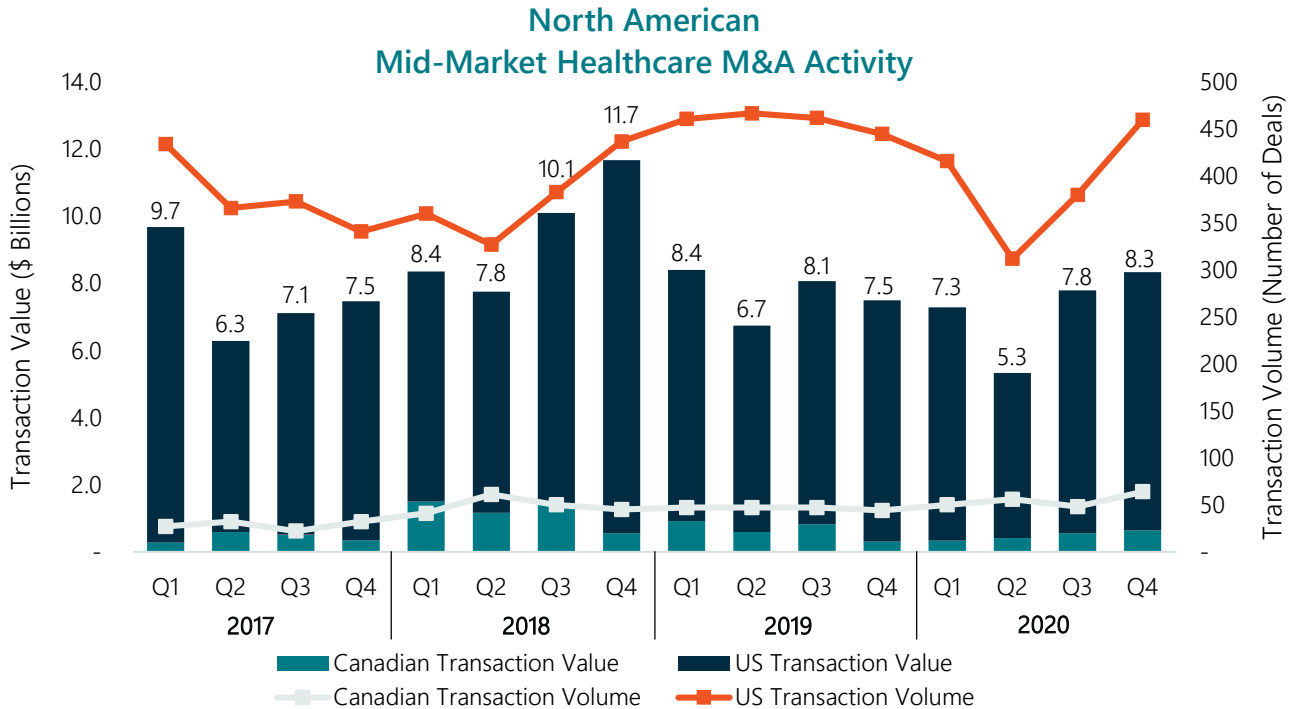


Healthcare Services

Quarterly Update | Q4 2020





Source: Capital IQ. Data as of December 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.

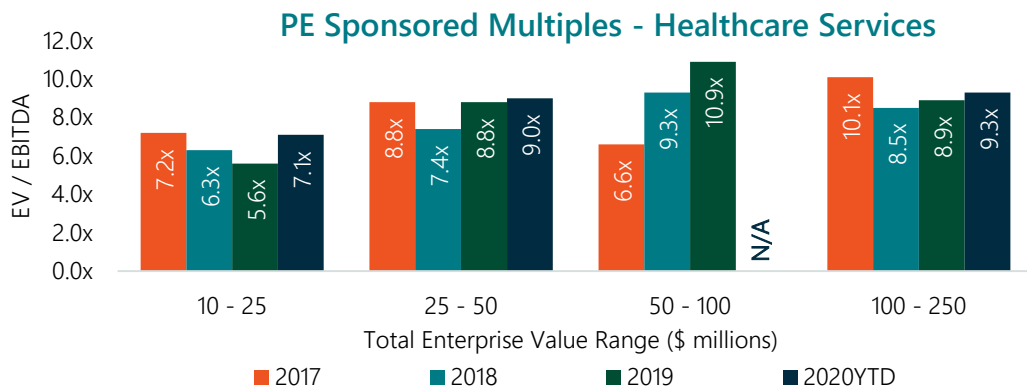
Canadian Transactions
64

Canadian Transaction Value
\$639 million
(+15.3% vs. Q3 2020)

