

A couple is sitting on a sandy beach, smiling and talking. A large, fluffy white dog is sitting next to them. In the background, there are green hills and mountains under a bright sky. The scene is peaceful and sunny.

**PET IQ**®

Smarter Pet Health

June 6, 2019

# William Blair Growth Stock Conference

## 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 dependency on a limited number of customers; our ability to implement our growth strategy effectively; our ability to 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; 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, 2018 and other filings from time to time with the Securities and Exchange Commission.

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.

This presentation includes certain non-GAAP financial measures, including adjusted gross profit, adjusted G&A, adjusted net income and 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 these measures to net income, the most directly comparable financial measure prepared in accordance with U.S. GAAP.

The Company does not provide outlook for net income, and similarly cannot provide a reconciliation between its 2019 adjusted EBITDA outlook and net income without unreasonable effort due to the unavailability of reliable estimates for certain reconciling items. These items are not within the Company's control and may vary greatly between periods and could significantly impact future financial results.



# **PET IQ**<sup>®</sup>

Smarter Pet Health

Veterinary Services | National Brand Distribution | Product Manufacturing



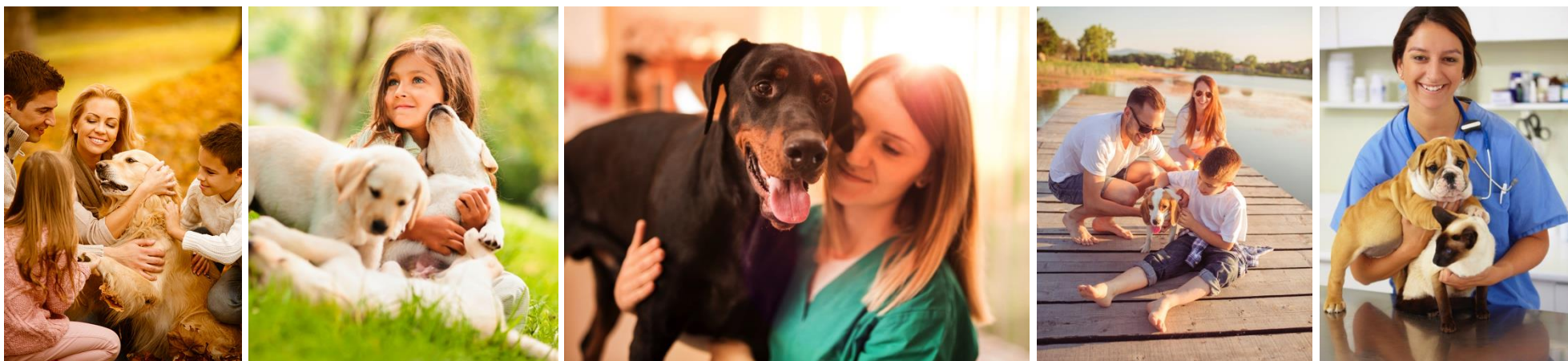


# **PET IQ**<sup>®</sup>

Smarter Pet Health

**OUR MISSION:**

*To deliver a smarter way for pet parents to help their pets live their best lives through convenient access to affordable products and services.*



# PILLARS FOR SUCCESS

*HOW WE WIN*



## CONVENIENT

We offer the products and services that pet parents want, when they want them and where they want them.



## AFFORDABLE

We believe quality care should be available to all pets. We offer value to pet parents so they feel empowered to maintain their pet's health.



## VITAL

We focus on a pet's everyday wellbeing to prevent preventable disease and enable them to live their best life.



## COMPASSIONATE

**We love pets as much as you do!**



**OUR MISSION**

**WE ARE ADVOCATES FOR PET PARENTS**

To deliver a smarter way for pet parents to help their pets live their best lives through convenient access to affordable veterinarian products and services.

