

PEAKSTONE

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Pet Industry M&A Update


January 2016

Pet Industry Update

- For 2015, strategic buyers accounted for 88% of Pet Industry M&A transactions. During 2014, strategic buyers accounted for just over 84% of the transactions.

- Notable recent M&A transactions:
 - CVC Capital Partners Limited and Canada Pension Plan Investment Board signed a definitive agreement to acquire PETCO Animal Supplies, Inc. for approximately \$4.6 billion.
 - Central Garden & Pet Company entered into an asset purchase agreement to acquire Dallas Manufacturing Company, Inc. for approximately \$61 million.
 - Patterson Companies, Inc. acquired Animal Health International, Inc. for approximately \$1.1 billion.
 - Renovo Capital and Summit Investment Management entered into an asset purchase agreement to acquire Dallas Manufacturing Company for approximately \$37 million.
 - Outward Hound, a Riverside portfolio Company, acquired Petstages, Inc. for an undisclosed amount.
 - Outward Hound, a Riverside portfolio Company, acquired Bionic for an undisclosed amount.

Peakstone Commitment to the Pet Industry



Petstages
outward hound
raise the wool
Riverside

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BIONIC
outward hound
raise the wool
Riverside

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**INTEGRATIVE
PET CARE**

Private Investor
Group

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**WAFRA
PARTNERS**

PHELPS INDUSTRIES, INC.

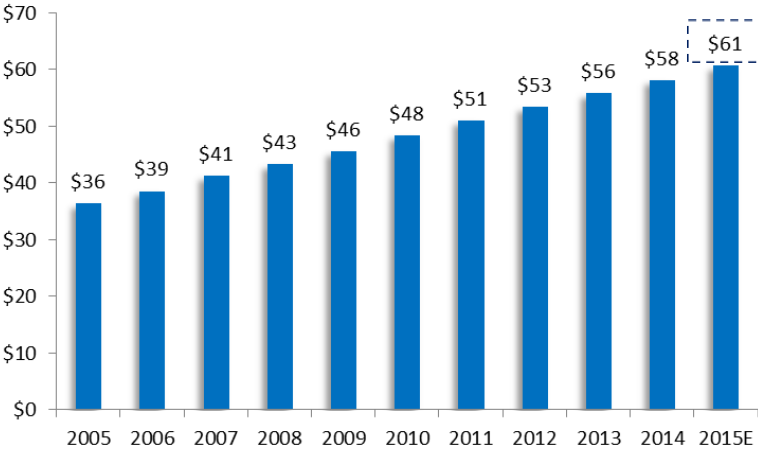
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Large & Growing Industry

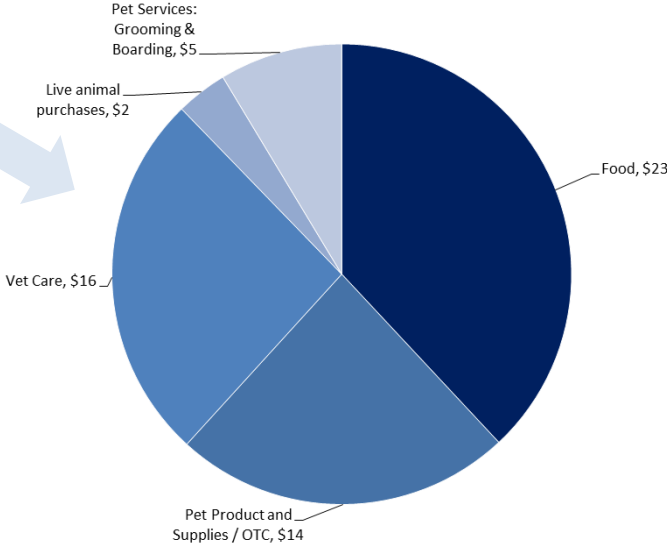
The pet industry has consistently grown through economic cycles; 3-5% growth forecasts in future

- Pet industry spending is expected to reach over \$60 billion in 2015
- 65% of U.S. households own a pet
- Forecasted annual growth of 3-5%

Total U.S. Pet Industry Expenditures (\$, in billions)



Estimated 2015 Sales within the U.S. Market (\$ in billions)

