

# Healthcare Services

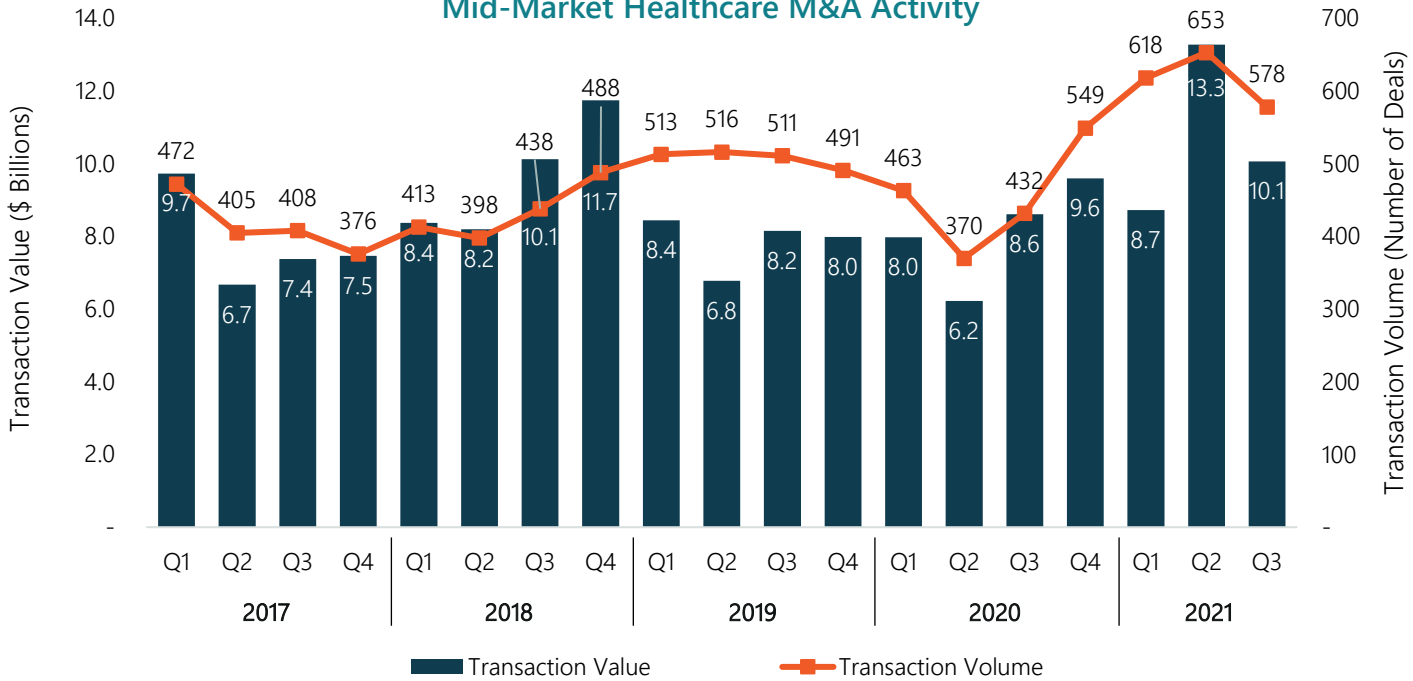
Quarterly Update | Q3 2021



# Industry Overview

## M&A Transactions & Performance

### North American Mid-Market Healthcare M&A Activity



Source: Capital IQ. Data as of September 30, 2021

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  
**59**

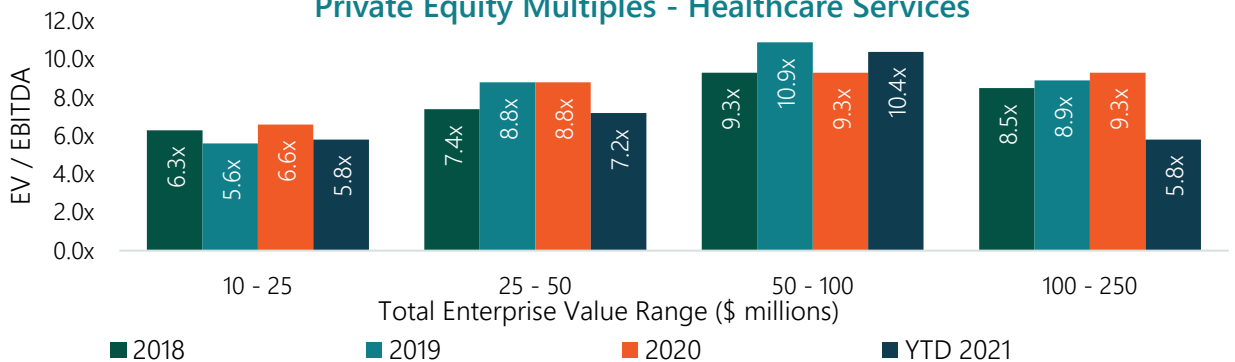
Canadian Transaction Value  
**\$490 million**  
(-61.6% vs. Q2 2021)

