

Animal Health: Where Is Value Being Created?

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Upcoming Webinars in the Series

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TriPaw Health

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- Fictional company for illustrative purposes
- Multi-dimensional
 - Products and Services
 - Multiple Sales Channels
- Used in each session to highlight

Global Animal Health Market

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Global Animal Health Market

- Core animal health industry consists of companies focused on **research and development, manufacturing, animal related consumer products, care of animals (i.e. veterinary practices), and sale of pharmaceuticals and biologicals.**
- From 2013 to 2023, the valuation of the top 10 animal health companies nearly tripled.
 - Top 10 companies combined valuation grew from \$55B to \$143B.
 - Projected 2030 market size: \$112.33B.
- Rising pet spending has been influenced by the **humanization of pets.**

Regional Breakdown and Growth

- Core animal health market has achieved a compound annual growth rate (CAGR) of 5.4% over the past decade.
 - Driven by the introduction of blockbuster products.
- The United States is the largest single market.
- International markets are growing fastest with a CAGR of 6.1% over the last 10 years.
- Growth is expected to continue at a slower CAGR of 3.0% from 2025-2030.
 - Fewer new products are expected to launch.

Growing interest by private equity

- Between 2017 and 2022 PE invested more than \$45B in veterinary deals alone
- Viewed as recession-proof
- Recurring revenue
- High growth potential
- Active investors include L Catterton, NovaQuest Capital Management, Cortec Group, KKR & Co., Shore Capital, Silver Lake, and TSG Consumer Partners

Veterinary Care Delivery Evolution

- Vet chain consolidation has transformed the companion animal health care market.
 - 22% of U.S. vet clinics are now part of corporate chains.
 - Corporate chains are strongest in coastal states.
- Corporate vet chains have greater purchasing volumes and sophisticated procurement and pricing strategies.
- Chains reflect evolving goals for veterinarians.
- Consolidation is expected to slow temporarily due to headwinds like regulatory pressure, stagnating pet growth, increasing operating expenses, and high-interest rates.

Innovation and R&D Trends

- The industry has evolved significantly and has transitioned to embrace biotechnology and start-up-driven innovation.
- Animal health follows human health in the development of technologies and adoption of innovations.
- Key opportunities: **endocrinology**, **neurology**, **gastroenterology**.
- **Oncology** is an emerging key area.
 - Growth in this field depends on remission rates, survival times, fewer side effects, and more affordable treatments.

M&A and Capital Flows

- Ownership is shifting in the industry from pharma divisions to standalone animal health leaders.
 - Public standalone animal health companies represent 63% of the market value.
 - Private equity has a significant presence among the top 50 animal health companies.
- Private equity will continue to acquire animal health companies.
 - Many of these acquisitions will likely transition to public ownership through IPOs in the long term.
- Innovations driven by start-ups are expected to become acquisition targets for larger animal health companies.

Digital & Channel Disruption

- Increasing shift toward online purchases, e-commerce segment is anticipated to have the fastest growth rate.
 - Creating challenges for traditional retail.
- Online pharmacies and retail are transforming prescription fulfillment.
 - Manufacturers are moving to direct sales.
 - Business models are allowing customers to compare prices across multiple vendors.
- Transparency is creating need for scale.

CLE Code

TriPaw Health

Complete Care, From Nose to Tail

Nutrition | Animal Care | Therapeutics

TriPaw Health is a diversified animal health care company delivering science-backed solutions that support the full spectrum of animal wellness.

From nutrition and everyday care to veterinary services and prescription therapeutics, TriPaw serves pets and their people with innovation and integrity.

TriPaw sells directly to consumers, through retail platforms, and to veterinarians, through representatives who visit individual clinics, offer outings such as dinners or games, and other channels such as marketing at veterinary conferences.

Core Offerings & Channels

Core Offerings

- **TriPaw Therapeutics** – prescription drugs for chronic and acute conditions.
- **TriPaw Veterinary** – clinics and hospitals for preventive, surgical, and emergency care.
- **TriPaw Nutrition** – food, treats, and supplements for wellness and clinical support.
- **TriPaw Animal Care** – devices, training collars, grooming, and preventive products.

Channels

- **Direct-to-Consumer E-Commerce** – owned online sales and subscriptions.
- **Retail Partnerships** – distribution through retail and pharmacy networks.
- **Veterinarian Distribution** – professional engagement via clinics and conferences.

Core Offering — TriPaw Therapeutics

- 1. How do new ideas for animal medicines emerge?**
- 2. What drives a company to invest in developing a new drug?**
- 3. How do cost and access shape what gets developed?**
- 4. How are digital tools and data changing R&D and care?**
- 5. What does the next decade of animal health innovation look like?**

Core Offering — TriPaw Nutrition

- 1. How do new ideas for pet nutrition products emerge?**
- 2. What drives investment decisions in pet nutrition R&D?**
- 3. How do cost and sourcing influence formulation choices?**
- 4. How is technology shaping innovation in pet nutrition?**
- 5. What does the future of pet nutrition innovation look like?**

Core Offering — TriPaw Animal Care

- 1. How are connected devices changing pet owner and vet relationships?**
- 2. What privacy and safety standards must TriPaw meet?**
- 3. How does TriPaw ensure regulatory readiness for tech products?**

Channels — Veterinarian Distribution

- Veterinarians remain the most trusted advisors globally, but the channel is evolving.
- Corporate clinic ownership centralizes purchasing, while independents differentiate on service.
 - How can TriPaw engage effectively with both independent and corporate clinic groups?
 - How does rising pet insurance affect purchasing and recommendation behavior?
 - What regional regulatory differences should TriPaw plan for?
 - How can clinic data enhance compliance and innovation?

Channels — Retail Partnerships

- Large retailers and marketplaces expanding pet-health aisles while investing in private-label and white-label offerings that increase pricing pressure.
- Inflation drives consumers toward trusted value-tiered products, creating opportunities for TriPaw's diversified brands.
 - How can TriPaw use retail partnerships to capture insured spending and expand globally?
 - How can TriPaw maintain quality and messaging consistency across multinational retailers?
 - What ESG and sourcing commitments strengthen TriPaw's standing with major partners?

Channels — Direct-to-Consumer E-Commerce

- The pandemic accelerated digital adoption, and online pet-product sales remain well above pre-2020 levels.
- Consumers expect medical-grade trust, fast fulfillment, and subscription convenience.
 - How can TriPaw differentiate as a trusted digital health brand in a crowded, price-sensitive market?
 - How do rising insurance reimbursements for preventive products change TriPaw's DTC strategy?
 - How can TriPaw's owned platform use purchase and outcome data ethically to guide R&D and retention?

Questions?

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