

# DealReader

## Animal sector

October 2017



### Lincoln's Animal Sector Focus

- The animal sector continues to see strong investor appetite; Lincoln's animal sector index is up 15.6% on an LTM basis with double digit EV/EBITDA multiples common in the majority of sub-sectors
- We have significant experience within the animal sector, particularly veterinary services, with Lincoln's senior team having completed a number of recent high profile M&A transactions

## Inside this Issue

**Valuation update on animal sector**

**UK veterinary services market update**

**Key international veterinary services corporate list**

### Select animal sector deals

**VillageVet**  
Specialised vets for specialist patients

has been sold to

**LINNAEUS**

#### Vet Services

**inflexion**  
Private Finance

has invested in

**medivet THE Vets**

#### Vet Services

### Select multi-site clinical deals

**Addenta Holding**  
has sold

**OdontoSalute**

to

**Colosseum**  
Dental by the Colosseum

a portfolio company of

**JACOBS HOLDING AG**

#### Dental Clinics

**GIOVANNIBONA**  
Dental

has been sold to

**DENTAL PRO**  
PROFESSIONAL SYSTEM

a portfolio company of

**SUMMIT PARTNERS**  
**LAM**

#### Dental Clinics

**THE RANCH DOVE TREE**

has been sold to

**SUMMIT**  
DENTAL

a portfolio company of

**FLEXPOINT FORD**

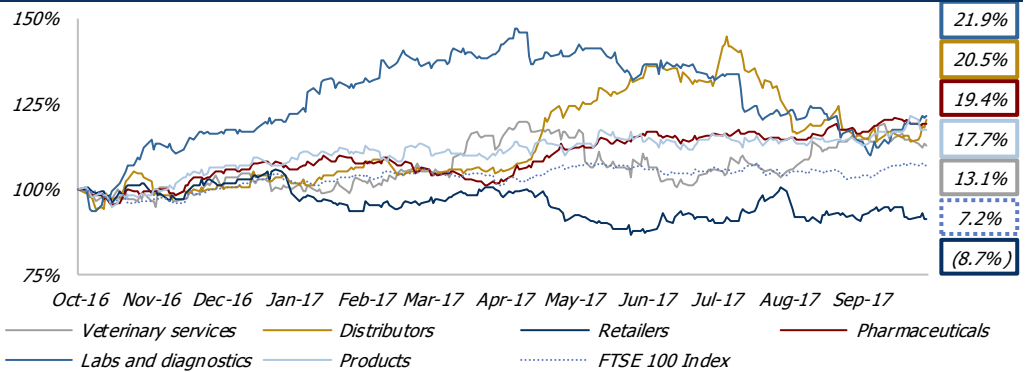
#### Rehab Clinics

\*Led by Managing Director in previous advisory firm

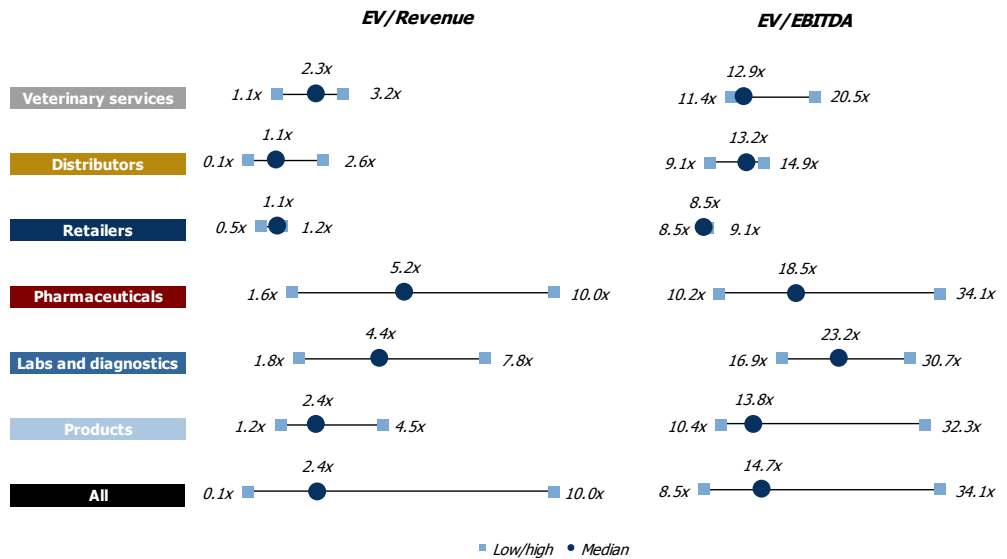
# Valuation update on the animal sector

## Sector performance

### LTM relative stock indices price performance

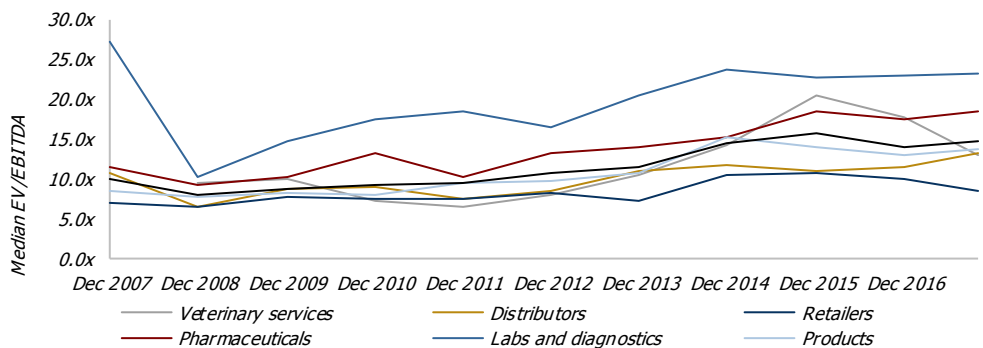


### Current market valuations



Based on calendarised December CY17 data

### 10 year EV/EBITDA



### Analysis of EV/EBITDA points (10 year period)

	Veterinary services	Distributors	Retailers	Pharmaceuticals	Labs and diagnostics	Products	All
Median	10.2x	10.8x	7.7x	13.3x	20.6x	9.7x	10.7x
Average	11.7x	10.0x	8.3x	13.8x	19.8x	10.8x	11.5x
Low	6.4x	6.6x	6.5x	9.3x	10.3x	7.9x	8.0x
High	20.5x	13.2x	10.7x	18.5x	27.4x	15.3x	15.7x

