Animal Health Products

US Industry Study with Forecasts for 2016 & 2021

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# Table of Contents

**EXECUTIVE SUMMARY**

**MARKET ENVIRONMENT**
- General .................................................. 4
- Macroeconomic Outlook .......................... 4
- Demographic Outlook .............................. 8
- Consumer Spending Outlook ................... 11
- Agriculture Outlook ............................... 14
- Domestic Animal Population Outlook ....... 18
  - Livestock & Poultry Population .......... 20
  - Companion Animal Population .......... 23
- Animal Food Outlook .............................. 29
- Animal Feed ......................................... 30
- Pet Food ............................................. 32
- Animal Health Services Outlook .......... 34
- Pet Insurance Outlook ............................ 36
- Environmental & Regulatory Considerations .................. 39
  - Center for Veterinary Medicine .......... 40
  - United States Department of Agriculture .......... 44
  - Environmental Protection Agency ........ 47
  - Antibiotic Resistance ........................ 49
  - Other Animal Health Regulatory Issues ..... 50
- International Activity ............................ 54
- US Foreign Trade ................................... 57

**PRODUCTS**
- General .................................................. 59
- Nutritional Chemicals ............................. 62
  - Amino Acids ....................................... 65
  - Methionine ....................................... 67
  - Lysine ............................................ 69
  - Threonine ........................................ 70
  - Tryptophan & Other Amino Acids .......... 70
- Vitamins ............................................ 72
- Minerals ............................................ 74
  - Phosphates ....................................... 75
  - Trace Minerals ................................... 76
  - Other Minerals .................................. 77
- Enzymes ............................................. 78
- Other Nutritional Chemicals ................. 80
- Parasiticides ...................................... 83
- Companion Animals .............................. 85
- Livestock, Poultry, & Other Animals ...... 90

Vaccines ............................................. 92
- Livestock & Poultry .............................. 94
- Companion & Other Animals ................ 96
- Systemic Agents ................................. 99
  - Musculoskeletal System Agents .......... 101
- Endocrine/Reproductive System Agents .... 105
- Central Nervous System Agents .......... 107
- Gastrointestinal System Agents .......... 110
- Other Systemic Agents ...................... 113
- Growth Promotants ............................ 116
- Growth Promoting Hormones .............. 118
- Recombinant Growth Hormones .......... 119
- Other Hormones .................................. 119
- Growth Promoting Antibiotics ........... 120
- Other Growth Promotants .................. 122
- Therapeutic Antibiotics ..................... 124
- Diagnostics ....................................... 128
- Disinfectants & Antifungal Agents ....... 131
- Other Animal Health Products .......... 134

**END USERS**
- General .................................................. 139
- Animal Food Manufacturers ................ 141
- Animal Feed ........................................ 142
- Pet Food ............................................ 145
- Farms .................................................. 147
- Veterinarians ..................................... 150
- Households ........................................ 153
- Other End Users ................................... 156

**ANIMALS**
- General .................................................. 160
- Livestock & Poultry .............................. 162
  - Cattle & Calves ................................ 164
  - Poultry .......................................... 167
  - Hogs & Pigs ..................................... 170
  - Sheep & Lambs ................................ 173
  - Other Livestock ................................ 175
- Companion Animals ............................ 177
  - Dogs .............................................. 179
  - Cats .............................................. 183
  - Other Companion Animals ............... 186
- Other Animals ..................................... 187

**INDUSTRY STRUCTURE**
- General .................................................. 190
- Market Share ....................................... 192
- Acquisitions & Divestitures ................ 196
- Competitive Strategies ....................... 200
- Research & Development ..................... 202
- Cooperative Agreements ..................... 204
- Manufacturing .................................... 206
- Marketing .......................................... 209
- Distribution ....................................... 211

