



HEALTHCARE SERVICES

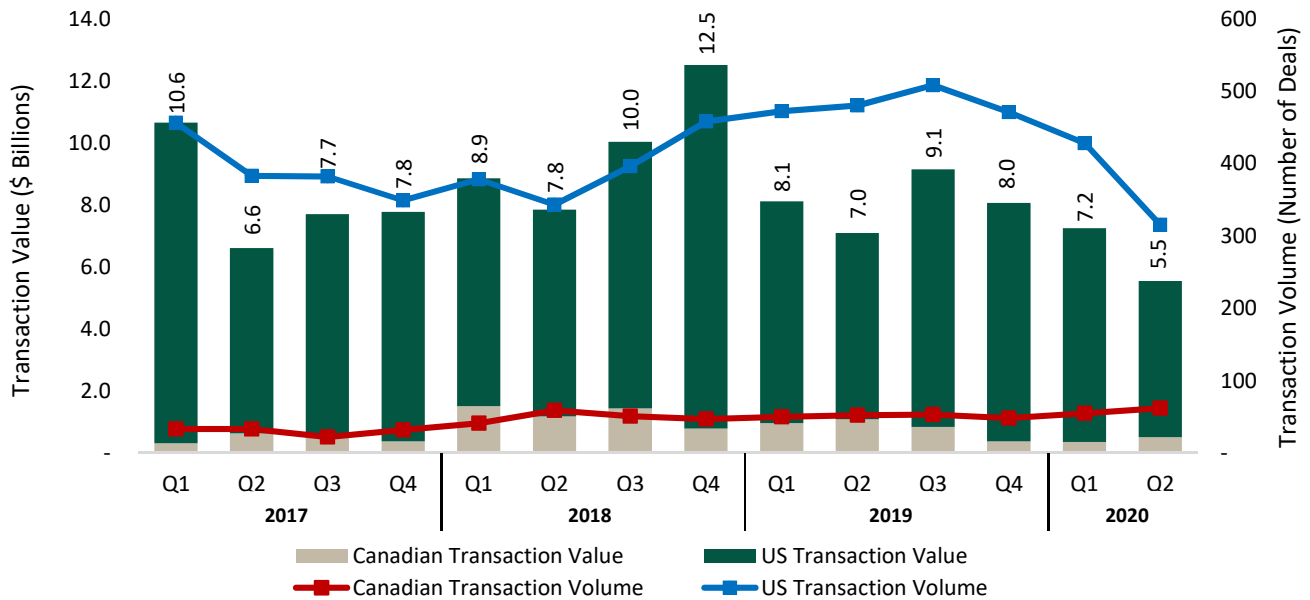
QUARTERLY UPDATE

Q2 2020

M&A OVERVIEW

TRANSACTIONS & PERFORMANCE

MID-MARKET HEALTHCARE M&A ACTIVITY



Capital IQ - Data as of June 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

62

Canadian Transaction Value

\$502 million

(+44.9% vs. Q1 2020)

US Transaction Value

\$5.0 billion

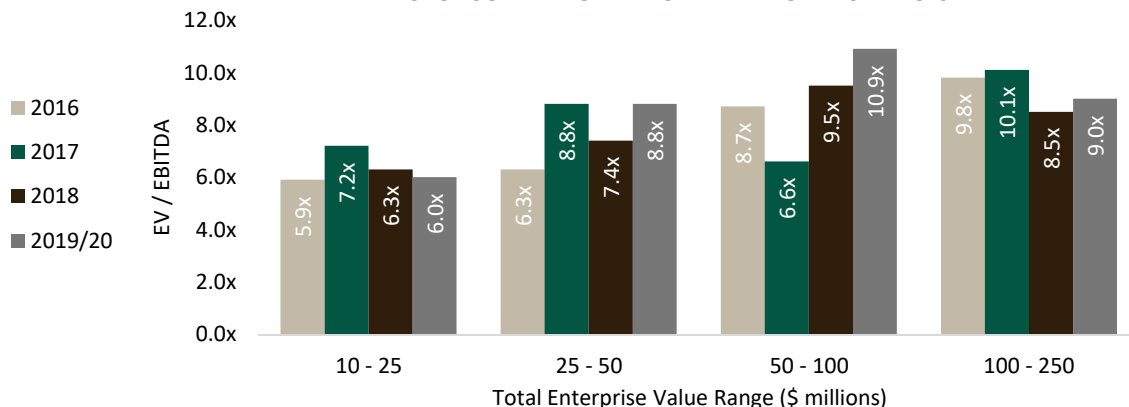
(-27.0% vs. Q1 2020)

