
**Brakke Consulting's
Animal Health News & Notes for May 24, 2013**
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IN THE NEWS:

[Brakke Consulting news](#)
[AnimalHealthJobs.com](#)
[Animal Health Roundtable](#)

[earnings news](#)
[Patterson Veterinary Supply](#)
[PetSmart](#)
[Tyson Foods](#)

[other news](#)
[AgriLabs](#)
[Bayer](#)
[Boehringer Ingelheim Vetmedica](#)
[Del Monte](#)
[Derma Sciences](#)
[IDEXX](#)
[Jazz Medical](#)
[Merck](#)
[Merial](#)
[Natural Balance Pet Foods](#)
[Purina Animal Nutrition](#)
[Sysmex](#)
[VetSource](#)
[Zoetis](#)

**BRAKKE CONSULTING, INC.
ANIMAL HEALTH BREAKFAST ROUNDTABLE
JUNE 13, 2013**

Please join Brakke Consulting and Stinson Morrison Hecker LLP in Kansas City for the next roundtable, "How Changing Ownership is Shaping Animal Health," on Thursday, June 13, 2013.

Susan Warren of Brakke Consulting and Stinson Partner Scott Claassen will provide a review of the mergers, acquisitions and consolidations in recent years and how those changes are impacting the industry and the veterinary profession.

To register, go to <http://www.stinson.com/registeranimalhealthjune2013/>.

COMPANY EARNINGS RELEASES

> Patterson Companies, Inc. reported results for its fiscal year ended Apr. 27, 2013. **Patterson Veterinary Supply** sales were \$755 million for the year, an increase of 3% compared to the prior year. (*company website*)

> **PetSmart, Inc.** reported results for the first quarter of 2012. Total sales for the first quarter of 2013 increased 5% to \$1.7 billion. Net income totaled \$102 million in the first quarter of 2013, an increase of 7% compared to the first quarter of 2012. Comparable store sales grew 3.5%.
(*company website*)

> **Tyson Foods** reported results for its fiscal 2013 second quarter. Sales were \$8.4 billion, a 2% increase compared to the comparable period in the prior year. However, sales volumes decreased across all business segments. Earnings were \$95 million compared to earnings of \$166 million in the comparable period in the prior year. Operating income was reduced by \$56 million related to the impairment of non-core assets in China. (*company website*)

COMPANY NEWS RELEASES

> Pfizer Inc. announced it is offering investors a share exchange to reduce its 80.2% stake in **Zoetis Inc.** Pfizer shareholders will have the option of swapping their shares for Zoetis stock in a tax-free transaction. If the exchange is fully subscribed, Pfizer will no longer have a controlling interest, leaving Zoetis fully independent. (*Bloomberg News*)

> **Bayer Animal Health** introduced Veraflox (pradofloxacin) Oral Suspension for Cats for the treatment of skin infections in cats. Veraflox Oral Suspension is the first, feline-only antibiotic formulation in its class to be approved by the FDA. (*Vet Advantage*)

> **AgriLabs** announced that the USDA has approved use of newly formulated Pulmo-Guard PH-M, a vaccine used in preventing bovine respiratory disease (BRD) caused by *Mannheimia haemolytica* and *Pasteurella multocida*. (*company press release*)

> **IDEXX Laboratories** announced an expanded partnership with the North American subsidiary of Japan's **Sysmex Corp.** IDEXX will sell the Sysmex XT-2000iV automated hematology analyzer in all US markets through its BioResearch business. (*Animal Pharm*)

> **Del Monte Foods** and **Natural Balance Pet Foods, Inc.** announced that the companies have signed a merger agreement. The purchase price and financial terms were not disclosed. (*Business Wire*)

> **Purina Animal Nutrition** introduced Ampli-Calf Warm Weather Starter Feed, formulated to meet calves' needs as temperatures increase. (*Feedstuffs*)

