

ROBUST SPENDING FUELS PET CARE MARKET M&A FOR DIVERSIFIED END MARKETS

PET CARE MARKET UPDATE | MARCH 2024



**CAPSTONE
PARTNERS**

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Pet Care Market

Robust Spending Fuels Pet Care Market M&A for Diversified End Markets

KEY SECTOR TAKEAWAYS

Capstone Partners' [Consumer Investment Banking Group](#) is pleased to share its Pet Care report. Pandemic-driven upticks in pet ownership have benefited Pet Care market participants in both the Products and Services segments. Capstone expects merger and acquisition (M&A) activity to continue its strong performance as both strategic and private equity-backed buyers execute on consolidation efforts in the Pet sector. Several key takeaways are outlined below.

1. Sector M&A volume rose 10.8% year-over-year (YOY) from 102 deals announced or completed in 2022 to 113 in 2023, significantly outperforming the broader Consumer industry.
2. The Pet Boarding segment is expected to benefit greatly from the reversal of remote work and return to travel. Low barriers to entry create a growing number of participants creating ample consolidation opportunities.
3. Deals in the Vet & Health segment commanded the largest portion of M&A activity, demonstrating the rising importance of healthcare for pets amid a persistent shortage of practicing veterinary clinicians.
4. Pet humanization trends have increased demand for accessories and health supplements, encouraging new sector players and drawing buyer interest.
5. Sector participants have experienced heightened revenue visibility and acquirer appetite as pet owner demand for quality products has proven to be inelastic.
6. Private equity-backed platforms in both Pet Products and Services have continued to grow impressively through acquisitions.
7. Investors have still craved consumables, and we predict we will see an uptick in acquisitions of 'lotions and potions' in the next 12-24 months. This stems from pet parent spending on Health and Wellbeing Products which is driving sales growth and creating attractive acquisition targets in the Pet Care and Veterinary channels.

Capstone Partners has developed a full suite of corporate finance solutions, including M&A advisory, debt advisory, financial advisory, and equity capital financing.

To learn more about Capstone's wide range of advisory services and Pet sector knowledge, please [contact us](#).

SALES AND PRICES RISE AS PET OWNERSHIP LEVELS GROW

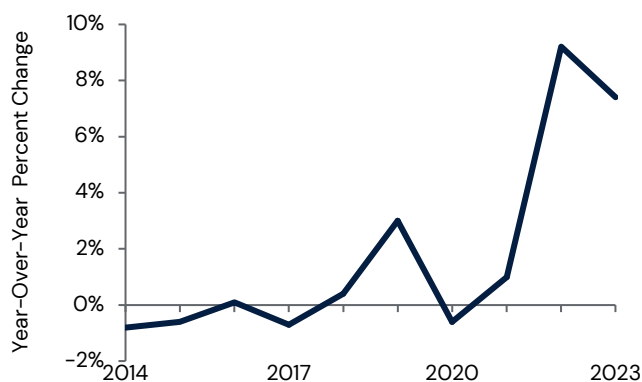
The growing notion that pets serve as vital members of the family has bolstered the popularity and demand for pet products, services, and consumables. Notably, 66% of U.S. households own a pet and total sector expenditures were projected to have risen 5.0% YOY from \$136.8 billion in 2022 to \$143.6 billion in 2023, according to the American Pet Products Association (APPA).¹ The nondiscretionary nature of sector spending has persisted despite consumer prices for pets and pet products rising 7.4% YOY in 2023, according to the U.S. Bureau of Labor Statistics.² Leading sector participants have garnered healthy revenue increases amid steady consumer demand. Freshpet (Nasdaq:FRPT) noted that high quality pet food has proven to be among the last things cut from household expenditures in difficult times, allowing for reliable revenue streams, according to an earnings transcript.³ Freshpet witnessed net sales growth of 33% in Q3, encouraged by a 23% rise in volume growth as it penetrates new households, according to the transcript.



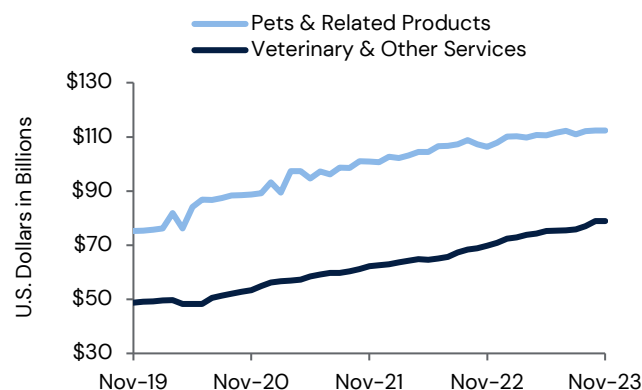
E-commerce retailers have facilitated pet spending, leveraging subscription-based models to capture recurring revenues. In 2023, U.S. e-commerce pet food and pet supply sales amounted to \$30.3 billion, marking a 3.5% YOY increase, according to IBISWorld.⁴ Notably, major online pet retailer, Chewy (NYSE:CHWY), reported net sales of \$2.7 billion in Q3 2023, an 8% increase YOY, while net sales per active customer (NSPAC) exceeded \$540, up 14%, according to an earnings transcript.⁵

Despite the prevalence of online shopping, brick-and-mortar market participants have continued to command healthy wallet share. Notably, 2023 sales reached \$28.8 billion, according to IBISWorld.⁶ Many brick-and-mortar retailers have positioned themselves as exclusive providers of premium, high-margin products and services, providing retail stores with differentiated offerings compared to their online counterparts. Of note, pet franchise, Pet Supplies Plus, reported double-digit earnings growth, secured 35 signed agreements to open 61 stores, and acquired 20 Loyal Companion Pet Stores from Independent Pet Partners (March, undisclosed), according to a press release as of year-to-date August 29, 2023.⁷ Easing monetary policy and resilient consumer spending are likely to support healthy growth in the Pet space.

