



BENJAMIN F. EDWARDS®
INVESTMENTS *for* GENERATIONS®

INVESTMENT BANKING

Pet Industry Market Update

February 2023



Edwards Extensive Pet Industry Experience

About Benjamin F. Edwards Investment Banking

Benjamin F. Edwards & Co. Investment Banking group is a middle-market mergers and acquisitions (M&A) and financial advisory practice. The Investment Banking team focuses on advising clients across several industries with a specific focus on the pet industry. Our team has a highly successful record of selling companies and has successfully sold multiple pet businesses.

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Selected Benjamin F. Edwards Pet Transactions

Project Blue Sky (Pending)

•
Exclusive Sell-Side Advisor

Project Runway (Pending)

•
Exclusive Sell-Side Advisor

Paw Print Genetics
A division of Genetic Veterinary Sciences, Inc.

Has been acquired by

NEOGEN

•
Exclusive Sell-Side Advisor



Has been acquired by

PRAIRIE DOG

A portfolio company of

Kinderhook INDUSTRIES

•
Exclusive Sell-Side Advisor



Has been acquired by

Cosmic pet

A portfolio company of

GUARDIAN CAPITAL PARTNERS

•
Exclusive Sell-Side Advisor

Piddle Place™

Has been acquired by

Radio Systems CORPORATION

PetSafe Invisible Fence

•
Exclusive Sell-Side Advisor

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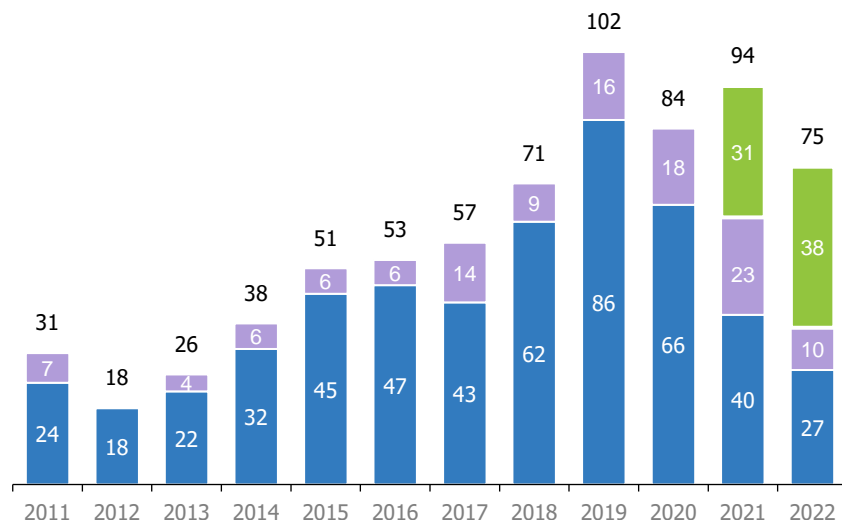
The S&P 500 is an unmanaged common stock index used to measure and report performance of various sectors of the stock market; direct investment in indices is not available. Past performance is not indicative of future results.

Pet Industry M&A Activity

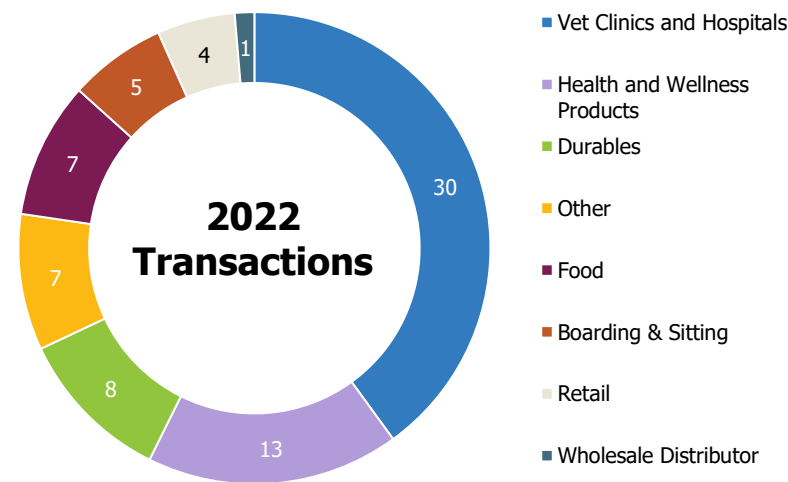
- Pet M&A slowed in 2022 as the broader M&A market slowed due to higher interest rates and increased economic uncertainty; although activity remained robust
- PE-backed strategic acquisitions accounted for 50.7% of 2022 pet transactions while strategics accounted for 36.0%
- Vet clinics saw the most activity in 2022, accounting for 40.0% of 2022 total deals
- Health and wellness product deals were the second most active subsector of the space, accounting for 17.3% of deals, down from 30.9% of deals in 2021

