
**Brakke Consulting's
Animal Health News & Notes for May 5, 2017**
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OTC Channel

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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.

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COMPANY EARNINGS RELEASES

- **Zoetis Inc.** reported financial results for the first quarter of 2017. The company reported revenue of \$1,231 million for the first quarter of 2017, an increase of 6% compared with the first quarter of 2016. Net income for the first quarter of 2017 was \$238 million, an increase of 17% on a reported basis. (*company website*)
- **Merck** announced financial results for the first quarter of 2017. Animal Health sales totaled \$939 million for the first quarter of 2017, an increase of 13% compared with the first quarter of 2016, including a 1% negative impact from foreign exchange. (*company press release*)
- Nippon Zenyaku Kogyo (**Zenoaq**) reported that sales for fiscal 2016 ended March 31, 2017 rose by 16% to Yen 32.69 billion (\$292 million). Companion animal products grew by 30% to Yen 17.45 billion (\$156 million) compared to last year. (*company communication*)
- **DS Pharma Animal Health** reported that its net sales for fiscal 2016 ended March 31, 2017 increased by 3% to Yen 12.8 billion (\$114 million) compared to fiscal 2015. (*company communication*)
- **Heska** Corporation reported financial results for the first quarter of 2017. Revenue was \$30.4 million, an increase of 12% compared to the comparable prior-year period. Net income attributable to Heska was \$4.6 million compared to \$1.2 million in the first quarter of 2016. (*company website*)
- **Kindred Biosciences, Inc.** announced financial results for the first quarter of 2017. KindredBio reported a net loss of \$(6.5) million compared to a net loss of \$(6.1) million for the same period in 2016. As of March 31, 2017, KindredBio had \$68.1 million in cash, cash equivalents and investments, compared with \$57.8 million as of December 31, 2016. (*company website*)
- **Gour Medical** reported results for the year 2016. The company's annual net loss was CHF(400,000) (-\$402,500) compared to CHF 320,000 in the prior year. (*Animal Pharm*)
- **Trupanion** reported results for the first quarter of 2017. Total revenue was \$54.7 million, an increase of 28% compared to the first quarter of 2016. Net loss was \$(1.5) million, compared to a net loss of \$(2.6) million in the first quarter of 2016. Total enrolled pets was 364,259 at March 31, 2017, up 19% over the prior year period. (*company website*)
- **Central Garden & Pet Company** announced financial results for its fiscal second quarter ended March 25, 2017. Sales for the Pet segment increased 8% to \$298 million from the

same period a year ago, driven primarily by the Segrest acquisition. Pet organic sales grew 1.3%. *(company press release)*

- **Spectrum Brands Holdings** reported results for the second quarter of fiscal 2017 ended April 2, 2017. Global Pet Supplies sales were \$192 million, a decline of 8% compared to the comparable prior-year quarter. The decline was due in part to planned exits from several product categories. *(company website)*
- German online pet store **Zooplus** reported first quarter revenues of EUR 275 million (\$300 million), a 24% increase in revenues. These numbers confirm the estimated revenues of EUR 1.1 billion (\$1.2 billion) for 2017. *(GlobalPets)*

COMPANY NEWS RELEASES

- **Elanco Animal Health** announced the opening of its new autogenous poultry vaccine facility in Winslow, Maine. In addition to autogenous vaccine production, the facility is also Elanco's only location in the US that produces commercial live and inactivated poultry vaccines. *(company press release)*
- The FDA announced the approval of **Norbrook Laboratories'** generic Carprieve (carprofen) chewable tablets for the relief of pain and inflammation associated with osteoarthritis and control of postoperative pain in dogs. *(FDA)*
- The FDA announced the approval of **Accord Healthcare's** generic Carprofen injection for the relief of pain and inflammation associated with osteoarthritis and control of postoperative pain in dogs. *(FDA)*
- **CAP IM Supply** announced the launch of Provecta Advanced for Dogs, with the same ingredients as K9 Advantix II, and Provecta for Cats, a generic version of Advantage II. Provecta Advanced provides month-long protection from fleas, ticks and mosquitos and is sold through veterinary clinics. *(Veterinary Practice News)*
- **VetriScience Laboratories** announced the addition of 3 new advanced therapy formulas to its veterinary professional line: Derma Strength Pro; Canine Multi Pro, which contains 30 nutrients not found in commercial dog foods; and Feline Furball Pro. *(company press release)*
- **VetriMax** announced the launch of Command shampoo (sodium hypochlorite & salicylic acid), a deep cleansing, non-drying, antimicrobial shampoo to help relieve symptoms associated with atopic dermatitis in animals. Command shampoo has also been proven effective against MRSP (and other organisms). *(company press release)*
- **Karyopharm Therapeutics Inc.** and **Anivive Lifesciences** announced a licensing agreement whereby Anivive licensed from Karyopharm exclusive worldwide rights to research, develop and commercialize verdinexor (KPT-335) for the treatment of cancer in companion animals including canine lymphoma. Anivive will make a one-time upfront payment of \$1 million to Karyopharm. Karyopharm is eligible to receive up to \$43.5 million from future milestones; in addition, Anivive agreed to pay Karyopharm up to low double-digit royalty payments. *(Globe Newswire)*
- **PillStashios** announced the availability of their edible medication containers. The PillStashios containers are hollow, edible containers with a snap lid to lock in and disguise medications in three flavors and two sizes. *(Veterinary Practice News)*

