
PROPRIETARY

Animal Pharmaceuticals in market via BirdsEye Advisory, owner says

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Animal Pharmaceuticals, the Boca Raton, Florida-based animal health company, has hired BirdsEye Advisory Group to explore a sale, according to CEO Jason Braun.

First round bids are due in roughly two to three weeks, said Braun, who founded Animal Pharmaceuticals in 2003 and owns 100% of the business.

Teasers were sent out a couple of weeks ago, and despite current market conditions surrounding the COVID-19 pandemic, more than 60 private equity firms, private equity-backed strategics and pure-play strategic companies signed non-disclosure agreements and received confidential information memoranda last week, added Carol Frank, managing director of BirdsEye.

Animal Pharmaceuticals is open to the sale of a majority stake or a full sale, though Braun said he would like to continue working in the business.

Animal Pharmaceuticals manufactures branded and private-label pet dermatology products and supplements to close to 10,000 US veterinarians. The company has revenue of approximately USD 6m and EBITDA of more than USD 2m.

Multiples in the space typically range between 10x and 15x EBITDA, Braun said.

Pet food and supplies are considered essential and Braun said the coronavirus outbreak has not had any material effect on business. Moreover, Animal Pharmaceuticals is one of few independent players left in the hard-to-enter space and therefore has “tremendous value,” Braun said.

Stratford Pharmaceuticals, which was acquired in August 2018 by private equity firm Eli Global, was providing dermatology products to approximately 1,000 veterinary hospitals at the time of its sale, Braun noted.

The larger strategic players in the space, according to the CEO, include Vetoquinol SA [EPA:VETO], Virbac SA [EPA:VIRP] and Bayer AG [OTCMKTS: BAYRY].

Animal Pharmaceuticals, which has four employees and sells primarily through distributors, has significant room to grow within its existing customers as well as new vet practices, according to Braun. There are more than 30,000 vet practices in the US, according to the 2017 American Veterinary Medical Association Report on the Market for Veterinary Services.

Braun, 49, said he hired pet industry-focused boutique investment bank BirdsEye roughly six months ago to first help prepare the company for a sale. Accounting firm Daszkal Bolton is currently reviewing the company's 2019 financials.

In addition to its vet business, which accounts for roughly 80% of business, Animal Pharmaceuticals also sells to Amazon resellers and pet specialty retail stores. It more recently began selling direct-to-consumer through its affiliate website.

Animal Pharmaceuticals has approximately 80 stock-keeping units and 40 trademarks. Its products – all made in the US – consist primarily of dermatological shampoos and general cleansing and grooming products, as well as nutraceutical supplements such as Omega-3 and CBD-infused soft chews.

The company's distributors include national players such as Patterson Veterinary and Animal Health International, divisions of Paterson Companies [NASDAQ:PDCO]; and MWI Animal Health, a division of Amerisource Bergen [NYSE:ABC], as well as regional firms such as Miller Veterinary Supply. Drogueria Betances distributes products in Puerto Rico.

by Deborah Balshem in Fort Lauderdale

Grade: Confirmed

TARGET

Animal Pharmaceuticals

Accountant

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Competitors

Bayer AG

Vetoquinol SA

Countries

USA

States

Florida (FL)

Sectors

Consumer: Retail

Medical

Sub-Sectors

Medical equipment & services

Virbac SA

Other retailing of
consumer products and
services

Topics

Advisory Appointment
Auction/Privatization
Companies for sale
Family Owned/Closely
Held
Private equity related

Intelligence ID:
3008962

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