US Transaction Value
\$7.7 billion
(+6.3% vs. Q3 2020)

US Transactions
460

Healthcare merger and acquisition (M&A) activity in the fourth quarter of 2020 exceeded \$8.3 billion in disclosed transaction value across 524 deals in Canada and the US. The average deal size among disclosed transactions was \$15.9 million, a slight decline from \$18.2 million in the third quarter of 2020. In Canada, the top Healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (16), healthcare technology (13), healthcare services (11) and drug retail (9). Together, these sub-sectors accounted for over 77% of Canadian Healthcare deal volume. In 2020, industry EV/EBITDA multiples (based on private equity transactions listed below) increased 27% from the previous year and averaged a multiple of 7.1x for lower mid-market transaction values (10 – 25 million range).



Source: GF Data. Data as of November 2020.

Select Recent M&A Transactions



Closed	Nov. 16, 2020
Structure	All-stock
TEV/EBITDA	9.7x (Dec-31)
Location (Vendor)	Pennsylvania, USA

- Viatris Inc. (NasdaqGS:VTRS) formed from the merger of Pfizer's global off-patent drug business, Upjohn Inc., with generic drug manufacturer Mylan. Transaction was initially announced in July 2019.
- Pfizer shareholders will own 57% of the combined company while Mylan's stockholders will get a 43% stake in the new entity.
- Viatris will maintain brands such as EpiPen and Lipitor.



DRUG MART

acquired

FOREWEST HOLDINGS INC.

Closed	Oct. 28, 2020
TEV	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Langley, BC

- Rx Drug Mart, a portfolio company of Persistence Capital Partners, has acquired Forewest Holdings Inc., an operator of 35 pharmacy locations in British Columbia and Alberta.
- The acquisition increased Rx Drug Mart's total pharmacy locations by 37%, further strengthening its presence in Western Canada.
- Of the 35 pharmacies acquired, Rx Drug Mart fully owns 14 and holds equal or majority interests in the remaining 21.
- Rx Drug Mart network of independent pharmacies across Canada total 131 locations with 1,600 employees.



acquired



Closed	Jan. 4, 2021
Consideration	\$4.75 million
Location (Vendor)	Toronto, ON

Closed	Dec. 8, 2020
Consideration	\$6.75 million
Location (Vendor)	Montreal, QC

Closed	Nov. 11, 2020
Consideration	\$31 million (60%)
Location (Vendor)	Vancouver, BC

Closed	Nov. 1, 2020
Consideration	\$35.8 million
Location (Vendor)	Toronto, ON

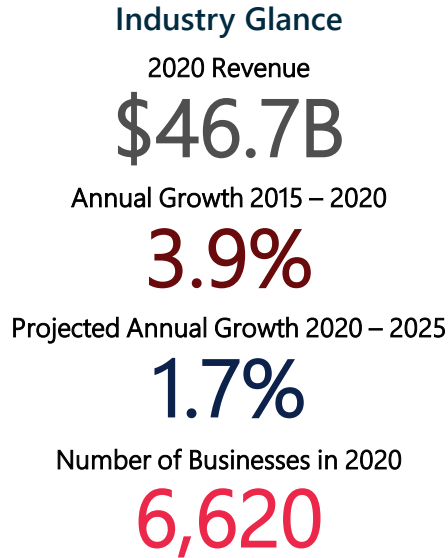
Closed	Nov. 1, 2020
Consideration	\$1.1 million (51%)
Location (Vendor)	Coquitlam, BC

- WELL Health Technologies Corp. (TSX:WELL) is an omni-channel digital health company providing electronic medical records (EMR) software services, telehealth services and cybersecurity related solutions. It also owns and operates 20 medical clinics, providing digital EMR software and services to approximately 2,000 medical clinics across Canada. The Company engaged in five healthcare related acquisitions over the past quarter.
- October 2020: the Company had completed a bought deal public offering of common shares for gross proceeds totalling over \$80.5 million. The use of net financing proceeds was specified for inorganic growth, acquisition of additional clinical and digital assets, and for general working capital.