## Animal sector share indices data

Company name	Share price	% change LTM	Market Cap (m)	Enterprise Value (m)	LTM Period	LTM Revenue (m)	EBITDA margin	2yr CAGR LTM	Enterprise Value / CY17	
									Revenue	EBITDA
<b>Veterinary services</b>										
CVS Group plc (GB)	£13.15	52.0%	£838	£938	30-Jun-17	£272	14.3%	27.5%	3.2x	20.5x
Apiam Animal Health Limited (AU)	0.49	(46.7%)	50	65	30-Jun-17	58	8.3%	nmf	1.1x	11.4x
National Veterinary Care Limited (AU)	1.59	32.5%	94	105	30-Jun-17	39	17.3%	nmf	2.3x	12.9x
<b>Mean</b>		<b>12.6%</b>					<b>13.3%</b>	<b>27.5%</b>	<b>2.2x</b>	<b>14.9x</b>
<b>Median</b>		<b>32.5%</b>					<b>14.3%</b>	<b>27.5%</b>	<b>2.3x</b>	<b>12.9x</b>
<b>Distributors</b>										
Henry Schein, Inc. (US)	£64.08	10.6%	£10,132	£11,711	1-Jul-17	£9,215	8.5%	7.2%	1.3x	14.7x
Patterson Companies, Inc. (US)	29.85	(10.6%)	2,793	3,610	29-Jul-17	4,241	7.2%	16.3%	0.9x	11.6x
PetMed Express, Inc. (US)	27.85	77.6%	567	515	30-Jun-17	197	16.9%	5.9%	2.6x	14.9x
AmerisourceBergen Corporation (US)	63.08	3.1%	13,822	15,697	30-Jun-17	116,717	1.6%	7.1%	0.1x	9.1x
<b>Mean</b>		<b>20.2%</b>					<b>8.5%</b>	<b>9.1%</b>	<b>1.2x</b>	<b>12.6x</b>
<b>Median</b>		<b>6.8%</b>					<b>7.9%</b>	<b>7.2%</b>	<b>1.1x</b>	<b>13.2x</b>
<b>Retailers</b>										
Greencross Limited (AU)	£3.30	(19.3%)	£389	£549	2-Jul-17	£483	12.3%	12.6%	1.1x	8.5x
Ridley Corporation Limited (AU)	0.83	9.8%	255	286	30-Jun-17	504	5.3%	(3.1%)	0.5x	9.1x
Pets at Home Group Plc (GB)	1.81	(16.9%)	907	1,061	30-Mar-17	834	15.1%	7.0%	1.2x	8.5x
<b>Mean</b>		<b>(8.8%)</b>					<b>10.9%</b>	<b>5.5%</b>	<b>1.0x</b>	<b>8.7x</b>
<b>Median</b>		<b>(16.9%)</b>					<b>12.3%</b>	<b>7.0%</b>	<b>1.1x</b>	<b>8.5x</b>
<b>Pharmaceuticals</b>										
Animalcare Group plc (GB)	£3.33	n/a	£199	£223	31-Dec-16	£68	12.0%	40.8%	2.4x	17.4x
ECO Animal Health Group plc (GB)	6.00	17.6%	394	378	31-Mar-17	61	26.6%	25.5%	5.6x	21.0x
Vetoquinol SA (FR)	48.09	22.1%	570	502	30-Jun-17	311	15.8%	3.1%	1.6x	10.2x
Virbac SA (FR)	104.07	(20.4%)	877	1,397	30-Jun-17	773	12.7%	2.4%	1.8x	13.9x
Dechra Pharmaceuticals plc (GB)	20.50	48.2%	1,914	2,035	30-Jun-17	359	21.6%	32.9%	5.4x	20.6x
Phibro Animal Health Corporation (US)	28.12	44.2%	1,130	1,325	30-Jun-17	588	15.4%	1.0%	2.3x	14.6x
