
**Brakke Consulting's
Animal Health News & Notes for October 30, 2015**
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**BRAKKE CONSULTING, INC.
EXECUTIVE, SALES FORCE and TECHNICAL SERVICES RECRUITING**

At Brakke Consulting we find the right person to fit your company's needs. We have an unequaled network in animal health, and unique insights into what veterinarians value in an animal health professional, including the sales rep attributes that correlate to higher sales volume.

As part of our executive recruiting services, we manage the entire process of identifying and recruiting top candidates, including:

- Developing metrics to help rank candidates
- Scheduling interviews and arranging for travel
- Maintaining communications with candidates throughout the process

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- John Mannhaupt at 972.243.4033
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COMPANY EARNINGS RELEASES

> **Merck** announced financial results for the third quarter of 2015. Animal Health sales were \$825 million, a decline of 7% compared to the third quarter of the prior year (+7% at constant exchange rates). Excluding the impact of exchange, growth was driven by an increase in sales of companion animal products, primarily Bravecto, and new aqua and swine products. (*company website*)

> Sanofi reported results for the third quarter of 2015. Sales for animal health division **Merial** were EUR 607 million (\$678 million), an increase of 18% compared to the third quarter of 2014 (9% at constant exchange rates). The growth was driven by the continued success of NexGard and strong performance of the company's Avian franchise. (*company website*)

> **Bayer** reported results for the third quarter of 2015. Animal Health sales were EUR 357 million (\$400 million), an increase of 8% compared to the third quarter of 2014 (2% currency and portfolio adjusted). (*company website*)

> **Vetoquinol** reported results for the third quarter of 2015. Sales were EUR 85 million (\$95 million), an increase of 3% compared to the third quarter of 2014 (-1% at constant exchange rates). (*company website*)

> **Orion** reported results for the third quarter of 2015. Sales were EUR 15.6 million (\$17.3 million) in its animal health division, a decline of 14% from the third quarter of 2014. The company said the decline was due to its clients' buying patterns; net sales for the first nine months of the year were up 19% to EUR 59 million (\$65 million). (*Animal Pharm*)

> **IDEXX Laboratories, Inc.** reported results for the third quarter of 2015. Revenues were \$406 million, an increase of 6% compared to the prior year period. (normalized organic revenue growth of 12%). Companion Animal Group revenues were \$344 million, an increase of 9%. Net income was \$44.2 million, a decline of 15% from the third quarter of 2014. (*company website*)

> **VCA Inc.** reported financial results for the third quarter ended September 30, 2015. Revenue increased 10% to \$552 million. Animal Hospital revenue in the third quarter increased 12% to \$442 million, driven by acquisitions made during the past 12 months and same-store revenue growth of 5%; Laboratory revenue increased 9%, to \$100 million. Net income increased 100% to \$54.9 million. (*company press release*)

> **Abaxis, Inc.** reported financial results for the second fiscal quarter ended September 30, 2015. Veterinary market revenues from continuing operations were \$46.6 million, up 11% over last year's comparable quarter. (*marketwatch.com*)

COMPANY NEWS RELEASES

> **Elanco Animal Health** announced the launch of Interceptor Plus (milbemycin oxime/praziquantel) for dogs. Interceptor Plus is a monthly chicken-flavored tablet that prevents heartworm disease and protects against intestinal parasites including adult hookworm, roundworm, whipworm and tapeworm. (*company press release*)

> **Bayer HealthCare Animal Health** announced the launch of the Tolfenpro Insecticide Ear Tag for cattle. Tolfenpro utilizes a new active ingredient, tolfenpyrad, to control horn flies and face flies. (*Beefmagazine.com*)

> **Nutramax Laboratories Veterinary Sciences**, Inc. introduce Solliquin Behavioral Health Supplement for dogs and cats. Solliquin helps support normal behavior and facilitate a calming effect. Solliquin combines L-theanine, Magnolia , Phellodendron extracts, and a select concentrated whey protein in a once-daily soft chew or chewable tablet. *(company press release)*

