

January 2025

Industry Highlights on
Healthcare



Independent. Experienced. Trusted.
North America's Middle Market M&A Advisory Firm.





A New Year, A New Origin Rx

2025 has started with a bang, with Justin Trudeau announcing his resignation and proroguing parliament until March 24th to give the Liberal party time to appoint a new leader, all amidst the second coming of Donald Trump.

President Trump has dominated the news since his inauguration, likely something we should all be getting used to. The winds of change are gusting, and a record-setting 54 executive orders were signed in just over two weeks of this new administration. Maybe the perceived “stroke of a pen” risk regarding Canada’s government-funded healthcare system may start to look relatively stable.

Among the various executive orders and policy changes being discussed, Canadians are keenly focused on the potential for US tariffs on Canadian exports, following some 30 years of free trade with our next-door neighbor and closest friend. The US is an important export market for Canadian manufacturers in healthcare. According to the Government of Canada’s Life Sciences Industry Profile, Canada’s exports of pharmaceutical products to the US was C\$6.8 billion in 2023, representing approximately 60% of all Canadian pharmaceutical products exported. In 2022, Canada's medical device exports to the US were C\$3.08 billion, or 74% of Canada's total medical device exports.

We expect Canada/US cross-border M&A will continue to be important in navigating these new policy initiatives throughout 2025 and beyond.

In other changes for 2025, Origin’s healthcare team is growing! Lawrence and I are delighted that our colleague Andrei Rojine is picking up a healthcare focus, along with Sunny Mahal and Josh Ellis who have joined us from CCC ([see article here](#)) and will continue to be active in healthcare.

We will also **be moving the Origin Rx to a quarterly publication**. We will continue to provide you with a snapshot of key M&A transactions, now with additional insights and perspectives. Please look for our Q1/2025 Origin Rx in April, we hope you will find it informative and useful.

- ▶ On January 30th, **Chartwell Retirement Residences (“Chartwell”)** (TSX: CSH.UN), a Canada-based owner and operator of senior housing communities, announced that it has entered into a definitive agreement to acquire **Rosemont Les Quartiers**, a continuum of care retirement residence in the Rosemont–La Petite-Patrie neighborhood of Montreal, for C\$136 million. The acquisition adds a large, recently built 632-suite residence in a prime location near downtown Montreal at a price well below replacement cost, strengthening Chartwell’s Quebec platform
- ▶ On January 28th, **Surgery Partners, Inc. (“Surgery Partners”)** (NASDAQ: SGRY), a US-based owner and operator of short-stay surgical facilities, announced that its Board of Directors has received a non-binding proposal from US-based **Bain Capital Private Equity, LP (“Bain Capital”)** to acquire all outstanding shares of Surgery Partners not already owned by Bain Capital, for US\$2 billion. Bain Capital currently holds approximately 39% of Surgery Partners’ outstanding common stock, with the offer implying an EV of US\$8.3 billion. For the year ending September 30, 2024, Surgery Partners had a revenue of US\$3.0 billion and an EBITDA of US\$0.6 billion. The proposal is subject to approval by a majority of the shares not owned by Bain Capital and the formation of a Special Committee of independent directors to evaluate the offer
- ▶ On January 22nd, **Concentra Group Holdings Parent, Inc. (“Concentra”)** (NYSE: CON), a US-based provider of occupational health services, announced that it has entered into a definitive agreement to acquire **Nova Medical Centers**, a US-based occupational health services company operating 67 centers across Texas, Georgia, Tennessee, Indiana, and Wisconsin, for US\$265 million. The acquisition enhances Concentra’s national presence, expanding its network to over 770 occupational health centers and onsite clinics in 42 states
- ▶ On January 20th, **BrightSpring Health Services, Inc. (“BrightSpring”)** (NASDAQ: BTSG), a US-based provider of home and community-based pharmacy and health services, announced that it has entered into a definitive agreement to divest its Community Living business, known as **ResCare Community Living (“ResCare”)**, to **Sevita**, a US-based provider of home and community-based specialty health care, a portfolio company of US-based **Centerbridge Partners, L.P.**, for US\$835 million. ResCare is expected to generate approximately US\$1.2 billion in revenue and approximately US\$128 million of adjusted EBITDA in 2024. The divestiture allows BrightSpring to streamline its operations, focusing on Home Health and Hospice, Personal Care, Rehabilitation Services, and Primary Care
- ▶ On January 13th, US-based **Access Physical Therapy & Wellness (“ACCESS PT”)**, a subsidiary of **Partners Group**-backed **Confluent Health**, a US-based network of musculoskeletal (MSK) health companies, announced that it has acquired **County Physical Therapy (“County PT”)**, a network of 50+ clinics in Pennsylvania, New York, Connecticut and North Carolina, for an undisclosed amount. The acquisition expands ACCESS PT’s footprint, integrates County PT’s expertise in musculoskeletal and neurological rehabilitation, and provides County PT access to Confluent Health’s resources to enhance patient care and operational efficiencies

