



# HEALTHCARE SERVICES

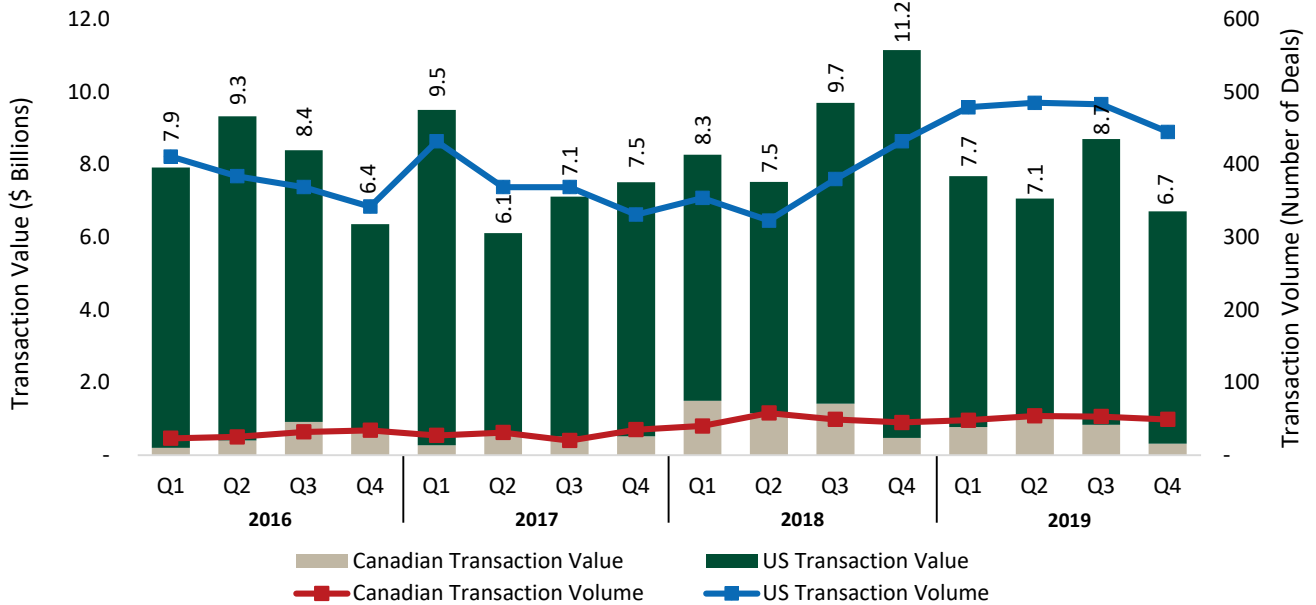
QUARTERLY UPDATE

Q4 2019

# M&A OVERVIEW

## TRANSACTIONS & PERFORMANCE

### MID-MARKET HEALTHCARE M&A ACTIVITY



Capital IQ - Data as of December 31, 2019.

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  
**49**

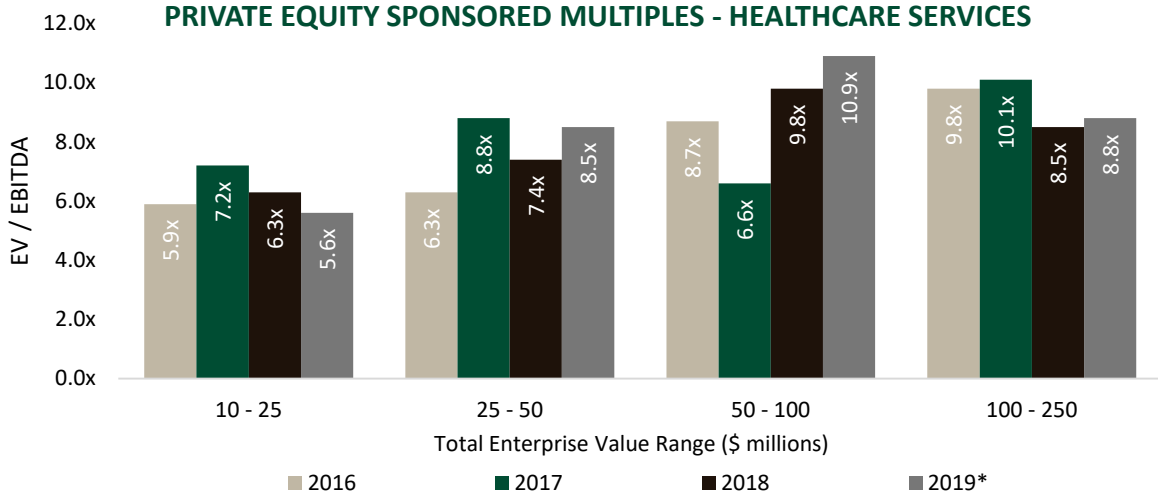
Canadian Transaction Value  
**\$318 million**  
*(-62.0% vs. Q3 2019)*