**CORE VALUES**  
How we act



**COMMITMENT**



**QUALITY**



**INTEGRITY**



**TEAMWORK**

**PILLARS FOR SUCCESS**  
How we win

**CONVENIENT**

**AFFORDABLE**

**VITAL**

**COMPASSIONATE**

**CUSTOMER FACE**  
How we go to market

Veterinary Services | National Brand Distribution | Product Manufacturing



**BRAND PROMISE**

**SMARTER PET HEALTH**





# COMPANY OVERVIEW

---

# Provide the Best Veterinary Products and Services Available for All Pets at an Affordable Cost and Greater Convenience for Pet Parents

MASS / GROCERY	CLUB	PET SPECIALTY	E-COMMERCE	RETAIL PHARMACY

HEALTH & WELLNESS PRODUCTS • PHARMACEUTICALS • CLINICS • TREATS



**Animal Health Products**

- 500+ DISTRIBUTED MEDICATIONS
- 200+ PRODUCTS MANUFACTURED
- 40+ RETAIL PARTNERS
- 60,000+ POINTS OF DISTRIBUTION
- LEADER IN DRIVING “MASS PREMIUMIZATION” TREND



**VALUE TO EVERYONE**

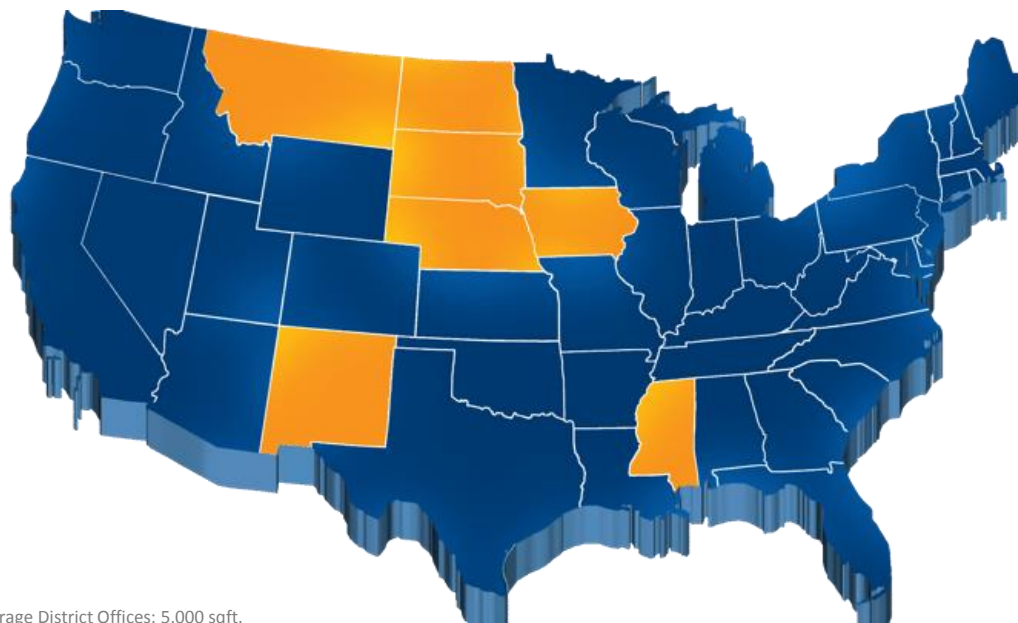
- Healthier Pets
- Saving Pet Owners Time & Money
- Adding Value To Retailers
- Helping the Animal Health Industry Grow Faster
- Increasing Shareholder Value



**Veterinary Services**

- 36 REGIONAL OFFICES
- 3,400 CLINIC LOCATIONS
- CONVENIENT AND AFFORDABLE VET CARE
- MOBILE & FIXED LOCATION CLINICS
- 1,500+ VETERINARIANS
- OVER 900,000+ PETS SERVED IN 2018

# NATIONWIDE INFRASTRUCTURE TO OPERATE VETERINARY CLINICS



Average District Offices; 5,000 sqft.