Aratana Therapeutics, Inc. (US)	4.65	(32.5%)	200	168	30-Jun-17	7	n/a	nmf	10.0x	n/a
Balchem Corporation (US)	63.55	11.0%	2,031	2,207	30-Jun-17	434	24.0%	(3.3%)	5.0x	20.3x
Neogen Corporation (US)	60.77	51.4%	2,323	2,202	31-Aug-17	290	21.9%	13.4%	7.5x	34.1x
Zoetis Inc. (US)	49.99	28.5%	24,450	27,392	2-Jul-17	3,864	34.4%	2.2%	7.0x	18.5x
<b>Mean</b>		<b>18.9%</b>					<b>20.5%</b>	<b>13.1%</b>	<b>4.9x</b>	<b>18.9x</b>
<b>Median</b>		<b>22.1%</b>					<b>21.6%</b>	<b>3.1%</b>	<b>5.2x</b>	<b>18.5x</b>
<b>Labs and diagnostics</b>										
Heska Corporation (US)	£72.86	80.7%	£526	£527	30-Jun-17	£106	16.7%	21.7%	4.8x	26.8x
Abaxis, Inc. (US)	35.66	(10.8%)	809	705	30-Jun-17	175	21.9%	3.7%	4.0x	19.5x
IDEXX Laboratories, Inc. (US)	124.86	47.0%	10,898	11,566	30-Jun-17	1,434	25.1%	10.3%	7.8x	30.7x
Benchmark Holdings plc (GB)	0.45	(31.5%)	232	250	31-Mar-17	131	7.3%	80.8%	1.8x	16.9x
<b>Mean</b>		<b>21.3%</b>					<b>17.7%</b>	<b>29.1%</b>	<b>4.6x</b>	<b>23.5x</b>
<b>Median</b>		<b>18.1%</b>					<b>19.3%</b>	<b>16.0%</b>	<b>4.4x</b>	<b>23.2x</b>
<b>Products</b>										
Central Garden & Pet Company (US)	£29.20	54.8%	£1,475	£1,796	24-Jun-17	£1,552	10.2%	9.9%	1.2x	11.9x
Freshpet, Inc. (US)	11.79	71.8%	408	413	30-Jun-17	110	5.6%	18.2%	3.5x	32.3x
Blue Buffalo Pet Products, Inc. (US)	21.44	13.1%	4,226	4,269	30-Jun-17	908	23.8%	10.0%	4.5x	18.0x
The J. M. Smucker Company (US)	79.01	(19.7%)	8,974	12,796	31-Jul-17	5,558	22.0%	7.7%	2.3x	10.4x
Guangdong Wens Foodstuff Group Co., Ltd. (CN)	2.67	(24.6%)	13,925	14,049	30-Jun-17	6,374	14.2%	13.8%	2.2x	14.0x
Unicharm Corporation (JP)	17.71	8.1%	10,371	10,432	30-Jun-17	4,541	16.6%	nmf	2.4x	13.7x
<b>Mean</b>		<b>17.3%</b>					<b>15.4%</b>	<b>11.9%</b>	<b>2.7x</b>	<b>16.7x</b>
<b>Median</b>		<b>10.6%</b>					<b>15.4%</b>	<b>10.0%</b>	<b>2.4x</b>	<b>13.8x</b>
<b>Total mean</b>		<b>15.6%</b>					<b>15.7%</b>	<b>14.4%</b>	<b>3.2x</b>	<b>16.8x</b>
<b>Total median</b>		<b>11.0%</b>					<b>15.4%</b>	<b>9.9%</b>	<b>2.4x</b>	<b>14.7x</b>

Source: Capital IQ and company filings, as of 20/10/2017

Note: All data in GBP (£); converted from local currency at current spot rate and annualised to 31 December for CY multiples

