
**Brakke Consulting's
Animal Health News & Notes for October 26, 2012**
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**BRAKKE CONSULTING, INC.
SALES FORCE TRAINING**

Is your sales organization ready to meet the demands of the changing animal health environment? Today's top sales representatives must not only understand the current veterinary practice environment but have situation fluency and be prepared to offer customized solutions for the entire practice. Product-centric selling is no longer effective!

A Brakke custom-designed sales training program will provide your sales organization the knowledge, skills and abilities needed to establish credibility and deliver customized solutions based on the needs and goals of today's veterinary practice.

For more information about our sales training programs contact Susan Warren at 913.631.2666 or SWarren@BrakkeConsulting.com .

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COMPANY EARNINGS RELEASES

> **Merck** announced financial results for the third quarter of 2012. Animal Health sales totaled \$815 million for the third quarter of 2012, a 1% decrease compared with the third quarter of 2011, which includes an 8% negative impact due to foreign exchange. (*company website*)

> Sanofi reported results for the third quarter of 2012. Animal health division **Merial** recorded revenues of EUR 519 million (\$675 million) an increase of 4% compared to the third quarter of 2011. (*company website*)

> Eli Lilly and Company announced financial results for the third quarter of 2012. Worldwide sales of **Elanco** were \$479 million, an increase of 6% compared with the third quarter of 2011. US sales grew 16%, due primarily to increased demand for companion animal products. Sales outside the US decreased 4%. (*company press release*)

> **Virbac SA** reported results for the third quarter of 2012. Consolidated sales reached EUR 179 million (\$233 million), an increase of 11% compared to the same period of 2011. Sales increased by 7% excluding favorable exchange rates impacts and 6% at constant scope. (*company website*)

> **Abaxis**, Inc. reported financial results for the second fiscal quarter ended September 30, 2012. Revenues were \$44 million, up 11% over last year's comparable quarter. Veterinary market revenues were \$35 million, up 11% over last year's comparable quarter. (*Equities.com*)

> **VCA Antech** reported financial results for the third quarter ended September 30, 2012. Revenue increased 13% to a third quarter record of \$434 million. Net income increased 13% to \$34.0 million. Animal Hospital revenue in the third quarter of 2012 increased 13.1%, to \$343 million, driven by acquisitions made in the past twelve months and same-store revenue growth of 1.1%. Laboratory internal revenue in the third quarter increased 3.5%, to \$81 million. (*company press release*)

> **Avacta Group** reported results for the year ended July 31 2012. The company achieved group revenue growth of 28% to GBP 3.1 million (\$5.0 million). Revenues from the animal health business grew by 23% to GBP 1.5 million (\$2.4 million). The reported loss before tax increased to (GBP 1.6 million) (\$2.6 million), from (GBP 1.1 million) the year before. (*Yorkshire Post*)

COMPANY NEWS RELEASES

> **IDEXX** announced the launch of the IDEXX Milk Pregnancy Test, the first milk-based test for detecting pregnancy as a means of optimizing reproductive efficiency in dairy herds. The ELISA-format test detects pregnancy-associated glycoproteins (PAGs) to determine pregnancy status while minimizing animal handling. (*company website*)

> **Harrisvaccines** has won a second vaccine development contract with the US government. The \$1.14 million contract is with the US Department of Homeland Security and aims to develop a vaccine for foot-and-mouth disease (FMD). Harrisvaccines will create an RNA Particle (RP) vaccine to defend against any potential outbreaks of FMD in the US. (*Animal Pharm*)

> **McAllister Software Systems** announced the launch of DragonVault, a low-cost backup service designed specifically for digital images and dicom studies. Offered through McAllister's MSS Data Vault online backup service, DragonVault allows veterinarians to upload and archive entire studies, or batches of images that relate to a patient case. (*company press release*)

> **North American Compendiums** announced that the tenth edition of the North American Companion Animal Formulary (NACAF) is now available. The tenth edition formulary includes over 3,900 on- and off-label references to the use of over 1,200 drugs, both human and veterinary. New to this edition, is a Therapeutic Category Index, based upon the FDA's USP Therapeutic Categories Model Guidelines. (*company press release*)

ANIMAL HEALTH NEWS

> FINLAND - SCHMALLEMBERG The Finnish food Safety Authority (Evira) reported that the Schmallenberg virus has been detected in cattle on the Aland Islands between Finland and Sweden in the Baltic Sea. The Schmallenberg discovery was made at the end of September when antibodies of the virus were discovered. (*Animal Pharm*)

> US - CATTLE PLACEMENTS USDA reported that 2 million cattle were placed on feed in large feedlots during September, down 19% from a year ago. It was the lowest cattle placements during September since the series began in 1996 and below market expectations. (*Meating Place*)

> AUSTRALIA - HENDRA VIRUS An undisclosed pharmaceutical company is reportedly within two months of putting a Hendra horse virus vaccine on the country's animal health market. The virus can cause neurological and respiratory illness in both horses and people; Australian researchers decided it was more cost-effective to develop a vaccine for horses than humans. There have been 39 outbreaks of the virus recorded on the continent so far. (*Animal Pharm*)

> GERMANY - ANTIBIOTIC USE The German Federal Ministry of Agriculture, Food and Consumer Protection (BMELF) has established plans to reduce the use of antibiotics in animal husbandry for "tighter controls, more stringent requirements, more transparency". This initiative is designed to improve the monitoring of antibiotic use in cattle, pigs, chickens and turkeys, as well as establishing an official national database of antibiotic use. Both the administration of antibiotics for growth promotion purposes and prophylactic use has been banned in Germany since 2006. However, according to the Federal Office of Consumer Protection and Food Safety, approximately 1,734 tons of antibiotics were sold to veterinarians in Germany during 2011; more than double the amount sold in 2005. (*Animal Pharm*)

BRASSE CONSULTING VIEWPOINT

Those companies reporting financial results continue to post positive revenue increases for the quarter and the year compared to prior year. It continues to appear that 2012 year-end revenue results for the leading companies will be very similar to 2011 in percentage of increase. The industry has performed amazingly well during what has been a challenging period the past 12 months. Congratulations to the senior managers in the firms that have adjusted and managed around the obstacles that surfaced during the year.

How does 2013 look? I'm currently in South Dakota for the annual harvest of some of the pheasant population, which has been impacted negatively by the drought. However, the farming community here is spending significant amounts of money on new pick-ups and farm machinery. Many equipment and automobile dealers have sold their 2013 allotments in this part of the US. It appears to us that, other than reduced numbers of animals in beef and dairy, 2013 is likely to be another positive year in production animals. The companion animal portion of the market, driven by consumer spending, seems to be strengthening as we close out 2012. So, 2013 may be a better year than companies are planning for at this point in the economic recovery cycle.

Have a good weekend!!

Ron Brakke

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