

Veterinary Services

Q1 - Q2 2024

Market Update

Veterinary Services market activity throughout the first half of 2024 largely continued at a similar pace as the latter stages of 2023. M&A activity has been largely limited to smaller add-on acquisitions and follow-on investments vs. nine-figure PE exits and new platform deals. The lack of activity at the high-end of the market remains largely attributable to the challenging, although stabilizing, interest rate environment coupled with anticipated scrutiny of larger consolidations as seen in the FTC's ruling following the attempted JAB / NVA merger in 2022.

That said, Provident expects to see a modest pickup in M&A volume in Q3 / Q4 2024. Sellers have begun to recalibrate valuation expectations to mid-teens multiples for premium, platform-caliber assets and slightly lower multiples for sizeable add-ons. This should spur consolidation activity across the sector as the macro growth tailwinds in the space remain strong and position the market for continued expansion.

Notable Transaction

L Catterton, a consumer-focused PE firm, completed a strategic investment in Sploot Veterinary Care ("Sploot"), a technology-driven veterinary care platform aiming to provide an unmatched experience to patients and providers alike. This transaction demonstrates the continued interest from the private equity investor universe in the veterinary services space.

Sploot has built a comprehensive model spanning general veterinary care, urgent care, and specialty services (e.g., surgeries and dental treatments) under a single platform. The Company operates seven clinics across Denver and Chicago and plans to leverage its capital infusion received from L Catterton to scale its model across those regions.



Select Transactions

Month	Investor	Target	Deal Description
May			Main Street Capital ("Main Street") completed a \$25.9M follow-on investment in Heritage Vet Partners ("Heritage") to support its acquisitions of Muleshoe Animal Clinic, Muleshoe Vet Labs and Muleshoe Vet Supply, a diversified, TX-based practice, as part of Heritage's ongoing acquisition growth strategy.
April			Pieper Veterinary, a Northeastern-based specialty and emergency veterinary platform backed by Chicago Pacific Founders, has partnered with Lebanon Veterinary Hospital in Lebanon CT. This partnership continues Pieper's strategy to consolidate privately-owned specialty and emergency hospitals to build a consolidated care platform across the region.
March			Independence Pet Holdings ("IPH"), a multi-channel pet insurance provider, has acquired Pets Best Insurance ("Pets Best") from Synchrony. Synchrony received a portion of the consideration as an equity investment in IPH and has entered into a commercial agreement with IPH to help expand IPH's activities in the pet industry.
January			Animal Dermatology Group ("ADG") acquired Golden Gate Veterinary Specialists ("GGVS"), a leading outpatient specialty veterinary practice across Northern California. Following this acquisition, ADG's provider base has expanded to 80+ specialists across dermatology, oncology and internal medicine. The partnership will enable GGVS to benefit from the scale and infrastructure ADG provides to continue its focus on providing high-quality clinical care.

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