

# Dealreader Animal Sector

July 2018

## Lincoln's Animal Sector Focus

- The animal sector continues to see strong investor appetite; Lincoln's animal sector index is up 6.5% 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, especially veterinary services, with a recent highlight of acting as exclusive sell-side advisor to Sovereign Capital Partners in its sale of U.K.-based Linnaeus Group to Mars Inc.

## Inside this Issue

**Valuation update on animal sector**

**U.K. veterinary services market update**

**U.S. veterinary services coverage initiated**

**Key international veterinary services corporate list**

### Select Animal Sector Deals

**SOVEREIGN CAPITAL PARTNERS** has sold **LINNAEUS** to **MARS**

#### Veterinary Services

**VillageVet** has been sold to **LINNAEUS**

#### Veterinary Services

**inflexion** has invested in **MediVet THE Vets**

#### Veterinary Services

### Select Multi-site Clinical Deals

**Addenta Holding** has sold **OdontoSalute** to **Colosseum** a portfolio company of **JACOBS HOLDING AG**

#### Dental Clinics

**kremer eye center** a portfolio company of **Charlesbank** has been sold to **NUMIS CAPITAL** a portfolio company of

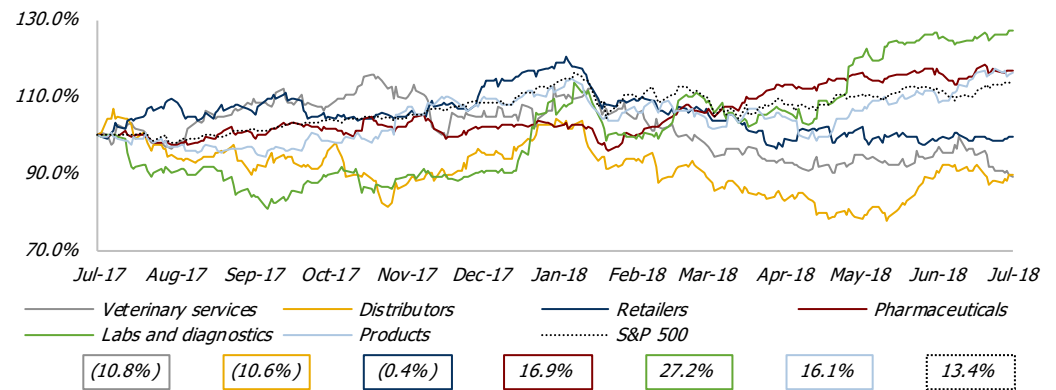
#### Ophthalmology Clinics

\*Led by Managing Director in previous advisory firm

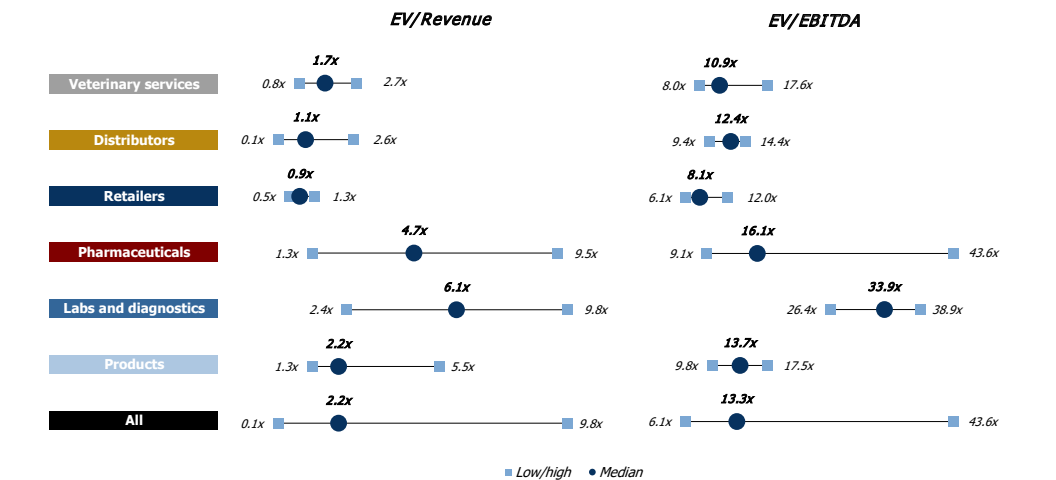
# Valuation Update on the Animal Sector

## Sector Performance

### LTM Relative Stock Indices Price Performance

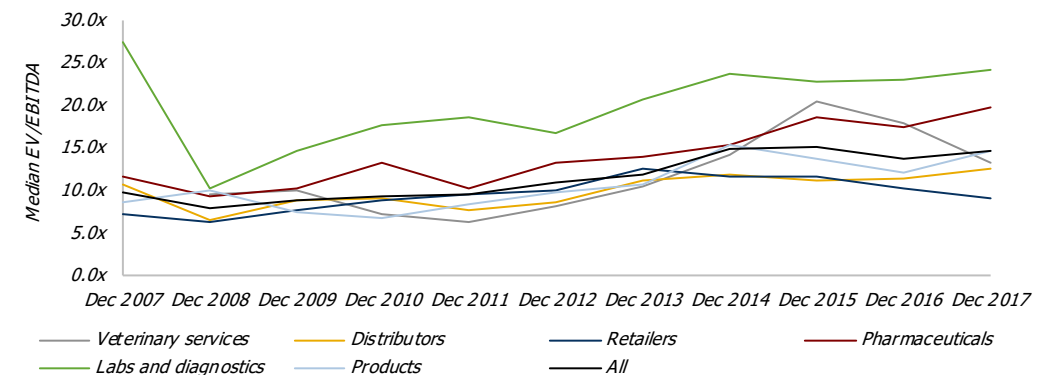


## Current Market Valuations



Based on calendarised December CY18 data

### 10 Year EV/EBITDA



### Analysis of EV/EBITDA Points (10 Year Period)

	Veterinary services	Distributors	Retailers	Pharmaceuticals	Labs and diagnostics	Products	All Companies
Median	10.2x	10.8x	9.5x	13.3x	20.6x	10.0x	10.7x
Mean	11.7x	9.9x	9.5x	13.9x	19.9x	9.8x	11.3x
Low	6.4x	6.6x	6.2x	9.3x	10.3x	6.6x	8.0x
High	20.5x	12.6x	12.4x	19.7x	27.4x	13.3x	14.6x

## Animal Sector Share Indices Data

Company Name	Share Price	% Change LTM	Market Cap (m)	Enterprise Value (m)	LTM		EBITDA Margin	2yr CAGR LTM	Enterprise Value / CY18	
					Period	Revenue (m)			Revenue	EBITDA
<b>Veterinary services</b>										
CVS Group plc (GB)	\$14.92	(8.1%)	\$1,047	\$1,199	31-Dec-17	\$406	13.4%	27.0%	2.7x	17.6x
Apiam Animal Health Limited (AU)	0.48	(12.7%)	51	69	31-Dec-17	80	8.5%	nmf	0.8x	8.0x
National Veterinary Care Limited (AU)	1.61	(11.7%)	95	114	31-Dec-17	59	16.9%	99.6%	1.7x	10.9x
<b>Mean</b>		<b>(10.8%)</b>					<b>12.9%</b>	<b>63.3%</b>	<b>1.8x</b>	<b>12.2x</b>
<b>Median</b>		<b>(11.7%)</b>					<b>13.4%</b>	<b>63.3%</b>	<b>1.7x</b>	<b>10.9x</b>
<b>Distributors</b>										
Henry Schein, Inc. (U.S.)	\$74.78	(18.9%)	\$11,518	\$14,068	31-Mar-18	\$12,759	8.5%	8.3%	1.1x	12.4x
Patterson Companies, Inc. (U.S.)	22.98	(46.5%)	2,126	3,080	28-Apr-18	5,466	5.6%	0.7%	0.6x	10.8x
PetMed Express, Inc. (U.S.)	41.37	6.1%	844	766	31-Mar-18	274	19.8%	8.0%	2.6x	13.3x
AmerisourceBergen Corporation (U.S.)	85.56	(6.9%)	18,806	21,784	31-Mar-18	159,327	1.5%	5.9%	0.1x	9.4x
PetIQ, Inc. (U.S.)	26.38	n/a	426	620	31-Mar-18	315	4.7%	24.7%	1.3x	14.4x
<b>Mean</b>		<b>(16.6%)</b>					<b>8.0%</b>	<b>9.5%</b>	<b>1.1x</b>	<b>12.1x</b>