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2025E	2026E	2025E	2026E	
dentalcorp Holdings Ltd.	1,481.7	2,781.6	1.6x	1.5x	8.8x	7.8x	71.8%
CareRx Corporation	136.2	216.4	0.6x	0.5x	6.0x	5.3x	90.1%
Average			1.1x	1.0x	7.4x	6.6x	81.0%

- ▶ On February 5th, **Teladoc Health (NYSE:TDOC)**, a US-based leader in virtual care, announced it had signed a definitive agreement to acquire **Catapult Health**, a leading US-based provider of virtual preventive care services, in an all-cash transaction for \$65 million, with up to \$5 million in additional contingent earnout consideration. Catapult’s trailing twelve-month revenue was approximately \$30 million as of the third quarter of 2024. The acquisition is expected to advance Teladoc’s integrated care strategy by enhancing preventive care and chronic care management capabilities, and expanding at-home testing
- ▶ On January 29th, **NeuroFlow**, a US-based health technology company specializing in AI-powered behavioral health integration, announced that it has acquired **Quartet Health**, a US-based digital behavioral health platform focused on value-based care coordination and provider enablement, for an undisclosed amount. The acquisition expands NeuroFlow’s customer base, enhances its AI-driven platform with Quartet’s advanced care navigation technology, and strengthens its ability to scale integrated behavioral health solutions across primary care, specialty care, and health plans
- ▶ On January 21st, **Iris Telehealth**, a US-based telepsychiatry company for health systems and community healthcare organizations, announced that it has acquired **innovaTel**, a US-based telepsychiatry provider with expertise in treating complex conditions, for an undisclosed amount. The acquisition positions Iris Telehealth to become one of the largest telepsychiatry companies in the nation, enhancing its ability to address the growing demand for behavioral health support
- ▶ On January 13th, **Health Catalyst, Inc. (Nasdaq: HCAT)**, a US-based provider of data and analytics technology and services to healthcare organizations, announced that it has entered into a definitive agreement to acquire **Upfront Healthcare Services, Inc. (“Upfront”)**, a US-based patient engagement platform provider, for US\$112 million. The combination of Upfront’s patient acquisition and scheduling expertise with Health Catalyst’s current robust patient engagement portfolio is expected to strengthen patient experience
- ▶ On January 8th, **Transcarent**, a US-based digital health and care navigation company, announced that it has entered into a definitive agreement to acquire **Accolade, Inc. (“Accolade”) (NASDAQ: ACCD)**, a US-based provider of AI-driven healthcare advocacy, virtual primary care, and expert medical opinion services, for US\$621 million. For the year ending November 30, 2024, Accolade had a revenue of US447 million. The acquisition combines Transcarent’s generative AI-powered WayFinding and care experience platform with Accolade’s personalized healthcare navigation and virtual care solutions, creating a unified, tech-enabled platform designed to improve care access, coordination, and affordability
- ▶ On January 7th, **ONRAD Inc. (“ONRAD”)**, a US-based radiology services company delivering remote teleradiology final-read impressions and full-service radiology solutions for hospitals, announced that it has acquired **Direct Radiology**, a US-based teleradiology group serving more than 430 healthcare facilities nationwide, from **Royal Philips**, a Netherlands-based global leader in health technology, for an undisclosed amount. The acquisition makes ONRAD the largest independent teleradiology provider in the US, and enhances quality through AI-driven workflow optimization

