



Oaklins

MARKET OVERVIEW AND M&A ACTIVITY

M&A Pet Care Report Q1 2023

M&A advisory experts in the **pet care** industry

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Oaklins is your trusted M&A advisor for transactions in the pet care industry

- We have been active as an experienced M&A advisor for selling and acquiring companies in the pet care sector for several years
- We advised companies with various business models in the pet care market – e.g. manufacturers of pet food, online and stationary retailers of pet food and accessories, veterinary clinics, etc.
- We provide personal advice when it comes to successions, divestments, acquisitions and growth financing in the pet care industry
- Based on numerous transactions we have excellent relationships with major market players
- Thanks to our dedicated pet care experts around the globe, we deliver high-quality M&A advisory across borders



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Dedication and passion for high performance

has been acquired by

M&A SELL-SIDE
Consumer & Retail/Healthcare/Private Equity

has been acquired by

M&A SELL-SIDE
Consumer & Retail/Private Equity

has acquired

M&A BUY-SIDE
Consumer & Retail

has been acquired by the

CEO

M&A SELL-SIDE
Consumer & Retail/Private Equity

has been acquired by

M&A SELL-SIDE
Consumer & Retail/Private Equity

has been acquired by

M&A SELL-SIDE
Consumer & Retail/Food & Beverage/Private Equity

has acquired

M&A BUY-SIDE
Consumer & Retail

has acquired

US\$4.5m
M&A BUY-SIDE
Agriculture/Consumer & Retail/Food & Beverage/Healthcare

has been acquired by

M&A SELL-SIDE
Agriculture/Consumer & Retail/Food & Beverage/Private Equity

Introduction

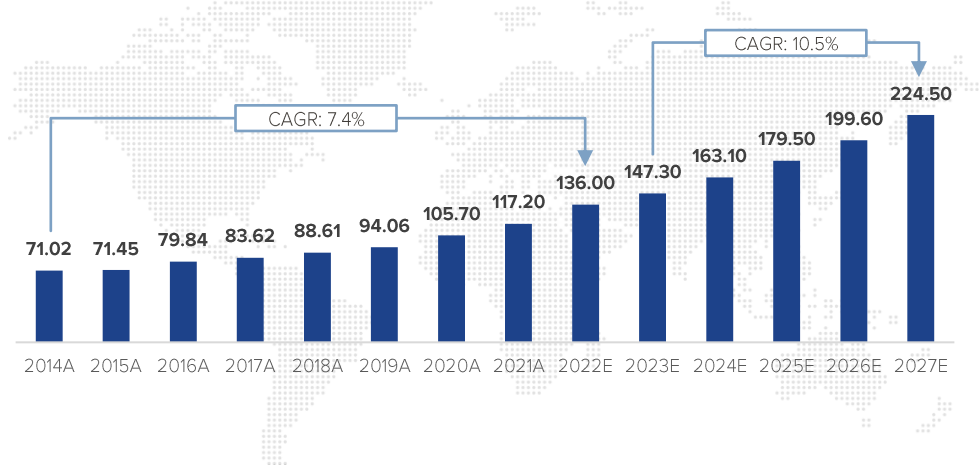
Market drivers

- 1 Trends like pet humanization and premiumization lead to high-quality products and healthier ingredients
- 2 Pet food companies put growing emphasis on marketing and e-commerce distribution channels
- 3 Meeting the demand for personalized pet food and creating strong brand loyalty are key to obtaining a competitive edge

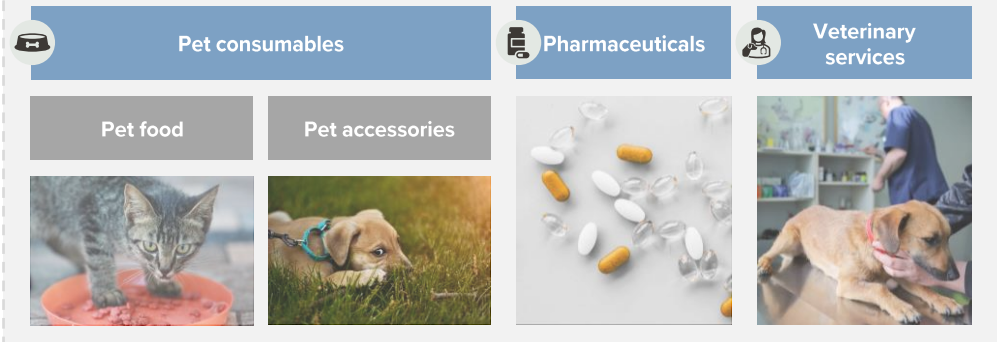
Key characteristics of popular targets

- 1 Strong brands with a high recognition value
- 2 Special product focus – e.g. BARF and vet products
- 3 Premium positioning and use of high-quality ingredients
- 4 E-commerce distribution preferably with own online shop

Global pet food market sales 2014A–2027E (in US\$ billion)



Our segmentation of the pet market in this report



DierenDokters has been acquired by VetPartners

“After nearly 20 years of successfully operating and developing the strong market position of DierenDokters, we look forward to further accelerating the company’s growth path alongside VetPartners as our new partner. Throughout the entire process, Oaklins’ deep industry experience and contacts, together with their pragmatic and result-oriented approach, made it possible for us to find the best partner for DierenDokters that aligns with our cultural values.”