US Transaction Value  
**\$9.6 billion**  
(-20.2% vs. Q2 2021)

US Transactions  
**519**

Healthcare merger and acquisition activity in the third quarter of 2021 exceeded \$10 billion in disclosed transaction value across 578 deals in Canada and the US. The average deal size among disclosed transactions was \$70.4 million, an increase from \$68.8 million in the second quarter of 2021. In Canada, the top healthcare sub-sectors for deal activity in the quarter were healthcare services (28%), healthcare facilities (19%), pharmaceuticals (13%) and healthcare technology (12%). Together, these sub-sectors accounted for over 72% of total Canadian healthcare deal volume. During the 2021 YTD period, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 7.3x across all transactions. For lower mid-market transaction values (\$10-25 million range); the EV/EBITDA multiple averaged 5.8x.

### Private Equity Multiples - Healthcare Services



# Select Recent M&A Transactions



has acquired



Closed	June 14, 2021
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Montreal, QC



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

- Le Réseau Dentaire Inc. is a Quebec-based, five-clinic dental network that provides family and aesthetic dentistry, implantology, denturology, and orthodontic services.
- Altima Dental Centers Inc., a Sentinel Capital Partners portfolio company, is one of the largest dental services organizations in Canada, with a clinic network that includes offices across six provinces.



a division of



has acquired

Closed	July 13, 2021
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Kingston, ON



MNP Corporate Finance Inc. acted as exclusive financial advisor to Kingston Laser & Cosmetic Clinic Inc. in structuring and negotiating this transaction.

- Kingston Laser & Cosmetic Clinic Inc. is a leading provider of innovative non-surgical rejuvenation, skin care, and aesthetic treatments in the region.
- ReNue is a doctor-led aesthetic medicine company and division of FYidoctors. ReNue offers advanced skin care, body care, hair removal, and cosmetic options.



has acquired

20 Dental Practices

Closed	August 10, 2021
Transaction Value	\$77.6M
TEV/EBITDA	6.47x
Location (Vendor)	Various

- dentalcorp Holdings Ltd. acquired 20 dental practices located in Canada for \$77.6 million on August 10, 2021.
- The 20 dental practices are budgeted to generate a total of \$12 million in annual adjusted EBITDA.

