LINCOLN INTERNATIONAL

Discussion Materials

KVP International

January , 2019

Update on Lincoln International

Section 1

Update on Lincoln International

215+ bankers in Americas

140+ bankers in Europe

25+ bankers in Asia

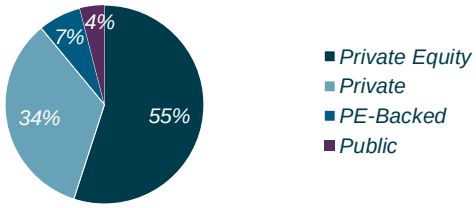
2017 Summary

Transactions: 200+ worldwide

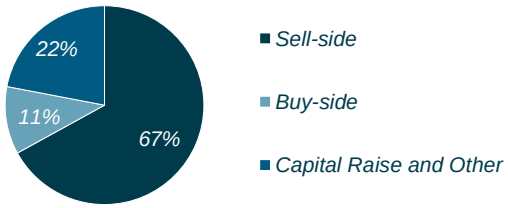
Strategic acquirers: 57% of M&A deals

Cross-border outcomes: 49% of M&A deals

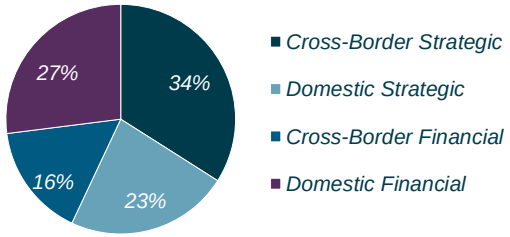
2017 M&A Client Type



2017 Transaction Type



2017 M&A Acquirer Type



Highly Active M&A & Financing Advisor to Healthcare

Healthcare Group Highlights

30 Dedicated Healthcare Bankers Worldwide

90+ Healthcare Transactions Closed Since 2015

Unmatched Corporate Relationships

Extensive PE & Family Office Relationships

Deep Vertical Expertise

Broad Deal Making Experience

Significant transaction experience across the global Healthcare market and reimbursed products and services in the U.S. specifically

Unique understanding of value propositions, competitive advantages, payer dynamics and reimbursement models

Unmatched market insights and strong relationships with active strategic buyers, private equity investors and lenders

Dedicated senior team with global reach across North America, Europe, and Asia

Key Sub-Sectors of Focus

Provider Services	Pharmaceutical Services	Life Sciences	Medical Technology	Medical Products	Managed Care

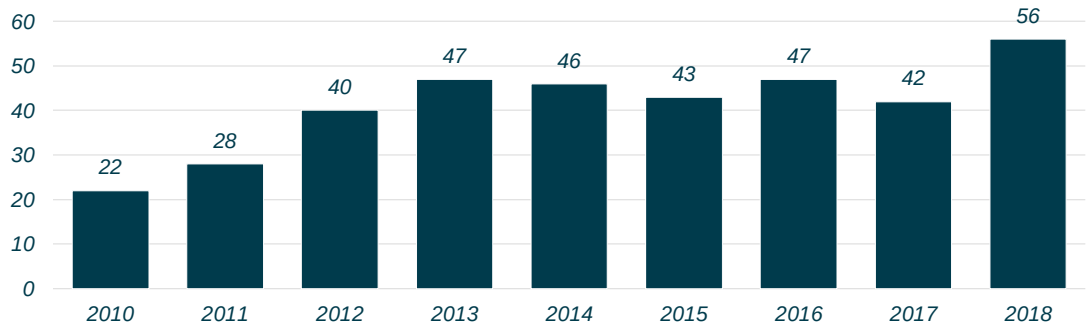
Significant Experience Selling to Financial Buyers

Lincoln maintains constant contact with financial sponsors and tracks buyer behavior throughout the process

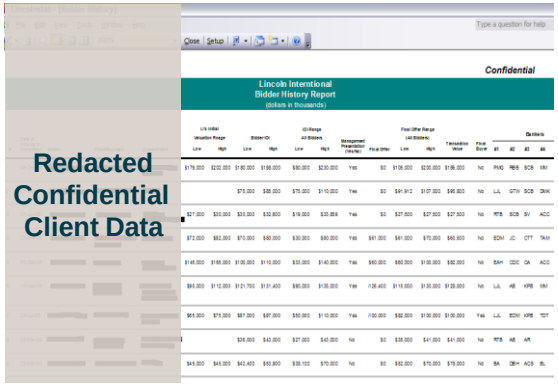
Overview

- Lincoln's Financial Sponsors Group ensures that the firm is in constant dialogue with 2,400+ private equity firms and family offices worldwide
  - 78 M&A transactions were completed on behalf of private equity clients in 2017
  - Over 31% of the firm's sell-side transactions were sold to financial buyers in 2017
- Through conversations and detailed surveys (which have been completed by over 400 firms), Lincoln maintains a proprietary database of each private equity firm and family office
  - Maintains contact information and history
  - Lists investment focus and appetite
  - Tracks bidding behavior on prior transactions

