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Pet Industry Insight

August 2019

Pet M&A Update

Pet categories continue to see strong M&A activity

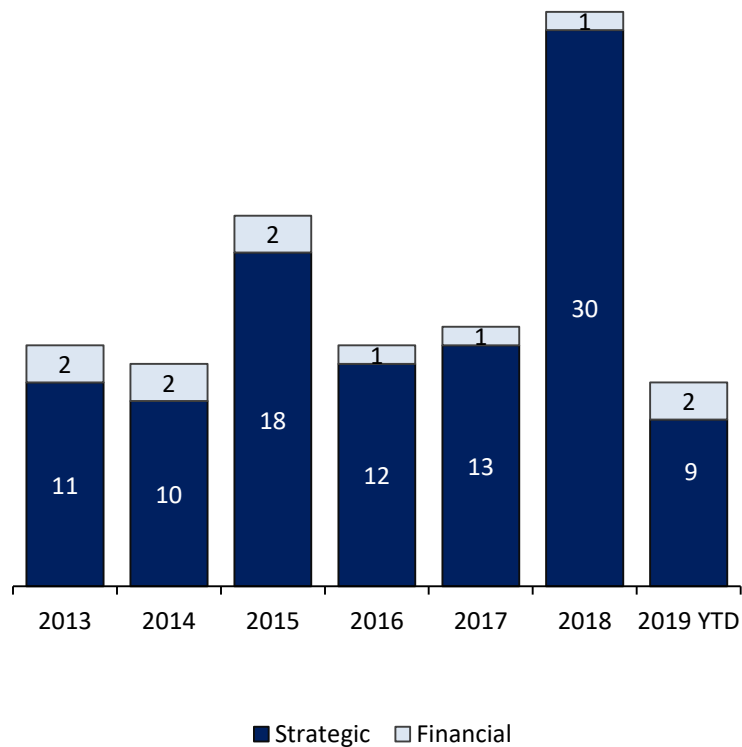
In 2019 YTD, strategic buyers accounted for 82% of Pet M&A transactions while financial buyers making up the difference. During 2018, strategic buyers accounted for approximately 97% of the transactions.

Select Recent Notable Publicly Announced M&A Transactions				
Date	Status	Target	Transaction Size	Buyer
May-2019	Closed		\$185 million	
Dec-2018	Announced	 Unleashing great ideas in pet care.	\$24 million	
Dec-2018	Closed		\$100 million	
Jun-2018	Closed	 AN AMERICAN VETERAN OWNED COMPANY	\$18 million	
Apr-2018	Closed	 PET STORE QUALITY SUPERMARKET EASY.	\$1.9 billion	