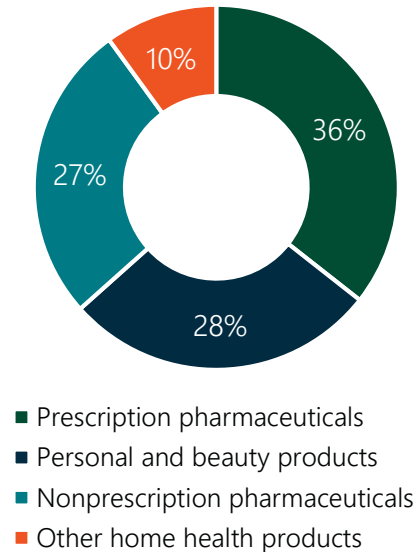
Industry Overview

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.

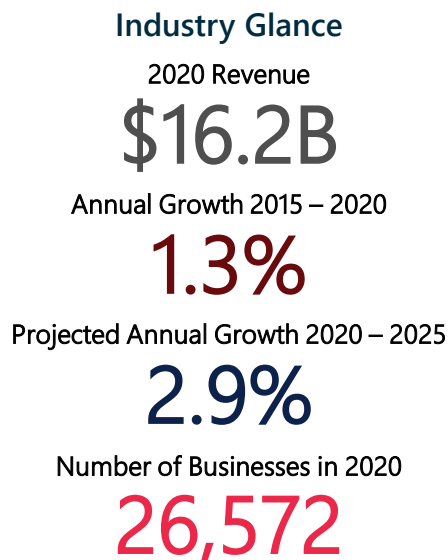


Products and Services Segmentation (2020)

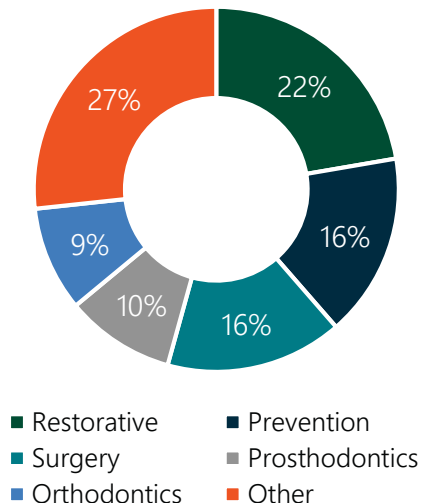


Dentistry in Canada

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



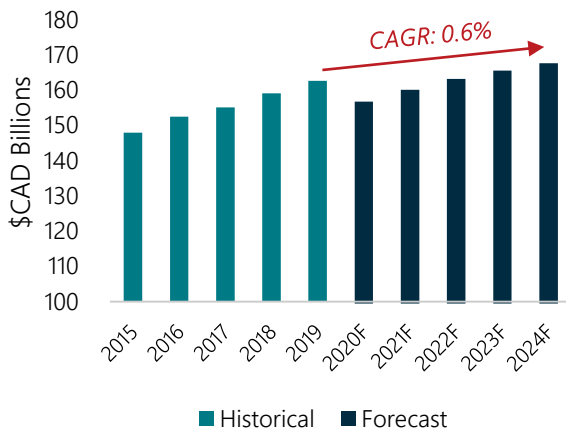
Products and Services Segmentation (2020)



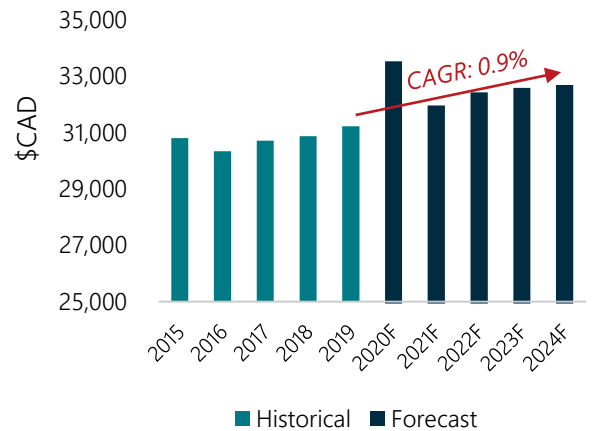
Macroeconomic Indicators

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.