**JEROEN DREUW AND
MAICO BOUMANS**
CO-FOUNDERS AND
FORMER SHAREHOLDERS,
DIERENDOKTERS



Leading Dutch group joins forces with strong European veterinary care provider

DEAL FLASH | HEALTHCARE, CONSUMER & RETAIL | APRIL 2023

DierenDokters, a leading group of 14 veterinary clinics located across the Netherlands, has been acquired by VetPartners, a UK-based group of over 650 veterinary clinics and hospitals located across Europe. By partnering with VetPartners, DierenDokters welcomes a strong new shareholder that will help further enhance the service offering of the DierenDokters clinics and allow them to continue focusing on providing the best possible animal healthcare services.

Founded in 2004, DierenDokters offers a comprehensive range of primary animal care services, complemented by each clinic having its own specific focus on multiple more complex veterinary conditions. By leveraging its strong branding and online presence, continuously monitoring compliance on standard of care, price monitoring and focusing dedicatedly on customer communication, DierenDokters holds a strong position in the Dutch veterinary services market. Established in October 2015, VetPartners, a portfolio company of European private equity firm BC Partners, is made up of some of the UK’s most respected and trusted small animal, equine, mixed and farm practices, and other animal health businesses.

The acquisition of DierenDokters enables VetPartners to expand into another European country, the Netherlands.

DierenDokters has been acquired by VetPartners

Interview with Casper Oude Essink, Healthcare Practitioner & Clinics Specialist at Oaklins

What factors were crucial to the success of this deal?

DierenDokters' sale process was competitive, with many internationally oriented interested potential buyers. A stringent process management and the provision of excellent sales documents was therefore crucial. VetPartners came out on top as they were able to offer the best overall deal conditions, aligned with DierenDokters cultural values and have the ability to accelerate the company's future growth.

What drives the M&A activity in the veterinary market and the valuation?

Some of the main value drivers in this market include both the competitive pressure for buy-and-build opportunities as well as favorable market dynamics, such as growth in the pet population and the pet humanization trend.

What are the main characteristics of DierenDokters that particularly attracted the interest of potential buyers?

DierenDokters was perfectly positioned in the Dutch veterinary services market as one of the last larger privately owned platforms in the country. At the same time, DierenDokters was the ideal partner for VetPartners to expand into a new geography, the Netherlands. Furthermore, for major consolidators, such as VetPartners, their international experience and existing network result in the ability to achieve immediate synergies when acquiring veterinary clinics.

Hear the voice of Oaklins' industry expert Casper

“This transaction demonstrates Oaklins' ability to achieve the best possible results for our clients in a complex environment with multiple stakeholders. Through our international and highly competitive process, we were able to identify VetPartners as the right partner for DierenDokters.”

CASPER OUDE ESSINK

HEALTHCARE PRACTITIONER &
CLINICS SPECIALIST, OAKLINS



Overview of the new Veterinary Medicinal Products Act and other relevant regulations on veterinary medicinal products

Interview with Dr. Daniel Tietjen, Partner at Taylor Wessing and Katharina Hölle, Associate at Taylor Wessing (1/3)

What laws apply to veterinary medicinal products?

Since 28 January 2022, Regulation (EU) 2019/6 of the European Parliament and of the Council of 11 December 2018 on veterinary medicinal products and repealing Directive 2001/82/EC applies to veterinary medicinal products in the European Union. At national level, this prompted the German legislator to adopt a Veterinary Medicinal Products Act (TAMG) as an independent parent law. The purpose is to ensure a high level of protection in the use of veterinary medicinal products and medicinal products for human use in animals, because this can have an impact on the food chain, the quality of food of animal origin, the environment, animal health and also on public health via the emergence and spread of antibiotic resistance.

What problems does the TAMG bring with it?

Particularly problematic was the regulation of Sec. 50 para. 2 TAMG, according to which all human medicinal products according to Sec. 2 para. 1, para. 2 and para. 3a AMG are subject to the veterinary proviso. Animal health practitioners and animal owners were thus prohibited from using non-prescription and simultaneously registered human homeopathic medicinal products. A violation was punished as an administrative offence. This regulation was declared unconstitutional and thus null and void by decision of 29 September 2022.

About the interviewees



Dr. Daniel Tietjen
Partner at Taylor Wessing

TaylorWessing

Dr. Daniel Tietjen specializes in advising and representing national and international companies in the life sciences industry. His expertise covers, inter alia, all areas of pharmaceutical, medical device, drug advertising, unfair competition and trademark law.



Katharina Hölle
Associate at Taylor Wessing

Katharina Hölle is a member of the Patents Technology & Life Sciences Practice Area. Her practice focuses on Life Sciences. She advises national and international pharmaceutical companies and medical device manufacturers, in particular on regulatory issues, in the areas of pharmaceutical and medical device law.



