

Global Trends in the Animal Health Sector

2022 Outlook

HealthforAnimals is the voice of the animal health sector, representing developers and manufacturers of animal health products, including vaccines, diagnostics, parasiticides, antibiotics, digital technologies, and other tools. A full list of corporate Members can be found on our website, [HealthforAnimals.org](https://www.healthforanimals.org).

Health for animals improves health for all. Our Members support actions that help protect animal health and well-being, including: 1) supporting the sustainability of keeping animals, 2) upholding animal welfare, 3) increasing access to veterinary care, 4) reinforcing the human-animal bond, and 5) strengthening 'One Health'.

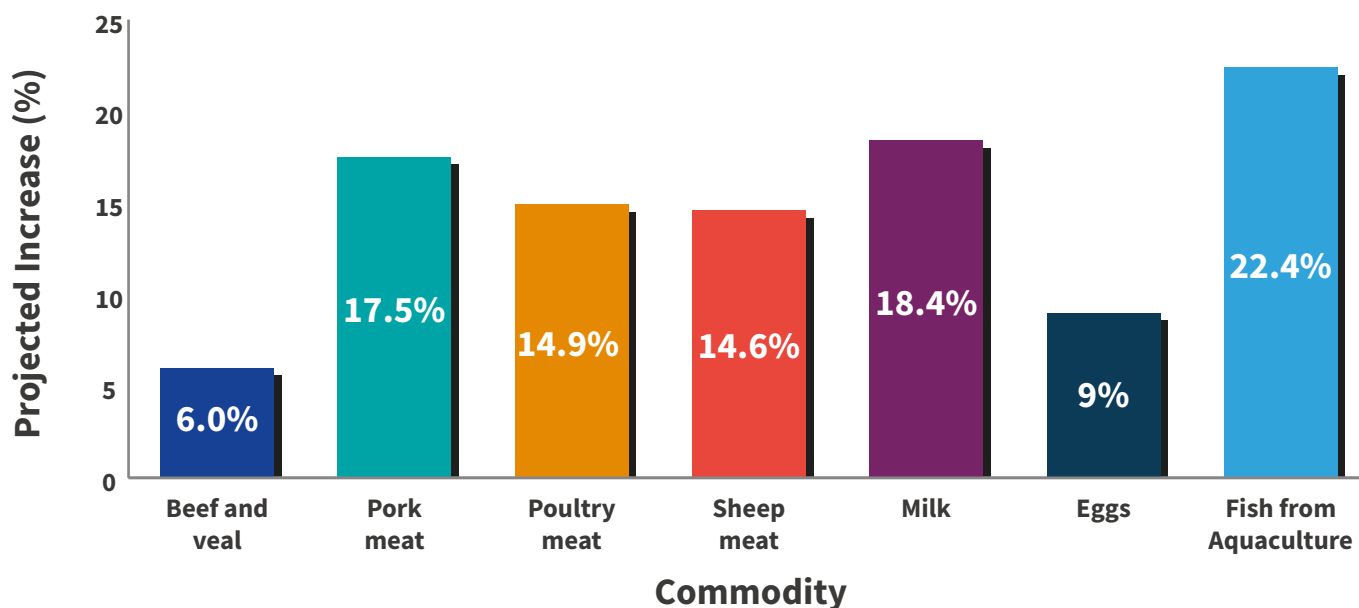
This document outlines how the Animal Health sector is positioned to be a leading force for positive change in the coming years. Improved animal health can help us keep pace with the needs of a growing pet population, meet rising global demand for safe nutritious animal protein, reduce emissions, mitigate the threat of zoonoses and future pandemics, and improve the livelihoods of the 1.3 billion people who rely upon livestock.

Growing Demand for Animal Health Products

Sustainably Meeting Rising Animal Protein Needs

The OECD and United Nations Food and Agriculture Organisation (FAO) estimate that livestock and fish production will increase 14% from 2020–2030.¹ A large share of this increase will need to be achieved through productivity improvements in existing herds to meet sustainable production goals. Better health management to reduce livestock losses and improve efficiency will be an essential part of this sustainable approach.

