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Wilderness lines and strong wet food performances were the primary drivers of the growth of our net sales of Wet Foods, Treats and Other Products. The decrease in prices was primarily due to a modification in our pricing strategy for certain wet cat foods and litter products in order to improve our competitive position.

Gross Profit

Gross profit increased \$85.7 million, or 40.4%, to \$297.6 million for the year ended December 31, 2013, compared to \$211.9 million for the year ended December 31, 2012, driven by increased volume and favorable product mix. Gross margin increased to 41.4% for the year ended December 31, 2013, from 40.5% for the year ended December 31, 2012. Gross margin was primarily impacted by:

- favorable product mix driven by our BLUE Wilderness and BLUE Life Protection Formula lines as well as the introduction of new products across all of our major product lines (0.7 percentage point gross margin increase);
- higher average selling prices year-over-year, partially offset by commodity cost increases (0.6 percentage point gross margin increase); and
- increased provisions for inventory write-offs primarily due to our decision to discontinue our BLUE Longevity line (0.3 percentage point gross margin decline).

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$139.0 million for the year ended December 31, 2013, up \$45.4 million, or 48.6%, from \$93.5 million for the year ended December 31, 2012. The increase reflects:

- a \$24.9 million increase in advertising expense for the year ended December 31, 2013 as compared to the year ended December 31, 2012, consistent with our strategy to continue to invest in our brand; and
- a \$9.0 million increase in salaries and other payroll-related expenses for the year ended December 31, 2013 as compared to the year ended December 31, 2012 to support the growth of our business.

Interest Expense

Interest expense increased \$10.4 million, or 102.2%, to \$20.6 million for the year ended December 31, 2013, compared to \$10.2 million for the year ended December 31, 2012. This increase was primarily driven by a full year of interest expense in 2013, as compared to only four months in 2012, and additional borrowings of \$50.0 million in December 2012, partially offset by a lower effective interest rate year-over-year as a result of the repricing of our senior secured credit facilities. Our effective interest rate was 5.27% for the year ended December 31, 2013 as compared to 6.96% for the year ended December 31, 2012.

Loss on Debt Extinguishment

In connection with the repricing of the Company's term loan facilities during the fourth quarter of 2013, the Company recorded a loss on debt extinguishment of \$15.9 million, which consisted of non-cash unamortized debt issuance costs of \$9.2 million, non-cash unamortized original issue discount of \$5.7 million and new debt issuance costs of \$1.0 million.