
**Brakke Consulting's
Animal Health News & Notes for December 18, 2015**
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2016 INDUSTRY OVERVIEW
ONLINE REGISTRATION FOR NAVC NOW OPEN
CORRECTION: Date is Monday, January 18

Brakke Consulting will present the 2016 US Animal Health Industry Overview twice this winter - once at the North American Veterinary Conference in Orlando, Florida and once at the Western Veterinary Conference in Las Vegas, Nevada. These dates are:

- NAVC: **Monday, January 18**, 2:00 – 4:00 pm, Gaylord Palms.
- WVC: Tuesday, March 8, 2:00 – 4:00 pm, Four Seasons.

Registration for the Industry Overview at the [NAVC](#) is now open (WVC registration will open shortly). Seating is very limited this year, so register early!

To register, go to www.brakkeconsulting.com and scroll down to the "What's New" box. The price is \$385 per person for online registration; late registration is \$425.

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COMPANY NEWS RELEASES

> Sanofi and **Boehringer Ingelheim** announced that the companies have entered into exclusive negotiations to swap businesses. The proposed transaction would consist of an exchange of Sanofi's animal health business **Merial** with an enterprise value of EUR 11.4 billion (\$12.5 billion) and Boehringer's consumer healthcare (CHC) business with an enterprise value of EUR 6.7 billion (\$7.4 billion). Boehringer Ingelheim CHC business in China would be excluded from the transaction. The transaction would also include a gross cash payment from Boehringer to Sanofi of EUR 4.7 billion (\$5.2 billion). Combining Merial's and Boehringer's complementary strengths would create the second largest player in the global animal health market with pro forma sales of approximately EUR 3.8 billion (\$4.2 billion) in 2015. (*company website*)

> The FDA announced that the conditional approval for **AB Science's** Kinavet-CA1 (masitinib mesylate) to treat mast cell tumors (a type of cancer) in dogs is no longer in effect as of December 15, 2015. The FDA did not approve Kinavet-CA1 during the drug's conditional approval period, and therefore, the drug's conditional approval is no longer in effect as of that date. Kinavet-CA1 is now an unapproved animal drug with no legal marketing status and further sales of the drug are illegal. (*FDA*)

> **PetSmart** introduced the Only Natural Pet brand, a Paleo-inspired food line for pets, in 133 of its locations. The product contains no dairy, grains or processed ingredients. (*APPA SmartBrief - National Retail Federation*)

> **Blue Buffalo Pet Products** has agreed to pay \$32 million to settle a class action lawsuit with customers of the pet food company over advertising claims about natural ingredients in its products. Blue Buffalo denied wrongdoing in a release. The company learned more than a year ago about the misconduct of a former ingredient supplier and a broker. (*Vet Advantage - St. Louis Business Journal*)

> **Mars Petcare** issued a voluntary recall of its Nutro Apple Chewy dog treats due to potential mold. (*PetFoodIndustry.com*)

> **Stella & Chewy's** voluntarily recalled 8.5-ounce frozen bags of its Stella's Super Beef Dinner Morsels for dogs after routine testing by the Michigan Department of Agriculture & Rural Development indicated Listeria. (*APPA SmartBrief - Milwaukee Journal Sentinel*)

> **Bravo Pet Foods** issued a recall of certain Chicken Blend diet products for dogs and cats because the products may harbor Salmonella. A number of additional products have also been pulled because they were made in the same facility on the same day as the potentially contaminated foods. (*APPA SmartBrief - The Seattle Times*)

> **Cargill** announced that it has acquired **Format International Ltd.**, a leading global feed formulation software company with more than 30 years of experience and more than 5,000 users across 93 countries. Financial terms were not disclosed. (*Feedstuffs*)

> **Land O'Lakes Inc.** announced the launch of a nutritional additives focus within its animal nutrition business. Known as **PMI Nutritional Additives**, the business is focused on products

that optimize performance in animals in two key areas: (1) nutrient utilization and (2) gut health and integrity. (*Feedstuffs*)

> **Multipet International** announced it has acquired **Tuff Enuff Pet Products** and **Old Mill Pet Products**. Financial terms were not disclosed. (*Pet Business*)

> **Outward Hound** announced it has acquired **Petstages**. Financial terms were not disclosed. (*Pet Business*)

> **GlobalVetLink** announced the addition of GVL SmartEngine to its HealthLink animal health certificates. Patent-pending GVL SmartEngine technology helps eliminate confusion with compliance by incorporating state import and disease traceability requirements within the certificate creation process. (*company press release*)

