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Brakke Consulting's
Animal Health News & Notes for August 28, 2015
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COMPANY EARNINGS RELEASES

> Patterson Companies, Inc. reported results for its fiscal first quarter ended August 1, 2015. Sales for **Patterson Animal Health** totaled $557 million, up 44% compared to the first quarter of the prior year (48% on a constant currency basis). Sales from recently acquired Animal Health International contributed $172 million during the quarter. Excluding the acquisition, segment sales were up over 3% on a constant currency basis. *(Business Wire)*

> The **J. M. Smucker** Company announced results for the first quarter ended July 31, 2015, of its 2016 fiscal year. The US Retail Pet Foods segment (formerly **Big Heart Pet Brands**) contributed net sales of $550 million, representing mid-single digit percent growth compared to Big Heart's results for the first quarter of the prior year, which were reported under previous ownership. *(Company press release)*

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COMPANY NEWS RELEASES

> Zoetis announced the availability of Fostera PCV MetaStim. The monovalent killed virus vaccine that helps protect against porcine circovirus associated diseases (PCVAD) caused by porcine circovirus Type 2 (PCV2) has been updated with the commonly used adjuvant known as MetaStim (the common name for the SP (squalane, Pluronic) oil adjuvant). *(company press release)*

> China-based **Skystar Bio-Pharmaceutical Company** announced that on August 19, 2015, the Company received a notification from the Nasdaq Stock Market informing the Company that because it had not filed its Quarterly Report on Form 10-Q for the quarter ended June 30, 2015, the Company was not in compliance with Nasdaq Listing Rule 5250(c)(1). The Nasdaq notification letters do not result in the immediate delisting of the Company's common stock, and the stock will continue to trade uninterrupted under its current trading symbol, but the Company's common stock will be subject to delisting by Nasdaq if the deficiency is not resolved. *(Marketwatch.com)*

> MediVet Biologics announced that it will open a second US laboratory in Manhattan, Kansas in early October, 2015. Recently, MediVet Biologics licensed the Intellectual Property rights to produce an Allogeneic Stem Cell Therapy product, MB-007, from the Kansas State University Research Foundation for potential orthopedic and internal medicine applications for both veterinary and human clinical use. *(Laboratorynetwork.com)*

> Natura Petz Organics announced the launch of eight formulations in an organic supplement line for dogs and cats. The products are formulated as capsules that can be administered whole or opened and sprinkled onto the pet's food. *(Pet Business)*

> Pet Healthy Holdings announced a formative licensing agreement with **NoScentNaturals** to be the company's US distributor. Pet Healthy's Perfect Litter was chosen by NoScentNaturals to be the first US-based manufacturer of cat litter utilizing the No Scent odor elimination technology. *(Pet Age)*

> UK **Neogen Corporation** announced that it has acquired the stock of United Kingdom-based **Lab M Holdings,** a developer, manufacturer and supplier of microbiological culture media and diagnostic systems. Financial terms were not disclosed. *(company press release)*

> CANADA **IDT Biologika** announced the acquisition of Canadian company **Gallant Custom Laboratories**, the only Canadian company authorized by the Canadian Food Inspection Agency (CFIA) to manufacture autogenous viral and bacterial vaccines. Gallant serves customers throughout Canada, particularly to those who provide vaccines to the Canadian livestock and poultry industry. Financial terms were not disclosed. *(sys-con media)*

> ITALY **Fatro** announced it will develop two veterinary vaccines using **Valneva**'s EB66 cell line. Under the terms of the agreement, Valneva received an undisclosed upfront payment and is eligible to receive milestone payments as well as future royalties on net sales of Fatro's vaccines. Italian-based Fatro currently sells its proprietary vaccines for swine influenza, avian influenza,

Newcastle disease and Marek's disease, as well as a host of other diseases in food-producing animals in roughly 90 countries globally. *(Animal Pharm)*

> INDIA **Alivira Animal Health**, a subsidiary of Sequent Scientific, announced it has entered into a definitive agreement with **Lyka Exports**, a subsidiary of Lyka Labs, under which Alivira will acquire the animal health business of Lyka Exports on a going concern basis. In FY15, Lyka's animal health business registered a top line of close to Rs 23.50 crore ($3.5 million), and the business is growing by over 30% during the ongoing financial year. Financial terms were not disclosed. *(Business-standard.com)*

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ANIMAL HEALTH NEWS

> BELGIUM - BOVINE TB Belgian vets have said 19 dairy farms are still under suspicion after an outbreak of bovine tuberculosis (bTB) earlier this month. Belgium was declared officially free of bovine tuberculosis in 2003; however, nine cases surfaced in 2013. Should Belgium lose its bTB-free status, it will be banned from exporting cows to other EU countries. *(Animal Pharm)*

> GERMANY - ANTIBIOTIC USE Germany's use of veterinary antibiotics has declined year-on-year by about 15%. Germany's Federal Office of Consumer Protection and Food Safety (BVL) reported that there were about 1,238 tons of veterinary antibiotics sold to veterinarians in 2014, a decline of 15% compared to 2013. However, the BVL said the amount of antibiotics with special significance for human therapy remained constant compared to 2013. The use of antibiotics for growth promotion has been banned in Germany since 2006. *(Animal Pharm)*

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BRAKKE CONSULTING VIEWPOINT

The news this week covers a number of various product categories. One story covers the purchase of an autogenous vaccine manufacturer and another the out-licensing of an early stage vaccine cell line technology. There are stories related to various organic or natural products of one type or another being licensed or introduced into the pet market. One of the quarterly earnings reports covers another large consolidation in the animal health distribution segment.

If one takes a 30,000-foot view of the trends in the industry it is reasonably clear that attitudes in

consumers' minds towards antibiotics are unfavorable and anything with the words "organic" or "natural" are favorable. Also, prevention is preferred over therapy, and diagnostics of various types will continue to play an increasing role in the health of animals and poultry.

We want to wish all of those companies presenting at the KC Animal Health Investment Forum next week the best of luck in finding the capital needed to move their product or technology forward. Also, congratulations again to Dr. Ralph Richardson in receiving the 2015 KC Animal Health "Iron Paw Award" for his contributions to the animal health industry.

Have a great weekend!!

Ron Brakke

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