



Healthcare Industry Highlights

July 15th, 2020



COVID-19 DEVELOPMENTS

News Scan

There are currently 50 COVID-19 drugs, including vaccines, currently being investigated in clinical trials authorized by Health Canada and more than 510 drug development programs in planning stages in the US. Illustrated below are highlights from Canada and around the world.

- On July 14th, **Moderna Inc.** (“**Moderna**”) published results of its 45 patient trial, where the two-dose vaccination schedule induced COVID neutralizing antibodies in all participants with no serious adverse effects. Participants will be followed for one year to evaluate whether immune response lasts and Phase 3 is scheduled to begin later this month
- On July 8th, **SiO2 International Inc.** (“**SiO2**”) announced plans to spend US\$163 million to expand and upgrade its packaging plant in Alabama to boost production capacity for vials and syringes relating to COVID-19 vaccines and treatments. The investment will be split between a new 70,000 square-foot facility and expanding SiO2’s existing production facility. With the expanded capacity, SiO2 hopes to address the looming shortage of glass vials that health experts predicted could hamper vaccine distribution efforts
- On July 7th, **Novavax Inc.** (“**Novavax**”) announced a US\$1.6 billion funding deal with the U.S. government’s “Project Operation Warp Speed” to support late-stage vaccine testing and manufacturing. Novavax plans to use the funds to increase COVID-19 vaccine manufacturing, having pledged to produce 100 million vaccine doses this year. Although the company has never brought a product to market, it is currently also advancing a late-stage flu vaccine
- On July 6th, **Johnson & Johnson Inc.** (“**J&J**”) announced a five year work order with **Emergent BioSolutions Inc.** (“**Emergent**”) worth at least US\$480 million. Similar to other drug manufacturers in the COVID-19 vaccine race, J&J is attempting to acquire manufacturing capacity to scale production of its potential vaccine. Through the Emergent partnership, J&J will be provided with large-scale drug substance manufacturing beginning in 2021 and a flexible capacity deployment model in later years
- On July 6th, **Sanofi S.A.** and **GlaxoSmithKline plc** announced the parties are nearing a US\$625 million deal with the U.K. government, who will purchase 60 million doses of their COVID-19 vaccine candidate. As the race between drug manufacturers continues, governments are also eager to secure supply for their own countries. Prior to this purchase, the British government had ordered 100 million doses of the **AstraZeneca** and **University of Oxford** COVID-19 vaccine collaboration
- On July 3rd, **Merck & Co. Inc.** (“**Merck**”), announced the **U.S FDA** has cleared its application for M5049 for the treatment of patients with COVID-19 pneumonia. With this approval, Merck will initiate a Phase II randomized, controlled clinical study evaluating the safety and efficacy of the drug. M5049 aims to prevent or ameliorate the inflammatory response in patients through the course of the disease and reduce life-threatening complications of COVID-19



HEALTHCARE SERVICES

News Scan

- On July 8th, **WELL Health Technologies Corp.** (“WELL”) announced an agreement to purchase **Cycura Inc.** (“Cycura”), a private Ontario corporation, for C\$2.5 million. Cycura provides various cybersecurity offerings, including penetration and vulnerability testing, incident response services and cybersecurity training. As WELL continues to allocate capital to themes of health digitization, the opportunity to add Cycura’s cybersecurity capabilities to protect the platform is a key transaction that will enable continued safe growth
- On July 8th, **Walgreens Boots Alliance Inc.** (“Walgreens”) and **VillageMD** announced Walgreens will be the first national pharmacy chain to offer full-service doctor offices located at its stores. The partnership will open 500 to 700 “Village Medical at Walgreens” physician-led primary care clinics in more than 30 U.S. markets in the next five years
- On July 7th, **CRH Medical Corporation** (“CRH”) announced it has acquired a 51% interest in **Central Virginia Anesthesia Associates** (“Central Virginia”), a gastroenterology (“GI”) anesthesia practice in Virginia. CRH is a North America-based company, focused on providing gastroenterologists with innovative services and products
- On July 1st, **Propel Insurance** (“Propel”) announced it has acquired **HealthCare Service** (“HCS”), a boutique risk management and insurance consulting firm that specializes in serving senior care organizations. Propel, a portfolio company of **Flexpoint Ford**, will leverage this acquisition to expand the geographic footprint of its existing senior living practice
- On June 16th, **PDDS Buyer LLC** (“Planet DDS”) announced it has entered into an arrangement agreement to acquire Vancouver-based **Apteryx Imaging Inc.** (“Apteryx”), a provider of advanced diagnostic imaging software and device technologies to dentists and oral health specialists. Planet DDS, a portfolio company of **Level Equity Management LLC** (“Level Equity”) will pay aggregate consideration of approximately C\$39.0 million. The combined cloud software offerings are highly synergistic with proven market acceptance among Dental Support Organization practices, enabling accelerated growth