US Transactions

315

Healthcare merger and acquisition (M&A) activity in the second quarter of 2020 exceeded \$5.5 billion in disclosed transaction value across 377 deals in Canada and the US. Deal-making and valuation multiples remained strong for essential healthcare providers, such as pharmacies, who experienced stable to above-average performance in the period as they remained open throughout the COVID-19 pandemic. Temporary shutdowns of dental, chiropractic, optometry, and other professional practices hindered M&A deal flow and valuations. Risk-averse valuations are expected to persist, resulting in a greater number of contingent payment structures incorporated into future deals. Private equity groups continue to focus attention on assisting existing portfolio companies, while also still on the lookout for attractive investment opportunities at favourable multiples.

PE SPONSORED MULTIPLES - HEALTHCARE SERVICES



Sources: GF Data - Data as of May 2020.

SELECT QUARTERLY M&A TRANSACTIONS



acquired



Announced	June 15, 2020
Transaction Value	\$41.6M
TEV/EBITDA	48.3x
Location (Vendor)	Vancouver, BC

- Planet DDS, Inc. develops and delivers practice management software to the dental industry. Planet DDS announced the acquisition of Apteryx Imaging's outstanding common and preferred shares for a revised price of \$0.65 per share in an all-cash transaction
- Apteryx Imaging Inc. engages in the development and commercialization of dental devices and related software in the US, Canada, and internationally.



acquired



Closed	May 26, 2020
Transaction Value	\$85.6M
TEV/EBITDA	Undisclosed
Location (Vendor)	Minneapolis, MN

- AdaptHealth Corp. provides home healthcare equipment, medical supplies and home and related services in the United States. AdaptHealth funded the cash transaction and associated costs through a combination of incremental debt and newly-issued equity.
- ActivStyle, Inc. provides medical supplies for patients at home. It markets to individuals, caregivers, and healthcare providers. ActivStyle will continue to operate under its current name.



acquired



Closed	Apr. 4, 2020
Transaction Value	Undisclosed
TEV/EBITDA	Undisclosed
Location (Vendor)	Edmonton, AB



MNP Corporate Finance acted as exclusive financial advisor to Castledowns ARP Pharmacy (CDP) in structuring and negotiating this transaction.

- Edmonton Pharmacy Group is an owner-operated chain of pharmacies with locations in Edmonton, Spruce Grove, and Grande Prairie, Alberta.
- CDP is an independently-owned full-service pharmacy located in Edmonton, Alberta that has a history spanning over 30 years.



acquired



Closed	Mar. 27, 2020
Transaction Value	Undisclosed
TEV/EBITDA	Undisclosed
Location (Vendor)	Vancouver, BC



MNP Corporate Finance acted as exclusive financial advisor to Dr. Shannon Humphrey Inc. (DSHI) in structuring and negotiating this transaction.

- MedSpa Partners Inc. is an acquisition platform of Canada's premier medspas and cosmetic dermatology clinics. It currently holds six investments in BC and Ontario.
- DSHI is a leading cosmetic dermatology clinic based in Vancouver, BC This transaction allows the shareholders to divest of their interest in the business while continuing to participate in the growth of the business moving forward.

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

2020 Revenue

\$46.7B

Annual Growth 2015 – 2020

3.9%

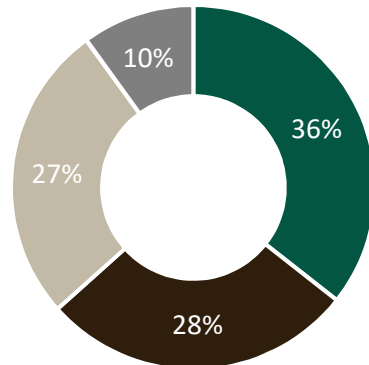
Projected Annual Growth 2020 – 2025

1.7%

Number of Businesses in 2019

6,620

PRODUCTS AND SERVICES SEGMENTATION (2020)



