

A photograph of several black and white cows in a feedlot, eating from a long metal trough. The cows have yellow identification tags on their ears. The image is overlaid with a semi-transparent dark blue filter.

Mixed Animal Health

October 2020

ANIMAL HEALTH BUSINESSES REMAIN ATTRACTIVE TO INVESTORS DUE TO THEIR PROVEN COVID-19 RESILIENCY

Veterinary Services Outlook



Veterinary clinics are in **very high demand from investors**; we have an opportunity in market that has garnered significant interest through the pandemic

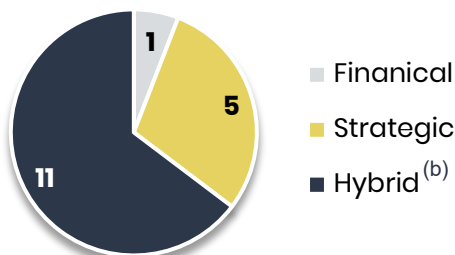


Vet visits are back to pre-COVID numbers, due to quick changes in business operations allowing for curbside pickup and other approaches during the pandemic



Pet owners have been **spending more per visit**, driving veterinary practice revenues **up 14.6% digits for Q3-20**

VETERINARY SERVICES TRANSACTION STATISTICS



(a) Hybrid = Sponsor-backed Strategies.
(b) As of 9/30/2020.

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Veterinary Services Market Segmentation

Companion Animal	75.3%
Production Animal	24.7%

Companion Animal Trends

- Pets are living 20% longer: demand for routine care and disease medication for older companion animals has increased
- People are buying more animal health medication at each vet visit due to a potential second wave of COVID
- 35%+ consumer shift to online purchasing of pet products / medication due to convenience and safety
- Pet medication sales to surpass \$12bn by 2022; with online sales to reach 20% of revenue

Animal Health Product Outlook



Investors continue to have substantial interest in animal health product suppliers and manufacturers



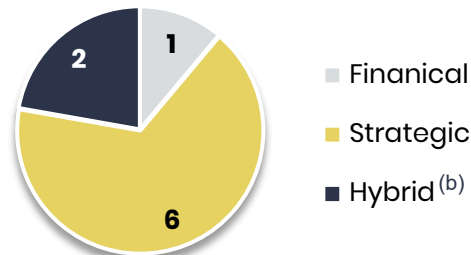
The pandemic has accelerated the trend of e-commerce globally and is expected to comprise 35% of pet product sales by 2024



Animal health product manufacturers continue to depend on quality regional distributors with deep relationships and expertise to satisfy on-demand orders and requests; this is particularly true for mid-sized livestock owner customers

ANIMAL HEALTH PRODUCT TRANSACTION STATISTICS

YTD SEPTEMBER ^(a)



- Financial

- Strategic

- Hybrid^(b)

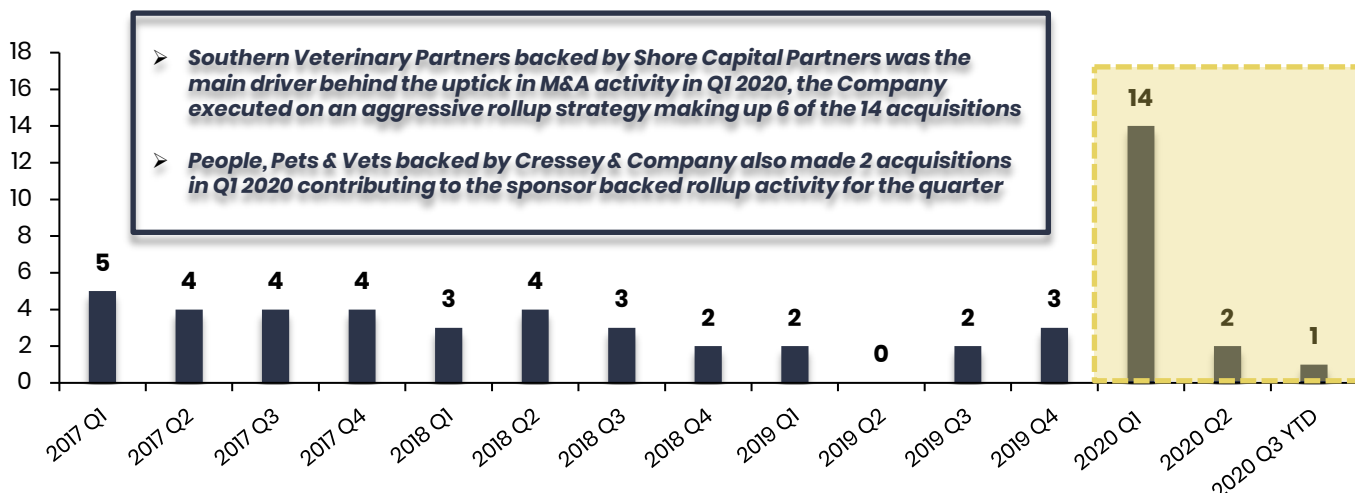
Animal Health Product Market Segmentation