Prices Rise for Pets and Pet Products



Pet Spending Trends Upward



Source: U.S. Bureau of Economic Analysis, Capital IQ, PitchBook, FactSet, and Capstone Partners

CONSOLIDATION IN PET SERVICES AND PRODUCTS RAMP UP

Buyers Target Pet Boarding Services

The pandemic ignited a spike in pet ownership as work-from-home trends and mental health concerns drove Americans to seek companionship. As return to office orders and pent-up travel demand have increased, pet owners have sought ways to continue to care for their pets while away. The Pet Boarding segment is set to benefit greatly from the reversal of remote work. Few barriers to entry define the space, creating a wealth of new entrants and adding to a fragmented market.

The Pet Services segment commanded 15.7% of sector deal activity in 2023 versus 5.9% in 2022. Notably, Blackstone (NYSE:BX) announced its acquisition of Rover Group (Nasdaq:ROVR), the world's largest online pet care marketplace for \$2.3 billion, equivalent to 9.9x EV/Revenue (November). Through its platform and mobile application, 93 million pet care services have been booked since its inception, according to a press release.⁸

Vet Services Ride Sector Tailwinds

The Pet Care segment has faced a critical shortage of veterinarians, as wait times to access pet care have grown, exacerbated by the spike in pet ownership since the pandemic. The number of clinically practicing veterinarians grew 5.1% YOY to 82,704 in 2023, according to the American Veterinary Medical Association (AVMA).⁹ However, by 2030, an additional 55,000 veterinarians will be needed, according to Mars Veterinary Health.¹⁰ Technology offerings including telemedicine and digital diagnostics have helped to mitigate staffing shortages. Of note, T-Medical Group has made significant strides towards improving its suite of telehealth offerings with the acquisition of 365Televet.com, a provider of affordable veterinary care through its digital platform (October, undisclosed). The deal has marked T-Medical's entrance into the growing Veterinary Telemedicine segment, according to a press release.¹¹ Additionally, pet insurance companies have become more prevalent, offering a cost-effective option for pet owners to cover potential health concerns. The number of pets insured in the U.S. rose from 4.4 million in 2021 to 5.4 million in 2022, helping owners absorb veterinary costs, according to a 2023 North American Pet Health Insurance Association report.¹²

Deals in the Vet & Health segment again commanded the largest portion (37%) of sector M&A activity with 43 deals announced or closed in 2023. Purchase multiples in the Vet & Health segment have averaged 2.8x EV/Revenue and 12.4x EV/EBITDA between 2018 and 2023.

Capstone has identified over 50 rollups in the vet space. We expect continued acquisition activity in the space as only 25% of first-opinion clinics in the U.S. are corporate-owned, driving consolidation efforts by strategic and financial buyers, according to an AVMA report.¹³ Acquisitions can provide independent clinics with enhanced worker benefit packages, more manageable workloads, better tools for streamlined workflows, and improvements in technology offerings.

High End Pet Consumables Assimilate to Human Habits

The Pet Care market has continued to trend toward greater humanization in dietary requirements, and supplements as pet owners have increasingly demanded high-quality, healthy products. Quality consumables businesses have felt the effects of increasing prices as input costs rose. However, demand for these high-end goods has remained robust.

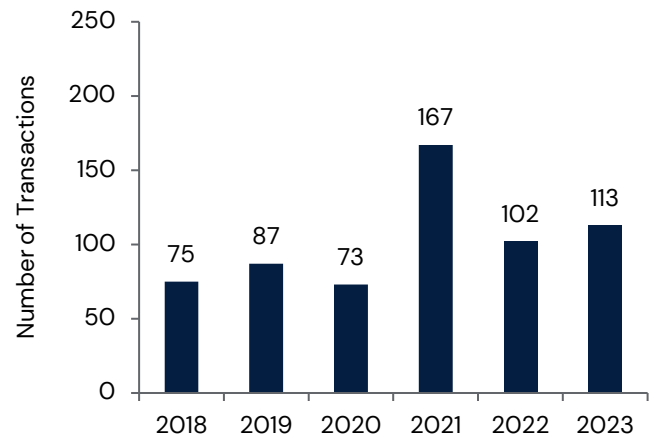
Owners have continued their purchasing habits to ensure their pets receive the best products and care. Notably, pet owners in the U.S. have spent an average of \$780 on their dogs and \$523 on their cats, annually, for products, whether that be treats, food, vitamins, beds for dogs, or high-end kitty litter, according to a report by the APPA.¹⁴

Increased regulation from the Association of American Feed Control Officials (AAFCO) and consumer demand for higher standards in the Pet Food & Ingredients segment have attracted new sector participants. Notably, Thrive Foods announced its acquisition of NutriBites, UBite and Hoopla brands parent, Canature, in December, combining the two freeze-dried pet food and treat producers. Terms of the deal were not disclosed. The acquisition will allow Thrive Foods to leverage Canature's expertise in wet processing, an increasingly sought-after category within the Freeze-Dried Pet Food segment, according to a press release.¹⁵