<b>Median</b>		<b>(12.9%)</b>					<b>5.6%</b>	<b>8.0%</b>	<b>1.1x</b>	<b>12.4x</b>
<b>Retailers</b>										
Greencross Limited (AU)	\$3.24	(25.3%)	\$389	\$582	31-Dec-17	\$655	12.2%	9.5%	0.9x	7.8x
Ridley Corporation Limited (AU)	0.97	(7.6%)	300	340	31-Dec-17	687	5.5%	(2.0%)	0.5x	8.4x
Pets at Home Group Plc (GB)	1.63	(21.1%)	817	991	29-Mar-18	1,261	13.0%	6.5%	0.8x	6.1x
Tractor Supply Company (U.S.)	79.42	52.6%	9,693	10,299	31-Mar-18	7,375	11.6%	7.7%	1.3x	12.0x
<b>Mean</b>		<b>(0.4%)</b>					<b>10.6%</b>	<b>5.4%</b>	<b>0.9x</b>	<b>8.6x</b>
<b>Median</b>		<b>(14.4%)</b>					<b>11.9%</b>	<b>7.1%</b>	<b>0.9x</b>	<b>8.1x</b>
<b>Pharmaceuticals</b>										
Animalcare Group plc (GB)	\$1.99	(56.8%)	\$120	\$153	31-Dec-17	\$113	10.6%	33.3%	1.3x	10.0x
ECO Animal Health Group plc (GB)	6.66	(18.9%)	440	419	31-Mar-18	94	26.5%	19.4%	4.3x	16.1x
Vetoquinol SA (FR)	60.79	6.5%	721	608	31-Dec-17	423	16.2%	1.4%	1.5x	9.1x
Virbac SA (FR)	136.89	(20.6%)	1,154	1,735	31-Dec-17	1,035	12.5%	0.5%	1.7x	12.7x
Dechra Pharmaceuticals plc (GB)	38.55	71.6%	3,943	4,073	31-Dec-17	515	22.7%	33.6%	7.2x	26.2x
Phibro Animal Health Corporation (U.S.)	47.10	24.8%	1,899	2,133	31-Mar-18	803	15.4%	3.7%	2.6x	16.1x
Aratana Therapeutics, Inc. (U.S.)	4.52	(37.1%)	213	180	31-Mar-18	26	nmf	nmf	5.1x	n/a
Balchem Corporation (U.S.)	100.47	28.5%	3,226	3,394	31-Mar-18	618	24.0%	6.7%	5.1x	20.7x
Neogen Corporation (U.S.)	81.79	61.5%	4,231	4,021	31-May-18	402	21.7%	11.9%	9.5x	43.6x
Zoetis Inc. (U.S.)	85.42	36.1%	41,332	44,647	31-Mar-18	5,442	38.0%	6.2%	7.8x	19.8x
<b>Mean</b>		<b>9.6%</b>					<b>20.8%</b>	<b>13.0%</b>	<b>4.6x</b>	<b>19.4x</b>
<b>Median</b>		<b>15.6%</b>					<b>21.7%</b>	<b>6.7%</b>	<b>4.7x</b>	<b>16.1x</b>
<b>Labs and diagnostics</b>										
Heska Corporation (U.S.)	\$109.32	7.8%	\$815	\$809	31-Mar-18	\$133	16.7%	10.4%	5.8x	38.9x
Abaxis, Inc. (U.S.)	83.29	60.8%	1,905	1,738	31-Mar-18	245	19.1%	5.7%	6.4x	30.2x
IDEXX Laboratories, Inc. (U.S.)	242.82	45.1%	21,092	21,950	31-Mar-18	2,045	25.3%	11.8%	9.8x	37.6x
Benchmark Holdings plc (GB)	0.74	(5.0%)	412	473	31-Mar-18	206	8.6%	42.4%	2.4x	26.4x
<b>Mean</b>		<b>27.2%</b>					<b>17.4%</b>	<b>17.6%</b>	<b>6.1x</b>	<b>33.3x</b>
<b>Median</b>		<b>26.5%</b>					<b>17.9%</b>	<b>11.1%</b>	<b>6.1x</b>	<b>33.9x</b>
<b>Products</b>										
Central Garden & Pet Company (U.S.)	\$43.94	32.5%	\$2,170	\$2,730	31-Mar-18	\$2,120	9.8%	10.2%	1.3x	12.5x
Freshpet, Inc. (U.S.)	29.35	66.3%	1,033	1,036	31-Mar-18	166	6.0%	17.3%	5.5x	n/a
The J. M. Smucker Company (U.S.)	109.57	(7.3%)	12,440	17,079	30-Apr-18	7,357	22.8%	(3.0%)	2.2x	9.8x
Guangdong Wens Foods. Grp Co. (CN)	3.29	14.0%	17,497	18,312	31-Mar-18	8,928	16.1%	3.6%	2.1x	17.5x
Unicharm Corporation (JP)	31.03	19.4%	18,173	17,294	31-Mar-18	6,180	18.7%	(5.5%)	2.8x	14.9x
Spectrum Brands Holdings, Inc. (U.S.)	77.40	(28.3%)	2,534	7,744	31-Mar-18	5,061	15.3%	0.8%	n/a	n/a
<b>Mean</b>		<b>16.1%</b>					<b>14.8%</b>	<b>3.9%</b>	<b>2.8x</b>	<b>13.7x</b>
<b>Median</b>		<b>16.7%</b>					<b>15.7%</b>	<b>2.2%</b>	<b>2.2x</b>	<b>13.7x</b>
<b>Total Mean</b>		<b>6.5%</b>					<b>15.1%</b>	<b>13.5%</b>	<b>3.2x</b>	<b>17.0x</b>
<b>Total Median</b>		<b>(5.0%)</b>					<b>15.3%</b>	<b>7.8%</b>	<b>2.2x</b>	<b>13.3x</b>

