



ICR Conference
January 13, 2020



FRESHPET MANAGEMENT TEAM



Co-Founder, COO

SCOTT MORRIS



CFO
Vice-Chairman
on 10/1/20

DICK KASSAR



CEO

BILLY CYR



EVP Finance
CFO on 10/1/20

HEATHER
POMERANTZ



Safe Harbor

Forward Looking Statements

This presentation contains “forward-looking” statements that involve risks, uncertainties and assumptions. If the risks or uncertainties ever materialize or the assumptions prove incorrect, the Company’s results may differ materially from those expressed or implied by such forward-looking statements. All statements other than statements of historical fact could be deemed forward-looking, including, but not limited to, the Company’s intentions, beliefs or current expectations concerning, among other things, the Company’s results of operations, financial condition, liquidity, prospects, growth, strategies and the industry in which we operate and any statements of assumptions underlying any of the foregoing. These statements are based on estimates and information available to us at the time of this presentation and are not guarantees of future performance.

These forward-looking statements are based on certain assumptions and are subject to risks and uncertainties, including those described in the “Risk Factors” section and elsewhere in the preliminary prospectus for this offering. You should read the prospectus, including the Risk Factors set forth therein and the documents that the Company has filed as exhibits to the registration statement, of which the prospectus is a part, completely and with the understanding that if any such risks or uncertainties materialize or if any of the relevant assumptions prove incorrect, the Company’s actual results could differ materially from the results expressed or implied by these forward-looking statements. Except as required by law we assume no obligation to update these forward-looking statements publicly, or to update the reasons why actual results could differ materially from those anticipated in the forward-looking statements, even if new information becomes available in the future.

Non-GAAP Disclosure

This presentation contains certain non-GAAP financial measures such as EBITDA and adjusted EBITDA among others. While the company believes these non-GAAP financial measures provide useful information for investors, the presentation of this information is not intended to be considered in isolation or as a substitute for the financial information presented in accordance with GAAP. Please refer to the Company’s earnings press releases for a reconciliation of non-GAAP financial measures to the most comparable measures prepared in accordance with GAAP.



**WE FUNDAMENTALLY BELIEVE THAT FRESHPET
HAS THE POTENTIAL TO CHANGE THE WAY
PEOPLE FEED THEIR PETS . . . FOREVER**



Freshpet Lives at the Intersection of Two Very Powerful Macro-Trends in CPG



Humanization
of Pets

Fresh,
Wholesome,
All-Natural
Foods

Until Freshpet, a dog's choices were really limited

Dry Kibble



Canned
Mystery Meat



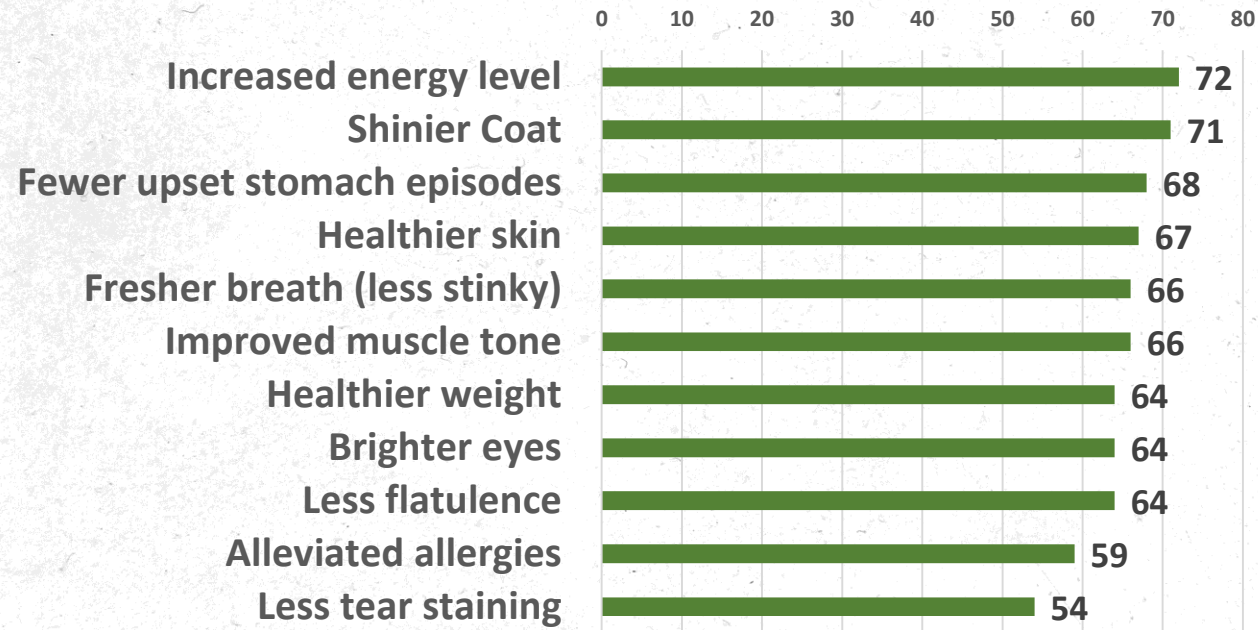


All natural, refrigerated meals made with fresh ingredients.

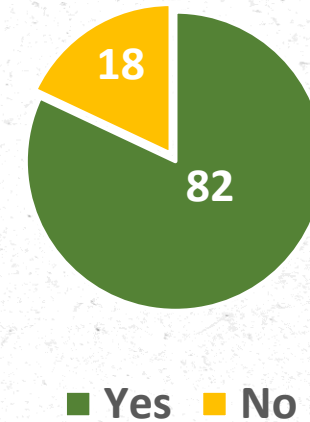
A totally different approach to nourishing pets