## Macro drivers include:

- **Humanisation of pets:** Increasing trend in humanisation of pets and pet owners becoming more conscious of their pet health resulting in increased propensity to spend on pet health and increased spend per service
- **Medical advancement:** driving demand via a more complex range of treatments becoming available, specialisation within the profession and increasing use of diagnostics
- **Rising pet insurance penetration:** driving increased demand for veterinary service by providing increased access to services, especially to more complex procedures
- **Marketing:** Increasing marketing online, digitalisation and accessibility of pet care and services online is driving growth in demand

## M&A market dynamics

The animal sector is seeing significant corporate and investor interest, driven by some compelling macro themes (see left), benefiting the pharma, products and devices and services sectors. With private equity on track to break their fundraising record of \$369 billion set in 2007, dry powder from private equity is set to reach an all-time high, leading to greater M&A activity and higher valuations. This interest is expected to continue for the foreseeable future.

Focusing in this issue on the services (veterinary practices) segment, the UK has seen the emergence of six corporate consolidators in recent years (see pg. 7). Private equity, unrestricted compared to listed company peers' funding structures, have accelerated the pace of consolidation. Concentration of small and mixed practices by the leading corporate players has accelerated from c.15% in 2013 to over 35% currently, with concentration in small animal practices higher. Underlying growth remains strong as well with the first opinion practice ('FOP') market forecast to grow at a 5% CAGR to 2021, as highlighted in the recent Pets at Home investor presentation.

Meanwhile, the specialist referrals market is forecast to grow at nearly double that at 9%, supporting the attractiveness of the specialist market. Given the attractions of specialist referral hospitals (margin, cross referral from first opinion, prestige for brand and recruitment) consolidators have recently focused on acquiring or expanding their specialist presence. Sovereign has led the consolidation charge with Linnaeus in this regard.

CVS Group currently operates seven secondary specialist referral centres, the most in the UK market. Pets at Home, currently operates four such centres after more recently entering the market and stated their goal is to grow their network to 10-15 across the UK, further evidencing the growth opportunity.

The UK consolidation trend is seen also in the USA, most notably Mars acquiring VCA Inc., and in Europe through AniCura and Evidensia. Australia and Asia are similarly consolidating at pace. Given growth dynamics, and the consolidation opportunity, investors have been willing to pay up, with run rate EBITDA multiples reaching beyond mid-teens.

### Selected notable recent M&A transactions (select valuation information available upon request)

Date	Target Company	Clinics	Target Description	Acquiring Company
Oct-17	Bartram & Patrick	2	Small animal practice based in West Yorkshire	Medivet (Inflexion)
Sep-17	B&W Equine	4	Leading specialist equine group	CVS Group
Sep-17	Pro-Vets	35	Referral and first opinion services in South and Midlands	IVC (EQT)
Aug-17	Strule Veterinary Services	2	Mixed animal practice based in Northern Ireland	CVS Group
Jul-17	National Veterinary Associates (NVA)	500	Minority stake in operator of pet hospitals, boarding and daycare	OMERS PE
Jun-17	12 practices	25	All other CVS acquisitions in FY17	CVS Group
Jun-17	Village Vets	29	First opinion practices (including five 24hr hospitals)	Linnaeus (Sovereign)
Jun-17	Summerhill Vets	10	Small animal practices and emergency vet services in South Wales	IVC (EQT)
May-17	Severn Edge	12	Companion, equine and production animal clinics	CVS Group
May-17	Radis Group	3	Small animal practice chain in the Netherlands	CVS Group
Apr-17	Valley Vets	4	Small animal practice with sites across Cardiff and South Wales	VetPartners (August)
Apr-17	Shires Vets	5	Mixed and equine practice based in Staffordshire	Linnaeus (Sovereign)
Feb-17	Evidensia	180	Leading vet group in Northern and Central Europe	IVC (EQT)
Feb-17	Medivet	160	Minority stake in first opinion practice chain and nine 24hr hospitals	Inflexion
Jan-17	VCA	700	A leading US animal hospitals and laboratory business	Mars, Inc.
Jan-17	Zuid-West Friesland BV	2	Mixed practice in the Netherlands	CVS Group
Nov-16	Donnachie & Townley Limited	2	Farm and small animal practice based in Rugeley	Linnaeus (Sovereign)
Dec-16	IVC	290	First opinion practices, referral hospitals and online pet pharmacy	EQT
Dec-16	VRCC (Southfields Veterinary Specialists)	1	Multi-disciplinary specialist referral centre in Essex	Linnaeus (Sovereign)
Nov-16	Best Friends Veterinary Group	19	Small animal practice across the Midlands and Southeast	VetPartners (August)
May-16	Calder Vets	12	First opinion practices and central referral hospital in Yorkshire	Linnaeus (Sovereign)
Apr-16	Dick White Referrals	1	Specialist small animal referrals centre	Pets at Home
Apr-16	Eye-Vet Referrals	1	Specialist animal ophthalmologist practice	Pets at Home
Jan-16	Anderson Moores	1	Specialist veterinary services and acts as a referral centre	Pets at Home
Dec-15	Albavet Group	11	Operator of surgeries, a veterinary buying group and instrumentation	CVS Group
Dec-15	Pet Crematorium	2	Operator of two pet crematoria in Scotland	CVS Group
Dec-15	VetPartners	-	Brought together three vet groups based in York, Newcastle & Lincoln	August Equity