Sell-Side Transactions with Financial Sponsor



Lincoln's Proprietary Database



Teaser received	CIM / CIP received
IOI submitted	MP attended
Final offer submitted	% increase / decrease from IOI to LOI
Key SPA terms	Private equity partner
Leverage terms	Management rollover

Knowledge of buyer and investor behavior drives process efficiency and results, while reducing re-trading risk

- Section 2

Healthcare M&A and Financing Market Update

Strong M&A Drivers – Expect Continued Momentum

Macro-Factors

- Sense of near-term reimbursement & regulatory stability
- Tax reform
- Demographic and chronic disease factors
- Healthcare increasingly seen as top 2 industry to devote capital
- Record levels of cash in healthcare strategic and PE coffers

Specific / Newer Drivers

- Few high-quality assets; when one comes to market, high interest
- Healthcare delivery changes amidst value-based healthcare
- Focus on organic growth, strategy, brand and financial performance
- Healthcare executives pointing to M&A as a primary growth strategy
- Strong ongoing interest in diverse medical device segments
- Previously under-covered markets now showing strong M&A trends
- Growth in vertical integration of services, distribution and manufact'g
- Strategic players continue to shed non-core assets
- Boundary-blurring mega and micro deals
- Ongoing pricing pressures push companies to grow to larger scale
- Perception that, if anything, consolidation will still accelerate
- Focus on medical outcomes and care quality push companies to invest

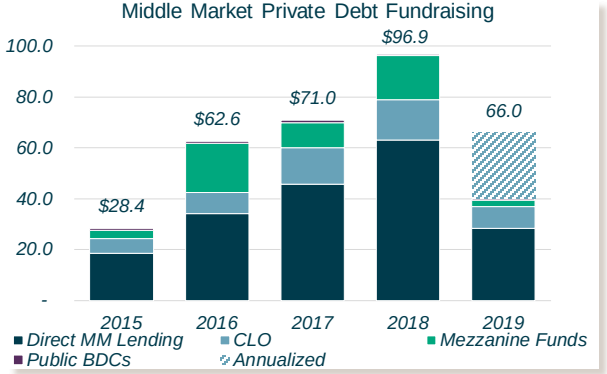
Healthcare M&A, Equity and Venture Capital Deal Volume

Healthcare M&A, Equity and Venture Capital (North America)

Source: Mergermarket & Capital IQ

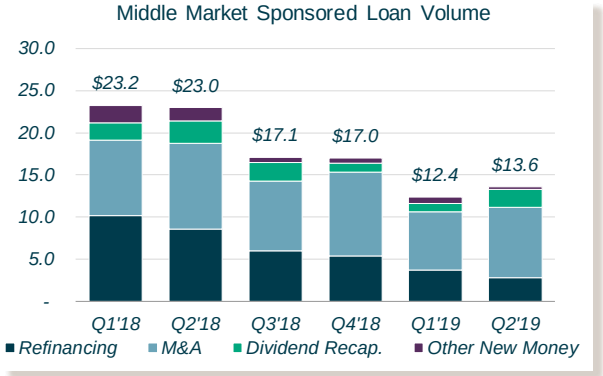
State of the Middle Market – August 2019 Snapshot

While Private Debt Fundraising Has Slowed from a 2018 Peak…

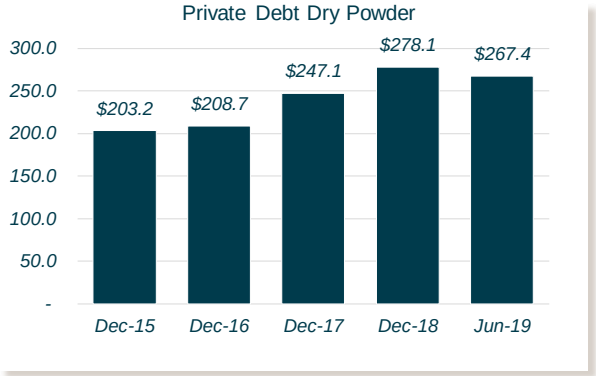


Note: 2019 data as of 8/9/19.

