



PEAKSTONE

Pet Industry M&A and Valuation Insights

June 2022

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Overview

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2008 <i>Year Founded</i>	500+ <i>Transactions by Peakstone MDs</i>	\$200+ Billion <i>Capital Raised by Peakstone MDs</i>	25+ Years <i>Average Years of Peakstone MD Experience</i>
40+ <i>Investment Banking Professionals</i>	18+ <i>Industries Covered</i>	\$10 - \$500 Million <i>Client Revenue Profile</i>	30+ Countries <i>Global Reach</i>

Selected Transactions

 Financial Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 M&A Advisor PEAKSTONE	 Financial Advisor PEAKSTONE	 M&A Advisor PEAKSTONE
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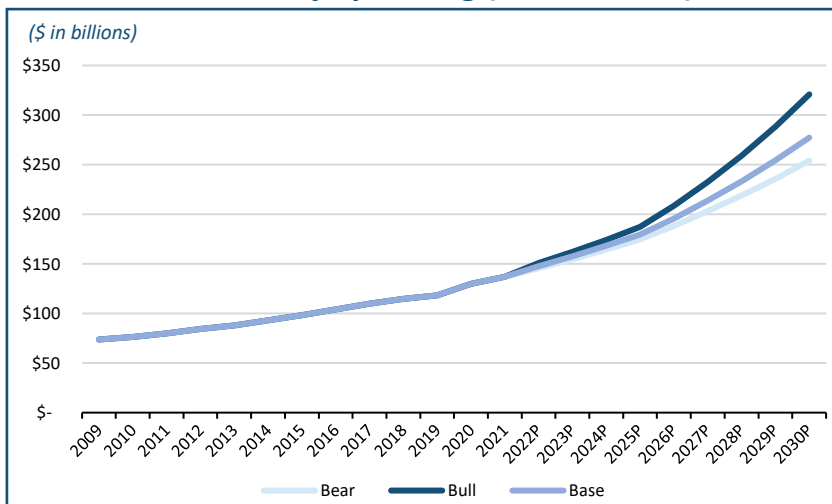
Industry Trends

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Overall Growth

Due to the overall willingness to pay in the industry, the strong interest of millennials to increase their pet ownership, and the catalyst effects of COVID-19, the Pet Industry shows to be a rapidly growing industry and more recession-resistant than other consumer-based industries. Overall, it is estimated that U.S. Pet Care spending will increase to \$277b by 2030 (bear \$254b/bull \$321b), reflecting an 8% CAGR.

U.S. Pet Industry Spending (2009 – 2030)



Source: Morgan Stanley

COVID-19 Effects

Pet ownership growth more than tripled during the COVID-19 pandemic. After averaging ~1% of annual growth in household pet ownership over the last decade, ownership hit 3.6% annual growth in 2020.

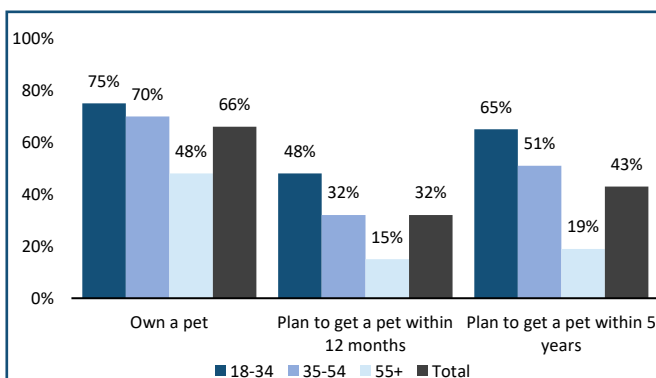
Willingness to Pay

Average annual household spending per pet could grow from \$980 in 2020 to \$1,292 by 2025 (Morgan Stanley). In a 2020 survey, 72% of respondents indicated that they would not alter spending on pet food regardless of their finances.