■ CURRENT FOOTPRINT    ■ FUTURE EXPANSION

**OPERATING VETERINARY CLINICS  
NEAR 90% OF THE U.S. POPULATION**

# WE TAKE CARE OF PETS & HELP PET PARENTS SAVE MONEY

## VETERINARY PET PRODUCTS

\$ 10.7 Billion in 2018 \*



### Distributed Product

- Prescription and OTC
- Leading Animal Health Partner to Retailers
- 24 Hour Delivery to Any Pharmacy



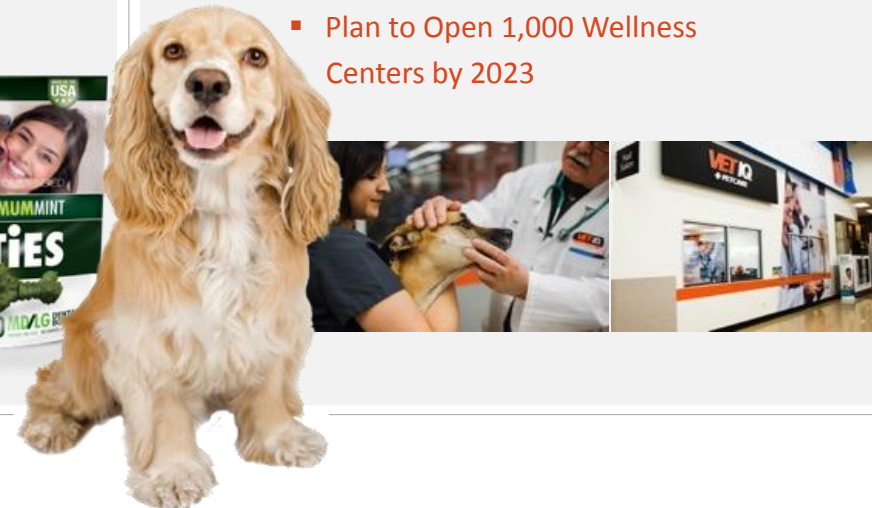
### Manufactured Product

- 400,000 Square Feet of Our Own Facilities
- Over 200 Items Manufactured
  - Flea & Tick
  - Health & Wellness
  - Prescription Drug
  - Treats
- EPA/FDA Licensed
- SQF Certified



### Veterinary Clinics

- Over 900,000 Pets served in 2018
- Retail Partners
- Community Clinics
- Wellness Centers
- **Plan to open 80 Wellness Centers in 2019**
- Plan to Open 1,000 Wellness Centers by 2023



