



Petfood Industry Features Kimberly Smith on Katten Private Equity in Animal Care Survey

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Petfood Industry featured Katten's 2020 Private Equity in Animal Care Survey — in which our firm surveyed private equity and animal care professionals in May who participated in a private equity/animal care transaction over the past two years or expect to participate in the future — in a recent article about how the COVID-19 pandemic has positively impacted the animal care industry and led to an increased interest among private equity investors in animal care.

Petfood Industry spoke with Kimberly Smith, partner and co-chair of Katten's global Mergers & Acquisitions and Private Equity practice, about some of the important results from the survey, including that 90 percent of private equity respondents consider animal care an attractive investment opportunity and private equity investments in animal care could possibly grow by more than 10 percent over the next year.

The survey's results also demonstrated a greater investment interest in areas of animal care such as therapeutics and diagnostics, compared to less attractive areas like premium and dietary-specific pet food.

"...61% of animal care respondents are more open to private equity since the outbreak of COVID-19," Kimberly said. "Of those who selected therapeutics and diagnostics, 60% said an interest in preventative wellness contributed to their selection, and 40% indicated the 'humanization' of pets contributed to their choice. That means there's an opportunity for pet food companies to create products that aid in preventative wellness measures or the 'humanization' of pets."

Despite the pandemic's positive impact on animal care, Kimberly cautioned that difficult social and economic conditions create uncertainty among pet food companies and investors, which may reduce once a vaccine or treatment is discovered.

"The animal care sector has been a favorite target of private equity for years, due in large part to low risk, good returns and relatively light regulation," Kimberly said. "So, even with the development of a

vaccine or treatment for COVID-19, I expect we'll continue to see optimism for animal care investments going forward. We should also see a temporary spike in the revenue of the general veterinary practices, many of which say that pet owners are currently delaying non-emergency check-ups and services due to COVID-19."

Read, "[Pandemic may boost private equity investment in pet food](#)," in its entirety.

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