Projected Increase in Livestock Commodity Production (2020–30)²



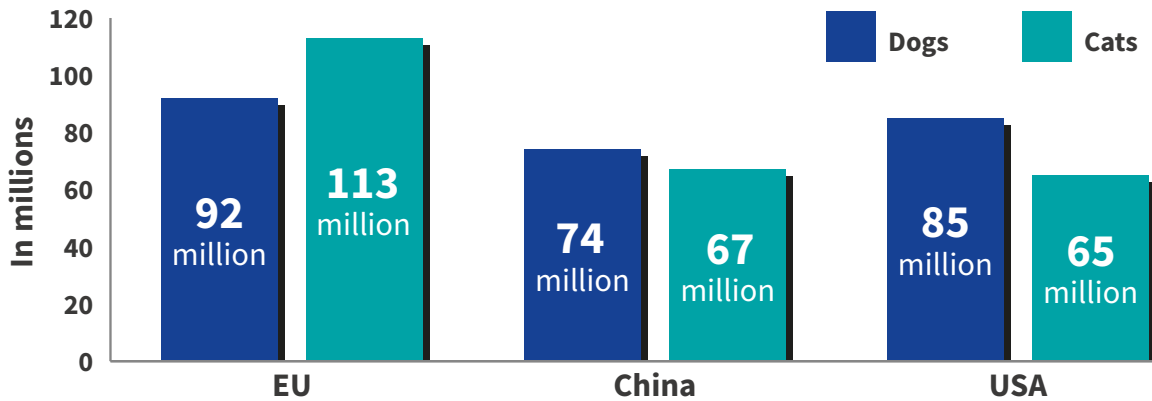
¹ <https://www.oecd.org/publications/oecd-fao-agricultural-outlook-19991142.htm>

² OECD STAT

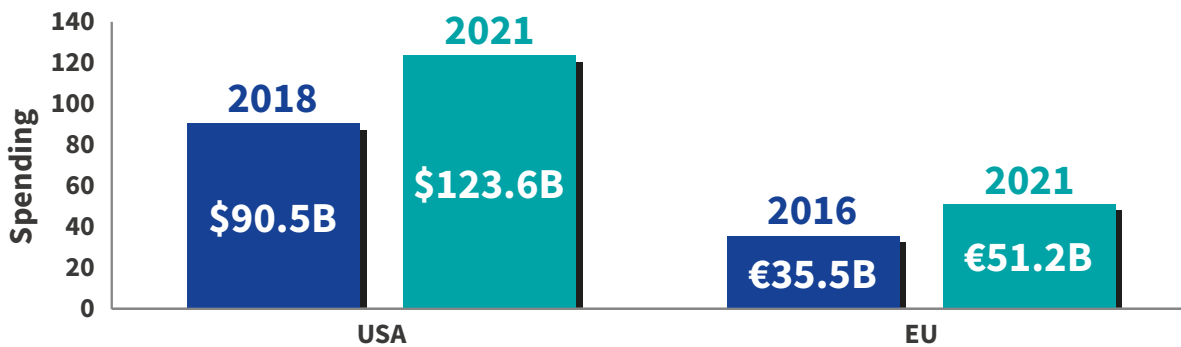
Supporting Growing Pet Populations

Global pet populations are rising, and owners are investing more in pet care. The Animal Health sector is responding by helping extend the lives of these animals and safeguard the surrounding household against the fleas, ticks, illnesses and other hazards that a pet can bring home if left unprotected.

Pet Populations in Major Markets³



Growing Consumer Spending on Pets^{4,5,6}



Increasing Life Expectancy for Pets

Pets are living longer than ever before. Increased veterinary care mean greater opportunities to create a strong 'foundation' for well-being early in a pet's life, while advances in areas such as immunotherapies, diagnostics, and pain management mean better 'senior care' for aging animals. The result is pets sharing longer, healthier lives with their owners.

