
**Brakke Consulting's
Animal Health News & Notes for January 27, 2006**
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COMPANY EARNINGS RELEASES

> Eli Lilly reported results for the fourth quarter and year 2005. Worldwide sales of animal health division **Elanco** in the fourth quarter were \$251 million, which was flat compared with the fourth quarter of 2004. For the full year of 2005, animal health sales increased 8%, to \$864 million. (*company website*)

> **IDEXX Laboratories**, Inc. reported that revenue for the fourth quarter of 2005 increased 16% to \$167 million compared to the fourth quarter of 2004. Companion Animal Group ("CAG") revenue for the fourth quarter of 2005 increased 16% to \$136 million. Revenue for the year ended December 31, 2005 increased 16% to \$638 million. Companion Animal Group revenue for the year ended December 31, 2005 increased 16% to \$521 million. (*company website*)

> **Virbac SA** reported results for the year 2005. Provisional net sales were EUR 373 million (\$442 million), an increase of 10% compared to 2004 (6% in constant scope and exchange rates). In constant exchange rates, the company reported growth of 7.5% in Companion Animal and 2.2% in Food-producing Animal. (*company website*)

> Colgate-Palmolive Company announced results for the fourth quarter and year 2005. Unit volume at **Hill's Pet Nutrition** grew 5% in the fourth quarter and dollar sales rose 5% to \$411 million. Sales for the full year increased 6% to \$1,520 million. (*company press release*)

> **ABAXIS**, Inc. reported financial results for the third fiscal quarter ended December 31, 2005. For the third fiscal quarter ended December 31, 2005, ABAXIS reported revenues of \$17.4 million, an increase of 45% compared with the comparable period last year. Veterinary market

revenues were \$13.7 million, an increase of 39% compared to the comparable period in the prior year. (*company website*)

> **PetMed Express**, Inc. announced its financial results for the quarter ended December 31, 2005. Net sales for the quarter ended December 31, 2005 were \$25.9 million, an increase of 25% compared to the quarter ended December 31, 2004. Net income was \$2.7 million for the quarter, an increase to net income of 37% compared to the quarter ended December 31, 2004. Net sales for the nine months ended December 31, 2005 were \$108 million, an increase of 28% compared to the nine months ended December 31, 2004. Net income for the nine months ended December 31, 2005 was \$8.9 million, an increase to net income of 60% compared the nine months ended December 31, 2004. (*Business Wire*)

> **Pilgrim's Pride** reported net income for the first quarter ended Dec. 31 fell to \$25.7 million from \$48.5 million during the same quarter last year. Sales dropped to \$1.34 billion from \$1.37 billion. A disappointing performance from its Mexico operations, higher energy costs and lower sales prices all contributed to the lower first-quarter profits. (*Meating Place*)

BRAKKE CONSULTING, INC. **Where is Your Company Going?**

Brakke Consulting is an excellent resource in the strategic planning process. Brakke Consulting's past assistance in strategic planning has included:

- reviewing the revenue estimates and success probability of the product pipeline
- reviewing the timing of various new product introductions versus probable timing of competitive introductions, and estimating the impact of various scenarios
- benchmarking various functions against company competitors in the larger markets, which might include sales force size, technical services, and/or R&D spend vs. sales

Brakke Consulting can provide insights and professional assistance that improves the likelihood of success. Please contact us if you would like the benefit of professional assistance in any of these areas. Contact information for all offices is available on our website at www.brakkeconsulting.com.

COMPANY NEWS RELEASES

> The **American Animal Hospital Association** (AAHA) has teamed up with **Pfizer Animal Health** to create The Veterinary Leadership Academy. The Veterinary Leadership Academy is veterinary-specific leadership training featuring expert faculty, certified in their content areas, from the forerunners of professional leadership education. The Academy encompasses three courses, three days each, over the course of approximately one year. (*association press release*)

> The USDA granted **Synbiotics** Corp. conditional approval for US marketing and distribution of its Avian Influenza Virus Type A Antigen Test Kit that provides fast and highly sensitive detection of the virus, including subtype H5N1. The agency is reviewing Synbiotics' application for full approval. This product is already being marketed in other parts of the world under the trademark Flu DETECT. The Flu DETECT antigen test kit, launched in spring 2005 at VIV Asia in Bangkok, detects all 16 sub-types of Influenza Type A and can be used in the laboratory or on the farm. (*Genetic Engineering news*)

> **Pan American Veterinary Laboratories** introduced Pythium immunotherapy, an immunotherapeutic product for the treatment of pythiosis. The therapy consists of three injections of purified proteins derived from *P. insidiosum*, with a demonstrated success rate of 90% in infected horses. (*DVM New Product Review*)

> **eMerge Interactive**, Inc. announced that it reached an agreement for the private placement of common stock and warrants with an investor, as well as the exercise of an existing warrant, to raise \$3.2 million in gross proceeds. (*company press release*)

> **Drew Scientific**, Inc., announced the availability of the HEMAVET 950 hematology analyzer for use in veterinary clinics and hospitals. The HEMAVET 950 offers veterinary professionals the ability to get an accurate complete blood count (CBC) and a 5-part (population) white cell differential for the widest range of veterinary species in the industry. Reliable results using only 20 microliters of blood are achieved in less than two minutes for a true average cost per reportable test of \$2.00, based on 15 tests per day. (*company press release*)

> **InVivo**, a French agricultural cooperative, announced the acquisition of **Adisseo's** Italian subsidiary, **Filozoo**. Filozoo specializes in manufacturing vitamin and trace element premixes, as well as medicated premixes. The company has annual revenues of EUR 34 million (\$41 million). Financial terms were not disclosed. (*Animal Pharm*)

SIGN UP NOW TO ATTEND BRAKKE CONSULTING'S 2006 INDUSTRY OVERVIEW

New York City

January 30, 2006
1:30pm – 4:30pm
The Princeton Club

Western Veterinary Conference - Las Vegas

Tuesday, February 21
8:30am - 10:30am
Four Seasons hotel adjacent to the Mandalay Bay

Early registration is \$325 for the first company attendee and \$300 for additional attendees at the same presentation. To register, visit our website at www.BrakkeConsulting.com, or call Jane Morgan at 972-243-4033 or email jmorgan@brakkeconsulting.com.

ANIMAL HEALTH NEWS

> **CANADA - BSE** A cow from an Alberta farm has tested positive for BSE. The disease was found in an animal approximately six years old. The cow did not enter the human-food or animal-feed systems. (*CBS News*)

> **JAPAN - BSE** A 5-year-old cow that died last week on a farm on Hokkaido Island on the north end of Japan had BSE, the 22nd case in Japan. The cow was born in September 2000, before Japan's 2001 implementation of a ban on meat-and-bone meal in cattle feed. The Hokkaido prefectural government will investigate the route of the BSE infection analyzing feeds. (*Meating Place*)

BRAKKE CONSULTING VIEWPOINT

Sales and earning reports continue support our positive projection for most companies. The industry benefited from a number of favorable factors during 2005, and many of those continue in 2006.

The growth trends started the past couple of years have resulted in many companies expanding their personnel in all areas, along with increased training to improve the quality of operational and

management teams. We believe an industry is only as strong as the quality of personnel managing the company and providing the vision needed for the future.

We're particularly pleased to see the increasing investment in innovation. We would encourage each of you to benchmark your company's performance in key functional areas against your competitors. When times are good, it's a great time to strive for some improved performance in areas of concern or where you may be falling behind your competitors.

Have a great weekend!!

Ron Brakke

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