

Healthcare Services

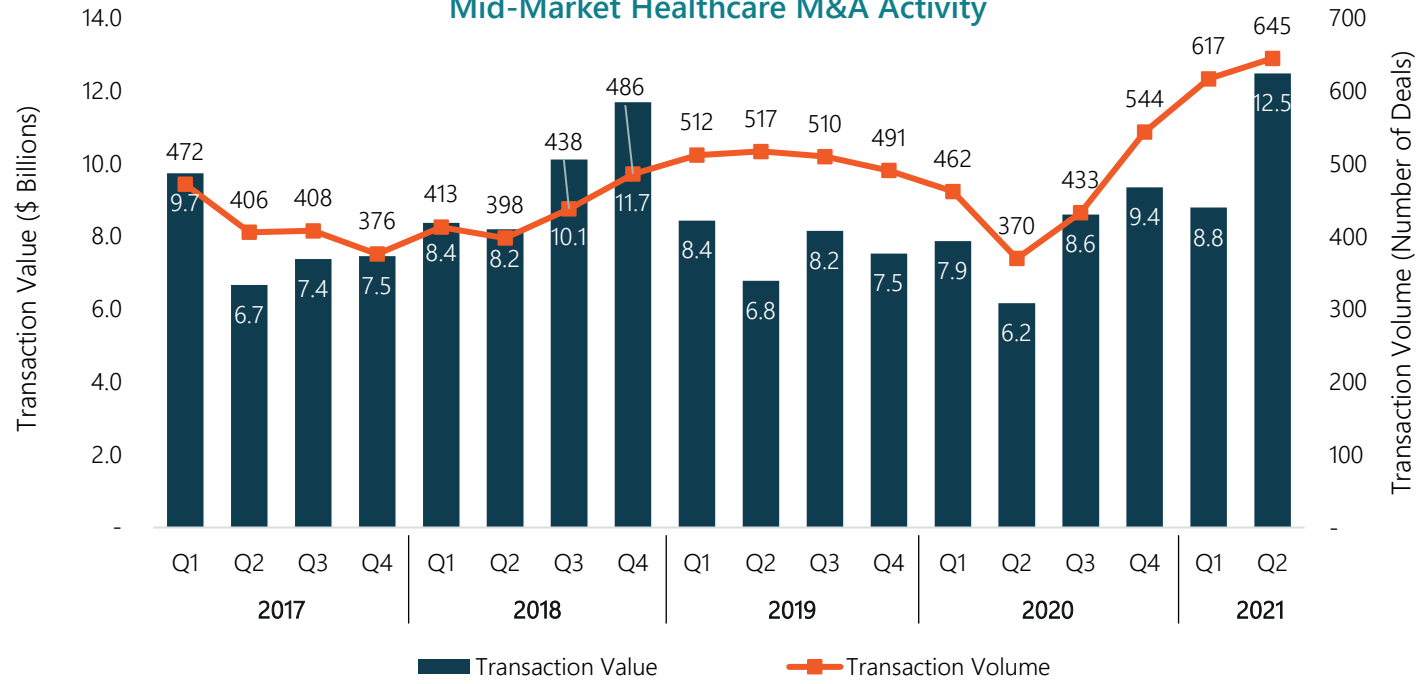
Quarterly Update | Q2 2021



Industry Overview

M&A Transactions & Performance

North American Mid-Market Healthcare M&A Activity



Source: Capital IQ. Data as of June 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
68

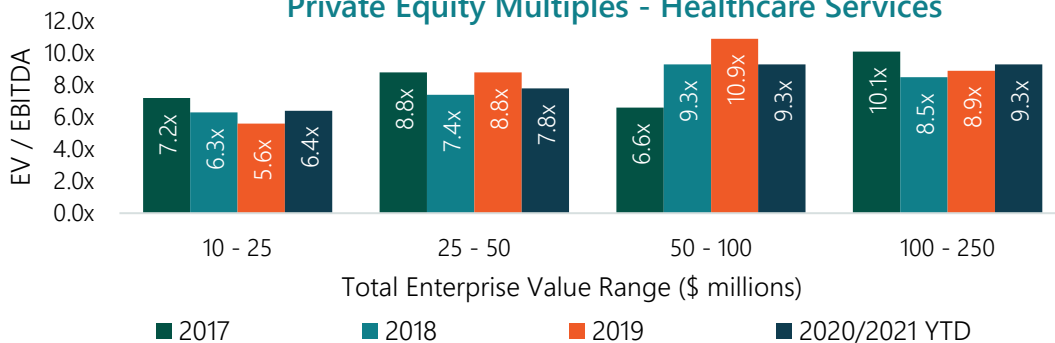
Canadian Transaction Value
\$1.2 billion
(59.2% vs. Q1 2021)

