



Healthcare Industry Highlights

August 13th, 2020



COVID-19 DEVELOPMENTS¹

News Scan

There are currently 55 COVID-19 drugs, including vaccines, currently being investigated in clinical trials authorized by Health Canada. To date, the FDA has authorized 210 tests under EUAs; including 171 molecular tests, 37 antibody tests and 2 antigen tests.

- On August 12th, a **Globe and Mail** analysis found that three dozen nursing homes in Ontario accounted for 55% of the province's COVID-19 deaths in long-term care. The study revealed the extent of vulnerability of residents in older facilities with multi-bed wards during the pandemic. In Ontario, approximately 40% of nursing homes do not meet current provincial government design standards banning wards, as most of the homes were built 50 years ago when wards were common across Canada
- On August 5th, **Johnson & Johnson ("J&J")** announced an agreement to supply 100 million doses of its vaccine candidate to the U.S., at a price per dose of approximately US\$10.00. The **U.S. government** has also reached agreements with **AstraZeneca** at a price per dose of US\$4.00 and **Pfizer** at US\$19.50. Although J&J is not in late-stage testing like other pharmaceutical giants, it has expedited its trials and is exploring various dose regimens
- On August 5th, the **Canadian government** announced agreements with **Pfizer** and **Moderna** to secure millions of doses of their COVID-19 vaccine candidates in 2021. Last month, Pfizer announced an agreement with the **U.S. government** to supply the first 100 million doses of the vaccine. Anita Anand, Procurement Minister, did not disclose the exact figure relating to the "millions of doses", however ensured that Canadians will be at the forefront when a vaccine is readily available
- On August 3rd, **Eli Lilly** announced the initiation of a Phase 3 trial studying LY-CoV555, developed in partnership with **AbCellera**, for its ability to decrease rates of infection and complication in residents and staff of long-term care facilities
- On July 29th, **University of Saskatchewan's VIDO-InterVac** announced that it has contracted two Canadian pharmaceutical companies, **Dalton Pharma Services** and **Biodextris**, to manufacture ingredients for its potential COVID-19 vaccine to be used in the first stages of human clinical trials. Vaccines, like all candidates, will need to go through three phases of human clinical trials prior to approval of **Health Canada**
- On July 28th, **Health Canada** approved **Gilead Sciences' ("Gilead")** remdesivir drug as the first to treat COVID-19 patients in the country. The approval follows an expedited six-week review by Health Canada, allowing for the treatment of patients with severe symptoms of COVID-19. Adults and children older than 12, who weigh at least 40 kilograms will be permitted to use the drug

1. Sourced from Reformulary Group's COVID-19 DEW Report (reformulary.com/covid19) and other news sources



HEALTHCARE SERVICES

News Scan

- On August 11th, **Arsenal Capital Partners** (“**Arsenal**”) announced the acquisition of **Cello Health plc** (“**Cello**”), a global healthcare services focused advisory firm for £181.1 million. The acquisition of Cello provides the opportunity for clients to continue optimization of patient services via medical and technological advances. Further, with Arsenal’s capabilities, Cello is expected to continue expansion throughout North America and Europe, enabling commercial success for clients
- On August 4th, **CRH Medical Corporation** (“**CRH**”) announced the acquisition of a 66% interest in **Orange County Anesthesia Associates LLC** (“**Orange County**”), a gastroenterology (“GI”) anesthesia practice in Florida. Orange County provides anesthesia services to a single GI ambulatory surgery center with estimated annual revenue of US\$3.1 million. The acquisition deepens CRH’s presence in Florida to nine ambulatory surgery centers
- On August 4th, **Peloton Capital Management** (“**Peloton**”) announced an investment in **The Fertility Partners** (“**TFP**”), Canada’s largest network of fertility clinics. The funds will be used to support the launch of TFP through established partnerships with leading clinics in British Columbia, Manitoba, Ontario and Quebec
- On August 3rd, **Imperial Capital Group Ltd.** (“**Imperial**”) sold its 70% stake in **VetStrategy** to **Berkshire Partners** in a transaction valuing the business at an estimated \$1.4 billion. The agreement includes 161 vet clinics in Canada, most purchased in small acquisitions over the past seven years
- On July 20th, **Sarnova Inc.** (“**Sarnova**”), a distributor of healthcare products and services for the EMS and acute care markets, announced it has acquired the Emergency Medical Services business of **R1 RCM Inc.** (“**R1**”) for US\$140 million. The transaction price represents a 10.8x multiple on the business’s LTM EBITDA of US\$12 million

