



**PetIQ to Acquire VIP PetCare
Preliminary Unaudited 2017 Financial Outlook
ICR Conference
January 8-9, 2018**



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 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; failure of the Fairness to Pet Owners Act of 2017 to become law; 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 successfully grow our business through acquisitions; 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 final prospectus for PetIQ, Inc., dated July 20, 2017, and filed with the SEC on July 21, 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.

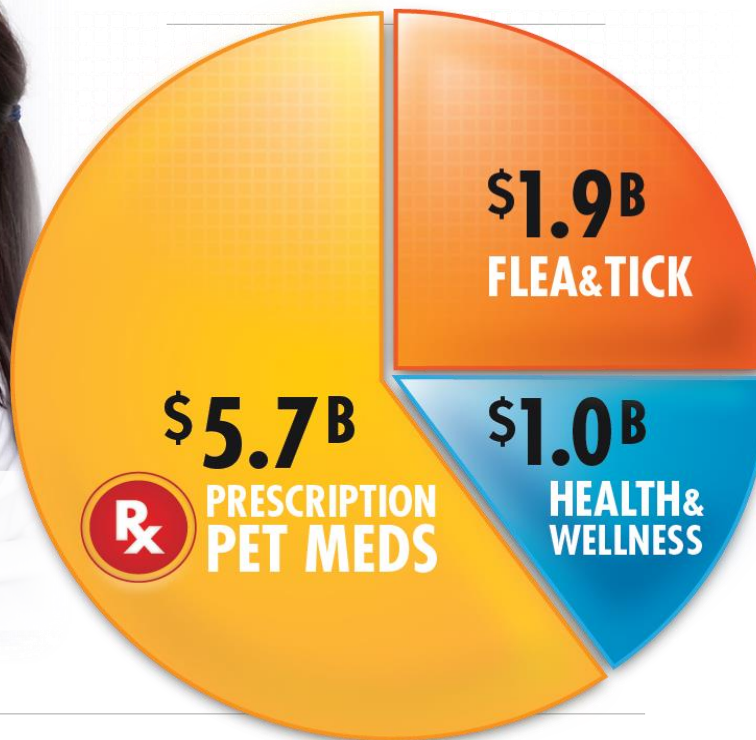
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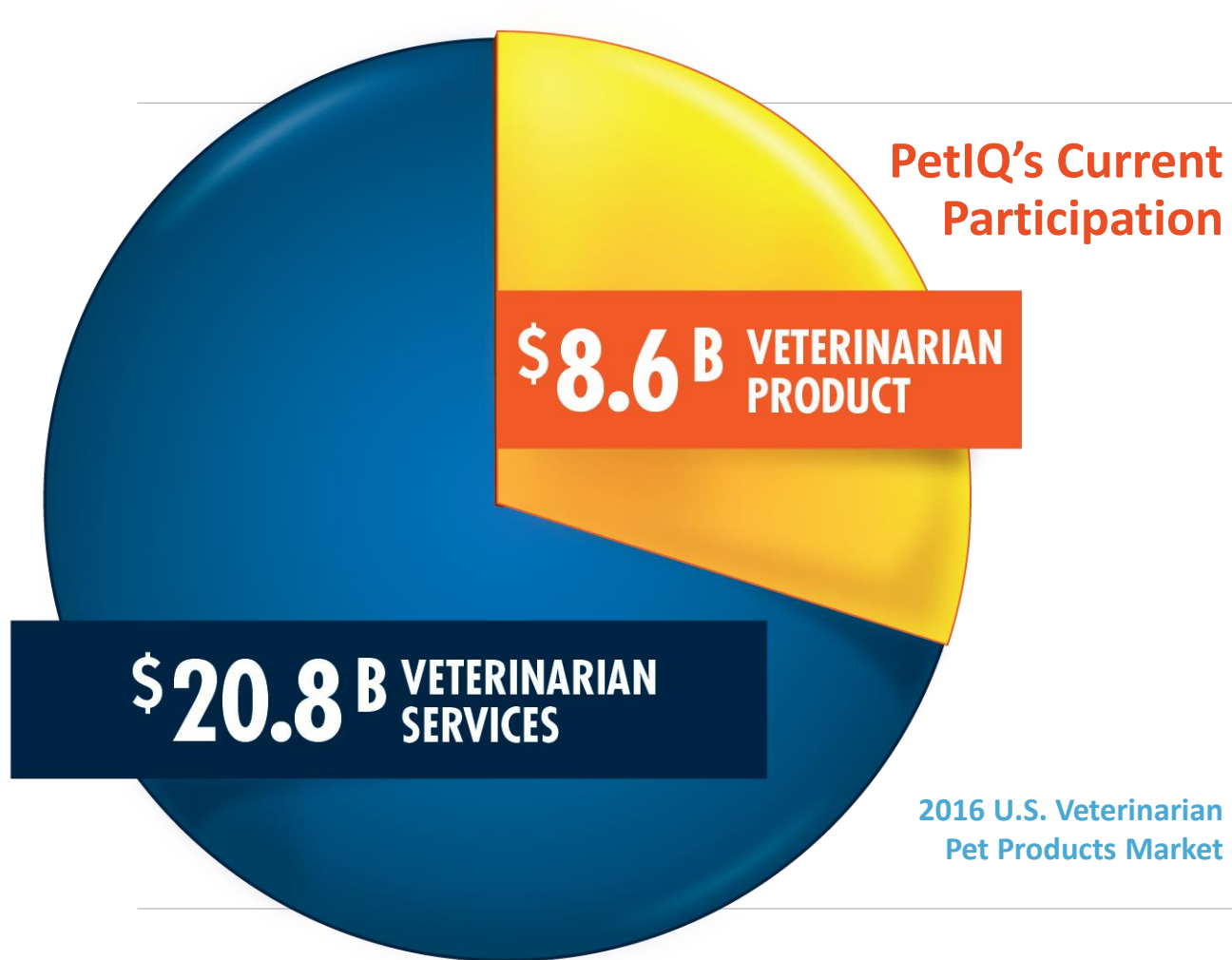
“PetIQ is a rapidly growing pet health and wellness company, with a mission to make pet lives better by educating pet parents on the importance of regular Veterinary care and Veterinary-recommended pet products.”