Key Indicators

(in USD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
CRH Medical Corporation	158.4	261.3	3.3x	2.1x	17.3x	7.8x	81.2%
New Look Vision Group Inc.	323.4	542.9	3.0x	2.3x	19.4x	10.8x	87.2%
WELL Health Technologies Corp.	315.2	320.0	10.0x	7.4x	neg	nmf	50.8%
Akumin Inc.	130.3	610.5	2.5x	2.1x	12.6x	8.3x	48.8%
CareRx Corporation	64.2	109.3	0.9x	0.7x	10.8x	7.3x	67.4%
Average			3.9x	2.9x	15.0x	8.6x	67.1%



HEALTHCARE TECHNOLOGY

News Scan

- On July 9th, **VitalHub Corp.** (“**VitalHub**”) announced a partnership with **Intouch with Health Inc.** (“**Intouch**”) to further expand its patient management and healthcare services portfolio. The partnership will combine Intouch’s management software with VitalHub’s solutions and services to enable effective management of patient flow, ranging from initial hospital activities to ongoing support and care in the community
- On July 9th, **Health Catalyst Inc.** (“**Health**”), a Utah-based provider of data and analytics technology and services to healthcare organizations, announced the acquisition of **Healthfinch Inc.** (“**Healthfinch**”), a Wisconsin provider of clinical workflow optimization technology, for US\$40 million. The acquisition is expected to allow Health’s customers to enhance clinical workflows in electronic health record systems
- On July 8th, **Doctor on Demand Inc.** (“**Doctor**”), a San Francisco-based telemedicine provider, announced the closing of a Series D financing round led by **General Atlantic L.P** (“**General**”) and participation from existing investors, raising US\$ 75 million. The company intends to use the funds to accelerate investments in growth initiatives and expand its platform
- On June 30th, **GTCR LLC** and **Cedar Gate Technologies LLC** (“**Cedar Gate**”) announced the acquisition of **Citra Health Solutions Inc.** (“**Citra**”), a specialty workflow software solution that is used in the administration of capitated healthcare reimbursement. Citra’s technology will be complementary with Cedar Gate’s existing bundled payment administration and advanced analytic capabilities. This transaction is executed at an opportune time, as healthcare systems are continuously looking to transition away from fee-for-service option
- On June 16th, **Walmart Inc.** (“**Walmart**”) announced it has acquired **CareZone Inc.** (“**CareZone**”), a California-based company, providing mobile services for managing chronic health conditions for US\$200 million. Through its mobile application, CareZone provide efficient management of multiple medications and automation of pharmacy refill requests. Walmart plans to integrate CareZone’s platform with its existing Digital Health capabilities

Key Indicators

(in USD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
Profound Medical Corp.	270.2	226.3	31.7x	9.6x	neg	neg	83.0%
Hamilton Thorne Ltd.	125.4	124.3	3.4x	2.8x	22.0x	13.5x	82.0%
Vitalhub Corp.	29.8	20.0	2.5x	1.9x	25.8x	9.4x	62.6%
Neovasc Inc.	28.2	32.2	13.5x	9.1x	na	na	27.8%
Average			12.8x	5.9x	23.9x	11.4x	63.8%



PHARMACEUTICALS

News Scan

- On July 8th, **Frontage Holdings Corporation** (“**Frontage**”) announced the acquisition of **ACME Bioscience Inc.** (“**ACME**”) through its subsidiary Frontage Laboratories Inc. ACME provides discovery chemistry, medicinal chemistry, process chemistry research, and development of chemical manufacturing services for various biopharmaceutical companies. This acquisition will expand the capabilities of Frontage’s organic synthesis, medicinal chemistry and process R&D; ultimately enabling growth in drug discovery and early-stage development
- On July 6th, **ANI Pharmaceuticals Inc.** (“**ANI**”) announced the acquisition of **Fluconazole Tablets USP** (“**Fluconazole Tablets**”) for C\$3.0 million. Fluconazole Tablets aids in the treatment of vaginal candidiasis, providing effective treatment solutions in urinary tract infections and peritonitis. This acquisition adds Fluconazole Tablets to ANI’s commercial generic portfolio, advancing the product portfolio at the Oakville plant
- On June 23rd, **Gilead Sciences Inc.** (“**Gilead**”) announced it has acquired a 49.9% interest in **Pionyr Immunotherapies Inc.** (“**Immuno**”) for US\$275 million. Pionyr is a privately held company, focused on the development of cancer immunotherapies. This transaction illustrates Gilead’s continued effort to build out its immune-oncology offering with innovative and complementary approaches
- On June 12th, **Novo Nordisk Inc.** (“**Novo**”) announced the acquisition of **Corvidia Therapeutics Inc.** (“**Corvidia**”) for US\$2.1 billion. Corvidia focuses on the development and treatment of cardio-renal diseases. This acquisition represents Novo’s diversification into cardio-renal disease therapy, as it is primarily known for its diabetes treatment, with other main product areas being obesity, hemophilia, and growth disorders

