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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

**Pursuant to Section 13 or 15(d) of  
the Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): **April 2, 2018**

**PETIQ, INC.**

(Exact name of registrant as specified in its charter)

**Delaware**  
(State or other jurisdiction  
of incorporation)

**001-38163**  
(Commission  
File Number)

**35-2554312**  
(I.R.S. Employer  
Identification No.)

**500 E. Shore Drive, Suite 120**  
**Eagle, Idaho**  
(Address of principal executive offices)

**83616**  
(Zip Code)

**(208) 939-8900**  
(Registrant's telephone number, including area code)

**N/A**  
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
  - Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act (17 CFR 230.405) or Rule 12b-2 of the Securities Exchange Act (17 CFR 240.12b-2)
  - Indicate by check mark if the registrant has elected not to use the extended transition period for complying with new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act (17 CFR 240.13(a)-1)
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**Item 7.01 Regulation FD Disclosure.**

On April 2, 2018, PetIQ, Inc. (the “Company”) announced a conference call to review the historical financial information for Community Veterinary Clinics, LLC (d/b/a VIP Petcare), which the Company acquired in January 2018, and pro forma financial information on a consolidated basis as of and for the year ended December 31, 2017. A copy of the press release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. Also on April 2, 2018 the Company published to the investor relations section of its website a presentation which will be used by Company management on the conference call. A copy of the presentation is attached hereto as Exhibit 99.2 and is incorporated herein by reference.

The information furnished with this Item 7.01, including Exhibits 99.1 and 99.2, shall not be deemed “filed” for purposes of Section 18 of the Exchange Act or incorporated by reference into any other filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as expressly set forth by specific reference in such a filing.

PetIQ uses the “Investors” section of its website (*ir.petiq.com*) as a means of disclosing material non-public information and for complying with its disclosure obligations under Regulation FD.

**Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits:

<u>Exhibit No.</u>	<u>Description</u>
99.1	<a href="#">Press Release Dated April 2, 2018</a>
99.2	<a href="#">Investor Presentation</a>

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

PETQ, INC.

Dated: April 2, 2018

By: /s/ John Newland  
Name: John Newland  
Title: Chief Financial Officer

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**PetIQ, Inc. Files Pro Forma Financial Results for the Acquisition of VIP Petcare**

***Reiterates Outlook for Full Year 2018  
Conference Call, Webcast and Presentation at 4:30 p.m. EDT***

EAGLE, Idaho, April 2, 2018 (GLOBE NEWSWIRE) -- PetIQ, Inc. ("PetIQ" or the "Company") (NASDAQ:PETQ), a leading pet medication and wellness company, today released historical financial information for Community Veterinary Clinics, LLC (d/b/a VIP Petcare), which the Company acquired in January 2018, and pro forma financial information on a consolidated basis as of and for the year ended December 31, 2017. This information was filed today with the Securities and Exchange Commission ("SEC") on Form 8-K.

The Company also released a supplemental presentation that can be found on the "Investors" section of the PetIQ website with an overview of its business, including information on its veterinary clinics model, the aforementioned historical and pro forma financial information, and 2018 quarterly and annual guidance broken down by its products and services business lines. As previously announced, the Company will present segment information for its products and services business lines beginning in the first quarter of 2018.

Cord Christensen, PetIQ's Chairman and Chief Executive Officer commented, "We are pleased with our start to the year which has been fueled by strong results across all sales channels as our retail customers prepare for the coming season. Additionally, our team has worked diligently on the expansion of our veterinary service clinics during the first quarter of 2018. As we look ahead, we believe our unique combination of a broad product portfolio and compelling service offering creates an incredible value proposition for consumers and will continue to deepen our strong relationships in the retail. Our balanced, customer centric platform will continue to fuel our growth over the next several years enabling us to generate value for all of our key stakeholders."

**2018 Outlook**

PetIQ reiterated the following fiscal 2018 financial outlook:

- Consolidated net sales of \$450 million to \$500 million
- Adjusted EBITDA of \$40 million to \$45 million\*

\*The Company does not provide guidance for the most directly comparable GAAP measure, net income, and similarly cannot provide a reconciliation between its forecasted adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.