U.S. VETERINARIAN PET PRODUCTS MARKET



*Package Facts: “U.S. Pet Market Outlook – May 2017”



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STRONG RELATIONSHIPS WITH LEADING RETAILERS ACROSS CHANNELS

MASS / GROCERY



CLUB



PET SPECIALTY



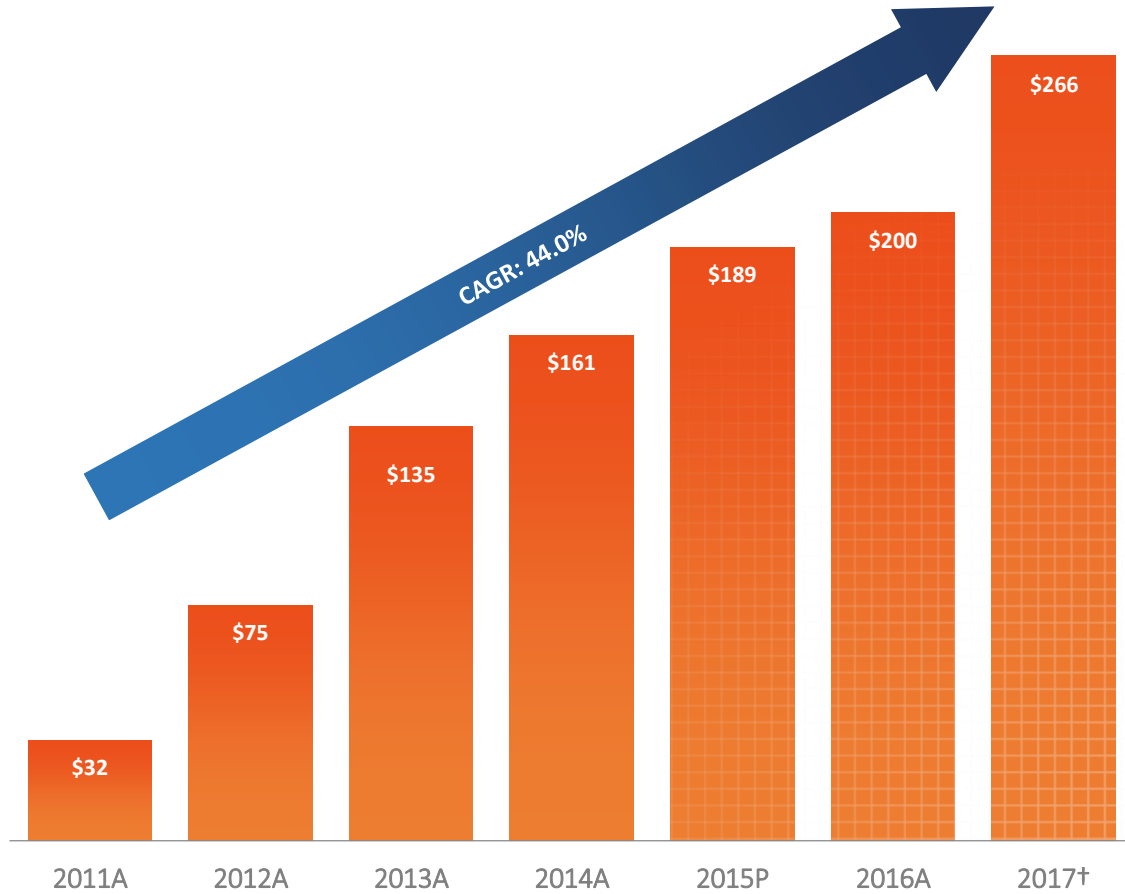
E-COMMERCE



FINANCIAL OVERVIEW

NET SALES

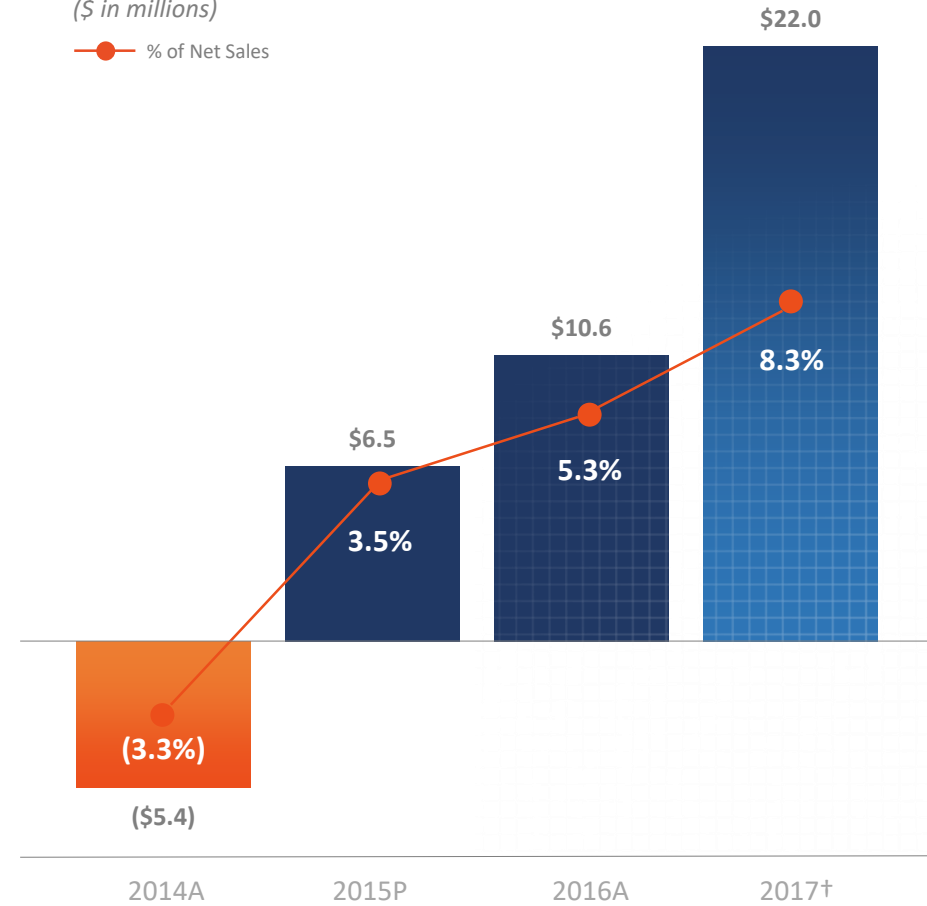
(\$ in millions)



ADJUSTED EBITDA

(\$ in millions)

● % of Net Sales



* The Company realized \$16.6 million in net sales to Walmart as part of a one-time sales opportunity in 2015. These sales to Walmart did not recur in 2016. On a pro forma basis, excluding the one-time sales opportunity, net sales grew approximately \$11 million or 5.8% in 2016 as compared to 2015.

† Midpoint of unaudited, projected net sales and adjusted EBITDA range. Reconciliation of Adjusted EBITDA provided in the appendix of this presentation.



- 1 GROW CONSUMER AWARENESS**
of Our Products in the Retail Channel
- 2 DELIVER INNOVATION**
in Pet Health & Wellness at a Great Consumer Value
- 3 EXPAND STRONG PARTNERSHIPS**
with Leading Retailers and Pharmacies
- 4 INCREASE NUMBER OF PRODUCTS**
with Existing Retailers



