
**Brakke Consulting's
Animal Health News & Notes for February 5, 2015**
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**2016 INDUSTRY OVERVIEW
REGISTRATION FOR WVC IS NOW OPEN**

Brakke Consulting is pleased to announce the 2016 Industry Overview, featuring consultants Ron Brakke, John Volk, and Dr. Cary Christensen. The 2016 US Animal Health Industry Overview will be presented twice this winter - once at the North American Veterinary Conference in Orlando, Florida and once at the Western Veterinary Conference in Las Vegas, Nevada.

WVC: Tuesday, March 8, 2:00 – 4:00 pm, Four Seasons.

Online registration for the Industry Overview at the WVC is now open.

To register, go to www.brakkeconsulting.com and scroll down to the "What's New" box. The price is \$385 per person for online registration; onsite registration is \$425.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Merck** announced financial results for the full year 2015. Worldwide Animal Health sales were \$3.3 billion, a decrease of 4%, including a 13% negative impact from foreign exchange. (*company press release*)

> **Orion Group** reported results for the full year 2015. Net sales of the Animal Health business division in 2015 were EUR 77 million (\$84 million), up 10% compared to the prior year. (*company website*)

> **Central Garden & Pet Company** announced financial results for its fiscal first quarter ended December 26, 2015. First quarter net sales for the Pet segment increased 25% from the same period a year ago to \$249 million. Approximately 57% of the gain was due to acquisitions while the remaining 43% was organic growth. (*company press release*)

> **Spectrum Brands Holdings, Inc.** reported results for the first quarter of fiscal 2016 ended January 3, 2016. The Global Pet Supplies segment reported net sales of \$203 million, an increase of 68% driven primarily by acquisition-related revenues of \$71 million. Excluding the negative impact of foreign exchange as well as acquisition revenues, fiscal 2016 first quarter net sales improved 13% compared to the prior year. (*company website*)

COMPANY NEWS RELEASES

> **Merial** announced the appointment of Susan Sholtis as President of its North American operations. Sholtis rejoins the company after a series of executive global and domestic assignments in the life sciences sector. (*PRNewswire*)

> The FDA announced the approval of **Lloyd, Inc.'s** Thyro-Tabs (levothyroxine sodium) for replacement therapy for diminished thyroid function in dogs. (*FDA*)

> The FDA issued warning letters to six manufacturers (**Neogen, Virbac, Dechra, Merck, Diamond Animal Health, Quality Animal Care Manufacturing**) of unapproved levothyroxine sodium drugs for hypothyroidism in dogs. These unapproved products have not been reviewed by the FDA for safety and effectiveness. Thyro-Tabs Canine is the only FDA-approved drug for replacement therapy for diminished thyroid function (commonly known as hypothyroidism) in dogs. (*FDA*)

> **Balchem Corporation** announced that it acquired **Albion International, Inc.** for a purchase price of \$111.5 million in cash. Albion's 2015 revenues were approximately \$53.5 million. (*Nasdaq.com*)

> **E.I. Medical Imaging (EIMI)** announced the launch of the new Ibex EVO portable ultrasound system. (*company press release*)

> FRANCE **Ceva Santé Animale** announced it is in exclusive negotiations to merge its Ecat hatchery automation business with French firm **iD Projects**. The merger will create a global leader in hatchery equipment and *in ovo* vaccination. Financial terms were not disclosed. (*Animal Pharm*)

> JAPAN **Sumitomo** announced a deal to acquire a 40% stake in **XiWang International Trading Company**, a Chinese animal feed additive specialist. Sumitomo will pay CNY70 million (\$10.6 million) XiWang was founded in 2003 and claims to have annual revenues of around \$100

million. Around 30% of its sales are exports. Its main feed additive is corn gluten meal. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> UK - CANINE GENOME The Animal Health Trust (AHT) announced plans to create the country's largest canine genome bank by sequencing genomes of 50 different breeds of dog. The project work will be carried out specifically by the Kennel Club Genetics Centre, which is housed at the AHT complex in Suffolk. The new initiative from the AHT to hopes to improve dog health by using the latest technology available in genetics. (*Animal Pharm*)

BRAKKE CONSULTING, INC. UNDERSTANDING THE OVER-THE-COUNTER MARKET

Whether your business is considering the OTC channels for new business opportunities or you have been distributing in the OTC channels for years, Brakke Consulting's team can provide significant and quality assistance to businesses seeking to learn more about the details of the OTC channels of distribution. If you are looking for meaningful insights into the OTC channels, the trends found there, and the opportunities that exist, contact our Dallas office or Joel Adamson at jadamson@brakkeconsulting.com .

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BRAKKE CONSULTING VIEWPOINT

Several of the stories this week reflect the consolidation occurring in the industry. The financial results of two of the companies indicated significant revenue gains mainly from acquisitions, and there were three other stories related to acquisitions or mergers in addition to the financial reporting. Larger firms continue to be interested in acquiring companies, technologies or geographical marketing capabilities to accelerate the growth of their business on a global basis.

We discuss this trend in our 2016 Animal Health Industry Overview and provide our views on why this is likely to continue and what could slow it down. After the closing of the announced acquisition of the Merial Ltd. by Boehringer Ingelheim Vetmedica, the three largest animal health companies will have combined revenues of approximately \$12.5 to \$13 billion and worldwide market share in the range of 45%. There are similar and even more dramatic consolidation numbers in other market segments of the industry such as pet food, nutritional feed additives etc. One of the messages here is that it is less expensive to purchase revenue than to wait for growth internally in many companies.

Have a great weekend!!

Ron Brakke

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