**Conference Call, Webcast and Presentation**

The Company will host a conference call with members of the executive management team to discuss the historical pro forma financial information and 2018 guidance with additional comments and details. The conference call will begin today, Monday, April 2, 2018 at 4:30 p.m. EDT. To participate on the live call listeners in North America may dial 877-451-6152 and international listeners may dial 201-389-0879.

In addition, presentation slides will be available and the call will be broadcast live over the Internet hosted at the "Investors" section of the Company's website at [www.PetIQ.com](http://www.PetIQ.com). An archived webcast and telephonic playback will

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be available from 7:30 p.m. ET, April 2, 2018, through April 23, 2018. North American listeners may dial 844-512-2921 and international listeners may dial 412-317-6671 the passcode is 13677997.

#### **About PetIQ**

PetIQ is a leading, rapidly growing pet health and wellness company. Through over 40,000 points of distribution across retail and e-commerce channels, PetIQ and VIP Petcare, a wholly-owned subsidiary, have a mission to make pet lives better by educating pet parents on the importance of offering regular, convenient access and affordable choices for pet preventive and wellness veterinary products and services. PetIQ believes that pets are an important part of the family and deserve the best products and care we can give them. For more information, visit [www.PetIQ.com](http://www.PetIQ.com).

#### **Forward Looking Statements**

This press release contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. In some cases, you can identify forward-looking statements by terminology such as “anticipate,” “estimate,” “plan,” “project,” “continue,” “ongoing,” “expect,” “believe,” “intend,” “may,” “will,” “should,” “could” and similar expressions. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management’s good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, our ability to grow our business through acquisitions; our ability to integrate, manage and expand VIP’s business; our dependency on a limited number of customers; our ability to implement our growth strategy effectively; our ability to achieve or sustain profitability; competition from veterinarians and others in our industry; reputational damage to our brands; economic trends and spending on pets; the effectiveness of our marketing and trade promotion programs; recalls or withdrawals of our products or product liability claims; our ability to manage our manufacturing and supply chain effectively; disruptions in our manufacturing and distribution chains; our ability to introduce new products and improve existing products; our failure to protect our intellectual property; costs associated with governmental regulation; risks related to our international operations; our ability to keep and retain key employees; and the risks set forth under the “Risk Factors” section of the Annual Report on Form 10-K for PetIQ, Inc., filed with the SEC on March 13, 2018.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

#### **Non-GAAP Financial Measures**

In addition to financial results reported in accordance with U.S. GAAP, PetIQ uses the following non-GAAP financial measures: EBITDA and Adjusted EBITDA. EBITDA represents net income before interest, income taxes, and depreciation and amortization. Adjusted EBITDA represents EBITDA plus loss on debt extinguishment, management fees, stock based compensation expense, acquisition expenses, and litigation expenses. Adjusted EBITDA adjusts for transactions that management does not believe are representative of our core ongoing business. Adjusted EBITDA

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Margin is Adjusted EBITDA stated as a percentage of Net sales. Adjusted EBITDA is utilized by management: (i) as a factor in evaluating management's performance when determining incentive compensation and (ii) to evaluate the effectiveness of our business strategies. The Company presents EBITDA because it is a necessary component for computing Adjusted EBITDA.

We believe that the use of EBITDA and Adjusted EBITDA provide additional tools for investors to use in evaluating ongoing operating results and trends. In addition, you should be aware when evaluating EBITDA and Adjusted EBITDA that in the future we may incur expenses similar to those excluded when calculating these measures. Our presentation of these measures should not be construed as an inference that our future results will be unaffected by these or other unusual or non-recurring items. Our computation of EBITDA and Adjusted EBITDA may not be comparable to other similarly titled measures computed by other companies, because all companies do not calculate EBITDA and Adjusted EBITDA in the same manner. Our management does not, and you should not, consider EBITDA or Adjusted EBITDA in isolation or as an alternative to financial measures determined in accordance with GAAP. The principal limitation of, EBITDA and Adjusted EBITDA is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements.