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	184.1	287.0	3.2x	2.2x	15.8x	8.2x	88.0%
WELL Health Technologies Corp.	423.5	428.4	13.2x	9.7x	neg	nmf	84.0%
New Look Vision Group Inc.	341.2	564.9	2.9x	2.3x	15.0x	10.7x	58.0%
Akumin Inc.	142.4	622.6	2.5x	2.1x	11.9x	7.9x	52.3%
CareRx Corporation	75.2	121.2	0.9x	0.8x	11.7x	7.9x	77.4%
Average			4.6x	3.4x	13.6x	8.7x	71.9%



HEALTHCARE TECHNOLOGY

News Scan

- On August 11th, **Health Catalyst Inc. ("Health Catalyst")**, a leading provider of data and analytics technology and services to healthcare organizations, announced the acquisition of **Vitalware LLC ("Vitalware")**. Vitalware is a Washington-based provider of workflow and analytics SaaS technology to healthcare companies. Vitalware's flagship service offering includes price transparency analytics, supporting compliance with expanding pricing transparency regulation
- On August 6th, **Teladoc Health Inc. ("Teladoc")**, a comprehensive virtual healthcare solutions company and **Livongo Health Inc. ("Livongo")**, a provider of technology enabled solutions to monitor and manage chronic conditions, announced a merger in a deal valued at US\$18.5 billion. The combined company will provide a broad spectrum of services across the virtual care platform. Under the terms of the agreement, Livongo shareholders will receive 0.592 shares of Teleadoc, including US\$11.33 in cash per Livongo share, owning approximately 42%, while Teladoc shareholders will own about 58% of the combined entity
- On August 4th, **Centaury Health Solutions ("Centaury")**, a healthcare technology and services company, announced the acquisition of **Applied Revenue Analytics ("AppRev")**, a healthcare business intelligence company that aids in hospital revenue cycle performance services. Through its SaaS model, AppRev provides products such as pricing analytics, charge accuracy, denials intelligence and price transparency. The addition of these software services to Centauris' broad scope of eligibility and Medicaid billing solutions provides a suite of revenue cycle optimization solutions to hospital clients
- On August 2nd, **Siemens Healthineers ("Siemens")** announced the acquisition of **Varian Medical Systems Inc. ("Varian")** for US\$16.4 billion. Under the agreement, Siemens would acquire all shares in Varian at US\$177.50, representing a 24% premium to the day's closing price. The addition of Varian and its radiation oncology capabilities will help expand the service offering of the German health imaging and medical devices company

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.	232.1	187.4	24.5x	7.8x	neg	neg	69.9%
Hamilton Thorne Ltd.	144.4	143.4	3.9x	3.2x	25.4x	15.5x	92.7%
Vitalhub Corp.	32.9	23.0	2.8x	2.2x	29.1x	10.5x	67.9%
Neovasc Inc.	28.2	32.2	16.9x	8.9x	na	na	27.2%
Average			12.0x	5.5x	27.2x	13.0x	64.4%



PHARMACEUTICALS

News Scan

- On August 11th, **Bayer AG** (“**Bayer**”) announced the acquisition of **Kandy Therapeutics Ltd.** (“**Kandy**”), a UK-based women’s health biotechnology company. Under the agreement, Bayer will pay US\$425 million upfront and an additional US\$450 million through potential milestone payments until the launch of Kandy’s experiment treatment for menopause symptoms
- On August 10th, **Viva Biotech Co. Ltd.** (“**Viva**”) announced the acquisition of **Zhejiang Langhua Pharmaceutical Co.** (“**Langhua Pharmaceutical**”) for RMB 2,560 million. The acquisition will enhance Viva’s R&D, design and manufacturing capabilities, continuing its expansion towards offering a comprehensive one-stop drug services platform. Further, the acquisition of an established Contract Development & Manufacturing Organization (“CDMO”) platform will aid in the geographical expansion and coverage of various customer groups
- On August 10th, **Ligand Pharmaceuticals** (“**Ligand**”), a biopharmaceutical company focused on developing and acquiring technologies to aid in the discovery of medicine, announced the acquisition of **Pfenex**. Under the agreement, Ligand will purchase Pfenex shares at US\$12.00, representing a 57% premium to the day’s closing price, in addition to a US\$78 million Contingent Value Right, in the event of a predefined regulatory milestone achievement, for a total transaction value of up to US\$516 million
- On August 6th, **Bausch Health Companies Inc.** (“**Bausch**”) announced its intention to spin off its eye health business into an independent publicly traded entity. Bausch cites the benefits of the separation of these businesses, including improved strategic focus and enhanced financial transparency that enables stakeholders to value each business independently
- On July 20th, **Grifols**, one of the leading producers of treatments based on human plasma, announced the acquisition of the North American plasma assets from **Green Cross** for US\$460 million. The assets purchased include a plasma fractionation plant in Canada and two purification facilities and 11 plasma collection centers in the U.S

