
**Brakke Consulting's
Animal Health News & Notes for August 5, 2016**
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Editor: Lynn Fondon DVM MBA

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Livestock & Poultry Production Report

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**BRAKKE CONSULTING, INC.
QUALITY MARKET RESEARCH SERVICES**
Look Before You Leap

Depend on Brakke Consulting to build a market study to meet your company's needs, whether it is:

- Assessing the feasibility of a new product or technology
- Identifying the opinions and trends of veterinarians, pet owners or producers
- Determining the current market for products

With our in-house database of veterinarians and the ability to custom-tailor surveys of a wide variety of target audiences, we provide reliable insights into this unique industry. We also produce multi-client reports in a number of high-interest animal health market areas. For more information, see our website or call our Dallas office at 972-243-4033.

COMPANY EARNINGS RELEASES

- **Zoetis** Inc. reported its financial results for the second quarter of 2016. The company reported revenue of \$1.2 billion for the second quarter of 2016, an increase of 3% compared with the second quarter of 2015. Adjusted net income for the second quarter of 2016 was \$246 million, an increase of 14%. Adjusted net income for the second quarter of 2016 excludes the net impact of \$22 million for purchase accounting adjustments, acquisition-related costs and certain significant items. (*Business Wire*)
- **Boehringer Ingelheim** reported results for the first half of 2016. Animal Health revenues were EUR 688 million (\$763 million), an increase of 4% compared to the same period last year (+6% on a currency-adjusted basis). (*company website*)
- **IDEXX Laboratories**, Inc. reported revenues for the second quarter of 2016 of \$467 million, an increase of 13% compared to the prior year period. Net income was \$67.2 million, an increase of 18% year-over-year. Companion Animal Group revenue grew 14% to \$400 million. (*company press release*)
- **Heska** reported results for the second quarter of 2016. Total revenues were \$30 million, an increase of 25% compared to the prior-year quarter. Net income was \$2.7 million compared to net income of \$1.2 million in the prior-year quarter. (*company press release*)
- **Henry Schein**, Inc. reported financial results for the second quarter of 2016. Animal Health sales were \$854 million, an increase of 14% compared to the second quarter of 2015. Internally generated sales increased 12% and acquisition growth was 3%. North American animal health sales for the quarter were \$446 million, an increase of 19%. (*company press release*)
- **Aratana Therapeutics**, Inc. announced its second quarter 2016 financial and operational results. For the quarter ended June 30, 2016, the Company reported \$38 million in net revenue from the \$45 million payment received from the collaboration agreement with Elanco, and \$47,000 in net revenues from product sales. Aratana reported net income of \$21.2 million for the quarter compared to a net loss of \$(8.0) million in the comparable prior-year quarter. (*company press release*)
- **Parnell Pharmaceuticals Holdings** Ltd announced financial results for the first six months of 2016. Revenues were A\$8.2 million (US\$6.1 million), an increase of 67% compared to the first six months of 2015. Net loss for the period was A\$(12.3) million compared to a net loss of A\$(3.8) million in the comparable prior-year period. The increase in net loss was attributable primarily to the establishment of the US companion animal business. (*company website*)
- **Hester Biosciences** reported results for its fiscal 2017 first quarter. The company reported revenues of INR 301 million (\$4.5 million), an increase of 23%. Net profit was INR 60 million, compared to INR 46.6 million during the same quarter last year. (*Animal Pharm*)
- **Central Garden & Pet Company** announced financial results for its fiscal third quarter ended June 25, 2016. Third quarter net sales for the Pet segment increased 21% to \$287 million. The Pet segment's operating income rose 18% to \$38.7 million and included a gain of \$2.4 million from the sale of a manufacturing plant during the quarter. (*company press release*)

- **Trupanion**, Inc. announced financial results for the second quarter ended June 30, 2016. Total revenue was \$46 million, an increase of 29% compared to the second quarter of 2015. Net loss was \$(1.0) million, compared to a net loss of \$(4.6) million in the second quarter of 2015. Total enrolled pets was 320,896 at June 30, 2016, up 23% over the prior-year period. (*company website*)