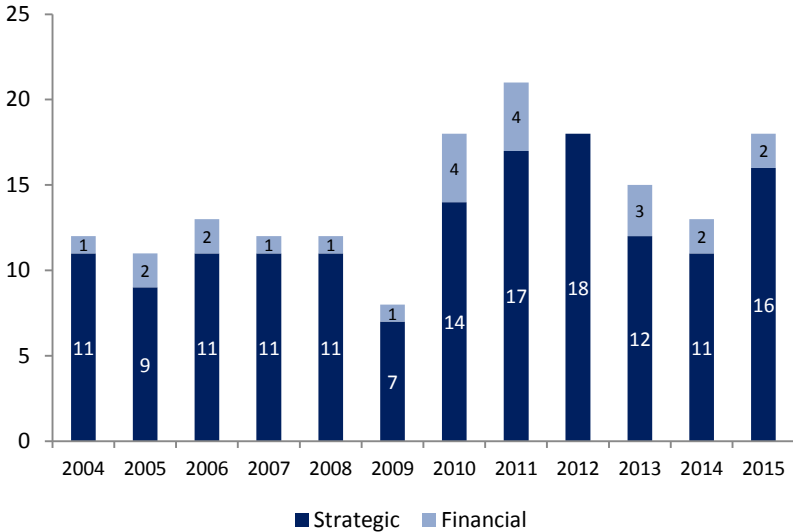


Source: Wall Street Research

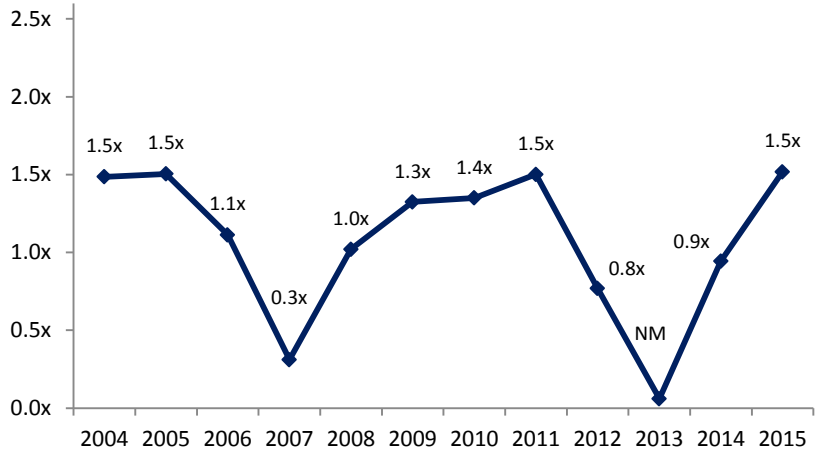
Pet Industry M&A Activity

Pet Industry transaction activity has been strong with favorable valuation trends