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

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

2019 Revenue

\$15.7B

Annual Growth 2014 – 2019

2.3%

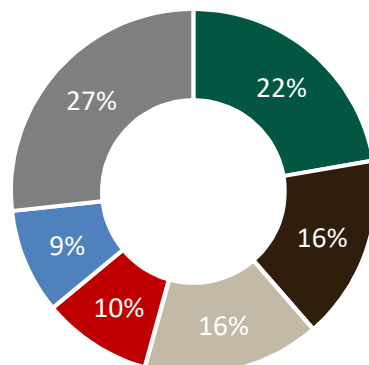
Projected Annual Growth 2019 – 2024

2.1%

Number of Businesses in 2019

26,634

PRODUCTS AND SERVICES SEGMENTATION (2019)

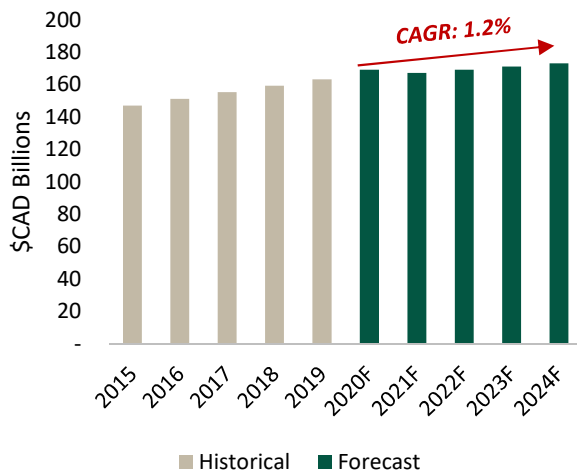


- Restorative
- Prevention
- Surgery
- Prosthodontics
- Orthodontics
- Other

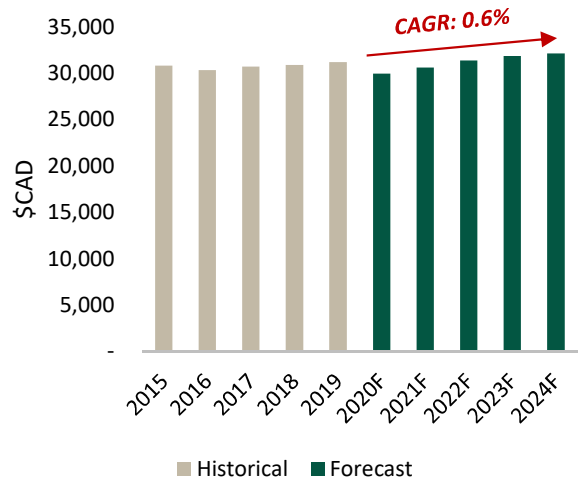
MACROECONOMIC INDICATORS

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, 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.