**Contacts:**

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**AFFORDABLE PET CARE**  
April 2, 2018



## FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements that involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events, including statements regarding the proposed acquisition of VIP Petcare by PetIQ, the expected closing date of the acquisition and the potential benefits and synergies of the acquisition. In some cases, you can identify forward-looking statements by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could" and similar expressions. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances, or achievements expressed or implied by the forward-looking statements. Forward-looking statements should not be read as a guarantee of future performance or results, and will not necessarily be accurate indications of the times at, or by, which such performance or results will be achieved. Forward-looking statements are based on information available at the time those statements are made or management's good faith belief as of that time with respect to future events, and are subject to risks and uncertainties that could cause actual performance or results to differ materially from those expressed in or suggested by the forward-looking statements. Important factors that could cause such differences include, but are not limited to, our ability to successfully grow our business through acquisitions; our ability to integrate, manage and expand VIP's business; our dependency on a limited number of customers; our ability to implement our growth strategy effectively; our ability to achieve or sustain profitability; competition from veterinarians and others in our industry; our ability to successfully grow our business through acquisitions; our ability to integrate, manage and expand VIP's business; reputational damage to our brands; economic trends and spending on pets; the effectiveness of our marketing and trade promotion programs; recalls or withdrawals of our products or product liability claims; our ability to manage our manufacturing and supply chain effectively; disruptions in our manufacturing and distribution chains; our ability to introduce new products and improve existing products; our failure to protect our intellectual property; costs associated with governmental regulation; our ability to keep and retain key employees; and the risks set forth under the "Risk Factors" section of our Annual Report on Form 10-K for the year ended December 31, 2017.

Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may materially adversely affect our business, financial condition or operating results. The forward-looking statements speak only as of the date on which they are made, and, except as required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which the statement is made or to reflect the occurrence of unanticipated events. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, including the VIP Petcare transaction and its potential impact, may cause actual results to differ materially from those contained in any forward-looking statements. Consequently, you should not place undue reliance on forward-looking statements.

This presentation includes certain non-GAAP financial measures, including Adjusted EBITDA. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Please refer to the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most directly comparable financial measure prepared in accordance with U.S. GAAP.

The Company does not provide guidance for net income, and similarly cannot provide a reconciliation between its forecasted adjusted EBITDA and net income metrics without unreasonable effort due to the unavailability of reliable estimates for certain items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.

This presentation is confidential and may not be reproduced or otherwise distributed or disseminated, in whole or part, without the prior written consent of the Company, which consent may be withheld in its sole and absolute discretion.



## **AGENDA**

**Business Overview**

**Veterinary Clinic Information**

**Pro Forma Review**

**2018 and Beyond**

**Questions and Answers**

presenters

Cord Christensen, CEO  
John Newland, CFO







**CORD CHRISTENSEN**  
CHIEF EXECUTIVE OFFICER

**BUSINESS OVERVIEW**



### FOURTH QUARTER 2017 COMPARED TO PRIOR YEAR

- Net sales were \$51.9 million, an increase of 15.6% year-over-year
- Net loss was \$3.4 million
- Adjusted EBITDA increased \$2.0 million to \$3.6 million\*

### FULL YEAR 2017 COMPARED TO PRIOR YEAR

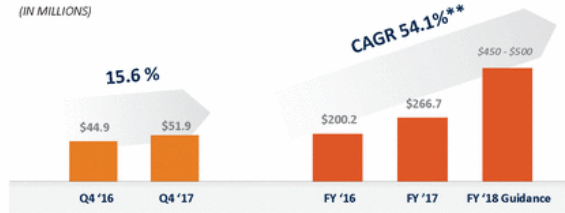
- Net sales were \$266.7 million, an increase of 33.2% year-over-year
- Net income increased \$11.2 million to \$7.8 million
- Adjusted EBITDA increased \$11.7 million to \$22.3 million\*

Notes: \* See the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure



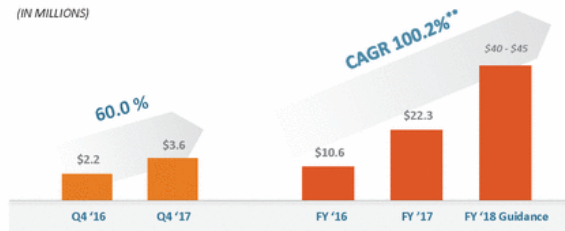
NET SALES

(IN MILLIONS)



ADJUSTED EBITDA\*

(IN MILLIONS)



Notes:

\*See the Appendix of this presentation for a reconciliation of Adjusted EBITDA to net income, the most comparable GAAP measure

\*\* CAGR based on mid-point of FY 18 Guidance

## INDUSTRY DRIVERS

- Pets increasingly treated like family members
- Growing demand for quality solutions
- Pets are living longer
- "Premiumization"



