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Brakke Consulting's
Animal Health News & Notes for August 17, 2012
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IN THE NEWS:

Brakke news
Future of Veterinary Practice study

earnings news
Boehringer Ingelheim Vetmedica
ImmuCell
PetSmart

other news
Bioniche
Imagilin Technology
Pets Best Insurance
Pfizer
Teva
Zoetis

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BRAKKE CONSULTING, INC.
The Companion Animal Practice in 2017 and 2022

What will companion animal clinics look like in 2017 and 2022? How will these changes impact the delivery of veterinary care to pet owners? As the operation and ownership of companion animal clinics evolves over the coming years, the companies providing products and services may need to change their operational assumptions.

This new Brakke Consulting's comprehensive market study, "The Companion Animal Practice in 2017 and 2022: A View of the Future" hopes to provide the answers to these and other questions by providing an analysis of current converging trends in the companion animal profession and pet owner utilization of veterinary services. The study will summarize and project the potential implications of these trends for providers.

The study will be available in early 2013. To pre-purchase this important strategic planning tool, or for more information, contact Ron Brakke at RBrakke@Brakkeconsulting.com or Susan Warren at SWarren@BrakkeConsulting.com .

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COMPANY EARNINGS RELEASES

> Boehringer Ingelheim reported financial results for the first half of 2012. The animal health sector achieved total sales of EUR 527 million ($650 million) in the first half of 2012, an increase of 13% (currency-adjusted growth of 8%). *(company website)*

> ImmuCell Corporation announced the results of its operations for the three-months ended June 30, 2012. Product sales decreased by 6% to $1,175,000 in comparison to the same period

in 2011. Net operating income was $37,000 in contrast to a net operating loss of ($433,000) during the same period in 2011. *(company press release)*

> PetSmart, Inc. reported results for the second quarter of 2012. Net income totaled $79 million in the quarter, compared to $61 million in the second quarter of 2011. Total sales increased 9% to $1.6 billion. Comparable store sales grew 7%. *(company website)*

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COMPANY NEWS RELEASES

> Pfizer announced that its subsidiary, **Zoetis**, filed a registration statement with the US Securities and Exchange Commission for a potential initial public offering of Class A common stock. The offering is expected to represent an ownership stake of up to 20%. The number of shares to be offered and the price range for the offering have not yet been determined. *(company website)*

> Teva Animal Health announced it has received authorization to resume manufacturing and marketing of solid oral dosage form products from the FDA. This follows authorization for non sterile liquid operations granted earlier this year. *(company press release)*

> Bioniche Life Sciences Inc. announced that it has entered into a distribution agreement with **Imagilin Technology** LLC to distribute MitoHorse, an equine probiotic. MitoHorse is a special formula of two beneficial microorganisms, *Pediococcus acidilactici* and *Saccharomyces boulardii. (company website)*

> Pets Best Insurance introduced a low cost feline-only illness cat insurance plan. Pets Best Insurance has offered pet insurance policies to both cats and dogs since 2005, but this feline-only illness plan is the first of its kind, in that it only covers costly feline illnesses, whereas the standard plans cover both illness and accidents. *(company press release)*

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ANIMAL HEALTH NEWS

> US - ANTHRAX Anthrax has been confirmed in at least one of 50 head of cattle found dead on a Logan County ranch in Colorado. This is the first anthrax case in Colorado in 31 years. Authorities have quarantined the affected ranch and notified nearby ranchers of the threat. *(Vet Advantage - Denver Post)*

> BRAZIL - GENERICS A new law approving the production and use of generic veterinary drugs has been approved in Brazil and will become effective on October 18. However, as the Ministry of Agriculture has yet to publish the regulations and associated technical standards for generic products, the animal health industry is being cautious in assessing the potential impact of the legislation. *(Animal Pharm)*

> US - ANTIBIOTIC REGULATION A federal court in New York ruled that the FDA cannot delay regulatory proceedings for penicillin and tetracyclines use in livestock. The court action 1) ensures that action is not delayed further until after the resolution of an appeal by FDA of the court's original decision to mandate these proceedings and 2) imposes a deadline for the completion of the proceedings (thereby rejecting FDA's arguments that a schedule was not needed). FDA will have approximately five years to complete proceedings. *(Feedstuffs)*

> US - MEAT SUPPLY Agriculture Secretary Tom Vilsack announced that the USDA plans to purchase up to $170 million of pork, lamb, chicken, and catfish for federal food nutrition assistance programs, including food banks. The purchase will help relieve pressure on American

livestock producers during the drought, while helping to bring the nation's meat supply in line with demand. *(Feedstuffs)*

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2012 ANIMAL HEALTH INVESTMENT FORUM
Tuesday, August 28, 2012
Kansas City

This year's KC Animal Health Investment Forum will feature presentations from 13 animal health companies from around the world. Presentations will include diagnostics, delivery systems, biologicals, pharmaceuticals, devices, growth promotants, enzymes and oncology among others.

To register, go to http://www.kcanimalhealthforum.com/index.php/register-to-attend/

www.kcanimalhealthforum.com

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BRAKKE CONSULTING VIEWPOINT

Congratulations to Tony Ueber and the Banfield Pet Hospital team on holding another very successful Pet Healthcare Industry Summit this past week in Portland. The summit focused on two key issues, the first being the need for additional companion animal research to improve the health of pets. Several outstanding speakers and individuals from the floor provided their views on possible opportunities to resolve the decline in basic product research for companion animals.

The other issue that was addressed was the well-being of veterinarians, both physically and mentally. Presentations were made regarding how various programs and support systems have been developed or are being developed to address the wellness issues of veterinary students and practicing veterinarians. It was an excellent program!

While the animal health industry and veterinary profession face some challenges, we're encouraged to see the continued revenue growth the first half of the year. Even in the face of drought and a limited number of new product introductions, we're observing positive growth in a number of product categories. The industry needs to continue to invest in educating consumers on the values of the products and services offered by the animal health industry.

Have a good weekend!!

Ron Brakke

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