



Healthcare Industry Highlights

November 18th, 2020



Origin's international partners bring expertise across a range of sectors, including healthcare. In this issue, we speak with our partners in the Middle East, who share healthcare sector insights and opportunities they are seeing in their respective regions.

SPOTLIGHT ON THE MIDDLE EAST



ALEXANDRA BALAFA, MANAGING DIRECTOR, HCSI



HC Securities & Investment



HC Securities & Investment (HC) is a leading investment bank, serving clients in Egypt and the Middle East since 1996.

OMP: Can you give us an overview of the healthcare sector in the Persian Gulf region?

Alexandra Balafa: From an M&A perspective, we are seeing demand for specialized services, including dental and dermatology platforms and IVF as well as niche healthcare sector skills that are not yet present in the markets to a substantial extent. There is also strong interest in healthcare tech and adoption of new, smart technologies to modernize the healthcare ecosystem. While the market, particularly the UAE's, is reasonably mature in terms of the provision of general healthcare services, broadly, the sector is still underdeveloped, particularly around technology, more specialized services such as pediatrics, cardiology or oncology, and the manufacture of certain medical products.

OMP: Let's focus on M&A for a moment. Who are the investors/buyers in the space?

AB: They represent quite a mix, from government and government-owned entities and sovereign wealth funds to private equity firms, strategics and family offices. Geographically, outside the Middle East, we see some interest in direct acquisitions from PE-backed European strategics.

International healthcare groups have, however, been actively setting up joint ventures, which are becoming a popular vehicle throughout the Gulf. Domestic government and large corporates are supportive of this approach: they regard these types of partnerships, which operate locally, as a way to fuel our healthcare development and knowhow.

There is also strong interest in promoting private spending through the adoption of public-private partnership (PPP) models to introduce niche healthcare sector skills that are not yet present in the Gulf to a substantial extent. This also encourages foreign investors'/buyers' participation.



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OMP: How has COVID-19 impacted the healthcare sector in the Gulf region?

AB: The pandemic has accelerated the development of healthcare tech and governments' focus on healthcare spend and policy development. Historically, there hasn't been much investment in the space, but because of COVID, we are seeing more government investment, aimed at bringing in and building technologies that can be implemented in the region. This strong interest in bringing intelligence to the region represents a significant opportunity for international strategics to show advanced healthcare technologies and platforms to our sovereign wealth funds and strategic investors.

In addition, we have seen increased consolidation (through M&A) activity in the regional healthcare sectors, as smaller private healthcare groups increasingly face liquidity difficulties caused by a pandemic-related downturn in revenue streams.

OMP: Are there hurdles in the region for foreign investors?

AB: Historically, there have been challenges to attracting more and better foreign investment in the region due to a constrained investment climate and regional geopolitical tensions. However, this has changed and continues to do so, as regulators work to facilitate foreign investor participation in the market. While in the UAE, that is not new, we are now seeing this happen in Saudi and in Egypt as well. As a whole, the region is very open to foreign investment.

To learn more please contact Alexandra at abalafa@hc-si.com for the Gulf region.

To learn more about Origin's international partners, please contact Karen Fisman at karen.fisman@originmerchant.com



SPOTLIGHT ON THE MIDDLE EAST



EYAL SCHWARTZ, MANAGING PARTNER, SCHWARTZ INVESTMENT HOUSE

Schwartz Investment house is a leading independent, private investment banking firm based in Tel-Aviv

OMP: Can you give us an overview of the Israeli healthcare (“Life Science”) sector?

Eyal Schwartz: We have a thriving Life Science industry, with more than 1,900 active companies, most (about 70%) of which are in the Medical Devices, Healthcare IT and Diagnostics sub-sectors. We have had particular success in the Medical Devices field, where Israel leads worldwide in patents granted per capita.

OMP: What type of market activity have you seen through 2020?

