Paw patrol: A focus on private equity roll-ups in the veterinary and pet industry

April 08, 2024

Competition and antitrust regulators in the United Kingdom and the United States are turning a watchful eye towards one of the latest targets of private equity roll-ups – the veterinary and pet industry.

A roll-up merger occurs when an investor, such as a private equity firm, acquires small businesses in the same market and then merges them into a larger entity, often with the intent of either selling the larger entity, or participating in an initial public offering. Behind the limelight of mega-mergers and "big bang" transactions, the roll-up strategy is a rising method of value generation. In Canada, more and more local businesses perceived as independent entities are, in fact, being consolidated as part of larger successive acquisitions by private and public companies.

The recent execution of the roll-up strategy within the veterinary and pet industry may seem innocuous; however, last year, the value of the industry globally was $320 billion and is projected by Bloomberg Intelligence to grow to almost $500 billion by 2030.

United Kingdom

Recognizing some of the potential market impacts, the Competition and Markets Authority (CMA) has provisionally decided to launch a formal market investigation into their pet and vet industry. Since last September, the investigation has received approximately 56,000 responses during the Call for Information (CFI). There are five key areas of concern for the CMA:

- Lack of transparent information on associated entities and pricing to allow consumers to choose the best veterinary practice or right treatments for their needs;
- Weakening competition as a result of concentrated local markets driven by sector consolidation;
- Incentivization of large integrated group to act in ways which reduce choice and weaken competition (ex. consider relationships between a veterinarian and a specialized referral center, diagnostic labs or a crematoria);
- Pet owners might be overpaying for medicines or prescriptions; and

- The regulatory framework is outdated and may no longer fit the industry as it exists today.

On April 11, 2024, the CMA will close its 4-week consultation.

United States

The Federal Trade Commission (FTC) is also addressing roll-ups in the veterinary and pet industry. Last October, FTC Chair Lina Khan, highlighted the FTC's work on mergers and acquisitions, particularly roll-up strategies. Specifically, she noted the:

- FTC's 2022 action requiring JAB Consumer Partners (JAB) to divest its veterinary clinics in Richmond, Va., Denver, San Francisco and the Washington, D.C. area as a condition of its proposed $1.65 billion acquisition of the parent company of veterinary clinic owner Ethos. The consent order for JAB was designed to prevent the private equity firm from further consolidating control over specialty and emergency veterinary clinics. JAB is parent company of two firms that operate chains of veterinary clinics providing general, specialty, and emergency care – Compassion-First Pet Hospitals and National Veterinary Associates, Inc.
- The recent FTC challenge of a private equity firm, Welsh, Carson, Anderson & Stowe (Welsh Carson), and its alleged scheme to suppress competition in anesthesiology practices across Texas. In its complaint, the FTC alleges that Welsh Carson and the dominant anesthesia service-provider in Texas, U.S. Anesthesia Partners, Inc. (USAP), engaged in a three-part strategy to consolidate and monopolize the anesthesiology market in Texas:
    1. The first step of the strategy was the execution of a roll-up merger to acquire almost every large anesthesia practice in Texas to create a single dominant provider.
    2. Next, using price-setting agreements with remaining independent practices, Welsh Carson and USAP supposedly increased anesthesia prices.
    3. Finally, USAP colluded with one of its significant competitors to create an agreement to keep the competitor out of USAP's territory.

The lawsuit, filed September of 2023, is still ongoing.

Canada

Practically speaking, smaller deals that could result in significant concentration within the veterinary and pet industry may remain under the radar in Canada, although the Competition Bureau (the Bureau) can review any merger or acquisition, no matter the deal size, up to a year after closing. Only deals that exceed both of the following thresholds (subject to certain exemptions) require pre-closing notification to the Bureau under the *Competition Act*:

- The Canadian assets or revenues of the target exceed $93 million; and
- The combined Canadian asserts or revenues of the parties (including all affiliates) exceed $400 million.

In instances where a private equity firm is making a series of small acquisitions that do not appear on their face to raise competition issues, the aggregate of these serial acquisitions can roll up the veterinary market in ways that can be harmful to competition. The Bureau's response to roll-ups in the veterinary and pet industry remains to be seen.

However, recent amendments proposed in Bill C-59 – which are expected to become law later this year – extend the period during which the Commissioner of Competition (Commissioner) may challenge a merger that is not formally notified. Specifically, the Commissioner would have three years to challenge a non-notified merger, instead of the current one year. The current one-year limitation period would continue to apply for mergers where the Bureau receives either a request for an advance ruling certificate, including for transactions that are not subject to mandatory notification, or a formal statutory notification filing. This change is partly intended to allow the Bureau to address "killer acquisitions" – it can also effectively be used to capture private equity roll-up strategies.

For more information on compliance related to roll-up strategies or market domination, please contact any of the individuals listed below.

By

Subrata Bhattacharjee, Denes A. Rothschild, Mohit Sethi

Expertise

Mergers & Acquisitions

BLG | Canada's Law Firm

As the largest, truly full-service Canadian law firm, Borden Ladner Gervais LLP (BLG) delivers practical legal advice for domestic and international clients across more practices and industries than any Canadian firm. With over 800 lawyers, intellectual property agents and other professionals, BLG serves the legal needs of businesses and institutions across Canada and beyond – from M&A and capital markets, to disputes, financing, and trademark & patent registration.

blg.com

BLG Offices

Calgary
Centennial Place, East Tower
520 3rd Avenue S.W.
Calgary, AB, Canada
T2P 0R3

T 403.232.9500
F 403.266.1395

Ottawa
World Exchange Plaza
100 Queen Street
Ottawa, ON, Canada
K1P 1J9

T 613.237.5160
F 613.230.8842

Vancouver
1200 Waterfront Centre
200 Burrard Street
Vancouver, BC, Canada
V7X 1T2

T 604.687.5744
F 604.687.1415

Montréal

1000 De La Gauchetière Street West
Suite 900
Montréal, QC, Canada
H3B 5H4

T 514.954.2555
F 514.879.9015

Toronto

Bay Adelaide Centre, East Tower
22 Adelaide Street West
Toronto, ON, Canada
M5H 4E3

T 416.367.6000
F 416.367.6749

The information contained herein is of a general nature and is not intended to constitute legal advice, a complete statement of the law, or an opinion on any subject. No one should act upon it or refrain from acting without a thorough examination of the law after the facts of a specific situation are considered. You are urged to consult your legal adviser in cases of specific questions or concerns. BLG does not warrant or guarantee the accuracy, currency or completeness of this publication. No part of this publication may be reproduced without prior written permission of Borden Ladner Gervais LLP. If this publication was sent to you by BLG and you do not wish to receive further publications from BLG, you may ask to remove your contact information from our mailing lists by emailing unsubscribe@blg.com or manage your subscription preferences at blg.com/MyPreferences. If you feel you have received this message in error please contact communications@blg.com. BLG's privacy policy for publications may be found at blg.com/en/privacy.

© 2026 Borden Ladner Gervais LLP. Borden Ladner Gervais LLP is an Ontario Limited Liability Partnership.