US Transaction Value
\$11.3 billion
(40.3% vs. Q1 2021)

US Transactions
577

Healthcare merger and acquisition activity in the second quarter of 2021 exceeded \$12.4 billion in disclosed transaction value across 645 deals in Canada and the US. The average deal size among disclosed transactions was \$70.2 million, an increase from \$57.5 million in the first quarter of 2021. In Canada, the top healthcare sub-sectors for deal activity in the quarter were healthcare services (28%), healthcare facilities (20%), pharmaceuticals (13%) and healthcare technology (12%). Together, these sub-sectors accounted for over 72% of total Canadian healthcare deal volume. Over the last 12 months, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 8.2x across all transactions. For lower mid-market transaction values (\$10-25 million range); this EV/EBITDA multiple has increased to 6.4x.

Private Equity Multiples - Healthcare Services



Source: GF Data. Data as of May 2021.

Select Recent M&A Transactions



has acquired



Announced	April 19, 2021
Transaction Value	\$75.4M
TEV/EBITDA	Not disclosed
Location (Vendor)	Markham, ON

- CareRx entered into a definitive agreement to acquire the long-term care pharmacy division of Medical Pharmacies Group Limited.
- CareRx Corporation is a provider of pharmacy services to seniors communities.
- The transaction consisted of 18 fulfillment centres serving approximately 36,000 residents of long-term care, assisted living, and other congregate care settings across Ontario, Alberta, and British Columbia.



has acquired



Closed	June 4, 2021
Transaction Value	\$240.8M
TEV/EBITDA	Not disclosed
Location (Vendor)	Toronto, ON

- MyHealth Partners Inc. is a primary care, specialty care, telehealth services and accredited diagnostic health services provider that owns and operates 48 locations across Ontario.
- Following the acquisition, WELL Health is now the largest owner-operator of outpatient medical clinics in Canada with 74 combined clinics.



has acquired



Announced	June 24, 2021
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Markham, ON

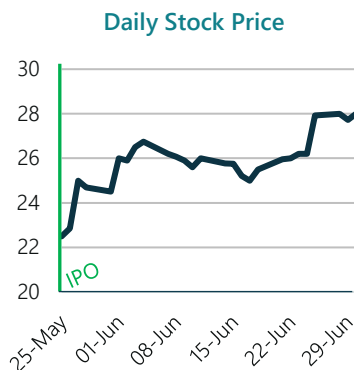
- Neighbourly Pharmacy Inc. entered into an agreement to acquire 13 retail pharmacies from Medical Pharmacies Group Limited.
- Neighbourly Pharmacy, is Canada's third largest national pharmacy chain operator, and one of the country's fastest growing networks of community pharmacies. The company owns and operates 145 locations across seven provinces and one territory.

Industry Development:



DRUG MART

rebranded as



- May 25, 2021: Neighbourly Pharmacy Inc., formerly Rx Drug Mart Inc., is a company controlled by Persistence Capital Partners, announced the closing of the company's initial public offering (IPO), with the company raising total gross proceeds of approximately \$175 million.
- Neighbourly's common shares have commence trading on the Toronto Stock Exchange under the symbol "NBLY".

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%

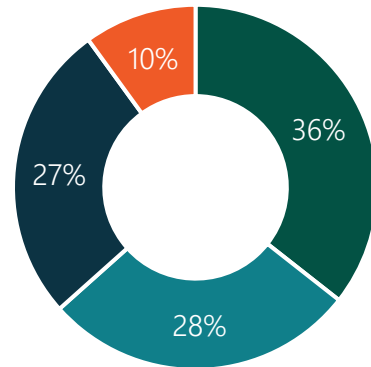
Projected Annual Growth 2020 – 2025

1.7%

Number of Businesses in 2020

6,620

Products and Services Segmentation (2020)



