
**Brakke Consulting's
Animal Health News & Notes for August 2, 2013**
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**BRAKKE CONSULTING, INC.
UNDERSTANDING THE OVER-THE-COUNTER MARKET**

Whether your business is considering the OTC channels for new business opportunities or you have been distributing in the OTC channels for years, Brakke Consulting's team can provide significant and quality assistance to businesses seeking to learn more about the details of the OTC channels of distribution. If you are looking for meaningful insights into the OTC channels, the trends found there, and the opportunities that exist, contact our Dallas office or Joel Adamson at jadamson@brakkeconsulting.com.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Merck** announced financial results for the second quarter of 2013. Animal Health sales totaled \$851 million for the second quarter of 2013, a 2% decline compared with the second quarter of 2012, including a 3% negative impact due to foreign exchange. (*company press release*)

> Sanofi reported financial results for the second quarter of 2013. Sales for **Merial** were down 6% to EUR 529 million (\$701 million), impacted by unfavorable weather conditions and increased competition to Frontline. (*company website*)

> **Bayer** reported financial results for the second quarter of 2013. Sales of the Animal Health Division rose by 0.6% (2.5% currency & portfolio adjusted) to EUR 362 million (\$480 million). (*company website*)

> **MWI Veterinary Supply, Inc.** announced financial results for its third quarter ended June 30, 2013. Total revenues were \$606 million for the quarter, 9% higher than revenues for the same period in the prior fiscal year. Revenue growth was 11% in the US. Net income was \$16.8 million for the quarter, 16% higher than net income for the same period in the prior fiscal year. (*company website*)

> **Nutreco** reported results for the first half of 2013. Group revenue for the first half was EUR 2.4 billion (\$3.16 billion), a 2% increase compared to the first half of 2012. EBITA before exceptional items from continuing operations was EUR 94.1 million, compared to EUR 103.6 million during the same period in 2012. (*Animal Pharm*)

> **Hester Biosciences** reported results for the year ending May 31, 2013. Hester's turnover for 2012/2013 was R651 million (\$10.9 million), a 35% increase compared to the financial year 2011/2012. (*Animal Pharm*)

COMPANY NEWS RELEASES

> **Merial** announced it has appointed Carsten Hellman to replace its existing executive chairman Jose Barella, who is leaving to pursue other opportunities. Mr. Hellman, a Danish national, will take up his new position from the beginning of September. He was previously executive vice president global sales for Chr. Hansen. (*Animal Pharm*)

> **Aurora Pharmaceutical** announced the FDA approval of Equisul-SDT (Sulfadiazine/Trimethoprim) suspension. Equisul-SDT is approved for the treatment of lower respiratory tract infections in horses caused by susceptible strains of *Streptococcus equi* subsp. *zooepidemicus*. (*company press release*)

> **Vets Plus, Inc.** and **Ashish Life Science Pvt. Ltd.** announced a partnership to develop pharmaceutical formulations for veterinary health. The partnership also includes an exclusive agreement for distribution in the US. Vets Plus, Inc. is a US-based manufacturer of nutritional supplements; Ashish Life Science, based in India, focuses on veterinary drugs. (*company press release*)

> **Animart, Inc.** announced the recent addition of Feed-O-Meter to the Track a Cow electronic heat detection system. Feed-O-Meter creates a 10-day behavior history measuring feeding behavior including visits to and total amount of time spent at the feed bunk. These reports are sent immediately to producers' device of choice for analysis. (*company press release*)

> **Nanochip ID Inc.** announced the launch of its advanced technology lost pet recovery service, offering free microchips to veterinarians and shelters. Implantation of the Nanochips is done with a needle half the size of the standard needle currently used, and every Nanochip is 100% encapsulated with Bio-C, the same compound used for human implants. Nanochip operates with mobile-enabled, cloud-based online services. (*petpr.com*)

> UK **Merial** announced it has submitted an application to the UK's Veterinary Medicines Directorate (VMD) for regulatory approval and licensing of a vaccine to protect sheep and cattle from Schmallenberg virus. According to the company, the vaccine is expected to be available for use this fall. (*FarmersWeekly*)

ANIMAL HEALTH NEWS

> UK - PET ALLERGIES Scientists at the University of Cambridge's Department of Veterinary Medicine have shed new light on the mechanism behind human allergic reactions to cat dander. Fel D1, a cat dander protein, becomes allergenic when it combines with bacterial lipopolysaccharide, and together they stimulate a receptor known to cause other types of allergic reactions. Medications that inhibit the receptor already exist, so the scientists think their finding may lead to a cure for people with cat allergies. Dog dander combined with LPS also stimulated the receptor, and people with dog allergies could also benefit from the research. (AVMA SmartBrief - CBS News)

> US - PRRS RESEARCH USDA scientists have discovered a genetic marker that shows which pigs are resistant to the effects of PRRS. With this knowledge, producers and animal breeders could introduce PRRS tolerant swine into their herds thereby reducing the effects of the virus. (Vet Advantage)

2013 KC Animal Health Corridor Homecoming Dinner Monday, August 26, 2013 Kansas City Convention Center

Connect with 750 animal health industry professionals and join the Corridor in honoring this year's Iron Paw Award recipient, Dr. Jim Nave. This year's entertainment features Animal Planet personality Victoria Stilwell, champion for positive pet training and the human/animal bond.

The event will be held on Monday, August 26 from 5 – 9 p.m. at the Kansas City Convention Center Grand Ballroom.

Visit <http://www.kcanimalhealth.com/index.php/events/animal-health-corridor-homecoming/register-now/> for full details and registration.

www.kcanimalhealth.com

BRAKKE CONSULTING VIEWPOINT

While some groups are putting a positive spin on how rapidly the companion animal markets are growing in 2013, the results from some of the leading service and manufacturing companies for the second quarter of the year do not support that optimism. As we've mentioned a number of times, if price increases (inflation) are taken out of the revenue numbers the results would be even more challenging. If you're expecting revenue to catch up in the second half of the year without new product introductions we believe you're likely to be disappointed come year-end. In the food animal area, I've just completed reading several articles on the beef industry, and with low cattle numbers it's difficult to see much gain there to offset the disappointments in the companion animal market.

The product areas that seem to be growing close to double-digit levels are areas that many animal health companies seem to have avoided. Stay tuned, that may be changing in the future!!

Have a great weekend, it is HOT in Dallas!!

Ron Brakke

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