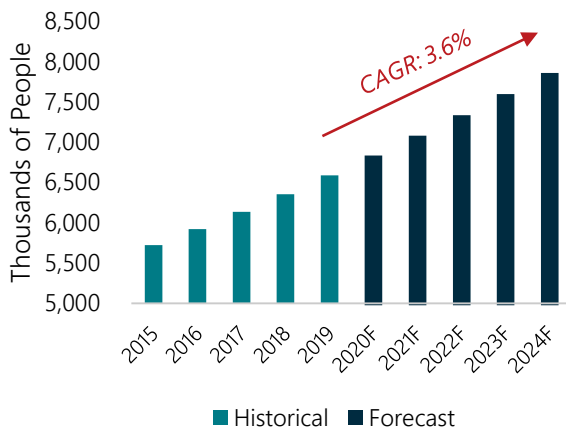
Total Health Expenditure - Canada



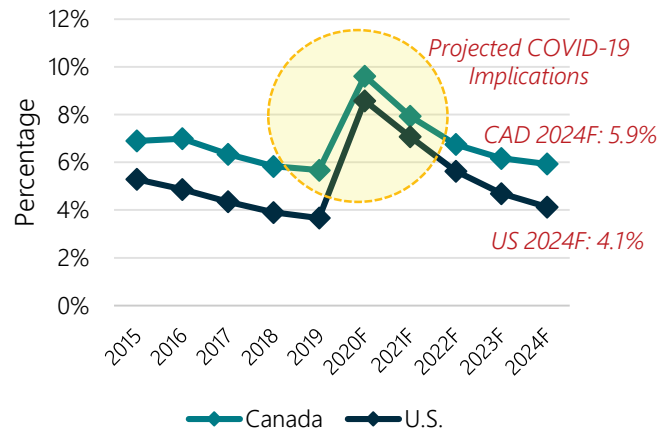
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



National Unemployment Rate

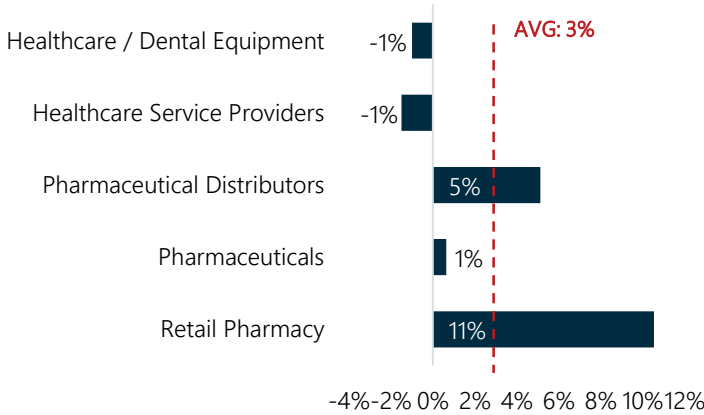


Source: IBISWorld Business Environment Reports.
"F" indicates forecast. "CAGR" indicates compound annual growth rates.