Historical U.S. Pet Industry M&A by Buyer Type

■ Strategic ■ Financial ■ PE-Backed Strategic



Transactions by Type



Source: S&P Capital IQ, Packaged Facts, Mergermarket and news sources (e.g. Wall Street Journal, Pet Product News, etc.)

Recent Pet Transaction – Mars Petcare Acquires Champion Petfoods

- On November 1, 2022, Mars Petcare, a division of Mars, Incorporated, announced that the company entered into a definitive agreement to acquire Champion Petfoods
- Champion Petfoods, a leading global maker of pet food, was previously held by an investor group led by Bedford Capital and Healthcare of Ontario Pension Plan

About Mars Petcare

- Founded in 1954 and formerly known as Doane Pet Care Company, Mars Petcare produces and distributes pet food and operates as a subsidiary of Mars, Incorporated
- The company offers pet care brands that include Pedigree, Whiskas, Cesar, The Goodlife Recipe, and WILD FRONTIER for dogs, cats, horses, fish, and birds

About Champion Petfoods

- Founded in 1985, and based in Edmonton, Canada, Champion Petfoods produces and markets pet food products for dogs and cats
- The Company sells its products through e-commerce, pet specialty shops, retailers, veterinary clinics, and distributors in the United States, Canada, and internationally

Source: Mergermarket, press release, S&P Capital IQ

Mars Petcare Brands



Champion Petfoods Sustainability

- Responsibility is a core value of Champion Petfoods
- The Company is committed to responsible fish sourcing and continues to identify fish that can be sourced sustainably
- The Company has set a goal to move 100% of the fish used in its kitchens to a source deemed as a sustainable choice by a credible party

Recent Pet Transaction – Colgate Acquires Red Collar Pet Foods

- On August 1, 2022, Colgate announced that the Company entered into a definitive agreement to acquire three dry pet food manufacturing plants from Red Collar Pet Foods for \$700mm
- Colgate-Palmolive's CEO stated, "This investment will help further strengthen the Hill's business today and for the long term." The plants will be integrated into Hill's global supply network to produce dry pet food for Hill's Science Diet and Prescription Diet brands

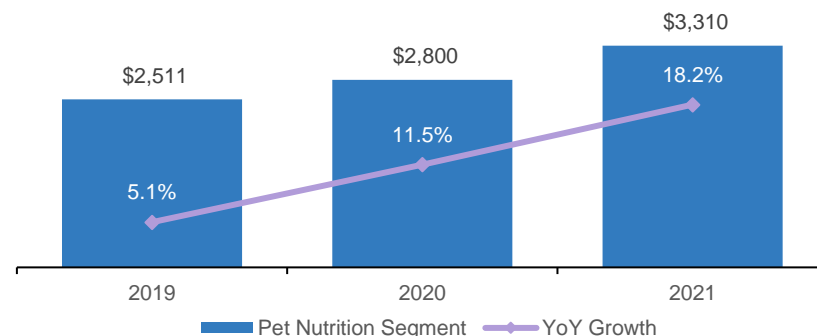
About Colgate-Palmolive

- Founded in 1806, and headquartered in New York, Colgate-Palmolive manufactures and sells consumer products worldwide
- The Company operates through two main segments, oral, personal and home care, and pet nutrition
- The pet segment markets and sells products through pet supply retailers, veterinarians, and ecommerce retailers

About Red Collar Pet Foods

- Founded in 1954, and headquartered in Franklin, Tennessee, Red Collar Pet Foods manufactures pet treats
- The Company was previously known as Doane Pet Care and Mars Petcare's Exclusive Brands

Colgate Pet Nutrition Segment Revenues (\$ in millions)








