# 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

**\$47.2B**

Annual Growth 2016 – 2021

**1.1%**

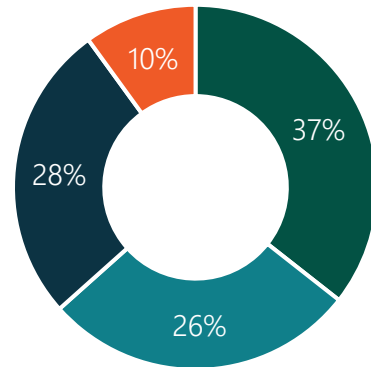
Projected Annual Growth 2021 – 2026

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

### Industry Glance

2020 Revenue

**\$16.2B**

Annual Growth 2015 – 2020

**1.3%**

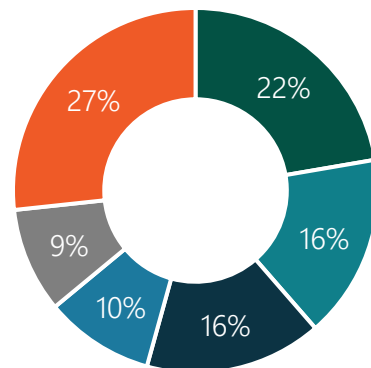
Projected Annual Growth 2020 – 2025

**2.9%**

Number of Businesses in 2020

**26,572**

### Products and Services Segmentation (2020)



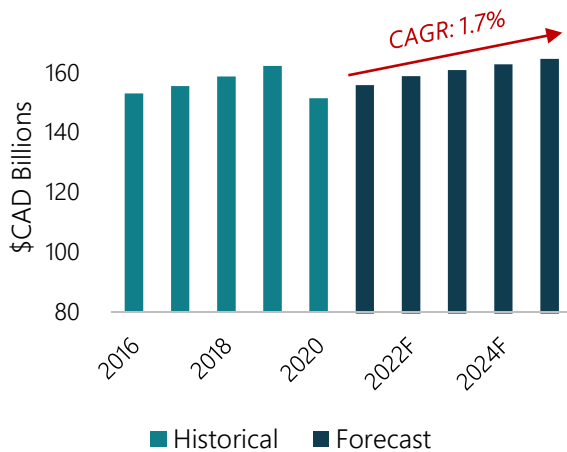
- Restorative
- Surgery
- Orthodontics
- Prevention
- Prosthetics
- Other

# Macroeconomic Indicators

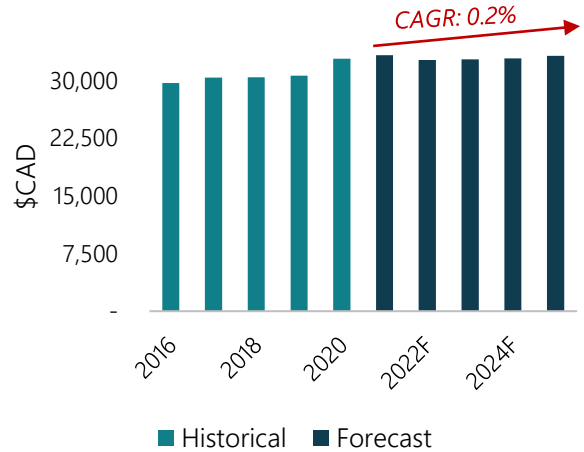
The healthcare industry is affected by a number of key macroeconomic industry growth drivers. Below, we highlight total public and private health care expenditure, per capita disposable income, the aging population in Canada, and national unemployment rates.

Over the next five years, many operators in the Canadian pharmacies and drug stores industry will likely exhibit growth as they expand the scope of their preventive health services. This expansion will likely include providing injections and vaccinations, prescribing medications for patients with minor ailments and providing laboratory services. Industry revenue is forecast to grow an annualized 1.9% to \$51.8 billion over the five years to 2026 as the burgeoning elderly population increases demand for prescriptions to address their chronic illnesses. Lastly, the COVID-19 (coronavirus) pandemic is not expected to affect the industry's performance in the long term and may even boost pharmaceutical sales due to increasing health consciousness across Canada.

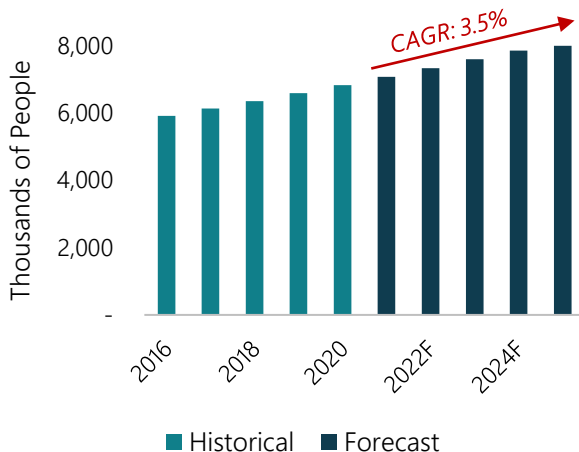
### Total Health Care Expenditure - Canada



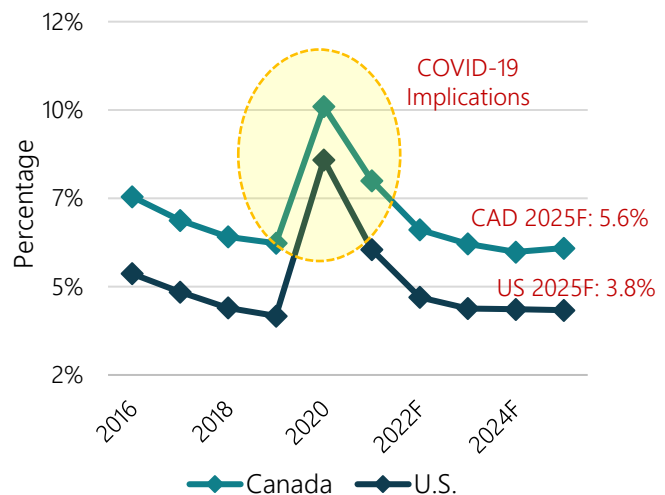
### Per Capita Disposable Income - Canada



