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**Brakke Consulting's  
Animal Health News & Notes for October 21, 2005**  
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**COMPANY EARNINGS RELEASES**

> **Pfizer** reported financial results for the third quarter of 2005. Animal Health revenues were \$503 million for the quarter, an increase of 6% compared to the third quarter of 2004. Animal Health revenues for the first nine months of 2005 were \$1,576 million, an increase of 14% compared to the first nine months of 2004. (*PRNewswire*)

> Akzo Nobel reported results for the third quarter of 2005. **Intervet** revenues were up 10% at EUR 277 million (\$334 million). Autonomous growth was 9%, while currency translation had a positive effect of 2%. Intervet further expanded its strong market position in Europe due to improved supplies and to strong growth of Cobactan. Sales in North America grew substantially, driven by new product introductions in the companion animal segment, including Vetsulin and Continuum, and in the cattle segment, where the recently introduced cattle biologicals line Vista received very positive response. Sales in Latin America were boosted by substantial growth in Brazil and Chile (mainly fish vaccines). (*company website*)

> Wyeth reported results for the third quarter and first nine months ended September 30, 2005. Worldwide net revenue at **Fort Dodge Animal Health** increased 5% for the 2005 third quarter to \$208 million, and 6% for the 2005 first nine months to \$697 million, due primarily to higher sales of livestock, poultry and companion animal products. Excluding the favorable impact of foreign

exchange, worldwide Animal Health net revenue increased 3% for the 2005 third quarter and increased 3% for the 2005 first nine months. (*company website*)

> Eli Lilly and Company announced financial results for the third quarter of 2005. Worldwide sales for animal health division **Elanco** in the third quarter were \$216 million, an increase of 16% compared with the third quarter of 2004 due to strong growth in both the US and overseas. (*company website*)

> **Virbac SA** reported results for the third quarter of 2005. Provisional net sales for the company were EUR 94.7 million (\$114 million), an increase of 8.6% compared to the third quarter of 2004. The third quarter reflects a return to sustained growth and good progression in all geographical areas and in the two business groups (Companion Animal and Food Producing Animals). Provisional net sales for the first nine months of 2005 were EUR 270 million, an increase of 4.7% compared to the comparable period in 2004. (*company website*)

> The **Evalis** group reported turnover of EUR 307.8 million for the first six months of 2005, versus EUR 347.8 million for the same period one year earlier, a decrease of 11.5%. (*company website*)

> **Heska** reported financial results for its third quarter ended September 30, 2005. Total revenue was \$19.3 million, a 21% increase compared to the prior year period. Net income was \$1.2 million, compared to a net loss of (\$876,000) in the third quarter of 2004. (*company press release*)

> **ImmuCell** Corporation announced the results of its operations for the three month period ended September 30, 2005. For the three months ended September 30, 2005, product sales decreased by 3% to \$783,000, in comparison to the same period in 2004. The Company recognized net income of \$109,000 for the three months ended September 30, 2005, in contrast to a net loss of (\$5,000) during the same period in 2004. (*company press release*)

> **Nestlé** Group reported results for the first nine months of 2005. The Pet Care division reported revenues of CHF 7.7 billion (\$6.0 billion), representing organic growth of 5.2% and real internal growth of 4.1%. (*company press release*)

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**COMPANY NEWS RELEASES**

> **Merial** has finalized an exclusive sub-license agreement with **Imugene** which grants it the global rights to develop and sell Imugene's poultry productivity enhancing product. Trials of Imugene's poultry productivity enhancer have demonstrated growth gains of 13.7% with 11.7% improvement in food conversion ratio. (*ThePoultrySite.com*)

> **Merial and Select Sires** announced Igenity MultiMARK Dairy Selection Profile, an integrated, multiple market management tool for dairy producers. MultiMARK combines the Igenity OptiYIELD and Igenity ComponentMAKER tests with two new Igenity tests: RealRED common genetic recessive testing and evaluation of milk proteins; and DuraMAX genetic analysis highly indicative of dairy form. Merial and Select Sires will jointly market the Igenity DNA tests. *(company press release)*

> **Alpharma Inc.** announced that it has reached a definitive agreement to sell its US and International Generics businesses to Actavis Group for \$810 million in cash. The company is retaining ownership of its Branded Pharmaceuticals, Active Pharmaceutical Ingredients, and Animal Health businesses, as well as ParMed Pharmaceuticals Inc., its US pharmaceutical distribution business. *(company press release)*

> CVC Capital Partners announced that an agreement has been signed concerning the sale of Drakkar, the holding company of **Adisseo**, to ChemChina, one of the leading Chinese chemical groups. Joining ChemChina enables Adisseo to consolidate its position amongst the world leaders in nutritional additives for animal feed. As a result of this agreement, Adisseo will also be able to benefit from new development opportunities in Asia, the world's fastest growing market. The current management team will continue to lead Adisseo. *(company press release)*

> **Neogen Corporation** announced that it has been named by *Forbes Magazine* to the magazine's annual list of the 200 Best Small Companies in America for the fourth time in six years. The Forbes list is based on growth in sales, earnings, and return on equity for the past five years, and the latest 12 months. *(company press release)*

> NETHERLANDS **Nutreco Holding N.V.** announced the completion of the sale of its Dutch-based poultry processing business, **Pingo Poultry**, to **Plukon Royale BV**. An agreement in principle was announced earlier this year in which Nutreco reported that Plukon would buy the business for 31 million euros (\$37.7 million). The company reported 2004 sales that totaled 190 million euros (\$228 million). *(Feedstuffs online)*

