0.4x
Walgreens Boots Alliance, Inc.	\$14,291	\$61,839	\$198,556	6.9%	\$11,089	5.6%	1.5%	2.9%	9.8x	5.6x	0.3x
CareRx Corporation	\$135	\$221	\$369	(2.9%)	\$27	7.2%	1.0%	9.5%	6.2x	8.3x	0.6x
Median	\$14,291	\$61,839	\$198,556	6.9%	\$11,089	5.6%	1.5%	4.9%	8.0x	7.1x	0.4x
Mean	\$38,633	\$85,938	\$228,650	4.4%	\$12,752	6.1%	2.5%	5.8%	8.0x	7.0x	0.4x
Pharmaceuticals											
Johnson & Johnson	\$481,437	\$491,584	\$118,492	(11.0%)	\$43,125	36.4%	3.6%	35.4%	11.1x	11.7x	4.2x
Merck & Co., Inc.	\$429,156	\$468,381	\$83,147	6.1%	\$29,181	35.1%	7.4%	45.3%	11.3x	15.9x	5.6x
Pfizer Inc.	\$217,001	\$296,724	\$74,326	(41.1%)	\$15,238	20.5%	10.9%	36.7%	10.0x	19.3x	3.9x
Viatis Inc.	\$17,323	\$40,733	\$20,801	(2.8%)	\$6,527	31.4%	(1.2%)	31.5%	6.2x	6.2x	1.9x
Bausch Health Companies Inc.	\$3,499	\$33,995	\$12,141	10.0%	\$4,115	33.9%	7.2%	34.4%	7.7x	8.2x	2.8x
Median	\$217,001	\$296,724	\$74,326	(2.8%)	\$15,238	33.9%	7.2%	35.4%	10.0x	11.7x	3.9x
Mean	\$229,683	\$266,283	\$61,782	(7.8%)	\$19,637	31.5%	5.6%	36.7%	9.3x	12.2x	3.7x
Pharmaceutical Distributors											
McKesson Corporation	\$103,684	\$108,084	\$418,357	11.7%	\$7,636	1.8%	18.3%	1.6%	13.4x	14.0x	0.3x
Cencora, Inc.	\$60,724	\$67,220	\$374,464	11.7%	\$5,708	1.5%	9.2%	1.4%	11.8x	11.7x	0.2x
Cardinal Health, Inc.	\$32,776	\$35,703	\$298,681	11.0%	\$3,949	1.3%	(1.1%)	1.3%	9.0x	8.9x	0.1x
Median	\$60,724	\$67,220	\$374,464	11.7%	\$5,708	1.5%	9.2%	1.4%	11.8x	11.7x	0.2x
Mean	\$65,728	\$70,336	\$363,834	11.5%	\$5,764	1.6%	8.8%	1.5%	11.4x	11.5x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$115,169	\$174,854	\$90,341	9.6%	\$18,830	20.8%	7.0%	19.1%	9.5x	9.2x	1.9x
Universal Health Services, Inc.	\$16,940	\$24,124	\$19,849	8.0%	\$2,702	13.6%	8.9%	12.9%	8.6x	8.8x	1.2x
Tenet Healthcare Corporation	\$17,785	\$37,789	\$28,290	7.4%	\$6,061	21.4%	(0.9%)	17.5%	7.7x	6.2x	1.3x
dentalcorp Holdings Ltd.	\$1,560	\$2,866	\$1,440	8.4%	\$219	15.2%	10.2%	18.4%	9.8x	13.1x	2.0x
Community Health Systems, Inc.	\$609	\$18,031	\$16,956	2.6%	\$2,248	13.3%	1.8%	12.4%	8.4x	7.9x	1.1x
Median	\$16,940	\$24,124	\$19,849	8.0%	\$2,702	15.2%	7.0%	17.5%	8.6x	8.8x	1.3x
Mean	\$30,413	\$51,533	\$31,375	7.2%	\$6,012	16.9%	5.4%	16.1%	8.8x	9.0x	1.5x
Medical/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$92,444	\$112,749	\$26,698	4.8%	\$7,062	26.5%	6.7%	29.0%	13.7x	15.8x	4.2x
Baxter International Inc.	\$23,329	\$38,666	\$20,166	3.0%	\$4,148	20.6%	3.5%	19.4%	9.6x	9.2x	1.9x
Henry Schein, Inc.	\$11,234	\$16,700	\$16,860	(0.6%)	\$1,436	8.5%	9.7%	8.6%	10.5x	11.5x	1.0x
DENTSPLY SIRONA Inc.	\$7,079	\$9,737	\$5,335	0.2%	\$955	17.9%	1.5%	18.6%	9.7x	10.1x	1.8x
Patterson Companies, Inc.	\$2,897	\$3,796	\$8,992	1.5%	\$539	6.0%	2.5%	5.5%	7.5x	7.0x	0.4x
Median	\$11,234	\$16,700	\$16,860	1.5%	\$1,436	17.9%	3.5%	18.6%	9.7x	10.1x	1.8x
Mean	\$27,397	\$36,330	\$15,610	1.8%	\$2,828	15.9%	4.8%	16.2%	10.2x	10.7x	1.9x

Source: Capital IQ. Data as of June 30, 2024.

Note: In order to derive more accurate valuation multiples, MNP Corporate Finance Inc. has eliminated results which skew the averages excessively. "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, capital markets, 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.

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 10 years alone, we have completed over 285 transactions worth almost \$5 billion (not including due diligence engagements).

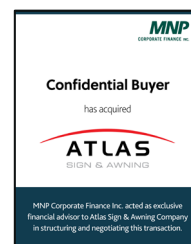
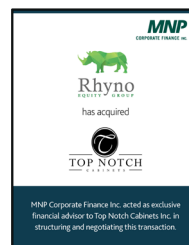
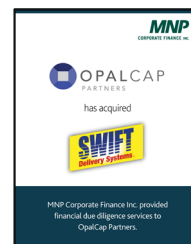
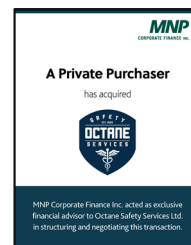
Industry Experience

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

Services

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

Recently Closed Deals (National)



About Us

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

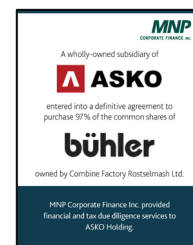
We draw on the vast experience and deep specialist knowledge network of our partners locally, nationally and internationally as specialty issues arise, such as pre-transaction tax planning, transaction structuring, estate planning, valuation, due diligence, performance improvement and risk management.

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.



Recently Closed Deals (National)

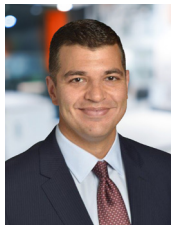


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Transaction Leadership



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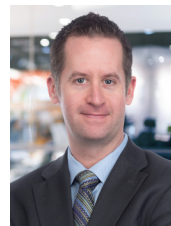
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