### Population Aged Over 65 - Canada



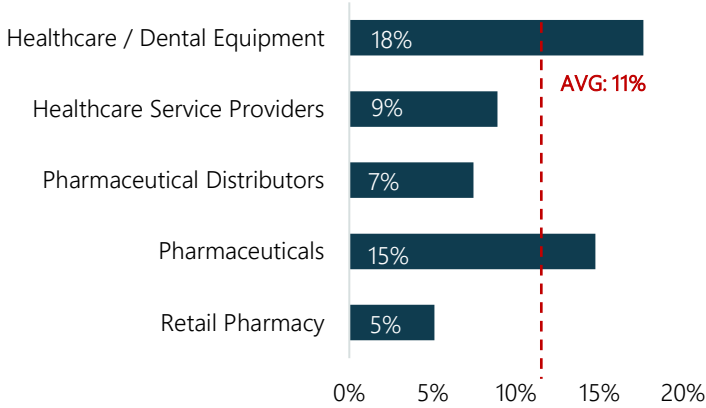
### National Unemployment Rate



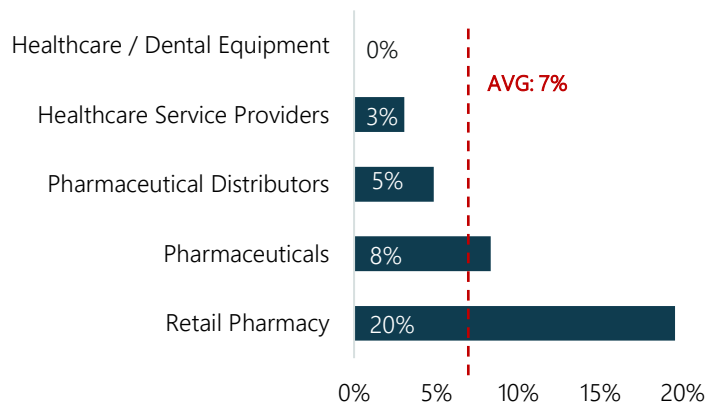
# Public Comparable Analysis

## Growth, Margins & Multiples

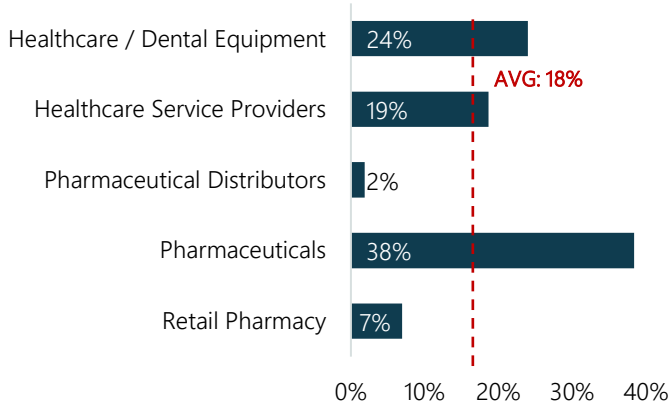
### LTM Revenue Growth



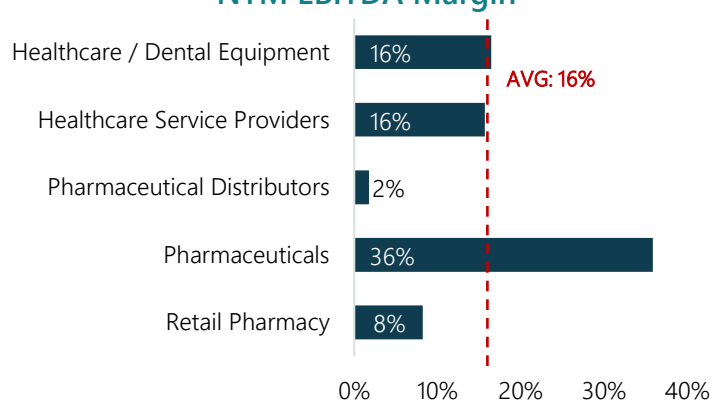
