



Healthcare Industry Highlights

January 21st, 2021



COVID-19 DEVELOPMENTS

News Scan

- Currently, two vaccines have been authorized for use in Canada. These vaccines are the Moderna Therapeutics Inc. vaccine and the Pfizer/BioNTech vaccine. The AstraZeneca vaccine, approved in the UK, remains under review in Canada for authorization before mass distribution
- Drug makers are working to develop new COVID-19 therapies that are easier to administer, and adaptable in the face of emerging COVID-19 variants. One of these solutions, known as monoclonal antibodies, consists of lab-engineered antibodies that simulate the body's natural immune response to viruses. Further, to mitigate the logistical burden and help treat patients faster, researchers are working on new antibody drugs that can be administered quickly – like flu shots – which would enable administration at a wide range of locations
- With the roll-out of COVID-19 vaccines underway, markets are illustrating a partial correlation to the speed of local rollouts. In the past month, while the MSCI All Country World Index is up by 3.3%, benchmark equity indices in Israel and Dubai – two places with among the fastest vaccine rollouts globally – are up by around 8% each
- On January 19th, **Pfizer** announced it would slow down their vaccination programs, with Canada not receiving any new vaccines in the near-term. Pfizer's deliveries have been deferred as Pfizer upgrades its Belgian plant to expand production for the long-term. Countries in the west are facing much longer delays in comparison to their European peers, who are expected to have shipments delayed by a week
- On January 19th, a pilot COVID-19 immunization site in Toronto stopped administering shots after just two days in operation due to a Canada-wide shortage in doses. The clinic at the Metro Toronto Convention Center opened earlier with the goal of administering about 250 doses a day. The shortage is largely driven by the decrease in volume shipped by Pfizer, as the number of vaccines will be cut by as much as 80% over the next month
- On January 18th, Ontario health officials stated the UK variant of COVID-19 may become the predominant strain as the new variant has been confirmed in the province. The first new case was found in London, with subsequent reports of more than 15 cases of the variant found in Ontario. As a result, labs are doing more genomic sequencing and reporting on new COVID-19 variants
- On January 16th, Canada reported that it had surpassed 700,000 confirmed COVID-19 cases. The milestone was reached less than two weeks after recording 600,000 cases on January 3rd. Seven provinces recorded a total of 6,479 cases on Saturday, pushing the tally upwards



HEALTHCARE SERVICES

News Scan

- On January 19th, **The Pennant Group Inc.** (“**Pennant**”) announced the acquisition of **Sacred Heart Home Health Care** (“**Sacred Health**”), a home health services company based in Arizona with centers in Phoenix and Tucson. The acquisition will expand Pennant’s service offerings in the Phoenix market
- On January 11th, **Triangle Capital Corporation** (“**Triangle**”) announced it has closed its investment in **Bourn Hall Ltd.** (“**Bourn**”), the world’s first IVF clinic. Bourn owns and operates a network of fertility clinics serving over 3,500 UK-based families annually. The investment by Triangle is expected to support the expansion of Bourn’s capacity domestically and abroad, as the global demand for fertility treatment increases by an expected 8.9% per annum
- On January 6th, **UnitedHealth Group** (“**United Health**”) announced the acquisition of **Change Healthcare** (“**Change**”), a 20% Blackstone owned company, that provides billing and payment processing services. United Health paid US\$7.84 billion in an all-cash deal for Change. United Health will pay US\$25.75 per Change share, representing a 41.2% premium to the same day’s closing price
- On January 4th, **Centene Corp.** (“**Centene**”) announced the acquisition of **Magellan Health Inc.** (“**Magellan**”) for US\$2.2 billion. Centene will pay US\$95 per share, representing a 14.7% premium to the same day’s closing price. The acquisition of Magellan will better position Centene to provide mental health and pharmacy healthcare services to Americans that are struggling with COVID-19-related behavioral and anxiety issues
- On January 7th, **Fujifilm** announced a US\$2 billion investment in a large cell culture production site in the U.S. The site features eight 20,000-liter bioreactors and the potential for another 24 bioreactors depending on future market demand. The production site is expected to provide drug substance manufacturing, fill and finish, packaging, and labelling services at the site

Key Indicators

(in USD millions, unless otherwise indicated)

	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2020E	2021E	2020E	2021E	
MCI Onehealth Technologies Inc.	156.5	166.0	na	na	na	na	72.1%
Akumin Inc.	206.5	684.1	2.6x	2.3x	9.8x	8.5x	48.5%
CRH Medical Corporation	161.8	267.9	2.6x	1.9x	10.6x	7.0x	87.2%
CareRx Corporation	77.1	127.6	1.0x	0.8x	12.7x	7.3x	63.7%
Average			2.1x	1.7x	11.0x	7.6x	67.9%



