





TM Capital's Animal Health Spotlight Winter 2024-25

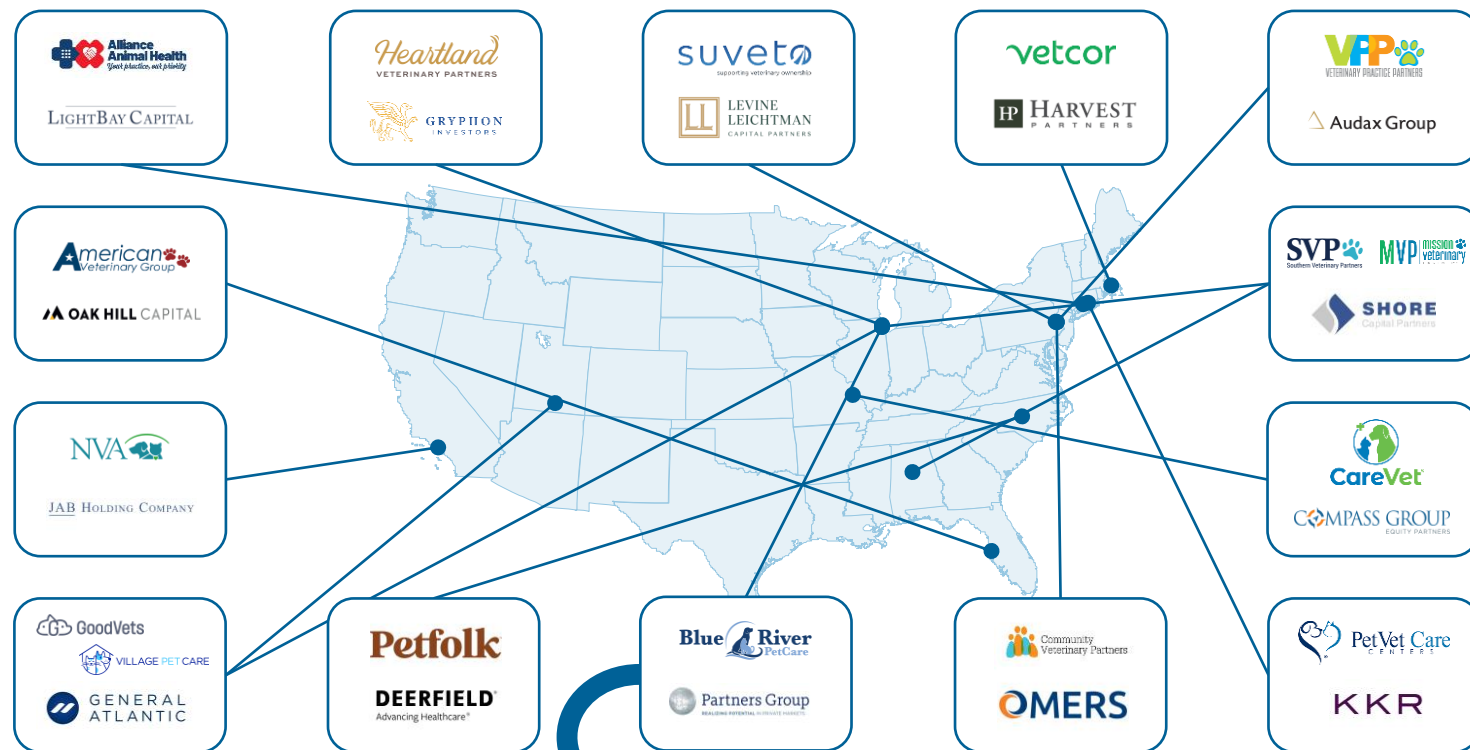


TM Capital Experience

Our healthcare team architects highly complex, market-defining outcomes for physician- and founder-owned veterinary practices, clinics, hospitals, and other animal health products and services businesses.

	Client	Acquiror	Engagement Synopsis
Services			<ul style="list-style-type: none"> • TM Capital served as exclusive financial advisor to VIP Petcare in its sale to PetIQ (NasdaqGS:PETQ) for approximately \$230 million in cash, stock and notes. • VIP is a nationwide provider of veterinary wellness services through more than 2,900 community clinics hosted at local pet retailers, and also distributes pet wellness products. • PetIQ, a distributor and manufacturer of pet medications, is the leading seller to the retail channel of pet products that were previously available for purchase primarily from veterinary clinics. • The transaction enhanced PetIQ's product offering with complementary veterinary services, substantially expanding the company's addressable market.
Products			<ul style="list-style-type: none"> • TM Capital served as exclusive financial advisor to UltiMed, a portfolio company of LDI, in its sale to an investment vehicle sub-managed by Levine Leichtman Capital Partners. • UltiMed's insulin pen needles, syringes and complementary products are critical offerings for diabetes patients including companion animals who increasingly suffer from this life-threatening disease. The Company's proprietary "dispense and dispose" solutions provide a safe and convenient way to store used sharps following injection. • LDI is a family office based in Indianapolis, IN, with more than a century of experience funding and operating high-potential, middle-market companies. • LLCP is an independent investment firm that has managed approximately \$11 billion of institutional capital since inception.
	<p>Animal Health Pharmaceuticals Manufacturer</p>	<p>Corporate Finance Advisory</p>	<ul style="list-style-type: none"> • Company is the animal health division of a large pharmaceuticals manufacturer that develops, manufactures, and sources high-quality, complex specialty generic pharmaceuticals for veterinary use. Offering a large portfolio of products spanning injectables, oral solids, oral liquids, and implantable pellets, the Company is an industry leader in the companion animal market. • A senior member of TM Capital's healthcare team led this engagement, which was pre-market advisory, at a prior firm.