Source: Capital IQ and company filings, as of market close on 19 July 2018

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

## Macro Drivers Include:

- **Humanisation of pets:** increasing trend through which pet owners are becoming more conscious of pet health resulting in an increased propensity to spend on vet services and increased spend per service
- **Changing breed profiles:** owners are increasingly inclined to purchase pedigree dog breeds such as French Bulldogs and Pugs that require more care due to brachycephalic conditions
- **Medical advancement:** more complex treatments are becoming available, professional specialisation increasing and rising use of diagnostics
- **Rising pet insurance penetration:** driving demand for veterinary services by increasing customer access to more complex procedures

## Investor Considerations:

- **Consistent growth patterns:** strong historical and forecast growth on both absolute and LFL basis
- **Fragmented market:** low levels of concentration compared to other multi-site sectors, especially in the U.S.
- **Resilience during recessions:** inelasticity of demand evidenced as pets are prioritised, often above human health, making it resilient in downturns
- **Favourable cash conversion dynamic:** cash paying customers decrease reimbursement risk and yield a shorter cash conversion cycle

## Service Sector M&A Market Dynamics

The animal sector continues to experience significant corporate and investor interest, driven by some compelling macro themes (see left), particularly benefiting the pharma, products and devices and services sectors. The record breaking \$453 billion raised by private equity funds in 2017 left dry powder sitting at \$553 billion in the U.S. and Europe alone at the end of 2017, which can be expected to lead to higher M&A activity and raised valuations.

In the services segment (consisting of first opinion practices (FOP) and referral centres), the U.K. has seen the emergence of six corporate consolidators in recent years. A number of platforms have also surfaced in the U.S., the largest of which is Mars Inc. (see page 9); but despite rapid consolidation, the U.S. market remains fragmented. In the U.K., the concentration of practices by the six leading corporate players has accelerated from c.15% in 2013 to over 40% currently in the U.K., with concentration in small animal practices even higher. Meanwhile, in the U.S., corporate ownership is estimated to have only just surpassed the 10% mark in early 2018.

