

Q1-2019 Veterinary Services Update



Market Update

Private equity investors continued to lead consolidation activity within the veterinary service market through the first quarter of 2019 driven by both platform investments and facilitated bolt-on acquisitions. The first quarter began with BBH Capital Partners making an investment in Massachusetts-based Ethos Veterinary Health, a platform that operates 21 specialty and emergency hospitals throughout the Northeast. Following BBH's investment, Quad-C Management agreed to sell Compassion-First Pet Hospitals to JAB Holding Company, a multinational holding company specializing in investments across Europe, South American & the U.S. Sage Veterinary Centers, which was recently sold to Chicago Pacific Founders, has acquired local specialty practice Veterinary Vision. Provident anticipates seeing increased consolidation activity throughout 2019 as investors look to capitalize on favorable consumer spending and market fragmentation.

Notable Transaction



Quad-C Management has agreed to sell Compassion-Pet Hospitals to JAB Holding Company for \$1.2 billion. Compassion-First is a provider of specialty, emergency & general veterinary care through a network of hospitals and treatment facilities across 13 states. The company was founded by John Payne in 2014 and is headquartered in Tinton Falls, New Jersey. Compassion-First represents Quad-C's first investment into the veterinary services market in 2014. Upon initial investment, management and providers rolled a portion of equity into the newly formed company which increased in value substantially as the broader platform grew. Quad-C's eventual exit enabled the shareholders to realize a secondary liquidity event while maintaining equity in the newly recapitalized business.

Select Transactions:

Month	Acquirer	Target	Target Subsector	Target Headquarters	Locations
January 2019	BBH Capital Partners	Ethos Veterinary Health	Veterinary Hospital	Woburn, MA	21
February 2019	JAB Holding Company	Compassion First Pet Hospitals	Veterinary Hospital	Tinton Falls, NJ	41
February 2019	Red Collar Pet Foods	Hampshire Pet Products	Animal Health & Dietary Supplements	Joplin, MO	1
February 2019	SAGE Veterinary Centers	Veterinary Vision, Inc.	Veterinary Hospital	San Francisco, CA	2
March 2019	Synchrony, LLC	Pets Best Insurance Services	Animal Health Insurance	Boise, ID	1

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