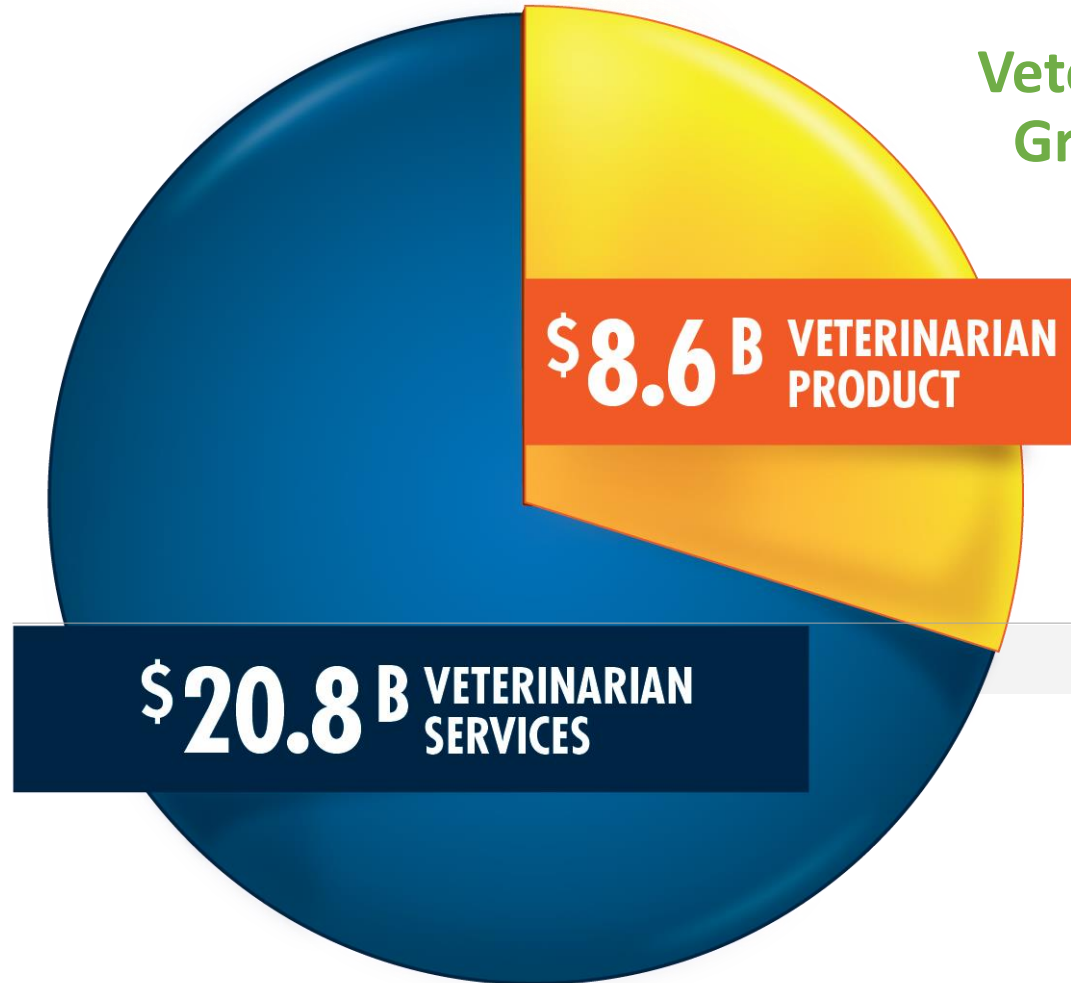

vip·petcare



Veterinary Services is Fast Growing with Significant Expansion Potential

U.S. VETERINARY SERVICES MARKET[†]

2017 -	\$ 22.2 B	6.7 %
2016 -	\$ 20.8 B	6.0 %
2015 -	\$ 19.6 B	6.0 %
2014 -	\$ 18.5 B	3.0 %
2013 -	\$ 17.9 B	4.5 %
2012 -	\$ 17.2 B	4.5 %



*Package Facts: "U.S. Pet Market Outlook – May 2017"

[†]Veterinary services market excludes annual estimates of veterinary product sales based on May 2017 Package Fact report

WHAT WE DO



DROP IN

2,900 clinic locations in 31 states
No appointment necessary

CHECK IN

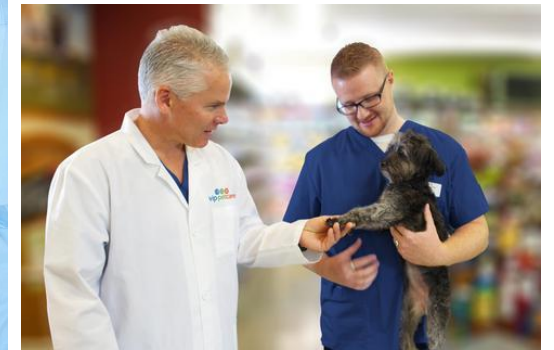
Access personal records
Identify needs and plan services

VET STATION

Veterinarian oversees all services
Meet specific or broad needs

CHECK OUT

Patient access to all records
No surprises





CEO

Will Santana was born and raised in Healdsburg, CA, in Sonoma County near where VIP Petcare is headquartered today. Will was already working in the veterinary field when, in 1995, he and his tennis buddy Ken Pecoraro started VIP Petcare. In the beginning it was just the two of them and an old van, occasionally hiring school friends as part-time employees. Now, nearly 20 years later, Will is amazed at how their little company has grown and evolved. Will is still heavily involved on a daily basis, guiding the strategy and operations of the business.



