

Q3-2018 Veterinary Services Update



Market Update

The Veterinary Services market has continued to see evolving market consolidation as many veterinary companies begin to feel the pressure from large private equity backed consolidators building out regional platforms and impeding on market share. Although market consolidation is a relatively new phenomenon in the sector, the animal health market follows similar patterns and consolidation drivers seen throughout healthcare services. From the demand side, the veterinary service sector is benefiting from increased consumer spending and a greater number of household pets. To take advantage of this growth providers consider taking on risk mitigated capital to expand beyond personal guaranteed debt. Many groups are opting to align with established platforms such as Southern Veterinary Partners & VetCor who are growing through acquisition or become platforms of their own. Provident Healthcare Partners anticipates seeing increased consolidation activity due to heavy market fragmentation and high valuations.

Select 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
Southern Veterinary Partners	Shore Capital Partners
National Veterinary Associates	Ares Management
Pathway Partners	Morgan Stanley Private Equity
PetVet Care Centers	KKR & Co.
VetCor	Cressey & Co., Harvest Partners, Oak Hill Capital
Veterinary Practice Partners	Pamlico Capital

Select Transactions:

Month	Acquirer	Target	Private Equity Backer	Target Headquarters	Locations
September 2018	Vetsource	VetSuccess	Bain Capital Ventures	Toronto, ON	1
August 2018	TechAccel	Reliance Animal Health	N/A	Overland Park, KS	4
August 2018	VetCor	Clarkson-Wilson Veterinary Clinic	Cressey & Co., Harvest Partners, Oak Hill Capital	Chesterfield, MO	1
July 2018	Southern Veterinary Partners	Standifer's Animal Clinic	Shore Capital Partners	Homewood, AL	1
June 2018	Arbor Investments	Mar's Petcare's Exclusive Brands	N/A	Franklin, TN	5

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