HEALTHCARE TECHNOLOGY & DIGITAL HEALTH

News Scan

- On January 19th, **Royal Phillips** (“**Phillips**”) announced its acquisition of **Capsule Technologies Inc.** (“**Capsule**”), a leading provider of medical device integration and data technologies for hospitals and healthcare organizations. The acquisition of Capsule coordinates with Phillips’ strategy to transform the delivery of care via integrated technology solutions
- On January 18th, **CloudMD** announced its acquisition of **Aspiria Corp.** (“**Aspiria**”), a healthcare provider focused on delivering employee assistance programs. Aspiria’s technology-driven mental health support solution provides users with access to clinical services for mental and situational life issues. Aspiria serves over 750 organizations, with 1 million employees and their families. It operates in both Canada and internationally
- On January 18th, **Think Research Corporation** (“**Think Research**”) announced its acquisition of **MDBriefCase Group Inc.** (“**MDBriefCase**”), a leading provider of online continuing medical education and professional development solutions for clinicians. This transaction positions Think Research to educate clinicians and provide digital tools to deploy that knowledge
- On January 14th, **Accolade Inc.** (“**Accolade**”) announced its acquisition of **2nd.MD** for approximately US\$460 million. The transaction will consist of US\$230 million in cash, US\$130 million in Accolade common stock and up to US\$100 million in earn-out. 2ndMD is a leading telehealth start-up and the acquisition is expected to double Accolade’s addressable market and provide entry into virtual services. 2nd.MD serves over 300 employers and more than 7 million employees
- On December 17th, **WELL Health Technologies Corp.** (“**WELL**”) announced its acquisition of **Adracare**, an omni-channel practice management platform serving over 6,800 healthcare practitioners in Canada, US, UK, and Australia. Adracare’s customers operate in the sectors of mental health, medicinal cannabis, and physical therapy

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.	934.5	931.7	23.8x	10.9x	neg	nmf	94.1%
Mindbeacon Holdings Inc.	228.1	224.7	28.2x	14.2x	neg	neg	80.8%
CloudMD Software & Services Inc.	190.0	183.4	15.5x	4.9x	neg	neg	67.1%
Hamilton Thorne Ltd.	121.7	114.9	3.0x	2.5x	19.7x	12.6x	93.3%
Think Research Corporation	116.3	131.7	na	na	na	na	71.3%
Average			17.6x	8.1x	19.7x	12.6x	83.8%



PHARMACEUTICALS

News Scan

- On January 19th, **Tenax Therapeutics Inc.** (“**Tenax**”) announced its acquisition of **PH Precision Med** (“**PHPM**”), a privately held clinical stage biotech company focused on the treatment of pulmonary arterial hypertension. The acquisition will expand Tenax’s pulmonary hypertension pipeline, with the addition of a Phase 3 ready candidate
- On January 15th, **Thermo Fisher Scientific Inc.** (“**Thermo Fisher**”) announced the acquisition of **Henogen SA** (“**Henogen**”), a Belgian-based manufacturer of viral vectors that are used in gene therapies, for US\$879.7 million. The acquisition will aid in strengthening Thermo Fisher’s position in the field of gene therapy manufacturing
- On January 14th, **Eton Pharmaceuticals Inc.** (“**Eton**”) announced its acquisition of the Canadian rights to **ALKINDI SPRINKLE** (“**ALKINDI**”) from **Diurnal Group plc** (“**Diurnal**”). Eton currently commercializes ALKINDI SPRINKLE in the US as a replacement therapy for adrenocortical insufficiency in children under the age of 17
- On January 12th, **Novartis** announced its acquisition of an immune-oncology drug from **BeiGene Ltd.** (“**BeiGene**”) for US\$650 million. This acquisition adds to the trend of Western drug markets acquiring international assets to plug holes in their drug portfolios. Novartis will co-develop BeiGene’s tislelizumab, an antibody that helps the immune system attack cancer
- On January 6th, **NeuroBo Pharmaceuticals Inc.** (“**NeuroBo**”) announced its acquisition of **ANA Therapeutics** (“**ANA**”), a private biotechnology company that is developing ANA-001, a proprietary capsule formulation – currently in Phase 2/3 trials as a treatment for COVID-19. The acquisition will expand NeuroBo’s pipeline with a late-stage clinical development program
- On December 21st, **Servier** announced its acquisition of **Agios Pharmaceuticals’** (“**Agios**”) oncology business, including its commercial, clinical, and research-stage oncology portfolio, for up to US\$2 billion. The purchase price represents an up-front payment of US\$1.8 billion and a potential US\$200 million in regulatory and royalty payments