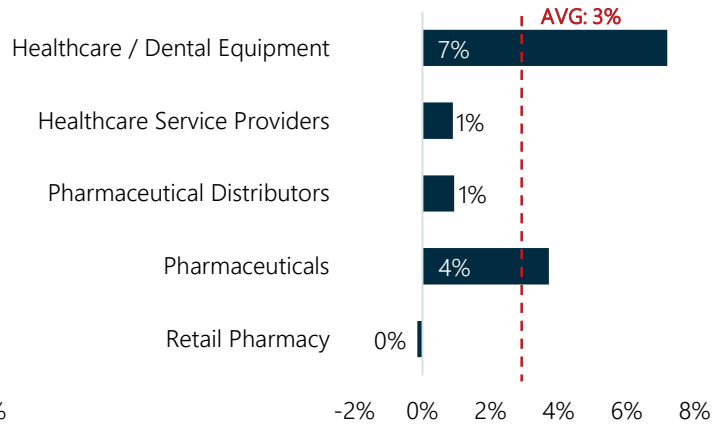
Public Comparable Analysis

Growth, Margins & Multiples

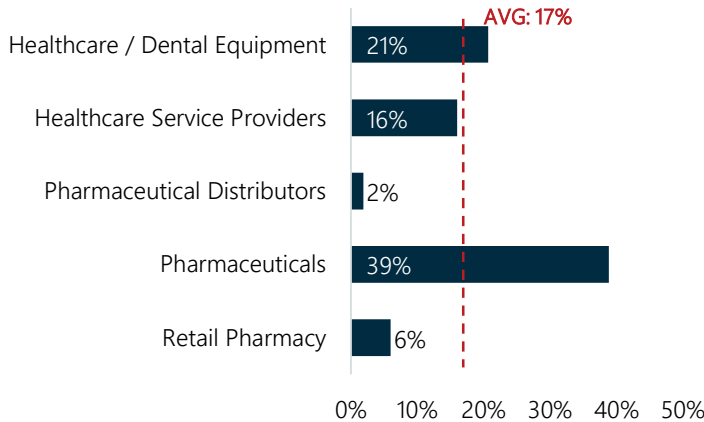
LTM Revenue Growth



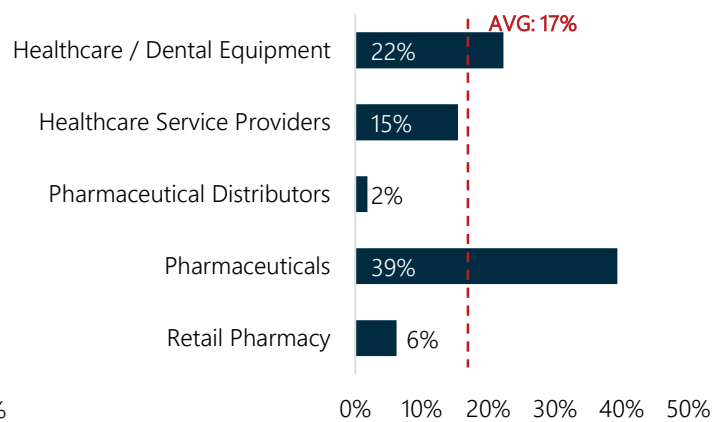
NTM Revenue Growth



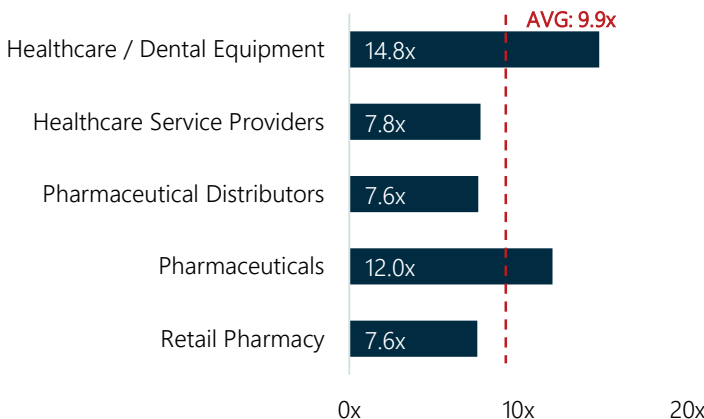
LTM EBITDA Margin