\* Package Facts, US Pet Market Outlook, 2018 – 2019

\* Package Facts US Pet Medications US 5<sup>th</sup> Edition



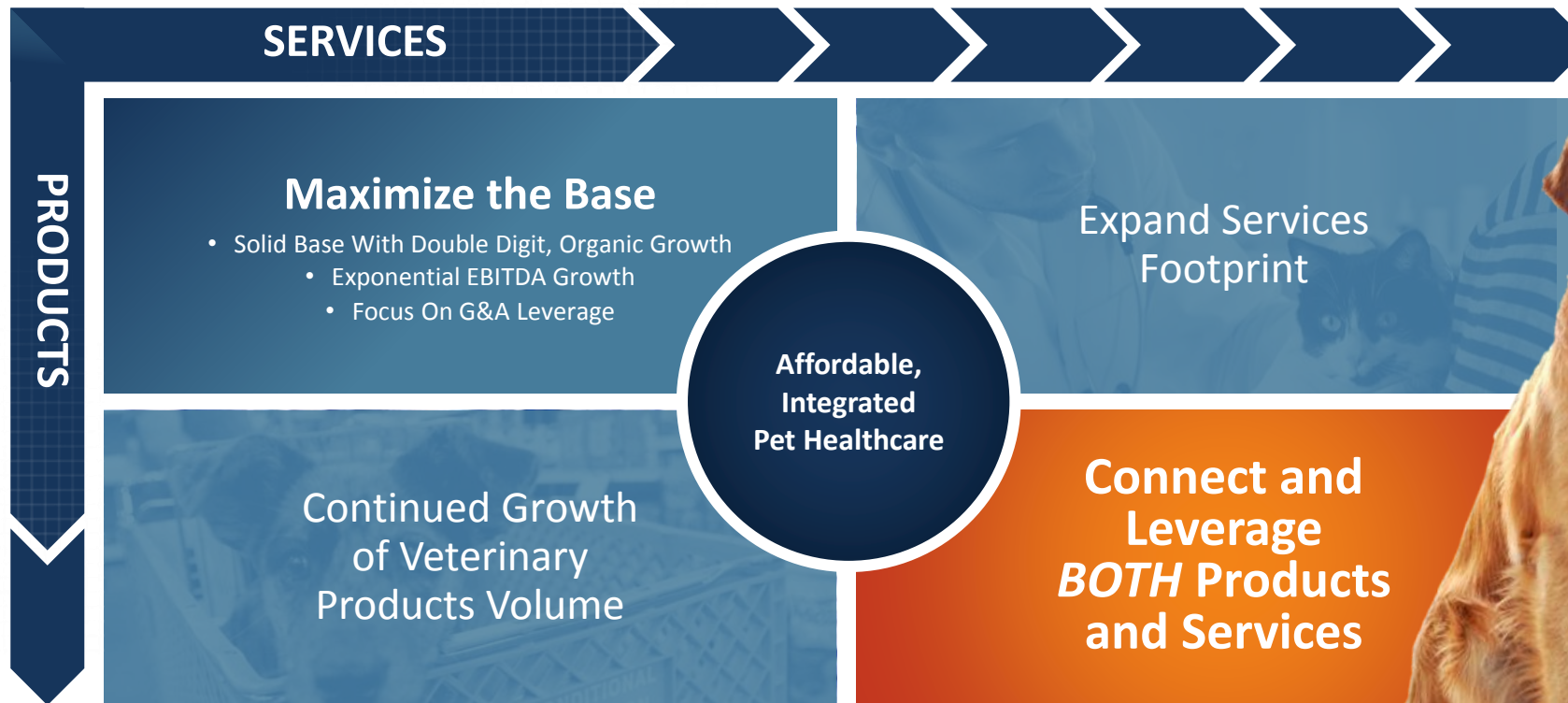
# OUR STRATEGY

---

# PETIQ GROWTH STRATEGY

## CORE BUSINESS GROWTH OUTPACES THE MARKET TODAY

Further Acceleration Happens with Expansion Beyond the Base



**Growth ambition leverages core Product & Services businesses to become an integrated, omni-channel pet healthcare business**

# EXPANDING VETERINARY SERVICES FOOTPRINT

## COMMUNITY CLINICS



- Legacy Business Has Double Digit Growth
- 74K Clinics Held in 2018
- 20% Adjusted EBITDA Margin Enabler

## WELLNESS CENTERS



- Rollout of First 34 Clinics Completed by December of 2018
- Learnings to be Leveraged With New Clinics
- Plan to open 80 Wellness Centers in 2019

# OUR PLAN: BUILD 1000 NEW CLINICS BY 2023



# CONTINUED GROWTH OF VETERINARY PRODUCTS VOLUME

## SOURCES OF GROWTH



**MORE AFFORDABLE OPTIONS FOR PET OWNERS**



# ACQUISITION OF PERRIGO ANIMAL HEALTH

## BUSINESS OVERVIEW



- Headquartered in Omaha, Nebraska,
- Diversified manufacturer and marketer of over-the-counter pet health and wellness products under brands including
  - **PetArmor®**
  - **Sentry®**
  - **Sergeant's™**
- Perrigo Animal Health has a sales across the flea and tick, de-wormer, behavioral, dental and other pet health and wellness product categories
- State-of-the-art manufacturing facility located in Omaha, NE

Under the terms of the \$185 million cash transaction, Perrigo Animal Health will become an indirect wholly-owned subsidiary of PetIQ.

The Company plans to finance the transaction with \$25 million of existing cash on hand, \$145 million of new term loan financing committed by Ares Capital Management, with the remaining balance to be financed through PetIQ's existing revolving credit facility with East West Bank.



# ACQUISITION OF PERRIGO ANIMAL HEALTH

## STRATEGIC AND FINANCIAL BENEFITS

### Diversifies and Expands Pet Health and Wellness Branded Product Offerings:

Creates a combined company with approximately \$605 million in pro forma 2018 net sales and meaningful product category, brand, and sales channel diversity with a focus on accessible and affordable, high-quality pet preventive and wellness veterinary products.