U.S. Pet Transactions by Buyer Type



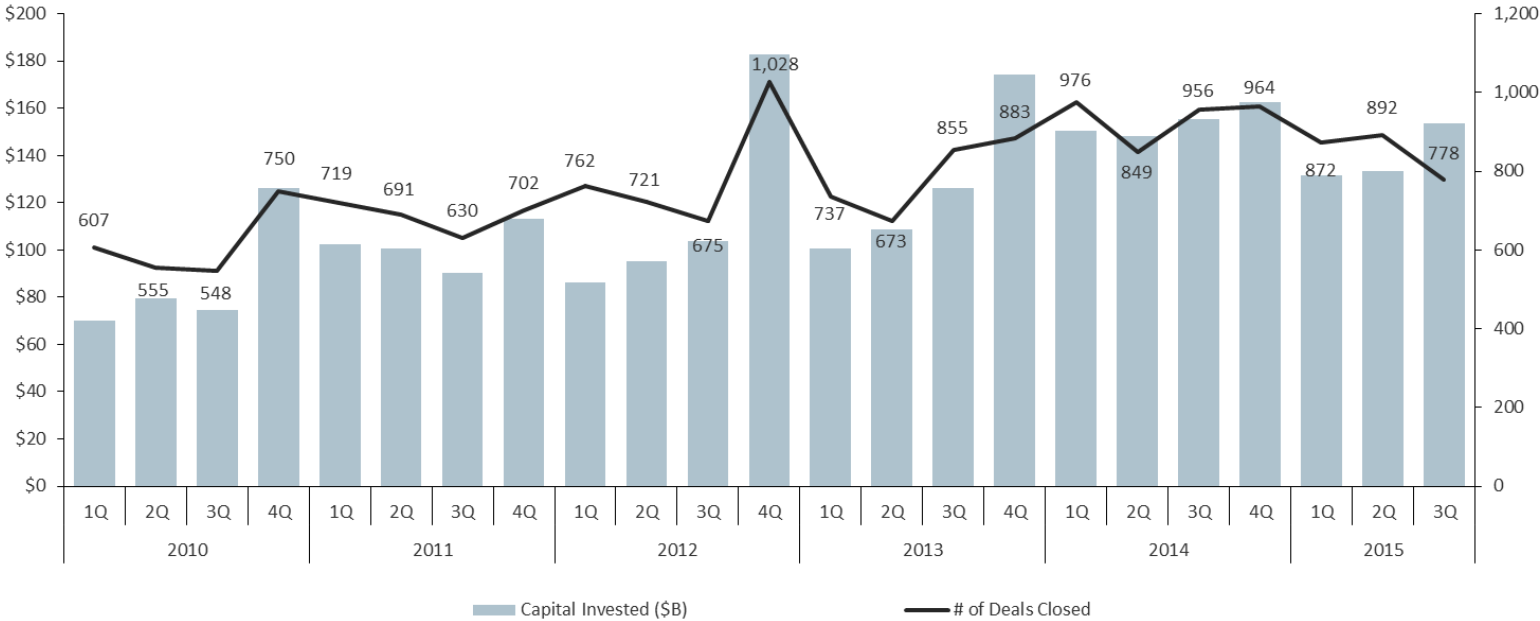
U.S. Pet Transaction EV / Revenue



Source: Capital IQ
Note: Limited sample size

Overall U.S. Middle Market M&A Activity

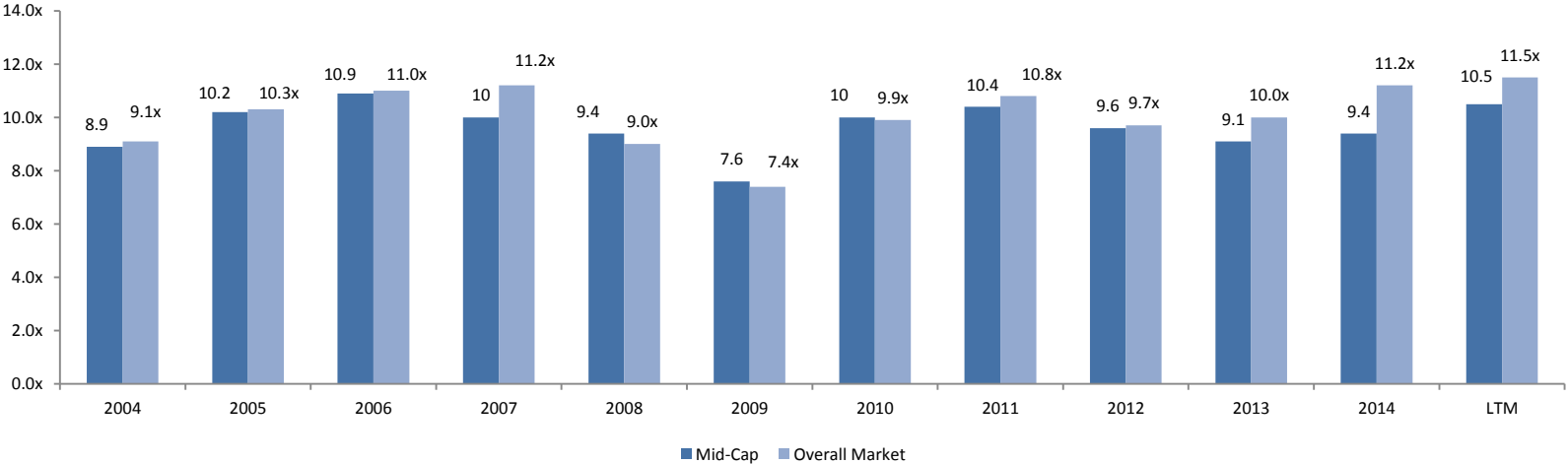
Middle Market Deal Flow by Quarter



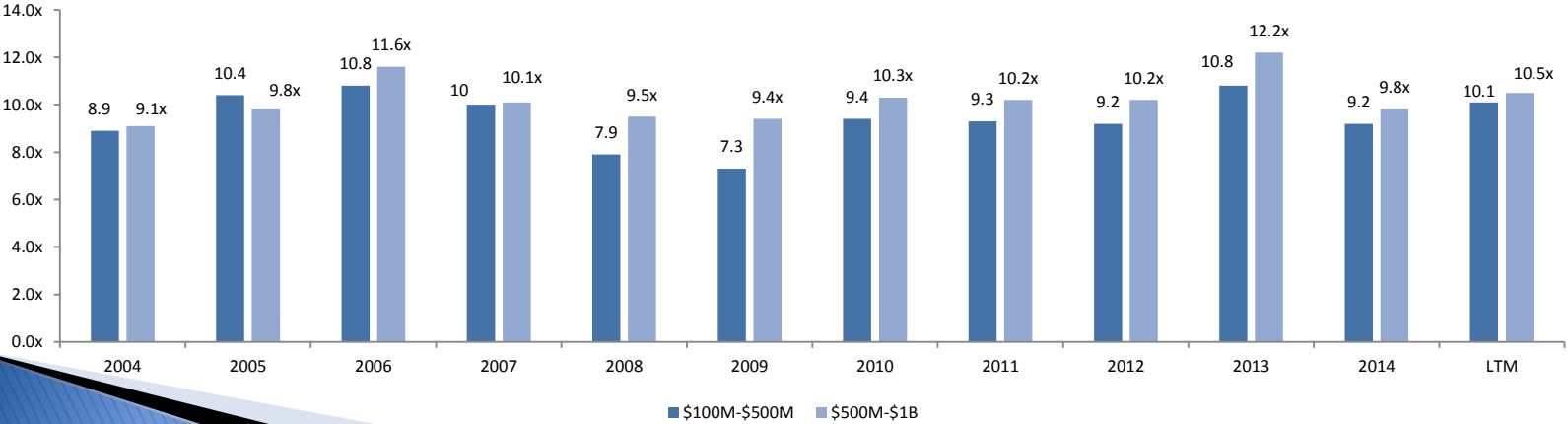
Source: Pitchbook

Overall U.S. EV/EBITDA Valuation Multiples

Median Transaction Multiples



Median Multiples by Size of Transactions



Source: Wall Street Research & Dealogic

Selected Pet Industry Transactions

Selected Pet Industry Transactions

Date	Target/Issuer	Size (\$ mm)	Buyers/Investors	Transaction Comments
12/14/2015	Jarden Corp. (NYSE:JAH)	\$15,400	Newell Rubbermaid Inc. (NYSE:NWL)	Newell Rubbermaid Inc. (NYSE:NWL) entered into an agreement to acquire Jarden Corp. (NYSE:JAH) from The Vanguard Group, Inc., J.P. Morgan Investment Management Inc. and others for approximately \$15.4 billion on December 13, 2015. Jarden shareholders will receive, for each Jarden share \$21 in cash and 0.862 shares of Newell Rubbermaid stock at closing.
11/23/2015	PETCO Animal Supplies, Inc.	\$4,600	CVC Capital Partners Limited; Canada Pension Plan Investment Board	Funds of CVC Capital Partners Limited and Canada Pension Plan Investment Board signed a definitive agreement to acquire PETCO Animal Supplies, Inc. from TPG Capital, L.P., Leonard Green & Partners, L.P., Freeman Spogli & Co. Incorporated, HarbourVest Partners, LLC and Stockwell Capital LLC for \$4.6 billion on November 23, 2015.
11/19/2015	National Consumer Outdoors Corporation	\$61	Central Garden & Pet Company (NasdaqGS:CENT)	Central Garden & Pet Company (NasdaqGS:CENT) entered into an asset purchase agreement to acquire Dallas Manufacturing Company, Inc. from Malibu Lighting Corporation for \$61 million in cash on November 12, 2015.