Private equity, being relatively unrestricted compared to public company funding structures, has helped to drive the pace of consolidation in both markets, encouraged by the fragmented industry which exhibits strong growth, resilience during downturns and a favourable cash conversion dynamic. In December, KKR & Co. made its first foray into the U.S. market with the purchase of PetVet, while last month, Oak Hill took a majority stake in VetCor. Meanwhile in Europe, the combination of IVC and Evidensia by EQT in late 2017 created a pan-European leader.

In other developments, Mars has recently crossed the pond with the acquisitions of Linnaeus Group in the U.K. and AniCura in Sweden (both completing in June 2018), giving Mars coverage of several key European markets as it aims to broaden its expansion beyond North America.

Mars' ownership of VCA Inc. (acquired in 2017) and three other U.S. platforms has given it a two thirds share of all corporate-owned veterinary clinics in the U.S., providing further evidence of the relative lack of corporate consolidation in the U.S. market. The second tier of corporate consolidators in the U.S. are smaller, but the likes of NVA, VetCor and PetVet are still sizeable and catching up, with financial sponsor support.

Both the U.S. and U.K. markets are being transformed by rapid changes in the demographic base of the workforce, however ageing owners and feminisation trends are significantly more pronounced in the U.S.. In the U.K., around 15% of the workforce is over 55, while in the U.S. the equivalent number is 32%, which is providing a push factor for selling.

Recruitment issues are prevalent in both the U.S. and U.K. markets. For example, the feminisation of the workforce is driving the desire for more flexible working patterns and employment, as opposed to practice ownership. In the U.K., 27% of female vets were working part-time, as of 2014, compared to 14% for male vets. Meanwhile, 80% of first year undergraduate vets in the U.K. were female in 2016, the exact same number as there are female graduates in the U.S.. Part-time workers often seek employment with corporate employers who are better able to offer them flexible working arrangements, with Linnaeus leading the way in devising innovative working practices which meet these changing demands and promote vet retention.

Given the attractions of specialist referral centres (higher margins, range of benefits from FOP cross referrals, prestige for brand and strong recruitment trends) consolidators have recently focused on acquiring or expanding their referral presence. Linnaeus has led the U.K. market in this regard with its hub-and-spoke model centralised around five core referral centres and complemented by a portfolio of strategically located FOPs. This model will likely continue under Mars' ownership and other platforms may seek to emulate it, not just in the U.K. but also in other developed markets, to take advantage of the various operational and financial synergies.

Given market dynamics (see pages 5 and 6) and the consolidation opportunity, investors and market participants continue to pay premium prices to gain access to, or increase their footprint in, the veterinary services sector. We expect interest in the sector to continue for the foreseeable future.



## International Perspectives U.S.

- Private equity has demonstrated continued appetite for the vet sector, with examples including KKR's buyout of PetVet in 2017 and Oak Hill's recapitalisation of VetCor
- The consolidation runway is still long: corporate ownership recently surpassed 10%, leaving scope for further M&A activity coupled with a strong growth trajectory driven by underpenetration of the pet insurance market (vs. rest of the world) and other positive macro drivers

Nick Konstantinou  
Managing Director, Chicago

## Continental Europe

- Consolidation of vet practices in Germany, Europe's second largest vet services market, is ramping up led by Mars/AniCura and IVC/Evidensia
- There is some variability in maturity across markets. 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 per capita pet population in China is currently smaller than in the U.S., it is growing rapidly, in tandem with pet spending
- The vet services market is in its infancy relative to its potential. Some corporates are beginning to consolidate the market, supported by private equity involvement
- Hillhouse Capital has invested over \$475m to acquire five chains and over 500 sites in China, including Puppy Town Animal Hospital and An An Pet, while White Cloud Capital has supported Doctors Beck and Stone, a high-end chain

James Fang  
Managing Director, Beijing

## U.K. Market Update

In this section, we provide an update on the U.K. veterinary services market, following up on our October 2017 edition

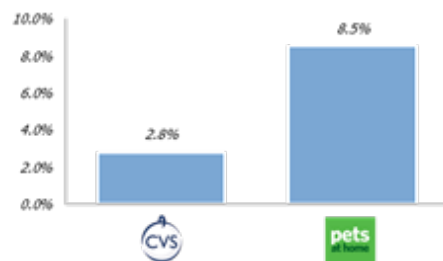
- Market Growth:** The pet veterinary services market is demonstrating strong sustained growth in the U.K., with the FOP market forecast to grow at a 6.4% CAGR to 2021 and the specialist referral market estimated to grow more quickly, at a 9.1% CAGR over the next five years

### U.K. Veterinary Services Market



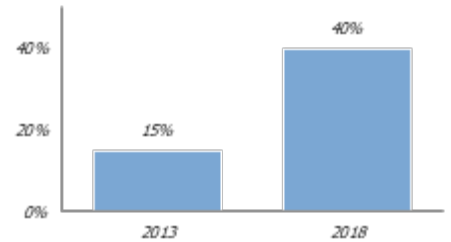
- While pet populations have not risen significantly, a range of underlying factors underpin market growth including humanisation of pets, proliferation of pet insurance, advanced medical procedures and changing pet breed preferences. While consumer spending growth has declined as a whole, the increasing inelasticity of consumer demand for veterinary services means that growth has not been materially curtailed by economic concerns of contracting markets
- Corporates are demonstrating consistent, albeit uneven, like-for-like (LFL) revenue growth. Pets At Home reported vet services LFL revenue growth of 8.5%, up from 7.9% in the previous edition of the DealReader. Meanwhile, CVS Group continued to experience weaker LFL growth of 2.8% in H1FY18, down from 5.2% in its last fiscal year, driven by staff retention issues, with the CEO highlighting the need to increase salaries, and the integration of its large number of acquisitions