## International perspectives

### USA

- While Mars' recent acquisition of VCA creates a leading player with four times as many sites as its closest competitor, the US remains highly fragmented as the combined business will represent less than 10% of the North American market
- Significant opportunity remains for corporate consolidation, likely backed by private equity investment

Nick Konstantinou  
Managing Director, Chicago

### Europe

- Consolidation of vet practices in Germany, Europe's second largest market for vet services, is ramping up led by AniCura and Evidensia (now IVC)
- Other parts of Europe are seeing UK groups expand their presence on the continent. In particular, CVS Group acquired nine practices in the Netherlands and have plans to continue expanding their European presence. While France is the largest vet services market in Europe, regulatory hurdles are a blocker for now

Matthew Lee  
Managing Director, London

### Asia

- Though the pet population is currently smaller than the world's largest market in the US, the pet population in China is growing rapidly and with it, pet spending
- The vet services market is in its infancy relative to its potential. Some corporates are beginning to consolidate the market, supported by investors including Hillhouse Capital Group (with its three distinct groups) and White Cloud Capital

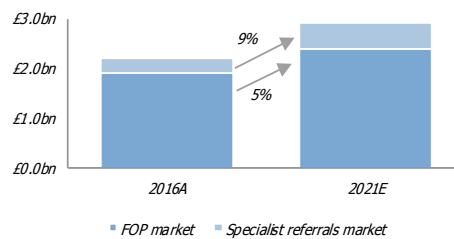
Joe Chang  
Managing Director, Beijing

## UK market observations

In this section, we take a deeper look at trends and observations affecting the UK veterinary services market.

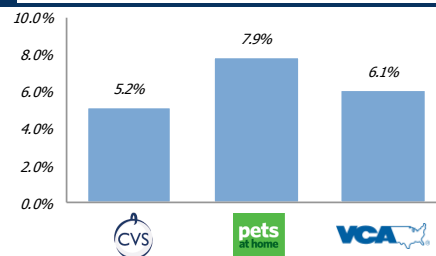
- Market growth:** The pet veterinary services market is demonstrating strong sustained growth in the UK, with the FOP market forecast to grow at a 5% CAGR to 2021 and the specialist referral market estimated to grow at nearly double with a 9% CAGR over the next five years.

### UK veterinary services market



- While overall pet populations remain flat, a range of underlying growth factors underpin market growth including consumer spending, humanisation of pets, proliferation of pet insurance, advanced medical procedures and the aging human population
- Complementing the strong growth through ongoing acquisitions, the corporates are demonstrating strong underlying like-for-like revenue growth as they leverage their scale and brands to achieve above market growth rates. CVS Group and Pets at Home recently reported LFL revenue growth of 5.2% and 7.9% in their services divisions in their last fiscal years respectively. In the US, VCA reported same-store growth of 6.1% in their last fiscal year.

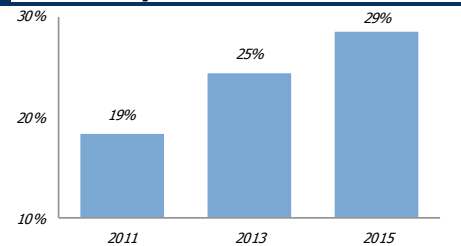
### LFL services revenue



- Humanisation:** With pets increasingly being seen as a member of the family, pet owners are spending more on pet health and more on increasingly complex and expensive procedures.

- Negative health trends led by obesity have grown and are expected to continue

### % obesity related cases



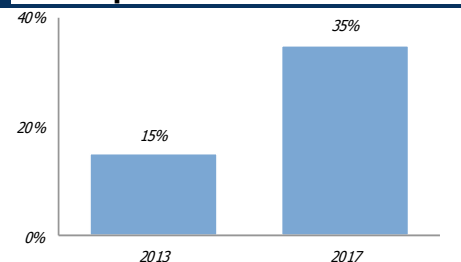
**83%** of vets believe there will be more overweight pets than healthy pets in five years' time

