
**Brakke Consulting's
Animal Health News & Notes for July 29, 2016**
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**BRAKKE CONSULTING, INC.
NEW REPORT: THE US VETERINARY GENERIC DRUGS MARKET
Coming in Fall 2016**

Brakke Consulting is pleased to announce a new report on the US market for small package generic products. The report will be an in-depth look at a part of the market that intrigues many industry participants. The report will include such information as:

- the origin and evolution of animal health generics
- estimated market size
- generics use in large vs. small animals
- growth of small animal generics
- profiles of generics manufacturers

The report will also include surveys of small and large animal veterinarians and producers, probing their understanding and perception of generic products, current and expected future usage.

The report will be priced at available for a price of \$7,995; orders placed by August 31 will be eligible for the early-order price of \$7,500. For more information, contact project manager Dr. Lynn Fondon at lfondon@brakkeconsulting.com or 972-243-4033.

www.BrakkeConsulting.com

COMPANY EARNINGS RELEASES

- **Merck** announced financial results for the second quarter of 2016. Animal Health sales totaled \$898 million, an increase of 7% compared with the second quarter of 2015 (+10% excluding a 3% negative impact from foreign exchange), led by the growth of Bravecto. *(company website)*
- Eli Lilly and Company announced financial results for the second quarter of 2016. Revenues for animal health division **Elanco** totaled \$860 million, an increase of 2% compared with the second quarter of 2015 (+4% excluding the unfavorable impact of foreign exchange rates). *(company press release)*
- Sanofi reported results for the second quarter of 2016. Sales for animal health division **Merial** increased 9% to EUR 725 million (\$803 million), driven by the success of NexGard family of products. *(company press release)*
- **Bayer** reported results for the second quarter of 2016. Sales of the Animal Health business amounted to EUR 426 million (\$472 million). Business was level year-over-year on a reported basis and expanded by 4% after adjusting for currency and portfolio effects. *(company website)*
- **Ceva Sante Animale** reported results for the first half of 2016. Consolidated sales of the Ceva Group reached EUR 455 million (\$504 million), representing growth of 7% versus last year (+13% at a constant perimeter and exchange rates). *(company press release)*
- Colgate-Palmolive Company reported results for the second quarter of 2016. **Hill's Pet Nutrition** net sales increased 3.5% to \$572 million; organic sales increased 4.0%. *(company press release)*
- **Vetoquinol** reported results for the first half of 2016. Total sales were EUR 172 million (\$191 million), an increase of 3% compared to the first half of 2015 (+6% at constant exchange rates). Net income (group share) increased 9% to EUR 13.5 million (\$15.0 million). *(company website)*
- **VCA Inc.** reported financial results for the second quarter ended June 30, 2016. Revenue increased 19% to \$654 million; net income increased 18% to \$64.0 million. Animal Hospital revenue increased 24% to \$540 million; Laboratory revenue increased 6% to \$112 million. *(company press release)*
- **PetMed Express** announced results for its fiscal first quarter ended June 30, 2016. Sales in its first quarter were \$73 million, an increase of 1% year-over-year. Net income rose 15% to \$6.6 million. *(FierceAnimalHealth)*
- **Spectrum Brands Holdings, Inc.** reported record performance for the third quarter of fiscal 2016 ended July 3, 2016. The Global Pet Supplies segment reported net sales of \$207 million, a decline of 0.5% compared to the prior-year quarter. Excluding the favorable impact of foreign exchange, organic net sales declined 0.9%. *(company website)*

**2016 KC Animal Health Corridor Events
August 29-30, 2016**

Kansas City, MO

Early bird registration ends Monday August 1!

The KC Animal Health Corridor hosts a trifecta of exceptional industry events during Global Animal Health week this year.

Market Insight Seminar

August 29, 3:30 – 5:00 pm

click here for details <http://kcanimalhealth.thinkkc.com/events/market-insight-seminar>

Animal Health Corridor Homecoming Dinner

August 29, 5:00 – 9:00 pm

click here for details <http://kcanimalhealth.thinkkc.com/events/homecoming>

Animal Health Investment Forum

August 30, 7:30 am – 5:00 pm

Click here for details <http://kcanimalhealth.thinkkc.com/events/investment-forum>

