

SECOND QUARTER 2018 EARNINGS PRESENTATION

August 14, 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 and Quarterly Report on 10-Q for the period ended March 31, 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, 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.

OUTLINE

RESULTS OVERVIEW

GAAP FINANCIALS

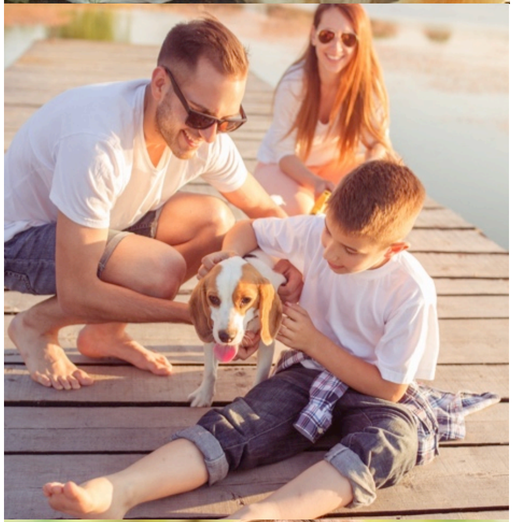
GROSS PROFIT ADJUSTMENTS

G&A ADJUSTMENTS

APPENDIX

PRESENTERS

Cord Christensen, CEO
John Newland, CFO



RECENT PETIQ FINANCIAL HIGHLIGHTS

SECOND QUARTER 2018 RESULTS

- Net sales were **$171.1 million**, an increase of **96% year-over-year**
  - Product Sales were **$148.7 million**, an increase of **71% year-over-year**
  - Service revenue was **$22.4 million**
- Net Income was **$5.4 million**
- Adjusted Net Income was **$10.6 million***
- Adjusted EBITDA was **$15.8 million** compared to $7.6 million for the same period in the prior year*

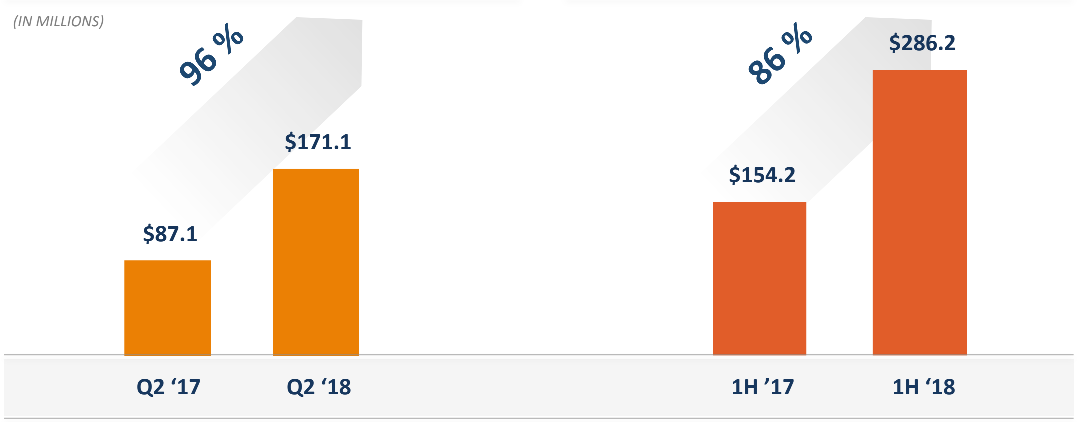
OTHER BUSINESS HIGHLGHTS

- Completed the rollout of all 20 VetIQ Wellness Centers at Walmart
- Antitrust complaint filed against PetIQ by Med Vets, Inc. dismissed
- Giving pro forma effect to the exercise of the $25 million accordion feature in its revolving line of credit on 8/10/18 (increasing the facility size to **$75 million),** increased liquidity **$51 million** to **$63 million** compared to the **$12 million** of liquidity at March 31, 2018