Two Nations Compared⁷

Japan

Japanese dogs live

50% longer today

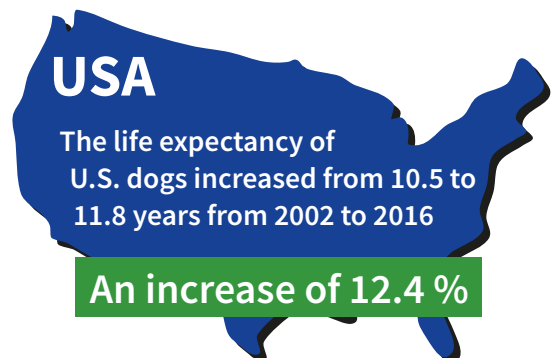
than they did in
the 1980s



USA

The life expectancy of
U.S. dogs increased from 10.5 to
11.8 years from 2002 to 2016

An increase of 12.4 %



³ <https://www.healthforanimals.org/reports/petcare-report/global-trends-in-the-pet-population/>

⁴ https://www.americanpetproducts.org/press_industrytrends.asp

⁵ https://europeanpetfood.org/_/news/europeans-continue-to-seek-company-of-cats-and-dogs/

⁶ <https://europeanpetfood.org/about/statistics/>

⁷ <https://www.reuters.com/article/us-money-pets-longevity/your-money-as-pets-live-longer-they-may-need-long-term-health-care-idUSKCN11J25D>

Bridging the Gaps in Care

Too many animals fall sick to preventable disease each year and opportunities exist to increase the level and quality of their care. Filling this gap would mean more animals receive the necessary vaccinations, diagnostic testing, treatments and overall wellness care that protect them against ill health. The result is a healthier, more sustainable connection between animals and people.



20% of global livestock production is lost to disease each year⁸



Only 40% of U.S. pet owners bring their animal to a veterinarian annually⁹

Disease Pressures & Public Support

Incidence of animal disease creates significant economic and societal costs, which is spurring greater investment in and public support for animal health. Animals will be crucial pathway to delivering on the 2030 global Sustainable Development Goals.¹⁰

Economic & Social Costs of Disease Examples



African Swine Fever (2019 outbreak)¹¹
US\$112.5 billion



Foot and Mouth Disease (annually)¹²
US\$21 billion



Salmonella (annually)¹³
80.3 million food-borne cases



Zoonotic Disease (annually)¹⁴
2.2 million human deaths

Furthermore, in the wake of Covid, governments are formally recognizing the “One Health approach that connects the health of humans, animals and our planet”, as stated in a recent declaration from 26 heads of state.¹⁵ Greater adoption of One Health principles enables more public awareness and investment in animal health, facilitates more efficient regulatory routes to market and supports increased disease prevention. The result is better health across all three domains – animals, people and environment.

⁸ <https://www.oie.int/en/what-we-do/global-initiatives/one-health/>

⁹ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7143178/>

¹⁰ See more in our 'Achieving the SDGs report' at HealthforAnimals.org/SDGs

¹¹ <https://www.nature.com/articles/s43016-021-00362-1>

¹² <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC3989032/>

¹³ <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC4451910/>

¹⁴ <https://www.ilri.org/ilri/news/index.php/archives/9172>

¹⁵ <https://www.gov.uk/government/speeches/no-government-can-address-the-threat-of-pandemics-alone-we-must-come-together>

