



# Pet Products

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M&A Update | Q4 2022

# Comparable Analyses



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## Comparable Valuation Analyses

**“Market-check” valuations are obtained from comparable public-trading metrics and published data from sector M&A transactions**

- **Pet Products:** Industry has relatively few pure-play publicly traded companies with most being large, diversified companies touching all industry products/services and many non-pet products
  - As shown, these companies trade at significant multiples, making smaller acquisitions extremely attractive and accretive to the buyer – i.e., buyers have significant room to “pay up” for a right-fit transaction

# Comparable Public Valuation

Ticker	Company	Share Price 11/01/21	Market Cap (\$M)	Enterprise Value (\$M)	EV/Revenue			EV/EBITDA			
					LTM	2021E	2022E	LTM	2021E	2022E	
CLX	The Clorox Company	163.01	20,019.8	23,067.8	3.1x	3.3x	3.2x	15.0x	19.3x	16.4x	
SPB	Spectrum Brands Holdings, Inc.	93.75	3,986.8	6,658.2	1.4x	1.5x	1.4x	9.4x	9.8x	9.4x	
CHD	Church & Dwight Co., Inc.	87.36	21,328.8	23,121.3	4.5x	4.3x	4.2x	19.2x	18.0x	17.0x	
TSCO	Tractor Supply Company	217.17	24,830.9	27,588.5	2.2x	2.1x	2.0x	13.0x	16.9x	15.9x	
PETS	PetMed Express, Inc.	28.43	590.8	484.3	1.7x	1.7x	1.6x	14.3x	15.5x	12.7x	
CENT	Central Garden & Pet Company	51.58	2,643.3	3,466.3	1.1x	1.0x	1.0x	8.8x	9.8x	9.3x	
*All company headquarters are in the U.S.					<b>Mean</b>	2.3x	2.3x	2.2x	13.3x	14.9x	13.5x
					<b>Median</b>	2.0x	1.9x	1.8x	13.7x	16.2x	14.3x

## Comparable Transaction Valuations

- **Industry Transactions:** As shown in the following slides, most sector transactions are completed without published data. Nonetheless, we were able to obtain the below unpublished data points provided on a blinded basis
- **Industry CEO Insights:** We also have spoken with industry CEOs who have direct or second hand knowledge of recent transactions. Feedback is, of course, optimistic with many approaching 12x

Transactions by TEV Size	Avg. TEV	Avg. Revenue	EBITDA Margin	TEV/Revenue	TEV/EBITDA
\$10M-\$25M	\$19.7M	\$20.3M	13.3%	1.0x	7.7x
\$25M-\$100M	\$40.8M	\$33.5M	18.4%	1.2x	6.8x

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# Comparable Transaction Valuations

## COVID-19 Implications:

- Private Equity: lower commercial bank leverage leads to increased equity check sizes and lowered multiples (applied against LTM numbers, with opportunity “earn-up” in 2021)
- Strategic: less aggressive multiples, proportional with Private Equity offers and reflecting their own public or perceived valuations

