
**Brakke Consulting's
Animal Health News & Notes for July 15, 2016**
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Brakke Consulting has the experience, insight, ability and contacts to provide clients with the highest quality services in the animal health, pet, veterinary and specialty chemicals markets. Please contact any of our offices for a confidential consultation.

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COMPANY EARNINGS RELEASES

- **Animalcare** reported results for the fiscal year ended June 30, 2016. Sales grew 9% to GBP 14.7 million (\$19.4 million). Revenues from the company's veterinary medicines business grew 8% to GBP 9.2 million (\$12.1 million). (*Animal Pharm*)

- **Krka** reported financial results for the first six months of 2016. Animal health revenues were EU 37.3 million (\$41 million), an increase of 44% compared to the comparable period in the prior year. *(Animal Pharm)*

COMPANY NEWS RELEASES

- **Virbac SA** announced the global launch of its Defensin technology for its dermatology range for companion animals. Defensin has a unique action that stimulates the animal's own production of anti-microbial peptides (AMPs), to help skin defend itself against foreign pathogens such as bacteria or yeast via an innate immune response. Defensin technology will be offered in Virbac's specialized pet shampoos Sebolytic, Allermyl and EpiSoothe and in its veterinary ear cleaner EpiOtic. *(Animal Pharm)*
- **Brookside Agra** announced the launch of Runt-Rescue, a fast-acting, all-natural nutrient supplement that gives weak, newborn piglets an energy boost and a chance at survival. The new formulation contains hyper immunized egg powder which contains egg-based antibodies derived from hens strategically vaccinated with specific antigens over time. *(company press release)*
- **Zomedica Pharmaceuticals Corp.** announced that it has filed a provisional application for patent with the United States Patent and Trademark Office (USPTO) for a novel formulation of ZM-006, a pharmaceutical targeting a metabolic disorder in companion animals. Concurrently, Zomedica opened its second Investigational New Animal Drug (INAD) application with the FDA for ZM-006. *(company website)*
- **Pet Valu and Pet Supermarket** announced that they have merged to form Pet Retail Brands, creating the third largest pet specialty retailer in North America. With more than 930 stores, the combined business will generate approximately \$1 billion in system-wide retail sales across the US and Canada. Pet Valu and Pet Supermarket will continue to operate as independent brands. Financial terms were not disclosed. *(Pet Business)*
- EU **Merial** announced the EU launch of its Bovalto Respi range of vaccines to provide protection against the bacterial and viral causes of bovine respiratory disease (BRD). *(Animal Pharm)*
- CANADA **NovaVive Inc.** announced that its cattle immunotherapeutic Amplimune has received approval from the Canadian Food Inspection Agency (CFIA). Amplimune, an emulsion of mycobacterium cell wall fractions (MCWF), reduces the clinical signs and mortality associated with E. coli K99 diarrhea in neonatal calves. *(company press release)*
- FRANCE **Quantum Genomics** announced it has extended a collaboration agreement with its partner, a lead player in animal health. Under the agreement, Quantum and its partner will continue working together to initiate additional clinical trials of the former's drug candidate for the treatment of heart failure in dogs. *(Animal Pharm)*
- AUSTRALIA **National Veterinary Care** announced it has acquired **United Vets Group**, a leading Australian veterinary buying group. The \$5.93 million cash and shares purchase includes \$0.59 million in NVL shares and \$0.29 million in deferred cash. United Vets Group works with more than 250 veterinary clinics across Australia, and the acquisition is expected to deliver annual revenue of \$2 million. *(Goldcoastbulletin.com.au)*

ANIMAL HEALTH NEWS

- US - FDA The FDA released the Foods and Veterinary Medicine (FVM) Program's Strategic Plan for fiscal years 2016-2025, which outlines goals and objectives for the next 10 years. The plan can be downloaded at <http://www.fda.gov/AboutFDA/CentersOffices/OfficeofFoods/ucm273269.htm> . Comments can be submitted on the strategic plan at any time. (FDA)

BRAKKE CONSULTING VIEWPOINT

We are now in the middle of summer here in the US, and many of our readers are taking a break before they return to become involved in the final creation of the 2017 business plan. At the current time, the animal health industry revenues for 2016 are tracking in the 5 to 6% increase over prior year. As could be expected, some companies are exceeding this revenue increase, while others are struggling to generate an increase over 2015. With the overall economy being reasonably positive, we see no reason at this point for soft third and fourth quarters in animal health. There are some aggressive market share battles occurring in some of the larger product categories that are not increasing in size sufficiently to absorb all of the new product entries.

The merger of two large OTC pet chains to form the third largest chain of pet product stores behind PetsMart and Petco creates additional consolidation in this retail segment. Several years ago retailer consultants thought that large chains would put the independent pet stores out of business. That has not occurred, and in fact, independent pet stores continue to expand in specialty areas. The companion animal market continues to grow even in the face of a challenged middle class.

Have a great weekend!

Ron Brakke

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