
**Brakke Consulting's
Animal Health News & Notes for April 12, 2013**
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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.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

> **Maple Leaf Foods** reported results for the year 2012. Sales were \$4.86 billion, unchanged from the prior year. Earnings were \$123 million, a 40% increase compared to the prior year. Agribusiness group sales, which includes hog production and animal by-product recycling, increased 13% to \$295 million. (*Feedstuffs*)

COMPANY NEWS RELEASES

> **Bayer** announced a lawsuit against the FDA over its approval of **Norbrook Laboratories'** cattle and swine antibiotic Enroflox 100, a generic version of Bayer's Baytril 100. The company filed a complaint stating the approval of Enroflox 100, which is approved for a multi-day treatment schedule, was unlawful as the product could be used for off-label usage in a single dose to treat bovine respiratory disease. Bayer's petition stated Baytril is protected by two patents covering dosing regimes, one of which is in effect until 2015 and claims methods for the treatment of bacterial infections by the administration of a single dose. (*Animal Pharm*)

> **Advanced Animal Diagnostics (AAD)** announced that it closed a \$6 million tranche of Series B financing from Intersouth Partners, Novartis Venture Funds and private investors. Funds will be used to launch AAD's Qscout automated on-farm lab system and Qscout MLD rapid on-farm test for mastitis in dairy cows. Proceeds will also develop new tests to detect disease-causing pathogens in hours instead of days required by current tests. (*PRNewswire*)

> **Aribex, Inc.** announced the launch of the NOMAD Pro 2 handheld X-ray system into the US dental and veterinary markets. The Pro 2 will replace the Pro in the US. (*company press release*)

> **Trupanion** announced approval has been received to write pet insurance policies in New Hampshire. With the addition of New Hampshire, Trupanion is active in all 50 states, all Canadian provinces, and Puerto Rico. (*Vet Advantage*)

> **VetEnvoy, Inc.** and **Animal Care Technologies, Inc. (ACT)** announced a joint venture to develop a web-based connectivity solution that will greatly improve communication between animal health suppliers and veterinary caregivers. It is anticipated that this new and improved technology will be available by the end of 2012. (*company press release*)

> BRAZIL **Royal DSM** announced that it has completed the acquisition of **Tortuga Companhia Zootécnica Agrária**, a nutritional supplements company in Brazil with a focus on pasture raised beef and dairy cattle, for a total enterprise value of about EUR 440 million (\$575 million). (*Feedstuffs*)

> UK **Elanco** announced the UK launch of Recuvyra (fentanyl) transdermal solution. Recuvyra is indicated for the control of postoperative pain in dogs and provides four days of opioid pain control in a single dose. (*Vetsforum.com*)

> CHINA **Elanco** announced that Lilly will invest approximately \$100 million to purchase a minority equity stake in **China Animal Healthcare Ltd.**, one of the leading players in the animal health industry in the People's Republic of China. China Animal Healthcare has over 500 types of treatment and non-treatment animal drugs which are distributed directly to an extensive network of approximately 4,900 animal drug retailers and 32 large poultry corporations throughout the various provinces in the PRC. (*BeefMagazine.com*)

> UK **Pets at Home**, the UK's largest pet store business, has bought **Vets4Pets** for around GBP 40 million (\$60 million), and will integrate the latter's 93 veterinary practices into its 166 in-store vet business. Pets at Home has 346 stores. Pets at Home already owns nearly 10% of all surgeries across the UK with a turnover of GBP 100 million. (*guardian.co.uk*)

> TAIWAN **Lohmann Animal Health** announced it is building a \$100 million poultry vaccine facility in Taiwan. The new factory will produce around three billion doses of vaccine a year for export to Asia. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> RUSSIA - FMD Three villages in south central Russia near the border with China have been hit by outbreaks of foot and mouth disease (FMD). The affected territory is part of the buffer zone where vaccination against FMD is practiced. Quarantine and movement control measures have been implemented. (*Animal Pharm*)

> US - LITIGATION The Texas Supreme Court reaffirmed a 122-year-old declaration that pets are personal property and that owners of a deceased animal may not sue for emotional or sentimental damages, overturning an Appeals Court ruling. The case stemmed not from veterinary malpractice but from a Fort Worth animal shelter's mistaken euthanizing of a mixed-breed dog. (*Veterinary Practice News*)

> US - VETERINARY ECONOMICS The American Veterinary Medical Association announced the formation of a Veterinary Economics Division. The new division will participate in the formulation and execution of the Associations policies, objectives, and programs relating to the economic issues AVMA members currently face. (*Feedstuffs*)

KC ANIMAL HEALTH INVESTMENT FORUM

AUGUST 27, 2013

LAST WEEK FOR APPLICATIONS

The KC Animal Health Corridor is now accepting applications for the fifth annual KC Animal Health Investment Forum on August 27, 2013 in Kansas City, MO. The forum will showcase animal health and nutrition companies from throughout the world. The selection committee will consider companies that meet the following criteria:

- seeking \$500,000 to \$20 million in funding
- revenue projections of \$20 million within 5-7 years

Applications must be submitted by April 19, 2013. Go to <http://www.kcanimalhealthforum.com/index.php/apply-to-present/> to apply to present.

www.kcanimalhealthforum.com/

BRAKKE CONSULTING VIEWPOINT

The week's news covers some several important announcements and trends for the industry. One involves a major financial commitment in China by one of the leading animal health companies. Based on the feedback and information we've obtained from our initiative to serve companies interested in the Chinese Animal Health market, we can assure you that many companies agree that China is likely to emerge in the next few years as one of the leading growth areas for animal health.

It's also quite interesting to report every week at least two or three additional mergers in the industry. Consolidation continues in high gear and will probably continue until there are only a couple of big players left in the major product categories.

Again this week Mother Nature continued to delay the opening of the flea and tick season in much of the US. If Spring does not arrive soon we'll start seeing some declining revenue numbers in the biggest product category.

Have a great weekend!

Ron Brakke

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