



# Healthcare Industry Highlights

---

June 24, 2021



## COVID-19 DEVELOPMENTS<sup>1</sup>

### News Scan

- On June 21<sup>st</sup>, **Moderna Inc.** announced that it is adding two new production lines at the Boston facility where it manufactures the COVID-19 vaccine. This addition is to prepare for production of booster shots in anticipation of future pandemic-related requirements. These new production lines will help increase overall production capacity by 50% at the Boston facility, and are expected to be up and running by early 2022
- As of June 19<sup>th</sup>, **China** has administered over 1 billion doses of COVID-19 vaccines; it is unclear how many people have been fully inoculated. The efficacy rates, however, for the Chinese-made vaccines, Sinovac and Sinopharm, have been found to be lower than those developed by Pfizer-BioNtech and Moderna
- On June 18<sup>th</sup>, **The World Health Organization** said that the Delta variant, first identified in India, is becoming the dominant COVID-19 strain globally. Studies suggest Delta is around 60% more transmissible than Alpha, the variant first identified in the U.K.
- On June 18<sup>th</sup>, findings released from the **U.K. Biobank Study** indicated that even mild cases of COVID-19 may lead to loss of brain tissue. Significant loss of gray matter in regions of the brain related to smell and taste was found in brain scans of those infected by the virus
- On June 15<sup>th</sup>, **AstraZeneca** said that a late-stage trial failed to provide evidence that its COVID-19 antibody therapy, a cocktail of two types of antibodies, protected people who had contact with an infected individual
- On June 14<sup>th</sup>, American biotechnology company, **Novavax**, announced that its vaccine candidate was found to have an overall efficacy of 90.4% in a Phase 3 study trial conducted across the United States and Mexico
- On June 6<sup>th</sup>, the **Ontario Government** announced that it is removing any restrictions on the mixing of mRNA vaccines, meaning that those who received a first dose of one brand are able to receive a second dose of another brand
- On June 3<sup>rd</sup>, **India** ordered unapproved vaccines from a local firm after criticism from the Supreme Court over its poor vaccine rollout. The country is reeling from a second wave that led to approximately 170,000 deaths in April and May alone
- On May 25<sup>th</sup>, **Moderna Inc.** said its vaccine appears to be effective in adolescents. Initial observations from a Phase 2/3 trial of children ages 12 to 17 in the United States found that none contracted COVID-19 starting 14 days after their second dose

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



## HEALTHCARE SERVICES

### News Scan

- On June 21<sup>st</sup>, **CareRx Corporation (“CareRx”)**, a provider of pharmacy services to seniors living and other congregate care communities, announced it had closed the previously announced transaction to acquire **Rexall Pharmacy Group’s (“Rexall”)** long-term care pharmacy business in Ontario and Northern Alberta. CareRx adds approximately 4,000 senior care residents to its network through this acquisition, for a total of approximately 56,000 residents in over 950 seniors and other congregate care communities. Origin Merchant Partners acted as the financial advisor to CareRx on this transaction
- On June 14<sup>th</sup>, **Cano Health Inc. (“Cano Health”)**, a medical provider backed by billionaire Barry Sternlicht, announced that it would buy Miami-based **University Health Care** for \$600 million. Cano Health is focused on providing primary care to U.S. seniors in the Medicare program. The deal will boost the company’s market share in Florida, which is among states with the highest enrollments in Medicare Advantage in the United States. Cano Health aims to become the largest primary care provider in the U.S.
- On June 7<sup>th</sup>, **WELL Health** announced that it is spending \$206 million to acquire Toronto-based **MyHealth**, a leading provider of specialty care, telehealth services and accredited diagnostic health services. Vancouver-based WELL Health already owns an extensive network of medical clinics throughout Western Canada and with this acquisition, will add 48 locations in Ontario to create the largest private-sector owned network of medical clinics in Canada. This is the second-largest deal in WELL Health’s history
- On June 2<sup>nd</sup>, **Akumin Inc. (“Akumin”)**, a leading provider of outpatient diagnostic imaging services in the U.S., announced a strategic partnership with **Royal Philips**, a global leader in health technology. The collaboration will deploy Philips’ new Radiology Operations Command Center across Akumin’s outpatient imaging centers and co-create clinical standards for Akumin’s MR and CT imaging modalities. Akumin is Philips’ first large-scale commercial Radiology Operations Command Center customer in North America

### Key Indicators

<i>(in CAD millions, unless otherwise indicated)</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2021E	2022E	2021E	2022E	
dentalcorp Holdings Ltd.	2,740.4	4,924.5	na	5.8x	na	32.8x	96.3%
Neighbourly Pharmacy Inc.	869.5	1,397.3	na	4.3x	na	34.2x	98.5%
Akumin Inc.	259.7	861.9	3.3x	2.9x	12.6x	12.2x	96.3%
CareRx Corporation	202.3	262.7	2.0x	1.2x	26.1x	12.6x	96.3%
<b>Average</b>			<b>2.7x</b>	<b>3.5x</b>	<b>19.3x</b>	<b>22.9x</b>	<b>96.8%</b>