**COMPANY PROFILES**
- Abbott Laboratories .............................. 215
- ADER Enterprises ................................ 217
- Bayer AG ........................................... 218
- Beefeaters Holding Company .............. 221
- Boehringer Ingelheim ......................... 224
- Central Garden & Pet ......................... 227
- Ceva Sante Animale ............................. 232
- Church & Dwight ................................. 235
- Colgate-Palmolive Company ......... 236
- Ecolab Incorporated ......................... 239
- Evonik Industries ............................... 241
- Heska Corporation ............................... 243
- IDEXX Laboratories ......................... 246
- Lilly (Eli) and Company ..................... 249
- Mars Incorporated ............................... 251
- Merck & Company ............................... 254
- Nestlé SA ........................................... 261
- Novartis AG ....................................... 263
- PBI/Gordon Corporation ................. 266
- Perrigo Company ............................... 269
- PetAg Incorporated ......................... 272
- Pfizer Incorporated ......................... 274
- Procter & Gamble ............................... 278
- Royal DSM ......................................... 280
- Sanofi .............................................. 282
- Spectrum Brands ............................... 286
- Sumitomo Corporation ...................... 290
- VCA Antech ....................................... 293
- Virbac SA ........................................... 294
- Additional Companies in the US Animal Health Products Industry .......... 298
List of Tables/Charts

EXECUTIVE SUMMARY
1 Summary Table............................ 3

MARKET ENVIRONMENT
1 Macroeconomic Indicators............. 7
2 Population & Households............. 11
3 Personal Consumption
   Expenditures................................ 14
4 Agricultural Indicators ............... 18
5 Domestic Animal Population......... 19
6 Livestock & Poultry Population ..... 22
7 Cht Livestock & Poultry Population by Type, 2011 .................... 23
8 Animal Companion Population ....... 28
9 Cht Companion Animal Population by Type, 2011 .................... 29
10 Animal Food Supply & Demand .. 30
11 Animal Feed Supply & Demand.... 32
12 Pet Food Supply & Demand ......... 34
13 Animal Health Services ............. 36
14 Pet Insurance Revenues .......... 39
15 Cht World Animal Health Product Demand by Region, 2011 ........... 56
16 US Animal Health Product Foreign Trade ................................ 58

PRODUCTS
1 Animal Health Product Demand... 61
2 Animal Health Product Demand by Type, 2011 ....................... 62
3 Nutritional Chemical Demand by Type & Animal ................. 64
4 Cht Nutritional Chemical Demand by Type, 2011 ..................... 65
5 Cht Animal Health Amino Acid Demand ......................... 67
6 Animal Health Vitamin Demand .. 73
7 Animal Health Mineral Demand ... 75
8 Animal Health Enzyme Demand ... 80
9 Other Animal Health Nutritional Chemical Demand ............. 83
10 Parasiticide Demand .................. 85
11 Companion Animal Parasiticide Demand ...................... 90
12 Livestock/Poultry Vaccine Demand96
13 Companion & Other Animal Vaccine Demand ..................... 98
14 Cht Systemic Agent Demand by Type & Animal............ 100
15 Cht Systemic Agent Demand by Type, 2011 ..................... 101
16 Cht Musculoskeletal Systemic Agent Demand ............ 104
17 Cht Endocrine/Reproductive Systemic Agent Demand ...... 107
18 Cht Central Nervous System Agent Demand ......... 110
19 Cht Gastrointestinal Systemic Agent Demand ........ 113
20 Cht Other Systemic Agent Demand .... 116
21 Cht Animal Health Growth Promotant Demand by Type & Animal ...... 117
22 Cht Growth Promoting Hormone Demand ........ 118
23 Cht Growth Promoting Antibiotic Demand .......... 122
24 Cht Other Growth Promotant Demand 124
25 Cht Therapeutic Antibiotic Demand .. 128
26 Cht Animal Health Diagnostics Demand by Type & Animal ...... 131
27 Cht Animal Health Disinfectant & Antifungal Agent Demand ...... 134
28 Cht Other Animal Health Product Demand ..................... 138

END USERS
1 Animal Health Product
   Demand by End User ..................... 140
2 Animal Food Manufacturer
   Demand for Animal Health Products by Use & Product .......... 142
3 Cht Animal Feed Manufacturer
   Demand for Animal Health Products .... 145
4 Cht Animal Health Product Demand by End User, 2011 ................. 140
5 Cht Pet Food Manufacturer
   Demand for Animal Health Products .... 147
6 Cht Farm Demand for Animal
   Health Products ....................... 150
7 Cht Veterinarian Demand for
   Animal Health Products ................ 153
8 Cht Household Demand for
   Animal Health Products ............. 156
9 Other End User Demand for
   Animal Health Products .......... 159