- 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%

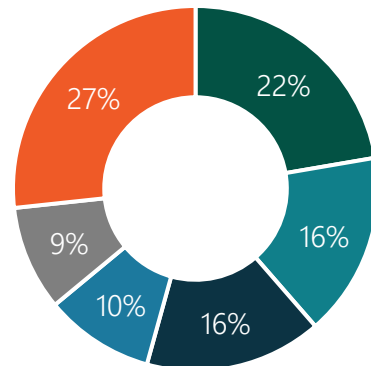
Projected Annual Growth 2020 – 2025

2.9%

Number of Businesses in 2020

26,572

Products and Services Segmentation (2020)



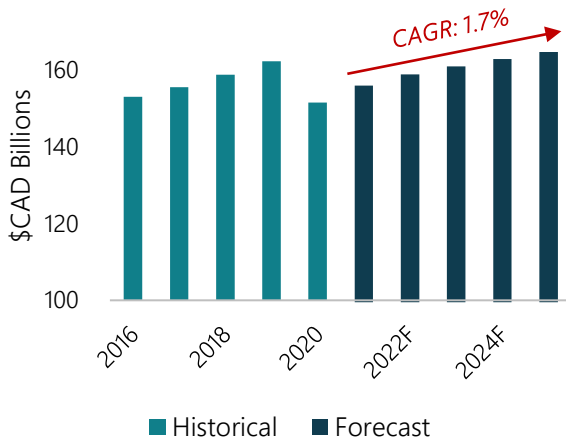
- Restorative
- Surgery
- Orthodontics
- Prevention
- Prosthetics
- Other

Macroeconomic Indicators

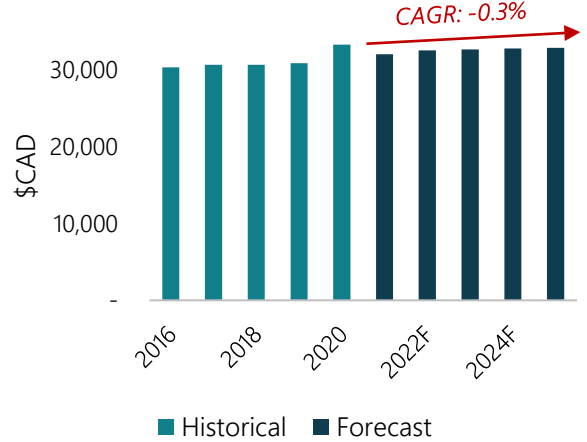
The healthcare industry is affected by a number of key macroeconomic industry growth drivers. Below, we highlight total public and private health care expenditure, per capita disposable income, the aging population in Canada, and national unemployment rates.

Over the five years to 2020, the Pharmacies and Drug Stores industry in Canada has benefited from the fact that pharmaceuticals currently comprise the second-largest health expenditure category in Canada. According to economic trend projections, industry growth is expected to continue over the five years to 2025, as pharmaceuticals continue to account for a large share of health expenditures. Furthermore, as research and development expenditure continues to rise, more pharmaceuticals will come off manufacturers' drug pipelines, thus benefiting the industry.

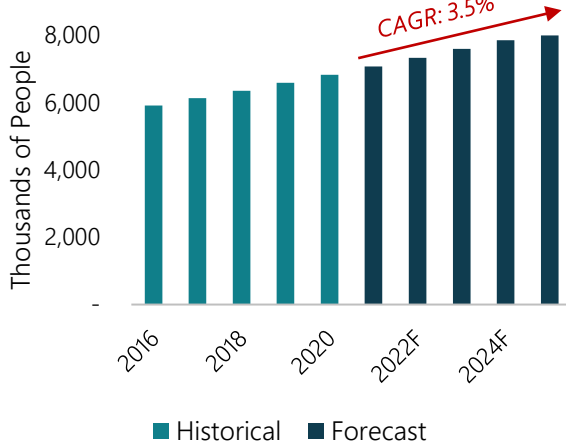
Total Health Care Expenditure - Canada



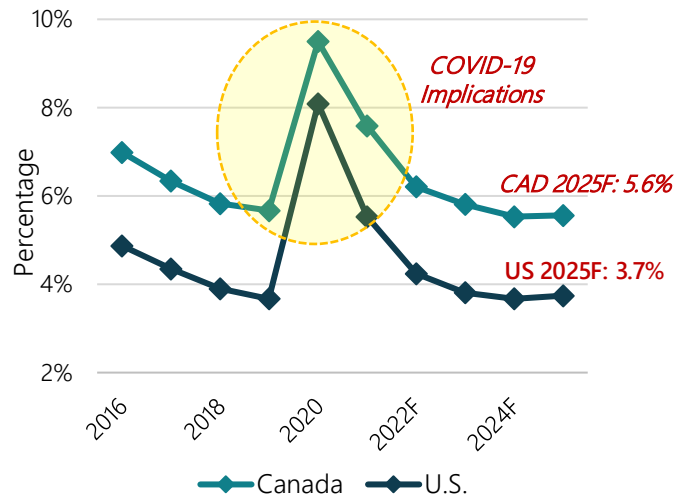
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