Global Animal Health Product and Service Market

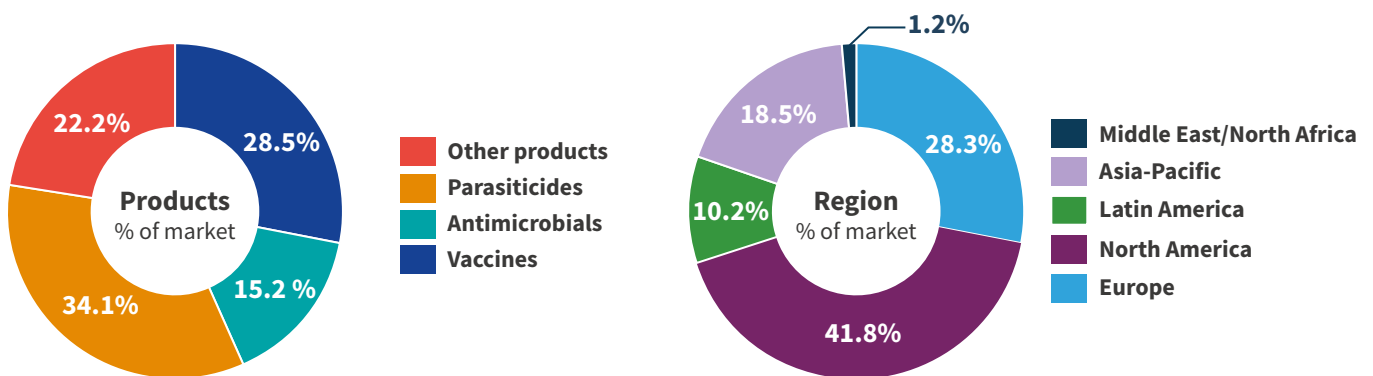
Global Growth

Animal health companies have long-recognized the challenges associated with raising animals in a rapidly changing world. It is why sector growth has been resilient over the past decade as industry fundamentals evolve. The value of the global animal health sector increased by 12% to \$38.3 billion in 2021¹⁶ with sales increasing across all geographies. Companies are supplying more disease prevention products than ever before, while increasing R&D in areas like diagnostics and digital technologies.

The sector is providing tools necessary for a sustainable relationship with animals, allowing companies to grow and invest in the next generation of innovation that will build on today's progress.

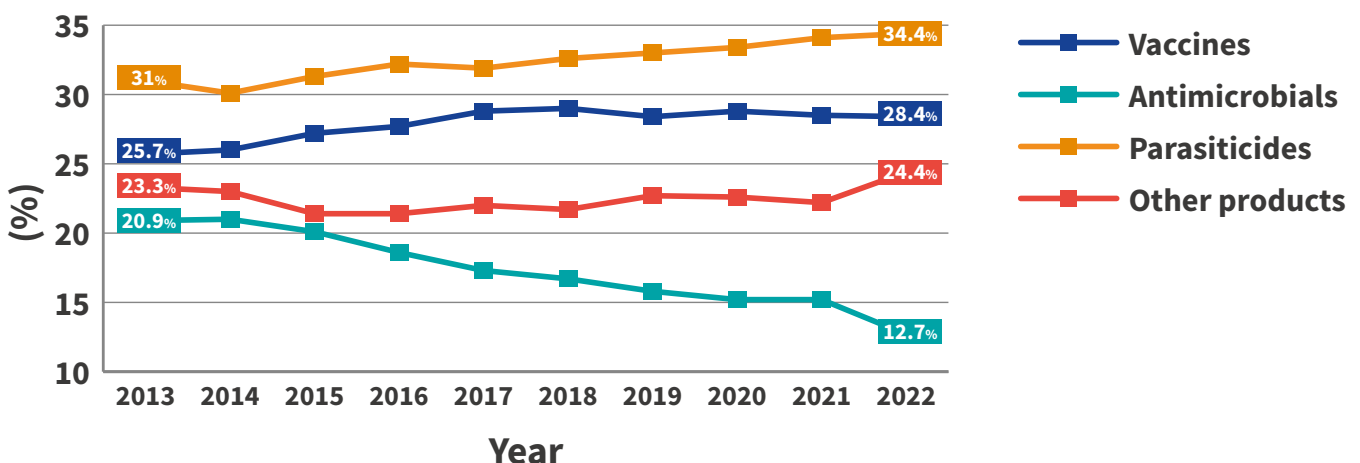
Note: The data on this page is based on actual 2021 sales data from the 9 largest companies and some smaller companies representing 2/3rds of the global animal health sector. It is collected by CEESA, the Executive Animal Health Study Center, which collects and aggregates raw industry sales data.¹⁷ CEESA collects limited data on diagnostics, therefore information on this product area is provided later in the document.

