
**Brakke Consulting's
Animal Health News & Notes for October 15, 2010**
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COMPANY EARNINGS RELEASES

> **KMG Chemicals**, Inc. announced financial results for the fourth quarter and fiscal year ended July 31, 2010. Animal Health Products generated net sales of \$3.9 million, approximating last year's \$3.8 million. (*Market Wire*)

> **Provimi Pet Food** recorded sales of EUR 115 million (\$140 million) for the first six months of 2010, a 6% increase on the first half of 2009. (*PRNewswire*)

COMPANY NEWS RELEASES

> According to a Bloomberg report, Sanofi-Aventis SA and Merck & Co. plan to sell animal-health assets valued at about \$1 billion after agreeing to combine their veterinary medicine businesses, **Merial** and **Intervet/Schering-Plough**, this year. Selling the assets may allow Sanofi and Merck to resolve antitrust concerns and complete the joint venture. (*Veterinary Advantage*)

> **Pfizer Inc.** and King Pharmaceuticals, parent company of **Alpharma Animal Health**, announced that they have entered into a definitive merger agreement. Under the terms of the agreement, Pfizer will acquire King for \$3.6 billion in cash. (*PRNewswire*)

> **Intervet/Schering-Plough** announced that the USDA has approved Innovax-ND, a recombinant vaccine that helps aid in the protection of Newcastle and Marek's diseases in chickens with just one dose. The vaccine is administered by *in ovo* injection to 18-day chicken embryos. (*company press release*)

> **Imugene Limited** announced a global agreement with **Novartis Animal Health, Inc.**, to commercialize its vaccines for pigs and poultry. Under the terms of the agreement, Novartis will have exclusive global rights to all of Imugene's technologies and intellectual properties. Financial terms were not disclosed. (*tradingmarkets.com*)

> A woman in Cambridge, Massachusetts is suing **Merck** (as distributor of the HomeAgain tracking microchip) and **Digital Angel** (manufacturer of the chip), claiming that her cat developed cancer after receiving one of the HomeAgain implantable microchips. The suit claims that the two companies violated an implied warranty that the HomeAgain product was safe. (*Boston.com*)

> **Henry Schein, Inc.** announced an agreement to acquire **Provet Holdings Limited**, Australasia's largest distributor of veterinary products. Provet Holdings reported revenue for the fiscal year ended June 30, 2010 of approximately A\$283 million (US\$278 million). Under the terms of the agreement, Provet Holdings stockholders will receive at closing A\$2.14 for each outstanding share; the value of the transaction is estimated to be approximately A\$93 million (US\$91 million). (*company website*)

> **Chemaphor Inc.** announced it will rename its wholly owned subsidiary, 7552882 Canada Inc., "**Avivagen Animal Health Inc.**" to focus on the commercialization of Chemaphor's companion animal health products, including the recently in-licensed Vet-Stem stem cell treatment and Chemaphor's own Oximunol Chewables for dogs. (*Veterinary Advantage*)

> **DNA My Dog** announced it now offers its DNA testing kit to the wholesale pet market. Pet owners send in the test materials and receive a full set of personalized breed results for their dog. (*Pet Business*)

> BDI Pharma, Inc., a distributor of human biotech therapies, announced the expansion of the company's specialty pharmaceutical portfolio with the launch of a new Animal Health Division, **4legPharma**. The company will distribute urgent need, critical care pharmaceutical products to veterinary specialists. (*company press release*)

> The FDA announced a recall of certain lots of **Blue Buffalo Dog Food** due to potentially dangerous levels of Vitamin D. At least 36 dogs have developed hypercalcemia, which resolved after they were no longer consuming the dog food. (*Veterinary Answers*)

> **AgFeed Industries Inc.** announced plans to spin off its animal nutrition unit, AgFeed Animal Nutrition Holdings Inc. (AANI), in an initial public offering that would make the business an independent, publicly held company. Neither the number of shares to be offered nor the price range has been determined. (*Feedstuffs*)

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ACQUISITIONS AND LICENSING

Are you interested in growing your business by purchasing another company, product line or technology? Have you been thinking about selling your company, product line or technology? Have you considered merging your company with another firm to improve shareholder value?

Brakke Consulting, Inc. assisted many clients with mergers, acquisitions and divestitures over the last few years.

For more information, go to www.BrakkeConsulting.com.

ANIMAL HEALTH NEWS

> NETHERLANDS - BSE The Dutch veterinary service reported that it had established a case of BSE in a 13-year-old cow that had died of natural causes at a farm. This is the second case of BSE reported this year in the Netherlands. (*Reuters*)

> GLOBAL - RINDERPEST The United Nations Food and Agriculture Organization announced that efforts to eradicate rinderpest, which has been prevalent in Africa, Asia and the Middle East, have succeeded. If confirmed, the virus will become the only one besides smallpox to have been wiped out by human efforts. (*Animal Health SmartBrief*)

> EU - DISEASE FUNDING The European Union earmarked more than EUR 250 million to support programs to eradicate, control and monitor animal diseases in 2011. The 138 annual or multi-annual programs which have been selected for EU funding will tackle animal diseases that impact both human and animal health. More than half of the total sum will be used to finance programs to eradicate eight important animal diseases. (*iewy.com*)

> US - VETERINARY PRACTICE REVENUES More than 50% of veterinary practices have seen revenue growth this year compared with the year-ago period, according to the National Commission on Veterinary Economic Issues (NCVEI). Another 12% showed no growth, while about 33-35% saw revenue declines. NCVEI gathered the statistics on its website by asking veterinary practices how their clinic's quarter one and quarter two revenues in 2010 compared with 2009. (*Veterinary Advantage*)

BRAKKE CONSULTING VIEWPOINT

Just a few days ago, in a presentation to a large group of individuals interested in animal health, I mentioned that Brakke Consulting did not think the merger of big pharma companies was over. Just a few days later the Pfizer announcement regarding King Pharmaceuticals made my comments look visionary. We still believe there will be other large pharma mergers, not because of the animal health business but because of the need for new products in the human health area. The animal health business normally comes along in the transaction as a nice bonus with good value. So, once the Pfizer and King transaction is completed we'll have another consolidation in the top 15 animal health companies occurring. Who will be next?

I'm currently en route to South Dakota for the annual culling of the pheasant population. It appears that we'll have great weather and lots of birds. I'll be providing hunting reports on the weekend hunts. Yes, I do work during the week, so it's not all vacation.

Have a great weekend!!

Ron Brakke

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