> **Oasmia Pharmaceuticals** launched its IPO, going public for \$4.06 a share and raising an estimated \$9.5 million, less than half of the \$23 million it had planned to raise. Oasmia also trades on Nasdaq Stockholm and the Frankfurt Stock Exchange. Oasmia is the developer of Paccal-Vet, which has a conditional FDA approval for treating canine mammary carcinoma and squamous cell carcinoma; the marketing rights were regained from Zoetis earlier this year. *(FierceAnimalHealth)*

> **Jaguar Animal Health**, Inc. announced that the U.S. Patent and Trademark Office has issued Notices of Allowance in two pending patent applications, licensed exclusively by the Company for veterinary use, covering NP-500 and its use. NP-500 is the active pharmaceutical ingredient (API) in Jaguar's drug product candidates to treat and manage diseases related to insulin-resistance, such as obesity-related metabolic dysfunction in dogs and cats, diabetes mellitus, and potentially equine laminitis. *(company press release)*

> CANADA **Modern Veterinary Therapeutics**, LLC announced that the Canadian Veterinary Drugs Directorate (VDD) has approved Nerfasin 20 (xylazine injection) for use in dogs, cats and cattle. *(company press release)*

> UK Veterinary group **CVS** has expanded its network of surgeries through the acquisition of **Highcroft Pet Care**, based in Bristol. The buy-out of Highcroft is expected to cost CVS up to GBP 12 million (\$18 million), depending on sales until January 2017. CVS, which runs vet practices, laboratories and pet crematoria, will now operate 322 surgeries across the country. *(edp24.co.uk)*

ANIMAL HEALTH NEWS

> UK - ANTHRAX The UK has experienced its first case of anthrax in nine years, an isolated case of anthrax disease in a cow at a farm in Wiltshire. Movement restrictions were imposed at the farm and the dead animal's carcass was incinerated. No other animals have been affected. *(Animal Pharm)*

> WORLD - CARCINOGENS The International Agency for Research on Cancer (IARC) of the World Health Organization (WHO) today classified bacon, sausages, and other processed meats as cancer causing, joining items like cigarettes, asbestos, and alcohol. Additionally, IARC included the consumption of red meat in a lower risk category of "probably carcinogenic to humans." The decision was made after 22 experts from 10 nations looked at data from both human and animal studies that suggested a correlation. Red meat is the first food that IARC has evaluated for its carcinogenic risk. *(Feedstuffs)*

> US - LYME VACCINE Researchers at Western University of Health Sciences studied the equine immune response to the canine Lyme disease vaccine, finding antibodies reached the most effective levels in horses vaccinated twice, three weeks apart. Minor injection site reactions were noted. The canine vaccine in horses is an off-label use, and the researchers said their findings could advance development of a USDA-approved vaccine for horses. *(AVMA SmartBrief - TheHorse.com)*

BRAKKE CONSULTING VIEWPOINT

Several companies are reporting some strong revenue increases in the third quarter, a number of which are driven by parasite products and diagnostics for companion animals. We assume other product categories in these companies are also performing well; however, we have been hearing some concerns in the marketplace of generics taking unit share at lower prices.

It appears from the results of the Oasmia Pharmaceuticals IPO and current stock prices of other companies that have completed an IPO in the last three years that the financial community is losing enthusiasm for investments in animal health. The animal health and pet industry needs the support of the financial community to continue to fuel innovation in new products and technology. The regulatory environment, timing and costs are making it difficult for new start-up companies to develop and survive.

On a more positive note, another publication reported this week that pet owners will spend \$350 million on Halloween costumes for their pets. We assume all of these pet owners are taking their pets to their local veterinarian so they are in good health and can stand the stress of being put in uncomfortable scary costumes.

Have a good weekend!

Ron Brakke

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