

Q4-2016 Veterinary Industry Update



Market Update

The fourth quarter of 2016 primarily consisted of continued expansionary efforts by private equity-backed networks of veterinary hospitals and clinics, many of which significantly grew their geographical footprints by adding multiple hospitals and/or expanding into new states. While the trend of consolidation is not new to this sector, competition for acquisition targets appears to be intensifying, especially as a number of new organizations have received private equity capital within the past two years. This has effectively driven up valuations and widened the scope of options for shareholders of veterinary hospitals who may be seeking either liquidity or support from a back-office standpoint. As organizations such as Community Veterinary Partners (Cortec Group), MedVet Associates (Stonehenge Partners), Southern Veterinary Partners (Shore Capital Partners), VetCor (Harvest Partners and Cressey & Co.), and Veterinary Practice Partners (Pamlico Capital) continue to successfully expand, Provident expects additional private equity firms to enter the sector through new platform investment in 2017.



SELECT TRANSACTIONS

Month	Acquirer	Target Company	Details
December 2016	VetCor	New Fairfield Animal Hospital & Golf-Mil Veterinary Hospital	VetCor added a total of 13 animal hospitals in the fourth quarter of 2016, closing out the year with the acquisitions of CT-based New Fairfield Animal Hospital and IL-based Golf-Mil Veterinary Hospital. The quarter's acquisitions also expanded VetCor's footprint within Ohio, Pennsylvania, New York, Indiana, and Massachusetts in addition to Connecticut and Illinois.
December 2016	Veterinary Practice Partners	Archer Veterinary Clinic & Mobile Animal Clinic	Veterinary Practice Partners, which was recently recapitalized by private equity firm Pamlico Capital in August 2016, has added IL-based Archer Veterinary Clinic and NE-based Mobile Animal Clinic to its network of animal clinics and hospitals across the U.S. These transactions mark the 24 th and 25 th hospitals to join Veterinary Practice Partners.
December 2016	Community Veterinary Partners	Rahwnhurst Animal Hospital, Elkins Park Veterinary Hospital & Animal Hospital of Putnam	Community Veterinary Partners, which is backed by private equity firm Cortec Group, has added PA-based Rahwnhurst Animal Hospital, PA-based Elkins Park Veterinary Hospital, and CT-based Animal Hospital of Putnam. These transactions mark the conclusion of a very acquisitive year for Community Veterinary Partners, which brought the organization's total number of animal hospitals to 26.
December 2016	MedVet Medical & Cancer Centers for Pets	Emergency Animal Clinic, Inc.	MedVet Medical & Cancer Centers for Pets, which is backed by private equity firm Stonehenge Partners, has expanded into Texas through the acquisition of Dallas-based Emergency Animal Clinic, Inc., which consists of three locations in the greater Dallas metropolitan area.
November 2016	Southern Veterinary Partners	Charlotte Animal Hospital	Southern Veterinary Partners (SVP), a portfolio company of Shore Capital Partners, has added Charlotte Animal Hospital in Port Charlotte, Florida, to its network of veterinary hospitals across the Southern U.S. This acquisition mark's SVP's 10 th in 2016, bringing network's total footprint to 16 hospitals that span across 6 states.