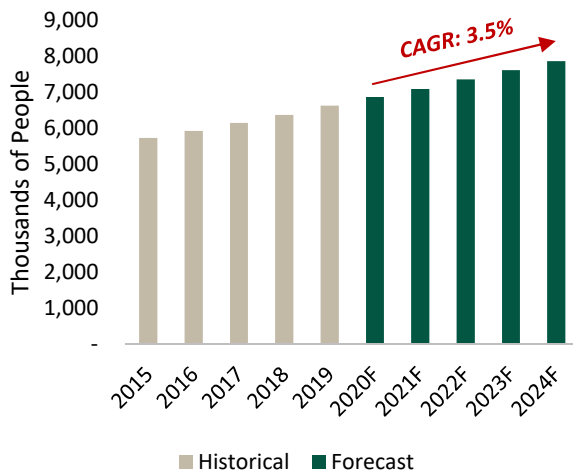
TOTAL HEALTH EXPENDITURE - CANADA



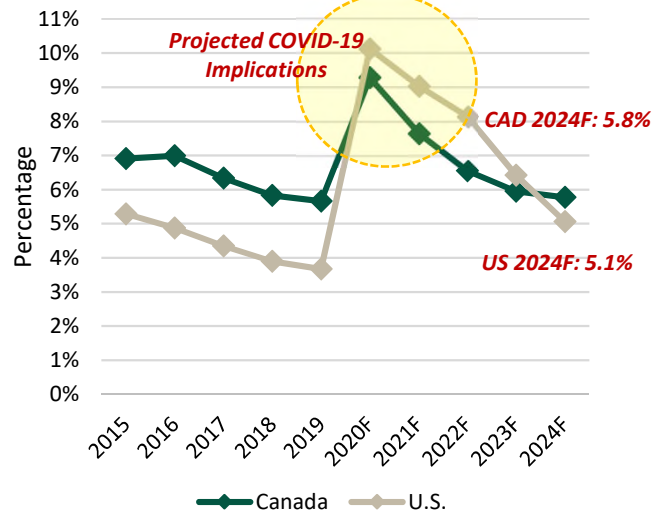
PER CAPITA DISPOSABLE INCOME - CANADA



POPULATION AGED OVER 65 - CANADA



NATIONAL UNEMPLOYMENT RATE



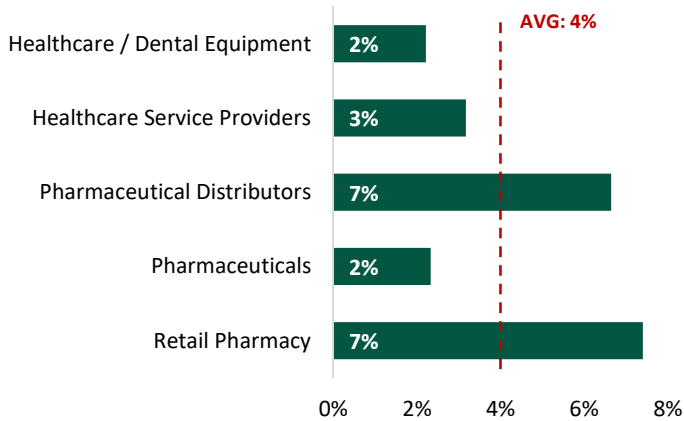
Source: IBIS World - Data as of July 2020.

F indicates forecast. CAGR indicates compound annual growth rates.

