

M&A Update

Animal Health

December 2019

Key Highlights

M&A in the United States

The broad M&A market in the U.S. remains healthy even in light of economic and political uncertainties, while valuations continue to climb to record highs.

Page 3

M&A in the Animal Health Sector

23 deals have been announced or completed in the sector so far in 2019, representing a 23% decline compared to the same time period last year.

Page 4

Notable Transactions

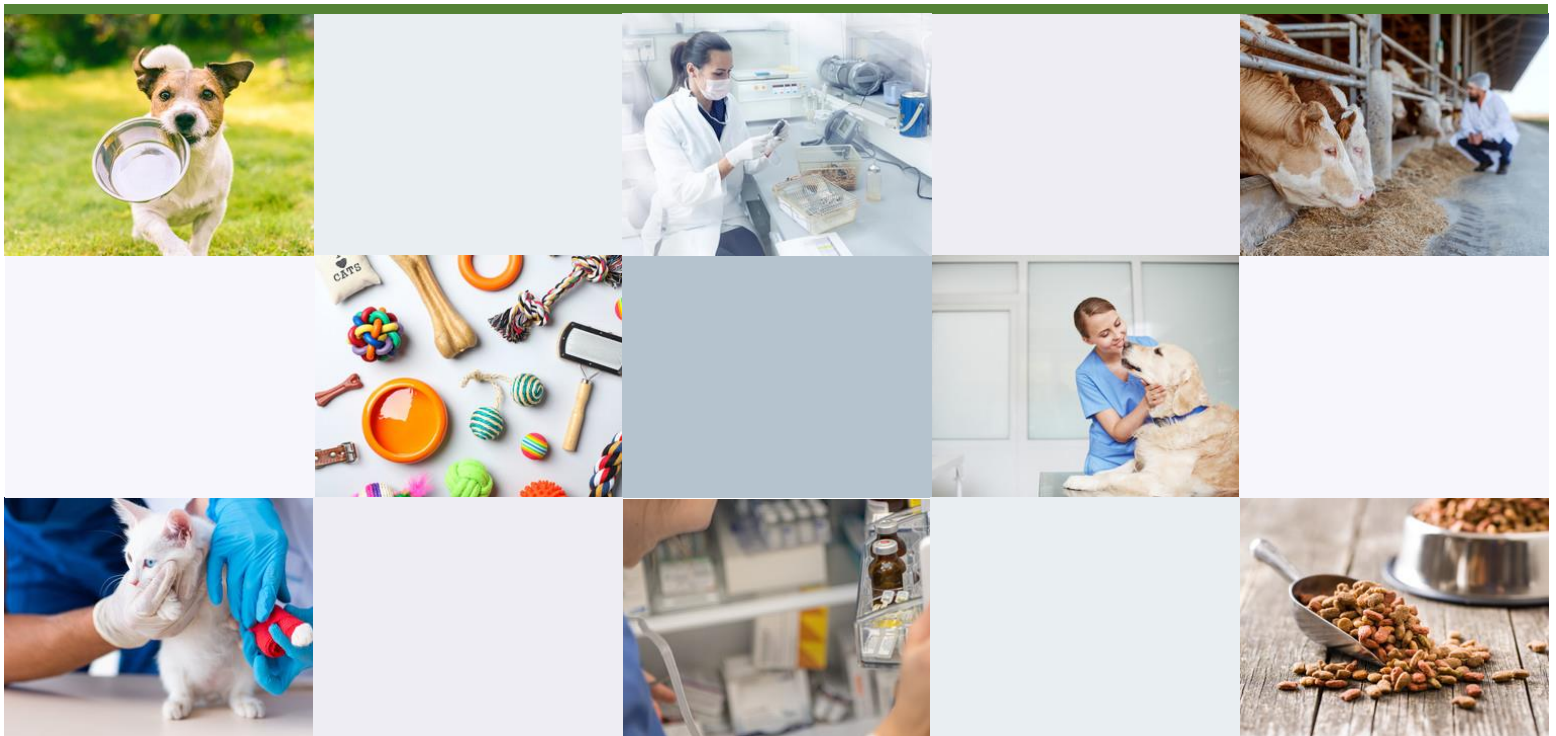
Notable M&A deals include Symrise's acquisition of Springfield, Missouri based IDF/ADF for a reported \$900 million, and the acquisition of Aratana Therapeutics by Elanco for \$220 million.