Overview of the new Veterinary Medicinal Products Act and other relevant regulations on veterinary medicinal products

Interview with Dr. Daniel Tietjen, Partner at Taylor Wessing and Katharina Hölle, Associate at Taylor Wessing (2/3)

The norm violated Art. 2 para. 1 and Art. 12 para. 1 GG. The use of these human homeopathic medicines was even freely applicable to humans without a doctor's order or supervision, therefore there was no need for a restriction for animals. Moreover, sufficient protection of animals would already be achieved through the Animal Protection Act (TierSchG), which lays down duties of conduct for animal owners and animal caretakers, which also include sufficient health care. In this context, animal caretakers also include animal healers, who are subject to the same obligations in this respect. Furthermore, the Animal Health Act (TierGesG) serves to prevent and combat animal epidemics and contains notification obligations for animal health practitioners with regard to certain animal diseases that can be transmitted to humans.

What are the innovations for the TAMG since January 2023?

Since 1 January 2023, there have been new regulations in the TAMG. These mainly serve to implement the antibiotic minimization concept, i.e. to minimize the use of antibiotics or to use antibiotics more prudently. This is intended to combat the problem of antibiotic resistance. On the one hand, the notification obligations for antibiotic treatments were extended to all types of use and age groups of food-producing animals (cattle, pigs, turkeys and chickens). A violation of the notification obligation constitutes an administrative offence according to Sec. 89 para. 2 no. 11 TAMG, which can be punished with a fine of up to 30,000 Euro.

Overview of the new Veterinary Medicinal Products Act and other relevant regulations on veterinary medicinal products

Interview with Dr. Daniel Tietjen, Partner at Taylor Wessing and Katharina Hölle, Associate at Taylor Wessing (3/3)

On the other hand, there is now also a reporting obligation for the treating veterinarians, who have to report the data on antibiotic therapy to the competent authority. Furthermore, there are new regulations on the treatment frequency of certain antibiotics in order to reduce the use of these antibiotics.

Have there been any other changes in laws regarding veterinary medical products?

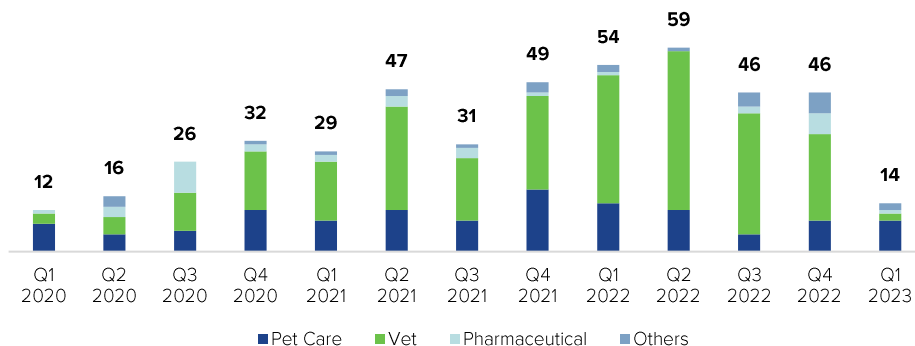
Veterinary medicinal products have been removed from the scope of the German Drug Advertising Act (HWG). Since 28 January 2022, the provisions of Art. 119-121 Veterinary Medicinal Products Regulation (VO (EU) 2019/6) apply to advertising regarding veterinary medicinal products. According to this regulation, no compulsory information such as Sec. 4 HWG is required and the regulations are more general. The focus is on ensuring that the advertising is not misleading. A special feature applies to veterinary medicinal products subject to prescription according to Art. 120 of the Veterinary Medicinal Products Regulation, as in this case advertising is only permitted to veterinarians and persons who are authorized to supply veterinary medicinal products according to national law.

“The legal framework for the use of medicinal products in animals has changed fundamentally due to Regulation (EU) 2019/6 and the TAMG. There are many legal changes, for example in the rules of advertising since the German Drug Advertising Act (HWG) no longer applies.”

**DR. DANIEL TIETJEN AND
KATHARINA HÖLLE**
PARTNER AND ASSOCIATE,
TAYLOR WESSING

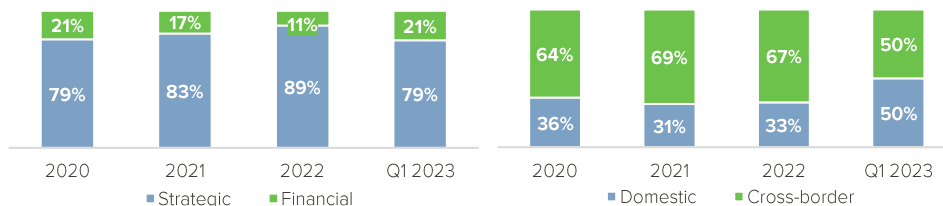
M&A activity

Number of global pet care transactions per quarter

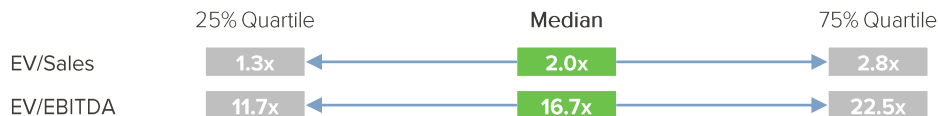


Strategic vs. financial buyers

Domestic vs. cross-border



Transaction multiples(2020 – Q1 2023)