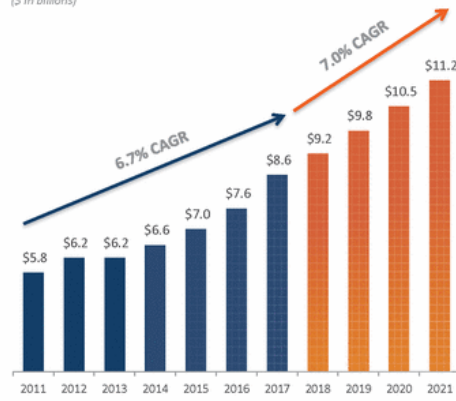
<small>(IN BILLIONS)</small>	2017	2018	2019	2020	2021	2022	CAGR BY SEGMENT 2012-2017	CAGR BY SEGMENT 2017-2022
<b>Retail Channel Pet Food</b>	\$33.08	\$34.57	\$35.78	\$37.00	\$38.22	\$39.44	4.3%	3.6%
<b>Veterinary Services</b>	\$26.87	\$28.45	\$30.06	\$33.26	\$33.26	\$34.86	5.2%	5.3%
<b>Retail Channel Pet Supplies</b>	\$16.79	\$17.37	\$17.93	\$19.06	\$19.06	\$19.63	4.8%	3.2%
<b>Non-Medical Pet Services</b>	\$ 8.77	\$ 9.21	\$ 9.67	\$10.66	\$10.66	\$11.19	5.5%	5.0%
<b>TOTAL US PET MARKET</b>	<b>\$85.51</b>	<b>\$86.90</b>	<b>\$93.44</b>	<b>\$101.20</b>	<b>\$101.20</b>	<b>\$105.12</b>	<b>4.8%</b>	<b>4.2%</b>

\* Packaged Facts, Pet Medications in the U.S., March 2018

# PET OWNERS ARE SHIFTING PURCHASES TO RETAIL

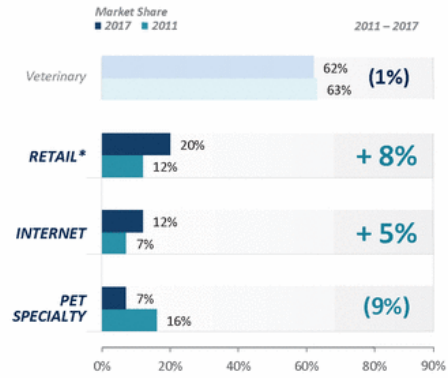
## U.S. Pet Medication Growth

(\$ in billions)



\* Packaged Facts, Pet Medications in the U.S., 4<sup>th</sup> Edition, October 2015

## Pet Medication Sales by Channel



- \* Includes supercenters, mass merchandisers, supermarkets, warehouse clubs, drugstores, farm/feed stores and other channels
- Note: In 2011 Packaged Facts reported 2% medication sales in "other petcare service providers (groomers, etc)"
- Packaged Facts "Pet Medication in the U.S. Prescription and Over-the-Counter Remedies as Consumer Products, 2<sup>nd</sup> Edition 10/1/2011
- Packaged Facts "Pet Medication in the U.S., 5<sup>th</sup> Edition August 2017



**OUR MISSION:**  
 Making Pet Lives Better With More Affordable and Accessible Veterinary-Grade Products and Services



**Animal Health Products**

- 500+ DISTRIBUTED MEDICATIONS
- 200+ PRODUCTS MANUFACTURED
- 40+ RETAIL PARTNERS
- 40,000+ POINTS OF DISTRIBUTION
- LEADER IN DRIVING "MASS PREMIUMIZATION" TREND



- 29 REGIONAL OFFICES
- 2,900 CLINIC LOCATIONS
- CONVENIENT AND AFFORDABLE VET CARE
- MOBILE & FIXED LOCATION CLINICS
- 1,400 VETERINARIANS
- 926,000 PETS TREATED (IN 2017)

**VALUE TO EVERYONE**

- Healthier Pets
- Saving Pet Owners Time & Money
- Adding Value To Retailers
- Helping the Animal Health Industry Grow Faster
- Increasing Shareholder Value

All numerical references as of FY 2017

ATTRACTIVE  
**\$43.9 BILLION**  
ADDRESSABLE MARKET



Source: Packaged Facts: U.S. Pet Market Outlook – May 2017





**CORD CHRISTENSEN**  
CHIEF EXECUTIVE OFFICER

**VETERINARY CLINIC INFORMATION**



ENGINE FOR EXPANSION

Expand VIP Petcare's Expert Services to Company's Combined Retail Partners

VIP WELLNESS CENTER



VETIQ PETCARE CLINICS



86% Of Cat & Dog Owning House Holds, Shop Within PetIQ's Primary Channels Of Distribution.