ES: While M&A has slowed across all sectors in 2020, capital raising is at record levels. In the first 9 months of 2020, Israeli companies raised about US\$7.5 billion over 438 deals, out of which 105 were Life Science companies. Digging into the numbers, however, it appears that capital raising for early stage companies is actually down by 80%, suggesting investors have become much more selective about investments where proof of concept is still ahead, or where companies are still in early trial phases.

OMP: Where are those earlier stage Life Science companies looking for capital?

ES: There are several alternatives, but one specific to Life Science is the R&D fund. R&D funds were created to address the capital needs of early stage Life Science companies. These listed vehicles are the result of an amendment to Tel Aviv Stock Exchange regulations made last February, which allows offerings by limited partnerships engaged in R&D. Once listed, these entities are allowed to invest in R&D companies, including those with no revenue, that are at the early stages of transforming their ideas into a business model.

We also see new Israeli VCs focused on Life Science companies at different stages.



SPOTLIGHT ON THE MIDDLE EAST

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OMP: How has the pandemic impacted businesses operating in the healthcare sector?

ES: For a number of companies, there has been a positive impact. For example, we know a diagnostics company that had been developing blood tests. With the onset of COVID, they shifted their knowhow and developed a new COVID test, which they are doing well with.

COVID has also amplified the interest in digital healthcare services. Over the past years, we have seen more technology migrating to the healthcare sector, but COVID has accelerated this. Medical services, traditionally brick and mortar-based businesses, are ramping up their search for digital solutions to enable virtual consultation and diagnostics. And we are also seeing start-ups building on existing technologies, and adapting them to the healthcare sector.

OMP: Where do you see investment opportunities currently?

ES: With the increasing need for remote medicine, and virtual diagnostics and screening, as one of our Healthtech fund partners puts it, the “Digital Health Golden Age is here”. While Israel has historically been a leader in the medical device segment, the burgeoning interest in digital health has the potential to drive new and interesting opportunities.

To learn more, please contact Eyal at Eyal@es-inv.com for Israel.

To learn more about Origin's international partners, please contact Karen Fisman at karen.fisman@originmerchant.com



COVID-19 DEVELOPMENTS

News Scan

- There are currently 72 COVID-19 drugs, including vaccines, being investigated in clinical trials authorized by Health Canada. There has been a lot of progress, with promising interim Phase 3 data reported by a couple of vaccine developers. Although it is still early, things are moving in the right direction
- On November 17th, **Amazon** announced the launch of Amazon Pharmacy, its online and mobile prescription medication ordering and fulfillment service. This follows the company's US\$753 million acquisition of the prescription medicine delivery service, Pillpack, and provides new revenue opportunities during the ongoing COVID-19 pandemic, as consumers trend towards more remote care and using online channels for shopping needs
- On November 16th, **Moderna Inc.** ("**Moderna**") announced that interim results from a Phase 3 study of its mRNA-1273 vaccine show that the vaccine is 94.5% effective with no significant safety concerns. Moderna intends to seek emergency use authorization from the FDA in the coming weeks. Both the Moderna and the earlier announced **Pfizer/BioNTech** vaccines are among those that Canada arranged to purchase, pending regulatory approval. The Moderna vaccine agreement included 56 million doses, with two doses required per individual
- On November 12th, researchers at the **Washington University School of Medicine** reported on the antidepressant fluvoxamine preventing serious respiratory complications from COVID and hospitalization. This study reaffirms an earlier French study that shows SSRIs with the highest Sigma-1 receptor activation provided the most benefit
- On November 10th, **Medicago**, a Quebec City-based company, said they are starting Phase 2/3 for its vaccine candidate after interim results of a Phase 1 clinical trial found that 100% of subjects developed a promising antibody response after two doses. Medicago's vaccine is a plant-derived candidate, and the federal government of Canada has signed a C\$173 million contract with the company to buy 76 million doses, subject to meeting health and safety standards
- On November 9th, **Pfizer Inc.** ("**Pfizer**") announced that its experimental mRNA COVID-19 vaccine is more than 90% effective based on initial trial results. Pfizer and German partner **BioNTech SE** ("**BioNTech**") said that they had found no serious safety concerns yet and expected to seek US authorization this month for emergency use of the vaccine. This would raise the chance of a regulatory decision as soon as December
- On November 2nd, Canadian-based company **Symvivo Corporation**, said it has begun clinical trials for its oral COVID-19 vaccine. The clinical stage company announced the enrolment and dosing of the first healthy volunteer in its bacTRL-Spike COVID-19 Phase 1 clinical trial in Australia. The company has emphasized that their candidate has two main advantages over other vaccines: it can be taken orally instead of by injection and it can be stored at room temperatures, bypassing cold-chain supply logistics