Page 5

Public Markets

Valuation multiples for publicly-traded animal health companies continue to extend their impressive run-up to record highs, the sector has performed in line with the S&P 500.

Page 6



M&A in the United States

Deal Activity & Valuations

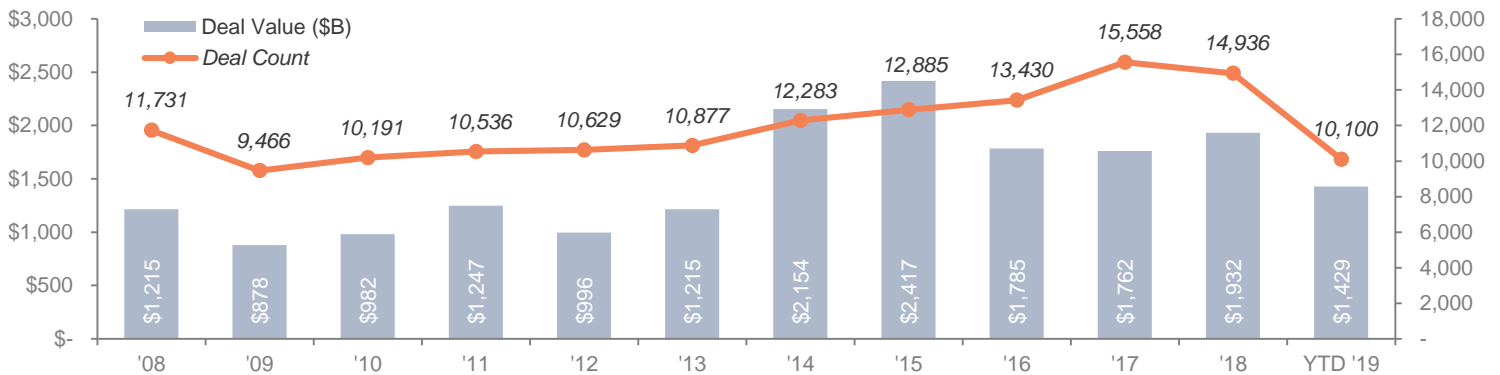
Deal Activity

The broad U.S. M&A market in 2019 remains healthy despite economic uncertainty from trade tensions and recession risk. Though year-to-date activity has been lower than in the same time period in 2018 – total deal volume and value declined 28% and 23%, respectively – the current M&A environment is fundamentally strong due low interest rates, the bull market in stocks, high valuations and large capital reserves waiting to be deployed by strategic and financial acquirers.

