
**Brakke Consulting's
Animal Health News & Notes for January 8, 2015**
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Editor: Lynn Fondon DVM MBA

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2016 INDUSTRY OVERVIEW

ONLINE REGISTRATION FOR NAVC ENDS JAN 15!

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. These dates are:

- NAVC: **Monday, January 18**, 2:00 – 4:00 pm, Gaylord Palms.
- WVC: Tuesday, March 8, 2:00 – 4:00 pm, Four Seasons.

Registration for the Industry Overview at the NAVC is now open (WVC registration will open shortly). Seating is very 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 \$385 per person for online registration; late registration is \$425.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Neogen Corporation** announced that net income for the second quarter of its 2016 fiscal year, which ended Nov. 30, increased 16% to \$9.1 million; revenues increased 16% to \$80 million. Neogen's Animal Safety segment reported a revenue increase of 19% to \$42 million. (*company press release*)

COMPANY NEWS RELEASES

> **Zoetis Inc.** announced that the USDA has licensed Vanguard crLyme vaccine to aid in the prevention of clinical disease and subclinical arthritis associated with *Borrelia burgdorferi*, the causative agent of Lyme disease in dogs. This next-generation vaccine has been developed to drive an immune response against two of the bacterium's most relevant proteins – outer surface protein A (OspA) and outer surface protein C (OspC). (*company press release*)

> **Huvepharma** announced that it has agreed to acquire certain assets from **Zoetis**, which include an international portfolio of medicated feed additives and two owned and one leased US manufacturing sites. Financial terms were not disclosed. (*company press release*)

> **Neogen Corporation** announced that it has acquired the complete rodenticide assets of **Virbac Corporation**, the North American affiliate of Virbac Group. The acquired assets include a key rodenticide active ingredient that complements Neogen's existing active ingredients, and more than 40 regulatory approvals for a variety of formulations in the US, Canada and Mexico. The acquired assets also include a large retail and OEM customer base. Financial terms were not disclosed. (*company press release*)

> **ImmuCell Corporation** announced that it has entered into a Product Development & Contract Manufacture Agreement with **Norbrook Laboratories Limited**, covering the final formulation and sterile-filling services for Mast Out. (*company press release*)

> **ImmuCell Corporation** announced that it has acquired certain business assets from **DAY 1 Technology, LLC**. The acquired rights and know-how are primarily related to formulating ImmuCell's bovine antibodies into a gel solution for oral delivery to newborn calves via a syringe (or "tube"). The acquisition also includes certain other related private-label products that could

generate around \$300,000 in annual sales for ImmuCell. Financial terms were not disclosed. *(company press release)*

> **Gour Medical SA** announced that it has entered into an exclusive license agreement with **IDEXX Laboratories**, Inc. to continue the development of a recombinant monoclonal antibody for therapeutic use: anti-IgE chimeric antibody for the treatment of canine allergy. *(company press release)*

> **Manna Pro Products** LLC announced it has acquired **Nutri-Vet** and **Petnology Essentials** brands. Both will become part of Manna Pro's Pet Care/Companion Animal unit and will be run as a separate entity named Nutri-Vet Wellness LLC. Financial terms were not disclosed. *(company press release)*

> **VetBiotek**, Inc. announced that it has changed the name for its antiseptic range of topical dermatological products from Hexazole to BioHex. The name change allows the company to unify the naming of its topical dermatology portfolio of products with a consistent Bio prefix. *(Vet Advantage)*

> **Kane Biotech** announced it has entered into a Sales Representation Agreement with a US-based marketing, consulting, and sales management firm specializing in the pet industry. Work has already started with Kane's commercialization team to launch the Corporation's bluestem pet oral care brand in the US in the first quarter of 2016. *(company press release)*

> **Gour Medical SA** announced the signing of an agreement with **Medicom Healthcare** to provide high-quality Eyecare products for animals including eye wipes and eye lubricants. Gour plans to launch the Eyecare products for animals in the worldwide market during 2016. *(company press release)*

> **Skystar Bio-Pharmaceutical Company** announced that on December 17, 2015, the Company received notification from The Nasdaq Stock Market informing the Company that a Nasdaq hearing panel had decided to delist the Company's shares from Nasdaq and that the Company's shares would be suspended from trading on Nasdaq at the open of business on December 21, 2015. *(Money.cnn.com)*

> **Argenta** announced the start of operations at its first US plant in Fort Dodge, Iowa. It acquired the plant from Boehringer Ingelheim Vetmedica last year. *(company press release)*

> **Mendota Products** announced the acquisition of **DERMagic Skin Care for Animals**, a manufacturer of all-natural and organic animal skin care products. Financial terms were not disclosed. *(PetAge)*

> **Radio Systems Corporation** announced it has entered into a binding agreement to acquire **Southern Pet Containment** and its related companies, a distributor of Invisible Fence Brand. Financial terms were not disclosed. *(PetAge)*

> The EPA announced that it has approved **Bridge Organics'** 3kPZS as the first "vertebrate pheromone biopesticide" authorized for use in US waters. The synthetic pheromone bait attracts adult lampreys to a specific spot where they can be captured and destroyed before they can mate. Sea lampreys impact fish populations in the Great Lakes, and have until now been controlled using a chemical pesticide. *(@AVMAVets - Twincities.com)*

> **AGL** introduced Vetrax, a veterinary medical device and information platform designed to more quickly alert veterinarians and pet owners to potential health concerns as part of an ongoing

monitoring program. AGL expects Vetrax to become more widely available later this year and will market it only through veterinarians. (*company press release*)

