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**Brakke Consulting's**
**Animal Health News & Notes for July 18, 2014**
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*Editor: Lynn Fondon DVM MBA*
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**BRAKKE CONSULTING ANNOUNCES NEW STUDY:**
**PET PHARMACEUTICALS MARKET SHIFT**

Where pet owners go to purchase veterinarian-prescribed medicines is beginning to change as new distribution models and proposed legislative measures are evolving to give consumers more choice. A new report by Brakke Consulting, Inc. and Trone Brand Energy will define how this change of the pet pharmaceutical industry will affect manufacturers, distributors, retailers and veterinarians once a critical mass of consumers begin to adopt new models.

The study will be completed before the end of 2014. For more information, or to purchase the study at a discounted rate, contact David Goodnight at 830-285-1259 or DGoodnight@BrakkeConsulting.com by July 31, 2014.

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**COMPANY EARNINGS RELEASES**

**> Animalcare Group** PLC reported financial results for the first half of 2014. Revenue for the half year was GBP 12.9 million ($22.1 million), an increase of 6% compared to the comparable period in the prior year. *(LSE.co.uk)*

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**2014 KC Animal Health Investment Forum**
**Tuesday, August 26, 2014**
**Kansas City Convention Center**

The sixth annual KC Animal Health Investment Forum will feature more than a dozen presenting companies seeking business partnerships and opportunities. Hear about the latest up-and-coming pharmaceutical, biological and diagnostic innovations, with applications serving the companion animal, livestock, and equine markets as well as the overall animal health industry.

The event will be held Tuesday, August 26 from 7:30 a.m. to 5 p.m. at the Kansas City Convention Center Grand Ballroom.

Visit http://www.kcanimalhealthforum.com/index.php/register-now/ for full details and registration.

www.kcanimalhealthforum.com

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## COMPANY NEWS RELEASES

**> Merial** announced the re-launch of its Heartgard (ivermectin) Tablets. Dogs with food allergies now have a monthly heartworm preventive that does not include any food ingredients that may trigger an allergic reaction. *(company press release)*

**> IDEXX Laboratories**, Inc. announced the introduction of Whipworm Antigen ELISA test, the only test capable of directly detecting the presence of an adult whipworm parasite. IDEXX customers are now able to order the Whipworm Antigen ELISA as part of the IDEXX Comprehensive Fecal Panel for canines. *(company press release)*

**> Neogen** announced the launch of Havoc Attack rodenticide, which combines superior palatability with the proven active ingredient brodifacoum to control common rats, roof rats, and house mice. *(Animal Pharm)*

**>** Ares Management, L.P. announced that a fund managed by its Private Equity Group has signed a definitive agreement to acquire the parent company of **National Veterinary Associates** (NVA Holdings, Inc.) from investment funds affiliated with Summit Partners. Financial terms were not disclosed. *(Streetinsider.com)*

**> VaxLiant** announced it has gained USDA approval for six ready-to-use adjuvants that can be added to vaccines to improve immune responses in cattle and swine. *(Animal Pharm)*

**> Intrexon** Corp. announced it has entered into a definitive agreement to acquire **Trans Ova Genetics** LC, a provider of bovine reproductive technologies. Trans Ova will become a wholly owned subsidiary of Intrexon. Trans Ova stockholders will receive approximately $60 million in upfront cash, $30 million in Intrexon common stock and deferred payments of up to $20 million. Trans Ova generated revenues of $63 million and net income of $4.9 million in fiscal 2013. *(Feedstuffs)*

**> AvidBiotics** announced it is in discussions with several leading animal health companies to partner in developing its antibacterial protein technology. AvidBiotics' proprietary Purocin proteins

are designed to target and kill both gram-positive and gram-negative bacteria with surgical precision. The proteins kill bacteria without releasing endotoxins, are non-toxic to animals and are biodegradable. *(Animal Pharm)*

**>** **Pinnacle Food** Inc. announced it has implemented its right to terminate the merger agreement with **Hillshire Brands Company**. In accordance with the terms of the merger agreement, Pinnacle Food is entitled to a termination fee of $163 million which the company plans to use in order to reduce debt. Upon Pinnacle's announcement, **Tyson** and Hillshire declared the two companies have entered into a definitive agreement. Tyson will acquire all outstanding shares of Hillshire Brands and outstanding net debt for total all-cash transaction valued at approximately $8.55 billion. *(Feedstuffs)*

**>** PIC, a division of **Genus** plc, in collaboration with Edinburgh Genomics and The Roslin Institute at the University of Edinburgh in the U.K., announced that they have completed exome sequencing in pigs. Exome sequencing is a cost-effective strategy to selectively sequence the most important parts of DNA. The results of this research, published in the journal BMC Genomics in July 2014, were generated from a targeted set of 96 pigs representing the known variation in one of PIC's global proprietary swine populations in order to capture as many mutations as possible. *(Feedstuffs)*

**>** CANADA **Avivagen** announced it has entered into a one-year option to purchase an exclusive license for a permanent non-surgical pet sterilization technology from Dr Duncan Hockley, director of the Veterinary Medical Centre of the University of Saskatchewan. If the option is exercised, Avivagen will receive an exclusive, irrevocable worldwide right and license, with the right to grant sublicenses, to the technology in exchange for the issuance of 1,428,571 shares and 5,000,000 warrants to acquire common shares with an exercise price of $0.10 per common share and a term of five years, as well as the payment of a royalty of 1% of net sales in excess of $10 million per year on any products that are commercialized using the technology. *(Animal Pharm)*