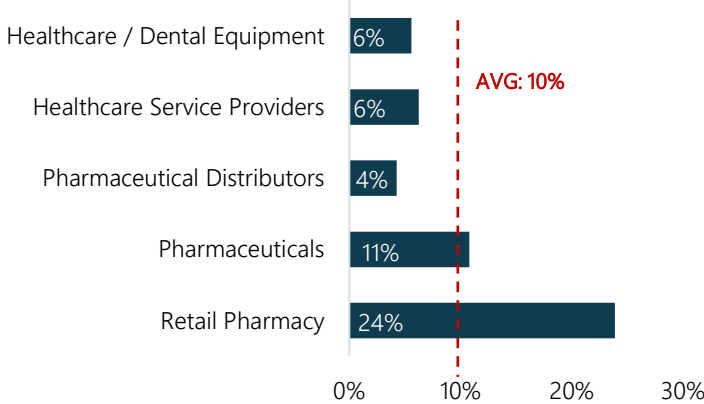
National Unemployment Rate



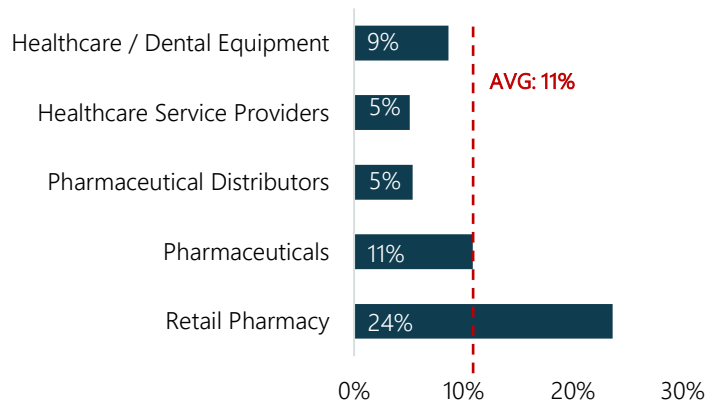
Public Comparable Analysis

Growth, Margins & Multiples

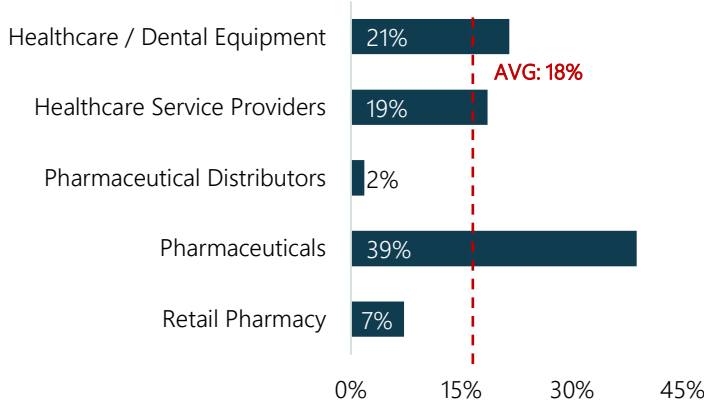
LTM Revenue Growth