LARGE CPG PLAYERS CONTINUE THEIR FOCUS ON THE PET SPACE

Sector M&A volume rose 10.8% YOY from 102 deals announced or completed in 2022 to 113 in 2023, outperforming the broader Consumer industry. Strategic buyers commanded the lion’s share (67.3%) of deal activity in the space with a 50% increase in strategic activity (63 deals announced or completed in 2023 compared to 42 in the prior year). Financial buyers continued to scale back acquisition pursuits in 2023, accounting for 32.7% of transactions compared to 47.1% in 2022. Add-on acquisitions declined 51.4% from 37 deals announced or completed to 18. However, despite a tightened credit market, select sponsors continued to pursue platform investments in the space which rose from 11 deals in 2022 to 19 deals in 2023. Capstone expects strong deal volume to continue as growth in Pet Products, Services, and CPG end markets drive sector dealmaking in 2024.

Pet M&A Volume Rises Year-Over-Year



Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Public strategics (11.5% of total transactions) have noticed the upward trajectory of the space, and large CPG players have leveraged their investment arms to gain exposure to the sector. Of note, General Mills (NYSE:GIS) has established Gold Medal Ventures, a growth equity fund, which acquired Fera Pets, a vet-created, science-backed supplement company, for an undisclosed sum (November). The acquisition, a first for the newly launched equity fund, has diversified General Mills’ portfolio into the Pet Supplement segment. "The Pet Wellbeing category is on the rise, as more families look to take care of their pets the same way they take care of their own health," commented John Parrish, Vice President of Disruptive Growth at General Mills, in a press release.¹⁶ General Mills has become another player in the notable list of strategics who have launched investment arms to capitalize on Pet Care sector trends like Mars’ \$300 million Companion Fund II launch in October 2023 and Merck’s (NYSE:MRK) Animal Health Ventures.

Pet Valuation Analysis

Valuation Method	Average Revenue Multiple	Average EBITDA Multiple
Historic M&A Transactions (2020-2023)	3.0x	11.0x
Public Company Trading Multiples (LTM)	2.4x	13.7x

Source: Capital IQ, FactSet, PitchBook, and Capstone Partners

Valuation Insight

The Pet Care market demonstrated a high degree of revenue visibility and defensible gross margins throughout 2023. M&A multiples in the Pet space have averaged 11.0x EV/EBITDA from 2020 through 2023, below the public company last twelve-month (LTM) sector average of 13.7x EV/EBITDA. The robust valuation environment has been evidenced by Post Holding’s (NYSE:POST) acquisition of Perfection Pet Foods for an enterprise value of \$235 million, equivalent to an estimated 9.4x EV/EBITDA (October). The acquisition provides Post with additional capacity to insource its existing Pet Food business, following its acquisition of several pet food brands from J.M. Smucker (NYSE:SJM) in February 2023 for an enterprise value of \$1.2 billion, equivalent to 0.9x EV/Revenue. The deal will also serve as an entry point into the Private Label and Contract Manufacturing verticals of the Pet Food segment for Post, according to a deal press release.¹⁷

Q&A WITH PET RESORT HOSPITALITY GROUP



Eyal Cohen, Chief Development Officer & Co-Founder of Pet Resort Hospitality Group

Capstone spoke with Eyal Cohen, Chief Development Officer and Co-Founder of the Pet Hospitality Group, to discuss its business operations, how the Pet Boarding segment has evolved, and the impacts of its support services. Eyal has experience running all aspects of a pet resort including dog handling, reception, reservations, marketing, scheduling, and managing employees. He works directly with pet resort owners to help them through the transition of partnering with Pet Resort Hospitality, and provides hands-on strategic, operational, and managerial support to create long-term value.

Pet Resort Hospitality Group is a community of operators, entrepreneurs, and pet care professionals dedicated to improving the lives of pets and the people who care for them. Their partners are some of the leading pet services companies in the U.S. A partnership with Pet Resort Hospitality Group means a preserved brand, access to top tier benefits and support for the team, and a network of business, finance, and pet professionals to support your continued growth. *To learn more about Pet Resort Hospitality Group visit petresorts.love*

How does Pet Resort Hospitality Group differentiate itself? One of the biggest ways that we differentiate ourselves is that we see ourselves more as enablers versus consolidators. There's a lot of buyers out there acquiring groups that are buying for the sake of buying to grow their cash flow and expand their footprint. We're much more supportive of the companies that we work with. We don't want to push out the sellers. We want to do exactly the opposite. We like to tap into their expertise, their wealth of knowledge of the local areas, see how we can best utilize their employees, and support them in ways that they've never had before. Very often we find that a lot of the sellers and top management feel like they're doing this alone. They go to trade shows, connect with people, and they walk away enthusiastic, get some new ideas, but ultimately, they're still kind of doing it by themselves. We've created a culture and an opportunity for general managers to collaborate. We're also very forward looking. I know a lot of groups that are looking backwards, looking for ways to cut and consolidate certain things. I'm much less interested in what happened in the past. I'm much more interested in how we can continue to leverage the people that we currently have and give them opportunities that they might not have had in the past. We're lucky in that we are experienced operators. We know what it's like to start from the ground on up and grow a business. Now we have the resources and the tools to be able to deploy that to other opportunities.

What are your key investment criteria? It should be a decent sized business. Generally, if it's a large business, we find multi-units have a little bit more sophistication than the singles out there, but there are some large single units that are very sophisticated. We're looking to enter new markets, but if we are already there, we're happy to look for add-on acquisitions and share the existing resources that we have.