Source: "Millennium HomeScan Panel Data, Total U.S., All Outlets, 52 weeks ending 2/24/18"

## UNIT ECONOMICS AND PROJECTED BUILDOUT SCHEDULE

VETIQ CLINIC PROJECTIONS			NEW CLINIC ROLLOUT TARGET	
In thousands	YEAR 1	MATURITY		
Sales	\$ 375	\$ 640	2018	20 - 30
Cost of Sales <sup>1</sup>	\$ 373	\$ 416	2019	80 - 120
Contribution Margin	\$ 2	\$ 224	2020	130 - 170
SG & A (Adjusted) <sup>2</sup>	\$ 27	\$ 34	2021	180 - 220
			2022	230 - 270
			2023	255 - 295
NET CONTRIBUTION	(\$25)	\$ 190	<b>TOTAL</b>	<b>1000</b>
NET CONTRIBUTION MARGIN	(7%)	30%		
In dollars				
SALES PER SQFT AT MATURITY <sup>3</sup>		\$ 753		
INVESTMENT PAYBACK <sup>4</sup>		24 -36 Months		

1. Cost of sales: wages, COGS, supplies, marketing
2. SG&A: rent, merchant fees, telecom; excludes depreciation and one-time opening expenses of \$70,000 per clinic.
3. Average Clinic size is 850 sqft
4. Company expects to spend \$130,000 in capital expenditures per clinic.

**The Average U.S. Veterinary Clinic Has \$707,000 in Service Revenue Per Year According to American Animal Hospital Association (AAHA)**



**JOHN NEWLAND**  
CHIEF FINANCIAL OFFICER

**PRO FORMA REVIEW**



## PRO FORMA FINANCIAL DATA\*

### UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS DATA FOR THE YEAR ENDED DECEMBER 31, 2017

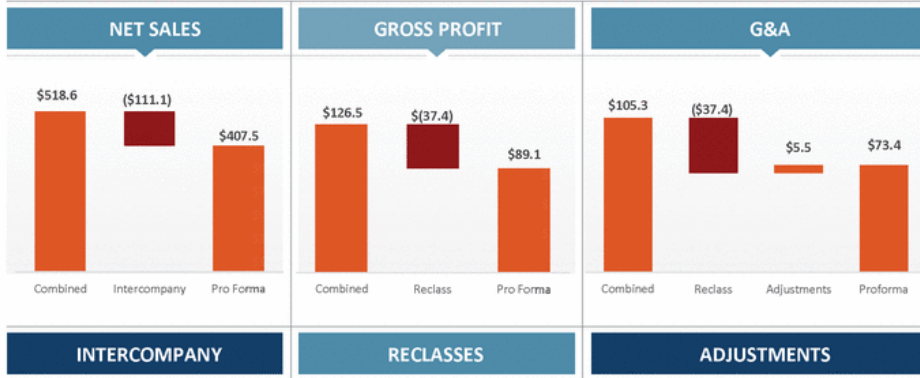
\$ IN MILLIONS	HISTORICAL		RECLASS & ELIMINATIONS	ADJUSTMENTS	PRO FORMA
	PETIQ	VIP			
NET SALES	\$266.7	\$251.9	(\$111.1)		\$407.5
COST OF SALES	\$215.5	\$176.6	(\$73.7)		\$318.4
GROSS PROFIT	\$51.2	\$75.3	(\$37.4)		\$89.1
G&A	\$37.9	\$67.4	(\$37.4)	\$5.6	\$73.4
OPERATING INCOME	\$13.3	\$8.0		(\$5.6)	\$15.6
OTHER INCOME	(\$1.5)	(\$0.2)		(\$6.2)	(\$7.8)
NET INCOME	\$7.8	\$7.5		(\$12.5)	\$2.8
ADJ EBITDA**	\$22.3	\$11.0			\$33.4