### LFL Services Revenue



- 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 over 40% currently, while concentration in small animal practices is higher

### U.K. Corporate Consolidation



- While there appeared to be a slowdown in the consolidation trend, with Medivet announcing a temporary halt to acquisitions early in 2018, there now appears to be a pickup in activity levels. Mars Inc. entered the U.K. market in June by acquiring Linnaeus, while Medivet recently acquired its 250th practice in Alfreton, Derbyshire in June
- While most large corporate players focus on small animals, some are expanding elsewhere. Examples include CVS Group's acquisitions of three equine practices in the past 9 months. Origin Group is the only pure play large animal platform but is understood to be in discussions
- Staffing Issues:** Brexit has created uncertainty regarding the employment of EU vets. While no significant adverse effects have been felt, with the number of vets growing faster than practice numbers, some corporates report tougher recruitment and cost inflation
- The Government announced in June that there will be three "simple" questions for EU nationals who are already in the U.K. to answer online in order to obtain settled status, with the default position being to grant an application. This should support the retention of EU vets in the U.K.
- RCVS estimates show that 33% of vets might be expected to leave Britain after Brexit, while the British Veterinary Association (BVA) estimates that the volume of live exports requiring veterinary certification will increase by 325%, further exacerbating staffing needs in the large animal vet segment

## Select Market News

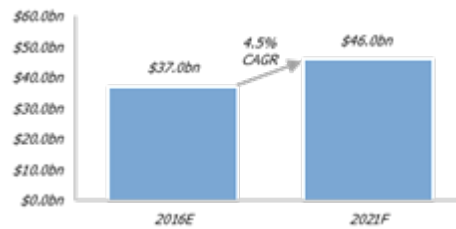
- Blue Buffalo:** the U.S. natural pet food producer, previously a constituent of Lincoln's Animal Sector index, announced in February 2018 that it was being acquired by General Mills for nearly \$8 billion, in a move which establishes it as the leader in the wholesome natural category, the fastest growing segment in the U.S. pet food market
- Ainsworth Pet Nutrition:** J.M. Smucker Company announced in April 2018 that it was acquiring Ainsworth in a transaction valued at approximately \$1.7 billion, giving it access to the Nutrish brand, which holds a leading position and is one of the fastest-growing brands in the premium dry dog food segment
- Diagnostics/services overlap:** Mars Petcare announced in April that it had acquired OptiGen, a DNA diagnostics company specialising in canine inherited eye disorders, following their purchase in January of Finland-based molecular diagnostics specialist Genoscopy Labs. These strategic bets illustrate the increasing overlap between vet services and advanced medical services as the industry and profession advances
- Jollyes:** it was announced in June that the retail chain had been acquired in a management buyout led by Kester Capital, from the founder owners. Founded in 1935, Jollyes is the U.K.'s second largest pet retailer with over 70 superstores

## U.S. Market Analysis

In this section, we analyse the factors and trends at play in the U.S. veterinary services market, and what effect these will have going forward.

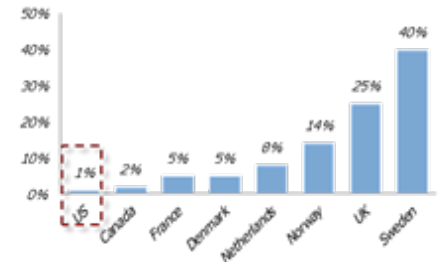
- Market Growth:** The pet veterinary services market is demonstrating strong consistent growth in the U.S., at similar levels to the U.K. Expenditure is forecast to grow at a CAGR of 4.5% over the period 2016E-2021F

### U.S. Veterinary Services Market



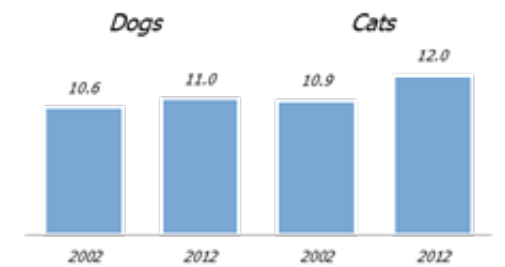
- The U.S. pet population is projected to grow at a CAGR of 3.9% between 2017 and 2023, driven primarily by demographic factors in the human population, such as the ageing of the U.S. population, with 45-64 year olds expected to represent 33% of the population by 2030, compared with 29% in 2000. This demographic cohort is both more likely than average to own a pet and likely to spend more than average on pet care. This should drive growth and inelasticity of demand, which will be supportive during recessionary periods
- Spend per pet has also grown at a CAGR of 4.1% between 1994 and 2016, driven by a premiumisation trend in which consumers seek to trade up for superior products and services, in an effort to align pets' living standards with their own
- Insurance Underpenetrated:** Only 1% of pets in the U.S. are insured, which puts the U.S. insurance market well behind its European peers in terms of maturity, although it is consistently growing at double digit annual growth rates. For example, penetration stands at 25% in the U.K. and 40% in Sweden
- The pet insurance industry is undergoing some structural changes. Whereas insurers would previously source business direct from consumer, now customers are increasingly being sourced from vet referrals. This model works by offering new customers vet-issued trial certificates of insurance which they may then extend to a full policy