> **MedVet Medical and Cancer Centers for Pets** announced the acquisition of **Chicago Veterinary Emergency and Specialty Center** and specialty practices in veterinary cardiology, cancer, dermatology and others. MedVet is now up to 12 locations in six states. Financial terms were not disclosed. (*bizjournals.com*)

> EU The European Medicine Agency's Committee for Medicinal Products for Veterinary Use (CVMP) has issued a negative opinion for an extension application for **Merck's** (MSD Aimal Health) Bravecto (fluralaner). The application concerned the addition of a new spot-on solution pharmaceutical form for dogs, as well as a new target species (cats) for the spot-on form. Bravecto originally received European approval in February 2014 as a chewable tablet for protection against fleas and ticks in dogs. (*Animal Pharm*)

> NETHERLANDS **Benchmark Holdings** announced the acquisition of **INVE Aquaculture** for \$342 million. INVE is a specialist manufacturer of nutrition and health products for shrimp and marine species of fin fish. The company specializes in live feed, replacement diets and health products. INVE's revenues for 2014 came to \$89 million, while EBITDA for this period was \$25.4 million. (*Animal Pharm*)

> AUSTRALIA **Regeneus** announced it has been granted an Australian patent for its RGSH4K and Kvax cancer vaccine technology. The technology uses a patient's own cancer cells combined with an immunostimulant that is designed to re-educate the immune system to target cancer cells in both existing and new tumors. Patents are also being pursued in the US, Japan and Europe. (*Proactiveinvestors.com.au*)

> CHINA **Sumitomo Corp.** announced it will begin marketing livestock drugs such as vaccines in China by acquiring a 25% stake in **Shandong Sinder Technology**. Shandong Sinder makes vaccines, antibiotics and other drugs for chickens and pigs, and generated about 350 million yuan (\$54 million) in sales in fiscal 2014. Financial terms were not disclosed. (*Nikkei*)

ANIMAL HEALTH NEWS

> US - BRUCELLOSIS Tests have confirmed brucellosis in a Wyoming cattle herd for the first time in four years. The bacteria likely entered the herd through infected elk, the last brucellosis reservoir in the US. A quarantine will be placed and infected animals will be culled, with testing continuing on the remainder of the herd into next year. (*AVMA SmartBrief - Jackson Hole News & Guide*)

> US - COOL Legislators included a mandatory Country of Origin Labeling (COOL) repeal in the year-end funding bill currently awaiting a vote in the US House of Representatives. The inclusion

comes just a week after the final World Trade Organization's approved over \$1 billion in retaliatory tariffs for Canada and Mexico in the final chapter of a seven year WTO battle. (Feedstuffs)

> US - SHELTER STATISTICS An online database created to track animals that enter rescues and shelters is active at www.shelteranimalscount.org. Limited data are available on the numbers and outcomes for shelter animals in the US. The new database at www.shelteranimalscount.org is incorporated as an independent non-profit; the database is funded entirely through grants from board members. (AVMA SmartBrief - Washington Post)

> CANADA - VACCINE RESEARCH A team of Canadian researchers has been awarded \$7.3 million to support the development of vaccines for bovine tuberculosis and Johne's disease in cattle. Backed by Genome British Columbia, Genome Canada, and other funding agencies, the team, which includes investigators from the University of British Columbia and the University of Saskatchewan, will employ reverse vaccinology coupled with high-throughput genomics to develop the vaccines. Ultimately, the team hopes to partner with an animal health company to commercialize the tests once they are developed by the end of this decade. (Genomeweb.com)

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Brakke Consulting assists many clients with mergers, acquisitions and divestitures. Our transaction experts can provide the insight, ability and contacts you need in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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BRAKKE CONSULTING VIEWPOINT

The big news for the week is clearly the exclusive negotiations between Sanofi and Boehringer Ingelheim to swap two of their businesses in 2016. If this happens as proposed, Boehringer Ingelheim will become the second-largest animal health company in the world by integrating Merial into its animal health business. When completed, this merger involving two of the top 10 animal health companies will create another animal health company with annual revenues over \$4 billion (depending on required divestitures). The business strategies of big pharma are creating some interesting times in animal health.

As we close out the last full week of business before the holidays begin next week, we want to thank all of our subscribers and clients for making 2015 another successful year at Brakke Consulting in 2015. In 2016 Brakke Consulting will be celebrating our 30th year of providing services to the animal health, pet and veterinary markets. It's been a great time thanks to our clients, friends and the current and past consultants in the firm. Have a great Holiday Season and come back on January 4th 2016 refreshed and ready for another year.

Ron Brakke

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