HEALTHCARE SERVICES

News Scan

- On November 17th, **Accentcare** and **Rosemont** announced a merger, with the resulting combined company providing a full continuum of home-based healthcare services, including hospice, palliative care, home healthcare and personal care. The merged organizations will become the fourth-largest hospice provider in the United States, operating more than 225 locations in 26 states with approximately 30,000 employee and in excess of 175,000 patients annually across all of its business lines
- On November 17th, **Caregiver Inc.** (“**Caregiver**”) announced that it acquired **Community Living Inc.** (“**Community Living**”), further expanding its delivery of quality care to more individuals. Caregiver is a provider of long-term services and support to people with intellectual and development disabilities. Community Living is expected to enhance the technology innovation in Caregiver’s portfolio, as it was one of the first to embrace electronic monitoring services that extend support to individuals, enabling independent living
- On November 11th, **Addus HomeCare** (“**Addus**”) announced a definitive agreement to acquire **Queen City Hospice** (“**Queen City**”) in an all cash deal up to of US\$192.0 million. Queen City, based in Ohio, has revenues of approximately C\$56.0 million and the transaction is anticipated to be immediately accretive
- On November 4th, **Danel Group** (“**Danel**”), an Israeli leader in nursing, HR services, and private healthcare acquired control of **Manor Medical** (“**Manor**”), which specializes in fertility in Israel, UK, Georgia, Ukraine and Australia. **Schwartz Investment House** was exclusive financial advisor to Manor on this transaction, which will strengthen Danel’s medical services platform and provide Manor with the resources for global expansion
- On November 3rd, **Advent International** (“**Advent**”) and **Great Hill Partners L.P.** (“**Great Hill**”) joined as investors in **RxBenefits Inc.** (“**RxBenefits**”) in a recapitalization transaction, valuing the business at an estimated US\$1.0 billion. RxBenefits offers pharmacy benefits and cost administration solutions for self-insured employers

Key Indicators

(in USD millions, unless otherwise indicated)	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2020E	2021E	2020E	2021E	
CRH Medical Corporation	184.9	291.0	2.8x	2.1x	11.5x	7.1x	89.3%
New Look Vision Group Inc.	368.8	599.1	3.0x	2.4x	11.5x	8.9x	87.4%
Akumin Inc.	241.6	719.2	2.7x	2.4x	10.3x	8.9x	56.9%
CareRx Corporation	76.5	125.3	1.0x	0.8x	12.7x	7.3x	65.0%
Average			2.4x	1.9x	11.5x	8.0x	74.7%