### Accelerates Whitespace Realization and Enhances Customer Relationships:

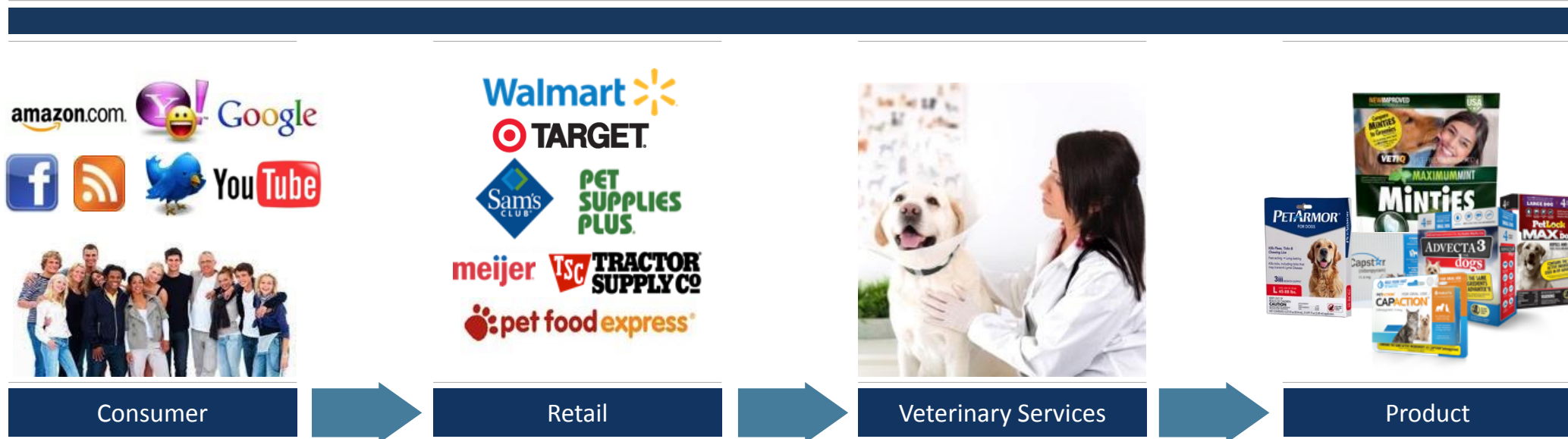
The acquisition allows PetIQ to more rapidly realize the opportunity provided by the macro trends in the pet industry. Complementary distribution channels and sales teams provide actionable whitespace opportunities in new and existing customers representing the potential to accelerate net sales growth for both PetIQ's and Perrigo Animal Health's current product portfolios.

### Increased Operating Scale Provides Significant Future Synergies and Enhances Margin Profile

In addition to benefiting from greater operating scale and increased procurement savings, Perrigo Animal Health adds outstanding manufacturing expertise and marketing capabilities that will provide future cost benefits to PetIQ. Together, the combined company expects to generate more than \$3 million in run-rate cost synergies by 2020 and growing to more than \$5 million by 2022 primarily from procurement, manufacturing and marketing efficiencies.