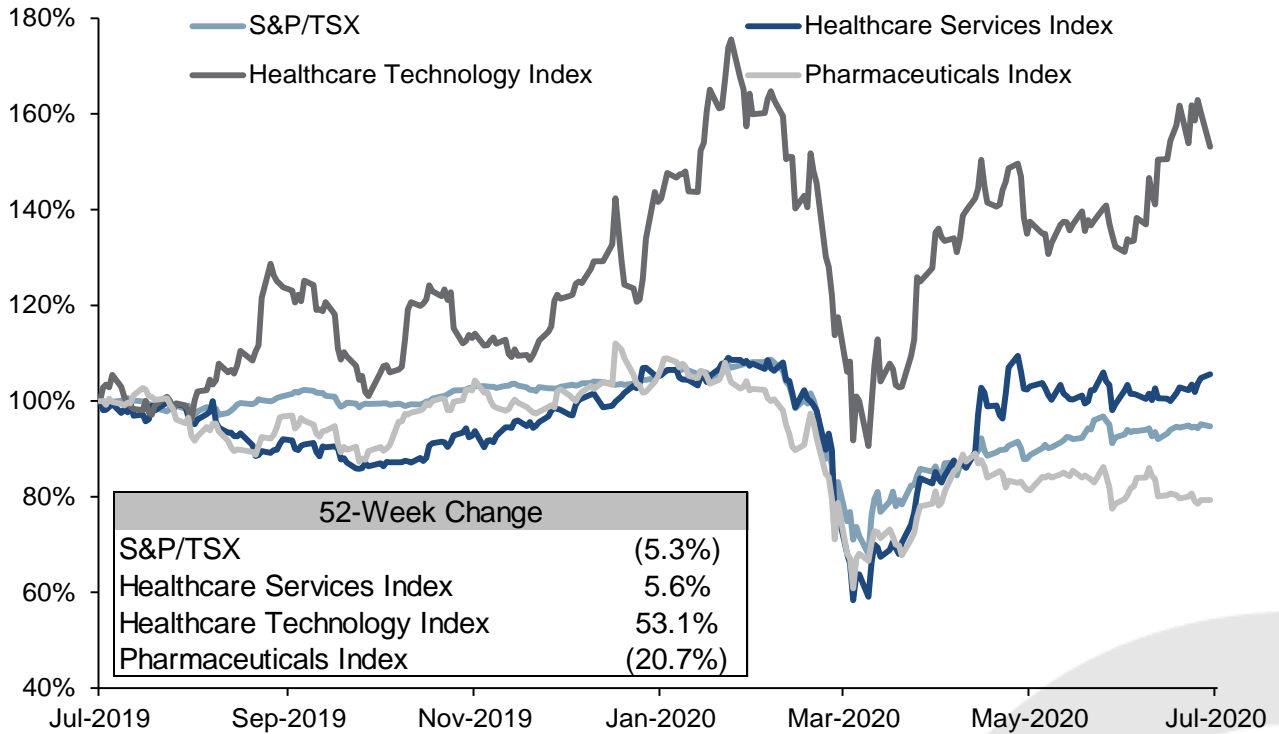
Key Indicators

(in USD millions, unless otherwise indicated)	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2020E	2021E	2020E	2021E	52-Week High
Bausch Health Companies Inc.	6,175.7	29,762.7	3.7x	3.5x	9.1x	8.4x	54.5%
Knight Therapeutics Inc.	674.9	492.2	3.1x	2.8x	40.5x	23.9x	78.7%
HLS Therapeutics Inc.	402.2	454.2	7.4x	6.1x	17.2x	14.5x	66.3%
Theratechnologies Inc.	168.7	188.3	2.5x	1.7x	18.2x	4.8x	48.1%
Average			4.2x	3.5x	21.2x	12.9x	61.9%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX Index has declined 5.3% over the last 12 months, increasing approximately 40% from March 16th lows. Market volatility continues as the positive impact of business re-opening and government stimulus is offset by concerns of a second wave of COVID-19
- As all our index constituents make gains and re-approach their 52-week highs, healthcare tech is the start performer, reflecting COVID-19 as a catalyst for accelerating growth

1. Index segments are comprised of equally weighted market prices for the companies in each category as noted in the earlier pages of the report



About Origin Merchant Partners

Origin Merchant Partners is an independent investment bank that provides value added corporate finance, mergers and acquisitions and merchant banking services delivered by senior professionals. Our clients engage us for our dedicated, high level of service and independent advice to address their strategic and financial plans

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