COMPANY NEWS RELEASES

- **VetriScience Laboratories** announced that the full line of Legacy animal health supplement products, which until now had been available from veterinarians, are available in pet specialty stores. VetriScience originally released its veterinarian-recommended joint formula, GlycoFlex, to pet specialty retailers in July of 2015. (*PetProductNews*)
- **EpiBiome** announced it has secured \$1 million in debt financing from Silicon Valley Bank. The company is focused on developing its bacteriophage-based therapy pipeline as alternatives to antibiotics for infectious diseases in agriculture and humans. In animal health, the firm's goal is to treat and prevent mastitis in dairy cows. The company previously secured \$6 million of investment in a series A funding round in February. (*Animal Pharm*)
- A new animal health company, **AIAH Therapeutics**, LLC, has been formed stemming from research from the Forsyth Institute. The company will deliver new therapies for treating and preventing oral disease using natural active regulators of inflammation, which can be administered either at home through food supplements or at the veterinarian's office. (*Business Wire*)
- **Petco** announced the launch of Drs. Foster and Smith dog food line. Petco acquired Drs. Foster and Smith, an online retailer of pet products, in 2015. (*Veterinary Practice News*)
- **JSI Group**, the developers of rVetLink, announced the release of a new iPhone and Android app for referring veterinarians (rDVMs). The new app provides integrated functionality allowing rDVMs to quickly and seamlessly refer cases to their preferred specialty practice. (*company press release*)
- **VetX** announced the launch of a web- and app-based platform that allows pet owners to contact a local veterinarian at any hour through video or on-demand chat. (*PRNewswire*)
- **ViaGen Pet** announced it is offering pet cloning services in full compliance with all US regulatory standards and humane pet care practices. The company said it has delivered the first American-born cloned puppy, a Jack Russell Terrier named Nubia. ViaGen has been a global leader in GP and cloning services for equine and livestock for more than a decade. (*PetAge.com*)

ANIMAL HEALTH NEWS

- **FRANCE - AVIAN INFLUENZA** France has reported the discovery of highly pathogenic avian influenza (HPAI) in two French poultry flocks (one domestic duck farm and one broiler farm) in the southwestern portion of the country. Standard disease control measures have been established at both locations, including a 3-kilometer protection zones and 10-kilometer surveillance zone. (*WattAgNet.com*)
- **US - SENECA VALLEY VIRUS** More than 60 positive accessions of the Seneca Valley Virus, or Senecavirus A, in swine have been reported by labs across the US and new cases appear to be showing up more rapidly as the summer goes on. The biggest concern regarding SVV is that when clinical signs are present, they are indistinguishable from those of swine vesicular disease, vesicular stomatitis virus and foot-and-mouth disease virus. (*NationalHogFarmer*)
- **CANADA - ANIMAL FEED** The Canadian Food Inspection Agency (CFIA) has approved the use of **Enterra Feed's** Whole Dried Black Soldier Fly Larvae as an ingredient for broiler chickens. Earlier this year, US feed control authorities accepted Enterra's application to use dried black soldier fly (BSF) larvae in salmonid feed. The definition was reviewed and agreed to by the US FDA. This was the first time a federal regulatory body in North America accepted the use of an insect-based ingredient as a source of energy and protein for use. (*Animal Pharm*)
- **UK – CLONED ANIMAL HEALTH** In a study published in the journal *Nature Communications*, researchers from the University of Nottingham assessed the health of thirteen cloned sheep - genetically identical to Dolly the sheep - aged between 7 and 9 years of age. The scientists discovered that the cloned sheep are aging normally and are in relatively good health, evidence that cloned animals are not more prone to age-related disease than animals born naturally. (*ibtimes.co.uk*)
- **US - CATTLE DISEASE** Researchers at the University of California at Davis have genetically characterized and named the tick-borne bacterium responsible for foothill abortion disease in cattle. The organism has been named *Pajaroellobacter abortibovis*, recognizing the Pajaroello tick that carries the bacterium. The findings of this study are reported in the journal *Veterinary Microbiology*. (*Sciencedaily.com*)

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BRAKKE CONSULTING VIEWPOINT

The first 6 months of 2016 revenues are now being reported and most appear to be in the range of 5% or more when currency adjustments are completed. Based on the VCA report, it appears that revenues in companion veterinary clinics are encouraging. The revenue for the leading internet marketer of pet and veterinary products was flat for their first quarter, which could be a

sign that veterinary clinics are responding to this competitive threat by offering products at competitive prices. Alternatively, it could be that the proliferation of competition in the marketing of veterinary and pet products over the internet is having an impact on the largest firm serving pet owners in this channel.

Again this week we are launching a new multi-client study. "The US Veterinary Generic Drugs Market" is an overview of a market segment that has seen a wealth of product introductions. A lot has changed since our original report on generic drugs was published in 2008; we encourage you to educate yourself about one of the bright spots in animal health with the help of this new report.

Have a great weekend!

Ron Brakke

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