Can you discuss the motivations behind the acquisition of Play All Day and even more recently the five acquisitions you closed at the end of January? If one of our facilities lacks any of the four main services which are daycare, boarding, grooming and training, we're in the process of changing that and bringing the ability so that they can do all of those things. Employees that are dying to be trainers and include that into their service mix, we'll go visit and stay with the new facility to create a program that's specialized for the business.

Play All Day (April 2023, undisclosed) was our first acquisition. They have a ton of potential but weren't utilizing the space for boarding properly, only offering daycare. They're not doing any training; they're not doing any grooming. So as a mom and pop, there was room for growth, and we are continuing to add resources to maximize the space and looking for new acquisitions nearby.

Q&A WITH PET RESORT HOSPITALITY GROUP (CONTINUED)

Even though it was a five-location business, it was very much run like a mom and pop, and we're bringing a little bit of professionalism to that and centralizing a lot of stuff that they shouldn't be focusing on like payroll, human resources, and paying vendors.

For a lot of these businesses, we're not looking to come in, pretend like we know everything and take over. We want these owners to know their legacy is protected and we want to ensure that. The other businesses are all leaders in their community. In the acquisition of Meadowlake Pet Resort (January 2024, undisclosed), the owner was looking to retire and for years was looking for growth opportunities. Her general manager has been there for about 15 years and is really a rock star, helping the entire platform with the operations because she's that good. Olde Towne Pet Resort (January 2024, undisclosed), a market leader with gorgeous facilities run by consummate professionals. That was a no brainer for us whatsoever. Playtime Pet Resorts (January 2024, undisclosed) is another acquisition. These guys are Wall Street bankers that turned pet resort owners. They had equity backers that promised them continued growth, but then they backed out. So, we came in and helped them open their second facility and we're currently in the process of looking for that third facility. Everybody has a little bit of a different story.

Going forward, we're looking at potentially adding pet insurance to our mix. It could be an add-on and obviously we have a big audience, but really, it's more so for our employees to be able to take advantage of that for their pets. If we can lessen that burden a little bit for our, 650 employees more than happy to do it.

How has the current lending environment impacted your investment thesis and acquisition strategy? It hasn't. I'm very happy to say that it really hasn't. We have a very supportive lender that wants to see us grow. We encounter sellers that want to cash out entirely and some that want to roll a portion of the proceeds into the platform, and we can structure a deal for both of them. In essence, we don't really have any financing restrictions, so we can fund deals immediately without having to raise any capital.

Is there any advice you have for business owners considering a sale or partnership? Look for somebody who's picked up a lot of dog poop. Somebody that's dealt with entry level employees, somebody that wants to protect your legacy, and will give your employees opportunities to grow both personally and professionally. They should promote training and developing for the staff and seek regular feedback. It's very important to really give proper care. People love their animals as they should. This is, I would say, the best thing that happened out of COVID was that so many dogs got adopted. There should just be a level of passion for this industry and a clear transition plan in place for their employees. You should sell it to somebody that really cares about the business, not cares about the 30,000-spreadsheet view.

What is your outlook for the M&A market in the Pet Boarding/Services space in 2024? It's a hot market. There's no question about it. A lot of players that had entered the vet space a couple of years ago, they want to continue expanding and they're now looking for new pet services to grow their portfolios. This industry is very fragmented and the barriers to entry are minimal, with little to almost no governmental restrictions. But again, the businesses are small, and owners are hesitant to sell just for the sake of profit.

Is there anything else you'd like to add?

I wanted to touch on the retreat we did in Puerto Rico because it captures the vision that we drew on the back of an envelope a year and a half ago. We ended up taking 28 of our partners, general managers, our corporate leaders, and put them in a room to talk about their achievements, their failures, their experiences, and bond. They're learning from each other and they're making each other better, really by discussing their day-to-day operations. And they all have equity in the platform, so they're partners. The reason why we did it specifically in Puerto Rico is because we tied it in with a mission. There are 500,000 stray dogs in Puerto Rico. So, we helped a rescue down there, cleaning the enclosures, painting walls. We captured a couple of strays that have since received veterinary services and we ended up coming back with 12 dogs that were pre-adopted. We care about pets, and we care about the people that take care of pets.

PRODUCT PORTFOLIOS EXPAND AS ACQUISITIONS MATERIALIZE

Antelope

Acquires



Alpine-backed premium pet care product provider, Antelope, acquired My Perfect Pet in December (undisclosed). My Perfect Pet specializes in delivering nutritionally balanced specialty dog and cat food. The acquisition aligns with Antelope’s transformative buy-and-build strategy that it has deployed after partnering with Alpine Investors in 2021, according to a press release.¹⁸ My Perfect Pet joins several previous acquisitions of Antelope such as Bocce’s, Super Snouts, Ark Naturals and Doggo.

“I recognize the tremendous potential for growth and the opportunity to further elevate the standards of pet care and we are thrilled to be their strategic partners,” said Wendy Wen, Founder and CEO at Antelope, in the press release.

CENTRAL GARDEN & PET

Acquires



Central Garden & Pet (Nasdaq:CENT) acquired TDBBS from Bregal Partners for \$60 million in November. TDBBS is a provider of premium natural dog chews and treats through the Best Bully Sticks®, Barkworthies®, and Paw Love® brands. The acquisition will expand Central’s portfolio with bully and collagen sticks, bones and jerky, and further strengthen Central’s e-commerce and digital capabilities, according to a press release.¹⁹

“Our Central to Home strategy is focused on building further scale in our two industries and growing leading brands consumers love. Adding TDBBS’s established brands and digital capabilities solidifies our position in the large and growing dog treats and chews category and will strengthen our footprint with key customers,” commented Interim CEO of Central, Beth Springer, in the press release.