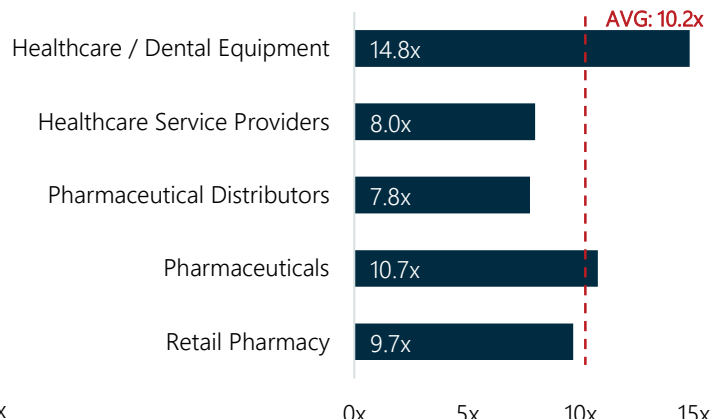
NTM EBITDA Margin



LTM EV/EBITDA



NTM EV/EBITDA

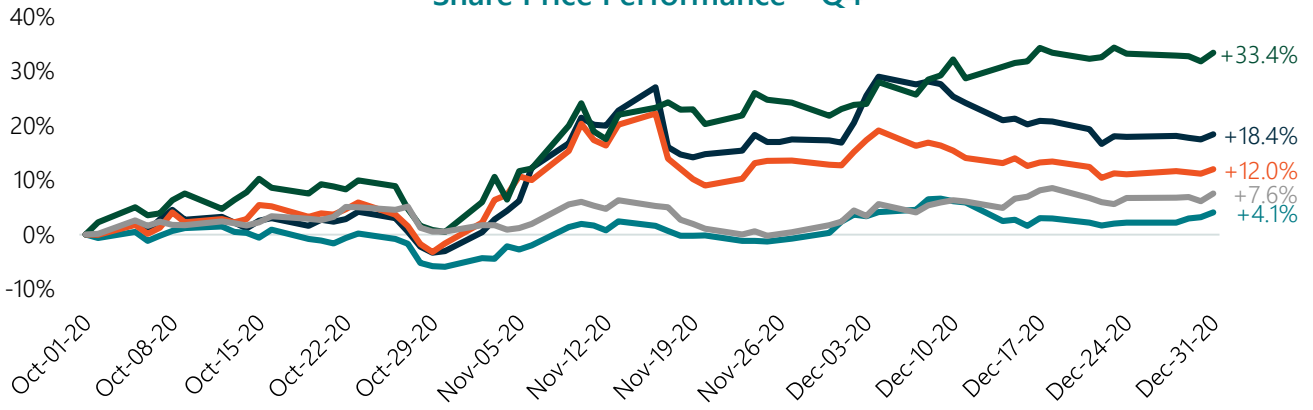


Source: Capital IQ. Data as of December 31, 2020.

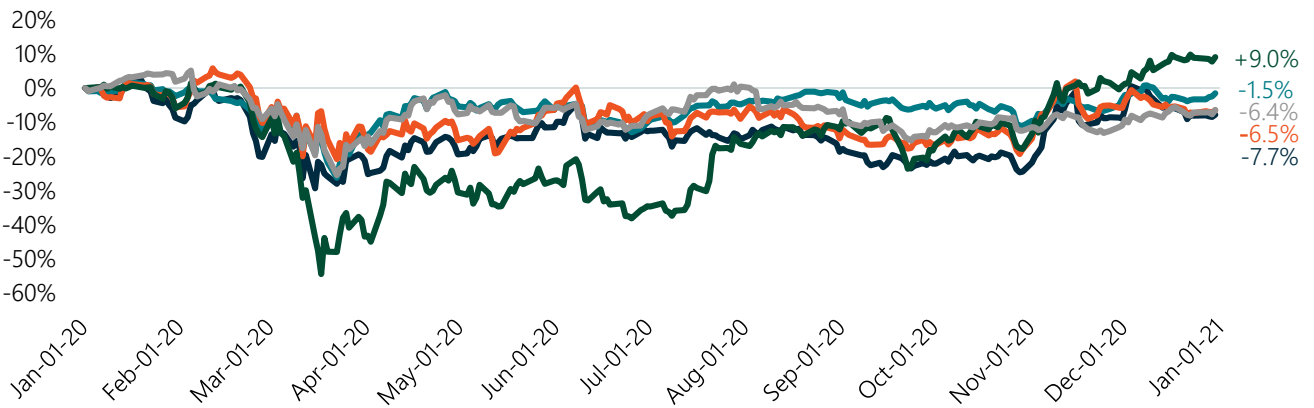
Valuation details provided on page 8.

