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allow us to accelerate the growth of our newer product lines, as well as wet foods and treats, and cat foods overall where we have lower relative market share. We also intend to continue to expand our specialized product offerings.

- We closely monitor the pet food industry and when we see a promising product or diet type, we pursue it aggressively. Our newer food lines, which include BLUE Wilderness, BLUE Basics and BLUE Freedom, have higher revenue per pound and are growing faster than our overall company average.
- The revenue per pound of the more specialized products (e.g., breed-size specific and hairball management for cats) we introduce across our product lines and product types is typically higher than the average revenue per pound of existing products in our portfolio.
- As we cross-sell more of our products to our user base and reach more cats where we have lower relative market share, our product mix will continue to shift towards wet foods and treats, as well as cat foods overall, which all have higher revenue per pound than our overall company average.

Continue to Invest in New Growth Drivers

- **Funding growth initiatives with a long-term view.** With strong top-line growth, we expect to have significant scale benefits and operating leverage in our business in the future. We also expect significant cost savings from in-sourcing a substantial portion of our manufacturing with our Heartland facility as well as other facilities we may build or acquire in the future. In the near term, we plan to use these increased efficiencies to fund our growth initiatives to reach and feed more pets.
- **Growing in select international markets.** In 2014, approximately 3% of our sales were from outside the United States. Expanding our business in the \$49 billion non-U.S. pet food market is an important area of focus for us, as other established premium pet food brands generate a significant percentage of their sales from international markets. In 2014, we opened our first office in Canada, where we already have a sizable business with an operating margin on par with our business in the United States. We have also recently established operating subsidiaries in Mexico and Japan, where we expect to begin marketing our foods through local distribution by the end of 2015. We are determined to take a targeted approach to future international expansion, prioritizing sizeable markets with strong potential.
- **Building a strong relationship with the veterinary community and entering the Therapeutic (Rx) market segment.** Veterinarians are the most important influencers for pet food selection, with over one in five pet parents choosing their pet food brand based on a veterinarian recommendation. We have recently started building a dedicated national detailing force to introduce BLUE to the veterinary community and help generate recommendations for BLUE products. While this is a significant new investment initiative for us, we believe it can be an important part of our go-to-market strategy in the future. We plan to enter the Therapeutic market segment with differentiated natural Rx products and believe that we can be a new, disruptive player in this market segment. While we do not expect to generate significant revenues from Therapeutic products in the near term, we believe they will be synergistic for our relationship with the veterinarian community and provide an incremental avenue of future growth.

The Path Forward: Staying True to BLUE

Evoking the Bishop family's love for their dog "Blue" and the buffalo, an iconic image of the natural American frontier, the Blue Buffalo name is a constant reminder of our challenge and commitment to "stay true to BLUE" and preserve our passion and authenticity as we grow our business. We will remain committed and stay true to our founding objectives of making the healthiest pet food we can, being a great place to work and helping to find a cure for pet cancer. That is our promise to our loyal pet parents and to ourselves.