

Q4-2017 Veterinary Industry Update



Market Overview

Veterinary hospital acquisitions experienced continued fervor in Q4 2017, with regional private equity-backed platforms remaining highly acquisitive and several large transactions consummating or being announced in the final months 2017. Particularly notable transactions include KKR & Co. L.P.'s acquisition of PetVet Care Centers, LLC from private equity firm Ontario Teachers' Pension Plan, Shore Capital Partners' formation of another network of veterinary hospitals (Midwest Veterinary Partners) and Morgan Stanley-backed Pathway Veterinary Management's significant expansion through its acquisition of ophthalmology-focused Eye Care for Animals. Valuations and investor interest remain strong in the sector, which remains highly fragmented, and recent deals will likely spur additional activity.

SELECT TRANSACTIONS:

Month	Acquirer	Target Company	Details
December 2017	VetCor	Sigler Animal Hospital	VetCor, backed by private equity firms Harvest Partners and Cressey & Company, has announced the addition of its 247 th partner practice through the acquisition of Sigler Animal Hospital, a leading practice that treats companion animals in the Akron, Ohio area.
December 2017	KKR & Co. L.P. (NYSE: KKR)	PetVet Care Centers, LLC	Global private equity firm KKR & Co. L.P. (NYSE: KKR) has acquired national veterinary hospital operator PetVet Care Centers, LLC ("PetVet") from an investor group lead by Ontario Teachers' Pension Plan and L Catterton, which supported the organization's growth from 30 hospitals in 2014 to over 125 sites across 22 states. This transaction marks a continued effort by KKR to increase the fund's healthcare exposure, with other announced investments in 2017 including ambulance operator American Medical Response, pharmacy services leader PharMerica, and Covenant Surgical Partners.
December 2017	Southern Veterinary Partners	Five Regional Hospitals	Southern Veterinary Partners, a rapidly growing network of general veterinary hospitals in the Southeast, has added five additional hospitals, strengthening its position in Alabama, Florida, North Carolina, Texas, and Virginia. The acquired hospitals include: Helena Veterinary Clinic, Your Family Veterinarian, Bonnie Brae Veterinary Hospital, Betty Baugh's Animal Clinic, and Block House Creek Animal Hospital.
November 2017	Community Veterinary Partners	Allentown Animal Clinic	Community Veterinary Partners has added its 20 th site in the state of Pennsylvania with the acquisition of Allentown Animal Clinic.
November 2017	Shore Capital Partners	Advanced Animal Hospital Group & Progressive Pet Animal Hospitals	Shore Capital Partners, a Chicago-based private equity firm, has announced the recapitalization of Advanced Animal Hospital Group & Progressive Pet Hospitals, and the merger of the respective businesses, which has formed Midwest Veterinary Partners ("MVP"). Upon formation, MVP is comprised of 22 general practice veterinary clinics that serve companion animals in Michigan, Wisconsin, and Illinois. MVP is now the second veterinary platform investment for Shore Capital Partners, which also owns Southern Veterinary Partners, a practice management company with a similar strategy in the Southeast.
October 2017	MedVet Medical & Cancer Centers for Pets	Animal Neurology & MRI Center	MedVet Medical & Cancer Centers for Pets ("MetVet"), one of the largest networks of specialty and emergency veterinary hospitals throughout the Midwest, has expanded into the state of Michigan through the acquisition of Commerce-based Animal Neurology & MRI Center.
October 2017	Community Veterinary Partners	Saugus Animal Hospital	Community Veterinary Partners has expanded into the Boston, Massachusetts area with the acquisition of Saugus Animal Hospital, their 33 rd site nationwide.
October 2017	Pathway Veterinary Management	Eye Care for Animals	Pathway Veterinary Management ("Pathway"), a leading network of veterinary medical clinics and hospitals, has acquired Eye Care for Animals, the largest national provider of specialty ophthalmic and optometric care for pets. With this acquisition Pathway, which is supported by the capital-backing of Morgan Stanley Global Private Equity, now employs over 2,000 individuals and holds full or partial ownership in more than 120 general, emergency, or specialty veterinary practices.