### NTM Revenue Growth



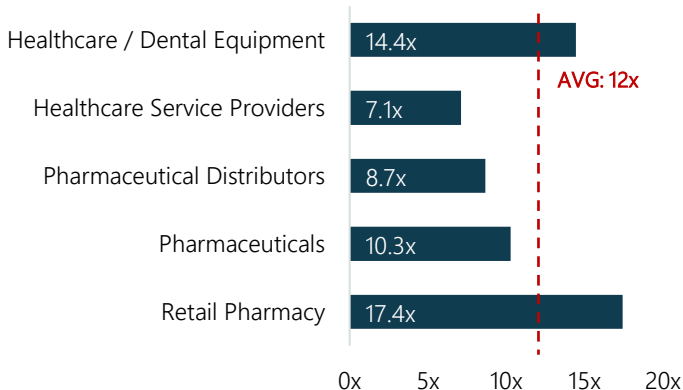
### LTM EBITDA Margin



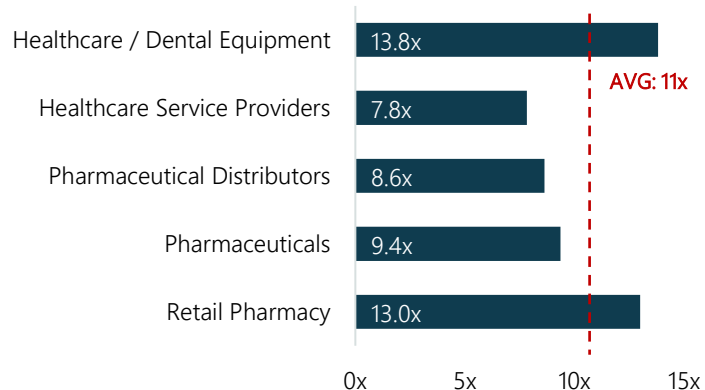
### NTM EBITDA Margin



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of September 30, 2021.

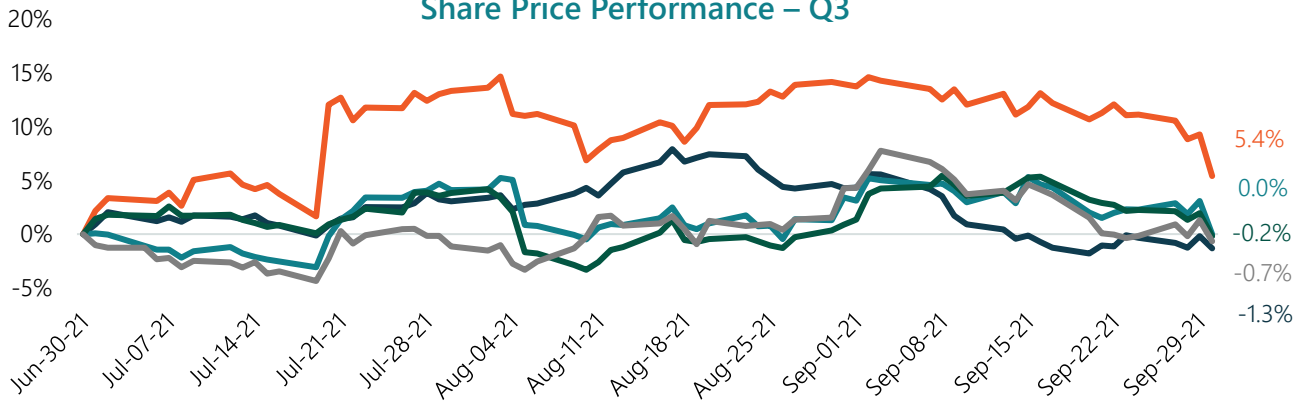
Valuation details provided on page 8.

