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Brakke Consulting's
Animal Health News & Notes for October 19, 2012
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COMPANY EARNINGS RELEASES

> IDEXX Laboratories, Inc. reported that revenues for the third quarter of 2012 increased 5% to $315 million, from $301 million for the third quarter of 2011. Net income for the quarter was $42.9 million compared to $38.5 million in the comparable quarter of the prior year. Companion Animal Group ("CAG") revenues for the third quarter of 2012 were $262 million. an increase of 6%. *(company website)*

> Nestle SA reported financial results for the first nine months of 2012. Petcare sales were CHF 7.95 billion ($8.6 billion), representing organic growth of 8%. *(company website)*

> Nutreco reported results for the third quarter of 2012. The company recorded revenues of EUR 1.5 billion ($1.97 billion), up 13% year-on-year. *(Animal Pharm)*

> Cargill reported net earnings of $975 million in the fiscal 2012/13 first quarter ended Aug. 31, compared with $236 million in the same period a year ago. First-quarter revenues were $33.8 billion compared with $34.6 billion in the year-ago period. *(WorldPoultry.net)*

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COMPANY NEWS RELEASES

> Bioniche Life Sciences Inc. announced the launch of Immunocidin canine oncology therapy. Immunocidin is based on the Company's proprietary mycobacterial cell wall technology and is indicated as an immunotherapy for the intratumoral treatment of mixed mammary tumor and mammary adenocarcinoma in dogs. *(Sacbee.com)*

> Bimeda announced that the company has received approval from the FDA to market AmproMed FOR CALVES (amprolium) 9.6% Oral Solution. This coccidiostat is indicated as an aid in the treatment and prevention of coccidiosis caused by *Eimeria bovis* and *E. zuernii* in calves. *(company press release)*

> Elimay Supplements announced that **Miller Veterinary Supply** will now distribute its canine supplement products to veterinary clinics. *(company press release)*

> Royal Canin USA Inc. announced a partnership with **MOON Group**. MOON, (Member Owned Organizational Network), is a collaborative network of 13 veterinary specialty hospitals with over 900 employees. *(company press release)*

> Lap of Love Veterinary Hospice, founded in 2009 to bridge the gap between terminal illness and euthanasia in pets, has unveiled their franchise model. Lap of Love provides in-home hospice and euthanasia services to local families that want to be in the comfort of their own home during the last days or moments of their pet's life. The company currently has 34 doctors operating in 13 states. *(PR Newswire)*

> HUNGARY **Nutreco** announced it will sell **Trouw Nutrition Környe Kft**, its Hungarian animal feed division, to **Nuscience Group**, the premix and specialty division of Royal Agrifirm Group. Környe recorded turnover of EUR 20 million ($26 million) with a feed production volume of around 55,000 tonnes. Financial terms were not disclosed. *(Animal Pharm)*

> ECUADOR **Nutreco** announced the acquisition of 75% of shares in Ecuadorian company **Gisis**. Gisis is the fish feed subsidiary of the Expalsa Group, which Nutreco claims is the market leader in fish feed production and shrimp and tilapia farming in Ecuador and has strong market

positions in Honduras and Peru. Nutreco expects Gisis to record revenues of EUR 160 million in 2012. The acquisition is valued at EUR 78 million ($101 million). (Animal Pharm)

> INDIA **Hester Biosciences** Ltd. said it had entered into a Business Transfer Agreement with Delhi-based **Innoves Animal Health Pvt. Ltd.,** to acquire the Large Animal Health Business for undisclosed consideration. *(RTTNews)*

> CANADA **Masterfeeds Inc.** and **Ridley Inc.** announced an agreement that will merge their respective commercial livestock and poultry feed and nutrition businesses in Canada into a new entity called Masterfeeds LP. The combination of Masterfeeds and Ridley's Canadian feed business, which operates as Feed-Rite, will create the second-largest feed company in Canada. *(Feedstuffs)*

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ANIMAL HEALTH NEWS

> US - AQUACULTURE The FDA has warned aquaculture professionals over the use of unapproved drugs in fish production through an open letter. In the communication, aquaculture producers were reminded that not all drugs currently marketed for fish are approved, and even if a marketed product has the same active ingredient as an FDA-approved drug, that doesn't mean it's also FDA-approved. The letter can be viewed on the FDA's website at http://www.fda.gov/AnimalVeterinary/SafetyHealth/ProductSafetyInformation/ucm324048.htm?source=govdelivery *(Animal Pharm)*

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BRAKKE CONSULTING VIEWPOINT

As the corn harvest comes in, there is going to be a lot written about the price of grain and what that may mean for the future of livestock feeding. In this week's news, we can perhaps see some strategies playing out. Nutreco appears to be increasing their emphasis on aquaculture and perhaps decreasing it on animal feed. Two Canadian feed companies are merging, probably hoping for economies of scale to help profitability. Finally, Cargill announced earnings for the first quarter (ending August 31) which are 4 times last year's earnings. All of this suggests that there are any number of strategies that can help companies cope and prosper, even in increasingly uncertain times. It also suggests that these companies are not seeing a return to the prices of yesteryear, the changes they are making are structural and not easily reversed.

Have a great weekend.

John Mannhaupt

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