
**Brakke Consulting's
Animal Health News & Notes for November 21, 2014**
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**BRAKKE CONSULTING, INC.
COMING IN DECEMBER:
US FLEA CONTROL & HEARTWORM MARKETS
2014 UPDATE
LAST WEEK FOR EARLY-ORDER DISCOUNT!**

Brakke Consulting will soon be publishing our 2014 report on the US Flea Control and Heartworm Markets. The report includes valuable information on the US market for small animal parasiticides including:

- Product descriptions, prices, and sales for the leading veterinary flea and heartworm products
- an overview of the veterinary and OTC flea control markets
- discussion of the impact of generic fipronil products
- 2014 survey of 350 veterinarians
- 2014 survey of 500 pet owners

The report on the US Flea Control & Heartworm Markets will be available for a purchase price of \$6,995 if ordered by **TUESDAY, NOVEMBER 25**, and \$7,500 after that date.

Please contact Dr. Lynn Fondon at (972) 243-4033 or lfondon@brakkeconsulting.com to pre-

order the report, or for more information visit our website at

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **PetSmart** announced financial results for the third quarter of 2014. Net sales increased 3% to \$1.7 billion. Comparable store sales were flat; services sales grew 6% to \$195 million. GAAP net income totaled \$92.2 million, flat compared to \$92.2 million in the third quarter of 2013. *(BusinessWire)*

> Patterson Companies Inc. reported results for its second quarter fiscal 2015 ended October 25, 2014. **Patterson Veterinary** sales increased 22% to \$377 million. US veterinary sales increased 6.4%. *(company website)*

> **Spectrum Brands Holdings**, Inc. reported results for fiscal 2014 ended September 30, 2014. Sales for the Global Pet Supplies segment were \$601 million, a decline of 3% compared to the prior year. Segment profit was \$82.4 million, a decline of 10% from the prior fiscal year. *(company website)*

> **Ouro Fino Saúde Animal** announced results for the third quarter of 2014. Third-quarter sales were R\$103.7 million (\$39.8 million), a 10% increase year-on-year. Income from continued operations for the quarter was R\$12 million (\$4.6 million), down from R\$14.6 million the previous year. *(Animal Pharm)*

> **Skystar Bio-Pharmaceutical** Company reported unaudited third quarter fiscal year 2014 earnings, for the period ended September 30, 2014. The company reported revenues of \$18.4 million an increase of 14.8% compared to the third quarter of 2013. Net income for the quarter was \$4.9 million compared to net income of \$3.7 million for the year ago period. *(Money.cnn.com)*

COMPANY NEWS RELEASES

> **Zoetis** announced plans to acquire the animal health assets of **Abbott Laboratories** for \$255 million. Abbott's portfolio includes PropoFlo (general anesthesia), Simbadol (feline pain reliever), and AlphaTRAK glucose monitoring system, among others. *(Streetinsider.com)*

> **Zoetis** Inc. announced it has adopted a poison-pill shareholder plan to help block a hostile takeover after activist investor Bill Ackman took an 8.5% stake in the animal health company. Zoetis's plan would allow shareholders to buy preferred stock at a discount if one investor takes a stake of 15% or more. The plan is in place for one year. *(Bloomberg.com)*

> **Cellmid Limited** announced it has signed an agreement with **Zoetis** for the evaluation and option to license one of Cellmid's anti-midkine antibodies (MK antibody) for therapeutic use in companion animals. Financial terms were not disclosed. *(proactiveinvestors.com.au)*

> **Neogen** announced it has developed an on-farm test that dairy producers and veterinarians can use to accurately detect mastitis. NeoFilm for Mastitis Treatment Decision kit allows for the classification of the bacteria associated with mastitis infections in just 24 hours. *(Animal Pharm)*

> US investment firm The Rohatyn Group announced it has sold its 36.6% stake in **Huvepharma**. Rohatyn's TRG Growth Fund II sold its shareholding in Huvepharma to Advance Properties, a Bulgarian investment company controlled by the Domuschiev family. Advance Properties now owns 100% of Huvepharma. Financial details of the deal were not disclosed. (*Animal Pharm*)

> **Petco** announced it has entered into an agreement to acquire **Drs. Foster and Smith**, a leading veterinary-owned online pet supply company. Financial terms were not disclosed. (*sys-con.com*)

> **Lakeland Animal Nutrition**, a subsidiary of **Alltech**, announced a recall of certain lots of four of its horse feed products because of a possible link to the death of three horses at a South Florida ranch. The recalled products are: Signature Status Pellet, Signature Equilete Pellet, Signature Status Pellet, and LAN 10 Pellet. The products were distributed only to the company's Florida retailers. (*TheLedger.com*)

> **Tractor Supply Company** has entered the pet specialty retail segment by opening two **HomeTown Pet** stores near the company's Tennessee headquarters. The store offer products for cats, dogs, birds, poultry and horses, as well as grooming and mobile vet services. (*Pet Business*)

ANIMAL HEALTH NEWS

> UK - AVIAN INFLUENZA The strain of avian influenza found on a duck breeding farm in East Yorkshire has been identified as H5N8, the same type seen in recent outbreaks in Europe. Some 6,000 ducks are being culled at the farm. The East Yorkshire outbreak is the first serious case of avian influenza in the UK since 2008, when the H7N7 strand was found in free-range hens. (*BBC.com*)

> NETHERLANDS - AVIAN INFLUENZA An avian influenza outbreak has spread to three farms in the Netherlands. The latest infection was discovered on a chicken farm more than 100 km (60 miles) from two farms where infections have been reported in the past week. Two of the three Dutch infections are the H5N8 strain of the illness. A total of 203,000 chickens have been destroyed and a national lockdown enacted on all transport of chickens, eggs and poultry products. (*Reuters*)

BRAKKE CONSULTING, INC.

SAVE THE DATE FOR BRAKKE'S 2015 INDUSTRY OVERVIEW

NAVC - Monday, January 19, 2015 from 2:00 – 4:00 pm at the Gaylord Palms

WVC - Tuesday, February 17, 2015 from 2:00 – 4:00 pm at the Four Seasons

Registration will open in early December and will be announced in Animal Health News & Notes.

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BRAKKE CONSULTING VIEWPOINT

This week's news is highlighted by two interesting acquisition announcements. As we have mentioned many times in the past months and years, consolidation is continuing and is likely to continue for the foreseeable future. Large companies find themselves with shallow pipelines of new products, so in an effort to maintain satisfactory year-over-year revenue growth, acquisitions

of products, companies and technologies are filling the gap.

We believe that one of the acquisitions announced supports the trend of pet owners continuing to increase the purchase of products and prescriptions over the Internet. Our current Pet Pharmaceutical Market Shift Study will provide important insights into these trends when it is published in early 2015. The attitudes of pet owners regarding sources of services and products are experiencing significant changes. Every company needs to be aware of these attitude shifts and the potential impact the shifts will have on their customers, now and in the future.

Many of you will be off next week in the US for the Thanksgiving week holidays. We want to thank each of our subscribers and clients for your support in 2014. It has been another exciting year for Brakke Consulting and the animal health industry. Have a safe and enjoyable Thanksgiving week.

Ron Brakke

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