

Expect M&A, Deals & New Product Launches to Drive Increasing Momentum in Animal Health Industry

SECTOR: Specialty Pharmaceuticals

March 20, 2014

Join us for our Animal Health Day on June 10 in NYC. Please contact us for a list of participating companies. We continue to see examples that the Animal Health industry is growing through M&A, deals and new product launches. We highlight some more examples below.

- On 3/19/14, Aratana and Advaxis entered into an exclusive global licensing agreement focused on cancer immunotherapies for pets. This is a global licensing agreement for Advaxis' ADXS-cHER2 for the treatment of osteosarcoma in dogs and three additional cancer immunotherapy products for the treatment of three other types of cancer. Each of the four licensed products is based on Advaxis' platform immunotherapy technology, which Advaxis is developing for the treatment of human cancers on a global basis. Under the agreement, Aratana will have exclusive rights to develop and commercialize the licensed immunotherapies for pet health applications, and will focus initially on developing ADXS-cHER2 for osteosarcoma. On PETX's conference call to discuss the deal, it noted that there are 6MM dogs and 6MM cats that are affected by cancer each year. Vet oncologists want approved cancer therapies for pets (mostly human drugs used now). Finally, the companion animal opportunity is a new and growing market. Over 90% of drugs for companion animals are not approved for pets. In '11, '12 & '13, the U.S. FDA only approved 4 NCE for cats and dogs.
- On 3/19/14, the FDA announced that it has approved the first insulin product for use with an automatic injection pen in cats and dogs. This approval provides consumers with an additional option for insulin delivery. Vetsulin, a porcine insulin, may now be used with the VetPen automatic injection pen. The approval provides consumers with the option of using Vetsulin with the refillable VetPen, which automatically measures out the prescribed insulin dose. In 2011, Vetsulin was taken off the market due to manufacturing concerns. The product was reintroduced to the market in 2013 and FDA continues to monitor its use. The most common side effect experienced with Vetsulin is hypoglycemia (low blood sugar).
- We have seen an increasing number of Animal Health companies focus on the Nutraceutical opportunity for animals such as Jaguar and Premune (both private). These products should have a faster time to market, which could result in a greater return on investment.
- We expect the pace of M&A and deal making in Animal Health to accelerate in 2H14, based on our discussions with companies in the industry.

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Companies Mentioned

Advaxis (ADX, NC, \$4.90)

Aratana Therapeutics (PETX, NC, \$17.42)

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