

Initiating Coverage:

Pet Products and Services M&A Outlook 2025

Stabilizing Economic Environment Provides Backdrop for Increased M&A Activity

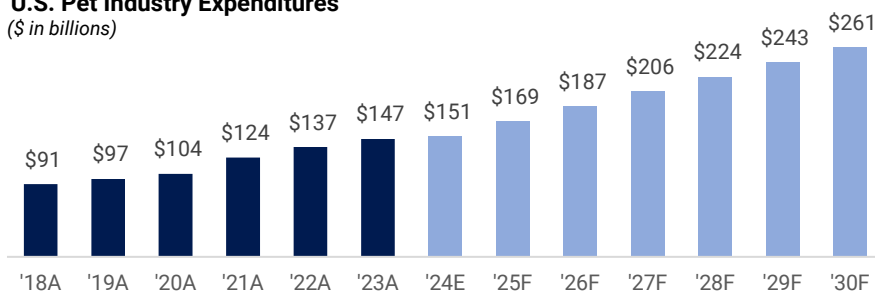
Despite 2024 being characterized by high interest rates and political uncertainty, we saw the global M&A market gain continued momentum as the year came to a close, showing a 25%+ and 13%+ YoY jump in deal values and volumes, respectively. We expect this momentum to accelerate into 2025 driven by pent up demand from both strategic and private equity buyers. As a more stable economic backdrop looms, strategics are beginning to refocus efforts on driving growth through M&A. Additionally, growing urgency among private equity groups to put capital to work, driven by the large and aging dry powder overhang and an increasingly eager limited partner community, is driving demand for increased M&A in 2025. Lastly, while the Fed's rate path is uncertain, the consensus expectation is for rates to either stay flat or fall further through 2025 and thereafter, creating a more favorable rate environment for accelerated M&A activity.

Industry Drivers and Trends

- During the pandemic, America saw a boom in pet ownership, driving significant growth in spending on pet products and services, specially within younger generations
- Within the broader pet product and services market, pet food and treats composes the largest segment, representing 44% of industry sales in 2024

U.S. Pet Industry Expenditures

(\$ in billions)



Growth Outlook

- Veterinary services are expected to be the primary driver of future growth in the industry
- As pet owners continue to get younger, the growing number of e-commerce players and those with advanced tech capabilities is expected to drive growth

Key Takeaways

- Driven by increased pet ownership and consumer spending on pets, industry sales are poised for compelling growth
- Despite decreased M&A activity in 2024, the pet segment is positioned for future growth as macro conditions improve
- Both financial and strategic investors are eager to put meaningful capital to work in this sector

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M&A Activity

Q1 2025

The Pet Segment Is Well-Positioned for Growth in 2025 and Beyond

Compelling industry tailwinds, combined with a favorable macro backdrop, has generated an eager investor universe, laying the optimal groundwork for accelerated M&A activity in the near term

Key Drivers of M&A Activity

- M&A activity to date has primarily been driven by a broad universe, comprised of strategic and financial investors, seeking to capture returns from the multitude of compelling macro tailwinds driving growth across both pet products and services
- Sponsor-backed strategics were the most active buyers in 2024 as sponsors have shifted from an operational focus, characteristic of down markets, to pursuing growth via accretive M&A
- Despite a year-over-year drop in deal count across the pet products and services segment, over \$3.3B of M&A capital was invested in Q4 '24, a high since Q4 '21, showing investors remain eager to put meaningful amounts of capital to work

Recent Marquee Transactions

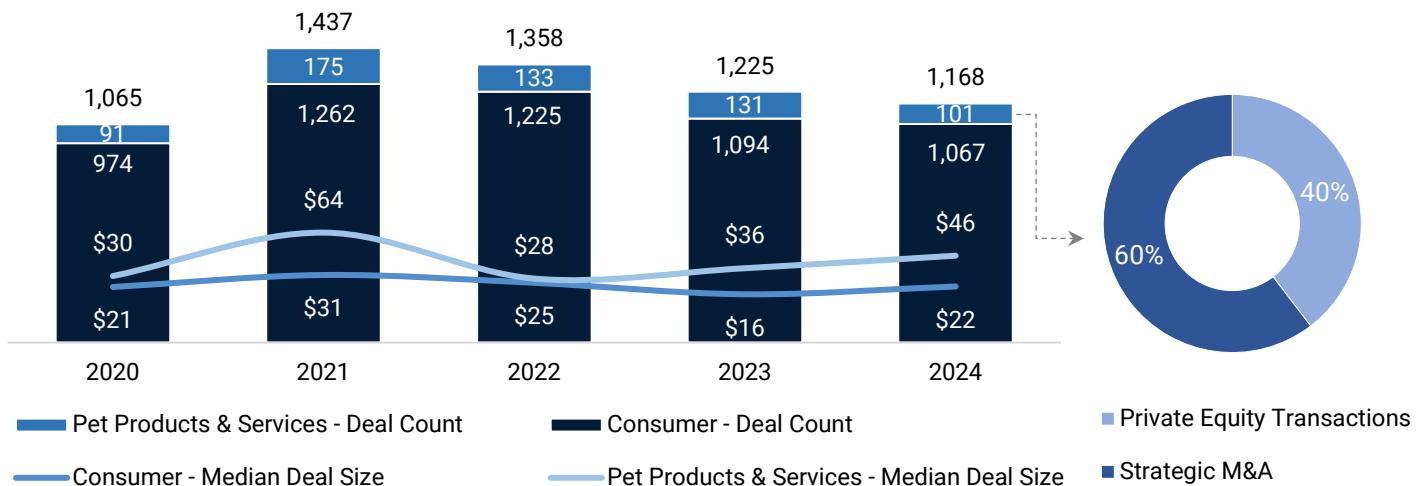


Operator of an online pet pharmacy catering to the unique needs of a diverse array of animals