PRESIDENT

Michael Rist is a senior executive with more than 20 years of international experience within corporate finance for public and privately-held companies and Big 4 (Deloitte) public accounting firms. He is a Certified Public Accountant and active in a number of professional organizations. Rist holds a B.S. in Accounting and Finance from Copenhagen Business School and an MBA from the Villanova School of Business, Villanova University. He is a contributing author to finance & technology related newsletters published by Financial Executives International, CFO Studio and CFO Tech Outlook.



CMO

Paige Mazzone joined VIP Petcare with over 20 years of Marketing experience. She has held Sr. Vice President of Marketing roles for more than a decade, including directing product and company positioning at MarketLive, Safari Books Online, Nelson Family of Companies, MindBox, and Fair, Issac. In these roles, she was responsible for all positioning, messaging and product packaging. Paige was instrumental in creating branding and rebranding strategies at MarketLive, Nelson and MindBox. Paige has a B.A. in History from Stanford University. She resides in Windsor – right down the street from VIP PetCare.



VP FINANCE

Jared Johnson is a finance and accounting professional with 15 years of both public and private industry experience. After graduating from Biola University, he worked in public accounting before becoming a CPA and joining a thriving local bank. After several years as Controller, he joined the management team of a successful credit union, and graduated from Western Credit Union Management School. Then, in 2016, Jared became part of VIP Petcare, where he brings his expertise to the areas of Finance, Accounting, and Procurement. Jared grew up in Sonoma County, where he now lives with his wife and three children.



VP HUMAN RESOURCES

Dawn Gatley is a human resources professional with more than 17 years of human resources experience within privately-held and public Fortune 100 and 500 companies. As Vice President of Human Resources, Dawn is responsible for all aspects of recruiting, benefits, employee development and employee relations. Her previous experience includes roles at The Home Depot, DIRECTV and SteinWorld Operating Company. She is a Certified Professional in Human Resources (PHR) as well as a Society of Human Resources Certified Professional (SHRM-CP). Dawn holds a BA in Fine Arts from DeSales University and an M. Ed in Adult Learning and Higher Education Administration from the University of Oklahoma.



VP OPERATIONS

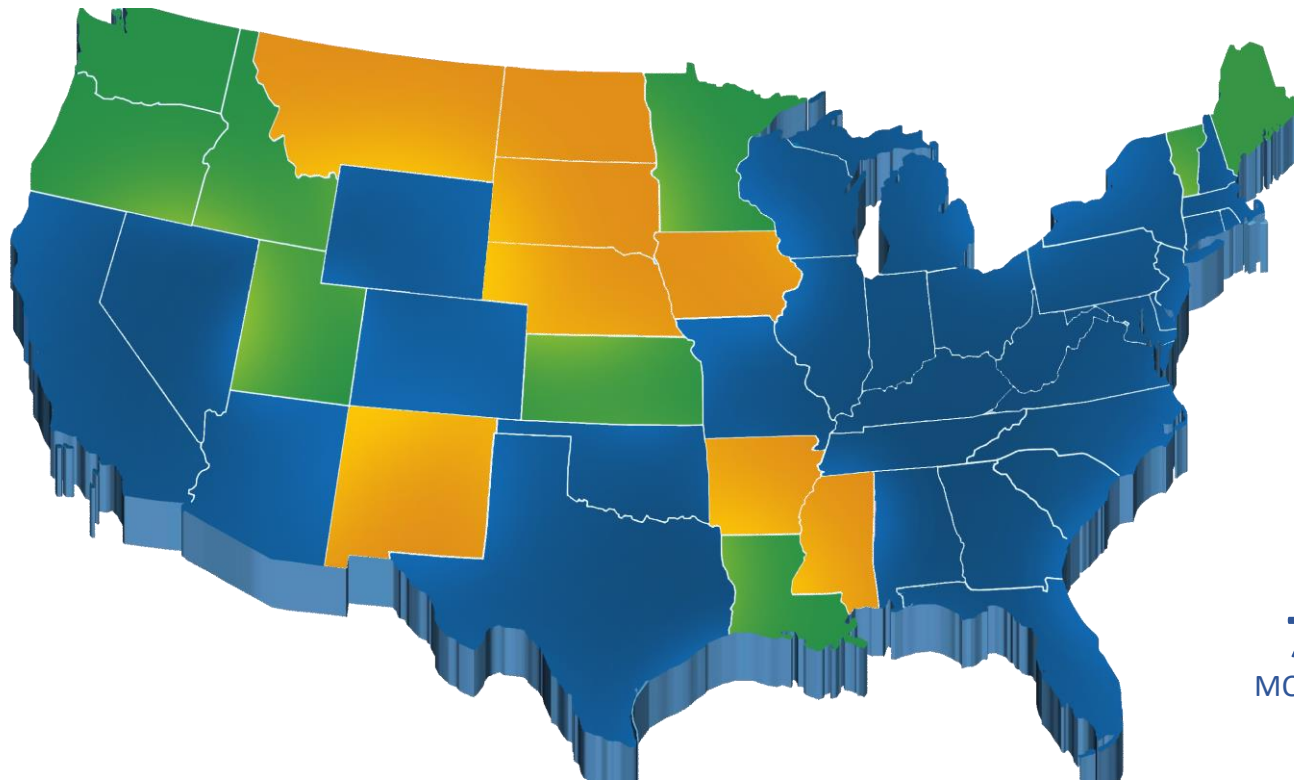
Robin Dunbar is a pet retail industry veteran with over 30 years of experience encompassing operations, training, customer service and store relations. At VIP Petcare, Robin is responsible for ensuring our clinics are run efficiently and effectively, with the ultimate goal of providing each client and pet with the friendliest, easiest and most seamless experience possible. Robin lives in Yountville, California, and holds a degree in Bachelor of Business Administration from the University of Oregon.



