

Q1-2018 Veterinary Services Update



Market Update

Due to favorable industry demand trends and an attractive market profile, veterinary services continues to be one of the most highly sought-after investment areas for private equity firms seeking to employ a “buy-and-build” strategy. The sector’s heavy market fragmentation has allowed consolidators to quickly gain scale by leveraging capital brought by private equity investors to acquire leading specialty, emergency, and general practices, and deal flow remains strong even as buyers have been forced to offer valuations at historically high levels. New consolidators continue to emerge in the market, expanding the available options for veterinarian shareholders seeking back-office support and personal liquidity, and we expect this trend to continue throughout the remainder of 2018.

Private Equity-Backed Consolidators

Company	Private Equity Partner
American Veterinary Group	Latticework Capital Management
Community Veterinary Partners	Cortec Group
Innovative Petcare	Prospect Partners
MedVet Associates	Stonehenge Partners
Midwest Veterinary Partners	Shore Capital Partners
National Veterinary Associates	Ares Management
Pathway Partners	Morgan Stanley Private Equity
PetVet Care Centers	KKR & Co.
VetCor	Cressey & Co. and Harvest Partners
Veterinary Practice Partners	Pamlico Capital

Select Transactions:

Month	Acquirer	Target	Buyer – Private Equity Partner	Deal Significance
March 2018	Innovative Petcare	The Animal Hospital of Wilkes	Prospect Partners	The Animal Hospital of Wilkes is a six-doctor practice that has been providing veterinary services to the Wilkesboro area since 1958.
March 2018	Community Veterinary Partners	Granville Small Animal Hospital	Cortec Group	With this acquisition, Community Veterinary Partners now has 45 animal hospitals on the East Coast.
February 2018	Southern Veterinary Partners	Friendship Veterinary Hospital	Shore Capital Partners	With this acquisition, Southern Veterinary Partners now has its 7 th location in Florida and 40 th location across 10 states.
January 2018	American Veterinary Group	Magnolia Animal Hospital	Latticework Capital Management	American Veterinary Group has expanded its presence in Florida through the acquisition of Magnolia Animal Hospital. This represents the Company’s first acquisition since Latticework Capital’s initial investment.
January 2018	PetIQ (NAS: PETQ)	VIP Petcare	N/A	VIP Petcare is an operator and provider of nationwide veterinary clinics and veterinarian services within major U.S. retailers.

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