
**Brakke Consulting's
Animal Health News & Notes for April 24, 2009**
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**EQUINE MARKET MEGASTUDY II
NOW ACCEPTING ORDERS**

Brakke Consulting, Inc., and Market Directions, Inc. are pleased to announce the upcoming publication of the second edition of the **Equine Market MegaStudy**, a comprehensive study of horse owner buying and decision-making behavior. This highly popular survey examines the buying behaviors of over 1,000 horse owners by industry segment and by behavioral segment, and includes over 400 brands of equine products.

The study will be fielded in June 2009, with completion by Aug. 31. Companies that order by **May 1** and pay in advance receive a \$500 early-order discount. Advance purchasers also have an opportunity to review the questionnaire for completeness of brand identities prior to fielding the study. Upon publication, the price of the study is \$9,900. For more information, contact project manager John Volk at jvolk@brakkeconsulting.com or 773-327-4941.

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COMPANY EARNINGS RELEASES

> Schering-Plough reported financial results for the first quarter of 2009. Sales for animal health division **Intervet/Schering-Plough** totaled \$630 million in the 2009 first quarter, a 13% decrease as compared to the first quarter of 2008. Excluding the unfavorable impact of foreign exchange, Animal Health sales would have been roughly flat as compared to the first quarter of 2008. *(PRNewswire)*

> Merck & Co., Inc. announced financial results for the first quarter of 2009. Sales for joint venture **Merial** were \$684 million, a decline of 7% compared to the first quarter of 2008. *(company website)*

> Eli Lilly and Company announced financial results for the first quarter of 2009. Worldwide sales of animal health division **Elanco** in the first quarter of 2009 were \$264 million, an increase of 12% compared with the first quarter of 2008. *(company press release)*

> **Boehringer Ingelheim** reported results for the full year 2008. The Animal Health business reported net sales of EUR 467 million (\$625 million), a currency-adjusted increase in net sales of 14%. The growth driver was the swine vaccine Ingelvac Circoflex. *(company website)*

> **Nestlé** reported results for the first quarter of 2009. PetCare sales were CHF 3.2 billion (\$2.8 billion), representing 12% organic growth and 5% real internal growth. *(company press release)*

> **IDEXX Laboratories**, Inc. reported that revenues for the first quarter of 2009 were \$237 million compared to \$249 million for the first quarter of 2008. The decrease in revenues was due primarily to the unfavorable impact of changes in foreign currency exchange rates and the absence of pharmaceutical product sales in the first quarter of 2009, due to the divestiture in the fourth quarter of 2008 of the company's on-market pharmaceutical products. Organic growth was 3% for the quarter. *(PRNewswire)*

> **VCA Antech**, Inc. reported financial results for the first quarter ended March 31, 2009. Revenue increased 2.6% to \$316 million; net income increased 2.5% to \$32.0 million. *(company press release)*

COMPANY NEWS RELEASES

> **Pfizer** dedicated its new consolidated global headquarters for veterinary research and development and animal genetics in Kalamazoo, Michigan. The 780,000 sq ft laboratory and office complex, a former Upjohn facility, has had a \$75 million refurbishment and will house 680 Pfizer employees. *(Animal Pharm)*

> Colgate-Palmolive Company announced the retirement of Robert C. Wheeler as chief executive officer of **Hill's Pet Nutrition** Inc. effective April 1, 2009. He is succeeded by Neil Thompson, formerly president, Hill's Pet Nutrition Inc. Americas. *(company press release)*

> **Heartland Country Cooperative** announced the introduction of a new brand of certified organic livestock feed – Natures Grown Organics. The line is starting with the debut of organic chick starter, poultry grower rations and laying feed for adult hens; organic feeds for goats, sheep, rabbits, pigs, calves, as well as cattle minerals, will be added soon to the Natures Grown Organics product portfolio. *(company press release)*

> **Hypor** Inc. and newly incorporated **Mid-America Genetics International** Inc. (MAG) announced a strategic alliance to develop a new commercial female hog by combining the Hypor Landrace line with the MAG Large White line. (*Feedstuffs*)

> EU **Intervet/Schering-Plough** Animal Health announced the introduction in Europe of its PORCILIS PCV vaccine against porcine circovirus type 2 (PCV2) infection. This new subunit vaccine contains the ORF2 subunit as antigen and therefore induces strong immunity against PCV2 infection. (*company press release*)