US Transaction Value  
**\$6.4 billion**  
*(-18.8% vs. Q3 2019)*

US Transactions  
**445**

Healthcare M&A activity in the fourth quarter of 2019 exceeded \$6.7 billion in disclosed transaction value across 494 deals in Canada and the US. 2019 has seen a carry-over of the robust M&A activity that the Healthcare industry has become accustomed to in recent years. Strategic and financial acquirers are positioning themselves to compete more effectively via inorganic growth strategies through mergers or takeovers, often pursuing targets that will either enhance their service offerings or expand their geographical presence.

### PRIVATE EQUITY SPONSORED MULTIPLES - HEALTHCARE SERVICES



Sources: GF Data - Data as of November 30, 2019.

# SELECT QUARTERLY M&A TRANSACTIONS



acquired



<b>Closed</b>	Dec. 4, 2019
<b>TEV</b>	Undisclosed
<b>TEV/EBITDA</b>	Undisclosed
<b>Location (Vendor)</b>	Saint-Laurent, QC

- This transaction advances TELUS Health’s LivingWell Companion brand, which leverages technology to give Canadian seniors and their caregivers the peace of mind they need to continue living active lives and stay at home for longer.
- DirectAlert provides bilingual personal emergency response services tailored towards senior citizens. The company has over 15 years of experience developing and manufacturing personal medical alert systems and wearable devices.



acquired



<b>Closed</b>	Dec. 3, 2019
<b>TEV</b>	Undisclosed
<b>TEV/EBITDA</b>	Undisclosed
<b>Location (Vendor)</b>	Calgary, AB

- FYi Eye Care Service and Products Inc., an optometrist-owned eye care company, has expanded into the growing field of medical aesthetics.
- Well known under its trademark name, FYidoctors, the company has executed a growing footprint across Canada, adding 70 new locations in 2019 alone.
- ReNue operates medical aesthetics clinics in Calgary and Airdrie, AB. FYi is seeking to replicate their success in consolidating independent optometrists by providing backend support and expertise to help bring medical aesthetics clinics together.



acquired



Grand Medicine Pharmacy

<b>Closed</b>	Nov. 15, 2019
<b>TEV</b>	Undisclosed
<b>TEV/EBITDA</b>	Undisclosed
<b>Location (Vendor)</b>	Hodgson, MB



**MNP Corporate Finance** acted as exclusive financial advisor to Grand Medicine Pharmacy in structuring and negotiating this transaction.

- Grand Medicine Pharmacy is located in Hodgson, MB. The transaction allowed the shareholder and staff to continue employment in the business post transaction.
- Rubicon Pharmacies operates more than 100 pharmacies across Western Canada. This was Rubicon’s fourth pharmacy acquisition in 2019.

## A Private Purchaser

acquired



<b>Closed</b>	Oct. 15, 2019
<b>TEV</b>	Undisclosed
<b>TEV/EBITDA</b>	Undisclosed
<b>Location (Vendor)</b>	Winnipeg, MB



**MNP Corporate Finance** acted as exclusive financial advisor to Osborne Village Pharmacy in structuring and negotiating this transaction.

- Osborne Village Pharmacy was an independently operated pharmacy located centrally in Winnipeg, MB.
- The purchaser was a local pharmacist, dedicated to continued care and service to patients in Winnipeg and surrounding communities.

Source: Capital IQ and Pitchbook  
TEV refers to total enterprise value.  
Unless otherwise denoted, all figures are in \$CAD.

# 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

2019 Revenue

**\$44.6B**

Annual Growth 2014 – 2019

**4.4%**

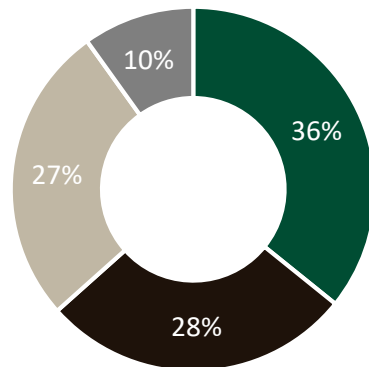
Projected Annual Growth 2019 – 2024

**2.0%**

Number of Businesses in 2019

**7,019**

### PRODUCTS AND SERVICES SEGMENTATION (2019)



- Prescription pharmaceuticals
- Personal and beauty products
- Nonprescription pharmaceuticals
- Other home health products

