
**Brakke Consulting's
Animal Health News & Notes for January 6, 2017**
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IN THE NEWS:

Brakke Consulting news

New Strategies for Livestock & Poultry Production report – **NOW AVAILABLE**
2017 Industry Overview – **registration open**
The OTC Channel

earnings news

Avivagen
Neogen

other news

Agranix
AllStock (NSW) Pty Ltd
Alltech
Animal Supply Company
Apiam Animal Health
Boehringer Ingelheim
Brookside Agra
Chr. Hansen
Community Veterinary Clinics, Alabama
Evonik
Genesis
Hartz
Hill's
Holistic Pet Source
IDEXX
J.M. Smucker
Mars
MAVANA
Merck (Flu Avert)
Merck (Valneva)
Merial
Neogen
Neovia
Nestle Purina
Nordland Sett Vaks
PetSmart
PHARMAQ
Ralco
Rogama Indústria e Comércio Ltda
Solbiosur
SureFlap
Valneva
VetDC
VIP Petcare
Virbac
Zoetis (Cytopoint)

Zoetis (PHARMAQ)
Zomedica

BRAKKE CONSULTING, INC.
New Strategies for Health and Performance in US Livestock and Poultry Production
NOW AVAILABLE

This new study from Brakke Consulting examines what changes producers are and will be making due to the loss of shared use antibiotics for growth promotion and the new Veterinary Feed Directive (VFD) effective Jan. 1, 2017. The study examines:

- Changes in production systems
- New approaches, technologies and products producers are adopting
- New feed additives they are considering
- Who and what most influence decision-making
- Quality of information and support from supplier companies
- How producers will measure results of changes

The cost of the study is \$16,000. For more information or to order the report, contact John Volk at john@volkonline.com or (773) 327-4941.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

- **Neogen** Corporation announced results for the second quarter of its 2017 fiscal year, which ended Nov. 30. Revenues increased 14% to \$91 million due in part to acquisitions; net income increased 23% to \$11.2 million. Animal Safety revenues increased 18% to \$50 million. (*company press release*)
- **Avivagen** Inc. announced its results for the fiscal year ending October 31, 2016. Total revenues for the year were \$161,190, essentially flat versus the prior year. The full year loss for fiscal 2016 was \$(2.75) million, an increase from a net loss of \$(2.00) million the prior year. Avivagen concluded its fiscal year with cash and cash equivalents of \$5.1 million, as compared to \$632,000 at the end of fiscal 2015. (*company press release*)

BRAKKE CONSULTING, INC.
2017 INDUSTRY OVERVIEW
REGISTRATION FOR OVERVIEWS AT NAVC AND WVC NOW OPEN

Brakke Consulting is pleased to announce the 2017 Industry Overview. The 2017 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. These dates are:

- NAVC: **Monday, February 6, 2017**, 2:00 – 4:00 pm, Rosen Centre Hotel
- WVC: **Tuesday, March 7, 2017**, 2:00 – 4:00 pm, Four Seasons.

Registration for the Industry Overview is now open. Seating is limited this year, so register early!

To register, go to www.brakkeconsulting.com and scroll down to the "What's New" box. The price is \$395 per person for online registration; late registration is \$450.