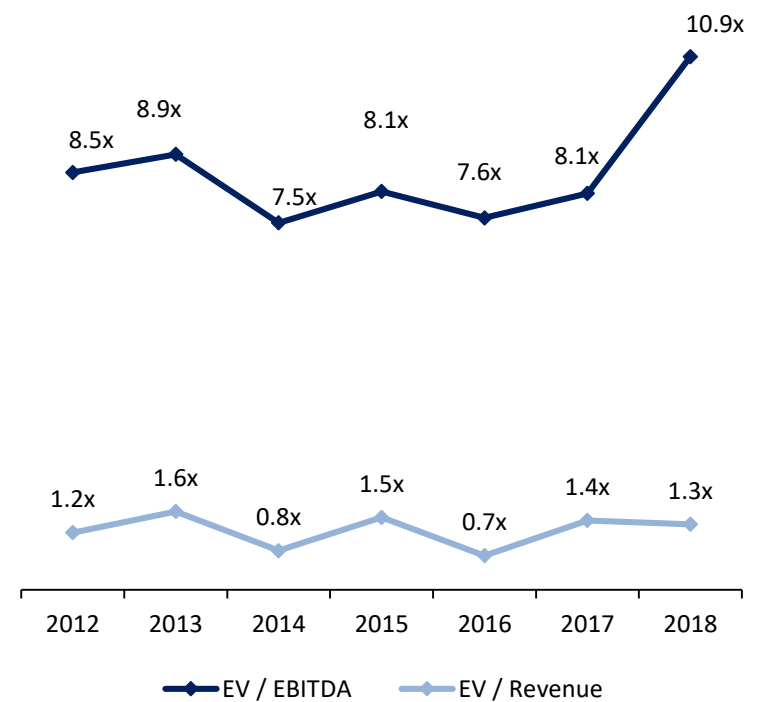
U.S. Pet Industry – M&A Market Overview

U.S. Pet transaction activity has been strong with favorable valuation metrics

U.S. Number of Transactions by Buyer Type



U.S. Pet Transaction Multiples



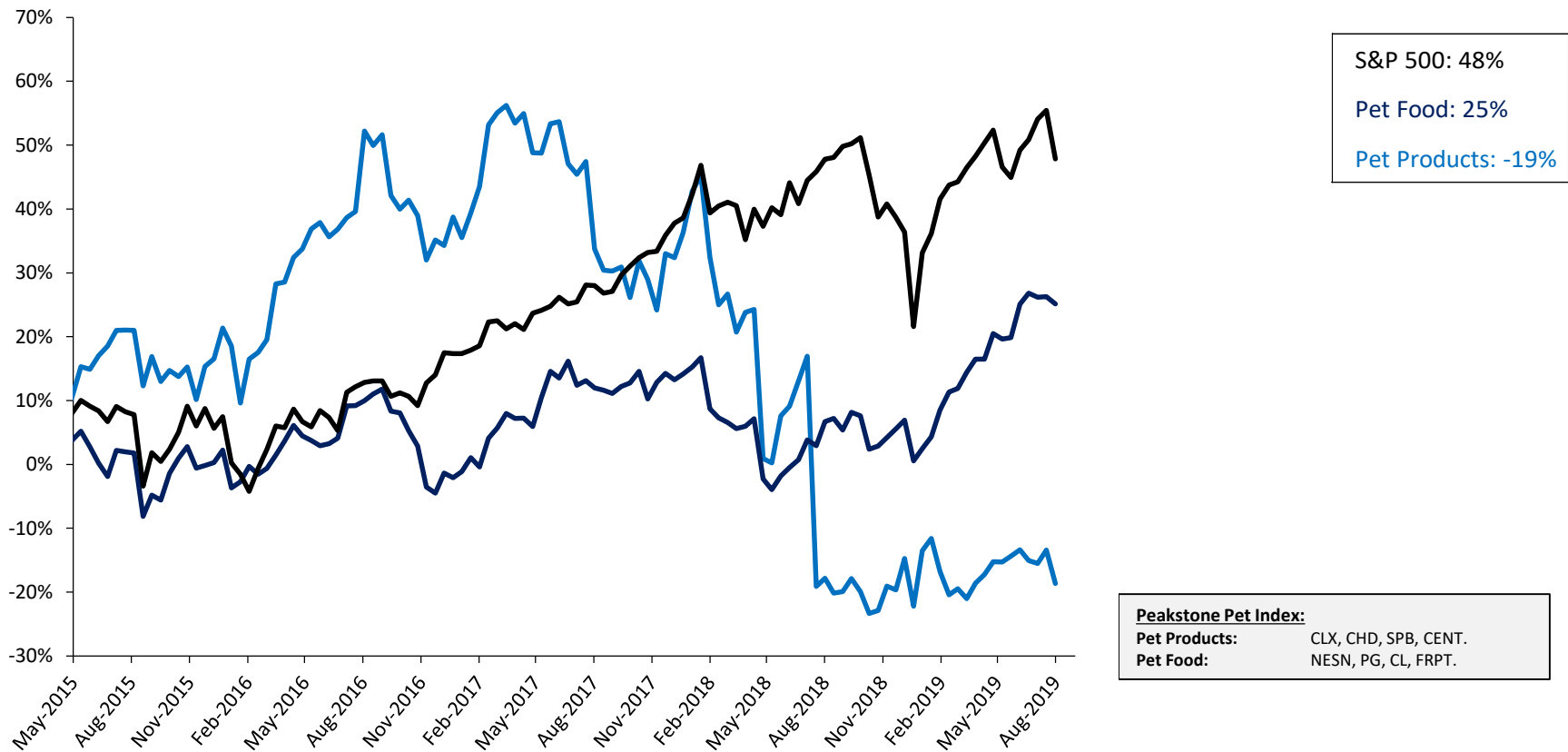
Source: Capital IQ, data as August 2019

Note: Meaningful multiples not available for 2019 YTD

Peakstone Pet Index - Trading Statistics