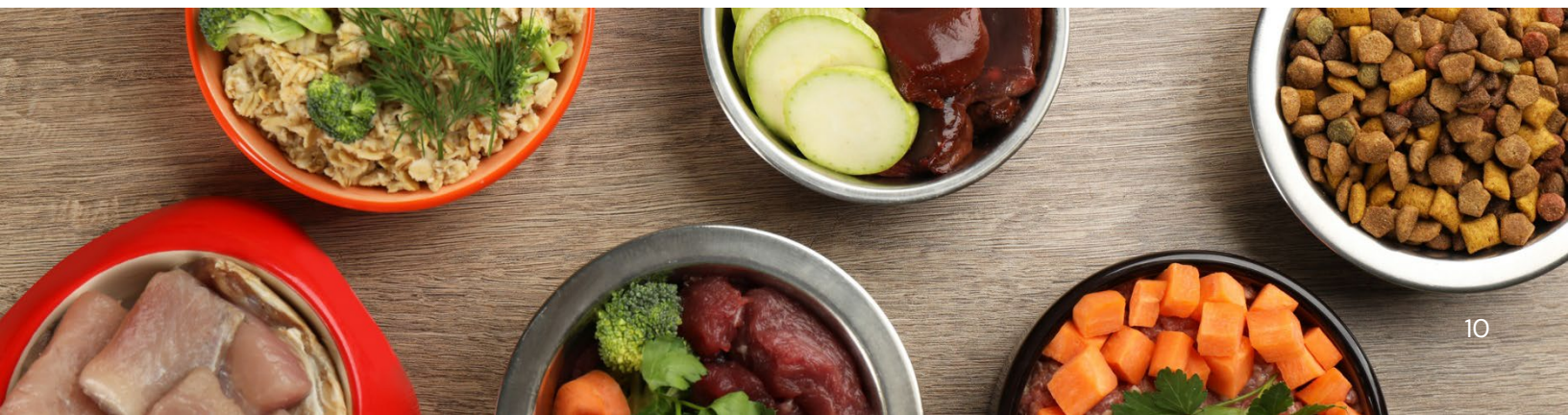


Acquires



In August, PAI Partners acquired Alpha, one of the largest custom manufacturer of premium pet foods in the U.S., for approximately \$1 billion. Alpha, formed through the merger of American Nutrition and C.J. Foods in 2020, comprises six manufacturing facilities across the U.S. and has become a leading pet food manufacturing platform.

“Alpha is a best-in-class company and plays an invaluable role in the value chain of pet food and treats, an exciting consumer category with strong secular tailwinds. Pet parents continue to seek out innovation, quality and value—Alpha has set the industry standard as the trusted partner to many leading brands and retailers. We look forward to partnering with David McLain and his mission-driven team as we continue to invest behind Alpha to grow and scale the platform,” said Winston Song, a Partner at PAI and Consumer Lead in the U.S., in a press release.²⁰



CAPSTONE PARTNERS ADVISED CP MEDICAL



IN MARKET

CONFIDENTIAL, Project Scoop:
Premium cat litter products

PREPARING FOR MARKET

CONFIDENTIAL, Project Snoopy:
Twenty location retailer of pet products

To learn more about these opportunities, please contact our sector banker
Tom Elliot: telliott@capstonepartners.com or 813-251-7285

// *The Capstone team brought deep industry knowledge to our process and their senior level was engaged throughout. Their entire team was extremely responsive from start to finish and, most importantly, understood our business' unique attributes. Their marketing efforts generated significant interest which ultimately led to identifying the ideal partner and a successful outcome.* //