11/18/2015	Southside Animal Hospital	-	Southern Veterinary Partners, LLC	Southern Veterinary Partners, LLC acquired Southside Animal Hospital on November 18, 2015.
10/15/2015	Petstages, Inc	-	Outward Hound	Outward Hound acquired Petstages, Inc on October 15, 2015. Crescent Direct Lending and Babson Capital Management provided financing for the transaction. Deloitte acted as financial advisor and Joseph Hatina of Jones Day acted as legal advisor to The Riverside Company. The Peakstone Group and Meadow Lane Capital LLC acted as financial advisor to Petstages, Inc.
08/31/2015	The Choosy Pet LLC	-	ZGenders, LLC	Ballerinas And Bruisers agreed to acquire The Choosy Pet, LLC from family on August 31, 2015. The pet food will be available at Ballerinas and Bruisers beginning September 15, 2015. Choosy Pet will remain open through September 25, 2015 and will hold a retirement/moving sale.
08/17/2015	zulily, LLC	\$2,476	QVC, Inc.	QVC, Inc. entered into a definitive agreement to acquire zulily, Inc. (NasdaqGS:ZU) from Trinity X, LP, fund of Trinity Ventures, MeriTech Capital Partners, Lake Tana LLC, Alibaba Group Holding Limited (NYSE:BABA), Andressen Horowitz LLC, Greenspring Associates, Inc. and other shareholders for \$2.4 billion on August 16, 2015.
06/01/2015	Quabaug Corporation	-	Vibram USA Inc.	Vibram USA Inc. acquired Quabaug Corporation on June 1, 2015. Vibram USA and Quabaug would do business as Quabaug Vibram Innovation (QVI).