Red Collar Locations Acquired by Colgate



Source: Mergermarket, press release, S&P Capital IQ

Recent Active Pet Industry Acquirors – Non-Veterinary

Acquiror	Ownership	Acquiror Company Description	Selected Recent Acquisitions
	A&M Capital	A&M Capital Advisors is the private equity arm of Alvarez & Marsal, LLC.	     
	Alpine Investors	Antelope is an omni-channel pet consumer platform focused on delivering high-quality, natural pet products via a buy-and-build strategy.	    
	The Carlyle Group	Compana Pet Brands is a portfolio of brands that focus on pet care and nutrition.	    
	NYSE: ELAN	Elanco Animal Health Incorporated, an animal health company, develops, manufactures, and markets products for companion and food animals.	 
	Kinderhook Industries, LLC	Prairie Dog Pet Products, LLC manufactures treats and antler products for pet dogs.	  
	Platinum Equity	Platinum Equity is a private equity firm with over \$25 billion AUM.	 
	Dane Creek Capital Corp.	United Raw Pet Foods Inc. produces and sells pet food products.	      

Note: Acquirors shown have made two or more acquisitions since 2020

Recent Active Pet Industry Acquirors – Veterinary Related

Acquiror	Ownership	Acquiror Company Description	Selected Recent Acquisitions			
 Animal Dermatology Group	Percheron Investment Management	Animal Dermatology Group, Inc. owns and operates a veterinary dermatology specialty company that offers animal health care services.	 Southeast Veterinary DERMATOLOGY & ALLERGY SPECIALISTS	 Animal Allergy Specialists, Inc.	 Animal Dermatology Referral Clinic	 Animal Allergy and Dermatology Center
 National Veterinary Associates	JAB Holding Company	National Veterinary Associates, Inc. owns and operates companion animal veterinary hospitals, and boarding facilities in the United States and Canada.	 VETERINARY CARE GROUP	 ETHOS VETERINARY HEALTH	 SAGE	 PetWell Partners
 People, Pets & Vets	Cressey & Company	People, Pets and Vets, LLC provides business support services to veterinary practices.	 LEONARD ANIMAL CLINIC FOR YOUR HOME & EQUINE VET	 Columbia Veterinary Clinic	 Chico Hospital for Cats Compassionate Healthcare Exclusively for Cats	
 Southern Veterinary Partners	Shore Capital Partners	Southern Veterinary Partners, LLC owns and operates animal hospitals that provide veterinary services in multiple states throughout the Southern United States.	 CVCA Cardiac Care for Pets	 East Branch Veterinary Care	 DREAMING SUMMIT VETERINARY HOSPITALS WHERE EVERY CAT, DOG, HORSE COUNTS	 FarmVet Animal Hospital
 zoetis™	NYSE: ZTS	Zoetis Inc. discovers, develops, manufactures, and commercializes animal health medicines, vaccines, and diagnostic products in the United States and internationally.	 NEWMETRICA Involved on in quality of life measurement	 basepaws PET GENETICS	 Jurox	 ETHOS DIAGNOSTIC SCIENCE

Note: Acquirors shown have made two or more acquisitions since 2020

Selected Recent U.S. Pet Industry M&A Transactions

Announced Date	Target	Acquiror	Target Business Description
12/16/2022	The Canine Companies, Inc.	Radio Systems Corporation	The Canine Companies, Inc. engages in the retail of pet care products.
12/12/2022	Handicappedpets, Inc.	Lintbells Ltd	Handicappedpets, Inc. offers pet mobility accessories and other pet products.
11/15/2022	42 franchise locations and independently branded stores	EarthWise Pet	42 franchise locations and independently branded stores comprises pet food and supplies stores.
11/7/2022	Relief Services for Veterinary Practitioners and Animal Care Technologies	Patterson Companies, Inc.	Relief Services for Veterinary Practitioners and Animal Care Tech comprises relief services for veterinary practitioners and animal care technologies.
11/2/2022	Lazy Dog Crazy Dog	Dogs 24/7 LLC	Lazy Dog Crazy Dog operates a dog boarding and daycare facility in the Ballard area of Seattle, Washington.
11/2/2022	Atta Boy Enterprise LLC	Monolith Brands Group, Inc.	Atta Boy Enterprise LLC designs, manufactures, and sells non-durable and pawcentric products.
10/31/2022	14 new veterinary practices of Northeast Veterinary Partners	AmeriVet Partners Management Inc.	14 new veterinary practices of Northeast Veterinary Partners comprises veterinary clinics.
10/20/2022	Bravo, LLC	BrightPet Nutrition Group, LLC	Bravo, LLC produces frozen raw and freeze-dried diets, treats, and chews for dogs and cats.
10/19/2022	Animal Dermatology Referral Clinic	Animal Dermatology Group, Inc.	Animal Dermatology Referral Clinic operates a veterinary clinic.
10/18/2022	Animix LLC	Benford Capital Partners, LLC	Animix LLC produces vitamin and mineral mixes, feed additives, and biotechnology products.