HEALTHCARE TECHNOLOGY & DIGITAL HEALTH

News Scan

- On November 16th, **Medtronic plc** (“**Medtronic**”) announced it has completed its tender offer for **Medicrea International** (“**Medicrea**”), a pioneer in the transformation of spinal surgery through artificial intelligence, predictive modelling and patient specific implants. This will be Medtronic’s seventh acquisition completed in 2020 and furthers Medtronic’s strategic expansion into AI, machine learning, and predictive analytics
- On November 13th, **WELL Health Technologies Corp.** (“**WELL**”) announced it has completed its acquisition of a majority interest in **Circle Medical Technologies Inc.** (“**Circle Medical**”), a national US telehealth provider, for approximately US\$14.3 million, consisting of a subscription of US\$5.0 million in shares from Circle Medical’s treasury and the purchase of shares from existing shareholders. The acquisition of Circle Health expands WELL’s reach into the telehealth and physical medical clinic market in the US
- On November 11th, **Carebook Technologies Inc.** (“**Carebook**”), a leading Canadian digital health company, announced it has entered an LOI for the acquisition of a North American based B2B enterprise SaaS company, for approximately US\$14.0 million. The acquisition target has a proprietary software platform, advanced analytics and a focus on corporate and mental health and well-being. The target has annualized revenues of approximately US\$4.0 million and is expected to immediately accretive to Carebook
- On November 9th, **CloudMD Software & Services Inc.** (“**CloudMD**”) announced it has reached an agreement to acquire **Re:Function Health Group Inc.** (“**Re:Function**”), a leading rehabilitation clinic network with 8 clinics and 37 specialists and allied health professionals across British Columbia. This acquisition represents a significant addition to the healthcare services providing by the CloudMD platform, including 15 clinics and over 95 healthcare practitioners servicing approximately 500,000 patients

Key Indicators

(in USD millions, unless otherwise indicated)	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
WELL Health Technologies Corp.	803.4	800.6	21.4x	11.5x	neg	nmf	84.0%
Profound Medical Corp.	369.2	328.1	49.7x	20.2x	neg	neg	91.5%
CloudMD Software & Services Inc.	197.7	191.4	15.7x	5.3x	neg	nmf	74.6%
Hamilton Thorne Ltd.	148.2	142.1	3.9x	3.2x	27.0x	15.7x	93.3%
Neovasc Inc.	16.8	18.9	9.3x	3.5x	na	na	8.7%
Average			22.7x	10.0x	27.0x	15.7x	85.9%



PHARMACEUTICALS

News Scan

- On November 16th, **Pfizer** announced it has completed a deal to spin off its **Upjohn** business and combine it with **Mylan NV** to form **Viatrix**. This will help pave the way for faster growth, as Upjohn has recently been dragging behind the big drugmaker's other financial performance
- On November 12th, **Urovant Sciences** ("**Urovant**") announced it has entered into an agreement to acquire those shares it didn't already own of **Sumitovant Biopharma** for US\$16.25 per share or approximately US\$584 million in total equity value on a fully diluted basis. This price represents a 96% premium over Urovant's closing share price of US\$8.28 and a premium of 92% to Urovant's 30-day volume weighted average share price. The transaction will provide Urovant with the resources to focus on the commercial launch of vibegron, its treatment for overactive bladder.
- On November 10th, **Ibsina Pharma** ("**Ibsina**"), the second largest pharmaceutical distributor of Egypt announced it is acquiring a 75% stake in local online pharmacy marketplace **3elagi** for approximately US\$1.6 million. 3elagi enables customers to search, compare and order medicine and beauty products, and currently serves 600,000 customers
- On October 26th, **Knight Therapeutics** ("**Knight**") announced a new exclusive distribution agreement with **Gilead Sciences** ("**Gilead**") for the commercialization of AmBisome in Brazil, effective January 1, 2021. This extends the 20-year collaboration between the two companies, as they continue to work with patients and physicians in Brazil
- On October 26th, **Bayer AG** ("**Bayer**") and **Asklepios BioPharmaceutical** ("**AskBio**") announced an agreement under which Bayer will acquire AskBio, a US headquartered biopharmaceutical company specializing in the research, development and manufacturing of gene therapies for total consideration of US\$4 billion, consisting of US\$2 billion in upfront payment and US\$2 billion in success-based milestone payments. This acquisition advances Bayer's establishment of a cell and gene therapy platform

