Zoetis Acquires Scandinavian Micro Biodevices to Extend Its Pipeline in Diagnostics for Veterinary Use

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- Purchases a pioneer in developing and manufacturing microfluidic “lab on a chip” diagnostics for veterinary point-of-care services for $80 million
- Adds to diagnostics portfolio with specialty test instruments and cartridges
- Gains pipeline of next-generation diagnostics to help veterinarians better detect, prevent and treat disease
- Continues to deploy capital to strengthen its pipeline to support future growth

FLORHAM PARK, N.J.--(BUSINESS WIRE)--Zoetis (NYSE:ZTS) today announced that it has completed the purchase of Scandinavian Micro Biodevices, a pioneer in developing and manufacturing microfluidic “lab on a chip” diagnostic analyzers and tests for veterinary point-of-care services for $80 million. The acquisition adds to Zoetis’ complementary point-of-care diagnostics portfolio, giving the company an expanded and promising pipeline in this fast-growing segment of the animal health industry.

Privately-held-Scandinavian Micro Biodevices (SMB) commercialized the first point-of-care, “lab on a chip” (LOC), specialty diagnostic analyzers and tests used in veterinary critical care, primarily for companion animals. SMB’s pipeline of products presents opportunities in other specialty segments that will bring to market innovative technologies that have the potential to advance the standards of diagnosis and care in animal health. Its proven, proprietary LOC platform integrates advanced microfluidic technology with a wide range of diagnostic tests, an intuitive customer interface and data management capabilities. The company currently sells its QuickVet® analyzer and test cartridges in international markets, and it supplies the VSpro® line in North America to Abaxis through a distribution agreement.

“This acquisition brings Zoetis a company that has demonstrated the ability to bring to market next-generation, point-of-care diagnostics with pioneering technology, engineering excellence, and a passion for innovation,” said Alejandro Bernal, Executive Vice President, Strategy, Commercial and Business Development for Zoetis. “The value from this transaction will be realized in combining SMB’s proprietary LOC platform and pipeline with our deep knowledge of animal science and biology, global commercial scale, and R&D expertise. Together we can bring our veterinary customers better solutions across the full continuum of care from prediction and early detection of disease to prevention and treatment.”

“We are confident that we can achieve our ambitions to grow our business as part of Zoetis,” said Ole Kring, Chief Executive Officer of SMB. “Zoetis has grown its point-of-care immunodiagnostics portfolio and is renowned for developing and providing the veterinary community with high-quality medicines, vaccines and technical services. By combining our experience, production and R&D capabilities, we can enhance our ability to develop point-of-care diagnostics to address veterinarians’ most pressing challenges in clinics and on farms. With Zoetis’ global presence, we expect to bring next-generation diagnostic solutions to more veterinary customers worldwide.”

Leading Edge Innovation in Veterinary Diagnostics
SMB has approximately 35 employees and headquarters in Farum, Denmark. The company has built its reputation on leading edge innovation in LOC point-of-care diagnostics for the animal health industry. Its late and mid-stage pipelines are anticipated to bring a range of new point-of-care analyzers and tests to market and to contribute to several diagnostic product launches over the next few years. Access to rapid, cost-efficient point-of-care diagnostics will empower veterinarians to detect and potentially prevent disease earlier and treat it sooner, leading to improved health outcomes for the animals in their care.

Veterinary Diagnostics: A Growing and Vital Segment of Animal Health
The veterinary diagnostics market is valued at more than $4.3 billion globally, including reference laboratory, point-of-care diagnostics, and diagnostic imaging and is expected to grow to $6.7 billion by 2021. The point-of-care segment, which
comprises approximately 50 percent of the overall animal testing market, remains the fastest growing segment at 8 to 9 percent CAGR, driven by demand for easy-to-administer, rapid tests for use in clinics and on farms.

Zoetis entered the fast growing segment of diagnostic tests in 2010 with the acquisition of Synbiotics Corporation, a leader in immunodiagnostic tests for infectious diseases in companion and livestock animals. Since then, Zoetis has expanded its WITNESS® and SERELISA® lines of diagnostics and its PROFLOK® diagnostic tests for the poultry industry. With the integration of the assets of Abbott Animal Health in 2015, Zoetis added the ALPHATRAK® blood glucose monitoring system to its diagnostics portfolio for companion animals.

"It is a privilege to welcome the Scandinavian Micro Biodevices team, who share our zeal for supporting customers and helping them best serve the animals in their care," said Michael Sullivan, Vice President, Global Diagnostics at Zoetis. "The SMB business will be tightly integrated with our Diagnostics organization and will benefit from Zoetis’ additional investment in R&D and global commercial capabilities to stay focused on achieving R&D milestones and growth."

For more information, visit www.zoetis.com and www.smb.dk/smb/home.

About Zoetis
Zoetis (zô-EH-tis) is the leading animal health company, dedicated to supporting its customers and their businesses. Building on more than 60 years of experience in animal health, Zoetis discovers, develops, manufactures and markets veterinary vaccines and medicines, complemented by diagnostic products and genetic tests and supported by a range of services. Zoetis serves veterinarians, livestock producers and people who raise and care for farm and companion animals with sales of its products in more than 100 countries. In 2015, the company generated annual revenue of $4.8 billion with approximately 9,000 employees. For more information, visit www.zoetis.com.

About SMB
Scandinavian Micro Biodevices (SMB), an innovative high-tech company with 35 employees, focuses on the veterinary diagnostic market, where it develops Point-of-Care (POC) solutions for use in the veterinary clinic and on the farm. SMB products consist of one-time use microfluidic Lab-on-a-chip (LOC) cartridges and bench top analyzers. The business model is a "Nespresso model" where it sells the instrument and different tests to the individual instrument. SMB produces both instruments and the one-time use cartridges at its facility in Farum, Denmark. For more information, visit www.smb.dk/smb/home and www.quickvet.net.

Forward-Looking Statements: This press release contains forward-looking statements, which reflect the current views of Zoetis with respect to business plans or prospects, future operating or financial performance, future guidance, future operating models, expectations regarding products, future use of cash and dividend payments, tax rate and tax regimes, changes in the tax regimes and laws in other jurisdictions, and other future events. These statements are not guarantees of future performance or actions. Forward-looking statements are subject to risks and uncertainties, if one or more of these risks or uncertainties materialize, or if management’s underlying assumptions prove to be incorrect, actual results may differ materially from those contemplated by a forward-looking statement. Forward-looking statements speak only as of the date on which they are made. Zoetis expressly disclaims any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. A further list and description of risks, uncertainties and other matters can be found in our Annual Report on Form 10-K for the fiscal year ended December 31, 2015, including in the sections thereof captioned “Forward-Looking Information and Factors That May Affect Future Results” and “Item 1A. Risk Factors,” in our Quarterly Reports on Form 10-Q and in our Current Reports on Form 8-K. These filings and subsequent filings are available online at www.sec.gov, www.zoetis.com, or on request from Zoetis.

1 Veterinary Diagnostic Market Report, Markets and Markets, 2014
2 Veterinary Diagnostic Market Report, Markets and Markets, April 2016

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