Source: S&P Capital IQ, Mergermarket and news sources (e.g. Wall Street Journal, and Pet Product News)

Selected Recent U.S. Pet Industry M&A Transactions

Announced Date	Target	Acquiror	Target Business Description
10/13/2022	Invisible Fence of Ann Arbor / Invisible Fence of Northwest Ohio	Radio Systems Corporation	Invisible Fence of Ann Arbor and Invisible Fence of Northwest Ohio operate pet care products stores.
9/22/2022	Veterinary Surgical Specialists, A Veterinary Corporation	Veritas Veterinary Partners	Veterinary Surgical Specialists, A Veterinary Corporation, a veterinary surgery clinic, offers diagnostic imaging, cardiothoracic, orthopedic, oncologic, and neurologic surgery.
9/9/2022	The Pet Gazebo	Win World International Trade LLC	The Pet Gazebo manufactures and sells dog kennels.
9/7/2022	People, Pets and Vets, LLC	VetCor, Inc.	People, Pets and Vets, LLC provides veterinary services.
9/7/2022	Ark Naturals Company	Antelope	Ark Naturals Company produces health, remedy, and lifestyle solutions for pets.
8/31/2022	Furmacy, inc.	Wag! Group Co.	Furmacy, inc. owns and operates an online pharmacy platform, which offers medications for pets after consultation with veterinarian.
8/30/2022	Med-Pharmex, Inc.	Dechra Pharmaceuticals PLC	Med-Pharmex, Inc. engages in the research and development, manufacture, and formulation of generic human and veterinary drug products.
8/16/2022	AZPetVet Holding, LLC	ADMI Corp.	AZPetVet Holding, LLC provides veterinary care with a network of animal hospitals in the greater Phoenix area.
8/10/2022	Rover's Wellness, LLC	Tenacious Laboratories Limited	Rover's Wellness, LLC produces and sells hemp oil for pets.
8/4/2022	New Generation Devices	Ossium NewCo, LLC	New Generation Devices comprises veterinary orthopedics product manufacturing business.

Source: S&P Capital IQ, Mergermarket and news sources (e.g. Wall Street Journal, and Pet Product News)

Selected Recent U.S. Pet Industry M&A Transactions

Announced Date	Target	Acquiror	Target Business Description
8/1/2022	Three Dry Pet Food Manufacturing Plants in the U.S.	Colgate-Palmolive Company	Colgate-Palmolive purchased three dry pet food facilities from Red Collar Pet Foods.
7/27/2022	VCA Animal Hospital property in Indiana	Four Corners Property Trust, Inc.	VCA Animal Hospital property in Indiana comprises a healthcare property.
7/25/2022	Family Vet Group	Heartland Veterinary Partners LLC	Family Vet Group provides general veterinary care services.
7/20/2022	Piedmont Animal Health LLC	Dechra Pharmaceuticals PLC	Piedmont Animal Health LLC develops and markets companion animal health products.
7/18/2022	Assisi Animal Health LLC	Zomedica Inc.	Assisi Animal Health, LLC operates as a veterinary clinical solutions provider.
7/18/2022	Pet Emergency & Specialty Center of Marin/Wheat Ridge Animal Hospital, Inc.	Veritas Veterinary Partners	Pet Emergency & Specialty Center of Marin and Wheat Ridge Animal Hospital, Inc. operate specialty and emergency hospitals.