82% of Consumers Report Visible Health Difference

% Noticed Visible Health Difference



Noticed a Visible Health Difference



Source: Freshpet Visible Difference Study 2018 n= 202

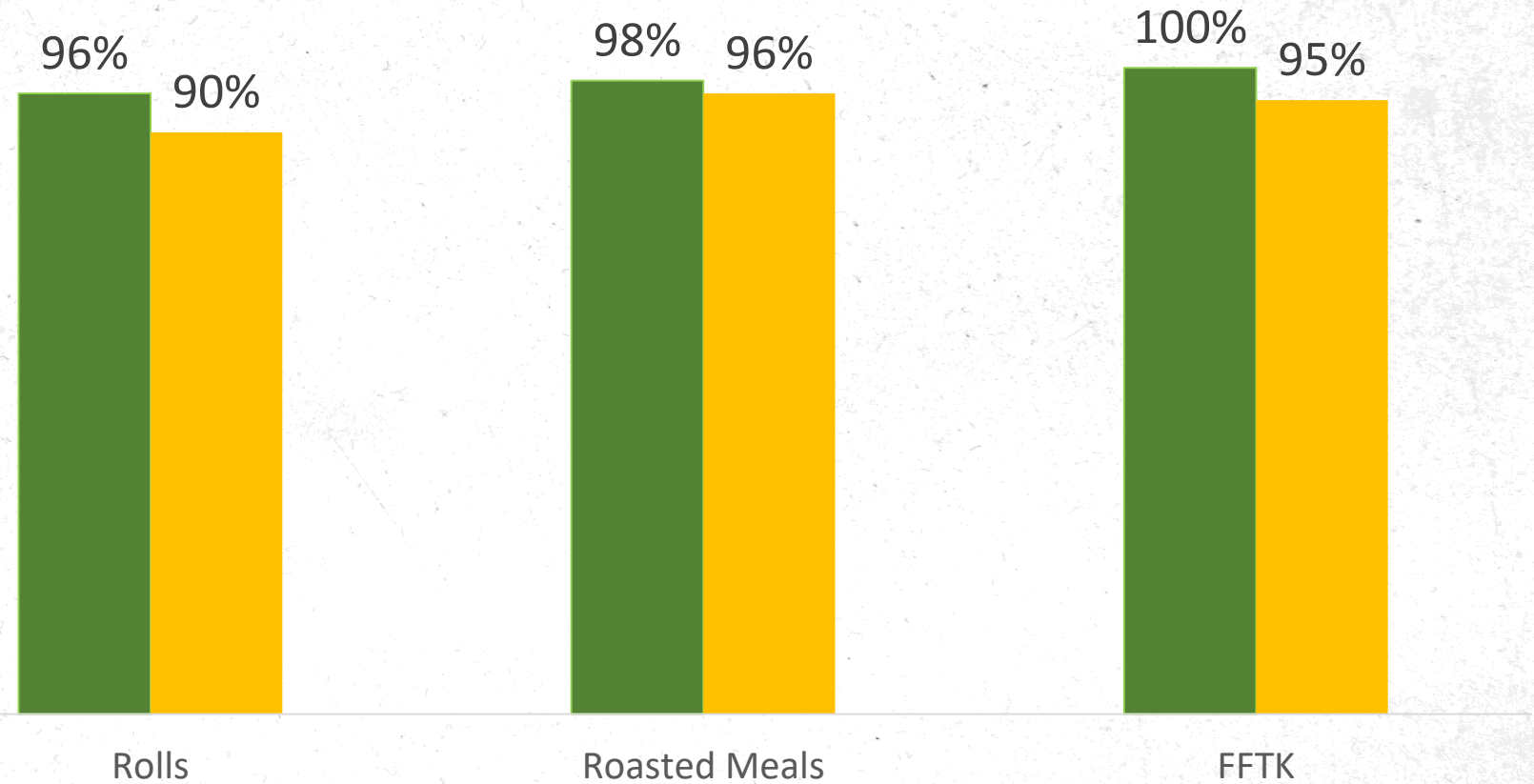
Delivering a noticeable impact on pet's wellbeing

Creating very high satisfaction



Freshpet Product Satisfaction

Top Two Box Percentages
Among Regular FP Users



■ % Extremely/Very Satisfied on Product Satisfaction
■ % Agree Completely/Somewhat on Good Value

Source: Freshpet Quality and Satisfaction Study, July 2018

WE OPERATE DIFFERENTLY

Delighting consumers with fresh food & our company ideology.

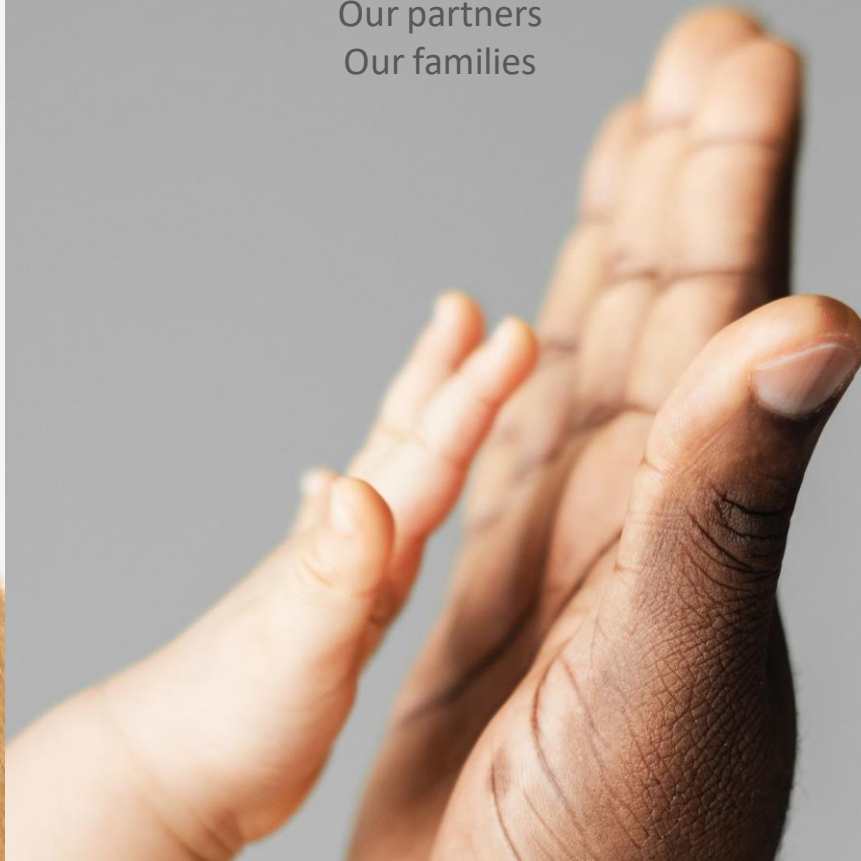
pets.

The power of fresh
natural & simple foods
Less processed
Acts of kindness



people.

Our team
Our partners
Our families



planet.