05/04/2015	Animal Health International, Inc.	\$1,100	Patterson Companies, Inc. (NasdaqGS:PDCO)	Patterson Companies, Inc. (NasdaqGS:PDCO) entered into an agreement to acquire Animal Health International, Inc. from Leonard Green & Partners, L.P., Green Equity Investors V, L.P. and others for \$1.1 billion in cash on May 2, 2015.
04/27/2015	Woodstream Corporation	-	Vestar Capital Partners, Inc.	Vestar Capital Partners, Inc. signed a definitive agreement to acquire Woodstream Corporation from Brockway Moran & Partners, Inc. and CHS Capital on April 27, 2015.
04/14/2015	Pet Supermarket, Inc.	-	Roark Capital Group	Roark Capital Partners, L.P. fund of Roark Capital Group entered into an agreement to acquire Pet Supermarket, Inc. from Charles E. West Jr. on April 14, 2015.
03/31/2015	PetSuites of America, LLC	-	National Veterinary Associates, Inc.	National Veterinary Associates, Inc. acquired PetSuites of America, LLC from River Cities Fund III, L.P. (SBI) of River Cities Capital Funds and First Avenue Partners II, L.P. of First Avenue Partners and others in
03/27/2015	SkyMall, LLC	\$2	C&A Marketing Inc.	C&A Marketing Inc. won an auction to acquire the assets of SkyMall, LLC from Xhibit Corp. (OTCPK:XBTC.Q) for \$1.9 million in cash and notes on March 25, 2015.
03/10/2015	Orabrush, Inc.	-	DenTek Oral Care, Inc.	DenTek Oral Care, Inc. acquired assets of Orabrush, Inc. on March 10, 2015.
02/05/2015	doggyloot, Inc.	-	The FamilyPet Network	The FamilyPet Network acquired doggyloot, LLC in January 2015. doggyloot, LLC will continue to operate as a separate entity and will be headquartered out of the main offices of the FamilyPet Network.
01/29/2015	Snaptracs, Inc.	-	Whistle Labs, Inc.	Whistle Labs, Inc. acquired Snaptracs, Inc from Karmel Capital and Qualcomm Technologies, Inc. on January 29, 2015.