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

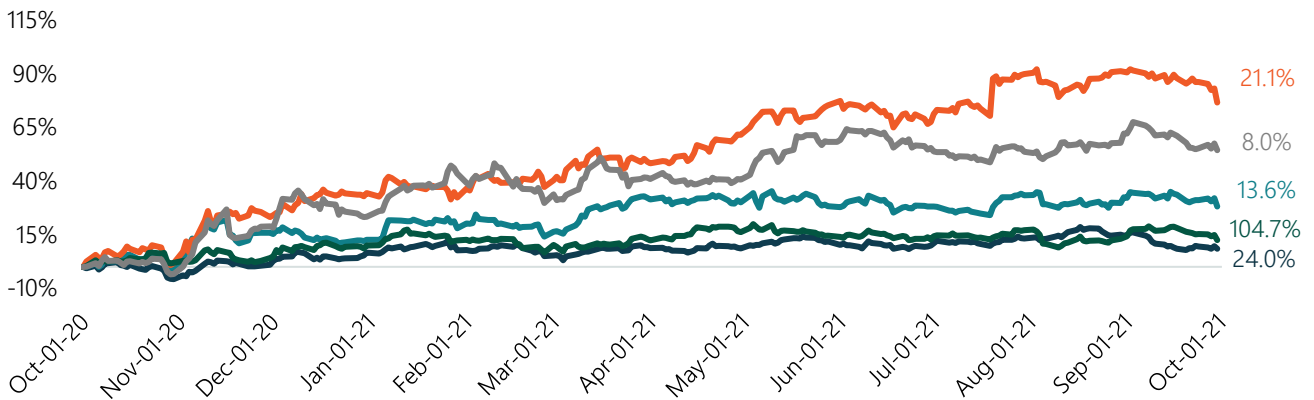
# Public Comparable Analysis

## Performance Analysis

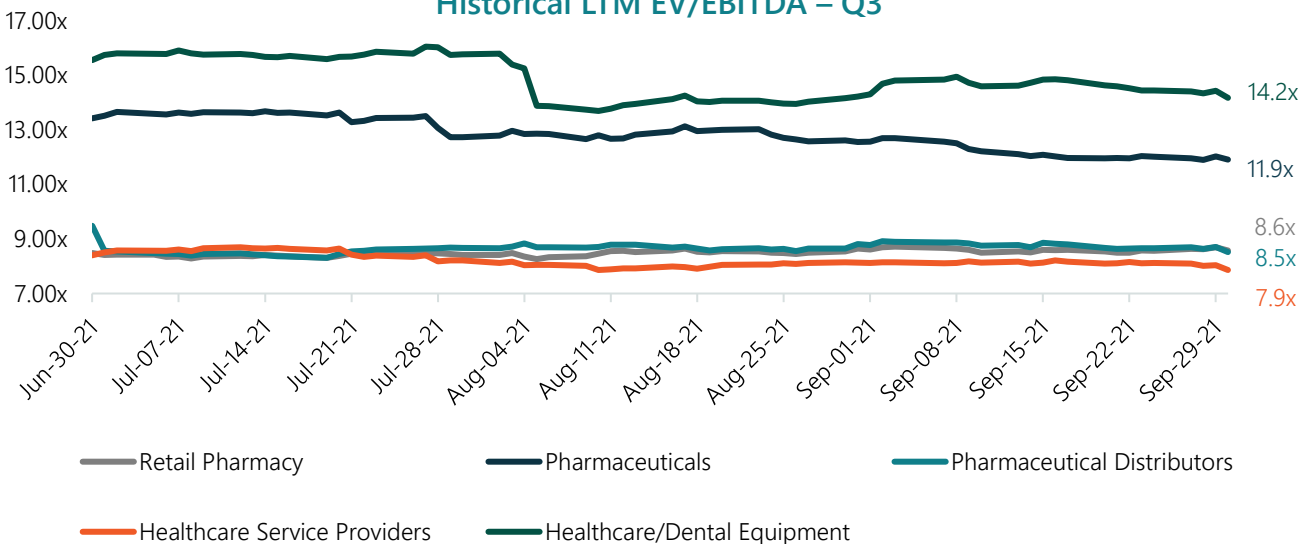
### Healthcare Peer Group Share Price Performance – Q3