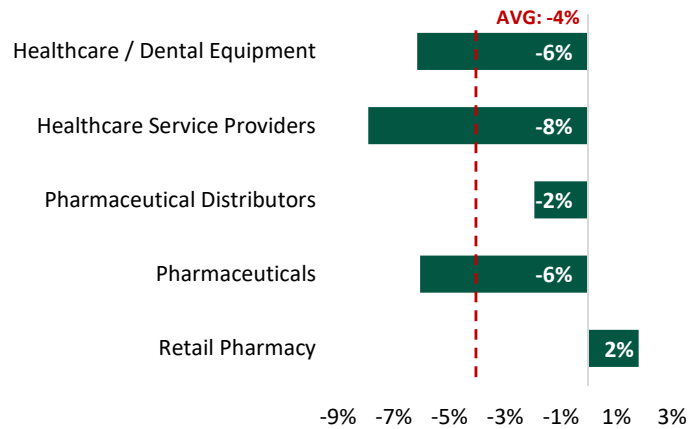
PUBLIC COMPARABLE ANALYSIS

GROWTH, MARGINS & MULTIPLES

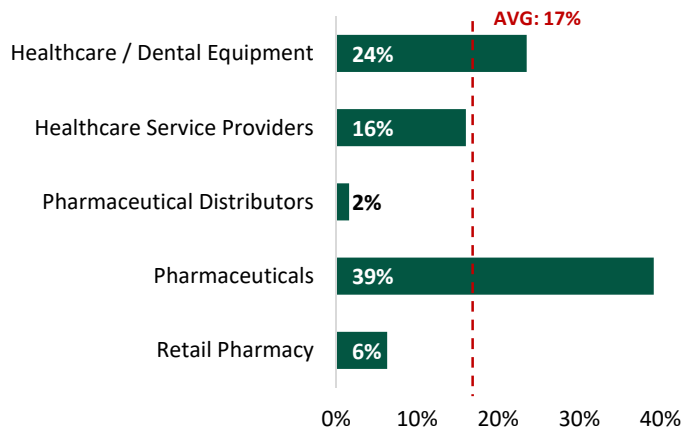
LTM REVENUE GROWTH



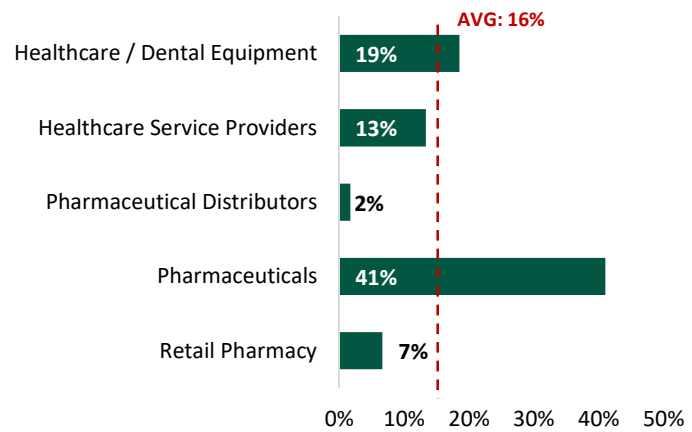
NTM REVENUE GROWTH



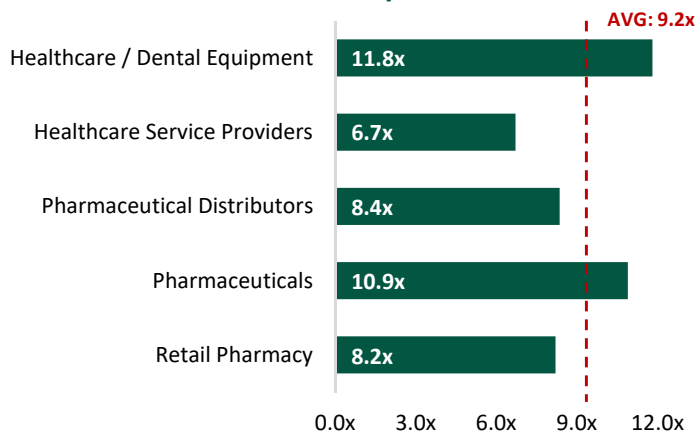
LTM EBITDA MARGIN



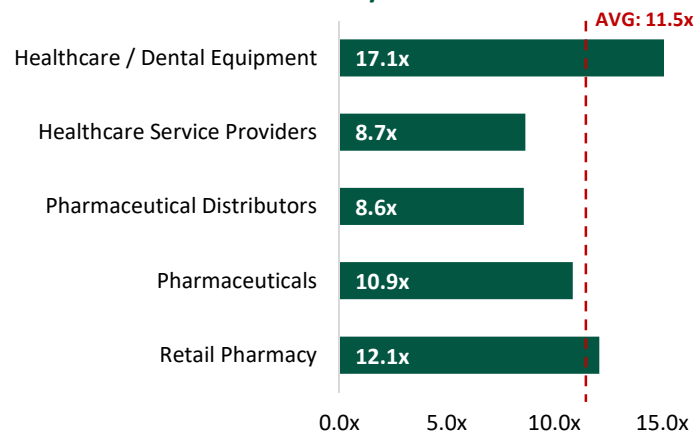
NTM EBITDA MARGIN



LTM EV/EBITDA



NTM EV/EBITDA



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

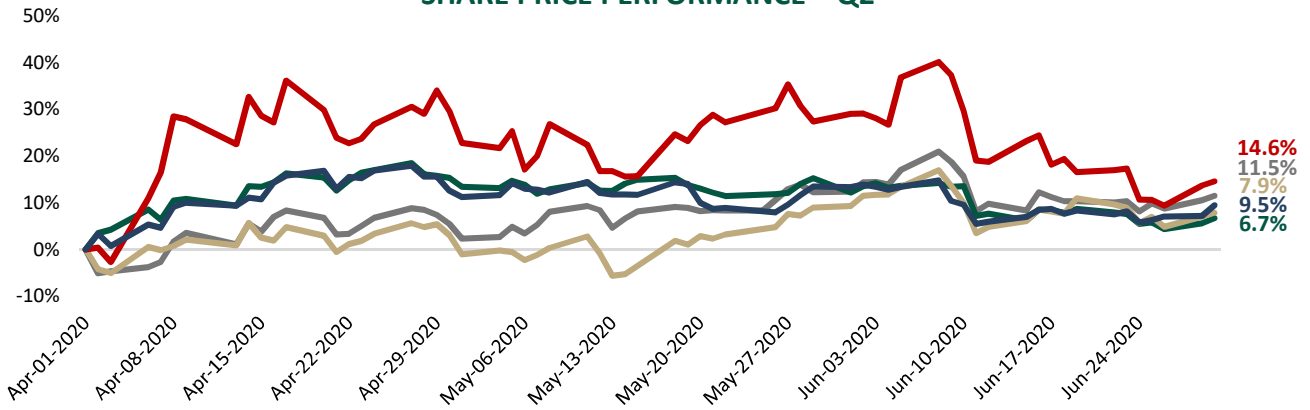
Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed on page 8.