Key Indicators

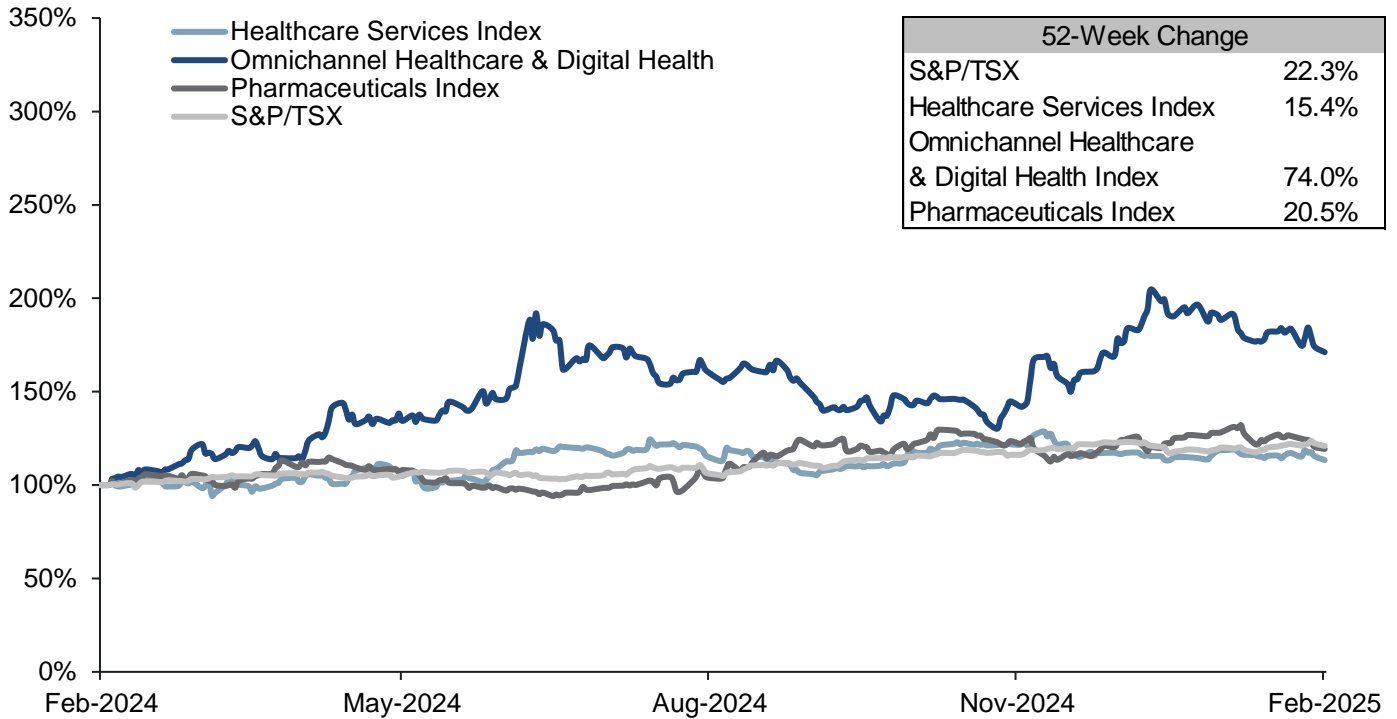
In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2025E	2026E	2025E	2026E	
WELL Health Technologies Corp.	1,485.6	1,759.9	1.5x	1.4x	11.6x	10.0x	80.8%
Vitalhub Corp.	590.3	509.3	5.9x	5.5x	21.7x	18.1x	92.8%
Healwell AI Inc.	285.3	296.3	2.1x	1.6x	45.4x	16.3x	51.8%
LifeSpeak Inc.	20.7	100.2	2.0x	na	7.4x	na	51.5%
Average			2.9x	2.8x	21.5x	14.8x	69.2%

