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**Brakke Consulting's  
Animal Health News & Notes for April 29, 2016**  
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**BRAKKE CONSULTING, INC.  
US ANIMAL HEALTH INDUSTRY WEBINAR  
MAY 25, 2016**

Brakke Consulting, Inc. will present a two-hour webinar entitled "The U.S. Animal Health Industry" on Wednesday, May 25 from 11 am - 1 pm CDT.

Presented by senior consultants John Volk and Cary Christensen, DVM, the two-hour presentation will include a review of industry performance over the last year, comments on leading companies, plus current issues impacting industry and the veterinary profession. The webinar will also provide insights on factors affecting both the food animal market and companion animal market and key findings from several recent studies. The webinar is interactive; participants will have the opportunity to ask questions.

The cost of registering for the webinar is \$385 per person. The deadline for registering is Friday, May 20.

To register, go to [www.BrakkeConsulting.com](http://www.BrakkeConsulting.com) and scroll down to the "What's new" area.

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### COMPANY EARNINGS RELEASES

> Sanofi reported financial results for the first quarter of 2016. First-quarter sales for Animal Health division **Merial** were up 16% to EUR 760 million (\$860 million), driven by the success of NexGard. *(company press release)*

> Eli Lilly and Company announced financial results for the first quarter of 2016. Animal Health division **Elanco** reported revenues of \$755 million, an increase of 1% compared with the first quarter of 2015 (+5% excluding currency effects). *(company website)*

> **Bayer** reported results for the first quarter of 2016. The Animal Health business grew sales by 6% (+9% currency & portfolio adjusted) to EUR 408 million (\$462 million). *(company website)*

> **Orion Animal Health** reported financial results for the first quarter of 2016. First-quarter sales came to EUR 18 million (\$20.4 million), a 16% decline compared to the first quarter of 2015, which included a non-recurring milestone payment related to the sale of product rights. *(Animal Pharm)*

> Colgate reported results for the first quarter of 2016. **Hill's Pet Nutrition** net sales increased 2.5% to \$552 million. Unit volume increased 3.5% with 1.5% higher pricing, while foreign exchange was negative 2.5%. *(company press release)*

> **VCA** reported financial results for the first quarter of 2016. Revenue increased 13% to \$563 million, while net income increased 21% to \$46.2 million. Animal Hospital revenue increased 17% to \$459 million, while Laboratory revenue increased 14% to \$107 million; Other revenue declined 44% to \$19 million. *(company press release)*

> **Novozymes** reported results for the first quarter of 2016. Revenues were DKK3.61 billion (\$551 million). Operating profit was DKK950 million (\$145 million). *(Feed e-news)*

> **Avacta** reported results for the first half of fiscal 2016. Interim results for the half-year ended January 31, 2016, showed animal health revenues of GBP 0.7 million (\$1 million), unchanged from the comparable period in the prior year. *(Animal Pharm)*

> **Spectrum Brands Holdings** reported financial results for the second quarter of fiscal 2016 ended April 3, 2016. The Global Pet Supplies segment reported net sales of \$209 million, unchanged from the prior-year quarter. Excluding the negative impact of foreign exchange and acquisition revenues, organic sales of \$208 million fell by 1% compared to the prior year. (*company website*)

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**BRAKKE CONSULTING, INC.**  
**CHANGING PET OWNERSHIP STUDY**  
**NOW AVAILABLE**

Brakke Consulting, Inc., and Trone Brand Energy have published the Changing Pet Ownership Study, which explores the evolutionary change in pet owner attitudes, lifestyle and purchase behavior and the implications to future pet ownership. The study addresses how pet owners and the pet population are likely to change, how to best communicate with these groups in the future, as well as where pet owners will obtain information and how they will make their pet product purchase decisions.

The study is available from Brakke Consulting for \$28,000. For more information, contact David Goodnight at 830-285-1259 or [DGoodnight@BrakkeConsulting.com](mailto:DGoodnight@BrakkeConsulting.com)

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**COMPANY NEWS RELEASES**

> **Merial** announced the availability of its Recombitek C8 vaccine, a nonadjuvanted combination vaccine that helps protect dogs from the four common leptospirosis serovars and several core canine diseases in a combination injection. (*company press release*)

> **Elanco Animal Health** and **Aratana Therapeutics, Inc.** announced that Elanco has licensed animal health rights to Aratana's Galliprant (grapiprant tablets), an FDA-approved therapeutic for the control of pain and inflammation associated with osteoarthritis in dogs. The agreement grants Elanco exclusive rights to develop, manufacture, market, and commercialize Galliprant globally, and co-promote the product with Aratana in the US. (*company press release*)

> **Ceva** announced the launch of Combiva II, a topical flea and tick treatment for dogs and cats containing imidacloprid and pyriproxyfen. Combiva II contains the same active ingredients as Bayer's Advantage II. (*Vetted*)

> **AgriLabs** announced that it has entered into the vaccine manufacturing business with a new USDA-licensed facility in Lincoln, Nebraska. AgriLabs has also acquired Lincoln-based **Antelope Valley Bios** and **Benchmark Biolabs**, and Benchmark's ownership interest of **VaxLiant**. The businesses will continue to operate as stand-alone business entities. Financial terms were not disclosed. (*company press release*)