**>** PORTUGAL **Magnomics** reported that it is finalizing a prototype of a portable diagnostic test for bovine mastitis. A sample such as a swab, urine or milk is inserted into the device and, after bacteria separation and DNA purification, DNA amplification is performed by the technology. The DNA is identified via magnetic detection on the surface of the chip. Results are produced in the form of a simple yes/no marker for each type of bacteria and gene. These results can be sent by email or text message to the user. *(Animal Pharm)*

**>** INDIA **Kemin Industries** announced it has launched a new portfolio of enzyme products for poultry feed mills and producers in India. Three new enzyme products - Kemzyme XPF, Nutrikem XL PRO and Kemzyme Protease - enhance the digestion of feed nutrients. Kemin also launched its novel encapsulated anticoccidial product Cozante, designed to improve intestinal health and control coccidiosis in broilers. *(Animal Pharm)*

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**2014 KC Animal Health Corridor Homecoming Dinner**
**Monday, August 25, 2014**
**Kansas City Convention Center**

Connect with 800 animal health industry professionals and join the Corridor in honoring this year's Iron Paw Award recipient, Ron Brakke. Hear from Bill Self, head coach of the University of Kansas men's basketball team, as he unveils some of the secrets behind his winning record, teamwork and the principles of success.

The event will be held on Monday, August 25 from 5 – 9 p.m. at the Kansas City Convention Center Grand Ballroom.

Visit http://www.kcanimalhealth.com/index.php/events/animal-health-corridor-homecoming/register-now/ for full details and registration.

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**ANIMAL HEALTH NEWS**

**>** US - VESICULAR STOMATITIS The New Jersey serotype of the vesicular stomatitis virus that sickened 11 horses has now been confirmed in two head of cattle, according to the Texas Animal Health Commission. Eight properties in five Texas counties have confirmed cases of the virus, and 184 additional animals may have been exposed. *(AVMA Smartbrief - Southwest Farm Press)*

**>** US - VETERINARY MEDICINE MOBILITY ACT The US House and Senate have passed the Veterinary Medicine Mobility Act, which now awaits President Obama signature into law. If made law, the bill would expand the services and procedures that mobile veterinary clinics can provide. As it currently stands under the Controlled Substances Act, the administration of controlled drugs by licensed veterinarians outside of registered locations is prohibited, preventing mobile veterinarians from administering drugs to clients away from a veterinary clinic. *(healthnewsdigest.com)*

**>** AUSTRALIA - CATTLE GENOME An international consortium led by the Victoria Department of Environment & Primary Industries (DEPI) has sequenced the genomes of 234 cattle in the first stage of the Dairy Futures Co-operative Research Centre's "1000 Bull Genomes Project". In a paper published in the journal Nature Genetics, the researchers explain how the project will help to develop DNA profiling tests that dairy and beef producers can use to make better breeding decisions that lead to more productive animals. *(Feedstuffs)*

**>** US - INSURANCE LEGISLATION A California Assemblyman is reviving an effort previously vetoed by the Governor to set guidelines for the pet insurance industry. The measure gives insurance regulators a greater ability to oversee the plans, but its primary focus is on making policies more transparent. If the proposed legislation is approved by the Senate and signed by the governor, California would reportedly be the first state to impose basic requirements for pet insurance. *(Sacbee.com)*

**>** US - SMALL ANIMAL TOXINS According to a report, a new generation of rodent poisons designed to be safer for children and animals may prove more deadly for pets. The 2008 decision by the Environmental Protection Agency to phase out long-acting anticoagulants, which are dangerous to pets but treatable with vitamin K, led to the new group for which there is no antidote. New rodent poisons contain bromethalin, a toxin that affects the central nervous system and causes swelling of the brain. *(AVMA SmartBrief - wctrib.com)*

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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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## BRAKKE CONSULTING VIEWPOINT

We hope a couple of items caught your eye in this week's newsletter. The first is the Kansas City Animal Health Corridor Animal Health Investment Forum, which is being held on August 26th. If you are in interested in new technology companies for the animal health and pet markets you will not be disappointed with the firms presenting this year. The firms presenting have been screened by a select group of industry executives so you will be seeing some quality opportunities. The investment forum grows each year and has become an important source of financing for early-stage companies and technologies.

The second story I would like to point out is Brakke Consulting and Trone Brand Energy's announcement of our new study related to the changes that could occur through the dispensing of veterinary drugs in human pharmacies. There is a great deal of speculation and opinion regarding this topic within the industry, with little or no solid data to support whether or not this trend is truly a threat to veterinarians' profitability. The results of the study will provide insights and information that manufacturers and distributors will find useful in their planning. For more information on this new study please contact our office in Dallas or Dr. David Goodnight (contact information above).

Finally, the other event in Kansas City is the Homecoming Dinner the evening of August 25th. If you read the newsletter closely, you will have noted that the KCAHC has selected me as the 2014 recipient of the 2014 Iron Paw Award. I'm very appreciative of this industry recognition and receiving this reward is one of the highlights of my career. The Homecoming Dinner is a special time for the KCAHC and the industry. We hope to see many of you there.

Have a great weekend!

*Ron Brakke*

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