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**Brakke Consulting's  
Animal Health News & Notes for November 4, 2016**  
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IN THE NEWS:

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earnings news

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Ceva  
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Elanco  
EnBiotix  
Tomlyn

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**BRAKKE CONSULTING, INC.  
STRATEGIC PLANNING SERVICES**

Brakke Consulting is an excellent resource for your company's strategic planning. Some of the services we offer include:

- Reviewing revenue estimates and success probability of your product pipeline
- Reviewing the timing of various new product introductions and estimate the impact of various scenarios
- Benchmarking various functions against company competitors in the larger markets

Through strategic planning, Brakke Consulting can help improve the likelihood of success for your company's future endeavors.

Contact us for professional assistance in any of these areas.

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**COMPANY EARNINGS RELEASES**

- **Zoetis Inc.** reported its financial results for the third quarter of 2016. The company reported revenue of \$1.2 billion for the quarter, an increase of 2% compared with the third quarter of 2015 (+4% excluding the impact of foreign currency). Net income was \$239 million, an increase of 26%. (*company website*)
- **Parnell Pharmaceuticals Holdings Ltd.**, announced financial results for the first nine months of 2016. Company sales increased 62% to AUS\$ 13.8 million (US\$ 10.6 million) for the nine-months ending September 30. Net loss after tax increased to AUS\$(18.6) million compared to AUS\$(5.4) million in the comparable period in 2015. (*Globe Newswire*)
- **Aratana Therapeutics, Inc.**, announced its third quarter 2016 financial and operational results. Revenues in the third quarter of 2016 totaled \$40,000 compared to \$229,000 in net revenues from product sales during the corresponding quarter in 2015. Aratana reported a net loss of \$(13.4) million in the third quarter of 2016 compared to a net loss of \$(54.4) million in the comparable prior-year period. In the third quarter ended September 30, 2015, the net loss included a \$43.4 million impairment charge. As of September 30, Aratana had \$102.7 million of cash, cash equivalents, restricted cash and short-term investments. (*company press release*)
- **IDEXX Laboratories, Inc.** reported results for the third quarter of 2016. Revenues were \$448 million, an increase of 10% compared to the prior year period, on both a reported and organic basis. The Companion Animal Group generated revenues of \$385 million, an increase of 12%. Net income for the quarter was \$56.5 million, an increase of 28% over the comparable prior-year period. (*company press release*)
- **Heska** reported financial results for the third quarter of 2016. Third quarter revenue was \$33.4 million, up 19% from the third quarter of 2015. Third quarter Core Companion Animal Health segment revenue increased 26% to \$26.4 million. Net income attributable to Heska Corporation rose to \$3.3 million compared to \$1.4 million in the third quarter of 2015. (*company press release*)
- **Nexvet Biopharma** announced its financial results for the three month period ended September 30, 2016. The company reported no revenues; other income was \$0.6 million, principally research and development income of \$0.5 million and government grant income of \$0.2 million, offset by an exchange loss of \$0.1 million. Nexvet reported a net loss of \$(5.1) million, compared to \$(4.0) million for the three months ended September 30, 2015. As of September 30, 2016, Nexvet had cash of \$24.6 million. (*Nasdaq.com*)
- **Henry Schein, Inc.**, reported financial results for the third quarter of 2016. Animal Health sales were \$790 million, an increase of 8% consisting of 10.6% growth in local currencies and a 2.7% decline related to foreign currency exchange. North American Animal Health sales were \$404 million, an increase of 10%. (*company press release*)
- **Trupanion, Inc.** announced financial results for the third quarter ended September 30, 2016. Total revenue was \$48.4 million, an increase of 28% compared to the third quarter of 2015. Net loss was \$(1.6) million, compared to a net loss of \$(4.6) million in the third quarter of 2015. (*company website*)
- **Balchem Corporation** reported results for the third quarter of 2016. The Animal Nutrition & Health (ANH) segment sales were \$41 million, an increase of 2.5% on a 6.6% increase in volumes compared to the prior year quarter. Earnings from operations for the ANH segment increased 21% to \$6.8 million. (*Globe Newswire*)

