
**Brakke Consulting's
Animal Health News & Notes for November 10, 2017**
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IN THE NEWS:

Brakke Consulting news
OTC Channel

earnings news

Alivira Animal Health
Blue Buffalo
Henry Schein
Hester Biosciences
Kindred Biosciences
Ouro Fino
Phibro
Pilgrim's Pride
Trupanion
Zomedica

other news

American Angus Association
Angus Genetics
Banfield Pet Hospital
Cargill
Ceva
Merck
Neogen GeneSeek
Simmons Pet Food,
Verified Beef
Vilsan Veterinary Pharmaceuticals

**BRAKKE CONSULTING, INC.
UNDERSTANDING THE OVER-THE-COUNTER MARKET**



Whether your business is considering the OTC channels for new business opportunities or you have been distributing in the OTC channels for years, Brakke Consulting's team can provide significant and quality assistance to businesses seeking to learn more about the details of the OTC channels of distribution. If you are looking for meaningful insights into the OTC channels, the trends found there, and the opportunities that exist, contact our Dallas office or Joel Adamson at adamson.joel@cox.net .

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COMPANY EARNINGS RELEASES

- **Phibro Animal Health Corporation** announced its financial results for its fiscal first quarter ended September 30, 2017. Animal Health net sales were \$129 million, an increase of 3% compared to the comparable prior-year period. (*company press release*)
- **Ouro Fino Saude Animal** reported results for the third quarter of 2017. Third-quarter revenues reached R\$130.2 million (\$40 million) an increase of 4% compared to the prior-year quarter. (*Animal Pharm*)
- **Henry Schein, Inc.** reported results for the third quarter of 2017. Global animal health sales were \$883 million, an increase of 12% compared to the third quarter of 2016. North American animal health sales were \$448 million, an increase of 11%. (*company press release*)
- **Blue Buffalo Pet Products, Inc.** announced its third quarter 2017 results. Net sales were \$341 million, up 18% compared to the comparable prior-year quarter. Net income was \$53 million, as compared to \$21.5 million in the third quarter of 2016. (*company website*)
- **Hester Biosciences** reported results for the second quarter of its fiscal 2018. Revenues were INR384.8 million (\$5.9 million), a year-on-year increase of 27.5%. (*Animal Pharm*)
- **SeQuent Scientific Limited** announced its financial results for the second quarter ended September 30, 2017. Revenues for **Alivira Animal Health** were \$28 million; the division now represents over 65% of consolidated revenues. Company-wide, revenues increased 16% to INR 2,652 million (\$41 million). (*company communication*)
- **Kindred Biosciences, Inc.** announced financial results for the third quarter ended September 30, 2017. Net loss was \$(7.9) million compared to a net loss of \$(5.7) million for the same period in 2016. The company expects its first two product approvals in the first half of 2018. (*company website*)
- **Zomedica Pharmaceuticals Corp.** reported condensed unaudited interim consolidated financial results for the three months ended September 30, 2017. Zomedica recorded net loss of \$(2.1) million, compared to a loss of \$(1.0) million for the three months ended September 30, 2016. Zomedica had cash of \$4.6 million as of September 30, 2017. (*Businessinsider.com*)
- **Trupanion, Inc.** announced financial results for the third quarter ended September 30, 2017. Total revenue was \$63 million, an increase of 31% compared to the third quarter of 2016. Net income was \$0.4 million compared to a net loss of \$(1.6) million in the third quarter of 2016. Total enrolled pets (including pets from our other business segment) was 404,069, an increase of 21% over the prior year period. (*company website*)

- **Pilgrim's Pride** reported results for the third quarter of 2017. Net sales for the quarter increased to \$2.79 billion; net income was \$233 million, up from \$99 million during the same period in 2016. (*Feedstuffs*)

COMPANY NEWS RELEASES

- **Ceva Animal Health** announced the launch of Feliscratch by Feliway, a pheromone-based product that containing a territory-marking scent to compel cats to scratch where the product is applied. The liquid formulation should be applied to a scratching post for seven consecutive days and then once at the start of weeks three and four. (*TodaysVeterinaryBusiness*)
- **Simmons Pet Food, Inc.** announced it has broken ground on a \$38 million facility expansion at its Flexible Packaging Facility in Emporia, Kan. The Emporia Flexible Packaging Facility expansion will increase Simmons Pet Food's capacity for flexible production and packaging for select wet pet food products. (*Pet Product News*)
- **Angus Genetics, Inc., and Neogen GeneSeek Operations** have launched Angus GS, a new genomic profiler for Angus seedstock cattle. (*Feedstuffs*)
- The **American Angus Association** announced that it has entered into an agreement to acquire the assets of **Verified Beef**, including its proprietary Reputation Feeder Cattle program. Financial terms were not disclosed. (*Feedstuffs*)
- **Banfield Pet Hospital** announced that it will be launching a new debt-relief program for its veterinarians in December 2017. The new Banfield Veterinary Student Debt Relief Pilot Program for eligible doctors will include three main elements: (1) a low-interest refinancing option from a third-party financial institution; (2) a monthly student loan contribution of \$150 paid by Banfield; and (3) a one-time \$2,500 payment for each qualifying Banfield student program in which the doctor participates prior to graduating. (*DVM360*)
- **TURKEY Merck** announced plans to acquire Turkish animal health company **Vilsan Veterinary Pharmaceuticals**. Financial terms were not disclosed. (*DailySabah.com*)
- **SWITZERLAND Aurelius Equity Opportunities SE & Co. KGaA** announced that it has acquired **Cargill's** animal nutrition business in Switzerland. Financial terms were not disclosed. (*Feedstuffs*)

ANIMAL HEALTH NEWS

- **US - DRUG COMPOUNDING GUIDANCE** The FDA announced it is withdrawing draft Guidance for Industry (GFI) #230, "Compounding Animal Drugs from Bulk Drug Substances" in order to clarify that the agency does not plan to finalize the current draft, but instead intends to issue a new draft for public comment next year. In developing the new draft, the FDA will carefully consider the issues that are specific to compounding of animal drugs, including the significance of using compounded drugs as a treatment option in various veterinary settings and animal species. FDA intends to publish the new draft in early 2018 for public comment. (*FDA*)
- **WORLD - WHO RECOMMENDATIONS** The World Health Organization issued a series of new recommendations intended to preserve the efficacy of important drugs for people, calling

for national governments and food companies to follow rules that have existed in the European Union since 2006. The EU rules include not using drugs to promote livestock growth; waiting until animals are medically diagnosed with a problem before administering antibiotics; and, whenever possible, selecting medications that are not important for human health. (*AVMA SmartBrief - Scientific American*)

BRAKKE CONSULTING VIEWPOINT

I'm struck this week by the growth of some of the newer companies in the pet food market. The revenue growth of Blue Buffalo and the manufacturing expansion of Simmons Pet Food are two good examples. We think it demonstrates that small and midsize companies can compete effectively in markets against very large brands and companies if they are innovative and focused.

It is also interesting to watch the blending of the companion animal market channels. All manufacturers and distributors need to watch closely the preferences of where pet owners purchase services and products. It is changing!

Have a great weekend!

Ron Brakke

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