MEDICAL DIRECTOR

A researcher at heart, Dr. Fleeer has worked with animals around the world. From the wilds of Africa and the meadows of Yosemite to zoos in California and New York, Dr. Fleeer has studied animal health and disease transmission for the last decade. She also completed studies in broader public health issues concerning both humans and animals. At VIP Petcare, Dr. Fleeer is responsible for understanding the gold standard in preventative veterinary medicine and applying that standard to the company formulary and services offered. Dr. Fleeer holds a B.S. in Zoology from Marshall University, a Masters of Preventative Veterinary Medicine and a Doctorate of Veterinary Medicine, both from the University of California, Davis, School of Veterinary Medicine..

COMPANY FACTS AND NATIONAL FOOTPRINT



31
STATES



+1MM
PETS SERVED



2,900
CLINIC
LOCATIONS



+1,000
EMPLOYEES



250
PARTNERS



+1,400
VETERINARIANS



76,000
MOBILE CLINICS



29
REGIONAL
OFFICES



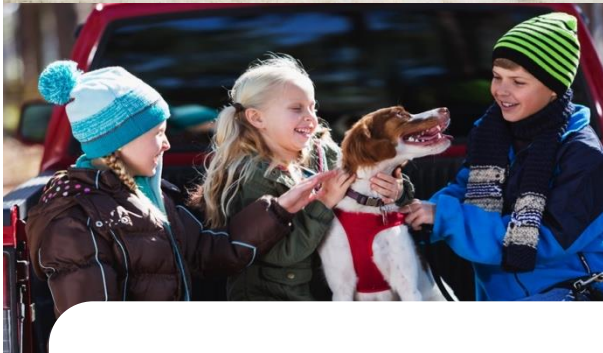
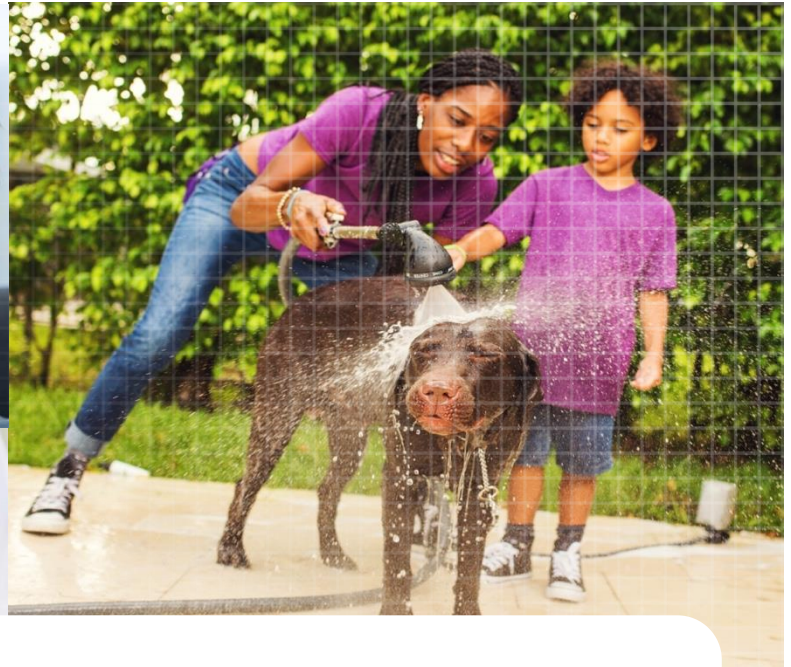
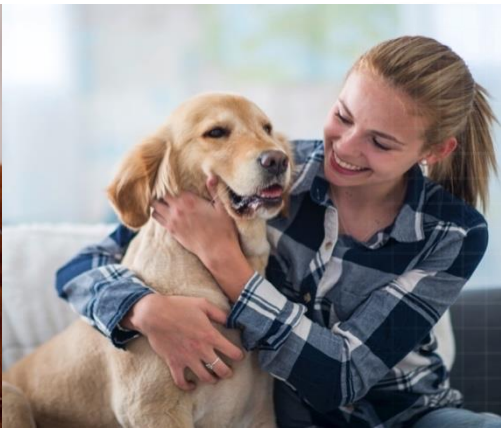
■ CURRENT FOOTPRINT ■ 2018 EXPANSION ■ FUTURE EXPANSION

