
**Brakke Consulting's
Animal Health News & Notes for May 9, 2014**
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**BRAKKE CONSULTING, INC.
MARKET RESEARCH**

Look Before You Leap

Depend on Brakke Consulting to build a market study to meet your company's needs, whether it is:

- Assessing the feasibility of a new product or technology
- Identifying the opinions and trends of veterinarians, pet owners or producers
- Determining the current market for products

With our in-house database of veterinarians and the ability to custom-tailor surveys of a wide variety of target audiences, we provide reliable insights into this unique industry. We also produce multi-client reports in a number of high-interest animal health market areas. For more information, see our website or call our Dallas office at 972-243-4033.

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COMPANY EARNINGS RELEASES

> **Zoetis** Inc. reported financial results for the first quarter of 2014. The company reported revenue of \$1.10 billion for the first quarter of 2014, an increase of 1% from the first quarter of 2013. Revenue reflected an operational increase of 4%, with foreign currency having a negative impact of 3%. Net income for the first quarter of 2014 was \$155 million, an increase of 11% compared to the first quarter of 2013. (*company website*)

> **Heska** Corporation reported financial results for its first quarter ended March 31, 2014. Consolidated revenue for the first quarter of 2014 was up 10% to \$20.8 million compared to the first quarter of 2013. Net loss for the quarter was (\$273,000) compared to a net loss of (\$352,000) in the first quarter of 2013. (*Wall Street Journal*)

> **MWI Veterinary Supply**, Inc. announced financial results for its second quarter ended March 31, 2014. Total revenues were \$721 million for the quarter, 28% higher than revenues for the same period in the prior fiscal year. Excluding the impact of the acquisition of substantially all of the assets of IVESCO Holdings, LLC, which closed on November 1, 2013, revenue growth was 8% in the US. Net income was \$16.8 million for the quarter, 11% higher than net income for the same period in the prior fiscal year. (*company website*)

> **Henry Schein**, Inc. reported record financial results for the first quarter of 2014. Animal Health sales increased 2% to \$655 million. The growth included a 0.4% decline in North America to \$306 million, and 4% growth in International. (*Wall Street Journal*)

> **Central Garden & Pet Company** reported financial results for the second fiscal quarter ended March 29, 2014. Net sales for the Pet segment for the quarter were \$217 million, a decrease of 8% over the second quarter of 2013. The Pet segment's operating income was \$24.2 million, a decline from \$27.5 million in the prior-year period. (*company website*)

> **Spectrum Brands Holdings**, Inc. reported record fiscal 2014 second quarter results for the period ended March 30, 2014. The Global Pet Supplies segment reported net sales of \$159 million in the quarter, a decline of 1% compared to the second quarter last year. Segment net income, as adjusted, was \$19.4 million in the second quarter of fiscal 2014 versus \$16.4 million in the second quarter of fiscal 2013. (*company website*)

> **PetMed Express**, Inc. announced financial results for the fiscal year ended March 31, 2014. Net sales were \$233 million, an increase of 2% compared to the year ended March 31, 2013. Net income was \$18 million, an increase of 5% compared to the prior year. (*company website*)

COMPANY NEWS RELEASES

> **Dechra Veterinary Products** announced it has received approval from FDA-CVM to manufacture Vetropolycin (bacitracin-neomycin-polymyxin) Veterinary Ophthalmic Ointment and Vetropolycin HC (bacitracin-neomycin-polymyxin-hydrocortisone acetate 1%) Veterinary Ophthalmic Ointment, returning these products to the US market. (*company press release*)

> **Provetis**, a new animal health company, has been formed through a collaboration of leading scientists and commercialization experts in the US and Canada to create new veterinary drugs and products for companion and production animals. The company has five products in various stages of development and expects to launch the first product in late 2015. (*company press release*)

> **Nestlé Purina** has filed a lawsuit against **Blue Buffalo** in US District Court, alleging false advertising, disparagement, and unjust enrichment, including violations of the Federal Lanham Act. The lawsuit follows a March 2014 decision of the National Advertising Division (NAD) of the

Council of Better Business Bureaus, which found that Blue Buffalo is engaging in misleading advertising practices with respect to its claims about competing products and recommended that Blue Buffalo modify its claims. (*Veterinary Practice News, company press release*)

> **Purina Animal Nutrition** introduced Super-Sport amino acid supplement to support equine performance and overall fitness. (*Feedstuffs*)

> The FDA announced the approval of Halamid Aqua, a chloramine-T powder for immersion, to treat bacterial gill disease in freshwater-reared salmonids, external columnaris disease in walleye, and external columnaris disease in freshwater-reared warm water finfish. Halamid Aqua is a product of French company **Axcentive SARL** and is distributed by **Western Chemicals**. (*FDA*)

ANIMAL HEALTH NEWS

> **TAIWAN - AVIAN INFLUENZA** Taiwan's Council of Agriculture reported that the H5N2 avian influenza was confirmed in a poultry market in Taipei, marking the first time that the highly pathogenic strain has been found outside of a poultry farm. The sample was traced to a farm in another county. (*AVMA SmartBrief - China Post*)

> **BRAZIL - BSE** A case of bovine spongiform encephalopathy has been confirmed in a cow in Brazil. Meat and other products from this animal did not enter the food chain. The animal's movement was traced and 49 offspring were located on 10 other properties. The offspring did not show clinical signs, but the animals were destroyed and tested negative for BSE. (*Feedstuffs*)

> **EU - PEDV** In an effort to prevent the spread of Porcine Epidemic Diarrhea (PEDv), the EU Commission issued new rules that require pork by-products used for animal feed be treated to 80 degrees C. before they can be imported. Additionally, the products must be stored for six weeks to eliminate any virus that may have contaminated the blood after treatment. EU officials declined to issue a complete ban on the importation of live hogs, semen and pork by-products from the US and Canada; no live imports are scheduled for this year. (*Feedstuffs*)

BRAKKE CONSULTING VIEWPOINT

Most of the earnings releases this week reflect a soft marketplace for pet and veterinary products the first quarter of 2014. Excluding acquisitions none of the firms reporting experienced significant growth compared to prior year-ago periods. A number of companies believe the soft quarter was because of some difficult winter conditions in parts of the US. Was it really the weather? If it was the weather, will those product units or services be recovered in the second or third quarter, or will they be lost revenue?

As it relates to disease challenges for the industry, we noted new outbreaks of Avian Influenza and BSE this week to go along with the continuing spread of PEDV in the US and other parts of the world. The diagnosis and treatment of these three diseases offer some commercial opportunities for companies to resolve.

Have a great weekend!

Ron Brakke

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