Warren Sutherland
CFO, CP Medical

SELECT TRANSACTIONS

Date	Target	Acquirer	Target Business Description	Enterprise Value (mm)	EV / LTM Revenue	EBITDA
12/20/23	STEM Animal Health	Kane Biotech (TSXV:KNE)	Develops oral care products for pets to treat biofilm-related ailments.	-	-	-
12/05/23	Canature Processing	Thrive Foods	Produces and sells freeze-dried pet food and treats.	-	-	-
12/01/23	My Perfect Pet	Antelope	Manufactures all-natural human-grade food for dogs.	-	-	-
11/30/23	Animal Dermatology & Allergy	Animal Dermatology	Provides allergy, skin, and ear disease treatment for pets.	-	-	-
11/29/23	Rover Group (Nasdaq:ROVR)	Blackstone (NYSE:BX)	Operates an online marketplace for pet care worldwide.	\$2,130.0	9.8x	NM
11/12/23	Assisi Pet Care	Wind Point Partners	Produces pet-related products.	-	-	-
11/09/23	Fera Pets	Gold Medal Ventures	Sells supplements for dogs and cats by using natural and holistic ingredients.	-	-	-
11/03/23	TDBBS	Central Garden & Pet (Nasdaq:CENT)	Manufactures dog treats and chews	\$60.0	-	-
10/16/23	Dogster/Catster	Pangolia	Operates an online community for sharing dog facts and photos with other dog lovers.	-	-	-
10/11/23	Good Dog	Dogs 24/7	Serves as a dog care and boarding facility.	-	-	-
10/10/23	Perfection Pet Foods	Post Holdings (NYSE:POST)	Comprises dry pet food production business.	\$235.0	-	9.4x
09/29/23	SYNLAB.vet	Mars Petcare U.S.	Provides laboratory services.	-	-	-
09/18/23	Felix Cat Insurance	Independence Pet Group	Offers pet insurance.	-	-	-
08/24/23	Alpha	PAI Partners	Manufactures dry, canned, and baked pet food and treats.	-	-	-
07/13/23	ACJ International	The Andersons (Nasdaq:ANDE)	Provides pet foods intended to emphasize transparency in safety and quality.	\$41.4	-	-
06/20/23	Raw Advantage Processing	BrightPet Nutrition Group	Manufactures freeze-dried and frozen raw pet food.	-	-	-
05/26/23	PetVet.Ai	HomeLife Brands	Offers a platform for veterinary data to quickly identify common issues with animals.	-	-	-
05/16/23	Honest Day's Work	Latch (OTCPK:LTCH)	Operates an online platform for residential service providers.	\$44.6	-	-
05/04/23	Wagz	Vynetic	Develops smart connected products for dogs.	-	-	-
05/04/23	Maxbone	Wag! Group (Nasdaq:PET)	Retails apparel, toys, beds, leashes, and other products for dogs.	-	-	-
04/20/23	Vetnique Labs	Gryphon Investors	Manufactures veterinary products for pets.	-	-	-

NM = Not Meaningful
 Source: Capital IQ, PitchBook, FactSet, and Capstone Partners

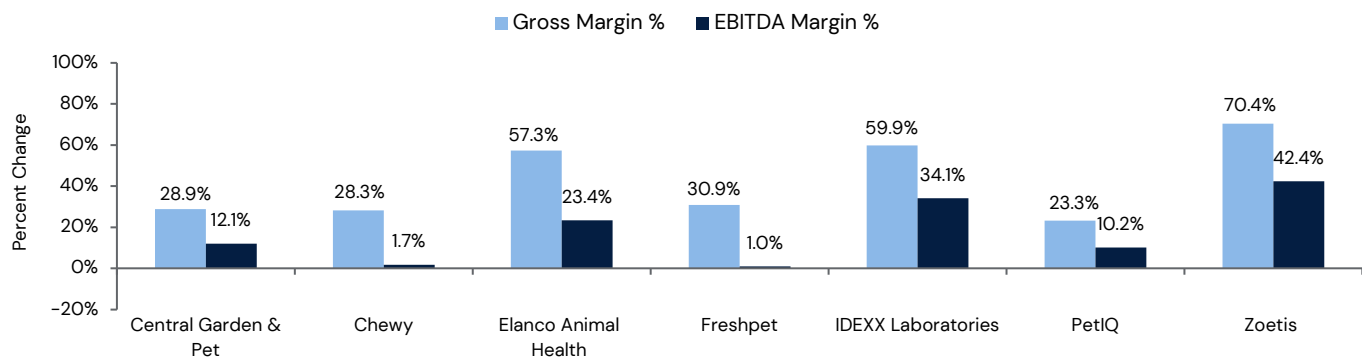
PUBLIC COMPANY DATA

Company	Price 01/30/24	% 52 Wk High	Market Cap	Enterprise Value	LTM			EV / LTM	
					Revenue	EBITDA	Margin	Revenue	EBITDA
Central Garden & Pet Company	\$47.95	92.7%	\$2,342.3	\$3,229.4	\$3,310.1	\$400.6	12.1%	1.0x	8.1x
Chewy, Inc.	\$18.36	34.7%	\$7,920.6	\$7,518.9	\$11,008.5	\$188.6	1.7%	0.7x	NM
Elanco Animal Health Incorporated	\$15.12	94.9%	\$7,451.1	\$12,991.1	\$4,367.0	\$1,024.0	23.4%	3.0x	12.7x
Freshpet, Inc.	\$88.29	98.7%	\$4,259.3	\$4,346.7	\$717.3	\$7.5	1.0%	NM	NM
IDEXX Laboratories, Inc.	\$521.03	91.7%	\$43,272.4	\$44,081.3	\$3,587.9	\$1,223.3	34.1%	NM	NM
PetIQ, Inc.	\$17.59	76.5%	\$513.4	\$854.4	\$1,066.1	\$109.2	10.2%	0.8x	7.8x
Zoetis Inc.	\$191.43	94.8%	\$87,888.1	\$92,911.1	\$8,371.0	\$3,545.8	42.4%	NM	26.2x