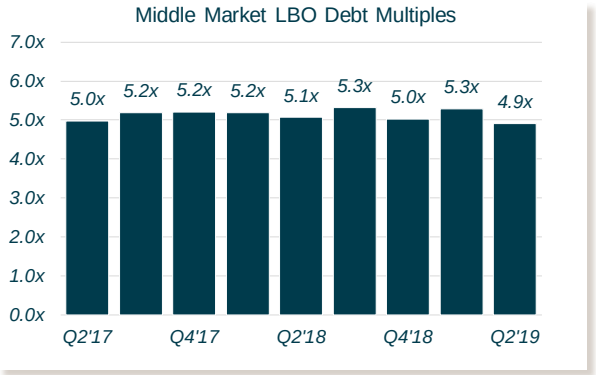
…Decreased Refinancing Activity Has Resulted in Lower Loan Volumes…



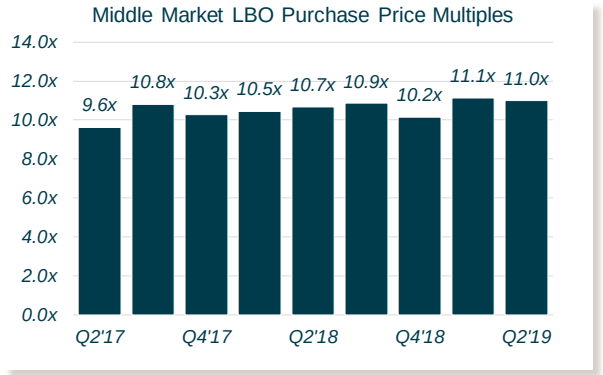
…Leaving Substantial Dry Powder in the Market…



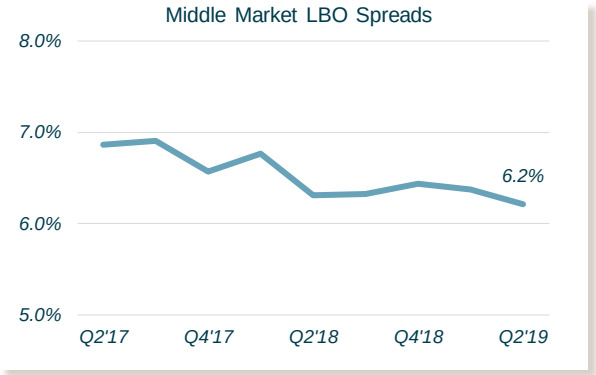
…Which Is Supporting High Debt Multiples…



