
**Brakke Consulting's
Animal Health News & Notes for October 24, 2014**
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Editor: Lynn Fondon DVM MBA

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COMPANY EARNINGS RELEASES

> Eli Lilly and Company announced financial results for the third quarter of 2014. Sales for animal health division **Elanco** totaled \$585 million, an increase of 10% compared with the third quarter of 2013, comprised of 6% due to the Lohmann acquisition and 4% from existing Elanco products. (company press release)

> The **Vetoquinol Group** reported results for the third quarter of 2014. Sales were EUR 82 million (\$104 million), up 11% compared to the same period last year (+11% at constant exchange rates). (*company website*)

> **IDEXX Laboratories**, Inc. reported results for the third quarter of 2014. Revenues increased 13% versus the prior year period to \$384 million. Companion Animal Group revenue was \$321 million, a 13% increase versus the prior year period. Net income for the quarter was \$52.2 million, a 14% increase versus the prior year period. (*company website*)

> **Abaxis**, Inc. reported financial results for the second fiscal quarter ended September 30, 2014. Total revenues were \$54 million, up 18% over last year's comparable quarter. Veterinary market revenues were \$46 million, up 20% over last year's comparable quarter. (*Money.cnn.com*)

> **VCA** Inc. reported financial results for the third quarter ended September 30, 2014. Revenue increased 8% to \$500 million; net income was \$27.5 million, a decline of 32% compared to the prior year comparable period. Animal hospital revenues increased 7% to \$396 million; laboratory revenues increased 6% to \$92 million. (*company press release*)

> **Orion** reported results for the third quarter of 2014. Animal Health sales for the quarter reached EUR 18 million (\$23 million), flat compared to the third quarter in the prior year. Sales of its animal sedative product family accounted for 32% of the division's net sales in the first three quarters. (*Animal Pharm*)

> Colgate-Palmolive Company reported worldwide results for the third quarter of 2014. Net sales for **Hill's Pet Nutrition** were \$566 million, a 4% increase compared to the comparable quarter in the prior year. Hill's operating profit was \$149 million, an increase of 8%. (*company website*)

> **PetMed Express**, Inc. announced financial results for its second fiscal quarter ended September 30, 2014. Net sales were \$58 million, a decrease of 5% compared to the quarter ended September 30, 2013. Excluding a one-time charge for an IT-related discontinued project, net income was \$3.8 million for the quarter, a decline of 10% compared to the comparable quarter in the prior year. (*company website*)

> **Animalcare Group** reported results for the fiscal year ended June 30, 2014. Sales for the year increased 6% to GBP 12.9 million (\$20.5 million); the firm's profit before tax came to GBP 2.8 million (\$4.5 million), compared to a profit of GBP 2.7 million in the prior fiscal year. (*Animal Pharm*)

> **Avacta Life Sciences** reported results for the year ended July 31, 2014. Animal Health revenues came to GBP 1.6 million (\$2.6 million), a 6% increase compared to the prior year. (*Animal Pharm*)

> **Hester Biosciences** Ltd. reported results for the quarter ended September 2014. The company recorded a net profit of Rs. 2.74 crore (\$400,000) for the quarter, an increase of 67% over the prior year comparable quarter. The company's net sales grew 41% to Rs. 21.49 crore (\$3.5 million). (*Thehindubusinessline.com*)

COMPANY NEWS RELEASES

> Private investment firm SHV announced it has reached a conditional agreement to purchase **Nutreco** for EUR 40 per share or around EUR 2.69 billion (\$3.43 billion). This offer represents a 42% premium over Nutreco's closing share price on October 17. Nutreco's executive board fully supports the deal. (*Animal Pharm*)

> **Quincy Animal Health** announced the launch of Neutricks for Cats. The product contains the memory-enhancing ingredient apoaequorin, and is designed to support the mental health of cats with minor cognitive impairment due to aging. (*marketwired.com*)

> **Ambe Medical** announced it will take Alamo Spot On, a naturally-made companion animal flea and tick treatment, to the global market. Alamo Spot On was originally developed by Italian firm **Natural Research**, which sells the product in its domestic market through the 4Pharma contract research organization. Alamo Spot On combines geraniol with lavender essential oil. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> **GERMANY - AVIAN INFLUENZA** There has been an outbreak of low pathogenic avian influenza among poultry in eastern central Germany. The H5N2 outbreak among chickens in Nordrhein Westfalen resulted in 1,731 birds being destroyed. Quarantine controls were employed and premises disinfected. (*Animal Pharm*)

> **US - COOL** The World Trade Organization (WTO) has ruled in favor of Canada and Mexico in a dispute with the US over country-of-origin labeling (COOL) on meat. According to a WTO report, the labeling rules unfairly discriminate against meat imports and give the advantage to domestic meat products. But the WTO compliance panel also found that the labels provide US consumers with information on the origin of their food, countering Canada and Mexico's assertion that the labels do not serve their intended purpose. (*Feed eNews*)

BRASSE CONSULTING VIEWPOINT

The companies reporting their last-quarter results show some positive numbers for the period. In the next couple of weeks we'll have a better understanding of the leading animal health companies successes and challenges for the third quarter of 2014.

Even though the stock market is experiencing some significant negative reversals for the year, several of the economic factors that drive animal health revenues continue to improve. It would be impressive if the animal market could close 2014 out with revenues and profits above expectations. The investment community has invested billions of dollars in the industry the past three years and positive financial results could generate more capital and higher valuations to the companies involved. The industry needs additional new capital to continue the funding of innovative products and services.

Have a great weekend!!

Ron Brasse

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Brakke Consulting, Inc.
12005 Ford Rd., Suite 530
Dallas, TX 75234 USA