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**Brakke Consulting's  
Animal Health News & Notes for August 22, 2014**  
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**BRAKKE CONSULTING, INC.  
STRATEGIC PLANNING SERVICES**

Brakke Consulting is an excellent resource for your company's strategic planning. Some of the services we offer include:

- Reviewing revenue estimates and success probability of your product pipeline.
- Reviewing the timing of various new product introductions.
- Benchmarking various functions against company competitors in the larger markets.

Through strategic planning, Brakke Consulting can help improve the likelihood of success for your company's future endeavors.

Contact us for professional assistance in any of these areas.

[www.BrakkeConsulting.com](http://www.BrakkeConsulting.com)

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**CORRECTION**

Last week's announcement regarding the FDA approval for Merial's Duocare should have reported the active ingredients as ivermectin/praziquantel, not ivermectin/pyrantel.

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## COMPANY EARNINGS RELEASES

> **Patterson Companies, Inc.** reported results for its fiscal first quarter, ended July 26, 2014. Sales for the Veterinary unit increased nearly 94% from the prior year period to \$386 million. US sales were up nearly 7% from the previous year, totaling approximately \$213 million. (*company website*)

> **PetSmart, Inc.** announced financial results for the second quarter of 2014. Net sales increased 1% to \$1.7 billion. Comparable store sales decreased 0.5%; services sales, which are included in net sales, grew 5% to \$214 million. Net income increased 5% to \$98.1 million compared to the prior year period. (*company website*)

> **Skystar Bio-Pharmaceutical Company** reported unaudited results for the second quarter of 2014. Skystar's revenues were roughly \$14.2 million, a 26% increase compared to the comparable quarter in 2013. Overall increase in revenue was primarily due to an increase in veterinary medications sales. (*Marketwatch.com*)

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## COMPANY NEWS RELEASES

> **Zoetis** announced that the USDA has granted Foster PCV MH an extended label claim of at least 23 weeks of protection against PCV2, which is three weeks longer than any other PCV2 vaccine on the market. (*company press release*)

> **Boehringer Ingelheim Vetmedica Inc.** announced the opening of a \$28.7 million warehouse and packaging plant in St. Joseph, MO. The plant will eventually have 150 employees, and could be expanded by about 100,000 square feet for manufacturing. (*KWWL.com*)

> **Dechra Veterinary Products** announced the availability of Eicosa3FF SnipCaps Omega 3 Fatty Acid Capsules. The Eicosa3FF SnipCaps provide a concentrated source of beneficial Omega 3 fatty acids in the free fatty acid form. The highly concentrated free fatty acid presentation allow for efficient dosing with a lower risk of digestive upset. (*company press release*)

> **Bimeda** announced the launch of GentaMed-P (gentamicin sulfate) for Poultry Injection, an anti-infective that prevents early mortality in day-old chickens and 1 to 3 day-old turkeys. (*company press release*)

> **PetSmart Inc.** management confirmed that, following discussions with major shareholders, the company is exploring strategic alternatives, including a potential sale of the company. No further details have been shared. (*Reuters*)

> Following an agreement with the World Animal Protection, **Nestlé** has announced that the 7,300 farms that supply it with meat, poultry, and eggs will now have to comply with sterner animal welfare standards. The agreement marks the first time a major food company has formed an international partnership with an animal welfare non-government organization. (*Feedstuffs*)

> **Blue Buffalo Company** announced the opening of its new Heartland Pet Food Manufacturing facility. Located on 34 acres in Joplin, Missouri, the 416,000 sq. ft. facility includes a state-of-the-art dry pet food manufacturing plant and an attached full-service distribution center. (*PRNewswire*)

> **GlobalVetLINK** announced the acquisition of Health Information Management System (HIMS), an established software solution from **Carthage Veterinary Service, Ltd (CVS)**. Together, Carthage Veterinary Service and GlobalVetLINK aim to deliver the HIMS solution to all animal health stakeholders. Terms were not disclosed. (*Feedstuffs*)

> **Vet-Advantage** announced the launch of the App version of its Consumer Price Index for the veterinary community. This unique app can help veterinary professionals align and price selected retail products so they can compete with online retailers and big box retail outlets. (*company press release*)

> **MOON** - An Innovate Veterinary Collaborative, announced it has signed agreements with Atlantic Street Veterinary Hospital Pet Emergency Center and with Madison Veterinary Specialists, bringing the number of member practices in the network to nine, with 18 locations across the US and over \$158 million in combined revenue. (*company press release*)

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## **ANIMAL HEALTH NEWS**

> **US - EQUINE PHOTOSENSITIZATION** Dozens of cases of horses with photosensitization have occurred in recent weeks across Southern California, and animal health officials suspect the recent drought altered the natural components of alfalfa, possibly setting off the painful skin problem after the horses ate the hay. State and academic experts are testing the alfalfa, and owners are advised to keep affected animals out of the sun and seek veterinary care as needed because animals with severe cases can develop dangerous infections. (*AVMA Smartbrief - Press-Enterprise*)

> **US - VESICULAR STOMATITIS** Vesicular stomatitis has been diagnosed at nearly 190 locations across Colorado and Texas since the viral outbreak began in late May. The USDA reported last week that 76 new premises have been identified since Aug. 6. The new cases involved 105 horses, five head of cattle and three previously disease-free counties. Two of the newly infected counties, Broomfield and Jefferson, are in Colorado, while the other is Williamson County, Texas. (*Vet Advantage*)

> **US - PEDV** Research conducted by Pipestone Veterinary Services and South Dakota State University has confirmed that feed can be a carrier of the porcine epidemic diarrhea virus (PEDV). The work was reported in *BMC Veterinary Research*. It is important to note that being a carrier of the virus does not mean that feed is the source of the virus. (*Feedstuffs*)

> **US - CANINE IMPORT REGULATIONS** The USDA has imposed new restrictions on the importation of puppies under 6 months old. The rule, part of an amendment to the Animal Welfare Act, prohibits young puppies from entering the continental US for resale, research or veterinary purposes. Puppies under 6 months old will be permitted if they are a personal pet, breeding stock, or a show, competition or training dog. The regulations go into effect Nov. 17, 2014. (*DogChannel.com*)

> **US - FELINE CLIENT BROCHURE** The American Association of Feline Practitioners (AAFP) has released a brochure, "Feline House-Soiling: Useful Information for Cat Owners," which describes the causes, treatment, management and prevention of house-soiling. Cat owner education is the key to resolving house-soiling behaviors. The brochure is sponsored by **Ceva Animal Health**. (*Vet Advantage*)

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## **BRAKKE CONSULTING VIEWPOINT**

The news this week reflects that it is mid-August. Only a few companies are reporting financial results for the last quarter or full year and there are a limited number of new product introductions. Several managers appear to be taking their last few days of summer vacation before they present the final 2015 budgets to management for approval.

Currently there are some challenges in the marketplace but we believe that we're likely to see an improving food animal sector in 2015 as feed grain prices decline and animal numbers begin to increase. The companion animal sector, without new product introductions into new areas of medicine, will find 2015 challenging. The real median household income decline the past few years is a factor in the softness of the companion animal market and will remain so next year. Most economists see little or no positive change to the household income trend the next couple of years. We suggest that companies budget conservatively for 2015 except for the rapidly increasing amounts for outside consulting services.

We will see many of you in Kansas City at the Homecoming Event and Investment Forum. Have a great weekend!

*Ron Brakke*

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