- These negative health trends have a significant impact on pet spending. Over a four-year period, owners of overweight dogs will spend 17% more in healthcare costs and nearly 25% more on medications compared to owners of healthy-weight dogs. Owners of overweight cats will spend 36% more on diagnostic procedures compared to owners of healthy-weight cats
- On the other hand, growing awareness and improving attitude on pet health is also supporting industry spending

**53%** of pet owners say they would do whatever it takes to make sure their pet is healthy

- M&A activity growth:** The pace of consolidation has continued to accelerate with the six largest players growing from c.15% of the overall veterinary services market in 2013 to c.35% currently, while concentration in small animal practices is higher

### UK corporate consolidation



- As M&A competition remains elevated, bolt-on prices have inflated by 1-3x EBITDA compared to a few years ago. However, scale players with increasing drug purchasing power and operational efficiencies from hub-and-spoke setups can significantly reduce in-price

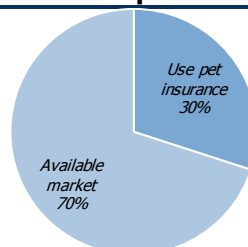
## Select market news

- **Just for Pets:** The UK-based pet supplies retailer announced on 11 October it had been acquired out of administration by rival Pedigree Wholesale, enabling it to maintain employment of nearly 200 staff and operations in 18 of its 25 locations
- **Pet treats:** Demonstrating the continuing humanisation trend leading to premium spending, Mintel released new research in September indicating that US pet treat sales grew to \$4.4 billion in 2017 (5% CAGR from 2012), while both dog and cat food sales grew by c. 2% CAGR over the same period
- **Real Pet Food Company:** The Australian pet food provider announced on 25 October it had been acquired in a transaction valued at AUD\$1 billion by an Asian-Pacific investor consortium led by Chinese PE fund Hosen Capital, China's largest private agribusiness New Hope Group and Singapore investment company Temasek
- **Vets First Choice:** the privately held US provider of healthcare technology and data analytics to veterinary practices announced in July it had raised \$223 million led by Clayton, Dubilier & Rice and Hillhouse Capital Group. The funding will enable the business to accelerate its growth, launch new services and begin to expand into Europe and Asia, as well as roll up smaller players in the fragmented sector

multiples, more than historically on the drugs side. These can be further reduced where revenue synergies are available such as through increased referrals between FOP and specialist units (leaving post-synergies multiples at 6-7x)

- Given the focus on M&A by PE-backed consolidators, organic growth programmes are expected to increasingly be a focus going forward once the land grab matures, which could drive LFL revenue uplifts beyond those seen in recent years
- Pets at Home have recently increased their long-term target to 1,000 locations, up from 700 previously. PAH are assuming 70% of this location growth to come from new standalone locations, shifting their mix of in-store to standalone from 65%/35% to 45%/55% in the long-term
- While most large corporate players continue to focus on small animals, some are expanding their capabilities. Examples include CVS Group's recent acquisitions of Bell Equine and B&W Equine. Origin Group remains the only pure play large animal platform
- **Insurance supporting the market:** Driven by the continued humanisation of pets and the move to extended coverage and more advanced procedures, the number of pet insurance policies and gross written premiums have grown steadily in recent years at above market rates. Currently around £1.1 billion, the value of gross written premiums is expected to grow by a 9% CAGR to nearly £1.8 billion by 2022
  - With an estimated 30% penetration rate, the market for pet insurance still has ample opportunity for growth. The Swedish market has experienced stronger pet insurance penetration to date at over 40%, underpinning their strong market growth
- Some market players have seen this as an explicit growth opportunity as CVS Group launched their own pet insurance scheme in August 2017. MiPet Cover is the first and only own brand pet insurance in the UK developed by a veterinary business
- **RSA network:** In August 2017, RSA announced they added eight new partners, bringing their total number of referral practices to 58. Estimated to have c. 30% of the pet insurance market, RSA currently underwrites pet insurance for over one million cats and dogs throughout the UK
  - While initially viewed as a possible threat to practices not on the referral list, concerns have moderated. Specialists groups are not seeing reduced volumes (anecdotally) due to travel times to RSA's relatively small network, the low excess versus the absolute cost and some distribution partners' refusal to enforce the £200 penalty for non-urgent referrals outside of the RSA preferred network (e.g., John Lewis)
- **Staffing issues:** Brexit creates uncertainty regarding the employment of European vets, though no significant adverse effects have been felt yet by industry players with the number of vets growing faster than practice numbers. Major employers in the industry and the Royal College of Veterinary Surgeons (RCVS) continue to lobby the UK Government to decrease the likelihood of an adverse impact. This remains an area to monitor for investors
  - Theresa May has recently proposed to allow EU nationals to remain in the UK post-Brexit, streamlining the process to enable them to stay
  - Additionally, the EU Energy and Environment Sub-Committee's report 'Brexit: farm animal welfare' published in July 2017 recognised the reliance on non-UK EU citizens to fulfil veterinary positions in the UK, calling on the Government to ensure that qualified staff can fill these positions post-Brexit
- Other operators, such as White Cross who employs mostly UK-trained vets, are less exposed regardless of Brexit outcome
- CVS is also supporting general industry training through its MiNurse Academy and vet graduate training scheme

