

Twitter Thread by Sajal Kapoor



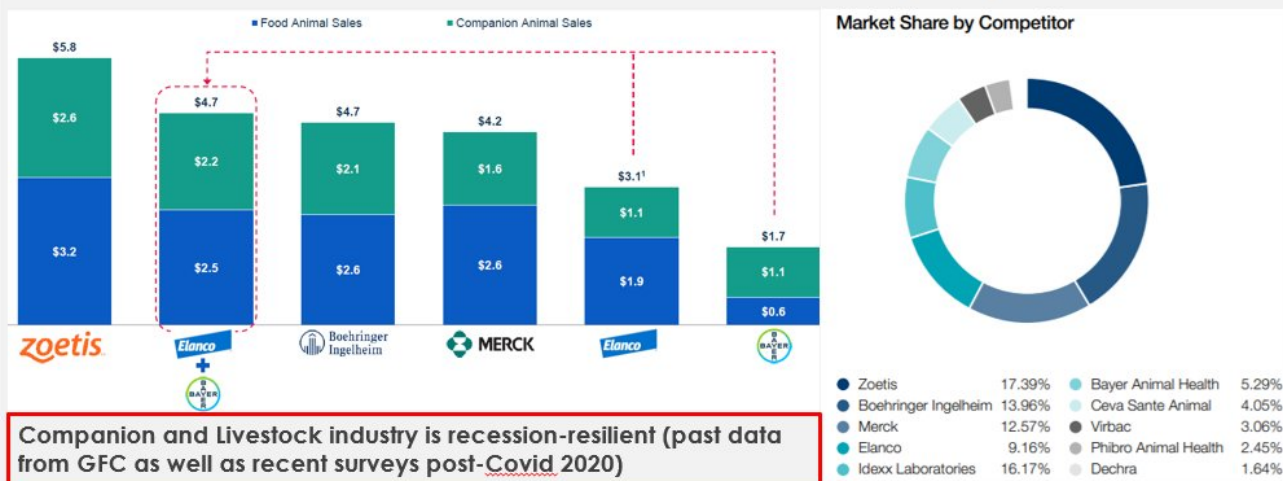
Sajal Kapoor
@unseenvalue



@ishmohit1 @soicfinance @punitbansal14 @nison steve Both should do well. Prefer Zoetis for leadership, best in class margins and management's execution. Elanco should improve with Bayer Animal boosting companion proportion in its overall mix.

#SeQuent will under-perform next 1-2 years due to **#ESOP** (unless a surprise M&A happens)

Animal Healthcare – Industry Structure



Companion and Livestock industry is recession-resilient (past data from GFC as well as recent surveys post-Covid 2020)

".....**humanization of pets** has never been more important than it is now. As you've been seeing on **adoptions of animals**. In previous recessions it's **pretty resilient**.... that Absolutely. So, Mike, to your question on the economic impacts of the recession, as we saw back in **2008, 2009, the animal health industry** was essentially flat, **showing strong resiliency**. And then it had a **pretty rapid bounce back** in the next year, growing around 7%. So in terms of the recessionary impacts, as Kristin said, the companion animal business just due to a recession we expect to be very resilient. We saw that back in 2008, 2009 and the trends of pets becoming more part of the family has only continued even stronger there...that this will put a pressure on our customers, on livestock producers. It is decreasing price and therefore their profitability. It's likely going to decrease their herd size and also **put pressure on their input costs and potentially have them trade down**....So we're very optimistic to continue to believe that the industry and more importantly Zoetis will be resilient. " – Zoetis 8 in call, May 2020



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