## DENTISTRY IN CANADA

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

### INDUSTRY GLANCE

2019 Revenue

**\$15.7B**

Annual Growth 2014 – 2019

**2.3%**

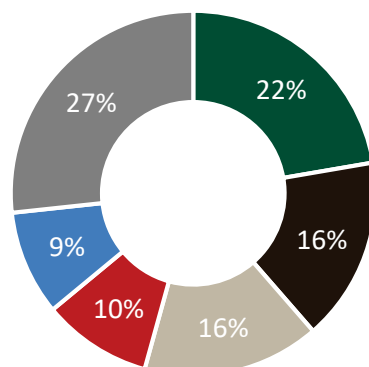
Projected Annual Growth 2019 – 2024

**2.1%**

Number of Businesses in 2019

**26,634**

### PRODUCTS AND SERVICES SEGMENTATION (2019)

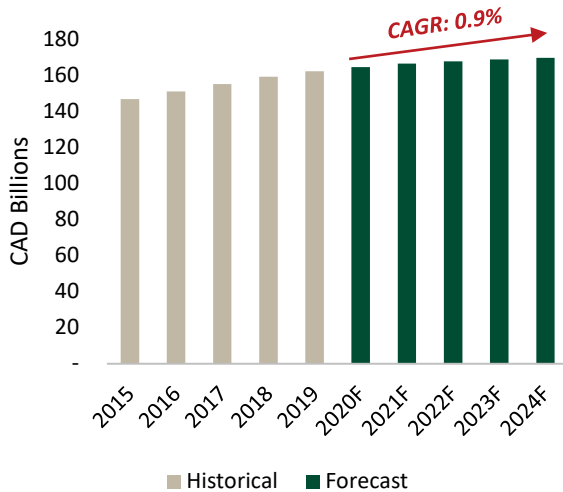


- Restorative
- Prevention
- Surgery
- Prosthodontics
- Orthodontics
- Other

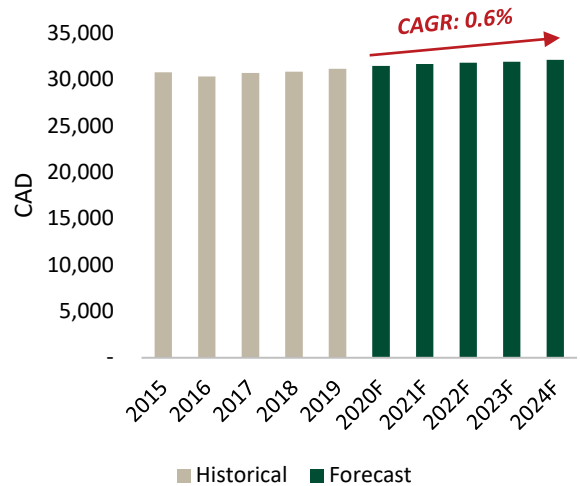
# MACROECONOMIC INDICATORS

The healthcare industry is affected by a number of key macroeconomic industry growth drivers. Below, we highlight total public and private health expenditure, per capita disposable income, national unemployment rates and the aging population in Canada. According to economic trend projections, the forecast is positive for each indicator over the next five years, supporting the view of continuing industry stability and growth.