> The FDA approved **Alexion Pharmaceuticals'** hLAL rDNA construct in SBC LAL-C chickens for the production of recombinant human lysosomal acid lipase (intended for use in humans) in egg whites of genetically engineered chickens. (*FDA*)

> INDIA **Novartis India** announced it has completed the transaction to sell its animal health business to **Elanco India**, an affiliate of Eli Lilly. Terms were not disclosed. (*economictimes.indiatimes.com*)

> INDIA Zydus Cadila, through its veterinary division **Zydus Animal Health**, announced it has acquired select brands and the manufacturing operations in Haridwar of **Zoetis**. As a result of this acquisition, Zydus has gained access to a wide range of nutrition as well as therapeutic products which have strong brand equity and a combined turnover of Rs. 171 crore (\$26 million). Financial terms were not disclosed. (*dealstreetasia.com*)

> CANADA **Modern Veterinary Therapeutics**, LLC announced that the Canadian Veterinary Drugs Directorate (VDD) has approved Nerfasin 100 (xylazine injection) for equine use in Canada. (*company press release*)

> MEXICO **Nestle** announced it has completed a new \$220 million pet food factory in the Mexican state of Guanajuato. The plant, located in the city of Silao, is part of the brand's \$1.03 billion four-year investment program for Mexico. (*Vet Advantage - Pet Age*)

> DENMARK **ALK** announced that it has entered into an agreement to divest its European veterinary business, including related production facilities in the Netherlands, to Swedish investment company **Fidelio Capital**. ALK's veterinary business specializes in the development, manufacturing and marketing of immunotherapy products for veterinary use. Financial terms were not disclosed. (*itbusinessnet.com*)

ANIMAL HEALTH NEWS

> WORLD - KETAMINE CLASSIFICATION The World Health Organization (WHO) has opposed a Chinese United Nations (U.N.) delegation request of the U.N. Commission on Narcotic Drugs to place a commonly used anesthetic and analgesic, ketamine, under international control. Ketamine is one of the most widely used veterinary anesthetics in the world, primarily because of its safety, according to the President of the World Veterinary Association. (*AVMA Smartbrief - TheHorse.com*)

> US - COOL REPEAL The USDA has ceased enforcing the country-of-origin labeling requirements for beef and pork after approval of legislation repealing the rules. According to the US Agriculture Secretary, the USDA will be amending the COOL regulations as expeditiously as possible to reflect the repeal of the beef and pork provisions. The repeal of the country-of-origin labeling law was designed to avert more than \$1 billion in retaliatory tariffs that the World Trade Organization authorized Canada and Mexico to levy against a variety of U.S. products because of COOL requirements. (*Agri-pulse.com*)

> US - PET OWNERSHIP BENEFITS The Human Animal Bond Research Initiative (HABRI) released a new economic study that quantifies the healthcare cost savings associated with pet ownership. The economic analysis, conducted by researchers at George Mason University, calculated an \$11.7 billion savings in U.S. healthcare costs as a result of pet ownership. The cost savings breakdown is in two areas: Pet owners, who number 132.8 million, save the U.S.

healthcare system \$11.37 billion in physician office visits; The 20 million dog owners who walk their dogs five or more times a week show a lower incidence of obesity and save \$419 million in healthcare costs. (*Vet Advantage - AAHA NewStat*)

> US - BETA AGONIST USE According to research results recently published in the *Journal of the American Veterinary Medical Association*, the beta agonists zilpaterol and ractopamine have no effect on fatigued cattle syndrome. Instead, the researchers found that the greatest risk associations are the size of the cattle going out, the time of year and heat stress, and how the cattle are handled at the time of shipping. As a result of the research, Thomson says K-State is developing a fatigued cattle syndrome stewardship program. An integral part of the program is education, he says, and programs are under development with a launch set for April, 2016. (*Beefmagazine.com*)

> US - CATTLE GENETICS RESEARCH UC Davis scientists are raising two calves that have been genetically edited to not grow horns. The new technology involves knocking out a precise section of DNA responsible for horn growth and replaced it with a precise section from a cow that does not produce that trait. (*Sacbee.com*)

> US - AKC BREED RECOGNITION The American Kennel Club announced the addition of the American hairless terrier and the sloughi as recognized breeds. (*@AVMAVets - USnews.com*)

BRAKKE CONSULTING, INC. MARKET RESEARCH

Depend on Brakke Consulting to build a market study to meet your company's needs, whether it is:

- Assessing the feasibility of a new product or technology
- Identifying the opinions and trends of veterinarians, pet owners or producers
- Determining the current market for products

With our in-house database of veterinarians and the ability to custom-tailor surveys of a wide variety of target audiences, we provide reliable insights into this unique industry. We also produce multi-client reports in a number of high-interest animal health market areas. For more information, see our website or call our Dallas office at 972-243-4033.

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BRAKKE CONSULTING VIEWPOINT

This week's newsletter has an above-average number of stories to make up for the abbreviated versions during the holidays. 2015 ended with a great deal of activity and some optimistic projections for the new year.

We are currently in the final draft of our 2016 Animal Health Industry Overview which will be presented for the first time at the NAVC meeting in Orlando. You can see the details related to registering and attending this presentation earlier in the newsletter.

Some of the topics that will be covered in this year's overview will be our views on a number of significant changes occurring in the industry. There are sections on new technologies and companies, the financial community's current view of animal health, trends in the companion and food animal markets, trends in veterinary clinics, and other information that participants will find

useful in their management roles. We still have seats available for both the session in Orlando and later in Las Vegas.

We look forward to seeing all of you in Orlando at the NAVC in a few days. HAPPY NEW YEAR!

Ron Brakke

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Brakke Consulting, Inc.
12005 Ford Rd., Suite 530
Dallas, TX 75234 USA