COMPANY NEWS RELEASES

- **Zoetis** announced the launch of Triamulox (tiamulin hydrogen fumarate) to its enteric and respiratory disease management portfolio. Triamulox can be administered to pigs of any age through drinking water to combat swine dysentery caused by *Brachyspira hyodysenteriae* (SD) and swine pneumonia caused by *Actinobacillus pleuropneumoniae* (APP). (*company press release*)
- **Merck Animal Health** announced the introduction of Safe-Guard AquaSol (fenbendazole oral suspension) for the treatment and control of adult and larval stages of large roundworms, whipworms and kidney worms, as well as adult stages of the small stomach worm, nodular worm and lungworm, in swine. (*National Hog Farmer*)
- **Merial** announced the global launch of its new swine antibiotic Zactran. Zactran was previously approved in cattle but is now indicated for use in the treatment of swine respiratory disease (SRD) associated with *Actinobacillus pleuropneumoniae*, *Haemophilus parasuis* and *Pasteurella multocida*. (*Animal Pharm*)
- **Merial** announced that the FDA has approved a tablet form of Equioxx (firocoxib), which is currently available as a paste and injectable. Equioxx is designed to control joint pain and inflammation associated with equine osteoarthritis. The tablets will be available in early fall. (*TheHorse.com*)
- The FDA announced the approval of **Cross Vetpharm's** ANADA for Praziquantel Injection for removal of cestodes from dogs and cats. (*FDA*)
- **Compassion-First Pet Hospitals** announced the addition of three new specialty veterinary hospitals in Texas into the Compassion-First Pet Hospitals family. (*company press release*)
- **PetCure Oncology** announced the opening its fourth stereotactic radiosurgery (SRS) location at Lakeshore Veterinary Specialists in Milwaukee, WI. (*company press release*)
- Deerfield Management Company announced it has completed the sale of its portfolio company, **Veterinary Practice Partners** (VPP), to Pamlico Capital (Pamlico). VPP is a rapidly growing veterinary practice management company founded in 2011. The company has a portfolio of 22 clinics in 9 states. Financial terms were not disclosed. (*PRNewswire*)
- **Help2Pet** announced the launch of its online, membership-based service that stores all a pet's vital information in one safe place. The Help2Pet Response Team is standing by around the clock 365 days a year to personally notify its members' Emergency Pet Contacts (EPCs) in the event of a crisis. (*Vet Advantage - Pet Product News*)
- BRAZIL SeQuent Scientific Limited announced that its subsidiary **Alivira Animal Health** Limited has completed the acquisition of 70% stake in Interchange Indústria e Comércio de Produtos Veterinários S.A. Brazil. Interchange, operating under the trade-name **Evance**, recorded sales of \$5.8 million in 2015 with an EBITDA of 4%. (*indiainfoline.com*)

ANIMAL HEALTH NEWS

- **BRAZIL - EQUINE GLANDERS** Brazil has reported an ongoing outbreak of the highly contagious and incurable equine disease glanders, including two horses that had been housed at western Rio's Deodoro Military Complex, where the Olympic equestrian events will be held. The disease has been eradicated around much of the world, and some feared exposing horses to glanders at the Olympics could exacerbate the outbreak and potentially extend it to other countries. (*Vet Advantage - Wall Street Journal*)
- **IRAQ - AVIAN INFLUENZA** The agriculture ministry in Baghdad reported that more than 2.8 million head of poultry in Iraq have been affected by an outbreak of HPAI since mid-June. All the outbreaks appear to have been on farms, in flocks ranging in size from 15,700 to 914,000 birds. The virus is yet to be fully typed but has been identified as an HPAI virus of the H5 family. (*Wattagnet.com*)
- **US - GMO LABELING** The US President has signed into law a bill that requires a mandatory labeling system of genetically modified organisms (GMO) for all 50 states. The law requires the USDA to determine which food products and ingredients should be labeled as GMO. Those products will be labeled by text, symbols or a bar code that can be scanned with smartphones. The USDA will have two years to develop the rules and regulations for the nationwide labeling program. (*Wattagnet.com*)

BRASSE CONSULTING, INC.

NEW REPORT COMING IN DECEMBER 2016:

New Strategies for Health and Performance in US Livestock and Poultry Production

This new study from Brasse Consulting examines what changes producers are and will be making due to the loss of shared use antibiotics for growth promotion and the new Veterinary Feed Directive (VFD) effective Jan. 1, 2017. The study examines:

- Changes in production systems
- New approaches, technologies and products producers are adopting
- New feed additives they are considering
- Who and what most influence decision-making
- Quality of information and support from supplier companies
- How producers will measure results of changes

The cost of the study is \$16,000; companies that order by Aug. 19 and pay by Sept. 20 earn a 10% early order discount. In addition, early order subscribers will have an opportunity to review the survey questionnaire in advance.

For a detailed prospectus or other additional information, contact John Volk at john@volkonline.com or (773) 327-4941.

www.BrasseConsulting.com

BRASSE CONSULTING VIEWPOINT

Several companies reported second quarter earnings this week and overall results were robust, to say the least. If it weren't for the strong dollar, results would be even better. Zoetis, the largest

stand-alone public animal health company, also hit its highest stock price ever this week. These are great signs that many in the industry can expect a banner year in 2016.

The newsletter also reports on several acquisitions, new products and new label indications. These events are not unrelated to the strong market performance.

Please note the announcement about Brakke's new study, New Strategies for Health and Performance in US Livestock and Poultry Production. This is timed to coincide with the new Veterinary Feed Directive (VFD) and loss of shared use antibiotics for growth promotion effective Jan. 1, 2017. This is a sea change for the protein industry, and this new study will report on how producers and their consultants are addressing it. Deadline for the early order discount is Aug. 19. Order your report today.

John Volk
Senior Consultant, Chicago

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Brakke Consulting, Inc.
12005 Ford Rd., Suite 530
Dallas, TX 75234 USA