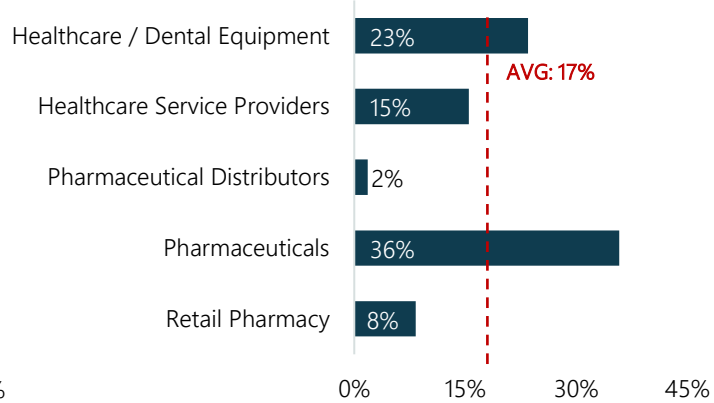
NTM Revenue Growth



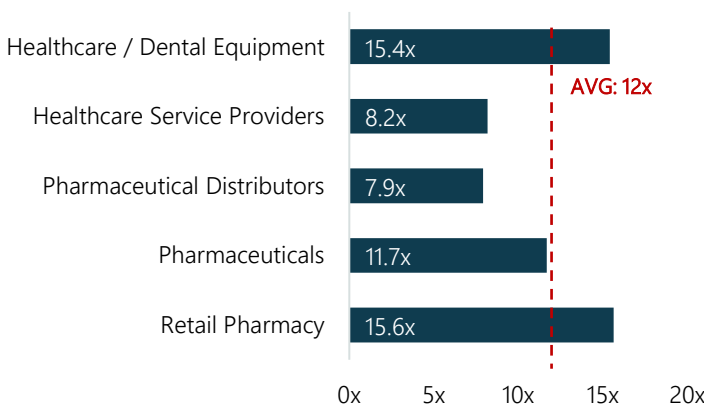
LTM EBITDA Margin



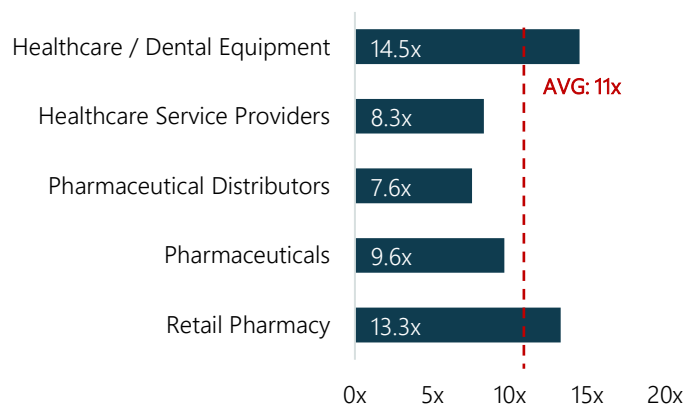
NTM EBITDA Margin



LTM EV/EBITDA