Millennial Support

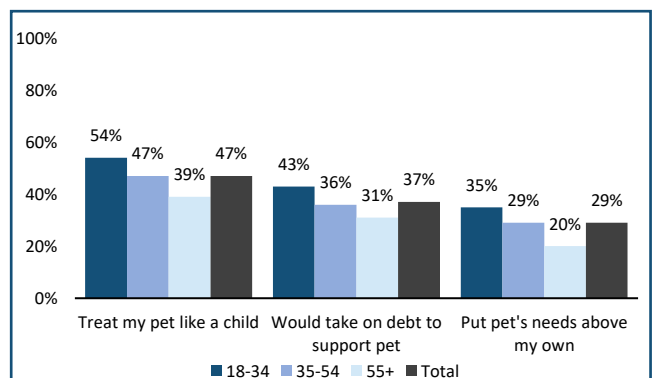
In 2019 Millennials became the generation with the largest spending power. Chart 1 (below) shows that 65% of Gen-Z and Millennials plan to acquire or add a pet in the next five years vs. 43% of others. Chart 2 (below) shows that Gen Z and Millennials are far more willing to spend more on their pets than consumers in any other age range. Millennials are the largest consumers in the pet industry and continue to increase their share of spending power, positioning the pet industry for continued growth.

Pet Ownership Among Age Groups



Source: AlphaWise

Priority of Pet Among Age Groups

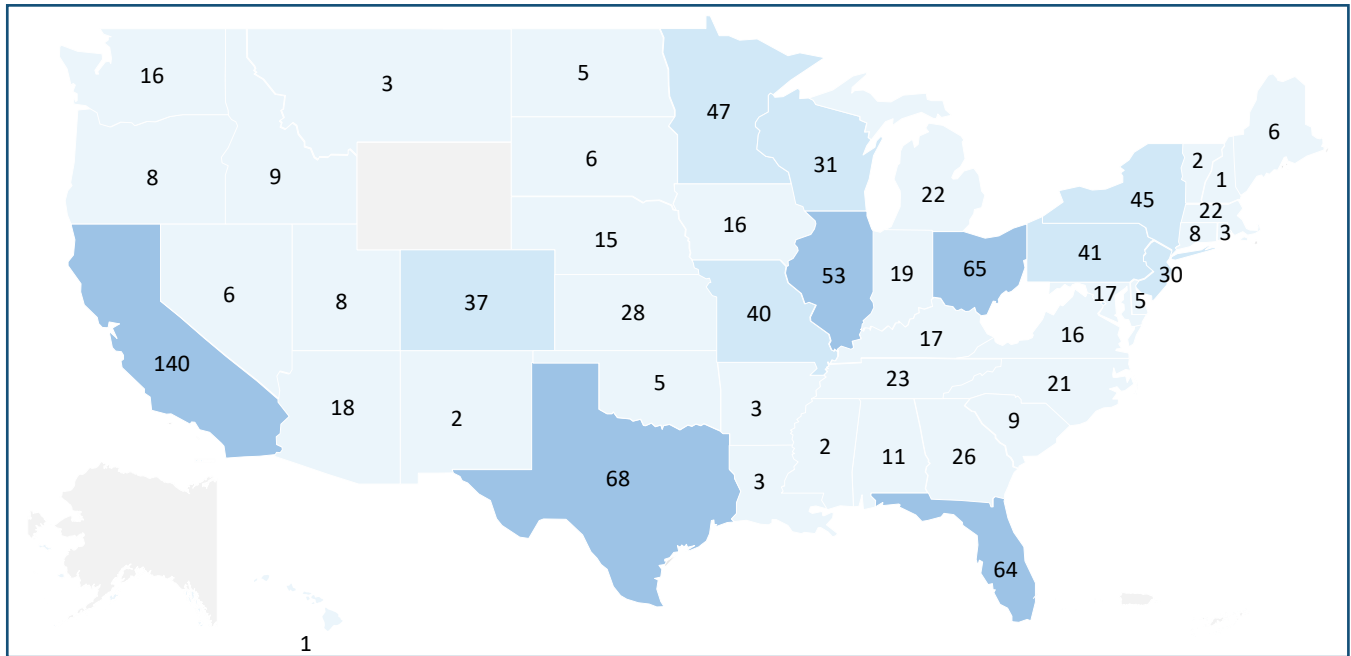


Source: AlphaWise

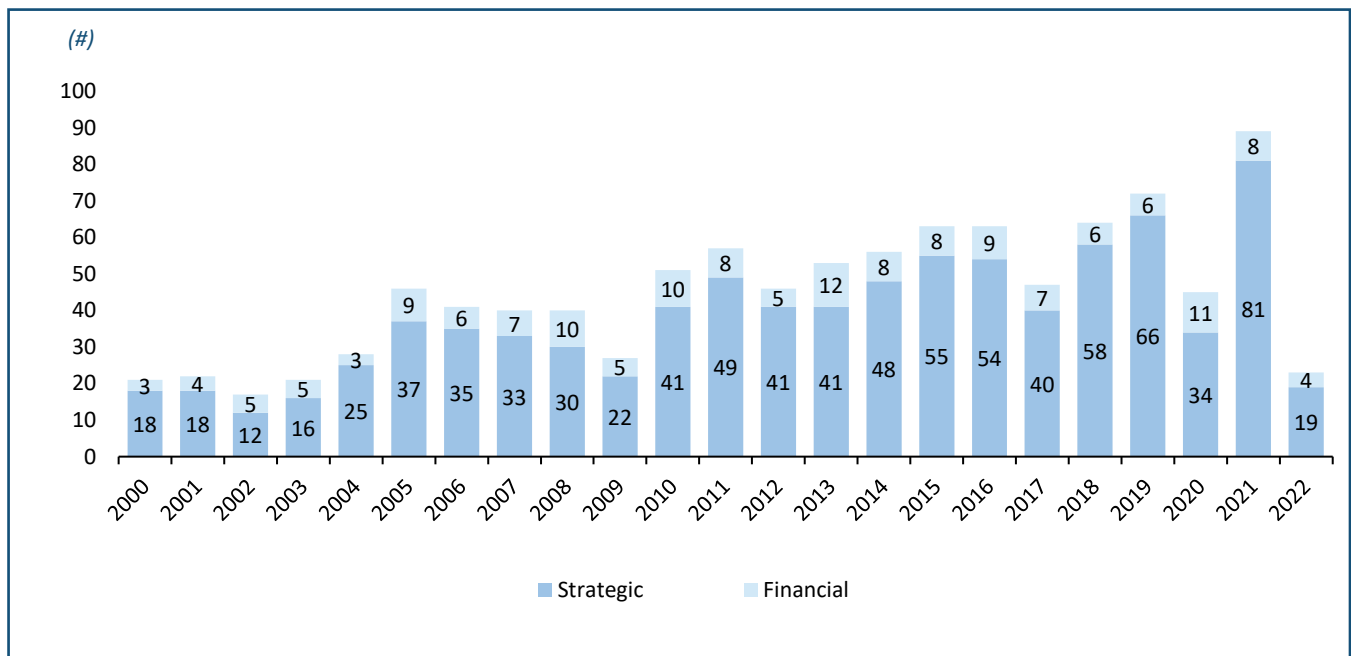
U.S. M&A Activity

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Pet M&A Count Across the U.S. (2000 – Mar'2022)



U.S. Pet M&A Count (2000 – Mar'2022)