> **Pharmgate Animal Health** announced the launch of Aivlosin 17% Tylvalosin Type A Medicated Article for the control of porcine proliferative enteritis (PPE) associated with *Lawsonia intracellularis* infection in swine. (*company press release*)

> **Advaxis** announced it has been given an US FDA Fast Track Designation for its ADXS-HER2, a treatment for newly-diagnosed, non-metastatic, surgically-resectable osteosarcoma. Advaxis has licensed ADXS-HER2 to **Aratana Therapeutics** for development in companion animals and expects the HER2 construct to be conditionally approved this year. (*Animal Pharm*)

> **Nestlé Purina PetCare Co.** has promoted its chief marketing officer, Nina Leigh Krueger, to president, Nestlé Purina, US. (*Petfoodindustry.com*)

> **Nutramax Labs** announced the launch of Cosequin Omega-3 for Skin and Coat. Cosequin Omega-3 provides a rich source of long-chain omega-3 fatty acids eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA) derived from fish oil. (*company press release*)

> **BD** (Becton, Dickinson and Company) announced that it has launched BD Pet Syringes, veterinary insulin syringes for use with U-40 insulins that are administered to dogs and cats with diabetes. BD Pet Syringes are available in both 0.5mL and 0.3mL sizes to accommodate various levels of insulin dosing. (*PRNewswire*)

> **The Company of Animals** announced that it has acquired the worldwide brand, product and distribution rights for the Pet Head brand from **Pet Head Inc.** The two companies have shared a close relationship for nearly a decade and will now be combining their product lines to better cater to pet owners and industry professionals. Financial terms were not disclosed. (*Pet Age*)

> **Ethos Veterinary Health** announced the addition of **Peak Veterinary Referral Center** in Williston, Vermont, to its network of hospitals. Peak is the first practice to join Ethos since the company was formed in December 2015. Financial terms were not disclosed. (*Business Wire*)

> **Banfield Pet Hospital** released its State of Pet Health 2016 Report. The report analyzes trends from the past 10 years and highlights the most common diagnoses affecting cats and dogs. The report can be viewed at <http://www.banfield.com/state-of-pet-health>. (*company website*)

> UK **Zoetis** and the UK's University of Surrey have launched vHive (the Veterinary Health Innovation Engine), a collaborative new center focused on digital innovation in animal health. The multidisciplinary center has been established to foster the development and adoption of digital technologies in animal health, including wearables, apps, sensors and satellite technology. (*Animal Pharm*)

> BRAZIL **Neogen Corporation** announced that it has acquired Brazil-based **Deoxi Biotecnologia Ltda** (Deoxi), a leading animal genomics laboratory. Deoxi was founded in 2008, and was a competitor of Neogen's in the livestock genomics market. Financial terms were not disclosed. (*company press release*)

> IRELAND **Alltech** announced an agreement to acquire **Keenan Systems**, a farming solutions company in Ireland. Keenan is the 14th acquisition for Alltech globally since 2011. Financial terms were not disclosed. (*Feed e-news*)

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## ANIMAL HEALTH NEWS

> US - CWD The Arkansas Game and Fish Commission confirms deer have tested positive for chronic wasting disease (CWD) in two additional Arkansas counties, bringing the total number of confirmed cases to 81. Three of those cases have been elk, while the other 78 cases have been deer. (*KATV.com*)

> US - SCRAPIE Texas reported a confirmed case of scrapie in a sheep herd in Hartley county. One ewe was destroyed; the rest of the flock is now being monitored by the Texas Animal Health Commission. This is the first case of scrapie in Texas, the leading sheep and goat producing state, since 2008. (*Animal Pharm*)

> US - MEDICATED FEED RULES The FDA is seeking public comment as it continues to explore possible modifications to the procedures and requirements for the approval of combination drug medicated feeds. The FDA encourages interested stakeholders to submit comments to the docket (FDA-2014-N-1050) by September 9, 2015, to ensure that the agency can consider these comments before drafting the recommendations. For more information, go to [http://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm459067.htm?source=govdelivery&utm\\_medium=email&utm\\_source=govdelivery](http://www.fda.gov/AnimalVeterinary/NewsEvents/CVMUpdates/ucm459067.htm?source=govdelivery&utm_medium=email&utm_source=govdelivery) . (FDA)

> US - PARASITE FORECAST The Companion Animal Parasite Council (CAPC) has released its annual parasite forecasts. The Annual Parasite Forecasts measure multiple data points to calculate the probability of a dog testing positive for the agents of four key parasite-transmitted diseases: Lyme disease, anaplasmosis, ehrlichiosis, and heartworm. To see the forecast, go to <http://www.capcvet.org/>. (association press release)

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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**

Again this week the first quarter revenue results from the firms reporting are mixed. Some companies are struggling and others are finding the market receptive to their product offerings. Results from one large veterinary chain and other non-published reports indicate that revenue in companion animal clinics is positive and moving in the right direction for the year. Pet visits to companion animal clinics are edging upwards. The acquisition and licensing activity reports remained at a relatively high level as it has for the past few years.

Hopefully all of you noted the announcement of our two-hour webinar entitled "The US Animal Health Industry" earlier in the newsletter. Since the US is the leading market for animal health products in the world, the marketplace activities and trends in the US often provide insights and expectations of what will be occurring in other parts of the world. We look forward to having many of you joining us for this presentation!

Have a great weekend!

*Ron Brakke*

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