## Panelists

### Scott Anderson | Chairman, Chief Executive Officer & President | Patterson Companies, Inc.
Scott has been Chief Executive Officer and President of Patterson Companies, Inc. since April 2010. He has served previously as the President of Patterson Dental Supply Inc. and as Vice President of sales and marketing since joining the company in 1993 as Branch Manager of the unit’s San Francisco and Minnesota offices. Scott has been a board member at C.H. Robinson Worldwide, Inc. since 2012. He is also a Trustee of Gustavus Adolphus College and serves on the board of directors of the Ordway Theater.

### Mark Gehrig, ASA, CFA, CBA | Managing Director | Chartwell Financial Advisory
Mark leads Chartwell’s Financial Reporting and Estate & Gift valuation practices. He specializes in the appraisal of businesses, fractional equity ownership interests, intangible assets, intellectual property, and other financial assets. He provides appraisal services for purposes of tax, transactional, and internal management planning purposes. Notable among these are ASC 805, ASC 350, buy-sell agreements, dissenting shareholder actions, entity conversion, condemnation, and other various regulatory requirements.

### Jonathan Nygren | Partner | Faegre Baker Daniels, LLP
Jon is a partner in the Faegre Baker Daniels corporate group. Jon focuses his practice on mergers and acquisitions for public and private companies, corporate governance, and general corporate issues, including for emerging company clients. He has significant experience representing financial services, hedge fund, and technology clients in connection with mergers and acquisitions.

### Laura Oberst | Executive Vice President, North Region Group Head | Wells Fargo Commercial Banking
Based in Minneapolis, Laura leads the Central, North Central, Great Lakes and Midwest Divisions. Laura started her career with Norwest Corporation in 1984, a Wells Fargo predecessor bank, and has worked in many positions in both community banking and commercial banking. Involved in many community and professional organizations, Laura is currently a member of the board of directors of HealthPartners, Inc. and Greater MSP Economic Development Partnership.

### Jay Trumbower | Chief Operating Officer | Sambatek, Inc.
Jay has experience as a Corporate Business Development leader and CFO. His expertise is in strategic planning, M&A, business alliances, joint ventures, licensing and real estate transactions. Jay has Big Four public accounting firm, management consulting firm, privately-held and publicly-traded company experience. He was the 2011-2013 Chairman and President of Financial Executives International (FEI) Twin Cities.
MARKET UPDATE
MARKET ACTIVITY

Middle Market Loan Volume

- Lending volume fell 30.3% quarter-over-quarter to $20.4 billion and 25.7% year-over-year to $123.0 billion
- 494 loan deals were completed in 2015, down from 584 in 2014
- Activity was led by Industrials (39%), Consumer & Retail (16%), Technology (15%) and Healthcare (14%)
- M&A continued to drive loan volume in 2015, with nearly 50% of loans used for LBOs and other acquisitions
  - Refinancings accounted for a third of loan uses in 2015

2015 Activity by Purpose

- Refi. 32%
- LBO 26%
- Acquisition 22%
- Div. / Stk. Rep. 9%
- Other 3%
- GCP 8%

Quarterly New Issuances

- M&A continued to drive loan volume in 2015, with nearly 50% of loans used for LBOs and other acquisitions

Middle Market defined as Issuers with revenues of $1.0 billion or less, and/or EBITDA of $150MM or less (excluding Gaming and Energy)
Source: Wells Fargo Securities
**PRICING AND TENOR**

**Summary**

- Average tenor of Pro Rata facilities continued to increase to 4.9 years, while average institutional term loan tenor fell slightly to 6.2 years.
- Spread movement diverged toward the end of 2015.
- TLA spreads decreased in Q4 2015 to L+223 while TLB spreads rose to L+495.
- Revolver spreads decreased to L+188 for non-institutional revolvers and L+290 for revolvers in deals containing TLBs.
- All-in TLB yields ended the year at 6.3%.
- Average OID increased on the quarter, with issuance prices falling from 99.1 in Q3 to 98.4 in Q4.

**Institutional Yields by Quarter**

- TLB Spread + OID
- LIBOR Floor

**Facility Tenors**

- Pro Rata
- TLB

**Spread Movement**

*Represents Revolver spread for deals without institutional TL

**OID amortized over 4-year life**

Source: Wells Fargo Securities
56% of 2015 loan deals were Sponsor-backed, down from 69% in 2014
Overall Sponsor volume fell sharply on the year by 40%, from $114 billion in 2014 to $69 billion in 2015
Overall Corporate volume was down slightly by 4%, from $51 billion in 2014 to $49 billion in 2015
Separation is widening between leverage levels in Corporate and Sponsored deals
Average total leverage for Q4 Sponsored deals reached 5.3x
Corporate deal leverage fell from 2014 highs to 1.9x in Q4
Mixed results of domestic equity markets with collapsing commodities, tightening monetary policy and flat corporate earnings

- S&P 500 index decreased 0.7% while the NASDAQ Composite Index increased 5.7%.
- The MSCI World Index decreased 2.7% during the past year while the MSCI Emerging Markets index declined 17.0%.

Sources: S&P Capital IQ; data as of December 31, 2015 (monthly percent change)

1 S&P 500 and NASDAQ Composite Index
2 Morgan Stanley Capital International (MSCI) World Index measures developed markets performance; MSCI Emerging Markets Index measures emerging markets performance
Record M&A activity in 2015, exceeding $2.0 trillion in transaction value through November

Strong activity driven by strong balance sheets, favorable credit markets and increasing multiples

M&A backlog and pitch activity remains strong, M&A in first half of 2016 expected to exceed second half of 2015

Source: Mergerstat Monthly Review
M&A COMPOSITION BY DEAL SIZE

- Mega-deals increase slightly but deal size less than $500 million continue to represent 85% of all transactions

Sources: S&P Capital IQ (Announced Deals) and FactSet Mergerstat Monthly Review
EBITDA multiples in lower and mid market held steady while upper market multiples expanded to all time high with favorable credit multiples, strong demand from strategic and financial buyers, and strong financial performance.
LEGAL UPDATE

- **Key factors in auctions**
  - Sellers less willing to grant exclusivity
  - Price
  - Certainty of closing
    - Financing
    - Antitrust approvals, and how far will buyer commit to go before buyer may terminate the transaction?
    - Are any third party consents or employment agreements required?
  - Post-closing indemnification
    - Escrow as sole source
    - Rep and warranty insurance
  - Speed of process

Source: Jonathan Nygren – Faegre Baker Daniels LLP
PATTERSON COMPANIES
Delivering Results

POSITIONED FOR GROWTH

Our Transformation Through M&A

Financial Executives International
January 20, 2016

Scott Anderson
Chairman, President & CEO,
Patterson Companies
Founded in Milwaukee in 1877, public since 1992
FY15 revenue of $4.4B
7,000 employees, with HQ in Minnesota
Two Priorities When I Became CEO:

1. Upgrade technology
2. Devise a portfolio strategy
Our Journey to a Transformed Patterson

Guided by our Strategic Intents

- Broadened View of the Markets
- Commitment to Talent Excellence
- Leading Industries & Clients to New Market Breakthroughs
- Best-in-Class Client Experience
- Leverage Financial Strength for Market Advantage & Shareholder Value
Medical Sale Made Sense

• Successfully turned around the Medical business
• Significantly improved margins, but low growth opportunities
• Better fit with another company that could invest in the business
• Opportunity to redeploy capital for better growth, ROIC potential
M&A Chain of Events

Pre-2015
Conversations with Animal Health International take place

January 2015
Amerisource-Bergen (ABC) buys MWI Veterinary Supply on January 12

April 2015
11 frantic days at the end of April-early May

May 2015
On May 4, Patterson announces Animal Health International acquisition and planned sale of Medical

Advisors:
Bank of America Merrill Lynch

EY

BRIGGS

WELLS FARGO

KPMG

padillacrt
Animal Health as a Single Platform

- Broad coverage in all species
- Market leader in beef, dairy, swine and dealer markets across multiple product categories
- Strong long-term relationships with diversified customer base
- Deep product portfolio and value-added services
- Significant revenue and operating synergies
Shared Market Characteristics

Dental

Animal Health

<table>
<thead>
<tr>
<th>Fragmentation</th>
<th>Innovation &amp; Technology</th>
<th>Business Support Services</th>
<th>Small Percentage of Total Customer Spend</th>
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</thead>
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Transaction Overview

**Acquisition of Animal Health International**

**Terms**
- Purchase price – $1.1B in cash
- Represented approx. 16 multiple of LTM March 2015 EBITDA of $68M or 11.5 multiple post-synergy benefits

**Financing**
- New $1.5B unsecured credit facilities
- Currently levered at 2.2x

**Benefits**
- Transaction will be accretive from year one onward
- Proceeds of $715M from sale of Medical used to offset purchase price
- Continuing Operations ROIC improves from 12.8% to 17.4%
Patterson Today: Two Highly Focused Businesses

49% of revenue

51% of revenue
ROIC Analysis

Reported Consolidated ROIC  
Less: Patterson Medical ROIC

Continuing Operations ROIC  

**FY15**  
12.8%  
5.8%  
17.4%
Net Synergies of $20M-30M Over 3 Years

<table>
<thead>
<tr>
<th>Net Synergies Range</th>
<th>Benefit ($M)</th>
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<tr>
<td>Back Office/Shared Services</td>
<td>$8 – 12</td>
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<tr>
<td>Supply Chain</td>
<td>12 – 17</td>
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<tr>
<td>Companion Health</td>
<td>3 – 5</td>
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<td>Dis-Synergies</td>
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Net Synergies Range: $20 – 30
Free Cash Flow

$1.5B Expectation for free cash flow over next 5 years

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In millions of $
Cash Repatriation

- Acquisition of Animal Health International & sale of Medical created unique opportunity to efficiently repatriate excess foreign cash balances
- Repatriating roughly $200M in cash from both Patterson Medical & Patterson Dental Canada
- Performing all repatriations in same FY creates tax synergies, with estimated tax savings in the range of $15M – 20M
- Also allowed us to pay down $100M on revolving credit line needed for acquisition, save on future interest expense & invest in buybacks
- Full cost of repatriation recorded as additional income tax expense in FY16 Q1, about $12M
- For full year, expect normalized income tax rate of about 35%
**Aggressive, Yet Realistic Organic Targets**

2016-2020

- **Organic Revenue Growth**: 4-6%
- **EPS Growth**: 8-12%
- **ROIC**: 15+%
- **Free Cash Flow Conversion**: 100%
Reflections

- Cultural fit
- Talent
- Telling the story
Positioned for Profitable Growth

• Transformational portfolio moves
• Refined market focus, more synergistic business segments
• Strong growth catalysts
• Strategic vendor partnerships, industry-leading technology
• Best-in-class service & after-sales support
• Enhanced ability to generate cash, drive shareholder value
PANEL AND AUDIENCE Q&A