Global Animal Health Sector Portfolio (2021)¹⁵



Sales per product category (%) (2013–2022)¹⁵

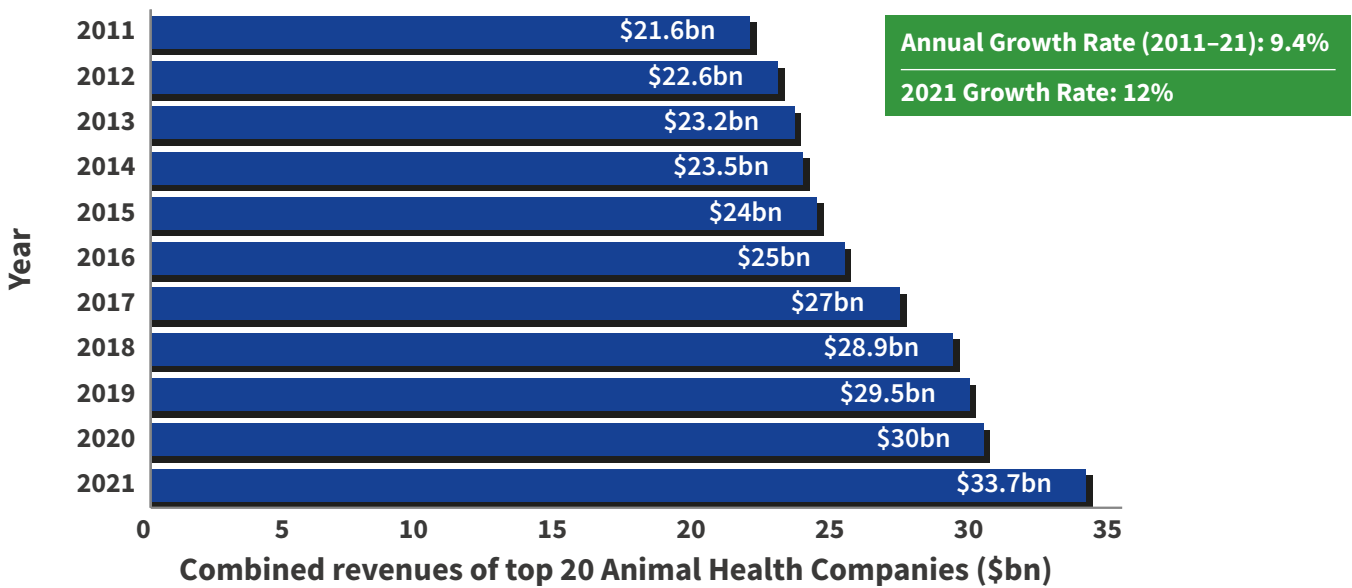
Since 2013, Vaccines and parasiticides have grown from 56.7% to 62.8% of the product portfolio, while antimicrobials fell from 20.9% to 12.7% (a relative reduction of 39%), demonstrating a continued push for disease prevention as the foundation for animal health and well-being.



¹⁶ Market data provided by Vetnosis for public use by HealthforAnimals.

¹⁷ Data provided by CEESA. Their International Sales Survey covers sales from the 9 largest global animal health manufacturers and local/regional manufacturers in Italy, Spain, the UK and Latin America. It accounts for ~2/3 of the global animal health finished products' market. It covers 75 countries worldwide Europe (30), North America (2), Latin America (17), Asia (13).

