
**Brakke Consulting's
Animal Health News & Notes for August 11, 2017**
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Brakke Consulting has the experience, insight, ability and contacts to provide clients with the highest quality services in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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COMPANY EARNINGS RELEASES

- **Zoetis** Inc. reported financial results for the second quarter of 2017. The company reported revenue of \$1.3 billion for the quarter, an increase of 5% compared with the second quarter of 2016. Net income for the second quarter of 2017 was \$247 million, an increase of 10%. *(company website)*
- **Ouro Fino Saúde Animal** reported results for the first six months of 2017. Revenues were R\$213 million (\$68 million), a decrease of 8% year-on-year. EBITDA was R\$29 million (\$9 million), compared to R\$22.5 million recorded in the first six months of 2016. Revenues declined in the first quarter of 2017, but increased 2.5% in the second quarter to R\$137.9 million (\$44.1 million). *(Animal Pharm)*
- **Henry Schein, Inc.** reported second quarter financial results. Global animal Health sales were \$891 million, an increase of 4% (+7% in local currencies). *(company press release)*
- **Kindred Biosciences, Inc.** announced financial results for the second quarter ended June 30, 2017. KindredBio reported a net loss of \$(6.8) million compared to a net loss of \$(4.9) million for the same period in 2016. As of June 30, 2017, KindredBio had \$74.5 million in

cash, cash equivalents and investments, compared with \$57.8 million as of December 31, 2016. *(company website)*

- **Jaguar Health** reported results for the second quarter of 2017. The Company reported Neonorm revenues of \$61,445 in the second quarter, compared to revenues of \$24,143 in the comparable prior-year period. Collaboration revenue was \$835,076 in the second quarter of 2017, attributable to a licensing agreement with Elanco. The company's net loss was \$(1.8) million compared to a net loss of \$(3.7) million in the comparable prior-year period. *(company website)*
- **Zomedica Pharmaceuticals Corp.** reported condensed unaudited interim consolidated financial results for the three months ended June 30, 2017. The net loss was \$(1.6) million, compared to a loss of \$(1.1) million for the three months ended June 30, 2016. Zomedica had cash of \$2.6 million as of June 30, 2017, compared to \$1.8 million as of March 31, 2017. The increase in cash is mainly a result of the cash flows provided by financing activities, including the closing of the second and final tranche of a previously announced non-brokered private placement offering, issuing 2,902,682 common shares at a price of C\$1.50. *(NASDAQ)*
- **SenesTech, Inc.**, a developer of proprietary technologies for managing animal pest populations through fertility control, announced its second quarter financial and operational results. Revenues for the second quarter were \$10,000. Net loss for the quarter was \$(3.6) million compared with \$(2.0) million for the second quarter of 2016. Cash, cash equivalents and highly liquid investments at the end of the quarter were \$5.6 million. *(markets.businessinsider.com)*
- **Pets at Home Group Plc** announced results for the fiscal first quarter ended July 20. Revenue for the company increased 5% to GBP 256.5 million (\$334 million). *(Reuters)*
- **Balchem Corporation** reported results for the second quarter of 2017. The Animal Nutrition & Health segment reported sales of \$37.0 million, a decline of 3.6%. Earnings from operations for the ANH segment decreased 50% to \$3.7 million as compared to the prior year comparable quarter. *(NASDAQ)*
- **Pilgrim's Pride** reported results for the second quarter of 2017. Net sales were \$2.25 billion, an 11% increase compared to the same period last year. Net income was \$234 million, up significantly from \$152.9 million in the second quarter of 2016. *(Feedstuffs)*

COMPANY NEWS RELEASES

- **Aurora Pharmaceutical** announced it has received FDA approval for SwineMate, a generic altrenogest oral progestin solution for synchronization of estrus in sexually mature gilts that have had at least one estrus cycle. *(company press release)*
- **Pharmgate Animal Health** announced the launch of Aivlosin Water Soluble Granules (62.5% w/w tylvalosin as tylvalosin tartrate) for the control of Swine Respiratory Disease (SRD) associated with *Bordetella bronchiseptica*, *Haemophilus parasuis*, *Pasteurella multocida* and *Streptococcus suis*. *(company press release)*
- **Jurox Animal Health USA** announced the completion of a sales and co-marketing agreement with **Stratford Pharmaceuticals**, which offers premium dermatology, joint health, oral and otic products for companion animals. *(company press release)*