10,100 M&A Deals	\$1.4 Trillion Deal Value
▼ 28% YoY decline	▼ 23% YoY decline

Total M&A Deal Volume & Value in the United States

\$ in Billions; Year to date through November 30, 2019



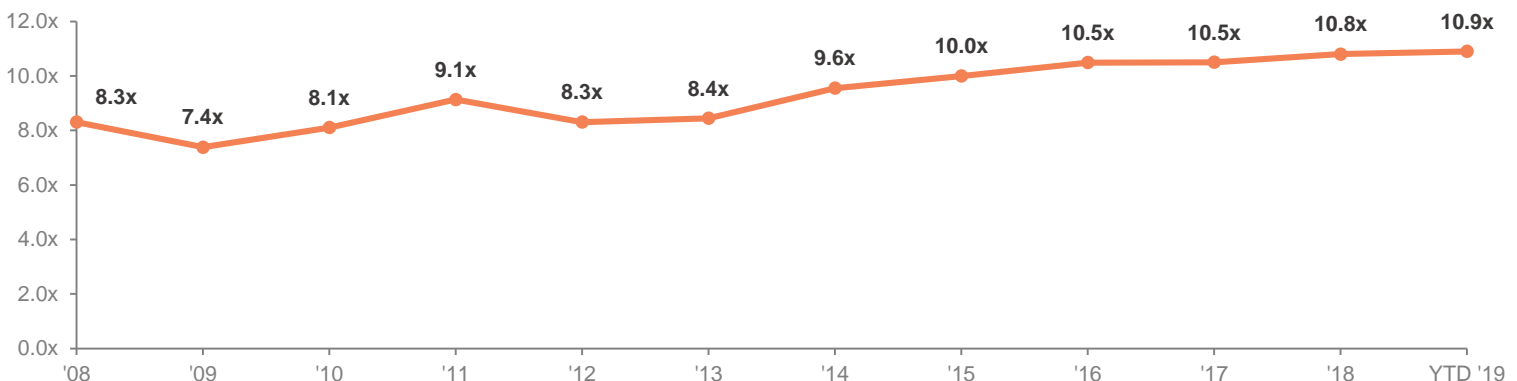
Valuations

Valuation levels continue to climb amid strong deal competition, cheap capital and high sellers' expectations. After reaching a lofty 10.8x in 2018, the median Enterprise Value (EV) to EBITDA multiple rose to double digits once again in 2019. The current benchmark of 10.9x EBITDA represents a 47% increase (equivalent to 3.5x EBITDA) vs. 2009 and marks the fifth consecutive year with valuation multiples north of 10.0x.

10.9x	10.5x
Current Median EV / EBITDA	5-Year Median EV / EBITDA

Median Enterprise Value (EV) / EBITDA Valuation Multiple

Only includes transactions with disclosed financial terms; Year to date through November 30, 2019



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: YoY = Year-over-year; Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

M&A in the Animal Health Sector

Sector Snapshot

Industries in the U.S. Animal Health Sector

Animal Health, Care & Food Products

- Veterinary Drugs
- Online & Store Retailers
- Distributors
- Animal & Pet Care Products
- Pet Foods & Treats