### Share Price Performance – LTM



### Historical LTM EV/EBITDA – Q3



Source: Capital IQ. Data as of September 30, 2021.  
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	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	\$141,584	\$229,901	\$343,537	5.4%	\$25,840	7.5%	4.0%	6.3%	10.1x	8.7x	0.7x
Rite Aid Corporation	\$966	\$8,853	\$30,709	4.8%	\$1,585	5.2%	2.1%	1.7%	15.9x	5.6x	0.3x
CareRx Corporation	\$227	\$310	\$187	39.4%	\$12	6.4%	83.7%	10.1%	8.9x	26.1x	1.7x
Neighbourly Pharmacy Inc.	\$1,001	\$1,019	\$337	-	\$38	11.1%	35.1%	12.5%	18.0x	27.2x	3.0x
<b>Median</b>	<b>\$983</b>	<b>\$4,936</b>	<b>\$15,523</b>	<b>5.1%</b>	<b>\$811</b>	<b>6.9%</b>	<b>19.5%</b>	<b>8.2%</b>	<b>13.0x</b>	<b>17.4x</b>	<b>1.2x</b>
<b>Mean</b>	<b>\$35,945</b>	<b>\$60,021</b>	<b>\$93,692</b>	<b>12.4%</b>	<b>\$6,868</b>	<b>7.5%</b>	<b>31.2%</b>	<b>7.7%</b>	<b>13.2x</b>	<b>16.9x</b>	<b>1.4x</b>
<b>Pharmaceuticals</b>											
Johnson & Johnson	\$537,546	\$545,763	\$110,151	10.8%	\$38,235	34.7%	8.3%	35.8%	12.5x	13.9x	4.8x
Merck & Co., Inc.	\$240,399	\$263,193	\$62,420	14.7%	\$25,091	40.2%	0.8%	41.3%	10.2x	10.3x	4.1x
Pfizer Inc.	\$304,897	\$327,420	\$68,568	59.8%	\$26,328	38.4%	59.7%	33.1%	9.2x	12.1x	4.7x
Viatrix Inc.	\$20,718	\$50,939	\$19,332	35.6%	\$7,129	36.9%	12.0%	35.8%	6.4x	7.0x	2.6x
Bausch Health Companies Inc.	\$12,635	\$41,555	\$10,504	4.6%	\$4,128	39.3%	3.4%	40.0%	9.4x	9.9x	3.9x
<b>Median</b>	<b>\$240,399</b>	<b>\$263,193</b>	<b>\$62,420</b>	<b>14.7%</b>	<b>\$25,091</b>	<b>38.4%</b>	<b>8.3%</b>	<b>35.8%</b>	<b>9.4x</b>	<b>10.3x</b>	<b>4.1x</b>
<b>Mean</b>	<b>\$223,239</b>	<b>\$245,774</b>	<b>\$54,195</b>	<b>25.1%</b>	<b>\$20,182</b>	<b>37.9%</b>	<b>16.8%</b>	<b>37.2%</b>	<b>9.5x</b>	<b>10.6x</b>	<b>4.0x</b>
<b>Pharmaceutical Distributors</b>											
Walgreens Boots Alliance, Inc.	\$51,457	\$102,876	\$167,514	8.6%	\$11,424	6.8%	(0.7%)	4.9%	12.5x	9.4x	0.6x
McKesson Corporation	\$38,992	\$48,737	\$303,814	6.2%	\$6,003	2.0%	3.7%	1.9%	8.1x	8.0x	0.2x
AmerisourceBergen Corporation	\$31,382	\$39,233	\$253,140	9.7%	\$4,089	1.6%	13.7%	1.5%	9.2x	9.4x	0.2x
Cardinal Health, Inc.	\$17,745	\$21,932	\$201,285	6.2%	\$3,614	1.8%	6.0%	1.6%	6.3x	5.9x	0.1x
<b>Median</b>	<b>\$35,187</b>	<b>\$43,985</b>	<b>\$227,212</b>	<b>7.4%</b>	<b>\$5,046</b>	<b>1.9%</b>	<b>4.8%</b>	<b>1.8%</b>	<b>8.6x</b>	<b>8.7x</b>	<b>0.2x</b>
<b>Mean</b>	<b>\$34,894</b>	<b>\$53,194</b>	<b>\$231,438</b>	<b>7.7%</b>	<b>\$6,283</b>	<b>3.1%</b>	<b>5.7%</b>	<b>2.5%</b>	<b>9.0x</b>	<b>8.2x</b>	<b>0.2x</b>
<b>Healthcare Service Providers</b>											
HCA Healthcare, Inc.	\$98,248	\$143,153	\$69,400	11.7%	\$16,306	23.5%	5.7%	20.8%	9.2x	8.6x	2.0x
Universal Health Services, Inc.	\$14,543	\$19,361	\$15,128	8.3%	\$2,659	17.6%	3.4%	15.3%	7.9x	7.1x	1.3x
Tenet Healthcare Corporation	\$8,993	\$29,180	\$23,796	9.5%	\$4,703	19.8%	2.8%	16.0%	7.3x	6.1x	1.2x
Community Health Systems, Inc.	\$1,879	\$16,962	\$15,195	1.6%	\$2,350	15.5%	0.1%	14.0%	7.8x	7.1x	1.1x
<b>Median</b>	<b>\$11,768</b>	<b>\$24,271</b>	<b>\$19,496</b>	<b>8.9%</b>	<b>\$3,681</b>	<b>18.7%</b>	<b>3.1%</b>	<b>15.7%</b>	<b>7.8x</b>	<b>7.1x</b>	<b>1.2x</b>
<b>Mean</b>	<b>\$30,916</b>	<b>\$52,164</b>	<b>\$30,880</b>	<b>7.8%</b>	<b>\$6,504</b>	<b>19.1%</b>	<b>3.0%</b>	<b>16.6%</b>	<b>8.0x</b>	<b>7.2x</b>	<b>1.4x</b>
<b>Healthcare/Dental Equipment &amp; Supplies</b>											
Becton, Dickinson and Company	\$89,262	\$107,668	\$24,651	17.6%	\$7,308	29.6%	(3.4%)	26.6%	16.6x	14.4x	4.3x
Baxter International Inc.	\$50,838	\$55,315	\$15,111	6.9%	\$3,624	24.0%	(100.0%)	N/A	15.8x	15.0x	3.6x
DENTSPLY SIRONA Inc.	\$16,041	\$18,647	\$5,044	18.4%	\$1,264	25.1%	7.3%	24.4%	13.8x	14.5x	3.6x
Henry Schein, Inc.	\$13,452	\$16,221	\$14,625	28.1%	\$1,359	9.3%	2.1%	8.5%	12.5x	11.6x	1.1x
Patterson Companies, Inc.	\$3,705	\$4,446	\$7,833	16.2%	\$416	5.3%	(0.2%)	5.1%	10.9x	10.5x	0.6x
<b>Median</b>	<b>\$16,041</b>	<b>\$18,647</b>	<b>\$14,625</b>	<b>17.6%</b>	<b>\$1,359</b>	<b>24.0%</b>	<b>(0.2%)</b>	<b>16.4%</b>	<b>13.8x</b>	<b>14.4x</b>	<b>3.6x</b>
<b>Mean</b>	<b>\$34,660</b>	<b>\$40,459</b>	<b>\$13,453</b>	<b>17.4%</b>	<b>\$2,794</b>	<b>18.7%</b>	<b>(18.8%)</b>	<b>16.2%</b>	<b>13.9x</b>	<b>13.2x</b>	<b>2.6x</b>