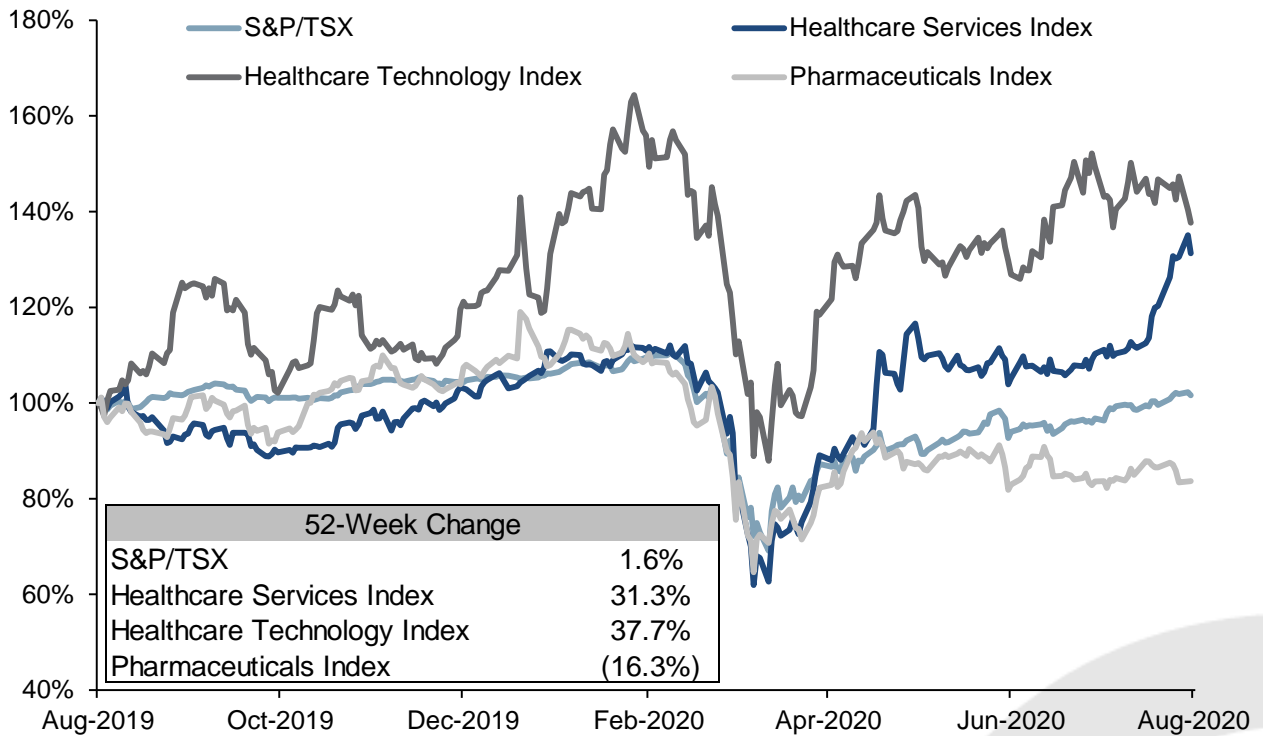
Key Indicators

(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.	6,264.4	29,851.4	3.8x	3.5x	9.4x	8.5x	55.2%
Knight Therapeutics Inc.	659.5	473.2	2.9x	2.6x	39.3x	22.5x	75.5%
HLS Therapeutics Inc.	379.9	431.9	7.7x	5.8x	18.7x	13.9x	61.4%
Theratechnologies Inc.	205.5	225.2	3.0x	2.0x	21.2x	5.6x	59.0%
Average			4.3x	3.5x	22.1x	12.6x	62.8%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX Index has increased 1.6% over the last 12 months, overcoming the lows from COVID-19. Market volatility continues as the positive impact of business re-openings are offset by lower government stimulus and concerns of a second wave of COVID-19
- As all our index constituents make gains and re-approach their 52-week highs, healthcare tech continues to outperform other healthcare segments, reflecting COVID-19 as a catalyst for accelerating growth, increasing 37.7% over the last 12 months
- Our Healthcare Service Index has increased 31.3% over the last 12 months, driven by a 161% increase in **WELL Health Technologies Inc** as the company continues to consolidate and modernize clinical and digital assets within the primary healthcare sector
- Companies in our Pharmaceuticals index are recovering from COVID-related challenges to supply chains, distribution, and clinical trials

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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