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

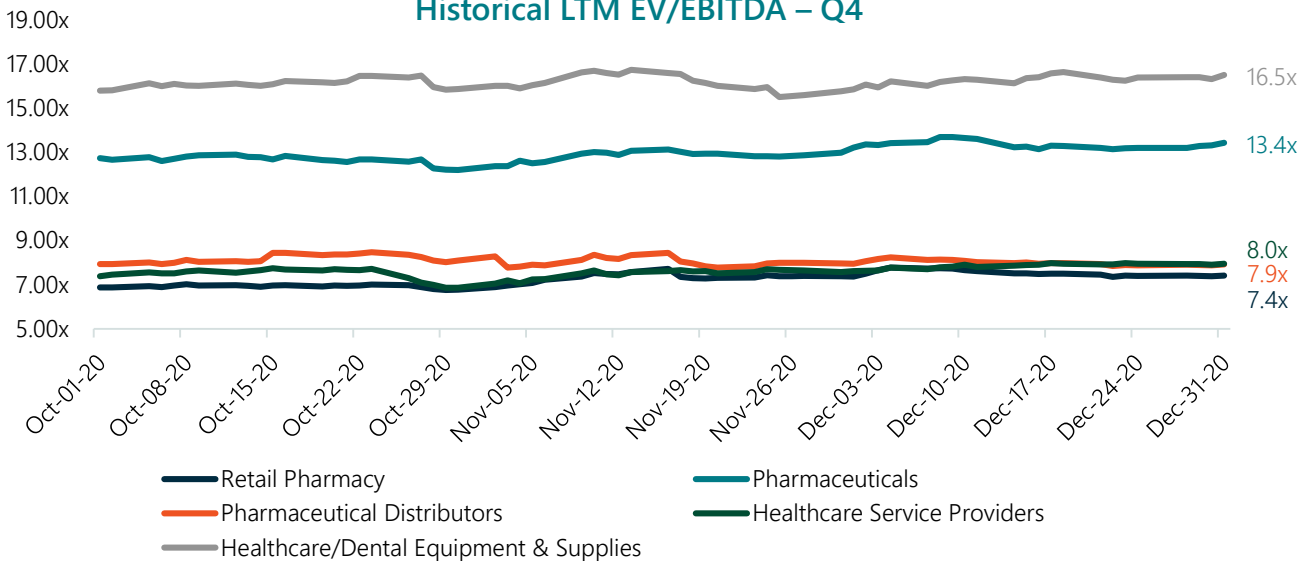
Healthcare Peer Group Share Price Performance – Q4



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q4



Source: Capital IQ. Data as of December 31, 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	Revenue Growth	EBITDA	EBITDA Margin	Revenue Growth	EBITDA Margin	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$113,912	\$210,103	\$353,452	9.0%	\$29,027	8.2%	(0.5%)	6.2%	9.7x	7.6x	0.6x
Rite Aid Corporation	\$1,078	\$9,157	\$30,964	10.5%	\$1,841	5.9%	(0.1%)	2.1%	14.2x	5.0x	0.3x
CareRx Corporation	\$94	\$161	\$148	21.1%	\$7	4.7%	32.2%	10.2%	8.3x	23.2x	1.1x
Median	\$1,078	\$9,157	\$30,964	10.5%	\$1,841	5.9%	(0.1%)	6.2%	9.7x	7.6x	0.6x
Mean	\$38,361	\$73,140	\$128,188	13.5%	\$10,291	6.3%	10.5%	6.1%	10.7x	11.9x	0.7x
Pharmaceuticals											
Johnson & Johnson	\$527,913	\$536,803	\$105,229	0.6%	\$34,363	32.7%	8.8%	34.1%	14.2x	15.5x	5.2x
Merck & Co., Inc.	\$263,704	\$291,053	\$63,083	3.0%	\$25,323	40.1%	3.7%	41.4%	10.7x	12.0x	4.8x
Pfizer Inc.	\$260,707	\$328,073	\$65,240	(8.3%)	\$26,195	40.2%	0.0%	39.3%	12.7x	13.2x	5.3x
Viartis Inc.	\$28,654	\$43,646	\$15,341	1.1%	\$4,719	30.8%	46.5%	38.1%	5.1x	9.7x	3.0x
Bausch Health Companies Inc.	\$9,410	\$39,270	\$10,709	(5.4%)	\$4,156	38.8%	0.3%	40.2%	9.3x	9.9x	3.8x
Median	\$260,707	\$291,053	\$63,083	0.6%	\$25,323	38.8%	3.7%	39.3%	10.7x	12.0x	4.8x
Mean	\$218,078	\$247,769	\$51,920	(1.8%)	\$18,951	36.5%	11.9%	38.6%	10.4x	12.0x	4.4x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$44,002	\$96,501	\$183,846	3.0%	\$10,066	5.5%	0.7%	4.8%	11.1x	8.3x	0.5x
McKesson Corporation	\$35,582	\$45,882	\$312,028	5.5%	\$6,361	2.0%	0.6%	1.9%	7.9x	7.5x	0.2x
AmerisourceBergen Corporation	\$25,443	\$25,671	\$253,005	5.7%	\$3,477	1.4%	1.2%	1.3%	7.6x	7.7x	0.1x
Cardinal Health, Inc.	\$20,025	\$25,118	\$206,043	4.7%	\$3,575	1.7%	1.1%	1.8%	6.8x	7.3x	0.1x
Median	\$30,513	\$35,776	\$229,524	5.1%	\$4,968	1.9%	0.9%	1.8%	7.8x	7.6x	0.1x
Mean	\$31,263	\$48,293	\$238,731	4.7%	\$5,870	2.7%	0.9%	2.4%	8.4x	7.7x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$70,908	\$106,895	\$67,634	1.3%	\$14,013	20.7%	1.8%	19.4%	8.0x	8.0x	1.7x
Universal Health Services, Inc.	\$14,888	\$18,604	\$15,146	1.2%	\$2,664	17.6%	(0.0%)	15.4%	8.0x	7.3x	1.3x
Tenet Healthcare Corporation	\$5,369	\$24,215	\$23,357	(4.2%)	\$3,358	14.4%	4.8%	15.4%	6.7x	7.5x	1.1x
Community Health Systems, Inc.	\$1,089	\$16,699	\$15,928	(10.6%)	\$1,851	11.6%	(2.2%)	13.4%	8.4x	9.4x	1.1x
Median	\$10,128	\$21,409	\$19,643	(1.5%)	\$3,011	16.0%	0.9%	15.4%	8.0x	7.8x	1.2x
Mean	\$23,063	\$41,603	\$30,517	(3.1%)	\$5,471	16.1%	1.1%	15.9%	7.8x	8.1x	1.3x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$92,732	\$112,521	\$22,806	(1.0%)	\$6,402	28.1%	7.2%	29.6%	15.6x	18.4x	5.2x
Baxter International Inc.	\$52,227	\$55,836	\$15,363	3.4%	\$3,952	25.7%	(0.5%)	22.2%	16.4x	14.8x	3.8x
DENTSPLY SIRONA Inc.	\$14,581	\$15,934	\$4,492	(15.2%)	\$929	20.7%	8.1%	22.5%	14.8x	17.9x	3.7x
Henry Schein, Inc.	\$12,164	\$14,450	\$12,904	(1.7%)	\$1,157	9.0%	8.1%	8.6%	12.2x	13.1x	1.2x
Patterson Companies, Inc.	\$3,594	\$4,439	\$7,285	(0.7%)	\$446	6.1%	3.6%	5.5%	10.8x	10.3x	0.6x
Median	\$14,581	\$15,934	\$12,904	(1.0%)	\$1,157	20.7%	7.2%	22.2%	14.8x	14.8x	3.7x
Mean	\$35,060	\$40,636	\$12,570	(3.1%)	\$2,577	17.9%	5.3%	17.7%	14.0x	14.9x	2.9x