### Pet Insurance Market Penetration



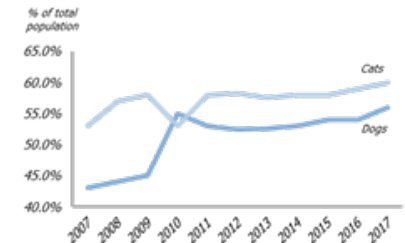
- The insurance product offering is also improving by providing better coverage, bringing the U.S. into line with European markets and the U.K. where coverage is typically very broad
- Pet Life Expectancy Increasing:** Pet lifespans have lengthened considerably over recent decades, increasing by 6% over the period between 2002 and 2012

### Dog & Cat Lifespans in the U.S.



- Older pets typically require more advanced treatments, use of specialists and preventative care. The care is usually more extensive and frequent than for younger pets, requiring specialised procedures

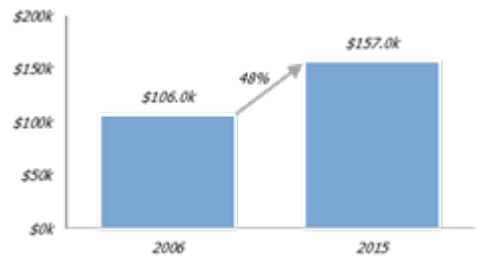
### Obese/Overweight Pets in the U.S.



- The proportion of overweight or obese dogs and cats in the U.S. has risen steadily over the past few years. This drives demand for veterinary services as the prevalence of related conditions such as kidney dysfunction, chronic inflammation and respiratory disorders increase

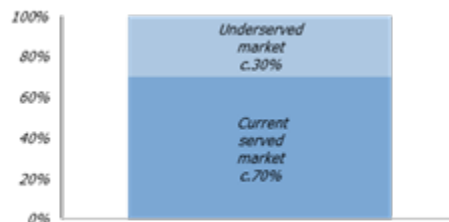
- **Workforce Dynamics:** Demographic and economic shifts have reduced the desire of veterinary surgeons to own their own practice or join a partnership. Student debt levels have risen by 48% between 2006 and 2015, driving down the financial firepower of junior vets to purchase a stake in a practice, and increasing their inclination to accept a steady income as an employee within a corporate vet group

**U.S. Average Graduate Debt**



- The overall vet workforce is getting older, with 32% of the veterinary workforce being over the age of 55. This limits the pool of younger practice buyers and means there are likely to be more retirement sales over the coming years
- The feminisation of the workforce also has an impact on the number of potential individual buyers for practices, as women are more likely to take on part-time work and prioritise flexibility
- **Significantly Underserved Market:** It is estimated that c.30% of the potential dog and cat vet services market, as of 2016, is not currently being utilised due to access constraints and cost concerns

**Served vs. Underserved Market**



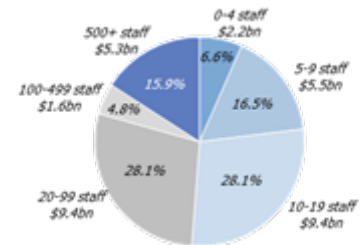
- There is potential for veterinary corporates to tap into this underserved segment by promoting a simple, affordable and convenient service offer. This is particularly relevant to the retail channel service providers, such as Petco's vet services division, Vetco, as they move into the provision of vet services, such as vaccinations

- The growing awareness of pet health needs is also evident in segmental growth rates, with routine exams, vaccines and lab services expected to increase as a proportion of total vet services spending, from 38% in 2011 to 42% in 2021. This is the inverse of U.K. trends, where the specialist referrals market is growing at almost twice the rate of the FOP market, underscoring the relative immaturity of the U.S. market

- **M&A Activity Growth:** Although it is difficult to pinpoint the exact extent of corporate consolidation in the U.S. market, estimates vary between 10% and 15%, which is still well behind the European developed markets

- If a corporate veterinary chain is considered to be one which has more than 500 employees, then there were 17 such firms in the U.S. market as of 2016, accounting for 15.9% of the market by revenue, and 11.7% of active veterinarians, illustrating the extent of the consolidation opportunity

**U.S. Market Structure**



- Financial sponsors have demonstrated an appetite to enter the sector, with deals including KKR's buyout of PetVet Care Centers in December and Oak Hill's recapitalisation of VetCor last month. Elsewhere, Morgan Stanley-backed Pathway Vet Alliance has this week announced it intends to sell or be recapitalised by another financial sponsor within the next 12 to 24 months
- Mars' acquisition of VCA attracted scrutiny from the U.S. Federal Trade Commission (FTC), which required it to divest 12 specialist or out-of-hours emergency animal hospitals out of a combined total of 1,900 sites. While antitrust regulators are likely to keep a close eye on industry consolidation, the sheer quantity of independent practices and low concentration, at this point, means few will have issues