### Pet insurance penetration



Average of market estimates ranging from 15-45%

## UK Veterinary Services – Large corporate players

## IVC



Revenue:	c.£550
EBITDA:	c.£100
Practices:	650
Ownership:	EQT

## Commentary

- Acquired by EQT Partners in December 2016 from Summit Partners
- Subsequently merged with EQT-owned Evidensia in February 2017 to create pan-European Group
- Of its 650 practices across eight countries, c. 460 are located in the UK
- Recently acquired Pro-Vets, adding 35 additional practices

## Pets at Home



Revenue:	£834
EBITDA:	£126
Practices:	438
Ownership:	LSE:PETS

## Commentary

- Of practices, 65% are in-store and 35% are standalone
- Focusing heavily on developing referral expertise. Currently have network of four referral centres wanting to build to network of 10-15 centres
- Targeting roll-out to 1,000 practices, up from its previous target of 700. This assumes 400 new standalone locations, 116 retrofits in-store and 45 new in-store locations, estimating an overall roll-out of 40 practices per year
- KKR recently sold half of its remaining stake for £119m

## CVS Group



Revenue:	£272
EBITDA:	£42
Practices:	432
Ownership:	AIM:CVSG

## Commentary

- Operates four segments: Veterinary Practice, Laboratory, Crematoria and Animed Direct
- Acquired 62 surgeries for £48.4m in y/e 30 June 2017
- Overall revenue growth of 24.6% (6.3% LFL). Within veterinary practices, reported revenue growth of 25.1%, underpinned by strong underlying LFL sales growth of 5.2%
- In addition to M&A, investing in referral business with greenfield locations and refurbishments

## MediVet



Revenue:	c.£160
EBITDA:	c.£25
Practices:	210
Investor:	Inflexion

## Commentary

- Inflexion invested in a minority stake in February 2017 to help accelerate the business' established acquisitive growth strategy with practice numbers growing by 60 in the last twelve months
- Led by CEO Arnold Levy, MediVet operates hub-and-spoke model with nine 24-hour centres catering to its 210 practice network
- Utilises joint venture model with vets to drive strong LFL growth through aligning incentivisation

## VetPartners



Revenue:	n/d
EBITDA:	c.£20
Practices:	185
Ownership:	August

## Commentary

- Roll-up started in 2015 when August Equity acquired and integrated three veterinary groups in York, Newcastle and Lincoln
- Has subsequently focused add-on acquisitions in the north of England, with a particular concentration in York, Durham and Leeds

## Linnaeus



Revenue:	c.£99
EBITDA:	c.£25
Practices:	71
Ownership:	Sovereign

## Commentary





- Referral hospital / specialist model bias
- Sovereign Capital started the roll-up when it acquired Willows Veterinary Centre and Referral Service in September 2014, following which 18 add-on acquisitions have been made
- Acquisition of Village Vets in June 2017 provided Linnaeus with strong referral specialist network and attractive FOP locations including London
- Business continues to benefit from cross referral revenue synergies from its 5 core specialist referral centre hubs and 66 FOP spokes driving double-digit LFL growth

Sources: Capital IQ, company filings and presentations, Lincoln proprietary information  
 Note: Financials for MediVet, VetPartners and Linnaeus are current run rate estimations

## UK Veterinary Services – Mid-tier corporates

Company name	Owner	Number of sites	Commentary
	Private	55	Specialist provider of out-of-hours emergency care, partnering with over 1,000 veterinary practices to provide afterhours service
	August Equity	51	Leading veterinary group for farm and production animals across all major species with numerous brands including Westpoint Farm Vets (livestock farmers), Poultry Health Services and FarmVets Southwest
	Private	49	Largest independently operator-owned veterinary practice in the UK provides first opinion practices and specialist referral services with practices focused in the London area
	Private	39	The UK's fourth largest pet store chain with over 60 pet stores, Jollies provides basic veterinary services in their Pet Clinics within 39 of their locations
	Private	17	Primarily located in the North and Midlands, White Cross has focused on small animal veterinary services in retail park located, new build facilities. Listed in The Sunday Times 'Top 100 Small Companies to Work For' for five consecutive years and seen as a high quality brand. Maturing portfolio driving strong organic growth.
	Private	10	Midlands-based provider of veterinary care both small and large animals with dedicated farm and equine veterinary teams. It also operates a luxury pet resort
	Private	8	Operates eight standalone new build, retail park located clinics and provides veterinary services at affordable prices
	Bridge Ventures	7	With an eighth location opening in November, the Vet provides high quality vet care for pets. The Vet was created with backing from Bridge Ventures, recently adding Jessica Frame as CEO in October 2016