Selected Pet Industry Transactions (continued)

Selected Pet Industry Transactions

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01/23/2015	RDB Investments, Inc.	-	Pet Valu, Inc.	Pet Valu, Inc. acquired Rdb Investments, Inc. in December 2014. The acquisition also includes Jack's Pets e-commerce division, Pet Solutions. Jack's Pets will become the Midwest division of Pet Valu, and Jack's Pets president Scott Brenner has been named vice president of Midwest Operations for Pet Valu and Chris Brenner, will be senior director of e-commerce.
01/13/2015	Bionic Pet Products Inc.	-	Outward Hound	Outward Hound acquired Bionic Pet Products on January 13, 2015. Steve Luhrs, President of Bionic Pet Products will be working with Outward Hound. Ares Capital provided financing for the transaction. Brad Curtis of The Peakstone Group acted as financial advisor.
12/14/2014	PetSmart, Inc.	\$8,936	BC Partners; GIC Special Investments Pte. Ltd.; Caisse de dépôt et placement du Québec; Longview Asset Management, LLC; StepStone Group LP; BC European Capital IX-1 L.P.	BC Partners, StepStone Group LP, Caisse de dépôt et placement du Québec, GIC Special Investments Pte. Ltd. and Longview Asset Management, LLC signed an agreement to acquire PetSmart, Inc. (NasdaqGS:PETM) from Longview Asset Management, LLC, JANA Partners LLC, Fidelity Management & Research Company, James A. Star, Paula H. Crown and other shareholders for \$8.4 billion in cash on December 14, 2014.
11/27/2014	Pugs, Inc.	-	Pugs Holdings, LLC	Pugs Holdings, LLC acquired the assets of Pugs Inc. on November 14, 2014.
11/19/2014	Drs. Foster & Smith, Inc.	-	PETCO Animal Supplies, Inc.	PETCO Animal Supplies, Inc. has entered into an agreement to acquire Drs. Foster and Smith, Inc. on November 19, 2014. The management of the company, including founding veterinarians Race Foster and Marty Smith, are expected to remain after the deal closes. Drs. Foster & Smith also will maintain its corporate headquarters and distribution facility in Rhinelander.
10/02/2014	Old Time Pottery Inc.	-	Comvest Partners	ComVest Investment Partners IV, L.P., a fund of Comvest Partners, acquired Old Time Pottery Inc. on October 2, 2014.
09/23/2014	UltiMed, Inc.	-	LDI Ltd., LLC	LDI Ltd., LLC acquired UltiMed, Inc. on August 29, 2014. The management team will remain in place.
09/16/2014	Pedigree Perfection International, Inc.	-	Ultra Paws, LLC	Ultra Paws, Inc., acquired Pedigree Perfection International, Inc. on September 16, 2014. Pedigree Perfection International was a family-owned business.
09/03/2014	Best Friends Pet Care, Inc.	-	Belvoir Investments Corporation	Belvoir Investments Corporation acquired Best Friends Pet Care, Inc. from Webster Capital and Chief Executive Officer, Shane Kelly on September 3, 2014.
08/19/2014	Pet360 Inc.	\$160	PetSmart, Inc.	PetSmart, Inc. (NasdaqGS:PETM) signed a definitive agreement to acquire Pet360, Inc. from Updata Partners, LLR Partners Inc. and others for approximately \$160 million on August 19, 2014. PetSmart will pay \$130.4 million upfront and additional \$30 million based on financial performance by the end of 2016.
07/02/2014	Vitacost.com, Inc.	\$281	The Kroger Co. (NYSE:KR)	The Kroger Co. (NYSE:KR) entered into a definitive merger agreement to acquire Vitacost.com, Inc. (NasdaqGS:VITC) for approximately \$270 million in cash on July 1, 2014. Kroger will purchase all outstanding shares of Vitacost.com for \$8.00 per share in cash.
05/22/2014	SmartPak Equine, LLC	-	Oak Hill Capital Partners; Henry Schein Animal Health Holdings Ltd	Henry Schein Animal Health Holdings Ltd, Oak Hill Capital Partners, and the management of SmartPak Equine, LLC agreed to acquire SmartPak Equine, LLC from North Bridge Growth Equity and Coastal Ventures II LLC, managed by CEI Ventures, Inc., on May 22, 2014. Henry Schein Animal Health Holdings Ltd will acquire 60% stake. SmartPak had sales of approximately \$105 million in 2013.
05/01/2014	Harlan Laboratories, Inc.	-	Life Sciences Research Ltd.	Life Sciences Research Ltd. acquired Harlan Laboratories, Inc. on May 1, 2014.
04/28/2014	DreamTime, Inc.	-	Evrholder Products, LLC	Evrholder Products, LLC acquired the assets of DreamTime, Inc. on April 28, 2014. Judy Day, the founder of DreamTime will join Evrholder Products to oversee new product development in the health and wellness category.
04/14/2014	Ultimate Pet Products, Certain Assets of ULTIMATE Cat Litter And ULTIMATE Kitty Litter	-	G That's Awesome Brands, Inc.	G That's Awesome Brands, Inc. acquired certain assets of ULTIMATE Cat Litter and ULTIMATE Kitty Litter from Ultimate Pet Products on April 14, 2014. G That's Awesome Brands will reintroduce an improved version of the ULTIMATE litter products under a new brand name, Almost Invisible Cat Litter.
02/10/2014	Pet Carousel Inc.	-	Cargill, Incorporated	Cargill, Incorporated agreed to acquire Pet Carousel Inc. on February 10, 2014. Pet Carousel was a family owned entity. Pet Carousel has annual sales of \$1.4 billion.

Selected Pet Industry Transactions (continued)