**Selected Notable Recent M&A Transactions** (select valuation information available upon request)

Date	Target	Clinics	Target Description	Acquirer
18-Jul	Buckley House Vets & E. Midlands Referrals	2	Nottingham based FOP plus regional specialist referral clinic	Medivet (Inflexion)
18-Jul	Penbode Vets	5	Mixed animal vet practice located across Devon and Cornwall	VetPartners (Ares/August)
18-Jun	AniCura	200	Provider of advanced veterinary care across seven European countries	Mars Inc.
18-Jun	Linnaeus	87	Leading FOP and specialist referral hub-and-spoke network in the U.K.	Mars Inc.
18-Jun	VetCor	272	Provider of veterinary, boarding and grooming services nationwide	Oak Hill
18-Jun	Alfreton Park Veterinary Hospital	1	Purpose-built ISFM recognised cat friendly clinic in Derbyshire	Medivet (Inflexion)
18-May	Anderson Abercrombie	1	Small animal orthopaedic referral practice	VetPartners (Ares/August)
18-Apr	White Cross Vets	18	Large, family-run Yorkshire based chain of small animal FOP clinics	IVC (EQT)
18-Apr	Willows Veterinary Group	28	Cheshire based small animal, equine and farm animal practice group	VetPartners (Ares/August)
18-Apr	Coastway Hove	7	Small animal practice group based in the South East of the U.K.	VetPartners (Ares/August)
18-Apr	Abbey Veterinary	2	Scotland based practice serving agricultural, equine and small animals	VetPartners (Ares/August)
18-Apr	Zasman Vet	5	North London based chain of FOPs	Medivet (Inflexion)
18-Mar	Granville Small Animal Hospital	1	Full-service veterinary medical facility based in NY	Comm. Vet Part. (Cortec)
18-Mar	Molde Dyreklinikk AS	1	An FOP clinic based in Molde, Norway	AniCura
18-Feb	Friendship Veterinary Hospital	1	Single vet hospital located in northern Florida	Southern Vet Part. (Shore)
18-Jan	Community Vet Clinics LLC / VIP Pet Care	n/a	Remote veterinary services at community clinics and wellness centres	PetIQ
18-Jan	Equine Clinic Grosswallstadt	1	Advanced equine hospital located near Frankfurt	Altano Gruppe (Ufenau)
17-Dec	PetVet Care Centers	125	U.S. chain of locally branded pet hospitals in 22 states	KKR & Co.
17-Nov	Adv. Grp & Progressive Pet Animal Hosp.	22	Chain of FOP clinics in Michigan, Wisconsin and Illinois	Shore Capital
17-Nov	Fuzzy Pet Health	n/a	Subscription based tech enabled in-home vet care platform	Eniac/Crosscut Ventures
17-Oct	Eye Care for Animals	50	U.S. vet network for specialist pet ophthalmic and optometric care	Pathway (Morgan Stanley)
17-Oct	Bartram & Patrick	2	Small animal practice based in West Yorkshire	Medivet (Inflexion)
17-Sep	4x Veterinary Hospitals	4	Collection of vet hospitals in Alabama and Florida	Southern Vet. Part. (Shore)
17-Sep	B&W Equine	4	Leading specialist equine group	CVS Group
17-Sep	CNY Vet. Services at Animal Kingdom	1	Veterinary practice in Clay, NY	VetCor (Cressey/Harvest)
17-Sep	Pro-Vets	35	Referral and first opinion services in South and Midlands	IVC (EQT)
17-Aug	Easipetcare	9	Affordable care focused FOP chain	IVC (EQT)
17-Aug	Strule Veterinary Services	2	Mixed animal practice based in Northern Ireland	CVS Group
17-Jul	Animal Emergency Clinics NE&W	2	Two emergency care centres in Cleveland, Ohio	MedVet (Stonehenge)
17-Jul	National Veterinary Associates (NVA)	500	Minority stake in operator of pet hospitals, boarding and daycare	OMERS PE
17-Jun	12 practices	25	All other CVS acquisitions in FY17	CVS Group
17-Jun	Village Vet	29	First opinion practices (including five 24hr hospitals)	Linnaeus (Sovereign)
17-Jun	Summerhill Vets	10	Small animal practices and emergency vet services in South Wales	IVC (EQT)
17-May	Severn Edge	12	Companion, equine and production animal clinics	CVS Group
17-May	Radis Group	3	Small animal practice chain in the Netherlands	CVS Group
17-Apr	Valley Vets	4	Small animal practice with sites across Cardiff and South Wales	VetPartners (Ares/August)
17-Apr	Shires Vets	5	Mixed and equine practice based in Staffordshire	Linnaeus (Sovereign)
17-Feb	Evidensia	180	Leading vet group in Northern and Central Europe	IVC (EQT)
17-Feb	Medivet	160	Minority stake in first opinion practice chain and nine 24hr hospitals	Inflexion
17-Jan	VCA	700	A leading U.S. animal hospitals and laboratory business	Mars, Inc.
17-Jan	Zuid-West Friesland BV	2	Mixed practice in the Netherlands	CVS Group
16-Nov	Donnachie & Townley Limited	2	Farm and small animal practice based in Rugeley	Linnaeus (Sovereign)
16-Dec	IVC	290	First opinion practices, referral hospitals and online pet pharmacy	EQT
16-Dec	VRCC (Southfields Veterinary Specialists)	1	Multi-disciplinary specialist referral centre in Essex	Linnaeus (Sovereign)
16-Nov	Best Friends Veterinary Group	19	Small animal practice across the Midlands and Southeast	VetPartners (Ares/August)
16-May	Calder Vets	12	First opinion practices and central referral hospital in Yorkshire	Linnaeus (Sovereign)
16-Apr	Dick White Referrals	1	Specialist small animal referrals centre	Pets at Home
16-Apr	Eye-Vet Referrals	1	Specialist animal ophthalmologist practice	Pets at Home
16-Jan	Anderson Moores	1	Specialist veterinary services and acts as a referral centre	Pets at Home

