

Healthcare Services

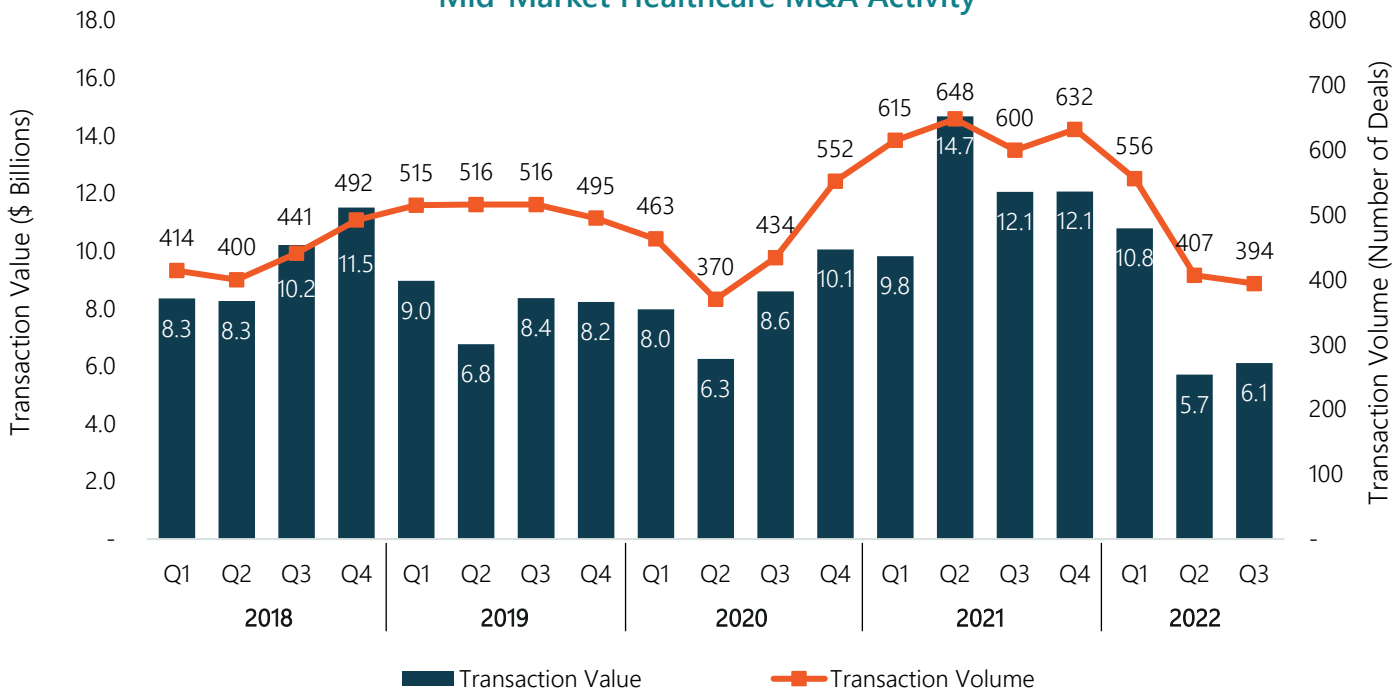
Quarterly Update | Q3 2022



Industry Overview

M&A Transactions & Performance

North American Mid-Market Healthcare M&A Activity



Source: Capital IQ. Data as of September 30, 2022

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
32

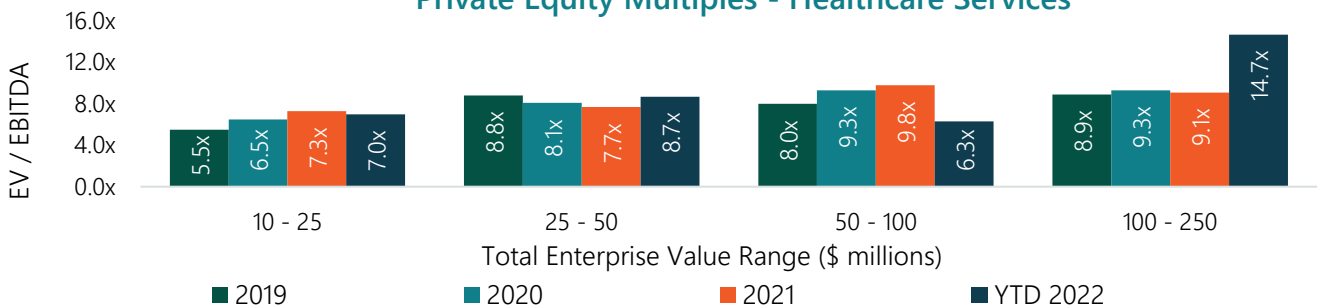
Canadian Transaction Value
\$0.2 billion
(+9.1% vs. Q2 2022)