Companion Animal	60.0%
Production Animal	40.0%

Production Animal Trends

- Demand for production animal veterinary services has increased alongside regulation per the increased concerns of disease in livestock and foodborne illness
- COVID-19 has had a dramatic effect on livestock businesses, demand for dairy and meat products saw a significant decrease in the early stages of the pandemic, which caused disruption throughout the supply-chain; demand has since rebounded with the shift from restaurants, hotels and schools to home based products; prices for both meat and dairy have been volatile during the past six months
- The Production animal service sector is significantly more fragmented than companion animal

Veterinary Services Transactions by Quarter



Notable 2020 Veterinary Services Transactions

Strategic



Announced on **March 3rd, 2020** Destination Pet which is backed by LetterOne acquired VitalPet, announced on March 31st 2020. VitalPet is a leading network of high-quality animal hospitals across the United States.

"The combined skills and expertise of Destination Pet and VitalPet bring together world-class teams committed to the total health and wellbeing of the pet. We are well positioned to serve our customers across the full continuum of care with a comprehensive offering of high-quality veterinary care and integrated extending services." – *Shane Kelly, Destination Pet, CEO*



Financial



Announced on **January 1st, 2020** Cortec Group acquired part of Lap of Love. The company offers a network of veterinarians that do at-home services for animals including euthanasia, aftercare, and teleadvice consultation services.

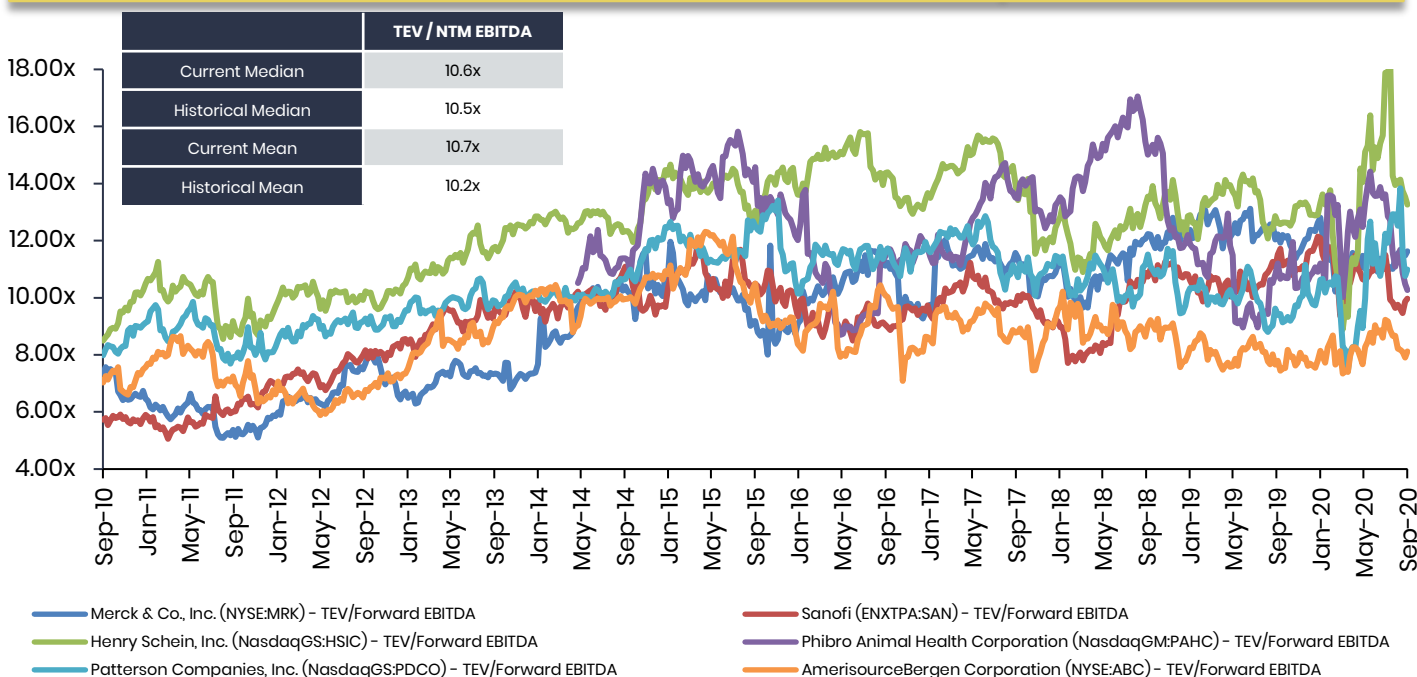
"Our success working with entrepreneur- and family-owned businesses in health care and veterinary services provided Cortec with a unique appreciation for Lap of Love's compelling value proposition to companion animals, their families and other veterinarians." – *Jeff Lipsitz, Cortec Group, Co-President*



