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**Brakke Consulting's  
Animal Health News & Notes for February 6, 2015**  
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Editor: Lynn Fondon DVM MBA

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**BRAKKE CONSULTING, INC.  
2015 INDUSTRY OVERVIEW  
ONLINE REGISTRATION ENDS FEB 12!**

Brakke Consulting will present the 2015 US Animal Health Industry Overview at the Western Veterinary Conference in Las Vegas, Nevada. The date is:

• WVC: Tuesday, February 17, 2:00 – 4:00 pm, Four Seasons.

Online registration for WVC is open. Seating is very limited this year, so register early!

To register for WVC, go to [www.brakkeconsulting.com](http://www.brakkeconsulting.com) and scroll down to the "What's New" box. The price is \$385 per person for online registration through Thursday, February 12; thereafter, late registration is \$425 and must be done on-site.

[www.BrakkeConsulting.com](http://www.BrakkeConsulting.com)

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**COMPANY EARNINGS RELEASES**

> **Merck** announced financial results for the full year 2014. Worldwide animal health sales were \$3.45 billion, an increase of 3%, including a 2% negative impact from foreign exchange. (*company website*)

> Sanofi reported results for the full year 2014. Sales for animal health division **Merial** were EUR 2,076 million (\$2,523 million), an increase of 7% compared to the prior year. (*company website*)

> **Orion** reported results for the full year 2014. Revenues were EUR 70 million (\$85 million), a decline of 1% compared to the prior year. Sales of animal sedatives were flat at EUR 25 million (\$30 million). (*Animal Pharm*)

> **MWI Veterinary Supply**, Inc. announced financial results for its first quarter ended December 31, 2014. Total revenues were \$799 million for the quarter, 16% higher than revenues for the same period in the prior fiscal year. These results include the impact of an additional month of ownership of IVESCO compared to the prior year, as well as the addition of VetSpace. Net income was \$20.1 million for the quarter, 9% higher than net income for the same period in the prior fiscal year. (*company press release*)

> **Central Garden & Pet Company** announced financial results for its fiscal first quarter ended December 27, 2014. First quarter net sales for the Pet segment increased 8% from the same period a year ago to \$199 million. (*company website*)

> **Spectrum Brands Holdings**, Inc. reported fiscal 2015 first quarter results for the period ended December 28, 2014. The Global Pet Supplies segment reported net sales of \$121 million, a decline of 6% from the first quarter of the last fiscal year. Net sales were impacted by negative foreign exchange as well as port delays. Segment net income, as adjusted, was \$2.7 million in the first quarter of fiscal 2015 versus \$12.5 million in the first quarter of fiscal 2014. (*company website*)

> **Nutreco** reported results for the year 2014. Revenue was EUR 5.25 billion (\$6.39 billion), flat compared to 2013; organic volume growth was 2%. Animal Nutrition revenue was 2% higher at EUR 1.84 billion (\$2.23 billion). Animal Nutrition EBITA increased by 12% to EUR 125 million (\$152 million). (*Nasdaq.com*)

> **Tyson Foods** reported results for the fiscal first quarter ended Dec. 27, 2014. Company sales across all the segments climbed 23.5% to \$10.82 billion. Net profit was \$309 million, \$55 million more than the Q1-2014. (*Feedstuffs*)

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## COMPANY NEWS RELEASES

> The FDA announced it has approved **Luitpold Pharmaceuticals'** BetaVet (betamethasone) intra-articular injection for treatment of osteoarthritis in horses. (*FDA*)

> The FDA announced it has approved **Akorn Animal Health's** generic Gentamicin Sulfate Ophthalmic Solution for use in dogs and cats. (*FDA*)

> **J.M. Smucker** announced that it would buy **Big Heart Pet Brands**, formerly Del Monte's pet division, from its private equity owners for about \$5.8 billion, including debt. Big Heart will add \$2.2 billion in sales. (*New York Times*)

> **Nexvet Biopharma** announced the pricing of its initial public offering of 4 million ordinary shares at a price to the public of \$10.00 per share. The shares began trading on the NASDAQ market on February 5, 2015 under the ticker symbol "NVET." (*company press release*)

> UK **Benchmark Holdings** has announced that it has acquired **Improve International limited**, the UK veterinary Continuing Professional Development (CPD) business. Improve will be added to Benchmark's Technical Publishing division. Established in 1998 by a group of veterinary surgeons, Improve organizes CPD courses for veterinary professionals across the UK, Republic of Ireland, Scandinavia and mainland Europe. Financial terms were not disclosed. (*Vetsurgeon.org*)

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## **ANIMAL HEALTH NEWS**

> US - AVIAN INFLUENZA Nevada agricultural officials report a case of H5N8 avian influenza in a mallard duck in Lincoln County making Nevada the sixth state to confirm a case of H5 avian influenza. Washington, Oregon, Utah, Idaho and California have all previously reported cases. (*Outbreaknewstoday.com*)

> US - RABIES TREATMENT Researchers at the University of Georgia have successfully tested a new treatment on mice that cures the rabies disease even after the virus has spread to the brain. The animals were exposed to a strain of the rabies virus that generally reaches the brain of infected mice within three days. By day six, mice begin to exhibit the telltale physical symptoms that indicate the infection has become fatal. However, 50% of mice treated with the new vaccine were saved, even after the onset of physical symptoms on day six. Findings were published in the Journal of Virology. (*Vet Advantage - ScienceDaily*)

> US - ANIMAL HEALTH FUNDING The Kansas Bioscience Authority (KBA) aims to invest \$420 million in local animal, human and plant health opportunities during 2015. The KBA is able to quadruple its available funds compared to 2009-14 after restructuring. (*Animal Pharm*)

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## **BRAKKE CONSULTING, INC. TRANSACTION ASSISTANCE When the Time Is Right**

Buying, selling or merging? We can help!

Brakke Consulting assists many clients with mergers, acquisitions and divestitures. Our transaction experts can provide the insight, ability and contacts you need in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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## **BRAKKE CONSULTING VIEWPOINT**

A strengthening US dollar is playing an active role in the animal health industry. Several companies' earnings reports published in this week's newsletter reference the negative impact of currency exchange. The strong dollar, which makes US products more expensive overseas and foreign products cheaper in the US, is also having a bearish impact on pork and beef exports. This is occurring at a time when pork and beef production are starting to increase as the livestock industry recovers from PEDV disease in pigs and the decline in the cattle herd due to drought.

Merger mania continues apace with the announcement that JM Smucker has agreed to acquire Big Heart Pet Brands. This will put many iconic American brands under one corporate umbrella – Smuckers, Milk-Bone, 9 Lives and Meow Mix among them.

As this newsletter goes to press I'm off to Orlando attend the biennial VMG Congress – one of the premier events for business-oriented veterinarians. Veterinary Study Groups (VSG) has put together another outstanding program. Meanwhile, Ron Brakke is attending the National Cattleman's Beef Association annual convention in San Antonio. We look forward to seeing many of you at these events.

*John Volk*

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