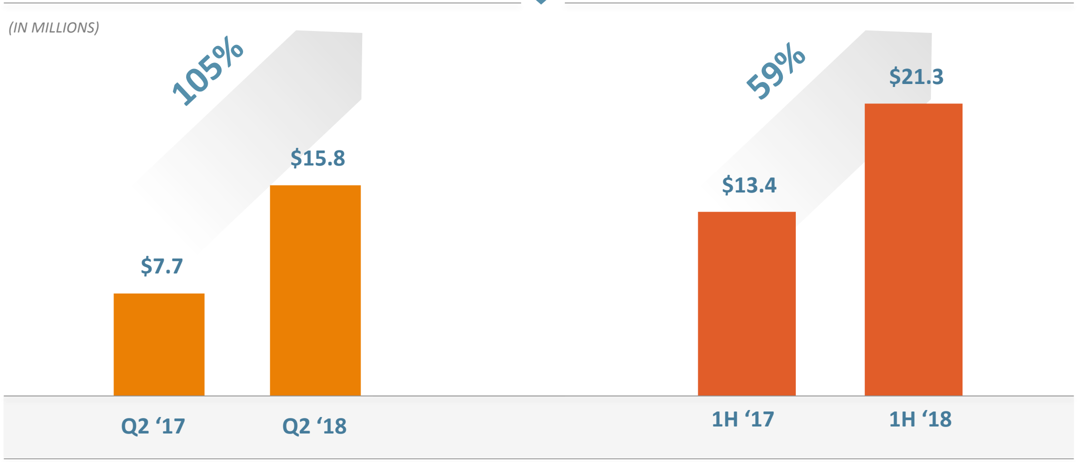
Notes: * Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of the most comparable GAAP measure

SECOND QUARTER RESULTS

NET SALES



ADJUSTED EBITDA*



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

FINANCIAL PERFORMANCE

GAAP CONSOLIDATED STATEMENT OF OPERATIONS

FOR THE QUARTER ENDED JUNE 30, 2018

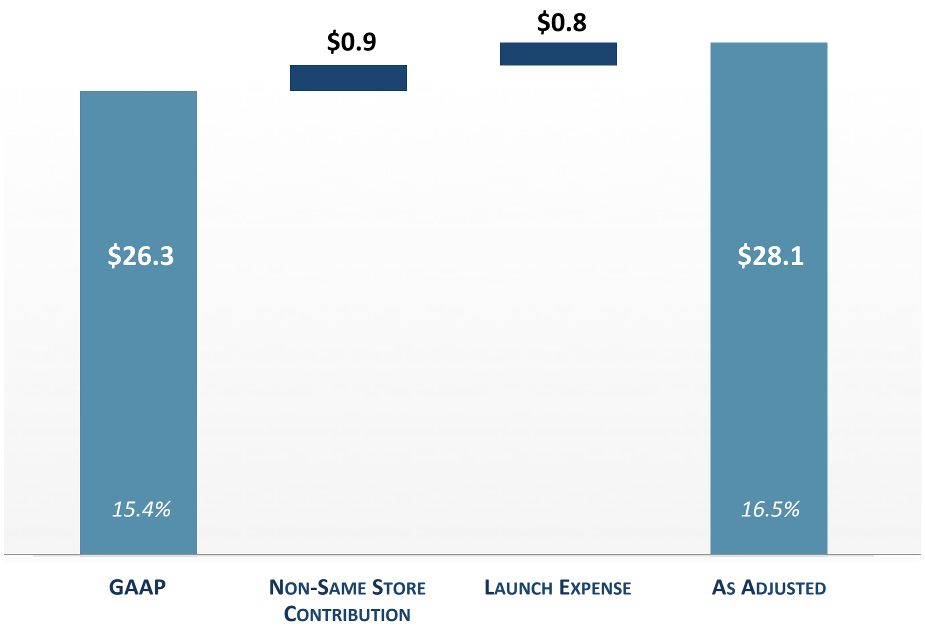
	THREE MONTHS ENDED		SIX MONTHS ENDED	
$ IN MILLIONS	JUNE 30, 2018	JUNE 30, 2017	JUNE 30, 2018	JUNE 30, 2017
PRODUCT SALES	$148.7	$87.1	$246.6	$154.2
SERVICE REVENUE	$22.4	—	$39.6	—
TOTAL NET SALES	**$171.1**	**$87.1**	**$286.2**	**$154.2**
COST OF PRODUCT SOLD	$127.6	$71.2	$212.2	$126.1
COST OF SERVICES	$17.2	—	$31.8	—
TOTAL COST OF SALES	**$144.8**	**$71.2**	$244.0	$126.1
GROSS PROFIT	**$26.3**	**$16.0**	**$42.2**	**$28.1**
G&A	$16.9	$9.2	$35.9	$16.7
OPERATING INCOME	**$9.4**	**$6.7**	**$6.3**	**$11.5**
OTHER EXPENSE	($3.0)	($0.6)	($4.9)	($1.1)
NET INCOME	**$5.4**	**$6.0**	**$1.4**	**$10.4**
ADJUSTED EBITDA*	**$15.8**	**$7.6**	**$21.4**	**$13.4**

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

ADJUSTED GROSS PROFIT

FOR THE QUARTER ENDED JUNE 30, 2018

GROSS PROFIT



RESULTS PERFOMANCE

On an adjusted basis, Company reported Gross Profit of **$28.1 million**, an increase of **$10.1 million** compared 1Q18 and **$12.2 million** compared to 2Q17. Adjustments from GAAP gross profit to adjusted gross profit include:

- **NON SAME STORE CONTRIBUTION**
  Net of revenue of $0.8M and costs of $1.7M associated with operating retail service locations that have been open less than 1 year.