Source: Capital IQ, MergerMarket and company filings



## U.S. Veterinary Services – Corporate Consolidators

Company Name	Owner	Number of Sites <sup>(1)(2)</sup>	Commentary
	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	418	Operates veterinary hospitals, pet boarding and daycare centers in the U.S., Canada, Australia and New Zealand with over 1,800 vets and 7,000 employees
	Oak Hill Capital Partners (majority) Cressey & Co. and Harvest	273	Provides a full range of general medical and surgical services for pets and pharmacy needs across its network focused on Central, Southeast and Eastern U.S.
	Morgan Stanley Private Equity	149	Pathway Partners is an Austin, Texas based full service operator of veterinary practices across 28 states, which has acquired 105 practices in the last 12 months
	KKR & Co.	125	Operates general, specialty and emergency hospitals across the U.S. concentrating in the Northeast, Southeast and West coast
	Shore Capital	76	Two FOP veterinary chains located across 13 states, with separate brands but one common owner and central office function
	Private	75	Owner and operator of high quality veterinary hospitals across 21 states
	Private	66	Specialist pet care services provider for dogs and cats with over 60 centres across 20 states
	Pamlico Capital	48	Provides veterinary services through its 37 partner hospitals in 13 states, focusing on majority stake acquisitions where vet owners retain a minority stake
	Cortec Group	46	Owns and operates a network of animal hospitals with a growing presence across 10 states
	QUAD-C	30	Network of specialty and emergency veterinary hospitals located in 11 states
	Stonehenge Partners	24	Midwest based platform operating with FOP clinics and a range of specialist services, including cancer treatment, offered across 10 states
	Prospect Partners	14	South based chain across five states, headquartered in Texas, with national ambitions
	Latticework Capital Management	10	Chain of animal hospitals in locations across the State of Florida

Notes: (1) Number of sites excludes those outside the U.S.

(2) Excludes non-standard providers, including retailers such as Petco, and mobile clinics, such as VIP Petcare, with a limited service (e.g. vaccinations)

## U.K. Veterinary Services – Key Players

Company Name	Owner	Number of Sites	Commentary
	EQT	1,000 (700 in the U.K.; 300 in Europe)	Pan European full service veterinary platform formed by the merger of U.K.-based IVC with Scandinavian and Central European based Evidensia. Recently acquired White Cross, a large independent small animal vet group with a fast-growing portfolio located across the North West and West Midlands, adding 18 additional practices in the U.K. Revenues of c.£800 million
	Public (LSE:PETS)	470	Network based primarily around a chain of pet stores, targeting roll-out to 1,000 practices and focused heavily on developing specialist referral expertise
	Public (AIM:CVSG)	457	Public company operating across four segments: Veterinary Practice, Laboratory, Crematoria and Animal Direct
	Ares and August Equity	343	Started from the integration of three veterinary groups in York, Newcastle and Lincoln, and focused on the North of England. Revenues of c.£260 million
	Inflexion Private Equity	>250	Operates 'hub and spoke' model across the UK, with nine 24 hour hospitals, and a unique branch partnership model for senior vets
	Mars Inc.	87	Specialist referral clinics supported by FOP clinics in a 'hub and spoke' model and recently acquired by Mars
	Private	58	Out of hours emergency care focused chain operating 55 overnight clinics in partner branches, plus three of its own 24/7 pet emergency hospitals
	Private	50	Chain of 47 FOP clinics and three specialist referral clinics across London and the South East
	Private	10	Midlands chain of practices centred on Derby consisting of a small animal hospital, eight FOP branches and a farm and equine facility
	Bridges Ventures	8	Chain of large sites with a vision of improving access to pet care through lower prices and a more convenient service, with a pipeline of three new clinics
	Private	2	Founded in 2005 by a professor in veterinary medicine, aims to offer world-class treatment in two state-of-the-art hospitals
	Kester Capital	n/a <sup>(1)</sup>	Pet retail chain of 70 stores across England, Scotland and Northern Ireland, now offering in-store vaccination, flea and worming clinics

Note: (1) Operates a network of 69 pet clinics, offering basic services such as vaccinations, and partners with VetsNow to deliver out-of-hours support

## International Players

Company Name	Country	Owner	Number of Sites	Commentary
 瑞派宠物全国连锁 RINGPAI NATIONAL CHAIN VETERINARY HOSPITAL		Private (majority) and strategic alliance with Goldman Sachs	300	Provides veterinary services across its pet hospital network. Completed c.70 acquisitions to acquire over 100 hospitals in 2017, with a healthy M&A pipeline of 100+ potential targets Revenues of c.RMB300 million (£33.9 million)
 瑞鹏宠物医院 Ruipeng Pet Hospital		Riverhead Capital (majority)	207	Provides veterinary services at its first opinion and specialist hospitals across 35+ Chinese cities with its 800 veterinarians
 安安宠医 AN AN PET HOSPITAL		Hillhouse Capital Group (majority)	137	Provides small animal veterinary services across its pet hospital network, centred in Shanghai
 Greencross Vet Passionate about Pets		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)
 芭比堂动物医院 PUPPY TOWN ANIMAL HOSPITAL		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
 nvc		Public (ASX:NVL)	65	Founded in 2013, NVC is a growing provider of veterinary care in Australia and New Zealand through a range of local brands
 VET STRATEGY		Imperial Capital Group	63	Provides veterinary clinic management services on behalf of their veterinary partners across multiple provinces in Canada
 Dr Pet 宠颐生		Hillhouse Capital Group	40	Provides veterinary services to small domestic animals, focused on premium end with advanced medical equipment and all-around medical services
 Apiam animal health		Public (ASX:AHX)	38	Leading provider of rural production animal and mixed animal veterinary services in Australia, with a wholesaling and logistics operation
 艾贝尔宠物医院 Ai - Bi Pet Hospital		Private	35	Provides veterinary services through its chain of pet clinics located in the Jiangsu province
 DOCTORS BECK & STONE		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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