
**Brakke Consulting's
Animal Health News & Notes for May 6, 2016**
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**SOUTHWEST VETERINARY SYMPOSIUM
FORT WORTH, TX
SEPTEMBER 29 - OCTOBER 2, 2016
EARLY BIRD REGISTRATION MAY 3 - JULY 18**

Southwest Veterinary Symposium is a partnership of the Arkansas, Louisiana, New Mexico, Oklahoma and Texas VMAs to provide continuing education for veterinary professionals in the southwest region and the nation. Symposium profits are returned to the partner states VMAs. SWVS will be held in September 2016 in Fort Worth, Texas at the Fort Worth Convention Center. SWVS offers more than 375 hours of quality continuing education courses for veterinary professionals. SWVS is part conference, part experience and all Worth It!

For more information or to register for the conference, go to www.swvs.org.

COMPANY EARNINGS RELEASES

> **Zoetis** reported its financial results for the first quarter of 2016. The company reported revenue of \$1.2 billion for the first quarter of 2016, an increase of 5% compared with the first quarter of 2015. Revenue reflected an operational¹ increase of 12% excluding the impact of foreign currency. Net income was \$204 million, an increase of 24% compared with the first quarter of 2015. (*Business Wire*)

> **Merck** announced financial results for the first quarter of 2016. Animal health sales were unchanged at \$829 million for the quarter (+9% currency adjusted). (*company press release*)

> **DS Pharma Animal Health** reported results for the 12 months ended March 31, 2016. The company reported sales of ¥12,430 million (\$117 million) during fiscal 2015, an increase of 7%. (*Animal Pharm*)

> **IDEXX Laboratories**, Inc. reported revenues for the first quarter of 2016 of \$418 million, an increase of 9% compared to the prior year period. Companion Animal Group revenue was \$358 million, an increase of 10% compared to the prior-year quarter. Net income was \$46.0 million for the quarter compared to \$46.6 million in the prior-year period. (*company website*)

> **Abaxis**, Inc. reported financial results for the fiscal year ended March 31, 2016. Veterinary market revenues were \$178 million for fiscal 2016, up 8% year-over-year. (*company website*)

> **Heska Corporation** reported financial results for its first quarter ended March 31, 2016. 2016 first quarter revenue was \$27 million, a 19% year over year increase. First quarter Core Companion Animal Health revenue increased 20% to \$23 million. Net income attributable to Heska Corporation was \$1.2 million compared to \$0.6 million in the first quarter of 2015. (*company website*)

> **Aratana Therapeutics**, Inc. announced its first quarter 2016 financial results. The Company reported \$172,000 in net revenue. Aratana reported a net loss of \$(18.1) million compared to a net loss of \$(8.8) million in the prior-year quarter. As of March 31, 2016, prior to the anticipated \$45 million up-front collaboration payment from Elanco, the Company had \$73.2 million of cash, cash equivalents, restricted cash and short-term investments. (*company press release*)

> **Kindred Biosciences**, Inc. announced financial results for the first quarter ended March 31, 2016. KindredBio reported a net loss of \$6.1 million or \$0.31 per share, as compared to a net loss of \$6.7 million or \$0.34 per share for the same period in 2015. As of March 31, 2016, KindredBio had \$70.5 million in cash, cash equivalents and investments, compared with \$77.6 million as of December 31, 2015. (*company press release*)

> **Henry Schein**, Inc. reported record first quarter 2016 financial results. Animal Health sales were \$771 million, an increase of 13% (+16% in local currencies). In local currencies, internally generated sales increased 10% and acquisition growth was 6%. North American animal health sales grew 18% to \$399 million. (*PRNewswire*)

> **Central Garden & Pet Company** announced financial results for its fiscal second quarter ended March 26, 2016. Net sales for the Pet segment increased 24% to \$275 million. Acquisitions accounted for approximately two-thirds of the increase with the remaining one-third from organic growth. (*company press release*)

BRASSE 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 and scroll down to the "What's new" area.

www.BrakkeConsulting.com

COMPANY NEWS RELEASES

> **Nutramax Laboratories Veterinary Sciences**, Inc., introduced Provable-Forte Digestive Health Supplement. Provable-Forte capsules contain 2 times as many bacterial colony forming units as original Provable. (*Vet Advantage*)

> **Neogen Corporation** announced that it has acquired **Preserve International** and **Tetradyne LLC**, sister companies owned and operated by the private Nevada-based Preserve International corporation. Founded in 1991, Preserve and Tetradyne offer the livestock and food processing industries cleaners, disinfectants, and associated products. Financial terms were not disclosed. (*company press release*)

> **VCA** Inc. announced the closing of its previously announced acquisition of an 80% ownership interest in **Companion Animal Practices, North America (CAPNA)**. CAPNA, located in Las Vegas, Nevada operates a network of 56 free standing animal hospitals. (*company press release*)