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



CFxBorder - Global Reach with Local Relationships
Our corporate finance team through CFxB consists of 170 plus M&A professionals in more than 30 countries

Services

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

Recently Closed Deals (National)

has acquired all capital stock of

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

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Main Line Industries Ltd. in structuring and registering this transaction.

has acquired all of the capital stock of

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

has acquired

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

has acquired

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

has acquired

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

has acquired

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

has acquired

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

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Oxy-ARC International Inc. in structuring and negotiating this transaction.

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 six 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
- Healthcare
- 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)

ON SIDE RESTORATION
has acquired
NCR
Northern Capital Restorations

MNP Corporate Finance Inc. acted as exclusive financial advisor to Northern Capital Restorations & Construction Ltd. in structuring and negotiating this transaction.

EDMONTON PHARMACY GROUP #
has acquired
ARP PHARMACY
CASTLEDOWNS ARP PHARMACY

MNP Corporate Finance Inc. acted as exclusive financial advisor to Ken2 Investments Ltd. (via Castledowns ARP Pharmacy) in structuring and negotiating this transaction.

Jan Nelson and Andrew Windsor
have acquired
Maverick
ESTATE WINERY

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

Greyrock Capital Inc.
has acquired
EMERSON MILLING INC.

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

MEDSPA PARTNERS
a portfolio company of
Pinnacle Capital Partners
has acquired
DSHI

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

A Confidential Buyer
has acquired
Hayes Management Ltd.

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

MST SERVICES
has acquired
orb
solutions
for the helping professionals

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

SupremeX
has acquired
ROYAL ENVELOPE LTD.

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

CARBON 60
THE MANAGED CLOUD COMPANY
has acquired
cirrus

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

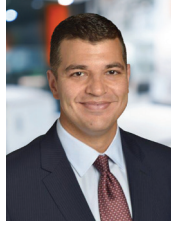
GLBH
has acquired
ELRUS
AGGREGATE SYSTEMS

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

Transaction Leadership



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