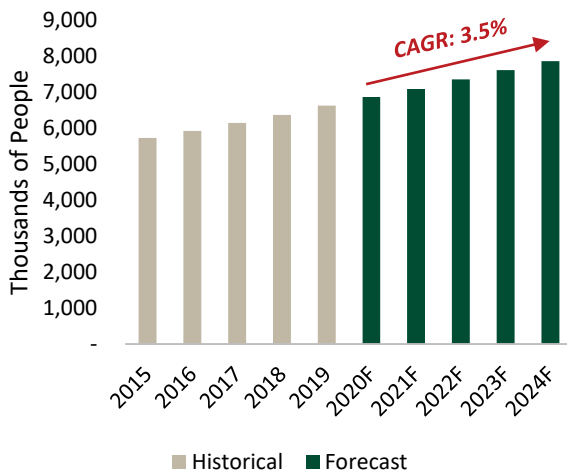
**TOTAL HEALTH EXPENDITURE - CANADA**



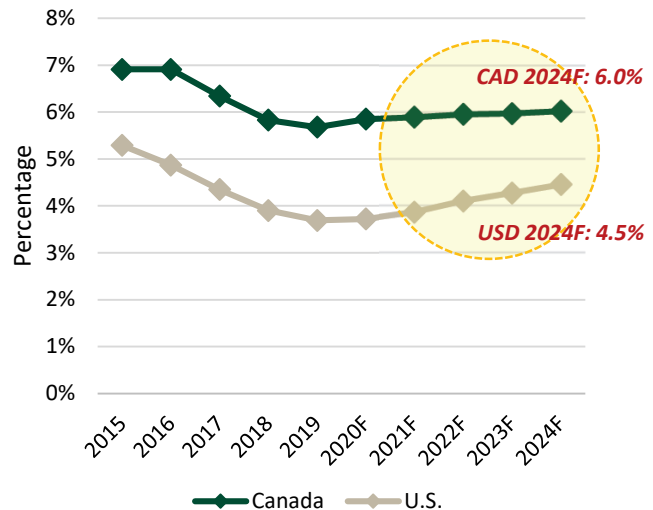
**PER CAPITA DISPOSABLE INCOME - CANADA**