US Transaction Value
\$5.9 billion
(+6.9% vs. Q2 2022)

US Transactions
362

Healthcare merger and acquisition activity in the third quarter of 2022 exceeded \$6.1 billion in disclosed transaction value across 394 deals in Canada and the US. The average deal size among disclosed transactions was \$83.7 million, an increase from \$65.7 million in the second quarter of 2022. In Canada, the top healthcare sub-sectors for deal activity in the quarter were pharmaceuticals (41%), healthcare services (13%) and drug retail (13%). Healthcare technology and healthcare facilities both comprised 9% of transactions. Together, these sub-sectors accounted for over 84% of total Canadian healthcare deal volume. During the 2022 year-to-date period, EV/EBITDA multiples (based on private equity transactions listed below) for the healthcare services industry averaged 8.3x across all transactions. For lower mid-market transaction values (\$10-25 million range), the EV/EBITDA multiple averaged 7.0x.

Private Equity Multiples - Healthcare Services



Source: GF Data. Data as of August 2022.

Select Recent M&A Transactions



has acquired



Announced	September 8, 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Various

- **Fyi Health Group** is a diversified eye care and aesthetic treatment organization. The company operates over 300 locations across Canada.¹
- **WestGroup** is a family-operated fashion eyewear supplier headquartered in Quebec with over 130 employees.² The company offers international brands across over 40 countries.¹
- Through this partnership, Fyi Health Group aims to provide value for customers by establishing fair wholesale pricing in the market.¹



has acquired

28 Dental Practices

Announced	August 12, 2022
Transaction Value	\$142.7 million
TEV/EBITDA	Various
Location (Vendor)	Various

- **Dentalcorp Holdings Ltd.** (TSX: DNTL) is Canada's largest network of dental practices. During Q2 2022, the company acquired 28 dental practices and has reached 526 practices under ownership, as of June 30, 2022.³
- The 28 dental practices include 43 locations across Canada: 18 in Ontario, 13 in Alberta, nine in Quebec, and one in each of B.C., Manitoba and P.E.I.³
- Total transaction value was reported at \$142.7 million. Dentalcorp expects these practices to generated a pro forma adjusted EBITDA of \$16.1 million, implying a TEV/EBITDA multiple of 8.9x.³



has merged with



and



Announced	July 12, 2022
Transaction Value	Not disclosed
TEV/EBITDA	Not disclosed
Location (Vendor)	Various

- The merger between **123Dentist** (~250 practices) and **Altima Dental and Lapointe Group** (~100 practices), has created one of the largest dental consolidation groups in Canada.⁴
- 123Dentist and Altima Dental will be approximately 70% of the size of Dentalcorp once the merger is complete.⁵
- As part of the merger, US Investment firm KKR & Co Inc. is acquiring an interest in 123Dentist. KKR owns a majority interest in Heartland Dental, a US dental consolidator with over 1,600 locations.⁴

All figures are in CAD millions.

Source 1: Fyihealth group. Data as of September 8, 2022.

Source 2: Pitchbook. Data as of September 26, 2022.

Source 3: Dentalcorp. Data as of August 12, 2022.

Source 4: 123dentist. Data as of July 12, 2022.

Source 5: Willis (July 12, 2022). "Private equity makes a bigger push in Canadian dentistry". *The Globe and Mail*.