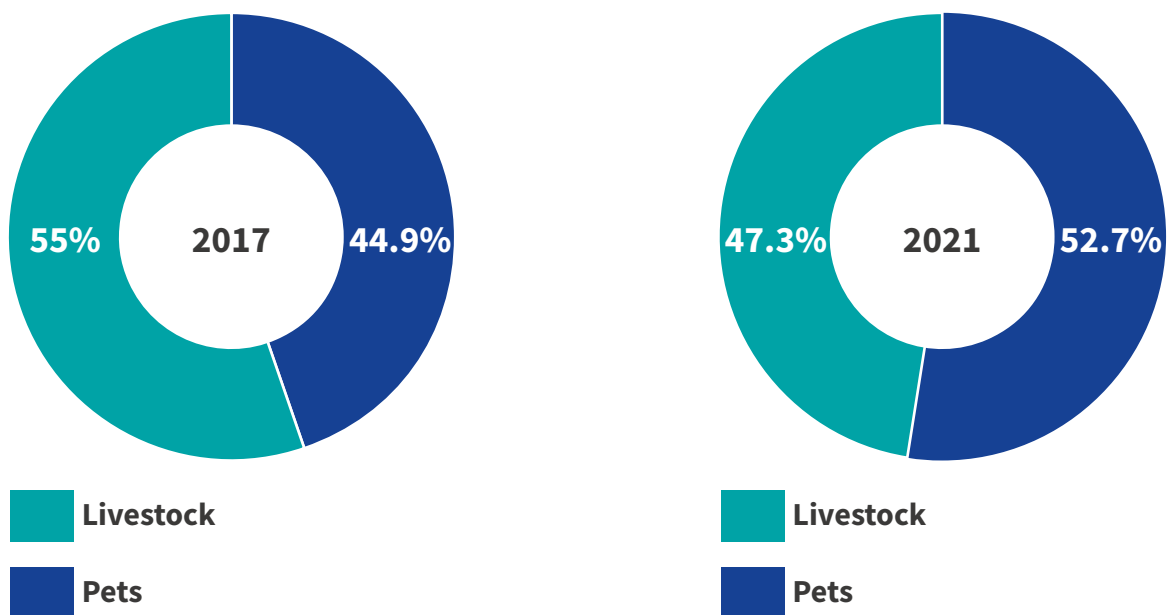
Animal Health Sector Revenue Growth¹⁸



Shifts in Pets and Livestock

Revenues in the pet segment are growing rapidly. CEESA sales data indicates pet product sales in the top companies overtook livestock in recent years. A growing share of market is in novel innovations like monoclonal antibodies, stem cells, digital technologies, etc. Vaccines and parasiticides remain a core driver as these are the fundamental tools for all pet owners. Combined, these protect not just the animal against disease but the surrounding people. For instance, pet owners recognize that an animal infested with fleas or sick with a gastrointestinal parasite places the entire household at risk and want tools to prevent this.

Product Sales by Species 2017 vs 2021¹⁹



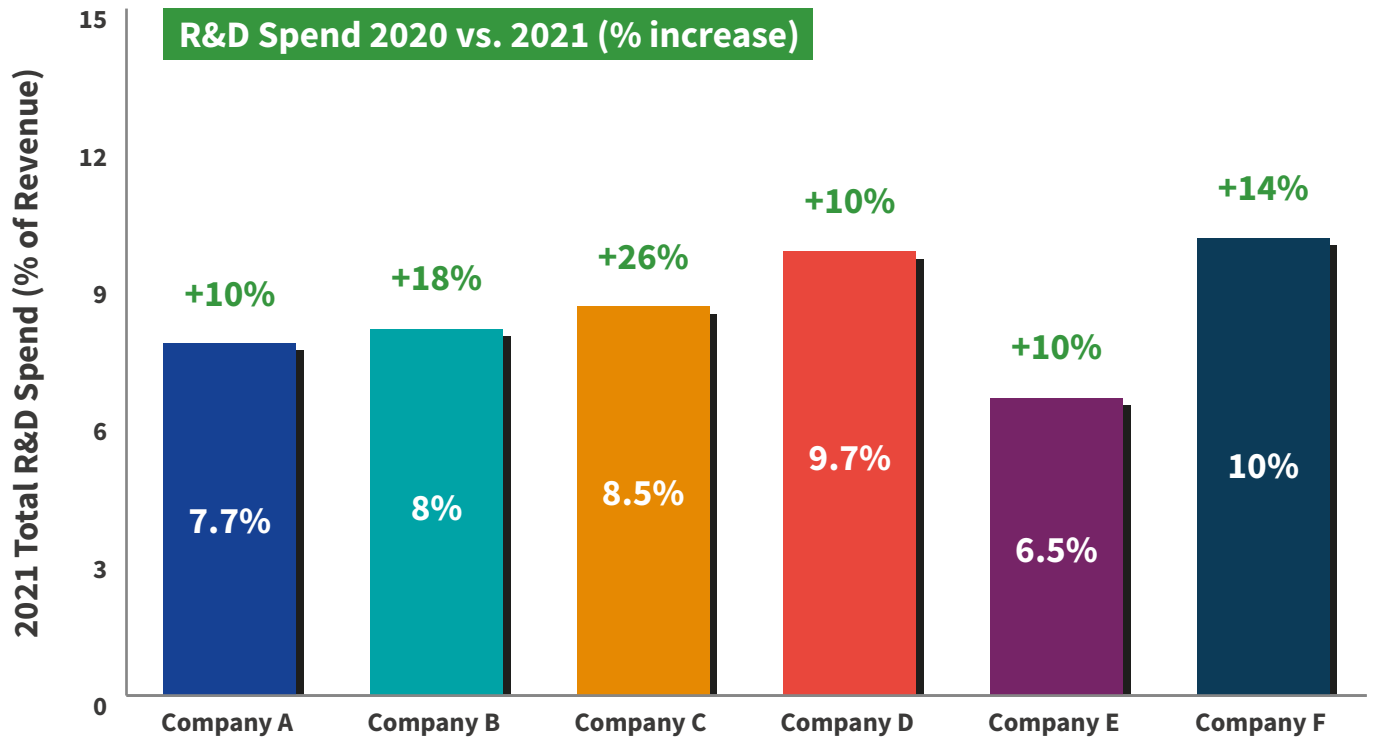
¹⁸ <https://connect.ihsmarkit.com/master-viewer/show/phoenix/4365904>

¹⁹ Data sourced from CEESA. See the box on page 4 for more details.