- **NEW WELLNESS CENTER LAUNCH EXPENSES**
  Adjustment represents 'pre-opening' costs that occurred prior to a wellness center grand opening date.

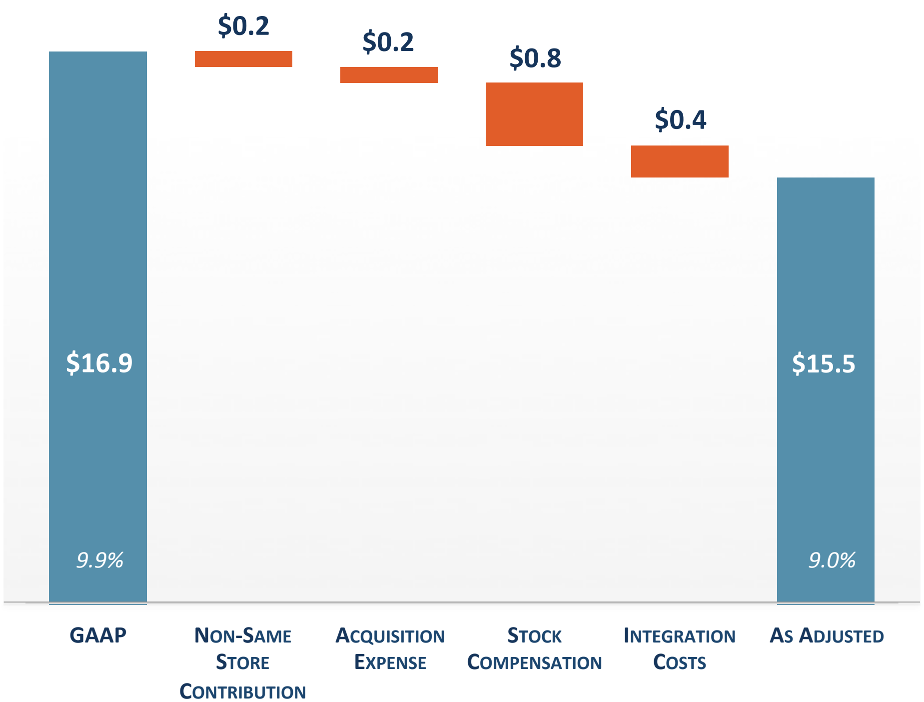
- **IMPACT OF PRODUCT MIX**
  Total unit sales for 2Q18 were inline with expectations. However, the Company's distributed product outpaced sales in manufactured items. Margin dollars remain the same, but gross profit margin percentages are impacted by ~1.7% to 1.8%. This is not an adjustment to gross profit but rather a point of clarification.

Notes: * Non-GAAP financial measure. See the Appendix of this presentation for a reconciliation of adjusted gross profit to gross profit, the most comparable GAAP measure

ADJUSTED G&A

FOR THE QUARTER ENDED JUNE 30, 2018

G&A



RESULTS PERFORMANCE

On an adjusted basis, G&A was **$15.5 million**, representing improvements as a percent of sales of **375bps** vs. 1Q18 and **130bps** vs. 2Q17. Amortization expense related to the purchase of VIP was **$1.1 million.** Adjustments from GAAP G&A to adjusted G&A include:

- **NON-SAME STORE G&A**
  Adjustment outlines expenses associated with operating retail service locations that have been open less than 1 year.
- **ACQUISITION EXPENSE**
  Adjustment includes expenses associated with the purchase of VIP Petcare including items such legal and tax services.
- **INTEGRATION COSTS**
  One time costs associated with the integration and reorganization of VIP Petcare including items such as severance and benefits.
- **STOCK COMPENSATION EXPENSE**
  Expenses associated with employee and director equity awards.

Notes: * See the Appendix of this presentation for a reconciliation of Adjusted G&A to General and administrative expenses, the most comparable GAAP measure

GUIDANCE

2018

Net Sales	$ 500 MM
Adjusted EBITDA[1]	$ 40 MM - $ 45 MM

FORWARD YEARS 2019 – 2023

Net Sales Growth	15% +
Adjusted EBITDA Growth	20% +
Adjusted EBITDA Margin	15% by 2023
EPS Growth	25% +

Notes: [1] Company reported Adjusted EBITDA in Q1 of $5.4M. However, Company did not adjust for earnings on a same store sales basis. Including that adjustment, Q1 Adjusted EBITDA would be $5.6M.