- **Calf Solutions**, in connection with Zinpro, announced the launch of Premolac PLUS colostrum replacer for dairy calves. (*Feedstuffs*)
- **Jorgensen Laboratories** announced the launch of Dog Ends, a lightweight tube dressing designed to protect the injured tips of canine tails. (*Today's Veterinary Business*)
- **SunTech Medical Inc.** announced the launch of the Vet25 and Vet30 battery-powered veterinary blood pressure monitors with BlueTooth connectivity. (*Today's Veterinary Business*)
- **Parkers Pet Provisions**, which acquired **Complete Natural Nutrition** earlier this year, announced the combined company is now called **Presidio Natural Pet Co.**, to better represent and bring together the family of brands and high-quality, natural pet treats and supplements. (*Pet Product News*)
- **Vets First Choice** announced that its parent company, **Direct Vet Marketing**, has acquired **Roadrunner Pharmacy** and **Atlas Pharmaceuticals**. Roadrunner Pharmacy is a specialty compounding pharmacy; Atlas Pharmaceuticals is a new FDA registered 503B outsourcing pharmacy offering sterile and non-sterile drugs for in-office use. Financial terms were not disclosed. (*company press release*)
- Former **Oncura Partners** owners are seeking more than \$24 million in a suit against **Analogic**, claiming it engaged in a fraudulent scheme to avoid paying for Oncura after agreeing to acquire it in January 2016. In the suit, Oncura owners claim that Analogic agreed to pay for their shares in the business over a 4-year period, based on revenue targets, but immediately began to dismantle the company and terminated its sales force to avoid paying. Plaintiffs in the case are seeking compensatory and consequential damages. (*massdevice.com*)
- **Aviagen** announced an agreement to purchase **Hubbard Breeders**, the broiler genetics division of **Groupe Grimaud**. Hubbard will operate as a wholly owned subsidiary of Aviagen Group. Financial terms were not disclosed. (*WattAgned*)
- **Litchfield Analytical Services** announced that it has sold its testing business and analytical instruments to **Dairyland Labs Inc.**, an independent laboratory providing extensive analysis of feed, forage, soil, manure, soil and water. Financial terms were not disclosed. (*Feedstuffs*)
- **Time Inc.** announced the launch of **PetHero**, a paid membership program for pet owners nationwide. Beginning this fall, PetHero membership will provide a range of benefits, including 25% discounts on all in-house medical services by participating veterinary practices. Members will also receive toy and treat boxes and other benefits. (*Pet Product News*)
- **AntriaBio** announced it has exclusively licensed worldwide rights to **ActiveSite's** oral plasma kallikrein inhibitor portfolio for use in animal and human health. The portfolio targets the treatment of plasma kallikrein-mediated diseases such as diabetic macular edema and hereditary angioedema. (*Animal Pharm*)
- AUSTRIA **Merck Animal Health** announced plans to purchase a new manufacturing facility in Austria to expand its global vaccine manufacturing capacity. The facility, located in Krems an der Donau, is currently owned by **Shire plc**. Financial terms were not disclosed. (*company press release*)
- SWITZERLAND **Creso Pharma Limited** announced it has signed an exclusive commercialization agreement with **Virbac Switzerland** for the launch of Creso Pharma's

proprietary formulated hemp-based complementary feed products for companion animals, anibidiol 1.25 and anibidiol 2.5. (*Finfeed*)

ANIMAL HEALTH NEWS

- **EU - FIPRONIL** Retailers in several European countries have pulled millions of eggs from supermarket shelves after traces of fipronil were found in eggs from a number of Dutch farms. Farmers in the Netherlands have already culled hundreds of thousands of hens, and millions more may be culled. Authorities have identified the source of the insecticide as a supplier of cleaning products in the Netherlands. (*CBC.ca*)
- **PHILIPPINES - AVIAN INFLUENZA** The Philippines will cull at least 400,000 birds after confirming its first avian influenza outbreak on a quail farm and five other affected farms in northern Pampanga province's San Luis town. 37,000 birds have died from avian influenza sub type H5; the area has been declared a quarantine zone with a 7-kilometer surveillance area also established around the farms. (*Reuters*)
- **US – INDUSTRY EDUCATION** K-State Olathe announced a Regulatory Affairs in Animal Health seminar series. The first session will be Sept. 21 and will feature Steve Solomon, D.V.M., the new director of the FDA's Center for Veterinary Medicine, and his team of division directors sharing about how the center plans to move forward under new federal leadership. The session also includes two roundtable discussions with industry that will look at the opportunities and challenges in the regulatory process for drug discovery and generic drugs. For more information, go to <http://olathe.k-state.edu/professional-dev/workshops/regulatory-affairs/index.html>. (*university press release*)

2017 KC Animal Health Corridor Events **August 28-29, 2017** **Kansas City, MO**

Market Insight Seminar

August 28, 3:30 – 5:00 pm

The KC Animal Health Corridor Market Insight Seminar provides an update on the dynamics of the companion animal veterinary channel.

Animal Health Corridor Homecoming Dinner

August 28, 5:00 – 9:00 pm

The KC Animal Health Corridor's annual Homecoming Dinner is an exclusive gathering of industry leaders from around the world to celebrate global industry successes and growth.

Animal Health Investment Forum

August 29, 7:30 am – 5:00 pm

The KC Animal Health Investment Forum is one of the only opportunities in the world for early stage animal health companies to present their vision and business plan to potential investors.

For details, go to <http://kcanimalhealth.thinkkc.com/events/annual-events>

REGISTER NOW: <https://www.eventbrite.com/e/2017-annual-kc-animal-health-corridor-events-tickets-30866590804>

BRAKKE CONSULTING VIEWPOINT

Most of the companies in animal health have completed their financial reporting for the second quarter of 2017. The revenue growth is quite positive for the year, driven by the companion animal parasiticide and dermatological products in both the veterinary and OTC channels. The ability of insects to survive this onslaught of new products bodes well for the future of animal health companies. We can control parasites but we are not going to eliminate them.; there is always a reservoir of parasites to create new challenges to be solved by new technology.

In the food animal area, the reduced use of antibiotics in food animals has occurred faster than anticipated and has been a negative for several companies. There are, however, a host of new companies and technologies appearing on the scene to fill the void left by the reduced use of antibiotics. These new companies to animal health and nutrition will bring new strategies and approaches that will benefit the industry.

Have a great weekend and stay cool!

Ron Brakke

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