
**Brakke Consulting's
Animal Health News & Notes for September 12, 2014**
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Editor: Lynn Fondon DVM MBA

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**COMING IN OCTOBER
BRAKKE CONSULTING, INC.
NEW REPORT: 2014 CANCER IN DOGS AND CATS
EARLY-ORDER DISCOUNT ENDS SEPTEMBER 19!**

In 2009, Brakke Consulting published an overview of the treatment of cancer in dogs and cats. We are pleased to announce that an update of this highly regarded report will be available this October.

The 2014 Cancer Study includes information on the incidence, diagnosis, and treatment of the common veterinary cancers, including treatment cost estimates. The study includes a survey of 250 general veterinary practitioners as well as interviews with veterinary oncologists. Reviews of new and developing veterinary cancer chemotherapeutics are included in the report as well.

The report is available for pre-order for \$7,750 through September 19. For more information, please visit our website or contact Dr. Lynn Fondon at lfondon@brakkeconsulting.com.

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COMPANY EARNINGS RELEASES

> **Dechra Pharmaceuticals** reported results for the 12 months ended June 30, 2014. Revenues reached GBP 194 million (\$312 million) for the fiscal year, an increase of 2% compared to the prior year's continuing operations. Total pharmaceuticals sales climbed by 1.5% to GBP 147

million (\$236 million). The company's underlying EBITDA for fiscal 2014 was GBP 46 million (\$74 million), an increase of 8% compared to the prior year. (*company website*)

> **Big Heart Pet Brands** reported results for the first quarter of fiscal 2015 ended July 27, 2014. Net sales increased 10% to \$530 million driven by volume from the prior year acquisition of Natural Balance (on July 15, 2013) and successful new product launches across the portfolio, partially offset by volume declines in certain lower margin pet food products. Net income declined 43% to \$11.3 million, attributable in part to the unfavorable impact of cash hedge positions. (*company press release*)

> **Genus** reported financial results for the 12 months ended June 30, 2014. The company reported an operating profit of GBP 41.8 million (\$68.8 million) on revenues of GBP 372 million (\$612 million) for the year, up from the GBP 36.3 million and GBP 345 million from the previous year. (*Animal Pharm*)

> **Sanderson Farms Inc.** reported results for its fiscal 2014 third quarter ended July 31. Net sales were \$768 million, an increase of 4% compared to the comparable period in the prior year. Net income was \$76.1 million, 12% higher than net income in the prior year. (*Feedstuffs*)

COMPANY NEWS RELEASES

> **Merck Animal Health** announced the introduction of Prime Pac PRRS+, a vaccine for reducing clinical signs of reproductive disease in female breeding-age swine and respiratory disease in pigs 3 to 4 weeks of age and older due to porcine reproductive and respiratory syndrome virus (PRRSv). (*company press release*)

> **Veterinary Pet Insurance's** parent company, Nationwide Mutual Insurance Co., announced that a family of subsidiaries including Veterinary Pet Insurance will be rebranded over the next 18 months. Nationwide aims to bring all its businesses under the same corporate brand and an updated logo. (*Veterinary Practice News*)

> EU **InVivo** announced it will acquire **Pancosma**, a Swiss feed additive manufacturer. Pancosma has a range of seven different product lines, and has manufacturing plants in France, Switzerland, Canada, Poland and China. Financial terms of the deal were not disclosed. (*Animal Pharm*)

> TURKEY Indian company **Alivira Animal Health** announced it has acquired a 60% stake in **Provet Veterinary Products**, the largest domestic animal health firm in Turkey. This is the first acquisition for Alivira, a joint venture between Shasun Pharmaceuticals and SeQuent Scientific. Financial terms were not disclosed. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> US - LPAI The US has reported an outbreak of low pathogenic avian influenza (LPAI) for the first time in five years. The H7 outbreak took place in southeastern New Jersey at a duck breeding center and reserve, affecting a susceptible flock of 48,000 birds. Quarantine controls have been imposed. There is no vaccination strategy. (*Animal Pharm*)

> US - ANIMAL DRUG REGULATIONS The FDA announced it is soliciting public comment on expanding the availability of conditional approvals for new animal drugs beginning September 9. The FDA is considering expanding the use of conditional approval in accordance with Animal Drug User Fee Amendments of 2013 (ADUFA III) performance goals. The FDA invites public

comment as the agency explores this change. The comment period will close on March 9, 2015. (FDA)

> EU - ANIMAL DRUG REGULATIONS The European Commission adopted proposals on veterinary medicinal products and medicated feed for improving the health and well being of animals, tackling antimicrobial resistance (AMR) in the European Union and fostering innovation. The proposal on veterinary medicinal products aims in particular to make more medicines available in the EU to treat and prevent diseases in animals. The proposal on the modernization of medicated feed legislation now includes feed for pets in its scope. Other EU institutions will now consider the Commission's proposals and adopt their positions in due course, in accordance with the co-decision procedure. (RTTNews.com)

> US - VETERINARY SCHOOLS The University of Arizona College of Agriculture and Life Sciences has received a foundational gift of \$9 million from the Kemper and Ethel Marley Foundation, to establish the state's first public veterinary medical and surgical program to train doctors of veterinary medicine. Midwestern University, a private university in Glendale, Arizona, opened its veterinary school in 2014. (Vet Advantage)

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TRANSACTION ASSISTANCE
When the Time Is Right**

Buying, selling or merging? We can help!

Brakke Consulting assists many clients with technology in-licensing and out-licensing, mergers, acquisitions and divestitures. Our transaction experts can provide the insight, ability and contacts you need in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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BRAKKE CONSULTING VIEWPOINT

Currently, many of our clients are involved in the budget process for 2015 and beyond. We've heard from a number of them regarding our expectations for animal health over the next 18 months. Based on the revenues for most companies in the first 6 months of 2014 and external general economic consumer reports, we continue to believe that 2015 is likely to look at lot like 2013 and 2014. Increased revenue and unit volume growth will be limited. The industry is currently experiencing a revenue reset in both the companion and food animal markets. The consolidation of manufacturers and distributors will continue to enable some companies to show revenue increases exceeding the total market growth. Those companies without significant new product introductions or acquisitions will find the next few quarters challenging.

Have a good weekend! Fall is here!

Ron Brakke

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Brakke Consulting, Inc.
12005 Ford Rd., Suite 530
Dallas, TX 75234 USA