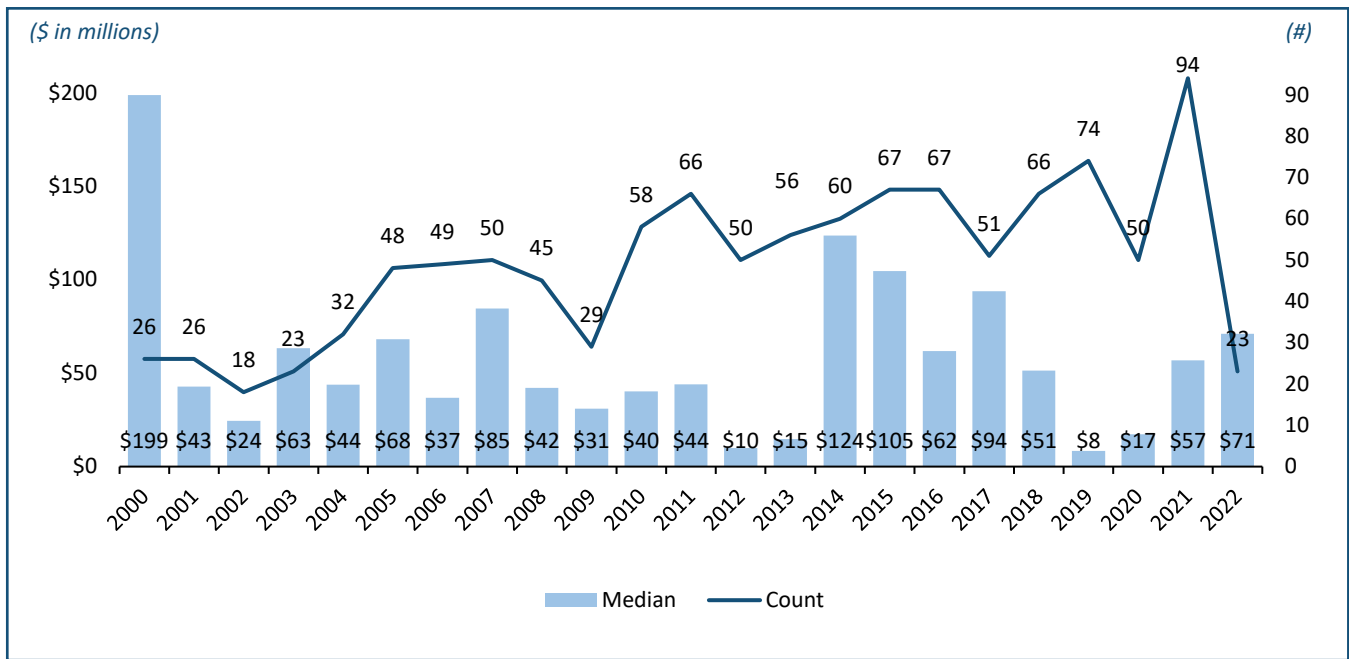


Source: Capital IQ
 Note: As of Mar 31, 2022

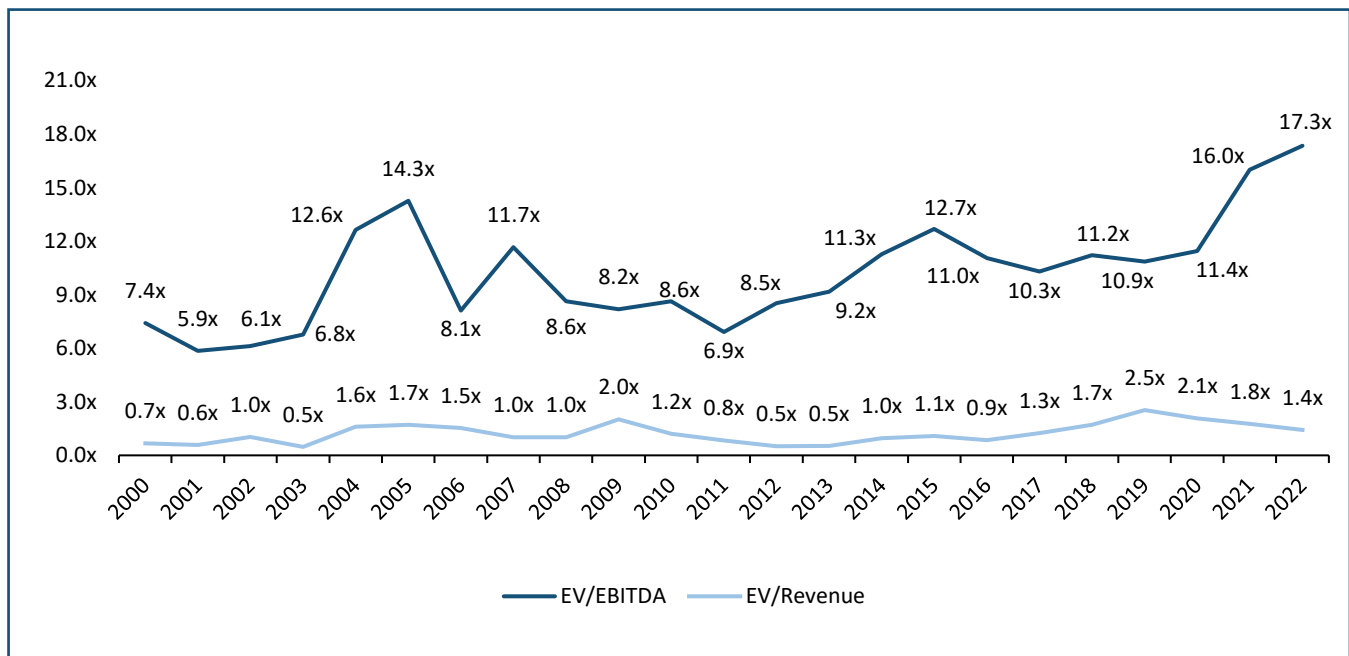
Transaction Analysis