Renewable energy
Carbon footprint offset
Conservation – land fill free
Sustainable practices



Differentiated

Innovative forms, technologies, and appearance



Manufacturing

Proprietary technology, processes, and infrastructure



High Brand Loyalty

Alignment with deep pet parent emotional motivations



Supply Chain

Only refrigerated pet food network in North America



A difficult business to replicate

freshpet®

PRODUCT PERFORMANCE

TECHNICAL KNOWLEDGE

PRODUCTION SCALE

BRAND EQUITY

DISTRIBUTION SCALE

FRIDGE PLACEMENTS

Freshpet Fridge

Branded, company-owned real estate



Walmart

petco

Kroger

WHOLE FOODS MARKET

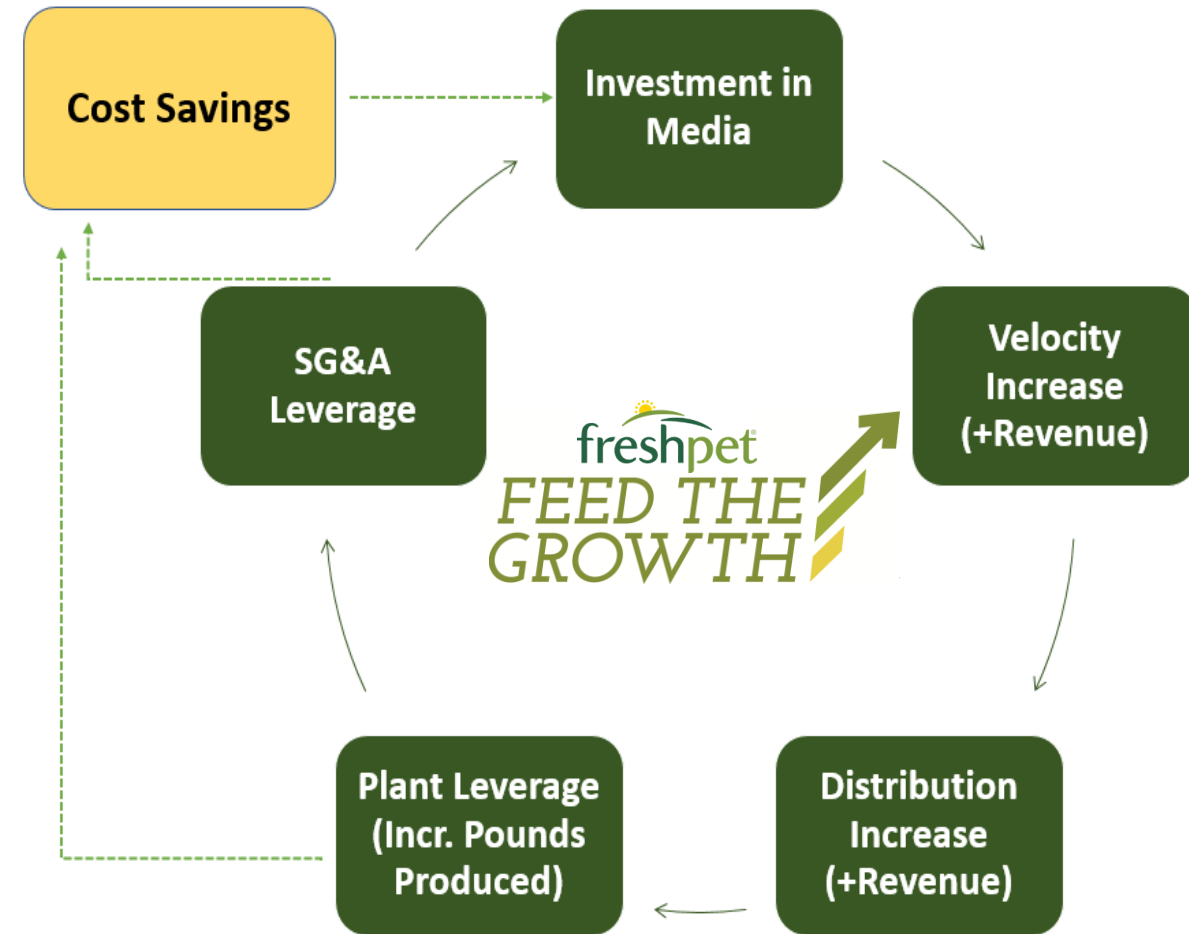
TARGET

Retailer Partners

Delivers benefits in traffic, frequency and retailer margins

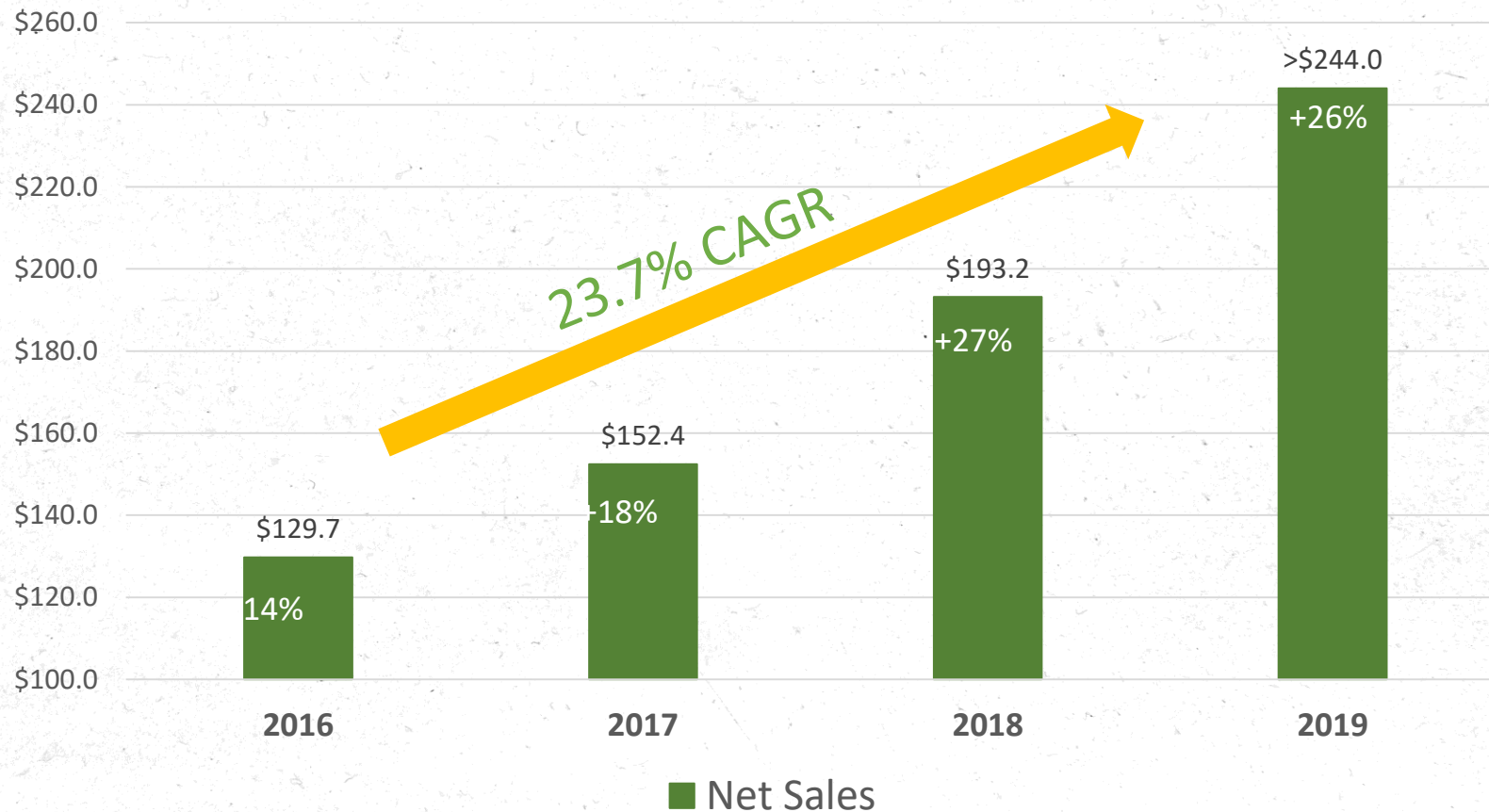


2017: Launched Feed the Growth



Goal: \$300 million
in net sales as
soon as 2020

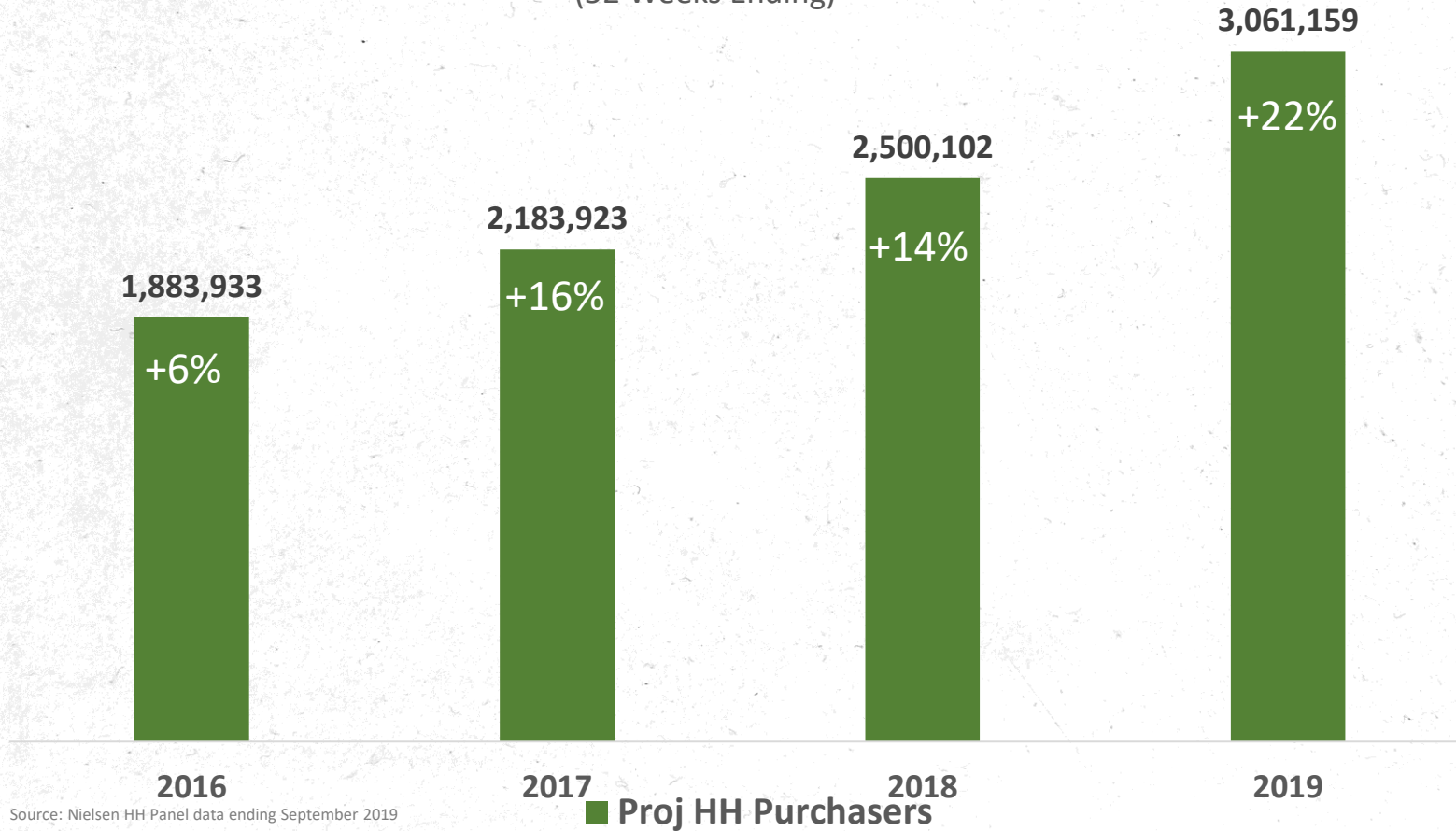
Freshpet Net Sales



Media investment re-accelerated growth

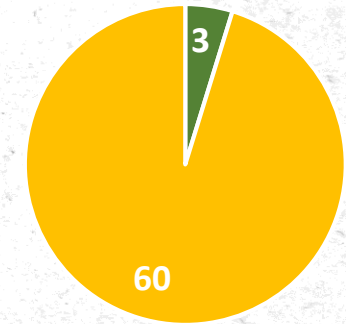
Total Freshpet HH

(52 Weeks Ending)