Source: S&P Capital IQ, Mergermarket and news sources (e.g. Wall Street Journal, and Pet Product News)

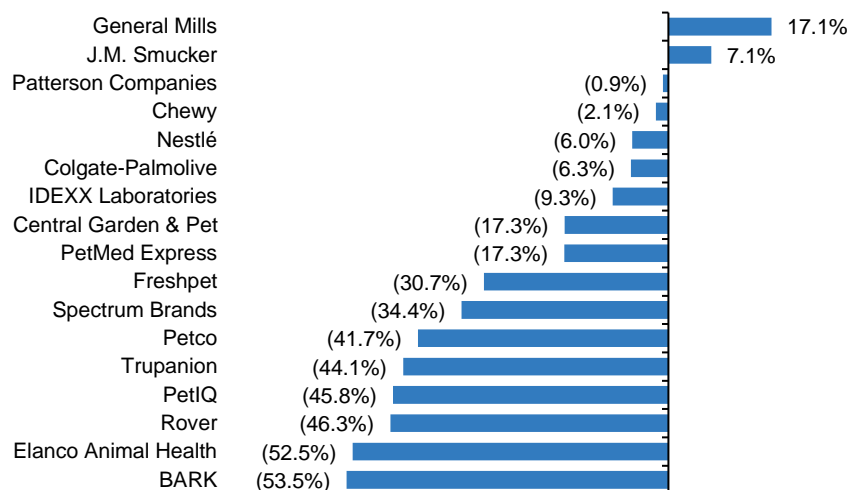
Public Trading Data for Pet Companies

(\$ in millions, except per share data)											
Pet Companies	Ticker	Market Data				Operating Metrics				Enterprise Value /	
		Feb 2023 Price	% of 52W High	Equity Value ¹	Enterprise Value ¹	LTM Revenue	% Pet	LTM Gross Margin %	LTM EBITDA Margin %	2023 Revenue	2023 EBITDA
Nestlé S.A.	NESN	\$119.87	86.2%	\$335,069	\$388,160	\$95,616	18.3%	46.7%	19.8%	3.6x	17.1x
Colgate-Palmolive Company	CL	73.92	88.2%	62,683	70,904	17,967	20.7%	57.0%	26.1%	3.8x	15.7x
General Mills, Inc.	GIS	76.79	86.9%	46,150	57,497	19,367	12.1%	32.7%	18.7%	2.8x	14.2x
IDEXX Laboratories, Inc.	IDXX	497.92	86.7%	40,412	41,707	3,340	90.7%	59.2%	29.5%	11.5x	NM
The J. M. Smucker Company	SJM	150.74	92.4%	16,230	20,818	8,169	35.6%	32.0%	18.8%	2.4x	11.7x
Chewy, Inc.	CHWY	48.80	90.1%	19,906	19,231	9,780	100.0%	27.4%	0.6%	1.7x	NM
Elanco Animal Health Incorporated	ELAN	14.25	48.0%	6,667	12,105	4,543	100.0%	57.9%	23.9%	2.8x	11.7x
Spectrum Brands Holdings, Inc.	SPB	67.14	69.8%	2,730	5,556	3,133	37.5%	31.7%	7.7%	1.7x	16.8x
Petco Health and Wellness Company, Inc.	WOOF	12.31	54.1%	3,215	4,720	5,972	100.0%	40.9%	9.3%	0.7x	7.8x
Patterson Companies, Inc.	PDCO	30.63	86.8%	2,964	3,497	6,385	61.3%	20.8%	5.4%	0.5x	9.3x
Central Garden & Pet Company	CENT	42.23	86.0%	2,198	3,297	3,305	56.2%	29.2%	10.2%	1.0x	9.3x
Freshpet, Inc.	FRPT	65.06	54.8%	3,132	2,945	545	100.0%	33.3%	NM	3.9x	NM
Trupanion, Inc.	TRUP	65.80	66.4%	2,533	2,502	854	100.0%	18.8%	NM	2.3x	NM
PetIQ, Inc.	PETQ	12.39	48.8%	353	750	934	100.0%	22.2%	1.7%	0.8x	7.2x
Rover Group, Inc.	ROVR	4.40	67.5%	811	545	160	100.0%	76.2%	NM	2.5x	19.8x
PetMed Express, Inc.	PETS	22.07	74.7%	435	339	262	100.0%	28.8%	7.9%	1.1x	10.7x
BARK, Inc.	BARK	2.19	49.0%	380	290	545	100.0%	54.8%	NM	0.5x	NM
					Median:	\$3,340	100.0%	32.7%	10.2%	2.3x	11.7x
					Average:	10,640	72.5%	39.4%	13.8%	2.6x	12.6x