## OMNICHANNEL HEALTHCARE & DIGITAL HEALTH

### News Scan

- On June 22<sup>nd</sup>, **LifePoint Health (“LifePoint”)** entered into an agreement to acquire **Kindred Healthcare (“Kindred”)**, a post-acute healthcare services company, for an undisclosed amount. LifePoint committed to investing roughly \$1.5 billion over the next three years to be spread across the entire combined organization. This acquisition combines LifePoint's national network of community-based hospitals, providers, and access points with Kindred's expertise in delivering long-term acute care, rehabilitation services and behavioral health services. The combined company has a goal of responding more quickly and comprehensively to patients needs
- On June 22<sup>nd</sup>, **Talkspace**, a virtual behavioural healthcare company, and **Hudson Executive Investment Corp. (“HEIC”)**, a special purpose acquisition company, announced the completion of their previously announced merger. Starting June 23<sup>rd</sup>, the combined entity named **Talkspace, Inc. (“Talkspace”)** will begin trading on the NASDAQ under the new ticker "TALK". The pro-forma entity is expected to have \$250 million of available cash, which will be used to grow its user base, add partnerships and expand internationally
- On June 9<sup>th</sup>, **Datavant**, a solutions provider to institutions to help protect, match and share health data, announced it is combining with clinical data network, **Ciox Health** for \$7 billion. The combined company, which will be named Datavant, will be the United States largest health data ecosystem and will enable patients, providers, payers, health data analytics companies, patient-facing applications, government agencies and life science companies to securely exchange patient-level data
- On June 4<sup>th</sup>, **Carbon Health (“Carbon”)**, a primary care provider that combines brick-and-mortar clinics with telehealth services, announced that it has acquired virtual diabetes management company, **Steady Health** for an undisclosed amount. This acquisition is Carbon's first step into the remote, device-driven management of chronic conditions. This acquisition adds an extension to Carbon's omnichannel delivery strategy with a hope to expand Steady Health's management platform to other conditions over time

### Key Indicators

<i>(in CAD millions, unless otherwise indicated)</i>	Market Cap	TEV	TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
			2021E	2022E	2021E	2022E	
WELL Health Technologies Corp.	1,546.7	1,483.0	37.7x	6.8x	neg	35.1x	80.3%
Dialogue Health Technologies Inc.	780.5	655.0	na	11.2x	na	neg	57.8%
CloudMD Software & Services Inc.	380.7	291.0	25.3x	3.8x	neg	nmf	55.7%
MCI Onehealth Technologies Inc.	154.1	143.7	5.0x	3.6x	49.5x	neg	63.7%
MindBeacon Holdings Inc.	102.0	44.8	5.5x	2.6x	neg	neg	29.8%
Think Research Corporation	96.5	105.8	7.6x	3.3x	neg	neg	39.3%
<b>Average</b>			<b>16.2x</b>	<b>5.2x</b>	<b>n.a</b>	<b>35.1x</b>	<b>54.4%</b>



## PHARMACEUTICALS

### News Scan

- On June 22<sup>nd</sup>, **SAB Biotherapeutics (“SAB”)** entered into a definitive agreement to merge with **Big Cypress Acquisition Corp.**, a special purpose acquisition company, for approximately \$325 million. Upon closure of the transaction, the combined company is expected to list on the NASDAQ under SAB Biotherapeutics, and the funds generated post-transaction will be used to further expand the new drug R&D and production capabilities of SAB’s DiversitAb™ platform. This platform generates fully-human polyclonal antibodies by leveraging genetically-engineered bovine herds, removing the need for a human donor, and has applications in infectious disease, cancer and a wide variety of immune system disorders
- On June 18<sup>th</sup>, **Bristol Myers Squibb**, a multinational pharmaceutical company, announced a partnership with **Eisai**, a Japanese pharmaceutical company, to develop a drug that could treat several types of cancer. Bristol Myers Squibb is paying \$650 million upfront to Eisai for the rights to their synthetic antibody. If successful, the partnership plans to commercialize the drug in the Asia-Pacific region, the United States, Canada, Europe and Russia
- On June 17<sup>th</sup>, **Cresco Pharma Limited (“Cresco”)**, a developer of cannabis hemp-derived therapeutic, nutraceuticals and lifestyle products, entered a definitive agreement to merge with **Red Light Holland Corp**, a producer and seller of premium recreational psychedelic products, for an undisclosed amount. This merger will create **The HighBrid Lab**, which will immediately be able to begin selling its product in the United States. Once completed, The HighBrid Lab will be the first fully integrated cannabis psychedelic company in the world
- On June 2<sup>nd</sup>, **MorphoSys AG (“MorphoSys”)**, a biopharmaceutical company, announced it had entered into a definitive agreement to acquire **Constellation Pharmaceuticals, Inc**, a clinical-stage biopharmaceutical company that develops novel therapeutics which address serious unmet medical needs for patients with cancer, for \$1.7 billion. This acquisition bolsters MorphoSys’ position in hematology-oncology and enables it to accelerate Constellation’s therapy research and bring their therapies to market

