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Brakke Consulting's
Animal Health News & Notes for February 13, 2015
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BRAKKE CONSULTING, INC.
2015 INDUSTRY OVERVIEW FEBRUARY 17
LIMITED SEATING AVAILABLE – REGISTER ON-SITE

Brakke Consulting will present the 2015 US Animal Health Industry Overview at the Western Veterinary Conference in Las Vegas, Nevada. The date is: Tuesday, February 17, 2:00 – 4:00 pm, Four Seasons.

Online registration for WVC is closed. Please register on-site.

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COMPANY EARNINGS RELEASES

> Zoetis Inc. reported its financial results for the full year 2014. The company reported revenue of $4.8 billion, an increase of 5% from the full year 2013. Revenue reflected an operational increase of 7%, with foreign currency having a negative impact of 2%. Net income attributable to Zoetis was $583 million, an increase of 16% compared to 2013. *(Businesswire)*

> Phibro Animal Health Corporation announced financial results for its second quarter ended December 31, 2014. Net sales were $189 million, an increase of 9% compared to the comparable prior-year period. Animal Health sales of $119 million grew 10%. Adjusted EBITDA was $25 million, an increase of 12%. *(CNN Money)*

> ImmuCell Corporation announced financial results for the full year 2014. Sales were $7.6 million for full year 2014, an increase of 26% compared to a year ago. The Net Operating Loss for the year was ($206,000); in comparison, the Net Operating Loss in 2013 was ($20,000). *(company press release)*

> Henry Schein, Inc. reported results for the full year 2014. Animal Health sales were $2.90 billion, an increase of 12% compared to the prior year. North American Animal Health sales were $1.38 billion, also up 12%. *(PRNewswire)*

> VCA Inc. reported financial results for the full year 2014. Revenue increased 6% to $1.9 billion; net income decreased 2% to $140.7 million. Animal Hospital revenue for the year was $1.5 billion; Laboratory revenue was $360 million. *(company press release)*

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COMPANY NEWS RELEASES

> Zoetis announced it has completed its previously announced, $255 million purchase of **Abbott Laboratories** Inc.'s animal health assets. *(MLive.com)*

> The FDA announced it has approved **Piedmont Animal Health**'s advantus (imidacloprid) chewable tablet for the treatment of fleas in dogs. *(FDA)*

> The FDA has issued nine warning letters to companies marketing unapproved animal drugs containing omeprazole. FDA testing also revealed that several of these products contained higher or lower levels of omeprazole than stated on their labels. The companies receiving letters included **Abler, Inc., Multivet USA, Inc., Cox Veterinary Laboratory, Inc., Horse Gold, Inc., Horse PreRace, Tri-Star Equine Marketing, LLC, Genericfrontlineplus.com, Ceva Animal Health Pty Ltd,** and **Teton Equine**. *(Vet Advantage, FDA)*

> Phibro Animal Health Corp. announced the launch of GemStone, a new line of organic trace minerals. The GemStone line includes zinc, copper, manganese and iron compounds. *(Feedstuffs)*

> Jaguar Animal Health, Inc. announced that it has submitted an Investigational New Animal Drug application (“INAD”) with the Center for Veterinary Medicine of the FDA for the treatment and prevention of recurrence of ulcers, and the treatment of diarrhea, in horses and foals. The

proprietary oral formulation of the drug will contain a number of active ingredients, including an anti-secretory agent for watery diarrhea derived from the *Croton lechleri* tree. *(HeraldOnline.com)*

> **Neogen** introduced a new GeneSeek Genomic Profiler, the GGP HD-150K. This tool screens cattle DNA for about 150,000 gene-marker variations linked to important traits in breeding stock. *(company press release)*

> **Banfield Pet Hospital** announced it has named Vincent Bradley president and chief executive officer (CEO), effective immediately. Mr. Bradley joined Banfield in 2011 as senior vice president of operations. *(Vet Advantage)*

> **J.J. Fuds** announced it is expanding its petfood recall to include all lots and products of J.J. Fuds Chicken Tender Chunks, Beef Tender Chunks and Duckling Tender Chunks frozen raw petfood because they have the potential to be contaminated with *Listeria monocytogenes* and/or Salmonella. *(Petfoodindustry.com)*