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01/07/2014	Allied Precision Industries, Inc.	-	Miller Manufacturing Company	Miller Manufacturing Company acquired Allied Precision Industries, Inc. on January 7, 2014. Allied's production, inventory and shipping operations would be relocated to Miller's Glencoe, Minnesota, location and to a sister company, Plastech Corp.'s facilities in Minnesota.
12/11/2013	Zephyr's Garden, LLC	-	Uckele Animal Health Distributing Inc.	Uckele Health & Nutrition, Inc. acquired Zephyr's Garden, LLC on December 11, 2013. Under the terms of the agreement, Zephyr's Garden will now be identified as an Uckele Health & Nutrition, Inc. company and the Zephyr's Garden product branding and formulas will remain unchanged.
11/21/2013	Trademark Global, Inc.	-	Blue Point Capital Partners	Blue Point Capital Partners II, L.P. managed by Blue Point Capital Partners acquired Trademark Global, Inc. in a recapitalization transaction on November 21, 2013.
11/19/2013	Aristocats Grooming & Training, Inc.	-	Paws 4 Fun, LLC	Ruff Housing, LLC acquired Aristocats Grooming & Training, Inc. from Yolanda Morris on November 19, 2013. Aristocats will remain at its location.
11/06/2013	PetAg, Inc.	-	PBI-Gordon Corporation	PBI/Gordon Corporation acquired PetAg, Inc. on November 6, 2013. PetAg will be integrated under BI-Gordon Corporation's Consumer Animal Products business unit which is led by Rick Blomquist.
10/27/2013	MFM Industries, Inc.	\$13	Oil-Dri Corp. of America (NYSE:ODC)	Oil-Dri Corporation of America (NYSE:ODC) agreed to acquire substantially all assets of MFM Industries, Inc. for \$12.5 million on October 25, 2013.
09/03/2013	Outward Hound	-	The Riverside Company	The Riverside Company acquired The Kyjen Company on September 3, 2013. The acquisition is a recapitalization transaction.
07/09/2013	Oreck Corporation	\$17	Royal Appliance Mfg. Co. Inc.	Royal Appliance Mfg. Co won the bid of Oreck Corporation for \$17.25 million on July 8, 2013. Royal will pay \$17.25 million in cash and will assume various debts and other liabilities of Oreck.
05/21/2013	Spongeables, LLC	-	Evriholder Products, LLC	Evriholder Products, LLC acquired the assets of Spongeables, LLC on May 21, 2013.
05/17/2013	SkyMall, LLC	\$178	Xhibit Corp.	Xhibit Corp. (OTCBB:XBTC) acquired SkyMall, Inc. from Najafi Companies and Bookspan, Inc. for approximately \$180 million in stock on May 16, 2013.
05/14/2013	FO Holdings, LLC	-	The LIDS Sports Group	The LIDS Sports Group reached an agreement to acquire Fan Outfitters from iVisionary Fund, members of Dawahare family and Tim Couch on May 14, 2013.
04/29/2013	Best Friends Pet Care, Inc.	-	Webster Capital	Webster Capital acquired majority stake of Best Friends Pet Care, Inc. from Brynwood Partners IV, L.P., a fund of Brynwood Partners on April 29, 2013.
04/24/2013	EcoMom, Inc.	-	etailz, Inc.	Green Cupboards, Inc. acquired EcoMom, Inc. from a group of investors in March, 2013.
04/12/2013	Passionate Pet, Inc.	-	Firstin Wireless Technology, Inc.	Firstin Wireless Technology, Inc. entered into share exchange agreement to acquire Passionate Pet, Inc. in a reverse merger transaction on January 23, 2013. Under the share exchange agreement, Passionate Pet, Inc. will issue 57.5 million common shares in exchange of 100% outstanding shares of Firstin Wireless Technology.
02/05/2013	Pup-Pee Solutions USA LLC	-	Radio Systems Corporation	Radio Systems Corporation acquired Pup-Pee Solutions from Tobi Skovron on February 1, 2013.
01/04/2013	Union Aquarium & Pet Supplies, Inc.	-	-	David DeLugo acquired Union Aquarium & Pet Services from Paul Sartoris on January 4, 2013.
12/31/2012	Cuddledown, Inc.	-	Potpourri Group Inc.	Potpourri Group Inc. acquired Cuddledown, Inc. on December 31, 2012.
12/26/2012	Sure Fit Inc.	-	Focus Products Group International, LLC	Focus Products Group International, LLC acquired Sure Fit Inc. from Guardian Capital Partners, management of Sure Fit Inc. and other shareholders on December 21, 2012.
12/20/2012	American Livestock Supply, Inc.	-	ProbioticSmart, LLC	ProbioticSmart, LLC acquired American Livestock Supply, Inc. from Animal Health International, Inc. in July 2012. ProbioticSmart, LLC acquired the catalog business of American Livestock Supply, Inc.
12/18/2012	Westlake Hardware, Inc.	\$88	Ace Hardware Corporation	Ace Hardware Corporation acquired Westlake Hardware, Inc. from Goldner Hawn Johnson & Morrison Inc. for \$88 million on December 17, 2012. Westlake Hardware reported revenues of \$240 million in 2011.
12/17/2012	JW Pet Company Inc. and Canine Hardware, Inc.	-	Doskocil Manufacturing Company, Inc.	Doskocil Manufacturing Company, Inc. acquired JW Pet Company Inc. and Canine Hardware, Inc. on December 17, 2012. Post acquisition Jon Willinger, founder of JW Pet Company Inc., will be appointed as Vice President of Doskocil Manufacturing Company, Inc. for toys and accessories division.
11/30/2012	Lucky Litter LLC	-	Radio Systems Corporation	Radio Systems Corporation acquired Lucky Litter LLC from Cornertone Angels on November 30, 2012.

