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Brakke Consulting's
Animal Health News & Notes for January 29, 2015
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KC ANIMAL HEALTH CORRIDOR
ANIMAL HEALTH INVESTMENT FORUM
NOW ACCEPTING PRESENTER APPLICATIONS

The KC Animal Health Corridor is now accepting applications to present at the 2016 KC Animal Health Investment Forum on August 30 in Kansas City, Missouri.

Now in its eighth year, the Forum is one of the only opportunities in the world for early-stage companies in the animal health sector to present their vision, business plan and technology to potential investors.

The selection committee will consider companies that meet the following criteria:
- Seeking $500,000 - $20 million in funding
- Revenue projections of $20 million within 5-7 years

Applications are due on April 15. To apply, go to http://kcanimalhealth.thinkkc.com/account/login. For more information, contact Kimberly Young at young@thinkkc.com.

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COMPANY EARNINGS RELEASES

> Eli Lilly announced financial results for the full year 2015. Revenues for animal health division **Elanco** were $3.18 billion, a 36% increase compared to the prior year, attributable to the acquisition of Novartis Animal Health. Including the sales of Novartis Animal Health in 2014, full-year worldwide animal health sales decreased 7%. *(company press release)*

> IDEXX Laboratories, Inc. reported results for the full year 2015. Revenues for the full year were $1.6 billion, an increase of 8% over the prior year. Net income was $192 million, an increase of 6%. Companion Animal Group revenues were $1.4 billion, an increase of 11%. *(company press release)*

> Abaxis, Inc. reported financial results for the third fiscal quarter ended December 31, 2015. Total veterinary sales for the quarter were $41 million, a 6% decline from the prior-year quarter. *(PRNewswire)*

> Colgate-Palmolive Company reported results for the full year 2015. Sales for **Hill's Pet Nutrition** were $2.2 billion, a decline of 2% compared to the prior year. *(company press release)*

> PetMed Express, Inc. announced financial results for the quarter ended December 31, 2015. Net sales were $51 million, an increase of 3% compared to the comparable prior-year quarter. Net income was $4.9 million, a 2% increase compared to the comparable prior-year period. *(company website)*

> Hester Biosciences reported results for the third quarter of its fiscal 2016. Third-quarter sales totaled INR 242 million ($3.6 million), an increase of 10% driven primarily by the company's poultry vaccines portfolio. Hester's net profit totaled INR 47.6 million ($0.7 million), representing growth of 41%. *(Animal Pharm)*

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2016 INDUSTRY OVERVIEW
REGISTRATION FOR WVC IS NOW OPEN

Brakke Consulting is pleased to announce the 2016 Industry Overview, featuring consultants Ron Brakke, John Volk, and Dr. Cary Christensen. The 2016 US Animal Health Industry Overview will be presented twice this winter - once at the North American Veterinary Conference in Orlando, Florida and once at the Western Veterinary Conference in Las Vegas, Nevada.

WVC: Tuesday, March 8, 2:00 – 4:00 pm, Four Seasons.

Online registration for the Industry Overview at the WVC is now open.

To register, go to www.brakkeconsulting.com and scroll down to the "What's New" box. The price is $385 per person for online registration; onsite registration is $425.

www.BrakkeConsulting.com

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COMPANY NEWS RELEASES

> Elanco Animal Health announced the launch of Kavault, a first-in-class, animal-use-only antibiotic for reduction in incidence and overall severity of diarrhea in the presence of pathogenic *E. coli* in groups of weaned pigs. Kavault is an orthosomycin antibiotic that features a zero-day withdrawal period. *(NationalHogFarmer.com)*

> Merial announced a collaboration with the Georgia Institute of Technology ("Georgia Tech")'s Center for the Development and Application of Internet-of-Things Technologies (CDAIT). The goal of this collaboration is to help Merial and Georgia Tech identify and understand the potential of networked devices (a.k.a. "Internet of Things") for animal health. *(PRNewswire)*

> IDEXX announced the launch of SediVue, the first-ever automated sediment urinalysis analyzer. One run on SediVue provides the user with 70 images using just 4-5 drops of urine with a 3-minute run time. *(Animal Pharm)*

> Hill's announced the launch of Prescription Diet Derm Defense with HistaGuard complex, the first and only pet food for dogs formulated to reduce signs of environmental allergies by helping disrupt the internal allergy response and create a barrier against future episodes. *(company press release)*