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

2022 Revenue

\$50.4 billion

Annual Growth 2017 – 2022

0.6%

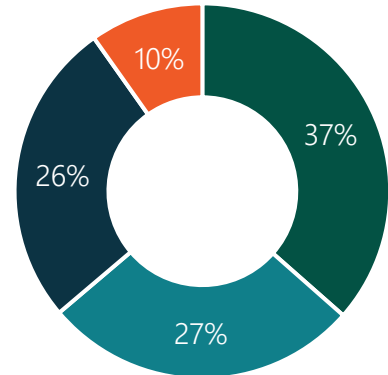
Projected Annual Growth 2022 – 2027

1.4%

Number of Businesses in 2022

7,298

Products and Services Segmentation (2022)



- Prescription pharmaceuticals
- Non-prescription pharmaceuticals
- Personal and beauty products
- Other

Dentistry in Canada

The dental services industry in Canada is comprised of establishments of licensed dentists primarily engaged in the private or group practice of general or specialized dentistry or dental surgery.

Industry Glance

2021 Revenue

\$19.6 billion

Annual Growth 2016 – 2021

2.0%

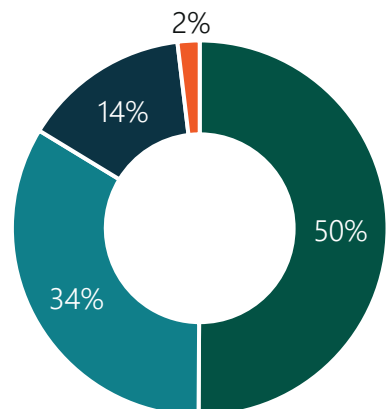
Projected Annual Growth 2021 – 2026

1.2%

Number of Businesses in 2022

28,607

Products and Services Segmentation (2022)



- Non-surgical intervention services
- Visits and consultations
- Oral surgery
- Other

