

BRAKKE CONSULTING, INC.

Animal Health News & Notes for January 13, 2012

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Brakke News

2012 Overview registration

Pet Owner Channel Study

Earnings news

Cargill

DS Pharma Animal Health

Other News

ALLPRO Imaging

Associate Veterinary
Clinics

BioPharma Products

Eden Research

Links Medical

Products

Modern Veterinary

Therapeutics

Nylabone

Prevent Plans

Royal Canin

Teva

VCA Antech

VetSource

Vita-Flex Nutrition

BRAKKE CONSULTING, INC.

2012 PET OWNER CHANNEL USE STUDY

NOW AVAILABLE

A new study of pet owner buying behavior is now available. The Pet Owner Channel Use Study, produced by Brakke Consulting and The Pert Group, is a national survey of 1,200 dog and cat owners that examines purchase frequency by type of outlet for seven major categories of products. It explores channel switching, and the importance of convenience, price and veterinary recommendations on buying decisions.

This 200-page report shows significant shifts in channel preference, veterinarian influence and professional channel vulnerabilities compared to a similar study four years ago. A special feature of this new report compares differences in behaviors between pet owners who regularly visit the vet and those that don't.

The new Pet Owner Channel Use Study is now available at a cost of \$12,500. For information, contact John Volk at jvolk@brakkeconsulting.com

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

DS Pharma Animal Health Company reported its financial results for the first half of fiscal 2011 ended September 30, 2011. Net sales of animal health products decreased 2% to Y 5.6 billion (\$73 million) compared to the same period of last year. Although companion animal and livestock product sales have maintained the same level, aquaculture products declined substantially. (company information)

Cargill reported consolidated revenues in the 2012 second quarter ended November 30, 2011 were \$33.3 billion, up 17% from a year ago. Earnings from continuing operations for the quarter were \$100 million, an 88% decrease from \$832 million in the same period a year ago. (company website)

COMPANY NEWS RELEASES

Eden Research announced that Teva Animal Health has entered into a licensing agreement with Eden, giving Teva the exclusive rights to develop, manufacture and market products in the future for the treatment of common bacterial, fungal, and/or parasitic pathogens in the veterinary health space. In addition to a \$100,000 license fee received, the agreement provides for Teva to pay further milestone payments totaling \$800,000, plus royalty payments once sales of the products begin. (MarketWire)

VetSource announced that BioPharma Products' OsteoBioScaff is now available. OsteoBioScaff is labeled for the repair of fractures, bone defects, delayed unions, non-unions, osteotomies and arthrodesis. The OsteoBioScaff hydrogel is injected in or near injured tissue and provides a structural matrix which aids in the promotion of existing repair cells to infiltrate and heal the damaged tissue. (company press release)

Modern Veterinary Therapeutics, LLC announced that the USDA-Center for Veterinary Biologics has approved its new and enhanced Anigen Rapid One-Step Canine Heartworm Antigen Test Kit (company press release)

Royal Canin Veterinary Diet announced a partnership with Prevent Plans' Well Pet Plans. Well Pet Plans are completely based on preventive care for pets, and Royal Canin will offer an opportunity to provide quality nutritional solutions to all dogs and cats in addition to regular veterinary office visits. (company press release)

Vita-Flex Nutrition introduced Vision Focusing and Calming Supplement for horses. Vision contains a unique combination of seven active ingredients and won't cause drowsiness or affect performance, and is available in easy-to-administer paste and pellet formulas. (company press release)

Links Medical Products Inc. announced the introduction of the company's new medical-grade Manuka honey dressings for use in advanced veterinary wound care to help manage and treat animal wounds and burns and to speed healing. (Business Wire)

ALLPRO Imaging introduced the space-saving ScanX Ellipse Cassette-Fed Computed Radiography System for Veterinarians. The ScanX Ellipse features the smallest footprint for this type of system in the industry: less than 1.9 square feet. (Business Wire)

Nylabone announced the launch of new grain-free biscuits. The grain-free biscuits are turkey-flavored and include ingredients such as peas, turkey meat, blueberries, cranberries and flaxseed, and contain eight calories each. They will be made available to consumers in select US states through Costco Warehouse. (Pet-food Industry enews)

CANADA VCA Antech, Inc. announced it will purchase Associate Veterinary Clinics, Ltd. ("AVC"). AVC has developed the largest network of animal hospitals in Canada, with 44 hospitals in three provinces, and pro forma annual revenue of approximately C\$95 million. VCA Antech initially invested in AVC in January 2008. After this transaction, VCA's investment will total approximately C\$77 million. (company press release)

ANIMAL HEALTH NEWS

US - EQUINE HERPESVIRUS North Carolina has confirmed the state's first-ever case of the neurologic

form of equine herpesvirus (EHV-1). North Carolina State University, where the affected horse was taken for treatment, says it is working with the veterinary division in the North Carolina Department of Agriculture and Consumer Services to determine whether other animals have been exposed to the virus. (DVM360)

**BRAKKE CONSULTING, INC.
REGISTER NOW FOR INDUSTRY OVERVIEW**

Brakke Consulting will present the 2012 US Animal Health Industry Overview twice this winter - once at the North American Veterinary Conference in Orlando, Florida and once at the Western Veterinary Conference in Las Vegas, Nevada. These dates are:

- NAVC: Monday, January 16th from 2:00 – 4:00 pm at the Gaylord Palms.
- WVC: Tuesday, February 21st from 2:00 – 4:00 pm at the Four Seasons.

Registration for the Industry Overview at the NAVC and WVC is now open. To register go to www.brakkeconsulting.com and scroll down to the “What’s New” box. The price is \$375 per person for online registration; late registration is \$425. Please note that NAVC attendees must now register on-site the day of the Overview.

www.BrakkeConsulting.com

BRAKKE CONSULTING VIEWPOINT

Well, it’s been a couple of interesting weeks in US Presidential politics and the animal health industry. If you think I’m going to comment any more on the political environment you’ll just have to wait!!

However, I will mention that the revenue numbers that we’re preparing for the 2012 Industry Overview are better than was expected when we started out 2011. While many product areas seem to lack significant unit or dose increases year over year, the value of the products because of price increases keeps generating more revenue. How long will this continue? Will 2012 be the year when pet owners and protein consumers decide that the value may not be there? I guess we’ll know in another 12 months.

Things they are a-changing in animal health, including management teams, consumer attitudes, high grain prices, etc. We’ll cover all of these topics and more in our Industry Overview in Orlando on Monday afternoon. If you’re not yet signed up, you can still do so at the door. We look forward to seeing many of you in Orlando and learning of your new initiatives in 2012!! It should be another great meeting!!

Have a great weekend and travel safe if you are heading to Orlando for NAVC!!

Ron Brakke