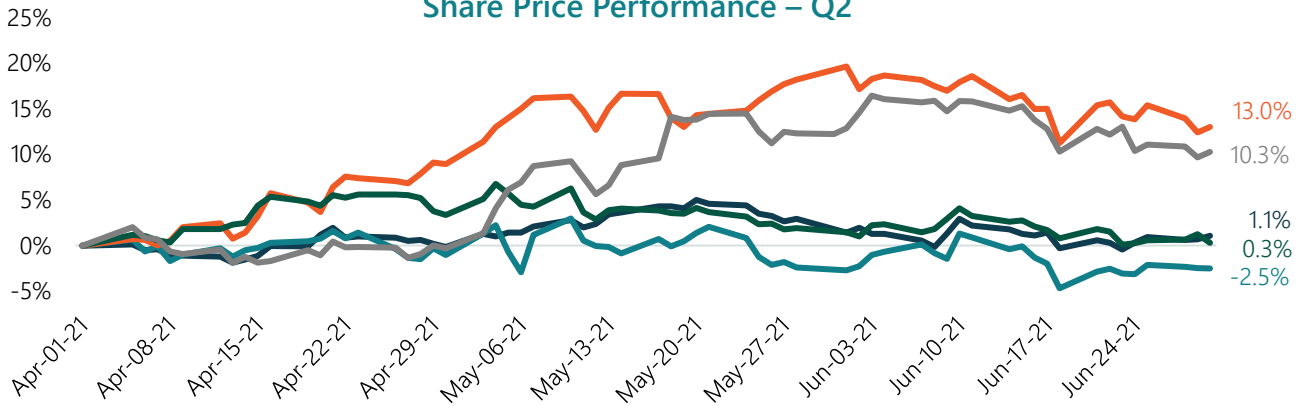
NTM EV/EBITDA



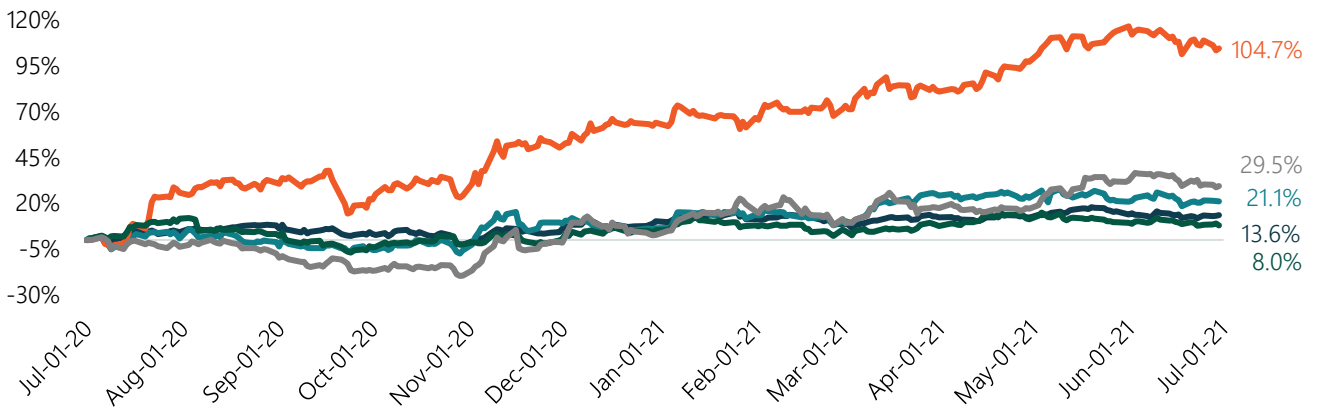
Public Comparable Analysis

Performance Analysis

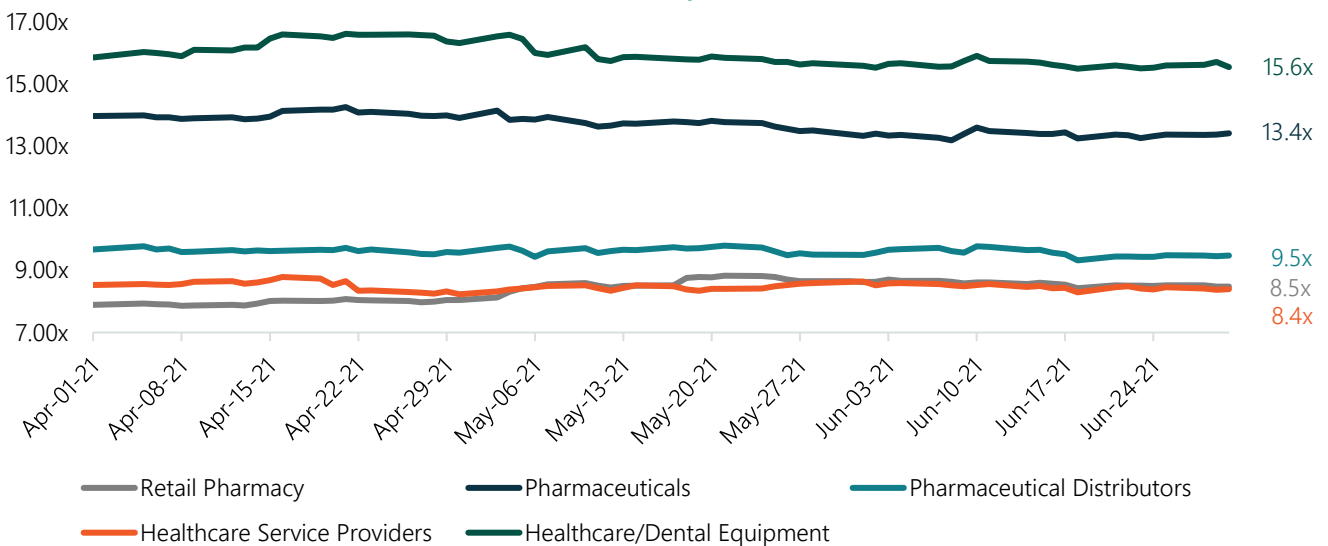
Healthcare Peer Group Share Price Performance – Q2