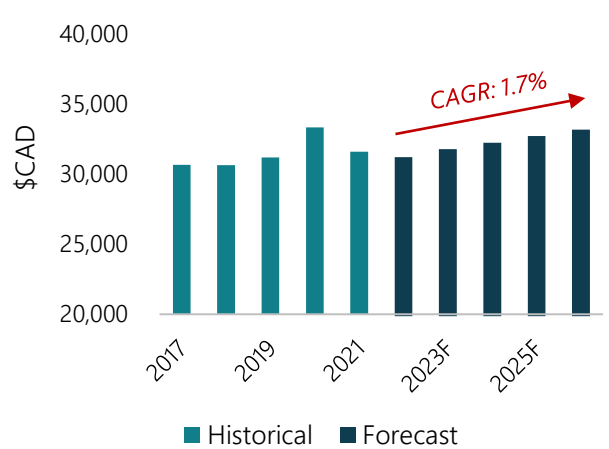
Macroeconomic Indicators

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

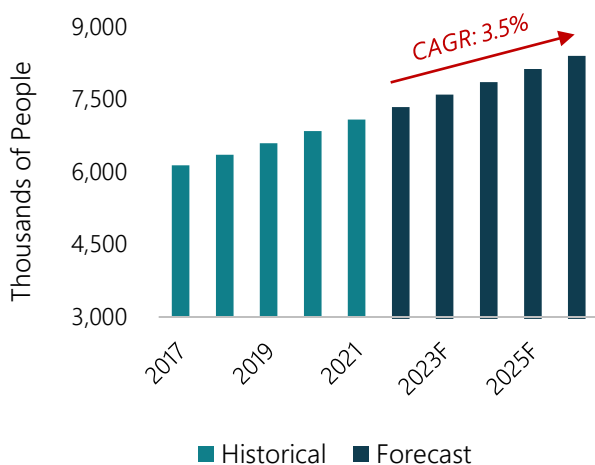
Total Health Expenditure - Canada



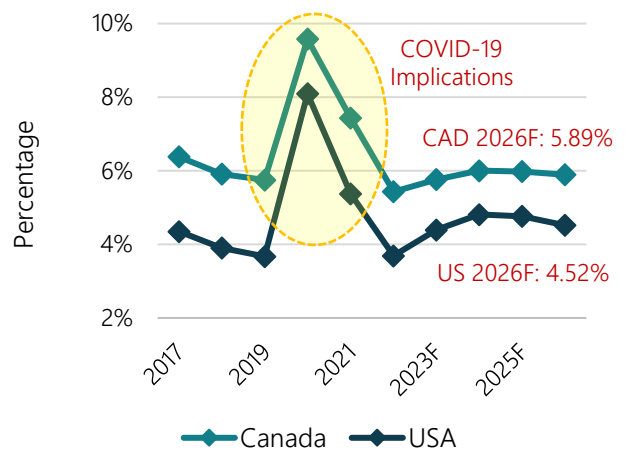
Per Capita Disposable Income - Canada



Population Aged Over 65 - Canada



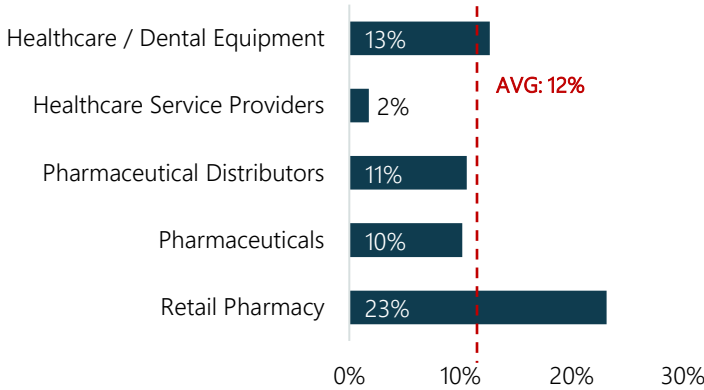
National Unemployment Rate