Source: Mergermarket as of April 1st, 2023

Domination of cross-border transactions

- Acquisitions in the pet care sector are dominated by activities of petfood companies and veterinary clinics due to a significant wave of consolidation. Most of the target companies are headquartered in the USA and Europe.
- Deal activity was rather low in the veterinary pharmaceuticals sector and other sectors (e.g., pet insurance, pet crematoria).
- After a weak start in 2020 due to COVID-19, the M&A market has recovered quickly. In Q4 2022, the number of transactions in the veterinary sector has settled roughly at the long-term average.
- Strategic players dominate the M&A activity in the overall pet care market as companies follow an inorganic growth strategy to gain market share. In addition, they are profiting from know-how and product extension synergies.
- Cross-border activity was relatively constant between 2020 and 2022.

Motivation for M&A transactions (1/2)

“We joined VetPartners to ensure that there would be a better and brighter future for our practice, for the care of our clients and their animals and for the people who are Westgate Veterinary Hospital”

Dr. McCoubrey, Partner at Westgate Veterinary Hospital

“I am delighted that we have completed the acquisition of Med-Pharmex [...]. The US market is highly consolidated, therefore this is a unique opportunity to add several new products to our portfolio, enter the US F&P market and improve the manufacturing footprint for our North American business”

Ian Page, CEO at Dechra

Selected transactions with European participation in the pet market (1/2)

Date ¹⁾	Target	HQ	Deal description	Buyer	HQ
MAR 2023	 TINYBUDDY EU		Zoose Trading i Norden AB, a pet products supplier has acquired Tinybuddy AB, an online retailer of pet accessories.		
MAR 2023	 SCRUMBLES — FOOD INSIDE OUT —		Business Growth Fund Ltd, the private equity firm has acquired an undisclosed stake in Smudge & Friends Petcare Ltd (Scrumbles), a manufacturer of natural pet food products.		
MAR 2023	 BOVA AUS Viking Blues Pty Ltd		Vimian Group AB, the Sweden based provider of animal health services has acquired Viking Blues Pty Ltd (non-regulated part of Bova Australia), a pet drugs supplier.		
FEB 2023	 HERRMANN'S MANUFAKTUR		Herrmann's Manufaktur is a German manufacturer of organic wet food and was acquired by the private equity backed pet food company Alphapet. Alphapet can thus expand more into the premium segment.		
FEB 2023	 Dieren Dokters		VetPartners Ltd, a provider of veterinary services for small animals, equines, and farm animals has acquired DierenDokters BV, an operator of 14 veterinary clinics.		
FEB 2023	 iPet		iPet Holding AG, an investment company has acquired iPet.ch GmbH, a company that hosts an online shop for pet food and accessories.		
FEB 2023	 RED COLLAR PET FOODS Pet treats factory		Nestle SA is reportedly in discussions to acquire through its subsidiary Nestle Purina PetCare Co a Pet treats factory of Red Collar Pet Foods Inc, a producer of dog and cat products.		
FEB 2023	 energieque		Voff Premium Pet Food, a supplier of natural nutritional supplements, care products and food for pets has acquired Energieque B.V., a pet food company that sells raw meat products for cats and dogs.		

 Oaklins Deal

 Pet consumables

 Veterinary

 Pharmaceutical

¹⁾ Announced or closing date
Source: Mergermarket as of April 1st, 2023

Motivation for M&A transactions (2/2)

“The deal merges two strong Veterinary supply Companies which supply different product ranges; we share common values and a strong desire to supply the best product solutions to enable Veterinarians to provide the best care to their patients.”

Mike Wickham, Owner and Director of Woodley Equipment

Selected transactions with European participation in the pet market (2/2)

Date ¹⁾	Target	HQ	Deal description	Buyer	HQ
DEC 2022	 J.A.K Marketing Ltd		JAK Marketing, a UK-based supplier of animal handling products catering to the veterinary sector, has been acquired by Woodley Electronics Group Ltd.		
OCT 2022			The private shareholders of Bio2, a Portuguese petcare wholesaler, have sold the company to the Alliando Group, the second largest veterinary product distributor in Europe. The deal is part of Alliando's internationalization strategy.		
AUG 2022			United Petfood, a portfolio company of Waterland, has acquired Gold Line Feeds Limited, a private-label manufacturer of pet food.		
AUG 2022			To expand product portfolio, Dechra Pharmaceuticals PLC, a leading manufacturer of veterinary pharmaceuticals, has acquired Med-Pharmex Inc., a manufacturer equine-focused of veterinary products.		
JUL 2022			Westgate Veterinary Hospital, a local operator of a veterinary hospital, has been acquired by VetPartners Limited, a UK-based veterinary services provider. VetPartners is thus continuing its strategy of expansion.		
MAY 2022			Aiming to expand its business in the British veterinary service provider CVS Group Plc, has acquired Anton Vets Limited, a UK-based operator of a veterinary practice.		
MAR 2022			Cinven Partners LLP, along with Fressnapf Holding SE has agreed to acquire Agrifarma SpA (d/b/a Arcaplanet), from Permira Advisers LLP	 	 
JAN 2022			Grupo Agris, an operator of a garden center chain of stores under the brand Agriloja has acquired Tibi Nutricao Animal Ltda, an operator of a chain of pet stores. It also offers veterinary services.		

