

# The Deal Pipeline®

by Sarah Pringle

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## **PE-backed Worldwide acquires dog products company**

Private equity-backed Worldwide, the maker of eco-friendly accessories for cats and dogs, has collared Quaker Pet Group through a merger agreement that will create a combined platform that approaches \$100 million in yearly revenue, the Deal has learned.

Financial terms of the all-stock deal, announced May 28, weren't disclosed. The business will operate under the Worldwide banner with headquarters in San Rafael, Calif.

"Once you've got this size of platform, you've got the ability to do follow-on transactions," said Kevin Fick, the former Central Garden & Pet Co. (CENT) executive who took the helm as CEO of Worldwide on Sept. 7, 2012.

"Quaker really is a transformative transaction," asserted Jeffrey Ginsberg, managing director of New York PE firm Mistral Equity Partners, which has Worldwide in its portfolio since May 2, 2011. "There are dozens and dozens of small, innovative pet products companies that have come up with a certain toy or certain innovation. There should be many more opportunities for us to acquire strong brands or strong IP in our core categories or [expand into sub-sectors]."

For Worldwide, the deal is its first significant transaction since Mistral acquired it for an undisclosed amount from CapStreet Group LLC, which had owned the company for nearly six years.

According to Fick, a number of suitors were involved in an auction for Worldwide before Mistral prevailed. In fact, in the mid-2000s, Central Garden took a look at Worldwide, he added.

Quaker Pet, on the other hand, didn't run a sale process, Ginsberg said.

He explained that the deal came to fruition largely because of personal relationships established between the different parties years ago.

"I've known the founder [David Blatte] of Quaker since college----we went to [the University of Pennsylvania] together," Ginsberg said. "That's kind of how it came about. When we bought Worldwide, we stayed in touch. The planets lined up and it made a lot of sense for us to combine."

Blatte, who founded Quaker in 2010 along with Neil Werde, will join the board of Worldwise and will focus on acquisitions.

Worldwise and Quaker's minimal product overlap make the merger a great strategic fit, according to both Ginsberg and Fick.

Quaker has a solid footing in the dog business, offering toys, accessories and travel items, including the popular Sherpa on-the-go dog carriers and travel bags, among its product lines. Its other dog brands include Hear Doggy!, Fox & Hounds, Cloak & Dawggie, goDog and The Silver Tails. It's also home to the SuperCat catnip brand.

Meanwhile, the roughly 25-year-old Worldwise boasts environmentally sustainable products and sells cat and dog accessories, including beds, scratchers, treats and litter products under the SmartyKat, TrustyPup, Petlinks and kathy ireland Loved Ones brands.,

"It's not really about the [deal] multiple," Ginsberg said. "it's very much about what we think these two companies can do together in the future. It's a sign of continued consolidation [in the pet products sector] and that scale and size matter."

Indeed, dealmaking in the pet category has been robust as of late.

Pet Supermarket Inc. founder Charles "Chuck" West on May 13 sold the purveyor of premium pet foods to Atlanta private equity firm Roark Capital Group for a valuation that sources expect could be as high as \$480 million.

Petco Animal Supplies Inc., backed by PE firms Leonard Green & Partners LP and TPG Capital LP, agreed to acquire Foster and Smith Inc., which does business as Drs. Foster & Smith, on Nov. 19, for an undisclosed price.

Among those on the block is Merrick Pet Care Inc., whose backer, Swander Pace Capital LLC, is working with Credit Suisse AG on a dual-track sale-or-initial public offering process.

Also on the block are pet e-commerce players Tabcom LLC and PetFlow LLC, The Deal reported in October.

DLA Piper LLP's Sidney Burke, Nickie Cheney, Ami Watkin, Gerald Rokoff, Olga Bogush, Rita Patel and Erin D'Angelo served as counsel to Worldwise on the transaction.

Pryor Cashman LLP's Larry Spector, Preethy Kolachalam, Asher Bundlie, Michael Dunworth, Jon Stein, Alice Stock and Matt Young offered counsel to Quaker.

Choate, Hall & Stewart represented Salus Capital Partners, Wordwise's lending partner.