Some Pet categories have performed well compared to the S&P 500

Relative Stock Performance

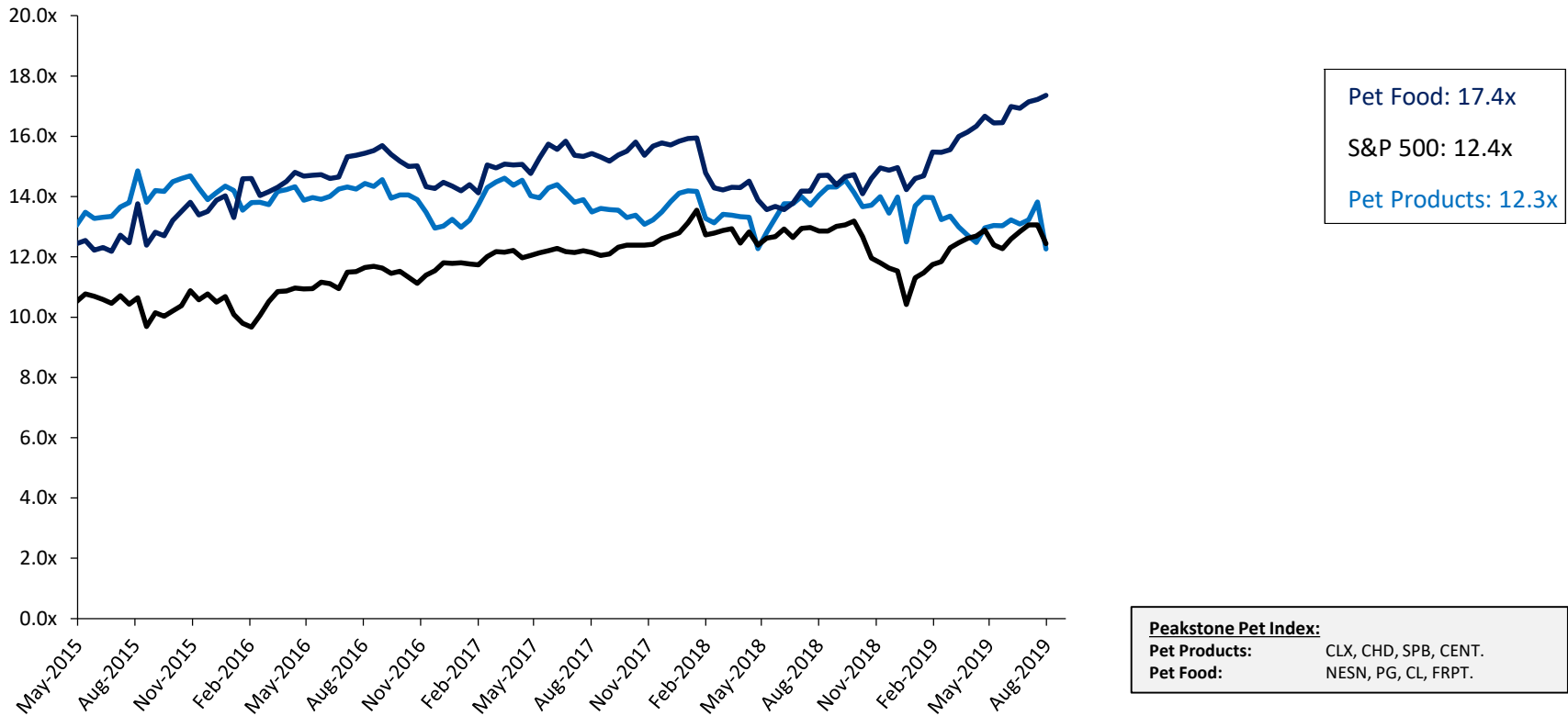


Source: Capital IQ, data as August 2019

Peakstone Pet Index - Trading Statistics

Some Pet categories have performed well compared to the S&P 500

Comparable Valuation Trends – Enterprise Value / EBITDA



Source: Capital IQ, data as August 2019

Selected Public Trading Comparable

Selected Public Trading Comparables

(\$ in millions)