> Adisseo and **Novozymes** announced the launch of their probiotic for poultry, Alterion, on the US market as well as in a number of countries in the Middle East and South East Asia. Alterion has been developed from a unique strain of *Bacillus subtilis*, a naturally-occurring bacterium found in soil. *(Foodingredientsfirst.com)*

> Land O'Lakes announced that its animal nutrition business will be the exclusive partner in the US for **Delacon**'s phytogenic feed additives. *(Animal Pharm)*

> ImmuCell Corporation announced a proposed registered underwritten public offering of its common stock, subject to market and other conditions. ImmuCell intends to use the net proceeds from the offering to construct and equip a facility that will produce Nisin, the active ingredient in the Company's Mast Out product. *(company press release)*

> Trupanion, Inc. announced a partnership with **Pet Partners**, LLC. The partnership names Trupanion as the preferred provider of medical insurance for cats and dogs in Pet Partners' more than 60 affiliated veterinary hospitals in the US. *(Money.cnn.com)*

> Veterinary Specialists of North America (VSNA) hospital group announced a name change to **Compassion-First Pet Hospitals**. *(company press release)*

> Vet Set Go! was launched at NAVC. It is the first and only resource of its kind to provide valuable information for tweens, parents and grandparents looking to foster a young adult's passion for animals by opening the doors to in veterinary medicine. The resource includes a website and book targeted at tweens interested in veterinary medicine. *(company press release)*

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BRAKKE CONSULTING, INC.
Keeping the Veterinary Pharmacy in the Veterinary Hospital

This two-hour, RACE approved presentation covers the veterinary hospital relevant highlights of the Pet Pharmaceutical Market Shift Study conducted by Brakke Consulting and Trone Brand Energy in 2015, as well as the strategies to keep the pharmacy under veterinary control in lieu of losing it to multiple growing competitive forces.

Dr David Goodnight designed this presentation to be delivered in smaller settings, such as local

VMA meetings, etc. to foster open discussion.

If your company would like to sponsor, or co-sponsor, a meeting and have Dr Goodnight present, please contact him at dgoodnight@brakkeconsulting.com or 830-285-1259.

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ANIMAL HEALTH NEWS

> WORLD - ANIMAL DISEASE RESEARCH A new International Research Consortium for Animal Health (IRC) has been created to coordinate global research and ultimately lead to new methods of controlling animal diseases. The IRC builds on an existing global network on animal disease research, STAR-IDAZ, and aims to instigate new strategies on over 30 priority diseases and challenges, such as vaccine development and antimicrobial resistance. Over EUR 1 billion ($1.1 billion) has been initially pledged by participants including governments, research institutes, global organizations and veterinary pharmaceutical industry representatives; the World Organization for Animal Health (OIE) is involved as a strategic partner. *(Animal Pharm)*

> US - ANTIBIOTIC USE A new report by the Farm Foundation described a low level of awareness among US livestock producers about the country's judicious use policies regarding medically important antibiotics. The report focuses on the findings of 12 regional workshops that found that livestock producers and veterinarians may not be aware of legal changes to the prescribing status of certain drugs; additionally, less than half of workshop participants were clear about changes to Veterinary Feed Directive (VFD) policies. *(Animal Pharm)*

> US - PET STAMPS The United States Postal Service announced it is issuing a booklet of 20 Forever stamps featuring photographs of 20 pets. *(Vet Advantage - Veterinary Practice News)*

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BRAKKE CONSULTING, INC.
TRANSACTION ASSISTANCE

Buying, selling or merging? We can help!

Brakke Consulting assists many clients with mergers, acquisitions and divestitures. Our transaction experts can provide the insight, ability and contacts you need in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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BRAKKE CONSULTING VIEWPOINT

Financial results for 2015 are starting to be reported by the public animal health companies. Thus far our estimates of year-end financial results for most of the companies are on target and we believe the growth we projected for the industry at 5.5% will hold.

As would be expected, some companies were more successful than others during 2015. Those companies with significant new product introductions had the most positive revenue results. One observation we had at the recent NAVC meeting was that there were a number of new formulations and product line expansions from many companies, but innovative new technologies with significant new revenue potential to grow the market were more scarce.

We hope you read with interest the promotions of various Brakke projects we are currently handling. One that should be of particular interest is the “Keeping the Veterinary Pharmacy in the

Veterinary Hospital Seminar" conducted by Dr. David Goodnight. If you are a manufacturer or distributor of veterinary drugs, you should be interested in sponsoring or co-sponsoring this seminar, which educates companion animal veterinarians about their clients and what they can do to maintain their pharmacy revenues in the face of increasing competition.

Have a great weekend!

Ron Brakke

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