- **PetCure Oncology** announced the addition of two new sites in San Jose, California, and Jacksonville, Florida. The partnerships with SAGE Centers for Veterinary Specialty and Emergency Care (SAGE) in San Jose and Southeast Veterinary Oncology and Internal Medicine (SEVO-Med) in Jacksonville will increase PetCure Oncology's national network to seven locations. (*company press release*)
- **SynDaver Labs** announced that Texas A&M's College of Veterinary Medicine is the first veterinary school to purchase 15 of SynDaver Lab's breathing and bleeding live animal replacement surgical trainers to be used in the 2017 to 2018 school year. (*Texas A&M Battalion*)
- **Pets Best Insurance Services** announced it has added a 24-hour Pet Helpline as part of its pet insurance policies. The helpline, powered by **whiskerDocs**, uses veterinarians and vet technicians to field pet health questions. (*Veterinary Practice News*)
- **Central Garden & Pet Company** announced that it has purchased **K&H Manufacturing**, a producer of premium pet supplies and the largest marketer of heated pet products in the country. Financial terms were not disclosed. (*company press release*)
- **Parkers Pet Provisions** announced it has acquired **Complete Natural Nutrition**. Financial terms were not disclosed. (*Pet Product News*)
- **Bampz** announced it has acquired the assets and intellectual property of **H2O4K9** dog water bottles and **Neosling** brands. Financial terms were not disclosed. (*Pet Product News*)
- UK **Elanco** announced the UK launch of Coliprotec F4/F18, the first single dose oral vaccine intended for active immunization of pigs against F4- and F18-positive strains of enterotoxigenic E. coli (ETEC), two significant agents of post-weaning diarrhea. The new vaccine was developed by **Prevtec Microbia**. (*Pig World*)
- INDIA **Alivira Animal Health** announced it has earned US FDA accreditation for its active pharmaceutical ingredients (APIs) facility in Visakhapatnam, India. According to the company, it is the first such accreditation for an Indian animal health facility. (*Animal Pharm*)
- UK **Premier Veterinary Group** has completed the sale of the business, trade and assets of its buying group (The Premier Buying Group) to **Animal Healthcare Services** Ltd (a subsidiary of **Henry Schein** Inc) for GBP 6.3 million (\$8.1 million) in cash. (*Stockmarketwire.com*)
- CZECH REPUBLIC **Panda Plus** s.r.o. announced the launch in the Czech Republic of Vetimmune PI, an immunomodulatory veterinary preparation manufactured by **Sass & Sass**, Inc. (USA) indicated for support in the treatment of feline rhinotracheitis, a herpesvirus infection, and dry form of feline infectious peritonitis (FIP). (*company press release*)

ANIMAL HEALTH NEWS

- US - MOSQUITO GUIDELINES The Companion Animal Parasites Council (CAPC) has issued new guidelines on the control of mosquitoes to benefit the fight against heartworm in US dogs. The complete guidelines can be found at <https://www.capcvet.org/guidelines/mosquitoes/>. (*association press release*)
- US – GENETICS RESEARCH Researchers at the University of Guelph Ontario Veterinary College have discovered a specialized gene in Rhodesian Ridgebacks linked to epilepsy that could lead to new treatments for humans and dogs. (*Veterinary Practice News*)

- US – CANINE DISEASE The AVMA is spreading awareness about border collie collapse, a form of exercise intolerance prevalent in border collies, Australian kelpies, and associated breeds. Researchers say the disease is common, but its seriousness is undetermined. (*Veterinary Practice News*)

BRAKKE CONSULTING VIEWPOINT

The rapid pace of acquisitions in the animal health and pet space does not appear to be slowing as we move further into 2017. Many of the recent acquisitions, such as last month's announcements of PetSmart buying Chewy.com and Petco acquiring PetCoach, involve ecommerce or web-based services. If your company isn't active in this area already, you're behind the times.

Last weekend I attended the inaugural Veterinary Innovation Summit in College Station, Texas. It was very well attended and offered some fascinating insights from both established companies and successful startups about the directions that the pet and veterinary industries are moving. It is great to see efforts to keep the veterinary profession at the forefront of technology advances. Congratulations to Texas A&M and the NAVC for putting together a unique learning experience.

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