

Q4-2019 Veterinary Services Update

Market Update

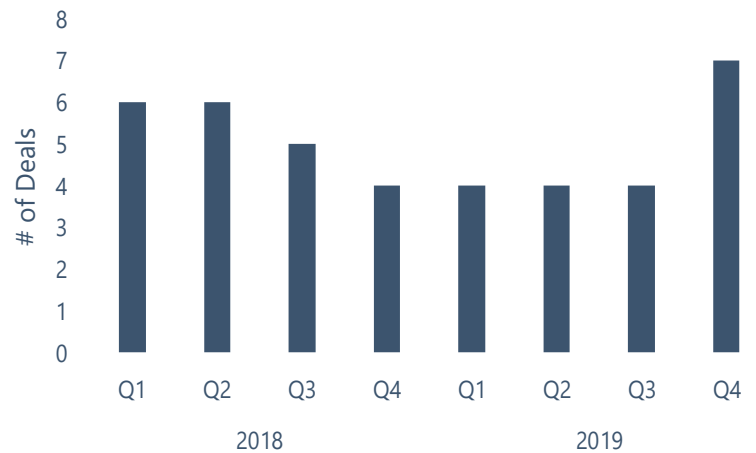
In 2019, the trend of private equity-backed platforms making add-on acquisitions continued, as groups like Sage Veterinary Centers and Compassion First Pet Hospitals continued to make bolt-ons in target geographies. Despite the number of existing consolidators in the sector, sponsors continued to see the opportunity for new market entrants to consolidate the fragmented landscape. Gryphon Investors recapitalized Heartland Veterinary Partners with plans of continuing to grow the company's existing network of 100+ centers. We expect this trend to continue in 2020 as several established platforms are in the process of taking on new private equity partners. Cortec's pending sale of Community Vet Partners to OMERS Private Equity marks OMERS second standalone investment in the veterinary services space. In addition, Morgan Stanley Capital's Pathway Vet Alliance expressed an interest in exploring a potential sale or IPO earlier in the fourth quarter of 2019. Since

the most accretive growth strategies tend to be via acquisition, these pending large-scale transactions will create a trickle-down effect of further add-on acquisitions, leading Provident to believe 2020 will be an active year for transaction activity within the space.

Select Transactions:

Month	Acquirer	Target	Target Subsector	Target Headquarters	Locations
December	Gryphon Investors	Heartland Veterinary Partners	Veterinary Animal Hospital & Clinic	Chicago, Illinois	100+
December	Zoetis, Inc.	ZNLabs	Veterinary Diagnostics	Louisville, Kentucky	8
November	Compassion First Pet Hospitals	First Coast Veterinary Specialists	Veterinary Animal Hospital & Clinic	Jacksonville Beach, Florida	1
November	Compassion First Pet Hospitals	Specialists in Companion Animal Neurology	Veterinary Animal Hospital & Clinic	Naples, Florida	2
November	SAGE Veterinary Centers	Veterinary Specialists of Alaska	Veterinary Animal Hospital & Clinic	Anchorage, Alaska	1
October	Warburg Pincus LLC	Petplan	Pet Insurance	Newtown Square, Pennsylvania	1
October	Zoetis, Inc.	Phoenix Lab	Veterinary Diagnostics	Mukilteo, Washington	1

Publicly Announced Transaction Activity



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Upcoming Conference:



**DIGITAL VETERINARY
SUMMIT USA**

Provident Healthcare Partners will be attending the Digital Veterinary Summit in Boston on April 22-23