 Oaklins Deal



Pet consumables



Veterinary



Pharmaceutical

¹⁾ Announced or closing date
Source: Mergermarket as of April 1st, 2023

Private equity activities

Motives of private equity investors:

- Sustainable market growth with reliable cash flows
- Growth potential underpinned by online penetration, humanization of pets and premiumization
- Niche markets such as the pet care market create the potential for high margins and for add-on acquisitions
- Accelerate the company's revenue growth and develop the company for the next growth phase
- Initiate global brand expansion with the PE's expertise and know-how
- Expand existing product & service portfolio
- Investments in brand marketing and new innovative offerings to drive growth and increase profitability

Key value drivers:

- Expanding the company's digital marketing operations
- Pursuing an international growth strategy
- Offer an innovative products portfolio of pet care products and treatments

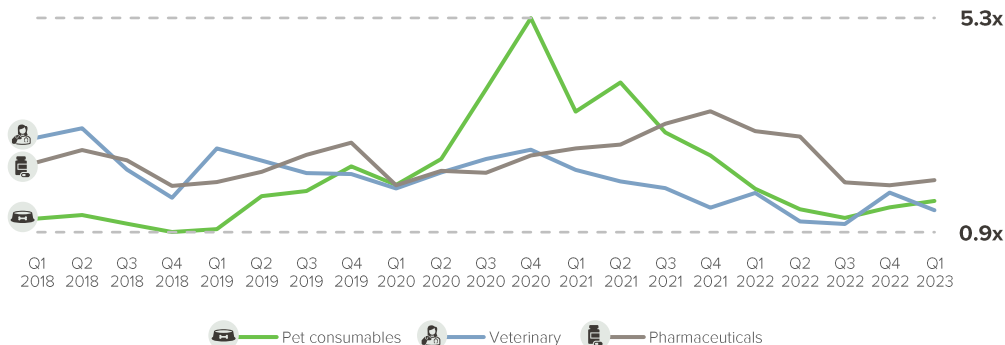
Selected investments by private equity firms

2022				
Buyer	AXCEL	INFRAVIA	TARGET GLOBAL	eurazeo
Target	VoffS PREMIUM PET FOOD	Univet	THE VETS	SEVETYS
2021				
Buyer	CVC CAPITAL PARTNERS	SILVERLAKE Among others	COMITIS CAPITAL	HELLMAN & FRIEDMAN Among others
Target	M MEDIVET ALWAYS THERE	IVC EVIDENSIA	petco	zooplus
2020				
Buyer	SOFIPROTEOL Engagement Durables Among others	CREANDUM Among others	capiton	Investment Partners
Target	CEVA	FirstVet	ALPHAPET	Forthglade NATURAL PET FOOD. TRIM DESIGN
2018 / 2019				
Buyer	AUCTUS	BC PARTNERS	FIDELIO	Cinven
Target	petsnova GROUP	vetPartners	VetFamily	PPF "Partner in Pet Food"
2017				
Buyer	OMERS	inflexion	CLAYTON, SWILLER & KCC LLP	UFENAU CAPITAL PARTNERS
Target	NVA	medivet THE Vets	covetrus	ALTANO

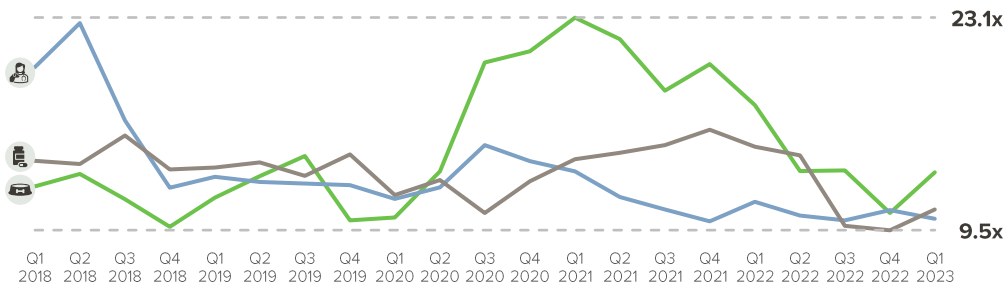
Valuation trends

Valuation of comparable companies (Q1 2018 – Q1 2023)

EV/Sales



EV/EBITDA














* Excluding outliers and negative values

Source: Capital IQ as of April 1st, 2023

Valuation of listed companies in the pet care market

- The comparable company analysis is based on 13 companies active in the pet consumables market, five companies in the veterinary market and five companies in the pharmaceutical market.
- Both EBITDA multiples and sales multiples of the selected veterinary and pharmaceutical companies tend to be stable over the observation period.
- Pet consumable multiples peaked in the third and fourth quarters of 2020.
- Reasons for the outperformance could be consumer habits of pet owners in the Corona pandemic.
- Many consumers acquired a pet during the pandemic and may have been willing to spend more on pet supplies because many other spending options were limited.
- Currently, we can see a decline in multiples, possibly due to uncertainties in the financial markets, and the expiration of stimulus programs, among other factors, leading to lower consumer spending.