# CONNECT AND LEVERAGE PRODUCTS & SERVICES





# FINANCIAL PERFORMANCE

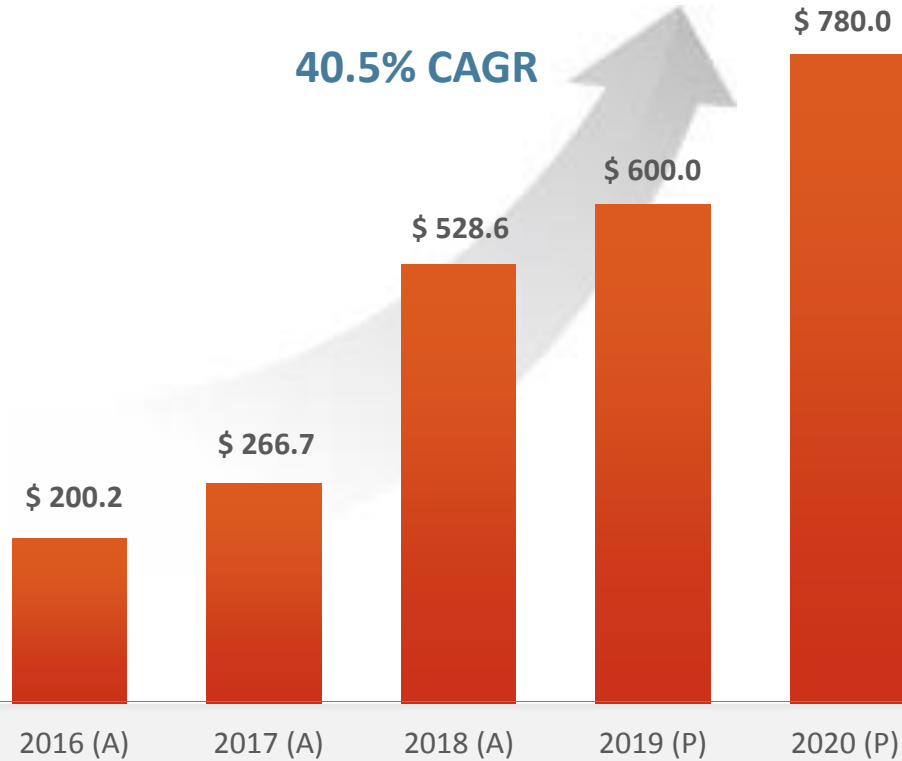
---

# GROWTH TRAJECTORY REMAINS INTACT

## ANNUAL NET SALES

(\$ IN MILLIONS)

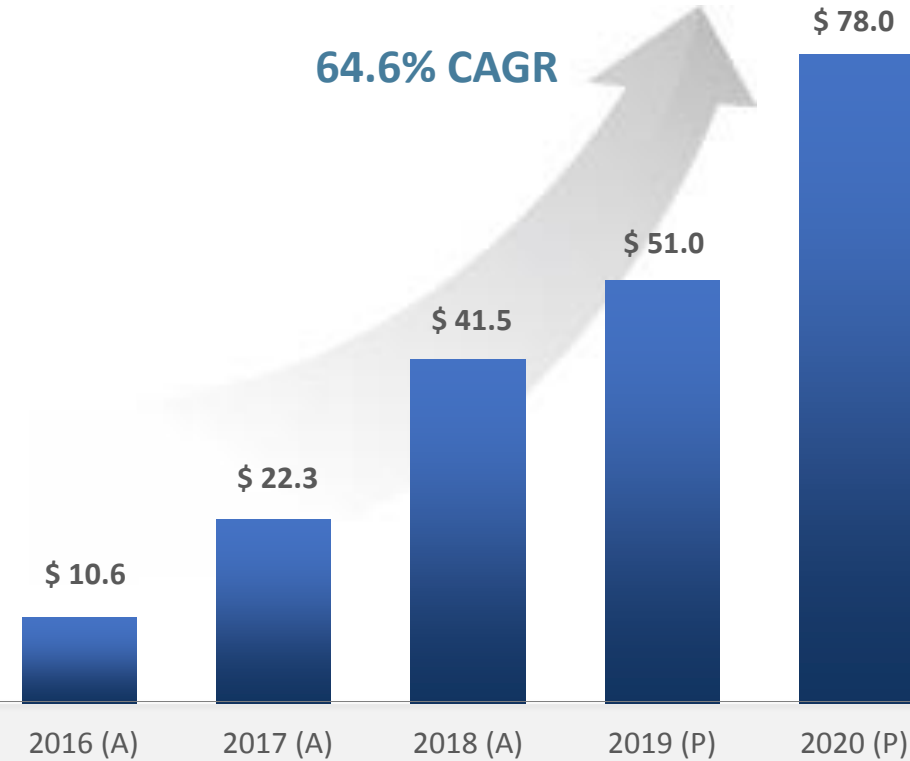
40.5% CAGR



## ANNUAL ADJ EBITDA <sup>1</sup>

(\$ IN MILLIONS)