COMPANY NEWS RELEASES

- Sanofi and **Boehringer Ingelheim** confirmed that the strategic exchange of Sanofi's animal health business (**Merial**) and Boehringer Ingelheim's consumer healthcare (CHC) business, has been successfully closed in most markets on January 1, 2017. The closings in Mexico and India have been delayed pending receipt of certain regulatory approvals but both are expected to close early 2017. Boehringer Ingelheim will acquire Merial, valued at \$13.53 billion, and Sanofi will obtain Boehringer Ingelheim's CHC business unit, valued at \$7.98 billion, as well as cash compensation of \$5.54 billion. Dr. Joachim Hasenmaier is the head of the newly-configured Boehringer Ingelheim animal health business unit. (*company press release, NASDAQ.com, Animal Pharm*)
- **Zoetis** Inc. announced that the USDA has granted the company a license for Cytopoint, the first monoclonal antibody (mAb) therapy approved to help provide sustained control of the clinical signs associated with atopic dermatitis in dogs. The product was granted a conditional license in August 2015. (*Business wire*)
- **Merck Animal Health** announced the launch of a proprietary new intranasal applicator for administering the Flu Avert I.N. equine influenza vaccine. The applicator makes vaccination easier for the horse and veterinarian, and delivers enhanced mucosal coverage within the nasal cavity. (*Vet Advantage*)
- **Valneva SE** announced a research license agreement with **Merck Animal Health** (MSD Animal Health) giving Merck the rights to research new vaccine candidates using Valneva's EB66 technology. Merck and Valneva had previously signed a commercial license agreement in 2009 allowing Merck to develop and commercialize EB66-based vaccines for an undisclosed indication. (*company press release*)
- **Virbac** announced that it has received from the FDA a communication confirming the lifting of the Warning Letter received in December 2015 for its St. Louis, Missouri production site. This announcement allows the St. Louis production site to fully recover its cGMP (current Good manufacturing practice) status and beyond that, gives it the opportunity to file new registration and variation files with the FDA. (*company website*)
- **IDEXX Laboratories**, Inc. announced that it has been named to the S&P 500 and will join after close of trading on Wednesday, January 4. (*company press release*)
- **Mars Petcare, Nestle Purina, Hill's Pet Nutrition, PetSmart** and veterinary services providers face a class action lawsuit that alleges that those pet food companies engaged in price fixing of prescription dog and cat food formulations in the US, in violation of anti-trust and consumer protection laws. The plaintiffs claim that the pet food businesses charged consumers more than was justified for certain foods by making those foods available by prescription only, and allege that these prescription foods contain no drug or ingredients that are not found in conventional foods. (*Petfoodindustry*)
- **The Hartz Mountain Corporation** announced that it has selected Tatsuya Suto as its new president and chief executive officer. Mr. Suto succeeds Gumpei Futagami, who will remain at the company as Executive Chairman. (*PRNewswire*)
- **Brookside Agra** announced the launch of Brook-Lytes, a non-medicated, pH-buffered electrolyte for pigs of all stages and environments. (*company press release*)