Notes: \* See PetIQ's Form 8-K/A filed with the SEC on April 2, 2018 for audited consolidated financial statements of VIP (comprised of the consolidated balance sheet as of December 31, 2017, 2016 and 2015, and the related consolidated statements of operations, stockholder's equity and cash flows for the years ended December 31, 2017, 2016 and 2015, and the related notes thereto) as well as the unaudited pro forma combined balance sheet as of December 31, 2017 and the unaudited pro forma condensed combined statements of operations for the year ended December 31, 2017

\*\* See the Appendix of this presentation for a reconciliation of pro forma Adjusted EBITDA to pro forma net income for the year ended December 31, 2017

# PRO FORMA BRIDGE

FOR THE YEAR ENDED DECEMBER 31, 2017



Represents the elimination of sales from VIP to PetIQ for the period.

Represents the reclassification of certain expenses directly related to revenue into cost of sales rather than G&A to conform to PetIQ's accounting policies SEC rules.

Represents the following:

- Addition of certain intangible amortization (\$5.5M) and stock based compensation costs (\$2.4M) to VIP historical financial statements.
- Elimination of transactional costs associated with the purchase of VIP (\$2M) and certain historical VIP amortization expenses (\$0.4M).

## OPERATIONAL ADJUSTMENTS

\$ IN MILLIONS	PRO FORMA	OPERATIONAL ADJUSTMENTS		AS ADJUSTED
		DISTRIBUTOR RATIONALIZATION	OTHER	PRO FORMA
<b>SALES</b>	\$407.5	(\$14.5)		\$393.0
<i>Products</i>	\$335.5	(\$14.5)		\$321.0
<i>Services</i>	\$72.0			\$72.0
<b>COST OF SALES</b>	\$318.4	(\$13.2)		\$305.3
<b>GROSS PROFIT</b>	\$89.1	(\$1.3)		\$87.8
<b>G&amp;A</b>	\$73.4		(\$2.7)	\$70.7
<b>OPERATING INCOME</b>	\$15.6	(\$1.3)	\$2.7	\$17.0
<b>OTHER INCOME</b>	(\$7.8)			(\$7.8)
<b>NET INCOME</b>	\$2.8	(\$1.0)	\$2.2	\$4.0
<b>ADJ EBITDA</b>	\$33.4	(\$1.3)	(\$0)	\$32.1

### Distributor Rationalization

VIP distributed to a handful of other suppliers and retailers that the combined company will no longer serve. In partnership with our suppliers, PetIQ is pursuing a more strategic plan in order to support its channel strategy in the market. The as adjusted pro forma amounts reflect the shift away from opportunistic customers.

### Other

For comparative purposes, costs associated with PetIQ's public offering have been excluded from the as adjusted pro forma amounts.



**JOHN NEWLAND**  
CHIEF FINANCIAL OFFICER

**2018 AND BEYOND**





\$ IN MILLIONS	2017	PRO FORMA	2017 AS ADJUSTED PRO FORMA	2018 GUIDANCE	GUIDANCE % INCREASE vs. AS ADJUSTED PRO FORMA
<b>NET SALES</b>	<b>\$266.7</b>	<b>\$407.5</b>	<b>\$393.0</b>	<b>\$450 - \$500</b>	<b>14% - 27%</b>
<i>Product Net Revenue</i>	\$266.7	\$335.5	\$321.0	\$370 - \$405	15% - 26%
<i>Service Net Revenue</i>		\$72.0	\$72.0	\$80 - \$95	11% - 31%
<b>ADJ EBITDA</b>	<b>\$22.5</b>	<b>\$33.4</b>	<b>\$31.6</b>	<b>\$40 - \$45</b>	<b>27% - 43%</b>
<b>EBITDA MARGIN</b>	<b>8.4%</b>	<b>8.2%</b>	<b>8.0%</b>	<b>8%+</b>	



Notes: 2017 As Adjusted Pro Forma includes operational adjustments for VIP opportunistic customers that are no longer part of the combined company base