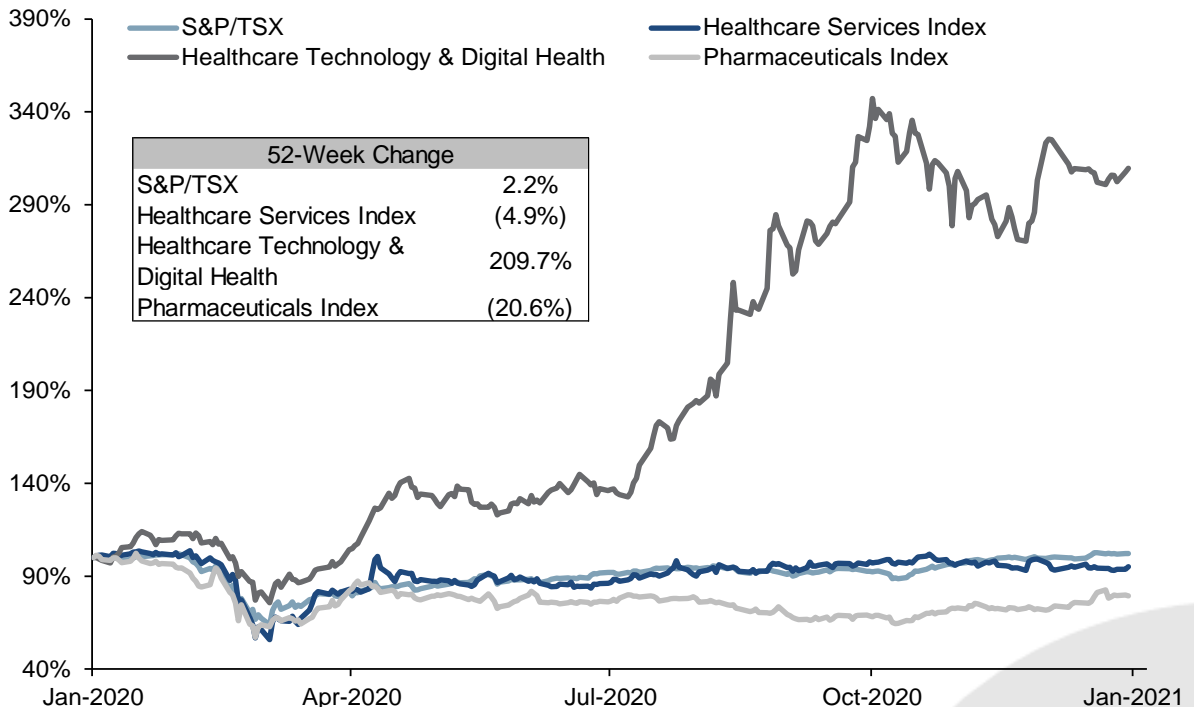
Key Indicators

	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2020E	2021E	2020E	2021E	52-Week High
<i>(in USD millions, unless otherwise indicated)</i>							
Bausch Health Companies Inc.	9,767.7	33,301.7	4.2x	3.9x	10.3x	9.6x	90.6%
Knight Therapeutics Inc.	580.1	267.7	1.8x	1.7x	20.8x	14.0x	70.2%
HLS Therapeutics Inc.	427.9	486.8	8.7x	5.8x	21.6x	12.4x	73.1%
Theratechnologies Inc.	172.9	195.8	3.0x	2.0x	neg	neg	65.3%
Average			4.4x	3.4x	17.6x	12.0x	74.8%



MARKET PERFORMANCE

Indexed Segment Performance¹



Charting the Course

- The TSX Index increased 2.2% over the last 12 months, after plunging 37% from peak to trough in 2020, earning the TSX 33rd best in returns out of 92 major indices. As reported by BNN Bloomberg, Healthcare was one of the worst performing sectors, decreasing 23.6% over the year, driven by several companies, including Bausch Health Companies Inc.
- Our Healthcare Services Index decreased 4.9% over the last 12 months, as inorganic activity decreased among large players with the focus shifting to optimization of existing businesses
- Our Healthcare Technology and Digital Health Index continues to surge, increasing 209.7% over the last 12-month period. Ongoing government mandated stay-at-home orders have accelerated the expansion of telemedicine, and consolidators such as **WELL** and **CloudMD** are capitalizing on this, with key acquisitions in various healthcare technology verticals
- Companies in our Pharmaceuticals Index continue to struggle. While pharmaceutical and biotechnology M&A activity increased 17% in the first half of 2020, our Pharmaceuticals Index has declined 20.6% over the last 12 months

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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