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

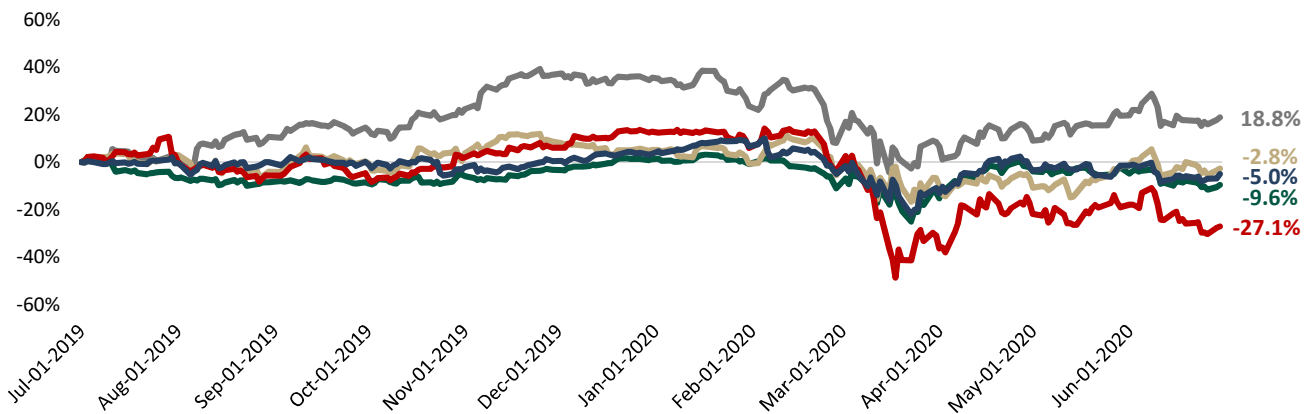
PUBLIC COMPARABLE ANALYSIS

PERFORMANCE ANALYSIS

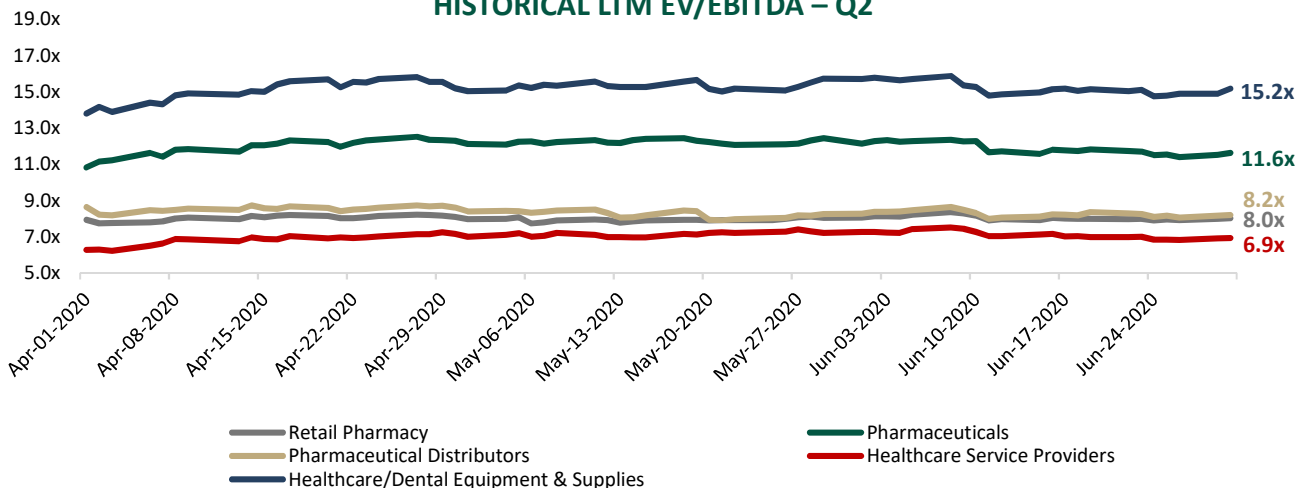
HEALTHCARE PEER GROUP SHARE PRICE PERFORMANCE – Q2



SHARE PRICE PERFORMANCE – LTM*



HISTORICAL LTM EV/EBITDA – Q2



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

Above noted healthcare peer groups are market capitalization weighted indexes, including the constituents listed 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	Margin	Revenue	EBITDA	NTM EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$115,515	\$224,253	\$369,897	24.5%	\$28,463	7.7%	(3.4%)	6.7%	9.4x	8.2x	0.6x
Rite Aid Corporation	\$1,240	\$9,736	\$31,177	4.4%	\$1,976	6.3%	0.3%	2.2%	13.8x	5.1x	0.3x
CareRx Corporation	\$88	\$149	\$126	7.4%	\$7	5.6%	35.9%	7.2%	12.1x	21.0x	1.2x
Median	\$1,240	\$9,736	\$31,177	7.4%	\$1,976	6.3%	0.3%	6.7%	12.1x	8.2x	0.6x
Mean	\$38,948	\$78,046	\$133,733	12.1%	\$10,149	6.6%	10.9%	5.4%	11.7x	11.4x	0.7x
Pharmaceuticals											
Johnson & Johnson	\$503,977	\$516,979	\$109,504	(1.0%)	\$37,095	33.9%	3.3%	34.6%	14.2x	13.3x	4.6x
Pfizer Inc.	\$247,080	\$304,553	\$71,297	(5.9%)	\$28,871	40.5%	(12.2%)	46.9%	10.4x	10.9x	4.4x
Merck & Co., Inc.	\$265,505	\$293,595	\$68,152	11.6%	\$27,014	39.6%	(6.8%)	41.5%	11.2x	11.3x	4.5x
Mylan, Inc.	\$11,307	\$27,935	\$16,477	3.4%	\$4,909	29.8%	(4.7%)	29.6%	5.9x	5.9x	1.8x
Bausch Health Companies Inc.	\$8,825	\$40,909	\$12,186	2.3%	\$4,777	39.2%	(10.6%)	41.0%	9.0x	8.9x	3.5x
Median	\$247,080	\$293,595	\$68,152	2.3%	\$27,014	39.2%	(6.8%)	41.0%	10.4x	10.9x	4.4x
Mean	\$207,339	\$236,794	\$55,523	2.1%	\$20,533	36.6%	(6.2%)	38.7%	10.1x	10.1x	3.8x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$50,581	\$107,372	\$191,544	1.8%	\$13,010	6.8%	(0.4%)	5.0%	10.3x	7.8x	0.6x