**Other:** Potential Biden Tax Plan Ramifications (doubling of Capital Gains rates, etc.)

# M&A Market Overview



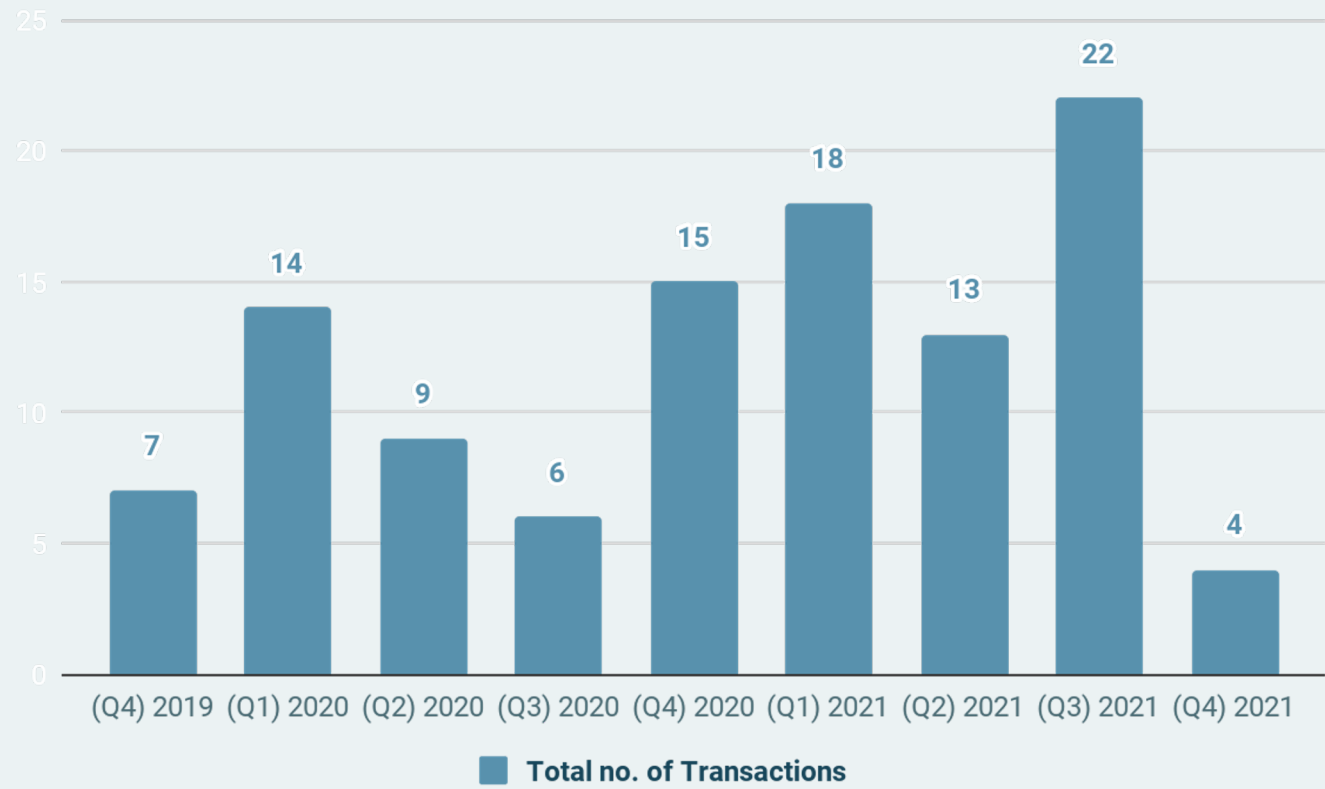
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## M&A Market Overview

- The Pet Products industry witnessed 31 M&A deals in H1 2021 compared to 23 M&A deals in H1 2020
- Nearly 100% of M&A deals in the last two-years in the Pet Products industry were strategic buyer transactions, excluding undisclosed buyers
- As outlined in the following slides, recent transactions include Petmate's acquisition of Cosmic Pet LLC in October 2021; United Raw Pet Foods Inc.'s acquisition of Pets West Pets & Supplies Ltd. in October 2021; and Manna Pro Products, LLC.'s acquisition of Dinovite, Inc. in September 2021