R&D

Animal health sector R&D spend increased in 2021, reflects the sector's continued recognition that animal health innovation will be necessary to tackle the challenges of the next decade.

R&D spend of the six largest companies²⁰



Diagnostics

Veterinary diagnostics is a rapidly growing market. Trends towards greater 'wellness care', particularly in pets, is leading to increased diagnostics testing to track an animal's health trends over time and detect hidden issues before they worsen. Recognition of diagnostics as a key tool for prevention, not simply diagnosis of an acute issue, will drive better overall health for animals.

**Estimated Total Worldwide Companion
Animal Diagnostics Spending:**

\$4.6 Billion

**Estimated Compound
Annual Growth Rate:²¹**

9%

²⁰ Company names and source data can be found at <https://connect.ihsmarket.com/master-viewer/show/phoenix/4355605>

²¹ Source data at the following link is from August '21. Updated data will be published in August '22. <https://www.idexx.com/files/2021-08-12-investor-day.pdf>

Digital

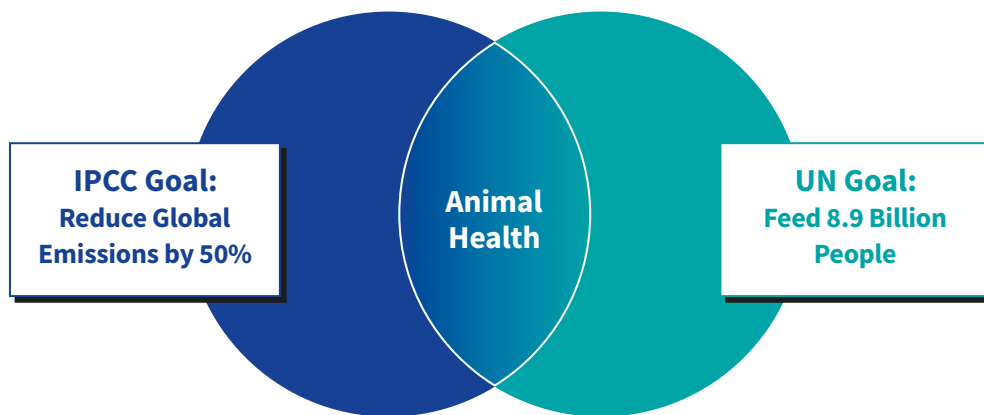
Digital technology adoption across livestock and pet health is increasing exponentially. Predictive software and monitoring tech such as smart tags, wearables, and sound detection tools enable precision care across thousands of animals. Digital diagnostics are aggregating data from countless animals to find new, subtle warning signs for disease. The benefit is better traceability, sustainability, productivity and disease management on the farm, alongside improved wellness for pets. For more information on these themes see our [Innovation Report](#) and [Digital Report](#).

Sustainability Opportunity

The need for continuous improvement in the sustainability of livestock production necessitates better health for animals. Disease increases livestock emissions and the general environmental footprint of animals. Sick animals need more feed and water, while animals lost to disease means more livestock ultimately must be raised to maintain food supplies, which increases the emissions related to production.

Animal health therefore sits at the center of two global, intertwined challenges – feeding the world and protecting the climate. HealthforAnimals Members recognize this unique position and understand the essential role we must play in driving global sustainability efforts.

Global goals for 2030 are an opportunity for animal health



Looking Ahead

Providing for the health needs of billions of animals across the world is both a significant challenge and opportunity. Success means more sustainable food systems, improved public health, continued companionship from our pets and more. Failure risks a less safe world for all.

The Animal Health sector believes health for animals improves health for all. HealthforAnimals Members will work to deliver new medicines and technologies that build a better world for animals, people and environment. For more information on the Animal Health sector, visit HealthforAnimals.org.