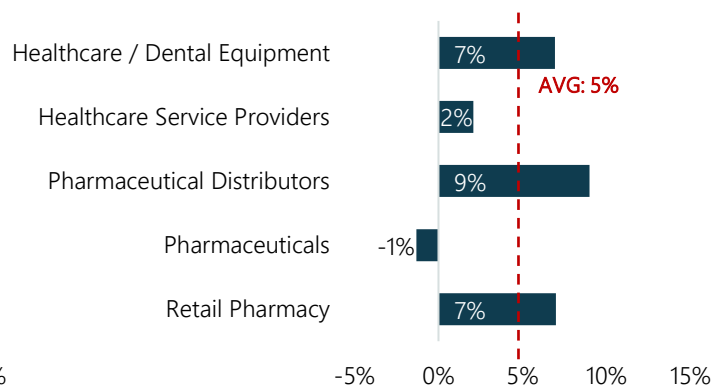
Public Comparable Analysis

Growth, Margins & Multiples

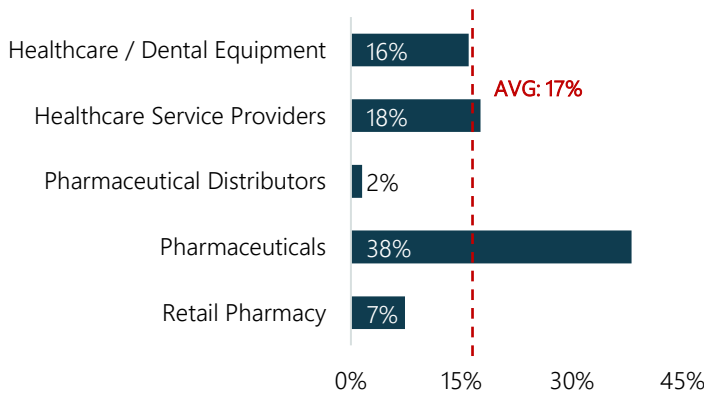
LTM Revenue Growth



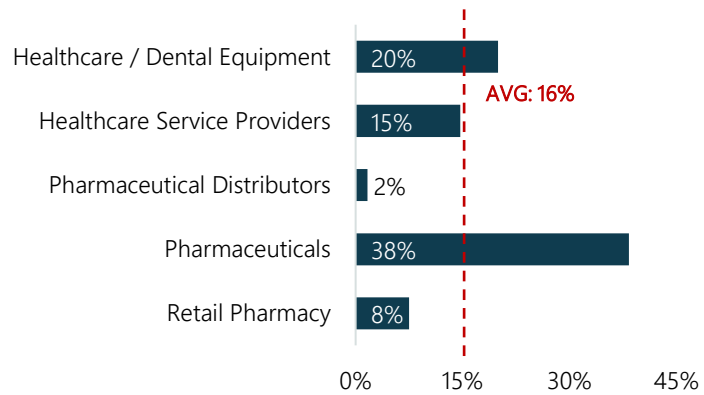
NTM Revenue Growth



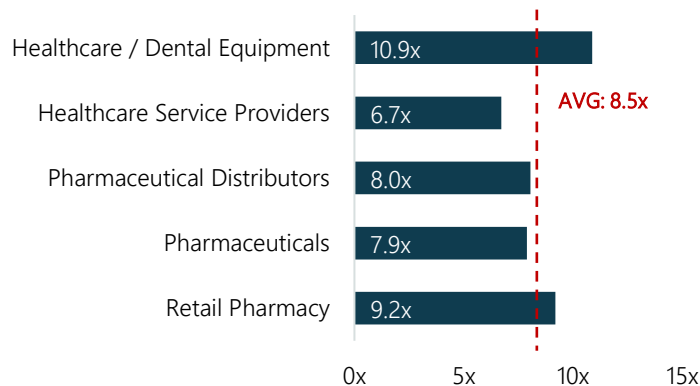
LTM EBITDA Margin



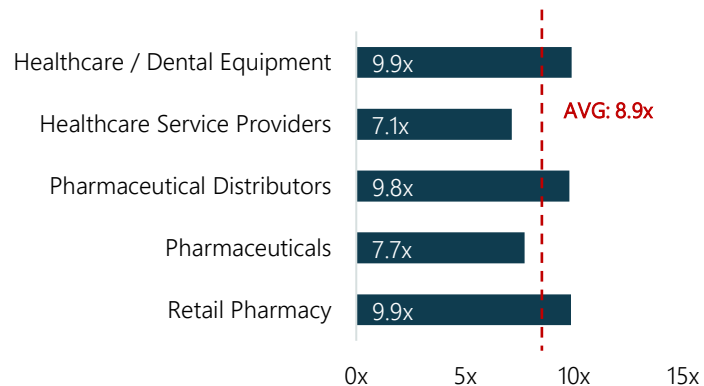
NTM EBITDA Margin



LTM EV/EBITDA



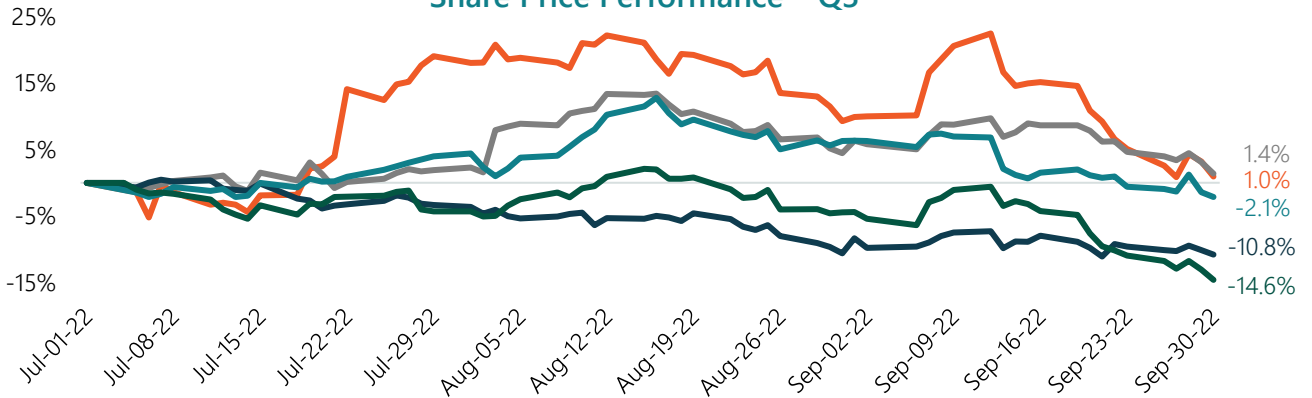