> **Jazz Medical, LLC**, announced it has signed a long-term exclusive license agreement with **Derma Sciences, Inc.** to market and distribute the latter's line of wound care products throughout the US and Canada. Derma Sciences line includes Medihoney line of Active Leptospermum Honey dressings, Xtrasorb Super Absorbent Polymer Dressings, Bioguard Barrier Dressings, and Algicell Ag for wounds with high bio-burden. (*Vet Advantage*)

> **VetSource** announced an agreement with Veterinary Hospitals Association (VHA), an association made up of more than 350 member veterinary practices, to offer VHA member hospitals home delivery service for pet medications to their clients. (*company press release*)

> UK Britain's Department for Environment, Food and Rural Affairs announced that **MSD (Merck) Animal Health** has been issued a license for a new Schmallenberg vaccine after an accelerated assessment to make it available this summer. This is the first approval in Europe for the vaccine. (*Chicago Tribune*)

> EU The EU's Committee for Medicinal Products for Veterinary Use (CVMP) approved an initial marketing authorization for **Boehringer Ingelheim Vetmedica's** ProZinc (insulin human) for the treatment of diabetes mellitus in cats. (*Animal Pharm*)

> EU The EU's Committee for Medicinal Products for Veterinary Use (CVMP) approved an initial marketing authorization for Aftovaxpur Doe from **Merial**, a vaccine containing a maximum of three inactivated, purified foot-and-mouth disease (FMD) virus strains out of the seven authorized strains. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> US - PEDV The USDA confirmed that porcine epidemic diarrhea virus (PEDV) has been identified in a swine herd in Iowa. This marks the first time the virus has been found in the US. PEDV, which is not a reportable disease, is widespread in many countries. PEDV may appear clinically to be the same as transmissible gastroenteritis virus with acute diarrhea. It poses no risk to other animals or humans, and there is no risk to food safety. (*Farmfutures.com*)

> US - COOL The USDA has published the final country-of-origin labeling law designed to satisfy the requirements of an earlier WTO panel ruling. USDA interpreted the WTO ruling as requiring more specific information for consumers. Under the final rule to be published May 24, origin designations for muscle cut covered commodities derived from animals slaughtered in the US are required to specify the production steps of birth, raising, and slaughter of the animal from which the meat is derived that took place in each country listed on the origin designation. In addition, the rule eliminates the allowance for commingling of muscle cut covered commodities of different origins. (*Feedstuffs*)

> AUSTRALIA - CANINE DEMENTIA RESEARCH University of Sydney researchers are evaluating a therapy for dementia and Alzheimer's disease using dogs with similar conditions. The study involves harvesting cells from tissue near the dog's stomach, growing millions of progeny cells and transplanting them into the animal's hippocampus, the area of the brain where memories are processed. Researchers expect that within months, signs of dementia will decrease. (*AVMA SmartBrief - Australian AP*)

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BRAKKE CONSULTING VIEWPOINT

The announcement by Pfizer that they are planning to offer investors the balance of the shares in

Zoetis in the next few weeks is clearly a lead story for the industry this week. The success of the Zoetis stock offering and the positive results in the business are allowing the complete divesture of the animal health business to occur sooner than previously expected. If this tax-free exchange with Pfizer shareholders is successful, Zoetis will be fully independent by year end. Are other large pharmaceutical companies tracking the Zoetis/Pfizer model closely?

The other story this week that hit close to home is the devastating tornados in Oklahoma this week. It was just a few days ago that we had smaller tornados south of Dallas, so even though we're on the southern end of tornado alley, we remain alert this time of year. We have been pleased to see the immediate responses of the AHA's Red Star Animal Emergency Services, the American Veterinary Medical Foundation and the Oklahoma City Animal Shelter. Many additional organizations are assisting with the recovery activities in Oklahoma. Disasters of this type affect many animals, which are sometimes forgotten or lost in the confusion that follows. We encourage our subscribers and others to be generous in donating to those organizations caring for both humans and animals at this time of need.

Have a safe and enjoyable Memorial Day Weekend here in the US!!

Ron Brakke

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