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**Brakke Consulting's  
Animal Health News & Notes for April 25, 2014**  
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IN THE NEWS:

[Brakke Consulting news](#)  
[Transaction Assistance](#)

earnings news

[Abaxis](#)  
[Anpario](#)  
[DS Pharma Animal Health](#)  
[Elanco](#)  
[Hill's](#)  
[IDEXX](#)  
[Nippon Zenyaku](#)  
[VCA Antech](#)

other news

[Elanco](#)  
[Lilly](#)  
[Med-Vet International](#)  
[MT Venom](#)  
[Novartis](#)  
[Vedco](#)  
[Vet-Stem](#)

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**BRAKKE CONSULTING, INC.  
TRANSACTION ASSISTANCE**

Let Brakke Consulting provide assistance for all your business development transactions.

Brakke Consulting has been the finder of record, agent of record or consultant for a number of successfully completed projects. We assist with valuations and provide due diligence on confidential transactions as well as offering executive counsel on a number of potential transactions.

Brakke Consulting has the experience, insight, ability and contacts to provide clients with the highest quality services in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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**COMPANY EARNINGS RELEASES**

> Eli Lilly reported results for the first quarter of 2014. Sales for animal health division **Elanco** totaled \$527 million, an increase of 6% compared with the first quarter of 2013. (*company press release*)

> **IDEXX Laboratories**, Inc. reported results for the first quarter of 2014. Revenues increased 8% versus the prior year period to \$360 million. Net income was \$46.6 million, a 4% increase compared to the first quarter of 2013. Companion Animal Group ("CAG") revenues for the first quarter of 2014 were \$302 million, an increase of 9%. (*company website*)

> **Abaxis**, Inc. reported financial results for the fiscal year ended March 31, 2014. Veterinary Market revenues for the year were \$141 million, a decline of 6% compared to the prior year. (*MarketWatch*)

> **VCA Antech** reported financial results for the first quarter ended March 31, 2014. Revenue increased 3% to \$450 million; Animal Hospital revenue increased 3% to \$352 million and Laboratory internal revenue increased 2% to \$88 million. Net income increased 12% to \$34.0 million. (*company press release*)

> Colgate-Palmolive Company reported results for the first quarter of 2014. **Hill's Pet Nutrition** sales for the quarter were \$553 million, a 4% increase compared to the first quarter of the prior year. (*company website*)

> **Nippon Zenyaku** reported its financial results for fiscal 2013 ended March 31, 2014. Net sales rose by 5% to Yen 25.519 billion (\$248 million) compared to fiscal 2012. (*company communication*)

> **DS Pharma Animal Health** reported its sales figures for fiscal 2013 ended March 31, 2014. The sales increased by 8% to Yen 12.1 billion (\$118 million) compared to the prior year. (*company communication*)

> **Anpario**, the UK-based manufacturer of natural animal and aquaculture feed additives, reported financial results for the full year 2013. Revenues for the year were GBP 26.3 million (\$44 million), a 12% increase compared to the prior year; earnings before interest were GBP 3.5 million (\$5.9 million), also a 12% increase. (*Animal Pharm*)

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## COMPANY NEWS RELEASES

> **Novartis** announced it has agreed to divest its Animal Health Division to **Lilly** for approximately \$5.4 billion. Novartis' animal health sales in 2013 were \$1.17 billion; the combined sales of **Elanco** and Novartis represent \$3.32 billion in sales, the third largest in the world. The transaction is expected to close by the end of the first quarter of 2015. (*company press release*)

> **Vedco**, Inc. announced an exclusive third party logistics agreement with **MT Venom, LLC** for the distribution of VenomVet. VenomVet, a polyvalent F(ab)<sub>2</sub> fragment of purified IgG, is indicated for the management of minimal to severe North American crotalid envenomation in dogs 6 months of age and older. This would include bites from all rattlesnakes, copperheads and cottonmouths/water moccasins. (*company press release*)

> **Vet-Stem**, Inc., announced that a non-exclusive European license agreement has been signed with a global human stem cell company. This license provides access to the newly issued Vet-Stem patent for the extraction methods and the use of adipose-derived stem cells in prevention and treatment of diseases in humans. Vet-Stem retains all rights outside of the human field. (*digitaljournal*)

> **Med-Vet International** announced that they now offer HemoHold, The Only Hemostatic Hydrogel. HemoHold looks and feels like a hydrogel, but the hydrophilic polymer technology inherent to HemoHold combined with wound exudate proteins creates a mechanical barrier over the wound surface. (*company press release*)

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## ANIMAL HEALTH NEWS

> US - PEDV USDA announced it will require reporting of PEDV and swine delta coronavirus in order to slow the spread of this disease in the US. In addition, the USDA will also require tracking movement of pigs, vehicles and other equipment leaving affected premises; however, movements would still be allowed. PEDV has reached 31 states, and the National Animal Health Laboratory Network (NAHLN) is still diagnosing over 200 positive cases per week. (*Feedstuffs*)

> BRAZIL - BSE Brazil is investigating a potential case of atypical bovine spongiform encephalopathy, according to the agriculture ministry. A routine inspection at a slaughterhouse in Mato Grosso state found an animal that veterinarians suspect of having neurological problems. Laboratory tests are under way. (*Chicago Tribune*)

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## BRAKKE CONSULTING VIEWPOINT

The leading story this week is the merger of two of the top 10 animal health companies. As we have mentioned in our 2014 Overviews and webinars, we expect as many as five transactions or change in ownership in 2014 involving the top 15 animal health companies. We now have three of the five with it only being the end of April.

This latest transaction vaults Elanco into the number 3 position in animal health with sales revenues of \$3.3 billion, assuming that there are minimal regulatory requirements to divest certain product lines. Once this transaction is completed, the three leading companies in animal health will have annual revenues in the range of \$11 billion and will represent 49% of the market. Five years ago the top three animal health companies had revenues of \$8.4 billion, with 44% of the market. One now has to wonder what the next large transaction will be in the industry.

Have a great weekend!

*Ron Brakke*

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