Source: Capital IQ. Data as of September 30, 2021.

"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.

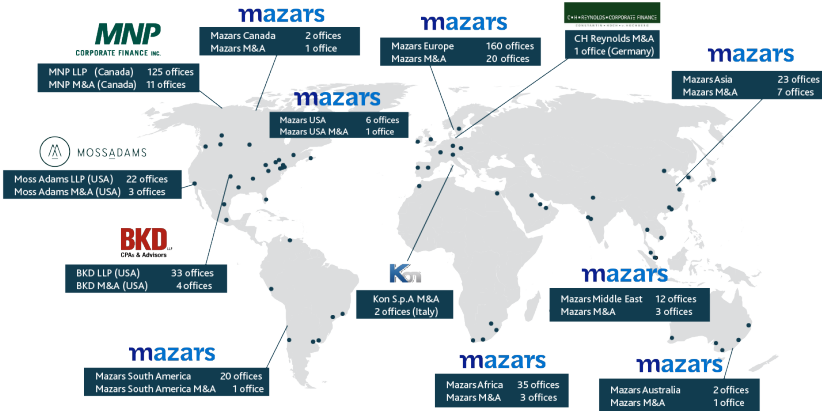
Our typical transactions range in value between \$3 million and \$300 million.

## 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.



**CFxBorder** - Global reach with local relationships  
 Our corporate finance team through CFxBorder 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 five years alone we have completed over 125 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

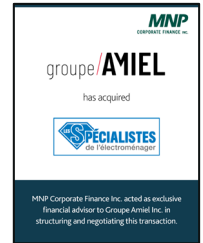
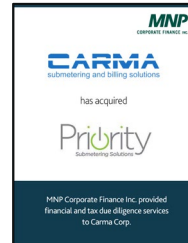
## Hands-on Approach

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.

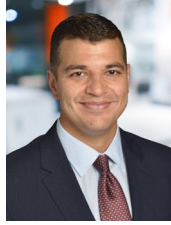
## Recently Closed Deals (National)



## Transaction Leadership



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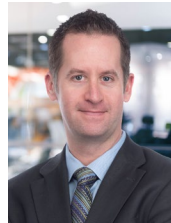


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