COMPETITIVE MATRIX

Service Provider	Footprint Coverage	Multiple Partnerships	Top 20 US Pet Retailers	Non-Pet Retailers	Mobile Clinics	Wellness Centers
BANFIELD PET HOSPITALS	44	X	1	X	X	✓
NATIONAL VETERINARY ASSOCIATES (NVA)	43	X	0	X	X	✓
VCA ANIMAL HOSPITALS	43	X	0	X	X	✓
VETCO (PETCO)	32	X	1	X	✓	✓
vip.petcare	31	✓	12	✓	✓	✓
SHOTVET	5	✓	2	✓	✓	X
GOOD NEIGHBOR VET	3	✓	2	✓	✓	X
PET PREVENTIVE CARE	3	✓	0	X	✓	✓
VAXSMART	3	✓	1	✓	✓	X
THRIVE	3	X	1	X	X	✓
AFFORDABLE PET VACCINES	2	✓	0	✓	✓	✓
EZ VET	2	X	1	X	X	✓
PETSTOP	2	✓	0	✓	✓	X
VACCINATION STATION	1	✓	0	✓	✓	X



- 1 CONTINUE TO OUTPACE THE MARKET CAGR**
- 2 INCREASE FREQUENCY**
Monthly Clinics to Weekly, Weekly to Daily
- 3 MORE LOCATIONS**
with Existing Partners
- 4 NEW LOCATIONS WITH NEW PARTNERS**
Both Pet and Non-Pet Retailers





- WIDE PRODUCT SELECTION
- GENERIC OFFERINGS
- 40,000+ LOCATIONS

PRODUCTS



VALUE TO CONSUMER



- CLINIC LOCATIONS
- AFFORDABLE CARE
- MOBILITY & ACCESSIBILITY

SERVICES



SERVICES PLATFORM

- Together, PetIQ and VIP expect to generate approximately \$450 million of pro-forma net sales and \$40MM of pro-forma adjusted EBITDA for FY'18
- Wholesale products business would represent approximately 75% of net sales and the services business would represent approximately 25% of net sales of the combined enterprise



CUSTOMER BASE

- Additional opportunity exists to expand distribution of PetIQ's veterinary-grade products to current VIP customers, as well as provides the potential delivery of VIP's veterinary services to PetIQ's existing network of customers
- Strengthens the consolidated company's existing partnerships with leading U.S. retailers and strengthens the company's ability to attain new retail customers



LEADERSHIP

- The VIP management team will remain in place reflecting their commitment and belief in the future success of the combined company
- The transaction will build upon PetIQ's leadership team through the addition of VIP's talented group of executives with a substantial operational experience



**\$39.4 BILLION
POTENTIAL MARKET**



TRANSACTION WITH SIGNIFICANT VALUE CREATION



TRANSACTION METRICS

- Approximately \$220MM transaction
- \$100MM of purchase paid in cash
- 4.2MM shares of PetIQ's Class B common stock, valued at approximately \$90MM
- \$10MM in guaranteed note and \$20MM in contingent earn out notes
- The transaction is expected to close by the end January 2018



CAPITAL STRUCTURE

- Cash portion of purchase includes use of \$25MM of on hand cash and new \$75MM commercially financed Term Loan
- Seller notes carry similar interest and maturity as Term Loan
- Net leverage¹ is expected to be approximately 1.6x to 1.8x for LTM Adjusted EBITDA for FY'18



VALUE CREATION

- Net Sales of \$450MM to \$500MM, an increase of approximately 70% to 90% year-over-year
- Adjusted EBITDA of \$40MM to \$45MM, an increase of 80% to 105%
- Long Term EPS growth

¹assumes incremental interest expense of \$5.3 million associated with the financing of the transaction and also assumes combined marginal federal and state tax rates for the VIP business of approximately 28% as their business is domestically based

