

# Q1-2020 Veterinary Services Update

## Market Update

Private equity investment continued to lead consolidation activity within the veterinary service sector through the first quarter of 2020, driven by both platform investments and strategic add-on acquisitions. Private equity sponsors continue to search for expansion opportunities across the fragmented landscape to benefit from the favorable consumer tailwinds driving increased demand in the sector. There were several noteworthy transactions that occurred in the first quarter, most notable of which was Morgan Stanley Capital Partners' sale of Pathway Vet Partners to TSG Consumer Partners for an enterprise value of over \$2 billion. There were also notable strategic acquisitions as well such as Rarebreed's majority recapitalization of Maine Veterinary Medical Centers, the largest specialty veterinary practice in Maine and northern New England, and Destination Pet's acquisition of VitalPet, the platform's first add-on acquisition since taking on an investment from Letterone

Health in 2019. Despite growing concerns from investors in the public markets, private equity sponsors remain bullish on the consolidation opportunities in the veterinary service market based on the industries recession-resilient characteristics and fragmented landscape. Although the animal health market seems to be more insulated from COVID-19, Provident continues to track the short- and long-term effects resulting from the fallout of the pandemic.

## Publicly Announced Transaction Activity



## Select Transactions:

Month	Acquirer	Target	Target Subsector	Target Headquarters	Locations
March	SAGE Veterinary Centers	Mid-Columbia Pet Emergency Service	Veterinary Animal Hospital & Clinic	Pasco, Washington	1
March	TSG Consumer Partners	Pathway Vet Alliance	Veterinary Animal Hospital & Clinic	Austin, Texas	270
March	Destination Pet	Vital Pet	Veterinary Animal Hospital & Clinic	Houston, Texas	24
February	Zoetis, Inc	Ethos Diagnostic Science	Diagnostics & Testing	San Diego, California	3
February	Rarebreed Veterinary Partners of Portland	Maine Veterinary Medical Center	Veterinary Animal Hospital & Clinic	Scarborough, Maine	1

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