## UK Veterinary Services – Charity organisations

Company name	Owner	Number of sites	Commentary
	Private charity	48	As the UK's leading veterinary charity, PDSA operates a network of self-owned pet hospitals and supports over 380 contracted private practices
	Private charity	21	The UK's largest dog welfare charity provides veterinary services at its rehoming centres. Of its 21 locations, 14 operate their own surgical suites
	Private charity	11	Provides veterinary services across its four animal hospitals, five mobile clinics and two dedicated pet care clinics as well as providing ambulance services across west London
	University of London	4	Operates four locations providing focused treatment: small animal clients (Beaumont Sainsbury Animal Hospital), small animal referrals (Queen Mother Hospital for Animals), RVC Equine and Farm Animal Clinical Centre



## International players

Company name	Country	Owner	Number of sites	Description
 MARS		Family-owned	2,000	Largest veterinary services provider in North America operating Banfield Pet Hospital (900 clinics), VCA (750 clinics), BluePearl Veterinary Partners and Pet Partners
		Ares Management (majority) and OMERS Private Equity	500	Operates veterinary hospitals, pet boarding and daycare centers in the United States, Canada, Australia and New Zealand with over 1,800 vets and 7,000 employees
		Cressey & Co. (majority) Harvest (minority)	233	Provides a full range of general medical and surgical services for pets and pharmacy needs across its network focused on central, southeast and eastern United States
		Private (majority)	207	Provides veterinary services at its first opinion and specialist hospitals across 35+ Chinese cities with its 700+ veterinarians
		Nordic Capital (majority) Fidelio Capital	180	Established across seven countries in Northern and Central Europe with a specialist focus with large hospitals and clinics
		Hillhouse Capital Group (majority)	137	Provides small animal veterinary services across its pet hospital network, centred in Shanghai
		Private (majority) and strategic alliance with Goldman Sachs	128	Provides veterinary services across its pet hospital network. Planning to grow to 200 locations via acquisition by end of 2017
		Public (ASX:GWL)	115	Integrated pet care company, operating Australia's largest veterinary services network (115 clinics) and a leading specialty pet care retailer (175 stores)
		Ontario Teachers' Pension Plan	100	Operates general, specialty and emergency hospitals across the United States concentrating in the northeast, southeast and west coast
		Hillhouse Capital Group	80	After receiving investment from a subsidiary of Hillhouse Capital in 2015, Puppy Town has led the consolidation of the animal hospital chain market in China through building and acquiring
		Private	60	Owner and operator of high quality veterinary hospitals across eighteen states in the United States
		Imperial Capital Group	60	Provides veterinary clinic management services on behalf of their veterinary partners across multiple provinces in Canada
		Public (ASX:NVL)	55	Founded in 2013, NVC is a growing provider of veterinary care in Australia and New Zealand through a range of local brands
		Private	52	Specialist pet care services provider for dogs and cats with over 50 centres across 20 states in the United States
		Hillhouse Capital Group	40	Provides veterinary services to small domestic animals, focused on premium end with advanced medical equipment and all-around medical services
		Pamlico Capital	37	Provides veterinary services through its 37 partner hospitals in 13 states, focusing on majority stake acquisitions where vet owners retain a minority stake
		Private	35	Provides veterinary services through its chain of pet clinics located in the Jiangsu province
		QUAD-C	30	Network of specialty and emergency veterinary hospitals located in eleven states in the United States
		Cortec Group	25	Owns and operates a network of animal hospitals with a growing presence across eight states in the United States
		Public (ASX:AHX)	25	Leading provider of rural production animal and mixed animal veterinary services in Australia, with a wholesaling and logistics operation
		White Cloud Capital	20	High-end, 'international-standard' provider of veterinary services in the Asia-Pacific region as well as offering a veterinary diagnostics division

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Lincoln International specializes in merger and acquisition advisory services, debt advisory services, private capital raising and restructuring advice on mid-market transactions. Lincoln International also provides fairness opinions, valuations and joint venture and partnering advisory services on a wide range of transaction sizes. With nineteen offices in the Americas, Asia and Europe, Lincoln International has strong local knowledge and contacts in key global economies. The firm provides clients with senior-level attention, in-depth industry expertise and integrated resources. By being focused and independent, Lincoln International serves its clients without conflicts of interest. More information about Lincoln International can be obtained at [www.lincolninternational.com](http://www.lincolninternational.com).

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