

Veterinary Services

Q4 2023

Market Update

Despite the precipitous drop in valuation multiples the veterinary services market has observed since the highs of 2021 / Q1 2022, M&A activity has persisted as a considerable number of transactions were executed in Q4. Despite not offering high-teens EBITDA multiples as the corporate consolidators were previously putting forth, many platforms have found success deploying a transaction structure that creates alignment and shareholder incentivization through retained equity that creates upside in the future growth of the combined platform.

This deal structure has been often utilized across other multi-site healthcare models with a strong track record of success. Practice owners and operators are given an opportunity to realize a significant liquidity event and capture the benefits of a partnership with a large organization, without forgoing the upside from future performance. Provident expects this model to continue as M&A activity accelerates into 2024.










Notable Transaction

Varsity Healthcare Partners, a lower middle market healthcare services private equity firm, completed a strategic growth investment in VetEvolve, a leading general veterinary care platform with 100+ DVMs and 32 clinics across the Mid-Atlantic.

The partnership will provide VetEvolve's management team with the capital and strategic resources to accelerate its growth throughout the Mid-Atlantic and into contiguous regions. The existing management team plans to remain in place to oversee the continued expansion of the platform. As noted, this structure has become increasingly popular in the veterinary space to encourage alignment and allow operators to retain meaningful future upside.



Select Transactions

Month	Acquirer	Target	Deal Description
December	 WHISTLER CAPITAL PARTNERS	 heart + paw	Heart + Paw (H+P), an innovative veterinary and multi-service pet care company with 28 locations across 10 states, received a strategic growth investment from Whistler Capital Partners. H + P will continue to be led by its existing management team while leveraging the capital resources of Whistler to accelerate its regional expansion efforts.
November	 Animal dermatology GROUP	 SkinVet CLINIC	Animal Dermatology Group has continued its strategic expansion across the Pacific Northwest with its acquisition of SkinVet Clinic, a dermatology specialty practice in Oregon. Following the acquisition, the platform now spans over 70 doctors across 14 states.
November	 PIEPER VETERINARY		Pieper Veterinary, a CT-based specialty veterinary care platform backed by Chicago Pacific Partners, has partnered with Mass-RI Veterinary and Metropolitan Veterinary Associates. The two acquisitions bring 60+ additional emergency and specialty veterinarians to Pieper's platform and meaningfully bolster its leading market position in the Northeast.
October	 WARBURG PINCUS  Talisman CAPITAL PARTNERS	 BondVet	Bond Vet, an urgent and primary care veterinary services provider, secured a \$50M growth capital raise to support its continued expansion. Private equity firms Warburg Pincus and Talisman Capital Partners led the financing consortium, which also included BondVet's existing shareholder team.

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