- ▶ On January 28th, **Lantheus Holdings, Inc. (“Lantheus”)** (NASDAQ: LNTX), a US-based radiopharmaceutical company, announced that it has entered into a definitive agreement to acquire **Evergreen Theragnostics, Inc. (“Evergreen”)**, a US-based radiopharmaceutical CDMO also involved in drug discovery and commercialization, for up to US\$1 billion. The acquisition strengthens Lantheus' leadership with scalable manufacturing and expands its oncology pipeline
- ▶ On January 28th, **Zimmer Biomet Holdings, Inc. (“Zimmer Biomet”)** (NYSE: ZBH), a US-based global leader in musculoskeletal healthcare, announced that it has entered into a definitive agreement to acquire **Paragon 28, Inc. (“Paragon 28”)** (NYSE: FNA), a US-based medical device company specializing in foot and ankle orthopedic implants and biologics, for US\$1.1 billion. For the year ending September 30, 2024, Paragon-28 had a revenue of US\$245 million. The acquisition diversifies Zimmer Biomet's portfolio outside of core orthopedics and into the high-growth US\$5 billion foot and ankle market with enhanced fracture & trauma and joint replacement portfolios, and creates cross-selling opportunities in the ASC space
- ▶ On January 13th, **GSK plc (“GSK”)** (LSE/NYSE: GSK) announced that it has entered into an agreement to acquire **IDRx, Inc. (“IDRx”)**, a US-based clinical-stage biopharmaceutical company focused on precision therapeutics for gastrointestinal stromal tumors (GIST), for up to US\$1.15 billion. The acquisition strengthens GSK's portfolio in gastrointestinal (GI) cancers with IDRX-42, a highly selective KIT tyrosine kinase inhibitor designed to address key mutations driving GIST progression, offering a potential best-in-class treatment option
- ▶ On January 13th, **Johnson & Johnson (“J&J”)** (NYSE: JNJ) announced that it has entered into a definitive agreement to acquire **Intra-Cellular Therapies, Inc. (“Intra-Cellular”)** (Nasdaq: ITCI), a US-based biopharmaceutical company focused on central nervous system disorders, for US\$14.6 billion. For the year ending September 30, 2024, Intra-Cellular had a revenue of US\$614 million. The acquisition adds CAPLYTA (lumateperone), the first and only FDA-approved treatment for bipolar I and II depression and schizophrenia, strengthening J&J's neuroscience portfolio and expanding its pipeline into generalized anxiety disorder and Alzheimer's disease-related psychosis and agitation
- ▶ On January 13th, **Eli Lilly and Company (“Lilly”)** (NYSE: LLY) announced that it has entered into a definitive agreement with **Scorpion Therapeutics (“Scorpion”)**, a US-based biotechnology company focused on precision oncology, to acquire its **PI3Kα inhibitor program**, for up to US\$2.5 billion, including potential milestone payments. The acquisition strengthens Lilly's portfolio with STX-478, a potentially best-in-class therapy for breast cancer and other advanced solid tumors
- ▶ On January 6th, **Stryker Corporation (“Stryker”)** (NYSE: SYK), a US-based global leader in medical technologies, announced that it has entered into a definitive agreement to acquire **Inari Medical, Inc. (“Inari”)** (NASDAQ: NARI), a US-based medical device company specializing in venous thromboembolism treatments, for US\$4.9 billion. For the year ending September 30, 2024, Inari had a revenue of US\$574 million. The acquisition provides Stryker with a leading position in the fast-growing peripheral vascular segment

Key Indicators

In \$CAD millions	Market		TEV / Revenue		TEV / EBITDA		Price % of 52-Week High
	Cap	TEV	2025E	2026E	2025E	2026E	
Bausch Health Companies Inc.	3,841.6	25,561.6	1.8x	1.7x	5.1x	4.7x	68.8%
Knight Therapeutics Inc.	547.6	433.5	1.2x	1.1x	8.6x	7.2x	87.6%
Cipher Pharmaceuticals Inc.	342.1	373.4	5.3x	4.8x	9.9x	9.1x	67.9%
HLS Therapeutics Inc.	131.0	182.1	2.0x	1.9x	6.2x	5.3x	75.2%
Theratechnologies Inc.	95.6	114.6	0.9x	0.9x	4.2x	2.7x	66.5%
Medexus Pharmaceuticals Inc.	93.9	129.9	0.9x	0.7x	8.3x	3.3x	68.3%
Average			2.0x	1.9x	7.0x	5.4x	72.4%

Indexed Segment Performance¹



Charting the Course

- ▶ The TSX index increased 22.0% over the last 12-months, up from December’s increase of 19.0%, amidst market volatility in response to a 30-day delay for tariffs on Canadian exports to the US
- ▶ Our Healthcare Services Index reflects a 12-month increase of 15.4%, down from December’s increase of 28.0%, signifying moderating buyer activity after a period of sustained optimism
- ▶ Our Omnichannel Healthcare & Digital Health Index has recorded an increase of 74.0% over the past 12-months, down from December’s 91.7% increase, with digital healthcare companies following the broader trend of tech and AI names
- ▶ Our Pharmaceuticals Index increased 20.5% over the last 12-months, down from December’s 25.1% increase, as investors take a more measured approach

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

About Us

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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