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Median Transaction Value (2000 – Mar'2022)



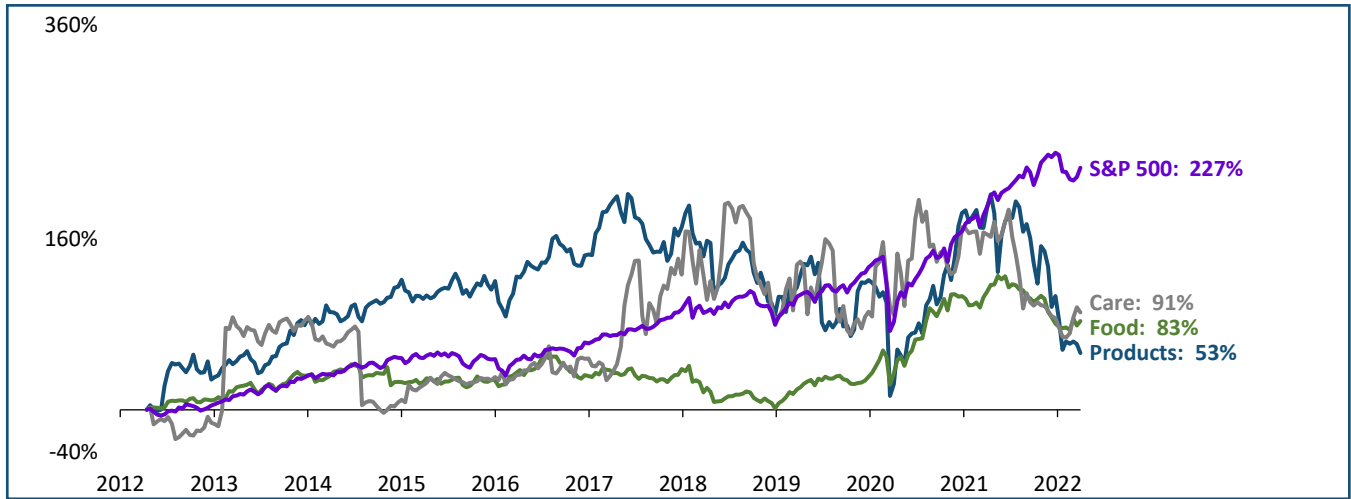
Median EV Multiples (2000 – Mar'2022)