64.6% CAGR

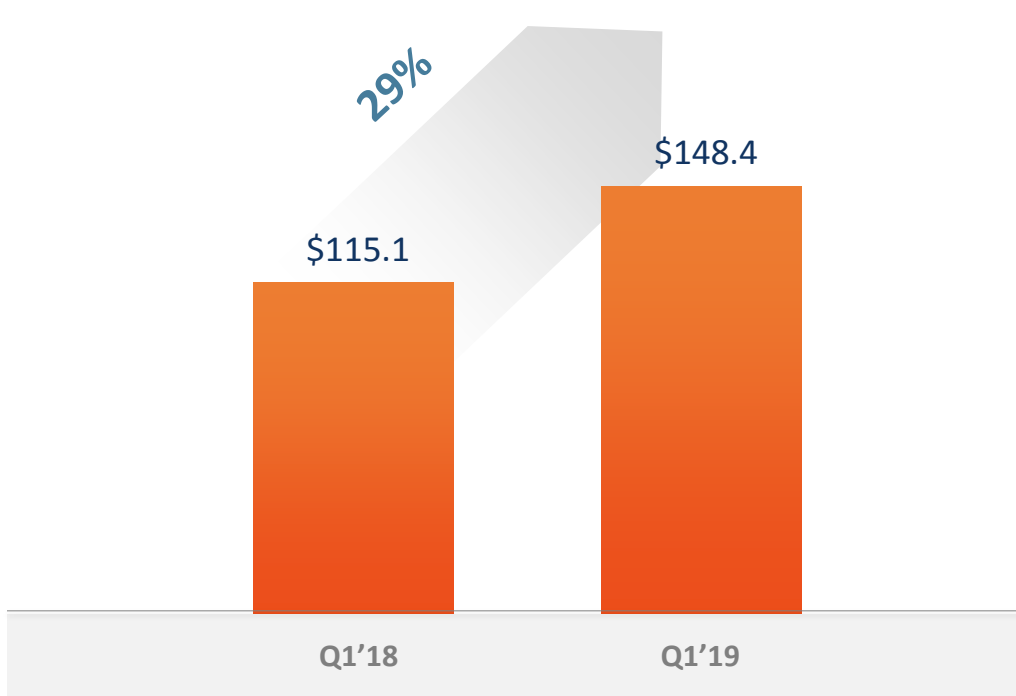


Notes: 1 - Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure.

