
**Brakke Consulting's
Animal Health News & Notes for October 21, 2011**
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EXECUTIVE AND SALES FORCE RECRUITING**

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COMPANY EARNINGS RELEASES

> Eli Lilly and Company announced financial results for the third quarter of 2011. Worldwide sales of animal health division **Elanco** were \$451 million, an increase of 28% compared with the third quarter of 2010. US sales grew 20% due to increased demand for food animal products and the recent US launch of Trifexis. Sales outside the US increased 37% driven in part by the impact of the acquisition of certain Janssen and Pfizer animal health assets in Europe. (*company press release*)

> **Virbac SA** reported financial results for the third quarter of 2011. Consolidated sales in the third quarter reached EUR 161 million (\$223 million), a 4.5% increase compared to the same period of 2010. (*company website*)

> **IDEXX Laboratories**, Inc. reported that revenues for the third quarter of 2011 increased 12% to \$301 million. Net income was \$38.5 million, an increase of 11%. Companion Animal Group ("CAG") revenues for the third quarter were \$248 million, an increase of 11%. (*PRNewswire*)

> **Nestle** reported results for the first nine months of 2011. Pet Care sales were CHF 7.1 billion (\$7.8 billion), representing organic growth of 4%. (*company press release*)

COMPANY NEWS RELEASES

> **Pfizer** announced it is reintroducing the Quest Plus Gel dewormer to help protect horses against the threat of tapeworm and other serious internal parasites. (*emoneydaily.com*)

> **Zhejiang Rongyao Chemical Co.** announced that it has filed a lawsuit against **Pfizer Animal Health** stemming from the latter's decision to voluntarily withdraw its 3-Nitro (roxarsone) from the market following the FDA's concern over arsenic residues. Zhejiang Rongyao claims that Pfizer has breached the contract between the two companies for the purchase of roxarsone. (*Animal Pharm*)

> The **American Animal Hospital Association (AAHA)** has acquired the assets of **My Veterinary Career (MVC)**, a job-search tool for the veterinary profession that matches veterinarians, practice managers and technicians. Financial terms were not disclosed. (*DVM360*)

> **Cagle's Inc.**, a major US chicken integrator, has filed for bankruptcy protection and reorganization. Normal operations will continue during the process with no disruptions in growing, processing, order taking, sales and delivery. The company reported a loss of (\$566) million for its 2011 fiscal year that ended April 2. (*Feedstuffs*)

> EU **Pfizer** announced that the European Medicines Agency's scientific advisory committee for veterinary medicines (CVMP) has recommended granting a marketing authorization for the TruScient, a product designed to support the treatment of long bone fractures in dogs. The product is an implant containing the active substance dibotermis-alfa, a bone morphogenetic protein that promotes new bone growth. It is indicated for use as an adjunct to standard surgical care using open fracture reduction. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> US - PESTICIDE OVERSIGHT In response to the EPA's recent 60-day public comment period requesting feedback to increase the safety of pet pesticide products for fleas and ticks, the American Veterinary Medical Association (AVMA) and the Humane Society of the United States (HSUS) are asking for more veterinary oversight of pet pesticide products. The organizations said there is a lack of direct professional involvement between veterinarians and pet-owners when it comes to over-the-counter pet products, and veterinarians should play a more active role in the use of pet spot-on products in order to minimize the likelihood of adverse effects. The EPA said it advised pet owners to consult veterinarians about protecting their pets from fleas and ticks, but said it lacks the authority to mandate direct veterinary involvement with all pet pesticide products. (*VetAdvantage - AAHA Trends Today*)

> US - MICROCHIP LEGISLATION California's Governor has vetoed a bill that would have mandated the microchipping of cats and dogs in the state. The bill, S.B. 702, would have prohibited "any public animal control agency or shelter, society for the prevention of cruelty to animals shelter, humane society shelter, or rescue group from releasing to an owner seeking to

reclaim his or her dog or cat, or selling or giving away to a new owner, a dog or cat that has not been microchipped," (*VetAdvantage - Veterinary Practice News*)

BRAKKE CONSULTING VIEWPOINT

The companies reporting quarterly financials this week show rapid growth because of acquisitions or new products, or moderate growth if there has not been significant new product launches or acquisitions.

As you've read many times in this newsletter, we believe innovation is one of the keys to improved revenue growth in a competitive marketplace. What is needed to grow the market are new products or technologies that do not cannibalize products already on the market. The current trend of expanding generics does not necessarily create the new revenue needed to invest in innovation to solve the health problems of animals and poultry.

The first weekend of pheasant hunting exceeded the pessimistic view of South Dakota's Game Fish & Parks Department. The pheasant population is down 46% from 2010; however those individuals hunting with me were close to filling their limits the first three days. We're now preparing both a strategic and tactical plan for the coming weekend which should greatly improve our success. The new plans will involve a great deal of exercise, which I'm told is good for me!!

Have a great weekend!!

Ron Brakke

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