**POPULATION AGED OVER 65 - CANADA**



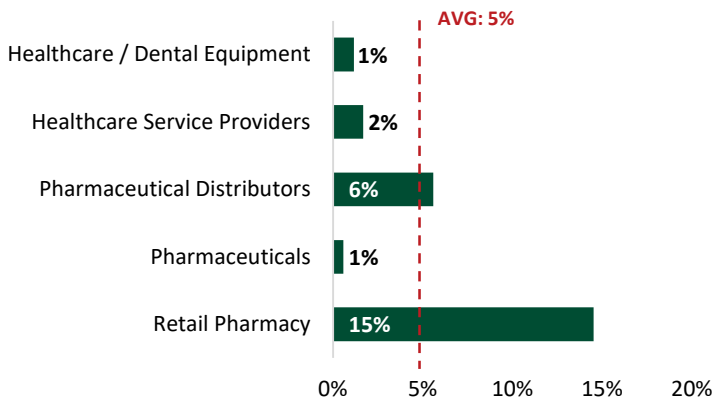
**NATIONAL UNEMPLOYMENT RATE**



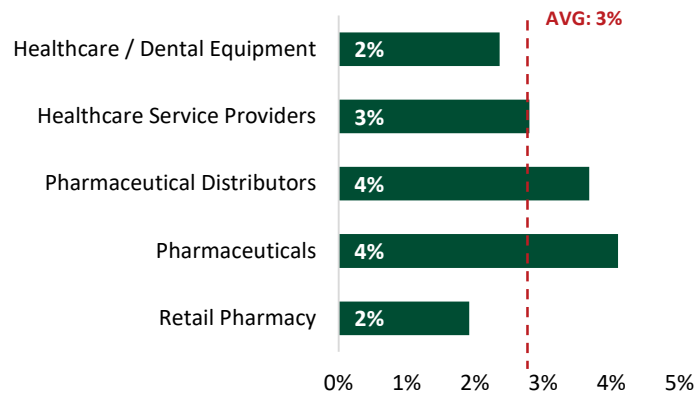
# PUBLIC COMPARABLE ANALYSIS

## GROWTH, MARGINS & MULTIPLES

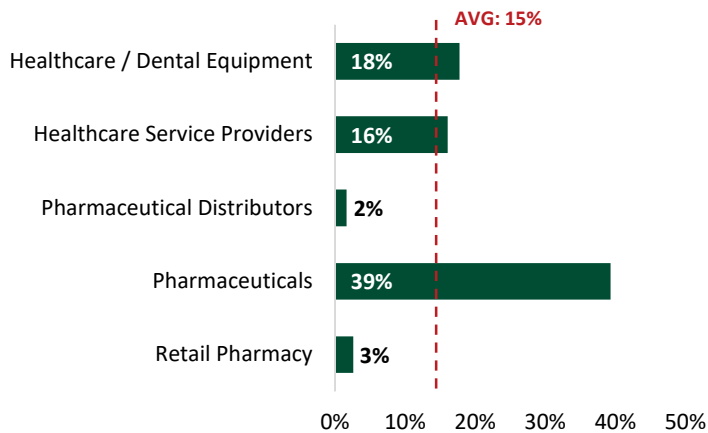
### LTM REVENUE GROWTH



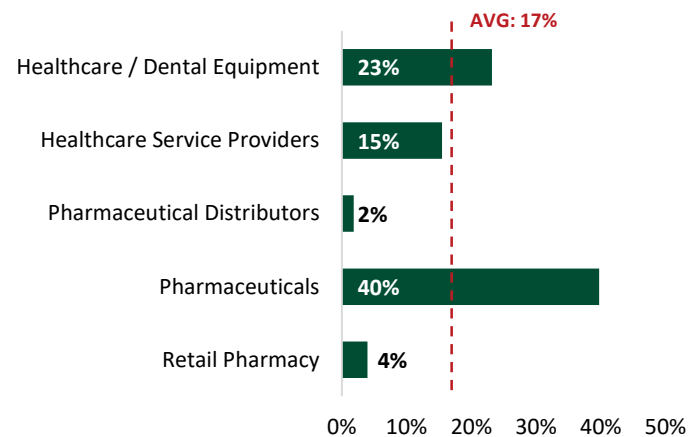
### NTM REVENUE GROWTH



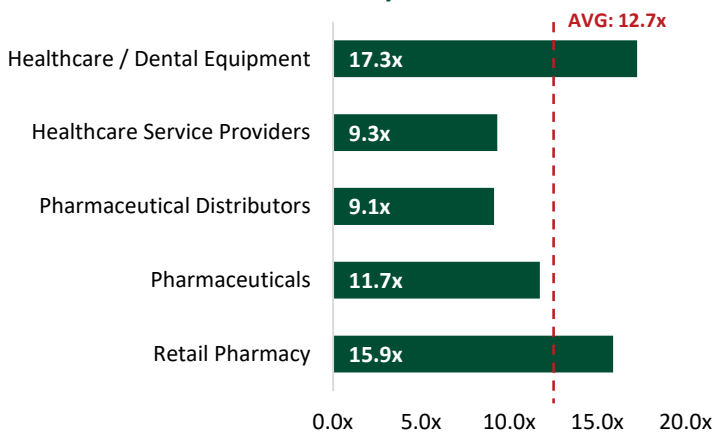
### LTM EBITDA MARGIN



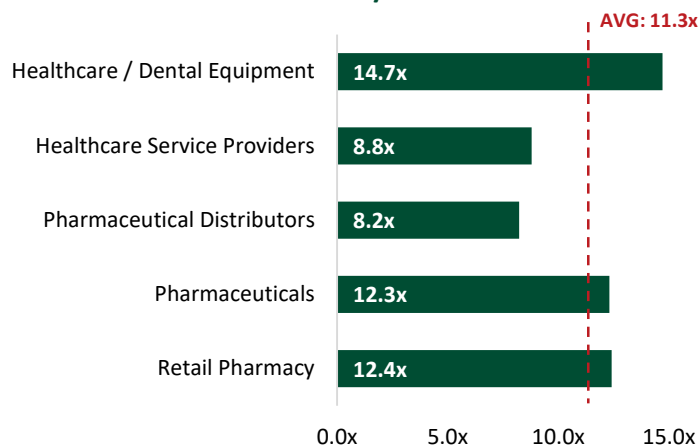
### NTM EBITDA MARGIN



### LTM EV/EBITDA



### NTM EV/EBITDA



Source: Capital IQ. Data as of December 31, 2019.

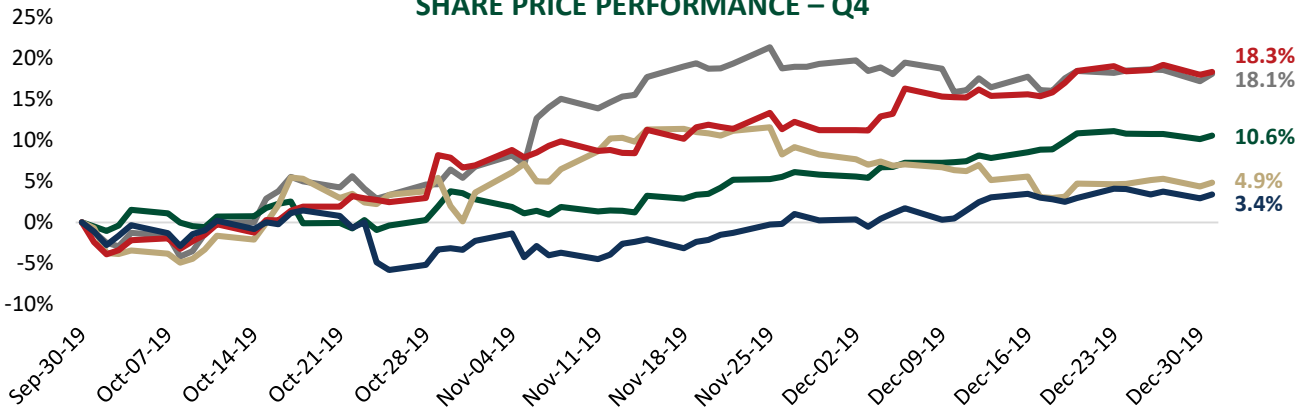
Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 7.