…Elevated Purchase Price Multiples…



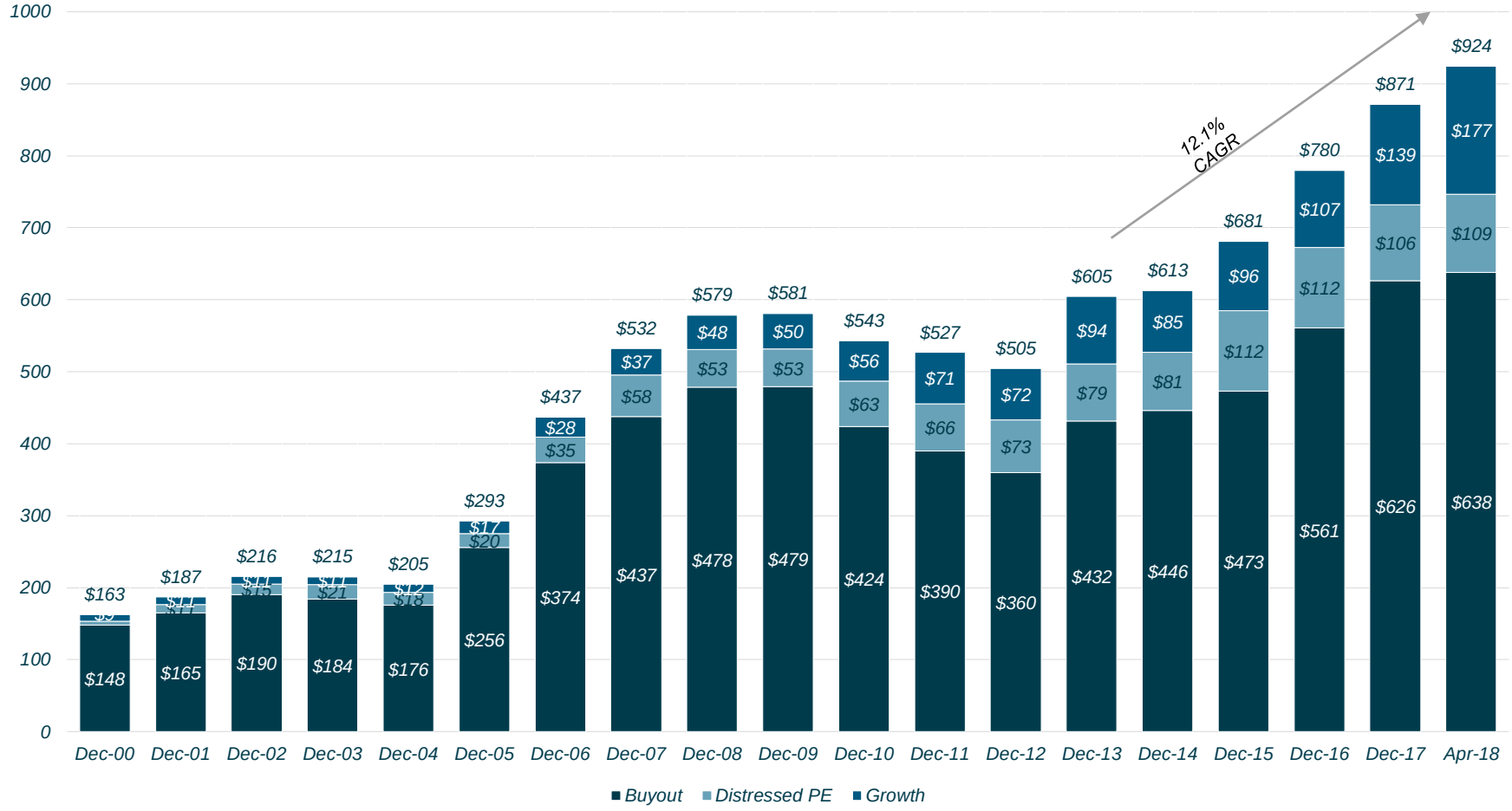
…And Driving Continued Downward Pressure on Spreads



Supported by a significant remaining supply of debt capital and recent volume declines, borrower-friendly conditions.

Global Private Equity Dry Powder

Money Raised by Private Equity Firms



Record Private Equity Dry Powder

Private Equity Dry Powder (North America)