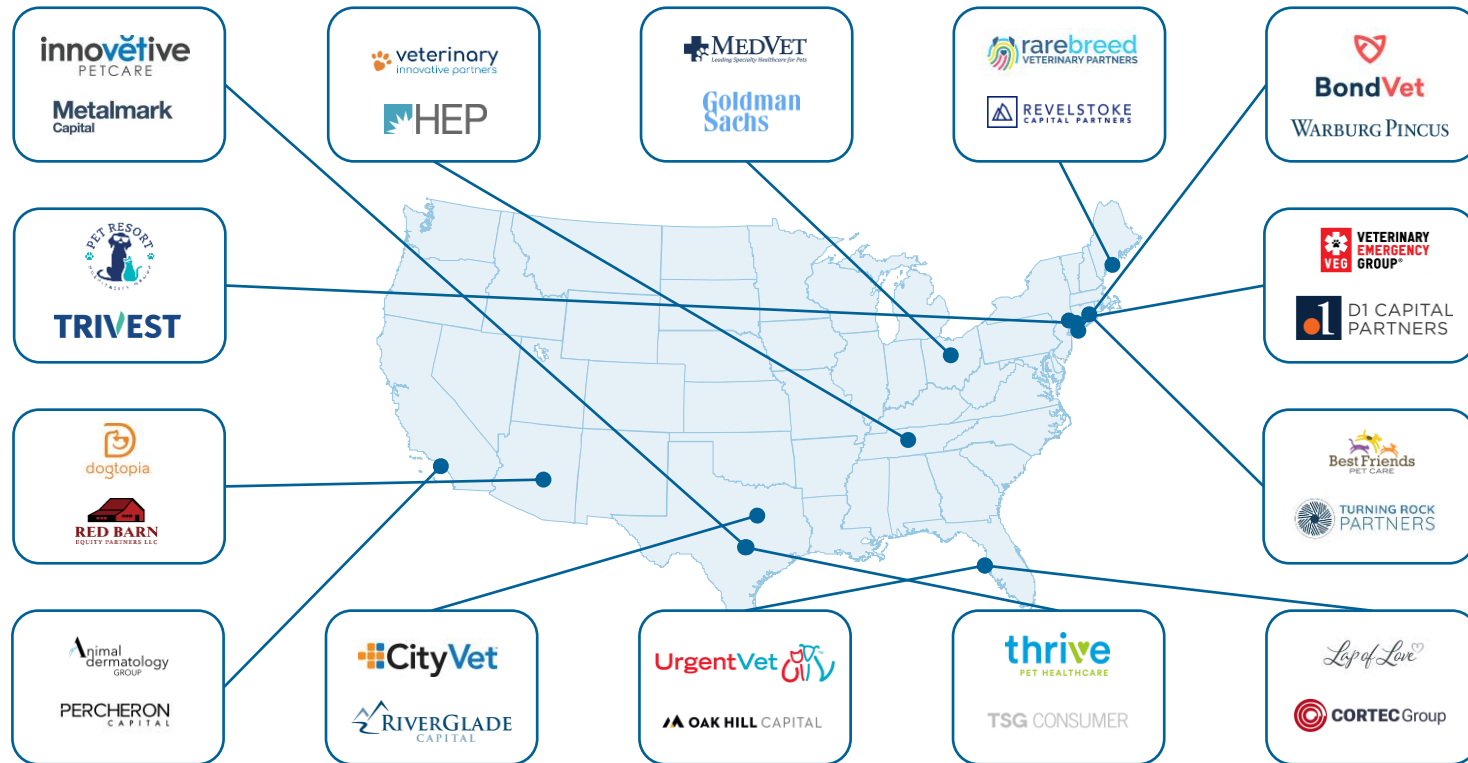
Sector Landscape - General Veterinary Practice



Platform Insights

Blue River PetCare, a large veterinary practice and pet hospital group, recently launched its sale process, according to sources familiar with the situation. Chicago-based Blue River, a portfolio company of Partners Group, collected bids last month with many financial sponsors expressing interest. Bids for the platform clocked in around the 15x-16x EBITDA range, said two of the sources. However, the veterinary practice group is targeting a valuation of 17 to 19x EBITDA, similar to the valuation of Southern Veterinary Partners pending a merger with Mission Veterinary Partners, said one of the sources. But the third source said fetching a high teens multiple would be difficult. The veterinary hospital group generates around USD 100m in adjusted EBITDA. In 2019, Swiss-based Partners Group invested an undisclosed amount in Blue River to fuel organic and acquisition growth. The founders remain “sizable equity stake owners,” noted the same release. Blue River offers care for pets through its veterinary hospitals in 39 states, according to the company’s website. Platform deals in the animal and veterinary healthcare market have cooled somewhat this year but as interest rates ease, transactions are expected to see an uptick in the coming months, said one of the sources.