2018 QUARTERLY GUIDANCE

$ IN MILLIONS	Q1-18(A)	Q2-18(A)	Q3-18(E)	Q4-18(E)	2018 GUIDANCE
NET SALES	$115.1	$171.1	$120 - $135	$85 - $95	$500
ADJ EBITDA[1]	$5.6	$15.8	$13+	$6+	$40 - $45
ADJ EBITDA MARGIN[2]	4.9%	9.3%	9% - 12%	5% - 7%	8%+

Notes: [1] Company reported Adjusted EBITDA in Q1 of $5.4M. However, Company did not adjust for earnings on a same store sales basis. Including that adjustment, Q1 Adjusted EBITDA would be $5.6M. [2] Adj EBITDA Margin defined as Adj EBITDA / GAAP Net Sales

APPENDIX

ADJUSTED GROSS PROFIT RECONCILIATION

	QTD		YTD	
$ IN MILLIONS	6/30/2018	6/30/2017	6/30/2018	6/30/2017
Gross profit	**26,318**	15,951	**42,201**	28,151
Plus:				
Purchase accounting adjustment to inventory	**—**	—	**1,502**	—
Non same-store gross profit	**917**	—	**1,084**	—
Clinic launch expense	**846**	—	**1,211**	—
Adjusted gross profit	**28,081**	15,951	**45,998**	28,151

ADJUSTED G&A EXPENSE RECONCILIATION

	QTD		YTD	
$ IN MILLIONS	6/30/2018	6/30/2017	6/30/2018	6/30/2017
General and Administrative expenses	**16,943**	9,277	**35,911**	16,682
Less:				
Management Fees	**—**	196	**—**	386
Acquisition costs	**151**	—	**3,366**	—
Stock based compensation expense	**756**	—	**1,454**	—
Integration costs and costs of discontinued clinics	**385**	—	**756**	—
Non same-store general and administrative expenses	**192**	—	**192**	—
Adjusted General and Administrative expenses	**15,459**	9,081	**30,143**	16,296

ADJUSTED NET INCOME RECONCILIATION

$ IN MILLIONS	QTD 6/30/2018	QTD 6/30/2017	YTD 6/30/2018	YTD 6/30/2017
Net income	**5,398**	6,070	**1,441**	10,349
Plus:				
Acquisition costs	**151**	—	**3,366**	—
Tax expense	**1,020**	—	**(47)**	—
Stock based compensation expense	**756**	—	**1,454**	—
Purchase accounting adjustment to inventory	**—**	—	**1,502**	—
Non same-store revenue	**(794)**	—	**(1,015)**	—
Non same-store costs	**1,903**	—	**2,291**	—
Fair value adjustment of contingent note	**459**	—	**600**	—
Integration costs and costs of discontinued clinics	**385**	—	**756**	—
New clinic launch expenses	**846**	—	**1,211**	—
Non-recurring royalty settlement	**440**	—	**440**	—
Adjusted Net income	**10,564**	6,070	**11,999**	10,349

ADJUSTED EBITDA RECONCILIATION

$ IN MILLIONS	QTD 6/30/2018	QTD 6/30/2017	YTD 6/30/2018	YTD 6/30/2017
Net income	**5,398**	6,070	**1,441**	10,349
Plus:				
Tax expense (benefit)	**1,020**	—	**(47)**	—
Depreciation	**1,780**	575	**3,030**	1,111
Amortization	**1,257**	261	**2,397**	521
Interest	**2,216**	535	**3,981**	999
EBITDA	**11,671**	7,441	**10,802**	12,980
Acquisition costs	**151**	—	**3,366**	—
Management fees	**—**	196	**—**	386
Stock based compensation expense	**756**	—	**1,454**	—
Purchase accounting adjustment to inventory	**—**	—	**1,502**	—
Non same-store revenue	**(794)**	—	**(1,015)**	—
Non same-store costs	**1,903**	—	**2,291**	—
Fair value adjustment of contingent note	**459**	—	**600**	—
Integration costs and costs of discontinued clinics	**385**	—	**756**	—
New wellness center launch expenses	**846**	—	**1,211**	—
Non-recurring royalty settlement	**440**	—	**440**	—
Adjusted EBITDA	**15,817**	7,637	**21,407**	13,366