
**Brakke Consulting's
Animal Health News & Notes for October 14, 2016**
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**BRAKKE CONSULTING, INC.
2016-2017 PET PHARMACEUTICAL MARKET SHIFT STUDY
EARLY-ORDER DISCOUNT EXTENDED ONE WEEK – DEADLINE OCTOBER 21**

Brakke Consulting and Trone Brand Energy are pleased to announce the upcoming Pet Pharmaceutical Market Shift Study. The first study, completed in 2015, identified the desire of pet owners to be free to buy prescriptions outside the veterinary hospital. About 25% of clinics were already experiencing revenue decreases as a result of a change in buying behavior, and a majority of pharmacists believed they should be dispensing more pet medications due to market demand.

The 2017 follow-on study will identify what veterinarians need to do to maintain client buying loyalty. Also, veterinarians attitudes and reactions towards manufacturers and distributors selling directly to human pharmacies or the internet will be measured, along with what actions are open to manufacturers and distributors to help veterinarians maintain loyalty with their clients.

The study will be completed in early 2017. For more information, contact David Goodnight at 830-285-1259 or dgoodnight@brakkeconsulting.com.

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COMPANY EARNINGS RELEASES

- **Virbac SA** reported results for the third quarter of 2016. Consolidated sales in the third quarter amounted to EUR 216 million (\$242 million), an increase of 1% compared to the same period of 2015. (+2% at constant exchange rates). (*company website*)

COMPANY NEWS RELEASES

- **Boehringer Ingelheim, Merial and Ceva Santé Animale** announced that Boehringer Ingelheim and Ceva have entered into a binding put option agreement according to which Ceva will purchase certain assets of Merial's portfolio in the context of Boehringer Ingelheim's business swap with Sanofi. Ceva will acquire certain animal health vaccines and pharmaceuticals from the Merial portfolio for swine, bovine and companion animals as well as related intellectual property, manufacturing processes and R&D activities. The package contains the following brands: Circovac (excluding US), Progressis, Mucosiffa, Parvovax, Parvoruvax, Equioxx (excluding US), Genixine, Ketofen 1% injection and tablets (excluding Canada) and Ketofen 10% injection (excluding Canada). (*company press release*)
- **Merck Animal Health** announced that the USDA has approved a license for Nobivac Canine Flu Bivalent vaccine. According to the company it is the first vaccine to aid in the control of disease associated with both canine influenza virus (CIV) H3N2 and canine influenza virus H3N8. (*company press release*)
- **Boehringer Ingelheim Vetmedica Inc. (BIVI)** announced the launch of Ultra Duramune Lyme, a new low-volume 0.5 mL vaccine for subcutaneous vaccination of healthy dogs 9 weeks of age or older as an aid in the prevention of disease caused by *Borrelia burgdorferi*. (*company website*)
- **ImmuCell Corporation** announced that it has broken ground on construction of its new \$20 million pharmaceutical facility to produce Nisin, the active ingredient in Mast Out. The two-story facility in Portland, Maine, will provide over 16,800 square feet of fermentation, processing, laboratory and warehouse space. (*company press release*)
- **T-Cyte Therapeutics, Inc.**, announced the US launch of Lymphocyte T-Cell Immunomodulator (LTCI) as the first USDA-approved treatment option for canine osteoarthritis. LTCI is administered by veterinarians via a subcutaneous injection. (*Marketwired.com*)
- **Diamond Pet Foods** announced it has entered the veterinary channel with the introduction of Diamond Care Rx Renal Formula for adult dogs. The diet is available exclusively at veterinary clinics. Diamond also launched four other Diamond Care pet food formulas that are sold at pet stores nationwide. (*Veterinary Practice News*)
- **E.I. Medical Imaging** announced the release of EVOStream, a wireless technology that allows users to view live ultrasound images on mobile devices. (*Digitaljournal.com*)
- Penta Investments announced it has sold **Gimborn Holding GmbH** to Hillhouse Capital Management, a long-term equities investor with significant investments in Asia. According to the company's CEO, under Hillhouse management Gimborn can accelerate its planned expansion into Asia. Financial terms were not disclosed. (*PETS International*)
- Natural pet food retailer **Bentley's Pet Stuff** has merged with **Moochie & Co.**, an 11-store mall-based pet supply store chain in Ohio, Indiana and Kentucky. Financial terms were not disclosed. (*Pet Business*)

ANIMAL HEALTH NEWS

- US - BOVINE VACCINE Researchers at Kansas State University have developed a new vaccine as an antibiotic-free method to prevent the transmission of *Fusobacterium necrophorum* in sheep and cattle to meat consumers. The vaccine uses a two-pronged approach to immunize livestock against leukotoxins produced by *F. necrophorum*. (*AVMA Smartbrief - Healio*)
- US - CANINE CANCER TEST North Carolina State University's College of Veterinary Medicine has filed a patent application with the U.S. Patent and Trademark Office for a DNA test for canine transitional cell carcinoma. (*Wraltechwire.com*)
- US - THERAPY DOGS The Human Animal Bond Research Initiative (HABRI) announced it has awarded a \$79,000 grant to the University of Tennessee College of Veterinary Medicine for a new study, "The Effect of Animal-Assisted Intervention on Preoperative Anxiety and Dose of Sedation in Children." The goal of the three-year, cross-over-designed study is to determine if interaction with a therapy dog 20 minutes prior to surgery has a significant effect on reducing a child's anxiety levels and, in turn, lowering the dose of medication necessary for sedation. (*PRWeb.com*)

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.

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BRAKKE CONSULTING VIEWPOINT

It appears with a second divestiture of some Merial assets that the Boehringer and Merial merger is approaching completion as planned. There were other announcements this week related to animal health or pet product assets changing hands. Currently, several companies are aggressively expanding investment in the vaccine area. Prevention versus therapy is increasing in importance in health programs because of both economics and concerns over antibiotic usage. Early stage companies and universities with new platform vaccine technologies or vaccines will find a high level of interest at manufacturer, distributor and veterinary level. There also appears to be a fair amount of repositioning by a number of companies to adjust to competitive consolidations.

As for myself I have just arrived in South Dakota to assist in the annual ring neck pheasant harvest that begins this weekend. It is also a good time to check out the crops and attitudes of producers in my home state. Have a great weekend!

Ron Brakke

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