Sector Landscape - Emergency/Urgent Care, Boarding/Grooming



Sector Insights

“ Institutional interest in the animal health segment - and the incredibly robust multiples being paid for assets of scale - is largely driven by trends in consumer spending on pets, which has grown at a faster pace than spending in any other consumer goods or wellness categories. Spending is supported by increased pet ownership, but more importantly the ongoing pet “humanization” trend. Rover’s 2024 True Cost of Parenthood report indicated that 61% of owners reported an increase in expenses associated with pets over the past year, and American Pet Products Association data shows sales have surged by 50% over the past five years, reaching more than \$150 billion in 2024. In veterinary and emergency/urgent care specifically, the category is also benefitting from its insulation from regulatory risk as a predominantly cash-pay model, now supported by the increasing availability and affordability of pet insurance. Per the North American Pet Health Insurance Association’s 2024 State of the Industry Report, the North American pet health insurance sector grew 21.9% in 2023, with a record-setting \$4.27 billion in total premiums sold in 2023 (a 21.9% increase from \$3.5 billion in 2022) and over 6.25 million pets insured (a 20.9% increase from 2022).

Josh Mastracci
Director, TM Capital

Sector Activity



	Target (Date)	Acquiror	Synopsis
Services	Veterinary Practice Partners (Nov. '24)	Audax Group	Veterinary Practice Partners, a leading veterinary practice management group and portfolio company of Pamlico Capital has been acquired by Audax Private Equity. The Company's management team will continue to lead VPP.
	PetIQ (Oct. '24)	Bansk Group	PetIQ, Inc. (Nasdaq: PETQ), a leading pet medication, health and wellness company, acquired by Bansk Group, a consumer-focused private investment firm, in an all-cash transaction valued at approximately \$1.5 billion.
	Valley Veterinary Care (Jul. '24)	Veterinary Innovative Partners (Health Enterprise Partners)	Valley Veterinary Care is a veterinary care group with 24 clinics across Texas, California and Colorado. The partnership marks a significant expansion of VIP's network, now comprising nearly 70 veterinarian-led hospitals nationwide.
Products	FoodScience (Nov. '24)	Morgan Stanley Capital Partners	The middle-market focused private equity team at Morgan Stanley Investment Management, have acquired FoodScience, a vertically integrated provider of pet and human nutritional supplements, from Wind Point Partners.
	Mountain Vet Supply (Oct. '24)	Patterson Companies	MVS is a regional distributor with a retail location headquartered in Fort Collins, Colorado. Acquisition is expected to grow Patterson Animal Health's presence in the production and companion animal market.
	Saiba Animal Health (Sep. '24)	Boehringer Ingelheim	Saiba Animal Health's innovative technology platform uses a first-of-its-kind therapeutic vaccine approach, which is designed to create an immune response, targeting chronic diseases such as allergy, inflammation and pain.

In the News

Shore Capital, Silver Lake Reportedly in Talks Over \$8.6B Pet Care Deal

Candy maker Mars is the biggest vet provider in the country: Inside its sprawling operation

Private equity investment in pet sector climbs 659% in 2023

RF Expands Healthcare Portfolio into Veterinary Care with Pharmaceutical Platform Investment Altro and Amici

9 deals in the pet care sector: Opportunity in a fragmented market

To learn more about TM Capital or to discuss our work with clients in this sector, please contact any of TM's healthcare team members listed below:



James I. McLaren
 Managing Director
 jmclaren@tmcapital.com
 (212) 809-1414



Michael S. Goldman
 Managing Director
 mgoldman@tmcapital.com
 (212) 809-1419



John A. Dean
 Director
 jdean@tmcapital.com
 (404) 995-6234



Josh Mastracci
 Director
 jmastracci@tmcapital.com
 (404) 924-4562

ABOUT TM CAPITAL

Founded in 1989 and now part of Janney Montgomery Scott, TM Capital is the client-first investment banking team advising industry leading companies across North America and around the world. In everything we do, our professionals share a relentless commitment to engineering extraordinary outcomes with an unmatched standard of client care. Over the last three decades, we have completed more than 350 transactions with a combined value in excess of \$25 billion. With offices in Atlanta, Boston and New York, our mission critical capabilities include complex mergers and acquisitions; debt and equity financings; minority and majority recapitalizations; restructurings; and board advisory services. TM Capital is also a founding member firm of Oaklins, the world's most experienced mid-market M&A advisor with 700 M&A professionals in 60 offices operating in the major financial centers around the world. For more information, please visit www.tmcapital.com.