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q2



Source: Capital IQ. Data as of June 30, 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
Retail Pharmacy											
CVS Health Corporation	\$136,102	\$227,588	\$339,770	3.5%	\$26,826	7.9%	5.5%	6.5%	10.0x	8.6x	0.7x
Rite Aid Corporation	\$1,087	\$8,779	\$29,227	7.1%	\$1,575	5.4%	8.9%	1.7%	16.5x	5.5x	0.3x
CareRx Corporation	\$201	\$261	\$177	40.7%	\$12	6.5%	78.0%	10.1%	8.1x	22.7x	1.5x
Neighbourly Pharmacy Inc.	\$936	\$1,428	\$306	64.2%	\$35	11.3%	38.2%	12.4%	26.8x	41.4x	4.7x
Median	\$1,012	\$5,103	\$14,767	23.9%	\$805	7.2%	23.6%	8.3%	13.3x	15.6x	1.1x
Mean	\$34,581	\$59,514	\$92,370	28.9%	\$7,112	7.8%	32.7%	7.7%	15.4x	19.5x	1.8x
Pharmaceuticals											
Johnson & Johnson	\$537,480	\$546,824	\$110,151	10.8%	\$38,116	34.6%	10.8%	35.6%	13.3x	15.4x	5.2x
Merck & Co., Inc.	\$243,968	\$274,136	\$60,399	(0.1%)	\$23,814	39.4%	(0.4%)	41.9%	10.9x	11.7x	4.6x
Pfizer Inc.	\$271,581	\$304,130	\$58,309	21.7%	\$22,595	38.8%	63.5%	35.3%	9.1x	13.7x	5.3x
Viatis Inc.	\$21,398	\$50,899	\$17,305	18.3%	\$5,560	32.1%	26.8%	35.8%	6.6x	9.3x	3.0x
Bausch Health Companies Inc.	\$13,019	\$41,678	\$10,116	(6.5%)	\$4,092	40.5%	9.2%	39.9%	9.6x	10.3x	4.2x
Median	\$243,968	\$274,136	\$58,309	10.8%	\$22,595	38.8%	10.8%	35.8%	9.6x	11.7x	4.6x
Mean	\$217,489	\$243,533	\$51,256	8.8%	\$18,836	37.1%	22.0%	37.7%	9.9x	12.1x	4.5x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$56,341	\$107,800	\$176,589	16.4%	\$10,500	5.9%	(3.3%)	4.8%	12.8x	12.1x	0.6x
McKesson Corporation	\$36,646	\$42,518	\$299,660	3.1%	\$5,835	1.9%	4.7%	1.9%	7.4x	7.4x	0.1x
AmerisourceBergen Corporation	\$29,420	\$30,183	\$246,898	5.4%	\$3,639	1.5%	16.2%	1.4%	7.7x	8.4x	0.1x
Cardinal Health, Inc.	\$20,522	\$24,531	\$196,945	1.9%	\$3,413	1.7%	6.0%	1.7%	6.9x	7.3x	0.1x
Median	\$33,033	\$36,351	\$221,921	4.3%	\$4,737	1.8%	5.3%	1.8%	7.6x	7.9x	0.1x
Mean	\$35,732	\$51,258	\$230,023	6.7%	\$5,847	2.8%	5.9%	2.4%	8.7x	8.8x	0.3x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$84,693	\$126,736	\$69,400	11.7%	\$16,306	23.5%	6.9%	20.7%	9.2x	8.7x	1.9x
Universal Health Services, Inc.	\$15,461	\$19,512	\$14,770	3.0%	\$2,586	17.5%	5.8%	15.0%	8.5x	7.7x	1.3x
Tenet Healthcare Corporation	\$8,863	\$28,660	\$23,796	9.5%	\$4,651	19.5%	4.3%	16.0%	7.5x	7.3x	1.3x
Community Health Systems, Inc.	\$2,430	\$17,164	\$14,814	(8.4%)	\$1,821	12.3%	3.3%	14.0%	8.1x	9.6x	1.2x
Median	\$12,162	\$24,086	\$19,305	6.2%	\$3,619	18.5%	5.1%	15.5%	8.3x	8.2x	1.3x
Mean	\$27,862	\$48,018	\$30,695	3.9%	\$6,341	18.2%	5.1%	16.4%	8.3x	8.3x	1.4x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$87,622	\$104,921	\$23,725	8.3%	\$6,917	29.2%	(0.8%)	27.9%	16.2x	15.4x	4.5x
Baxter International Inc.	\$50,151	\$54,384	\$14,864	2.5%	\$3,573	24.0%	8.6%	23.5%	14.5x	15.5x	3.7x
DENTSPLY SIRONA Inc.	\$17,111	\$19,664	\$4,396	(11.7%)	\$945	21.5%	22.4%	24.2%	15.3x	21.1x	4.5x
Henry Schein, Inc.	\$12,932	\$15,347	\$13,348	5.6%	\$1,117	8.4%	10.5%	8.5%	12.5x	13.9x	1.2x
Patterson Companies, Inc.	\$3,648	\$4,381	\$7,387	7.7%	\$409	5.5%	5.5%	5.0%	11.2x	10.8x	0.6x
Median	\$17,111	\$19,664	\$13,348	5.6%	\$1,117	21.5%	8.6%	23.5%	14.5x	15.4x	3.7x
Mean	\$34,293	\$39,739	\$12,744	2.5%	\$2,592	17.7%	9.2%	17.8%	13.9x	15.3x	2.9x