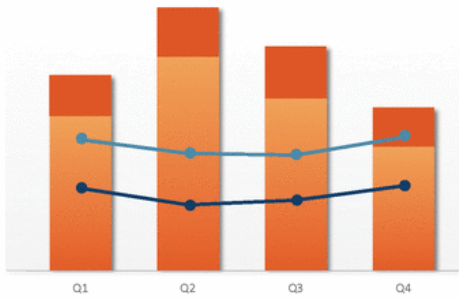
## 2018 QUARTERLY GUIDANCE

\$ IN MILLIONS	Q1-18	Q2-18	Q3-18	Q4-18	2018 GUIDANCE
<b>NET SALES</b>	<b>\$105 - \$115</b>	<b>\$140 - \$155</b>	<b>\$120 - \$135</b>	<b>\$85 - \$95</b>	<b>\$450 - \$500</b>
<i>Product Net Revenue</i>	80% - 90%	70% - 90%	70% - 90%	70% - 90%	\$370 - \$405
<i>Service Net Revenue</i>	10% - 20%	10% - 30%	10% - 30%	10% - 30%	\$80 - \$95
<b>G&amp;A% of Sales</b>	<b>17% - 19%</b>	<b>12% - 14%</b>	<b>14% - 16%</b>	<b>19% - 21%</b>	<b>15% - 17%</b>
<b>APPROX. ADJ EBITDA</b>	<b>\$5</b>	<b>\$16</b>	<b>\$13.5</b>	<b>\$5.5</b>	<b>\$40 - \$45</b>
<b>EBITDA MARGIN</b>	<b>4% - 6%</b>	<b>10% - 12%</b>	<b>9% - 12%</b>	<b>5% - 7%</b>	<b>8%+</b>

SEASONALITY	Q1-18	Q2-18	Q3-18	Q4-18
<i>Legacy PetIQ</i>	25%	33%	23%	19%
<i>PetIQ + VIP</i>	22% - 24%	29% - 33%	25% - 29%	18% - 20%

Notes: January service net revenue estimates excludes sales that accrued during VIP's stub period, prior to the acquisition

## 2018 G&A % BY SEGMENT



	Q1	Q2	Q3	Q4
SERVICES G&A	29% - 31%	25% - 27%	25% - 27%	29% - 31%
PRODUCT G&A	14% - 16%	9% - 11%	10% - 12%	15% - 16%

## TIMING OF INVESTMENTS

- Due to the higher fixed cost nature of services, expect services segment to breakeven in Q1 & Q4
- Seasonality has a larger impact to contribution as fixed G&A in services in lower selling months lowers earnings margins
- As services continue to scale, expect profitability to exponentially grow
- Company continues to leverage fixed costs in product G&A compared to prior year of 100 – 150bps improvements. Expect Combined G&A to range between 15% - 17% of annual sales

## REVENUE RECOGNITION

In the first quarter of 2018, the Company will be adopting the new revenue recognition standard ("ASC 606") using the modified retrospective adoption method. Company anticipates this impact will have a negative impact to earnings of approximately \$1M in the first quarter, offset by greater earnings in future quarters. Expect future years to have similar impacts as a percentage of product sales.

## PROJECTED REVENUE RECOGNITION IMPACT TO FY'18 UNDER NEW POLICY

\$ IN MILLIONS	Q1-18	Q2-18	Q3-18	Q4-18	FY'18
GROSS PROFIT	(\$1.0)	(\$0.3)	\$0.1	\$0.1	(\$1.1)
G&A	(\$0.2)	(\$0.3)	(\$0.3)	(\$0.3)	(\$1.1)
OPERATING INCOME	(\$0.8)		\$0.4	\$0.4	

## TAX IMPACTS

- Company projects the following related to income tax expense
  - GAAP tax rate of approximately 25% for 2018, on a fully converted basis
  - Cash tax rate of significantly less based utilization of deferred tax assets
  - Cash tax distribution to non-controlling owners of approximately 20% of taxable income
- Adjustments are included in 2018 guidance

### ACQUISITION & INTEGRATION RELATED EXPENSES

Following the acquisition of VIP, Company anticipates recognizing the following expenses related to our integration efforts:

- *Corporate and field leadership realignment*
- *Elimination or reduction of underperforming clinics*
- *Reposition resources to grow fixed Health and Wellness locations*

### VETIQ WELLNESS CENTER IMPACT

Relating to the launch of VetIQ Wellness centers, Company anticipates recognizing the following expenses:

- *Launch expenses, such as marketing and preopening labor, estimated at \$70K per center*
- *Capital Expenditures of \$130K per center*