Valuation of comparable companies in the pet care industry

Consumables		Valuation						Operating metrics								
		EV/Sales			EV/EBITDA			Revenue growth			Gross margin			EBITDA margin		
Company name	HQ	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A
Agroland Business System S.A.		NM	1.1x	0.6x	NM	25.4x	14.9x	41.2%	15.2%	28.9%	24.6%	22.1%	20.0%	7.4%	6.0%	4.3%
BARK, Inc.		NM	1.2x	0.4x	NM	NM	NM	17.2%	68.8%	9.6%	60.4%	59.7%	55.8%	-11.2%	-5.0%	-14.8%
Boqii Holding Limited		7.3x	0.7x	0.2x	NM	NM	NM	-4.2%	31.3%	2.2%	20.6%	18.5%	21.7%	-16.9%	-18.7%	-6.6%
Central Garden & Pet Company		0.8x	1.1x	0.9x	7.3x	9.3x	7.8x	13.1%	22.6%	-3.9%	29.6%	29.4%	28.8%	9.4%	10.0%	8.9%
Chewy, Inc.		5.7x	2.8x	1.6x	NM	195.0x	151.9x	37.2%	47.4%	13.6%	23.6%	25.5%	28.0%	-4.8%	-0.9%	1.2%
Friday's Dog Holdings Inc.		NM	NM	7.0x	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Hangzhou Tianyuan Pet Products		NM	NM	1.7x	NM	NM	26.1x	38.3%	27.9%	NM	20.4%	18.2%	19.1%	10.9%	8.6%	NM
Musti Group Oyj		3.2x	3.4x	1.7x	20.9x	20.1x	10.4x	15.3%	19.9%	11.8%	43.8%	45.7%	46.0%	10.1%	11.5%	10.9%
Pet Center Comércio e Participações		6.0x	4.1x	1.4x	32.4x	24.7x	10.1x	45.7%	46.0%	35.1%	48.3%	48.3%	47.6%	12.5%	11.2%	8.5%
Pet Valu Holdings Ltd.		NM	4.1x	3.6x	NM	19.7x	17.5x	13.1%	19.7%	22.6%	42.1%	42.5%	41.9%	17.7%	18.4%	18.6%
Petgo Corporation		NM	NM	0.2x	NM	NM	11.1x	NM	16.3%	NM	25.3%	27.3%	28.1%	NM	NM	NM
Pets at Home Group Plc		2.4x	2.1x	1.3x	12.5x	11.6x	7.4x	10.2%	7.9%	9.7%	49.0%	49.1%	48.5%	13.1%	10.7%	11.7%
Yantai China Pet Foods Co., Ltd.		5.3x	3.5x	2.2x	44.0x	37.7x	28.4x	30.1%	29.1%	12.7%	24.2%	19.7%	19.8%	12.2%	8.2%	8.1%
Average		4.4x	2.4x	1.8x	23.4x	42.9x	28.6x	23.4%	29.3%	14.2%	34.3%	33.8%	33.8%	5.5%	5.5%	5.1%
Median		5.3x	2.5x	1.4x	20.9x	22.4x	13.0x	17.2%	25.2%	12.3%	27.4%	28.4%	28.4%	10.1%	8.6%	8.3%

Valuation of comparable companies in the pet care industry

Veterinary		Valuation						Operating metrics								
		EV/Sales			EV/EBITDA			Revenue growth			Gross margin			EBITDA margin		
Company name	HQ	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A
Asia Vets Holdings Ltd.		NM	0.2x	NM	NM	1.8x	NM	13.5%	-29.1%	-21.0%	42.8%	37.2%	35.0%	8.9%	-11.4%	-32.3%
CVS Group plc		2.9x	3.4x	2.7x	19.0x	20.0x	18.3x	5.2%	19.2%	7.2%	39.8%	43.5%	43.6%	11.9%	14.4%	14.1%
Japan Animal Referral Medical Center		2.6x	2.1x	2.5x	11.4x	10.1x	8.0x	6.7%	4.1%	24.4%	36.9%	34.9%	37.6%	23.7%	22.0%	22.5%
Petco Health and Wellness Company		NM	1.4x	0.9x	NM	8.0x	5.9x	1.0%	11.0%	3.9%	43.0%	42.8%	40.2%	7.1%	7.8%	7.0%
PetMed Express, Inc.		1.8x	1.4x	1.0x	13.9x	12.0x	12.9x	0.2%	8.8%	-6.7%	28.6%	29.1%	28.0%	11.7%	12.9%	6.6%

Average		2.4x	1.7x	1.8x	14.8x	10.4x	11.3x	5.3%	2.8%	1.6%	38.2%	37.5%	36.9%	12.6%	9.1%	3.6%
Median		2.6x	1.4x	1.7x	13.9x	10.1x	10.5x	5.2%	8.8%	3.9%	39.8%	37.2%	37.6%	11.7%	12.9%	7.0%