NTM EV/EBITDA



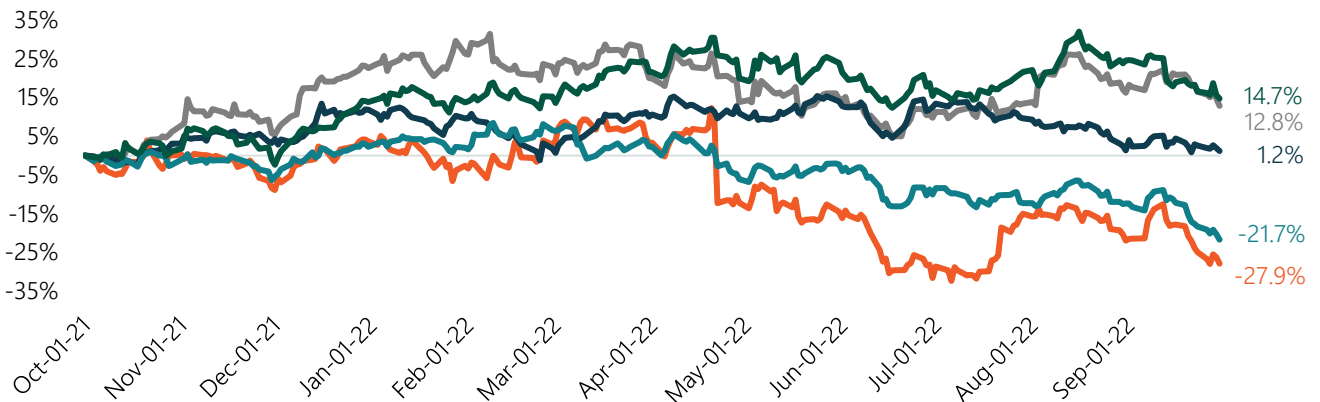
Public Comparable Analysis

Performance Analysis

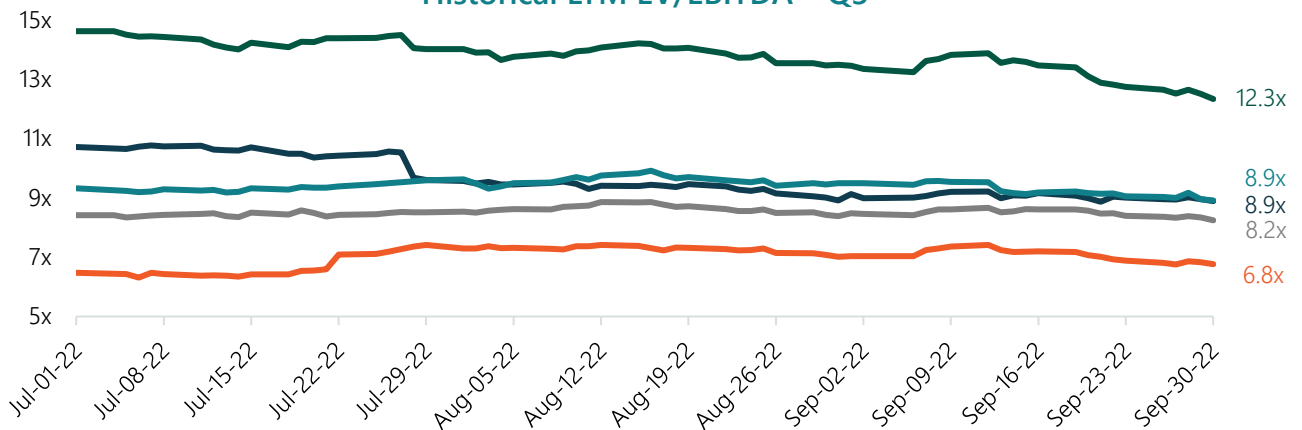
Healthcare Peer Group Share Price Performance – Q3



Share Price Performance – LTM



Historical LTM EV/EBITDA – Q3



- Healthcare Service Providers
 — Retail Pharmacy
— Pharmaceuticals
- Pharmaceutical Distributors
 — Healthcare/Dental Equipment