McKesson Corporation	\$33,832	\$43,386	\$327,501	7.8%	\$4,636	1.4%	(3.9%)	1.7%	8.2x	9.8x	0.1x
Cardinal Health, Inc.	\$20,729	\$28,109	\$217,699	7.0%	\$4,103	1.9%	(4.1%)	1.7%	7.8x	7.1x	0.1x
AmerisourceBergen Corporation	\$27,881	\$29,369	\$263,870	6.3%	\$3,426	1.3%	(3.0%)	1.3%	8.9x	8.9x	0.1x
Median	\$30,856	\$36,377	\$240,784	6.6%	\$4,370	1.7%	(3.4%)	1.7%	8.6x	8.4x	0.1x
Mean	\$33,256	\$52,059	\$250,154	5.7%	\$6,294	2.8%	(2.9%)	2.4%	8.8x	8.4x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$44,574	\$96,044	\$68,211	2.7%	\$13,507	19.8%	3.0%	17.5%	9.1x	6.8x	1.4x
Universal Health Services, Inc.	\$10,731	\$16,401	\$16,164	4.7%	\$2,572	15.9%	(8.8%)	13.3%	8.2x	6.6x	1.1x
Tenet Healthcare Corporation	\$2,580	\$25,732	\$26,157	1.6%	\$4,225	16.2%	(8.3%)	13.4%	7.9x	6.3x	1.0x
Community Health Systems, Inc.	\$471	\$20,232	\$18,227	(7.1%)	\$2,332	12.8%	(14.6%)	13.0%	9.9x	9.0x	1.2x
Median	\$6,655	\$22,982	\$22,192	2.1%	\$3,399	16.0%	(8.6%)	13.4%	8.6x	6.7x	1.1x
Mean	\$14,589	\$39,602	\$32,190	0.5%	\$5,659	16.2%	(7.2%)	14.3%	8.8x	7.2x	1.2x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$96,278	\$122,475	\$24,683	2.2%	\$7,518	30.5%	(6.0%)	29.7%	17.5x	17.0x	5.2x
Baxter International Inc.	\$59,594	\$63,899	\$16,337	4.2%	\$4,310	26.4%	(3.2%)	23.0%	17.1x	15.5x	4.1x
DENTSPLY SIRONA Inc.	\$13,130	\$14,977	\$5,609	(0.5%)	\$1,320	23.5%	(24.8%)	18.5%	18.7x	11.8x	2.8x
Henry Schein, Inc.	\$11,338	\$13,881	\$14,150	5.8%	\$1,455	10.3%	(20.8%)	7.7%	15.3x	9.9x	1.0x
Patterson Companies, Inc.	\$2,824	\$3,657	\$7,738	(1.5%)	\$429	5.5%	(7.5%)	4.7%	10.8x	8.8x	0.5x
Median	\$13,130	\$14,977	\$14,150	2.2%	\$1,455	23.5%	(7.5%)	18.5%	17.1x	11.8x	2.8x
Mean	\$36,633	\$43,778	\$13,704	2.0%	\$3,006	19.2%	(12.5%)	16.7%	15.9x	12.6x	2.7x

