



VETERINARIANS

Who is Buying Veterinary Hospitals – The Update

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Who is buying veterinary hospitals

Eight months ago, I compiled a list of large veterinary groups, the number of hospitals they controlled, and their financial backing. This [blog](#) on who is buying veterinary hospitals has been viewed many times. Some of you have sent me updates and articles with changes over time.

As I mentioned last June, the pace of consolidation in our veterinary industry has dramatically increased in the last several years. Not only has MARS become the biggest player in the veterinary field nationally, but it continues to acquire abroad. MARS has added to its hospitals in the United States, England, and Continental Europe by recently [purchasing a group in Brazil](#). Many believe China will be next.

I opted to re-look at ownership and large groups to see what has changed over the last eight months. I also wanted to clarify several questions and comments I received about the last blog.

Large groups fall into different categories



Organic growth of veterinary led groups. [AZ vet](#), [MAVANA](#), [Medvet](#), and [ETIOSVET](#) fall into this category. These are hospitals led by veterinarians that have over time merged with other like-minded veterinarians. Often these groups have strategies that are around quality patient care first. The slower pace of growth has allowed them to build operations and systems.

Private equity backed groups looking for fast growth. Pathway Vet Alliance, VetCor, PetVet Care Centers, and Wellhaven all fall into this category. These are groups trying to grow fast to be able to pay off investors in 3-5 years. Their emphasis is on mergers and acquisition.

Wealthy families looking for diversity in their portfolios. MARS needed a source of revenue that was not sugar based. The Desmarais Family followed suit through the formation of the Lakefield Group. Their interest in veterinary medicine is as an alternate source of return on investment.

Pop up and pet-store-based clinics as a business opportunity. Many people questioned my 2000+ number for the Community Vet Clinics owned by VIP petcare. VIP petcare runs pop up vet clinics within pet stores, so these are not continuously operating locations but they are plentiful. VIP petcare, was acquired by PetIQ, a publicly traded company (NASDAQ: PETQ) in January 2018. PetIQ opened its first branded clinic within a Walmart store in March 2018 and now has 20 Walmart locations.

There are an increasing number of businesses providing [low cost veterinary care within other businesses](#). We all know that co-locating with pet supplies was a successful strategy for Banfield with Petsmart. [Thrive](#) recently partnered with Petco and is opening small clinics within those stores. [The Pet Vet](#), a locally owned veterinary chain, is also partnering with Petco for in store veterinary care. [ShotVet](#) runs pop up vaccine clinics



What has changed in the last eight months:

There are several trends of note:

- 1) Consolidation is continuing as seen in the below chart.
- 2) It is getting harder to track and count what each company owns. Since June, many hospital groups have changed their websites to make counting hospitals more difficult. Several groups have different counts in different parts of their websites. Several groups provide no easy way to discover which hospitals they own. I directly called Heartland Veterinary Partners, and they stated that they never share the number of hospitals they own. **Due to signs of distrust of larger groups, new consolidators are aggressively pursuing non-branded strategies.**
- 3) Large groups continue to change hands and look for larger sources of capital. Ethosvet, which has eschewed private equity money in the past, [has recently received this type of funds](#), although in a minority position. Compassion First has flipped to [JAB](#), which owns Krispy Crème and Dr. Pepper, to name just a few of its companies.
- 4) Sadly, even James Herriot's former hospital is now owned by a [corporate group](#).

Who is buying veterinary hospitals – The 2019 Charts



MedVet	1988	16	21	24	Majority veterinary ownership, Stonehenge Partners (PE) & Skyknight Capital Fund(PE) - minority partners
National Veterinary Associates (NVA)	1996	417	469	422	Ares Management (PE), OMERS private equity (PE)
VetCor	1996	>200	272	308	Oak Hill Capital Partners(PE), Harvest Partners (PE), Cressey and Company (PE)
Pathway Veterinary Alliance	2003	35	130	186	Morgan Stanley (PE)
Pet Partners	2003	82		86	MARS
BlueRiver Pet Care	2007	43	74	90	First Merit Bank (debt financing)
BluePearl Vet	2008	60		60	MARS
Vital Pet	2009	17	23	24	Undisclosed investors

VETERINARY GROUPS FOUNDED 1984-2009 WITH NUMBER OF HOSPITALS AND FINANCIAL PARTNERS

Obrien Veterinary Management, LLC	2009	10	10+	13	Steelwood Capital
Community Vet Clinics/VIP Pet Care	2009		2000+	2000+	PetIQ, Inc – publicly traded as PETQ on Nasdaq
Community Veterinary Partners	2009	27	48	56	Cortec Group (PE)
The Pet Vet	2009			6	Partnership with Petco (9 more coming)
CAPNA	2010	56		85	MARS/VCA has 80% stake
Veterinary Practice Partners	2011	35	42	55	Pamlico Capital (PE)
PetVet Care Centers	2012	96	138	182	KKR (PE)
Petwell Partners	2013	20	20+	30+	2017 financing – 59 separate investors
Southern Veterinary Partners	2014	20	52	73	Shore Capital Partners (PE)
Compassion First	2014	28	37	41	Quad C Management (PE) - Purchase in progress JAB Consumer Fund
VetEvolve	2014	Unknown	Unknown	unknown	Undetermined
Thrive Affordable Vet Care	2014			46	Petco/Pathway Vet Alliance

VETERINARY GROUPS FOUNDED 2009 -2014 WITH NUMBER OF HOSPITALS AND FINANCIAL PARTNERS



Partners					
MAVANA	2016	21	28	29	Veterinary owned
Lakefield Veterinary Group	2017	19	30	33	Desmarais Family
Midwest Veterinary Partners	2017		26	38	Shore Capital Partners (PE)
WellHaven PetHealth	2017		22+	43	Capricorn Healthcare (PE)
Amerivet Veterinary Partners	2017		15	15+	Imperial Capital (PE)
People, Pets and Vets	2017		17	20	Cressey and Company (PE)
VetIQ PetCare	2018			20	PetIQ, Inc – publicly traded as PETQ on Nasdaq

VETERINARY GROUPS FOUNDED 2015-2018 WITH NUMBER OF HOSPITALS AND FINANCIAL PARTNERS

Conclusions

Consolidation is progressing and we will continue to see mergers, acquisitions, and new private equity players in the market. **Because private equity has a 3-5 year time frame, I believe many of the practices formed 2015 and later will switch hands in the next couple years.**

A non-branded strategy has become preferred over the last several years. Consumers do have some distrust of larger entities and often would like to seek out independently owned hospitals. **Large veterinary groups hope to capitalize on local brands by not using national names.** The newly formed [Independent Veterinary Practitioners' Association](#) may help pet owners differentiate between true local ownership and non-branded large entities.

Despite the consolidation, large groups of this size still represent only 10-15% of the total number of estimated veterinary practices in the United States. **We'll run independent veterinary hospitals can still be extremely successful.** The key is helping the next generation of veterinarians embrace the entrepreneurial spirit that has been a hallm