ANIMALS
1 Cht Animal Health Product
   Demand by Animal ..................... 161
2 Cht Animal Health Product Demand by Animal, 2011 .................... 161
3 Cht Livestock & Poultry
   Demand for Animal Health Products by Animal & Product .......... 163
4 Cht Livestock & Poultry Demand
   for Animal Health Products by Animal, 2011 .................... 164
5 Cht Cattle & Calves Demand
   for Animal Health Products .......... 170
6 Cht Hogs & Pigs Demand
   for Animal Health Products .......... 173
7 Cht Sheep & Lambs Demand
   for Animal Health Products .......... 175
8 Cht Other Livestock Demand for
   Animal Health Products .......... 176
9 Cht Companion Animals Demand
   for Animal Health Products by Animal & Product .......... 178
10 Cht Companion Animal Demand
    for Animal Health Products by Animal, 2011 .................... 179
11 Cht Dogs Demand for Animal
   Health Products ..................... 182
12 Cht Cats Demand for Animal
   Health Products ..................... 185
13 Cht Other Companion Animals Demand for Animal Health Products .... 187
14 Other Animal Demand for
   Animal Health Products by Animal & Product .......... 189

INDUSTRY STRUCTURE
1 Cht US Animal Health Product
   Sales by Company, 2011 .................... 191
2 Cht US Animal Health Product
   Market Share, 2011 ..................... 192
3 Cht US Animal Health Product
   Acquisitions & Divestitures .......... 199
4 Cht US Animal Health Product
   Agreements ......................... 206
Preventive care will remain a driving factor in sales as owners of commercial and companion animals alike recognize the need to maintain good health conditions for their animals.

US demand to rise 3.5% annually through 2016

Demand for animal health products in the US is forecast to increase 3.5 percent annually to $12.7 billion in 2016. Animal health care is a relatively recession-resistant industry, as health care is regarded as a necessary expense of animal ownership or husbandry. Preventive care will remain a driving factor in sales of animal health products as owners of commercial and companion animals alike recognize the need to maintain good health conditions for their animals. Commercial animals, including livestock and poultry, are largely intended to enter the human food chain, making prevention and eradication of disease a vital ongoing concern for both animal and human health. Furthermore, as pet owners increasingly treat their companion animals as members of the family, pets’ lifespans will continue to lengthen, driving strong sales of health products.

Nutritional chemicals to remain key segment

The large nutritional chemical segment will account for over one-quarter of the growth seen during the forecast period, as these products -- which include amino acids, vitamins, minerals, enzymes, and other ingredients with a more “natural” profile are used to replace more controversial additives, such as antibiotics and meat and bone meal, in animal feed. For companion animals, quality of life concerns will continue to support demand for nutritional chemicals used in pet food and in supplements.

Vaccines, diagnostics to be fastest growing types

The importance of preventive health care will support growth in parasiticides and vaccines. Parasiticides will remain a prominent feature in the care of pets and livestock, as prevention of and treatment for existing fleas, ticks, and other pests will help reduce occurrences of pest-related health disorders. Furthermore, fears about antibiotic resistance are leading to increased use of diagnostics to treat only animals requiring care, rather than medicating entire herds or flocks, driving above average gains in this product segment. Systemic agents will also see solid advances in demand, particularly among companion animals, driven by the increasing perception of pets as members of the family, with medical treatment often mirroring trends in human health care.
Sample Text, Table & Chart

END USERS

Animal Food Manufacturers

Animal food manufacturers typically account for around 32 percent of demand for animal health products, and are projected to maintain approximately that share through the foreseeable future. Animal food manufacturers’ demand for animal health products is forecast to increase 2.9 percent per year to $4.0 billion in 2016. While this growth will be the slowest of any end user of animal health products, it is strong relative to the negligible increase in the domestic animal population through 2016, reflecting rising spending on food per animal. Advances will be boosted by the development and introduction of specialty pet food formulations.