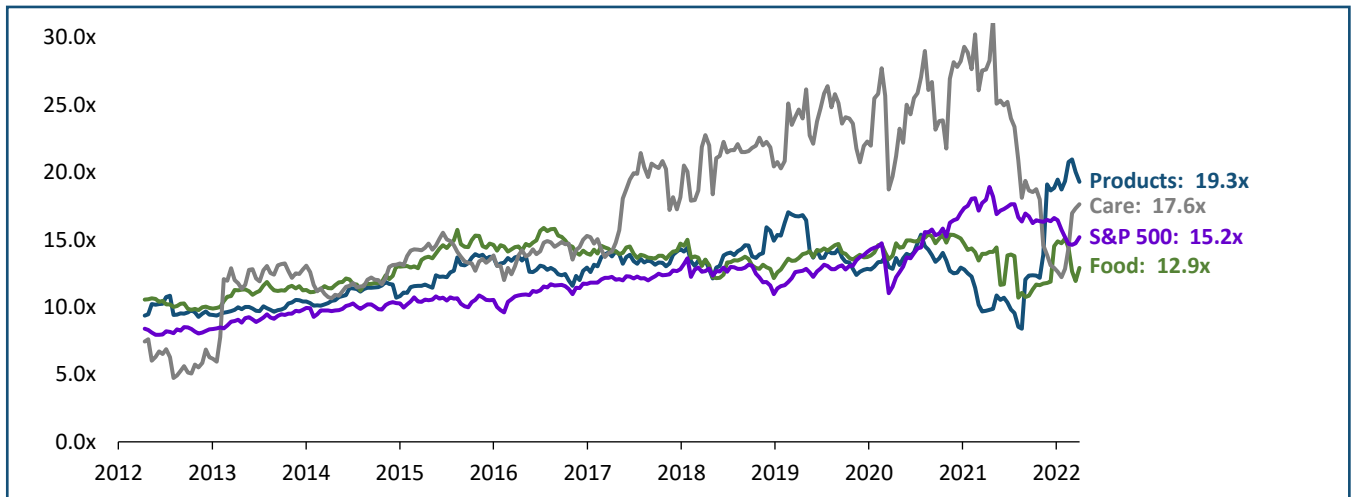
Source: Capital IQ

Note: 2016 and 2019 EV/EBITDA and 2016 EV/Revenue are shown as the average of the preceding and following years due to the presence of outliers; Jan-Mar'2022 EV/Revenue and EV/EBITDA are shown as the average of preceding quarters due to small sample size; As of Mar 31, 2022

Relative Stock Performance (2012 – Mar'2022)



EV/EBITDA Trend (2012 – Mar'2022)



Key

— Pet Products Index (“Products”)
 — Pet Food Index (“Food”)

— Pet Care and Services Index (“Care”)
 — S&P 500

Peakstone Pet Products Index: CLX, CHD, SPB, CENT, CHWY, WOOF, BARK

Peakstone Pet Food Index: SJM, FRPT, CL, GIS

Peakstone Pet Care and Services Index: ZTS, ROVR, TRUP, PETS, ZOM, PETQ

Source: Capital IQ

Note: As of Mar 31, 2022

Selected Transactions

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Date	Target	Buyer	Deal Size (\$mm)	Target Description	Transaction Comments
Jan-2022	The Garmon Corporation	Swedencare	\$468	The Garmon Corporation manufactures and markets natural supplements and training aids for the pet industry	Swedencare AB (OM:SECARE) agreed to acquire The Garmon Corporation for ~\$470 million on January 26, 2022.
Jan-2022	Airdrie at Paoli Station	Sentinel Real Estate Corporation	\$71	Airdrie at Paoli Station comprises a modern, pet-friendly apartment community	Sentinel Real Estate Corporation acquired Airdrie at Paoli Station for \$71 million at end of the year 2021.
Dec-2022	Oxbow Enterprises	Manna Pro Products	\$135	Oxbow Enterprises, a pet nutrition company, engages in the production of food and nutritional products for animals	Manna Pro Products acquired Oxbow Enterprises from a family for ~\$140 million in December 2021.
Dec-2021	Beekman 1802	Eurazeo, Cohesive Capital Management, Cherng Family Trust	\$92	Beekman 1802 produces and sells food, beauty, home, pet products, and outdoor products	Eurazeo (ENXTPA:RF), Cherng Family Trust and Cohesive Capital Management acquired a controlling stake in Beekman 1802 for \$92 million on December 13, 2021.
Dec-2021	GlobalOne Pet Products	Nextmune	\$80	GlobalOne Pet Products produces and sells super premium pet treats and chews	Nextmune agreed to acquire GlobalOne Pet Products for \$80 million on December 4, 2021. The purchase price amounts to \$50 million and an additional \$30 million vested over three years from 2022 and based on financial performance.
Dec-2021	Private Label Dry Pet Food Business and Manufacturing Facility of The J. M. Smucker Company	Schell & Kampeter	\$33	Private Label Dry Pet Food Business and Manufacturing Facility of The J. M. Smucker Company comprises pet food business and manufacturing facility	Schell & Kampeter acquired Private Label Dry Pet Food Business and Manufacturing Facility of The J. M. Smucker Company (NYSE:SJM) for \$33 million on December 1, 2021. Divested business generated net sales of ~\$95 million for the fiscal year ended April 30, 2021.

Note: Selected transactions have disclosed transaction value