Source: Nielsen HH Panel data ending September 2019

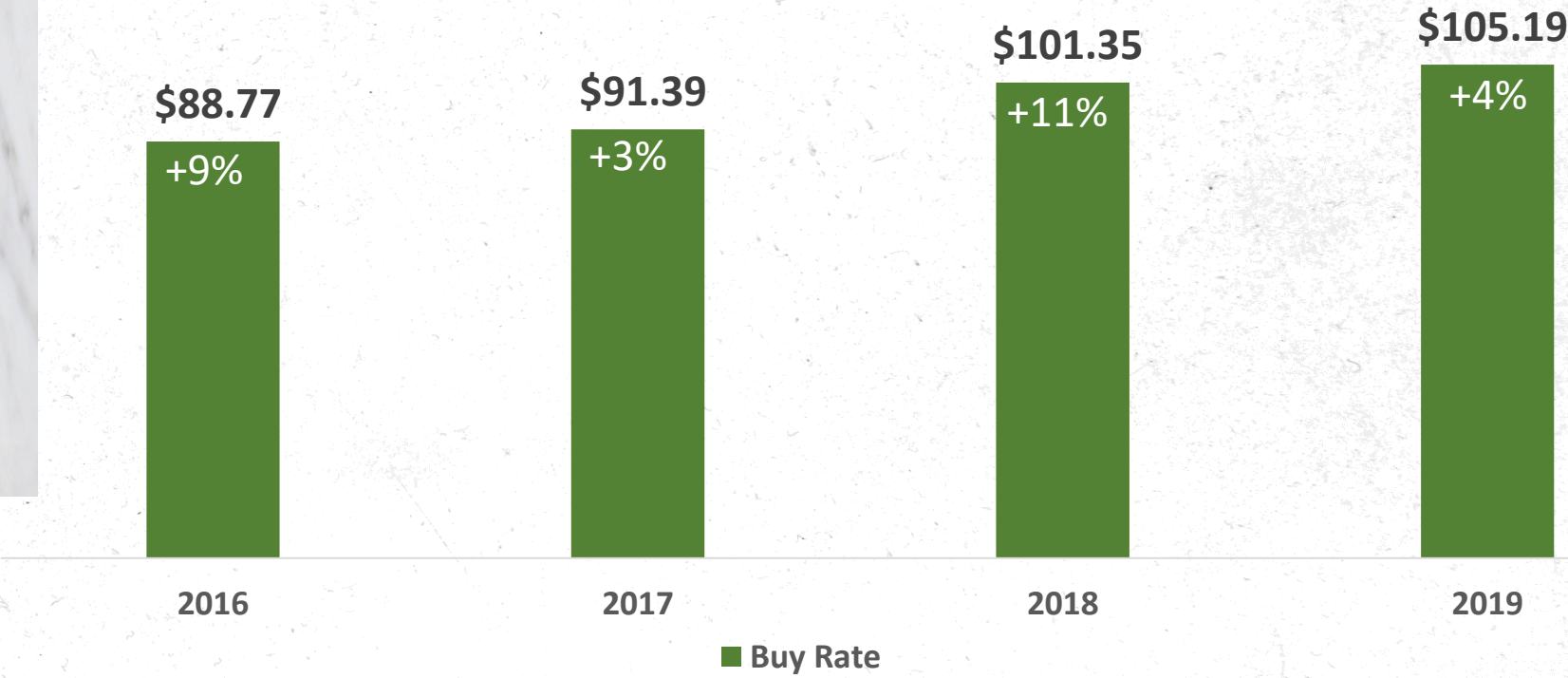
2019 Dog HH's



■ Freshpet ■ No Freshpet

HH penetration gains accelerate . . . but are still a small share of the pet universe

Total Freshpet Buying Rate



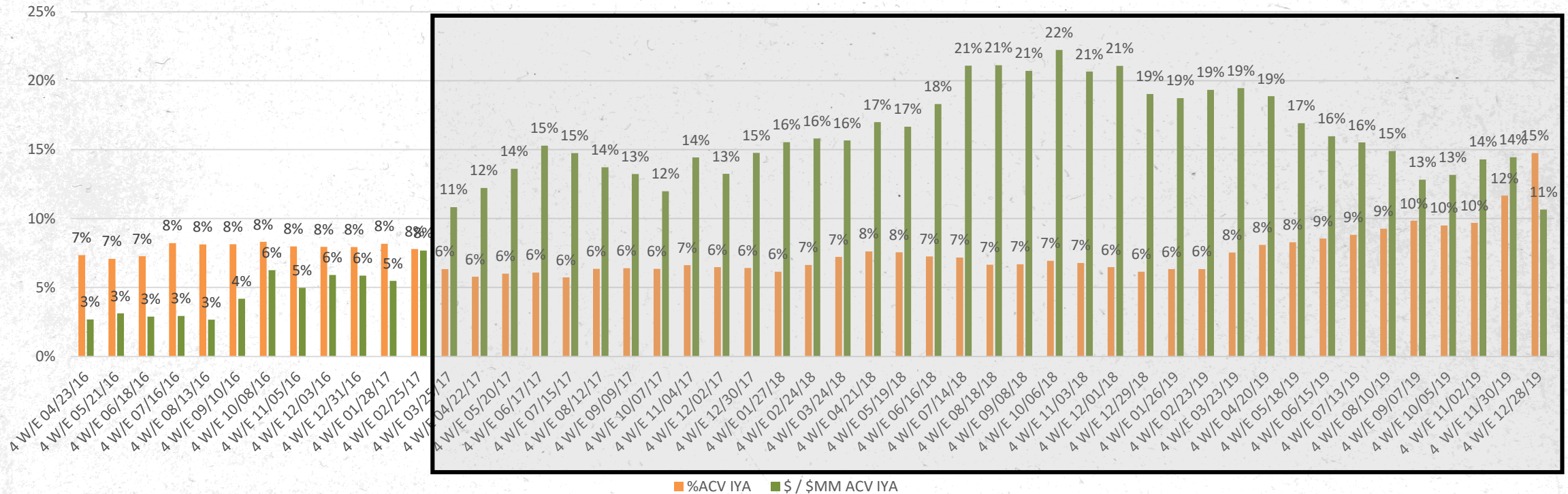
Despite rapid influx of new buyers, buying rate continues to grow

Expanding consumer franchise . . . that is increasingly loyal



	2016	Today	Growth
Awareness	35%	46%	+31%
Penetration	1.54%	2.45%	+59%
Buying Rate	\$81.73	\$105.19	+29%
Repeat Rate	67%	70%	+300 bps

Freshpet Distribution and Velocity Growth (Growth vs. YA)



Source: Nielsen Mega-Channel Data through 12/28/19

Inflection point: velocity gains become biggest driver of growth

Created growth and scale for retailers

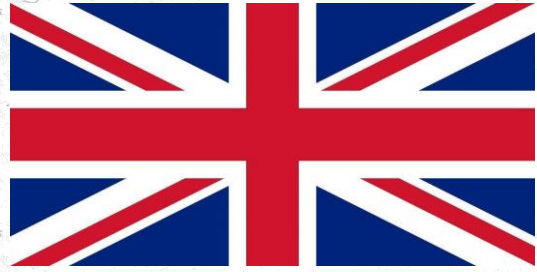
25.3% CAGR
since 2016

	2016	Today
52wk Dollars (Nielsen)	\$172.7M	\$339.7M
ACV Adj. Share Dog Food	4.5	6.9
Avg. Dollars / Store / Week	\$244	\$365
Average Unit Price	\$7.45	\$8.36