Selected 2020 Veterinary Service Transactions

Date	Target	Buyer	Business Description
08/07/2020	Long Island Veterinary Specialists	Compassion – First Pet Hospitals	Offers variety of veterinary services
05/19/2020	Friendship Hospital For Animals	Encore Vet Group, North Castle Partners	Owns and operates hospitals for animals
04/01/2020	National Veterinary Associates	Compassion-First Pet Hospitals, JAB Holding Company	Owns and operates hospitals for animals
03/30/2020	VitalPet	Destination Pet, LetterOne	Owns and operates hospitals for animals
03/05/2020	Maine Veterinary Medical Center	Rarebreed Veterinary Partners	Specialty/referral animal hospital
03/03/2020	Graef Veterinary Hospitals	Shore Capital Partners	Provides medical/surgical care to animals
02/27/2020	Phillips Creek Veterinary	Cressey & Company, People Pets and Vets	Owns and operates hospitals for animals
02/21/2020	Elmore Road Veterinary Clinic	Innovative Petcare, Metalmark Capital	Owns and operates hospitals for animals
01/24/2020	Lap of Love	Cortec Group	Operates a network to provide at-home veterinary hospice
01/14/2020	Poplar Animal Hospital	Shore Capital Partners	Owns and operates hospitals for animals

Animal Health Product Peer Group



COVID-19 Impact on the Animal Health Product Sector

AmerisourceBergen

"Animal Health had its operating income impacted by COVID-19 during the quarter. But really, the fundamentals there for Animal Health and MWI are quite strong. As we commented, we had a good quarter in companion animal. Where we impacted was Production Animal and, in the U.K., so if you just actually look at our animal health business in the U.S., sales were up during the quarter." – James Cleary, AmerisourceBergen, CFO

Zoetis

"The underlying demand for healthy pets and a reliable source of protein remains fundamental to the global economy. In the second quarter, we benefited from the veterinary clinics in the U.S. recovering much more quickly from the COVID-19 impact than we anticipated. Veterinary practices in the U.S. adapted quickly to curbside visits and mobile clinics to deliver critical care and maintain relationships with their customers." – Kristin Peck, Zoetis, Chief Executive Officer

Selected 2020 Animal Health Product Sector Transactions

Date	Target	Buyer	Business Description
08/06/2020	Co-Alliance	Harvest Land Corporative	Offers agronomy seed, animal health to local farms
08/03/2020	Bayer Animal Health	Elanco Animal Health	Develop products for animal health
07/17/2020	Healthcare Safety Holdings	UM Strategic Capital	Manufactures insulin products for animals and humans
05/22/2020	Retail Pro Associates	Endexx (PINX: EDXC)	Markets and distributes supplements for animals
05/05/2020	Pure Cultures	CanBiocin	Fermentation company focusing on probiotics
04/15/2020	Ruff Trade Dog	Pawzitivity Pet Products	Supplies natural dog grooming products
03/04/2020	Holistic Hound	Undisclosed	Manufactures / retails CBD products for cats and dogs
02/19/2020	Worldwide Rights for Vecoxan	Merck Animal Health	Offers animal drugs to prevent / treat parasitic disease
02/10/2020	Promika	Constitution Capital Partners	Sells flea and tick removal products for pets
01/27/2020	Cardinal Laboratories	Cloud Star	Markets pet grooming products for pet specialty stores

Market-leading boutique investment bank providing M&A and capital raising advisory solutions focused on the animal health industry

- 244+ years cumulative investment banking experience spanning 194 transactions
- \$120+ billion of M&A, capital raising, corporate finance and M&A transaction advisory service experience
- 77 completed M&A assignments spanning more than \$34 billion
- 117 completed corporate finance transactions, raising more than \$85 billion in capital

Services / Solutions

- ✓ Rescue & Bridge Financing
- ✓ Debt Restructuring
- ✓ Debt & Equity Recapitalization
- ✓ Growth / Acquisition Financing
- ✓ M&A Advisory

Gary Grote

Managing Director



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Outcomes

- ✓ Increased Cash Flow
- ✓ Debt Service Reduction / Flexibility
- ✓ Shareholder Liquidity
- ✓ Committed Capital Partner
- ✓ Optimal Transaction Result

Chad Gardiner

Director



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SECTORS OF FOCUS



Healthcare



Business Services & Staffing



Consumer & Retail



Software & IT Services



Industrials & Transportation

244

YEARS OF EXPERIENCE

\$120B

IN TRANSACTIONS

194

TOTAL TRANSACTIONS

SENIOR LEADERSHIP



Matt Plooster
Managing Director



Wm. Lee Merritt
Managing Director



Gary Grote
Managing Director



Mike Anderson
Managing Director



Chad Gardiner
Director



Adam Claypool
Managing Director



Joe Liss
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