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## COMPANY NEWS RELEASES

- The FDA announced the approval of **Elanco's** Intepriety and Coban (avilamycin and monensin) Type A medicated feed article for the prevention of mortality caused by *Clostridium perfringens* and as an aid in the prevention of coccidiosis in broiler chickens. (FDA)
- **Ceva Animal Health** announced it has introduced Catego, a fast-acting flea and tick spot-on made specifically for cats. Catego contains the active ingredients dinotefuran, fipronil and pyriproxyfen and kills fleas within 6 hours, achieving a 97% efficacy within 3 hours on the day of application. Catego is sold through veterinarians. (company press release)
- **Tomlyn** announced it is expanding its offerings to the horse and calf care markets with its new Epic line of seven products for the equine and bovine market. The products include Epic Daily Immune, Respiratory, and Gastrointestinal Support for Horses and six new SKUs of Tomlyn Epic calf care products, including Epic Newborn Calf Immune Support, Epic Calf Scour Defense, and Epic Calf Electrolyte. (company website)
- **EnBiotix, Inc.**, announced the completion of an asset acquisition of **AMP Therapeutics GmbH**, an anti-microbial peptide portfolio company of Boehringer Ingelheim Venture Fund and Novartis Venture Fund. Financial terms were not disclosed. (Business wire)
- **Cargill** announced an exclusive agreement with Dutch firm **Dairy Data Warehouse (DDW)** for the provision of global dairy farm data services to the animal nutrition industry. Cargill said the agreement will ensure its animal nutrition solutions are based on the most accurate data analytics in the dairy industry to better benefit its customers. (Animal Pharm)

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## ANIMAL HEALTH NEWS

- **NETHERLANDS - AVIAN INFLUENZA** The OIE has reported an outbreak of low pathogenic avian influenza in the southern Netherlands. 17,009 chickens were destroyed as a result of the unspecified H-strain outbreaks at a farm in the North Brabant region. The area has been quarantined and farm premises disinfected. A vaccination strategy is prohibited. (Animal Pharm)
- **AUSTRALIA - BEF** Australia's cattle industry body, Livestock Biosecurity Network (LBN), sent out warnings concerning bovine ephemeral fever (BEF) after heavy winter rain in the region. The cattle disease, also known as Three-Day Sickness, can cause serious economic losses through decreased weight gain, death and reduced fertility in bulls. The virus that causes BEF is thought to be transmitted between cattle by flying insects such as mosquitoes and biting midges. (Animal Pharm)
- **US - FDA GUIDANCE** The FDA has issued a draft revision of Guidance for Industry (GFI) #170: Animal Drug User Fees and Fee Waivers and Reductions. The FDA is accepting public comments on the draft revised guidance beginning on November 2, 2016. Although members of the public may comment on a guidance document at any time, comments should be submitted by January 3, 2017, to ensure that FDA considers the comments before it begins work on the final version of the draft revised guidance. To submit comments electronically to the docket, visit [www.regulations.gov](http://www.regulations.gov) and type FDA-2004-D-0369 in the search box. (FDA)

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**BRAKKE CONSULTING, INC.  
US FLEA CONTROL AND HEARTWORM MARKETS REPORT  
COMING IN DECEMBER**

Brakke Consulting will soon be publishing our 2016 report on the US Flea Control and Heartworm Markets. The report includes valuable information on the US market for small animal parasiticides including:

- Product descriptions, prices, and sales for the leading veterinary flea and heartworm products
- an overview of the veterinary and OTC flea control markets
- discussion of new flea and tick products, including Frontline Gold, Simparica, Bravecto topical solution, and the generic imidacloprid products
- 2016 survey of 300 veterinarians
- 2016 survey of 500 pet owners

The report on the US Flea Control & Heartworm Markets will be available for a purchase price of \$6,995 if ordered by **WEDNESDAY, NOVEMBER 23**, and \$7,500 after that date.

Please contact Dr. Lynn Fondon at (972) 243-4033 or [lfondon@brakkeconsulting.com](mailto:lfondon@brakkeconsulting.com) to pre-order the report, or for more information visit our website at:

[www.BrakkeConsulting.com](http://www.BrakkeConsulting.com)

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**BRAKKE CONSULTING VIEWPOINT**

The third quarter financial results in this week's news was a mix of slow to moderate growth for those firms involved in traditional animal health products. Those involved in the rapidly growing areas of diagnostics provided some impressive positive revenue results. Each week we report outbreaks of various animal or poultry diseases in the US or other parts of the world which confirms that there are still many opportunities for the development of products that resolve these diseases. Innovation is still needed in the industry; however, we continue to be concerned over the regulatory burden that inhibits early stage companies from being successful in entering the market. It was not too long ago that the investment community had a high interest in animal health, we sense this interest is beginning to wane because of challenges that both large and small companies face in the regulatory area.

Have a great weekend! We encourage our readers in the US to vote in our national election next week!

*Ron Brakke*

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