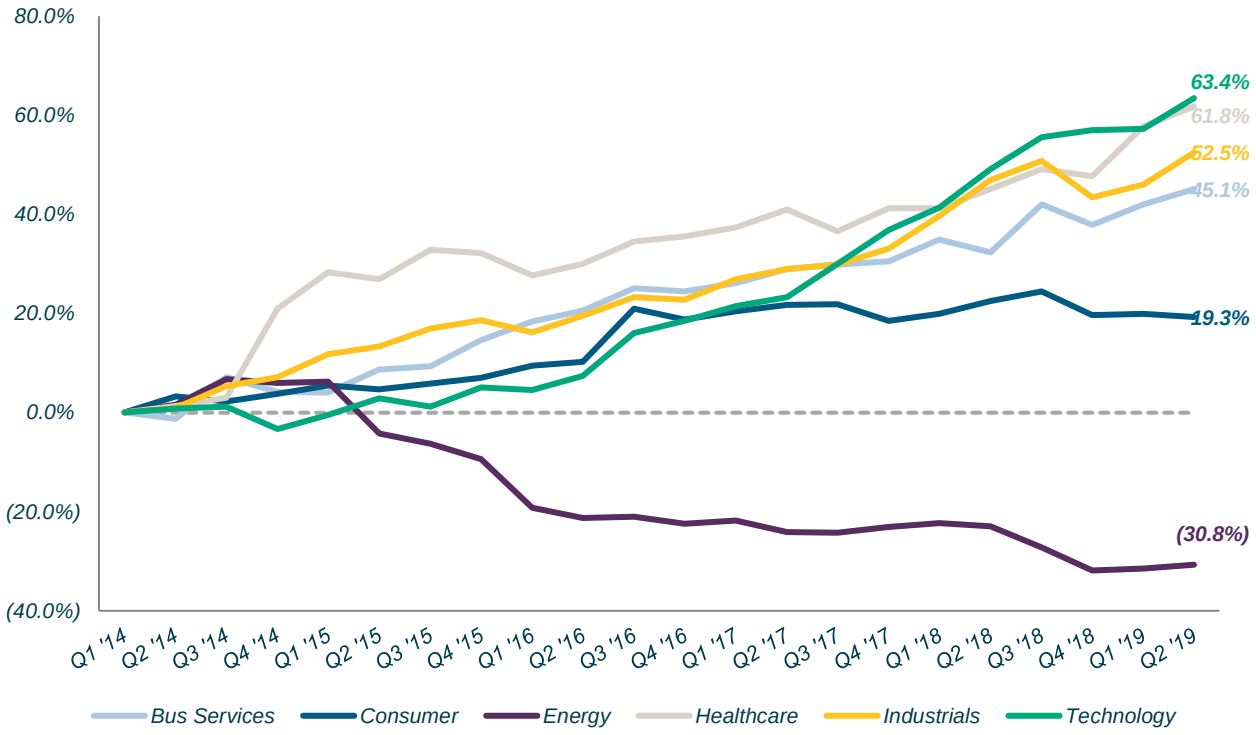
$ in millions

Healthcare: Best Industry Performer in Enterprise Value Gains

Commentary

- In 2016, Lincoln International's Valuations and Opinions Group ("VOG") introduced the Lincoln Middle Market Index ("Lincoln MMI") in collaboration with professors at the University of Chicago Booth School of Business
- Based on Lincoln's valuation work on over 2,200 middle market companies, the Lincoln MMI measures quarterly enterprise values ("EV") of privately held, middle market businesses
- The strongest EV gains since the beginning of 2014 are reported for technology and healthcare in comparison to other industries shown below:

Lincoln's Valuations and Opinions Group Q4 Middle Market Index



Enterprise value growth of healthcare companies has consistently outpaced other industries

Healthcare: Bite Free Cervical Collar KVP International

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CONTACT

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Companion Animal Perspectives

Section 3

U.S. Veterinary Services Investment Highlights

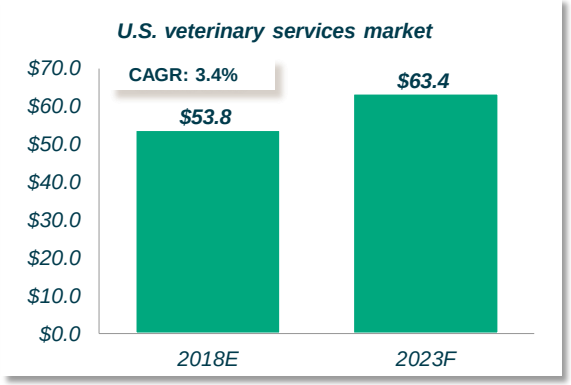
Macro Industry Drivers

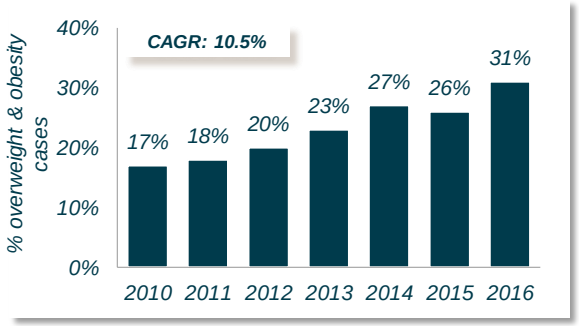
- **Humanization of pets:** pet owners becoming more conscious of their pets' health resulting in increased propensity to medical spend on pet health
- **Human demographic trends:** as the human population ages, pet ownership rates and spend per pet are increasing due to greater desire of older individuals to own pets
- **Pet demographic trends:** increasing lifespans of dogs and cats leading to greater need for complex treatment and procedures
- **Underserved markets:** giving low-cost or basic service providers the opportunity to uncover whitespace by increasing the share of the pet population covered by traditional veterinary care
- **Increasing specialization:** specialist competencies, new technologies and diagnostics capabilities are generating supply induced demand as owners seek the best treatment for their pet