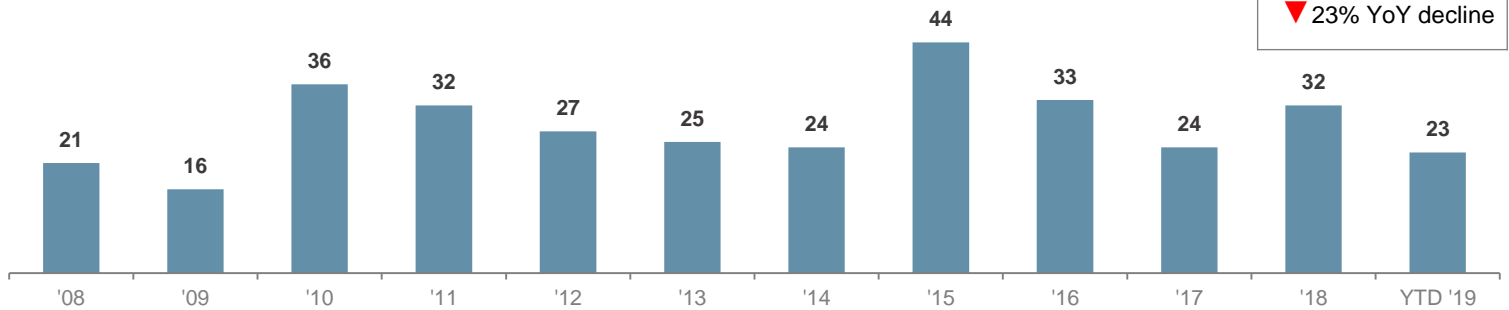
Veterinary & Pet Care Services

- Veterinary Services
- Veterinary Equipment

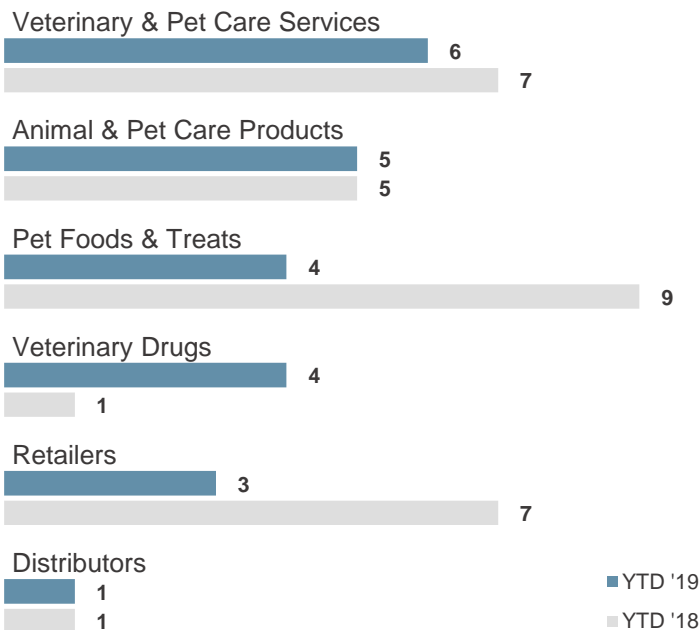
Sector M&A Deal Volume

Sector Deal Volume

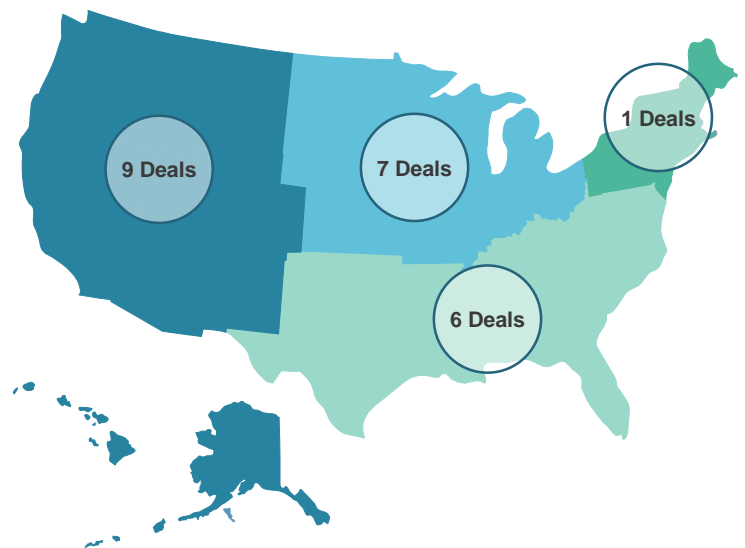
Year to Date through November 30



M&A Deal Volume by Industry



M&A Deal Volume by U.S. Region



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research
Definitions: YoY = Year-over-year

M&A in the Animal Health Sector

Notable Deals & Buyer Mix

Notable Deals

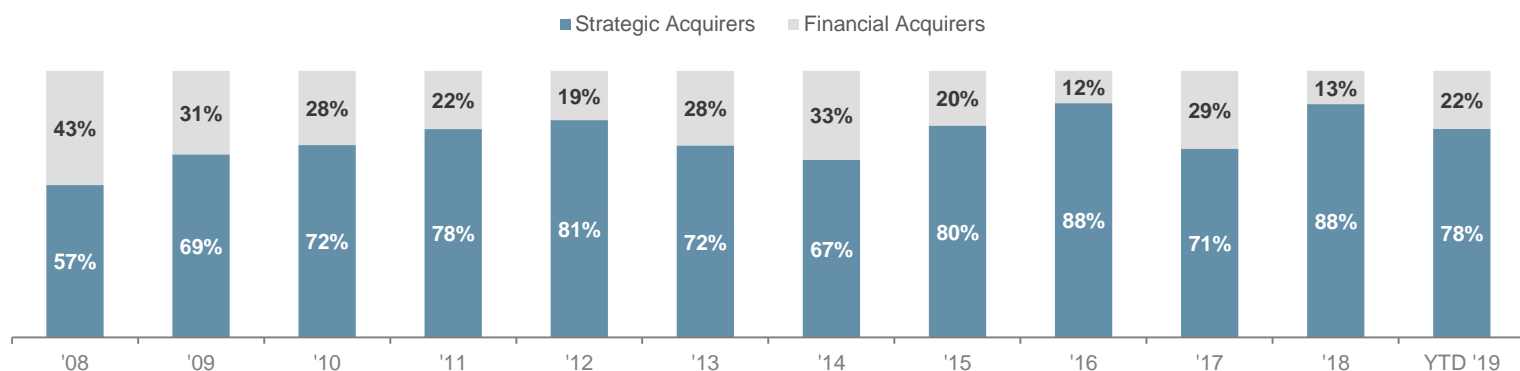
Date	Company	Acquirer	Enterprise Value (EV) (\$ in MM)	Implied EV / Revenue	Implied EV / EBITDA
Oct 2019	Halo, Purely For Pets, Inc.	Better Choice Company Inc. (OTCPK:BTTR)	-	-	-
Sep 2019	New Light Animal Hospital	Vets Pets PA	-	-	-
Aug 2019	Haven Animal Hospital, Ltd.	National Veterinary Associates, Inc.	-	-	-
Jul 2019	Platinum Performance, Inc.	Zoetis Inc. (NYSE:ZTS)	-	-	-
Jun 2019	National Veterinary Associates, Inc.	JAB Holding Company S.à r.l.	-	-	-
Jun 2019	Pet Fusion LLC	Cosmic Pet LLC	-	-	-
May 2019	Sergeant's Pet Care Products, Inc.	Petiq, LLC	\$186	2.0x	-
Apr 2019	Aratana Therapeutics, Inc.	Elanco Animal Health Incorporated (NYSE:ELAN)	\$220	5.7x	-
Jan 2019	International Dehydrated Foods, Inc./American Dehydrated Foods, Inc.	Symrise AG (XTRA:SY1)	\$900	4.1x	-
Jan 2019	Therabis, LLC	Dixie Brands Inc. (CNSX:DIXI.U)	\$20	-	-