Source: Capital IQ. Data as of September 30, 2022.
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	EV/EBITDA	LTM EV/EBITDA	LTM EV/REV
Retail Pharmacy											
CVS Health Corporation	\$171,899	\$253,591	\$395,345	10.7%	\$28,373	7.2%	8.4%	6.4%	9.2x	8.4x	0.6x
Rite Aid Corporation	\$378	\$8,978	\$31,468	(0.4%)	\$1,540	4.9%	(0.5%)	1.8%	14.2x	5.6x	0.3x
CareRx Corporation	\$143	\$268	\$358	92.0%	\$27	7.5%	5.8%	8.6%	8.2x	10.0x	0.7x
Neighbourly Pharmacy Inc.	\$906	\$1,018	\$457	35.5%	\$41	9.1%	89.5%	11.8%	10.5x	24.5x	2.2x
Median	\$642	\$4,998	\$15,962	23.1%	\$791	7.3%	7.1%	7.5%	9.9x	9.2x	0.7x
Mean	\$43,332	\$65,964	\$106,907	34.5%	\$7,495	7.2%	25.8%	7.2%	10.5x	12.1x	1.0x
Pharmaceuticals											
Johnson & Johnson	\$589,686	\$589,726	\$131,859	5.0%	\$43,863	33.3%	(1.1%)	35.7%	12.3x	13.1x	4.5x
Merck & Co., Inc.	\$299,531	\$329,199	\$73,637	30.2%	\$30,687	41.7%	3.7%	43.7%	9.8x	10.1x	4.2x
Pfizer Inc.	\$337,192	\$347,405	\$130,797	83.7%	\$58,133	44.4%	(10.8%)	47.0%	6.2x	5.6x	2.5x
Viartis Inc.	\$14,184	\$42,355	\$22,137	10.1%	\$6,854	31.0%	(1.0%)	35.7%	5.3x	5.8x	1.8x
Bausch Health Companies Inc.	\$3,415	\$33,758	\$10,552	(3.4%)	\$4,017	38.1%	6.4%	38.4%	7.7x	7.9x	3.0x
Median	\$299,531	\$329,199	\$73,637	10.1%	\$30,687	38.1%	(1.0%)	38.4%	7.7x	7.9x	3.0x
Mean	\$248,802	\$268,489	\$73,796	25.1%	\$28,711	37.7%	(0.6%)	40.1%	8.3x	8.5x	3.2x
Pharmaceutical Distributors											
Walgreens Boots Alliance, Inc.	\$37,259	\$90,363	\$173,525	0.1%	\$12,749	7.3%	3.6%	4.5%	11.8x	7.3x	0.5x
McKesson Corporation	\$67,068	\$74,937	\$345,772	9.5%	\$5,128	1.5%	9.1%	1.9%	10.3x	13.7x	0.2x
AmerisourceBergen Corporation	\$38,509	\$44,847	\$304,399	15.7%	\$4,884	1.6%	9.5%	1.5%	9.3x	8.6x	0.1x
Cardinal Health, Inc.	\$23,987	\$25,544	\$233,606	11.6%	\$3,202	1.4%	14.9%	1.2%	7.8x	7.5x	0.1x
Median	\$37,884	\$59,892	\$269,002	10.6%	\$5,006	1.5%	9.3%	1.7%	9.8x	8.0x	0.2x
Mean	\$41,706	\$58,923	\$264,325	9.2%	\$6,491	3.0%	9.3%	2.3%	9.8x	9.3x	0.2x
Healthcare Service Providers											
HCA Healthcare, Inc.	\$72,426	\$130,453	\$82,102	3.1%	\$17,952	21.9%	2.4%	19.6%	7.7x	7.1x	1.6x
Universal Health Services, Inc.	\$8,834	\$15,686	\$18,161	6.2%	\$2,454	13.5%	2.7%	12.7%	6.5x	6.3x	0.9x
Tenet Healthcare Corporation	\$7,640	\$30,630	\$26,293	(2.0%)	\$5,702	21.7%	2.2%	16.5%	6.4x	5.5x	1.2x
Community Health Systems, Inc.	\$381	\$18,467	\$15,962	1.0%	\$2,294	14.4%	6.3%	11.7%	9.1x	7.6x	1.1x
Median	\$8,237	\$24,549	\$22,227	2.1%	\$4,078	18.0%	2.5%	14.6%	7.1x	6.7x	1.1x
Mean	\$22,321	\$48,809	\$35,630	2.1%	\$7,100	17.9%	3.4%	15.1%	7.5x	6.6x	1.2x
Healthcare/Dental Equipment & Supplies											
Becton, Dickinson and Company	\$87,251	\$106,191	\$25,858	5.3%	\$7,198	27.8%	(0.7%)	26.8%	15.0x	13.8x	3.9x
Baxter International Inc.	\$37,241	\$58,313	\$18,281	16.4%	\$4,403	24.1%	11.5%	24.0%	11.7x	12.4x	3.0x
dentalcorp Holdings Ltd.	\$1,468	\$2,621	\$1,130	20.4%	\$153	13.5%	22.8%	18.7%	10.0x	17.1x	2.3x
DENTSPLY SIRONA Inc.	\$8,386	\$11,135	\$5,230	19.9%	\$1,233	23.6%	6.7%	21.3%	9.2x	8.2x	1.9x
Henry Schein, Inc.	\$12,291	\$15,475	\$16,428	6.9%	\$1,563	9.5%	7.7%	8.9%	9.7x	9.3x	0.9x
Patterson Companies, Inc.	\$3,196	\$3,973	\$8,213	2.0%	\$452	5.5%	8.8%	5.5%	7.8x	8.2x	0.5x
Median	\$10,339	\$13,305	\$12,320	11.6%	\$1,398	18.6%	8.2%	20.0%	9.9x	10.9x	2.1x
Mean	\$24,972	\$32,951	\$12,523	11.8%	\$2,500	17.3%	9.5%	17.5%	10.6x	11.5x	2.1x