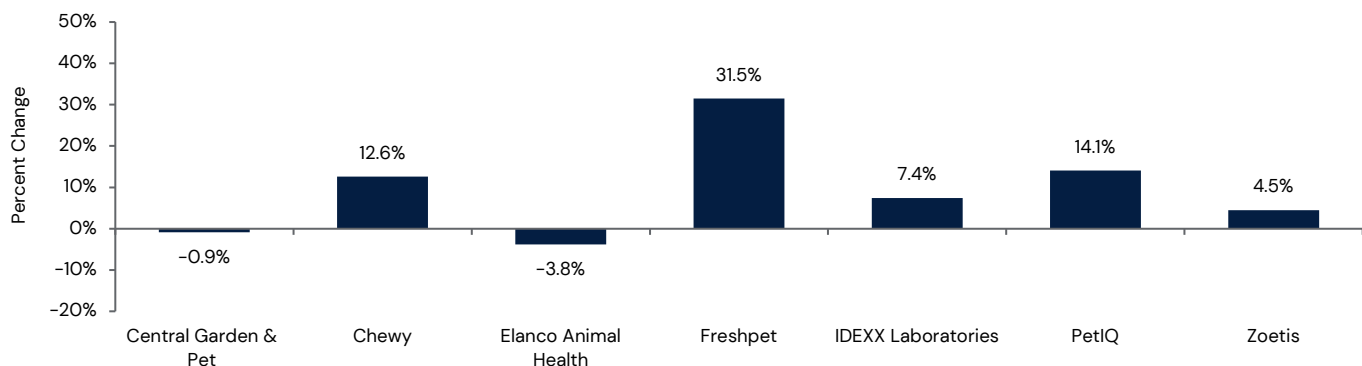
Mean	17.9%	1.4x	13.7x
Median	12.1%	0.9x	10.4x
Harmonic Mean	3.8%	1.0x	10.8x

EV = enterprise value; LTM = last twelve months
 \$ in millions, except per share data
 NM = Not Meaningful

Last Twelve-Month Margin Performance



Last Twelve Month 1-Year Revenue Growth



Source: Capital IQ and Capstone Partners as of January 30, 2024

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Tom Elliott is Managing Director on Capstone Partners’ Consumer Investment Banking Team with over 25 years of investment banking experience. He has extensive experience representing branded consumer products clients, with a specific focus on the Pet Products sector. Tom joined Capstone Partners through the merger of EQV Capital Group, a middle market M&A boutique he founded in Tampa, Florida.

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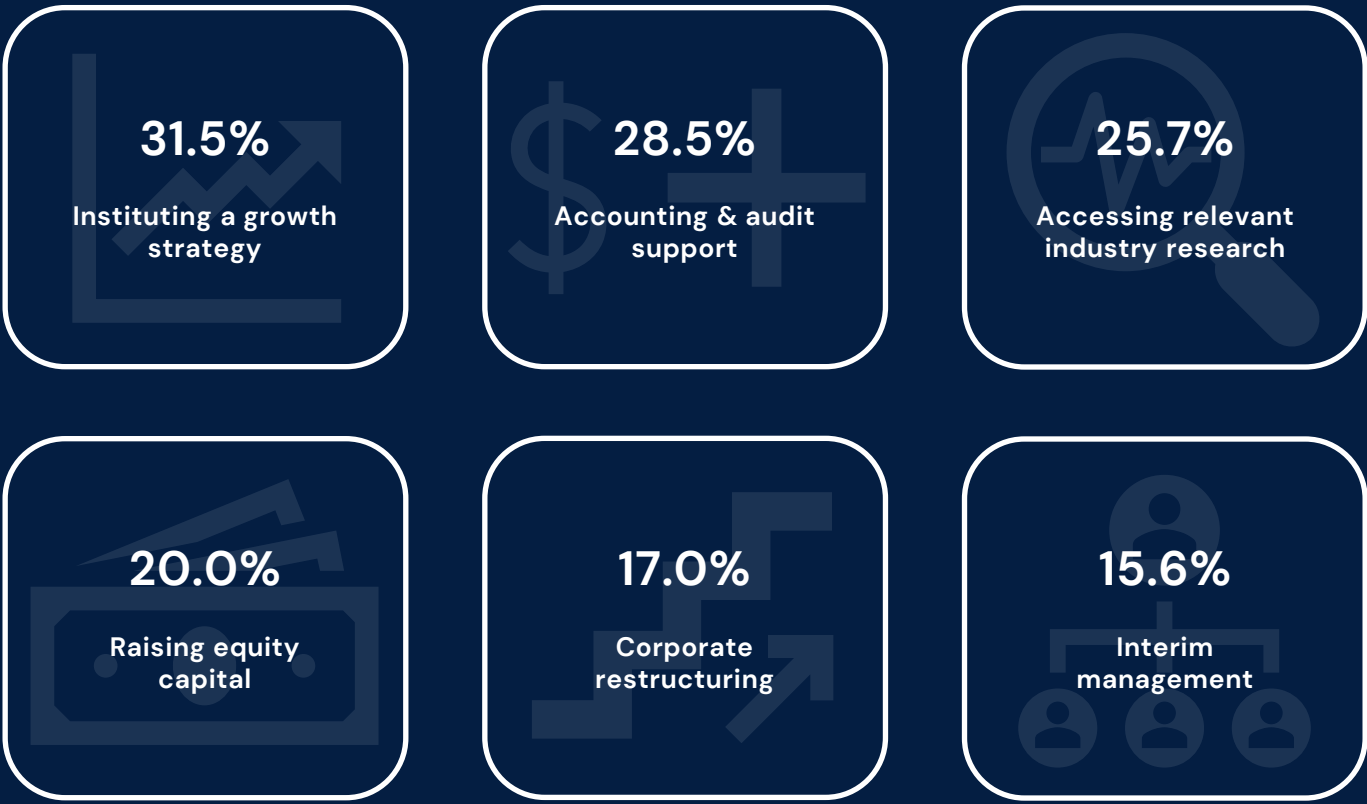


CAPSTONE’S PROPRIETARY RESEARCH REVEALS TOP SERVICES IN DEMAND

The current stage and initiatives of a business often dictates which financial services are in demand. As the majority of CEOs polled in Capstone’s 2023 Middle Market Business Owners Survey indicated growth strategies are a priority for 2024, the lion’s share (31.5%) of owners anticipate a need for growth strategy support services. Similarly, 28.5% of owners require accounting and audit support to shore-up cash flows and establish financial stability. In addition, more than one-fourth of CEOs demonstrated an interest in accessing relevant industry research to keep up with emerging industry trends, complete competitor analyses, and track capital markets activity in their space.