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## ANIMAL HEALTH NEWS

> BRAZIL - FOOT & MOUTH DISEASE Brazil has confirmed three new foot-and-mouth outbreaks in southwestern cattle farms, one week after the first case prompted Brazilian beef import bans in more than 30 countries. The new cases were found in three farms in Mato Grosso do Sul, where the first outbreak was discovered October 10. The first outbreak occurred in a herd of 582 cows, which were destroyed. *(AnimalNet - Agence France Presse)*

> ROMANIA - AVIAN INFLUENZA H5N1 CONFIRMED Romanian authorities quarantined an eastern region where tests confirmed the H5N1 strain of avian influenza in samples from Romanian ducks last week. The strain has been confirmed to be the same as that found in Turkey last week. *(AnimalNet - NYT/AP/Retuers)*

> GREECE - AVIAN INFLUENZA Greece reported its first case of avian influenza, as one of nine turkeys on the Aegean Sea island of Oinousses, near the Turkish coast, tested positive for the H5 type of the virus. Further tests have determined that the strain is not the deadly H5N1. *(Meating Place, Scotsman.com)*

> RUSSIA - AVIAN INFLUENZA The Russian Agriculture Ministry reported that tests have confirmed the H5N1 strain of avian influenza in samples taken from a region south of Moscow where hundreds of birds died suddenly. This marks the first time the H5N1 strain decimating

flocks in Asia has appeared in European Russia, west of the Ural Mountains. (*AnimalNet - AP, Wattnet Meatnews*)

> CHINA - AVIAN INFLUENZA Avian influenza has killed at least 2,600 birds at a poultry farm in China's northern region of Inner Mongolia. The birds were killed by the H5N1 strain. The outbreak has since been brought under control according to authorities. (*AnimalNet - Reuters*)

> TAIWAN - AVIAN INFLUENZA In Taiwan, the Agricultural Council confirmed the island's first case of avian influenza. Birds taken from a Panama-registered freighter that was stopped by the Taiwanese coast guard tested positive for the H5N1 virus. The freighter was carrying 1,037 smuggled birds, all of which originated in China. (*FoxNews*)

> US - HURRICANE AFTERMATH AFFECTING CATTLE PRODUCERS The cattle situation in the Louisiana parishes on the Gulf of Mexico following the devastation brought by hurricanes Katrina and Rita last month remains one of rescue and transition to get producers through the next three to six months. The number of dead or lost cattle easily will exceed 10,000 head. There were about 175,000 head in the affected area south of I-10 from the Texas border to southwest of New Orleans, La., before the storms, most of them beef cows and their calves. For now, everyone is trying to get feed and water to stranded cattle and herd them to dry land; and get fencing material into the area to rebuild fences. (*Feedstuffs online*)

> AUSTRALIA - SHEEP GENOME DATABASE Australia launched the world's largest database on sheep genetics, with the aim of improving breeding and boosting returns for producers. More than two million sheep, drawn from Australia's 100 million-strong flock, will be incorporated into the database, which brings together the fragmented genetic records used in the past to produce a new comprehensive national system. The new system, called Sheep Genetics Australia, is a joint initiative of the wool industry's main marketing and research body Australian Wool Innovation and the meat industry's marketing body Meat & Livestock Australia. (*AnimalNet - Reuters*)

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## **BRASSE CONSULTING VIEWPOINT**

The first companies reporting for the 3rd quarter continue to have positive results. While some of the results for the quarter are less than for the first 6 months, it is still a positive trend. It's great to have such solid growth in the industry. It was not that many years ago that many of the experts (consultants) were talking about negative growth for the animal industry. Now, it's an industry that the financial community wants to have in their portfolios.

In our Dallas office we're currently making some internal office shifts in our space to allow us to be more efficient. During the process one is forced to review some older documents and determine whether they remain in the files or are sent to "file 13". In reviewing my files I found a document which Brasse Consulting produced in the fall of 2000. The title of the document which we published and used with a number of clients is "TWENTY-ONE MEASUREMENTS FOR SUCCESS IN THE 21ST CENTURY". In reading it today, I find it a useful "benchmarking tool" to see how we've done the past five years. Over the next few weeks we will be sharing the various points with you from this document for your use within your company. Measurement one is below:

### **Have You Kept Up With the Change of Pace in the Digital Age?**

Does your firm take advantage of the digital age? How does your use of the digital age compare with your competition in 2005? We had predicted in 2000 that there would be various movements to electronically identify all cattle and swine around the world for the purposes of food safety, genetics, health records, profit performance by animal and owner identification from birth to plate. We also suggested that consumers (pet owners) would become more educated regarding

health treatments via the Internet. We predicted that this would force manufacturers, distributors, veterinarians and retailers to provide more professional, rapid and comprehensive services to pet owners. We also predicted that companies would be conducting business around the world electronically at the speed of light and that many of these companies would make major revisions in how they conduct business.

I'd say our forecast for the future on this measurement was fairly accurate. We'd be pleased to help your firm evaluate your performance in these "21 Measurements For Success". Give any of our offices a call for assistance.

Have a great weekend!! By the way, Pheasant Hunting in South Dakota last weekend was great!! The score was hunters 80 and pheasants 45!!

*Ron Brakke*

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