**Combined integration and opening expenses expected to be \$2M - \$2.5M.**

**Company will report sales and Adjusted EBITDA margin on a comparable store basis, to exclude Wellness Centers open less than year.**



### QUARTERLY SALES CADENCE & PRODUCT MIX

- **Seasonal Cadence**

*Anticipate first quarter sales to be 21%-24% of total annual volume, down from 25% in prior year.*

- **Product Mix**

*Approximately 150 bps in margin declines largely driven by increase mix towards distributed product.*

- **Revenue Recognition**

*Company anticipates this impact will have a negative impact to earnings of approximately \$1M in the first quarter, offset by greater earnings in future quarters.*

### G&A INVESTMENTS

Anticipate G&A to increase year over year in Q1 related to the fixed cost nature of services and seasonality.

### RESTRUCTURING, NEW CLINIC & SERVICE COSTS

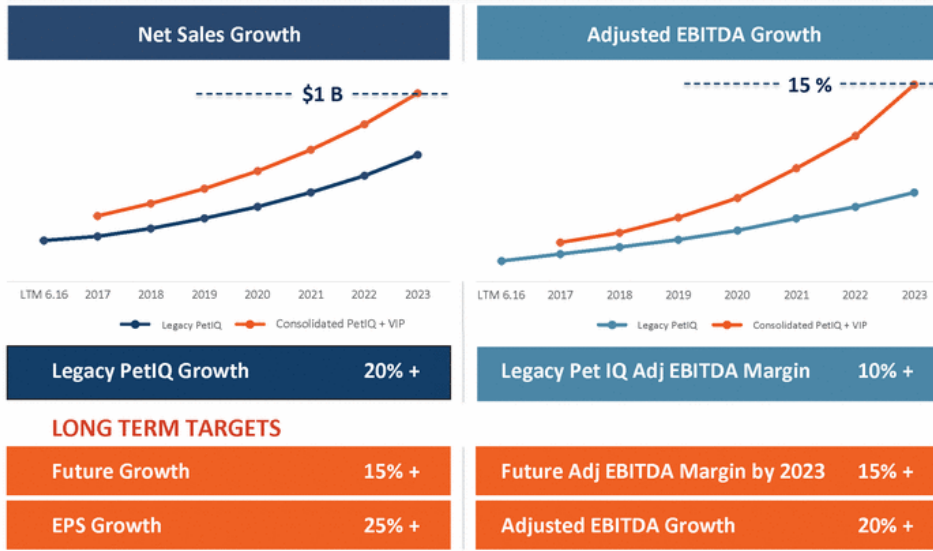
- **Integration Costs and Clinic Closures**

- **VetIQ Opening Expenses**



# BUSINESS IS FUELED FOR GROWTH AND MARGIN EXPANSION

## 2018 – 2023 TRAJECTORY





**CORD CHRISTENSEN**  
CHIEF EXECUTIVE OFFICER

**JOHN NEWLAND**  
CHIEF FINANCIAL OFFICER

**QUESTIONS AND ANSWERS**







## APPENDIX



## 2017 PRO FORMA ADJUSTED EBITDA RECONCILIATION

\$ IN MILLIONS*	HISTORICAL			PRO FORMA	ADJUSTMENTS	AS ADJUSTED PRO FORMA
	PetIQ Q4 QTD	PetIQ 2017	VIP			
NET INCOME	(\$3.4)	\$7.8	\$7.5	(\$12.5)	\$1.2	\$4.0
INCOME TAXES	\$3.4	\$4.0	\$0.2	\$0.8	\$0.3	\$5.3
DEPRECIATION AND AMORTIZATION	\$0.8	\$3.4	\$3.1	\$5.6		\$12.1
INTEREST	\$0.2	\$1.6	\$0.2	\$6.2	0	\$7.9
EBITDA	\$1.1	\$16.8	\$11.0	(\$0.1)	\$1.4	\$29.2
ACQUISITION AND IPO	\$2.4	\$4.7		(2.0)	(\$2.7)	
OTHER	\$0.1	\$0.8		\$2.0		\$2.8
ADJ EBITDA**	\$3.6	\$22.3	\$11.0	\$0.0	(\$1.3)	\$32.1

*Notes: \* Amounts may not add due to rounding*

*\*\* Other items include Pre-IPO management fees, the recovery of a portion of a Supplier Receivable write-off and stock based compensation*