> **Pet Food Experts**, Inc. announced has acquired the operating assets of **Northpoint Trading Co**., based in Fife, Washington. Northpoint Trading Co.'s distribution business has been servicing independent pet retailers in the Northwest region since 1989. Financial terms were not disclosed. *(Pet Business)*

> EU **Vetoquinol** announced it will distribute and market **Orion**'s line of alpha 2-agonists Dexdomitor (dexmedetomidine), Domitor (medetomidine) and Domosedan (detomidine) in selected European countries. Vétoquinol will also sell Orion's Antisedan (atipamezole) antagonist, which reverses the effects of the sedatives. *(Animal Pharm)*

> ISRAEL **Biogal Galed Labs** announced the launch of the feline *Mycoplasma haemofelis* and canine *Anaplasma platys* PCRun molecular detection test kits. *(PRNewswire)*

> CANADA **Kane Biotech** Inc. announced the launch of the bluestem pet oral care brand in the over the counter (OTC) retail market. bluestem contains the company's patent pending coactiv+ technology. The initial product introduction will be a water additive for daily use in four flavors. Coinciding with the launch the company is pleased to announce that it will receive up to $250,000 funding from the Province of Manitoba Commercialization Support for Business Program. *(company press release)*

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ANIMAL HEALTH NEWS

> CANADA - BSE Canada reported it has confirmed a case of bovine spongiform encephalopathy in a beef cow in Alberta, adding that no part of the animal entered the human food or animal feed systems. The country's last confirmed case of BSE was in 2011. *(WSJ.com)*

> US - VETERINARY SCHOOLS Midwestern University's 111,800 square-foot Companion Animal Clinic opened its doors in December 2014. The inaugural class of veterinary students, who enrolled last fall, will begin supervised rotations in the spring of 2017. The veterinary school plans to add a large animal hospital, as well as a necropsy and pathology center. *(Veterinary Practice News)*

> AUSTRALIA - FERAL CAT MANAGEMENT Poisoned bait intended to eradicate feral cats in Australia has been successfully registered by the West Australian Department of Parks and Wildlife (WADPW). WADPW said the sodium fluoroacetate-based bait, Eradicat, is the first of its kind to be created globally for culling feral cats. *(Animal Pharm)*

> AUSTRALIA - PARASITE GENOME An international team of scientists led by the University of Melbourne has sequenced the genetic code of *Toxocara canis*, opening the door for new drugs, vaccines and diagnostic tests applicable to a wide range of roundworms to be developed. The findings were published in the journal *Nature Communications*. *(AVMA SmartBrief - Gizmag.com)*

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BRAKKE CONSULTING, INC.
MARKET RESEARCH SERVICES
Look Before You Leap

Depend on Brakke Consulting to build a market study to meet your company's needs, whether it is:
• Assessing the feasibility of a new product or technology
• Identifying the opinions and trends of veterinarians, pet owners or producers
• Determining the current market for products

With our in-house database of veterinarians and the ability to custom-tailor surveys of a wide variety of target audiences, we provide reliable insights into this unique industry. We also produce multi-client reports in a number of high-interest animal health market areas. For more information, see our website or call our Dallas office at 972-243-4033.

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BRAKKE CONSULTING VIEWPOINT

Those companies reporting annual or quarterly revenue and profit results this week are quite positive. Now that most of the leading companies have reported, we believe the growth in the market place in 2014 is in the range of 5% versus our prior estimate of 3.5 - 4.5%. If the current trends continue we believe that 2015 could show revenue growth in excess of expectations a few months ago and could exceed the 5% level achieved in 2014.

The balance of the newsletter has some new product launches, a CEO management change and various successes in the business development area. The most significant merger is Zoetis' closing of the Abbott Animal Health transaction.

We will discuss and provide our views on the state of various parts of the industry next week in Las Vegas on Tuesday afternoon. There are still a few seats available if you'd like to hear our views on a number of industry topics.

Have a great weekend and we'll see many of you in Las Vegas next week!

Ron Brakke

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