- The FDA announced the conditional approval of **VetDC's** Tanovea-CA1 (rabacfosadine for injection) for the treatment of canine lymphoma. Tanovea-CA1 is the first FDA-approved drug for canine lymphoma. The conditional approval is valid for one year; VetDC may ask the FDA to renew the conditional approval annually for up to four more years. (*FDA*)
- **Zomedica Pharmaceuticals Corp.** announced it has entered into a research collaboration agreement with Celsee Diagnostics, Inc. to test the feasibility of Celsee's liquid biopsy technology for veterinary application as a canine cancer diagnostic test. Liquid biopsy detects circulating cancer cells in the blood. (*Globe Newswire*)
- The **J.M. Smucker Company** announced a limited voluntary recall on certain lots of 9Lives, EverPet, and Special Kitty canned cat food due to possible low levels of thiamine. (*FDA*)
- **Animal Supply Company** announced it has acquired the assets of **Holistic Pet Source**. Financial terms were not disclosed. (*Pet Business*)
- **SureFlap** announced the launch of the SureSense Microchip Reader, a handy, pocket-sized microchip reader. The affordable new reader is compatible with all ISO 15-digit (FDX-B) identification microchips. The reader is the company's first professional product, developed exclusively for veterinary professionals, shelters, breeders and pet care professionals. (*Pet Gazette*)
- **Ralco** and **Genesus** announced a collaboration to advance swine nutrition and genetic characteristics for swine producers around the world. The two companies will work together to improve return on gain and meat quality through nutrition at Ralco's swine research facilities. (*company press release*)
- Mixed Animal Veterinary Associates North America, Inc. (**MAVANA**) announced its formation via the merger of 21 veterinary practices located in 10 states across the US. MAVANA unites outstanding mixed animal and equine practices to elevate shareholder practices' ability to offer their clients state of the art veterinary care. The merging practices have gross revenues topping \$55 million. (*company press release*)
- **Community Veterinary Clinics, Alabama, LLC**, working with **VIP Petcare**, announced the expanded availability of its preventive veterinary clinics throughout the state of Alabama. The clinics are conveniently located at pet stores, feed stores and other host locations in communities throughout the region. Since its start in California over twenty years ago, VIP Petcare has expanded to more than 2500 locations nationwide. (*Marketwired*)
- NORWAY **PHARMAQ**, a business of **Zoetis**, announced the acquisition of the Norwegian company **Nordland Sett Vaks**, which manufactures and markets high quality vaccination machinery for the aquaculture industry. Terms of the transaction were not disclosed. (*Wall Street Transcript*)
- SPAIN **Alltech** announced it has acquired **Solbiosur**, a specialized agricultural and horticultural crop solutions company in Spain. For more than 10 years, Solbiosur has manufactured and distributed agricultural and horticultural solutions that are respectful to the environment and are cost-beneficial for the producer. Financial terms were not disclosed. (*Wisconsin State Farmer*)
- ASIA **Evonik** announced it is ending its distribution partnership with **Chr. Hansen** in the Asia Pacific region, citing a desire to expand the reach of its own feed additive products, which it is now producing locally in Singapore. The distribution agreement will end on December 31. (*Animal Pharm*)

- BRAZIL **Neogen** Corporation announced that it has acquired Brazil-based **Rogama Indústria e Comércio Ltda.**, a private company that develops and manufactures rodenticides and insecticides. Rogama's annual revenues are approximately \$8 million. Financial terms were not disclosed. (*company press release*)
- AUSTRALIA **Apiam Animal Health** announced it has entered a deal to purchase **AllStock (NSW) Pty Ltd** for \$1.75 million. AllStock is in the animal reproduction service business, providing embryo transfer and artificial insemination to the sheep and goat industries. (*Finnewsnetwork.com.au*)
- FRANCE **Neovia** announced the acquisition of **Agranix**, a French company that manufactures boluses and premium dietary products for ruminants and horses. Financial terms were not disclosed. (*WattAgNet.com*)

ANIMAL HEALTH NEWS

- US - VFD The Veterinary Feed Directive (VFD) became effective on January 1, 2017. All medically important antibiotics intended for use in animal feed are now VFD drugs and must be used under the supervision of licensed veterinarians. Feed manufacturers are now required to receive a VFD order – a signed and written authorization from a licensed veterinarian to purchase and use VFD antibiotics on and in animal feed. (*WattAgNet.com*)
- UK - AVIAN INFLUENZA Avian influenza has been confirmed in turkeys on a farm near the north-western UK town of Louth. The turkeys were infected with the H5N8 strain and have died. The remaining birds will be humanely culled. The UK's Department for Environment, Food and Rural Affairs (Defra) has put in place a 3km protection zone and a 10km surveillance zone around the farm. (*Animal Pharm*)
- GERMANY - AVIAN INFLUENZA Germany reported the culling of about 77,000 turkeys, chickens and ducks after the highly contagious H5N8 strain of avian influenza was found on farms in a major poultry production region in the north German state of Lower Saxony. (*Reuters*)
- US - AVIAN INFLUENZA Avian influenza H7N2 infected at least 45 feline residents of the Animal Care Center shelter in Manhattan, marking the first documented instance of infection and transmission of H7N2 among domestic cats. Most affected cats exhibited mild symptoms, but one elderly cat with other health problems died. A veterinarian at the animal shelter was also infected, but only had mild illness from the virus. (*AVMA Smartbrief - New York Daily News, NBC News*)
- US - ANTIMICROBIAL USE The FDA published its annual report summarizing sales and distribution data for all antimicrobial drugs approved for use in food-producing animals. The report shows that sales and distribution of all antimicrobials increased 1% from 2014 through 2015, tying for the lowest annual increase since 2009. The percentage of those antimicrobials that are considered medically important in human medicine increased by 2% from 2014 through 2015. To read the report, go to <http://www.fda.gov/downloads/ForIndustry/UserFees/AnimalDrugUserFeeActADUFA/UCM534243.pdf>. (*FDA*)
- US - HOG INVENTORY The US inventory of all hogs and pigs on December 1, 2016 was 71.5 million head, up 4% from December 1, 2015. Breeding inventory, at 6.09 million head, was up 1% percent from last year; market hog inventory, at 65.4 million head, was up 4% percent from last year. (*Vet Advantage - USAgNet*)