Growing distribution and velocity . . . with significant room to grow



	2016	Today	Growth
Store Count	16,609	21,570	+4,961
% ACV Distribution	41	52.3	+28%
Total Distribution Points	517	734	+42%
Velocity (\$/MM ACV)	371.0	560.9	+51%



TESCO

M
MORRISONS


ocado

~400 stores

~7% ACV



**Loblaws**

Walmart 

Sobeys

~1000 stores

~23% ACV

Media investments are beginning to drive distribution gains in Canada and UK

Growing into our scale . . . and reinvesting for growth

“Feed the
Growth”
Progress

	2016	Today*	Growth
Net Sales	\$130M	>\$244M	+88%
Adj. SG&A (excl. media)	31.2%	25.3%	+590 bps
Media Spending	\$8M	\$29M	+263%
Media Spending % of Sales	6.3%	11.9%	-560 bps

*2019 Guidance

Scale is beginning to turn into profits

Freshpet Financial Performance

	2017	2018	2019 Guidance*
Net Sales (\$ millions)	\$152.4	\$193.2	>\$244
vs YA	+17%	+27%	>+26%
Adj. EBITDA (\$ millions)	\$17.6	\$20.3	>\$29
vs YA	-1%	+15%	>+43%

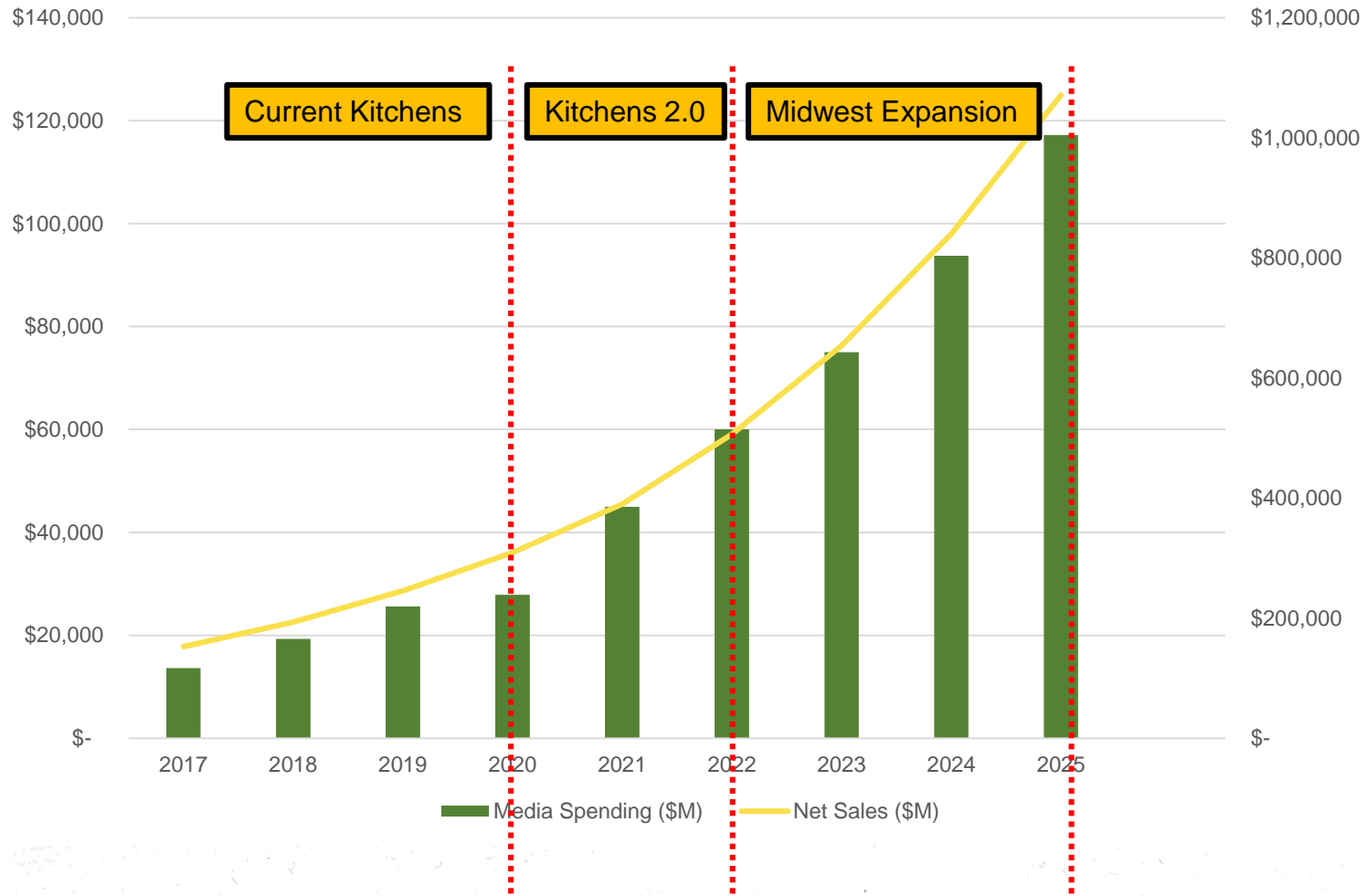
*Excluding incremental investments in Canada/UK and technical capability/capacity building, Adjusted EBITDA would be up 50+% in 2019