> INDIA Six global pet food and accessory brands will enter the Indian market next month. The six involved brands are: the German pet toys and food brand **Karlie**, the German/US dog leash maker **Flexi**, South African dog toys company **Rogz**, US-based **Isle of Dogs** and South Korean **Forbis**. These companies are all set to make an India entry under **PetSetGo**, an umbrella company being launched in India next month. (*PETS International*)

ANIMAL HEALTH NEWS

> US - HORSE DEATHS 21 polo horses fell ill and died in a short time before their match at a Florida tournament last weekend. The horses from the Venezuela-based Lechuza Caracas team were being unloaded from their trailers when two of them collapsed and others acted dizzy and disoriented. **Franck's Pharmacy** has acknowledged that a medication it prepared contained the wrong strength of an ingredient. (*AnimalNet - AP, CNN*)

> US - BOVINE TUBERCULOSIS Preliminary test results indicate that a dairy in west Texas is infected with cattle tuberculosis. The Texas Animal Health Commission will be determining the dispensation of the herd in the next few days, and an epidemiological investigation has been launched to determine the source or possible spread of the disease. Texas regained cattle TB-free status in fall 2006 after losing the coveted status in spring 2002. One TB-infected herd will not affect the state's status, but two infected herds within a 48-month period will result in a loss of TB-free status. (*Feedstuffs*)

> US - BSE FINAL RULE The FDA announced that the final rule entitled "Substances Prohibited From Use in Animal Food or Feed," will become effective on April 27, 2009. However, to allow renderers additional time to comply with the new requirements, the Agency has established a compliance date of October 26, 2009. The additional 6 months will provide time for those affected to identify appropriate methods for disposing of material prohibited from use in animal feed by this rule. (*CVM*)

> US - TECHNOLOGY LICENSED The Agricultural Research Service (ARS) has granted a license to Canadian firm **Krimar** to market ARS' patented virtual fencing technology linked to global positioning. The Directional Virtual Fencing (DVF) system sends electronic cues to a cow's ears so it will move in a preferred direction. Terms were not disclosed. (*Feedstuffs*)

> US - NBAF LAWSUIT The consortium that lobbied to bring the National Bio and Agro-Defense Facility to San Antonio's Texas Research Park announced that it will ask a federal judge to overturn the January decision by the US Department of Homeland Security to locate the facility in Kansas. San Antonio was one of six finalists for the national lab. One glitch in the competitive process occurred when the DHS asked for incentive offers with an end-of-month deadline. Other states' legislatures were able to approve hefty amounts. Texas' governor in October promised an effort to get \$56 million approved when state lawmakers met again in January, but that pledge was not included in the state's overall incentives package because it missed the deadline met by other competing states. (*AnimalNet - Express-News*)

> WORLD VETERINARY DAY Veterinary professionals on April 25 will celebrate World Veterinary Day, instigated by the World Veterinary Association in 2000. This year's theme is "Veterinarians and Livestock Farmers, A Winning Partnership." (*Veterinary Practice News*)

> US - COW GENOME Scientists from the University of Maryland have published a new assembly of the domestic cow genome, which has around 91% of the assembled genome anchored onto chromosomes. The assembly is described in the open access journal *Genome Biology*. (*Animal Pharm*)

BRASSE CONSULTING VIEWPOINT

For the first time in a few weeks we have several items that need addressing in the comments. First, I enjoyed the early part of the week attending the AVDA meeting in Florida. It was a well-attended and organized meeting with some excellent speakers that provided some inspiring messages in these economic times. Congratulations to Jackie King and her group along with the AVDA board members in organizing and managing such an informative meeting. I look forward to attending next years meeting.

The second area that needs addressing is the various first quarter and annual reports of some of the leading animal health companies. It's a bit of a mixed bag but if we read the numbers correctly and make appropriate adjustments for currency and acquisitions it appears that the economy is generally having a negative impact on sales revenues. Our early prediction of 2009 being a year with flat unit volume growth and possibly declining revenues may not be that far off the mark at this point in the year.

The final area that I must comment on is the unfortunate death of 21 horses in Florida earlier this week. This type of incident gives the whole industry a black eye. We've been concerned as a firm for some time over the rapidly expanding compounding activities in the animal health area. While we understand the need for the service that compounders can provide, this incident points out that there are risks involved in utilizing products that may not have the oversight needed in their preparation.

Manufacturers spend millions of dollars creating safe and effective products for use in animal health, and deserve to have their products protected from unlawful counterfeiting. Hopefully, the regulatory bodies will take another look at how the expansion of the compounding business may be threatening our industry.

Have a good weekend!!

Ron Brasse

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