Source: Capital IQ. Data as of September 30, 2022.

"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.

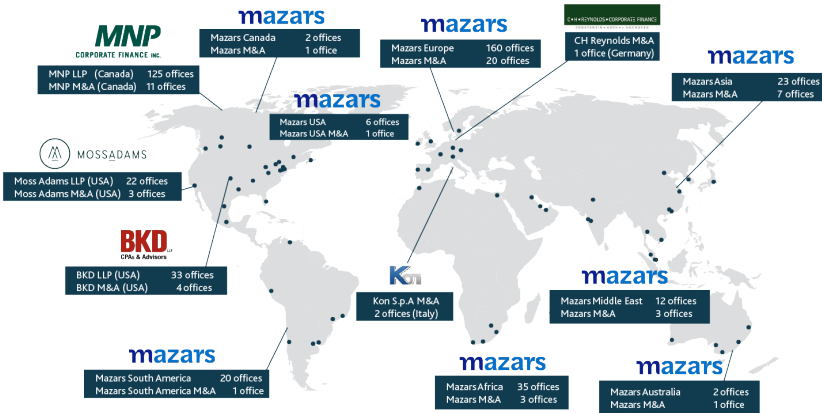
Our typical transactions range in value between \$3 million and \$300 million.

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.



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 eight years alone we have completed over 235 transactions worth over \$4 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

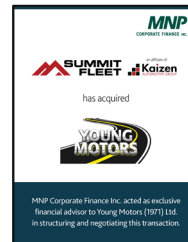
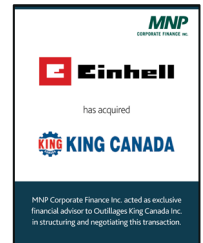
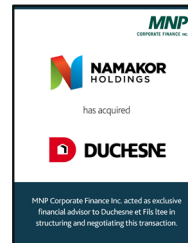
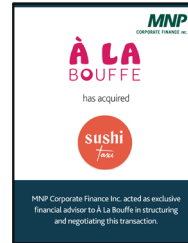
Hands-on Approach

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.

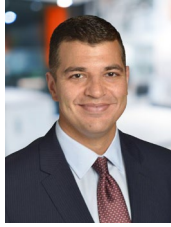
Recently Closed Deals (National)



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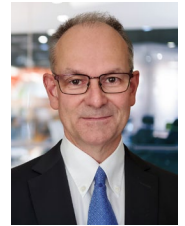
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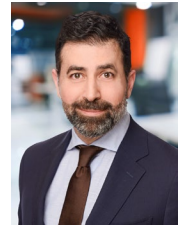
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