Feed the Growth
progress



Kitchens 2.0 to open in Q3 2020

Freshpet Media Driven Run Rate Growth



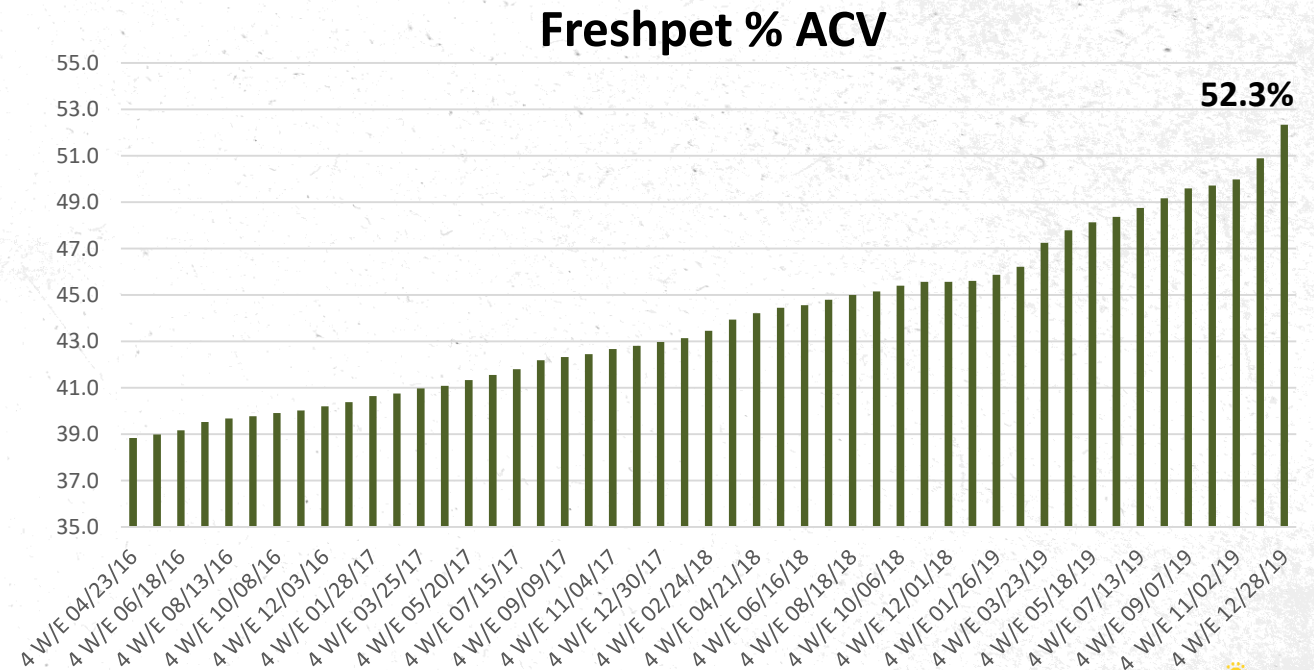
Rapid growth will require incremental capacity in 2022

2019 Update: Distribution

Strong distribution gains continued in Q4 and will set us up for a good start in 2020

- ACV distribution grew +6.7 pts. vs YA to 52.3%
- Store count grew +791 stores in Q4 delivering 2,071 net new stores in 2019 vs. goal of 1500-1600
- Incremental 249 upgrades and +29 double chillers in Q4

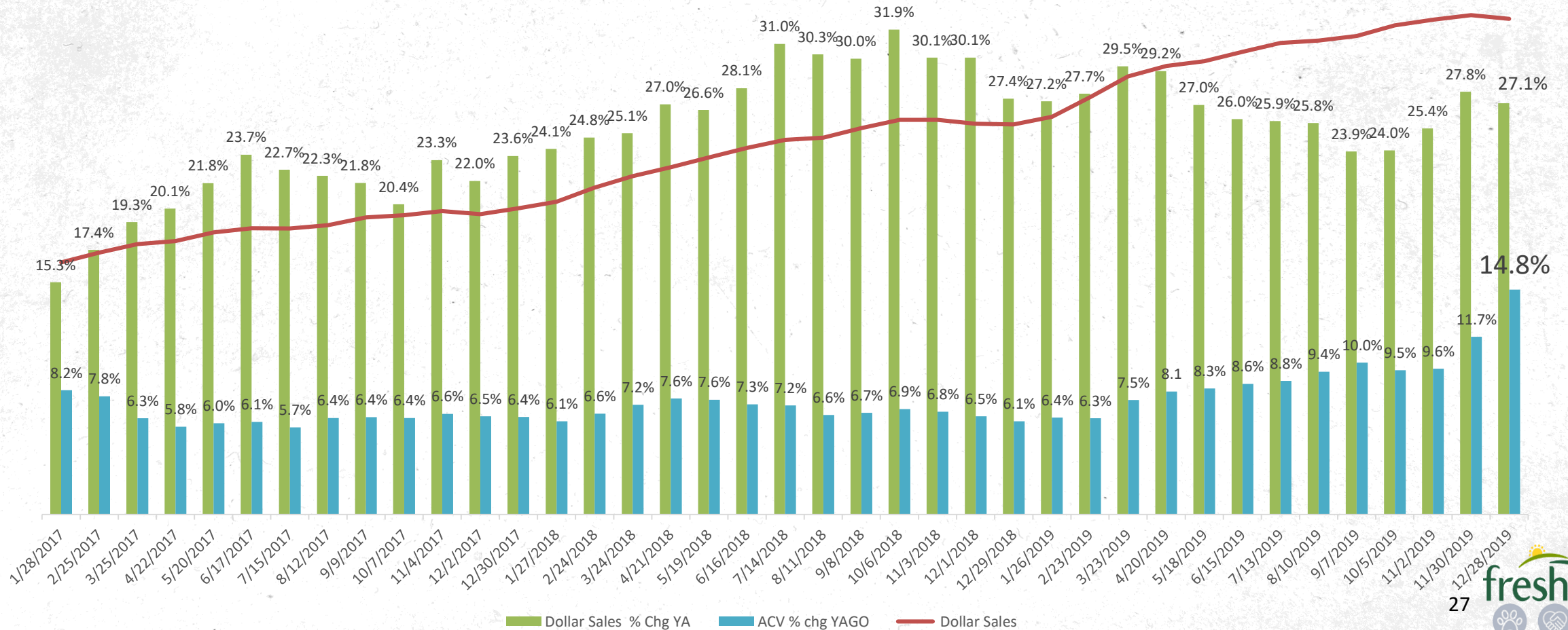
Freshpet Distribution Gains		
	Q4 2018	Q4 2019
Store Count	19,499	21,570
vs YA	+8%	+11%
Upgraded Fridges (Cum.)	805	1,591
YTD Increase	-	786
2nd Fridges (Cum.)	NA	807
% ACV	45.6%	52.3%
vs YA	+7%	+15%
Total Distribution Points (Change vs YA)	+10%	+16%



2019 Update: Consumption

Continued strong consumption growth driven by both velocity and distribution gains

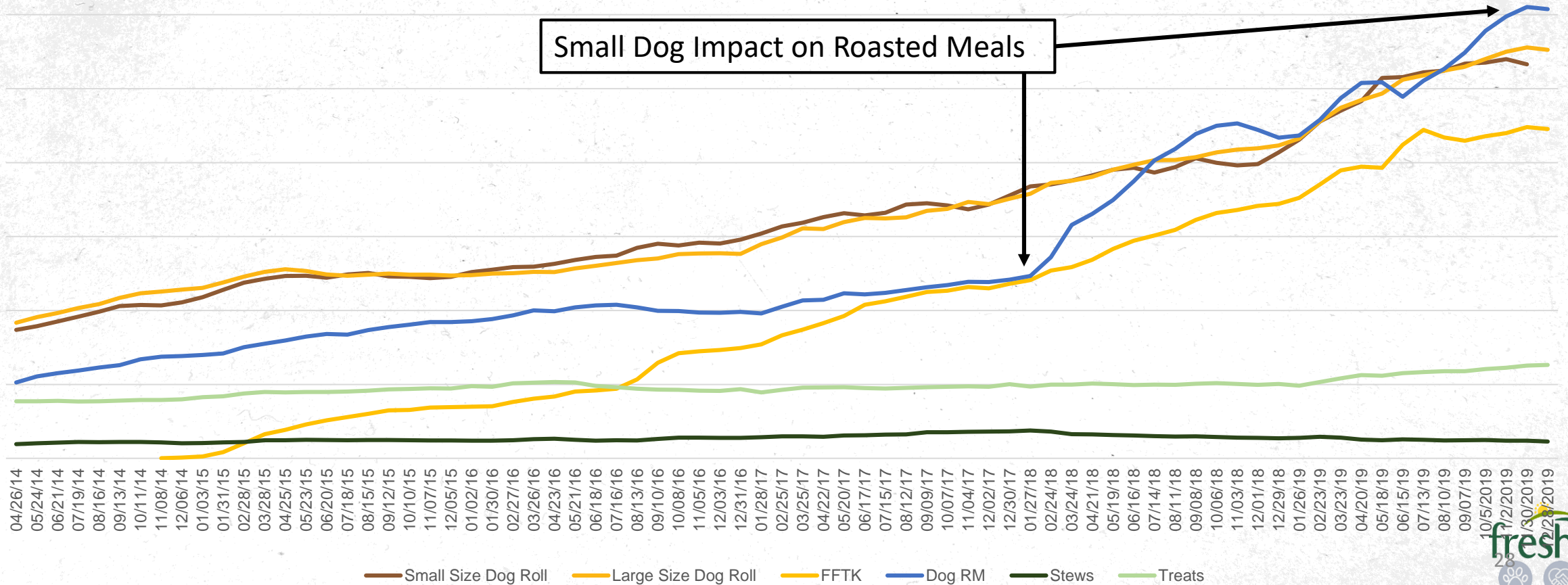
Freshpet Nielsen Mega-Channel Distribution and Consumption Growth



2019 Update: Mix Shift

Success of Freshpet Small Dog has accelerated a mix shift towards bags

- Creates need for incremental bag capacity and the opportunity for specialized production lines
- Delivers lower % adj. gross margin but higher \$ adj. gross margin due to higher selling price/lb.





Installing an incremental bag line in Q1 2020
to enable strong growth in 2020

2019 Update: Reiterate Guidance

- **Expect Net Sales consistent with guidance of >\$244 million**
 - Recall, Q3 net sales were aided by 100-300 bps to catch-up on shipments from Q2 so Q4 will be comparable to Q3 and up >25% vs. YA
- **Expect Adj. EBITDA consistent with guidance of >\$29 million (+43% vs YA)**

Freshpet Financial Performance			
	2017	2018	2019 Guidance*
Net Sales (\$ millions)	\$152.4	\$193.2	>\$244
vs YA	+17%	+27%	>+26%
Adj. EBITDA (\$ millions)	\$17.6	\$20.3	>\$29
vs YA	-1%	+15%	>+43%

*Excluding incremental investments in Canada/UK and technical capability/capacity building, Adjusted EBITDA would be up 50+% in 2019

2019 Update: Capacity Expansion

- **Kitchens 2.0 remains on track**
 - Expect to be under roof in late January/early February
- **New specialized small-piece size bag line is on track to start-up this month and ship product next month**
 - Long-term, we expect this to create higher throughput on bags lines through specialization by size
 - Near term, it will be sub-scale, operating one-shift and requiring added freight
- **Successfully started our 4th line (rolls) on 24/7 schedule on January 8, 2020**
- **On track to acquire the land for our Midwest Capacity Expansion in Q1 2020**
 - Will announce the site location, timing expectations, and preliminary costs at our Investor Day

Freshpet's long-term growth opportunity is significantly bigger than our 2016 projections suggested

- Once-in-a-lifetime opportunity to change the way we feed our pets and we will pursue it aggressively
- 2016 market potential was estimated at 7.5 million Prime Prospects

At our Investor Day, we will provide an update on:

- The Total Addressable Market (Prime Prospects)
- Capacity expansion plan to meet that demand, including location, timing, costs, anticipated returns and financing
- Fridge expansion potential
- International growth expectations

2020 Expectations: Beginning of 2025 Plan

In 2020, we will invest to capture the long-term growth opportunity, including:

- **US Advertising Investment:**
 - Modestly higher than previously projected US advertising spending in 2020 to drive growth
 - Will end 2020 with an accelerating growth rate
 - Long term advertising investment will be ~12% of net sales
- **International Advertising Investment:**
 - Doubling down on advertising investment in international markets in 2020 to stimulate expanded distribution
- **Capacity Expansion/System Capability/Innovation:**
 - Pull forward capacity expansion efforts, including systems upgrade investment and engineering capability to be able to satisfy demand sooner
 - Will also invest in incremental innovation to further expand product advantage and relevance of product portfolio

2020 Expectations: Beginning of 2025 Plan

Near term adjusted gross margin will be a bit lower than previously projected due to:

- **Mix shift towards bags**
 - Rapid growth of Small Dog product creates mix shift and reduces gross margin % but improves gross margin \$ per pound
- **Sub-scale production on specialized bag line**
 - Specialized line for small piece size products (small dog and cat) will be margin dilutive (%) in the near term but is needed for both near term capacity and long-term efficiency
- **Operating investments to drive improved production consistency and reliability**
 - Improving operating processes to drive improved consistency

Continue to drive SG&A (excluding media) efficiency improvements to deliver the committed 700 bps of improvement since 2016

- Continue to believe there is more opportunity for improvement beyond 2020

2020 Expectations: Beginning of 2025 Plan

We expect significant Adj. EBITDA growth in 2020 and beyond

- EBITDA growth significantly in excess of net sales growth in 2020
- Incremental near-term investments/expenses (i.e. advertising, sub-scale manuf., systems, etc...) to support accelerated long-term growth will reduce Adj. EBITDA to <\$60M in 2020
- Without those incremental investments to support accelerated long-term growth, the plan could deliver \$60 million in Adj. EBITDA and >\$300 million in net sales in 2020
- Long-term Adj. EBITDA margin expectations remain intact but deferred to support more aggressive growth (25+% long-term growth rate)

2020 Expectations: Beginning of 2025 Plan



bringing the power of fresh food to pets