COMBINED COMPANY FINANCIAL OUTLOOK

2018

Net Sales

▪ **\$ 450 MM - \$ 500 MM**

Adjusted EBITDA

▪ **\$ 40 MM - \$ 45 MM**

**FORWARD
YEARS
2019 –
2020**

Net Sales Growth

▪ **15% +**

Adjusted EBITDA Growth

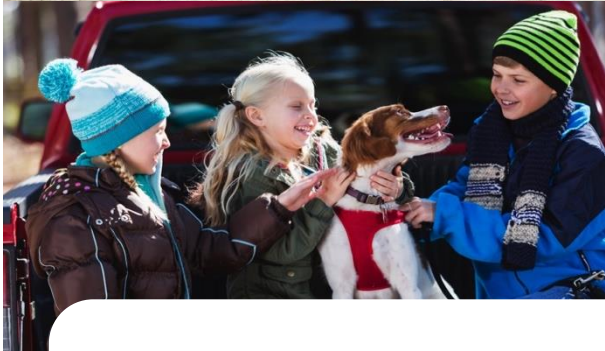
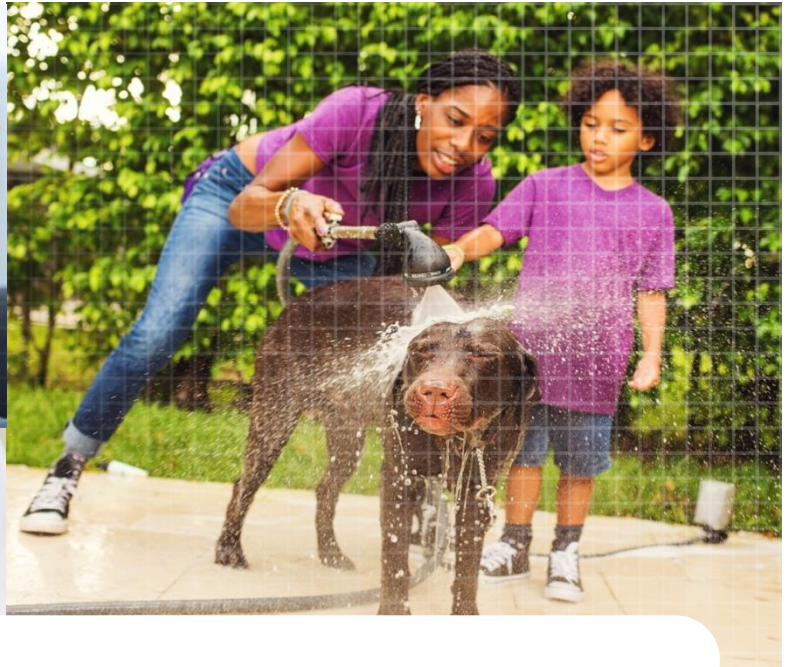
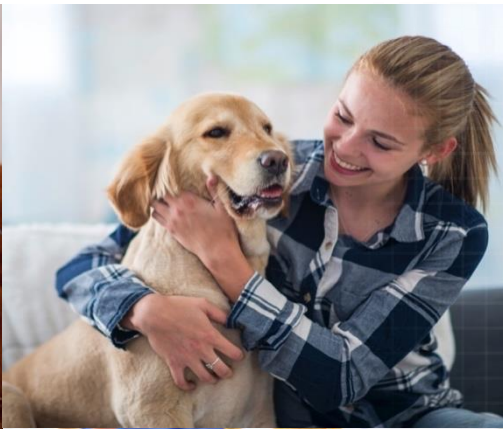
▪ **20% +**

Adjusted EBITDA Margin

▪ **10% by 2020**

EPS Growth

▪ **25% +**



APPENDIX

RECONCILIATION OF NET INCOME TO ADJUSTED EBITDA

(\$ in thousands)	Year Ended December 31,		
	2016	2015	2014
Net Income (Loss)	(\$3,395)	(\$1,349)	(\$10,991)
Non-GAAP Adjustments:			
Depreciation	1,915	1,842	1,456
Amortization	1,067	735	842
Interest	3,058	3,545	980
EBITDA	2,645	4,773	(7,713)
Loss On Debt Extinguishment ⁽¹⁾	1,681	1,449	-
Litigation Expenses ⁽²⁾	3,262	2,622	1,867
Costs Associated With Becoming A Public Company	2,180	626	-
Supplier Receivable Write-Off ⁽³⁾	-	1,449	-
Management Fees ⁽⁴⁾	864	462	460
One-Time Sales Opportunity ⁽⁵⁾	-	(4,832)	-
Adjusted EBITDA	\$10,632	\$6,549	(\$5,386)

(1) Loss on debt extinguishment reflects costs relating to the refinancing of the Company's prior credit facility, including a write-off of unamortized loan fees, legal fees and termination fees.

(2) These litigation expenses relate to cases involving the Company that were favorably resolved in the second quarter of 2016. The Company expects litigation expenses to decline in 2017.

(3) During 2015 the Company terminated its relationship with a supplier in accordance with a supply agreement, resulting in the Company writing off the full amount of cash advanced to the supplier as a supplier prepayment on the procurement of inventory as of December 31, 2015. Subsequent to December 31, 2015, the Company initiated litigation to attempt to collect the cash advanced to the supplier.

(4) Represents annual fees paid pursuant to the Company's management agreements with Eos, Highland and Labore. The management agreements will terminate in connection with this offering; however, the Company will pay fees to members of the Company's board of directors following the offering.

(5) The Company realized \$16.6 million in net sales to Walmart as part of a one-time sales opportunity in 2015. These sales to Walmart did not recur in 2016.