Selected Pet Industry Transactions (continued)

Selected Pet Industry Transactions

Date	Target/Issuer	Size (\$ mm)	Buyers/Investors	Transaction Comments
10/01/2012	Mt. Pulaski Products, LLC	\$7	The Andersons, Inc. (NasdaqGS:ANDE)	The Andersons, Inc. (NasdaqGS:ANDE) signed a definitive agreement to acquire substantially all of the assets of Mt. Pulaski Products, LLC for \$7 million on October 1, 2012.
09/13/2012	Sergeants Pet Care Products, Inc.	\$285	Perrigo Company Public Limited Company (NYSE:PRGO)	Perrigo Co. (NasdaqGS:PRGO) signed a definitive agreement to acquire the assets of Sergeant's Pet Care Products, Inc. from Sowell & Company and others for approximately \$290 million in cash on September 13, 2012.
06/21/2012	PetStyle LLC	-	Pet360 Inc.	Pet Food Direct, Inc. acquired PetStyle LLC on June 21, 2012.
06/21/2012	Central Bark Doggy Day Care	-	Villa La PAWS LLC	Villa La Paws LLC acquired Bark! Doggy Daycare on June 21, 2012.
06/06/2012	Fetch Enterprises, Inc.	-	Potpourri Group Inc.	Potpourri Group Inc. acquired FetchDog from Glenn Close and her husband, David Shaw, Borealis Ventures, Harbor Light Capital Partners, LLC and Black Point Group on June 6, 2012.
05/08/2012	Classic Brands Topperscot	-	Topperscot, LLC	Topperscot, LLC acquired Classic Brands LLC on May 8, 2012. Classic Brands is now called Classic Brands Topperscot.
05/07/2012	Barneys New York, Inc.	\$540	Perry Corp; The Yucaipa Companies, LLC	Perry Capital, LLC and The Yucaipa Companies, LLC acquired majority stake in Barneys New York, Inc. for \$540 million on May 7, 2012.
04/18/2012	Gilt Groupe Inc.	\$1	Firsthand Capital Management, Inc.; Firsthand Technology Value Fund, Inc. (NasdaqGS:SVVC)	Firsthand Technology Value Fund, Inc. (MutualFund:TVFQ.X) of Firsthand Capital Management, Inc. agreed to acquire an additional unknown stake in Gilt Groupe, Inc. for \$0.9 million on April 18, 2012. Firsthand Technology Value Fund acquired 34,714 shares of Gilt Groupe.
04/16/2012	Pet Appeal, Inc.	-	Merrick Pet Care, Inc.	Merrick Pet Care, Inc. signed an agreement to acquire Pet Appeal, Inc. on April 16, 2012.
04/13/2012	Gilt Groupe Inc.	\$1	Firsthand Capital Management, Inc.; Firsthand Technology Value Fund, Inc. (NasdaqGS:SVVC)	Firsthand Technology Value Fund, Inc. (MutualFund:TVFQ.X), a fund of Firsthand Capital Management, Inc. acquired an unknown stake in Gilt Groupe, Inc. for \$1.4 million on April 9, 2012. Firsthand Technology Value Fund acquired 54,127 shares of Gilt Groupe.
02/22/2012	Mikes Feed Farm Wholesale Distribution Co.	-	Phillips Feed Service, Inc.	Phillips Feed Service, Inc. acquired Mike's Feed Farm Wholesale Distribution Co. from family on February 20, 2012. Post acquisition, Mike Goldsmith will continue to operate the Mike's Feed Farm retail store in Riverdale, New Jersey.
01/09/2012	Franchisee Consisting of Twelve Stores in Northeast Pennsylvania	-	Pet Supplies Plus/U.S.A., Inc.	Pet Supplies Plus/USA Inc. acquired franchisee consisting of twelve stores in northeast Pennsylvania from Dave McQueen and Andy Monas on January 9, 2012.

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