> **Nexvet** and **Zenoaq** announced PD-1 mAb, the first immuno-oncology research candidate to result from the companies' research and development collaboration.). The USDA's Center for Veterinary Biologics has confirmed jurisdiction over the regulatory path for this program, providing an opportunity for conditional licensure. The anti-PD-1 program will now enter further safety, pharmacokinetic and immunogenicity studies for treatment of canine cancer. (*company press release*)

> **ONCE** Inc. announced that it has received a notice of allowance on its application from the U.S. Patent & Trademark Office to influence the sex of oviparous embryos naturally through the application of light. The company's technology targets light absorption centers in sex-determining genes to either express them or knock them down, in essence developing a very simple genetic male/female switch that is based on relatively inexpensive, narrow-band light-emitting diodes. (*Feedstuffs*)

> London-based **Premier Veterinary Group** PLC announced a controlled expansion into the US market after appointing two regional sales managers. The clinic consolidator is focusing on its

subsidiary, Premier Vet Alliance Ltd, which provides services to veterinary clinics, including the administration of a preventative healthcare program for pets branded "Pet Care Plan", and the operation of a buying group which offers enhanced discounts to member practices. (*LSE.co.uk*)

> **Pilgrim's** expanded a recall of poultry products it first issued on April 7 after products processed at a facility in Waco, Texas, were found to have extraneous materials in them. The initial recall included about 41,000 pounds of chicken nugget products; on April 26, Pilgrim's expanded its recall to include additional products and dates in which those products were produced. The updated recall involves close to 4.6 million pounds of products. (*Wattagnet.com*)

> **JAPAN Fujitsu** has launched a dog collar with sensors to detect various health parameters, which can then be downloaded by pet owners on their smartphone. As well as further collar technology, the company plans to develop a canine vest with an installed sensor terminal, which will be able to determine the physical condition of a dog receiving veterinary treatment. (*Animal Pharm*)

ANIMAL HEALTH NEWS

> **WORLD - PPR** The country of Georgia recently reported its first-ever case of Peste des Petits Ruminants (PPR), while a new outbreak has occurred in the Maldives. The virus can kill as much as 90% of the sheep and goats it infects within days. The FAO and OIE have established a joint secretariat and in April 2016 concluded consultations to develop a Global Control and Eradication Program for the disease. (*Outbreaknewstoday.com*)

> **ITALY - AVIAN INFLUENZA** A large outbreak of highly pathogenic avian influenza (HPAI) has been reported in northern Italy. The H7N7 outbreak resulted in 16,400 chickens being destroyed out of a susceptible flock of 17,000 birds. Quarantine restrictions have been imposed and premises disinfected. A vaccination program has not been employed. (*Animal Pharm*)

> **US - AVIAN INFLUENZA** Health officials culled 39,000 birds at a poultry facility in Missouri after a low-pathogenic form of H5N1 avian influenza was detected there. Tests indicate nearby flocks have not been infected, but a quarantine has been established. (*AVMA SmartBrief - Reuters*)

> **US - ANTIBIOTIC RESISTANCE** The first instance of ciprofloxacin resistance has been identified in an isolate from retail pork, according to the US FDA's 2014-2015 Retail Meat Interim Report. The report measures antimicrobial resistance in Salmonella isolated from raw retail meat and poultry, collected through the National Antimicrobial Resistance Monitoring System (NARMS). The FDA also identified the gene associated with this resistance, for future tracking. Analysis showed the single ciprofloxacin-resistant isolate from pork carried quinolone resistance gene qnrS. (*Animal Pharm*)

> **US - PET FOOD** THE FDA released a Compliance Policy Guide (CPG) that explains the criteria FDA will consider when determining whether to take enforcement action regarding dog and cat food diets intended to treat a disease. The CPG, "Labeling and Marketing of Dog and Cat Food Diets Intended to Diagnose, Cure, Mitigate, Treat, or Prevent Diseases," can be read at <http://www.fda.gov/downloads/ICECI/ComplianceManuals/CompliancePolicyGuidanceManual/UCM318761.pdf>. (*FDA*)

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BRAKKE CONSULTING VIEWPOINT

If one takes currency effects out of the financials, the leading animal health companies reported strong revenue growth in the first quarter of 2016. This is good news for the industry and the investors involved with these companies.

As we move into the second quarter we are experiencing weather conditions favorable for both the companion and food animal sectors. Because of a relatively mild winter in most of the US, we expect high incidence rates of parasites in most species this summer. The companion animal flea/tick/heartworm markets are key for increased revenue growth for many companies. There are also a number of new product introductions that are driving growth in other product categories. Currently, we are expecting 2016 to be a positive growth year for the industry.

I would again like to point out our “U.S. Animal Health Industry” webinar on May 25th. Thanks to all of you that have signed up for this two hour presentation on the state of the industry. If you've not registered for this event and would like more information on the webinar please feel free to call any of our offices or consultants.

Have a great weekend! The weather is great in most parts of the US.

Ron Brakke

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