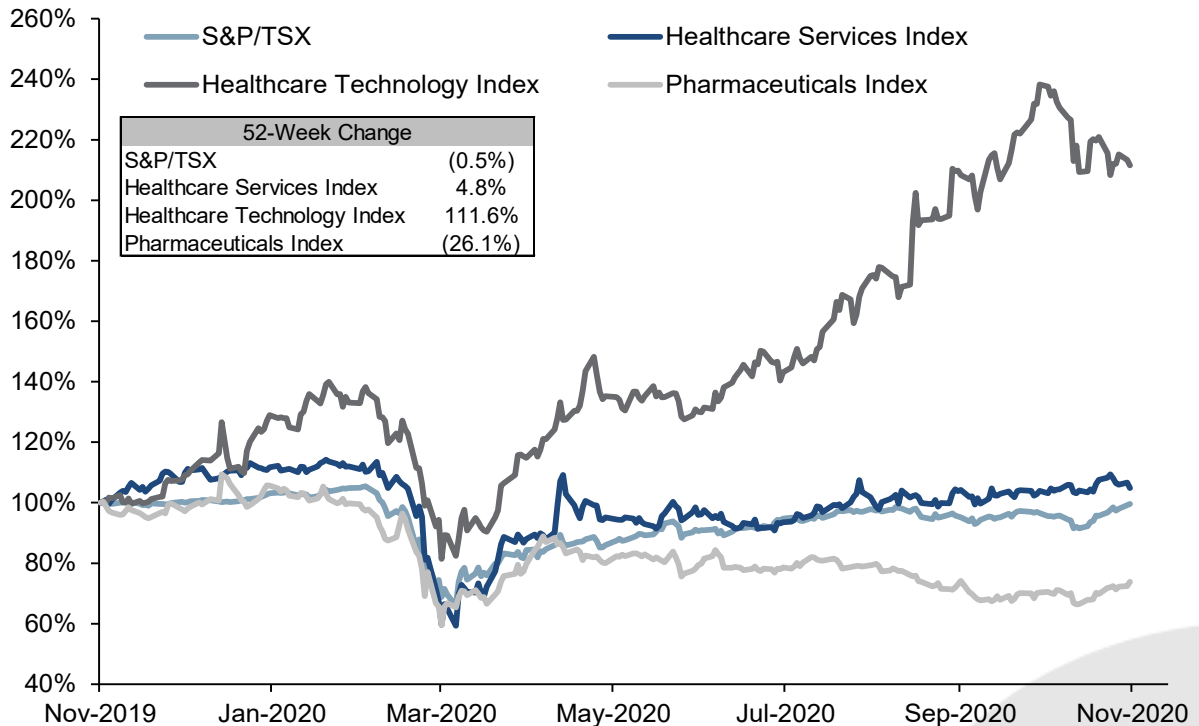
Key Indicators

(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.	7,004.6	30,538.6	3.8x	3.6x	9.5x	8.9x	61.7%
Knight Therapeutics Inc.	528.4	224.0	1.5x	1.4x	16.7x	10.7x	65.3%
HLS Therapeutics Inc.	373.9	432.8	7.8x	5.2x	19.3x	11.0x	59.4%
Theratechnologies Inc.	173.8	196.7	3.0x	2.1x	neg	32.5x	62.1%
Average			4.0x	3.1x	15.2x	15.8x	62.1%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX index has declined 0.8% over the last 12 months. Its near complete recovery from March lows are driven by optimism around COVID-19 vaccines, most recently with announcements of interim data from Pfizer and Moderna exceeding 90% efficacy, are causing gains in the market, even as cases of the disease rise in densely populated areas
- Our Healthcare Services Index has increased 4.8% over the last 12 months, fueled by increased consolidation activity in the hospice and pharmacy services, as companies position themselves to meet the needs of aging populations
- WELL Health Technologies has been the key catalyst behind the performance in our Healthcare Technology and Digital Health Index, as the company has continued its inorganic growth/M&A activity in the digital health space, capitalizing on the growing popularity of telemedicine
- Companies in our Pharmaceuticals Index continue to underperform, but as visibility of growth prospects improves and progress in COVID-19 vaccine trials continues, we expect to see a rebound to pre-COVID levels

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 restructuring advisory 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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