Company Name	Market Cap	Enterprise Value	Enterprise Value /			Forward P/E Ratio	Gross Margin %	EBITDA Margin %
			Revenue	EBITDA	EBIT			
Pet Products								
The Clorox Company	\$19,746	\$22,318	3.6x	17.2x	19.9x	24.3x	44%	21%
Church & Dwight Co., Inc.	\$18,320	\$20,606	4.9x	21.1x	24.8x	28.6x	45%	23%
Central Garden & Pet Company	\$1,282	\$1,530	0.7x	7.3x	9.6x	12.8x	30%	9%
Spectrum Brands Legacy, Inc.	\$0	\$0	0.0x	0.0x	0.0x	0.0x	37%	16%
Pet Products Median	\$9,801	\$11,068	2.1x	12.3x	14.8x	18.5x	40%	18%
Pet Food								
Nestlé S.A.	\$305,131	\$345,179	3.6x	17.0x	20.0x	22.3x	50%	20%
The Procter & Gamble Company	\$282,485	\$302,290	4.5x	17.7x	21.2x	23.3x	49%	25%
Colgate-Palmolive Company	\$59,031	\$65,767	4.3x	16.1x	18.4x	23.3x	59%	26%
Freshpet, Inc.	\$1,522	\$1,555	7.2x	182.2x	NM	163.1x	46%	4%
Pet Food Median	\$170,758	\$184,028	4.4x	17.4x	20.0x	23.3x	50%	23%
Total Pet Median	\$19,033	\$21,462	3.9x	17.1x	19.9x	23.3x	45%	21%

Source: Capital IQ, data as August 2019

Selected Pet Industry Transactions

Selected Pet Transactions


Date	Target / Issuer	Transaction Size (\$mm)	Buyers / Investors	EV / EBITDA	Transaction Comments
05/08/2019	Sergeant's Pet Care Products, Inc.	\$185	PetiQ, LLC	-	PetiQ, LLC entered into a purchase and sale agreement to acquire Sergeants Pet Care Products, Inc. from L. Perrigo Company Inc. approximately \$190 million on May 8, 2019.
12/19/2018	OurPet's Company (OTCPK:OPCO)	\$24	Hyper-Pet LLC	10.6x	Hyper-Pet LLC signed a definitive merger agreement to acquire OurPet's Company (OTCPK:OPCO) ("OPCO") for \$20 million on December 18, 2018.
12/03/2018	Morinda Holdings, Inc.	\$100	New Age Beverages Corporation (NasdaqCM:NBEV)	5.0x	New Age Beverages Corporation (NasdaqCM:NBEV) entered into a definitive agreement to acquire Morinda Holdings, Inc. for approximately \$100 million on December 2, 2018.
06/13/2018	Sam Tucker, LLC	\$18	Culp, Inc. (NYSE:CULP)	-	Culp, Inc. (NYSE:CULP) signed a definitive agreement to acquire 80% stake in Sam Tucker, LLC from Paul Saunders, founder and Chief Executive Officer of Sam Tucker, LLC on June 13, 2018.
04/04/2018	Ainsworth Pet Nutrition Parent, LLC	\$1,900	NU Pet Company	-	NU Pet Company entered into a definitive agreement to acquire Ainsworth Pet Nutrition, LLC from L Catterton and the Lang Family for \$1.9 billion on April 4, 2018. The purchase price will be paid in cash and funded with debt.
02/26/2018	Spectrum Brands Legacy, Inc.	\$2,336	Spectrum Brands Holdings, Inc. (NYSE:SPB)	11.2x	HRG Group, Inc. (NYSE:HRG) entered into a definitive agreement to acquire remaining 40.67% stake in Spectrum Brands Holdings, Inc. (NYSE:SPB) for approximately \$2.3 billion on February 24, 2018.
02/23/2018	Blue Buffalo Pet Products, Inc.	\$8,326	General Mills, Inc. (NYSE:GIS)	25.6x	General Mills, Inc. (NYSE:GIS) entered into an agreement to acquire Blue Buffalo Pet Products, Inc.

Source: Capital IQ

Peakstone Momentum

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Peakstone Commitment to the Pet Industry



Petstages
outward
hound
raise the woof
Riverside

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BIONIC
outward
hound
raise the woof
Riverside

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Private Investor
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Peakstone is an investment bank that specializes in mergers and acquisitions advisory and capital raising for middle market clients. Our team is comprised of senior investment banking professionals who have decades of experience and have executed hundreds of transactions totaling billions of dollars. For additional information, visit www.peakstone.com.

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