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**Brakke Consulting's  
Animal Health News & Notes for November 8, 2013**  
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**BRAKKE CONSULTING, INC.**  
**COMING IN DECEMBER:**  
**US FLEA CONTROL & HEARTWORM MARKETS**  
**2013 UPDATE**

Brakke Consulting will soon be publishing our 2013 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 the impact of generic fipronil products
- 2013 survey of 300 veterinarians
- 2013 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 TUESDAY, NOVEMBER 26, 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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## COMPANY EARNINGS RELEASES

> **Zoetis** Inc. reported its financial results for the third quarter of 2013. The company reported revenue of \$1.1 billion for the third quarter of 2013, an increase of 8% from the third quarter of 2012. Net income for the third quarter of 2013 was \$131 million, a decrease of 19% compared to the third quarter of 2012. (*company website*)

> **Bioniche Life Sciences** Inc. announced financial results for the first quarter of Fiscal 2014 (ended September 30, 2013). Revenues for the Animal Health business unit were \$7.7 million, a 17% increase compared to the same period in Fiscal 2013. Net income was \$1.9 million, as compared to net income of \$0.08 million in the first quarter of Fiscal 2013. (*online.wsj.com*)

> **MWI Veterinary Supply**, Inc. announced financial results for its fiscal year ended September 30, 2013. Total revenues were \$2.35 billion for the fiscal year, 13% higher than revenues for the same period in the prior fiscal year. Net income increased 18% to \$62.8 million for the fiscal year ended September 30, 2013. (*company website*)

> **Henry Schein**, Inc. reported record financial results for the quarter ended September 28, 2013. Global Animal Health sales of \$642 million increased 7%. In local currencies, internally generated sales increased 6% and acquisition growth was 2%. The 6% internal growth in local currencies included 10% growth in North America and 2% growth in International. (*Wall Street Journal*)

> **Heska** Corporation reported financial results for its third quarter ended September 30, 2013. Consolidated revenue was up 4% to \$17.6 million. The Company reported net income attributable to Heska Corporation of \$241,000 compared to a net loss of (\$32,000) in the third quarter of 2012. (*online.wsj.com*)

> **Ridley** Inc. reported financial results for the first quarter of fiscal 2014 ended September 30, 2013. Sales revenue was \$134 million, a decline of 6% compared to the comparable period in the prior year. Net income from continuing operations for the period was \$3.1 million compared to \$5.1 million last year. Ridley's first quarter fiscal 2014 earnings were largely a reflection of a return to more normal tonnage volumes compared to the same period last year when the severe drought across much of the US reduced forage availability and increased demand for feed supplementation. (*company website*)

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## COMPANY NEWS RELEASES

> **Zoetis** announced the availability of Draxxin 25 (tulathromycin) Injectable Solution to fight swine respiratory disease (SRD) in nursery pigs. Draxxin 25 is a lower concentration of Draxxin, making it optimized for use in small pigs to treat and control SRD with nine days of protection. (*company press release*)

> **Zoetis** introduced Excenel RTU EZ (ceftiofur hydrochloride) Sterile Suspension with a lower viscosity formulation that improves syringeability by 40 percent. (*company press release*)

> **Dechra Veterinary Products U.S.** announced the launch of MiconHex+Triz Spray and Wipes, a unique combination of 2% miconazole, 2% chlorhexidine, patented USP TrizEDTA, and ceramides in a spray and wipe presentation. The products are formulated for use on dogs, cats and horses. (*company press release*)

> **Bioniche** announced it has chosen Dr. Michael Berendt to succeed outgoing CEO Graeme McRae, effective immediately. Berendt was most recently president and CEO of Canada's Aegera Therapeutics. (*Lifescientist.com.au*)

> **Norbrook, Inc.**, announced it has received FDA approval for Tandem Pen (penicillin G benzathine and penicillin G procaine) injection for the treatment of penicillin-susceptible microorganisms associated with bacterial pneumonia (shipping fever complex), upper respiratory infections and Blackleg in beef cattle. (*company press release*)

> **MWI Veterinary Supply, Inc.** announced that it has completed its previously announced acquisition of substantially all of the assets of **IVESCO Holdings LLC** for an enterprise value of \$67.5 million, plus a closing net working capital adjustment of \$11.2 million. The total acquisition price represents a small premium over the net tangible assets acquired by MWI. (*MENAFN.com*)