Animal feed -- which generally refers to food for livestock and poultry -- will continue to account for the majority of health product demand in the animal food category through 2016. Feed manufacturers will benefit from a tightening regulatory environment and the needs of farmers to enhance production quality through the use of nutritionally enriched feed. The convenience of administering animal health products through feed will also contribute positively to gains, as will a rebound in the cattle population.

Animal food producers use a number of animal health products in the manufacture of feed and pet food, including nutritional chemicals, growth promotants, antibiotics, and parasiticides. Nutritional chemicals dominate the segment, accounting for over 90 percent of demand in 2011. These products will benefit from a tightening regulatory environment regarding animal waste, antibiotic use, and animal byproduct use. They find significant use in food for both livestock and companion animals; healthy livestock are vital to the safety of the food chain, as these animals are largely intended for human consumption, while pets are increasingly valued as members of the family and their health needs are prioritized accordingly.

### TABLE III-2

<table>
<thead>
<tr>
<th>Item</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
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<td>1080</td>
<td>1076</td>
<td>1103</td>
<td>1128</td>
</tr>
<tr>
<td>$ nutritional chemicals/animal</td>
<td>2.1</td>
<td>2.6</td>
<td>3.2</td>
<td>3.7</td>
<td>4.2</td>
</tr>
<tr>
<td>Nutritional Chemical Demand</td>
<td>2290</td>
<td>2840</td>
<td>3450</td>
<td>4030</td>
<td>4760</td>
</tr>
<tr>
<td>By Type:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Amino Acids</td>
<td>790</td>
<td>1010</td>
<td>1220</td>
<td>1470</td>
<td>1780</td>
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<tr>
<td>Vitamins</td>
<td>590</td>
<td>700</td>
<td>820</td>
<td>940</td>
<td>1080</td>
</tr>
<tr>
<td>Minerals</td>
<td>575</td>
<td>640</td>
<td>725</td>
<td>710</td>
<td>740</td>
</tr>
<tr>
<td>Enzymes</td>
<td>35</td>
<td>70</td>
<td>95</td>
<td>120</td>
<td>150</td>
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<tr>
<td>Other Nutritional Chemicals</td>
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<td>420</td>
<td>590</td>
<td>790</td>
<td>1010</td>
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<td>By Animal:</td>
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</tr>
<tr>
<td>Livestock &amp; Poultry</td>
<td>2010</td>
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<td>3030</td>
<td>3545</td>
<td>4190</td>
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<td>Companion Animals</td>
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<td>325</td>
<td>380</td>
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<td>Other Animals</td>
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<td>115</td>
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<tr>
<td>% nutritional chemicals</td>
<td>31.8</td>
<td>31.8</td>
<td>32.3</td>
<td>31.7</td>
<td>31.7</td>
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<tr>
<td>Animal Health Product Demand</td>
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<td>8940</td>
<td>10685</td>
<td>12700</td>
<td>15000</td>
</tr>
</tbody>
</table>

### CHART VI-1

US ANIMAL HEALTH PRODUCT MARKET SHARE
($10.7 billion, 2011)
Sample Profile, Table & Forecast

**TABLE V-6**

<table>
<thead>
<tr>
<th>Item</th>
<th>2001</th>
<th>2006</th>
<th>2011</th>
<th>2016</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sheep &amp; Lambs Population (mil)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>$ health products/animal</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Sheep &amp; Lambs Health Products</td>
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<td></td>
</tr>
<tr>
<td>Nutritional Chemicals</td>
<td></td>
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<tr>
<td>Vaccines</td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Parasiticides</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Growth Promotants</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other Products</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>% sheep &amp; lambs</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Livestock &amp; Poultry Health Products</td>
<td>47.33</td>
<td>58.58</td>
<td>69.55</td>
<td>81.10</td>
<td>95.15</td>
</tr>
</tbody>
</table>

“Demand for animal health products for the sheep and lamb market is expected to increase 3.7 percent per year to $168 million in 2016, as more intensive management systems replace range-based programs and as concerns about prion-type diseases such as scrapie grow more serious. Products that may benefit from current trends include growth promotants, vaccines, and parasiticides. However, sales opportunities will be somewhat limited by ...”

--Section V, pg. 173
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