About Us



MNP Corporate Finance (MNPCF) has a dedicated team of over 85 merger, acquisition, and transaction professionals across Canada. MNPCF works with clients in virtually all industries as they prepare, plan and execute transactions.

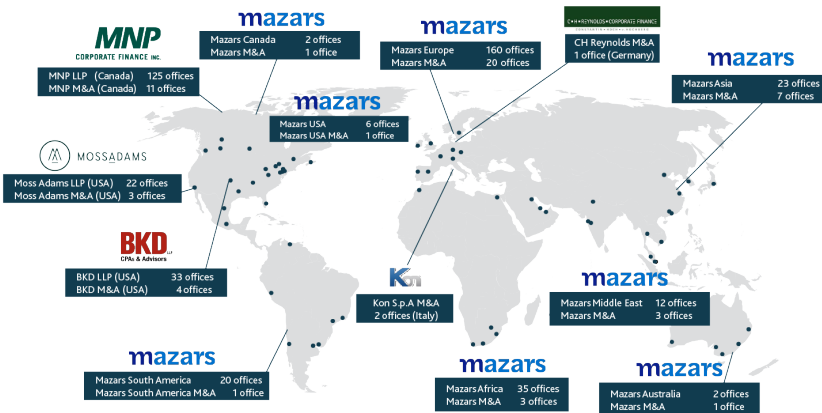
Our typical transactions range in value between \$3 million and \$300 million.

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



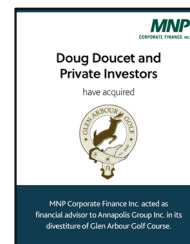
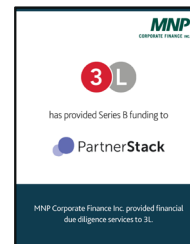
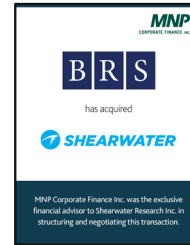
CFxB CFxBorder - Global reach with local relationships
Our corporate finance team through CFxB consists of 250 plus M&A professionals in more than 30 countries



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)



MNP
CORPORATE FINANCE INC.

has acquired the business assets of



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




MNP
CORPORATE FINANCE INC.

has acquired




MNP Corporate Finance Inc. provided due diligence services to Chair-man Mills Corp.




MNP
CORPORATE FINANCE INC.

has acquired



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



MNP
CORPORATE FINANCE INC.

has acquired



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


MNP
CORPORATE FINANCE INC.

Klassen Agriventures Ltd.

has acquired

Hagel Feeders Ltd.

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




MNP
CORPORATE FINANCE INC.

has acquired




MNP Corporate Finance Inc. provided financial and tax due diligence services to Verdi Alliance Group.



MNP
CORPORATE FINANCE INC.

has acquired



MNP Corporate Finance Inc. acted as exclusive financial advisor to North Island Chipping Ltd. in structuring and negotiating this transaction.



MNP
CORPORATE FINANCE INC.

has acquired




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



MNP
CORPORATE FINANCE INC.

has acquired



MNP Corporate Finance Inc. provided due diligence services to Summit Ridge Capital.

MNP
CORPORATE FINANCE INC.

Eudaimonia Rx

has acquired

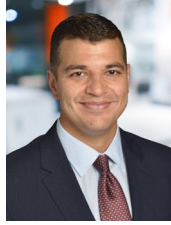
Falher Pharmacy Ltd.
(o/a Falher I.D.A. Pharmacy and McLennan I.D.A. Pharmacy)

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

Transaction Leadership



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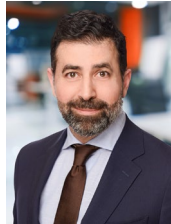
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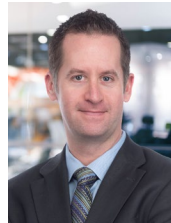


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