- UK - POULTRY VACCINES Scientists at the UK's Pirbright Institute have used genetic engineering to develop a more efficient and effective vaccine for Marek's disease. The Institute is in discussion with international poultry vaccine manufacturing companies about the potential commercialization of this approach. (*Animal Pharm*)
- EU - ZINC OXIDE WITHDRAWAL The European Medicines Agency (EMA) has recommended all veterinary medicines containing zinc oxide should be withdrawn. The EMA investigation was instigated by the Netherlands and France due to concerns about the potential risk non-degradable zinc oxide presents to the environment, and the risk for co-selection of antimicrobial resistance. The EMA's Committee for Medicinal Products for Veterinary Use (CVMP) concluded that the treatment benefits of zinc oxide for the prevention of diarrhea in pigs did not outweigh the environmental risk associated with their use. (*vettimes.co.uk*)
- WORLD - AVIAN INFLUENZA The World Organization for Animal Health (OIE) has launched a new OIE portal on avian influenza (<http://www.oie.int/en/animal-health-in-the-world/web-portal-on-avian-influenza/>) that brings together a wealth of information to enable a greater understanding of the disease and to detail the biosecurity measures recommended by OIE at both the farm and trade level to halt its spread. (*Feedstuffs*)
- US - FELINE HEART DISEASE A new drug shows promise for treating heart disease in cats and humans, according to research by a team including veterinarians at the University of California, Davis, School of Veterinary Medicine. The novel drug, MYK-461, proved effective in a study of five cats with a naturally occurring form of inherited hypertrophic cardiomyopathy (HCM). A paper describing the work was published Dec. 14 in the journal PLOS ONE. (*university press release*)

**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 jadamson@brakkeconsulting.com.

www.BrakkeConsulting.com

BRAKKE CONSULTING VIEWPOINT

Happy New Year! We hope all of our subscribers had a peaceful and restful holiday season so that you can hit the ground running in the new year. While many of you were resting others were busy closing transactions both large and small. The length of the newsletter is normally an indication of reported industry activities each week. We'll now look forward to the year-end financial results for most companies and their product launches and new programs for 2017.

There are two announcements regarding Brakke Consulting activities that we'd like to call to your attention. First, just as the holidays started we published our "New Strategies for Health and Performance in US Livestock and Poultry Production". This new study examines what changes producers are and will be making due to the new Veterinary Feed Directive (VFD) effective Jan.

1, 2017 and the loss of shared-use antibiotics for growth promotion. We want to thank those clients who have already purchased the study and look forward to discussing the details of the findings with others interested in the study. There are some interesting actionable items for marketing and sales groups to consider in 2017 and beyond.

It is also time for interested parties to register for our 2017 US Animal Health Industry Overview which will be given at NAVC and WVC. The 2017 Industry Overview will be diving into the key drivers in the animal health industry in 2017 and how each could or will impact your business. Please see the advertisement above for registration or call our Dallas office if you'd like additional information on this latest animal health industry overview.

Have a great 2017 and we look forward to seeing many of you at the various industry meetings the next several weeks.

Ron Brakke

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