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 & 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)

EDMONTON PHARMACY GROUP has acquired

MNP Corporate Finance Inc. acted as exclusive financial advisor to Kind Investments Inc. (via CastleDowns ARP Pharmacy) in structuring and registering this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

Jan Nelson and Andrew Windsor has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

Greyrock Capital Inc. has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

MEDSPA PARTNERS has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

A Confidential Buyer has acquired

Hayes Management Ltd.

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

DIVESTITURES > FINANCING > DUE DILIGENCE

ROBERTSON IMPLEMENTS has acquired four dealership locations from

Moody's Equipment LP

MNP Corporate Finance Inc. acted as exclusive financial advisor to Robertson implements in structuring and registering this transaction.

DIVESTITURES > FINANCING > DUE DILIGENCE

DE LA FONTAINE has acquired

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

DIVESTITURES > FINANCING > DUE DILIGENCE

GLBH has acquired

MNP Corporate Finance Inc. provided financial and tax due diligence services to GLB Stock Holdings Ltd.

DIVESTITURES > FINANCING > DUE DILIGENCE

EMERGE has acquired

underpar.com

MNP Corporate Finance Inc. provided financial due diligence services to Emerge Commercial Inc.

DIVESTITURES > FINANCING > DUE DILIGENCE

Crédit Mutuel Equity has provided equity capital to

HIGHLIGHT

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

DIVESTITURES > FINANCING > DUE DILIGENCE

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

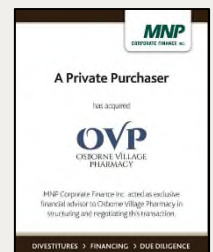
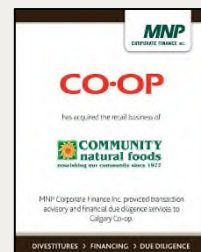
HANDS-ON APPROACH

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)

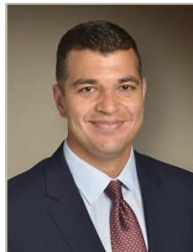


LEADERSHIP TEAM

TRANSACTION LEADERSHIP



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