Pharmaceuticals		Valuation						Operating metrics								
		EV/Sales			EV/EBITDA			Revenue growth			Gross margin			EBITDA margin		
Company name	HQ	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A	2020A	2021A	2022A
Phibro Animal Health Corporation		1.4x	1.4x	1.0x	9.9x	10.2x	7.4x	-3.3%	4.1%	7.8%	32.1%	32.6%	30.7%	12.3%	12.7%	11.0%
Vetoquinol SA		2.2x	3.2x	1.9x	12.1x	13.9x	9.4x	7.9%	21.9%	3.6%	54.6%	56.1%	55.2%	17.7%	20.6%	20.0%
Dechra Pharmaceuticals PLC		7.5x	9.8x	4.7x	45.8x	47.4x	24.2x	6.9%	18.0%	13.5%	56.6%	56.9%	57.0%	15.8%	20.2%	17.9%
Virbac SA		2.5x	3.6x	1.7x	13.2x	18.6x	9.2x	-0.4%	13.9%	14.3%	66.1%	66.2%	65.4%	17.1%	19.0%	18.0%
Orion Oyj		4.7x	5.0x	5.3x	14.3x	17.9x	14.4x	2.6%	-3.4%	29.2%	59.7%	57.0%	62.3%	30.7%	27.1%	34.6%

Average		3.7x	4.6x	2.9x	19.1x	21.6x	12.9x	2.7%	10.9%	13.7%	53.8%	53.8%	54.1%	18.7%	19.9%	20.3%
Median		2.5x	3.6x	1.9x	13.2x	17.9x	9.4x	2.6%	13.9%	13.5%	56.6%	56.9%	57.0%	17.1%	20.2%	18.0%

Oaklins case studies

bio2 has been acquired by Alliendo Group

Our client

bio2 is one of the two largest Portuguese BSB pet wholesalers, with a strong focus on pharmaceutical products: pet shops, veterinary clinics and other specialized retailers. bio2 has approximately 30% of market share on the pet wholesale sector in Portugal. Additionally, the company has been investing in digital technology and online channels, having launched an e-commerce website for B2B customers to develop a multichannel offering.

Acquiror

Alliendo Group is a French family-owned group and the second largest distributor of veterinary products in the European market. It is also the leader in the retail pharmacy, livestock production group and industrial veterinary practice channels.

Transaction details

The private shareholder of bio2, a Portuguese pet care wholesaler, has sold the company to Alliendo Group.

Rationale

Following a period of strong organic and external growth in France, Alliendo started an internationalization strategy in 2015 which resulted in the group's establishment in Spain, Poland and in several countries in West Africa. The acquisition of bio2 constitutes a further strengthening of the European distribution market for pet care products.



has been acquired by



M&A SELL-SIDE

Consumer & Retail/Private Equity

"We are very satisfied with the services delivered by Oaklins in the sale process of bio2. Their effort, seriousness, professionalism, dedication and unwavering support were fundamental to get the best deal for our shareholders."

Pedro Mesquita Gabriel, Shareholder of bio2

Oaklins case studies

BPE Unternehmensbeteiligungen has acquired Seitz GmbH



has been acquired by

BPE

M&A SELL-SIDE

Agriculture/Consumer & Retail/Food &
Beverage/Private Equity

Our client

Seitz GmbH is a German developer and manufacturer of premium pet food. The company is active in the private label business and produces primarily deep-frozen and canned pet food for dogs and cats. The company minces and processes fresh meat products and sells them via specialized pet shops and veterinarians in the premium segment.

Acquiror

BPE Unternehmensbeteiligungen is a German private equity investor based in Hamburg. The firm focuses on the financing of MBOs and MBIs in the German SME sector. Typical investment scenarios include ownership succession, corporate spin-offs, buy-and-build and reorganizations of profitable companies.

Transaction details

BPE has acquired Seitz GmbH via a management buy-in. The new management's proven knowledge and experience in the meat processing business from their prior business and successful exit from Karl Kemper GmbH (manufacturer of meat convenience products) make them suitable candidates for the management of Seitz GmbH.

Rationale

The new management's expertise in the meat processing business and the financial know-how and support from BPE generate further sales and growth potential in the premium pet food segment.

Conclusion

The European pet food market is expected to grow at a CAGR of 11.1% between 2023 and 2027, from a total market size of US\$ 147.3 billion to US\$ 224.5 billion. Thereby, dogs and cats make up the largest share.

The high growth rates mainly result from current market trends like humanization, premiumization and personalization.

This results in the production of high-quality products with healthier ingredients. Moreover, pet food companies are putting increased emphasis on marketing and e-commerce distribution channels to cater to the evolving needs of pet owners.

To gain a competitive edge in this market, companies must continue to meet the demand for personalized pet food and foster strong brand loyalty among consumers. With these trends in mind, the pet food industry is poised for continued growth and innovation in the coming years.