LTM refers to last twelve months. NTM refers to next twelve months. Figures above are based on median peer group metrics.

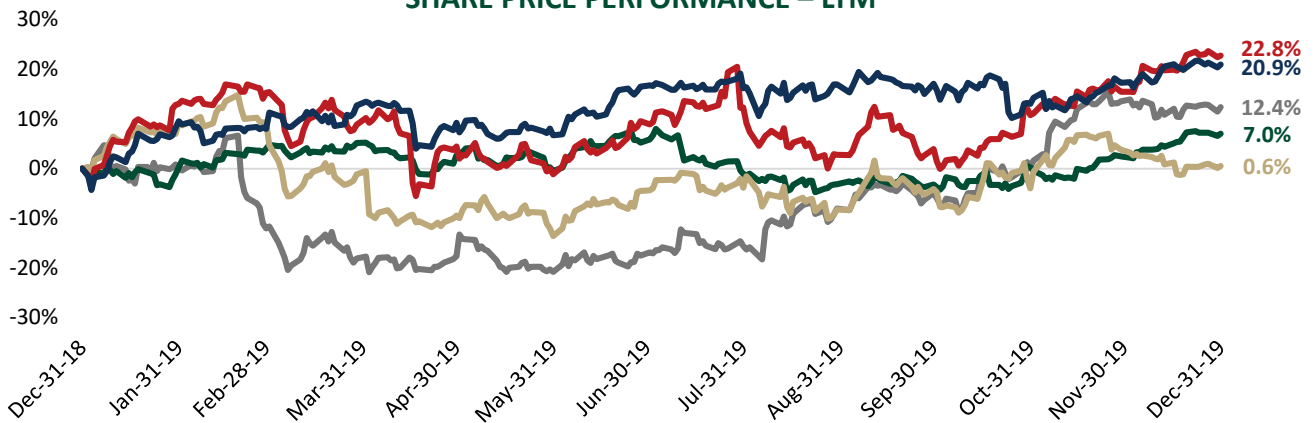
# PUBLIC COMPARABLE ANALYSIS

## PERFORMANCE ANALYSIS

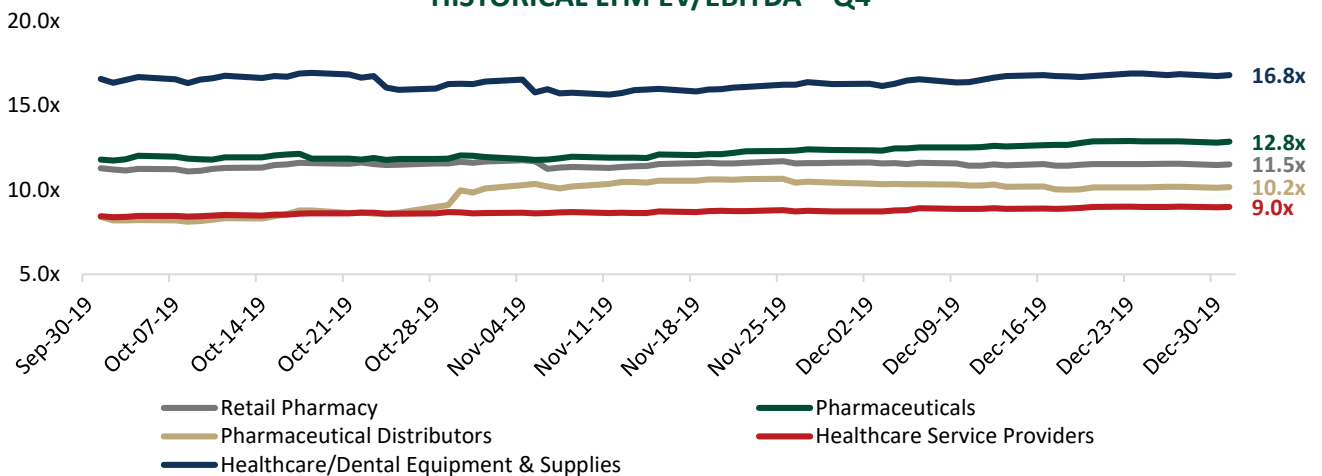
### HEALTHCARE PEER GROUP SHARE PRICE PERFORMANCE – Q4



### SHARE PRICE PERFORMANCE – LTM\*



### HISTORICAL LTM EV/EBITDA – Q4



Source: Capital IQ. Data as of December 31, 2019.

Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 7.

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	\$125,357	\$232,323	\$322,131	29.4%	\$20,852	6.5%	4.0%	6.9%	10.2x	11.4x	0.7x
Diplomat Pharmacy, Inc.	\$393	\$1,143	\$6,892	(1.5%)	\$72	1.0%	(14.3%)	1.8%	11.0x	16.2x	0.2x
Rite Aid Corporation	\$1,079	\$9,552	\$28,683	(0.3%)	\$685	2.4%	(0.1%)	2.4%	13.8x	15.6x	0.3x
Centric Health Corporation	\$44	\$140	\$127	49.9%	\$4	2.8%	12.4%	5.5%	17.9x	39.0x	1.1x
<b>Median</b>	<b>\$736</b>	<b>\$5,348</b>	<b>\$17,788</b>	<b>14.5%</b>	<b>\$379</b>	<b>2.6%</b>	<b>1.9%</b>	<b>3.9%</b>	<b>12.4x</b>	<b>15.9x</b>	<b>0.5x</b>
<b>Mean</b>	<b>\$31,718</b>	<b>\$60,790</b>	<b>\$89,458</b>	<b>19.4%</b>	<b>\$5,403</b>	<b>3.2%</b>	<b>0.5%</b>	<b>4.1%</b>	<b>13.2x</b>	<b>20.5x</b>	<b>0.6x</b>
<b>Pharmaceuticals</b>											
Johnson & Johnson	\$497,946	\$517,599	\$106,433	0.6%	\$36,179	34.0%	5.4%	36.3%	13.2x	14.1x	4.9x
Pfizer Inc.	\$281,232	\$339,785	\$70,141	(0.6%)	\$29,525	42.1%	(10.6%)	39.8%	12.3x	11.7x	4.9x
Merck & Co., Inc.	\$300,338	\$325,215	\$60,857	10.2%	\$23,930	39.3%	4.8%	40.3%	12.3x	13.9x	5.5x
Mylan N.V.	\$13,456	\$30,087	\$15,075	(1.8%)	\$4,507	29.9%	4.1%	29.9%	6.5x	6.8x	2.0x
Bausch Health Companies Inc.	\$13,677	\$43,642	\$11,250	0.9%	\$4,451	39.6%	2.1%	41.0%	9.4x	10.0x	4.0x
<b>Median</b>	<b>\$281,232</b>	<b>\$325,215</b>	<b>\$60,857</b>	<b>0.6%</b>	<b>\$23,930</b>	<b>39.3%</b>	<b>4.1%</b>	<b>39.8%</b>	<b>12.3x</b>	<b>11.7x</b>	<b>4.9x</b>
<b>Mean</b>	<b>\$221,330</b>	<b>\$251,266</b>	<b>\$52,751</b>	<b>1.8%</b>	<b>\$19,718</b>	<b>37.0%</b>	<b>1.1%</b>	<b>37.5%</b>	<b>10.7x</b>	<b>11.3x</b>	<b>4.3x</b>
<b>Pharmaceutical Distributors</b>											
Walgreens Boots Alliance, Inc.	\$67,907	\$90,666	\$182,634	2.1%	\$8,553	4.7%	1.2%	5.8%	8.4x	10.3x	0.5x
McKesson Corporation	\$32,327	\$46,040	\$293,867	5.2%	\$3,186	1.1%	3.8%	1.9%	8.3x	14.7x	0.2x
Cardinal Health, Inc.	\$19,188	\$28,523	\$195,481	5.9%	\$3,786	1.9%	3.6%	1.7%	8.2x	7.7x	0.1x
AmerisourceBergen Corporation	\$22,708	\$24,308	\$237,747	6.9%	\$3,120	1.3%	4.8%	1.3%	7.6x	8.0x	0.1x
<b>Median</b>	<b>\$27,517</b>	<b>\$37,282</b>	<b>\$216,614</b>	<b>5.6%</b>	<b>\$3,486</b>	<b>1.6%</b>	<b>3.7%</b>	<b>1.8%</b>	<b>8.2x</b>	<b>9.1x</b>	<b>0.2x</b>
<b>Mean</b>	<b>\$35,533</b>	<b>\$47,384</b>	<b>\$227,432</b>	<b>5.1%</b>	<b>\$4,661</b>	<b>2.3%</b>	<b>3.3%</b>	<b>2.7%</b>	<b>8.1x</b>	<b>10.2x</b>	<b>0.2x</b>
<b>Healthcare Service Providers</b>											
HCA Healthcare, Inc.	\$65,025	\$113,668	\$66,307	9.0%	\$12,745	19.2%	5.3%	19.2%	8.6x	9.1x	1.7x
Universal Health Services, Inc.	\$16,296	\$21,870	\$14,875	5.4%	\$2,338	15.7%	3.5%	15.9%	9.0x	9.5x	1.5x
Tenet Healthcare Corporation	\$5,125	\$28,508	\$24,216	(2.0%)	\$3,968	16.4%	2.1%	14.9%	7.8x	7.3x	1.2x
Community Health Systems, Inc.	\$428	\$19,449	\$17,710	(2.8%)	\$1,803	10.2%	(6.0%)	13.0%	9.3x	11.0x	1.1x
<b>Median</b>	<b>\$10,710</b>	<b>\$25,189</b>	<b>\$20,963</b>	<b>1.7%</b>	<b>\$3,153</b>	<b>16.1%</b>	<b>2.8%</b>	<b>15.4%</b>	<b>8.8x</b>	<b>9.3x</b>	<b>1.4x</b>
<b>Mean</b>	<b>\$21,719</b>	<b>\$45,874</b>	<b>\$30,777</b>	<b>2.4%</b>	<b>\$5,213</b>	<b>15.4%</b>	<b>1.2%</b>	<b>15.8%</b>	<b>8.7x</b>	<b>9.2x</b>	<b>1.4x</b>
<b>Healthcare/Dental Equipment &amp; Supplies</b>											
Becton, Dickinson and Company	\$95,601	\$120,019	\$22,889	8.2%	\$6,850	29.9%	3.4%	31.2%	16.6x	17.9x	5.4x
Baxter International Inc.	\$55,374	\$59,116	\$14,493	0.7%	\$3,456	23.8%	5.9%	25.1%	15.4x	17.3x	4.1x
DENTSPLY SIRONA Inc.	\$16,325	\$18,078	\$5,265	(1.0%)	\$934	17.7%	1.9%	23.2%	14.7x	19.8x	3.5x
Henry Schein, Inc.	\$12,699	\$15,522	\$17,951	32.3%	\$1,573	8.8%	(25.3%)	9.1%	12.9x	10.1x	0.9x
Patterson Companies, Inc.	\$2,507	\$3,324	\$7,289	1.2%	\$273	3.7%	2.4%	4.7%	9.9x	12.2x	0.5x
<b>Median</b>	<b>\$16,325</b>	<b>\$18,078</b>	<b>\$14,493</b>	<b>1.2%</b>	<b>\$1,573</b>	<b>17.7%</b>	<b>2.4%</b>	<b>23.2%</b>	<b>14.7x</b>	<b>17.3x</b>	<b>3.5x</b>
<b>Mean</b>	<b>\$36,501</b>	<b>\$43,212</b>	<b>\$13,577</b>	<b>8.3%</b>	<b>\$2,617</b>	<b>16.8%</b>	<b>(2.3%)</b>	<b>18.6%</b>	<b>13.9x</b>	<b>15.4x</b>	<b>2.9x</b>