Note: This table includes only a sample of relevant transactions in the context of M&A activity in the sector. It is not meant to be all-inclusive.

Buyer Mix

Share of Acquisitions

% of Acquisitions by Strategic and Financial Acquirers



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt – Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization

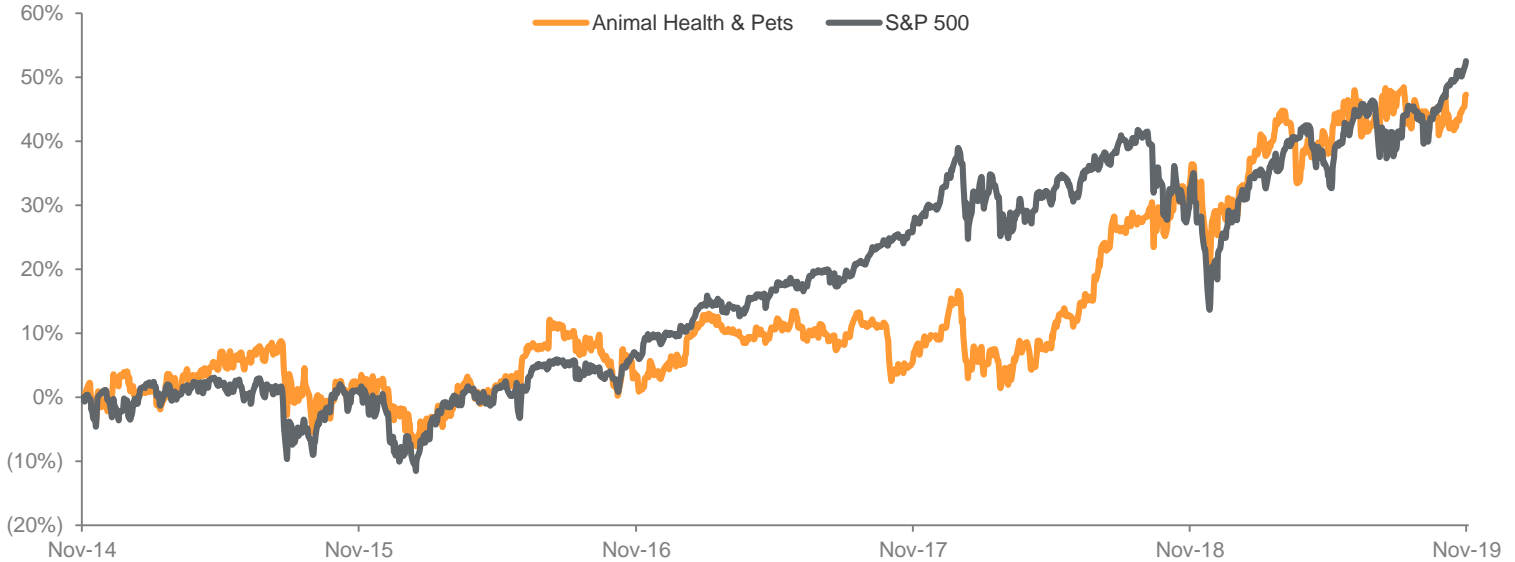
Public Companies in the Animal Health Sector