Leading cat feeding and pet treatment brands within Whitebridge Pet Brands' portfolio

Global M&A Summary

(\$ in millions)











M&A and Trading Insights

Q1 2025

(\$ in millions, except per share data)

As of 12/31/2024

Pet Products and Services	Stock Price	% 52 Week High	Market Cap (\$M)	Enterprise Value (\$M)	'23 – '24 Revenue Growth	FY2024 Gross Margin (%)	EBITDA Margin (%)	TEV / Revenue	TEV / EBITDA
	\$168.35	84%	73,508	78,569	8.5%	70.6%	43.1%	8.5x	19.7x
	\$460.20	79%	33,854	34,544	6.1%	61.0%	33.1%	8.9x	NM
	\$34.48	86%	13,690	13,726	9.6%	28.3%	3.1%	1.2x	NM
	\$106.51	65%	7,189	7,339	27.3%	46.0%	16.1%	7.5x	NM
	\$10.63	57%	5,987	9,854	0.4%	55.1%	20.6%	2.2x	10.8x
	\$35.06	74%	2,234	2,903	(2.1%)	29.9%	10.3%	0.9x	8.7x
	\$2.94	47%	1,050	3,921	3.0%	37.9%	6.4%	0.6x	9.8x
	\$1.69	66%	320	290	(8.3%)	61.3%	(2.2%)	0.6x	NM
Mean		70%			5.6%	48.8%	16.3%	3.8x	12.2x
Median		70%			4.5%	50.6%	13.2%	1.7x	10.3x
Maximum		86%			27.3%	70.6%	43.1%	8.9x	19.7x
Minimum		47%			(8.3%)	28.3%	(2.2%)	0.6x	8.7x

Notable Recent Transactions: Pet Products and Services

Date	Target	Acquirer	Target Business Description
Feb-25	Puromenu	Axcel Management, The Nutriment Company	Producer and retailer of pet foods intended to provide organic pet food products
Feb-25	Green Mountain Animal	Align Capital Partners, Custom Veterinary Services	Manufacturer of soft chew and powder format supplements designed for companion animals
Jan-25	Bil-Jac	Entrepreneurial Equity Partners	Manufacturer of dog food and treats intended to serve across Berlin, Maryland, Medina and Ohio
Jan-25	NORMANDISE Pet Food	Bpifrance, Crédit Agricole Normandie	Manufacturer and producer of pet food created to provide dogs and cats with a healthy and balanced diet
Jan-25	The Dogs Butcher	Axcel Management, The Nutriment Company	Operator of a raw dog food brand based in Newton Abbot, England
Dec-24	Allivet	Tractor Supply (NAS: TSCO)	Operator of an online pet pharmacy intended for dogs, cats, horses, fish, and other pet animals
Dec-24	Cloud Star	General Mills (NYS: GIS)	Producer of natural pet food products intended for dogs and cats
Dec-24	Mammoth Pet Products	SportPet Designs, Topspin Consumer Partners	Manufacturer of pet products designed to provide engaging and durable toys for dogs
Nov-24	MG2MIX	Cerea Partners	Manufacturer of premixes, additive premixes, mineral feeds, and nutritional specialties intended to improve animal nutrition for a variety of species
Oct-24	AnimalKind	Modern Plant Based Foods (CNQ: MEAT)	Retailer of plant-based pet food products based in Richmond, Canada
Oct-24	Butcher's Pet Care	CapVest Partners, Inspired Pet Nutrition	Producer of pet foods intended for cats and dogs of all sizes and stages
Oct-24	KW Hunde & Katteartikler	AgroBiothers, Gimv (BRU: GIMB)	Distributor of grooming products intended to improve the well-being of dogs and cats
Sep-24	Kennelmaster Foods	Centerfield Capital Partners, Topspin Consumer Partners	Producer of natural, human-grade, dehydrated pet treats intended for cats and dogs
Aug-24	Vital Pet Products	Pet Valu (TSE: PET)	Distributor of pet and aquatic products based in Bolton, United Kingdom
Jul-24	Natural Instinct	Axcel Management, The Nutriment Company	Manufacturer of raw foods intended to serve dogs and cats by providing them with essential vitamins, minerals, and essential proteins
Jul-24	Lintbells	Gryphon Investors, Vetnique Labs	Producer of nutritional supplements intended for pets
Jun-24	Partner in Pet Food	CVC Capital Partners (AMS: CVC)	Producer of pet food products intended for grocery retailers, supermarkets and specialized pet shops
Apr-24	Edgard & Cooper	General Mills (NYS: GIS)	Producer of pet food intended to provide pocket-sized training treats for dogs and cats
Mar-24	Jollyes	TDR Capital	Retailer of pet care products intended for individuals across the United Kingdom
Mar-24	Petmate	Gamut Capital Management	Manufacturer of non-food pet products designed for cats, dogs and other small birds
Dec-23	De Haan Petfood	ICG (LON: ICG), United Petfood, Waterland Private Equity Investments	Producer of pet food intended for cats and dogs
Dec-23	My Perfect Pet	Alpine Investors, Antelope Pets, Silicon Ventures, Stardust	Producer of food bars intended to provide healthy food products for pets
Nov-23	Freedom Pet Supplies	Novacap	Distributor of pet food intended to serve retailers across Canada

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About Griffin

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