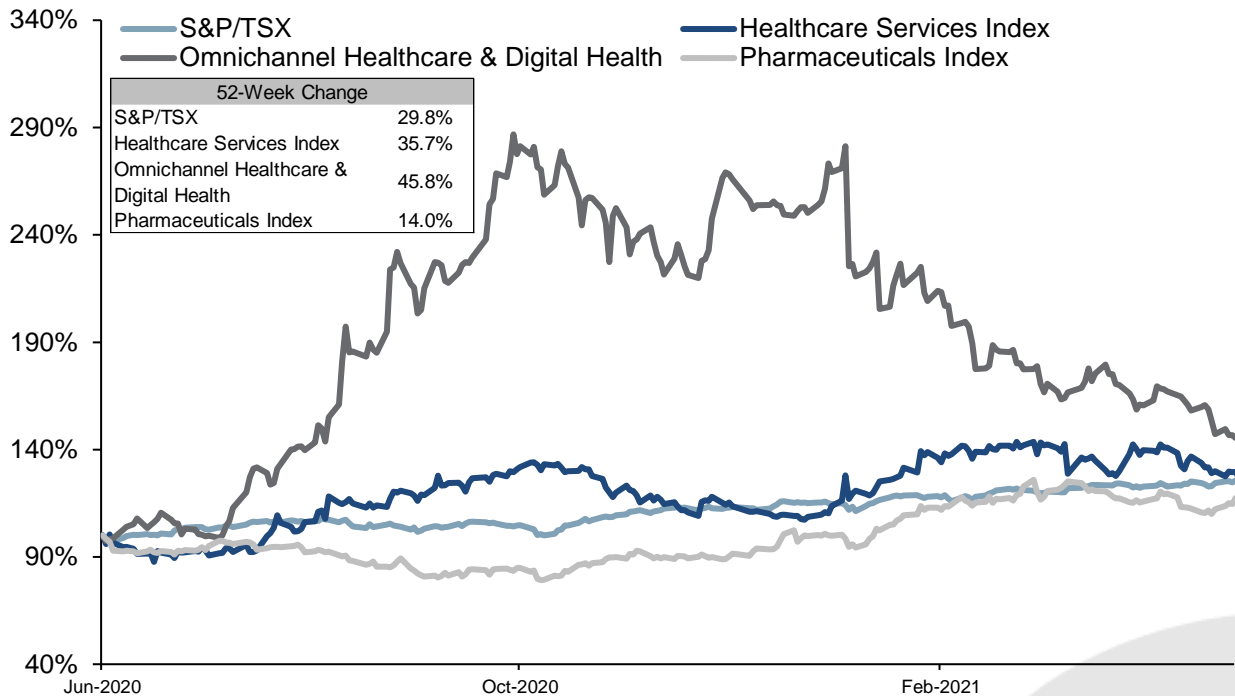
### Key Indicators

	Market		TEV / Revenue		TEV / EBITDA		Price % of
	Cap	TEV	2021E	2022E	2021E	2022E	52-Week High
<i>(in CAD millions, unless otherwise indicated)</i>							
Bausch Health Companies Inc.	13,154.6	41,694.0	5.2x	4.8x	12.8x	12.1x	85.0%
Knight Therapeutics Inc.	681.7	312.5	2.1x	1.8x	24.3x	11.9x	71.5%
HLS Therapeutics Inc.	544.9	626.9	11.3x	9.1x	28.2x	21.2x	78.3%
Theratechnologies Inc.	448.9	447.8	6.9x	5.2x	neg	neg	88.8%
<b>Average</b>			<b>6.4x</b>	<b>5.2x</b>	<b>21.8x</b>	<b>15.0x</b>	<b>80.9%</b>



## MARKET PERFORMANCE

### Indexed Segment Performance<sup>1</sup>



### Charting the Course

- The TSX index increased 29.8% over the last 12 months, with increases in the Financial sector driven by rising interest rates and increases in the Energy sector as loosening pandemic-related restrictions fuel increasing demand for oil globally. Volatility continued through June, with the US Federal Reserve adding two interest rate hikes to its 2023 forecast and an increased inflation projection for the year
- Our Healthcare Services Index increased 35.7% over the last 12 months. While this is a smaller increase than last month, it nevertheless reflects a healthy sector which continues to see considerable activity
- Our Omnichannel Healthcare & Digital Health Index performed better than last month, with continuing consolidation to broaden and grow digital health initiatives, posting a 45.8% year-over-year return, compared to 39.8% at last month
- Our Pharmaceuticals Index increased 14% over the last 12 months, down from last month's 20.4%, while maintaining fairly active levels of consolidation and purchases of drug rights

1. Index segments are 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

### Origin Merchant Partners

220 Bay Street, Suite 1500  
P.O. Box 23  
Toronto, Ontario  
M5J 2W4

### OMP Healthcare Team:

#### Cathy Steiner

Principal

T: 416-775-3602

cathy.steiner

@originmerchant.com

#### Jim Osler

Principal

T: 416-800-0784

jim.osler

@originmerchant.com

#### Mario Di Pietro

Principal

T: 416-800-0850

mario.dipietro

@originmerchant.com