# M&A Market Overview



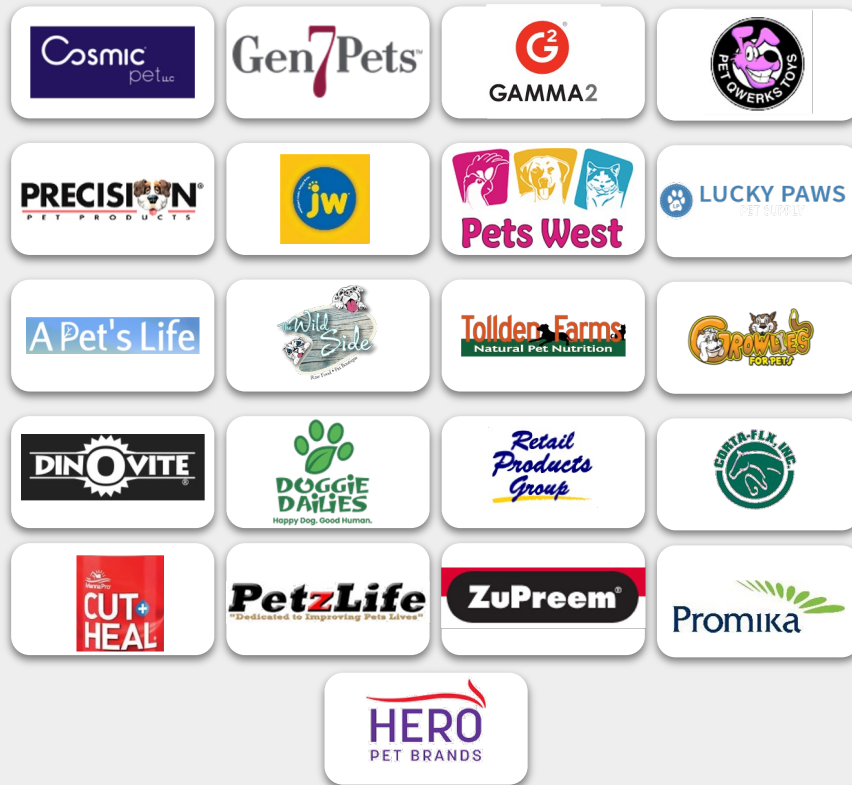
# Pet Products - Acquisition Rollups



# Buyer



# Acquisitions



# Strategic Buyer Acquisitions



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# M&A News

## Petmate acquires Cosmic Pet LLC for an undisclosed amount (10/25/2021)

### Target Business Description:

- Cosmic Pet LLC designs, produces, and markets collars and leashes for pets. It was founded in 1983 and is headquartered in Wichita, KS
- It offers toys, training aides, ball launchers, sports balls, retractable leashes, doggie bags, tweeter balls, tire tossers, throwers, ropes, and tire treads
- The company offers its products through dealers

### Buyer Business Description:

- Founded in 1959 as Duskocil Manufacturing, Inc., Petmate, headquartered in Arlington, TX is passionate about providing fun, trusted quality products worldwide to enhance the lives of pets and their families. It manufactures and sells pet care products
- It offers accessories, apparel, bedding, collars and leashes, feeding and watering products, grooming products, kennels and carriers, shelters, toys, and travel and waste management products for dogs, cats, birds, and small pets.
- It offers products through dealers and retail stores, as well as online in the United States
- Petmate's portfolio of pet, family-favorite brands include Chuckit!®, Pet Qwerks®, Healthy Chews™, Gamma2®, JW® and, La-Z-Boy®. For more information, visit [petmate.com](https://www.petmate.com)
- Petmate, acquired by Platinum Equity in September 2021

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# M&A News

## Petmate acquires Cosmic Pet LLC for an undisclosed amount

### Transaction Rationale:

- *"The U.S. pet industry continues to demonstrate steady growth fueled by increased consumer demand for products that improve the quality of life for pets. As the market grows, large national retailers are increasingly looking for partners with diverse and comprehensive product portfolios," said Platinum Equity Managing Director Adam Cooper. "This combination will create a differentiated platform of scale with powerful brand equity, a unique and innovative product mix, diversified end channels, and expertise in both branded and private label offerings."*
- *"Petmate and Cosmic Pet are an ideal fit, with complementary strengths and a shared commitment to serving the needs of passionate pet owners throughout the country," said Ms. Tillett, Petmate CEO who will lead the combined company. "This is an exciting opportunity to bring together two best-in-class companies facilitating a transformational step in the growth and evolution of our business."*
- *Platinum Equity expects to continue using its M&A resources to help expand on the platform. "The addition of Cosmic Pet is an important first step, but the market remains highly fragmented with numerous additional opportunities to accelerate growth through acquisition," added Mr. Cooper.*



The Petmate logo consists of the word "Petmate" in a white, bold, sans-serif font, centered within a blue, horizontally-oriented oval shape.

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# M&A News

## United Raw Pet Foods Inc. acquires Pets West Pets & Supplies Ltd., for an undisclosed amount (10/18/2021)

### Target Business Description:

- Pets West Pets & Supplies Ltd. is a full-line retailer offering a wide range of food and supplies for dogs, cats and exotic animals. The company was incorporated in 1998 and is headquartered in Victoria, Canada
- It owns and operates pet store that sells food for dogs, cats, birds, fish, small animals, reptiles, and wild birds
- Under the ownership of Lisa Nitkin since 1989, Pets West has become known as “Victoria’s Favorite Local Pet Shop.” The store offers pet owners a first class in-store experience in its spacious 4,500 square foot location in Broadmead Village

### Buyer Business Description:

- United Raw Pet Foods Inc. produces and sells pet food products. The company was founded in 2017 and is based in Mississauga, Canada
- The company offers dog treats, pork and chicken products, beef and lamb products, meat products, fish and poultry products, raw meaty bones, and cat food products
- It offers its products through pet specialty retailers in Canada
- United Raw Pet Foods Inc. operates as a subsidiary of Dane Creek Capital Corp

# M&A News

## Petmate acquires Cosmic Pet LLC for an undisclosed amount

### Transaction Rationale:

- *"We are very pleased to be adding Pets West to the United Raw family of retail locations on Vancouver Island," said Mark Warren, chairman and chief executive officer of Dane Creek. "Lisa and her exceptional team have not only created a premium shopping experience for pet owners living in the Greater Victoria metropolitan area but have also demonstrated an unwavering commitment to animal welfare and social responsibility as evidenced by their support for a wide variety of community organizations. We fully intend to build on this legacy."*
- *In August, Dane Creek acquired two raw-focused retailers – Lucky Paws Enterprises Inc. and A Pet's Life Ventures Inc. – in Vancouver Island. In April, Dane Creek acquired The Wild Side Pet Boutique Inc., which runs two pet retail stores in British Columbia. In January, the company acquired Growlies Pet Foods Inc., which operates a store, warehouse and freezers in Victoria, British Columbia.*
- *"Pets West exceeds all of the published industry standard metrics, including revenue per square foot per annum and inventory turnover per annum," Warren said. "This acquisition furthers our efforts to establish a pet-focused ecosystem on Vancouver Island, which will have, at its base, retail operations offering pet owners a unique and innovative shopping experience."*





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# M&A News

Manna Pro Products, LLC is acquiring Dinovite, Inc., transaction in process (09/10/2021)

## Target Business Description:

- Dinovite, Inc. is a 20-year-old family-owned and operated online pet brand that offers premium whole food supplements and wellness products for dogs and cats
- The company was founded in 2000 and is based in Crittenden, KY. Dinovite operates a 52,000 square foot manufacturing facility in an industrial park in Crittenden, KY

## Buyer Business Description:

- Manna Pro Products, LLC manufactures and markets animal feeds for animal health and nutrition  
Manna Pro Products, LLC was founded in 1985 and is based in Chesterfield, MO
- It offers products for equines, rabbits, goats, poultry, companion animals, cattle, and young animals. The company also provides dog and cat supplements, and products for leather care and fly control
- It sells its products through dealers and online retailers in the United States

# M&A News

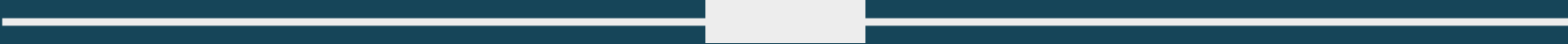
## Petmate acquires Cosmic Pet LLC for an undisclosed amount

### Transaction Rationale:

- *“Dinovite is a strong brand in the direct-to-consumer channel, and its category-leading customer service and commitment to happy, healthy lives for pets aligns with Manna Pro’s mission of Nurturing Life,” said John Howe, CEO of Manna Pro. “Over the last 20 years, Dinovite has built an incredibly loyal base of pet parents who have come to trust the brand’s unique supplement blends that combine the highest quality ingredients with a 100% money back guarantee.”*
- *“We are excited to join Manna Pro’s portfolio of outstanding brands and have been impressed with their strategy to expand their reach through direct-to-consumer businesses,” said J.B. Kropp, President of Dinovite. “Their help and resources will enable us to continue to be able to offer the best products to our customers while expanding our catalog to include several of Manna Pro’s brands.”*
- *“The heritage and culture of Manna Pro and their commitment to our brands, employees and location made them the right choice for continuing to grow the business that has been our passion for the past 20 years,” said Ed Lukacevic and Cindy Lukacevic, Dinovite founders and owners.*



# Appendix- Sector M&A Transactions (Q4 2019–Q4 2021)



# Transactions

Announced Date	Buyer/ Investors	Target	Target Business Description	EV (\$M)	EV/ LTM Rev.
08/23/21	H&H Group (Hong Kong) (HKG:01112)	Zesty Paws	Manufacturer of multi-condition pet supplements for dogs and cats. The company offers soft chews, liquids, meat-based squares and oral health sticks across different conditions such as skins and coats, immune support, gut health, behavior and hip and joint, making pets and pet parents healthier and happier.	610	
08/09/21	Caduceus Software Systems (PINX:CSOC)	McLovin's	Provider of an online platform intended to offer food for pets in Chino, California. The company's platform offers pet foods that are made using fresh ingredients, enabling pet owners to give their pets a healthy diet.	113	
08/03/21	Pet Center Comercio e Participacoes S.A. (BOVESPA:PETZ3)	Zee Dog S.A.	Designer and manufacturer of dog-oriented accessories created to help consumers to access stylish pet products. The company offers products that are made by following the trends with a fundamental understanding of the demands and expectations, enabling pet-owners to avail improved, trendy and better-designed accessories for their dogs.	136.30	2.96x
07/29/21	Korea Credit Guarantee Fund; Blue Point Partners Inc.	STICKUS Corporation	Operates an online platform and retail pet products.	14.10	26.80x
06/30/21	Central Garden & Pet (NAS: CENT)	D&D Commodities	Manufacturer of nutritional products for caged birds, small animals, wild birds, and wildlife. The company's pet food products contain sunflower seeds, peanuts, cherries, raisins, cranberries, and others. The company also offers formulation, packaging, and marketing of private label and branded products.	88	
06/25/21	BRF (SAO:BRFS3)	Mogiana Alimentos	Manufacturer and retailer of pet food products based in Campinas, Brazil. The company offers flavoured pet food products with nutrients and protein for cats and dogs in canned as well as uncanned packaging, helping customers main their pet health.	255.55	
05/18/21	Grupo Nutresa (BOG: NUTRESA)	Belina (Costa Rica)	Manufacturer of animal feed based in Costa Rica. The company offers food for animal nutrition.	28	0.82x

## Transactions

Announced Date	Buyer/ Investors	Target	Target Business Description	EV (\$M)	EV/ LTM Rev.
03/10/21	Franchise Group (NAS:FRG)	Pet Supplies Plus	Retailer franchisor of pet supplies and services. The company operates as a privately-held pet supply retailing corporation offering food products, clothing, and accessories for dogs, cats, birds, fish, reptiles and other small pets throughout the U.S. Its stores also have limited livestock departments, and some have also recently added grooming services and self-serve dog washes.	452.42	0.55x
02/17/21	Tractor Supply (NAS:TSCO)	Orscheln Farm and Home	Provider of apparel and accessories equipment. The company primarily sells livestock feed and equipment, pet food and pet supplies, apparel, automotive, livestock equipment and fencing, tools, lawn and garden supplies, as well as farm and general hardware.	320	
01/25/21	Franchise Group, Inc. (NasdaqGM:FRG)	Pet Supplies Plus, LLC	Pet Supplies Plus, LLC retails pet supplies through its stores.	700	
12/29/20	Nextar Media Group (NAS:NXST)	BestReviews	Provider of online product reviews for consumer products intended to make it easy for people to pick the best product and be confident in their decisions. The company's reviews and backed by product purchase, research, analysis and testing and cater to offices products, automotive, home accessories, electronics, kitchen products, bed and bath, appliances, beauty and personal care, fashion, music, patio accessories, pet products, travel accessories, health and wellness, baby products, sports and fitness and other consumer services.	160	
12/16/20	Swedencare (STO:SECARE)	Holden2	Manufacturer of pet healthcare products in Oldsmar, U.S. The company provides supplements for dogs, cats, fishes and birds, thereby enabling pet owners to take proper care of their pets with nutritional supplementation.	21	1.33x
12/16/20	Swedencare AB (publ) (OM:SECARE)	Holden2 LLC	Holden2 LLC retails pet healthcare products through an online platform.	21.40	1.35x

## Transactions

Announced Date	Buyer/ Investors	Target	Target Business Description	EV (\$M)	EV/ LTM Rev.
11/05/20	H&H Group (Hong Kong) (HKG:01112)	Solid Gold	Producer and supplier of holistic nutrition solutions intended for cats and dogs. The company offers a range of pet food products including dry foods, wet foods, toppers and supplements across various dietary ranges, which are balanced with living probiotics and fueled with omega fatty acids for gut health, thereby helping customers to support the long, healthy and active lives of their pets.	163	0.55x
10/26/20	Spectrum Brands Holdings, Inc. (NYSE:SPB)	Armitage Pet Care Limited	Armitage Pet Care Limited manufactures and distributes pet accessories and treats in the U.K. and internationally.	187	2.34x
06/22/20	Boqii Holding Limited (NYSE:BQ)	Beijing Pet Dog Technology Development Co., Ltd.	Beijing PetDog technology Development Co., Ltd. operates pet supplies and services stores in China.	29.93	
04/01/20	Nestle Purina Pet Care	Lily's Kitchen	Provider of natural and organic pet food products in the U.K. The company offers natural and organic pet food that is produced using natural and nourishing ingredients like fresh meat, fruits and vegetables, providing a wholesome and balanced diet for cats and dogs.	185.12	3.65x
12/19/19	Better Choice Company (ASE:BTTR)	Halo (Food Products)	Supplier of pet care products intended to provide people and their pets with honest information and wholesome products. The company's pet care products uses all natural products with ingredients enabling the pet owner to offer healthier food to better the lives of the animals.	45	
<b>Mean</b>				<b>196.10</b>	<b>4.98x</b>
<b>Median</b>				<b>148.15</b>	<b>1.85x</b>

\*There were no EV/EBITDA multiples publicly published



Thank You

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