Source: Capital IQ. Data as of December 31, 2019.

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



# LEADERSHIP TEAM

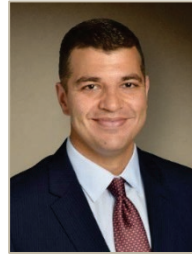
## TRANSACTION LEADERSHIP



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



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



**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



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



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



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



**Jason Burgess**  
Managing Director  
jason.burgess@mnp.ca  
905.225.1324



**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



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



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

# RECENTLY CLOSED DEALS

## NATIONAL

has acquired an 85% interest in

MNP Corporate Finance Inc. provided financial and tax due diligence services to E360S in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

MNP Corporate Finance Inc. provided financial and tax due diligence services to trialcard in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Equicapita in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Norweld Stress (1994) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Pomnies Elder Care Co. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired the retail business of

MNP Corporate Finance Inc. provided transaction advisory and financial due diligence services to Co-op.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Rigney Building Supplies Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Universal Ford Lincoln Sales Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

A Private Purchaser

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. provided financial due diligence services to Crescent Park Capital Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired an interest in

MNP Corporate Finance Inc. was the exclusive financial advisor to North Delta Subsidiary Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Undisclosed Private Investors

has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to Undisclosed Private Investors.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has provided growth capital to

MNP Corporate Finance Inc. provided financial and tax due diligence services to the Canadian Business Growth Fund.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired a majority interest in

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

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Noble Concrete (1987) Ltd. in structuring and negotiating this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE