



Freshpet Inc.

NASDAQ: FRPT

Recommendation: **BUY**

Stock Price (10/29/2025): \$52.62

Target Price (2026): \$79.50

Upside Potential: **+51.08%**

Consumer Staples

Packaged Foods: Pets

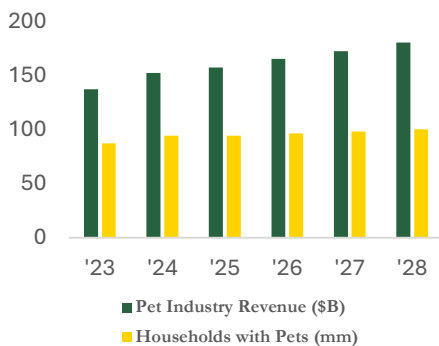
Zach Saporito

October 30, 2025

Key Statistics

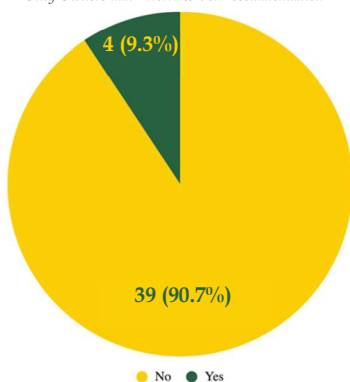
Market Cap (\$bn):	2.57
52W Range (\$):	46.76-164.07
Beta (5Y):	1.74
P/E (fwd '26):	23.86x
P/Sales:	2.57x
Gross Margin (LTM):	46.50%
3Y Sales CAGR (fwd):	12.93%

U.S. Growth



Freshpet Buyers

Only Owners that Prioritize Vet Recommendation



*Conducted Survey Total incl. ~110

Freshpet Overview:

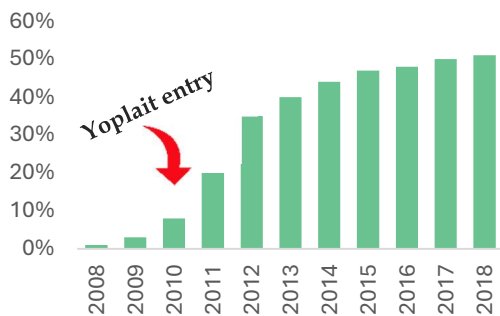
Freshpet Inc. provides fresh, natural food choices to help improve the lives of dogs and cats. The Company also owns and operates Freshpet kitchens and Freshpet fridges. Products are available across retailers and online located around North America. They focus on fresh, natural, and healthy food options sourced responsibly and manufactured at their own kitchens in the United States. **Freshpet operates in the Pet Care & Food industry and is a leader in refrigerated pet food.** The U.S. Pet Care & Food industry is growing rapidly, expected to reach a ~10% CAGR through 2030 (Statista), driven by younger generations owning more pets and treating them like family. In 2024, the industry hit \$152B in sales, with pet food and treats leading at \$65.8B, as demand rises for premium, health-focused products across food, healthcare, retail, and veterinary services.

Investment Thesis:

FRPT is a buy due to their unjustified 2025 stock price decline, despite strong growth across all operating metrics, continued dominance in the fast-growing fresh pet food category, and new strategy implementation which will unlock stock upside in the next 12-24 months.

- **Freshpet's expansion into the Veterinary channel unlocks a high-margin revenue stream adding ~\$100M in added annual revenue (~10% over consensus) by 2028 and positioning Freshpet as a trusted leader in pet nutrition.** As the brand enters strategic partnerships with veterinary clinics as stated by the Co., they will see low-cost (low advertising burden) additions to revenue through gradual penetration in vet offices across the United States. Not only does this increase organic sales, but it will also improve margins through a reoccurring channel with higher priced "therapeutic" food solutions. If Freshpet just captures a small percentage of the ~1,000 households that utilize a single clinic a year, they can generate at least \$96/household (\$8 avg Freshpet unit price x 12 monthly purchases) per year. Through a conducted survey (seen on the left), I collected that most pet owners take vet recommendation into heavy consideration for pet food, and those same respondents have yet to try Freshpet, allowing plenty of increased demand through this move.
- **Freshpet's new bag technology will deliver gross margin increase of ~7% by 2027 allowing for a rerate in their P/S multiple (Figure 4).** Freshpet has made it a focus to lower their bagging costs as roll products generate a high single-digit advantage in gross margin compared to their bags, and that is because of the advanced bags needed for preservation of their fresh product. Recent calls have indicated that the Co is ready to begin rollout of its new technology that removes third-party packaging costs and provides a path to higher overall margin growth which is correlated with their P/S multiple. The Street is wary of this growth and needs time to trust the upcoming margin expansion as FRPT's current P/S indicate.

Yogurt Market Share: Greek



- **Entrance of General Mills' refrigerated dog food will drive increased pet food aisle visibility and drive ~\$115mm in added annual revenue with EPS 30c above Street consensus by 2027.** Past precedence indicates that when large companies enter a consumer-packaged goods market, it drives higher foot traffic to the entire segment while transforming a niche category to a mainstream shopping aisle. As fresh pet food becomes the "norm" owners will shift their buying habits to a higher retail concentration of refrigerated food products, which Freshpet holds a ~95% share in (Q2 2025 Earnings Call). Previous precedent of this includes General Mills' launch of Yoplait to compete with Chobani in the Greek yogurt market. When Yoplait entered in 2010, Greek yogurt soared from 8% of the yogurt market to 42% in just 3 years (Statista). Chobani, the present market leader in 2010 saw revenues increase ~4-fold in the 3-year period of Yoplait's entrance. This historical precedent tied with the overall growing pet food market will allow Freshpet to see at least ~10% of what Chobani accomplished, which would lead to the additional ~\$115mm in annual revenue by the year 2028 regardless of market share shrinkage.

Investment Risks

Freshpet holds company-specific risk due to sub-premium offerings data. Weak consumer demand increases the risk of weaker execution in sub-premium offerings relative to established premium products. Currently consumers are in a period of trading down products for cheaper alternatives and Freshpet has one of the least exposures in club stores like Sam's Club, Costco, or BJ's where these shoppers may resort to. Consumer traffic up around 10% across club channels in Q2 2025.

Freshpet is testing rollouts in ~20% of Sam's Club locations, with initial strong results of their performance. Early results, but still meaningful as it can indicate different consumers behavior.

Freshpet can see execution risk in its scaling of production and innovation. Though the Co is gradually easing its capex, they still are planning meaningful innovation that need to bring higher sales or else the stock will face significant sentiment shift. As they rollout new bag tech, renovated and brand-new fridge locations, Freshpet needs timely execution and results with this spending, or FRPT will continue its fall.

Co. sounds confident on this technology (Barclays Staples Conference and Q2 2025 Call). Also sound serious on trimming capex to boost overall profitability, so though the company is still facing costs associated with growth, they have shifted focus to cleaning up costs.

Valuation

I derive a Price Target of \$79.50 based on a 50/50 split weighting of the Fwd P/Sales in 2026 (\$71.11 Fig. 4) and Average Fwd P/E of 27.60x (\$87.94) for calculating a holistic target price that considers FRPT's unique growth but also conservative due to the public competitors multiples being considerably lower than FRPT.

How Important is Refrigerated Pet Food to you?

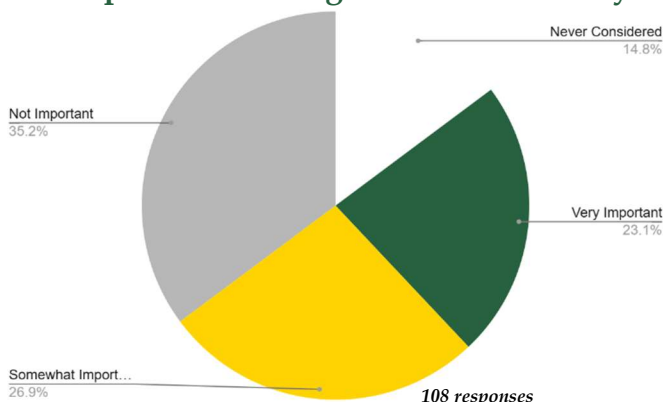
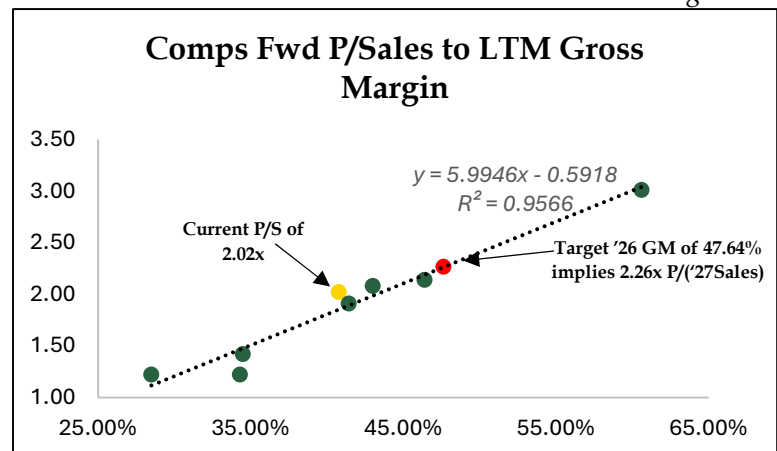
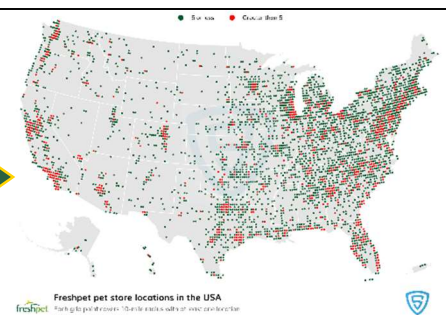


Figure 4:



Freshpet Store Locations

Red: > 5 locations
Green: < 5 locations

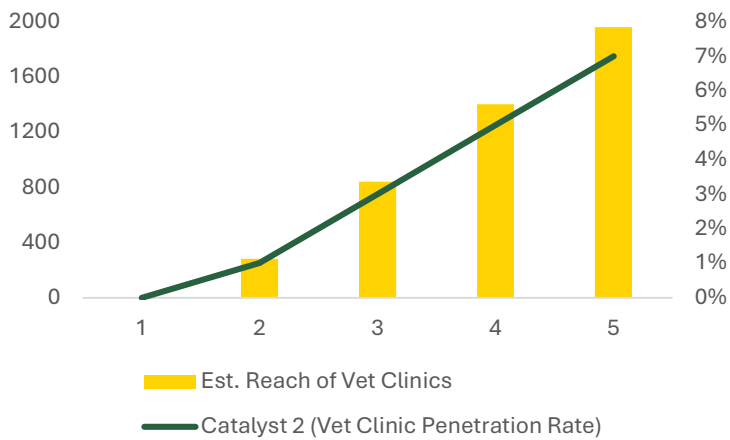


Appendix

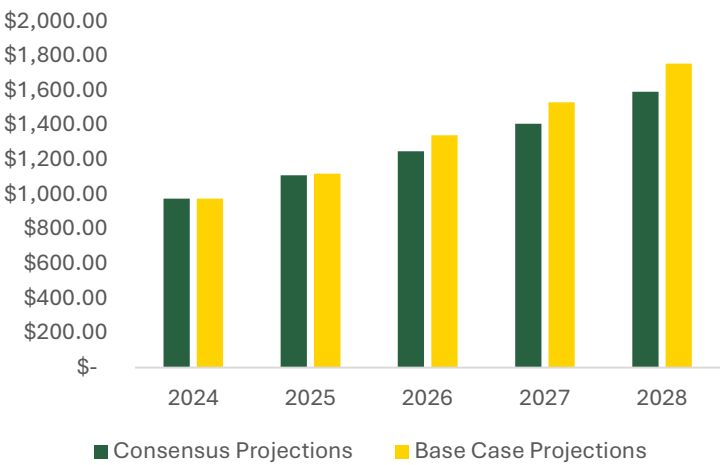
Freshpet Revenue Expansion Drivers [Base Case] (mm)										
Year	2024		2025	2026	2027	2028				
Consensus Projections	\$	975.20	\$	1,110.00	\$	1,249.30	\$	1,407.30	\$	1,592.70
+ Catalyst 1 (Shelf Visibility)	\$	-	\$	-	\$	82.14	\$	97.25	\$	115.15
Catalyst 2 (Vet Clinic Penetration Rate)		0%		1%		3%		5%		7%
+ Vet Clinic Penetration Revenue	\$	-	\$	13.44	\$	41.13	\$	69.91	\$	101.80
Base Case Projections	\$	975.20	\$	1,120.08	\$	1,341.75	\$	1,532.68	\$	1,755.41
% Lift vs. Baseline				1%		7%		9%		10%
Year over Year Growth (%)				15%		20%		14%		15%
*Projected Revenue discounted by 25% to reflect potential street considerations in baseline expectations										
Supplemental										
Est. Reach of Vet Clinics		0		280		840		1400		1960
Est. Reach of Veterinary Households		0		140000		420000		700000		980000
Avg. Revenue Per Household				\$96		\$98		\$100		\$104
CONSENSUS										

Freshpet Margin Expansion [Base Case] (mm)										
Year	2024		2025		2026		2027		2028	
EBITDA	\$	112.20	\$	196.01	\$	260.30	\$	329.53	\$	387.95
Ebitda Margin		11.50%		17.50%		19.40%		21.50%		22.10%
Net Income	\$	46.81	\$	61.60	\$	114.05	\$	160.93	\$	217.67
Net Margin		4.80%		5.50%		8.50%		10.50%		12.40%
Shares Outstanding		50.3		50.3		50.4		50.5		50.6
Earnings Per Share	\$	0.93	\$	1.22	\$	2.26	\$	3.19	\$	4.30
Street E.P.S			\$	1.10	\$	2.19	\$	2.88	\$	3.41
Gross Margin		40.67%		42.9%		45.2%		47.6%		49.5%

Freshpet's U.S. Vet Clinic Penetration



Revenue Projections vs Consensus



FreshPet Inc.

Comparable Companies - Analysis

Prices as of 10/10/2023, market close in \$ millions, except per-share data

Company Name	Ticker	Price	Market Cap	Enterprise Value	LTM Revenue*	Gross Margin (LTM)	LTM EBITDA Margin	Operating Margin	Net Margin (LTM)
FreshPet Inc.	FRPT	\$ 52.62	\$ 2,570	\$ 2,940	\$ 1,044	40.8%	12.9%	3.8%	3.2%
Colgate - Pet Nutrition	CL	\$ 79.94	\$ 64,609	\$ 72,305	\$ 4,483	60.6%	25.0%	21.5%	14.5%
JM Smucker Co - Pet Foods	SJM	\$ 108.60	\$ 11,586	\$ 19,674	\$ 1,664	34.3%	22.9%	22.1%	17.5%
Elanco Animal Health	ELAN	\$ 20.20	\$ 10,038	\$ 13,708	\$ 4,484	43.0%	19.5%	17.5%	9.7%
Chewy Inc.	CHWY	\$ 39.50	\$ 17,568	\$ 17,505	\$ 12,345	28.5%	2.3%	1.4%	1.2%
Average		\$ -	\$ 21,274	\$ 25,226	\$ 4,804	41.4%	16.5%	13.2%	9.2%
Median		\$ -	\$ 11,586	\$ 17,505	\$ 4,483	40.8%	19.5%	17.5%	9.7%
Company	Ticker	ROIC	ROE	ROA	DEBT/EBITDA (x)	Gross Margin (NTM)	NTM EBITDA MARGIN	LTM EPS	Net Margin (NTM)
FreshPet Inc.	FRPT	2.3%	3.3%	2.1%	364.0%	45.9%	18.8%	\$ 0.66	7.1%
Colgate - Pet Nutrition	CL	36.1%	--	17.1%	143.0%	60.7%	24.5%	\$ 3.56	14.7%
JM Smucker Co - Pet Foods	SJM	-10.5%	-21.3%	-7.7%	358.0%	35.6%	22.1%	\$ (13.72)	11.0%
Elanco Animal Health	ELAN	3.9%	6.8%	3.2%	475.0%	55.1%	19.6%	\$ 0.87	10.3%
Chewy Inc.	CHWY	16.0%	34.5%	4.9%	174.0%	30.1%	6.2%	\$ 0.35	2.2%
Average		0.0%	5.8%	3.9%	302.8%	45.5%	18.2%	\$ (1.66)	9.1%
Median		0.0%	5.1%	3.2%	358.0%	45.9%	19.6%	\$ 0.66	10.3%
Company	Ticker	LTM P/E (x)	Fwd P/E (Street, x)	P/Sales* (x)	Fwd P/Sales (x)	EV/EBITDA (x)	Fwd Street EV/EBITDA (x)	PEG Ratio (x)	YTD % Change
FreshPet Inc.	FRPT	75.6	29.5	2.4	2.0	20.0	11.4	1.1	-66.2%
Colgate - Pet Nutrition	CL	21.9	20.3	3.2	3.0	14.1	14.0	4.7	-14.4%
JM Smucker Co - Pet Foods	SJM	--	11.1	1.3	1.2	9.7	9.5	4.6	-4.5%
Elanco Animal Health	ELAN	23.0	20.6	2.2	2.1	15.6	14.9	3.8	65.7%
Chewy Inc.	CHWY	110.4	56.5	1.4	1.2	56.9	20.3	12.9	16.8%
High		110.4	56.5	3.2	3.0	56.9	20.3	12.9	65.7%
75th Percentile		84.3	29.5	2.4	2.1	20.0	14.9	4.7	16.8%
Average		57.7	27.6	2.1	1.9	23.3	14.0	5.4	-0.5%
Median		49.3	20.6	2.2	2.0	15.6	14.0	4.6	-4.5%
25th Percentile		22.7	20.3	1.4	1.2	14.1	11.4	3.8	-14.4%
Low		21.9	11.1	1.3	1.2	9.7	9.5	1.1	-66.2%

* Colgate and JM Smucker Data is listed as full company except Revenue and Operating Margin reported as segment data: Pet Care EPS, Pet Nutrition segment. Valuation metrics excl. P/Sales (weighted mkt cap) also measured at a whole company basis due to limited reporting.

Core Operating Comp

Sector Context Comp