
**Brakke Consulting's
Animal Health News & Notes for February 27, 2015**
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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, which might include sales force size, technical services and/or R&D spending vs. sales.

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

> **Bayer** reported financial results for the full year 2015. Animal Health revenues were EUR 1,318 million (\$1,496 million), an increase of 1% compared to the prior year (+4% currency adjusted). (*company website*)

> **Dechra Pharmaceuticals** reported results for the six months ended December 31, 2014. First-half sales were GBP 101 million (\$155 million), an increase of 5% compared to the first half of the prior year (+11% at a constant exchange rate). (*Animal Pharm*)

> **Parnell Pharmaceuticals Holdings Ltd.** announced financial results for the six-month period ended December 31, 2014. Revenues increased by 29% to AUS\$3.66 million (US\$3.0 million). Other income increased from AUS\$980,000 to AUS\$4.35 million. Net loss declined from (AUS\$4.4 million) to (AUS\$1.4 million). (*Globe Newswire*)

COMPANY NEWS RELEASES

> **Bayer HealthCare** announced plans to sell its St. Joseph facilities and some of the products made there. Assets to be divested are ones that Bayer picked up in its 2013 acquisition of Teva Pharmaceutical Industries Ltd.'s US animal health business. Bayer plans to retain the DVM brand and Expert Care brand, production of those animal dermatology products would be moved to Bayer HealthCare's animal health campus in Shawnee. (*bizjournals.com*)

> **Aratana Therapeutics** has regained manufacturing and commercial rights from **Elanco** for AT-004, a monoclonal antibody that recently received full licensure from the USDA as an aid in the treatment of canine B-cell lymphoma. Aratana will pay Elanco an upfront fee of \$2.5 million and will also pay an additional \$0.5 million when AT-004 makes its first commercial sale. Elanco retains a right of first negotiation if Aratana licenses, assigns or otherwise transfers the patent rights or conveys rights to commercialize the product. (*Animal Pharm*)

> **AmerisourceBergen** Corporation announced the completion of its acquisition of **MWI Veterinary Supply, Inc.** via its successful tender offer to purchase all outstanding shares of MWI common stock for \$190.00 per share in cash. (*Business Wire*)

> **IDEXX Laboratories** announced the launch of the CardioPet ECG Device. (*Veterinary Economics*)

> **IDEXX Laboratories** announced the launch of the swine enteric coronavirus set of RealPCR reagents. The new RealPCR multiplex assay detects and differentiates between RNA of PEDV and PDCoV, both of which are reportable in the US. (*company press release*)

> **Vets Plus** introduced two new product lines: Smart Fido USA for dogs and Smart Kitty USA for cats. The lines include a range of gluten- and soy-free supplements and treats and are available in pet specialty stores. (*company press release*)

> **Oculus Innovative Sciences, Inc.** announced the launch of the company's new animal healthcare division. In conjunction with the unveiling of the new division, six new MicrocynAH advanced all-animal healthcare products were commercialized for the care of wounds, skin and eyes in the US and Canadian markets. Expansion into the European market is targeted for this summer. (*Globe Newswire*)

> Prospect Partners, LLC, a leading private equity firm, announced that it has acquired Animal Emergency Specialty Center (AESC), a specialty veterinary hospital in Knoxville, Tenn. AESC becomes the first subsidiary of **Innovative Petcare, Inc.**, a veterinary hospital operator led by animal health industry executive Mark Ziller, President and CEO. Going forward, Innovative

Petcare seeks to acquire other profitable general practice and specialty/emergency veterinary hospitals. (*Business Wire*)

> **Smithfield Foods**, Inc., announced a realignment of its organization that unifies all of its independent operating companies, brands, marketing, and employees around the world under one corporate umbrella. Smithfield's business operations will now be organized in alignment with the company's customers and managed as four divisions – Packaged Meats, Fresh Pork, Hog Production and International. (*Vet Advantage*)

> **LATIN AMERICA Jaguar Animal Health**, Inc. announced that it has entered into a supply and distribution agreement with **Biogenesis Bagó**. The agreement provides Biogenesis Bagó with exclusive distribution rights for Jaguar's Neonorm Calf product in Argentina, Brazil, Paraguay, Uruguay, and Bolivia. (*company press release*)

ANIMAL HEALTH NEWS

> **US - DAIRY HERD** Record-high milk prices and improved income margins slowed the decline in US dairy farms licensed to sell milk last year, according to preliminary data from USDA's National Ag Statistic Service. With high milk prices and moderating feed prices, the 2013-14 decline in herd numbers was the smallest year-to-year decline in at least a decade. There were 45,344 dairy farms licensed to sell milk in 2014, down 3.5% from 2013. (*Vet Advantage*)

BRAKKE CONSULTING VIEWPOINT

The news this week does not include any game-changing events in our view. There are some new product introductions, distribution agreements and closing of prior announced transactions that are important to those firms involved.

The weather this week is not helping the start of the flea and tick season product sales, which is the largest product category in the industry.

While weather has been a negative, those managers we have interfaced with lately are optimistic regarding expected 2015 revenue increases. Every company seems to have one or more new products or technologies entering the market or new enough to the marketplace that they will generate increased revenue.

We continue to reflect on the optimism that was expressed in our interviews of over 40 industry executives on the state of the industry in late 2014. It appears that their positive views may become reality. The third and fourth quarters of 2014 were excellent and it appears it might be the same for the first quarter of 2015. We will know in a few weeks!

Have a great weekend!!

Ron Brakke

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