Performance & Valuations

Sector Performance

Return vs. S&P 500

Last 5 Years



Valuations

Enterprise Value / LTM EBITDA

Median of Publicly Traded Companies

Veterinary & Pet Care Services



Veterinary Drugs



Retailers



Pet Foods & Treats



Animal & Pet Care Products



Enterprise Value / NTM EBITDA

Median of Publicly Traded Companies

Veterinary & Pet Care Services



Pet Foods & Treats



Animal & Pet Care Products



Retailers



Veterinary Drugs



Sources: S&P Capital IQ, Pitchbook, IMAA Institute, CCCA Research

Definitions: Enterprise Value = Market Cap + Debt - Cash; EBITDA = Earnings Before Interest, Taxes, Depreciation & Amortization; LTM = Last Twelve Months; NTM = Next Twelve Months

CC Capital Advisors

Firm Overview

Who We Are

CC Capital Advisors is a boutique investment banking firm providing mergers and acquisitions, capital raising and strategic advisory services to middle market clients. Our experienced team of committed advisors combines long-standing transaction experience to provide independent and uncompromised services to achieve our clients' objectives.

Who We Serve

We tailor our services to a broad base of clients, including entrepreneurs, family-owned businesses, private and public corporations, family offices, private equity and venture capital investors. Clients have repeatedly chosen us as trusted advisors and partners because of our quality advice, ability to execute transactions and client-first philosophy.

What We Do

Mergers & Acquisitions	Capital Raising Advisory	Strategic Advisory
<ul style="list-style-type: none">Sales of privately-held companiesBuy-side acquisitionsMinority buyoutsCorporate subsidiary divestituresPrivate equity and venture capital portfolio divestitures	<ul style="list-style-type: none">Senior secured and unsecured debtMezzanine capitalGrowth equity capitalRecapitalizationsPrivate placements of institutional capital	<ul style="list-style-type: none">Business valuationsFairness opinionsStrategic options assessmentOwnership transition planningCorporate reorganizations

Why Clients Choose Us

100+ Years	Collective investment banking experience of our team	\$7 Billion	Completed transaction experience of our team
Midwest Values	Integrity, experience and commitment are our core values	\$1 Billion	Completed transaction value in the last five years
Global Reach	We represent clients across the world	15 Deals	Number of transactions closed since 2017

Contact Our Team

John Hense Managing Director (816) 360-8646 jhense@ccccapitaladvisors.com	Bill Conway Managing Director (816) 360-8697 bconway@ccccapitaladvisors.com	Terry Christenberry Managing Director (816) 360-8698 tchristenberry@ccccapitaladvisors.com	Stephanie Siders, CFA Vice President (816) 360-8695 ssiders@ccccapitaladvisors.com
Julian Buegers, CFA Associate (816) 859-7513 jbuegers@ccccapitaladvisors.com	Chris Brito Associate (816) 360-8694 cbrito@ccccapitaladvisors.com	Jack Rusgis, CPA Analyst (816) 859-7462 jrsgis@ccccapitaladvisors.com	Jack Schanze Analyst (816) 360-8600 jschanze@ccccapitaladvisors.com

www.ccccapitaladvisors.com



INTEGRITY. EXPERIENCE. COMMITMENT.

2001 Shawnee Mission Parkway, Suite 110
Mission Woods, Kansas 66205
816-360-8600

The information contained in this report was compiled by CC Capital Advisors from a variety of sources including news reports, S&P Capital IQ, Pitchbook, IMAA Institute, SEC filings, company statements, and information provided by M&A professionals. Many deals did not disclose pricing, and other private transactions may not have been publicly announced. Transactions are subject to change or termination prior to closing. While CC Capital Advisors makes a good faith effort to ensure the accuracy of this report, it is intended for general information purposes only. CC Capital Advisors is not responsible for any errors or omissions in this report.

Country Club Financial Services Inc., dba CC Capital Advisors, Member FINRA, SIPC