Capstone has developed a full suite of [corporate finance solutions](#) to help privately owned businesses and private equity firms through each stage of the company’s lifecycle, ranging from growth to an ultimate exit transaction. In addition, we developed a specialty consulting practice to provide financial advisory services to companies experiencing distress or performance challenges. All of these capabilities are supported by 16 industry groups, an active sponsor coverage group, and a dedicated market intelligence team.

Top Financial Services Required by Business Owners in 2024



Question: Have you ever had, or do you anticipate having, a need for any of the following services?
 Source: Capstone Partners’ Middle Market Business Owner Survey, Total Sample Size (N): 435



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Disclosure

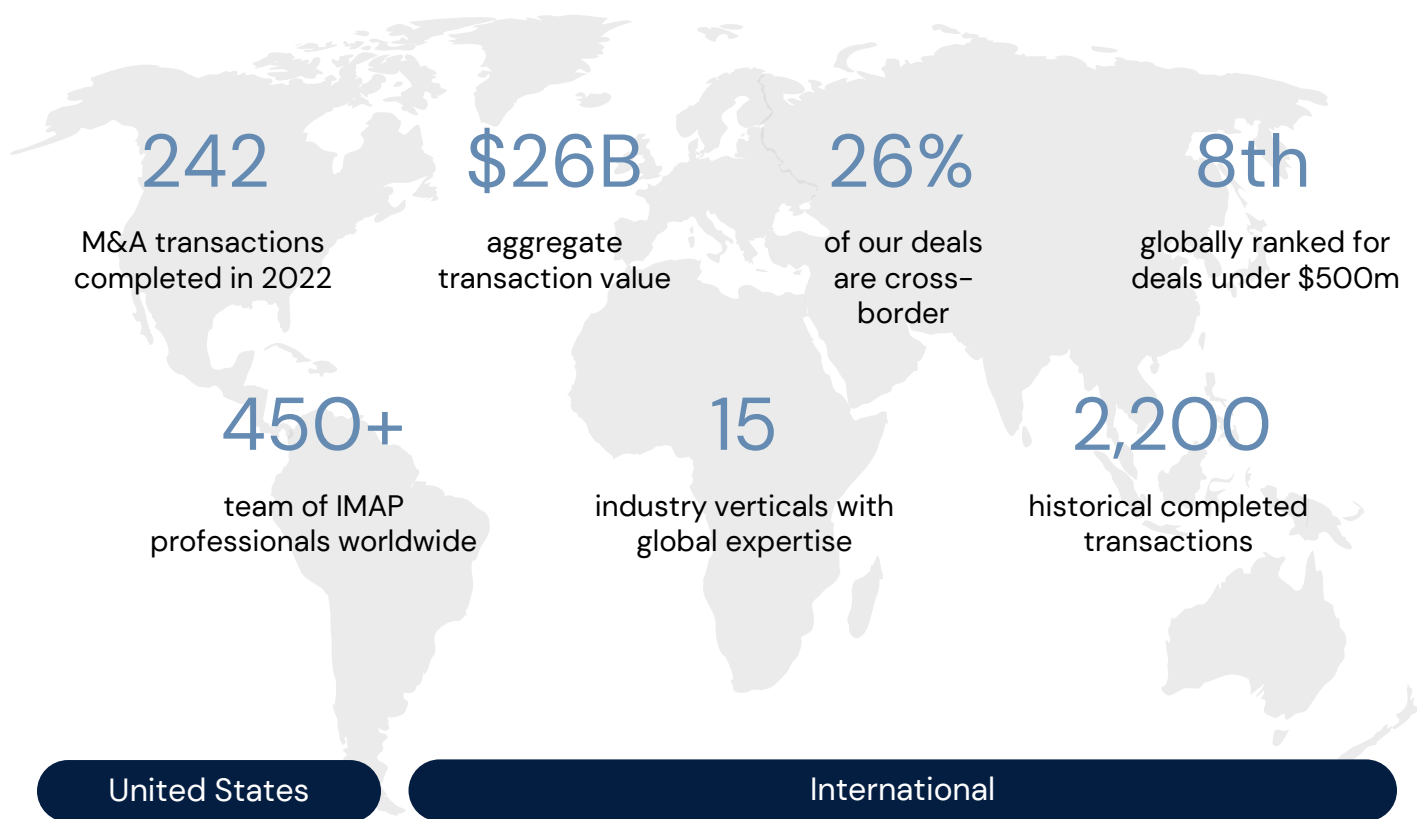
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Market Presence

With a long-established U.S. footprint, together with an international partner platform, we provide clients with broad expertise and access to key market relationships on a global basis. Our presence is backed by ~200 professionals in the U.S. with 450+ professionals across 41 countries.



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Denver · Detroit · Los Angeles ·
New York · Orange County ·
Philadelphia · San Diego · Tampa

450+ professionals
60+ offices in 43 countries

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Africa: Congo · Egypt · Ghana · Ivory Coast · Mauritius · Morocco · Nigeria · Senegal · South Africa
Americas: Toronto · Vancouver · Argentina · Brazil · Chile · Colombia · Mexico · Panama & Central America · Peru
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