# FIRST QUARTER 2019 RESULTS

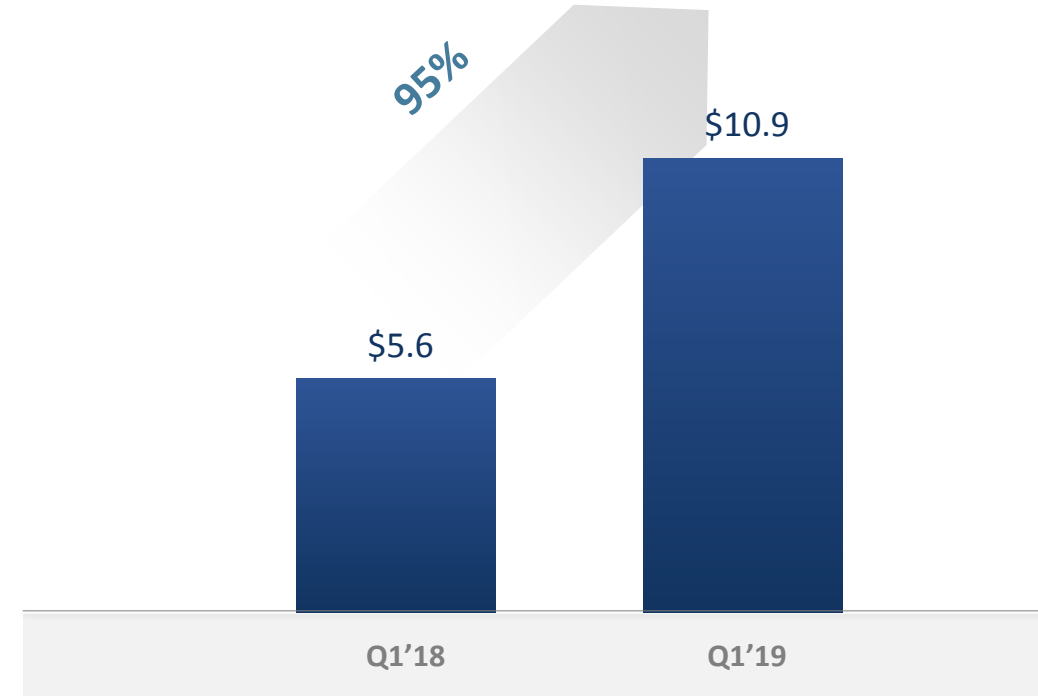
## NET SALES

(\$ IN MILLIONS)



## ADJ EBITDA <sup>1</sup>

(\$ IN MILLIONS)



Notes: 1 - Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure.

# LONG TERM TRAJECTORY

# DOUBLE THE SIZE OF THE COMPANY

## LONG TERM GROWTH TARGETS

Future Net Sales Growth	15 %
EPS Growth	25 %



Future Adj EBITDA Margin by 2023	15 % +
Adjusted EBITDA Growth	20 % +

\* These are not projections; they are goals and are forward-looking, subject to significant business, economic, regulatory and competitive uncertainties and contingencies, many of which are beyond the control of the Company and its management, and are based upon assumptions with respect to future decisions, which are subject to change. Actual results will vary and those variations may be material. For discussion of some of the important factors that could cause these variations, please consult the "Risk Factors" section of the Company's Annual Report on Form 10-K for the year ended December 31, 2018 and Quarterly Report on Form 10-Q for the period ended March 31, 2019. Nothing in this presentation should be regarded as a representation by any person that these goals will be achieved and the Company undertakes no duty to update its goals.



**WE ARE**  
**PET IQ**<sup>®</sup>  
Smarter Pet Health





# APPENDIX

---

\$ IN THOUSANDS	TWELVE MONTHS ENDING			THREE MONTHS ENDING	
	2016	2017	2018	Q1 '18	Q1 '19
<b>NET INCOME</b>	<b>(3,395)</b>	<b>7,817</b>	<b>87</b>	<b>(3,957)</b>	<b>2,326</b>
<b>PLUS:</b>					
TAX EXPENSE (BENEFIT)	—	3,970	(661)	(1,067)	500
DEPRECIATION	1,915	2,348	6,657	1,250	1,654
AMORTIZATION	1,067	1,052	5,210	1,140	1,279
INTEREST	3,058	1,563	8,022	1,765	1,937
<b>EBITDA</b>	<b>2,645</b>	<b>16,750</b>	<b>19,315</b>	<b>(869)</b>	<b>7,696</b>
LOSS ON DEBT EXTINGUISHMENT	1,681	—	—	—	—
LITIGATION EXPENSE	3,262	—	—	—	—
COSTS ASSOCIATED WITH BECOMING A PUBLIC COMPANY	2,180	2,710	—	—	—
MANAGEMENT FEES	864	610	—	—	—
ACQUISITION COSTS	—	1,965	3,787	3,215	576
SUPPLIER RECEIVABLE WRITE OFF	—	(175)	—	—	—
STOCK BASED COMPENSATION EXPENSE	—	447	3,812	698	1,544
PURCHASE ACCOUNTING ADJUSTMENT TO INVENTORY	—	—	2,149	1,502	—
NON SAME-STORE REVENUE	—	—	(3,967)	(221)	(1,516)
NON SAME-STORE COSTS	—	—	10,345	388	3,252
FAIR VALUE ADJUSTMENT OF CONTINGENT NOTE	—	—	3,280	141	(680)
INTEGRATION COSTS AND COSTS OF DISCONTINUED CLINICS	—	—	998	371	—
NEW WELLNESS CENTER LAUNCH EXPENSES	—	—	1,380	365	—
NON-RECURRING ROYALTY SETTLEMENT	—	—	440	—	—
<b>ADJUSTED EBITDA</b>	<b>10,632</b>	<b>22,307</b>	<b>41,539</b>	<b>5,590</b>	<b>10,872</b>