> **PBI-Gordon Corporation** announced the purchase of pet healthcare product company **PetAg, Inc.** through an acquisition of all shares of the company's stock. Financial terms were not disclosed. (*Business Wire*)

> **DermaZoo Pharma LLC** announced the launch of GlycoZoo Dermatology Products and T.E.C. Dental Products. GlycoZoo Dermatology Products utilize 2% glycolic and boric acids with ceramides, and are available in shampoo, spray, wipes and otic. T.E.C. Dental Products are a combined dental formulation of tris-EDTA and chlorhexidine and are available in gel, wipes, rinse and water additive. (*company press release*)

> **G Shepherd Animal Health** announced the launch of Yolk-Ay Calf Paste, a unique nutritional supplement to reduce disease risk, promote gut health and correct potential iron deficiencies in young calves. Yolk-Ay Calf Paste is a two-dose, probiotic paste which contains egg-derived proteins from hens which have been vaccinated against a number of pathogens harmful to calf health. (*Stackyard.com*)

> **Purina Animal Nutrition** announced the introduction of Nutrena SafeChoice Senior horse feed, an added-fat, controlled-starch, complete feed formula. SafeChoice Senior is designed for horses older than 15 years. (*Feedstuffs*)

> **Morphogenesis Inc.** announced plans to raise up to \$2 million from the sale of its common stock. A private placement memorandum is expected to be available for review later this month. The stock will be offered in minimum lots of 50,000 shares for \$1 a share. (*bizjournals.com*)

> **CANADA Modern Veterinary Therapeutics, LLC** announced the Canadian launch of the Canine Parvovirus Antigen Test Kit, a rapid in-clinic chromatographic immunoassay test for the qualitative detection of Parvovirus antigens in canine feces. This test kit has a two-year shelf life. (*company press release*)

> **CANADA Kane Biotech Inc.** announced it has received Notification Number "NN.TZMT" from the Interim Notification Program for Low Risk Veterinary Health Products (LRVHP) for a new StrixNB oral care product in Canada, and can now launch the product in Canada. The new StrixNB application can be sprayed directly on the teeth and tongue of the animal or can be applied to treats and dental chews to assist in dental and oral hygiene. (*online.wsj.com*)

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## ANIMAL HEALTH NEWS

> CHILE - PRRS Chile has reported a large outbreak of porcine reproductive and respiratory syndrome (PRRS) near the Chilean capital Santiago. The outbreak at a commercial swine farm caused 1,651 deaths out of a susceptible pig herd of 8,229 pigs. The farm has been disinfected and a quarantine cordon established. A vaccine strategy has not been employed. (*Animal Pharm*)

> US - BSE RULES The USDA released its final ruling easing regulations in beef imports in regard to bovine spongiform encephalopathy (BSE). Under the new rule, some current restrictions on beef imports will be lifted based on countries that have a "negligible risk for BSE," a status determined by the World Organization for Animal Health (OIE). Commodities that pose more than a negligible risk may still be restricted, but not necessarily. The rules could potentially reopen beef imports to the US from the European Union, which have been restricted since 1998. (*FoodSafetyNews.com*)

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## 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](mailto:jadamson@brakkeconsulting.com).

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## BRAKKE CONSULTING VIEWPOINT

It is an interesting time in animal health. In the past few weeks there have been a number of rumors, stories and actual offering documents appearing for several of the leading companies in the animal health industry. The successful IPO of Zoetis in early 2013 ignited a new level of interest in animal health and nutrition products by the financial community. The Zoetis spin-out from Pfizer has encouraged some of the other parent companies and owners of animal health and nutrition companies to explore harvesting some cash out of their profitable businesses.

If some of these rumors or stories prove true and move to actual transactions of one type or another, there could be a significant change in industry ownership in the next 12 to 18 months. Is this good or bad for the industry? We are of the opinion that it is good for the industry. While it does create some temporary turmoil within the companies involved, it inserts new management approaches and changes into the organizations. While most of this is occurring from the financial perspective, there are still significant needs for new innovative products and technologies to resolve various disease issues in animals around the world.

Have a great weekend!

*Ron Brakke*

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