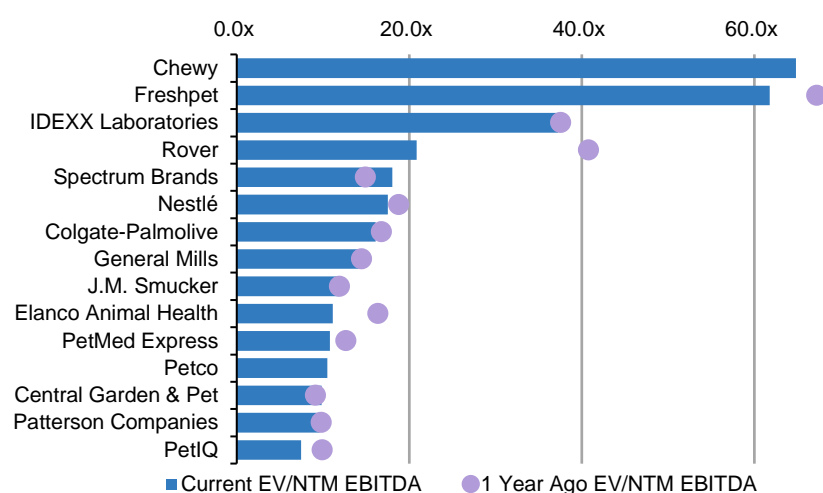
¹ Enterprise value equal to fully-diluted equity value plus net debt and non-controlling interest. Equity value shown is fully diluted.
Source: Capital IQ and SEC Filings

Public Trading Data for Pet Companies

One-Year Public Stock Performance



One-Year Change in Valuation (EV / NTM EBITDA)



3-Year Pet Company Index Return vs. S&P 500¹



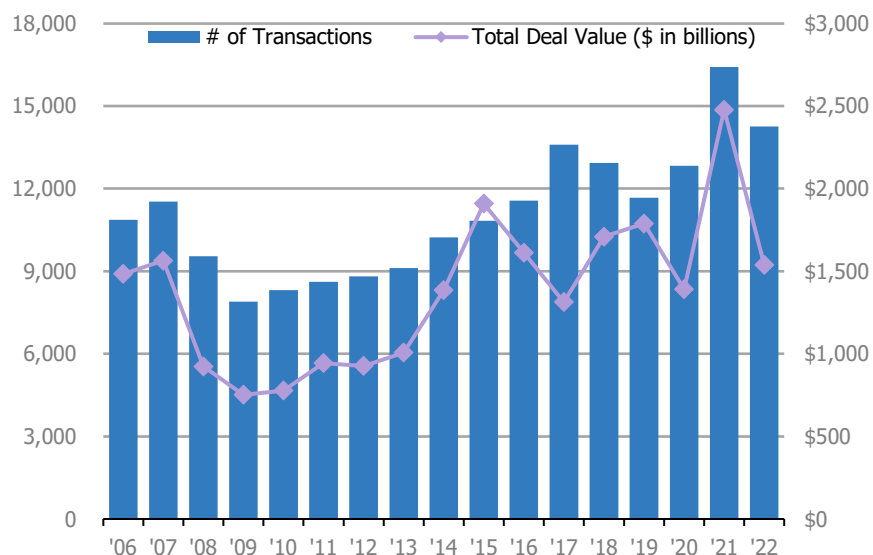
Source: S&P Capital IQ

¹Pet index constituents include companies listed on page 10. Pet index is equal-weighted.

Broader M&A Market Trends

- Global deal value fell 37% in 2022 from record highs in 2021
- Increasing interest rates contributed to a broader decrease in valuations while high inflation increased economic uncertainty
- After a modest rebound in Q4, dealmakers are optimistic about 2023 as inflation slows and the fed slows its pace of interest rate hikes

U.S. M&A Market Trends



Source: Thomson Reuters

U.S. Quarterly M&A Volume by Deal Size (\$ in millions)