Services Market Highlights

- **Fragmented, growing market with a limited number of large corporates**
  - The level of clinic consolidation is estimated to have surpassed the 10% mark in 2018Q1
  - Roll-up opportunity exists given the ability to build a relatively large platform with a small market share
  - Wide variety of service models, including retail-based and community centers as well as GPs and hospitals
  - The vet services market grew at a CAGR of 5.4% between 2009 and 2018E, and is expected to grow at a 3.4% CAGR to 2023F, primarily due to decreasing per capita meat consumption and lack of disease in production animals, a more mature segment than companion animals
- **Compelling macro themes underpin growth**
  - Pets are now viewed by many as members of the family, meaning that demand is becoming increasingly inelastic, supporting higher spend per pet and enhancing resilience in recessions
  - Negative pet health trends such as obesity and breed choices have driven demand for vet services and are expected to continue, leading to additional spend by pet owners

Market Statistics





$61bn *spent annually on pet products and services by U.S. consumers*

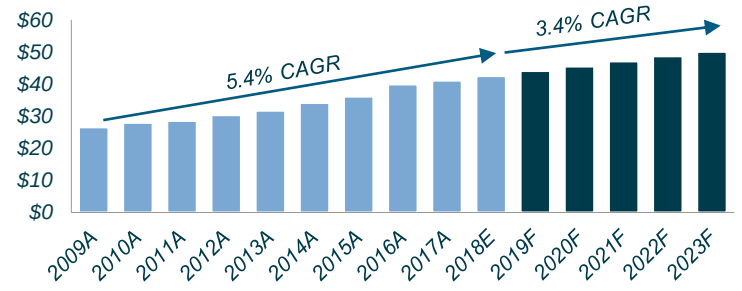
20% *of the potential market, or around 60 million pets, are underserved*

Source: IBISWorld

U.S. Veterinary Market Overview

The U.S. veterinary sector has strong underlying fundamentals driving market growth

U.S. Pet Care Market

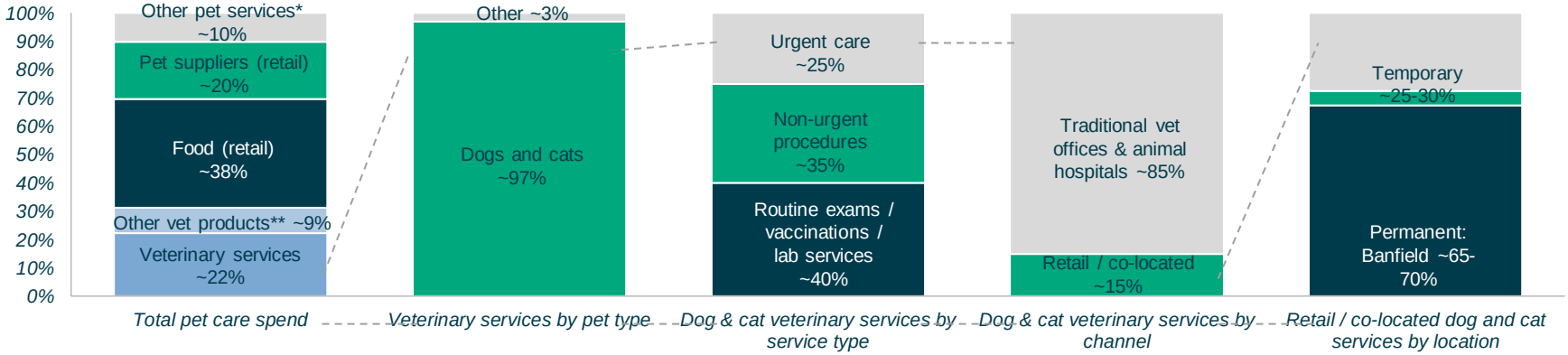


Source: IBISWorld and Lincoln analysis, May 2018

Commentary

- The U.S. veterinary services market has grown strongly over the past 10 years, at a CAGR of 5.4%, from $26.5bn in 2009A to $42.5bn in 2018E
- Around 22% of the total pet care spend in the U.S. pet (companion animal) care market is accounted for by veterinary services
  - Almost all (97%) is for dogs and cats
- Urgent care accounts for 25% of the dog and cat veterinary services market. This share can be expected to rise as technological advancements in surgery generate additional demand
- ~85% of the veterinary services market is delivered via traditional vet offices & animal hospitals, although the retail / co-located vet services market share has risen in recent years. Banfield Pet Hospital (Mars) dominates the permanent outlets in this category

U.S. Pet Care Market by Segment



* Includes grooming, boarding, training

Source : AAPA, AVMA, LEK research and analysis