

A Look Back: Recovering From Natural Disasters*



Greater intensity of extreme weather events is a known result of a changing climate. Unequivocally, 2017 was a year of historic storms and disasters across the United States, the Caribbean, and Latin America. From violent hurricanes to severe wildfires to a massive earthquake, each of these disasters destroyed homes and disrupted businesses.

Many of our U.S.-based businesses were directly affected this past year, sustaining damage at manufacturing, distribution, and service centers. Others were affected indirectly through the devastation experienced by their employees and customers.

For example, in the wake of Hurricane Harvey, National Vision was forced to temporarily shut down multiple store locations, and focused on providing support to employees and customers in affected areas. Academy Sports + Outdoors in Houston, Texas, turned its headquarters into a unified command center and hosted teams from the U.S. National Guard, U.S. Army, Texas Department of Public Safety, Emergency Medical Services crews, and others. After Hurricane Irma, Travelopia’s facility in the British Virgin Islands became a shelter for its employees.

With these recent events in mind, we are strengthening preparedness and response plans at KKR and at our companies to improve our disaster management capabilities. Evaluating the impacts of these disasters is increasingly important. Members of the KKR team and leaders at portfolio companies are studying issues such as facility location, building design, and insurance coverage.

* The case study about the companies from the private equity portfolio shown above represents what we believe to be the most demonstrative example of the corresponding challenge. The specific portfolio companies identified are not representative of all of the investments made, sold, or recommended for advisory clients, and it should not be assumed that the investment in the companies identified was or will be profitable.