Market trends



Humanization: Pet owners treat their pets like family members, which leads to higher pet care spendings



Personalization: tailoring products and services to meet the individual needs and preferences of pets and their owners



Premiumization: higher spending on high-quality, specialized products and services for health or wellness benefits

Strategic players dominate the M&A activity in the overall pet care market as companies follow an inorganic growth strategy



High volume of cross-border transactions as companies follow inorganic expansion strategies



M&A activity

Attractive business models and the independency of economic cycles result in high valuation multiples



Deal drivers



The pet care market is fragmented, and vendors are looking for organic and inorganic growth strategies



Companies aim to acquire innovation, technology and new distribution channels



Complementary product and service synergies

Highly attractive market conditions



Sustained growth potentials through changing customer views regarding their pets



Outlook

High proportion of cross-border transactions to increase market share and customer base





About Oaklins

Deep local roots, global commitment

Oaklins brings you opportunities from across the world and we meet you with our expertise wherever you are.

Oaklins offers a comprehensive range of services:

- M&A sell-side advisory
- M&A buy-side advisory
- Growth equity and equity capital markets advisory
- Debt advisory

Oaklins is the world's most experienced mid-market M&A advisor, with over 850 professionals globally and dedicated industry teams in more than 45 countries. We have closed 1,700 transactions in the past five years.

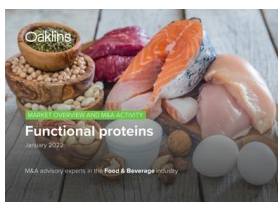
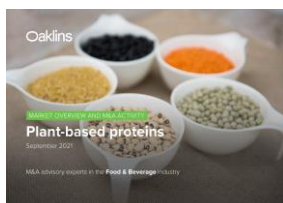
If mergers, acquisitions, or divestitures of businesses or business units are part of your strategy, we would welcome the opportunity to exchange ideas with you.

Oaklins' Pet Care and Food & Beverage publications

 Pet Care



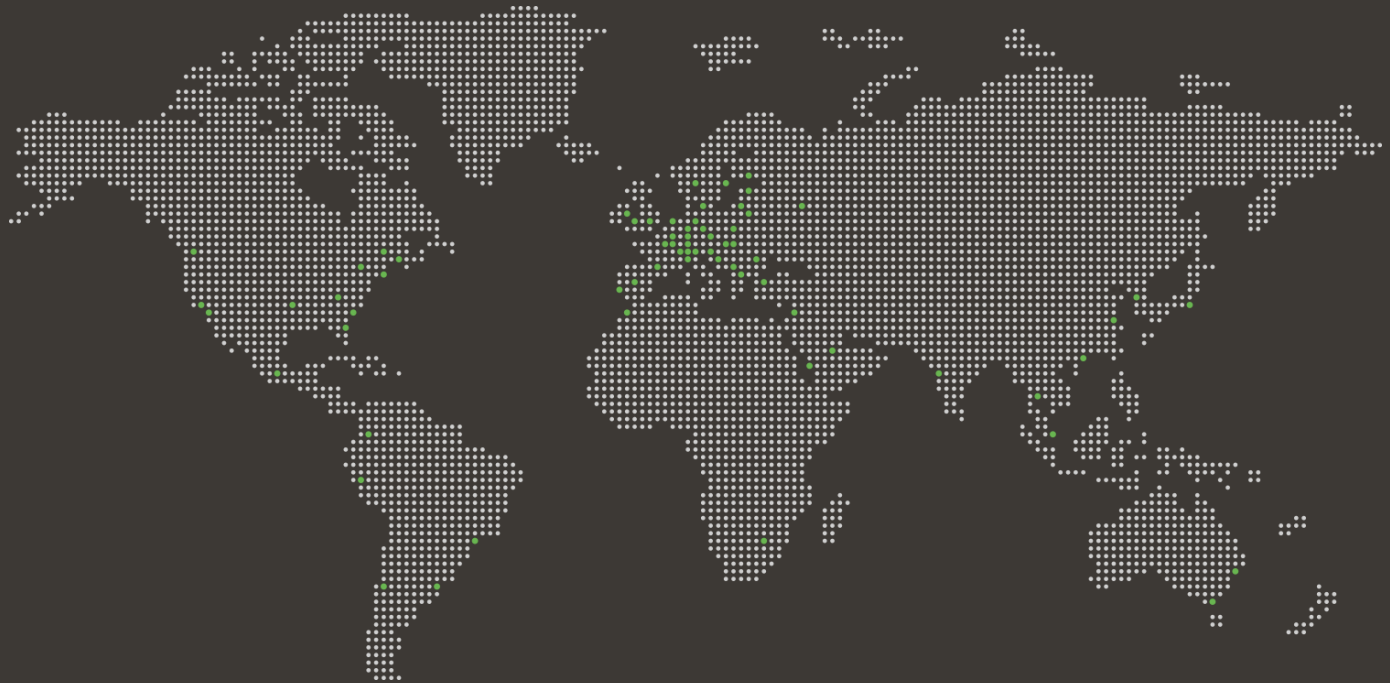
 Food and beverages



Industry expertise in the Pet Care and the Food & Beverage sector

Oaklins' industry experts regularly analyze the Pet Care and the Food & Beverage market and share their insights on current market developments, M&A activities and valuation trends in various segments of the food industry.

Global Reach



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